Bank of America Merrill Lynch Conference
September 2017
Business Highlights

- Released five innovative new products over the last year:
  - F&P 950™ heated humidification system
  - F&P Nivairo™ hospital mask
  - F&P Brescia™ OSA mask
  - F&P Optiflow Junior™ 2 nasal cannula range
  - F&P SleepStyle™ CPAP device

- Completed purchase of 15 hectare site in Mexico and commenced earthworks

- Commenced earthworks for fourth building on our NZ site
Hospital Product Group

<table>
<thead>
<tr>
<th>Operating revenue growth</th>
<th>H2 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ$</td>
<td>+11%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+16%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New applications consumables revenue growth</th>
<th>H2 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Noninvasive ventilation (NIV), Optiflow™, AIRVO, Surgical)</td>
<td></td>
</tr>
<tr>
<td>NZ$</td>
<td>+19%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+24%</td>
</tr>
</tbody>
</table>

- New applications consumables made up 55% of H2 FY2017 Hospital consumables revenue, up from 52% in H1 FY2017
- Strong customer demand for our Optiflow™ and AIRVO™ systems

Further positive clinical trial results:
- Use of Optiflow™ nasal high flow therapy in infants with bronchiolitis had a significantly lower treatment failure rate than standard oxygen therapy (Franklin, D et al, PARIS study – abstract published at PAS 2017)
## Homecare Product Group

<table>
<thead>
<tr>
<th>Operating revenue growth</th>
<th>H2 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ$</td>
<td>+4%</td>
</tr>
<tr>
<td>Constant currency</td>
<td>+7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mask revenue growth</th>
<th>H2 FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant currency</td>
<td>+12%</td>
</tr>
</tbody>
</table>

- Masks continue to take market share

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These products are not available in all regions until regulatory clearance has been obtained
## Second Half Financial Highlights

**H2 FY2017** (6 months to 31 March 2017)

<table>
<thead>
<tr>
<th></th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>+8%</td>
<td>+12%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td>+250bps</td>
<td>+120bps</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>+12%</td>
<td>+14%</td>
</tr>
<tr>
<td>Hospital operating revenue</td>
<td>+11%</td>
<td>+16%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td>+19%</td>
<td>+24%</td>
</tr>
<tr>
<td>Homecare operating revenue</td>
<td>+4%</td>
<td>+7%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td>+9%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

^ PCP = prior comparable period * CC = constant currency
# Full Year Financial Highlights

**FY2017** (12 months to 31 March 2017)

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>894.4</td>
<td>+10%</td>
<td>+14%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td></td>
<td>+205bps</td>
<td>+206bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>169.2</td>
<td>+18%</td>
<td>+21%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>500.4</td>
<td>+15%</td>
<td>+19%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+24%</td>
<td>+29%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>381.5</td>
<td>+4%</td>
<td>+8%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+9%</td>
<td>+13%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 86% of operating revenue (FY16: 83%)

^ PCP = prior comparable period * CC = constant currency
Dividend and Gearing

- Increased final dividend by 13%:
  - 11.25 cps + 4.375 cps imputation credit for NZ residents (gross dividend of NZ 15.625 cps)
  - Fully imputed
  - 1.9852 cps non-resident supplementary dividend
  - Dividend reinvestment plan available for New Zealand and Australian residents, no discount will apply

- Gross dividend 27.0833 cps, yield ~2.7%

- Target gearing ratio* of +5% to -5% debt to debt plus equity
  - Gearing ratio at 31 March 2017 was 0.0%

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less cash flow hedge reserve – unrealised). Ratios calculated each year as at 31 March.
Outlook FY2018

Guidance provided on 24 August 2017

<table>
<thead>
<tr>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expect at NZD:USD exchange rate of ~0.725 for the balance of the year</td>
</tr>
<tr>
<td>Operating Revenue</td>
</tr>
<tr>
<td>Net Profit after Tax</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expect at exchange rates current as at 24 August 2017</td>
</tr>
<tr>
<td>Operating Revenue</td>
</tr>
<tr>
<td>Net Profit after Tax</td>
</tr>
</tbody>
</table>
Fisher & Paykel Healthcare at a Glance

Global leader in respiratory humidification devices

- Medical device manufacturer with leading positions in respiratory care and obstructive sleep apnea
- 45+ years’ experience in changing clinical practice to solutions that provide better clinical outcomes and improve effectiveness of care
- Estimated US$6+ billion and growing market opportunity driven by demographics
- Significant organic long-term growth opportunities in respiratory care, OSA, COPD and surgery
- Large proportion (86%) of revenue from recurring items, consumables and accessories
- High level of innovation and investment in R&D with strong product pipeline
- High barriers to entry

Global presence

- 271 Employees in Europe
- 303 Employees in the rest of the world
- 1,231 Employees in North America
- 2,307 Employees in New Zealand
- 35 Our people are located in 35 countries

Strong financial performance

- Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years
- Long-term targets for gross margin of 65% and operating margin of 30%
- Growth company with targeted dividend pay-out ratio of approximately 70% of net profit after tax

Consistent growth strategy
Our Competitive Advantage

- Significant expertise in, and history of, changing clinical practice to therapies that improve clinical outcomes, are more effective and efficient and that ultimately reduce cost to the healthcare system
  - Heated humidification in invasive ventilation
  - Heated humidification in CPAP therapy for OSA patients
  - Optiflow nasal high flow therapy displacing use of conventional oxygen therapy in the hospital
  - Optiflow nasal high flow therapy in the home for the treatment of patients with chronic respiratory conditions
  - Introduction of heated humidification in open and laparoscopic surgery
~US$6+ Billion and Growing Market Opportunity

HOSPITAL
- Invasive Ventilation
- Hospital Respiratory Support
- Noninvasive Ventilation
- Surgical Humidification

HOMECARE
- Home Respiratory Support
- CPAP Therapy

“NEW APPLICATIONS”
Applications outside of invasive ventilation
Markets & Products

- Hospital
  - Heated humidification
  - Respiratory care
  - Neonatal care
  - Surgery

- Homecare
  - Masks
  - Flow generators
  - Data management tools
  - Respiratory care in the home

Recurring items, consumables and accessories approximately 86% of operating revenue (H1 FY17: 86%)
Impact of Changing Demographics

- Population age and weight both increasing
  - US population 65 years+ to grow ~80% over next 20 years\(^1\)
  - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960\(^2\)
- 60% of US healthcare cost is after age 65 years\(^3\)
- Developing markets increasing healthcare spending
  - China healthcare expenditure projected to grow at 12% per year between 2014-2018\(^4\)
Hospital Cost Breakdown

- **6%** Medical devices
- **94%** 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 = Lower Cost

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

Mean cost (2008 US$)

- Outpatient cohort
- Urgent outpatient cohort
- ED cohort
- Standard admission cohort
- ICU cohort

Hospital Product Group

Invasive Ventilation

Hospital Respiratory Support

Noninvasive Ventilation

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
Optiflow - Displacing Conventional Oxygen Therapy

CONVENTIONAL OXYGEN THERAPY
- LOW FLOW NASAL PRONGS
- SIMPLE FACE MASK
- REBREATHER MASK

NONINVASIVE VENTILATION
Optiflow NHF therapy is associated with:

**ADULTS:**
- REDUCED intubation\(^5\)
- REDUCED re-intubation\(^6, 7, 8\)
- REDUCED bilevel ventilation\(^7\)
- REDUCED nursing workload\(^7\)
- INCREASED ventilator free days\(^5\)
- IMPROVED comfort & patient tolerance\(^6\)
- IMPROVED compliance\(^6\)

**PAEDIATRICS:**
- REDUCED intubation\(^9\)
- REDUCED length of stay\(^10\)
- REDUCED respiratory distress\(^11\)

**NEONATES:**
- NONINFERIORITY with nasal CPAP\(^12\)
- REDUCED nasal trauma\(^13, 14\)
- REDUCED respiratory distress\(^15\)
Optiflow NHF - A Growing Body of Clinical Evidence

Nasal High Flow Clinical Papers Published Annually

Source: PubMed
Consistently Strong Growth in Hospital New Applications

Constant Currency Revenue Growth Rate in New Applications Consumables*

- New applications consumables made up 54% of Hospital consumables revenue in FY2017, up from 51% in FY2016 and 46% in FY2015

New applications consumables: Noninvasive ventilation, Optiflow, AIRVO, Surgical

* Adjusted to exclude impact of US distribution transition in FY16 & FY17
Homecare Product Group

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. We estimate the market is growing approximately 6-8% p.a.
- 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 Brevida™
Home Respiratory Support

- Chronic obstructive pulmonary disease (COPD) is a lung disease which is commonly associated with smoking
- Emphysema and chronic bronchitis are both forms of COPD
- Chronic respiratory disease, primarily COPD, is the third leading cause of death in the US\textsuperscript{16}
- 6\% of US adults have been diagnosed with COPD\textsuperscript{17} (~15 million people)
- 4-10\% COPD prevalence worldwide\textsuperscript{18} (~400 million people)
High Level of Innovation and Investment in R&D

- R&D represents 9.6% of operating revenue:* NZ$86M
- Product pipeline includes:
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 161 US patents, 357 US pending, 714 ROW, 732 ROW pending*

* As at 31 March 2017
Growing Patent Portfolio


- Average remaining life of FPH patent portfolio: 12 years*

* As at 31 March 2017
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
- 103 acres / 42 hectares land

**Tijuana, Mexico**
- One building: 18,000 m² / 200,000 ft²
- 37 acres / 15 hectares land
Strong 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 700 staff in 29 countries
  - Ongoing international expansion

- Distributors
  - 100+ distributors worldwide

- Original Equipment Manufacturers
  - Supply most leading ventilator manufacturers

- Sell in more than 120 countries in total
Long Term Margin Targets

- Gross Margin
  - 2013: 55%
  - 2014: 55%
  - 2015: 57%
  - 2016: 60%
  - 2017: 62%

- Operating Margin
  - 2013: 20%
  - 2014: 22%
  - 2015: 24%
  - 2016: 25%
  - 2017: 28%

- Long term gross margin target: 65%
- Long term operating margin target: 28%

- We expect to see gross margin expansion in FY18 in the range of 50 – 100 bps.

Note: the long term margin targets are based on an assumption of a continuation of the current business environment.
Listed on NZX and ASX (NZX.FPH, ASX.FPH)

Shareholding Structure as at 31 March 2017
- NZ Institutions: 48%
- Other Institutions: 20%
- Retail & Brokers: 31%
- Other: 1%

Geographical Ownership as at 31 March 2017
- New Zealand: 48%
- Australia: 30%
- North America: 14%
- UK: 2%
- Europe (ex UK): 4%
- Asia: 2%
Consistent Growth Strategy

Our inputs:
- Our 4000+ people
- Over 65 years of trusted relationships
- Excellence in R&D
- Global supply networks
- Trusted brand

Our outputs:
- Increased efficiency of care
- Improved care & outcomes for patients
- Increased shareholder value
- Benefits to our people
- Doubling our constant currency revenue every 5-6 years

Care by Design
Improving care & outcomes through inspired and world-leading healthcare solutions

MARKET CONTEXT
AGEING POPULATION | TECHNOLOGY ADVANCEMENT | HEALTHCARE COSTS INCREASING | OTHER EXTERNAL FACTORS
Hospital Hardware

- F&P 950 and F&P 850 respiratory humidification systems
  - Invasive ventilation, nasal high flow therapy and non-invasive ventilation
- 810 respiratory humidification system
  - Entry level system
- AIRVO 2 flow generator/humidifier
  - Optiflow™ nasal high flow therapy
- HumiGard surgical humidifier
  - Laparoscopic insufflation
  - Open surgery

These products are not available in all regions until regulatory clearance has been obtained.
Hospital Single Use Consumables

- Single-use chambers
  - Patented auto filling MR290

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

- Breathing circuit components
  - Filters, catheter mount, weaning kit

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

- Interfaces
  - NIV masks, tracheostomy, Optiflow™+ and Optiflow Junior nasal cannula

- Consumable growth driving revenue growth

These products are not available in all regions until regulatory clearance has been obtained.
Optiflow™ Nasal High Flow Therapy – Delivery Options

F&P 850™ System
F&P 950™ System

These products are not available in all regions until regulatory clearance has been obtained.
Homecare Hardware and Consumables

F&P ICON™+

F&P SleepStyle™

F&P AIRVO™ 2

F&P 810™ System

F&P Simplus™

F&P Eson™ 2

F&P Brevida™

F&P Optiflow™+

These products are not available in all regions until regulatory clearance has been obtained.
Financials
## Full Year Operating Results

**FY2017** (12 months to 31 March 2017)

<table>
<thead>
<tr>
<th></th>
<th>% of Revenue</th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>100%</td>
<td>894.4</td>
<td>+10%</td>
<td>+14%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>34.0%</td>
<td>304.0</td>
<td>+3%</td>
<td>+7%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>66.0%</td>
<td>590.4</td>
<td>+13%</td>
<td>+17%</td>
</tr>
<tr>
<td>Other income (R&amp;D grant)</td>
<td></td>
<td>5.0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>30.1%</td>
<td>269.3</td>
<td>+11%</td>
<td>+16%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>9.6%</td>
<td>86.0</td>
<td>+17%</td>
<td>+17%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td></td>
<td>355.3</td>
<td>+13%</td>
<td>+16%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>26.8%</td>
<td>240.1</td>
<td>+14%</td>
<td>+19%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>18.9%</td>
<td>169.2</td>
<td>+18%</td>
<td>+21%</td>
</tr>
</tbody>
</table>

^ PCP = prior comparable period * CC = constant currency
## Cash Flow & Balance Sheet

### FY2017 (for the 12 months ended 31 March 2017)

<table>
<thead>
<tr>
<th>Item</th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (+34%)</td>
<td>193.6</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>63.0</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>39.1</td>
</tr>
</tbody>
</table>

### FY2017 (as at 31 March 2017)

<table>
<thead>
<tr>
<th>Item</th>
<th>NZ$M</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>661.6</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>878.2</td>
<td></td>
</tr>
<tr>
<td>Pre-tax return on average equity</td>
<td>39.6%</td>
<td></td>
</tr>
<tr>
<td>Pre-tax return on average total assets</td>
<td>29.0%</td>
<td></td>
</tr>
<tr>
<td>Gearing (debt/debt + equity)</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>
Foreign Exchange Effects

- 52% of operating revenue in USD and 20% in €.

<table>
<thead>
<tr>
<th>Hedging position as at 24 August 2017</th>
<th>Year to 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedging position for our main exposures</td>
<td>2018</td>
</tr>
<tr>
<td>USD % cover of expected exposure</td>
<td>84%</td>
</tr>
<tr>
<td>USD average rate of cover</td>
<td>0.676</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>88%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation of Constant Currency to Actual Income Statements</th>
<th>Year ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 NZ$000</td>
</tr>
<tr>
<td>Profit before tax (constant currency)</td>
<td>199,511</td>
</tr>
<tr>
<td>Spot exchange rate effect</td>
<td>1,509</td>
</tr>
<tr>
<td>Foreign exchange hedging result</td>
<td>(4,005)</td>
</tr>
<tr>
<td>Balance sheet revaluation</td>
<td>3,815</td>
</tr>
<tr>
<td>Profit before tax (as reported)</td>
<td><strong>200,830</strong></td>
</tr>
</tbody>
</table>
Important Notice and References

Disclaimer
The information in this presentation is for general purposes only and should be read in conjunction with Fisher & Paykel Healthcare Corporation Limited's (FPH) 2017 Annual Report and accompanying market releases. Nothing in this presentation should be construed as an invitation for subscription, purchase or recommendation of securities in FPH.

This presentation includes forward-looking statements about the financial condition, operations and performance of FPH and its subsidiaries. These statements are based on current expectations and assumptions regarding FPH's business and performance, the economy and other circumstances. As with any projection or forecast, the forward-looking statements in this presentation are inherently uncertain and susceptible to changes in circumstances. FPH’s actual results may differ materially from those expressed or implied by those forward-looking statements.

References