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HEALTHCARE

H1 FY05 Overview & Update



Investment Highlights

- Leading player in heated humidification devices and consumables for a variety of respiratory and related markets
- Consistent growth strategy
- Estimated US\$1.5 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\$

H1FY05 (6 mths)

	<u>%Revenue</u>	<u>US\$M</u>	<u>%Δpcp</u>
Operating revenue	100%	75.0	+24%
Gross profit	71.9%	54.0	+27%
SG&A	29.4%	22.0	+27%
R&D	7.0%	5.2	+35%
Total Operating Expenses	36.3%	27.3	+28%
Operating Profit	35.5%	26.7	+25%

Operating Results NZ\$

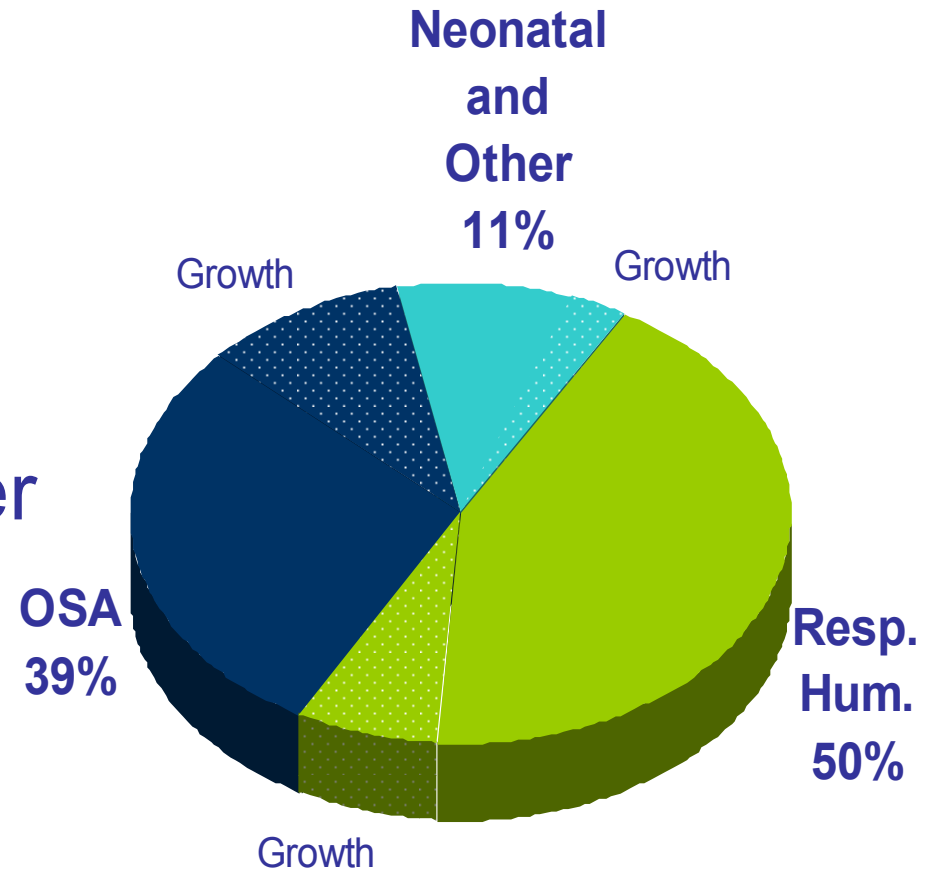
H1FY05 (6 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%Δpcp</u>
Operating revenue	100%	117.4	+12%
Gross profit	71.9%	84.4	+14%
SG&A	29.4%	34.5	+14%
R&D	7.0%	8.2	+21%
Total Operating Expenses	36.3%	42.7	+15%
Operating Profit	35.5%	41.7	+13%

Markets and Products

- Respiratory humidification
- Obstructive sleep apnea
- Neonatal and other

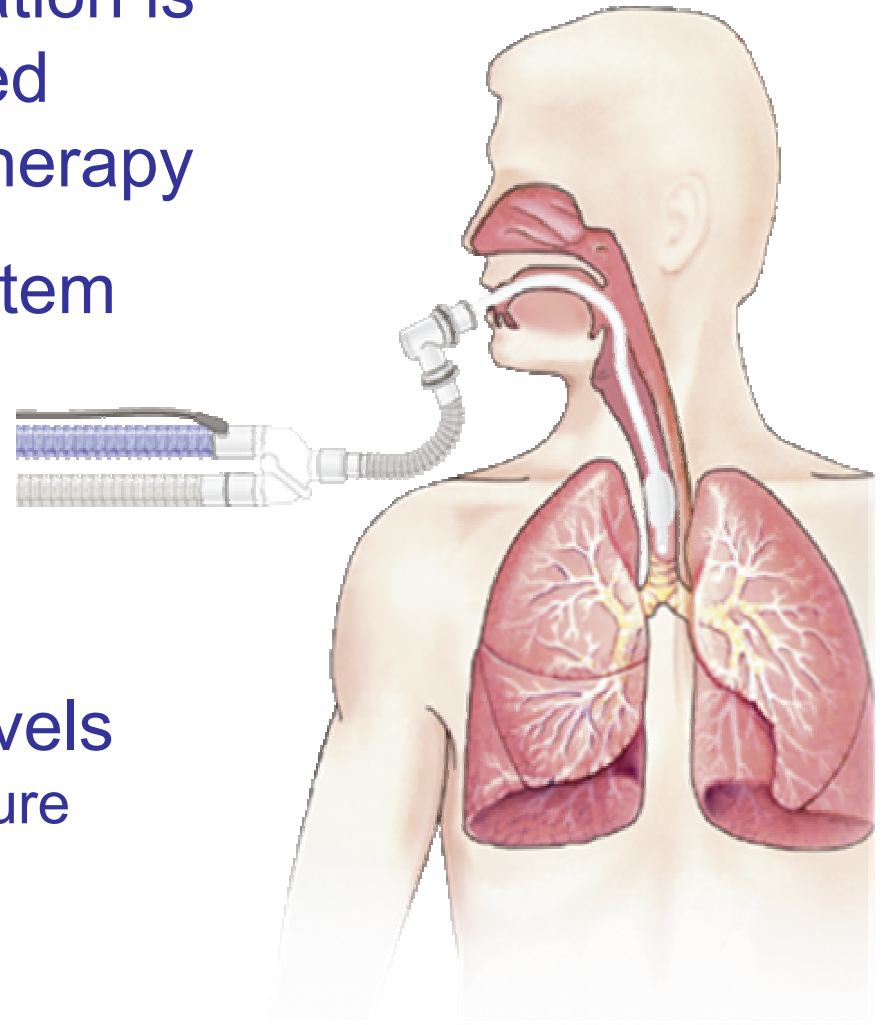
»»» Consumable products represent approx. 50% of core product sales



Revenue by Product
6 months 30 September 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\$350+ million market worldwide
 - heated humidifier controllers
 - humidifier chambers
 - +
 - breathing circuits and components
 - +
 - unheated humidifiers
 - oxygen therapy supplies
- Opportunity to move technology into O₂ therapy, COPD, insufflation

Humidification Systems

Products include:

- MR850 Respiratory Humidifier System
 - invasive ventilation, O₂ therapy and non-invasive ventilation
 - increasing penetration driving consumable growth
- MR810 Respiratory Humidifier System
 - entry level system
 - ventilation and O₂ therapy
 - optional heated breathing circuit
 - consumable growth opportunity



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 dry expiratory tube
 - less condensation
 - delivery of optimal humidity
- Breathing circuit components
 - filters
 - catheter mount
 - weaning kit
- Approx 35 system set-ups used per controller per year
- Consumable growth driving increased revenue growth rate



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Laparoscopic Insufflation

- Dry CO₂ gas used in ‘keyhole’ surgery
- Heated humidification
 - reduced hypothermia
 - less post operative pain
 - less time in recovery room
 - faster return to normal activities
 - reduced risk of adhesions
- Pilot marketing in NZ/Australia
- Potential high volume of consumables



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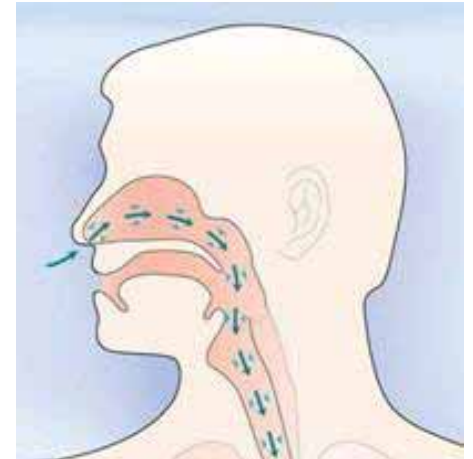
Respiratory Humidification Update

- 16% revenue growth US\$ H1 FY05, 15% ex currency and ex SARS
- MR850, breathing circuits driving growth
- Consumable value per patient increasing
- Revolutionary dry tube circuit well received
- MR810 entry level/O₂ therapy system ramping up
- R&D pipeline
 - additional respiratory consumables
 - hospital O₂/COPD therapy system
 - home COPD system

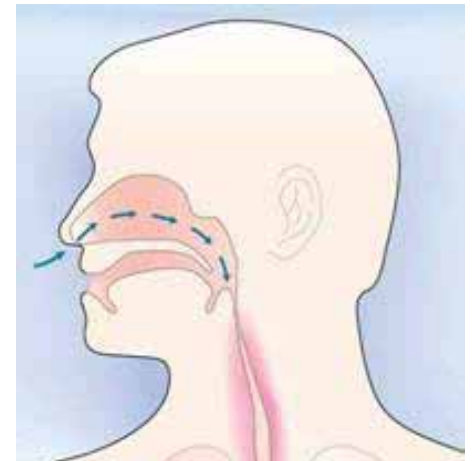


Obstructive Sleep Apnea

- 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\$1+ billion worldwide market, growing 15% - 20%
- 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



Normal breathing



Patient with OSA

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CPAP Systems

- HC150 Humidifier
- HC210 Convertible Flow Generator series
 - easy conversion to heated humidity
- HC220LE Integrated Flow Generator series
 - compact, integrated unit
 - compliance optimizer
 - proprietary motor technology
- HC230 Integrated Flow Generator series
 - greater pressure range, altitude adjustment, enhanced user ergonomics
 - patented Ambient Tracking™ plus auto-adjusting humidification technology
- HC600 Integrated Flow Generator series
 - *ThermoSmart*™ heated breathing tube technology
 - reduced symptoms, increased comfort



Mask Range

Four interface categories:

- FlexiFit™ Nasal Masks
 - patented sliding attachment
 - FlexiFit™ technology
 - 3 models
- FlexiFit™ Full Face Mask
 - under chin seal
- Oracle™ Oral Mask
 - proprietary oral interface
- Infinity™ Direct Nasal Mask
 - very light



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CPAP/Obstructive Sleep Apnea Update

- 73% flow generator and mask revenue growth US\$ H1 FY05
- 34% total revenue growth
- HC230 flow generator series introduced
- HC600 *ThermoSmart* flow generator series introduced
- *FlexiFit* full face, *Oracle* oral and *Infinity* direct nasal masks introduced
- R&D pipeline
 - Masks, flow generators



Neonatal and Warming

- Radiant Warmers
 - warmers required in delivery and NICU
 - precise and stable temperature control
 - opportunity in operating room
- 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



Neonatal and Warming Update

- 46% revenue growth US\$ H1 FY05
- 36% constant currency growth
- Infant warmer, resuscitator, CPAP system all growing strongly
- Increasing consumable revenue





Research & Development

- 150 engineers, scientists, physiologists, up 20 on FY03*
- 21% increase to 7.0% of revenue H1 FY05 NZ\$
- Product pipeline includes
 - Flow generators
 - Masks
 - Humidification systems for COPD/O₂ therapy
 - Respiratory consumables
- Competitive NZ cost base
- 45 US patents, 58 US pending, 52 ROW, 214 ROW pending *

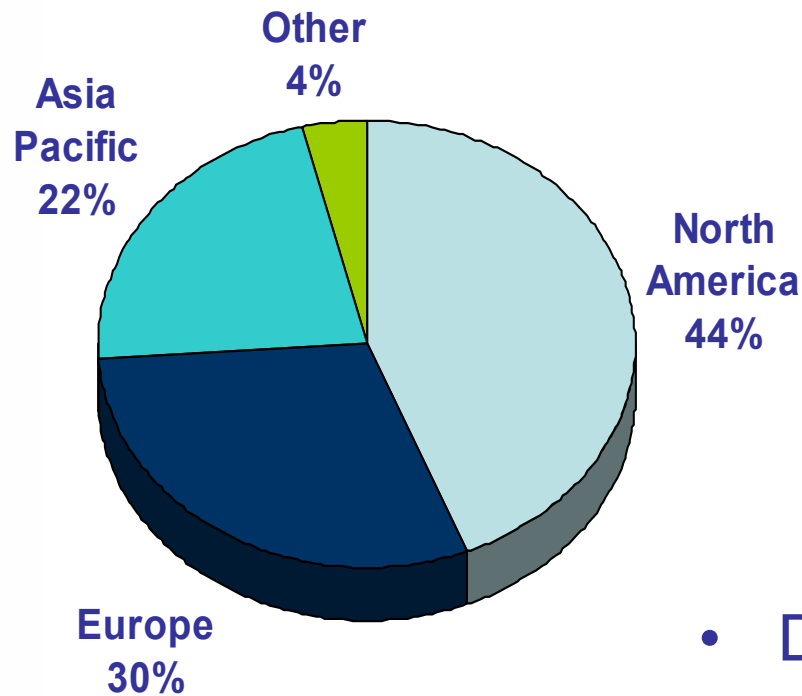
* at 31 Mar 2004

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, site works underway



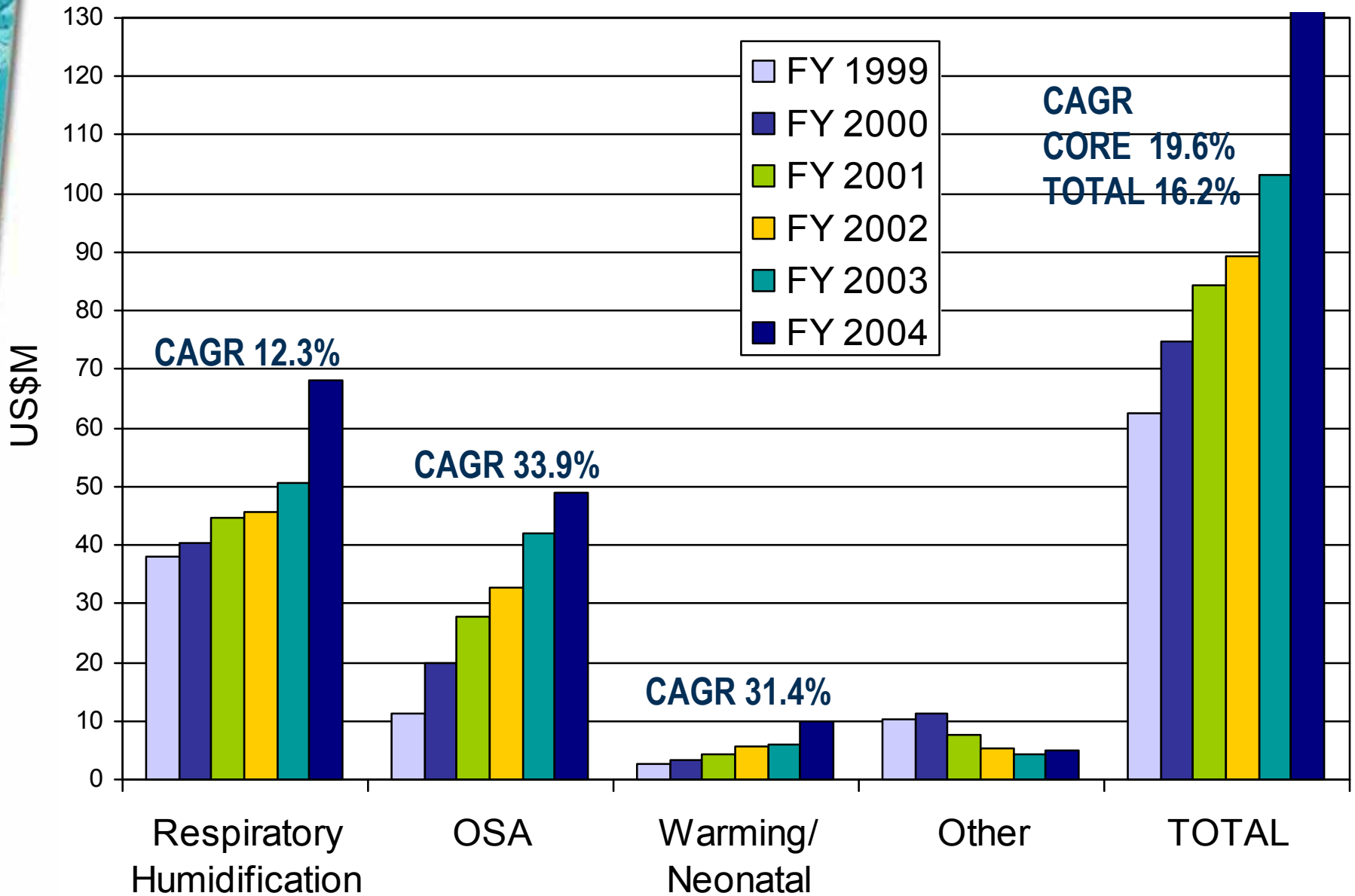
Global Presence



**Revenue by Region
6 months 30 September 2004**

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

Revenue Growth US\$



FY ended 31 March



Balance Sheet

- NZ 5.0 cps interim dividend
- 90% dividend payout policy
- NZ\$27M ongoing share buyback
- 46% annualised pre-tax return on average funds employed H1 FY05
- Siteworks underway for next building on Auckland site



Growth Drivers

- Consistent strategy
- Continue to improve existing product lines
- Develop complementary products/consumables
- Target new medical applications
 - e.g. COPD, O₂ therapy, patient warming, insufflation
- Increase international presence
 - e.g. Japan, China, India, UAE, Switzerland in FY05



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