

PHILIPS

sense and simplicity

Customer Services

Greg Sebasky

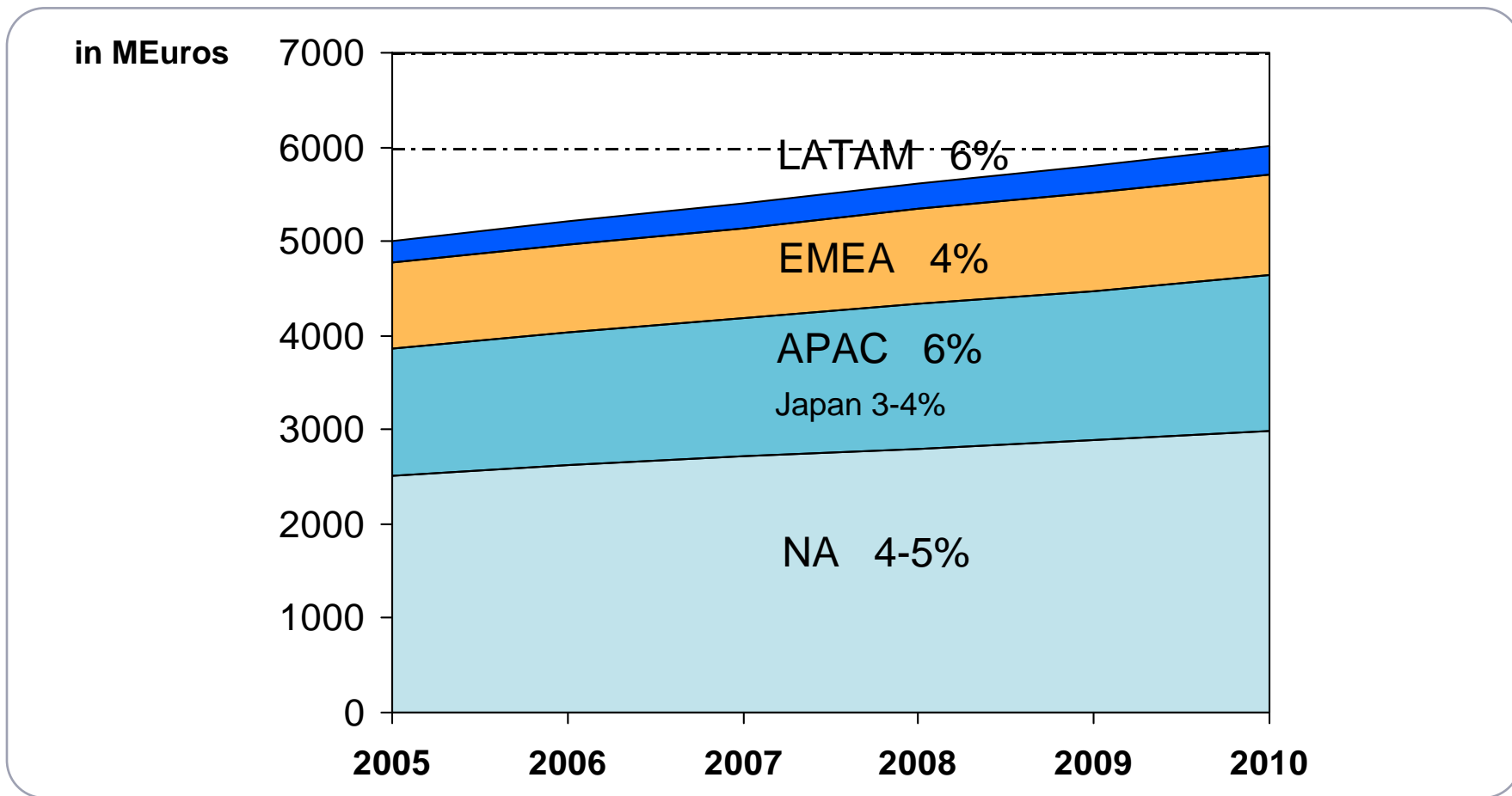
CEO Global Customer Service

May 16, 2008

Agenda

- Markets, Customers and Growth
- Performance Results
- Sustaining Margin Growth
- Summary

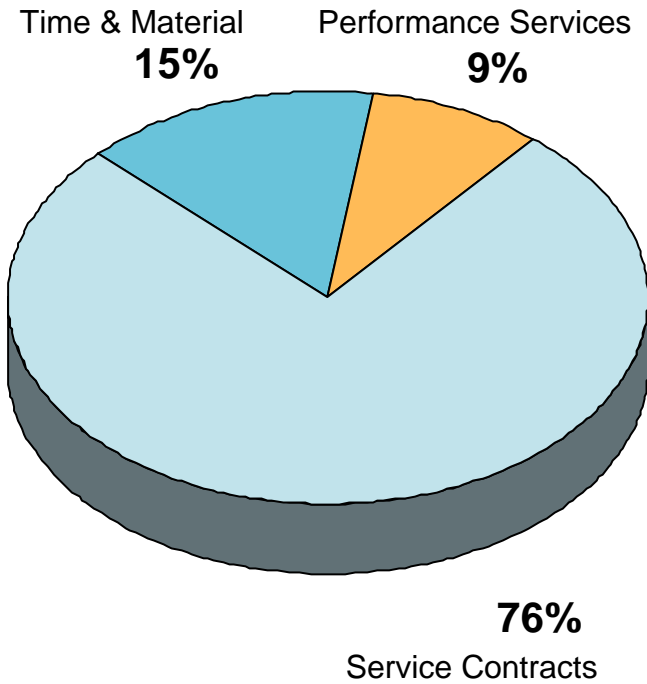
Global market for imaging equipment services (XR, US, MR, CT, NM only)



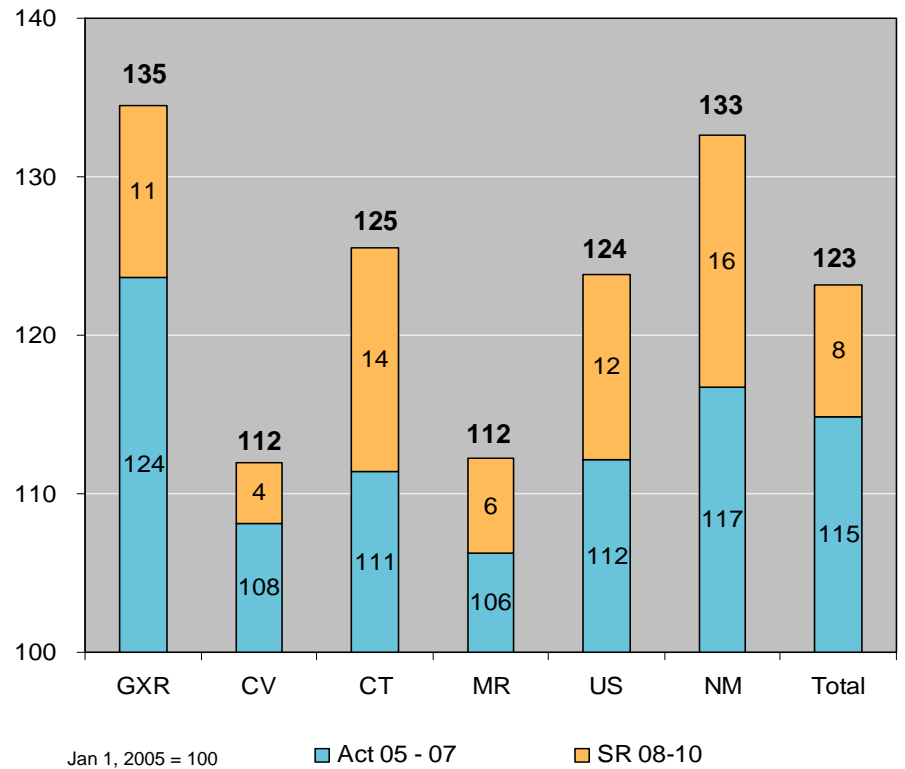
Traditional services market continues to grow at modest rate

Services revenue composition

2007 Actual

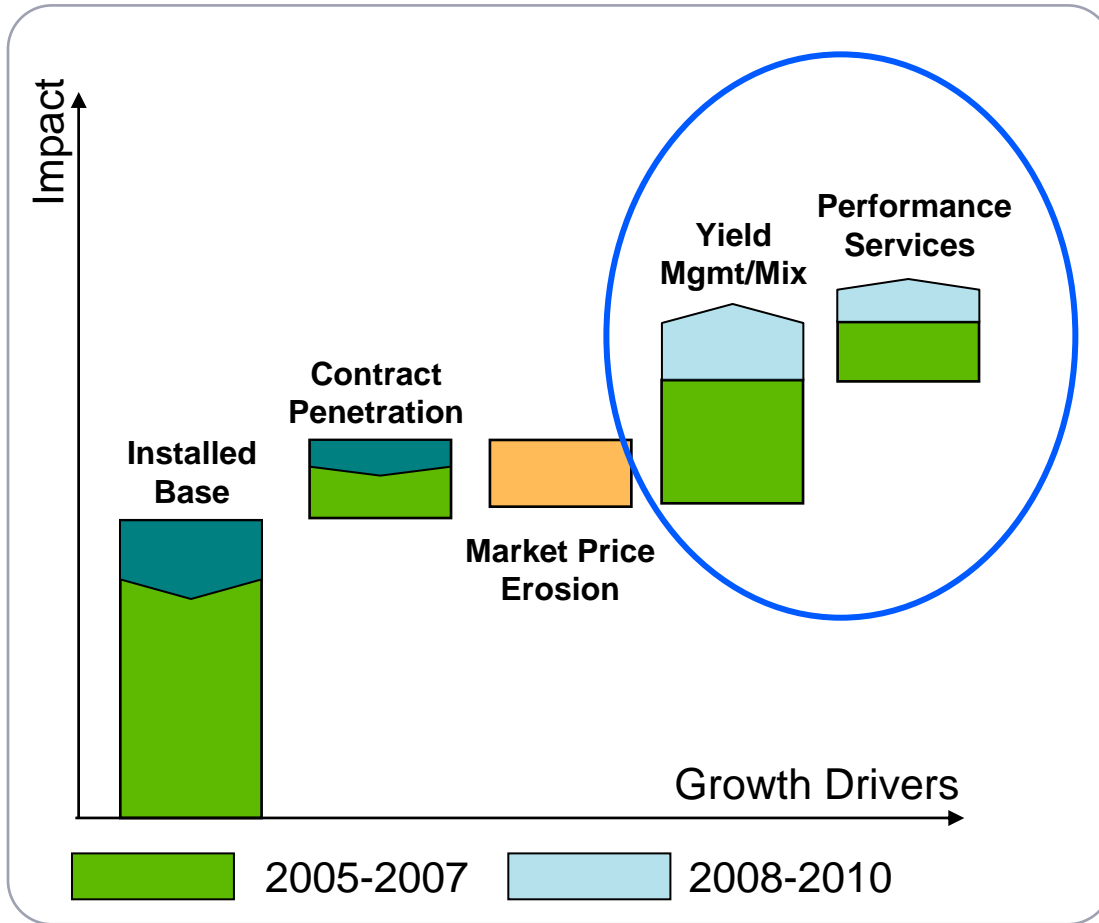


Contract Penetration Development (index)



Good opportunity for further growth in recurring revenue

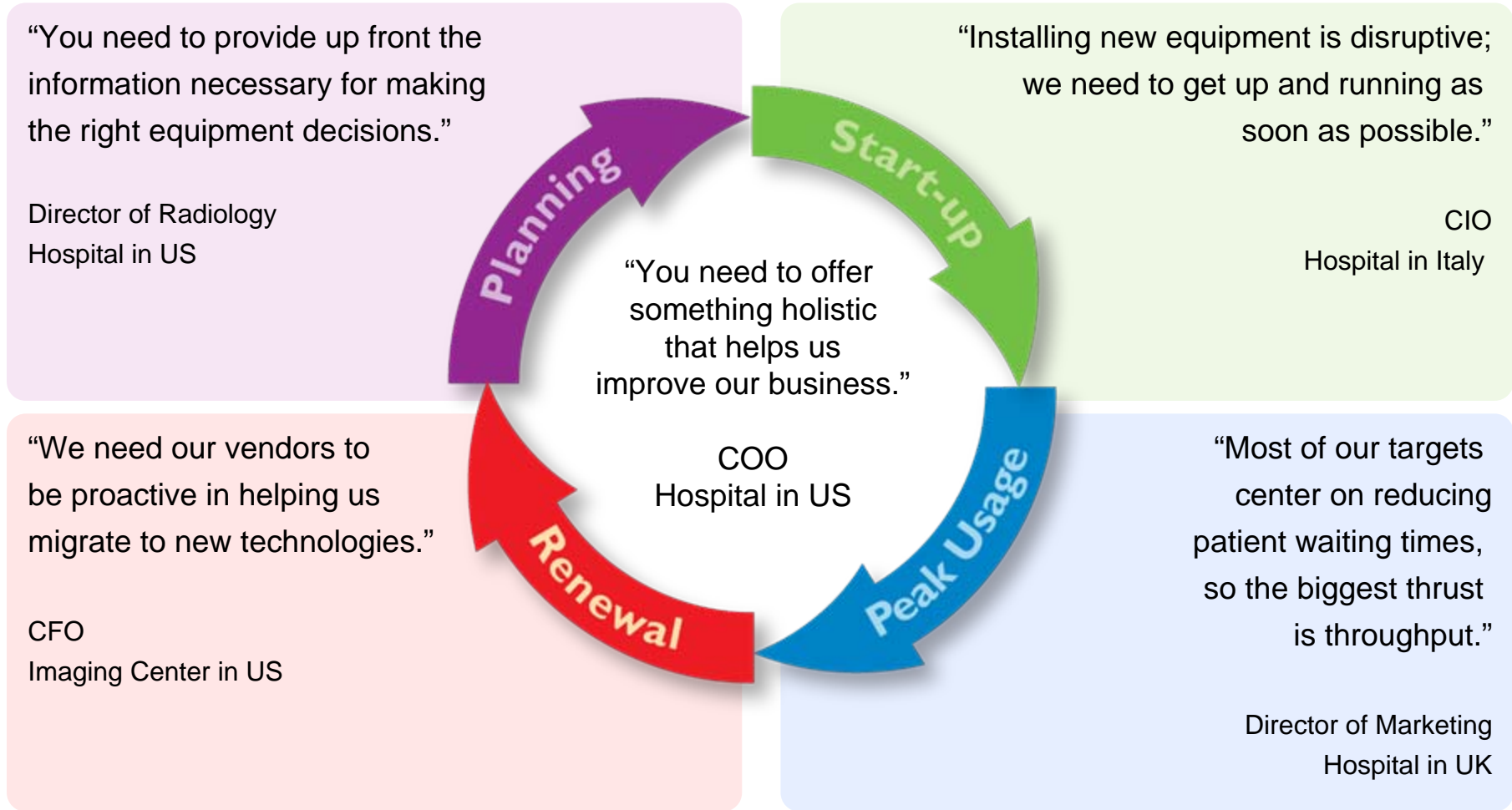
Services growth factors



- Installed Base and Contract Penetration growth slows for some modalities
- Price realization, portfolio management and new services will sustain growth

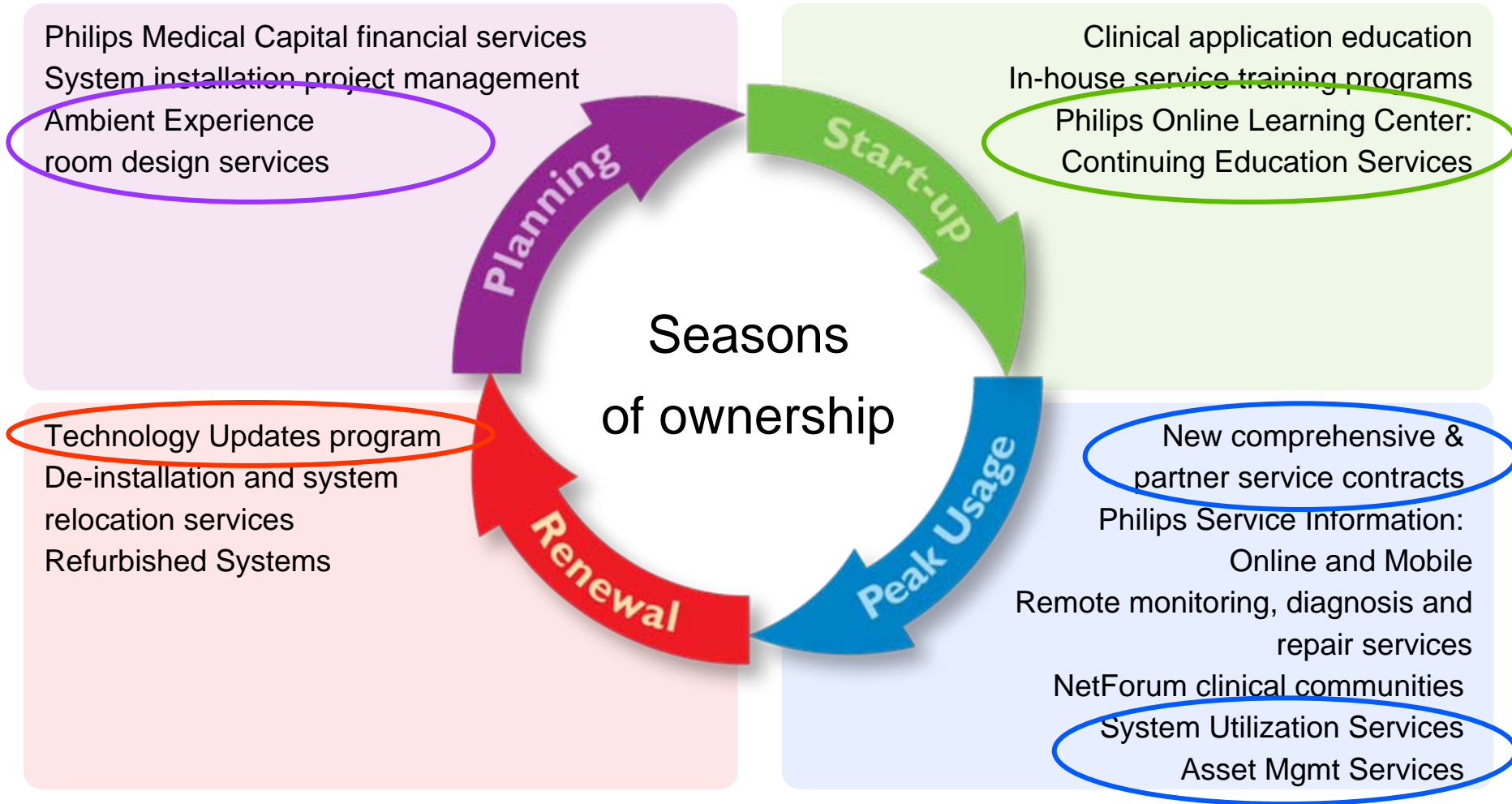
Increased dependency on price realization and new services

Customer Voice ⇒ Insight ⇒ Solutions

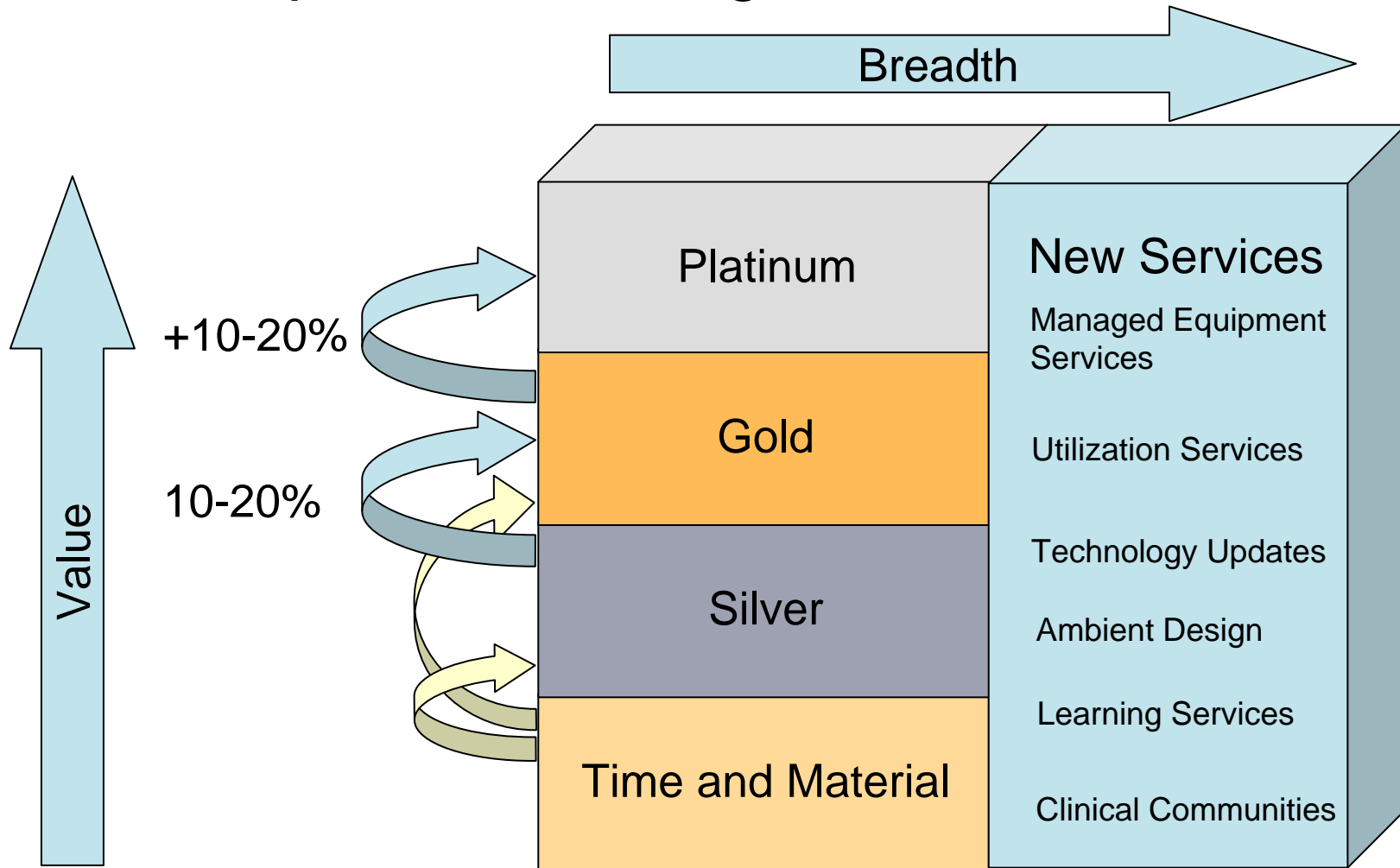


Expanding the definition of “Services” from the Customers’ Perspective

Seasons of ownership: services portfolio



Services portfolio management



Increase in value and breadth for customers will provide increasing “yield” per “socket”

Ambient experience design



Laughlin Memorial, Greeneville, TN, USA



Advocate Imaging Specialists
Wilmette, IL, USA



Catharina Hospital, Eindhoven, The Netherlands



Charite, Berlin, Germany

Patient and provider benefit

Benefits of ambient experience

- Patient
 - Patient receives positive distraction
 - Helps reduce anxiety/stress
 - Helps increase patient and family satisfaction
- Provider
 - Contributes to improved quality of care
 - May reduce rates of sedation and dose
 - Helps improve workflow, efficiency and ROI
 - May improve staff satisfaction



Philips Learning Center

- Explosive Growth
 - 33% growth in users in 2007
 - >50% of the addressable Radiologic Technologists market in the US
 - +25,000 RT's from +100 countries
 - 20% increase in class modules delivered from 2007-2008
- Launched International Access to Learning Program with the ISRRT
 - 3 Continent Pilot
 - Showcased at the ISRRT World Congress – Durban, S.A.
 - Represents 300,000 members from 80 countries
- Clinical Mastery Program for 2008
- New Partnership with American Association of Critical-Care Nurses



Expanding learning competency globally

Agenda

- Markets, Customers and Growth
- Performance Results
- Sustaining Margin Growth
- Summary

IMV ServiceTrak performance N.A. 2007

Overall Satisfaction with OEM Service Performance

PHILIPS

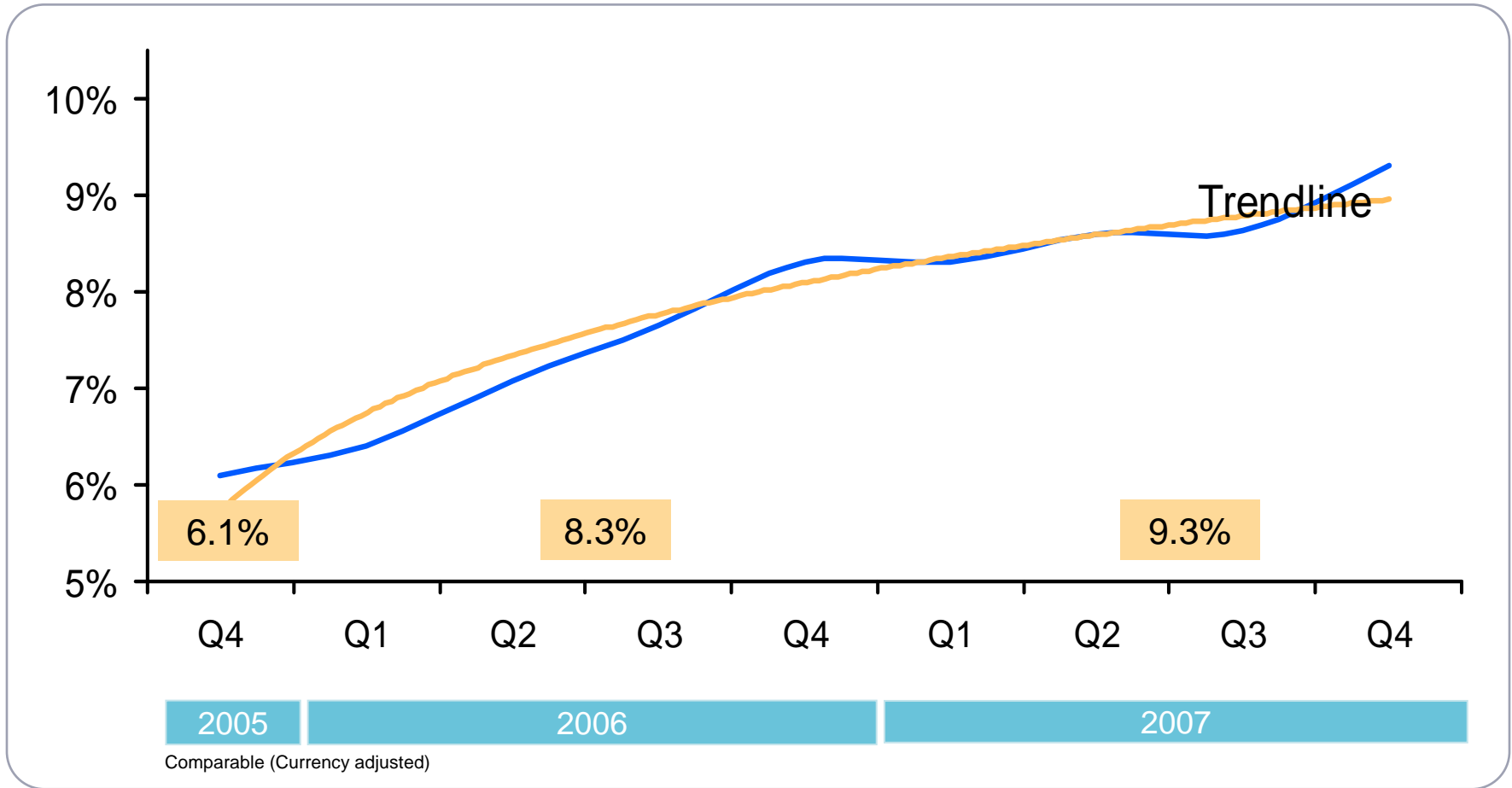


SIEMENS

PM	2 ▼	4 ▲	N/A
US	1	3 ▼	2 ▲
CT	3 ▲	1	3 ▼
MR	2	1	3
SPECT	2	3	1
PET	2	1	3
GXR	3 ▲	2 ▼	4 ▼
CV	3	1 ▲	4 ▼
PACS	2 ▲	4 ▼	3 ▼
Total Imaging	1 ▲	2	3

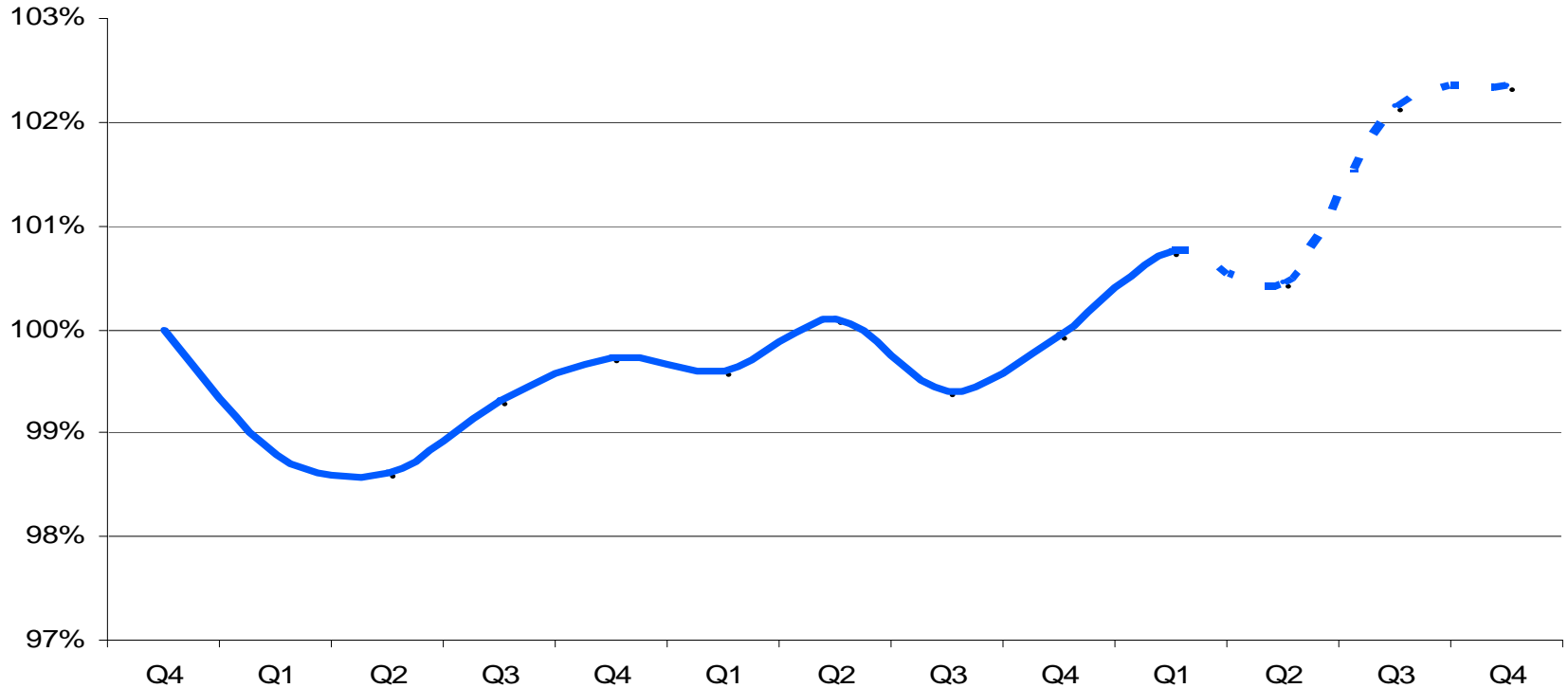
Philips back to #1 position in OEM service in N.A. Imaging Market

Sales growth per quarter (MAT)



Sales growth accelerated from 6 to 9% per year

Gross margin development (MAT Index; Q4 2005 =100)



* Exclude inventory valuation adjustments

2005

2006

2007

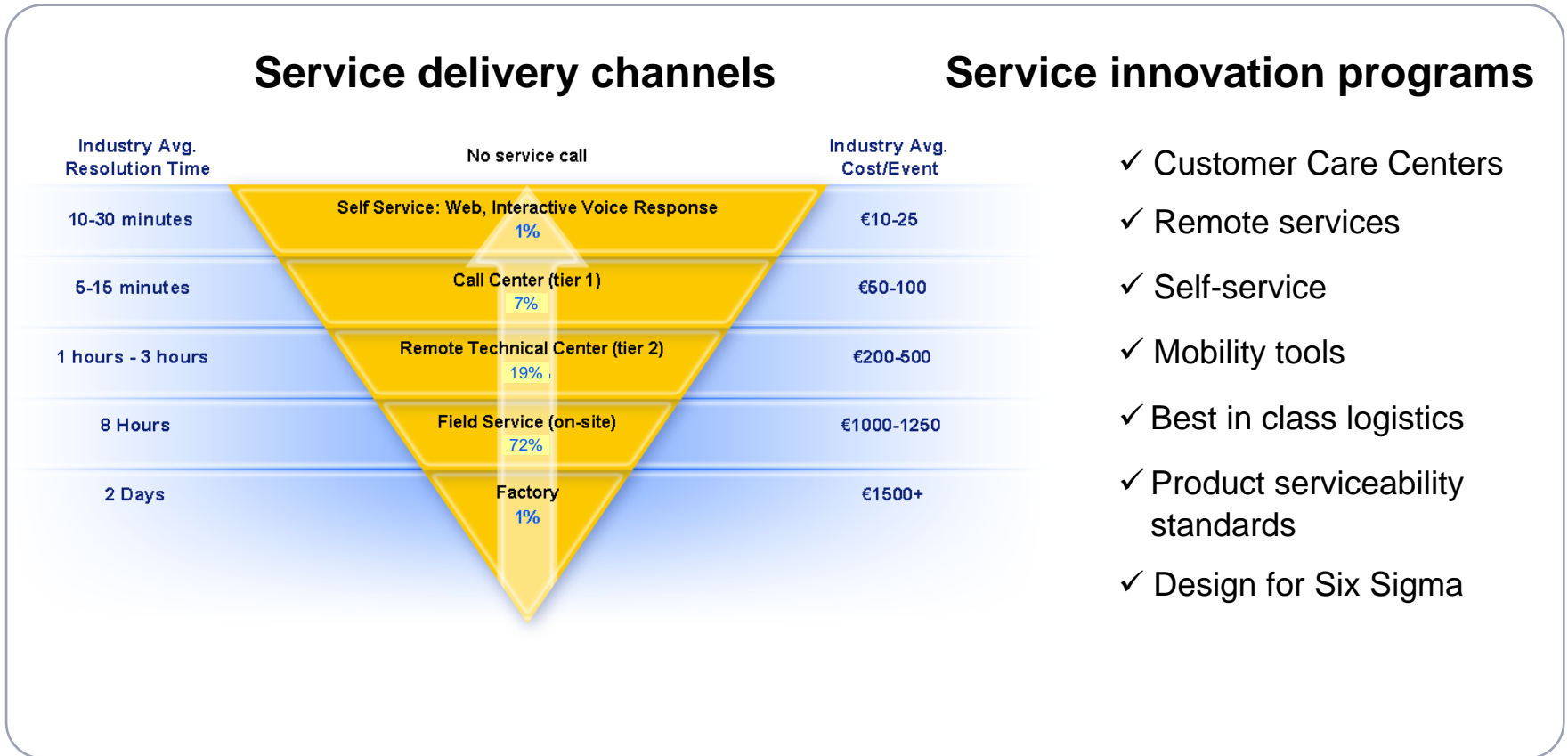
2008

Productivity investments starting to pay-off

Agenda

- Markets, Customers and Growth
- Performance Results
- Sustaining Margin Growth
- Summary

Service innovation



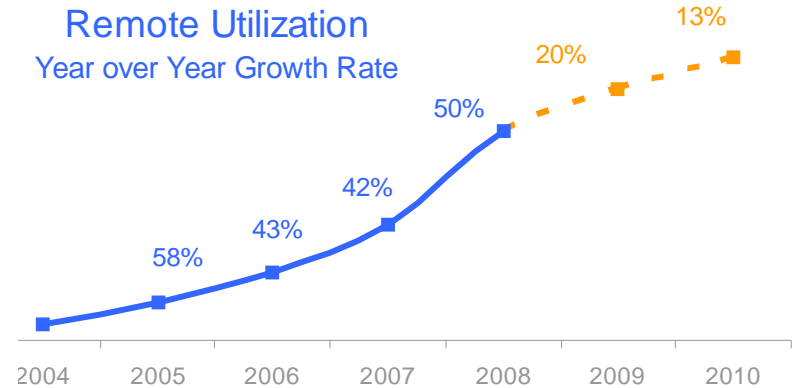
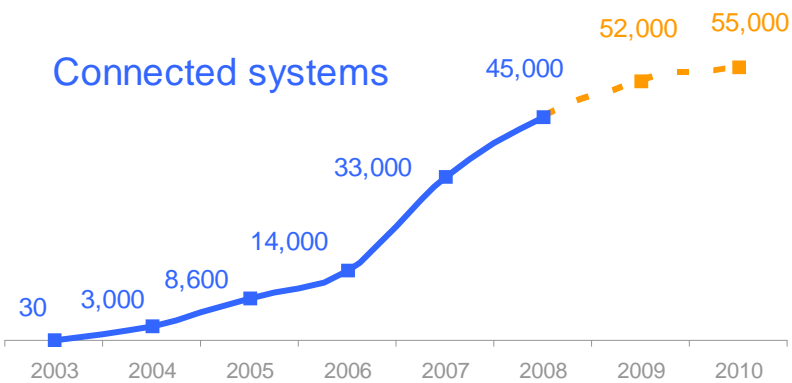
Faster, more efficient service delivery by moving “upstream”

Remote services results



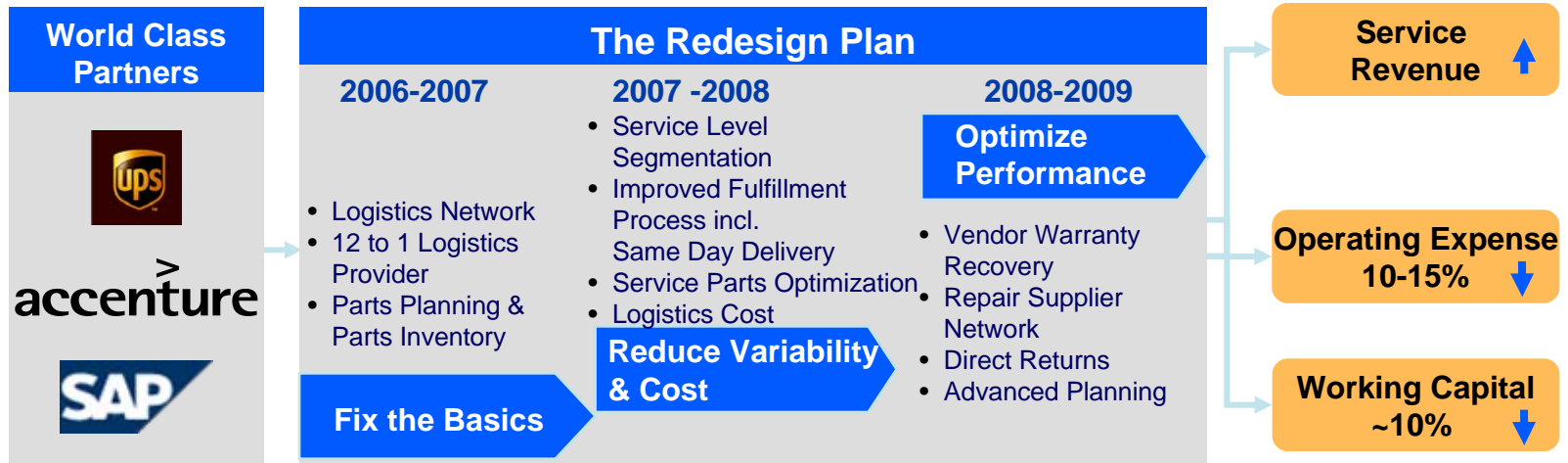
PHILIPS
CUSTOMerCARE
Service Center

- system diagnosis & repair
- 24 X 7 monitoring
- system utilization reports & post monitoring analysis
- application training & support
- automatic SW updates



Remote services growing rapidly

Leadership in service parts supply chain



Agile supply chain supports selling higher margin services at lower cost

Agenda

- Markets, Customers and Growth
- Performance Results
- Sustaining Margin Growth
- Summary

Summary

- Accelerated sales growth and delivered high margin while investing in process innovation
- Expanded Services Portfolio driving growth and yield per socket
- Extended leadership in customer satisfaction supporting Philips Healthcare market share goals
- New portfolio and process innovation expected to drive above market growth and accelerate margin expansion

