



## FY02 Third quarter results review

# Forward looking statements

This presentation may include forward-looking statements and actual results could vary. For a discussion of factors that could cause actual results to vary from any forward-looking statements, please see our prospectus, especially Risk Factors.

# FY02 Q3: Corporate highlights

- Completion of F&P separation
- Buyback of 18.2 million shares
- Placement of 20.2 million shares as ADSs
- Listing on NZSE, ASX, Nasdaq
- Termination of Datex Ohmeda distribution agreement
- Financial performance for 9 months:
  - Core revenue growth up 19%
  - Higher gross profit margin
  - After tax profit up 38%

# Recent product launches

## Timing

## Product

Last 6-12 months

Aclaim™ Mask\*

Oracle Mask\*

Infant CPAP System

HC150 Humidifier

HC221 Integrated Flow Generator\*

Next 6-12 months

Oracle mask#

HC221 Integrated Flow Generator#

Neonatal breathing circuits

Infant CPAP System#

MR810 Humidifier

→ New products introduced country by country

→ Continuously introducing new features and advancements to our existing product lines

\* Release in NZ/ Australia # Release in US and other countries

# Update on performance drivers

## 1. Respiratory humidification:

- Environment:*
- Warm northern winter
  - Softer hospital capex
  - Mild flu season

- Performance:*
- Reduced humidifier sales to OEMs
  - Strong growth in single-use adult breathing circuits/ chambers
  - Revenue +4% in Q3, +13% YTD
  - 56% of core revenue YTD

# Update on performance drivers

## 2. CPAP sleep apnea:

*Environment:*

- Increasing acceptance of humidification benefits
- Product price reductions

*Performance:*

- 23% volume growth in integrated flow-generator humidifiers
- Revenue +10% in Q3, +28% YTD
- 38% of core revenue YTD

# Update on performance drivers

## 3. Neonatal and patient warming:

*Environment:*

- US distribution network strengthened
- Volumes driven by tenders

*Performance:*

- Revenue +9% in Q3, +21% YTD
- 6% of core revenue YTD

# Other factors

## Ongoing:

- Revaluation of FX hedging
- Quarterly sales pattern
- Currency impact on revenue
  - 60% of FY01 revenue US\$ denominated
  - 10% in each of Euro, Stg in FY01



# Financial overview - 9 months

	Dec-01	Dec-00	
	<u>NZ\$m</u>	<u>NZ\$m</u>	<u>%Δ</u>
Operating revenue (Core)	146.9	123.8	+19
Gross profit	110.5	94.4	+17
Operating profit	60.3	54.1	+11
SG&A	42.6	34.4	+24
R&D	7.6	6.0	+27
Earnings after tax	39.8	28.7	+39
Gross margin	70%	69%	

# Financial overview - Q3

	Dec-01	Dec-00	
	<u>NZ\$m</u>	<u>NZ\$m</u>	<u>%Δ</u>
Operating revenue (Core)	52.4	49.2	+7
Gross profit	37.1	36.0	+3
SG&A	14.5	12.4	+17
R&D	2.6	2.4	+8
Operating profit	20.0	21.2	-6
Earnings after tax	14.1	11.0	+28
Gross margin	66%	65%	

# Revenue by core products

9 months	Dec-01	Dec-00	%Δ
	<u>NZ\$m</u>	<u>NZ\$m</u>	
Respiratory humidification	82.0	72.6	+13
CPAP sleep apnea	55.5	43.4	+28
Patient warming/ neonatal	<u>9.4</u>	<u>7.8</u>	<u>+21</u>
	146.9	123.8	+19

3 months	Dec-01	Dec-00	%Δ
	<u>NZ\$m</u>	<u>NZ\$m</u>	
Respiratory humidification	29.0	27.9	+4
CPAP sleep apnea	19.8	18.0	+10
Patient warming/ neonatal	<u>3.6</u>	<u>3.3</u>	<u>+9</u>
	52.4	49.2	+7

# Key operating expenses

## SG&A

- Expense +17% in Q3, 24% YTD
- Increase reflects higher personnel and related expenses supporting global growth:
  - Additional staff in NZ, UK, US, France, Germany
  - Regional staff in India, Spain

## R&D

- Expense +8% in Q3, +27% YTD
- Ongoing spend 4.5 – 5% of revenue

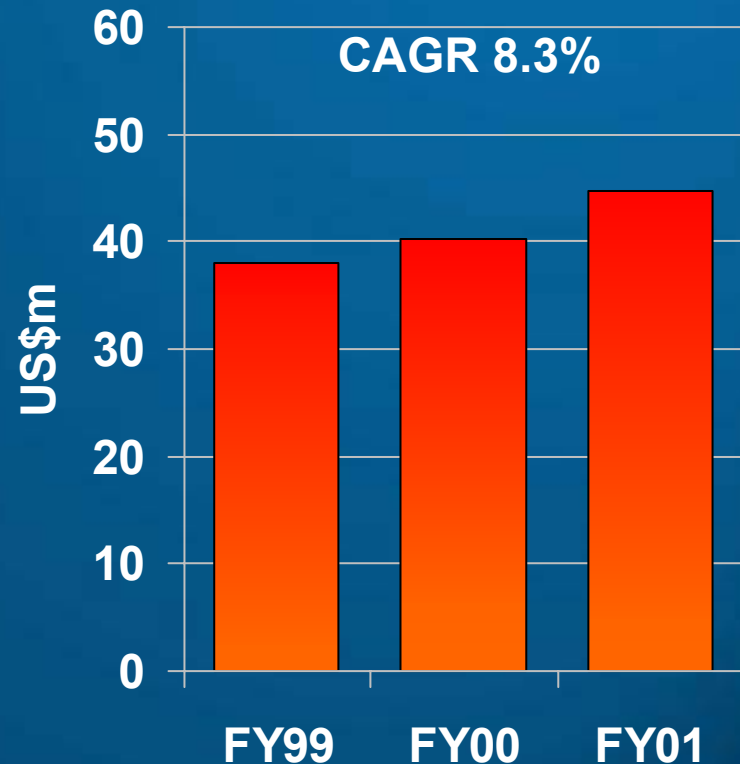
# Outlook – Financial guidance

- Q4 revenue growth expected to be similar to Q3
- FY03 core product growth rate in low teens
- FY03 revenue growth expected to be similar to pcp
- FY03 operating margin similar to FY02 nine month figure

# Outlook - Respiratory humidification

- Integrated humidifier, chamber, circuit system
- Bundled consumable sales will be driven by breathing circuit and MR850 sales
- Full breathing circuit range (adult to neonatal) now available for use on with MR850

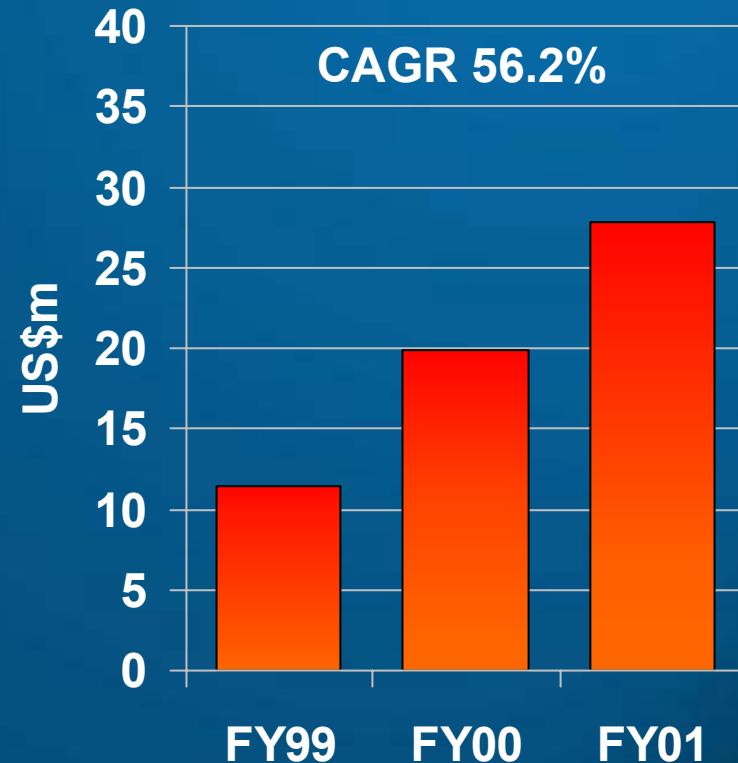
## Revenue growth



# Outlook - CPAP

- Leveraging heated humidification expertise into rapidly growing market
- Benefits of integrated flow-generator humidifier
- Innovative masks launched recently

## Revenue growth





**Fisher & Paykel**  
**HEALTHCARE**