

PHILIPS

Progress in X-Ray & MR

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Analyst Meeting
June 15th, 2005

X-Ray & MR: Agenda

- **Introduction**
- **General X-Ray**
- **Cardio/Vascular X-Ray**
- **Magnetic Resonance**
- **China growth opportunity**
- **Conclusion**

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X-Ray & MR: Building on our history of success

- Strong history and leadership positions
- From technology innovation via clinical partnerships to advanced applications
- Continued growth opportunities driven by innovation and geographic expansion



X-Ray & MR: Focused business areas

General X-Ray



Cardio/Vascular X-Ray



Magnetic Resonance



Common Components



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General X-Ray: History

- Strong and long history
 - Building the first X-Ray tubes with C. Roentgen
 - Philips installed base >50,000 units
- ~1 million people examined with Philips equipment every day
- 70% of all diagnostic imaging procedures
- Backbone of Diagnostic Imaging



General X-Ray: Leadership

- **Radiography**
 - Static imaging of skeleton, chest and breast
 - #1 worldwide in upper segment of digital market

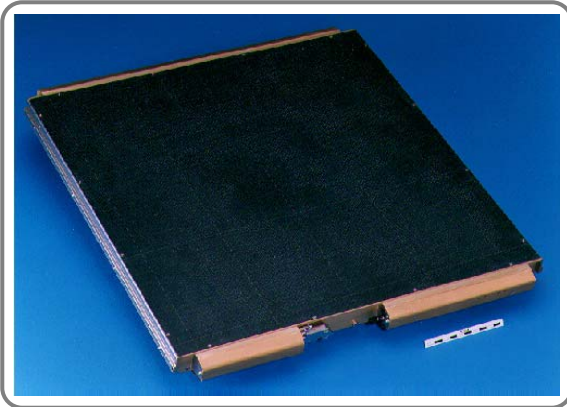
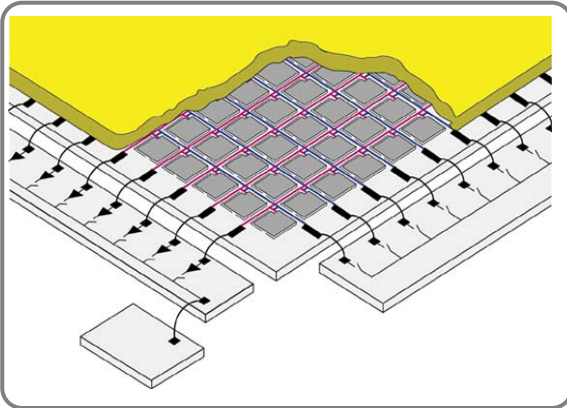
- **Universal Fluoroscopy**
 - Dynamic imaging of abdomen and vascular system
 - #1 worldwide

- **Surgery**
 - Dynamic and static imaging in operating room
 - Leverage on advanced Philips technology in 3D imaging



General X-Ray: Technology innovation Digital revolution in detector technology

Converting conventional, analog radiography into direct digital



Immediately
available
images

No repeats

Dose reduction

Easy archiving
and viewing

General X-Ray: Clinical partnership

Digital revolution in hospital's workflow

Increased Productivity

“Two years ago our volume was 100 patients a day – between three rooms. Today it has increased to 150 patients a day. What's more our repeats have gone from 6.5% to 0.5%. That's a huge difference. Moreover, these productivity gains were achieved without additional staffing.”

Higher Quality

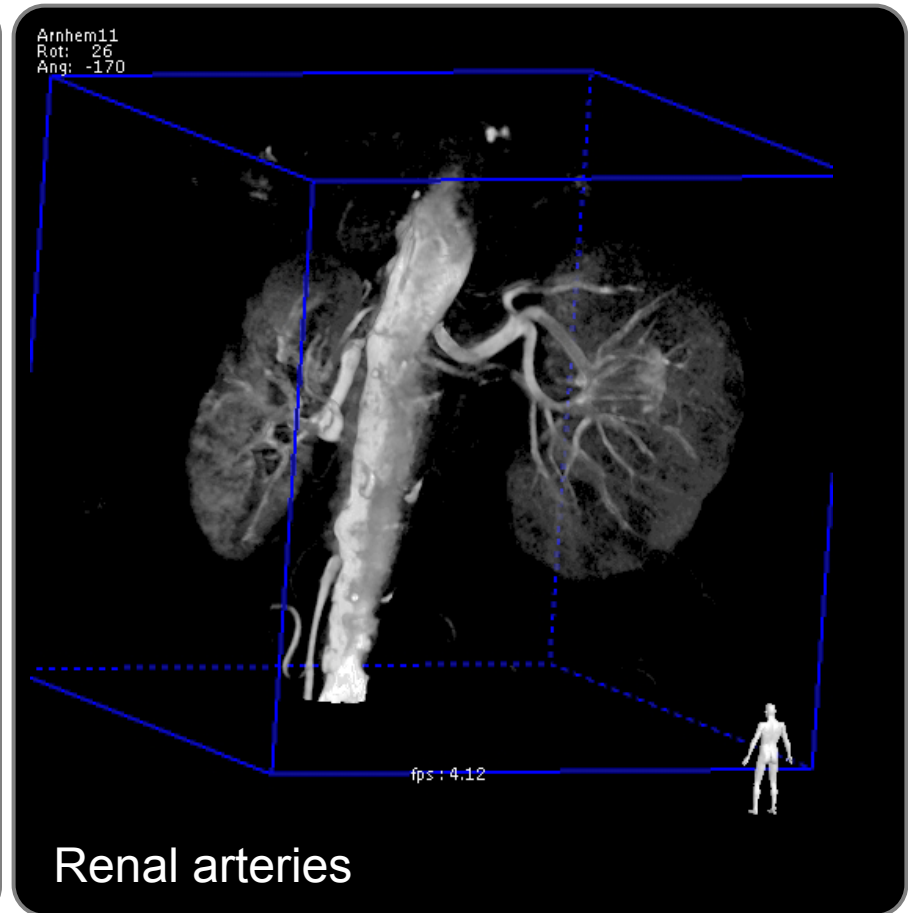
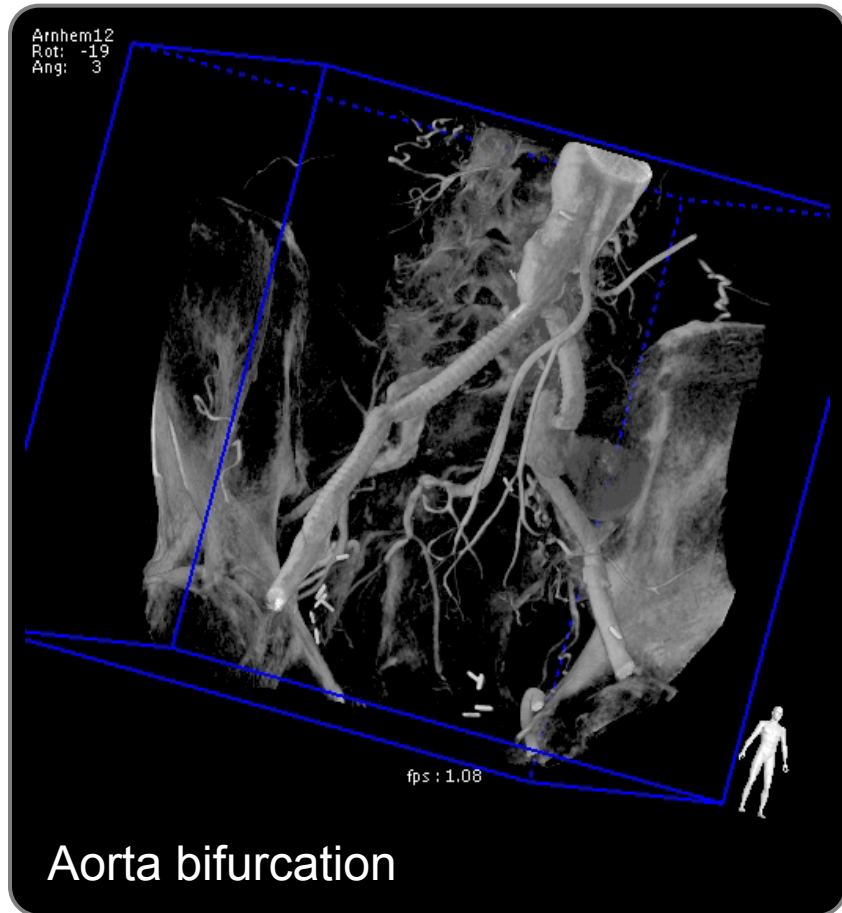
“Image quality is much quicker. For both Computed Radiology and Digital Radiology we have processing algorithms – and are very happy with it. Machine processes images within 20 seconds. Techs immediately see images right on spot – don't have to manipulate images – provide much more high quality and consistent image to radiologist.”

Gary Woodruff

Manager Diagnostic Imaging

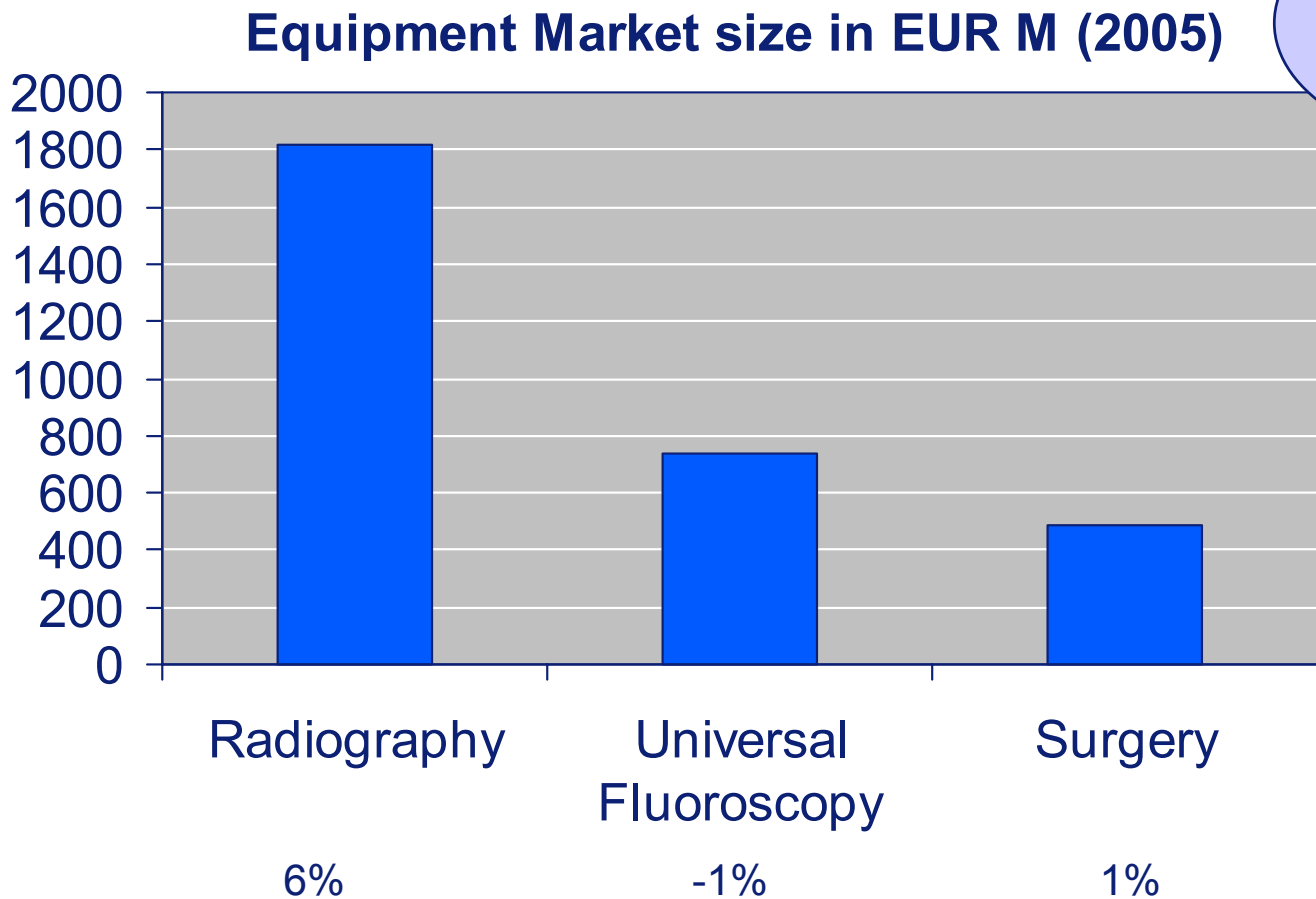
Sutter Novato Medical Community, CA, USA

General X-Ray: Advanced application MultiDiagnost Eleva with 3D reconstruction



General X-Ray: Growth opportunities

2005 Market segmentation



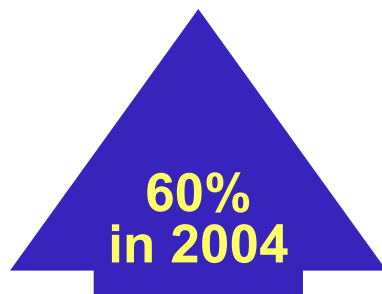
Total Market
CAGR 2005-08
3-4%

CAGR
2005-08

General X-Ray: Growth opportunities

Leading indicators on track

Innovation



% of revenue from
new products
(< 2 years old)

Order growth



2004 vs. 2003
Comparable Growth
of Orders

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Cardio/Vascular X-Ray: Leadership



- Recognized leader of X-Ray centered, minimally invasive solutions



- Designed around patient and clinician



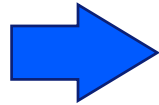
- Excelling in clinical outcome and workflow efficiency

Cardio/Vascular X-Ray: Technology innovation

Digital revolution in detector technology and computing



Image Intensifier

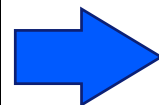


Flat Detector

- Better image quality
- Better stent visibility
- Better interventional outcomes



1999: 8 minutes



2005: 40 seconds

- Faster 3D reconstruction
- Better visibility
- Better outcomes for treating aneurysm in the brain

Cardio/Vascular X-Ray: Clinical partnership

A key element for innovation leadership



Dr. Barry T. Katzen, Medical Director, Baptist Cardiac and Vascular Institute in Miami, Florida USA

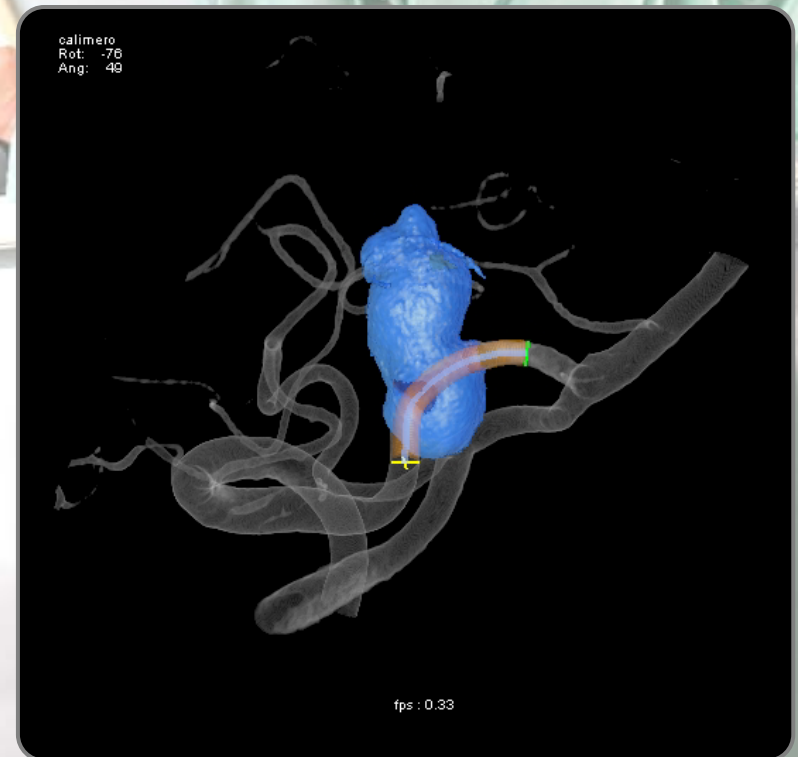
Cardio/Vascular X-Ray: Advanced application Aneurysm treatment

Philips' System used to:

- analyse
- compute
- simulate

an aneurysm.....

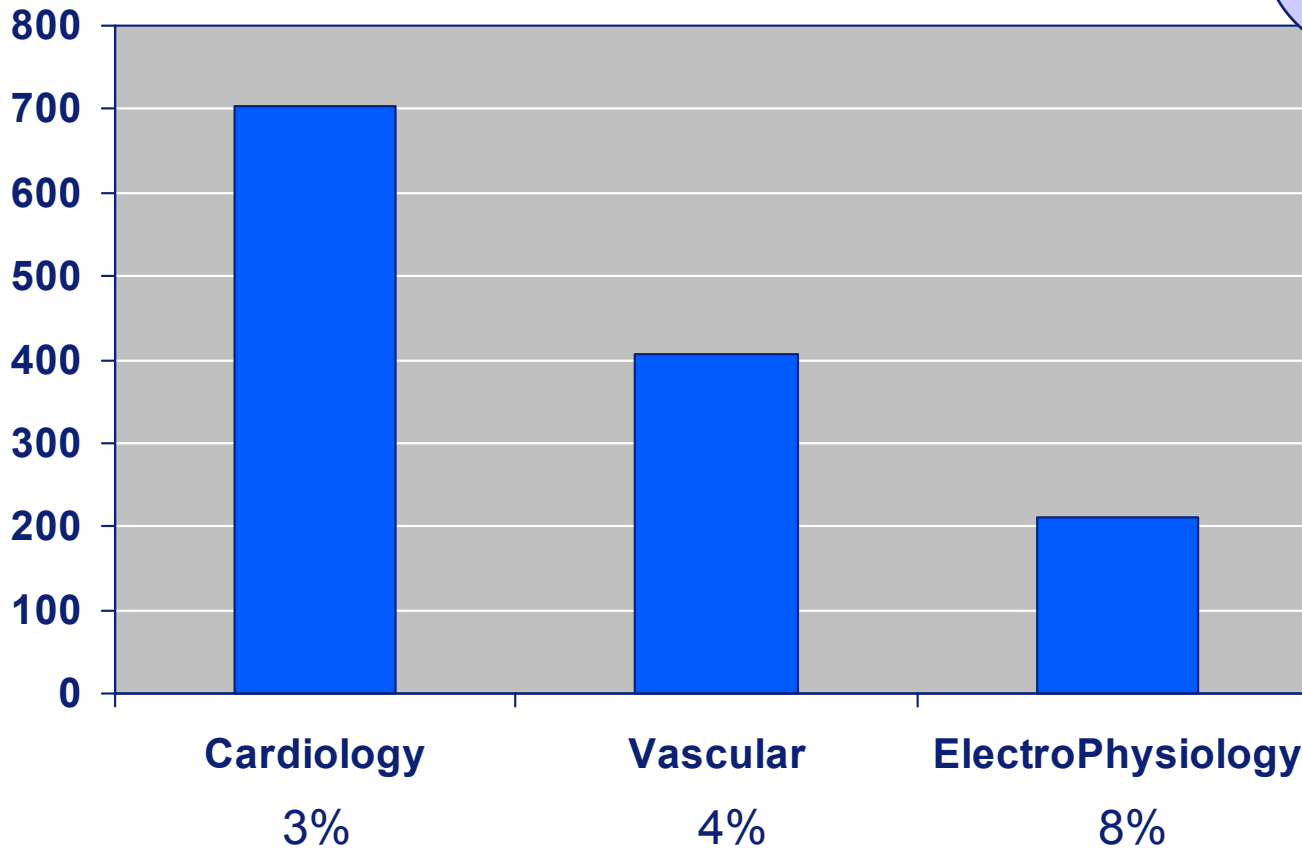
... and plan the treatment path



Cardio/Vascular X-Ray: Growth opportunities

2005 Market segmentation

Equipment Market size in EUR M (2005)



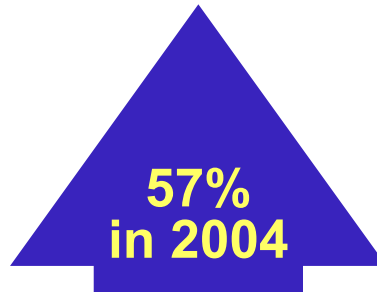
Total Market
CAGR 2005-08
4-5%

CAGR
2005-08

Cardio/Vascular X-Ray: Growth opportunities

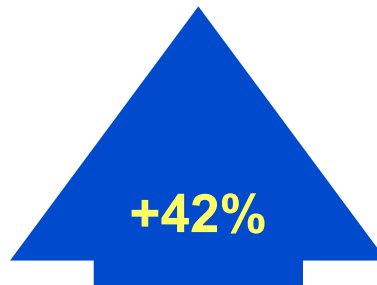
Leading indicators on track

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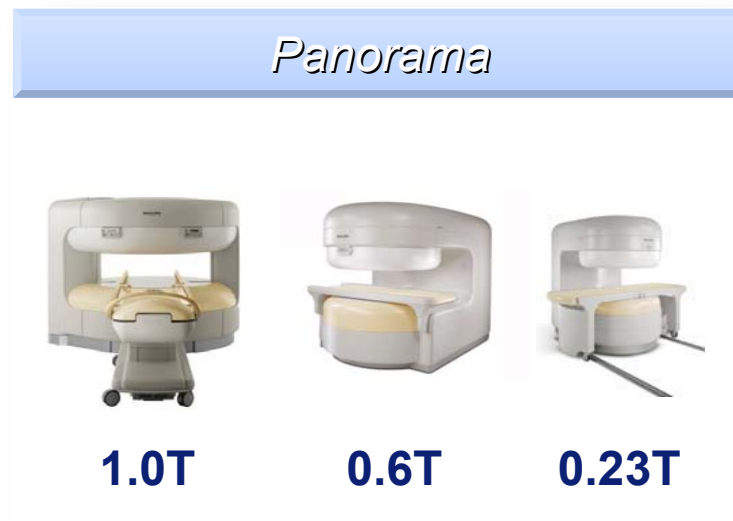


MR: History and leadership

- Many industry firsts:
 - 1988: first compact 0.5T
 - 1993: first compact 1.5T
 - 1999: SENSE speed-up
 - 2001: first compact 3.0T
 - 2004: first shielded 1.0T Open
 - Broadest portfolio in cylindrical and open systems
 - Recognized leader specifically in 3.0T whole body MR
 - Award winning designs for patient and clinicians
- 
- A Philips MRI scanner is shown in a clinical setting. The scanner is a large, white, cylindrical machine with a patient bed extending from the front. The Philips logo is visible on the top of the machine. The background is a bright, blue-tinted room.

MR: Leadership

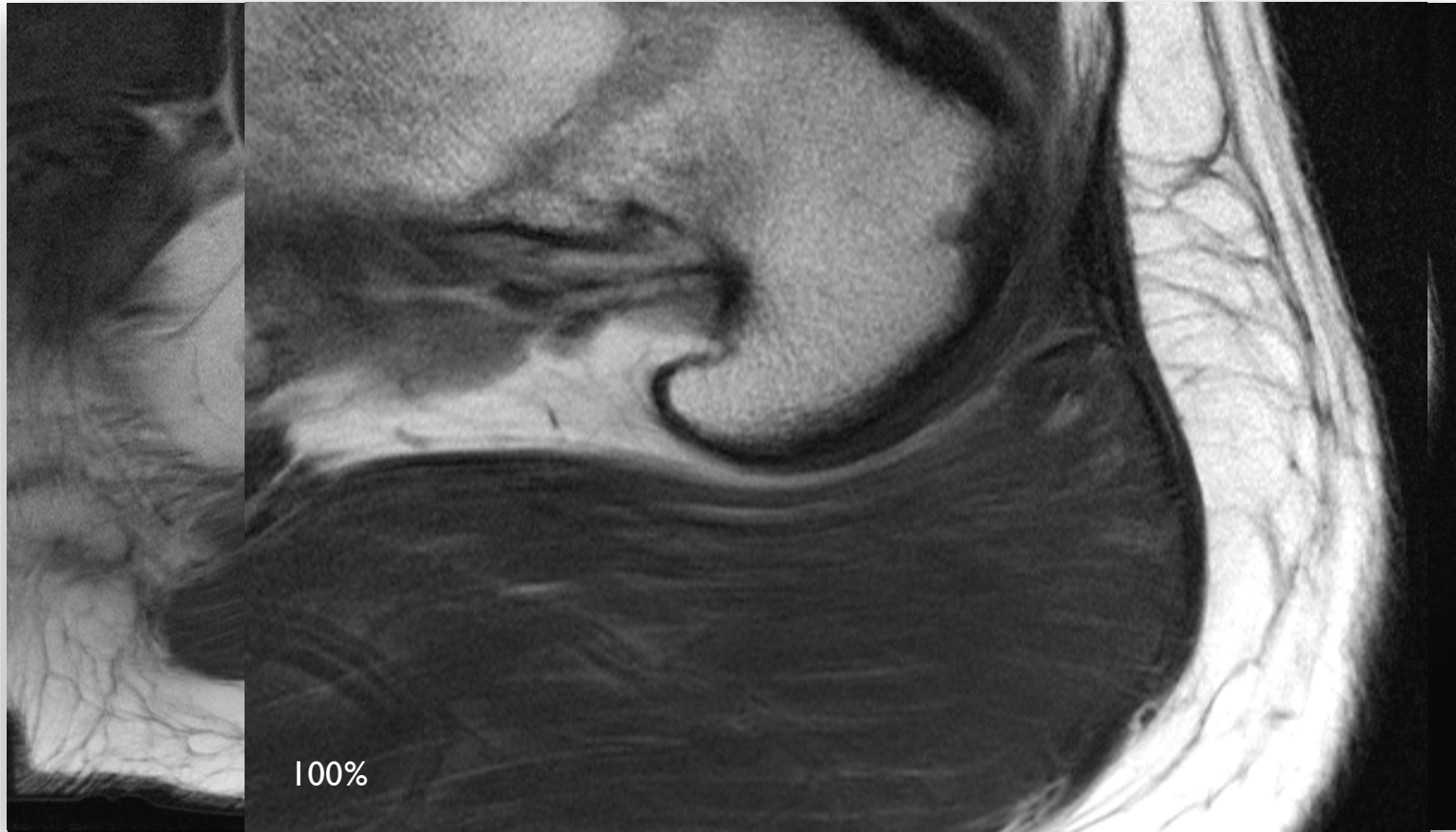
Complete and innovative portfolio



- Achieva Advanced cylindrical MR
- Intera Performance cylindrical MR
- Panorama Advanced and performance open MR
- Application software packages . . Cardiac, Intervention and Radiotherapy planning

MR: Technology innovation

Digital revolution in computing power



Continuous increase of resolution - 2048 matrix

MR: Clinical partnership

First Panorama 1.0T Open MR customer site (2004)

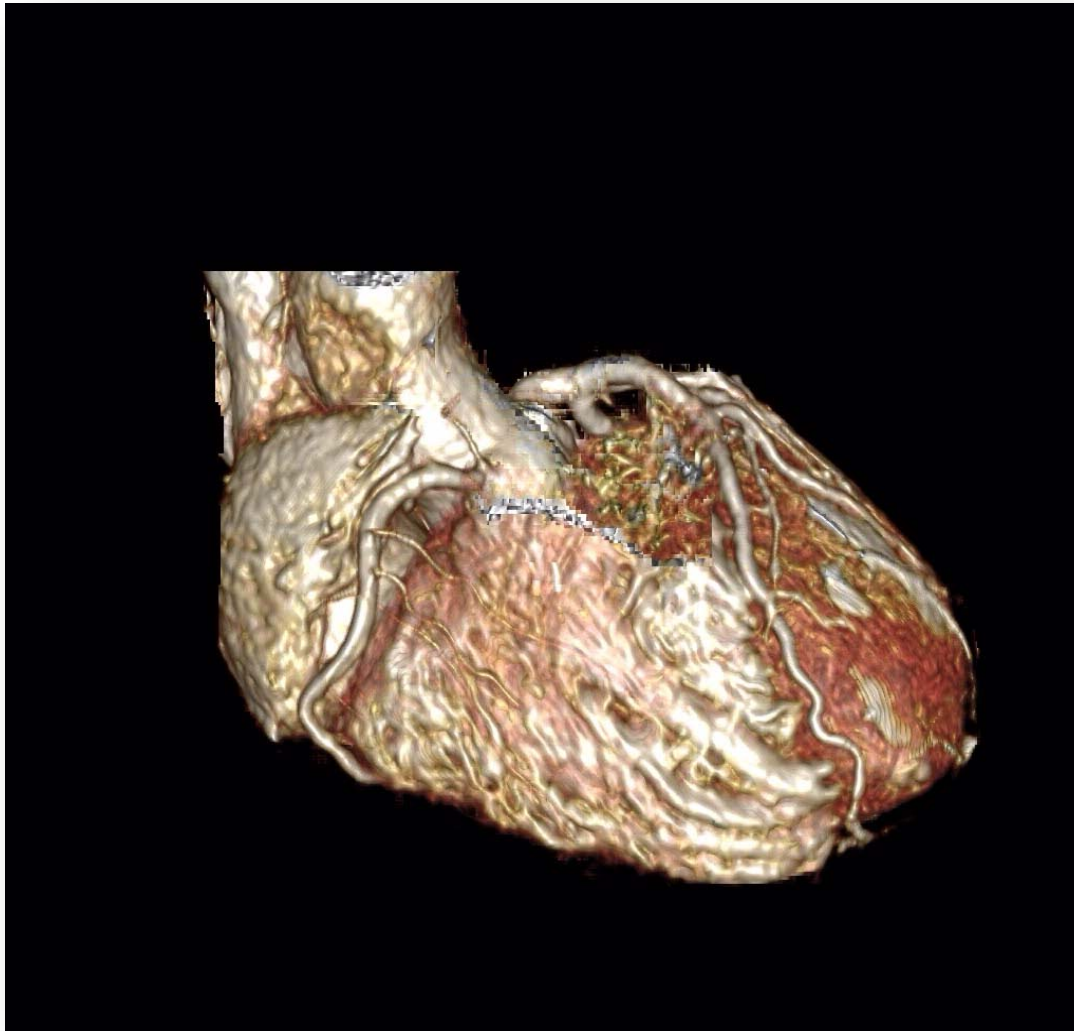


MR imaging of claustrophobic, large, pediatric patients without compromise of image quality

Pat McLellan, R.N., Executive Administrator,
Nevada Imaging Centers in Las Vegas, Nevada USA

MR: Advanced application

Cardiology - 3D image taken of a beating heart



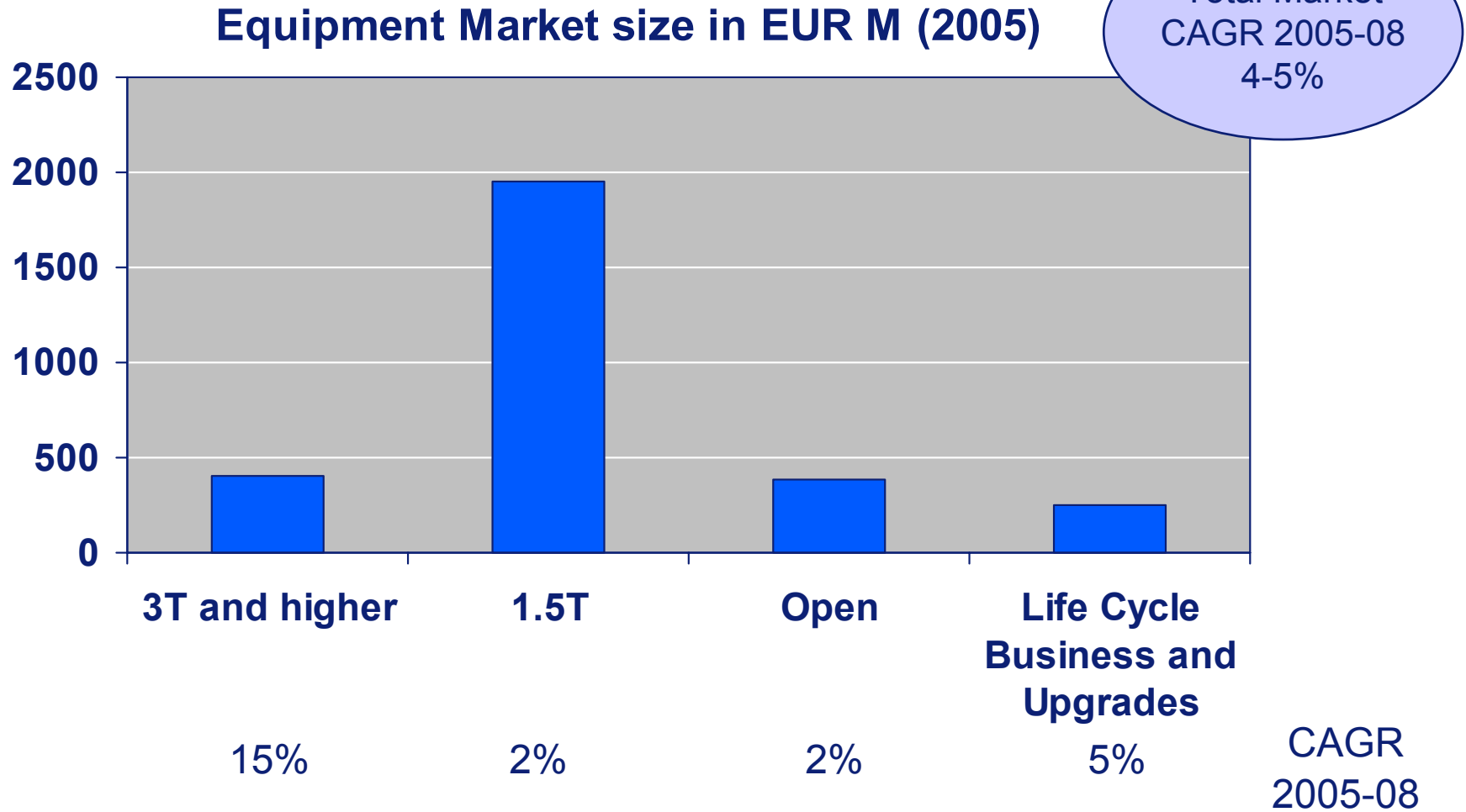
MR: Advanced application Ambient Experience – patient focused

From an isolated scanner
to a unique and tailored
scanning experience



MR: Growth opportunities

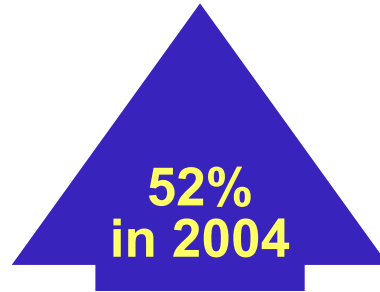
2005 Market segmentation



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X-Ray & MR: Growth opportunities China

- **Philips Neusoft Medical Systems Ltd**
joint venture for portfolio extension
and China market expansion
- **General X-Ray**
 - Introduction of Radiography and
Universal Fluoroscopy products
- **Cardio/Vascular X-Ray**
 - Economy Cathlab system
- **MR**
 - Low Field Open MR program



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X-Ray & MR: Conclusions

- We have a strong foundation for continued growth.
- Our technology combined with true customer intimacy strengthens and extends our leadership positions
- Geographic expansion and portfolio extension on track



