

Fisher & Paykel Healthcare

Inspired and world-leading healthcare solutions

FY2016 HALF YEAR RESULTS PRESENTATION

6 months ended 30 September 2015



First Half Result Highlights

H1 FY2016 (6 months to 30 September 2015)

	NZ\$M	ΔPCP	ΔCC ¹
Record net profit after tax	62.0	+27%	+25%
Record operating revenue	381.0	+20%	+12%
Record RAC/Hospital operating revenue	199.6	+18%	+11%
Record OSA/Homecare operating revenue	175.3	+23%	+14%
RAC new applications consumables revenue		+30%	+22%
OSA masks revenue		+35%	+25%
Gross margin (bps increase)		+276bps	+348bps

**Recurring items, consumables and accessories
approximately 83% of operating revenue (H1 FY15: 80%)**

¹. CC = constant currency

Innovative New Products Launched

**F&P Eson™ 2
nasal mask**



**AirSpiral tube and
uninterruptible power
supply (UPS) transport
system for AIRVO™2**



**Optiflow™ + nasal
high flow cannula**



**F&P HumiGard™ SH870 surgical
humidification system**



H1 FY2016 Operating Results

H1 FY2016 (6 months to 30 September 2015)

	% of Revenue	NZ\$M	ΔPCP	ΔCC ¹
Operating revenue	100.0%	381.0	+20%	+12%
Cost of sales	36.7%	139.8	+12%	+3%
Gross profit	63.3%	241.2	+25%	+19%
Other income (R&D grant)		2.5		
SG&A	29.6%	112.7	+24%	+17%
R&D	9.4%	35.8	+14%	+14%
Total operating expenses	39.0%	148.5	+22%	+16%
Operating profit	25.0%	95.2	+31%	+25%
Profit after tax	16.3%	62.0	+27%	+25%

1. CC = constant currency

Dividend and Gearing

- Increased interim dividend by 16%:
 - 6.7 cps + 2.6056 cps imputation credit for NZ residents (gross dividend of 9.3056 NZ cps)
 - Fully imputed
 - 1.1824 cps non-resident supplementary dividend
 - Dividend reinvestment plan available for New Zealand and Australian residents, no discount will apply
- Gearing ratio* target of +5% to -5% debt to debt plus equity
 - Gearing ratio at 30 September 2015 was 17%

* Calculated using net interest bearing liabilities to total equity excluding unrealised financial instrument gains or losses

Respiratory & Acute Care / Hospital (RAC)

Operating revenue growth	H1 FY2016
NZ\$	+18%
Constant currency	+11%

New applications consumables revenue growth	H1 FY2016
(Noninvasive ventilation (NIV), Optiflow, AIRVO, Surgical)	
NZ\$	+30%
Constant currency	+22%

- New applications consumables now make up 48% of RAC consumables revenue, up from 45% in H1 FY2015

Further positive clinical trial results:

- Optiflow resulted in a similar rate of reintubation as NIV (Hernandez et al 2015)
- Use of HumiGard during colorectal surgery can reduce surgical site infections (Noor et al 2015)



Obstructive Sleep Apnea / Homecare (OSA)

Operating revenue growth

H1 FY2016

NZ\$ +23%

Constant currency +14%

Mask revenue growth

H1 FY2016

Constant currency +25%

- Masks continue to take market share



F&P Simplus™



F&P Eson™ 2



F&P ICON™+



Info Technologies™

Cash Flow & Balance Sheet

1H FY2016 (for the 6 months ended 30 September 2015)	NZ\$M
Operating cash flow (-37%)	35.2
Capital expenditure	36.2
Depreciation and amortisation	16.9
1H FY2016 (as at 30 September 2015)	NZ\$M
Net debt	97.4
Total shareholders equity	447.8
Total assets	735.2
	%
Pre-tax return on equity (annualised)	37%
Pre-tax return on total assets (annualised)	24%
Gearing (debt/debt to equity)	17%

Foreign Exchange Effects

- 51% of operating revenue in USD (1H FY15: 47%) and 21% in €.

	Six months to 31 March		Year to 31 March			
Hedging position for our main exposures	2016	2017	2018	2019	2020	2021
USD % cover of expected exposure	93%	66%	33%	23%	21%	12%
USD average rate of cover	0.719	0.693	0.662	0.643	0.626	0.615
EUR % cover of expected exposure	94%	60%	22%	0%	0%	0%
EUR average rate of cover	0.579	0.577	0.585	-	-	-

	Six months ended 30 September		
Reconciliation of Constant Currency to Actual Income Statements (Unaudited)	2013 NZ\$000	2014 NZ\$000	2015 NZ\$000
Profit before tax (constant currency)	31,422	53,822	68,047
Spot exchange rate effect	(260)	(8,404)	15,332
Foreign exchange hedging result	31,084	18,046	(7,124)
Balance sheet revaluation	347	3,444	8,324
Profit before tax (as reported)	62,593	66,908	84,579

- Expect at exchanges rates of NZD:USD 0.66, NZD:EUR 0.62
 - Operating revenue – approximately NZ\$800 million
 - Net profit after tax – approximately NZ\$135 – NZ\$140 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



Market Opportunity and Patient Groups

RESPIRATORY & ACUTE CARE / HOSPITAL

Invasive Ventilation



Noninvasive Ventilation



Hospital Respiratory Support



Surgical Humidification



OBSTRUCTIVE SLEEP APNEA / HOMECARE

Home Respiratory Support



CPAP Therapy



“NEW APPLICATIONS”

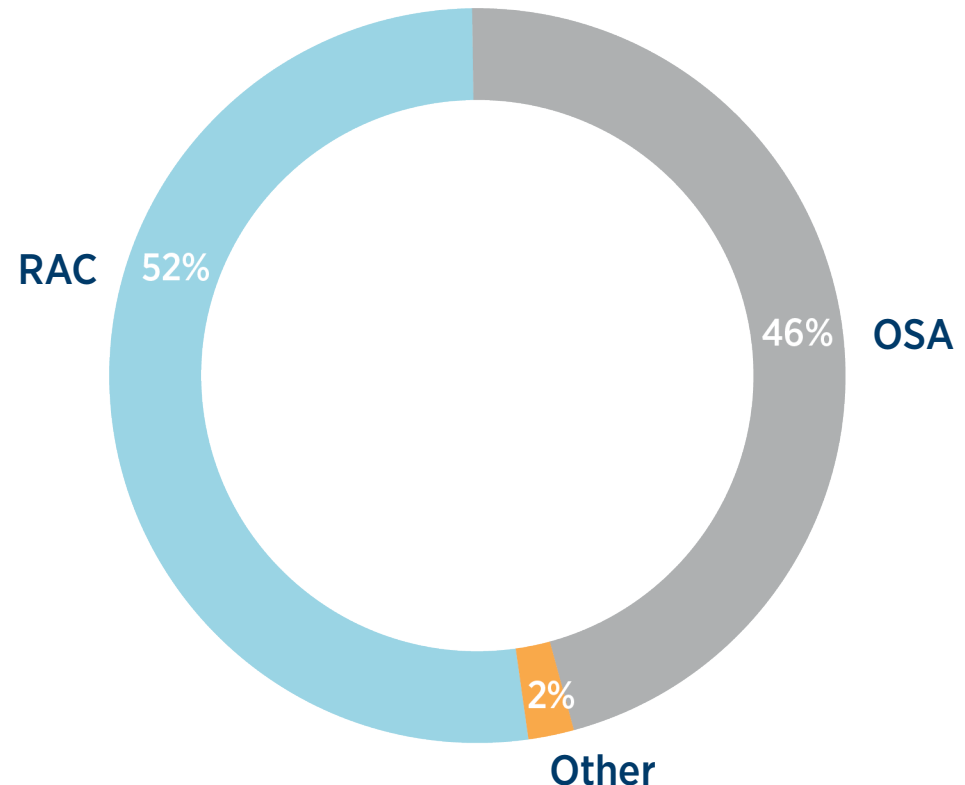
Applications outside of invasive ventilation

Markets & Products

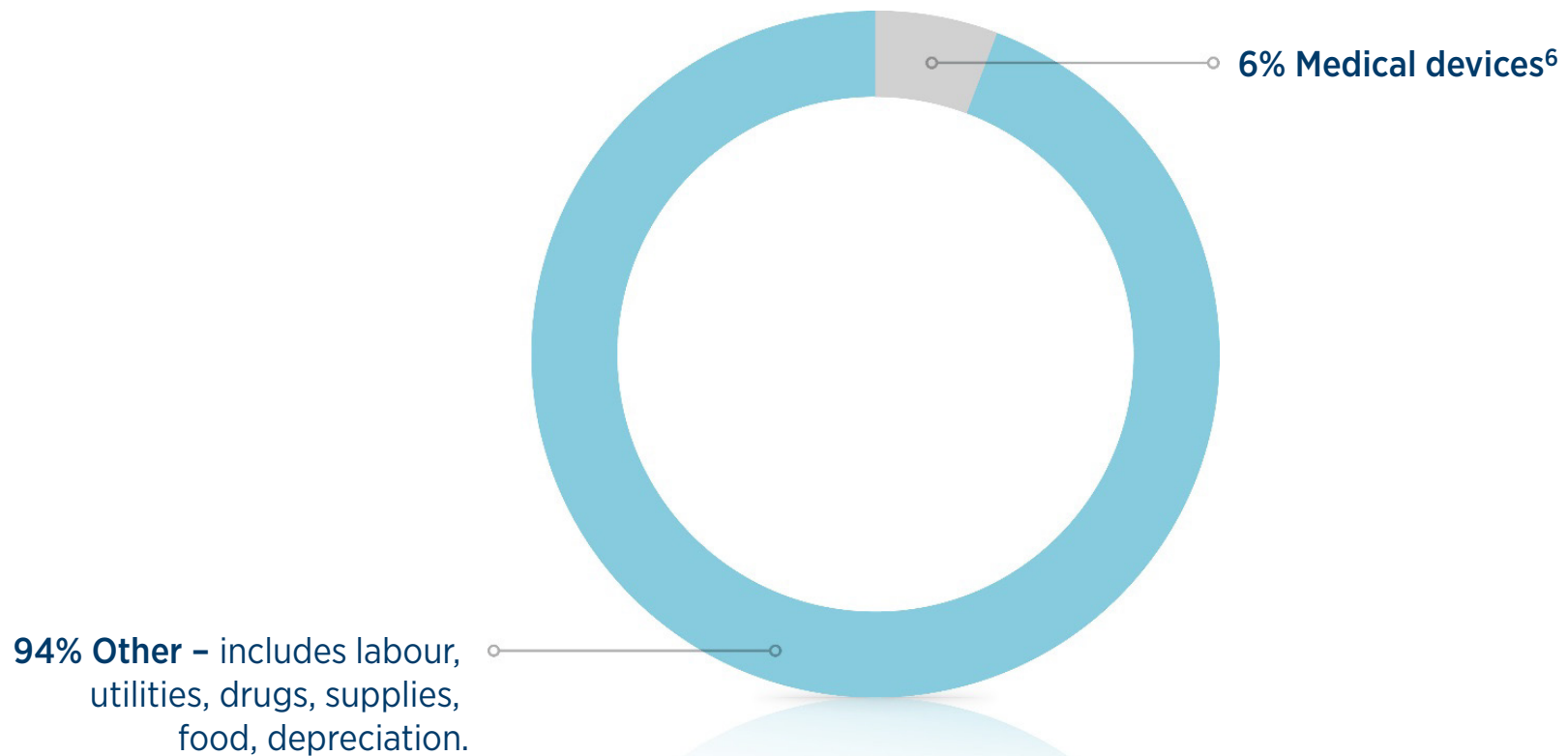
- Respiratory & Acute Care / Hospital (RAC)
 - Heated humidification
 - Respiratory care
 - Neonatal care
 - Surgery
- Obstructive Sleep Apnea / Homecare (OSA)
 - Masks
 - Flow generators
 - Data management tools
 - Humidifiers

Recurring items, consumables and accessories approximately 83% of operating revenue (H1 FY15: 80%)

**Revenue by Product Group
6 months to 30 September 2015**



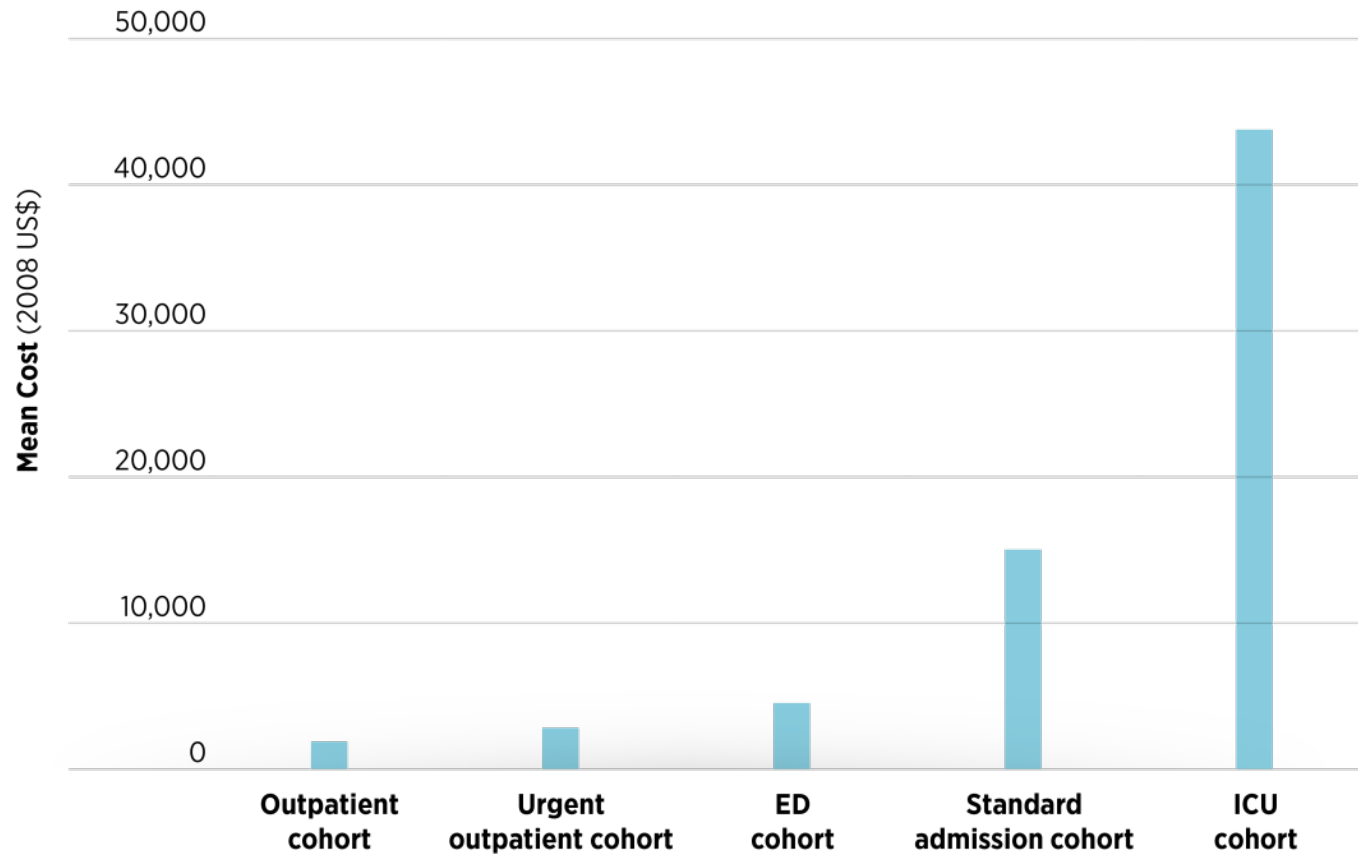
Hospital Cost Breakdown



Source: Estimates of Medical Device Spending

Lower Care Intensity = Lower Cost

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



Source: Anand A Dalal, Laura Christensen, 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 & Acute Care / Hospital (RAC)

Invasive
Ventilation



Noninvasive
Ventilation



Hospital
Respiratory Support



Surgical
Humidification

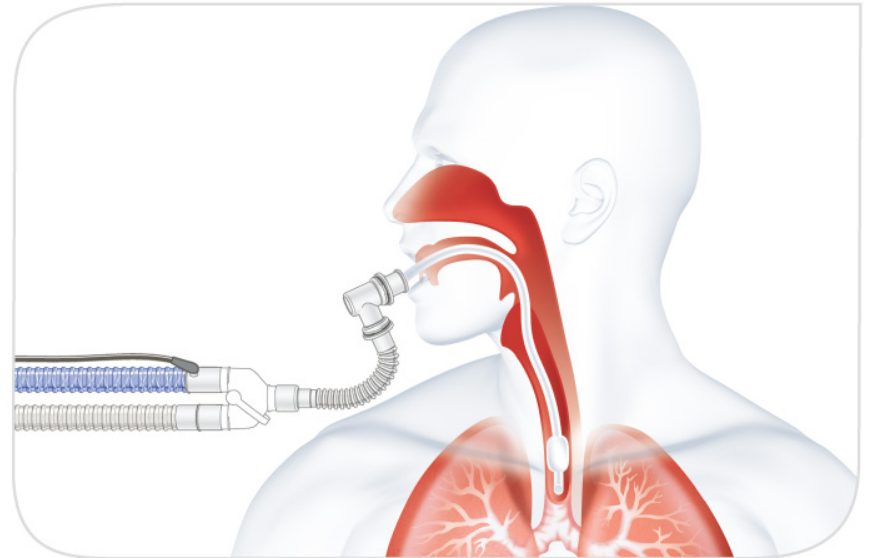


“NEW APPLICATIONS”

Applications outside of invasive ventilation

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



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
- HumiGard surgical humidifier
 - 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 nasal cannula
- 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 / Homecare (OSA)

Home
Respiratory Support



CPAP
Therapy



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\$3+ billion worldwide market, growing approximately 6 - 8%
- Estimate >50 million people affected in developed countries
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - Key issue with CPAP is compliance
 - Humidification provides significant acceptance and compliance improvements



Revolutionary Masks

- Market leading mask technology
- Unique, patented designs
- Mask Matters Most
 - Masks are key to compliance



F&P ESON 2



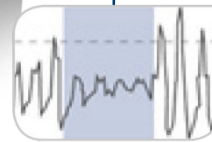
F&P SIMPLUS



F&P PILAIRO Q

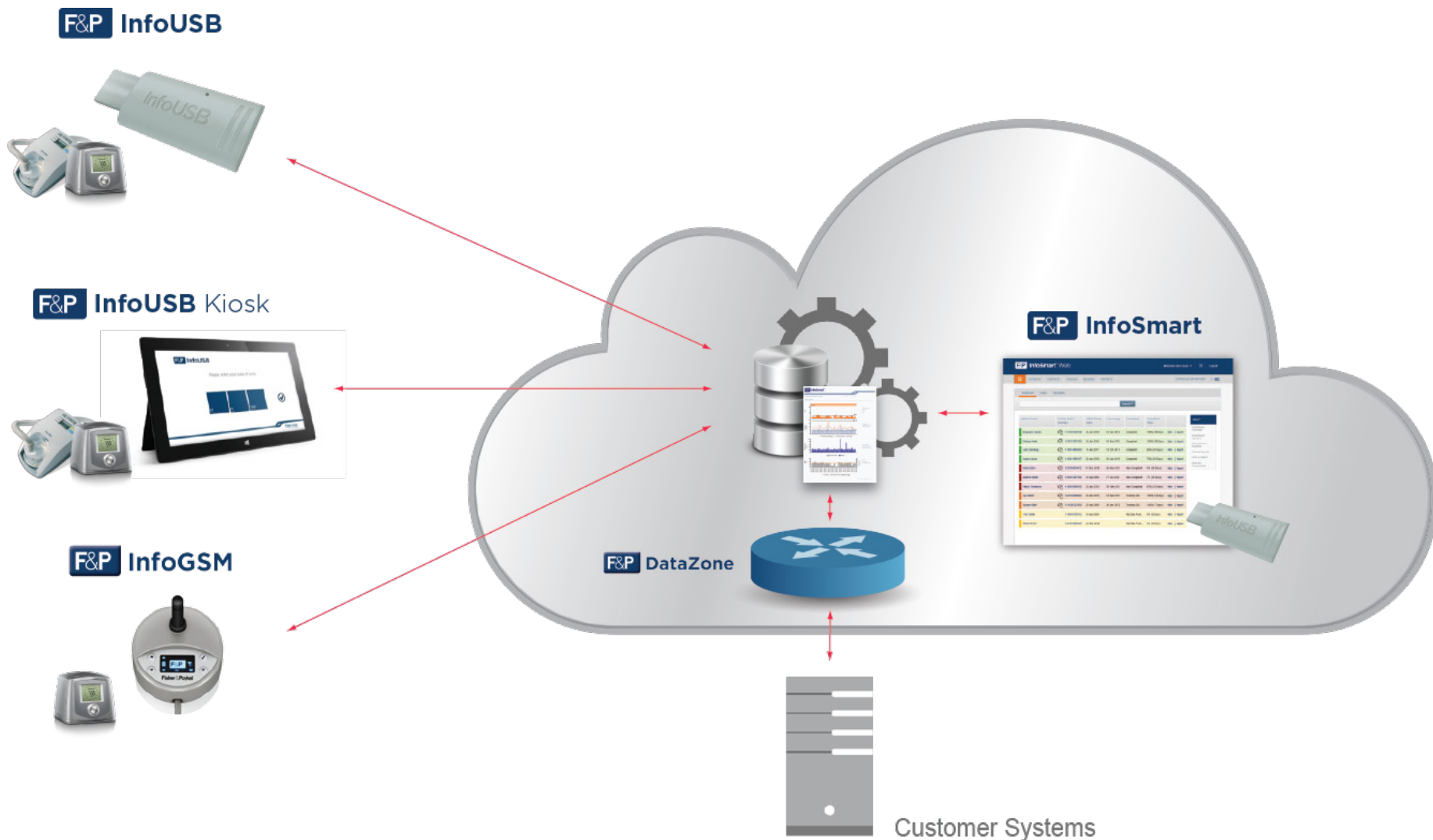
Stylish, Smart + Simplified CPAP Range

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



Research & Development

- 9.4% of operating revenue, NZ\$35.8M¹
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 125 US patents, 314 US pending, 513 ROW, 471 ROW pending¹

¹. at 30 September 2015



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

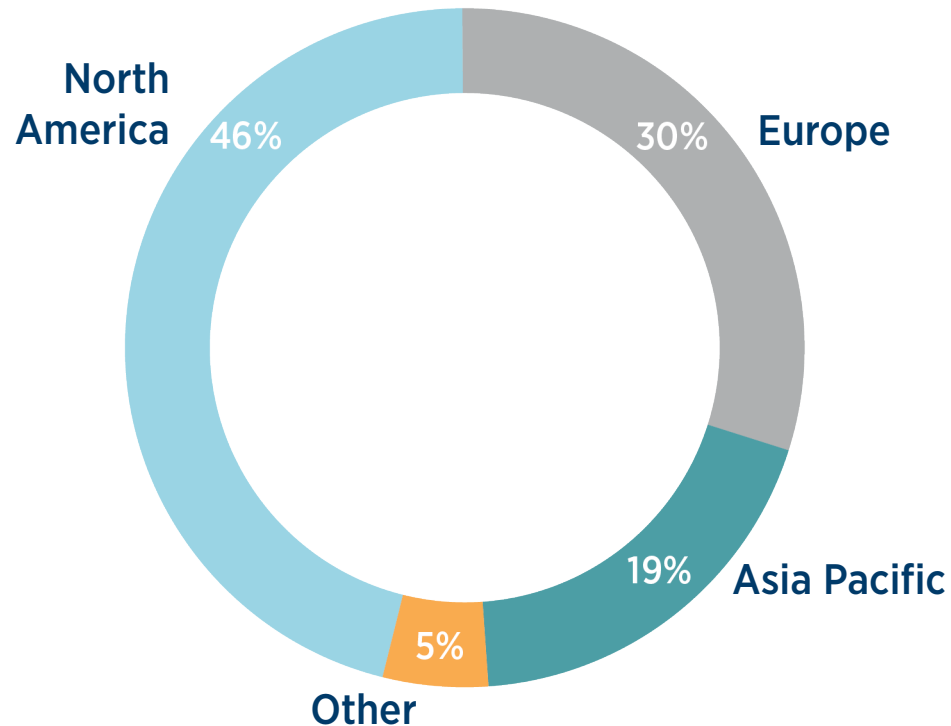
○ Distributors

- 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 2015



Consistent Growth Strategy

- Improving care and outcomes
- Reducing cost to the healthcare system



Increase

- Effectiveness of care
- Efficiency of care

Reduce

- Intensity of care
- Healthcare system cost



- Four key pillars:



Continuous product improvement



More devices for each patient



Serve more patient groups



Increase international presence