

ANNUAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2014



TONY CARTER
CHAIRMAN



MICHAEL DANIELL
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDER

THE 2014 FINANCIAL YEAR WAS YET ANOTHER PERIOD OF EXCELLENT GROWTH FOR THE COMPANY. WE REPORTED RECORD OPERATING REVENUE OF \$623.4 MILLION, 12% ABOVE THE PRIOR YEAR (13% IN CONSTANT CURRENCY¹).

Both of our core product groups delivered their strongest results yet, with respiratory and acute care (RAC) revenue of NZ\$336.9 million, up 14% in constant currency, and obstructive sleep apnea (OSA) revenue of NZ\$270.0 million, up 15% in constant currency.

Net profit after tax of \$97.1 million was also a record and an increase of 26% on the previous year.

During the year our products were sold in 123 countries around the world, with direct sales operations in 27 of those markets. Approximately 99% of our operating revenue is derived from outside New Zealand and therefore our performance has been and continues to be influenced by the very high value of the New Zealand dollar against just about every other major currency.

To offset this impact and support our earnings growth, we have implemented a number of strategies to expand our gross margin. These include increasing manufacturing capacity in Mexico, introducing premium, higher margin products and increasing the efficiency of our operations. This has resulted in excellent gross margin improvement, with an increase of 327 basis points over the previous year.

We continued to have substantial foreign exchange hedging in place for the 2014 financial year, which both contributed to earnings, as we accommodate current exchange rates, and supported rapid expansion of our sales operations and research and development (R&D) programme.

1. Constant currency information, which removes the impact of spot foreign currency fluctuations and hedging results, is non-conforming financial information as defined by the NZ Financial Markets Authority. Please refer to the company's 2014 Annual Report for the full constant currency analysis.

PTO →

KEY RESULTS

NZ\$ 97.1M

↑ 26%

RECORD NET
PROFIT AFTER TAX

NZ\$623.4M

↑ 12%

RECORD OPERATING
REVENUE

12.4_{cps}

TOTAL DIVIDEND FOR THE
YEAR FULLY IMPUTED

NZ\$54_m

SPEND ON R&D (8.7%
OF OPERATING REVENUE)

327

basis points

GROSS MARGIN
IMPROVEMENT

↑ 12%

RAC GROWTH

↑ 15%

OSA GROWTH



FOR FURTHER READING VISIT:

www.fphcare.com/2014annualreport

Fisher & Paykel
HEALTHCARE

For the 2014 financial year, the Board announced a final dividend of 7.0 cents per share (cps), taking the full year dividend to 12.4 cps. This equates to 70% of net profit after tax, compared to 86% the previous year.

Our consistent growth strategy has seen our operating revenue climb from NZ\$119 million 15 years ago to NZ\$623 million in 2014. This is an excellent track record with an average compound annual growth rate of 12% per annum over this period. In US dollars, the currency in which we make about half our sales, operating revenue has grown from US\$62 million to US\$512 million, a compound annual growth rate of 15%.

Healthcare expenditure continues to grow with an ageing population, new technologies and demand for better care increasing the pressure on healthcare dollars.

Healthcare providers are increasingly focused on improving patient outcomes. Fundamentally, our strategy is about improving effectiveness and efficiency of patient care. While our products may be only a small fraction of the cost of a patient's treatment, they can have a major impact on the overall cost.

For this reason, we are enjoying increasing demand from clinicians and healthcare providers around the world.

We estimate that our products were used in the treatment of over 9 million people over the past year. We expect that number to steadily grow as our devices are chosen to assist in the treatment of patients across our broad range of clinical and homecare applications

We have a clear strategy to meet the demands of these caregivers and patients by continually improving our products, serving more patient groups, extending our range of products and growing our international presence.

The markets in which we operate continue to grow and we are well positioned to remain a provider of choice.

We expect to again deliver robust constant currency net profit growth for the 2015 financial year and look forward to another successful year for Fisher & Paykel Healthcare.



TONY CARTER
Chairman



MICHAEL DANIELL
Managing Director &
Chief Executive Officer

OUR SUCCESS IS BUILT ON OUR ABILITY TO CREATE INNOVATIVE PRODUCTS **WHICH CAN IMPROVE PATIENT CARE AND OUTCOMES**



The future of sustainable healthcare relies on more effective solutions and more efficient care. Medical devices that help improve care and outcomes are an essential ingredient.

We live in a world where healthcare costs are increasing at a rapid rate. In the United States, our biggest market, healthcare spend per person is over US\$8,500 every year.

With an ageing population and increasingly successful healthcare practices improving longevity, the burden of healthcare cost is potentially unsustainable.

The sector is seeking new and better ways to deliver efficient and effective solutions.

Effectiveness may be simply defined as helping patients 'get better quicker'.

Efficiency is about helping clinicians care for more patients. The more intensive the care, the more staff required for care and the more costly the treatment. That's why we are focused on developing healthcare solutions, based on world changing innovation, that demonstrably improve patient care and outcomes.

In doing so, we help to deliver a more efficient and effective healthcare service the world over.

2014 BUSINESS HIGHLIGHTS

MAY 2013

Launch of ICON+ flow generator range.

JUNE 2013

Optiflow Junior, a new nasal cannula designed specifically for infant and pediatric patients, wins silver medal at the internationally prestigious Medical Design Excellence Awards.

JULY 2013

Geraldine McBride appointed as an independent director.

AUGUST 2013

Awarded NZ Exporter of the Year in the American Chamber of Commerce DHL Express Success & Innovation Awards.

SEPTEMBER 2013

Launch of the ultra-quiet F&P Pilairo™ Q nasal pillows mask for the treatment of OSA.

OCTOBER 2013

F&P Simplus full face mask wins double design awards at the New Zealand BEST Awards (The Designers Institute).

NOVEMBER 2013

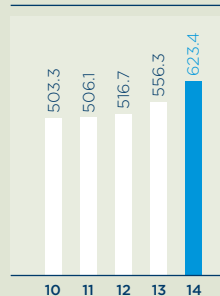
Named Company of the Year and CEO Michael Daniell receives Executive of the Year at Deloitte/Management Magazine Top 200 Management Awards.

FEBRUARY 2014

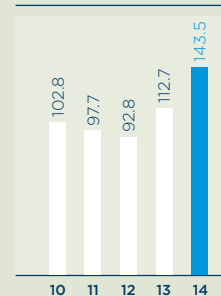
Announced expansion of Tijuana, Mexico manufacturing facility to ensure anticipated demand can be met.

RESULTS IN BRIEF

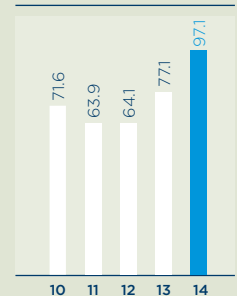
OPERATING REVENUE
NZ\$ MILLIONS



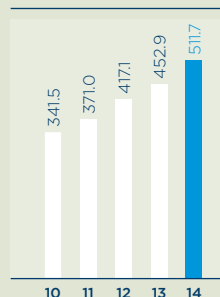
OPERATING PROFIT
NZ\$ MILLIONS



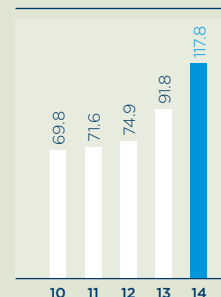
PROFIT AFTER TAX*
NZ\$ MILLIONS



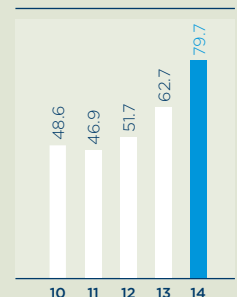
OPERATING REVENUE
US\$ MILLIONS



OPERATING PROFIT
US\$ MILLIONS



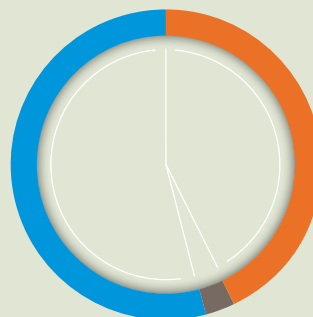
PROFIT AFTER TAX*
US\$ MILLIONS



* Prior to one-off non-cash deferred tax charges (2011)

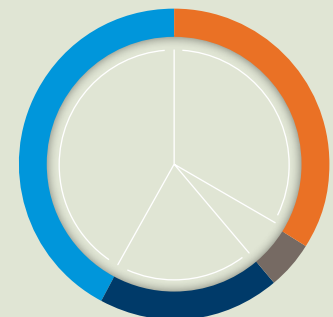
REVENUE BY PRODUCT GROUP

12 MONTHS TO 31 MARCH 2014



REVENUE BY REGION

12 MONTHS TO 31 MARCH 2014



● RESPIRATORY & ACUTE CARE	54%
● OBSTRUCTIVE SLEEP APNEA	43%
● DISTRIBUTED & OTHER	3%

● NORTH AMERICA	42%
● EUROPE	34%
● ASIA-PACIFIC	19%
● OTHER	5%



OUR STRATEGY

OUR CONSISTENT GROWTH STRATEGY IS TO PROVIDE AN EXPANDING RANGE OF INNOVATIVE MEDICAL DEVICES WHICH CAN HELP IMPROVE OUTCOMES AND EFFICIENCY OF CARE FOR PATIENTS IN AN INCREASING RANGE OF APPLICATIONS, BOTH IN HOSPITAL AND HOME CARE SETTINGS.

Our strategy is built on four pillars:

- Continuous product improvement
- Serve more patient groups
- More products for each patient
- Increase our international presence

Strategic goals and focus:

- Double our constant currency revenue every five to six years
- Become a NZ \$1 billion operating revenue company
- Maintain and grow our market leadership in respiratory humidification
- Continue to grow the market for our Optiflow oxygen therapy system and humidification in non-invasive ventilation
- Increase our market share in OSA products
- Continue to innovate and develop new products

DIRECTORY

The details of the company's principal administrative and registered office in New Zealand are:

Physical address: 15 Maurice Paykel Place, East Tamaki, Auckland 2013, New Zealand
Telephone: +64 9 574 0100
Facsimile: +64 9 574 0158
Postal address: PO Box 14348, Panmure, Auckland 1741, New Zealand
Internet address: www.fphcare.com
Email: investor@fphcare.co.nz

The details of the company's registered office in Australia are:

Physical address: 36-40 New Street, Ringwood, Victoria 3134, Australia
Telephone: +61 3 9879 5022
Facsimile: +61 3 9879 5232
Postal address: PO Box 167, Ringwood, Victoria 3134, 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 16, 19 Victoria Street, Auckland, New Zealand

Postal address: PO Box 91976, Auckland 1142, New Zealand

Facsimile: +64 9 375 5990

Investor enquiries: +64 9 375 5998

Internet address: www.linkmarketservices.co.nz

Email: enquiries@linkmarketservices.com

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