## First half result highlights

**H1 FY15** (6 months to 30 September 2014)

<table>
<thead>
<tr>
<th></th>
<th>△PCP</th>
<th>△CC¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>+8%</td>
<td>+64%</td>
</tr>
<tr>
<td>RAC &amp; OSA operating revenue</td>
<td>+6%</td>
<td>+14%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td>+212</td>
<td>+457</td>
</tr>
<tr>
<td>RAC new applications consumables revenue</td>
<td>+23%</td>
<td>+26%</td>
</tr>
<tr>
<td>OSA mask revenue</td>
<td>+15%</td>
<td>+20%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 80% of core product revenue (H2 FY14: 78%)

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1. **CC = constant currency**
Innovative products driving growth

• Respiratory & acute care (RAC)
  – Optiflow™ respiratory therapy system
  – Evaqua™2 breathing circuits
  – AIRVO™2 & myAIRVO™2 humidifiers with integrated flow generators

• Obstructive sleep apnea (OSA)
  – Simplus™ full face mask
  – Eson™ nasal mask
  – ICON™+ flow generator range
### H1 FY2015 operating results

**H1 FY15** (6 months to 30 September 2014)

<table>
<thead>
<tr>
<th></th>
<th>%Revenue</th>
<th>NZ$M</th>
<th>△PCP</th>
<th>△CC&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>100%</td>
<td>317.4</td>
<td>+4%</td>
<td>+12%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>39.4%</td>
<td>125.2</td>
<td>-1%</td>
<td>+2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>60.6%</td>
<td>192.2</td>
<td>+8%</td>
<td>+22%</td>
</tr>
<tr>
<td>Other income (R&amp;D grant)</td>
<td></td>
<td>2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>28.6%</td>
<td>90.8</td>
<td>+5%</td>
<td>+9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>9.9%</td>
<td>31.3</td>
<td>+21%</td>
<td>+21%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>38.5%</td>
<td>122.1</td>
<td>+9%</td>
<td>+12%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>22.9%</td>
<td>72.6</td>
<td>+8%</td>
<td>+64%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>15.4%</td>
<td>48.9</td>
<td>+10%</td>
<td>+76%</td>
</tr>
</tbody>
</table>

<sup>1. CC = constant currency</sup>
Dividend

• Increased interim dividend by 7%:
  – Gross 8.06 NZ cps = 5.8 cps + 2.26 cps imputation credit, NZ residents
  – Fully imputed
  – 1.02 cps non-resident supplementary dividend
  – Dividend reinvestment plan available for NZ/AU residents, discount has been removed
Respiratory & acute care (RAC)

- Operating revenue growth
  - NZ$ +6%
  - Constant currency +13%

- New applications consumables revenue growth
  (Noninvasive ventilation (NIV), Optiflow, AIRVO, Surgical)
  - NZ$ +17%
  - Constant currency +26%

- New applications consumables
  45% of RAC consumables revenue,
  (42% H2 FY14)

- Optiflow oxygen therapy system – compelling health and economic benefits
Obstructive sleep apnea (OSA)

- Operating revenue growth
  - NZ$: +5%
  - Constant currency: +15%
- Mask revenue growth
  - Constant currency: +20%
- Total flow generator revenue growth
  - Constant currency: +8%
- Masks continue to take market share
Balance sheet & cash flow

**H1 FY15** (as at 30 September 2014)

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>58.6</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>25.5</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>15.7</td>
</tr>
<tr>
<td>Net debt</td>
<td>91.6</td>
</tr>
<tr>
<td>Total shareholders equity</td>
<td>414.3</td>
</tr>
<tr>
<td>Total assets</td>
<td>625.8</td>
</tr>
</tbody>
</table>

- Pre-tax return on equity (annualised) 33%
- Pre-tax return on total assets (annualised) 21%
- Gearing (debt/debt to equity) 18.6%
Foreign exchange effects

• NZ$475m of hedging in place at 17 November 2014.

• 47% of operating revenue in USD (FY14: 48%) and 24% in €. As direct sales operations increase an increasing proportion of our revenue is generated in local currencies, reducing operating revenue exposure to USD.

• Hedging position for our main exposures:

<table>
<thead>
<tr>
<th></th>
<th>Six months to 31 March</th>
<th>Year to 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD % cover of expected exposure</strong></td>
<td>95%  42%  15%  0%</td>
<td></td>
</tr>
<tr>
<td><strong>USD average rate of cover</strong></td>
<td>0.80  0.77  0.74  N/A</td>
<td></td>
</tr>
<tr>
<td><strong>EUR % cover of expected exposure</strong></td>
<td>96%  68%  30%  0%</td>
<td></td>
</tr>
<tr>
<td><strong>EUR average rate of cover</strong></td>
<td>0.53  0.56  0.55  N/A</td>
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</table>

• Foreign exchange hedging gains contributed NZ$18m to operating profit during the half.
Outlook FY15

• Expect total core product group constant currency revenue growth to continue in the mid-teens for the remainder of the FY15 year.

• Expect at exchanges rates of NZD:USD 0.79, NZD:EUR 0.63
  – Operating revenue – approximately NZ$660 million
  – Net profit after tax – approximately NZ$105-110 million
Investment highlights

• A leader in respiratory and OSA treatment devices

• Consistent growth strategy

• Estimated US$5.0+ billion and growing market opportunity

• High level of innovation

• Global presence

• Strong financial performance
  NZSX:FPH, ASX:FPH
Markets & products

• Respiratory & Acute Care (RAC)
  – Heated humidification
  – Respiratory care
  – Neonatal care
  – Surgery

• Obstructive Sleep Apnea (OSA)
  – Masks
  – Flow generators
  – Data management tools
  – Humidifiers

• Recurring items, consumables and accessories approximately 80% of core product revenue (H2 FY14: 78%)

Revenue by Product Group
6 months to 30 September 2014
Hospital cost breakdown

Medical devices

Other – includes labour, utilities, drugs, supplies, food, depreciation

Source: Estimates of Medical Device Spending in the United States, Donahoe, G and King, G, June 2014
Lower care intensity equals lower cost

Mean Annual COPD-Related Medical, Pharmacy, and Total Costs by Care Intensity Cohort

Mean cost (2008 US$)

Respiratory humidification

- Normal airway humidification is bypassed or compromised during ventilation or oxygen therapy

- Mucociliary transport system operates less effectively

- Need to deliver gas at physiologically normal levels
  - 37 °C body core temperature
  - 44mg/L 100% saturated
Therapies - respiratory care, acute care & surgical

Invasive ventilation

Noninvasive ventilation

Oxygen therapy

Humidity therapy

F&P Evaqua 2™

F&P FreeMotion™

F&P Optiflow™

F&P AIRVO™ 2

Neonatal invasive ventilation

Neonatal noninvasive ventilation

Neonatal oxygen therapy

Surgical humidification

F&P Evaqua 2™

F&P Bubble CPAP

F&P Optiflow™ junior

F&P HumiGard™
Respiratory, acute care & surgical - hardware

- 850 respiratory humidifier system
  - Invasive ventilation, oxygen therapy and non-invasive ventilation
- 810 respiratory humidifier system
  - Entry level system
  - Ventilation and oxygen therapy
  - Optional heated breathing circuit
- AIRVO 2 flow generator/humidifier
  - Optiflow oxygen therapy
  - Humidity therapy
- Surgical opportunity (HumiGard)
  - Laparoscopic insufflation
  - Open surgery
Respiratory & acute care - single use consumables

• Single-use chambers
  – Patented auto filling MR290

• Single-use breathing circuits
  – Patented spiral heater wire
  – Proprietary Evaqua 2 expiratory tube
  – Minimal condensation
  – Delivery of optimal humidity

• Breathing circuit components
  – Filters, catheter mount, weaning kit

• Interfaces
  – NIV masks, tracheostomy, Optiflow, oxygen therapy

• Approx 30 system set-ups used per controller per year

• Consumable growth driving revenue growth
Optiflow™ therapy – delivery options

F&P 850™ System

F&P AIRVO™ 2
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$2.5+ billion worldwide market, growing approximately 6 - 8%

• 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
Revolutionary masks

• Comfortable
• Easy to fit
• Efficient

F&P Simplus™  F&P Eson™  F&P Pilairo™ Q
Stylish, smart + simplified CPAP range

- Efficiently integrates with InfoUSB and InfoSmart Web
- Responsive pressure relief - SensAwake
- ThermoSmart humidifier breathing tube technology
- Auto-adjusting CPAP
Efficient compliance reporting
Research & development

• 9.9% of operating revenue, NZ$31.3M\(^1\)

• Product pipeline includes:
  – Humidifier controllers
  – Masks
  – Respiratory consumables
  – Flow generators
  – Compliance monitoring solutions

• 115 US patents, 273 US pending, 486 ROW, 322 ROW pending

\(^1\) at 30 September 2014
Manufacturing & operations

• Vertically integrated
  – COGs improvements; Mexico, Lean manufacturing, supply chain

• Ample capacity to grow

Auckland, New Zealand
  – Three buildings: 82,000 m² / 885,000 ft² total
  – 100 acres/40ha land

Tijuana, Mexico
  – 18,000 m² / 200,000 ft²
  – Manufacturing floor area increased by 66%
  – Consumables capacity ramping up
Global presence

• Direct/offices
  – Hospitals, home care dealers
  – Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 15 distribution centres
  – More than 600 staff in 30 countries
  – Ongoing international expansion

• Distributors
  – 100+ distributors worldwide

• Original Equipment Manufacturers
  – Supply most leading ventilator manufacturers
  – More than 120 countries in total

Revenue by region
6 months to 30 September 2014
Consistent growth strategy

- Experts in humidification, respiratory care, and obstructive sleep apnea
- Provide innovative devices which can improve patient care and outcomes

- Continuous product improvement
- More devices for each patient
- Serve more patient groups – invasive ventilation, NIV, oxygen therapy, COPD, surgery, OSA
- Increase international presence