



What's next ... @ PCC

Adri Baan

**Executive Vice President
Member of the Board of Management,
Royal Philips Electronics
Chairman and CEO,
Philips Consumer Electronics**

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Agenda Today



- PCC Current Scope
- 3G Wireless
- PCC as Growth Engine for Philips High Volume Electronics
- Value Added Services

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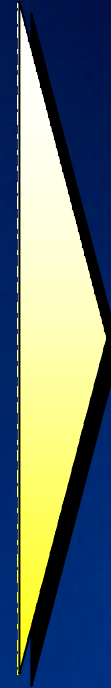


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Current Situation at PCC



- Turn around is proven
- Strong management team in place
- PCC is appealing to new staff in Europe and Asia



**Foundation
for the
Future**

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Positive EPR Requirements



- Increasing economies of scale needed for development of 3G
- Need to be present at a global scale
- Need to leverage as much as possible the Philips consumer brand



**10% market share
of global wireless
handset business**

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PCC Investments for Growth



- Working capital

- NOC turns > 10

- R&D

- 8% of sales;
leverage Philips Semiconductors,
Components and Research

- Fixed assets for manufacturing

- Manufacturing partially outsourced
(20% of total)

- Marcom

- PCC Marcom benefits from the
strength of the Philips brand
campaign

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How to Reach a 10% Global Market Share?



- Organic Growth
 - Expansion of the customer base
 - Further penetration of present customers
- Alliances with partners

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3G Wireless



- Operators have invested heavily in 2G infrastructure
- A significant part of 3G benefits might be possible with “2.5G”
- PCC expects 3G market to start after 2003
- PCC has an adequate research program for 2.5G and 3G

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PCC as a Growth Engine for Philips High Volume Electronics



- PCC is a source of systems knowledge for Philips Semiconductors and Components
- Wireless technology is a key enabler:

For integrated media applications

- Messaging
- Audio Internet download
- Streaming video (MPEG-4)
- Portable video-mail

In the Home

- Zaptop
- Web appliance
- Home server

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Value Added Services



- A Mobile Phone is a gateway-ed product which links into recurring revenues, e.g. subscriptions, transactions fees
- Mobile phones could play an important part in e-commerce

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Can PCC create a profitable future in Mobile Communications?



Yes, we believe we can

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