

# PHILIPS

## Delivering in Consumer

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# Delivering in consumer

- The last 12 months
- Philips Semiconductors consumer businesses
- Recent developments in Nexperia Home
- Audio
- Summary



## September 12, 2002

### what we said

- Our strategy for consumer business growth will be driven by a focus on:



Digital TV

LCD TV

DVD recorder



Many emerging Connected Consumer applications will be underpinned by Nexperia Home

# Where are we today

- We have delivered Nexperia Home solutions for DTV, LCD TV and DVD recorders to leading customers
- We have strengthened our presence in China
- Our focus market areas are growing even faster
  - DTV is growing as expected
  - LCD TV is taking off fast:
    - 130% increase in units shipped in the last 12 months (source: iSuppli)
  - DVD recorders are the fastest developing consumer product ever:
    - 1.3 Million units shipped in 2002, 4.6 Million in 2003
    - DVD+RW is the leading standard in Audio/Video in Europe
    - DVD+RW is the de-facto standard in the PC industry








# Delivering in consumer

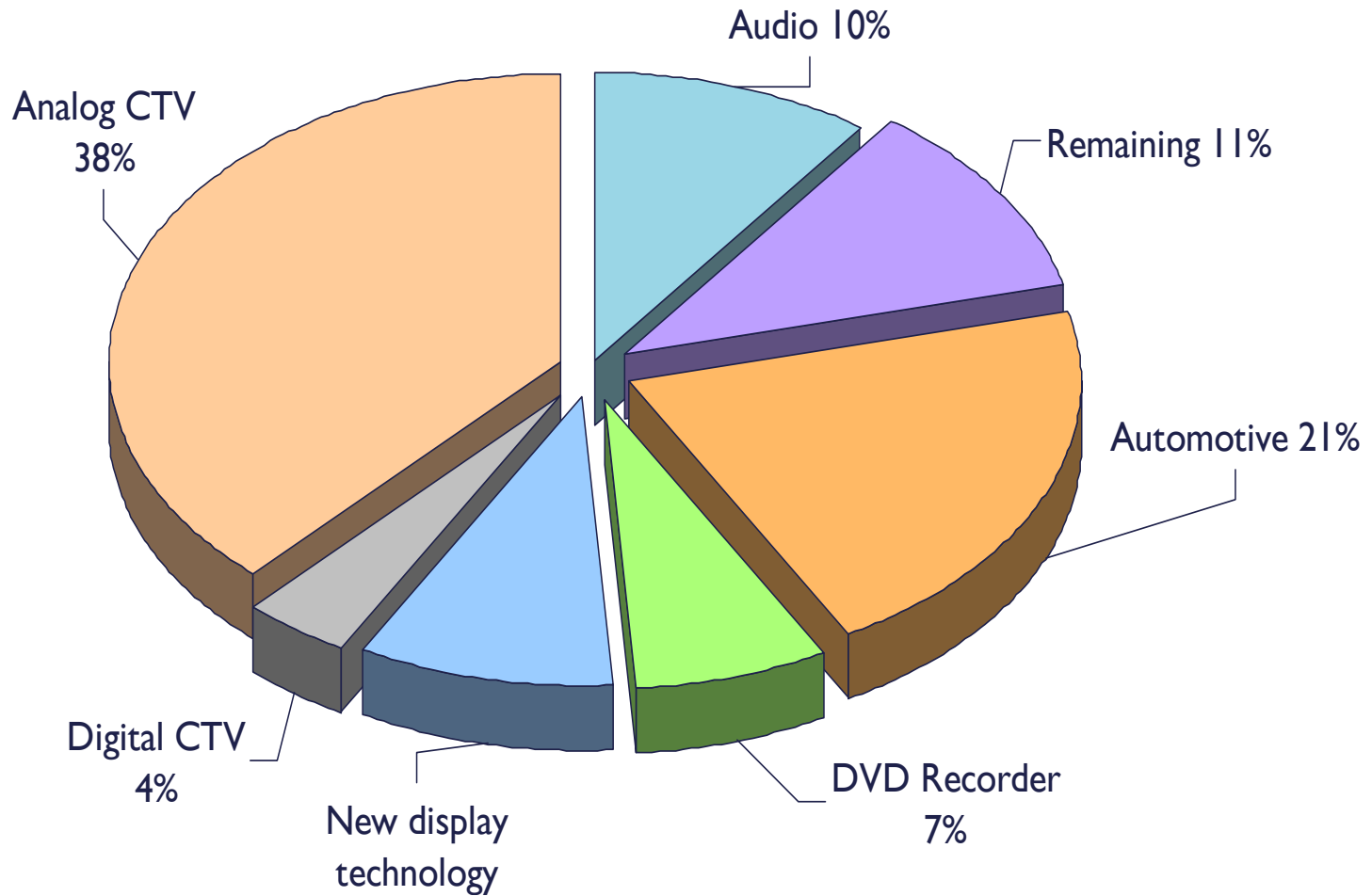
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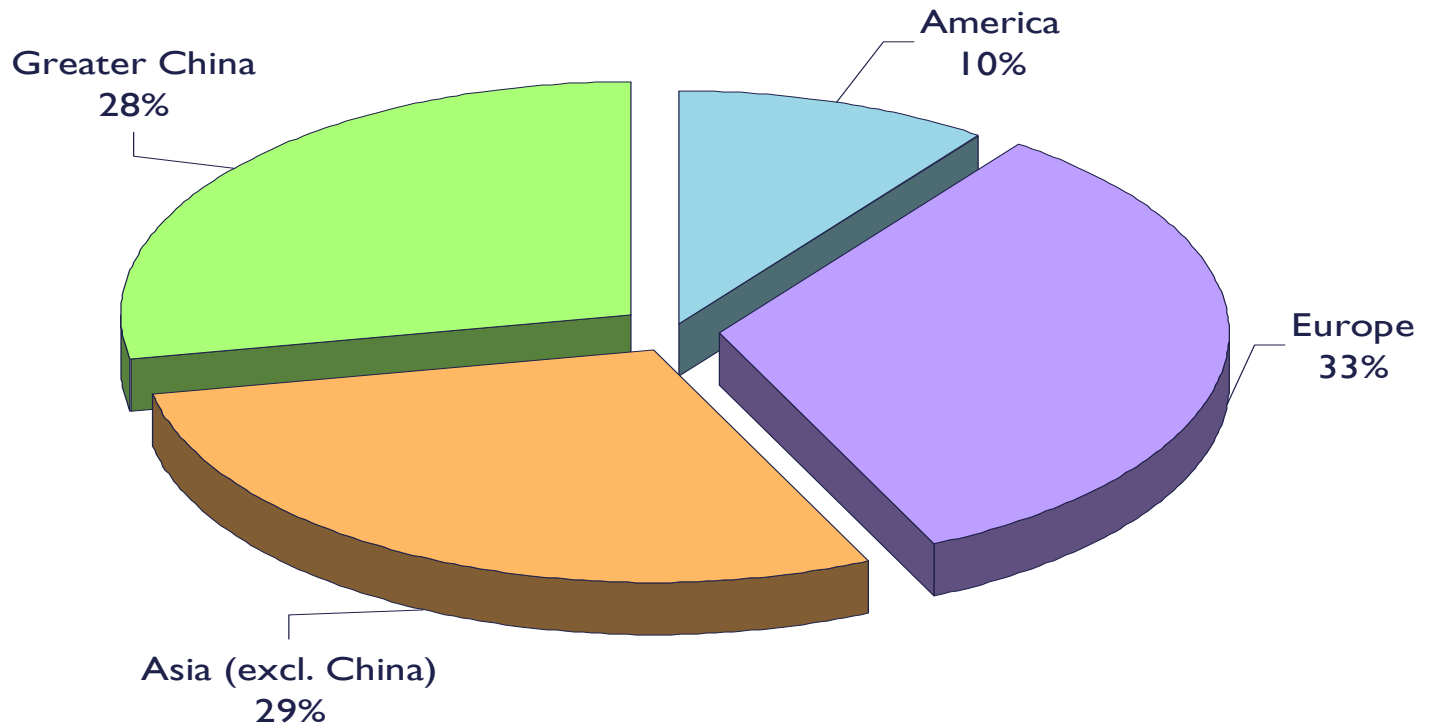
# Consumer Business top positions

	 	TV	#1		
		DVD Recorder	#1		
		Media access (tuners/decoders)	#1		
		Digital audio		#2	
		Car access		#2	
		Car infotainment			#3

# Consumer Business by application



# Consumer Business by region





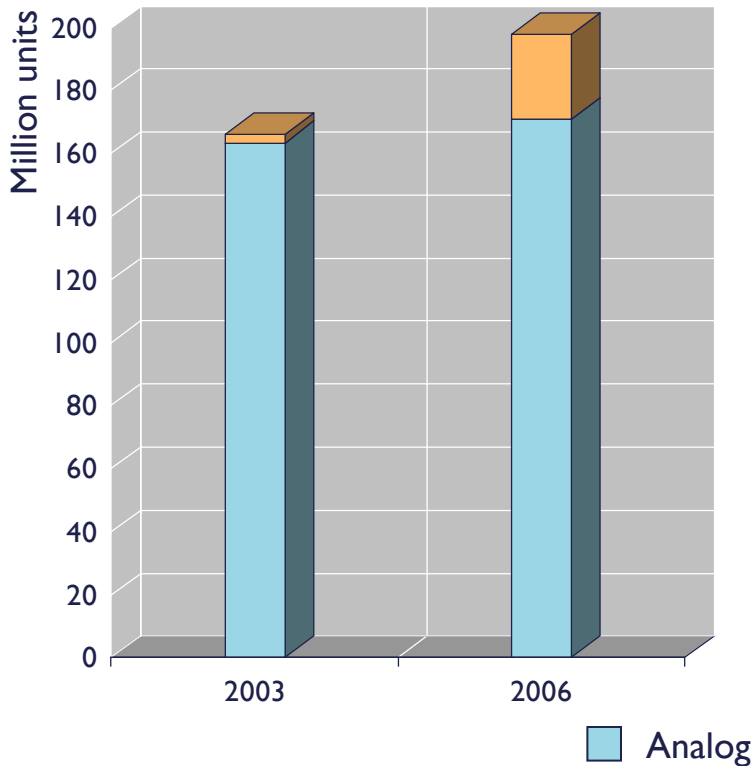


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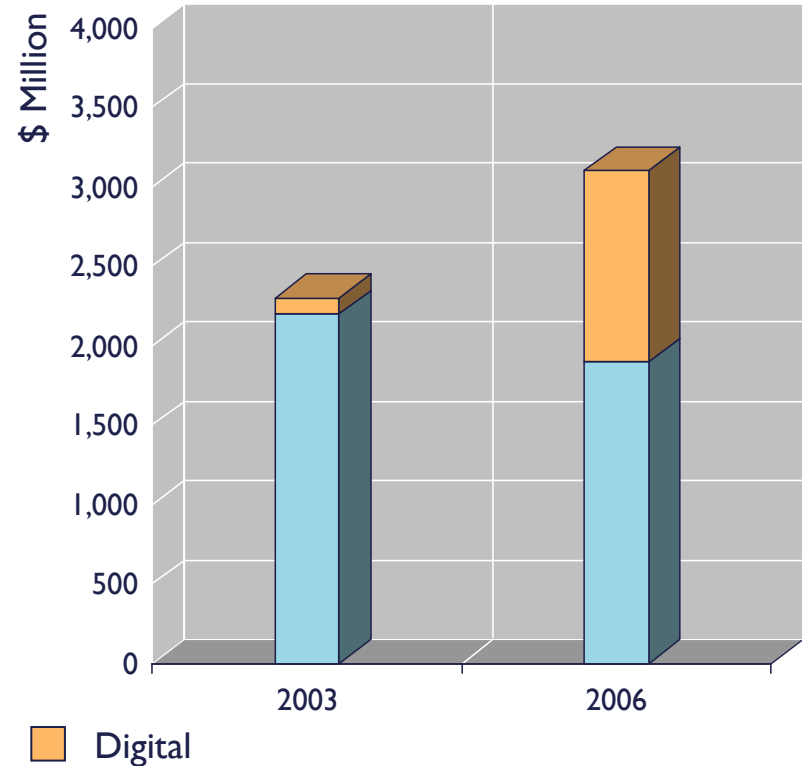
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# DTV market growing continuously

Total TV set market - volumes



Total semiconductor value



# What is new in DTV



- Strong market drivers in DTV:
  - Features: Connectivity & Multimedia
  - Display Performance
  - Digital transmission: DVB-T, ATSC, ISDB

# Governmental push for DTV



Governmental support for digital transmission

- **US:** FCC mandate applicable from mid 2004 / ATSC
- **Europe/UK:** DTV through MHP/MHEG
- **Japan:** launch of ISDB terrestrial by end 2003

# Successes with Nexperia Home in DTV

Philips, Sony and Sharp have recently launched new TVs based on Nexperia Home

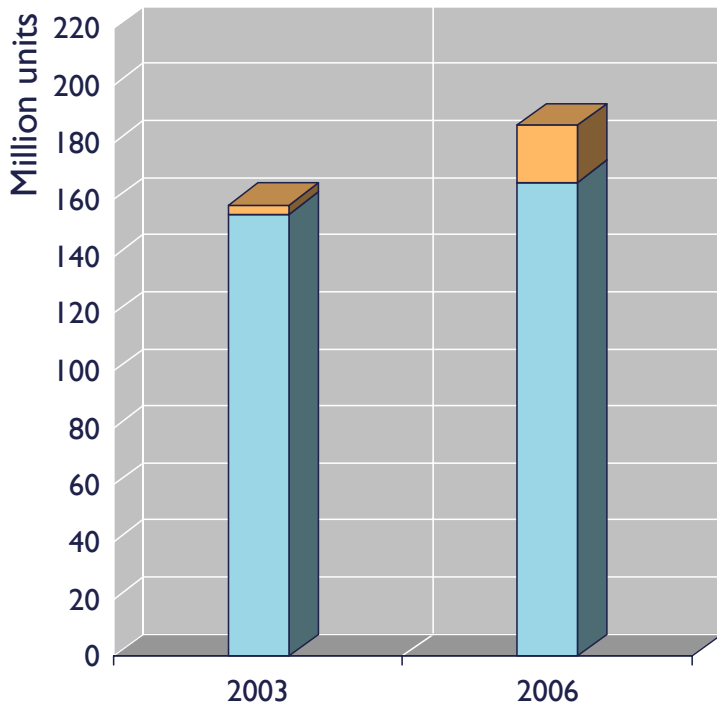


Realizing major benefits

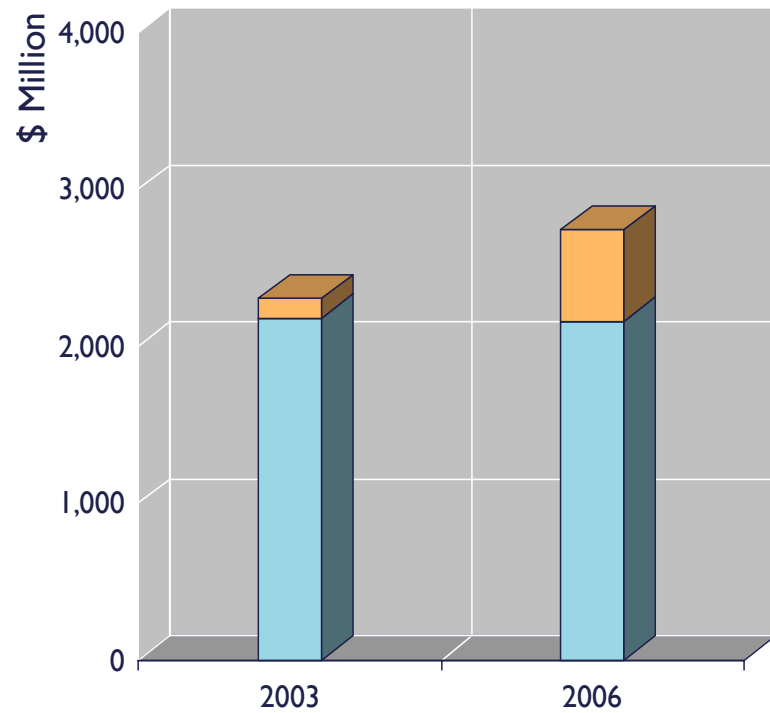
- Nexperia Home enables digital receivers at the same consumer price point as the analog equivalent
- Flexible transition from analog to digital TV
  - Low-cost converter boxes
  - IBO (Intelligent-Bolt-On) solutions for Analog TV
  - Fully Integrated digital TV

# LCD TV market growing rapidly

Total TV set market - volume



Total semiconductor value



■ CRT tubes 
 ■ LCD panels

# What is new in LCD TV

Consumers have recognized LCD TV as a 'must have'

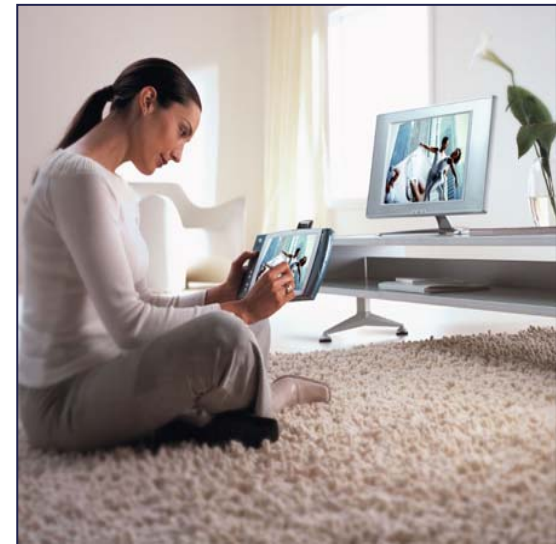


The LCD TV market is growing faster than expected:

- Average selling price will fall from \$ 1,750 in 2002 to \$ 950 in 2004
- Sweet spot moves from 15" to 20" with clear trend towards 30"

# Successes with Nexperia Home in LCD TV

- LCD TV makers like Philips and Sharp have selected Nexperia Home
  - We are building on our global #1 position in One-Chip TV
- We offer full LCD TV system functionality
  - Tuner to display drivers
  - Analog and digital
  - Best in class picture improvement
  - Connectivity
- We offer complete reference designs from low-end to high-end LCD TV

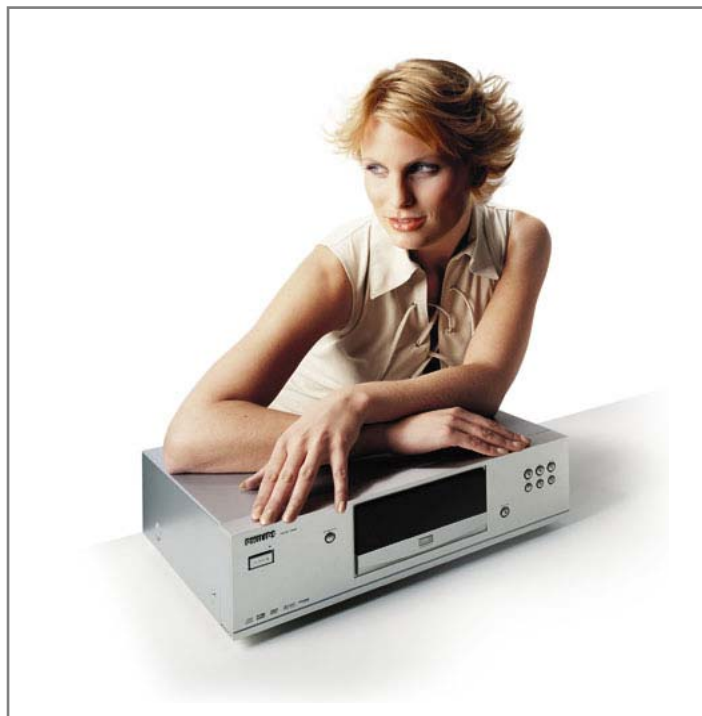




# The DVD recorder domain

We offer Nexperia Home solutions for

DVD video recorder



Market is driven by costs

DVD data recorder

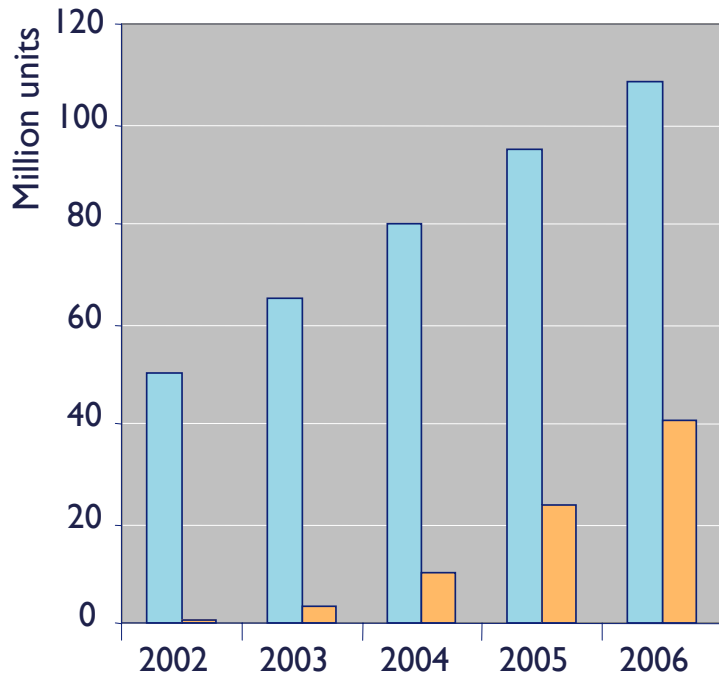


Market is driven by speed

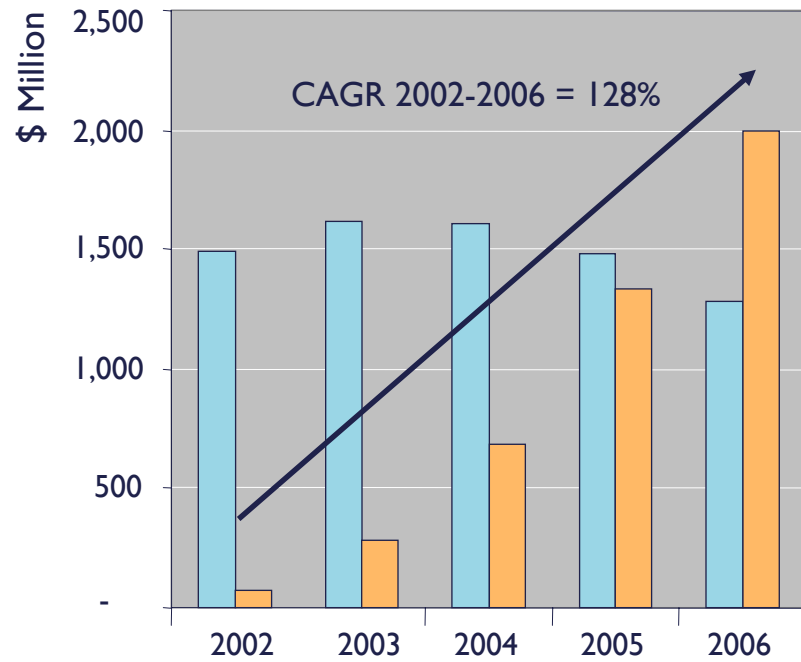
# DVD video recorder market growing rapidly

The sharp increase in worldwide DVD video player and recorder shipments by segment and product, 2001-2006

Total DVD video market - volume



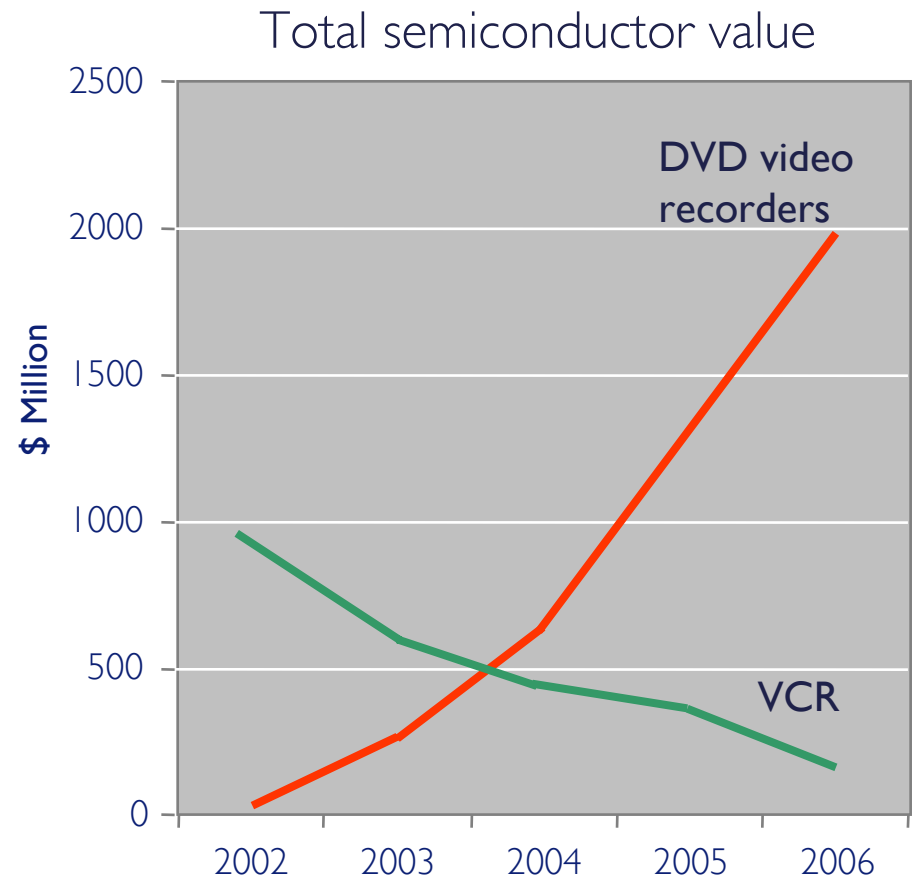
Total semiconductor value



■ DVD video players
 ■ DVD video recorders

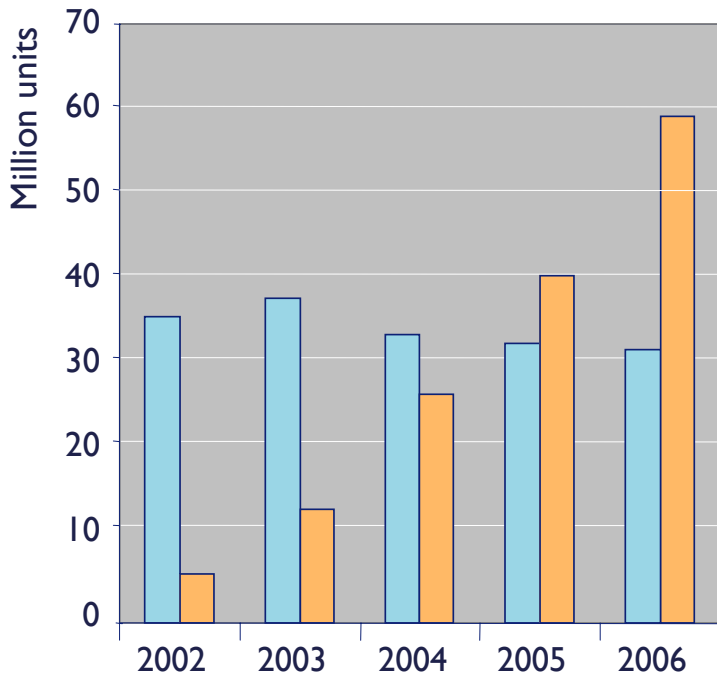
# What is new in DVD video recorders

- Low cost, basic features  
DVD video recorders are starting to replace the VCR
- Feature rich DVD video recorders are evolving into home entertainment centers through:
  - Connectivity and hard disc
  - Home theater in a box functionality

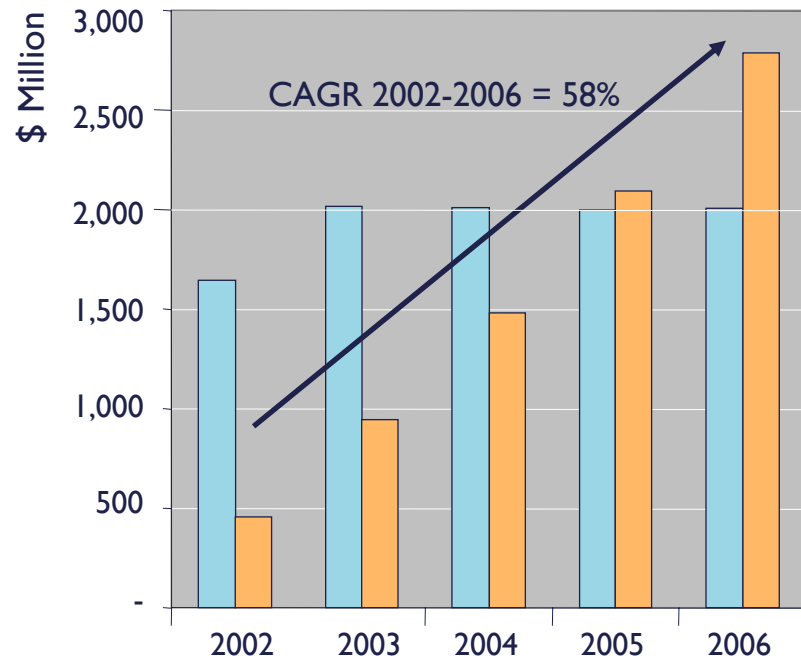


# DVD data recorder market grows rapidly

Total DVD data market - volume



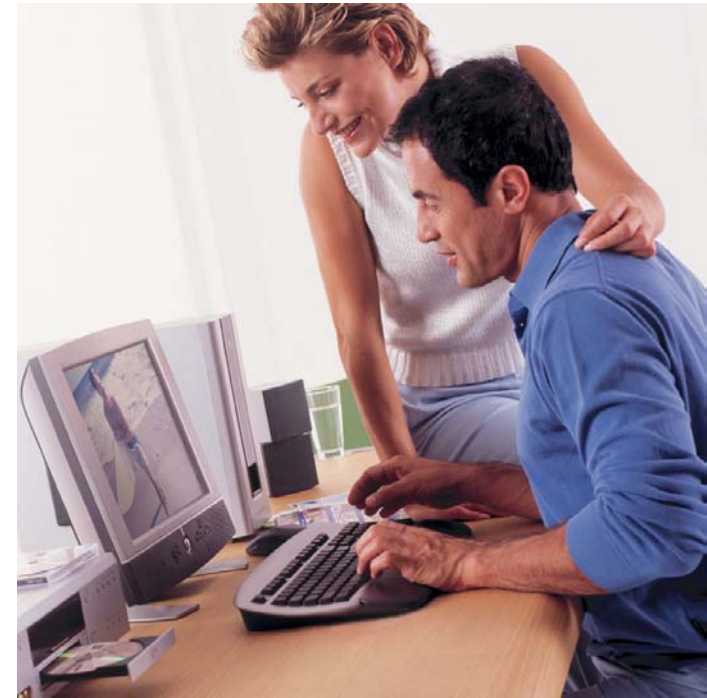
Total semiconductor value



■ DVD data players    
 ■ DVD data recorders

# What is new in DVD data recorders

- DVD+RW has become the de-facto standard
  - Endorsed by HP, Dell and Microsoft
- DVD+RW data market is moving fast into mainstream PC
- Global market will double from 2003 to 2004



# Successes with Nexperia Home Home in DVD recorders

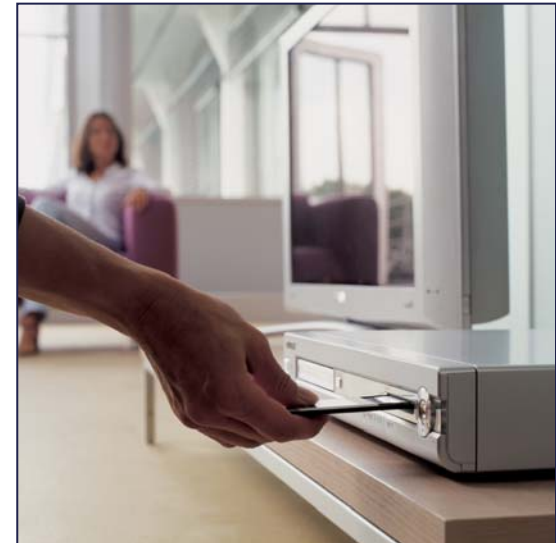
- 28% of all DVD video recorders sold in 2003 will be based on Nexperia Home
  - 7 out of 10 DVD+RW video recorders based on Nexperia Home
- We will have 30% share of the DVD data recorder market by Q4 2003
- PC leaders like HP acquire drives from our customers
- We are leading the speed race:

4X	8X	12X	16X
2003Q2	2003Q3	2004Q1	2004Q2



# Nexperia Home and Connectivity

- We offer flash memory connectivity like Memory Stick on Nexperia Home
- Nexperia Home enables flexible feature integration:
  - Access to broadband content
  - Content editing
- Nexperia Home can bridge the PC-CE gap
  - Software media processing addresses all evolving standards





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# Audio

## Enhancing the consumer experience

- 1 out of 3 cars worldwide includes Philips car radio chipsets
- 1 out of 4 MP3 players has a Nexperia solution that entertains you on the go
- 1 out of 4 Home Theater in a Box uses our Class-D amplifiers to rock you at home
- 1 out of 3 TV's in the world uses our audio amplifiers





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## Nexperia Home:

- Delivers Connected Consumer applications at the right consumer price point
- Enables flexible and cost effective solutions for
  - The transition from analog to digital TV for all display formats
  - DVD recorders from low-cost VCR replacement to home entertainment hubs
  - Integration of a broad range of features from picture processing, connectivity, content editing to browsing
- Is selected by leading customers

