

Report on the performance of the Philips Group

Key performance data for the period ending June 30

in millions of euros (EUR) unless otherwise stated
the data included in this report are unaudited

2nd Quarterly report
July 18, 2000

	2 nd quarter		January to June	
	2000	1999	2000	1999
Sales	9,155	7,298	17,484	14,135
% nominal growth	25	(2)	24	(3)
% comparable growth	15	1	13	2
Ebitda	1,225	780	2,372	1,695
Income from operations	724	319	1,387	868
as a % of sales	7.9	4.4	7.9	6.1
Income from continuing operations	3,604	274	4,744	743
per common share (in EUR) ¹⁾	2.71	0.20	3.57	0.52
Cash flows before financing activities	2,176	(1,380)	2,711	(1,096)
Income from operations				
as a % of net oper. cap. (RONA)			25.3	18.3
Income from continuing operations				
as a % of stockh. equity (ROE)			62.1	12.6
Net debt : group equity ratio			²⁾	²⁾
Number of employees			232,433	227,618

¹⁾ Per share data in this report are based on the average number of shares outstanding after the 4-for-1 stock split which was effected on April 14, 2000; prior-year data have been restated accordingly.

²⁾ Not meaningful: net cash exceeded the debt level.

The second quarter

- **Income from continuing operations EUR 3,604 million (EUR 2.71 per share), including EUR 2,905 million (EUR 2.19 per share) gain from one-off events**
- **Nominal sales growth: 25% / Comparable sales growth: 15%**
- **Income from operations a record EUR 724 million, 7.9% of sales**
- **RONA at 25.3%**
- **Very strong Semiconductors performance, and much improved results at Components**
- **Good performance across all sectors except Origin**

The second quarter (continued)

Income from continuing operations in the second quarter amounted to EUR 3,604 million (EUR 2.71 per share) compared to EUR 274 million (EUR 0.20 per share) in the corresponding period of 1999. Included in income is a gain of EUR 2,595 million related to the sale of approximately 70% of Philips' shares in ASM Lithography (ASML); a gain of EUR 189 million related to Philips' share of the increased equity value of Taiwan Semiconductor Manufacturing Corporation (TSMC), resulting from the paid-in capital surplus following the issuance of new TSMC shares; and a gain of EUR 121 million resulting from the swap of Philips' equity interest in Beltone Electronics Inc. into shares of GN Great Nordic A/S. Excluding these items, the improvement in income was largely the result of better operating performance in most product sectors, good cost controls, and higher results at unconsolidated companies. Currency developments were also favorable.

Sales in the second quarter came to EUR 9,155 million, a 25% nominal increase over the same quarter last year. Adjusted for exchange rate fluctuations (9%), and consolidation changes (1%), comparable sales growth came to 15%, compared to 1% a year earlier. Consumer Electronics, Components, and Semiconductors contributed in particular to the acceleration in sales growth. Origin experienced lower sales. Geographically, sales were extremely strong in Europe and Asia Pacific. Price erosion in the second quarter was 5% versus 8% in the corresponding quarter last year. Volume growth more than doubled from 9% a year ago to 20% in the second quarter of this year.

Income from operations reached a record high level of EUR 724 million compared with EUR 319 million last year. As in the first quarter, income included a reduction in pension costs of approximately EUR 120 million. Income in Miscellaneous was adversely affected by charges of approximately EUR 80 million as a result of the sale of Philips Projects, and restructuring charges at the Research Center.

Financial income and expenses in the second quarter came to a negative of EUR 43 million compared to a positive EUR 17 million in the same period of 1999. Lower interest income and last year's gain of EUR 30 million from the sale of marketable securities accounted for most of the difference.

Philips' results relating to unconsolidated companies amounted to EUR 3,073 million, versus EUR 16 million last year, primarily relating to the previously mentioned sale of ASML shares, Philips' share of the increased equity value of TSMC, and the swap of equity interest in Beltone into GN Great Nordic. Disregarding these non-recurring items, results from unconsolidated companies rose to EUR 168 million, compared to EUR 16 million last year, mainly coming from continued strong performance in LG.Philips LCD and TSMC.

Minority interests were marginally up on last year.

Net income amounted to EUR 3,604 million, compared to EUR 271 million a year ago.

The first six months

Income from continuing operations in the first six months amounted to EUR 4,744 million (EUR 3.57 per share) compared to EUR 743 million (EUR 0.52 per share) in the same period of 1999. Excluding the aforementioned incidental gains (EUR 2,905 million) and the gain on the sale of the shares of JDS Uniphase in the first quarter (EUR 526 million), income improved by EUR 570 million as a result of higher income from operations, in part due to improved cost controls and favorable currency developments, and increased results at unconsolidated companies, partly offset by higher financing costs (excluding the JDS Uniphase gain) and higher income taxes.

Sales in the first half amounted to EUR 17,484 million, nominally 24% higher than in 1999. Adjusted for exchange rate fluctuations (9%), and consolidation changes (2%), comparable sales growth came to 13% compared to 2% a year earlier. Consumer Electronics, Components, Semiconductors, and Miscellaneous achieved above average sales growth, whilst Origin saw a decrease in sales.

Price erosion was at 5%, considerably lower than the 8% incurred in the same period in 1999. In spite of an industry-wide shortage of key components, volume growth came to 19%, compared to 10% a year ago.

Income from operations amounted to a record EUR 1,387 million (7.9% of sales) compared to EUR 868 million (6.1% of sales) in 1999. The improvement was largely due to the higher volume of activities, improved cost controls and efficiency, and the positive impact of reduced pension costs of EUR 245 million. Income from operations in the first half of 1999 included the EUR 169 million gain from the sale of Conventional Passive Components. The RONA ratio amounted to 25.3% compared to 18.3% in the year-earlier period. Positive income developments were seen in almost all product sectors.

Financial income and expenses came to a positive balance of EUR 437 million, including the EUR 526 million gain from the sale of a portion of the shares of JDS Uniphase, compared to EUR 38 million in 1999. This positive effect was partly offset by higher net interest expense and other financial expense.

The *tax burden* has been determined at a tentative rate of 20%. The gain on the sale of JDS Uniphase shares is not taxable, which brings the overall tax burden to 14.3%, compared to 20% in the same period of last year.

Philips' results from unconsolidated companies rose to EUR 3,208 million compared to EUR 41 million a year earlier due to the previously mentioned sale of ASML shares, Philips' share of the increased equity value of TSMC, and swap of equity interest in Beltone into GN Great Nordic. Excluding these items, improvement primarily came from the joint venture LG.Philips LCD Co., established mid-1999, and higher results at TSMC. TSMC's merger with Taiwan ACER Semiconductor Manufacturing Corporation (TASMC) and Taiwan Worldwide Semiconductor Manufacturing Corporation (TWSMC) will have a net positive financial effect, which will be accounted for in the third quarter. *Minority interests* were marginally up on last year. Net income came to EUR 4,744 million (EUR 3.57 per share) compared to EUR 740 million (EUR 0.52 per share) last year.

Trend per product sector (six months)

In the *Lighting* sector, the nominal increase in sales was 11%. Comparable growth came to 2%. Strong growth occurred in Asia Pacific and Eastern Europe.

Income from operations increased by EUR 51 million to EUR 367 million. Lamps in particular contributed to the income increase, as did Automotive.

Sales in the Consumer Electronics sector rose nominally by 21% (14% comparable growth). Volume growth was 23%, partly offset by 9% price erosion. All product groups recorded strong sales growth.

Income from operations improved from EUR 63 million to EUR 203 million. The turnaround at Philips Consumer Communications and higher license income were the main drivers of the growth in income. Income of Mainstream CE was affected by higher costs of components. Income in the second quarter, however, was up slightly. Income in Digital Networks continued to reflect the cost of investments in new high-growth digital business opportunities, which should lead to future improved sales and earnings.

The *Domestic Appliances and Personal Care* sector saw sales grow by 17% on a nominal basis (10% comparable growth), mainly led by Male shaving and grooming which clearly outpaced the market. Strongest growth of the division was seen in North America and Asia Pacific.

Income from operations increased by 47% to EUR 100 million, driven by successful product launches and favorable currency influences.

The *Components* sector delivered strong nominal sales growth of 36% (22% comparable growth), primarily attributable to Display Components and Optical Storage. Flat Display Systems and Optical Storage increased their market share.

Income from operations came to EUR 227 million compared to EUR 175 million last year. Included in last year's income was a gain of the EUR 169 million on the sale of Conventional Passive Components. Optical Storage continued to drive the strong performance of the sector.

Sales in the Semiconductors sector increased by 60% on a nominal basis, with all businesses contributing, including VLSI. Comparable sales growth was 30%. Price erosion decreased from 9% to 3%. Order intake continues to be very strong.

Income from operations almost doubled to EUR 565 million or 18.5% of segment revenues (16.8% in the first quarter, 19.9% in the second quarter), from EUR 293 million or 14.8% of segment revenues last year.

Sales of the Medical Systems sector nominally grew by 16% (6% comparable growth) with North America and Latin America the main contributors.

Income from operations increased from EUR 36 million to EUR 64 million, largely due to strict cost controls.

Sales at *Origin* were 10% lower than the same period last year, both on a nominal and comparable basis, as the market remained slow across the IT industry, and customers are hesitating in defining their future IT plans, especially in the field of e-business.

Income from operations came to a loss of EUR 3 million compared to last year's profit of EUR 65 million, resulting from the lower sales level, a restructuring charge for the alignment of workforce and facilities costs, and higher goodwill charges.

The *Miscellaneous* sector experienced both nominal and comparable sales growth of 16%, mainly driven by FEI/Micrion, Machinefabrieken, and Electronic Manufacturing Technology (EMT).

Income from operations fell to a loss of EUR 91 million from a loss of EUR 1 million, primarily due to charges in connection with the sale of Philips Projects and restructuring charges at the Research Center.

In the segment *Unallocated*, income was positively impacted by reduced pension costs of approximately EUR 150 million.

Trend per geographic area (six months)

Sales in Europe accelerated in the second quarter, resulting in nominal sales growth of 19% (17% comparable) in the first half. Consumer Electronics, in particular Mainstream CE and Consumer Communications, and Semiconductors accounted for much of the sales growth. The upturn in Eastern Europe continued, with a 60% nominal increase in sales over last year (58% comparable).

Sales in North America increased nominally by 21% (4% comparable), with strong growth in Components and Medical Systems, partly offset by flat sales in Consumer Electronics and Lighting.

Latin America experienced 26% nominal growth in sales (16% comparable), driven by Consumer Electronics and Components, stemming from the economic recovery in Brazil.

In Asia Pacific, sales increased nominally by 37% (17% comparable), with steep acceleration in the second quarter, mainly attributable to Semiconductors, Components, and Lighting.

Income from operations improved in almost all regions. Income in North America was below last year's level, but improved markedly in the second quarter. Europe showed a very strong increase in income, even including last year's gain on the sale of Conventional Passive Components. Consumer Communications, Components, Semiconductors, and license income all contributed to this increase. A strong improvement in income was recorded in Asia Pacific, due to the performance of Semiconductors and Components, and despite a restructuring charge for Consumer Electronics' Singapore operations.

Balance sheet ratios and cash flows

Inventories at the end of June 2000 were 14.7% of sales, significantly lower than the 16.4% a year earlier. The average collection period of outstanding trade receivables was the equivalent of 1.6 months of sales, unchanged from one year ago.

Cash flow from operating activities in the first half was EUR 713 million, compared with EUR 166 million last year, mainly as a result of much higher operating performance, partly offset by an increase in working capital.

Cash provided by investing activities was EUR 1,998 million, primarily resulting from the sale of the ASML shares. Last year, cash used for investing activities was EUR 1,262 million, mainly the result of acquisitions. The resulting cash flow surplus of EUR 2,711 million compared with a deficit of EUR 1,096 million in the same period of last year.

Employees

The number of employees at the end of June 2000 was 232,433, an increase of 4,140 over the comparable position on January 1, 2000.

Subsequent Events

On May 29, 2000, the Extraordinary General Meeting of Shareholders adopted Philips' Share Reduction Program, which will become effective August 1, 2000, and will reduce the number of outstanding shares by approximately 40 million or 3%. As part of the Program, shareholders will receive an amount of EUR 1.7 billion in cash.

Philips Medical Systems announced in the second quarter the acquisition of 60% of the common stock of MedQuist Inc., the leading US provider of outsourced medical record transcription services, for approximately USD 1.2 billion. The transaction was completed in July.

Outlook

The year 2000 is shaping up to be a record year in every aspect: sales, income from operations and income from continuing operations. We will meet all our financial objectives this year: RONA at 24% or better, double-digit earnings growth, and a positive cash flow.

July 18, 2000

Royal Philips Electronics

Board of Management

Statements of income

in millions of euros (EUR) unless otherwise stated

Consolidated statements of income

	2 nd quarter		January to June	
	2000	1999	2000	1999
Sales	9,155	7,298	17,484	14,135
Ebitda	1,225	780	2,372	1,695
Income from operations (Ebit)	724	319	1,387	868
Financial income and expenses	(43)	17	437	38
Income before taxes	681	336	1,824	906
Income taxes	(136)	(67)	(260)	(181)
Income after taxes	545	269	1,564	725
Results relating to				
unconsolidated companies	3,073	16	3,208	41
Minority interests	(14)	(11)	(28)	(23)
Income from continuing operations	3,604	274	4,744	743
Extraordinary items – net	-	(3)	-	(3)
Net income	3,604	271	4,744	740
Basic earnings per common share in EUR (after stock split):				
– income from continuing operations	2.71	0.20	3.57	0.52
– net income	2.71	0.20	3.57	0.52

'Safe Harbor' Statement under the Private Securities Litigation Reform Act of October 1995

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, the levels of marketing and promotional expenditures by Philips and its competitors, raw materials and employee costs, changes in future exchange and interest rates, changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technical changes. Market share estimates contained in this report are based on outside sources such as specialized research institutes, industry and dealer panels, etc. in combination with management estimates.

Balance sheets and additional ratios

in millions of euros (EUR) unless otherwise stated

Consolidated balance sheets

	2000	1999	1999
	<u>June 30,</u>	<u>Dec. 31,</u>	<u>June 30,</u>
Cash and cash equivalents	4,173	2,331	3,648
Securities	1,499	1,523	-
Receivables	6,935	6,453	5,997
Inventories	5,126	4,566	4,950
Unconsolidated companies	2,715	2,091	1,035
Other non-current financial assets	503	340	1,733
Non-current receivables	2,195	2,038	1,500
Property, plant and equipment	8,216	7,332	7,203
Intangible assets	2,737	2,822	1,398
Total assets	34,099	29,496	27,464
Accounts payable and other liabilities	8,372	7,974	6,885
Debt	3,429	3,314	3,486
Provisions	3,268	3,118	3,123
Minority interests	385	333	268
Stockholders' equity	18,645	14,757	13,702
Total liabilities and stockholders' equity	34,099	29,496	27,464
Ratios			
Stockholders' equity:			
Per common share in EUR (after stock split)	14.09	11.08	10.27
Inventories as a % of sales	14.7	14.5	16.4
Outstanding trade receivables, in months' sales	1.6	1.4	1.6
Number of common shares outstanding			
(after stock split)			
Shares in thousands	1,323,515	1,331,601	1,333,857

Statements of cash flows

in millions of euros (EUR) unless otherwise stated

Consolidated statements of cash flows*

	2 nd quarter		January to June	
	2000	1999	2000	1999
<i>Cash flows from operating activities:</i>				
Net income	3,604	271	4,744	740
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	523	461	1,025	827
Net gain on sale of investments	(2,728)	(69)	(3,273)	(309)
Income unconsolidated companies	(327)	(16)	(480)	(2)
Minority interests	10	6	24	14
Increase in working capital	(768)	(232)	(1,243)	(682)
Increase (decrease) in provisions	7	(140)	77	(97)
Other items	(13)	(186)	(161)	(325)
Net cash provided by operating activities	308	95	713	166
<i>Cash flows from investing activities:</i>				
Proceeds from the sale of securities	-	-	550	-
Net capital expenditures	(599)	(387)	(1,055)	(623)
Proceeds (purchase) other non-current financial assets	17	(11)	(28)	(17)
Proceeds from sale of business/ (purchase of business)	2,450	(1,077)	2,531	(622)
Net cash provided by (used for) investing activities	1,868	(1,475)	1,998	(1,262)
Cash flows before financing activities	2,176	(1,380)	2,711	(1,096)

* For a number of reasons, principally the effects of translation differences and consolidation changes, certain items in the statements of cash flows do not correspond to the differences between the balance sheet amounts for the respective items.

Product sectors

in millions of euros (EUR) unless otherwise stated

Segment revenues and income from operations

	2 nd quarter				1999			
	2000				1999			
	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues
Lighting	1,217	210	162	13.3	1,093	178	138	12.6
Consumer Electronics*	3,452	203	131	3.8	2,864	87	23	0.8
DAP	466	72	55	11.8	403	59	43	10.7
Components	1,649	221	132	8.0	1,195	82	(26)	(2.2)
Semiconductors	1,625	507	324	19.9	1,037	284	126	12.2
Medical Systems	689	66	44	6.4	606	56	36	5.9
Origin	424	22	(4)	(0.9)	451	63	40	8.9
Miscellaneous	466	(61)	(85)	(18.2)	443	24	2	0.5
Unallocated		(15)	(35)			(53)	(63)	
Total	9,988	1,225	724		8,092	780	319	
Intersegment revenues	(833)				(794)			
Sales	9,155				7,298			
Income from operations as a % of sales				7.9				4.4
* of which:								
Mainstream CE	2,124	62	22	1.0	1,803	48	16	0.9
Consumer								
Communications	502	23	10	2.0	415	(12)	(21)	(5.1)
Digital Networks	172	(28)	(29)	(16.9)	157	(33)	(35)	(22.3)
Specialty Products	618	38	20	3.2	498	31	11	2.2
Licenses	131	108	108	82.4	65	53	52	80.0
Intrasegment revenues	(95)	-	-	.	(74)	-	-	.
Consumer Electronics	3,452	203	131	3.8	2,864	87	23	0.8

Product sectors (continued)

in millions of euros (EUR) unless otherwise stated

	Segment revenues and income from operations							
					January to June			
	2000				1999			
segment revenues	Ebitda	income (loss) from operations	as % of segment revenues	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues	
Lighting	2,454	459	367	15.0	2,215	397	316	14.3
Consumer Electronics*	6,630	346	203	3.1	5,626	180	63	1.1
DAP	853	135	100	11.7	730	99	68	9.3
Components	3,140	403	227	7.2	2,405	367	175	7.3
Semiconductors	3,060	916	565	18.5	1,983	550	293	14.8
Medical Systems	1,263	106	64	5.1	1,092	75	36	3.3
Origin	824	50	(3)	(0.4)	865	106	65	7.5
Miscellaneous	896	(37)	(91)	(10.2)	840	49	(1)	(0.1)
Unallocated		(6)	(45)			(128)	(147)	
Total	19,120	2,372	1,387		15,756	1,695	868	
Intersegment revenues	(1,636)				(1,621)			
Sales	17,484				14,135			
Income from operations as a % of sales				7.9				6.1
* of which:								
Mainstream CE	3,992	84	5	0.1	3,566	91	28	0.8
Consumer								
Communications	1,023	59	34	3.3	808	(41)	(58)	(7.2)
Digital Networks	369	(47)	(50)	(13.6)	326	(45)	(49)	(15.0)
Specialty Products	1,170	59	23	2.0	931	51	19	2.0
Licenses	225	191	191	84.9	140	124	123	87.9
Intrasegment revenues	(149)	-	-	.	(145)	-	-	.
Consumer Electronics	6,630	346	203	3.1	5,626	180	63	1.1

Product sectors and main countries

in millions of euros (EUR) unless otherwise stated

Sales and total assets

	Sales (to third parties)			total assets		
	January to June 2000			2000	1999	1999
	% growth			June 30,	Dec. 31,	June 30,
	amount	nominal	comparable*			
Lighting	2,430	11	2	2,984	2,849	2,814
Consumer Electronics	6,637	21	14	5,146	4,683	4,390
DAP	841	17	10	810	777	782
Components	2,330	36	22	5,648	5,179	3,227
Semiconductors	2,613	60	30	6,663	5,188	4,716
Medical Systems	1,261	16	6	1,916	1,840	1,815
Origin	507	(10)	(10)	667	683	650
Miscellaneous	865	16	16	1,275	1,545	1,383
Unallocated				8,990	6,752	7,687
Total	17,484	24	13	34,099	29,496	27,464

Sales and fixed assets

	Sales (to third parties)			(in) tangible fixed assets		
	January to June 2000			2000	1999	1999
	% growth			June 30,	Dec. 31,	June 30,
	amount	nominal	comparable*			
Netherlands	892	10	11	1,852	1,811	1,733
United States	3,986	22	4	2,941	2,476	2,418
Germany	1,577	25	26	625	632	637
France	1,073	24	20	430	392	403
United Kingdom	987	9	(1)	310	321	308
China (incl. Hong Kong)	1,239	36	20	727	635	619
Other countries	7,730	27	16	4,068	3,887	2,483
Total	17,484	24	13	10,953	10,154	8,601

* Adjusted for the effects of changes in consolidations and exchange rate movements

Information also available on Internet, address: <http://www.philips.com>

Printed in the Netherlands

Philips quarterly statistics

in millions of euros (EUR) unless otherwise stated:

percentage increases always in relation to the corresponding period of previous year

	1999				2000			
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Sales	6,837	7,298	7,744	9,580	8,329	9,155		
% increase	(3)	(2)	6	11	22	25		
Ebitda	915	780	801	1,059	1,147	1,225		
as % of sales	13.4	10.7	10.3	11.1	13.8	13.4		
% increase	23	(8)	29	193	25	57		
Income from operations (Ebit)	549	319	352	531	663	724		
as % of sales	8.0	4.4	4.5	5.5	8.0	7.9		
% increase	47	(32)	52	.	21	127		
Income from continuing operations	469	274	374	687	1,140	3,604		
% increase	46	(28)	154	.	143	1,215		
per common share (in EUR) (after stock split)	0.32	0.20	0.28	0.51	0.86	2.71		
Net income	469	271	372	687	1,140	3,604		
% increase	(34)	(42)	93	(85)	143	1,230		
per common share (in EUR) (after stock split)	0.32	0.20	0.28	0.51	0.86	2.71		
	January- March	January- June	January- September	January- December	January- March	January- June	January- September	January- December
Sales	6,837	14,135	21,879	31,459	8,329	17,484		
% increase	(3)	(3)	0	3	22	24		
Ebitda	915	1,695	2,496	3,555	1,147	2,372		
as % of sales	13.4	12.0	11.4	11.3	13.8	13.6		
% increase	23	7	13	38	25	40		
Income from operations (Ebit)	549	868	1,220	1,751	663	1,387		
as % of sales	8.0	6.1	5.6	5.6	8.0	7.9		
% increase	47	3	14	156	21	60		
as a % of net operating capital (RONA)	24.1	18.3	16.4	17.5	25.1	25.3		
Income from continuing operations	469	743	1,117	1,804	1,140	4,744		
as a % of stockholders' equity (ROE)	17.7	12.6	11.7	12.6	31.2	62.1		
per common share (in EUR) (after stock split)	0.32	0.52	0.80	1.31	0.86	3.57		
Net income	469	740	1,112	1,799	1,140	4,744		
% increase	(34)	(37)	(19)	(70)	143	541		
per common share (in EUR) (after stock split)	0.32	0.52	0.80	1.31	0.86	3.57		
	Period ending 1999				Period ending 2000			
Inventories as % of sales	15.6	16.4	16.6	14.5	14.5	14.7		
Average collection period of trade receivables in months' sales	1.6	1.6	1.6	1.4	1.6	1.6		
Net debt : group equity ratio	*	*	10:90	6:94	4:96	*		
Total employees (in thousands)	229	228	231	227	229	232		

* Not meaningful: net cash exceeded the debt level.

GEOGRAPHIC AREAS

Segment revenues and income from operations

	2 nd quarter							
	2000				1999			
	segment	Ebitda	income	as % of	segment	Ebitda	income	as % of
	revenues		(loss) from	segment	revenues		(loss) from	segment
			operations	revenues			operations	revenues
Netherlands	3,946	382	265	6.7	2,898	173	59	2.0
Europe excl.								
Netherlands	4,876	323	193	4.0	3,745	248	130	3.5
USA and Canada	2,759	175	54	2.0	2,229	132	11	0.5
Latin America	505	36	24	4.8	410	26	12	2.9
Africa	37	1	1	2.7	26	2	1	3.8
Asia	3,618	315	195	5.4	2,583	197	105	4.1
Australia and New								
Zealand	100	(7)	(8)	(8.0)	120	2	1	0.8
Total	15,841	1,225	724		12,011	780	319	
Interregional revenues	(6,686)				(4,713)			
Sales	9,155				7,298			
Income from operations as a % of sales				7.9				4.4

	January to June							
	2000				1999			
	segment	Ebitda	income	as % of	segment	Ebitda	income	as % of
	revenues		(loss) from	segment	revenues		(loss) from	segment
			operations	revenues			operations	revenues
Netherlands	7,499	768	547	7.3	5,738	560	358	6.2
Europe excl.								
Netherlands	9,384	707	441	4.7	7,520	506	268	3.6
USA and Canada	5,144	283	44	0.9	4,068	229	53	1.3
Latin America	888	61	33	3.7	701	10	(17)	(2.4)
Africa	65	2	1	1.5	51	2	1	2.0
Asia	6,749	562	333	4.9	5,004	386	205	4.1
Australia and New								
Zealand	191	(11)	(12)	(6.3)	215	2	-	-
Total	29,920	2,372	1,387		23,297	1,695	868	
Interregional revenues	(12,436)				(9,162)			
Sales	17,484				14,135			
Income from operations as a % of sales				7.9				6.1