

PHILIPS

sense **and** simplicity

Imaging Systems

Well positioned for further growth

Daniel Hartert

CEO Imaging Systems

May 16, 2008

Contents

- Market and Growth drivers
- Innovating Care Cycles
- Emerging Markets
- Margin Expansion
- Conclusions

Imaging Systems – Portfolio and Market



MR

Market '07 (€): 2.6 B
CAGR '07-'10: 3.4%



Cardio/Vascular X-Ray

Market '07 (€): 1.5 B
CAGR '07-'10: 3.2%



CT

Market '07 (€): 2.8 B
CAGR '07-'10: 3.0%



General X-Ray

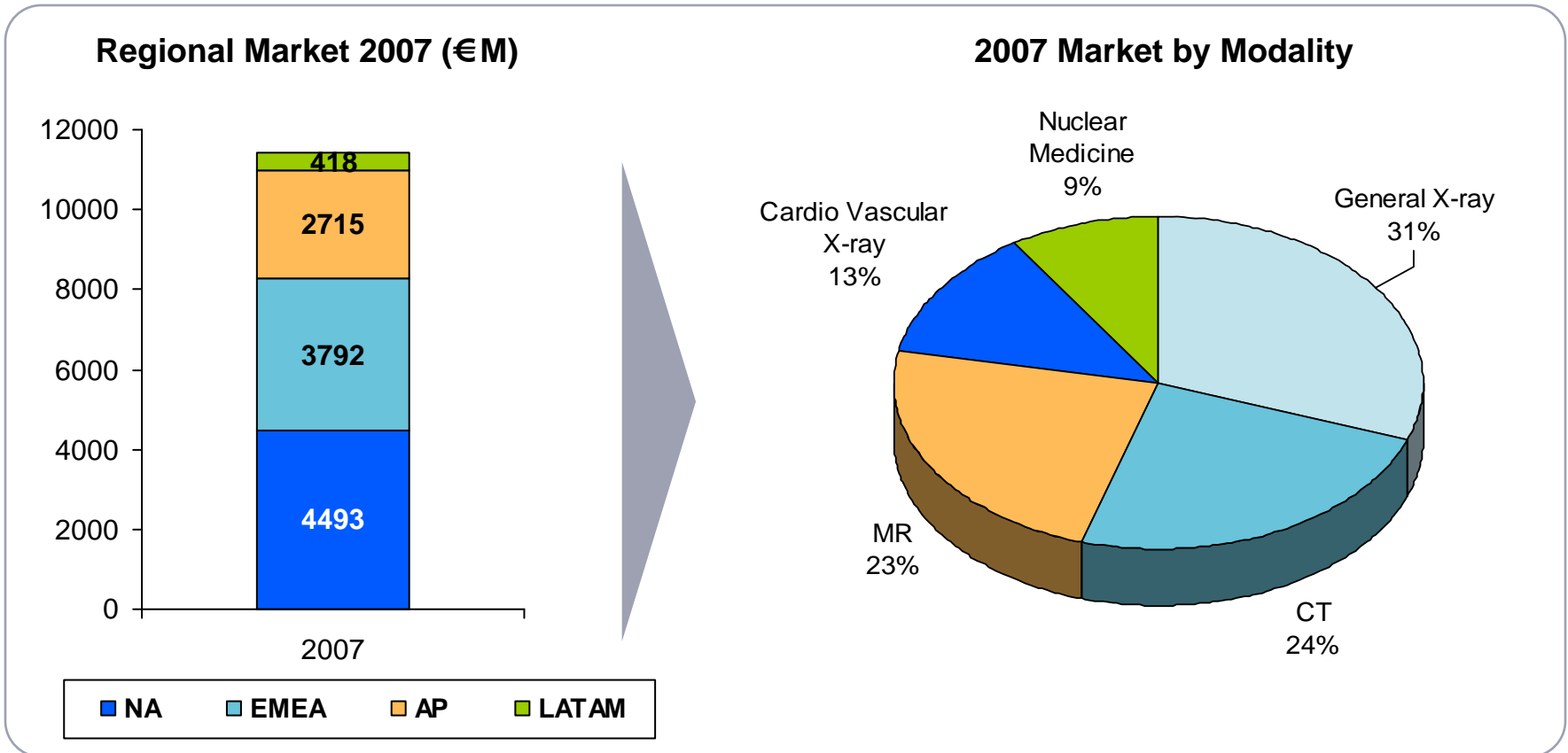
Market '07 (€): 3.5 B
CAGR '07-'10: 3.8%



Nuclear Medicine

Market '07 (€): 1.1 B
CAGR '07-'10: 3.4%

Imaging Systems markets by region and modality

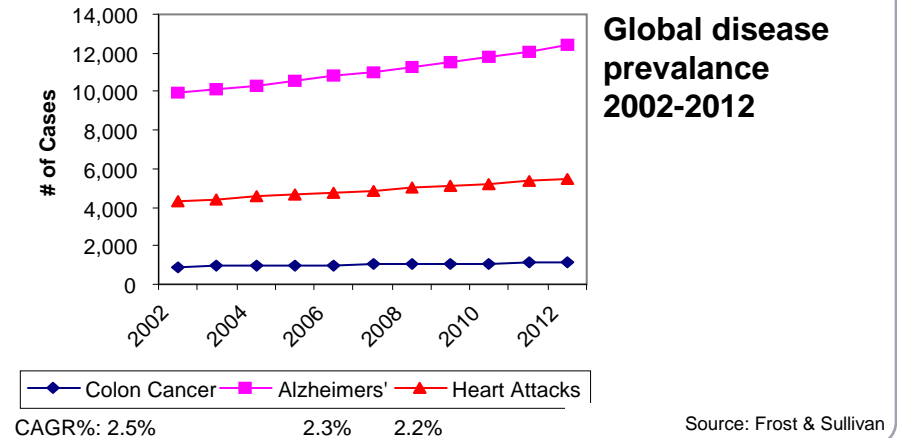


3.5% CAGR to '07 – '10

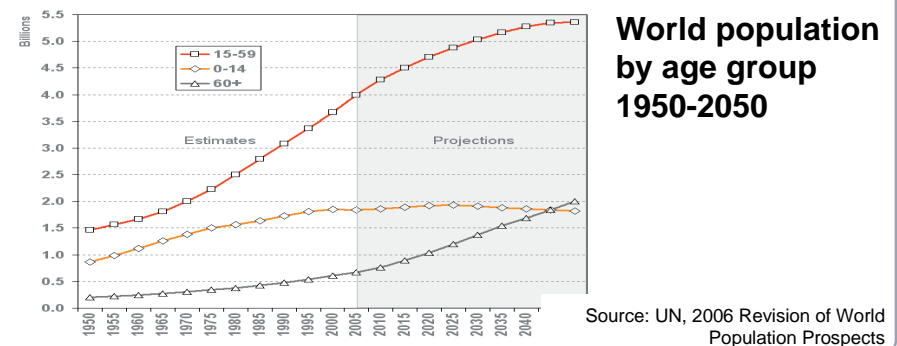
Source: Philips analysis, industry reports

Imaging Systems growth drivers

- Imaging procedures up:
 - increasing prevalence of main disease
 - new applications through technology innovation
- Technology innovation yields productivity improvement and overall cost reduction



- Mature markets: demographics, technology innovation and productivity
- Emerging markets: Population and GDP growth as well as technology innovation

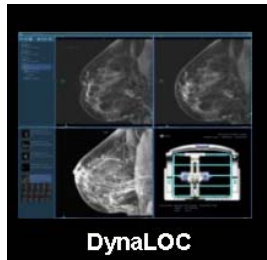


Healthy growth drivers for imaging

Contents

- Market and Growth drivers
- Innovating Care Cycles
- Emerging Markets
- Margin Expansion
- Conclusions

Imaging Systems innovate Care Cycles

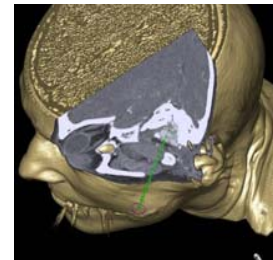


- Digital Mammography
- Breast - MR



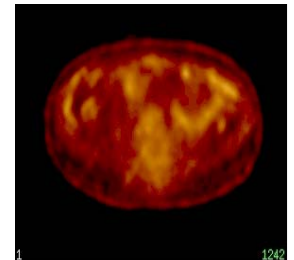
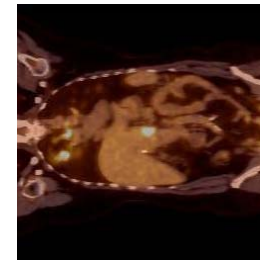
Brilliance iCT:

- New technology
- Superior clinical applications
- workflow



CV X-Ray:

- Live 3D
- Soft tissue imaging in the angio lab
- Live 3D needle guidance

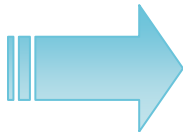
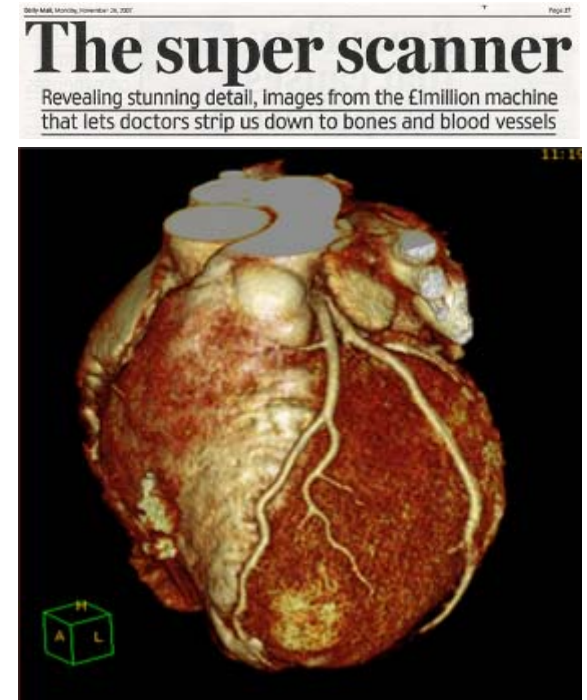


PET/CT:

- With time-of-flight technology provides
- Unique benefits in the Oncology care cycles

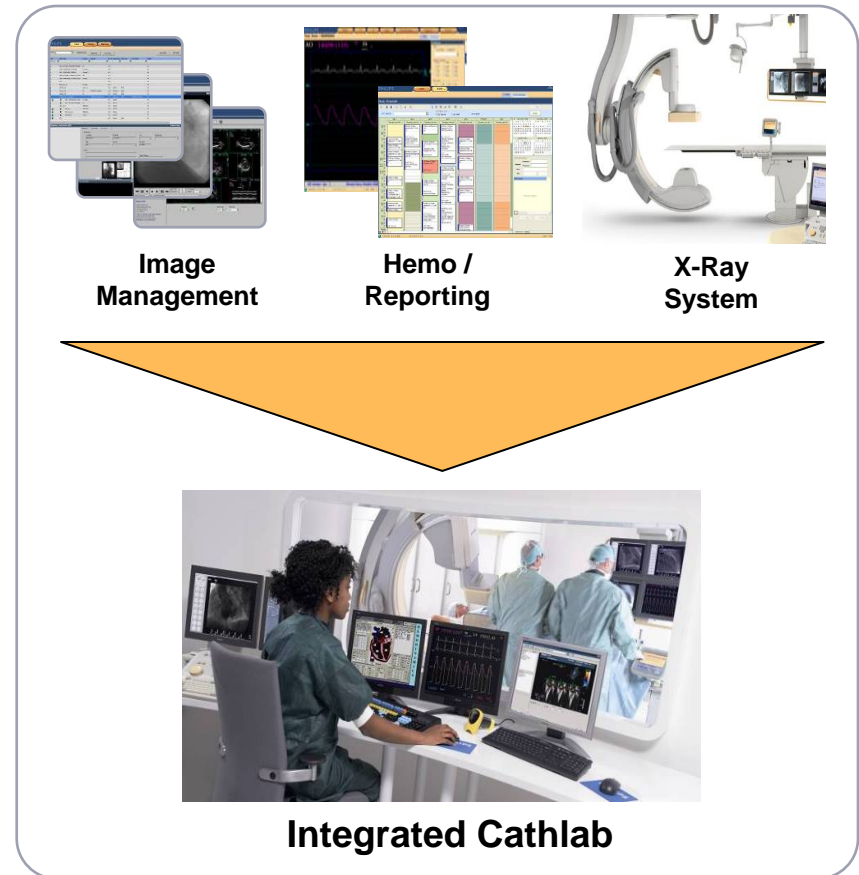
Brilliance iCT – a revolutionary addition to the Cardiac Care Cycle offering

- Clinical leadership through the synergy of technology, applications and workflow
- New powerful tube and generator design leading to fastest rotation speed and best cardiac image quality
- Breakthrough clinical applications such as organ perfusion, Dynamic CT Angiography and CT Fluoroscopy
- Seamless and simplified workflow: fast – safe - simple
- Up to 80% reduction in cardiac dose, 30% reduction in all helical scans



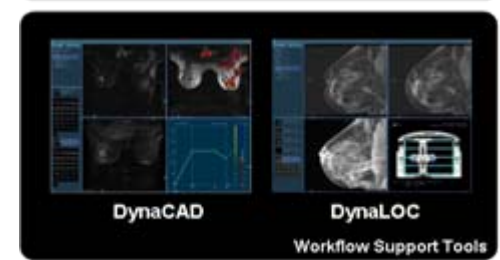
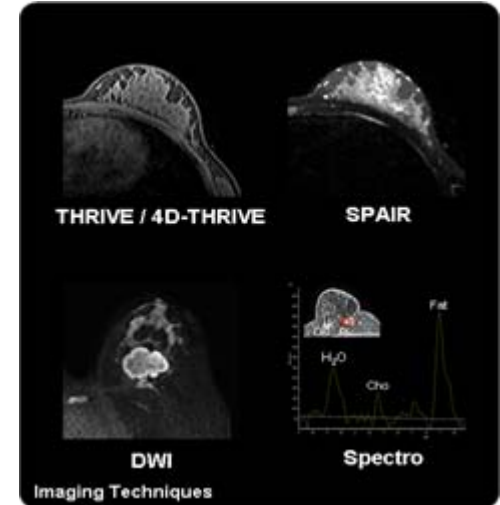
Integrated Cathlab increases efficiency and workflow in Cardiology Care cycle

- Combining the strengths of Witt Biomedical and Philips Healthcare
- New Philips Xper IM: Information Management and Hemodynamic Monitoring
 - User Centric Workflow, providing personalized access to information
 - Interface Capabilities with 800 Live Interfaces
- Integrated with Xcelera C-Pacs and Xper Cath Lab
 - expand Witt’s “workflow management” beyond the Cath Lab
 - Integration brings data integrity to this critical pathway of the care cycle
- Awarded 2007 KLAS No. 1 hemodynamic monitoring solution, for third consecutive year
- Localized for more than 50 international markets



Breast MRI – a comprehensive solution for diagnosis in the women’s health care cycle

- 30% of women have limited benefit from X-Ray mammography
 - American Cancer Society recommends MRI screening in high risk patients and for women with newly diagnosed breast cancer
- Philips offers a complete MR based Clinical Solution, from simplified patient positioning to scanning and image processing
- Accelerated time-to-market based on acquisition of Intermagnetics
- Innovates breast cancer Care Cycle

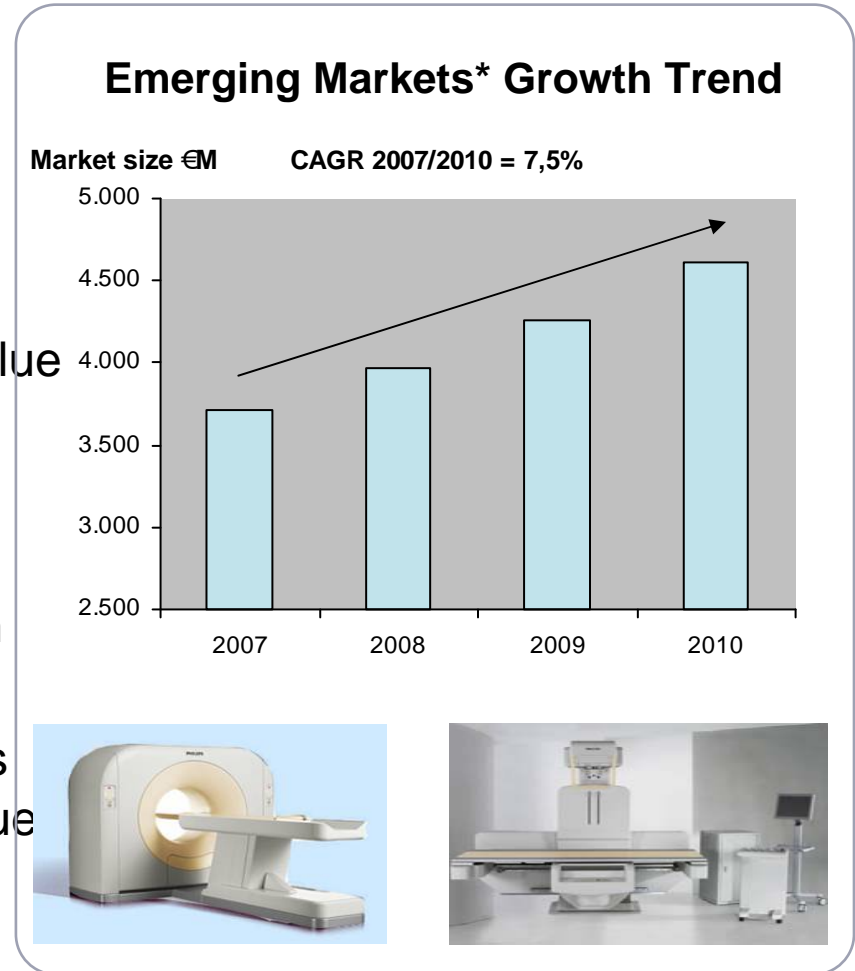


Contents

- Market and Growth drivers
- Innovating Care Cycles
- Emerging Markets
- Margin Expansion
- Conclusions

Significant opportunities in Emerging Markets

- China: Expanding JV with Neusoft
 - 700 employees in Engineering and Manufacturing of CT, MR, General X-Ray and Ultrasound
 - Established successful and fast growing product range for global value segment in CT, GXR and US
 - CAGR 2005 – 2007: 25%
 - Established strong cooperation with North Eastern University Shenyang
- Latam: Acquisition of VMI / Brazil serves as a strong and expanding basis for value segment products across Latin America
- With new E.M. organization, further expansion / additions in BRIC countries in the pipeline – with strong local but also



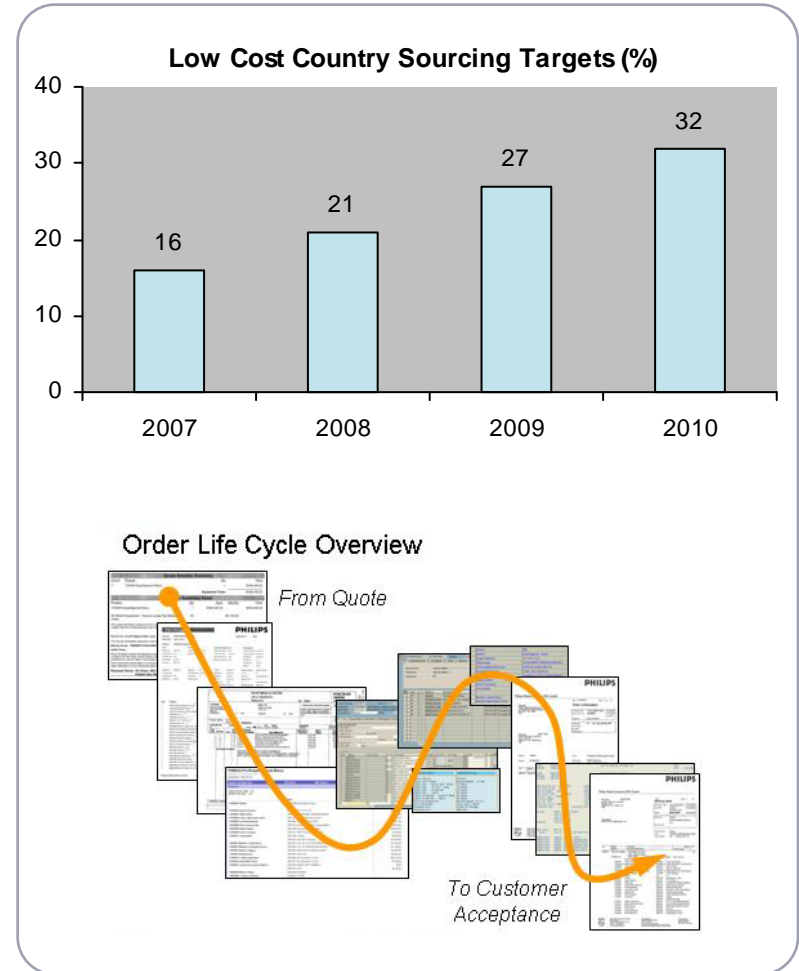
*Source: Philips analysis, Philips E.M. definition

Contents

- Market and Growth drivers
- Innovating Care Cycles
- Emerging Markets
- Margin Expansion
- Conclusions

Significant margin expansion opportunities

- Increase Low Cost Country Sourcing
 - Double volume to 32% from 2007 to 2010
- Simplification of Quote-to-cash process
 - Shorter cycle times, supply chain redesign, logistics outsourcing, new IT systems
- Industrial footprint:
 - Further consolidation in Europe and NA
 - Expansion of activities in China, Brazil, India and Mexico; Philips-owned, JVs, Partnerships
 - Increased focus on “local for local” in Emerging Markets
 - China as local and global industrial basis
- Significant improvements in Cost of Non-Quality
- Core/non-core components strategy aligned with industrial footprint and global supply base



Contents

- Market and Growth drivers
- Innovating Care Cycles
- Emerging Markets
- Margin Expansion
- Conclusions

Conclusions

- Increasing burden of disease as well as innovations will continue to drive demand for Imaging Systems markets worldwide
- Strong patient and care cycle focused innovation portfolio will drive growth above market average, in the lower single-digit range
- Expanding portfolio of economy products captures emerging markets opportunities, but will also support further growth in mature markets
- Focused Margin Expansion Program across Imaging Systems will significantly contribute to Vision 2010



