

FY2015 Half Year Results Presentation

6 months ended 30 September 2014



24 – 28 November 2014

First half result highlights

H1 FY15 (6 months to 30 September 2014)

	Δ PCP	Δ CC ¹
Operating profit	+8%	+64%
RAC & OSA operating revenue	+6%	+14%
Gross margin (bps increase)	+212	+457
RAC new applications consumables revenue	+23%	+26%
OSA mask revenue	+15%	+20%

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

² 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)

	%Revenue	NZ\$M	ΔPCP	ΔCC ¹
Operating revenue	100%	317.4	+4%	+12%
Cost of sales	39.4%	125.2	-1%	+2%
Gross profit	60.6%	192.2	+8%	+22%
Other income (R&D grant)		2.5		
SG&A	28.6%	90.8	+5%	+9%
R&D	9.9%	31.3	+21%	+21%
Total operating expenses	38.5%	122.1	+9%	+12%
Operating profit	22.9%	72.6	+8%	+64%
Profit after tax	15.4%	48.9	+10%	+76%

1. CC = constant currency

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

H1 FY2015



Obstructive sleep apnea (OSA)

H1 FY2015

- 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

F&P Simplus™



F&P Eson™



F&P ICON™+



Info Technologies™



**Fisher & Paykel
HEALTHCARE**

Balance sheet & cash flow

H1 FY15 (as at 30 September 2014)

	NZ\$M
Operating cash flow	58.6
Capital expenditure	25.5
Depreciation and amortisation	15.7
Net debt	91.6
Total shareholders equity	414.3
Total assets	625.8

- 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:

	Six months to 31 March	Year to 31 March		
	2015	2016	2017	2018
USD % cover of expected exposure	95%	42%	15%	0%
USD average rate of cover	0.80	0.77	0.74	N/A
EUR % cover of expected exposure	96%	68%	30%	0%
EUR average rate of cover	0.53	0.56	0.55	N/A

- 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

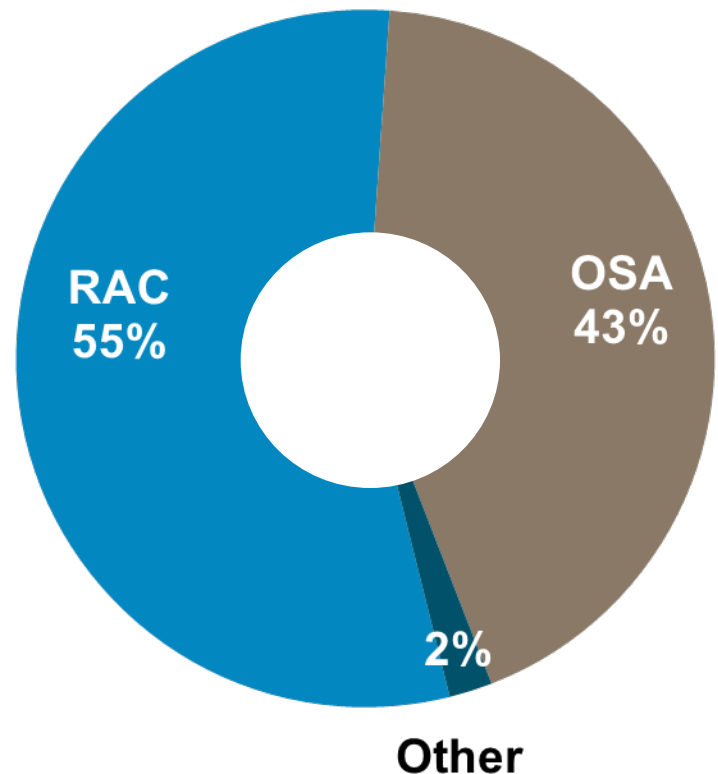
Investment highlights

- 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

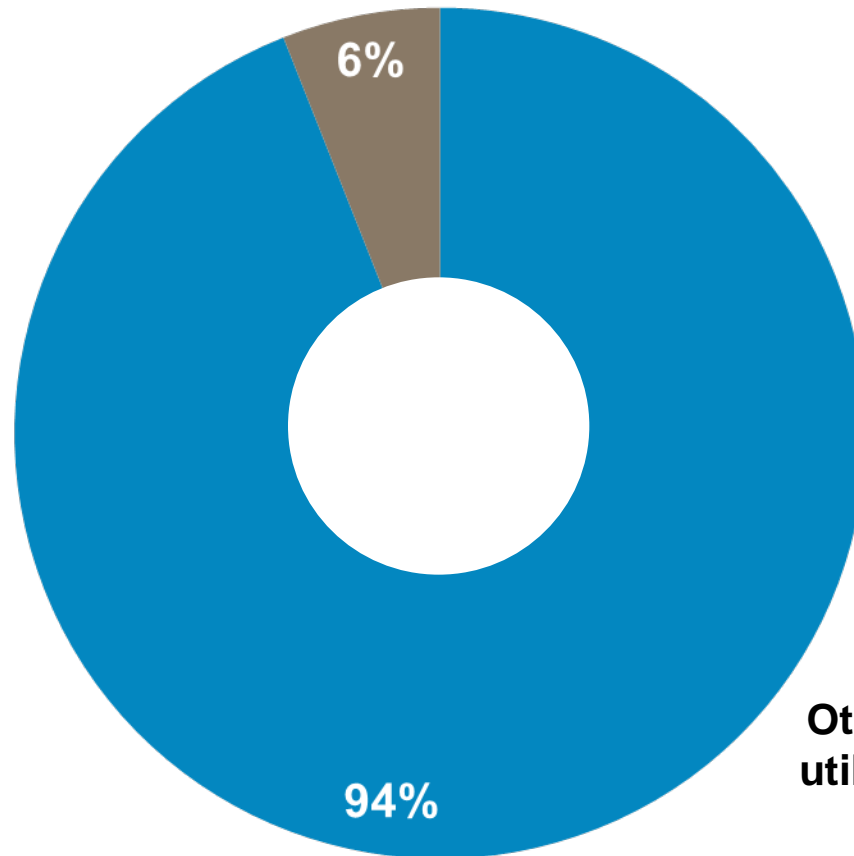
- Respiratory & Acute Care (RAC)
 - Heated humidification
 - Respiratory care
 - Neonatal care
 - Surgery
- Obstructive Sleep Apnea (OSA)
 - Masks
 - Flow generators
 - Data management tools
 - Humidifiers
- **Recurring items, consumables and accessories approximately 80% of core product revenue (H2 FY14: 78%)**



Revenue by Product Group
6 months to 30 September 2014

Hospital cost breakdown

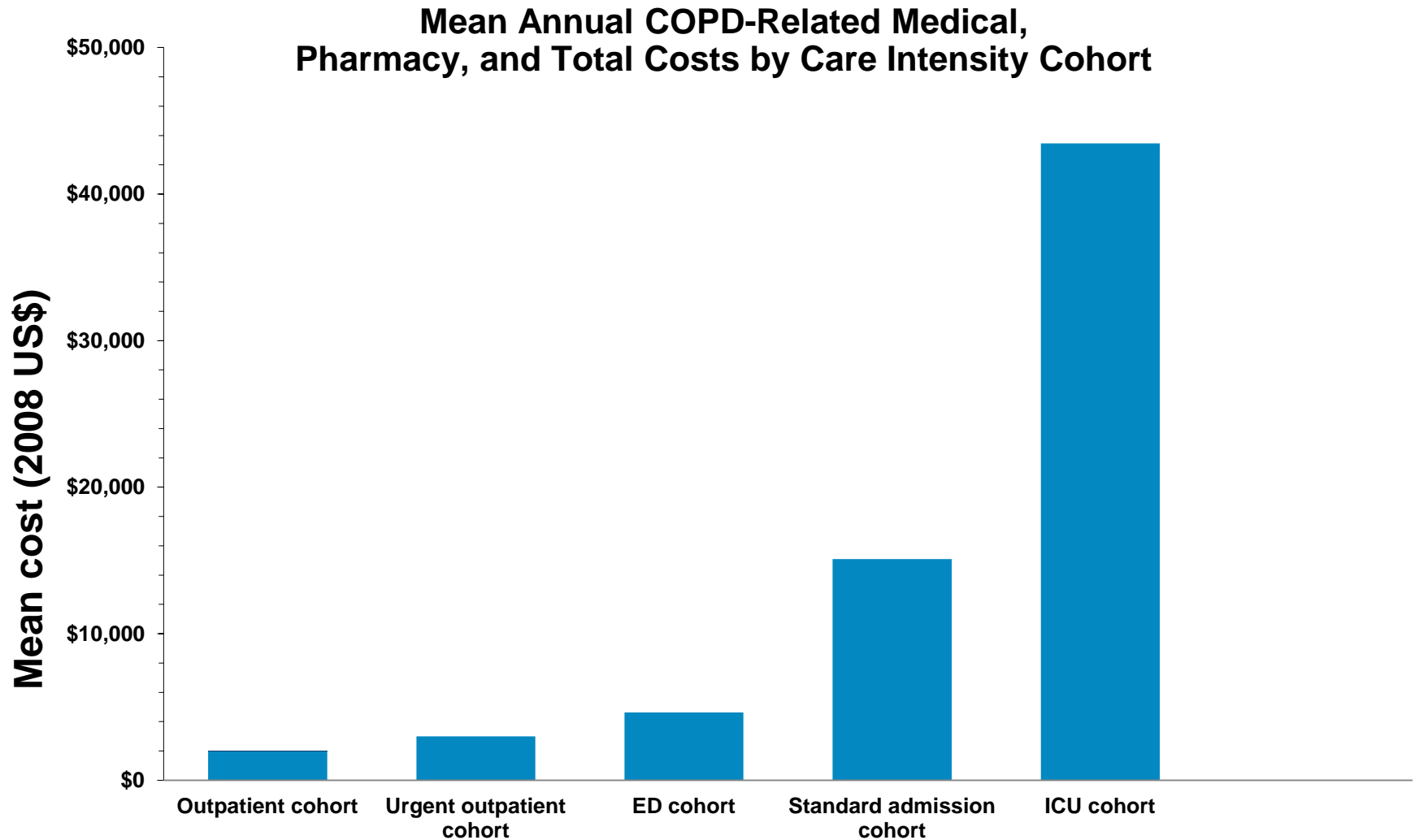
Medical devices



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

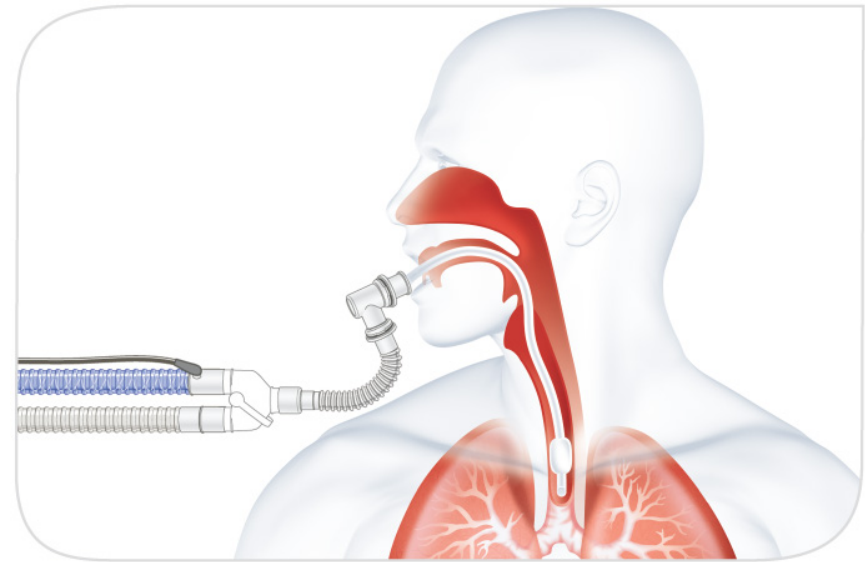
Lower care intensity equals lower cost



Source: Anand A Dalal, Laura Christensen, 2 Fang Liu, and Aylin A Riedel. Direct costs of chronic obstructive pulmonary disease among managed care patients. *Int J Chron Obstruct Pulmon Dis*. 2010; 5: 241-249.

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



F&P Evaqua 2™

Noninvasive ventilation



F&P FreeMotion™

Oxygen therapy



F&P Optiflow™

Humidity therapy



F&P AIRVO™ 2

Neonatal invasive ventilation



F&P Evaqua 2™

Neonatal noninvasive ventilation



F&P Bubble CPAP

Neonatal oxygen therapy



F&P Optiflow™ junior

Surgical humidification



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



F&P 850™ System



F&P 810™ System



F&P AIRVO™ 2



F&P HumiGard™

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

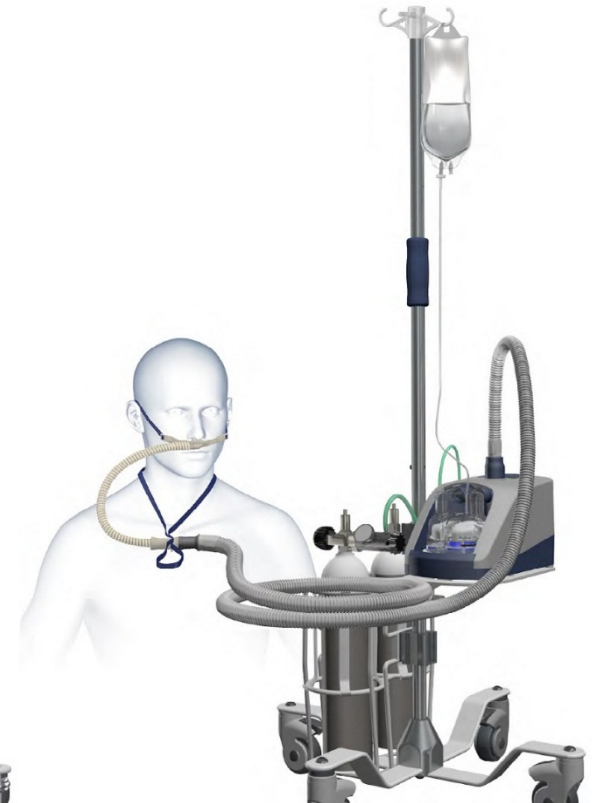


Optiflow™ therapy – delivery options

F&P Optiflow™



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

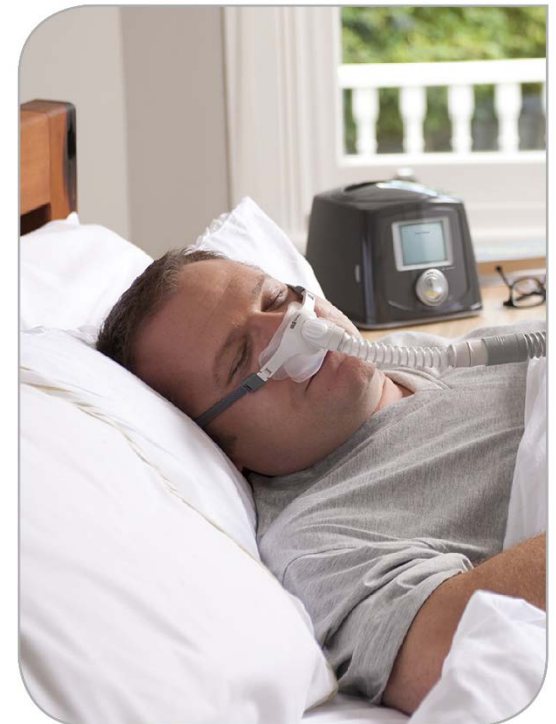
F&P **Simplus™**



F&P **Eson™**



F&P **Pilairo™ Q**

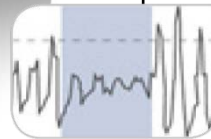


Stylish, smart + simplified CPAP range

F&P **ICON™+**



- Efficiently integrates with InfoUSB and InfoSmart Web
- Responsive pressure relief - SensAwake
- ThermoSmart humidifier breathing tube technology
- Auto-adjusting CPAP



Efficient compliance reporting



Patients Home

F&P InfoGSM



F&P InfoUSB 2



F&P InfoView

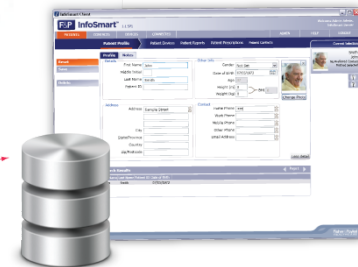


DME / Physician Office

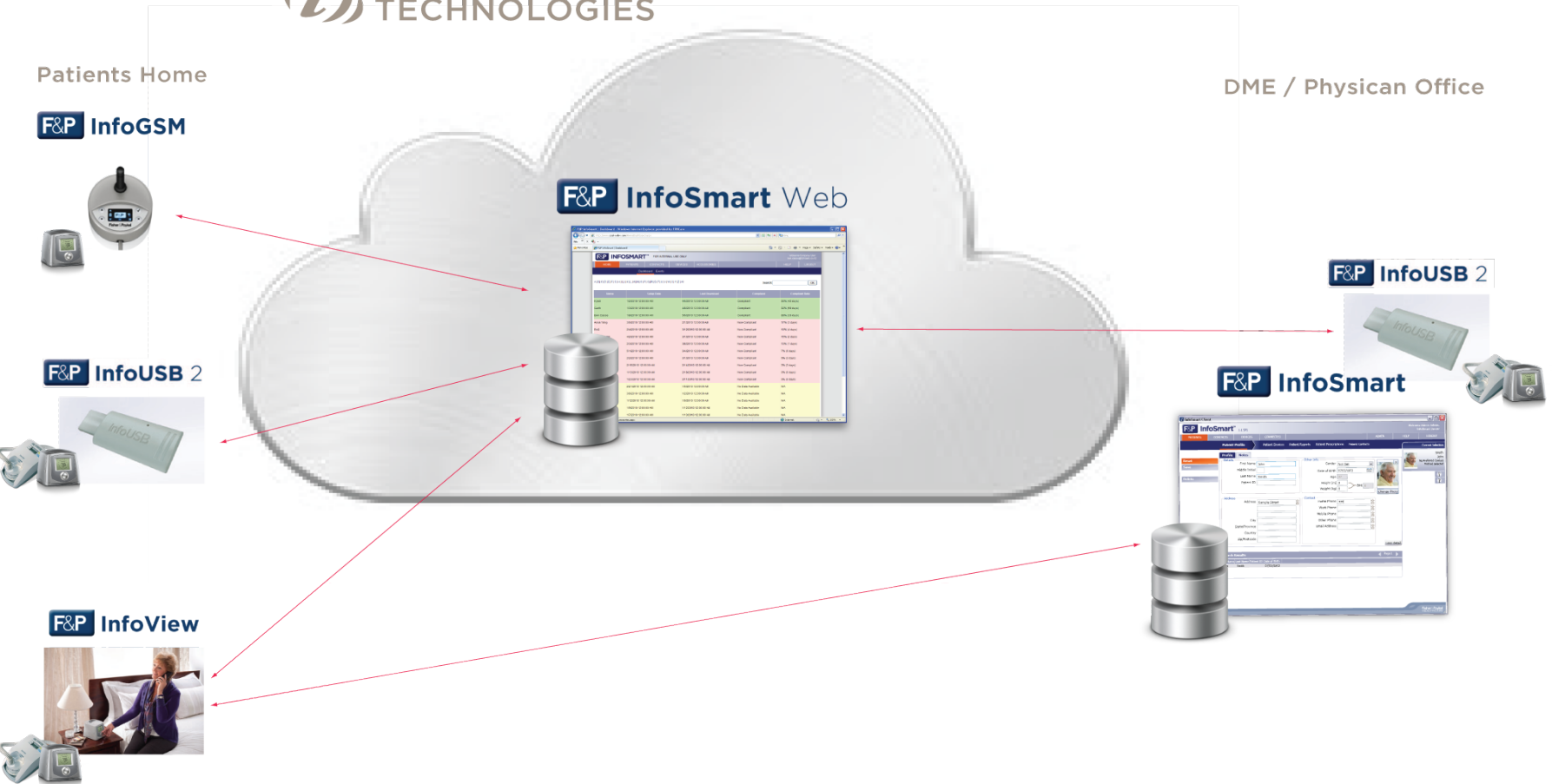
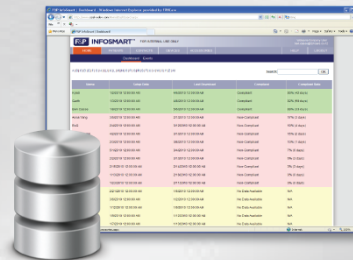
F&P InfoUSB 2



F&P InfoSmart



F&P InfoSmart Web



Research & development

- 9.9% of operating revenue, NZ\$31.3M¹
- 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

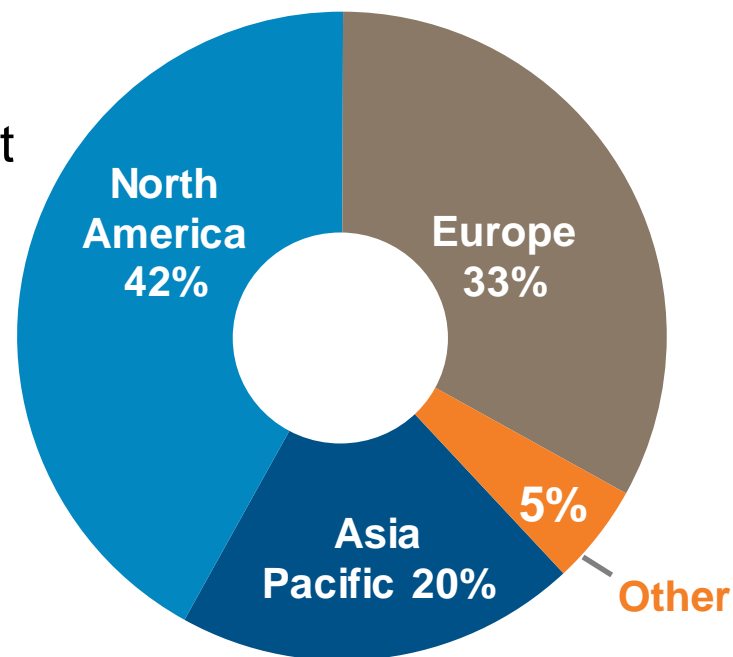
Tijuana, Mexico

- 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

