

News Release

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

Fisher & Paykel Healthcare Reports Record Full Year Result, Achieves Revenue Milestone of NZ\$1 Billion

Auckland, New Zealand, 27 May 2019 - Fisher & Paykel Healthcare Corporation Limited today announced a record result for the 2019 financial year, with net profit after tax up 10% to NZ\$209.2 million. The company also reached the milestone of achieving over NZ\$1 billion in revenue, with operating revenue up 9% to a record NZ\$1.07 billion.

“Our record results were driven by our innovative products, the dedication of our teams around the world, a culture of continuous improvement and the value we offer for clinicians and patients,” said Managing Director and CEO, Lewis Gradon. “It is now 50 years since the inception of our business and our results this year are a reflection of our long term and consistent growth strategy.”

Operating revenue for the Hospital product group, which includes products used in respiratory, acute and surgical care, increased 12% to a record NZ\$642.3 million, or 11% growth in constant currency. Products in the Hospital group made up 60% of the company’s operating revenue.

“Our Optiflow nasal high flow therapy remains a key growth driver for our hospital business and over the past year we estimate that approximately 3 million patients were treated with our Optiflow products. This was reflected in robust constant currency revenue growth of 20% from new applications consumables which now account for 62% of our Hospital consumables revenue.”

Operating revenue for the Homecare product group, which includes products used in the treatment of obstructive sleep apnea (OSA) and respiratory support in the home, rose 6% to NZ\$421.5 million, or 4% growth in constant currency. A hiatus in OSA mask launches was offset by a strong contribution from the successfully completed roll out of the company’s new SleepStyle OSA device to all major markets, and from home respiratory support.

“We were pleased to launch our new F&P Vitera™ OSA full face mask recently. This mask puts patient comfort first and incorporates our new VentiCool™ technology, the next generation of mask seal and other innovative design features. The initial response from our customers in Australasia, Canada and Europe has been positive and we look forward to releasing Vitera in more countries during the course of this year.”

Gross margin increased by 56 basis points to 66.9%, or a 58 basis points increase in constant currency, compared to the previous year, primarily due to favourable product mix.

“Research and development remains a fundamental part of our success story, with a cumulative \$750+ million invested in R&D since 2001. Last year, we invested \$100 million (equal to 9% of our revenue) into R&D and we have a full pipeline of new products in development.”

Dividend and Suspension of Dividend Reinvestment Plan

The final dividend of 13.5 cents per share, carrying full New Zealand imputation credit, will be paid on 5 July 2019. Given the company’s strong performance over the last five years and reduction of debt to below the target gearing range, the Board has determined to suspend the dividend reinvestment plan (DRP). As a result, shareholders who have previously elected to participate in the DRP will receive dividends in cash for the dividend scheduled to be paid on 5 July 2019.

Outlook for FY2020

“Achieving \$1 billion in revenue is a milestone for our company, however, we are not sitting still. We will continue to build on our strengths and continuously improve and expand our portfolio of valued solutions for healthcare providers and patients.

“We expect capital expenditure for the 2020 financial year to be approximately NZ\$150 million as we increase capacity for both existing and new products and complete construction of the fourth building on our Auckland campus.

At current exchange rates we expect full year operating revenue for the 2020 financial year to be approximately NZ\$1.15 billion and net profit after tax to be approximately NZ\$240 million to NZ\$250 million. Recent changes introduced by the New Zealand Taxation (Research and Development Tax Credits) Act 2019, a significant reduction in patent litigation costs and forecast currency benefits have been factored into our earnings guidance for 2020.

“We are looking forward to the future and what it holds for our company and are well positioned to meet growing demand for our products and systems and continuing to deliver better healthcare solutions,” concluded Mr Gradon.

Overview of key results for the 2019 financial year

- 10% growth in net profit after tax to a record NZ\$209.2 million.
- 8% increase in final dividend to 13.5 cps (2018: 12.5 cps).
- 9% growth in operating revenue to a record NZ\$1.07 billion, 8% growth in constant currency.
- 12% growth in Hospital operating revenue, 11% growth in constant currency.
- Revenue growth of 20% in constant currency for consumables used in non-invasive ventilation, Optiflow nasal high flow therapy and surgical applications, accounting for 62% of Hospital consumables revenue.
- 6% growth in Homecare operating revenue, 4% growth in constant currency.
- Investment in R&D was 9% of revenue or NZ\$100.4 million.
- 86% of the company’s revenue was generated from recurring items, such as consumables and accessories.

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

Media & Investor Contacts:

Marcus Driller
VP Corporate
marcus.driller@fphcare.co.nz
+64 (0) 27 578 9663

Hayden Brown
Investor Relations Manager
hayden.brown@fphcare.co.nz
+64 (0) 27 807 8073

Accompanying Documents

Please find attached to this news release the following additional documents:

- Results in Brief
- Annual Report 2019
- Investor Presentation 2019
- Annual Review 2019
- NZX Results Announcement
- NZX Distribution Notice

The 2019 Annual Report is also available online at <https://annualreport.fphcare.com/>.

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 36 of the company's Annual Report 2019 and the company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to review the results and to discuss the outlook for the 2020 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST (6:00pm US EDT) and will be broadcast simultaneously over the internet.

To listen to the webcast, access the company's website at www.fphcare.com/investor. Please allow extra time prior to the webcast to visit the site and download the streaming media software if required. 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 will need to dial in to one of the numbers below 5 to 10 minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code of: **7242707**.

New Zealand Toll Free	0800 423 970	US/Canada Toll Free	800 458 4121
Australia Toll Free	1800 573 793	Hong Kong Toll Free	800 961 105
United Kingdom Toll Free	0800 358 6377	International	+64 9 913 3622