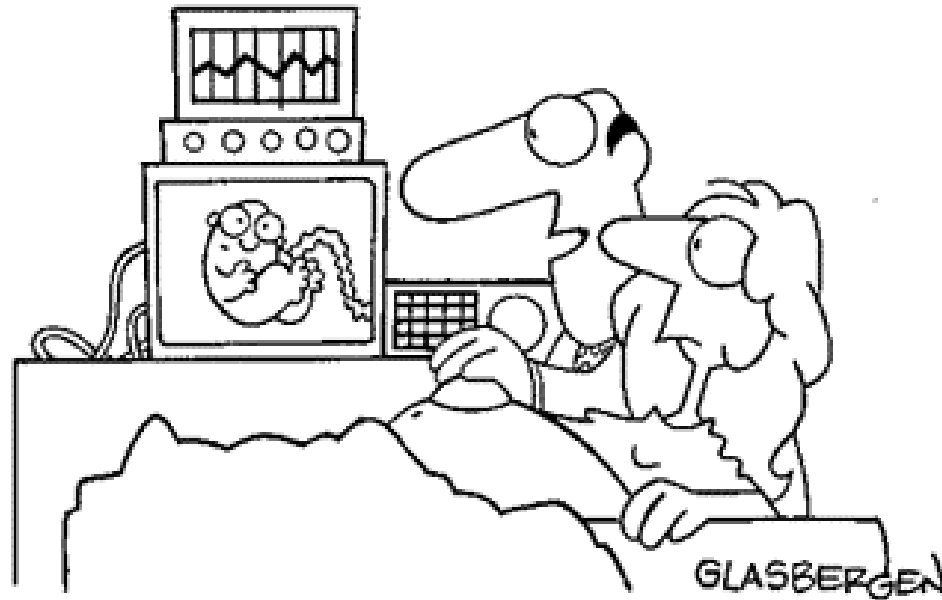


PHILIPS

Progress in Ultrasound

Barbara Franciose
Business Group Ultrasound

Ultrasound is exciting and growing



**“Your baby is developing very nicely.
Would you like to send him an e-mail?”**

Ultrasound at Philips Medical

- Ultrasound Clinical Procedure and Market
- iU22 - new Ergonomics and clinical innovation
- Integration and Optimized Processes
- Why we Win - Future Growth in Asian low-end and Regain Market Share in Premium



Unique in Mobility

Ultrasound is used within Radiology, Operating rooms, Emergency Rooms, Cardiac Cath Labs, Doctor's offices

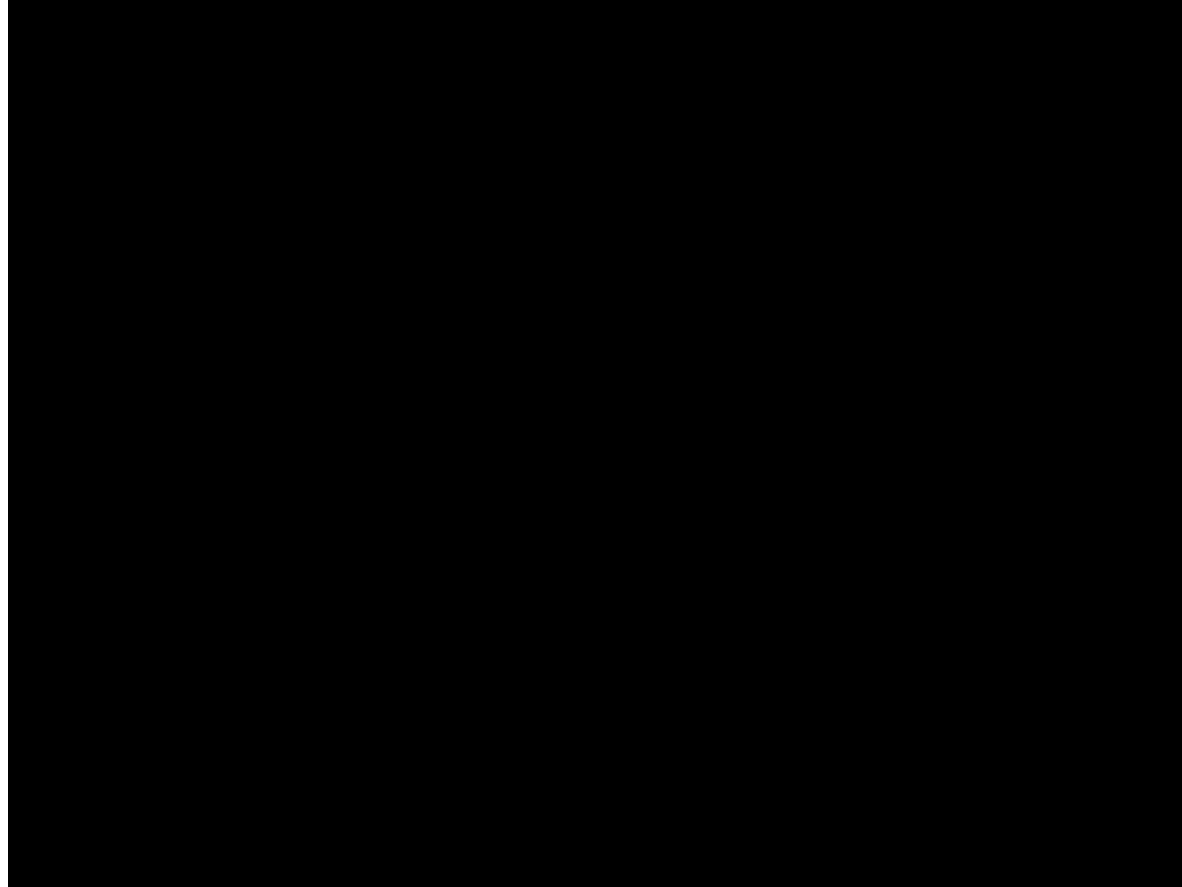


Very little entrance barriers in developing countries

Ultrasound procedure environment enables patient intimacy and interaction

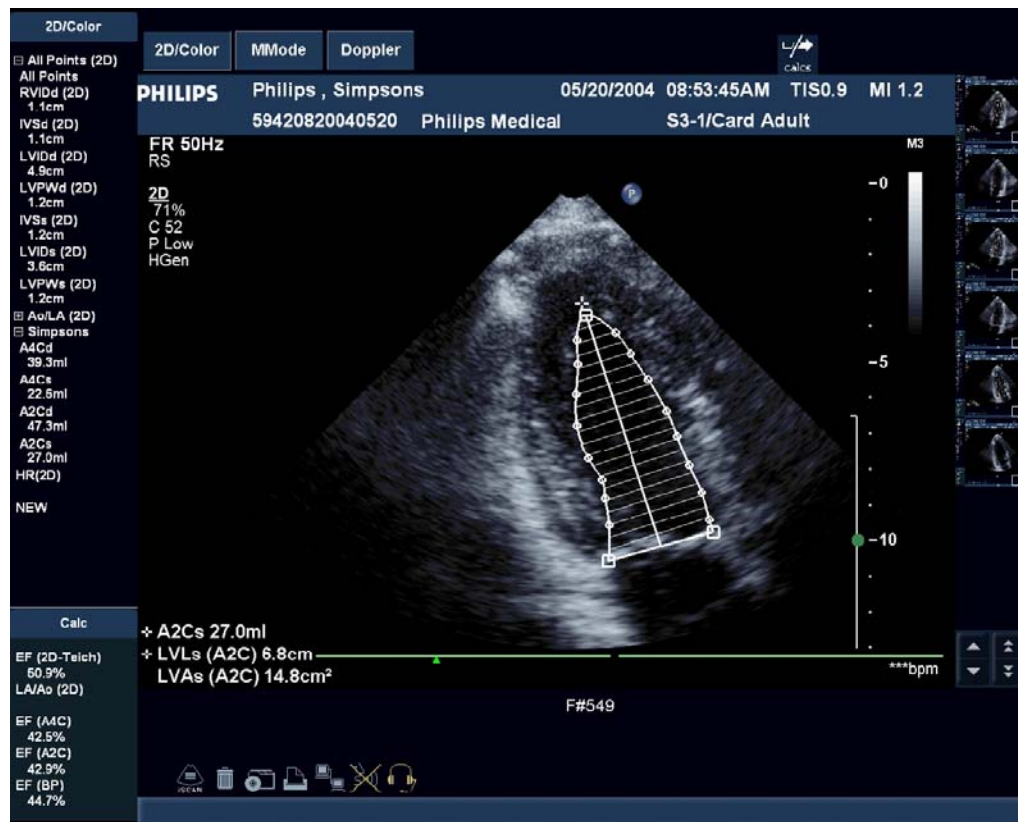


With a strong consumer push

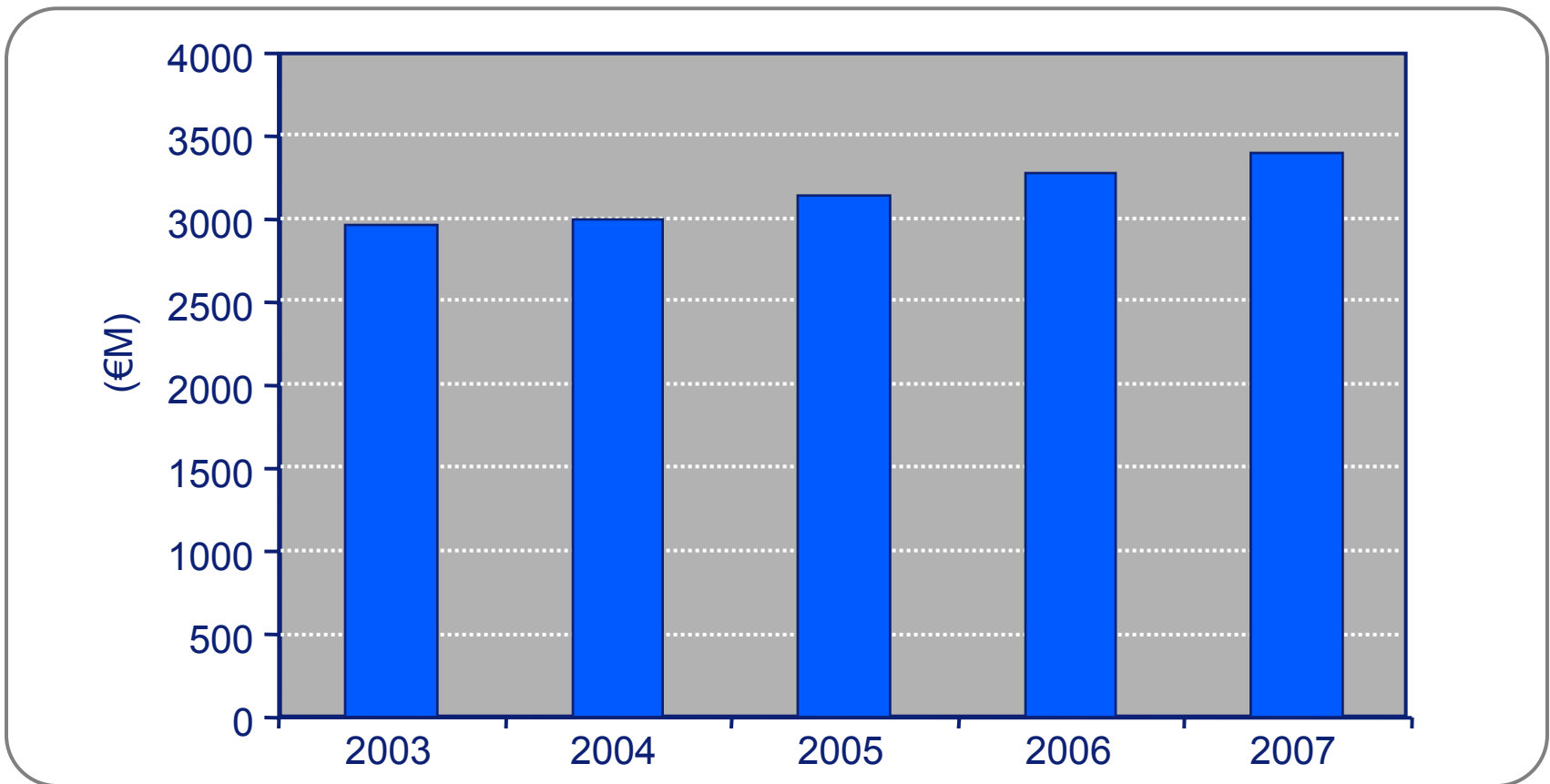


NEMA reports a 19% OB/GYN Revenue growth in Q1 '04

A Solution for “Numbers Based Medicine”

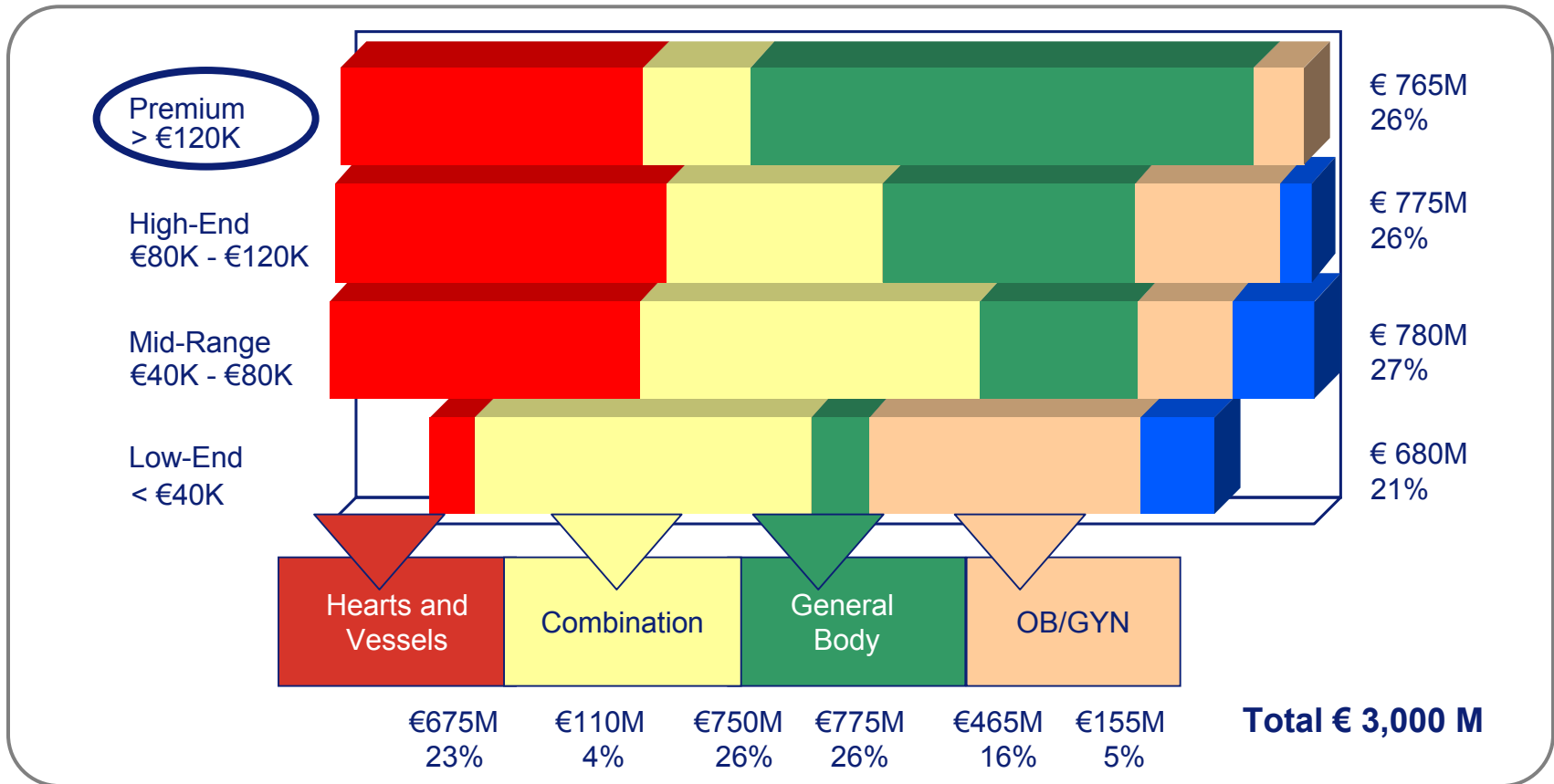


Ultrasound Market 2003-2007 grows 4-5% CAGR



2003 Ultrasound Market Segmentation

Equipment Revenue (€M)

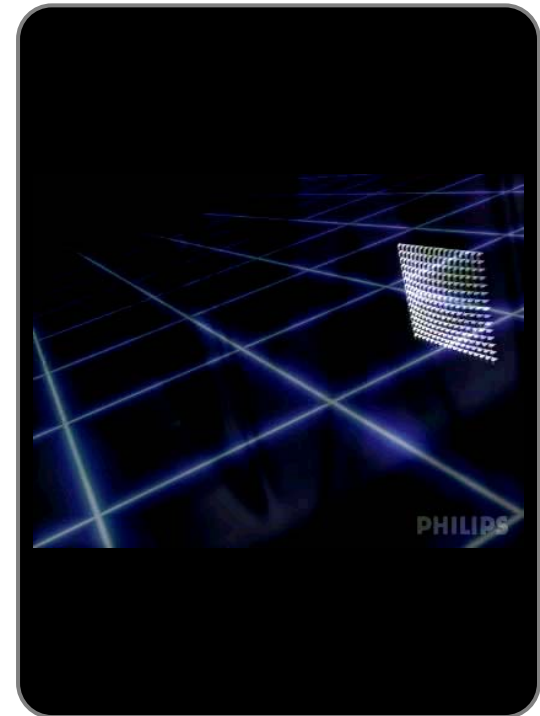
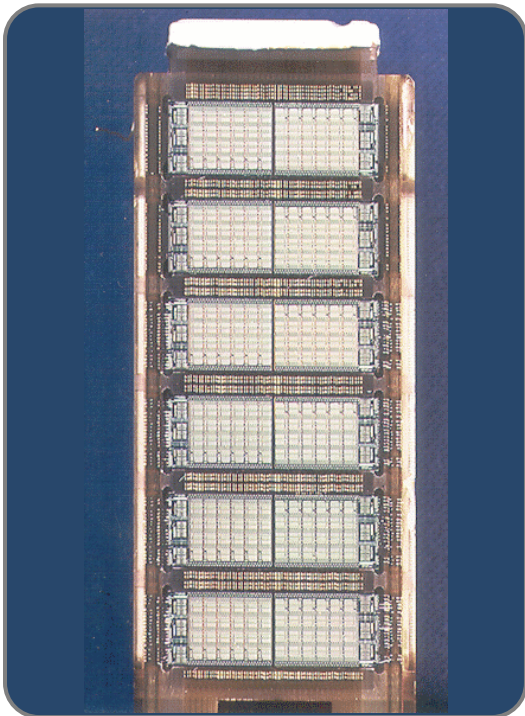


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Philips Acquired Technology Leaders in General Imaging (ATL) and Cardiac (HP/Agilent)



Customers say we have “Best Image Quality”

But hospitals now look for productivity and ergonomic / IT integrated solutions



The historical HW/SW platforms were 8 yrs old

iU22 – lots of customer productivity !



" I just walked up and for the first time in memory, and just intuitively used the system."

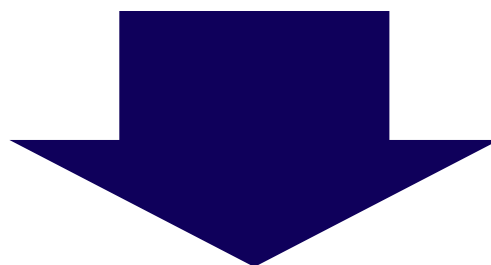
Dr. Eddie Leen,
Leeds, UK



intelligent design

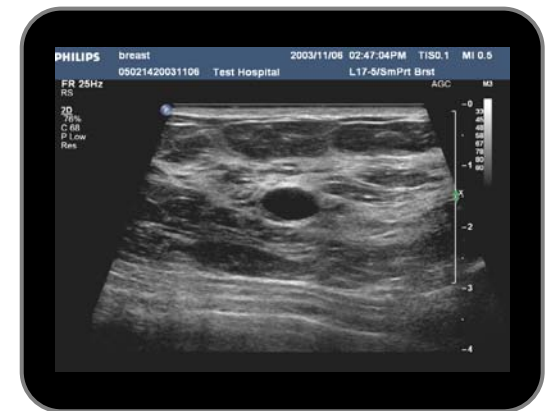
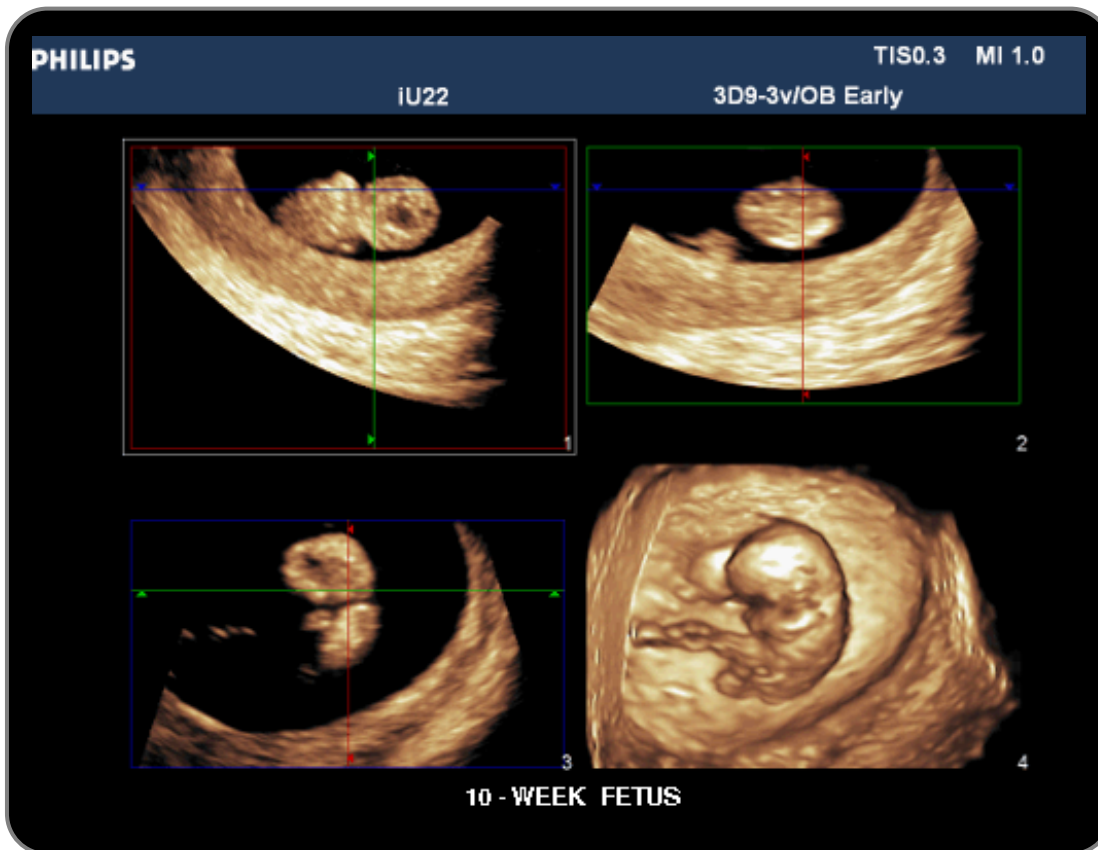
ergonomics

Single buttons now control > 100
parameters

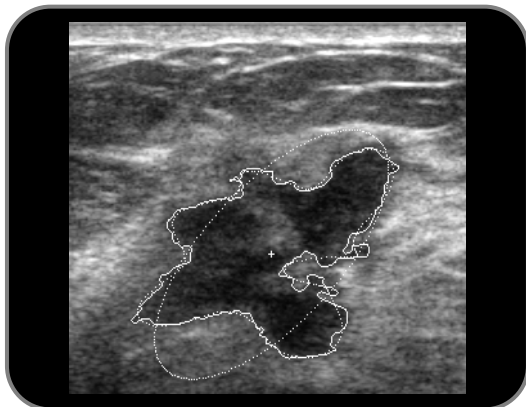


Allowing shorter exams and more throughput

With Better Image Quality for Physicians



iU22 released in March 2004 with great customer reviews



Beverly Coleman, MD
Director of Ultrasound Imaging
University of Pennsylvania in Philadelphia, PA

Premium Segment brings Premium customer price and better product margins



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We needed to further integrate acquired companies operations and optimize processes

A Major Ultrasound Change Initiative started early 2003

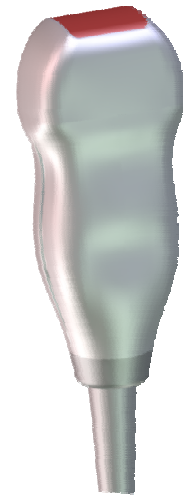
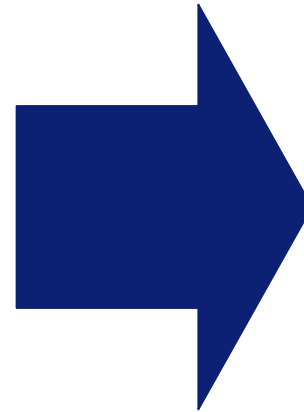
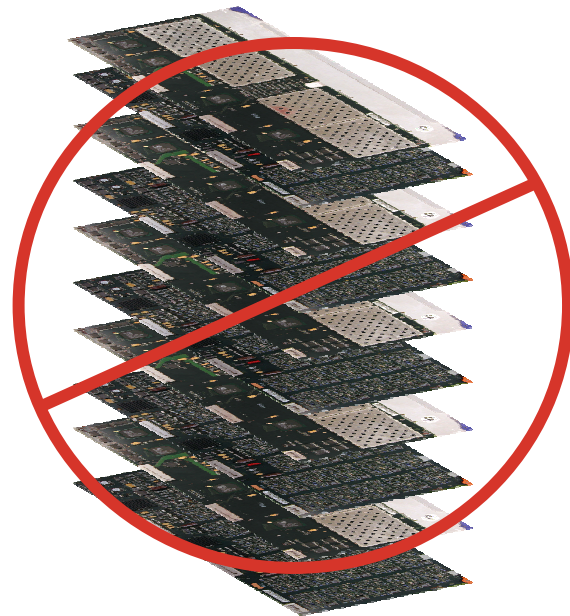
- Consolidation of System Supply chain to one site
- Combined Commercial and Business SAP instance
- New Development Process – more efficient
- New cross-segment, cross-platform innovation

Better innovation with SGA/R&D reducing 2 pts. this year

Shrink our “Image forming” Electronics



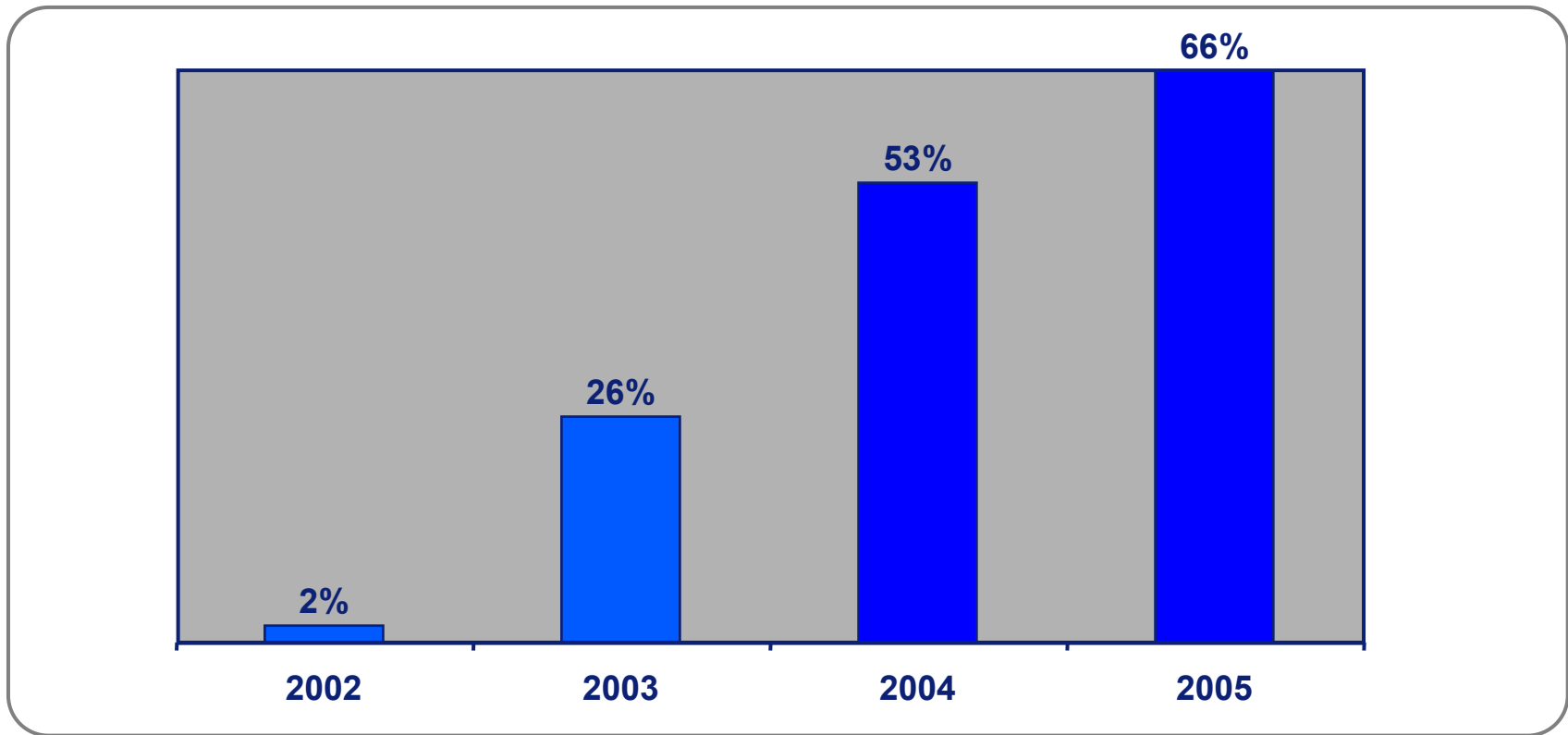
Electronics needed for image formation



Compressed into Transducer Housing

Ultrasound New Product Revenues

% Revenues based on products < 2 yrs old



New product is defined as a product based on a new hardware platform or a product with a significant increase in functionality, or cost-per-function improvement

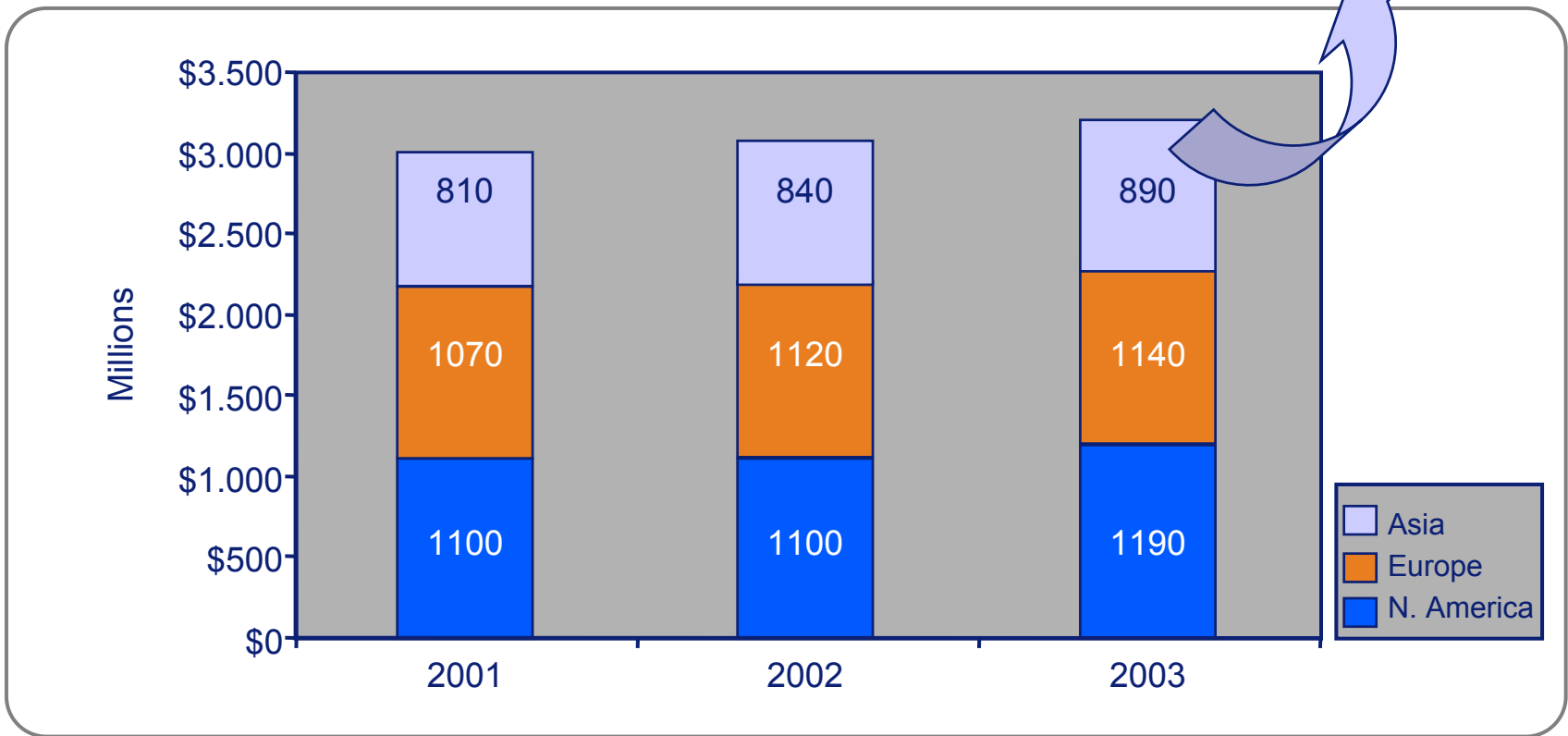
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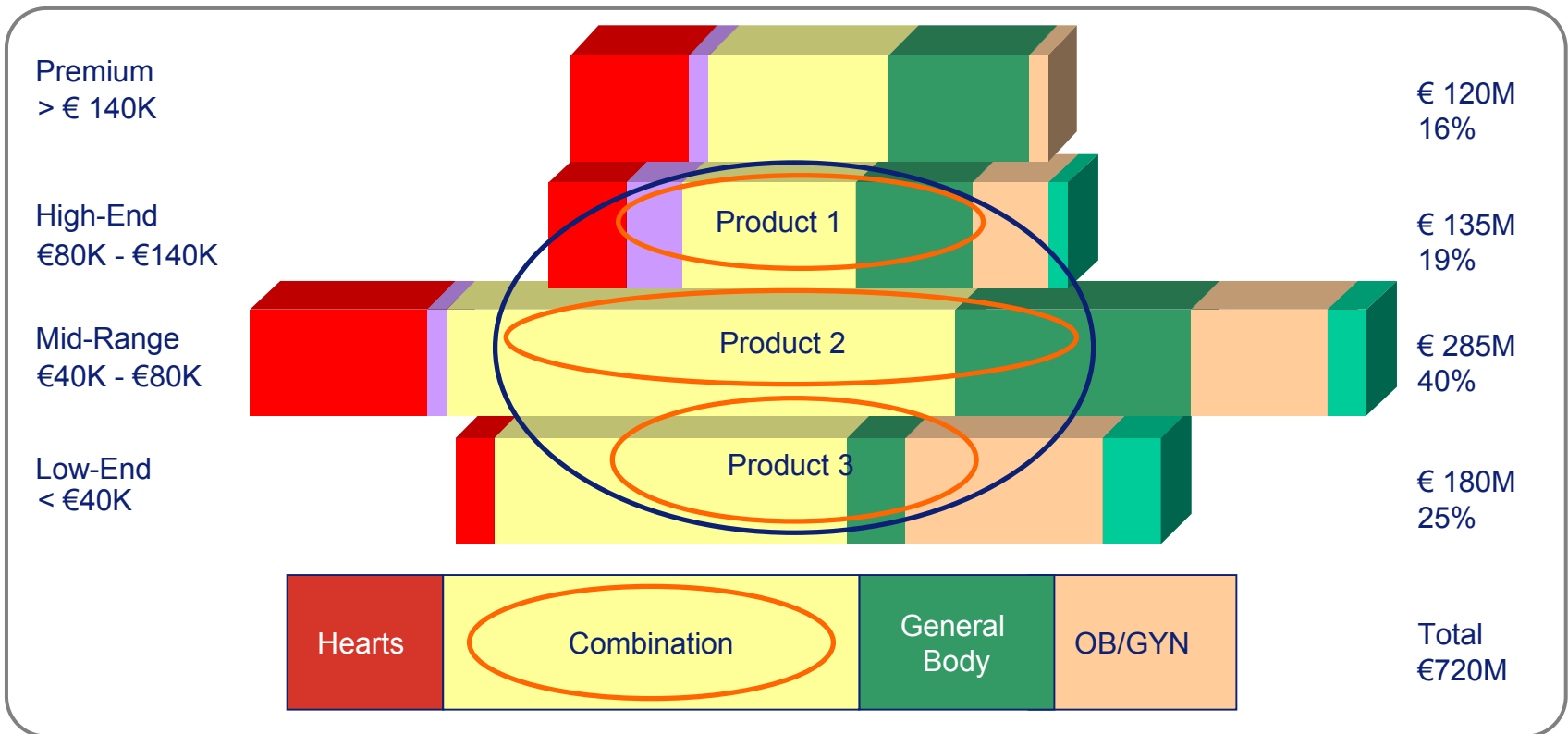
Asia Pacific grows 2x rate rest of world

APAC 8% CAGR 2003>2007

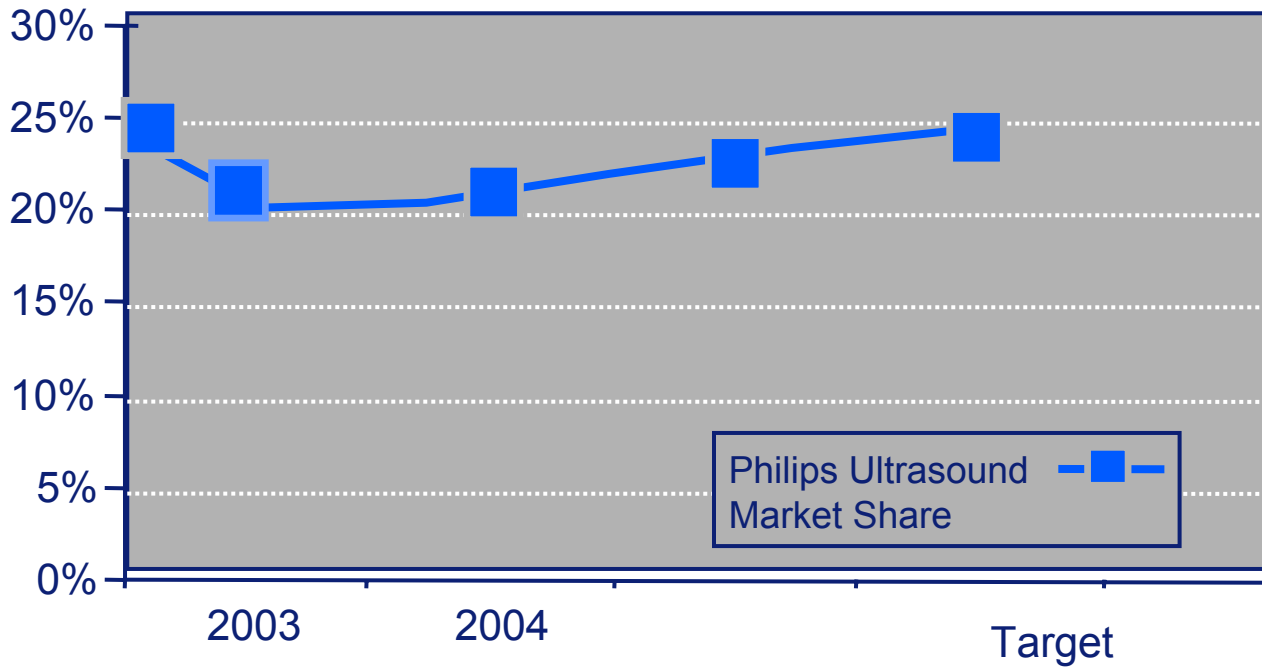


Asia Pacific

Targeted Product Sweet Spots



Market Share Gains within a Growing Market



Philips Ultrasound is

- Part of a growing market, gaining share
- Responding to hospital's productivity pressures
- Will win...with targeted innovation and reduced cost of Operations



