

# PHILIPS

sense **and** simplicity

## Philips Healthcare overview

Deborah DiSanzo, CEO Philips Healthcare

## Our focus

- Accelerate profitable growth
- Create value through solutions, clinical and business innovations
- Improve operational excellence through Accelerate!

## Dynamic markets provide opportunities for profitable growth

### North America

- Strengthening recovery, solid market, steady growth
- Health care reform indeterminate
- Investments in informatics

### Europe

- Challenging outlook overall
- Germany remains positive
- Southern Europe outlook is challenging

### Greater China

- Strong double-digit growth
- Investments in rural health care expansion and ongoing innovation
- Government investment continues

### Latin America

- Mid-single digit growth
- Public spending recovering
- Private spending increasing

### CEE, MET, RCA and Africa<sup>1</sup>

- Growth economies will continue to fuel double-digit growth
- Invest in Africa to stimulate growth
- Government investment continues
- Informatics investment in Middle East and Turkey

### Asia Pacific

- Continued double-digit growth in Southeast Asia
- Recovery in Japan
- Government investment in building health care systems

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Global market size €31B in 2011  
Global market growth 4 to 5%<sup>2</sup>

<sup>1</sup> Central and Eastern Europe, Middle East, Turkey, Russia, Central Asia and Africa

<sup>2</sup> Global market size and growth includes IS, PCCI, and HHS (excludes Customer Service)

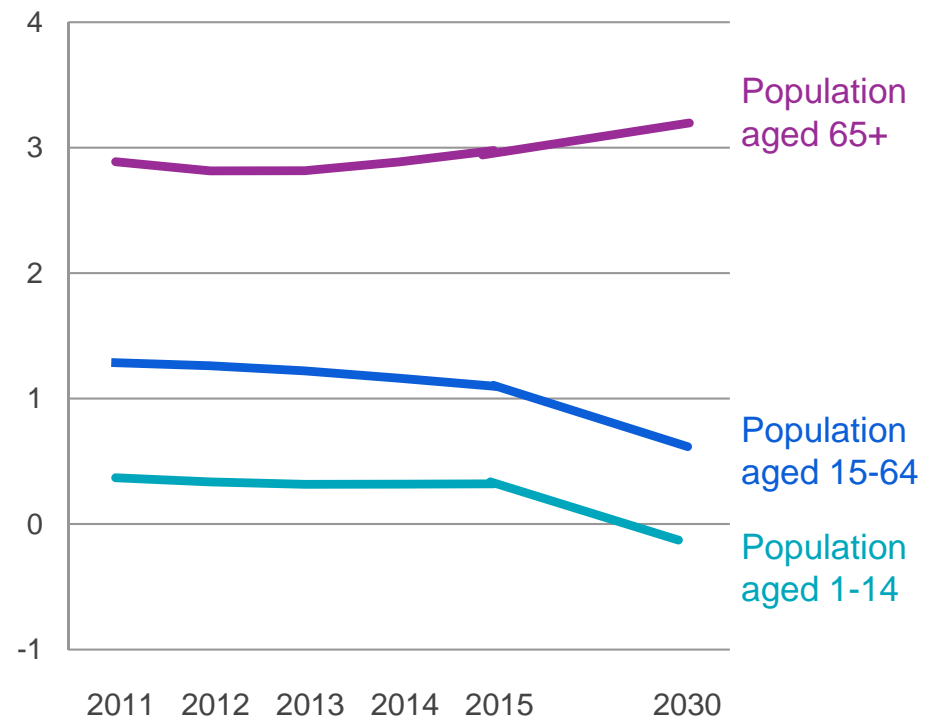
# Changing industry dynamics necessitates innovation

We face an aging population and in the U.S. alone:

“By 2030, there will be approximately 72.1 million older persons, more than twice the number in 2000.”

*Department of Health and Human Services  
Administration on Aging*

World population growth rates



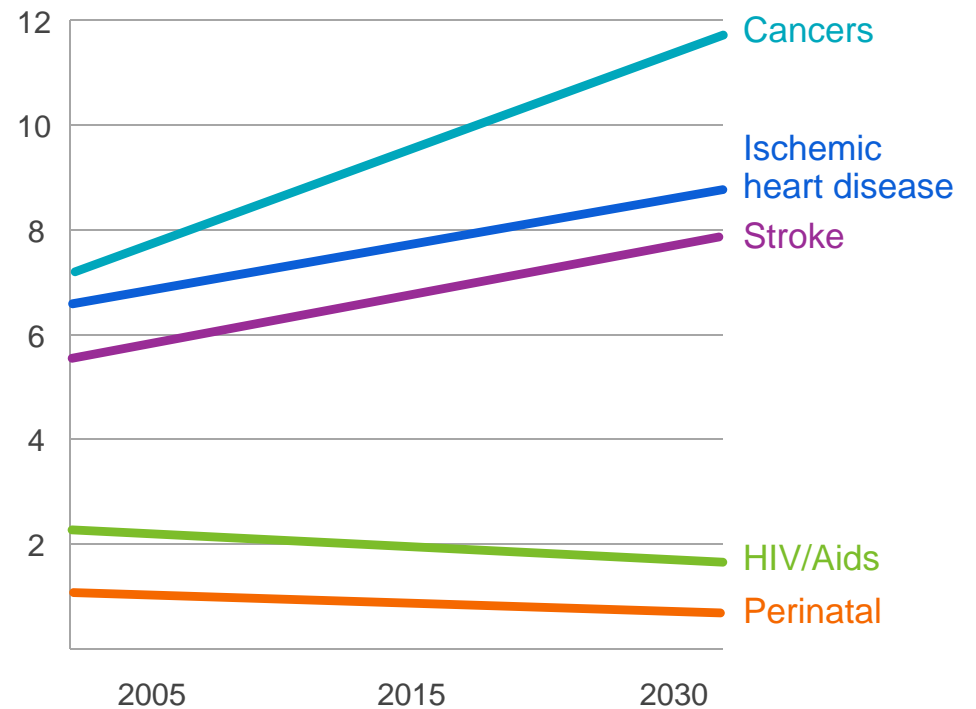
# Changing industry dynamics necessitates innovation

## A rise in chronic disease

“Without action, almost 400 million people will die from chronic diseases in the next 10 years...”

*Dr. Catherine Le Galès-Camus,  
WHO Assistant Director-General,  
Non-communicable Diseases and Mental Health*

Projected global deaths from select causes, in millions



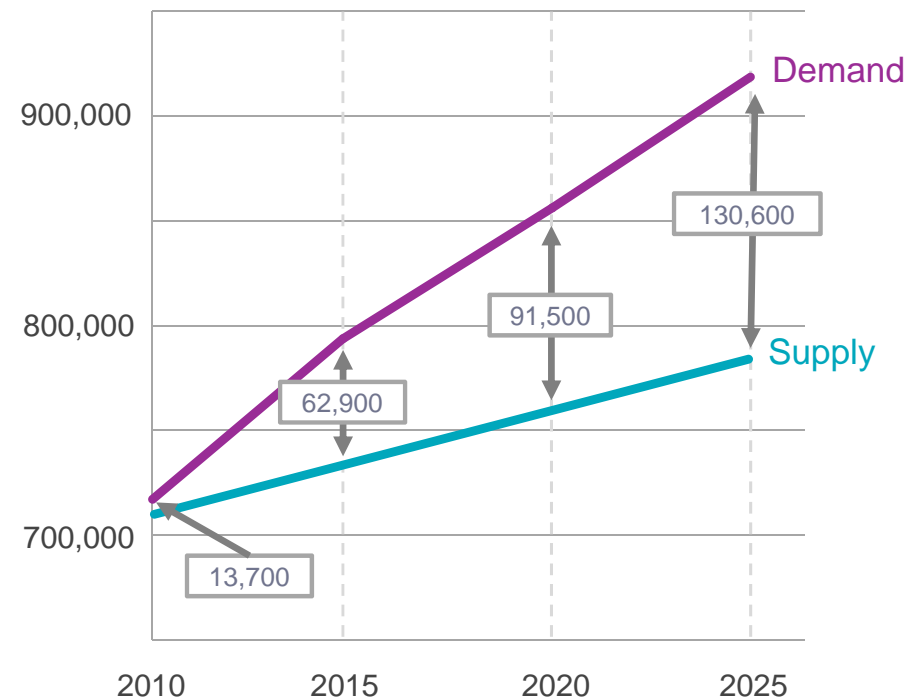
# Changing industry dynamics necessitates innovation

Together with a shortage of care providers = a perfect storm

“Between now and 2015...the shortage of doctors across all specialties will quadruple.”

*Association of American Medical Colleges, Center for Workforce Studies, 2011*

Projected national physician shortage



# Our strategy is clear and consistent



**People  
focused**

We start with the needs of patients and their care givers in their local markets



**Care  
anywhere**

We create clinically relevant solutions from the emergency department to the home that improve workflow, financial outcomes and save and improve lives



**Care cycle  
driven**

With a focus on cardiopulmonary, oncology, and women's health



**Meaningful  
innovation**

We transform health care through meaningful innovation in imaging, informatics, monitoring, targeted diagnostics, selective therapeutics, and services

# Building on our heritage of innovation

## Transforming health care



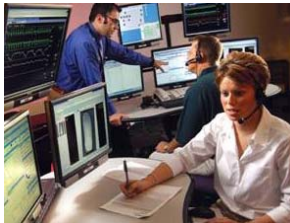
### Imaging

Early and confident diagnosis



### Image-guided intervention

Real-time visualization, workflow management, minimally invasive therapy



### Clinical IT

Right information at the right time



### Clinical decision support

Mobility, interoperability and CDS improves cost, quality and access



### Home healthcare

Improving the quality of life for at-risk patients in the home



### Managing transitions

From hospital to home



### Lifecycle services

Optimizing your equipment and training your staff



### Partnership solutions

Workflow consulting, clinical consulting, clinical education and healing environments



# High-intensity focused ultrasound replaces surgery

- Innovative use of technology to break down cultural barriers in treatment of uterine fibroids
- MR imaging combined with high ultrasound energy therapy ablates tumors enabling patients to resume normal activities often the next day
- Moved to #2 from #3 in MR in India and HIFU<sup>1</sup> is leading the way



<sup>1</sup> HIFU: High-intensity focused ultrasound

## Innovative business solution aids patient care

- Philips provided **patient monitoring as a service** to Resah, a leading public purchasing organization, in France
- 120 members, 65 public hospitals, 49 nursing homes
- Addressing customer needs with a competitively differentiated approach



Pay-per-use, per patient, per bed



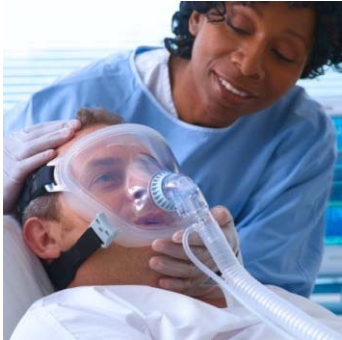
40,000 beds

# Trilogy ventilator enables care transitions

- Lightweight, versatile ventilation device designed for use in hospital and home settings
- Delivering effective and comfortable support for patients transitioning from hospital to home
- Enabling a new level of freedom and mobility for patients and care givers



# We make a difference to millions of people



**3 million people**  
sleep and breathe easier



**Over 1 million cath lab patients**  
treated every year



**1 million mammogram screenings**  
were managed by our PACS last year in the Netherlands

**Over 154 million patients**  
are monitored with our monitors every year



**80 million radiology studies**  
help diagnose patients each year



**30 million babies**  
come into this world every year with our fetal monitors









**Almost 1 million AEDs**  
saved lives in malls, schools, and airports around the world

# Expanding our market leadership positions







## Imaging Systems

Market size € 17B  
Market growth 3-5%

-  Interventional X-Ray cardiovascular
-  Image-guided interventions
-  Ultrasound North America
-  Ultrasound worldwide
-  Overall system performance  
IMV ServiceTrak
-  NPS co-leader China




## Patient Care and Clinical Informatics

Market size € 9B  
Market growth 4-6%

-  Patient monitoring
-  Cardiology informatics
-  AEDs
-  CV PACS North America
-  Clinical informatics Brazil
-  NPS leader China, North America and Germany

## Home Healthcare Solutions

Market size € 5B  
Market growth 6-8%

-  Sleep therapy
-  Respiratory care
-  Home monitoring North America

# Accelerating Healthcare

## ➤ Customer Centricity

- Increase presence in growth geographies
- Expand our value offering and locally relevant services

## ➤ Resource to win

- Invest in ~700 R&D resources in growth geographies
- Deliver return on investment of 1,200 customer-facing roles
- Grow industrial footprint in growth geographies

## ➤ End2End

- Streamline customer value chain
- Design for cost by leveraging value engineering
- Improve supply chain management and simplify IT platforms

## ➤ Culture

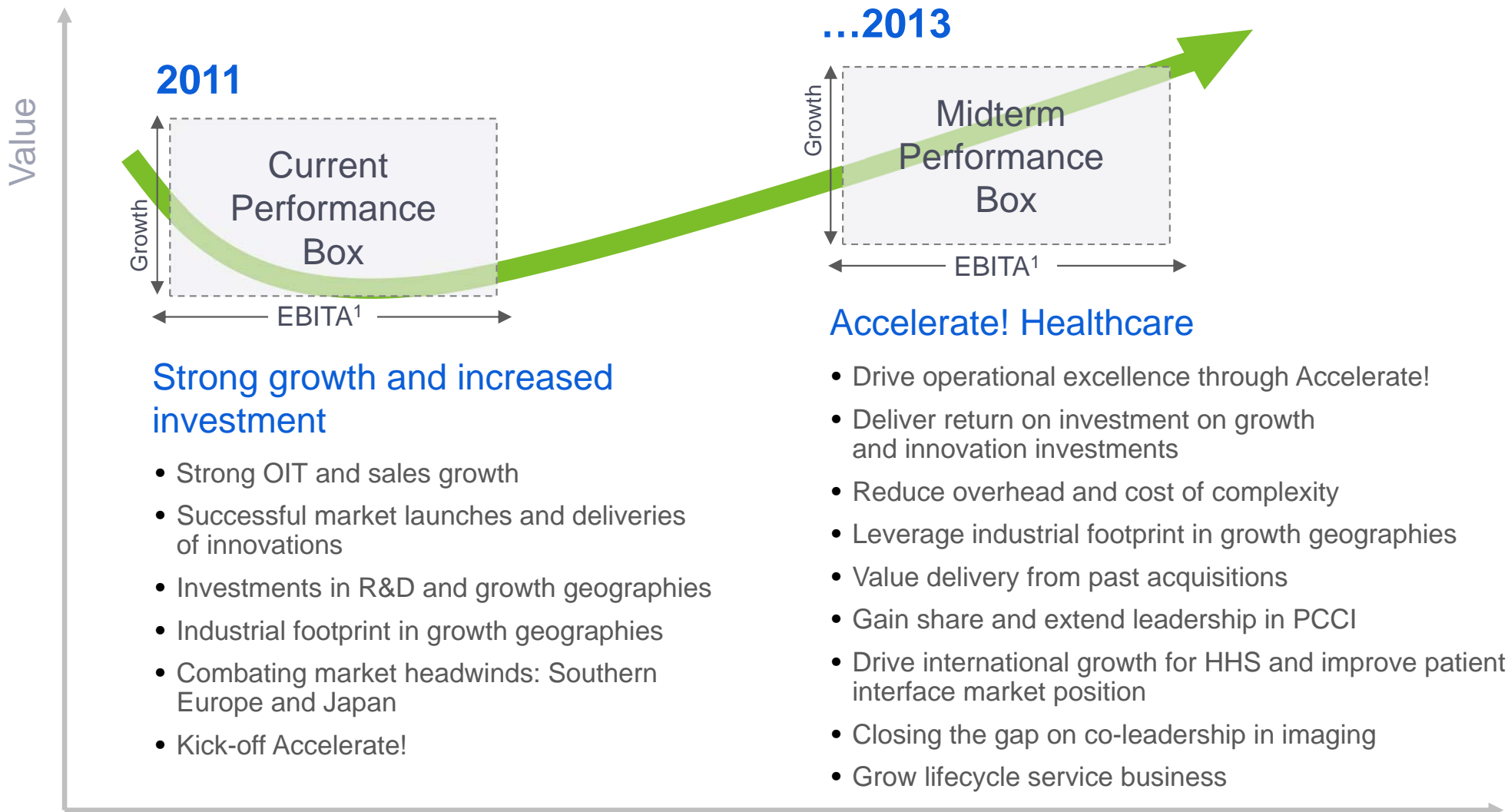
- Focus on delivering performance
- Differentiate rewards for performers

## ➤ Operating model

- Reduce overhead and support costs
- Reduce management layers to speed up decision making

# Path to Value: Healthcare

Drive Healthcare performance toward 15% to 17% EBITA<sup>1</sup> in the midterm



## Strong growth and increased investment

- Strong OIT and sales growth
- Successful market launches and deliveries of innovations
- Investments in R&D and growth geographies
- Industrial footprint in growth geographies
- Combating market headwinds: Southern Europe and Japan
- Kick-off Accelerate!

- Drive operational excellence through Accelerate!
- Deliver return on investment on growth and innovation investments
- Reduce overhead and cost of complexity
- Leverage industrial footprint in growth geographies
- Value delivery from past acquisitions
- Gain share and extend leadership in PCCI
- Drive international growth for HHS and improve patient interface market position
- Closing the gap on co-leadership in imaging
- Grow lifecycle service business

<sup>1</sup> as reported, i.e. including restructuring and acquisition-related charges

# Philips Healthcare

## Businesses<sup>1</sup>

Imaging Systems



*Gene Saragnese*

38%

Patient Care and Clinical Informatics



*Deborah DiSanzo*

22%

Home Healthcare Solutions



*Brent Shafer*

14%

Customer Services



*Greg Sebasky*

26%

## Markets<sup>1</sup>

North America



*Steve Laczynski*

44%

All Other Market Groups<sup>2</sup>



*Kevin Haydon*

48%

Greater China



*Desmond Thio*

8%

**€8.9B**

Sales in 2011

**37,000+**

People employed worldwide in 100 countries

**8%**

of sales invested in R&D in 2011

**450+**

Products and services offered in more than 100 countries

<sup>1</sup> Last 12 months March 2012

<sup>2</sup> Includes: APAC, Europe, Latin America, Central and Eastern Europe, Middle East, Turkey, Russia, Central Asia and Africa



# Key takeaways

- Dynamic markets create opportunity for innovative solutions
- Philips strategy centered on patients and care givers focuses us on locally relevant solutions
- Philips is pervasive and gaining profitable share
- We have a strong, experienced leadership team
- Accelerate! has us on track to meet midterm targets

