Half Year Update
H1 2013

November 2012

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 O₂ therapy
  - Evaqua™2 breathing circuit
  - AIRVO™2 flow generator/humidifier
- Established Korea sales and distribution company

cc = constant currency
### Operating Results NZ$

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

1. cc = constant currency

### Operating Results US$

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

1. cc = constant currency
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

Respiratory & Acute Care Update

- **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
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

Balance Sheet & Cash Flow H1 FY13

<table>
<thead>
<tr>
<th>NZSM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
</tr>
<tr>
<td>Capital expenditure (Building 3 capex NZ$27.4M)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
</tr>
<tr>
<td>Net debt</td>
</tr>
<tr>
<td>Total shareholders equity</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
</tbody>
</table>

- 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
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

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
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
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

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™,
    O₂ therapy

• Approx 30 system set-ups used per
  controller per year
• Consumable growth driving revenue growth
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$2.3 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

Revolutionary New Masks

- Nasal Pillows
  - F&P Pilairo™
- Nasal
  - F&P Eson™
- Broad mask range
  - Zest™ Petite, Plus, Q, Lady Zest
  - Opus 360™
  - Forma™
• 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\(^1\)

• Product pipeline includes:
  – Humidifier controllers
  – Masks
  – Respiratory consumables
  – Flow generators
  – Compliance monitoring solutions

• 98 US patents, 107 US pending, 413 ROW, 189 ROW pending\(^2\)

\(^1\) at 30 September 2012
\(^2\) at 31 March 2012

Manufacturing & Operations

• Vertically integrated
  – COGs improvements; Mexico, Lean, supply chain

• Ample capacity to grow

Auckland, New Zealand
  – Two buildings: 51,000m\(^2\) / 550,000ft\(^2\) total
  – 31,000m\(^2\) building 3 completed November 2012
  – 100 acres/40ha land

Tijuana, Mexico
  – 18,000m\(^2\)/200,000ft\(^2\)
  – Consumables capacity ramping up
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

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