

Fisher & Paykel Healthcare Mexico and US Site Visit

22 September 2014



Tijuana, Mexico Manufacturing Facility



Pacifico Industrial Center, Tijuana, Baja California, Mexico

Introduction – Michael Daniell, CEO

- Offshore (from NZ) manufacturing
 - Geographic diversity
 - Skills availability
 - Cost
- Tijuana benefits
 - Medical device manufacturing skills (30,000 people)
 - Proximity to major North American markets
 - Low and relatively stable manufacturing labour costs
 - Bilingual Spanish, English
 - Working day overlap with Auckland

Facility Location

Tijuana

10,462 km

Distance from Auckland to Tijuana



Tijuana and Mexico Demographics

- Population of Mexico estimated at approximately 120 million
- 1.40% annual population growth
- 76.1 years life expectancy
- 26.3 years median age
- 3.2 million people in Baja California
- 1.6 million people in Tijuana

Medical device industry in Tijuana

- 1,946,358 employees in the Maquiladora Industry in Mexico in 5,084 companies
- 226,737 employed in Baja California in 911 companies
- 146,340 employed in Tijuana in 583 companies
- 38 medical device manufacturing plants in Tijuana
- 30,516 employees in medical device manufacturers in Tijuana

Source: Tijuana Medical Cluster

Other medical device manufacturers in Tijuana

Other medical device companies in the area:

 **FLEXTRONICS** X Availmed

 **BLOCK**
MEDICAL DE MÉXICO, S.A. DE C.V. Block Medical

 **ZEISS** Carl Zeiss

 **DJO**
GLOBAL DJ Orthopedics

 **PALL** Medical Pall Medical

 **COVIDIEN** Covidien

 **CareFusion** CareFusion

 **GAMBRO** Gambro

 **Greatbatch**
Medical Greatbatch

 **Kimberly-Clark** Kimberly Clark Healthcare

 **Medtronic** Medtronic

 **Nypro** Nypro

 **ÖSSUR** Ossur

 **CardinalHealth** Cardinal Health

 **smiths** Smiths-Medical

 **SUNRISE**
MEDICAL Sunrise Medical

 **WelchAllyn** Welchallyn

Quality

- Commitment to manufacturing quality healthcare devices
- Our Mexico plant incorporates a controlled working environment – an environmentally-controlled space in which temperature, humidity, pressure and contaminant levels are kept within strict limits
- Production quality is continuously monitored and out products are rigorously tested before shipment
- We maintain an effective quality management system that is certified to ISO13485: (the Medical Devices Quality Management Systems standard) by TÜV SÜD



Timeline



Staff and education

487

Total number of Mexico employees at 31 March 2014

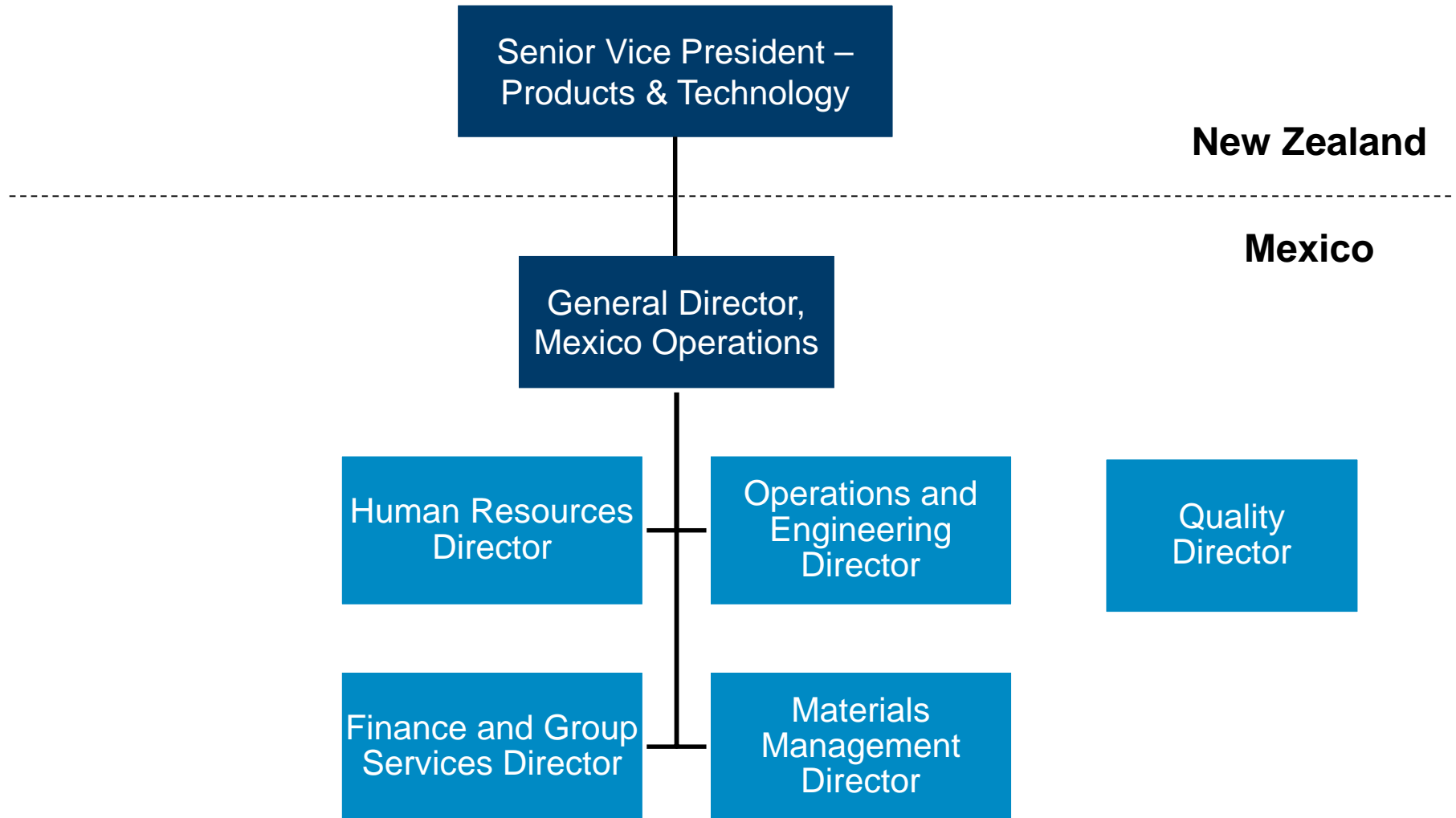
- Qualified manufacturing staff are readily available in Tijuana
- We believe there will continue to be a steady supply of well-qualified staff

Education

- 5 Public Universities in Tijuana
 - 3 of them offer engineering degrees and also Master degrees
- 12 Private Universities in Tijuana
 - 7 of them offer engineering degrees and also offer Masters degrees
- UABC (Autonomous University of Baja California), CETYS University and UIA (Universidad Iberoamericana) are well regarded Universities



Organization Chart



Manufacturing & Operations

- Respiratory and Acute Care (RAC) manufacturing area



- Obstructive Sleep Apnea (OSA) manufacturing area



Products Made in Mexico

- Chambers



- Circuits

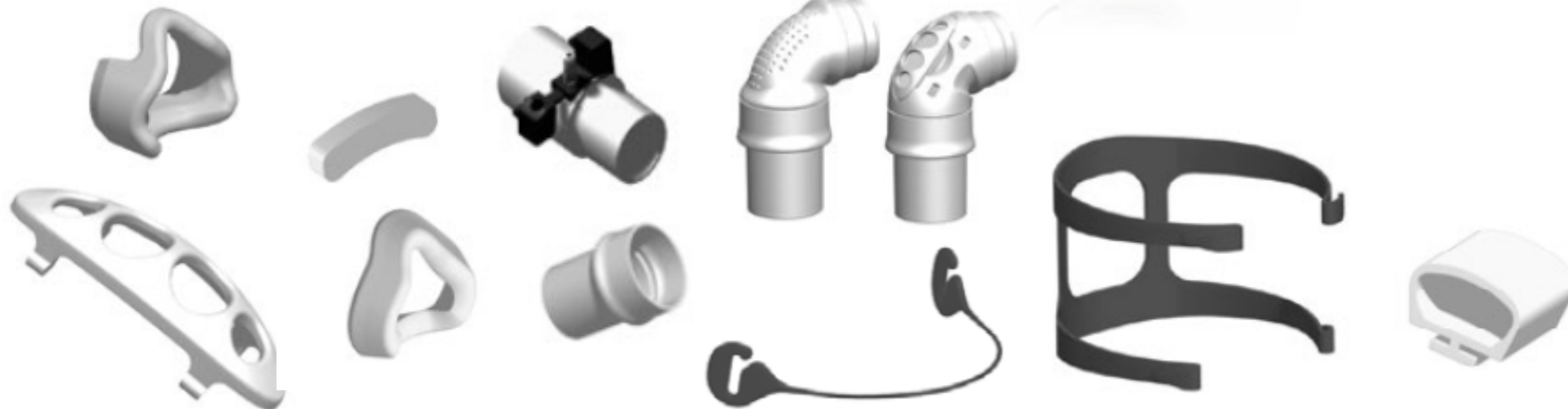


Products Made in Mexico

- Masks



- Spares



What is next for Mexico?

Within the next 3 years we expect our Mexico plant to be manufacturing approximately half of the company's consumable product volume

- Adding capacity growth in Mexico, generally not moving production from New Zealand
- Currently expanding clean manufacturing area
- In the next 12 to 18 months we will establish 6 additional production lines in Mexico

Q&A



US / Canada Sales & Distribution



Barranca Parkway, Irvine, California, United States of America

US and Canadian Distribution Facilities



Irvine, California
US
Corporate Office
53,000 sq ft
Distribution

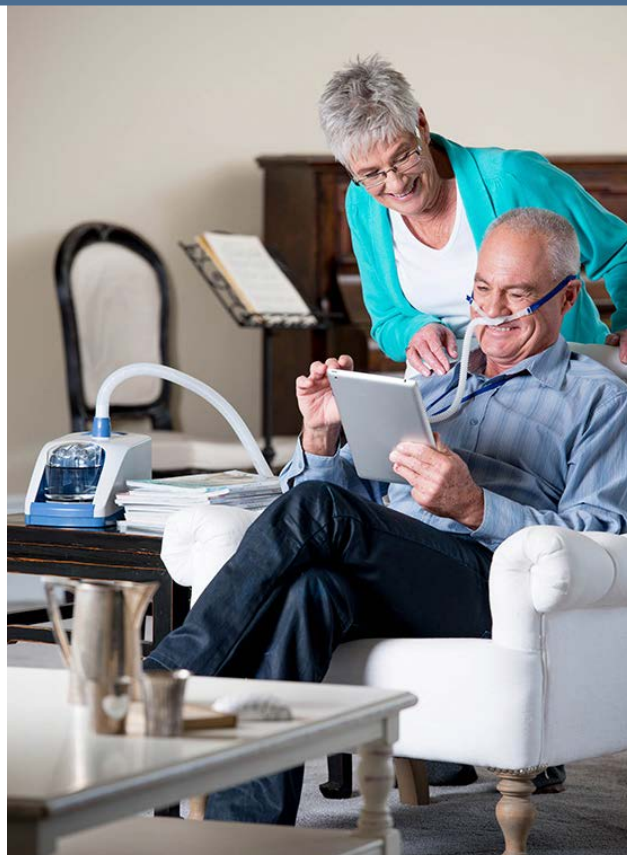


Laval, Quebec
Canada
25,000 sq ft
Distribution

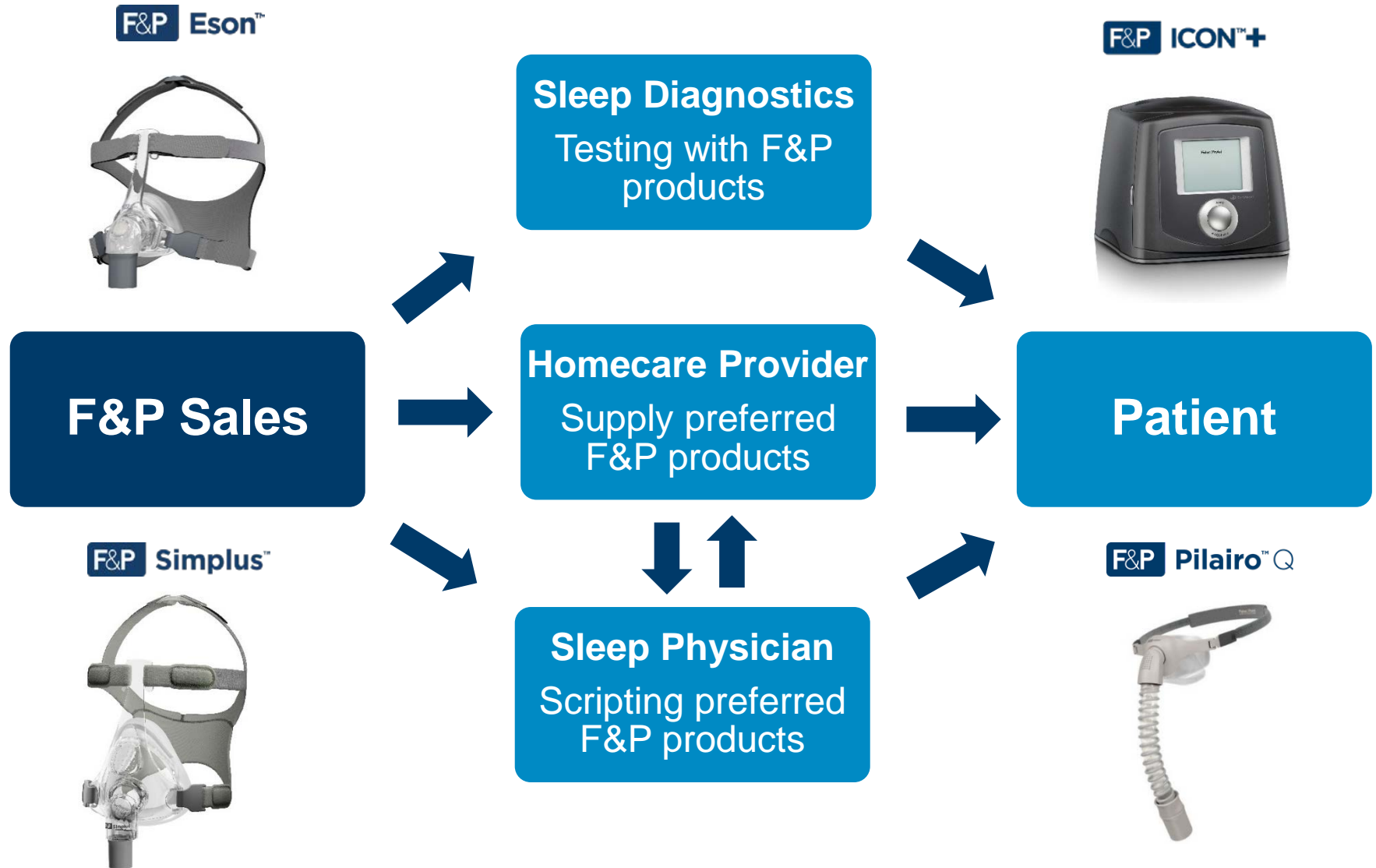


Louisville, Kentucky
US
50,000 sq ft
Distribution

OSA and Homecare - Markets and Products



OSA Sales Process



OSA Therapy

- New interface share gain
- Growth in home sleep testing
- Focus on compliance
- Focus on re-supply



Optiflow™ with myAIRVO™

- Focus on Chronic Obstructive Pulmonary Disease (COPD)
- Reducing hospital re-admission
- Establishing awareness
- Establishing payment pathway



Home Ventilation

- Noninvasive ventilation market growth
- MR810 respiratory humidifier
- HC550 respiratory humidifier



Respiratory & Acute Care - Markets and Products



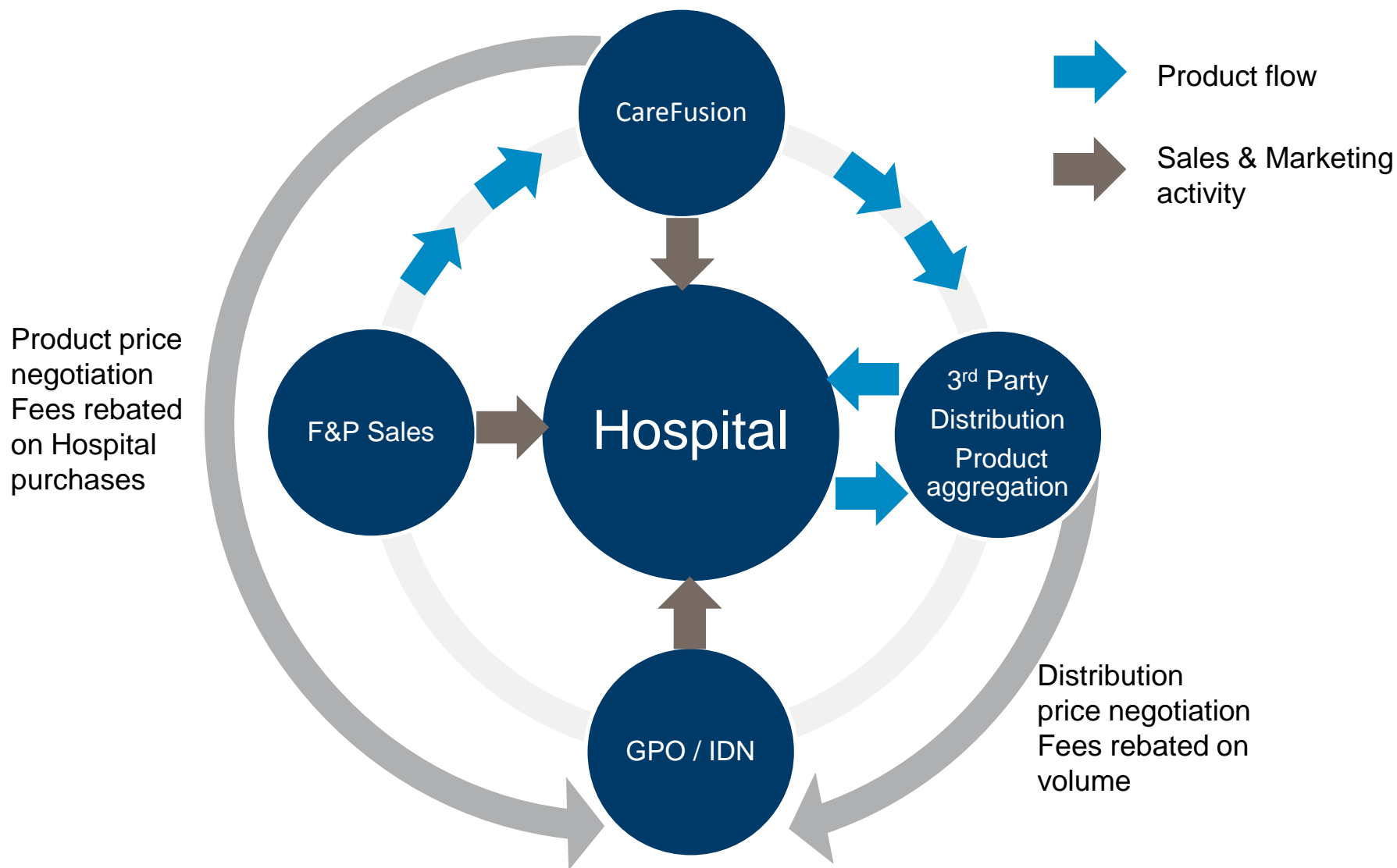
Group Purchasing Organizations

- Group purchasing organizations (GPOs) assist health care providers in realizing savings and efficiencies by aggregating purchasing volume and using leverage to negotiate discounts with manufacturers, distributors and other vendors.
- Nearly 98% of hospitals belong to at least one GPO (2.2 GPOs/hospital).
- GPOs provide a wide array of services: Contracting; E-Commerce; Information Technology; Operational, clinical and safety initiatives; Technology assessment; Networking.
- Approximately 72.8% of a hospital's spend is covered under a GPO contract.

Group Purchasing Organizations

| GPO | Total Purchase Volume | Number of Acute Care Members |
|-------------|-----------------------|------------------------------|
| Premier | \$41B | 2,000 |
| Novation | \$49B | 2,500 |
| Amerinet | \$9B | 3,000 |
| MedAssets | \$50B | 3,000 |
| HealthTrust | \$20B | 1,400 |

Respiratory & Acute Care Sales Process



Invasive Ventilation

- Optimal humidity
- Condensate control
- Evaqua™ technology
- Ventilator compatibility



Noninvasive Ventilation

- Unique humidification platform
- Compliance to therapy
- NIV respiratory support from premature birth to discharge



- New Optiflow™ nasal high flow therapy
- Prevent escalation
- Replace traditional O₂ therapy
- Strong clinical evidence



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