



# 38<sup>th</sup> Annual J.P. Morgan Healthcare Conference

Mick Farrell - CEO

January 13, 2020

# Presentation of financial information & forward-looking statements



Historical financial and operating data in this presentation reflect the consolidated results of ResMed Inc., its subsidiaries, and its legal entities, for the periods indicated.

This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures in this presentation, which include non-GAAP Income from Operations, non-GAAP Net Income, and non-GAAP Diluted Earnings per Share, should be considered in addition to, but not as substitutes for, the information prepared in accordance with GAAP. For reconciliations of the non-GAAP financial measures to the most comparable GAAP measures, please refer to the earnings release associated with the relevant reporting period, which can be found on the investor relations section of our corporate website ([investor.resmed.com](http://investor.resmed.com)).

In addition to historical information, this presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on ResMed’s current expectations of future revenue or earnings, new product development, new product launches, new markets for its products, integration of acquisitions, leveraging of strategic investments, litigation, and tax outlook. Forward-looking statements can generally be identified by terminology such as “may”, “will”, “should”, “expects”, “intends”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential”, or “continue”, or variations of these terms, or the negative of these terms or other comparable terminology.

ResMed’s expectations, beliefs, and forecasts are expressed in good faith and are believed to have a reasonable basis, but actual results could differ materially from those stated or implied by these forward-looking statements. ResMed assumes no obligation to update the forward-looking information in this presentation, whether as a result of new information, future events, or otherwise. For further discussion of the various factors that could impact actual events or results, please review the “Risk Factors” identified in ResMed’s quarterly and annual reports filed with the SEC. All forward-looking statements included in this presentation should be considered in the context of these risks. Investors and prospective investors are cautioned not to unduly rely on our forward-looking statements.

# Strategy



# ResMed 2025: a patient-centric, digitally-enabled strategy



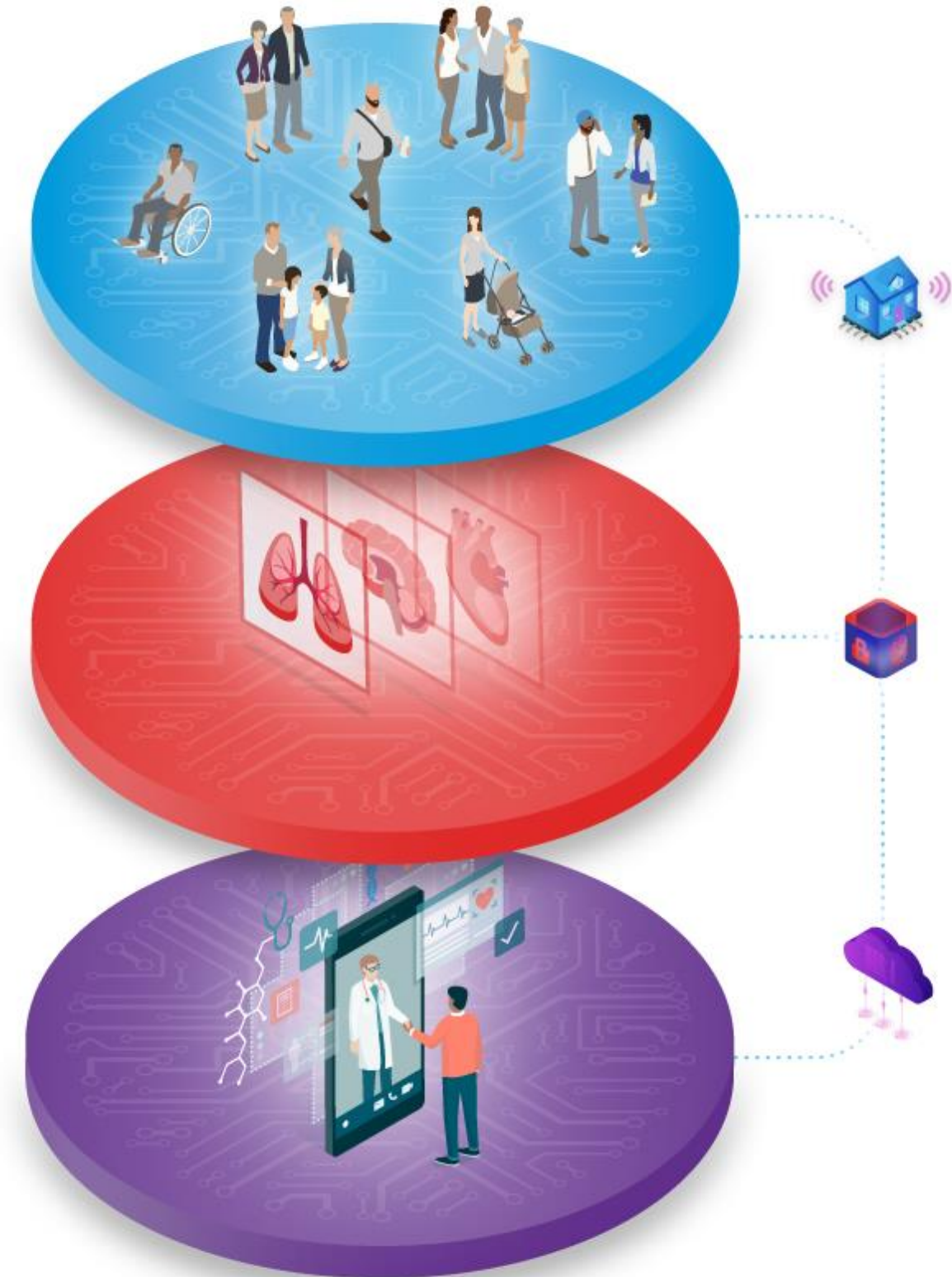
250 million lives improved in out-of-hospital healthcare in 2025!

**Purpose** • Empower people to live happier, healthier and higher quality lives in the comfort of their home

**Growth Focus** • Global health epidemics in **sleep apnea**, **COPD**, other major chronic conditions, and **SaaS** solutions that improve care in out-of-hospital settings

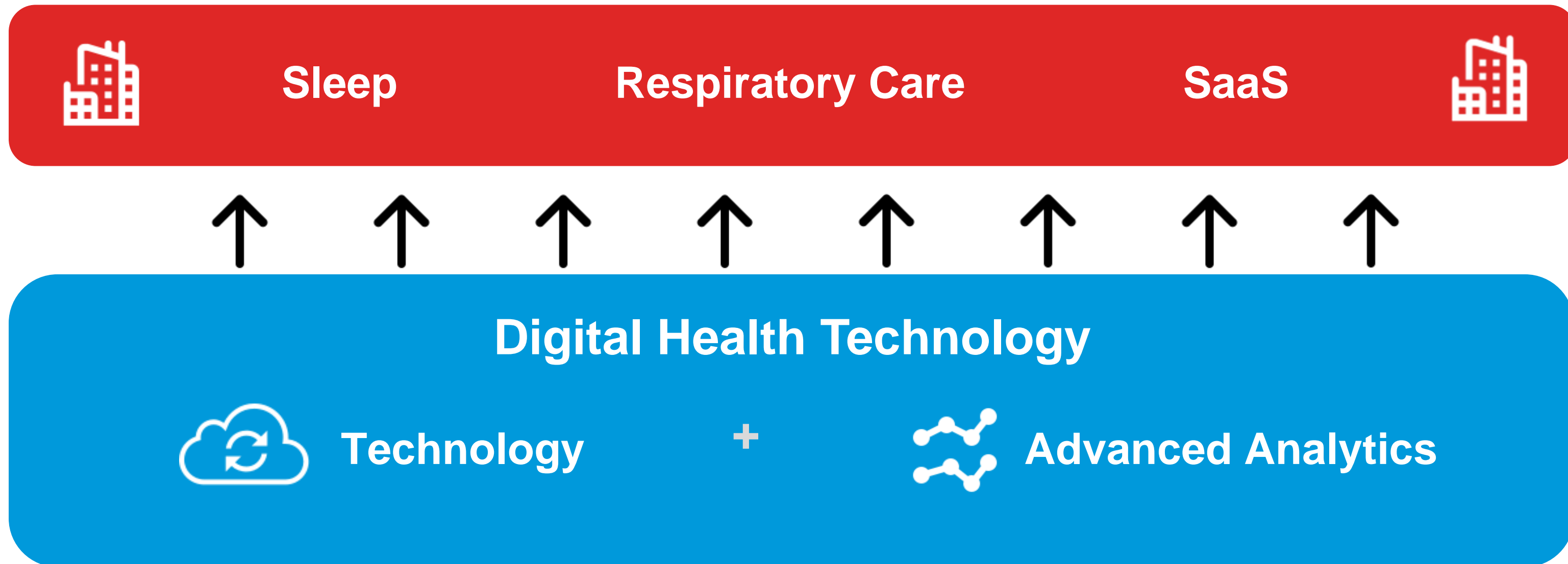
**Growth Advantage** • Transform care through **innovative solutions** and **tech-driven integrated care** to drive superior outcomes, experiences and efficiency

**Growth Foundations** • High-performing, diverse and entrepreneurial people  
• Industry-leading innovation and business excellence  
• Digital health technology and scientific leadership

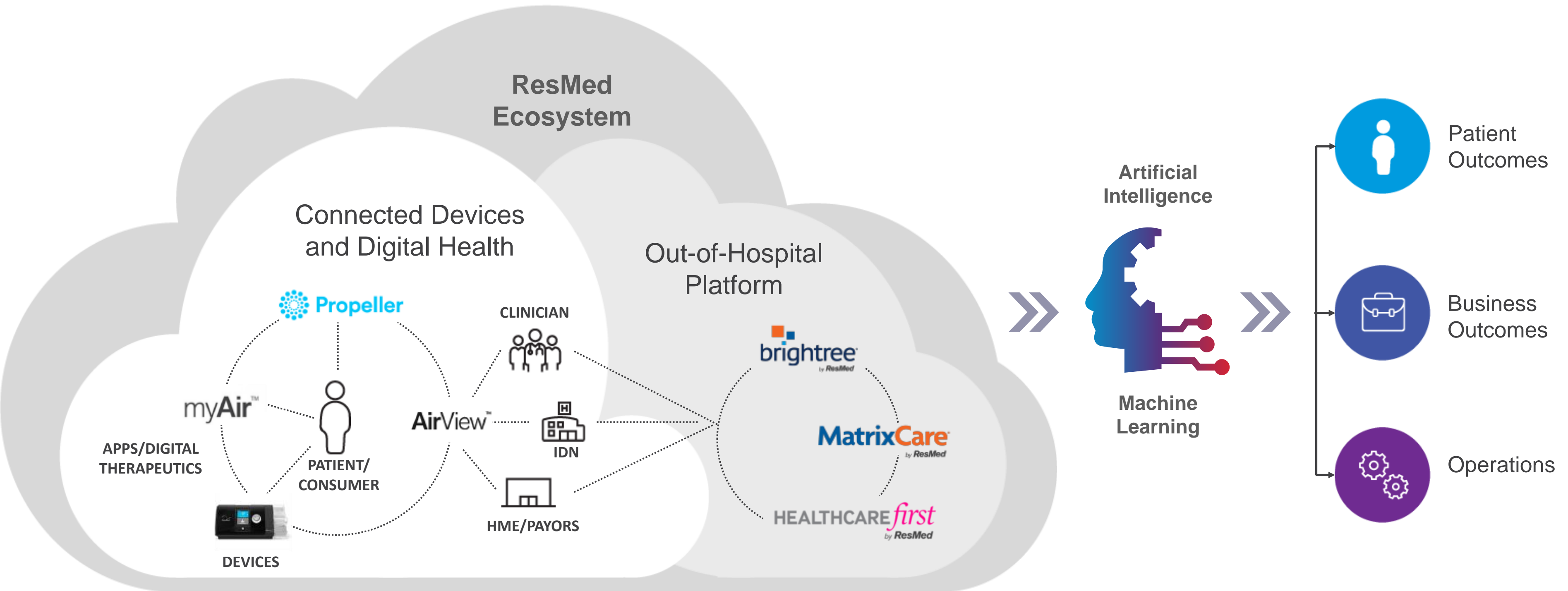


# Digital health technology is our foundation

**Purpose:** Enable all ResMed businesses to achieve their business objectives by leveraging technology, data, and advanced analytics.



# Our digital health solutions improve outcomes and lower costs





**AirView™** has over  
**11 million patients**

**10+ million**  
**100% cloud connectable**  
devices worldwide

**1 million+** diagnostic tests  
processed **in the cloud**

**~93 million** accounts in  
out-of-hospital care network

**~100 API calls** per  
**second** from integrators

**2 million+** patients have  
signed up for **myAir™**

# Our Business: Sleep





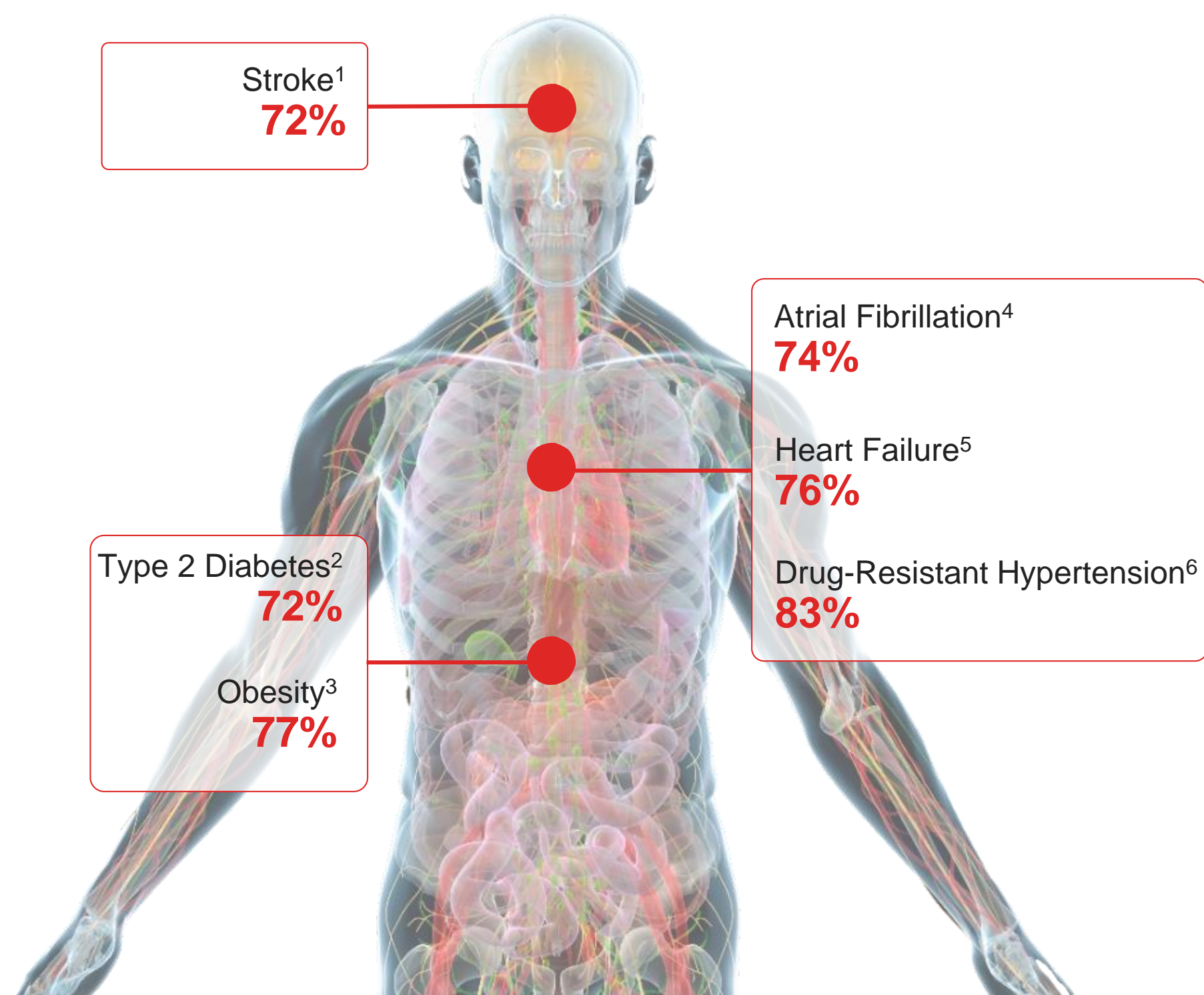
# Sleep apnea is more than 80% undiagnosed... ....and is highly prevalent in other chronic conditions

For every 100 U.S. adults...

4 KNOW THEY HAVE SLEEP APNEA<sup>1,2</sup>



22 DON'T KNOW THEY HAVE IT<sup>1,2</sup>

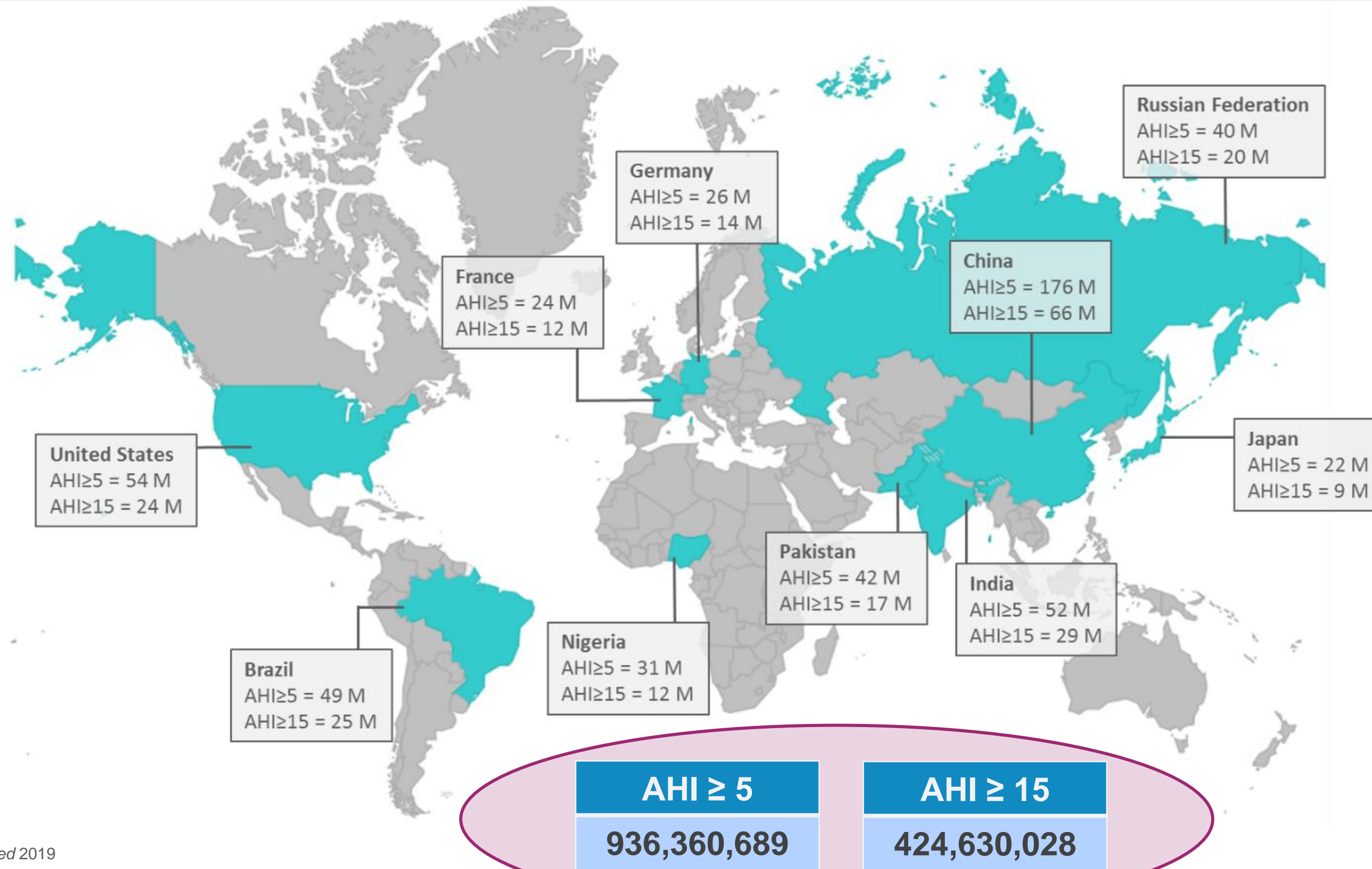


1 Peppard PE et al. *Am J Epidemiol* 2013  
 2 Young T et al. *Sleep* 1997

1 Johnson KG and Johnson DC. *J Clin Sleep Med* 2010  
 2 Einhorn D et al. *Endocr Pract* 2007  
 3 O'Keefe T and Patterson EJ. *Obes Surg* 2004

4 Bitter T et al. *Dtsch Arztebl Int.* 2009  
 5 Oldenburg O et al. *Eur J Heart Fail* 2007  
 6 Logan AG et al. *J Hypertens* 2001

# The global prevalence of sleep apnea is enormous and growing...



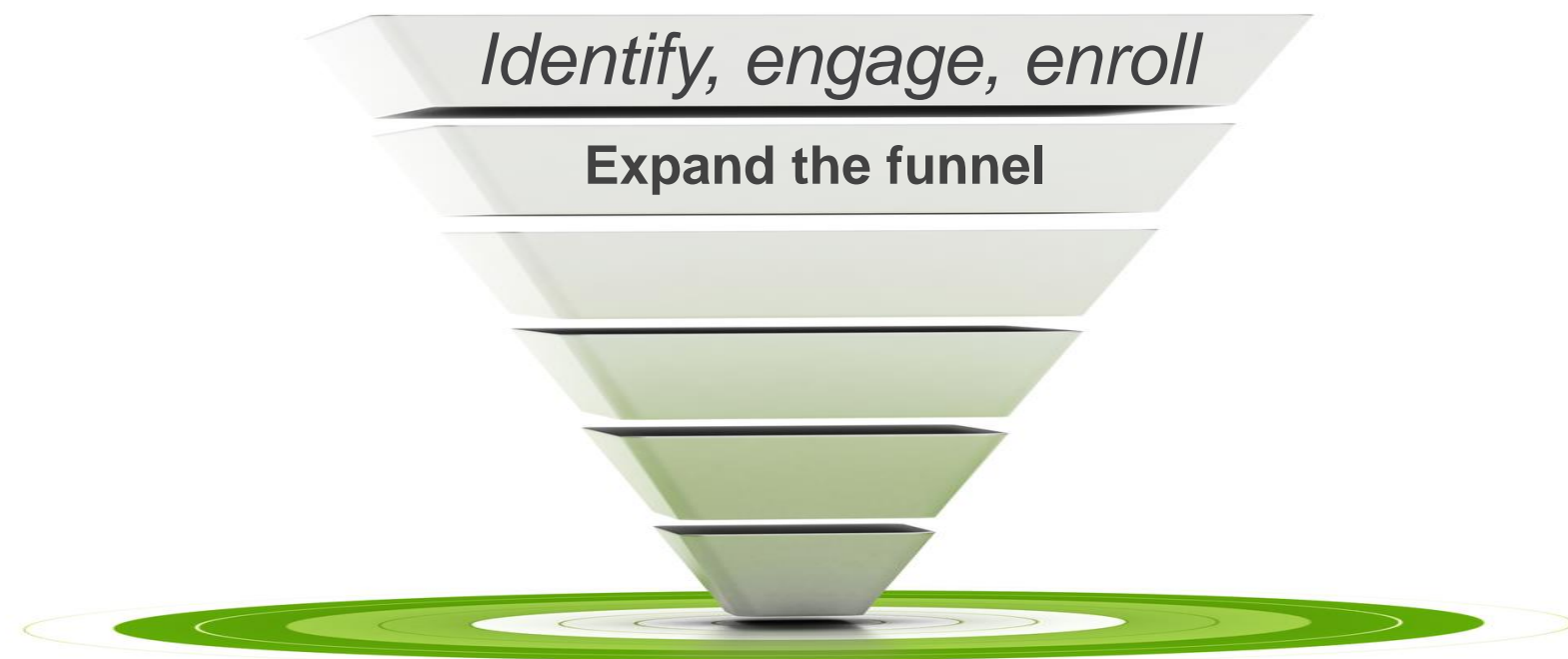


# Our partnerships will prove sleep health is a public health crisis



## Sleep research joint venture with Verily

- Develop software solutions to help identify, diagnose, treat, and manage those with OSA
- To study the health and financial impacts of untreated sleep apnea
  - Prove the ROI for treating OSA



*With Verily, we can unlock richer, more holistic insights about sleep apnea and the value of treating it*

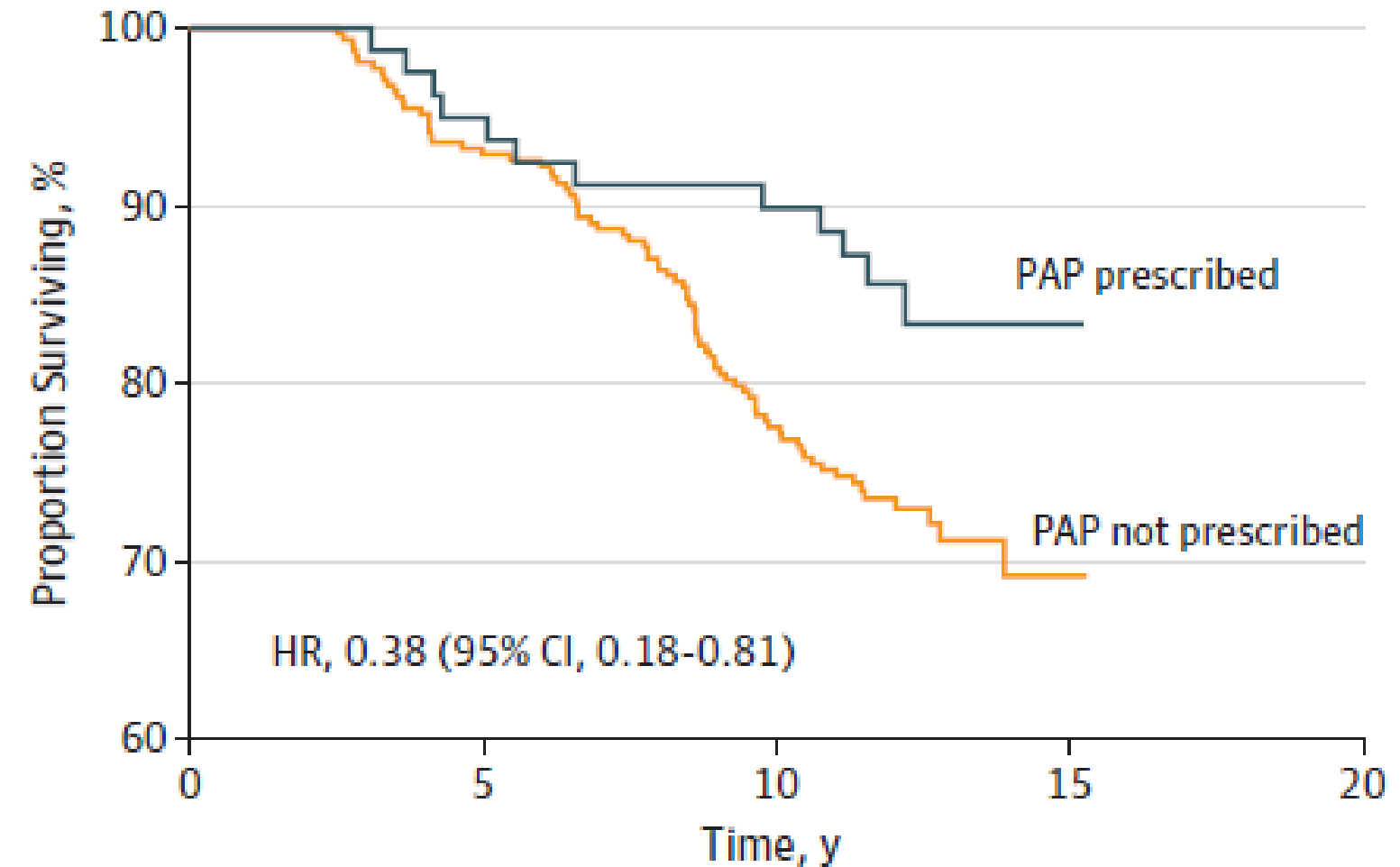
# Reducing mortality with PAP therapy

## U.S. multicenter, population-based cohort study

Sleep Heart Health Study

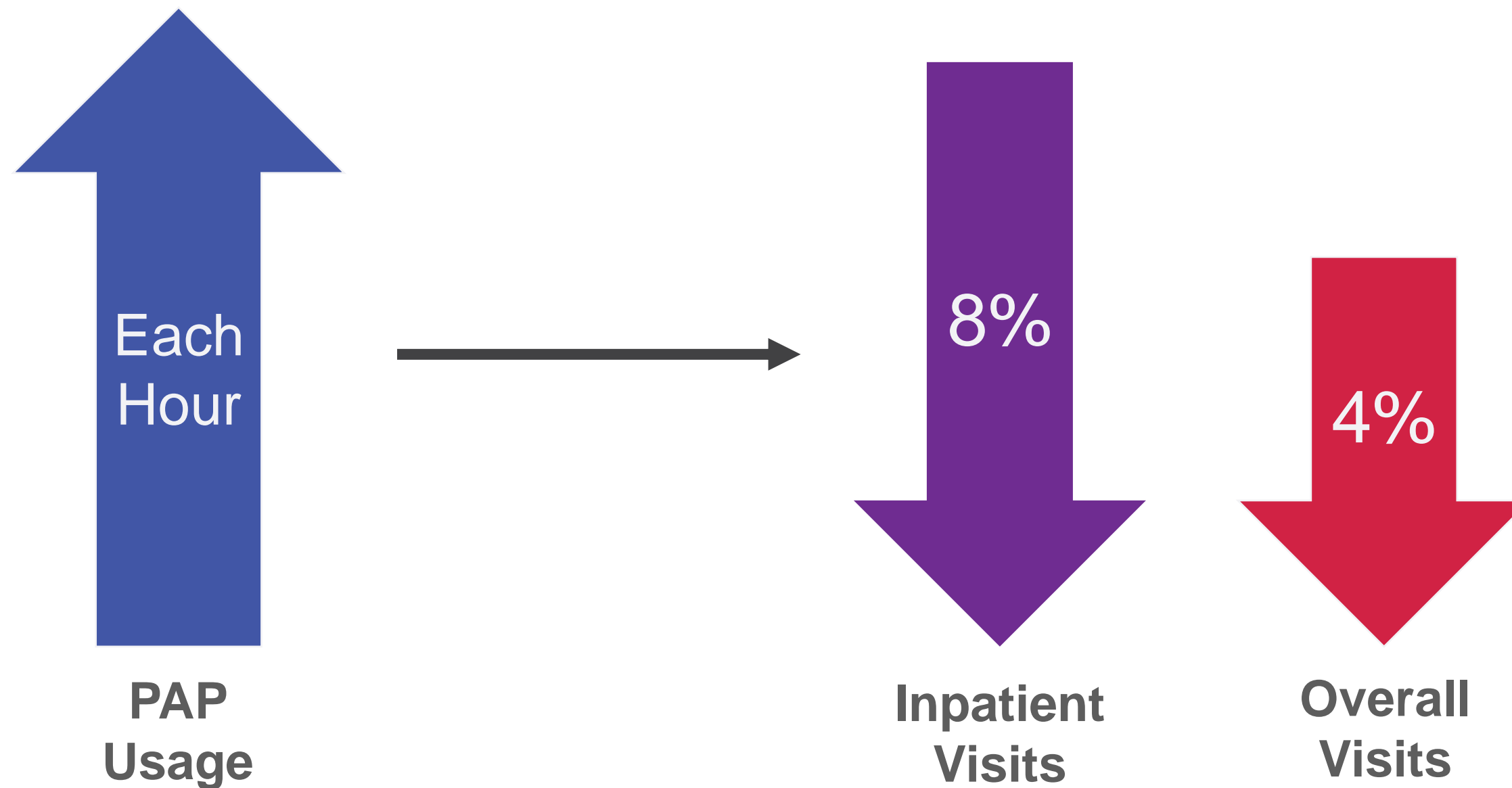


- Positive airway pressure therapy associated with a **62% lower risk of all-cause mortality**
- Death rate was twice as high for persons who did not receive positive airway pressure therapy
  - (24.7 vs 12.8 deaths per 1000 person years,  $p = 0.03$ )



# Demonstrated positive dose-response relationship between increased CPAP usage and lower healthcare costs

For every **one hour per night** increase in PAP usage there was an **8% decrease** in inpatient visits and a **4% decrease** in overall acute care visits.<sup>1</sup>



1. Kirsch et al., *Association of PAP use with acute care utilization and costs*, JCSM 2019  
"Overall visits" includes inpatient, ED, and observation visits.

# New study demonstrates the effectiveness of CPAP therapy and quality of life improvements for those with mild obstructive sleep apnea

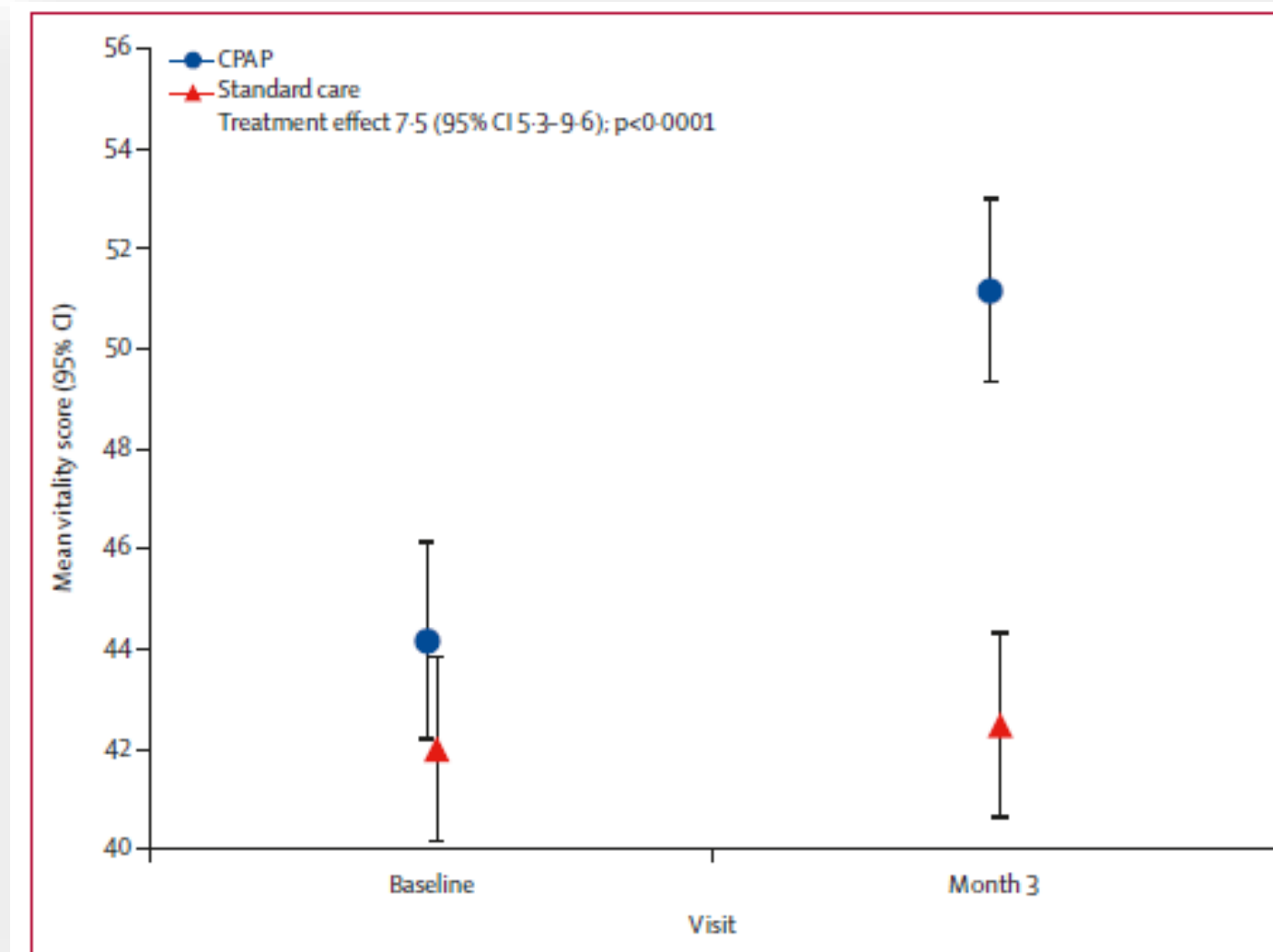


## MERGE trial: clinical effectiveness of CPAP treatment in patients with mild obstructive sleep apnea

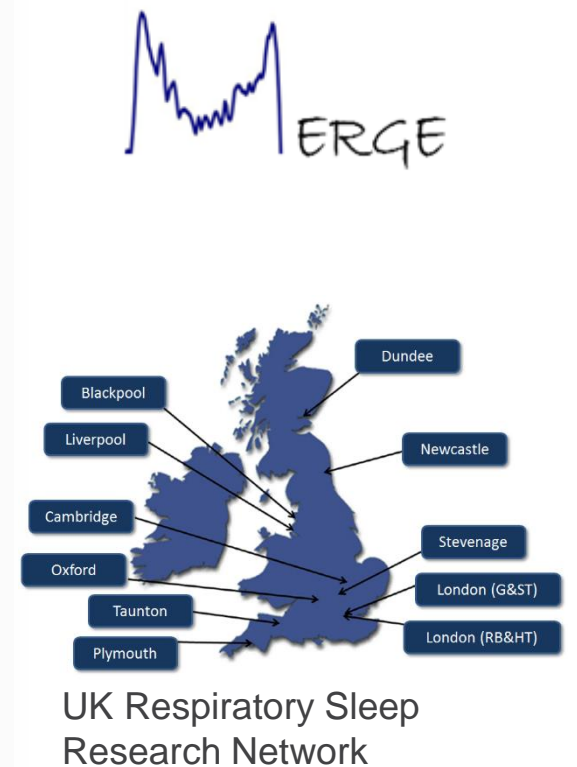
- Demonstrated improvement in Quality of Life (SF-36 vitality scale) for CPAP patients vs. standard care
- Symptomatic benefits:
  - Reductions in sleepiness
  - Improvements in fatigue and depression

**Compelling evidence supports the need and benefits of treating mild OSA**

**Combined with recently published Global Prevalence research, 936M patients worldwide can benefit from PAP treatment**



Change in SF-36 Vitality Scale in Patients with Mild OSA per AASM 2012





# Transforming the treatment & management of sleep apnea



## Quiet



AirSense™ 10



AirSense™ 10  
AUTOSET FOR HER



AirCurve™ 10

## Compact



## Comfortable

### Minimalist

Small. Light. Simple.

### Ultra Soft

Patented memory foam offers unique comfort.



AirFit™ F30  
Full face mask



AirFit™ N30



AirFit™ P10  
Nasal Pillows System



AirTouch™ F20  
Full face mask



### Freedom

Sleep in any position.

### Universal Fit

Classic designs that fit nearly every face.



AirFit™ N30i  
Nasal cradle mask



AirFit™ P30i  
Nasal pillows mask



AirFit™ F20  
Full face mask



AirFit™ N20  
Nasal mask

## Connected



AirView™  
Cloud-based patient management system






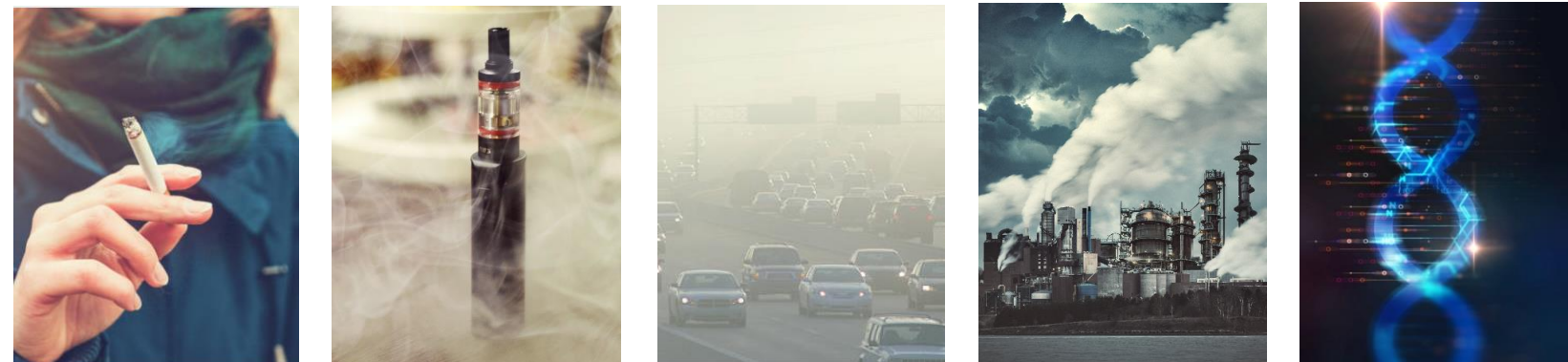
myAir™  
Patient engagement program

# Our Business: Respiratory Care



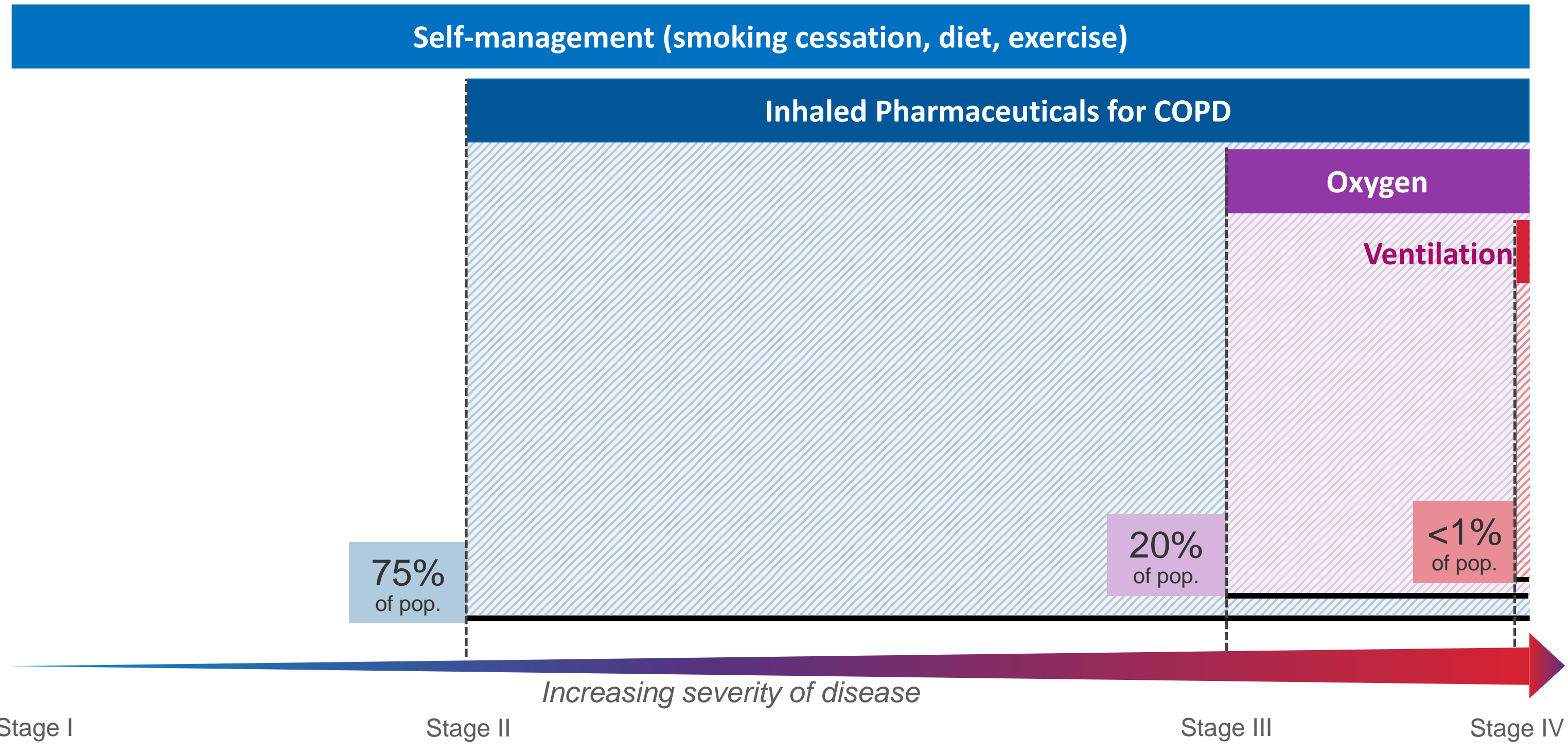
# COPD is a large and growing market

-  More than 380 million people worldwide are estimated to have COPD
  - Largely undiagnosed COPD sufferers in high-growth markets such as China, India, Brazil and E. Europe may be well over 100 million
-  Cost to healthcare systems from COPD is enormous:
  - Europe: ~€48 billion per year
  - United States: ~\$50 billion per year
-  More than 3 million people worldwide die each year due to COPD



# There is a need for end-to-end solutions for COPD patients

Global population of COPD patients: ~380 million<sup>1</sup>



COPD progression

Stage I

Stage II

Stage III

Stage IV

*Increasing severity of disease*

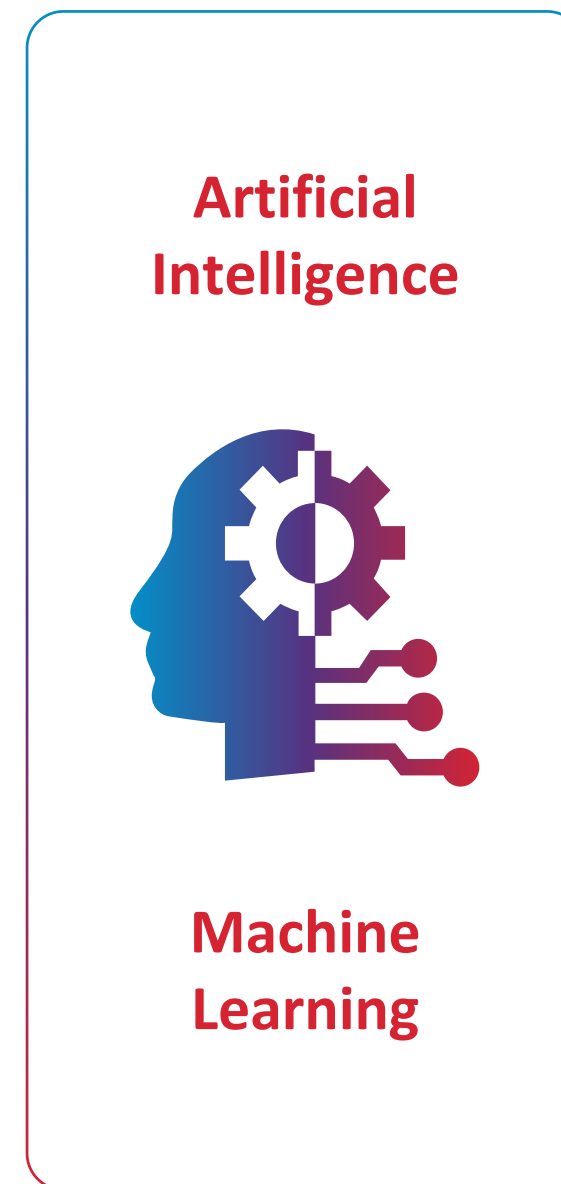
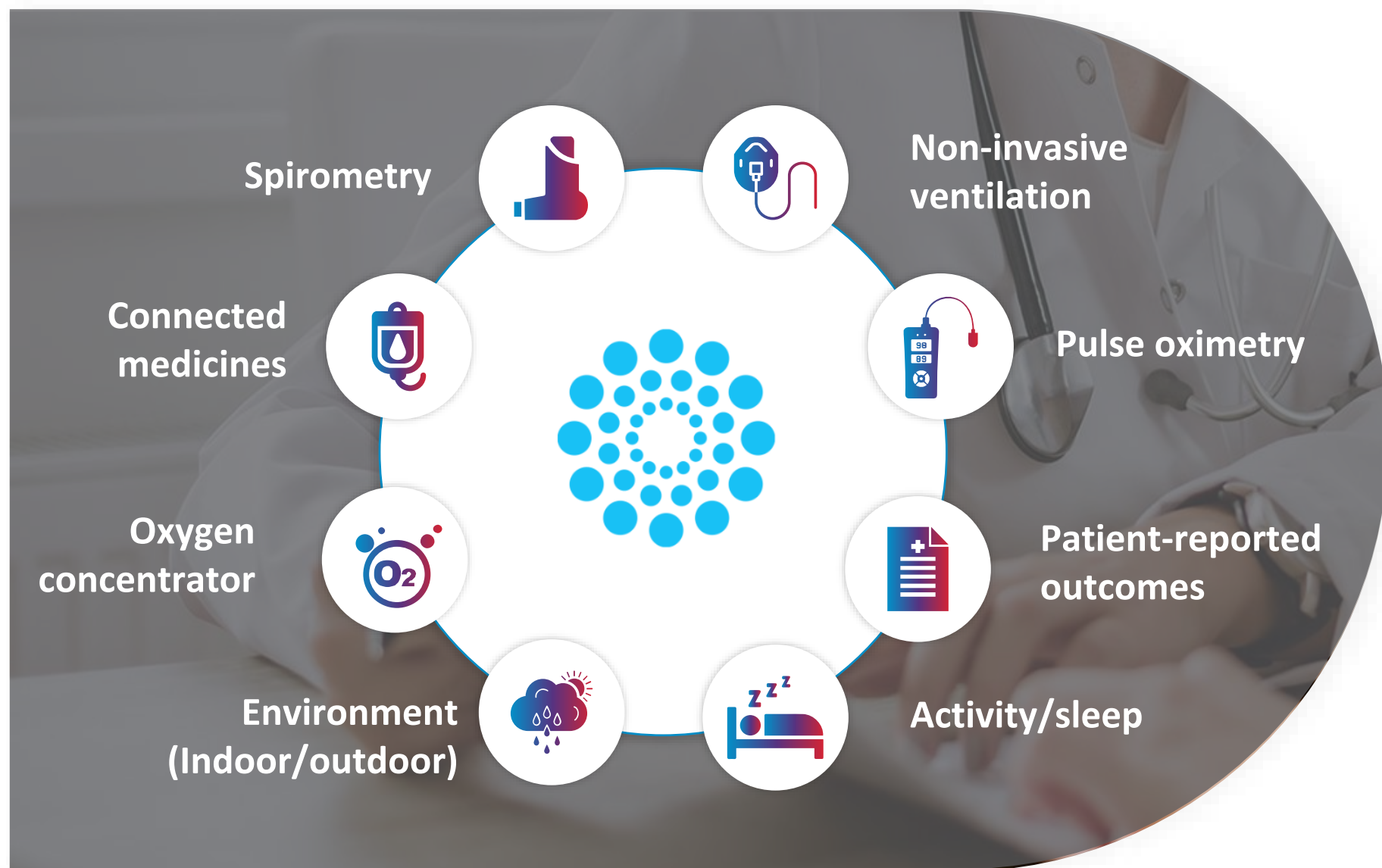









# Our digital health platform supports COPD patients on their healthcare journey

## The digital respiratory Integrated Care Model we are creating through Propeller

## Data processed by a powerful insights engine

## Driving value propositions for stakeholders



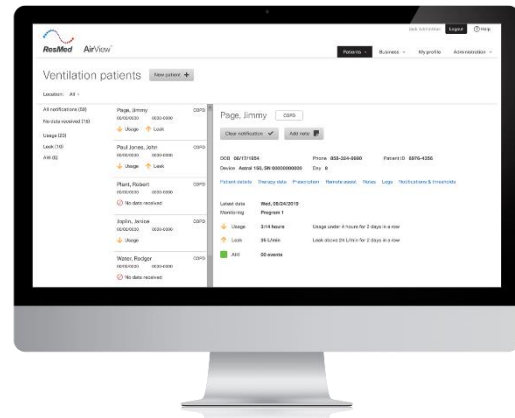
-  Order telehealth consultation
-  Exacerbation alert
-  Clinician decision support (e.g., recommend POC)
-  Pollen alert
-  Clinical data for patients / clinicians
-  Recommend rehab
-  Order test

The Integrated Care Model will support patients through their journey of chronic respiratory diseases

# We have the full spectrum of solutions for respiratory care



## Patient Management



AirView™ for Respiratory

## Digital Therapeutics



Propeller

## Portable Oxygen



Mobi™

## High-Flow Therapy



AcuCare™ high flow

## Bilevel Ventilation



AirCurve 10™

## Non-invasive Ventilation (NIV)



Lumis™



Stellar™

## Life Support Ventilation



Astral™



Astral™ with RCM

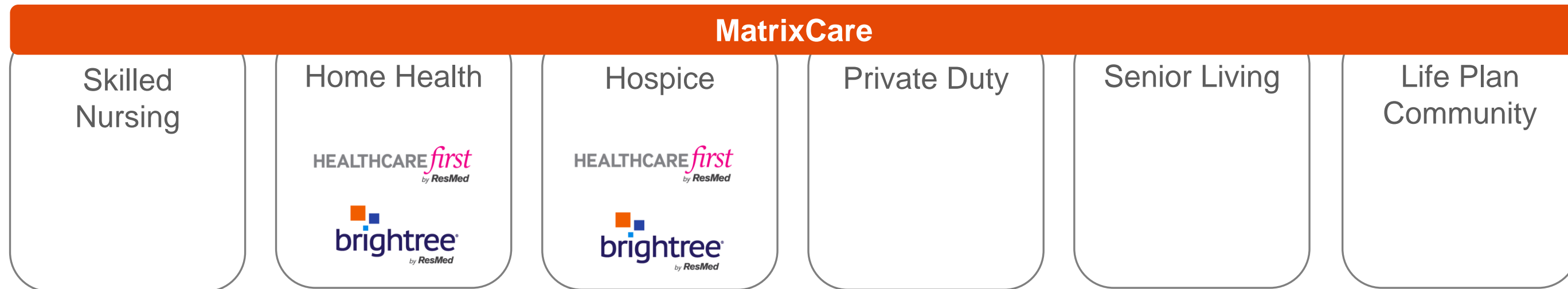
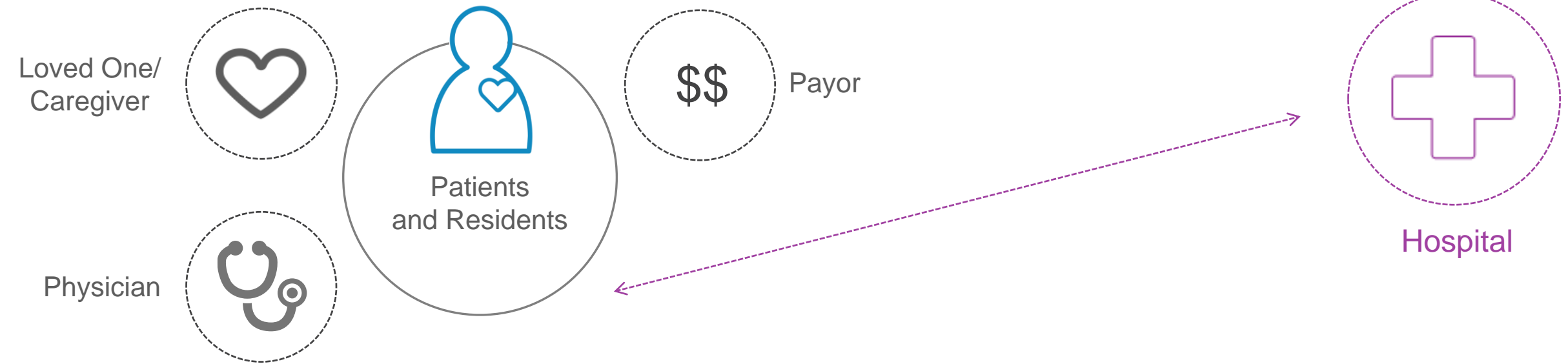
*Patient Acuity*



# Our Business: Software as a Service (SaaS)



# Leading provider of cloud-based software for out-of-hospital care providers across multiple settings



# SaaS portfolio well positioned to improve outcomes and lower costs across out-of-hospital healthcare

**Better patient experience. Improved clinical outcomes. Lower overall cost of care.**

- 
- **Intelligent workflow**
  - **Privacy**
  - **Security**
  - **Advanced analytics**
  - **Interoperability**

- Single view of the patient
- Comprehensive interoperability
- Care transition, coordination, and collaboration
- Seamless access to information for patients and those who care for them
- Manage populations across provider / care settings
- Data insights to enable better care / better results

*Connected systems deliver the best outcomes for value-based care*

# Financials



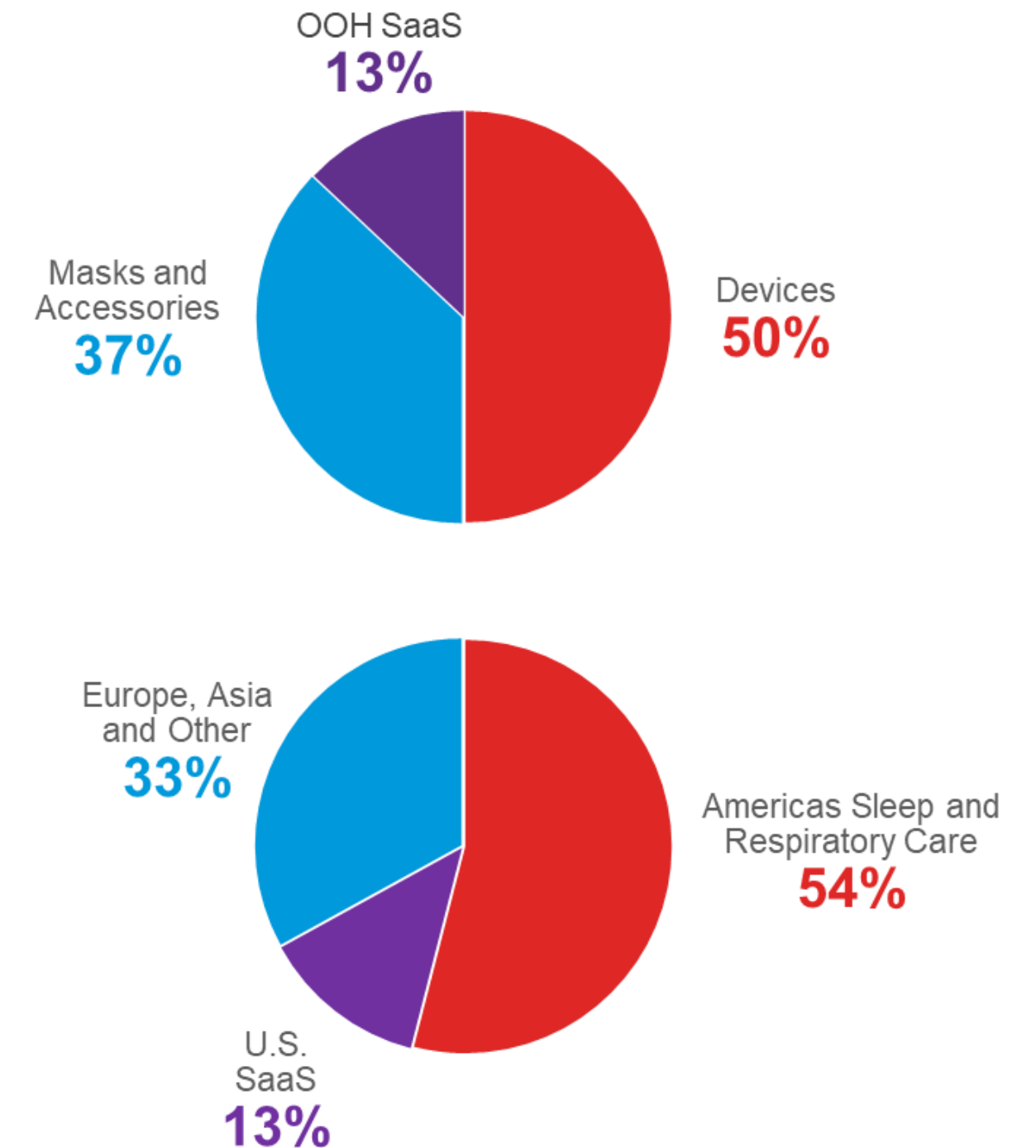
# 1Q20 financial results



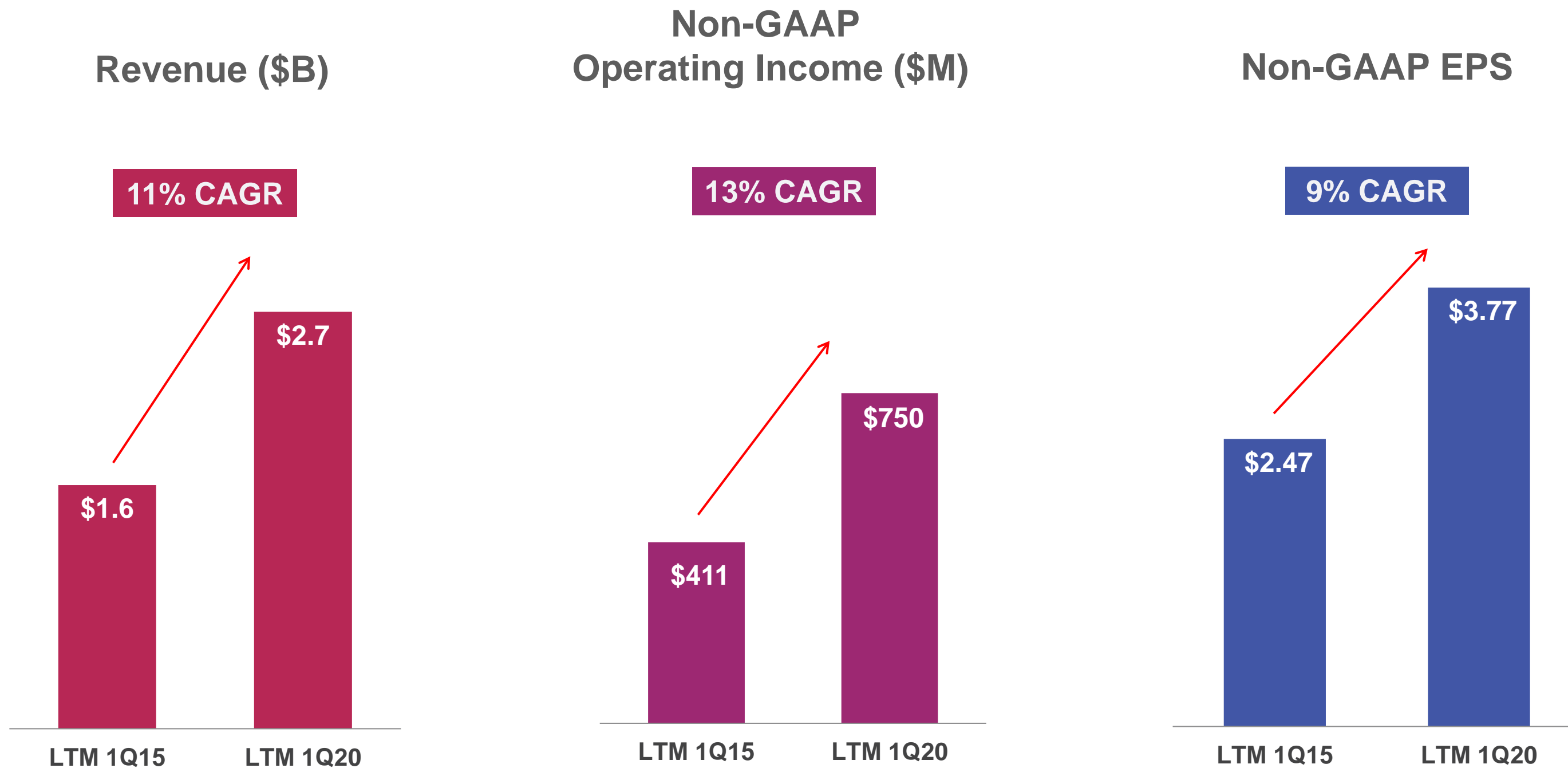
	1Q20
<b>Revenue</b>	\$681.1M +16% (+17% CC)
<b>Gross margin</b>	59.5% +120 bps
<b>Non-GAAP operating income*</b>	\$191.0M +22%
<b>Non-GAAP EPS*</b>	\$0.93 15%
<b>Free cash flow</b>	\$139.7M

\* ResMed adjusts for the impact of the amortization of acquired intangibles and deferred revenue fair value adjustment from their evaluation of ongoing operations, and believes that investors benefit from adjusting these items to facilitate a more meaningful evaluation of current operating performance.

*Diversified revenue  
by business & by geography*



# Track record of strong financial returns for shareholders



**Total Shareholder Return** (NYSE shares as of 12/31/19):

**1-yr 38%** ▪ **3-yr 161%** ▪ **5-yr 201%**



# Striving for excellence in environmental, social, and governance processes



Eliminating unnecessary waste	Minimizing pollution	Product stewardship	Responsible compliance	Increased awareness and continual improvement
<p>We work to eliminate unnecessary waste in all our systems &amp; processes, such as <b>minimizing our use of natural resources.</b></p>	<p>We are minimizing pollution, in particular our <b>non-biodegradable waste to landfill.</b></p>	<p>We design and develop products with <b>reduced impact on the environment</b> through their lifecycle.</p>	<p>We fulfill all <b>relevant and applicable compliance obligations</b> in the countries and communities that we operate in.</p>	<p>We <b>drive internal awareness of environmental impacts and monitor our performance</b> through collaboration with others to make continual improvements</p>

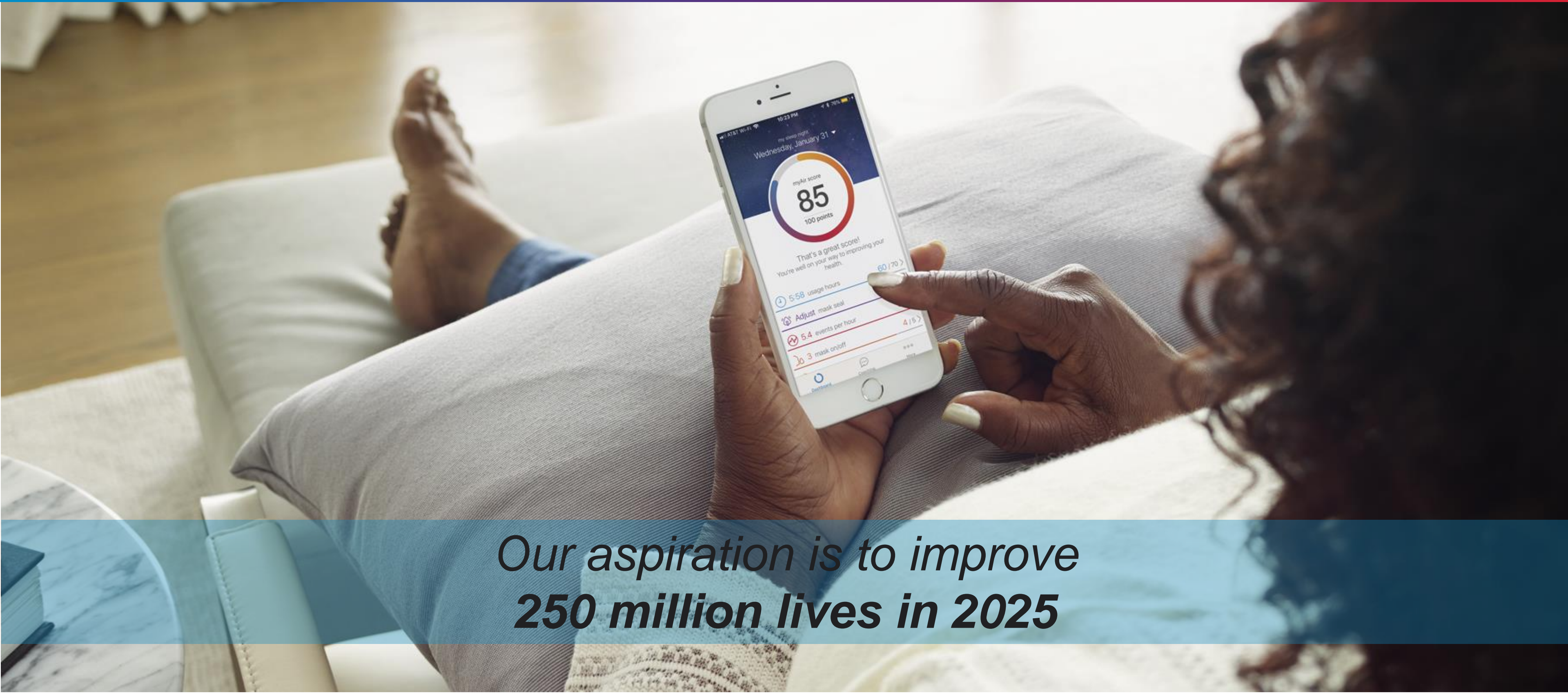


## Recognized by others for leading in this space:

- #18 on Forbes & Just Capital's "2019 Just 100," #1 in Healthcare Equipment and Services
- #125 on WSJ's 2019 Management Top 250 of the U.S.'s most well-run companies for customers, employees, and investors



*In the last 12 months, we changed approximately **15 million lives** with our products and improved **93 million more** via our out-of-hospital care network*



*Our aspiration is to improve **250 million lives in 2025***

# Contact Investor Relations

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