FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
ANNUAL SHAREHOLDERS' MEETING
27 AUGUST 2013

ADDRESS BY TONY CARTER, CHAIRMAN

Introduction

Fisher & Paykel Healthcare is an excellent example of a New Zealand-based international business which is performing very successfully on the global stage.

Our company operates in markets which we estimate have a potential annual size of more than five billion US dollars, and where we believe we have the opportunity to assist in the treatment of more than 100 million patients every year.

We manufacture more than 2,800 individual products, accessories and parts, and we distribute those to more than 120 countries worldwide, assisting in the care of approximately seven million people last year.

2013 Financial Highlights

2013 was another year of robust growth for our company and we achieved record operating revenue and net profit after tax.

Operating revenue was up 8% year on year, to a record 556 million dollars, while net profit after tax increased by 20% to 77 million dollars.

The second half of the financial year delivered particularly strong performance as we benefitted from the launch of new products and made excellent progress with new applications for our products and technologies.

Our strong trading performance has continued into the new financial year, driven by growing demand from clinicians and healthcare providers for the solutions we provide. Mike Daniell will provide you with more detail on our current year's trading and outlook for the year in his address.

Constant currency growth

As a New Zealand-based company, with 99% of our revenue generated overseas, our performance can be influenced by volatile exchange rates, which affects all exporters.

We have a range of successful strategies in place to offset the impact of a high dollar, which include: manufacturing a growing proportion of our consumable products at our Mexico facility, introduction of new, higher margin products, increasing operating efficiencies and foreign exchange hedging.

These enabled us to generate record earnings despite unfavourable exchange rate conditions and we are confident that these strategies, coupled with strong underlying growth, will allow us to continue to accommodate a strong NZ dollar.

We review our financial results in constant currency each month, which allows us to monitor and assess the Company's real underlying performance against prior years and budget without the distortions arising from changes in exchange rates.

You can see the strength of our underlying performance when we compare NZ dollar performance over the past three years to the constant currency performance.

Dividend
We maintained the total dividend for the 2013 year at 12.4 cents per share carrying full imputation credit, which equated to 87% of net profit after tax. The Dividend Reinvestment Plan was offered for both the interim and final dividends, under which shareholders can elect to reinvest some or all of their dividend in additional shares. It was pleasing to note that 44% of eligible shareholders participated in the DRP for the recent full year dividend, demonstrating their confidence in our long term strategy.

We expect to maintain the current dividend level, subject to earnings performance, until such time as our target debt to debt plus equity ratio of 5% to 15% is achieved. The Board believes that ratio will provide the capacity to continue to implement our foreign exchange hedging policy as we grow. Longer term, we expect that a dividend pay-out ratio of greater than 60% of net profit after tax will be appropriate.

It has been gratifying to see shareholder and investor recognition of our strong performance, with the share price growing by 80% since last year's annual meeting.

Our Team
Our 2,800 plus employees are responsible for the development, manufacture, marketing, sales and distribution of our products to more than 17,000 customers around the globe. Their expertise, professionalism and enthusiasm is the key ingredient in our on-going success. On behalf of the Board, I thank them all for their effort and contribution.

Your Board
In anticipation of the impending retirement of Gary Paykel and Dr Nigel Evans, the Board gave careful consideration to the balance of skill sets needed to effectively govern the company as it matures into a very substantial multinational with innovation as a core competency.

We are delighted that Donal O'Dwyer and Geraldine McBride agreed to become directors. Donal joined the Board in December last year and brings extensive chief executive officer experience in medical device manufacturing in both Europe and the USA. Geraldine, who has joined this month, brings exceptional international business experience and perspectives as a very senior executive in SAP, one of the world's largest software companies. Both will be very valued additions to the Board.

As required by the Company's constitution, they offer themselves for re-election by shareholders at today's meeting with the full support of the Board. You will hear from them later in the meeting.

Our two new directors are succeeding two long-standing Board members. I would like to take this opportunity to farewell Gary Paykel and Dr Nigel Evans, who will retire at the end of today's meeting.

Gary is the last member of the Fisher and Paykel families to still be active in Fisher & Paykel Healthcare which came out of the company Sir Woolf Fisher and Maurice Paykel founded in 1934. While CEO of Fisher & Paykel Industries, Gary oversaw the separation of the company in 2001 and then served as Chairman of our company until last year, when he retired from that role.

During his time as Chairman, and more recently as a director, the business has benefitted greatly from Gary's leadership, guidance and encouragement. Gary's extensive experience spans a wide range, from product development to procurement, manufacturing, marketing, distribution and international sales. It is fitting that this new building in which we stand today is named in his honour.

I would also like to farewell and thank Nigel Evans, who also retires as a director today. Along with Gary, Nigel has been a director of the company since our separate listing. Nigel's background in physics, manufacturing and commercial R&D has been particularly beneficial to the business over the past 12 years.

During their tenure, the company has grown more than fivefold, with revenue increasing from 89 million to 453 million US dollars, representing a compound annual growth rate of 16%. The company has also declared more than 1 billion New Zealand dollars of gross dividends and more than 2000 new jobs have been created, with our worldwide team growing from 700 people in 15 countries, to more than 2,800 people in 33 countries today.

Gary and Nigel, on behalf of myself, the Board, and I'm sure our shareholders here today, thank you for the valuable contributions you have both made to our company.

Conclusion
We believe that our proven business model and strategy to increase the number of patients we can assist with our products will generate on-going robust growth.

We are well positioned for another year of positive growth in 2014. I would now like to pass you onto our Managing Director and CEO, Mike Daniell, who will take you through the company's results in more detail, as well as provide more comment on trading to date this year and our current outlook for the 2014 financial year.

ADDRESS BY MICHAEL DANIELL, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Thank you Tony.

Introduction
I would like to start my address to you today by providing a quick overview of the strategy and vision of the business.

Our company operates in the global healthcare market, with products which assist in respiratory and acute care, and the treatment of obstructive sleep apnea. We are a leading company in our field and our customers, who primarily are clinicians in hospitals and homecare, are increasingly choosing our products to benefit their patients.

Growth strategy
We have a consistent growth strategy, which fundamentally aims to improve patient care and outcomes and is underpinned by four strategic components:

- Continuously developing new products and improving existing products
- Increasing the number of patients who may benefit from our products
- Extending the range of products we provide for the care and treatment of each patient; and
- Expanding our global footprint and distribution network.

In the 2013 financial year, we progressed well against all of those objectives.

Research & Development
Innovation underpins everything we do. At times it means challenging traditional care practices as we seek to identify new and better tools to assist in patient care. New products can take more than five years to bring to market.

Almost all of our research and development is carried out in New Zealand by our team of more than 350 engineers and scientists, who work closely with clinical partners both locally and around the world. Last year we invested 46 million dollars in R&D and we expect that to grow to about 52 million dollars this year.

We have a substantial pipeline of new products in development, with a number to be introduced over the next twelve months.

We have released a broad range of new and innovative products over the past year, all of which we believe can contribute significantly to improved patient care, comfort and outcomes.

Respiratory and Acute Care (RAC)
Respiratory care is often required for patients during the management of trauma and in acute care, and also for infants in neonatal care. Our heated humidifier and respiratory care systems play an important role in improving patient care and outcomes during treatment for a variety of medical conditions which interfere with normal respiration.

RAC new products
Our latest respiratory and acute care, or RAC, products include the Optiflow Junior nasal oxygen cannula, Evaqua 2 breathing circuits, and AIRVO 2 and myAIRVO 2 humidifiers with integrated flow generator.

Optiflow Junior is a nasal cannula designed specifically for infants, and helps to deliver more effective oxygen therapy to infants in respiratory distress.

The Evaqua 2 breathing circuits for infants and adults incorporate the second generation of our very successful Evaqua technology, which uses a special material to allow exhaled humidity to escape and to avoid potentially troublesome condensate build-up.

AIRVO 2 generates high flows of warmed and humidified gases and sets a new standard for delivering Optiflow to patients. Optiflow is recognised as a superior means of providing effective, comfortable oxygen therapy, which can improve outcomes and reduce the cost of care.

These new products are now available in all of our major markets and have been very well received by our customers and are contributing to strong growth in our RAC group.

Obstructive Sleep Apnea (OSA)
Obstructive sleep apnea, or OSA, is a condition which causes people to stop breathing for short periods of time, many times each night while they are asleep. It is most commonly treated with Continuous Positive Airway Pressure therapy or CPAP, which is delivered using a flow generator, humidifier, tubing and mask, all of which we offer.

The best outcomes are achieved when the patient complies with on-going therapy. Comfort and simplicity are key to encouraging patient compliance and are essential elements in the design of our new Pilairo, Eson and Simplus mask ranges.

OSA new products
The Pilairo nasal pillows mask and Eson nasal mask ranges have been introduced into all of our major markets, with enthusiastic acceptance by both CPAP users and homecare providers.

The Simplus full face mask range has been launched in NZ, Australia, Canada and Europe, with the United States to follow, now that we have obtained the necessary regulatory clearances.

We have also launched ICON+, the next generation of our flow generator range. Again, this allows for a simplified user experience and features our smart clinical and compliance reporting technologies.

Serving more patients
We have identified a number of new areas of patient care where our products and technologies can be of benefit. In respiratory and acute care, our traditional market has been invasive ventilation, where patients receive breathing support via a tube in their airway.

Over the past five years, we have seen a rapid increase in demand for our products in other applications such as oxygen therapy, non-invasive ventilation and during surgery.

In the home setting, as well as products for the treatment of OSA, we now offer systems that can assist in the treatment of chronic respiratory diseases.

The opportunities to grow our share of these new applications are significant. We believe many tens of millions of patients annually could benefit from our technologies. This will continue to be an important growth driver this year and beyond.

Increase our International presence
Our products are sold in 121 countries around the world with direct sales operations in 27 countries, our own people supporting our customers in 33 countries and distribution partnerships in 94 countries.

North America is our largest market, accounting for 43% of revenue last year. The next largest region is Europe at 33% and Asia Pacific, including New Zealand and Australia, at 19%. Our sales in rapidly developing countries, such as China and India are growing strongly.

During the year, we established a direct sales and distribution operation in South Korea, and expanded our sales and operations teams in North America, Europe and Asia Pacific. We will continue to grow our sales teams as our business grows, however we expect sales expenses to grow at a slower rate than revenue growth as our sales teams are now selling a broader range of products.

Foreign exchange hedging
As Tony has mentioned, as an exporter, our results are influenced by foreign exchange fluctuations. We have taken advantage of recent dips in the value of the NZ dollar to add to our foreign exchange hedging position.

We are currently well hedged, with 89% of US dollar exposure hedged and 88% of Euro exposure hedged for the balance of the current financial year at average rates of approximately 77 cents and 47 cents respectively. For the 2015 financial year, currently 44% of our US dollar and 60% of Euro exposure is hedged at average rates of approximately 78 cents and 46 cents respectively. We have provided further details of our hedge portfolio in today's filings with the NZX and ASX.

Growth in FY2013
Our 2013 annual report includes a detailed financial analysis of our performance during the year, in both NZ dollars and constant currency terms. I would like to take a moment to look at the makeup of our revenue growth.

Operating revenue was a record $556.3 million, up *11%* in constant currency.

RAC operating revenue, which contributed 54% of total revenue, increased by *15%* in constant currency, while the OSA product group, which contributed 42% of total revenue, grew by *6%*.

Accelerating growth in second half
The second half delivered particularly strong results, primarily due to increasing revenue growth, driven by demand for our new products and applications; improved gross margins and operating efficiencies.

In constant currency terms, operating revenue was up *14%* and operating profit increased by *56%* compared to the prior year second half.

Strong second half growth in constant currency RAC revenue of *18%* was driven by increasing acceptance of our products for use in non-traditional areas and by on-going growth in demand in our traditional invasive ventilation humidifier systems. Consumables revenue from new applications increased *38%* in the second half in constant currency.

OSA second half growth of *10%* in constant currency was a reflection of the successful introduction of our new nasal pillows and nasal masks.

Increasing Margins
Our margins are increasing as a result of new products and applications driving a favourable product mix, and as we gain efficiencies through lean manufacturing, logistics and supply chain improvement.

We continue to increase capacity at our Mexico facility, which is currently producing about a quarter of our consumables output. We expect to be producing about half of our high volume consumables in Mexico within three years. New Zealand does remain an essential part of our manufacturing process and we see significant benefit in maintaining a close link between R&D and new product manufacturing.

There is a global trend to carefully manage growth in healthcare expenditure, which fits very well with our strategy of offering innovative medical devices that can help to reduce the overall healthcare costs per patient, by improving effectiveness and efficiency of care. That in turn is supportive of margins, as we increasingly demonstrate the benefits our products can offer.

Overall we expect our constant currency gross margin to increase by more than 200 basis points for the first half this year compared to the first half last year.

FY2014 Outlook
Growth so far this year has continued to be robust and we expect first half revenue to grow approximately *15*% in constant currency.

Demand for our RAC care products has continued to be particularly strong, with the proportion of our revenue from products used in new applications continuing to increase. We expect RAC constant currency revenue growth of about *18*% for the first half.

For our OSA product group, mask revenue growth continues to be very encouraging and we are expecting first half constant currency revenue growth to also be well above market at about *14*%.

At current exchange rates, we expect operating revenue for the first half to be approximately 310 million NZ dollars and net profit after tax to be approximately 43 million NZ dollars. That would represent about 30% net profit growth, driven by a combination of robust revenue growth, improving gross margins and favourable hedging.

The full year net profit guidance we provided in May, based on an exchange range of 80 cents to 85 cents for the NZ dollar to the US dollar, was 85 to 90 million NZ dollars.

If we now assume an exchange rate of approximately 80 cents and take into account increased underlying growth and margin improvement, we now expect full year operating revenue to be in the range of 625 million NZ dollars to 645 million NZ dollars and net profit after tax to be in the range of 90 million NZ dollars to 95 million NZ dollars.

Summary
In closing, I would like to thank and acknowledge our Board for their support and encouragement and to thank our world-wide teams for their crucial contribution to our innovation, growth, efficiency and results. Also our customers, clinical partners, suppliers and shareholders for their support and confidence.

I would like to add particular thanks to Gary and Nigel for their encouragement and advice over many years.

Gary's and the Paykel family support of the Healthcare business goes back to our beginnings in the early 1970's. If it wasn't for both Maurice Paykel's and subsequently Gary's support, we would not have had the opportunity to develop, and to prove that the business could succeed, particularly during our formative years.

Gary, over more than 40 years and Nigel, over the 12 years since separation, have been steadfast in their support of our growth aspirations. It has been a privilege to work with you both.

Thank you.