Delivering value in Personal Health

Pieter Nota
Chief Business Leader Personal Health and CMO
Key takeaways

• **Personal Health** plays an important role on the health continuum, delivering integrated, connected solutions supporting healthier lifestyles and living with chronic disease.

• Continued **strong growth** and **margin expansion** are driven by:
  – Innovation at the **forefront of Digital Health**, based on **deep consumer insights**
  – Value propositions leveraging **consumer data**, unlocking **recurring revenue streams**
  – High-impact **consumer marketing** programs
  – **Geographical expansion** with proven propositions

• We consistently drive **above market growth** and we are stepping up profitability towards the high-teens, building on a strong track record.
Personal Health plays an important role on the health continuum
Delivering integrated, connected solutions supporting healthier lifestyles and living with chronic disease

**Healthy living**

**Personal Care**
Advanced appliances that help consumers with personal hygiene to look and feel their best

**Health & Wellness**
Providing innovative solutions for oral hygiene and improving the health and happiness of mother and baby

**Domestic Appliances**
Supporting people to live a healthy life in a healthy home environment

**Prevention**

**Sleep & Respiratory Care**
Providing solutions for individuals to live healthier at home and work together with their care providers to manage their sleep and respiratory conditions

**Diagnosis**

**Treatment**

**Home care**
Our winning value creation strategy in Personal Health

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**Improve**
Continuous operational improvement through Accelerate!
- DfX program
- Overhead cost reduction
- Manufacturing footprint
- Continuous strong focus on improving Quality and reducing Cost-of-non-Quality

**Grow**
Drive growth, mix and gain scale
- Category leadership through innovation and customer intimacy
- Gain scale through geographical expansion with proven propositions
- Mix and pricing power, enabled by strong Consumer Ratings & Reviews

**Build**
Leveraging consumer data, unlocking recurring revenue
- Direct-to-Consumer programs / Consumer Relationship Management unlock recurring revenue streams
- Launching wide-range of connected personalized Health solutions, leveraging Philips Health Suite Digital Platform

### Comparable Sales Growth % per quarter for Personal Health Businesses

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<th>1Q14</th>
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### Adj. EBITA as % of sales (LTM) for Personal Health Businesses

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Innovation drives strong growth and margin expansion
At the forefront of Digital Health, based on deep consumer insights

Oral Health:
Philips Sonicare Connected toothbrush
- **Innovation**
  - Unique smart sensor technology built into toothbrush
  - Users receive personalized step-by-step coaching and feedback
  - Direct consumer engagement, unlocking recurring revenue streams
- **High-impact consumer marketing**
  - We are expanding our geographical presence in Oral Healthcare successfully, increasing our global market share (a.o. in China)

Oral Healthcare has delivered 8 consecutive quarters of double-digit growth
Innovation drives strong growth and margin expansion
At the forefront of Digital Health, based on deep consumer insights

Sleep:
Philips Dream Family – total sleep solution
Consists of DreamWear mask, DreamStation therapy device and DreamMapper patient engagement app
• Innovation
  – Connectivity keeps patients engaged with their therapy and linked to their care teams
  – Superior comfort and wearability supports compliance
• High-impact consumer marketing
  – Regaining market share, leveraging direct consumer engagement and unlocking recurring revenue streams

4 million consumers already connected today
Innovation drives strong growth and margin expansion
Enabled by high-impact consumer marketing programs, based on deep consumer insights

Male Grooming: Philips OneBlade

- **Innovation**
  - Targets millennial guys experimenting with facial hairstyles
  - Shaves any length of hair in one stroke
  - Patented technology
  - Establishes a new consumable category

- **High-impact consumer marketing**
  - Successful launch in North America, DACH, France and UK (4.3 out of 5 stars at Amazon)
  - Geographical expansion will drive further growth in 2017 and beyond
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