Energy Efficiency: America’s Cheapest and Best Resource
A Manufacturer’s Perspective

National Conference of State Legislatures
Natural Resources & Infrastructure Committee
August 13, 2013

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Vice President-Public Sector
Today’s Agenda

• Overview of Philips and its sustainability efforts

• Benefits of Energy Efficiency

• Lighting: the low hanging fruit

• Philips public private partnership story

• Lighting as a solution vs. a product

• How States can accelerate adoption of Energy Efficiency
Philips: A global leader in health and well-being

**Philips**

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**Since 1891**

**Headquarters in Amsterdam, the Netherlands**

**$30+ Billion**

Sales in 2012.

Portfolio consists of ~70% B2B businesses

**115,000+**

People employed worldwide in over 100 countries

**$9.1 Billion**

Brand value in 2012

**8% of sales invested in R&D in 2012**

59,000 patent rights,
35,000 trademark rights,
81,000 design rights

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1 Based on last twelve months sales June 2013
2 Excluding Central sector (IG&S)
3 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

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Our business

- Philips Healthcare: 41%
- Philips Lighting: 35%
- Philips Consumer Lifestyle: 24%

2012
Energy efficiency: why wait?

Saves money/supports economic growth
• Lowers capital investment for infrastructure development
• Will create more than 6M jobs by 2020*

Enhances global competitiveness
• Lessens dependency on unstable energy markets

Contributes to Sustainability
• Lowering consumption reduces air pollutants and decreases the amount of water needed to run power plants and factories

* Ecofys Report, Dec 2012
Philips “walks” the “talk”

Sustainability is in our DNA

- Driving overall energy efficiency through EcoDesign & Green Innovation
- Greening facilities world wide
- Conscious travel policy
- Green IT
- LBE with our supply chain
- Ranked among the Top 50 Global Green Brands
Lighting: low hanging fruit

Lighting accounts for 19% of the world’s energy consumption

Installing new street lighting solutions would save $10B in energy a year
• Most street lights employ 1960’s technologies

Radical adoption of LED lighting in the U.S. over the next 20 years could:
• Avoid the need for 40 additional power plants
• Reduce electricity demand by 33%
• Deliver energy savings of over $265B
What is a LED?

LEDs, or light emitting diodes, are semiconductor devices that produce visible light when an electrical current is passed through them.
The LED revolution
Digital lighting is transforming the entire landscape

- Philips LED 2012: 22%
- LED market 2015: 45%
- Conventional lighting: 78%
- LED lighting: 55%

Digital lighting is transforming the entire landscape.
Public Private Partnership
The Story of the L-Prize

What: The “Bright Tomorrow Lighting Prize” (the L-Prize), established by Congress in 2007, to challenge lighting manufacturers to push the limits of EE to develop a high quality SSL alternative to the 60 watt incandescent bulb; administered by the U.S. Department of Energy.

Contest: The L-Prize competition includes technical specifications to ensure compliance with general requirements outlined in the legislation, with additional specs for quality, performance and mass manufacturing.

The competition included a rigorous evaluation process for proposed products, designed to detect and address product weaknesses before market introduction, to avoid problems with long-term market acceptance.

Comprehensive product evaluation included performance and lifetime testing conducted by independent laboratories, field assessments conducted in collaboration with utilities and other partners, and stress testing under extreme conditions.
Dept. of Energy announces Philips Lighting as first winner of L-Prize Competition
August 2011

Impact
If every household converted to LED lighting, the country would save 35 terawatt hours of electricity and with those energy savings would have enough power to light nearly 18M households.

Benefits
– Dimmable
– Superior color rendering
– Instantly “on”
– Contains no mercury
– Warrantied
– Energy Star approved
– Development of L-Prize led Philips to other ground-breaking lighting solutions with more on the way every day
For more energy efficiency: solutions
Offering solutions across the complete digital lighting value chain

Digital value chain

- Software
- Controls
- Luminaires
- Light sources and modules
- Packaged LEDs

Solutions and services
How States Can Help

– Urge PUCs to create tariffs for LEDs

– Provide tax credits/incentives for EE technologies

– Lead by Example: establish EE goals for government-owned buildings

– Promote energy efficiency education for consumers & businesses
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