



# Scaling solutions in Sleep & Respiratory Care

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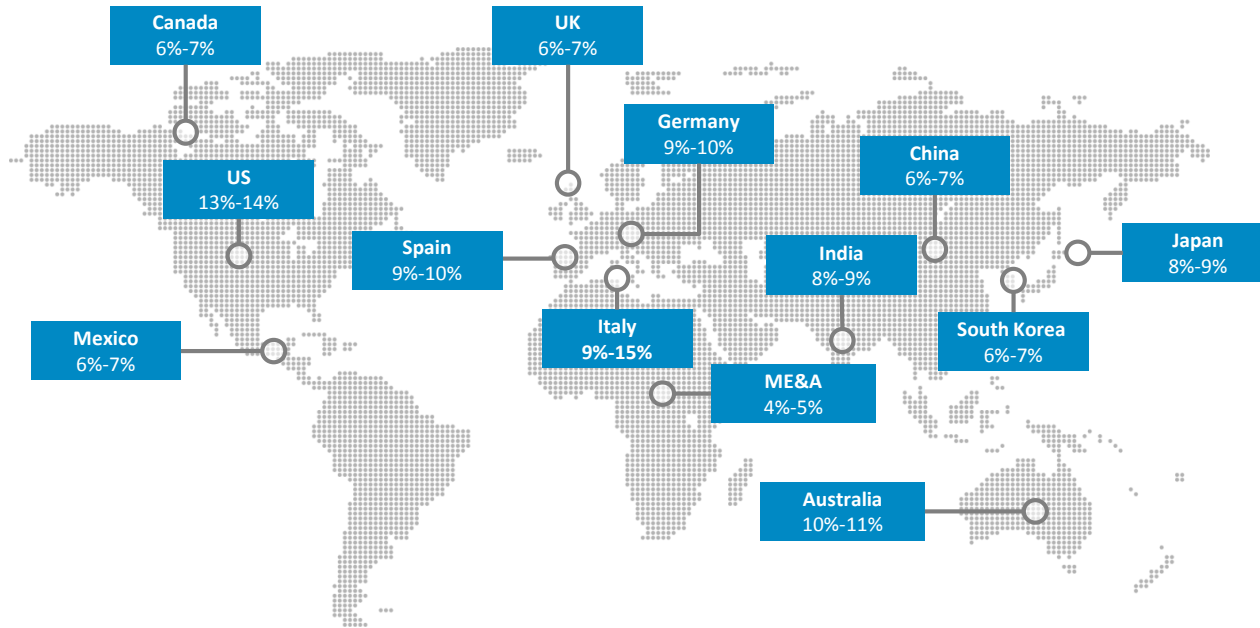
## Key takeaways

- Our **Sleep & Respiratory** business plays a **leading role** in the growing home care market
- We are **gaining share with proven innovations** for connected patient management solutions
- Continued **strong growth** and **margin expansion** are driven by:
  - Leveraging direct consumer engagement and **unlocking recurring revenue streams**
  - Innovation at the forefront of Digital Health, based on **deep patient and clinical insights**
  - Transformation from a device only into an **integrated connected solutions business**

# Leveraging leading positions in Sleep & Respiratory Care

>85% of patients suffering from Obstructive Sleep Apnea are not aware today<sup>1</sup>

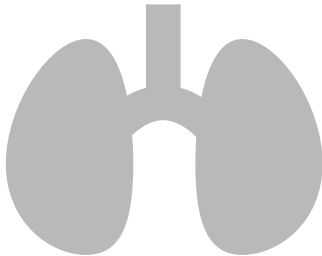
Current market prevalence<sup>2</sup>



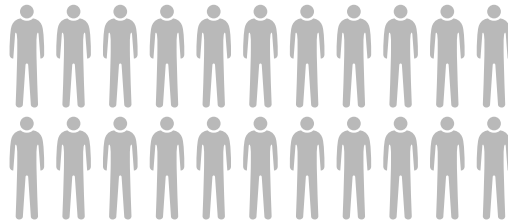
# Leveraging leading positions in Sleep & Respiratory Care

COPD is the 3rd cause of mortality<sup>1</sup>, 5% most severe patients drive 40-50% of costs

64 million people  
suffer from COPD<sup>2</sup>



4%-6% growth in  
prevalence<sup>3</sup>



**USD 7,500**

Avg. cost of hospital readmission  
within 30 days<sup>4</sup>



# Value-creation strategy – Philips sleep care model

Delivering value with an integrated solution that drives efficiencies and improved outcomes

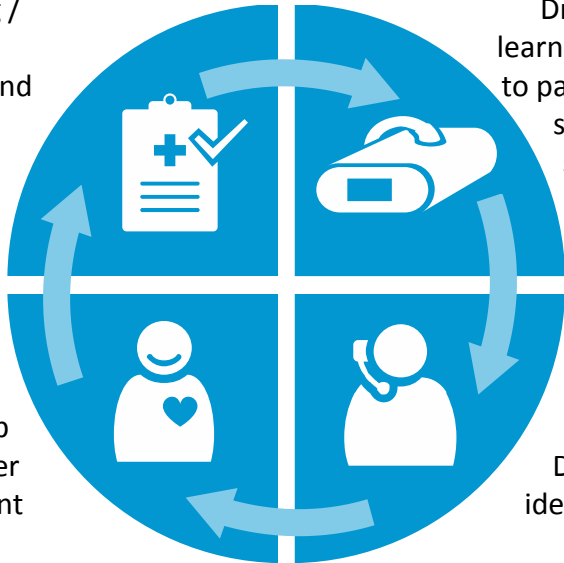


Insights from 2.3 billion nights of cloud-based data enables improving care pathways and services

# Philips' deep experience enabling optimized care models

Patient Management Service: Increases patient adherence rates and user satisfaction

Seamless sharing /  
user satisfaction  
with physicians and  
payers



Dream Station  
learns and adapts  
to patient needs/  
sends data to  
secure cloud

Data insights help  
providers and user  
monitor treatment  
compliance and  
satisfaction

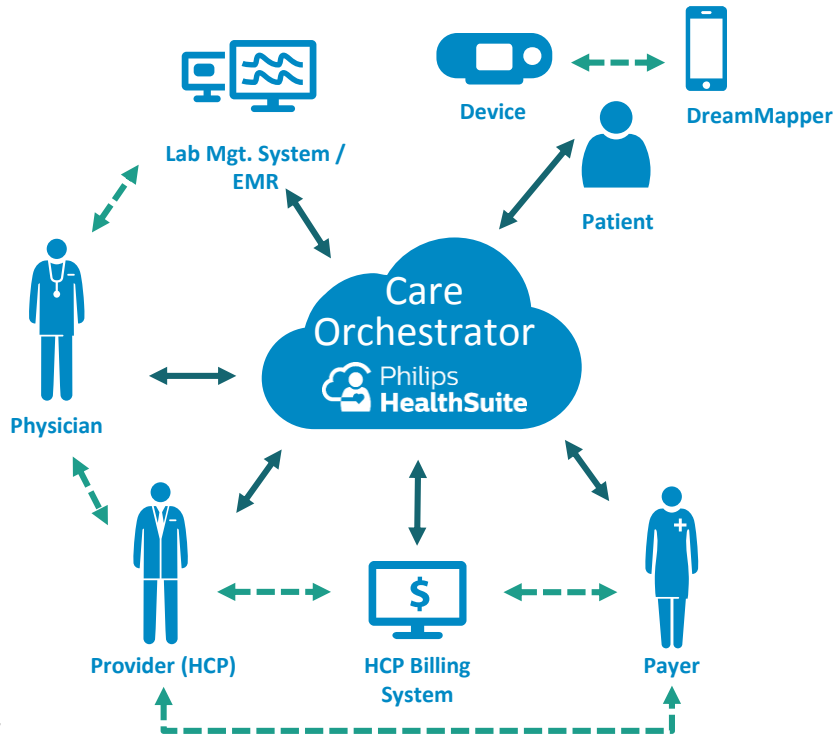
Data insights,  
identifies usage  
patterns,  
personalized care

## Patient Management Services outcomes

- **Improves adherence to therapy**
  - 24% increase vs. standard care<sup>1</sup>
- **Reduces providers cost / time**
  - Up to 95% reduction in time managing new patients<sup>1</sup>
- **Personalized coaching and engagement**
  - 79.5% of patients on service meet 90-day CMS compliance guidelines for payment<sup>1</sup>
- **Scaling experiences**
  - 325K active patients
  - 12,500 new patients added monthly
  - #1 rated application by users<sup>2</sup>

# Innovations in digital platforms enable a connected ecosystem

Optimizing care management in the home for improving outcomes



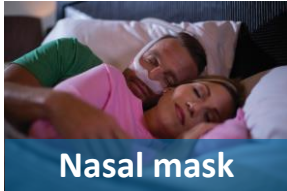
## Integrated, Connected, Empowered

- **Integrated** to other software platforms (patient information with hospital EMRs, insurance claims, and billing systems) and powered by the Philips HealthSuite
- **Connects** the care team to deliver coordinated care and helps anticipate and resolve most patient concerns, avoiding unnecessary costly home visits
- **Empowering** care teams to tailor care protocols to meet their practice patterns, focusing on patients who need attention. Converts data into actionable insights so care-teams can make better, faster, more informed decisions

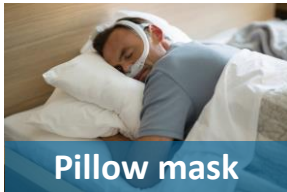
# Innovations a critical enabler of success and recurring revenue

Market-leading DreamWear mask continues to gain share with strong user ratings

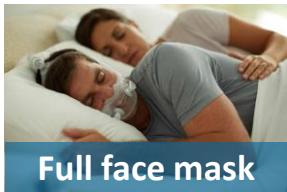
## Market opportunity<sup>1</sup>



- ~30% of the segment mix
- Growth 8% – 10%



- ~20% of the segment mix
- Growth 5% – 7%



- ~50% of the segment mix
- Growth 10% – 12%

## Philips' winning DreamWear platform<sup>1</sup>

- #1 nasal set up mask<sup>2</sup>
- >50% revenue growth in 2017

- Launched in Q3 2017
- 25% segment revenue growth in the quarter

- New launch in early 2018
- Largest mask segment



# Transforming Philips market-leading respiratory offerings to a care management model in the home

## Proven Respiratory Therapies

- Market leading positions and largest range of respiratory offerings



### Proof points:

- Median admission-free survival 4.3 months vs 1.4 months<sup>1</sup>

## Connecting Solutions for Care Management

- Solutions enable workflow and efficient care management in the home

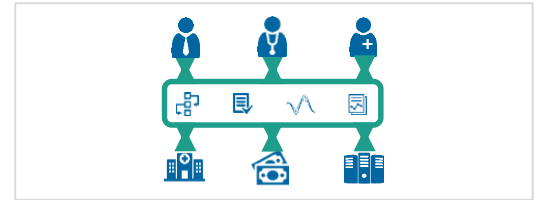


### Proof points:

- Connected Trilogy ventilator now available, already supporting ~750 patients in the home

## Population Health

- Provide population health from hospital to home



### Proof points:

- Cumulative 3 years savings est. USD 1.04 billion for 100,000 patients with Trilogy compared to less advanced therapy<sup>2</sup>



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