

HALF YEAR UPDATE AND OVERVIEW FY2010

November 2009

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HEALTHCARE

Investment Highlights

- Leading player in respiratory humidification systems
- Consistent growth strategy
- Estimated US\$3.0+ billion and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance

NZSX:FPH, ASX:FPH



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Operating Results NZ\$

1H FY10 (6 months to 30 September)

	<u>%Revenue</u>	<u>NZ\$M</u>	<u>% Δ pcp</u>
Operating revenue	100%	251.4	+18%
Gross profit	54.0%	135.8	+15%
Other income	0.9%	2.2	
SG&A	28.2%	70.8	+18%
R&D	6.5%	16.3	+23%
Total Operating Expenses	34.7%	87.1	+18%
Operating Profit	20.3%	50.9	+11%
Profit after Tax	14.7%	37.0	+31%

3

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Operating Results US\$

1H FY10 (6 months to 30 September)

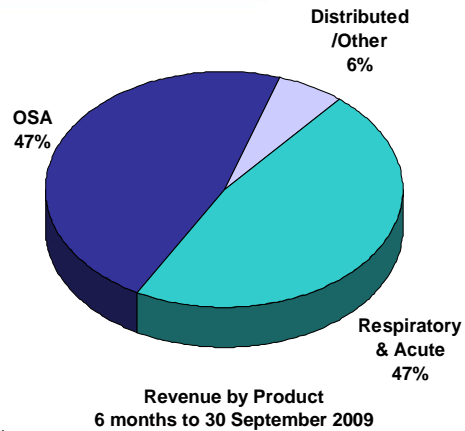
	<u>%Revenue</u>	<u>US\$M</u>	<u>% Δ pcp</u>
Operating revenue	100%	159.9	+0%
Gross profit	54.0%	86.4	-2%
Other income	0.9%	1.4	+24%
SG&A	28.2%	45.0	+0%
R&D	6.5%	10.4	+4%
Total Operating Expenses	34.7%	55.4	+1%
Operating Profit	20.3%	32.4	+6%
Profit after Tax	14.7%	23.6	+11%

4

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Markets and Products

- Respiratory & Acute Care
 - Heated Humidification
 - Respiratory Care
 - Neonatal Care
 - Obstructive Sleep Apnea
 - Masks
 - Flow Generators
 - Humidifiers
- Consumable and accessory products represent approx. 75% of core product revenue

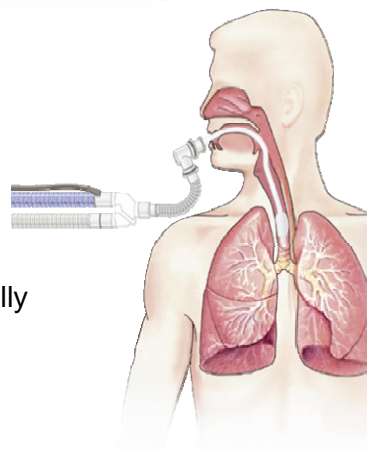


5

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Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O₂ therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
 - 37 °C body core temperature
 - 44mg/L 100% saturated



6

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Respiratory/Humidification Systems

- MR850 Respiratory Humidifier System
 - invasive ventilation, O₂ therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
 - entry level system
 - ventilation and O₂ therapy
 - optional heated breathing circuit
- Infant CPAP System
 - proprietary bubble CPAP, non-invasive, oscillating pressure
- Infant resuscitator system
 - precise pressure control



7

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Single-use Respiratory Components

- Single-use chambers
 - patented auto filling MR290
- Single-use breathing circuits
 - patented spiral heater wire
 - proprietary Evaqua™ expiratory tube
 - minimal condensation
 - delivery of optimal humidity
- Breathing circuit components
 - filters, catheter mount, weaning kit
- Interfaces
 - NIV masks, tracheostomy, O₂ therapy
- Approx 35 system set-ups used per controller per year
- Consumable growth driving revenue growth



8

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Expanding Opportunities



Invasive Ventilation



Non-invasive Ventilation



O₂ Therapy



Humidity Therapy



Surgical Insufflation



COPD Humidity Therapy

9

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Respiratory & Acute Care Update

- 8% revenue growth NZ\$, est. 14% underlying constant currency
- Lapping first half last year; US GPO contracts, consumable backorder catch-up
- New applications generated 27% of consumables revenue, est. 25% underlying constant currency growth (excluding FY09 contracts)
- Introduced new NIV mask
- Introduced Airvo humidity therapy range to international markets

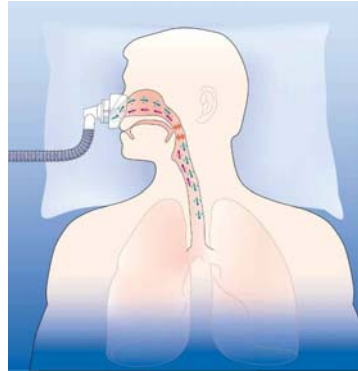


10

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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\$2.2+ billion worldwide market, growing ≈10-15%
- Potentially 50-60 million affected worldwide
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - key issue with CPAP is compliance
- Humidification provides significant acceptance and compliance improvements



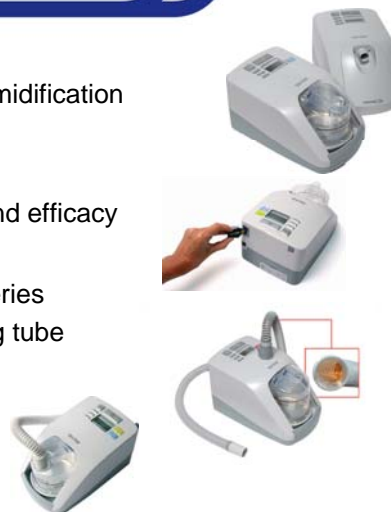
Continuous Positive Airway Pressure applied through a nasal mask to hold the airway open

11

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CPAP Systems

- SleepStyle™ 230
 - patented Ambient Tracking™ humidification technology
- SleepStyle™ 240
 - SmartStick™ USB compliance and efficacy recording
- SleepStyle™ 600 Flow Generator series
 - ThermoSmart™ heated breathing tube technology
- SleepStyle™ 250 Auto
 - Auto titration
 - SensAwake™ technology



12

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Mask Range

Four interface categories

- Nasal Masks
 - patented glider
 - FlexiFit™ technology
 - New Zest Petite, Plus
- Full Face Mask
 - under chin seal
 - patented glider
 - FlexiFit™
 - new Forma™ with Flexifoam™
- Oral Mask
 - Oracle™ oral interface
- Nasal Pillows Mask
 - very light
 - Opus 360™



13

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OSA Update

- 31% NZ\$ revenue growth, 20% constant currency for masks and flow generators
- SleepStyle™ Auto flow generator with SensAwake™ and SleepStyle 240 with SmartStick™ driving flow generator growth
- Zest™ Petite and Plus masks introduced

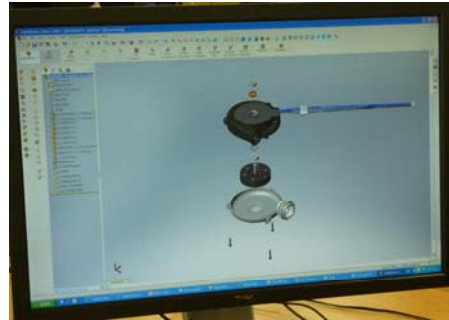


14

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Research & Development

- 250 engineers, scientists, physiologists*
- R&D expenses increased 23% in NZ\$ for first half
- 6.5% of operating revenue
- Product pipeline includes
 - flow generators – new range
 - masks
 - respiratory consumables
- 79 US patents, 73 US pending, 292 ROW, 212 ROW pending*



* at 31 March 2009

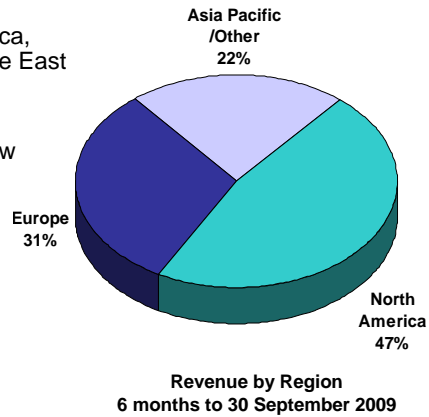
Manufacturing

- Vertically integrated
 - electronics assembly
 - injection moulding
 - motor assembly
 - clean manufacturing
- Ample capacity to grow
 - two buildings 51,000m²/ 550,000 ft² total
 - 100 acres/40ha land
- Manufacturing expansion – NZ and Mexico
 - Capital expenditure
 - NZ\$30M NZ
 - NZ\$20M Mexico

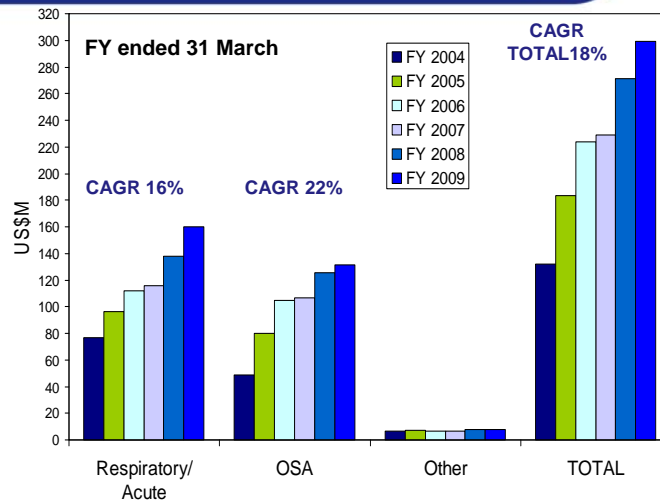


Global Presence

- Direct/offices
 - hospitals, home care dealers
 - sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia
 - 500 staff in 30 countries
 - ongoing international expansion, new distribution centres, Japan, Canada
- Distributors
 - 100+ distributors worldwide
- Original Equipment Manufacturers
 - supply most leading ventilator manufacturers
- 120 countries in total



Revenue Growth US\$



Balance Sheet

- NZ\$106.5M net debt
- NZ\$278.3M total shareholders equity
- NZ\$477.5M total assets
- Annualised 47% pre-tax return on equity, annualised 26% on total assets
- NZ\$600M of hedging in place
- US\$62M hedge book close-out, Sep – Oct, NZ\$30M realised

Outlook FY2010

- Accelerating growth in respiratory product demand
- New flow generator range about to be introduced
- Operating revenue - expect approximately NZ\$500M (@ NZD:USD 0.74 for remainder of year)
- Net profit - expect approximately NZ\$65M to NZ\$70M
- Ceased distribution of Medela Australia, warmers North America

Growth Drivers

Consistent strategy

- Continue to improve existing product lines
- Develop complementary products/consumables
- Target new medical applications
 - e.g. COPD, NIV, O₂ therapy, surgery
- Increase international presence