Important Notice

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) 2018 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.
FY2018 Business Highlights

+ WELCOMED SIGNIFICANT NEW CLINICAL RESEARCH USING OUR OPTIFLOW JUNIOR AND MYAIRVO PRODUCTS

+ ENCOURAGED BY THE PUBLICATION OF 259 NEW CLINICAL STUDIES IN NASAL HIGH FLOW THERAPY IN 2017

+ INTRODUCED OUR NEW PRODUCTS, SLEEPSTYLE, NIVAIRO AND OPTIFLOW JUNIOR 2 INTO GLOBAL MARKETS

+ CONTINUED WITH THE GLOBAL ROLL OUT OF OUR ENTERPRISE PLANNING SYSTEM (ERP) IN JAPAN, CANADA AND KOREA

+ PROGRESSED WITH OUR BUILDING PROGRAMMES IN NEW ZEALAND AND MEXICO

+ IMPACTED THE LIVES OF 13 MILLION PATIENTS AROUND THE WORLD
Hospital Product Group

FY2018
58%
OF OPERATING REVENUE

H2 FY2018
HOSPITAL OPERATING REVENUE
NZ$
↑17%

CONSTANT CURRENCY
↑15%

NEW APPLICATIONS* CONSUMABLES REVENUE
NZ$
↑27%

CONSTANT CURRENCY
↑25%

Respiratory humidification and support

• New applications consumables* made up 59% of H2 FY2018 Hospital consumables revenue, up from 55% in H1 FY2018

• Strong customer demand for our Optiflow and AIRVO systems

• Further positive clinical trial results for Optiflow nasal high flow therapy

Surgical technologies

*New applications = Noninvasive ventilation (NIV), Optiflow™, AIRVO™, Surgical
Homecare Product Group

FY2018
41% OF OPERATING REVENUE

H2 FY2018
HOMECARE OPERATING REVENUE NZ$
↑4%

CONSTANT CURRENCY
↑3%

MASKS REVENUE NZ$
↑4%

CONSTANT CURRENCY
↑2%

CPAP therapy / Obstructive Sleep Apnea (OSA)

Home respiratory support
## Second Half Financial Highlights

**H2 FY2018 (6 months to 31 March 2018)**

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
<th>ΔPCP</th>
<th>ΔCC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>522.5</td>
<td>+11%</td>
<td>+9%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>310.5</td>
<td>+17%</td>
<td>+15%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>207.0</td>
<td>+4%</td>
<td>+3%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+27%</td>
<td>+25%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+4%</td>
<td>+2%</td>
</tr>
<tr>
<td>Gross margin (basis points increase/decrease)</td>
<td></td>
<td>-48bps</td>
<td>+22bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>108.9</td>
<td>+20%</td>
<td>+21%</td>
</tr>
</tbody>
</table>
# Full Year Financial Highlights

**FY2018 (12 months to 31 March 2018)**

<table>
<thead>
<tr>
<th>Description</th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record operating revenue</td>
<td>980.8</td>
<td>+10%</td>
<td>+9%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>572.1</td>
<td>+14%</td>
<td>+13%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>398.1</td>
<td>+4%</td>
<td>+4%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+23%</td>
<td>+22%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+6%</td>
<td>+5%</td>
</tr>
<tr>
<td>Gross margin (basis points increase)</td>
<td></td>
<td>+31bps</td>
<td>+34bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>190.2</td>
<td>+12%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 87% of operating revenue (FY17: 86%)
Dividend and Gearing

• Increased final dividend by 11%:
  - 12.50 cps + 4.861 cps imputation credit for NZ residents (gross dividend of NZ 17.361 cps)
  - Fully imputed
  - 2.206 cps non-resident supplementary dividend
  - Dividend reinvestment plan available for New Zealand and Australian residents. No discount will apply

• Target gearing ratio* of +5% to -5% debt to debt plus equity
  - Gearing ratio at 31 March 2018 was -7.3%

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).
Outlook FY2019

Expect at current exchange rates (of NZD:USD 0.695, NZD:EUR 0.59):

- Operating revenue - NZ$1.05 billion
- Net profit after tax - approximately NZ$210 million

Capital expenditure for FY19 expected to be approximately NZ$160 to $170 million

- New facilities in New Zealand and Mexico
- Increased manufacturing capacity and new product tooling
Overview
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 (87%) 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

294 of our people in Europe

37 Our people are located in 37 countries

308 of our people in the rest of the world

1,314 of our people in North America

2,258 of our people in New Zealand

Strong financial performance

• Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years

• Targeting 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
~US$6+ Billion and Growing Market Opportunity

**HOSPITAL**

- Invasive Ventilation
- Hospital Respiratory Support
- Non-invasive Ventilation
- Surgical Humidification

**HOME CARE**

- Home Respiratory Support
- CPAP Therapy

"NEW APPLICATIONS"
Applications outside of invasive ventilation
OUR ASPIRATION: Sustainably DOUBLING our constant currency revenue every 5-6 years.
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 87% of operating revenue (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

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

Medical devices 6%

94%
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

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

NON-INVASIVE VENTILATION
Clinical Outcomes of Optiflow Nasal High Flow Therapy

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:
- NON-INFERIORITY 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

- New applications consumables now make up 59% of Hospital consumables revenue, up from 50% in FY2016 and 54% in FY2017

* Adjusted to exclude impact of US distribution transition in FY16 and FY17
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.
- 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
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 9.7% of operating revenue: * NZ$94.7M

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

• 186 US patents, 385 US pending, 870 ROW, 912 ROW pending †

* For 12 months ended 31 March 2018
† As at 31 March 2018
Growing Patent Portfolio


Average remaining life of FPH patent portfolio (all countries): 12 years*

* As at 31 March 2018
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 / 40 hectares land
  • Fourth building underway

Tijuana, Mexico
  • 18,000 m² / 200,000 ft²
  • Consumables capacity ramping up
  • Construction of second building to be completed in FY19
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 950 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

OPERATING MARGIN

Note: the long term margin targets are based on an assumption of a continuation of the current business environment.
Ownership Structure and Listings

- Listed on NZX and ASX (NZX.FPH, ASX.FPH)
Consistent Growth Strategy

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

Our inputs
- Our 4000+ people
- Over 45 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

MARKET CONTEXT

AGEING POPULATION | TECHNOLOGY ADVANCEMENT | HEALTHCARE COSTS INCREASING | OTHER EXTERNAL FACTORS
## Full Year Operating Results

**FY2018 (12 months to 31 March 2018)**

<table>
<thead>
<tr>
<th></th>
<th>% of Revenue</th>
<th>NZ$M</th>
<th>△PCP^</th>
<th>△CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue</strong></td>
<td>100%</td>
<td>980.8</td>
<td>+10%</td>
<td>+9%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>33.7%</td>
<td>330.4</td>
<td>+9%</td>
<td>+8%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>66.3%</td>
<td>650.4</td>
<td>+10%</td>
<td>+9%</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>29.7%</td>
<td>290.9</td>
<td>+8%</td>
<td>+7%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>9.7%</td>
<td>94.7</td>
<td>+10%</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
<td>385.6</td>
<td>+9%</td>
<td>+7%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>27.5%</td>
<td>269.8</td>
<td>+12%</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>19.4%</td>
<td>190.2</td>
<td>+12%</td>
<td>+12%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>FY2018 (for the 12 months ended 31 March 2018)</th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow (+28%)</td>
<td>247.8</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>98.7</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>44.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2018 (as at 31 March 2018)</th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash</td>
<td>49.9</td>
</tr>
<tr>
<td>Total equity</td>
<td>761.4</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,025.1</td>
</tr>
<tr>
<td>Pre-tax return on average equity</td>
<td>37.6%</td>
</tr>
<tr>
<td>Pre-tax return on average total assets</td>
<td>28.1%</td>
</tr>
<tr>
<td>Gearing (debt/debt + equity)</td>
<td>-7.3%</td>
</tr>
</tbody>
</table>
Foreign Exchange Effects

- 51% of operating revenue in USD (FY17: 52%) and 20% in €.

<table>
<thead>
<tr>
<th>Hedging position for our main exposures</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD % cover of expected exposure</td>
<td>70%</td>
<td>55%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>USD average rate of cover</td>
<td>0.675</td>
<td>0.659</td>
<td>0.628</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>80%</td>
<td>55%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.608</td>
<td>0.575</td>
<td>0.536</td>
<td>0.519</td>
<td>0.507</td>
</tr>
</tbody>
</table>

Hedging cover percentages have been rounded to the nearest 5%
Profit & Loss by Currency

FY2018 (for the 12 months ended 31 March 2018)

Revenue by Currency

Cost of Sales by Currency

Operating Expenses by Currency

NZD  USD  EUR  MXN  Other

NZD  USD  EUR  MXN  Other

NZD  USD  EUR  MXN  Other
References

4. Sheryl Jacobson, Yvonne Wu. 2015 Health Care Outlook: China. Deloitte 2015,