

# PHILIPS

## Market

Royal Philips (NYSE: PHG, AEX: PHL) is one of the world's biggest electronics companies and the largest in Europe, with sales of 30.4 billion euros in 2005. With activities in the two interlocking domains of healthcare and lifestyle and 159,200 employees at the end of 2005, it has leadership positions in markets such as medical diagnosis imaging and patient monitoring, colour television sets, electric shavers, lighting, and silicon system solutions. News on Philips can be found at [www.philips.com/newscenter](http://www.philips.com/newscenter).

Philips began its activity in Romania around the year 1925. Two years later, Philips opened its first radio equipment factory in Bucharest. After a period that interrupted the firm's local activity, Philips returned on the Romanian market in 1992. Today, Philips' various divisions, namely Medical Systems, Lighting, Consumer Electronics, Domestic Appliances & Personal Care are directly represented in Romania.

Romania is one of the most important players in the South East Europe region in terms of brand awareness. For Philips Romania, the market is very promising, as indicated by the growth of almost 20% seen in 2005. According to GFK study, Philips Domestic Appliance and Personal Care Division is a market leader with an impressive market share of 33%, part of which the success of Philishave electric shaver with a 78% market share must be mentioned. The product line of Philips Medical Systems Division with the biggest success on the Romanian market is the "General X-ray", the "Bucky Diagnost Floor" radiography system being the most favourite equipment among the private clinics in Romania in 2005. On the consumer electronics field, Philips division continues to hold an important share on the Home Cinema market and in the same time to



consolidate its leading position on the DVDs market. On the lighting market, the Philips division is a leader with a 30% market share.

## Achievements

At international level, Philips ranked 48<sup>th</sup> in 2006 in the Global Brands Annual Report of Business Week/Interbrand, going up five places in comparison with 2005 (53<sup>rd</sup> in 2005).

Philips had the largest increase in the electronics sector, gaining 14% to an estimated brand value of US\$ 6.7 billion.

Based on the Trusted Brands study performed by Reader's Digest in 2006, in collaboration with the research company Direct Marketing, Philips was awarded The Most Trusted Brand in Romania in the Domestic Appliance Field.

According to the High Impact Brands study carried out by Synovate, Philips remains the brand that enjoys the greatest recognition in its category. Philips ranked fifth in terms of brands with the highest impact, first in the consumer electronics and domestic appliances segment, and fourth in the most famous brands category.

The company currently holds more than 100,000 patent rights, 22,000 registered trademarks, 22,000 registered designs and 2,000 registered domain names.

## History

In 1891, Philips lit up the world. More than a century of continuous technical innovation began when the brothers Gerard and Anton Philips founded Philips & Co., in Eindhoven, what was to become one of the world's biggest electronics companies. Philips began by making carbon-filament lamps and, by the turn of the century, was one of the largest producers in Europe.

During the mid 1920s, Philips became involved in the first experiments in television and also began producing radios. By 1932, it had sold one million of them and started production of medical X-ray equipment in the US. By 1939, the company launched the first Philips electric shaver, though the first innovation for this product came in the



1940s, with the rotating heads that led to the development of the Philishave electric shaver. In 1963, it introduced the Compact Audio Cassette and in 1965, produced its first integrated circuits. The flow of exciting new products and ideas continued throughout the 1970s and 1980s, when Philips developed PL and SL energy-saving lamps, LaserVision optical discs and the optical telecommunication systems and, moreover, launched the Compact Disc. In 1997, in cooperation with several other companies, Philips released what proved to be the fastest growing home electronics product in history: the DVD. This innovation followed on the success of its Compact Disc technology that had been invented by Philips and jointly introduced with Sony.

Moving into the twenty first century, Philips has continued to change and grow. In 2004, a massive advertising campaign unveiled its new brand promise of "Sense and Simplicity", the company confirming its dedication to offering consumers around the world products that are advanced, easy to use and, above all, genuinely meet their needs.

## Product

In a world where every aspect of our daily life makes a difference, Philips redefined its own business strategy around two categories: healthcare and lifestyle.

Philips' advanced technologies within its Philips Medical Systems (PMS) cover everything that healthcare entails. On the Romanian market, PMS is currently promoting high technology products, such as direct digital radiography systems, 64-channel computed tomography systems and Healthcare IT projects. Designed to boost clinical performance, the Brilliance 64-channel CT provides large volume, thin-slice coverage to improve diagnostic confidence, image quality and productivity.

Philips Consumer Electronics is a global leader in Connected Displays, Home Entertainment, Networks and Mobile Infotainment. As part of its home entertainment product range, Philips launched: the Ambilight FlatTV display with Ambilight Full Surround, which features a

dramatic colour and light effects on all sides of the screen, the result being a captivating environment that redefines the home entertainment experience; the Philips Streamium Wireless Music Centre, that can store 750 audio CDs and then offer playback on up to five separate stations around the house - including in the garden - without unsightly wires or messy cables; Pixel Plus 3 HD technology, which offers a crystal clear image with precise detail; Clear LCD technology, awarded Best Product of 2005/2006, offering a great quality reproduction of moving images; and the HDD6320 Jukebox, which received the Product Design Award in 2006.

Philips is number one on the global lighting market, a position supported by leadership in innovation combined with a systematic approach to seeking out new market opportunities. From its product range, it can be mentioned:

Master Color CDM-T, which creates an impression of stable colour, with low heat emissions for increased comfort; Master Line ES, whose increased capacity maintains luminosity with low energy consumption; Automatic Energy Saver, which makes use of photocells to automatically switch the lamp on in the evening and off at dawn; and the Xitanium LED Drivers that last up to 50,000 hours.

The Philips Domestic Appliances and Personal Care division creates household and personal care devices that imaginatively combine innovative technology with a thorough understanding of what people want. Its goal is to help fulfil three fundamental desires to feel good, look good and to live in comfort, thanks to easy-to-use products that add another dimension to life. Among such products, it worths mentioning the Philips Smart Touch XL shaver; a next generation vacuum cleaner without dust bags and with an infrared remote, the Ionic Deep Steam iron, and the new Satinelle Ice epilator:



## Recent Developments

Philips has clearly redefined the areas in which it can achieve a competitive edge, currently focusing on Healthcare and Lifestyle. Among the most recently launched products are: Ambient Experience, designed to help patients relax before and after clinical tests; the Cineos Flat TV with Ambilight system, that projects a background colour to fill one's room; the Philips Smart Touch XL, which marks a fundamental new step in the field of electric shaving, thanks to its unique system with flexible suspension to follow the shape of the face; next generation vacuum cleaners without dust bags and with infrared remote control, employing a



revolutionary cleaning system with automated filtration; the Ionic Deep Steam iron, which uses ion technology and the Steam Glide soleplate - an extremely wear and scratch-resistant soleplate. To the list of recent launched products, one can also add the new Satinelle Ice epilator, the most delicate ice epilator ever, which makes use of Philips' Ceramics Systems; and the Philips Aluminium Collection, five top-of-the-line kitchen appliances that combine the beauty of anodized aluminium, the efficiency of advanced, easy-to-use technology and the satisfaction of perfect results.

As a leader in the Consumer Electronics Industry, Philips is a co-founder of the Blu-ray Disc Association and involved, as leading company, in the technology and development of the Blu-ray Disc standard.

Blu-ray Disc represents a dramatic step forward in consumer experience in the migration from DVD to advanced entertainment technologies. Philips offers consumers a full assortment of Blu-ray Disc products with the introduction of its all-in-one PC Writer (TripleWriter™), consumer Blu-ray Disc Video Player and new Blu-ray media (BD-R and B-RE, single layer 25 GB1 and dual layer 50 GB).

## Promotion

Philips took great pleasure in being FIFA's official partner in 2006, its collaboration with FIFA dating back to 1986. As official sponsor, Philips played an important role in the development of the competition, through a wide range of activities in all twelve cities which were part of the championship, such as the installation of huge Philips LED Screens, 10,000 FlatTVs in all media centres and the easy-to-use HeartStart

defibrillator for all 32 teams in the competition, as well as for the specialised personnel in each stadium. Philips moreover equipped eight of the twelve stadiums with advanced Arena Vision illumination systems. Access to the stadiums was realised through electronic security systems based on Philips RFID chips in each entry ticket.

As the official sponsor of the 2006 FIFA World Cup, Philips Romania launched a promotion to help football fans prepare for the competition - "Join the Philips Team! Get your personalised T-shirt!" 5,000 personalized T-shirts were given out free to football fans, and the first 200 fans received a universal remote control in the shape of a stadium, incorporating a handy bottle opener.

## Brand Values

The digital revolution is supposed to have made people's lives easier, though many studies have shown that it is not actually the case. Following numerous studies, Philips recognised a unique opportunity to respond to people's need for simplicity, while strengthening the brand in the minds of consumers and customers everywhere.

This is why Philips believes technology should be as simple as the box it comes in. Simplicity can be the goal of technology; it certainly is the goal at Philips. "Sense and simplicity" is Philips' promise to consumers. By making good on this promise, Philips reaffirms the company's dedication to offering consumers around the world products that are advanced, easy-to-use and, above all, designed to meet their needs.



## THINGS YOU DIDN'T KNOW ABOUT

### PHILIPS

- › Philips invented the Compact Cassette, as well as numerous laser-based optical disc systems, such as CD-Audio, CD-ROM, CD-R/RW, SACD and various DVD-formats
- › Philips lights 65% of all major airports, 35% of all cars on the road, 30% of offices, world-famous landmarks such as the Eiffel Tower, the Pyramids of Giza, the Golden Gate Bridge, Sydney Opera House, Big Ben and Shanghai's Hongqiao Square
- › Philips sells more than five consumer electronic products to customers worldwide every single second