



# Fisher & Paykel

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## HEALTHCARE

Summary FY03  
and FY03 Q4 Update

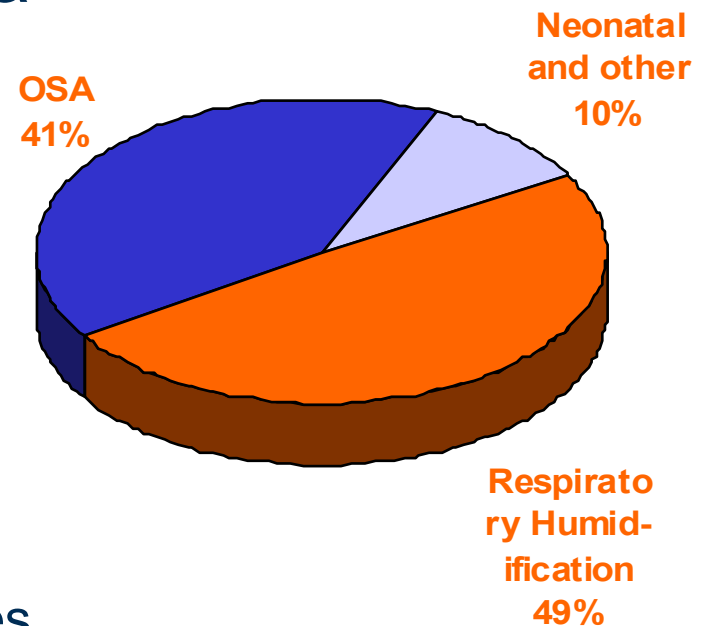


# FY03 Financial Highlights

Net Profit	NZ\$72.9M	+17%
	US\$36.0M	+34%
Currency gain	NZ\$23.0M	
Operating margin	35.5%	
Pre-tax return on funds	61%	
Dividend	NZ\$0.50	
Revenue growth (USD)		
– Total	+15%	
– Respiratory Humidification	+12%	
– OSA	+28%	
– Neonatal/Warming	+5%	

# Markets and Products

- Respiratory humidification
- Obstructive sleep apnea
- Neonatal and other



»» Consumable products represent approx. 50% of core product sales

\* 12 months to 31 March 2003

# Respiratory Humidification Update

- Revenue growth (USD) FY03 +12%, Q4 +25% on pcp
- Sales growth driven by chamber and circuit sales, acceptance of MR850 system
- Continued market share growth in breathing circuits, rapid uptake of neonatal circuits
- Non invasive ventilation circuit, weaning kit developed
- New breathing circuit technology, humidifier systems in R&D pipeline



# CPAP/Obstructive Sleep Apnea Update

- Revenue growth (USD) FY03 +28%, Q4 +20% on pcp
- Flow generator revenue growth > market
- Increasing acceptance of humidification benefits, improved Medicare reimbursement
- Pricing currently stable
- Improved Aclaim mask
- New flow generators, masks in R&D pipeline
- German reimbursement code for HC221 expected soon





# Neonatal and Warming Update

- Revenue growth (USD) FY03 +5%, Q4 -17% on strong pcp
- Tender driven, lumpy
- Growing acceptance of Neopuff infant resuscitator and neonatal CPAP system
- Journal of Perinatology, Narendran et al, found favourable outcomes from bubble CPAP



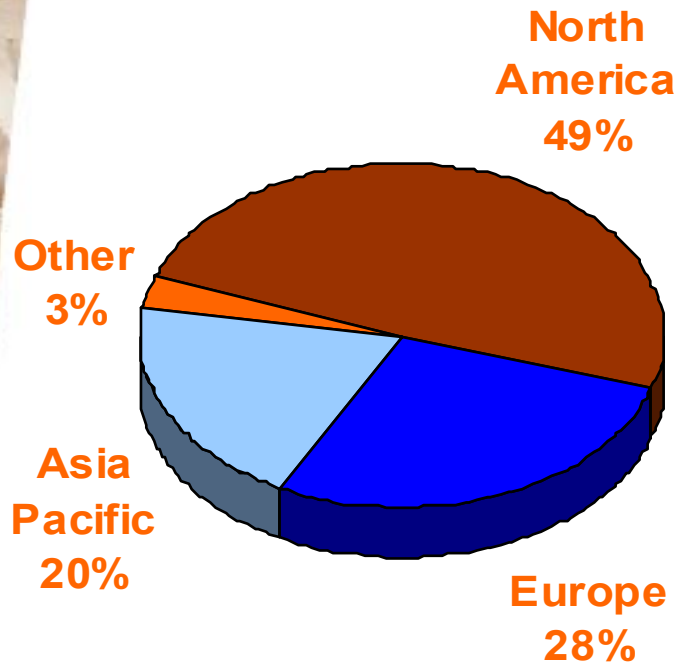


# Research & Development

- 130 engineers, scientists, physiologists
- Significant new product pipeline for FY2004
- Competitive NZ cost base
- Integrated product teams
- Rapid prototype development
- Active clinical research program
- 32 US patents, 53 US pending \*, 48 ROW, 186 ROW pending
- NZ\$3.6M funding over 4 yrs for COPD research

\* at 31 Mar 2003

# Global Presence



**Revenue by Region**  
**12 months 31 March 2003**

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

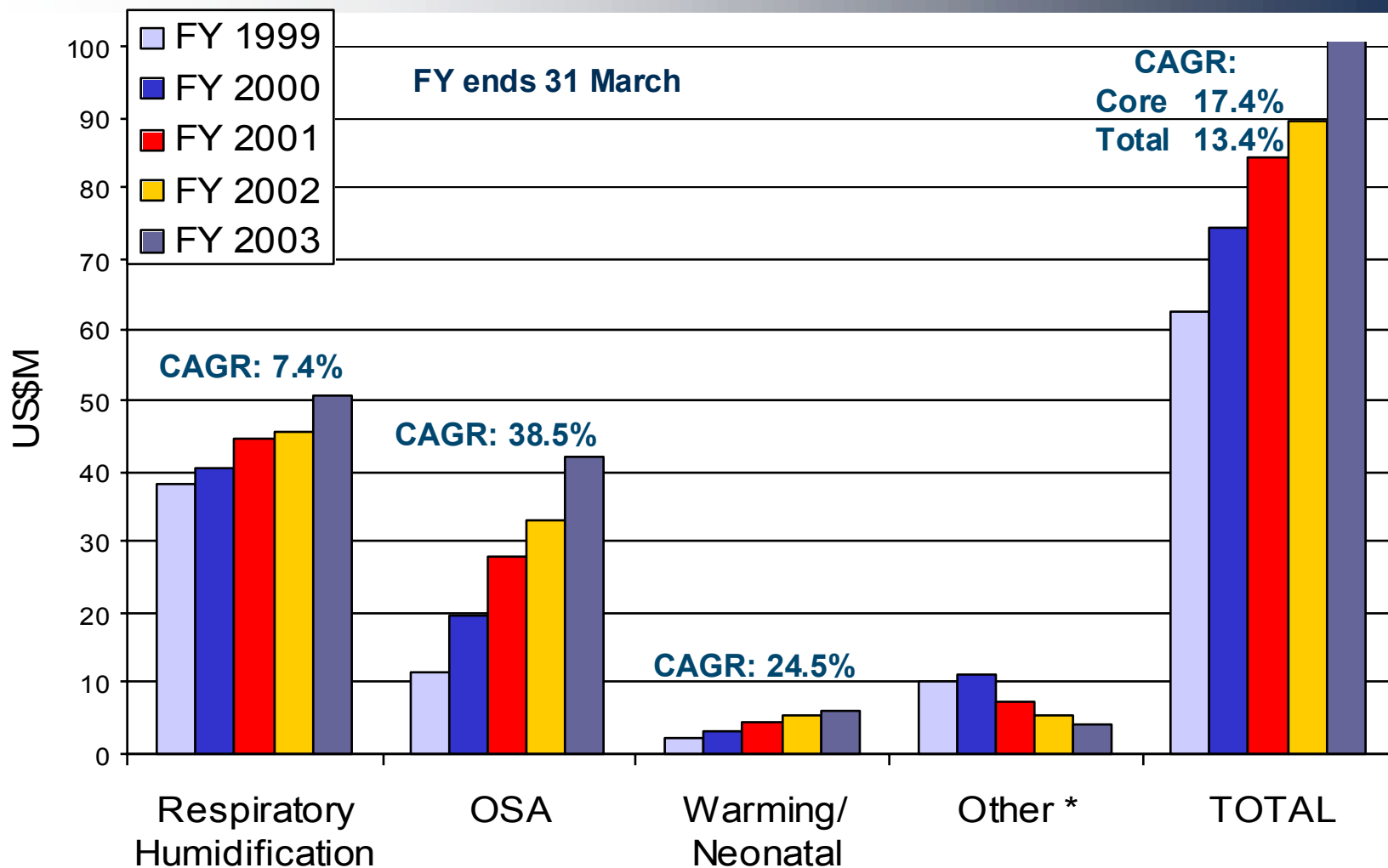




# Growth Drivers

- Maintain high level of innovation
  - continue to improve existing product lines
  - develop complementary product offerings
- Target new medical applications
  - e.g. COPD
- Increase international presence,
  - e.g. Italy, Spain, China

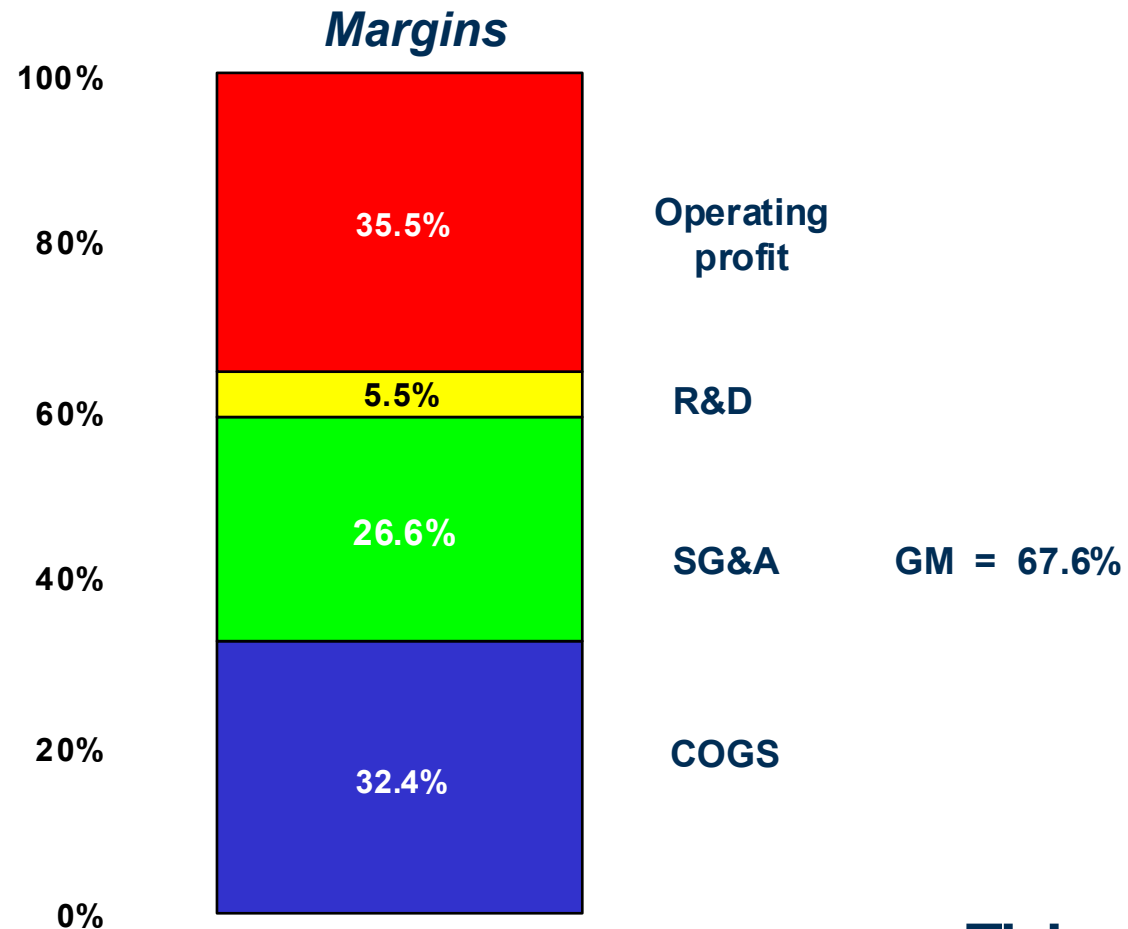
# Revenue Growth USD



\* Other includes distributed and discontinued products

# Operating Results FY03

Twelve months ended 31 March 03





# Balance Sheet

- Cash post-dividend approx NZ\$21M
- Inventory NZ\$21.9M, 92 days FG
- DSO 54 days
- Fixed assets NZ\$71.4M, mainly facility
- Pre-tax return on average funds employed 61.0%



# Foreign Currency

- Policy: mix of options and contracts
  - 100% year 1, 75% years 2 and 3, options only up to 25% years 4 and 5.
- US\$ represents 80% of NZ export value
- Portfolio equivalent to NZD 438 million
- FY03 year end portfolio (USD):
  - Year 1 (100%) average 0.4470 NZD:USD
  - Year 2 (75%) average 0.4423 NZD:USD
  - Year 3 (75%) average 0.4629 NZD:USD
- Change in accounting policy, hedges now included in operating result
  - .4944 NZD:USD
  - .4963 NZD:EUR
  - .3174 NZD:GBP



# Operating Results US\$

FY03 (12 mths)

	<u>% Revenue</u>	<u>US\$M</u>	<u>%<math>\Delta</math>pcp</u>
Operating revenue	100%	103.1	+15%
Gross profit	67.6%	69.6	+13%
SG&A	26.6%	27.4	+16%
R&D	5.5%	5.7	+34%
Total Operating Expenses	32.1%	33.1	+19%
Operating Profit	35.5%	36.5	+7%
Profit after Tax	35.0%	36.1	+34%

# Operating Results NZ\$

FY03 (12 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%<math>\Delta</math>pcp</u>
Operating revenue	100%	208.4	-3%
Gross profit	67.6%	140.9	-5%
SG&A	26.6%	55.4	-2%
R&D	5.5%	11.6	+12%
Total Operating Expenses	32.1%	67.0	0%
Operating Profit	35.5%	73.9	-10%
Profit after Tax	35.0%	72.9	+17%

# Operating Results US\$

FY03 Q4 (3 mths)

	<u>% Revenue</u>	<u>US\$M</u>	<u>%<math>\Delta</math>pcp</u>
Operating revenue	100%	28.8	+19%
Gross profit	68.8%	19.8	+23%
SG&A	26.2%	7.5	+28%
R&D	5.7%	1.7	+44%
Total Operating Expenses	31.8%	9.2	+30%
Operating Profit	37.0%	10.6	+17%
Profit after Tax	26%	7.5	-21%

# Operating Results NZ\$

FY03 Q4 (3 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%<math>\Delta</math>pcp</u>
Operating revenue	100%	52.3	-9%
Gross profit	68.9%	36.1	-6%
SG&A	26.1%	13.6	-2%
R&D	5.7%	3.0	+10%
Total Operating Expenses	31.8%	16.6	-0%
Operating Profit	37.2%	19.5	-10%
Profit after Tax	24.6%	12.9	-43%



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