

Agenda of today

- | | |
|----------------------|--|
| 13:00 – 13:40 | Innovation for Growth
Rick Harwig
<i>CTO Royal Philips & CEO Philips Corporate Technologies</i> |
| 13:40 – 14:10 | Research for value creation
Peter Wierenga
<i>CEO Philips Research</i> |
| 14:10 – 14:40 | Business Incubation
Jelto Smits
<i>CEO Technology Incubator</i> |
| 14:40 – 15:10 | Break and Demo's |

PHILIPS

Innovation for Growth

Rick Harwig

CTO Royal Philips & CEO Corporate Technologies

Lighting and Innovation Analysts' Day

September 28, 2007

Introduction and Objectives

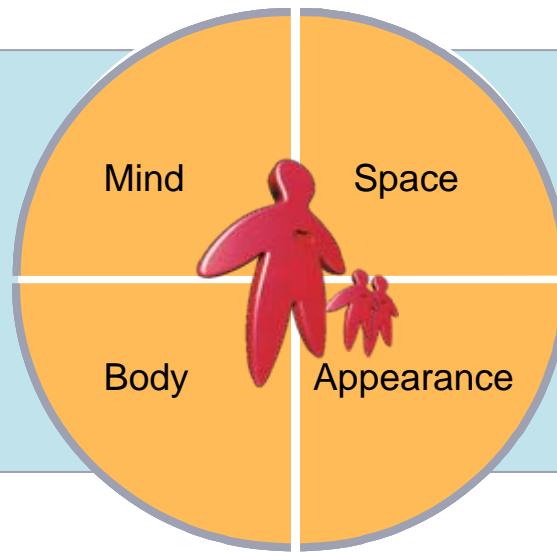
- Innovation plays a major role in Philips growth ambitions
- Innovation & Emerging Businesses today includes
 - Consumer Healthcare Solutions (CHS)
 - Design
 - Corporate Investments
 - Corporate Technologies
- Focus today is on Corporate Technologies
 - Research activities
 - Incubator activities
- Demonstrate some of the exciting projects under development

Vision 2010

- We are taking the next evolutionary step in our journey towards becoming a market-driven global leader in Healthcare, Lifestyle and Technology

Brand

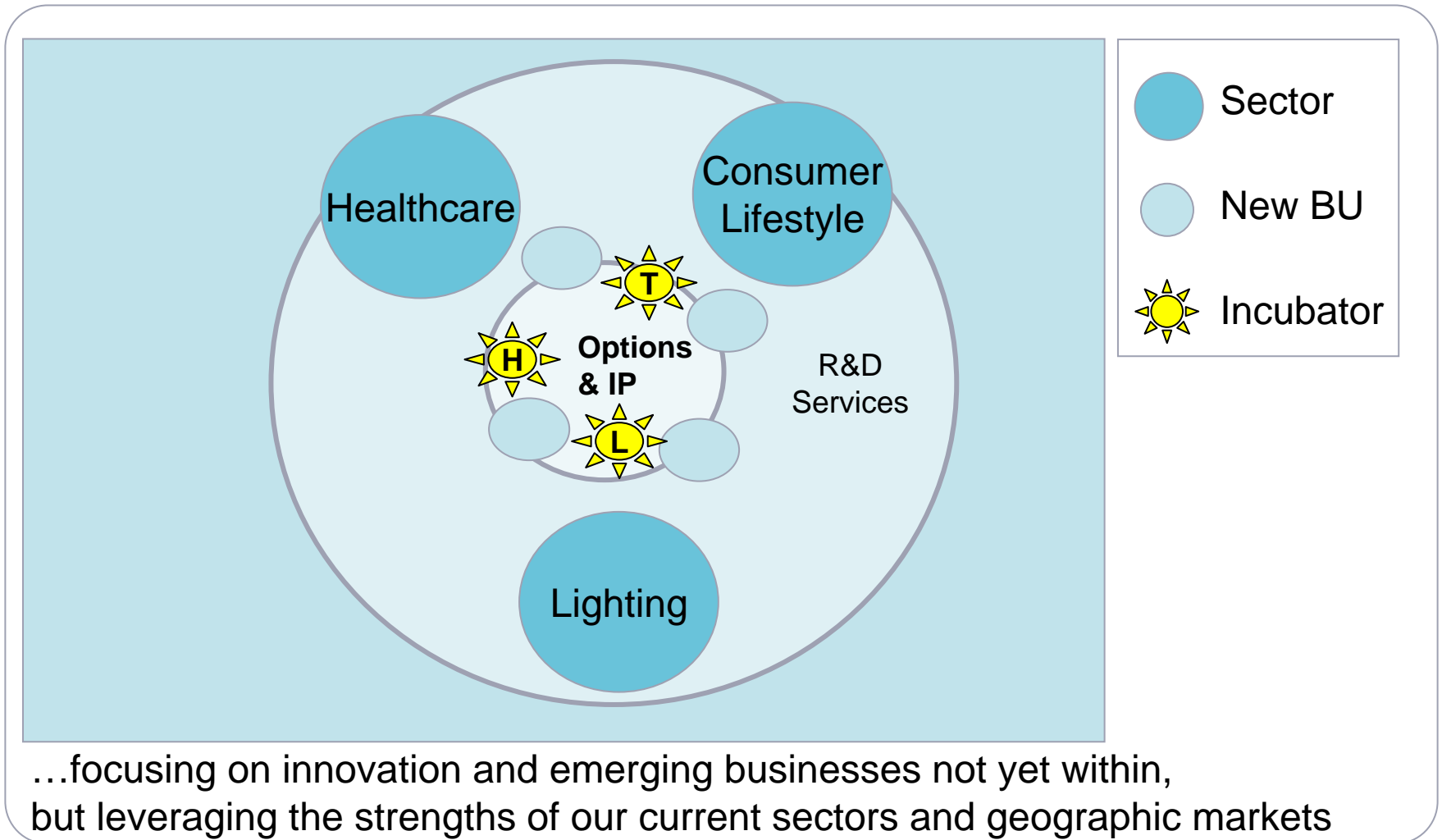
Formation of market sectors to realign our organization and go to market approach with the healthcare and lifestyle technology company strategy.



Integration of our businesses within these sectors will leverage our best capabilities to deliver on customer focus, growth and profitability targets.

Innovation

Corporate Technologies and 'new frontier' emerging businesses drive the innovation pipeline.

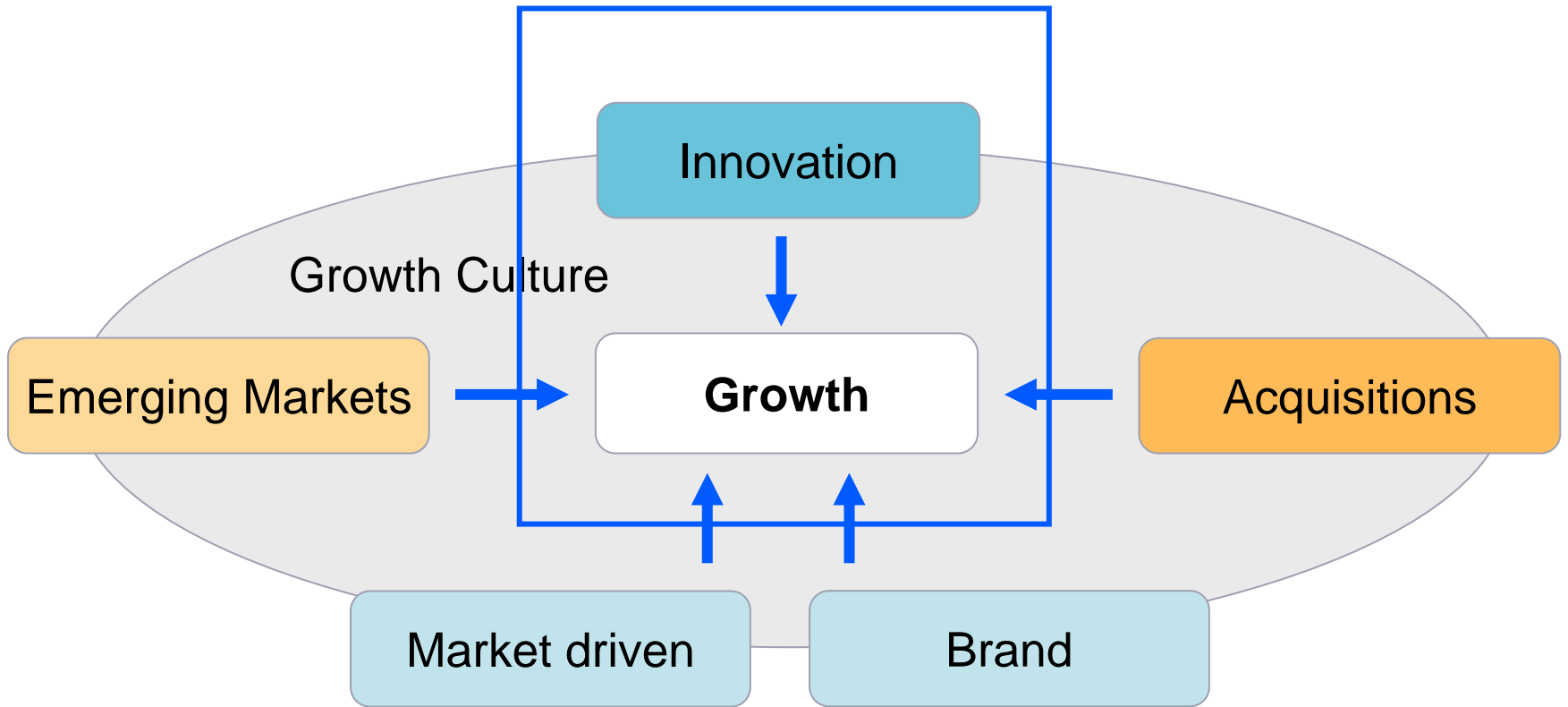


Philips Mission

Philips has reinvented itself many times. Our core and corporate soul has always remained intact. It has been at the heart of our company since its foundation in 1891. We have a passion to ...

*“Improve the quality of people’s lives
through timely introduction of
meaningful innovations”*

Philips operates multiple levers of growth



Philips Growth Vision 2010:
EBITA margin >10%
Sales: a minimum of 6% growth

Corporate Technologies supports our New Market Sectors

Healthcare



- Imaging Systems
 - Intermagnetics
 - Witt
 - VMI
- Customer Services
- Healthcare Informatics
 - Stentor
- Ultrasound & Monitoring Solutions
- Home Healthcare Solutions
 - Lifeline, HealthWatch

Lighting



- Lamps
- Professional Luminaires & Systems
 - Color Kinetics
- Home Luminaires & Systems
 - PLI
- Lighting Electronics
 - Bodine
- Automotive
- Solid State Modules
 - TIR Systems
- Lumileds
- Special Lighting Applications

Consumer Lifestyle



- Domestic Appliances
- Health and Wellness
 - Avent
- Shaving and Beauty
- Connected Displays
- Peripherals and Accessories
 - Power Sentry, DLO
- Home Networks
- Video and Multimedia
- Audio and Multimedia
- Professional and Business Solutions

The scope of innovation continues to change

Technology Research

Product Research

Entrepreneurship



- 1. Technology
- 2. Scientific attitude
- 3. Corporate funding



- 1. Products
- 2. Engineering attitude
- 3. Contract funding



- 1. Solutions & Services
- 2. Growth culture
- 3. Investment funding

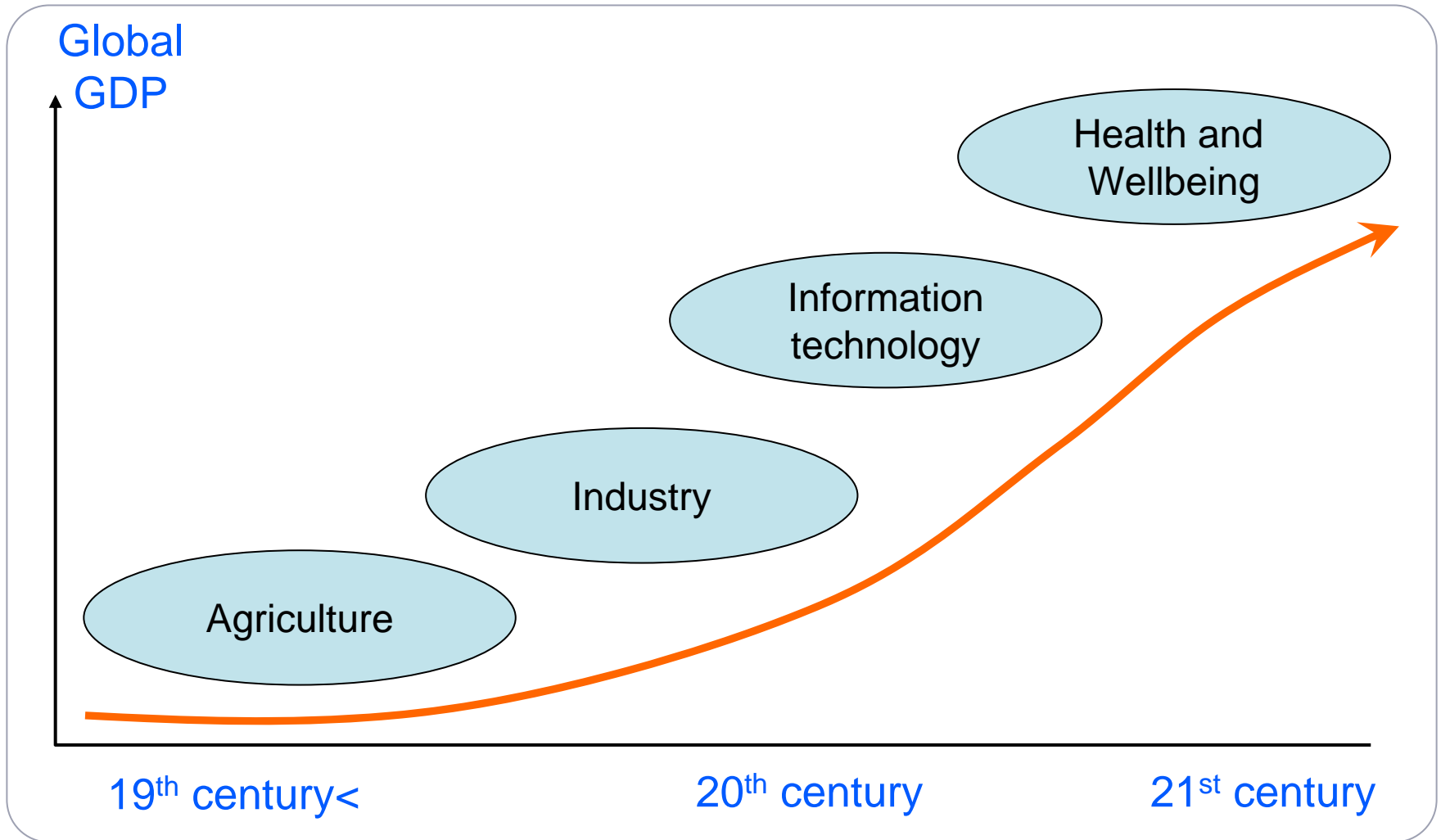
1980

1990

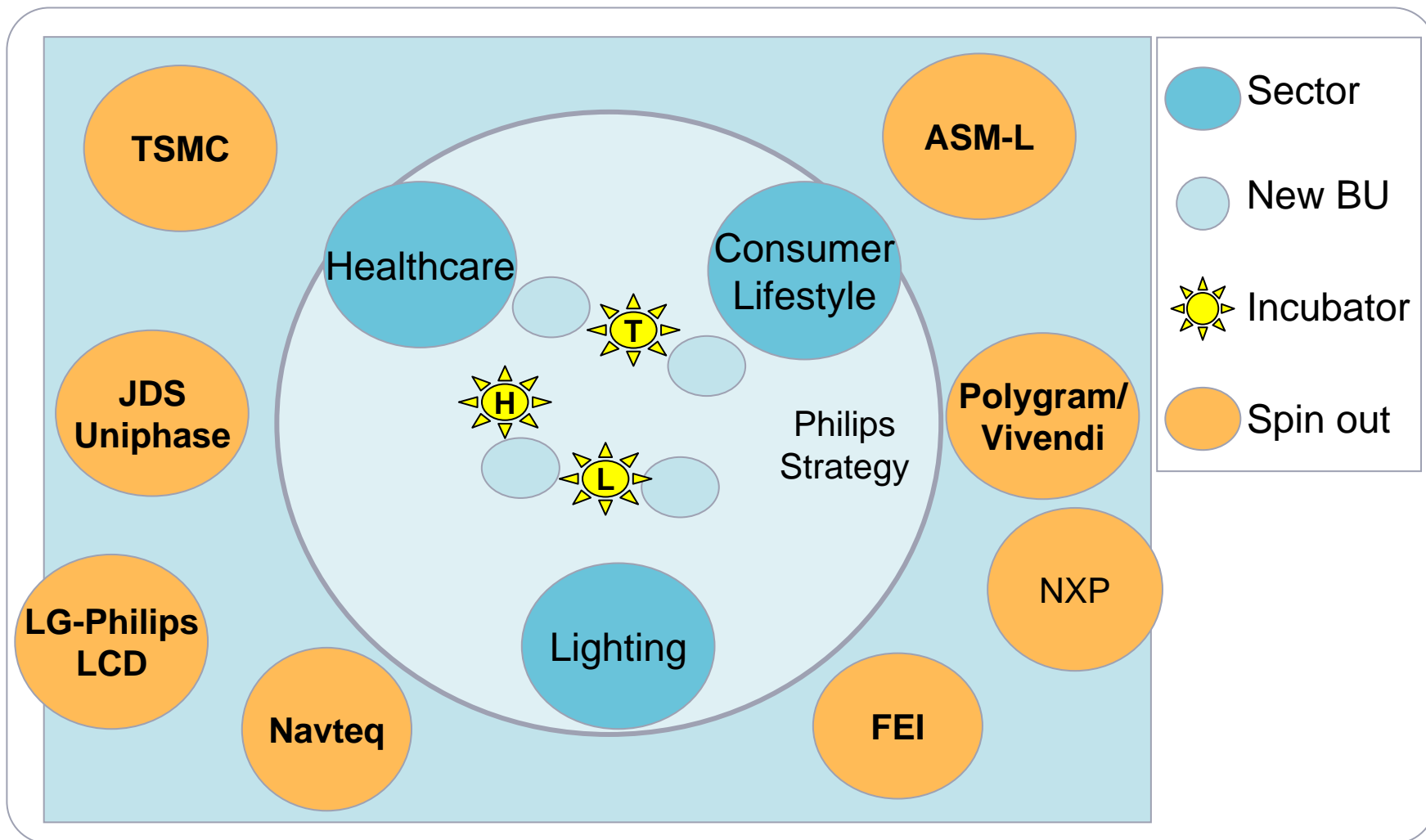
2000

2010

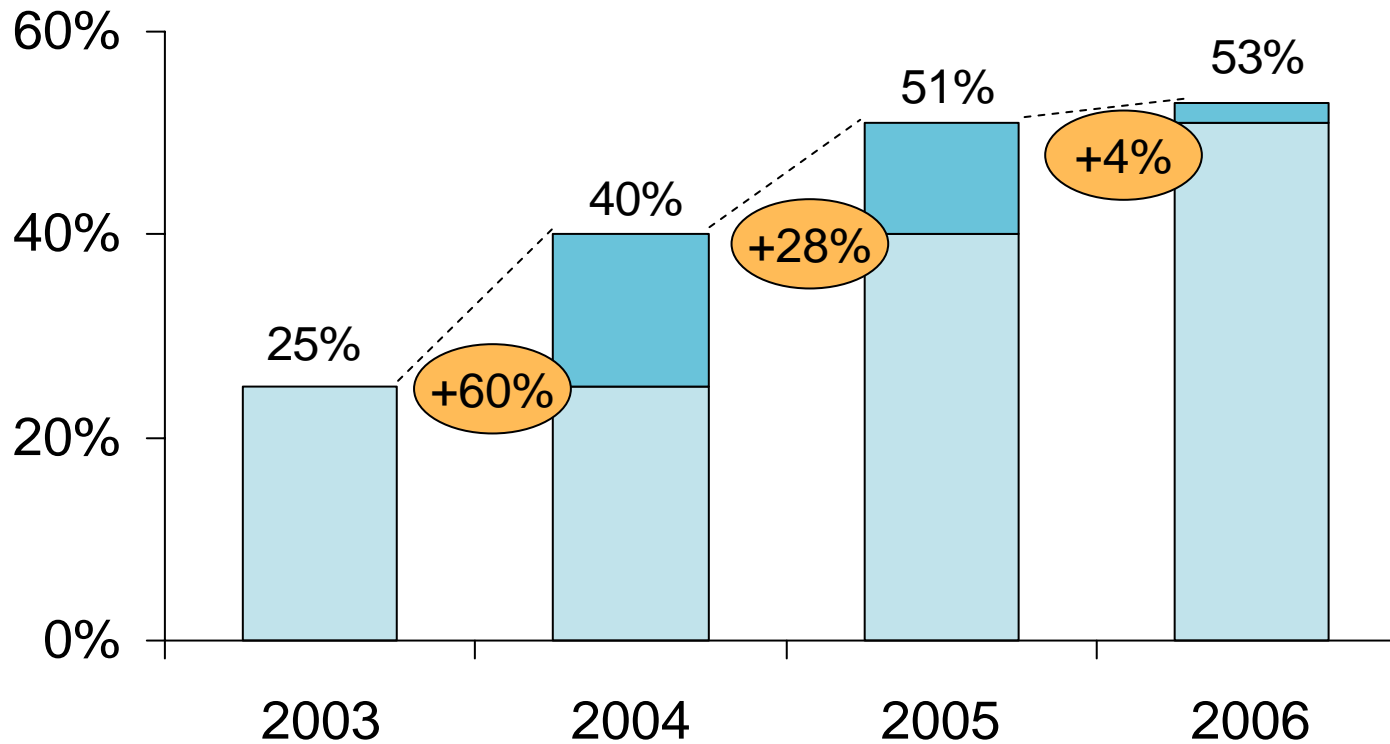
Grasping opportunities of global trends



Global trends lead to strategy changes, and highly profitable spin outs



Investing in innovation leads to a high-level group revenues from new products



Innovation investments drive growth



- The Philips Innovation moves up strongly in the Business Week / Boston Consulting Group rankings tracking innovation
 - 2007: 38th place
 - 2006: 67th place



The former consumer electronics giant is reinventing itself as a design-led health, lifestyle, and technology player. Think in-home health-monitoring devices for heart patients, computer games with sensory effects, and energy-efficient color-changing lighting. Philips taps teams of futurists, cultural anthropologists, designers, and scientists to develop user-centered products and services.



Brand investments drive growth



Interbrand

- The Philips Brand continues to move up the Business Week / Interbrand rankings tracking brand value
 - 2007: 42th place
 - 2004: 65th place
- In 2007, the brand value grew 15% to an estimated at USD 7.7 billion
- ‘sense and simplicity’ supports the entire Philips portfolio
- Brand investment will be continued in 2008, supporting profitable growth



Simplicity is making hospitals feel less like hospitals.



Simplicity is a healthy diet for your electronics A.R.C.



Simplicity is a light bulb that can help change the world.

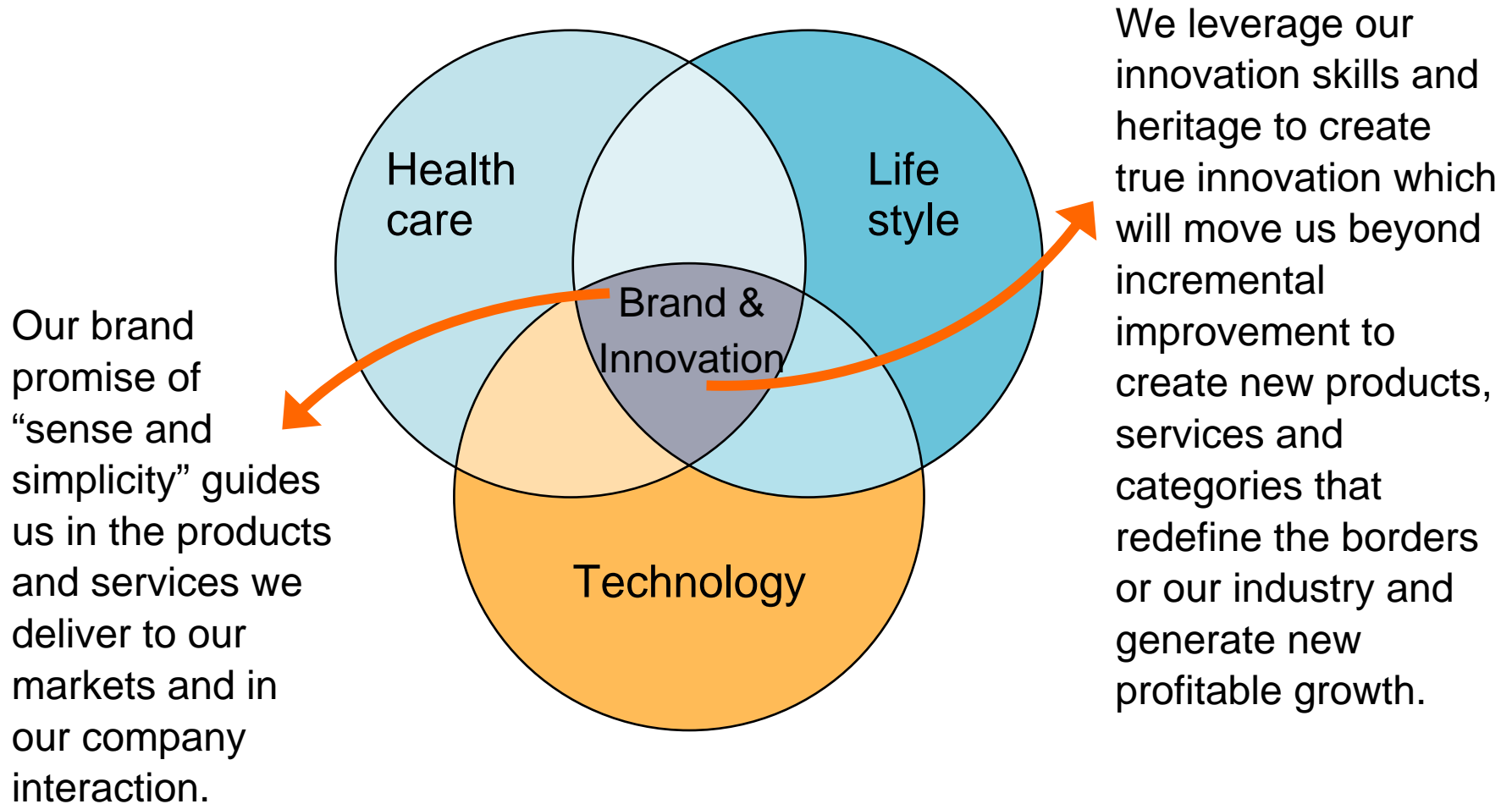
Philips energy saving light bulbs. Switching to efficient lighting can help reduce global warming. Philips Green uses 80% less energy, decreasing CO2 greenhouse gas emissions that impact our planet's climate. A light bulb helping to save the world and future generations.



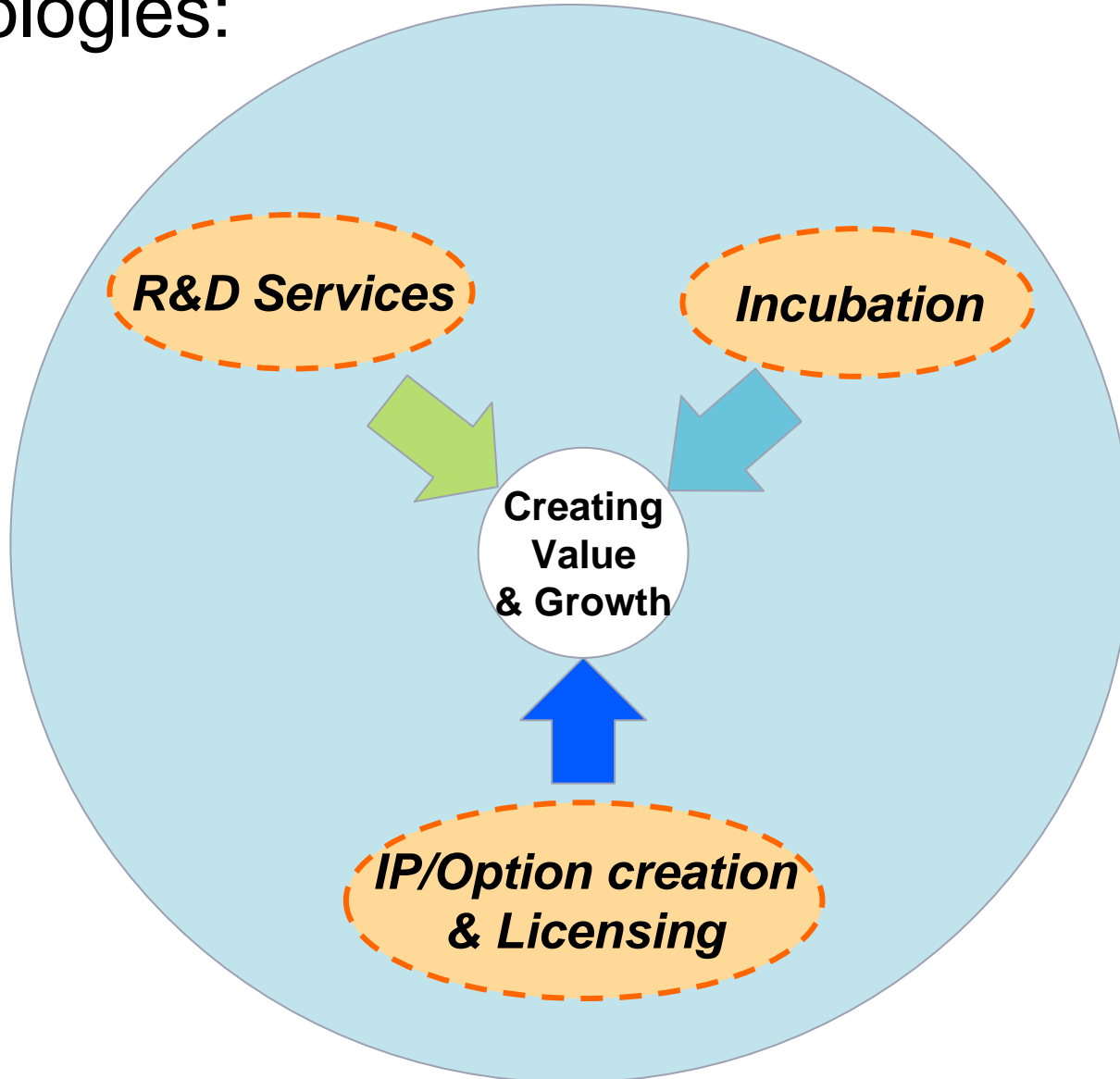
Simplicity is a button that transforms televisions into an eco-friendly evening.



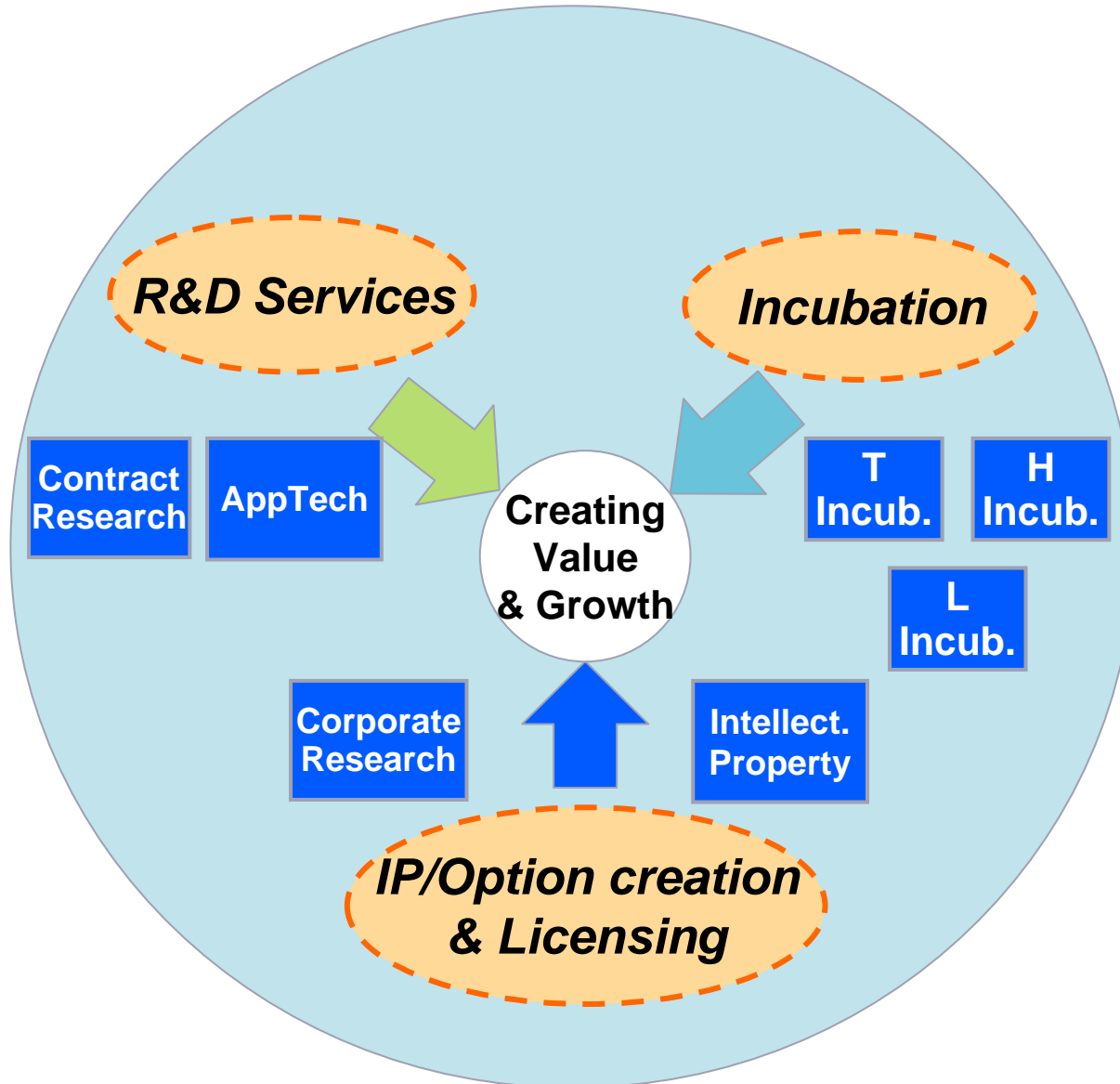
Innovation and Brand both drive our profitable growth



Competencies creating Value in Corporate Technologies:



Organizations in Corporate Technologies:



Conclusions

R&D Services

- Delivering ~30 major innovations to 3 sectors and >10 leading companies
- Innovation services to Philips & external companies & start-ups on the High Tech Campus

IP/Option creation & Licensing

- Rich option portfolio
- Creating >1,200 patents for the company per year
- 5,000 patent families in Corp Technologies
- 17,000 patent families overall

Incubation

- Creating transfers to sectors
 - amBX products
 - Laser sensor
- synergetic B2B units
- > 20 Emerging units
- Shareholding in > 15 companies

Innovation and brand drive profitable growth to realize the 2010 Vision

PHILIPS

sense and simplicity