

Annual Review

For the year ended 31 March 2020

B E Y O N D

Highlights

OPERATING REVENUE

\$1.26B

▲ 18% | 2019 \$1.07B

NET PROFIT AFTER TAX

\$287.3M

▲ 37% | 2019 \$209.2M

TOTAL DIVIDEND FOR YEAR
FULLY IMPUTED

27.50CPS

▲ 18% | 2019 23.25CPS

GROSS MARGIN

66.1%

HOSPITAL HARDWARE
REVENUE GROWTH

37%

(CONSTANT CURRENCY)

NEW APPLICATIONS CONSUMABLES
REVENUE GROWTH

23%

(CONSTANT CURRENCY)

Dear Shareholder

Before COVID-19 impacted sales, the 2020 financial year was already on track to deliver strong growth. As a result of increased demand for our Hospital and Homecare products, the second half of the 2020 financial year saw the company deliver better-than-expected financial performance.

Operating revenue was \$1.26 billion, up 18 per cent over last year, or 14 per cent in constant currency. Net profit after tax was \$287 million, up 37 per cent over the previous year.

The increase in revenue was largely driven by growth in the use of our Optiflow™ nasal high flow therapy, demand for products to treat COVID-19 patients, and strong hardware sales throughout the course of the year.

In the Hospital product group, revenue increased 25 per cent, or 21 per cent in constant currency, to \$801 million for the year. Revenue from new applications consumables, which includes products used for nasal high flow therapy, grew by 23 per cent over the previous financial year in constant currency.

We introduced several new Hospital products in financial year 2020. For treating patients on noninvasive ventilation, we launched our new vented F&P Nivairo™ full face mask, which incorporates design features to make the fit more comfortable. For invasive ventilation, we expanded our range of consumable products for the F&P 950™ system, including neonatal breathing circuits in the UK and Ireland and adult circuits across Europe.

In the Homecare product group, which includes our masks for obstructive sleep apnea (OSA), revenue grew by 9 per cent, or 4 per cent in constant currency, and finished at \$457 million for the year. The expansion of our F&P Vitera™ full-face mask into the U.S. contributed to our results, and we anticipate continued success with this product.

In February we launched F&P Evora™, a new compact nasal mask for treating OSA. Evora

showcases our commitment to 'care by design' with its innovative headgear, which is put on like a baseball cap. Already available in Australia, New Zealand, Europe and Canada, Evora will be launched next in the U.S.

No one can fully predict the scope, duration or impact of COVID-19 and its effects on operations and financial results. In the midst of this uncertainty, we will continue doing what we are known for – expanding our range of innovative products with patients at the centre.

For the first three months of FY21, our Hospital product group growth has continued to accelerate, with hardware growth of over 300 percent, and hospital consumables tracking at over a one-third increase, compared to the first three months of FY20. In our Homecare product group we are seeing evidence of both a lower OSA diagnosis rate, and OSA mask resupply levels in the beginning of FY21 returning closer to expected levels compared to the elevated levels at the end of FY20. Homecare growth for the first three months of FY21 has therefore been closer to the FY20 full year rate.

Some costs, most significantly freight, also remained elevated during the first three months of FY21. We value a long term relationship with our customers, and we have not increased their prices.

Due to significant uncertainty in the extent and duration of the impact of COVID-19 on global demand for our products, we have made some assumptions to allow us to provide some guidance for FY21. As a result, our guidance is provided on the basis that global hospitalisations due to COVID-19 peak for the first quarter of this financial year, and hospitalisations for respiratory-related illnesses and OSA diagnostic activity steadily return to normal by the end of our first half. On this basis and at current exchange rates, full year operating revenue for the 2021 financial year would be approximately \$1.48 billion and net profit after tax would be approximately \$325 million to \$340 million.

Our assumption for guidance is not a prediction of the course of COVID-19 around the world. We are continuing to grow manufacturing



Tony Carter



Lewis Gradon

Dividend

The Board has approved a final dividend of 15.5 cents per share. This brings the total dividend for the year to 27.5 cents per share, an increase of 18 per cent on last year.

capacity of hospital products during our 2021 financial year to ensure a further increase in supply of our respiratory products is available if required.

Construction is complete on our fourth manufacturing building in New Zealand. As we bring forward capital expenditure spending for new product tooling and manufacturing capacity we expect capital expenditure for the 2021 financial year to be approximately \$160 million.

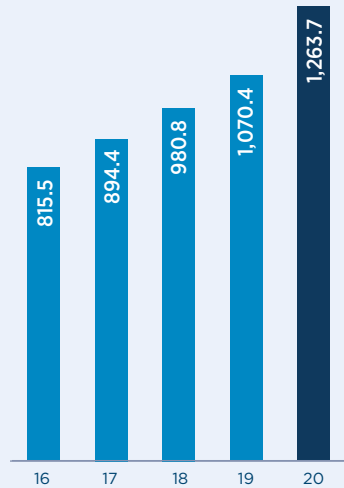
Fisher & Paykel Healthcare is resilient and well-positioned to respond to the global pandemic and adapt to a 'new normal'. Come what may, our innovative products and therapies will continue to shape the future of care in hospitals and homes.

TONY CARTER
CHAIRMAN

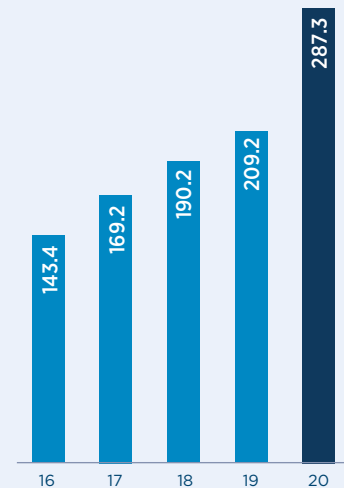
LEWIS GRADON
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Results in brief

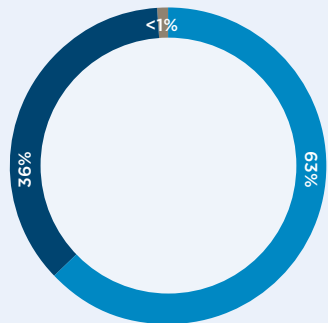
OPERATING REVENUE
NZ\$ MILLIONS



NET PROFIT AFTER TAX
NZ\$ MILLIONS

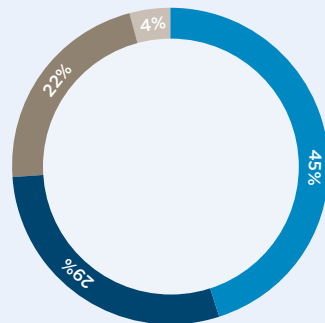


REVENUE BY PRODUCT GROUP
12 MONTHS TO 31 MARCH 2020



- Hospital
- Homecare
- Distributed & Other

REVENUE BY REGION
12 MONTHS TO 31 MARCH 2020



- North America
- Europe
- Asia Pacific
- Other

+ IMPACTED

the lives of approximately 16 million patients around the world, including many with COVID-19.

+ LAUNCHED

the F&P Evora compact nasal mask for OSA in New Zealand, Australia, Europe and Canada.

+ EXPANDED

release of the F&P 950 heated humidification system in Europe and the F&P Vitera mask in the US.

+ OPENED

new sales offices in Poland and Mexico, with our own dedicated sales teams promoting products in these countries.

+ WELCOMED

Dr Jean-Pierre Frat, a global key opinion leader, to present his findings on the use of nasal high flow therapy in his practice.

+ COMMEMORATED

50 years of care with employee events around the globe.

+ CONTINUED

with the global roll-out of our enterprise resource planning (ERP) system in the US.

+ INCLUDED

in the FTSE4Good and Dow Jones Sustainability Indices for 2019.

+ JOINED

other New Zealand climate leaders as a member of the Sustainable Business Council.

+ HONOURED

to receive the inaugural Value of Design Black Pin in the NZ Best Design Awards.



Hospital

We offer medical devices for use in the hospital where patients are receiving invasive and noninvasive ventilation, nasal high flow therapy or undergoing surgery.

Humidity is crucial to respiratory health and wellbeing. Our products incorporate patented and proprietary technologies designed to emulate the balance of temperature and humidity that occurs naturally in the body. This approach restores natural balance and seeks to ensure optimal outcomes for patients and their caregivers.

63%

OF OPERATING REVENUE

OPERATING REVENUE GROWTH
(NZ\$801M)

↑25%

CONSTANT CURRENCY
REVENUE GROWTH FROM
NEW APPLICATIONS CONSUMABLES

↑23%



Homecare

Obstructive sleep apnea (OSA) occurs when one's airway temporarily closes during sleep, forcing sufferers to wake either partially or completely to breathe again. This can occur up to several hundred times a night, and if left untreated, can lead to serious health problems.

Our continuous positive airway pressure (CPAP) devices and innovative masks are used to treat OSA. CPAP therapy keeps the airway open, and is recognised as a simple and effective treatment for OSA.

We also offer products that provide respiratory support in the home in the treatment of chronic respiratory conditions such as chronic obstructive pulmonary disease.

36%

OF OPERATING REVENUE

OPERATING REVENUE GROWTH
(NZ\$457.3M)

↑9%

CONSTANT CURRENCY
REVENUE GROWTH

↑4%

SHARE REGISTRAR

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For further reading visit:

www.fphcare.co.nz/investor-reports

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