



Deutsche Bank Securities  
27th Annual Health Care  
Conference

# Forward Looking Statements

This presentation may include forward-looking statements and actual results could vary. Such forward-looking statements, including statements regarding our future revenue and earnings projections and the development of new markets for our products, are subject to risks and uncertainties, which could cause actual results to differ materially from those projected or implied in the forward looking statements. For a discussion of factors that could cause actual results to vary from any forward-looking statements, please see our prospectus, especially Risk Factors.

# Investment Highlights

- Leading player in heated humidification devices and consumables for a variety of respiratory markets - estimated US\$1 billion+ market opportunity
- High level of innovation
- Global presence
- Competitive NZ cost base
- Strong financial performance
- Experienced management team

NZSE:FPH, NASDAQ:FPHC, ASX:FPH

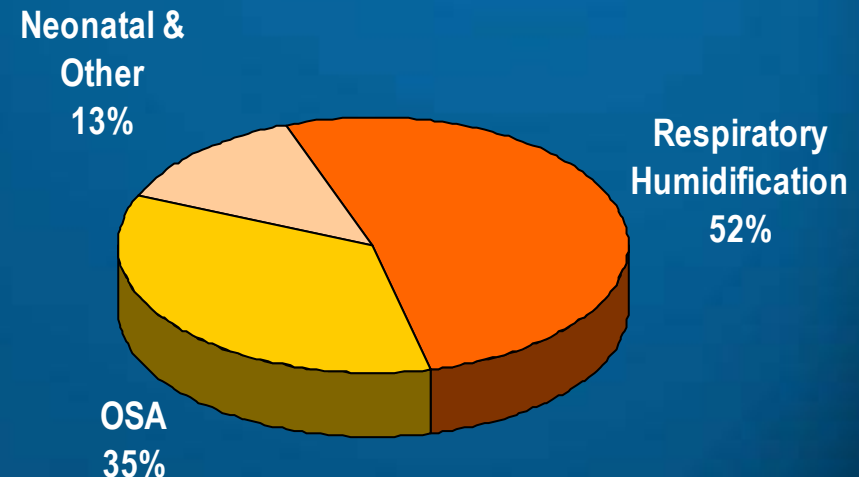
# Markets and Products

- Respiratory humidification
  - respiratory humidifiers, chambers, breathing circuits and accessories
- Obstructive sleep apnea
  - integrated flow generator-humidifiers, humidifiers, masks and chambers
- Neonatal and other
  - neonatal warmers, neonatal CPAP, distributed products

→ Consumable products represent approx. 45% of sales

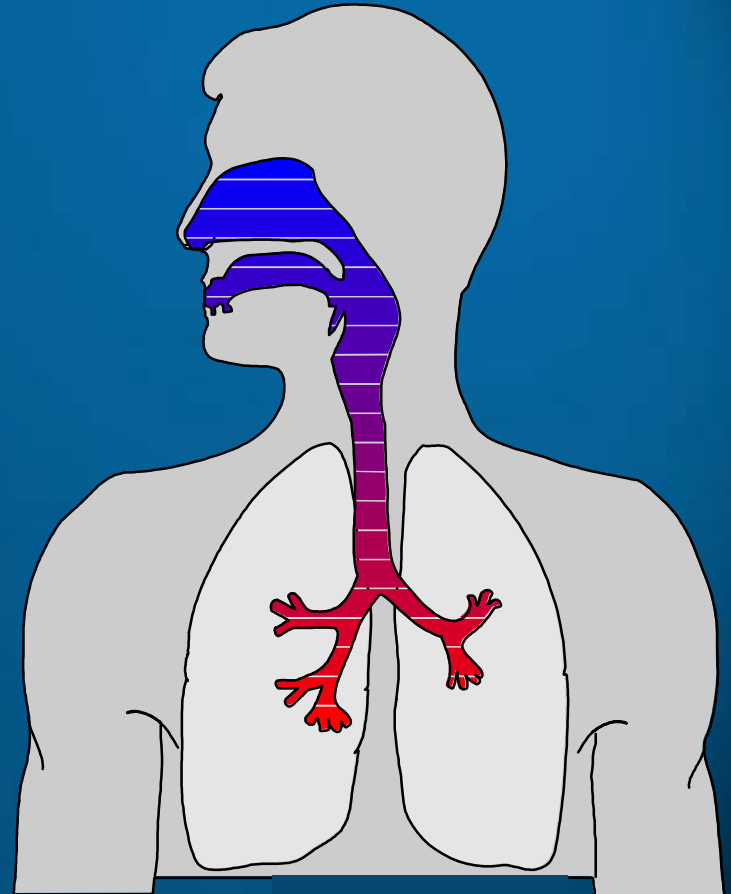
\* 9 months to 12/01

% of Sales by Product



# Respiratory Humidification

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



# Market Opportunity

Humidification systems are utilized to create, control and deliver optimal levels of humidity

- Estimated US\$350 million market worldwide
    - consists of heated humidifier controllers, humidifier chambers, breathing circuits, unheated humidifiers and related supplies
    - 1.5 million intubated patients in US each year
- Heated humidifiers utilized as systems - creates ongoing consumables revenue stream

# Fisher & Paykel's Humidification Systems

Fisher & Paykel has a full range of industry-leading respiratory humidification systems

Products include:

## MR850 Respiratory Humidification System

- invasive ventilation, O<sub>2</sub> therapy and non-invasive ventilation
- patented flow measuring technology
- integrated system
- “set and forget” optimal humidity

## MR410 Respiratory Humidifier

- O<sub>2</sub> therapy and non-invasive ventilation
- electronic thermostat
- simple controls



# Single-use Components

- Single-use chambers
  - patented auto filling MR290
  - manual filling models
- Single-use adult breathing circuits
  - patented spiral heater wire
  - less condensation
  - delivery of optimal humidity



→ On average, 35 system set-ups used per controller per year

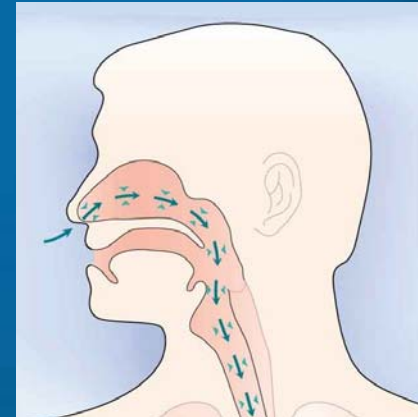


# Competitive Advantage

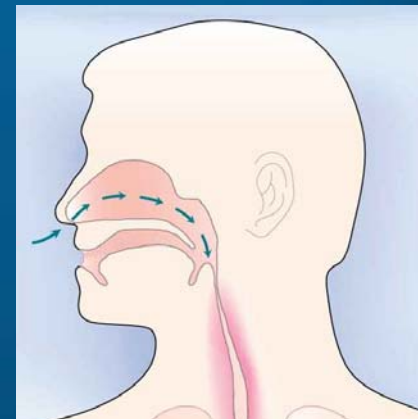
- Creating, controlling and delivering optimal humidity poses technical challenges
- Integrated humidifier, chamber, circuit system provides:
  - optimal performance
  - marketing advantage
- Bundled consumable sales driven by installed controllers
  - Estimate F&P has >50% global controller market share
- High level of R&D commitment
- Extensive intellectual property
- Worldwide F&P sales force

# Obstructive Sleep Apnea

- Estimated US\$500 million worldwide market, growing 15%-20%
- Temporary closure of airway during sleep
- Can greatly impair quality of sleep, leading to fatigue and reduced cognitive function; also associated with stroke and heart attack
- 12 million affected by OSA in US alone
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
  - key issue with CPAP is compliance



Normal breathing



Patient with OSA

# Benefits of Heated Humidification with OSA

Compliance can be greatly improved with heated humidification

Clinical studies have found that:

- Mouth leak resulted in nasal congestion and increased nasal airway resistance (Richards, Journal of Respiratory Care Medicine, 1996)
- More patients abandoned CPAP when it was used without humidification - 36% vs. 11% (Kline, Sleep, 1999)
- CPAP used for a longer period each night when it was used with heated humidification - ~35 minutes longer (Massie, Chest, 1999)

→ Increasing proportion of patients on CPAP are using heated humidification

# Fisher & Paykel's OSA Systems

Fisher & Paykel has a broad range of CPAP products, including flow generators, humidifiers and masks

Products include:

## HC150 Humidifier

- suitable for use with most OSA flow generators
- patented ambient tracking system

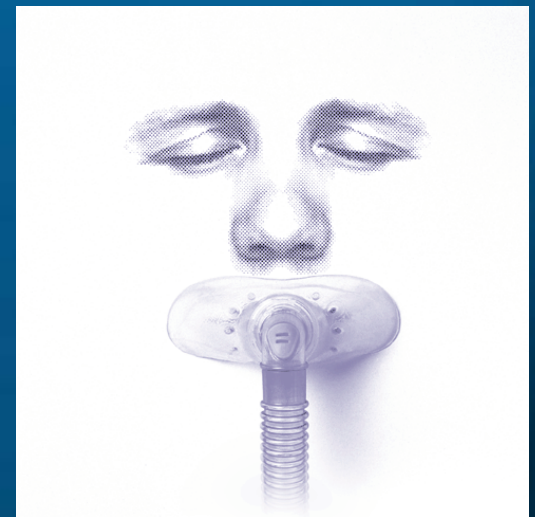
## HC221 Integrated Flow-Generator Humidifier

- compact, integrated unit
- patented ambient tracking system
- compliance monitoring



# Mask Systems

- Aclaim™ Nasal Mask
  - proprietary sliding attachment
  - auto-adjusting headpiece
  - bias flow diffuser
  - less leaks, greater comfort
- Oracle™ Oral Mask
  - proprietary oral interface
  - no headgear required



# Competitive Advantage

- Leveraging heated humidification expertise into rapidly growing market
  - increased penetration of heated humidification in OSA
  - Fisher & Paykel is the pioneer of heated humidification technologies in OSA
- Benefits of integrated flow-generator humidifier
- Recently-introduced innovative masks
- Worldwide F&P sales force

# Neonatal Warmers and CPAP

- Radiant Warmers
  - 400,000 pre-term live births per year in US
  - warmers required in delivery and NICU
  - precise and stable temperature control
- Infant CPAP System
  - proprietary bubble CPAP, non-invasive, oscillating pressure
  - lower risk alternative to ventilation





# Research & Development

- 120 engineers, scientists, physiologists
- Competitive NZ cost base
- Integrated product teams
- Rapid prototype development
- Active clinical research program
- 26 US patents, 18 pending



# Recent Product Launches

## Timing

## Product

CY 2001 Actual

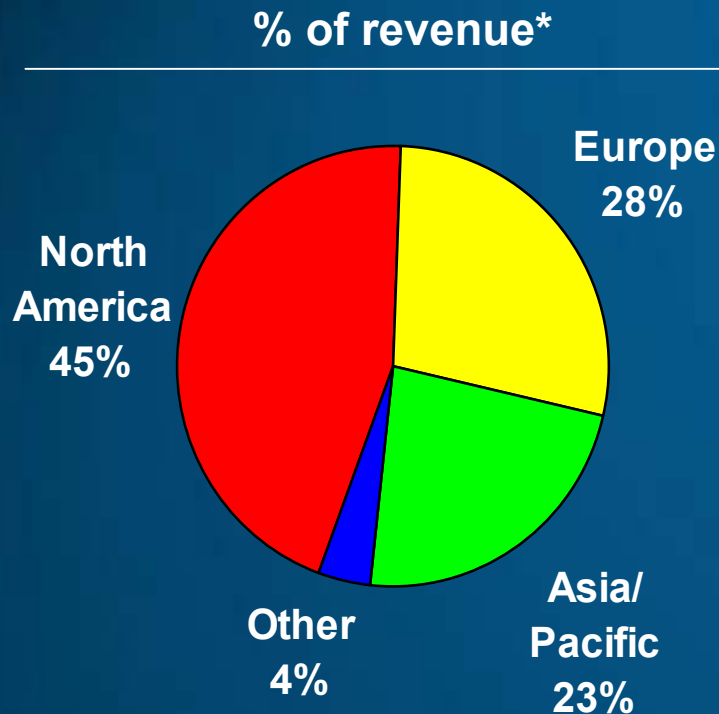
Aclaim™ Mask  
Oracle Mask  
Infant CPAP System  
HC150 Humidifier  
HC221 Integrated Flow Generator

Next 6-12 months

MR810 Humidifier  
Neonatal breathing circuits

→ Continuously introducing new features and advancements to our existing product lines

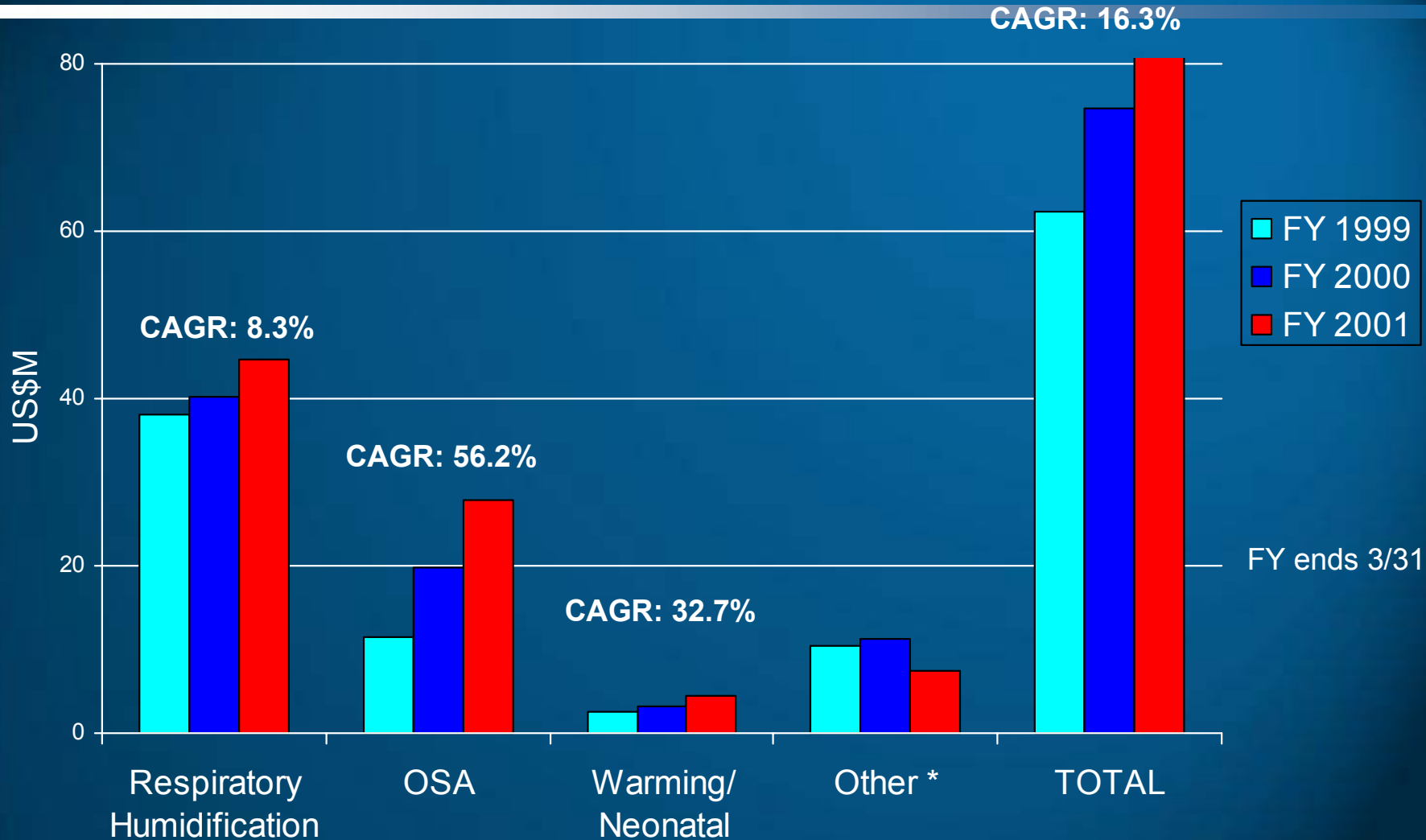
# Global Presence



\* FY 2001

- Direct
  - hospitals, alternate site, home care dealers
  - sales offices in USA/Canada, UK/Ireland, France/Benelux, Germany/Austria, Australia and NZ
- Distributors
  - 100 distributors worldwide - 90 countries
- Original Equipment Manufacturers
  - supply most leading ventilator and CPAP manufacturers

# Revenue Growth



\* Other includes distributed and discontinued products

# Operating Results

9 mths to 31 Dec 01	Dec-01	Dec-00	
	<u>US\$m</u>	<u>US\$m</u>	<u>%Δ</u>
Operating revenue (Core)	60.8	54.2	+12
Gross profit	45.7	41.6	+10
SG&A	17.6	15.2	+16
R&D	3.1	2.6	+19
Operating profit	24.9	23.8	+5
Earnings after tax	17.4	12.7	+37
Diluted earnings per ADS	\$0.60	\$0.43	+39
Gross margin	70%	69%	
Operating margin	38%	39%	

# Investment Highlights

- Leading player in heated humidification devices and consumables for a variety of respiratory markets - estimated US\$1 billion+ market opportunity
- High level of innovation
- Global presence
- Competitive NZ cost base
- Strong financial performance
- Experienced management team

Listed NZSE:FPH, NASDAQ:FPHC



# Fisher & Paykel

---

## HEALTHCARE