

PHILIPS

Conclusions

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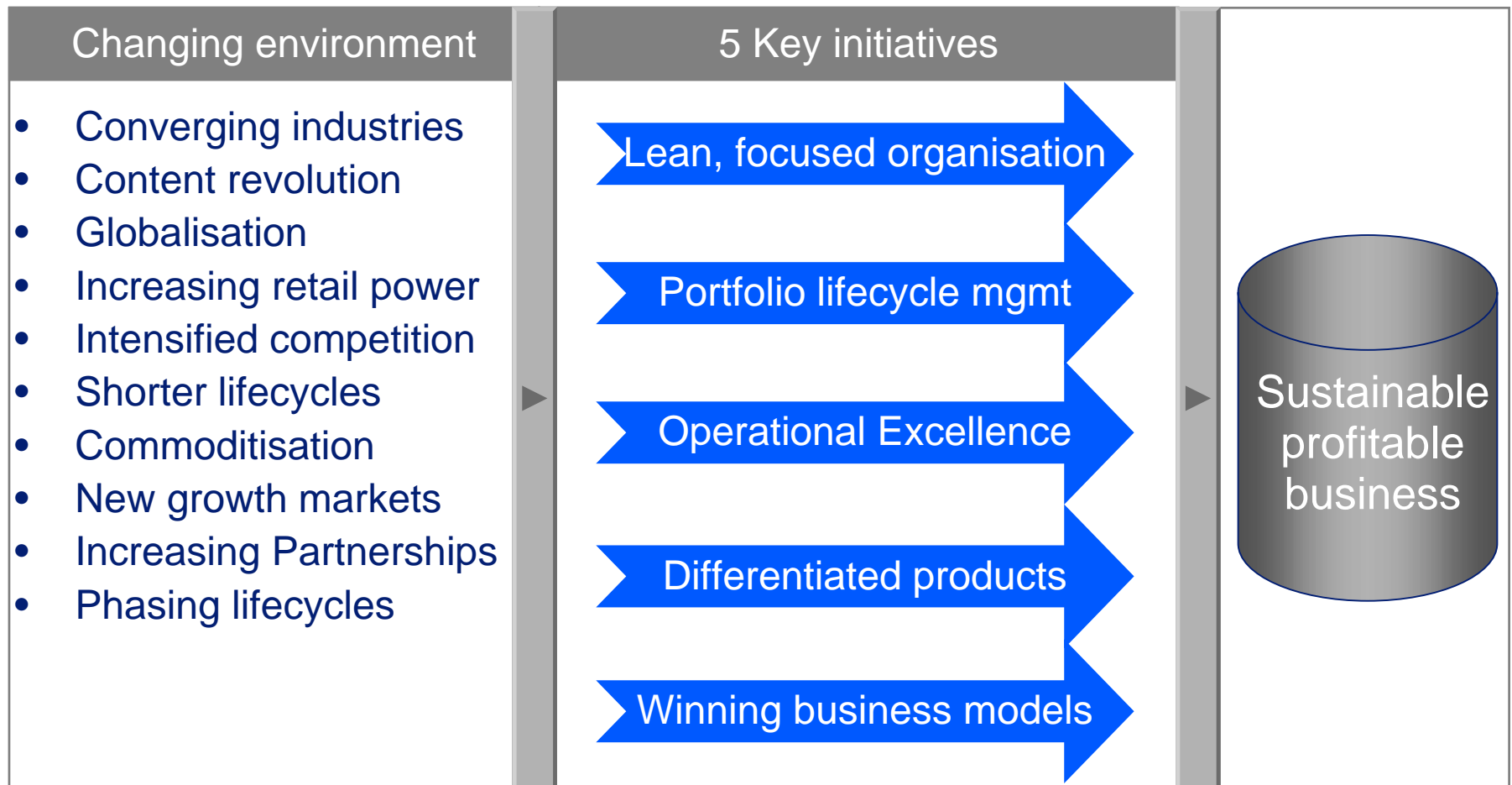
Executive Vice President Royal Philips Electronics

President and CEO Consumer Electronics

Consumer Electronics

- Leading (#1 in Europe, #3 world-wide) CE company
- Key contribution to 'One Philips'
 - Brand
 - Strengthening technology pillars in Display, Storage, Connectivity, Video Processing
- Commercial platform for sustainable income from licenses
- Operational Excellence in assets, inventories, outsourcing, etc.
- Well positioned in change from analogue to digital
- De-risked businesses and limited downside risk

Aligning our organisation with the changing environment



Winning formula for execution in the market

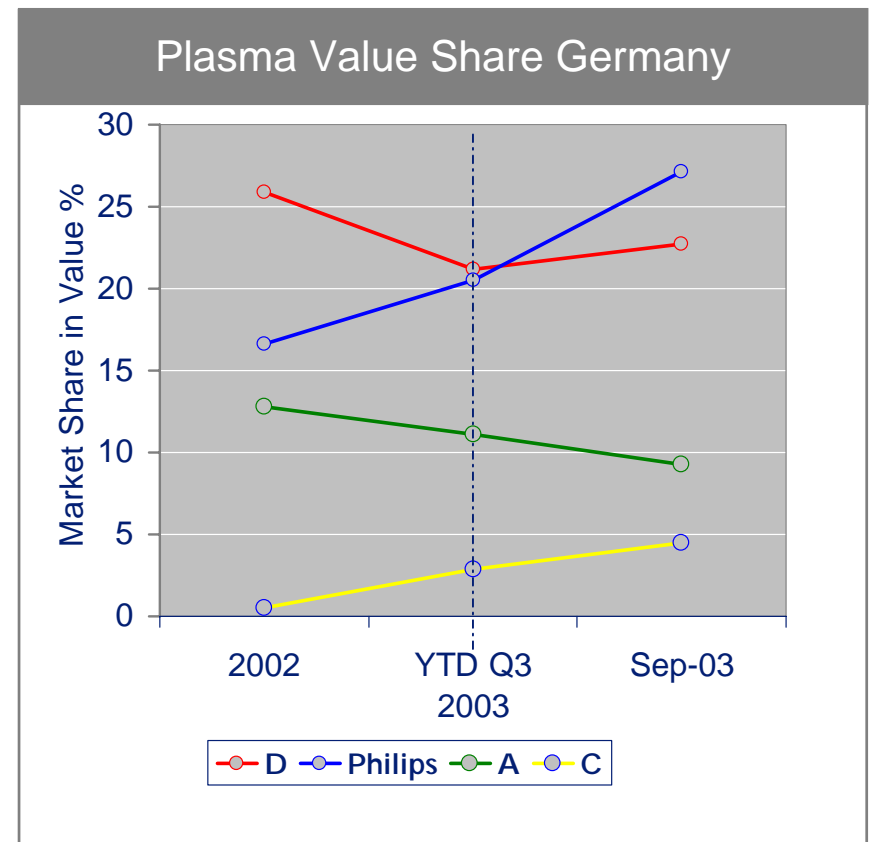
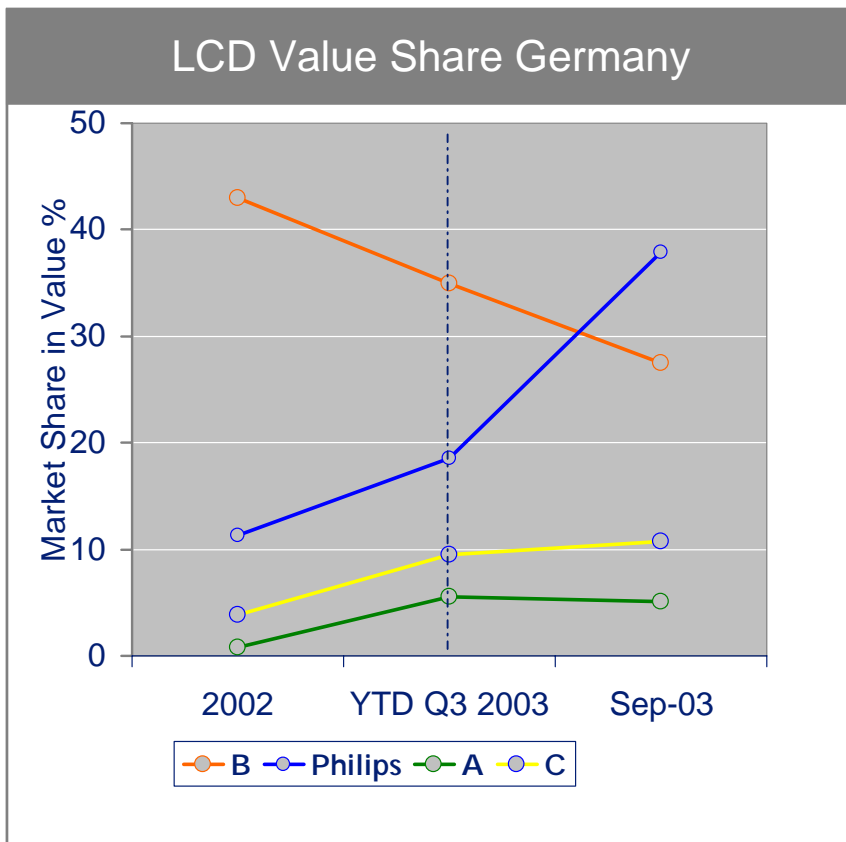
Partnerships with leading retailers
Innovative alliances and new channels
Differentiated business models
Integrated through-the-line marketing
Enhanced supply chain capabilities
Global consumer services platform

Solidify our USA position
Capitalize on our stronghold in Europe
Drive growth in Asia
Leverage opportunities in Latin America

This will bring us sustainable profitability

- Based on integrated lifecycle management, we will create a combination of technology and product leadership as a platform for income from two sources:
 - Licences
 - Products and services
- With a lean, focused organisation we put programs in place to be a 10 Billion Euro company that targets at least 2 + 2 – 2.5% returns in a de-risked business model with minimal NOC

Our focus on Flat results in substantial share improvements across Europe



Source: CMI Market Flash report 2003, based upon Gfk

