

Half Year Update And Overview FY2011

November 2010



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Investment Highlights

- A leading player in respiratory and OSA
- 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\$

HY11 (6 months to 30 September)

	<u>%Revenue</u>	<u>US\$M</u>	<u>Δpcp</u>
Operating revenue	100%	173.8	+9%
Gross profit	55.6%	96.6	+12%
Other income			
SG&A	30.7%	53.4	+19%
R&D	7.6%	13.2	+27%
Total Operating Expenses	38.3%	117.2	+20%
Operating Profit	17.3%	30.1	+7%
Profit after Tax (before deferred tax charges)	11.7%	20.3	-14%

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Operating Results NZ\$

HY11 (6 months to 30 September)

	<u>%Revenue</u>	<u>NZ\$M</u>	<u>Δpcp</u>
Operating revenue	100%	245.0	-3%
Gross profit	55.6%	136.2	0%
Other income			
SG&A	30.7%	75.2	+6%
R&D	7.6%	18.6	+14%
Total Operating Expenses	38.3%	93.7	+8%
Operating Profit	17.3%	42.4	-17%
Profit after Tax (before deferred tax charges)	11.7%	28.6	-23%

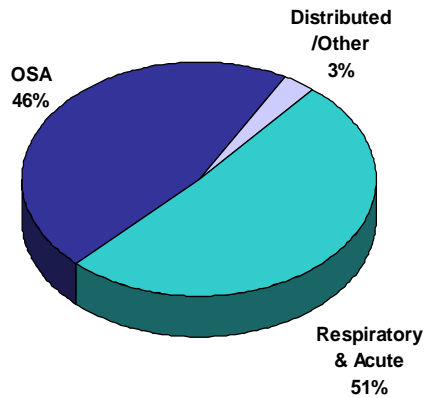
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Markets and Products

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

➤ Consumable and accessory products represent approx. 78% of core product revenue



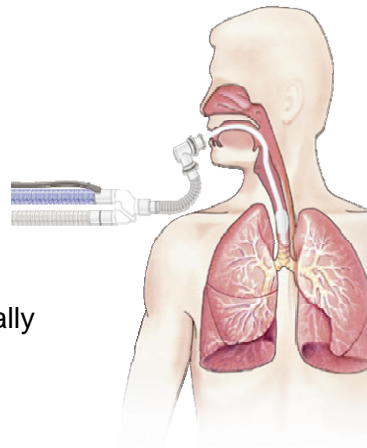
Revenue by Product
6 months to 30 September 2010

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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

- 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
- Infant CPAP System
 - proprietary bubble CPAP, non-invasive, oscillating pressure
- Infant resuscitator system
 - precise pressure control



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



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Expanding Opportunities



Invasive Ventilation



Non-invasive Ventilation



O₂ Therapy



Humidity Therapy



Surgical CO₂



COPD Humidity Therapy

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Respiratory & Acute Care Update

- 18% operating revenue growth in US\$, 11% constant currency
- Consumables revenue growth, 23% in US\$, 15% constant currency
- New applications consumables revenue growth, 32% constant currency
- Airvo humidity therapy system introduced to US market

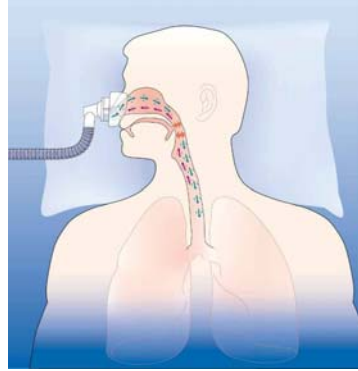


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Obstructive Sleep Apnea

- 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 $\approx 10\%$
- 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



Continuous Positive Airway Pressure applied through a nasal mask to hold the airway open

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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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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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Broad Mask Range

Four interface categories

- Nasal Masks
 - patented glider
 - FlexiFit™ technology
 - New Zest Petite, Plus
- 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™



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OSA Update

- 7% operating revenue growth in US\$, 1% constant currency
- ICON introduced to North America, Europe late in half, volume ramping up
- ICON Auto, Novo intro to North America begins Dec/Jan
- Rolling out compliance data systems, Smartstick Net, InfoSmart



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Research & Development

- 295 engineers, scientists, physiologists*
- 7.6% of operating revenue, up 14% in H1
- Product pipeline includes
 - flow generators
 - humidifier controllers
 - compliance monitoring solutions
 - masks
 - respiratory consumables
- 82 US patents, 87 US pending, 333 ROW, 200 ROW pending*



* at 31 March 2010

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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, Tijuana**
 - recently established 18,000m²/200,000ft²
 - Consumables capacity ramping up to plan

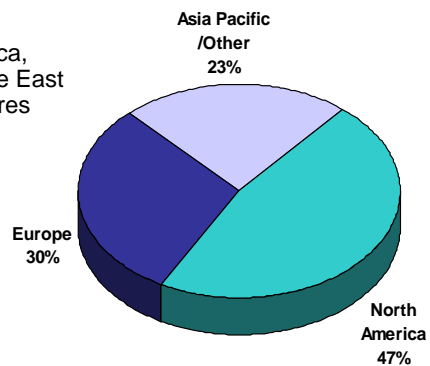


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Global Presence

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

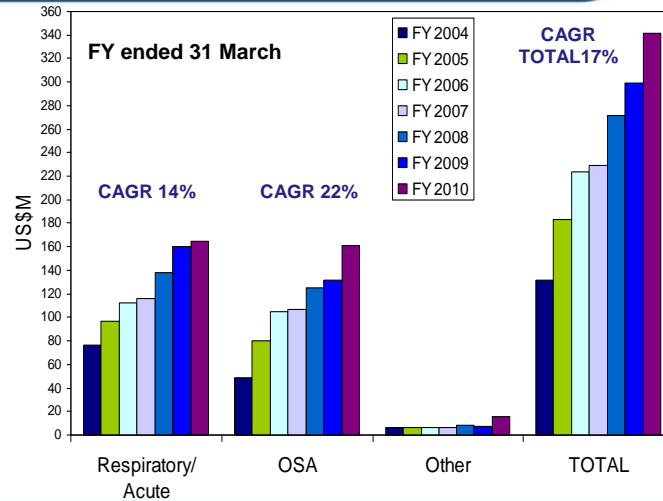


Revenue by Region
6 months to 30 September 2010

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Revenue Growth US\$



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Balance Sheet HY11

- NZ\$21.2M operating cashflow (two tax payments, inventory build)
- NZ\$101.9M net debt
- NZ\$294.6M total shareholders equity
- NZ\$507.8M total assets
- 28% pre-tax return on equity, 17% on total assets (prior to def. tax)
- NZ\$530M of hedging in place as at 30 September 2010
FY11 US\$ 70% @ 0.60, € 70% @ 0.45

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Outlook FY2011

- ICON ramp-up in 2H, Novo and Auto to be introduced to North America
- Continuing strong growth in Respiratory/Acute Care consumables
- Operating revenue - expect approximately NZ\$510M (@ NZD:USD 0.77 for remainder of year)
- Net profit - expect approximately NZ\$60M to NZ\$63M (NZ\$48M to NZ\$51M after non-cash deferred tax charge)

Growth Drivers

Consistent strategy

- Continue to improve existing product lines
- Develop complementary products/consumables
- Target new medical applications
 - e.g. COPD, NIV, O₂ therapy, surgery
- Increase international presence