



Half Year Results Presentation FY2018
Sustainable Profitable Growth

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

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



F&P HumiGard™

- 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

Homecare Product Group

H1 FY2018

42%

OF OPERATING REVENUE

HOME CARE 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™+

Fisher & Paykel
HEALTHCARE

First Half Financial Highlights

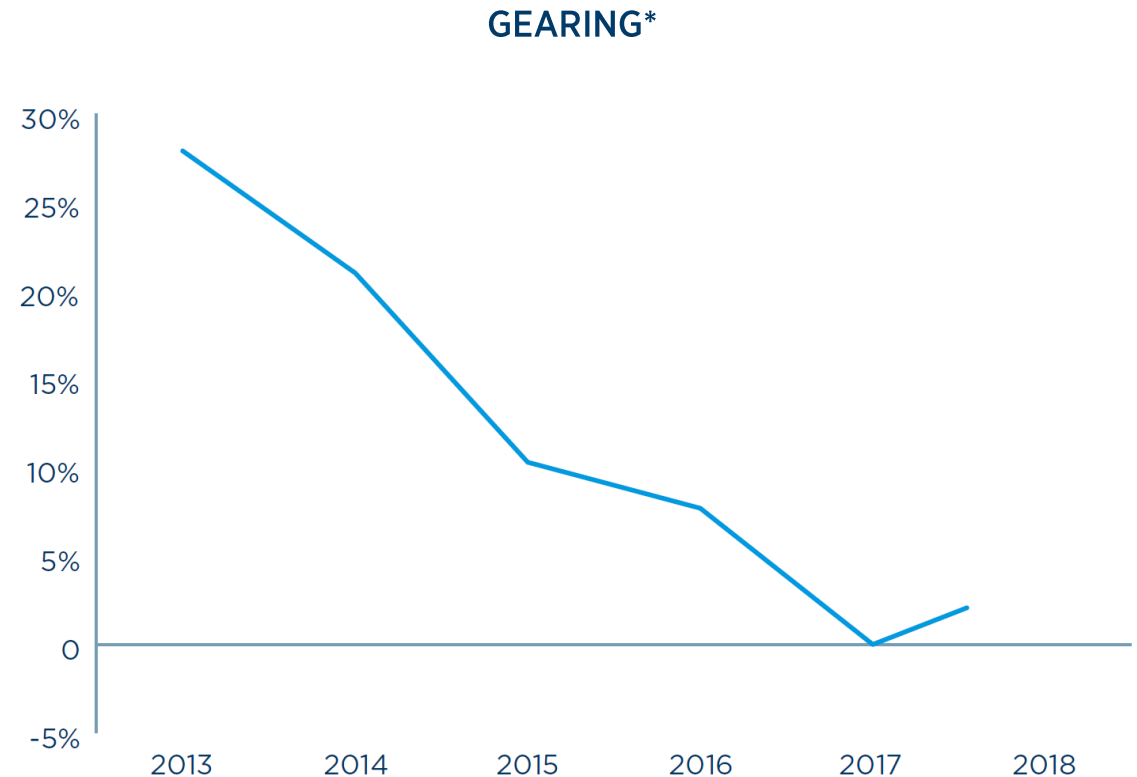
H1 FY2018 (6 months to 30 September 2017)

	NZ\$M	ΔPCP^	ΔCC*
Record operating revenue	458.4	+8%	+8%
Record Hospital operating revenue	262.5	+11%	+12%
Record Homecare operating revenue	191.3	+4%	+5%
Hospital new applications consumables revenue		+18%	+19%
OSA masks revenue		+8%	+8%
Gross margin (bps increase)		+116bps	+47bps
Record net profit after tax	81.3	+4%	+2%

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

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%



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

「Hospital」



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



Strong financial performance

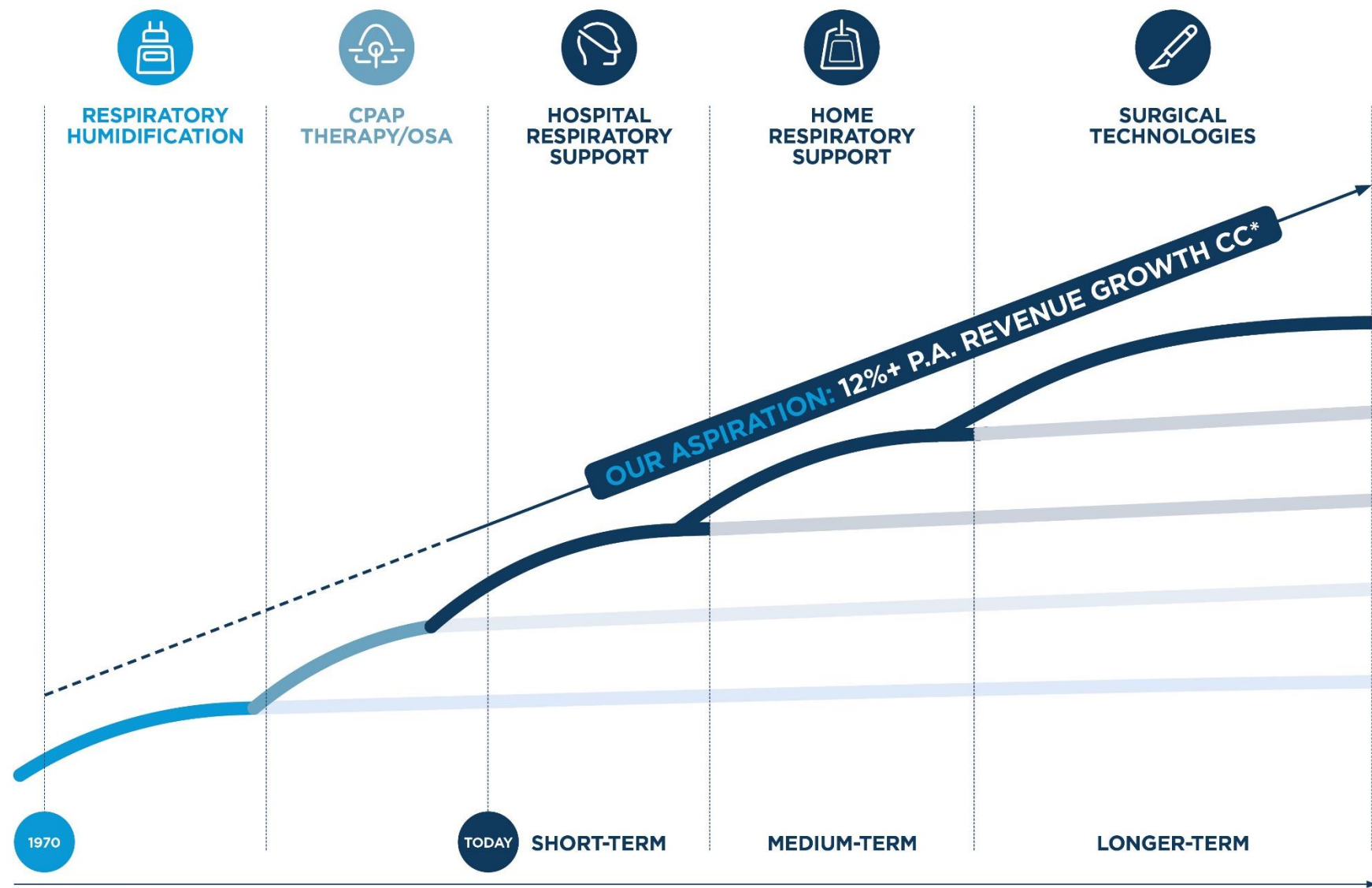
- Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years
- Targeting gross margin of 65% and operating margin of 30%
- Growth company with targeted dividend pay-out ratio of approximately 70% of net profit after tax

Consistent growth strategy

~US\$6+ Billion and Growing Market Opportunity



Our Aspiration



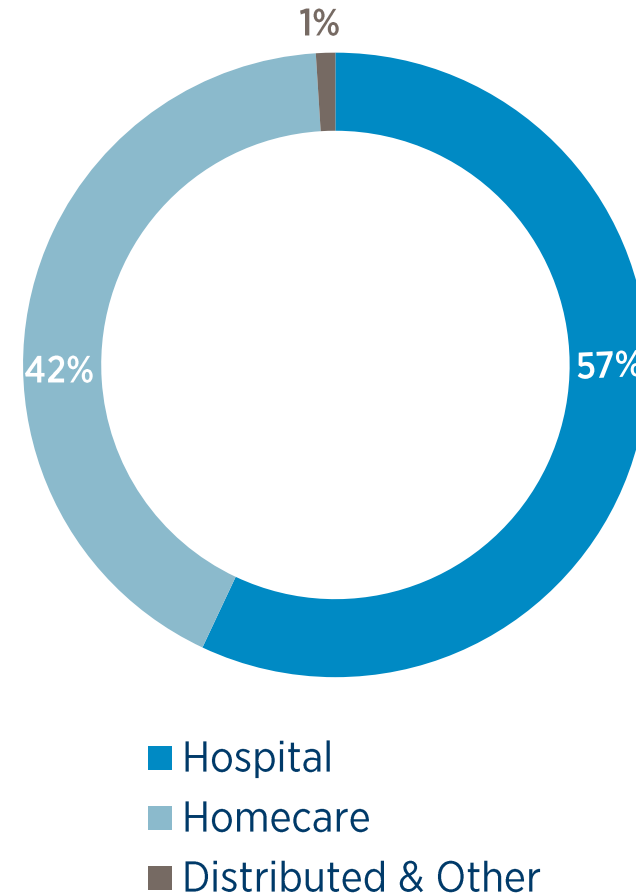
OUR ASPIRATION:
Sustainably
DOUBLING
our constant
currency revenue
every 5-6 years.

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%)

REVENUE BY PRODUCT GROUP
6 MONTHS TO 30 SEPTEMBER 2017

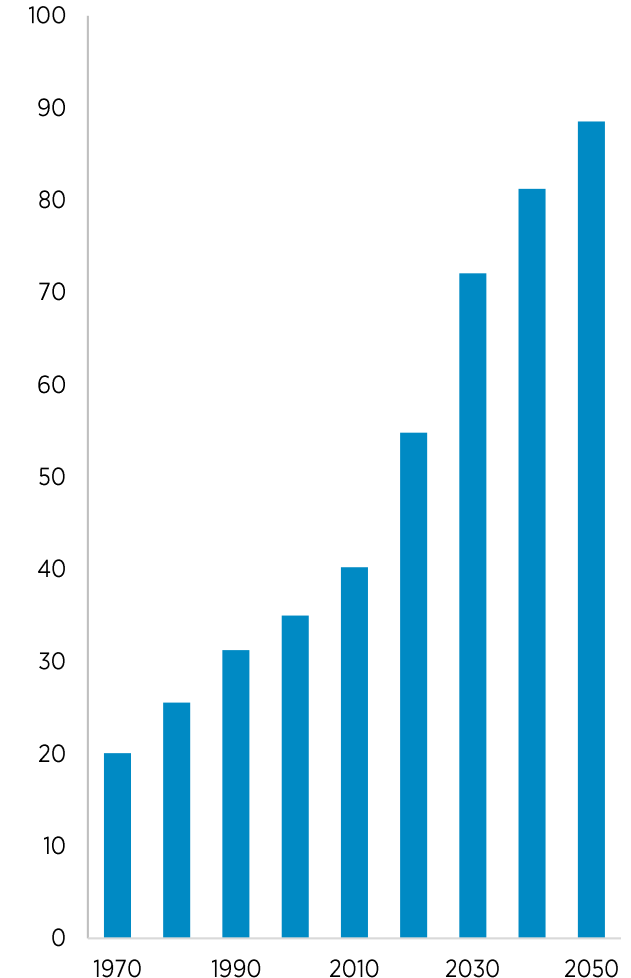


Impact of Changing Demographics

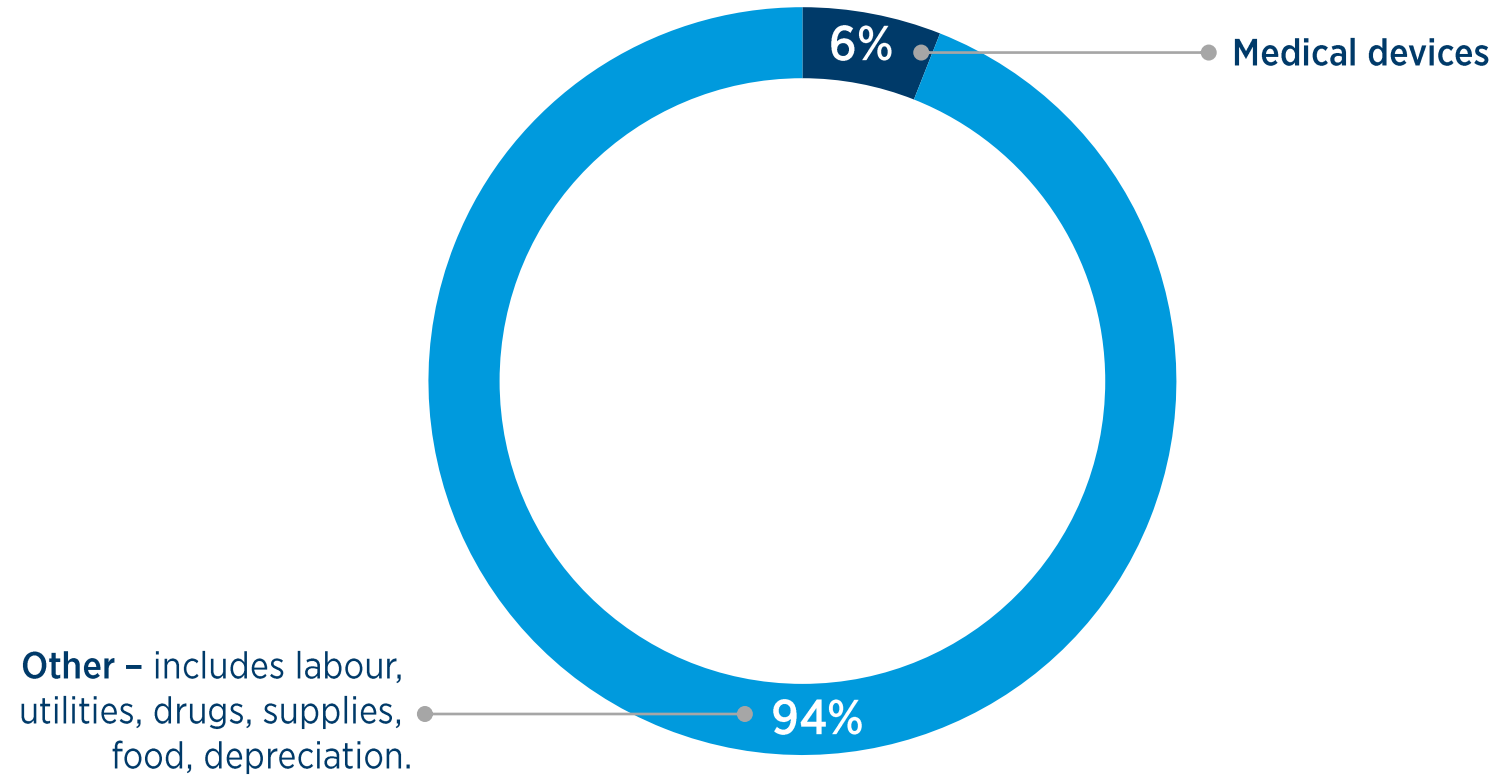
- Population age and weight both increasing
 - US population 65 years+ to grow ~80% over next 20 years¹
 - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960²
- 60% of US healthcare cost is after age 65 years³
- Developing markets increasing healthcare spending
 - China healthcare expenditure projected to grow at 12% per year between 2014-2018⁴



US POPULATION OVER AGE 65
(MILLIONS)

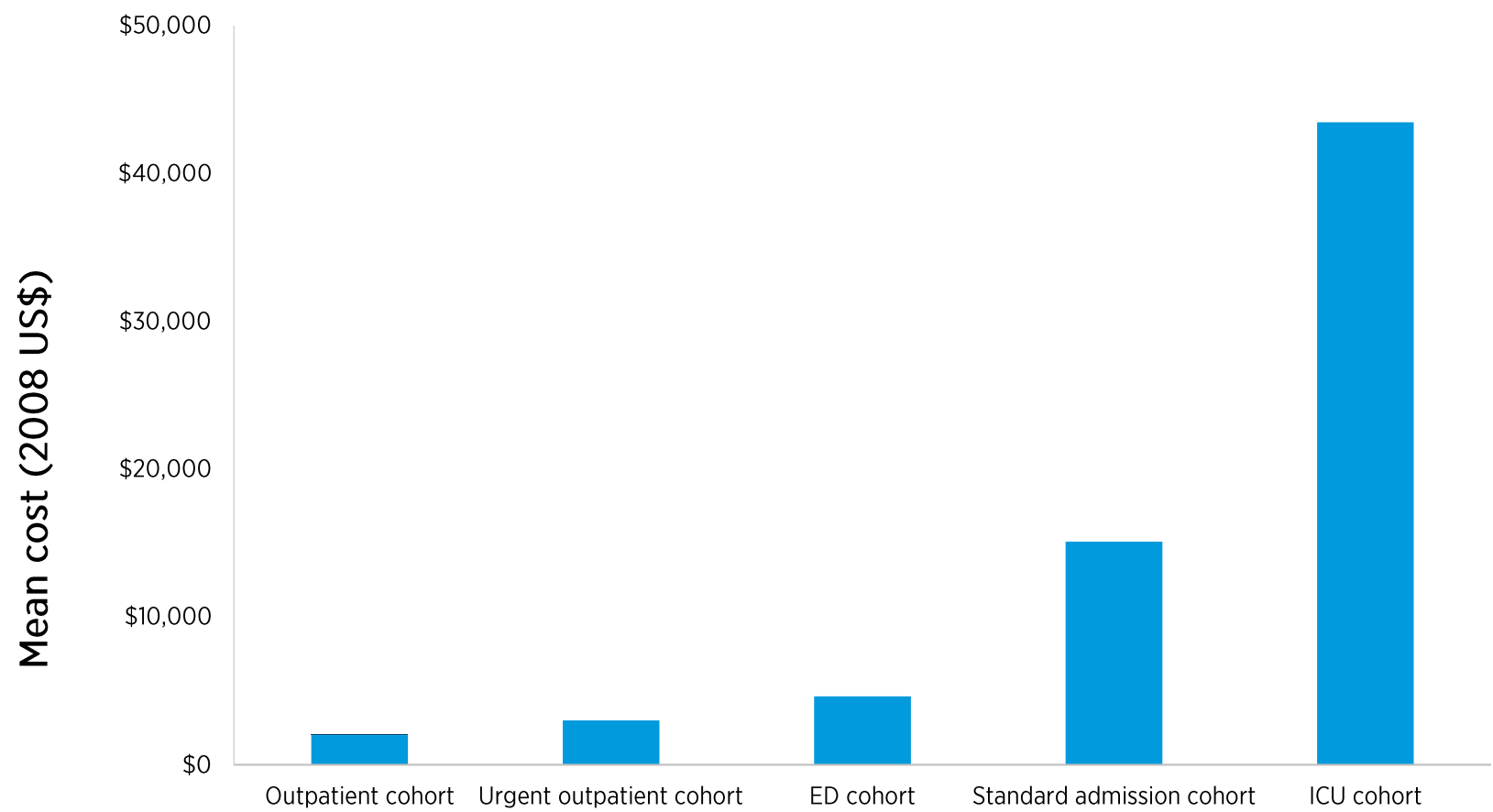


Hospital Cost Breakdown



Lower Care Intensity = Lower Cost

MEAN ANNUAL COPD-RELATED MEDICAL, PHARMACY
AND TOTAL COSTS BY CARE INTENSITY COHORT



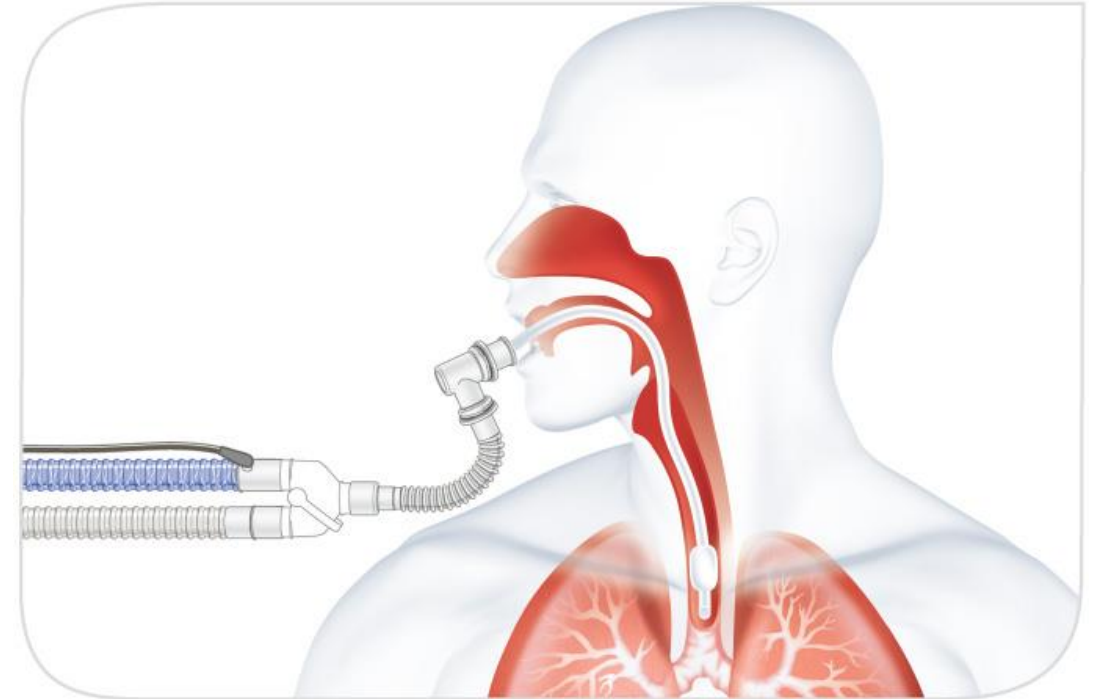


Hospital



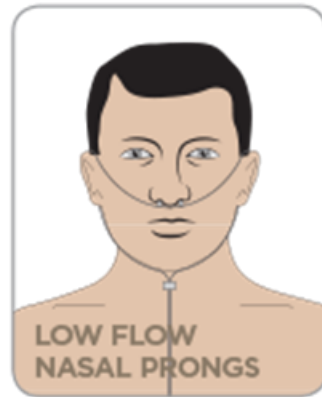
Respiratory Humidification

- 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

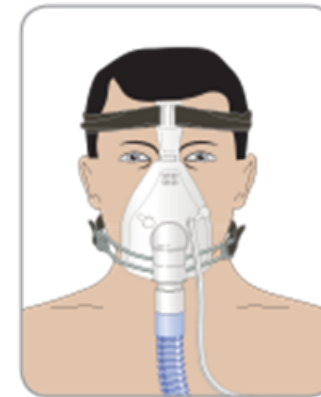


Optiflow - Displacing Conventional Oxygen Therapy

CONVENTIONAL OXYGEN THERAPY



NONINVASIVE VENTILATION



Clinical Outcomes of Optiflow Nasal High Flow Therapy

Optiflow NHF therapy is associated with:

ADULTS:

- REDUCED intubation⁵
- REDUCED re-intubation^{6, 7, 8}
- REDUCED bilevel ventilation⁷
- REDUCED nursing workload⁷
- INCREASED ventilator free days⁵
- IMPROVED comfort & patient tolerance⁶
- IMPROVED compliance⁶

PAEDIATRICS:

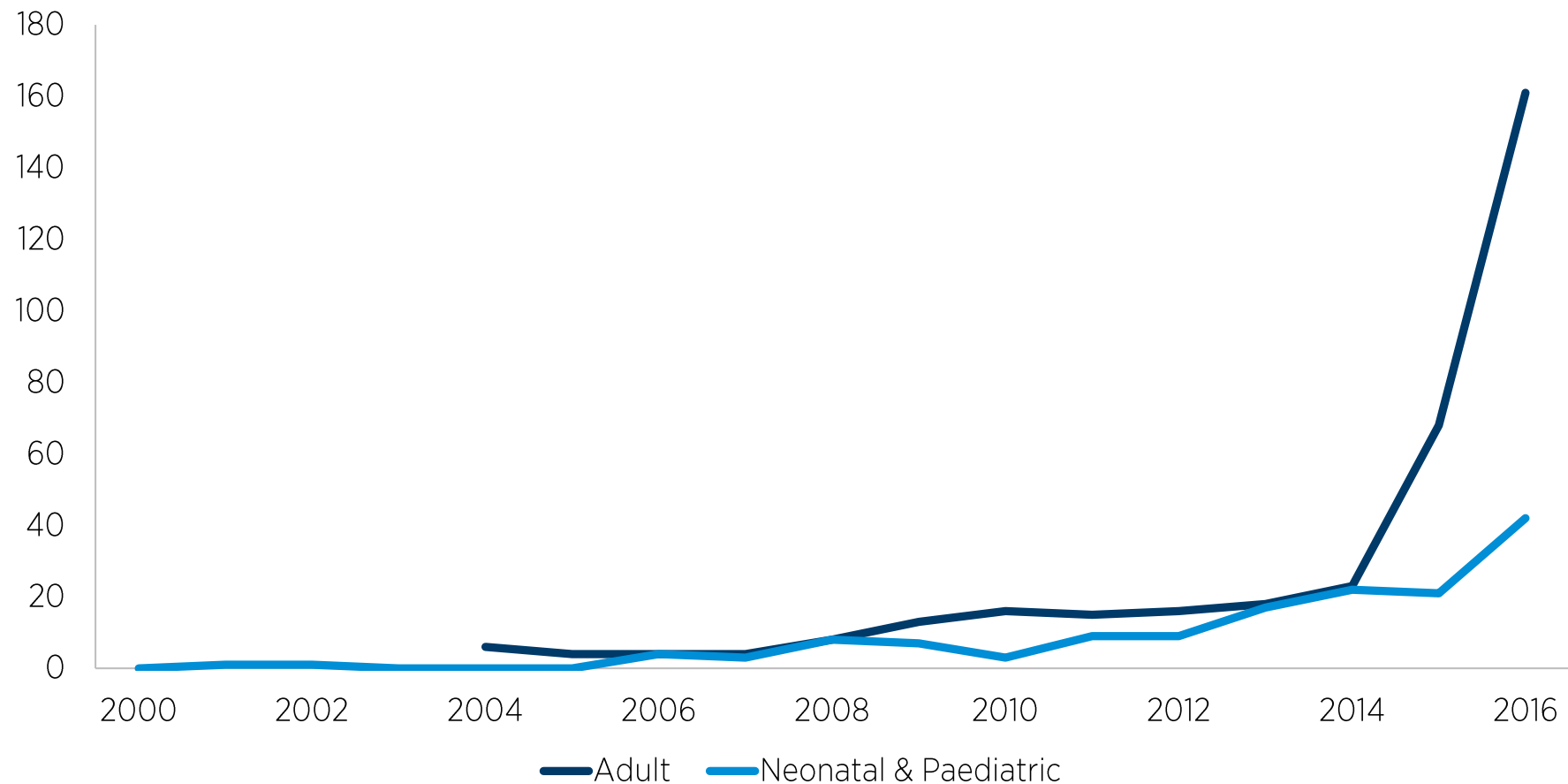
- REDUCED intubation⁹
- REDUCED length of stay¹⁰
- REDUCED respiratory distress¹¹

NEONATES:

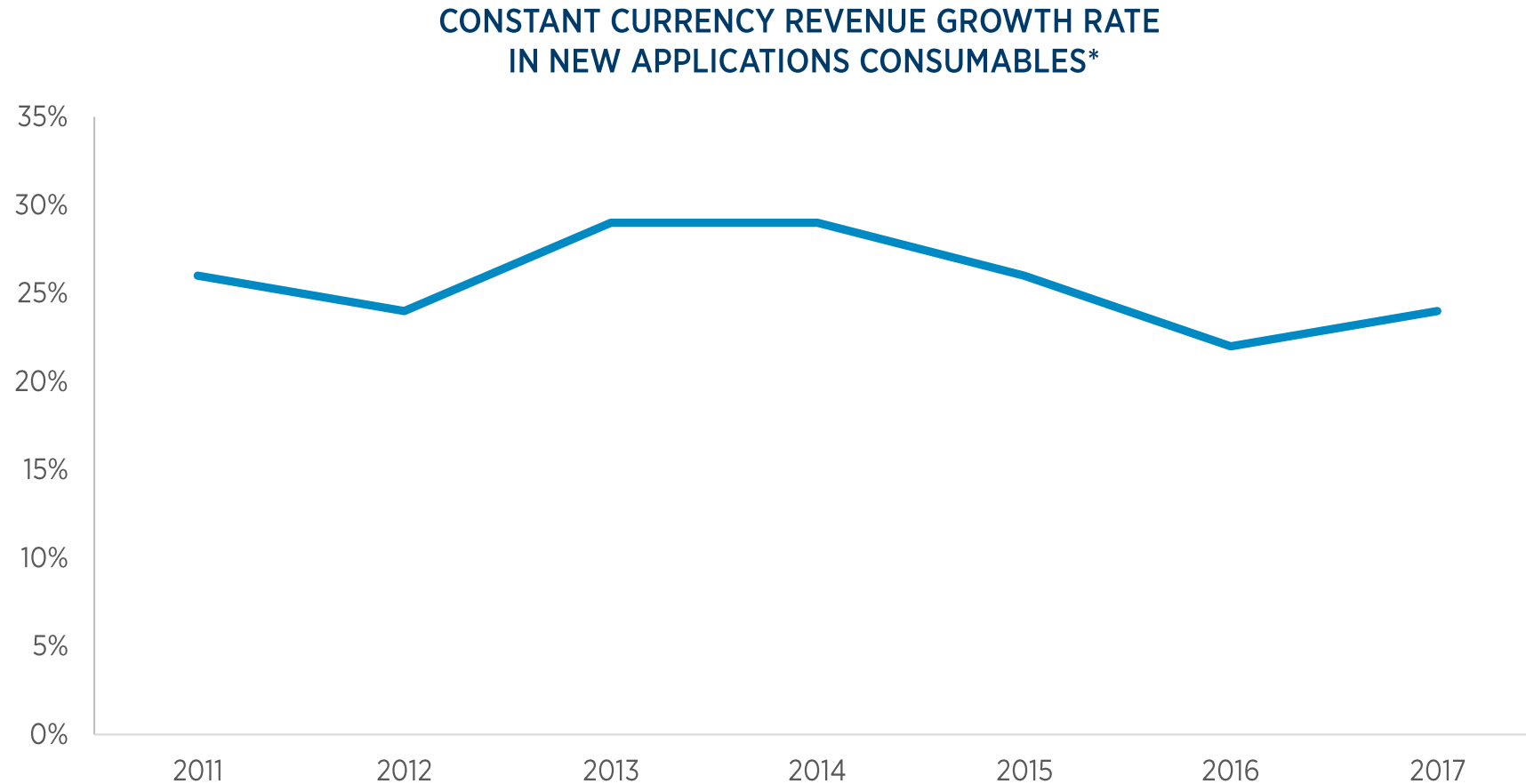
- NONINFERIORITY with nasal CPAP¹²
- REDUCED nasal trauma^{13, 14}
- REDUCED respiratory distress¹⁵

Optiflow NHF - A Growing Body of Clinical Evidence

NASAL HIGH FLOW CLINICAL PAPERS PUBLISHED ANNUALLY



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

「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

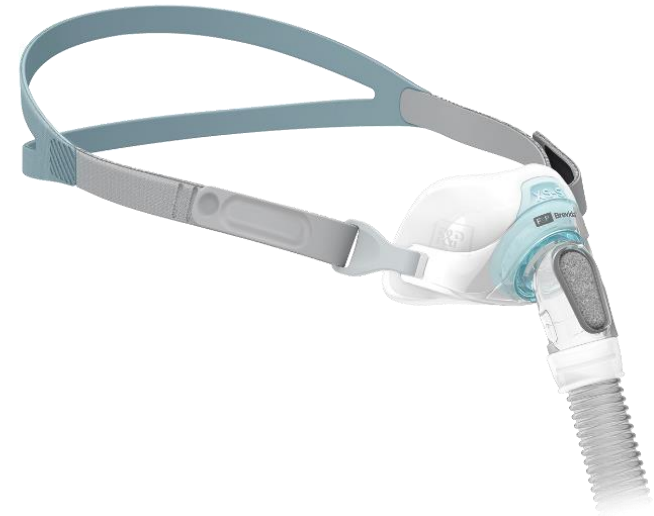
- Market leading mask technology
- Unique, patented designs
- Mask Matters Most
 - Masks are key to compliance



F&P ESON 2™



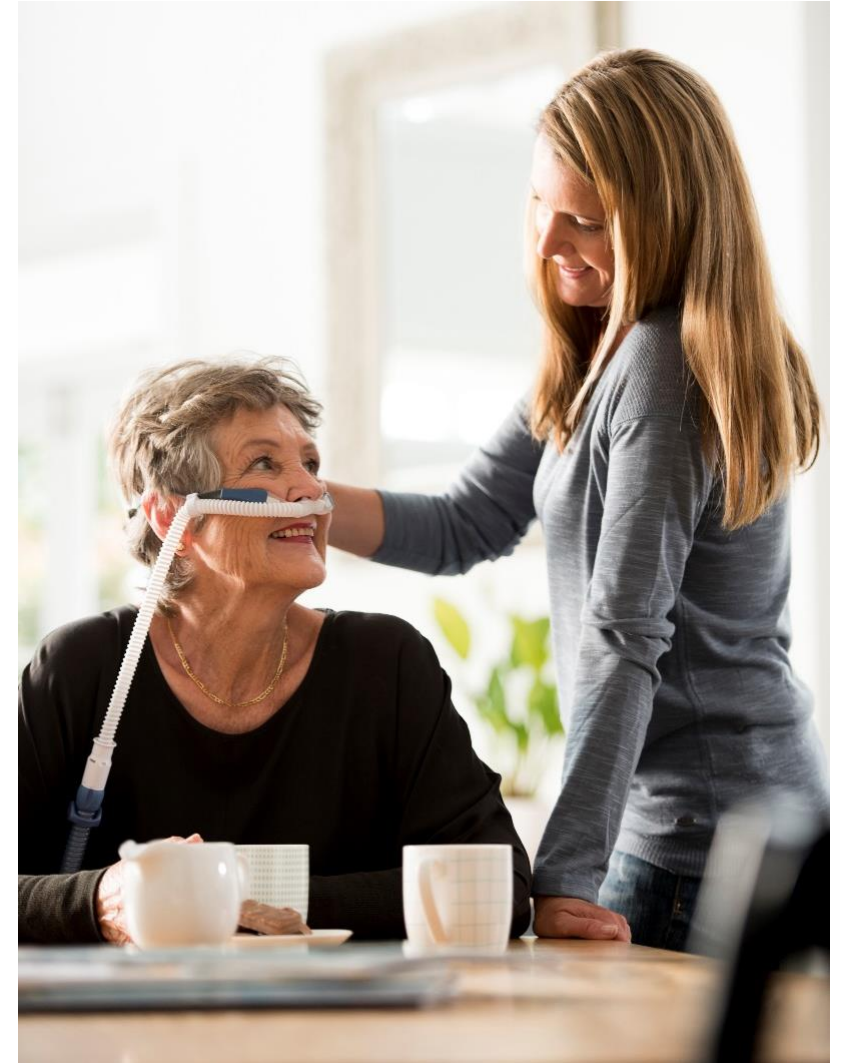
F&P SIMPLUS™



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 US¹⁶
- 6% of US adults have been diagnosed with COPD¹⁷ (~15 million people)
- 4-10% COPD prevalence worldwide¹⁸ (~400 million people)

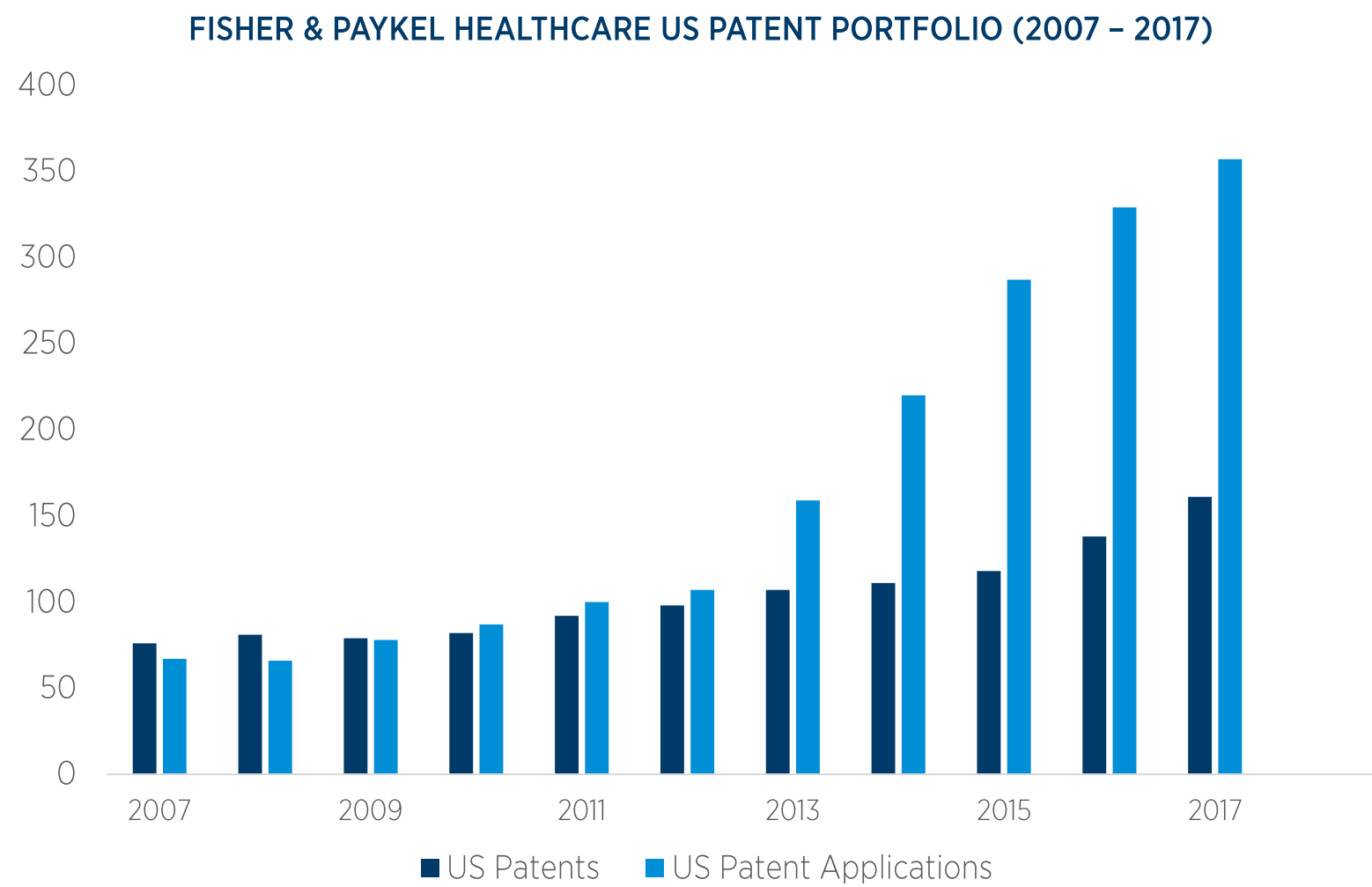


High Level of Innovation and Investment in R&D

- 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[†]



Growing Patent Portfolio



Average remaining life of FPH patent portfolio: 12 years*

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

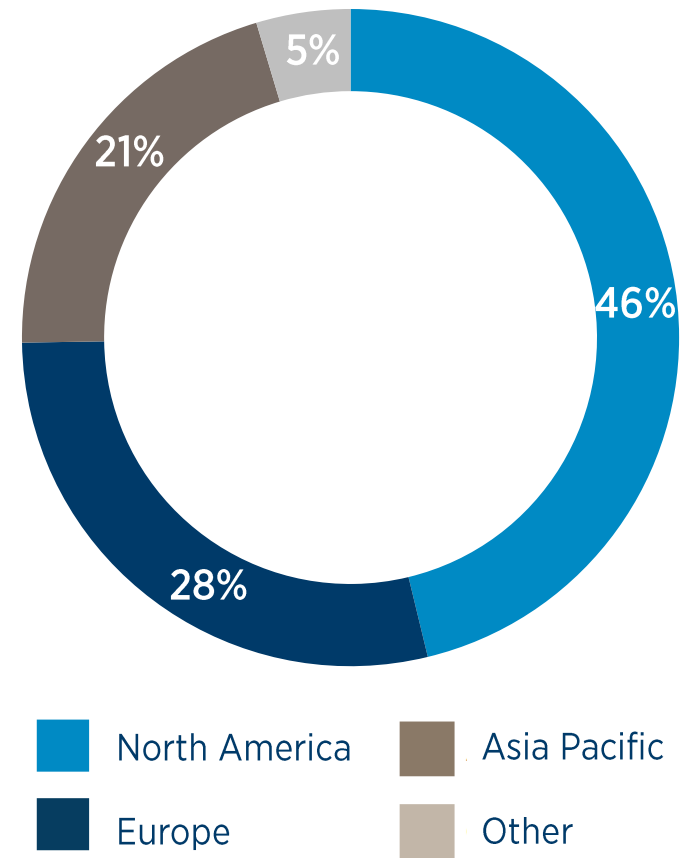
- 18,000 m² / 200,000 ft²
- Consumables capacity ramping up
- Purchased new 15 hectare site



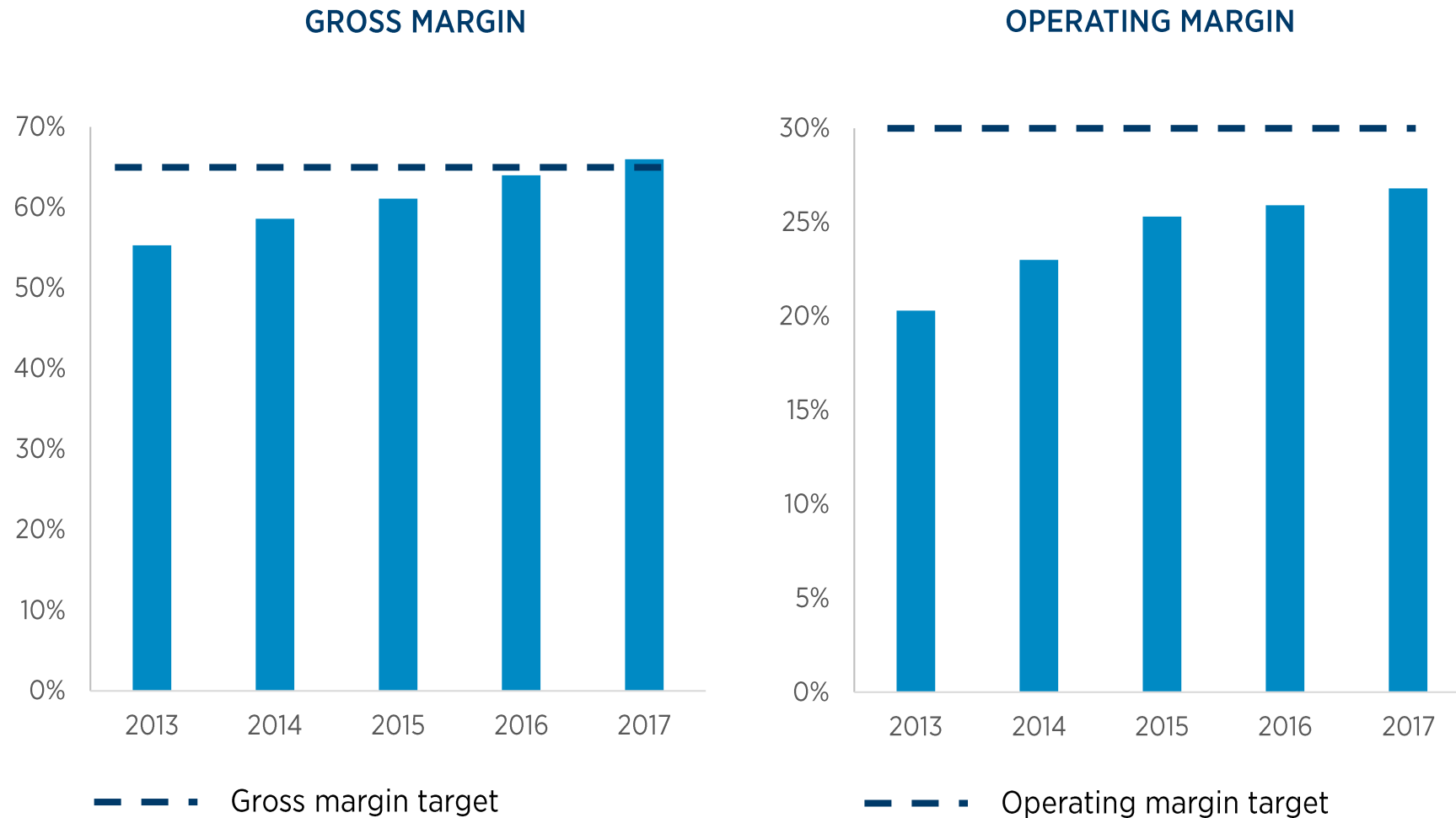
Strong Global Presence

- 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



Long Term Margin Targets

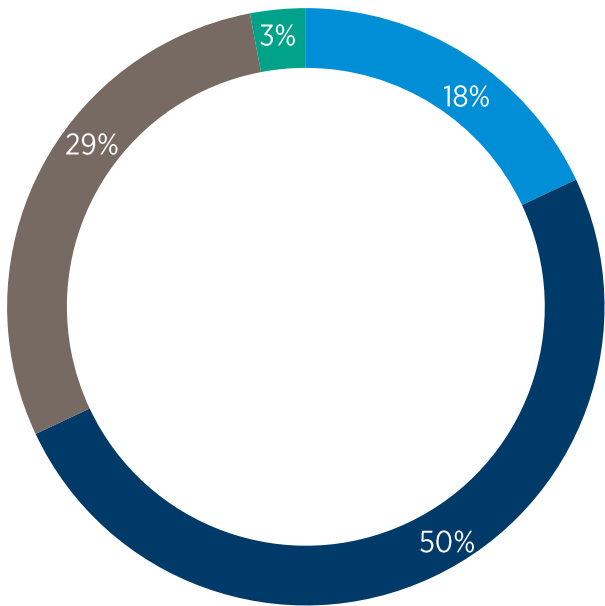


- We expect to see gross margin expansion in FY18 in the range of 50 – 100 bps

Ownership Structure and Listings

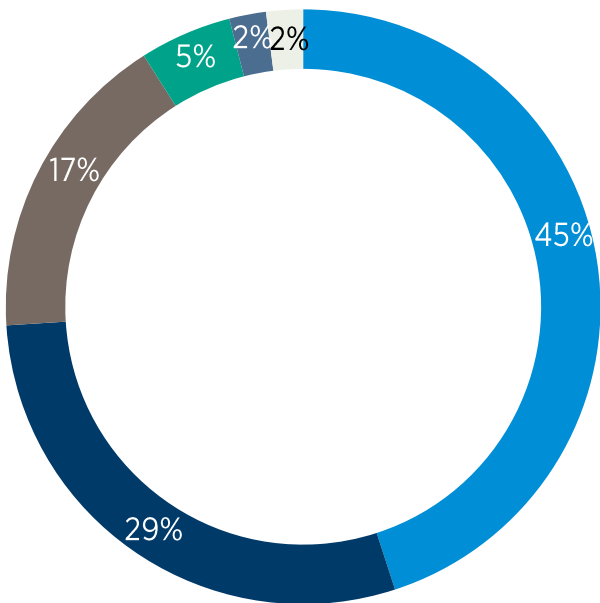
- Listed on NZX and ASX (NZX.FPH, ASX.FPH)

SHAREHOLDING STRUCTURE AS AT
30 SEPTEMBER 2017



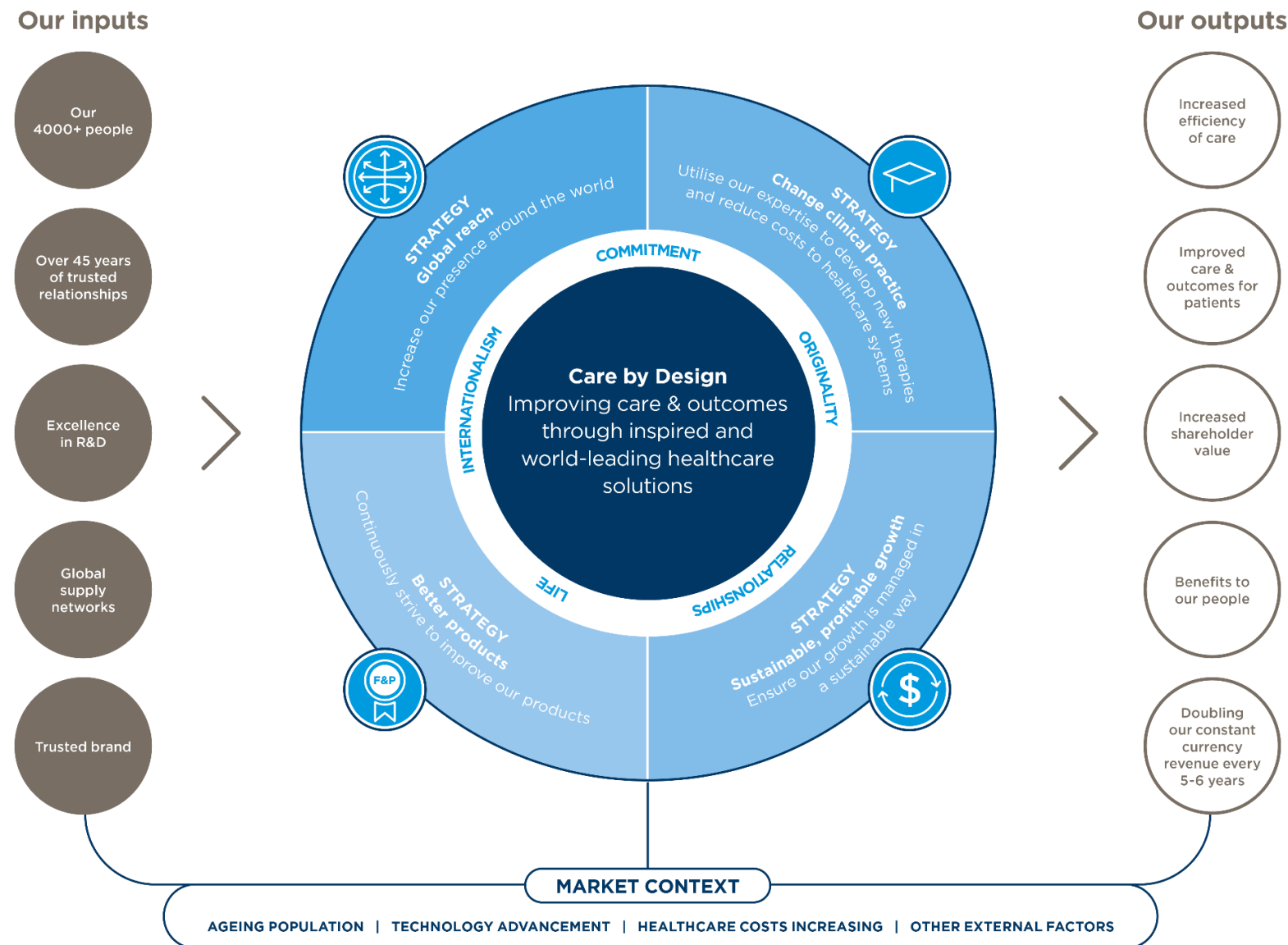
■ NZ Institutions ■ Other Institutions
■ Brokers & Retail ■ Other

GEOGRAPHICAL OWNERSHIP AS AT
30 SEPTEMBER 2017



■ New Zealand ■ Australia ■ North America
■ UK ■ Europe (ex UK) ■ Asia

Consistent Growth Strategy



「 Financials 」



Half Year Operating Results

H1 FY2018 (6 months to 30 September 2017)

	% of Revenue	NZ\$M	ΔPCP^	ΔCC*
Operating revenue	100%	458.4	+8%	+8%
Cost of sales	34.0%	155.7	+4%	+7%
Gross profit	66.0%	302.7	+10%	+9%
Other income (R&D grant)		2.5	0%	0%
SG&A	31.3%	143.3	+14%	+14%
R&D	10.2%	46.9	+13%	+13%
Total operating expenses	41.5%	190.2	+13%	+14%
Operating profit	25.1%	115.0	+4%	+1%
Profit after tax	17.7%	81.3	+4%	+2%

Cash Flow & Balance Sheet

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

Foreign Exchange Effects

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

	Six months to 31 March			Year to 31 March		
Hedging position for our main exposures	2018	2019	2020	2021	2022	2023
USD % cover of expected exposure	90%	70%	55%	20%	0%	0%
USD average rate of cover	0.678	0.673	0.658	0.627	NA	NA
EUR % cover of expected exposure	90%	70%	40%	20%	20%	20%
EUR average rate of cover	0.594	0.616	0.581	0.539	0.522	0.509

Hedging cover percentages have been rounded to the nearest 5%

	Six months ended 30 September	
	2016 NZ\$M	2017 NZ\$M
Reconciliation of Constant Currency to Actual Income Statements		
Profit before tax (constant currency)	102.8	105.4
Spot exchange rate effect	3.5	(1.8)
Foreign exchange hedging result	9.7	10.4
Balance sheet revaluation	(4.8)	0.1
Profit before tax (as reported)	111.2	114.1

Important Notice and References

Disclaimer

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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.

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