

PHILIPS

Winning Strategy MultiMarket Semiconductors

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Semiconductor Division

Philips MultiMarket Semiconductors

- Market position and landscape
- Recipe for success
 - Customer access
 - Market reach
 - Innovation
 - Manufacturing
 - Service excellence
- Summary

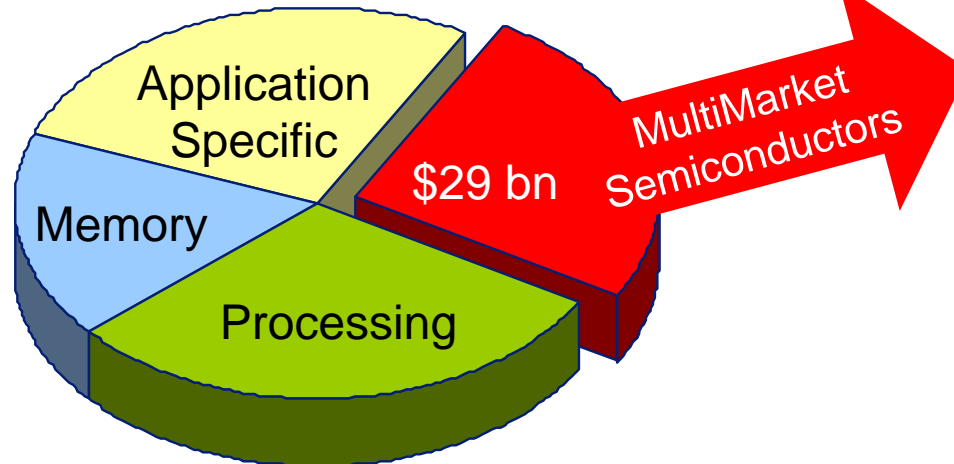
Philips MultiMarket Semiconductors

- Philips is a global force in MultiMarket Semiconductors – 4th worldwide
- Our MultiMarket Semiconductors business:
 - Is 24% of our semiconductors sales
 - Is and will remain a core element of our portfolio
 - Is a strong financial contributor to our overall ambitions
 - Is a driver of new service and logistics models
- We will continue to win and have what it takes to do so

MultiMarket industry landscape

- \$29 bn market: 21% total semiconductor market
- Products provide power, protection, control & interface functions
- Tough, competitive market with both niche and broadliners
- Drives new value-added business models

\$142 bn semiconductor TAM in 2002

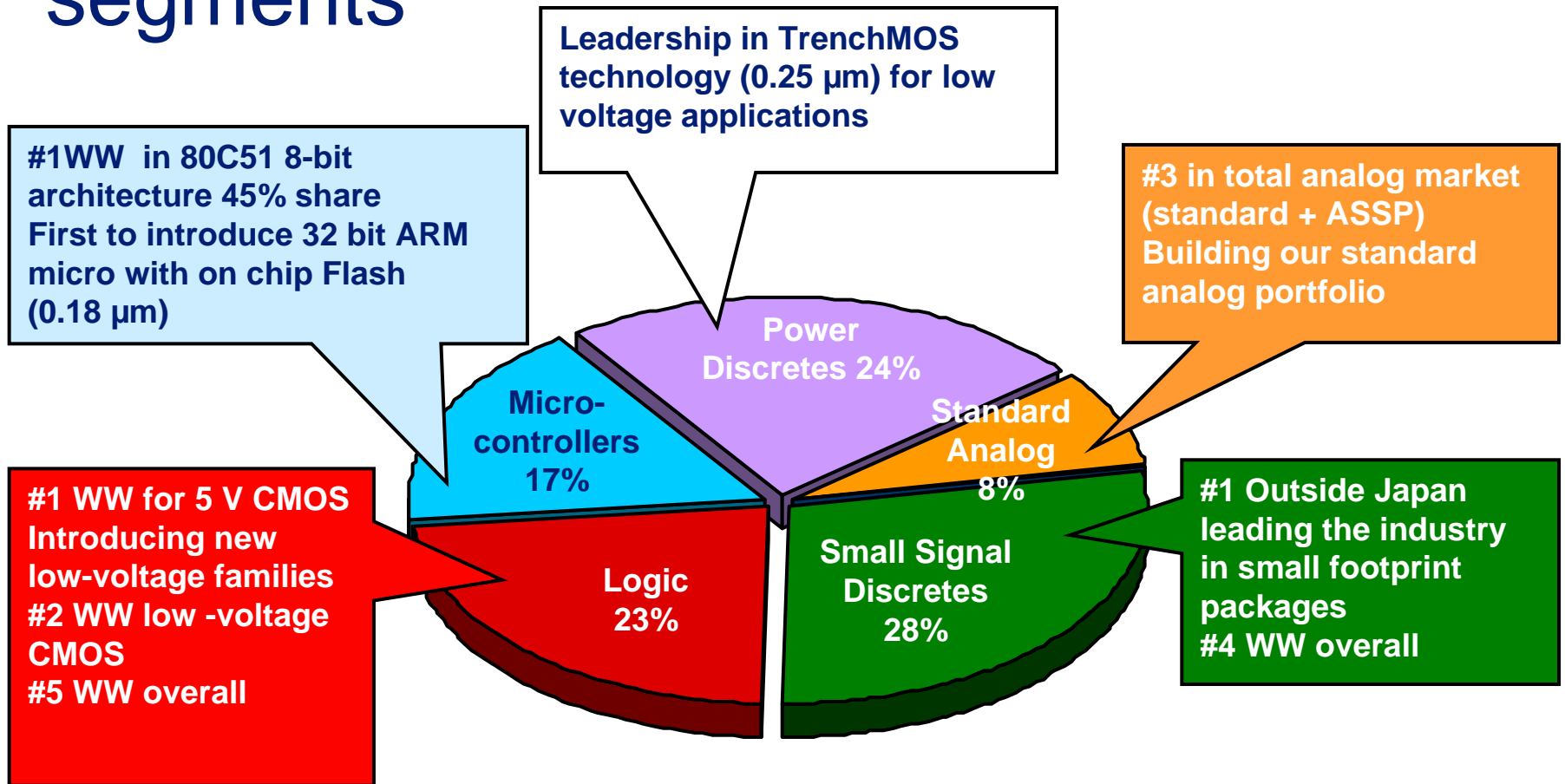


MultiMarket Semiconductors

- Standard logic
- Standard analog
- Standard Microcontrollers
- Power discretes
- General application discretes

Source: WSTS, May 2002, Philips

Strong positions in MultiMarket product segments



Leading global broad-based MultiMarket Semiconductor supplier

Source: DataQuest, Philips
2001 revenue

Recipe for success

Customer Access →

- Strong global and regional channel partnerships (EMSIs and Distribution)
- OEM partnerships

Market reach →

- Global reach, local touch
- Strong presence in Asia/China

Innovation →

- Winning products in winning markets

Manufacturing →

- High volume low cost, flexible global operation































Service Excellence →

- Supply chain programs
- Advanced Logistics
- Ease of doing business

CUSTOMER ACCESS

Succeed through broad and
deep customer relationships

Industry leading customers

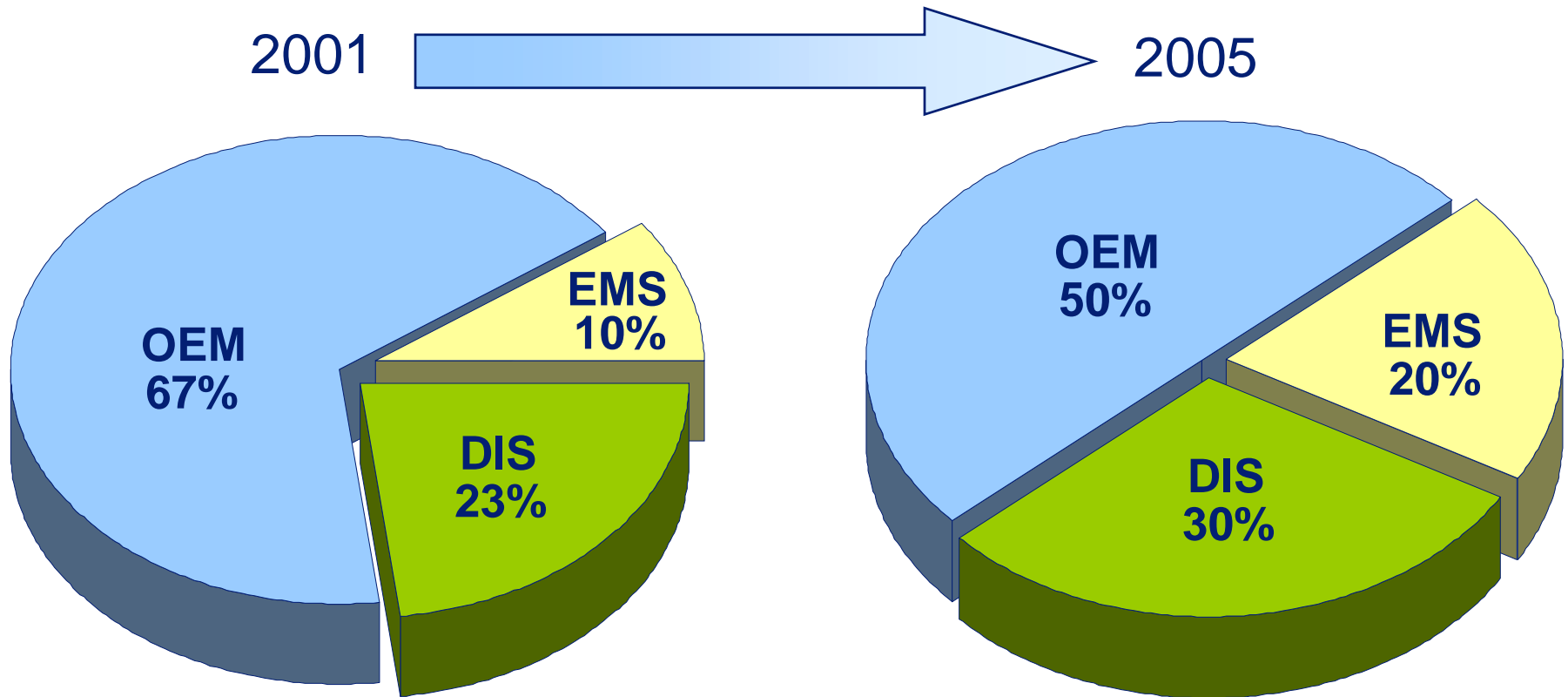
Consumer	Computing	Industrial	Communications	Automotive
     	     	     	     	     



MARKET REACH

Winning across all channels through
global reach with local touch

Revenues by channel



Increasing importance of EMS & Distribution

Source: Philips

Partnering with winning EMS companies

- Developing close partnerships with Top 5 EMS companies

 Strategic Supplier Partnership

 Preferred Supplier Partnership

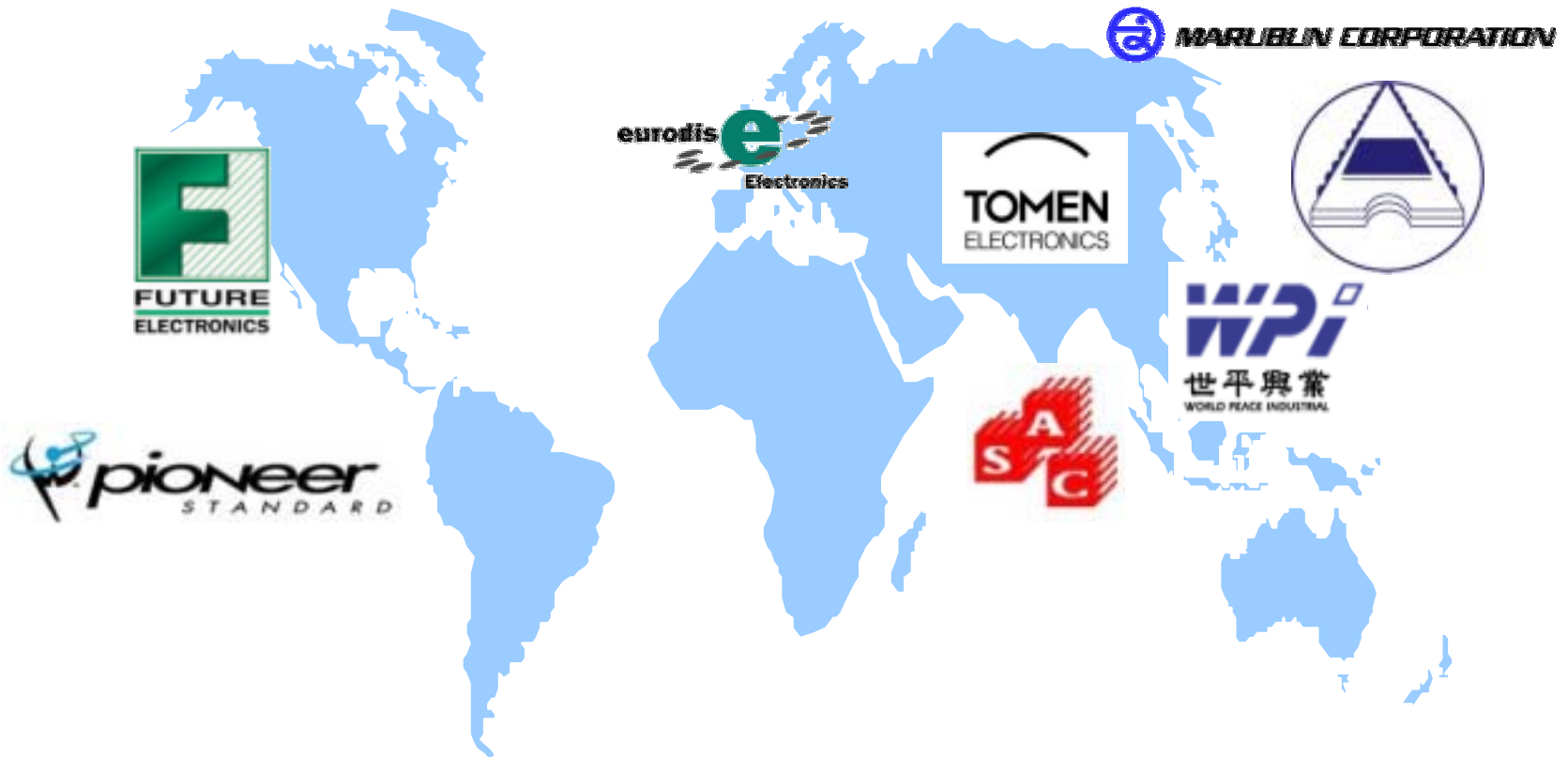
 Partners in Performance

 Global Supply Partner

 Supplier Partnership Development

- Philips – Distribution EMS partnerships

Partnering with global distributors





Wes Segawa
CMO, Arrow



Roy Vallee
Chairman & CEO

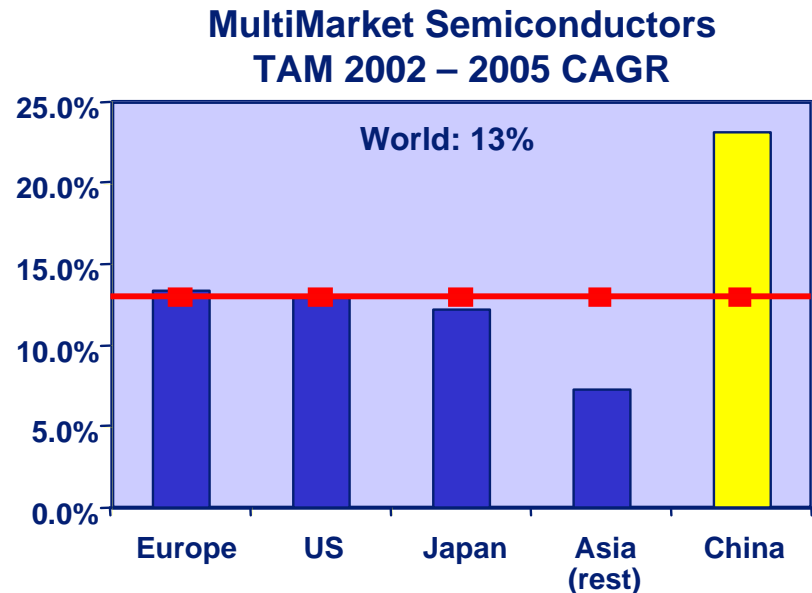
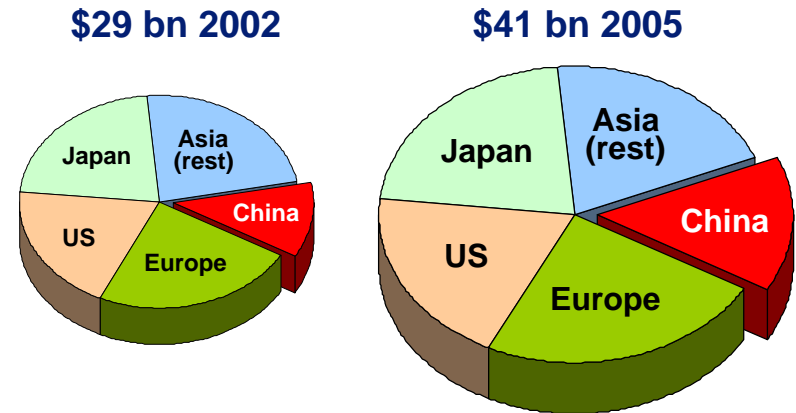


Simon Huang
Chairman WPI

“Partnering with Philips”

Positioning for growth in China

- China TAM grows from \$3.3 bn to \$6.1 bn in 2005
- China MMS CAGR nearly 2x world average
- We will leverage:
 - Strong local sales presence
 - Excellent distributor relationships
 - 30 year heritage, strong brand
 - Guangdong investment



Source: DataQuest, Philips

China expansion drives assembly/test cost improvements



- Estimated to provide 20% cost reduction in assembly & test
- New investment \$40 million
- 4 bn unit annual capacity today rising to 35 bn by 2005



“Partnering for success in China”

Simon Huang
Chairman WPI

Market reach through partnerships

- **Bosch**
 - Licensing agreement for power discrete
 - 10 year contract based on Philips technology
- **Mitsumi Electric**
 - Development, manufacturing, sales of analogue ICs
 - Access to Japanese market
- **ARM**
 - Partnership for development of standard 32 bit embedded controllers





INNOVATION

Winning products in winning markets

A broad, balanced portfolio of primary and value added products



Value Added Products

Sensors

Integrated Power Management Solutions

Speciality Logic

32-bit ARM Flash/0.18 μm

16-bit Family

Setting standards in packaging

Smaller, faster, lighter

Broad range for the industry

More bits with innovative peripherals

Small Signal Discretes

Power Discretes

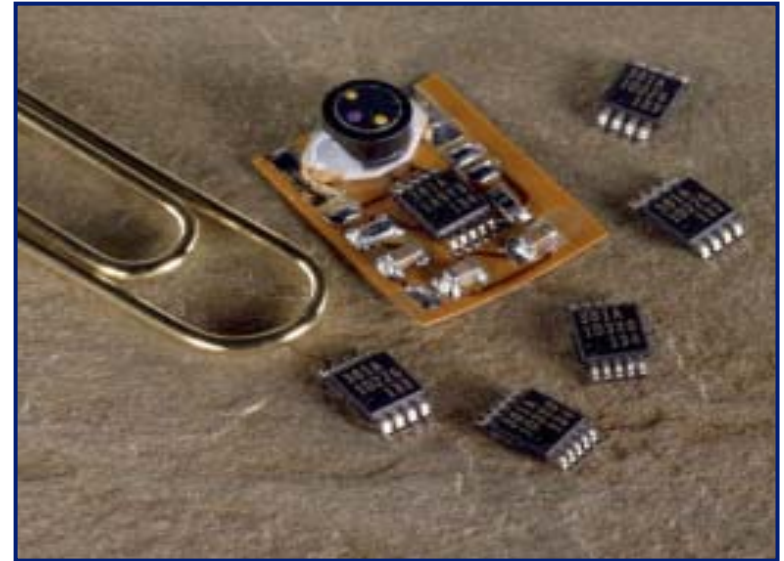
Standard Analog

Logic

Microcontrollers

Winning products in winning markets

Electro Luminescent lamps driver IC - UBA2040



- Fast growing market for portable applications
- Co-development with Durel, the world leader in EL lighting

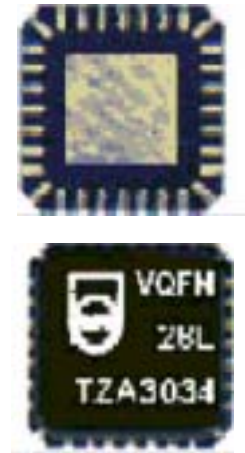
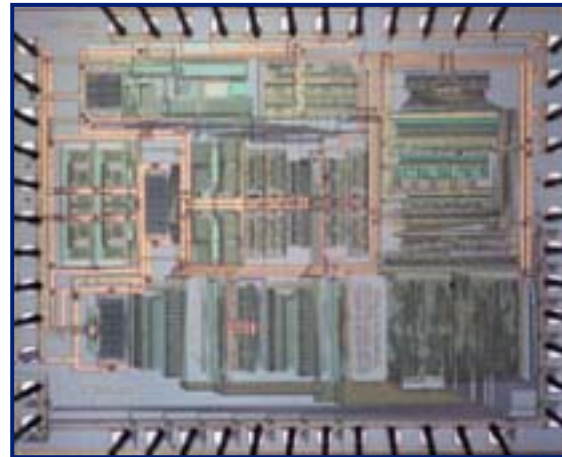


“Winning with Philips”

John Dowdell
Chairman

Winning products in winning markets

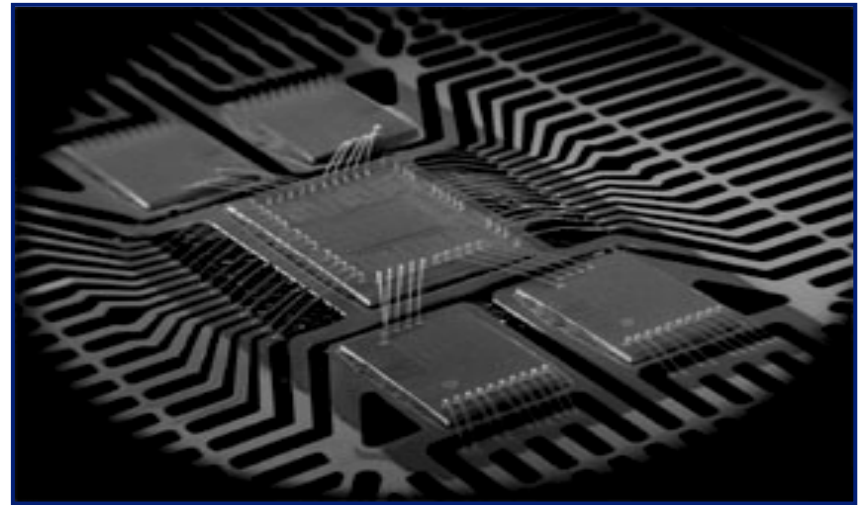
High-speed data conversion – TDA8768



- High performance, high speed 12bit A/D converters
- Converts high frequency RF to digital for high speed processing
- Target markets: 2.5G & 3G cellular infrastructure

Winning products in winning markets

Automotive intelligent power controller – IPoC

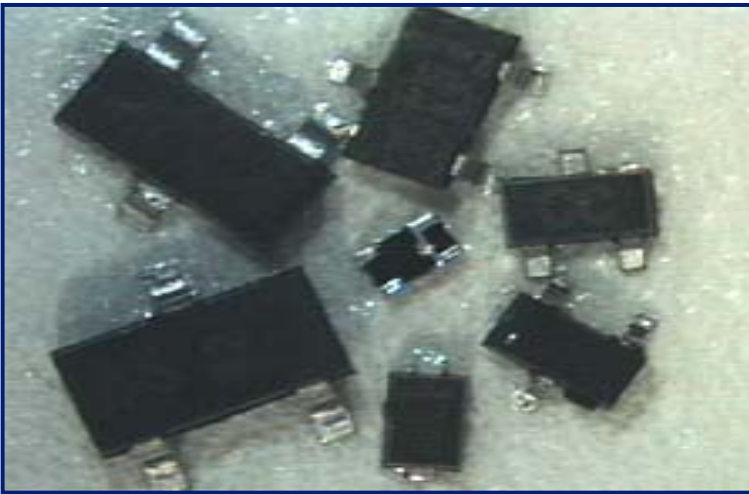


4-channel Intelligent
Power Controller

- Smart multiple switch for automotive applications
- Significant opportunity up to \$100 per car

Winning products in winning markets

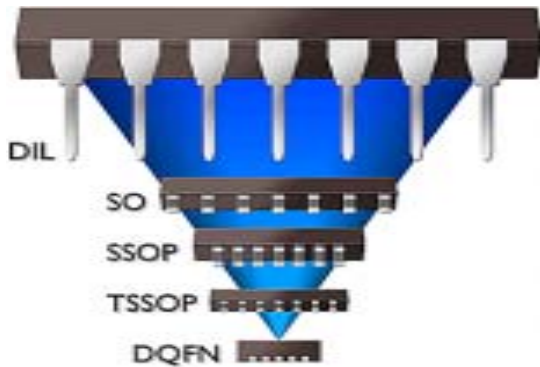
Power MOSFET products for portable applications



- Industry leading μ TrenchMOS™ for powerful portable systems
- 60% size reduction, 45% height reduction
- \$1.2 bn market in 2006

Winning products in winning markets

Depopulated very-thin Quad Flat-pack No-leads (DQFN) package



Loss Free Package (LFPK)



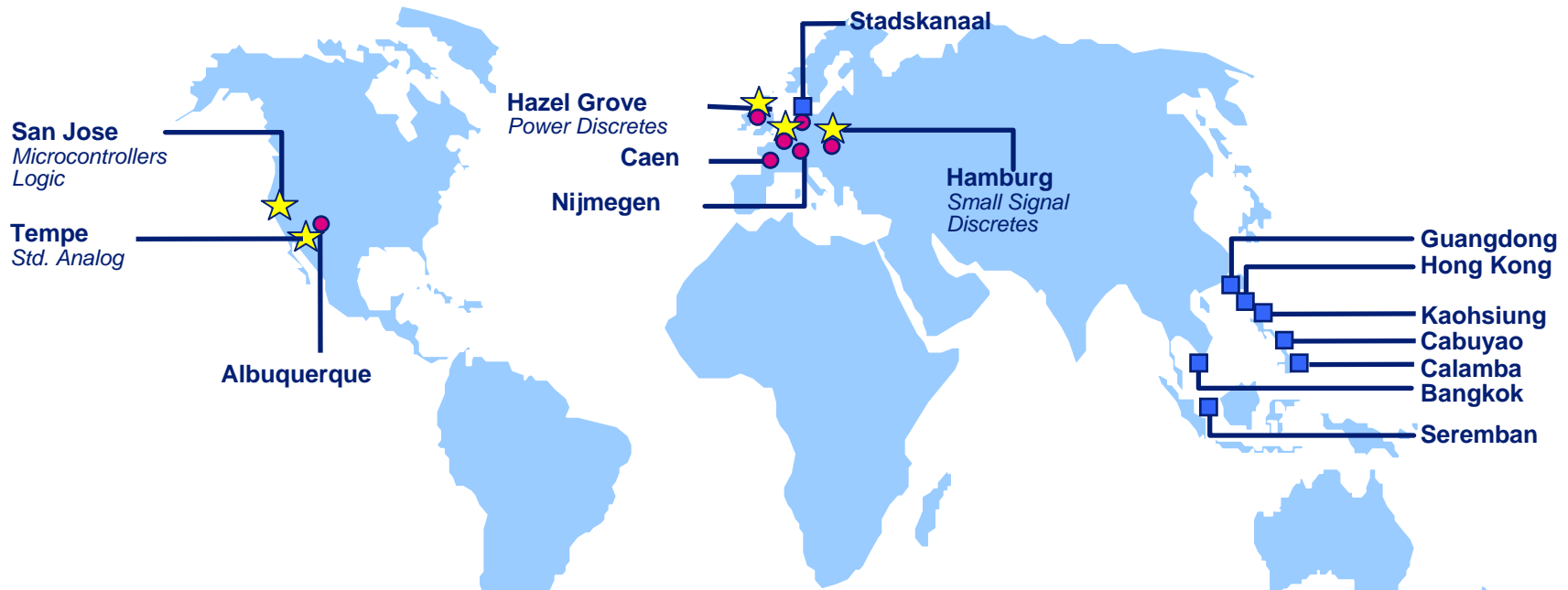
- Improves power handling by 50%
- Great for high density power applications (DC-DC conversion, computer motherboards)



MANUFACTURING

Global, flexible, low cost

MultiMarket Semiconductors global manufacturing operations



- Low cost, flexible high volume manufacturing
- Units shipped 2001
 - > 22 billion discretes,
 - > 2 billion IC
- ISO9000, QS9000 and ISO14001 qualified
- Innovator in miniature packaging



SERVICE EXCELLENCE

Delivering service experience
exceeding customer expectations

Service experience across ALL our products

We deliver world-class service and breakthrough concepts in e-supply chain capabilities:

- By year-end we will deliver to planned customer orders within 24 hours
- Launching Advanced Service Centers to provide next day service in E.Europe, Mexico and China
- State of the art supply chain programs offering reduced lead-time, global visibility and volume flexibility

e - Customer Partnership Centers

“Global Reach, Local Touch 24x7”

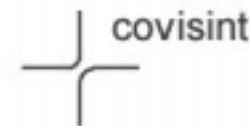
- Web linked and web enabled centres
- Customized portals providing information at a touch
- Order/shipment information to design collaboration
- B2B processes underpinning our extensive capability in EDI/Rosettanet/XML technologies
- Successful public web-site:
 - 40,000 user sessions per day
 - 60,000 document downloads per day
- Go to www.semiconductors.philips.com

Web enabled customer programs

Web-enabled business processes:



In development:



Where are we beating our competition today ?



- First to implement Collaborative Planning with major mobile phone manufacturer



- First to implement web-enabled workflows and lookup functions in Europe



- Best-in-class implementation of a design-win extranet.
Distributors love it, we have better visibility to drive design-wins
- Order book transparency is best in class.

Great examples of business creation, fulfillment and collaboration !!



**“Innovative,
customer friendly solutions”**

**Simon Huang
Chairman WPI**

Philips MultiMarket Semiconductors

- Top european based supplier
- Business benefits from global reach and local touch of Philips
- Well positioned to succeed in China
- Philips leading across all products in:
 - The growing distribution & EMS markets
 - Innovative service & E- business activities

The background of the slide features a close-up, slightly blurred view of a rolled-up document. The document is covered in intricate orange circuit traces, resembling a printed circuit board (PCB) layout. The traces are composed of various geometric shapes, including rectangles, lines, and curves, creating a complex, technical pattern. The lighting is soft, highlighting the texture of the paper and the vibrant orange color of the traces.

Philips A global force in MultiMarket Semiconductors

