

## News Release

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### **Record half year result for Fisher & Paykel Healthcare: net profit up 86%**

Auckland, New Zealand, 25 November 2020 - Fisher & Paykel Healthcare Corporation Limited today announced its results for the first half of the 2021 financial year, which ended 30 September 2020. Net profit after tax was \$225.5 million, up 86% over the same period in the previous financial year, or 87% in constant currency. Operating revenue was \$910.2 million, up 59% or 61% in constant currency.

“I would like to express our thanks and admiration for the healthcare providers around the world, who have responded with care and courage to the COVID-19 pandemic. I also want to thank everyone across our entire business, as well as their partners and families, for their contribution to ensuring those healthcare providers have the equipment they need to care for their patients,” said Managing Director and CEO Lewis Gradon. “Our thanks and gratitude also extend to our suppliers around the world. They have gone above and beyond to answer the global call for our products.”

The strong result was driven by the increased demand for the company’s Hospital hardware, in particular its Optiflow™ and Airvo™ systems. This reflected a shift in clinical practice toward using nasal high flow therapy as a front-line treatment for COVID-19 patients in hospital.

In the Hospital product group, which includes products used in acute and chronic respiratory care and surgery, operating revenue grew 93% over the first half of the previous financial year to \$681.0 million, or 94% growth in constant currency. Hospital products made up three-quarters of the company’s operating revenue.

“Sales in hardware and consumables continued to track surges in COVID-19 globally, as the virus moved across Europe, North America, South America and South Asia,” said Gradon.

In the Homecare product group, which includes products used in the treatment of obstructive sleep apnea (OSA) and nasal high flow therapy in the home, operating revenue grew 5% to \$226.2 million, or 6% growth in constant currency.

“Since the pandemic started, many sleep clinics have been closed, resulting in a reduction in new patient diagnoses. Our F&P Evora™ and F&P Vitera™ masks for OSA are great products that have yet to reach their full potential,” said Gradon.

A reduction in gross margin for the six-month period to 61.7% was due to the increased use of air freight and the elevated costs associated with it. Excluding these additional freight costs, gross margin was in line with the first half of the previous financial year in constant currency.

The company’s directors have approved an interim dividend of 16 cents per ordinary share, an increase of 33% on the interim dividend last year. The interim dividend, carrying full New Zealand imputation credit, will be paid on 16 December 2020 with a record date of 4 December 2020.

### **Guide for the remainder of FY2021**

“We had a strong first half of the year and have continued to expand our installed base of hardware in hospitals,” said Gradon. “Since our last trading update in August, we maintained the same level of both hardware and consumables revenue in our Hospital product group for the half year. In our Homecare product group, OSA masks revenue also continued at similar levels to the first four months of the financial year.

We cannot predict the course of COVID-19, the effectiveness or adoption of preventative measures, the progress of a vaccine and its outcomes, the impact on future hospitalisation rates, or the

investments countries may make in treatment measures. Consequently, we have no basis on which to provide guidance for the full 2021 financial year, so we are providing a guide to full-year results based on the following assumptions:

- Hospital hardware sales return to normal levels from January 2021.
- The use of our hospital hardware returns down to approximately normal rates for the second half of the financial year.
- OSA diagnosis rates are reduced for the second half of the financial year, due to limited access to customers.
- Freight costs remain elevated, resulting in a reduction in gross margin of approximately 200 bps in constant currency for the full financial year compared to the prior financial year.

Based on these assumptions, and reflecting sustained stronger Hospital hardware sales to date, full year operating revenue would be approximately \$1.72 billion, and net profit after tax would be approximately \$400 million to \$415 million. This guide is based on exchange rates of NZD:USD 0.69 and NZD:EUR 0.58.

Our assumptions used in providing this guide are not a prediction of the course of COVID-19 around the world and do not impact our production planning. We will continue to accelerate our investment in manufacturing capacity to ensure that a further increase in supply of our products is available,” said Gradon.

“Our heartfelt thanks go out to our customers and to our suppliers, shareholders and clinical partners who are supporting us during this extraordinary year,” he concluded.

#### **Overview of key results for the first half**

- 86% growth in net profit after tax to a record \$225.5 million (1H FY20: \$121.2 million).
- 59% growth in operating revenue to \$910.2 million, 61% growth in constant currency.
- 93% growth in Hospital operating revenue to \$681.0 million, 94% growth in constant currency.
- 43% 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.
- 5% growth in Homecare operating revenue, 6% growth in constant currency.
- 3% growth in constant currency revenue in OSA masks.
- Investment in R&D was 7% of revenue, or \$64.6 million.
- 33% increase in interim dividend to 16 cps (1H FY20: 12 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](http://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 2021
- 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 15 of the company's Interim Report 2021, and the company's constant currency framework can be found on the company's website at [www.fphcare.com/ccf](http://www.fphcare.com/ccf).

## 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 2021 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT Wednesday 25 November (4:00pm USEST, Tuesday 24 November) and will be broadcast simultaneously over the Internet.

To listen to the webcast, access the company's website at [www.fphcare.com/investor](http://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: **950349**.

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