

Philips Semiconductors ...

*“Providing the locks
and keys to the global village”*

Karsten Ottenberg
Identification

Let's make things better.



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Contents

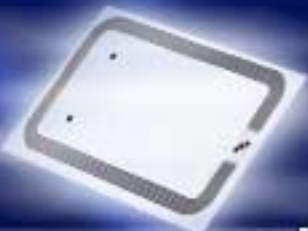
- 1 Identification
- 2 Market presence
- 3 Strategy moving forward



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shopping

entertainment

banking

information

messaging

logistics



Connecting objects and people
to the services of the Global Village
through **Identification technologies**

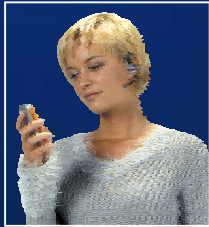
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The locks and keys to the global village

Services



Keys



Locks



Access Gates



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Building momentum for market leadership

- Identification has a compelling market growth potential
 - It is worth ~ \$1.5 billion in 2001, estimated to grow to over \$4 billion in 2005
- Philips Semiconductors has rapidly captured the market within two years
 - It now owns at least 20% of each sub-segment
- Identification is progressively touching every area of the consumer lifestyle
- It is a “horizontal” consumer technology that will create new applications to drive further growth

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A story of growth - Smart cards

Application areas:

- mobile communications, banking/ payment, secure network access, transport and contactless technologies
- Market worth over \$1 billion in 2001
- Projected compound growth rate above 25% for next 5 years
- Philips Semiconductors has shot to #2 in 2001 with over 20% share, up from #5 position with just 5% in 1999



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Successes with Smart cards

- Easy payment systems
(VISA Java Platform, Geldkarte Germany, French Carte Bancaire, Shell)
- Travel without tickets through contactless technology
(Beijing, Seoul, London Public Transport, Swissair, Finnair)



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A story of growth - tags and labels

Application areas:

- product life cycle management, airlines, public libraries, reusable media
- Market worth around \$200 million in 2001
- Projected compound growth rate above 35% for the next 5 years
- Philips Semiconductors has captured over 20% share of this strongly emerging market and a leading position in its high growth segments through partnership network along the value chain

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Successes in Tag and Labels

- Keeping tabs on baggage (British Airways, Singapore Airlines)
- Tracking product movement (Sainsbury's, Seagate, HP, IBM, Singapore National Library)



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A story of growth - reader ICs

Application areas:

- set top boxes, PC peripherals, mobile phones
- Market worth over \$100 million, predominantly in set-top boxes
- Market is projected to boost above \$1 billion as broad infrastructure for smart card and RF identification develops
- Philips Semiconductors has about 60% of today's STB and RFID reader market



Our customers for Reader ICs

- Turning phones into payment tools
(Leading handset manufacturers)
- Building on set top boxes
(Thomson Multimedia, Pace)

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A story of growth - automotive



Application areas:

- car access and immobilisers, also potential for secure telematics and infotainment systems
- A stable market worth \$100 million
- Philips Semiconductors has around 60% share
- Market is evolving into personalized, secure car access applications and services

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Success in Automotive

- Over 150m Philips Semiconductors' transponders are currently protecting vehicles around the world
- The leading car manufacturers use Philips Semiconductors immobiliser technology (Audi, BMW, DaimlerChrysler, Fiat, GM, Nissan, Renault, Toyota, Volkswagen and Volvo)



PEUGEOT



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The strategy taking us forward

- Drive ID as a true “horizontal” technology into the consumer lifestyle
- Create expansive partnership programme built on established foundations: co-vision
- Drive open standards
- Win over the service provider

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A tailored partnership model

Direct to customer	
Smart cards	Gemplus, Giesecke & Devrient, Oberthur Card Systems, Schlumberger
Tags and labels	International Paper, Omron, Rafsec SA
Reader ICs	Gemplus, GI, Hypercom, Ingenico, Nokia, Thomson Multimedia
Via service providers	
Partners	Amex, BSkyB, Canal+, Telefonica, VISA, Vodafone

Key partners across the value chain include KeyCorp, IBM, Intermec, MIT and Sun Microsystems

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Our unique position (1)

- **Only Semiconductor player focussing on the total identification market**
- **Clear strategy to drive the integral ID market in co-vision with key industry partners across the value chain**
- **Leading technology and clear roadmap in embedded non-volatile memory, cryptography, security, low-power and RF**

Our unique position (2)

- **Broad coverage of platforms and breadth of product portfolio for all ID markets**
- **Strong industrial capabilities to maintain leadership in total cost of solutions: shipped more than 500 million ICs to the identification market**

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Visions and ambitions

- Leverage leadership in automotive RFID market
- Target greater than 30% market share in:
 - smart cards
 - smart tags and labels
- Drive the “big bang” in reader infrastructure market and grab share
- Keep growth momentum: triple revenues and become #1 by 2004

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