Retail Investor Visit

New Zealand Shareholders’ Association
Auckland, 13 February 2018
### Morning Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Presenter</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00am</td>
<td>Welcome</td>
<td>Marcus Driller</td>
<td>General Manager Corporate</td>
</tr>
<tr>
<td>10:05am</td>
<td>Presentations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainable Profitable Growth</td>
<td>Lewis Gradon</td>
<td>Managing Director &amp; CEO</td>
</tr>
<tr>
<td></td>
<td>Financial Progress</td>
<td>Tony Barclay</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td></td>
<td>Patient-focused R&amp;D</td>
<td>Andrew Somervell</td>
<td>VP - Products &amp; Technology</td>
</tr>
<tr>
<td>11:00am</td>
<td>Light morning tea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11:15am</td>
<td>Campus tour starts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.00pm</td>
<td>Visit concludes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Time will be made available at the end of each presentation specifically for questions and answers.
Sustainable Profitable Growth

Lewis Gradon
Managing Director & CEO
Fisher & Paykel Healthcare – A Global Leader

- Medical Technology business with leading positions in respiratory care and obstructive sleep apnea
- Global reach into hospital and homecare (99% of sales and 1,800 people outside NZ)
- 47 years’ experience changing clinical practice to improve clinical outcomes and reduce cost
- Significant organic long-term growth opportunities
- 86% of revenue from recurring items, consumables and accessories
- High level of investment in R&D – 560+ people
- High barriers to entry
- 4,100+ people globally
Question most often asked by investors

How long can you continue to grow at these kind of rates?

**Operating Revenue (NZ$Millions)**
- 2013: 556.3
- 2014: 623.4
- 2015: 672.3
- 2016: 815.5
- 2017: 894.4

5 Year CAGR = 12%

**Net Profit After Tax (NZ$Millions)**
- 2013: 77.1
- 2014: 97.1
- 2015: 113.2
- 2016: 143.4
- 2017: 169.2

5 Year CAGR = 21%
Impact of Changing Demographics

- Population age and weight both increasing
  - US population 65 years+ to grow ~80% over next 20 years\(^1\)
  - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960\(^2\)
- 60% of US healthcare cost is after age 65 years\(^3\)
- Developing markets increasing healthcare spending
- China healthcare expenditure projected to grow at 12% per year between 2014-2018\(^4\)
Health Spend Growing 5-7% Per Year

Total Expenditure on Health (US$/capita)

Source: OECD Health Data
Hospital Cost Breakdown

- **Medical devices**: 6%
- **Other**: 94%

*Other* includes labour, utilities, drugs, supplies, food, depreciation.

Source: Estimates of Medical Device Spending in the United States, Donahoe, G and King, G. June 2014
Lower Care Intensity = Lower Cost

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

~US$6+ Billion and Growing Market Opportunity

HOSPITAL

Invasive Ventilation
Noninvasive Ventilation
Hospital Respiratory Support
Surgical Humidification

HOMECARE

Home Respiratory Support
CPAP Therapy

“NEW APPLICATIONS”
Applications outside of invasive ventilation
OUR ASPIRATION:
Sustainably DOUBLING our constant currency revenue every 5-6 years.
Characteristics of our business

**Market opportunities**
- Diverse, growing clinical data
- Underpinned by favourable demographics, aging populations and developing country healthcare spend

**Valued customer benefits**
- Improved patient outcomes
- Lower cost of care

**Independence of economic cycles**
- Revenue derived from treating a patient

**Barriers to entry**
- Regulated
- Patented IP
- Care Continuum: Throughout hospital to home
- Sales force investment
- Knowledge base

**Relatively predictable cash generation**
- Hardware placement drives per patient consumables
- Successful treatment resists change
- Change of clinical practice inertia

GROWTH PROFITABLY, SUSTAINABLY
Hospital Respiratory Support

Invasive Ventilation

Noninvasive Ventilation

Application

HOME CARE

Home Respiratory Support

CPAP Therapy
Optiflow - Displacing Conventional Oxygen Therapy

CONVENTIONAL
OXYGEN THERAPY

LOW FLOW
NASAL PRONGS

SIMPLE
FACE MASK

REBREATHER
MASK

NONINVASIVE
VENTILATION
Patient Groups

What patient groups could benefit from Optiflow therapy?

ADULT
- Asthma
- Atelectasis
- Bronchiectasis
- Bronchitis
- Burns
- Carbon monoxide poisoning
- Chest trauma
- Chronic obstructive pulmonary disease
- Community acquired pneumonia

- Emphysema
- Palliative Care
- Pneumonia
- Pulmonary embolism
- Respiratory compromise
- Viral pneumonia (H1N1)

NEONATAL
- Infant Respiratory Distress

These patients are located throughout the hospital – in the ICU, NICU, PICU, SICU, HDU, Ward and ED
Clinical Outcomes of Optiflow Nasal High Flow Therapy

Optiflow NHF therapy is associated with:

**ADULTS:**
- REDUCED intubation\(^5\)
- REDUCED re-intubation\(^6, 7, 8\)
- REDUCED bilevel ventilation\(^7\)
- REDUCED nursing workload\(^7\)
- INCREASED ventilator free days\(^5\)
- IMPROVED comfort & patient tolerance\(^6\)
- IMPROVED compliance\(^6\)

**PAEDIATRICS:**
- REDUCED intubation\(^9\)
- REDUCED length of stay\(^10\)
- REDUCED respiratory distress\(^11\)

**NEONATES:**
- NONINFERIORITY with nasal CPAP\(^12\)
- REDUCED nasal trauma\(^13, 14\)
- REDUCED respiratory distress\(^15\)
Consistently Strong Growth in Hospital New Applications

Constant Currency Revenue Growth Rate in New Applications Consumables*

- New applications consumables made up 54% of Hospital consumables revenue in FY2017, up from 51% in FY2016 and 46% in FY2015

New applications consumables: Noninvasive ventilation, Optiflow, AIRVO, Surgical
* Adjusted to exclude impact of US distribution transition in FY16 & FY17
Optiflow NHF – A Growing Body of Clinical Evidence

Nasal High Flow Clinical Papers
Published Annually

- Adult
- Neonatal & Paediatric
Home Respiratory Support

HOSPITAL
- Invasive Ventilation
- Noninvasive Ventilation
- Hospital Respiratory Support

HOME CARE
- CPAP Therapy

“NEW APPLICATIONS”
Applications outside of invasive ventilation
Home Respiratory Support

• Chronic obstructive pulmonary disease (COPD) is a lung disease which is commonly associated with smoking

• Emphysema and chronic bronchitis are both forms of COPD

• Chronic respiratory disease, primarily COPD, is the third leading cause of death in the US\textsuperscript{16}

• 6\% of US adults have been diagnosed with COPD\textsuperscript{17} (~15 million people)

• 4-10\% COPD prevalence worldwide\textsuperscript{18} (~400 million people)
Optiflow Therapy in the Home

• Same physiology
• Same mechanisms of action
• Clinical studies to investigate:
  - Improving quality of life
  - Slowing progression of disease
  - Reducing hospital admissions
Obstructive Sleep Apnea

“NEW APPLICATIONS”
Applications outside of invasive ventilation
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$3+ billion worldwide market.
- Estimate >50 million people affected in developed countries
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
  - Key issue with CPAP is compliance
  - Humidification provides significant acceptance and compliance improvements
Revolutionary Masks

- Market leading mask technology
- Unique, patented designs
- Mask Matters Most
  - Masks are key to compliance
Auckland Campus
Tijuana, Mexico
Questions?
Financial Progress

Tony Barclay
Chief Financial Officer
# First Half Financial Highlights

**H1 FY2018 (6 months to 30 September 2017)**

<table>
<thead>
<tr>
<th>Description</th>
<th>NZ$M</th>
<th>$PCP</th>
<th>$CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>458.4</td>
<td>+8%</td>
<td>+8%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>262.5</td>
<td>+11%</td>
<td>+12%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>191.3</td>
<td>+4%</td>
<td>+5%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+18%</td>
<td>+19%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+8%</td>
<td>+8%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td></td>
<td>+116bps</td>
<td>+47bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>81.3</td>
<td>+4%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 87% of operating revenue (H1 FY17: 86%)

^ PCP = prior comparable period  * CC = constant currency
Hospital Product Group

H1 FY2018

57% OF OPERATING REVENUE

HOSPITAL OPERATING REVENUE NZ$262.5M

↑11%

CONSTANT CURRENCY

↑12%

NEW APPLICATIONS* CONSUMABLES REVENUE NZ$

↑18%

CONSTANT CURRENCY

↑19%

Respiratory humidification and support

• New applications consumables* make up 55% of Hospital consumables revenue

• Strong customer demand for our Optiflow and AIRVO systems

• Further positive clinical trial results for Optiflow nasal high flow therapy

*Surgical technologies

*New applications = Noninvasive ventilation (NIV), Optiflow™, AIRVO™, Surgical
Homecare Product Group

H1 FY2018

42% of operating revenue

Homecare operating revenue
NZ$191.3M

↑ 4%

Constant currency

↑ 5%

Masks revenue
NZ$

↑ 8%

Constant currency

↑ 8%

CPAP therapy / Obstructive Sleep Apnea (OSA)

F&P Simplus™

F&P Eson™2

F&P Brevida™

F&P SleepStyle™

Home respiratory support

F&P AIRVO™2

F&P 810™ System

F&P Optiflow™
Dividend and Gearing

• Increased interim dividend by 6%:
  - 8.75 cps + 3.4028 cps imputation credit for NZ residents (gross dividend of NZ $12.1528)
  - Fully imputed
  - 1.5441 cps non-resident supplementary dividend

• Target gearing ratio* of +5% to -5% debt to debt plus equity
  - Gearing ratio at 30 September 2017 was 3.8%

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).
Foreign Exchange Effects and Cash Flow

- 51% of operating revenue in USD (1H FY17: 52%) and 20% in €.

<table>
<thead>
<tr>
<th>Hedging position for our main exposures as at 13 Feb 2018</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD % cover of expected exposure</td>
<td>95%</td>
<td>70%</td>
<td>55%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>USD average rate of cover</td>
<td>0.678</td>
<td>0.673</td>
<td>0.659</td>
<td>0.628</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>95%</td>
<td>75%</td>
<td>45%</td>
<td>20%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.594</td>
<td>0.611</td>
<td>0.576</td>
<td>0.535</td>
<td>0.519</td>
<td>0.508</td>
</tr>
</tbody>
</table>

Hedging cover percentages have been rounded to the nearest 5%.

H1 FY2018 (for the 6 months ended 30 September 2017)

<table>
<thead>
<tr>
<th>Operating cash flow (+8%)</th>
<th>NZ$M</th>
<th>Capital expenditure</th>
<th>NZ$M</th>
<th>Depreciation and amortisation</th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>82.2</td>
<td></td>
<td>51.6</td>
<td></td>
<td>23.5</td>
<td></td>
</tr>
</tbody>
</table>
Outlook FY2018

Guidance below provided on 21 November 2017

Expect at exchange rates as at 21 November 2017 (of NZD:USD 0.685, NZD:EUR 0.59) for the balance of the financial year:

- Operating revenue – approaching NZ$1 billion
- Net profit after tax – approximately NZ$185 – NZ$190 million
Questions?
Patient-focused R&D

Andrew Somervell – Vice President
Products and Technology
Improving Clinical Practice: R&D approach

- Unique products with valued differentiation that:
  - Improve care and outcomes
  - Lower overall cost of treating patients
- Proven innovation history
- Original thought required
- Enabled through understanding unmet patient and caregivers’ needs
Patient Oriented R&D

• Philosophy of doing what's best for the patient
  – Needs of all stakeholders align with patient needs
  – Encourages long term thinking
  – Ingrained in FPH culture

• Patient focused multi-disciplinary product teams
  – Specialist skills, broad knowledge
Patient Focused Teams: In-depth Knowledge

Physiology  Key Opinion Leaders
Environment  Clinical Research
Users  Technology
Adjacencies  Competitors

NEW IDEAS, ORIGINAL THOUGHT
Enabling our Product Teams

• Easy access to the user environment:
  − Strong relationships with local and offshore hospitals and homecare dealers
  − Patient knowledge, testing solutions

• Learning by creating
  − Prototype, test, learn
  − World-class prototyping and testing facilities

• Access to world-leading technology experts

• R&D access to manufacturing

• Proven ability to attract and grow top talent
F&P 950: Redefining Expectations

- F&P 850 current market leader
AirSpiral Inspiratory Limb

• Opportunity:
  - Optimal humidity, minimal condensation in difficult ambient conditions

• Benefits:
  - Reduce ventilation breaks
  - Reduce infection risk
  - Reduce clinician’s time dealing with condensate

• Idea:
  - Insulate delivered medical gas with pockets of air

• Result:
  - AirSpiral Tube

• Technical challenge
  - How to manufacture

• Conceived for 950, adapted for Airvo and SleepStyle
Questions?
Important Notice and References

Disclaimer
The information in this presentation is for general purposes only and should be read in conjunction with Fisher & Paykel Healthcare Corporation Limited’s (FPH) 2018 Interim Report and accompanying market releases. Nothing in this presentation should be construed as an invitation for subscription, purchase or recommendation of securities in FPH.

This presentation includes forward-looking statements about the financial condition, operations and performance of FPH and its subsidiaries. These statements are based on current expectations and assumptions regarding FPH’s business and performance, the economy and other circumstances. As with any projection or forecast, the forward-looking statements in this presentation are inherently uncertain and susceptible to changes in circumstances. FPH’s actual results may differ materially from those expressed or implied by those forward-looking statements.

References