

PHILIPS

Delivering in Mobile

Mario Rivas

Executive Vice President Communications Businesses

Semiconductor Division



Delivering in mobile

- The mobile Connected Consumer
- Successes of the past year
- Seizing the system solutions growth area
- Future growth drivers
- Positioning for growth in China
- Update on RFID

The next PC your Personal Communicator

- The mobile phone: one of the largest catalysts of change in our lifetime
- Today, it enables us to share experience and increase personal productivity
- Tomorrow: the personalized device in connected environments
- Multimedia features, MP3, FM, cameras, etc., will drive future growth





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Recent successes - mobile



- Nexperia™ Mobile adopted by market-leading customers
- Nexperia Mobile Multimedia Processor in Sony Ericsson's P800
- JV with Datang and Samsung to drive TD-SCDMA
- USB On-The-Go solution selected by Sony for its new CLIÉ handheld device

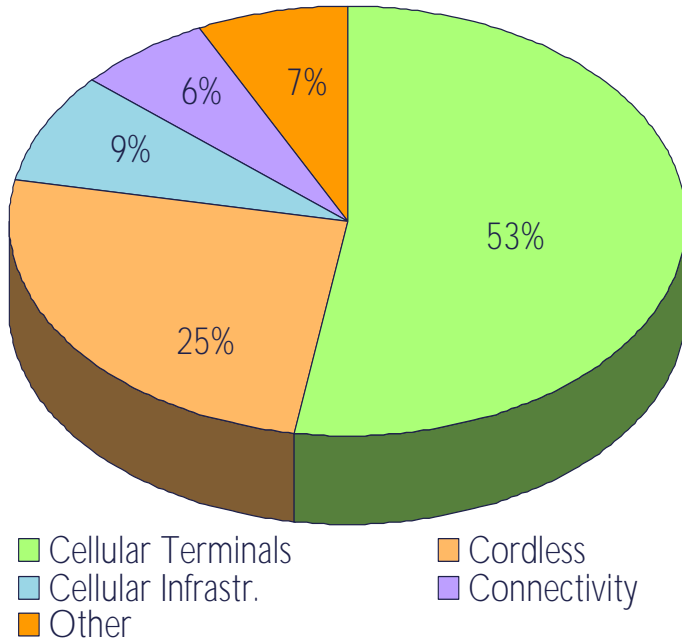
Connected Consumer markets in mobile

MOBILE

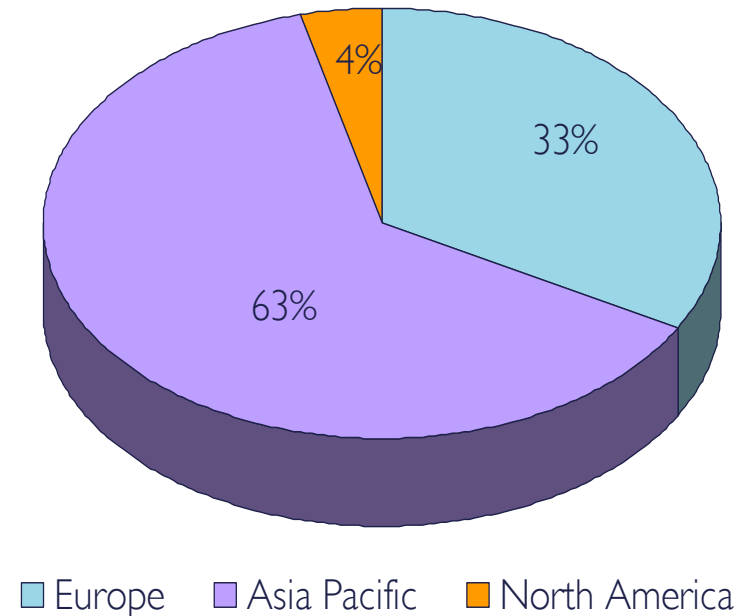
		Digital cordless baseband devices	#1		
		RF Identification (contactless chips)	#1		
		Display modules		#2	
		Smart card ICs		#2	
		GSM baseband devices			#3
		Wireless connectivity			#3

Balanced Segment Communication Sales by Application & Region (excl. MDS)

Sales by Application Type



Sales by Region

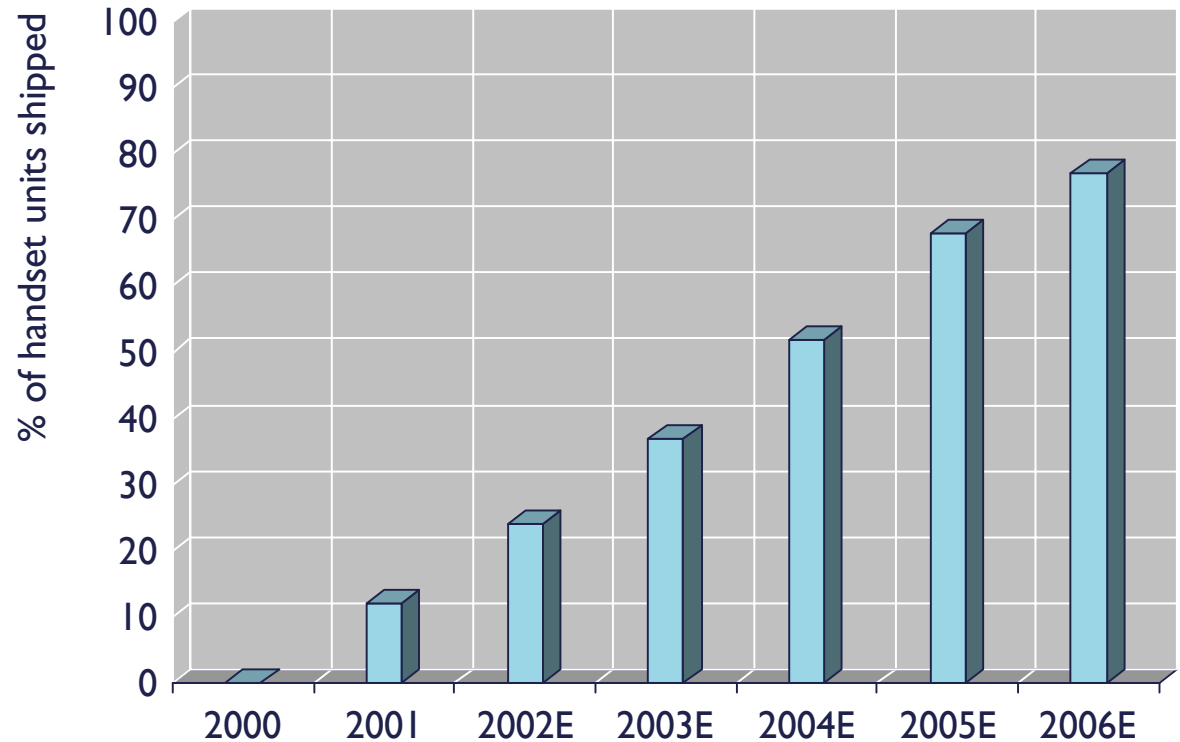




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Mobile phone system solutions market



Nexperia™ Mobile Cellular System Solutions

- Including our Nexperia Mobile Multimedia Baseband, 1 out of 6 GSM/GPRS phones has a Philips base band in 2003
- Well on our way to 1 out of 10 GSM/GPRS phones based on Nexperia Cellular System Solution



SAMSUNG
ELECTRONICS



Cellon



PHILIPS



BeDj 530 Fisio 330

BIRD



SIEMENS
mobile



DBTEL



Arima



Haier

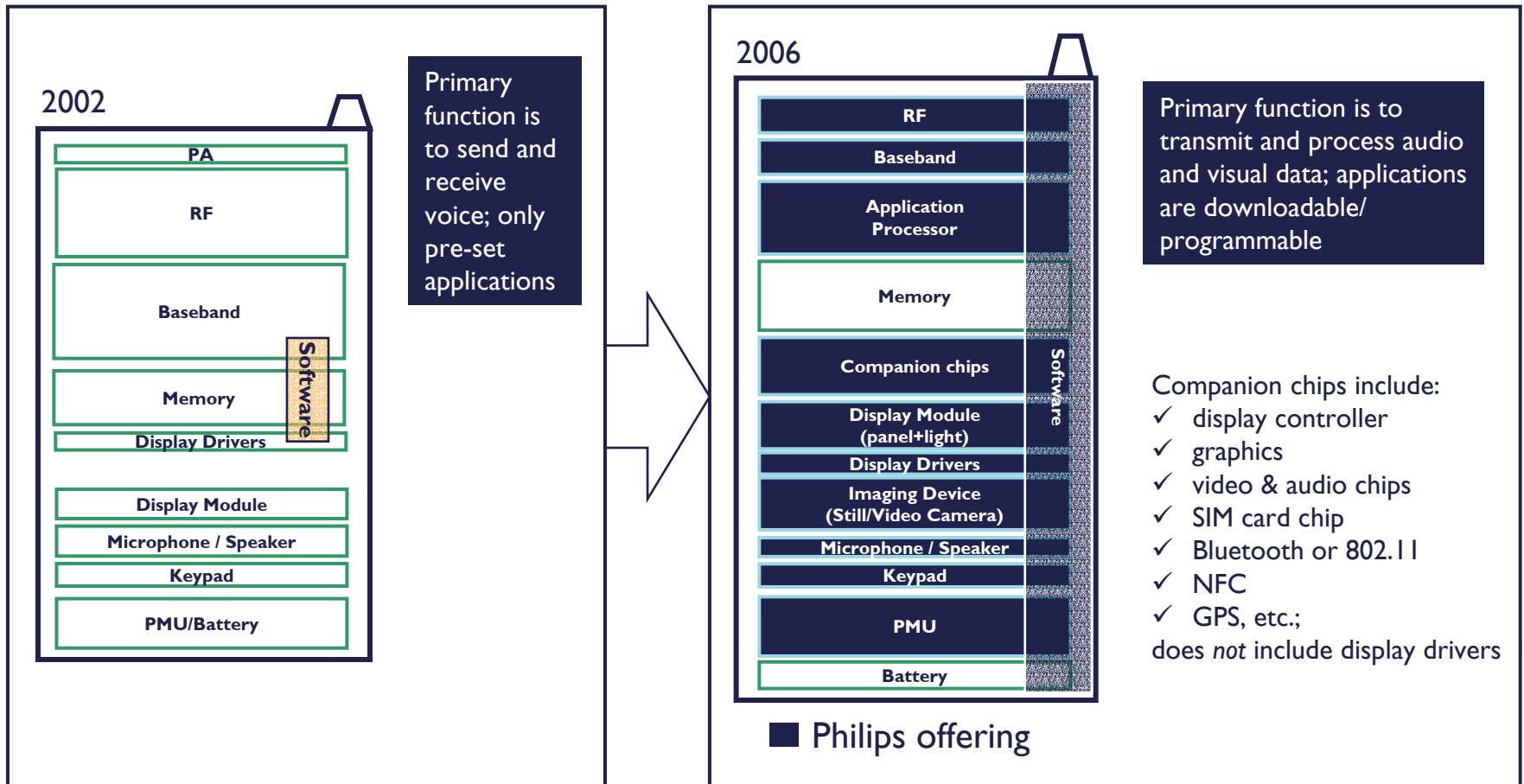




Delivering in mobile

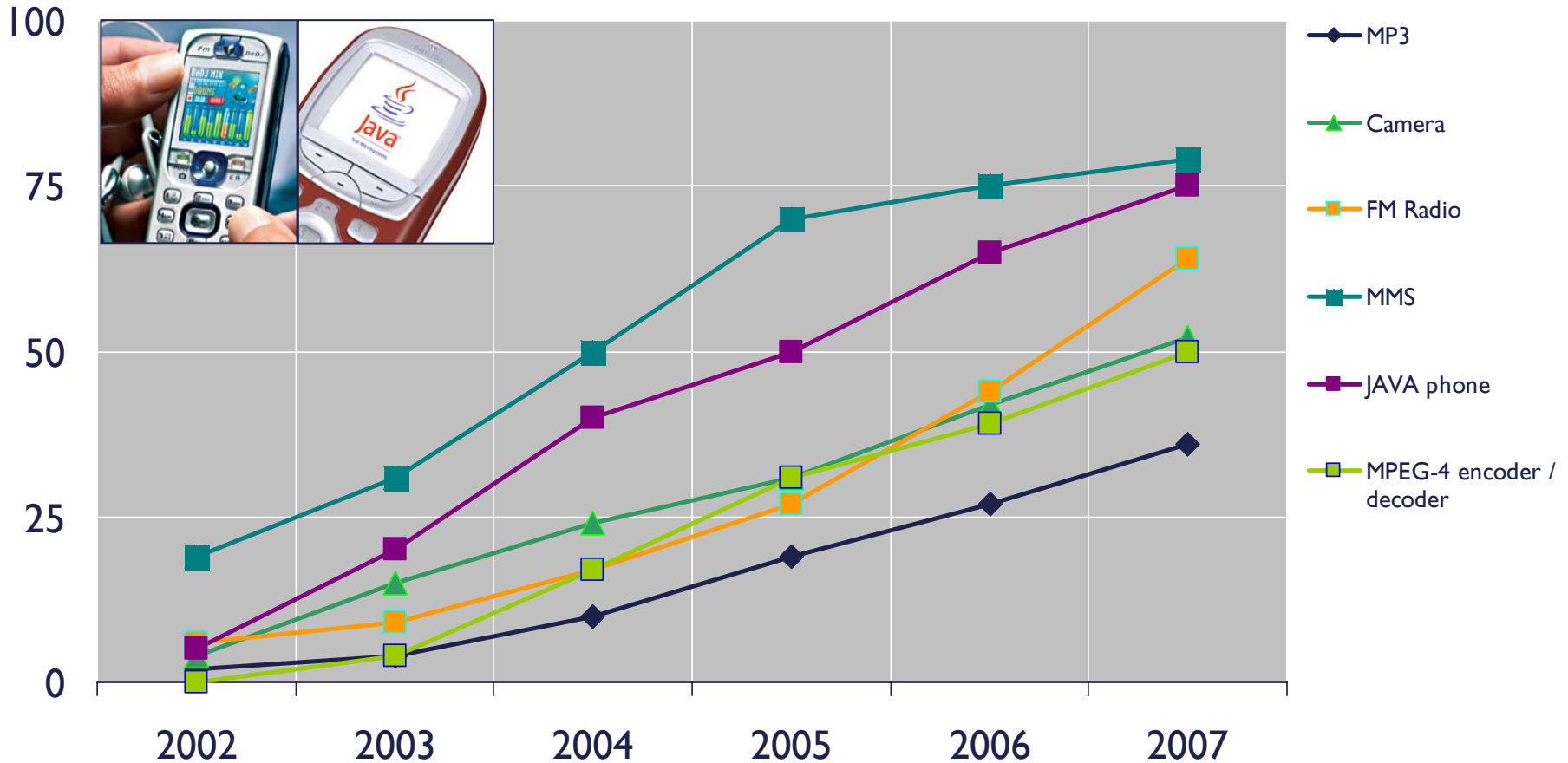
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In cellular shift of key components and value capture



Growth opportunities

Penetration of multimedia features in handsets



Nexperia Mobile Multimedia Processor



- Philips strengths in multimedia come to mobile through features, applications and services
 - Digital pictures (camera)
 - Digital video
 - Mobile gaming
 - MMS (integrated browser)
 - Bluetooth
 - PDA / Organizer functions
 - Digital audio

Imaging / video solutions

- Technology leader in CMOS embedded camera phones and image processing with complete range of flexible solutions
- MPEG4 hardware/software and camera sensors/modules
- Wafer Level Packaging with Integrated Lens
- Leading new developments
 - Automatic zooming (by electrical manipulation of liquids on micron scale)



Audio

- FM radio: Global leader in FM radio with the smallest solution, almost 100% market share
- MP3: Small, low-cost, easy-to-integrate MP3 solution (10x10 mm in 2003)
- Acoustic features:
Handset speech/music enrichment algorithms (LifeVibes family)

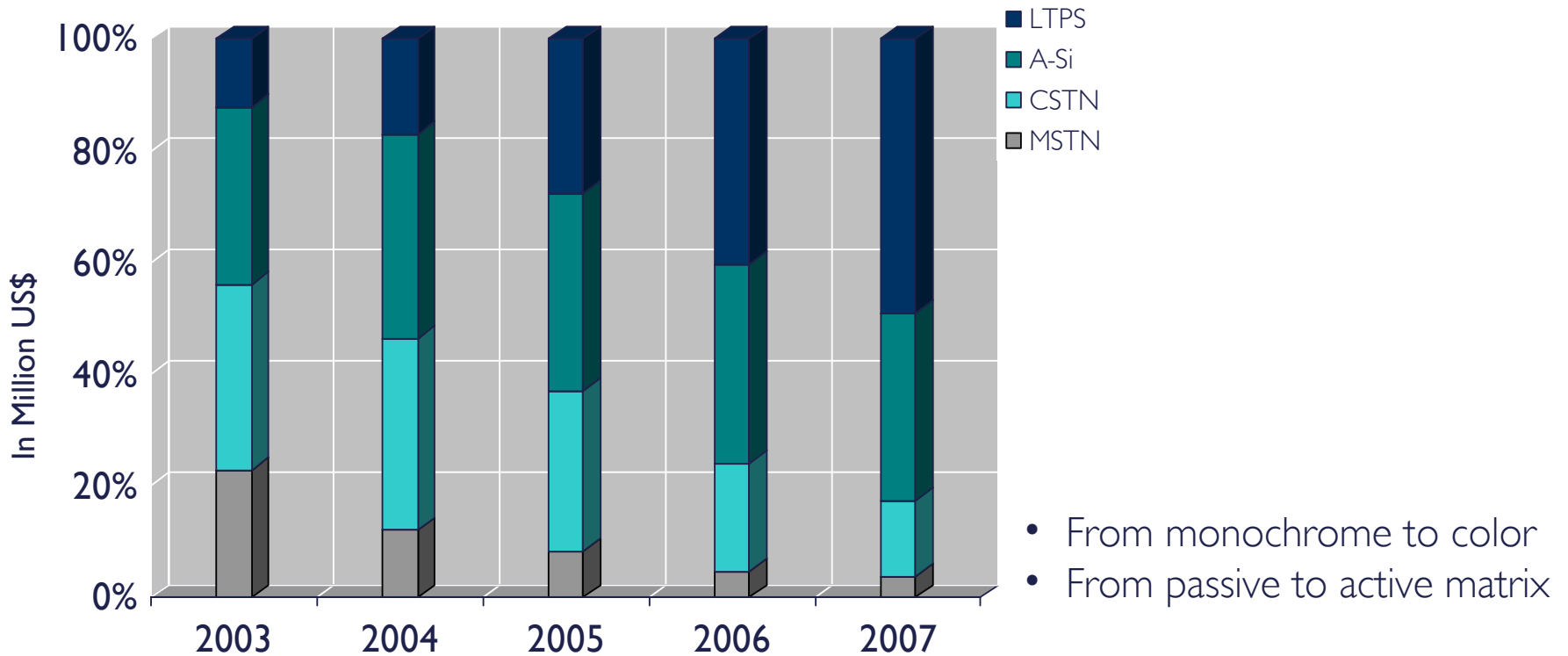


Audio - speakers



- Global leader in Telecom acoustic solutions for mobile phones and PDA's (2002: 50% market share)
- Technology leadership and acoustic competence
 - Setting industry standards in miniaturization: 8 and 13 mm speakers
- OEM / ODM Customer partnering in all business levels
 - Application support, advanced acoustic simulation technique
 - Brief time to high volume and customisation, volume flexibility
 - Excellent quality and prices at market level

Growth opportunities - Mobile displays



Mobile displays

- Unique position: in-house solutions from drivers to complete modules
- First to demonstrate and ship PolyLED modules
- Market leader in telecom LCD modules with broad range of display technologies
- Complete color modules to support Nexperia Cellular System Solutions



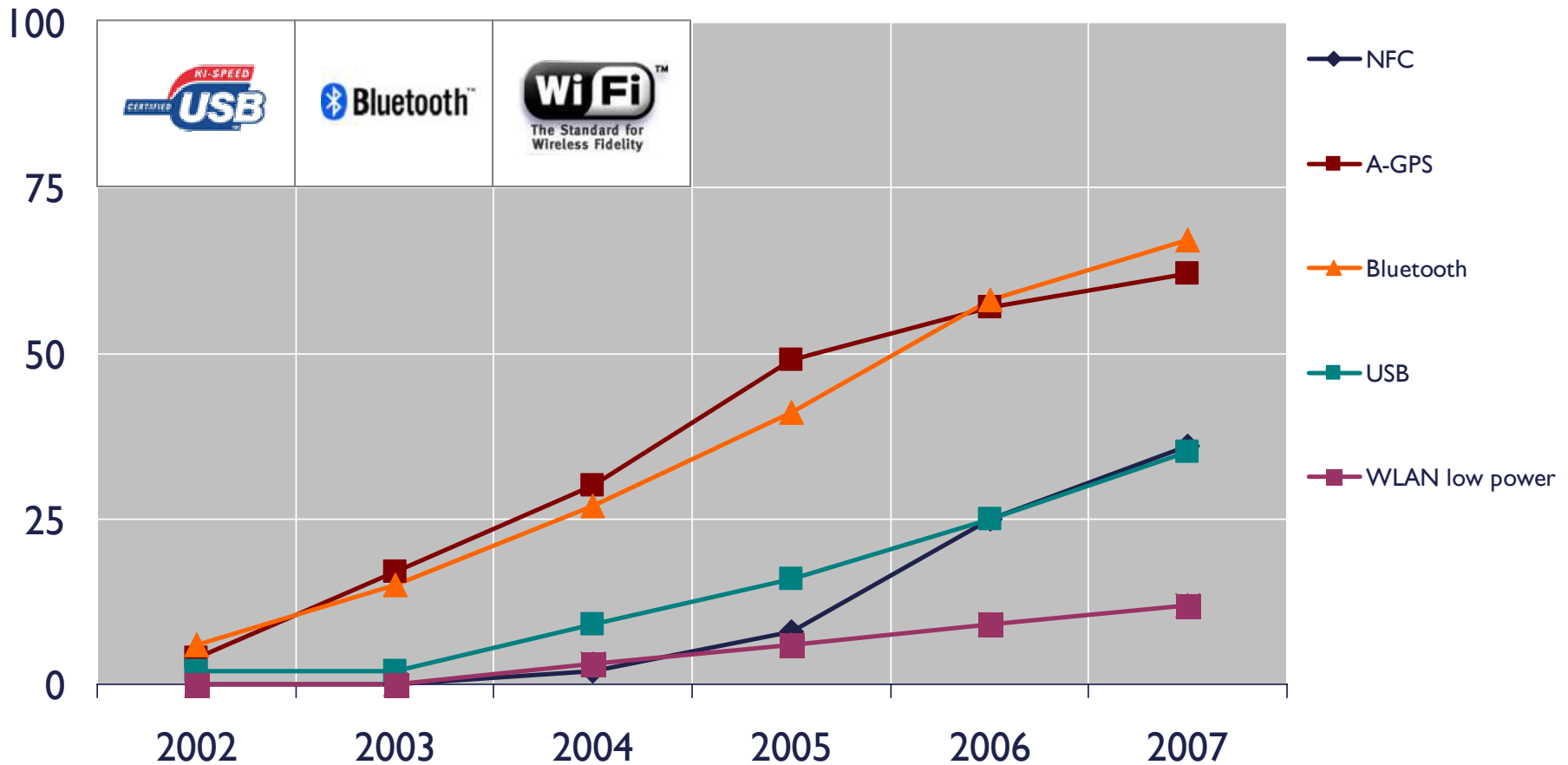
Mobile displays

- Continuous innovation through leading research processes.....
 - Color STN LCD Technology used in Motorola T720 phone
- Improvements to front-of-screen performance, power consumption, size and cost



Growth opportunities

Penetration of connectivity features in handsets



Wireless connectivity as a driver for mobile multimedia

- Partnership with Sony to develop NFC (Near Field Communication) technology
- Licensing agreement with Ericsson for Bluetooth 1.2 solution
- Bluetooth wireless technology
 - 20% market share 2002



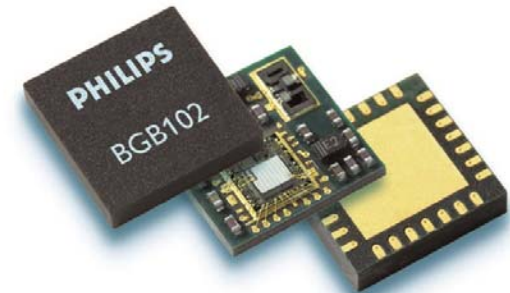
Wireless connectivity (continued)

- Low power 802.11b solution
 - The lowest standby power consumption
 - Smallest form factor
 - Lowest bill of materials / highest integration
- High performance 802.11a/g chipset
 - Highly integrated solution
 - Industry's highest throughput
 - Built-in “detect and connect” functionality



RF expertise

- Applying our strength in RF
 - Cellular (2/2.5/3G), digital cordless, NFC, Bluetooth, 802.11x, UWB, RFID
- Extensive in-house RF design expertise
- Process technologies for cost optimization and integration, System-in-a-Package (SiP)
- Modular approach, with roadmap to full radio module



BT radio module 36mm²



GSM front-end module 80mm²

Power management solutions

- Differentiating technology for intelligent power management in Nexperia Mobile
- Clear cost leadership through in-house low-cost mixed-signal high voltage CMOS technologies
- Ability to integrate all mixed-signal functions onto a single analog baseband chip



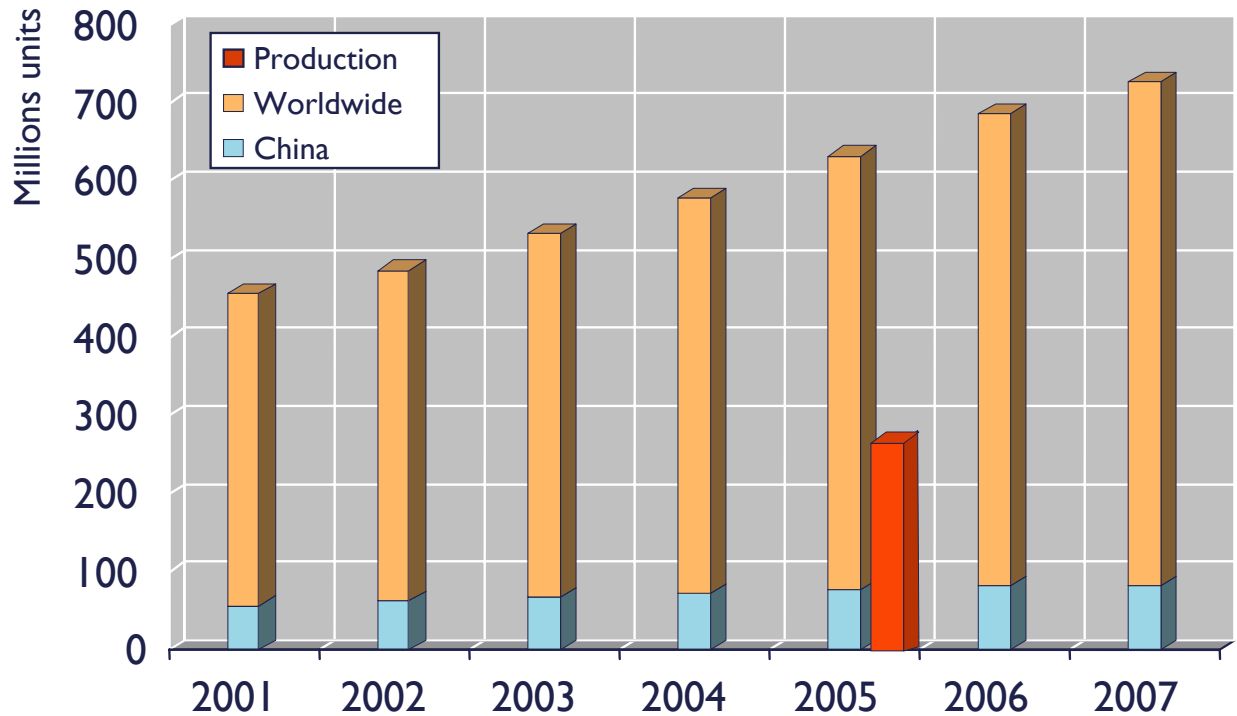
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End-user cellular handset consumption worldwide and in China

By 2005, almost 50% of worldwide cellular handset production will be in HK/China

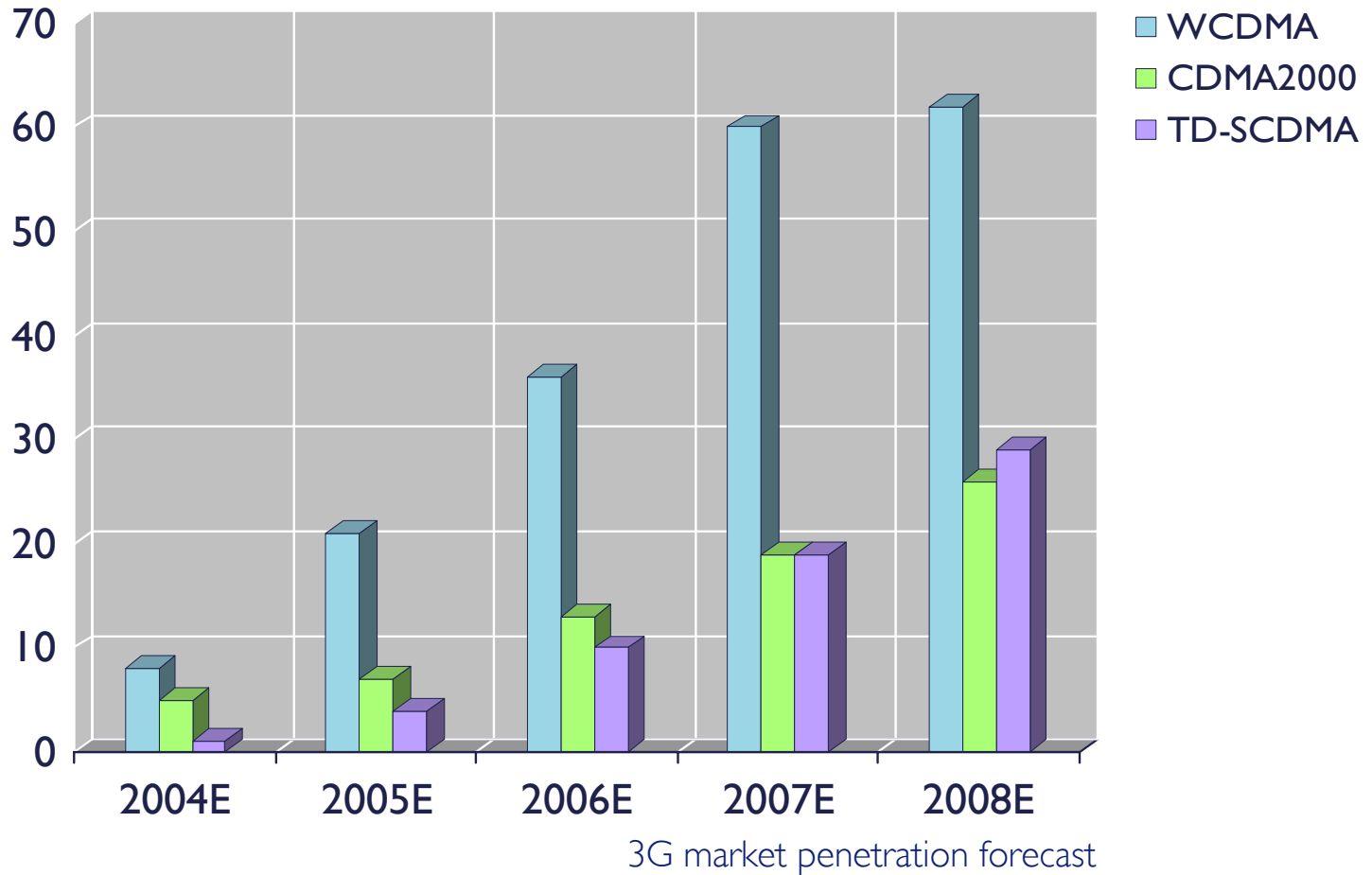


Nexperia Cellular System Solution support

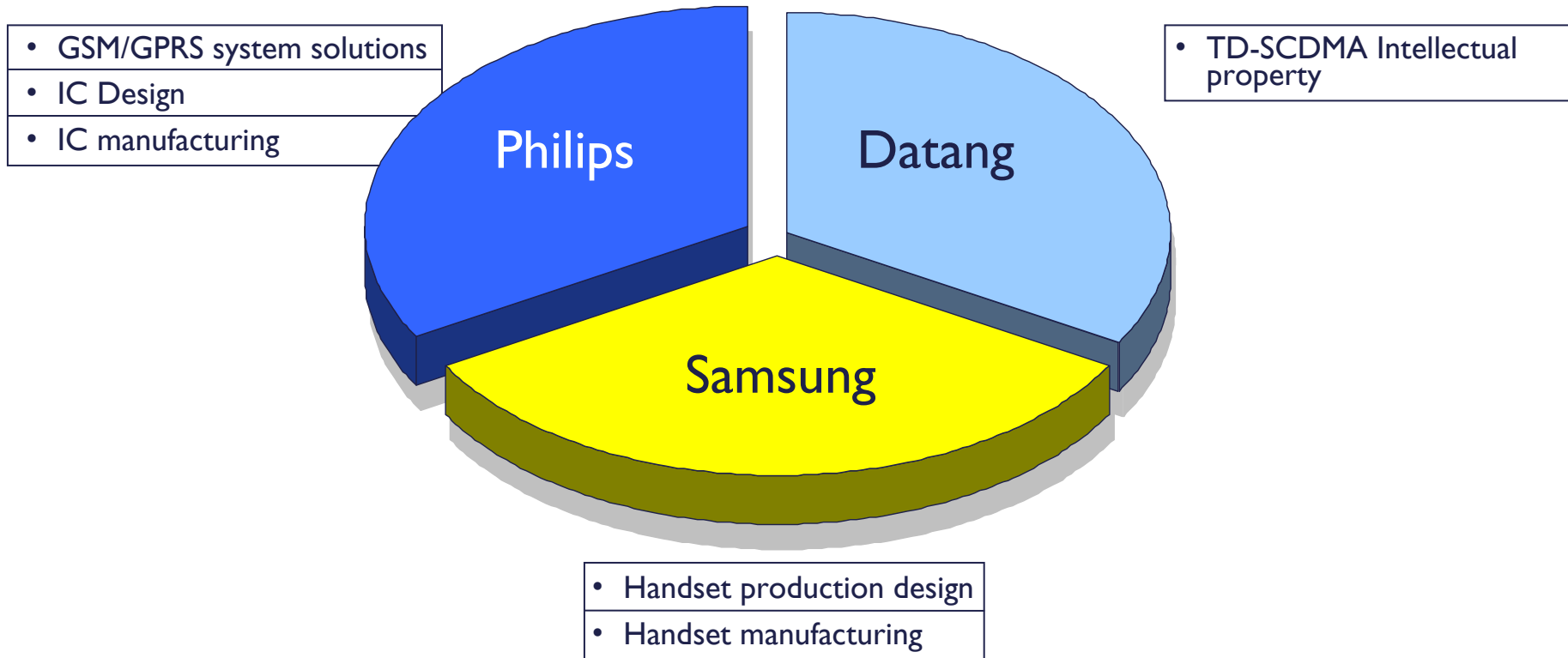
6 locations with over 250 engineers

- Shenzhen, Shanghai ,Beijing, Taipei
 - Started in 1999 for local GSM customer support and strongly backed up by our expert teams world wide
 - Expertise in BB, RF, MMI, industrialization, validation, field test
- Bangalore
 - SW expertise center involved in MMI, GSM and GPRS stacks
- Le Mans center for GSM system expertise
 - Originating from former PCC
 - Essential GSM patent holder and active player since the beginning of the GSM story
 - Expertise in GSM handset product development and telecom terminals manufacturing

China's own 3G standard TD-SCDMA



Introducing T³G - a new joint venture



T³G is likely to provide the world's first complete TD-SCDMA chipset solution, reference design and the associated software

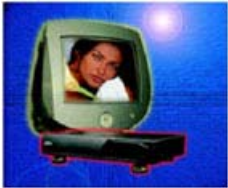

















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Identification

the locks and keys for the Connected Consumer

Services	Keys, Security	Locks, Privacy, Convenience	Access, Gates
   	   	  	    

Recent successes - RFID

- MoU signed with VISA on contactless payment
- Supply Chain Management in Metro Future Store
- MIFARE for public transport used in London Transport and over 40 cities in China
- Keyless entry for automotive key brands
- Vienna Technical Museum for an interactive digital museum visit



ID - Where are we today?

- Automotive
 - number one in passive keyless entry / keyless go and tire pressure monitoring
- Smart cards
 - number one in banking and payment, transport ticketing and contactless and dual-interface ICs
- Tags and labels
 - growing our business by partnering with the retail industry
- Readers
 - number one in contactless reader ICs and contact reader ICs for set-top boxes



ID

The way ahead

- Continue to position with established partners
- Maintain momentum to introduce new products and base technology
- Build on more than 500 million Philips RFID ICs already sold worldwide



Conclusion

- Capable of providing a full systems solution
- Emphasis on multimedia functionality
- Well positioned in China
- RFID continues to be a growth opportunity
- Traction of our Nexperia solutions



Semiconductors

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