

A dark blue world map is centered in the background of the slide. The text is overlaid on the map.

# Fisher & Paykel

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# HEALTHCARE

FY07 Full Year Update & Overview

# Investment Highlights

- Leading player in respiratory humidification systems
- Consistent growth strategy
- Estimated US\$2+ billion and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance

NZSX:FPH, ASX:FPH



# Operating Results NZ\$

**FY07** (12 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%<math>\Delta</math>pcp</u>
<b>Trading revenue</b>	<b>100%</b>	<b>349.2</b>	<b>+21%</b>
Gross profit *	59.4%	207.4	+2%
SG&A	27.9%	97.6	+19%
R&D	5.8%	20.2	+16%
Total Operating Expenses	33.7%	117.8	+19%
<b>Operating Profit</b>	<b>25.7%</b>	<b>89.6</b>	<b>-14%</b>

\* GP: Net hedge gains contributed NZ\$7.9M (FY2006: NZ\$41.3M)

# Operating Results US\$

**FY07** (12 mths)

	<u>%Revenue</u>	<u>US\$M</u>	<u>%<math>\Delta</math>pcp</u>
<b>Trading revenue</b>	<b>100%</b>	<b>230.5</b>	<b>+16%</b>
Gross profit	59.4%	136.9	-2%
SG&A	27.9%	64.4	+14%
R&D	5.8%	13.3	+11%
Total Operating Expenses	33.7%	77.7	+14%
<b>Operating Profit</b>	<b>25.7%</b>	<b>59.1</b>	<b>-18%</b>

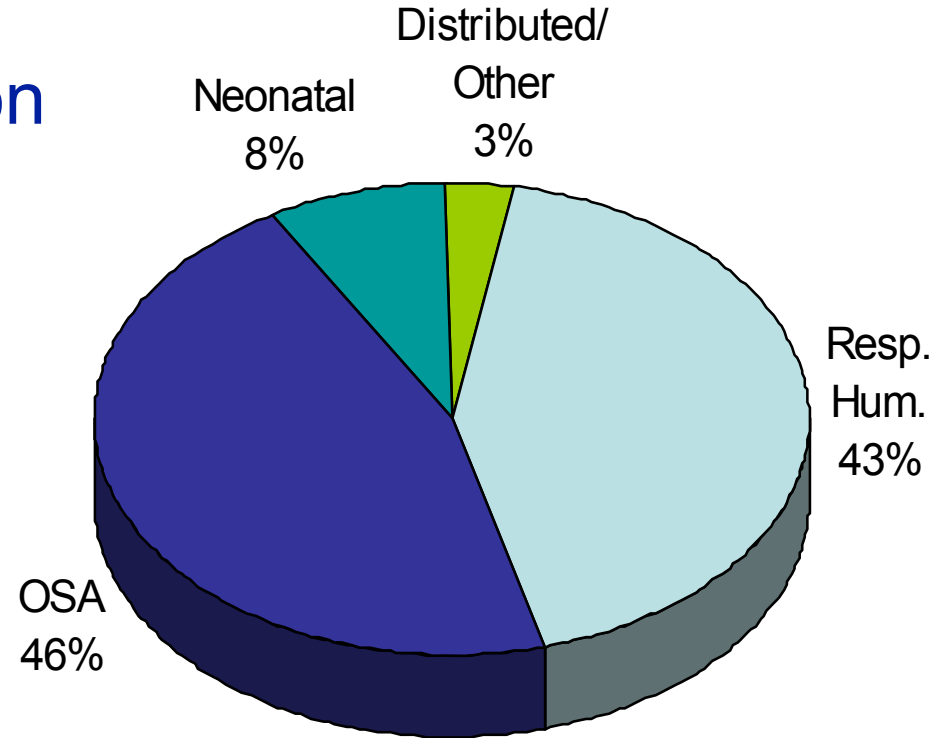
# Constant Currency Growth

## FY07 (12 mths)

Trading revenue	+19%
Respiratory Humidification	+18%
Obstructive Sleep Apnea	+21%
Neonatal	+24%
SG&A	+15%
R&D	+18%

# Markets and Products

- Respiratory humidification
- Obstructive sleep apnea
- Neonatal

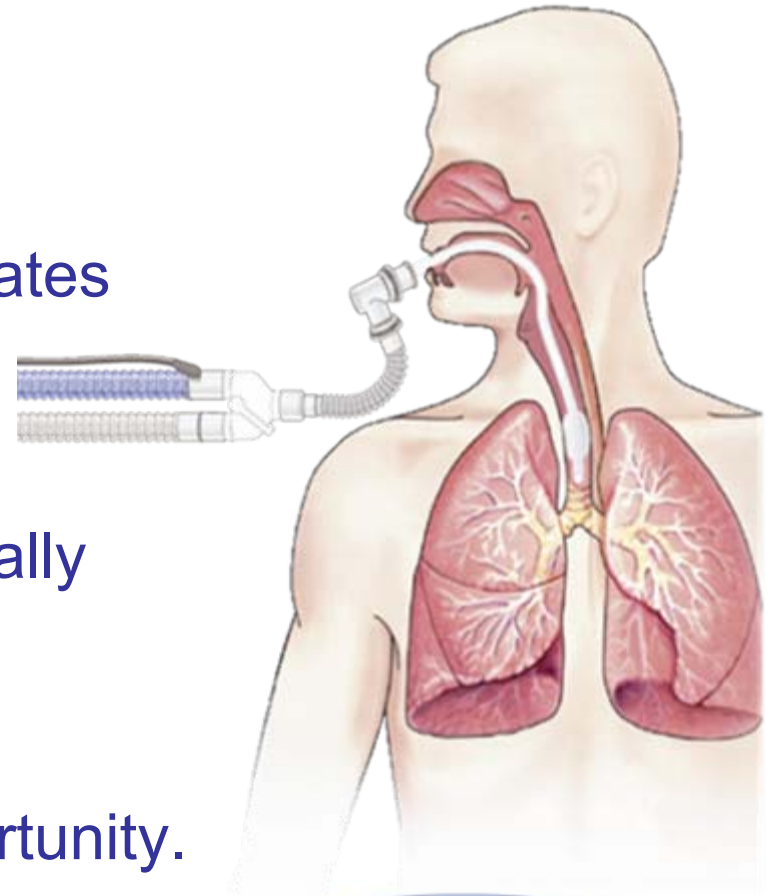


Revenue by Product  
12 months to 31 March 2007

»»» Consumable and accessory products represent approx. 66% of core product revenue

# 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
- Estimate US\$600M+ market opportunity.



# Respiratory Humidification Systems

- MR850 Respiratory Humidifier System
  - invasive ventilation, O<sub>2</sub> therapy and non-invasive ventilation
- MR880 Respiratory Humidifier System
  - simpler controls
  - O<sub>2</sub> therapy
- MR810 Respiratory Humidifier System
  - entry level system
  - ventilation and O<sub>2</sub> therapy
  - optional heated breathing circuit
- HC550 Respiratory Humidifier System
  - invasive ventilation for home use





# Single-use Respiratory Components

- Single-use chambers
  - patented auto filling MR290
- Single-use breathing circuits
  - patented spiral heater wire
  - proprietary dry expiratory tube
  - less condensation
  - delivery of optimal humidity
- Breathing circuit components
  - filters
  - catheter mount
  - weaning kit
- Interfaces
  - NIV masks, tracheostomy, O<sub>2</sub> therapy
- Approx 35 system set-ups used per controller per year
- Consumable growth driving increased revenue growth rate



**New**

# Expanding Opportunities



Invasive Ventilation



Non-invasive Ventilation

**New**



O<sub>2</sub> Therapy

**New**



Humidity Therapy



Laparoscopic Insufflation

**New**

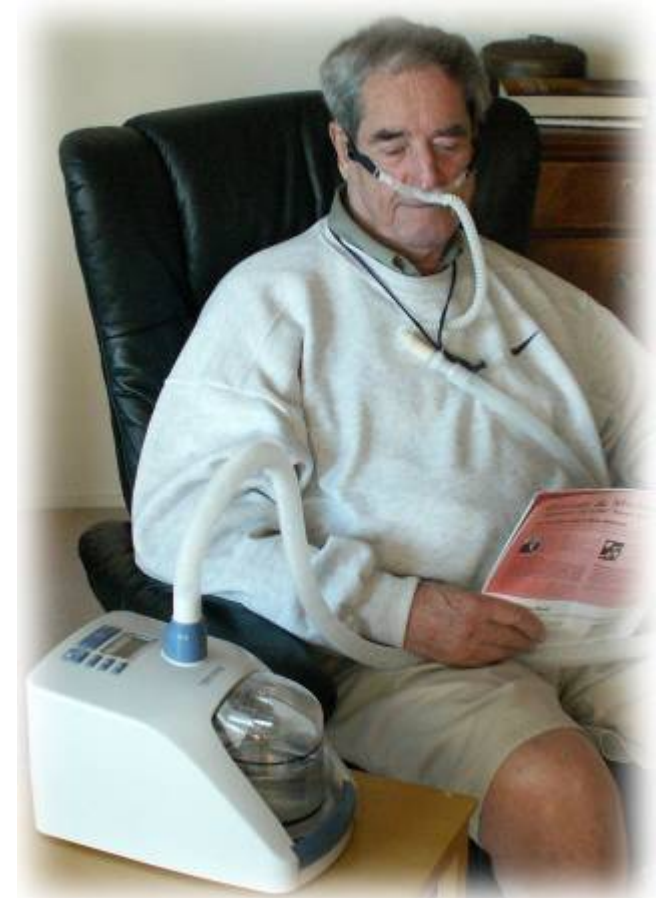


COPD Humidity Therapy

**New**

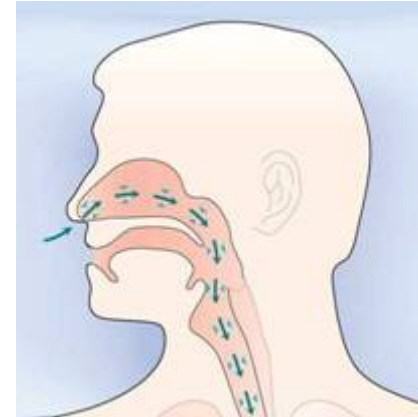
# Respiratory Humidification Update

- 10% revenue growth US\$, 18% constant currency
- MR850, MR810 placements growing breathing circuit market share
- Good early acceptance of new interfaces; NIV, O<sub>2</sub> therapy, humidity therapy
- COPD home system close to introduction



# 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\$1.5+ 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

# CPAP Systems

- HC150 Humidifier
- SleepStyle™ 200 Convertible and Integrated Flow Generator series
  - greater pressure range, altitude adjustment, enhanced user ergonomics
  - patented Ambient Tracking™ plus auto-adjusting humidification technology
- SleepStyle™ 600 Integrated Flow Generator series
  - *ThermoSmart*™ heated breathing tube technology
  - more humidity
  - reduced symptoms, increased comfort



# Mask Range

Four interface categories:

- FlexiFit™ Nasal Masks
  - patented sliding attachment
  - FlexiFit™ technology
- FlexiFit™ Full Face Mask
  - under chin seal
- Oracle™ Oral Mask
  - proprietary oral interface
- Opus™ Nasal Pillows Mask
  - very light



# OSA Update

- 21% revenue growth US\$, 21% constant currency
- 28% combined mask and flow generator revenue growth
- Introduced Opus™ Nasal Pillows Mask
- ThermoSmart™ volume growing rapidly



# Neonatal Care

- 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





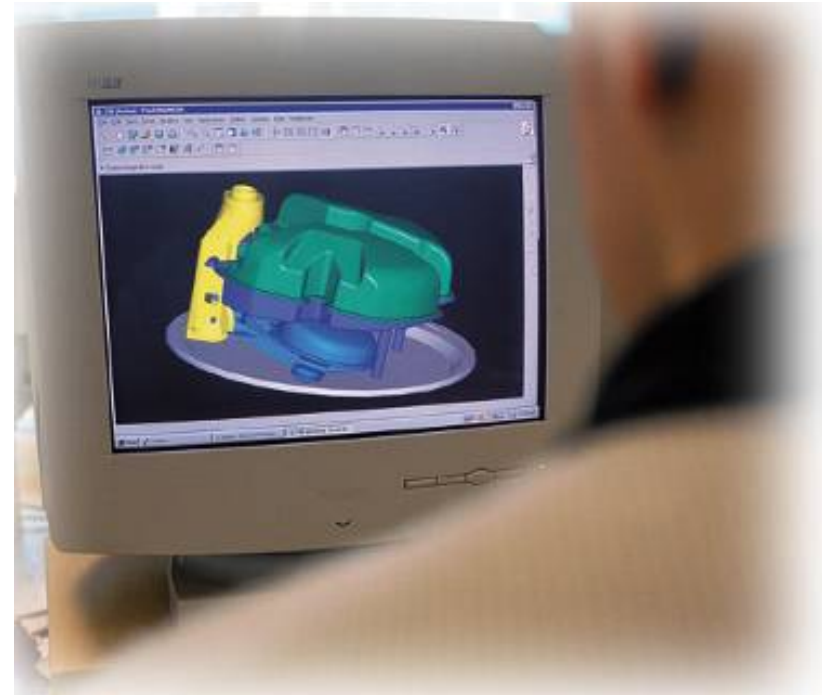
# Neonatal Update

- 20% revenue growth US\$, 24% constant currency
- Very strong growth for Bubble CPAP, Neopuff resuscitator
- Good early demand for new O<sub>2</sub> therapy system, resuscitation masks



# Research & Development

- 225 engineers, scientists, physiologists
- 5.8% of revenue FY07
- Product pipeline includes
  - Flow generators, auto
  - Masks
  - Humidification system for COPD therapy
  - Respiratory consumables
- 76 US patents, 67 US pending, 208 ROW, 222 ROW pending \*



\* at 31 March 2007

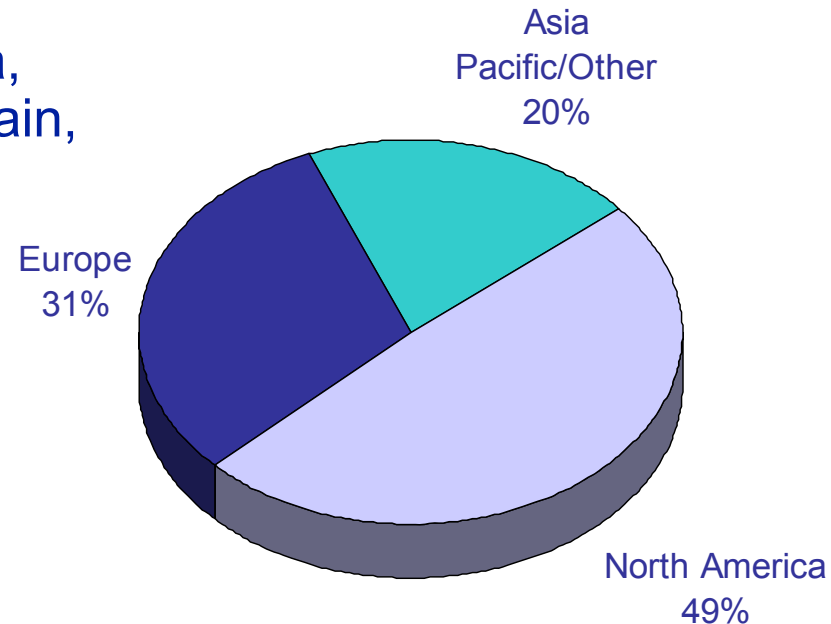
# Manufacturing

- Vertically integrated
  - electronics assembly
  - injection moulding
  - motor assembly
- Ample capacity to grow
  - 300,000ft<sup>2</sup> / 28,000m<sup>2</sup> facility
  - 23,000m<sup>2</sup> building occupied July 2006
  - 100 acres / 40 ha for expansion



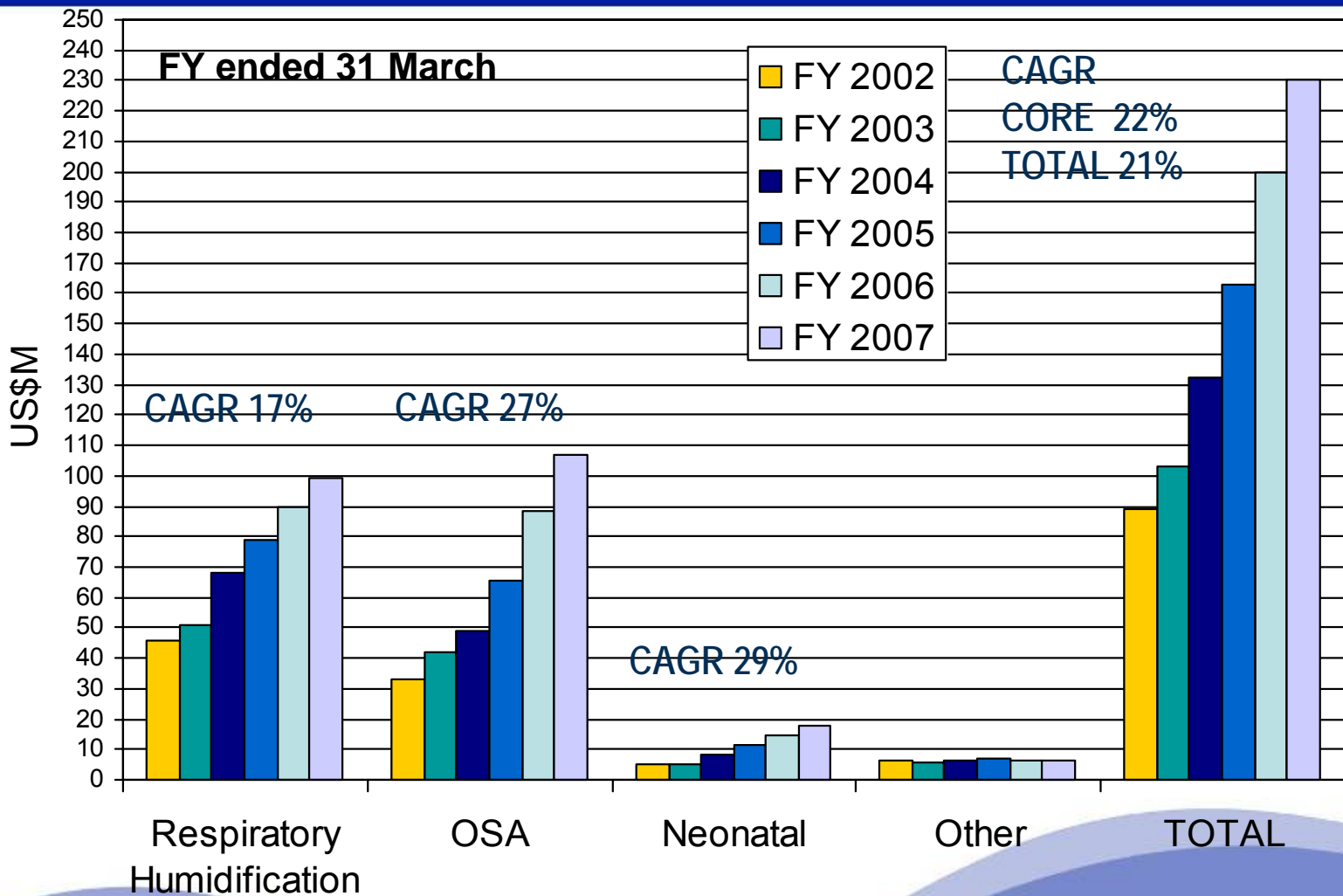
# Global Presence

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



Revenue by Region  
12 months to 31 March 2007

# Revenue Growth US\$



# Balance Sheet

- NZ\$33.1M net debt at 31 March 2007
- NZD 7.0 cps final dividend
- Invested in capacity expansion with completion of NZ\$60M second building
- NZ\$27M ongoing share buyback; NZ\$15.3M completed to date
- 44% annualised pre-tax return on equity, 32% on total assets

# Growth Drivers

## Consistent strategy:

- Continue to improve existing product lines
- Develop complementary products/ consumables
- Target new medical applications
  - e.g. COPD, NIV, O<sub>2</sub> therapy, insufflation
- Increase international presence