KONINKLIJKE PHILIPS ELECTRONICS NV
Form 6-K
January 23, 2007

2007 1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K
REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934
For the period commencing October 17, 2006 through January 22, 2007

KONINKLIJKE PHILIPS ELECTRONICS N.V.
(Exact name of registrant as specified in its charter)
Royal Philips Electronics
(Translation of registrant s name into English)
The Netherlands
(Jurisdiction of incorporation or organization)
Breitner Center, Amstelplein 2, 1096 BC Amsterdam, The Netherlands
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

Name and address of person authorized to receive notices
and communications from the Securities and Exchange Commission:
E.P. Coutinho
Koninklijke Philips Electronics N.V.
Amstelplein 2
1096 BC Amsterdam The Netherlands

This report comprises copy of the Quarterly Report of the Philips Group for the three months ended December 31, 2006 as well as copies of the press releases entitled:

- Philips appoints new CEO of Medical Systems division , dated October 17, 2006;
- Philips reveals new wave of brand campaign to bring simplicity closer to customers , dated October 30, 2006;
- Philips completes acquisition of Intermagnetics General Corporation , dated November 9, 2006;
- Philips to acquire PLI, the leading European player in Home Luminairs , dated November 13, 2006;
- Philips rated top climber in sustainability reporting leaders , dated November 17, 2006;
- Philips to sell Philips Sound Solutions to D&M Holdings , dated November 28, 2006;
- Philips plans to sell stake in FEI company , dated November 30, 2006;
- Philips updates market on main consumer businesses , dated December 5, 2006;
- Philips executes sale of stake in FEI Company , dated December 15, 2006;
- Philips completes repurchase and cancellation of 86 million shares , dated December 29, 2006;
- Philips announces 100% ownership of Lumileds , dated December 29, 2006;
- Philips progresses with wind down of Corporate Investments portfolio , dated January 3, 2007;
- Philips announces EUR 1.63 billion share repurchase program over second trading line on Euronext Amsterdam , dated

  January 9, 2007; and

- Mr. Hayko Kroese appointed group Human Resources Director , dated January 9, 2007.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized at Amsterdam, on the 22nd day of January 2007.

KONINKLIJKE PHILIPS ELECTRONICS N.V.

/s/ G.J. Kleisterlee

(President,

Chairman of the Board of Management)

/s/ P.J. Sivignon

(Chief Financial Officer,

Member of the Board of Management)

TABLE OF CONTENTS

Forward-looking statements

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items (including, but not limited to, restructuring cost and cost savings), in particular the outlook paragraph in this report.
By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, changes in law, the performance of the financial markets, pension costs, the levels of marketing and promotional expenditures by Philips and its competitors, raw materials and employee costs, changes in exchange and interest rates (in particular changes in the euro and the US dollar can materially affect results), changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technological changes, political and military developments in countries where Philips operates, Philips ability to secure short-term profitability and invest in long-term growth, and industry consolidation.
Statements regarding market share, including as to Philips competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-US GAAP information

In presenting and discussing the Philips Group s financial position, operating results and cash flows, management uses certain non-US GAAP financial measures. These non-US GAAP financial measures should not be viewed in isolation as alternatives to the equivalent US GAAP measure(s) and should be used in conjunction with the most directly comparable US GAAP measure(s). A discussion of the non-US GAAP measures included in this document and a reconciliation of such measures to the most directly comparable US GAAP measure(s) are contained in this document.

Use of fair value measurements

In presenting the Philips Group s financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Users are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When a readily determinable market value does not exist, fair values are estimated using valuation models. The models that are used are appropriate for their purpose. They require management to make significant assumptions with respect to future developments which are inherently uncertain and may therefore deviate from actual developments. In certain cases, independent valuations are obtained to support management s determination of fair values.

All amounts in millions of euros unless otherwise stated; data included are unaudited. Financial reporting is in accordance with US GAAP unless otherwise stated.

Figures have been restated for the sale of the Semiconductors and MDS businesses now shown under discontinued operations .

Philips reports strong Q4 with net income of EUR 680 million; proposes to increase dividend to EUR 0.60 per share

- Fourth-quarter sales up 2% comparably to EUR 8,128 million, bringing full-year sales to EUR 26,976 million, comparably up 6% on 2005.

- Fourth-quarter net income increased to EUR 680 million from EUR 332 million in Q4 2005, bringing full-year net income to EUR 5,383 million, compared with EUR 2,868 million in 2005

- Philips announced and/or completed seven strategically aligned acquisitions in 2006 that will add to further growth

- Continuation of the share repurchase program brings total cash returned to shareholders in 2006 to over EUR 3.3 billion

- Proposal to increase the dividend for 2006 significantly to EUR 0.60 from EUR 0.44 in 2005

Gerard Kleisterlee,

Philips President and CEO of Royal Philips Electronics:

Strong results in the fourth quarter rounded out what was a busy and successful year for Philips. A combination of strategically aligned acquisitions and the divestment of cyclical components businesses not least the sale of a majority stake in Semiconductors have made us a less volatile, more brand-driven company.

I m very pleased to see that our 2006 performance validates the key strategic decisions we have made. In the fourth quarter alone, our Medical Systems division brought in EUR 311 million in EBIT, which amounts to a margin of 15%. Our Consumer Electronics division was able to post a full-year EBIT

1

margin of 3.9%, amid tough market conditions. This again demonstrates the robustness of our CE business model.
In a landmark transaction, we sold a majority stake in our Semiconductors division in September, which made our earnings less volatile. This transaction completed efforts to transform Philips into a stable company built around our brand, with leading market positions in virtually all areas in which it is active.
2006 also saw the redistribution of over EUR 3.3 billion to shareholders by way of our ongoing share repurchase program and dividends. We intend to buy back a further EUR 1.6 billion of shares in 2007, in line with our earlier commitment.
As we close the book on 2006, it s clear that we are entering a new period in the Company s history. I am confident we will be able to continue to deliver sustainable growth and improved profitability in our key business areas of healthcare, lifestyle and technology.
Organic growth is strong and consistent where it matters most, i.e. in our high-margin activities, driven by innovation and an ever-stronger brand. Growth is further fuelled by the seven acquisitions we have announced which, as far as completed, are all performing at or above the level expected. At the same time we have practically completed the divestment of cyclical components activities.
Heading into 2007, we will continue to deliver on our promise to achieve sustainable value creation by strengthening our existing base of operations, making acquisitions where value creation is possible and returning capital to shareholders. At the same time, we will deepen and extend our commitment to our sense and simplicity brand promise. I am deeply convinced that our company is well positioned for an excellent future.

Philips Group
Highlights in the quarter
Net income
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Sales	8,191	**8,128**
EBIT	795	**665**
as a % of sales	9.7	**8.2**
Financial income and expenses	23	**(102)**
Income taxes	(485)	**(48)**
Results unconsolidated companies	(46)	**30**
Minority interests	12	**6**
Income from continuing operations	299	**551**
Discontinued operations	33	**129**
Net income	332	**680**
Per common share (in euros) basic*	0.27	**0.60**

* Calculation of net income per common share in euros is based on weighted in-the-quarter average number of common shares

Net income

Net income from continuing operations amounted to EUR 551 million, compared to EUR 299 million in Q4 2005.

Income of EUR 129 million was reported under discontinued operations following further review of estimates made in the calculation of the gain on the Semiconductors transaction, the preliminary result of which was recorded in Q3.

Earnings before interest and tax (EBIT) of EUR 665 million included a EUR 42 million gain on the sale of Philips Sound Solutions, as well as EUR 65 million in charges related to the acquisition of Intermagnetics. In Q4 2005, EBIT included a gain of EUR 170 million related to the release of a postretirement medical benefits provision, as well as a EUR 76 million result on real estate.

Financial income and expenses included a non-cash impairment charge of EUR 77 million on the value of the investment in TPO Display Corp.

Income taxes reflected the impact of a reduction (from 29.6% to 25.5%) in the Dutch corporate tax rate on the net deferred tax position. Q4 2005 included a EUR 240 million tax charge related to the intra-group transfer of shares in

TSMC.

Results relating to unconsolidated companies included a EUR 76 million gain on the sale of Philips stake in FEI.

Sales by sector

in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**	**nominal**	**% change comparable**
Medical Systems	2,029	**2,068**	**2**	**7**
DAP	787	**963**	**22**	**13**
CE	3,469	**3,262**	**(6)**	**(4)**
Lighting	1,346	**1,455**	**8**	**7**
Other Activities	560	**380**	**(32)**	**(2)**
Philips Group	8,191	**8,128**	**(1)**	**2**

Sales by sector

Comparable sales for the Group increased by 2% compared to Q4 2005 after adjustment for the effect of currency movements and consolidation changes. Strong comparable growth delivered by all high-margin divisions was partially offset by lower sales at Consumer Electronics, where the focus remains on margin generation.

Comparable sales at Medical Systems rose by 7%, driven by almost all businesses, notably Healthcare Informatics and Customer Services. DAP s comparable sales grew by an exceptional 13%, led by increases in Domestic Appliances and Oral Healthcare. Continued comparable sales growth in Connected Displays and Peripherals & Accessories was offset by sales declines in the other Consumer Electronics businesses. At Lighting, comparable sales were higher in almost all businesses, led by Lumileds.

Sales by region

in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**	**nominal**	**% change comparable**
Europe/Africa	3,823	**3,948**	**3**	**5**
North America	2,286	**2,326**	**2**	**6**
Latin America	581	**548**	**(6)**	**1**
Asia Pacific	1,501	**1,306**	**(13)**	**(10)**
Philips Group	8,191	**8,128**	**(1)**	**2**

Sales by region

Comparable sales growth was led by North America, driven by double-digit growth at DAP and Medical Systems. In Europe/Africa, DAP and Lighting supported the 5% comparable growth. In both Latin America and Asia, comparable sales growth at DAP and Lighting was tempered by lower sales at CE.

EBIT
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Medical Systems	267	**311**
DAP	167	**164**
CE	234	**259**
Lighting	157	**141**
Other Activities	24	**3**
Unallocated	(54)	**(213)**
Philips Group	795	**665**
as a % of sales	9.7	**8.2**

Earnings before interest and tax (EBIT)

The EBIT of Medical Systems included acquisition-related and integration charges of EUR 65 million for Intermagnetics. Q4 2005 included a charge of EUR 46 million for MedQuist customer accommodation payments. Improvement was visible in most businesses, notably Computed Tomography, Nuclear Medicine and Customer Services.

Despite higher advertising and promotion expenses and an EUR 8 million charge related to the Avent acquisition, DAP s EBIT in the quarter enabled the division, excluding Consumer Healthcare Solutions, to reach an annual EBIT margin of 16%, again achieving its mid-term target of 15-16%.

Consumer Electronics achieved an EBIT margin of 7.9%, compared to 6.7% in Q4 2005, taking its full-year margin to 3.9% of sales. Almost all businesses showed improved margins compared to Q4 2005.

At Lighting, EBIT declined due to a slower ramp-up and inventory adjustment in backlighting solutions, restructuring charges of EUR 13 million and an EUR 8 million charge triggered by the acquisition of the remaining 3.5% stake in Lumileds.

The EBIT of Other Activities included a gain of EUR 42 million on the sale of Philips Sound Solutions as well as additional investments in the Healthcare and Lifestyle Incubators. EBIT in Q4 2005 included a EUR 76 million result on real estate and a EUR 42 million gain on the sale of the Philips Pension Competence Center.

Due to the seasonality of spend, the EBIT of Unallocated included brand campaign investments of EUR 88 million, compared to EUR 54 million in Q4 2005. Q4 2005 EBIT included a EUR 116 million gain on the adjustment of a provision for postretirement medical benefits.

EBITA
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Medical Systems	292	**373**
DAP	168	**171**
CE	234	**259**
Lighting	164	**149**

Other Activities	24	**2**
Unallocated	(53)	**(212)**
Philips Group	829	**742**
as a % of sales	10.1	**9.1**
		4

Financial income and expenses
in millions of euros

	Q4 2005	**Q4 2006**
Interest expenses (net)	(42)	**(3)**
TPV option fair value adjustment	48	**(48)**
TPO fair value adjustment		**(77)**
Other	17	**26**
Total	23	**(102)**

Financial income and expenses
Net interest expense was EUR 39 million lower than in Q4 2005 due to a higher average cash position during the quarter, mainly as a result of proceeds received from the sale of 80.1% of the Semiconductors business.

A EUR 77 million non-cash impairment charge to adjust the value of the investment in TPO Display Corp was recognized in the quarter. A fair-value adjustment on the TPV bond option resulted in a loss of EUR 48 million, compared to a gain of the same amount in Q4 2005.

Results unconsolidated companies
in millions of euros

	Q4 2005	**Q4 2006**
LG.Philips LCD: Operational results	101	**(41)**
Sale of shares	211	
TSMC	115	
FEI	(1)	**76**
Other	(472)	**(5)**
Total	(46)	**30**

Results relating to unconsolidated companies
LG.Philips LCD s operational result decreased by EUR 142 million year-over-year as a result of continued difficult market conditions.

A gain of EUR 76 million was recognized on the sale of Philips entire shareholding in FEI Company.

In Q4 2005 a charge of EUR 458 million was recognized for LG.Philips Displays.

Cash balance
in millions of euros

	Q4 2005	**Q4 2006**
Beginning balance	4,344	**7,272**
Net cash from operating activities	1,460	**740**
Gross capital expenditures	(206)	**(119)**
Acquisitions/divestments	(178)	**(768)**
Other cash from investing activities	124	**12**
Changes in debt/other	(549)	**(1,401)**
Cash provided by discontinued operations	298	**287**
Ending balance	5,293	**6,023**

Cash balance
The cash balance decreased by EUR 1,249 million during the quarter, compared to an increase of EUR 949 million in Q4 2005.

The main cash outflows were EUR 1,519 million for the ongoing share repurchase program and EUR 993 million for the acquisition of Intermagnetics.

Q4 2005 included EUR 615 million proceeds from the sale of a further stake in LG.Philips LCD and a EUR 788 million cash outflow for the acquisition of the majority of Lumileds.

Cash flows from operating activities
Cash flows from operating activities declined compared to Q4 2005, primarily due to a number of positive reclassifications which were made from continuing to discontinued operations following further review of the Q3 2006 transaction to sell a majority stake in the Semiconductors division.

Gross capital expenditures
Gross capital expenditures were below the level of Q4 2005 as additional investments at Lighting were more than offset by lower expenditure in the other divisions.

Inventories

Inventories as a percentage of sales decreased to 10.7%, compared to 10.9% in Q4 2005. Tight inventory and supply chain management at Consumer Electronics, Medical Systems and Lighting drove the improvement.

Net debt and group equity

The net cash position of EUR 3.4 billion reported at the end of Q3 2006 declined to EUR 2.2 billion, primarily due to the acquisition of Intermagnetics and the share repurchase program.

Group equity decreased by EUR 0.8 billion compared to the previous quarter. Increases in equity attributable to net income and unrealized gains on the value of available-for-sale securities (primarily TSMC) were more than offset by the ongoing share buy-back program and the implementation of FAS 158 rules relating to pension accounting.

Employment

During the quarter the number of employees declined by 3,832 due to the normal seasonal reduction in temporary employees and several divestments within Other Activities. These reductions were partly offset by the consolidation of Intermagnetics in Medical Systems.

Q4 2005 included 37,417 employees in businesses classed as discontinued operations , primarily the Semiconductors division.

Medical Systems
Key data
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Sales	2,029	**2,068**
Sales growth		
% nominal	13	**2**
% comparable	8	**7**
EBITA	292	**373**
as a % of sales	14.4	**18.0**
EBIT	267	**311**
as a % of sales	13.2	**15.0**
Net operating capital (NOC)	3,400	**4,332**
Number of employees (FTEs)	30,978	**32,843**

Business highlights

Philips completed its EUR 1 billion acquisition of Intermagnetics General Corporation   a leading manufacturer of superconducting magnets and radio-frequency coils for magnetic resonance imaging systems.

At the 92nd annual meeting of the Radiological Society of North America, Philips introduced the BrightView SPECT system   a compact nuclear medicine camera that is also scalable to accommodate overweight patients.

In the 2006 IMV ServiceTrak   survey, customers ranked Philips number 1 in overall service performance in Patient Monitoring Systems for the 8th year in a row, and number 1 in Ultrasound All Systems for the 14th year in a row.

Financial performance

Equipment order intake for the full year increased by 6% on a currency-comparable basis compared to 2005. Net underlying order intake for the quarter was practically flat due to some adjustments to the existing order book.

Comparable sales grew 7% year-on-year, driven by double-digit growth in Healthcare Informatics and Customer Services. Sales of i-Site/PACS grew by almost 50% on a comparable basis.

EBIT included EUR 65 million acquisition-related and integration charges following the acquisition of Intermagnetics. Excluding these charges and Q4 2005   s MedQuist accommodation payment, EBIT improved, primarily in Computed Tomography, Nuclear Medicine and Customer Services.

Net operating capital and employee numbers increased due to the consolidation of Intermagnetics and Witt Biomedical.

Looking ahead

The North American sales organization will be realigned to tighten customer focus and simplify sales processes; we expect this to result in a minor charge in Q1 2007, but to have an overall positive impact on full-year earnings.

Q1 2007 will include approximately EUR 25 million of Intermagnetics-related acquisition and integration charges.

Driven by ongoing improvement actions, we expect the division to achieve 14-15% EBITA for the year 2007.

Domestic Appliances and Personal Care
Key data

in millions of euros unless otherwise stated	Q4 2005	**Q4 2006**
Sales	787	**963**
Sales growth		
% nominal	6	**22**
% comparable	3	**13**
EBITA	168	**171**
as a % of sales	21.3	**17.8**
EBIT	167	**164**
as a % of sales	21.2	**17.0**
Net operating capital (NOC)	370	**1,758**
Number of employees (FTEs)	8,203	**10,953**

Business highlights

In France, Philips launched its new Wake-up Light, with a roll-out in selected European countries planned for 2007. This medically-proven lamp prepares the body to wake up by emitting increasing light, which reduces the production of melatonin, the sleep-inducing hormone.

Following a successful trial year in 2006, Philips Shavers increased its 2007 sponsorship commitment to the WilliamsF1 Team to include on-car branding.

In December, Philips signed a deal to provide floor care products to Dixons Store Group International the first ever pan-European product listing by Dixons and a deal bringing Philips into the UK and Nordic floor care markets.

Financial performance

Sales grew by 13% on a comparable basis compared to Q4 2005; the increase was visible across all businesses but was particularly strong in Oral Healthcare and Domestic Appliances. Consumer Healthcare Solutions reported sales of EUR 38 million, most of which was attributable to Lifeline Systems. Double-digit sales growth was visible in all regions, most notably North America and the key emerging markets of Russia, China and India.

EUR 164 million in-the-quarter EBIT brought the full-year EBIT margin, excluding CHS, to 16% of sales, again enabling the division to reach its mid-term profitability target.

EBIT in the quarter included further investments in CHS (EUR 8 million), charges related to the acquisition of Avent (EUR 8 million) and a significantly higher level of advertising spend, to help DAP sustain its high growth level.

The increase in net operating capital and personnel numbers was attributable to the acquisitions of Lifeline and Avent.

Despite the strong sales growth, DAP continued to operate with negative working capital in the fourth quarter.

Looking ahead

DAP plans to introduce a series of innovative products, in particular in shaving and coffee-making, which will help it achieve its 2007 EBITA target of approximately 15%.

Consumer Electronics
Key data
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Sales	3,469	**3,262**
Sales growth		
% nominal	4	**(6)**
% comparable	6	**(4)**
EBITA	234	**259**
as a % of sales	6.7	**7.9**
EBIT	234	**259**
as a % of sales	6.7	**7.9**
Net operating capital (NOC)	(296)	**(228)**
Number of employees (FTEs)	15,537	**14,486**

Business highlights

Philips sold its one millionth Ambilight FlatTV. Introduced by Philips in 2004, Ambilight creates a halo around the TV screen that changes color and intensity and transforms viewing by making the screen seem bigger.

Philips was named a global supplier of in-room entertainment televisions to the Accor Group of hotels, one of the largest hotel chains in the world, providing a dedicated range of hotel FlatTVs for up to 480,000 rooms.

At the Consumer Electronics Show in Las Vegas, Philips won 18 Innovation Awards and the Best of Innovation Award for the DECT Cordless Phone/Answering Machine. The SIM-card copier lets users copy their mobile phonebook to their home phone a true example of sense and simplicity .

Financial performance

Sales of EUR 3,262 million were, on a comparable basis, 4% below Q4 2005. Growth in Connected Displays and Peripherals & Accessories was offset by declines in Mobile Phones and Home Networks.

As a result of CE s focus on margin management, the division posted EBIT of 7.9%, compared to 6.7% in Q4 2005, helping it realize an annual EBIT margin of 3.9% of sales. Almost all businesses recorded EBIT margin improvements compared to Q4 2005.

Inventories remained under tight control at 7.4% of sales, compared to 7.5% in 2005.

Looking ahead

Q1 is expected to be a challenging quarter due to continuing pressure on margins as supply of FlatTVs outstrips market demand.

The transfer of Philips remaining Mobile Phones activities to China Electronics Corporation (CEC), originally planned to be completed in Q4 2006, is still subject to finalization.

Helped by the introduction of a new range of Ambilight televisions, the division expects to achieve an EBITA of approximately 3% in 2007.

Lighting
Key data
in millions of euros unless otherwise stated

	Q4 2005	**Q4 2006**
Sales	1,346	**1,455**
Sales growth		
% nominal	6	**8**
% comparable	1	**7**
EBITA	164	**149**
as a % of sales	12.2	**10.2**
EBIT	157	**141**
as a % of sales	11.7	**9.7**
Net operating capital (NOC)	2,491	**2,527**
Number of employees (FTEs)	45,649	**47,739**

Business highlights

Philips agreed to acquire Partners in Lighting International, the European leader in the home luminaire market. With this deal, Philips will foster a shift to LED-based home lighting.

In December, Philips organized an energy-efficiency forum in Brussels to back European Union energy-conservation initiatives and draw attention to the energy-saving potential of lighting technologies.

Philips acquired the remaining 3.5% stake in Lumileds the world leader in high-power light-emitting diodes (LEDs).

In Bangkok, at an event attended by 100,000 people, the Princess of Thailand opened the Inner Ring Road Bridge, which is illuminated with Philips solid-state lighting.

Financial performance

Sales amounted to EUR 1,455 million, 7% above Q4 2005 on a comparable basis, mainly attributable to Luminaires and Lamps, which grew 15% and 7% respectively.

Geographically, all regions posted positive comparable growth rates, most notably the double-digit growth in emerging markets such as Russia, China and India.

EBIT declined due to an inventory write-down caused by a lower-than-expected ramp-up in backlighting solutions, restructuring charges of EUR 13 million and a EUR 8 million charge triggered by the acquisition of the final 3.5% stake in Lumileds.

Looking ahead

The division is expected to consolidate Partners in Lighting International in Q1, further strengthening its LED/solid-state lighting strategy.

Further optimization of the industrial footprint will result in restructuring charges of approximately EUR 15 million in Q1 2007.

The launch of innovative products and focus on emerging markets in 2007 will support the division in achieving an EBITA of around 12% for the year.

Other Activities