



# Fisher & Paykel HEALTHCARE

FY09 Half Year Update and Overview

Fisher & Paykel  
HEALTHCARE

# Investment Highlights

- Leading player in respiratory humidification systems
- Consistent growth strategy
- Estimated US\$2.5+ billion and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance

NZSX:FPH, ASX:FPH



# Operating Results US\$

**FY09** (6 mths to 30 September)

	<u>%Revenue</u>	<u>US\$M</u>	<u>%Δpcp</u>
<b>Operating revenue</b>	<b>100%</b>	<b>159.6</b>	<b>+25%</b>
Gross profit	55.4%	88.3	+29%
Other income (R&D credit)	0.7%	1.1	
SG&A	28.2%	45.1	+22%
R&D	6.2%	10.0	+17%
Total Operating Expenses	34.5%	55.0	+21%
<b>Operating Profit</b>	<b>21.6%</b>	<b>34.5</b>	<b>+49%</b>
<b>Profit after Tax</b>	<b>13.3%</b>	<b>21.1</b>	<b>+53%</b>



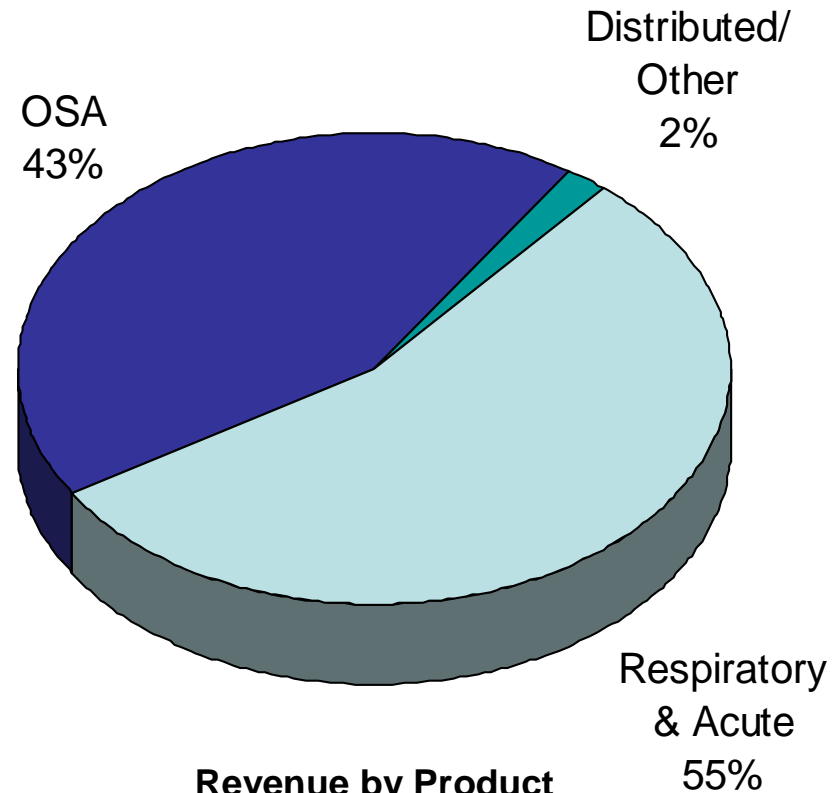
# Operating Results NZ\$

**FY09** (6 mths to 30 September)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%Δpcp</u>
<b>Operating revenue</b>	<b>100%</b>	<b>213.3</b>	<b>+24%</b>
Gross profit	55.4%	118.1	+28%
Other Income (R&D credit)	0.7%	1.5	
SG&A	28.2%	60.2	+21%
R&D	6.2%	13.3	+16%
Total Operating Expenses	34.5%	73.5	+20%
<b>Operating Profit</b>	<b>21.6%</b>	<b>46.1</b>	<b>+48%</b>
<b>Profit after Tax</b>	<b>13.3%</b>	<b>28.3</b>	<b>+51%</b>

# Markets and Products

- Respiratory & Acute Care
  - Heated Humidification
  - Respiratory Care
  - Neonatal Care
- Obstructive Sleep Apnea
  - Masks
  - Flow Generators
  - Humidifiers

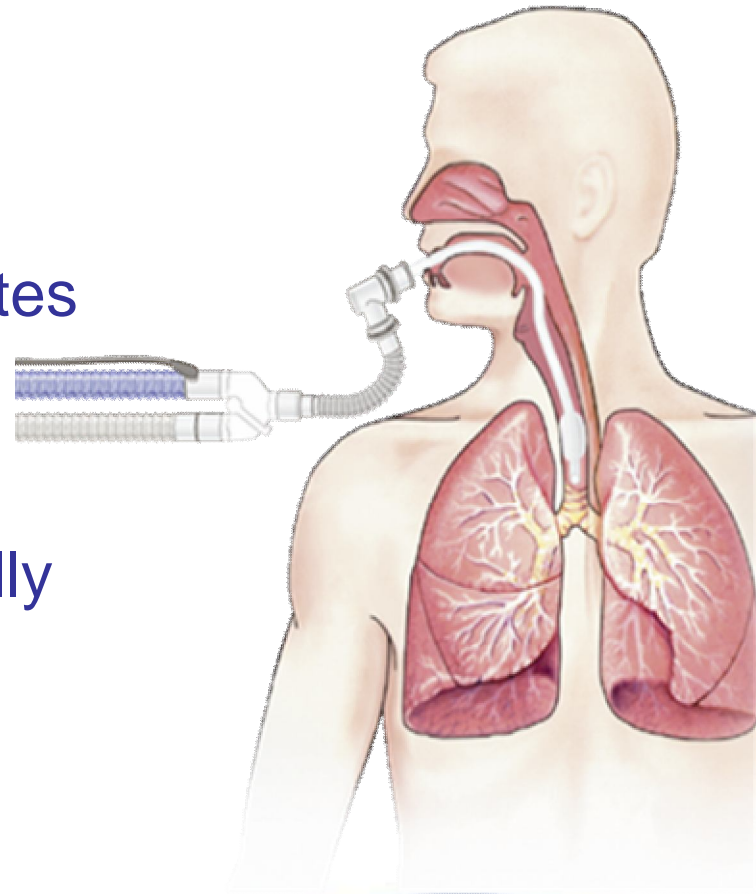


Revenue by Product  
6 months to 30 September 2008

- Consumable and accessory products represent approx. 70% of core product revenue

# Respiratory Humidification

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



# Respiratory Humidification Systems

- MR850 Respiratory Humidifier System
  - invasive ventilation, O<sub>2</sub> therapy and non-invasive ventilation
- MR880 Respiratory Humidifier System
  - simpler controls
  - O<sub>2</sub> therapy
- MR810 Respiratory Humidifier System
  - entry level system
  - ventilation and O<sub>2</sub> therapy
  - optional heated breathing circuit
- HC550 Respiratory Humidifier System
  - invasive ventilation for home use



# 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





# Neonatal Care

- Infant CPAP System
  - proprietary bubble CPAP, non-invasive, oscillating pressure
  - lower risk alternative to ventilation
  - high value consumable system
- Infant Resuscitator System
  - precise pressure control
  - consumable resuscitation kit
- Radiant Warmers
  - warmers required in delivery and NICU
  - precise and stable temperature control
  - opportunity in operating room



# Expanding Opportunities



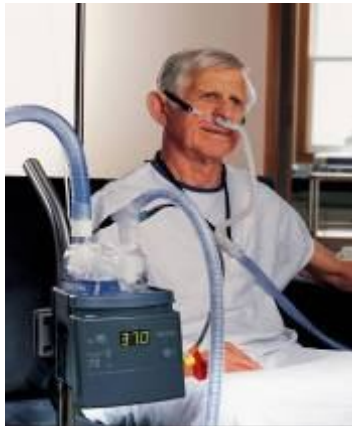
Invasive Ventilation



Non-invasive Ventilation



O<sub>2</sub> Therapy



Humidity Therapy



Laparoscopic Insufflation



COPD Humidity Therapy

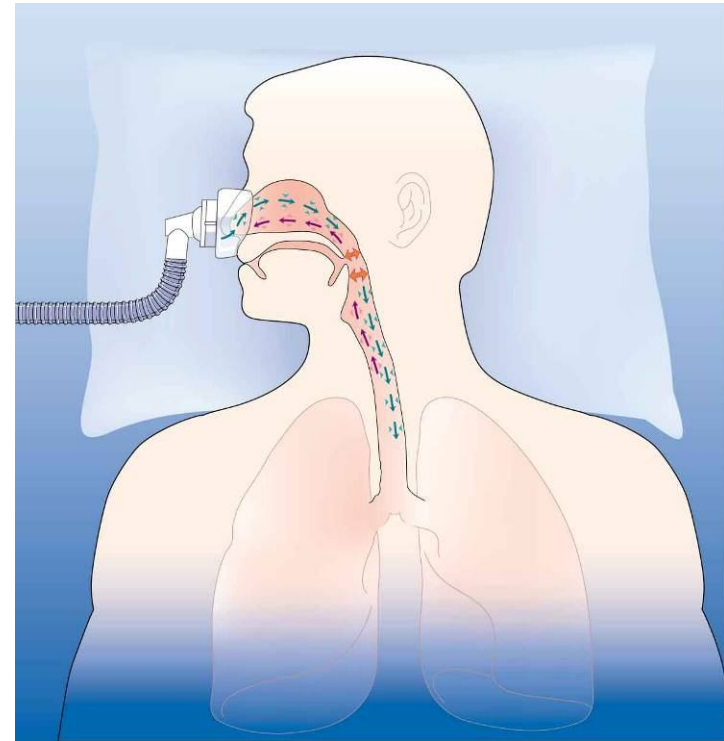
# Respiratory & Acute Care Update

- 36% revenue growth US\$, 30% constant currency
- US GPO contracts, consumable backorder catch-up
- Estimate underlying growth  $\approx 20\%$
- New applications generated 24% of consumables revenue



# 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\$1.8+ billion worldwide market, growing  $\approx 15\%$
- 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



# CPAP Systems

- SleepStyle™ 230
  - patented Ambient Tracking™ humidification technology
- SleepStyle™ 240
  - SmartStick™ USB compliance and efficacy recording
- SleepStyle™ 600 Flow Generator series
  - ThermoSmart™ heated breathing tube technology
- SleepStyle™ 250 Auto
  - Auto titration
  - SensAwake™ technology



# Mask Range

Four interface categories:

- **Nasal Masks**
  - patented glider
  - FlexiFit™ technology
  - New Zest with EasyClip
- **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™



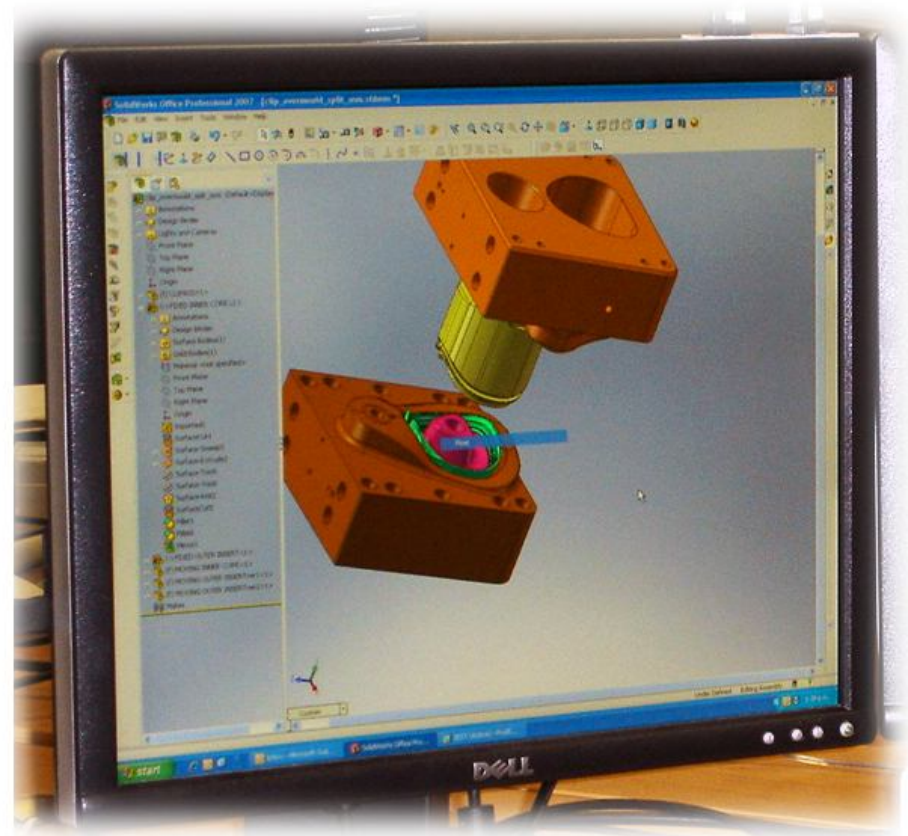
# OSA Update

- 15% US\$ revenue growth excluding add on humidifiers, 10% constant currency
- SleepStyle™ Auto flow generator with SensAwake™ introduced to USA
- SleepStyle 240 with compliance and efficacy reporting via SmartStick™ USB introduced
- Zest™ and Forma™ masks introduced



# Research & Development

- 240 engineers, scientists, physiologists \*
- R&D expenses increased 16% in NZ\$
- 6.2% of operating revenue
- 15% R&D credit from 1 April 08
- Product pipeline includes
  - Flow generators
  - Masks
  - Respiratory consumables
- 81 US patents, 60 US pending, 246 ROW, 256 ROW pending \*



\* at 31 March 2008



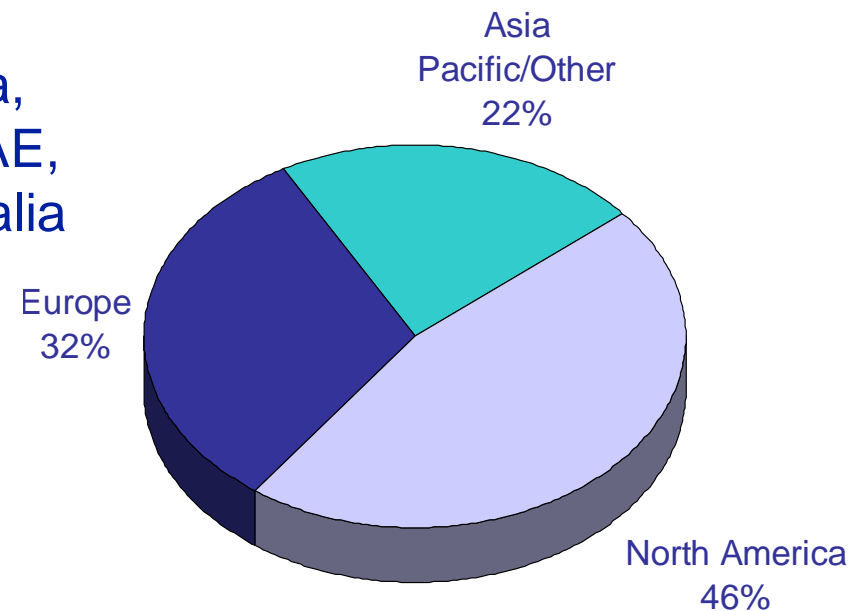
# Manufacturing

- Vertically integrated
  - electronics assembly
  - injection moulding
  - motor assembly
- Ample capacity to grow
  - two buildings 51,000m<sup>2</sup>/ 550,000 ft<sup>2</sup> total
  - 100 acres/40ha land
  - planning expansion offshore



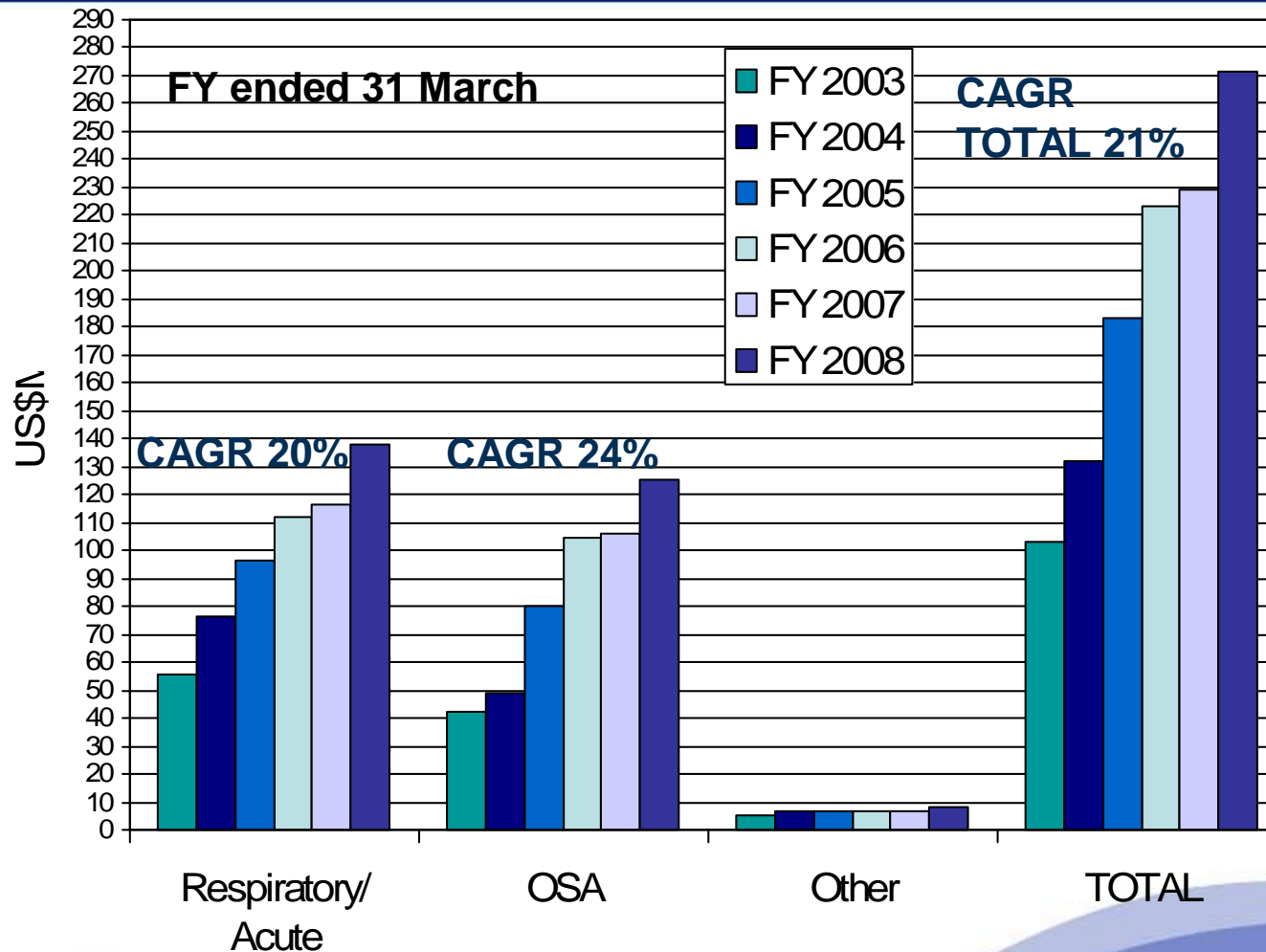
# Global Presence

- Direct/offices
  - hospitals, home care dealers
  - Sales/support offices in USA/Canada, UK/Ireland, Europe, India, Japan, UAE, China, Taiwan, Turkey, Brazil, Australia and NZ
  - 400+ staff in 26 countries
  - Ongoing international expansion
- Distributors
  - 100 distributors worldwide
  - 110 countries in total
- Original Equipment Manufacturers
  - supply most leading ventilator manufacturers



**Revenue by Region**  
**6 months to 30 September 2008**

# Revenue Growth US\$



# Balance Sheet

- NZ\$100.0M net debt at 30 September 2008
- NZ\$186.1M total shareholders equity
- NZ\$359.7M total assets
- Annualised 42% pre-tax return on equity, annualised 23% on total assets
- 30% new NZ tax rate from 1 April 08
- 15% R&D credit from 1 April 08



# 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, insufflation
- Increase international presence