

Diagnosis & Treatment Performance roadmap

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Chief Business Leader Diagnosis & Treatment

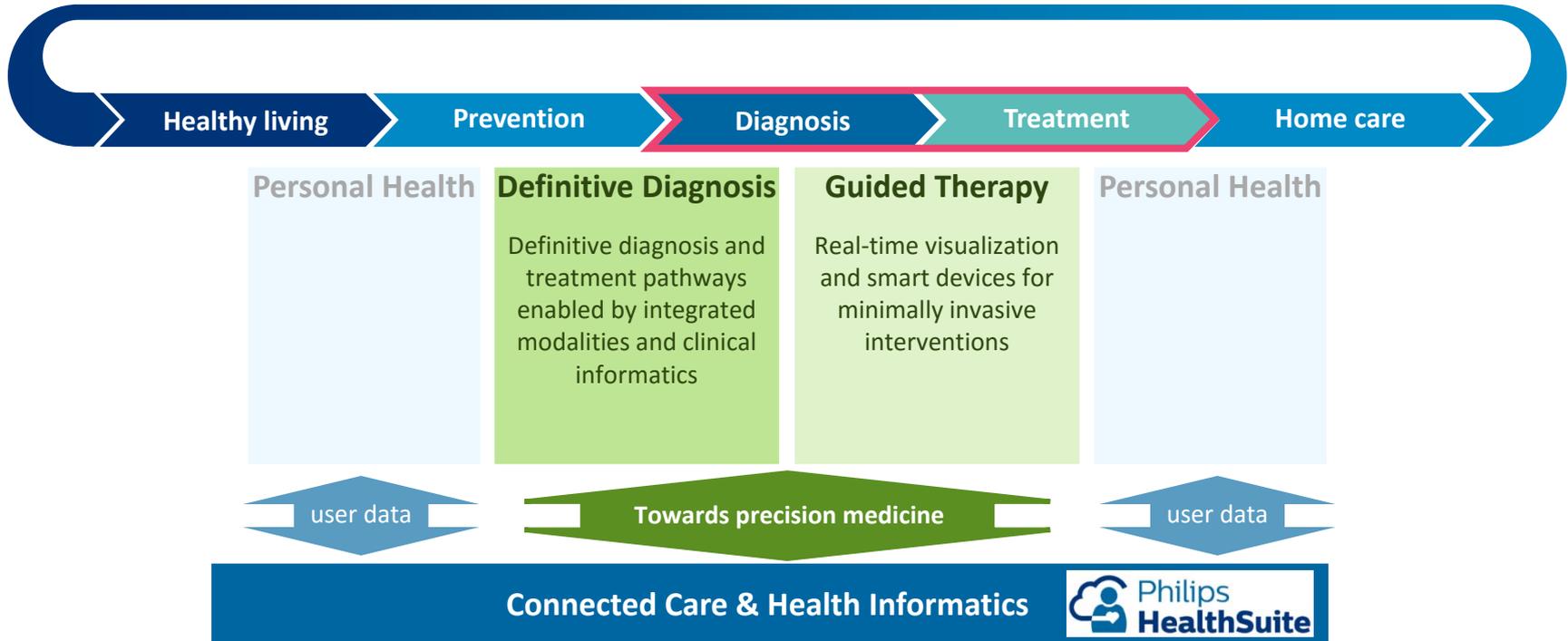


Key takeaways

- **Definitive Diagnosis and Guided Therapy** are foundational to precision medicine and critical to our HealthTech strategy
- Our plan is to grow market share and profitability by
 - Improving **business fundamentals in Diagnostic Imaging**, full CT portfolio shipping from Cleveland
 - Leveraging **successful Volcano integration** and drive **expansion into devices for treatment**
 - Addressing **underpenetrated adjacencies** in General Imaging and OB/GYN in **Ultrasound**
- We aim to deliver **above market growth** while driving **profitability into the teens**

Diagnosis & Treatment at the heart of the health continuum

Enabling first-time right diagnosis, precision interventions and therapy



Key characteristics¹ of Diagnosis & Treatment businesses

Diagnosis & Treatment businesses

Image-Guided Therapy



- Systems, fixed and mobile
- Smart devices

Ultrasound



- Cart based systems
- Portable systems

Diagnostic Imaging



- Magnetic Resonance Imaging
- Computed Tomography
- Diagnostic X-Ray
- Advanced Molecular Imaging

EUR 6.6 billion

Sales in equipment and services

~9%

Adjusted EBITA margin

315K

Systems installed base

~9%

of sales invested in R&D

Compelling progress in 2016



- **Substantial operational improvements in Diagnostic Imaging**
 - Cleveland up and running - full portfolio of CT products shipping
 - Complete and on-time shipments at the highest point in 3 years
 - Gross Margin up ~400 bps in 2016
 - Footprint: close 5 manufacturing sites in 2 years, to be completed by end of 2016
 - Supply base: >20% reduction of CT/AMI supplier base by end of 2016
- **Strong growth and profitability in Image-Guided Therapy**
 - Successful integration of Volcano, synergies ahead of plan
- **Ultrasound investing in adjacencies while maintaining profitability**
 - Revolutionizing point-of-care Ultrasound with Lumify solution

Value creation strategy in Diagnosis & Treatment assures continued growth and margin improvement



Diagnostic Imaging driving further performance improvements

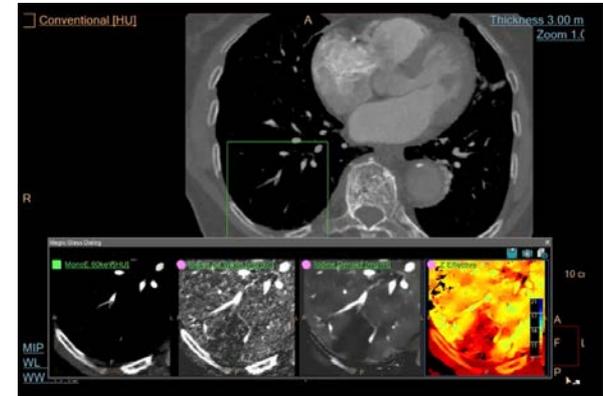
- **Product portfolio advances**
 - Unique digital solutions (e.g. Ingenia, Vereos, IQon)
 - Disease specific applications combined with user centric design
 - Emphasis on workflow and connectivity
- **Increased focus on oncology solutions**
 - MR-guided radiation therapy in partnership with Elekta
 - Treatment planning with CT and MR simulation
- **Continued operational improvements**
 - Product and software quality improvements, leveraging Philips Excellence
 - Industrial footprint consolidation
- **Dedicated market programs**
 - Focused initiatives to step up market share in North America and China, which account for ~40% of our global revenue



Re-establishing our brand in CT

IQon Spectral CT - a unique product for tissue characterization

- The world's first and only spectral CT solution delivering valuable clinical insights
 - Improved tissue characterization and visualization for accurate disease management
 - Spectral results 100% of the time, in one scan
 - For the most challenging cases, routinely
- Fully integrated with current workflow, from scanner to PACS



“It really changed our diagnosis in emergency patients”

“We saw that we found Pulmonary Embolisms we didn't see on conventional CT. With Spectral CT it was possible to detect very subtle clots within the peripheral arteries. So it changed really the diagnosis.”

– Professor Emmanuel Coche, Professor of Radiology
Cliniques universitaires Saint-Luc, Belgium

Broadening our Neuro solutions in MR Imaging

- Rise of neurological disorders as a result of ageing population
- Advanced diagnostics are a critical part of treatment protocol
- MR is the tool of choice for diagnosis of neurological disorders
- Philips has a unique offering. Novel imaging and visualization strategies that:
 - Help answer complex clinical questions
 - Provide patient-friendly solutions

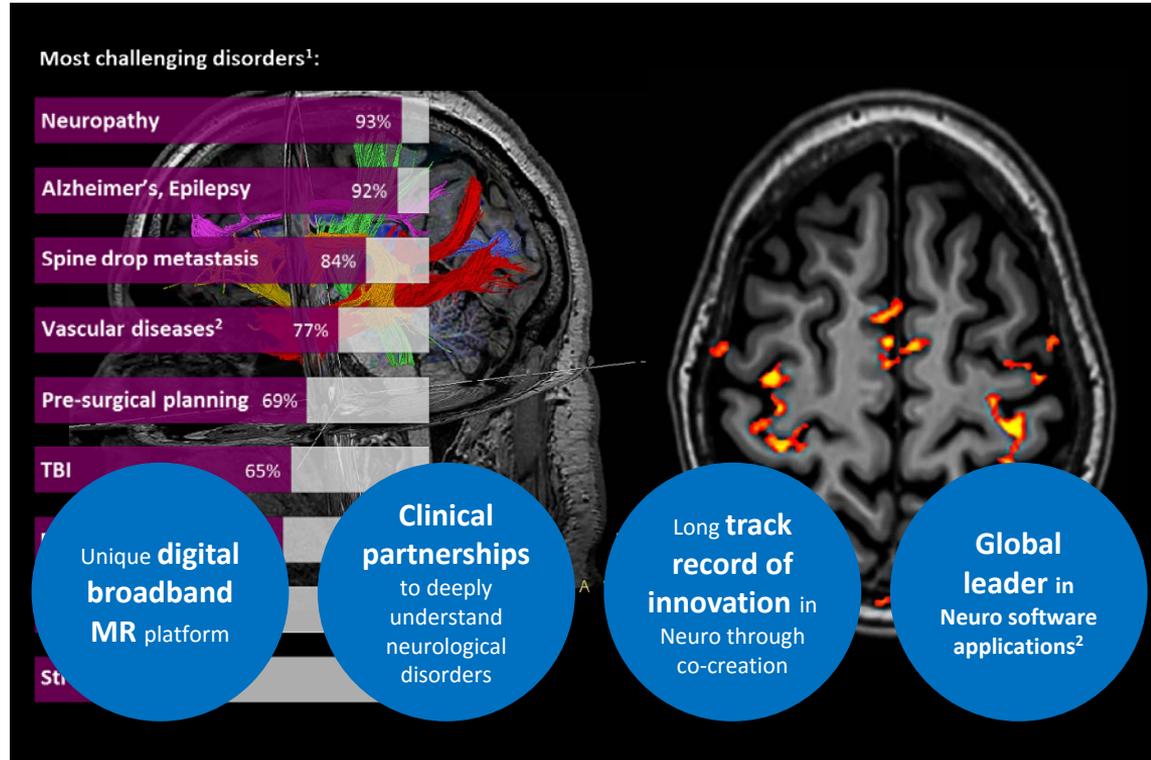
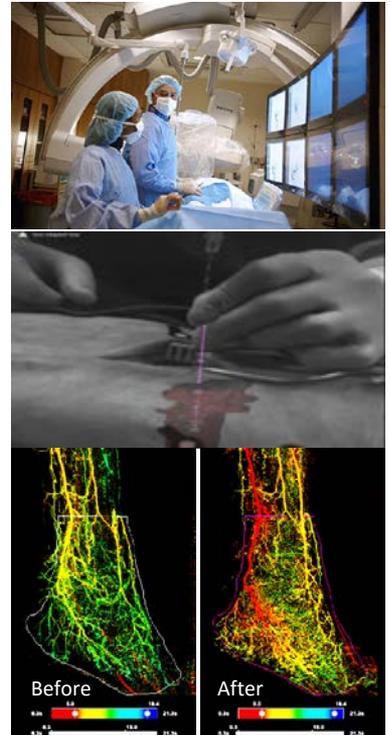


Image-Guided Therapy continued leadership and expansion

- **Continued leadership in profitable core business**
 - #1 position in Cathlab systems and in-body imaging
 - Innovation to enable procedure efficiency
 - System integration, leveraging the power of multiple modalities for diagnostics and procedure guidance
- **Solutions and new business models**
 - Suites of systems, smart devices, software and services
 - Integrated solutions including consultancy services
 - Office Based Labs – access to adjacent market
- **Innovation fuels expansion into new markets**
 - Navigation technologies for spine surgery
 - Enabled by new 3D image-guidance technologies
- **Expanding into therapy**
 - Treatment enhancement for patients with Peripheral Vascular Disease



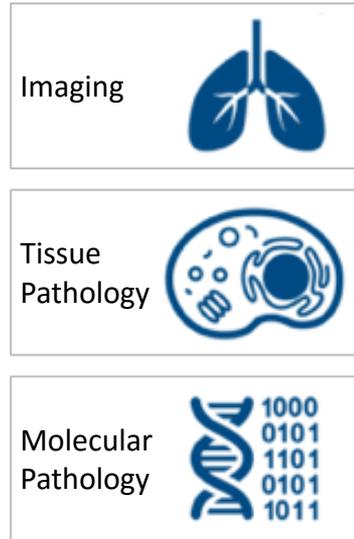
Ultrasound growth in adjacencies, maintaining strong profitability

- **Maintain leadership in Cardiology**
 - #1 in Cardiac Ultrasound and Service
 - Lead with Image Quality and disease specific applications (e.g. Heart model)
- **Expand into adjacencies**
 - Grow in General Imaging
 - Dedicated solutions for OB/GYN
 - Point-of-care setting
- **Breakthrough innovation, targeting new business models**
 - Lumify ultra-mobile
 - Drive penetration in new user segments
- **Catheter-based imaging to strengthen minimally invasive offering**
 - Embedded in smart devices (e.g. IVUS, TEE)

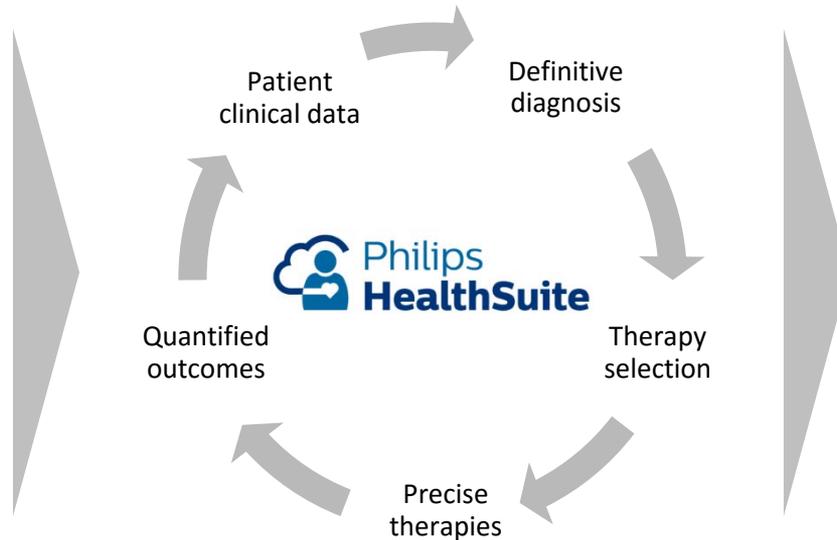


Combining digital imaging and clinical informatics to deliver on the promise of precision health

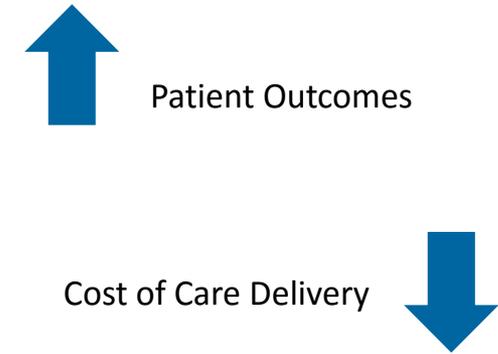
Clinical Data



Precision Informatics



Population Health



Precision treatment selection enables clinicians to provide the **right treatment** to the **right patient** at the **right time** improving outcomes, and ultimately lowering the cost of healthcare delivery



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