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sense and simplicity

Developed Markets Overview

Japan, Europe, and High Growth Countries

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Agenda

- Introduction
- International market overview
- Key strategies in International
- Summary

Introduction

International markets: A mixed picture

- Global downturn is adversely affecting International markets
- Further impact expected in western Europe and Japan
- Some pockets of growth, supported by government stimulus programs
- We expect to return to modest growth in 2010

We are well-positioned due to established key strategies

- Growth in services business
- Care cycle solutions build clinical case
- Philips Healthcare Solutions portfolio builds business case
- Realizing customer centricity
- Growth in mid- and low-end segment

We are adjusting our cost structure and investments
in line with the realities of the market

International Market Overview

Positive market developments in central Europe, ASEAN, Middle East and Africa

Germany

- Government stimulus package positive impact on addressable healthcare market (€115m*)
- Opportunities in cardiology and oncology

Poland

- EU funding
- Increase in privatization

Africa

- Aid funding market
- Penetration of private chains
- Development of rural areas

Saudi Arabia/Middle East

- Strong growth drivers (government programs, investments in healthcare infrastructure)
- Growing private initiatives
- Slowdown in Dubai

ASEAN

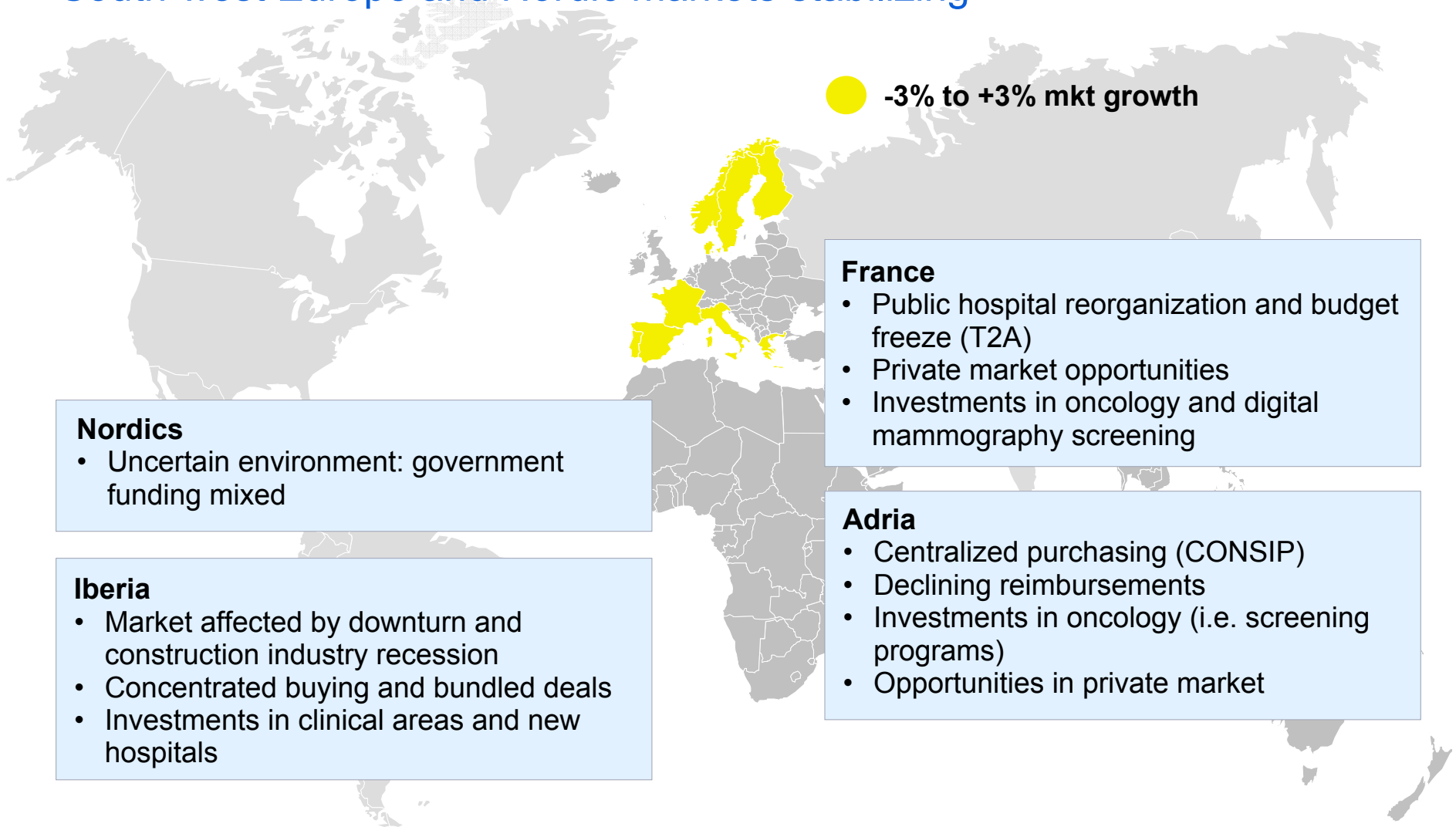
- Medical tourism growing
- Renewal of healthcare infrastructure
- Harmonization of regulations across region



*Source: Combination of internal and external data

International Market Overview

South-west Europe and Nordic markets stabilizing



Nordics

- Uncertain environment: government funding mixed

Iberia

- Market affected by downturn and construction industry recession
- Concentrated buying and bundled deals
- Investments in clinical areas and new hospitals

France

- Public hospital reorganization and budget freeze (T2A)
- Private market opportunities
- Investments in oncology and digital mammography screening

Adria

- Centralized purchasing (CONSIP)
- Declining reimbursements
- Investments in oncology (i.e. screening programs)
- Opportunities in private market

*Source: Combination of internal and external data

International Market Overview

North-west Europe, Japan and Australia are negatively impacted

UK

- Private market affected by downturn
- Public NHS group buying extended
- Managed Services opportunities

Benelux


- Pressure on hospital budgets
- Delays and downsizing of hospital construction
- Rise of private initiatives and risk sharing models
- Home Healthcare opportunities

Japan

- Economy severely hit
- Changes in buying behavior and budgeting
- Government stimulus package in total on healthcare = €6.4bn*
- New reimbursement for advance applications

Korea

- Stricter FDA regulations
- Government driving healthcare as new growth engine

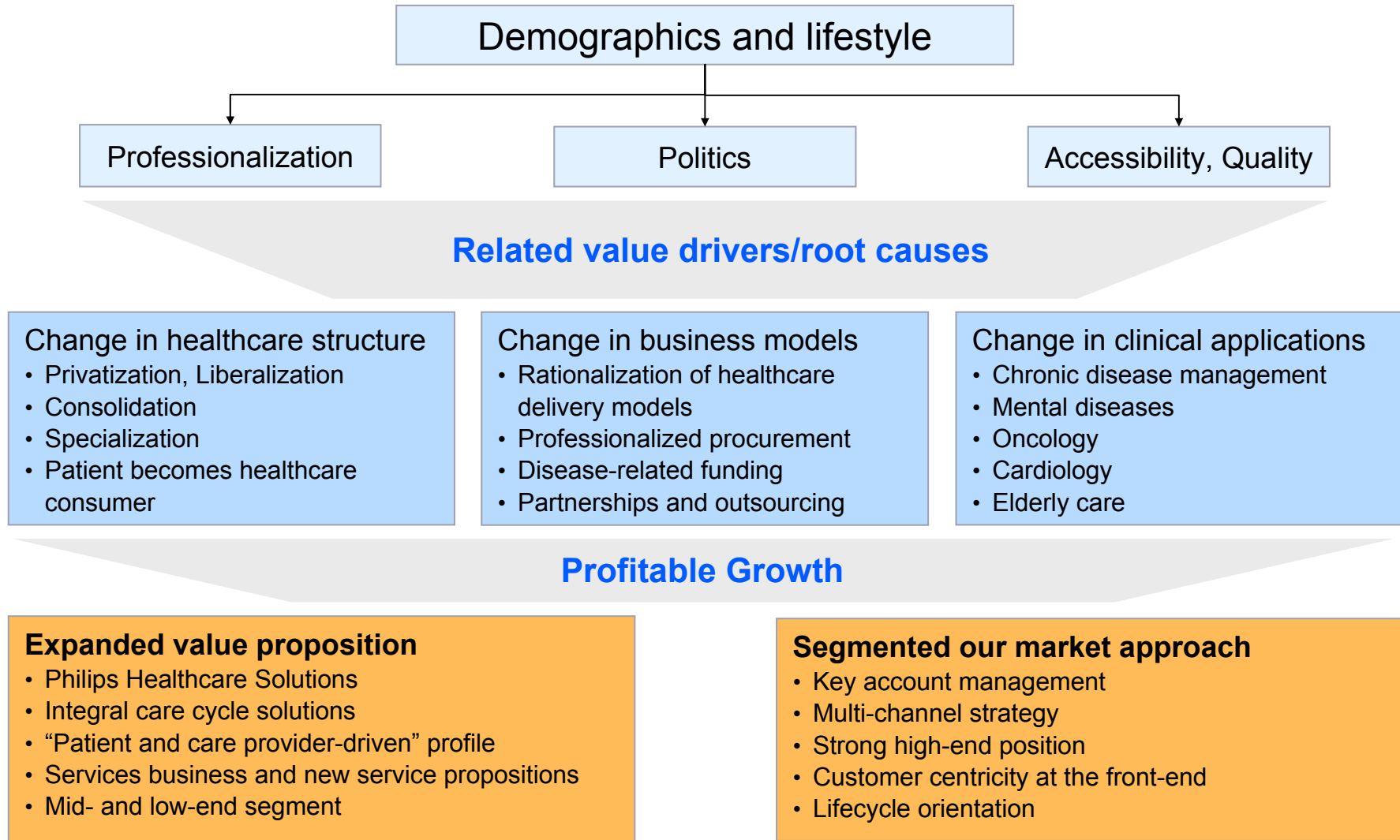
 < -3% mkt growth

Australia

- Government funding issues for public health
- Government stimulus package impact in total on healthcare = €3.2bn*

*Source: Combination of internal and external data

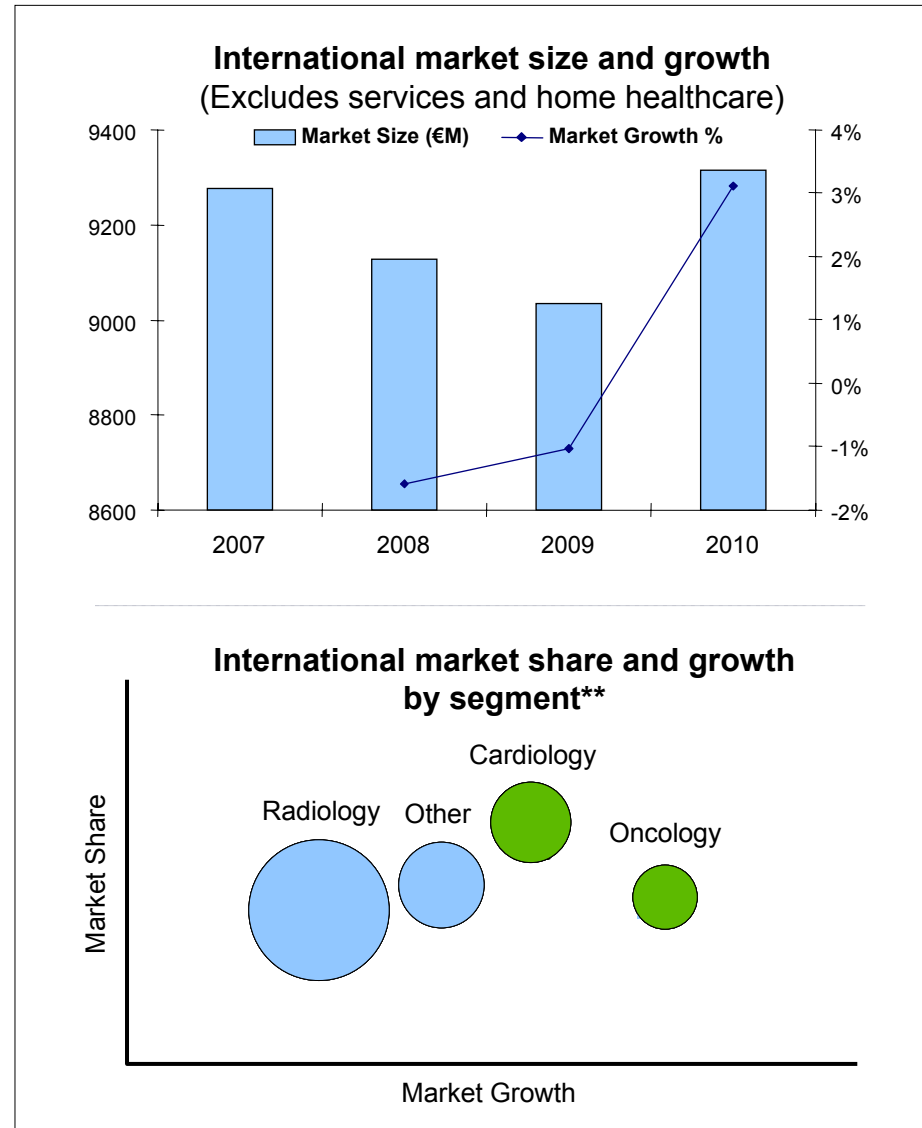
Healthcare Paradigm Shift in Mature Markets



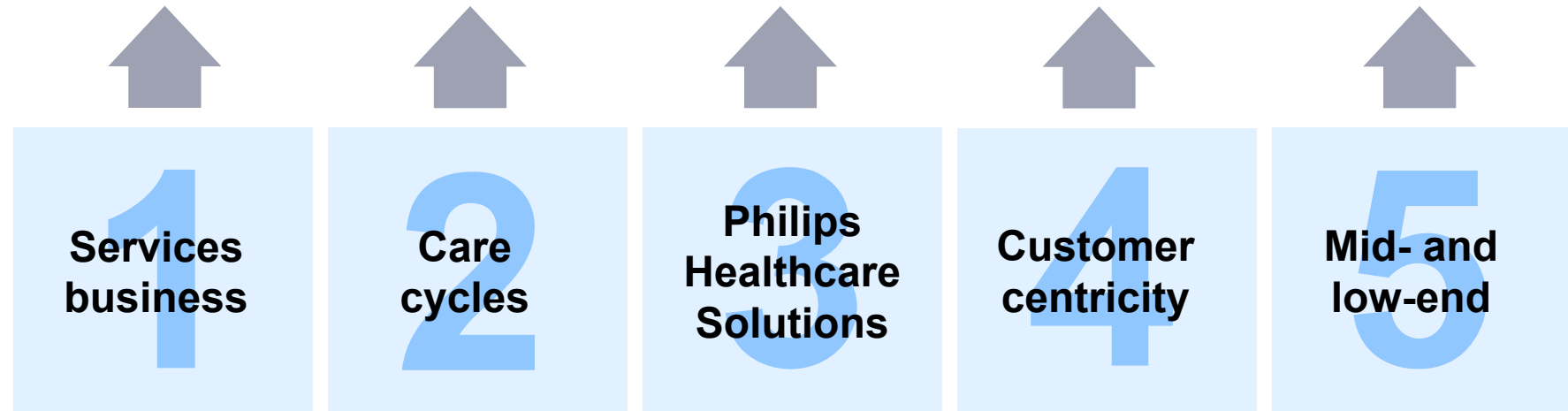
Focus on Pockets of Growth

- ASEAN, eastern Europe, and Middle East show strong growth overall
- Pockets of growth in specific regions and clinical areas in western Europe
- Japan shows opportunities in cardiac imaging centers
- New hospital building accounts for 10-15%* of total imaging market
- Global opportunities in turnkey, managed service and pay per use solutions
- Services growing at above average rate

*Source: Combination of internal and external data
 **08 vs 07, combination of internal and external data



Well-Positioned to Capitalize on Specific Opportunities



- Utilization
- Remote services
- Learning services
- Asset performance
- Business performance
- Installed base
- Lifecycle management

- Integral clinical solutions
- Better outcomes, lower cost
- Focus on cardiology & oncology

- Mediquip® Turnkey solutions
- MediServ® Managed Services
- MediGo® Pay per Use

- Customization
- Specific products, services, support, education & consulting
- Customer teams and KAM

- New CT, Ultrasound and Patient Monitoring portfolios
- Dedicated channel structure
- Innovative services model

Recent Successes: Capitalizing on Specific Opportunities

Services business

1
Kaizen study at Yaesu Medical Center in Tokyo results in significant efficiency improvement



Care cycles

2
Malta's Mater Dei Hospital recently became a reference site for our complete 'door to treatment' solution



Philips Healthcare Solutions

3
Recently signed €23 million, 10-year managed service contract with the Hospital de la Santa Creu i Sant Pau, Barcelona



Recent Successes: Capitalizing on Specific Opportunities

Customer centricity

In the UK we increased NPS. Closed loop NPS has now been rolled out in all of our Key Markets



Mid- and low-end portfolio

Mid-range ultrasound system launched at Arab Health. Low-end 16-slice CT shipments up and running



Summary

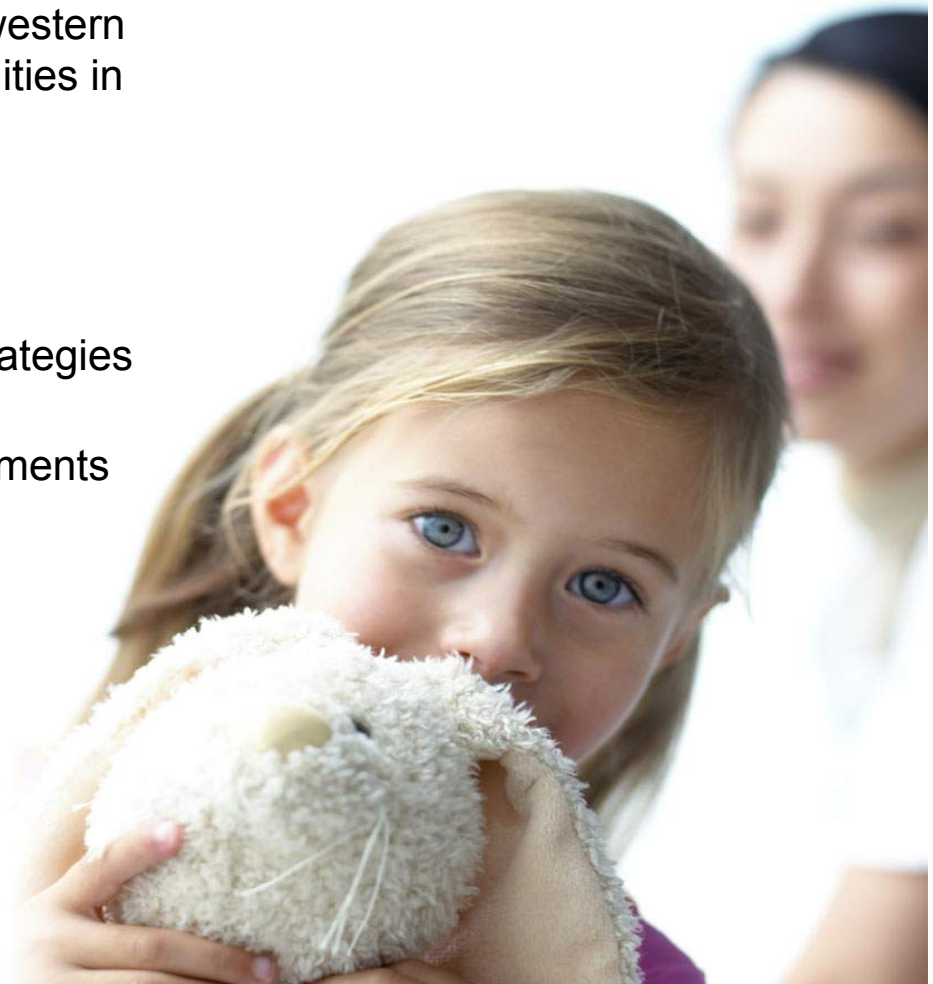
Market overview

- We are being impacted by global downturn
- While we expect further impact in Japan and western Europe in 2009, there are still growth opportunities in several markets and clinical areas
- We expect a return to modest growth in 2010

Our approach

- We are on track with implementing five key strategies that match fundamental market needs
- We are adjusting our cost structure and investments in line with the realities of the market

Our ambition is to grow faster
than the market



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