

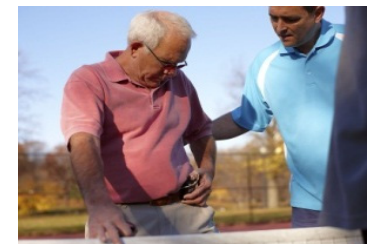
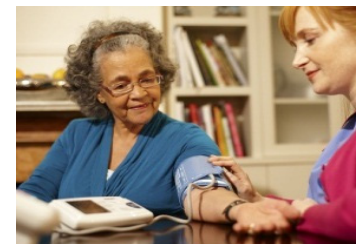
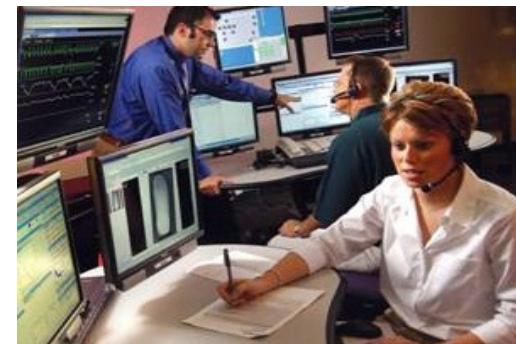
Philips Healthcare

Deborah DiSanzo, CEO Philips Healthcare



Key takeaways

- We are driving profitable growth and delivering on our commitments
- Health care industry is dynamic, growing, and profitable
- Health care systems are transforming and our innovations address the trends
- Accelerate! is driving customer centricity, operational excellence, and a growth and performance culture
- We are on track to meet our 2013 targets



Our focus – 2012

Accelerate! profitable growth

- Grow faster than the market
- Increase presence in profitable growth geographies
- Leverage the 82 new 2011 product introductions
- Expand our value offering and locally relevant services
- Deliver return on investment on 1,200 new customer-facing roles

Create value through innovation

- Extend leadership in PCCI
- Grow Image-Guided Intervention and Therapy solutions
- Advance innovation in dose, HIFU, and mixed-modality technologies
- Design for cost by leveraging value engineering
- Build on Hospital to Home opportunity
- Grow clinical consulting

Drive operational excellence through Accelerate!

- Streamline customer value chain
- Simplify End2End IT platforms
- Deliver performance, reward performance
- Reduce overhead and cost of complexity
- Leverage industrial footprint in growth geographies

We fulfilled our 2012 commitments

Accelerate! profitable growth

- Gained or maintained market share in 60%+ business market combinations
- In growth geographies, revenue share increased from 22% to 24%
- Sustained rate of new product introductions in 2012
- 20 value products and services in 2012
- Grew revenue 6% and adjusted EBITA 24% y-o-y

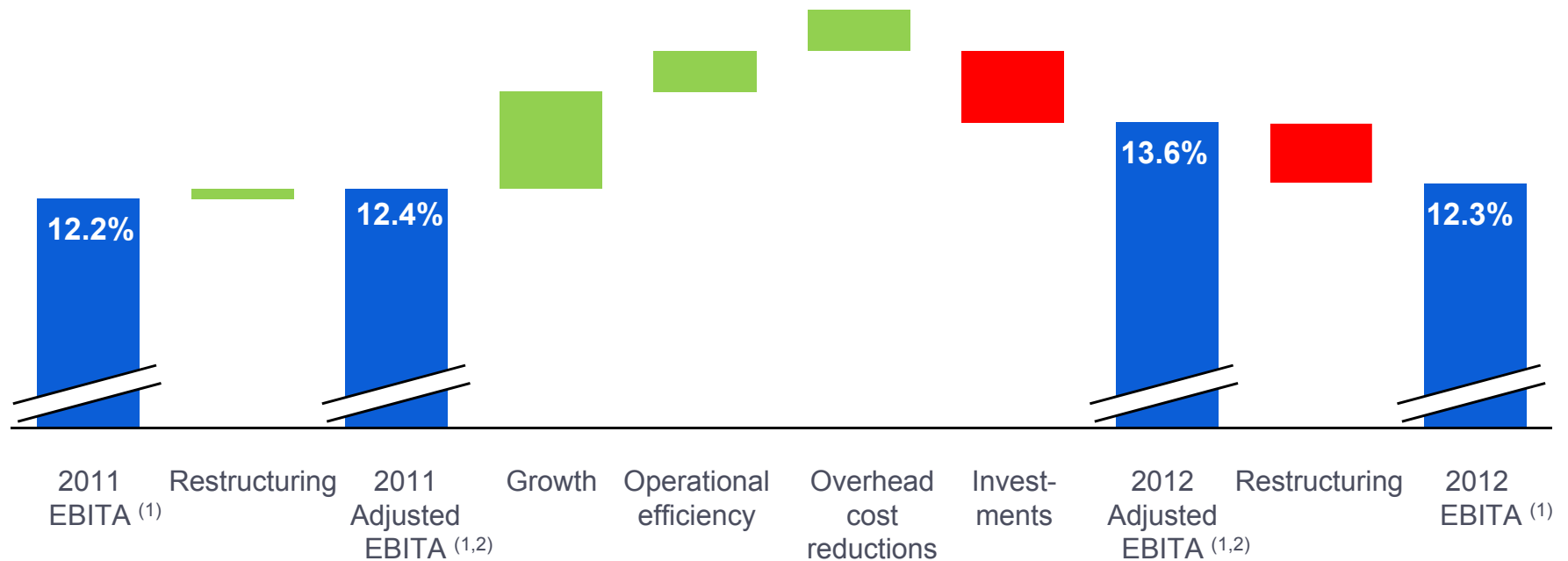
Create value through innovation

- Patient Monitoring market share increased to 47%
- HIFU: First breast cancer patient treated in clinical trial
- Hospital to Home unit created; Banner, First Health pilots
- Hired clinical consulting leader; large deals include workflow, design, education, and analytics

Drive operational excellence through Accelerate!

- 8% total revenue covered by End2End programs
- Structural cost reduction measures including removing two layers
- Doubled resources in value engineering
- Industrial output doubled in growth geographies

2012 performance with strong rebound in underlying EBITA profitability



1 EBITA restated to account for IAS 19R pension restatements from 2009 - 2012

2 Adjusted EBITA excludes restructuring and acquisition related costs

Health care industry dynamics will drive demand

Sharp rise in incidence of chronic disease and non-communicable lifestyle diseases
 Globally, 36 million of the 57 million deaths are due to chronic and non-communicable disease

Approximately 80% of non-communicable disease deaths—29 million—occur in growth geographies

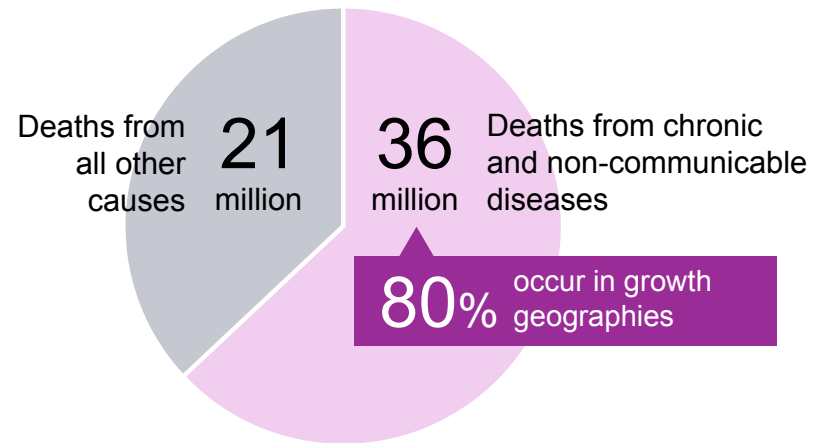
An aging population

World's population of people 60 years+ has doubled since 1980 and is forecast to reach 2 billion by 2050

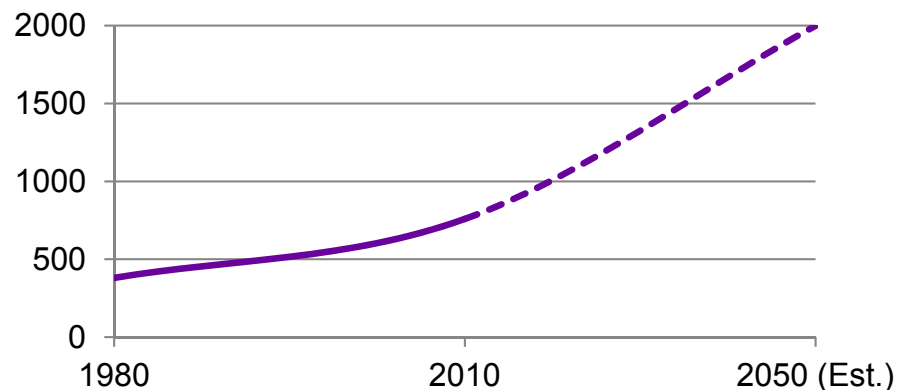
Access to care and clinician shortage

Recognized as one of the main obstacles to delivery of effective health services

Causes of death globally (2008)



World population age 60+ (Millions)



Source: World Health Organization data and statistics http://www.who.int/gho/ncd/mortality_morbidity/en/index.html, <http://www.who.int/features/factfiles/ageing/en/index.html>, and <http://www.who.int/workforcealliance/media/qa/01/en/>

Transforming health care landscape provides opportunity for innovation

Innovative, minimally invasive therapies

Enables shorter lengths of stay, faster recovery, improved outcomes, and lower cost treatment

Data, information, and connected solutions across the care continuum

Bring together solutions across the ecosystem to help diagnose disease, improve adherence to protocols, and improve clinical outcomes

Improve quality of care at a lower cost

Consulting solutions with value products improve clinical workflow, improve health system effectiveness, and lower costs

Extending into lower cost settings including the home

Lower risk of hospital-borne illness, patients comfortable at home, reducing the cost of care

Wellness and preventive care

Empower individuals to take care of their health and help people stay healthy



Dynamic markets provide opportunities for profitable growth

North America

- **Flat growth**
- Long-term fundamental demand drivers remain
- Short-term uncertainties
- ~30M+ new patients in health payments systems
- Focus on information integration, lower cost care settings, including the home

Europe

- **Flat to low-single-digit growth**
- Pent-up demand remains
- Mixed outlook in the short term: Positive in Northern Europe. Southern and Eastern Europe remain weak
- Multi-year solution-oriented deals

Greater China

- **Double-digit growth**
- Government investments in rural health care, equipment upgrades, and medical insurance
- Opportunities in home health and clinical informatics
- Collective purchasing provides opportunity for solution selling

Latin America

- **Mid-single-digit growth**
- Public spending recovering
- Private spending increasing
- Advanced clinical informatics to manage workflow

Middle East, Turkey, Russia, Central Asia, Africa

- **Double-digit growth**
- Very strong double-digit growth in Africa
- Government investment continues

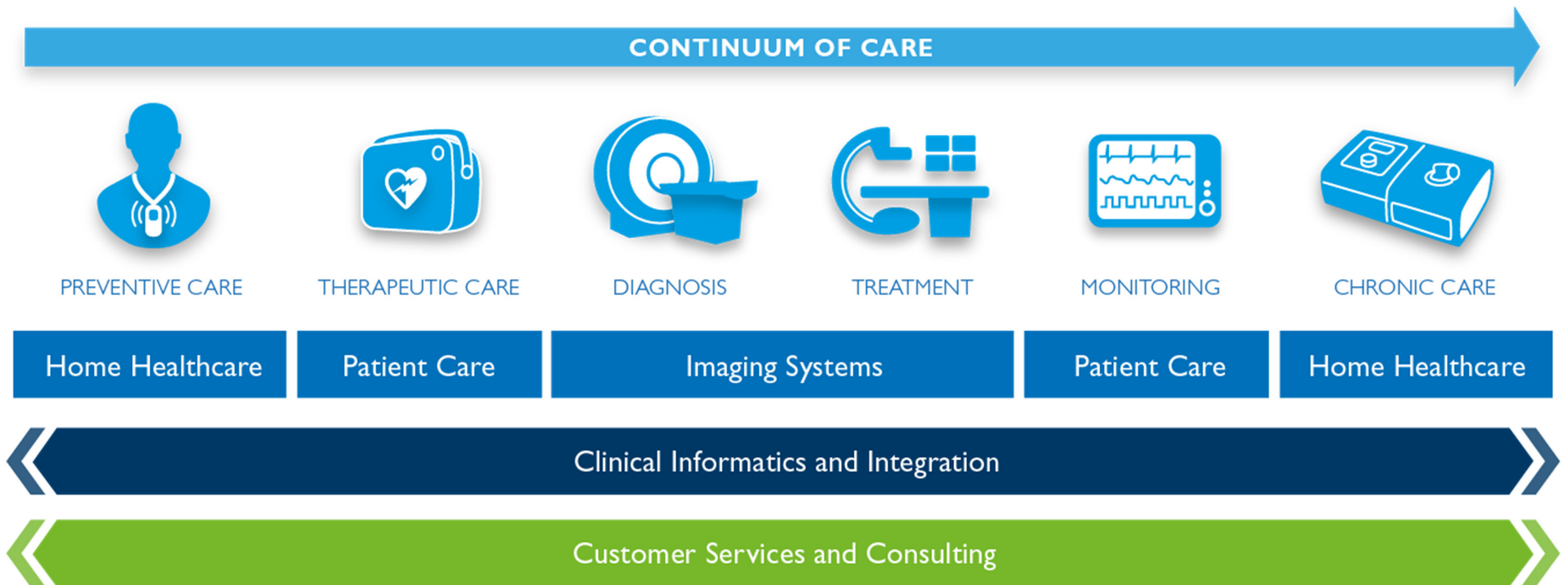
Asia-Pacific

- **Double-digit growth in India and Southeast Asia**
- Government and private investment in building health care systems
- **Mid-single-digit growth in Japan with government stimulus**
- Focus on home care in Japan

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.



Minimally invasive therapy replaces open-heart surgery

Innovation example: EchoNavigator

- Simpler, more accurate, minimally invasive intervention and therapy for aortic valve replacement
- A unique strength: Aligns 3D ultrasound and X-Ray images, enables echo cardiographers to identify and mark anatomic targets
- Enables new clinical procedures, more effective treatment methods, and improved access to care
- Lowers costs through faster recovery and shorter length of stay



Predict adverse patient events

Innovation example: Respiration Patch and Guardian Software

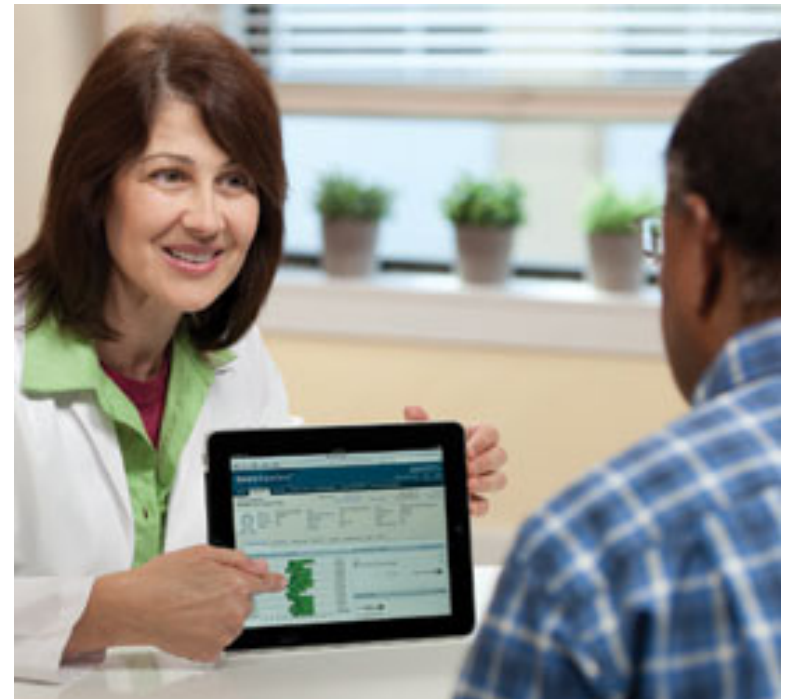
- Newest innovation in IntelliVue patient monitor
- Predicts adverse patient events, improves patient outcomes
- Monitors patient respiration rate, pulse, activity, and posture
- Wireless transmission to clinical informatics where patient data is trended
- Put on in the emergency department, worn throughout hospital stay and at home
- Drives adherence to protocols and improves workflow



Ensures patient compliance

Innovation example: EncoreAnywhere

- Ensures sleep-disorder patient compliance via a Web-based management system
- Records patient therapy data, scores, treatment history
- Allows collaboration among patient's network of care providers
- Enables providers, patients, families to see progress
- Gives providers patient compliance documentation for reimbursement
- Four million lives on the system



Lighting solutions create a healing environment

Phoenix Children's Hospital



Strong market and satisfaction leadership positions

Imaging Systems

- #1 Interventional X-Ray cardiovascular
- #1 Image-Guided interventions
- #2 Ultrasound worldwide
- #1 Overall system performance IMV ServiceTrak
- #1 CT MDBuyline
- #1 MR Ingenia and Ultrasound iU22 Best in KLAS
- #1 NPS Interventional X-Ray-India, North America, Japan, and China
- #1 NPS Ultrasound-North America, United Kingdom, and China

Patient Care and Clinical Informatics

- #1 Patient monitoring
- #1 AEDs
- #1 Digital telemetry
- #1 Non-invasive ventilation
- #1 Enterprise Imaging North America and LatAm
- #1 Cardiology Imaging North America
- #1 Clinical Informatics Brazil
- #1 NPS Patient Monitoring-North America, United Kingdom, Germany, China, and India
- #1 NPS PCCI-global

Home Healthcare Solutions

- #1 Sleep therapy
- #1 Respiratory care
- #1 Home monitoring telecare North America

■ = Market position
■ = Customer satisfaction



190 million+
patients

monitored with Philips patient monitors last year



4 million+
people

sleep and breathe easier using our sleep aids



840,000
patients

charted per year via IntelliSpace Critical Care software



390 million
enterprise
imaging studies

archived, comprising 10 petabytes of storage



500 Ambient
Experience

installations globally enhance patient experience



1 million+
AEDs

save lives in malls, schools, airports throughout the world





40 million
babies


come into the world every year with our fetal monitors


We make a difference to millions of people across the continuum of care


Accelerating Healthcare: Driving operational excellence

- 
Customer Centricity
 - Expand our value offering and locally relevant solutions
 - Upgrade marketing capabilities

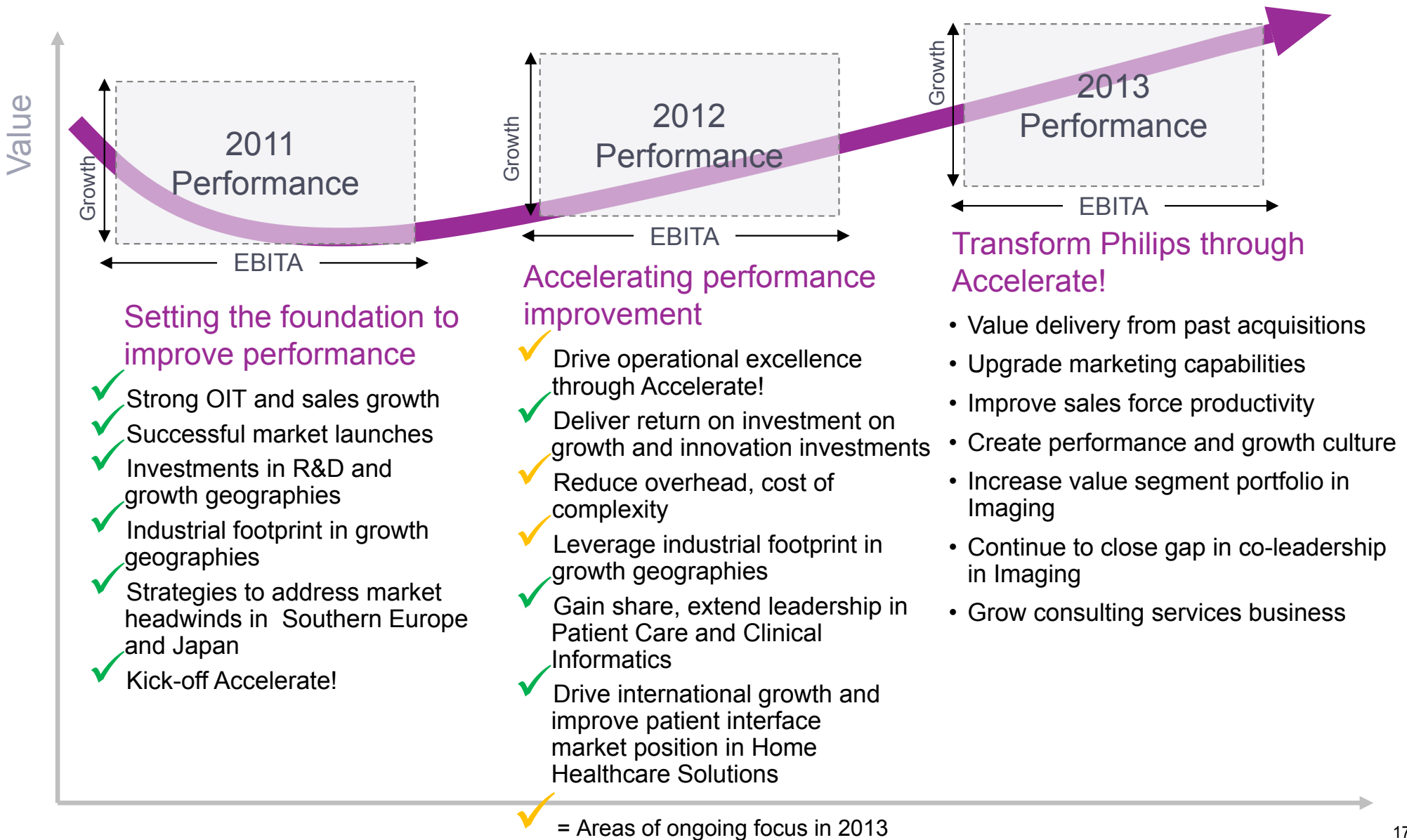
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Resource to win
 - Innovation investments in Hospital to Home, Image-Guided Intervention and Therapy, Clinical Informatics, Value Segment, and Enterprise Consulting
 - Market investments in China, Latin America, India, and ASEAN

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End2End
 - Three-fold increase in total revenue covered by End2End programs in 2013
 - Home Healthcare, CT, Patient Monitoring, Clinical Informatics, Interventional X-Ray, Ultrasound
 - Improve time-to-market of new solutions supported by clinical evidence

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Culture
 - Create a growth and performance culture around customer centricity, innovation, inspiration, and operational excellence
 - 72% of Healthcare leaders trained in Accelerate Leadership Program

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Operating model
 - Realigned Business Group structure from 40 business lines to 10 Business Innovation Units, and formed four Lean Market Groups to support our 17 Markets
 - Simplified organization, increasing spans of control and removing two layers
 - Improve sales force productivity with Sales Support Centers, Customer Relationship Management system, and digital tools

Progressing on our Path-to-Value



Philips Healthcare: Businesses and Markets

Businesses

Markets

Imaging Systems

Patient Care and Clinical Informatics

Home Healthcare Solutions

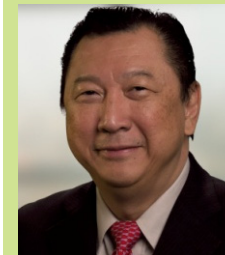
Customer Services

Americas

Asia-Pacific

Greater China

Europe, Middle East, Africa



Gene Saragnese

Mike Mancuso

Brent Shafer

Michael Dreher

Steve Laczynski

Arjen Radder

Desmond Thio

Bas Verhoef

38%

22%

15%

25%

49%

16%

9%

26%

€10B

Sales in 2012

37,000+

People employed worldwide in 100 countries

8%

of sales invested in R&D in 2012

450+

Products and services offered in more than 100 countries

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