Personal Health

Pieter Nota
CEO Personal Health
Helping consumers live healthier, better lives based on locally relevant innovation

Healthy living
Prevention
Diagnosis
Treatment
Home care

Monitoring, informatics and connected care

Personal Care
Advanced appliances that help consumers with personal hygiene so they look and feel their best

Health & Wellness
Providing innovation for oral hygiene and improving the health and happiness of mother and baby

Domestic Appliances
Supporting people to live a healthy life in a healthy home environment

Sleep & Respiratory Care
Providing solutions for individuals to live healthier at home and work together with their care providers to manage their sleep and respiratory conditions
We leverage our deep consumer expertise and our extensive healthcare know-how

- Driving the consumerization and retailization of health
- In synergy with the strategic direction of important Retail Customers and as advocated by healthcare professionals
- Consumers increasingly want to take control of their own health
Focus on health and well-being drives strong performance as demonstrated in Consumer Lifestyle

Consistent y-o-y quarterly EBITA improvement

EBITA as % of sales

We continue to build leadership positions

Market share
Last 12 months

Mid to high-single-digit growth on an annualized basis, above market level, demonstrated by continuous market share gains

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1 Corrected for Senseo deal result in Q1 2012.  
2 GfK, Nielsen, ZYK, MAT-May 2015  
3 APMEA: Asia Pacific, Middle East & Africa.
Our growth and profit momentum going forward is well underpinned

**Proven operating model**

Strong Performance Management based on Business Market Combinations
- We plan, resource and manage performance by Business Market Combination, enabling locally relevant innovation

Philips Business System
- The Philips Business System defines how we operate and deliver on our Mission and Vision

**Innovation is the key to our success**

Global scale
- Proven success with existing champion products
  - Airfryer
  - DiamondClean
- New global propositions
  - Sonicare for Kids Connected
  - Smart Shaver 7000

Local relevance
- Locally-relevant innovation across markets, leveraging global platforms based on our Business Market Combination approach
  - Avance Rice Cooker with OmniSpiral IH technology
  - Noodle Maker in China
Strong marketing capabilities and geographical expansion further underpin growth momentum

**Proven successful activation in the markets**

- Our strong marketing capabilities support strong growth and market share expansion
  - E.g. Oral Healthcare - North America
- Continued strong focus on Return On Investment of our advertising and promotion investments

**Addressing BMC\(^1\) white spots**

- We continue our geographical expansion, with plenty of opportunities to address BMC white spots with proven propositions:
  - Airfryer - North America
  - Oral Healthcare - DACH\(^2\)
  - Oral Healthcare - China

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\(^1\) Business Market Combination.  \(^2\) Germany, Austria and Switzerland.
Consumer-based insights drive home care innovation, enhancing our Sleep & Respiratory Care business

<table>
<thead>
<tr>
<th>Sleep: Comfort &amp; wearability</th>
<th>Respiratory: Solutions on the go</th>
<th>Connectivity: Patient adherence</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ramp up consumer focus in large underserved markets</td>
<td>• Build on strong innovation and quality track record</td>
<td>• Integrate our solutions digitally to unlock new, service-driven value propositions</td>
</tr>
<tr>
<td>• Extend range of sleep solutions</td>
<td>• Leverage hospital to home platform</td>
<td>• Direct patient coaching through Sleep Adherence Service (&gt;80% adherence)</td>
</tr>
<tr>
<td>• DREAM Series; integrated sleep platform with significant enhanced comfortability and wearability, and connected to E-Suite</td>
<td>• SimplyGo Mini; ultra lightweight portable oxygen concentrator</td>
<td></td>
</tr>
</tbody>
</table>
We have a strong position with care solutions in the home

**The opportunity**

- We offer winning propositions that enable patients to get care in the home environment rather than the hospital
- Leveraging the intersection of consumer and clinical spaces
- Examples:
  - Lifeline (home medical alert system)
  - DreamStation (positive airway pressure device – sleep apnea)
  - Trilogy200 (portable life support)
  - eTrAC (at-home patient support to lessen readmission)

**Going forward**

- Integrate our solutions digitally to unlock new, service-driven value propositions
- Grow brand and consumer pull
- Expand our solutions portfolio across the Health Continuum

DreamStation  Trilogy200
Connectivity drives growth further, empowering consumers to take control of their health

**Personal Health Programs based on data of connected devices**

- **Measure:** Capturing bio-metric data with connected devices
- **Monitor:** Connected platform with clinically proven Health Care Professional (HCP) expert-based data analytics and algorithms
- **Motivate:** Clinically relevant, behavioral coaching (human and digital) strengthened by HCP endorsement model

**Coaching based on clinically validated programs**

- We build a service model providing lifestyle coaching
- We coach and improve people’s lifestyles based on clinically validated programs and data from connected devices
- Leveraging Philips’ deep clinical expertise and Professional endorsement

[Images of Connected Blood Pressure Monitor and Connected Body Analysis Scale]
Key takeaways

• **Personal Health** plays a **strong role on the Health Continuum** in Healthy Living, Prevention and Home Care

• We leverage our deep **consumer expertise** with our extensive **healthcare know-how driving the consumerization and retailization of health**

• Our **growth** and **profit momentum** going forward is well **underpinned**
  – Proven operating model
  – Locally relevant innovation
  – Proven successful marketing activation
  – Addressing geographical white spots

• **Connectivity** will be a **driver of further growth**, empowering consumers to take control of their health

• Announcing Personal Health Programs that focus on **Population Health** and enable people to **live healthier lives**
Advancing Diagnostics

Robert Cascella
CEO Diagnosis & Treatment
Diagnosis is at the heart of the Health Continuum with imaging evolving towards a broader role

- Diagnostic Imaging and Informatics at the foundation of Advancing Diagnostics
- Evolving to a broader role:
  - Patient consultation
  - Disease localization and quantification
  - Surgical planning
  - Treatment guidance and assessment
- Towards first-time-right diagnosis by combining multi-modality information and integration of patient data
Diagnostic Imaging and Informatics’ market is EUR 28 billion\(^1\), growth driven by key fundamentals

- Market of EUR 28 billion, with low to mid-single digit growth
- Growth drivers
  - Increasing number of patients
  - Proliferation of technology: growth in developing markets and in expanding clinical setting
  - Demand for services and solutions
- Barriers to entry remain high: technology, IP, sales and service network, portfolio and solutions offering, key opinion leader networks
- Technologies becoming more disease-specific; introduction of specialized software applications

\(^1\) Source: Philips analysis based on external sources such as COCIR, NEMA.
We have a strong offering in Advanced Diagnostics, well beyond traditional imaging

<table>
<thead>
<tr>
<th>Imaging systems and services</th>
<th>Applications and solutions</th>
<th>Digital pathology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Only vendor with digital offering in all modalities</td>
<td>• Broadest multi-vendor multi-modality image application portfolio</td>
<td>• Leader in clinical segment</td>
</tr>
<tr>
<td>• Full portfolio of imaging systems and services</td>
<td>• Broad solutions around</td>
<td>• Combine pathology images with data, test results and clinical information</td>
</tr>
<tr>
<td>– MR (Ingenia)</td>
<td>– visualization (IntelliSpace Portal)</td>
<td>• Partnership with Mount Sinai</td>
</tr>
<tr>
<td>– CT (IQon)</td>
<td>– informatics (IntelliSpace PACS)</td>
<td>• Enabler for personalized medicine</td>
</tr>
<tr>
<td>– PET/CT (Vereos)</td>
<td>• Rapid increase of disease-specific applications and solutions</td>
<td>– Image-guided biopsy</td>
</tr>
<tr>
<td>– Ultrasound (EPIQ)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Leader in Cardiac Ultrasound and 3T MR</td>
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<td></td>
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</tbody>
</table>

**Digital pathology**

- Leader in clinical segment
- Combine pathology images with data, test results and clinical information
- Partnership with Mount Sinai
- Enabler for personalized medicine
Value creation strategy

**Improving:**
Efficiency program and focused investments
- Commitment to quality and compliance
- Stronger organization
- Product life-cycle cost reduction

**Growing:**
Expanding applications and driving partnerships
- Continue to expand in innovative applications
- Leverage enterprise-wide deals and long-term partnerships

**Building:**
Expanding solutions
- Integrated Radiology solutions that benefit customers and patients
- Disease-focused, imaging-based Oncology solutions

**Financials**
- **Current**
  - CSG: low-single digit
  - EBITA margin\(^1\): high-single-digit
- **Future aspiration**
  - CSG: mid-single-digit
  - EBITA margin\(^1\): mid-teens

\(^1\) Excludes impact from IG&S split.
Stronger organization and focus on quality and cost will drive margin improvement

• Substantial progress in strengthening the organization

• Embedding solid regulatory controls throughout the organization

• Increasing production levels in Cleveland

• Product and life-cycle cost reduction: material, labor, overhead, design, manufacturing, footprint consolidation

• Shifting towards software applications and disease-focused solutions on common hardware platforms
Growth driven by continued expansion of our leading innovative solutions and applications

Example: Diagnosis and planning in Cardiology

**Ultrasound**

- Anatomical Intelligence: deep clinical knowledge embedded in software applications
- Increasing diagnostic confidence
  - Reducing operator variability & delivering more reproducible results
  - Streamlining exam time & efficiencies

**IntelliSpace Portal**

- Broad range of clinical applications
  - Comprehensive software packages for all modalities
  - Multi-modality, multi-vendor, multi-user, multi-site, all in one solution
- Integrate with Cardiovascular information systems
  - Bring advanced visualization to Cardiologist
- Patient management from one chair
  - Diagnosis, Treatment Planning

Enabled by strong in-house technology and clinical knowledge, partnering with customers, leading research institutions and other service providers
Changing customer needs in Radiology create additional opportunities for growth

- Changing customer needs: seeking more value and addressing outcome-based healthcare

- Large multi-year deals, building on deep experience partnering with leading healthcare systems
  
  **15 years**

<table>
<thead>
<tr>
<th>GR Health</th>
<th>Karolinska</th>
<th>HSC</th>
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<tbody>
<tr>
<td>USA</td>
<td>Netherlands</td>
<td>Belfast</td>
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</table>

  **8-10 years**

<table>
<thead>
<tr>
<th>KUBIN CLINIC</th>
<th>Sant Pau</th>
<th>LaFe</th>
<th>Rijnstate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Spain</td>
<td>USA</td>
<td>Netherlands</td>
</tr>
</tbody>
</table>

- Growth in value segment
  - Tripled number of products over past 4 years

- Integrated Radiology solutions, connecting disparate data sources and leveraging our deep understanding of Radiology
  - Drive department efficiency
Expanding with disease-focused, imaging-based Oncology solutions along the Health Continuum

**Lung – screening**
- Comprehensive package for implementing lung cancer screening programs
  - Consultative services for program implementation
  - Patient and data management
  - Radiology software for detection and follow-up
  - Web-based education

**Prostate – diagnosis**
- First-time-right image-guided biopsy
- Merge diagnostic MR image with real-time Ultrasound
- Complete clinical solution: visualize and target suspicious areas in the prostate
  - Advanced visualization and analysis software
  - Interventional planning

**MR Linac – treatment**
- Radiation therapy with real-time image guidance
- Promise to define new standard of care in radiation therapy
  - Increased accuracy and precision
  - Real-time adoption of therapy
- MRI technology partner of Elekta
Key takeaways

• Advancing Diagnostics is at the heart of the Health Continuum

• Large market with multiple areas of growth
  – Increasing number of patients, proliferation of technology
  – Customers seeking more value and outcome-based healthcare

• Philips has a strong range of offerings, with leading positions, leveraging hardware, software & services

• Improving margins by focus on quality and cost

• Continued investment in innovation and disease-specific applications
Image-Guided Therapy

Bert van Meurs
CEO Image-Guided Therapy
Driving more efficient and effective treatments

- From surgical procedures to minimally-invasive treatments:
  - Image-guided therapy (IGT) is changing the delivery of healthcare
  - Many new minimally-invasive procedures on the horizon

- Philips has created a unique position with the acquisition of Volcano:
  - Solutions to decide, guide and confirm effectiveness of treatment
  - Accelerating growth in devices and therapy

- Addressable IGT market is EUR 4 billion with high-single-digit growth and high-teens EBITA margins

Source: Philips internal study.
Continued strong growth in image-guided therapies

- Minimally-invasive procedures provide key benefits for healthcare systems and patients
  - Reduced patient trauma and shorter recovery time
  - Shorter hospital stay
  - New treatment option for previously untreatable patients

- Growth in new procedures enabled by technology
  - Real-time imaging and measurements
  - Data processing and integration
  - Innovative and intelligent devices
  - Advanced therapy guidance

Strong growth in image-guided minimally-invasive cardiovascular procedures

in millions and CAGR

Opportunities in other fast-growing segments

- Interventional Oncology procedures exhibit double-digit growth
- Neurological procedures grow at 9%
- Range of new clinical applications on the horizon, e.g. hypertension and diabetes

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1 Source: Philips internal analysis using sources like Millennium Research Group, Credit Suisse, company analyses and Medtech Insights.
Winning in Image-Guided Therapy: Growth beyond our core leadership
We have strengthened our core with disease specific software applications and new services

<table>
<thead>
<tr>
<th>Cardiology</th>
<th>Oncology</th>
<th>Neurology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hybrid Operating Room</strong></td>
<td><strong>OncoSuite</strong></td>
<td><strong>NeuroSuite</strong></td>
</tr>
<tr>
<td>• Enabling minimally invasive and surgical procedures of the heart and blood vessels</td>
<td>• Complete interventional solution for tumor embolization and ablation</td>
<td>• Visualize small blood vessels in the brain for e.g. stroke treatment</td>
</tr>
</tbody>
</table>

Integration, consultancy, education, financing and managed equipment services
We are now expanding and accelerating growth supported by Volcano acquisition

**Integrated operating rooms**

- Philips system integration; streamlining workflow, common user interface, IT integration
- New business models with recurring revenue streams

**Leading to procedure innovation**

- Enabled by Volcano’s leadership in intravascular imaging (IVUS\(^1\)) and measurements (FFR\(^2\))
- Philips IGT expanding into therapy with smart catheters

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\(^1\) Intravascular ultrasound.  \(^2\) Fractional flow reserve.

Combining industry leading interventional systems and solutions with therapy guidance tools
## Integration of Volcano is on track

### Sustain the base business
- Retention of key management members
- Volcano product development: launched next generation iFR Scout measurement technology

### Capture revenue and cost synergies
- Commercial expansion into China and India
- Conversion of 10 non-Philips customers as a result of channel synergies
- Philips Excellence driving productivity improvements that exceed deal model savings

### Unlock full potential by launching new products
- Deployment of strategy and innovation into commercial organizations in order to strengthen our brand in Cardiology
- Started system integration projects like iFR Co-Registration and optimization of the lab
Why we win: Philips’ unique assets and capabilities

**Insights and expertise**
- Leadership position in interventional X-ray and Ultrasound
- Leadership position in smart catheters
- Deep clinical expertise
- 8k patients in 10+ trials

**People and partnerships**
- 7k field service engineers
- Volcano’s sales force enables closer customer relationships
- 300 in-lab clinical support staff
- 1,000 physicians and staff educated peer-to-peer annually

**Business model innovation**
- New business models with recurring revenue enabled by mix of hardware, software, disposables and services
- Expansion of services

**Financials**

<table>
<thead>
<tr>
<th>Current</th>
<th>2017 Target²</th>
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</thead>
<tbody>
<tr>
<td>CSG: low-single-digit</td>
<td>CSG: high-single-digit</td>
</tr>
<tr>
<td>EBITA margin¹: low-teens</td>
<td>EBITA margin¹: around 20%</td>
</tr>
</tbody>
</table>

¹ Excludes Volcano’s integration costs. ² Excludes impact from IG&S split.
Key takeaways

• Image-guided therapy is a **high-growth market with high-teens profitability** driven by benefits for health systems and patients

• **Volcano integration is on track**

• Philips has strengthened its leadership:
  – **Technology leadership** in interventional imaging and smart catheters
  – Unique **combined sales force** capabilities (equipment and consumables)
  – **Intimate partnerships** with leading healthcare providers and technology partners
  – New business models with **recurring revenue** streams
Patient Care and Monitoring Solutions

Dr. Carla Kriwet
CEO Patient Care and Monitoring Solutions
Unique opportunities driven by relevance in the Health Continuum and market dynamics

**Patient Monitoring**
EUR 3 billion market

- Longstanding leadership to leverage
- Shift to solutions and new business models
- Increased data integration (mobile health)
- Expectation of ‘anywhere, anytime’ access to meaningful and predictive data

**Therapeutic Care**
EUR 3.5 billion market

- Clinicians requiring more intelligence in ventilation and resuscitation devices
- Growing adoption of non-invasive ventilation

**Medical Consumables and Sensors**
EUR 1.5 billion market

- Hospital-wide standardization of consumables
- Disposable and wearable sensors gaining momentum

Source: Philips internal study.
Philips’ advantages driven by market positions and strong capabilities

<table>
<thead>
<tr>
<th>Patient Monitoring</th>
<th>Therapeutic Care</th>
<th>Medical Consumables and Sensors</th>
</tr>
</thead>
</table>
| **#1 position in global patient monitoring** | • Leveraging patient monitoring and clinical informatics positions  
• Innovative development for invasive ventilation  
**Resuscitation solutions**  
• Next-generation CPR\(^1\)  
• AED remote monitoring | **Well positioned to drive growth and lead**  
• Leverage leading patient monitoring position to sell consumables  
• Medical wearables expand clinical reach and leverage monitoring leadership |
| • Connected solutions       |                                                        |                                                  |
| • Access to high-fidelity, real-time data for patient and operational analytics |                                                        |                                                  |
| • Great interoperability (incl. 3rd-party) |                                                        |                                                  |
| • Premium, mid and value    |                                                        |                                                  |

\(^1\) Cardiopulmonary resuscitation.

Source: Philips internal study.
Ubiquitous care & monitoring: addressing cardiology, the #1 cause of death

Philips is best positioned to provide the combination of a broad span of measurements and analytics along the Health Continuum

Seamless bodies of data, linking to our cloud-based HealthSuite digital platform

1 40% of unanticipated hospital deaths occur in the General Ward. Philips’ monitoring algorithms can detect a patient deterioration up to 8 hours before a critical event happens – (documented study)
Value creation strategy

**Improving:**
Driving efficiency of the base business
- Operational efficiency, lower overhead, bill of material savings, cost of non-quality
- Expand EBITA margin: 1 - 2% pts driven by new product introductions
- Increase EBITA margin of existing base business

**Growing:**
Accelerating growth
- Leverage installed base to grow services and consumables
- Growth in key segments, connected solutions and patient analytics
- Increase market share: Grow faster than market by 3%

**Building:**
Investing in new growth areas
- Drive sustainable growth by reinvesting savings in R&D:
  - Ventilation, anesthesia
  - Solutions, new models
  - Medical wearables/connected sensing
  - Analytics and clinical decision support

**Financials**

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<th>Future aspiration</th>
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<td>CSG: low-single-digit</td>
<td>CSG: mid to high-single-digit</td>
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<tr>
<td>EBITA margin(^1): high-teens</td>
<td>EBITA margin(^1): at least 20%</td>
</tr>
</tbody>
</table>

\(^1\) Excludes impact from IG&S split.
Accelerating growth
Example: leveraging the installed base to realize our full services potential

Significant expected growth in services, with EBITA margin above average of the business through:

• Intensification of current service activities:
  – Grow contract penetration
  – Grow software maintenance agreements
  – Grow education offering
  – Grow lifecycle sales

• Expansion of services:
  – From routine maintenance to extended service portfolio (Clinical, IT, Technical, Remote)
  – From limited to strong services proposition (education, product, consumables)

Additionally strengthens Patient Care & Monitoring Solutions value proposition, differentiation and customer relations
Key takeaways

• PCMS has unique opportunities driven by **relevance on the Health Continuum** and **market dynamics**

• Advantages driven by **positions of strength** particularly in **patient monitoring** and **non-invasive ventilation**

• Value creation strategy driven by **profitable growth**
  – **Improving**: Improving efficiency of the base business
  – **Growing**: Accelerating growth by leveraging the installed base for new business models
  – **Building**: Investing in new growth areas such as invasive ventilation, connected sensors, and predictive analytics
Transformational Solutions enabled by Information Technology

Jeroen Tas
CEO Healthcare Informatics, Solutions & Services
We are enabling connected care by helping customers transform to a networked, patient-centric delivery model.
Three key drivers of the transformation

<table>
<thead>
<tr>
<th>Transforming from</th>
<th>To</th>
<th>By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Episodic</td>
<td>Continuous</td>
<td>Orchestrating comprehensive, 24/7 care with focus on the chronically ill</td>
</tr>
<tr>
<td>Fragmented</td>
<td>Connected</td>
<td>Connecting patients and caregivers, utilizing integrated workflows and data</td>
</tr>
<tr>
<td>Volume</td>
<td>Value</td>
<td>Optimizing resources for better health outcomes across populations</td>
</tr>
</tbody>
</table>

Through information technology-based services and solutions
Driving growth along 4 domains

1. **Healthcare Transformation Services**
   - Crafting complex solutions based on customer needs
   - Healthcare eco-system to deliver solutions
   - Innovation in business models and applying digital technologies

2. **Population Health**
   - *CareSage* predictive analytics platform
   - *eCareCoordinator* care coordination platform
   - *eCareCompanion* patient engagement platform

3. **Clinical Informatics**
   - Combining genomics, digital pathology, EMR data with advanced visualization to enable complex clinical decision support

4. **HealthSuite digital platform**
   - Secure, scalable digital infrastructure to enable connected care, with multiple ecosystem partners (e.g. Salesforce.com)
Philips has a market leading position in tele-health and home monitoring

World class tele-health solutions for the ICU

~80% US market share in the ICU tele-health space
12% of US ICU beds under monitoring

>2.5M patient records as part of our eICU program

Leadership position in home monitoring solutions

>7M seniors served via home monitoring solutions

#1 Medical alert service provider (US)

Delivering unique Population Health Management solutions, supported by strong business models

### Health analytics

**CareSage**
Suite of predictive analytics to deliver appropriate programs based on patient profiles and enabling algorithmic risk assessment

### Care coordination

**eCareCoordinator**
Care coordination programs based on patient profile

**Response center**
Provides personalized patient response and intervention

### Patient engagement

**eCareCompanion**
Suite of connected patient engagement tools and services

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**Serving a range of customers**

- Lifeline programs sold directly to consumers (USD 30-65/patient/month), home-health distributors and hospitals; many contracted for reimbursement as part of Medicaid
- Acute care programs to Integrated Delivery Networks (IDNs); USD 5k - 10k per bed license

**In a rapidly growing market (>20% CAGR\(^1\)), with ~90% recurring revenue**

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\(^1\) F&S report.
Impactful Solutions in Connected Care, across markets

Intensive Ambulatory Care program reduced
- costs of care by 27%
- acute and long term care costs by 32%
- and hospitalizations by 45%

- 23% reduction in admissions
- 20% reduction in cost
- 18% reduction in visits

- 52% reduction in admissions
- 57% reduction in length of stay
- Program across 6 hospitals in Netherlands\(^1\); ~ EUR 1.5K savings per patient

\(^1\) Effective cardio report, October 2014.
Leadership position in Clinical Informatics

Starting from a position of strength

Market leading positions
- ~30% market share in PACS in North America
- Advanced visualization solution rated #1 by KLAS
- Cardiology solution rated #1 in North America (MD Buyline)

Managing rich clinical data pools
- 800+ million studies
- 18+ petabyte images across 1,200 hospitals

Trusted partner of a number of leading academic hospitals
- Co-innovating on various fronts

Source: Q2 2015 NEMA results, Philips internal study.
Evolving into an intelligent comprehensive suite

**Best of Suite solutions**
- Fully integrated, multi-disciplinary solutions
- Cross-enterprise

**Clinical decision support**
- Access to all relevant information, with clinical orientation
- Aggregated data from multiple systems (including EMR, laboratory, radiology, genomics, digital pathology)

**Contextual access to advanced capabilities**
- Clinically aware interpretation
- Anatomical and physiological intelligence
Philips HealthSuite digital platform designed to support the Health Continuum

• Platform supporting HealthTech businesses to bring alive the Health Continuum
  – Cross-enterprise integration
  – Analytics
  – Digital propositions

• Healthcare Transformation Services co-creating with customers and ecosystem partners on unique solutions

- Insightful: Supports better decisions
- Optimized: Designed for health & wellness applications
- Secure: Safeguards health data
- Collaborative: Empowers coordination for better health

HealthSuite digital platform
Key takeaways

• We enable our customers to **transform** to an **output-based, networked, patient-centric** delivery model

• We do so by leveraging our **deep clinical know-how** and rich data sets, **consumer insights** and **advanced technology**

• We build on a **strong starting position** in tele-health and clinical informatics, evolving into comprehensive **Population Health Management**

• We **craft solutions** to manage patients through their journey along the Health Continuum

• **Recurring revenue** through service-based models

• Investing to create a **high-growth** and **high-margin** business
Solutions Selling

Ronald de Jong
Chief Market Leader

Brent Shafer
CEO North America
Customers are confronted with many challenges

- Lower cost of care to offset lower reimbursement
- High quality of care
- Payer mix shift and consolidation
- System and IT integration to provide total care
- Talent attraction and retention
- Physician engagement
- Change management
Innovative solutions are required along the Health Continuum

Consumers increasingly engaged in their health

Shift to value-based healthcare will reduce waste, increase access and improve outcomes

Care shifting to lower cost settings and homes

Opportunity to:

• Address increasing chronic disease burdens
• Drive and define convergence of professional healthcare and consumer health across the continuum
• Drive change to outcome-based healthcare through integrated solutions
Philips is uniquely positioned to provide innovative, integrated and scalable solutions along the Continuum.

We do this by building on our positions and capabilities:

- Leadership positions across the health continuum
- Deep customer, clinical and consumer insights
- World-class innovation, design and marketing capabilities
- Digital analytics and clinical decision support expertise
- Broad channel access in home and clinical environment with trusted Philips brand
- HealthSuite Digital lab methodology to co-create solutions
We can tap into a wide range of capabilities and assets addressing specific customer needs

1. Hardware, software and services help to address unmet needs
2. Consulting, integration and procurement services enhance solution value
3. Integrated solutions offer outcome-driven payment models and drive continuous improvement practices

- Integrated solutions across the enterprise
- Strategic partnering to solve customer problems
- Managed Services - Philips & multi-vendor
- Philips Integration Services
- Philips Healthcare Transformation Services
- Philips Capital
- Philips Education
- Implementation and program management services
- Rightfit Services & Customer Care
- Bundled solutions (hardware + software)
- HealthSuite Digital Platform
- Risk management
We organize and execute around customer needs evidenced by a track record of over 40 strategic engagements.

Worldwide experience in developing long-term partnerships with healthcare providers; and a growing funnel.
## Westchester Medical Center Health Network

### Customer needs
- Transformation into a regional health network and integrated health provider
- Financial security and sustainable growth through performance and business model innovation
- Access to new technology and global best practices, with a focus on delivering care as close to home as possible

### Philips – Solution & results
- USD 500 million, 15-year Enterprise Managed Services agreement
- Technology and services across portfolio: imaging, monitoring, tele-health, PACS, operations management, clinical and business consulting, education and IT integration
- Embedded Philips team
- Expansion opportunities
- Transform to new, consumer-centric care models
Georgia Regents – Two years into our relationship
A growing list of accomplishments

Customer needs

- Address the clinical, operational and technology needs of GRHealth’s multiple facilities
- Improve outcomes, and deliver more effective, cost-efficient care
- Address challenges of poor payer mix, flat reimbursements, aging technology and inefficient processes

Philips – Solution & results

- USD 300 million, 15-year Enterprise Managed Services agreement
- Customer benefits to date:
  - Transformed from aging to state-of-the-art technology across multiple modalities
  - USD 7 million procurement savings
  - Productivity increases for imaging throughput using fewer employees:
    - CT +11%
    - MRI +33%
    - Ultrasound +29%
    - Vascular +39%
  - Established stable and predictable cash flow structures for GRHealth
Karolinska Institute

Customer needs

• Top quality imaging equipment, procurement, installation, education/training, maintenance and upgrades over a period of 14 years

• Joint innovation and focus on research, development and innovation

Philips – Solution & results

• Partnership to jointly innovate in health care, research, development and innovation

• Led to additional Philips win: care flow optimization tender for stroke, aiming to look at the full care flow continuum

• Initial solution deal enhancing likelihood to earn additional and repeatable business
Key takeaways

• **Foundational changes in healthcare** require innovative solutions along the Health Continuum

• **Customers look for solutions** to address their challenges

• **Philips is uniquely positioned** to provide innovative, integrated and scalable solutions along the health continuum

• We organize and execute around customer needs evidenced by a **track record of 40+ projects**. Benefits of these projects:
  – Create captive customers and recurring revenue streams
  – Deepen partnership with leading customers; better customer insights and grow with leading player in the field
  – Suitable solutions that drive faster time-to-market
  – Enter into competitive installed base and generate incremental and margin-accretive business