

Fisher & Paykel

HEALTHCARE

FY05 Full Year
Overview & Update

Investment Highlights

- Leading player in heated humidification systems
- Consistent growth strategy
- Estimated US\$1.5 billion+ and growing market opportunity
- High level of innovation
- Global presence
- Strong financial performance



NZSX:FPH, ASX:FPH

Operating Results US\$

FY05 (12 mths)

	<u>%Revenue</u>	<u>US\$M</u>	<u>%Δpcp</u>
Operating revenue	100%	162.6	+23%
Gross profit	72.0%	117.1	+25%
SG&A	27.9%	45.5	+25%
R&D	6.7%	10.9	+26%
Total Operating Expenses	34.7%	56.5	+25%
Operating Profit	37.3%	60.7	+25%

Operating Results NZ\$

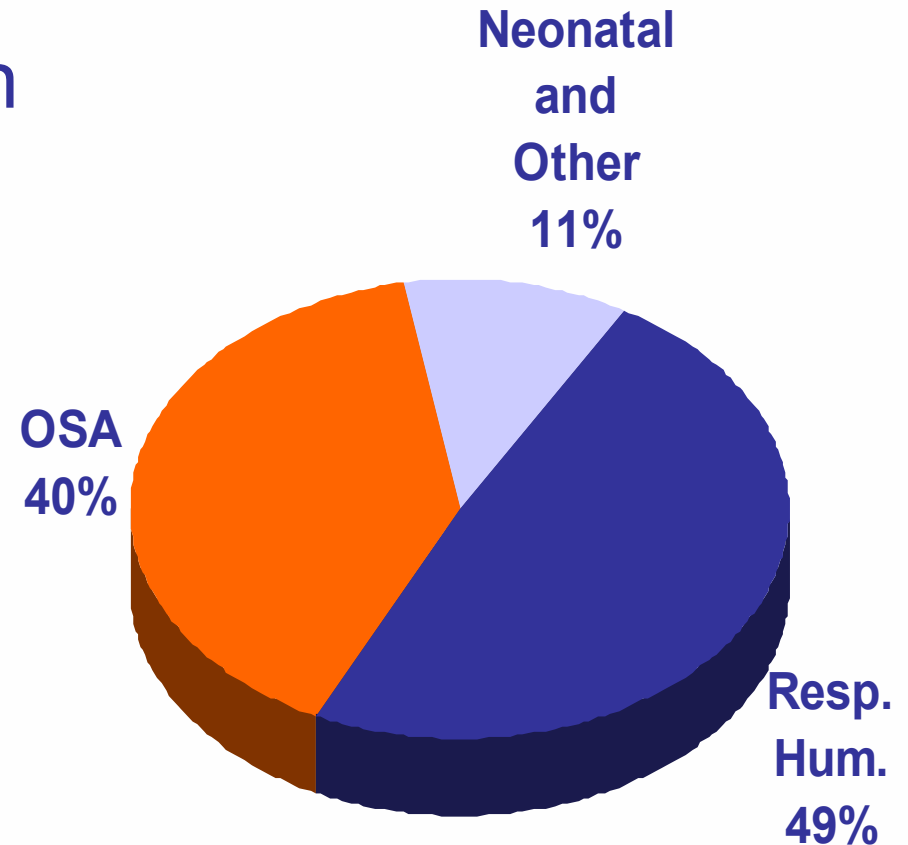
FY05 (12 mths)

	<u>% Revenue</u>	<u>NZ\$M</u>	<u>%Δpcp</u>
Operating revenue	100%	240.6	+12%
Gross profit	72.0%	173.3	+14%
SG&A	27.9%	67.4	+14%
R&D	6.7%	16.2	+15%
Total Operating Expenses	34.7%	83.6	+14%
Operating Profit	37.3%	89.7	+14%

Markets and Products

- Respiratory humidification
- Obstructive sleep apnea
- Neonatal and other

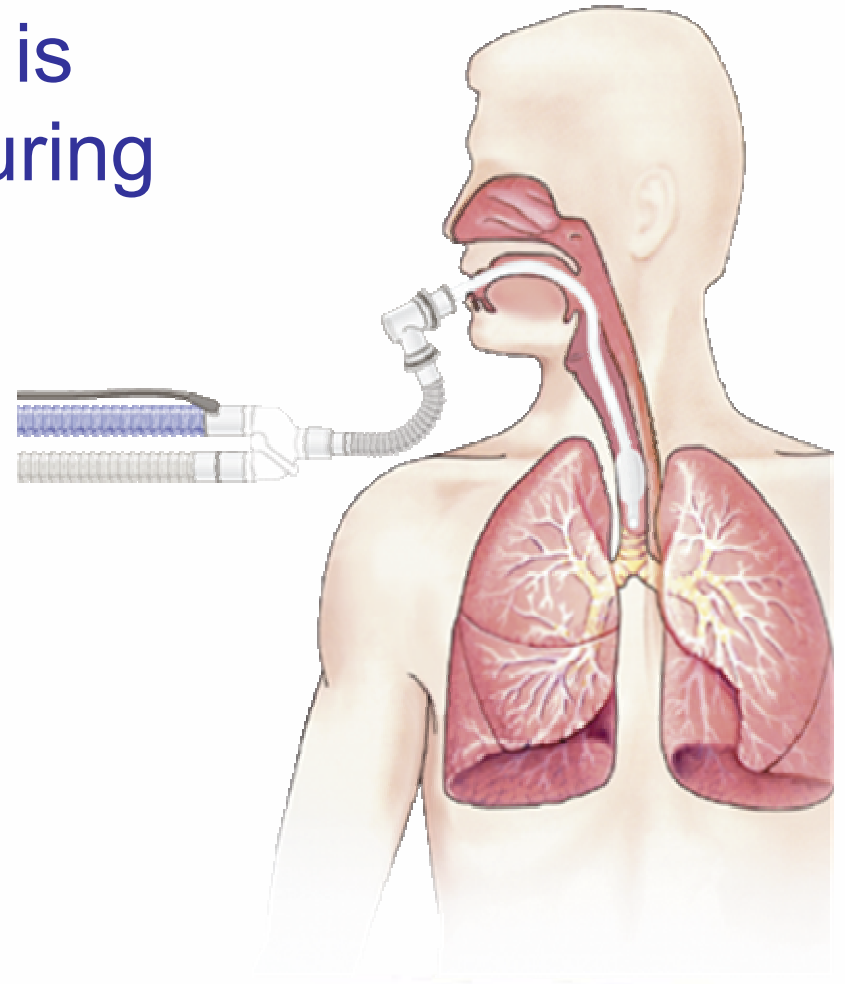
➤ Consumable products represent approx. 55% of core product sales



Revenue by Product
12 months 31 March 2005

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

- Estimated US\$350+ million market worldwide
 - heated humidifier controllers
 - humidifier chambers
 - +
 - breathing circuits and components
 - +
 - unheated humidifiers
 - oxygen therapy supplies
- Opportunity to move technology into O₂ therapy, COPD, xerostomia, insufflation

Humidification Systems

- MR850 Respiratory Humidifier System
 - invasive ventilation, O₂ therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
 - entry level system
 - ventilation and O₂ therapy
 - optional heated breathing circuit
- HC550 Respiratory Humidifier System
 - invasive ventilation for home use



Single-use Components

- Single-use chambers
 - patented auto filling MR290
 - manual filling models
- Single-use breathing circuits
 - adult and neonatal
 - patented spiral heater wire
 - proprietary dry expiratory tube
 - less condensation
 - delivery of optimal humidity
- Breathing circuit components
 - filters
 - catheter mount
 - weaning kit
- Approx 35 system set-ups used per controller per year
- Consumable growth driving increased revenue growth rate



New



Expanding Opportunities

- **MR880 Humidification System**
 - Controller, chamber, breathing circuit, range of single patient use interfaces.
 - Designed for a range of new patient groups, e.g. O₂ therapy, COPD, xerostomia.
- **MR860 Laparoscopic Humidification System**
 - Humidifies the dry CO₂ gas used in ‘keyhole’ surgery.
 - Improves outcomes by: reduced hypothermia, less post operative pain, less time in recovery room, faster return to normal activities, reduced risk of adhesions.
 - Potential high volume of consumables.

New



New



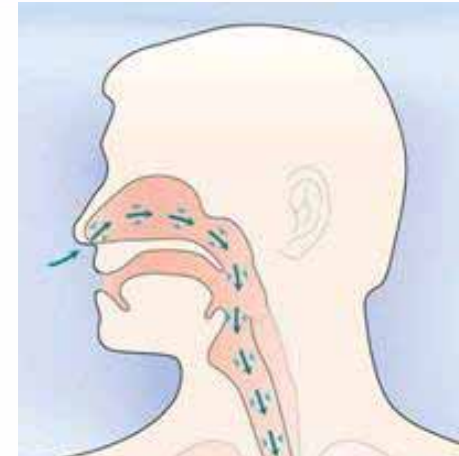
Respiratory Humidification Update

- 16% revenue growth US\$, 12% ex SARS ex currency
- MR850 penetration driving increasing breathing circuit share
- Increasing value per patient
- Introduced MR860 laparoscopic humidification system to NZ/Australia
- Introduced MR880 humidification system to NZ, Australia, UK
- Additional consumables, COPD home system in R&D pipeline



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\$1+ billion worldwide market, growing 15% - 20%
- 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



Normal breathing



Patient with OSA

CPAP Systems

- HC150 Humidifier
- SleepStyle™ 200 Convertible and Integrated Flow Generator series
 - greater pressure range, altitude adjustment, enhanced user ergonomics
 - patented Ambient Tracking™ plus auto-adjusting humidification technology
- SleepStyle™ 600 Integrated Flow Generator series
 - *ThermoSmart*™ heated breathing tube technology
 - more humidity
 - reduced symptoms, increased comfort



Mask Range

Four interface categories:

- **FlexiFit™ Nasal Masks**
 - patented sliding attachment
 - FlexiFit™ technology
 - 3 models
- **FlexiFit™ Full Face Mask**
 - under chin seal
- **Oracle™ Oral Mask**
 - proprietary oral interface
- **Infinity™ Direct Nasal Mask**
 - very light



OSA Update

- 70% flow generator and mask revenue growth in US\$
- 34% total revenue growth
- Introduced full range of HC230 and HC600 new generation flow generators
- Introduced Infinity direct nasal mask
- Additional flow generators, masks in R&D pipeline



New



Neonatal and Warming

- Radiant Warmers
 - warmers required in delivery and NICU
 - precise and stable temperature control
 - opportunity in operating room
- Infant CPAP System
 - proprietary bubble CPAP, non-invasive, oscillating pressure
 - lower risk alternative to ventilation
 - high value consumable system
- Infant Resuscitator System
 - precise pressure control
 - consumable resuscitation kit



Neonatal and Warming Update

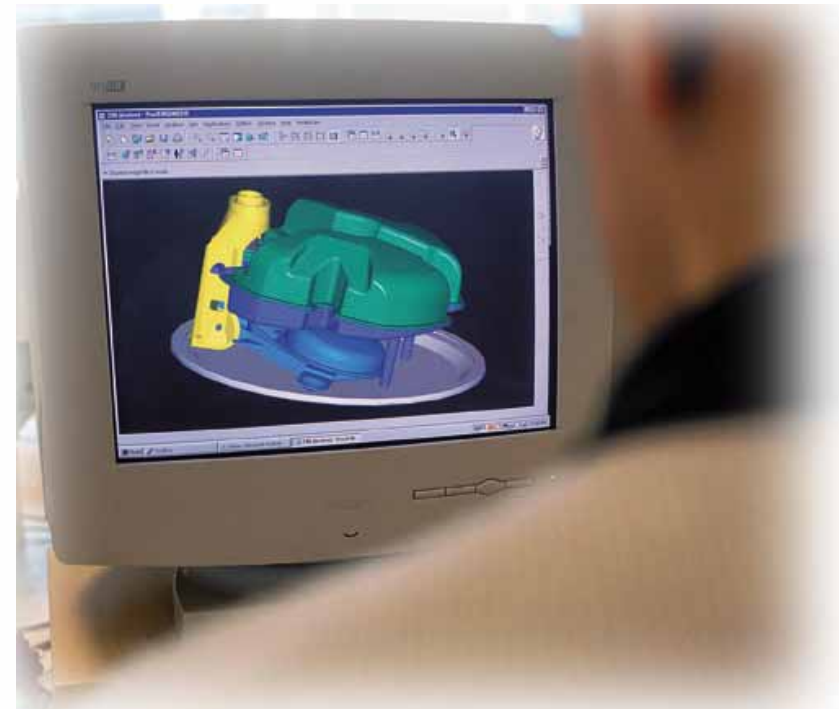
- 31% revenue growth in US\$, 23% ex currency
- Warmers, CPAP and resuscitators all driving growth
- Increasing proportion of recurring revenue
- Range of resuscitation masks to be introduced



Research & Development

- 170 engineers, scientists, physiologists, up 20 on FY04*
- 15% increase to 6.7% of revenue FY05 NZ\$
- Product pipeline includes
 - Flow generators
 - Masks
 - Humidification system for COPD therapy
 - Respiratory consumables
- Competitive NZ cost base
- 52 US patents, 70 US pending, 97 ROW, 234 ROW pending *

* at 31 Mar 2005



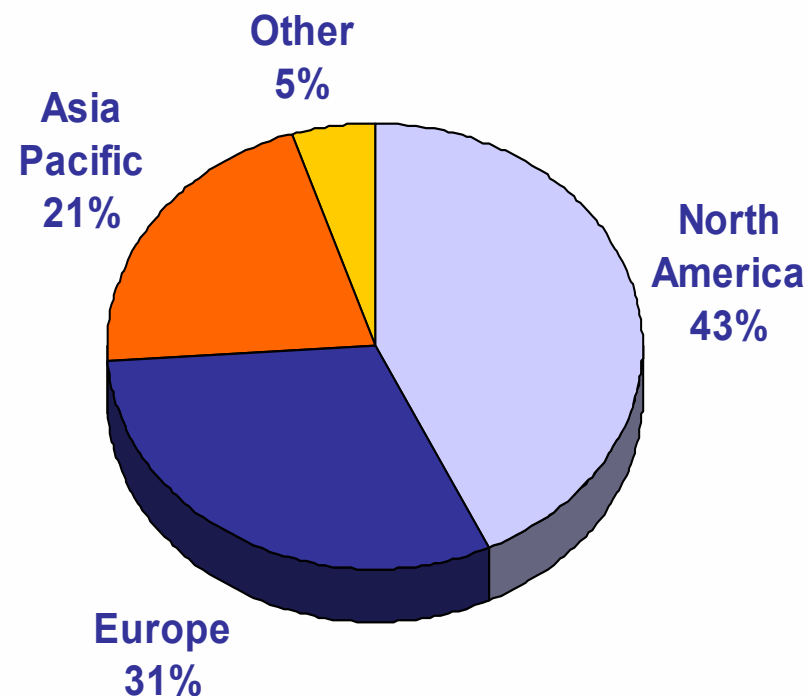
Manufacturing

- Vertically integrated
 - electronics assembly
 - injection moulding
 - motor assembly
- ISO 9001; Class 100,000 controlled environment
- Ample capacity to grow
 - 300,000ft² / 28,000m² facility
 - 100 acres / 40 ha
 - 23,000m² building due for completion mid 2006



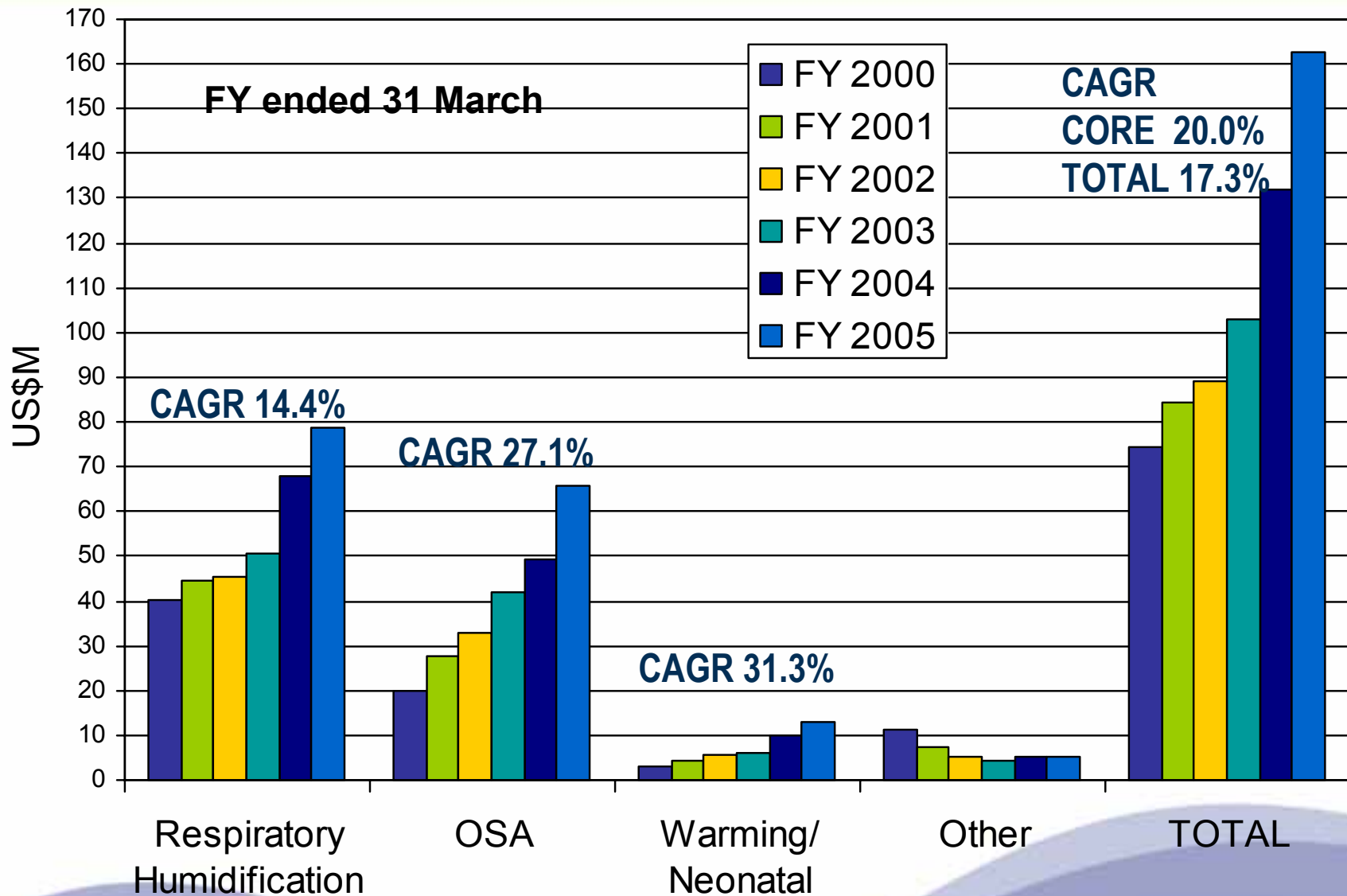
Global Presence

- Direct
 - hospitals, home care dealers
 - Sales/support offices in USA/Canada, UK/Ireland, France/Benelux/Italy/Spain, Germany/Austria/Switzerland, India, Japan, UAE, China, Australia and NZ - 250 staff
 - Ongoing international expansion
- Distributors
 - 100 distributors worldwide - 90 countries
- Original Equipment Manufacturers
 - supply most leading ventilator manufacturers



Revenue by Region
12 months to 31 March 2005

Revenue Growth US\$



Balance Sheet

- NZ\$37M cash at 31 March 2005
- Investing in capacity expansion with construction of NZ\$60M second building
- 90% dividend payout policy, NZ\$10.8cps for year
- NZ\$27M ongoing share buyback
- 48% annualised pre-tax return on average funds employed FY05 (42% FY05)

Growth Drivers

Consistent strategy:

- Continue to improve existing product lines
- Develop complementary products/ consumables
- Target new medical applications
 - e.g. COPD, O₂ therapy, insufflation
- Increase international presence
 - e.g. South America and Scandinavia