

# PHILIPS

Connected Consumer –  
business update digital home

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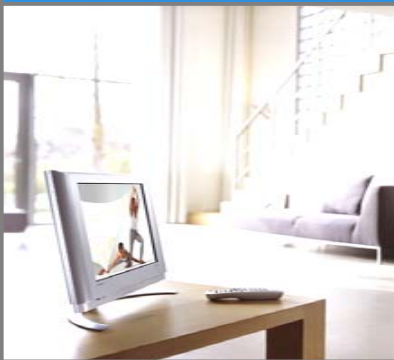



September 15, 2005

## Agenda

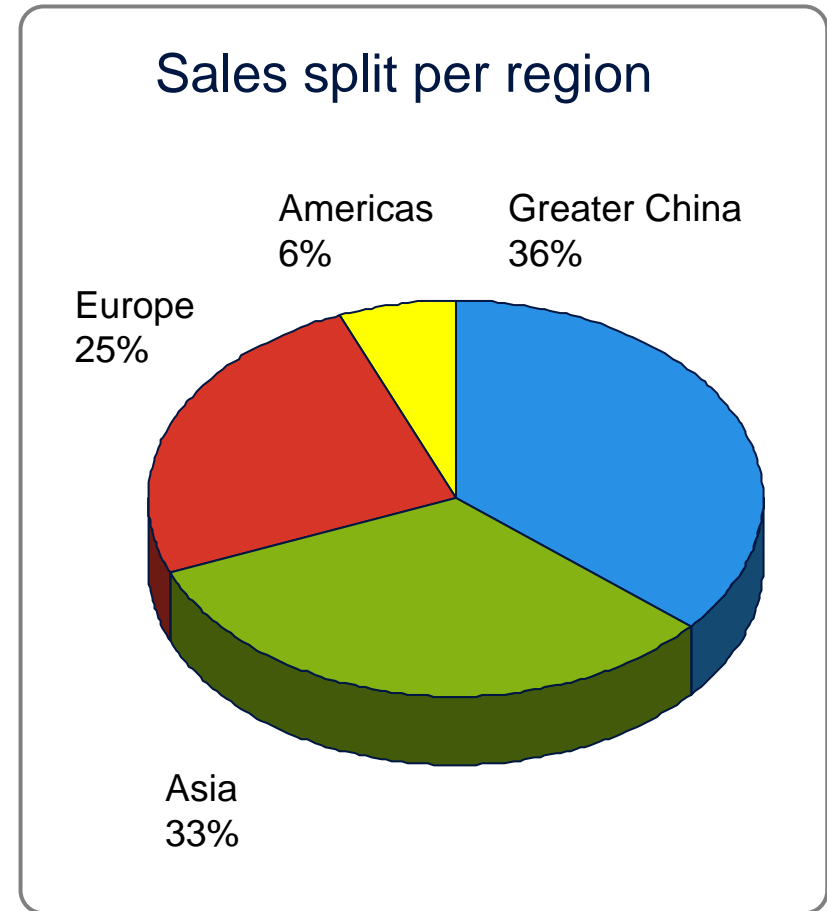
- Business scope and portfolio
- Market development and market shares
- Our strategy, product roadmaps and customers for a profitable market share growth



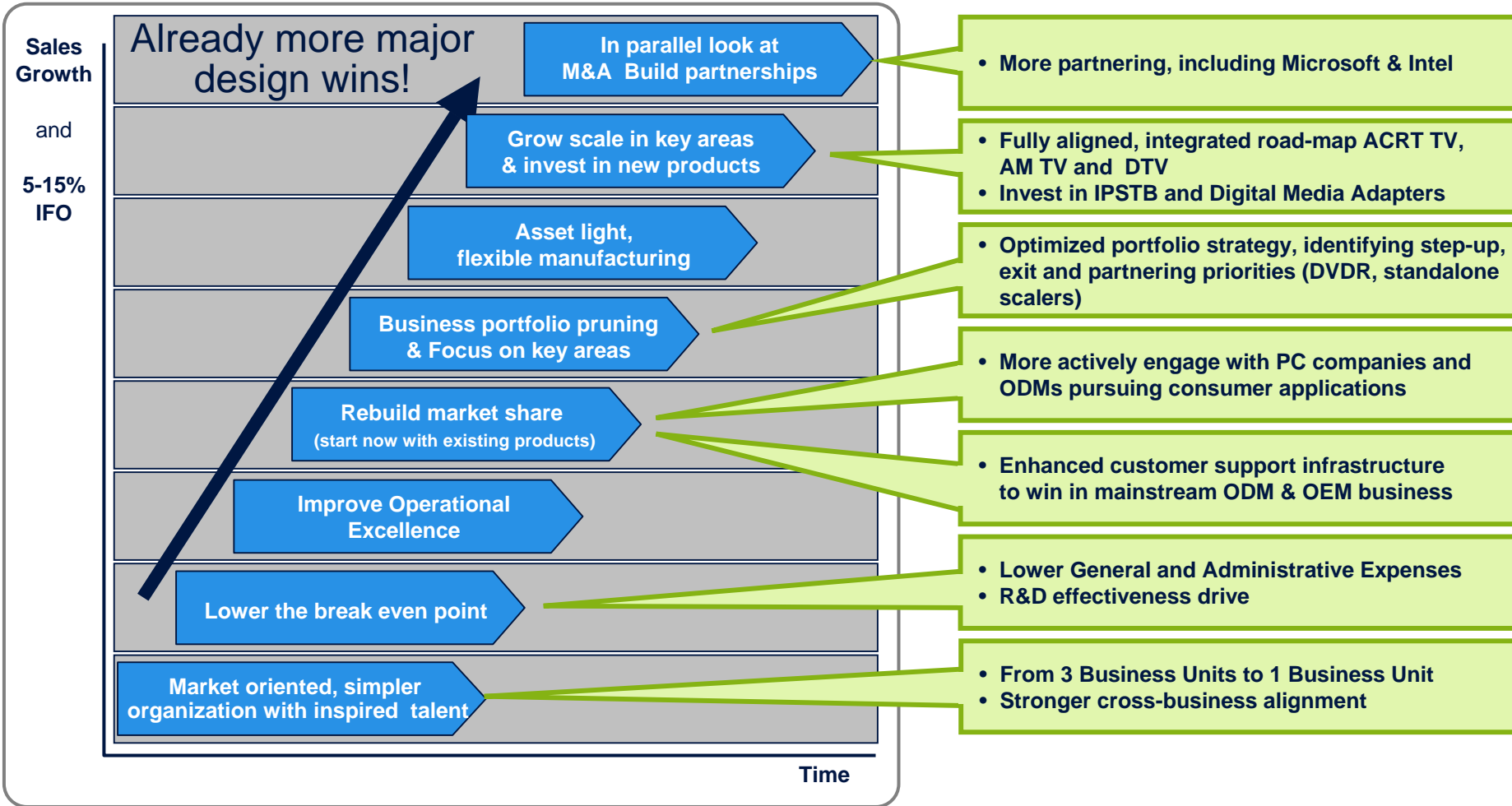
# Philips Semiconductors leading position in Digital Home

<b>TV</b> <b>(40% of sales)</b>	<b>PC TV</b> <b>(8% of sales)</b>	<b>STB &amp; Home Media Devices</b> <b>(15% of sales)</b>	<b>Audio/Video Components</b> <b>(37% of sales)</b>
			
<ul style="list-style-type: none"> <li>• CRT TV</li> <li>• Digital TV</li> </ul>	<ul style="list-style-type: none"> <li>• PCI express cards</li> <li>• Motherboard PC TV solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Set-top boxes</li> <li>• Media adaptors</li> <li>• DVDR</li> </ul>	<ul style="list-style-type: none"> <li>• Silicon tuners</li> <li>• Video decoders</li> <li>• Channel decoders</li> <li>• Media processors</li> <li>• Scalers</li> </ul>

Strong customer base, around 70 % of sales in Asia with a strong presence in greater China



# We execute a roadmap to accelerate growth and improve profitability

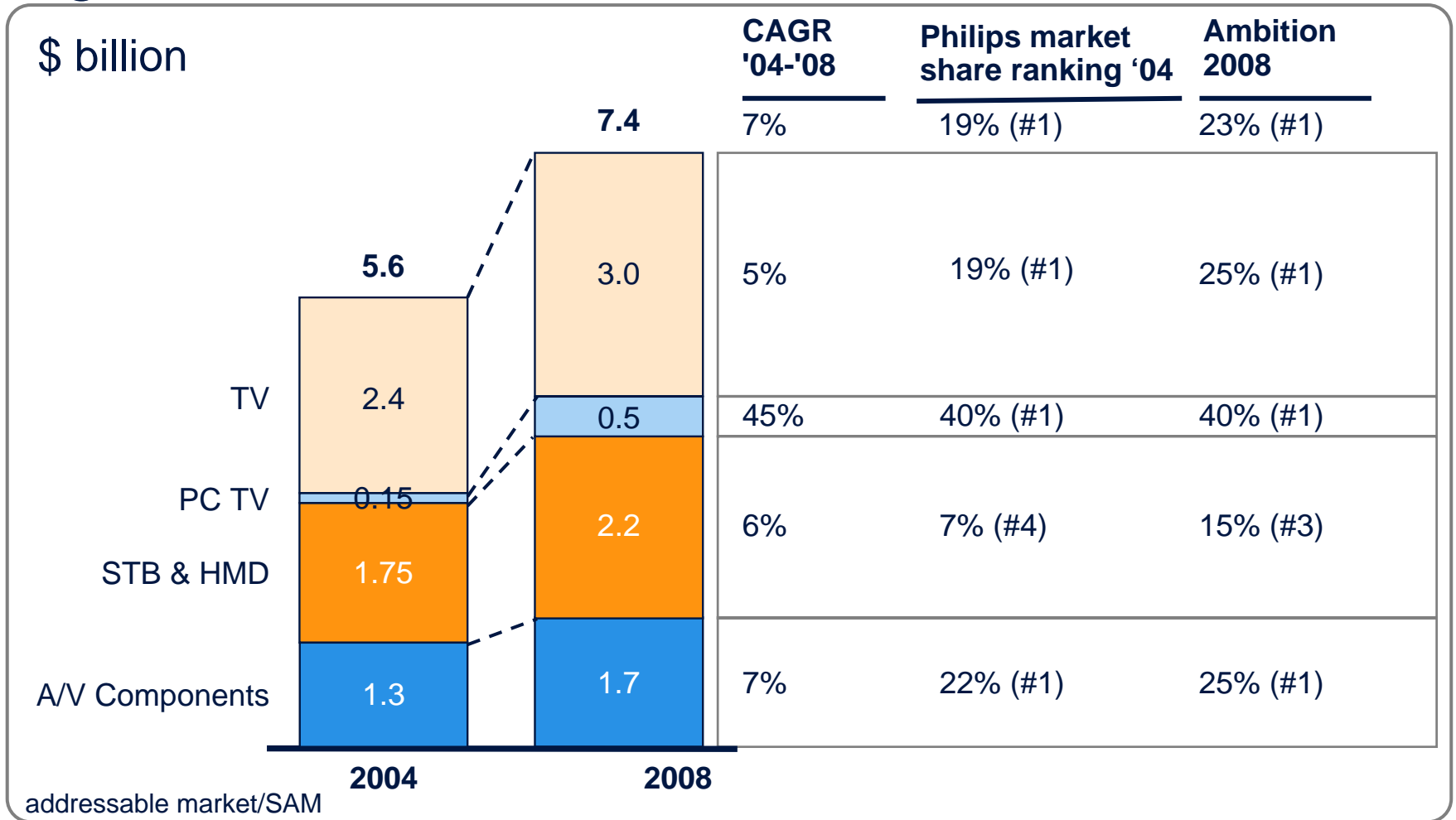


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# We continue to invest in the growing Digital Home Video market



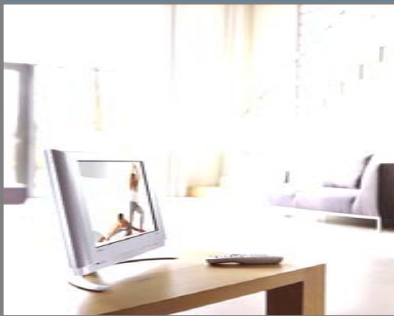



## Agenda

- Business scope and portfolio
- Market development and market shares
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# We execute on a clear portfolio strategy

TV	PC TV	STB & Home Media Devices	Audio/Video Components
			
<ul style="list-style-type: none"> <li>• Lead <b>CRT TV</b> market consolidation</li> <li>• Accelerate <b>DTV</b> penetration                             <ul style="list-style-type: none"> <li>– Evolutionary roadmap</li> <li>– Customer support infrastructure</li> <li>– R&amp;D effectiveness</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Drive <b>PC TV</b> solutions:                             <ul style="list-style-type: none"> <li>– Market leading System Reference Designs</li> <li>– Leading components: Silicon Tuner, Channel and AV-Decoder.</li> <li>– Leading the transition to PCIe with multi-channel SOC.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Leverage <b>turnkey</b> solutions across all STB applications</li> <li>• Grow <b>IP STB</b> and <b>digital media adapters</b> systems play</li> <li>• Partner in <b>DVDR</b> to increase scale required to be attractive</li> </ul>	<ul style="list-style-type: none"> <li>• Lead transition to <b>Silicon Tuners</b></li> <li>• Defend <b>video decoder</b> position against TI and Trident</li> <li>• Step-up plan for <b>media processor</b> market coverage</li> <li>• Exit standalone <b>Scalers</b></li> </ul>

## We will win market share through our strong value proposition

- System solutions based on Nexperia Digital Video platform
  - Enabling low cost of ownership
  - High integration levels
  - Support infrastructure for fast time-to-market
  
- Best picture quality for any market
  - TV, PC TV, STB, Digital Media Adapter
  - Digital Natural Motion, EDDI, Active Picture Control, MPEG Artifact Reduction
  
- Evolutionary roadmaps and architectures
  - Analog TV to Hybrid to Digital TV
  - 2 to 4 to 8 channel PC TV
  - SD to HD to multi-channel HD STBs



# Digital Home Video – Nexperia solutions for LCD TV

## Successful product introductions

- TV505 first ‘One Chip’ LCD TV
  - Lead customer mass production Q4 2004
  - Design wins with around 20 customers
- TV810 DTV solution for ATSC
  - Lead customer mass production Q2 2005
  - Design wins with 3 customers

## Successful products in the pipeline

- TV506 next generation ‘One Chip’ LCD TV
  - Lead customer mass production Q4 2005
- TV506E
  - Lead customer mass production Q2 2006
- TV510 solution for ATSC
  - Lead customer in mass production Q1 2006
- TV810 DTV solution for DVB
  - Lead customer mass production Q1 2006

3 months time-to-market with Philips’ TV semiconductor reference design



# Digital Home Video – Nexperia solutions for Set-top Box

## Successful product introductions

- STB200 system solutions
  - Lead customer mass production Q4 2004
  - Design wins with >20 customers
- STB810 system solution
  - Lead customer mass production Q4 2005
- PNX130x and PNX150x design-ins for IP STB applications
- PNX1500 based VIIV compliant DMS with Mediabolic

3 months time-to-market with Philips STB semiconductor reference design

## Successful products in the pipeline

- STB210 One Chip STB system solution
  - Small form factor solution sampling today
- STB220 system solutions
  - Several customers mass production starting Q2 2006
- STB225
  - Lead customer can go into mass production in Q3 2006
- PNX1700 HD media processor



# Digital Home Video – PC TV & silicon tuners

## Successful product introductions

- SAA7162- 2 Channel PCIe AV Decoder
  - Lead customer in production, 5 customers ramp-up in Q4 2005
- PCI based Hybrid Reference Designs adopted by major OEM's
  - DVB-T/S and global analog
  - ATSC and global analog
  - In production with all main PC makers
- Mass roll out of Silicon tuners for STB and TV

## Successful products in the pipeline

- Multi-channel PCIe System on Chip
  - 2 analog channel, 6 digital channel
  - HW MPEG incl. WM9 support
  - ATV, DVB, ATSC Reference Designs
  - In cooperation with major Eco-System Partners and OEM's

It is easy to work with Philips through their widest portfolio of PC TV solutions and reference designs



# We partner and innovate for future growth

- Philips Microsoft cooperation: Windows CE, WMA, WMV and DRM 10
- UHAPI proposed as consumer audio/video standard for CE Linux forum
- Nexperia Home Partner Program for Independent Software Vendors (ISV)
  - In STB with Amino, Cabot, Espial and IWeMedia
  - In media processing with Mediabolic, Streaming Networks, Setabox
  - In TV with VividLogic
- Partnering with ODM's and 3<sup>rd</sup> party system houses, such as TPV and BenQ
- In-house Research, such as HD natural motion picture improvement, 3D TV, and around 25 years of research into TV reception being applied to our PC TV products



# Conclusions

- We bring turnkey system solutions enabling low cost of ownership and easy implementation while securing fast time-to-market
  - Key strength is our system know how
- We established key positions in Digital Home Video in 2005
  - DTV
  - STB
  - PC TV
- We will Accelerate roll out of our Digital Home Video Systems through 2005 / 2006





