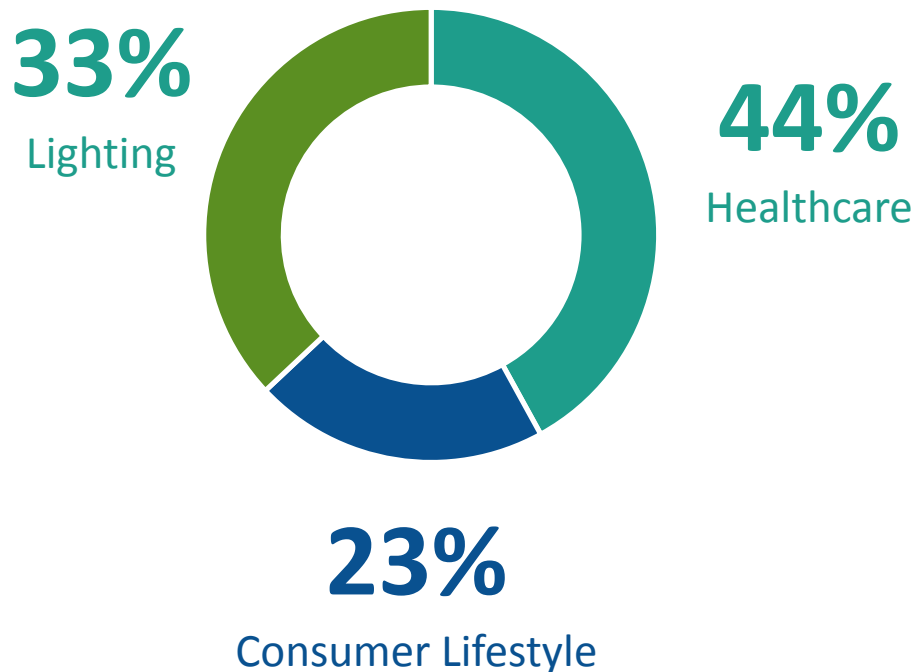


# PHILIPS

## Refurbished Systems as key competence of a Circular Economy

Néstor Coronado Palma  
Philips Healthcare  
October 2015

# Royal Philips



Est. **1891**

Headquarters in  
Amsterdam, Netherlands

**108,000+**

Employees worldwide  
in 100+ countries

**€ 21.4 billion**

Sales in 2014  
Portfolio ~70% B2B

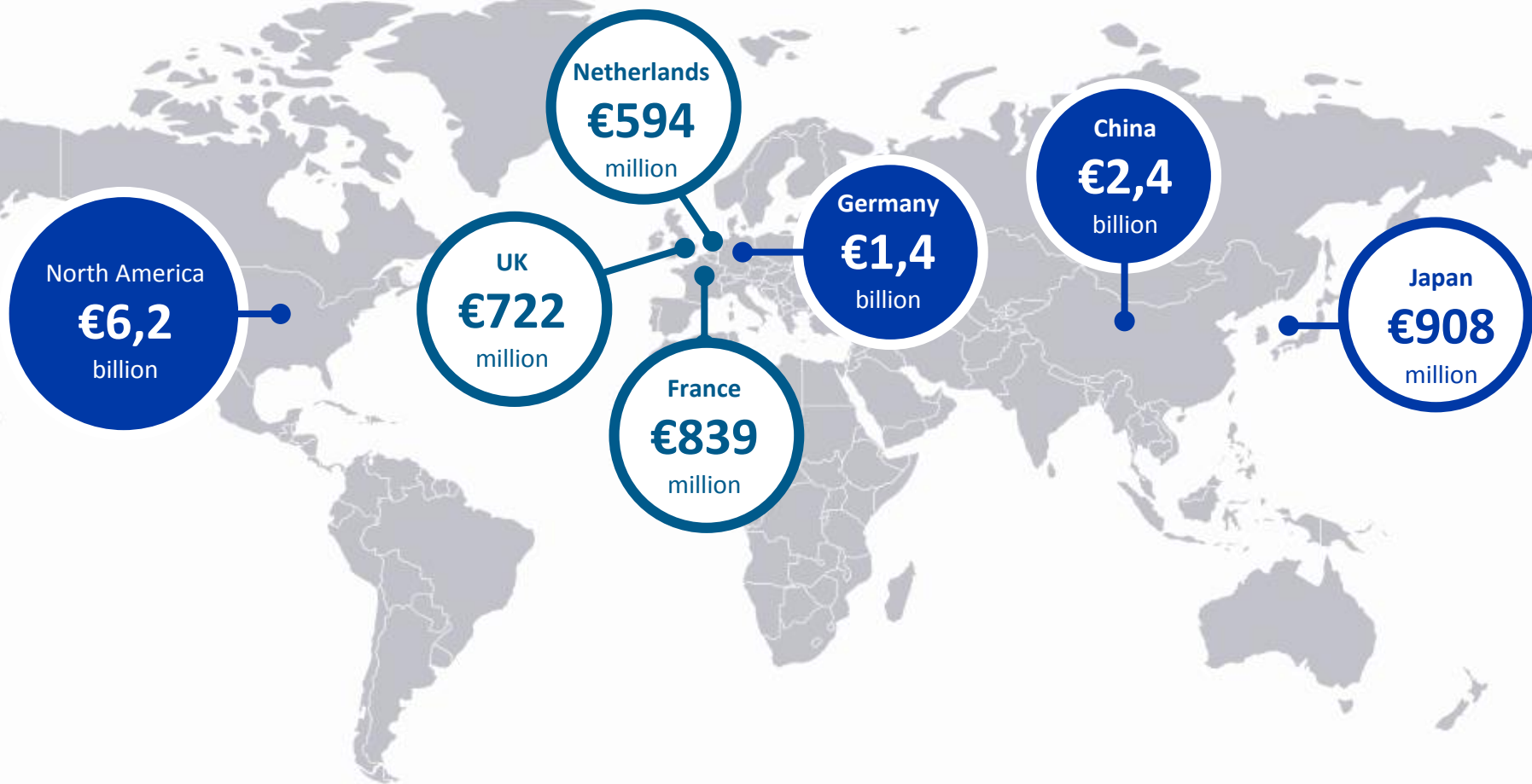
**\$10.3 billion**

Brand value in 2014

\* Based on sales last 12 months March 2015  
Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

# Present in more than +100 countries

Philips' seven largest markets

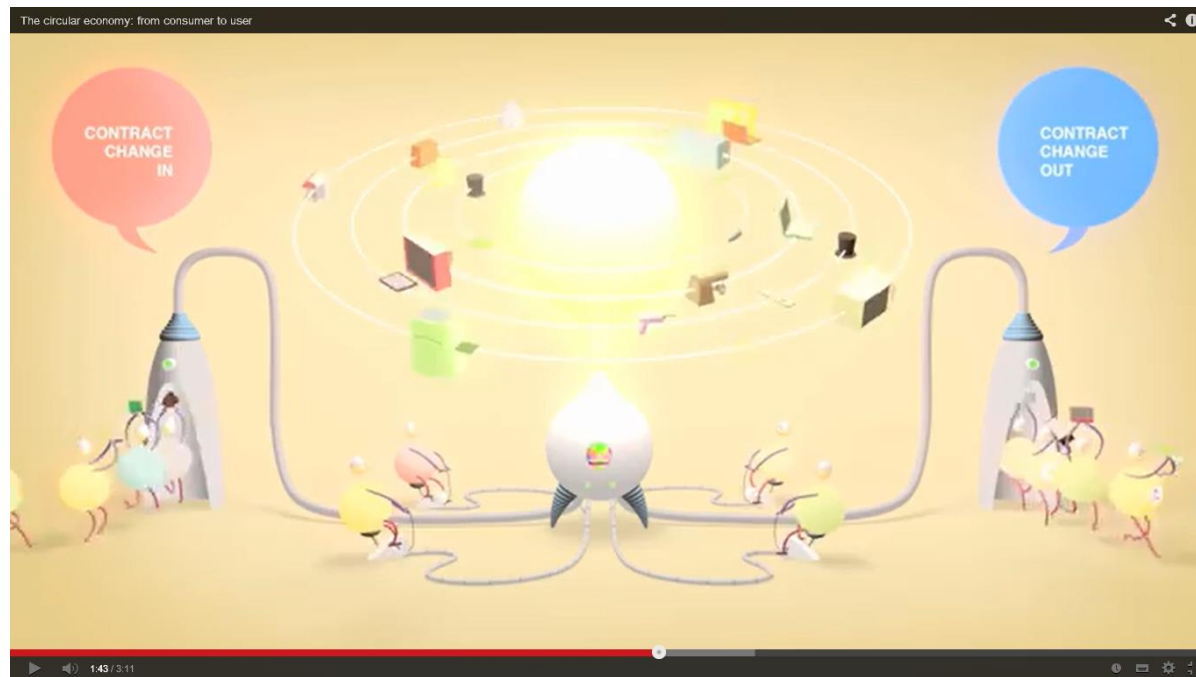


<sup>1</sup> Seven largest markets by sales in 2014.

# What is Circular Economy?

A video of 3 min. will explain ...

and will introduce new business models and a different mind set!



# What is Circular Economy?

It is a business driven approach that enables economic growth while decoupling it from resource consumption.

## Collaboration

# PHILIPS



# theguardian

# McKinsey&Company

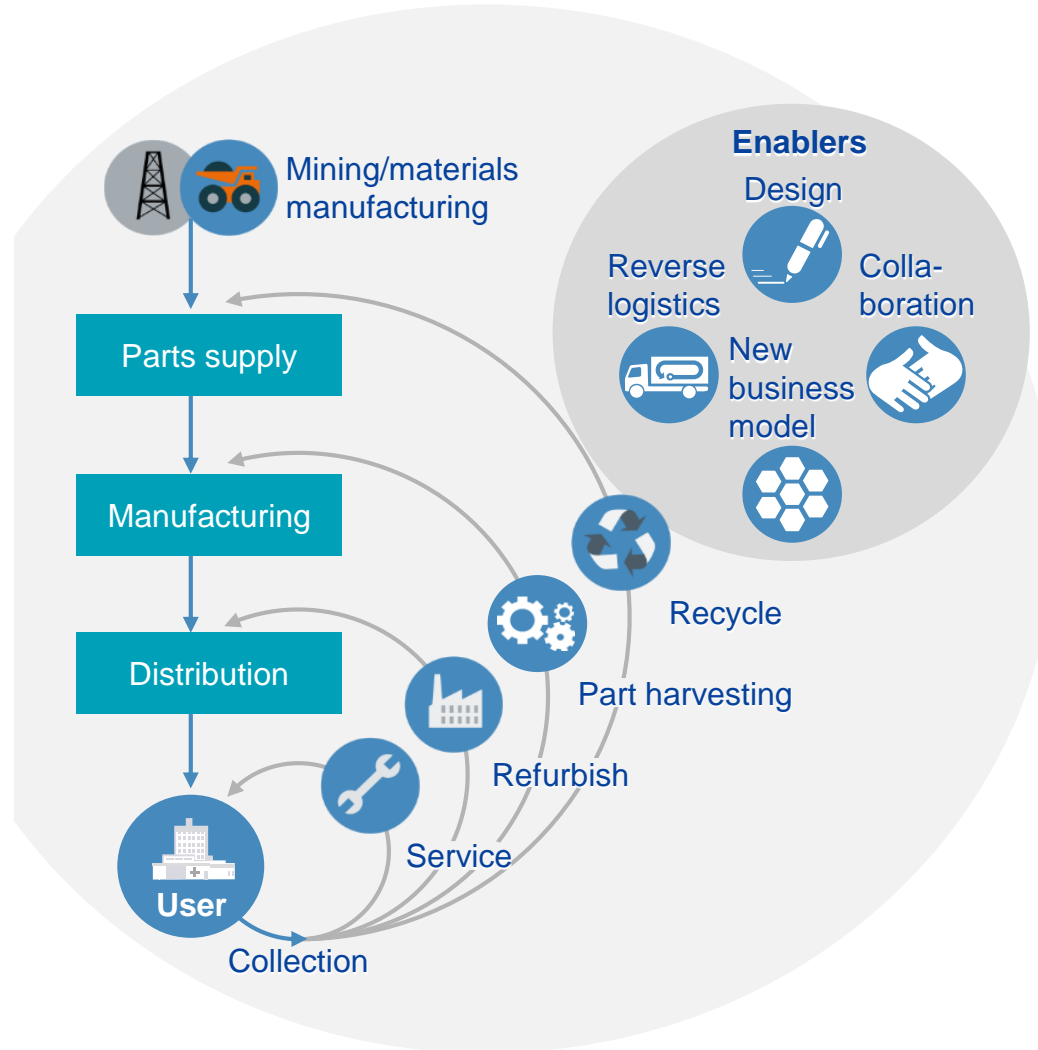
## Frans Van Houten, CEO Philips

*“Like all major transitions in human history, the shift from a linear to a circular economy will be a tumultuous one. It will feature pioneers and naysayers, victories and setbacks. But, if **businesses, governments, and consumers** each do their part, the evolution of innovative business models and closed-loop concepts like **remanufacturing, refurbishing and parts harvesting**, will put the global economy on a path of sustainable growth. Many years from now, people will look back on it as a revolution.”*



# Circular Economy in Philips






4 closed business loops and 4 enablers



# Philips Journey in Long-term Collaborations

## Philips Managed Services are evolving over time

From optimizing medical technology to optimizing care

2006 Technology innovation management	2008 Shared patient volume risk	2010 Workflow improvements	2010 Education & Innovation agreement	2013 Care flow improvements
Outsource non-core functions to technology supplier	Innovation access via variable costs	Optimizing hospital resources with patient demand	Continuous improvements	Cross institutional collaboration and innovation
				
<b>Royal Hospitals</b> Belfast  15 years	<b>Kubin Clinic</b> Austria  8 years	<b>Rijnstate</b> The Netherlands  10 years	<b>La Fe</b> Spain  8 years	<b>Georgia Regents</b> USA  15 years



# Refurbished Systems facilities

## Best, The Netherlands

Interventional X-ray

MR

CT

## Cleveland, USA

MR

CT

Advanced Molecular Imaging

## Bothell, USA

Ultrasound



# Refurbished Systems: as good as new!

- Systems rebuilt and tested according to manufacturer specifications
- New vacuum components
- Customized configuration
- Latest software upgrades
- Latest hardware upgrades
- Original parts



# Diamond Select - value for your money!

- Economy
  - ✓ 60-85% of new price
- High Performance
  - ✓ System performs like NEW
  - ✓ Image quality is as NEW



# Our customers

- Middle-sized hospitals
- Large hospitals
- University hospitals
- Private clinics/practices
- Small hospitals



# Benefits of Closed Business Loops

- Product life cycle management is part of your business strategy.
- Additional revenues thanks to traded-in/returned products.
- R&D designs equipment considering re-use of components/parts.
- New business models (CAPEX vs. OPEX) can ease the access to technology in emerging markets.
- It is about the service to the customer and the customer needs, rather than the age of the equipment.
- Cost reduction in BoM, SCM and customer service operations.

