

PHILIPS

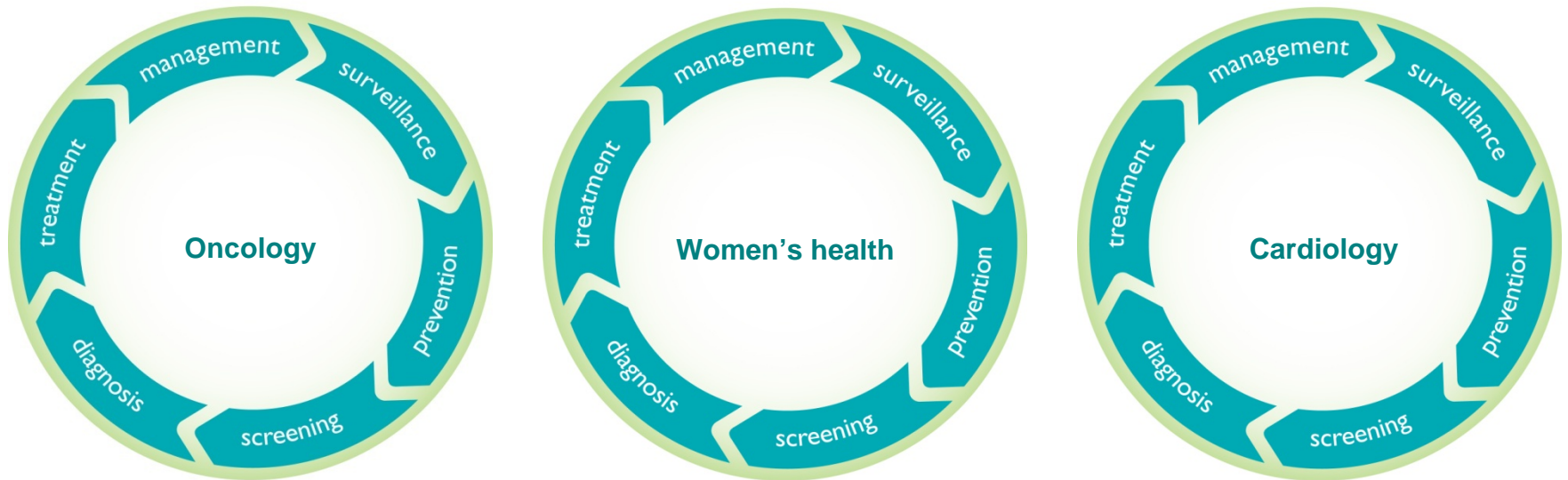
sense and simplicity

Care cycles

Barbara Franciose

CEO Clinical Care Systems, Philips Healthcare

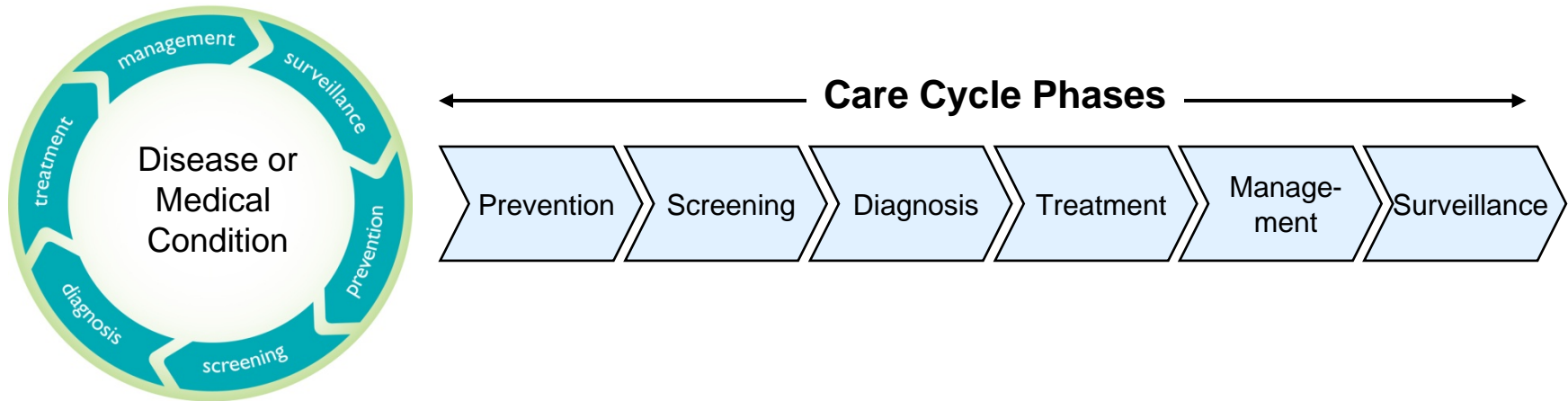
Care Cycle Programs



- ❑ Drive cross-business product **innovation**
- ❑ Identify White space expansion – **M&A / partnerships**

Focus on **patient**; focus on **better clinical outcomes**

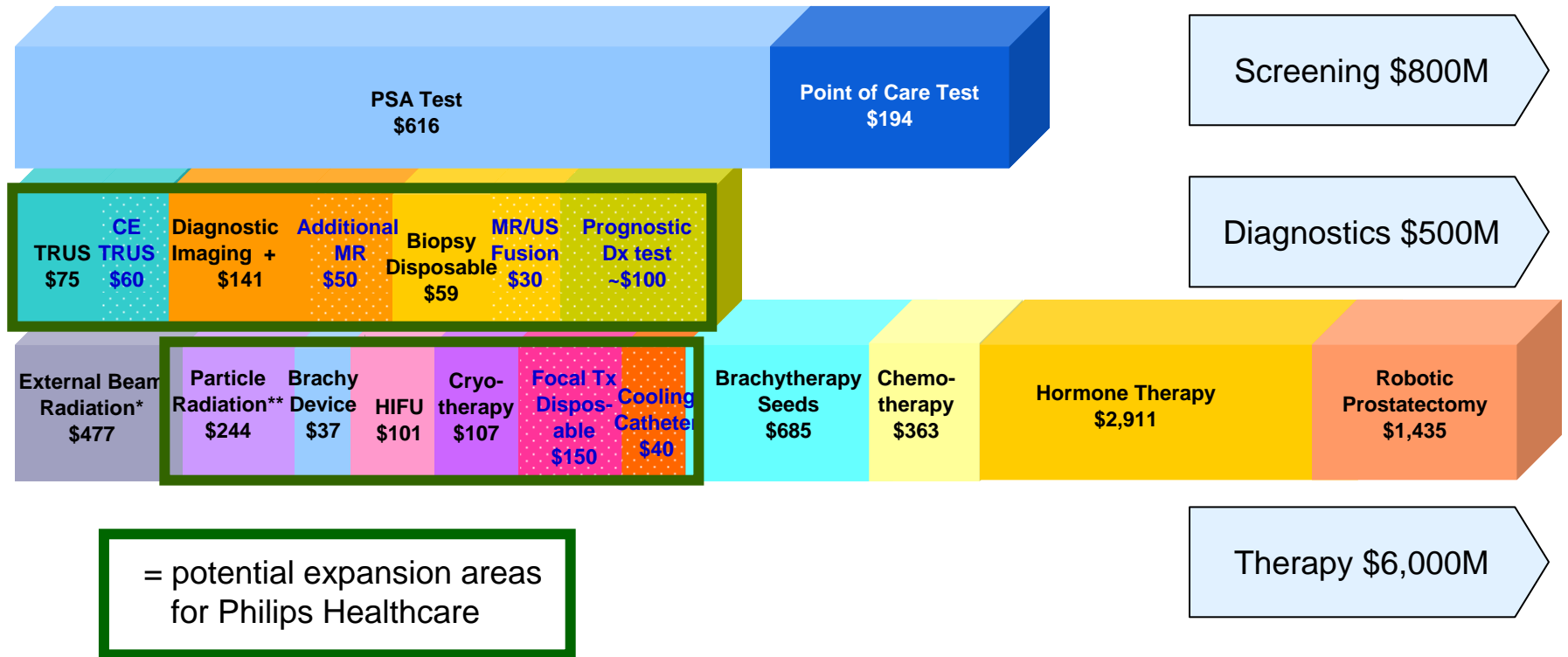
Our Definition of Clinical Care Cycles



Our Approach Across Care Cycles

- We map the **business opportunity** for specific diseases
- We seek to **understand key clinical drivers**
- We gather many **patient and clinical insights**
- We determine areas where Philips can add **unique value**

Mapping the Opportunity: Prostate Cancer



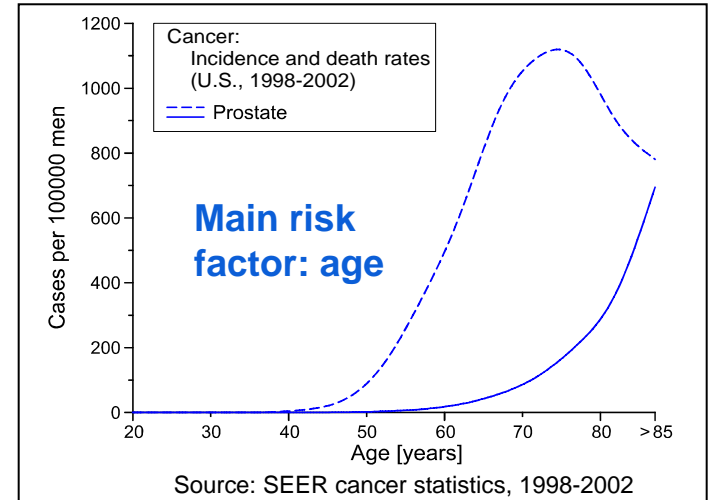
*: Includes photon therapy and stereotactic surgery
 **: Includes proton and ion carbon radiation therapies
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Sources: MedTech, MRG, F&S market reports, O'Neil Marketing, and in-house forecasts

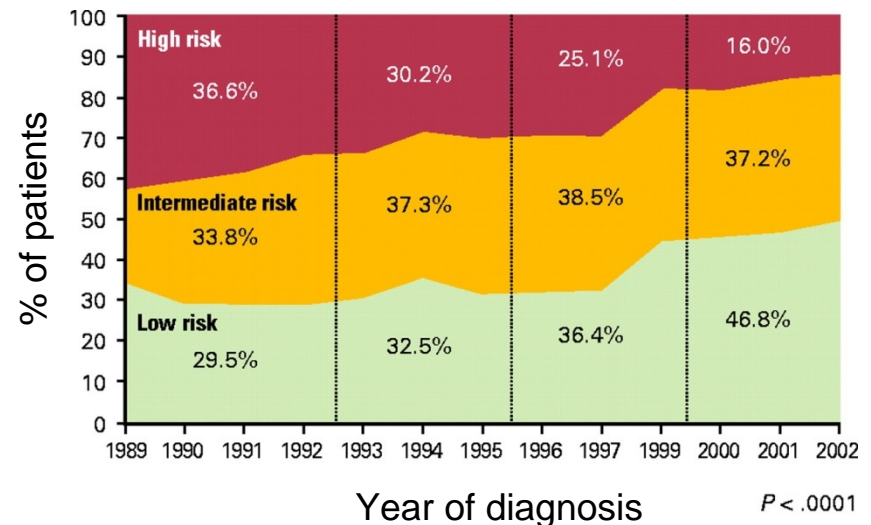
Prostate Cancer Market Opportunity: \$7 Billion

Understand Key Clinical Drivers: Prostate Cancer

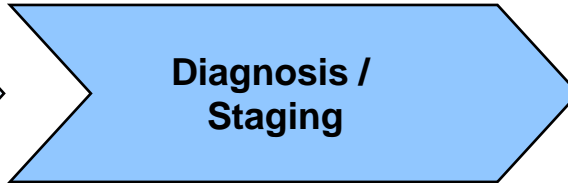
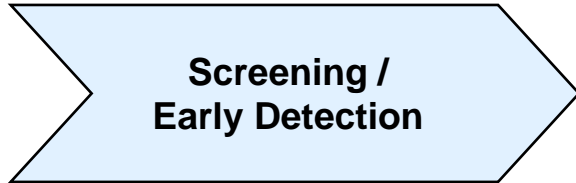
- 1 in 6 men affected NA/EU; 1 in 32 die
- Expensive - \$8B in USA alone and growing
 - aging societies, baby boomers
 - improved screening
- E.U. : Adoption of screening drives increase in prostate cancer diagnoses (+50% from 2004 to 2006)
- At the same time, the face of prostate cancer is changing towards lower-risk disease and earlier stage at detection
- Generally agreed prostate cancer is over-treated; major changes expected in how we diagnose and treat



The face of prostate cancer is changing:



Gather Clinician and Patient Insights: Prostate Cancer



Urologist:

“We do what we call **random biopsies** and so there are a lot of men, perhaps **70%** of the men undergoing a biopsy, who do so **needlessly**, meaning that there’s no cancer there. The field is ready to embrace [lesion guidance for biopsy] as long as it pans out from a clinical efficacy standpoint.”

Patient (Europe):

“In view of my elevated PSA level, I would have had quite a few **unnecessary multi-core biopsies** by now if it hadn’t been for this study of new ultrasound methods.”

Pathologist:

“We need to be able to **locate the cancers** that are there that are going to be significant – and **only target** those.”
*Dr. Thomas M. Wheeler,
Baylor College*

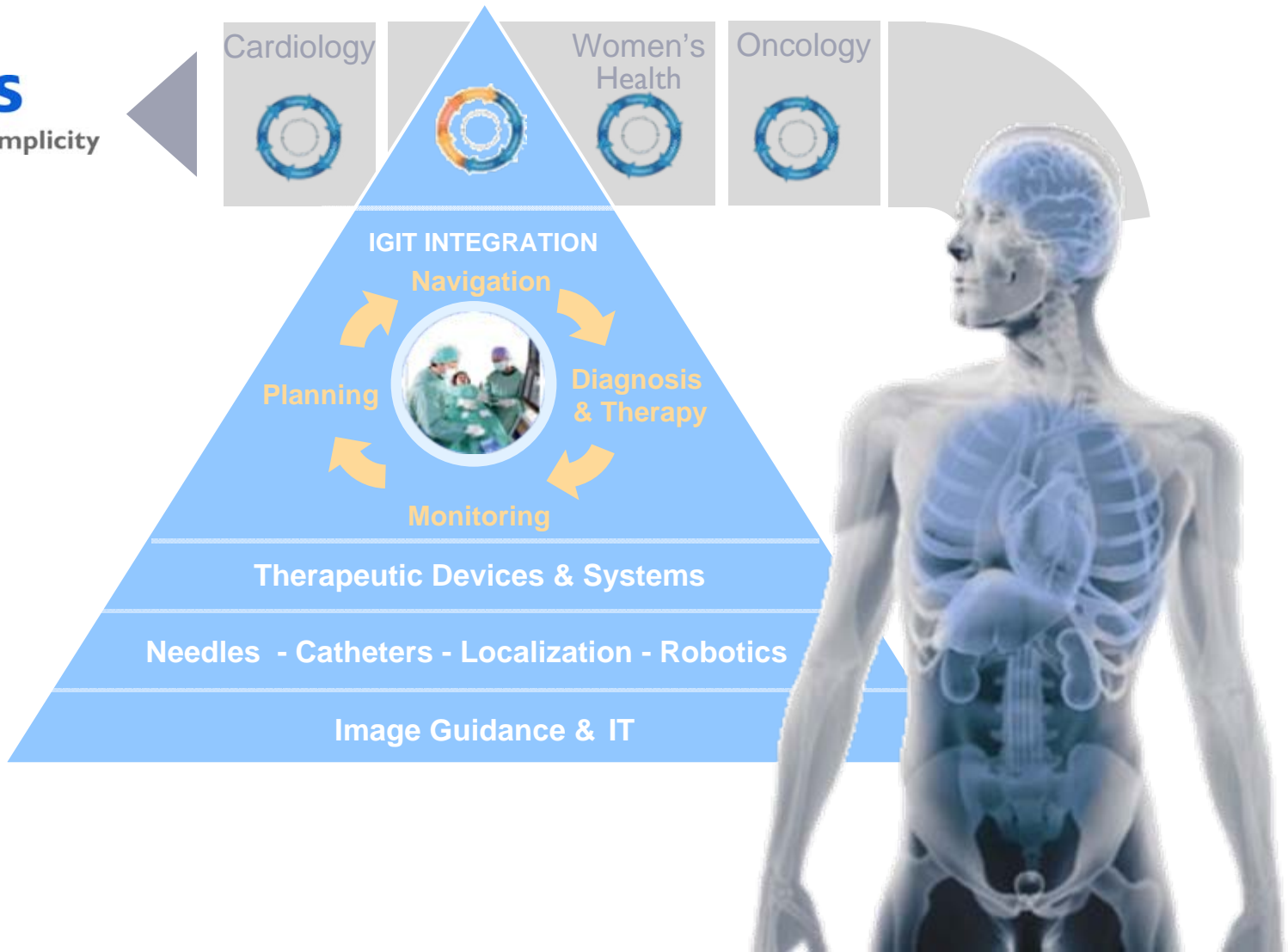
Cancer Biologist:

“Many men with this diagnosis are **treated unnecessarily**. Within months of initial diagnosis of prostate cancer, many men opt to undergo either radiation or radical surgery. The problem is, we **don’t know who needs to be treated** and who doesn’t, so we treat most men, **over-treating the majority**. “
*Dr. Gary G. Schwartz,
Wake Forest U*



Image-guided Intervention and Therapy is a Key Innovation Theme

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Philips Image-guided Intervention Revenues grow >2x Diagnostic

% Revenue Image Guided Intervention and Therapy

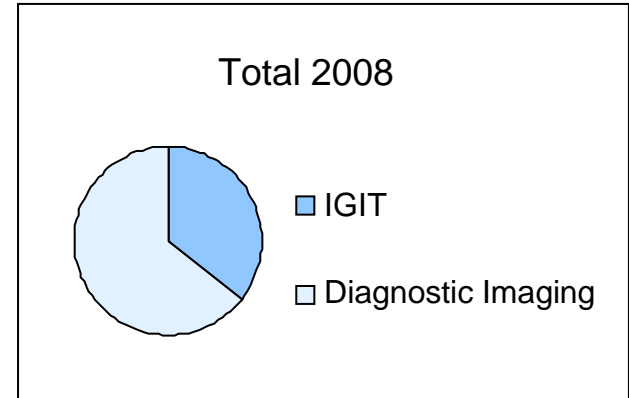
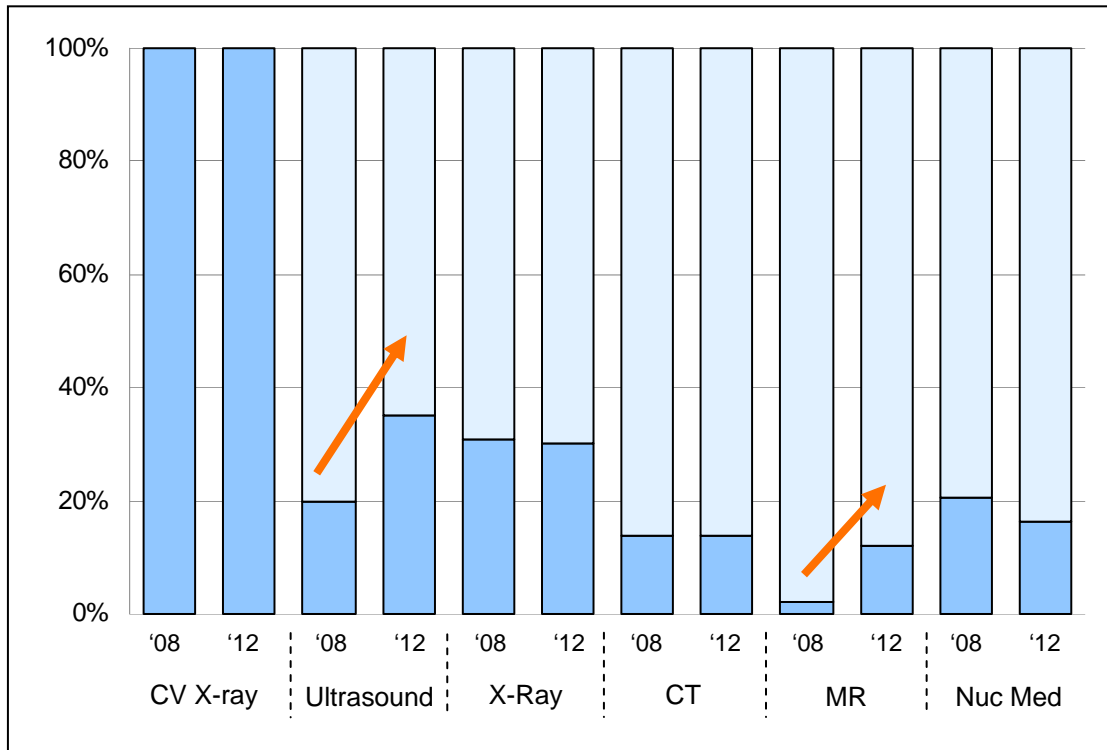


Image Guided Intervention/ Therapy
 CAGR [08:12] = 10%

Diagnostic Imaging
 CAGR [08:12] = 4%

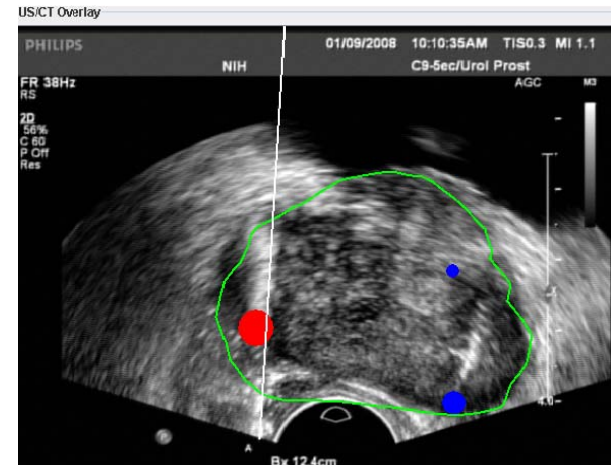
Very Strong in CV, Ultrasound & MR intervention and therapy

Source: Internal Philips IS & U/S Data Interviews, 2009

Image Guided Intervention Clinical Insights Drive M&A - Traxtal

Traxtal Acquisition announced this week

- Multimodality image fusion and navigation
- Automatic registration of live image and needle with anatomy
- Dynamic referencing / Motion compensation
- iU22 ultrasound Digital Navigation Link for real-time guidance



Philips Unique Value in MR-U/S fusion for prostate biopsy

Addressed needs:

Patient: diagnostic accuracy (targeted instead of blind biopsy, yielding relevant tissue samples)

Urologist/radiologist: compatible with current workflow and referral patterns

Payors: cost reductions (avoiding repeat biopsies, improved assessment of disease)

Solution:

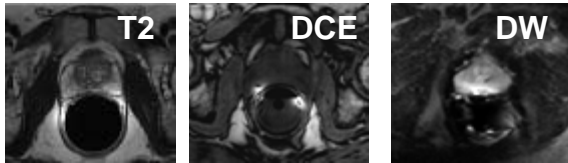
MR-U/S fusion-guided, navigation-assisted prostate biopsy

Radiology Imaging



3T MR
Endorectal coil

Multi-sequence MR imaging:



T2: A particular acquisition mode for prostate morphology

DCE: Dynamic Contrast Enhancement

DW: Diffusion weighted

Plus: DynaCAD workstation for

- viewing
- analysis (DCE)
- reporting
- documentation

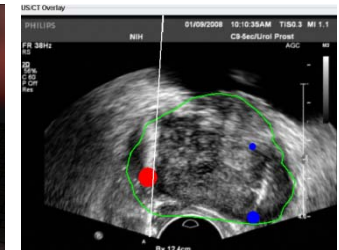


Urology/Interventional Lab

Ultrasound



Traxtal UroNav with MR-U/S fusion SW



- NIH (Bethesda, MD)
- U Texas San Antonio
- Memorial Sloan-Kettering Cancer Center (NYC)
- Mayo Clinic (Rochester, MN)

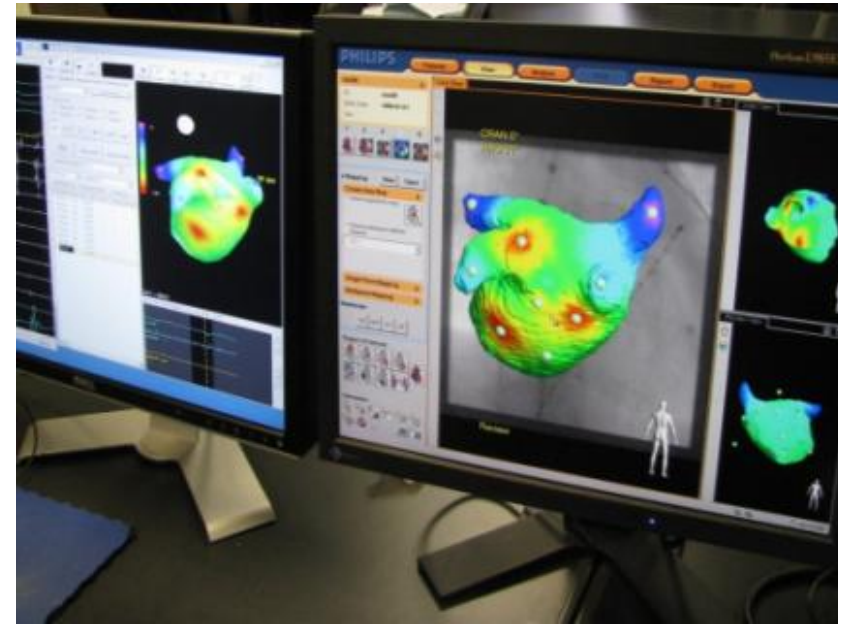
Success Stories in Image Guided Intervention/Therapy

Minimal-invasive Electro-Physiology (EP) procedures with catheter ablation are becoming standard of care today and replace open surgery

Example: Cardiac Arrhythmia Treatment



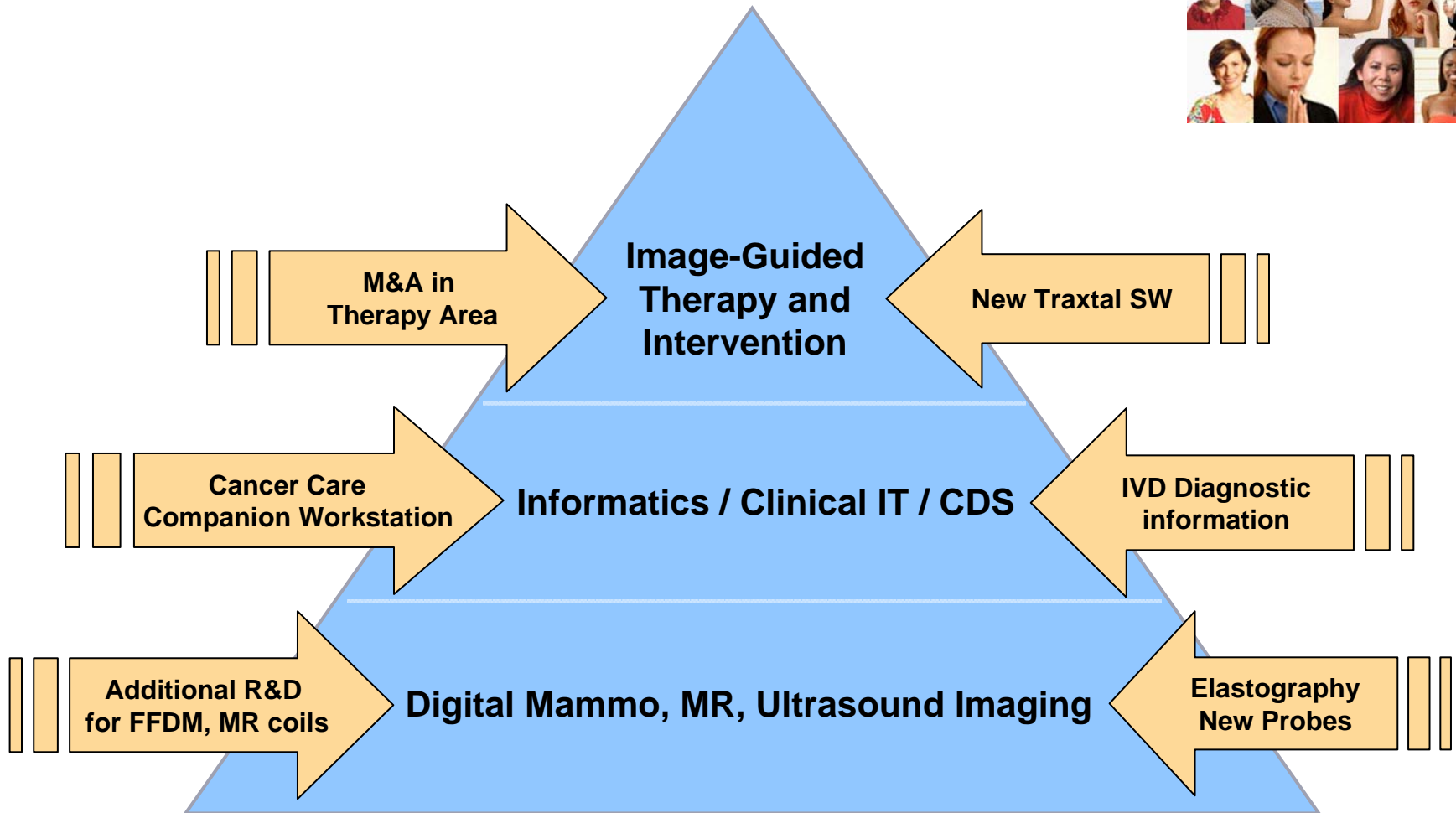
Philips is leveraging its strong position in image guided interventions by tapping into the **disposable revenues** of interventional procedures.



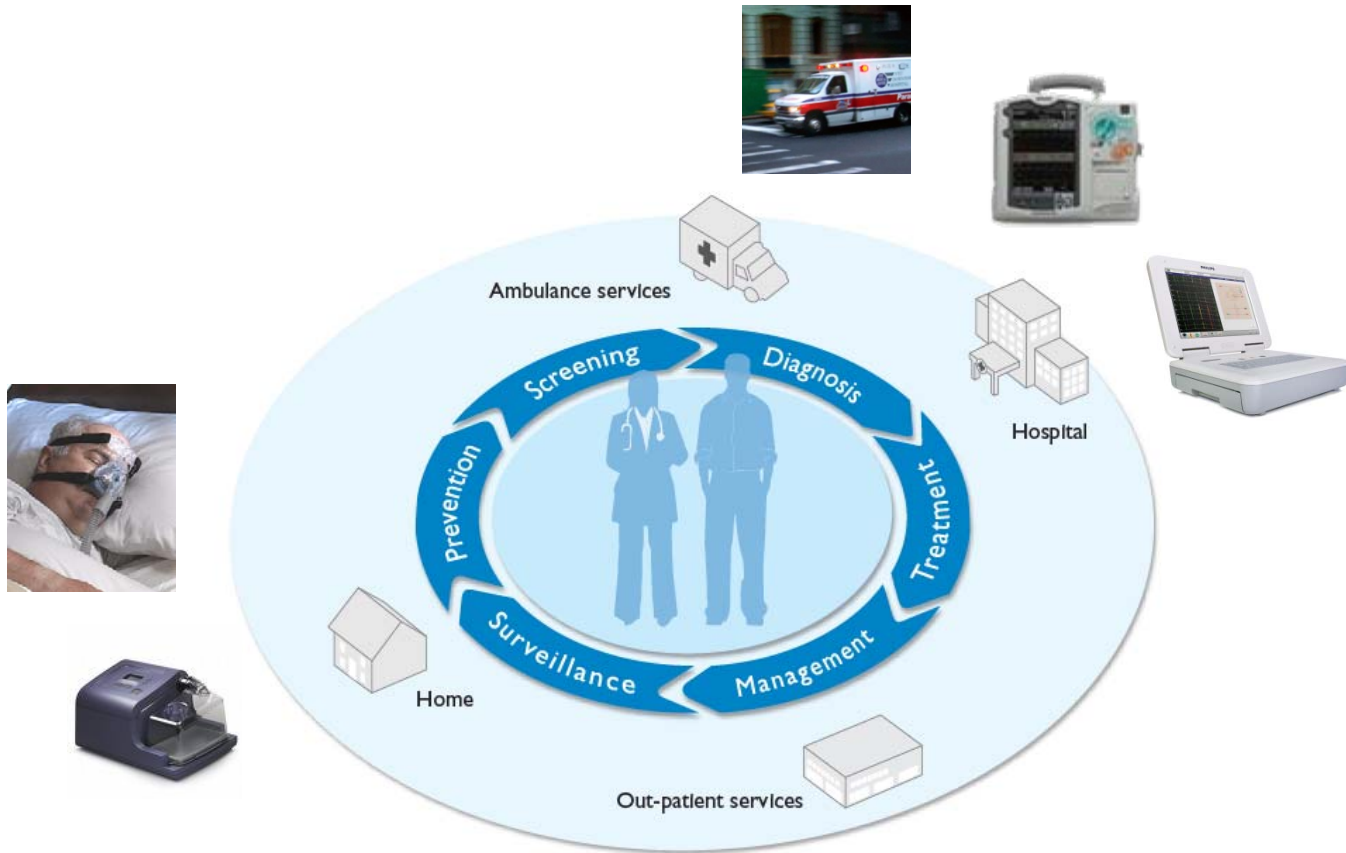
The Bard Alliance:

Combines Philips' EP navigator with Bard Recording. Bard sells the catheters and Philips collects a premium per catheter.

Philips Women's Health Care Expansion



Philips Adds Value in Unique Care Settings versus competition



Examples: Pre-hospital, Emergency Department, Home

Philips Care Cycle Summary

- Care Cycle strategies are a **Philips Healthcare Differentiator**
- Our Care Cycle **Innovation** is centered around the **patient**, driven by the market opportunities and deep clinical insights of specific diseases and conditions in **Cardiology, Oncology and Women's Health**
- Philips will be the leader in **Image Guided Intervention / Image Guided Therapy** by strategic investment and focus on interventional applications (e.g. Traxtal Acquisition, Bard partnership, organic R&D etc.)
- Care Cycle strategies secures our large **imaging revenue** base while allowing expansion to **targeted therapy** and **CDS/IT** opportunities



