



# Diagnosis & Treatment

Creating value through  
diagnostic and procedural solutions

**Kees Wesdorp / Bert van Meurs**

Chief Business Leader Precision Diagnosis /  
Chief Business Leader Image Guided Therapy

November 6, 2020

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# Creating value through unique, market-leading portfolio of diagnostic and procedural solutions

## Precision Diagnosis



### Ultrasound

#1 Globally in cardiology,  
Top 2 player overall

EUR 1.7 billion sales



### Diagnostic Imaging

Top 3 Globally

EUR 3.2 billion sales



### Enterprise Diagnostic Informatics

#1 Radiology, Cardiology  
informatics in North  
America

EUR 0.6 billion sales

## Image Guided Therapy



### Image Guided Therapy Systems

# 1 Globally

EUR 1.8 billion sales



### Image Guided Therapy Devices

#1 Globally in IVUS  
and physiology

EUR 0.8 billion sales

Innovative diagnostic and procedural solutions powered by AI-enabled informatics

Solutions and recurring revenues ~45%

Average annual sales growth of 5-6%, reaching 15-17% Adjusted EBITA margin by 2025

# Precision Diagnosis

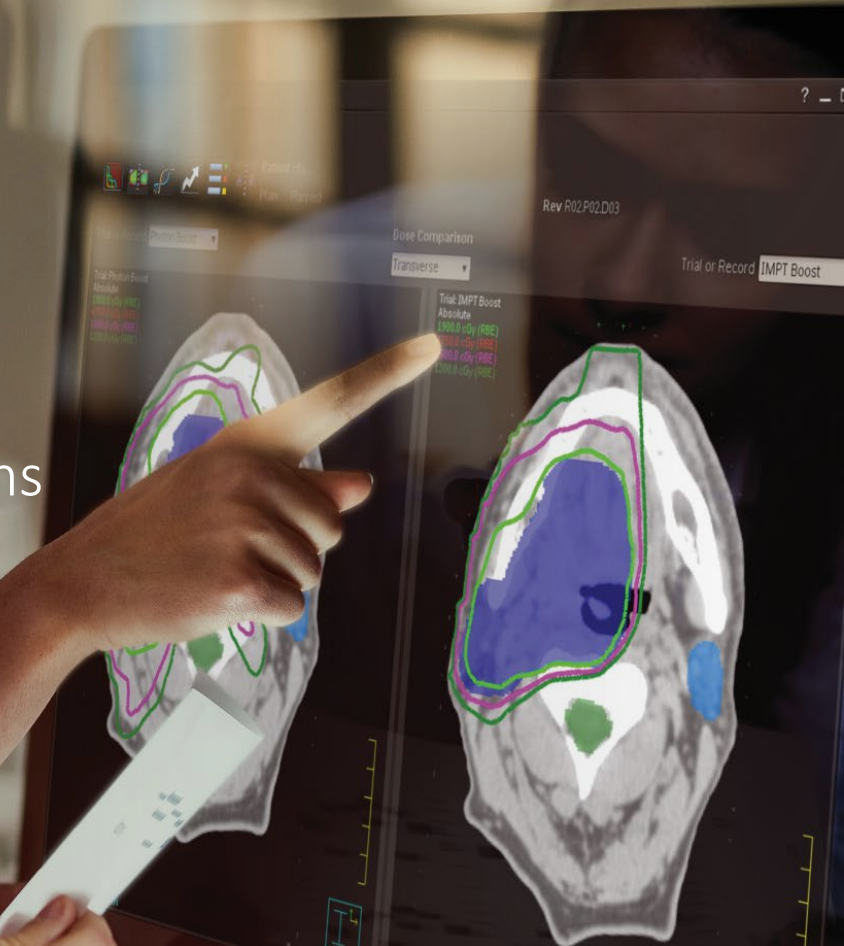
Accelerated growth through  
workflow and care pathway solutions

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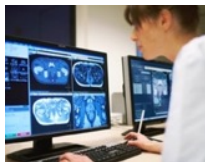
# Key takeaways - Precision Diagnosis

- We are uniquely positioned in the imaging systems and informatics market to grow in attractive adjacencies with differentiating workflow and care pathway solutions
- **We do this with solutions that deliver on the Quadruple Aim:**
  - Breakthrough innovations in our **smart diagnostic systems**
  - **Dynamic workflow solutions** that transform departmental operations
  - **Industry-leading informatics** to provide diagnostic confidence
  - Expanding in attractive adjacencies with **care pathway solutions**
- We continue to deliver market share gains and productivity improvements in our core imaging portfolio
- Average annual sales growth of mid-single-digits and an Adjusted EBITA margin of mid-teens by 2025



# Advancing precision diagnosis

Leading to clear care pathways with predictable outcomes for every patient



**Care pathways** – Orchestrating decision-making at every pivotal moment of the patient's care pathway



**Integrated diagnostics** – Generating comprehensive insights from imaging, monitoring, laboratory, genomics and longitudinal data



**Optimized workflows** – Connecting and integrating workflows to drive operational efficiency



**Smart diagnostic systems** – Supporting first-time-right diagnosis through clinically relevant and intelligent diagnostics

~EUR 24 bn

High-single-digit growth







~EUR 27 bn

Low-single-digit growth

# Uniquely positioned to grow in attractive adjacencies with differentiating workflow and care pathway solutions

## Innovative customer-centric solution suites<sup>1</sup>

## Vendor-agnostic, interoperable, and scalable platforms

	<b>Care pathways</b> <ul style="list-style-type: none"><li>• Integrated Command Center</li><li>• Integrated Cardiology</li><li>• Oncology Collaborator</li></ul>	
	<b>Integrated diagnostics</b> <ul style="list-style-type: none"><li>• Enterprise Imaging</li><li>• Tele Diagnostics</li><li>• Diagnostic Informatics</li></ul>	
	<b>Optimized workflows</b> <ul style="list-style-type: none"><li>• Radiology Workflow Suite</li><li>• One Services Portfolio</li></ul>	
	<b>Smart diagnostic systems</b> <ul style="list-style-type: none"><li>• Imaging Acquisition Suite</li><li>• Connected Ultrasound</li><li>• Imaging system platforms</li></ul>	<b>Cloud Services &amp; App Marketplace</b>

# Smart diagnostic systems: Growing core modalities with continued breakthrough AI-enabled innovations



## Ultrasound

Industry-leading, tailored applications and smarter imaging drive growth in the core and adjacencies



## Computed Tomography

Strong traction with our renewed comprehensive CT<sup>1</sup> portfolio and AI applications

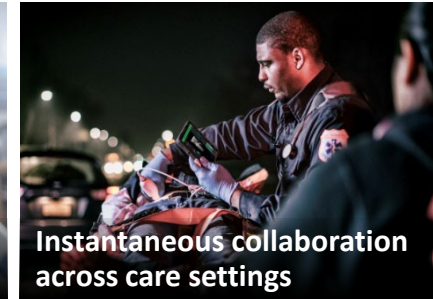
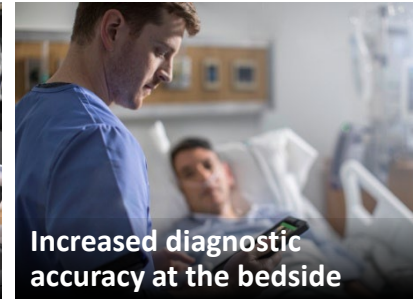
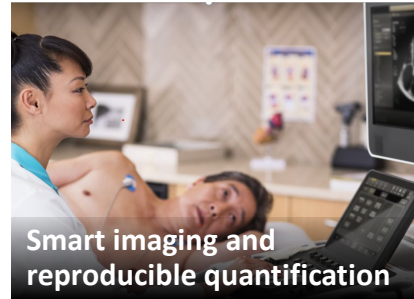
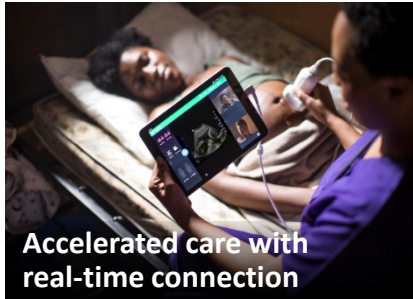


## Magnetic Resonance Imaging

Continued success with breakthrough innovations that deliver helium-free operations and 50% faster scanning<sup>2</sup>

60% renewed portfolio; deep integration with informatics and AI drive productivity, diagnostic confidence and intelligent workflows

# Optimized workflows: Expanding into new markets with collaboration platforms



## #1

World's first truly integrated tele-ultrasound<sup>1</sup>

## 80%

Reduction in time to measure for arrhythmia patients<sup>2</sup>

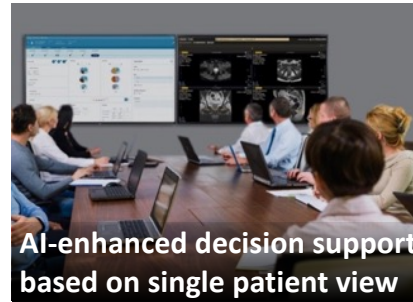
"Philips Lumify handheld ultrasound can be used anywhere for diagnostic purposes – ED, ICU, operating theater, battlefield, transportation, social care centers, or at home."<sup>3</sup>

1. Source: <https://www.itnonline.com/content/philips-expands-its-remote-clinical-collaboration-offering> Philips Expands its Remote Clinical Collaboration Offering - June 29, 2020

2. White paper: Automated transthoracic three-dimensional echocardiographic quantification of the left heart chambers; Diego Medvedofsky MD, et al.

3. Innovation story by Dr. Yanick Beaulieu, founder and creator of Reacts, to deliver the world's first integrated tele-ultrasound capability

# Integrated diagnostics: Growing core of differentiating, AI-enabled informatics to generate comprehensive patient insights



**99.99%**  
uptime guarantee<sup>1</sup>

**~9 billion**  
images under  
management<sup>2</sup>

“With Philips’ enterprise informatics offering we’re continuing to leverage innovative business models and partnership to empower our clinicians to deliver the best care possible through the use of technology.”<sup>4</sup>

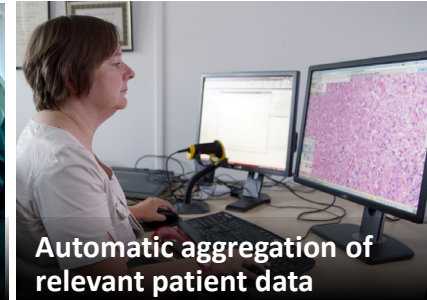
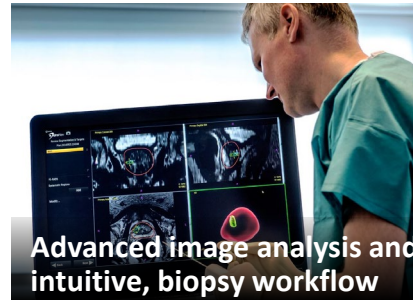
1. Philips company website: IntelliSpace Enterprise Edition brochure and service agreement

2. Philips global data for ISPAACS 2019 pre Carestream acquisition

3. Evaluation study performed at UZ Leuven by S. Kovacs, UZ Leuven, Belgium - 31% faster work with fewer mouse clicks; 77% time savings in the manual time to results

4. Michael Garcia, SVP and CIO, Jackson Health

# Care pathways: Expanding into attractive markets by orchestrating decision-making in the patient's care pathway



**~50%**

less preparation time for oncologists<sup>1</sup>

**~55%**

shorter time from referral to treatment<sup>2</sup>

“We decrease the patients’ time to treatment by 50% through automation and optimization, and as clinicians we can consistently treat every patient to the highest quality levels”<sup>3</sup>

1. Journal of Pathology Informatics, “A new software platform to improve multi-disciplinary tumor board workflows and user satisfaction: A pilot study,” July 2018

2. Referral to first treatment times at South West Wales Cancer Centre using IntelliSpace Radiation Oncology and Practice Management – projected results of time reduction from 32 to 14 days

3. <https://www.philips.co.uk/healthcare/education-resources/publications/hotspot/condensing-the-referral-to-first-fraction-workflow>




**PHILIPS**

Capital Markets Day

# Business Zoom: Industry-first vendor-agnostic Radiology Workflow Suite

**Sham Sokka**

Marketing Leader Precision Diagnosis

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# Optimized workflows: Simplified automated solutions, seamlessly integrated

## Philips Patient Management



**45%** Reduced no-show rate<sup>1</sup>

Up to  
**30%** workflow consolidation,  
consistent clinical  
outcome and quality  
enterprise-wide<sup>2</sup>



## Philips Radiology Operations Command Center

## Philips Operational Informatics



**15%** Increase in MR usage  
efficiency, resulting in  
**USD 799,000** additional  
annual revenue<sup>3</sup>

1. Richter JM, Ha JB, Marx M, Campbell EJ, Pandolfi MC. "A Digital Pre-procedure Instruction Program for Outpatient Colonoscopy." Telemedicine Journal and E-Health: the Official Journal of the American Telemedicine Association. 2019. 2. Based on one senior technologist running a scanner on site and two scanners remotely with the help of two junior technologist (average 50% less salary than senior technologist) 3. Philips Enterprise Operational Informatics Value calculator - results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.

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**PHILIPS**

Capital Markets Day

# Image Guided Therapy

Accelerating growth through  
integrated procedural solutions

**Bert van Meurs**

Chief Business Leader Image Guided Therapy

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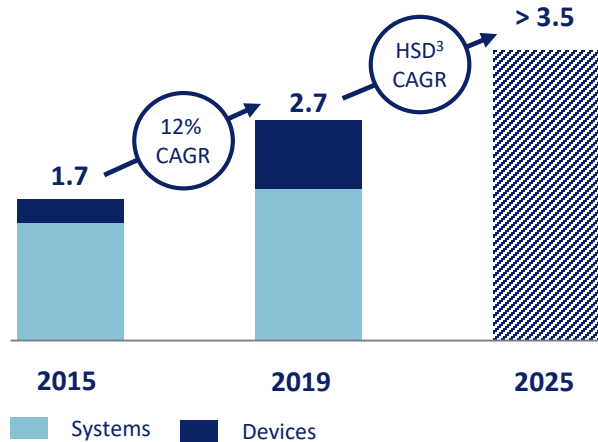
# Key takeaways - Image Guided Therapy

- Image-guided therapy is a **profitable high-growth market**
- We are successfully executing our strategy of **integrated procedural solutions**
- Strong growth trajectory based on unique **growth drivers**:
  - Accelerating synergy from **Devices business integration**
  - Continuous innovation of our **superior Azurion platform**
  - Expanding into **adjacent therapeutic areas**
  - **Innovative solutions** for multiple care settings and with new business models
- Average annual sales **growth of high-single-digit** and an Adjusted **EBITA margin of above 20%** by 2025



# Successfully executing our unique strategy of integrated procedural solutions

Sales (EUR billion)



Entry into Coronary and PV<sup>1</sup> devices 2015



Going deeper into PV<sup>1</sup> devices 2017



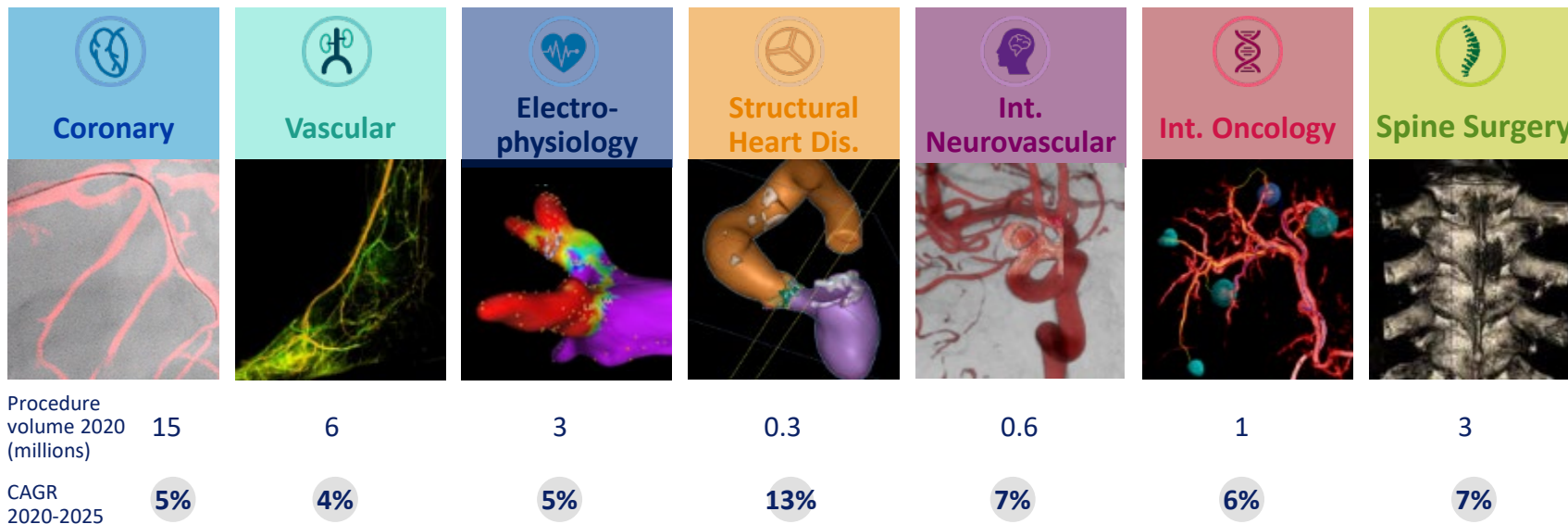
Entry into EP<sup>2</sup> mapping 2018



Going deeper into PV<sup>1</sup> therapy 2020

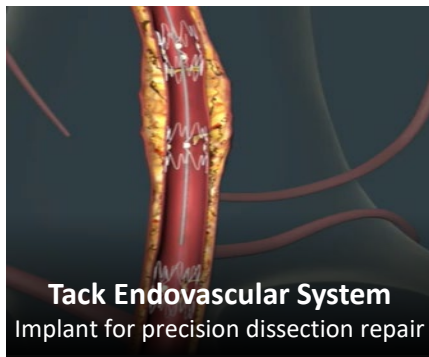
**Continue to expand leadership in Systems and drive double-digit growth in Devices; solid strategic foundation to return to strong growth and margin increase post-2020**

# Expanding our EUR 9 bn addressable market<sup>1</sup> & growing share



- Growing share in our core in Imaging and Devices
- Expanding into adjacencies through procedure innovation
- Market expansion with Therapeutic Devices

# Growing our Devices business through unique differentiation

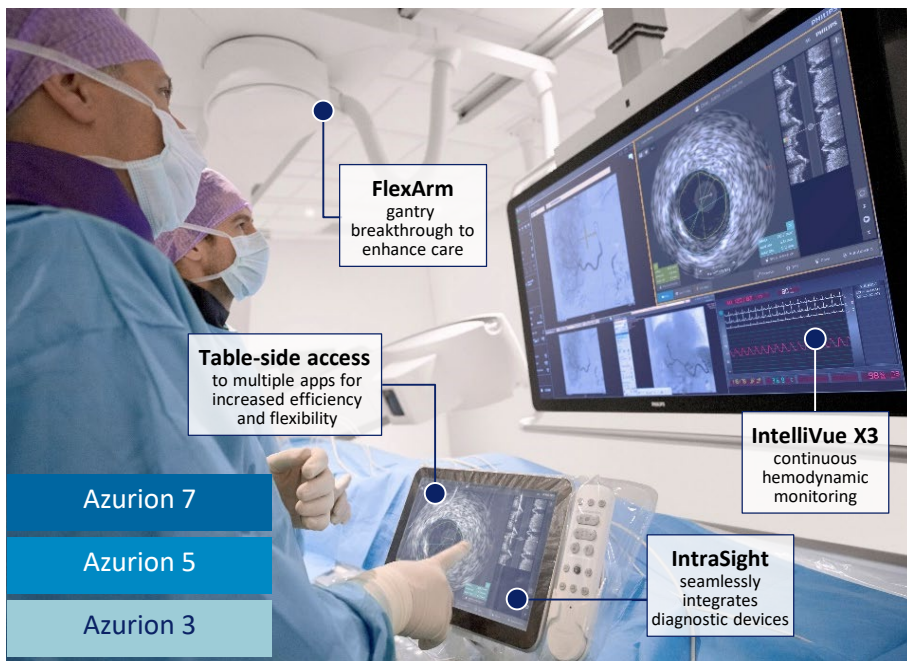


- Further strengthened leadership in Vascular Therapy through acquisition of **Intact Vascular** and first-of-a-kind **Tack System**
- Strong organic growth fueled by recent **world-first launches** of **IntraSight**, **OmniWire** and **QuickClear**
- Long-term clinical trials to gain **strong clinical and economic evidence** and drive adoption

“I have been very impressed with the handling of OmniWire. I was able to perform the whole procedure working over OmniWire.”

**Dr Jasvinder Singh, Barnes Jewish Hospital, St. Louis, US**

# Continuous innovation of our superior Azurion platform



- Azurion drives share gains with proven workflow efficiency and clinical excellence
  - 17% reduction in procedure time<sup>1</sup>
  - FlexArm offers more freedom with a smaller footprint
  - Configurable solutions from value to high-end
- **Next Generation Azurion** for optimal user experience
  - **IntraSight**, integrated IVUS and physiology
  - **IntelliVue X3**, continuous hemodynamic monitoring solution for uninterrupted workflow
  - **SmartCT<sup>2</sup>**, novel 3D imaging solution from table-side

1. Results obtained by Interventional Vascular Department at St. Antonius Hospital, NL from Azurion workflow study and verified by independent 3rd party (North American Science Associates, Ltd)

2. 510K pending in the US

# Strong growth opportunities in adjacent therapeutic areas

## Atrial fibrillation



33 million people worldwide suffer from atrial fibrillation (AF)

Up to 40% of AF ablations must be redone after 1 year

- **KODEX-EPD: dielectric imaging** to innovate **atrial fibrillation** treatment
  - Simpler navigation and treatment, lower X-ray exposure
  - Assess treatment result, enhance procedure efficacy
- **Strong focus on cryoablation** in partnership with Medtronic
- Expanding into RF ablation<sup>1</sup>, with first-generation tissue lesion assessment features in 2021

“Using the KODEX-EPD imaging system’s ability to provide high-resolution imaging has allowed me to personalize my ablation approach in Medtronic cryoballoon procedures.”

**Dr Marcin Kowalski, Staten Island University Hospital, NY, US**

# Strong growth opportunities in adjacent therapeutic areas

## Lung cancer



Each year 1.7 million people worldwide die of lung cancer

Today, over 60% of patients are diagnosed at a late stage

- **Philips Azurion Lung Edition<sup>1</sup>** advanced 3D imaging and navigation platform designed for bronchoscopy
- Faster, minimally invasive **lung cancer diagnosis and treatment**, contributing to improved outcomes and reduced costs
- Enabling a **new customer group** to diagnose, stage and treat lung cancer patients during the same procedure

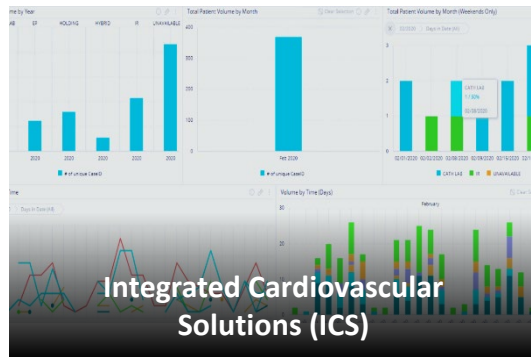
“We’re particularly excited about being able to diagnose patients, stage their cancer and treat them, all in a single procedure.”

**Dr Michael Pritchett, Pinehurst Medical Clinic, NC, US**

# Shaping the market with new business models across care settings



- **Leadership in PV<sup>1</sup>** in USA, with ~50% share in new OBLs
- **Expansion into PCI<sup>2</sup>** on the back of new reimbursement models/bundles
- Well positioned to address COVID-19-induced **ASC growth**



- Professional services to enhance **lab performance and productivity**
- Partnership with Leeds Teaching Hospitals NHS Trust (UK) to set new standards for specialist integrated cardiac care



- Supporting customers through **technology as a service**
- Long-term partnership with Inspira Health to transform patient care for residents of New Jersey, US

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