

News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FPH), AUSTRALIA (FPH)

STRONG HALF YEAR RESULT FOR FISHER & PAYKEL HEALTHCARE: NET PROFIT UP 24%

Auckland, New Zealand, 27 November 2019 - Fisher & Paykel Healthcare Corporation Limited today announced its financial results for the half year ended 30 September 2019. Net profit after tax was \$121.2 million, up 24%, and operating revenue was \$570.9 million, 12% above the first half last year.

“We’ve had a strong start to the 2020 financial year, mainly driven by our Hospital product group, which delivered operating revenue growth of 19 per cent,” said Managing Director and CEO Lewis Gradon. “We saw strong demand across our Hospital product portfolio, but in particular, for our Optiflow™ and Airvo™ systems, which continued to benefit from the growing body of clinical research in the use of nasal high flow therapy.”

In the Hospital product group, which includes humidification products used in respiratory, acute and surgical care, operating revenue increased 19% to a record \$353.6 million. This represented 17% growth in constant currency, during an extended flu season in the United States. Products in the Hospital group made up 62% of the company’s operating revenue.

In the Homecare product group, which includes products used in the treatment of obstructive sleep apnea (OSA) and respiratory support in the home, operating revenue rose 2% to NZ\$214.7 million, or a decline of 1% in constant currency.

“Revenue from our new F&P Vitera™ full face mask in Australasia, Canada and Europe has partially offset declines in sales of some of our legacy OSA masks, resulting in Homecare revenue in line with expectations for the first half. Vitera was launched in the United States in October, and we are encouraged by the early response from customers,” said Mr Gradon.

Gross margin increased by 26 basis points to 67.1% compared to the first half last year, with benefits from product mix offsetting the additional start-up costs of the company’s second Mexico manufacturing facility.

The company’s directors have approved an interim dividend of 12 cents per ordinary share, an increase of 23% on the interim dividend last year. The interim dividend, carrying full New Zealand imputation credit, will be paid on 19 December 2019 with a record date of 9 December 2019.

Outlook for the remainder of FY2020

“In the second half of the 2020 financial year we anticipate consistent underlying trends in our Hospital product group. Assuming a moderate flu season for FY20, for the second half we expect constant currency Hospital revenue growth similar to the second half of FY19.

“In our Homecare product group we also expect a continuation of recent trends with strong growth in home respiratory support and ongoing pressure in legacy OSA masks, resulting in Homecare revenue for the 2020 financial year similar to the previous financial year, in constant currency terms.

“At current exchange rates we continue to expect full year operating revenue for the 2020 financial year to be approximately \$1.19 billion and net profit after tax to be in the range of approximately \$255 to \$265 million.

“We recently celebrated our fiftieth anniversary. Looking ahead, an exciting future awaits us ‘beyond fifty’, as we continue to innovate to improve care and develop new applications for our technologies,” concluded Mr Gradon.

Overview of key results for the first half

- 24% growth in net profit after tax to a record \$121.2 million.
- 23% increase in interim dividend to 12 cps (2019: 9.75 cps).
- 12% growth in operating revenue to a record \$570.9 million, 9% growth in constant currency.
- 19% growth in Hospital operating revenue, 17% growth in constant currency.
- 23% constant currency revenue growth for new applications consumables; i.e. products used in non-invasive ventilation, Optiflow nasal high flow therapy, and surgical applications, accounting for 63% of Hospital consumables revenue.
- 2% growth in Homecare operating revenue, 1% decline in constant currency.
- 1% decline in constant currency revenue in OSA masks.
- Investment in R&D was 9% of revenue, or \$54 million.

About Fisher & Paykel Healthcare

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in respiratory care, acute care, surgery and the treatment of obstructive sleep apnea. The company’s products are sold in over 120 countries worldwide. For more information about the company, visit our website www.fphcare.com.

Ends

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Accompanying Documents

Attached to this news release are the following additional documents:

- Results in Brief
- Interim Report 2020, including financial commentary and constant currency analysis
- Investor Presentation
- NZX Results Announcement
- NZX Distribution Notice

Constant Currency Information

Constant currency information included within this news release is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and track the company’s comparative financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year. A constant currency analysis is included on page 11 of the company’s Interim Report 2020, and the company’s constant currency income statement framework can be found on the company’s website at www.fphcare.com/ccis.

Half Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to review the results and to discuss the outlook for the remainder of the 2020 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT Wednesday 27 November (4:00pm USEST, Tuesday 26 November) and will be broadcast simultaneously over the Internet.

To listen to the webcast, access the company’s website at www.fphcare.com/investor. An online archive of the event will be available approximately two hours after the webcast and will remain on the site for two weeks.

To attend the conference call, participants should dial in to one of the numbers below at least five minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code of: **8908013**.

New Zealand	+64 9 913 3622	US/Canada	+1 929 477 0402
Australia	+61 2 9193 3706	Hong Kong	+852 3008 1527
United Kingdom	+44 330 336 9125	International	+64 9 913 3622

Results in Brief

	Six Months Ended 30 Sep 18 NZ\$M (except as otherwise stated)	Six Months Ended 30 Sep 19 NZ\$M (except as otherwise stated)	% Change
FINANCIAL PERFORMANCE			
Total operating revenue	511.3	570.9	+12%
Cost of sales	(169.7)	(188.0)	+11%
Gross profit	341.6	382.9	+12%
Gross margin	66.8%	67.1%	+26bps
Other income	2.5	-	-
Selling, general and administrative expenses	(159.4)	(162.9)	+2%
Research and development expenses	(45.7)	(54.0)	+18%
R&D percentage of operating revenue	8.9%	9.5%	+52bps
Total operating expenses	(205.1)	(216.9)	+6%
Operating profit before financing costs	139.0	166.0	+19%
Operating margin	27.2%	29.1%	189bps
Net financing (expense)	(3.1)	(6.3)	+103%
Profit before tax	135.9	159.7	+18%
Tax expense	(38.5)	(38.5)	+0%
Profit after tax	97.4	121.2	+24%

Revenue by Region:

North America	240.9	259.6	+8%
Europe	141.1	158.3	+12%
Asia Pacific	106.7	126.5	+19%
Other	22.6	26.5	+17%
Total	511.3	570.9	+12%

Revenue by Product Group:

Hospital	297.3	353.6	+19%
Homecare	211.1	214.7	+2%
Core products sub-total	508.4	568.3	+12%
Distributed and other	2.9	2.6	-10%
Total	511.3	570.9	+12%

FINANCIAL POSITION

	As at 31 Mar 19 NZ\$M (except as otherwise stated)	As at 30 Sep 19 NZ\$M (except as otherwise stated)	
Tangible assets	1,106.3	1,137.3	+3%
Intangible assets	100.4	117.7	+17%
Total assets	1,206.7	1,255.0	+4%
Total liabilities	(293.5)	(336.3)	+15%
Shareholders' equity	913.2	918.7	+1%
Gearing	-6.7%	0.6%	+730bps
Net tangible asset backing (cents per share)	146	140	-4%

Results in Brief (continued)

	Six Months Ended 30 Sep 18 NZ\$M (except as otherwise stated)	Six Months Ended 30 Sep 19 NZ\$M (except as otherwise stated)	% Change
CASH FLOWS			
Net cash flow from operating activities	93.4	113.5	
Net cash flow (used in) investing activities	(16.1)	(39.1)	
Net cash flow (used in) financing activities	(59.9)	(80.6)	
SHARES OUTSTANDING			
Weighted average basic shares outstanding	572,060,145	573,908,740	
Weighted average diluted shares outstanding	577,516,454	578,703,191	
Basic shares outstanding at period end	573,049,244	574,244,939	
DIVIDENDS AND EARNINGS PER SHARE			
Dividends per share (cents)	9.75	12.0	+23%
Basic earnings per share (cents)	17.0	21.1	+24%

Constant Currency Analysis

CONSTANT CURRENCY INCOME STATEMENTS	Six Months Ended 30 Sep 18 NZ\$M except as otherwise stated	Six Months Ended 30 Sep 19 NZ\$M except as otherwise stated	% Change
Total operating revenue	502.9	549.3	+9%
Cost of sales	(171.6)	(186.6)	+9%
Gross profit	331.3	362.7	+9%
Gross margin	65.9%	66.0%	+15bps
Other income	2.5	-	-
Selling, general and administrative expenses	(158.3)	(157.0)	-1%
Research and development expenses	(45.7)	(54.0)	+18%
Total operating expenses	(204.0)	(211.0)	+3%
Operating profit	129.8	151.7	+17%
Operating margin	25.8%	27.6%	+192bps
Financing expenses (net)	0.3	(0.5)	
Profit before tax	130.1	151.2	16%

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2020, are USD 0.68, EUR 0.60, AUD 0.96, GBP 0.51, CAD 0.90, JPY 76.00 and MXN 13.10.

A constant currency income statement is prepared each month to enable the board and management to monitor and assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates. The table above provides estimated NZ dollar income statements for the relevant periods, which have all been restated at the budget foreign exchange rates for the 2019 financial year but after excluding the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

This constant currency analysis is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each half year. The company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

Looking

Beyond



Every day we're looking ahead,
over the next horizon, to what
the future of care might look like.
Seeing the possibilities starts us
on the journey of going beyond.

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Constant currency information contained within this report is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each financial period. A reconciliation between reported results and constant currency results is available on page 11 of this report. The company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

This report is dated 26 November 2019 and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Tony Carter, Chairman and Lewis Gradon, Managing Director and Chief Executive Officer.



TONY CARTER, CHAIRMAN



LEWIS GRADON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Half year highlights

NET PROFIT AFTER TAX
NZ\$121.2 MILLION

↑ 24%

OPERATING REVENUE
NZ\$570.9 MILLION

↑ 12%

INTERIM DIVIDEND
NZ 12 CPS FULLY IMPUTED

↑ 23%

SPEND ON R&D
9% OF OPERATING REVENUE

\$54M

HOSPITAL REVENUE
NZ\$353.6 MILLION

↑ 19%

CONSTANT CURRENCY REVENUE
FROM NEW APPLICATIONS CONSUMABLES

↑ 23%

GROSS MARGIN
26 BASIS POINTS INCREASE

67.1%

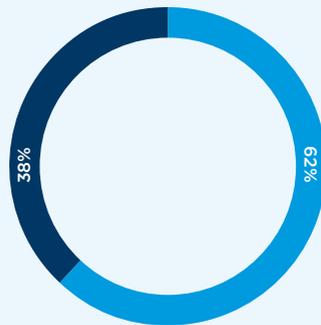
Half year business updates

REVENUE BY REGION
6 MONTHS TO 30 SEPTEMBER 2019



- North America
- Europe
- Asia Pacific
- Other

REVENUE BY PRODUCT GROUP
6 MONTHS TO 30 SEPTEMBER 2019



- Hospital
- Homecare

+ EXPANDED

Release of the F&P 950™ heated humidification system in Europe and launched F&P Vitera™ mask in the US

+ OPENED

New office in Poland, with our own dedicated sales team promoting products in hospitals

+ HOSTED

Campus tours for 2,500 New Zealand employees, giving them a behind-the-scenes look at the business

+ AWARDED

Black Pin at the DINZ Best Design Awards for our design culture and the economic impact of our products

+ CELEBRATED

Fifty years of care with employee events around the globe

+ INCLUDED

In the FTSE4Good and Dow Jones Sustainability Indices for 2019

+ DIVERTED

467 tonnes of material from landfills through recycling programmes

+ WELCOMED

Dr Gerard Criner and Dr David Galler on our Auckland campus to share their research and life experiences with employees

Product group overview

Our business is structured in two parts: Hospital and Homecare.

Hospital

Our Hospital product group includes humidification products used in invasive ventilation, non-invasive ventilation, nasal high flow therapy, and laparoscopic and open surgery. Not only do these products help healthcare providers improve patient outcomes, they often deliver economic benefits as well, by reducing the need to escalate care and shortening patient stays in hospital.

62%

OF OPERATING REVENUE

OPERATING REVENUE
(HY20 \$353.6M)

↑19%

CONSTANT CURRENCY REVENUE FROM
NEW APPLICATIONS CONSUMABLES

↑23%

Homecare

The Homecare product group includes devices and systems used to treat obstructive sleep apnea (OSA) and provide respiratory support in the home. These include our CPAP therapy masks as well as flow generators, interfaces, and data management technologies.

38%

OF OPERATING REVENUE

OPERATING REVENUE
(HY20 \$214.7M)

↑ 2%

CONSTANT CURRENCY
REVENUE

↓ 1%



┌ We go above and beyond to do something different, something better.

TONY CARTER
Chairman

2020

Beyond



┌ Looking ahead, an exciting future awaits us 'beyond fifty'.

LEWIS GRADON
Managing Director
and Chief Executive Officer

Half year review

The first half of the 2020 financial year saw Fisher & Paykel Healthcare deliver strong financial performance. Net profit after tax was up 24 per cent at \$121.2 million. Operating revenue was up 12 per cent at \$570.9 million, or 9 per cent growth in constant currency.

This result was mainly driven by our Hospital product group, which delivered revenue growth of 19 per cent. We saw strong demand for our Optiflow and AIRVO systems, which continued to benefit from the growing body of clinical research in the use of nasal high flow therapy. Our results were also assisted by the extended flu season in the United States.

In our Homecare product group, revenue was in line with our expectations at \$214.7 million for the first half of this year. We were pleased with the early performance of our Vitera full-face mask for patients with obstructive sleep apnea (OSA) in Australasia, Europe and Canada, and in October received regulatory clearance to launch this mask in the United States.

Our result in the first half has benefited from a reduction in litigation costs and the weakening of the New Zealand dollar. Recent changes to New Zealand R&D incentives contributed to our ongoing investment in research and development.

Progress with major initiatives

Our global enterprise resource planning system, SAP, has now been rolled out successfully in North America with no interruptions for customers. We are already seeing the benefits, and we would like to acknowledge the hard work and dedication of our teams that were involved in this significant project.

At our new manufacturing facility in Mexico – called the Melville Building – infant care products will soon be moving off the production line. At our New Zealand campus, we are making good progress on our fourth manufacturing building, expected to open in 2020. We are pleased to announce the building will be named the Daniell Building in honour of our former CEO and current Board member Mike Daniell.

In line with our global growth strategy to increase our presence around the world, we recently opened an office in Poland, with our

own dedicated sales team promoting our products in hospitals.

As previously noted, our Vitera OSA mask recently received FDA clearance in the United States, and distribution has started through our sales channels. Our F&P 950 humidification system has now been registered in Canada, and we will be expanding the rollout to more countries this year.

New horizons in research

Research continues in areas that support and strengthen the use of our devices and therapies in intensive care units, emergency departments, hospital wards and homes.

In August, a leading US physician, Professor Gerard Criner, visited Auckland to share his research into treating chronic obstructive pulmonary disease (COPD) using F&P myAIRVO and Optiflow systems. He has seen the potential benefits of nasal high flow therapy for COPD patients and is now investigating a longer-term study to generate robust clinical data.

Last month, a study of more than 600 patients in France¹ was presented at the European Respiratory Society International Congress. This study showed the benefit of a combination of noninvasive ventilation

1. Thille et al Journal of the American Medical Association, 2 Oct 2019.

and nasal high flow therapy in mechanically ventilated patients at high risk of extubation failure.

Numerous other studies are currently underway on groups of patients requiring respiratory support and how they could benefit from humidified nasal high flow therapy. We expect the body of evidence to continue growing over the next several years and changes to clinical protocols as a result.

Environment

Taking care of the environment remains an important commitment at Fisher & Paykel Healthcare. Across our business, we are continuing to measure and report our carbon emissions. We have also started gathering data from our suppliers in order to measure the total carbon footprint of our products, with the goal of designing out carbon across our portfolio. In the first half of this year, our teams were able to divert 467 tonnes of material away from landfills through composting and recycling programmes.

Our teams are researching eco-friendly materials, such as compostable substitutes and bioplastics made from sugar cane, to adapt for use in our products. It is challenging to recycle patient respiratory consumables, which are classified as medical waste.

However, we are partnering with a global leader on a pilot programme to recycle waste from our manufacturing processes and turn them into new products that benefit consumers.

Dividend

The Board of Directors has approved an interim dividend of 12 cents per share for the six months to 30 September 2019, which equates to a dividend payout ratio of 57% of net profit after tax. The dividend will be paid on 19 December 2019.

Chair succession

Tony Carter has announced his intention to retire as chairman of the Board with effect from the close of the annual shareholders' meeting next August. Current director Scott St John has been elected by the Board to succeed Tony. As the chairman of our Audit & Risk Committee, Scott has been a strong leader with excellent corporate governance and commercial skills, and he has the unanimous support of his fellow directors.

Looking beyond

As you may know, Fisher & Paykel Healthcare celebrated its 50th anniversary in 2019. Throughout our history we have focused on continuous improvement and innovation, and as a result, our products are now considered

leaders in their respective fields. Through strong technical and clinical expertise, we have grown into a trusted brand, earning the respect of key opinion leaders in healthcare. We seek out the world's best experts and learn about world-class practices, and then we go above and beyond to do something different, something better.

Looking ahead, an exciting future awaits us 'beyond 50', as we continue to innovate to improve care and develop new applications for our technologies.

We appreciate the support of our customers, employees, shareholders, suppliers, and clinical partners, who are on this journey with us. Thanks to you, we estimate that Fisher & Paykel Healthcare products will be used by more than 15 million patients in 120 countries during this financial year. We are confident we will see our world of care continue to expand and transform.



TONY CARTER
CHAIRMAN



LEWIS GRADON
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Financial --- Report

Financial commentary

INCOME STATEMENTS

For the six months ended 30 September	2018 NZ\$M	2019 NZ\$M	Change Reported %	Change CC ⁽¹⁾ %
Operating revenue	511.3	570.9	+12	+9
Gross profit	341.6	382.9	+12	+9
Gross margin	66.8%	67.1%	26 bps	15 bps
Other income	2.5	-	-	-
SG&A expenses	(159.4)	(162.9)	+2	-1
R&D expenses	(45.7)	(54.0)	+18	+18
Total operating expenses	(205.1)	(216.9)	+6	+3
Operating profit	139.0	166.0	+19	+17
Operating margin	27.2%	29.1%	189 bps	192 bps
Financing expenses (net)	(3.1)	(6.3)	+103	
Profit before tax	135.9	159.7	+18	+16
Taxation	(38.5)	(38.5)	+0	
Profit after tax	97.4	121.2	+24	+23

1. Constant currency (CC) removes the impact of exchange rate movements. This approach is used to assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates. A full reconciliation and basis of preparation is set out on page 11.

Total profit after tax for the period was up 24% to \$121.2 million (23% in constant currency).

Revenue

Operating revenue was \$570.9 million, 12% higher than the same period last year or 9% in constant currency. Hospital revenue grew 17% in constant currency driven by strong growth across our entire Hospital product portfolio, but in particular our new applications consumables. Homecare revenue decreased 1% in constant currency due to the phasing of our OSA mask product cycle relative to competitors.

Gross Margin

Gross margin increased by 26 basis points to 67.1%, with a benefit from product mix offsetting the additional costs of the new Mexico manufacturing facility.

Operating expenses

Operating expenses increased 6% (3% in constant currency) to \$216.9 million. Excluding total patent litigation expenses in the prior year of \$7.7 million, operating expense growth was 7% in constant currency, reflecting ongoing expenditure to support global sales growth.

Research & development (R&D) spend of \$54.0 million grew 18%. Over the long term we plan for R&D spend to grow in line with constant currency revenue growth.

At the beginning of the financial period, the Group adopted NZ IFRS 16 Leases. On adoption of NZ IFRS 16, rental and lease expenses are effectively reclassified into a depreciation component and an interest component to reflect the implied financing in the lease. The overall net profit after tax impact of this was \$0.1 million for the six month period to 30 September 2019. The adoption resulted in an increase in our operating profit of \$1.1 million, offset by an increase in interest costs of \$0.9 million for the period in constant currency.

Financing expenses

Total reported financing expenses increased, reflecting lease interest costs, lower interest income on short term deposits and foreign exchange losses on the translation of foreign currency interest bearing liabilities, including lease liabilities.

Tax

Our effective tax rate for the period was 24.1%, down from 28.3% in the prior period. Excluding the benefit from the newly introduced R&D tax credit, the effective tax rate was 28.2% for the period.

Callaghan Growth Grant and R&D tax credit

In May 2019 the New Zealand Government passed the Taxation (Research and Development Tax Credits) Act 2019, an R&D tax incentive that provides a 15% tax credit on eligible R&D expenditure. The R&D tax credit was effective from 1 April 2019 and replaces the Callaghan Growth Grant, which was previously reported in Other Income. The tax credit reported this period of \$6.6 million reflects the estimated eligible R&D expenditure incurred during the period.

CONSTANT CURRENCY INCOME STATEMENTS

	2018 NZ\$M	Change 2017 to 2018 %	2019 NZ\$M	Change 2018 to 2019 %
For the six months ended 30 September				
Operating revenue	502.9	+8	549.3	+9
Cost of sales	(171.6)	+7	(186.6)	+9
Gross profit	331.3	+9	362.7	+9
Gross margin	65.9%	25 bps	66.0%	15 bps
Other income	2.5	-	-	-
SG&A expenses	(158.3)	+7	(157.0)	-1
R&D expenses	(45.7)	-3	(54.0)	+18
Total operating expenses	(204.0)	+5	(211.0)	+3
Operating profit	129.8	+15	151.7	+17
Operating margin	25.8%	161 bps	27.6%	192 bps
Financing expenses (net)	0.3		(0.5)	
Profit before tax	130.1	+16	151.2	+16

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2020, are USD 0.68, EUR 0.60, AUD 0.96, GBP 0.51, CAD 0.90, JPY 76 and MXN 13.10.

CONSTANT CURRENCY ANALYSIS

A constant currency income statement is prepared each month to enable the Board and management to monitor and assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates. Constant Currency Income statements are presented in New Zealand dollars, restated at the budget foreign exchange rates for the 2020 financial year. These income statements exclude the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

This constant currency analysis is non-conforming financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess the Group's financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each period.

The Group's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

RECONCILIATION OF CONSTANT CURRENCY TO ACTUAL INCOME STATEMENTS

	2018 NZ\$M	2019 NZ\$M
For the six months ended 30 September		
Profit before tax (constant currency)	130.1	151.2
Spot exchange rate effect	4.2	10.5
Foreign exchange hedging result	(2.1)	(2.8)
Balance sheet revaluation	3.7	0.8
Profit before tax (as reported)	135.9	159.7

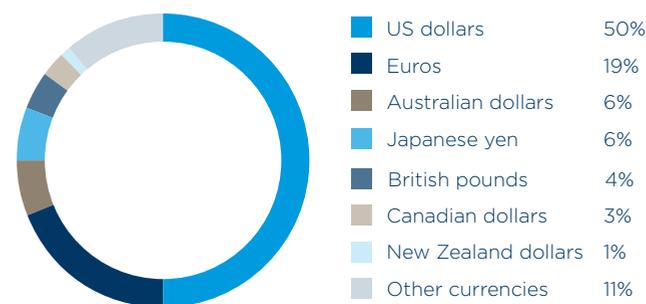
The reconciliation above illustrates that, when comparing the NZD profit before tax shown in the actual income statement for the period to 30 September 2019 with the corresponding prior period:

- the movement in average daily spot exchange rates had a favourable impact of \$6.3 million; and
- the result of foreign exchange hedging activities was lower by \$0.7 million.

Overall, the net favourable effect of movements in exchange rates and the hedging programme was \$2.7 million, including the impact of balance sheet revaluations.

FOREIGN CURRENCY IMPACTS

The Group is exposed to movements in foreign exchange rates, with operating revenue generated in a wide range of currencies as shown below.



The Group's cost base continued to be diverse with over 57% of COGS and over 57% of operating expenses in currencies other than NZD.

FOREIGN CURRENCY IMPACTS (CONTINUED)

The NZD weakened against all major currencies during the period. Both the US dollar and Euro conversion rates were lower compared to the prior comparable period due to a combination of more favourable currency hedging and lower spot rates. Foreign exchange hedging losses of \$2.8 million (2018: \$2.1 million loss) are included within operating profit.

The average daily spot rate and the average conversion exchange rate (i.e. the accounting rate, incorporating the benefit of forward exchange contracts in respect of the relevant financial period) of the main foreign currency exposures for the reported periods are set out in the table below.

Period ended 30 September	Average daily spot rate		Average conversion exchange rate	
	2018	2019	2018	2019
USD	0.6843	0.6556	0.6826	0.6700
EUR	0.5819	0.5866	0.6006	0.5859

The effect of balance sheet translations for the period resulted in an increase in operating revenue of \$8.5 million (2018: \$6.7 million increase) and an increase in profit before tax of \$0.8 million (2018: \$3.7 million increase).

Foreign exchange hedging position

During the period favourable exchange rate movements have provided opportunities to add hedges for future years, in particular, USD for 2021 to 2024. The hedging position for our main currency exposures as at 26 November 2019 is:

Year to 31 March	2020	2021	2022	2023	2024	2025-27
USD % cover of expected exposure	95%	80%	50%	35%	15%	0%
USD average rate of cover	0.667	0.657	0.654	0.643	0.636	-
EUR % cover of expected exposure	95%	70%	55%	45%	20%	5%
EUR average rate of cover	0.575	0.548	0.531	0.514	0.502	0.473

Hedging cover has been rounded to the nearest 5%.

BALANCE SHEET

As at	31 March 2019 NZ\$M	30 September 2019 NZ\$M	Change NZ\$M
Trade receivables	136.0	143.1	7.1
Inventories	136.1	146.3	10.2
Less trade and other payables*	(87.6)	(77.9)	9.7
Working capital	184.5	211.5	27.0
Property, plant and equipment**	601.4	690.8	89.4
Intangible assets	61.5	70.3	8.8
Other net assets/(liabilities)	11.4	(13.8)	(25.2)
Lease liabilities	-	(34.9)	(34.9)
Net cash/(debt)	54.4	(5.2)	(59.6)
Net assets	913.2	918.7	5.5

+ Trade and other payables exclude all non current payables and all employee entitlements and provisions

++ Property, plant and equipment includes lease assets recognised

Our balance sheet remained strong.

Trade receivables increased largely due to foreign currency translation benefits. Our debtors days were within the normal range at 47 days, a slight increase from 46 days at 31 March 2019. Inventories increased largely in line with our business growth, and reflected seasonality approaching the northern hemisphere winter. Trade and other payables reduced, reflecting timing of litigation related costs and capex project related accruals.

The impact of the new leasing standard resulted in a recognition of right-of-use lease assets, included in property, plant and equipment, and lease liabilities. The detailed impact is explained in the notes to the financial statements.

The increase in property plant and equipment includes recognition of right-of-use lease assets of \$29.1 million and capital investment of \$73.4 million, of which \$43 million related to building additions, primarily our new building in Auckland. These increases were offset by \$19.2 million of depreciation, including depreciation of leased assets.

Intangible assets increased by \$8.8 million including patent acquisition costs and ERP implementation costs. The global SAP rollout will continue over the next two to three years, with the US office implementation successfully completed in June 2019.

Other net assets decreased primarily due to a decrease in net derivative instrument assets, net of the deferred tax impact. This reflected the NZD depreciating against the USD and Euro.

Funding and Short Term Investments

As at	31 March 2019 NZ\$M	30 September 2019 NZ\$M	Change NZ\$M
Loans and borrowings			
– Current	–	–	–
– Non Current	(69.0)	(74.7)	(5.7)
Bank overdrafts	(17.3)	(24.1)	(6.8)
Total interest-bearing liabilities	(86.3)	(98.8)	(12.5)
Cash and cash equivalents	48.2	48.4	0.2
Short term investments	92.5	45.2	(47.3)
Total cash and investments	140.7	93.6	(47.1)
Net cash (debt)	54.4	(5.2)	(59.6)
Gearing	(6.7%)	0.6%	7.3%
Undrawn borrowing facilities	145.0	143.2	(1.8)

The average maturity of loans and borrowings of \$74.7 million at 30 September 2019 was 1.9 years and the currency split was 85% USD; 7% Euros; 5% Australian dollars and 3% Canadian dollars (with no NZD denominated debt). Interest-bearing debt increased by \$12.5 million including the impact of unfavourable currency revaluations.

We held cash balances and short-term investments, mainly in NZD, of \$93.6 million at the end of the period. This balance, and operating cash generated in the second half of FY2020, will fund the payment of the interim dividend, provisional tax and ongoing payments for our new building in Auckland.

Gearing¹

At 30 September 2019 the group had net debt of \$5.2 million and gearing of 0.6%. Gearing was within the target range of -5% to +5% and forecast to remain within the target range for the balance of the financial year.

1. Net interest-bearing debt (debt less cash and cash equivalents and short-term investments) to net interest-bearing debt and equity (less hedging reserves). Net debt excludes all lease liabilities recognised on the adoption of IFRS 16 – Leases.

CASH FLOWS

The full statement of cash flows is provided on page 17.

For the six months ended 30 September	2018 NZ\$M	2019 NZ\$M	Change NZ\$M
Operating profit before financing costs	139.0	166.0	27.0
Plus depreciation and amortisation (including leased assets)	20.9	28.5	7.6
Change in working capital and other	(11.0)	(21.2)	(10.2)
Net interest paid (including lease interest)	0.1	(1.7)	(1.8)
Net income tax paid	(55.6)	(58.1)	(2.5)
Operating cash flows	93.4	113.5	20.1
Lease repayments +	–	(4.3)	(4.3)
Purchase of land and buildings	(29.3)	(43.0)	(13.7)
Purchase of plant and equipment	(24.4)	(30.4)	(6.0)
Purchase of intangible assets	(7.4)	(13.2)	(5.8)
Free cash flows	32.3	22.6	(9.7)
Dividends paid	(63.4)	(77.5)	(14.1)

+ Free cash flows includes lease liabilities repayments following the adoption of NZ IFRS 16.

Operating cash flows

Cash flows from operations for the period increased 22% to \$113.5 million. Including lease repayments, cash flows from operations increased by 17%.

Capital expenditure

Property, plant and equipment purchases for the period were \$73.4 million, an increase from \$53.7 million in the prior period. These primarily related to building projects in New Zealand, totalling \$43 million, with the remaining expenditure being production tooling and equipment costs.

Dividends

Dividends paid of \$77.5 million were 22% higher than the prior period, reflecting the suspension of the dividend reinvestment plan at the final 2019 dividend payment.

Financial statements

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

	Notes	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
Operating revenue	3	511.3	570.9
Cost of sales		(169.7)	(188.0)
Gross profit		341.6	382.9
Other income		2.5	-
Selling, general and administrative expenses		(159.4)	(162.9)
Research and development expenses		(45.7)	(54.0)
Total operating expenses		(205.1)	(216.9)
Operating profit before financing costs		139.0	166.0
Financing income		1.7	1.3
Financing expense		(1.4)	(1.9)
Exchange (loss) on foreign currency interest bearing liabilities		(3.4)	(5.7)
Net financing expense		(3.1)	(6.3)
Profit before tax	4	135.9	159.7
Tax expense		(38.5)	(38.5)
Profit after tax		97.4	121.2
Basic earnings per share		17.0 cps	21.1 cps
Diluted earnings per share		16.9 cps	20.9 cps

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
Profit after tax	97.4	121.2
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	0.6	2.2
Hedging reserves		
Changes in fair value in hedging reserves	(25.8)	(50.8)
Transfers to profit before tax	(5.6)	(6.6)
Tax on changes in fair value and transfers to profit before tax	8.8	16.1
Other comprehensive income, net of tax	(22.0)	(39.1)
Total comprehensive income	75.4	82.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Notes	Share capital NZ\$M	Treasury shares NZ\$M	Retained earnings NZ\$M	Reserves NZ\$M	Total equity NZ\$M
Balance at 31 March 2018 (audited)		201.4	(3.0)	467.3	95.7	761.4
Total comprehensive income		-	-	97.4	(22.0)	75.4
Dividends paid	10	-	-	(71.4)	-	(71.4)
Issue of share capital		8.5	-	-	-	8.5
Employee share based payment scheme movements		3.4	-	-	(0.6)	2.8
Balance at 30 September 2018 (unaudited)		213.3	(3.0)	493.3	73.1	776.7
Balance at 31 March 2019 (audited)		221.0	(1.8)	549.2	144.8	913.2
Adjustment on adoption of NZ IFRS 16 (net of tax)	5	-	-	(3.4)	-	(3.4)
Balance at 1 April 2019 (unaudited)		221.0	(1.8)	545.8	144.8	909.8
Total comprehensive income		-	-	121.2	(39.1)	82.1
Dividends paid	10	-	-	(77.5)	-	(77.5)
Employee share based payment scheme movements		2.2	-	-	2.1	4.3
Balance at 30 September 2019 (unaudited)		223.2	(1.8)	589.5	107.8	918.7

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 30 September 2019

	Notes	Audited 31 March 2019 NZ\$M	Unaudited 30 September 2019 NZ\$M
ASSETS			
Current assets			
Cash and cash equivalents		48.2	48.4
Short-term investments		92.5	45.2
Trade and other receivables		157.9	161.5
Inventories		136.1	146.3
Derivative financial instruments	6	19.2	9.9
Tax receivable		1.4	0.7
Total current assets		455.3	412.0
Non-current assets			
Derivative financial instruments	6	47.0	28.4
Other receivables		2.6	6.1
Property, plant and equipment		601.4	690.8
Intangible assets		61.5	70.3
Deferred tax assets		38.9	47.4
Total assets		1,206.7	1,255.0
LIABILITIES			
Current liabilities			
Interest-bearing liabilities		17.3	24.1
Lease liabilities	5	-	10.8
Trade and other payables		135.0	127.8
Provisions		4.9	4.0
Tax payable		24.4	13.4
Derivative financial instruments	6	2.8	19.5
Total current liabilities		184.4	199.6

	Notes	Audited 31 March 2019 NZ\$M	Unaudited 30 September 2019 NZ\$M
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		69.0	74.7
Lease liabilities	5	-	24.1
Provisions		2.2	1.7
Other payables		12.7	15.6
Derivative financial instruments	6	1.9	15.3
Deferred tax liabilities		23.3	5.3
Total liabilities		293.5	336.3
EQUITY			
Share capital		221.0	223.2
Treasury shares		(1.8)	(1.8)
Retained earnings		549.2	589.5
Reserves		144.8	107.8
Total equity		913.2	918.7
Total liabilities and equity		1,206.7	1,255.0

The accompanying Notes form an integral part of the Financial Statements.

On behalf of the Board
26 November 2019

Tony Carter
Chairman

Lewis Gradon
Managing Director and Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	505.6	563.8
Grants received	2.3	1.6
Interest received	1.8	1.6
Payments to suppliers and employees	(359.0)	(392.1)
Tax paid	(55.6)	(58.1)
Interest paid	(1.7)	(2.4)
Lease interest paid	5	(0.9)
Net cash flows from operating activities	93.4	113.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Net short-term investments	45.0	47.5
Purchases of property, plant and equipment	(53.7)	(73.4)
Purchases of intangible assets	(7.4)	(13.2)
Net cash flows from investing activities	(16.1)	(39.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee share purchase schemes	0.7	1.2
New borrowings	14.1	15.0
Repayment of borrowings	(11.3)	(15.0)
Lease liability payments	5	(4.3)
Dividends paid	(63.4)	(77.5)
Net cash flows from financing activities	(59.9)	(80.6)
Net increase (decrease) in cash	17.4	(6.2)
Opening cash	15.8	30.9
Effect of foreign exchange rates	1.0	(0.4)
Closing cash	34.2	24.3
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	55.5	48.4
Bank overdrafts	(21.3)	(24.1)
Closing cash	34.2	24.3

	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
CASH FLOW RECONCILIATION		
Profit after tax	97.4	121.2
Add (deduct) non-cash items:		
Depreciation – right-of-use assets	–	4.7
Depreciation and amortisation – other assets	20.9	23.8
Share based payments	2.8	2.9
Movement in provisions	(0.7)	(1.4)
Movement in deferred tax assets / liabilities	(5.6)	(8.4)
Foreign currency translation	1.8	2.3
Other non-cash items	(0.9)	(2.1)
	18.3	21.8
Net working capital movements:		
Trade and other receivables	(5.3)	(7.4)
Inventories	(10.0)	(10.2)
Trade and other payables	3.5	(1.5)
Taxation	(10.5)	(10.4)
	(22.3)	(29.5)
Net cash flows from operating activities	93.4	113.5

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

Reporting entity

Fisher & Paykel Healthcare Corporation Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a leading designer, manufacturer and marketer of medical device products and systems for use in both hospital and homecare settings. Products are sold in over 120 countries worldwide. The Company is a limited liability company incorporated and domiciled in New Zealand.

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

Basis of preparation

These consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalent to International Accounting Standard 34: 'Interim Financial Reporting' (NZ IAS 34) and International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34). The Company and Group are designated as profit-oriented entities for financial reporting purposes.

These consolidated financial statements do not include all of the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2019.

These consolidated financial statements are presented in New Zealand dollars rounded to the nearest hundred thousand dollars, unless otherwise stated.

Critical accounting estimates and judgements

The Group has been consistent in applying the judgements, estimates and assumptions adopted in the audited consolidated financial statements for the year ended 31 March 2019.

Accounting policies

All accounting policies were applied on a basis consistent with those used and described in the audited consolidated financial statements for the year ended 31 March 2019, with the exception that NZ IFRS 16 'Leases' (NZ IFRS 16) was adopted during the period.

NZ IFRS 16 was adopted using the modified retrospective approach, with no restatement of comparative information. The cumulative effect of adopting NZ IFRS 16 was recognised in the opening balance sheet as at 1 April 2019. Further details of the adoption of NZ IFRS 16 and the new accounting policy are disclosed in Note 5.

Accounting policies are disclosed in each of the applicable notes and are designated with an  symbol.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

The following significant transactions and events affected the financial performance and financial position of the Group for the six month period ended 30 September 2019:

Capital expenditure

During the period, construction work progressed on the fourth building in Auckland, New Zealand. Capital commitments at 30 September 2019 include \$33.2 million related to this project. To date, spending on this project totals \$112.5 million. The building is expected to be operational in 2020.

ResMed Litigation

As disclosed in the 31 March 2019 Annual Report, in February 2019 Fisher & Paykel Healthcare and ResMed reached a settlement on patent infringement disputes. Net litigation costs related to these actions incurred in the prior period to 30 September 2018 were \$7.7 million. In the current period, no significant costs were incurred.

Share capital

During the six months ended 30 September 2019, the Group issued 536,200 shares on exercise of share options and employee stock purchase plans.

Funding and short-term investments

The Company had total available committed debt funding of NZ\$218 million as at 30 September 2019, of which approximately NZ\$143 million was undrawn. Over the next 12 months no debt facilities will mature. As at 30 September 2019, the weighted average maturity of borrowing facilities was 2.9 years.

As at 30 September 2019, the Group has invested available cash on hand of \$47.5 million in short-term investments. These investments have maturities between 92 and 121 days with banking institutions that have a long term credit rating of Standard & Poors' A- and above and are invested at average interest rates of 2.7%.

Research and development tax incentive

During the period, the New Zealand government passed the Taxation (Research and Development Tax Credits) Act 2019. This research and development tax incentive provides a 15% tax credit on eligible research and development 'R&D' expenditure and has replaced the Callaghan Growth Grant.

For the period ended 30 September 2019 a tax credit of \$6.6 million was recognised as a deduction to tax expense, resulting in an effective tax rate of 24.1%. Excluding the tax credit, the effective tax rate for the period would have been 28.2% (September 2018: 28.3%).

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Tax credits are estimated based on the eligible R&D expenditure incurred during the period and are recognised as a deduction to current tax expense and offset in current tax payable. Tax credits are only recognised when there is reasonable certainty the Group will comply with the conditions of the tax incentive.

3. OPERATING REVENUE AND SEGMENTAL INFORMATION

	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
For the six months ended 30 September		
Sales Revenue	513.2	574.3
Foreign exchange gain (loss) on hedged sales	(1.9)	(3.4)
Total operating revenue	511.3	570.9
Revenue after hedging by geographical location of customer:		
North America	240.9	259.6
Europe	141.1	158.3
Asia Pacific	106.7	126.5
Other	22.6	26.5
Total operating revenue	511.3	570.9
Revenue by product group		
Hospital products	297.3	353.6
Homecare products	211.1	214.7
	508.4	568.3
Distributed and other products	2.9	2.6
Total operating revenue	511.3	570.9

4. OPERATING EXPENSES

	Unaudited 2018 NZ\$M	Unaudited 2019 NZ\$M
For the six months ended 30 September		
Profit before tax includes the following expenses:		
Depreciation – right-of-use assets	–	4.7
Depreciation and amortisation - other assets	20.9	23.8
Employee benefits expense	180.9	201.7
Rental and lease expense	5.5	0.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LEASES

a. Adoption of NZ IFRS 16

During the period the Group adopted NZ IFRS 16 'Leases', effective 1 April 2019, using the modified retrospective approach. The cumulative effect of adopting NZ IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The reduction in retained earnings on 1 April 2019 was \$3.4 million. This is a non cash adjustment and did not impact the Group's ability to comply with its debt covenants.

Adjustments recognised on adoption of NZ IFRS 16

Prior to 1 April 2019, leases of property, plant and equipment were classified as operating leases with an operating lease expense recognised on a straight-line basis over the term of the lease. From 1 April 2019, leases are recognised as a right-of-use (or leased) asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and financing expense. The financing expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The balance sheet impact of NZ IFRS 16

The impact of NZ IFRS 16 on the Group's opening balance sheet is as follows:

	Audited 31 March 2019 NZ\$M	Unaudited Adjustment NZ\$M	Unaudited 1 April 2019 NZ\$M
ASSETS			
Non-current assets			
Property, plant and equipment	601.4	29.1	630.5
Deferred tax assets	38.9	1.4	40.3
Total assets		30.5	
LIABILITIES			
Non-current liabilities			
Lease liabilities – Current	-	9.4	9.4
Lease liabilities	-	24.5	24.5
Deferred tax liabilities	23.3	-	23.3
Retained earnings	549.2	(3.4)	545.8
Total liabilities and equity		30.5	

Lease liabilities: The table below presents the reconciliation from lease commitments in accordance with NZ IAS 17 to the opening balance of lease liabilities recognised in accordance with NZ IFRS 16.

	1 April 2019 NZ\$M
Operating lease commitments disclosed as at 31 March 2019 (audited)	26.7
Discounted at the date of initial application	(2.5)
(Less): short-term leases, or low value leases not recognised	(0.9)
Add: adjustments as a result of a different treatment of extension options	10.6
Lease liability recognised as at 1 April 2019	33.9

Right-of-use assets: The right-of-use assets relate to the following types of assets:

	Unaudited 1 April 2019 NZ\$M	Unaudited 30 September 2019 NZ\$M
Buildings	24.1	22.2
Vehicles and equipment	5.0	5.8
Total	29.1	28.0

The profit impact of NZ IFRS 16

The following table shows the adjustments to profit or loss for the period as a result of the adoption of NZ IFRS 16.

	Unaudited Prior to adoption NZ\$M	Unaudited Impact of NZ IFRS 16 NZ\$M	Unaudited Reported Result NZ\$M
For the period ended 30 September 2019			
Total operating expenses	218.0	(1.1)	216.9
<i>Rental and lease expenses</i>	6.4	(5.8)	0.6
<i>Depreciation and amortisation</i>	23.8	4.7	28.5
Operating profit	164.9	1.1	166.0
Operating margin	28.9%		29.1%
Financing expense	1.0	0.9	1.9
Profit before tax	159.5	0.2	159.7
Tax expense	38.4	0.1	38.5
Profit after tax	121.1	0.1	121.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The cash flows presentation impact of NZ IFRS 16

Prior to the adoption of NZ IFRS 16, operating lease payments were included in payments to suppliers within operating activities. Following the adoption of NZ IFRS 16, the interest component is allocated to operating cashflows, and the repayment of the lease liability principal is classified within financing activities.

For the period ended 30 September 2019	Unaudited 30 September 2019 NZ\$M
Interest paid on leases (operating activities)	0.9
Payments for lease liability principal (financing activities)	4.3
Total cash outflows from lease liabilities	5.2

Practical expedients applied

In applying NZ IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying NZ IAS 17 and NZ IFRIC 4 'Determining whether an Arrangement contains a lease'.

b) The Group's leasing activities

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The Group leases predominantly relate to property outside New Zealand or vehicles and equipment which were all classified as operating leases until 31 March 2019. All leases have been classified into these two categories and included within property, plant and equipment. Lease contracts are typically made for fixed periods between 3–12 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The right-of-use asset is depreciated over the shorter of the asset's useful life and the expected lease term on a straight-line basis.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using a discount rate derived from the incremental borrowing rate for each relevant overseas territory on 1 April 2019 when the interest rate implicit in the lease was not readily available. Incremental borrowing rates applied to lease liabilities range between 2.6% – 25%.

Extension options

Some property leases contain an extension option exercisable by the Group. At the commencement of a lease, the Group assesses whether it is reasonably certain an extension option will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group. The extension options are only exercisable by the Group and not by the lessor. Where an extension is reasonably certain of being exercised, that extension period and related costs are recognised on the balance sheet.

Short-term and low-value leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less and predominantly relate to computer equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The carrying value of all financial assets and liabilities approximates fair value.

There have been no changes to the Group's hedging policy during the period. The Group enters into foreign currency option contracts or forward foreign currency contracts within policy parameters to manage the net risk associated with anticipated sales or costs. The Group generally applies hedge accounting to all derivative financial instruments.

All derivative financial instruments continue to be re-measured to their fair value. Derivative financial instruments continue to be classified as being within Level 2 of the fair value hierarchy, and there were no changes in valuation techniques during the period.

Contractual amounts of derivative financial instruments were as follows:

	Audited 31 March 2019 NZ\$M	Unaudited 30 September 2019 NZ\$M
Foreign currency forward contracts and options		
Sale commitments forward exchange contracts	982.1	1,264.0
Purchase commitments forward exchange contracts	63.1	63.3
Foreign currency borrowing forward exchange contracts	23.5	21.4
NZD call option contracts purchased	7.7	36.6
Collar option contracts – NZD call options purchased (i)	86.3	95.5
Collar option contracts – NZD put options sold (i)	94.6	103.7
Interest rate derivatives		
Interest rate swaps	50.2	55.7
Interest rate options	22.0	24.0

(i) Foreign currency contractual amounts of put and call options are equal.

Undiscounted foreign currency contractual amounts for outstanding hedges were as follows:

	Audited 31 March 2019 M	Unaudited 30 September 2019 M
Sales Commitments		
United States dollars	US\$302.8	US\$446.0
European Union euros	€241.5	€245.7
Australian dollars	A\$16.5	A\$20.0
British pounds	£19.4	£22.5
Canadian dollars	C\$26.6	C\$39.0
Japanese yen	¥4,925.0	¥8,165.0
Chinese yuan	¥88.0	¥125.0
Korean won	₩7,719.1	₩6,287.1
Swedish kronor	kr23.3	kr27.0
Danish krone	kr3.5	kr6.0
Purchase Commitments		
Mexican pesos	MXN\$941.0	MXN\$947.5

7. CAPITAL EXPENDITURE COMMITMENTS

	Audited 31 March 2019 NZ\$M	Unaudited 30 September 2019 NZ\$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	79.7	51.1
Between one and two years	1.2	0.5
Between two and five years	-	-
	80.9	51.6

8. CONTINGENT LIABILITIES

Periodically the Group is party to litigation including product liability and patent claims.

The Directors are unaware of the existence of any claim or contingencies that would have a material impact on the operations of the Group.

9. RELATED PARTY TRANSACTIONS

During the period the Group did not enter into any material contracts involving related parties or directors' interests. No amounts owed by related parties have been written off or forgiven during the period. Apart from directors' fees, key executive remuneration and dividends paid by the Group to its directors as shareholders of the company, there have been no related party transactions.

10. DIVIDENDS

On 24 May 2019 the directors approved the payment of a fully imputed 2019 final dividend of \$77.5 million (13.5 cents per share) which was paid on 5 July 2019. A supplementary dividend of 2.3824 cents per share was also paid to eligible non-resident shareholders.

Subsequent event – dividend declared

On 26 November 2019 the directors approved the payment of a fully imputed 2020 interim dividend of \$68.9 million (12.0 cents per share) to be paid on 19 December 2019. A supplementary dividend of 2.1176 cents per share was also approved for eligible non-resident shareholders.

11. SUBSEQUENT EVENTS

There are no subsequent events other than the dividend as set out in Note 10.



INDEPENDENT REVIEW REPORT

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have reviewed the accompanying consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited (the Company) and its subsidiaries (the Group) on pages 14 to 23, which comprise the consolidated balance sheet as at 30 September 2019, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended on that date, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of consolidated financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of treasury related financial markets risk analysis and commentary, remuneration benchmarking, tax compliance, scrutineering the counting of votes at the Annual Shareholders' Meeting and other assurance services in relation to constant currency disclosures. The provision of these other services has not impaired our independence.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019, and its financial performance and cash flows for the six months then ended, in accordance with IAS 34 and NZ IAS 34.

WHO WE REPORT TO

This report is made solely to the Company's shareholders. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

Chartered Accountants
26 November 2019

Auckland

Directory

DIRECTORS

Tony Carter	Chairman, Non-Executive, Independent
Lewis Gradon	Managing Director and Chief Executive Officer
Michael Daniell	Non-Executive
Pip Greenwood	Non-Executive, Independent
Geraldine McBride	Non-Executive, Independent
Neville Mitchell	Non-Executive, Independent
Donal O'Dwyer	Non-Executive, Independent
Scott St John	Non-Executive, Independent

EXECUTIVE MANAGEMENT TEAM

Lewis Gradon	Managing Director and Chief Executive Officer
Lyndal York	Chief Financial Officer
Paul Shearer	Senior Vice President – Sales & Marketing
Andrew Somervell	Vice President – Products & Technology
Winston Fong	Vice President – Surgical Technologies
Brian Schultz	Vice President – Quality & Regulatory
Debra Lumsden	Vice President – Human Resources
Nicholas Fourie	Vice President – Information & Communication Technology
Jonti Rhodes	General Manager – Supply Chain
Marcus Driller	Vice President – Corporate

REGISTERED OFFICES

New Zealand:

Physical address:	15 Maurice Paykel Place, East Tamaki, Auckland 2013, New Zealand
Telephone:	+64 9 574 0100
Postal address:	PO Box 14348, Panmure, Auckland 1741, New Zealand
Website:	www.fphcare.com
Email:	investor@fphcare.co.nz

Australia:

Physical address:	19-31 King St, Nunawading, Melbourne, Victoria 3131, Australia
Telephone:	+61 3 9871 4900
Postal address:	PO Box 159, Mitcham Victoria 3132, Australia

STOCK EXCHANGES

The Company's ordinary shares are listed on the NZX Main Board and the ASX.

SHARE REGISTRAR

In New Zealand:

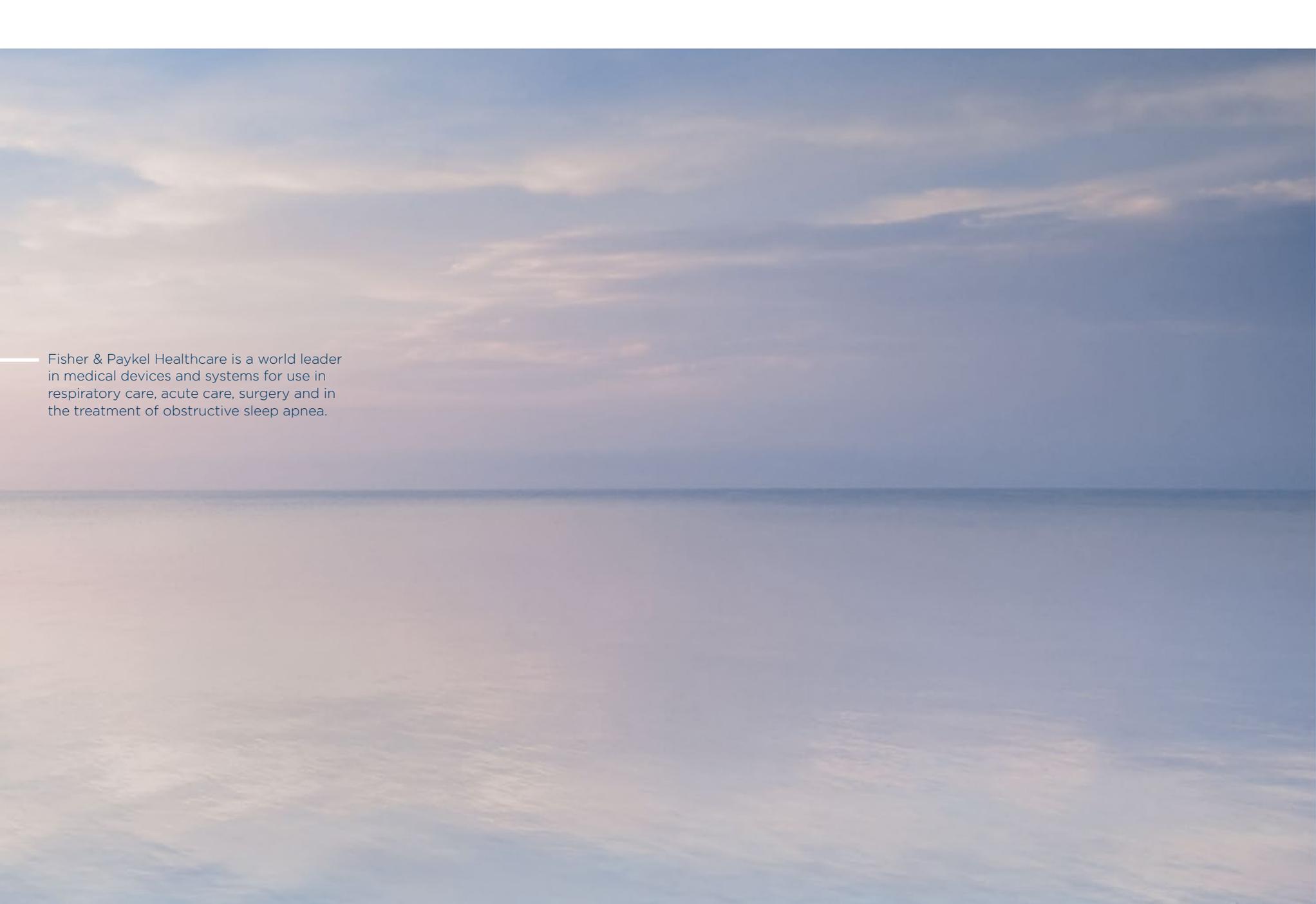
Link Market Services Limited

Physical address:	Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010, New Zealand
Postal address:	PO Box 91976, Auckland 1142, New Zealand
Facsimile:	+64 9 375 5990
Investor enquiries:	+64 9 375 5998
Website:	www.linkmarketservices.co.nz
Email:	enquiries@linkmarketservices.co.nz

In Australia:

Link Market Services Limited

Physical address:	Level 12, 680 George Street, Sydney, NSW 2000, Australia
Postal address:	Locked Bag A14, Sydney South, NSW 1235, Australia
Facsimile:	+61 2 9287 0303
Investor enquiries:	+61 2 8280 7111
Internet address:	www.linkmarketservices.com.au
Email:	registrars@linkmarketservices.com.au



Fisher & Paykel Healthcare is a world leader in medical devices and systems for use in respiratory care, acute care, surgery and in the treatment of obstructive sleep apnea.

Looking

Beyond

Half year business highlights

+ EXPANDED

Release of the F&P 950™ heated humidification system in Europe and launched F&P Vitera™ mask in the US

+ PROGRESSED

an exciting product pipeline, with several new product launches anticipated

+ OPENED

New office in Poland, with our own dedicated sales team promoting products in hospitals

+ AWARDED

Black Pin at the DINZ Best Design Awards for our design culture and the economic impact of our products

+ DIVERTED

467 tonnes of material from landfills through recycling programmes

+ INCLUDED

in the FTSE4Good and Dow Jones Sustainability Indices for 2019



Key half year financial results

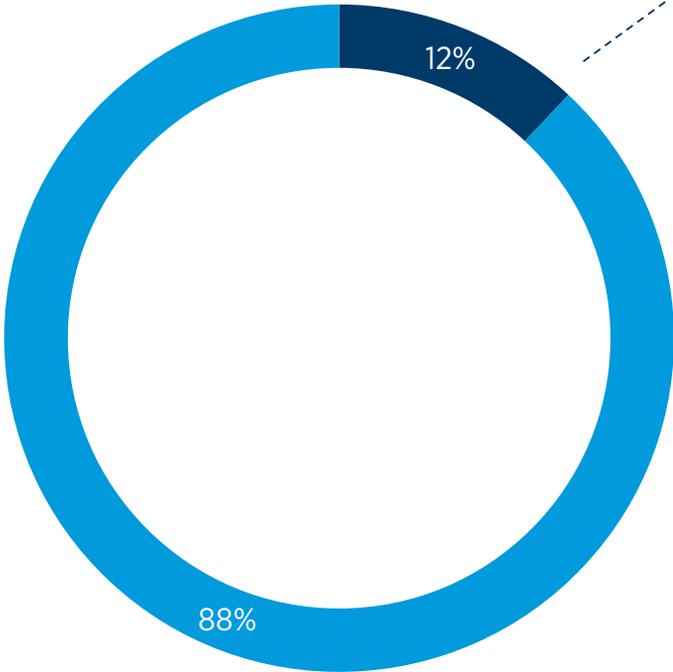
H1 FY20 (6 months to 30 September 2019)

	% of Revenue	NZ\$M	ΔPCP [^]	ΔCC [*]
Operating revenue	100%	570.9	+12%	+9%
Hospital operating revenue	62%	353.6	+19%	+17%
Homecare operating revenue	38%	214.7	+2%	-1%
Gross margin / Gross profit	67%	382.9	+26bps	+15bps
SG&A	29%	162.9	+2%	-1%
R&D	9%	54.0	+18%	+18%
Total operating expenses	38%	216.9	+6%	+3%
Operating profit	29%	166.0	+19%	+17%
Profit after tax	21%	121.2	+24%	+23%

Recurring items, consumables and accessories approximately 86% of operating revenue (H1 FY19: 86%)

Hospital product group

H1 FY20 HOSPITAL REVENUE COMPOSITION



■ Hardware ■ Consumables

H1 FY19 Hospital revenue composition
Hardware: 12% Consumables: 88%

HARDWARE



F&P 950 System



F&P 850 System



F&P AIRVO2



F&P HumiGard

CONSUMABLES



Invasive ventilation



Non-invasive ventilation



Optiflow™ nasal high flow



Surgical



Hospital product group

H1 FY20

62% OF OPERATING REVENUE

HOSPITAL OPERATING REVENUE
(H1 FY20 \$353.6M)

NZ\$ **↑19%**

CONSTANT CURRENCY **↑17%**

NEW APPLICATIONS*
CONSUMABLES REVENUE

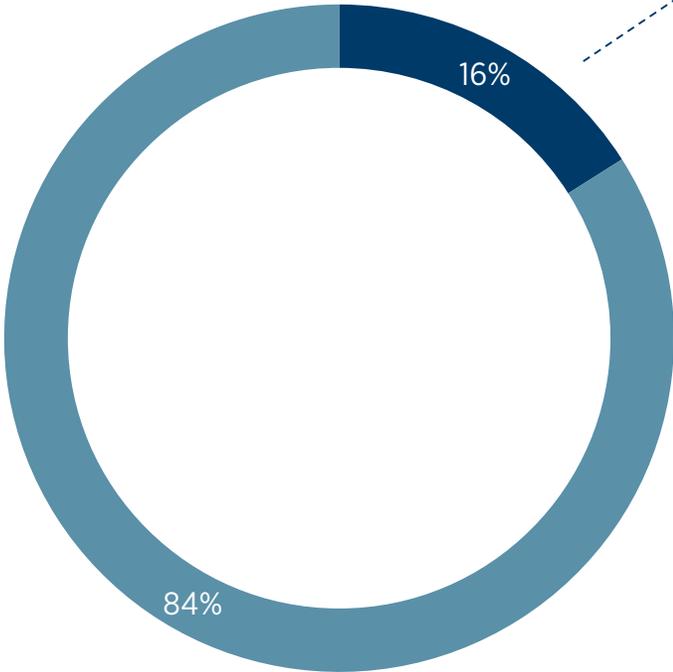
NZ\$ **↑25%**

CONSTANT CURRENCY **↑23%**

- New applications consumables* made up 63% of H1 FY20 Hospital consumables revenue, 60% in H1 FY19
- Strong customer demand for our Optiflow and AIRVO systems, driven by clinical trial results
- Extended flu season in the United States

Homecare product group

H1 FY20 HOMECARE REVENUE COMPOSITION



■ Hardware ■ Consumables

H1 FY19 Homecare revenue composition
Hardware: 16% Consumables: 84%

HARDWARE



F&P SleepStyle



F&P myAIRVO 2



F&P 810System

CONSUMABLES



CPAP Therapy/OSA



Home Respiratory Support



F&P Vitera



F&P Eson 2



F&P Brevida



Homecare product group

H1 FY20

38% OF OPERATING REVENUE

HEMOCARE OPERATING REVENUE
(H1 FY20 \$214.7M)

NZ\$ **↑ 2%**

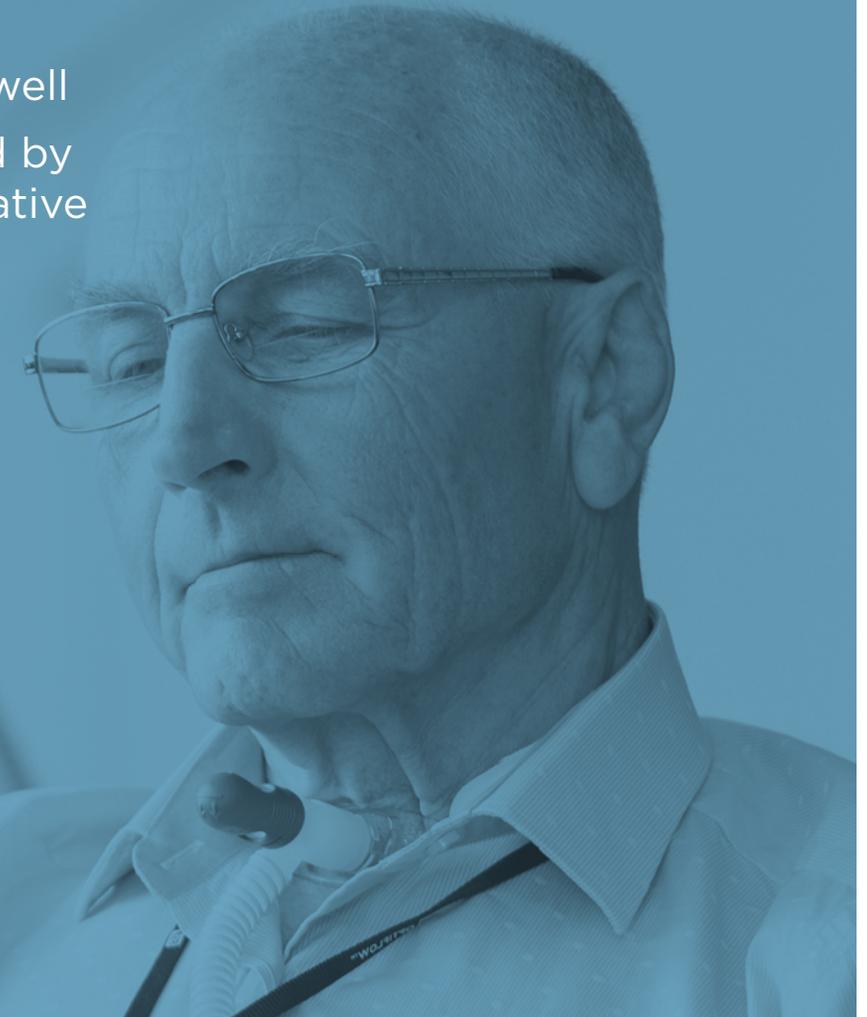
CONSTANT CURRENCY **↓ 1%**

MASKS REVENUE

NZ\$ **↑ 1%**

CONSTANT CURRENCY **↓ 1%**

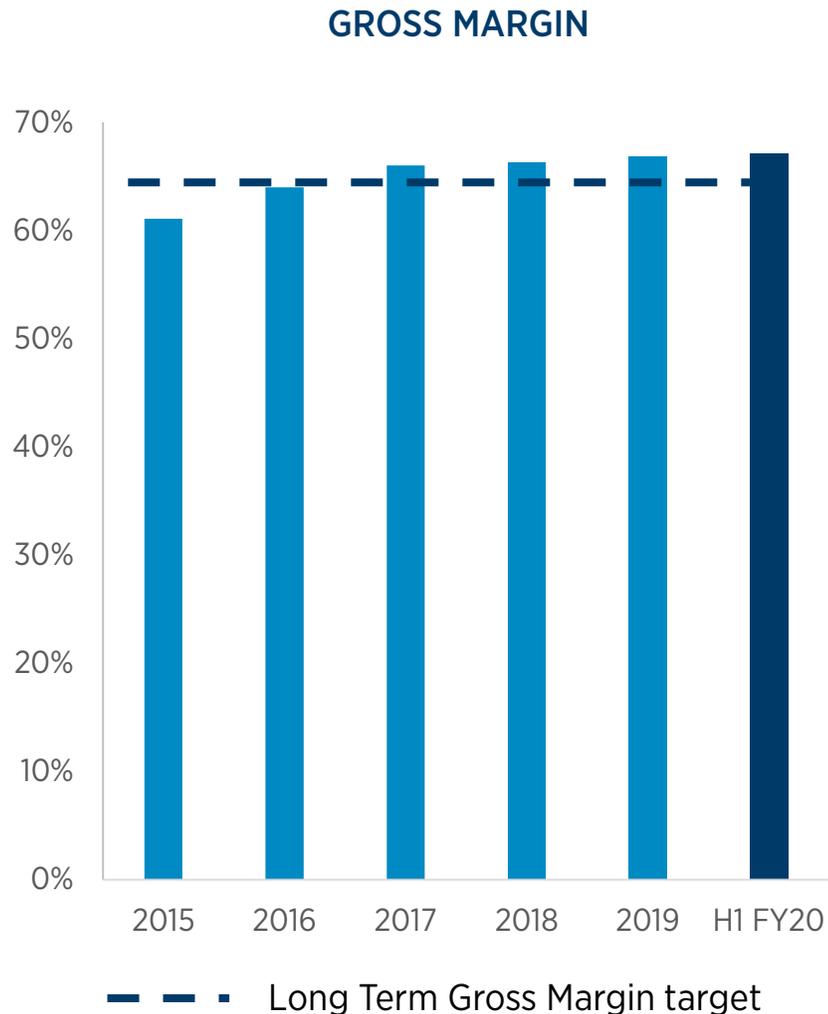
- Home Respiratory Support business continues to grow well
- OSA mask revenue impacted by phasing of product cycle relative to competitors
- F&P Vitera OSA mask launched in the US in October 2019



New lease accounting standard impact (IFRS 16)

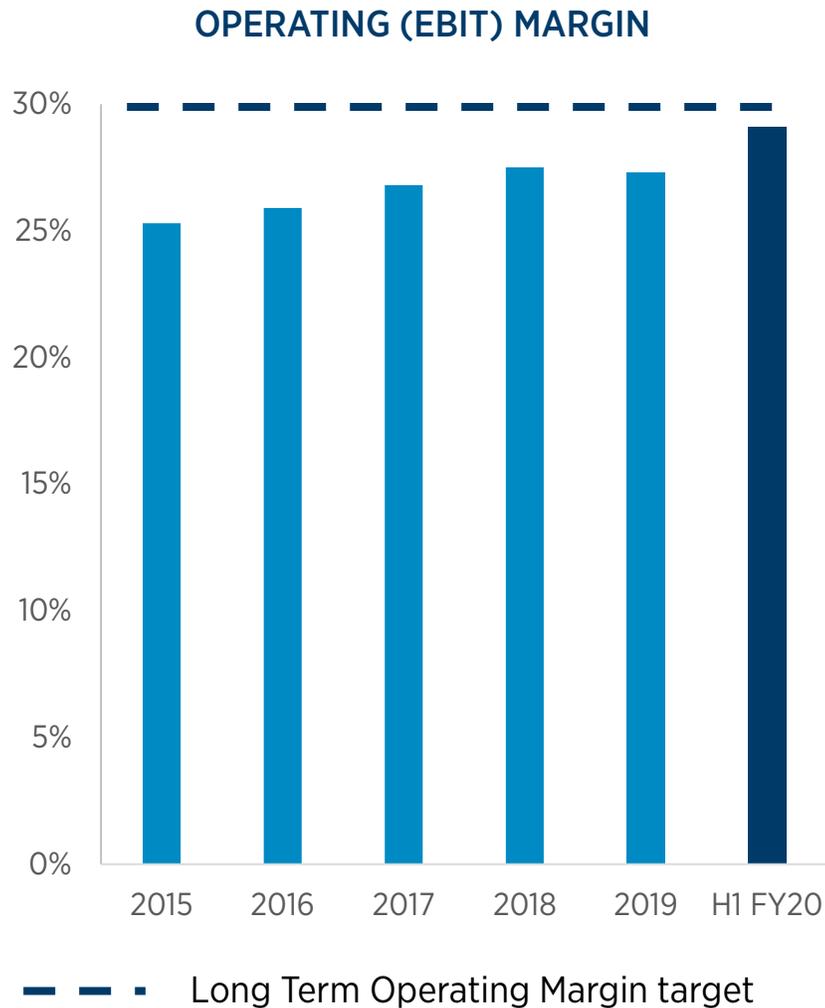
Opening adjustment to Balance Sheet at 1 April 2019 (NZ\$M)	Prior to adoption	Impact	Adjusted after adoption
Property, plant & equipment	601.4	29.1	630.5
Deferred tax assets	38.9	1.4	40.3
Lease liabilities	-	33.9	33.9
Retained earnings	549.2	(3.4)	545.8
H1 FY20 impact to Income Statement (NZ\$M)	Prior to adoption	Impact	Adjusted after adoption
Rental and lease expenses	6.4	(5.8)	0.6
Depreciation and amortisation	23.8	4.7	28.5
Operating profit	164.9	1.1	166.0
Financing expense	1.0	0.9	1.9
Tax Expense	38.4	0.1	38.5
Net profit after tax	121.1	0.1	121.2
H1 FY20 impact to Statement of Cash Flows (NZ\$M)	Prior to adoption	Impact	Adjusted after adoption
Cash flows from operating activities	109.2	4.3	113.5
Cash flows from financing activities	(76.3)	(4.3)	(80.6)

Gross Margin



- Gross margin for the half year:
 - increased by 26 bps to 67.1%
 - increased by 15 bps in constant currency
- Primarily driven by favourable product mix
- Offset by costs of the new Mexico manufacturing facility

Operating Margin



Operating expenses

- NZ\$216.9M, +6% (+3% CC)

Research & Development expenses

- NZ\$54M, +18% (+18% CC)
- Reflecting underlying growth and timing of R&D projects
- Long term plan to grow in line with constant currency revenue growth

Selling, General & Administrative expenses

- NZ\$162.9M, +2% (-1% CC)
- Patent litigation expenses of NZ\$7.7M were incurred in H1 FY19

Interest and Tax

Financing Expense	H1 FY19 NZ\$M	H1 FY20 NZ\$M	Change NZ\$M
Interest Income	1.7	1.3	(0.4)
Lease Interest Expense	-	(0.9)	(0.9)
Interest Expense	(1.4)	(1.0)	0.4
FX loss on interest bearing liabilities	(3.4)	(5.7)	(2.3)
Net financing income/(expense)	(3.1)	(6.3)	(3.2)
R&D Tax Incentive Change	H1 FY19 NZ\$M	H1 FY20 NZ\$M	Change NZ\$M
Other income	2.5	-	(2.5)
Tax (Expense)/Credit	(0.7)	6.6	7.3
Net profit after tax	1.8	6.6	4.8

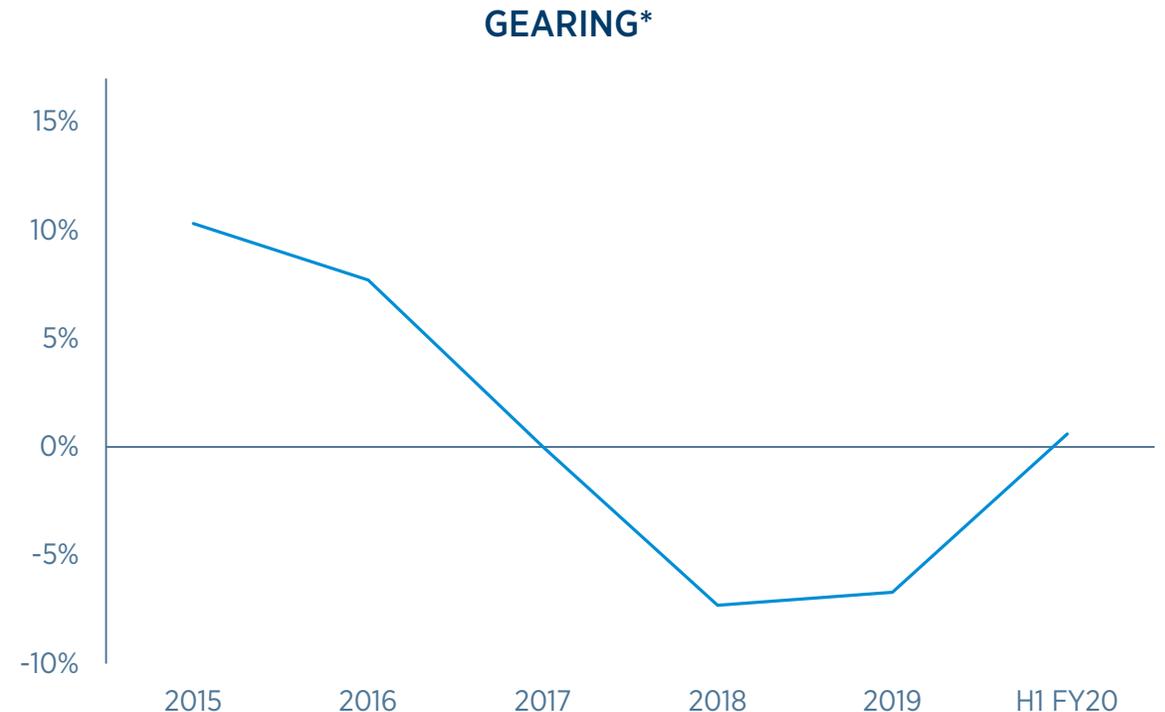
- FY19: Callaghan Innovation Growth Grant of NZ\$5M per year, taxable
- FY20 onwards: R&D Tax Credit of 15% on eligible spend

Cash Flow and Balance Sheet

	H1 FY19 NZ\$M	H1 FY20 NZ\$M
Operating cash flow	93.4	113.5
Capital expenditure (including purchases of intangible assets)	61.1	86.6
Lease liability payments	-	4.3
Free cash flow	32.3	22.6
	FY2019 NZ\$M	H1 FY20 NZ\$M
Net cash/(debt) (including short-term investments)	54.4	(5.2)
Total assets	1,206.7	1,255.0
Total equity	913.2	918.7
Gearing (debt/debt + equity)*	-6.7%	0.6%

Gearing and Dividend

- Target gearing ratio* of +5% to -5% debt to debt plus equity
 - Gearing ratio as at 30 September 2019 was 0.6%
- Increased interim dividend by 23%:
 - 12.00 cps + 4.667 cps imputation credit for NZ residents (gross dividend of NZ 16.667 cps)
 - Fully imputed
 - 2.1176 cps non-resident supplementary dividend



Foreign exchange effects

- 50% of operating revenue in USD (FY19: 50%) and 19% in € (FY19: 19%).

	Year to 31 March					
Hedging position for our main exposures	FY20	FY21	FY22	FY23	FY24	FY25-27
USD % cover of expected exposure	95%	80%	50%	30%	15%	-
USD average rate of cover	0.667	0.657	0.654	0.642	0.636	-
EUR % cover of expected exposure	95%	70%	50%	45%	20%	5%
EUR average rate of cover	0.575	0.548	0.530	0.514	0.502	0.473

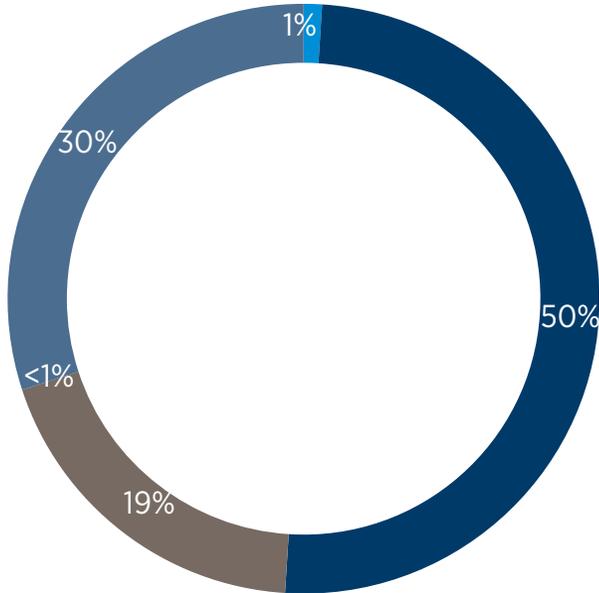
Hedging cover percentages have been rounded to the nearest 5%

Reconciliation of Constant Currency to Actual Income Statements	H1 FY19 NZ\$M	H1 FY20 NZ\$M
Profit before tax (constant currency)	130.1	151.2
Spot exchange rate effect	4.2	10.5
Foreign exchange hedging result	(2.1)	(2.8)
Balance sheet revaluation	3.7	0.8
Profit before tax (as reported)	135.9	159.7

Revenue and expenses by currency

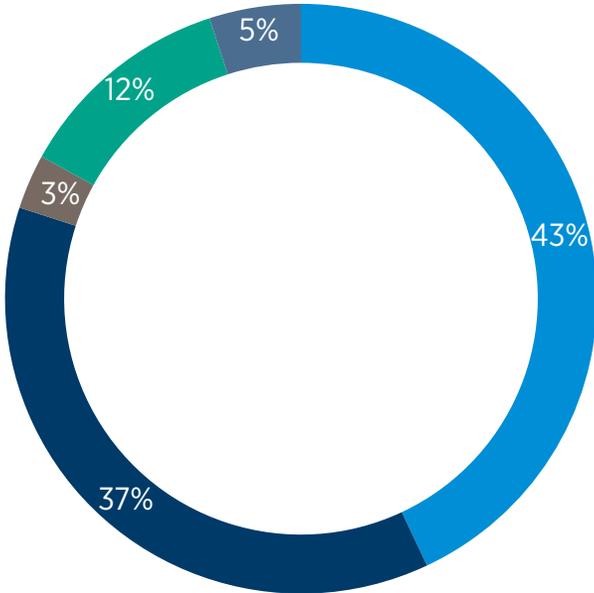
H1 FY20 (for the 6 months ended 30 September 2019)

REVENUE BY CURRENCY



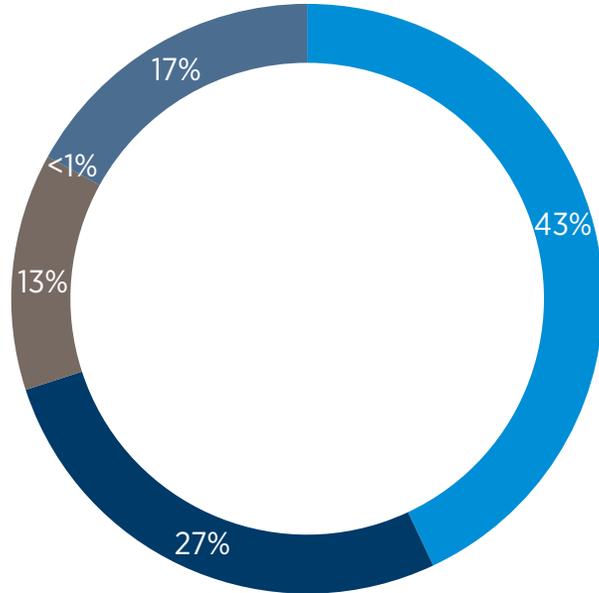
■ NZD ■ USD ■ EUR ■ MXN ■ Other

COST OF SALES BY CURRENCY



■ NZD ■ USD ■ EUR ■ MXN ■ Other

OPERATING EXPENSES BY CURRENCY



■ NZD ■ USD ■ EUR ■ MXN ■ Other

Outlook FY2020

Expect at current exchange rates (of NZD:USD 0.64, NZD:EUR 0.58):

- Operating revenue - approximately NZ\$1.19 billion
- Net profit after tax - approximately NZ\$255 million to NZ\$265 million

Capital expenditure expected to be approximately NZ\$170 million

- New facility in New Zealand
- Increased manufacturing capacity and new product tooling

Assumptions

- Approximately 80% of R&D will be eligible for R&D Tax Credit at 15%

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
- 50 years' experience in changing clinical practice to solutions that provide better clinical outcomes and improve effectiveness of care
- Estimated US\$10+ 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



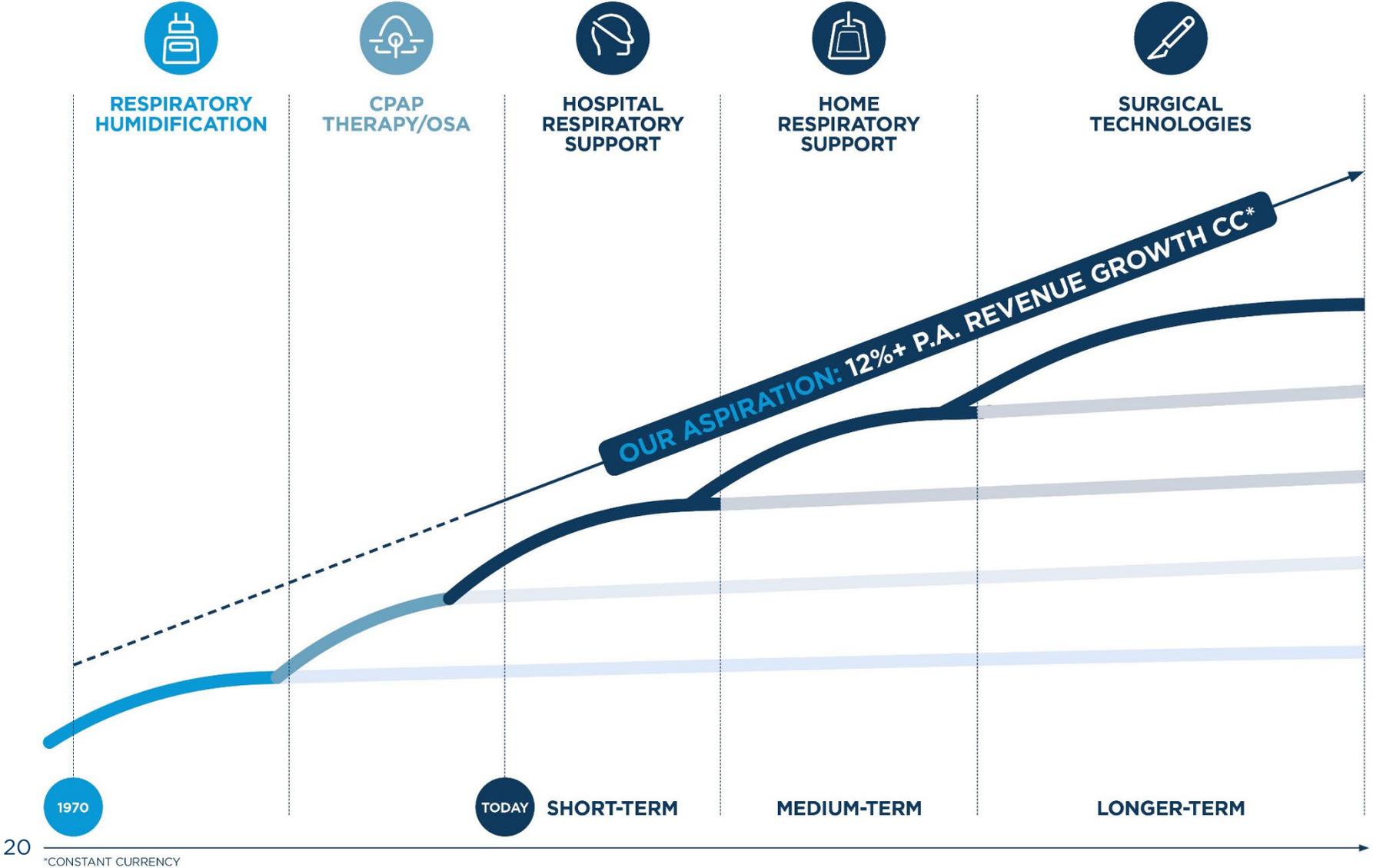
Strong financial performance

- Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years
- Targeting gross margin of 65% and operating margin of 30%
- Growth company with average dividend pay-out ratio of approximately 65% over the past five years

~US\$10+ billion and growing market opportunity



Our aspiration



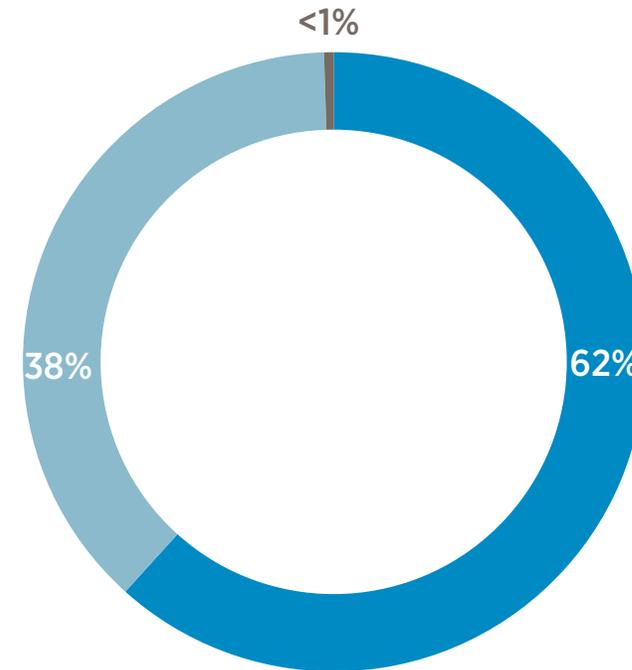
OUR ASPIRATION:
Sustainably
DOUBLING
our constant
currency revenue
every 5-6 years.

Markets and 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 (1H19: 86%)

REVENUE BY PRODUCT GROUP
6 MONTHS TO 30 SEPTEMBER 2019



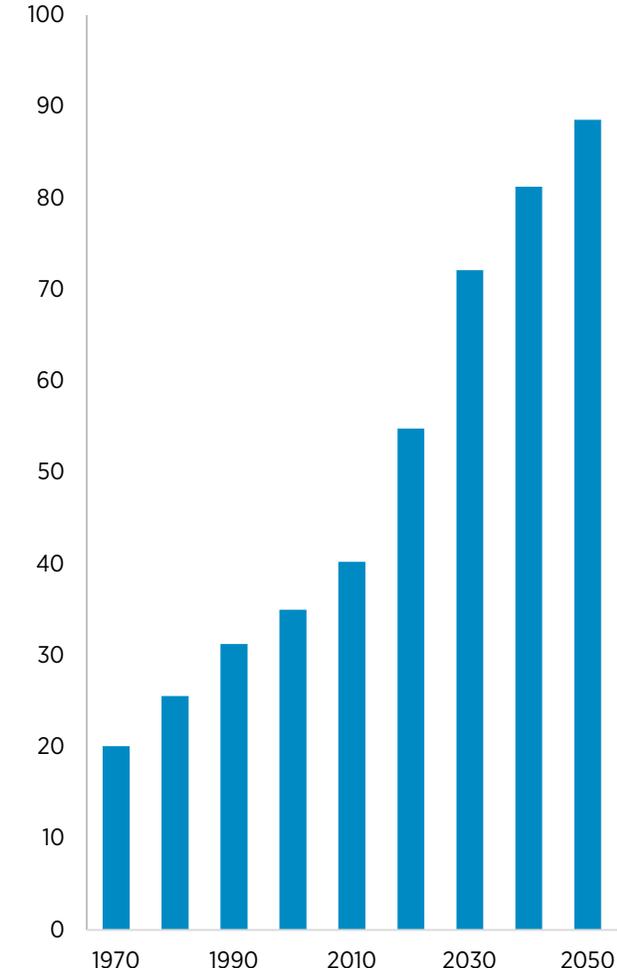
- Hospital
- Homecare
- Distributed & Other

Impact of changing demographics

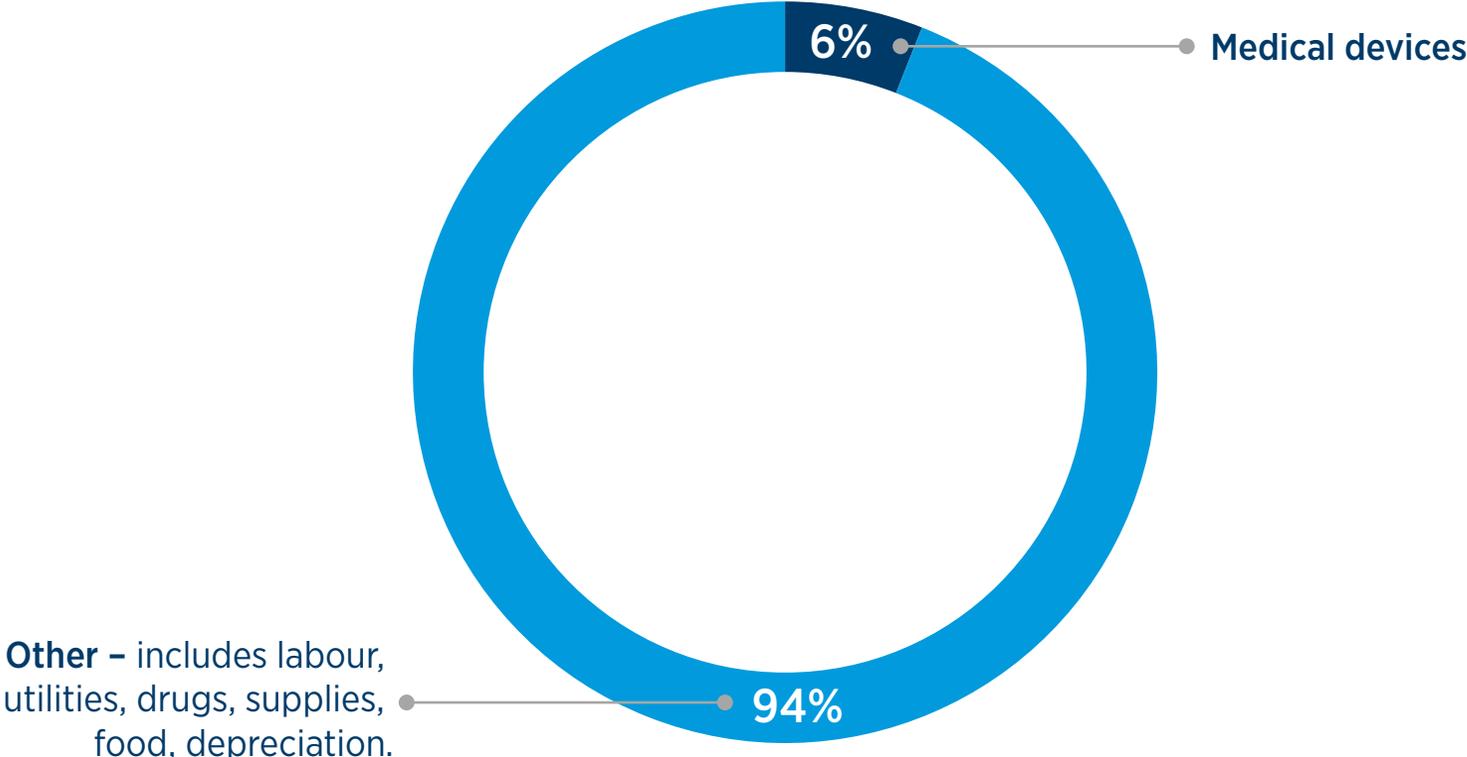
- Population age and weight both increasing
 - US population 65 years+ to grow ~80% over next 20 years¹
 - US males 60 - 74 years, average weight increased 0.4 kg/year since 1960²
- 60% of US healthcare cost is after age 65 years³
- Developing markets increasing healthcare spending
 - Total health spending is increasing more rapidly in low and middle income countries (close to 6% on average) than in high income countries (4%)⁴



US POPULATION OVER AGE 65 (MILLIONS)

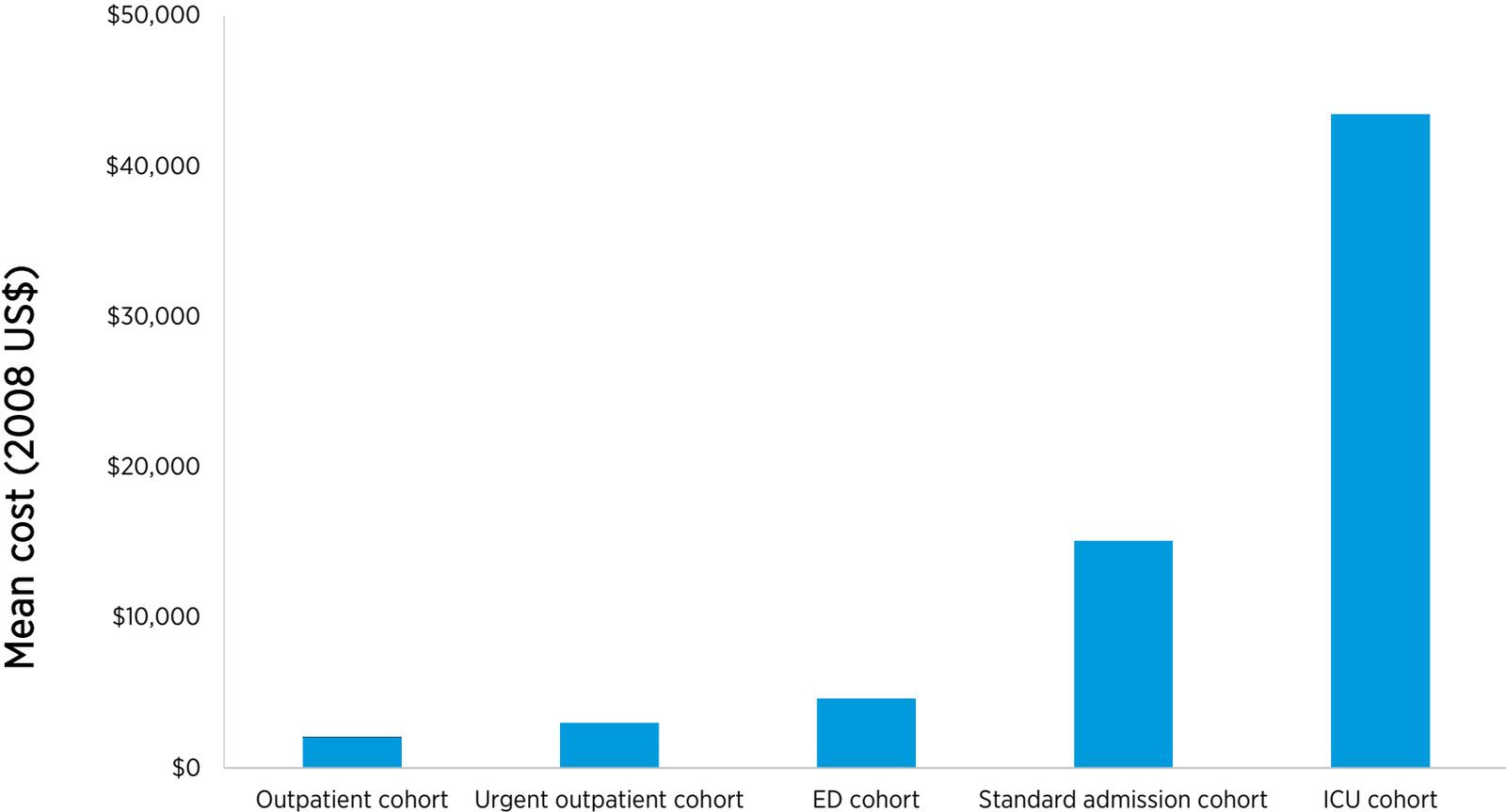


Hospital cost breakdown



Lower care intensity = lower cost

MEAN ANNUAL COPD-RELATED MEDICAL, PHARMACY AND TOTAL COSTS BY CARE INTENSITY COHORT

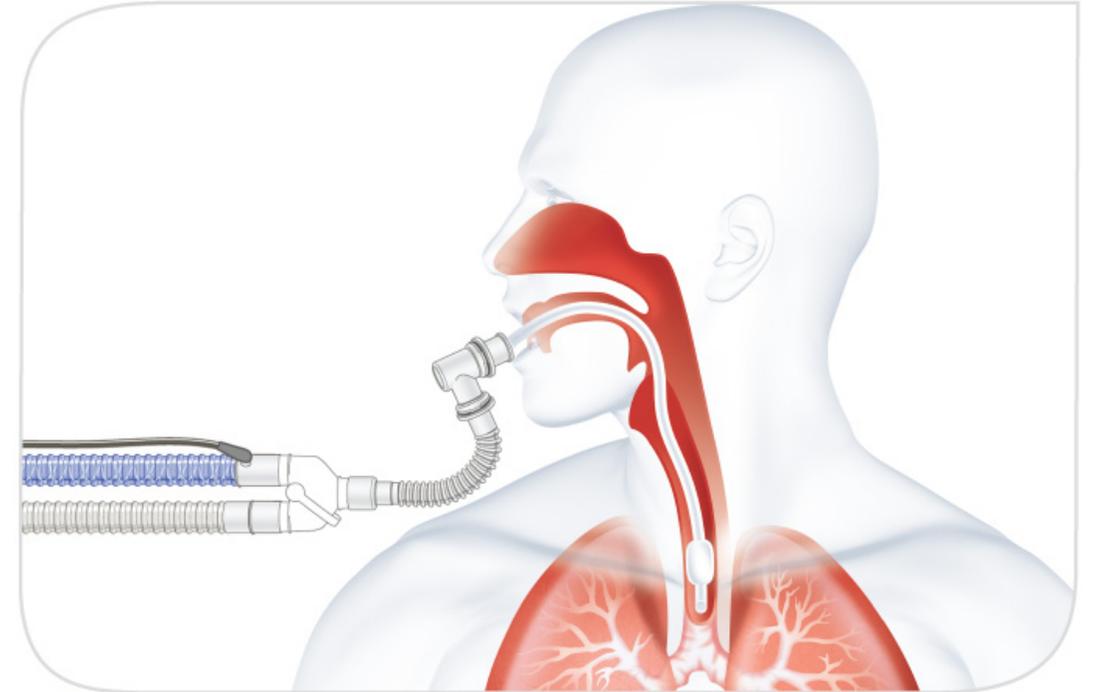




Hospital

Respiratory humidification

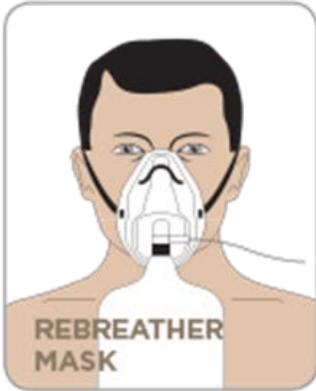
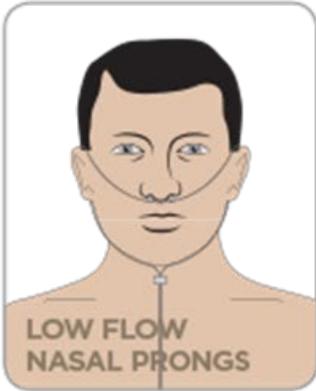
- Normal airway humidification is bypassed or compromised during ventilation or oxygen therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
 - 37°C body core temperature
 - 44mg/L 100% saturated



Optiflow - displacing conventional oxygen therapy

CONVENTIONAL
OXYGEN THERAPY

NON-INVASIVE
VENTILATION



Clinical outcomes of Optiflow nasal high flow therapy

Optiflow NHF therapy is associated with:

ADULTS:

- REDUCED intubation⁵
- REDUCED re-intubation^{6, 7, 8}
- REDUCED bilevel ventilation⁷
- REDUCED nursing workload⁷
- INCREASED ventilator free days⁵
- IMPROVED comfort & patient tolerance⁶
- IMPROVED compliance⁶
- REDUCED COPD exacerbations⁹

PAEDIATRICS:

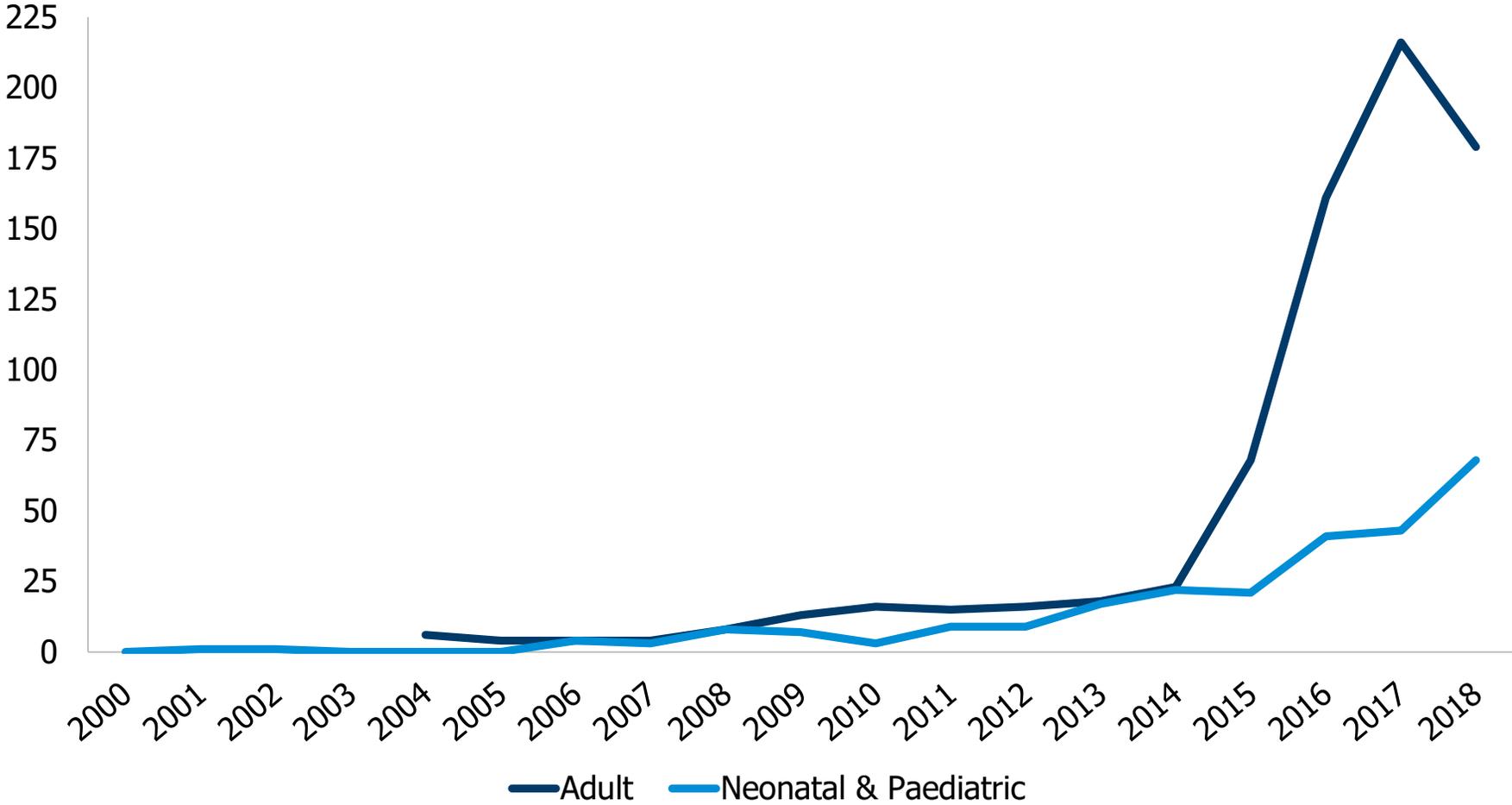
- REDUCED intubation¹⁰
- REDUCED length of stay¹¹
- REDUCED respiratory distress¹²

NEONATES:

- NON-INFERIORITY with nasal CPAP¹³
- REDUCED nasal trauma^{14, 15}
- REDUCED respiratory distress¹⁶

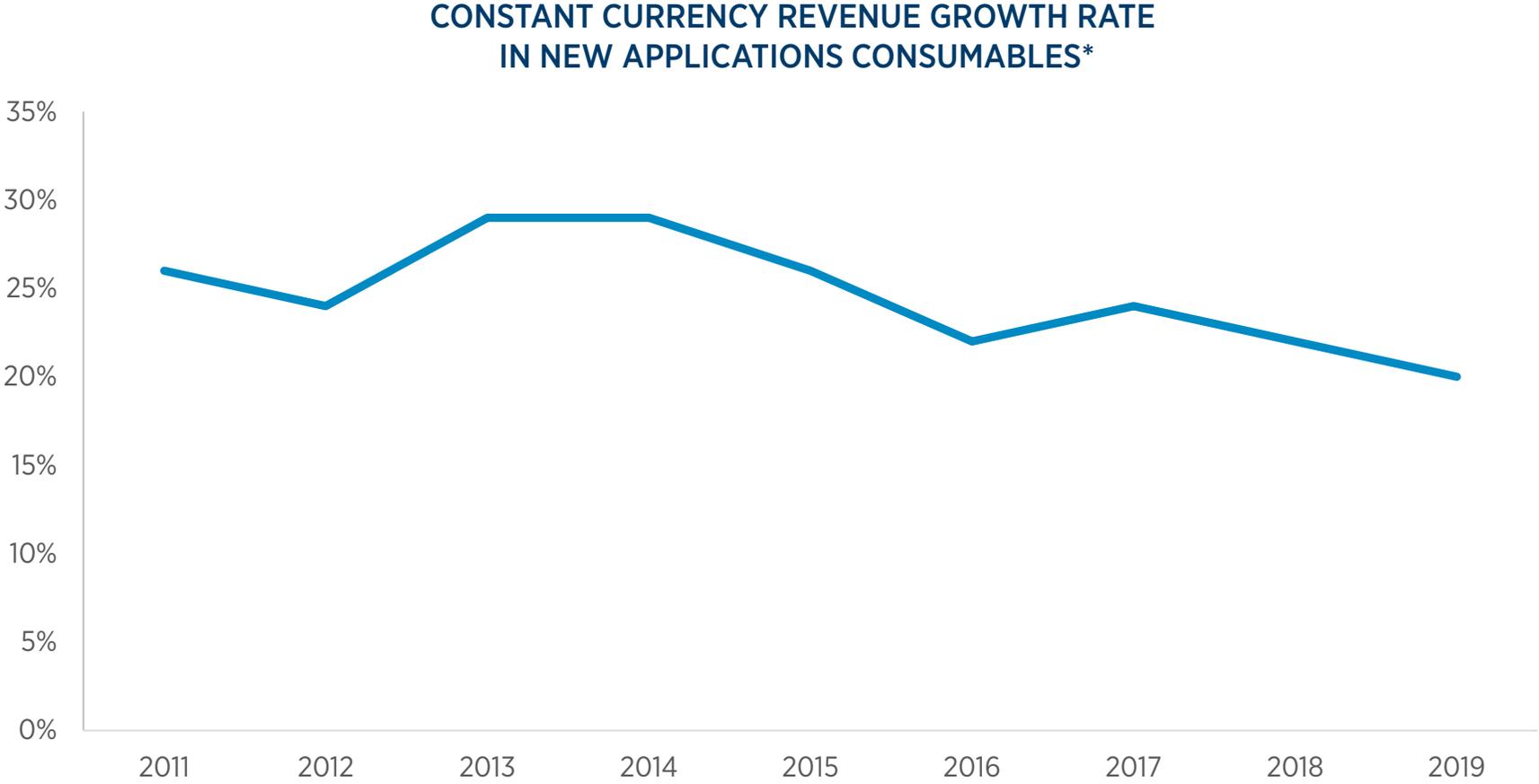
Optiflow NHF - a growing body of clinical evidence

NASAL HIGH FLOW CLINICAL PAPERS PUBLISHED ANNUALLY



- The publication of 247 clinical papers on NHF continues to signify a high level of clinical interest in the therapy.

Consistently strong growth in hospital new applications



- New applications consumables currently make up 63% of Hospital consumables revenue, up from 59% in FY2018 and 62% in FY2019

「 Homecare 」



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
- Estimate >100 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



Mask matters most

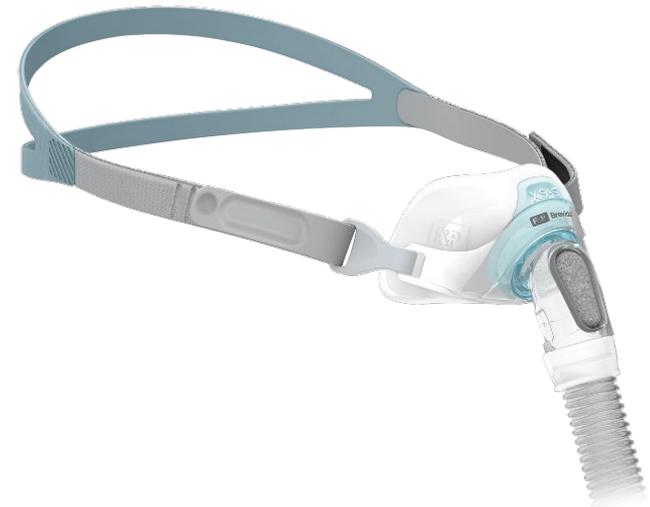
- Masks are key to compliance
- Unique, patented designs
- Vitera launched in NZ, Australia, Europe and Canada in May and in the US in October



F&P ESON 2™



F&P VITERA™



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 world¹⁷
- 6% of US adults have been diagnosed with COPD¹⁸ (~15 million people)
- 4-10% COPD prevalence worldwide¹⁹ (~400 million people)



High level of innovation and investment in R&D

- R&D represents 9% of operating revenue:^{*} NZ\$54.0M
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 242 US patents, 451 US pending, 1,056 Rest of world patents, 1,154 Rest of world pending[†]



Growing patent portfolio

FISHER & PAYKEL HEALTHCARE US PATENT PORTFOLIO (2008 - 2019)



Average remaining life of FPH patent portfolio (all countries): 12 years*

Manufacturing and operations

- Vertically integrated
- Will grow manufacturing capacity to accommodate future volume growth
 - Modest growth in NZ
 - Most growth outside NZ

Auckland, New Zealand

- Three buildings: 82,000 m² / 885,000 ft² total
- 100 acres / 40 hectares land
- Fourth building due to be completed early 2020
- Co-location of R&D and manufacturing in NZ a competitive advantage

Tijuana, Mexico

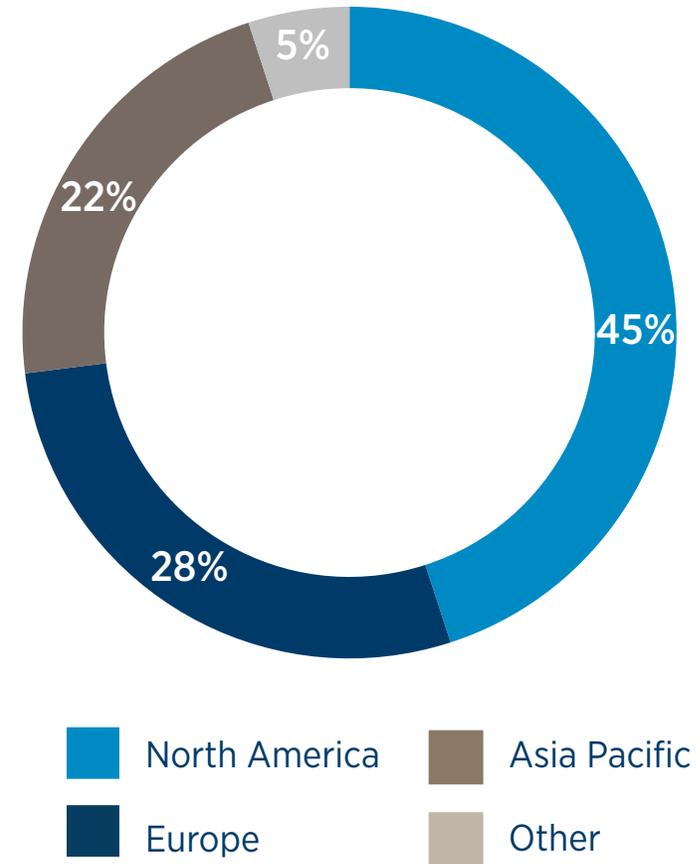
- Two buildings: 41,000 m² / 450,000 ft² total



Strong global presence

- Direct/offices
 - Hospitals, home care dealers
 - Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 18 distribution centres
 - ~1,000 employees in 38 countries
 - Ongoing international expansion
- Distributors
 - 100+ distributors worldwide
- Original Equipment Manufacturers
 - Supply most leading ventilator manufacturers
- Sell in more than 120 countries in total

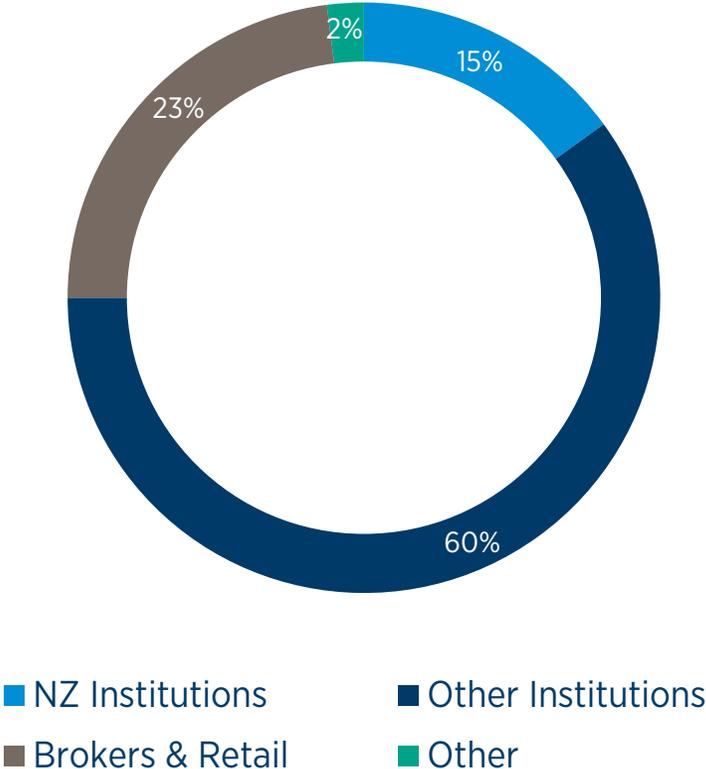
REVENUE BY REGION
6 MONTHS TO 30 SEPTEMBER 2019



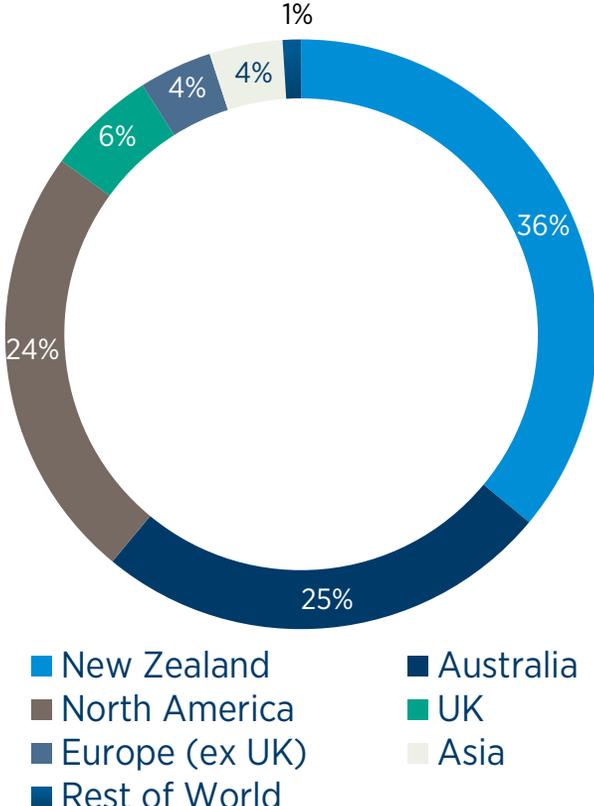
Ownership structure and listings

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

SHAREHOLDING STRUCTURE AS AT 30 SEPTEMBER 2019



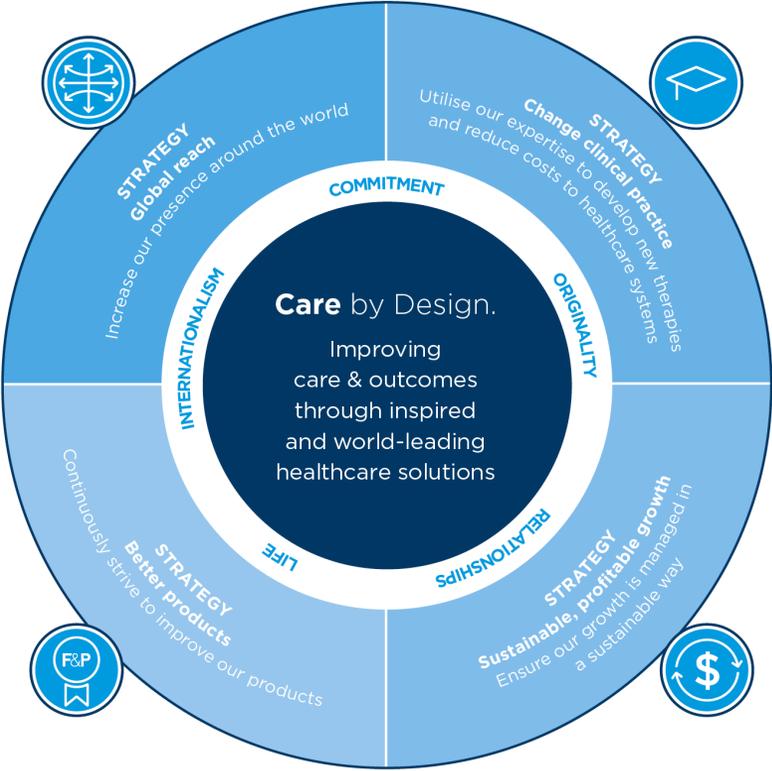
GEOGRAPHICAL OWNERSHIP AS AT 30 SEPTEMBER 2019



Consistent growth strategy

Our inputs

- Our 4,500+ people
- 50 years of trusted relationships
- Excellence in R&D
- Global supply networks
- Trusted brand



Our outputs

- Improved care & outcomes for patients
- Increased efficiency of care
- Increased shareholder value
- Benefits to our people
- Doubling our constant currency revenue every 5-6 years

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) Interim Report 2020 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

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Results announcement

Results for announcement to the market		
Name of issuer	Fisher & Paykel Healthcare Corporation Limited	
Reporting Period	6 months to 30 September 2019	
Previous Reporting Period	6 months to 30 September 2018	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$570,900	+12%
Total Revenue	\$570,900	+12%
Net profit/(loss) from continuing operations	\$121,200	+24%
Total net profit/(loss)	\$121,200	+24%
Interim Dividend		
Amount per Quoted Equity Security	12.00 cents/share	
Imputed amount per Quoted Equity Security	4.667 cents/share	
Record Date	9 December 2019	
Dividend Payment Date	19 December 2019	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	NZ\$1.40	NZ\$1.46
A brief explanation of any of the figures above necessary to enable the figures to be understood	Not applicable	
Authority for this announcement		
Name of person authorised to make this announcement	Marcus Driller	
Contact person for this announcement	Marcus Driller	
Contact phone number	+64 9 574 0110	
Contact email address	marcus.driller@fphcare.co.nz	
Date of release through MAP	27 November 2019	

Unaudited financial statements accompany this announcement.

27 November 2019

Distribution Notice

Section 1: Issuer information				
Name of issuer	Fisher & Paykel Healthcare Corporation Limited			
Financial product name/description	Interim Dividend			
NZX ticker code	FPH			
ISIN	NZFAPE0001S2			
Type of distribution	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	9 December 2019			
Ex-Date	6 December 2019			
Payment date	19 December 2019			
Total monies associated with the distribution	\$68,925,099 based on shares on issue at 27 November 2019 for cash distribution			
Source of distribution	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	16.667 cents/share			
Total cash distribution	12.00 cents/share			
Excluded amount	N/A			
Supplementary distribution amount	2.1176 cents/share			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
If fully or partially imputed, please state imputation rate as % applied	100%			
Imputation tax credits per financial product	4.667 cents/share			
Resident Withholding Tax per financial product	0.8333 cents/share			
Section 4: Distribution re-investment plan (if applicable)				
Not applicable				
Section 5: Authority for this announcement				
Name of person authorised to make this announcement	Marcus Driller			
Contact person for this announcement	Marcus Driller			
Contact phone number	+64 9 574 0110			
Contact email address	marcus.driller@fphcare.co.nz			
Date of release through MAP	27 November 2019			