

# Creating the future of Healthcare through meaningful innovation

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# Key takeaways

- Favorable trends drive more demand for home health care
- Exceptionally strong across the portfolio
  - Sleep, Respiratory Care, Home Monitoring
- Innovation leadership across the full breadth of our solutions
- Delivering on international expansion strategy
- Set the foundation of our mask portfolio with two successful new innovations
- Consistent and profitable growth



Mark Junge, 69-year-old oxygen-dependent patient and cyclist

# Philips Healthcare Guiding Statement

We are dedicated to creating the future of health care and saving lives.

We develop innovative solutions across the continuum of care in partnership with clinicians and our customers to improve patient outcomes, provide better value and expand access to care.

**CONTINUUM OF CARE**



PREVENTIVE CARE



THERAPEUTIC CARE



DIAGNOSIS



TREATMENT



MONITORING



CHRONIC CARE

Home Healthcare

Patient Care

Imaging Systems

Patient Care

Home Healthcare

Clinical Informatics and Integration

Customer Services and Consulting

# Market trends



## Chronic disease requires lifelong care

- COPD<sup>1</sup> is the 4<sup>th</sup> leading cause of death worldwide
- About 4% of men and 2% of women in the world have OSA<sup>2</sup> Syndrome; an estimated 80% are still undiagnosed
- The rise in chronic disease, co-morbidities and a desire for care on our own terms will drive demand

## Aging drives more demand for home care

- By 2050, the global population 65+ will triple in size to 1.5 billion
- In 2010, 40% of people age 65 and over lived alone in the US
- Older, isolated people have higher rates of mortality from breast cancer, high blood pressure, heart disease and other chronic diseases

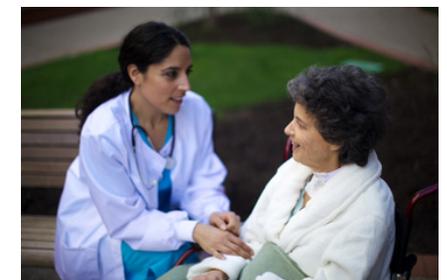
1 Chronic Obstructive Pulmonary Disease 2 Obstructive Sleep Apnea

Source: World Health Organization <http://www.who.int/mediacentre/factsheets/fs310/en/index.html>, NIH <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2727690/>,

AARP <http://www.aarp.org/aarp-foundation/our-work/isolation/info-2012/7-facts-about-social-isolation.html>

# Delivering on our commitments

- Robust innovation pipeline
  - Delivered a record 16 new launches in 2012
  - Two new masks/returned to growth
- Globalization/growth geographies
  - Growing above market rates
- Strong market positions driving value creation
  - Leadership in sleep therapy
  - Leadership in ventilation, nebulizers
  - Leadership in North America home monitoring



## Strong positions in large, growing markets

### Sleep



- #1 in Sleep Therapy
- Many undiagnosed patients worldwide
- Significant co-morbidities
- Patient interface market opportunity
- Replenishment and optimization

Market size €1.9B  
Market growth 6-8%

### Respiratory Care



- #1 market position
- Global ventilation leadership
- Large patient populations
- Innovation opportunities
- Growth geography opportunities

Market size €1.6B  
Market growth 6-8%

### Home Monitoring



- #1 NA market position in telecare (Lifeline)
- Growth in aging population
- Global expansion (Japan)
- Market expansion (GoSafe)
- Hospital to Home

Market size (NA) €1.8B  
Market growth (NA) 4-6%

# Delivering on international expansion strategy

- Our international business is substantial and growing
  - Delivering strong double-digit growth; reaching providers and patients in 120 countries
- Mature and growth geographies are flourishing
  - Growing faster than the US market; primary drivers are Japan, China, India, LatAm, DACH and France
- Offers opportunities for greater penetration
  - Localized solutions such as our 'experience centers' in China are creating value



# Innovation drives differentiation in masks

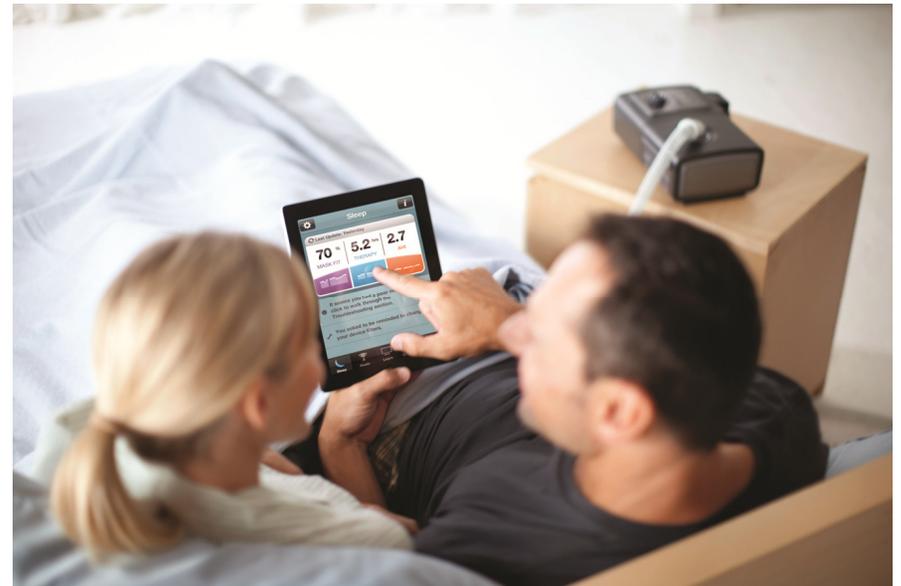
- Realization of investments with two targeted mask launches
  - Returned to growth in 2012
- Amara Full-Face Mask launched Q3
  - Smaller/lighter
  - Proven to fit 95% of faces
  - 60% fewer parts than leading full-face mask
- Wisp Minimal Contact Nasal Mask launched Q4
  - Comfort/ease of use
  - Visual appeal
  - Fits a wide range of patients
- Capture resupply with Fit for Life program



Pillows and gel full-face will complete our portfolio in 2013

## Innovation drives efficiencies and therapy compliance

- Delivered on our commitment with heated tube and platform enhancements that drive patient comfort
- Our integrated solution is a unique differentiator
  - System One therapy device + new masks + resupply + SleepMapper patient engagement tool
  - Helps reduce costs, obtain acceptable compliance and reimbursement levels, enable engaged patients
- SleepMapper Q2 launch
  - Designed to improve the sleep experience
  - Motivated patient = better compliance
  - Compliance drives reimbursement



# Innovation empowers you to get out and go

- GoSafe – mobile/cellular based Lifeline with fall detection and advanced subscriber location technology
- Provides coverage *inside and outside* the home
- Expands market to the more active, outgoing senior
- Increases length of stay on the service
- Differentiating benefits drive innovation leadership and outpace the competition
- Available in Q3/Q4



# We win by bringing health care home

**Unmatched** breadth of products and services with sleep, ventilation, oxygen and telecare



**Deep history** and clinical expertise

**Unique** patient experiences that offer independence, freedom and mobility



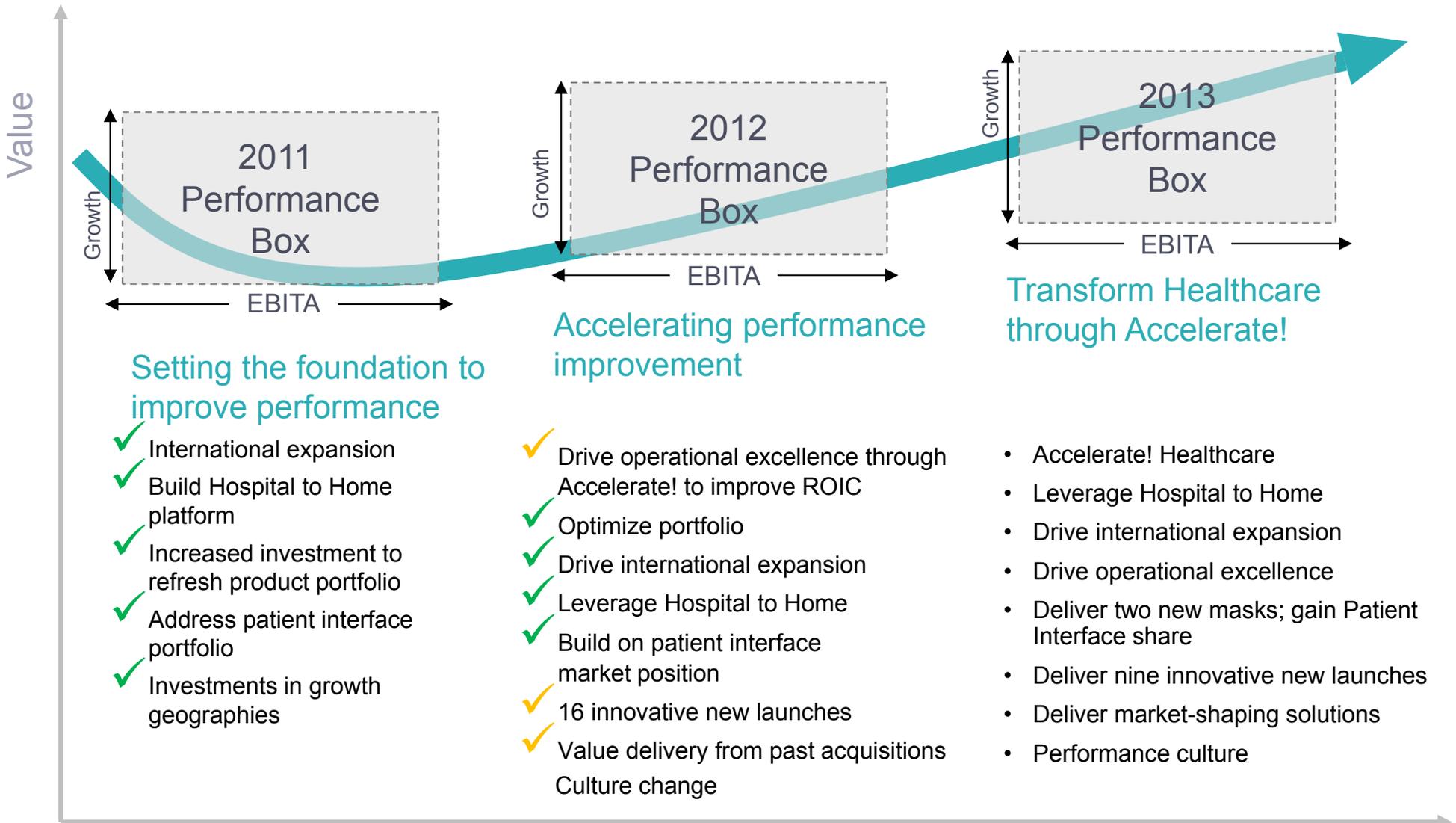
**Focused on the customer** and driven by a passion to understand their needs

**Global leverage** of Philips brand and industrial footprint



**Innovation leadership** for more than 30 years

# Progressing on our Path-to-Value



✓ = Areas of ongoing focus in 2013

<sup>1</sup> BMC = Business Market Combination

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