

Fisher & Paykel Healthcare

Goldman Sachs Australasian Investment Forum



London - September 2013

Fisher & Paykel
HEALTHCARE

Investment Highlights

- A leader in respiratory and OSA treatment devices
- Consistent growth strategy
- Estimated US\$5+ billion and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance
NZSX:FPH, ASX:FPH



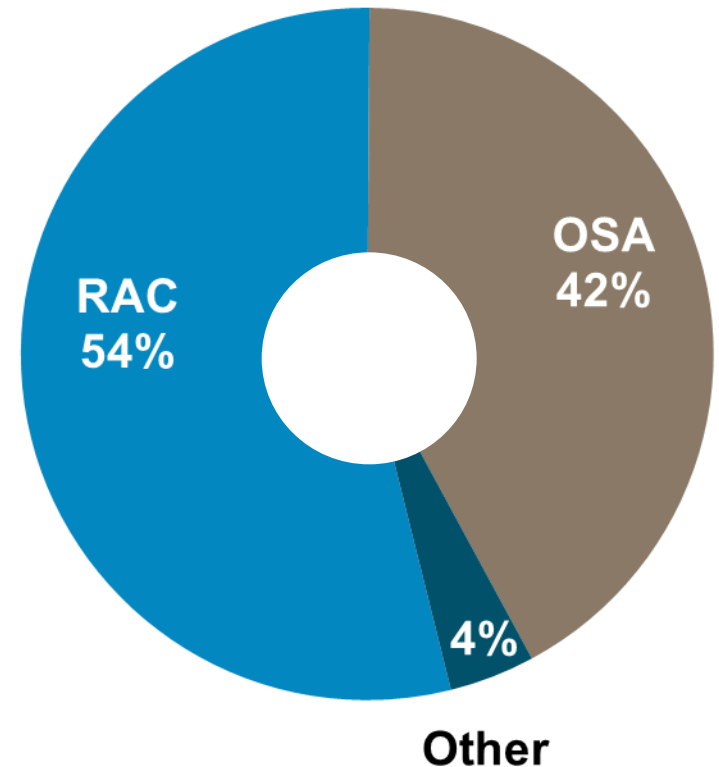
Improve patient care and outcomes

- Increase
 - effectiveness of care
 - efficiency of care
- Reduce
 - intensity of care

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. 76% of core product revenue



Revenue by Product Group
12 months to 31 March 2013

FY2013 Second Half Highlights

	Actual	CC ¹
Net profit after tax	+22%	+54%
Operating revenue	+9%	+14%
Gross margin (bps increase)	+240	+330
RAC new applications revenue		+38%
OSA mask revenue		+16%

1. CC = constant currency

FY13 Operating Results NZ\$

FY13 (12 months to 31 March 2013)

	%Revenue	NZ\$M	ΔPCP	ΔCC ¹
Operating revenue	100%	556.3	+8%	+11%
Cost of sales	44.7%	248.4	+3%	+5%
Gross profit	55.3%	307.8	+12%	+18%
Other income (R&D grant)		2.4		
SG&A	27.3%	151.8	+6%	+9%
R&D	8.2%	45.7	+9%	+9%
Total operating expenses	35.5%	197.5	+7%	+9%
Operating profit	20.3%	112.7	+21%	+52%
Profit after tax	13.9%	77.1	+20%	+55%

1. CC = constant currency

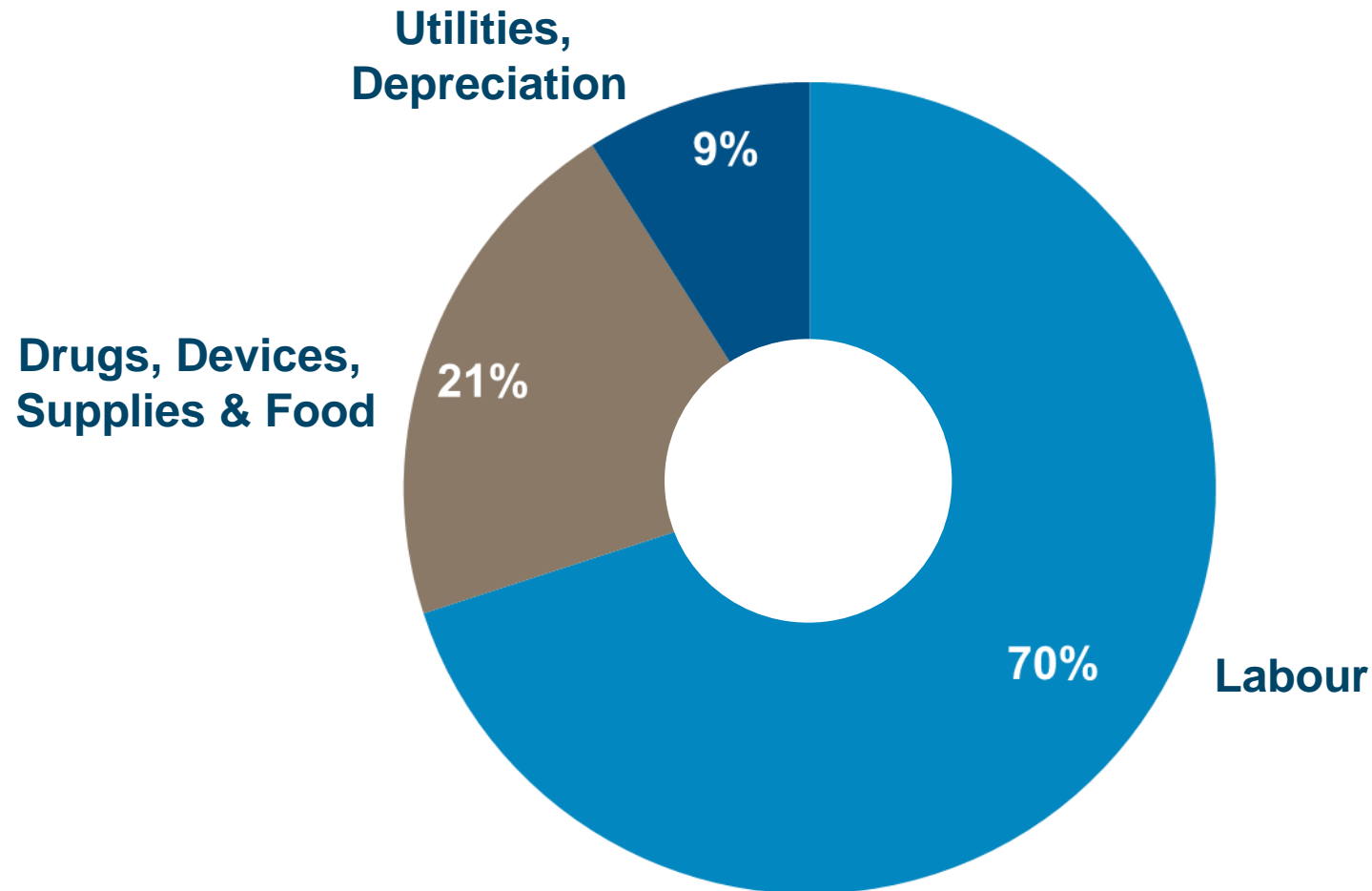
Dividend

- Final Dividend
 - Gross 9.7 NZ cps = 7.0 cps + 2.7 cps imputation credit, NZ residents
 - Fully imputed
 - 1.235 cps non-resident supplementary dividend
 - DRP, 3% discount NZ/AU residents
- Gross dividend yield, 17.2 cps, ~5.5%

Outlook FY14

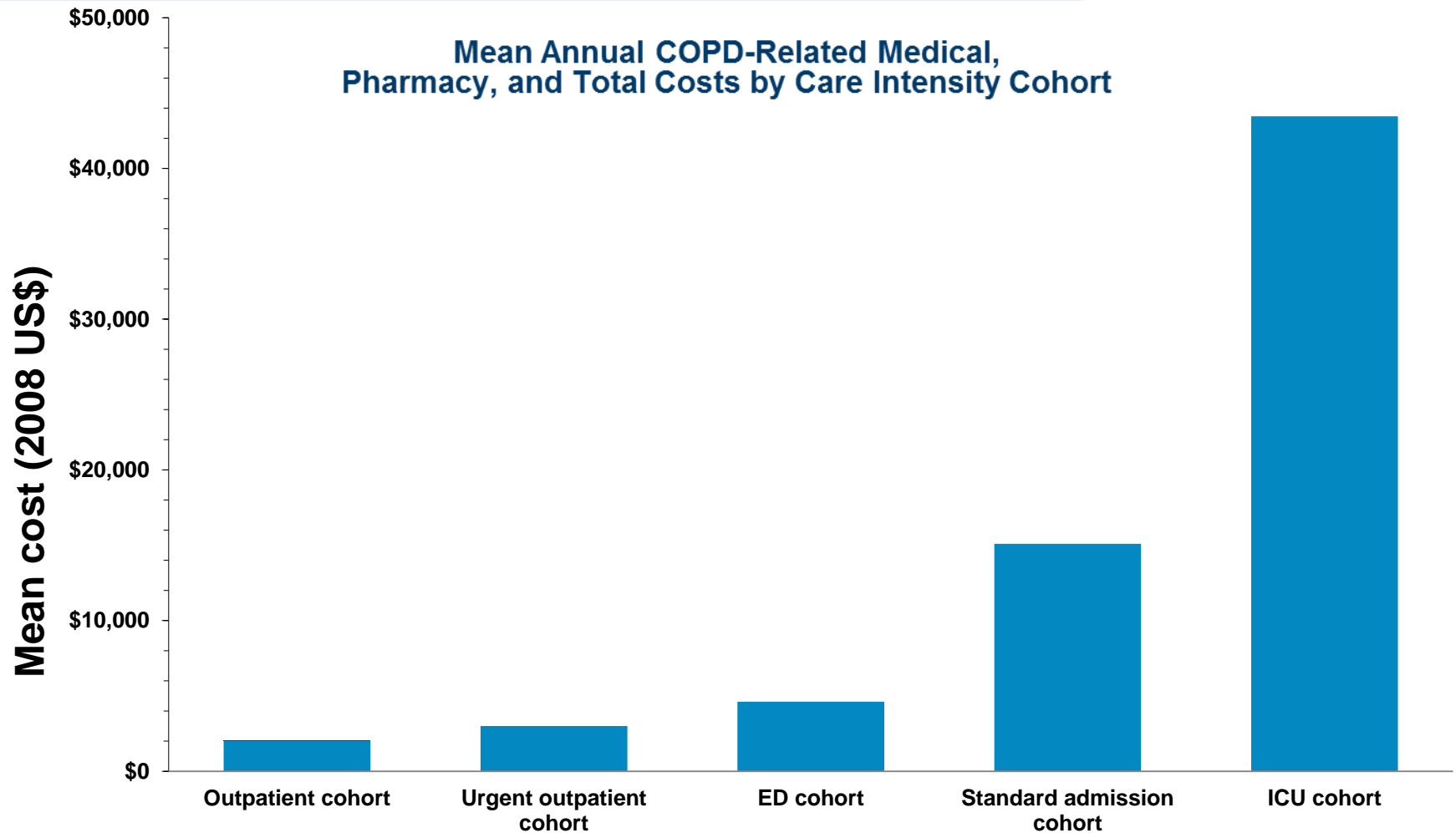
- Expect new products and applications to drive continuation of strong revenue growth
- May
 - expected at 0.80 – 0.85 NZD:USD exchange rate:
 - Operating revenue NZ\$610M - NZ\$630M
 - Net profit after tax NZ\$85M - NZ\$90M
- August
 - expected at 0.80 NZD:USD exchange rate:
 - Operating revenue NZ\$625M - NZ\$645M
 - Net profit after tax NZ\$90M - NZ\$95M

Hospital Cost Breakdown



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

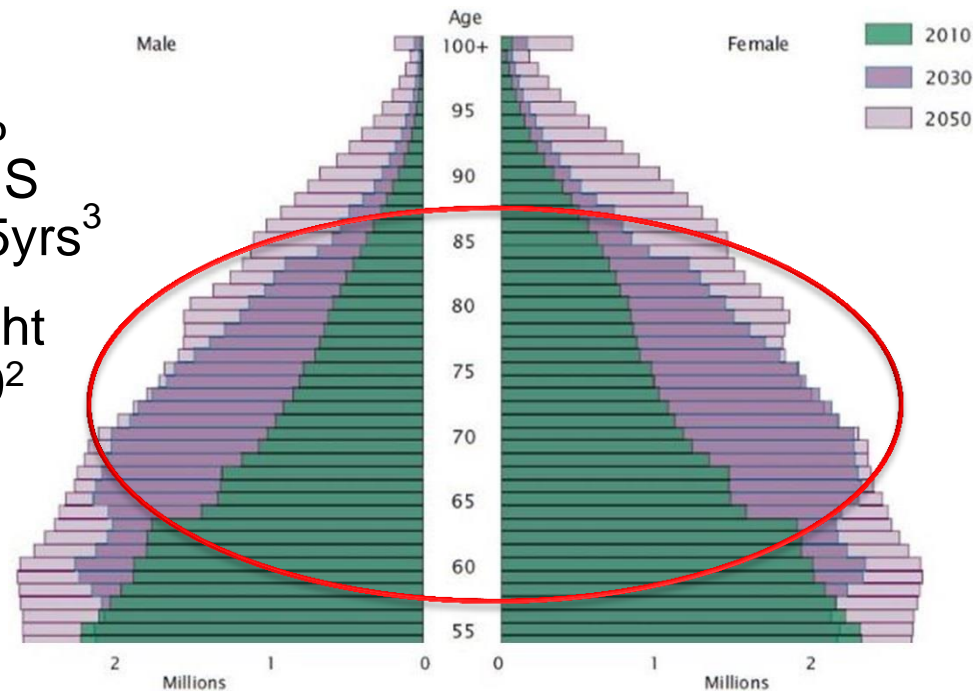
Lower Care Intensity = Lower Cost



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.

Demographics Driving Increases

- Population age and weight both increasing
 - US pop. 65yrs+ to grow ~80% over next 20 years¹, 60% of US healthcare cost is after age 65yrs³
 - US males 60 -74 yrs, av. weight increased 0.4kg/yr since 1960²
- Developing markets increasing healthcare spending
 - China healthcare expenditure increased 19% in 2012⁴, expected to triple by 2020.



1. Grayson K. Vincent, Victoria A. Velkoff. The Next Four Decades. The Older Population in the United States: 2010 to 2050. US Census Bureau, 2010.

2. Cynthia L Ogden, Cheryl D Fryar et al. Mean Body Weight, Height, and Body Mass Index (BMI) 1960-2002. US Centers for Disease Control and Prevention, 2004.

3. Berhanu Alemayehu, Kenneth E Warner. The Lifetime Distribution of Health Care Costs. Health Serv Res. 2004 June; 39(3): 627-642

4. Franck Le Deu, Rajesh Parekh, Fangting Zhang, Gaobo Zhou. Healthcare in China: Entering uncharted waters. McKinsey & Company, 2012.

Chronic Obstructive Pulmonary Disease (COPD)

- 6% of US adults have been diagnosed with COPD¹ (~15 million people)
- 4% - 10% COPD prevalence worldwide² (~400 million people)
- 18% of US COPD patients visit ER or admitted to hospital each year¹ (~3 million patients)



1. Nicole M Kosacz, Antonello Punturieri et al. Chronic Obstructive Pulmonary Disease Among Adults -United States 2011. US Centers for Disease Control and Prevention, 2012

2. R J Halbert, Sharon Isonaka, Dorothy George, Ahmar Iqbal. Interpreting COPD Prevalence Estimates. Chest. 2003; 123:5 1684 – 1692

Obstructive Sleep Apnea (OSA)

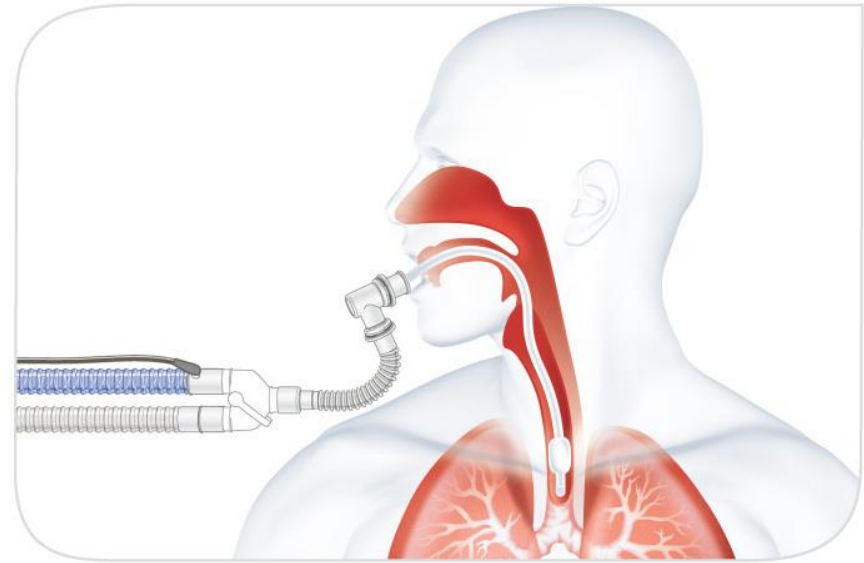
- 2% - 7% OSA adult prevalence¹
- 70%–80% of those affected remain undiagnosed
- Prevalence increases with age and obesity
- Estimate >50 million people in developed countries



1. Naresh M. Punjabi. The Epidemiology of Adult Obstructive Sleep Apnea. Proceedings of the American Thoracic Society, Vol. 5, No. 2 (2008), pp. 136-143.

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



Respiratory & Acute Care Update

H2 FY2013

- Operating revenue growth
 - NZ\$ +13%
 - Constant currency +18%
- New applications consumables revenue growth (NIV, Optiflow™, AIRVO™, Surgical)
 - NZ\$ +32%
 - Constant currency +38%
 - New applications, 38% of RAC consumables revenue
- New products roll-out
 - Evaqua™ 2 breathing circuits
 - Optiflow Junior™ interface
 - Evatherm™ breathing circuit
 - AIRVO™ & myAIRVO 2 flow generator/humidifiers



F&P Optiflow™ junior



F&P Evaqua 2™



F&P AIRVO™ 2

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™
- 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

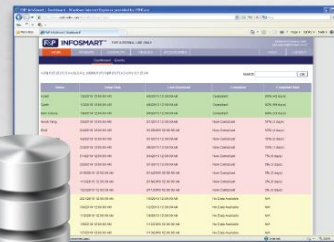
F&P InfoUSB 2



F&P InfoSmart



F&P InfoSmart Web



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Obstructive Sleep Apnea Update

H2 FY2013

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

+6%

+10%

+16%



F&P Pilairo™



F&P Simplus™



F&P Eson™



F&P ICON™+

Research & Development

- 8.2% of operating revenue, NZ\$45.7M¹
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 107 US patents, 159 US pending, 442 ROW, 260 ROW pending¹



¹ at 31 March 2013

New Products

- **Pilairo™** nasal pillows mask
- **Eson™** nasal mask
- **Simplus™** full face mask
- **ICON™+** flow generator range
- **Optiflow™ Junior** oxygen therapy
- **Evaqua™2** breathing circuits
- **AIRVO™2** & **myAIRVO™2** flow generator humidifiers



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

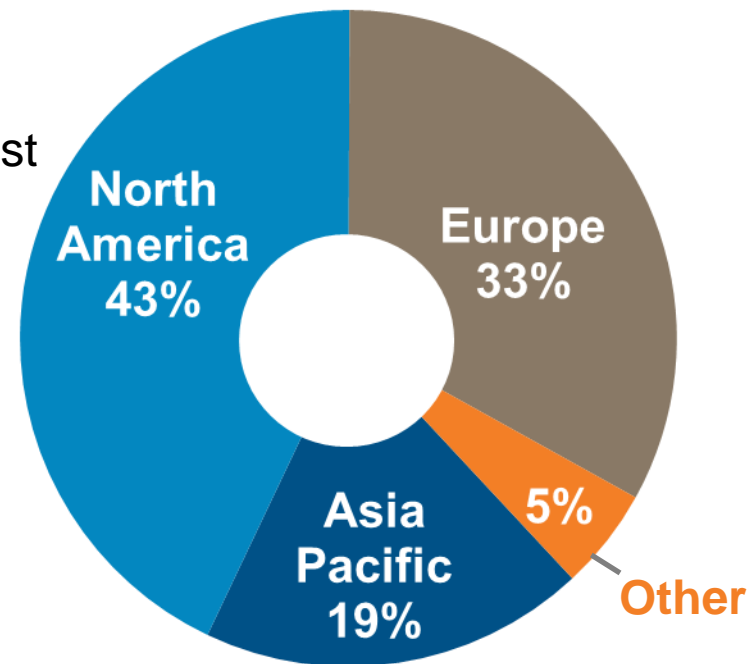


Tijuana, Mexico

- 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
12 months to 31 March 2013

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

