

## News Release

---

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

### **FISHER & PAYKEL HEALTHCARE REPORTS RECORD FULL YEAR REVENUE FROM STRONG PRODUCT GROWTH**

Auckland, New Zealand, 20 May 2004 - Fisher & Paykel Healthcare Corporation Limited (NZX:FPH ASX:FPH) announced today that growth from new products contributed to the company achieving record revenue of NZ\$214.9 million and an increased operating profit of NZ\$79.0 million for the twelve months ended 31 March 2004.

During the year the company derived around two thirds of its revenue in US dollars. In US dollar terms, revenue increased by 28% and operating profit increased by 33% compared with the prior year. Operating margin continued to be very strong, increasing to 36.8% compared with 35.5% for the prior year.

New products introduced during the year in each of the company's respiratory humidification, obstructive sleep apnea (OSA) and neonatal categories helped generate the increases. Further significant new product releases in the current year are expected to deliver ongoing growth.

Profit after tax was NZ\$54.7 million for the twelve months compared with NZ\$49.9 million for the prior year, excluding that year's unrealised foreign currency gain of NZ\$23.0 million after tax.

#### **Dividend**

The company's directors have approved an increased final dividend for the financial year ending 31 March 2004 of NZD 28 cents per ordinary share, carrying full imputation credit. Non-resident shareholders will receive a supplementary dividend of 4.94 cents per share. The final dividend will be paid on 18 June 2004, with a record date of 11 June, and an ex-dividend date of 7 June for the ASX and 14 June for the NZX.

#### **Revenue Growth**

Operating revenue for the company's core product range grew 29%, in US dollar terms, over the prior year. This increase was driven by strong growth in sales of respiratory humidification systems, devices for the treatment of obstructive sleep apnea and neonatal and warming products. Respiratory humidification revenue increased by 34%, OSA revenue increased by 17% and neonatal and warming revenue increased by 63% in US dollar terms.

"We continue to be very encouraged by the strong revenue growth in respiratory humidification. This was driven by increasing penetration of our MR850 respiratory humidifier technology, strong market share gains in adult and neonatal breathing circuits and also gains from currency translation," said Managing Director and Chief Executive Officer, Michael Daniell.

"Indications are that the OSA market continues to grow strongly. Our OSA product group revenue growth was driven primarily by market share gains by our CPAP flow generators and nasal masks. New models of flow generators and masks, introduced during the year, contributed to second half total flow generator and mask revenue growth of 45%, in US dollar terms", commented Mr Daniell.

Growth in the neonatal and warming product group was due to strong growth in both neonatal warmers and neonatal breathing systems, which include the company's infant CPAP system and infant resuscitator.

## **Research & Development, SG&A**

Research and development expenses increased by 22% to NZ\$14.1 million or 6.6% of revenue for the year ended 31 March 2004 compared to 5.5% of revenue in the prior year. This increase was largely due to increased product development activity and the number of new products released during the year.

Selling, general and administrative expenses grew approximately 17%, in constant currency terms as the company continued to expand its operations and its sales teams in North America and Europe and established new direct sales operations in Italy and Spain.

## **Outlook**

"We are planning further significant new product introductions during the current year including additional CPAP flow generators, masks and new humidified breathing system technology," said Mr. Daniell.

"We will also continue to grow our international sales activities and for the current year we expect strong underlying revenue growth similar to the 2004 financial year. We expect operating margin percentage for the current year to continue to be in the mid 30's."

## **Foreign Exchange Hedging**

The company currently has in place a mix of foreign exchange contracts and call options, up to two and a half years forward, with a face value of approximately NZ\$329 million. These instruments are at average exchange rates of approximately 0.44 US dollars and 0.435 Euros to the New Zealand dollar and are to protect the company from exchange rate volatility.

## **Financial Statements**

Attached to this news release are condensed financial statements in both NZ dollars and US dollars.

## **Full Year Results Conference Call**

Fisher & Paykel Healthcare will host a conference call to review these results and to discuss the outlook for the 2005 financial year. The conference call will be broadcast simultaneously over the Internet.

To listen to the webcast, to be held at 10:00am NZST, 8:00am AEST on Thursday 20 May (6:00pm USED, Wednesday 19 May), access the company's website at [www.fphcare.com](http://www.fphcare.com). Please allow extra time prior to the webcast to visit the site and download the streaming media software required. An online archive of the event will be accessible approximately two hours after the webcast and will be available for approximately two weeks.

An audio replay of the conference call will also be available from approximately 1 pm NZST on 20 May, and will be available for two weeks. To listen to the replay dial +61 3 9221 4752. The passcode to access the recording is 006655.

## **About Fisher & Paykel Healthcare**

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of heated humidification products and systems for use in respiratory care and the treatment of obstructive sleep apnea. It also offers an innovative range of patient warming devices and neonatal care products. The company's products are sold in over 90 countries worldwide.

For further information contact Michael Daniell MD/CEO on +64 9 574 0161 or Tony Barclay CFO on +64 9 574 0119 at Fisher & Paykel Healthcare Corporation Limited or visit the company's website at [www.fphcare.com](http://www.fphcare.com).

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED  
AND SUBSIDIARIES**

**Condensed Statements of Financial Performance  
(In thousands of NZ dollars, except per share data)**

	<b>Twelve Months Ended 31 March</b>	
	<b>2004</b>	<b>2003</b>
Operating revenue	\$214,865	\$208,420
Cost of sales	62,590	67,568
Gross profit	152,275	140,852
Operating expenses:		
Selling, general and administrative	59,145	55,432
Research and development	14,115	11,535
Total operating expenses	73,260	66,967
Operating profit	79,015	73,885
Other income (expenses), net:		
Interest income (expense), net	1,920	2,997
Foreign currency exchange profit	-	34,326
Total other income, net	1,920	37,323
Profit before taxation	80,935	111,208
Taxation	(26,236)	(38,304)
Profit after taxation	\$54,699	\$72,904
Basic earnings per share	\$0.53	\$0.71
Diluted earnings per share	\$0.52	\$0.70
Weighted average basic shares outstanding	102,423,942	102,367,449
Weighted average diluted shares outstanding	104,822,628	103,960,399

**Operating Revenue**  
**(In thousands of NZ dollars)**

	<b>Twelve Months Ended 31 March</b>	
	<b>2004</b>	<b>2003</b>
Respiratory humidification products	\$110,942	\$102,576
OSA products	79,687	84,893
Patient warming and neonatal care products	15,849	12,157
Core products sub-total	206,478	199,626
Distributed products	8,387	8,794
Total	\$214,865	\$208,420

**Condensed Statements of Financial Position**  
**(In thousands of NZ dollars)**

	<b>As at 31 March</b>	
	<b>2004</b>	<b>2003</b>
Cash	\$30,578	\$13,336
Short-term investments	17,000	35,000
Debtors and prepayments	49,143	58,996
Inventories	24,076	21,852
Other current assets	1,724	4,589
Total current assets	122,521	133,773
Fixed assets	71,545	71,448
Other assets	30,107	23,531
Total assets	\$224,173	\$228,752
Current liabilities	\$30,433	\$34,766
Long-term liabilities	2,515	1,169
Shareholders' equity	191,225	192,817
Total liabilities and shareholders' equity	\$224,173	\$228,752

**Condensed Statement of Cash Flows**  
**(In thousands of NZ dollars)**

**Twelve Months Ended**  
**31 March**

	<b>2004</b>	<b>2003</b>
<b>Cashflow from Operating Activities:</b>		
Receipts from Customers	\$237,027	\$217,167
Payments to Suppliers and Employees	(153,984)	(134,198)
Interest Paid	(499)	(288)
Interest Received	2,355	3,612
Dividends Received	4	6
Tax Paid	(24,726)	(40,348)
Net Cashflow from Operations	60,177	45,951
<b>Cashflow from (used in) Investing Activities:</b>		
Net Purchase of Fixed Assets	(9,517)	(16,356)
Net Sale (Purchase) of Short-Term Investments	17,764	(34,603)
Net Cashflow from (used in) Investing	8,247	(50,959)
<b>Cashflow (used in) Financing Activities:</b>		
Employee Share Purchase Repayments	2,225	3,363
Net Issue (Repayment) of Share Capital	(2,114)	407
Net Repayment of Borrowings	(42)	(5,085)
Dividends Paid	(56,082)	(52,828)
Net Cashflow (used in) Financing	(56,013)	(54,143)
Net Increase (Decrease) in Cash	12,411	(59,151)
Opening Cash	12,230	72,043
Effect of Foreign Exchange Rates	(389)	(662)
Closing Cash	\$24,252	\$12,230
 <b>Reconciliation of Closing Cash</b>		
Bank	\$30,578	\$13,336
Bank overdrafts	(6,326)	(1,106)
Closing Cash	\$24,252	\$12,230

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED  
AND SUBSIDIARIES**  
**Condensed Statements of Financial Performance**  
**(In thousands of US dollars, except per share data)**

	<b>Twelve Months Ended 31 March</b>	
	<b>2004</b>	<b>2003</b>
Operating revenue	\$132,056	\$103,063
Cost of sales	38,468	33,412
Gross profit	93,588	69,651
Operating expenses:		
Selling, general and administrative	36,350	27,411
Research and development	8,675	5,704
Total operating expenses	45,025	33,115
Operating profit	48,563	36,536
Other income (expenses), net:		
Interest income (expense), net	1,180	1,483
Foreign currency exchange profit	-	16,975
Total other income, net	1,180	18,458
Profit before taxation	49,743	54,994
Taxation	(16,125)	(18,941)
Profit after taxation	\$33,618	\$36,053
Basic earnings per share	\$0.33	\$0.35
Diluted earnings per share	\$0.32	\$0.35
Weighted average basic shares outstanding	102,423,942	102,367,449
Weighted average diluted shares outstanding	104,822,628	103,960,399

**Operating Revenue**  
**(In thousands of US dollars)**

	<b>Twelve Months Ended 31 March</b>	
	<b>2004</b>	<b>2003</b>
Respiratory humidification products	\$68,068	\$50,752
OSA products	49,055	41,999
Patient warming and neonatal care products	9,796	6,004
Core products sub-total	126,919	98,755
Distributed products	5,137	4,308
Total	\$132,056	\$103,063

**Condensed Statement of Financial Position**  
**(In thousands of US dollars)**

	<b>As at 31 March</b>	
	<b>2004</b>	<b>2003</b>
Cash	\$20,212	\$7,381
Short-term investments	11,237	19,373
Debtors and prepayments	32,484	32,654
Inventories	15,914	12,095
Other current assets	1,140	2,540
Total current assets	80,987	74,043
Fixed assets	47,291	39,546
Other assets	19,900	13,023
Total assets	\$148,178	\$126,612
Current liabilities	\$20,115	\$19,241
Long-term liabilities	1,663	647
Shareholders' equity	126,400	106,724
Total liabilities and shareholders' equity	\$148,178	\$126,612

**Condensed Statement of Cash Flows**  
**(In thousands of US dollars)**

**Twelve Months Ended**  
**31 March**

	<b>2004</b>	<b>2003</b>
<b>Cashflow from Operating Activities:</b>		
Receipts from Customers	\$145,677	\$107,389
Payments to Suppliers and Employees	(94,952)	(66,872)
Interest Paid	(307)	(142)
Interest Received	1,447	1,786
Dividends Received	2	3
Tax Paid	(15,197)	(19,952)
Net Cashflow from Operations	36,670	22,212
<b>Cashflow from (used in) Investing Activities:</b>		
Net Purchase of Fixed Assets	(5,849)	(8,088)
Net Sale (Purchase) of Short-Term Investments	10,917	(17,111)
Net Cashflow from (used in) Investing	5,068	(25,199)
<b>Cashflow (used in) Financing Activities:</b>		
Employee Share Purchase Repayments	1,367	1,663
Net Issue (Repayment) of Share Capital	(1,428)	202
Net Repayment of Borrowings	(26)	(2,515)
Dividends Paid	(34,022)	(25,136)
Net Cashflow (used in) Financing	(34,109)	(25,786)
Net (Decrease) Increase in Cash	7,629	(28,773)
Opening Cash	6,769	31,757
Effect of Foreign Exchange Rates	1,633	3,785
Closing Cash	\$16,031	\$6,769
 <b>Reconciliation of Closing Cash</b>		
Bank	\$20,212	\$7,381
Bank overdrafts	(4,181)	(612)
Closing Cash	\$16,031	\$6,769

//Ends