



Scaling solutions in Sleep & Respiratory Care

John Frank
Business Leader Sleep & Respiratory Care



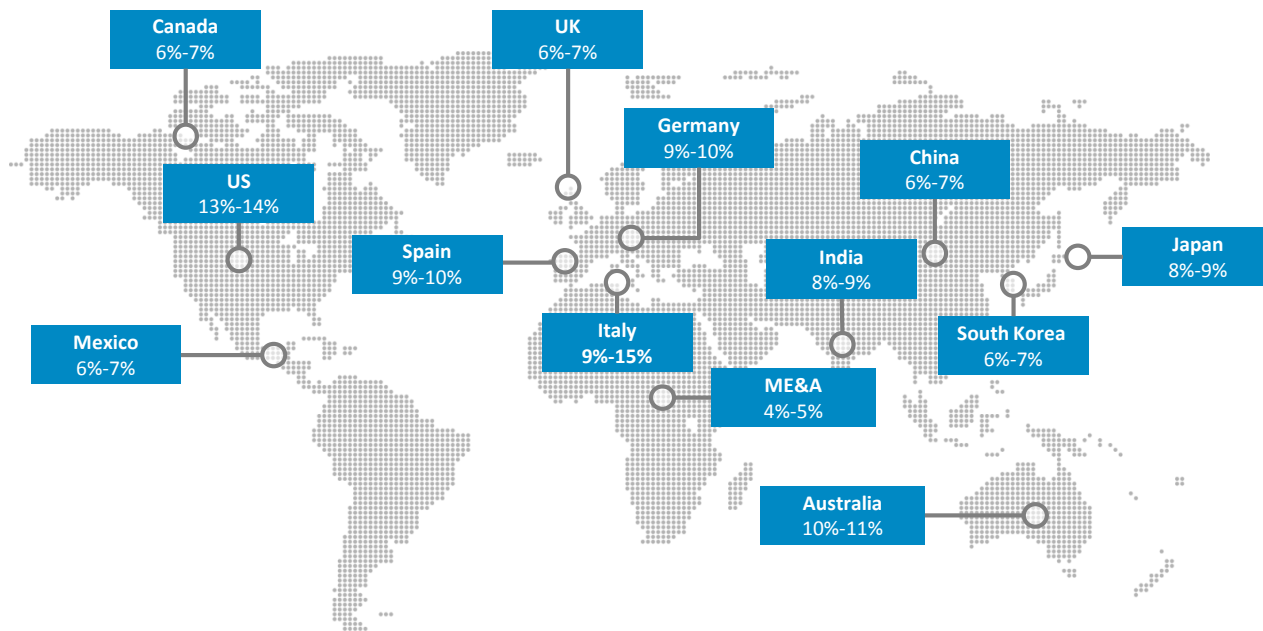
Key takeaways

- 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 today¹

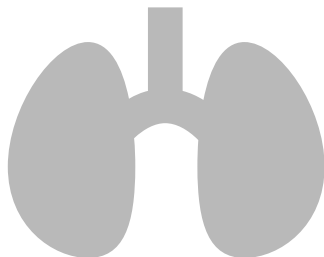
Current market prevalence²



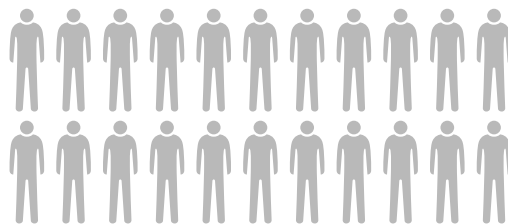
Leveraging leading positions in Sleep & Respiratory Care

COPD is the 3rd cause of mortality¹, 5% most severe patients drive 40-50% of costs

**64 million people
suffer from COPD²**



**4%-6% growth in
prevalence³**



USD 7,500

Avg. cost of hospital readmission
within 30 days⁴



Value-creation strategy – Philips sleep care model

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

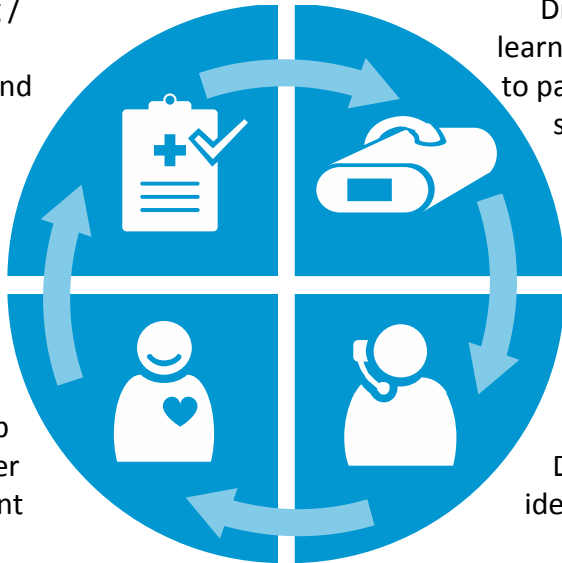


Insights from 2.3 billion nights of cloud-based data enables improving care pathways and services

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

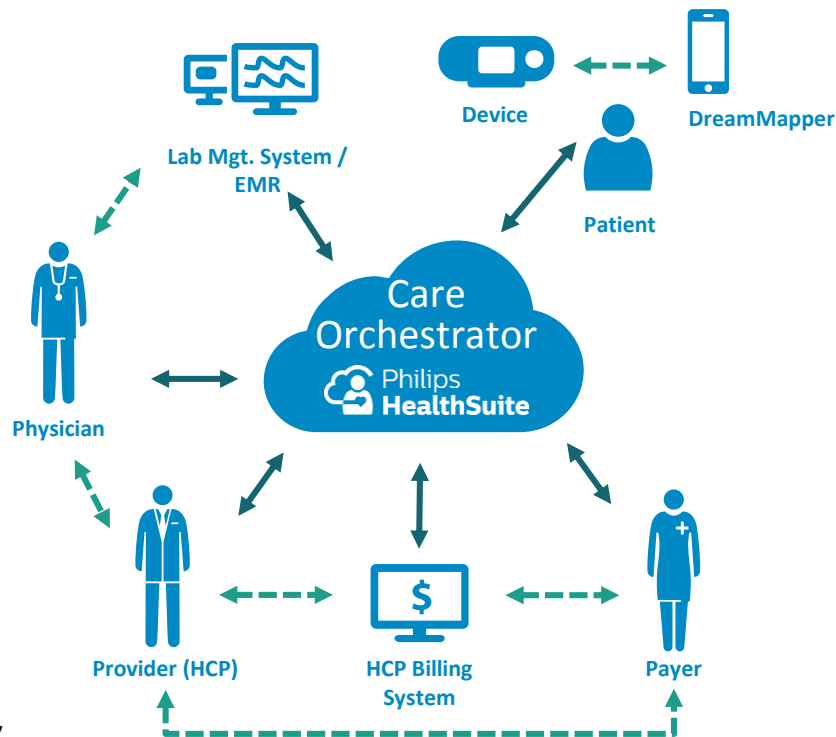
Data insights,
identifies usage
patterns,
personalized care

Patient Management Services outcomes

- **Improves adherence to therapy**
 - 24% increase vs. standard care¹
- **Reduces providers cost / time**
 - Up to 95% reduction in time managing new patients¹
- **Personalized coaching and engagement**
 - 79.5% of patients on service meet 90-day CMS compliance guidelines for payment¹
- **Scaling experiences**
 - 325K active patients
 - 12,500 new patients added monthly
 - #1 rated application by users²

Innovations in digital platforms enable a connected ecosystem

Optimizing care management in the home for improving outcomes



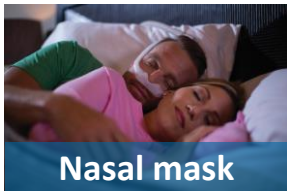
Integrated, Connected, Empowered

- **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

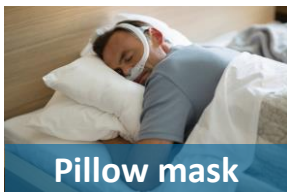
Market opportunity¹



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

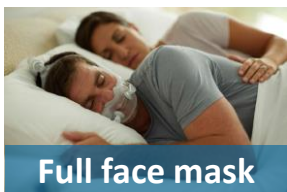
Philips' winning DreamWear platform¹

- #1 nasal set up mask²
- >50% revenue growth in 2017



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

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



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

- 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 months¹

Connecting Solutions for Care Management

- Solutions enable workflow and efficient care management in the home

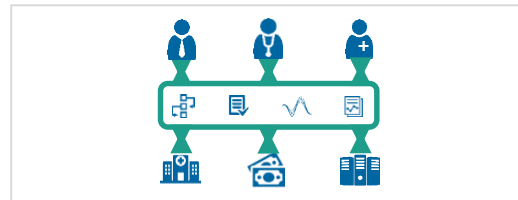


Proof points:

- 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 therapy²



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Growing our leadership in Image-Guided Therapy

Bert van Meurs
Business Leader Image-Guided Therapy



Key takeaways

- Image-Guided Therapy is a profitable **high-growth market** delivering benefits for health systems and patients
- Philips is a **leading integrator**
 - Gaining market share based on a unique portfolio of **Systems and Devices**
 - **Successful integration** of Volcano
 - Acquisition of **Spectranetics accelerates expansion** into therapy devices
 - **Close customer relationships** to co-create **integrated solutions** to optimize care delivery
- Targeting **7-9% growth** and **17-19% profitability** by 2020

Image-guided therapies enable efficient and effective treatments

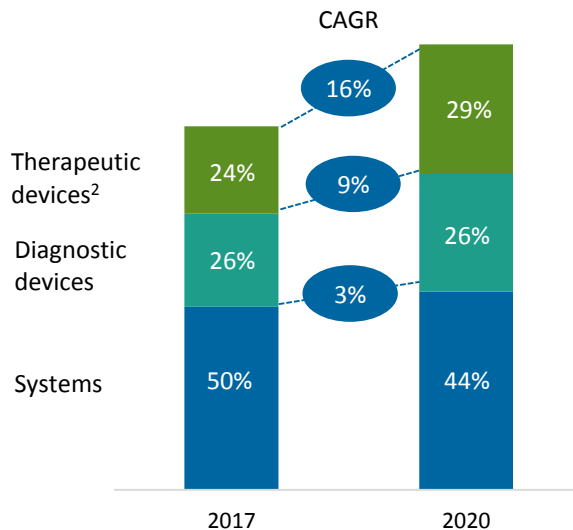
Minimally invasive procedures: strong benefits over open surgery

- Reduced patient trauma and shorter recovery time
- Growth of out-patient treatment in hospitals and office-based labs
- New procedures enabled by continuous innovation in image-guidance and smart devices

Cardiovascular disease is global killer #1, driving strong procedure growth¹

- 18 million people die annually from Cardiovascular Disease, 31% of all global deaths
- 250 million people worldwide suffer from Peripheral Artery Disease
- More than 10 million procedures annually in the US
 - Stroke treatment +23%
 - Structural heart repairs +15%
 - Interventional Oncology +10%
 - Peripheral / Endovascular +6%

EUR 6+ billion IGT addressable market growing at high-single-digit



² Drug-Coated Balloon is the fastest growing segment at >20% to USD 1+ billion in 2020

Unique, market-leading portfolio of integrated solutions

Every second a patient is treated with our Image-Guided Therapy solutions

Systems

- Leadership position in multi-purpose hybrid operating suites, used for broad range of procedures



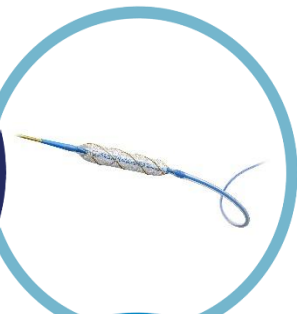
Services

- Cath Lab managed services
- Maintenance, upgrade, training
- Integration, consultancy, financing



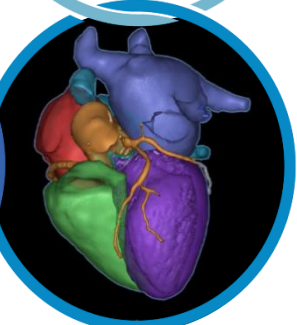
Devices

- Leadership position in smart catheters for diagnosis & therapy assessment (IVUS, FFR, iFR)
- Leading innovator in therapy catheters
- Supported by strong clinical evidence



Software

- Disease-specific planning and navigation software: Cardiology, Vascular, Oncology, Neurology, Surgery
- Image and Information Management Systems



100% of the top 20 US hospitals have chosen Philips Image-Guided Therapy¹

Growing our leadership through a strong and consistent strategy

Strengthen leadership

System integration and orchestration of efficient workflows



Azurion - next generation Image-Guided Therapy platform
Launched in 2017

Market share above 40% and growing

Innovate the procedure

Novel navigation and guidance technology



Visualization technologies to enhance procedure efficiency and further reduce X-ray radiation dose

First patients treated successfully with new Surgical Navigation technology

Expand into therapy

Grow therapeutic devices, leveraging strong synergy with imaging



Successful integration of Volcano double-digit growth since the acquisition

Spectranetics accelerates expansion into high-growth therapy devices market



Azurion is setting a new standard of care for interventional suites



Workflow study results in leading interventional department of St. Antonius Hospital in the Netherlands¹:

17%

Reduction in procedure time

28%

Reduction in
post-procedure
lab time

29%

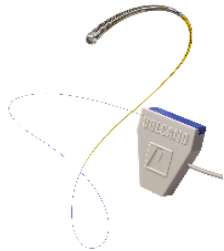
Reduction in
staff movement

Ability to treat one more patient
per day

Expansion into therapy accelerated by Spectranetics acquisition

Combined Philips IGT Devices and Spectranetics sales to exceed EUR 1 billion by 2020

Physiology



*Verrata Plus
Wire*

Intravascular
Ultrasound



*Eagle Eye
Platinum*

IVUS Guided True
Lumen Re-Entry



Pioneer Plus

Mechanical
Atherectomy



Phoenix

Laser
Atherectomy



Turbo-Elite

Scoring
Balloon



AngioSculpt

Drug-Coated
Balloon



Stellarex

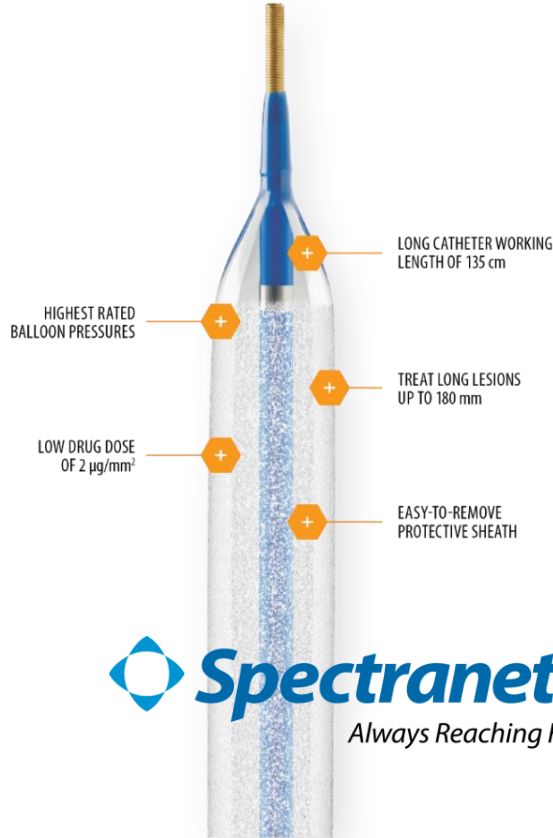


Philips IGT

Spectranetics

Stellarex Drug-Coated Balloon (DCB) is a key growth driver

Top-tier clinical results with low-drug dosage in common to complex patients



 **Spectranetics®**
Always Reaching Farther

World-class clinical trial program

- Top-tier efficacy and safety evidence collected across 6 studies with over 1,500 patients
- Stellarex is the first low-dose DCB to demonstrate a statistically significant treatment effect at 2 years
- Stellarex is the only DCB with proven results in complex disease
- Highest patency rate achieved in comparable, randomized studies



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Driving profitable growth in Diagnostic Imaging

Kees Wesdorp
Business Leader Diagnostic Imaging



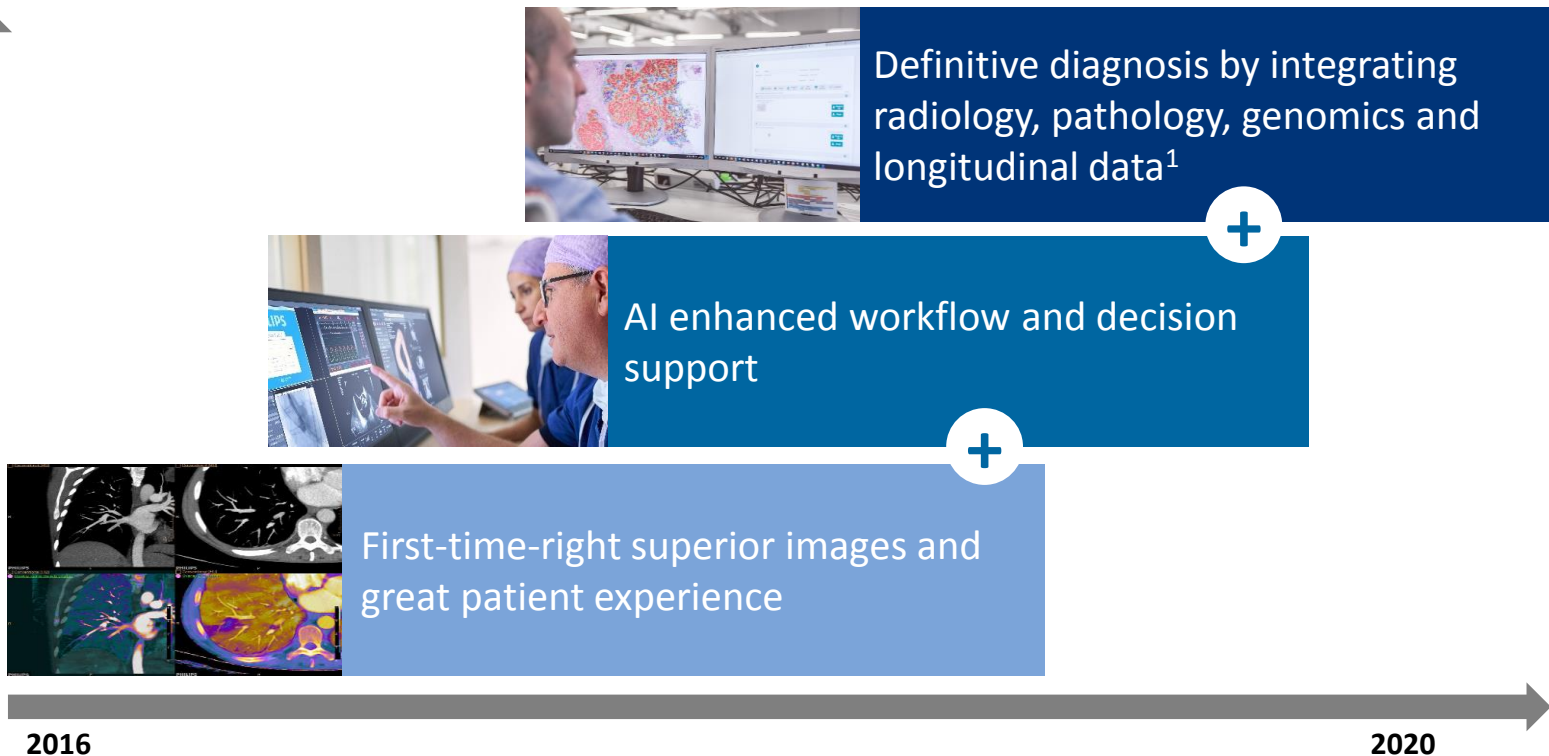
Key takeaways

- **Diagnostic Imaging is at the heart of our HealthTech strategy**, enabling definitive diagnosis
- Our strategy focuses on **innovation, growth and productivity**:
 - **Exciting lineup of new innovations** with customer-centric solutions
 - Further growth enabled by services and informatics business, and **strengthened go-to-market**
 - **Acceleration of productivity programs** to expand margins
- We target to **gain market share** while driving **profitability to double-digits** by 2020

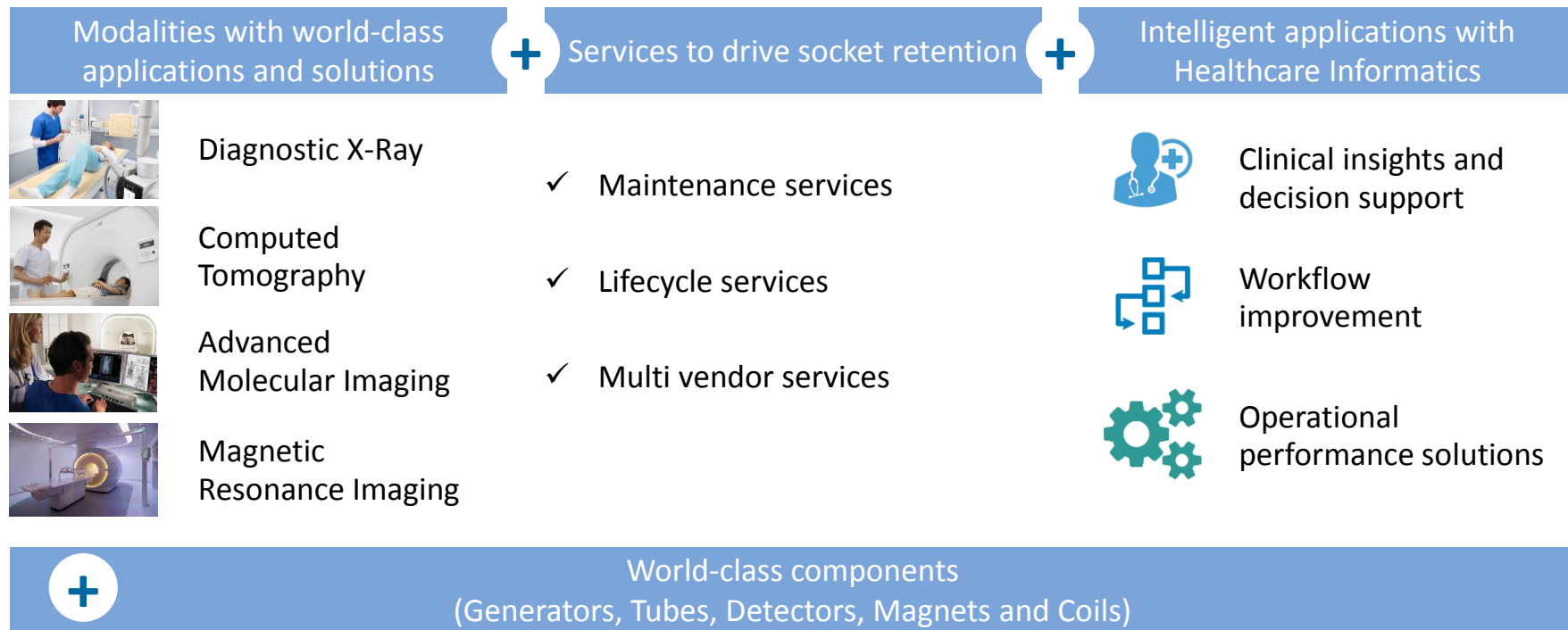
Growing to leadership in Diagnostic Imaging

At the heart of our HealthTech strategy enabling definitive diagnosis

Improve Diagnosis, Outcomes & Productivity



70% portfolio new¹ to drive growth: exciting lineup of innovations



Growth enabled through customer-centric solutions

Our customer promise: First-time-right diagnosis



Simplify data & insight gathering



Enhance patient & staff experience



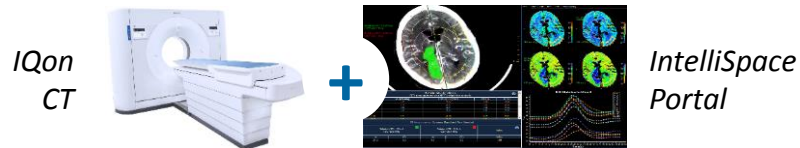
Drive imaging appropriateness



Reduce costs

Differentiated, integrated solutions

Clinical insights and decision support



Workflow improvement

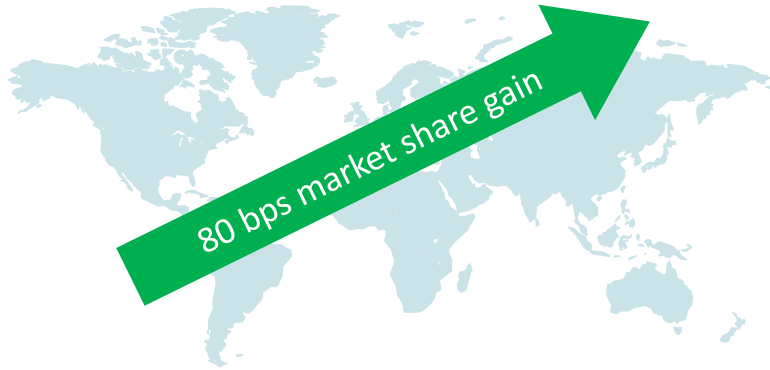


Operational performance solutions



Regaining market share through strengthened go-to-market

80 bps market share gain in H1 2017



- Across all modalities strong momentum globally
- Turnaround in North America progressing well
- High growth in China, and great momentum in other growth geographies

Strengthened go-to-market

- ✓ Solution selling
- ✓ Segmented offering
- ✓ Sales force effectiveness
- ✓ Training and capability building
- ✓ Branding and positioning

Acceleration of productivity programs to expand margins

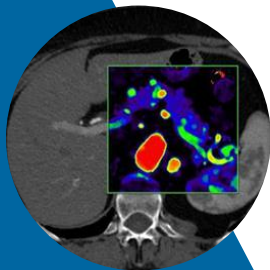


Deliver double-digit profitability by 2020

- ✓ New product introductions
- ✓ Quality and reliability improvement
- ✓ Manufacturing and footprint optimization
- ✓ Bill of Material and procurement savings
- ✓ R&D efficiency
- ✓ Overhead cost reduction

Demonstrating leading, world-class customer-centric solutions

Our solutions



Breakthrough clinical insights and improved workflow

IQon spectral CT: First-time-right superior images, simplifying workflow, improving patient experience and enabling more definitive diagnosis



Operational performance solutions

A suite of data-driven continuous improvement services to optimize:
Assets, Uptime, Utilization, Practice, Compliance, Staff



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Driving growth through Healthcare Informatics

Yair Briman
Business Leader Healthcare Informatics



Key takeaways

- Healthcare Informatics is poised for **significant growth** globally
- Our integrated informatics solutions address challenges **across the hospital systems enterprise**
- We use artificial intelligence **at the point of care** to optimize clinician experience
- Healthcare Informatics has a **high gross margin, recurring revenue** with a strong **customer retention** business model

Challenges in healthcare informatics



CIO challenges

- Rising costs
- More data
- Interoperability
- Hospital consolidation
- Threat of cyber attacks
- Greater demand for connectivity
- Too many vendors



Clinician goals

- Improve clinical workflow
- Provide definitive diagnosis
- Improve patient outcomes in value-based environment
- Enhance patient experience

IntelliSpace Enterprise Edition solves CIO challenges

Leader in Cardiology, Radiology and Oncology solutions

One managed service offering for clinically-rich IntelliSpace solutions

- **One** vendor
- **One** universal unstructured data manager
- **One** delivery model for upgrades and support monitoring

Significant experience in data management

- **145 billion** images
- **23 petabytes** imaging data



Projected **total cost of ownership savings**

USD 11.1 million

Five-year projected savings at **UCHealth** for Radiology and Cardiology consolidation and standardization

✓ Manage security

✓ Improve total cost of ownership across the enterprise

✓ Simplify connectivity

Delivering value to the clinician by streamlining patient experience

**Speed-up
workflow**

77%
time savings

Reduce the time to process complex
vascular cases

**Improve report
quality**

25%

Errors reduced for echocardiographic
reporting

Work faster

31%

Use of smart display protocols vs
manually production

**Lower analysis
time**

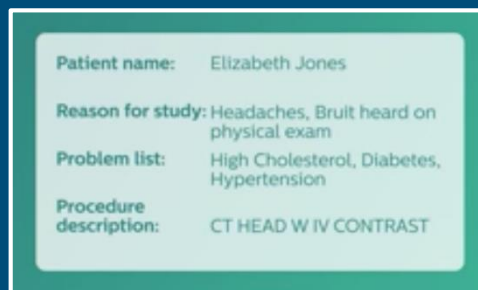
20%
to
30%

Philips IntelliSpace Portal
MedStar Washington Hospital Center

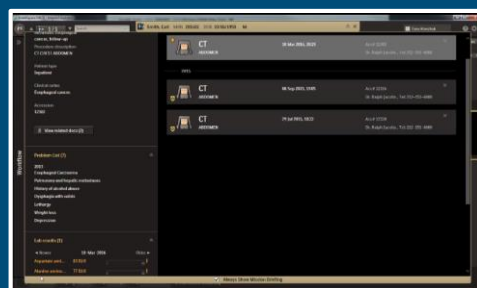
Enhancing the physician experience, not replacing them

The future is a contextually driven adaptive intelligence

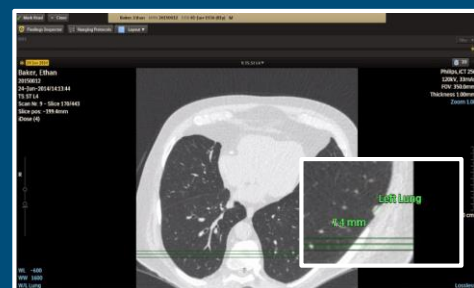
Illumeo solution



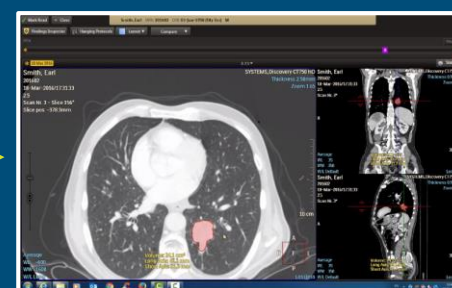
Patient Description



Mission Briefing to get the patient overview at a glimpse



Tailored workflow experience and incident findings



Workflow Optimization
Quantification on the fly



Manage all findings centrally



Smart inspection tools available in context



Automation of priors comparison



Measurement Consolidation

Healthcare Informatics delivering strong growth

Important future profit driver...

Strong order intake

✓ **High** gross margins

Longer contracts

✓ **Recurring** revenue

Significant R&D investments

✓ **Innovative product pipeline**

**...as well as reinforces our market presence
and influence**

Differentiator for Philips solutions

✓ Stronger **customer retention**

✓ Key component of **large scale projects**

✓ Combining capabilities to **strengthen
other Philips businesses**



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