

# **PHILIPS**

## **Annual Results 2002**

**February 11, 2003**

# Profit & Loss - 4Q02

*EUR million*

	P&L as published	Special items & impairment	P&L excl. special items & impairment
IFO	47	(254)	301
Financial Income & Expenses	(153)	(80)	(73)
Tax	(28)	148	(176)
Unconsolidated companies	(1,391)	(1,402)	11
<b>NET INCOME 4Q02</b>	<b>(1,530)</b>	<b>(1,588)</b>	<b>58</b>
<b>NET INCOME 4Q01</b>	<b>(1,062)</b>	<b>(959)</b>	<b>(103)<sup>1)</sup></b>

1) Includes goodwill amortization charges of EUR 51M in IFO and EUR 70M in UCC's

# Group Sales

*EUR million unless otherwise stated*

	4Q02	4Q01
Philips group sales	8,923	9,262
<hr/>		
% change from the previous year:		
Nominal change	(4)	(16)
• Consolidation change	(2)	2
• Currency effects	(7)	(2)
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Comparable change	5	(16)
• Prices	(7)	(9)
• Volume	12	(7)

# IFO per Sector – 4Q02

*EUR million*

	IFO as published	Special items			IFO excl. Special items
		Acquisition related charges	Restructuring and impairment	Gains / other	
Lighting	183		2	(1)	182
CE	130		(96)	80	146
DAP	183			(3)	186
Components	(226)		(156)	4	(74)
Semiconductors	(312)	(8)	(169)	5	(140)
Medical Systems	239	23		(2)	218
Miscellaneous	(55)		(16)	82	(121)
Unallocated	(95)			1	(96)
<b>TOTAL 4Q02</b>	<b>47</b>	<b>15</b>	<b>(435)</b>	<b>166</b>	<b>301</b>
<b>TOTAL 4Q01</b>	<b>(458)</b>	<b>(236)</b>	<b>(289)</b>	<b>28</b>	<b>39<sup>1)</sup></b>

1) Includes EUR 51M goodwill amortization charges

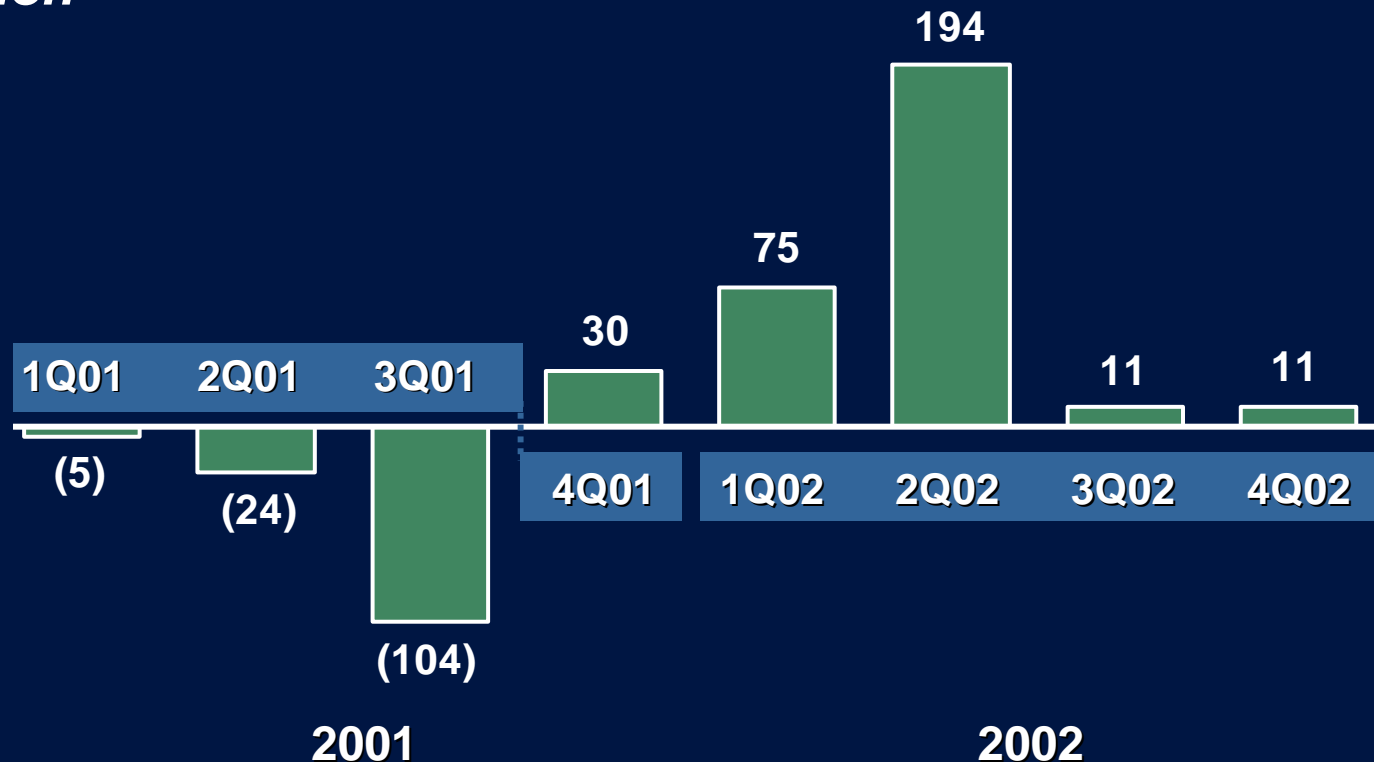
# Cash Flow – 4Q02

*EUR million*

	4Q02	4Q01
Net Income before impairment	(170)	(515)
Depreciation / Amortization	664	721
Net gain on sale of investments	(172)	(56)
Changes in Working Capital	1,165	1,709
Other	(45)	(172)
<b>CF FROM OPERATIONS</b>	<b>1,442</b>	<b>1,687</b>
Net CAPEX	(360)	(294)
Acquisitions/Divestments/Other	503	(1,288)
<b>CF BEFORE FINANCING ACTIVITIES</b>	<b>1,585</b>	<b>105</b>

# Non-consolidated companies (excl. special items)

*EUR million*



**ANNUAL  
TOTAL**

(103)
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291
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**INCL.  
SPECIALS**

(608)
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(1,346)
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Note: These numbers are excluding special items and amortization of goodwill.  
2001 figures are restated acc. US GAAP

# Profit & Loss – Full Year 2002

*EUR million*

	P&L as published	Special items & impairment	P&L excl. special items & impairment <sup>1)</sup>
IFO	420	(40)	460
Financial Income & Expenses	(2,227)	(1,888)	(339)
Tax	(27)	127	(154)
Unconsolidated companies	(1,346)	(1,613)	267
<b>NET INCOME 2002</b>	<b>(3,206)</b>	<b>(3,414)</b>	<b>208</b>
<b>NET INCOME 2001</b>	<b>(2,475)</b>	<b>(1,696)</b>	<b>(779)</b>

1) Includes goodwill amortization charges in 2002 of EUR 24M in UCC's and in 2001 of EUR 180M in IFO and EUR 257M in UCC's

# Major items in Net Income Swing 2001 vs. 2002

*EUR million*

**NET INCOME 2002**

**(3,206)**

More special items

-1,718

Less pension credits

-541

Less goodwill amortization

+413

Cost savings realized per Medical & TOP

+430

Tax effect on above items

-147

**(1,476)**

Various improvements including the benefits of earlier restructurings

**745**

**NET INCOME 2001**

**(2,475)**

# IFO per Sector - 2002

*EUR million*

	IFO as published	Special items			IFO excl. Special items
		Acquisition related charges	Restructuring and impairment	Gains / other	
Lighting	602		(13)	(1)	616
CE	230		(100)	80	250
DAP	401		(9)	(3)	413
Components	(329)		(169)	84	(244)
Semiconductors	(537)	(12)	(169)	19	(375)
Medical Systems	309	(84)	(43)	1	435
Miscellaneous	74		(10)	388	(304)
Unallocated	(330)			1	(331)
<b>TOTAL 2002</b>	<b>420</b>	<b>(96)</b>	<b>(513)</b>	<b>569</b>	<b>460</b>
<b>TOTAL 2001</b>	<b>(1,395)</b>	<b>(437)</b>	<b>(1,093)</b>	<b>295</b>	<b>(160)<sup>1)</sup></b>

1) Includes EUR 180M goodwill amortization charges

# Cash Flow – Full Year 2002

*EUR million*

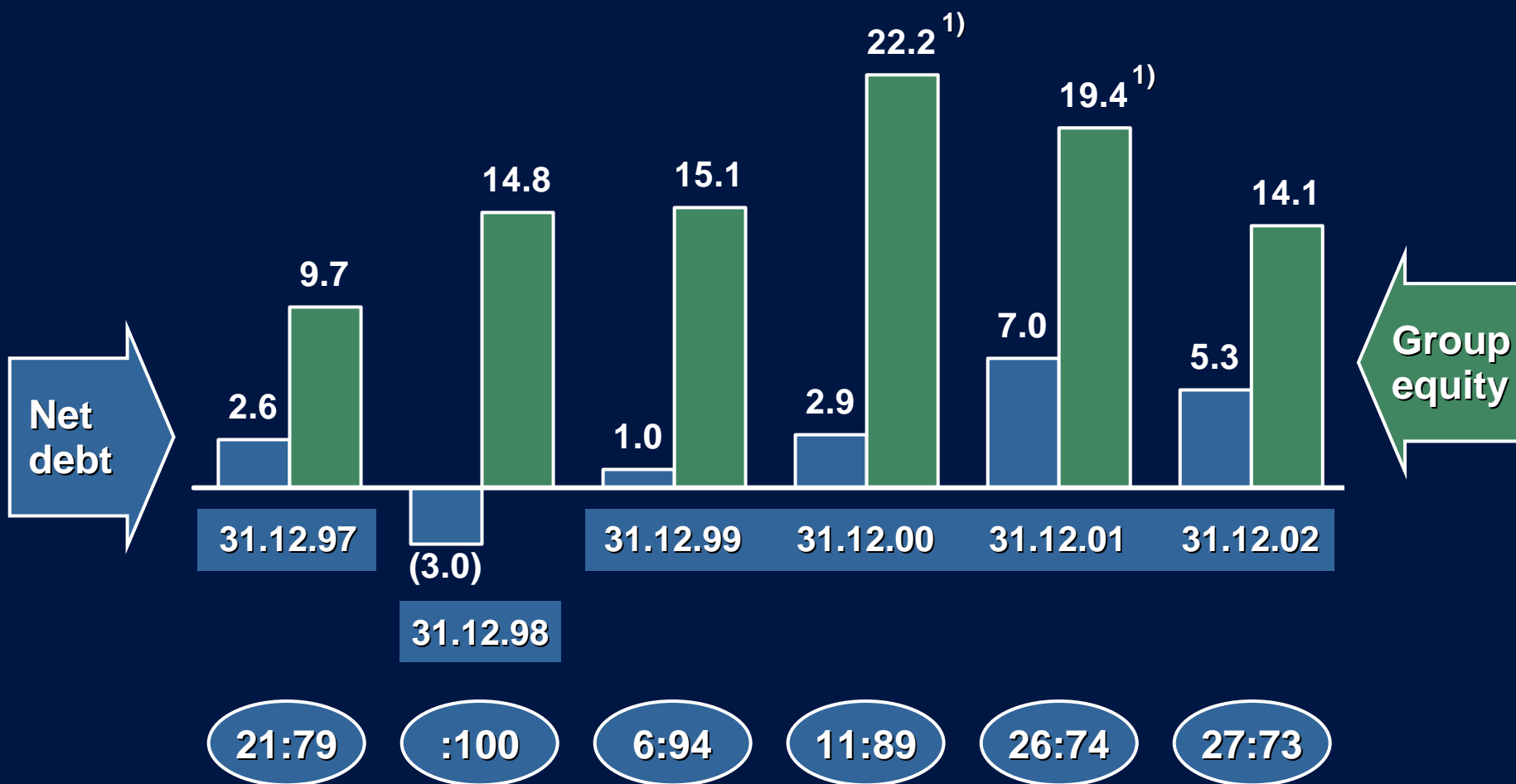
	2002	2001
Net Income before impairment	54	(1,830)
Depreciation / Amortization	2,184	2,671
Net gain on sale of investments	(643)	(337)
Changes in Working Capital	815	752
Other	(182)	(8)
<b>CF FROM OPERATIONS</b>	<b>2,228</b>	<b>1,248</b>
Net CAPEX	(940)	(2,156)
Acquisitions/Divestments/Other	692	(2,408)
<b>CF BEFORE FINANCING ACTIVITIES</b>	<b>1,980</b>	<b>(3,316)</b>

# Employment Reduction *Personnel*

	2002
At the beginning of the period	188,643
Consolidation	254
Deconsolidation	(9,768)
Net reductions	(9,042)
<b>AS AT DECEMBER 31, 2002</b>	<b>170,087</b>

# Debt/Equity ratio

EUR billion



1) Restated according to US GAAP

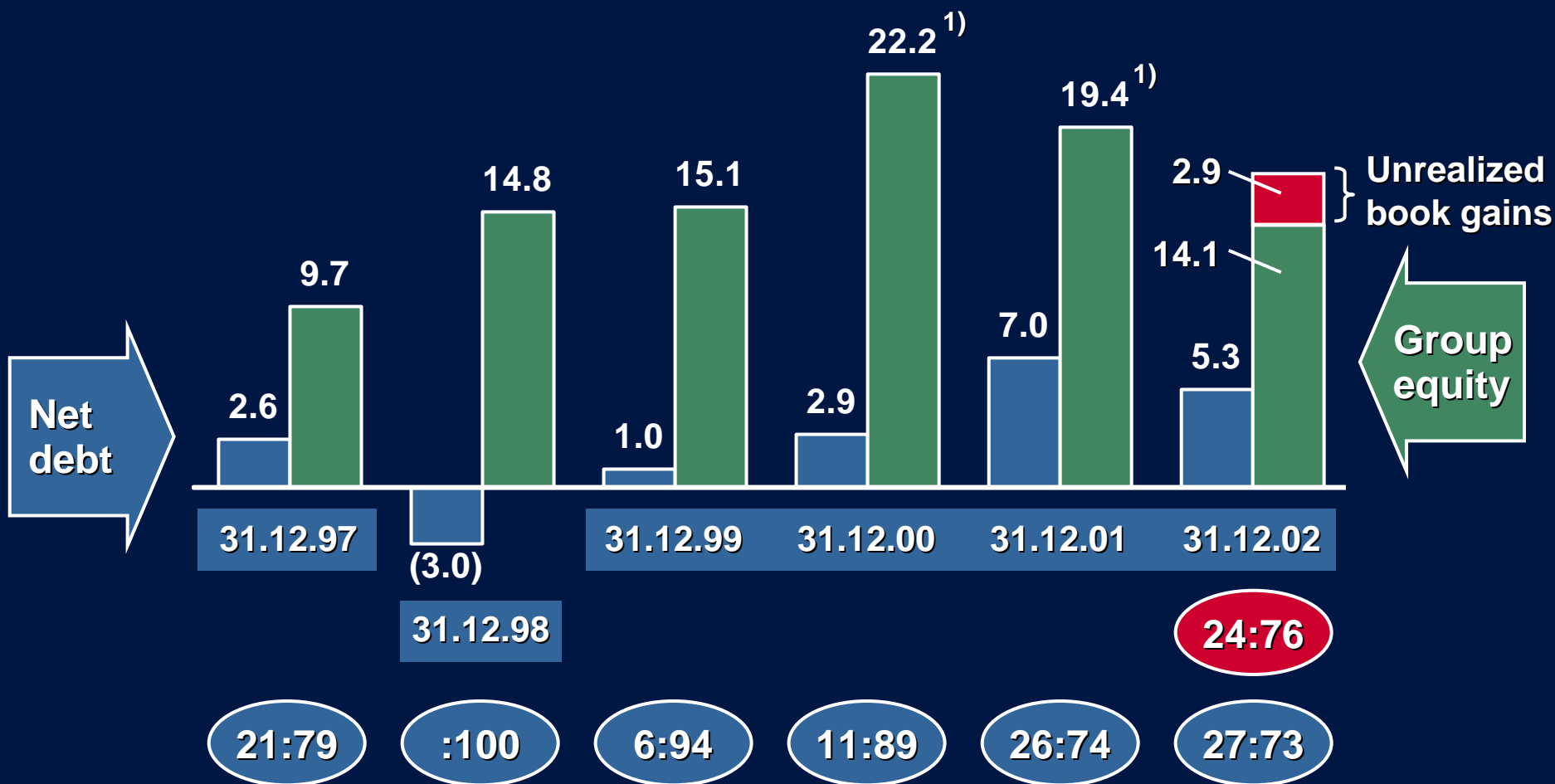
# Financial Assets

*Market Value in EUR million (as of 31 Dec, 2002)*

	Market value	Book value	Unrealized gains
Vivendi Universal	589	589	
TSMC	4,738	1,854	2,884
ASML	217	217	
FEI	118	80	38
JDS Uniphase	117	117	
Great Nordic	19	19	
Atos Origin	495	495	
<b>TOTAL</b>	<b>6,293</b>	<b>3,371</b>	<b>2,922</b>

# Debt/Equity ratio

EUR billion



1) Restated according to US GAAP

