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News Release

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Fisher & Paykel Healthcare provides FY21 trading update

Auckland, New Zealand, 18 August 2020 - Fisher & Paykel Healthcare Corporation Limited today provided an update on its trading activities for the first four months of the 2021 financial year.

FY21 Trading Update

For the first four months of the financial year, to the end of July 2020, strong demand for the company's Hospital respiratory care products continues to approximately track the spread of COVID-19 around the world, and reflects a changing trend in clinical practice to lead with nasal high flow therapy for treatment of COVID-19 patients in hospital.

"Hospital hardware sales have continued to steadily increase over the first four months of FY21 with +390% constant currency revenue growth to the end of July compared to the prior comparable period. Our manufactured output of the related consumables has steadily increased over the four months, allowing us to begin some rebuilding of inventory levels after a peak in shipments in April," said Managing Director and CEO Lewis Gradon.

"Including a very strong finish to the first quarter, for the first four months of FY21 Hospital consumables revenue has grown 48%, and overall Hospital product group revenue has grown 91%, compared to the prior comparable period and in constant currency terms.

"Global sales of both invasive ventilation and Optiflow consumables in July have returned to similar levels to the peak we saw in April. This would reflect usage of the greater installed base of Hospital hardware coupled with a change of clinical practice to favour nasal high flow therapy for COVID-19 patients. Some rebuilding of stock levels by our customers may also be contributing.

"Revenue by geography tends to follow the incidence of COVID-19, with more than half of our Airvo hardware sales outside North America and Europe this financial year.

"Our Homecare product group is also impacted by COVID-19. We continue to see lower diagnosis rates of obstructive sleep apnea (OSA) globally, coupled with mildly elevated rates of mask resupply, below the peak we experienced at the end of FY20. Constant currency revenue growth in OSA masks for the first four months of FY21 was 4% compared to the prior comparable period. Growth in home respiratory support is more than offsetting a decline in OSA flow generators, resulting in Homecare revenue growth of 5% to the end of July, in constant currency terms, compared to the prior comparable period.

Guide

"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 a guide to the potential impact on our financial results for FY21. We provided an initial set of assumptions in our announcement on 29 June 2020 for the full financial year and have now updated the set of assumptions used as COVID-19 has progressed around the world.

"The updated guide now assumes that global hospitalisations requiring respiratory support steadily return to normal by the end of this calendar year. It also assumes that countries around the world continue to build respiratory care infrastructure, including inventory of established ICU ventilators requiring our humidifiers, and that the trend toward nasal high flow as a preferred frontline therapy continues for both COVID and non-COVID patients.

“We have maintained our assumption that OSA diagnosis rates are reduced for the year. We also assume some costs related to COVID-19, particularly freight, remain elevated for the year, resulting in a reduction in gross margin of up to 200 basis points in constant currency for the year.

“On this basis and at current exchange rates, full year operating revenue for the 2021 financial year would be approximately $1.61 billion and net profit after tax would be approximately $365 million to $385 million.

“We cannot predict the course of COVID-19 around the world, the effectiveness or adoption of preventative measures, the impact on future hospitalisation rates, the adoption of evolving clinical practice guidelines, or the investments countries may make in treatment measures and the impact on our business. Consequently, we have provided a trading update, and an assumptions-based guide to the potential impact of those assumptions on our results for the full financial year,” concluded Mr Gradon.

About Fisher & Paykel Healthcare

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