

PHILIPS

sense and simplicity

Imaging Systems

Gene Saragnese, CEO Healthcare Imaging Systems

Imaging Systems focus

Delivering on a consistent strategy to win

Driving remarkable patient and customer experiences

- Reliability, ease-of-use, training and service delivery
- Patient comfort and safety

Growing faster than the market

- Accelerating innovation while decreasing cost of ownership
- Expanding the footprint in growth geographies with a growing pipeline of value products

Driving out cost, creating capacity

- Margin expansion by driving out costs and inefficiencies through Accelerate! and design to cost

Focused on profitable growth

Market overview

Market

- Global equipment market 3% - 5%
 - Growth geographies 7%-10%
- Increased patient awareness
- More patients, cost pressure
- Imaging will play a key role in improving health care

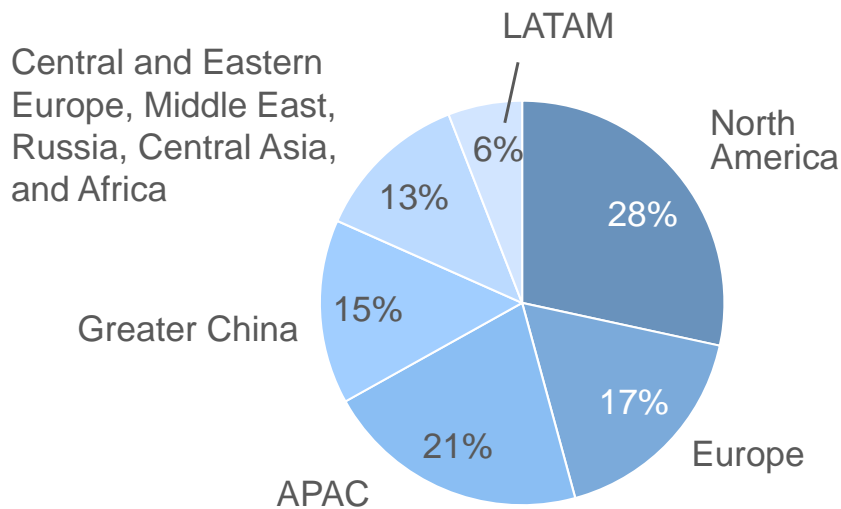
Meeting the needs of health care

- Ease-of-use and throughput
- Dose and comfort
- Minimally invasive image-guided interventions
- Demand for performance/value products
- Innovate for cost and outcomes



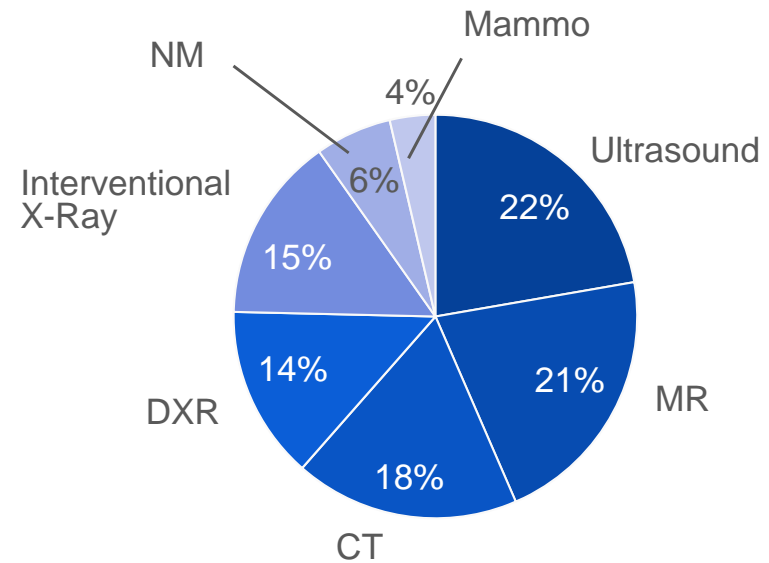
Imaging equipment market¹ of €17 billion

2011 Imaging market by market group



- North America modest growth; 1.5 pts share gain in 2011
- China – continued fast growth; more than compensates declines in Europe and Japan

2011 Imaging market by modality



- #1 position in interventional x-ray and cardiology
- Strong #2 position in ultrasound
- Winning in radiology with MR, CT, DXR one point share gain in 2011, growth opportunity

Gaining share and well positioned to capitalize on market dynamics

¹ Market for imaging equipment, based on industry reports (NEMA, COCIR) and Philips internal estimates

Remarkable patient and customer experiences

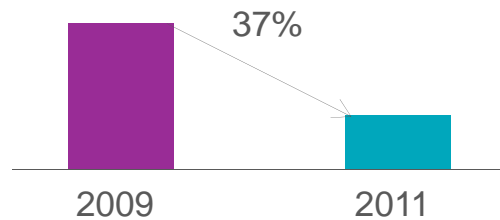
Patient experiences

- Significant X-Ray dose reduction
- Ingenia MR – shorter exam times
- HIFU - minimally invasive procedure to treat uterine fibroids
- PET/MR - prostate cancer images not possible before in one procedure
- Ambient Experience solutions

Customer experiences

- Improved quality and reliability

Customer call rate for new products



- World class service experience
~70K systems connected and supported with Philips Remote Service



- #1 in 2011 IMV ServiceTrak in overall system performance
- Philips Portal #1 by KLAS
- NPS leader/ co-leader China, cardiology, and ultrasound



Our customers recognize the change –
Driving equipment sockets and service growth

33 new products in two years, 45% of 2012 sales

Vital new portfolio designed for quality, cost and performance



Technology and innovation → 9000+ patents → high barriers to entry

Accelerating our rate of product creation

Approach

CT example

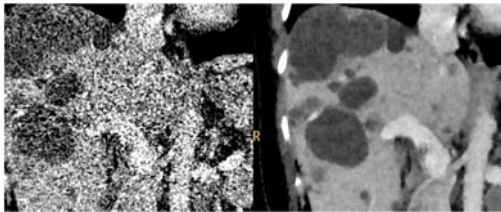
Customer intimacy

Investing in core technology

Design to cost, platforms, reuse

24/7 development

Dose reduction – iDose



Highest performing tube platform in the industry



Breakthrough modular detection



iCT premium scanner
Intro 2008



Ingenuity family



Ingenuity CT
Intro 2010



Ingenuity Core¹²⁸
Intro 2011

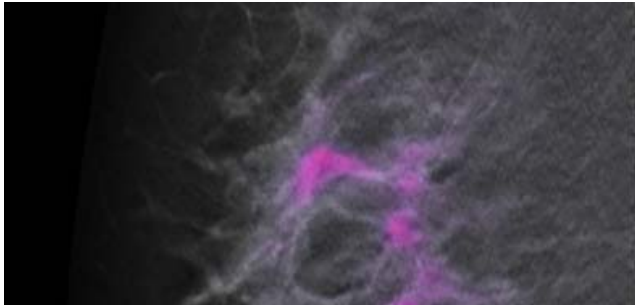


Ingenuity Core
Intro 2011

Cut 2/3^{rds} off time to market

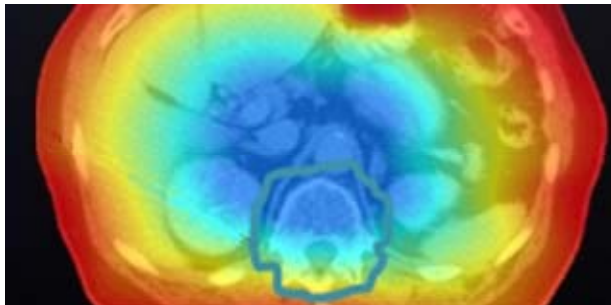
Imaging 2.0 - our focused effort to win in radiology

Clinical integration
and collaboration



Putting imaging at the center of diagnosis and therapy, improving clinical outcomes

Patient
focus



Smart, patient-adaptive systems for optimal patient comfort and safety

Improved
value



Reliable tools that improve economic value, throughput, uptime and capital utilization

Imaging 2.0 - our customer-centric approach to radiology

Winning in radiology, gaining one share point

Ingenia MR (1.5T and 3T)

First-ever digital broadband MR enabled by *dStream* architecture

- 40% improvement in image quality
- Increased throughput by up to 30%
- Easier upgradeability, rapid install

Fastest ramp up in MR history

- +2 pts globally, driven by NA
- Accounts for almost half of MR systems order value



Ingenuity CT and iDose

Highly reliable product, lower dose and improved image quality

- Driven by peer-to-peer marketing
- iDose – most successful upgrade
 - Access to ~3,000 installed base; 700 orders

Increased market share

- +3 pts in NA, driving global share gain

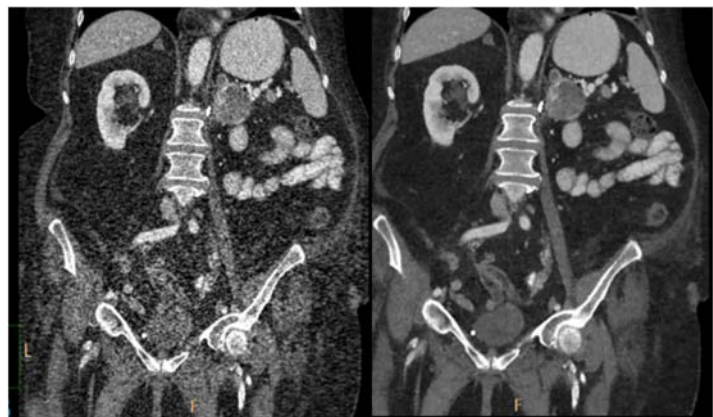


Driving profitable share growth

Breakthrough dose with high image quality

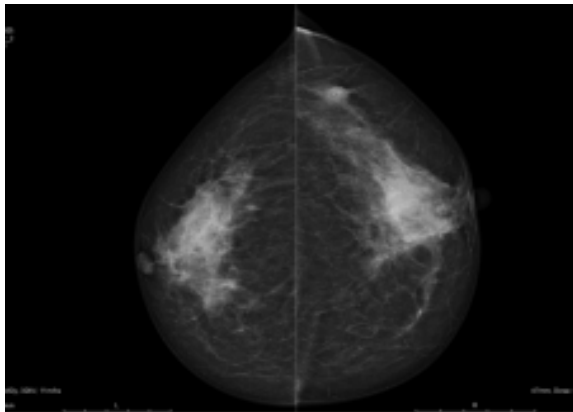
CT

- **iDose4** iterative reconstruction
- Improved image quality at low dose
- Up to 57% spatial resolution improvement¹



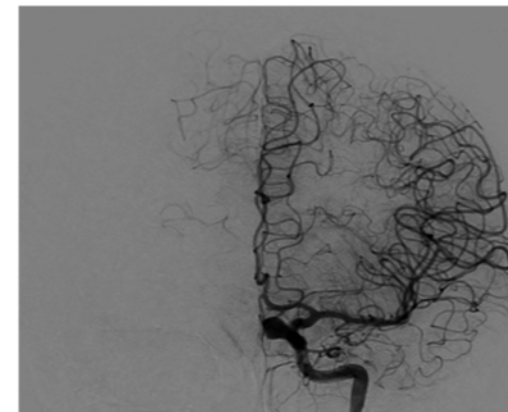
Digital mammography

- **MicroDose** digital mammography
- Leveraging Sectra acquisition
- Excellent image quality with **40% average dose reduction**²



Interventional X-ray

- **AlluraClarity**³ – industry leading image quality at a fraction of dose
- Breakthrough technology, setting a new standard in interventional imaging



DoseWise is Philips' industry-leading drive to address patient and care giver experience

¹ Relative to standard reconstruction

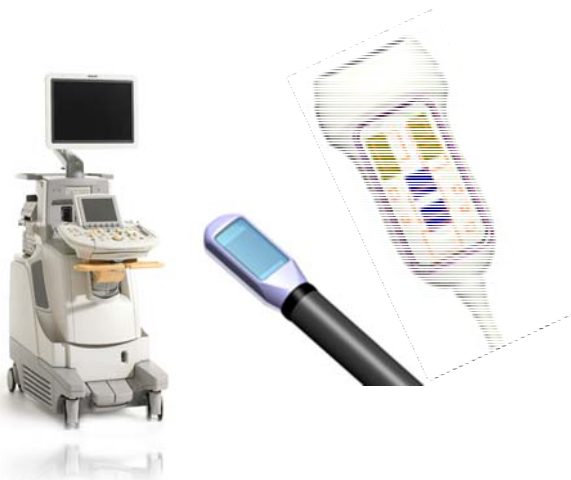
² Dose reduction of 18% to 50%, with average 40% dose reduction. The actual result of the average dose reduction will vary based on variations of digital mammography systems

³ Not currently available for sale in the USA. FDA 510(k) pending

Leadership in probe technology drives ultrasound

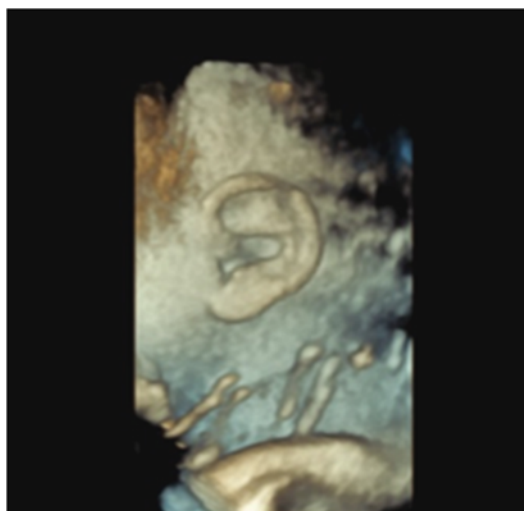
2004 - beam forming from cart into probe

- Allowing 3D and imaging
- TEE¹ launched in 2007, smallest in size, best in image quality, four-year lead
- #1 in cardiology



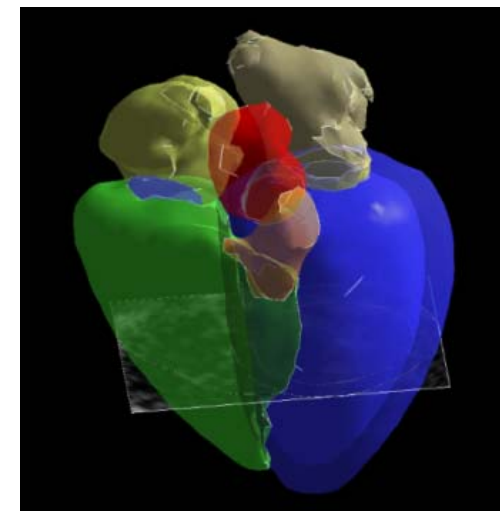
2010/2011 - expand use xMATRIX

- Radiology and OB/GYN
- 5x's the number of elements
- High barrier to entry
- Platform for expansion



Future - enabler for growth

- 3D, auto segmentation and reporting, transforming efficiency and access



Closing in on #1 ... share up 2 pts over two years, 10 pts ahead of #3

Philips is #1 in image-guided interventions

Differentiating IGIT solutions and software

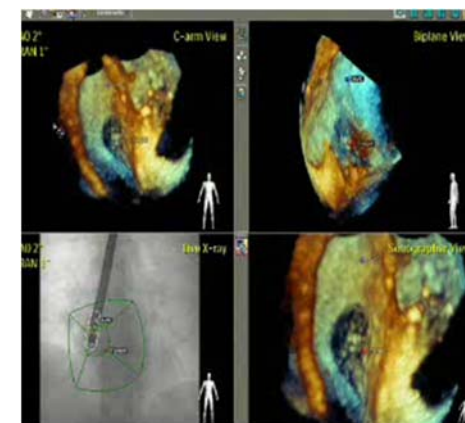
Unique integration of 3D ultrasound and interventional x-ray

- EchoNav ... first in the industry
- Real-time simultaneous viewing of 3D soft tissue ultrasound images and x-ray images



“This is the first time in the history that we have had real-time 3D images to navigate equipment and deploy devices. The 3D ultrasound images provide an incredible visual guidance.”

Dr. John Carroll, Interventional Cardiologist, UC Denver



Leverage two of our leading businesses to create best-in-class and enable new minimally-invasive procedures

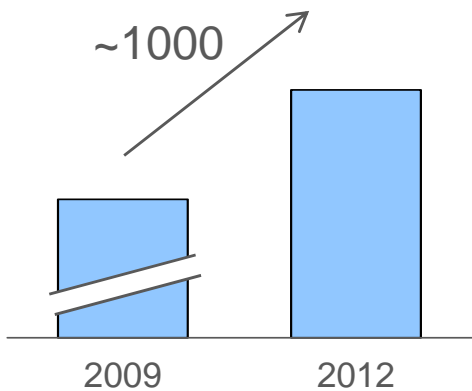
Investing in growth geographies

Accelerated innovation and cost out

- Growing competencies
- Leveraging technology and scale
- Delivering on local and global needs

Increasing resources

R&D staff in growth geographies



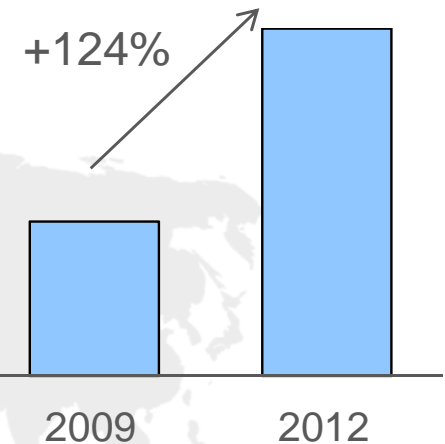
China: Suzhou, Shanghai and Shenyang

- Suzhou – new facility, rapidly ramping. Multimodality, development and manufacturing



- Shenyang – development and manufacturing: CT, Ultrasound, DXR & components
- Shanghai – research and ultrasound transducers

Low-cost manufacturing capacity



Brazil: Lagoa Santa



- Value products, local for local / regional
- DXR and mammography
- Localization of MR, CT and iXR

India: Pune and Bangalore



- Pune – COE for value interventional systems
- Bangalore – software COE ¹

¹ COE – Center of Excellence

Accelerating value segment pipeline

Value segment investments in China, India and Brazil

- Dedicated marketing, engineering and manufacturing
- Leadership based in China



Recently delivered



iXR – Allura FC

- Value cath lab
- First global value product from India



DXR – Compacto DR

- New value DR system from Brazil

Ultrasound – ClearVue

- Cart based system for value segment
- Designed in India, manufactured in China

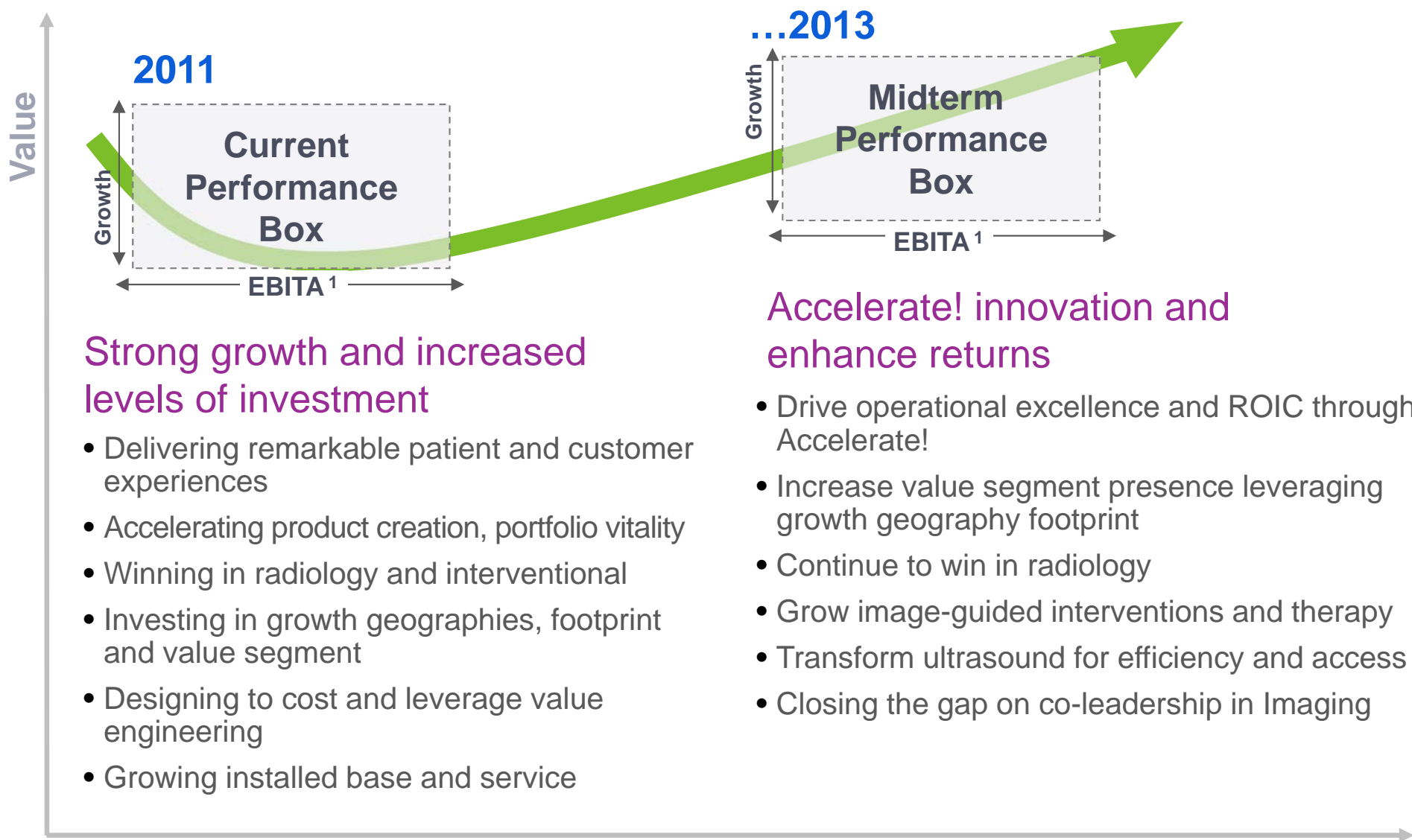


Six new value offerings coming in 2012

- Value CT and DXR systems from China
- Value surgery systems from India
- Value DXR from Brazil
- Broader portfolio of subsystems

Building capacity and momentum - providing access to care

Path to Value: Imaging Systems



Strong growth and increased levels of investment

- Delivering remarkable patient and customer experiences
- Accelerating product creation, portfolio vitality
- Winning in radiology and interventional
- Investing in growth geographies, footprint and value segment
- Designing to cost and leverage value engineering
- Growing installed base and service

Accelerate! innovation and enhance returns

- Drive operational excellence and ROIC through Accelerate!
- Increase value segment presence leveraging growth geography footprint
- Continue to win in radiology
- Grow image-guided interventions and therapy
- Transform ultrasound for efficiency and access
- Closing the gap on co-leadership in Imaging

¹ as reported, i.e. including restructuring and acquisition related charges

Key takeaways

Executing on our strategies

- Remarkable patient and customer experience
- Accelerating our rate of innovation 24/7 with an unprecedented portfolio vitality
- Expanding the footprint in growth geographies with a growing pipeline of value products
- Margin expansion by driving out costs and inefficiencies through Accelerate! and design to cost



