## H1 FY2019 Business Highlights

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>+ WELCOMED</strong></td>
<td>first major clinical study into the use of Optiflow nasal high flow therapy in the home</td>
</tr>
<tr>
<td><strong>+ AWARDED</strong></td>
<td>two Gold Pins at the New Zealand Design Awards for our F&amp;P InfoSmart web application and F&amp;P SleepStyle patient application</td>
</tr>
<tr>
<td><strong>+ ANNOUNCED</strong></td>
<td>the appointment of Lyndal York as Chief Financial Officer and Neville Mitchell as a new non-executive director</td>
</tr>
<tr>
<td><strong>+ INCLUDED</strong></td>
<td>in the Dow Jones Sustainability Asia Pacific Index and the Dow Jones Sustainability Australia Index</td>
</tr>
<tr>
<td><strong>+ LAUNCHED</strong></td>
<td>the F&amp;P 950 neonatal heated humidification system into New Zealand and Australia</td>
</tr>
<tr>
<td><strong>+ PROGRESSED</strong></td>
<td>with construction of our two building projects in New Zealand and Mexico</td>
</tr>
</tbody>
</table>
First Half Financial Highlights

H1 FY2019 (6 months to 30 September 2018)

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>511.3</td>
<td>+12%</td>
<td>+8%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>297.3</td>
<td>+13%</td>
<td>+11%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>211.1</td>
<td>+10%</td>
<td>+6%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+24%</td>
<td>+22%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+6%</td>
<td>+2%</td>
</tr>
<tr>
<td>Gross margin (basis points increase)</td>
<td></td>
<td>+77bps</td>
<td>+22bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>97.4</td>
<td>+20%</td>
<td>+14%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 86% of operating revenue (H1 FY18: 87%)
Hospital Product Group

H1 FY2019

58% OF OPERATING REVENUE

H1 FY2019

HOSPITAL OPERATING REVENUE
NZ$

↑13%

CONSTANT CURRENCY

↑11%

NEW APPLICATIONS* CONSUMABLES REVENUE
NZ$

↑24%

CONSTANT CURRENCY

↑22%

Respiratory humidification and support

• New applications consumables* made up 60% of H1 FY2019 Hospital consumables revenue, 55% in H1 FY2018

• Strong customer demand for our Optiflow and AIRVO systems, driven by clinical trial results

• F&P 950 to be released in Europe mid-2019, followed by US and Canada

Surgical technologies

*New applications = Noninvasive ventilation (NIV), Optiflow™, AIRVO™, Surgical
Homecare Product Group

H1 FY2019

41% of Operating Revenue

H1 FY2019

Homecare Operating Revenue NZ$

↑10%

Constant Currency

↑6%

Masks Revenue NZ$

↑6%

Constant Currency

↑2%

CPAP therapy / Obstructive Sleep Apnea (OSA)

F&P Simplus
F&P Eson 2
F&P Brevida
F&P SleepStyle

Home respiratory support

F&P myAIRVO 2
F&P 810 System
F&P Optiflow +
## First Half Operating Results

H1 FY2019 (6 months to 30 September 2018)

<table>
<thead>
<tr>
<th></th>
<th>% of Revenue</th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue</strong></td>
<td>100%</td>
<td>511.3</td>
<td>+12%</td>
<td>+8%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>33.2%</td>
<td>169.7</td>
<td>+9%</td>
<td>+8%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>66.8%</td>
<td>341.6</td>
<td>+13%</td>
<td>+9%</td>
</tr>
<tr>
<td>Other income (R&amp;D grant)</td>
<td>2.5</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>31.2%</td>
<td>159.4</td>
<td>+11%</td>
<td>+8%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>8.9%</td>
<td>45.7</td>
<td>-3%</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>40.1%</td>
<td>205.1</td>
<td>+8%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>27.2%</td>
<td>139.0</td>
<td>+21%</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>19.0%</td>
<td>97.4</td>
<td>+20%</td>
<td>+14%</td>
</tr>
</tbody>
</table>

^ PCP = prior comparable period  * CC = constant currency
Gross Margin Improvements

- Gross margin for the first half:
  - increased by 77 bps to 66.8%
  - increased by 22 bps in constant currency
- Primarily driven by favourable product mix
- Offset by OSA price declines

Note: the long term gross margin target is based on an assumption of a continuation of the current business environment.
Operating Margin

Note: the long term operating margin target is based on an assumption of a continuation of the current business environment.

Research & Development expenses

- NZ$45.7M
- -3% (-3% cc) compared to 1H FY18
- Higher one-off costs in the prior half relating to product introductions and patent renewal fees
- Underlying rate of R&D increasing

Selling, General & Administrative expenses

- NZ$159.4M
- +11% (+8% cc) compared to 1H FY18
- Continuing expansion of sales teams and promotional activities
- Patent litigation expenses: $7.7M
## Cash Flow and Balance Sheet

### H1 FY2019 (for the 6 months ended 30 September 2018) [NZ$M]

- Operating cash flow (+14%) 93.4
- Capital expenditure (including purchases of intangible assets) 61.1
- Depreciation and amortization 20.9

### H1 FY2019 (as at 30 September 2018) [NZ$M]

- Net cash 14.8
- Total equity 776.7
- Total assets 1,044.0
- Gearing (debt/debt + equity) -2.0%
Gearing and Dividend

• Target gearing ratio* of +5% to -5% debt to debt plus equity
  - Gearing ratio at 30 September 2018 was -2.0%
• Increased interim dividend by 11%:
  - 9.75 cps + 3.792 cps imputation credit for NZ residents (gross dividend of NZ 13.542 cps)
  - Fully imputed
  - 1.721 cps non-resident supplementary dividend
  - Dividend reinvestment plan available for New Zealand and Australian residents. No discount will apply.

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).
Foreign Exchange Effects

- 50% of operating revenue in USD (FY18: 51%) and 19% in €.

### Hedging position for our main exposures (as at 26th November 2018)

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25-27</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD % cover of expected exposure</td>
<td>95%</td>
<td>75%</td>
<td>50%</td>
<td>10%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>USD average rate of cover</td>
<td>0.681</td>
<td>0.668</td>
<td>0.654</td>
<td>0.660</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>95%</td>
<td>70%</td>
<td>50%</td>
<td>40%</td>
<td>35%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.604</td>
<td>0.572</td>
<td>0.542</td>
<td>0.522</td>
<td>0.509</td>
<td>0.500</td>
<td>0.471</td>
</tr>
</tbody>
</table>

Hedging cover percentages have been rounded to the nearest 5%

### Reconciliation of Constant Currency to Actual Income Statements

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax (constant currency)</td>
<td>106.9</td>
<td>109.1</td>
<td>126.1</td>
</tr>
<tr>
<td>Spot exchange rate effect</td>
<td>(0.6)</td>
<td>(5.5)</td>
<td>6.6</td>
</tr>
<tr>
<td>Foreign exchange hedging result</td>
<td>9.7</td>
<td>10.4</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Balance sheet revaluation</td>
<td>(4.8)</td>
<td>0.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Profit before tax (as reported)</td>
<td>111.2</td>
<td>114.1</td>
<td>135.9</td>
</tr>
</tbody>
</table>
Profit & Loss by Currency

1H FY2019 (for the 6 months ended 30 September 2018)

REVENUE BY CURRENCY

COST OF SALES BY CURRENCY

OPERATING EXPENSES BY CURRENCY

NZD  USD  EUR  MXN  Other

NZD  USD  EUR  MXN  Other

NZD  USD  EUR  MXN  Other
Overview
Fisher & Paykel Healthcare at a Glance

Global leader in respiratory humidification devices

- Medical device manufacturer with leading positions in respiratory care and obstructive sleep apnea
- 45+ years’ experience in changing clinical practice to solutions that provide better clinical outcomes and improve effectiveness of care
- Estimated US$6+ billion and growing market opportunity driven by demographics
- Significant organic long-term growth opportunities in respiratory care, OSA, COPD and surgery
- Large proportion (86%) of revenue from recurring items, consumables and accessories
- High level of innovation and investment in R&D with strong product pipeline
- High barriers to entry

Global presence

- 294 of our people in Europe
- 308 of our people in the rest of the world
- 2,258 of our people in New Zealand
- 37 of our people located in 37 countries

Strong financial performance

- Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years
- Targeting gross margin of 65% and operating margin of 30%
- Growth company with targeted dividend pay-out ratio of approximately 70% of net profit after tax

Consistent growth strategy
~US$6+ Billion and Growing Market Opportunity

HOSPITAL

- Invasive Ventilation
- Hospital Respiratory Support
- Non-invasive Ventilation
- Surgical Humidification

HOMECARE

- Home Respiratory Support
- CPAP Therapy

“NEW APPLICATIONS”
Applications outside of invasive ventilation
OUR ASPIRATION: Sustainably DOUBLING our constant currency revenue every 5-6 years.
Markets & Products

• Hospital
  – Heated humidification
  – Respiratory care
  – Neonatal care
  – Surgery

• Homecare
  – Masks
  – Flow generators
  – Data management tools
  – Respiratory care in the home

Recurring items, consumables and accessories approximately 86% of operating revenue (1HFY18: 87%)
Impact of Changing Demographics

• Population age and weight both increasing
  - US population 65 years+ to grow ~80% over next 20 years\(^1\)
  - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960\(^2\)
• 60% of US healthcare cost is after age 65 years\(^3\)
• Developing markets increasing healthcare spending
  - China healthcare expenditure projected to grow at 12% per year between 2014-2018\(^4\)
Hospital Cost Breakdown

- Medical devices: 94%
- Other: 6%

Other – includes labour, utilities, drugs, supplies, food, depreciation.

Source: Estimates of Medical Device Spending in the United States, Donahoe, G and King, G, June 2014
Lower Care Intensity = Lower Cost

Hospital
Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or oxygen therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
  - 37°C body core temperature
  - 44mg/L 100% saturated
Optiflow - Displacing Conventional Oxygen Therapy

CONVENTIONAL OXYGEN THERAPY
- Low Flow Nasal Prongs
- Simple Face Mask
- Rebreather Mask

NON-INVASIVE VENTILATION
Clinical Outcomes of Optiflow Nasal High Flow Therapy

Optiflow NHF therapy is associated with:

ADULTS:
• REDUCED intubation\(^5\)
• REDUCED re-intubation\(^6, 7, 8\)
• REDUCED bilevel ventilation\(^7\)
• REDUCED nursing workload\(^7\)
• INCREASED ventilator free days\(^5\)
• IMPROVED comfort & patient tolerance\(^6\)
• IMPROVED compliance\(^6\)
• REDUCED COPD exacerbations\(^9\)

PAEDIATRICS:
• REDUCED intubation\(^10\)
• REDUCED length of stay\(^11\)
• REDUCED respiratory distress\(^12\)

NEONATES:
• NON-INFERIORITY with nasal CPAP\(^13\)
• REDUCED nasal trauma\(^14, 15\)
• REDUCED respiratory distress\(^16\)
Optiflow NHF - A Growing Body of Clinical Evidence

NASAL HIGH FLOW CLINICAL PAPERS PUBLISHED ANNUALLY

Source: PubMed
Consistently Strong Growth in Hospital New Applications

- New applications consumables now make up 59% of Hospital consumables revenue, up from 50% in FY2016 and 54% in FY2017

* Adjusted to exclude impact of US distribution transition in FY16 and FY17
Homecare
Obstructive Sleep Apnea

• Temporary closure of airway during sleep
• Can greatly impair quality of sleep, leading to fatigue; also associated with hypertension, stroke and heart attack
• Estimated US$3+ billion worldwide market.
• Estimate >50 million people affected in developed countries
• Most common treatment is CPAP (Continuous Positive Airway Pressure)
  – Key issue with CPAP is compliance
  – Humidification provides significant acceptance and compliance improvements
Revolutionary Masks

- Market leading mask technology
- Unique, patented designs
- Mask Matters Most
  - Masks are key to compliance
Home Respiratory Support

- Chronic obstructive pulmonary disease (COPD) is a lung disease which is commonly associated with smoking
- Emphysema and chronic bronchitis are both forms of COPD
- Chronic respiratory disease, primarily COPD, is the third leading cause of death in the US\(^\text{17}\)
- 6% of US adults have been diagnosed with COPD\(^\text{18}\) (~15 million people)
- 4-10% COPD prevalence worldwide\(^\text{19}\) (~400 million people)
High Level of Innovation and Investment in R&D

- R&D represents 9% of operating revenue: *NZ$45.7M
- Product pipeline includes:
  - Humidifier controllers
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 186 US patents, 385 US pending, 870 ROW, 912 ROW pending†

* For 6 months ended 30 September 2018
† As at 31 March 2018
Growing Patent Portfolio

Average remaining life of FPH patent portfolio (all countries): 12 years*

* As at 31 March 2018
Manufacturing & Operations

- Vertically integrated
  - COGS improvements: Mexico, lean manufacturing, supply chain
- Ample capacity to grow

Auckland, New Zealand
- Three buildings: 82,000 m² / 885,000 ft² total
- 100 acres / 40 hectares land
- Fourth building underway

Tijuana, Mexico
- 18,000 m² / 200,000 ft²
- Consumables capacity ramping up
- Construction of second building to be completed in FY19
Strong Global Presence

- Direct/offices
  - Hospitals, home care dealers
  - Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 15 distribution centres
  - More than 950 staff in 29 countries
  - Ongoing international expansion
- Distributors
  - 100+ distributors worldwide
- Original Equipment Manufacturers
  - Supply most leading ventilator manufacturers
- Sell in more than 120 countries in total
Ownership Structure and Listings

• Listed on NZX and ASX (NZX.FPH, ASX.FPH)
Consistent Growth Strategy

Our inputs:
- Our 4000+ people
- Over 45 years of trusted relationships
- Excellence in R&D
- Global supply networks
- Trusted brand

Our outputs:
- Increased efficiency of care
- Improved care & outcomes for patients
- Increased shareholder value
- Benefits to our people
- Doubling our constant currency revenue every 5-6 years

Care by Design
Improving care & outcomes through inspired and world-leading healthcare solutions

MARKET CONTEXT

AGEING POPULATION | TECHNOLOGY ADVANCEMENT | HEALTHCARE COSTS INCREASING | OTHER EXTERNAL FACTORS
Important Notice and References

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References