



PHILIPS

Capital Markets Day

Image-Guided Therapy Leading the way to better treatment

Bert van Meurs
Business Leader Image-Guided Therapy

innovation  you

Key takeaways

- Image-Guided Therapy is a profitable **high-growth market** delivering benefits for health systems and patients
- We are successfully executing our strategy in **Image-Guided Therapy**:
 - Gaining market share with a unique portfolio of **systems, smart devices, software and services**
 - Strong differentiation with **Azurion** – the backbone of our solutions
 - IGT Devices on track for EUR 1 billion sales by 2020, through successful integration of **Volcano and Spectranetics**
 - Expanding into attractive **electrophysiology** growth market with the acquisition of **EPD Solutions**
- Targeting **high-single-digit growth** and **high-teens Adj. EBITA margin** by 2020



Creating a unique position by executing on a distinctive strategy



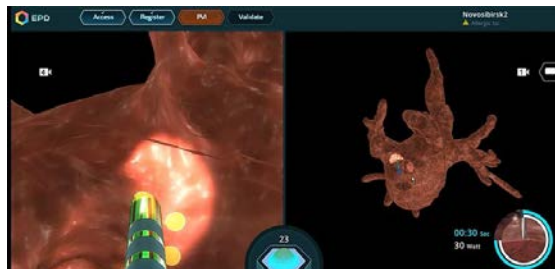
Leadership in systems

Better margins and
market share gains +300 bps



Expand into devices
























Acquisitions perform
better within Philips



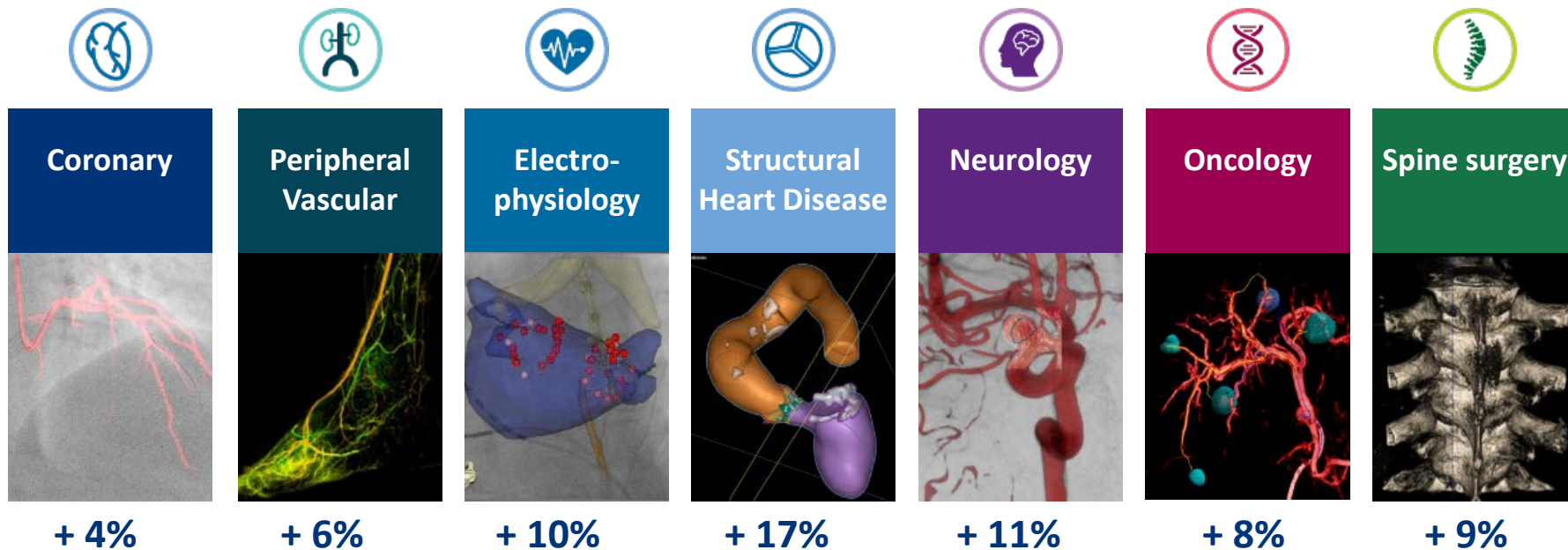
Innovate the procedure

Solutions delivering on the
Quadruple Aim

Broad portfolio of IGT Devices

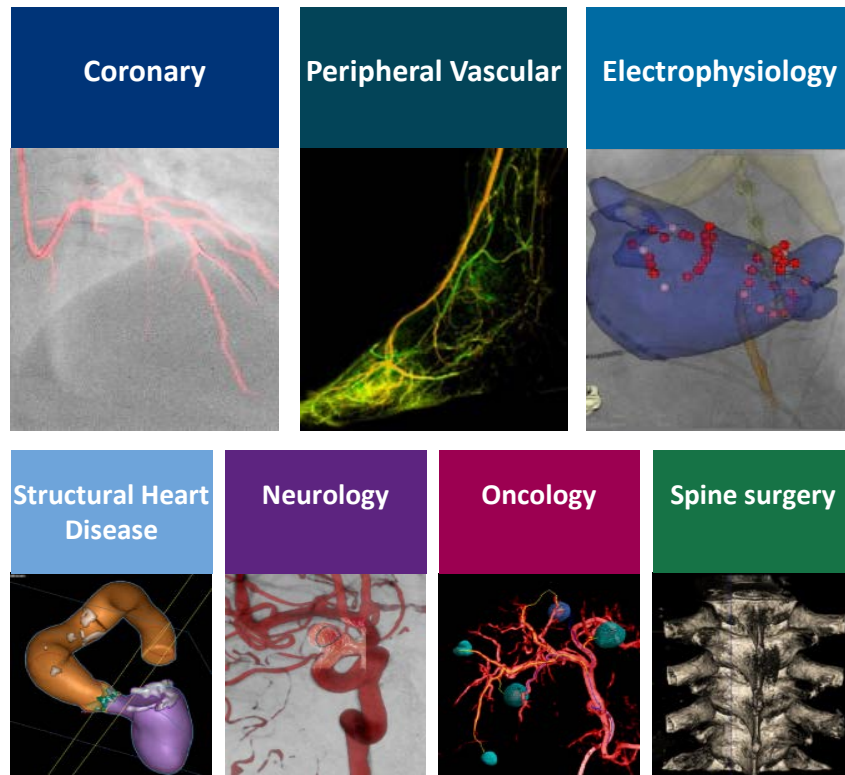
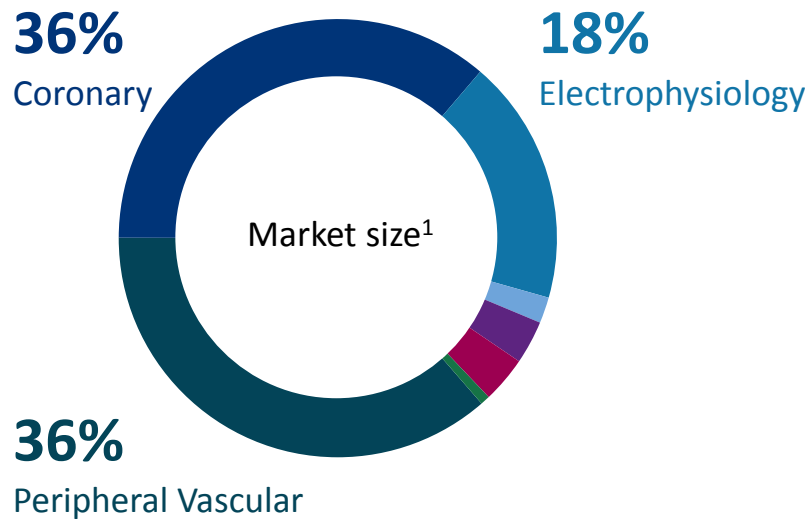
Decide	Guide	Treat			Confirm
 Azurion imaging	 Intravascular Ultrasound (IVUS)	 QuickTrack atherectomy guidewire	 Quick-Cross support catheters	 Pioneer Plus IVUS-guided re-entry catheter	 Azurion imaging
 Veradius imaging	 Verrata Plus pressure guide wire	 Phoenix hybrid ¹ atherectomy	 Turbo-Elite laser atherectomy	 AngioSculpt scoring balloon	 Veradius imaging
 Intravascular Ultrasound (IVUS)		 ELCA laser atherectomy	 Turbo-Power laser atherectomy	 Stellarex drug-coated angioplasty balloon	 Intravascular Ultrasound (IVUS)
 iFR Physiology					 iFR Physiology
Lead Management		 GlideLight laser sheath	 VisiSheath dilator sheath	 LLD lead locking device	 Bridge occlusion balloon

Attractive EUR 8+ billion IGT market growing high-single-digit¹



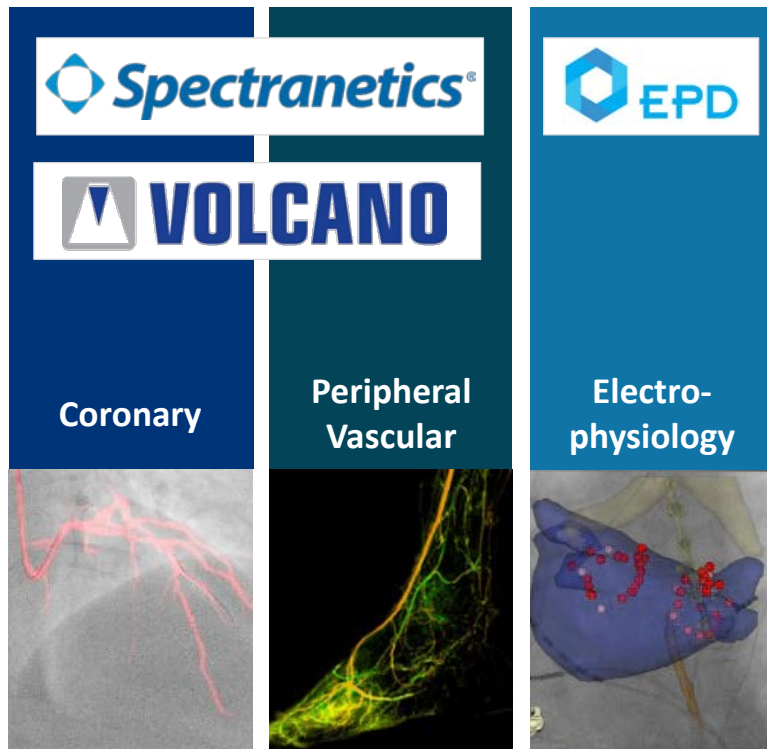
Philips leads with interventional suites in all IGT clinical markets

Coronary, PV and EP represent 80% of the procedures



Building unique market-leading portfolio of integrated solutions

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



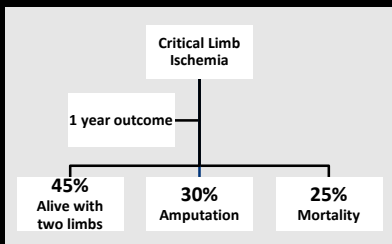
Decide

Guide

Treat

Confirm

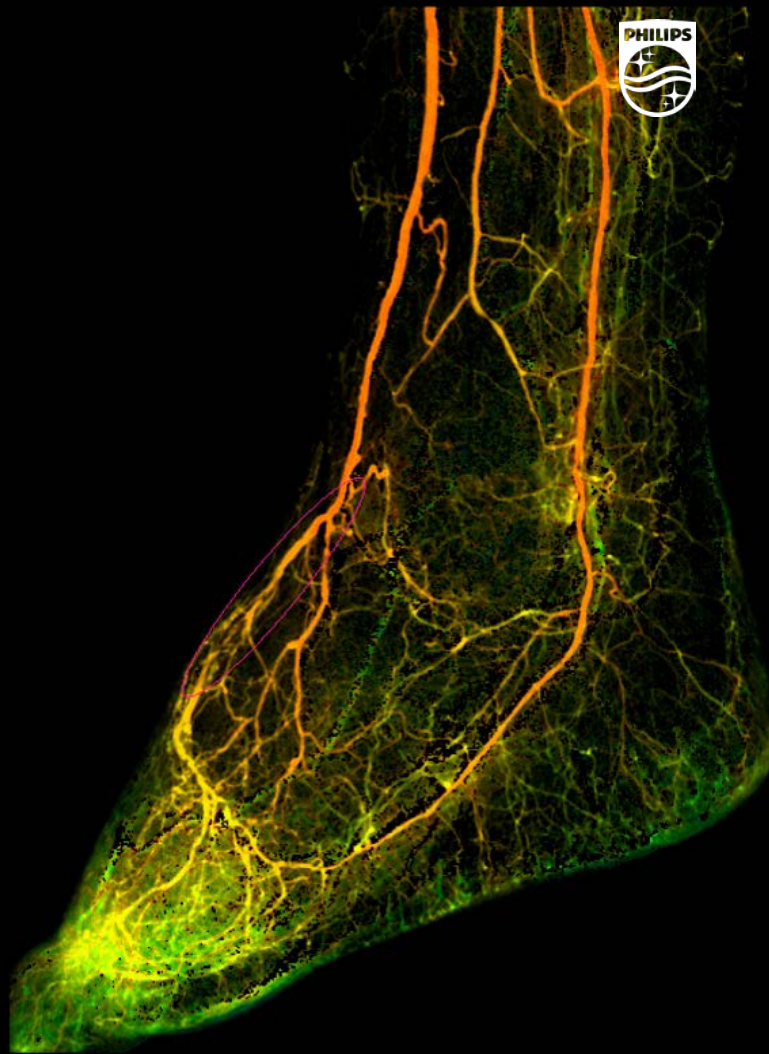
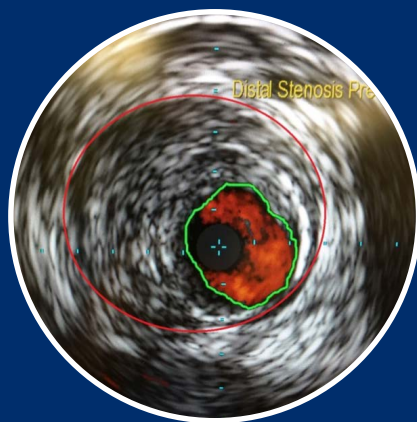
20 million
patients with
Peripheral Artery
Disease



7%
procedure growth

1 million
procedures per year

Providing a total
solution in
Peripheral Artery
Disease



Decide

Guide

Treat

Confirm

33 million
people suffer from
Atrial Fibrillation (AF)

<1%
of AF patients are
treated with ablation

13%
AF procedure volume
growth (2018-2023)

EPD Solutions
Unique EP technology
provides detailed 3D
anatomical heart
information

Potential:

- Enhance procedure efficacy, reduce cost and increase safety
- Less radiation with better Imaging
- Higher success rate in treating AF



Key takeaways

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Monitoring & Analytics

Leveraging smart analytics for advanced patient care

Felix Baader

Business Leader Monitoring & Analytics

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Key takeaways

1 in Monitoring & Analytics solutions

- >40% market share globally and increasing further
- Complete portfolio for all clinical needs and price points
- Leveraging large installed base

Expanding into large lower-acuity market

- Guardian Early Warning Scoring
- Patient triaging and remote surveillance
- Ubiquitous monitoring

Leader in analytics technology

- Advanced tele-ICU solutions to help customers improve outcomes and reduce costs
- Moving to integrated enterprise solutions



Market leader with the most differentiated monitoring solutions portfolio



Delivering patient monitoring

- Best-in-class monitoring systems
- Patient and professional-friendly
- Focus on workflow optimization



Growing with medical consumables and sensors

- Breath and depth of sensor portfolio
- ECG-based fetal monitoring
- Among highest margins in the portfolio



Providing tailored and value-added services

- Monitoring-as-a-Service
- Risk-sharing models
- Software maintenance agreements

Strengthen #1 position with groundbreaking innovations, delivering significant value to patients and our customers

Leading innovations



Patient Care vision to transform patient monitoring and provide actionable and advanced clinical decision support

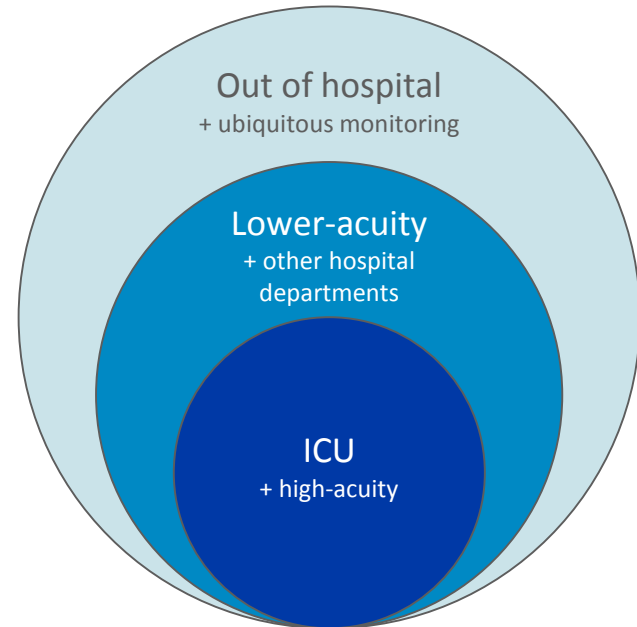


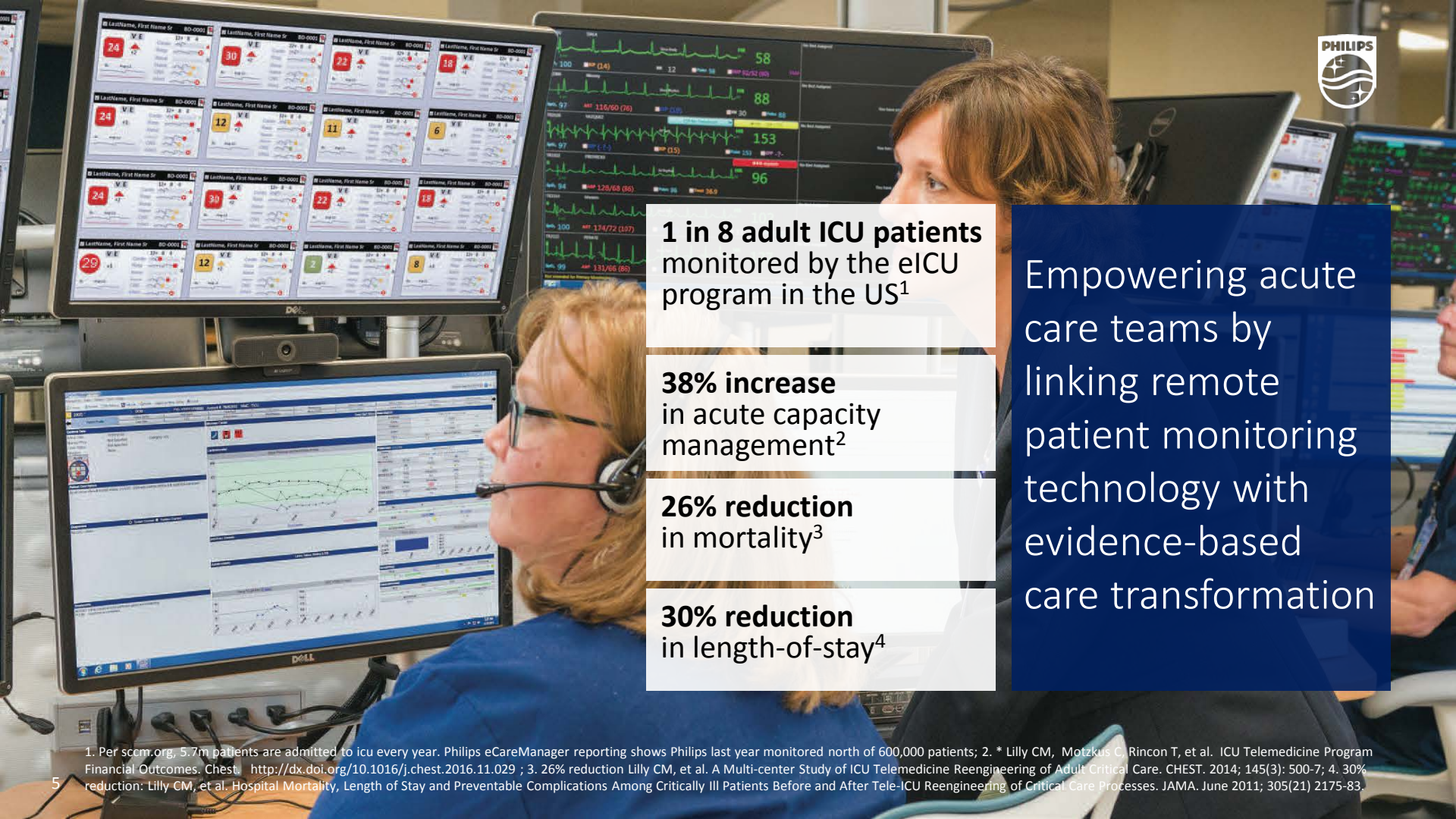
Novel non-invasive and wireless sensors for ubiquitous monitoring and seamless patient experience



Advanced remote services for network performance monitoring and remote service delivery

Expanding into new care settings





1 in 8 adult ICU patients
monitored by the eICU
program in the US¹

38% increase
in acute capacity
management²

26% reduction
in mortality³

30% reduction
in length-of-stay⁴

Empowering acute
care teams by
linking remote
patient monitoring
technology with
evidence-based
care transformation

1. Per scm.org, 5.7m patients are admitted to ICU every year. Philips eCareManager reporting shows Philips last year monitored north of 600,000 patients; 2. * Lilly CM, Motzkus C, Rincon T, et al. ICU Telemedicine Program Financial Outcomes. Chest. <http://dx.doi.org/10.1016/j.chest.2016.11.029>; 3. 26% reduction Lilly CM, et al. A Multi-center Study of ICU Telemedicine Reengineering of Adult Critical Care. CHEST. 2014; 145(3): 500-7; 4. 30% reduction: Lilly CM, et al. Hospital Mortality, Length of Stay and Preventable Complications Among Critically Ill Patients Before and After Tele-ICU Reengineering of Critical Care Processes. JAMA. June 2011; 305(21) 2175-83.



Wireless, 4-day-life and fully disposable, collects most important vital signs and detects falls

95% of patients agree that it's **comfortable** to wear on their chest¹

73% feel **better cared for** while wearing the biosensor¹

Our **wearable biosensor** with IntelliVue Guardian helps caregivers keep watch over patients in need of more frequent monitoring

Key takeaways

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- Patient triaging and remote surveillance
- Ubiquitous monitoring

Leader in analytics technology

- Advanced tele-ICU solutions to help customers improve outcomes and reduce costs
- Moving to integrated enterprise solutions



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Diagnostic Imaging Accelerating our momentum

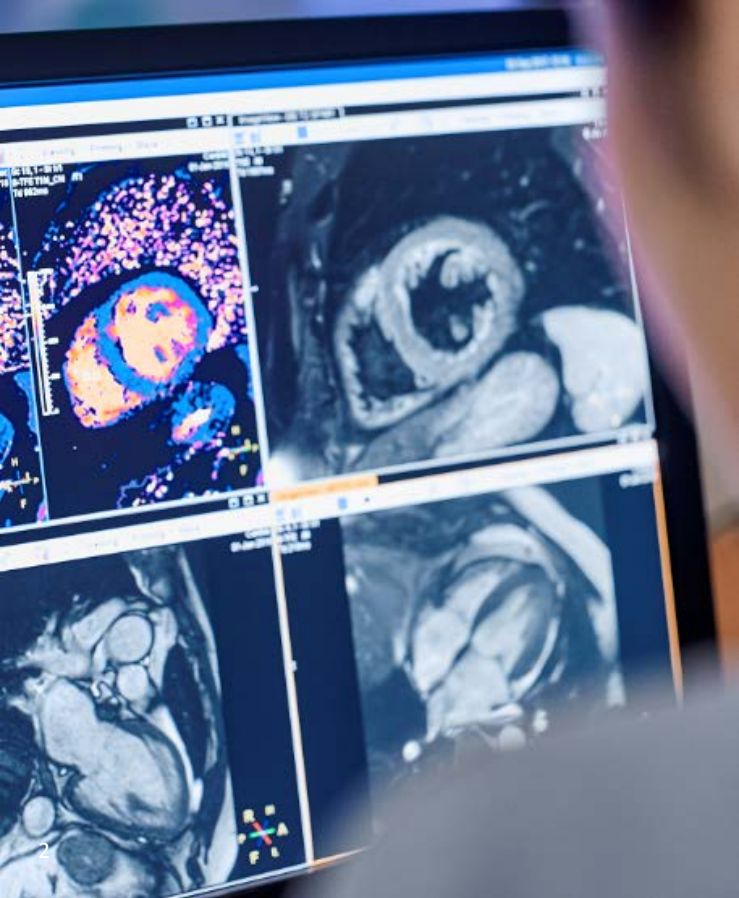
Kees Wesdorp

Business Leader Diagnostic Imaging

innovation ✨ you

Key takeaways

- **Diagnostic Imaging is at the heart of our strategy**, enabling precision diagnosis and productivity for our customers
- Our strategy centered around innovation, customer-centricity, and productivity is paying off:
 - **Strong traction with new portfolio of systems, software and services to deliver on the quadruple aim**
 - **Driving growth and market share gains** with strengthened go-to-market
 - Our productivity program is **on track**
- **Delivering an average +200 bps Adj. EBITA margin expansion** per year through productivity and growth



Driving growth and productivity

Double-digit
order intake growth across modalities

+110 bps
market share gain in North America¹

+120 bps
market share gain globally¹

Strengthened go-to-market

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

Overhead cost reduction
through delayering

Manufacturing productivity
with good progress on footprint simplification

Procurement savings
with focus on BOM reductions

Driving +200 bps margin per year

Continued delivery on accelerated productivity programs to expand margin

Growing leadership in precision diagnosis to address the Quadruple Aim

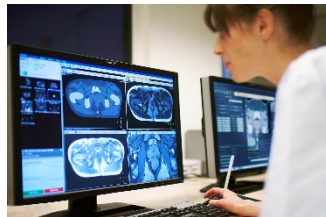
Achieving objectives of the Quadruple Aim



First-time-right superior images and improved patient and staff experience



AI-enhanced workflow and decision support



Precision diagnosis by integrating radiology, pathology, genomics and longitudinal data¹

2016

2020



Strong traction with 70% new portfolio¹ and unique solutions

Deep integration with informatics drives productivity, diagnostic confidence and intelligent workflows

First-time-right superior images and improved patient and staff experience



AI-enhanced workflow and decision support



Precision diagnosis by integrating radiology, pathology, genomics and longitudinal data





Our smart informatics and MRI systems build on the imperative of the Quadruple Aim



Improved
health
outcomes



Improved
patient
experience



Improved
staff
satisfaction



Lower
cost
of care

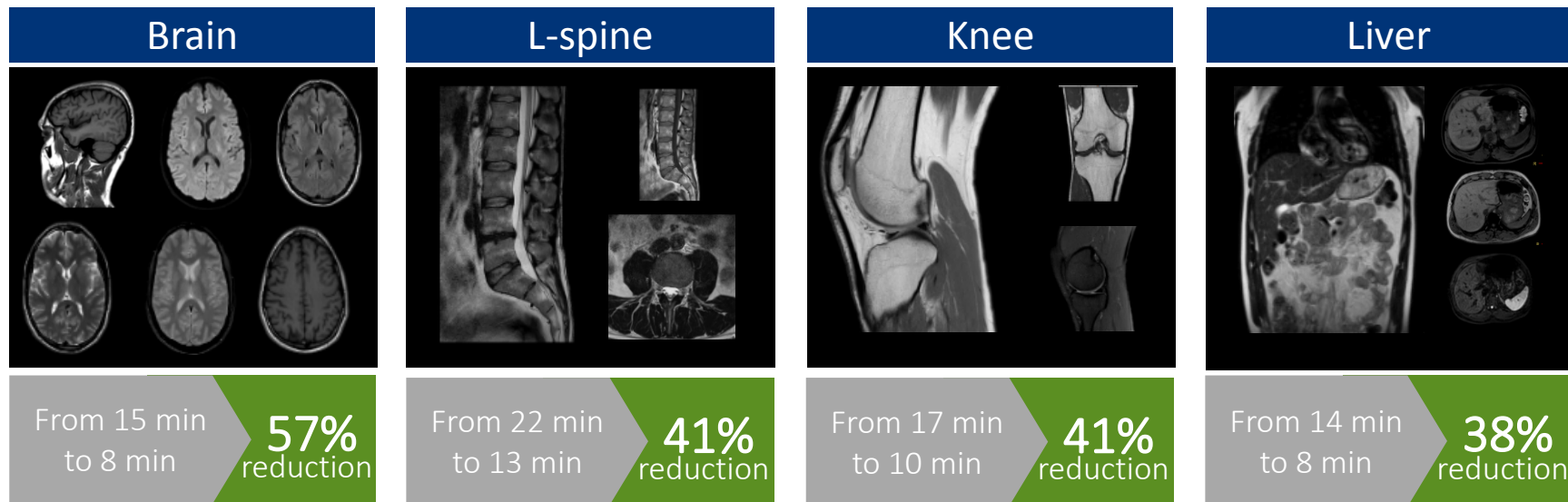
Confidence

Comfort

Speed

Compressed SENSE enables up to 50% scan time reduction

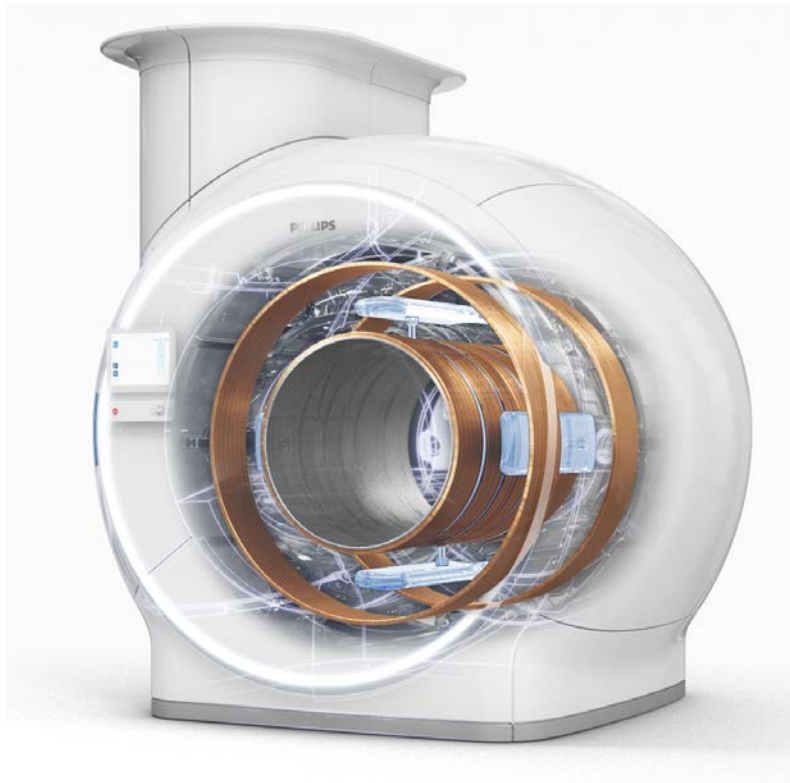
Reduced scan times for all anatomies drives real value for our customers



Compressed SENSE is a breakthrough innovation, addressing MRI scanning time, a key productivity challenge for the radiology department

Continued success with innovations in our systems platforms

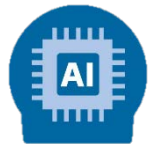
Philips Ambition 1.5T MRI



Helium-free operations



Designed to facilitate low siting
and other construction costs



Toward uninterrupted MR
operations



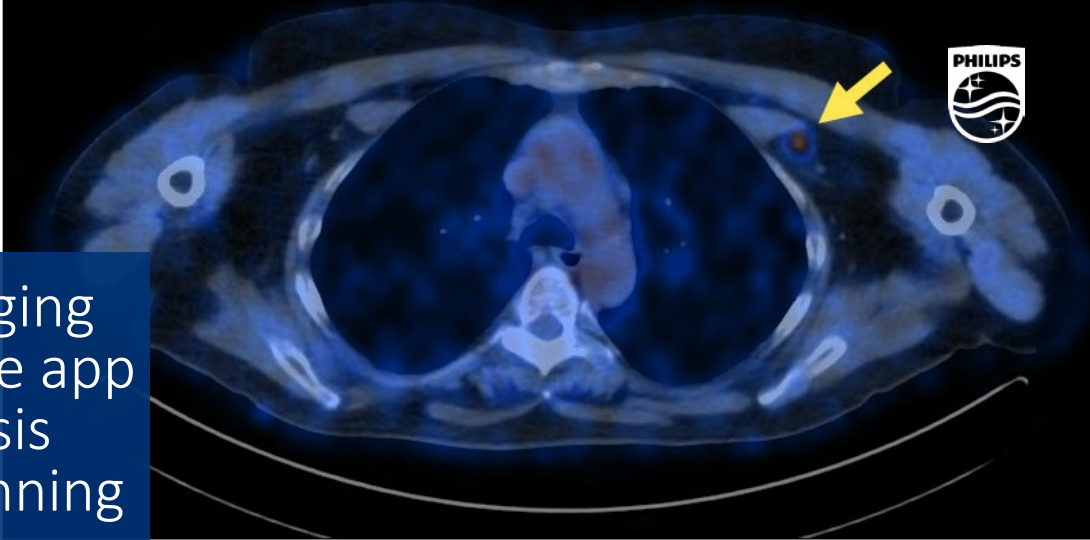
High-performance by design

Vereos Digital PET/CT imaging
combined with IntelliSpace app
enabling precision diagnosis
and oncology therapy planning

**Industry-
leading,
diagnostic
confidence**
small lesion
detectability
and advanced
visualization

**Better
experience**
for patients
and staff with
fast scans, low
PET dose

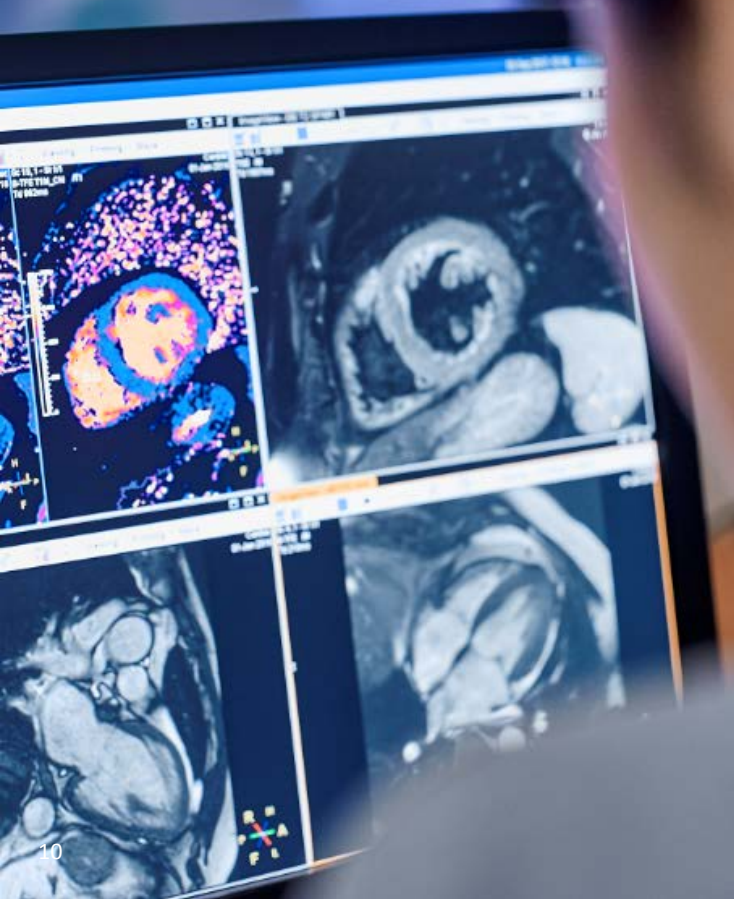
**Advanced
visualization
and
streamlined
workflow**
with Ilumeo
and Intelli-
Space Portal
applications



Picture: Images from Vereos Digital PET/CT
with IntelliSpace advanced visualization

Key takeaways

- **Diagnostic Imaging is at the heart of our strategy**, enabling precision diagnosis and productivity for our customers
- Our strategy centered around innovation, customer-centricity, and productivity is paying off:
 - **Strong traction with new portfolio of systems, software and services to deliver on the quadruple aim**
 - **Driving growth and market share gains** with strengthened go-to-market
 - Our productivity program is **on track**
- **Delivering an average +200 bps Adj. EBITA margin expansion** per year through productivity and growth



A man and a woman are lying in bed. The man is wearing a white CPAP mask and a headgear. The woman is smiling and holding a tablet. They are in a bedroom with a window in the background.

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Sleep & Respiratory Care

Scaling solutions, driving geographic expansion

John Frank

Business Leader Sleep & Respiratory Care

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Key takeaways

- Our Sleep & Respiratory Care business, representing sales of **EUR 2.0 billion¹** with profitable growth, leverages **leading positions** across markets
- **Strong growth in our core** business with key innovations around Trilogy ventilation and DreamWear masks
- Strengthening our leadership in COPD care management with **digital and connected solutions**
- Scalable global expansion is resulting in >20% growth in **underpenetrated markets** like China, India and Brazil
- New innovations in sleep to **meet unmet consumer needs**



Philips is leading in Sleep

Unlocking the significant market opportunity

100 million

people suffer from obstructive sleep apnea worldwide¹

USD 150 billion

annual economic burden of undiagnosed sleep apnea in the US²

>80%

of patients suffering from obstructive sleep apnea are undiagnosed¹



*CPAP and masks †Philips Respironics

Philips is leading in Respiratory Care

Addressing a significant market need

251 million

people suffer from COPD worldwide¹

USD 50 billion

annual direct and indirect costs
of COPD in the US²

3rd

Third leading cause of death¹



*Ventilators and oxygen †Philips Respironics

Innovations driving growth and recurring revenue

Award winning Trilogy



- #1 selling home ventilator currently supporting ~200,000 patients, est. ~50% market share¹
- Integrated, connected platform for better insight & patient transitions, and management across hospital & home settings

Growing recurring revenues

>70% CSG²

DreamWear mask family growing

4.3 ★★★★★

Consumer Rating

Full Face

~50%³ of segment mix

Nasal

~30%³ of segment mix

Pillows

~20%³ of segment mix



Philips is uniquely positioned to scale Respiratory care model

Integrated solution from acute to post-acute enables the right care at the right time at the right place

Connectivity and data aggregation



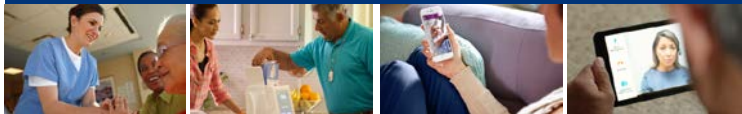
- Broadest respiratory portfolio (hospital to home)
- Respiratory therapy
- Connected platform

Data analytics and tracking

Care management and coordination

Care management services

Philips Connected Care Ecosystem



- Risk-stratify patients
- Track care delivery and cost
- Report financial impact
- Enable care management
- Early intervention for the right care at the right time

RespirTech®



- Identify deterioration earlier and escalate
- Engage patient to self manage

Orchestrating care across the continuum from hospital to home

Coordinated COPD pilot¹ for Care transition management from hospital to home

>890 patients

participated in an integrated COPD Care pilot at St. Vincent's Health System, Alabama, USA

80% reduction

in acute COPD 30-day re-admissions

USD 4.4 million

cost savings in all diagnosis re-admissions

¹ Alabama Hospital 2017 COPD Care Management initiative. Author Incremedical using Medadepth information technology. Solely funded by Philips

We are expanding our business geographically

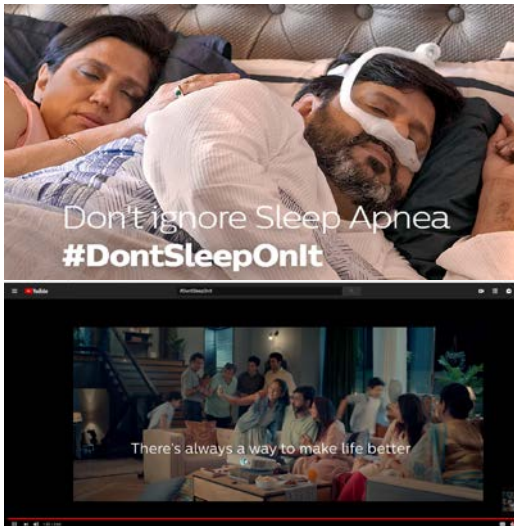
Delivering high-double-digit growth in underpenetrated markets

Retome seus sonhos.
Acesse hoje mesmo o DreamMapper.



Brazil
>35% growth¹

Don't ignore Sleep Apnea
#DontSleepOnly



India
>25% growth¹



China
>20% growth¹

Fueling success in China, leveraging our expansion model

Targeting 160 million people in China for OSA and COPD

Awareness



- Build brand through consumer campaigns (畅享川藏线 Safe Driving Along Tibet Highway)

Education



- Hosting clinician programs
- Building training centers

Propositions and solutions



- Adopting for local needs
- Leveraging the leading Philips brand

Multichannel distribution



- #1 position in China:
- Retail
 - Online
 - Experience centers (>150)
 - Physical examination centers (>100)

Local partnerships



- Local joint venture with Oranger driving sleep diagnosis
- Strong partnerships with leading KOLs and academic institutions

We are driving consumerization in the sleep market

Expanding solutions based on clinical experience and deep consumer insights

Appealing to the sleep apnea consumer

DreamStation Go



- Compact travel CPAP with same therapy and comfort
- Leverage FDA-cleared Positional OSA therapy, easy-to-use solution validated in >80,000 nights
- 10+ million¹ Positional OSA opportunity in the US alone

Addressing sleep deprivation



- New-to-world **SmartSleep headband**, clinically validated innovation delivering improved sleep quality and energy²
- 70% of users report feeling less tired during the day²
- For people who typically sleep <7 hours per night

Key takeaways

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