

## News Release

---

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

### **FISHER & PAYKEL HEALTHCARE REPORTS HALF YEAR RESULTS**

Auckland, New Zealand, 23 November 2011 - Fisher & Paykel Healthcare Corporation Limited (NZSX:FPH, ASX:FPH) today announced strong sales growth for its respiratory and acute care products (RAC) and its ICON flow generator range used in the treatment of obstructive sleep apnea (OSA).

In NZ dollars, operating revenue grew 3%, compared to the same period last year, to a record NZ\$252.0 million despite unfavourable exchange rate conditions.

Net profit after tax was NZ\$28.3 million, compared to NZ\$16.9 million for the first half last year. Net profit after tax for the first half last year included deferred tax charges of NZ\$11.7 million, which primarily related to the NZ legislative removal of deductions for depreciation of buildings.

In US dollars, operating revenue grew 18% to US\$205.7 million for the six months ended 30 September 2011, with RAC product group operating revenue increasing by 22% and OSA product group revenue increasing by 14%. The company derived approximately 53% of its operating revenue in US dollars.

“On a constant currency basis, our total operating revenue grew 11% and operating profit grew 31% for the half, excluding last year’s deferred tax charges. We are now generating significant operating leverage from disciplined expense control and positive contributions from our Mexico manufacturing facility and from new sales operations established over the past two years”, commented Fisher & Paykel Healthcare’s CEO, Mr Michael Daniell.

“Growth in demand for our respiratory and acute care products was again very encouraging at 15% in constant currency terms, compared to the same period last year. That growth was supported by 23% constant currency revenue growth for consumables used in the care of patients beyond our traditional invasive ventilation market.

Sales of our ICON flow generator product range also continued to grow strongly, driving operating revenue growth of 47% for flow generators in US dollars, or 36% in constant currency terms. A 4% reduction in mask revenue resulted in total OSA constant currency growth of 8%.

We have recently begun to introduce our new, very quiet, Zest Q nasal mask in Europe and we expect mask revenue growth to begin to accelerate following the roll-out of additional new masks in the second half and next year. We will begin introduction of our revolutionary Pilairo nasal pillows mask to New Zealand and Australia over the next few weeks”.

### **Dividend**

The company’s directors have approved an interim dividend for the financial year ending 31 March 2012 of 5.4 NZ cents per ordinary share (2011: 5.4 cents), carrying full NZ imputation credit, based on a tax rate of 28%. Eligible non-resident shareholders will receive a supplementary dividend of 0.953 NZ cents per share. The interim dividend will be paid on 16 December 2011, with a record date of 2 December 2011, and ex-dividend dates of 28 November 2011 for the ASX and 30 November 2011 for the NZSX.

The company offers a dividend reinvestment plan (DRP), under which eligible shareholders may elect to reinvest all or part of their cash dividends in additional shares. A 3% discount will be applied when determining the price per share of shares issued under the DRP and will be applied in respect of the 2012 interim dividend and future dividends, until such time as the directors determine otherwise.

### **R&D, SG&A**

Research and development (R&D) expenses increased by 7% over the same period last year, to NZ\$19.9 million, representing 7.9% of operating revenue.

The company continued to expand its product and process research and development activities and current new products under development include masks, flow generators, humidifier systems and respiratory and acute care consumables.

Selling, general and administrative (SG&A) expenses reduced 4% to NZ\$72.3 million, an increase of 3% in constant currency terms. Reduced SG&A expense growth, in constant currency terms, reflects productivity gains and the increase in production at the company's Mexico facility, with the consequent increased allocation of factory overheads to cost of sales.

The company continued to expand its operations and its sales teams in North America, Europe, Asia/Pacific and South America.

### **Capacity Expansion**

During the six months, the company invested NZ\$27.3 million of capital expenditure, which included equipment for increased manufacturing capacity, new product tooling, replacement equipment and NZ\$18.3 million for construction of the third building on its Auckland site.

The ramp up of manufacturing of consumable products at the company's facility in Tijuana, Mexico, progressed ahead of plan, with more than 20% of the company's consumables volume now manufactured there.

### **Foreign Exchange Hedging**

To protect the company from exchange rate volatility, the company had in place at 30 September 2011 a mix of foreign exchange contracts and collar options, up to five years forward, with a face value of approximately NZ\$470 million. These instruments hedge the company's net exposure. For the second half of the 2012 financial year, the company had in place approximately 89% cover for the US dollar and approximately 86% cover for the Euro at average rates of approximately 0.70 US dollars and 0.48 Euros to the New Zealand dollar.

The company closed out foreign exchange contracts in the 2010 financial year, which will contribute NZ\$9.0 million to operating profit but not cash flow in the second half of the 2012 financial year, as the cash was received in the 2010 financial year. Those instruments were progressively replaced with new instruments that form part of the company's current foreign exchange hedging.

During the six month period to 30 September 2011 the company closed-out US\$34 million of forward exchange contracts with maturity dates in the 2013 and 2014 financial years with a cash benefit of NZ\$20.6 million, which was applied to reduce bank debt. Approximately 45% of those instruments have been replaced with new instruments that also form part of the company's current foreign exchange hedging.

### **Outlook for FY2012**

"We expect continuing growth in demand for our products and we are expecting constant currency growth of approximately 25% in net profit after tax for the full year, excluding last year's deferred tax charges, as we continue to see benefits from Mexico manufacturing, as well as other efficiencies.

Exchange rates have continued to be very volatile. For the 2012 financial year, based on an exchange rate range of 0.75 to 0.80 for the NZD:USD for the remainder of the year, we expect our operating revenue to be in the range of NZ\$520 million to NZ\$530 million and net profit after tax to be in the range of NZ\$62 million to NZ\$67million", concluded Mr Daniell.

### **Financial Statements and Commentary**

Attached to this news release are condensed NZ dollar financial statements and commentary. For convenience the income statement has been translated into US dollars.

The company's financial statements for the six months ended 30 September 2011 and the comparative financial information for the six months ended 30 September 2010 have been prepared under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

A constant currency analysis is also included. A constant currency income statement is prepared each month to enable the board and management to monitor and assess the company's underlying financial performance without any distortion from changes in foreign exchange rates. The constant currency data provided is an estimate of the changes in the main income statement items after excluding the impact of movements in foreign exchange rates, hedging results and balance sheet translations. The data is based on the NZD income statements for the relevant periods which have all been restated at the budget foreign exchange rates for the current financial year.

The constant currency analysis 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 financial performance without the impacts of spot foreign currency fluctuations and hedging results.

### **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 2012 financial year. The conference call is scheduled to begin at 10:00am NZDT, 8:00am AEDT (4:00pm USEST) and will be broadcast simultaneously over the Internet.

To listen to the webcast, 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 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 themselves to the operator. When prompted, please quote the conference code of: **24516464**.

New Zealand Toll Free	0800 452 569	USA Toll Free	1866 242 1388
Australia Toll Free	1800 354 715	Hong Kong Toll Free	800 968831
United Kingdom Toll Free	0808 234 7860	International	+61 2 8823 6760

An audio replay of the conference call will be available approximately 2 hours after the call and will be accessible for two weeks by dialing one of the numbers below. When prompted please enter the conference code of: **24516464**.

New Zealand Toll Free	0800 445 136	USA Toll Free	1866 214 5335
Australia Toll Free	1800 766 700	Hong Kong Toll Free	800 901596
United Kingdom Toll Free	0800 731 7846	International	+61 2 8235 5000

### **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 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).

Contact: Michael Daniell MD/CEO on +64 9 574 0161 or Tony Barclay CFO on +64 9 574 0119.