Overview.
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

- 258 of our people in Europe
- 36 of our people located in 36 countries
- 265 of our people in the rest of the world
- 922 of our people in North America
- 2,142 of our people in New Zealand

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
Our Competitive Advantage

- Significant expertise in, and history of, changing clinical practice to therapies that improve clinical outcomes, are more effective and efficient and that ultimately reduce cost to the healthcare system
  - Heated humidification in invasive ventilation
  - Heated humidification in CPAP therapy for OSA patients
  - Optiflow nasal high flow therapy displacing use of conventional oxygen therapy in the hospital
  - Optiflow nasal high flow therapy in the home for the treatment of patients with chronic respiratory conditions
  - Introduction of heated humidification in open and laparoscopic surgery
~US$6+ Billion and Growing Market Opportunity

HOSPITAL

Invasive Ventilation
Noninvasive Ventilation
Hospital Respiratory Support
Surgical Humidification

HOMECARE

Home Respiratory Support
CPAP Therapy

“NEW APPLICATIONS”
Applications outside of invasive ventilation
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 (H1 FY16: 83%)
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

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

Medical devices 6%

94%

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

Mean Annual COPD-Related Medical, Pharmacy, and Total Costs by Care Intensity Cohort

Hospital Product Group

Invasive Ventilation

Noninvasive Ventilation

Hospital Respiratory Support

Surgical Humidification

“NEW APPLICATIONS”
Applications outside of invasive ventilation
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

NONINVASIVE 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\(^6\)

**PAEDIATRICS:**
- REDUCED intubation\(^9\)
- REDUCED length of stay\(^10\)
- REDUCED respiratory distress\(^11\)

**NEONATES:**
- NONINFERIORITY with nasal CPAP\(^12\)
- REDUCED nasal trauma\(^13, 14\)
- REDUCED respiratory distress\(^15\)
Optiflow NHF - A Growing Body of Clinical Evidence

Nasal High Flow Clinical Papers Published Annually

Source: PubMed
Consistently Strong Growth in Hospital New Applications

Constant Currency Revenue Growth Rate in New Applications Consumables

- New applications consumables now make up 52% of Hospital consumables revenue, up from 46% in FY2015 and 51% in FY2016
- New applications consumables: Noninvasive ventilation, Optiflow, AIRVO, Surgical
Homecare Product Group

Home Respiratory Support

CPAP Therapy
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. We estimate the market is growing approximately 6-8% p.a.
- 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\textsuperscript{16}
- 6% of US adults have been diagnosed with COPD\textsuperscript{17} (~15 million people)
- 4-10% COPD prevalence worldwide\textsuperscript{18} (~400 million people)
High Level of Innovation and Investment in R&D

- R&D represents 9.8% of operating revenue:¹ NZ$41.6M
- Product pipeline includes:
  - Humidifier controllers
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 147 US patents, 358 US pending, 654 ROW, 666 ROW pending²

1. For 6 months ended 30 September 2016
2. As at 30 September 2016
Growing Patent Portfolio


Average remaining life of FPH patent portfolio: 15.8 years*

* As at 31 March 2016
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 planned

**Tijuana, Mexico**
- 18,000 m² / 200,000 ft²
- Consumables capacity ramping up
- In process of purchasing new 15 hectare site
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 800 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**

**Revenue by Region**
6 months to 30 September 2016

- North America: 48%
- Europe: 29%
- Asia Pacific: 19%
- Other: 4%
Our Global Coverage
Doubling our Constant Currency Revenue every 5-6 Years

Constant Currency Operating Revenue NZ$000

CAGR*: 13%

CAGR*: 12%

CAGR*: 15%

* Compound Annual Growth Rate (CAGR) for 10-year period. Constant currency NZD
Long Term Margin Targets

**Gross Margin**

- 2012: 50%
- 2013: 55%
- 2014: 60%
- 2015: 65%
- 2016: 70%
- 1H17: 75%

**Operating Margin**

- 2012: 15%
- 2013: 18%
- 2014: 22%
- 2015: 25%
- 2016: 30%
- 1H17: 35%

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**Gross margin target**

**Operating margin target**

Note: the long term margin targets are based on an assumption of a continuation of the current business environment.
Ownership Structure and Listings

- Listed on NZX and ASX (NZX.FPH, ASX.FPH)

Shareholding Structure as at 30 September 2016

- NZ Institutions: 49%
- Other Institutions: 17%
- Brokers & Retail: 32%
- Other: 2%

Geographical Ownership as at 30 September 2016

- New Zealand: 46%
- Australia: 30%
- North America: 4%
- UK: 3%
- Europe (ex UK): 2%
- Asia: 2%
Consistent Growth Strategy

- Improving care and outcomes
- Reducing cost to the healthcare system

**Increase**
- Effectiveness of care
- Efficiency of care

**Reduce**
- Intensity of care
- Healthcare system cost

- Four key pillars:
  - Continuous product improvement
  - Broadening the range of devices for each patient
  - Serve more patient groups
  - Increase international presence
H1 FY2017 Business Highlights

- Released three innovative new products: F&P 950™ heated humidification system, F&P Nivairo™ hospital mask and F&P Brevida™ OSA mask
- Entered agreement for purchase of a new 15 hectare site in Mexico
- Began planning for fourth building on our NZ site
- Received foreign trade zone license for Californian distribution centre

Innovative new products launched

F&P Nivairo hospital mask

F&P 950 heated humidification system

F&P Brevida OSA mask

These products are not available in all regions until regulatory clearance has been obtained
Hospital Product Group

<table>
<thead>
<tr>
<th>Operating revenue growth</th>
<th>H1 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ$</td>
<td>+19%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New applications consumables revenue growth</th>
<th>H1 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Noninvasive ventilation (NIV), Optiflow™ nasal high flow, Surgical)</td>
<td></td>
</tr>
<tr>
<td>NZ$</td>
<td>+30%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+35%</td>
</tr>
</tbody>
</table>

- New applications consumables make up 52% of Hospital consumables revenue
- Strong customer demand for our Optiflow nasal high flow (NHF) and AIRVO systems

Further positive clinical trial results:
- Use of Optiflow nasal high flow therapy shown to be not inferior to non-invasive ventilation for patients at high risk of reintubation (Hernandez et al 2016)
## Homecare Product Group

<table>
<thead>
<tr>
<th>Operating revenue growth</th>
<th>H1 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ$</td>
<td>+5%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mask revenue growth</th>
<th>H1 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant currency</td>
<td>+14%</td>
</tr>
</tbody>
</table>

- Masks continue to take market share
## First Half Financial Highlights

**H1 FY2017** (6 months to 30 September 2016)

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
<th>ΔPCP^</th>
<th>ΔCC *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>425.2</td>
<td>+12%</td>
<td>+16%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>236.6</td>
<td>+19%</td>
<td>+23%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>183.2</td>
<td>+5%</td>
<td>+8%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+30%</td>
<td>+35%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+10%</td>
<td>+14%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td></td>
<td>+157bps</td>
<td>+307bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>78.2</td>
<td>+26%</td>
<td>+30%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 86% of operating revenue (H1 FY16: 83%)

^ PCP = prior comparable period * CC = constant currency
Increased interim dividend by 23%:
- 8.25 cps + 3.2083 cps imputation credit for NZ residents (gross dividend of NZ 11.4583 cps)
- Fully imputed
- 1.455882 cps non-resident supplementary dividend
- Dividend reinvestment plan available for New Zealand and Australian residents, no discount will apply

Target gearing ratio* of +5% to -5% debt to debt plus equity
- Gearing ratio at 30 September 2016 was 7.3%

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).
# Half Year Operating Results

**H1 FY2017** (6 months to 30 September 2016)

<table>
<thead>
<tr>
<th></th>
<th>% of Revenue</th>
<th>NZ$M</th>
<th>△ PCP</th>
<th>△ CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>100%</td>
<td>425.2</td>
<td>+12%</td>
<td>+16%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>35.1%</td>
<td>149.3</td>
<td>+7%</td>
<td>+6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>64.9%</td>
<td>275.9</td>
<td>+14%</td>
<td>+21%</td>
</tr>
<tr>
<td>Other income (R&amp;D grant)</td>
<td></td>
<td>2.5</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>29.7%</td>
<td>126.1</td>
<td>+12%</td>
<td>+17%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>9.8%</td>
<td>41.6</td>
<td>+16%</td>
<td>+16%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>39.4%</td>
<td>167.7</td>
<td>+13%</td>
<td>+17%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>26.0%</td>
<td>110.7</td>
<td>+16%</td>
<td>+28%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>18.4%</td>
<td>78.2</td>
<td>+26%</td>
<td>+30%</td>
</tr>
</tbody>
</table>

^ PCP = prior comparable period * CC = constant currency
## Cash Flow & Balance Sheet

**H1 FY2017** (for the 6 months ended 30 September 2016)  

<table>
<thead>
<tr>
<th>Description</th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (+117%)</td>
<td>76.2</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>30.5</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>19.9</td>
</tr>
</tbody>
</table>

**H1 FY2017** (as at 30 September 2016)  

<table>
<thead>
<tr>
<th>Description</th>
<th>NZ$M</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt (net)</td>
<td>43.7</td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>590.0</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>805.0</td>
<td></td>
</tr>
<tr>
<td>Pre-tax return on average equity</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Pre-tax return on average total assets</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Gearing (debt/debt + equity)</td>
<td>7.3%</td>
<td></td>
</tr>
</tbody>
</table>
Foreign Exchange Effects

- 52% of operating revenue in USD (1H FY16: 51%) and 20% in €.

<table>
<thead>
<tr>
<th>Hedging position for our main exposures</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD % cover of expected exposure</td>
<td>100%</td>
<td>77%</td>
<td>40%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>USD average rate of cover</td>
<td>0.696</td>
<td>0.675</td>
<td>0.664</td>
<td>0.630</td>
<td>0.615</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>100%</td>
<td>77%</td>
<td>19%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.592</td>
<td>0.596</td>
<td>0.608</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation of Constant Currency to Actual Income Statements</th>
<th>2015 NZ$000</th>
<th>2016 NZ$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax (constant currency)</td>
<td>86,165</td>
<td>112,366</td>
</tr>
<tr>
<td>Spot exchange rate effect</td>
<td>(2,712)</td>
<td>(6,785)</td>
</tr>
<tr>
<td>Foreign exchange hedging result</td>
<td>(7,124)</td>
<td>9,721</td>
</tr>
<tr>
<td>Balance sheet revaluation</td>
<td>8,250</td>
<td>(4,089)</td>
</tr>
<tr>
<td>Profit before tax (as reported)</td>
<td>84,579</td>
<td>111,213</td>
</tr>
</tbody>
</table>
Product.
Hospital Hardware

- F&P 950 and F&P 850 respiratory humidification systems
  - Invasive ventilation, nasal high flow therapy and non-invasive ventilation
- 810 respiratory humidification system
  - Entry level system
- AIRVO 2 flow generator/humidifier
  - Optiflow™ nasal high flow therapy
- HumiGard surgical humidifier
  - Laparoscopic insufflation
  - Open surgery

These products are not available in all regions until regulatory clearance has been obtained.
Hospital Single Use Consumables

- 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
- Approx 30 system set-ups used per controller per year
- Interfaces
  - NIV masks, tracheostomy, Optiflow™+ nasal cannula
- Consumable growth driving revenue growth

These products are not available in all regions until regulatory clearance has been obtained.
Optiflow™ Nasal High Flow Therapy – Delivery Options

F&P 850™ System
F&P 950™ System

These products are not available in all regions until regulatory clearance has been obtained.
Homecare Hardware and Consumables

These products are not available in all regions until regulatory clearance has been obtained.
Important Notice and References

Disclaimer
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References