Diagnosis & Treatment
Creating value through diagnostic and procedural solutions

Kees Wesdorp / Bert van Meurs
Chief Business Leader Precision Diagnosis /
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November 6, 2020
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

Kees Wesdorp
Chief Business Leader Precision Diagnosis
November 6, 2020

innovation + you
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

- Care pathways
  - Integrated Command Center
  - Integrated Cardiology
  - Oncology Collaborator

- Integrated diagnostics
  - Enterprise Imaging
  - Tele Diagnostics
  - Diagnostic Informatics

- Optimized workflows
  - Radiology Workflow Suite
  - One Services Portfolio

- Smart diagnostic systems
  - Imaging Acquisition Suite
  - Connected Ultrasound
  - Imaging system platforms

Vendor-agnostic, interoperable, and scalable platforms

- Orchestration & AI engines
- Cloud Services & App Marketplace

1. Not exhaustive, source: Philips market analysis and forecasting 2020
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\(^1\) portfolio and AI applications

Magnetic Resonance Imaging
Continued success with breakthrough innovations that deliver helium-free operations and 50% faster scanning\(^2\)

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

1. Philips company website – Spectral CT Learning Center. 2. Source: Philips company website - Compressed Sensed whitepaper
Optimized workflows: Expanding into new markets with collaboration platforms

Accelerated care with real-time connection

Smart imaging and reproducible quantification

Increased diagnostic accuracy at the bedside

Instantaneous collaboration across care settings

#1

World’s first truly integrated tele-ultrasound

80%

Reduction in time to measure for arrhythmia patients

“Philips Lumify handheld ultrasound can be used anywhere for diagnostic purposes – ED, ICU, operating theater, battlefield, transportation, social care centers, or at home.”

1. Source: https://www.itnonline.com/content/philips-expands-its-remote-clinical-collaboration-offeringPhilips 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

"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.”

Seamless interoperability – robust security
Intuitive and easy to work – less clicks, less time³
AI-enhanced decision support based on single patient view
Telediagnostic Management Services

99.99% uptime guarantee¹
~9 billion images under management²

¹. Philips company website: IntelliSpace Enterprise Edition brochure and service agreement
². Philips global data for ISPACS 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 oncologists¹
~55% shorter time from referral to treatment²

“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”³

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

Sham Sokka
Marketing Leader Precision Diagnosis
Optimized workflows: Simplified automated solutions, seamlessly integrated

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 technologists (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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• Average annual sales growth of mid-single-digits and an Adjusted EBITA margin of mid-teens by 2025
Image Guided Therapy
Accelerating growth through integrated procedural solutions

Bert van Meurs
Chief Business Leader Image Guided Therapy
November 6, 2020
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

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\(^1\) & growing share

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

\(^1\) Our existing addressable market, excludes addressable adjacencies of ~EUR 3-5 bn
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 Jasvindar 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\(^1\)
  - 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\(^2\), novel 3D imaging solution from table-side

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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\(^1\), 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\(^1\) 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

\(^1\) Only available in the US
Shaping the market with new business models across care settings

- **Leadership in PV¹** in USA, with ~50% share in new OBLs
- **Expansion into PCI²** on the back of new reimbursement models/bundles
- Well positioned to address COVID-19-induced ASC growth

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Office-Based Labs (OBLs) and Ambulatory Surgery Centers (ASCs) solutions

**Integrated Cardiovascular Solutions (ICS)**

- 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

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Long-term Strategic Partnerships (LSP)

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

¹ Peripheral vascular procedures; ² Percutaneous coronary intervention
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• Average annual sales **growth of high-single-digit** and an **Adjusted EBITA margin of above 20%** by 2025