

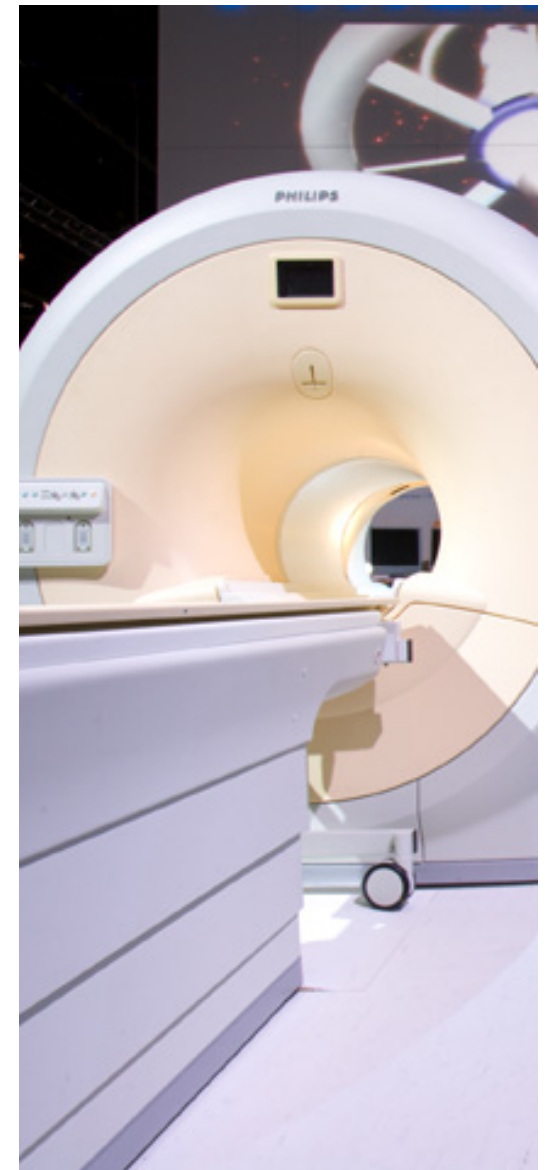
# Creating the future of Healthcare through meaningful innovation

Gene Saragnese, CEO Healthcare Imaging Systems



# Key takeaways

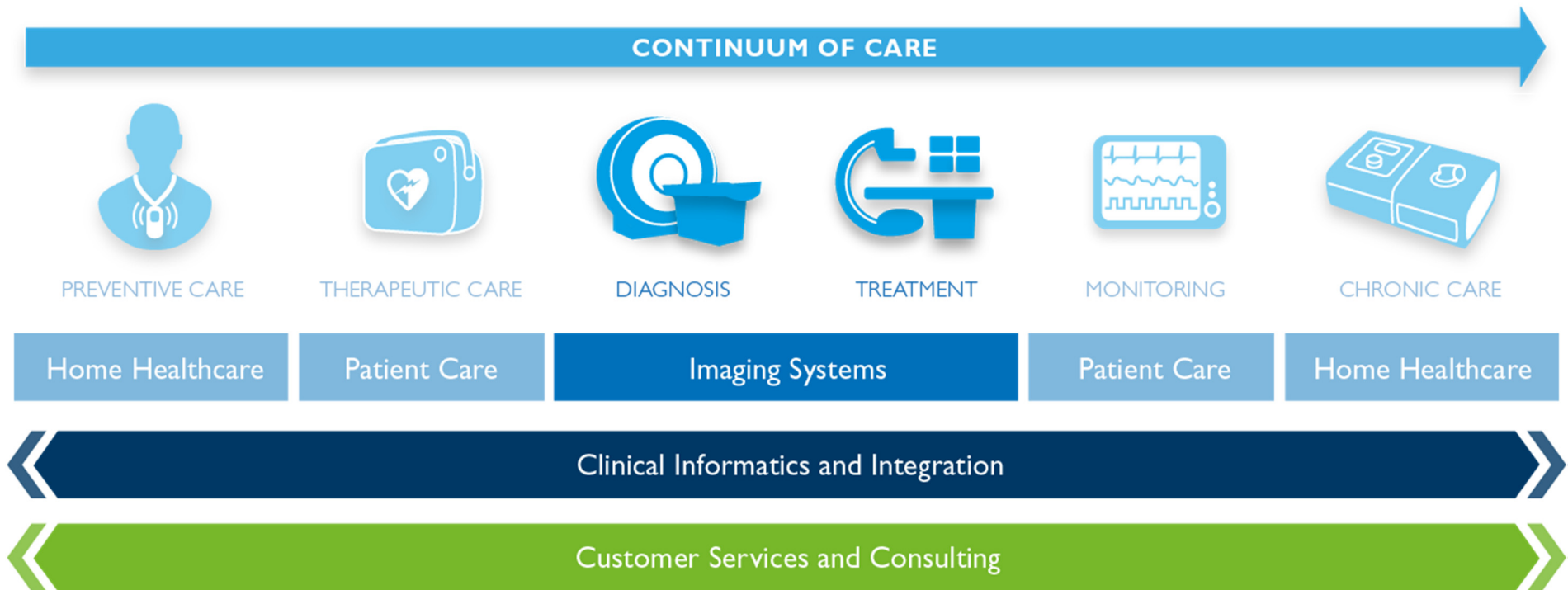
- We are executing on our strategy
  - Delivering a quality experience
  - Demonstrated leadership in innovation and integrated solutions
  - Strong progress in value segment
- Operational improvements delivering improved financial performance
- Imaging plays an essential role in the future of health care and we know how to win



# Philips Healthcare Guiding Statement

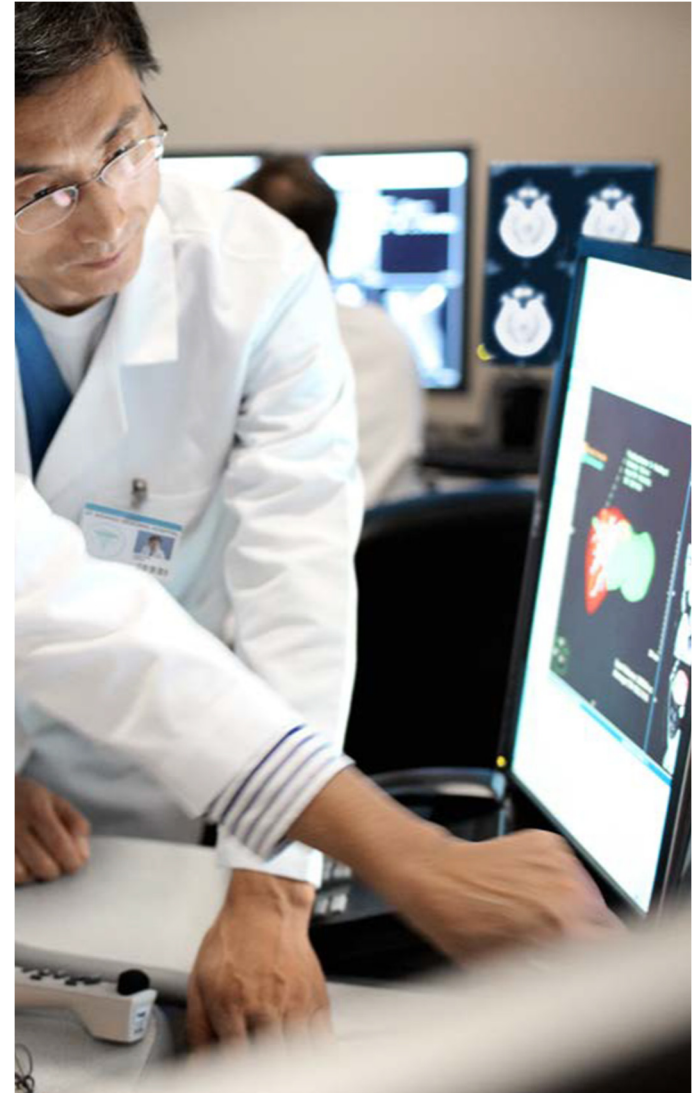
We are dedicated to creating the future of health care and saving lives.

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.



# Market trends

- Imaging equipment market €18 billion and growing
- Strong growth in Ultrasound and Diagnostic X-Ray, first modalities in growth geographies
- Value segment growth up to two times that of premium and high end
- Increasing number of patients globally, chronic disease on the rise
- Increased requirements for accessible and accurate diagnosis at lower cost and dose
- Imaging solutions enabling new therapies, e.g. minimally invasive heart valve replacement



# We execute on a consistent strategy

## Deliver quality customer and patient experience

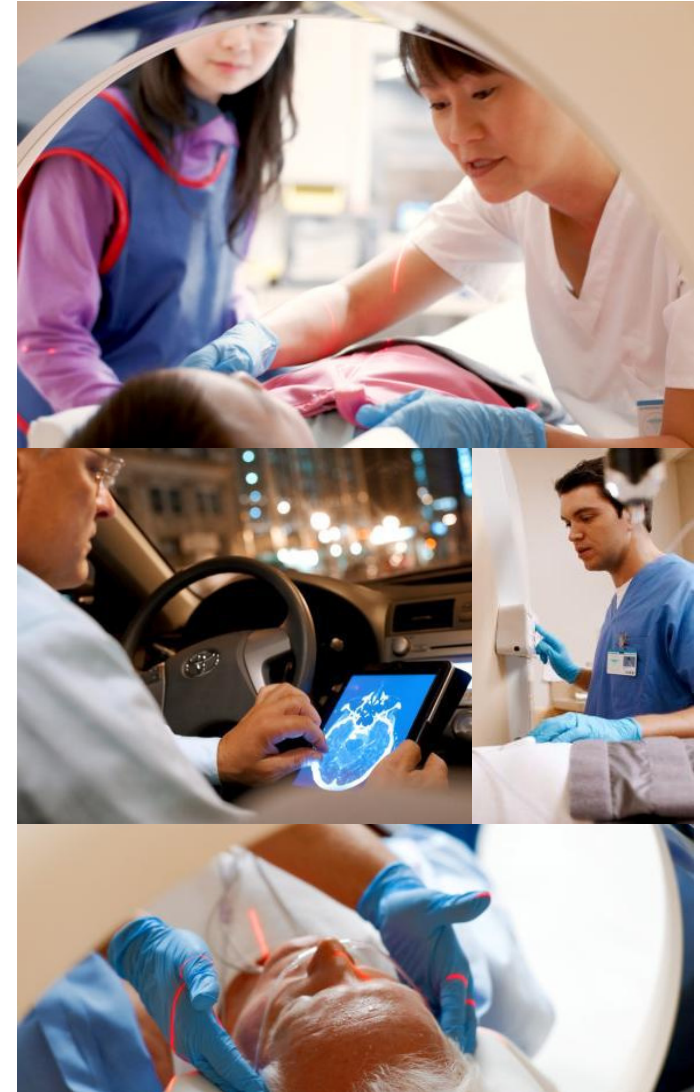
- Quality, reliability and service delivery
- Comfort, dose and ease of use

## Create customer value through innovation

- Image Guided Intervention and Therapy revolutionizing medicine
- Expand leadership in cardiovascular care
- Win in radiology, rapid accurate diagnosis
- Access to care through value solutions

## Drive productivity and speed

- Focus on operational excellence and leverage global capabilities to drive value



## We deliver a quality customer experience



- #1 in Imaging Workstations
- #1 in Diagnostic and Cardiology Ultrasound
- 'Best in KLAS 2012' for Ingenia MRI **New**
- 'Best in KLAS 2012' Ultrasound iU22 and iE33 **New**



- #1 in CT **New**
- #1 in Radiography and Fluoroscopy **New**
- #1 in CV
- #1 in Ultrasound



- #1 for 20 consecutive years in Ultrasound Service



- Best Radiology Software – iDose<sup>4</sup> Product of the Year **New**

**New** in 2012

Reporting in last 12 months. KLAS measures customer satisfaction; md buyline rates vendors by product line; imv measures customer satisfaction and service satisfaction; auntminnie.com rates technology innovation

## Leading in image guided intervention and therapy

### Leadership in interventional X-Ray and Ultrasound

- AlluraClarity: Equivalent image quality, up to 73% lower X-Ray dose
- xMatrix for 3D Ultrasound: 3-4 year competitive lead

### Integration and procedure innovation

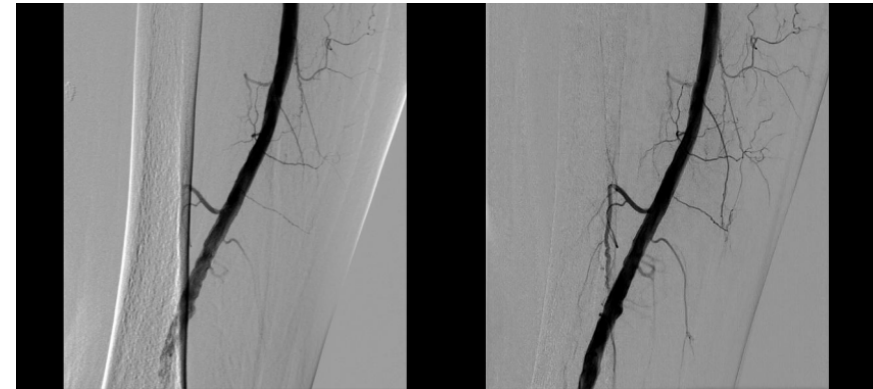
- EchoNav essential for minimal invasive valve replacement
- Ablation depth monitoring: real time therapy feedback

### Adjacent opportunities

- Robot assisted coronary interventions: partnership with Corindus (right)
- Precision radiation delivery with MRI-guided Linear Accelerator: partnership with Elekta

Traditional

AlluraClarity  
up to 73% lower dose



# Addressing health care cost pressure

## Interventional X-Ray: AlluraClarity

- Breakthrough radiation dose; equivalent image quality
- Recently launched; opportunity ~5,000 systems

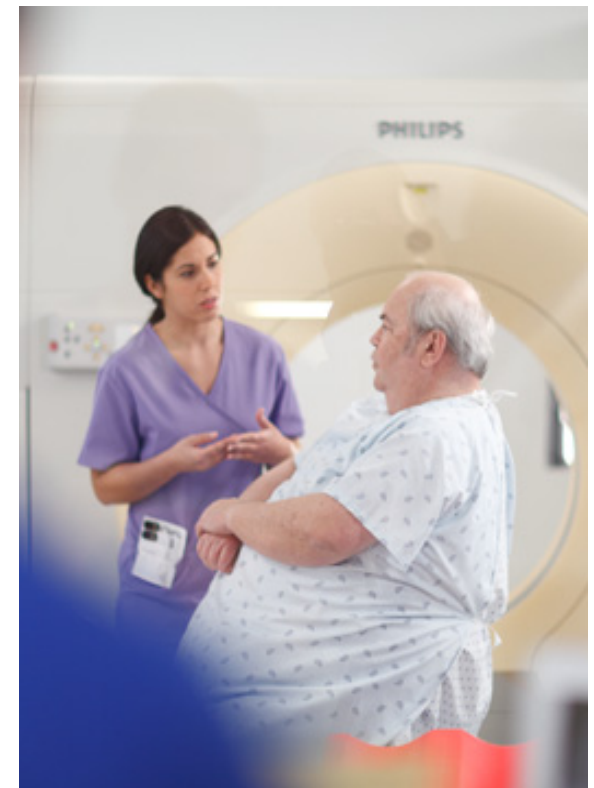
## MR: dStream

- Exclusive digital MR technology for analog installed base
- Saves construction cost and reduces down time
- Recently launched; opportunity of ~5,000 systems

## CT: iDose

- State of the art image quality at low dose
- Strong customer acceptance; above average growth
- Opportunity of ~5,000 systems

Total installed  
base opportunity  
15,000 systems





# Significant progress in value segment

## Selected launches in last 12 months

### Ultrasound: ClearVue 550

- Active Array technology
- Scalable platform

### Diagnostic X-Ray: DuraDiagnost

- High quality solutions in performance segment
- Customizable room configurations

### MR: Multiva

- Up to 40% faster patient and coil setup
- Rich portfolio of clinical applications

### CT: Access Dual

- Expand access to care: Low power and space
- Rich set of clinical applications

## Current status of value segment offering

Ultrasound



Diagnostic X-Ray



MR



CT



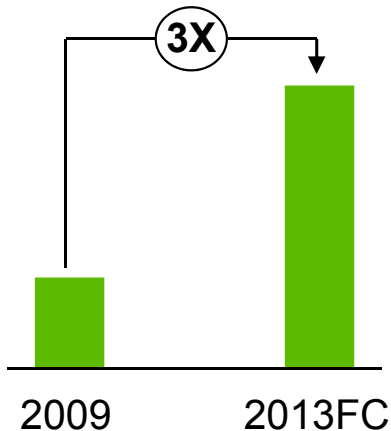
- >35 products for value segment
- Eight new products in 2013
- 25 products from growth geographies 3X in 3 years

*Shading = % of target portfolio completed*

# Productivity through growth geographies

## R&D resources tripled in growth geographies

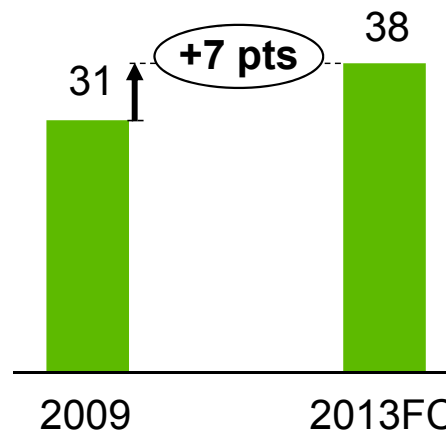
IS R&D personnel in growth markets



- Added ~ 1000 people
- More innovation capacity while lowering R&D %

## 22% increase in low-cost country sourcing

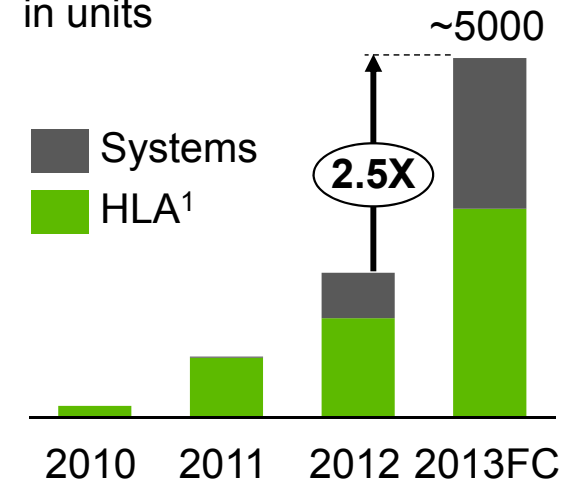
% of bill of material from low cost regions



- Continued progress to shift supply base to LCC regions
- Opportunity of ~5pts in next years

## Suzhou factory output more than doubled

Suzhou factory output in units



- Over 25 product lines produced in growth markets
- Insourcing strategic components
- Permanent Pune facility opened

1 HLA = High Level Assembly

# Why we win

## Differentiating technology

### Miniaturization

- CT detection, beam forming, MR digitization

### Advanced Manufacturing

- X-Ray generation, Ultrasound transducers

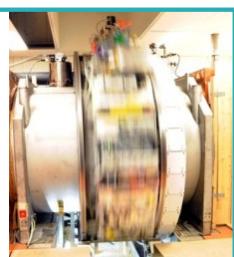
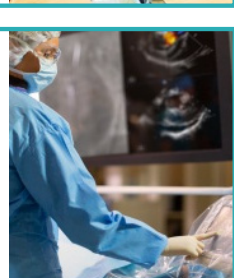

### Advanced Image processing

- Image quality, dose reduction, real-time image fusion

### Platforms

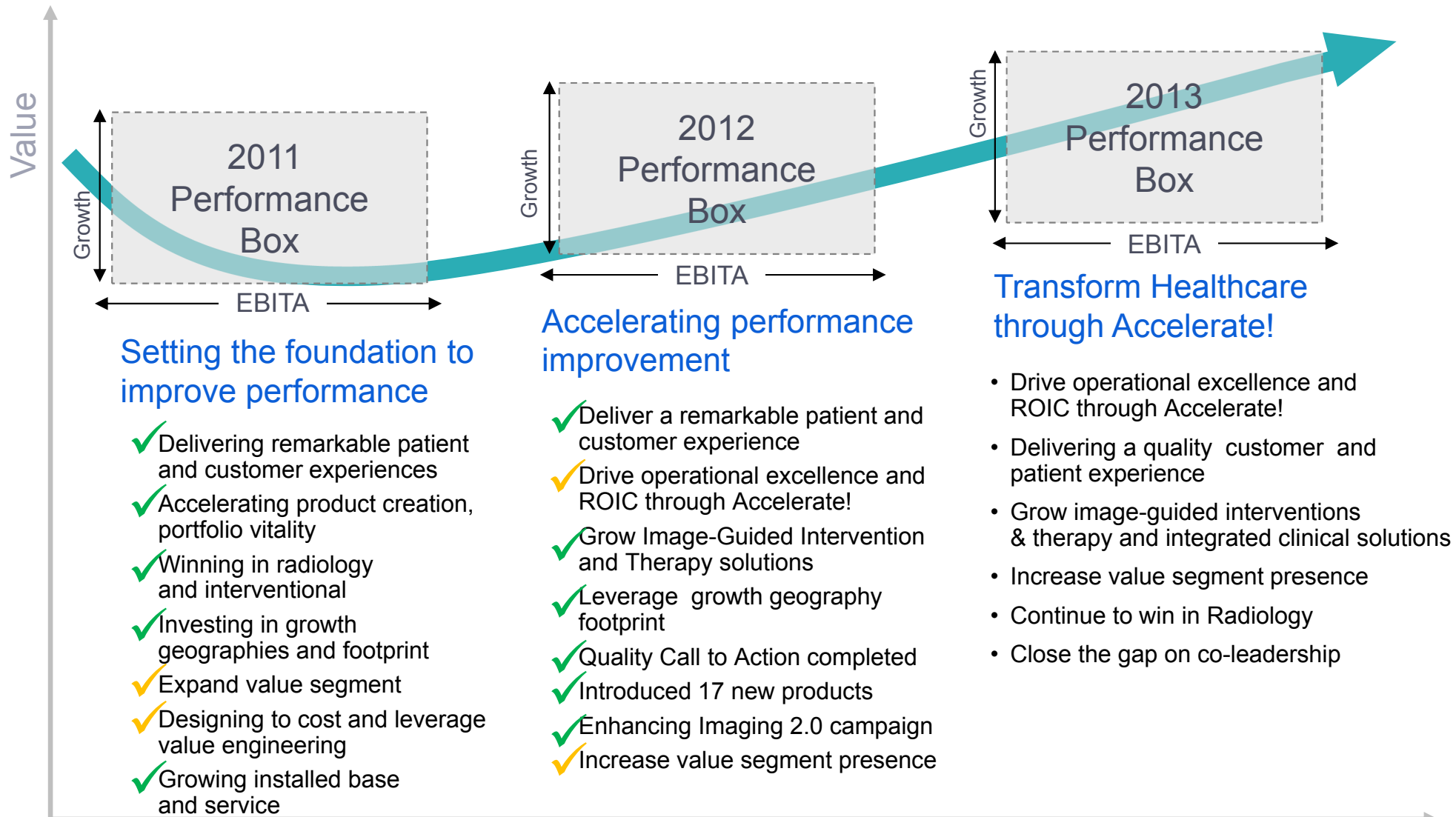
- Scalable architecture

## Partnerships and deep clinical knowledge

<p>Elekta University Medical Center Utrecht</p>	<p>MR-Linac: Improve therapy accuracy</p>	
<p>University Hospital Zurich University of Colorado Hospital</p>	<p>EchoNav: Minimal invasive valve replacement</p>	
<p>MR, CT, Nuclear Medicine, Ultrasound Washington hospital</p>	<p>Intellispace Portal: Efficiency improvement in Radiology</p>	

**Strong pipeline of intellectual property-protected breakthrough innovations**

# Progressing on our Path-to-Value



✓ = Areas of ongoing focus in 2013

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