

Improving Care and Outcomes

Fisher & Paykel Healthcare Corporation Limited

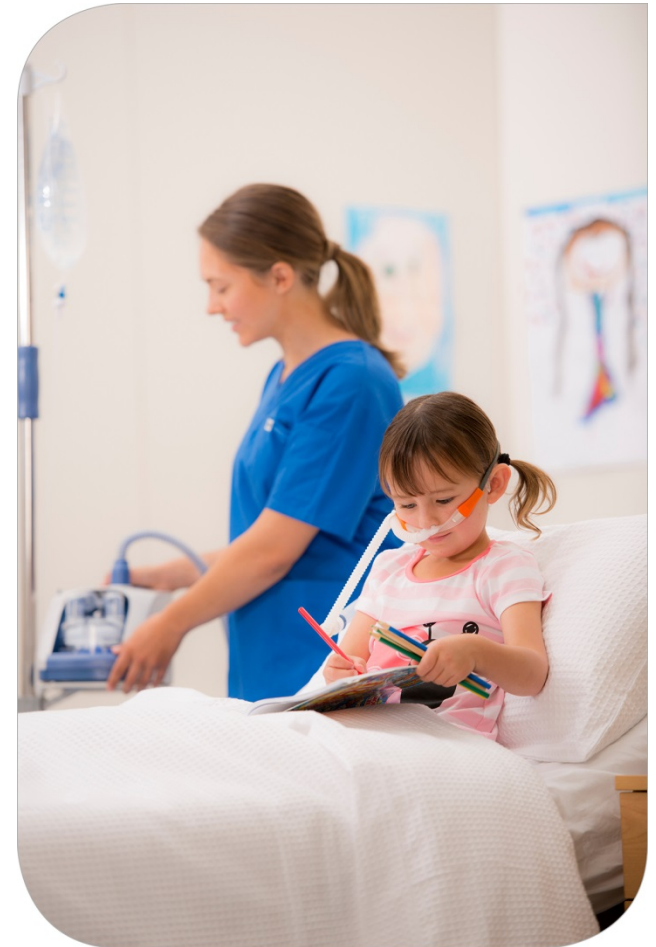


September 2015

Fisher & Paykel
HEALTHCARE

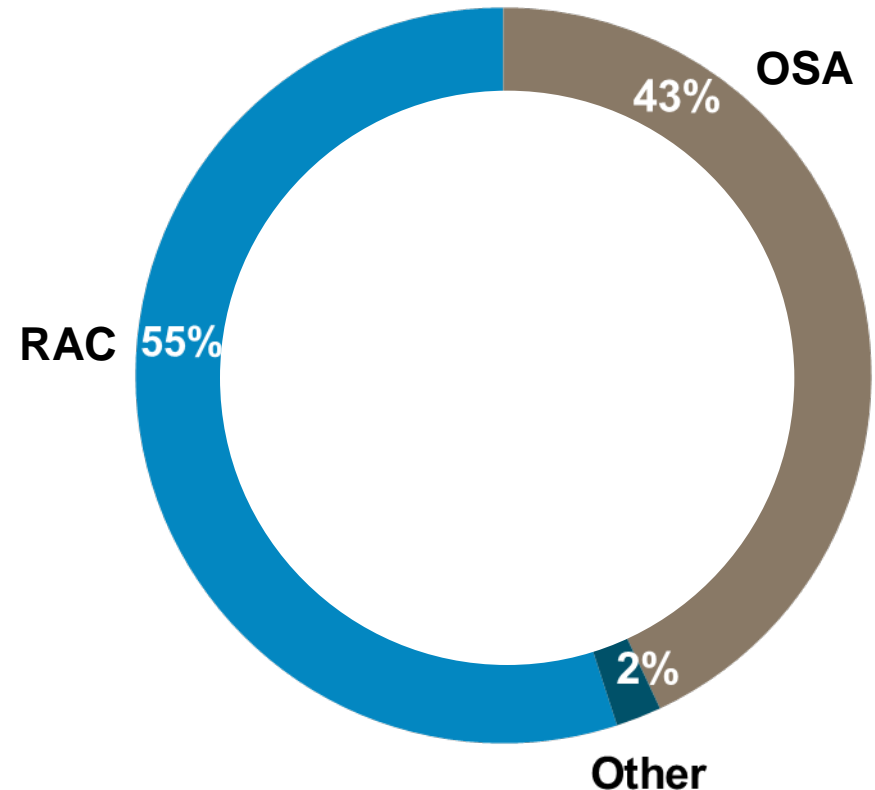
Investment Highlights

- 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



Markets & Products

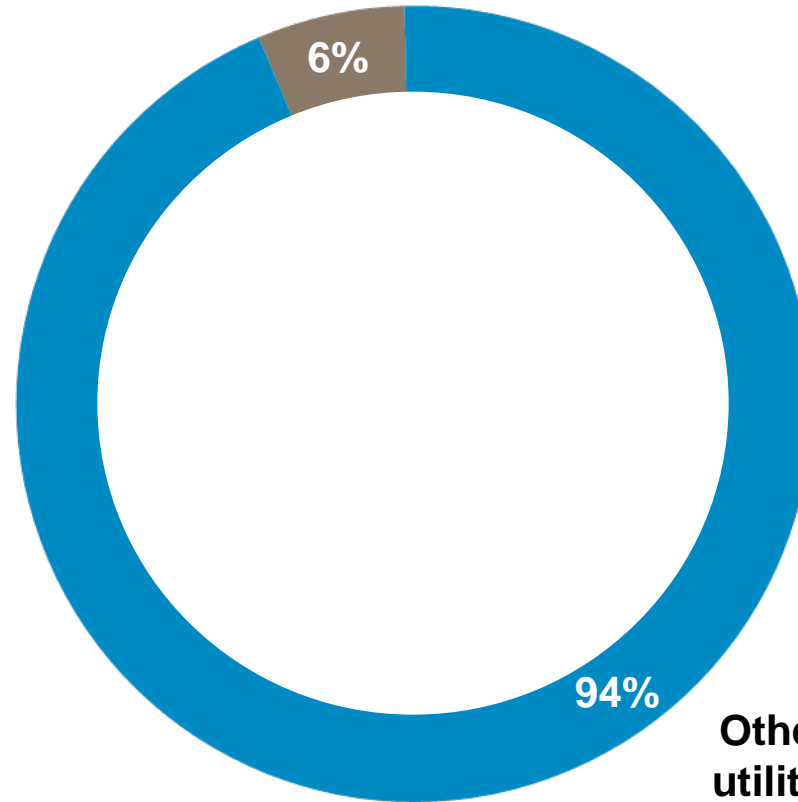
- Respiratory & Acute Care (RAC)
 - Heated humidification
 - Respiratory care
 - Neonatal care
 - Surgery
- Obstructive Sleep Apnea (OSA)
 - Masks
 - Flow generators
 - Data management tools
 - Humidifiers
- Consumable and accessory products represent approximately 81% of core product revenue (FY14: 79%)



Revenue by Product Group
12 months to 31 March 2015

Hospital Cost Breakdown

Medical devices

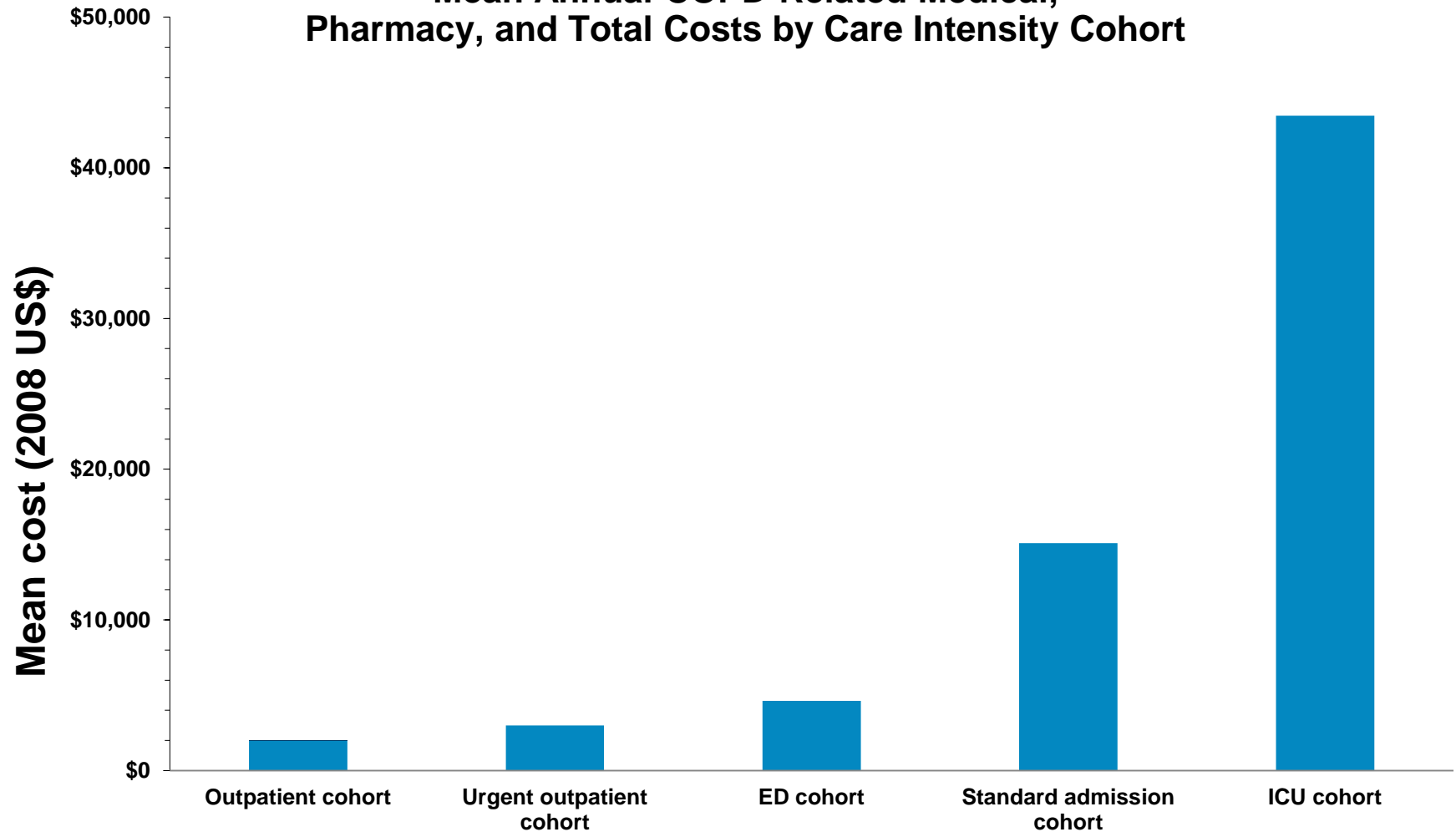


**Other – includes labour,
utilities, drugs, supplies,
food, depreciation**

Source: Estimates of Medical Device Spending in the United States, Donahoe, G and King, G, June 2014

Lower Care Intensity Equals Lower Cost

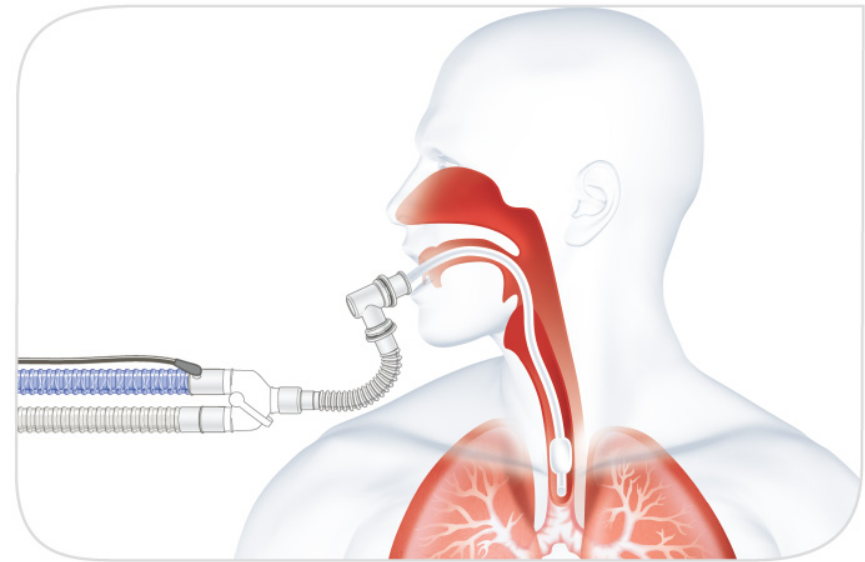
Mean Annual COPD-Related Medical,
Pharmacy, and Total Costs by Care Intensity Cohort



Source: Anand A Dalal, Laura Christensen, 2 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 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



Therapies - Respiratory Care, Acute Care & Surgical

Invasive ventilation



F&P Evaqua 2™

Noninvasive ventilation



F&P FreeMotion™

Oxygen therapy



F&P Optiflow™

Humidity therapy



F&P AIRVO™ 2

Neonatal invasive ventilation



F&P Evaqua 2™

Neonatal noninvasive ventilation



F&P Bubble CPAP

Neonatal oxygen therapy



F&P Optiflow™ junior

Surgical humidification



F&P HumiGard™

Respiratory & Acute Care - 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
- Surgical opportunity (HumiGard)
 - Laparoscopic insufflation
 - Open surgery



F&P 850™ System



F&P 810™ System



F&P AIRVO™ 2



F&P HumiGard™

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, oxygen therapy
- Approx 30 system set-ups used per controller per year
- Consumable growth driving revenue growth



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\$2.5+ billion worldwide market, growing approximately 6 - 8%
- Potentially 50-60 million affected worldwide
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - Key issue with CPAP is compliance
 - Humidification provides significant acceptance and compliance improvements



Revolutionary Masks

- Comfortable
- Easy to fit
- Efficient

F&P **Simplus™**



F&P **Eson™**



F&P **Pilairo™ Q**

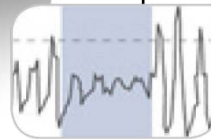
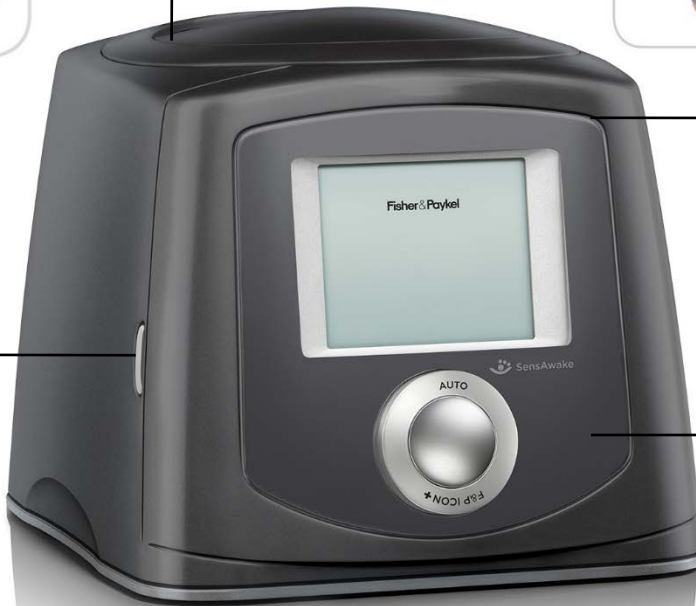


Stylish, Smart + Simplified CPAP Range

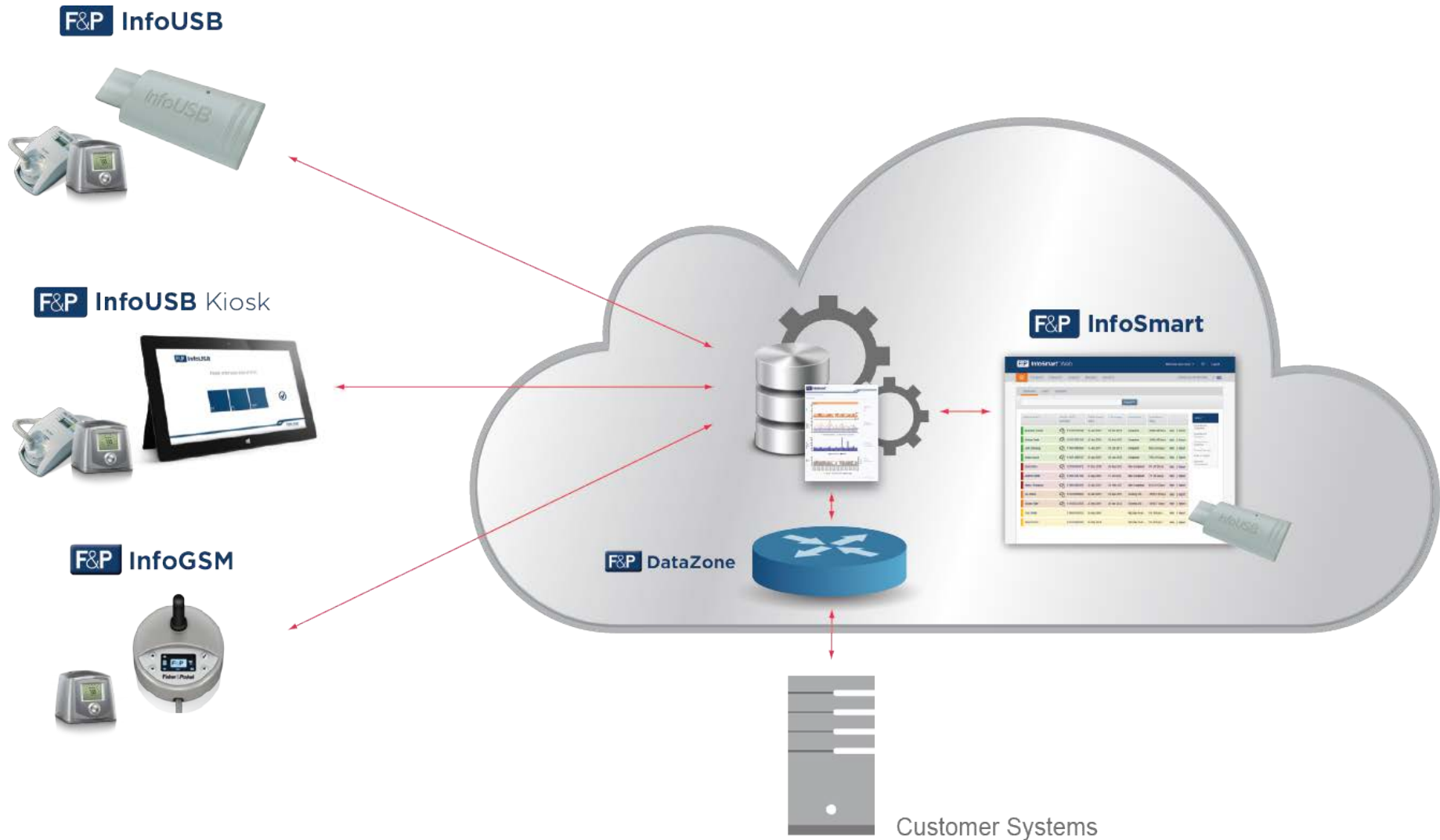
F&P **ICON™+**



- Efficiently integrates with InfoUSB and InfoSmart Web
- Responsive pressure relief - SensAwake
- ThermoSmart humidifier breathing tube technology
- Auto-adjusting CPAP

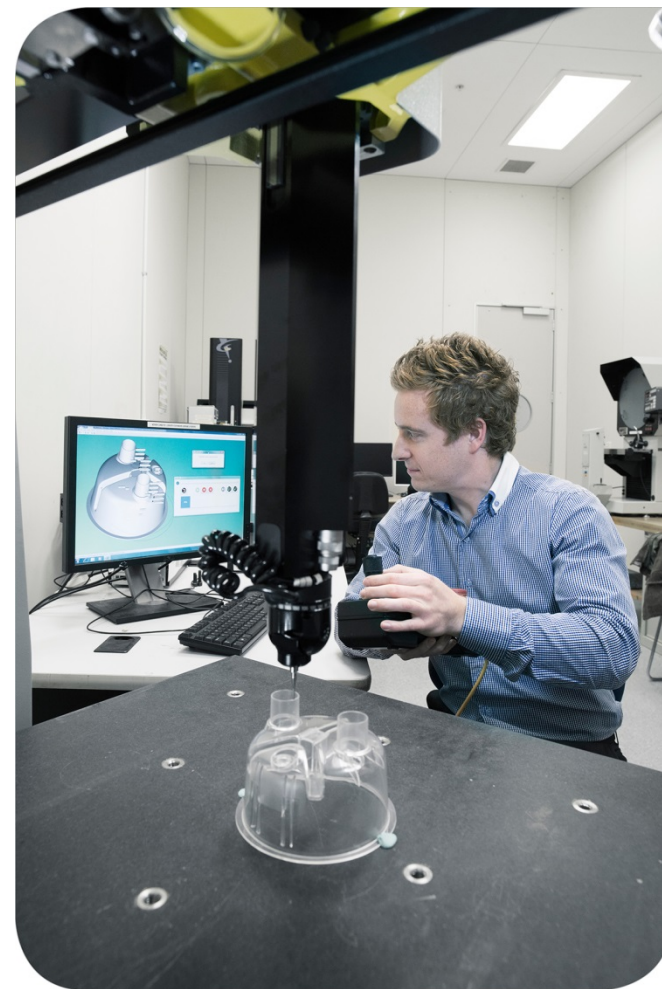


Efficient Compliance Reporting



Research & Development

- 9.7% of operating revenue, NZ\$65M¹
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 118 US patents, 287 US pending, 496 ROW, 410 ROW pending²



¹ for the 12 months ended 31 March 2015

² as at 31 March 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

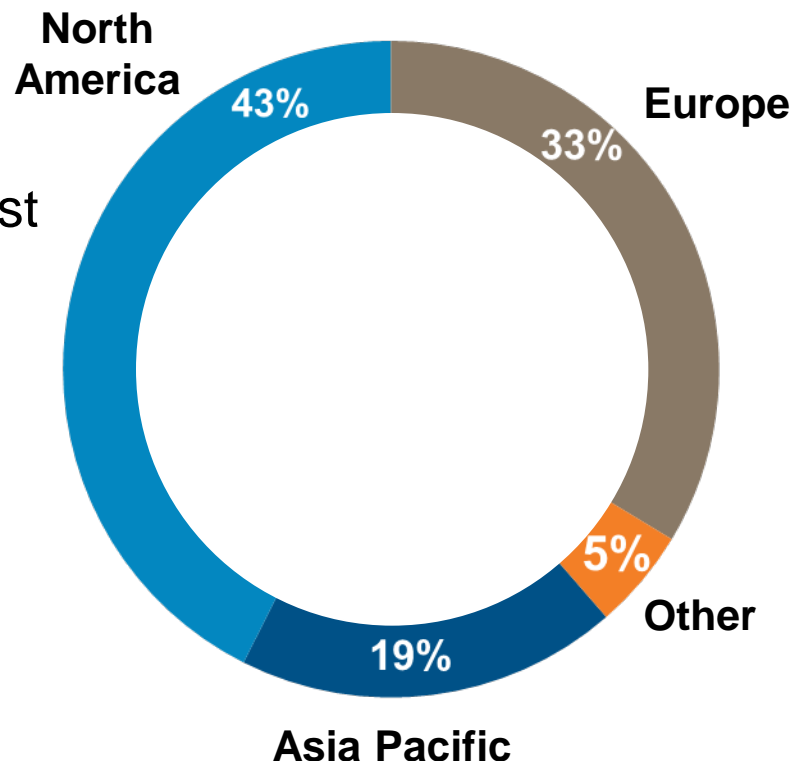
Tijuana, Mexico

- 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 700 staff in 35 countries
 - Ongoing international expansion
 - Moving to a more direct US hospital distribution model
- Distributors
 - 200+ distributors worldwide
- Original Equipment Manufacturers
 - Supply most leading ventilator manufacturers
- More than 120 countries in total



Revenue by region
12 months to 31 March 2015

Full Year Result Highlights

12 months to 31 March 2015

	NZ\$M	ΔPCP	ΔCC ¹
Record net profit after tax	113.2	+17%	+61%
Record operating revenue	672.3	+8%	+13%
Record RAC operating revenue	368.2	+9%	+14%
Record OSA operating revenue	291.1	+8%	+14%
RAC new applications consumables revenue		+21%	+26%
OSA masks revenue		+15%	+22%
Gross margin (bps increase)		+252	+443

¹. CC = constant currency

Second Half Result Highlights

6 months to 31 March 2015

	Δ PCP	Δ CC ¹
Net profit after tax	+22%	+53%
Operating revenue	+11%	+14%
Gross margin (bps increase)	+286	+429
RAC new applications consumables revenue	+24%	+27%
OSA mask revenue	+20%	+23%

1. CC = constant currency

Innovative Products Driving Growth

- Respiratory & Acute Care
 - **Optiflow™** oxygen therapy system
 - **Evaqua™2** breathing circuits
 - **AIRVO™2** & **myAIRVO™2** humidifiers with integrated flow generators
- Obstructive Sleep Apnea
 - **Simplus™** full face mask
 - **Eson™** nasal mask



Full Year Operating Results

FY15 (12 months to 31 March 2015)

	%Revenue	NZ\$M	ΔPCP	ΔCC ¹
Operating revenue	100%	672.4	+8%	+13%
Cost of sales	38.9%	261.4	+1%	+2%
Gross profit	61.1%	411.0	+12%	+22%
Other income (R&D grant)		5.0		
SG&A	26.9%	180.9	+6%	+7%
R&D	9.7%	65.0	+20%	+20%
Total operating expenses	36.6%	245.9	+9%	+10%
Operating profit	25.3%	170.1	+19%	+57%
Profit after tax	16.8%	113.2	+17%	+61%

1. CC = constant currency

Dividend and Gearing

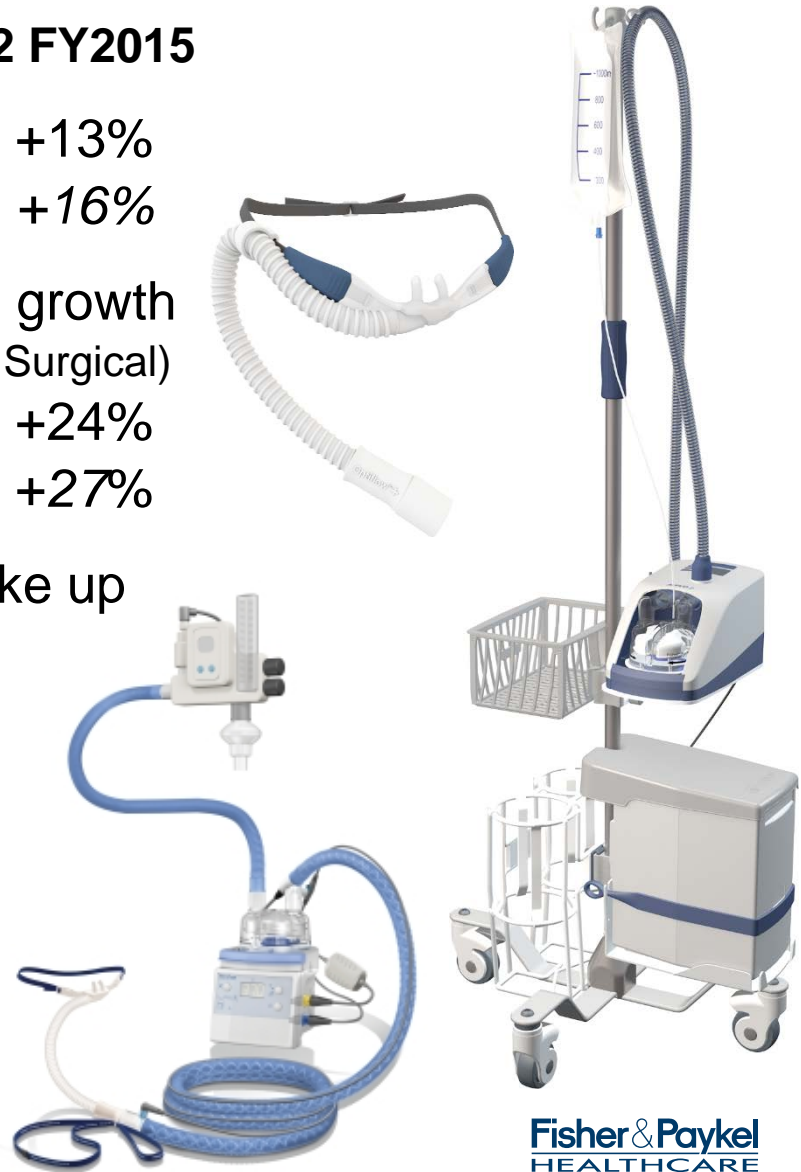
- Increased final dividend by 14%:
 - 8.0 cps + 3.1111 cps imputation credit for New Zealand residents (gross dividend of 11.1111 NZ cps)
 - Fully imputed
 - 1.4118 cps non-resident supplementary dividend
 - Dividend reinvestment plan offered for New Zealand and Australian residents, discount has been removed
- Gross dividend yield, 19.1667 cps, ~3%
- Updated dividend and gearing policies. Revised targets:
 - a dividend pay-out ratio of approximately 70% of net profit after tax
 - debt to debt plus equity ratio* in the range of +5% to -5%;

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

Respiratory & Acute Care (RAC)

- Operating revenue growth
 - NZ\$ +13%
 - Constant currency +16%
- New applications consumables revenue growth (Noninvasive ventilation (NIV), Optiflow, AIRVO, Surgical)
 - NZ\$ +24%
 - Constant currency +27%
- New applications consumables now make up 47% of RAC consumables revenue, up from 42% in FY14
- Further positive clinical trial results published in favour of Optiflow™:
 - New England Journal of Medicine (Frat et al)
 - Journal of the American Medical Association (Stephan et al)

H2 FY2015



Obstructive Sleep Apnea (OSA)

H2 FY2015

- Operating revenue growth
 - NZ\$ +10%
 - Constant currency +13%
- Mask revenue growth
 - Constant currency +23%
- Masks continue to take market share

F&P Simplus™



F&P Eson™



F&P ICON™+



Info Technologies™



Cash Flow & Balance Sheet

FY15 (for the 12 months ended 31 March 2015)

NZ\$M

• Operating cash flow (+48%)	146.8
• Capital expenditure	53.6
• Depreciation and amortisation	31.6

FY15 (as at 31 March 2015)

NZ\$M

• Net debt	51.9
• Total shareholders equity	471.2
• Total assets	669.8

- 36% pre-tax return on average equity, 24% on average total assets

Foreign Exchange Effects

- NZ~\$530M of hedging in place at 31 March 2015 for FY15.
- 48% of operating revenue in USD and 24% in €.
- Hedging position for our main exposures:

	Year to 31 March					
	2016	2017	2018	2019	2020	2021
USD % cover of expected exposure	97%	59%	22%	19%	18%	7%
USD average rate of cover	0.726	0.695	0.665	0.645	0.628	0.619
EUR % cover of expected exposure	93%	66%	14%	0%	0%	0%
EUR average rate of cover	0.578	0.581	0.604	N/A	N/A	N/A

Outlook FY16

- Expect at current exchange rates*:
 - Operating revenue – approximately NZ\$800 million
 - Net profit after tax – approximately NZ\$135-140 million

* Exchange rates at 27 August 2015: NZD:USD = 0.65 and NZD:EUR = 0.60

Consistent Growth Strategy

- Experts in humidification, respiratory care, and obstructive sleep apnea
- Provide innovative devices which can improve patient care and outcomes



Continuous product improvement



More devices for each patient



Serve more patient groups – invasive ventilation, NIV, oxygen therapy, COPD, surgery, OSA



Increase international presence

