

No Bounds. Better Healthcare.

Innovation
Collaboration
Transformation





1. Facts and figures
2. Making the difference in health technology
3. Innovating for you
4. The Philips brand
5. Healthy people, sustainable planet
6. The Philips Foundation
7. Our transformation journey
8. Turning our vision into reality

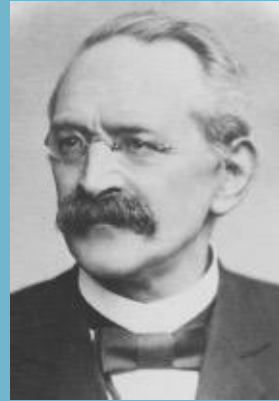
1. Facts and figures



Philips, a born innovator

For over 125 years,
we have been
improving people's
lives with a steady
flow of ground-
breaking innovations

The founding fathers of Philips



Frederik



Gerard



Anton



We strive to make the world
healthier and more sustainable
through innovation

We're aiming to **improve the lives** of

3 billion
people a year
by 2025

Royal Philips in 2016



2.1
billion
lives improved¹

EUR
1.7 billion
invested in R&D

58,000+
patent rights
34,000+
trademarks

EUR 11.3 billion
brand value²

¹ Includes contribution of Philips Lighting

² As measured by Interbrand

Royal Philips in 2016



EUR 17.4
billion sales

More than 1/4
of sales from solutions

5%
comparable
sales growth

~71,000
employees in over 100 countries

Our businesses in 2016¹



Personal Health businesses



41% of Group sales

Diagnosis & Treatment businesses



38% of Group sales

Connected Care & Health Informatics businesses



18% of Group sales

Sales of EUR 17.4 billion

¹ Other accounts for 3% of sales and includes HealthTech Other

Royal Philips in Q3 2017



4%

comparable
sales growth

EUR 4.1 billion sales

~73,000

employees in over 100 countries



Royal Philips Sales in Q3 2017

4%

comparable sales
growth

Personal Health businesses

+5% to EUR 1.6 billion

Diagnosis & Treatment businesses

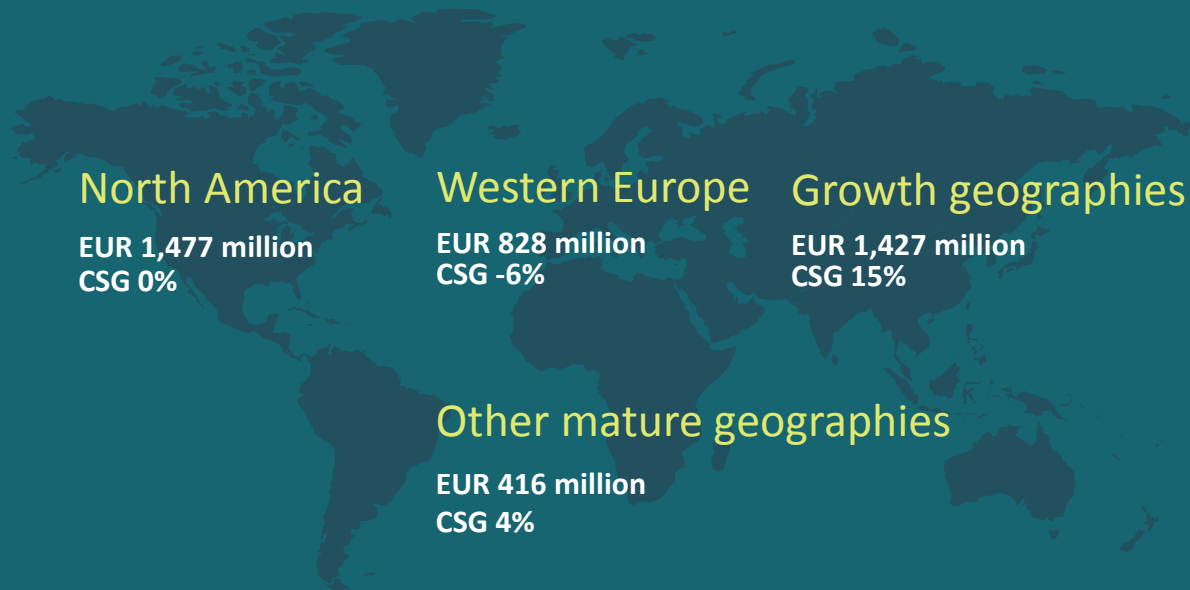
+2% to EUR 1.6 billion

Connected Care & Health Informatics businesses

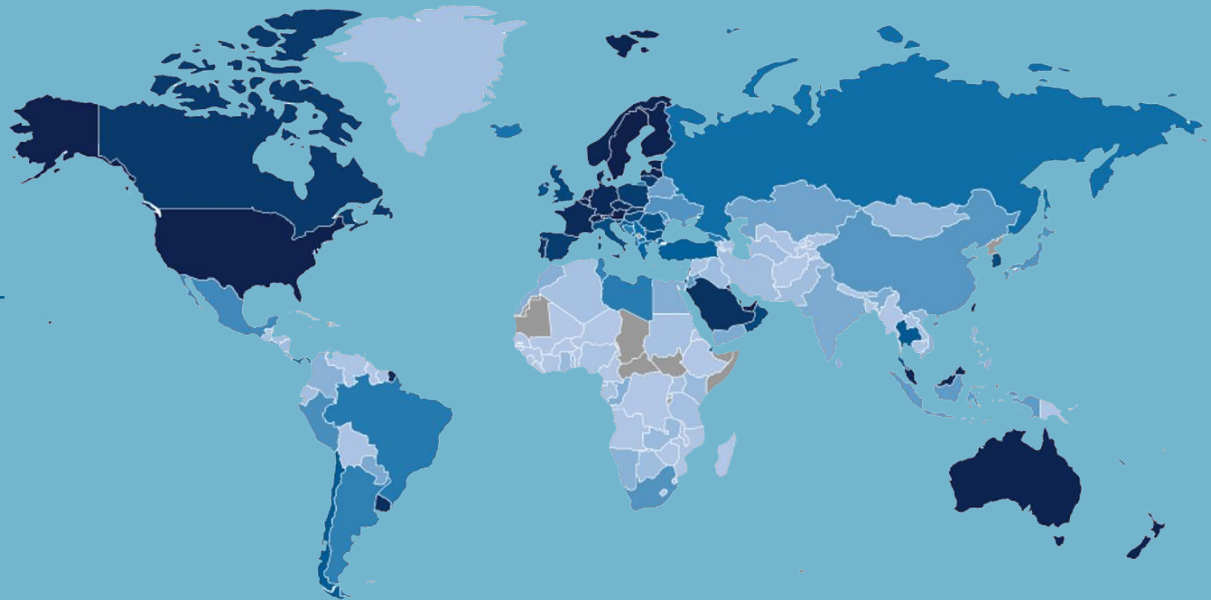
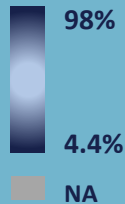
+8% to EUR 0.8 billion

Royal Philips

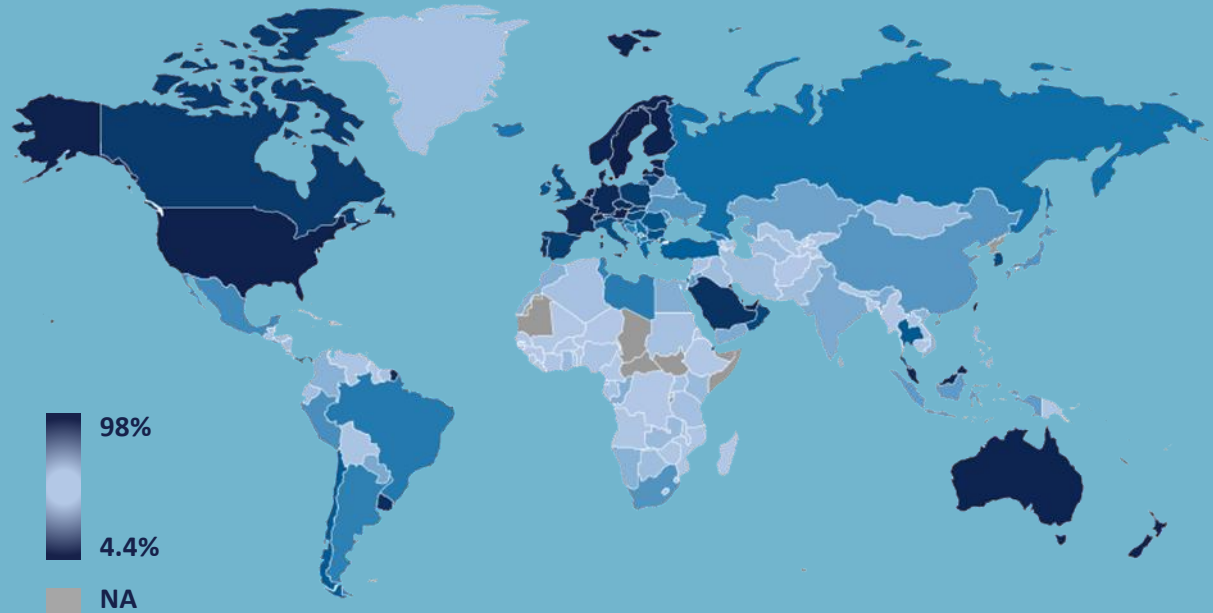
Q3 2017 sales per geographic cluster



Lives improved
around the world
2.1 billion lives
improved in 2016¹



Lives improved
rose to 2.18
billion in Q3 2017
An increase of 78
million year-on-
year



2. Making the difference in health technology

Economic realities are driving the need for new approaches in healthcare

Volume

Value

Response

Prevention

Episodic

Continuous

Limited

Accessible



Four profound trends are shaping the future of health technology



Global resource constraints



Aging populations and the rise of chronic illnesses



Increasing consumer engagement



Digitization



We are on a journey to
transform Philips into a
health technology leader

Technology

**Health
technology**

Product

Solution

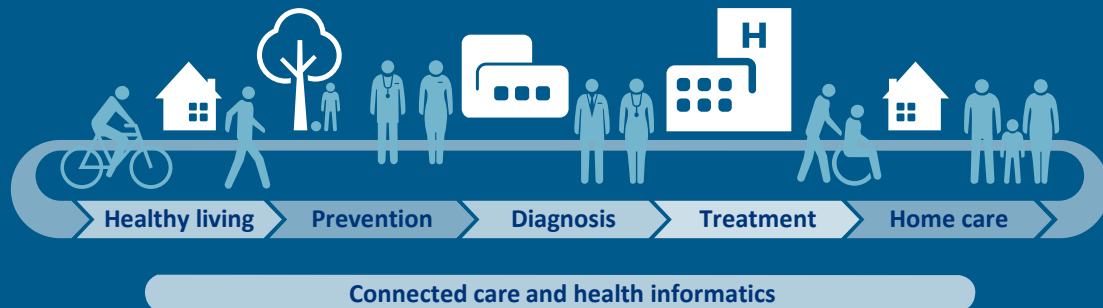
Transaction

Relationship



Ready to take on the healthcare challenge

At Philips, we take a holistic view of people's health journeys, starting with healthy living and prevention, precision diagnosis and personalized treatment, through to care in the home – where the cycle to healthy living begins again.



Seamless care – designed to meet your pressing needs



Simplifying
data and insight gathering



Removing
excess costs



Driving
improved treatment
and outcomes



Giving
patients and staff a
better experience

Our solutions –
driving quality
of care and
productivity for
our customers



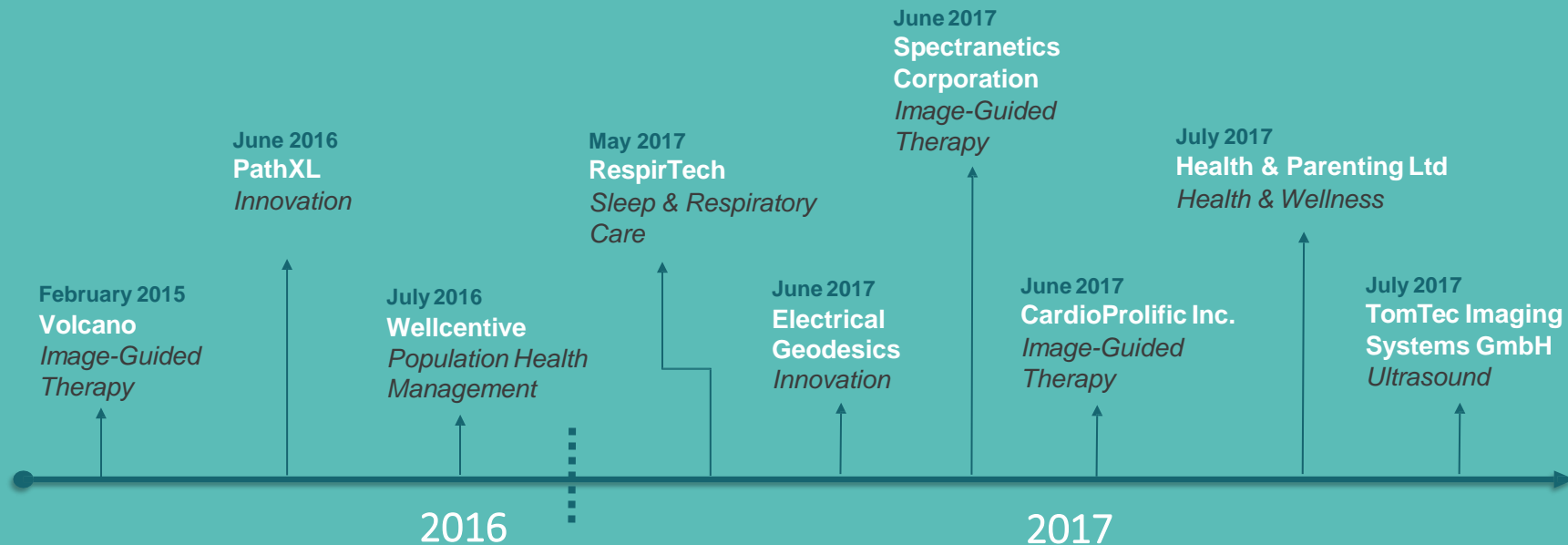
Long-term
strategic
partnerships
enable us to find
the answers to
the challenges
our customers
are facing –
together

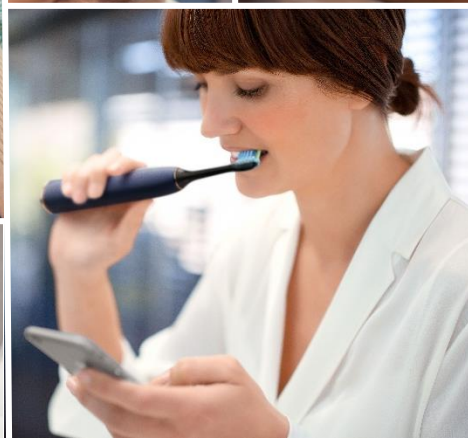




Philips' recent acquisitions

Expanding our capabilities in health technology





Helping people
take care of
their health



All around the world, we make a difference to people's lives by delivering locally relevant, connected solutions that support healthier lifestyles and those living with chronic disease.



Winning propositions

>60% of sales from leadership positions¹

Personal Health	Male grooming Global leader	Oral healthcare Global leader	Sleep and respiratory care Global leader	Mother and child care Global leader	Air purifiers #1 in China
Diagnosis & Treatment	Diagnostic imaging Global top 3	Ultrasound Global leader	Image-guided therapy Global leader	Smart catheters Global leader	
Connected Care & Health Informatics	Patient monitoring Global leader	ICU remote monitoring #1 in North America	Non-invasive ventilation ² Global leader	Personal emergency response #1 in North America	High-end radiology and cardiology informatics #1 in North America

¹ Leadership position refers to #1 or #2 position in Philips addressable market

² Based on non-invasive ventilators for the hospital

Source: GfK, Nielsen, Euromonitor, Frost and Sullivan, Home Healthcare TBS, PCMS market insight

3. Innovating for you

We turn
possibilities
into **great
innovations**

EUR 1.7 billion
invested in R&D in 2016

58,000+ patents

~60% of R&D work in software



We
innovate
with our
partners



Our unique approach to customer engagement

Co-creating solutions together



**Understanding the
entire experience**



**Giving stakeholders
a voice**



**Leveraging the
power of data**



**Co-creating the
solutions**



**Implementing
and transforming**

We are a world leader in
people-centric design

Philips consistently wins
more than **100 key design
awards** each year



red**dot** design award

We uncover
healthcare
needs through
extensive
international
perception
research



The Future Health Index provides valuable insight to identify areas of focus to help achieve a better long-term future for healthcare through health technology

www.futurehealthindex.com

2017 edition
Expanded from
13 to 19 countries
and empirical data
added



Access

to healthcare across the
entire health continuum

Integration

of health systems

Adoption

of connected care
technology



4. The Philips brand



There's always
a way to **make**
life better

innovation  you



The Philips brand is **a vital asset**

Philips HealthTech portfolio



Deep market
insights



Technology
innovation



Global
footprint



Philips
brand



Our
people

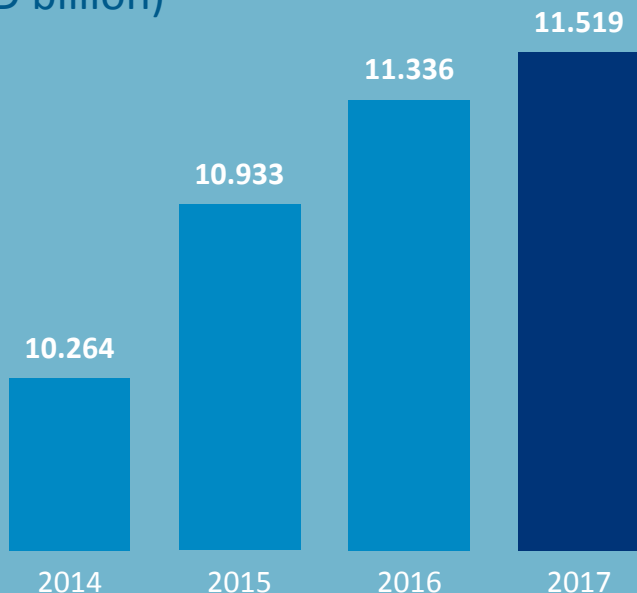
Balance sheet



In 2017, Philips' **brand value** continued to rise

Most valuable Dutch brand

Interbrand Best Global Brand valuation (USD billion)



Brand value

\$11.5
billion

Interbrand ranking

#41

5. Healthy people, sustainable planet

Sustainability is in our DNA – shifting focus



Since 1891:
Social programs for employees

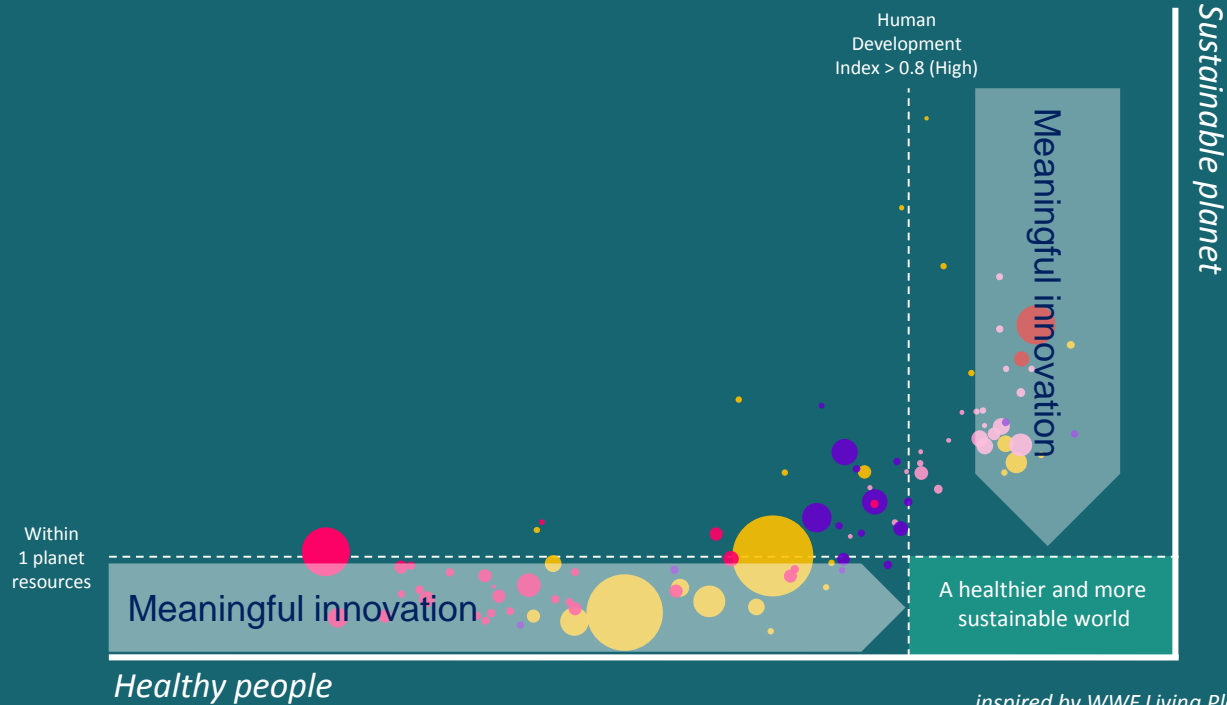


Since 1970:
Environmental agenda



Since 2000:
Accelerating sustainability

Healthy people, sustainable planet



inspired by WWF Living Planet Report

Healthy people,
sustainable
planet

Three pillars



Sustainable solutions

Create value for our customers

Sustainable operations

Lead by example

Sustainable supply chain

Multiply our impact

Our ambitious objectives for 2020

70%
of turnover
coming from
Green solutions

90%
of operational
waste recycled

100%
renewable
electricity

Strive for a
zero-
injury and illness
work environment

95%
of revenue linked to
the UN Sustainable
Development Goals

15%
of turnover
coming from
circular economy
solutions

A technician in a blue shirt is working on the interior of a large, circular medical scanner, possibly an MRI machine. The interior is lined with many small, rectangular components. The technician is looking at a small device in his hands.

Sustainable solutions

- *Inclusive health solutions*
- *Circular solutions*
- *Green solutions*

Sustainable operations

- *Carbon neutrality*
- *Health & safety*
- *Operational waste*

Sustainable supply chain

- *Supplier sustainability performance*
- *Supplier sustainability compliance*
- *Circular procurement*
- *Environmental footprint China*
- *Responsible sourcing*

6. The Philips Foundation



We're
committed
to bringing
innovation
to those
most in need

Strategic partnerships:



Philips
Foundation



ICRC

Together with our partners we are delivering on our commitments to the United Nations' Sustainable Development Goals

SDG 3



Ensure healthy lives and promote well-being for all at all ages

SDG 12



Ensure sustainable consumption and production patterns

7. Our transformation journey



Accelerate!

Our transformation



**Make us more
customer-focused**



**Resource our
business/market
combinations to win**



**Create lean
end-to-end customer
value chains**



**Implement a
simpler, standardized
operating model**



**Drive a growth and
performance culture**

Ensuring success is repeatable

The Philips Business System is the way we run our company to deliver on our mission and vision.



8. Turning our vision into reality



Customer partnerships

Delivering clinical insight, where and when it's needed

Augusta University Health, Georgia, USA



“

We have achieved significant improvements in our workflow.

”

Dr. James Rawson
Chief of Radiology, AU Health

Our solution

Augusta University and Philips designed, created and implemented an integrated workflow with the Intellispace Portal Concerto enterprise solution.

One
standardized
radiology workflow

22%
decrease in
turnaround time

17%
increase in
procedural volume

Excellent
system availability
and scalability

Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.

Improving clinical process performance in the cath lab

Westchester Medical Center Health Network (WMCHealth) New York, USA



“

Philips is enabling us to transform our care delivery network and better serve the Hudson Valley. ”

Michael D. Israel
President and CEO, WMCHealth

Our solution

WMC Health and Philips Consultants optimized cardiology services including strategic guidance and hands-on implementation support which led to lower costs, enhanced patient experience, improved staff satisfaction and reduced patient wait times

Enhanced
patient experience

20%
reduction in
patient wait times

Improved
staff satisfaction

Earlier
first case starts

Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.



Partnering to reduce hospital admissions

Banner Health, Arizona, USA

“

With legislation driving reform, we knew that we needed to keep people healthy and out of the hospital to reduce costs, while ensuring better patient outcomes.

”

Peter S. Fine

President and CEO of Banner Health

Our solution

Banner and Philips created a program that leverages remote home monitoring, early intervention, educational services and patient engagement strategies – accelerating the transition to patient-centric, value-based care.

49.5%

reduced
hospitalizations

75%

reduced 30-day
readmission rate

50%

reduction in number
of days in hospital

34.5%

reduction in
cost of care

Dahl, D., Khurana MD, H. (2015). Impact of an intensive ambulatory program on both financial and clinical outcomes in Banner Health, revisit the initial cohort with extended follow-up. Unpublished internal study. Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.



Expanding access to critical care services

Emory Healthcare, Georgia, USA

“

These independent findings verify that our innovative approach improves patient outcomes.

”

Dr. Timothy Buchman

Director Critical Care Center,
Emory Healthcare

Our solution

Emory and Philips together implemented an eICU program that allowed for better clinical and financial outcomes – enabling patients to receive more consistent care in the hospital, allowing them to recover in the home setting more often.

Savings of an
estimated

\$4.6M

over 15 months

2.1%

decrease in
60-day inpatient
readmission

4.9%

increase in
discharges to
home healthcare

6.9%

decline in discharges
to long-term care
hospitals

Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.



Achieving clinical operational excellence

Marin General Hospital, Greenbrae, US

“

Working with Philips to help manage health IT implementation costs and complexities, we are now equipped with the resources to deploy pioneering medical technologies.

”

Lee Domanico

CEO, Marin General Hospital

Our solution

Philips has entered a partnership with the hospital to transform its technology, facilities, while delivering excellent care over the next 15 years.

28%

Improved travel distance from original layout



Reduced acquisition and service costs of new technology



World-class breast center with 3D mammography and **patient-centric** design

MARIN GENERAL HOSPITAL

Transforming critical care

Nyeri County Referral Hospital, Nyeri,
Kenya, Africa

“

This collaboration is bringing world-class and sustainable care to where it's needed most: the heart of Kenyan communities.

”

Dr. Silas Njoroge

Medical Superintendent, Nyeri County
Referral Hospital

Our solution

Philips adopted the Managed Equipment Services (MES) approach, where Philips took full responsibility for the renovation of Nyeri County hospital's intensive care unit, helping to improve care, save vital resources and enhance the working experience of its staff.



**Improved county
critical care**



**Reduced
operating costs**



Improved workflow



**A proven approach
to expand to other
African countries**

Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.

Kitchenette





Early Warning Score reduces incidence of serious events in general ward

Ysbyty Gwynedd, General Hospital in Bangor, Wales

IntelliVue MP55C



“

Philips General Ward Solutions help us to deliver timely care that is matched to patient needs.

”

Dr Chris Subbe

Consultant in Acute, Respiratory and Intensive Care Medicine, Ysbyty Gwynedd, The General Hospital in Bangor

Our solution

The implementation of Philips General Ward Solution, included MP55C spot-check patient monitor with IntelliSpace Guardian Early Warning Score. This solution enabled nurses at Ysbyty Gwynedd Hospital to quickly identify deteriorating patients and make sure they got the right care..

35% reduction in serious events

40% decrease in intensive care mortality

86% reduction in cardiac arrest

Bringing access to healthcare services

PPP Bahia, Brazil



Challenge

To improve access to health services and to provide the best care to patients in different areas through hospitals in Brazil

Our solution

Through a public private partnership (PPP) consortium, better access to healthcare services in various regions of the state was provided. A number of imaging units were made available to ensure patients received the right care.

45

new pieces of imaging equipment

Greatly

improved access to healthcare

44%

increase in exam capacity

12

new imaging units and a reporting center across the state of Bahia

1. World Economic Forum – '5 health challenges facing Latin America' - <https://www.weforum.org/agenda/2016/06/these-are-the-5-health-challenges-facing-latin-america/>

2. Future Health Index 2016 - <https://www.futurehealthindex.com/report/2016/>

Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.



Champion innovations



Philips Azurion

This innovative image-guided therapy platform is developed together with leading hospitals and allows clinicians to:

1. Maintain high standards of quality
2. Improve efficiency and productivity in your lab
3. Move quickly and confidently through cases

High productivity combined with low cost of ownership

Flexible financing, advanced service and support help clinicians maintain peak performance and deliver cost-efficient care.

www.philips.com/azurion

In a simulation study with over 60 users globally¹

100%

believe that displaying Checklists & Protocols will help minimize preparation errors

91%

believe that Azurion will help reduce procedure time

93%

believe that Azurion can help with efficient use of time spent in the lab

96%

are satisfied with how easy it is to use Azurion

1. Results obtained during user tests performed in the period of November 2015-February 2016. The tests were designed and supervised by Use-Lab GmbH, an independent and objective usability testing engineering consultancy and user interface design company. The tests involved 31 US-based clinicians (16 physicians and 15 technicians) and 30 European-based clinicians (15 physicians and 15 technologists), who performed procedures using Azurion in a simulated interventional lab environment.

eICU Program

Operational benefits

- Delivers need-to-know information to caregivers.
- Empowers caregivers to give optimal care for patients at the right moment.

Financial benefit

Helps reduce mortality, lengths of stay and costs of care.

Our solution

Patient complications can be reduced when optimal support in clinical decisions, proactive alerting, consultative engagement and integrated A/V technology, is enabled.

The eICU program can
reduce length of stay
by 30% and reduce mortality by 20%¹

Case volume increased by 44% and contribution margins
improved by 665%²

Better adherence to
quality guidelines,
increased discharges to home, decreased readmissions³

90%
reduction in costs relating to malpractice claims (from \$6M to \$500,000)²

1 Lilly CM, et al. A Multi-center Study of ICU Telemedicine Reengineering of Adult Critical Care. CHEST. 2014 Mar; 145(3): 500-7.

2 Lilly CM, et al. Critical Care Telemedicine: Evolution and State of the Art. Crit Care Med. 2014 Nov; 42(11): 2429-36.

3 Dahl D, et al. People, Technology, and Process Meet the Triple Aim. Nurs Admin Q. 2014 Jan-Mar; 38(1): 13-21.



EPIQ HeartModel^{AI.1}

Operational benefit

HeartModel^{AI.1} is a 3D tool that can provide robust, reproducible ejection fraction (EF) in just seconds.

Financial benefit

We recognize challenges in using 3D in transthoracic echocardiography. With One-button simplicity, Philips HeartModel^{AI.1} helps overcome that barrier, bringing robust 3D quantification to everyday clinical practice.

Our solution

This validated application is intuitively designed to easily and reproducibly deliver confidence in cardiac quantification. Both LV quantification and simultaneous LA volumes are provided by this tool.

<https://www.usa.philips.com/healthcare/resources/feature-detail/ultrasound-heartmodel.html>

LA volume is shown to be an indicator of
cardiovascular outcomes

82%
reduction in exam
time using
HeartModel^{AI.1}

Exam reproduced in
seconds

Efficient
measurement of
cardiac function



Philips Healthcare Transformation Services

Philips consultants help hospitals and healthcare systems bring value to patients by achieving meaningful and sustainable improvements in patient care.

Improving operational performance while reducing costs

- Optimizing operational performance in health care systems
- Enhancing patient experience and staff productivity
- Effectively managing high-cost patient populations

www.usa.philips.com/healthcare/consulting

Among top six issues noted by healthcare executives,

57%

are looking for innovative approaches to expense reduction¹

477%

improvement in patient satisfaction²

Savings of

\$3.37

million

from throughput initiatives³

Increase in nursing staff retention rate of

83%⁴

1) <https://www.advisory.com/research/health-care-advisory-board/blogs/at-the-hcm/2017/04/hcab-topic-poll> 2) <https://www.usa.philips.com/healthcare/articles/consulting/ed-performance-inpatient-throughput> (results specific to Winchester Medical Center (WMC)) 3) <https://www.usa.philips.com/healthcare/articles/consulting/augusta-care-facilitation> (results specific to Augusta University Health) 4) Results are rates measured prior to this engagement compared to rates measured at the end of the engagement. Results from case studies are not predictive of results in other cases. Results in other cases may vary.



IntelliSpace Cardiovascular

Operational benefits

Provides cardiologists with an interoperable, patient-centric repository of comprehensive cardiovascular information.

Financial benefit

Through zero-footprint technology and interoperability, IntelliSpace Cardiovascular can decrease deployment costs and save time while interfacing to existing systems.

Our solution

Provides clinicians with a single point of access anytime and virtually anywhere* and allows for web-based echo reporting, delivering diagnostic quality viewing of echo images.

81%
of cardiology
patients felt it
important that the
healthcare system
in their country is
integrated¹

Provides
customers with
easier access
to third-party
applications

Delivers
**seamless
access**
to EMR data,
scheduling systems
and any web-based
application

Offers a
holistic view
into a patient's
history, which can
improve patient care

It is the user's responsibility to ensure that Philips network performance requirements (such as performance, VPN) for IntelliSpace Cardiovascular are met.

¹ Future Health Index report, 2016



IntelliSpace Portal

A comprehensive platform offering the power to visualize, support, diagnose, and communicate across clinical domains and modalities. It combines high quality images, review, analysis, and workflow efficiency tools into a single advanced analysis solution.

Operational benefits

Drives peak efficiency and collaboration across healthcare IT ecosystems. Supports scalable, regional-wide deployment patterns supporting healthcare consolidation and changing needs.

Financial benefit

Enables flexible service options for low total cost of ownership, providing frequent updates and upgrades to ensure customers have the latest technology.

**40% faster¹ and
50% fewer mouse clicks²**

**Improved
efficiency**

**28 seconds
performed manually
19 seconds
using Smart Display Protocol**

Work 31% faster³

**77% time
savings**

Reduction in the manual
time-to-results^{4,5}

1) Pre-surgical evaluation study performed at UZ Leuven by S. Kovacs, UZ Leuven, Belgium, 2014. 2) Cardiac comparison study by Dr. J. Bogaert, UZ Leuven, Belgium 2014: comparing Left-Ventricle evaluation on EWS and ISP systems. 3) measured in a comparison study, Montpellier, France, 2015. 4) Compared to the Philips EBW v4.x workstation. 5) Kadavigere, R., Maiya, M., Rao, V., Read, K. Standardized Results of CT Angiography Obtained with Automated Postprocessing Using a Dedicated Server: A Workflow

