

PHILIPS

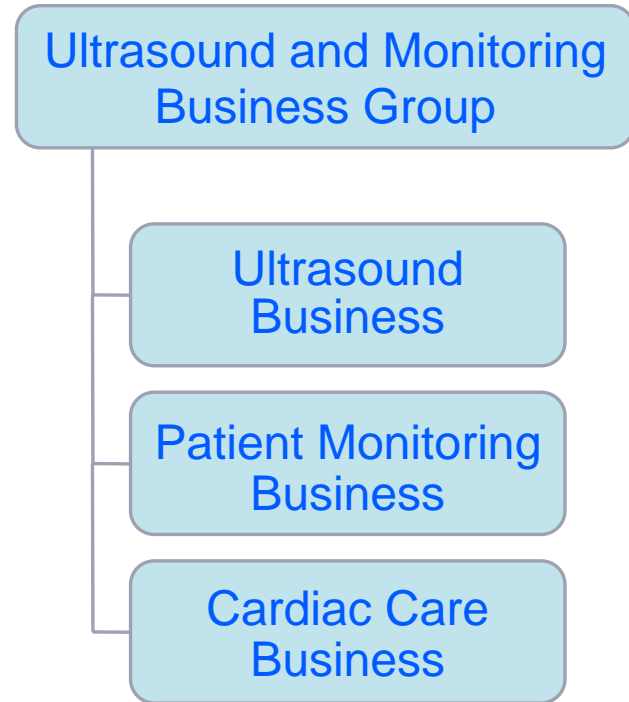


Ultrasound and Monitoring

Barbara Franciose
CEO Ultrasound and Monitoring

New **Ultrasound and Monitoring** Business Group

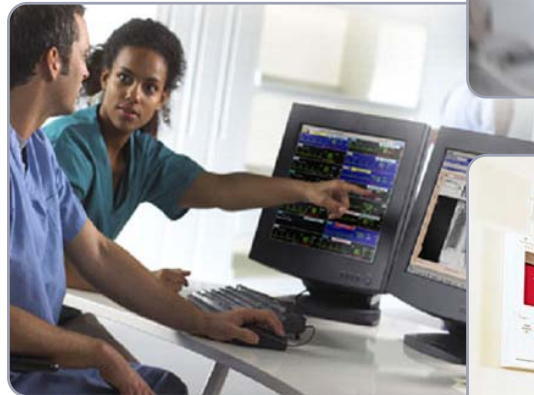
- A new business group to better address:
 - Fast moving, high volume businesses
 - Emerging markets
- Care cycle synergies
- Common business goal to **accelerate growth** – all businesses higher than PMS average EBIT



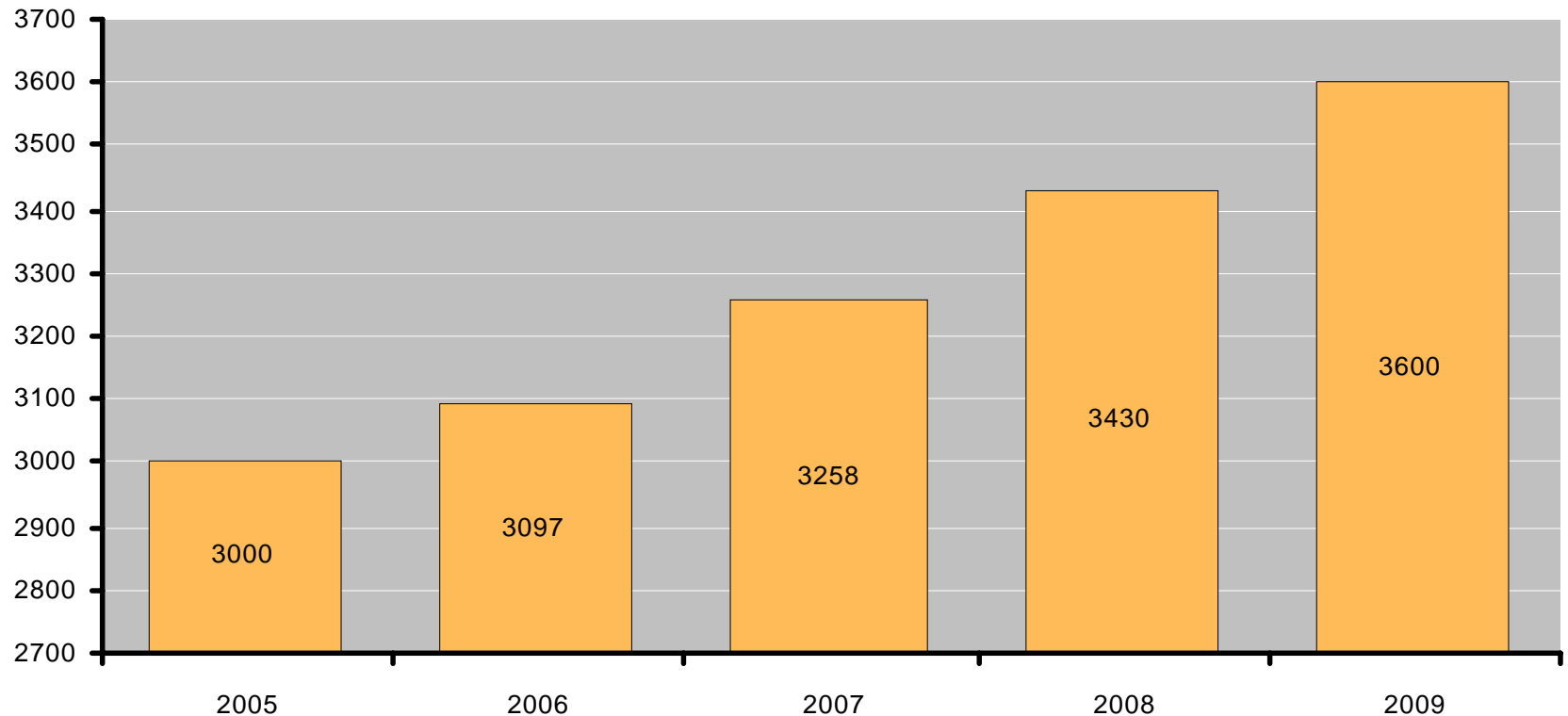
*We ship **>150,000**
New Devices per year*

Ultrasound and Monitoring at Philips Medical

- **Markets and Growth:**
 - **Ultrasound**
 - **Patient Monitoring**
 - **Cardiac Care**
- Operational Excellence and Process Improvement
- Innovations in the Cycle of Care – New Markets
- Summary



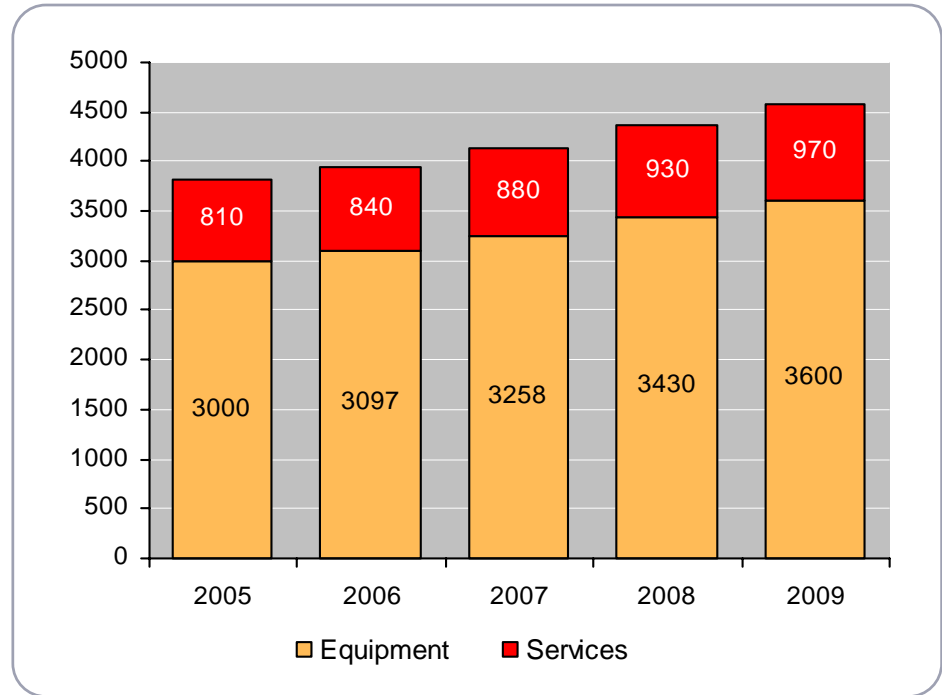
Total **Ultrasound** Equipment Market grows 4-5% CAGR, 2005 to 2009 – 3,6 billion Opportunity



Ultrasound Service Market Expands

Equipment Revenue + Service Revenue (€M projected)

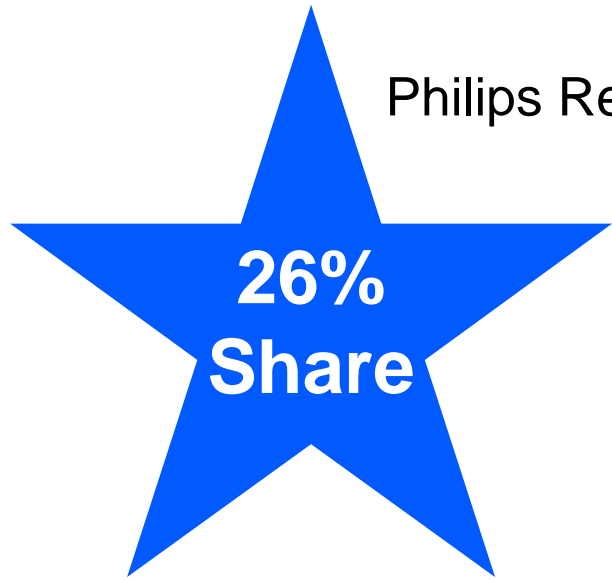
- Inclusion of Service increases 2009 projected market total to approx. **€4,6 M**
- **Services** continues to be more profitable than new equipment and Ultrasound leads PMS in service margin



Source: Philips Internal

Our Market Share increase helps
Ultrasound margin contribution

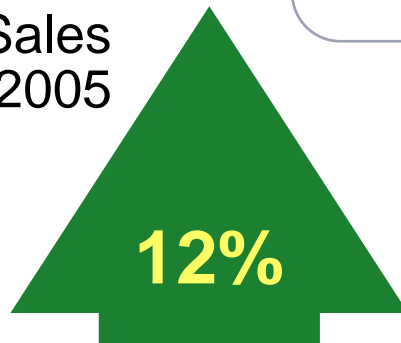
Ultrasound Growth Trending Up Significantly



Philips Regains USA Market Lead
The Klein Report 2005

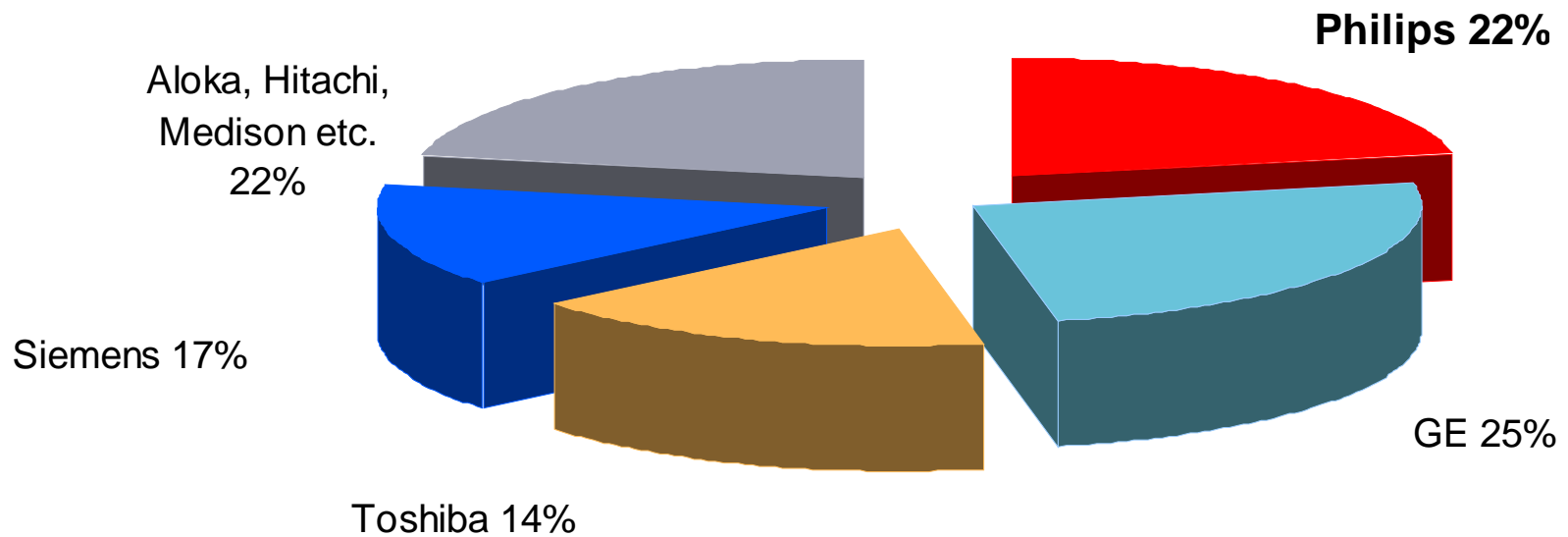


Annual Equipment Sales
Growth Rate 2005

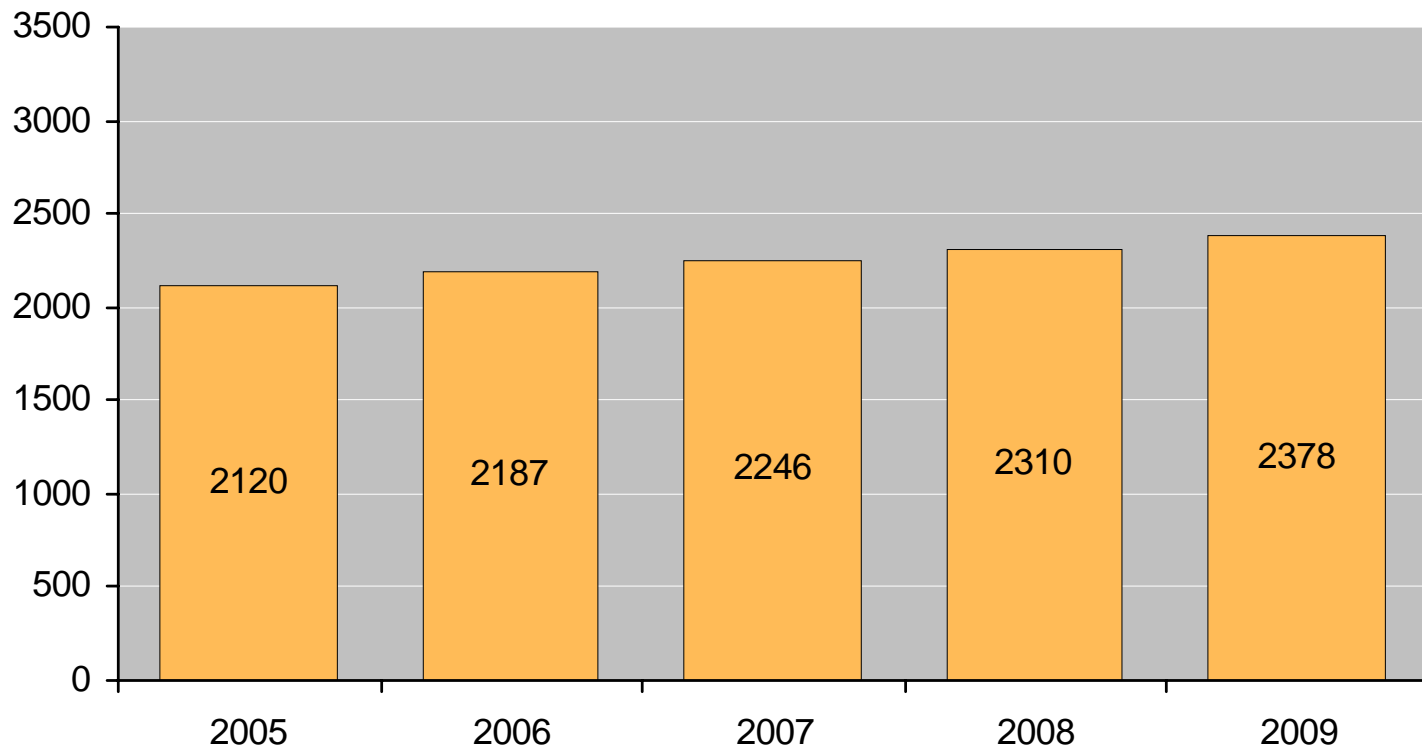


Grew in all markets worldwide

Ultrasound 2005 Equipment Market Share – Gained two points share to 22% global



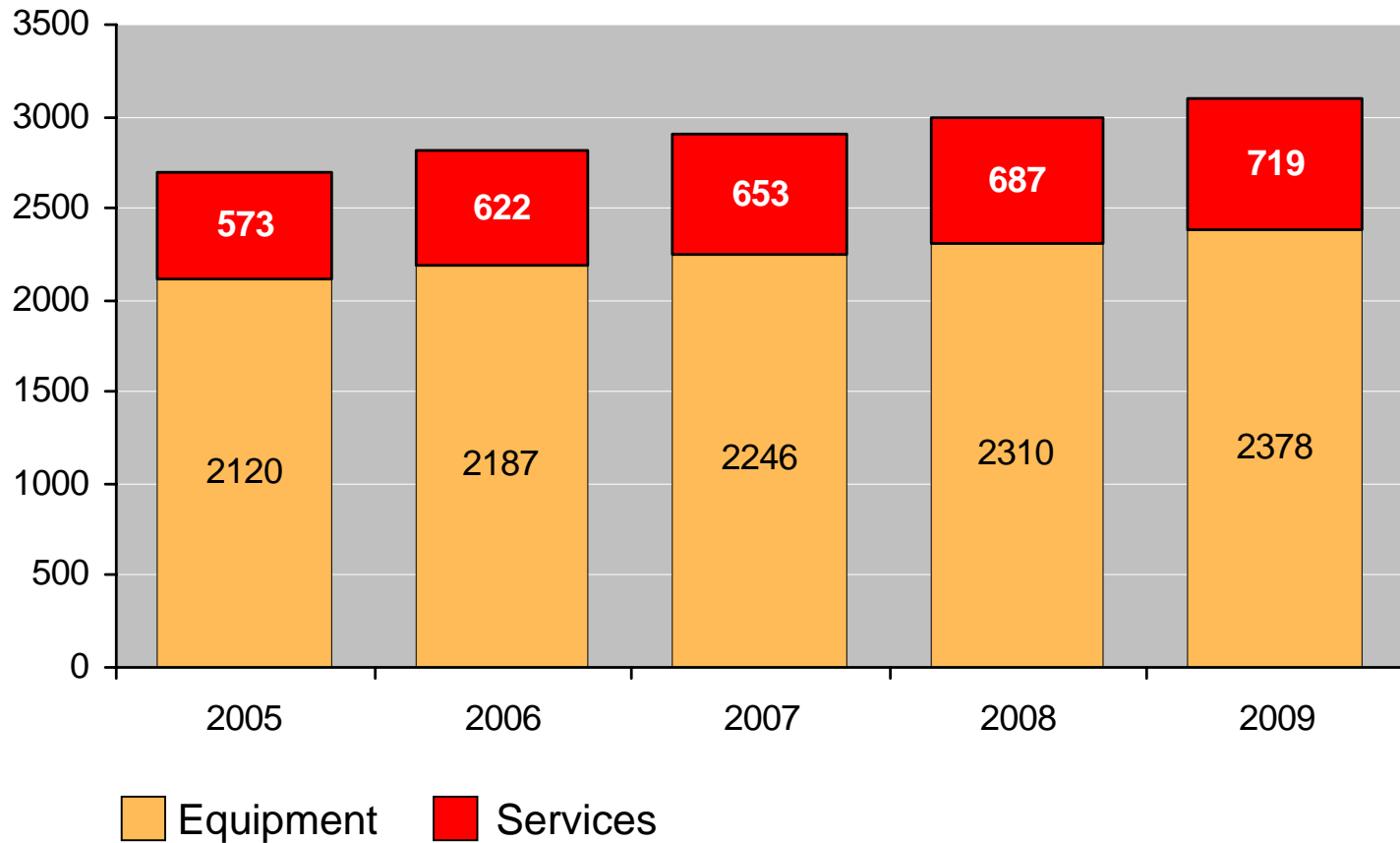
Total **Monitoring** Equipment Market grows 3% CAGR, 2005 to 2009 – € 2,4B Opportunity



Major growth areas in Monitoring:
 - Clinical Info Systems – CAGR (05-09) 9.5%

Monitoring Total Market in 2009 is > € 3B

Equipment + Service Revenue (€M projected)



Monitoring – Growing Momentum



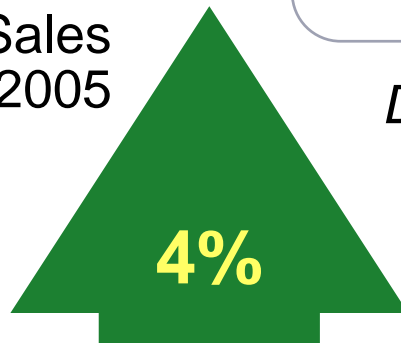
Philips share in 2005 was 35%

Source: Frost & Sullivan- PM 2002-2005 Market Update Studies

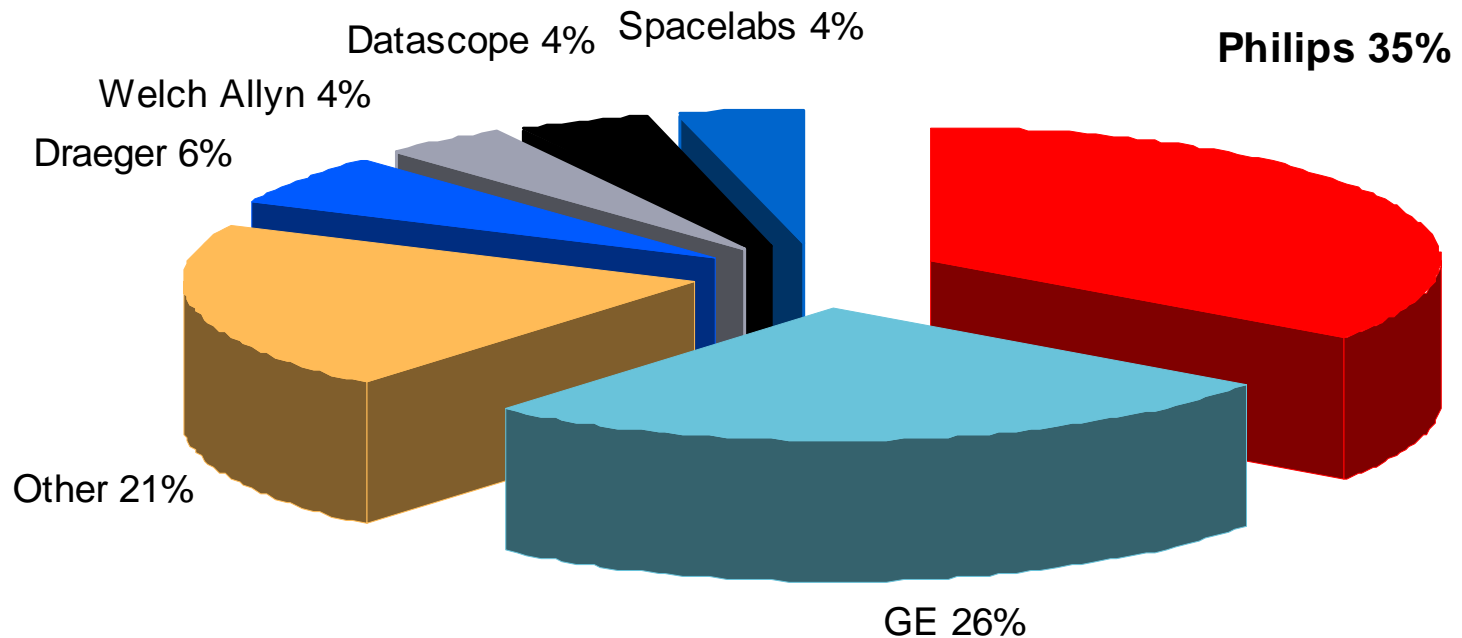


Double Digit Order growth globally

Annual Equipment Sales
Growth Rate 2005

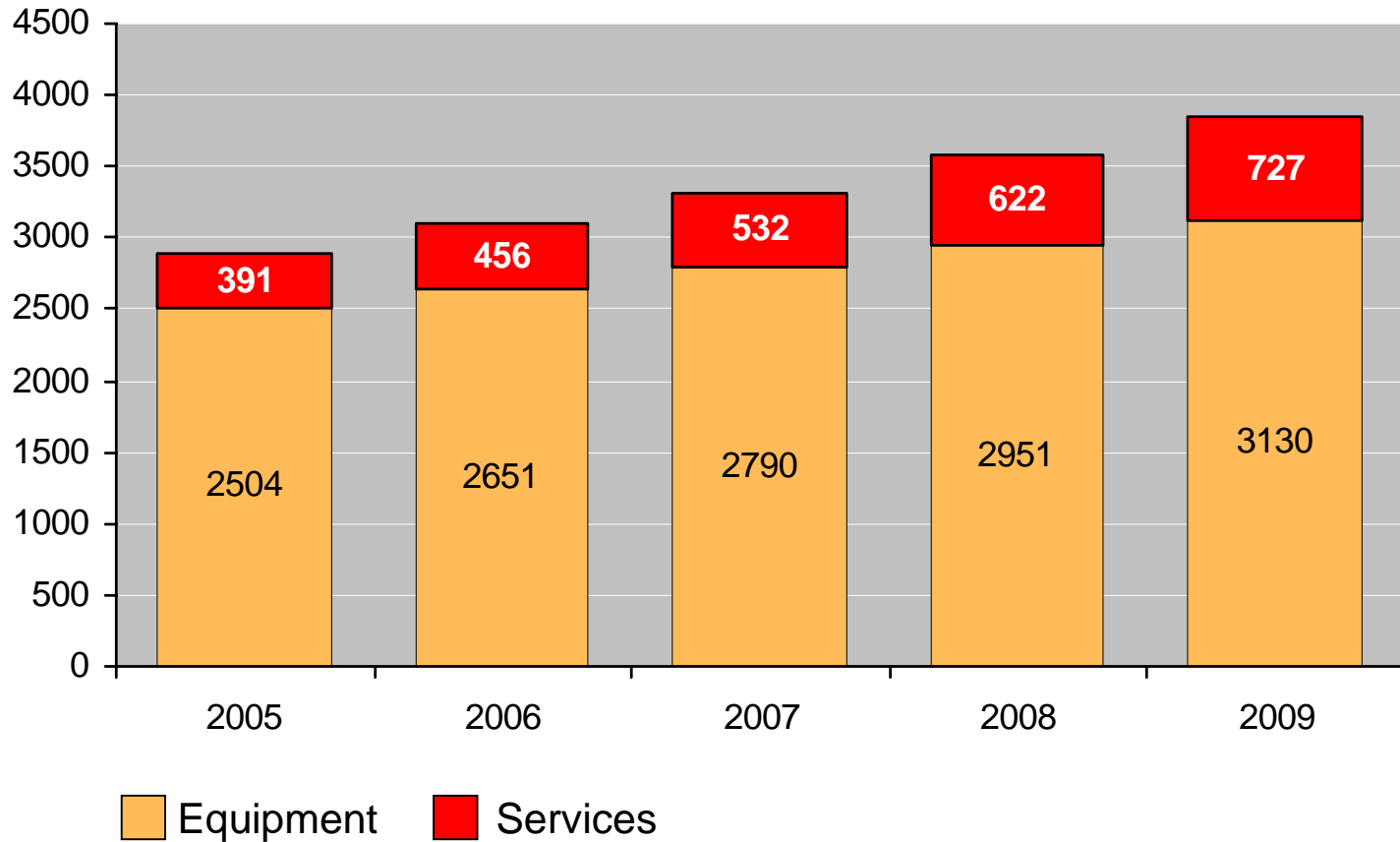


Monitoring Market Share – Philips is the Clear Market Leader in 2005



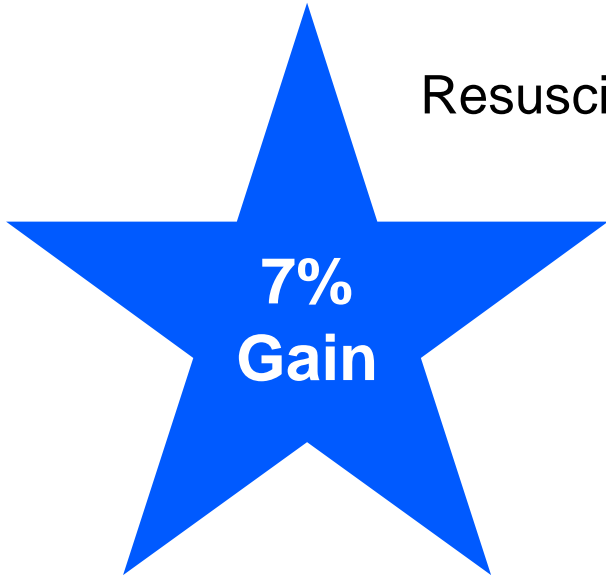
Cardiac Care Total Market (Resuscitation and Consumables)

Equipment Revenue + Service Revenue (€M projected)

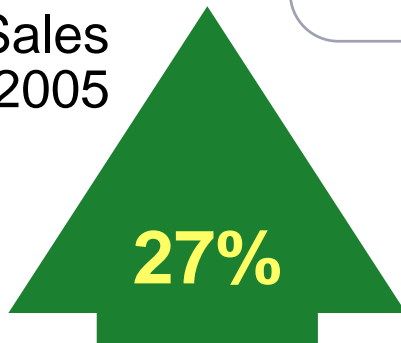


Cardiac Care – Great Device Growth in 2005

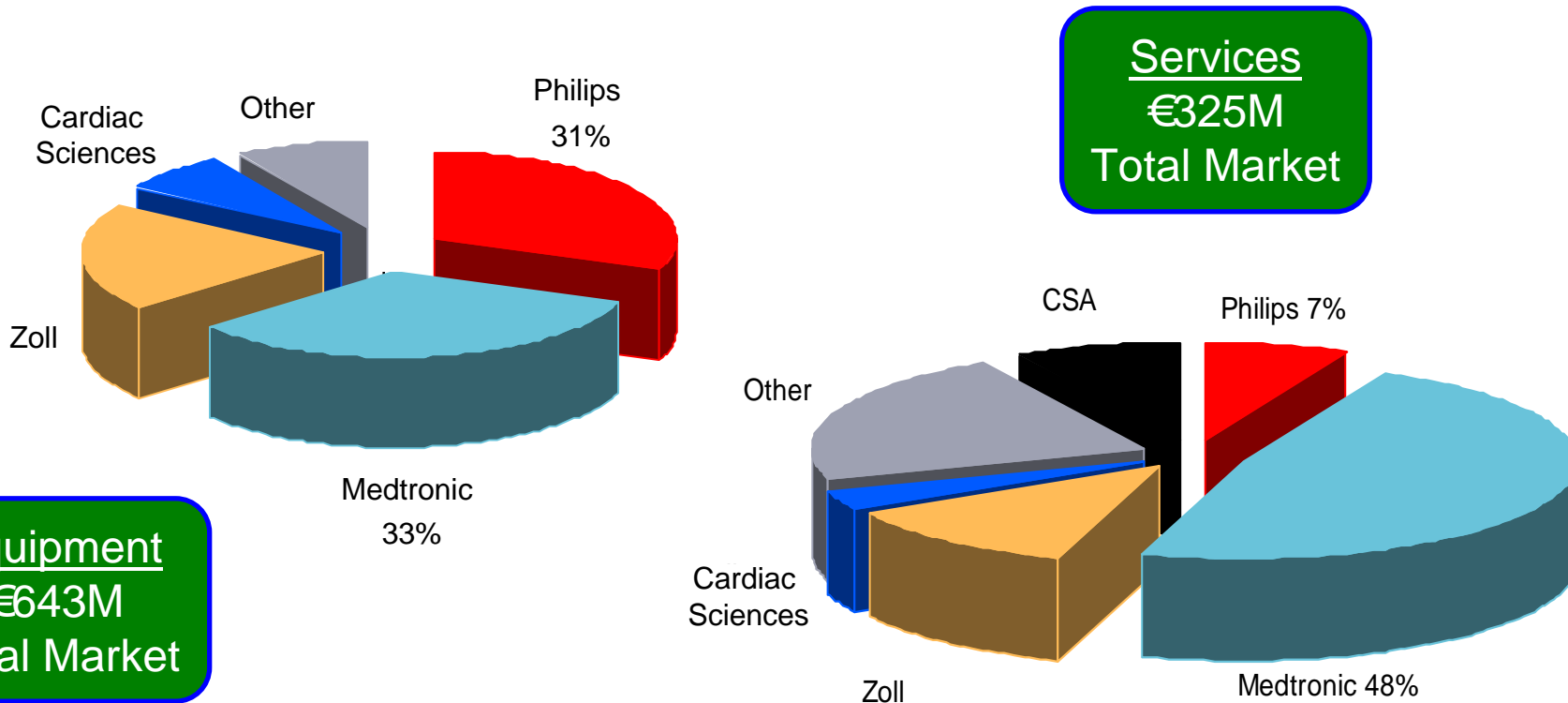
Resuscitation Market Share Growth 2005



Annual Equipment Sales
Growth Rate 2005



Cardiac Resuscitation Market Share

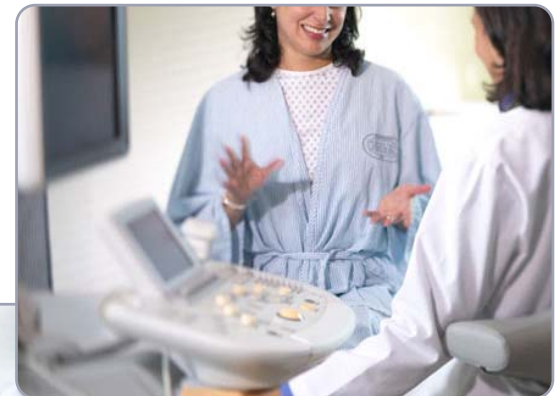
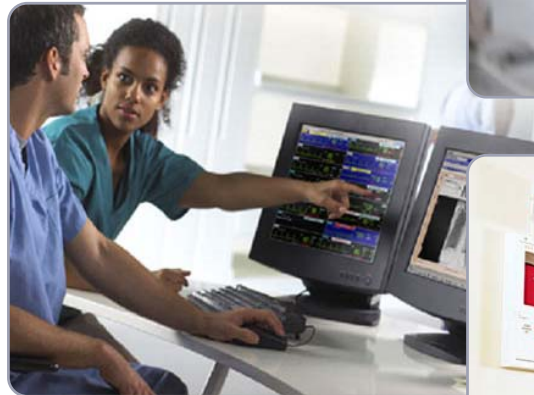


Source: 2005 public earnings reports

Needed to gain share in devices first,
will now address Service Opportunity

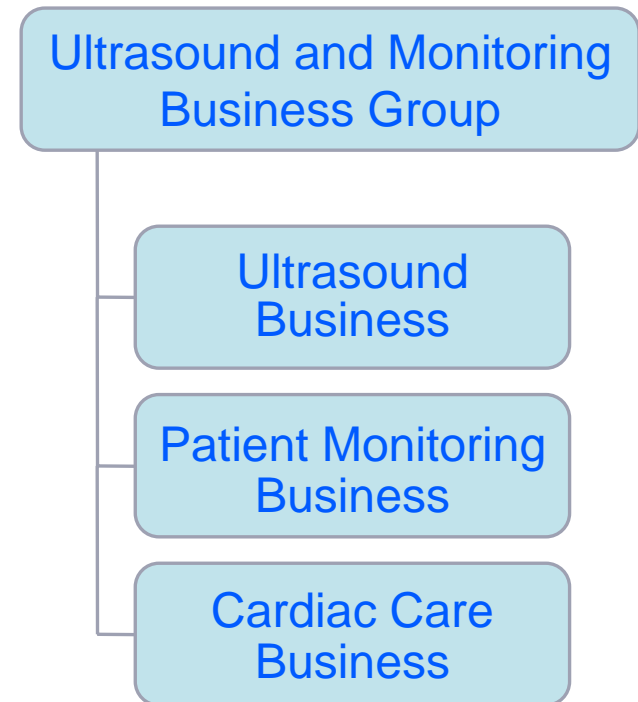
Ultrasound and Monitoring at Philips Medical

- Markets and Growth
- **Operational Excellence and Process Improvement**
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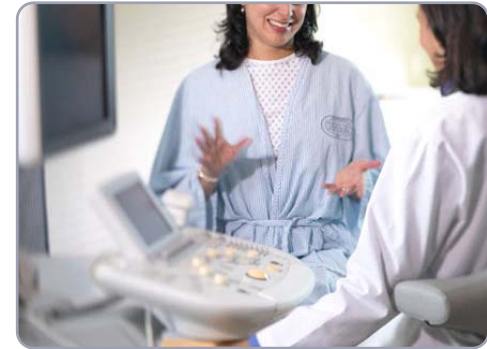
Process Improvement Continues within the New **Ultrasound and Monitoring** Business

- Philips “fast transaction” processes are optimized for unique customer needs
 - 45,000 + transactions
- New Shared Service Groups in UM - reduced costs in Q&R, HR, Supply Chain
- Further outsourcing of commodity products to low cost countries and local/local collaborations



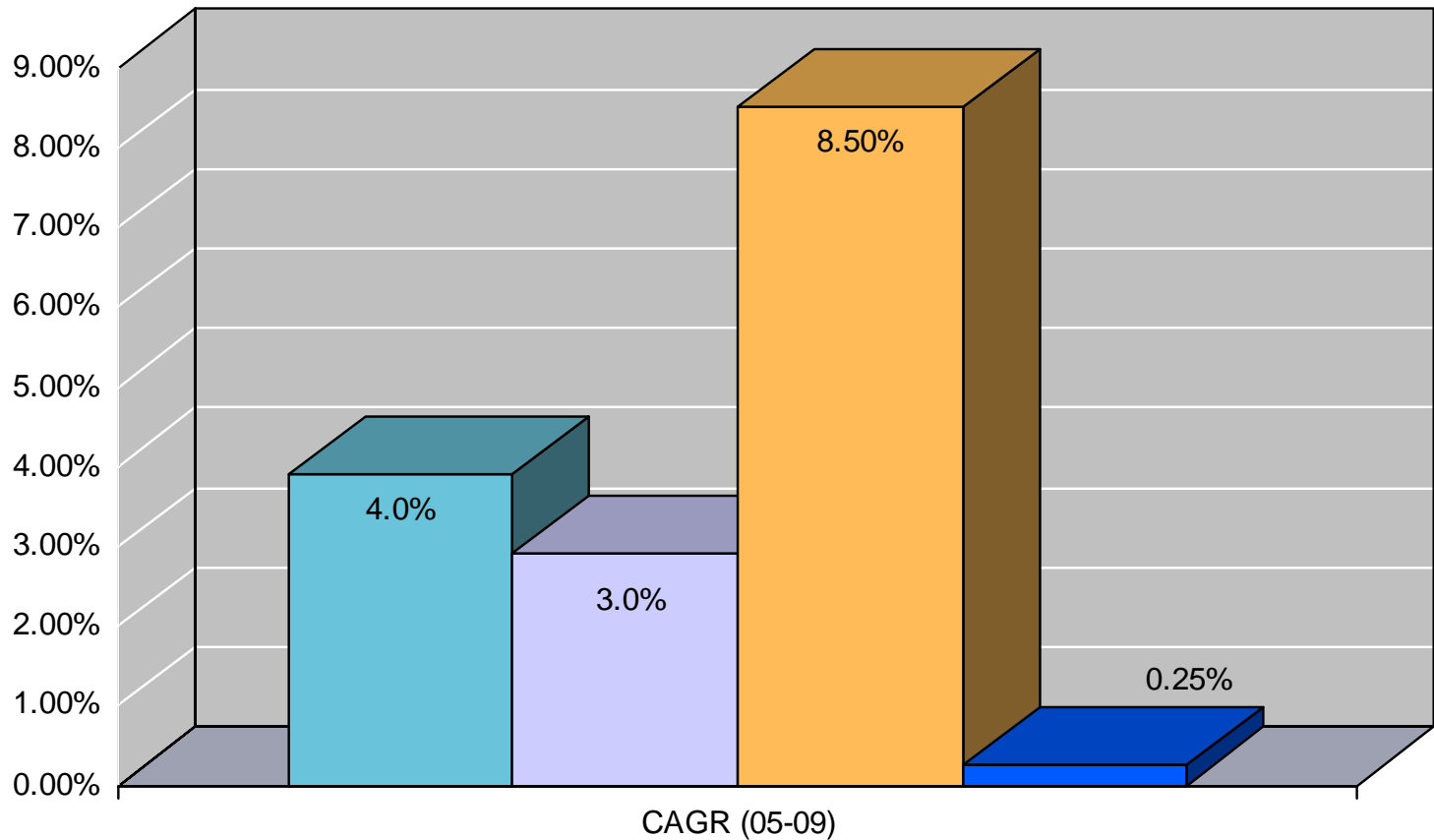
Innovation process is critical

- New Product Creation process concentrates on **customer insights**
- New mapping of **clinical segments** and price segments in each geography; one size does not fit all
- New business models with **alliance, partnering, co-development**, separate dedicated business units etc.
- Critical “**design to cost**” emphasis for each segment



New clinical innovation allowed five new Ultrasound products and growth in all segments and all geographies

Ultrasound and Monitoring Projecting Strongest Growth in Emerging Markets



■ USA ■ Japan ■ China ■ UK, FR, DE

Source: PMD Market Model Feb 2005

Emerging Market Growth in **Ultrasound / Monitoring** Requires Operational Excellence

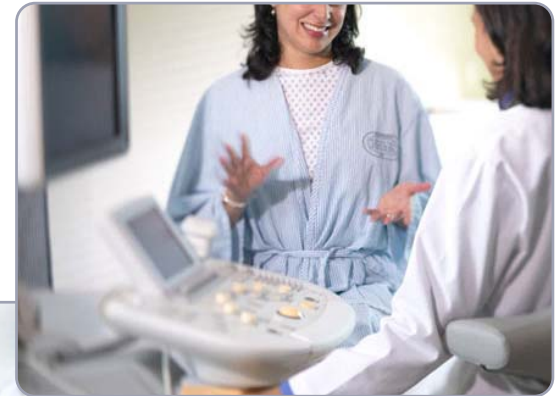
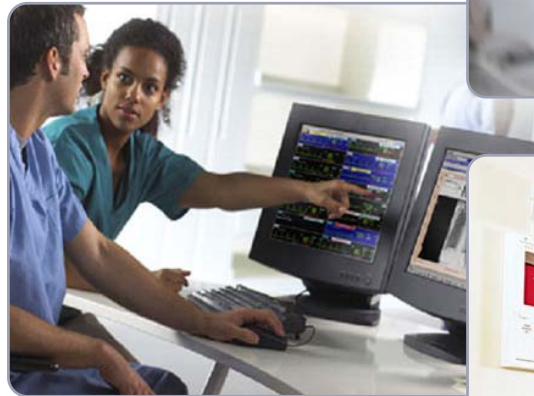
- Local for local **Acquisitions** in lower cost countries to keep costs down and respond to local customer's needs
- **Outsourced** commodity transducers and high volume production
- New **Partnerships** and **Alliances** to reduce development costs for emerging markets innovation – **new business models**



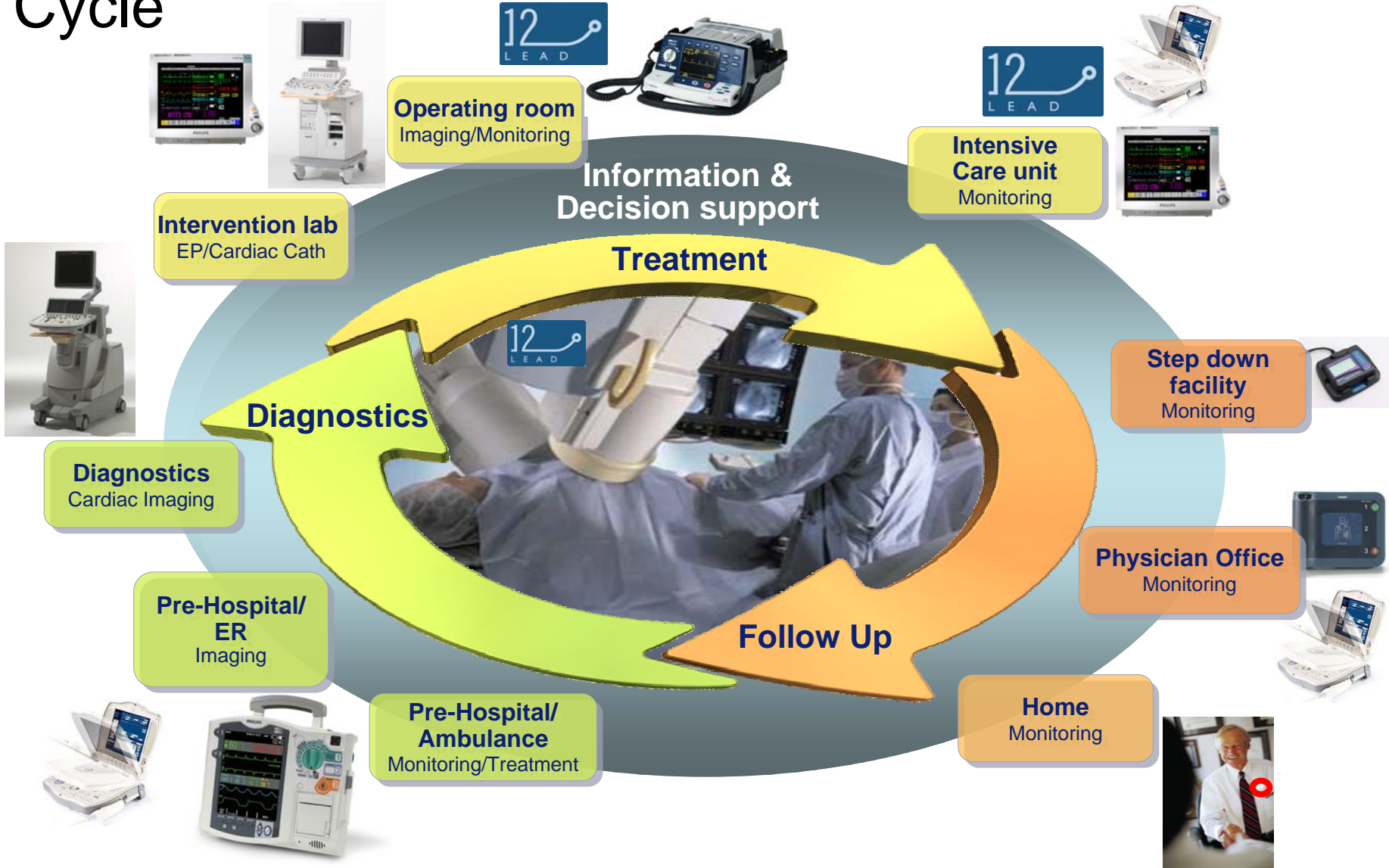
Along with x-ray, ultrasound and basic patient monitoring IS emerging medicine

Ultrasound and Monitoring at Philips Medical

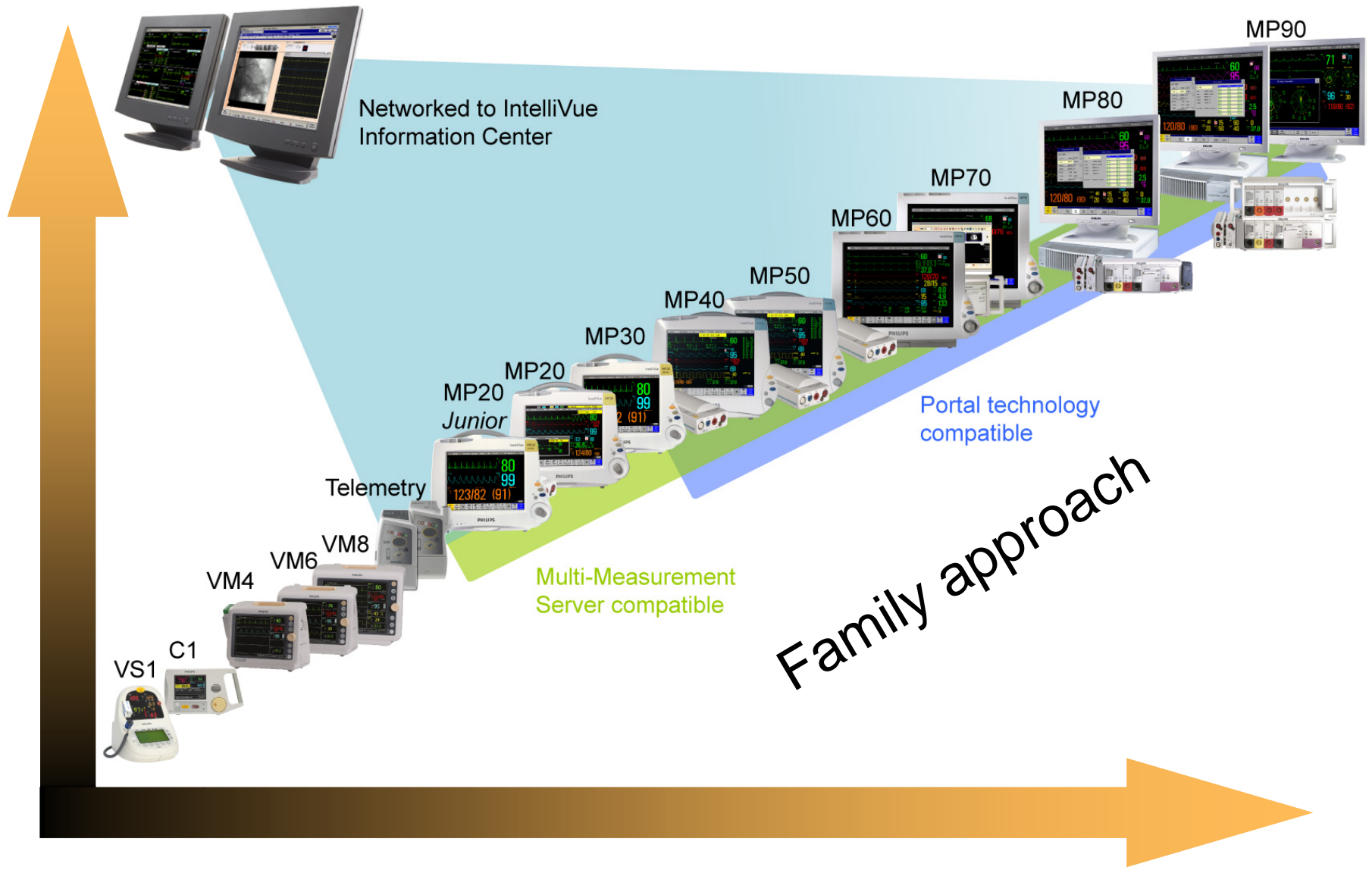
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Many Unique Touch Points in Cardiology Care Cycle



Monitoring Innovation Spans Care Continuum



SureSigns Patient **Monitoring** and **Ultrasound** for low end and emerging markets

- **Uncomplicated** and **easy to use** for novice users
- Addressing a **wide range of care environments** with Philips quality technology
- Represents our smallest market footprint today



Compact Ultrasound is Growing Worldwide

- Responding to a wide range of applications in the care cycles :
 - Anesthesiology
 - Interventional labs
 - Office environment in cardiac and OB/GYN
 - Emergency or remote care



Emergency Ultrasound in Pre-Hospital Markets

Emergency Ultrasound on Next Generation Advanced Life Support brings better remote care and transports key data to hospital



***ALS and Ultrasound
Imaging on-site***



Innovation in Screening Markets– Cardiac TOPS for Athlete Screening and Monitoring



Wireless ECG “Patch” in Trials during 2006

- Shortens hospital stay
- Improves care
- Reimbursable today
- Expands our cardiac care consumable business



Additional Medical Sensor Innovation in the Future

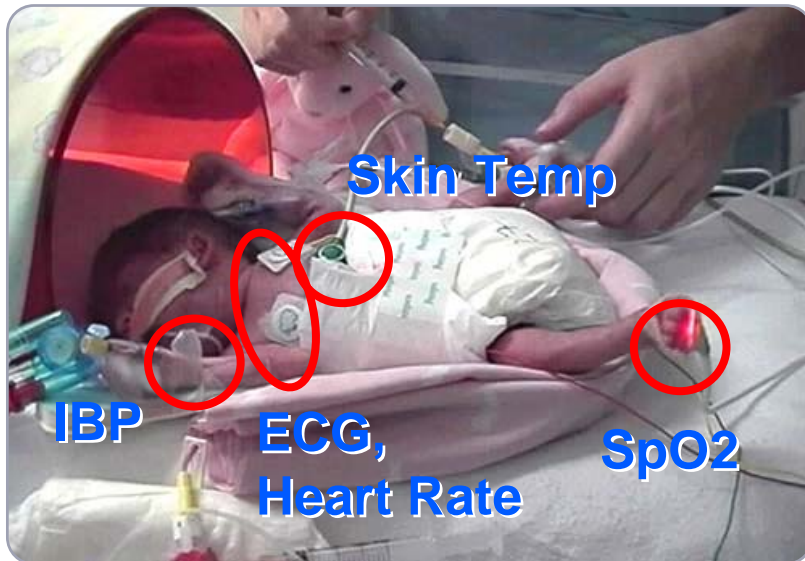
Current State

Multiple single-parameter tethered sensors



Desired State

Single multi-parameter wireless sensor



Improves care, reduces costs, expands Philips consumables

Ultrasound and Monitoring at Philips Medical

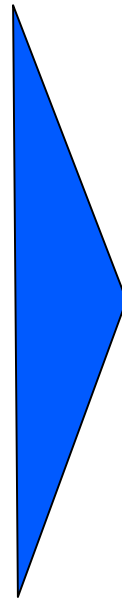
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The Last Three Years have been Quite Busy...

- Major Ultrasound Change Initiative started in 2003- integration effort
- Focus on customers and new clinical innovation; five new products w/ growth all segments / geographies
- Gained market share, #1 in USA

2003 - 2006



- Expand Care Cycle Innovation
- Participate in Emerging Markets and Emerging Medicine
- Develop Compact, Wireless and other disruptive technologies
- Strengthening Services Business in Cardiac Resuscitation

2006 - 2009

Summary – Three Things to remember about **Ultrasound and Monitoring** at Philips Medical

- Strong Businesses Today – still taking market share
- Accelerated growth plans – emerging markets, emergency medicine



- Will maintain > PMS average margins, develop stronger alliances and be part of M&A in our care cycles

