ADDRESS BY TONY CARTER
CHAIRMAN
FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
TO THE ANNUAL SHAREHOLDERS' MEETING
22 AUGUST 2012

Slide 4
This is my first Annual Meeting as Chairman and I would first like to take the opportunity to acknowledge Gary Paykel and to reflect on the company's progress over the past decade.

Gary who served as our Chairman since the separate listing of the company in 2001, retired from that role in March this year, and continues to serve as a valued member of the Board.

On behalf of the Board, I would like to express our thanks to Gary for the outstanding contribution that he made to the Company over his 10 years as Chairman.

Slide 5 10 Years On
Since separation, and during Gary's time as chairman, the company has grown more than fourfold, with revenue increasing from 89 million to 417 million US dollars; representing a compound annual growth rate of 17%. In NZ dollars, Operating revenue has grown from 215 million to 517 million dollars, in the face of an almost doubling of the value of the NZ dollar over the decade.

The company has declared 911 million dollars of gross dividends, reflecting our robust levels of profitability, cash flows and high returns on invested capital. Almost 2,000 new jobs have been created with our worldwide team growing from 700 people in 15 countries, to more than 2,600 people in 32 countries, reflecting strong growth and increased vertical integration in manufacturing and sales.

Slide 6
In the past financial year we achieved record operating revenue of 517 million NZ dollars and net profit after tax of 64 million dollars.

In constant currency terms, underlying operating revenue grew 8% and net profit after tax grew a very encouraging 23%, reflecting increasing demand for our products and disciplined control of costs.

Both of our major product groups, respiratory and acute care and obstructive sleep apnea, made encouraging progress during the year with new products and applications contributing to growth.

Your directors approved a final dividend of seven cents per ordinary share, carrying full imputation credit, taking total dividends for the year to 12.4 cents per share.

The high level of the New Zealand dollar has again presented a difficult environment for all New Zealand companies that export most of their product. For some exporters, high commodity prices have offset this, but the prices of our products are largely set by the markets in which we operate. However rather than wait for the dollar to return to more normal levels, we have to accept that we need to operate successfully at these elevated exchange rates.

The board and executive have been focused on making sure the company can be successful in this new environment,   and have introduced a range of strategies to partially offset the impact of high exchange rates. However we must accept that with most of sales denominated in overseas currencies, our NZ dollar performance will continue to be influenced by the exchange rate that applies at the time.

I'm pleased to report that trading so far this year has been better than expected and that we are seeing a promising increase in growth and an increase in underlying operating margin. Mike Daniell, our CEO, will soon provide more commentary on our strategies and outlook for the current year.

New and improved products and processes, along with the development of new applications for our technologies, are critical long term drivers of our revenue, margin and earnings growth. Our increased investment in R&D is reflected in the number of significant new products we have introduced this year, with more to come.

Healthcare providers around the world continue to seek opportunities to control the overall cost of care through improved patient outcomes, reduced intensity of care and other efficiencies. Our new products support those objectives, helping to reduce length of stay and to avoid an escalation of care or enabling patients to remain at home and out of the hospital.

Slide 7 International Presence

During the year we continued to expand our global sales and support network, with our own people now located in 32 countries and our products sold in more than 120 countries. More than 500 staff provide support to our customers around the world.

Slide 8
Our total capital expenditure was 68 million NZ dollars which included equipment for increased manufacturing capacity, new product tooling, replacement equipment and 47million dollars for construction of the third building on our Auckland site. We have continued to increase manufacturing capacity at our facility in Tijuana, with an increasing quantity and range of our products now manufactured there.

I would like to make a few comments about the board. I would like to thank them sincerely for their support and efforts during the past 12 months. Both Gary and Nigel have indicated that they plan to retire from the board following the ASM next year. Both have made outstanding contributions and will be missed. We are currently searching for a director who has global experience in medical device manufacturing and hope to make an appointment in the near future. Next year we will also commence a search for a second director to ensure a smooth transition when Gary and Nigel retire.

Your Board seeks to achieve high standards of corporate governance and we continue to keep our corporate governance policies and procedures under review to ensure that they are consistent with best practice. A comprehensive summary of the company's governance policies is provided in the annual report.

The share price performance over the past year has been disappointing, in what have been very volatile financial markets. The elevated exchange rate is undoubtedly a major reason for the share price weakness and as mentioned earlier we do have strategies in place to mitigate that. We remain confident that the company is well placed to grow its earnings over the long term.

The experience, capabilities and commitment of our people worldwide ensures we are able to offer innovative medical devices, which can help to improve patient care and outcomes and enable us to deliver the long-term growth in value our shareholders expect.

The Board appreciates that our progress is a result of the combined efforts of our staff and the support we receive from our customers, distributors, suppliers and clinical partners. On behalf of the board, I would like to thank them all for their commitment and contribution in a challenging global economic environment.

I would like to thank you, our shareholders, for your continued loyalty to the company. The Board and our management team value your support as we continue to focus on creating value for you.

ADDRESS BY MICHAEL DANIELL
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
TO THE ANNUAL SHAREHOLDERS' MEETING
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A copy of the slide presentation will be available on the company's website at www.fphcare.com

Slide 9 Introduction

Thank you Tony. Good afternoon ladies and gentlemen. I'm pleased to have the opportunity to review our results for the 2012 financial year, and to update you on our growth strategies and progress so far this year.

Before doing so, I'd like to mention that we have a number of our staff here today who will be available later to discuss the products we have on display. They are wearing name badges, so you should be able to identify them easily.

Slide 10 Consistent Growth Strategy

Our consistent long term growth strategy; expand our range of innovative products, offer devices to treat a wider range of medical conditions, and increase our international presence - continued to result in an increasing number of healthcare providers choosing our devices to assist in the care of their patients, both in the hospital and home settings.

Slide 11 Financial Summary

52% of our operating revenue was generated in US dollars and 23% in Euros, with 99% of our sales made outside New Zealand.

You will have seen, in the annual report, that we have provided a detailed analysis of our financial performance in constant currency terms, which removes the effects of foreign exchange hedging and the very volatile exchange rates around the world.

As Tony has mentioned, our operating revenue grew 8% in constant currency terms, or 2% to 517 million NZ dollars. We achieved an operating margin of 18% and net profit after tax of 64 million NZ dollars, which represented growth of 23% in constant currency terms, a solid result given the challenging global environment.

Slide 12 Products Groups

The Respiratory and acute care product group contributed 53% of total revenue and the OSA group 44%.

A high proportion of our revenue, 75%, was generated from recurring items, such as consumables and accessories.

Slide 13 Global sales

The geographic split of our sales remained diverse, with revenue growing in each major geographic region. North America continues to be our biggest market, with a large proportion of our OSA sales made there.

Selling, general and administrative expenses were 143 million NZ dollars, which represented an increase of 6% in constant currency terms, reflecting an increase in the average level of sales generated by each our sales, marketing and operations staff.

Slide 14 Respiratory and Acute Care
Our heated humidifier and respiratory care systems play an important role in improving patient care in a variety of applications.

Warming and moistening of the gases delivered in respiratory care helps to reproduce the normal functioning of the nose and upper airways and reduces airway moisture loss and the occurrence of adverse side effects.

Slide 15 New Applications Growing
In the hospital setting, as well as heated humidification systems for use in intensive care ventilation, we are significantly expanding the potential market for our technologies by also providing devices that can be used in non-invasive ventilation, oxygen therapy, humidity therapy and surgery.

Over the past year we achieved very encouraging results, with revenue from those new applications growing 24% in constant currency terms and contributing one third of our respiratory and acute care consumables revenue.

We have had a very busy year with new product introductions, which have included our second generation Evaqua breathing circuits and the Evatherm breathing circuit designed specifically for developing markets.

Slide 16 Optiflow Junior
We have also recently begun to introduce two important new product ranges, Optiflow Junior and Airvo 2.

Optiflow Junior provides a vastly improved system for providing oxygen therapy to new born babies and children; by combining a very easy to fit anatomically contoured nasal cannula with optimal humidity delivery.

Slide 17 Airvo 2
Airvo 2, delivers Optiflow humidity therapy with precise monitoring of oxygen concentration and is available in two versions, for use in the hospital and home settings.

Our Optiflow system is recognised as a superior means of providing comfortable, effective oxygen therapy, which can both improve outcomes and significantly reduce the cost of care. We included a case study in the Annual report which described the significant savings reported by a hospital in South Carolina which has adopted Optiflow.

Customer reaction to both new products has been very positive and we expect that both will contribute to increasing growth in our RAC product group.

Slide 18 Obstructive Sleep Apnea
Tens of millions of people worldwide who have untreated obstructive sleep apnea, stop breathing for short periods many times each night while they are asleep.

Continuous positive airway pressure, or CPAP, therapy is the most common treatment for OSA. CPAP therapy prevents the collapse and blockage of the patient's airway during periods of deep sleep and is delivered using an airflow generator, humidifier, tubing and mask.

Slide 19 ICON Flow Generators
Our ICON range drove 18% flow generator revenue growth for the year. The product range integrates our leading technologies into stylish, compact and intelligent devices to deliver a better night's sleep for OSA patients.

It's also been a busy period for our OSA product group, with the rollout of our Info Technologies for efficient compliance data recording and reporting, the inclusion of our unique SensAwake responsive pressure relief into ICON Premo and our super quiet Zest Q and lady Zest nasal masks.

Slide 20 Pilairo nasal pillows mask
We are particularly excited about the revolutionary new mask ranges we are currently introducing around the world.

Last month we introduced Pilairo, our new nasal pillows mask, into the United States, following its very successful launch in Australasia and Canada. Pilairo's innovative design integrates a self-inflating seal and minimalist headgear into our lightest mask ever. No manual adjustments are necessary, to either the headgear or mask, with one size fitting most patients.

Slide 21 Eson nasal mask
And just last week, we announced the release of Eson, our new nasal mask. Eson is also exceptionally small, with minimal adjustment required for a superb fit. We've further developed our popular Flexifit concept, into Eson's elegant, self adjusting RollFit seal.

Both masks have been well received by our customers and we have enjoyed a very positive initial response where these new masks have been launched.

Of course, in addition, we have in development more new products, including more new masks, which are scheduled for introduction later this year.

Slide 22 Earnings Growth Drivers
We are very conscious of the effect of the high NZ dollar on shareholder returns.

Last year I outlined our strategy for addressing what may be a long term strong NZ dollar and weak US dollar and Euro.   I'm pleased to report that those strategies are improving our margins, and for the first half, we expect our constant currency gross margin to increase about two percentage points compared to the first half last year.

The strategies which are delivering increased margins are listed, I'll comment briefly on each.

- **New Products**

Last year, and again this year, we have introduced a broad range of premium new products, all of which assist healthcare providers to provide more effective and efficient care and which generate increased revenue growth and improved margins.

- **Capacity Increases in Mexico**

Most of our growth in capacity for consumable items is at our Mexico facility. As well as the benefit of geographic diversity, we are achieving substantial manufacturing cost savings. This year we expect Mexico to contribute about 7 or 8 million NZ dollars to operating profit compared to manufacturing the same items in New Zealand.

- **Lean Manufacturing, Increased Automation, Supply Chain Optimisation**

Lean manufacturing projects and increased automation and other efficiencies continue to deliver cost savings and we expect ongoing improvements. We are also continuing to implement supply chain efficiencies, including shipping an increasing proportion of our product by sea and road rather than air.

- **Reduced Expense Growth**

We have previously made significant investments in expanding our operations, including Mexico manufacturing, new direct sales operations and increased R&D activity. We are benefiting from those investments, and will continue to manage expense growth to be below revenue growth in constant currency.

- **Currency Diversification**

Over a number of years we have been reducing our exposure to the US dollar by moving to direct sales and invoicing in local currencies in a number of countries.

The latest is Korea, where we are acquiring assets from our current distributor and will transfer distribution of our products to our own sales operation, which will begin trading next month. We have also been moving more of our costs to local currencies.

- **Foreign Exchange Hedging**

The ongoing volatility in exchange rates has demonstrated the value of our disciplined foreign exchange hedging policy. We have substantial hedging in place for the current year and also for the 2014 and 2015 financial years.

Slide 23

As Tony indicated earlier, trading has been better than expected so far this year, and we now anticipate constant currency operating revenue growth of approximately 7% for the first half.

Demand for our respiratory and acute care products has been strong, with the proportion of our revenue from products used in new applications continuing to increase.

In May, we indicated that we expected modest first half growth for RAC, as we lapped last year's US hospital distributor's 7 million US dollar inventory build. We are now expecting RAC constant currency revenue growth of about 10% for the first half, implying underlying revenue growth of about 18%.

For our obstructive sleep apnea product group we are expecting first half constant currency revenue growth to improve over last year's second half, to about 4%, with growth increasing in the second quarter as our new masks gain traction.

As I mentioned earlier, Pilairo and Eson have been very well received in initial markets, and are beginning to drive an increase in mask growth.

Slide 24 FY2012 Outlook

The year has started very well, at current exchange rates we expect operating revenue for the first half to be approximately 265 million NZ dollars and net profit after tax to be approximately 31 million NZ dollars. That would represent about 10% net profit growth or about 25% in constant currency terms driven by a combination of revenue growth and improving gross margins.

The full year earnings guidance we provided in May, based on an exchange range of 75 cents to 80 cents for the NZ dollar to the US dollar, was 62 to 70 million NZ dollars. At those rates we would have expected that net profit after tax would be 67 to 72 million dollars.

There has been a firming of the NZ dollar, so we have updated our assumed exchange rate range to 78 to 82 cents.

Based on this range for the remainder of the financial year and the improvement in our trading, we now expect full year operating revenue to be in the range of 540 million NZ dollars to 550 million NZ dollars and net profit after tax to be in the range of 65 million NZ dollars to 69 million NZ dollars.

Slide 25

As Tony mentioned, stock exchange rules require that I offer myself for re-election as Managing Director this year. It's been my privilege to be part of this business for more than 32 years, and to lead the team for more than 20 years, first as General Manager and for the past decade as Chief Executive. I would appreciate your support for my re-election as a Board member and Managing Director.

On behalf of the worldwide team, I would like to express our thanks for the continued support of our Board and our shareholders, and also our customers, suppliers and clinical partners. We are working to reward that support.

Thank you.