

# Half Year Update

H1 2013



November 2012

Fisher & Paykel  
HEALTHCARE

## Half Year Highlights

- Net profit after tax +18%
- Gross margin cc +270 bps
- Operating profit cc +47%
- RAC new applications revenue cc +20%
- OSA mask revenue Q2 cc +11%
- New products well received
  - Pilairo™ nasal pillows mask
  - Eson™ nasal mask
  - ICON™ Premo with SensAwake™
  - Optiflow™ Junior O<sub>2</sub> therapy
  - Evaqua™2 breathing circuit
  - AIRVO™2 flow generator/humidifier
- Established Korea sales and distribution company



cc = constant currency

Fisher & Paykel  
HEALTHCARE

## Operating Results NZ\$

H1 FY13 (6 months to 30 September 2012)

	%Revenue	NZ\$M	ΔPCP	Δcc <sup>1</sup>
<b>Operating revenue</b>	<b>100%</b>	<b>266.9</b>	<b>+6%</b>	<b>+8%</b>
Cost of sales	45.7%	122.0	+2%	+2%
Gross profit	54.3%	145.0	+10%	+14%
Other income		1.2		
SG&A	28.8%	77.0	+6%	+7%
R&D	8.0%	21.3	+7%	+7%
Total operating expenses	36.8%	98.3	+7%	+7%
<b>Operating profit</b>	<b>17.9%</b>	<b>47.9</b>	<b>+16%</b>	<b>+46%</b>
<b>Profit after tax</b>	<b>12.5%</b>	<b>33.3</b>	<b>+18%</b>	<b>+57%</b>

1. cc = constant currency

3

Fisher & Paykel  
HEALTHCARE

## Operating Results US\$

H1 FY13 (6 months to 30 September 2012)

	%Revenue	NZ\$M	ΔPCP	Δcc <sup>1</sup>
<b>Operating revenue</b>	<b>100%</b>	<b>213.4</b>	<b>+4%</b>	<b>+8%</b>
Cost of sales	45.7%	97.5	+0%	+2%
Gross profit	54.3%	115.9	+7%	+14%
Other income		1.0		
SG&A	28.8%	61.5	+4%	+7%
R&D	8.0%	17.1	+5%	+7%
Total operating expenses	36.8%	78.6	+4%	+7%
<b>Operating profit</b>	<b>17.9%</b>	<b>38.3</b>	<b>+13%</b>	<b>+46%</b>
<b>Profit after tax</b>	<b>12.5%</b>	<b>26.6</b>	<b>+15%</b>	<b>+57%</b>

1. cc = constant currency

4

Fisher & Paykel  
HEALTHCARE

## Dividend

- Interim Dividend
  - Gross 7.5 NZ cps = 5.4 cps + 2.1 cps imputation credit, NZ residents
  - Fully imputed
  - 0.9529 cps non-resident supplementary dividend
  - DRP, 3% discount NZ/AU residents

5

Fisher & Paykel  
HEALTHCARE

## Respiratory & Acute Care Update

- |  | H1 FY2013 |
|--|-----------|
| • Operating revenue growth   |           |
| – NZ\$   | +9%       |
| – Constant currency  | +11%      |
| • New applications revenue growth (NIV, Optiflow™, AIRVO™, Surgical) |           |
| – NZ\$   | +18%      |
| – Constant currency  | +20%      |
| – New applications, 36% of RAC consumables revenue                   |           |
| • New products   |           |
| – Evaqua™ 2 breathing circuits                                       |           |
| – Optiflow Junior™ interface   |           |
| – Evatherm™ breathing circuit  |           |
| – AIRVO™ 2 flow generator/humidifier                                 |           |



6

Fisher & Paykel  
HEALTHCARE

## Obstructive Sleep Apnea Update

H1 FY2013

- Operating revenue growth
  - Constant currency +3%
- Mask revenue growth
  - Constant currency +5%
  - Constant currency Q2 +11%
- New products
  - F&P Pilairo™
  - F&P Eson™
  - F&P ICON™ Premo with SensAwake™ responsive pressure relief
  - InfoGSM™ modem, DataZone



7

Fisher & Paykel  
HEALTHCARE

## Balance Sheet & Cash Flow H1 FY13

	NZ\$M
• Operating cash flow	32.3
• Capital expenditure (Building 3 capex NZ\$27.4M)	40.9
• Depreciation and amortisation	13.4
• Net debt	146.5
• Total shareholders equity	353.6
• Total assets	613.0

- 27% pre-tax return on equity, 16% on total assets
- NZ\$450M of hedging in place at 30 September 2012 for FY13
  - US\$ 95% @ 0.76, €89% @ 0.49
- Previously closed out forex contracts
  - NZ\$8M to operating profit in H1 FY13, NZ\$18M FY13, NZ\$21M FY14

8

Fisher & Paykel  
HEALTHCARE

## Outlook FY2013

- Expect constant currency revenue growth to increase through the year as new products gain traction
- Expect at current exchange rates:
  - Operating revenue NZ\$545M - NZ\$555M
  - Net profit after tax NZ\$69M - NZ\$72M

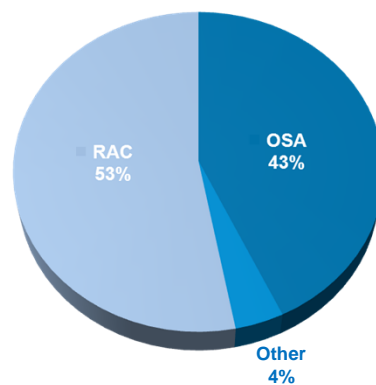
9

Fisher & Paykel  
HEALTHCARE

## 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



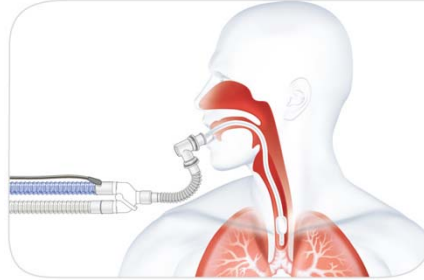
Revenue by Product Group  
6 months to 30 September 2012

10

Fisher & Paykel  
HEALTHCARE

## Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O<sub>2</sub> therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
  - 37 °C body core temperature
  - 44mg/L 100% saturated



11

Fisher & Paykel  
HEALTHCARE

## Respiratory & Acute Care



F&P Evaqua 2™



F&P FreeMotion™



F&P Optiflow™



F&P AIRVO™ 2



F&P Neopuff™



F&P Evaqua 2™



F&P Bubble CPAP



F&P Optiflow™ junior

12

Fisher & Paykel  
HEALTHCARE

## Respiratory & Acute Care

- MR850 Respiratory Humidifier System
  - Invasive ventilation, oxygen therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
  - Entry level system
  - Ventilation and oxygen therapy
  - Optional heated breathing circuit
- Surgical opportunity (HumiGard™)
  - Laparoscopic insufflation
  - Open surgery



13

Fisher & Paykel  
HEALTHCARE

## 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, Optiflow™, O<sub>2</sub> therapy
- Approx 30 system set-ups used per controller per year
- Consumable growth driving revenue growth



14

Fisher & Paykel  
HEALTHCARE

## 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\$2.3billion + 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



15

Fisher & Paykel  
HEALTHCARE

## Revolutionary New Masks

- Nasal Pillows
  - F&P Pilairo™
- Nasal
  - F&P Eson™
- Broad mask range
  - Zest™ Petite, Plus, Q, Lady Zest
  - Opus 360™
  - Forma™



16

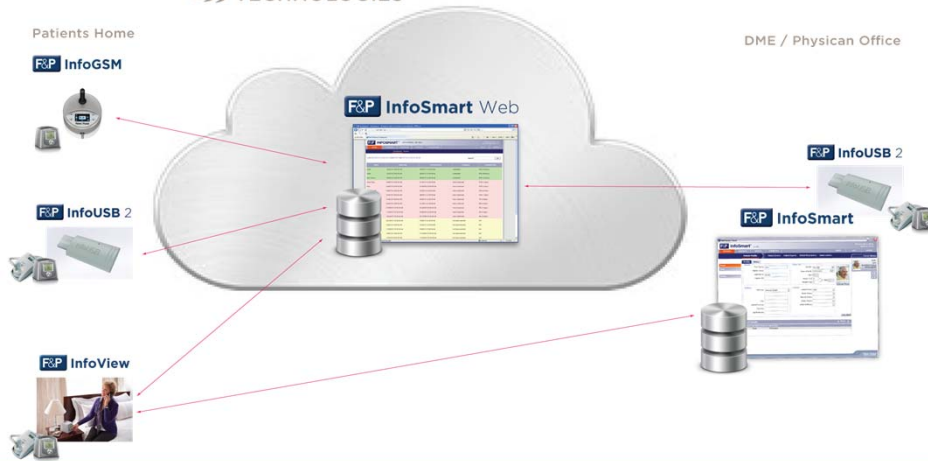
Fisher & Paykel  
HEALTHCARE





- Responsive pressure relief - SensAwake™
- ThermoSmart™ Humidifier Breathing Tube Technology
- Auto-adjusting CPAP
- InfoUSB™ and InfoSmart™ Data Management

## Efficient Compliance Reporting



## Research & Development

- 8.0% of operating revenue, NZ\$21.3M<sup>1</sup>
- Product pipeline includes:
  - Humidifier controllers
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 98 US patents, 107 US pending, 413 ROW, 189 ROW pending<sup>2</sup>



<sup>1</sup> at 30 September 2012

<sup>2</sup> at 31 March 2012

19

**Fisher & Paykel**  
HEALTHCARE

## Manufacturing & Operations

- Vertically integrated
  - COGs improvements; Mexico, Lean, supply chain
- Ample capacity to grow



### Auckland, New Zealand

- Two buildings: 51,000m<sup>2</sup> / 550,000ft<sup>2</sup> total
- 31,000m<sup>2</sup> building 3 completed November 2012
- 100 acres/40ha land



### Tijuana, Mexico

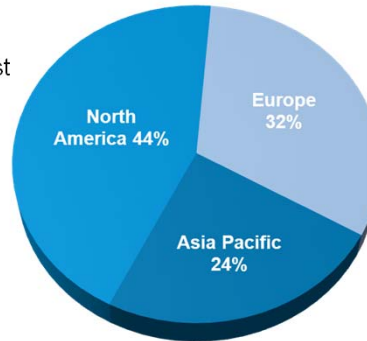
- 18,000m<sup>2</sup>/200,000ft<sup>2</sup>
- Consumables capacity ramping up

20

**Fisher & Paykel**  
HEALTHCARE

## 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
  - >550 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 2012

21

Fisher & Paykel  
HEALTHCARE

## 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
  - Increase international presence



22

Fisher & Paykel  
HEALTHCARE