Growth from the Core:
Imaging Systems

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CEO Imaging Systems
# Imaging Markets

## 2009 Imaging Markets by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2009 Sales (EUR)</th>
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<tbody>
<tr>
<td>Total EUR 14.2B</td>
<td></td>
</tr>
<tr>
<td>Other emerging</td>
<td>1700</td>
</tr>
<tr>
<td>LATAM</td>
<td>900</td>
</tr>
<tr>
<td>India</td>
<td>350</td>
</tr>
<tr>
<td>Greater China</td>
<td>1550</td>
</tr>
<tr>
<td>Other mature markets</td>
<td>2300</td>
</tr>
<tr>
<td>(incl. Japan)</td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>3100</td>
</tr>
<tr>
<td>North America</td>
<td>4300</td>
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**Emerging markets**
- Demand for care is growing
- Significant Chinese government investments
- Increasing demand for Mid/Low products/service solutions
- Lifestyle changes bringing new problems

**Mature International markets**
- Recovery, with limited growth
- Demographics drives procedures
- Increasing need for efficiency

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

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

- Total EUR 14.2B
- Nuclear Medicine 3%-5%
- Cardiovascular X-Ray 3%-5%
- General X-Ray 7%
- Ultrasound 10%
- CT 19%
- MR 19%
- Overall Philips Share 21%

Market Growth 1)
- General X-Ray 3%-4%
- Nuclear Medicine 3%-5%
- CT 3%-5%
- Ultrasound 2%-4%
- MR 2%-4%

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
Driving 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

Screening  Diagnosis  Therapy planning  Therapy delivery

CT Virtual Colonography  New  Big Bore PET / CT  Big Bore CT  RTP Pinnacle  New  Image Guidance

Market leader in PET/CT oncology
13 installed, 23 orders

Unique 85cm Big Bore
- Optimized for oncology: diagnosis, staging & simulation
- Third generation Time-of-Flight (500 ps)

PercuNav
Real-time image guidance
- “GPS” for medical instruments
- Addressing clinical needs: Liver and Prostate therapy
- Improved outcomes at lower procedure cost
- Based on Traxtal acquisition

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

<table>
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<th>Significantly Improved Images</th>
<th>Enhanced Consistency</th>
<th>Up to 40% faster scans</th>
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3% share increase in 3T (2009)
€100M of orders in first year
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

Improved image quality with up to 40% faster scans and a 3% increase in 3T usage in 2009.

Achieva 3.0T TX
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

**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**

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**Compact Ultrasound CX50**

**Support ambition to become leader in Ultrasound**

**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

**China: Ultrasound HD6 and HD7**
- Successful products from Neusoft JV
- Targeting Emerging Markets (e.g. tender opportunities)

**Brazil: Compacto DR - Radiography**
- Original VMI Brazil design, enhanced with Philips image processing
- Design to be transferred to India

**China: MX16 CT scanner**
- Simple to use product with small footprint
- First CT scanner classified as “Green Product”

Organic, partnership, and acquisition investments accelerating mid/low end
Drive out product cost

LCC footprint and sourcing

LCC Footprint

- 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

LCC Sourcing

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010 target</th>
<th>2012 ambition</th>
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<tbody>
<tr>
<td></td>
<td>18</td>
<td>27</td>
<td>36</td>
<td>&gt;45</td>
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PHILIPS

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
Q&A

Gene Saragnese