

D&M Holdings Inc.

Acquisition of Philips Sound Solutions

29th November, 2006

PSS acquisition overview

- D&M Holdings signed a definitive agreement with Royal Philips Electronics for D&M Holdings to acquire Philips Sound Solutions (PSS), a division of Philips Group
- PSS develops, manufactures and markets high quality loudspeakers and audio solutions including DSP, amplification, and tuning for the B2B automotive and consumer electronics markets
 - Net Sales (CY2005) of €120 million
- PSS brings to D&M a broad customer base in B2B automotive business and unique patented technologies. The acquisition supports D&M's strategy to enhance its Auto OEM business and strengthens its competitiveness in consumer AV
- Terms of acquisition not disclosed

PSS Key Products

Auto OEM



Full-range speaker



Tweeter



Woofer



DSP amp



BMW



Land Rover



VW



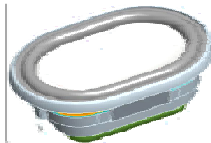
Mini

–Key Customers: BMW, Volkswagen, Seat, Jaguar, and Toyota (Europe)

Consumer Electronics OEM



Flat full-range speaker



Compact speaker



Passive radiator



Digital wireless



Surround system



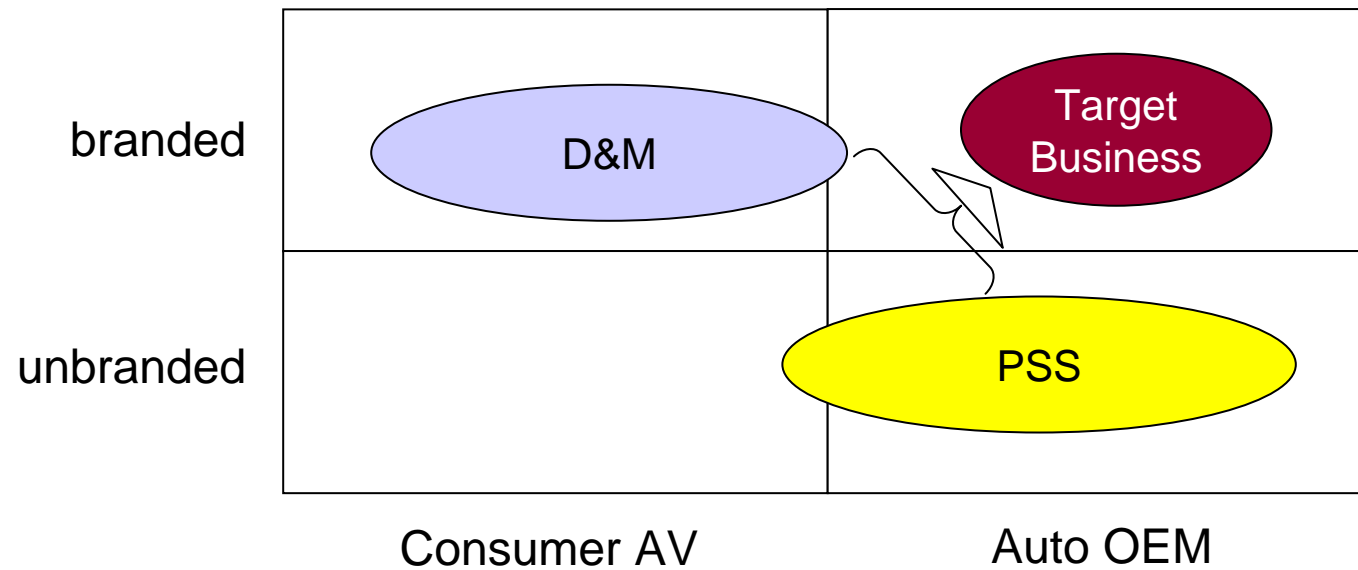
Point source concept

–Key Customers: Philips, Dell

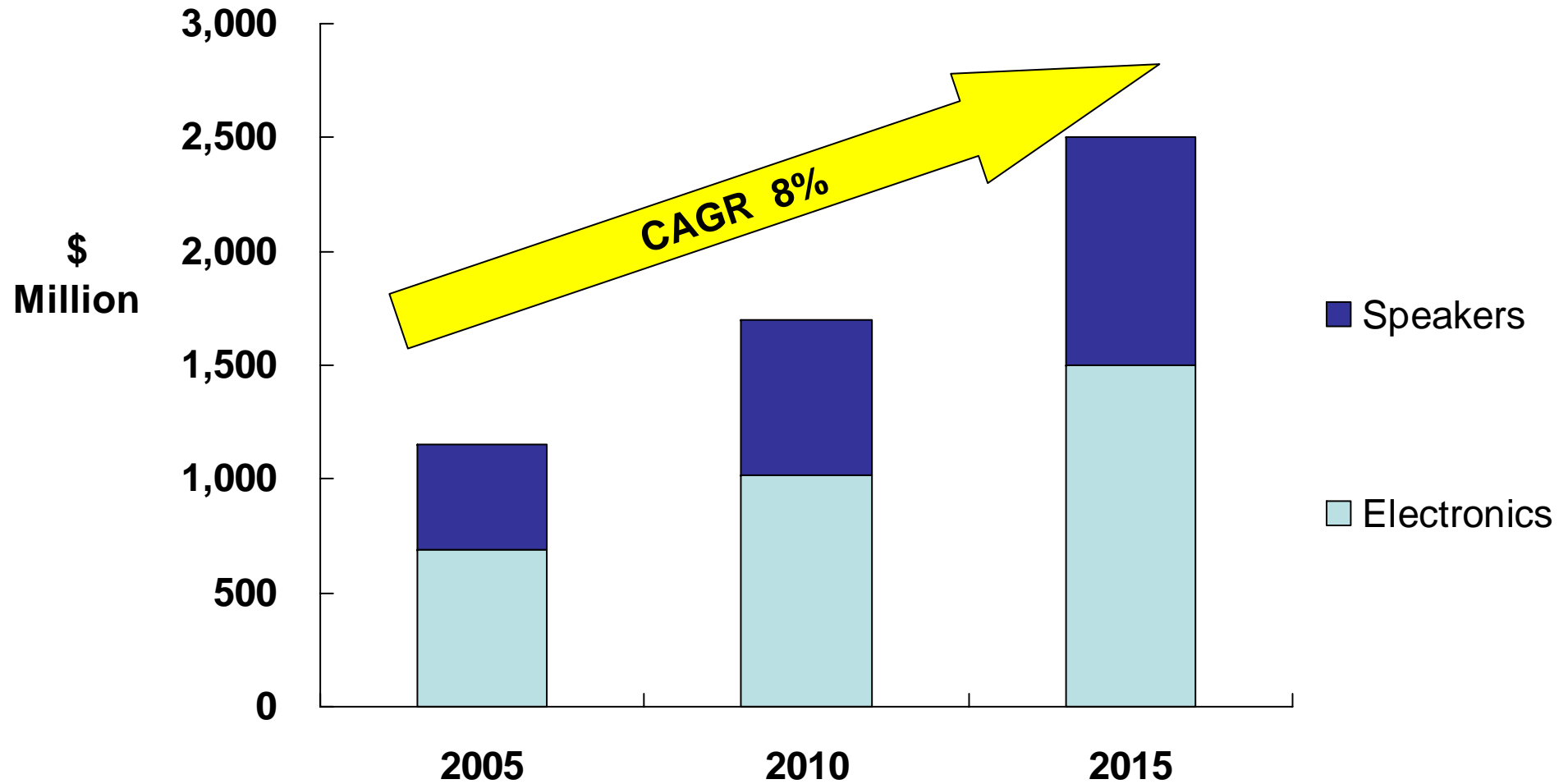
Strategic Rationale for PSS Acquisition

- Tier 1 Automotive relationships for D&M Automotive business
 - Key customer relationships: BMW, Volkswagen, Seat, Jaguar and Toyota (Europe)
 - Provides scale and infrastructure to be a Tier 1 supplier
 - Accelerates D&M ability to expand branded Automotive business
- Acquisition of a valuable patent portfolio and engineering capabilities
 - Access to unique speaker technologies which can be used by D&M brands
- Synergies with Boston Acoustics, Denon and Marantz
 - Shift purchasing of loudspeakers and peripheral products from 3rd party suppliers to PSS

PSS acquisition vision

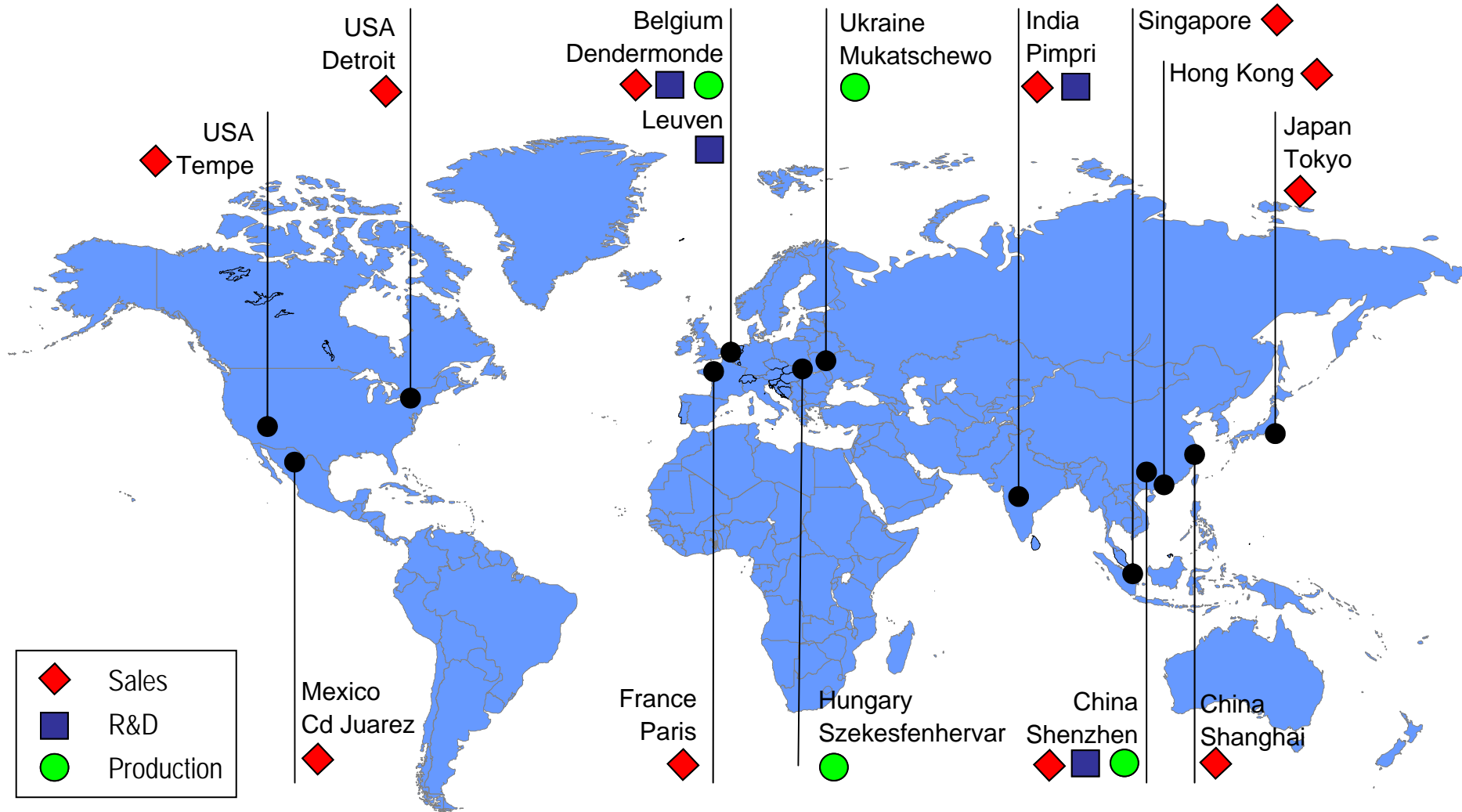


Ref) Branded Auto OEM Market Trend



Source: D&M estimation based on 12V Electronics 10th edition, Strategy Analytics 2005

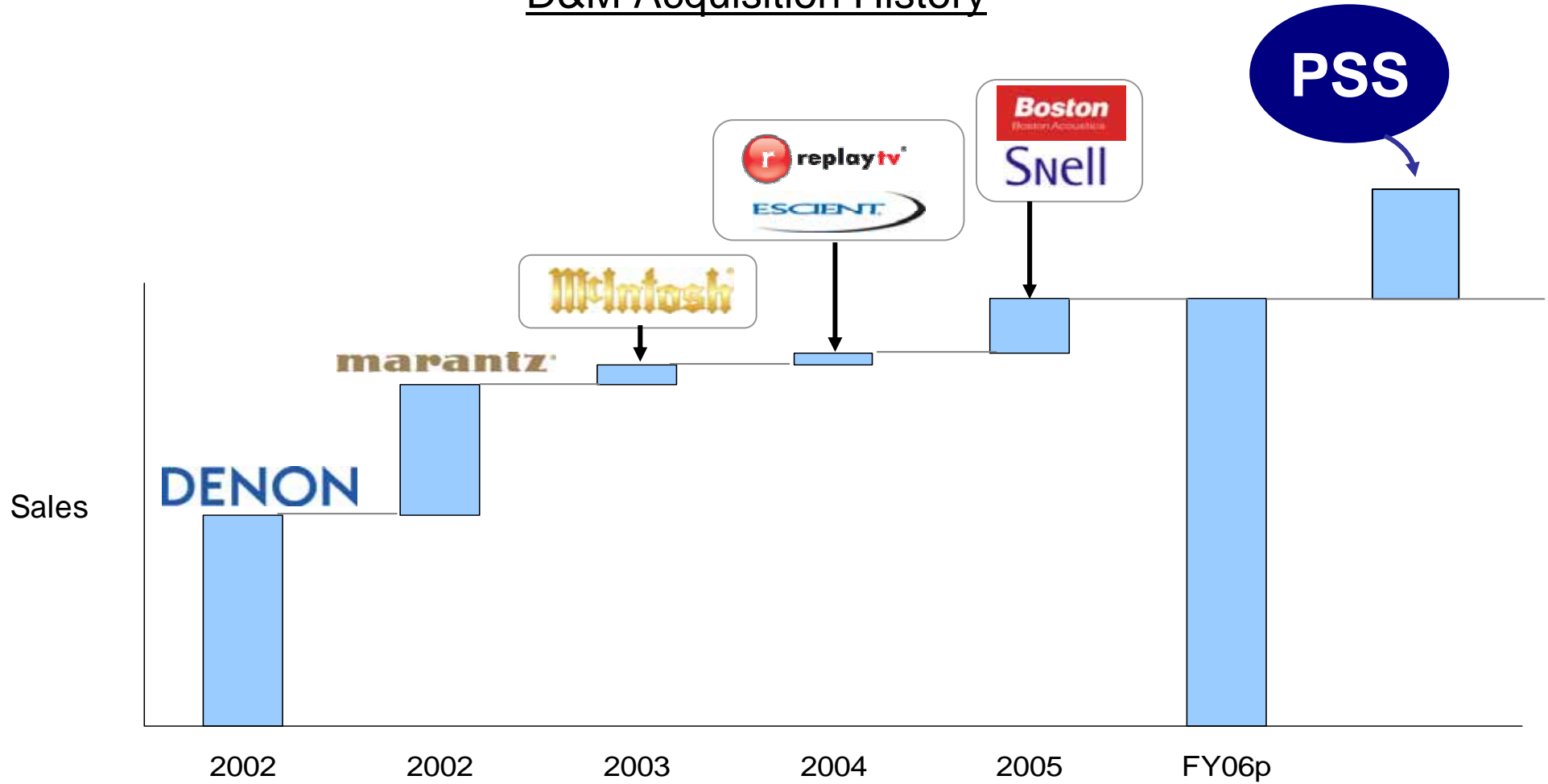
PSS Global Locations



D&M Holdings Inc.

PSS to be D&M Group Company

D&M Acquisition History



D&M Holdings Inc.