Improving Care and Outcomes

NZSA September 2013

Michael Daniell MD/CEO

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The Challenge

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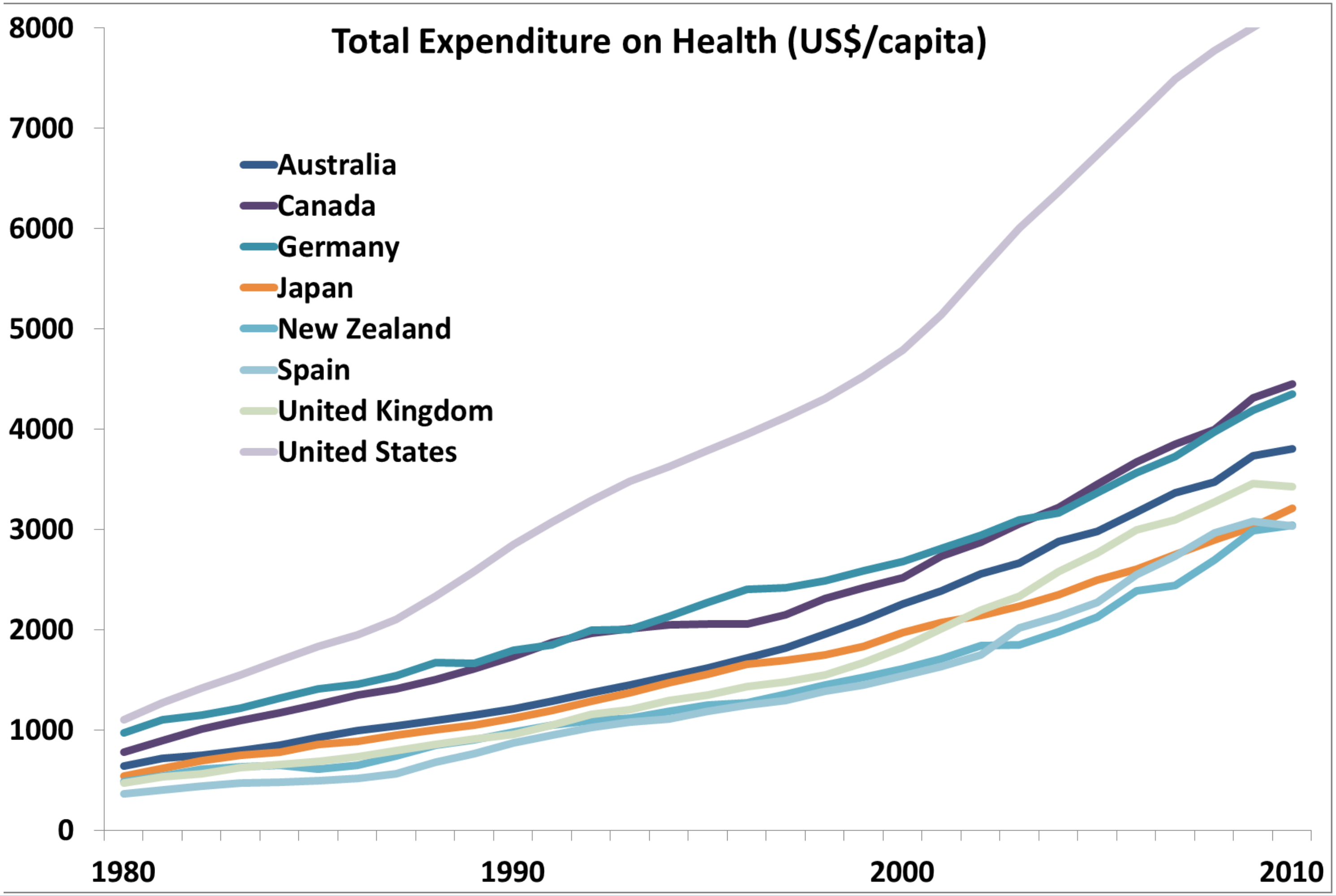
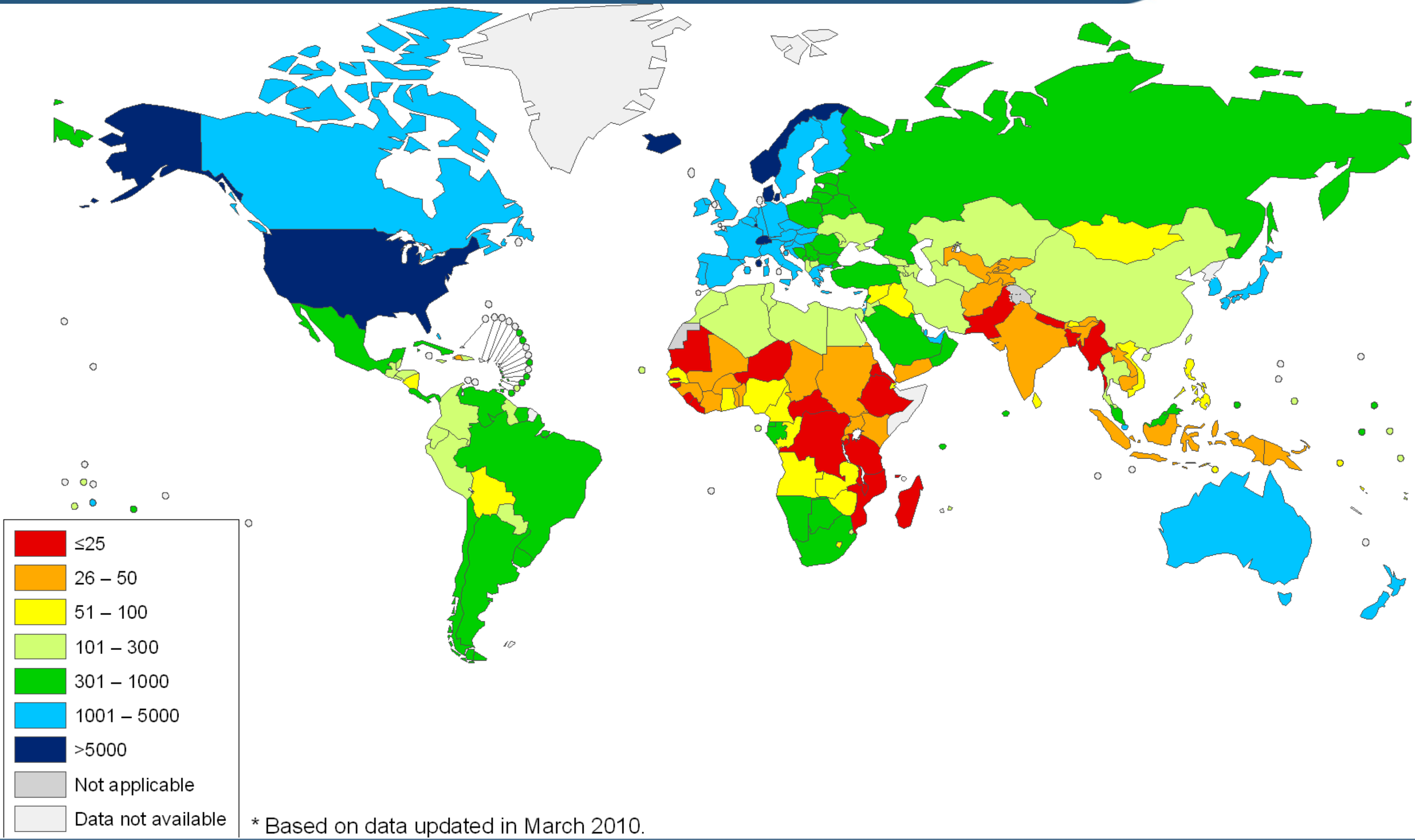
Health Spending Growing 5% - 7% Per Year



OECD Health data

Health Spending Per Capita (US$)

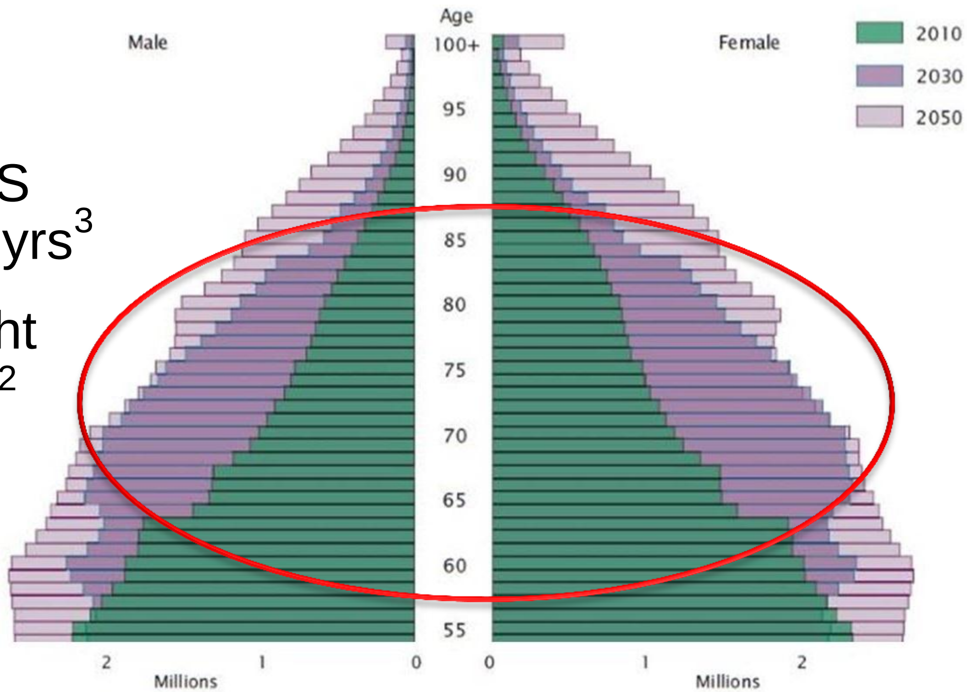


Public Health Information and Geographic Information Systems. National Health Account series, 2007, updated 2010. World Health Organisation.

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.



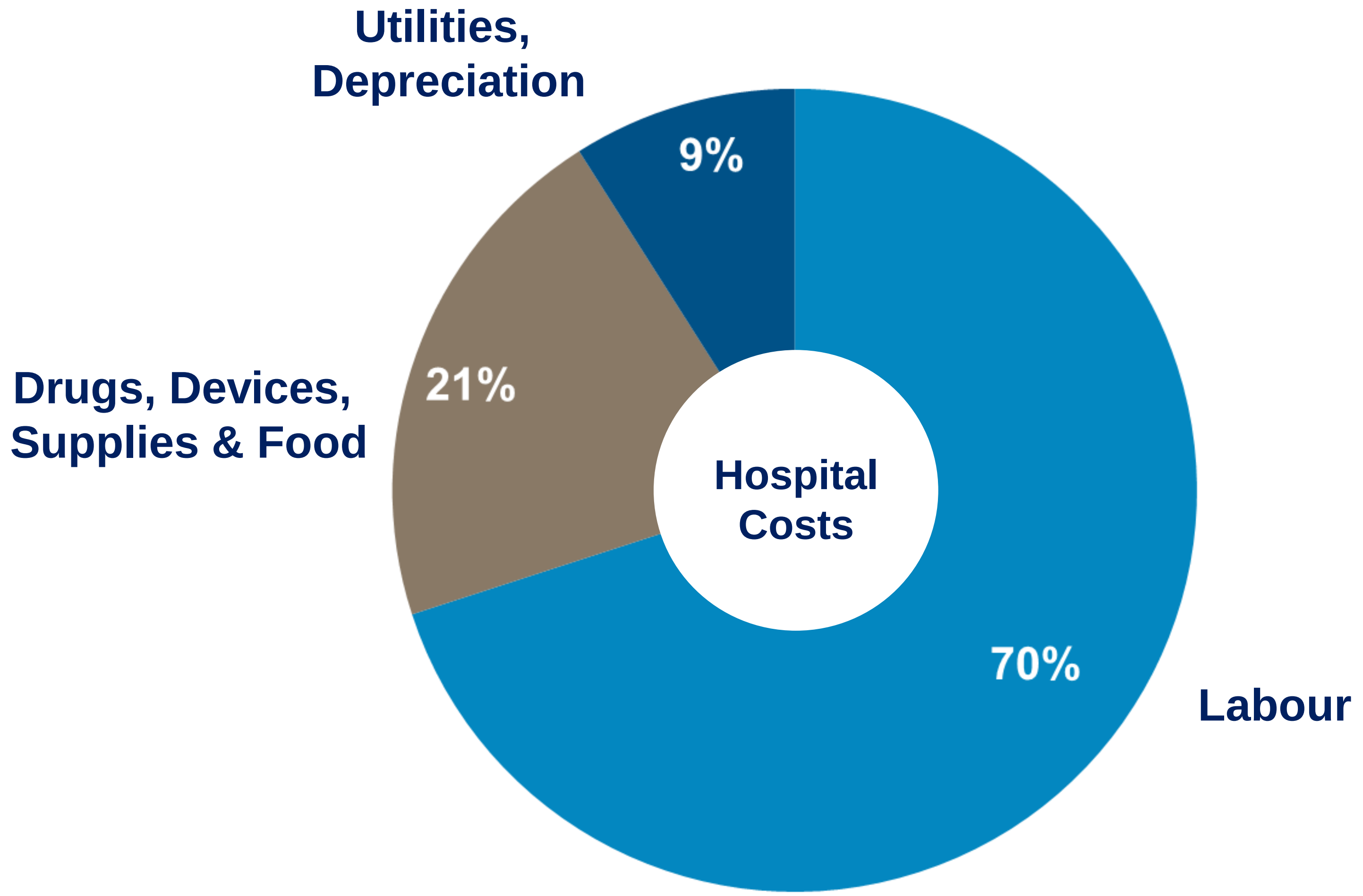
1. Grayson K. Vincent, Victoria A. Velkoff. The Next Four Decades. The Older Population in the United States: 2010 to 2050. US Census Bureau, 2010.

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, Fanging Zhang, Gaobo Zhou. Healthcare in China: Entering uncharted waters. McKinsey & Company, 2012.

Typical Healthcare Cost Breakdown



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

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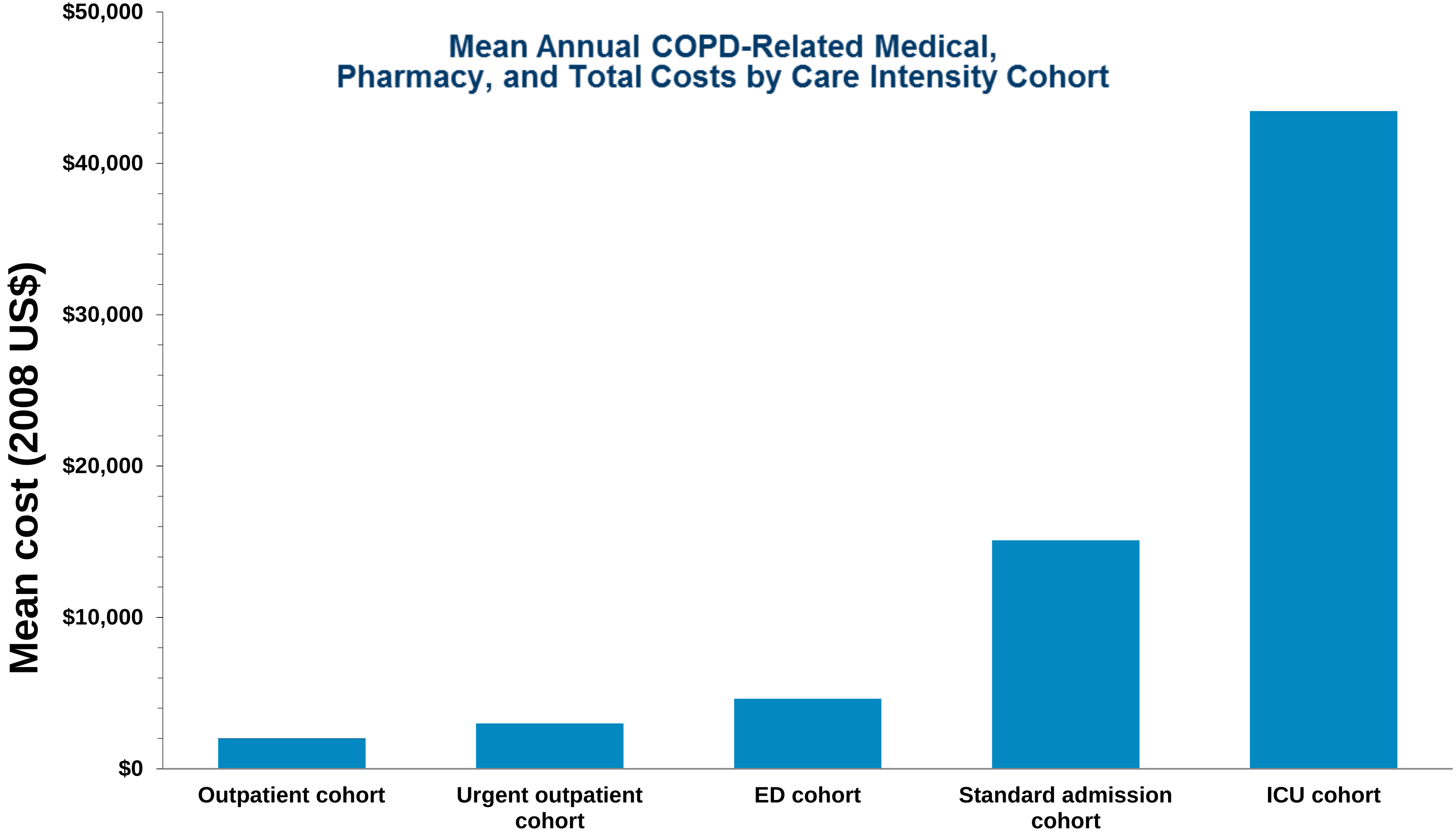
Lower Care Intensity = Lower Cost



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.

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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

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Improve patient care and outcomes

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

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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)

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

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Obstructive Sleep Apnea (OSA)

- 2% - 7% adult prevalence[1]
- Prevalence increases with age and obesity
- 70%–80% of those affected remain undiagnosed
- 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.

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FPH began with Improving Patient Care

Collaboration

- Motivated clinician
- Innovative designer
- Company with funding, long term view

Dr Matt Spence
Auckland Hospital

Alf Melville
DSIR

Agee Jar
Prototype Humidifier

Dave O'Hare
Fisher & Paykel

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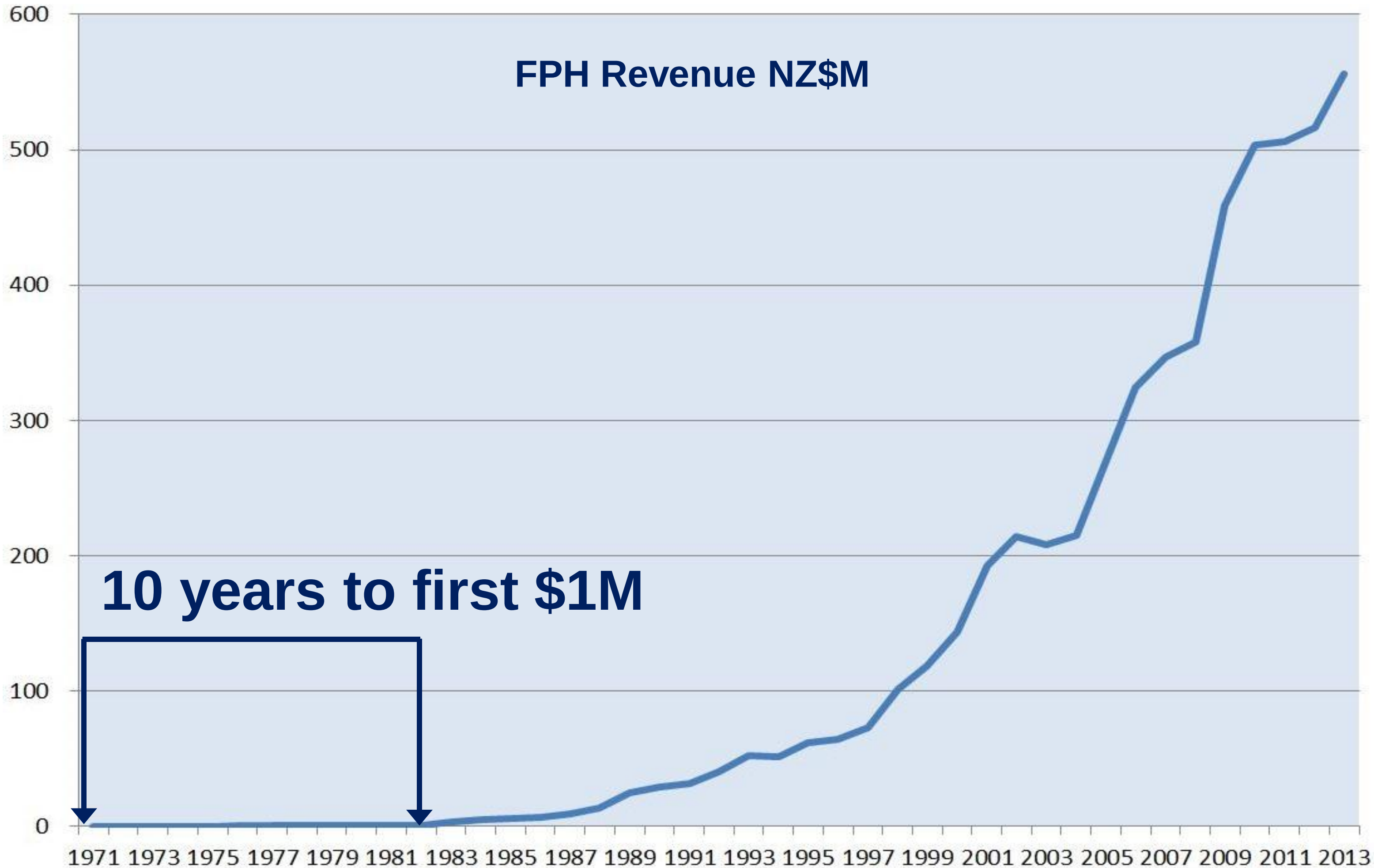
Takes Time To Change Practice



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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

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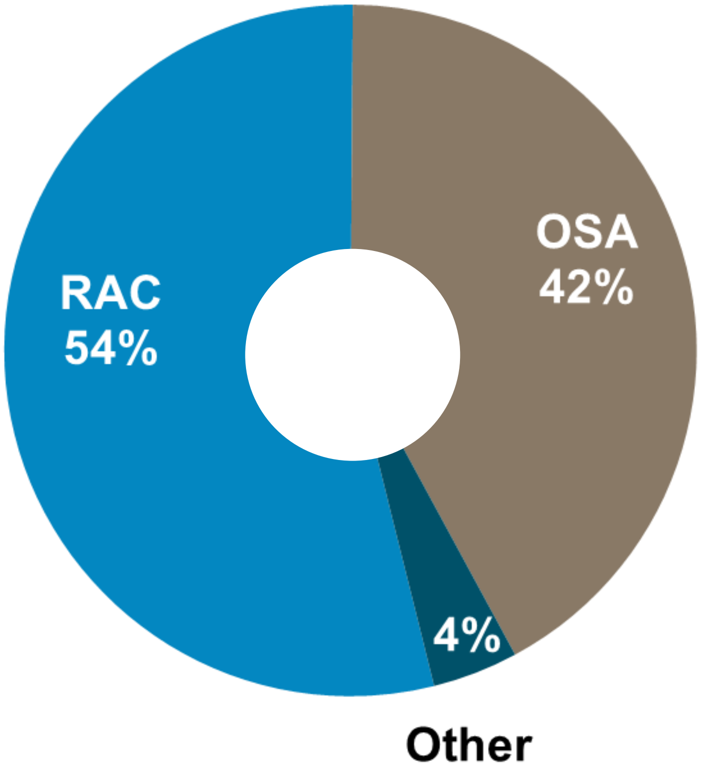
Markets and Products

- 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

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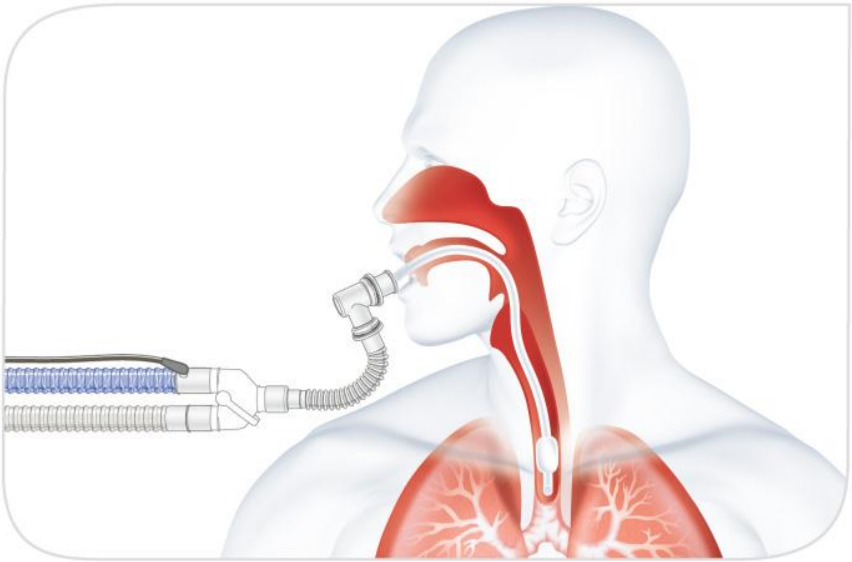
Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O_2 therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
  - 37 ^{o}C body core temperature
  - 44mg/L 100% saturated



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Respiratory & Acute Care

F&P Evaqua 2™

F&P FreeMotion™

F&P Optiflow™

F&P AIRVO™ 2

Invasive Ventilation | **Non-Invasive Ventilation** | **O_2 Therapy** | **Humidity Therapy**

F&P Evaqua 2™

F&P Bubble CPAP

F&P Optiflow™ junior

F&P AIRVO™ 2

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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$2.5 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

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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

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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

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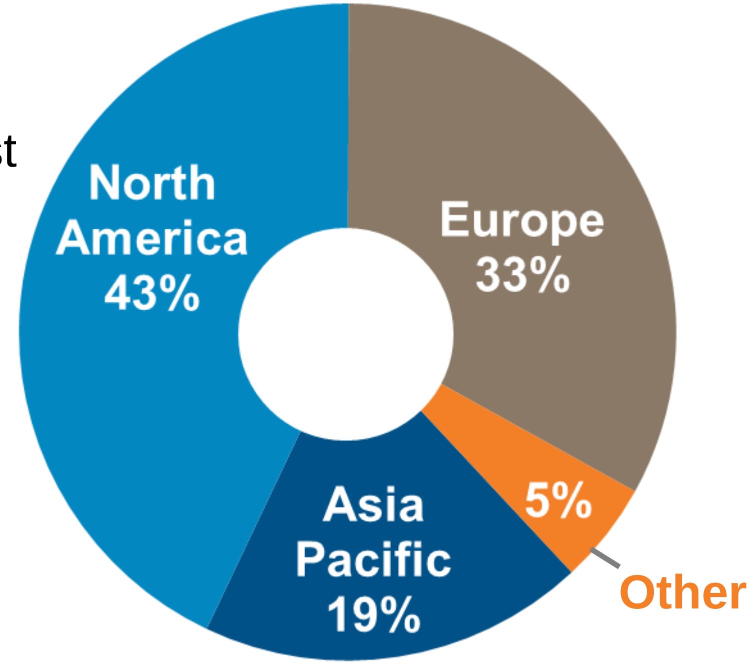
Global Presence

- Direct/offices
  - Hospitals, home care dealers
  - Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia
  - 16 distribution centres
  - 600+ staff in 33 countries
  - On-going international expansion
- Distributors
  - 100+ distributors worldwide
- Original Equipment Manufacturers
  - Supply most leading ventilator manufacturers

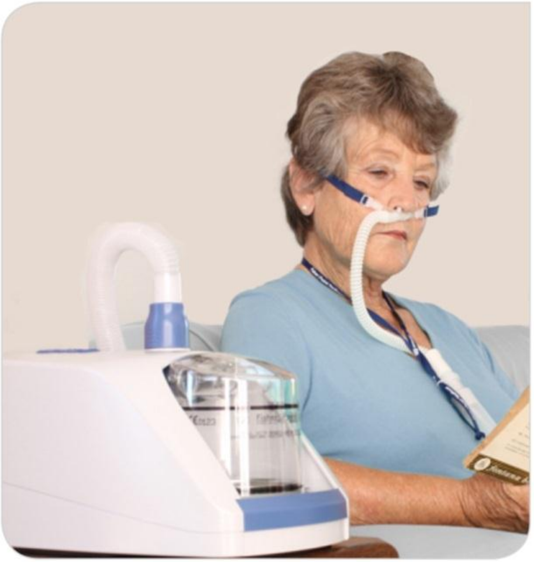
120+ countries in total



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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