



Fisher & Paykel

HEALTHCARE

Overview and FY03
and FY03 Q4 Update



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, ASX:FPH

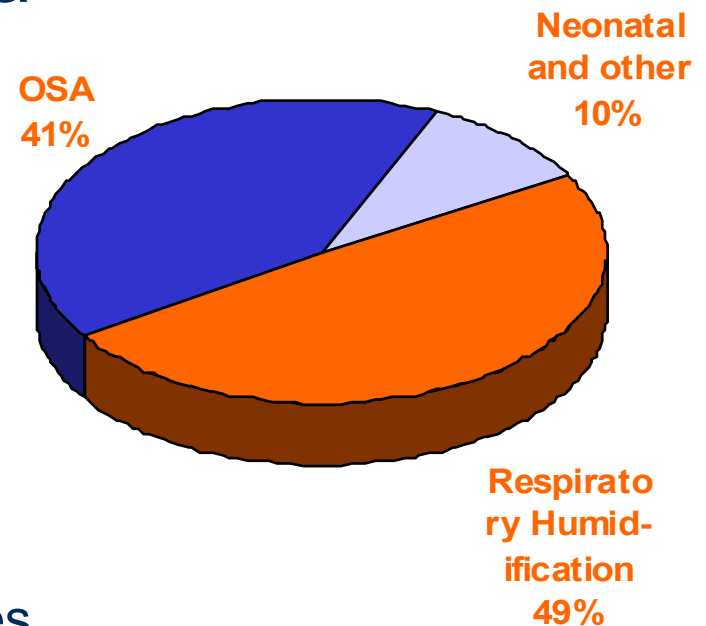


FY03 Financial Highlights

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

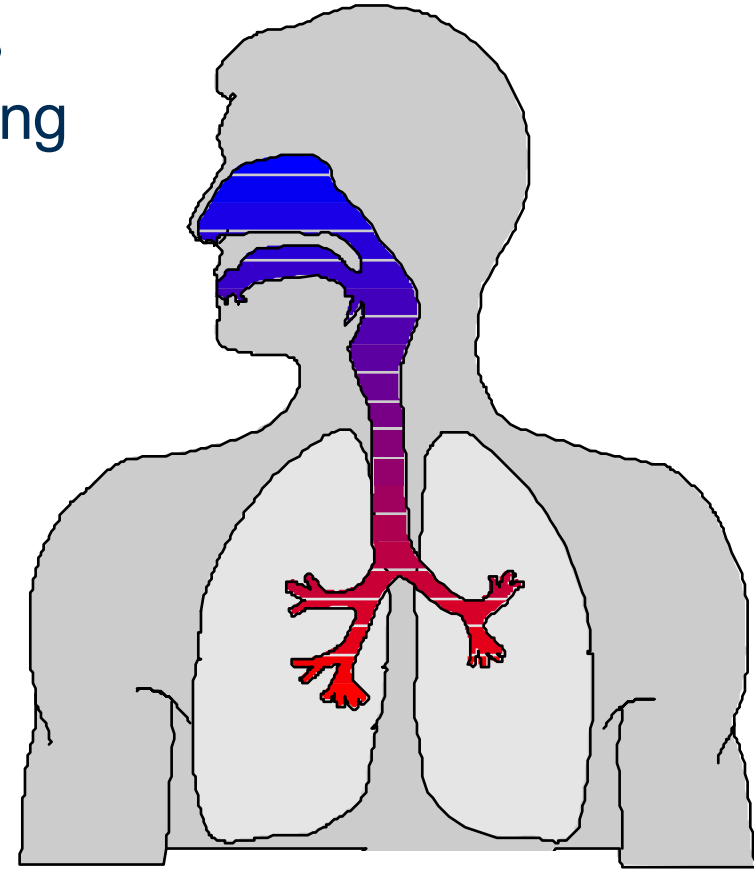


»» Consumable products represent approx. 50% of core product sales

* 12 months to 31 March 2003

Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O₂ 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\$300+ million market worldwide
 - heated humidifier controllers
 - humidifier chambers
 - breathing circuits
 - unheated humidifiers
 - oxygen therapy supplies
- » 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, O₂ therapy and non-invasive ventilation
- patented flow measuring technology
- integrated system
- “set and forget” optimal humidity

MR410 Respiratory Humidifier

- O₂ therapy and non-invasive ventilation
- electronic thermostat
- simple controls



Single-use Components

- Single-use chambers
 - patented auto filling MR290
 - manual filling models
 - Single-use breathing circuits
 - adult and neonatal
 - 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

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



Obstructive Sleep Apnea

- Temporary closure of airway during sleep
- Can greatly impair quality of sleep, leading to fatigue; also associated with stroke and heart attack
- Estimated US\$700+ million worldwide market, growing 15%-20%
- 12 million affected by OSA in US alone
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - key issue with CPAP is compliance
- Humidification provides significant acceptance and compliance improvements



Normal breathing



Patient with OSA

Fisher & Paykel's CPAP 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

HC220/HC221 Integrated Flow-Generator Humidifier

- compact, integrated unit
- patented ambient tracking system
- compliance optimizer
- proprietary motor technology



Mask Systems

- Aclaim2 Nasal Mask
 - proprietary sliding attachment
 - bias flow diffuser
 - flexible foam cushion
 - »»» less leaks, greater comfort
- Oracle™ Oral Mask
 - proprietary oral interface
 - no headgear required





Competitive Advantage

- ▶▶▶ Fisher & Paykel is the pioneer of heated humidification technologies in OSA
- Leveraging heated humidification expertise into rapidly growing market
 - increased penetration of heated humidification in OSA, increased reimbursement
- Benefits of integrated flow-generator humidifier
- Recently-introduced innovative masks

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 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



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

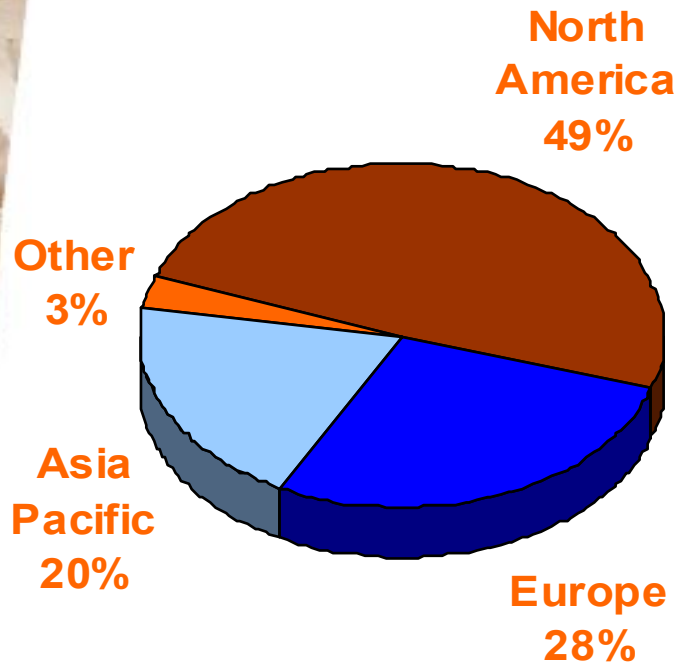
* at 31 Mar 2003

Manufacturing

- Vertically integrated
 - electronics assembly
 - injection moulding
 - motor assembly
- ISO 9001; Class 100,000 controlled environment
- Ample capacity to grow
 - 300,000 ft² / 28,000m² facility
 - 100 acres / 45 ha



Global Presence



Revenue by Region
12 months 31 March 2003

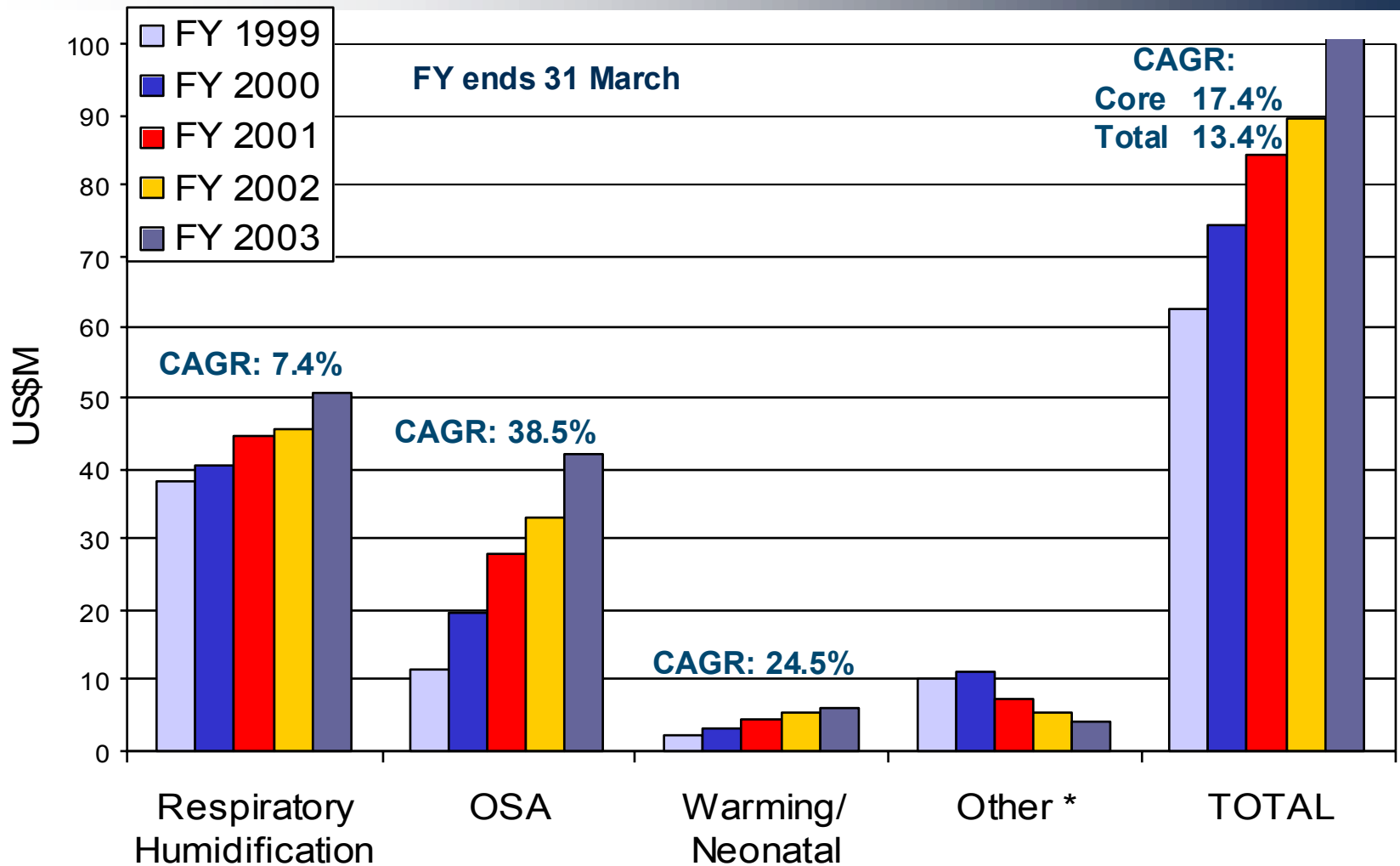
- Direct
 - hospitals, alternate site, home care dealers
 - sales offices in USA/Canada, UK/Ireland, France/Benelux/Italy/Spain, Germany/Austria, Australia and NZ
- Distributors
 - 100 distributors worldwide - 90 countries
- Original Equipment Manufacturers
 - supply most leading ventilator and CPAP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

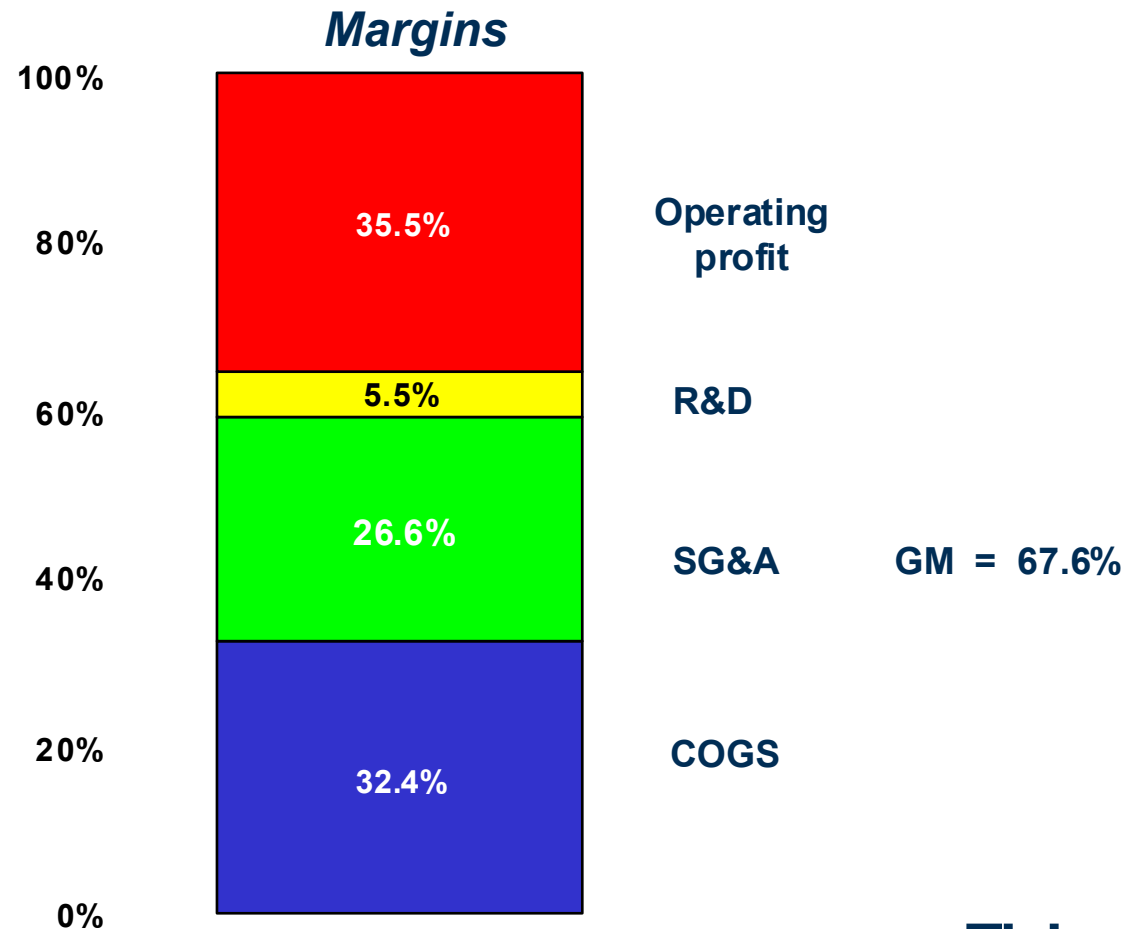
Revenue Growth USD



* Other includes distributed and discontinued products

Operating Results FY03

Twelve months ended 31 March 03





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>%Δpcp</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>%Δpcp</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>%Δpcp</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>%Δpcp</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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