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

<table>
<thead>
<tr>
<th>Accelerate! profitable growth</th>
<th>Create value through innovation</th>
<th>Drive operational excellence through Accelerate!</th>
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</thead>
<tbody>
<tr>
<td>• Grow faster than the market</td>
<td>• Extend leadership in PCCI</td>
<td>• Streamline customer value chain</td>
</tr>
<tr>
<td>• Increase presence in profitable growth geographies</td>
<td>• Grow Image-Guided Intervention and Therapy solutions</td>
<td>• Simplify End2End IT platforms</td>
</tr>
<tr>
<td>• Leverage the 82 new 2011 product introductions</td>
<td>• Advance innovation in dose, HIFU, and mixed-modality technologies</td>
<td>• Deliver performance, reward performance</td>
</tr>
<tr>
<td>• Expand our value offering and locally relevant services</td>
<td>• Design for cost by leveraging value engineering</td>
<td>• Reduce overhead and cost of complexity</td>
</tr>
<tr>
<td>• Deliver return on investment on 1,200 new customer-facing roles</td>
<td>• Build on Hospital to Home opportunity</td>
<td>• Leverage industrial footprint in growth geographies</td>
</tr>
</tbody>
</table>
## 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)
- Deaths from all other causes: 21 million
- Deaths from chronic and non-communicable diseases: 36 million

80% occur in growth geographies

World population age 60+ (Millions)

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

Global market growth 3-4%
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

<table>
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<tr>
<th>Imaging Systems</th>
<th>Patient Care and Clinical Informatics</th>
<th>Home Healthcare Solutions</th>
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</thead>
<tbody>
<tr>
<td>#1 Interventional X-Ray cardiovascular</td>
<td>#1 Patient monitoring</td>
<td>#1 Sleep therapy</td>
</tr>
<tr>
<td>#1 Image-Guided interventions</td>
<td>#1 AEDs</td>
<td>#1 Respiratory care</td>
</tr>
<tr>
<td>#2 Ultrasound worldwide</td>
<td>#1 Digital telemetry</td>
<td>#1 Home monitoring telecare North America</td>
</tr>
<tr>
<td>#1 Overall system performance IMV ServiceTrak</td>
<td>#1 Non-invasive ventilation</td>
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<tr>
<td>#1 CT MDBuyline</td>
<td>#1 Enterprise Imaging</td>
<td></td>
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<tr>
<td>#1 MR Ingenia and Ultrasound iU22 Best in KLAS</td>
<td>#1 North America and LatAm</td>
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</tr>
<tr>
<td>#1 NPS Interventional X-Ray-India, North America, Japan, and China</td>
<td>#1 Cardiology Imaging</td>
<td>#1 NPS Interventional X-Ray-India, North America, Japan, and China</td>
</tr>
<tr>
<td>#1 NPS Ultrasound-North America, United Kingdom, and China</td>
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<td>#1 NPS PCCI-global</td>
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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

**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
- 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

**End2End**
- Create a growth and performance culture around customer centricity, innovation, inspiration, and operational excellence
- 72% of Healthcare leaders trained in Accelerate Leadership Program

**Culture**
- 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
Setting the foundation to improve performance

- Strong OIT and sales growth
- Successful market launches
- Investments in R&D and growth geographies
- Industrial footprint in growth geographies
- Strategies to address market headwinds in Southern Europe and Japan
- Kick-off Accelerate!

Transform Philips through Accelerate!

- Value delivery from past acquisitions
- Upgrade marketing capabilities
- Improve sales force productivity
- Create performance and growth culture
- Increase value segment portfolio in Imaging
- Continue to close gap in co-leadership in Imaging
- Grow consulting services business

= Areas of ongoing focus in 2013
### Philips Healthcare: Businesses and Markets

<table>
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<tr>
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<tr>
<td>Imaging Systems</td>
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<tr>
<td>Gene Saragnese</td>
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<tr>
<td>Patient Care and Clinical Informatics</td>
<td>Greater China</td>
</tr>
<tr>
<td>Mike Mancuso</td>
<td>Europe, Middle East, Africa</td>
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<tr>
<td>Home Healthcare Solutions</td>
<td>Steve Laczynski</td>
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<tr>
<td>Brent Shafer</td>
<td>Arjen Radder</td>
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<tr>
<td>Michael Dreher</td>
<td>Desmond Thio</td>
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<td>Customer Services</td>
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<td>Bas Verhoef</td>
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<tr>
<th>Europe, Middle East, Africa</th>
<th>26%</th>
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<tbody>
<tr>
<td>Americas</td>
<td>49%</td>
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<tr>
<td>Asia-Pacific</td>
<td>16%</td>
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<tr>
<td>Greater China</td>
<td>9%</td>
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- **€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

FY 2012
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