

News Release

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

FISHER & PAYKEL HEALTHCARE REPORTS RECORD FULL YEAR RESULT

Auckland, New Zealand, 28 May 2018 - Fisher & Paykel Healthcare Corporation Limited today reported record net profit after tax of NZ\$190.2 million for the year ended 31 March 2018, an increase of 12% over the previous year. Operating revenue was a record NZ\$980.8 million, 10% above the prior year, with 87% of revenue from recurring items, such as consumables and accessories.

Managing Director and CEO Lewis Gradon said, "Our consistent long-term strategy has again delivered strong revenue and earnings growth over the past financial year and, over this same time period, our products and systems were used in the treatment of an estimated 13 million patients around the world."

The company's directors have approved an increased fully imputed final dividend of 12.50 cents per share, taking the total dividends for the year to 21.25 cents per share, an increase of 9% on the previous year.

Hospital product group revenue grew 14% to NZ\$572.1 million, or 13% growth in constant currency, and Homecare product group revenue grew 4% to NZ\$398.1 million, which is 4% growth in constant currency.

"We are pleased with the consistent growth we are seeing in our Hospital product group," said Mr Gradon. "In particular, our Optiflow nasal high flow therapy is driving significant growth, benefiting from a growing number of influential clinical studies pointing to its effectiveness in reducing the need for more invasive therapies and reducing the length of hospital stay for patients. This was reflected in robust second half constant currency revenue growth of 25% from new applications consumables.

Growth in our Homecare product group was not as strong as the previous few years but we are pleased with the response to our most recently released mask, the F&P Brevida nasal pillows mask. Our OSA masks incorporate market-leading technology and we look forward to expanding our innovative OSA mask range this year. In respiratory support in the home, new research has been published that demonstrates the positive impact of our myAirvo nasal high flow therapy for patients with chronic obstructive pulmonary disease (COPD). We expect this research will encourage further uptake of our Optiflow and Airvo products in both the hospital and home care settings."

Gross margin, at 66.3%, increased by 31 basis points due to a favourable product mix and increased volume from the Mexican manufacturing facility. The company has made good progress with construction of the fourth building on its Auckland site and the second manufacturing facility in Mexico.

The company's substantial investment in R&D continued, with expenses growing by 10% to NZ\$94.7 million, representing 10% of operating revenue. "During the year we launched Optiflow Junior 2 in the US, Canada, Europe and India," said Mr Gradon. "Our F&P 950 respiratory humidification system for adults is continuing to be rolled out around the world, and the neonatal version was recently launched in New Zealand and Australia. Looking out further, we have a strong new product pipeline including more new humidification systems, flow generators, masks and consumables."

The final dividend of 12.50 cents per share, carrying full New Zealand imputation credit, will be paid on 6 July 2018. The dividend reinvestment plan (DRP), under which eligible shareholders can elect to reinvest all or part of their cash dividends in additional shares, will again be made available in respect of the 2018 final dividend. The DRP will be offered without a discount in respect of the 2018 final dividend payment.

Outlook for FY2019

We are well positioned to meet the growing demand for our products from an increasing investment in healthcare across the globe. We expect capital expenditure for the 2019 financial year to be approximately NZ\$160 to NZ\$170 million as we increase capacity for both existing and new products and progress with our building programmes in New Zealand and Mexico. At current exchange rates we expect full year operating revenue for the 2019 financial year to be approximately NZ\$1.05 billion and net profit after tax to be approximately NZ\$210 million," concluded Mr Gradon.

Full Year Result highlights:

- 12% growth in net profit after tax to a record NZ\$190.2 million.
- 11% increase in final dividend to 12.50 cps.
- 10% growth in operating revenue to a record NZ\$980.8 million, 9% growth in constant currency.
- 14% growth in Hospital operating revenue, 13% growth in constant currency.
- Revenue growth of 22% in constant currency for consumables used in non-invasive ventilation, Optiflow nasal high flow therapy and surgical applications, accounting for 57% of Hospital consumables revenue.
- 4% growth in Homecare operating revenue, 4% growth in constant currency.
- Gross margin improvement of 31 basis points for the full year, 34 basis points in constant currency.
- Investment in R&D increased by 10% to NZ\$94.7 million, representing 10% of operating revenue.
- 87% of the company's revenue was generated from recurring items, such as consumables and accessories.

About Fisher & Paykel Healthcare

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

Please find attached to this news release the following additional documents:

- Results in Brief
- Annual Report 2018, including financial commentary and constant currency analysis
- Annual Review 2018
- 2018 Financial Year Investor Presentation
- Corporate Governance Statement
- Appendix 1
- Appendix 7
- Section 209C notice

The 2018 Annual Report and Annual Review will be available online at <https://annualreport.fphcare.com/> and the Corporate Governance statement will be available at www.fphcare.com/corporategovernance.

Constant Currency Information

Constant currency information included within this news release is non-conforming 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 35 of the company's Annual Report 2018 and the company's constant currency income statement framework can be found on the company's website at www.fphcare.com/ccis.

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to review the results and to discuss the outlook for the 2019 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST (6:00pm US EDT) and will be broadcast simultaneously over the internet.

To listen to the webcast, access the company's website at www.fphcare.com/investor. Please allow extra time prior to the webcast to visit the site and download the streaming media software if required. 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 will need to dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code of: **7828369**.

New Zealand Toll Free	0800 423 970	US/Canada Toll Free	866 548 4713
Australia Toll Free	1800 573 793	Hong Kong Toll Free	800 961 105
United Kingdom Toll Free	0800 358 6377	International	+64 9 913 3622