

# FULL YEAR UPDATE FY2010

May 2010

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## Investment Highlights

- Leading player in respiratory and OSA
- 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 US\$

FY10 (12 months to 31 March)

	<u>%Revenue</u>	<u>US\$M</u>	<u>% Δpcp</u>
<b>Operating revenue</b>	<b>100%</b>	<b>341.5</b>	<b>+14%</b>
Gross profit	53.9%	184.1	+14%
Other income	0.8%	2.9	
SG&A	27.3%	93.3	+20%
R&D	7.0%	23.9	+30%
Total Operating Expenses	34.3%	117.2	+22%
<b>Operating Profit</b>	<b>20.4%</b>	<b>69.8</b>	<b>+4%</b>
<b>Profit after Tax</b>	<b>14.2%</b>	<b>48.6</b>	<b>+20%</b>

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## Operating Results NZ\$

FY10 (12 months to 31 March)

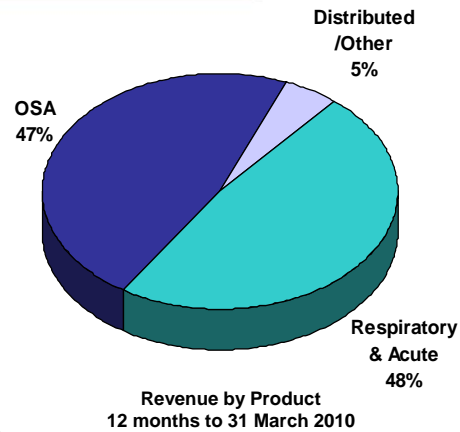
	<u>%Revenue</u>	<u>NZ\$M</u>	<u>% Δpcp</u>
<b>Operating revenue</b>	<b>100%</b>	<b>503.3</b>	<b>+10%</b>
Gross profit	53.9%	271.4	+10%
Other income	0.8%	4.3	
SG&A	27.3%	137.5	+16%
R&D	7.0%	35.3	+25%
Total Operating Expenses	34.3%	172.8	+17%
<b>Operating Profit</b>	<b>20.4%</b>	<b>102.8</b>	<b>+0.4%</b>
<b>Profit after Tax</b>	<b>14.2%</b>	<b>71.6</b>	<b>+15%</b>

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## Markets and Products

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

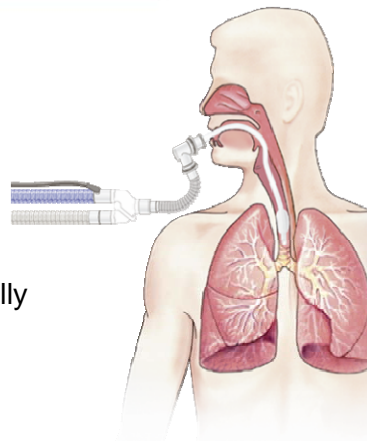


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## Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O<sub>2</sub> therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
  - 37 °C body core temperature
  - 44mg/L 100% saturated



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## Respiratory/Humidification Systems

- MR850 Respiratory Humidifier System
  - invasive ventilation, O<sub>2</sub> therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
  - entry level system
  - ventilation and O<sub>2</sub> therapy
  - optional heated breathing circuit
- Infant CPAP System
  - proprietary bubble CPAP, non-invasive, oscillating pressure
- Infant resuscitator system
  - precise pressure control



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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, O<sub>2</sub> therapy
- Approx 35 system set-ups used per controller per year
- Consumable growth driving revenue growth



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## Expanding Opportunities



Invasive Ventilation



Non-invasive Ventilation



O<sub>2</sub> Therapy



Humidity Therapy



Surgical CO<sub>2</sub>



COPD Humidity Therapy

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## Respiratory & Acute Care Update

- 11% operating revenue growth US\$, 17% constant currency in 2H
- New applications generated 27% of consumables revenue, est. 20%+ underlying constant currency growth (excluding FY09 contracts)
- Airvo humidity therapy device received FDA 510(k)

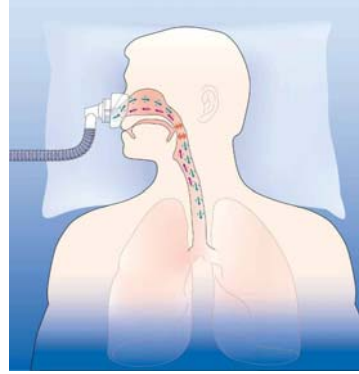


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## Obstructive Sleep Apnea

- 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  $\approx$ 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

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## CPAP Systems

- ICON range
  - Auto
  - Premo
  - Novo
- Unique compliance enhancing features
  - ThermoSmart
  - SensAwake
  - SmartStick
- SleepStyle range



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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™



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## OSA Update

- 22% operating revenue growth US\$, 17% constant currency
- ICON range introduced to NZ, Australia
- ICON FDA 510(k) clearance received
- SmartStick Net introduced



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## Research & Development

- 295 engineers, scientists, physiologists\*
- R&D expenses increased 25% in NZ\$
- 7.0% of operating revenue
- Product pipeline includes
  - flow generators
  - humidifier controllers
  - compliance monitoring solutions
  - masks
  - respiratory consumables
- 82 US patents, 87 US pending, 333 ROW, 200 ROW pending\*



\* at 31 March 2010

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## Manufacturing

- Vertically integrated
  - electronics assembly
  - injection moulding
  - motor assembly
  - clean manufacturing
- Ample capacity to grow
  - two buildings 51,000m<sup>2</sup>/ 550,000 ft<sup>2</sup> total
  - site works underway for 31,000m<sup>2</sup> building 3
  - 100 acres/40ha land
- Manufacturing expansion – NZ and Mexico
  - Capital expenditure
    - NZ\$27M NZ
    - NZ\$20M Mexico



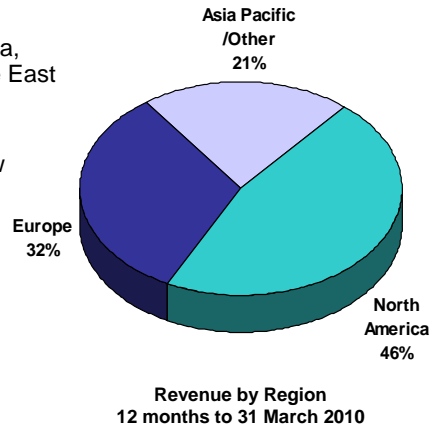
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## Global Presence

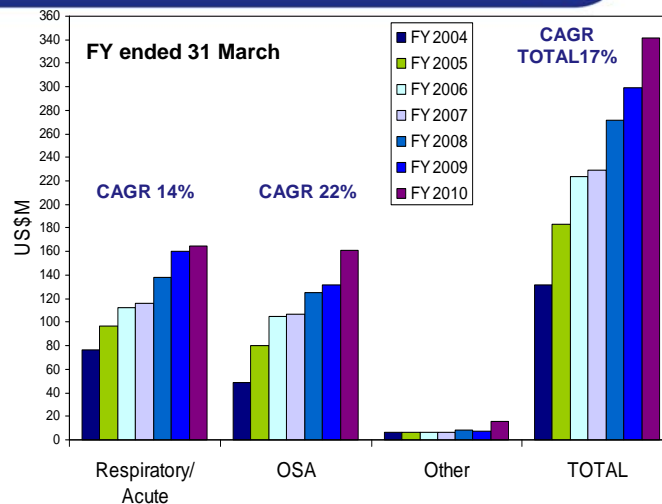
- Direct/offices
  - hospitals, home care dealers
  - sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia
  - 500 staff in 30 countries
  - ongoing international expansion, new distribution centres, Japan, Canada
- Distributors
  - 100+ distributors worldwide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



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## Revenue Growth US\$



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## Balance Sheet

- NZ\$137.5M operating cashflow
- NZ\$77.2M net debt
- NZ\$293.2M total shareholders equity
- NZ\$475.1M total assets
- 41% pre-tax return on equity, 23% on total assets
- NZ\$550M of hedging in place
  - FY11 US\$ 67% @ 0.60, €70% @ 0.45
- US\$66M hedge book close-out, NZ\$32M realised

## Outlook FY2011

- Introducing ICON to Europe, North America and ROW
- Expect mid teens constant currency growth in both Respiratory/Acute Care and OSA
- Operating revenue - expect approximately NZ\$560M (@ NZD:USD 0.67 for remainder of year)
- Net profit - expect approximately NZ\$70M to NZ\$75M
- 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, O<sub>2</sub> therapy, surgery
- Increase international presence