

INVESTOR DAY



07.12.11

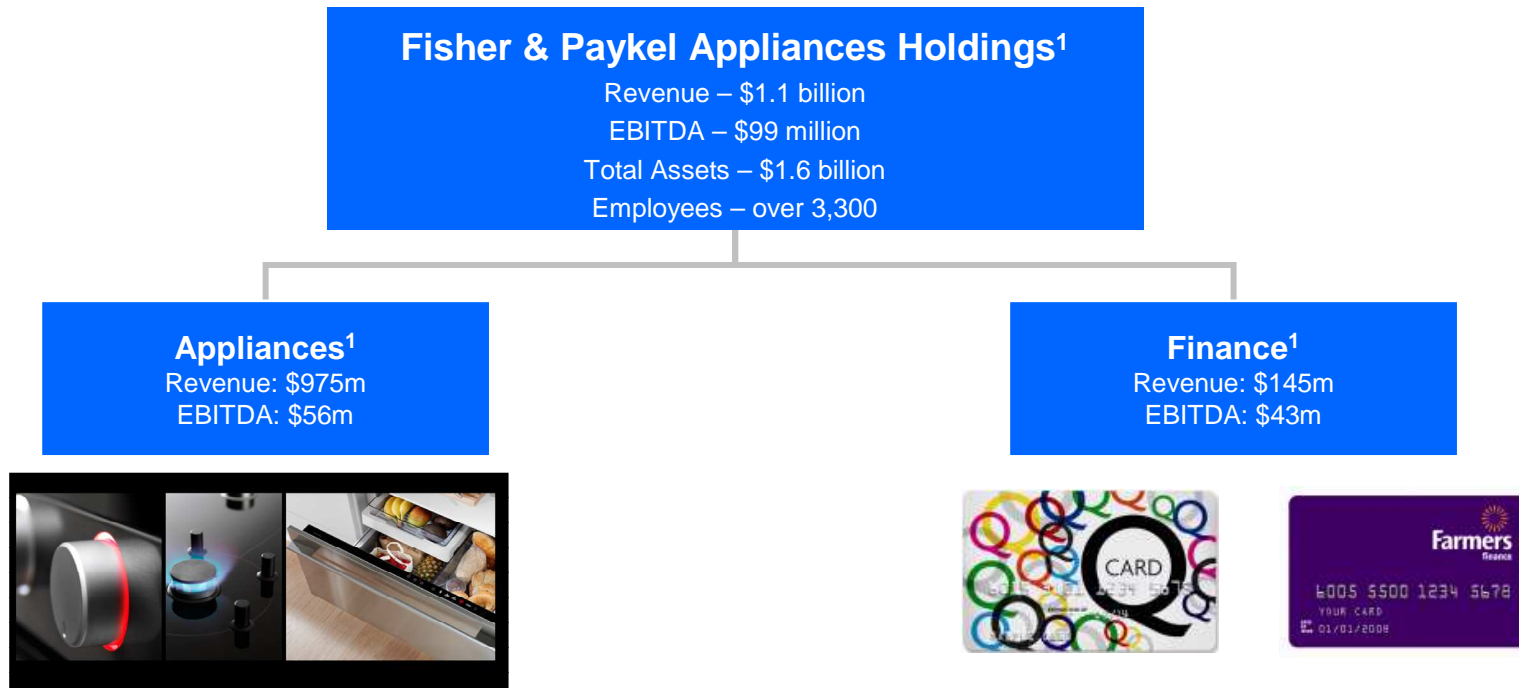
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AGENDA

TIME	TOPIC	PERSONNEL	LOCATION
9.00 AM	ARRIVE AND GREET	EXECUTIVE	RECEPTION → BOARDROOM
9.05 AM	INTRODUCTION	MATT ORR	BOARDROOM
9.10 AM	OVERVIEW AND STRATEGY	STUART BROADHURST	BOARDROOM
10.10 AM	GOVERNANCE	KEITH TURNER	BOARDROOM
10.20 AM	MORNING TEA / PRODUCT TOUR		MAIN STREET
10.50 AM	PRODUCT DEVELOPMENT	DAN WITTEN-HANNAH	BOARDROOM
11.30 AM	MARKETS AND BRAND	CRAIG REID	BOARDROOM
12.30 PM	LUNCH		BRAND ROOM / COURTYARD
1.15 PM	COMPONENTS & TECHNOLOGY	BRETT BUTTERWORTH	BOARDROOM
2.00 PM	QUALITY	GARRY MOORE	BOARDROOM
2.15 PM	FOREIGN EXCHANGE RISK	DAVID SULLIVAN	BOARDROOM
2.30 PM	PML PLANT TOUR		PML
3.00 PM	FISHER & PAYKEL FINANCE	ALASTAIR MACFARLANE	BOARDROOM
3.40 PM	CLOSING COMMENTS	STUART BROADHURST	BOARDROOM

GROUP OVERVIEW

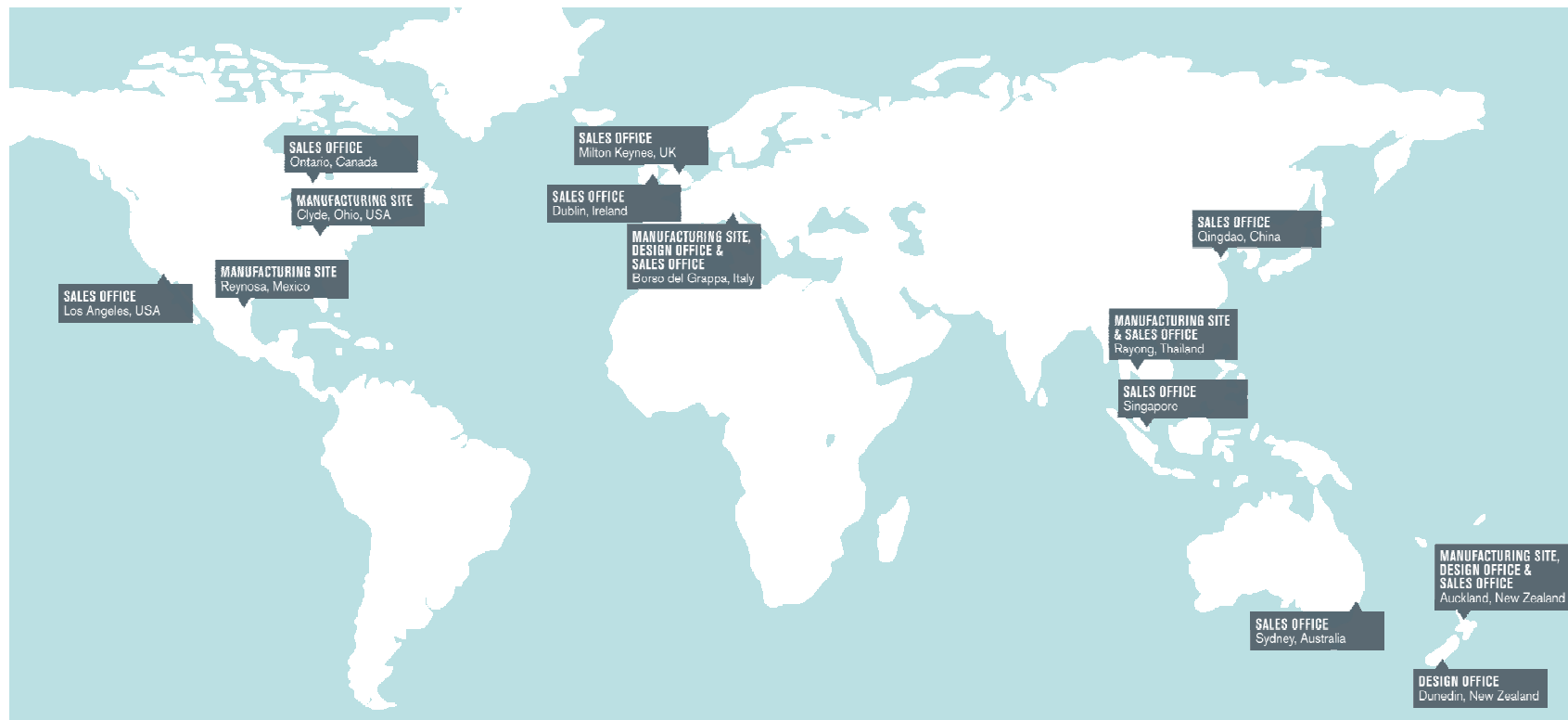
- **Appliances – manufactures and markets a full range of kitchen and laundry products**
 - Production Machinery Limited produces and sells manufacturing equipment
 - Technology and components business including direct drive motors
- **Finance – a leading provider of retail point of sale consumer finance in New Zealand**
 - Also provides equipment finance and leasing finance
 - Diversified consumer loan portfolio – no exposure to property or private motor vehicles



(1) Based on FY11 March year end

A GLOBAL APPLIANCES COMPANY

- Founded in 1934 in New Zealand
- Internationally recognised brand selling in over 50 countries
- Proven track record of delivering customer-focused product innovation
- Low cost manufacturing facilities



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CUSTOMER DRIVEN INNOVATION



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LEADING POSITIONS AND STRONG BRANDS

- #1 in New Zealand
- #2 in Australia
- Niche high end market positioning in North America, Europe and China
- High end DCS cooking brand in North America
- Distribution of Haier brand in Australia and New Zealand



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Haier



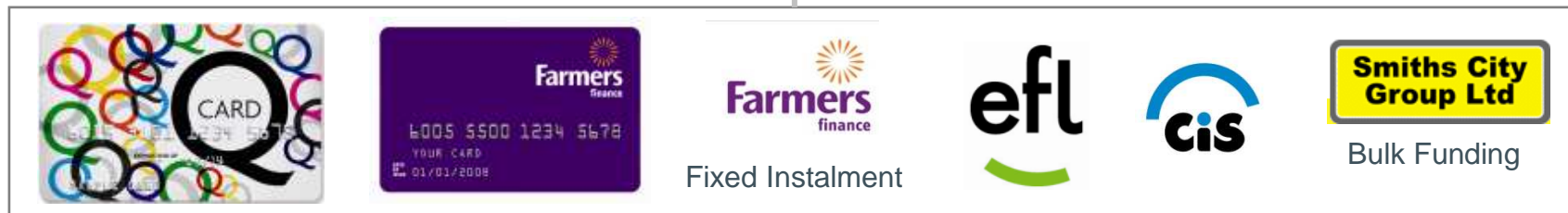
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LEADING PROVIDER OF CONSUMER FINANCE

- One of the largest consumer finance companies in New Zealand
- A leading provider of retail point of sale consumer finance and insurance services
- The business also provides equipment rental and leasing finance
- A diversified consumer loan portfolio
 - no related party loans; no exposure to private motor vehicle or property lending
- Strong governance – separate Board of Directors, fully compliant with NBDT⁽¹⁾ regulatory reforms







Finance Group (March 2011)

Revenue – \$145 million
EBITDA – \$43 million
Gross Receivables – \$628 million
Employees – over 250



(1) Fisher & Paykel Finance Limited is the Non Bank Deposit Taker as defined under the Reserve Bank of New Zealand legislation

DIVERSIFIED CONSUMER PRODUCT PORTFOLIO

PRODUCT	GROSS RECEIVABLES	DESCRIPTION
	\$299m	<ul style="list-style-type: none"> Launched in 2004 Q Card® incorporates fixed instalment, flexi payment and revolving credit financing options, with a pre-approved credit Q Card® has experienced rapid growth and has over 177,500 active cardholders and is accepted in over 7,555 retail outlets nationwide
	\$41m	<ul style="list-style-type: none"> Finance provides business finance through its subsidiary Equipment Finance Limited and approximately 300 third party dealers
	n/a	<ul style="list-style-type: none"> Insurance and extended warranty business
	\$76m	<ul style="list-style-type: none"> Finance has provided bulk funding to Smiths City Group since 1990
	\$199m	<ul style="list-style-type: none"> The Farmers Finance Card™ has approximately 315,000 active cardholders and is accepted at all Farmers stores and at over 9,500 non-Farmers Trading Company retail outlets
	\$13m	<ul style="list-style-type: none"> Finance provides traditional fixed instalment finance to retailers and customers primarily via in-store offerings in Farmers stores Currently has over 17,900 active credit contracts

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FY12 INTERIM RESULT & STRATEGY



STUART BROADHURST
Managing Director & Chief Executive Officer

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FY12 INTERIM RESULT HIGHLIGHTS

- **Appliances – result impacted by transactional hedging losses**
 - **Operating Revenue down 7% to \$441m (\$476m pcp)**
 - Improved price/mix offset by lower volumes and unfavourable FX translation
 - Result reflects increased Australian and ROW revenues; lower U.S. revenues (rebalancing for profitable sales), soft retail conditions in New Zealand and lower technology and component revenues
 - **Gross margin % up 2.5% from 29.2% to 31.8% on pcp (30.3% for FY11)**
 - Gross Margin up \$0.9m at \$140.0m (\$139.1m on pcp)
 - Higher raw materials & freight costs offset by improved mix, lower warranty and favourable FX translation
 - **Normalised EBIT loss of \$2.4m (versus EBIT of \$6.8m pcp)**
 - Lower overheads – cost savings offset increased lease costs and favourable FX translation
 - Result negatively impacted by transactional hedging losses of \$20.3m
 - **New motor supply agreement announced at the ASM in August 2011**
 - Earnings from Q2 FY13

FY12 INTERIM RESULT HIGHLIGHTS

- **Finance Business – continued strong performance**

- Normalised EBIT down \$0.5m to \$18.4m (\$18.9m) – Steady net income and lower bad debt expenses offset increased cost of funds (retail debentures & bank) and operating costs (Q card promotion and rebranding)
- Net receivables declined by 2% to \$589m (\$601m in March 2011) – new receivables growth offset the loss of a major account
- Sufficient funding in place beyond the expiry of the Crown Deposit Guarantee Scheme on 31 December 2011 with wholesale banking facilities and liquid funds cover equal to 1.6x of retail debentures
- Retained Standard & Poor's long term issuer credit rating of 'BB' Outlook Stable

- **Group – strengthening balance sheet**

- Reported Net Profit: \$0.98m (versus \$11.3m on pcp).
- One-off items of \$8.5m
 - Onerous lease of \$2.5m (Appliances business)
 - Litigation Costs (legal costs and provision) of \$5.9m (Finance business)
- Net debt: \$94m – down from \$100m as at 31 March 2011
- Cashflow from operations, including the movement in Finance loans, was \$55m (\$69m on pcp)

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MARKETS – NEW ZEALAND

- **Challenging market conditions**

- The Appliances market was down 3.5%⁽¹⁾ on pcp
- Trading notably declined sharply from the end of July 2011
- Lower sales recorded through the Rugby World Cup period
- Intense competition with some price reductions due to the strength of the NZD

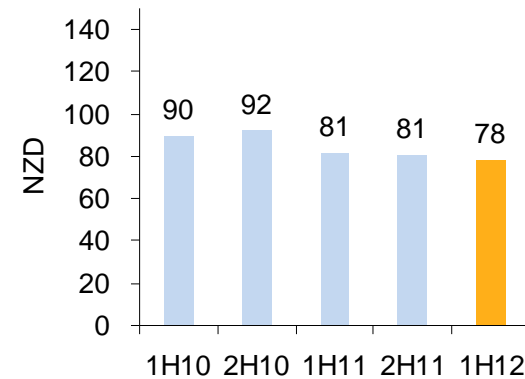
- **Revenue down 3.8% on pcp in NZD**

- F&P volumes flat on pcp and market share improved
- F&P brand revenues were down on unfavourable mix changes
- Spare parts sales reduced due to improving product quality
- Haier sales increased on pcp (albeit off a low base)

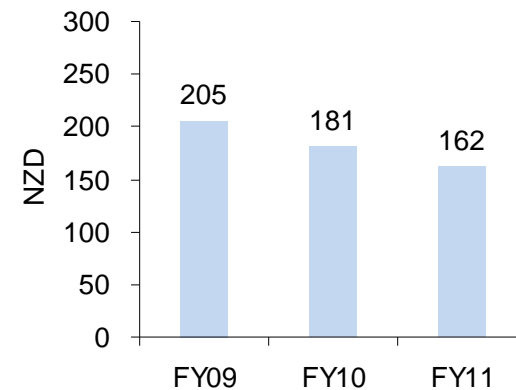
- **Distribution**

- Transition to non-EDA now fully complete
- Continue to support retail channels and implement new product displays

REVENUE – HALF YEAR



REVENUE – FULL YEAR



Note: Revenue includes Appliances and Services but excludes other revenue

(1) Source: Import Statistics and Company data (rolling 12 month basis)

MARKETS – AUSTRALIA

- **Intense market competition**

- Overall the market increased by 1.2% (units) on pcp ⁽¹⁾, however slowed markedly from late July (the market was down 4% from Q1 to Q2)
- Declining consumer confidence has impacted retail sales
- Intense competitor activity with price decreases on the back of a stronger AUD

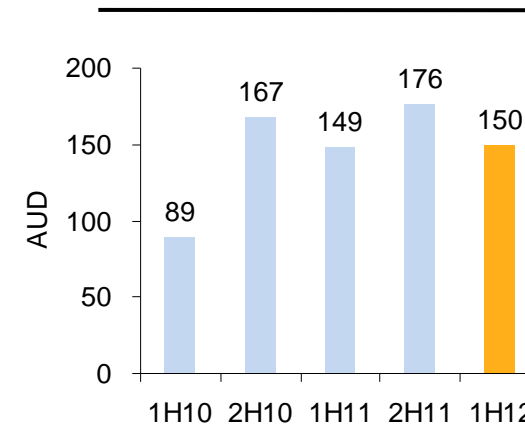
- **Revenue up 1.3% on pcp in AUD (up 4.9% in NZD)**

- F&P brand market share (units) up on pcp
- F&P brand revenues held flat, with volume growth partially offset by price reductions due to the strength of the AUD
- Haier revenues increased (off a low base in 1H FY11)
- Spare parts sales down due to quality improvements
- New laundry products launched in July

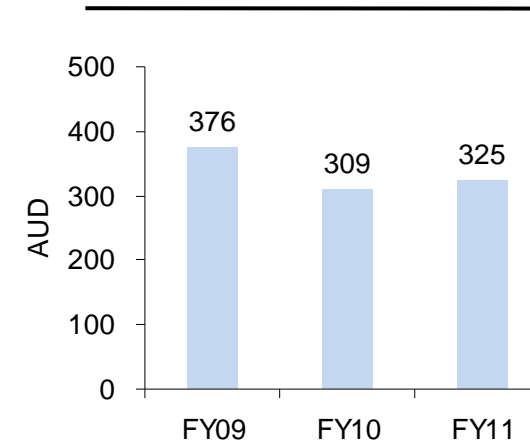
- **Haier distribution**

- Focus on expanding channels

REVENUE – HALF YEAR



REVENUE – FULL YEAR



(1) Source: Infomark rolling 12 months change 1H 12 versus 1H 11

MARKETS – NORTH AMERICA

- **Market conditions remain challenging**

- The U.S. market decreased by 4.8% on pcp⁽¹⁾, in part due to the absence of Government Stimulus versus Q1 FY11
- The Canadian market was down 1.5%
- Fears of U.S. double dip recession and European debt crisis negatively impacted consumer confidence
- Major competitors have put through price increases April / August due to higher raw material costs (more signalled for January 2012)

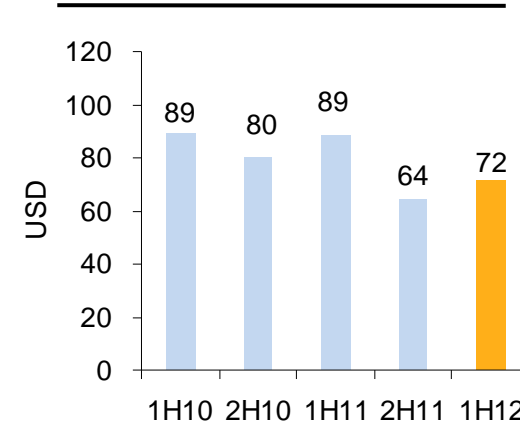
- **USD revenue down 19.2% in USD**

- Lower F&P volumes offset by improved product mix
- DCS sales lower due to delays in launching the United product range
- Selected price increases in May / June 2011
- Continued focus on rebalancing for profitable sales
- Lower component and technology sales in North America

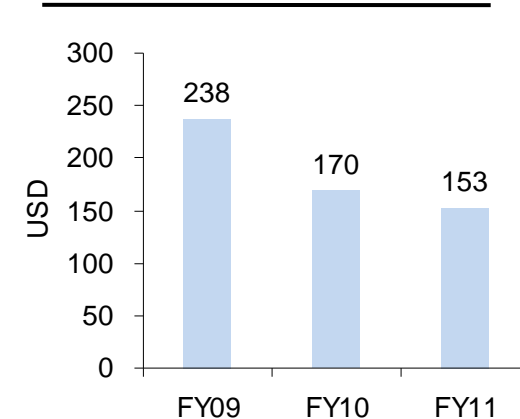
- **North America profitable on a segment reporting basis**

- 1H FY11 operating profit of NZ\$0.9m versus a loss of NZ\$3.9m (pcp)

REVENUE – HALF YEAR



REVENUE – FULL YEAR



(1) Source: Association of Home Appliances Manufacturers (AHAM)

Note: Revenue includes Appliances and Spares but excludes services and other revenue

POSITIONING APPLIANCES FOR THE FUTURE

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APPLIANCES SHORT-TERM AGENDA

	UPDATE	STATUS
REDUCE DEBT LEVELS	<ul style="list-style-type: none"> • Net debt peaked at \$502m (May 2009) • Current net debt is \$94m 	✓
COMPONENTS & TECHNOLOGY	<ul style="list-style-type: none"> • Grow technology and component business to diversify revenue and earnings • Three major contracts signed; active programme to build this business 	✓
NEW PRODUCT DEVELOPMENT	<ul style="list-style-type: none"> • Execute new product delivery programme • Strong pipeline of new products for FY12 and FY13 	✓
PRODUCT QUALITY	<ul style="list-style-type: none"> • Investment in systems and structures • Significant reductions in the cost of warranty claims 	PROGRESS
BRAND REINVESTMENT	<ul style="list-style-type: none"> • Global brand positioning project ongoing • Developing a unified and consistent global branding message 	PROGRESS
IMPROVE NORTH AMERICAN PROFITABILITY	<ul style="list-style-type: none"> • Segment operating result improved <ul style="list-style-type: none"> • 1H FY12 ~ NZ\$0.9m (loss of NZ\$3.9m on pcp) • U.S. distribution focused on delivering profitable sales 	PROGRESS
OTHER	<ul style="list-style-type: none"> • Haier relationship continues to develop • Governance: Director succession continues 	PROGRESS

NEW PRODUCT DEVELOPMENT

- Significant investment in new product development is starting to deliver. Selected examples include ...



Washing Machines – Aus & NZ – June 2011



Gas on Glass Cooktop – March 2012



Companion Products – December 2011



Phase 7 – DishDrawer Dishwasher – December 2011

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PRODUCT QUALITY

- **Investment in quality systems and processes is starting to deliver**
 - Product quality over the product life cycle is an important touch point for our customers
 - We have invested heavily in processes and systems to ensure we are best in class through the design, manufacture and after sales service of our products
 - Warranty costs were reduced by \$6m in FY11 and a further \$1.7m in 1H FY12

- **J.D. Power Consumer Survey in the U.S. rates the DishDrawer Dishwasher**
 - Ranked second best overall dishwasher and equal best in class for reliability
 - Ranked equal best in class for
 - Appearance
 - Ease of use
 - Performance; and
 - Style
 - Phase 7 DishDrawer Dishwasher will be released in December (U.S.)

- **Fisher & Paykel voted the “Most Trusted Whiteware brand” in New Zealand and Australia**
 - For the last 11 years in New Zealand
 - Last two years in Australia



GLOBAL BRAND POSITIONING

- It is important that Fisher & Paykel remains a strong and appealing brand
- Significant progress has been made on delivering a unified and consistent global brand message
- Brand unification will cover all aspects including consistent product showroom displays, events and point of sale



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COMPONENTS AND TECHNOLOGY – DIRECT DRIVE MOTORS

- **Opportunity to grow revenues and diversify earnings**
 - Opportunity to leverage our 21 year plus experience in developing and integrating world leading direct drive technology to further diversify revenues and earnings
 - Fisher & Paykel invented the first direct drive motor for a washing machine in the early 1990's
 - Builds upon Fisher & Paykel's heritage of genuine technology innovation in sub systems, enabling technologies, application integration and manufacturing equipment
- **Building scale and momentum**
 - Our aim is to be the leading supplier of direct drive motor technology to the global appliances industry
 - Three contracts signed with major appliance manufacturers to date, including Whirlpool and Haier
 - Active program to market to major appliance manufacturers, including a website promoting our capabilities and explaining direct drive technology – <http://www.fisherpaykel.com/direct-drive-motors>



LOAD SENSING =
BETTER CLOTHES CARE



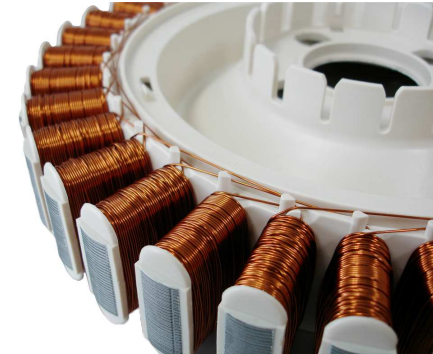
10 Year Direct Drive
Motor Warranty



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HAIER PARTNERSHIP CONTINUES TO EVOLVE

- **Components & Technology Supply Agreement**
- **Distribution of Haier products in Australia and New Zealand**
- **Fisher & Paykel Brand in China**
- **Production Machinery Limited opportunities**
- **Procurement**



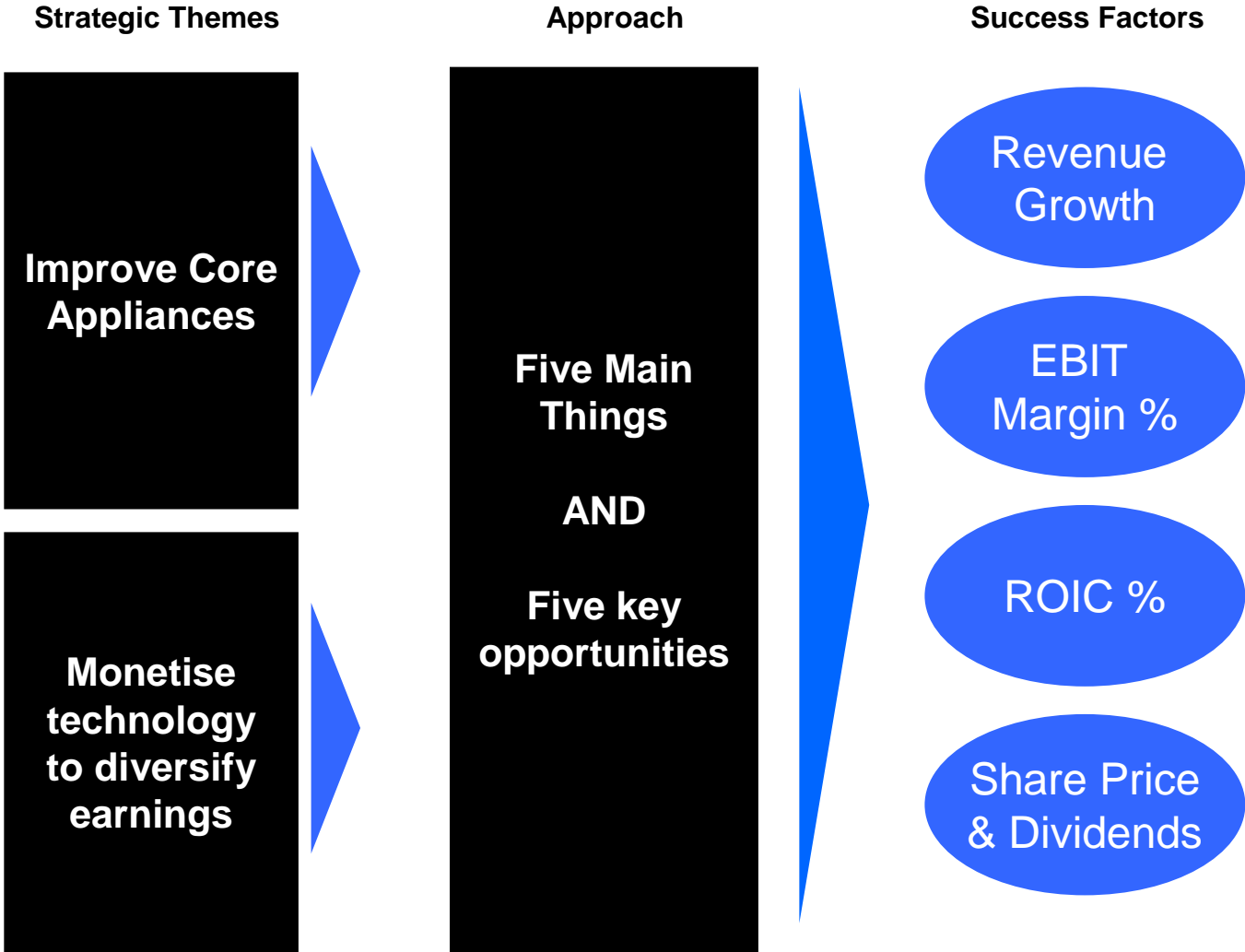
CHANGCHUN - CONCEPT



APPLIANCES STRATEGY

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STRATEGIC OBJECTIVES



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APPLIANCES – KEY THEMES AND OBJECTIVES

Five Main Things

DELIVERING CUSTOMER BENEFITS	<ul style="list-style-type: none"> • Customer focused, differentiated products • Brand experience • Product Innovation • Focus on quality • Environmental
DISCIPLINED MARKET GROWTH	<ul style="list-style-type: none"> • Key markets – NZ, Australia, North America • North America – growth opportunity • Rest of World – profitable sales • China / India: low cost entry to high growth markets • Alliances – Haier, Whirlpool and others • Leverage technology and component expertise to diversify earnings
BUSINESS EXCELLENCE	<ul style="list-style-type: none"> • Organisational excellence framework • Structures and systems
ORGANISATIONAL CAPABILITY	<ul style="list-style-type: none"> • People and Leadership • Talent management
COST REDUCTION	<ul style="list-style-type: none"> • Consolidate manufacturing cost position • Ongoing review of manufacturing facilities • “Delivering Profitable Growth” program • Lean thinking – raw materials and overheads

Success Factors

Revenue Growth

EBIT Margin %

ROIC %

Share Price & Dividends

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FIVE KEY OPPORTUNITIES

Strategic Themes	Key Opportunities	Outcome
IMPROVE 'CORE' APPLIANCES BUSINESS	1. Cooking Strategy	<ul style="list-style-type: none"> • Category growth
	2. North America	<ul style="list-style-type: none"> • Improved profitability
	3. Global Manufacturing Review	<ul style="list-style-type: none"> • Reduce costs
MONETISING TECHNOLOGY TO DIVERSIFY EARNINGS	4. Components & Technology	<ul style="list-style-type: none"> • Commercialise intellectual property and diversify earnings
	5. Original Equipment Manufacture (OEM)	<ul style="list-style-type: none"> • Commercialise intellectual property beyond F&P brand market reach

COOKING & NORTH AMERICA

COOKING

- Fisher & Paykel has over 100 year heritage in cooking
- F&P and DCS brands are well recognised
- Elba brand opportunity in the value and mass market segment
- Focus of product development in the past 12 – 18 months
- Building brand association with cooking

NORTH AMERICAN PROFITABILITY

- Fisher & Paykel has been in North America for over 10 years
- Significant opportunity in U.S. and Canada
- Recently optimised for profitable sales and reduced cost base
- Distribution business earnings targets
 - FY12 EBIT monthly run rate at break even
 - FY16 EBIT target US\$10 million

GLOBAL MANUFACTURING REVIEW

- Five manufacturing locations currently
- 53% of production located in low cost labour countries
- Strategic review of all manufacturing facilities will be completed by mid 2012



COMPONENTS & TECHNOLOGY / OEM

COMPONENTS & TECHNOLOGY

- Commercialise technology beyond F&P brand reach to boost return on investment

Direct drive motor technology

- 21 year experience with direct drive technology
- Delivering real customer benefits
- The Appliances industry is changing to direct drive
- FY16 Revenue target \$120m - \$160m

New compressor technology

- 30% more energy efficient than a conventional compressor

OEM

- Leverage existing technology via original equipment manufacturing and licences to third parties
- Seek opportunities that monetises technology investment, but also preserve F&P's brand position in key markets

APPLIANCES – FINANCIAL TARGETS

FY16 Targets

REVENUE GROWTH

2 – 4%
per annum

EBIT MARGIN

6 – 8%

RETURN ON
INVESTED CAPITAL

15%

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IMPORTANT NOTICE

This presentation has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Fisher & Paykel Appliances Holdings Limited and its subsidiaries.

All currencies are expressed in New Zealand dollars unless otherwise stated.

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