

PHILIPS

sense and simplicity

Philips Healthcare overview

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CEO Philips Healthcare

Executive summary

Exited 2010 with solid growth and strengthened operational performance as promised

- Grew faster than our markets, gaining market share
- Maintained focus on strategic areas of growth
- Improved margins through operational excellence programs
- Integrated acquisitions to plan

Entered 2011 ready for accelerated growth

- Delivered fifth consecutive quarter of comparable sales growth in Q1
- Maintain strategic focus on building a strong portfolio to accelerate growth
- Energize customer centricity to further drive growth

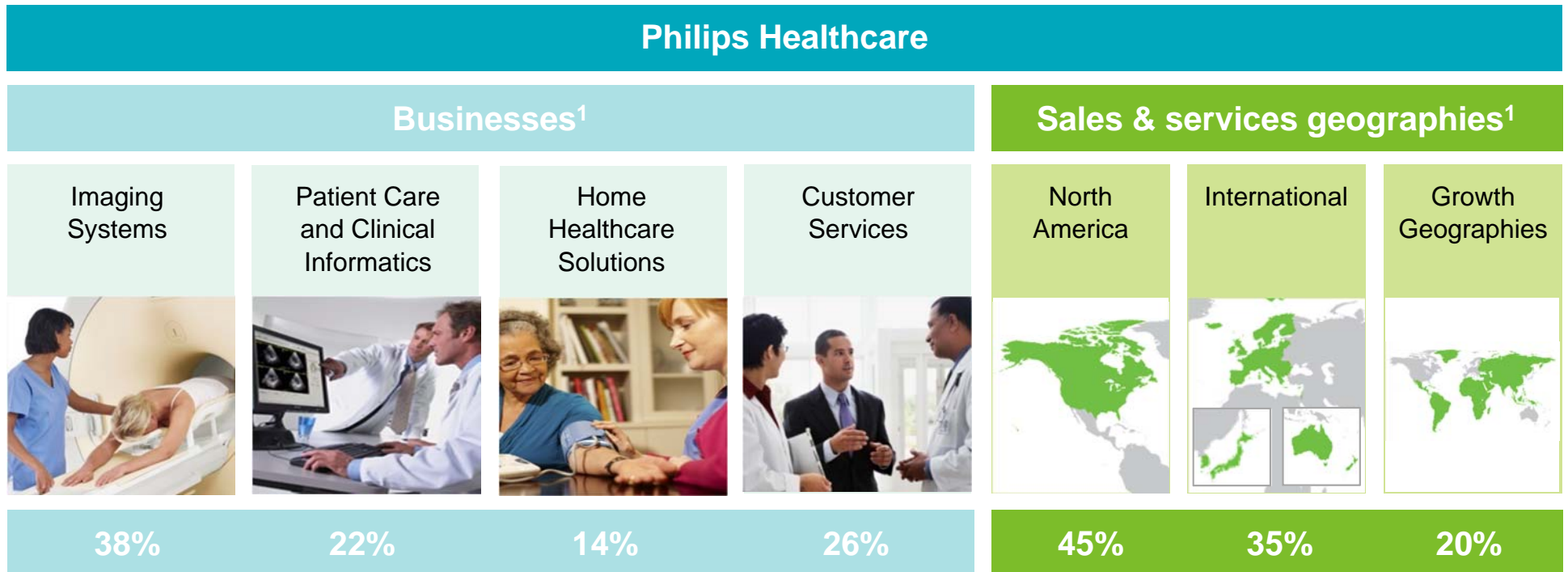
Positioned well long-term as global healthcare needs increase

- Care cycle approach
 - Better patient outcomes
 - Reduced healthcare system costs
- Increasing global demand for greater health care access



Depth and reach of Philips Healthcare

What we do. Where we are.



€8.6

Billion sales in 2010

35,000+

People employed worldwide in 100 countries

8%

of sales invested in R&D in 2010

450+

Products & services offered in over 100 countries

1) Last twelve months March 2011

Our strategy is clear and consistent

People Focused. Healthcare Simplified.



People focused



Cardio-pulmonary •
Oncology •
Women's Health



Care cycle driven



Prevention • Screening •
Diagnosis • Treatment •
Management • Surveillance



Care anywhere



Ambulance •
Hospital • Home •
Out-patient settings



Meaningful
innovation



Imaging • Monitoring •
Healthcare Informatics •
Selective Therapeutics •
Targeted Diagnostics •
Services

Our markets are returning to pre-recession performance

United States

- **Low single-digit growth** expected in 2011
- Economic recovery and pent up demand for equipment, software, and services
- Demographics and universal access support growth

International

- **Flat to modest growth** expected in 2011
- Softening market conditions in Southwest Europe
- Headwinds from Japan tragedy possible

Growth Geographies

- **Double-digit growth** expected in 2011, driven by China, India and Russia
- Increased demand for value products & solutions
- Continued governmental investment in building and improving health care systems

Global Market Size €28B in 2010

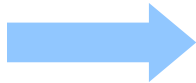
Global Market Growth - 4 to 5%

including equipment, software, home health care, and services

Our focus remains on three performance objectives

Focus Areas

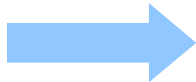
Accelerate Growth



Initiatives

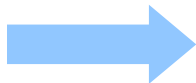
1. Increase presence in growth geographies
2. Expand mid / low-end product offering
3. Increase sales to home healthcare
4. Drive growth in healthcare informatics
5. Energize customer centricity

Increase Margins



1. Expand low cost country sourcing
2. Improve product reliability costs
3. Increase service productivity / effectiveness
4. Optimize market approach
5. Improve quote to cash

Delivering value on Acquisitions



1. Deliver value from existing acquisitions
2. Pursue new acquisitions in strategic areas

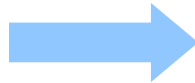
Our focus remains on three performance objectives

With progress accelerating with market recovery

Focus Areas

Progress in 2010

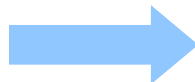
Accelerate Growth



Building a portfolio that will allow us to grow faster than our markets

- ☑ Recorded high single-digit order growth
- ☑ Delivered mid single-digit comparable sales growth
- ☑ Gained 50 basis points equipment market share¹

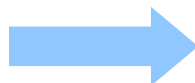
Increase Margins



Expanding margins through operational improvements, fixed cost reduction, and pro-active cost management

- ☑ Significant adjusted EBITA improvement, approaching 15%

Delivering value on Acquisitions



Delivering value from acquisitions

- ☑ Integrating and driving over 23 acquisitions over the last four years
- ☑ Delivering on promised ROIC improvement

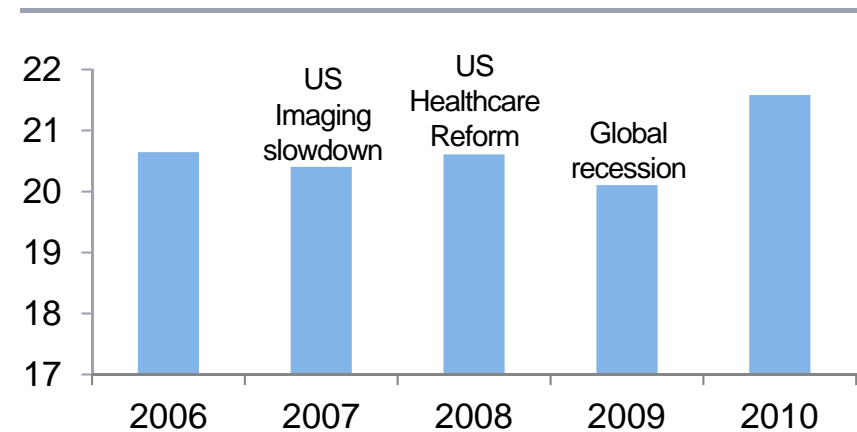
1) excluding service and Home Healthcare

We have achieved solid organic growth

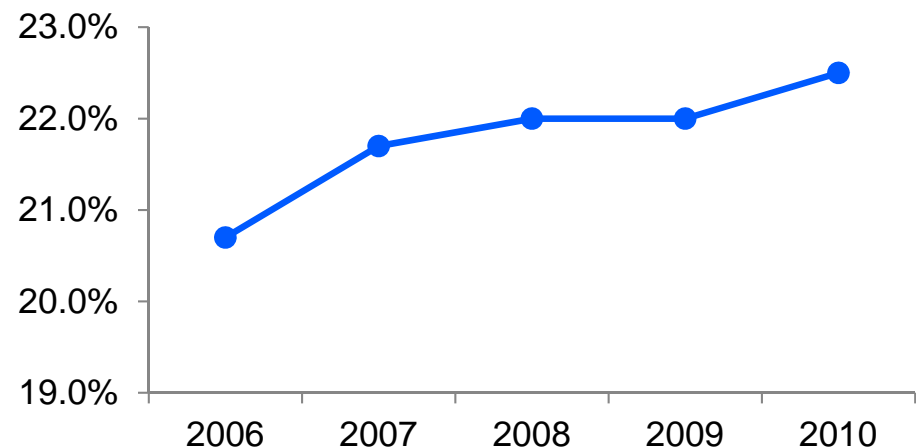
Growth of 2006 Philips Healthcare portfolio

- Consistent portfolio analysis excluding service, Respiration, and Home Healthcare as described at the 2009 Capital Markets Day
- Market growth recovering in 2010, up 7% over 2009 for this market segment
- Philips organic share growth continuing to rise, up nearly 2 points since 2006 for this market segment

Global equipment market (EUR billion)



Philips equipment market share



Energized customer centricity will further *accelerate growth*

Global innovation leverages strength for traditional markets

- Renewing radiology imaging portfolio
- Expanding patient monitoring leadership in growth geographies
- Growing home healthcare outside the United States

Local innovation accelerates portfolio expansion for local and global markets

- Acquired and organically built Chinese operations to form the platform for our global mid to low-end products
- Expanding R&D presence in India and Brazil
- Global approach to clinical research

Value delivery matches organization and investment to market opportunity

- Increasingly granular approach to meeting the needs of our customers
- Customized service delivery and service portfolio expansion are strategic differentiators

Committed to improving Net Promoter Score (NPS) in key **Business Market Combinations**



Our portfolio is strong, our reach is global

Philips Healthcare

Businesses¹

Imaging Systems



38%

Interventional X-Ray
Diagnostic X-Ray
CT
MR
SPECT/CT
PET/CT
Ultrasound
Women's health

Patient Care and Clinical Informatics



22%

Patient monitoring
Clinical informatics
Cardiac resuscitation
ECG solutions
Ventilation

Home Healthcare Solutions



14%

Sleep disordered breathing
Respiratory care
Home monitoring

Customer Services



26%

Site planning and project management
Ambient experience
Education
Performance services
Maintenance

Sales & services geographies¹

North America



45%

United States
Canada

International



35%

Western Europe
Japan
South Korea
Australia
New Zealand

Growth Geographies

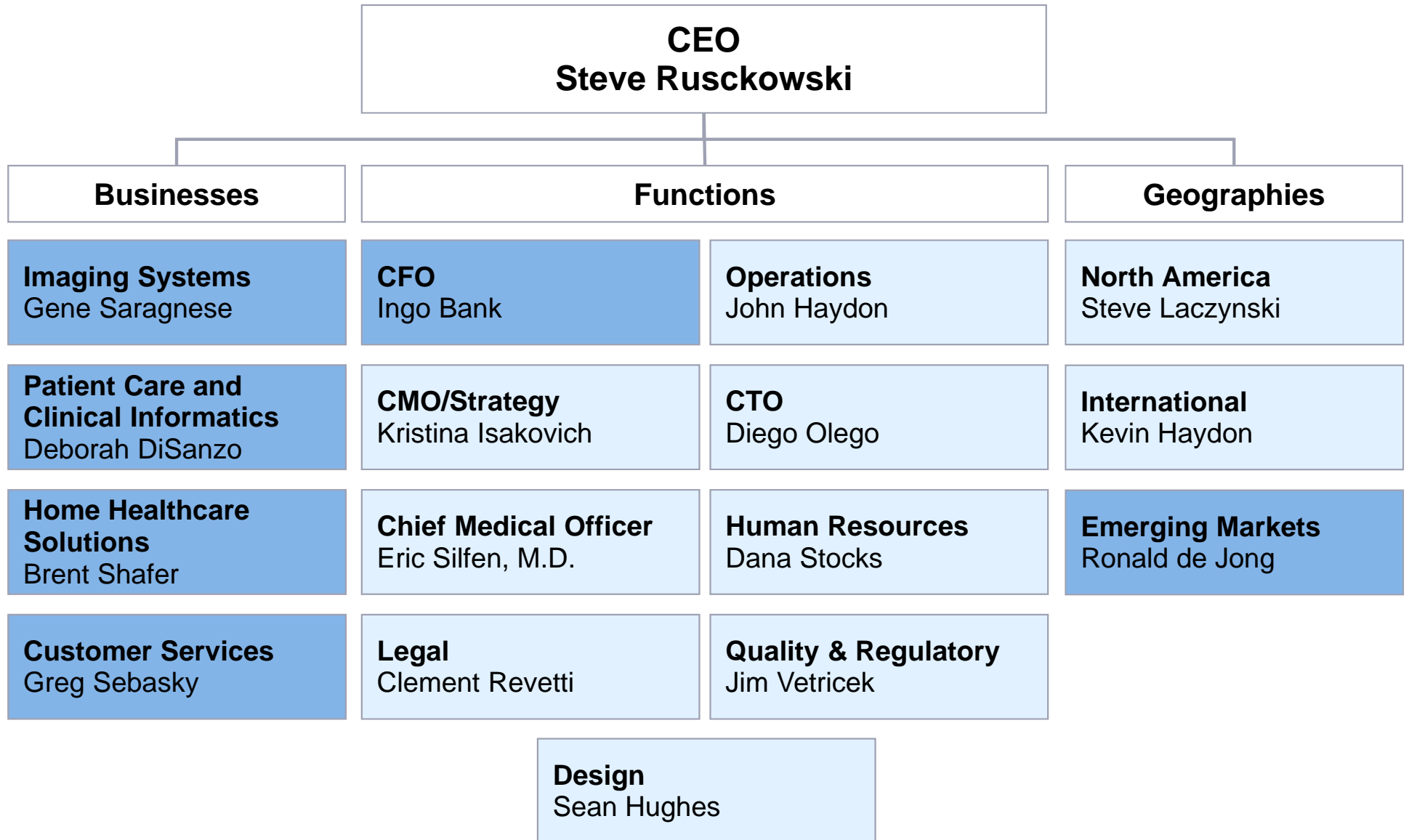


20%

China
India
Latin America
Russia
Eastern Europe
Middle East
Africa
Asean

1) Last twelve months March 2011

Philips Healthcare organization



 Today's speakers

Q&A

Steve Rusckowski



