

PHILIPS

www.philips.com

Agreement to acquire BioTelemetry Inc (NASDAQ: BEAT)

December 18, 2020

innovation  you



Important information

The tender offer described in this communication (the “Offer”) has not yet commenced, and this communication is neither an offer to purchase nor a solicitation of an offer to sell any shares of the common stock of BioTelemetry, Inc. (“BioTelemetry”) or any other securities. On the commencement date of the Offer, a tender offer statement on Schedule TO, including an offer to purchase, a letter of transmittal and related documents, will be filed with the United States Securities and Exchange Commission (SEC”) by Philips and a Solicitation/Recommendation Statement on Schedule 14D-9 will be filed with the SEC by BioTelemetry. The offer to purchase shares of BioTelemetry common stock will only be made pursuant to the offer to purchase, the letter of transmittal and related documents filed as a part of the Schedule TO. **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ BOTH THE TENDER OFFER STATEMENT AND THE SOLICITATION/ RECOMMENDATION STATEMENT REGARDING THE OFFER, AS THEY MAY BE AMENDED FROM TIME TO TIME, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** The tender offer statement will be filed with the SEC by Davies Merger Sub, Inc., a wholly owned subsidiary of Philips Holding USA Inc., which is a wholly owned subsidiary of Koninklijke Philips N.V. (“Philips”), and the solicitation/recommendation statement will be filed with the SEC by BioTelemetry. Investors and security holders may obtain a free copy of these statements (when available) and other documents filed with the SEC at the website maintained by the SEC at www.sec.gov or by directing such requests to the Information Agent for the Offer, which will be named in the offer statement.

Forward-Looking Statements

This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items, including without limitation completion of the Offer and merger and any expected benefits of the merger, and certain forward-looking statements regarding BioTelemetry, including without limitation with respect to its business, the Offer and merger, the expected timetable for completing the transaction, and the strategic and other potential benefits of the transaction. Completion of the Offer and merger are subject to conditions, including satisfaction of a minimum tender condition and the need for regulatory approvals, and there can be no assurance that those conditions can be satisfied or that the transactions described in this release (the “Transactions”) will be completed or will be completed when expected. Often, but not always, forward-looking statements can be identified by the use of words such as “plans,” “expects,” “expected,” “scheduled,” “estimates,” “intends,” “anticipates,” “projects,” “potential,” “continues” or “believes,” or variations of such words and phrases, or by statements that certain actions, events, conditions, circumstances or results “may,” “could,” “should,” “would,” “might” or “will” be taken, occur or be achieved. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, (i) the risk that not all conditions of the Offer or the merger will be satisfied or waived; (ii) uncertainties relating to the anticipated timing of filings and approvals relating to the Transactions; (iii) uncertainties as to the timing of the Offer and merger; (iv) uncertainties as to how many of BioTelemetry’s stockholders will tender their stock in the Offer; (v) the possibility that competing offers will be made; (vi) the failure to complete the Offer or the merger in the timeframe expected by the parties or at all; (vii) the outcome of legal proceedings that may be instituted against BioTelemetry and/or others relating to the Transactions; (viii) the risk that the Transactions disrupt current plans and operations of BioTelemetry and adversely affect its ability to maintain relationships with employees, customers, or suppliers; (ix) the possibility that the parties may be unable to achieve expected synergies and operating efficiencies within the expected time-frames or at all and to successfully integrate BioTelemetry’s operations into those of Philips; (x) the successful implementation of Philips’ strategy and the ability to realize the benefits of this strategy; (xi) domestic and global economic and business conditions; (xii) market and supply chain disruptions due to the COVID-19 outbreak; (xiii) regulatory developments affecting Philips’ and or BioTelemetry’s actual or proposed products or technologies; (xiv) political, economic and other developments in countries where Philips operates; (xv) unpredictability and severity of catastrophic events or epidemics, pandemics or similar public health events (including the COVID-19 outbreak); (xvi) industry consolidation and competition; (xvii) the possibility that Philips’ business and/or BioTelemetry’s business will be adversely impacted during the pendency of the Transactions and (xviii) other risk factors described in BioTelemetry’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the SEC. Any forward-looking statements in this release are based upon information known to Philips on the date of this announcement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Neither Philips nor BioTelemetry undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Third-party market share data

Statements regarding market share, including those regarding Philips’ competitive position, contained in this document are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-GAAP Information

In presenting and discussing the Philips’ financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in our Annual Report 2019.

Use of fair-value measurements

In presenting the Philips’ financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using valuation models, which we believe are appropriate for their purpose. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in our Annual Report 2019. Independent valuations may have been obtained to support management’s determination of fair values. All amounts are in millions of Euro’s unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2019, unless otherwise stated. The presentation of certain prior-year information has been reclassified to conform to the current-year presentation.



Combination of leading positions of Philips and BioTelemetry in hospital and home monitoring will result in #1 patient care management ecosystem



PHILIPS **No.1**
In hospital monitoring


BioTelemetry^{inc.} **No.1**
In cardiac ambulatory home monitoring



Leading cardiac diagnostics and monitoring solutions comprised of wearable connected heart monitors, AI-based data analytics and services platform

Strong service platform in cardiac care and beyond

2019 revenue, USD




85% of total

- Full portfolio of cardiac diagnostic and monitoring solutions to identify heart rhythm disorders
- Includes mobile cardiac telemetry and extended Holter, supported by AI and a services platform
- Largest cardiac service network with over 1 million patients/year and 30,000 referring physicians



13% of total

- Centralized cardiovascular testing services to support clinical trials
- Experience in all phases of clinical trials, across major therapeutic areas and all parts of the globe



2% of total

- Connecting patients and providers through technology to improve chronic disease conditions





BioTelemetry's industry-leading position strengthens Philips presence in the large and growing ambulatory home monitoring market

Attractive ambulatory cardiac diagnostics and monitoring market¹

Large growing market:

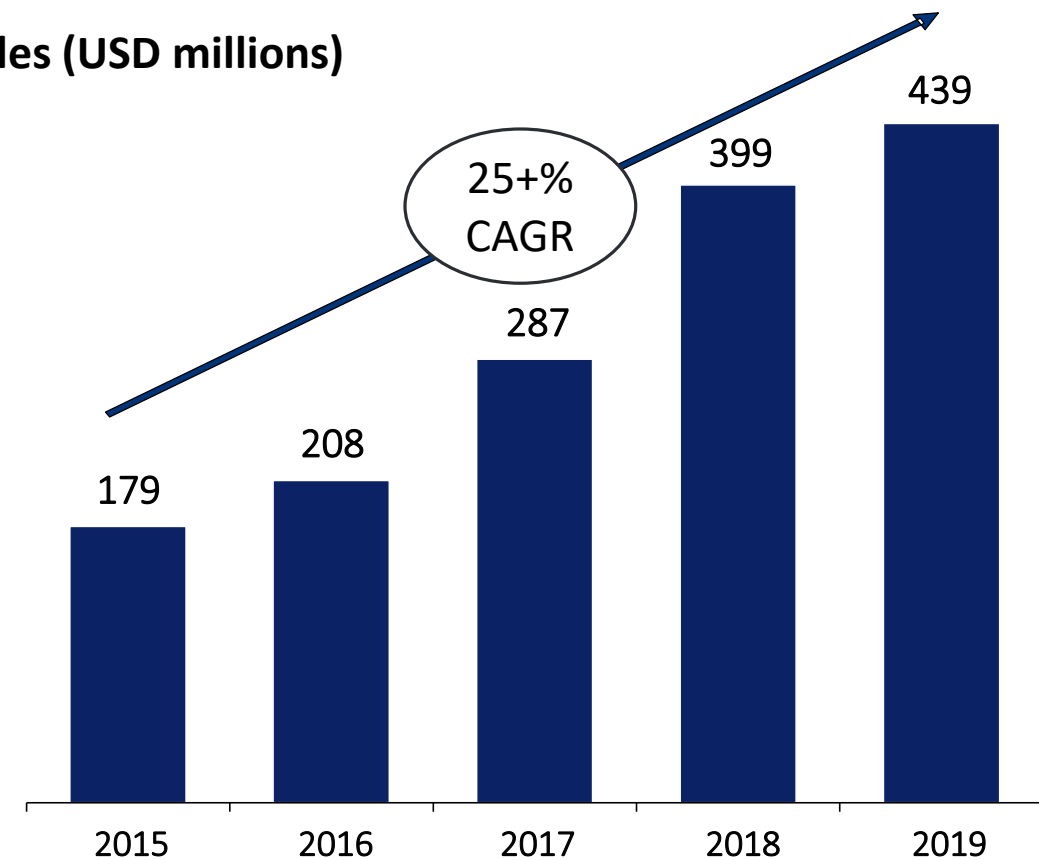
- USD 3+ billion opportunity, high-single-digit growth¹

Key market trends:

- Increasing prevalence of chronic diseases; 11 million individuals with arrhythmias in the US
- Adoption of telehealth and shift to out-of-hospital to reduce hospital stay and resource pressure
- Digitalization and personalization of health
- Acceleration of outcome-oriented payment models

Strong sales growth

Sales (USD millions)





Attractive return on investment driven by combination of Philips and BioTelemetry's positions and capabilities; accretive to growth and margin

Transaction overview

Company profile:

- #1 provider of ambulatory cardiac diagnostic and monitoring solutions
- 2019 revenue of USD 439 million, mostly in the US
- ~1,900 employees; headquartered in Malvern, PA

Transaction terms:

- USD 72.00 per share, a 16.5% premium to the closing price on December 17, 2020
- Valuation of approx. USD 2.8 billion (EUR 2.3 billion)
- All-cash transaction; expected to close in Q1 2021, subject to customary conditions

Strong return profile

Accretive to growth

Double-digit sales growth

Accretive to Adjusted EBITA margin

Mid-teens, increasing to >20%

Revenue synergies

Channel, geographic expansion, innovation and AI synergies

Productivity

BoM, G&A, Procurement

ROIC exceeds WACC in Year 5

Key takeaways

- Combination of leading positions in hospital and ambulatory home monitoring will result in **#1 patient care management ecosystem**
- Transaction strengthens Philips position in the **large and growing ambulatory cardiac monitoring** market; enables **expansion into other therapeutic areas**
- Significant **sales synergies and productivity opportunities** identified
- **Accretive to Philips sales growth and margin in 2021**; expect BioTelemetry's business to continue to post double-digit growth and to improve Adjusted EBITA margin to over 20%



