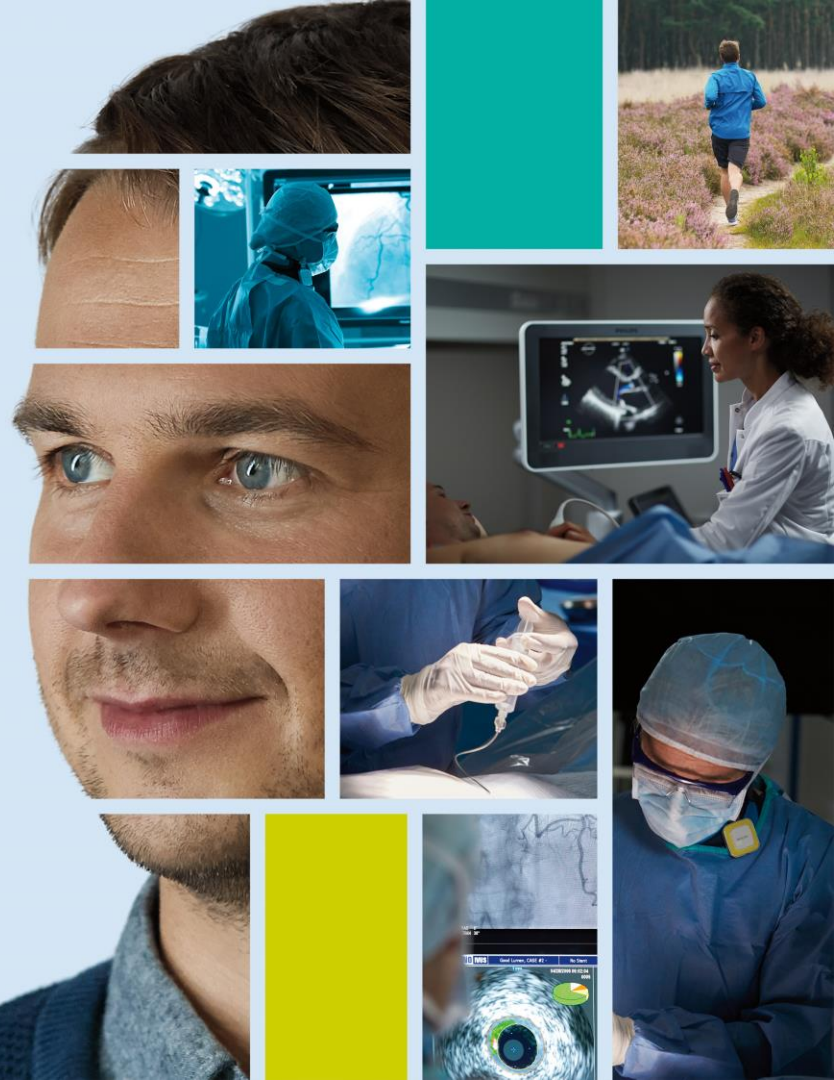


Innovation  
Collaboration  
Transformation

Date



# Our company



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. Turning our vision into reality

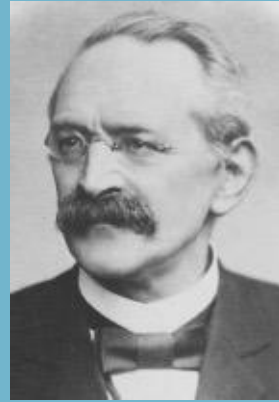
# 1. Facts and figures



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 2017



**2.2**  
**billion**  
lives improved<sup>1</sup>

**EUR**  
**1.76 billion**  
invested in R&D

**62,000**  
patent rights  
**37,600**  
trademarks

**USD 11.5 billion**  
brand value<sup>2</sup>

<sup>1</sup> Includes contribution of Philips Lighting

<sup>2</sup> As measured by Interbrand

# Royal Philips in 2017



**EUR 17.8**  
billion sales

**More than 1/4**  
of sales from solutions

**4%**  
comparable  
sales growth

**~74,000**  
employees in over 100 countries

# Our businesses in 2017<sup>1</sup>



## Personal Health businesses



**41%** of Group sales

**16.7%** Adjusted  
EBITA margin

## Diagnosis & Treatment businesses



**39%** of Group sales

**10.4%** Adjusted  
EBITA margin

## Connected Care & Health Informatics businesses



**18%** of Group sales

**11.8%** Adjusted  
EBITA margin

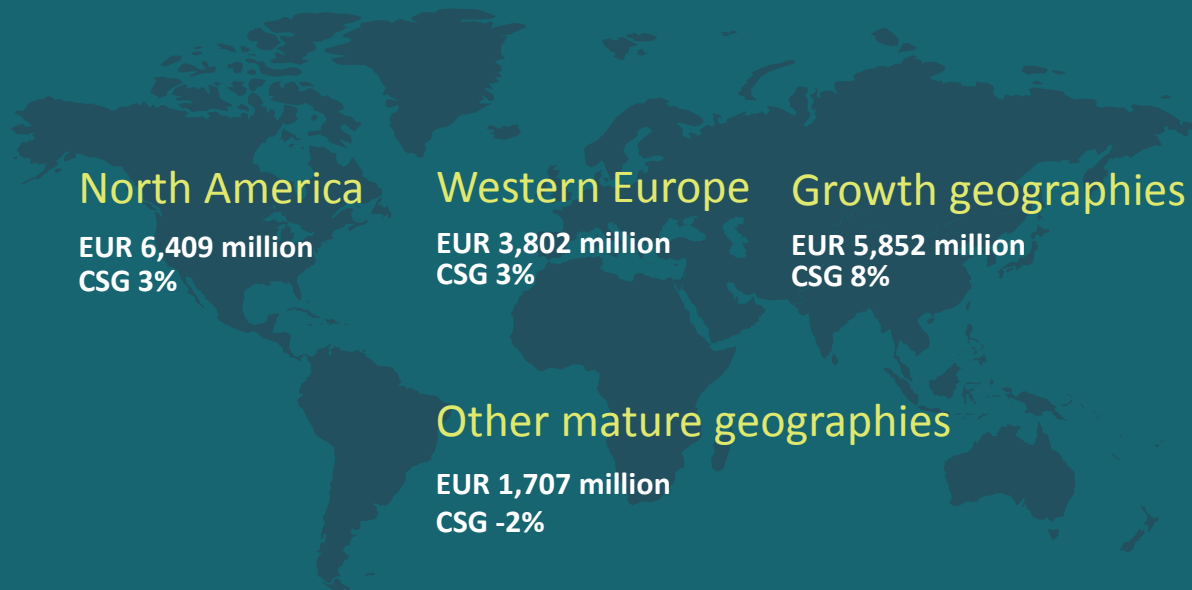
**Sales of EUR 17.8 billion and Adjusted EBITA margin of 12.1%**

<sup>1</sup> Other accounts for 2% of sales and includes HealthTech Other



# Royal Philips

## 2017 sales per geographic cluster



# Royal Philips in Q4 2017



**5%**

comparable  
sales growth

**EUR 5.3 billion** sales

**~74,000**

employees in over 100 countries



---

## Royal Philips Sales in Q4 2017

# 5%

comparable sales  
growth

---

Personal Health businesses

**+6%** to EUR 2.2 billion

---

Diagnosis & Treatment businesses

**+6%** to EUR 2.1 billion

---

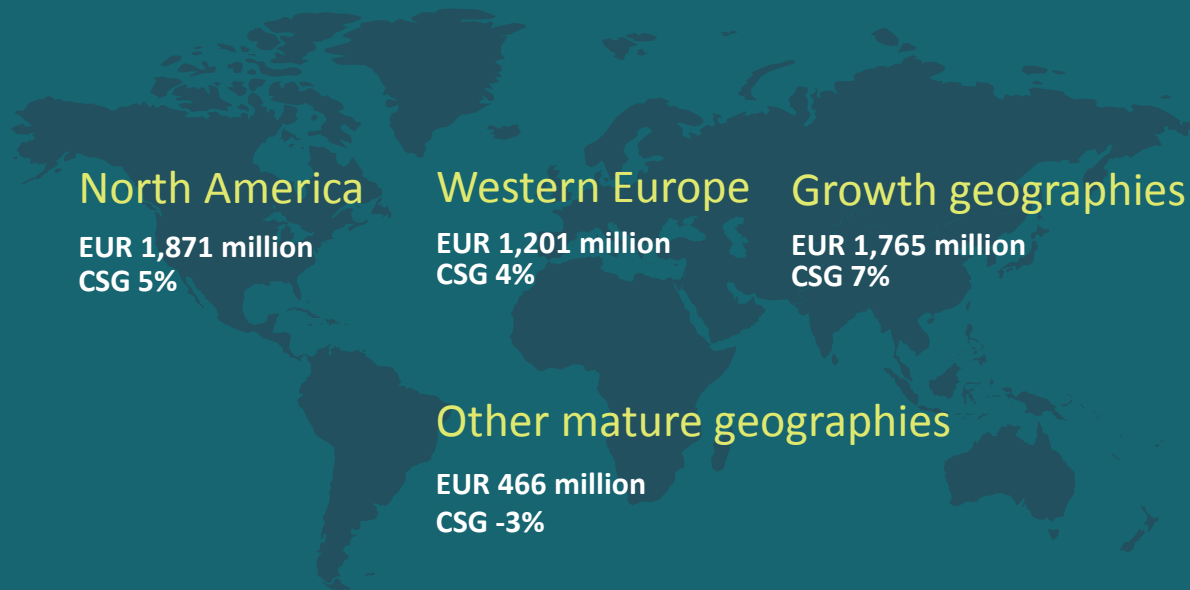
Connected Care & Health Informatics businesses

**+2%** to EUR 0.9 billion

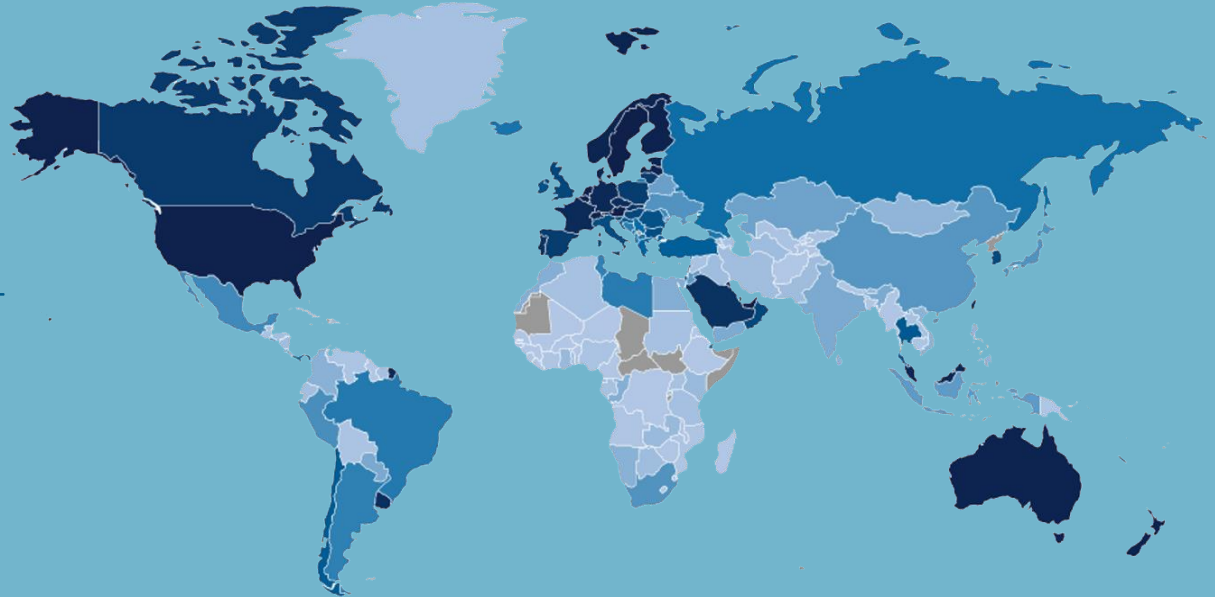
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# Royal Philips

## Q4 2017 sales per geographic cluster



Lives improved  
around the world  
2.2 billion lives  
improved in 2017<sup>1</sup>



Source: Philips Annual Report 2017 – global distribution of Philips 'Lives Improved' metric

<sup>1</sup> Color coded by percentage of country population

## 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

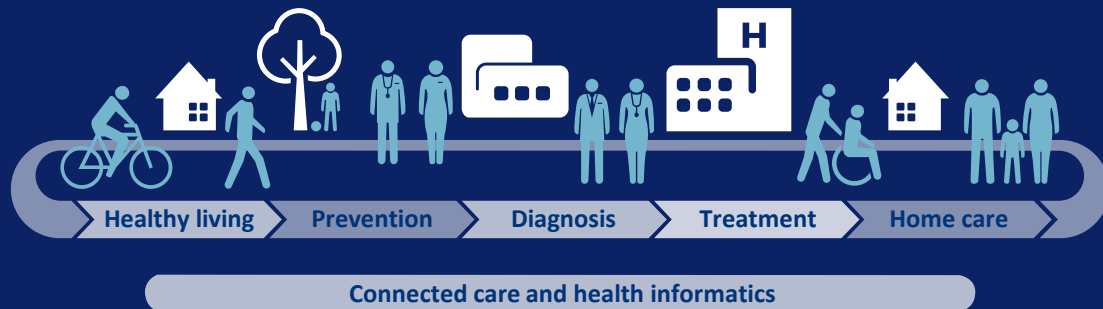
Solution

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 our customers' 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**





# Winning propositions

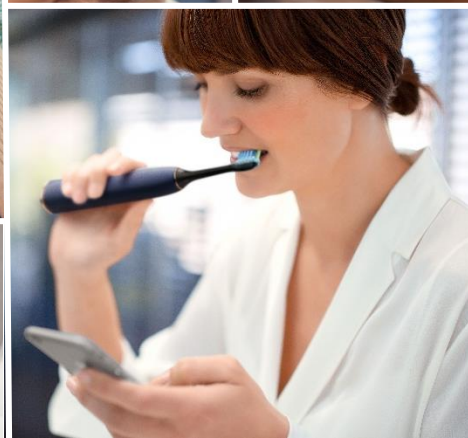
>60% of sales from leadership positions<sup>1</sup>

Personal Health	Male grooming Global leader	Oral healthcare Global leader	Sleep care Global leader	Respiratory care Global leader	Mother and child care Global leader	Healthy breathing #1 in China
	Diagnostic imaging Global top 3	Ultrasound Global leader	Image-guided therapy systems Global leader	Image-guided therapy devices Global leader		
Connected Care & Health Informatics	Patient monitoring Global leader	ICU telemedicine #1 in North America	Non-invasive ventilation <sup>2</sup> Global leader	Personal emergency response #1 in North America	High-end radiology and cardiology informatics #1 in North America	

<sup>1</sup> Leadership position refers to #1 or #2 position in Philips addressable market

<sup>2</sup> Based on non-invasive ventilators for hospitals

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



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.



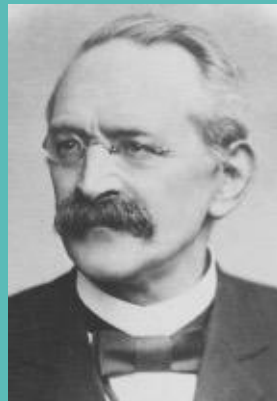
# 3. Innovating for you



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 turn  
possibilities  
into **great**  
**innovations**

**EUR 1.76 billion**

invested in R&D in 2017

---

**62,000** 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

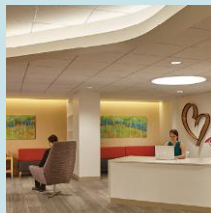
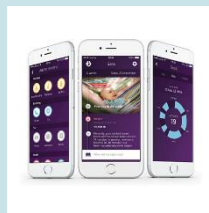
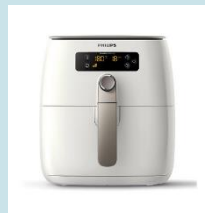


red**dot** design award





# A new record 165 design awards in 2017



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](http://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

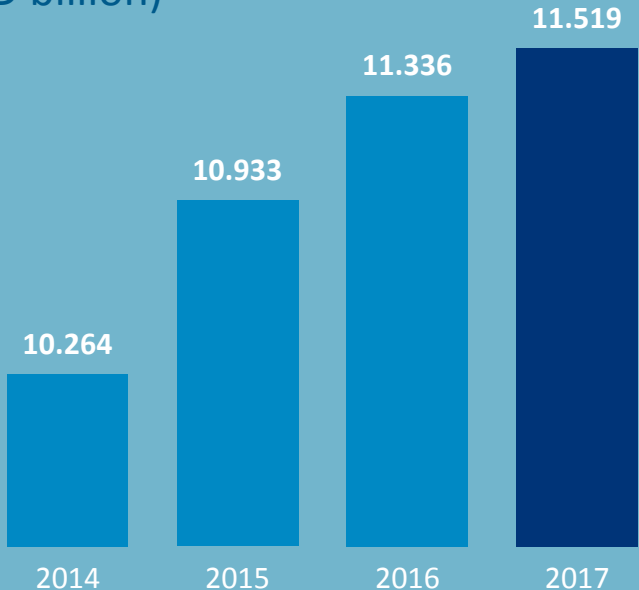
Balance sheet



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

## Most valuable Dutch brand

### Interbrand Best Global Brand valuation (USD billion)



### Brand value

**USD 11.5**  
billion

### Interbrand ranking

**#41**

# 5. Healthy people, sustainable planet



# Sustainability is in our DNA – shifting focus



Since 1891:  
**Social programs for employees**

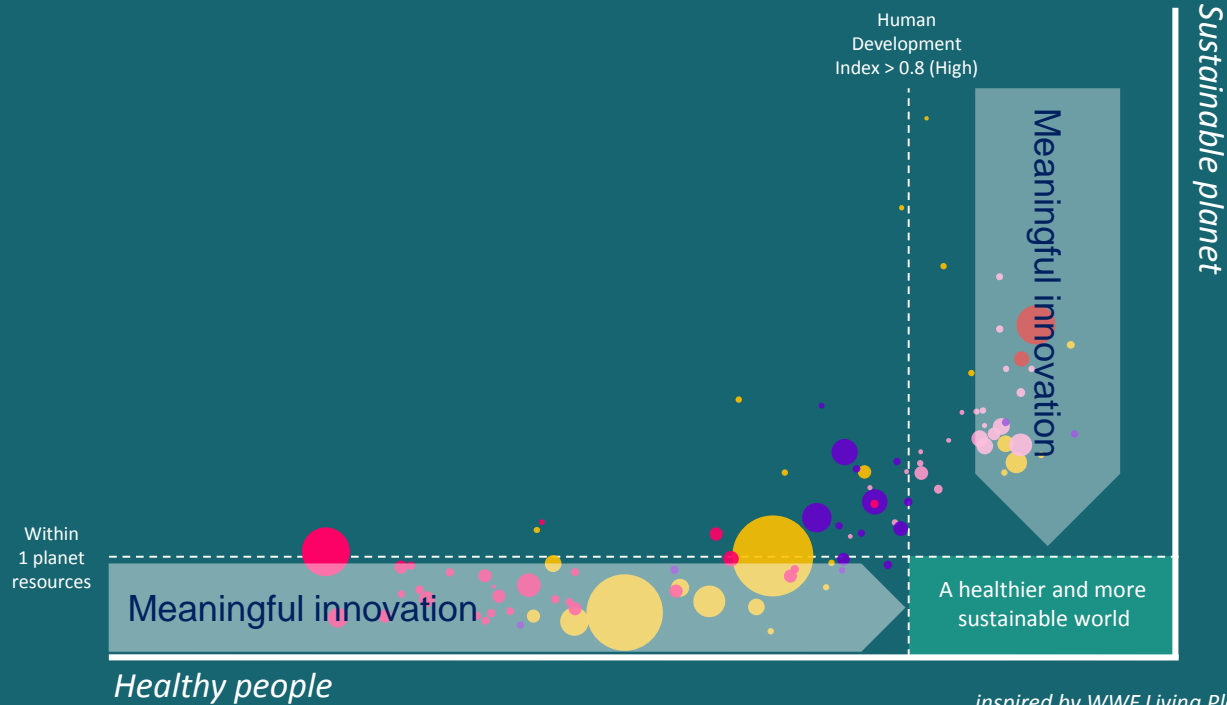


Since 1970:  
**Environmental agenda**



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

# 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



Philips  
Foundation

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

Strategic partnerships:



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. Turning our vision into reality



# Customer partnerships



## 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.



**Reduced** acquisition and service costs of new technology



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

**MARIN GENERAL HOSPITAL**

# Improving the patient experience for better image outcomes

Lahey Health, Burlington, US

“

*The return on investment has been exceptional, with a decrease in appointment cancellations and greater workflow efficiency.*

”

**Dr. Peter W. Curatolo,**  
Medical Director of MRI Services at  
Beverly Hospital, A Member of  
Lahey Health

## Our solution

Philips partnered with Lahey Health to help design and plan a new patient-centric imaging center.



**Fewer appointment cancellations** within radiology department



**Improved workflow efficiency** within imaging department



**More relaxed, satisfied patient experience**



**Enhanced imaging staff experience**

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





# 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.



## 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 MP5SC

“

*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 MP5SC spot-check patient monitor with IntelliVue 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](http://www.philips.com/azurion)

Workflow study results in a leading interventional department\*

**17%**

reduction in  
procedure time

**29%**

reduction in  
staff movement

**25%**

reduction in  
planned cases  
finished late

The ability to  
treat **one**  
more patient  
per day

\*Interventional Vascular Department St. Antonius Hospital, Utrecht/Nieuwegein, The Netherlands

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



## 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%<sup>1</sup>

Case volume increased by 44% and contribution margins  
**improved by 665%<sup>2</sup>**

Better adherence to  
**quality guidelines**,  
increased discharges to home, decreased readmissions<sup>3</sup>

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

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<sup>A.I.</sup>

### Operational benefit

HeartModel<sup>A.I.</sup> 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<sup>A.I.</sup> 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<sup>A.I.</sup><sup>1</sup>

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](http://www.usa.philips.com/healthcare/consulting)

Among top six issues noted by healthcare executives,

**57%**

are looking for innovative approaches to expense reduction<sup>1</sup>

**477%**

improvement in patient satisfaction<sup>2</sup>

Savings of

**\$3.37**

**million**

from throughput initiatives<sup>3</sup>

Increase in nursing staff retention rate of

**83%<sup>4</sup>**

1) <https://www.advisory.com/research/health-care-advisory-board/blogs/at-the-helm/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  
integrated<sup>1</sup>

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."

<sup>1</sup> 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% faster<sup>1</sup> and  
50% fewer mouse clicks<sup>2</sup>**

**Improved  
efficiency**

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

**Work 31% faster<sup>3</sup>**

**77% time  
savings**

Reduction in the manual  
time-to-results<sup>4,5</sup>

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

