



Corporate Governance Roadshow

October 2018

Tony Carter
Chair

Pip Greenwood
Director

Fisher & Paykel Healthcare at a Glance

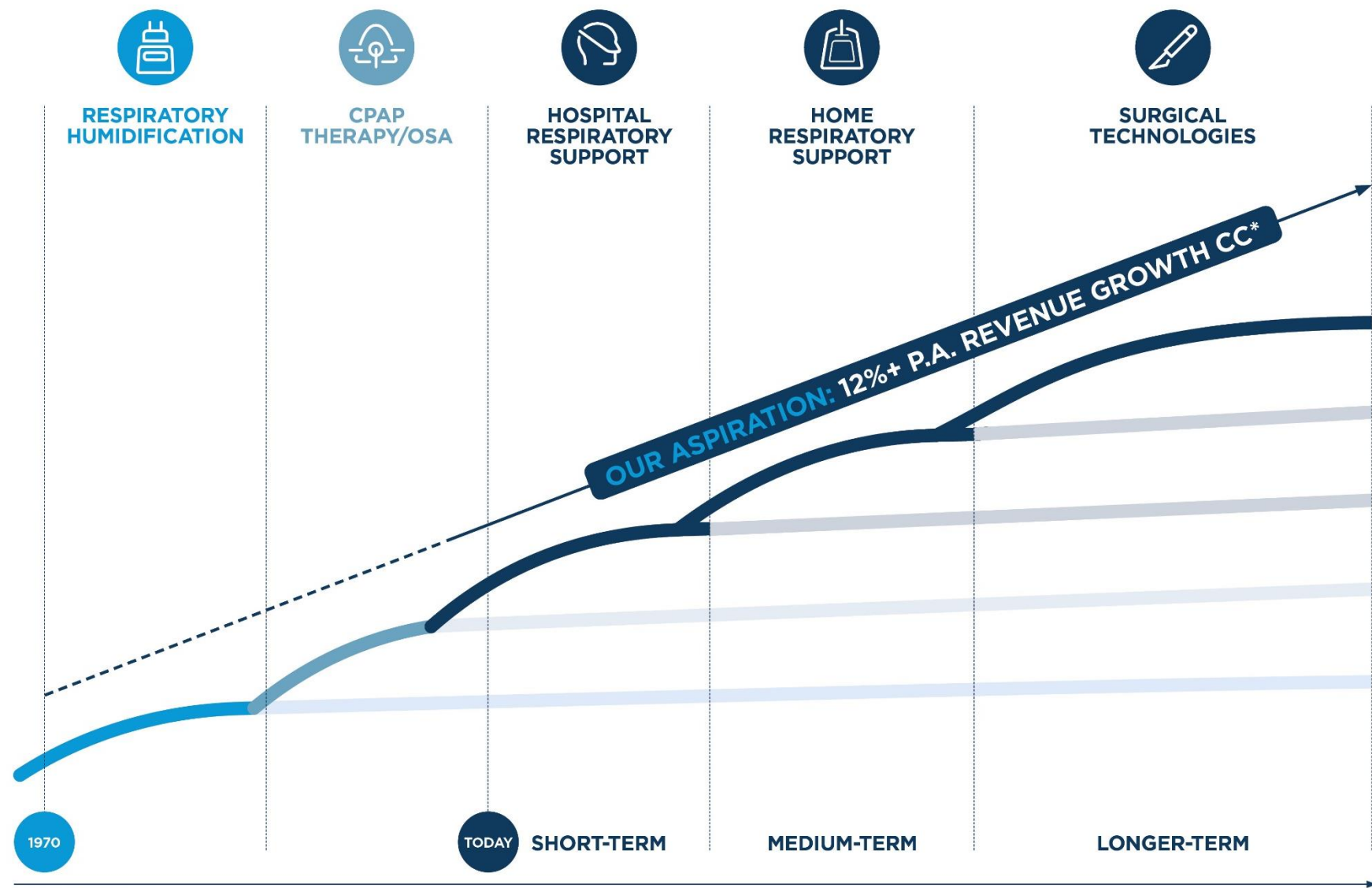
Global leader in respiratory humidification devices

- 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 (87%) 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

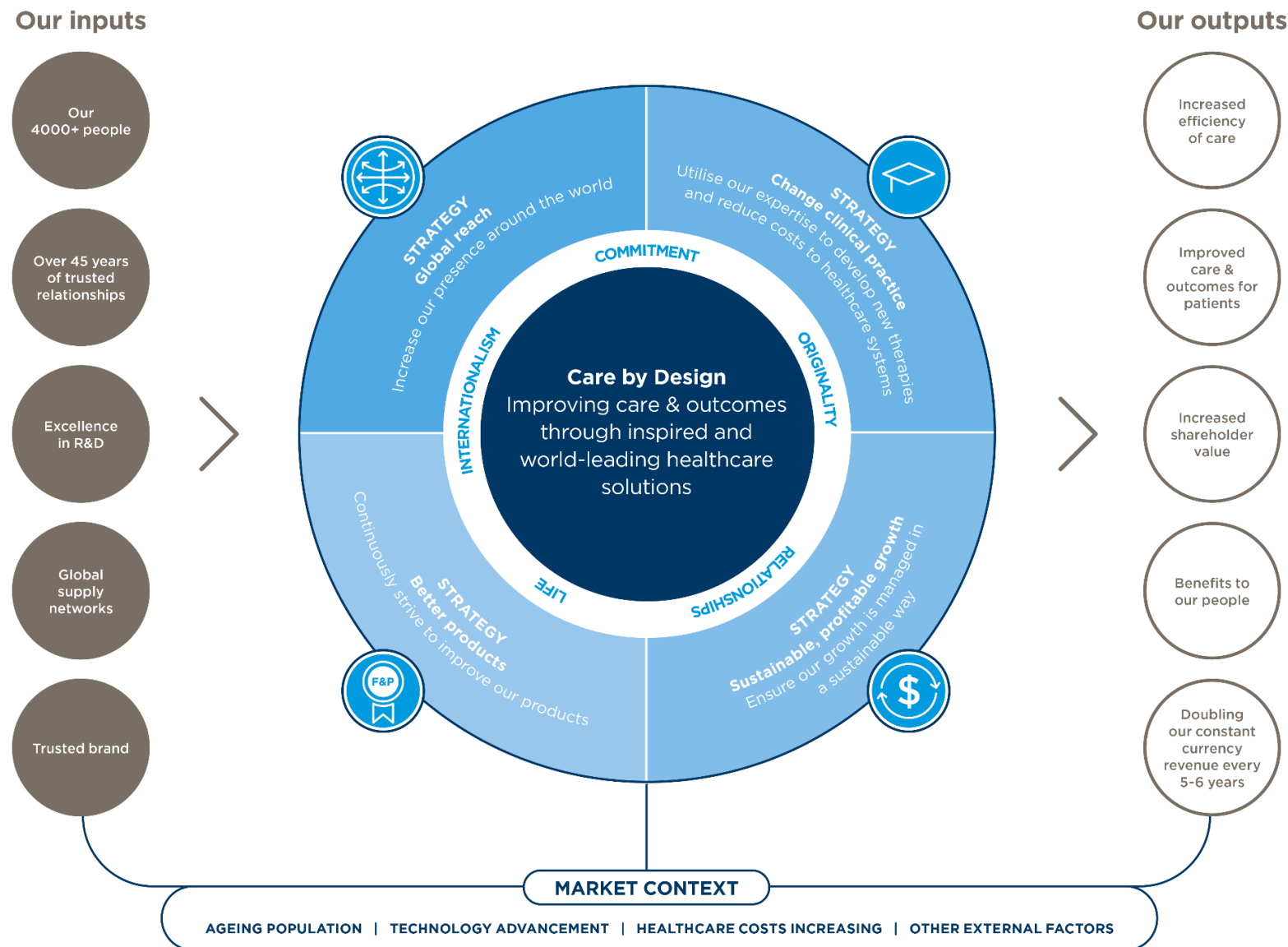


Our Opportunity: Changing Clinical Practice



OUR ASPIRATION:
Sustainably
DOUBLING
our constant
currency revenue
every 5-6 years.

How we deliver value



Board of Directors



Tony Carter



Lewis Gradon



Michael Daniell



Pip Greenwood



Geraldine McBride



Donal O'Dwyer



Scott St John

Board of Directors

- Recent retirement of Dr Arthur Morris
- Proposing to appoint new independent director(s) to Board
 - Global search
 - Looking for further medicine/medical device experience as well as a customer lens
 - Announcement expected shortly
- External consultant (Propero) conducted a performance evaluation of the Board during 2018
 - Survey results remain in the upper quartile (80th percentile) against comparators
 - Key areas of strength: Board culture, engagement with management and governance systems and processes
- Non-executive director contracts changed. Expectation that NEDs will serve for an aggregate period of ~9 years
- Strong result in the Corporate Confidence Index 2018 survey
- Support of Future Directors Programme – Claudia Wyss

Board Skills Matrix

Skills and experience	Tony Carter	Lewis Gradon	Michael Daniell	Pip Greenwood	Geraldine McBride	Donal O'Dwyer	Scott St John
Financial acumen	✓	✓	✓	✓	✓	✓	✓
Sales/Marketing	✓	✓	✓	✓	✓	✓	✓
Engineering/Science/Technology/Manufacturing	✓	✓	✓		✓	✓	
Medicine/Medical Device		✓	✓			✓	
Legal/Regulatory		✓	✓	✓		✓	✓
Governance	✓	✓	✓	✓	✓	✓	✓
International Business Experience	✓	✓	✓	✓	✓	✓	✓
Tenure (years)	7.5	2	16.5*	1	4.5	5.5	2.5

*Michael Daniell was appointed as a Non-executive director on 1 April 2016 following his retirement as Managing Director and Chief Executive Officer.

Board Remuneration

Director Fees for year ended 31 March 2018

Director	Board Fees	Audit & Risk Committee	Remuneration and Human Resources Committee	Nomination Committee ¹	Quality, Safety and Regulatory Committee	Shares and other payments	Total remuneration
Tony Carter (Chair) ²	\$218,350	\$0	\$0	\$0	\$0		\$218,350
Michael Daniell ³	\$96,065	\$9,750					\$105,815
Lindsay Gillanders ⁴	\$38,867	\$6,625					\$45,492
Pip Greenwood ⁵	\$80,518		\$13,875 (Chair)				\$94,393
Geraldine McBride	\$95,642 ⁶						\$95,642
Arthur Morris ⁸	\$96,065				\$21,825 (Chair)		\$117,890
Donal O'Dwyer	\$96,065		\$13,725	\$0	\$16,375	\$21,200 (travel allowance)	\$147,365 ⁷
Scott St John	\$96,065	\$27,300 (Chair)	\$13,725	\$0			\$137,090
Total	\$817,637	\$43,675	\$41,325	\$0	\$38,200	\$21,200	\$962,037

- Director fee pool last increased from \$950,000 to \$1,050,000 in August 2017
- May seek increase in director fee pool at 2019 annual shareholders' meeting

1. Fees for Nomination Committee role are included in Remuneration and Human Resources Committee fee. These committees have now merged into the People and Remuneration Committee.
2. No additional fees are paid to the Board Chair for committee roles.
3. Appointed to Audit & Risk Committee to replace Lindsay Gillanders on 24 August 2017.
4. Retired from the Board and the Audit & Risk Committee on 24 August 2017.
5. Appointed to the Board on 1 June 2017 and appointed Chair of Remuneration and Human Resources Committee on 1 October 2017.
6. Fee includes minor reduction for cost of airfares paid by the company in April 2017.
7. The remuneration for Donal O'Dwyer is set in NZD but paid in AUD at the prevailing exchange rate at the date of payment.
8. Retired from the Board and the Quality, Safety & Regulatory Committee on 21 August 2018.

Executive Management Team



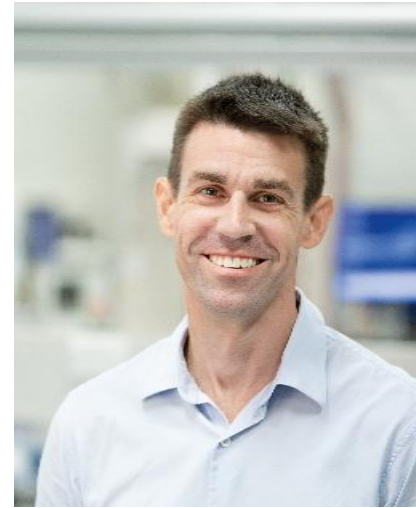
Lewis Gradon



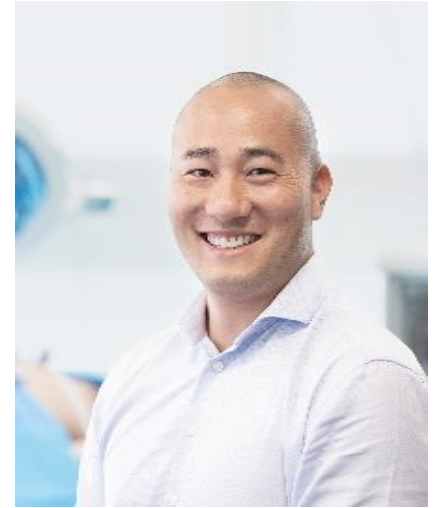
Paul Shearer



Andrea Blackie



Andrew Somervell



Winston Fong



Debra Lumsden



Brian Schultz



Jonti Rhodes

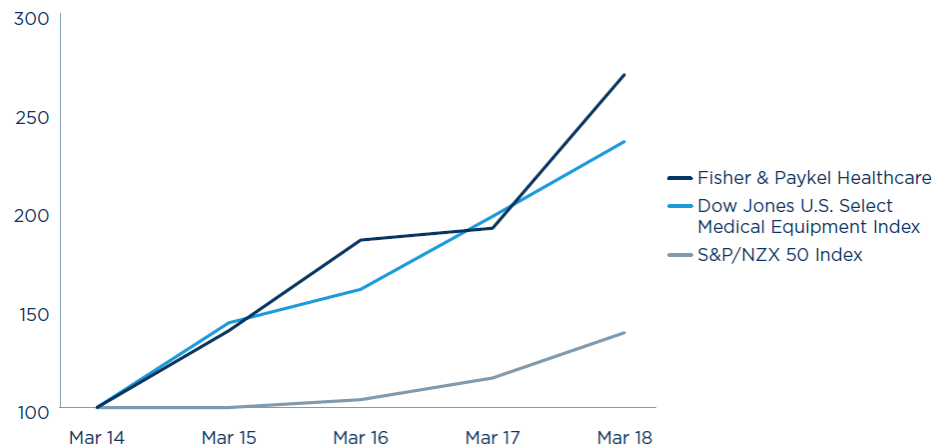


Nicholas Fourie

Executive Management Team

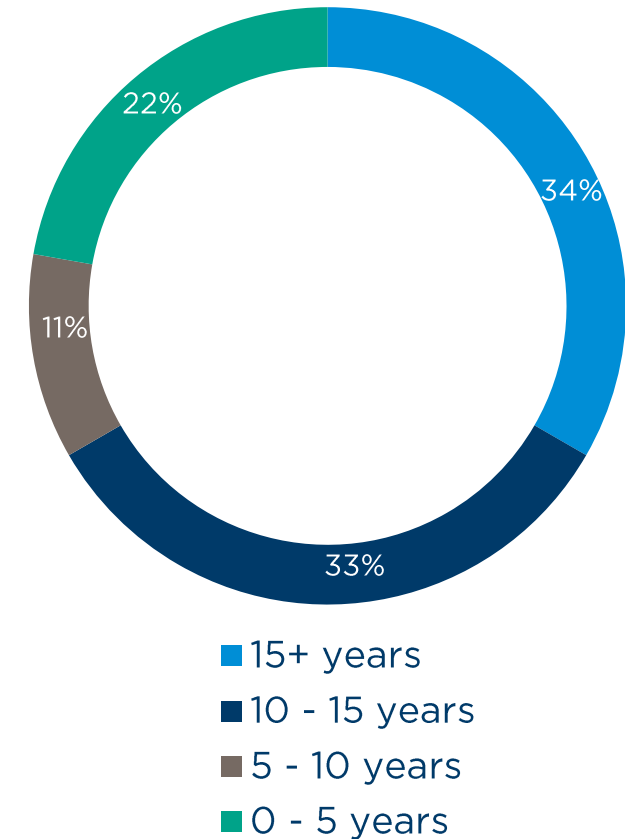
- Highly-experienced and well respected executive management team – have a collective 125+ years' experience in the medical devices industry
- Strong result in the Corporate Confidence Index 2018 survey
- Close to announcing the appointment of a new Chief Financial Officer following the retirement of Tony Barclay in May 2018

5 YEAR SUMMARY – TSR PERFORMANCE



To enable better comparability of the relative shareholder return performance, the FPH and S&P/NZX 50 closing prices on the NZX have been converted to US dollars at the daily closing rate quoted by the Reserve Bank of New Zealand.

EXECUTIVE MANAGEMENT TEAM TENURE IN COMPANY



Executive Remuneration

- Remuneration package for senior management consists of:
 - Fixed remuneration
 - Company-wide profit sharing bonus
 - Annual variable remuneration
 - Long-term variable remuneration

Annual Variable Remuneration (AVR)

- Designed to incentivise growth in annual financial measures as well as non-financial measures.

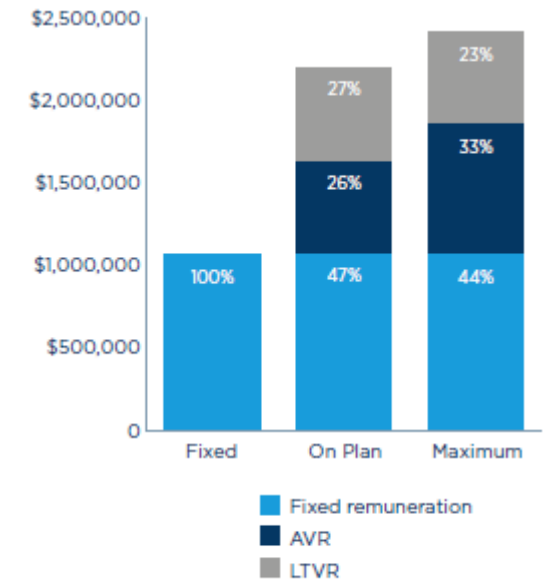
AVR Measures – FY18

Measures	Weighting	Amount of Target Achieved
Constant currency operating profit	45%	100.1%
Constant currency revenue	25%	97.7%
Constant currency pre-tax operating cash flow	10%	105.2%
Non-financial measures	20%	100%

Long Term Variable Remuneration (LTVR)

- Share Options – Options vest between the third and fifth anniversary of the grant date as long as the share price has exceeded the escalated price. The escalated price is determined by a representative amount representing the company's cost of capital.
- Performance Share Rights – PSRs become exercisable if the company's gross TSR exceeds the performance of the Dow Jones US Select Medical Equipment Total Return Index over the same period.
- Reviewing re-testing provisions in Options and PSR plans for FY19.

CEO Remuneration – FY18



Employee Share Rights Scheme

- Options and PSRs have historically been issued reasonably deep within the company to ~400 people
- Complex instruments which are not particularly well understood
- In 2018, ~70 of the company's senior managers globally will continue to be issued with Options and PSRs
- A new Employee Share Rights (ESR) plan has been created
- These ESRs will be issued initially in NZ and Australia in 2018 to ~250 people
- The ESR plan will be rolled out in future countries in 2019. In the interim, participants in LTVR plans outside NZ and Australia will continue to receive Options and PSRs
- Key terms of the ESRs
 - No cost to the employee
 - No voting rights and no dividends or other distributions are payable
 - Vest automatically (at no cost to the employee) at the end of year three, provided that the employee is still employed by the company
- Assists in retention without the complex administration associated with the Options and PSRs



Environmental, Social & Governance

- Included in the Asia Pacific and Australian Dow Jones Sustainability Indices
- Included in FTSE4Good index
- Annual reporting informed by principles of the Global Reporting Initiative (GRI). Future reports will be in accordance with the GRI Standard (Core)
- Profit-sharing bonus paid to employees around the world every 6 months. In FY18 this:
 - totalled \$4.5M
 - equated to more than a week's additional pay for our people
- Global MySay Engagement Survey conducted during FY18
 - 95% completion rate
 - Global top quartile engagement score
 - Opportunities for improvement in Career and Development and Rewards & Recognition

MATERIALITY MATRIX



FTSE4Good



Risk Management and Health & Safety

- Business risk management approach derived from ISO 31000, enhanced to focus on our key strategic objectives
- Product risk – ISO 14971 Medical Devices Application of Risk Management
- Health & Safety – aligned with ISO 45001
- Have in place a number of risk management functions and systems to identify and manage areas of material business risk
- Board ultimately responsible for oversight of effectiveness of risk management

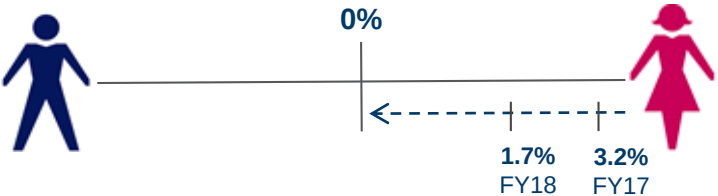
Risk Types	Risk Examples
Strategic	• Inability to continue to innovate • Reduction in business viability (changing technology, market access issues, healthcare reform) • Freedom to operate • Commercialisation and protection of Intellectual Property
Operational	• Disruption to product supply • Physical damage to key manufacturing centres • Loss of critical systems for a prolonged period of time • People and physical capacity requirements cannot keep up with growth
Compliance	• Product Quality / Safety issues including violation of FDA and other Health Authority regulations • Employee Health & Safety • Selling and promotion of our products • Protection of personal data • Local Tax and other laws • Intellectual Property Infringement
Financial	• Foreign exchange volatility • Reporting requirements • Performance does not meet market expectations or FPH guidance
Reputational	• Significant product quality issue • Product recall • Breach of anti-trust laws • Ethical labour concerns

Diversity & Inclusion Gender Diagnostic

Statistically powered gender diagnostic focussed on NZ in FY17/FY18.

Assessed the entire employee lifecycle.

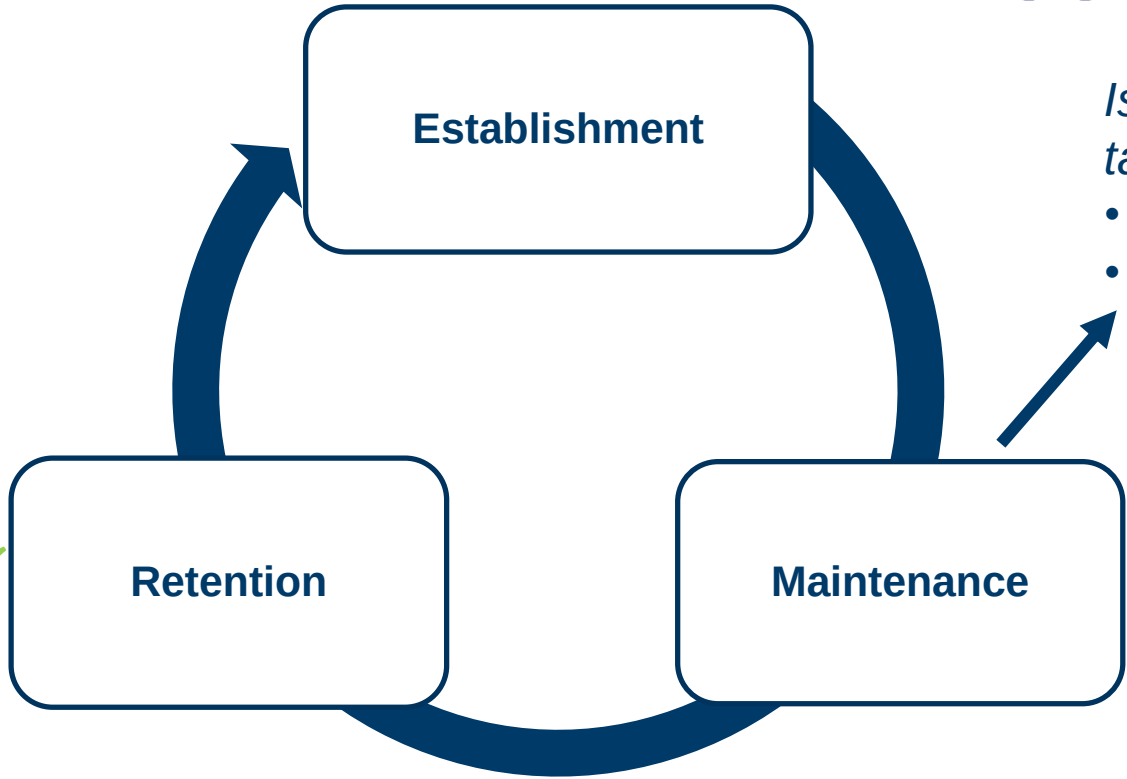
Do we recruit free of bias? ✓
Do we attract women? ✓



Issues identified and actions taken to address:

- Gender pay gap
- Higher proportion of male employees promoted

Do we retain women? ✓



Do we pay fairly? ✗
Do we promote free of bias? ✗

Diversity Statistics

	2017				2018			
	Women	Men	Women %	Men %	Women	Men	Women %	Men %
Board	1	7	13%	87%	2	6	25%	75%
Senior executives ¹	1	8	11%	89%	1	8	11%	89%
All employees ²	1,851	2,135	46%	54%	1,910	2,138	47%	53%

1. "Senior executive", as it is used in the table above, refers to the Chief Executive Officer and senior executives reporting directly to the Chief Executive Officer.

2. Temporary staff are not included in the above numbers.

Gender pay ratios

	FY17	FY18
New Zealand (Salaried and Waged)	98.8%	99.3%
Outside of New Zealand (Salaried only)	- ¹	97.6%
Total	-¹	98.7%

1. FY18 was the first year that gender pay ratios were calculated in respect of salaried employees outside of New Zealand.

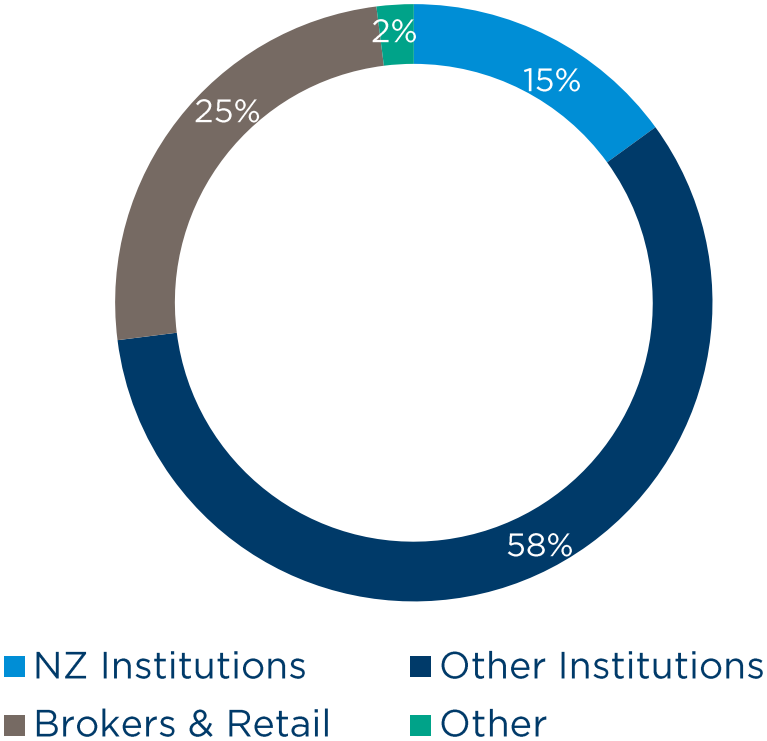
FY19 Year To Date Recruitment



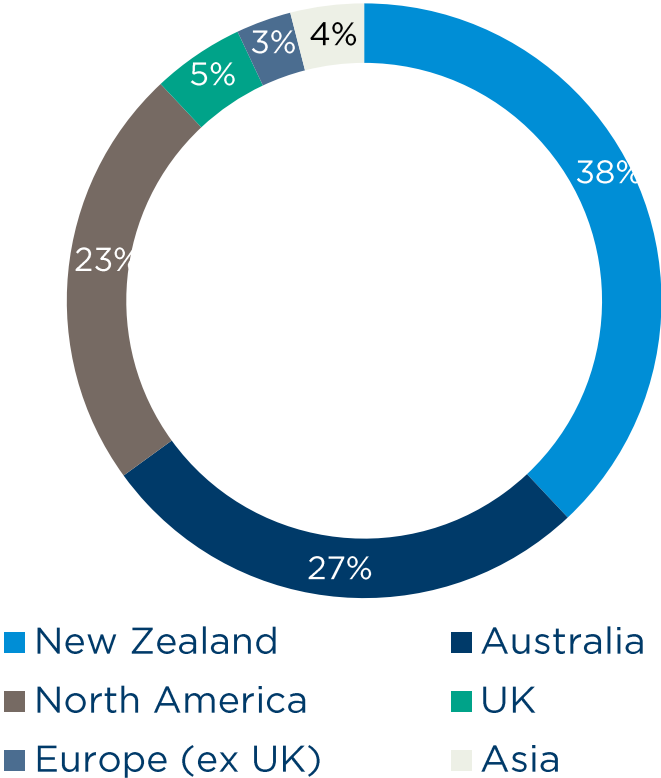
Ownership Structure

- Listed on NZX and ASX (NZX.FPH, ASX.FPH)
- Currently more than 22,000 shareholders

SHAREHOLDING STRUCTURE AS AT
30 JUNE 2018



GEOGRAPHICAL OWNERSHIP AS AT
30 JUNE 2018



Our Culture reflected in our Purpose, Values & Beliefs

