

Display Components

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**We will reinforce our leading position
and grasp high growth and high
value added business opportunities!**

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Display Components - the Key Messages

- **We are number 1 in color picture tubes**
- **We have the power of innovation**
- **The Plasma market offers bright perspectives**
- **We constantly drive towards cost leadership**
- **We deliver high customer service**
- **We focus on fast growing segments**

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It's great to be a leader in display!



Monitor Tubes



Television Tubes



Plasma Display Panels (PDP)

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Contents

- **Market Overview**
- **Current position**
- **Our future strategy**
 - Cathode Ray Tube (CRT)
 - Plasma Display Panels (PDP)
- **Summary**

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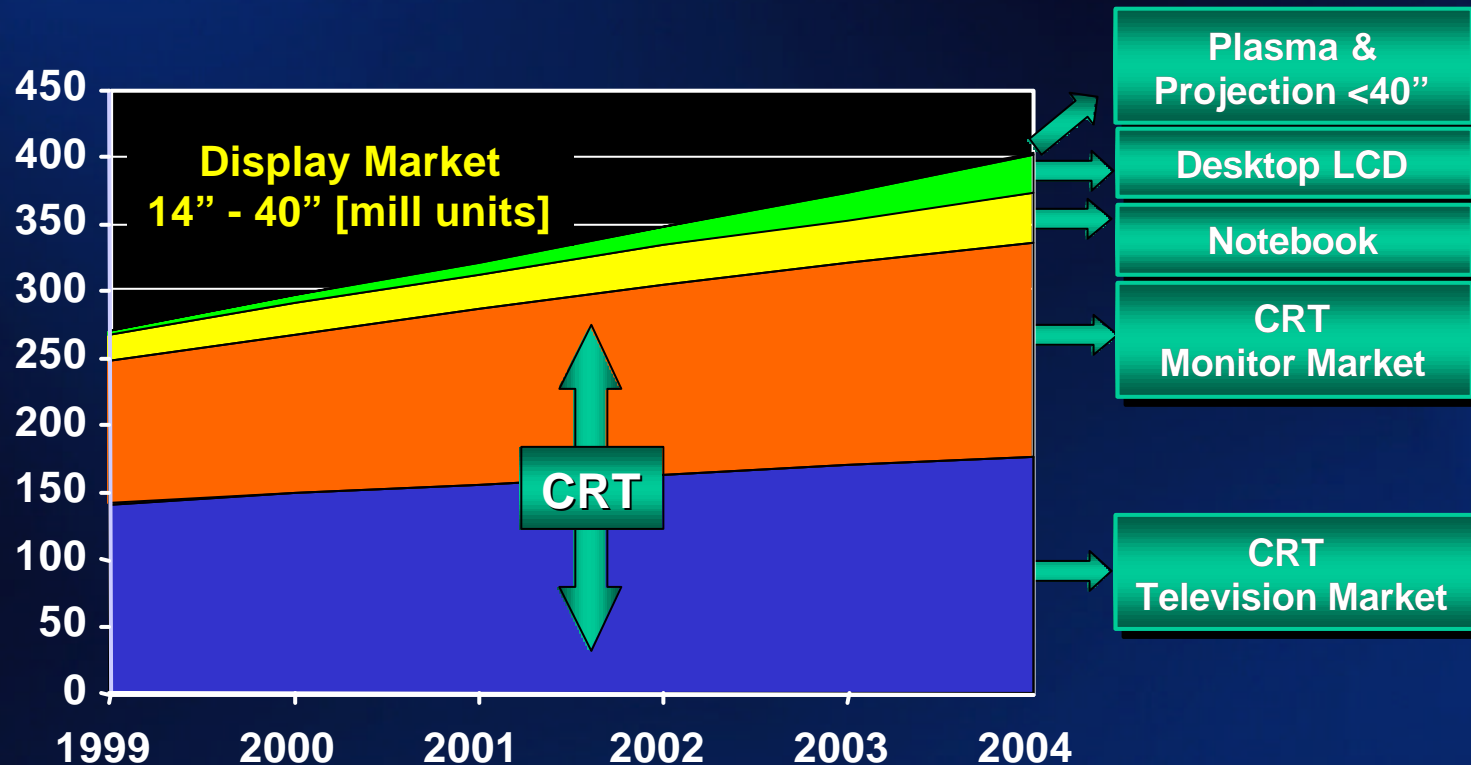


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CRT

an exciting technology, capturing the high volume of the market

CRT will remain a tough competitor for new technologies



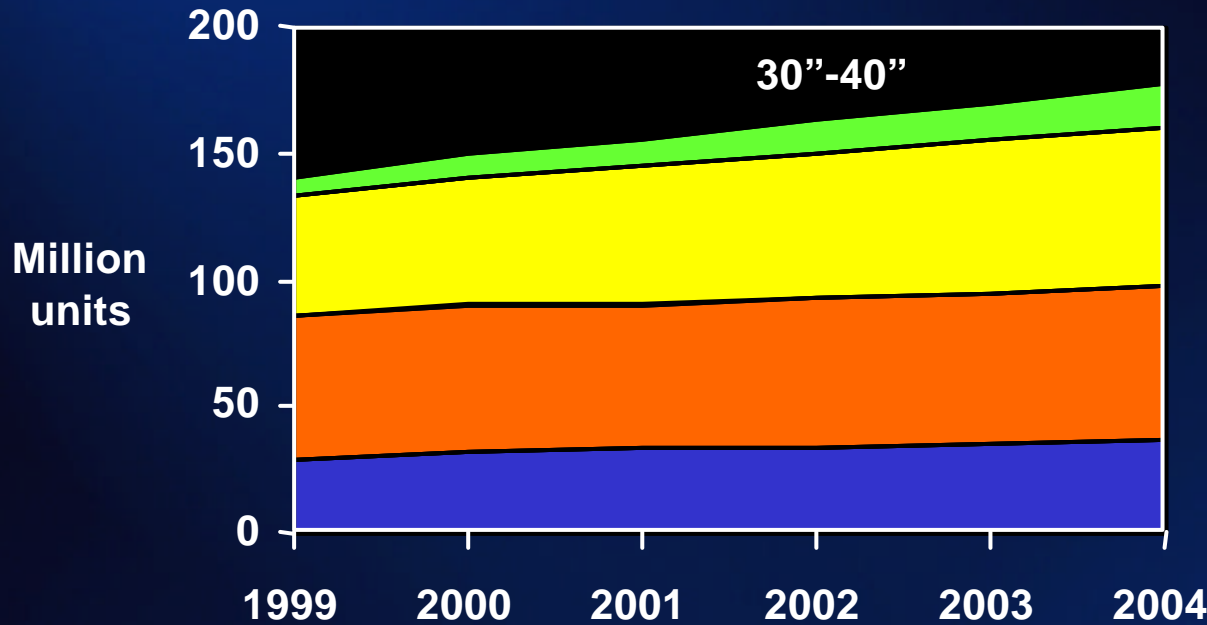
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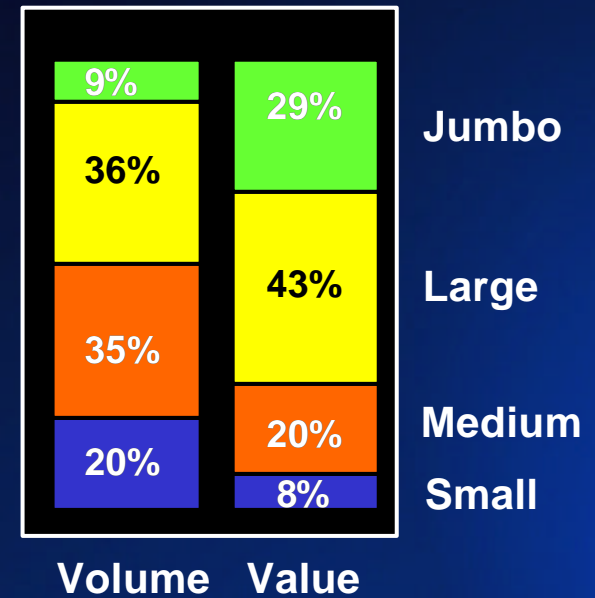
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In TV tubes, the Jumbo segment is the fastest growing

Global TV CRT market



2004



Source: Philips BI

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TV tube market developments

- The television tube market is growing with an average of 4.8 % CAGR 2000-2004 in value
 - The Jumbo segment has the strongest value growth (> 14%).
- Innovation rate will increase to satisfy consumer trends triggered by alternative technologies (flat, slim, high resolution).
- Main growth areas are China and Europe
- Supply demand is becoming balanced in all segments
- Allowing prices for small and medium size tubes to increase, restoring attractiveness to this segment

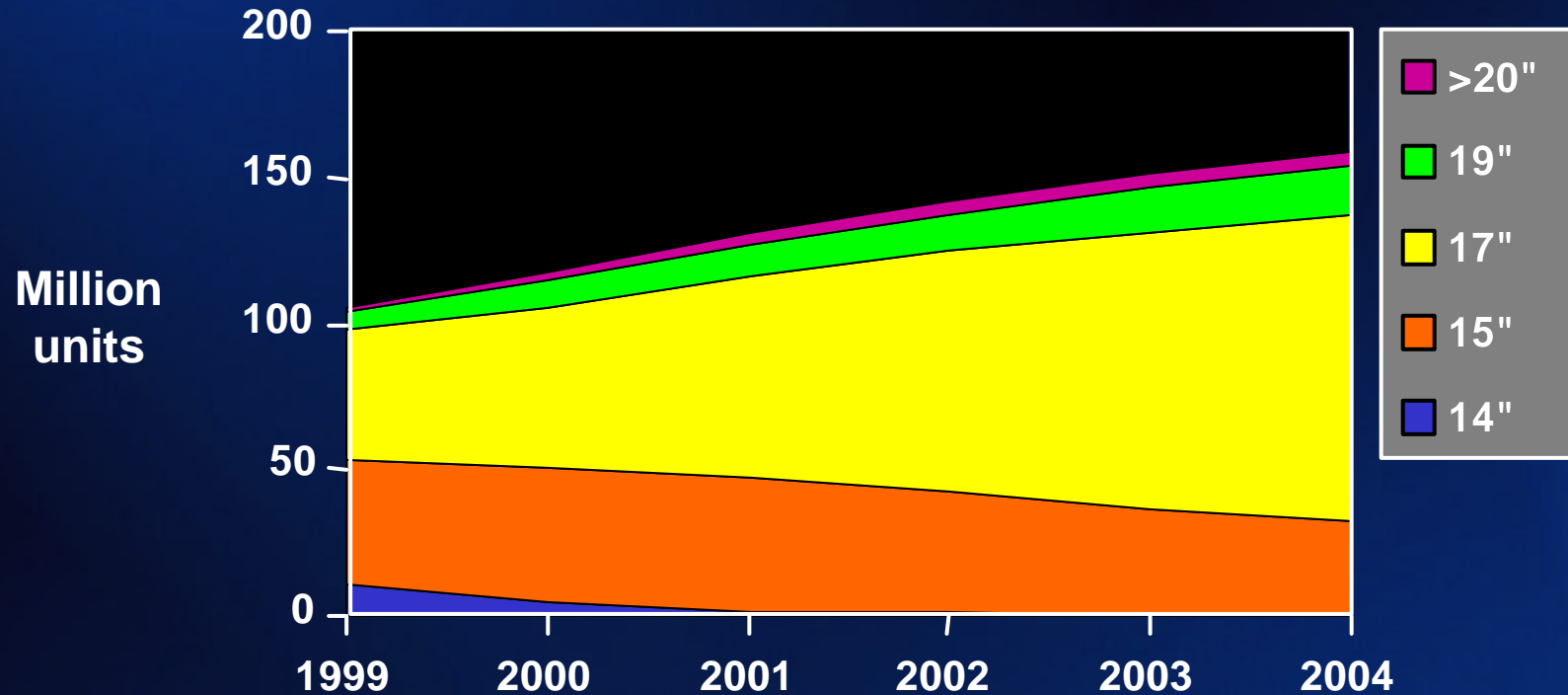
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In Monitor tubes, 17" will be the dominant size

Global monitor CRT market



Source: Philips BI

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Monitor tube market developments

- PC market showing continuous volume growth of more than 10% per year
- The trend is large, slim and flat !
- Color CRT monitors continue to dominate the desktop display market
- China will be the largest market for Monitor CRTs
- Supply-demand getting in balance in 2002, one year earlier than previously forecasted. Allowing for prices to recover
- Due to the penetration of LCD, the monitor tube market is expected to reach its peak around 2006 / 2007

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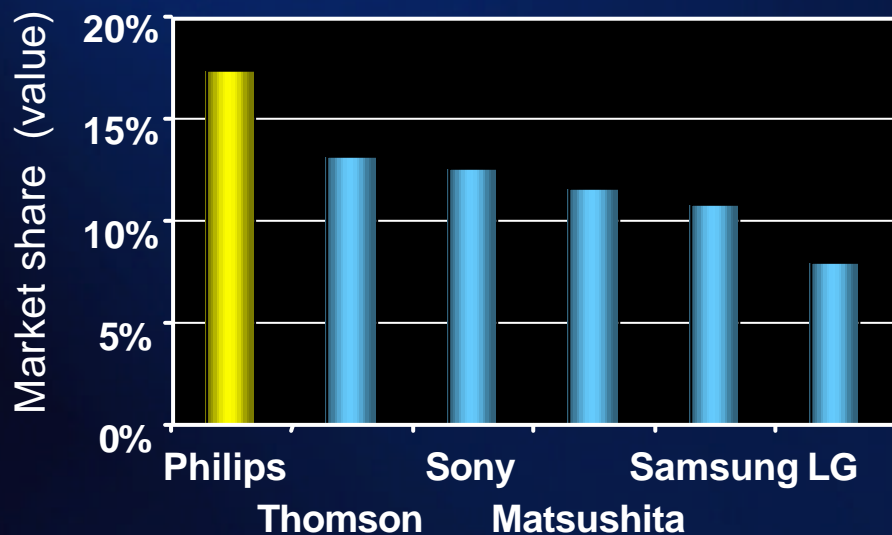
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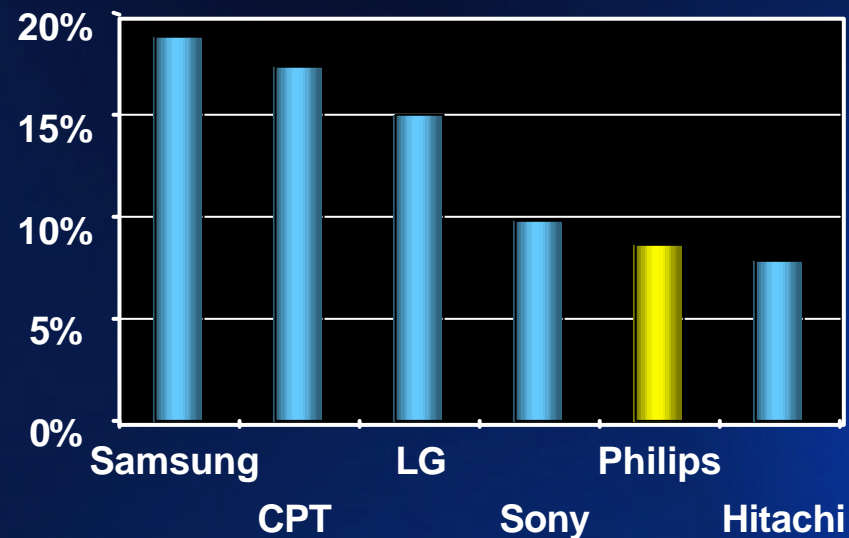
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We are the leader in TV tubes!

Nr 1 in television CRTs (18% World Wide)



Nr 5 in monitor CRTs (9% World Wide)



Source: Philips BI

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Our customers include the world's market- and innovation-leaders

LOEWE.



SHARP



HITACHI



PHILIPS

Panasonic

GRUNDIG



Victor · JVC

PRODUCE YOUR IMAGINATION.

LG Electronics

TOSHIBA



BANG & OLUFSEN



SANYO

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The 2000 European TV of the Year is using Cybertube



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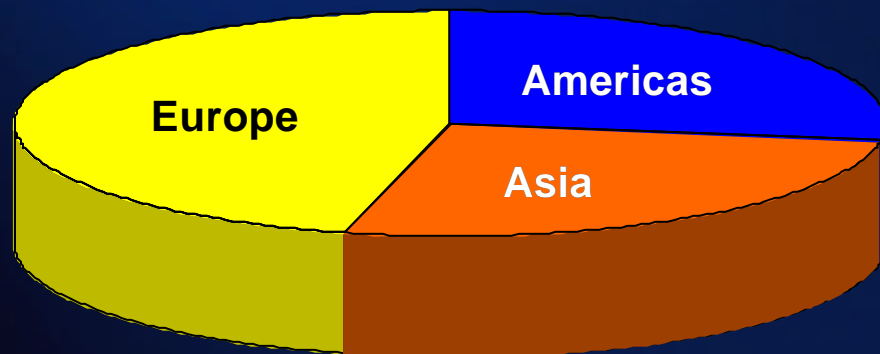


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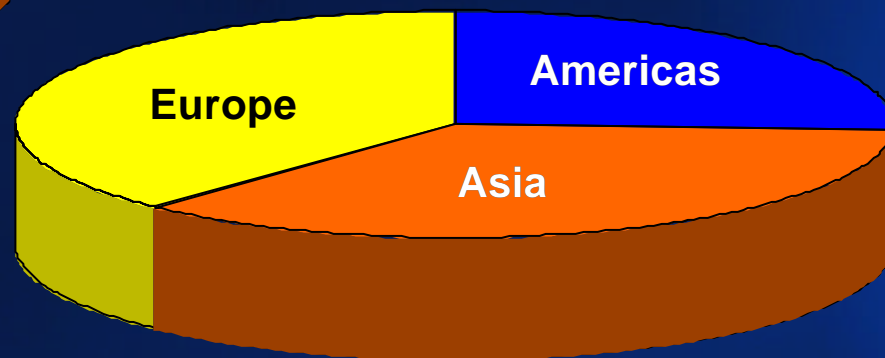
Our global presence is uniquely balanced!

This is supported by our local industrial base.

1995



2000



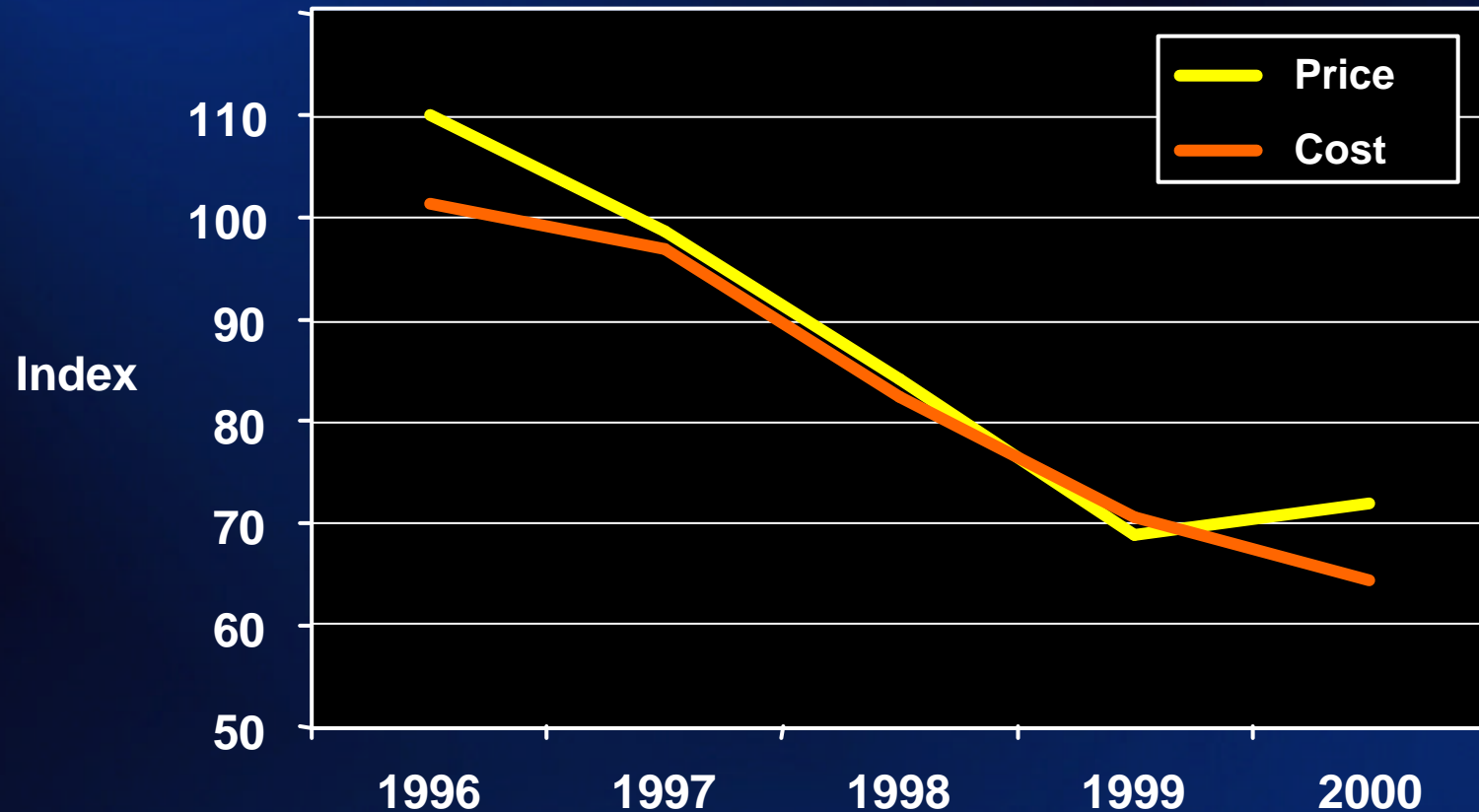
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We have been able to manage strong price decreases

TV tube 14 inch



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We will grasp high growth and high value added business opportunities in our display market

Focus on

- Winning customers through innovation and customer intimacy**
- High growth segments: Jumbo expansion**
- Cost competitiveness**

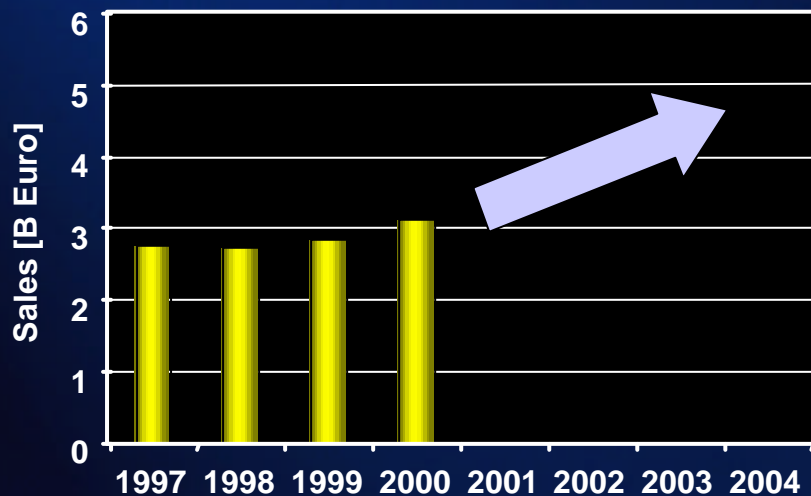
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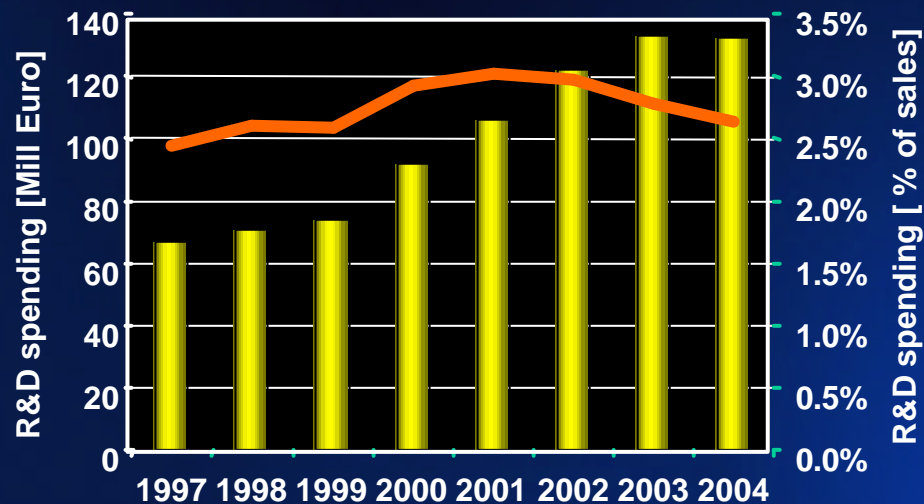
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Our sales growth is built on our R&D investments

CRT Sales



CRT R&D spending



■ R&D in mill Euro
— R&D percentage of sales

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To grow, we focus on big, flat, slim and high resolution



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Rolling out our unique flat technology - Cybertube

CYBERTUBE
IN FRONT

— Sony Wega
— Philips

Off-state flatness impression

Weight
Lowest weight due to medium glass wedge & CHSC

Magnetic Shielding

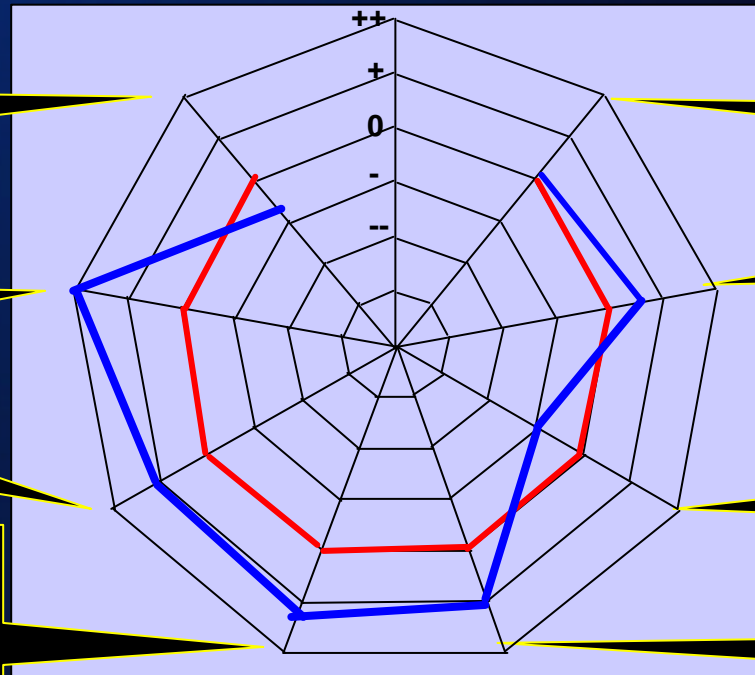
Microphony
GPM technology provides best in class performance due to strength of shadow mask

Picture Flatness Impression

Depth
All competitors at similar depth

Drop Test (neck down)
AG gives better performance but others are at threshold level for RF

Drop Test (E/W)
AG gives worse performance



Our flat solution allows for fast and cheap implementation!

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Using e-tools to optimize our supply chain and customer intimacy

- **Electronic Key Account Management (ek@m TM)**
 - Customer intimacy
 - Supply chain integration
 - Quality excellence
- **eProcurement**
 - B2B integration for strategic bill of materials
 - eCo-design with key suppliers
 - Ariba implementation for non product related purchases

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We capture the growth in jumbo



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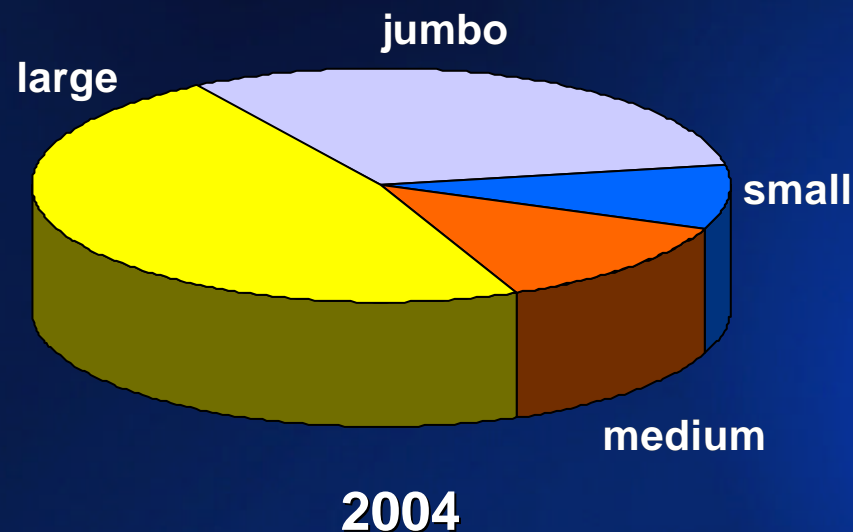
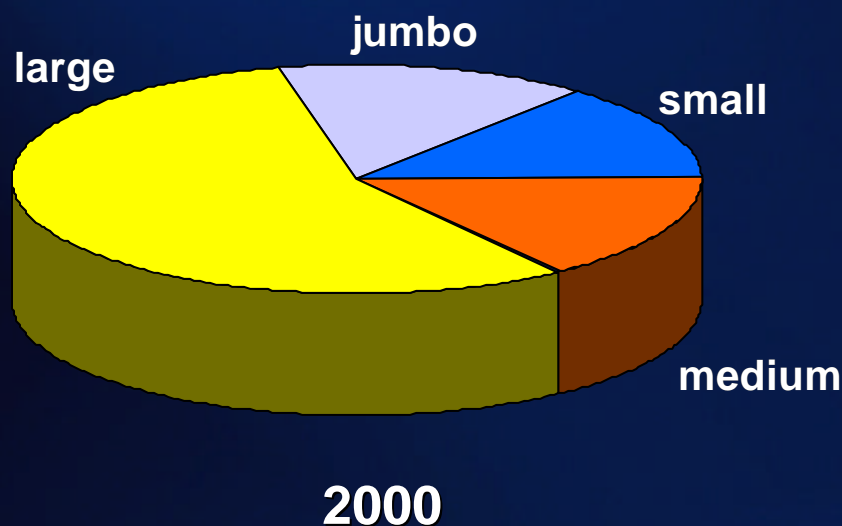


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24% market share in jumbo TV tubes by 2004 (value)

Revenues per Segment

Jumbo sales



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We have accelerated our restructuring effort



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Plasma is a consumer dream come true

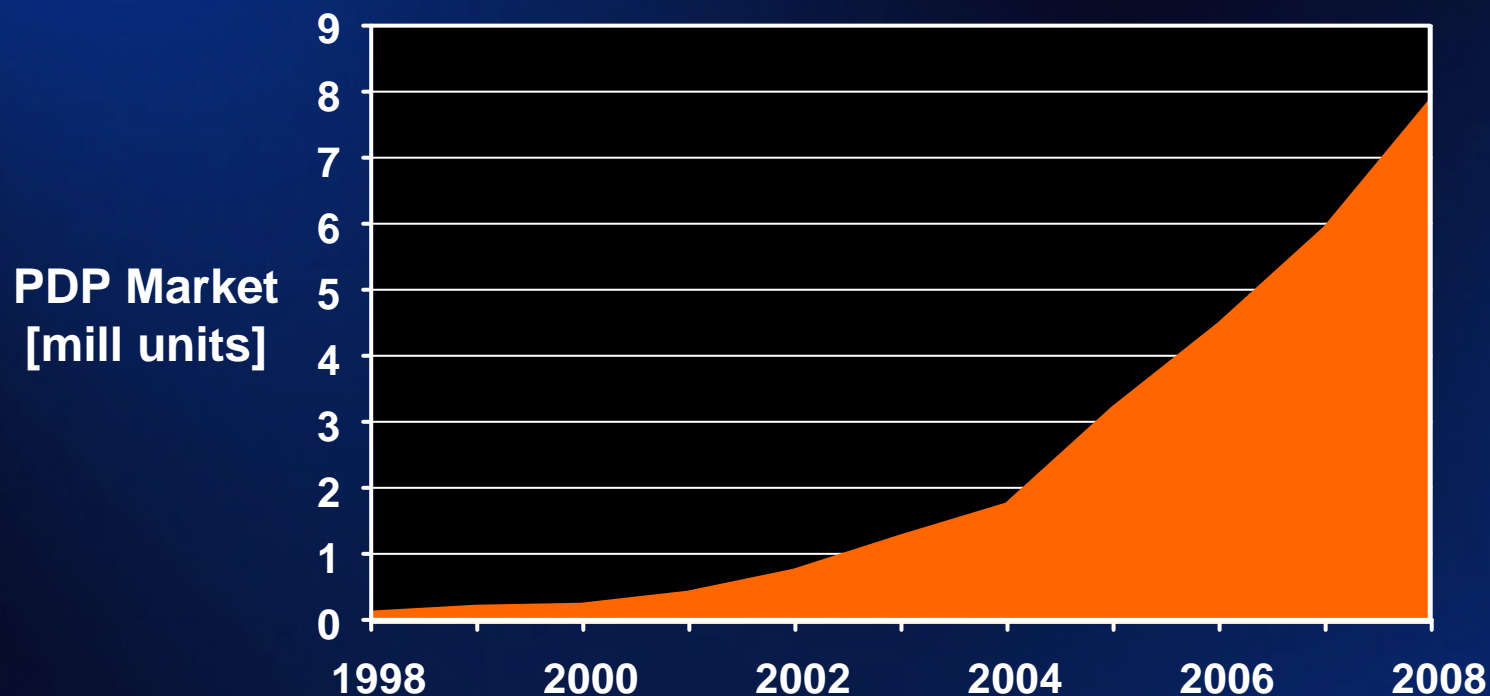


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A promising technology with high growth potential



“A picture on the wall”

Source: Philips BI

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PDP market developments

- The 1999 biggest markets are Europe and North America
- At current price levels the main market is business application
- Market studies reveal that wall hanging televisions are very appealing to the consumers
- As prices will come down, the consumer market will develop

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Our PDP Business Model

- We will support Philips Consumer Electronics in their ambitions in the Plasma market
- We will do this by concentrating on the panel module assembly and leveraging our in-house knowledge in
 - pixel structure simulation and addressing
 - digital signal processing
 - semiconductors
- We will purchase our parts from leading suppliers, enabling us to develop the business with limited investments and maintain flexibility.
- We will maximize value creation, while minimizing financial risk

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Summary

- We are number 1 in color picture tubes
- We have the power of innovation
- We constantly drive towards cost leadership
- We focus on fast growing segments

The CRT is an exciting business with growth opportunities, giving a tough time to new technologies.

Of new technologies, Plasma offers bright perspectives

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