Full Year Results Presentation FY2017

Fisher&Paykel HEALTHCARE

Business Highlights

- Released five innovative new products over the last year:
  - F&P 950™ heated humidification system
  - F&P Nivairo™ hospital mask
  - F&P Brevida™ OSA mask
  - F&P Optiflow Junior™ 2 nasal cannula range
  - F&P SleepStyle™ CPAP device
- Completed purchase of 15 hectare site in Mexico and commenced earthworks
- Commenced earthworks for fourth building on our NZ site

Innovative new products launched

F&P Nivairo

F&P 950 system

F&P Optiflow Junior 2

F&P SleepStyle

F&P Brevida

These products are not available in all regions until regulatory clearance has been obtained

Hospital Product Group

Operating revenue growth	H2 FY2017
NZ$	+11%
Constant currency	+16%

New applications consumables revenue growth (Noninvasive ventilation (NIV), Optiflow™, AIRVO, Surgical)	H2 FY2017
NZ$	+19%
Constant currency	+24%

- New applications consumables made up 55% of H2 FY2017 Hospital consumables revenue, up from 52% in H1 FY2017
- Strong customer demand for our Optiflow™ and AIRVO™ systems

Further positive clinical trial results:

- Use of Optiflow™ nasal high flow therapy in infants with bronchiolitis had a significantly lower treatment failure rate than standard oxygen therapy
  (Franklin, D et al, PARIS study – abstract published at PAS 2017)

Fisher&Paykel HEALTHCARE

Homecare Product Group

Operating revenue growth	H2 FY2017
NZ$	+4%
Constant currency	+7%

Mask revenue growth	H2 FY2017
Constant currency	+12%

- Masks continue to take market share

F&P Simplus™

F&P Eson™ 2

F&P Brevida™

F&P SleepStyle™

These products are not available in all regions until regulatory clearance has been obtained

Second Half Financial Highlights

H2 FY2017 (6 months to 31 March 2017)

	△PCP^	△CC*
Operating revenue	+8%	+12%
Gross margin (bps increase)	+250bps	+120bps
Net profit after tax	+12%	+14%
Hospital operating revenue	+11%	+16%
Hospital new applications consumables revenue	+19%	+24%
Homecare operating revenue	+4%	+7%
OSA masks revenue	+9%	+12%

^ PCP = prior comparable period * CC = constant currency

Fisher&Paykel HEALTHCARE

Full Year Financial Highlights

FY2017 (12 months to 31 March 2017)

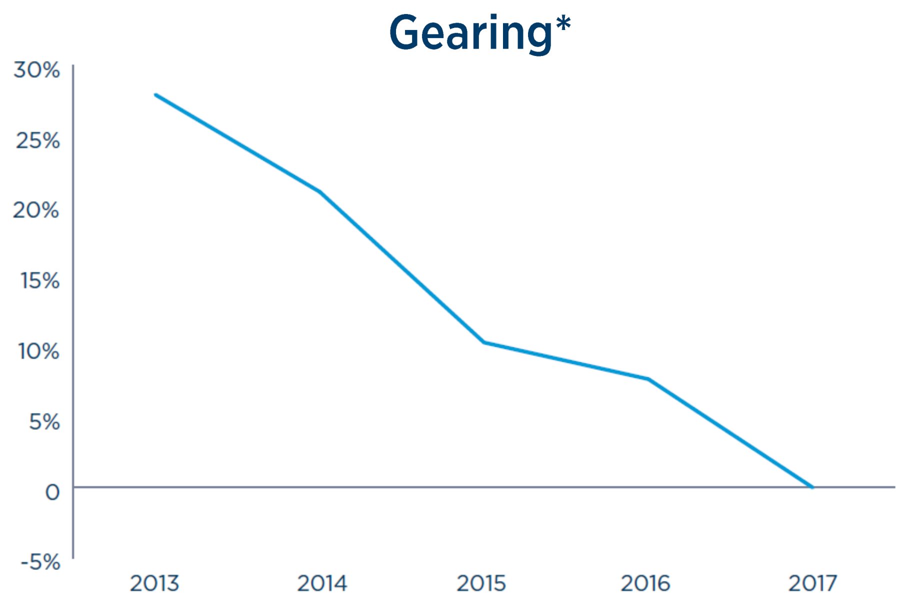
	NZ$M	△PCP^	△CC*
Record operating revenue	894.4	+10%	+14%
Gross margin (bps increase)		+205bps	+206bps
Record net profit after tax	169.2	+18%	+21%
Record Hospital operating revenue	500.4	+15%	+19%
Hospital new applications consumables revenue		+24%	+29%
Record Homecare operating revenue	381.5	+4%	+8%
OSA masks revenue		+9%	+13%

Recurring items, consumables and accessories approximately 86% of operating revenue (FY16: 83%)

^ PCP = prior comparable period * CC = constant currency

Dividend and Gearing

- Increased final dividend by 13%:
  - 11.25 cps + 4.375 cps imputation credit for NZ residents (gross dividend of NZ 15.625 cps)
  - Fully imputed
  - 1.9852 cps non-resident supplementary dividend
  - Dividend reinvestment plan available for New Zealand and Australian residents, no discount will apply
- Gross dividend 27.0833 cps, yield ~2.7%
- Target gearing ratio* of +5% to -5% debt to debt plus equity
  - Gearing ratio at 31 March 2017 was 0.0%



* Calculated using net interest bearing debt (debt less cash and cash equivalents) to net interest-bearing debt and equity (less cash flow hedge reserve – unrealised). Ratios calculated each year as at 31 March.

Fisher & Paykel HEALTHCARE

Outlook FY2018

- Expect at current exchanges rates (of NZD:USD 0.69 and NZD:EUR 0.63 as at 22 May 2017):
  - Operating revenue – approximately NZ$1 billion
  - Net profit after tax – approximately NZ$180 – NZ$190 million

Overview

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 (86%) 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
- Long-term targets for 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

Fisher&Paykel HEALTHCARE

Our Competitive Advantage

- Significant expertise in, and history of, changing clinical practice to therapies that improve clinical outcomes, are more effective and efficient and that ultimately reduce cost to the healthcare system
  - Heated humidification in invasive ventilation
  - Heated humidification in CPAP therapy for OSA patients
  - Optiflow nasal high flow therapy displacing use of conventional oxygen therapy in the hospital
  - Optiflow nasal high flow therapy in the home for the treatment of patients with chronic respiratory conditions
  - Introduction of heated humidification in open and laparoscopic surgery

~US$6+ Billion and Growing Market Opportunity

HOSPITAL

Invasive Ventilation

Noninvasive Ventilation

Hospital Respiratory Support

Surgical Humidification

HOMECARE

Home Respiratory Support

CPAP Therapy

“NEW APPLICATIONS”

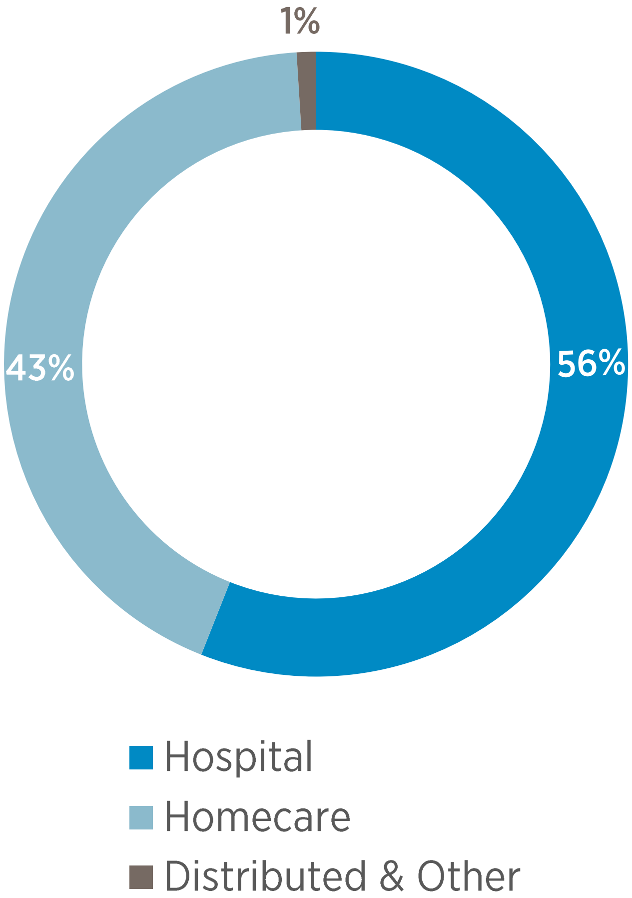
Applications outside of invasive ventilation

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 86% of operating revenue (H1 FY17: 86%)

Revenue by Product Group
12 months to 31 March 2017

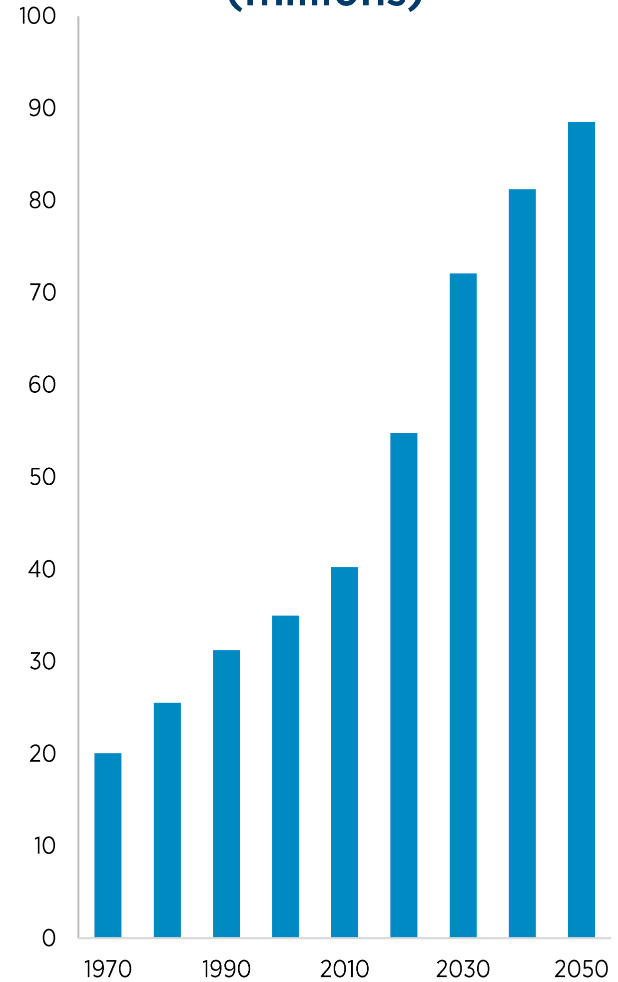


Fisher & Paykel HEALTHCARE

Impact of Changing Demographics

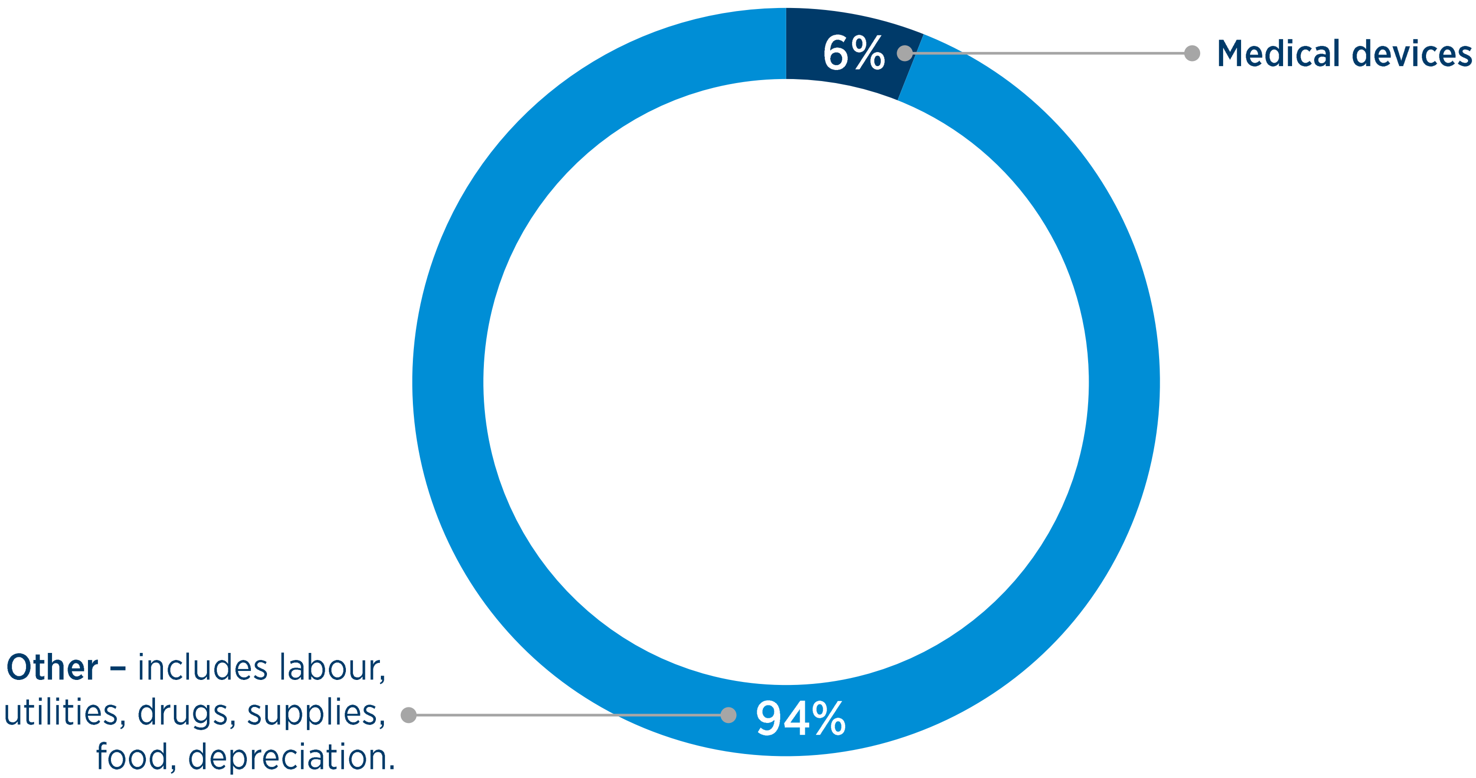
- Population age and weight both increasing
  - US population 65 years+ to grow ~80% over next 20 years[1]
  - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960[2]
- 60% of US healthcare cost is after age 65 years[3]
- Developing markets increasing healthcare spending
  - China healthcare expenditure projected to grow at 12% per year between 2014-2018[4]

US Population over age 65 (millions)



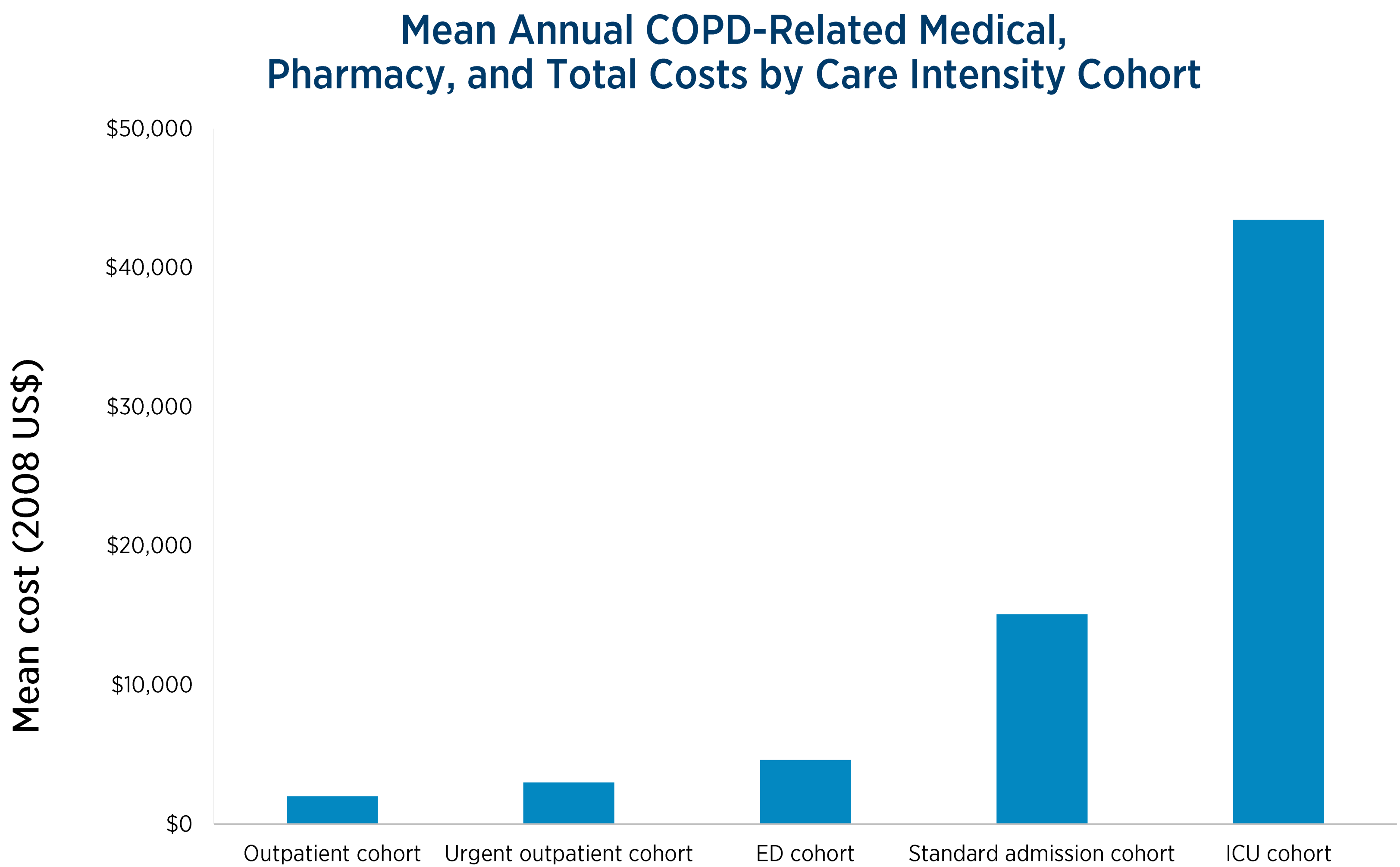
Fisher&Paykel HEALTHCARE

Hospital Cost Breakdown



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

Lower Care Intensity = Lower Cost



Source: Anand A Dalal, Laura Christensen, 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.

Fisher&Paykel HEALTHCARE

Hospital Product Group

Invasive
Ventilation

Noninvasive
Ventilation

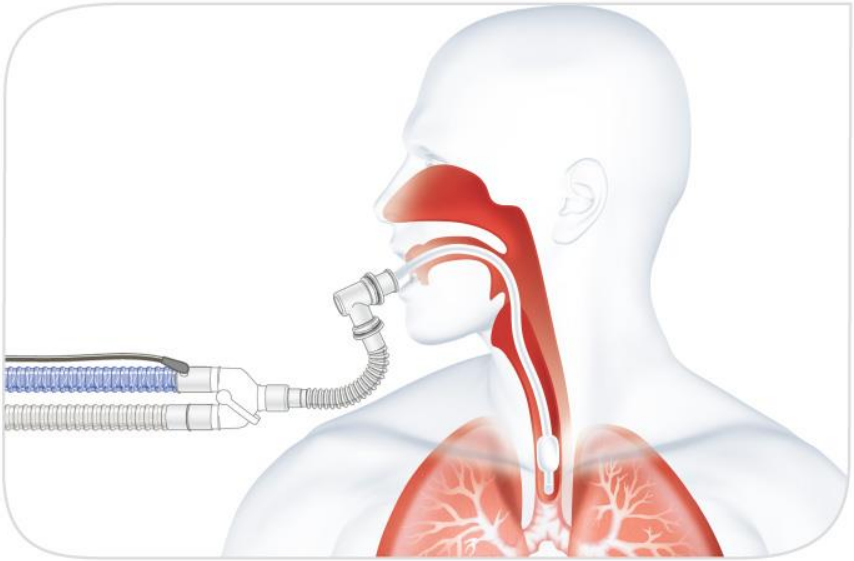
Hospital
Respiratory Support

Surgical
Humidification

"NEW APPLICATIONS"
Applications outside of invasive ventilation

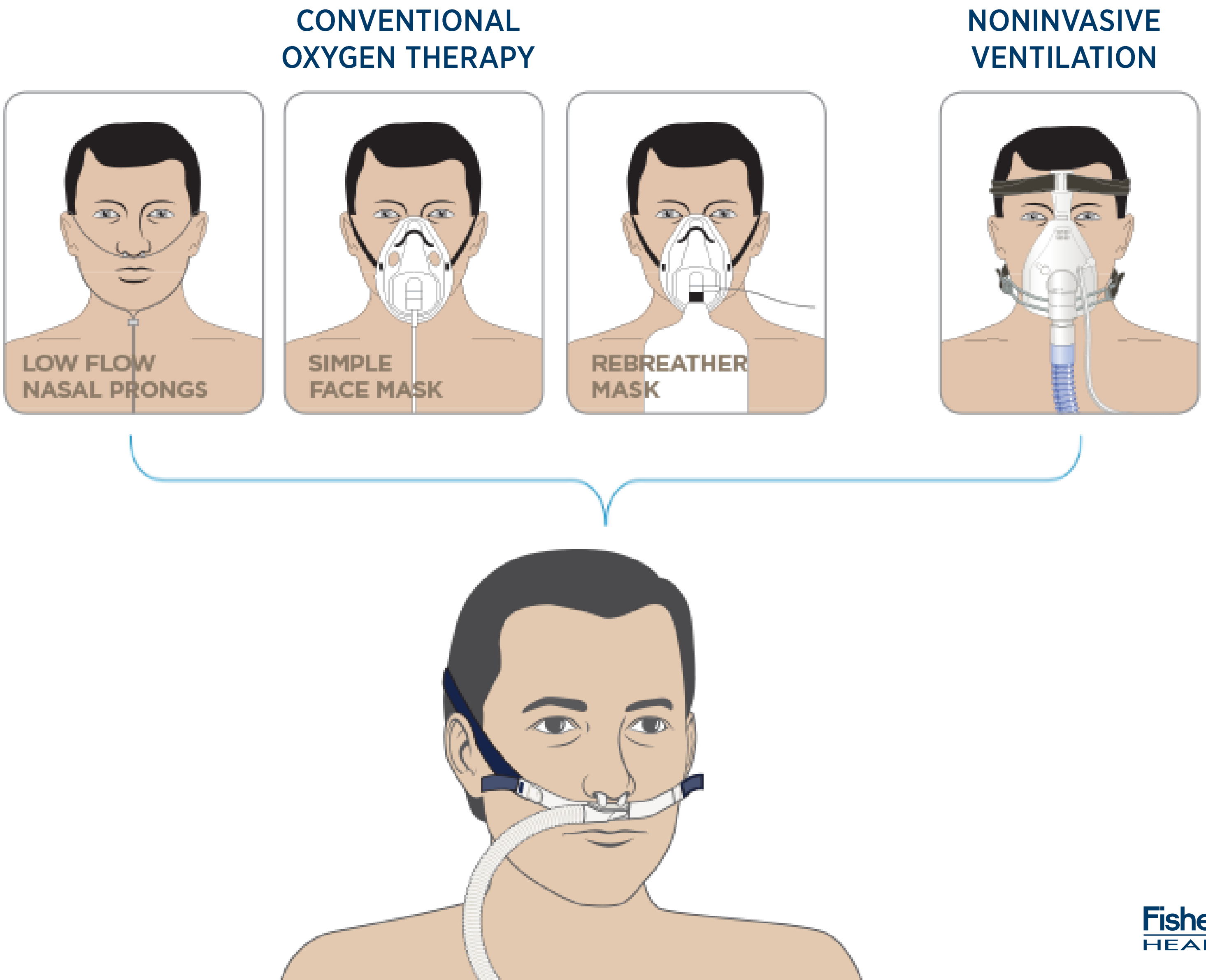
Respiratory Humidification

- 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



Fisher & Paykel HEALTHCARE

Optiflow - Displacing Conventional Oxygen Therapy



Fisher&Paykel HEALTHCARE

Clinical Outcomes of Optiflow Nasal High Flow Therapy

Optiflow NHF therapy is associated with:

ADULTS:

- REDUCED intubation[5]
- REDUCED re-intubation[6, 7, 8]
- REDUCED bilevel ventilation[7]
- REDUCED nursing workload[7]
- INCREASED ventilator free days[5]
- IMPROVED comfort & patient tolerance[6]
- IMPROVED compliance[6]

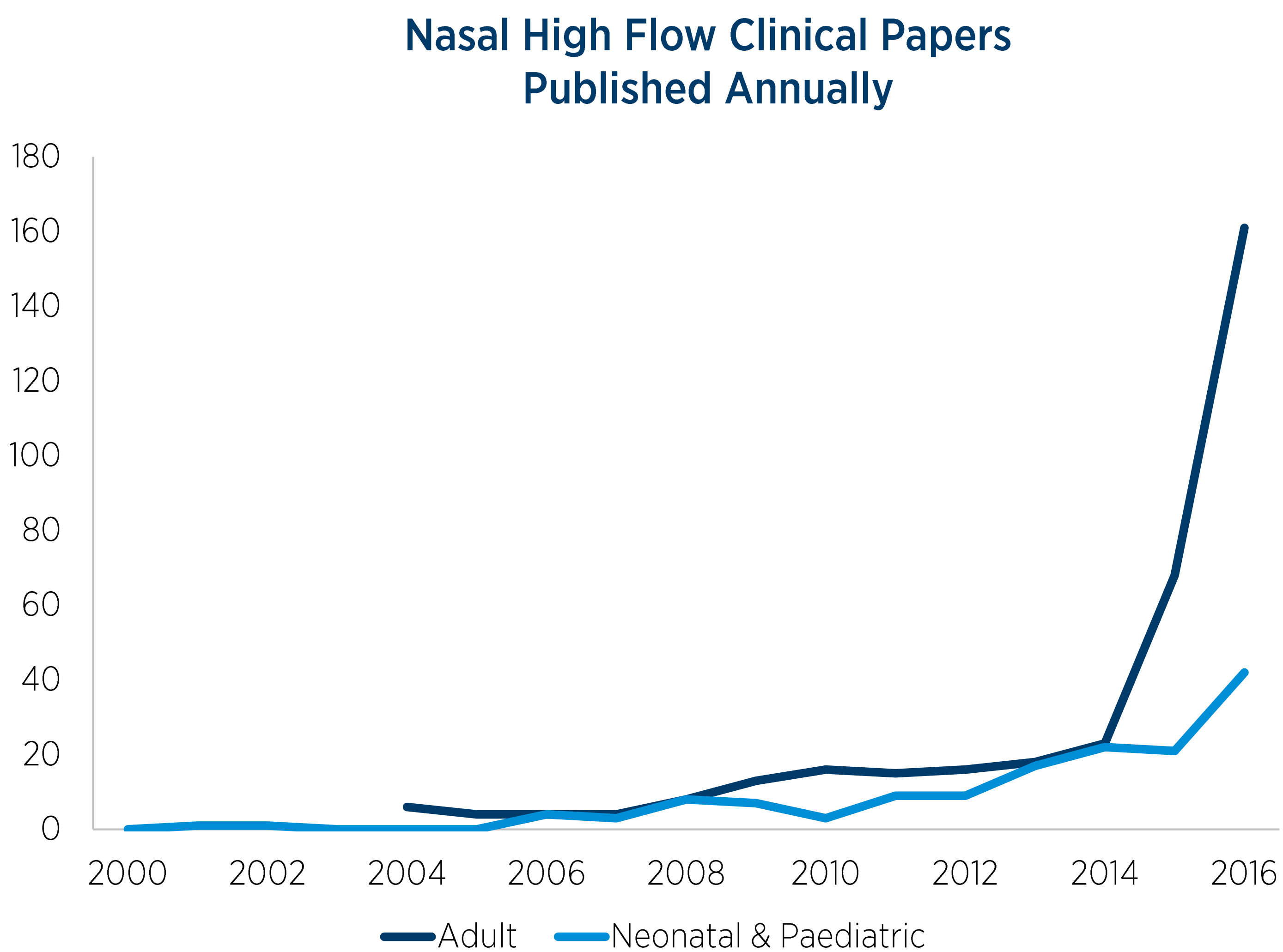
PAEDIATRICS:

- REDUCED intubation[9]
- REDUCED length of stay[10]
- REDUCED respiratory distress[11]

NEONATES:

- NONINFERIORITY with nasal CPAP[12]
- REDUCED nasal trauma[13, 14]
- REDUCED respiratory distress[15]

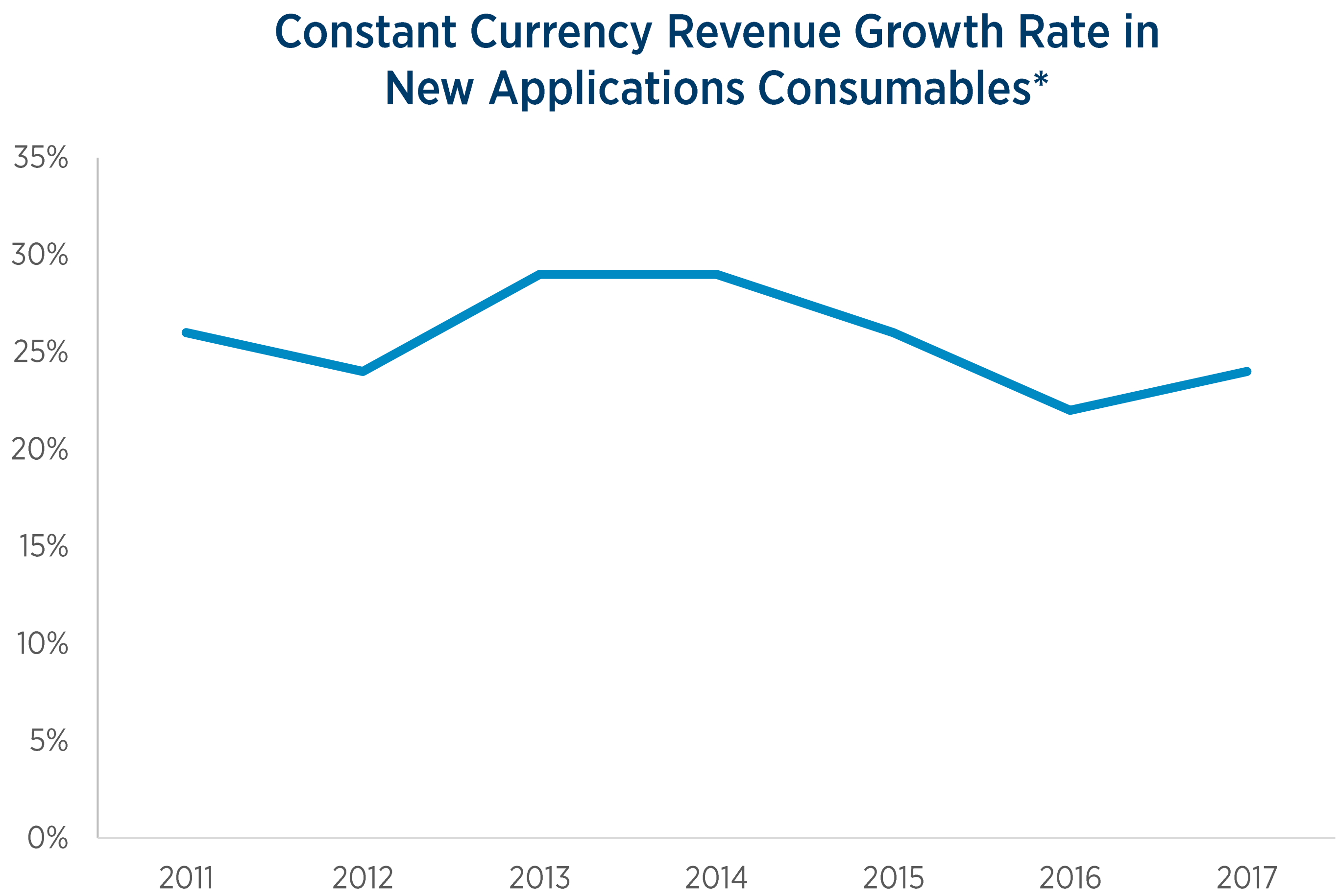
Optiflow NHF - A Growing Body of Clinical Evidence



Source: PubMed

Fisher & Paykel HEALTHCARE

Consistently Strong Growth in Hospital New Applications



- New applications consumables made up 54% of Hospital consumables revenue in FY2017, up from 51% in FY2016 and 46% in FY2015

New applications consumables: Noninvasive ventilation, Optiflow, AIRVO, Surgical

* Adjusted to exclude impact of US distribution transition in FY16 & FY17

Fisher&Paykel HEALTHCARE

Homecare Product Group

Home
Respiratory Support

CPAP
Therapy

Fisher&Paykel HEALTHCARE

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. We estimate the market is growing approximately 6-8% p.a.
- 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

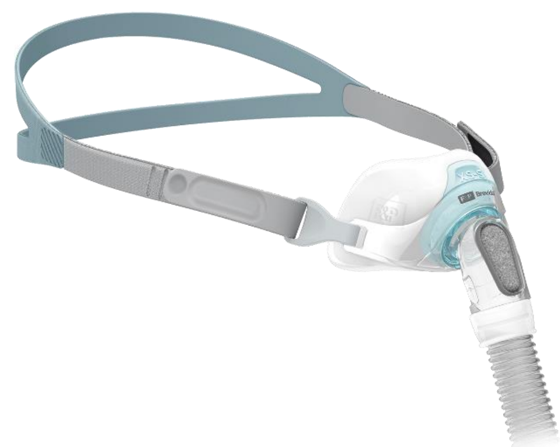
Fisher&Paykel HEALTHCARE

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 US[16]
- 6% of US adults have been diagnosed with COPD[17] (~15 million people)
- 4-10% COPD prevalence worldwide[18] (~400 million people)

Fisher&Paykel HEALTHCARE

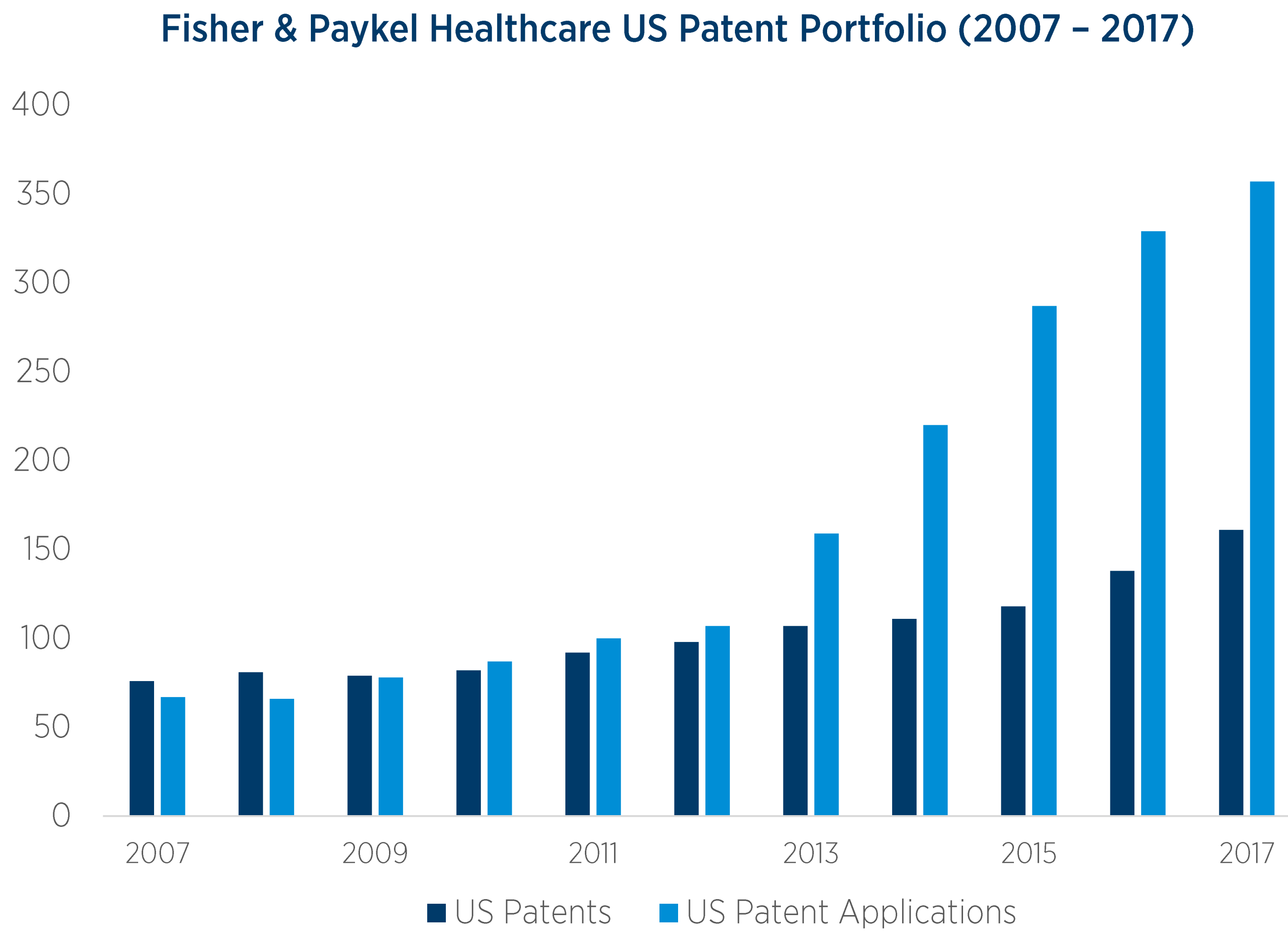
High Level of Innovation and Investment in R&D

- R&D represents 9.6% of operating revenue:* NZ$86M
- Product pipeline includes:
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 161 US patents, 357 US pending, 714 ROW, 732 ROW pending*

* As at 31 March 2017

Fisher & Paykel HEALTHCARE

Growing Patent Portfolio



- Average remaining life of FPH patent portfolio: 12 years*

* As at 31 March 2017

Manufacturing & Operations

- Vertically integrated
  - COGS improvements: Mexico, lean manufacturing, supply chain
- Ample capacity to grow

Auckland, New Zealand

- Three buildings:
  82,000 m^2 / 885,000 ft^2 total
- 103 acres / 42 hectares land

Tijuana, Mexico

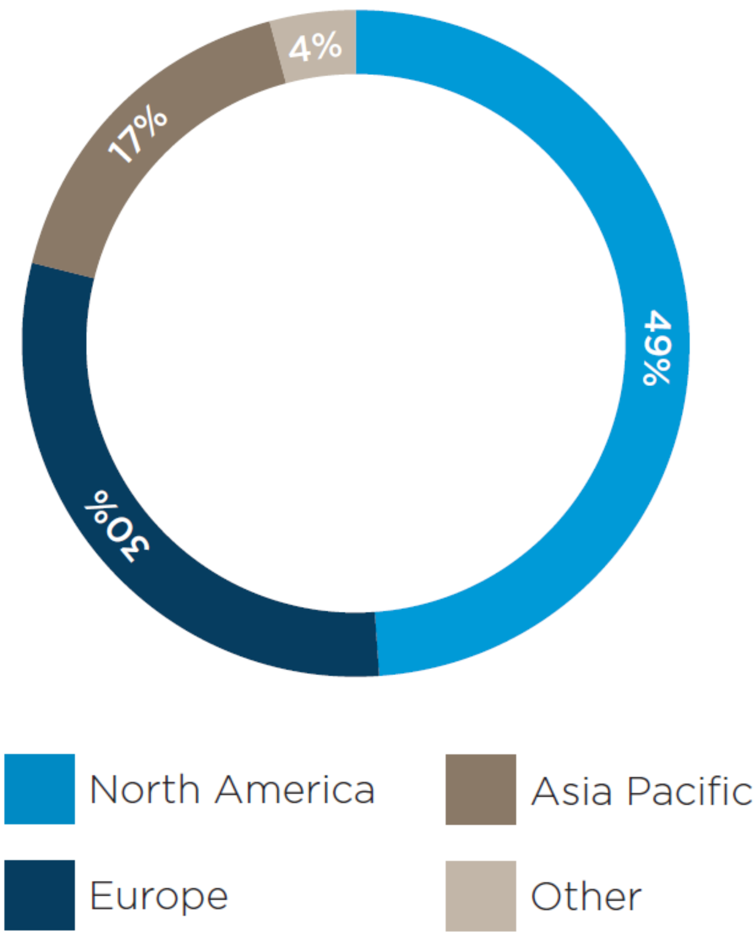
- One building:
  18,000 m^2 / 200,000 ft^2
- 37 acres / 15 hectares land

Fisher&Paykel HEALTHCARE

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 700 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
12 months to 31 March 2017



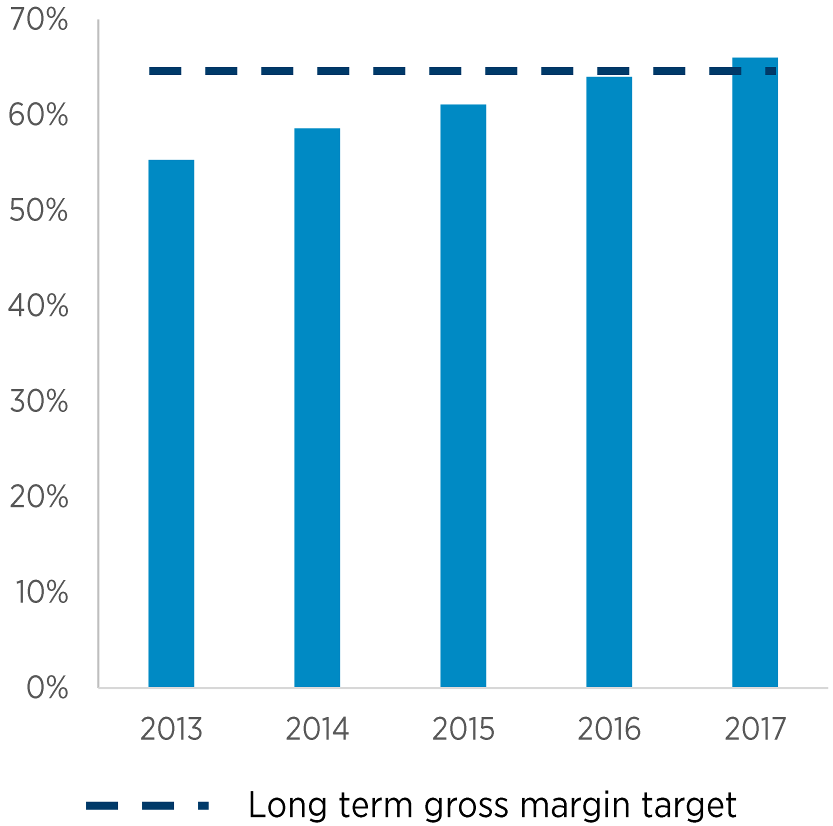
Fisher & Paykel HEALTHCARE

Our Global Coverage

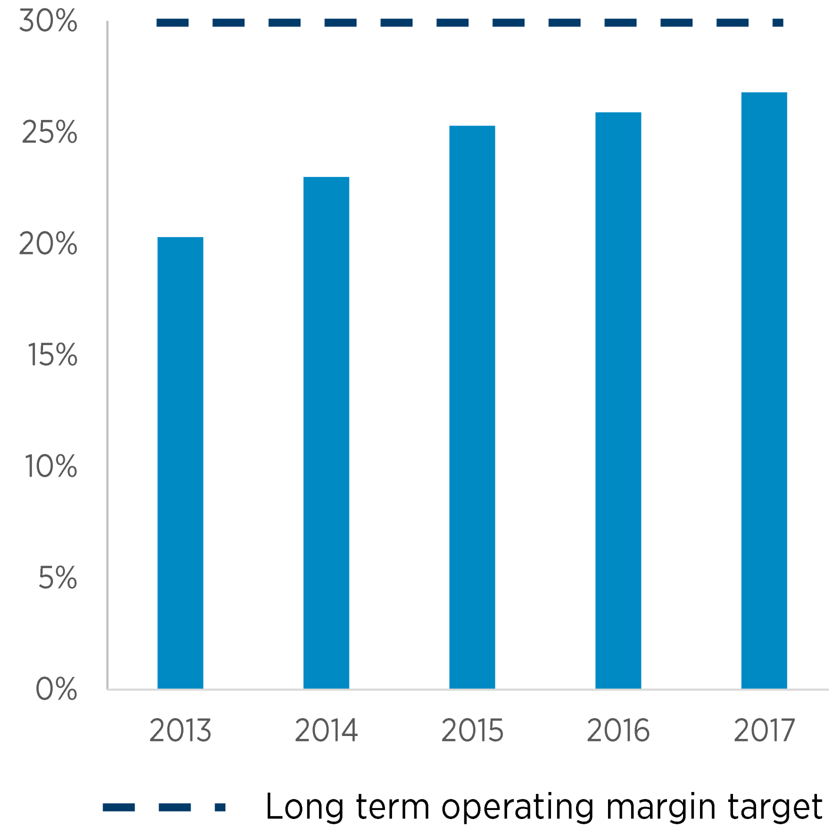
Fisher&Paykel HEALTHCARE

Long Term Margin Targets

Gross Margin



Operating Margin



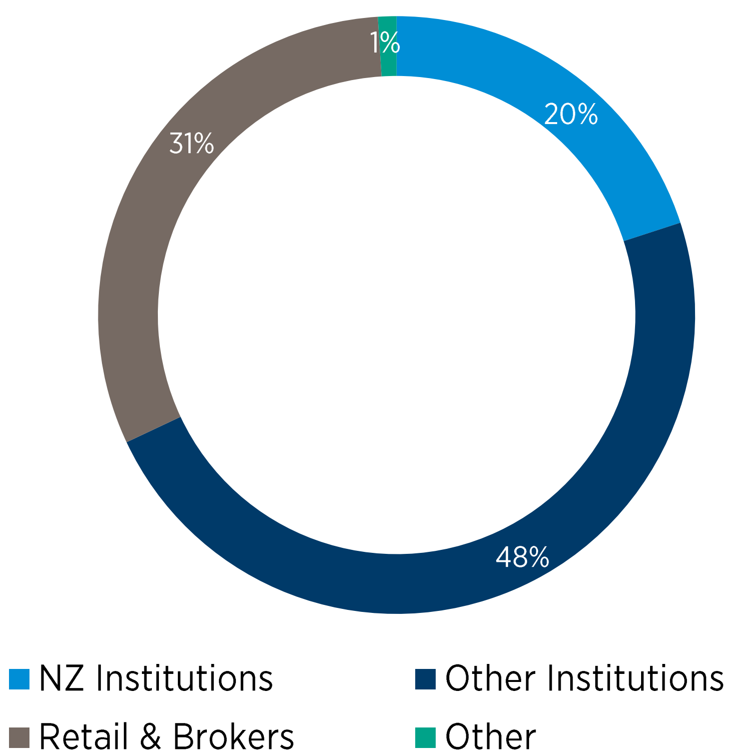
- We expect to see gross margin expansion in FY18 in the range of 50 – 100 bps.

Note: the long term margin targets are based on an assumption of a continuation of the current business environment.

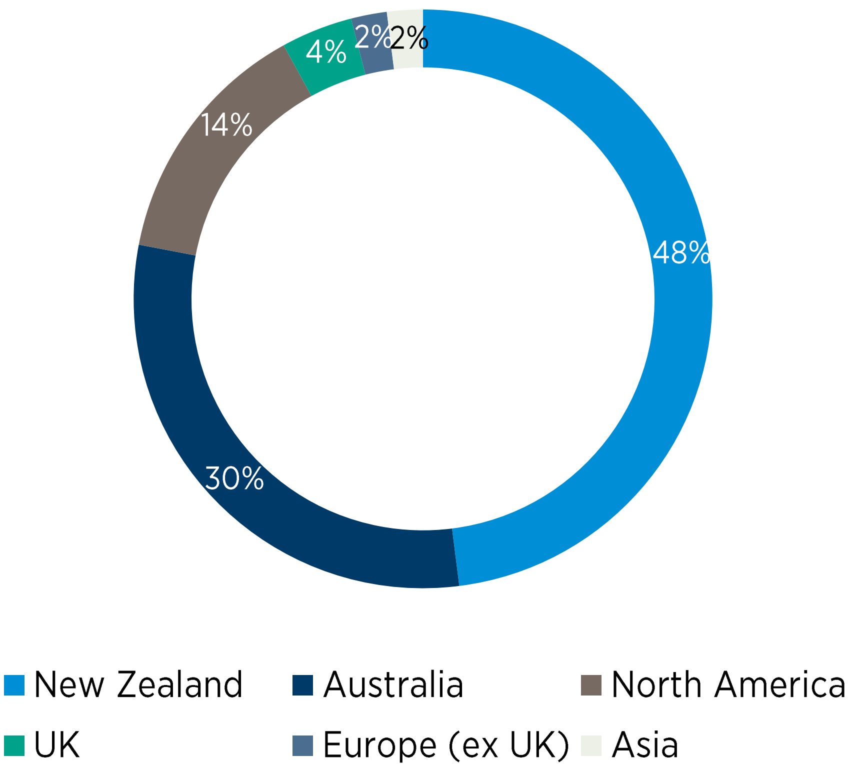
Ownership Structure and Listings

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

Shareholding Structure as at 31 March 2017



Geographical Ownership as at 31 March 2017



Fisher&Paykel HEALTHCARE

Consistent Growth Strategy

Fisher&Paykel HEALTHCARE


Product

Hospital Hardware

- F&P 950 and F&P 850 respiratory humidification systems
  - Invasive ventilation, nasal high flow therapy and non-invasive ventilation
- 810 respiratory humidification system
  - Entry level system
- AIRVO 2 flow generator/humidifier
  - Optiflow™ nasal high flow therapy
- HumiGard surgical humidifier
  - Laparoscopic insufflation
  - Open surgery

F&P 950™ System

F&P 850™ System

F&P AIRVO™ 2

F&P HumiGard™

These products are not available in all regions until regulatory clearance has been obtained.

Fisher&Paykel HEALTHCARE

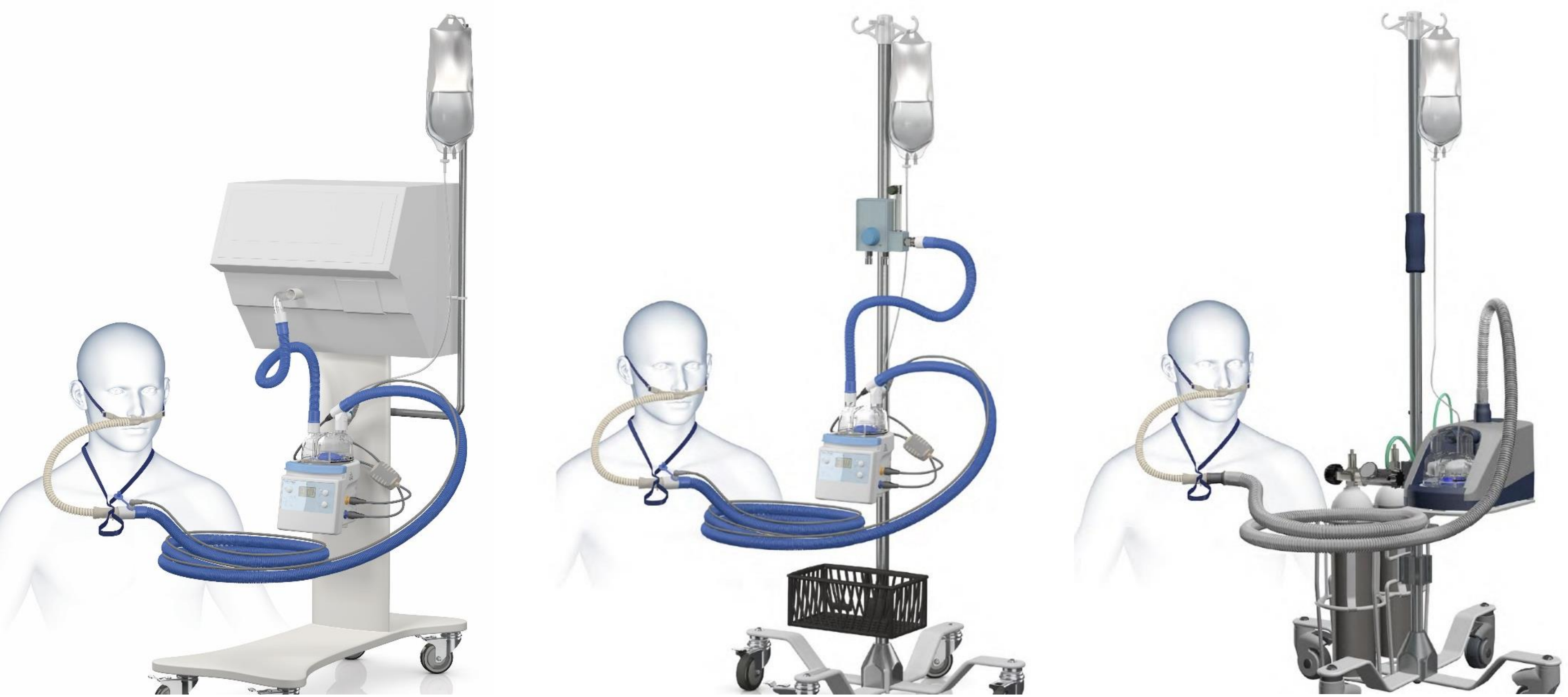
Hospital Single Use Consumables

- Single-use chambers
  - Patented auto filling MR290
- Single-use breathing circuits
  - Patented spiral heater wire
  - Proprietary Evaqua expiratory tube
  - Minimal condensation
  - Delivery of optimal humidity
- Breathing circuit components
  - Filters, catheter mount, weaning kit
- Approx 30 system set-ups used per controller per year
- Interfaces
  - NIV masks, tracheostomy, Optiflow™+ and Optiflow Junior nasal cannula
- Consumable growth driving revenue growth

These products are not available in all regions until regulatory clearance has been obtained.

Fisher&Paykel HEALTHCARE

Optiflow™ Nasal High Flow Therapy – Delivery Options



F&P 850™ System

F&P 950™ System

F&P AIRVO™ 2

These products are not available in all regions until regulatory clearance has been obtained.

Fisher&Paykel HEALTHCARE

Homecare Hardware and Consumables

F&P ICON™+

F&P SleepStyle™

F&P AIRVO™ 2

F&P 810™ System

F&P Simplus™

F&P Eson™ 2

F&P Brevida™

F&P Optiflow™+

These products are not available in all regions until regulatory clearance has been obtained.

Financials

Full Year Operating Results

FY2017 (12 months to 31 March 2017)

	% of Revenue	NZ$M	△PCP^	△CC*
Operating revenue	**100%**	**894.4**	**+10%**	**+14%**
Cost of sales	34.0%	304.0	+3%	+7%
Gross profit	66.0%	590.4	+13%	+17%
Other income (R&D grant)		5.0	0%	0%
SG&A	30.1%	269.3	+11%	+16%
R&D	9.6%	86.0	+17%	+17%
Total operating expenses	39.7%	355.3	+13%	+16%
Operating profit	**26.8%**	**240.1**	**+14%**	**+19%**
Profit after tax	**18.9%**	**169.2**	**+18%**	**+21%**

^ PCP = prior comparable period * CC = constant currency

Fisher&Paykel HEALTHCARE

Cash Flow & Balance Sheet

FY2017 (for the 12 months ended 31 March 2017)	**NZ$M**
Operating cash flow (+34%)	193.6
Capital expenditure	63.0
Depreciation and amortisation	39.1

FY2017 (as at 31 March 2017)	**NZ$M**
Net cash	0.2
Total equity	661.6
Total assets	878.2
	%
Pre-tax return on average equity	39.6%
Pre-tax return on average total assets	29.0%
Gearing (debt/debt + equity)	0.0%

Foreign Exchange Effects

- 52% of operating revenue in USD and 20% in €.

	Year to 31 March				
Hedging position for our main exposures	**2018**	**2019**	**2020**	**2021**	**2022**
USD % cover of expected exposure	88%	59%	39%	21%	0%
USD average rate of cover	0.677	0.671	0.648	0.624	-
EUR % cover of expected exposure	85%	63%	8%	0%	0%
EUR average rate of cover	0.600	0.619	0.601	-	-

	Year ended 31 March	
Reconciliation of Constant Currency to Actual Income Statements	**2016 NZ$000**	**2017 NZ$000**
Profit before tax (constant currency)	**199,511**	**241,209**
Spot exchange rate effect	1,509	(22,189)
Foreign exchange hedging result	(4,005)	22,090
Balance sheet revaluation	3,815	(2,666)
Profit before tax (as reported)	**200,830**	**238,444**

Fisher&Paykel HEALTHCARE

Important Notice and References

Disclaimer

The information in this presentation is for general purposes only and should be read in conjunction with Fisher & Paykel Healthcare Corporation Limited's (FPH) 2017 Annual Report and accompanying market releases. Nothing in this presentation should be construed as an invitation for subscription, purchase or recommendation of securities in FPH.

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.

References

1. Grayson K. Vincent, Victoria A. Velkoff. The Next Four Decades. The Older Population in the United States: 2010 to 2050. US Census Bureau, 2010.
2. Cynthia L Ogden, Cheryl D Fryar et al. Mean Body Weight, Height, and Body Mass Index (BMI) 1960-2002. US Centers for Disease Control and Prevention, 2004.
3. Berhanu Alemayehu, Kenneth E Warner. The Lifetime Distribution of Health Care Costs. Health Serv Res. 2004 June; 39(3): 627–642
4. Sheryl Jacobson, Yvonne Wu. 2015 Health Care Outlook: China. Deloitte 2015.
5. Frat JP, Thille AW, Mercat A et al. High-flow oxygen through nasal cannula in acute hypoxemic respiratory failure. *N Engl J Med*. 2015;372(23):2185-96
6. Maggiore SM, Idone FA, Vaschetto R et al. Nasal high-flow versus Venturi mask oxygen therapy after extubation. Effects on oxygenation, comfort, and clinical outcome. *Am J Respir Crit Care Med*. 2014;190(3):282-8
7. Stéphan F, Barrucand B, Petit P et al. High-Flow Nasal Oxygen vs Noninvasive Positive Airway Pressure in Hypoxemic Patients After Cardiothoracic Surgery: A Randomized Clinical Trial. *JAMA*. 2015;313(23):2331-9
8. Hernández G, Vaquero C, González P, et al. Effect of Postextubation High-Flow Nasal Cannula vs Conventional Oxygen Therapy on Reintubation in Low-Risk Patients: A Randomized Clinical Trial. *JAMA*.2016;315(13):1354-1361. doi:10.1001/jama.2016.2711
9. Wing R, James C, Maranda LS et al. Use of high-flow nasal cannula support in the emergency department reduces the need for intubation in pediatric acute respiratory insufficiency. *Pediatr Emerg Care*. 2012;28(11):1117-23
10. McKiernan C, Chua LC, Visintainer PF et al. High flow nasal cannulae therapy in infants with bronchiolitis. *J Pediatr*. 2010;156(4):634-8
11. Milési C, Baleine J, Matecki S et al. Is treatment with a high flow nasal cannula effective in acute viral bronchiolitis? A physiologic study. *Intensive Care Med*. 2013 Jun;39(6):1088-94
12. Manley BJ, Owen LS, Doyle LW et al. High-flow nasal cannulae in very preterm infants after extubation. *N Engl J Med*. 2013;369(15):1425-33
13. Yoder BA, Stoddard RA, Li M, King J et a. Heated, humidified high-flow nasal cannula versus nasal CPAP for respiratory support in neonates. Pediatrics. 2013;131(5):e1482-90
14. Collins CL, Holberton JR, Barfield C, Davis PG. A randomized controlled trial to compare heated humidified high-flow nasal cannulae with nasal continuous positive airway pressure postextubation in premature infants. *J Pediatr*. 2013;162(5):949-54
15. Saslow JG, Aghai ZH, Nakhla TA et al. Work of breathing using high-flow nasal cannula in preterm infants. *J Perinatol*. 2006;26(8):476-80
16. Hoyert DL, Xu JQ. Deaths: preliminary data for 2011. Natl Vital Stat Rep. 2012;61(6):1-65. Hyattsville, MD: National Center for Health Statistics. 2012.
17. Nicole M Kosacz, Antonello Punturieri et al. Chronic Obstructive Pulmonary Disease Among Adults -United States 2011. US Centers for Disease Control and Prevention, 2012.
18. R J Halbert, Sharon Isonaka, Dorothy George, Ahmar Iqbal. Interpreting COPD Prevalence Estimates. *Chest*. 2003; 123:5 1684 – 1692.

Fisher&Paykel HEALTHCARE