



Fisher & Paykel

HEALTHCARE

Macquarie Equities
2003 Emerging Leaders Conference



Investment Highlights

- Leading player in heated humidification devices and consumables for a variety of respiratory markets
- Estimated US\$1 billion+ market opportunity
- High level of innovation
- Global presence
- Competitive NZ cost base
- Strong financial performance
- Experienced management team

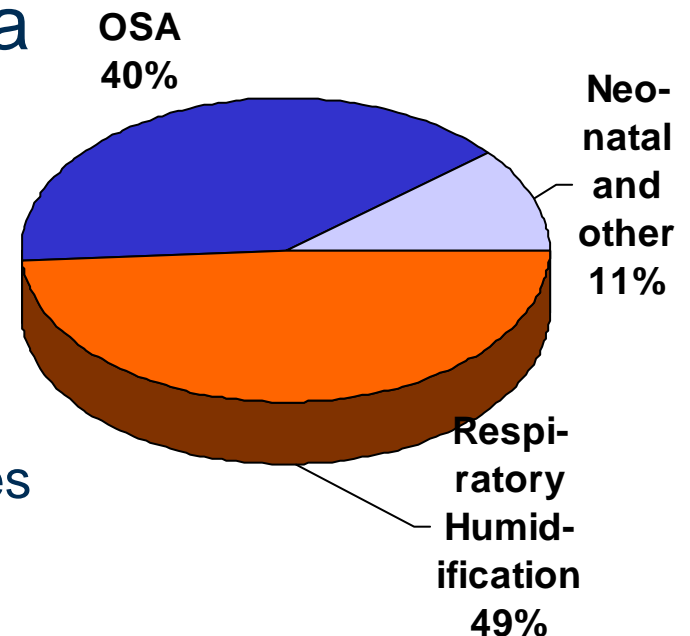
NZSE:FPH, ASX:FPH

Markets and Products

- Respiratory humidification
- Obstructive sleep apnea
- Neonatal and other

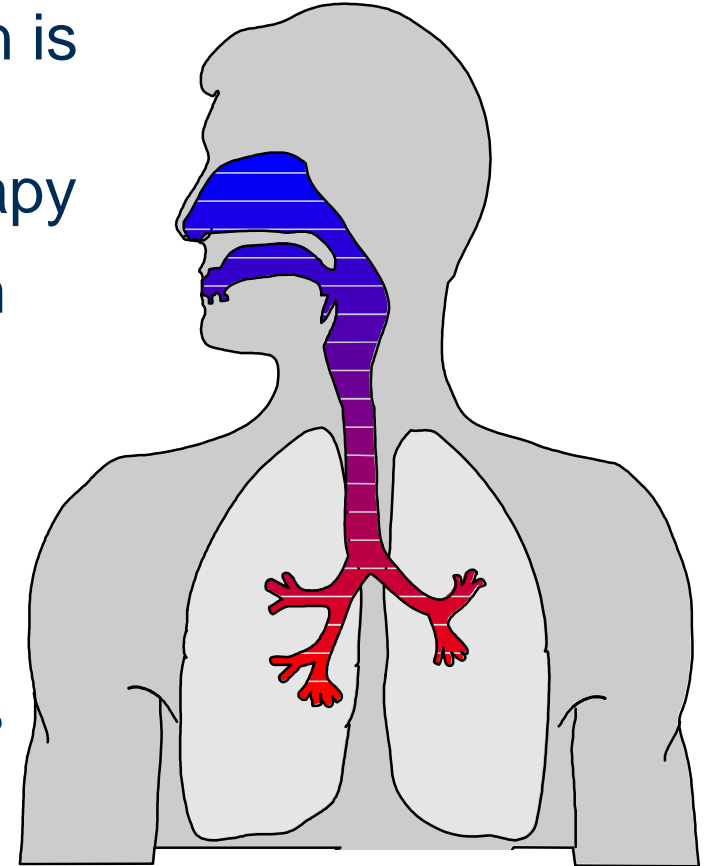
»»» Consumable products represent approx. 50% of core product sales

* 9 months to 31 Dec 2002



Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O₂ therapy
- Mucociliary transport system operates less effectively
 - increases risk of infection
 - impairs gas exchange
- Need to deliver gas at physiologically normal levels
 - 37°C body core temperature
 - 44mg/L 100% saturated





Market Opportunity

Humidification systems are utilized to create, control and deliver optimal levels of humidity

- Estimated US\$300+ million market worldwide
 - heated humidifier controllers
 - humidifier chambers
 - breathing circuits
 - unheated humidifiers
 - oxygen therapy supplies
- » Heated humidifiers utilized as systems - creates ongoing consumables revenue stream

Fisher & Paykel's Humidification Systems

Fisher & Paykel has a full range of industry-leading respiratory humidification systems

Products include:

MR850 Respiratory Humidification System

- invasive ventilation, O₂ therapy and non-invasive ventilation
- patented flow measuring technology
- integrated system
- “set and forget” optimal humidity

MR410 Respiratory Humidifier

- O₂ therapy and non-invasive ventilation
- electronic thermostat
- simple controls



Single-use Components

- Single-use chambers
 - patented auto filling MR290
 - manual filling models
 - Single-use breathing circuits
 - adult and neonatal
 - patented spiral heater wire
 - less condensation
 - delivery of optimal humidity
- » On average, 35 system set-ups used per controller per year





Competitive Advantage

- Creating, controlling and delivering optimal humidity poses technical challenges
- Integrated humidifier, chamber, circuit system provides:
 - optimal performance
 - marketing advantage
- Bundled consumable sales driven by installed controllers
 - Estimate F&P has >50% global controller market share
- High level of R&D commitment
- Extensive intellectual property

Respiratory Humidification

FY03 Q3

- Revenue growth (USD) +9% on pcp
- Good growth North America and rest of world
- Sales growth driven by chamber and circuit sales
- Continued market share growth in breathing circuits

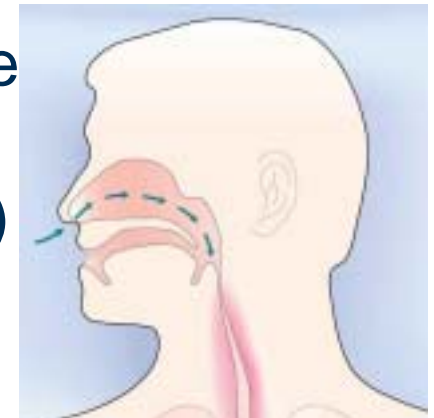


Obstructive Sleep Apnea

- Temporary closure of airway during sleep
- Can greatly impair quality of sleep, leading to fatigue; also associated with stroke and heart attack
- Estimated US\$600+ million worldwide market, growing 15%-20%
- 12 million affected by OSA in US alone
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - key issue with CPAP is compliance
- Humidification provides significant acceptance and compliance improvements



Normal breathing



Patient with OSA

Fisher & Paykel's CPAP Systems

Fisher & Paykel has a broad range of CPAP products, including flow generators, humidifiers and masks

Products include:

HC150 Humidifier

- suitable for use with most OSA flow generators
- patented ambient tracking system



HC220/HC221 Integrated Flow-Generator Humidifier

- compact, integrated unit
- patented ambient tracking system
- compliance optimizer
- proprietary motor technology



Mask Systems

- Aclaim2 Nasal Mask
 - proprietary sliding attachment
 - bias flow diffuser
 - »»» less leaks, greater comfort
- Oracle™ Oral Mask
 - proprietary oral interface
 - no headgear required





Competitive Advantage

- ▶▶▶▶ Fisher & Paykel is the pioneer of heated humidification technologies in OSA
- Leveraging heated humidification expertise into rapidly growing market
 - increased penetration of heated humidification in OSA, increased reimbursement
- Benefits of integrated flow-generator humidifier
- Recently-introduced innovative masks

CPAP/Obstructive Sleep Apnea

FY03 Q3

- Revenue growth (USD) +36% on pcp
- Increasing acceptance of humidification benefits
- Improved Medicare reimbursement from 1 July 02
- Pricing steady with some increases
- Masks increasing in importance
- Specific Medicare reimbursement code for Oracle



Neonatal Warmers and CPAP

- Radiant Warmers
 - 400,000 pre-term live births per year in US
 - warmers required in delivery and NICU
 - precise and stable temperature control
- Infant CPAP System
 - proprietary bubble CPAP, non-invasive, oscillating pressure
 - lower risk alternative to ventilation



Neonatal and Warming FY03 Q3

- Revenue growth (USD) +17% on strong pcp
- Tender driven, lumpy
- Growing acceptance of Neopuff infant resuscitator and neonatal CPAP system





Research & Development

- 120 engineers, scientists, physiologists
- Significant new product pipeline for 2003
- Competitive NZ cost base
- Integrated product teams
- Rapid prototype development
- Active clinical research program
- 29 US patents, 25 pending *
- NZ\$3.6M funding over 4 yrs for COPD research

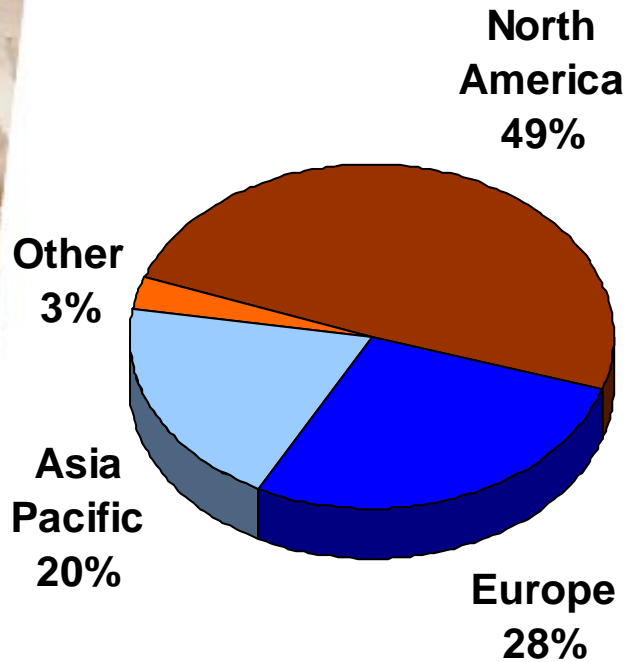
* at 31 Mar 2002

Manufacturing

- Vertically integrated
 - electronics assembly
 - injection moulding
 - motor assembly
- ISO 9001; Class 100,000 controlled environment
- Ample capacity to grow
 - 300,000 ft² facility
 - 100 acres



Global Presence



*Revenue by Region
9 months 31 Dec 02*

- Direct
 - hospitals, alternate site, home care dealers
 - sales offices in USA/Canada, UK/Ireland, France/Benelux, Germany/Austria, Australia and NZ
- Distributors
 - 100 distributors worldwide - 90 countries
- Original Equipment Manufacturers
 - supply most leading ventilator and CPAP manufacturers



Growth drivers

- Maintain high level of innovation
 - continue to improve existing product lines
 - develop complementary product offerings
- Target new medical applications
 - e.g. COPD
- Increase international presence



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