Digital leadership and accelerating profitable growth in Connected Care & Health Informatics

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Chief Business Leader Connected Care & Health Informatics
Key takeaways

- **Connected Care & Health Informatics** play a critical role in growing our solutions across the health continuum.

- **Strong, differentiating value proposition for value-based care** by:
  - Enabling superior data-driven clinical decisions
  - Improving staff and equipment productivity
  - Better patient outcomes and engagement

- **Growing with exciting new product** introductions and market capabilities

- Target to deliver **mid- to high-single-digit growth** and stepping up **profitability to 14-16%** by 2020, leveraging leadership positions and scaling our informatics business.
We support our customer’s journey towards value-based care

Asks of a Chief Medical Officer

- As a CMO, I’m passionate about clinical outcomes
- For my staff, it’s all about patient safety, and better workflow
- Systems need to be secure, connected and interoperable
- We have to move our patients out of ICU faster
- Homecare is great, I want to stay in contact with patients

Our solutions

- Superior data-driven clinical analytics
- Improved workflow and productivity
- IT enterprise solutions
- Monitoring and Ventilation for ICU, general ward, nursing facilities and home health
- Population Health Management
CC&HI connecting patients across the Health Continuum
Informatics already accounts for more than 80% of CC&HI sales

- **Healthy living**
- **Prevention**
- **Diagnosis**
- **Treatment**
- **Home care**

**Patient Care & Monitoring Solutions**
77% of sales, EUR 2.5 billion
Global leader in Patient Monitoring, Non-invasive ventilation & AEDs

**Healthcare Informatics**
16% of sales, EUR 0.5 billion
#1 Global leader in Cardiology Informatics
#1 in the US for Radiology

**Population Health Management**
7% of sales, EUR 0.2 billion
#1 Home Care in the US
Top rated Wellcentive

Note: Leadership position refers to #1 or #2 position in Philips addressable market. % of sales on the last twelve months basis Q3 2017
Proven success to deliver clinical and economical value

- Enabling efficient data-driven clinical decisions
- Better patient outcome & engagement
- Improving staff and solution productivity

**Solutions approach**

**Proven healthcare expertise**

**Digital innovation**

- **Lakeland Health**: 56% Reduction in cardiac and respiratory arrests
- **Ysbyty Gwynedd**: 35% Reduction of severe adverse events
- **Emory**: USD 4.6m Medicare spending saved over 15 months
**Exciting new product introductions in 2017/18 further accelerating growth**

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<th><strong>Healthcare Informatics</strong></th>
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<td>Connected Biosensor</td>
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<td>Camera-based Contactless Monitor</td>
<td>High Flow Non-Invasive Ventilation Therapy</td>
<td>Population Management Outcomes Manager</td>
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Investment in Clinical Analytics is paying off
Double-digit growth by moving continuous monitoring beyond ICU

Customer benefits
✓ Improved mortality rate
✓ Better clinical outcomes
✓ Reduced length of stay
✓ Reduced costs by preventing expensive ICU stays
✓ Superior staff and patient experience
✓ Full clinical network and EMR integration
Building an attractive Population Health Management business

<table>
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<tr>
<th>Our approach</th>
<th>Our position</th>
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| **Understand your population** | • Data aggregation and analytics  
                         | • Risk stratification  
                         | • Financial performance  |
| **Navigate care for patients** | • Care navigation  
                         | • Care gaps and pathways  
                         | • Care management and referrals  |
| **Activate patients** | • Patient engagement  
                         | • Provider activation  
                         | • Telehealth and Personal Emergency Response  
                         | • Medication management |

**Strong results at Banner Health**¹:
- 27% reduction in cost of care  
- 45% reduction in hospitalizations  
- 32% reduction in acute & long-term cost

KLAS ranked Philips **top Population Health Management vendor** for acting as a **long-term partner** to customers and meeting their evolving needs

Using Artificial Intelligence to improve clinical and economical outcome

Data efficiency
Boost workflow efficiency with Deep Learning and Machine Learning techniques to extract meaning from noisy data

Clinical insights
Monitor patterns and identify subtle changes in patient data more quickly, allowing earlier intervention and reduced length of stay
Growth and performance drivers in Connected Care & Health Informatics

**Focus on**

**Growth in core businesses**
- Leverage installed base for services and consumables sales
- Scale Healthcare Informatics
- Grow Software-as-a-Service proposition

**Growth in adjacencies**
- Expand Patient Monitoring to low-acuity settings
- Enter invasive ventilation
- Scale Population Health Management

**Customer and operational excellence**
- Enhancing Quality System Compliance
- Productivity programs
- Grow e-commerce channel

**2020 targets**

**Comparable sales growth**
- Mid- to high-single-digit

**Adj. EBITA**
- 14-16%
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