Improving Care and Outcomes
NZSA September 2013

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The Challenge
Health Spending Growing 5% - 7% Per Year

Total Expenditure on Health (US$/capita)

- Australia
- Canada
- Germany
- Japan
- New Zealand
- Spain
- United Kingdom
- United States

OECD Health data
Health Spending Per Capita (US$)

* Based on data updated in March 2010.

Demographics Driving Increases

- Population age and weight both increasing
  - US pop. 65yrs+ to grow ~80% over next 20 years\(^1\), 60% of US healthcare cost is after age 65yrs\(^3\)
  - US males 60 - 74 yrs, av. weight increased 0.4kg/yr since 1960\(^2\)

- Developing markets increasing healthcare spending
  - China healthcare expenditure increased 19% in 2012\(^4\), expected to triple by 2020.

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Typical Healthcare Cost Breakdown

- **Hospital Costs**: 70%
- **Drugs, Devices, Supplies & Food**: 21%
- **Utilities, Depreciation**: 9%

Source: Massachusetts Hospital Association, "An Update to Hospital Costs in Context Report" July 2010
Lower Care Intensity = Lower Cost

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

Mean cost (2008 US$)

- Outpatient cohort
- Urgent outpatient cohort
- ED cohort
- Standard admission cohort
- ICU cohort

Some Cost Control Measures

• Diagnosis related group (DRG) payment e.g. USA Medicare, Germany

• Group purchasing organisations (GPO’s), e.g. USA - Premier, Novation, MedAssets  NZ - Pharmac

• Competitive bidding e.g. USA - CMS Medicare

• USA medical device excise tax

• US Medicare reduced payment for readmissions

• Evidence based best practice e.g. UK – NICE (National Institute for Health and Care Excellence)
The Opportunity
Improve patient care and outcomes

• Increase
  – effectiveness of care
  – efficiency of care

• Reduce
  – intensity of care
Chronic Obstructive Pulmonary Disease (COPD)

- 6% of US adults have been diagnosed with COPD\(^1\) (~15 million people)
- 4% - 10% COPD prevalence worldwide\(^2\) (~400 million people)
- 18% of US COPD patients visit ER or admitted to hospital each year\(^1\) (~3 million patients)

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Obstructive Sleep Apnea (OSA)

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

FPH began with Improving Patient Care

Collaboration

• Motivated clinician

• Innovative designer

• Company with funding, long term view
Takes Time To Change Practice

FPH Revenue NZ$M

10 years to first $1M
FPH Today

• 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, >2800 employees, 1,800 in
• Strong financial performance: FY13 - Revenue MZ$556M - NPAT NZ$77M

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. 76% of core product revenue

Revised: 12 months to 31 March 2013
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

Invasive Ventilation

Non-Invasive Ventilation

O₂ Therapy

Humidity Therapy

F&P Evaqua 2™

F&P FreeMotion™

F&P Optiflow™

F&P AIRVO™ 2

F&P Evaqua 2™

F&P Bubble CPAP

F&P Optiflow™ junior

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
Research & Development

• 8.2% of operating revenue, NZ$45.7M\(^1\)

• Product pipeline includes:
  – Humidifier controllers
  – Masks
  – Respiratory consumables
  – Flow generators
  – Compliance monitoring solutions

• 107 USA patents, 159 USA pending, 442 ROW, 260 ROW pending\(^1\)

\(^1\) 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
- 32,000m² 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
  – 16 distribution centres
  – 600+ staff in 33 countries
  – On-going international expansion

• Distributors
  – 100+ distributors worldwide

• Original Equipment Manufacturers
  – Supply most leading ventilator manufacturers

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
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