

Fisher & Paykel Healthcare

Deutsche Bank / Craigs New Zealand Corporate Day



Sydney – March 2014

Fisher & Paykel
HEALTHCARE

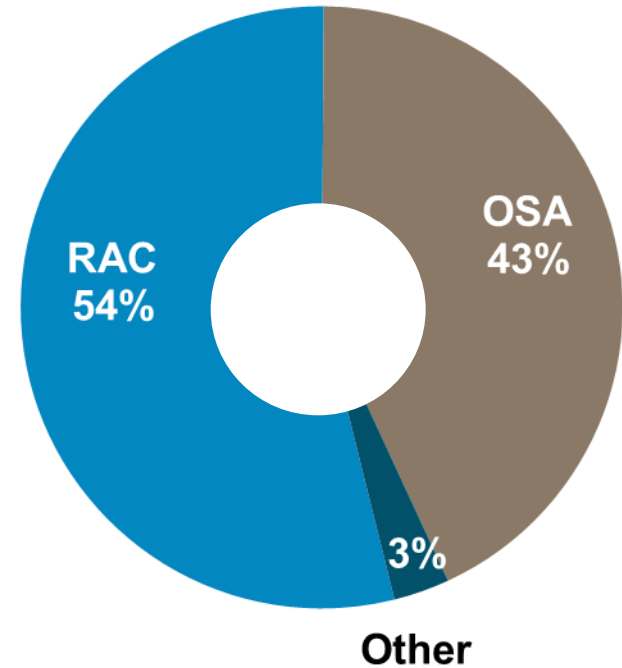
Investment Highlights

- A leader in respiratory and OSA treatment devices
 - Consistent growth strategy
 - Estimated US\$5.0+ billion and growing market opportunity
 - High level of innovation
 - Global presence
 - Strong financial performance
- NZSX:FPH, ASX:FPH



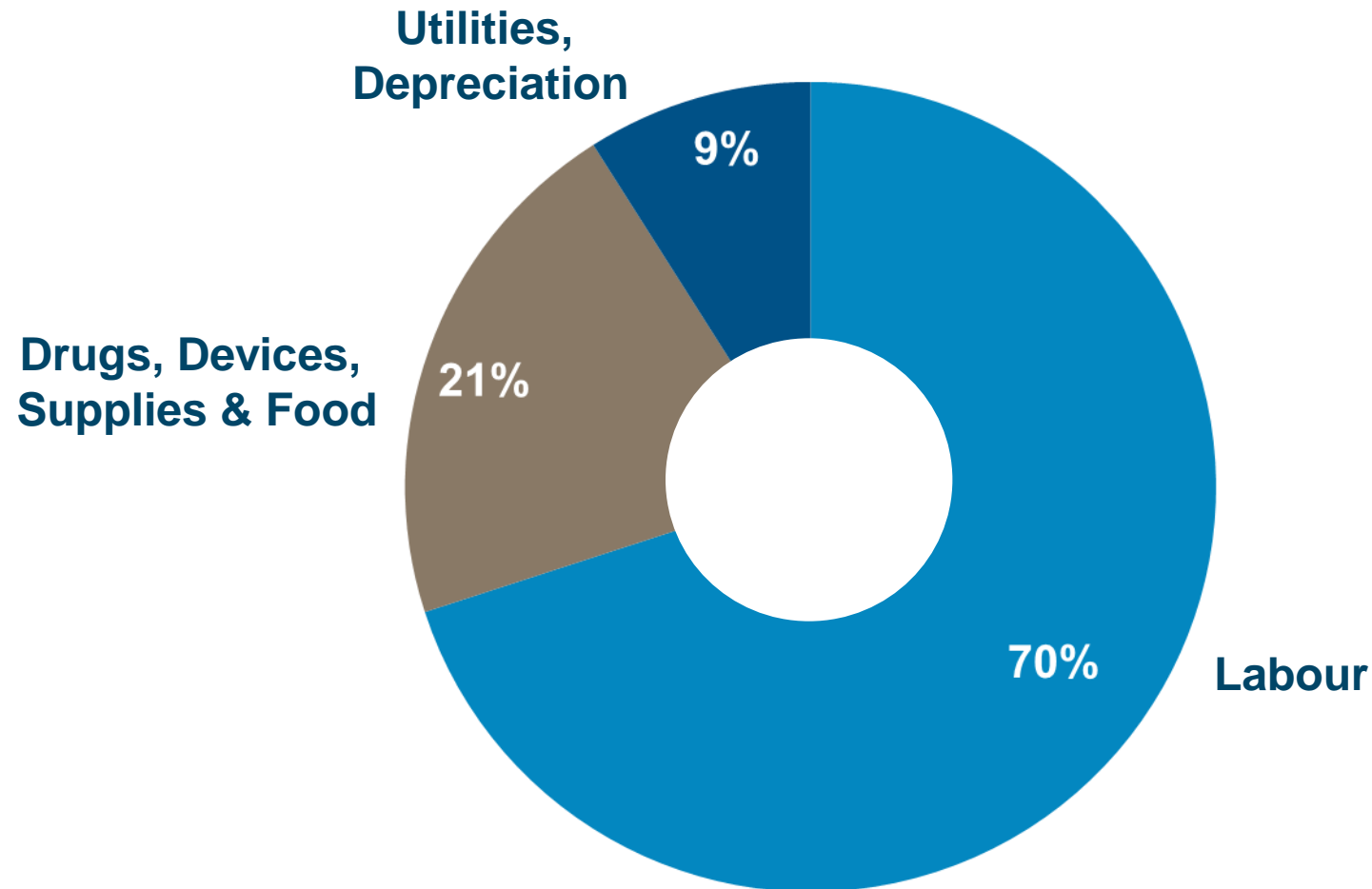
Markets and Products

- Respiratory & Acute Care (RAC)
 - Heated Humidification
 - Respiratory Care
 - Neonatal Care
 - Surgery
 - Obstructive Sleep Apnea (OSA)
 - Masks
 - Flow Generators
 - Humidifiers
- Consumable and accessory products represent approx. 78% of core product revenue



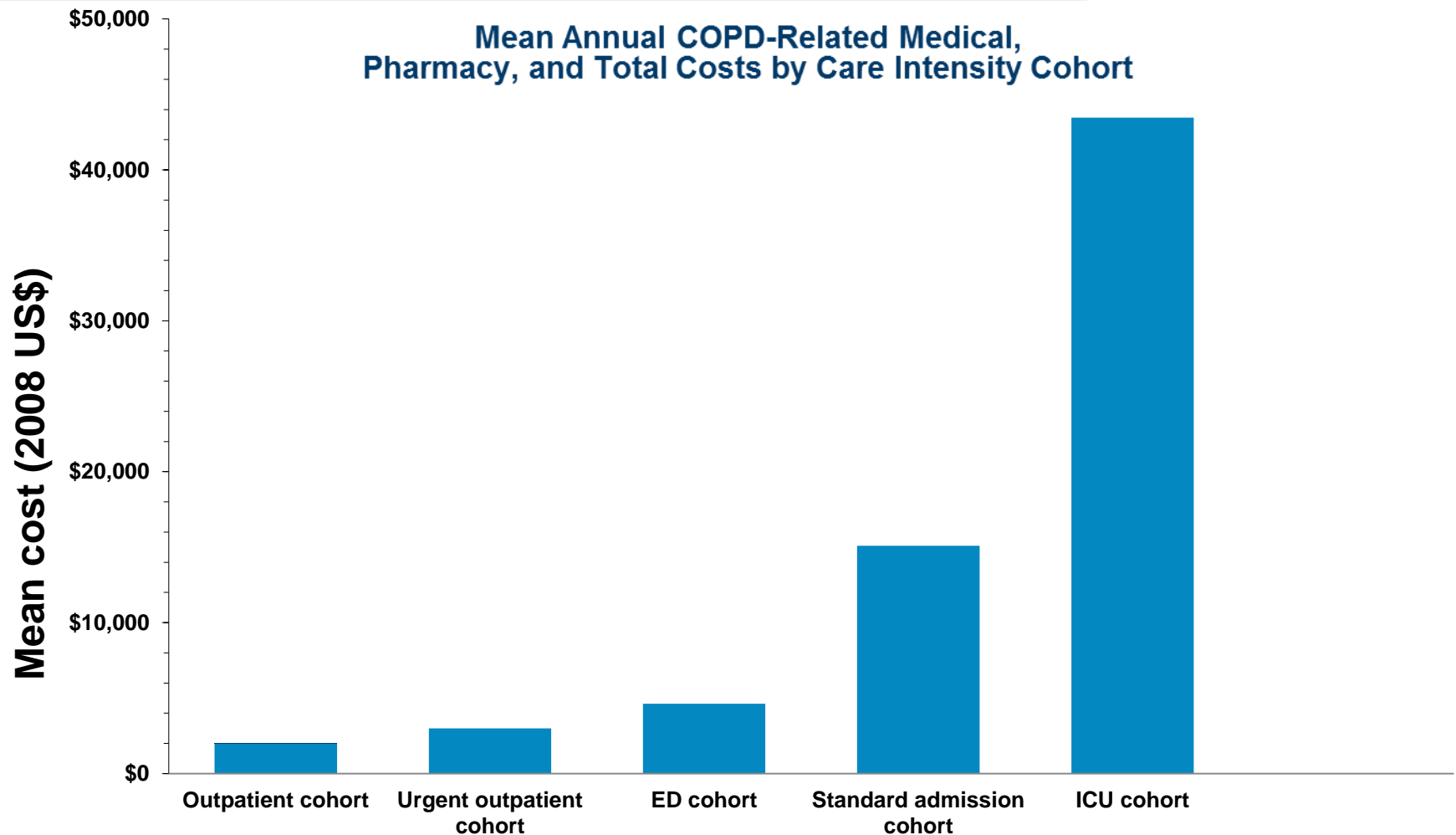
Revenue by Product Group
6 months to 30 September 2013

Hospital Cost Breakdown



Source: Massachusetts Hospital Association, "An Update to Hospital Costs in Context Report" July 2010

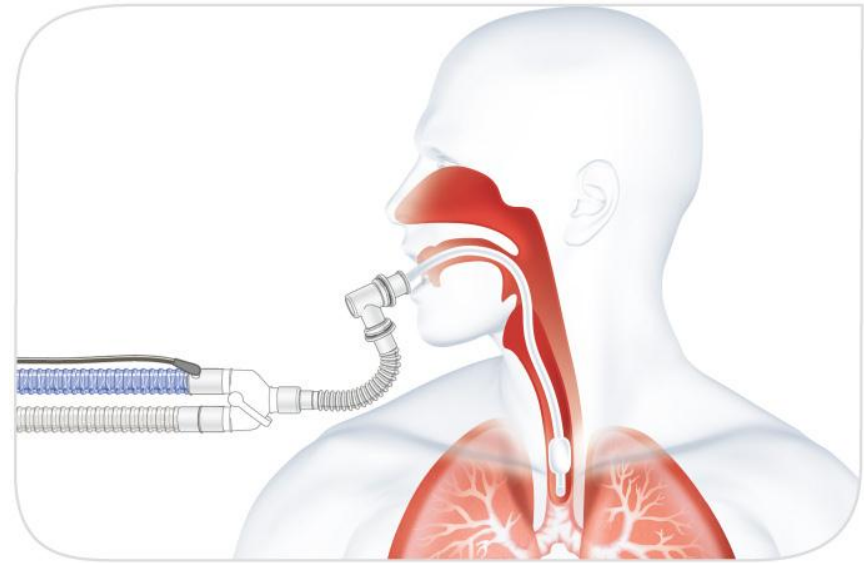
Lower Care Intensity = Lower Cost



Source: Anand A Dalal, Laura Christensen, 2 Fang Liu, and Aylin A Riedel. Direct costs of chronic obstructive pulmonary disease among managed care patients. *Int J Chron Obstruct Pulmon Dis.* 2010; 5: 241-249.

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



Respiratory & Acute Care



F&P Evaqua 2™

Invasive Ventilation



F&P FreeMotion™

**Non-Invasive
Ventilation**



F&P Optiflow™

O₂ Therapy



F&P AIRVO™ 2

Humidity Therapy



F&P Evaqua 2™



F&P Bubble CPAP



F&P Optiflow™ junior



F&P AIRVO™ 2

Respiratory & Acute Care

- MR850 Respiratory Humidifier System
 - Invasive ventilation, oxygen therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
 - Entry level system
 - Ventilation and oxygen therapy
 - Optional heated breathing circuit
- AIRVO Flow Generator/Humidifier
 - Optiflow O₂ therapy
 - Humidity therapy
- Surgical opportunity (HumiGard)
 - Laparoscopic insufflation
 - Open surgery



Single-use Respiratory Care Systems

- 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, Optiflow, O₂ therapy
- Approx 30 system set-ups used per controller per year
- Consumable growth driving revenue growth



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\$2.5 billion + worldwide market, growing ~ 6-8%
- 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



Revolutionary New Masks

- Comfortable
- Easy to fit
- Efficient
- Nasal Pillows
 - F&P Pilairo Q
- Nasal
 - F&P Eson
- Full Face
 - F&P Simplus





- Stylish, Smart + Simplified
- Efficiently integrates with InfoUSB and InfoSmart Web
- Responsive pressure relief - SensAwake
- ThermoSmart Humidifier Breathing Tube Technology
- Auto-adjusting CPAP

Efficient Compliance Reporting



Patients Home

F&P InfoGSM



F&P InfoUSB 2



F&P InfoView

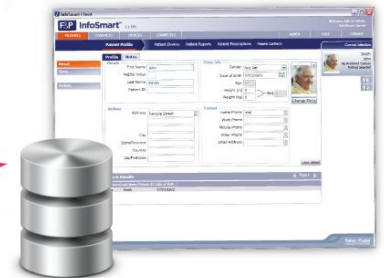


DME / Physician Office

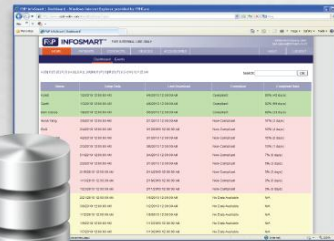
F&P InfoUSB 2



F&P InfoSmart



F&P InfoSmart Web



Research & Development

- 8.5% of operating revenue, NZ\$25.8M¹
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 107 US patents, 159 US pending, 442 ROW, 260 ROW pending²



¹ at 30 September 2013

² at 31 March 2013

Manufacturing & Operations

- Vertically integrated
 - COGs improvements; Mexico, Lean, supply chain
- Ample capacity to grow



Auckland, New Zealand

- Two buildings: 51,000m² / 550,000ft² total
- 31,000m² building 3 completed November 2012
- 100 acres/40ha land

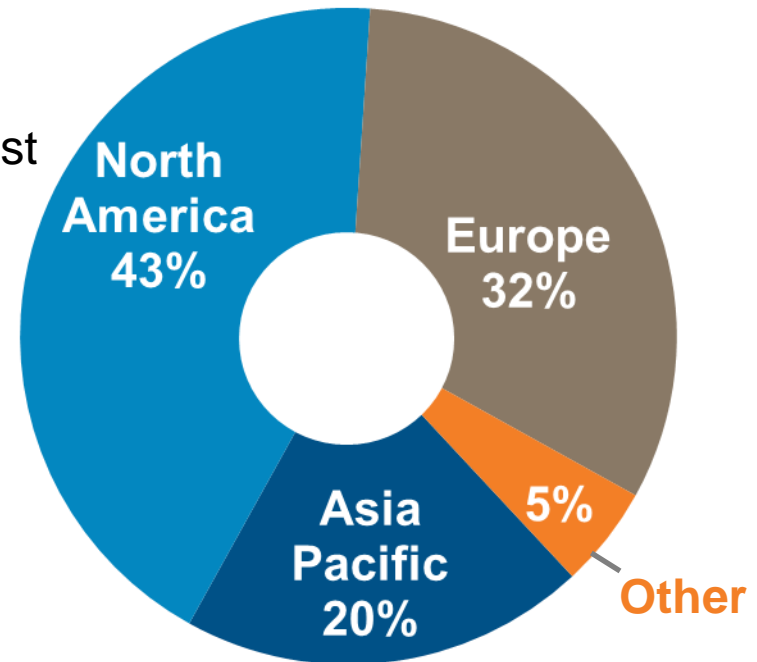


Tijuana, Mexico

- 18,000m²/200,000ft²
- Consumables capacity ramping up

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
 - >550 staff in 30 countries
 - Ongoing international expansion
- Distributors
 - 100+ distributors worldwide
- Original Equipment Manufacturers
 - Supply most leading ventilator manufacturers
 - More than 120 countries in total



Revenue by Region
6 months to 30 September 2013

H1 FY2014 Growth Highlights

H1 FY14 (6 months to 30 September 2013)

	Actual	CC ¹
Operating profit	+40%	+43%
Operating revenue	+14%	+12%
Gross margin (bps increase)	+413	+357
RAC new applications revenue	+30%	+29%
OSA mask revenue	+23%	+19%

1. CC = constant currency

New Products

- **ICON+** flow generator range
- **Simplus** full face mask
- **Pilairo Q** nasal pillows mask
- **FreeMotion** RT043 NIV mask



H1 FY2014 Operating Results NZ\$

H1 FY14 (6 months to 30 September 2013)

	%Revenue	NZ\$M	ΔPCP	ΔCC ¹
Operating revenue	100%	303.9	+14%	+12%
Cost of sales	41.6%	126.3	+4%	+4%
Gross profit	58.4%	177.6	+23%	+20%
Other income (R&D grant)		1.2		
SG&A	28.3%	86.0	+12%	+13%
R&D	8.5%	25.8	+21%	+21%
Total operating expenses	36.8%	111.9	+14%	+15%
Operating profit	22.0%	66.9	+40%	+43%
Profit after tax	14.6%	44.5	+34%	+35%

1. CC = constant currency

Dividend

- Interim Dividend
 - Gross 7.5 NZ cps = 5.4 cps + 2.1 cps imputation credit, NZ residents
 - Fully imputed
 - 0.953 cps non-resident supplementary dividend
 - DRP, for NZ/AU residents, 3% discount

Respiratory & Acute Care Update

- Operating revenue growth **H1 FY2014**
 - NZ\$ +15%
 - Constant currency +14%
- New applications consumables revenue (NIV, Optiflow, AIRVO, Surgical)
 - NZ\$ +30%
 - Constant currency +29%
 - 40% of RAC consumables revenue
- New products rolling out
 - FreeMotion RT043 NIV mask
 - Evaqua 2 breathing circuits
 - Optiflow Junior interface
 - Evatherm breathing circuit
 - AIRVO 2 & myAIRVO 2 flow generators



Obstructive Sleep Apnea Update

- Operating revenue growth
 - NZ\$
 - Constant currency
- Mask revenue growth
 - Constant currency
- New products rolling out
 - F&P Pilairo Q
 - F&P Eson
 - F&P Simplus
 - F&P ICON+

H1 FY2014

+15%

+13%

+19%



F&P Pilairo™ Q



F&P Eson™



F&P ICON™+



F&P Simplus™

Balance Sheet & Cash Flow H1 FY14

	NZ\$M
• Operating cash flow	33.4
• Capital expenditure	18.4
• Depreciation and amortisation	15.2
• Net debt	139.0
• Total shareholders equity	373.1
• Total assets	626.4
• 34% pre-tax return on equity (annualised), 20% on total assets (annualised)	
• NZ\$124M of hedging in place at 30 September 2013 for the balance of FY14	
– US\$ 88% @ 0.77, € 83% @ 0.46	
• Previously closed out forex contracts	
– NZ\$18M to operating profit in FY13, NZ\$21M FY14, NZ\$16M already in 1H 14	

Outlook FY14

- Expect new products and applications to drive continuation of robust revenue growth
- Guidance in November 2013, expect at 0.83 NZD:USD exchange rate for remainder of FY2014:
 - Operating revenue NZ\$610M - NZ\$625M
 - Net profit after tax NZ\$90M - NZ\$95M
- Upgrade in February 2014, at current exchange rates: Net profit after tax ~NZ\$97M

Consistent Growth Strategy

- Experts in humidification, respiratory care, and obstructive sleep apnea
- Provide innovative devices which can improve patient care and outcomes
 - Continuous product improvement
 - More devices for each patient
 - Serve more patient groups – Invasive ventilation, NIV, oxygen therapy, COPD, surgery, OSA
 - Increase international presence

