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# Components

**G. Kleisterlee**

**Chairman & CEO Philips Components and member  
of the GMC**

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# PHILIPS COMPONENTS

Philips Components PD Presentation, version 1.0, April 1999, slide 1

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# PD Components

- **Scope**
- **Portfolio Development**
- **Display Businesses**
- **Summary**

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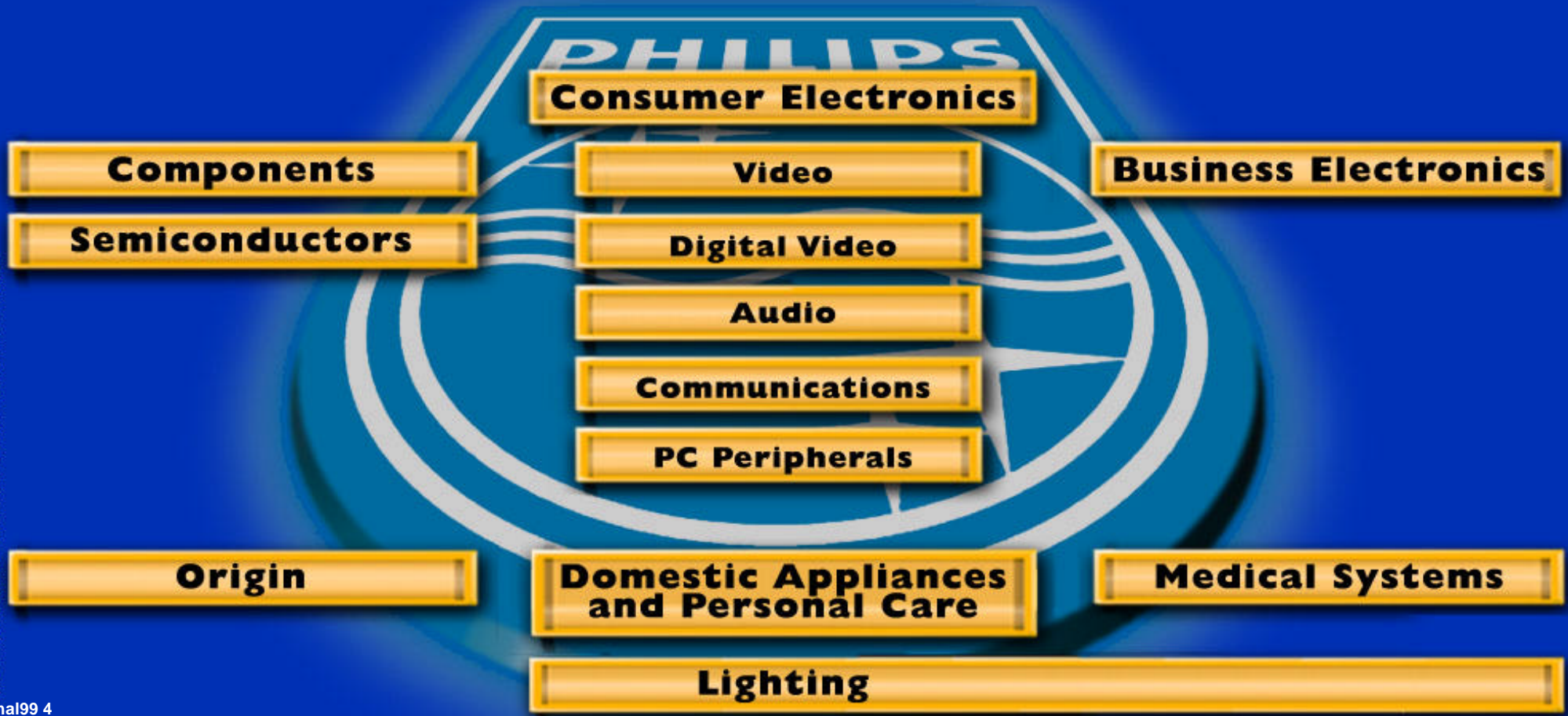
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# THE PHILIPS GROUP

**Enablers**

**Consumer Products  
"Home and Away"**

**Professional  
Products**



Philips Components PD Presentation, version 1.0, April 1999, slide 4

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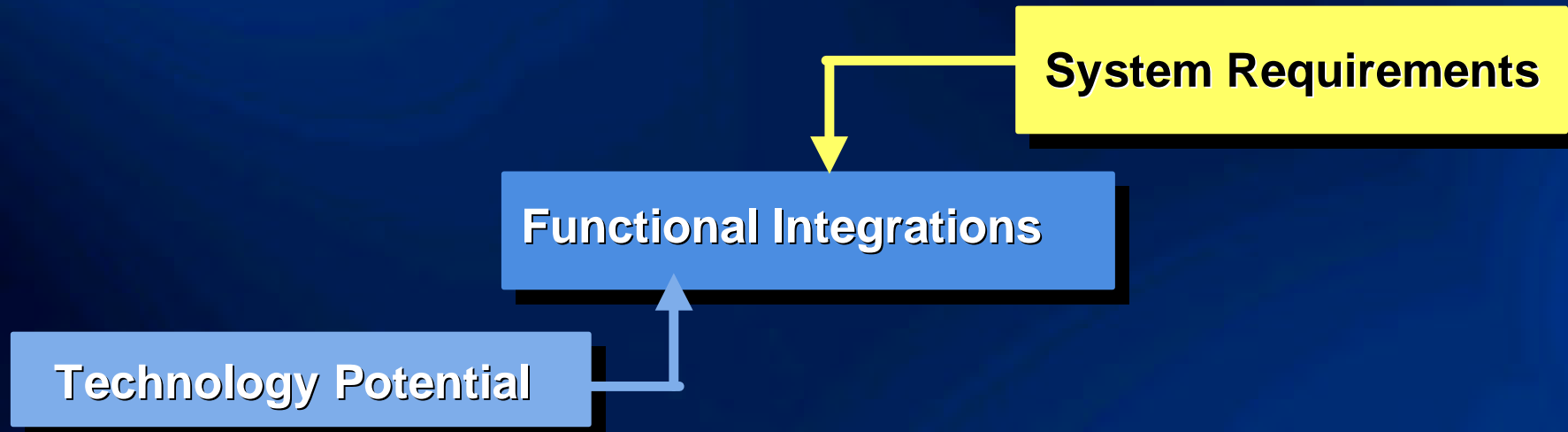
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# Value Shift Drivers

- 👉 End user Features
- 👉 Mass Customization
- 👉 Short Lifecycles
- 👉 Click-On Functions



- 👉 Base Materials
- 👉 Process Technologies
- 👉 Integration Capabilities
- 👉 Mass Customization

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# FUNCTIONS



# MARKET SEGMENTS

**AUTOMOTIVE**



**TELECOMMUNICATIONS**



**PC &  
PC RELATED**



**CONSUMER  
ELECTRONICS**



# CUSTOMERS



**NOKIA**



**hp** HEWLETT  
PACKARD

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# Mission Statement

**Philips Components aims to be:**

- **A technology partner of choice for leading global players in :**
  - **Consumer electronics (Digital)**
  - **EDP**
  - **Telecommunications (Mobile)**
  - **Automotive electronics (Infotainment)**
- **Top 3 player in each of the selected segments**

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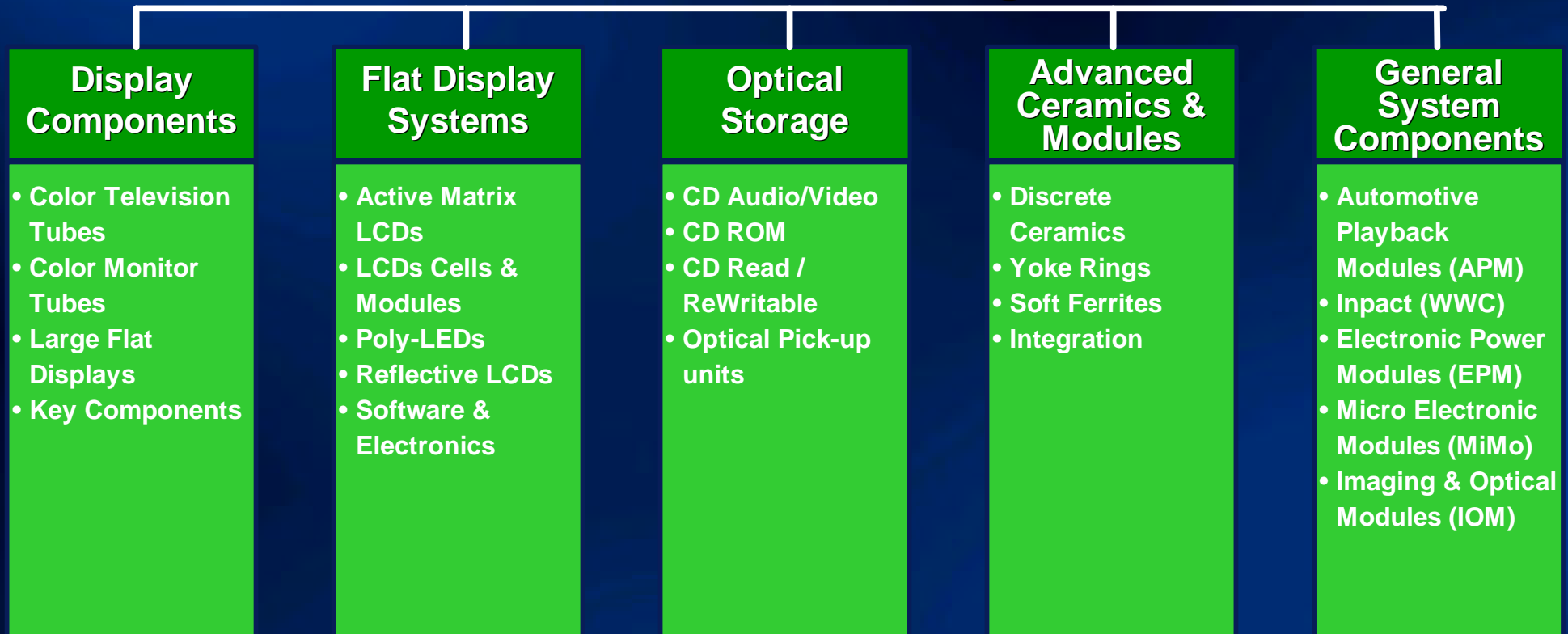
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# Philips Components

## Global Product Range



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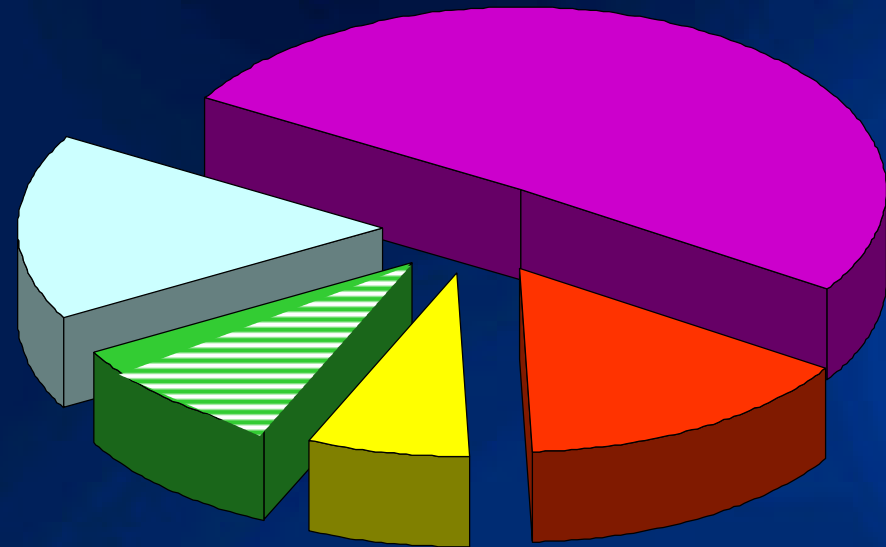
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# Turnover per Business Group 1998

■ Display Components	51%
■ Advanced Ceramics and Modules	15%
■ General System Components	7%
■ Flat Display Systems	10%
■ Optical Storage	17%



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# Key Financials

EUR mln

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<b>Sales</b>	<b>3,385</b>	<b>3,864</b>	<b>4,349</b>	<b>5,099</b>	<b>5,261</b>
<b>Intern</b>	<b>36%</b>	<b>36%</b>	<b>34%</b>	<b>28%</b>	<b>27%</b>
<b>IFO</b>	<b>162</b>	<b>300</b>	<b>316</b>	<b>267</b>	<b>44</b>
<b>Capex</b>	<b>342</b>	<b>378</b>	<b>466</b>	<b>381</b>	<b>275</b>
<b>Employees</b>	<b>39,193</b>	<b>39,696</b>	<b>41,995</b>	<b>46,131</b>	<b>42,613</b>

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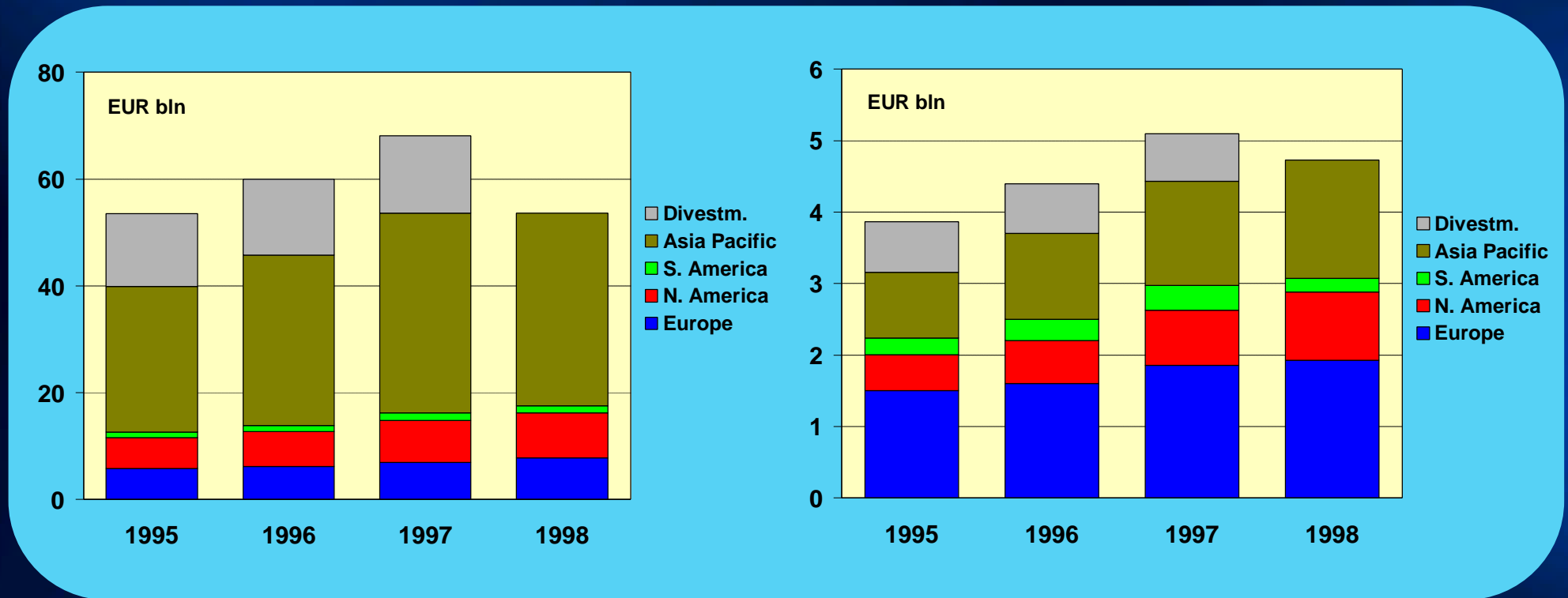
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# Philips Components

## Developments per Region

Market

Sales



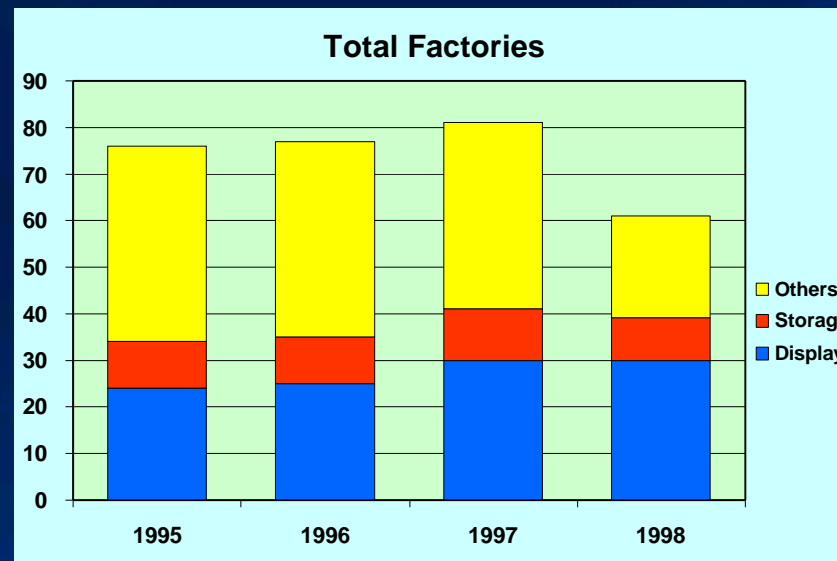
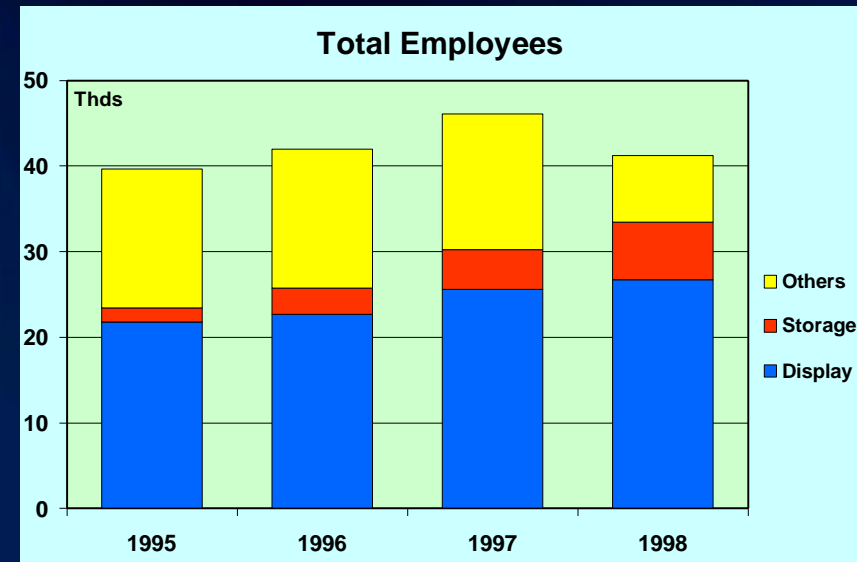
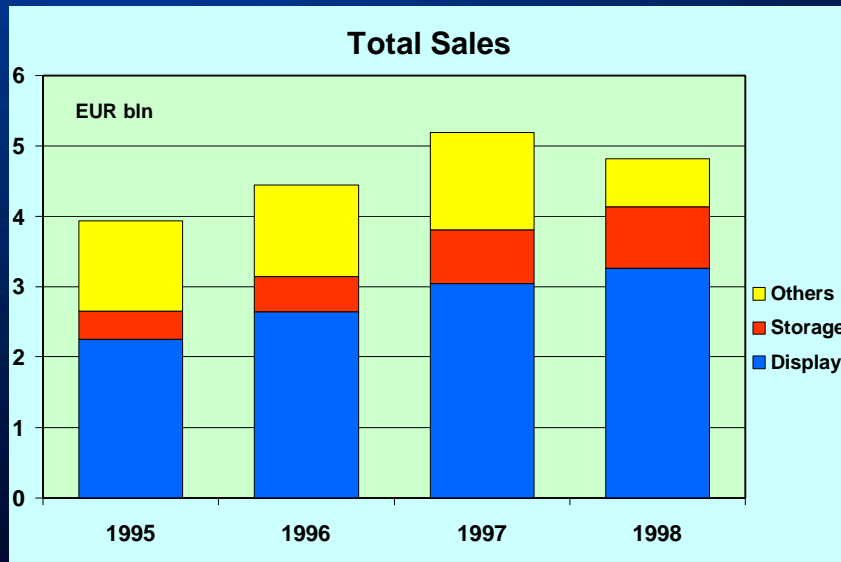
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# PD Components



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# Divestments 1997 and 1998

**Sales** : EUR 623 mln  
**Employees** : 7,033  
**Business lines** : 17  
**Factories** : 25

- Prof. Syst. Klagenfurt
- Motors Dordrecht
- Dry reed switches
- Rare earth
- FSM
- Photonics
- OF-Dordrecht
- HDD
- MH&M
- Hard Ferrites
- Powder Uden
- Film capacitors
- Electrolytic caps
- Leaded ceramic caps
- Fixed linear resistors
- Variable resistors
- Non-linear resistors

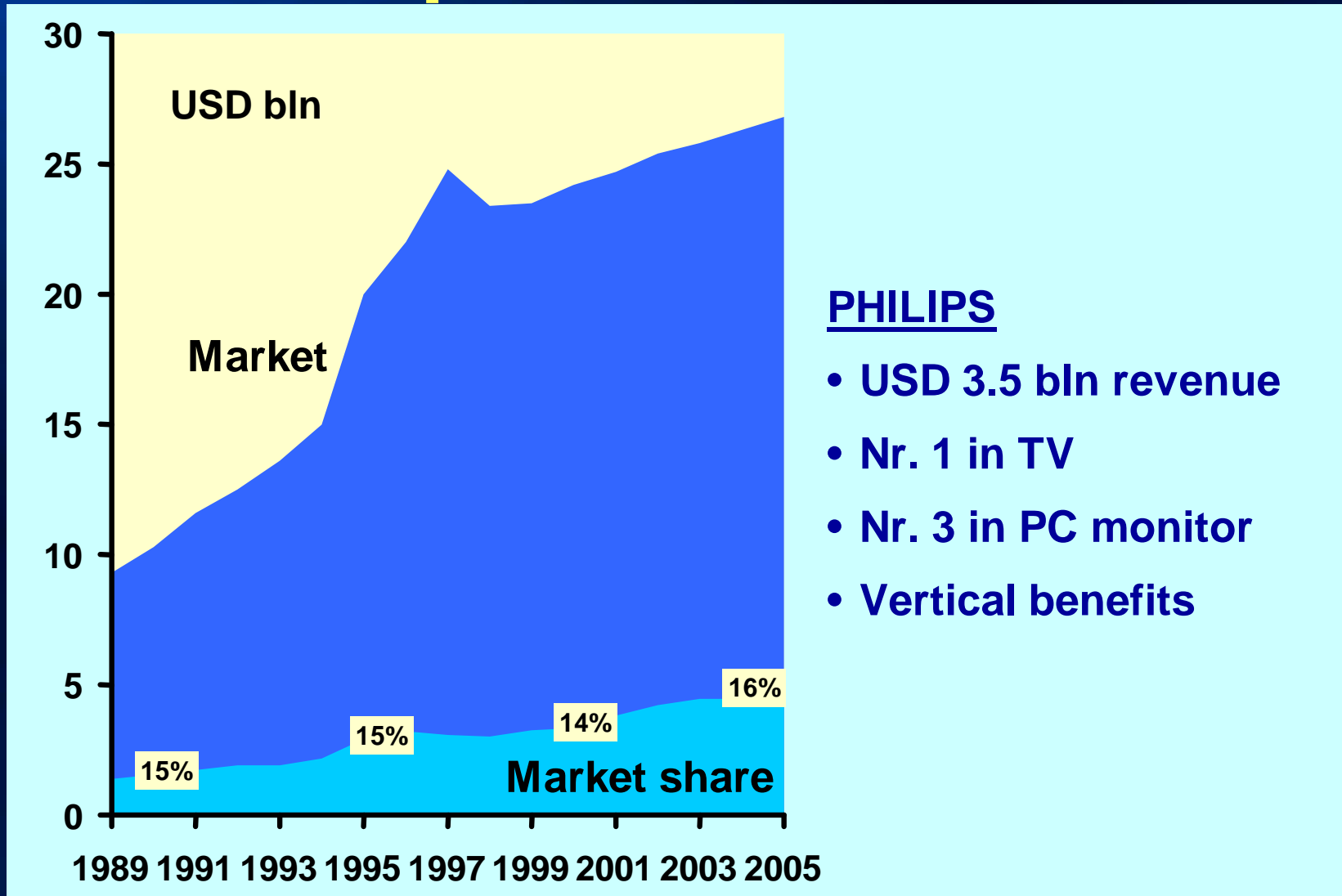
# Display Portfolio

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# Philips CRT Business



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- USD 3.5 bln revenue
- Nr. 1 in TV
- Nr. 3 in PC monitor
- Vertical benefits

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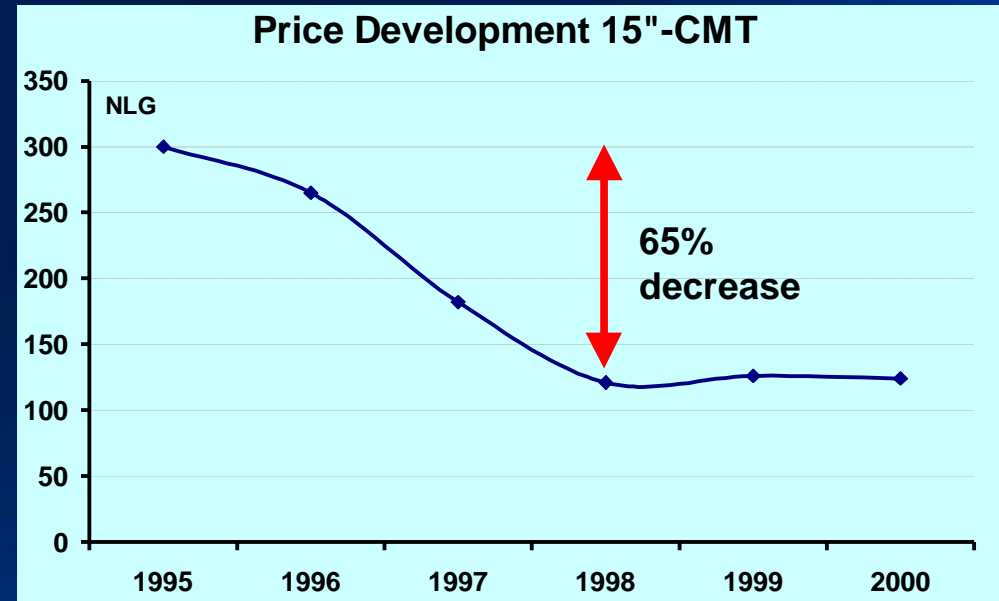
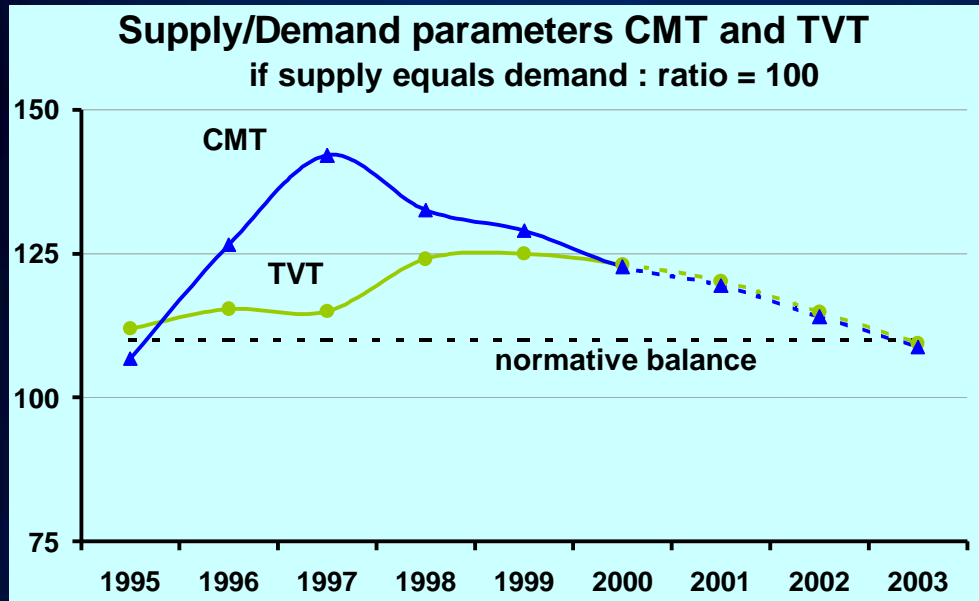
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# CRT Issues

## A. Extra-ordinary price pressure from imbalance supply/demand



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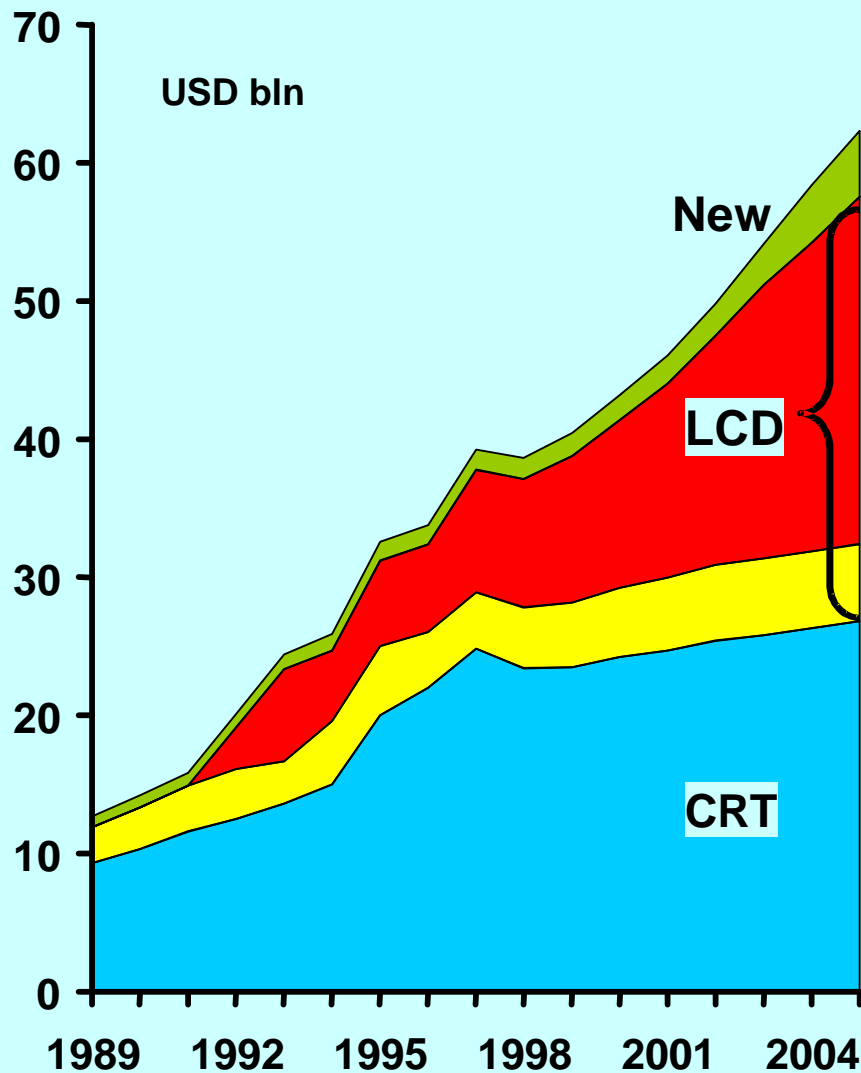


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# Responses

- **Capacity control**
- **Philips response**
  - **New product offering**
  - **Consolidate manufacturing base in low cost areas**
  - **Reduce vertical integration**

# Philips Display Business



- CRT successor
- Even larger vertical benefits
- Critical for PD-future value portfolio
- "Philips" brand
- Need to build top position

- USD 3.5 bln revenue
- Nr. 1 in TV
- Nr. 3 in PC monitor
- Vertical benefits

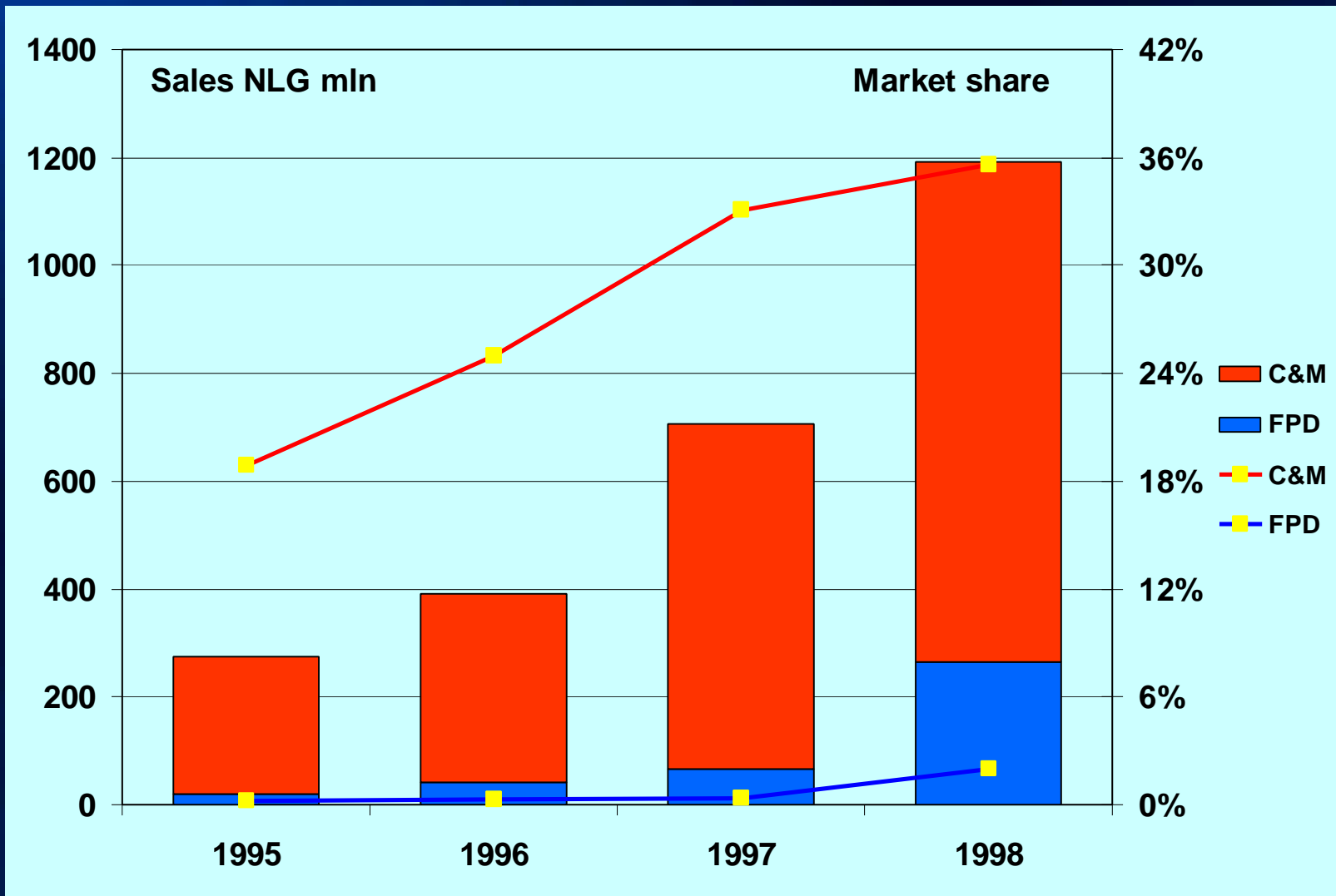
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# Philips LCD Business



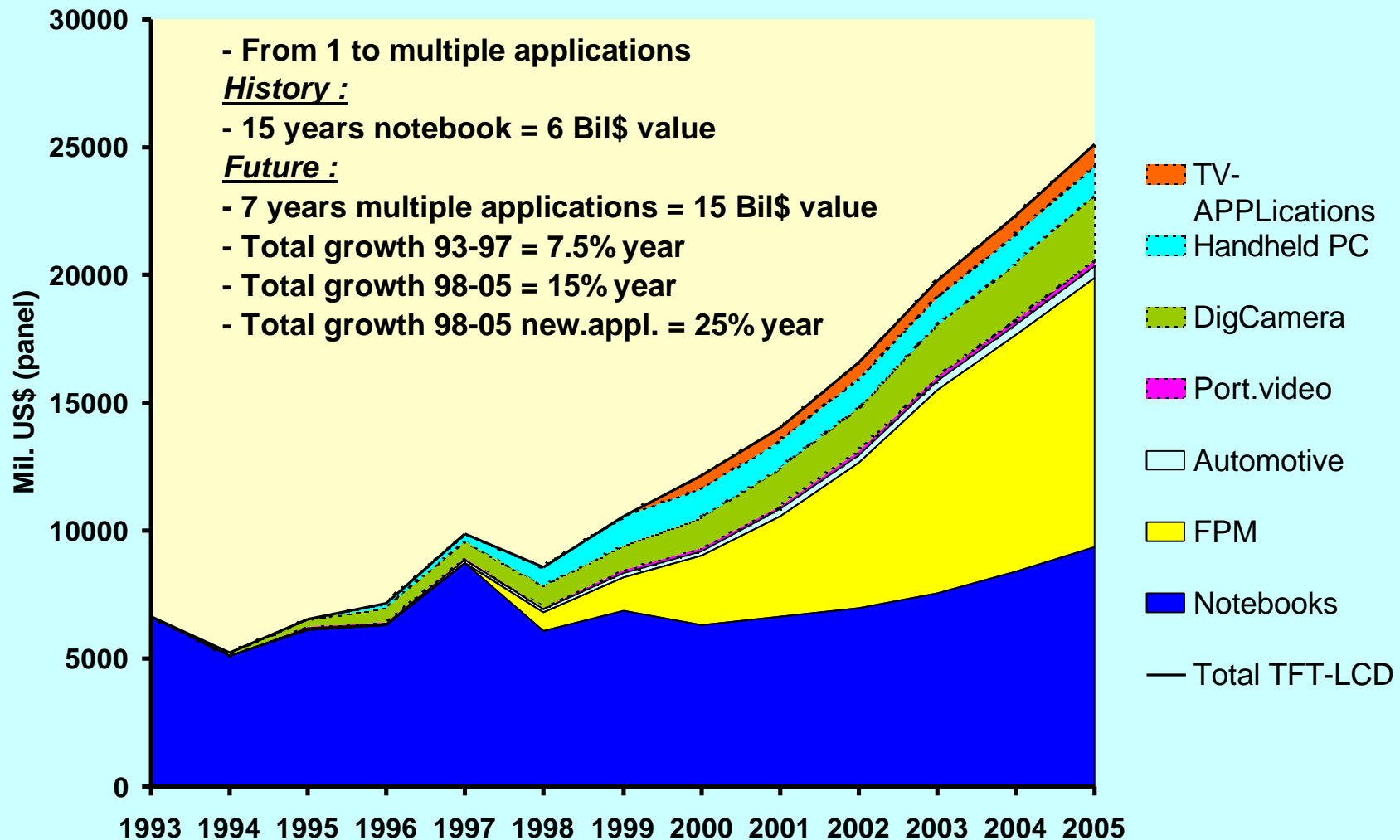
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# AM-LCD Applications



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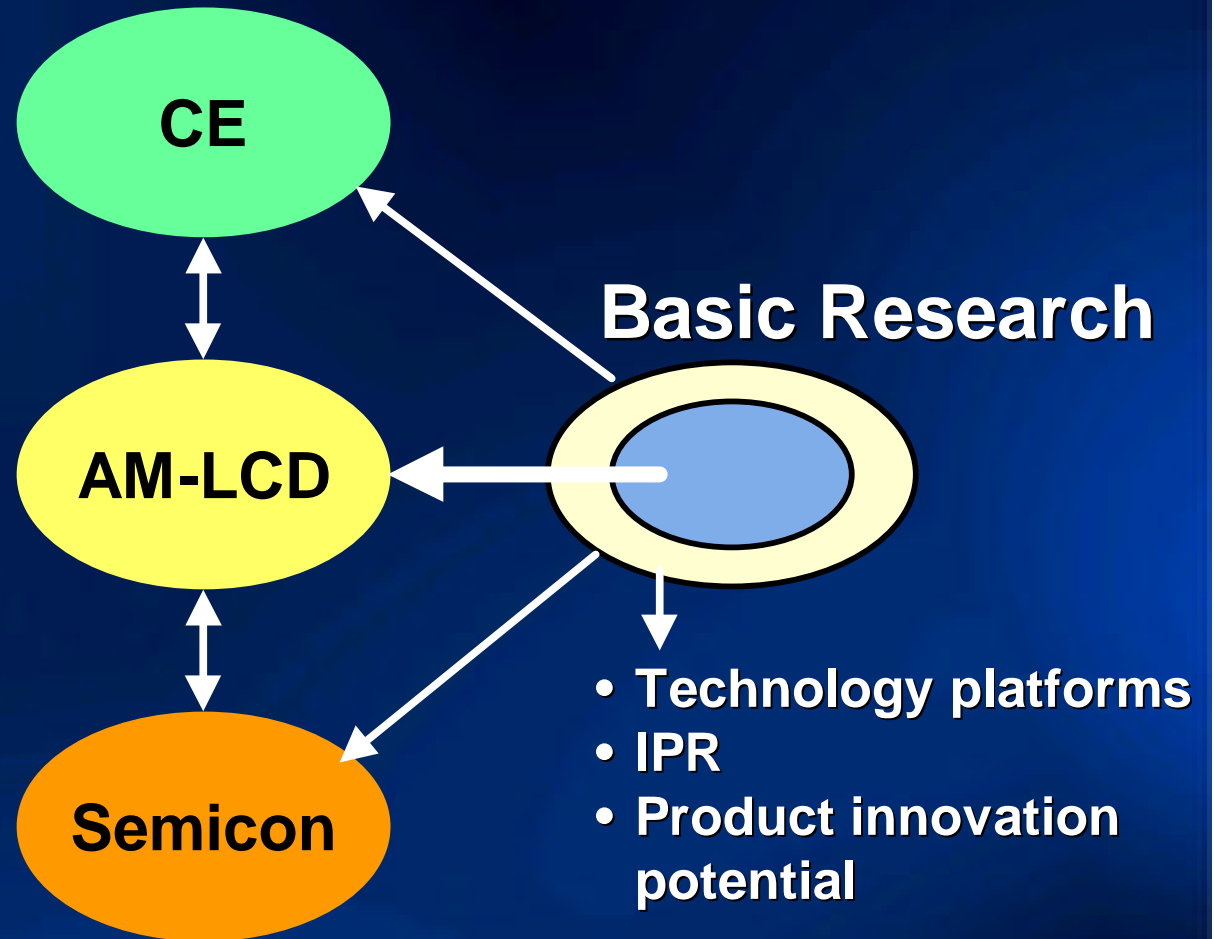


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# Vertical Impact of AM-LCD in Philips

- Brand value - PC monitors
  - Handheld
  - TV
- Integrated product roadmap for leading/differentiated products
- Volume availability for market position
- AM-LCD product value 50% of CE product value

- Integrated product roadmaps for leading/differentiated products
- Semicon product value 25/30% of AM-LCD product value



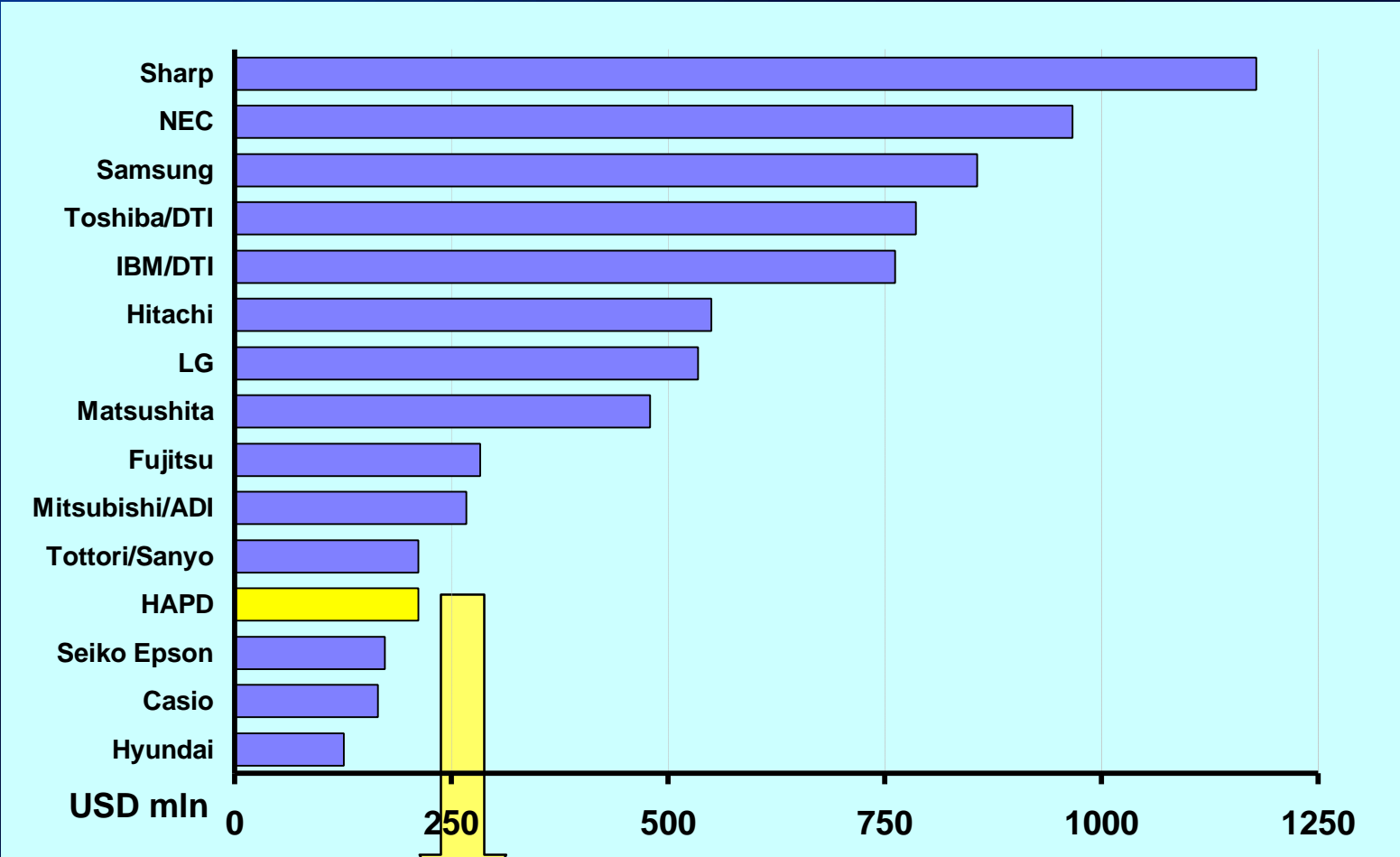
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# AM-LCD sales 1998



Breakthrough ?

# Philips & LG Joint Venture

- **Nr. 1 player**
- **Global reach**
- **2 x Brand support**
- **Excellence & low cost manufacturing**
- **Complementary to HAPD**
- **Profitable & fast growing**

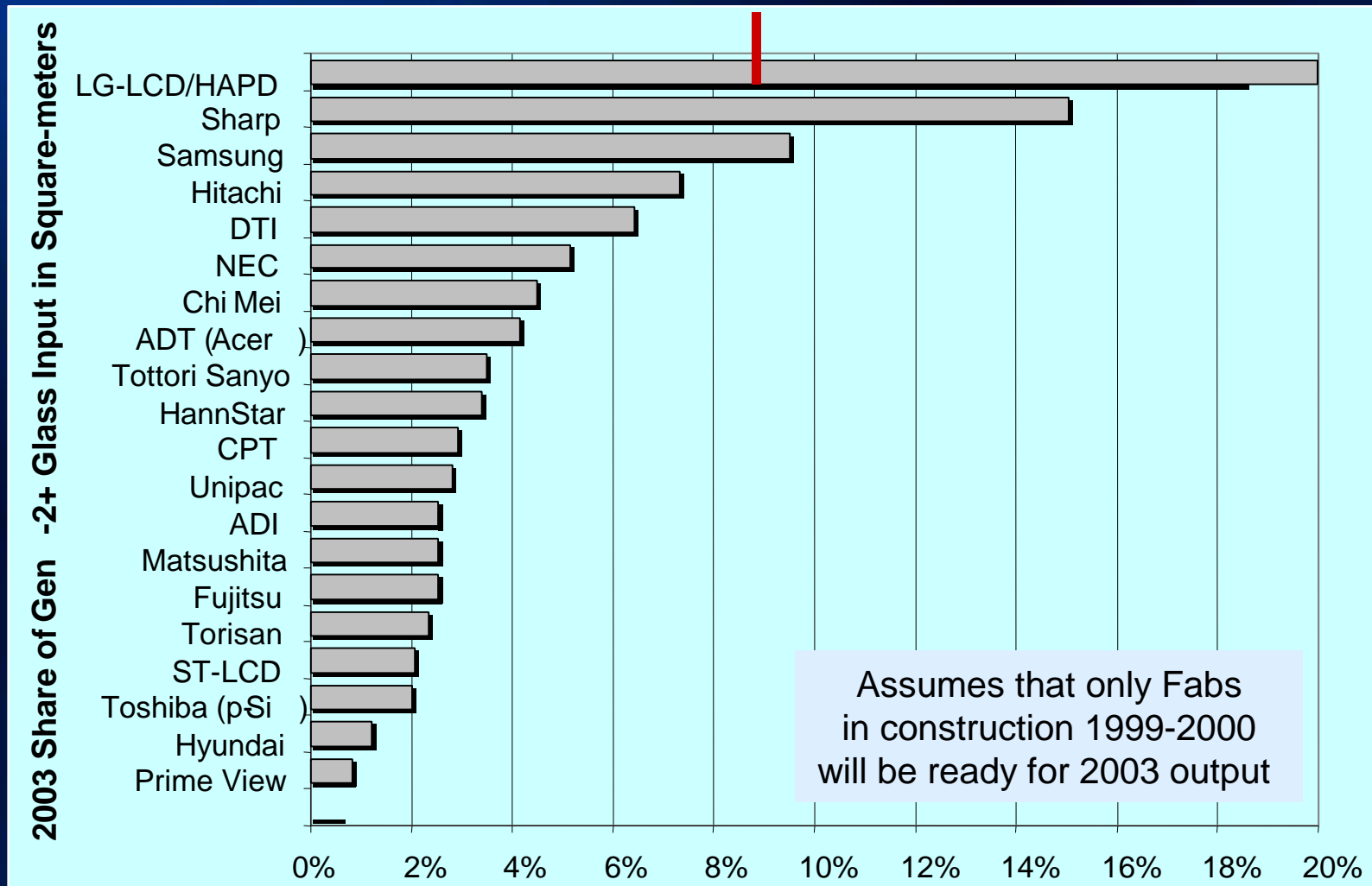
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# Competitive Overview



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# Summary Philips Components

- We are well positioned to be a leading player in a number of fast growing High Volume Electronics Applications
- We will build value by accelerating our focus programs:

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# Summary Philips Components Focus Dimensions

- Few key technologies
- Selected functions in fast growing applications
- Providing integral solutions
- Partnering with leading customers

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