

Report on the performance of the Philips Group

Key performance data for the period ending September 30

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

3rd Quarterly report
October 17, 2000

	3 rd quarter		January to September	
	2000	1999	2000	1999
Sales	9,371	7,744	26,855	21,879
% nominal growth	21	6	23	0
% comparable growth	11	6	12	3
Ebitda	1,521	801	3,893	2,496
Income from operations	945	352	2,332	1,220
as a % of sales	10.1	4.5	8.7	5.6
Income from continuing operations	2,066	374	6,810	1,117
per common share (in EUR) ¹⁾	1.58	0.28	5.15	0.80
Cash flows before financing activities	(816)	(1,748)	1,895	(2,844)
Income from operations				
as a % of net oper. capital (RONA)			27.4	16.4
Income from continuing operations				
as a % of stockh. equity (ROE)			56.5	11.7
Net debt : group equity ratio			8:92	10:90
Number of employees			239,370	230,692

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.

The third quarter

- **Income from continuing operations: EUR 2,066 million (EUR 1.58 per share)**
- **Nominal sales growth: 21% / Comparable sales growth: 11%**
- **Income from operations: EUR 945 million, 10.1% of sales**
- **Continued strong performance at Semiconductors, much improved results at Components**
- **Good performance across the sectors**

The third quarter (continued)

Income from continuing operations in the third quarter amounted to EUR 2,066 million (EUR 1.58 per share) compared to EUR 374 million (EUR 0.28 per share) in the corresponding period of 1999. Included in income is a non-recurring book gain of EUR 491 million related to Philips' share of the increased equity value of Taiwan Semiconductor Manufacturing Corporation (TSMC), following its merger with TSMC and WSMC, and a non-taxable gain of EUR 681 million from the sale of a portion of Philips' shares in JDS Uniphase (EUR 43 million in 1999). Furthermore, a number of incidental items were included in income from operations, which on balance came to a positive of EUR 123 million after-tax. Excluding the above items, income from continuing operations came to EUR 771 million (EUR 0.58 per share), compared with EUR 331 million (EUR 0.25 per share) in the third quarter 1999, mainly driven by higher operational performance of most product sectors.

Sales in the third quarter came to EUR 9,371 million, a 21% nominal increase on the year earlier quarter. Adjusted for exchange rate fluctuations (10%), comparable sales growth came to 11%, compared to 6% a year earlier. The strong sales growth in the third quarter was driven by booming sales of Semiconductors, with sales for Components, Consumer Electronics and Domestic Appliances and Personal Care also ending significantly higher. Sales in Lighting and Medical Systems were virtually flat, while Origin's sales were lower. The sales growth in the third quarter was largely attributable to Asia Pacific and Europe, where Germany and Eastern Europe headed the strong increase. Sales in North America, on a comparable basis, were lower. Price erosion in the third quarter was, at 5%, substantially lower than the 8% in the corresponding quarter of 1999, reflecting the supply constraints in the semiconductor and consumer electronics industries. Volume growth came to 16%.

Income from operations in the third quarter was EUR 945 million (10.1% of sales), strongly exceeding the EUR 352 million (4.5% of sales) of the corresponding quarter last year. Income included a EUR 309 million gain related to the sale of the Advanced Ceramics and Modules (AC&M) business, charges relating to various restructurings (EUR 110 million), especially at Components, and a EUR 45 million provision for the jubilee fund (employee rewards for long-term service with the Company). Excluding these incidental items income improvement was EUR 440 million.

Financial income and expenses in the third quarter were EUR 649 million compared to EUR 7 million in the year earlier period. The net result on the sale of JDS Uniphase shares in the quarter explains the variance.

Philips' *results relating to unconsolidated companies* amounted to EUR 668 million in the quarter, versus EUR 99 million last year, primarily resulting from the previously mentioned TSMC gain of EUR 491 million. Disregarding this gain, results from unconsolidated companies still rose to EUR 177 million, from EUR 99 million last year. TSMC's operational results contributed strongly to the improvement, coming to EUR 162 million, which included EUR 20 million amortization of goodwill from the merger

with TSMC, versus EUR 52 million in the year earlier quarter. As a result of the aforementioned merger, as of July 1, 2000, and for the next five years, Philips' quarterly results for TSMC will include a EUR 20 million charge for amortization of goodwill. LG.Philips LCD Co.'s contribution was EUR 61 million from EUR 65 million a year ago.

Minority interests came to a loss of EUR 16 million compared with a loss of EUR 12 million last year, reflecting improved performance at FEI/Micron.

Net income amounted to EUR 2,066 million (EUR 1.58 per share) versus EUR 372 million (EUR 0.28 per share) a year ago.

The first nine months

Income from continuing operations in the first nine months amounted to EUR 6,810 million (EUR 5.15 per share), compared to EUR 1,117 million (EUR 0.80 per share) in the corresponding period of 1999. Included in income was a gain of EUR 2,595 million related to the sale of approximately 70% of Philips' shares in ASM Lithography (ASML), a book gain of EUR 680 million related to Philips' share of the increased equity value of TSMC, following its merger with TSMC and WSMC and its issuance of American Depository Receipts (ADR's), a non taxable gain of EUR 1,207 million from the sale of a portion of the JDS Uniphase shares (EUR 73 million in 1999), and a gain of EUR 121 million resulting from the swap of Philips' equity in Beltone Electronics Inc. into shares of GN Great Nordic A/S. Income from continuing operations in the first nine months of 1999 included a gain from the sale of Conventional Passive Components and restructuring charges, the combined effect of which totaled a positive after-tax amount of EUR 82 million. Excluding these non-recurring items, income from continuing operations came to EUR 2,207 million, which is EUR 1,245 million above the comparable income of last year. The improved income resulted from higher operational performance, especially in Semiconductors and Components, and increased results at unconsolidated companies, TSMC in particular, partly offset by higher financing costs.

Sales in the first nine months were EUR 26,855 million, nominally 23% higher than last year. Adjusted for consolidation changes (1%) and exchange rates (10%), comparable sales growth came to 12%, compared with 3% last year. Components and Semiconductors achieved above average sales growth.

Price erosion was at 5%, considerably lower than the 8% in the year earlier period. Volume growth was 18% versus 11% a year ago. Geographically, sales growth accelerated in Europe, Asia Pacific and Latin America.

Income from operations amounted to EUR 2,332 million (8.7% of sales), almost doubling the EUR 1,220 million (5.6% of sales) recorded last year. The improvement was largely due to the higher volume of activities, improved efficiency and cost controls, and lower price erosion. Income included the previously mentioned EUR 309 million gain related to the sale of the AC&M business, and reduced pension costs of EUR 265 million. Income from operations in the first nine months of 1999 included the EUR 169 million gain from the sale of Conventional Passive Components.

The RONA ratio amounted to 27.4%, compared to 16.4% in the year earlier period. Almost all product sectors recorded positive income developments, led by Semiconductors and Components.

Financial income and expenses were EUR 1,086 million versus EUR 45 million last year. Again, the gain on the sale of JDS Uniphase shares, amounting to EUR 1,207 million, was the main reason for the increase.

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 12.9%, compared to 20% last year.

Philips' *results relating to unconsolidated companies* rose to EUR 3,876 million against EUR 140 million last year. The gain on the sale of ASML shares (EUR 2,595 million), the swap of Philips' equity in Beltone Electronics Inc. into shares of GN Great Nordic A/S (EUR 121 million), and the TSMC related gain (EUR 680 million), explains most of the increase. Excluding these one-off items, operational performance still improved to EUR 480 million against EUR 140 million last year. Improvement came mainly from TSMC and LG.Philips LCD.

Minority interests came to a loss of EUR 44 million compared with a loss of EUR 35 million last year, reflecting improved performance at FEI/Micron and at a number of joint ventures in China.

Net income amounted to EUR 6,810 million (EUR 5.15 per share) versus EUR 1,112 million (EUR 0.80 per share) last year.

Trend per product sector (nine months)

In the *Lighting* sector, the nominal increase in sales was 11%, whilst comparable growth came to 2%. Asia Pacific, Eastern Europe and Brazil recorded the strongest growth. Income from operations was EUR 492 million, compared with EUR 447 million last year, largely attributable to an improved product mix. Strong price erosion was partly offset by positive currency influences.

Sales in the *Consumer Electronics* sector rose 19% in nominal terms, and 11% on a comparable basis. Sales volume increased 20%, countered by 9% price erosion. All product groups recorded strong growth.

Income from operations improved to EUR 298 million from EUR 135 million in the first nine months of the year, mainly due to the turnaround of Consumer Communications and higher license income. Income of Mainstream CE was approximately at the same level. Income in the third quarter, however, was up on last year's corresponding period. In Digital Networks, positive contribution from certain satellite applications was more than offset by investments in high-growth cable and terrestrial applications, especially in North America, and other digital projects.

The *Domestic Appliances and Personal Care* sector posted a nominal sales growth of 17% (9% comparable increase). Male shaving & grooming delivered the strongest growth, clearly exceeding the market. The sales upturn was most predominant in Asia Pacific. Income from operations reached EUR 162 million against EUR 131 million last year.

The *Components* sector achieved strong nominal sales growth of 30%. The comparable increase was 20%, resulting from a 25% rise in volume, offset by 5% price erosion (down from 10%). The sector was particularly driven by vigorous growth in Optical Storage products. North America and Europe posted the highest geographic growth rates.

Income from operations came to EUR 508 million compared with EUR 203 million last year. This year's income includes the EUR 309 million gain from AC&M, and EUR 98 million in restructuring costs, whilst last year included the EUR 169 million gain on the sale of Conventional Passive Components and a EUR 38 million restructuring charge for AMLCD Waalre. The turnaround in Optical Storage and the improved performance of Display Components account for the higher income.

Sales in the *Semiconductors* sector recorded a 61% nominal sales increase. All businesses, including VLSI, contributed. The comparable sales growth was 34%, composed of 37% volume rise, offset by 3% price erosion (down from 9%). The sales increase was most dramatic in Asia Pacific and Europe.

Income from operations more than doubled from EUR 447 million (14.2% of segment revenues) last year to EUR 938 million (19.2% of segment revenues), due to strong sales growth, the strong dollar, and a higher contribution from VLSI.

Sales of the *Medical Systems* sector ended 19% above a year ago (4% comparable growth) with North and Latin America the main contributors. Order intake was up sharply in the third quarter.

Income from operations increased from EUR 69 million last year to EUR 99 million. Strong sales growth in all regions, except Asia Pacific, contributed, as did ATL Ultrasound. With effect from July, MedQuist was consolidated in this sector.

Sales at *Origin* ended 12% lower against the year before, both on a nominal and comparable basis, reflecting the slow market across the IT industry.

Income from operations came to a negative EUR 9 million, compared with last year's positive EUR 82 million, resulting from the lower sales level, restructuring costs, and higher goodwill charges.

The *Miscellaneous* sector increased 18% in nominal and 15% in comparable terms. The main drivers were FEI/Micrion, Machinefabrieken and Electronic Manufacturing Technology (EMT).

Income from operations fell to a loss of EUR 84 million from a loss of EUR 38 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 EUR 157 million.

Trend per geographic area (nine months)

Sales growth in Europe continued strongly through the first nine months, and ended 18% higher on a nominal basis (16% comparable). The larger part of the growth was attributable to Semiconductors, Components and Consumer Electronics. Eastern Europe increased steeply (+62% comparable), related to Consumer Electronics (Mainstream CE and Digital Networks), Semiconductors and Lighting. Germany continued to account for the strongest growth in Western Europe.

Sales in North America were up 19% nominally, and 1% comparably. Strong growth in Components was partly offset by flat sales in Consumer Electronics (Mainstream CE and Consumer Communications) and Lighting.

Sales in Latin America were 24% higher in nominal terms and 13% on a comparable basis. Solid growth was realized in most sectors, particularly in Consumer Electronics, Components, Semiconductors and Medical Systems. DAP and Lighting recorded virtually flat sales. Brazil continued strong sales growth (+27% comparable).

Sales in Asia Pacific increased nominally by 37% (19% comparable). The steep growth of the second quarter continued in the third quarter. All sectors contributed to the solid growth, headed by Semiconductors (43%). On a country basis, sales growth was strongest in Singapore, Japan, China and Korea.

Income from operations improved in all regions. Europe showed a very strong increase in income, driven by Semiconductors. Including the gain on the sale of AC&M, Asia Pacific showed a doubling of income, with quarter-by-quarter improvement this year. North America saw a modest growth in income.

Balance sheet ratios and cash flows

Inventories at the end of September 2000 were 15.8% of sales, lower than the 16.6% a year earlier. The average collection period of outstanding trade receivables was the equivalent of 1.6 months of sales, unchanged from last quarter and one year ago.

Cash provided by operating activities in the first nine months ended at EUR 1,018 million, compared with EUR 466 million last year, mainly as a result of much higher operating performance, partly offset by higher cash requirements in working capital.

Cash provided by investing activities was EUR 877 million, as the sale of securities and activities exceeded capital expenditures and acquisitions. Last year, cash used for investing activities was EUR 3,310 million, mainly the result of acquisitions.

The resulting *cash flow* surplus of EUR 1,895 million compares with a deficit of EUR 2,844 million in the same period of last year.

Employees

The number of employees at the end of September 2000 was 239,370, an increase of 12,452 over the comparable position on January 1, 2000, partly resulting from the acquisition of MedQuist, and increased headcount at Semiconductors and Components.

Subsequent Events

On August 28, Philips announced its intention to merge its IT subsidiary, Origin, with Atos, a leading European e-services provider, creating Atos Origin. The transaction is expected to be completed in the fourth quarter.

Outlook

As stated earlier, the year 2000 will be a record year in respect of: sales, income from operations and income from continuing operations. We will meet our financial objectives this year: RONA at 24% or better, double-digit earnings growth, and a positive cash flow.

October 17, 2000

Royal Philips Electronics

Board of Management

Statements of income

in millions of euros (EUR) unless otherwise stated

Consolidated statements of income

	3 rd quarter		January to September	
	2000	1999	2000	1999
Sales	9,371	7,744	26,855	21,879
Ebitda	1,521	801	3,893	2,496
Income from operations (Ebit)	945	352	2,332	1,220
Financial income and expenses	649	7	1,086	45
Income before taxes	1,594	359	3,418	1,265
Income taxes	(180)	(72)	(440)	(253)
Income after taxes	1,414	287	2,978	1,012
Results relating to				
unconsolidated companies	668	99	3,876	140
Minority interests	(16)	(12)	(44)	(35)
Income from continuing operations	2,066	374	6,810	1,117
Extraordinary items – net	-	(2)	-	(5)
Net income	2,066	372	6,810	1,112
Basic earnings per common share in EUR (after stock split):				
– income from continuing operations	1.58	0.28	5.15	0.80
– net income	1.58	0.28	5.15	0.80

'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
	Sept. 30,	Dec. 31,	Sept. 30,
Cash and cash equivalents	1,795	2,331	1,718
Securities	1,468	1,523	-
Receivables	7,636	6,453	6,432
Inventories	5,759	4,566	5,053
Unconsolidated companies	3,860	2,091	1,470
Other non-current financial assets	511	340	1,770
Non-current receivables	2,407	2,038	1,484
Property, plant and equipment	8,729	7,332	7,099
Intangible assets	4,160	2,822	2,769
Total assets	36,325	29,496	27,795
Accounts payable and other liabilities	9,348	7,974	7,215
Debt	3,508	3,314	3,371
Provisions	3,631	3,118	3,062
Minority interests	471	333	301
Stockholders' equity	19,367	14,757	13,846
Total liabilities and stockholders' equity	36,325	29,496	27,795

Ratios

Stockholders' equity:

Per common share in EUR (after stock split)	15.09	11.08	10.42
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Inventories as a % of sales	15.8	14.5	16.6
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Outstanding trade receivables, in months' sales	1.6	1.4	1.6
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Number of common shares outstanding

(after stock split)

Shares in thousands	1,283,309	1,331,601	1,329,394
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Statements of cash flows

in millions of euros (EUR) unless otherwise stated

Consolidated statements of cash flows*

	3 rd quarter		January to September	
	2000	1999	2000	1999
Cash flows from operating activities:				
Net income	2,066	372	6,810	1,112
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	598	472	1,623	1,299
Net gain on sale of investments	(1,016)	(77)	(4,289)	(386)
Income unconsolidated companies	(691)	(122)	(1,171)	(124)
Minority interests	9	7	33	21
Increase in working capital	(530)	(552)	(1,773)	(1,234)
Increase (decrease) in provisions	87	(20)	164	(117)
Other items	(218)	220	(379)	(105)
Net cash provided by operating activities	305	300	1,018	466
Cash flows from investing activities:				
Proceeds from the sale of securities	722	-	1,272	-
Net capital expenditures	(829)	(449)	(1,884)	(1,072)
Proceeds (purchase) other non-current financial assets	(6)	(40)	(34)	(57)
Proceeds from sale of business/ (purchase of business)	(1,008)	(1,559)	1,523	(2,181)
Net cash provided by (used for) investing activities	(1,121)	(2,048)	877	(3,310)
Cash flows before financing activities				
	(816)	(1,748)	1,895	(2,844)

* 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.

Statements of cash flows (continued)

in millions of euros (EUR) unless otherwise stated

Consolidated statements of cash flows (continued)*

	3 rd quarter		January to September	
	2000	1999	2000	1999
Cash flows before financing activities				
	(816)	(1,748)	1,895	(2,844)
<i>Cash flows from financing activities:</i>				
Increase (decrease) in debt	(42)	(127)	(77)	(549)
Effect of other financial transactions	-	43	-	234
Treasury stock transactions	(39)	(121)	(539)	(60)
Capital repayment to shareholders	(1,673)	-	(1,673)	(1,490)
Dividends paid	-	-	(399)	(361)
Net cash used for financing activities	(1,754)	(205)	(2,688)	(2,226)
Cash used for continuing operations	(2,570)	(1,953)	(793)	(5,070)
Effect of changes in exchange rates and consolidations on cash positions	192	23	257	235
Cash and cash equivalents at beginning of the period	4,173	3,648	2,331	6,553
Cash and cash equivalents at end of period	1,795	1,718	1,795	1,718

* 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

	3 rd quarter				1999			
	2000							
	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues
Lighting	1,230	174	125	10.2	1,118	175	131	11.7
Consumer Electronics*	3,684	172	95	2.6	3,094	134	72	2.3
DAP	493	82	62	12.6	428	79	63	14.7
Components	1,628	386	281	17.3	1,397	113	28	2.0
Semiconductors	1,819	590	373	20.5	1,173	307	154	13.1
Medical Systems	739	81	35	4.7	589	52	33	5.6
Origin	340	13	(6)	(1.8)	432	42	17	3.9
Miscellaneous	467	33	7	1.5	384	(3)	(37)	(9.6)
Unallocated		(10)	(27)			(98)	(109)	
Total	10,400	1,521	945		8,615	801	352	
Intersegment revenues	(1,029)				(871)			
Sales	9,371				7,744			
Income from operations								
as a % of sales				10.1				4.5
* of which:								
Mainstream CE	2,275	86	41	1.8	1,958	58	27	1.4
Consumer								
Communications	532	18	0	-	470	(2)	(13)	(2.8)
Digital Networks	205	(22)	(23)	(11.2)	170	(20)	(22)	(12.9)
Specialty Products	533	18	5	0.9	493	35	16	3.2
Licenses	84	72	72	85.7	73	63	64	87.7
Intrasegment revenues	55**	-	-	-	(70)	-	-	-
Consumer Electronics	3,684	172	95	2.6	3,094	134	72	2.3

** Includes reclassification of EUR 90 million relating to January-June 2000.

Product sectors (continued)

in millions of euros (EUR) unless otherwise stated

Segment revenues and income from operations

	2000				1999			
	January to September							
	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues	segment revenues	Ebitda	income (loss) from operations	as % of segment revenues
Lighting	3,684	633	492	13.4	3,333	572	447	13.4
Consumer Electronics*	10,314	518	298	2.9	8,720	314	135	1.5
DAP	1,346	217	162	12.0	1,158	178	131	11.3
Components	4,768	789	508	10.7	3,802	480	203	5.3
Semiconductors	4,879	1,506	938	19.2	3,156	857	447	14.2
Medical Systems	2,002	187	99	4.9	1,681	127	69	4.1
Origin	1,164	63	(9)	(0.8)	1,297	148	82	6.3
Miscellaneous	1,363	(4)	(84)	(6.2)	1,224	46	(38)	(3.1)
Unallocated		(16)	(72)			(226)	(256)	
Total	29,520	3,893	2,332		24,371	2,496	1,220	
Intersegment revenues	(2,665)				(2,492)			
Sales	26,855				21,879			
Income from operations								
as a % of sales				8.7				5.6
* of which:								
Mainstream CE	6,267	170	46	0.7	5,524	149	55	1.0
Consumer								
Communications	1,555	77	34	2.2	1,278	(43)	(71)	(5.6)
Digital Networks	574	(69)	(73)	(12.7)	496	(65)	(71)	(14.3)
Specialty Products	1,703	77	28	1.6	1,424	86	35	2.5
Licenses	309	263	263	85.1	213	187	187	87.8
Intrasegment revenues	(94)	-	-	-	(215)	-	-	-
Consumer Electronics	10,314	518	298	2.9	8,720	314	135	1.5

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 September 2000			2000	1999	1999
	amount	% growth		Sept. 30,	Dec. 31,	Sept. 30,
		nominal	comparable*			
Lighting	3,651	11	2	3,096	2,849	2,750
Consumer Electronics	10,194	19	11	5,651	4,683	4,882
DAP	1,329	17	9	892	777	840
Components	3,462	30	20	5,906	5,179	4,960
Semiconductors	4,192	61	34	8,231	5,188	4,777
Medical Systems	2,000	19	4	3,606	1,840	1,811
Origin	717	(12)	(12)	692	683	662
Miscellaneous	1,310	18	15	1,442	1,545	1,381
Unallocated				6,809	6,752	5,732
Total	26,855	23	12	36,325	29,496	27,795

Sales and fixed assets

	Sales (to third parties)			(in) tangible fixed assets		
	January to September 2000			2000	1999	1999
	amount	% growth		Sept. 30,	Dec. 31,	Sept. 30,
		nominal	comparable*			
Netherlands	1,267	6	7	1,889	1,811	1,782
United States	6,359	19	0	4,618	2,476	2,382
Germany	2,384	26	26	624	632	622
France	1,570	19	17	450	392	405
United Kingdom	1,506	7	(1)	330	321	316
China (incl. Hong Kong)	1,923	37	20	775	635	596
Other countries	11,846	27	18	4,203	3,887	3,765
Total	26,855	23	12	12,889	10,154	9,868

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

** Includes bookvalue of unconsolidated companies and intangible assets

Geographic areas

in millions of euros (EUR) unless otherwise stated

Segment revenues and income from operations

	3 rd 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
Netherlands	3,903	506	398	10.2	3,103	227	133	4.3
Europe excl. Netherlands	4,793	279	140	2.9	3,957	205	80	2.0
USA and Canada	3,055	213	38	1.2	2,524	114	(4)	(0.2)
Latin America	531	31	10	1.9	435	25	11	2.5
Africa	49	2	1	2.0	24	1	0	-
Asia	3,903	499	368	9.4	2,837	229	132	4.7
Australia and New Zealand	118	(9)	(10)	(8.5)	96	0	0	-
Total	16,352	1,521	945		12,976	801	352	
Intersegment revenues	(6,981)				(5,232)			
Sales	9,371				7,744			
Income from operations as a % of sales				10.1				4.5

	January to September				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
Netherlands	11,402	1,274	945	8.3	8,841	787	491	5.6
Europe excl. Netherlands	14,177	986	581	4.1	11,477	711	348	3.0
USA and Canada	8,199	496	82	1.0	6,592	343	49	0.7
Latin America	1,419	92	43	3.0	1,136	35	(6)	(0.5)
Africa	114	4	2	1.8	75	3	1	1.3
Asia	10,652	1,061	701	6.6	7,841	615	337	4.3
Australia and New Zealand	309	(20)	(22)	(7.1)	311	2	0	-
Total	46,272	3,893	2,332		36,273	2,496	1,220	
Intersegment revenues	(19,417)				(14,394)			
Sales	26,855				21,879			
Income from operations as a % of sales				8.7				5.6

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	9,371	
% increase	(3)	(2)	6	11	22	25	21	
Ebitda	915	780	801	1,059	1,147	1,225	1,521	
as % of sales	13.4	10.7	10.3	11.1	13.8	13.4	16.2	
% increase	23	(8)	29	193	25	57	90	
Income from operations (Ebit)	549	319	352	531	663	724	945	
as % of sales	8.0	4.4	4.5	5.5	8.0	7.9	10.1	
% increase	47	(32)	52	.	21	127	168	
Income from continuing operations	469	274	374	687	1,140	3,604	2,066	
% increase	46	(28)	154	.	143	1,215	452	
per common share (in EUR) (after stock split)	0.32	0.20	0.28	0.51	0.86	2.71	1.58	
Net income	469	271	372	687	1,140	3,604	2,066	
% increase	(34)	(42)	93	(85)	143	1,230	455	
per common share (in EUR) (after stock split)	0.32	0.20	0.28	0.51	0.86	2.71	1.58	
	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	26,855	
% increase	(3)	(3)	0	3	22	24	23	
Ebitda	915	1,695	2,496	3,555	1,147	2,372	3,893	
as % of sales	13.4	12.0	11.4	11.3	13.8	13.6	14.5	
% increase	23	7	13	38	25	40	56	
Income from operations (Ebit)	549	868	1,220	1,751	663	1,387	2,332	
as % of sales	8.0	6.1	5.6	5.6	8.0	7.9	8.7	
% increase	47	3	14	156	21	60	91	
as a % of net operating capital (RONA)	24.1	18.3	16.4	17.5	25.1	25.3	27.4	
Income from continuing operations	469	743	1,117	1,804	1,140	4,744	6,810	
as a % of stockholders' equity (ROE)	17.7	12.6	11.7	12.6	31.2	62.1	56.5	
per common share (in EUR) (after stock split)	0.32	0.52	0.80	1.31	0.86	3.57	5.15	
Net income	469	740	1,112	1,799	1,140	4,744	6,810	
% increase	(34)	(37)	(19)	(70)	143	541	512	
per common share (in EUR) (after stock split)	0.32	0.52	0.80	1.31	0.86	3.57	5.15	
	Period ending 1999				Period ending 2000			
Inventories as % of sales	15.6	16.4	16.6	14.5	14.5	14.7	15.8	
Average collection period of trade receivables in months' sales	1.6	1.6	1.6	1.4	1.6	1.6	1.6	
Net debt : group equity ratio	*	*	10:90	6:94	4:96	*	8:92	
Total employees (in thousands)	229	228	231	227	229	232	239	

* Not meaningful: net cash exceeded the debt level.

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

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