H1 FY2018 Business Highlights

**+ CONTINUED**
With the roll out of our new Enterprise Resource Planning System in Japan, China, Taiwan and Hong Kong

**+ INCLUDED**
In the MSCI Standard Indices* and Dow Jones Sustainability Indices

**+ LAUNCHED**
Our new products, SleepStyle and Optiflow Junior 2 in Australasia

**+ ENCOURAGED**
By the publication of a further 69 Nasal High Flow Clinical Papers during the first half

**+ BEGAN**
Preparation for construction of our new facilities in New Zealand and Mexico

**+ AWARDED**
NZ Best Design Awards for our Optiflow Junior 2, brevida, Eson 2 and SleepStyle products

* With effect from market close on 30 November 2017
Hospital Product Group

H1 FY2018
57%
OF OPERATING REVENUE

HOSPITAL OPERATING REVENUE
NZ$262.5M

↑ 11%
CONSTANT CURRENCY

↑ 12%

NEW APPLICATIONS*
CONSUMABLES REVENUE

NZ$

↑ 18%

CONSTANT CURRENCY

↑ 19%

Respiratory humidification and support

F&P 950™ System
F&P 850™ System
F&P AIRVO™ 2

Surgical technologies

• New applications consumables* make up 55% of Hospital consumables revenue
• Strong customer demand for our Optiflow and AIRVO systems
• Further positive clinical trial results for Optiflow nasal high flow therapy

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

H1 FY2018

42% OF OPERATING REVENUE

HOMECARE OPERATING REVENUE
NZ$191.3M

↑ 4%

CONSTANT CURRENCY

↑ 5%

MASKS REVENUE
NZ$

↑ 8%

CONSTANT CURRENCY

↑ 8%

CPAP therapy / Obstructive Sleep Apnea (OSA)

F&P Simplus™

F&P Eson™2

F&P Brevida™

F&P SleepStyle™

Home respiratory support

F&P AIRVO®2

F&P 810™ System

F&P Optiflow™+
First Half Financial Highlights

H1 FY2018 (6 months to 30 September 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>458.4</td>
<td>+8%</td>
<td>+8%</td>
</tr>
<tr>
<td>Record Hospital operating revenue</td>
<td>262.5</td>
<td>+11%</td>
<td>+12%</td>
</tr>
<tr>
<td>Record Homecare operating revenue</td>
<td>191.3</td>
<td>+4%</td>
<td>+5%</td>
</tr>
<tr>
<td>Hospital new applications consumables revenue</td>
<td></td>
<td>+18%</td>
<td>+19%</td>
</tr>
<tr>
<td>OSA masks revenue</td>
<td></td>
<td>+8%</td>
<td>+8%</td>
</tr>
<tr>
<td>Gross margin (bps increase)</td>
<td></td>
<td>+116bps</td>
<td>+47bps</td>
</tr>
<tr>
<td>Record net profit after tax</td>
<td>81.3</td>
<td>+4%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Recurring items, consumables and accessories approximately 87% of operating revenue (H1 FY17: 86%)

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

• Increased interim dividend by 6%:
  - 8.75 cps + 3.4028 cps imputation credit for NZ residents (gross dividend of NZ 12.1528 cps)
  - Fully imputed
  - 1.5441 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 30 September 2017 was 3.8%

* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less hedge reserve).
Outlook FY2018

Expect at current exchange rates (of NZD:USD 0.685, NZD:EUR 0.59) for the balance of the financial year:

- Operating revenue – approaching NZ$1 billion
- Net profit after tax – approximately NZ$185 – NZ$190 million
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

258 of our people in Europe
36 Our people are located in 36 countries
922 of our people in North America
2,142 of our people in the rest of the world

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
Noninvasive 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 (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

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

- **Medical devices**

Source: Estimates of Medical Device Spending in the United States, Donahoe, G and King, G, June 2014
Lower Care Intensity = Lower Cost

Hospital
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
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:**
- 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

- New applications consumables now make up 55% of Hospital consumables revenue, up from 51% in FY2016 and 52% in FY2017

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

* Adjusted to exclude impact of US distribution transition in FY16 and FY17
Homecare
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\cite{16}
- 6% of US adults have been diagnosed with COPD\cite{17} (~15 million people)
- 4-10% COPD prevalence worldwide\cite{18} (~400 million people)
High Level of Innovation and Investment in R&D

• R&D represents 10% of operating revenue: \* NZ$47M

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

• 168 US patents, 357 US pending, 771 ROW, 809 ROW pending\^{

\* For 6 months ended 30 September 2017
\^ As at 30 September 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
• 100 acres / 40 hectares land
• Fourth building underway

Tijuana, Mexico
• 18,000 m² / 200,000 ft²
• Consumables capacity ramping up
• Purchased new 15 hectare site
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 800 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

REVENUE BY REGION
6 MONTHS TO 30 SEPTEMBER 2017

North America: 46%
Europe: 28%
Asia Pacific: 21%
Other: 5%
Long Term Margin Targets

• 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.
Ownership Structure and Listings

- Listed on NZX and ASX (NZX.FPH, ASX.FPH)

SHAREHOLDING STRUCTURE AS AT 30 SEPTEMBER 2017

- NZ Institutions: 50%
- Other Institutions: 18%
- Brokers & Retail: 29%
- Other: 3%

GEOGRAPHICAL OWNERSHIP AS AT 30 SEPTEMBER 2017

- New Zealand: 29%
- Australia: 45%
- North America: 17%
- UK: 5%
- Europe (ex UK): 2%
- Asia: 2%
Consistent Growth Strategy

Our inputs:
- Our 4000+ people
- Over 45 years of trusted relationships
- Excellence in R&D
- Global supply networks
- Trusted brand

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

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
## Half Year Operating Results

H1 FY2018 (6 months to 30 September 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><strong>Operating revenue</strong></td>
<td>100%</td>
<td>458.4</td>
<td>+8%</td>
<td>+8%</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>34.0%</td>
<td>155.7</td>
<td>+4%</td>
<td>+7%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>66.0%</td>
<td>302.7</td>
<td>+10%</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Other income (R&amp;D grant)</strong></td>
<td></td>
<td>2.5</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>31.3%</td>
<td>143.3</td>
<td>+14%</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>10.2%</td>
<td>46.9</td>
<td>+13%</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
<td>41.5%</td>
<td>+13%</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>25.1%</td>
<td>115.0</td>
<td>+4%</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>17.7%</td>
<td>81.3</td>
<td>+4%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1 FY2018</strong> (for the 6 months ended 30 September 2017)</td>
<td></td>
</tr>
<tr>
<td>Operating cash flow (+8%)</td>
<td>82.2</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>51.6</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>23.5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>H1 FY2018</strong> (as at 30 September 2017)</td>
<td></td>
</tr>
<tr>
<td>Debt (net)</td>
<td>26.4</td>
</tr>
<tr>
<td>Total equity</td>
<td>687.2</td>
</tr>
<tr>
<td>Total assets</td>
<td>933.8</td>
</tr>
<tr>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Pre-tax return on average equity</td>
<td>34%</td>
</tr>
<tr>
<td>Pre-tax return on average total assets</td>
<td>25%</td>
</tr>
<tr>
<td>Gearing (debt/debt + equity)</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
Foreign Exchange Effects

- 51% of operating revenue in USD (1H FY17: 52%) and 20% in €.

<table>
<thead>
<tr>
<th>Hedging position for our main exposures</th>
<th>2018</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>90%</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>0.678</td>
<td>0.673</td>
<td>0.658</td>
<td>0.627</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>EUR % cover of expected exposure</td>
<td>90%</td>
<td>70%</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>EUR average rate of cover</td>
<td>0.594</td>
<td>0.616</td>
<td>0.581</td>
<td>0.539</td>
<td>0.522</td>
<td>0.509</td>
</tr>
</tbody>
</table>

Hedging cover percentages have been rounded to the nearest 5%

<table>
<thead>
<tr>
<th>Reconciliation of Constant Currency to Actual Income Statements</th>
<th>2016 NZ$M</th>
<th>2017 NZ$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax (constant currency)</td>
<td>102.8</td>
<td>105.4</td>
</tr>
<tr>
<td>Spot exchange rate effect</td>
<td>3.5</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Foreign exchange hedging result</td>
<td>9.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Balance sheet revaluation</td>
<td>(4.8)</td>
<td>0.1</td>
</tr>
<tr>
<td>Profit before tax (as reported)</td>
<td>111.2</td>
<td>114.1</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) 2018 Interim Report and accompanying market releases. Nothing in this presentation should be construed as an invitation for subscription, purchase or recommendation of securities in FPH.

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References