



PHILIPS

Capital Markets Day

Sustaining growth momentum in Greater China

Andy Ho

Chief Market Leader of Greater China

November 6, 2020

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Key takeaways

- China's HealthTech market is **the 2nd largest globally** and shows continued rapid growth
- We have been deeply rooted in China for over a century, and are a **market leader** with **significant local presence and capabilities**
- Our **strategy is fully aligned** with the government agenda and market dynamics. And, we have a **strong base to win in China**:
 - Winning with **innovation and digital transformation**
 - Deepening **customer engagement** and partnerships
 - Scaling up **locally relevant integrated solutions**
- We are extending **customer preference** and continuing to deliver **high-single-digit growth** in China



China has attractive potential with robust health demand

Overall HealthTech – mid-to-high single-digit growth¹



Personal health – high single-digit growth¹



Global #1
E-commerce with
double-digit growth



Omni-channel and
live streaming



Growing internet+
health B2C services



Urbanization requiring
deep consumer reach

Professional healthcare – mid-to-high single-digit growth¹



Rapidly growing
county-level hospitals



Long-term growth in
private segment



Improving clinical
capability and
emergency care



Growing virtual care
post-COVID-19

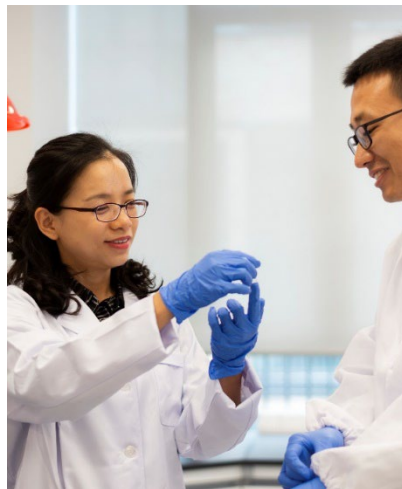
Strong commitment to China's long-term growth capabilities

100 years in the country: Phillips is a local brand



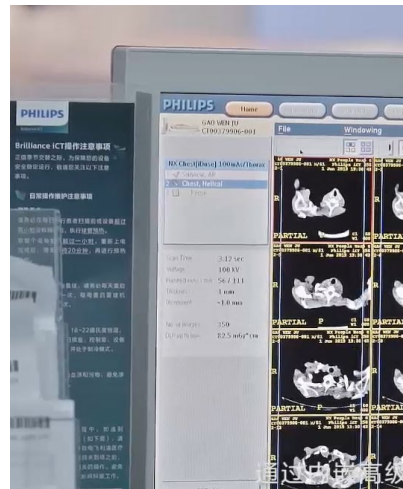
Strong localized manufacturing

Significant local manufacturing operations



Well-established innovation presence

1,200+ employees dedicated to local and global R&D



Scaling up locally relevant solutions

Strong software and services capabilities



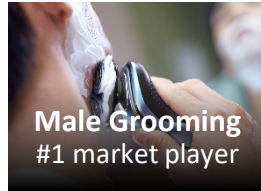
Active government engagement

Capture opportunities through expanded government¹ coverage

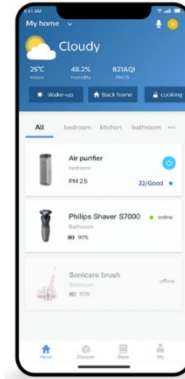
Our strong base to win in China

We enjoy leadership positions across all business clusters

Innovation leadership examples



Consumer-centric Go-to-Market



- >75% sales online; deep partnerships with **Mega E-commerce accounts**
- **Digital transformation** by launching **China IoT platform** with Tuya¹

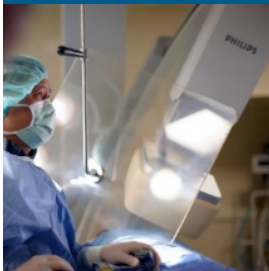
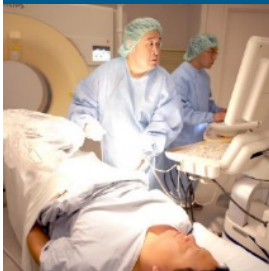
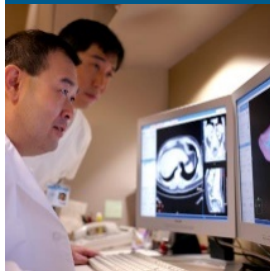
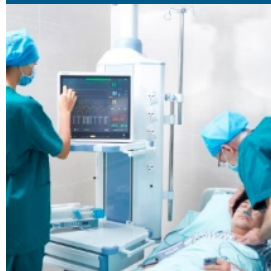
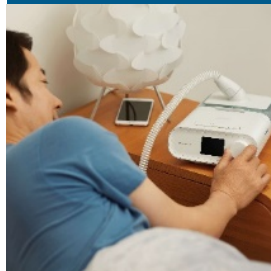
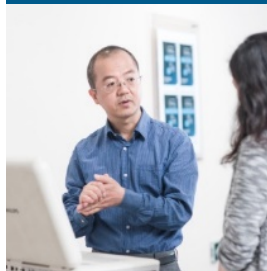
Strong key account intimacy



- High-single-digit share gain² in **private and low-tier hospitals**
- Grow **long-term strategic partnerships** with key accounts

We win with solutions and drive strong double-digit growth¹

Continue solutions transformation to deliver unique value as system integrator

Cardiology & Neurology	Oncology	Radiology	Acute & Critical Care	Sleep & Respiratory	Professional Services
					
Dual Center	Integrated Cancer Diagnosis	AI-enabled Clinical Research	Acute & Critical Care	Integrated Sleep & Respiratory	Value-added Services
Cathlab & Echolab	Integrated RadOnc	Tele-radiology			
	Integrated Hybrid OR				

Win with
solutions along
the health
continuum

China Xiamen Cardiac Hospital solution

Our co-creation approach promotes exceptional customer engagement



Customer needs

- **Leading cardiovascular hospital** in China
- **Green-field hospital** of 600 beds, including Cath lab, CCU, ICU, and ED
- **World-class user and patient experience**
- New equipment fleet supported by **operational performance and efficiency**

Solutions highlights

- End-to-end **design co-creation**, from patient journey mapping to implementation and service
- Imaging, interventional, and monitoring equipment
- **Cardiovascular data service**, including data and performance benchmarking
- Voted **China's most beautiful hospital** in 2019

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Capital Markets Day

Transforming relationships with our customers in North America

Vitor Rocha

Chief Market Leader of North America

November 6, 2020

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Key takeaways

- North America is a large and innovative market, with **resilient growth fundamentals**
- **Our strategy has been re-affirmed and will drive growth beyond COVID-19**
- We will continue to drive profitable growth through **better, faster, and higher-quality solutions and experiences** for our customers
- **Our Solutions strategy meets the changing demands** of our consumer, health systems and government customers
- Targeting to deliver **comparable sales growth of 3-5%** in North America



Growing with leadership positions in a highly mature North American market

Attractive healthcare market

Healthcare spending
16.5% of GDP, 3% growth per capita

Federal investments
CARES Act ~USD 130 bn

Aging population
75 mln people 65+ by 2030

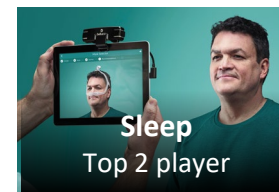
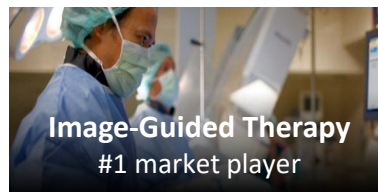
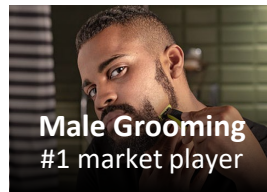
Innovation hub

Strategic innovation partnerships
with premier institutions

Co-creation
e.g. US DoD¹ and VA²

Net exporter of innovation
Globally differentiated

Strong leadership positions



Low-single-digit market growth, at the forefront of change in healthcare

Consumer: Winning the preference of a resilient consumer base

Consumer trends

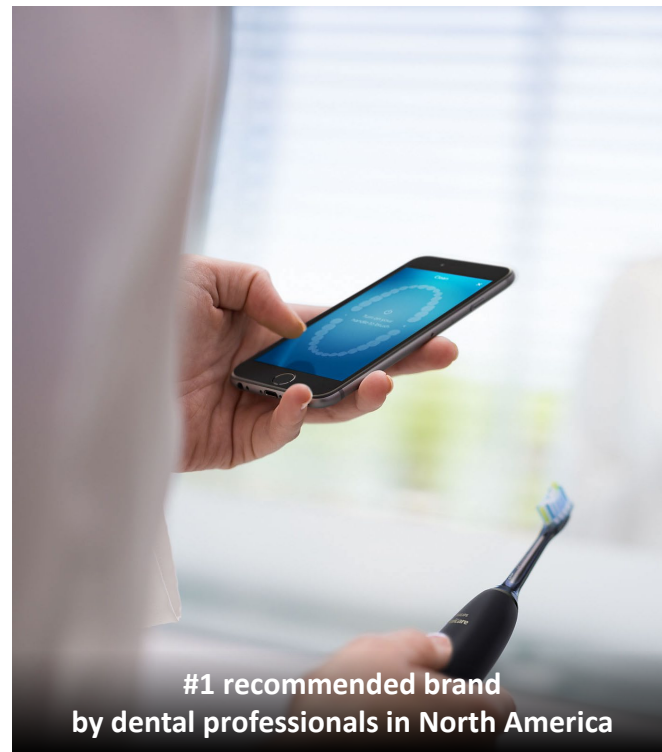
- Recovering consumer confidence
- Shift to online/digital engagement
- Seeking high quality health experiences with greater convenience

Our strategy

- Expanding capabilities with big retailers (e.g. Amazon, Walmart)
- Driving brand preference through engaging experiences
- Strong solutions roadmap (e.g. Philips One by Sonicare)
- Oral Healthcare payor segment and consumer subscription

Winning consumer preference

- Oral Healthcare and Male Grooming subscriptions
 - 140,000 monthly subscribers¹ and low upfront costs
 - Quarterly brush-head or blade replacement, app coaching



Health Systems: Transforming care beyond COVID recovery

Health system trends

- Aging installed base (IB)
- Capex spending and procedure volumes recovering
- Increased focus on productivity
- Accelerated shift to virtual, digital care

Our strategy

- Leveraging market-leading IB in Patient Monitoring, Image-Guided Therapy
- Driving share gains through renewed Diagnostic Imaging portfolio
- Accelerating Sleep & Respiratory Care through digital innovation
- Building on recent acquisitions to drive differentiation (e.g. Carestream, Intact Vascular)

Winning with solutions and outside the hospital

- Capex to Opex (e.g. Monitoring as a Service, Managed Technology Services)
- Data-driven services (e.g. PerformanceBridge)
- Innovative Radiology Solutions with DICs¹, including managed services
- Integrated Image-Guided Therapy solutions in ambulatory centers and OBLs²



Government: Connecting care and access across the US

Government trends

- Supporting both service members and civilians with pandemic response
- Improving access and quality
- Significant stimulus from CARES Act (2020)

Our strategy

- Build upon decades-long partnership with VA¹ and DoD²
- Partner on long-term innovation and transformative deals
- Differentiate with data, virtual care capabilities to drive standardization of care

Connecting care from bedside to community and home

- VA eICU deal (10-year, USD 100 mln), cornerstone of their virtual care strategy
- Co-development of innovations (e.g. ATLAS³)



Top Right: Vitor Rocha, Chief Market Leader Philips North America (left) with Robert Wilkie, Secretary of U.S. Veterans Affairs

1. The United States Department of Veterans Affairs 2. United States Department of Defense 3. Accessing Telehealth through Local Area Stations

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Continuing our growth journey in International Markets

Edwin Paalvast
Chief of International Markets
November 6, 2020

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Key takeaways

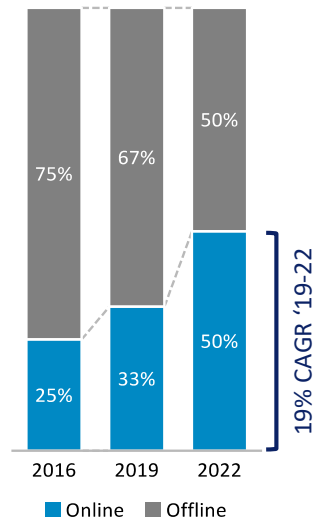
Continued market share growth, whilst expanding profitability, through:

- Better serving our customers and consumers by becoming a digital-first organization
- Strong growth in our core by transforming our approach to customers and consumers
- Pivoting to consultative customer partnerships and hospital-wide solutions, enabling value-based care
- Replicating and scaling innovation best practices in Healthcare Informatics
- Targeting to deliver **comparable sales growth of mid-single-digit**



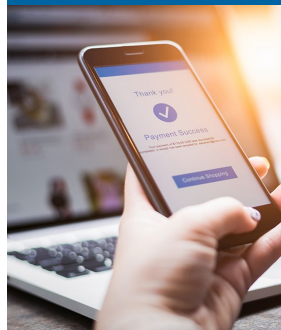
Driving digital-first in sales is key to growing Personal Health

Online sales as % of total sales,
Personal Health Int. Markets



Online market shares
~2% higher than offline

Offline to online



Stepping up digital
marketing and sales
capabilities and
investments

Direct online



Driving Direct-to-
Consumer sales, scale
healthcare e-comm

Innovation focus



Boosting digitally led
activation of key
innovations to create
consumer pull

Leverage our unique position, insights and capabilities
across the **entire** health continuum

Pivot to consultative customer partnerships and business models: hospital-wide solutions enabling value-based care



New South Wales Health, Australia

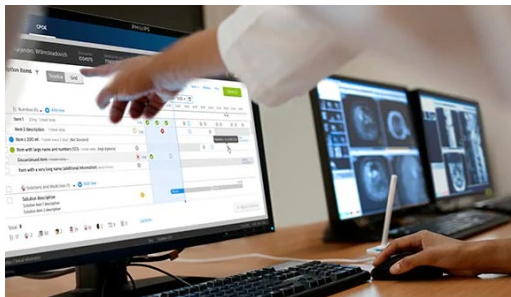
20-year strategic partnership
Managed equipment services across 9 sites
PerformanceBridge integration for predictive capability

Klinikum Stuttgart, Germany

10-year innovation partnership
State-of-the-art equipment delivering **clinical excellence**
Business model allows **flexibility and choice**

Replicating innovation best practices in Informatics enables rapid scaling across geographies

Recent successful partnerships driving innovation through scalable patient-centric solutions



Full-scope TASY EMR at Fundación Santa Fe de Bogotá, Colombia's leading medical institution



Enterprise diagnostic informatics solution¹ in Denmark supporting eHealth, telemedicine, increasing collaboration across 12 hospitals



First Tele-ICU implementation in Showa University Hospital, Japan, improving patient outcomes and staff productivity

Scaling our combined Informatics businesses to EUR 500 million by 2023

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