Philips Healthcare overview

Steve Rusckowski
CEO Philips Healthcare
Executive summary

Exited 2010 with solid growth and strengthened operational performance as promised
- Grew faster than our markets, gaining market share
- Maintained focus on strategic areas of growth
- Improved margins through operational excellence programs
- Integrated acquisitions to plan

Entered 2011 ready for accelerated growth
- Delivered fifth consecutive quarter of comparable sales growth in Q1
- Maintain strategic focus on building a strong portfolio to accelerate growth
- Energize customer centricity to further drive growth

Positioned well long-term as global healthcare needs increase
- Care cycle approach
  - Better patient outcomes
  - Reduced healthcare system costs
- Increasing global demand for greater health care access
# Depth and reach of Philips Healthcare

*What we do. Where we are.*

<table>
<thead>
<tr>
<th>Businesses¹</th>
<th>Sales &amp; services geographies¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems</td>
<td>North America</td>
</tr>
<tr>
<td>Patient Care and Clinical Informatics</td>
<td>International</td>
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<tr>
<td>Home Healthcare Solutions</td>
<td>Growth Geographies</td>
</tr>
<tr>
<td>Customer Services</td>
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</table>

| 38% | 22% | 14% | 26% |
| 45% | 35% | 20% |

- **€8.6 Billion** sales in 2010
- **35,000+** People employed worldwide in 100 countries
- **8%** of sales invested in R&D in 2010
- **450+** Products & services offered in over 100 countries

1) Last twelve months March 2011
Our strategy is clear and consistent
People Focused. Healthcare Simplified.

People focused
Cardio-pulmonary • Oncology • Women’s Health

Care cycle driven
Prevention • Screening • Diagnosis • Treatment • Management • Surveillance

Care anywhere
Ambulance • Hospital • Home • Out-patient settings

Meaningful innovation
Imaging • Monitoring • Healthcare Informatics • Selective Therapeutics • Targeted Diagnostics • Services
Our markets are returning to pre-recession performance

United States
- Low single-digit growth expected in 2011
- Economic recovery and pent up demand for equipment, software, and services
- Demographics and universal access support growth

International
- Flat to modest growth expected in 2011
- Softening market conditions in Southwest Europe
- Headwinds from Japan tragedy possible

Growth Geographies
- Double-digit growth expected in 2011, driven by China, India and Russia
- Increased demand for value products & solutions
- Continued governmental investment in building and improving health care systems

Global Market Size € 28B in 2010
Global Market Growth - 4 to 5%
including equipment, software, home health care, and services
Our focus remains on three performance objectives

<table>
<thead>
<tr>
<th>Focus Areas</th>
<th>Initiatives</th>
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</table>
| Accelerate Growth               | 1. Increase presence in growth geographies  
                                 | 2. Expand mid / low-end product offering  
                                 | 3. Increase sales to home healthcare  
                                 | 4. Drive growth in healthcare informatics  
                                 | 5. Energize customer centricity |
| Increase Margins                | 1. Expand low cost country sourcing  
                                 | 2. Improve product reliability costs  
                                 | 3. Increase service productivity / effectiveness  
                                 | 4. Optimize market approach  
                                 | 5. Improve quote to cash |
| Delivering value on Acquisitions| 1. Deliver value from existing acquisitions  
                                 | 2. Pursue new acquisitions in strategic areas |
Our focus remains on three performance objectives

*With progress accelerating with market recovery*

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<th>Focus Areas</th>
<th>Progress in 2010</th>
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<tr>
<td><strong>Accelerate Growth</strong></td>
<td>Building a portfolio that will allow us to grow faster than our markets</td>
</tr>
<tr>
<td></td>
<td>✓ Recorded high single-digit order growth</td>
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<td></td>
<td>✓ Delivered mid single-digit comparable sales growth</td>
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<td>✓ Gained 50 basis points equipment market share(^1)</td>
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<tr>
<td><strong>Increase Margins</strong></td>
<td>Expanding margins through operational improvements, fixed cost reduction, and pro-active cost management</td>
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<tr>
<td></td>
<td>✓ Significant adjusted EBITA improvement, approaching 15%</td>
</tr>
<tr>
<td>** Delivering value on Acquisitions**</td>
<td>Delivering value from acquisitions</td>
</tr>
<tr>
<td></td>
<td>✓ Integrating and driving over 23 acquisitions over the last four years</td>
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<tr>
<td></td>
<td>✓ Delivering on promised ROIC improvement</td>
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\(^1\) excluding service and Home Healthcare
We have achieved solid organic growth

*Growth of 2006 Philips Healthcare portfolio*

- Consistent portfolio analysis excluding service, Respironics, and Home Healthcare as described at the 2009 Capital Markets Day

- Market growth recovering in 2010, up 7% over 2009 for this market segment

- Philips organic share growth continuing to rise, up nearly 2 points since 2006 for this market segment
Energized customer centricity will further accelerate growth

Global innovation leverages strength for traditional markets
- Renewing radiology imaging portfolio
- Expanding patient monitoring leadership in growth geographies
- Growing home healthcare outside the United States

Local innovation accelerates portfolio expansion for local and global markets
- Acquired and organically built Chinese operations to form the platform for our global mid to low-end products
- Expanding R&D presence in India and Brazil
- Global approach to clinical research

Value delivery matches organization and investment to market opportunity
- Increasingly granular approach to meeting the needs of our customers
- Customized service delivery and service portfolio expansion are strategic differentiators

Committed to improving Net Promoter Score (NPS) in key Business Market Combinations
Our portfolio is strong, our reach is global

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<tr>
<th></th>
<th>United States</th>
<th>Western Europe</th>
<th>China</th>
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<tbody>
<tr>
<td>Interventional X-Ray</td>
<td>45%</td>
<td>35%</td>
<td></td>
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<tr>
<td>Diagnostic X-Ray CT</td>
<td>38%</td>
<td>22%</td>
<td>India</td>
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<tr>
<td>MR</td>
<td>14%</td>
<td>14%</td>
<td>Latin America</td>
</tr>
<tr>
<td>SPECT/CT PET/CT Ultrasound Women’s health</td>
<td>26%</td>
<td>20%</td>
<td>Russia</td>
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<tr>
<td>Patient monitoring Clinical informatics Cardiac resuscitation ECG solutions Ventilation</td>
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<td></td>
<td>Eastern Europe</td>
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<tr>
<td>Sleep disordered breathing Respiratory care Home monitoring</td>
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<td>Middle East</td>
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<tr>
<td>Site planning and project management Ambient experience Education Performance services Maintenance</td>
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<td>Africa</td>
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<td>Asean</td>
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¹) Last twelve months March 2011
Philips Healthcare organization

CEO
Steve Rusckowski

Businesses
- Imaging Systems
  Gene Saragnese
- Patient Care and Clinical Informatics
  Deborah DiSanzo
- Home Healthcare Solutions
  Brent Shafer
- Customer Services
  Greg Sebasky

Functions
- CFO
  Ingo Bank
- CMO/Strategy
  Kristina Isakovich
- Chief Medical Officer
  Eric Silfen, M.D.
- Legal
  Clement Revetti

- Operations
  John Haydon
- CTO
  Diego Olego
- Human Resources
  Dana Stocks
- Quality & Regulatory
  Jim Vetricek

Geographies
- North America
  Steve Laczynski
- International
  Kevin Haydon
- Emerging Markets
  Ronald de Jong

Design
Sean Hughes

Today’s speakers
Q&A

Steve Rusckowski