

Fisher & Paykel Appliances Holdings Limited

FPA Stock Exchange Release ASX/NZX 17 April 2008

Fisher & Paykel Appliances Announces Global Manufacturing Strategy

Fisher & Paykel Appliances today unveiled its new global manufacturing strategy.

As announced earlier today, the Company has acquired land and buildings and a refrigeration manufacturing plant located in Reynosa, Mexico.

The new global manufacturing strategy involves shifting three of the Company's manufacturing facilities to a combination of existing sites in Thailand and Italy and its recently purchased facility in Mexico.

Inclusive of the Reynosa acquisition and the new North American DishDrawer line announced late last year, the financial benefits arising from the new strategy are expected to be in the vicinity of \$50 million per annum, at a one off cost of approximately \$50 million, both at a pre tax level. Capital expenditure is estimated at approximately \$100 million. The cost of the moves will be substantially funded from the sale of what will become surplus property in New Zealand and Australia, which is expected to realise approximately \$100 million. Additional savings are also anticipated from the sourcing of components from the respective local vendors. Working capital required for the shifts will be globally neutral. The one off costs of the relocations will be substantially provisioned for in the 2008/09 financial year.

The Range & DishDrawer factory in Dunedin, New Zealand, along with the refrigerator plant in Brisbane, Australia and the DCS cooking factory in California, USA will all be relocated over the next 12-18 months. The remaining production facilities in Auckland, New Zealand (Refrigeration and Production Machinery Ltd), Ohio, USA (Laundry) and Borso del Grappa, Italy (Cooking), along with their respective engineering and design teams, are not affected and will continue to manufacture and design within their current structure and location. The decision to relocate the Dunedin facility was taken after consultation with the Engineering, Printing and Manufacturing Union in New Zealand.

The relocations will lead to a reduction in the Dunedin based work force of approximately 430 positions. Brisbane based positions will reduce by approximately 310, and a reduction in staff numbers will occur at the DCS operation of approximately 330 positions. Counselling and future employment opportunity guidance will be available to all affected staff.

John Bongard, Fisher & Paykel Appliances CEO and Managing Director cited ongoing manufacturing cost escalations, particularly in New Zealand and Australia, as the main reason for relocating production.

"We have been faced for many years with an extremely unhelpful exchange rate fuelled by high interest rates. Increasingly complex and costly compliance costs of manufacturing in our home countries have not assisted."

"On top of these factors, free trade agreements with low cost labour countries like China and Thailand have created a playing field we are unable to compete in", said John.

“All of our competitors globally are currently manufacturing in low-cost labour countries. Our products are innovative and high end, but unless we can reduce some of the cost disparities in the manufacturing process, particularly the cost of labour, we will not be able to continue to provide an adequate return to our shareholders.”

The Range and DishDrawer plant located in Mosgiel, Dunedin, will be relocated over three sites commencing early next financial year. The DishDrawer line that currently supplies all non North American markets will be shifted to Thailand. In a move similar to the Auckland Laundry plant last year, DishDrawers will be manufactured in Thailand and exported to New Zealand, Australia and Rest of World markets. This will be located in a new purpose built factory adjacent to the existing Rayong site. The cooking portion of the plant will be relocated to three separate sites, namely Mexico, Thailand and Italy. The financial benefits of the Dunedin shift are expected to be in the vicinity of \$14.5 million per annum, at a one off cost of \$26.0 million, both at a pre-tax level. Capital expenditure is expected to be in the vicinity \$7.8 million. Engineering and Product Development for these products will continue to be based in Dunedin.

“Although we are shifting some of our production facilities offshore, our products will continue to be developed in New Zealand by Fisher & Paykel Appliances engineers,” continued John. “We have some 300 engineers in New Zealand continuing the excellent design work that has resulted in world leading, innovative product releases over our long history. We are also sending key New Zealand, Australian and USA personnel to oversee and manage the manufacturing processes in these new facilities, to ensure the highest quality standards are maintained. We still retain a significant presence in New Zealand. Our Auckland based Refrigeration plant, Sales and Marketing team, Customer Care Centre, Finance Company and Head Office remain located in New Zealand employing over 1600 people,” said John.

The refrigeration plant in Brisbane is expected to start the relocation process to Thailand by 31st March, 2009. Additional inventory will be manufactured during the slower Australian winter months in order to provide a window of opportunity for the transfer and re-commissioning of the plant. Fisher & Paykel Appliances will continue to have a strong presence in Australia with Sales and Marketing and warehouse operations in each state, along with a comprehensive service network providing after sales service nationwide. The Australian operation will continue to employ 330 people. The financial benefits of the Cleveland move are expected to be in the vicinity of \$28.6 million per annum, at a one off cost of \$19.5 million, both at a pre-tax level. Capital expenditure is expected to be in the vicinity \$20.4 million.

The DCS manufacturing facility in Huntington Beach, California, will be relocated progressively throughout the year. Individual manufacturing lines will be shifted separately in order to reduce the impact of inventory builds on the warehouses. These lines will be located, along with the new North American DishDrawer line, at the just announced new facility in Reynosa, Mexico. The DCS move is expected to be completed by the end of the year. The USA operation will continue to employ sales and marketing, customer services, head office and engineering staff totalling 340 personnel. The financial benefits of the DCS shift are expected to be in the vicinity of \$6.6 million per annum, at a one off cost of \$7.0 million, both at a pre-tax level.

“This is a very emotional day for the Company. We have been a substantial manufacturer in New Zealand for almost 70 years and a producer in Australia for nearly 20 years,” continued John. “Everyone at Fisher & Paykel prides themselves on the culture the company has developed and we operate within very close family

values. It is with real regret that we are forced to make these relocation announcements, even though they are commercial imperatives for the business. The obligation we have to the Company and our shareholders to ensure the ongoing security of their investment and to deliver a significantly improved performance compels us to go forward with these decisions,” concluded John.

In conjunction with this release, Fisher & Paykel Appliances Holdings Limited will host a conference call. The conference call is scheduled to begin today at 2:00pm NZST; 12:00am AEST.

Individuals wishing to listen to the webcast can access the event at the Company's website www.fisherpaykel.com. Please allow extra time prior to the webcast to visit the site and download the streaming media software required to listen to the broadcast.

To participate in the conference call, please dial in to one of the numbers below a few minutes prior to the scheduled call time and identify yourself to the operator:

New Zealand Toll Free	0800 449 118
Australia Toll Free	1800 505 083
USA Toll Free	1866 369 4113
Singapore Toll Free	800 616 2160
Hong Kong Toll Free	800 967 659