

## News Release

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

### **Fisher & Paykel Healthcare announces its FY24 result and provides revenue and earnings guidance for FY25**

Auckland, New Zealand, 29 May 2024 – Fisher & Paykel Healthcare Corporation Limited today announced its results for the full year ended 31 March 2024.

Total operating revenue for the 2024 financial year was \$1.74 billion, an increase of 10% over the previous financial year, or 8% in constant currency. Growth was driven by solid demand in hospital consumables and strong growth in the obstructive sleep apnea (OSA) mask business.

Reported net profit after tax for the financial year of \$132.6 million was impacted by three abnormal items which are discussed in further detail below. Excluding these items, underlying net profit after tax was \$264.4 million, a 6% increase over the previous financial year, or 5% in constant currency.

Managing Director and CEO Lewis Gradon said, “After several years of changing demand patterns, we are pleased to have returned to a trajectory of growth. All the right foundations are in place for future success – we have an impressive portfolio of products, strong relationships with our customers and the right infrastructure to meet our future needs,” said Mr Gradon.

For the Hospital product group, which includes humidification products used in respiratory, acute and surgical care, revenue for the full year was \$1.1 billion, up 6% from the previous financial year, or 5% in constant currency. New applications consumables were up 15% over the previous financial year, or 13% in constant currency. Consumables sales returned to normal, pre-pandemic patterns.

For the Homecare product group, which includes products used in the treatment of obstructive sleep apnea and respiratory support in the home, revenue for the full year was \$652.3 million, up 18% over the previous financial year, or 16% in constant currency. Growth was driven by the continued success of the F&P Evora™ Full mask in both North America and Europe.

During the 2024 financial year, the company made progress in returning to its long-term gross margin target of 65%. Excluding the provision for a product recall, underlying gross margin was 61.1%, an increase of 216 basis points in constant currency over the previous financial year. This was achieved through lower freight costs, manufacturing efficiencies and pricing, which more than offset the impact of inflationary cost increases. Including the provision for a product recall, gross margin was 59.9% for the 2024 financial year, an increase of 95 basis points in constant currency.

### **New products and market releases**

During the 2024 financial year, the company invested \$198.2 million into research and development and continued to deliver innovative products into new markets. In the Hospital product group, the company received regulatory clearance in the United States – its largest market – for the F&P 950™ System, the F&P 820™ System and the F&P Optiflow+ Duet™ nasal cannula. These products are used for respiratory humidification and delivering nasal high flow therapy.

In the Homecare product group, the company recently announced two new masks for OSA – the F&P Solo™ and the F&P Nova Micro™. The F&P Solo enables automatic fitting for patients who prefer to fit the mask without assistance and is already available for sale in New Zealand, Australia and the United States. The F&P Nova Micro was designed for patients who want to fit the mask manually. It has been released in New Zealand and Canada, with launches in Australia, Europe and the United States planned in the 2025 financial year.

## **Dividend and dividend reinvestment plan**

The Board has approved a dividend of 23.5 cents per share for the second half of the year, fully imputed, to be paid on 10 July 2024. This brings the total dividend for the 2024 financial year to 41.5 cents per share, an increase of 2% over the previous financial year. The dividend reinvestment plan continues to be in place for this dividend, with an applicable 3% discount.

## **Outlook for the 2025 financial year**

At current exchange rates\*, guidance assumptions for the 2025 financial year include no significant respiratory disease events, and result in full year operating revenue in the range of approximately \$1.9 billion to \$2.0 billion and net profit after tax in the range of approximately \$310 million to \$360 million. The net profit after tax guidance assumes a further improvement in gross margin during the 2025 financial year. Capital expenditure for the 2025 financial year is expected to be approximately \$150 million.

“Reflecting on our FY24 performance, we want to acknowledge the people of Fisher & Paykel Healthcare for their collective efforts. The work we do matters – and year after year, our people continue to make a difference for our customers and their patients,” said Mr Gradon.

“With a fifty-year track record, we are building on strong foundations. Looking ahead, we are determined to keep bringing to market new solutions that deliver better outcomes for patients and sustainable, profitable growth for our shareholders.”

## **Overview of key results for the 2024 financial year**

- 10% growth in operating revenue to \$1.74 billion, 8% growth in constant currency.
- 6% growth in underlying\*\* net profit after tax to \$264.4 million, 5% growth in constant currency.
- 6% growth in Hospital operating revenue to \$1.1 billion, 5% growth in constant currency.
- 15% revenue growth for new applications consumables, 13% growth in constant currency.
- 18% growth in Homecare operating revenue to \$652.3 million, 16% growth in constant currency.
- 21% growth in OSA masks revenue, or 18% growth in constant currency.
- Investment in R&D was 11% of revenue, or \$198.2 million.
- 2% increase in final dividend to 23.5 cps (2023: 23.0 cps).
- 2% increase in total dividends for the financial year to 41.5 cps (2023: 40.5 cps).

## **Further financial commentary on FY24 net profit after tax**

For the 2024 financial year, reported net profit after tax was impacted by several abnormal items. First, the financial reporting valuation of the company's land at Karaka, New Zealand was negatively impacted by its current zoning status, the higher interest-rate environment, and general development land market conditions. This difference was recognised as a non-cash accounting adjustment of \$98 million in the income statement. In the company's view, owning this site mitigates risk to future growth in light of the current uncertainty around potential development sites in Auckland. A re-zoning application for the Karaka land will be submitted this calendar year.

Second, net profit was impacted by the change in New Zealand legislation removing tax deductions for the depreciation of buildings. This resulted in a tax expense of \$19.3 million to adjust the deferred tax liability balance related to the four buildings on the company's East Tāmaki campus. Ongoing impacts of this tax change are minimal.

Third, net profit was impacted by a voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before 14 August 2017. When the recall was announced in March 2024, the company estimated the cost at \$12 million. After early responses from customers indicating the number of remaining Airvo 2 and myAirvo 2 devices affected by the recall, the cost of the recall was revised to \$20 million. This provision was reported on the company's income statement through cost of goods sold.

\*At 1 May 2024 exchange rates of NZD:USD 0.59, NZD:EUR 0.56, NZD:MXN 10.14.

\*\*Underlying net profit after tax excludes the abnormal FY24 impact of a product recall provision, the revaluation of land and deferred tax on removal of building depreciation.

## About Fisher & Paykel Healthcare

Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in acute and chronic 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](http://www.fphcare.com).

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Authorised by Fisher & Paykel Healthcare Corporation Limited's Board of Directors.

## Accompanying Documents

Attached to this news release are the following additional documents:

- Results in Brief
- Annual Report 2024
- Investor Presentation 2024
- NZX Results Announcement
- NZX Distribution Notice

## Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to discuss the results for the 2024 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST Wednesday 29 May (6:00pm US EDT, Tuesday 28 May) and will be broadcast simultaneously online.

To listen to the webcast, access the company's website at [www.fphcare.com/investor](http://www.fphcare.com/investor). 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 listen and participate in the conference call via phone, please register via 'GlobalMeet' by clicking this [link](#). Once registered, click 'Call Me' and you will receive a phone call connecting you through to the conference line.

## Non-GAAP financial information

Constant currency information included within this news release is non-GAAP 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. The company's constant currency framework can be found on the company's website at [www.fphcare.com/ccf](http://www.fphcare.com/ccf).

Underlying net profit after tax, referenced within this news release, is a non-GAAP performance measure and is not defined or specified under the requirements of NZ IFRS. The company believes that this non-GAAP measure, which is not considered to be a substitute for or superior to NZ IFRS measures, provides stakeholders with additional helpful information on the performance of the business.

A reconciliation between reported results and constant currency/underlying net profit after tax is available in the company's Annual Report 2024.