



**ResMed**

*Changing lives  
with every breath*

## ➤ Investor Presentation

Q4 2017

August 1, 2017

## ➤ Safe Harbor Statement

Statements contained in this presentation that are not historical facts are “forward-looking” statements as contemplated by the Private Securities Litigation Reform Act of 1995. These forward-looking statements — including statements regarding ResMed's projections of future revenue or earnings, expenses, new product development, new product launches and new markets for its products and the integration of acquisitions — are subject to risks and uncertainties, which could cause actual results to materially differ from those projected or implied in the forward-looking statements. Additional risks and uncertainties are discussed in ResMed's periodic reports on file with the U.S. Securities & Exchange Commission. ResMed does not undertake to update its forward-looking statements.

# > ResMed – *Driving Value for Shareholders*



## **Long-term growth**

opportunities across all three horizons of ResMed's strategy



## **Reduce healthcare costs; improve outcomes**

Improve quality of life for patients  
Prevent chronic disease progression  
Reduce costs of managing chronic disease



## **Proven innovator**

in products and Connected Care for sleep apnea, COPD, neuromuscular disease and other chronic diseases



## **Disciplined financial management**

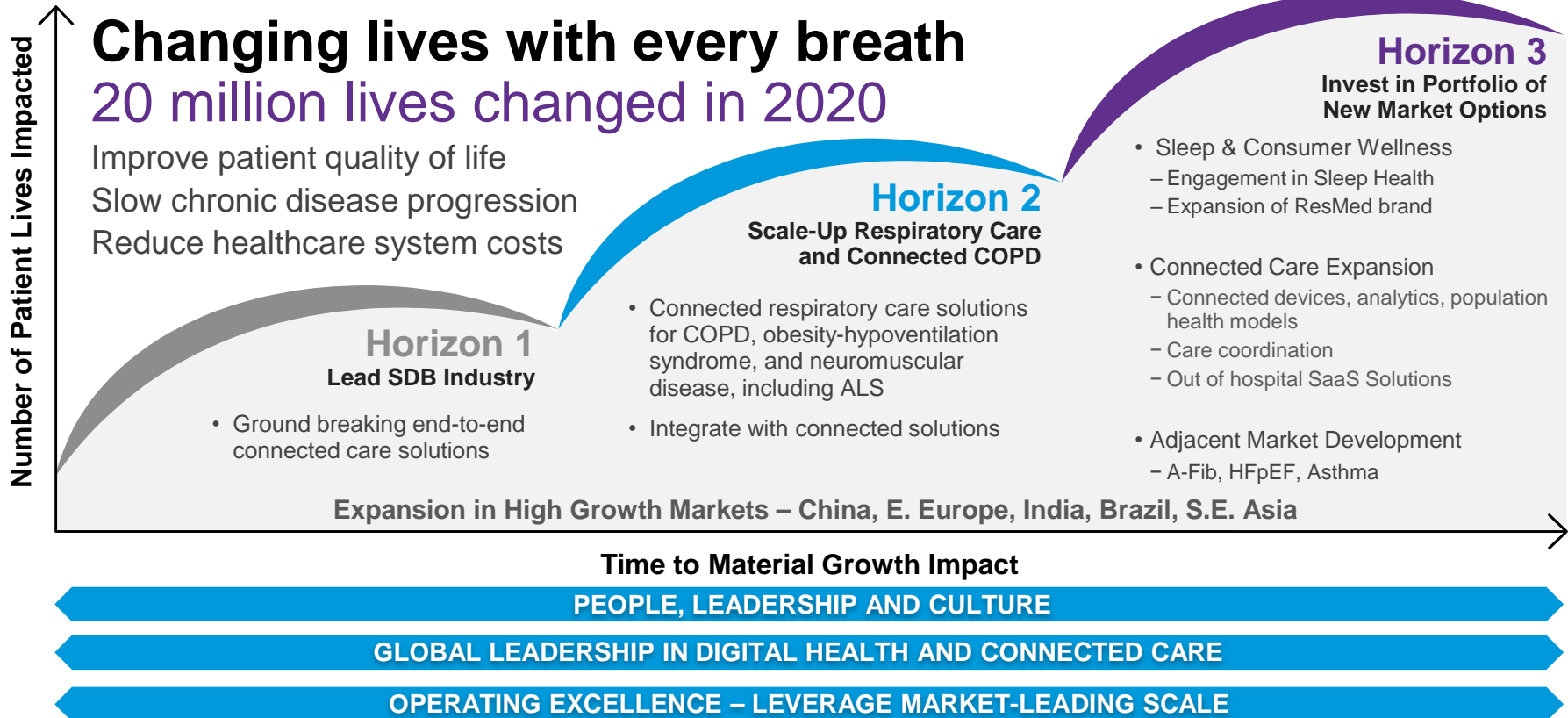
Operational excellence,  
strong capital deployment history,  
committed to investing in innovation and  
returning excess cash to shareholders



## **Underpenetrated markets**

For sleep-disordered breathing and respiratory care

# ResMed's growth strategy



# Global leader in sleep apnea management



**AirFit™ P10**  
Nasal Pillows System



**AirFit™ N20**  
Nasal mask



**AirFit™ F20**  
Full face mask



**AirTouch™ F20**  
Full face mask

**AirSense™ 10**



**AirView™**



**myAir™**



➤ We have launched the world's smallest CPAP



When I was on the road  
my sleep therapy stayed home.

Now it's my favorite travel partner.

Rewrite your bedtime stories.

Learn more at [ResMed.com/AirMini](https://ResMed.com/AirMini)

# ➤ Full spectrum of products for respiratory care



## Portable Oxygen Concentrator



Activox™

## High-Flow Therapy



AcuCare™ nasal cannula

## Bilevel Ventilation



AirCurve 10

## Non-invasive Ventilation (NIV)



Lumis™



Stellar™

## Life Support Ventilation



Astral™



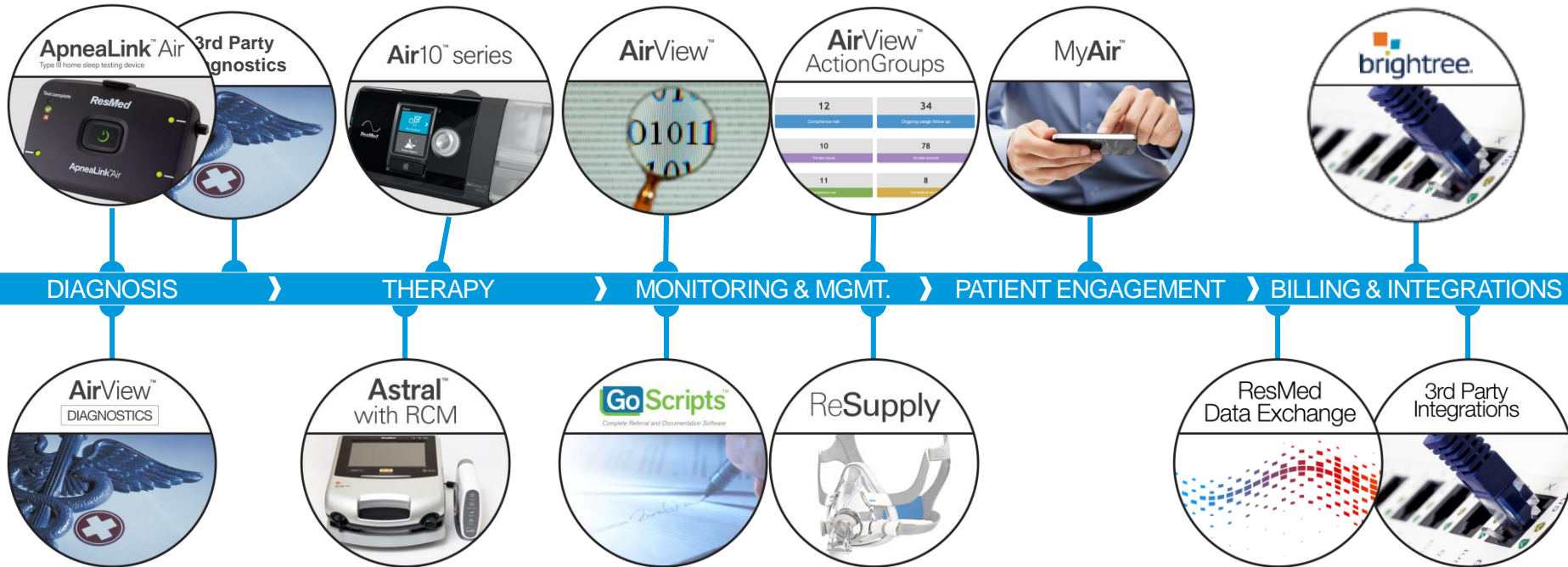
Astral™ with RCM

→ Patient Acuity

# End-to-end solutions for sleep apnea & respiratory care



Over 3 million cloud-connected med devices liberating data daily through AirView







**AirView™** has over  
**5 million+ patients**

**3 million+** patients  
monitored at **home** with  
**connected care**

**200,000+** diagnostic tests  
processed **in the cloud**

Brightree has **45 million+**  
patient accounts as part of its  
post-acute care network

**24 API calls** per **second**  
from integrators

**1,250+** patients a day  
**sign up** for **myAir™**

## ➤ Liberating sleep data and providing predictive analytics

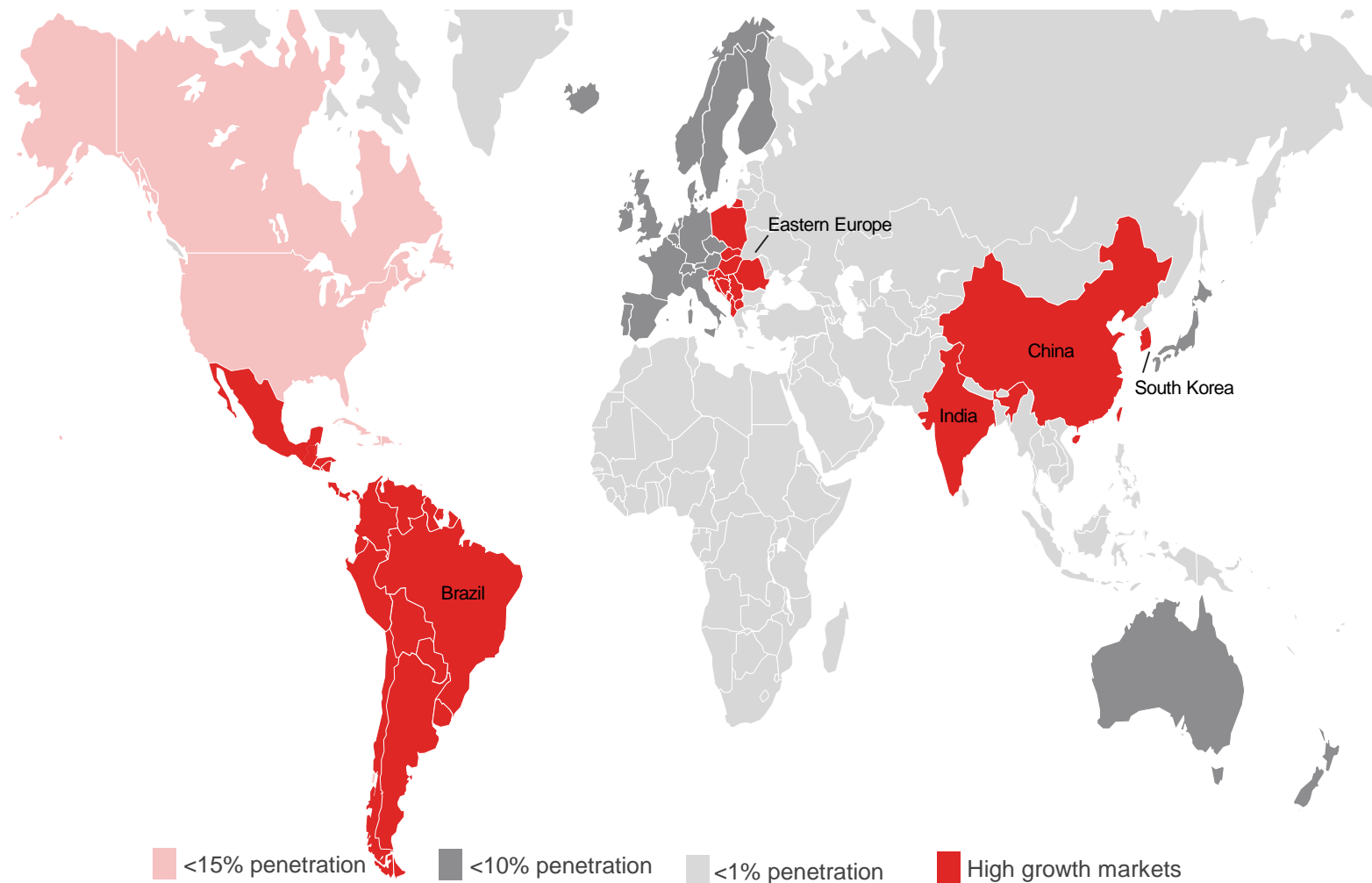


- Over 1 billion nights of sleep data
- Receiving over 3 million nights of data daily
- Clinically proven devices and solutions
- Leading solutions consulting services
  - improve healthcare outcomes
  - unlock value for patients, physicians, providers and payers

# ➤ Sleep apnea is a huge and underpenetrated market



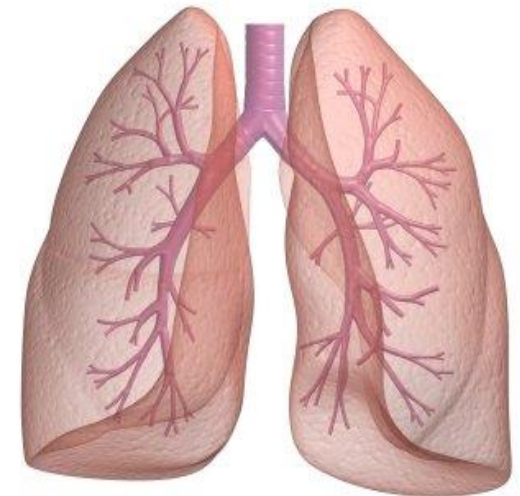
## Sleep Heart Health Study: 26% of adults have sleep apnea



# ➤ COPD is a large and growing market



- Chronic obstructive pulmonary disease (COPD) is the third leading cause of death worldwide<sup>1</sup>
- More than 380 million people worldwide are estimated to have COPD<sup>2</sup>
  - Largely undiagnosed COPD sufferers in high-growth markets such as China, India, Brazil and E. Europe may be well over 100 million<sup>3</sup>
- Cost to healthcare systems from COPD is enormous:
  - Europe: ~€48 billion per year<sup>4</sup>
  - US: ~\$50 billion per year<sup>5</sup>
- More than 3 million people worldwide die each year due to COPD<sup>5</sup>



<sup>1</sup>World Health Organization. The top 10 causes of death: Fact sheet: No310 (2014, May) accessed 20Jul16

<sup>2</sup>Ferkol T et al. Annals ATS 2014

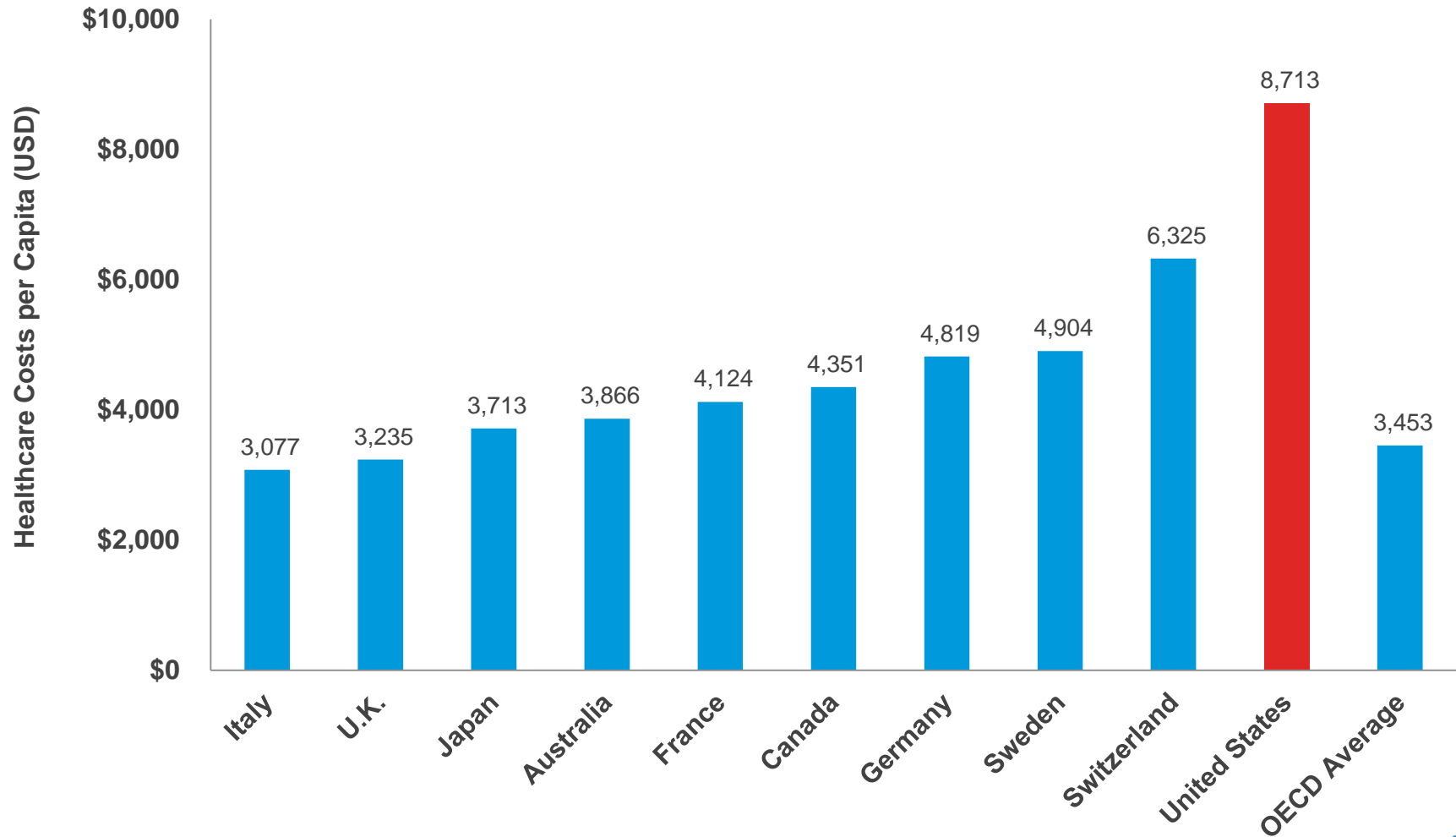
<sup>3</sup>Company estimates based on World Health Organization estimates and Zhong et al. "Prevalence of Chronic Obstructive Pulmonary Disease in China" *Respiratory and Critical Care*

<sup>4</sup>European Respiratory Society, *European Lung White Book* <http://www.erswhitebook.org/chapters/the-economic-burden-of-lung-disease/> accessed 20Jul16

<sup>5</sup>Guarascio et al. Dove Med Press, 2013 Jun 17

<sup>6</sup>World Health Organization. Chronic obstructive pulmonary disease (COPD): Fact sheet No315. 2015 accessed 20Jul16

# Opportunity to shift care from hospital to home



Source: Organization for Economic Cooperation and Development, OECD Health Statistics 2015, July 2015. As compiled by the Peter G. Peterson Foundation. Per capita health expenditures all from 2013, except Australia for which 2012 data are the latest available. Chart uses purchasing power parities to convert data into U.S. dollars



# AirView™



Labor  
Costs<sup>2</sup>



New  
Patient  
Setups<sup>3</sup>

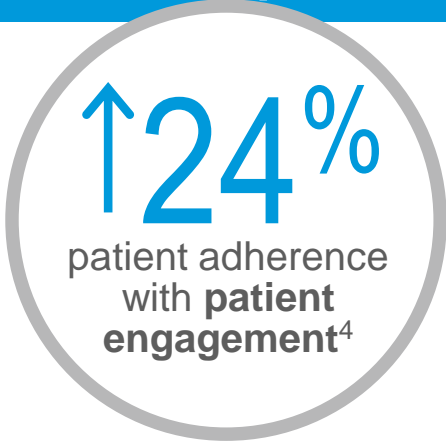


# myAir™



World's largest study for adherence

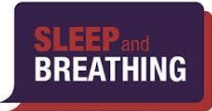
> 128,000 patients



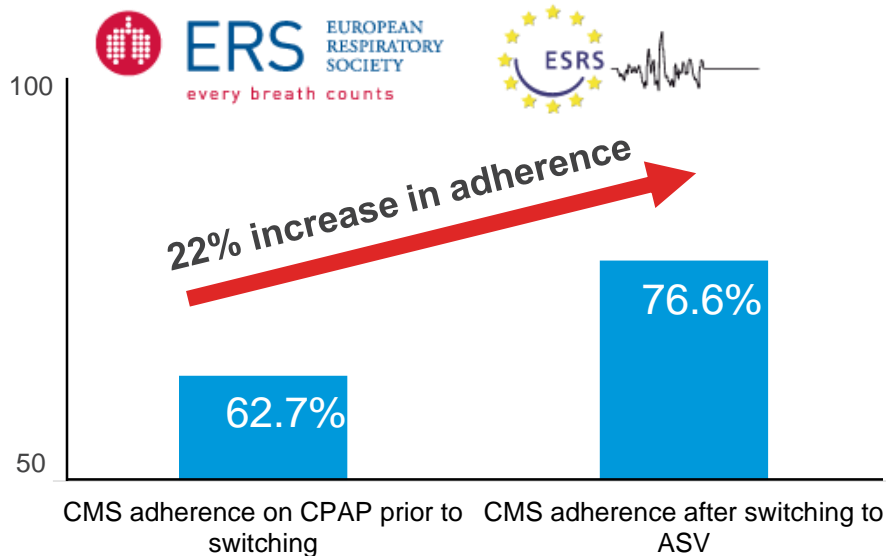
1. Hwang, et al., Tele-OSA study, Abstract SLEEP 2016  
2. Munafò, et al. Sleep Breath 2016  
3. Data based on monthly patient setups and compliance rates of DME customers from February 2014 – March 2015. Historical results for this provider over the stated time  
4. Crocker, et al., Abstract CHEST 2016

# > Big data insights on central sleep apnea

## CPAP to ASV increased adherence



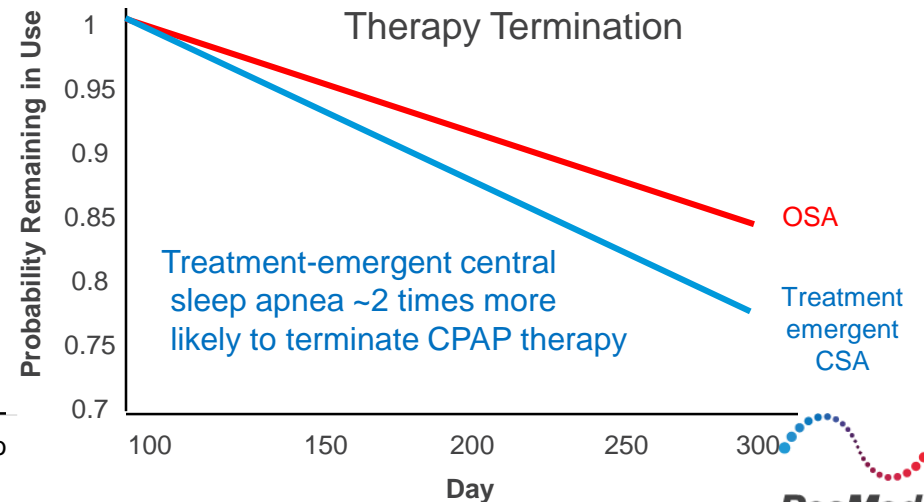
- Largest-ever analysis: ~200k patients with treatment-emergent central sleep apnea
- Switching from CPAP to ASV **improves relative adherence by 22 percent**
- Patients who switched from CPAP to ASV had significantly fewer apneas and hypopneas (breathing stoppages or reductions) during sleep



## CSA ~two times chance of quitting therapy



- Big Data Study ~135,000 patients showed those with treatment-emergent central sleep apnea (CSA) are two times more likely to terminate therapy
- Analysis highlights rethinking conventional therapeutic options
- Regularly monitoring patients to support adherence to treatment
- Early diagnosis of CSA to minimize risk of therapy termination



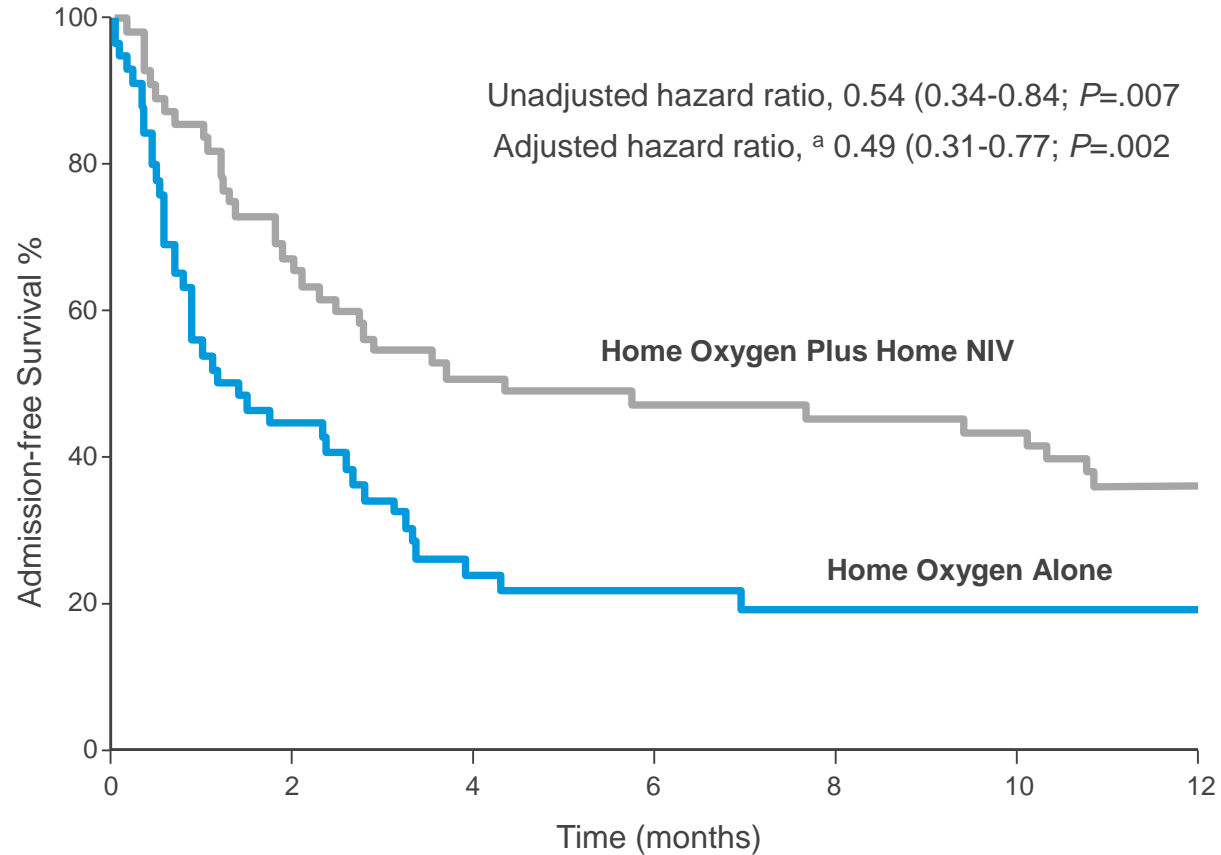
# Non-Invasive Ventilation: *Reduces hospital admissions*



## Admission free survival by treatment arm over one year

Combining non-invasive ventilation with home oxygen therapy:

- **Reduced likelihood of hospital re-admission or death by 51%**
- Increased time to re-admission to hospital or death by ~90 days



1 P. Murphy et al., Effect of Home Noninvasive Ventilation With Oxygen Therapy vs Oxygen Therapy Alone on Hospital Readmission or Death After an Acute COPD Exacerbation. A Randomized Clinical Trial, JAMA. Published online May 21, 2017. doi:10.1001/jama.2017.4451.



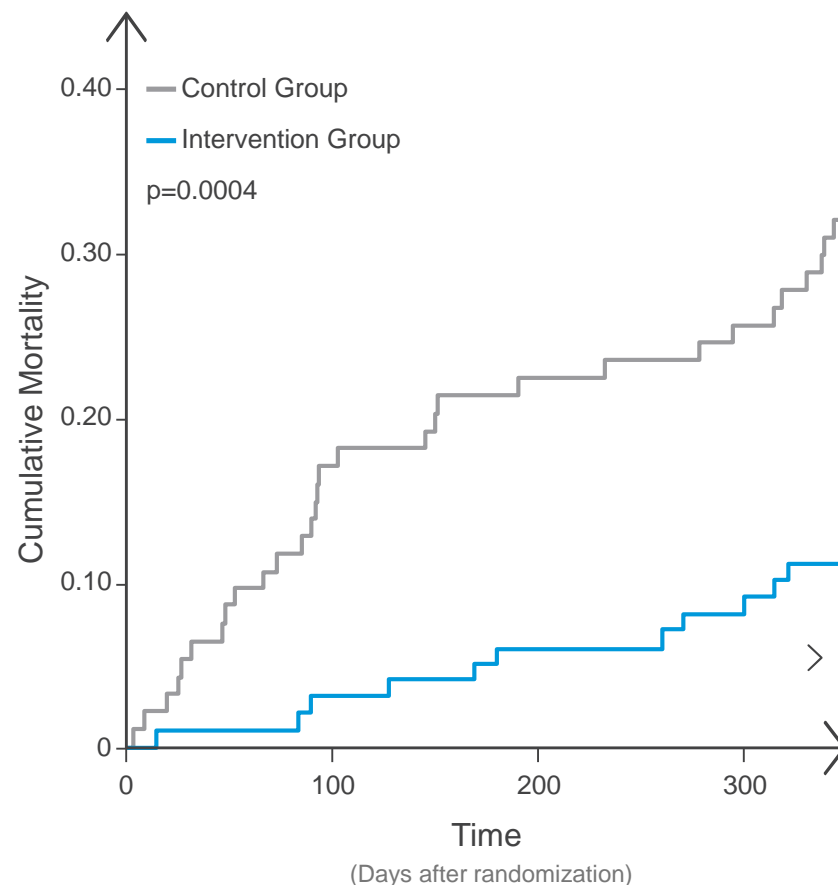




## THE LANCET Respiratory Medicine

- Mortality risk reduced by 76%\* using long-term non-invasive ventilation (NIV) treatment in severe, hypercapnic chronic obstructive pulmonary disease (COPD)
- One-year mortality in the two matched COPD cohorts:
  - 12% mortality (NIV intervention group)
  - 33% mortality (control group)
- Significant potential for NIV growth:
  - NIV underpenetrated as treatment for COPD
  - Key growth areas: US, Europe, China, Brazil

References: Köhnlein et al. *Lancet Respir Med* 2014



# ➤ Longer term growth through a portfolio of options



## • Sleep & Consumer wellness

- Engagement in Sleep Health
- Expansion of ResMed brand

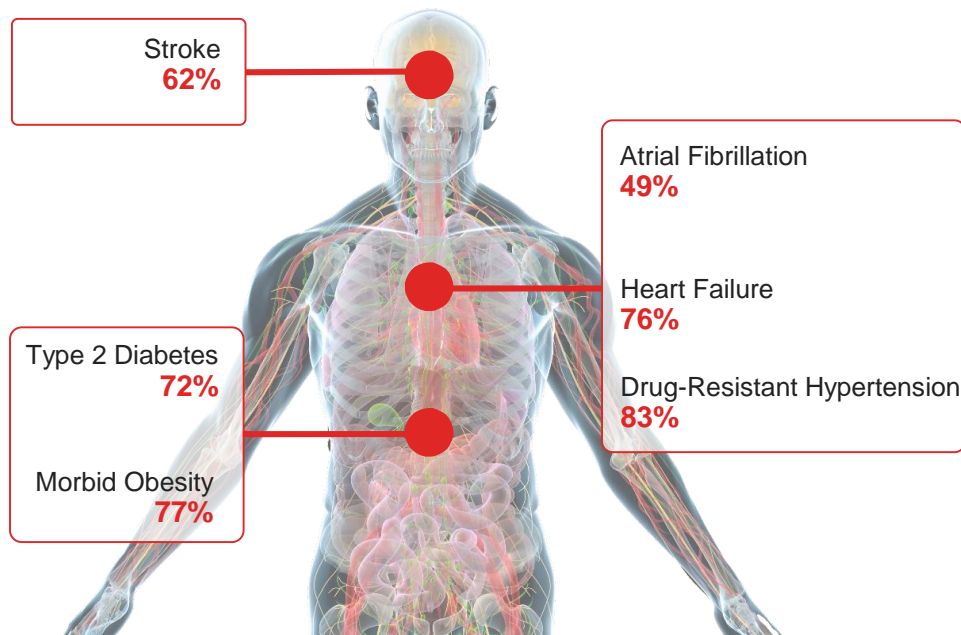


## • Connected Care Expansion

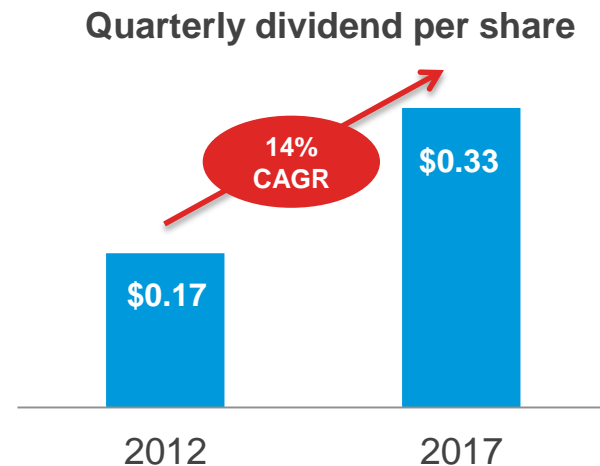
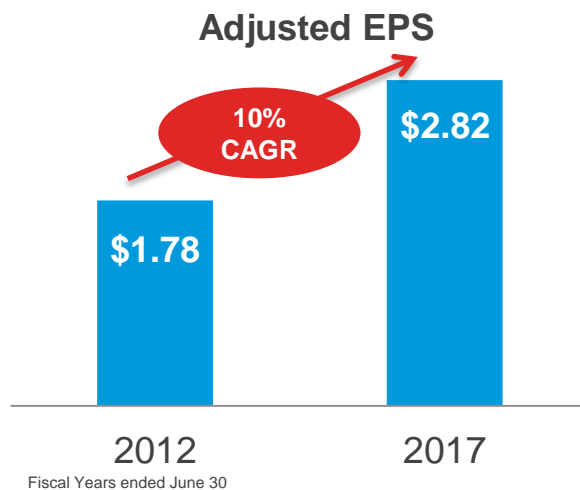
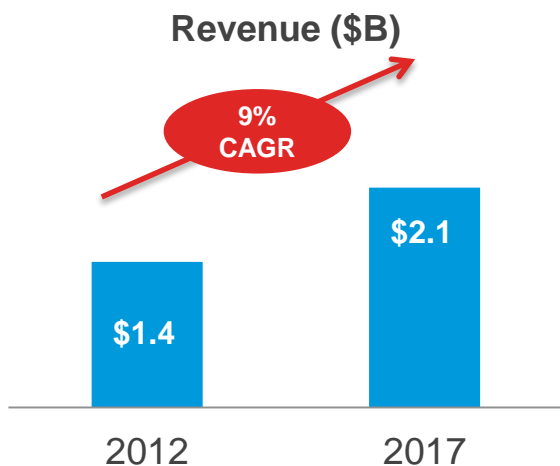
- Connected devices, predictive analytics, population health models
- Care coordination services
- Post acute care SaaS Solutions

## • Adjacent Market Development

- A-Fib, HFpEF, Asthma, Monitoring



# Disciplined financial track record

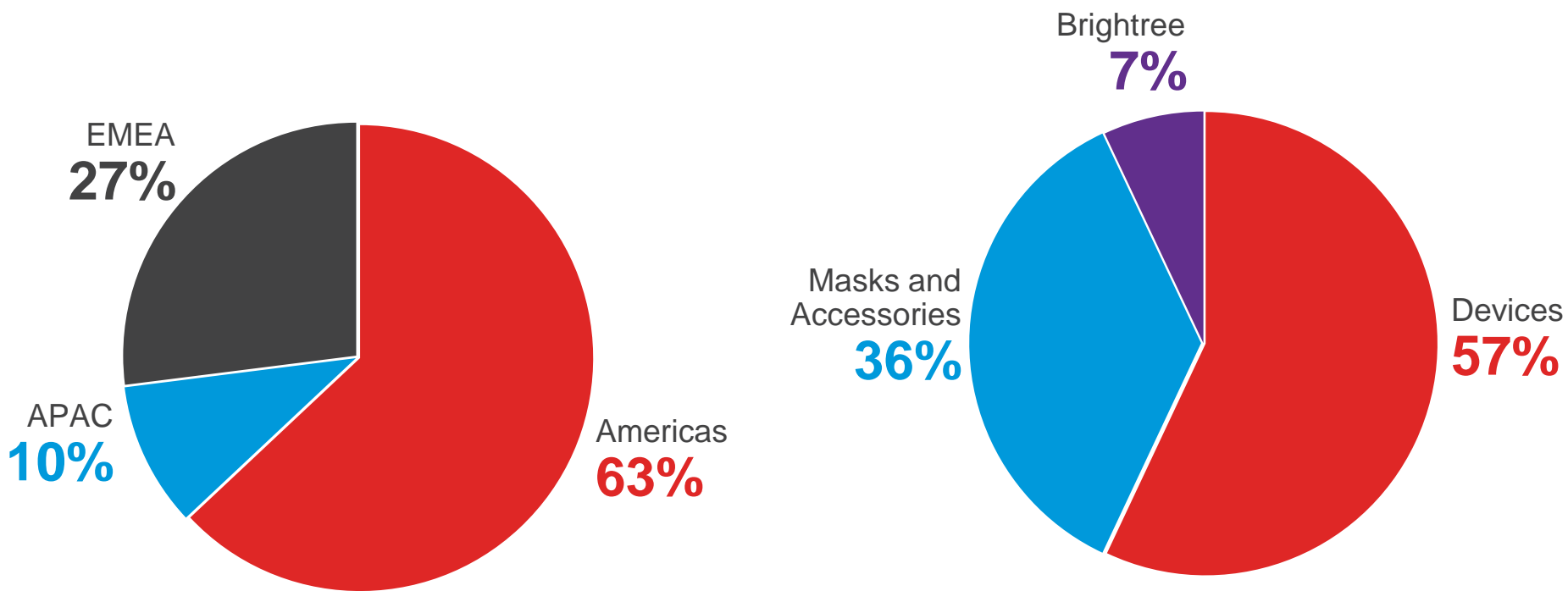


## Q4 2017 results

Key Financial Metrics	Q4 2017
Revenue	\$556.7M +7% (+8% CC)
Non-GAAP gross margin*	58.2%
Non-GAAP operating profit*	\$139.1M +3%
Non-GAAP net income*	\$109.6.M +5%
Non-GAAP EPS*	\$0.77 +4%
Cash flow from operations	\$140.3M
Free cash flow	\$122.0M

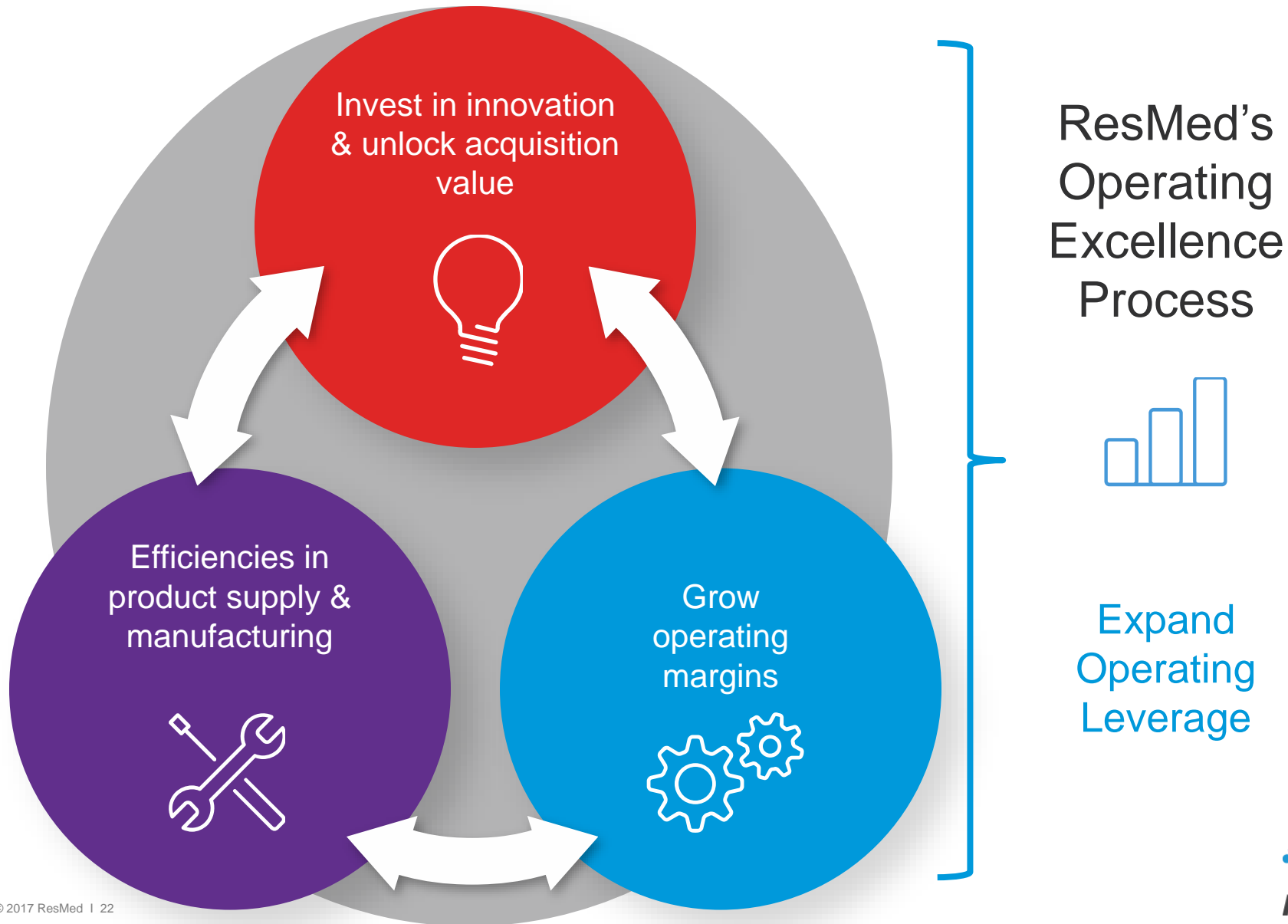
\* Excludes for the impact of the Astral battery field safety notification expenses, release of SERVE-HF accrual, restructuring expenses, litigation settlement expenses, one-time deferred revenue fair value adjustment acquisition related expenses and amortization of acquired intangible assets from their evaluation of ongoing operations.

# > Diversified revenue sources by region & product



Note: Represents Q4 2017 revenue breakdown

# > Operating Excellence: *a continuous process at ResMed*





## Capital Deployment



### Investment for Growth

- New Products
- Geographic expansion
- Acquisitions



### Free Cash Flow returned to Shareholders

- Last twelve months combined dividend and stock repurchase = 53% of free cash flow



### Increasing Dividend

- FY 2017 dividend payout ratio of 54% of net income
- Dividend per share increased by 6% over prior year

Combined dividend and buy-back over rolling 5 years  
= **77% of free cash flow**



*In the last 12 months, we changed  
more than **11 million lives.***

*Our aspiration is to change  
**20 million lives by 2020***



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## **Underpenetrated markets**

For sleep-disordered breathing and respiratory care



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