

PHILIPS

sense **and** simplicity

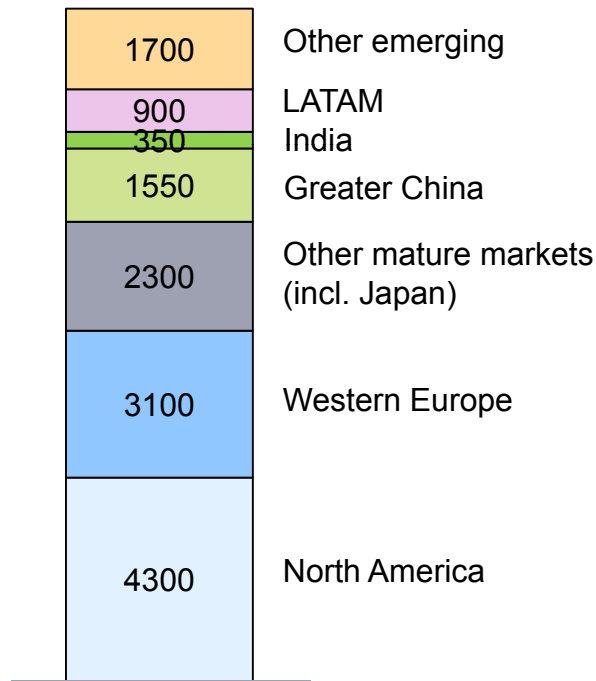
Growth from the Core: Imaging Systems

Gene Saragnese
CEO Imaging Systems

Imaging Markets

2009 Imaging Markets by Region

Total EUR 14.2B



Emerging markets

- Demand for care is growing
- Significant Chinese government investments
- Increasing demand for Mid/Low products/service solutions
- Lifestyle changes bringing new problems

**7% - 9%
growth ¹⁾**

Mature International markets

- Recovery, with limited growth
- Demographics drives procedures
- Increasing need for efficiency

**0% - 2%
growth ¹⁾**

North America

- Radiation dose concerns
- Impact of Healthcare reform, reimbursement
- Demographics & lifestyle drive demand

**0% - 2%
growth ¹⁾**

Crisis is accelerating the need for better care at lower costs... Procedure volume still growing

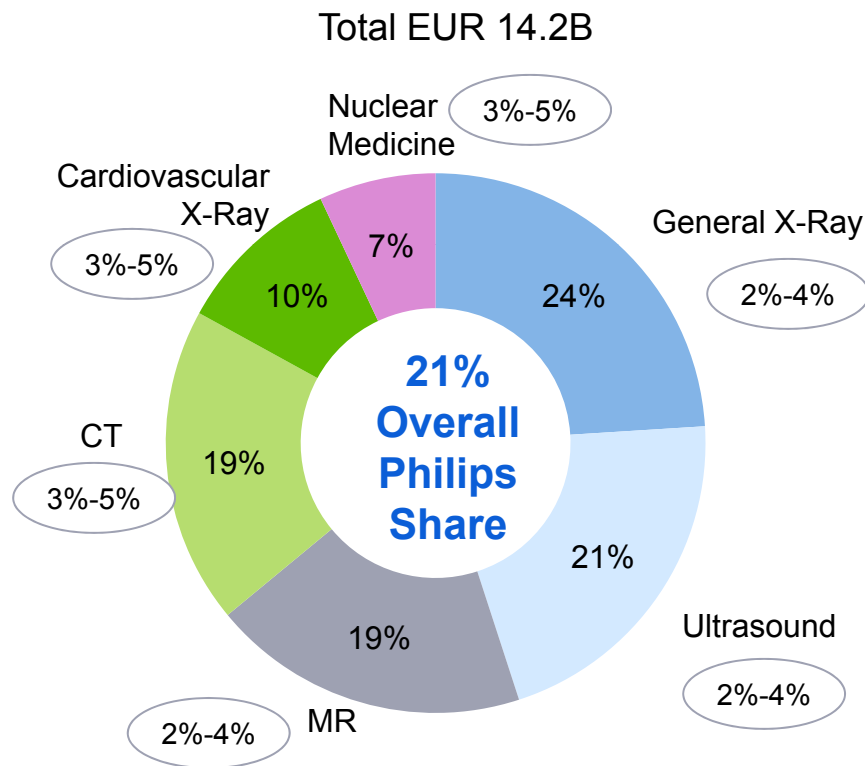
Source: Industry reports and Philips analysis

1) Mid term annual market growth

Imaging Markets and Trends

Imaging Markets by Modality 2009, in EUR M

3%-4% Market Growth ¹⁾



Growth Drivers

General X-Ray

- Mid to low end digital X-ray
- Digital Mammography

Ultrasound

- Demand for access to imaging
- Compact segment expansion

MR

- Efficiency and ease of use

CT

- Increasing penetration in rural markets
- Radiation dose concerns

Cardiovascular X-Ray

- Novel therapy solutions

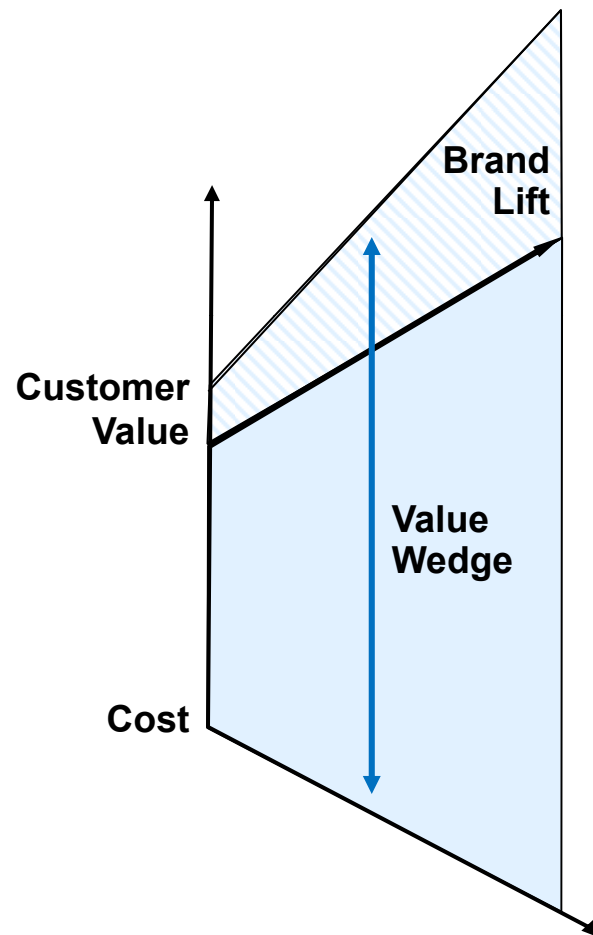
Nuclear Medicine

- Oncology diagnostic, staging, monitoring
- Slowing dedicated cardiac SPECT

**Cardiovascular, Oncology and International strengths;
North America, Compact Ultrasound, and Women's Healthcare opportunities**

Source: Industry reports & Philips analysis
1) Mid term annual market growth

Moving towards a leadership position in imaging



Drive Customer & Patient Experience

- Quality, reliability and service delivery
- Interoperability

Deliver customer value to win

- Drive Cardiology and Oncology leadership
- Strengthen position in Radiology
- Expand in Women's Healthcare
- Broaden Ultrasound offering to address growth areas
- Strengthen and expand mid/low portfolio

Drive out costs ... Create capacity

- Leverage and expand global capabilities
- Design to cost

Positioned to grow faster than the market

Leadership in Interventional Cardiology

Electrophysiology

Treating heart arrhythmias

Market growth >10%

- 2005: Dedicated team
Multimodality approach
- 2007: First products
- 2009: Market leadership



**Integrated
Electrophysiology
interventional lab**

**Doubled share to ~40%
in 4 years**

Hybrid Operating Room

Enabling minimally invasive procedure

Market growth >10%

- Novel minimal invasive procedures
under image guidance
(e.g. heart valves)
- Philips able to deliver total solution

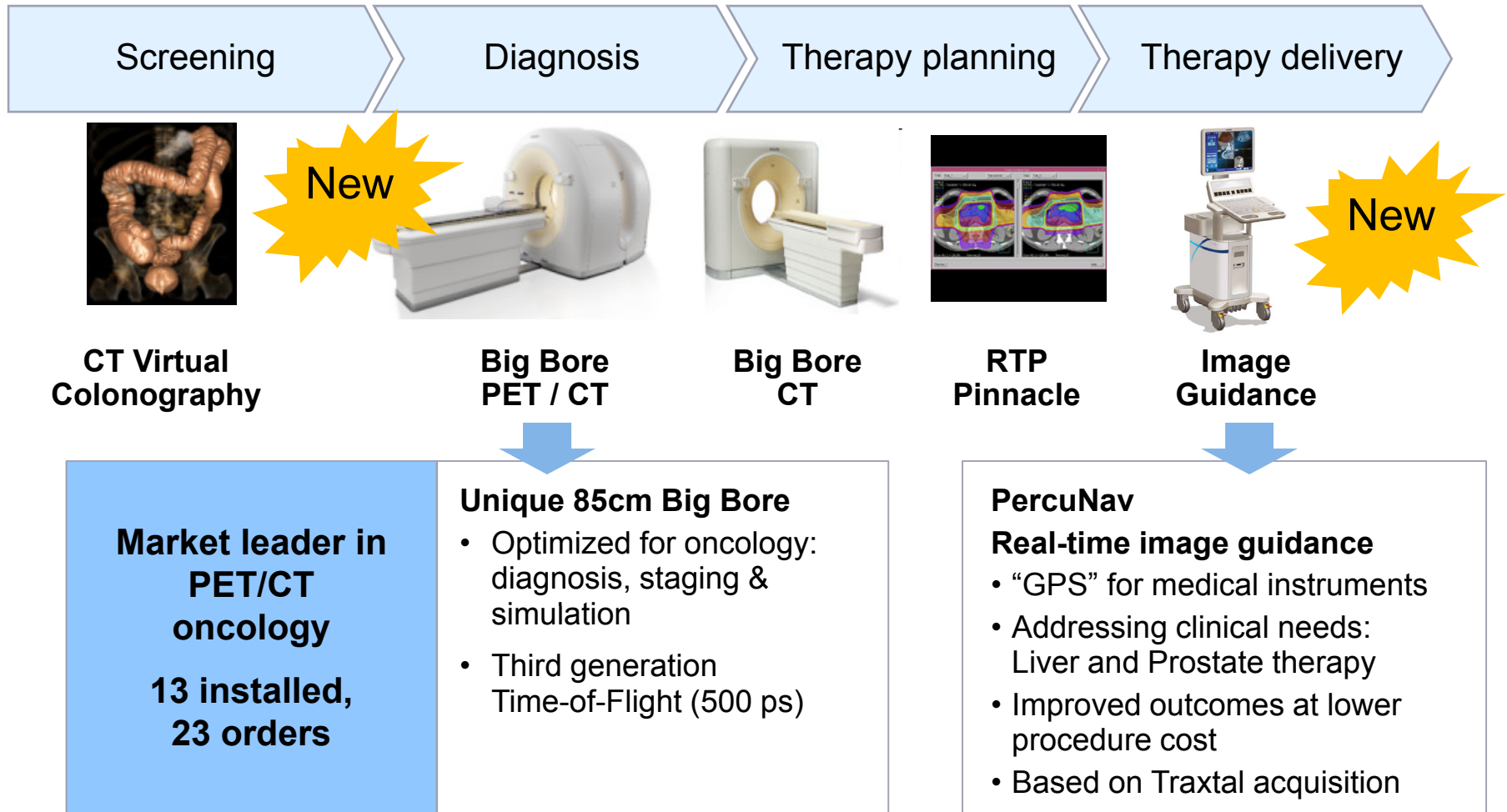


**Integrated Surgery
suite
highlighted at ACC**

**Next growth
opportunity**

Expanding in Oncology

Unique imaging portfolio enhanced with image guidance



Oncology opportunity: EUR 1B market, growing at ~5%

PHILIPS

Workflow breakthrough in Radiology

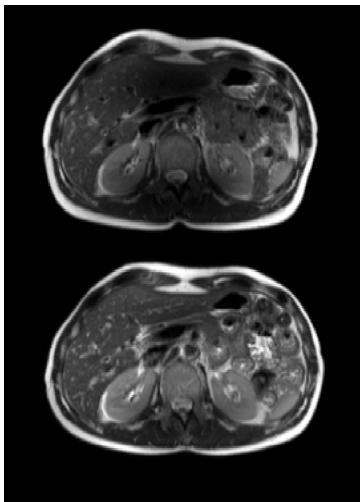
Patient adaptive MR

Achieva 3.0T TX with MultiTransmit

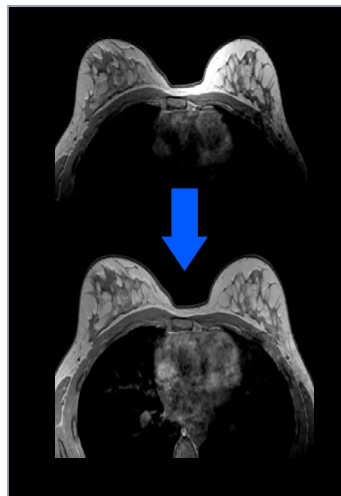
- World's only truly patient-adaptive 3.0T system
- Breakthrough in image uniformity, consistency, speed



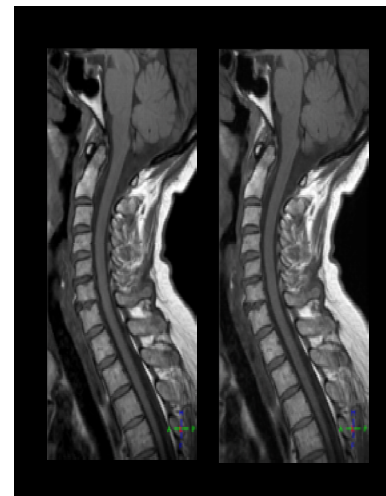
**Significantly
Improved Images**



**Enhanced
Consistency**



**Up to 40%
faster scans**



**3% share
increase in 3T
(2009)**

**€100M of orders
in first year**

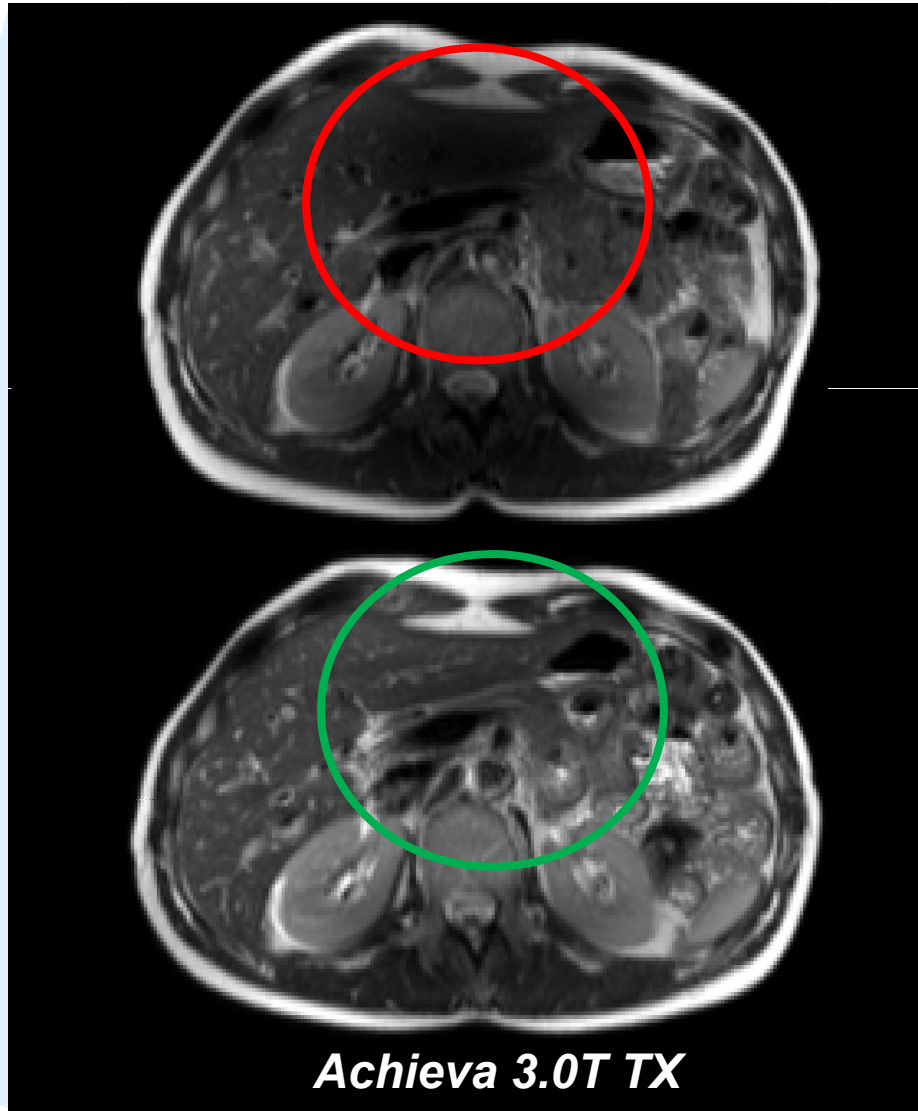
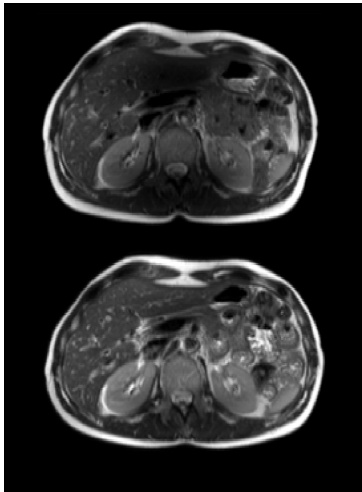
Workflow breakthrough in Radiology

Patient adaptive MR

Achieva 3.0T TX with M

- World's only truly patient adaptive MR
- Breakthrough in image quality

Significantly Improved Images



are
se in 3T

of orders
year

Unrealized growth opportunities

Compact Ultrasound

- Market opportunity of EUR 600M
>10% growth

Philips CX 50: state of art product

- Portability with high performance
- Best compact solution for difficult exams
- Platform approach
 - Traditional customers
 - Point of Care
 - Integrated solutions



**Compact
Ultrasound CX50**

**Support ambition to become
leader in Ultrasound**

Women's Health Care

- Addressable market of EUR >1B
>5% growth

New Women's Health Care business unit

- Focusing on Breast Care
/ Breast Cancer
- Integrating multiple modality
data into single platform
- Closing gap between
diagnosis and therapy



MammoDiagnost DR

**Established foundation
for growth**

Expanding mid/low-end product offering

Leveraging investments in Emerging Markets

India: Allura FC –Low-end CathLab

- First global product from India
- Designed to needs of Emerging Markets

Allura FC



China: Ultrasound HD6 and HD7

- Successful products from Neusoft JV
- Targeting Emerging Markets (e.g. tender opportunities)

HD7



HD6



Brazil: Compacto DR - Radiography

- Original VMI Brazil design, enhanced with Philips image processing
- Design to be transferred to India

Compacto DR



China: MX16 CT scanner

- Simple to use product with small footprint
- First CT scanner classified as “Green Product”

MX16



Organic, partnership, and acquisition investments accelerating mid/low end

Drive out product cost

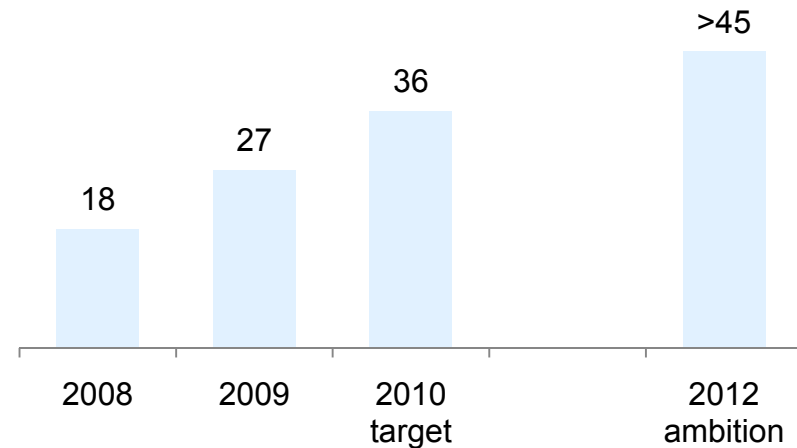
LCC footprint and sourcing

LCC Footprint



LCC Sourcing

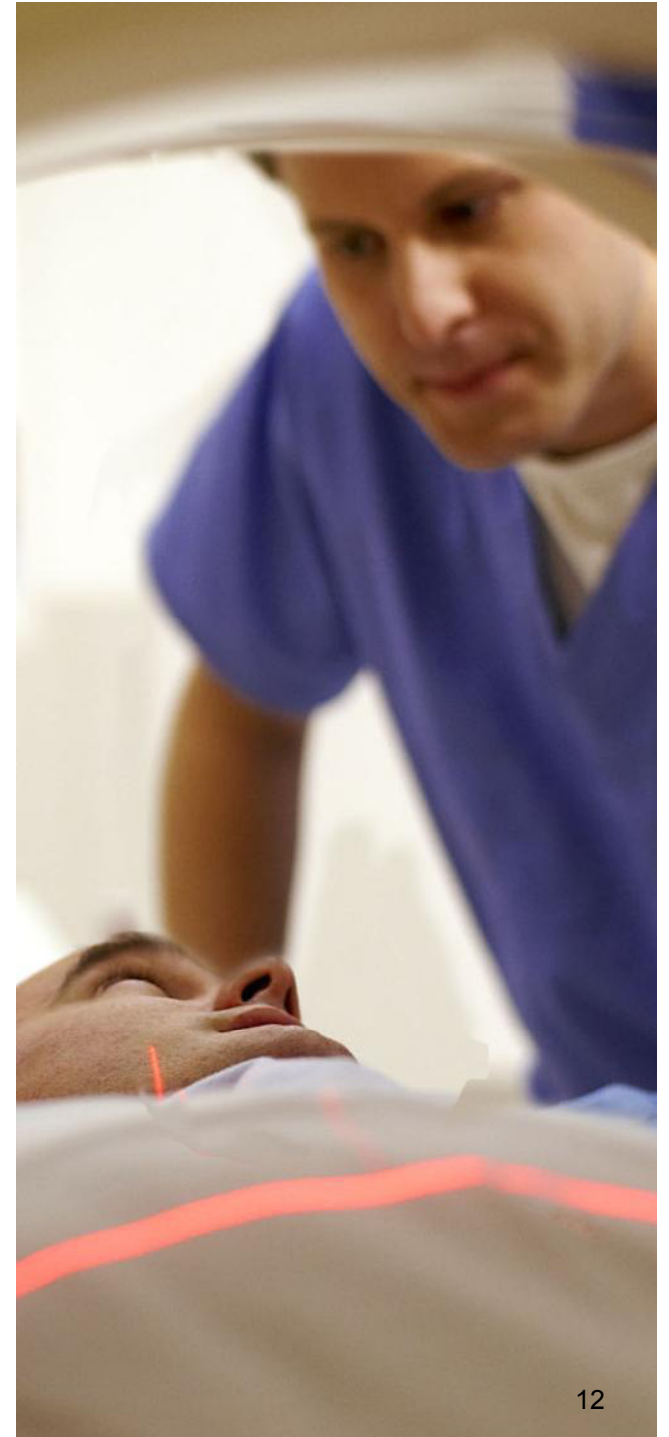
LCC Bill of Material as % of Total
(year end run rate)



- **Suzhou:** New Multi-Modality manufacturing and development campus
- **Neusoft JV:** CT and Ultrasound systems and imaging components
- **Lagoa Santa:** Multi modality operation, serving regional LATAM market
- **India:** Consolidating multiple locations into new center for Imaging systems
- **Russia:** Strategic partnership for product localization

Takeaways

- Driving growth in Cardiology, Oncology and Women's Health with integrated care cycle focus
- Strengthening position in Radiology through technology, workflow and channel reach
- Broadening Ultrasound compact offerings
- Strengthening and expanding mid/low portfolio by leveraging emerging markets footprint, partnerships and acquisitions



PHILIPS

Q&A

Gene Saragnese

