

News Release

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Fisher & Paykel Healthcare announces result for the first half of the 2022 financial year

Auckland, New Zealand, 25 November 2021 – Fisher & Paykel Healthcare Corporation Limited today announced its results for the first half of the 2022 financial year.

For the six months ended 30 September 2021, total operating revenue was \$900 million. This was a 1% decline from the same period in the previous financial year, or a 2% increase in constant currency. Net profit after tax for the first half was \$222 million, a 2% decline from the prior comparable period, or a 1% decline in constant currency.

Managing Director and CEO Lewis Gradon said, “For nearly two years now, our customers have been working selflessly to care for patients during a pandemic. Our people and our suppliers have also been working under demanding circumstances, and we are grateful for their relentless commitment.

“As you may recall, the first half of the last financial year was a period of extraordinary demand during the initial surges of COVID-19. Our financial results in the first half of the 2022 financial year have continued to be very strong,” Mr Gradon continued.

In the Hospital product group, which includes humidification products used in respiratory, acute and surgical care, revenue for the first half was \$670 million, a decline of 2% from the first half of the 2021 financial year, or an increase of 1% in constant currency. Hospital consumables grew 8% in constant currency, and of total Hospital product group revenue, 67% was from the sale of consumables and 33% was from the sale of hardware.

In the Homecare product group, which includes products used in the treatment of obstructive sleep apnea (OSA) and respiratory support in the home, revenue was \$227 million, a 0.3% increase over the prior comparable period, or 3% in constant currency.

Gross margin was 63.1%, up 135 basis points or 53 basis points in constant currency compared to the first half of the 2021 financial year. Elevated freight costs and air freight utilisation continued but were lower than the same period last year, impacting gross margin by approximately 190 basis points compared to pre-COVID-19 levels.

The company’s directors have approved an interim dividend of 17 cents per ordinary share. The interim dividend, carrying full New Zealand imputation credit, will be paid on 15 December 2021 with a record date of 3 December 2021.

The company also announced that over the next five years it expects to invest approximately \$700 million in land and buildings. This includes a fifth building completing its Auckland campus and acquiring land for a second New Zealand campus. Over the next five years the company expects to add an additional three manufacturing facilities located outside New Zealand, the first of which is currently under construction in Tijuana, Mexico.

“The longer-term impact from COVID-19 for our business has been a larger installed base of our hospital hardware and increased global physician awareness and experience with our therapies and products. To ensure we are well-positioned to meet demand for the ongoing use of this installed base of hardware and accommodate our strong new product pipeline, we are continuing to invest in our infrastructure to ensure it supports our long-term growth,” said Mr Gradon.

Given the continuing uncertainties associated with COVID-19, including the impact on hospitalisations and public and civic responses to COVID-19 case numbers, the company is not providing quantitative revenue or earnings guidance for the remainder of the 2022 financial year.

“We have not changed our view on outlook for the remainder of the financial year since we last provided an update on the 18th of August,” said Mr Gradon.

“For the second half, we expect our Hospital hardware sales will continue to be impacted by COVID-19-related hospital admissions. However, as we said in our August trading update, many countries have already boosted their hospital treatment capacity, so we do not expect Hospital hardware revenue to continue at an elevated level for the rest of the year.

“In our Hospital product group, consumables volume is likely to be impacted by a number of different factors. Those include the ongoing COVID-19 hospitalisations around the world, the severity of the flu season during the Northern Hemisphere winter, and the ability of hospitals to return to their pre-COVID-19 rates for surgeries.

“Our second half last year corresponded to peak COVID-19 hospitalisations in North America and most European countries. In the absence of further comparable hospitalisation surges around the world, we would expect our consumables revenue for the second half of this financial year to be lower than the second half last year. Continuing endemic COVID-19 hospitalisations, surgical activity approaching normality and the ongoing adoption of nasal high flow for applications other than COVID-19 would result in our consumables revenue increasing sequentially from the first half of this year.

“In our Homecare product group, growth in OSA masks is dependent on new patient diagnosis rates, which may continue to be impacted by COVID-19 and the supply of treatment hardware. We continue to expect new patient diagnoses to be at or above FY21 rates for the second half of the 2022 financial year.

“Ongoing localised surges in COVID-19 cases and civic responses indicate that it may yet be a long journey to get to a point where business and life are more predictable. Whatever the future holds, we are unified in our belief that doing what is best for patients will deliver the best outcomes for the business,” concluded Mr Gradon.

Overview of key results for the first half of the 2022 financial year

- 2% decline in net profit after tax to \$221.8 million.
- 1% decline in operating revenue to \$900.0 million, or 2% growth in constant currency.
- 2% decline in Hospital operating revenue to \$670.2 million, or 1% growth in constant currency.
- 24% constant currency revenue growth for new applications consumables; i.e. products used in noninvasive ventilation, Optiflow nasal high flow therapy and surgical applications, accounting for 72% of Hospital consumables revenue.
- 0.3% growth in Homecare operating revenue, or 3% growth in constant currency.
- Investment in R&D was 8% of revenue, or \$75.7 million.
- 6% increase in interim dividend to 17 cps (H1 FY21: 16 cps).

About Fisher & Paykel Healthcare

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in acute and chronic respiratory 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.

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Authorised by Fisher & Paykel Healthcare Corporation Limited’s Board of Directors.

Accompanying Documents

Attached to this news release are the following additional documents:

- Results in Brief
- Interim Report 2022
- Investor Presentation
- NZX Results Announcement
- NZX Distribution Notice

Constant Currency Information

Constant currency information included within this news release is non-GAAP 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 13 of the company's Interim Report 2022, and the company's constant currency framework can be found on the company's website at www.fphcare.com/ccf.

Half Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to discuss the results for the first half of the 2022 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT Thursday, 25 November (4:00pm USEST, Wednesday 24 November) and will be webcast.

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: **245311**.

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