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HEALTHCARE

FY04 Full Year
Overview & Update

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Investment Highlights

- Leading player in heated humidification devices and consumables for a variety of respiratory markets
- Consistent growth strategy
- Estimated US\$1.3 billion+ market opportunity
- High level of innovation
- Global presence
- Competitive NZ cost base
- Strong financial performance
- Experienced management team

NZX:FPH, ASX:FPH



Operating Results US\$

FY04 (12 mths)

	<u>% Revenue</u>	<u>US\$M</u>	<u>%æ pcp</u>
Operating revenue	100%	132.1	+28%
Gross profit	70.9%	93.6	+34%
SG&A	27.5%	36.4	+33%
R&D	6.6%	8.7	+52%
Total Operating Expenses	34.1%	45.0	+36%
Operating Profit	36.8%	48.6	+33%



Operating Results NZ\$

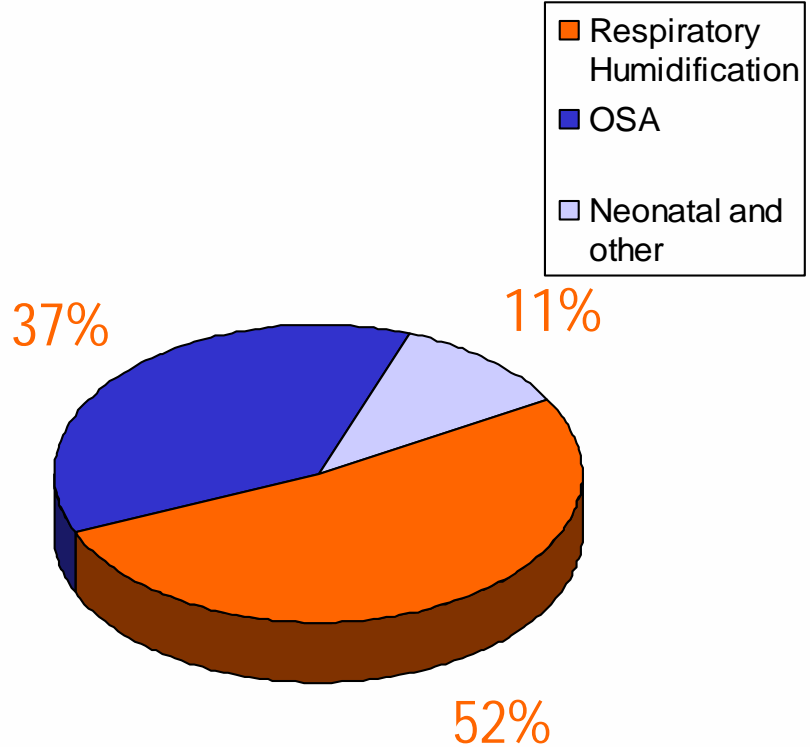
FY04 (12 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%æ pcp</u>
Operating revenue	100%	214.9	+3%
Gross profit	70.9%	152.3	+8%
SG&A	27.5%	59.1	+7%
R&D	6.6%	14.1	+22%
Total Operating Expenses	34.1%	73.3	+9%
Operating Profit	36.8%	79.0	+7%



Markets and Products

- Respiratory humidification
 - Obstructive sleep apnea
 - Neonatal and other
- É Consumable products represent approx. 50% of core product sales



Revenue by Product
12 months 31 March 2004



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 used to create, control and deliver optimal levels of humidity

- Estimated US\$330+ million market worldwide
 - heated humidifier controllers
 - humidifier chambers
 - +
 - breathing circuits
 - +
 - unheated humidifiers
 - oxygen therapy supplies
- É Heated humidifiers used 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

MR810 Respiratory Humidifier

- electronic thermostat
- simple controls
- optional heated breathing circuit



New

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Single-use Components

Single-use chambers

- patented auto filling MR290
- manual filling models



Single-use breathing circuits

- adult and neonatal
- patented spiral heater wire
- proprietary drying expiratory tube
- less condensation
- delivery of optimal humidity



Breathing circuit components

- filters
- catheter mount
- weaning kit

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

Respiratory Humidification Update

- Revenue growth US\$ FY04 +34%, underlying growth approx 14%
- SARS ¹ US\$2M
- Sales growth driven by chamber and circuit sales, MR850 share gains
- Continued market share growth in breathing circuits
- Revolutionary drying tube technology introduced
- Non-invasive ventilation circuit, weaning kit, catheter mount introduced
- Filters growing strongly – adding value per patient
- US Premier contract driving MR850, circuit penetration
- New humidifier systems in R&D pipeline

New

Drying Tube



Catheter Mount



Filter

New

Non-invasive ventilator breathing circuit



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\$800+ million worldwide market, growing 15% - 20%
- Potentially 50-60 million affected
- 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

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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/HC221LE Integrated Flow Generator-Humidifier
 - compact, integrated unit
 - patented Ambient Tracking™ Plus system
 - compliance optimizer
 - proprietary motor technology
- HC210/211 Convertible Flow Generator
 - Easy conversion to heated humidity





Mask Systems

- FlexiFit™ Masks
 - patented sliding attachment
 - FlexiFit™ technology
 - 3 nasal masks, full face mask
 - É less leaks, greater comfort
- Oracle™ Oral Mask
 - proprietary oral interface
 - no headgear required



CPAP/Obstructive Sleep Apnea Update

- Flow generator and mask revenue growth US\$ FY04 +35%, 2H04 +45%
- Total revenue growth US\$ FY04 +17%
- HC221LE flow generator introduced
- HC211 convertible flow generator introduced, expands market opportunity
- HC407 FlexiFit™ nasal mask introduced
- HC431 full face mask introduced
- Apria shared primary purchasing agreement
- New flow generators, masks in R&D pipeline



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Neonatal and Warming

- Radiant Warmers
 - 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
 - high value consumable system
- Infant Resuscitator System
 - precise pressure control
 - consumable resuscitation kit



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Neonatal and Warming Update

- Revenue growth US\$ FY04 +63%
- Strong infant warmer revenue growth, favourable customer mix
- Growing acceptance of Neopuff infant resuscitator and neonatal CPAP system
- Increasing consumable revenue
- Introduced second generation patient warmer with proprietary single use sensor.

New



New



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Research & Development

- 150 engineers, scientists, physiologists, up 20 on FY03
- R&D NZ\$ 22% increase to 6.6% of revenue FY04
- Significant new product pipeline for FY05
 - Flow generators
 - Masks
 - Humidifier systems
- Competitive NZ cost base
- 45 US patents, 58 US pending, 52 ROW, 214 ROW pending *

* at 31 Mar 2004

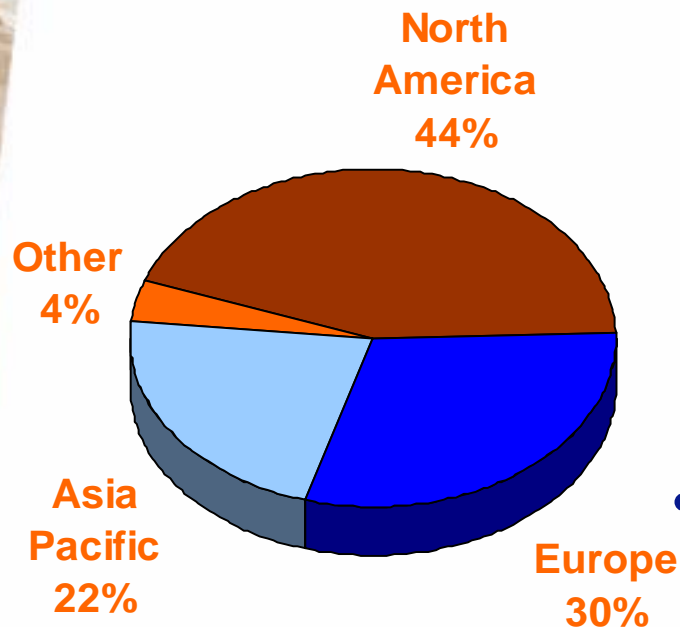


Manufacturing

- 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 / 40 ha
 - planning next facility



Global Presence

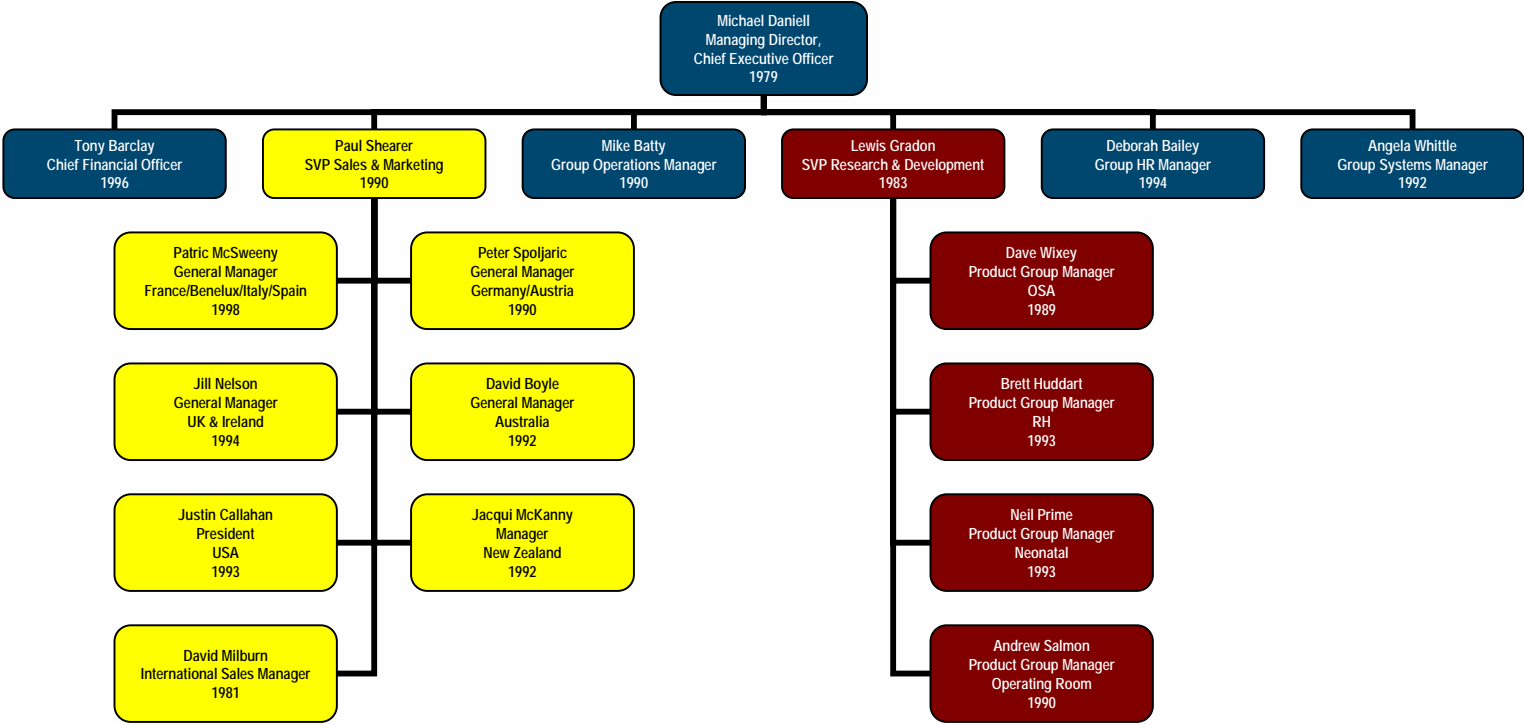


Revenue by Region
12 months 31 March 2004

- Direct
 - hospitals, alternate site, home care dealers
 - sales offices in USA/Canada, UK/Ireland, France/Benelux/Italy/Spain, Germany/Austria, India, Australia and NZ, 250 staff
 - Ongoing international expansion
- Distributors
 - 100 distributors worldwide - 90 countries
- Original Equipment Manufacturers
 - supply most leading ventilator and CPAP manufacturers

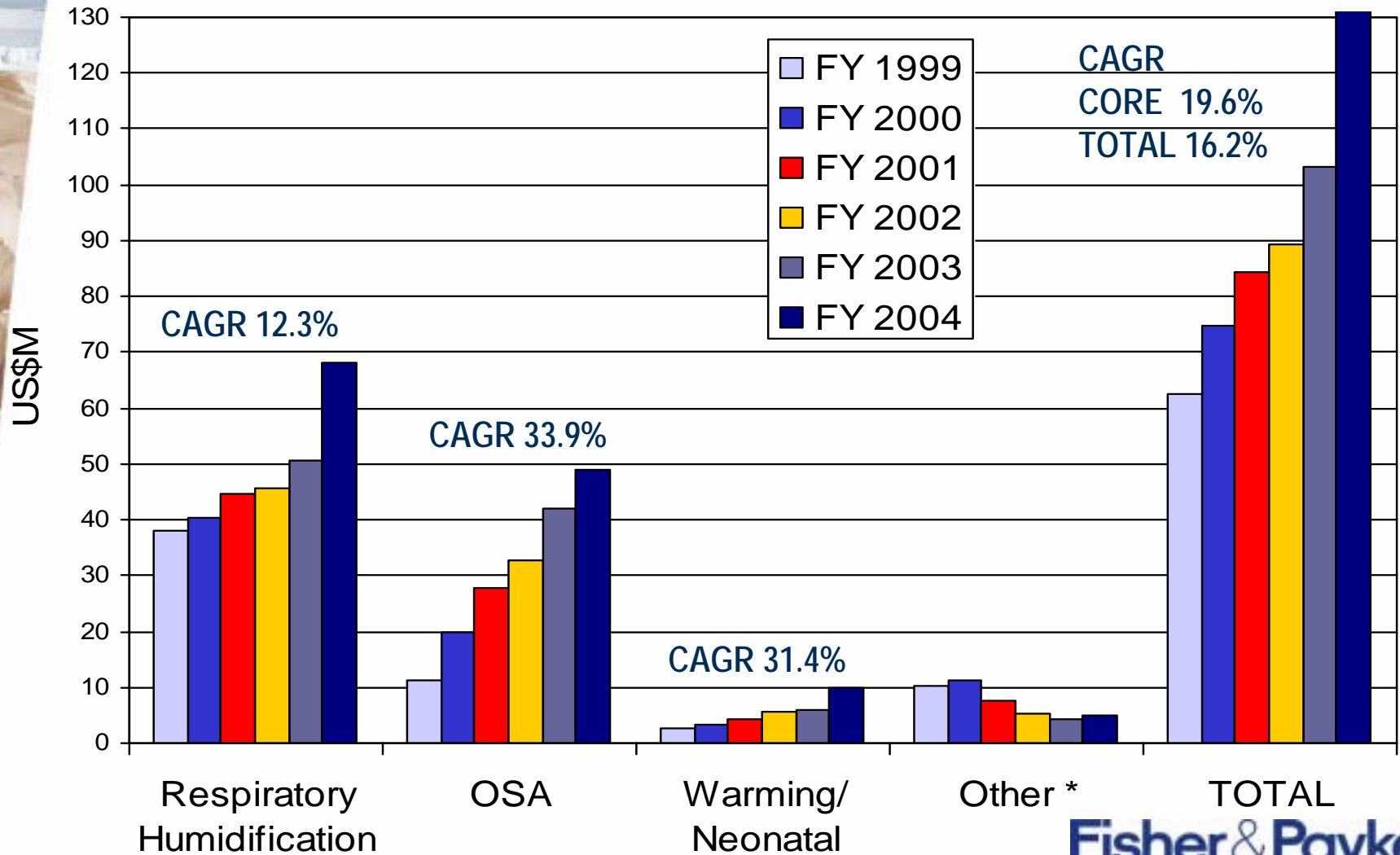


Experienced Team



900 staff worldwide

Revenue Growth US\$





Balance Sheet / Cash Flow

- NZ 28 cps final dividend, NZ 52 cps total for FY04
- NZ\$27M ongoing share buyback
- NZ\$62M free cash flow
- NZ\$24.1M inventory, 75 days finished goods
- 53 days DSO
- NZ\$72M fixed assets, mainly facility
- NZ\$224M total assets
- 42% pre-tax return on average funds employed
- Planning next building on Auckland site



Growth Drivers

- Consistent strategy
- Maintain high level of innovation
 - continue to improve existing product lines
 - develop complementary product offerings
- Target new medical applications
 - e.g. COPD, O₂ therapy, patient warming
- Increase international presence,
 - e.g. Italy, Spain, India



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