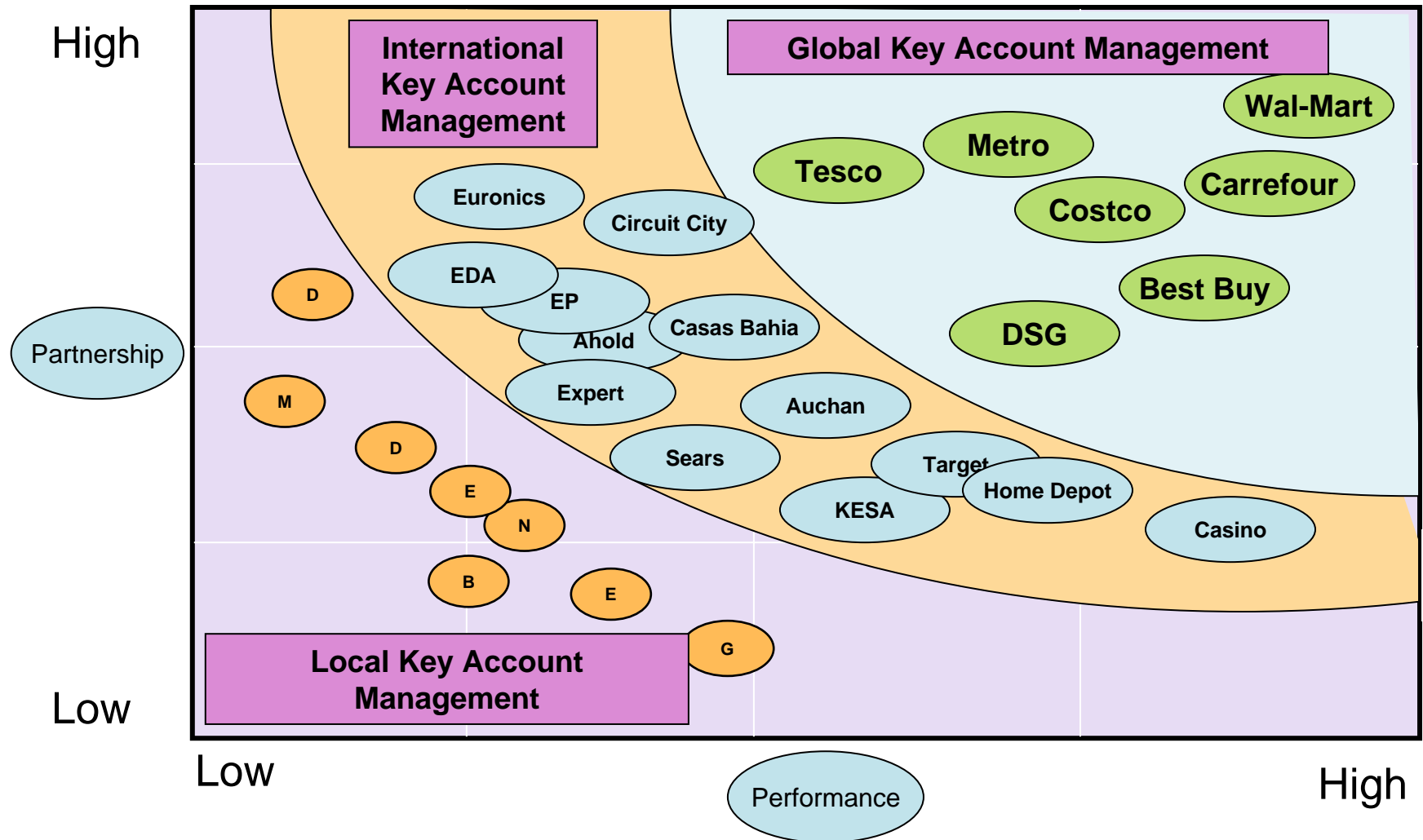


# PHILIPS

## Retail Management as a vehicle for value creation

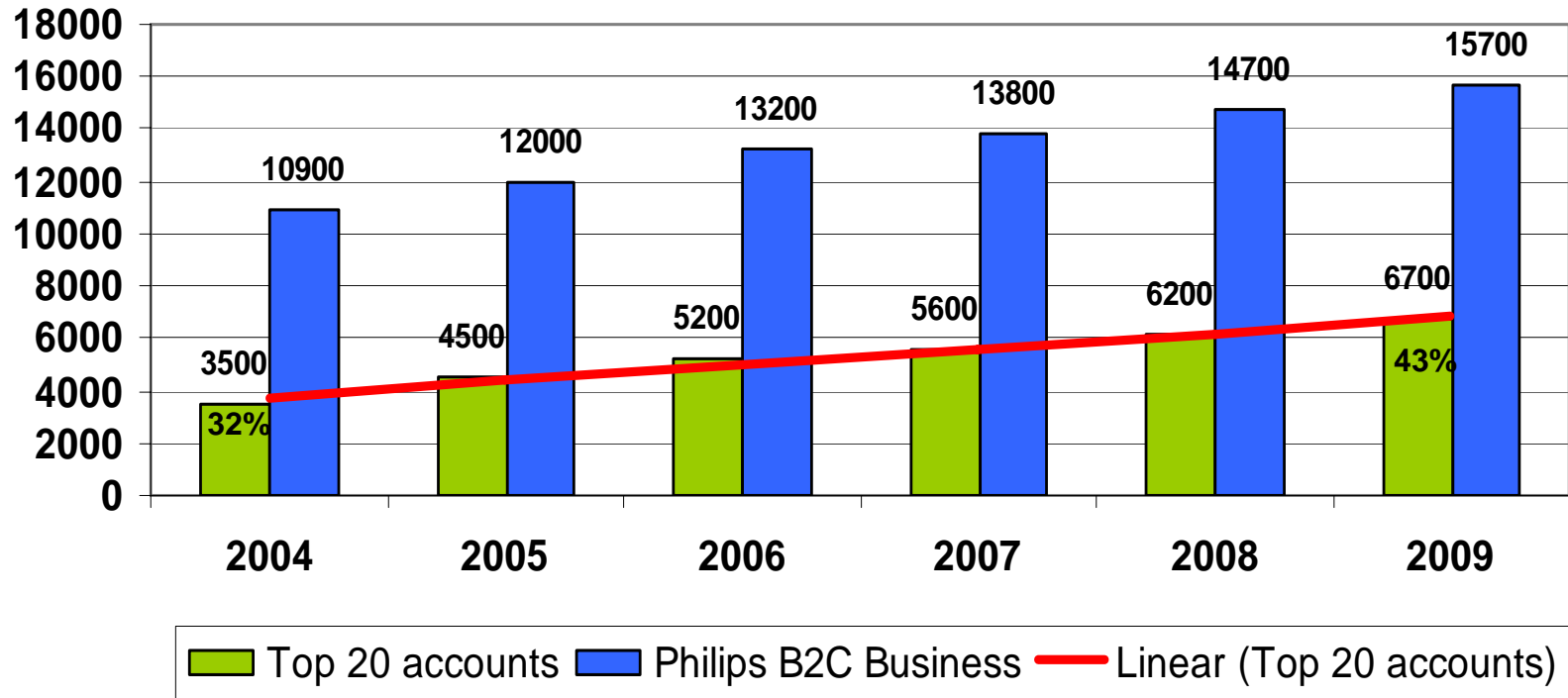
Rudy Provoost  
Financial Analysts Day  
December 5, 2006

We have segmented our retail accounts according to global, international and local reach



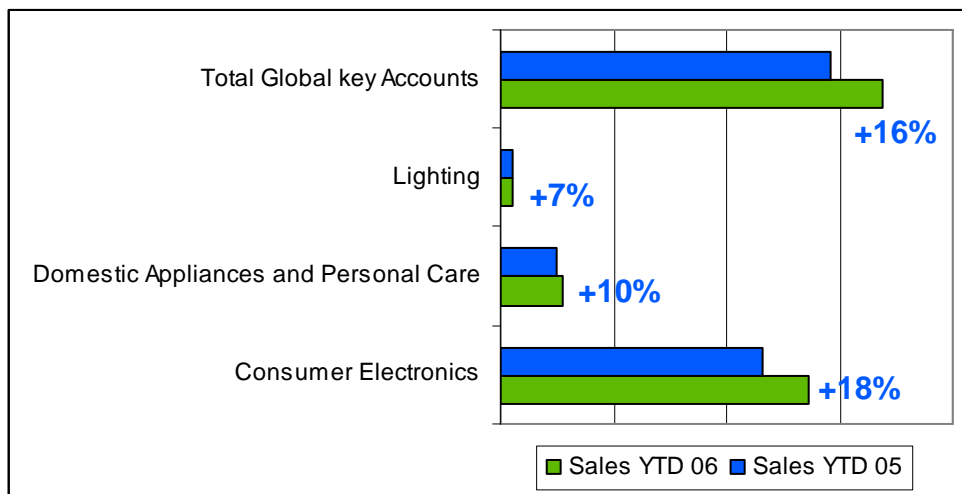
# The importance of Philips top 20 accounts continues to rise

**Sales Top 20 retailers**



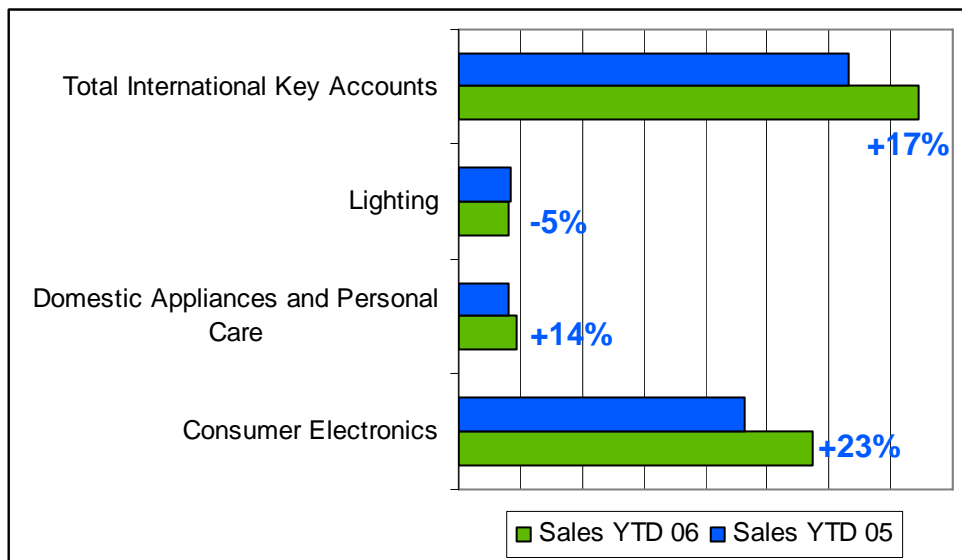
Source: Management Ventures Inc/Philips Market Intelligence

## Philips is showing continuous and profitable growth with its top global and international accounts



### Global Key Accounts:

Best Buy Carrefour, Costco, Dixons, Metro, Tesco, Wal\*Mart



### International Key Accounts:

Ahold, Auchan, Casas Bahia, Casino, Circuit City, EDA, EP, Euronics, Expert, Home Depot, KESA, Sears, Target

## Through which we have received significant recognition

Best Buy Bravo Award (CE)- 2005



Sam's USA – 2005 International Supplier of the Year (CE)



Comet Awards (CE UK) - 2005



Wal\*Mart Mexico – 2005 International Supplier of the Year (CE)



US CE recognized as Vendor of the year at SAM's USA - 2006



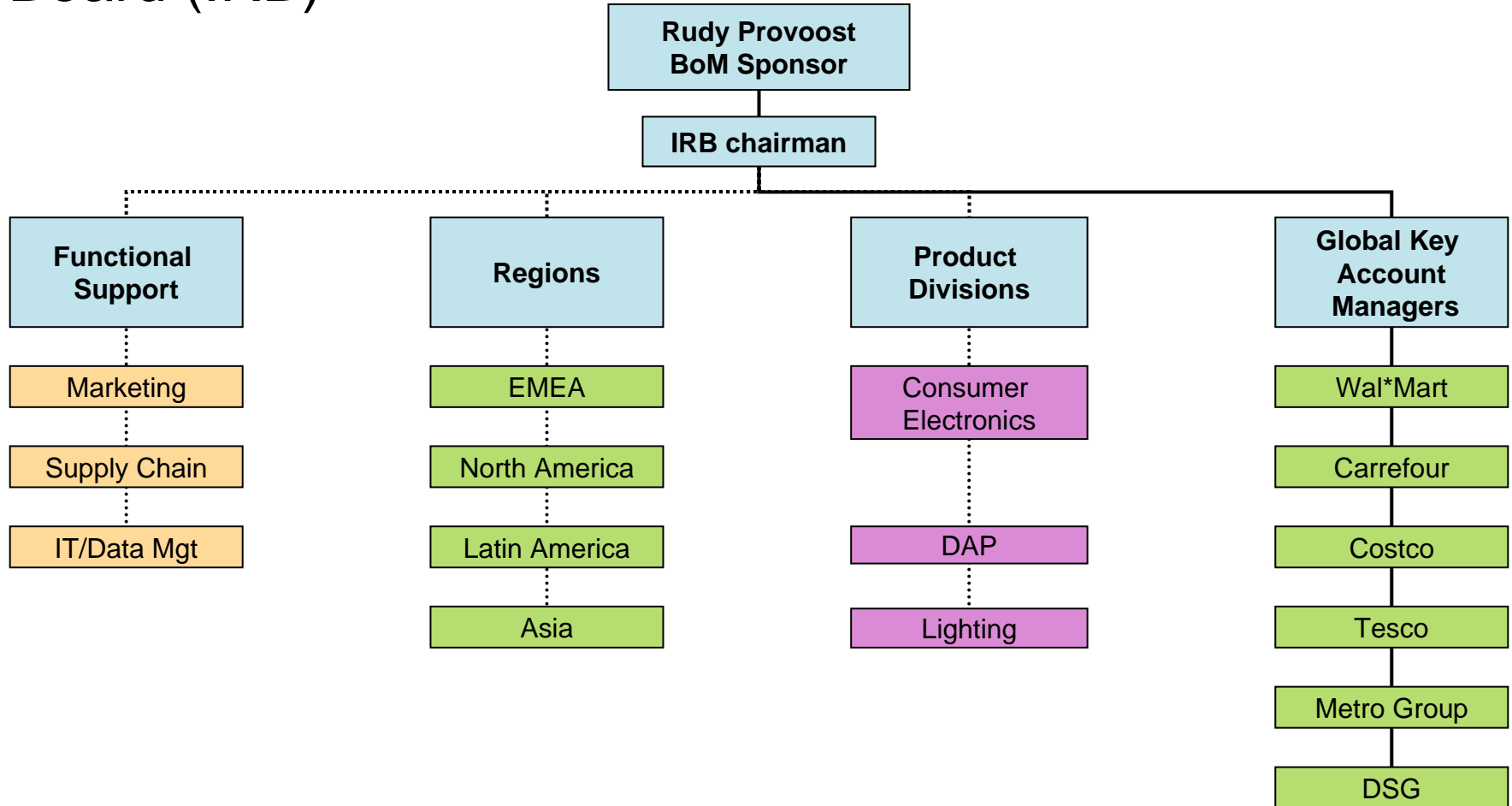
Carrefour Best supplier of Masse de Marge – Spain-DAP-2006



One Philips Award –Gold and employee vote for One Philips Wal\*Mart Approach- 2006



## We have created a One Philips International Retail Board (IRB)



The International Retail Board provides a multi-disciplinary platform for decision making and alignment between account teams, product divisions, regions and functions.

## We are investing heavily in state-of-the-art key account management and sales competencies

- More than 1,750 Philips employees trained in 2006 in the field of key account management/sales and category management
- Joint training programs on category management with key retailers focusing on end user – and shopper insights
- Master classes on Driving International Key Account Management and Alignment with business management executed for executive management in all regions
- Succession plans and management development programs in place for GKAM's and IKAM's

International Retail Management fully embraces the Philips Brand Promise

# PHILIPS

sense and simplicity

## Designed Around You

Created an organization designed around the customer with [Global Key Account Managers](#) and Country Ambassadors, to implement the [joint business plans](#) effectively by combining [end user insights](#) with [shopper insights](#)

## Easy to Experience

Easier to do business with Philips as One company through [joint business planning structures](#) and [review processes at multiple levels](#) in the organization and connecting to the retail value chain

## Advanced

Advanced key account management: [new global account management reporting system KARMA](#), [multifunctional teams](#), implemented a [world class training program](#) for the sales function, implemented [category management](#), one of first in the Lifestyle domain.

In benchmarking ourselves against leading FMCG companies we show clear areas of strength

## Companies interviewed

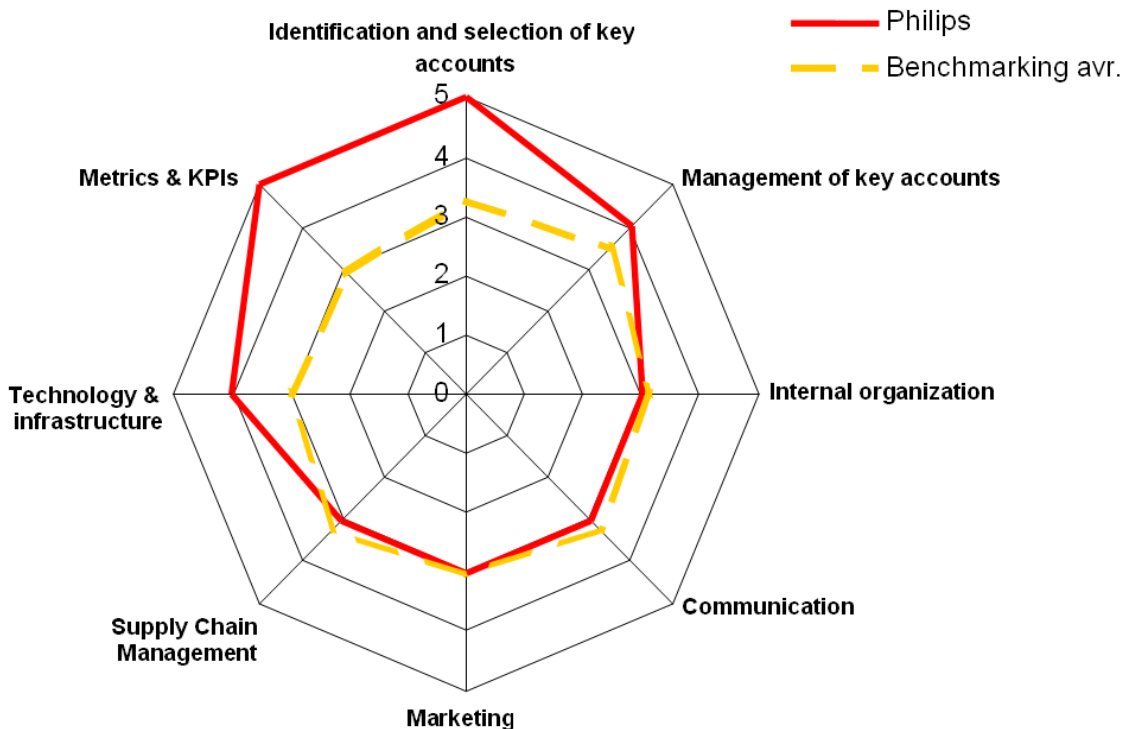
Coca-Cola Heineken

Johnson & Johnson

Sara Lee Unilever

Diageo Nestlé

## Maturity level in GKAM - Philips



**Philips is clearly leading in people competency management and account profitability measurement, but can improve multifunctional key account management/customer centric organisation.**

## Philips will build further on the success of International Retail Management

### We will:

- Continue to drive the business on an integral profitability basis
- Further implement account focused cross-functional teams
- Share more data structurally between accounts (eg Tesco Link, Wal\*Mart Retail link, Carrefour database)
- Strengthen and upgrade the key account management capabilities
- Leverage our success with Category Management initiatives
- Integrate and align the account management with recently acquired companies (Avent, Power Sentry, PLI, etc)
- Apply the account management practices to other channels (eg hotels, hospitality, etc)



