PHILIPS
sense and simplicity

Imaging Systems

Gene Saragnese
EVP and GM Imaging Systems
 Imaging Systems Strategy

Drive Customer & Patient Experience
• Quality, reliability and service delivery
• Ease of use, speed, comfort, dose

Deliver customer value to grow
• Winning in Radiology
• Expansion in growth geographies/value portfolio
• Growth through Image Guided Intervention and Therapy (IGIT) leveraging Cardiology leadership
• Drive growth in Oncology and Nuclear Medicine
• Ultrasound portfolio extension
• Women’s Healthcare growth

Drive out costs … Create capacity
• Leverage and expand global capabilities
• Design to cost, scalable offerings

Driving towards a leadership position in Imaging
Strategy execution proof points

People Focused. Healthcare Simplified

People focused

Care cycle driven

Care anywhere

Meaningful innovation

Dose reduction and awareness • Patient comfort • Emerging market solutions

Screening • Diagnosis • Treatment • Clinical collaboration

Clinical collaboration • Thin Client solutions

PET/MR • xMatrix Ultrasound transducers • Time-of-Flight PET • Ingenia full digital MR • Image Guided Intervention and Therapy
**Imaging Market**

2010 Imaging Market by Modality

- Ultrasound: 22%
- MR: 20%
- CT: 19%
- Interventional X-Ray: 15%
- Diagnostic X-Ray: 13%
- Nuclear Medicine: 7%
- Women's Health Care: 4%

2010 Imaging Market by Care Setting / Application

- Radiology: 59%
- Cardiology: 13%
- Oncology: 6%
- Women's Health care: 8%
- Other: 1%

Philips Growth Drivers

- Leveraging our strengths:
  - Interventional x-ray
  - Premium Segment
  - Cardiology imaging
  - High-end Ultrasound

Opportunities:

- Radiology
- Value segment
- Image guided therapy

Imaging market of € 16B, growing with 3-5%

1) Other includes Surgery, Point of Care, Neurology
Source: Industry reports and Philips analysis
Trends in Imaging

Quantitative Imaging
- From pictures to numbers
- Longitudinal studies of chronic diseases

Image Guided Therapies
- Minimal invasive procedures
- Improved outcomes at lower cost

Hybrid Imaging
- Combine functional and anatomical imaging
- Combining multiple imaging sources in real time
- PET/MR, PET/CT, SPECT/CT and Ultrasound in Cathlab

Patient & Clinician Environment
- Dose reduction
- X-Ray and contrast agent
- Ergonomics & ease of use

Access to Imaging
- Proliferation of imaging in rural areas
- Health care reform in USA
- Demand for easy to use, and lower price products
**Imaging 2.0 repositions Philips in Radiology**

**Radiologists need**
- More seamless integration
- More collaboration
- Better decision support
- And top-notch relationships

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**Imaging 2.0**

<table>
<thead>
<tr>
<th>Clinical collaboration and integration</th>
<th>Patient focus</th>
<th>Improved value</th>
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<tbody>
<tr>
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<td>Smart, patient adaptive systems for optimal patient comfort and safety.</td>
<td>Improve value through expanded service lines, increased uptime, easier upgrades and flexible applications</td>
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Imaging 2.0 repositions Philips in Radiology

Significant success at RSNA

• 16% higher traffic at our booth
• 73% more leads for our products
• Philips Healthcare doubled its volume of original RSNA coverage

Imaging 2.0

**Clinical collaboration and integration**
Put Radiology at the center of diagnosis and care (e.g. hybrid modalities, medical networking tools)

**Patient focus**
Smart, patient adaptive systems for optimal patient comfort and safety.

**Improved value**
Improve value through expanded service lines, increased uptime, easier upgrades and flexible applications
Unique offering in Radiology

MR: Ingenia 1.5T and 3.0T

World’s first full digital MR
• Breakthrough image quality, patient comfort & workflow simplicity
  – Up to 40% increase in signal to noise translates into better and faster images
  – Up to 30% improvement in workflow
  – Wide bore, available in 1.5T and 3T

CT: Ingenuity

Introducing new CT platform
• Improved image quality & reliability
• New tools to manage x-ray and contrast agent dose
• Up to 25% more patients per day
Unique offering in Radiology

Intellispace Portal

Multi modality image analysis and unique collaboration tool

- Multi-modality, Multi-vendor
- Thin client – access anywhere
- Integrated social networking tools
PET/MR First new modality in years

Ingenuity PET/MR

- First whole body PET/MR
- Best of both worlds- Best soft tissue imaging and best functional imaging
- Flexibility- able to perform as a standalone MRI or PET
- Only commercially available PET/MR in the world

> €30M orders received outside the US already

510(k) pending. Not available for sale in the USA
Growth in Nuclear Medicine… Driven by Oncology

**Ingenuity TF PET/CT**

4th Generation Time-of-Flight PET with Premium 128-slice CT
- Simultaneous introduction of new PET and CT platform
- 30% better contrast resolution performance with Astonish TF
- New tools to manage x-ray and contrast agent dose

**TruFlight Select**

Time-of-Flight technology for the performance segment
- Premium Performance at affordable price
- Addresses 40% of the PET/CT market
- Targets rapidly growing (30% CAGR) underserved market segment

**Unique Philips Offering**

Bringing “Time of Flight” advantages to the masses
Strengthen our Ultrasound offering

**Ultrasound: iU22 xMATRIX**

- Unique transducer for 2D and 3D imaging
- View two imaging planes simultaneously, in real time
- 3D imaging in any exam, removing the barriers to volume imaging

**Growth in Compact**

- Originally launched in Cardiology (’08); no.1 in Cardiac Compact in NA
- Followed by launch in General Imaging (’09)
- Introduced Point of Care version in ‘10
- Growth in both traditional and new segments
- Built on a scalable platform
Investing in growth geographies

R&D and Operations staff
China, India and Brazil

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D</th>
<th>Operations</th>
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<tbody>
<tr>
<td>2009</td>
<td>1800</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>2300</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3000</td>
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</tbody>
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Locations:
- Lagoa Santa
- Pune
- Shanghai
- Suzhou
- Electron St Petersburg
- PNMS Shenyang
- Bangalore
Continue to grow our base in growth geographies

**Investments continue**

**China**
- Suzhou campus construction
- APEX - mid/low end transducers
- Staff\(^1\) 1400, 50% increase vs '09, with >30% R&D

**India**
- New factory Pune
- Bangalore software center
- Staff\(^1\) 1300, 80% increase since '09, with >900 of in R&D

**Brazil**
- Full portfolio of locally manufactured products: DXR, iXR, CT, MR and Mammo

**Output – rapid growth**

- Suzhou - 1500 subsystems and systems ('11), 18 months after start
- >25,000 transducers ('11), 50% up from ‘10
- PNMS - 3500 systems in 2010, 20% up

- Production >1200 systems planned for 2011, 50% increase in 2 years

- Production in ’11 increasing by >50% compared to ‘09

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1) Industrial and R&D ,planned for end 2011
Leadership in fast growing Image Guided Intervention and Therapy (IGIT) market

Rapid growth in IGIT

- **Percutaneous Coronary Intervention**
  - In-body imaging
  - 12% CAGR

- **Structural Heart Disease**
  - Procedures
  - 50% CAGR

- **Atrial Fibrillation**
  - Procedures
  - 13% CAGR

- **Interventional Oncology**
  - Procedures
  - 18% CAGR

Philips Leadership

- **Leverage leadership**
  - From X-Ray systems to Disease-centric interventional suite solutions

- **System integration**
  - More information seamlessly available

- **Procedure Innovation**
  - Real time feedback and guidance to optimize therapy
  - Enable more advanced and novel therapies

Imaging equipment for interventional growing 2X diagnostic

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Continue leadership and expand offering

*Key collaborations fueled by unique technologies*

**Philips pipeline of unique technologies**

- **Ablation monitoring**
  See real time progression of treatment using Ultrasound on catheter

- **Photonic Needle**
  Optical tissue characterization in pain management

- **Fiber Optical Shape Sensing and Localization**
  Real time shape in 3D

**Key collaborations**

- **CR Bard** – joint marketing and revenue sharing
- **Hansen Medical** – IP deal, joint development, marketing, and revenue sharing
- **Corindus** – joint development, marketing and minority stake
- **Volcano**
- **Boston Scientific, St. Jude Medical, Biosense (J&J)**

Well positioned to capture growth of new procedures
Key takeaways

Building momentum
• Product portfolio
• Imaging 2.0
• Emerging market footprint
• Cardiovascular & interventional leadership
• Product cost

Ready to accelerate growth
• Leadership and extension in IGIT
• Radiology
• Portfolio expansion