FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
ANNUAL SHAREHOLDERS' MEETING
29 AUGUST 2023

ADDRESS BY SCOTT ST JOHN, CHAIR

I'd like to begin my remarks by thanking our customers, clinical partners and our people. Last year, approximately 20 million patients were treated with Fisher & Paykel Healthcare products.

This is not something that happens without great effort from many individuals. We applaud those who work tirelessly to get products to where they're needed and administer care to patients.

The past year has been a welcome change from the pandemic period. Our people have taken advantage of open borders to strengthen connections with customers, clinicians and each other – we'll play a short video later in the agenda that demonstrates this.

In May, we announced a solid performance for the 2023 financial year. We were again lapping a period which saw a significant COVID-19-related impact on sales. The result was softened somewhat by hospital customers working through excess inventory during the first half, but this trend largely abated in the second half. We have seen more stable ordering patterns since then.

Full-year operating revenue was $1.58 billion and net profit after tax was $250.3 million.

Hospital product group revenue for the full year was $1.02 billion, a 15 per cent decrease compared to the previous year and 18 per cent lower in constant currency. Taking a five-year view provides more perspective – you can see on the screen that our five-year compound annual growth rate is 12 per cent.

Homecare product group revenue for the full year was a record $553.8 million, 18 per cent higher than the previous year, and 13 per cent higher in constant currency. Our Evora Full mask has been very well received since its launch last year and our team is hard at work on upcoming additions to our range.

Gross margin for the year was 59.4 per cent, compared to 62.6 per cent a year earlier. Headwinds such as elevated freight rates and manufacturing inefficiencies are easing, though inflationary raw material and manufacturing costs remain a factor. We expect that returning to our normal focus on operational efficiencies rather than our supply-at-all-costs approach during the pandemic will get us back to our long-term gross margin target of 65 per cent within the next three-to-four years. Across the global business, we are very focused on this and are putting our shoulder to the wheel.

The Board approved a dividend of 23 cents per share for the second half, taking the total dividend for the 2023 financial year to 40.5 cents per share, an increase of 3 per cent over the 2022 financial year. This was paid to shareholders on 7 July 2023.

We also reactivated our dividend reinvestment plan through which eligible shareholders can opt to reinvest all or part of their cash dividends in additional shares at a 3 per cent discount.

Turning to the present, we updated the market this morning with our latest line of sight for the 2024 financial year. Lewis will take you through that in more detail shortly.

Setting financials aside for a moment, there have been a number of significant milestones elsewhere.

We've taken some big strides in our long-term infrastructure planning. We acquired a 105-hectare site in Karaka for our second New Zealand campus, and we were pleased to receive approval from the Overseas Investment Office earlier this year to proceed. We are now working through the necessary zoning and plan changes.

We opened our third building in Tijuana, we are making good progress on the development of a new facility in China, and there is plenty of activity happening here on site in East Tāmaki.

Environmental & Social Responsibility continues to occupy a suitable space in our board discussions.

There's a lot I could say on this, but I think the expression that captures our mentality best is that there's no finish line for us on this journey. We're always looking to do better and we seek to identify and implement the best solution rather than routinely adopting practices designed for others.

Our newly established Environmental & Social Responsibility governance group continues to provide structure to these efforts.

Those that have been with us on the journey for a while will know that we have a bias toward the long view. 'Short-term-ism' does not feature in the way we craft our plans.

That being said, I'm heartened by the amount of progress achieved in the here-and-now, whether it be in our development of our long-term carbon reduction plan, the continued strength of our Ecodesign program, or the important progress we're making in sustainable procurement and preventing modern slavery.

Turning now to your Board.

Last year we farewelled Geraldine McBride and welcomed Cather Simpson. Cather has extensive experience commercialising scientific research and has been involved in several high-tech ventures. She has brought a valuable perspective to the board table since joining us.

We've also been fortunate to have Tracey Barron in the mix as part of the Future Directors program. This continues to be a positive format for upskilling aspiring directors and bringing in an outside perspective to established boards.

More recently, we were pleased to announce Graham McLean's appointment to the Board, effective 1st of October.

Graham joins us following 16 years as an executive at leading medical device manufacturer Stryker Corporation, most recently as President of the Asia Pacific region based in Hong Kong and Singapore.

He is currently a director and CEO of CleanSpaceHoldings and chair of Universal Biosensors, two ASX-listed healthcare companies.

We are confident Graham will add a valuable perspective to your Board. Graham will commence as a director on 1 October, and given that the appointment process was completed after this year's Notice of Meeting was circulated, his appointment will be put to shareholders for their consideration at next year's ASM.

Donal is retiring at the end of December after 11 years of incredibly valuable service to Fisher & Paykel Healthcare. Donal will say a few parting words shortly, and I'll hold my thanks and acknowledgement until then.

We are very active in our consideration of succession in all its forms. There are interrelationships between the Chair, the board, board committees and management. We are also very conscious of having the right mix of skills, characteristics, freshness and continuity on the board. We are a global company. We recruit globally, including for the board. Looking forward, you may see some board members with slightly-harder-to-acquire skills, such as global med tech, perhaps have tenures slightly longer than the average of the board. You might also see people like me whose skills are more readily available in Australasia likely serving a more typical 3x3 year term to ensure we manage this well. I should add that we are not bound to a rigid textbook rendering of succession.

Before I close, my thanks go to the people of Fisher & Paykel Healthcare for putting in the work day-in, day-out to see that patients are treated with the highest quality product.

And finally, I would like to thank you, our shareholders, for continuing to back us. The opportunities before us are significant and we appreciate your support as we pursue them.

ADDRESS BY LEWIS GRADON
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Please refer to separate PowerPoint slide presentation.