Half Year Update

H1 2013

November 2012

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Half Year Highlights

- Net profit after tax +18%
- Gross margin cc +270 bps
- Operating profit cc +47%
- RAC new applications revenue cc +20%
- OSA mask revenue Q2 cc +11%
- New products well received
  - Pilairo™ nasal pillows mask
  - Eson™ nasal mask
  - ICON™ Premo with SensAwake™
  - Optiflow™ Junior O_2 therapy
  - Evaqua™2 breathing circuit
  - AIRVO™2 flow generator/humidifier
- Established Korea sales and distribution company

cc = constant currency

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Operating Results NZ$

H1 FY13 (6 months to 30 September 2012)

	%Revenue	NZ$M	ΔPCP	Δcc[1]
Operating revenue	**100%**	**266.9**	**+6%**	***+8%***
Cost of sales	45.7%	122.0	+2%	*+2%*
Gross profit	54.3%	145.0	+10%	*+14%*
Other income		1.2		
SG&A	28.8%	77.0	+6%	*+7%*
R&D	8.0%	21.3	+7%	*+7%*
Total operating expenses	36.8%	98.3	+7%	*+7%*
Operating profit	**17.9%**	**47.9**	**+16%**	***+46%***
Profit after tax	**12.5%**	**33.3**	**+18%**	***+57%***

1. cc = constant currency

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Operating Results US$

H1 FY13 (6 months to 30 September 2012)

	%Revenue	NZ$M	ΔPCP	Δcc[1]
Operating revenue	**100%**	**213.4**	**+4%**	***+8%***
Cost of sales	45.7%	97.5	+0%	*+2%*
Gross profit	54.3%	115.9	+7%	*+14%*
Other income		1.0		
SG&A	28.8%	61.5	+4%	*+7%*
R&D	8.0%	17.1	+5%	*+7%*
Total operating expenses	36.8%	78.6	+4%	*+7%*
Operating profit	**17.9%**	**38.3**	**+13%**	***+46%***
Profit after tax	**12.5%**	**26.6**	**+15%**	***+57%***

1. cc = constant currency

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Dividend

- Interim Dividend
  - Gross 7.5 NZ cps = 5.4 cps + 2.1 cps imputation credit, NZ residents
  - Fully imputed
  - 0.9529 cps non-resident supplementary dividend
  - DRP, 3% discount NZ/AU residents

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Respiratory & Acute Care Update

	H1 FY2013
• Operating revenue growth	
– NZ$	+9%
– Constant currency	*+11%*
• New applications revenue growth (NIV, Optiflow™, AIRVO™, Surgical)	
– NZ$	+18%
– Constant currency	*+20%*
– New applications, 36% of RAC consumables revenue	
• New products	
– Evaqua™ 2 breathing circuits	
– Optiflow Junior™ interface	
– Evatherm™ breathing circuit	
– AIRVO™ 2 flow generator/humidifier	

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Obstructive Sleep Apnea Update

	H1 FY2013
• Operating revenue growth	
– Constant currency	+3%
• Mask revenue growth	
– Constant currency	+5%
– Constant currency Q2	11%

- New products
  - F&P Pilairo™
  - F&P Eson™
  - F&P ICON™ Premo with SensAwake™ responsive pressure relief
  - InfoGSM™ modem, DataZone

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Balance Sheet & Cash Flow H1 FY13

	NZ$M
• Operating cash flow	32.3
• Capital expenditure (Building 3 capex NZ$27.4M)	40.9
• Depreciation and amortisation	13.4
• Net debt	146.5
• Total shareholders equity	353.6
• Total assets	613.0

- 27% pre-tax return on equity, 16% on total assets
- NZ$450M of hedging in place at 30 September 2012 for FY13
  - US$ 95% @ 0.76, € 89% @ 0.49
- Previously closed out forex contracts
  - NZ$8M to operating profit in H1 FY13, NZ$18M FY13, NZ$21M FY14

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Outlook FY2013

- Expect constant currency revenue growth to increase through the year as new products gain traction
- Expect at current exchange rates:
  - Operating revenue NZ$545M - NZ$555M
  - Net profit after tax NZ$69M - NZ$72M

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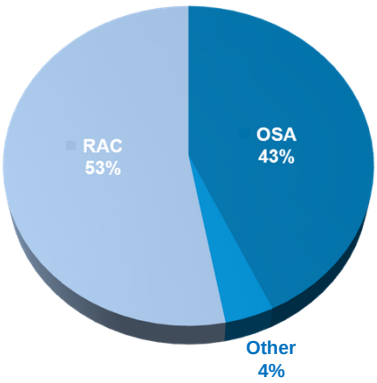
Markets and Products

- Respiratory & Acute Care (RAC)
  - Heated Humidification
  - Respiratory Care
  - Neonatal Care
  - Surgery
- Obstructive Sleep Apnea (OSA)
  - Masks
  - Flow Generators
  - Humidifiers

➠ Consumable and accessory products represent approx. 76% of core product revenue



Revenue by Product Group
6 months to 30 September 2012

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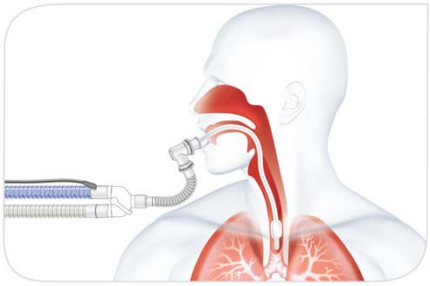
Respiratory Humidification

- Normal airway humidification is bypassed or compromised during ventilation or O_2 therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
  - 37 ºC body core temperature
  - 44mg/L 100% saturated



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Respiratory & Acute Care

F&P Evaqua 2™

F&P FreeMotion™

F&P Optiflow™

F&P AIRVO™ 2

F&P Neopuff™

F&P Evaqua 2™

F&P Bubble CPAP

F&P Optiflow™ junior

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Respiratory & Acute Care

- MR850 Respiratory Humidifier System
  - Invasive ventilation, oxygen therapy and non-invasive ventilation
- MR810 Respiratory Humidifier System
  - Entry level system
  - Ventilation and oxygen therapy
  - Optional heated breathing circuit
- Surgical opportunity (HumiGard™)
  - Laparoscopic insufflation
  - Open surgery

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Single-use Respiratory Care Systems

- 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
- Interfaces
  - NIV masks, tracheostomy, Optiflow™, O_2 therapy
- Approx 30 system set-ups used per controller per year
- Consumable growth driving revenue growth

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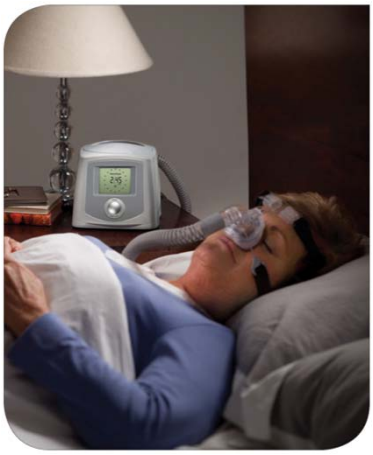
Obstructive Sleep Apnea

- 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$2.3billion + worldwide market, growing ~6-8%
- 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



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Revolutionary New Masks

- Nasal Pillows
  - F&P Pilairo™
- Nasal
  - F&P Eson™
- Broad mask range
  - Zest™ Petite, Plus, Q, Lady Zest
  - Opus 360™
  - Forma™

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F&P ICON™

- Responsive pressure relief - SensAwake™
- ThermoSmart™ Humidifier Breathing Tube Technology
- Auto-adjusting CPAP
- InfoUSB™ and InfoSmart™ Data Management

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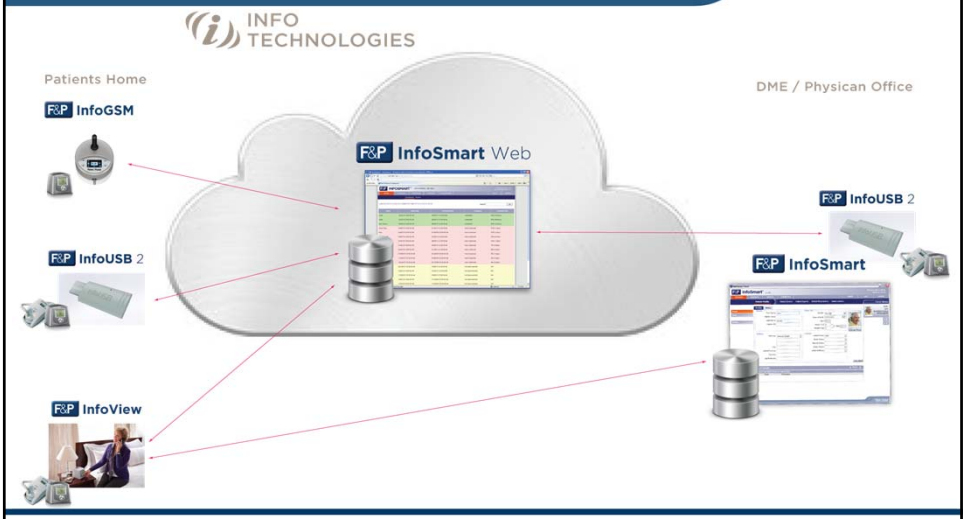
Efficient Compliance Reporting



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Research & Development

- 8.0% of operating revenue, NZ$21.3M[1]
- Product pipeline includes:
  - Humidifier controllers
  - Masks
  - Respiratory consumables
  - Flow generators
  - Compliance monitoring solutions
- 98 US patents, 107 US pending, 413 ROW, 189 ROW pending[2]

[1] at 30 September 2012
[2] at 31 March 2012

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Manufacturing & Operations

- Vertically integrated
  - COGs improvements; Mexico, Lean, supply chain
- Ample capacity to grow

Auckland, New Zealand
- Two buildings: 51,000m² / 550,000ft² total
- 31,000m² building 3 completed November 2012
- 100 acres/40ha land

Tijuana, Mexico
- 18,000m²/200,000ft²
- Consumables capacity ramping up

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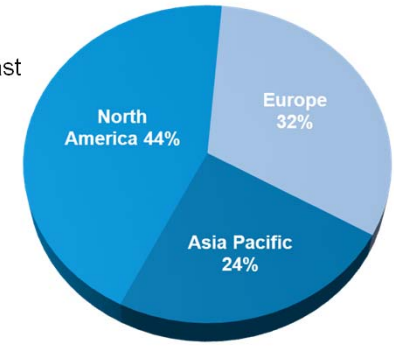
Global Presence

- Direct/offices
  - Hospitals, home care dealers
  - Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 15 distribution centres
  - >550 staff in 30 countries
  - Ongoing international expansion
- Distributors
  - 100+ distributors worldwide
- Original Equipment Manufacturers
  - Supply most leading ventilator manufacturers
  - More than 120 countries in total



Revenue by Region
6 months to 30 September 2012

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Consistent Growth Strategy

- Experts in humidification, respiratory care, and obstructive sleep apnea
- Provide innovative devices which can improve patient care and outcomes
  - Continuous product improvement
  - More devices for each patient
  - Serve more patient groups
  - Increase international presence

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