

Full Year Update

FY2011

May 2011



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Investment Highlights

- A leader in respiratory and OSA treatment devices
- Consistent growth strategy
- Estimated US\$3.0+ billion and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance

NZSX:FPH, ASX:FPH



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Operating Results US\$

FY11 (12 months to 31 March)

| | <u>%Revenue</u> | <u>US\$M</u> | <u>Δpcp</u> |
|--|-----------------|--------------|-------------|
| Operating revenue | 100% | 371.0 | +9% |
| Gross profit | 54.9% | 167.4 | +6% |
| Other income | | 0.9 | |
| SG&A | 28.0% | 104.0 | +11% |
| R&D | 7.8% | 28.8 | +20% |
| Total Operating Expenses | 35.8% | 132.8 | +13% |
| Operating Profit | 19.3% | 71.6 | +3% |
| Profit after Tax (before deferred tax charges) | 12.6% | 46.9 | -4% |

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Operating Results NZ\$

FY11 (12 months to 31 March)

| | <u>%Revenue</u> | <u>NZ\$M</u> | <u>Δpcp</u> |
|--|-----------------|--------------|-------------|
| Operating revenue | 100% | 506.1 | +1% |
| Gross profit | 54.9% | 277.7 | +2% |
| Other income | | 1.2 | |
| SG&A | 28.0% | 141.9 | +3% |
| R&D | 7.8% | 39.3 | +11% |
| Total Operating Expenses | 35.8% | 181.2 | +5% |
| Operating Profit | 19.3% | 97.7 | -5% |
| Profit after Tax (before deferred tax charges) | 12.6% | 63.9 | -11% |

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Result Commentary

- Revenue growth rate impacts in first 2-3 quarters:
 - H1N1 related demand in FY10
 - Anticipation of ICON launch
- FY11 Constant currency growth
 - Operating revenue 4.8%
 - Cost of sales 1.3%
 - Gross profit 8.0%
 - Operating expenses 7.8%
 - Operating profit 5.4%
- Q4 revenue growth increased to 14% constant currency

Dividend

- Final Dividend
 - 7.0 cps
 - Fully imputed based on 28% tax rate, NZ residents
 - 1.235 cps non-resident supplementary dividend
 - DRP, 3% discount NZ/AU residents
- Annual Dividend
 - Total 12.4 cps, fully imputed

Respiratory & Acute Care Update

- Operating revenue growth

| | Q4 | FY |
|---------------------|-----|-----|
| – US\$ | 24% | 13% |
| – Constant currency | 19% | 9% |
- Consumables revenue growth

| | Q4 | FY |
|---------------------|-----|-----|
| – US\$ | 27% | 18% |
| – Constant currency | 21% | 13% |
- New applications (NIV, O₂, humidity) revenue growth

| | Q4 | FY |
|---|-----|-----|
| – US\$ | 42% | 32% |
| – Constant currency | 34% | 26% |
| – New applications, 30% of RAC consumables revenue for FY | | |



Respiratory & Acute Care Update

- New products
 - Evaqua II neonatal breathing circuits
 - CPAP respiratory care kit; mask, chamber, circuit, PEEP valve
 - Neonatal Bubble CPAP masks
 - Infant resuscitator consumables
 - HumiGard surgical humidification system for laparoscopic surgery, open surgery
 - Airvo humidity therapy system introduced to USA



OSA Update

- Operating revenue growth

| | Q4 | FY |
|---------------------|-----|----|
| – US\$ | 17% | 8% |
| – Constant currency | 11% | 4% |
- Flow generator revenue growth

| | Q4 | FY |
|---------------------|-----|-----|
| – US\$ | 51% | 17% |
| – Constant currency | 42% | 11% |
- New products
 - ICON Auto and Novo introduced to North America Q4
 - InfoSmart client, DataZone, LabPort, LabSmart



Balance Sheet & Cash Flow FY11

- NZ\$71.1M operating cash flow
- NZ\$43M capex, (NZ\$15M building 3), NZ\$22M D&A
- NZ\$92.9M net debt
- NZ\$313.3M total shareholders equity
- NZ\$517.6M total assets
- 31% pre-tax return on equity,
19% on total assets (prior to def. tax)
- NZ\$520M of hedging in place as at 31 March 2011
US\$ 57% @ 0.69, €77% @ 0.46
- Closed out forex contracts, NZ\$17M to operating profit
in FY12

Outlook FY2012

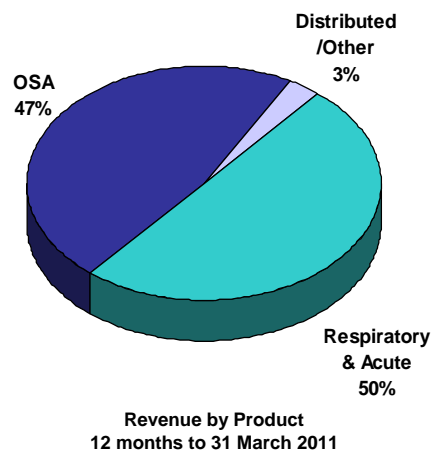
- Revenue Growth accelerated in Q4 FY11, expect continued strong constant currency growth
- Expect positive contribution from Mexico manufacturing and Japan sales office
- Plan for revenue growth to exceed expense growth
- Expect constant currency net profit growth better than 20%
- Expect over NZD:USD exchange rate range of 0.80 to 0.70:
 - Operating revenue NZ\$530M - NZ\$580M
 - Net profit after tax NZ\$62M - NZ\$76M
- Capex ≈ NZ\$85M, including ≈ NZ\$53M for NZ Building 3

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Markets and Products

- Respiratory & Acute Care
 - Heated Humidification
 - Respiratory Care
 - Neonatal Care
 - Surgery
 - Obstructive Sleep Apnea
 - Masks
 - Flow Generators
 - Humidifiers
- ➡ Consumable and accessory products represent approx. 76% of core product revenue

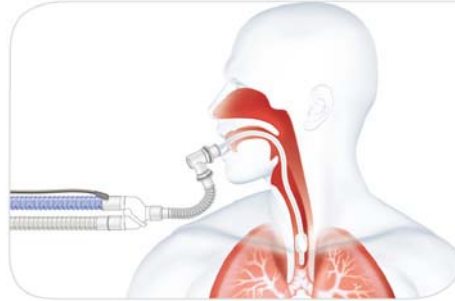


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Respiratory Humidification

- 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



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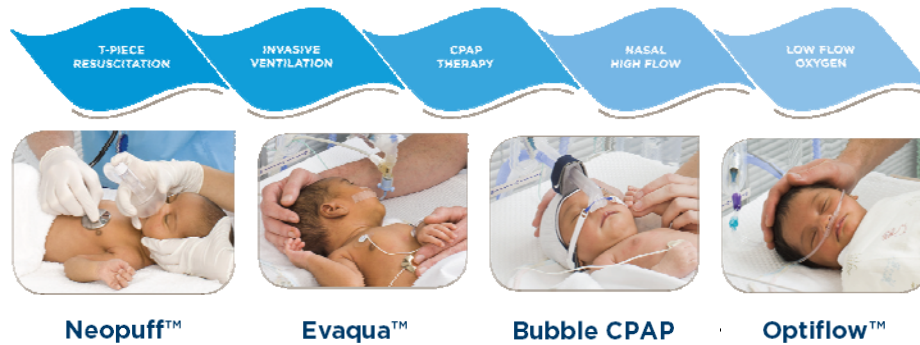
Respiratory & Acute Care - Adult



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Respiratory & Acute Care - Infant



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Respiratory & Acute Care

- MR850 Respiratory Humidifier System
 - invasive ventilation, O₂ therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
 - entry level system
 - ventilation and O₂ therapy
 - optional heated breathing circuit
- Surgical opportunity (HumiGard)
 - laparoscopic insufflation
 - open surgery



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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, O₂ therapy
- Approx 30 system set-ups used per controller per year
- Consumable growth driving revenue growth

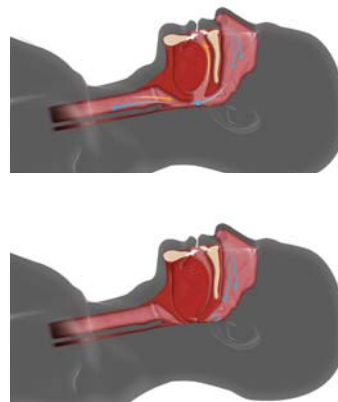


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Obstructive Sleep Apnea

- 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\$2.2+ billion worldwide market, growing ~10+%
- 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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ICON Stylish on the Outside



- Aesthetic appeal
- Forward facing clock with adjustable brightness
- Intuitive SmartDial™
- Swivel Elbow
- Hidden Water Chamber
- Customisable AlarmTunes™

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ICON Smart on the Inside

Combination of Clinical technologies



- ThermoSmart™ Humidifier Breathing Tube Technology
- Auto-adjusting CPAP
- SensAwake™
- SmartStick™ USB and InfoSmart™ Data Management

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Broad Mask Range

Four interface categories

- Nasal Masks
 - patented glider
 - FlexiFit™ technology
 - Zest™ Petite, Plus
- Full Face Masks
 - under chin seal
 - patented glider
 - FlexiFit™ technology
 - Forma™ with Flexifoam™
- Oral Mask
 - Oracle™ oral interface
- Nasal Pillows Mask
 - very light
 - Opus 360™



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Research & Development

- ≈ 300 engineers, scientists, physiologists¹
- 7.8% of operating revenue¹
- Product pipeline includes
 - flow generators
 - humidifier controllers
 - compliance monitoring solutions
 - masks
 - respiratory consumables
- 92 US patents, 100 US pending, 366 ROW, 196 ROW pending¹



¹ at 31 March 2011

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Manufacturing

- Vertically integrated
 - electronics assembly
 - injection moulding
 - motor assembly
 - clean manufacturing
- Ample capacity to grow
 - New Zealand, Auckland
 - two buildings 51,000m²/550,000ft² total
 - 31,000m² building 3 underway, total cost ~ NZ\$95M
 - 100 acres/40ha land

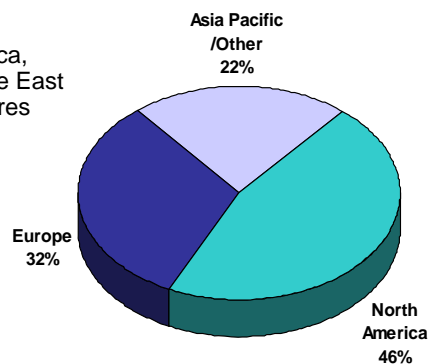


Mexico Facility

- Mexico, Tijuana
 - recently established 18,000m²/200,000ft²
 - Consumables capacity ramping up, achieving 33% variable cost saving

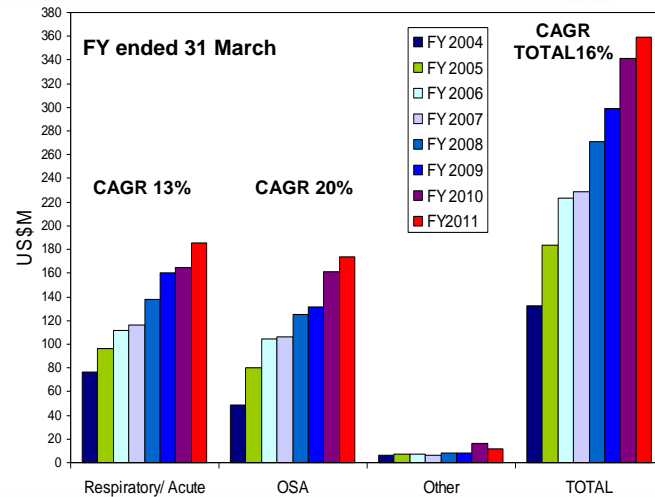
Global Presence

- Direct/offices
 - hospitals, home care dealers
 - sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 15 distribution centres
 - 500 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 2011

Revenue Growth US\$



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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
 - Increase international presence



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