



**ResMed**

*Changing lives  
with every breath*



JP Morgan Healthcare Conference

**Mick Farrell - CEO**

January 14, 2015



## FORWARD LOOKING STATEMENTS

*Statements contained in this release 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 -- 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.*

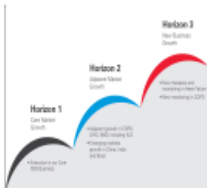


# WHO WE ARE



# WHY INVEST

Three horizons of growth



# WHERE WE'RE GOING



# Overview

Global leading developer, manufacturer and marketer of medical solutions to treat and manage sleep-disordered breathing, chronic obstructive pulmonary disease and other chronic respiratory conditions.

- Operate in more than 100 countries directly and with distribution partners
- Integrated global manufacturing operations:
  - Australia, France, Singapore, and USA
- Key markets: Sleep-Disordered Breathing, Respiratory Care, and Cardiorespiratory Diseases
- Invest ~ 8% of revenue in R&D
- More than 5,000 patents/designs issued or pending
- FY 2014 annual revenue > US\$1.5 billion
- Over 4,000 employees world-wide
- Listed: New York Stock Exchange (NYSE) and in Australia (ASX)





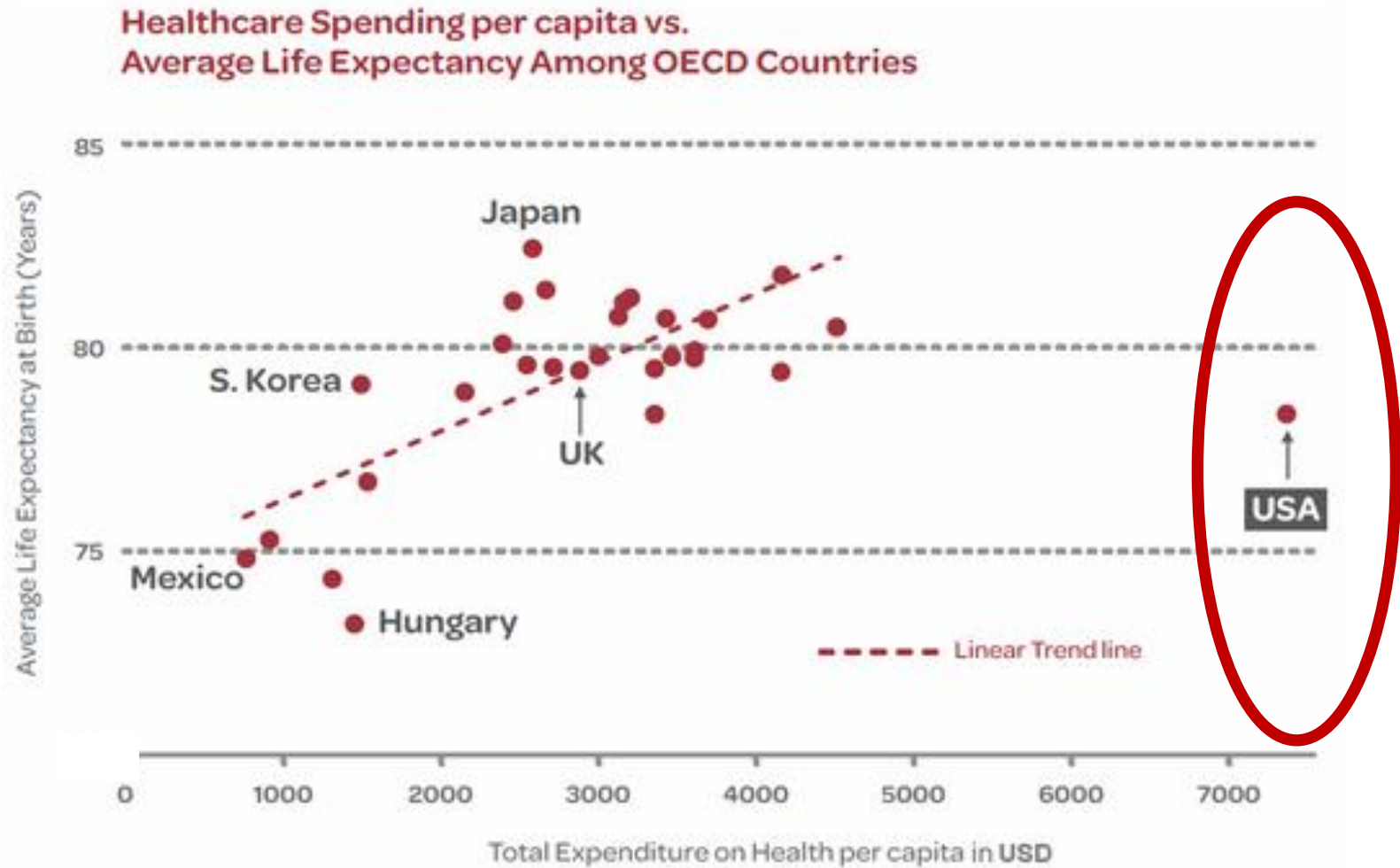
## Holy Grail: *Improve outcomes & reduce healthcare costs*

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





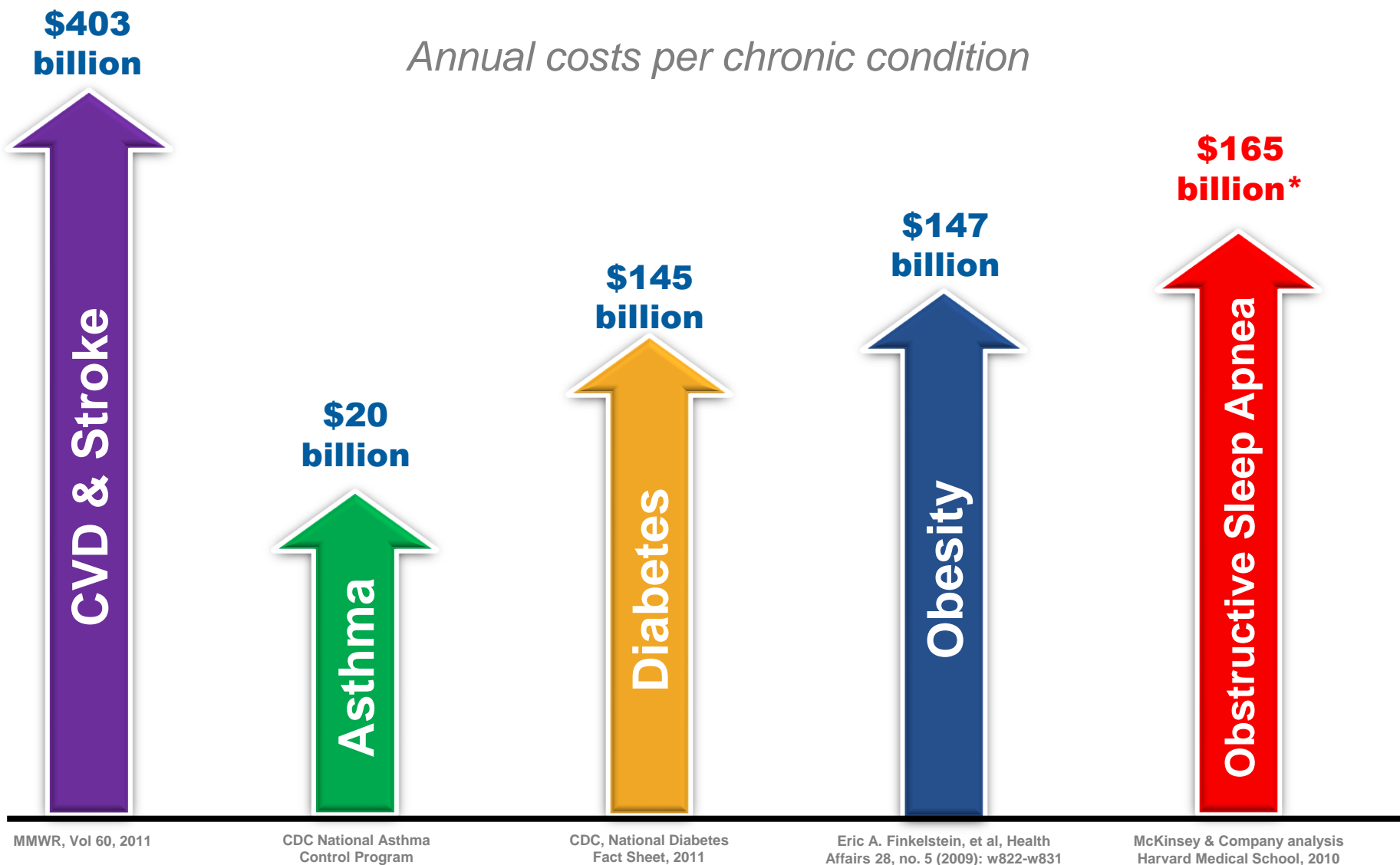
# Opportunity to shift care from hospital to home



Source: OECD report (2011) – WHY IS HEALTH SPENDING IN THE UNITED STATES SO HIGH? [www.oecd.org](http://www.oecd.org)



# We can reduce costs of key chronic diseases



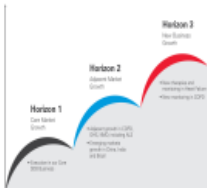


## *WHO WE ARE*



## *WHY INVEST*

Three horizons of growth



## *WHERE WE'RE GOING*



# > Why invest

## Strong Portfolio

- Broad range of products & solutions
  - Wireless, cloud-connected devices
  - End-to-end patient management solutions
  - Consumer sleep wellness offerings
- Over 100 countries



## Strong Performance

- Solid revenue growth track-record
- Operational excellence is part of our DNA
- Strong cash flow
- Active capital management - share repurchase, dividends



## Growth Drivers

- Underpenetrated global SDB market
- New adjacent markets in COPD and HF
- Emerging markets in China, India and Brazil
- Product and service innovation

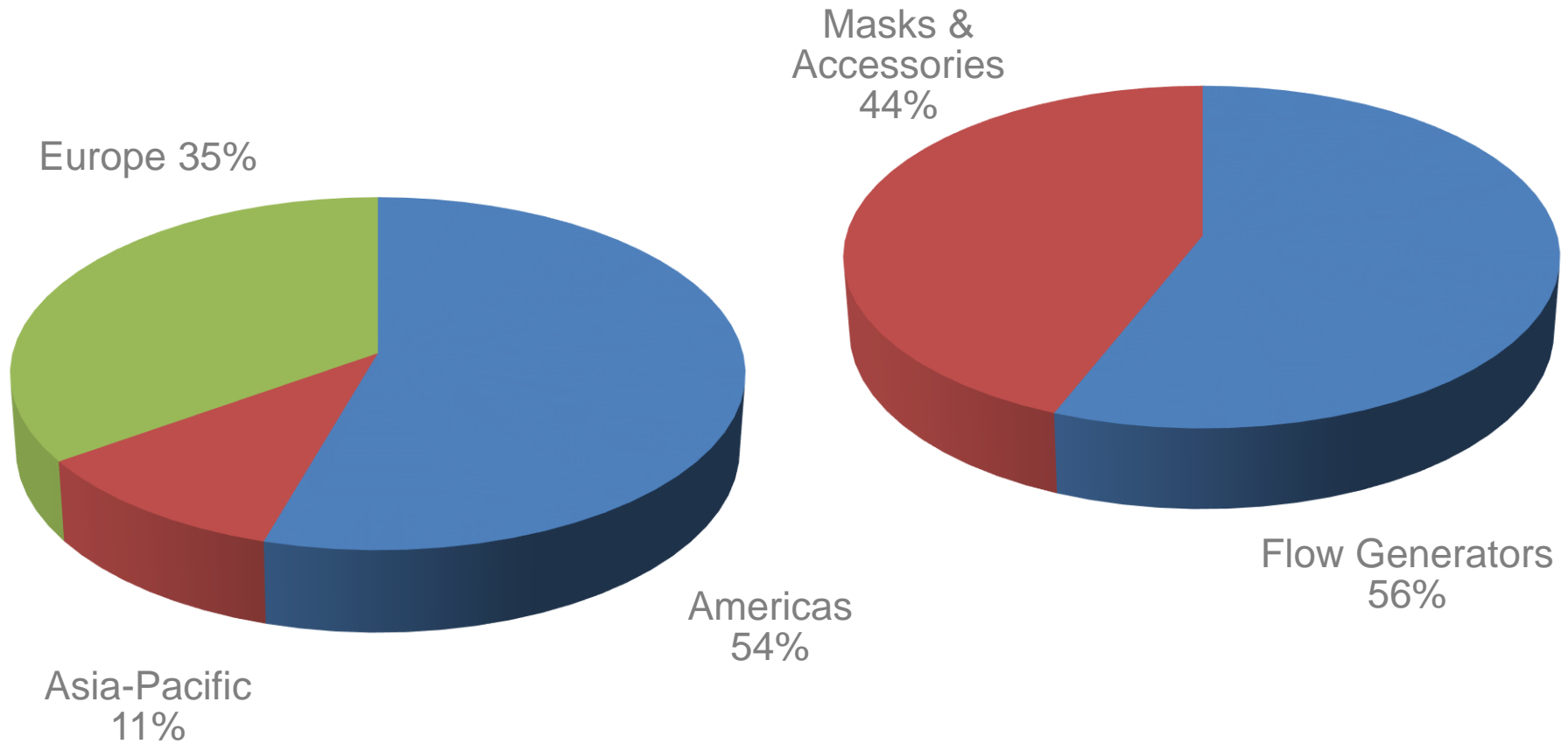




# Q1 2015 Results

Key Financial Metrics	Q1 2015
Revenue	\$380M +6% (6% CC)
Gross margin	62.4%
GAAP net income	\$83M +3%
GAAP EPS	\$0.58 +4%
Operating profit	\$95M
Cash flow from operations	\$87M

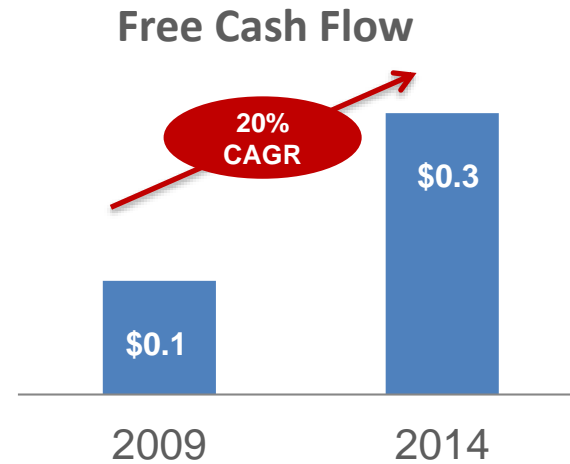
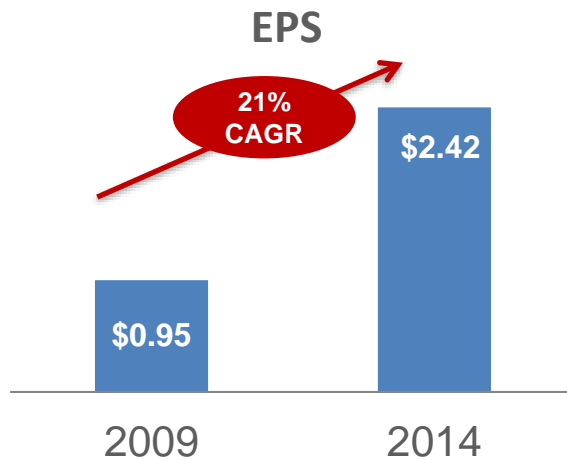
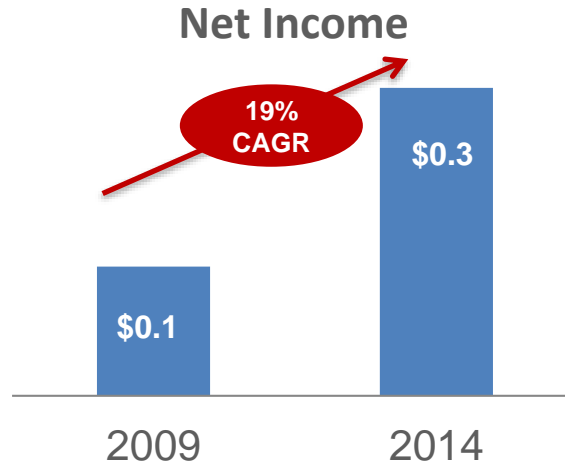
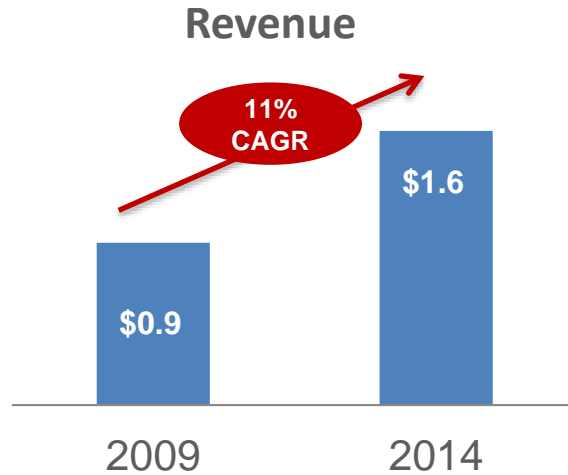
# > Diversified revenue sources by region & product



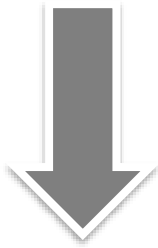


# Strong financial performance

(USD in Billions, except EPS)



## Capital Deployment



### FCF returned to Shareholders

- 2014 combined dividend and stock repurchase = 110% of free cash flow



### Increasing Dividend

- 2014 Dividend payout ratio of 41% of net income
- 2014 dividend per share increased 47% over prior year



### Investment for Growth

- New products
- Geographic expansion
- Acquisitions

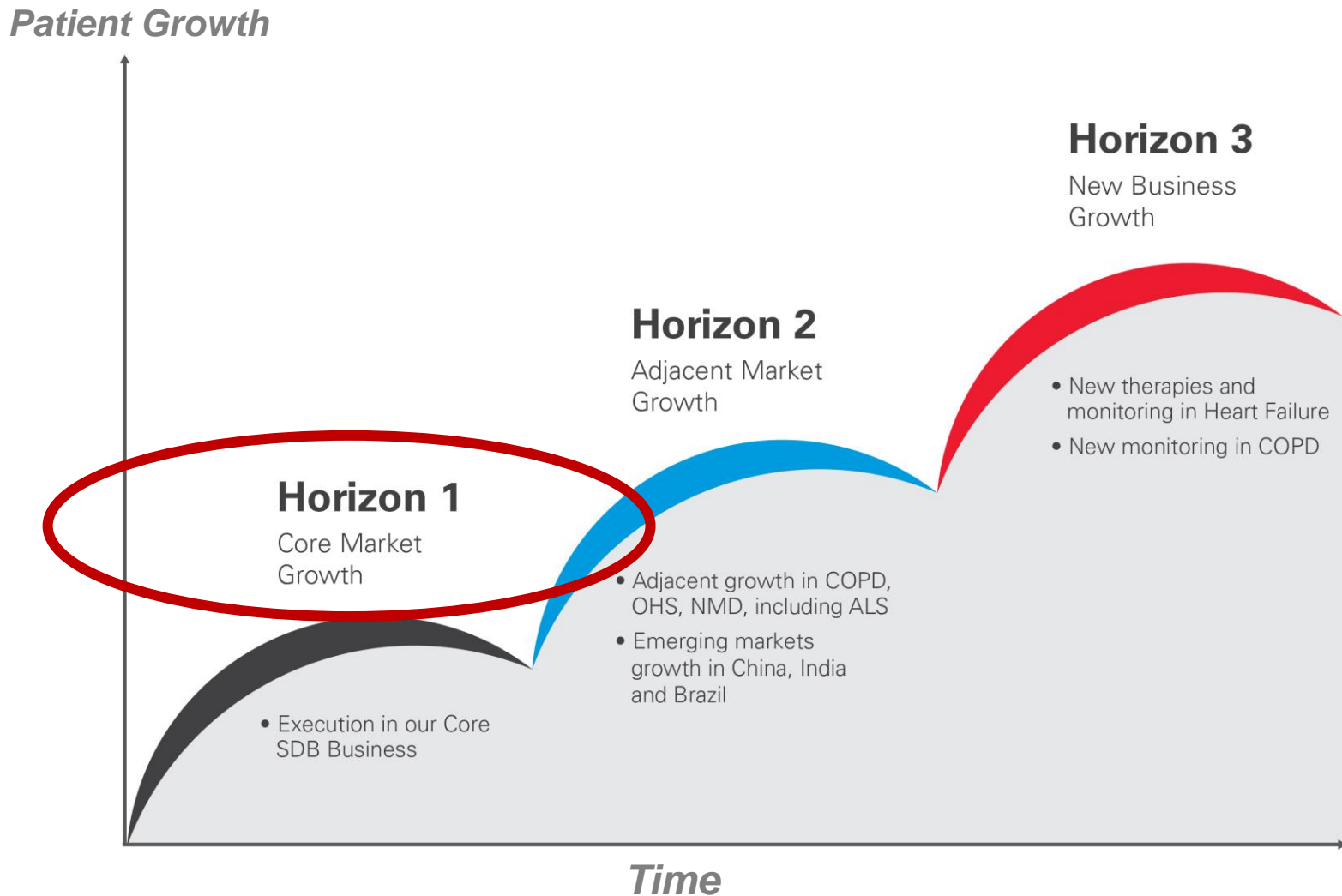
**Combined dividend and buy-back over past 5 years  
= 103% of free cash flow**





# Horizon 1: Core Market Growth

## Three horizons of growth





# Sleep-Disordered Breathing: *New Platform*

## ResMed introduces the AirSolutions Platform

- The ResMed AirSolutions Platform provides cloud-connected data access
- Provides value to patients, providers, payers, and physicians
- **End to end solutions** across the patient pathway



Diagnosis

Therapy

Monitoring

Mgmt by  
Exception

Remote  
Assist

Coaching

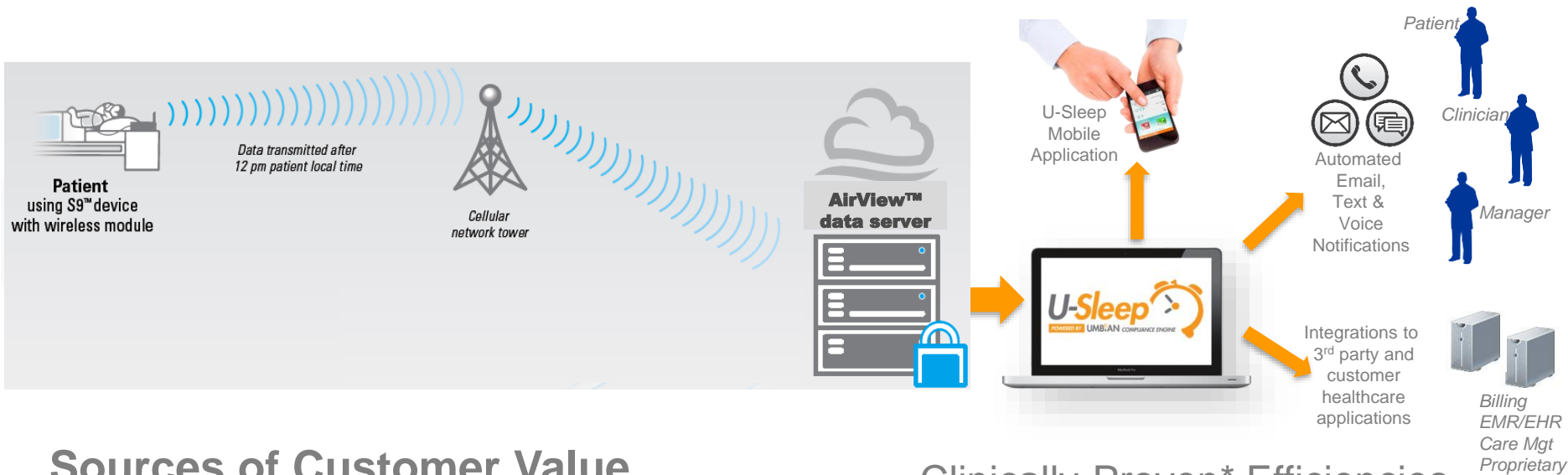
Self-  
Monitoring

Billing





# U-Sleep Solution – Improves Outcomes and Efficiency



## Sources of Customer Value

- Improves Patient Outcomes
- Increases Workflow Efficiency
- Provides Analytical Insight

## Clinically-Proven\* Efficiencies

Proven ability to maintain positive patient outcomes with significant reductions in labor.

### Results

	SOC Group	U-Sleep Group
AHI	2.8 ± 3.8	3.0 ± 4.1
Medicare Adherence	73%	83%
Mean Hours of CPAP Usage	4.7 ± 2.1	5.1 ± 1.9
Epworth Sleepiness Score	5.1	5.8
Mean Minutes of Coaching	58.3 ± 25	23.9 ± 26

**59%** reduction in labor!

\* Source: ATS Abstract A6570 San Diego May 2014



# AirFit – World-leading Patient Interfaces



## AirFit™ P10

Nasal Pillows System

- ✓ 50% quieter & lighter
- ✓ Easy to fit
- ✓ Visual freedom



## AirFit™ N10

Nasal Mask

- ✓ Compact, user-friendly design
- ✓ Ease of use; comfort
- ✓ Visual freedom
- ✓ Patients ranked #1 compared to industry masks



## AirFit™ F10

Full Face Mask

- ✓ Compact design
- ✓ Ease of use
- ✓ Patients ranked #1 for seal, comfort and ease of use



# We continue to build sleep apnea awareness



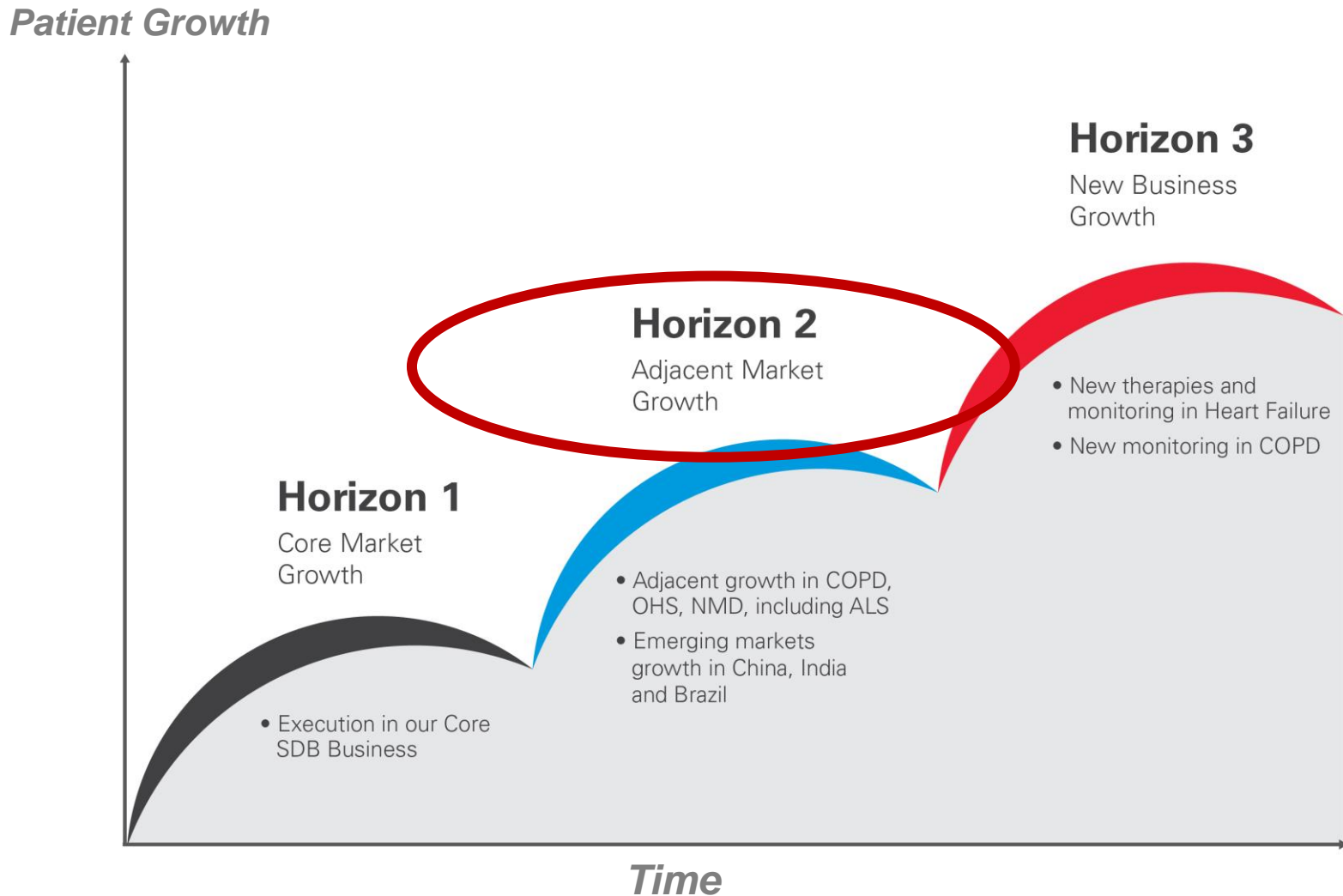
## “Ignorance is our major competitor”

- **“Better Sleep for Women”** education and product focused campaign
- **S+ by ResMed** – consumer sleep management solution available online and retail; connected to Apple HealthKit



## > Horizon 2: *Adjacent Market Growth*

Three horizons of growth



# ➤ Our new respiratory care platform: *Astral*

ResMed introduces the Astral **life support ventilator** in the U.S.



**Designed to enrich life for patients**

- Greater freedom: *patient quality of life*
- Ease of use: *saves time*
- Lower total cost of ownership: *efficiency*



reddot design award  
product design 2014



\* The Astral™ platform is water resistant, but is not waterproof. Please consult the users' manual for further information.



# > Broad respiratory care solutions

## Life Support Ventilation

- Astral™ 100 and Astral™ 150



## Non-invasive Ventilation

- Stellar™ 100 and Stellar™ 150
- S9™ VPAP ST-A with iVAPS



## Bilevel Devices

- VPAP™ S, VPAP™ Auto
- VPAP™ COPD - First and only FDA-cleared device for chronic obstructive pulmonary disease
- AirCurve™ 10 (Launched December 2014)



## Adaptive Servo-Ventilation

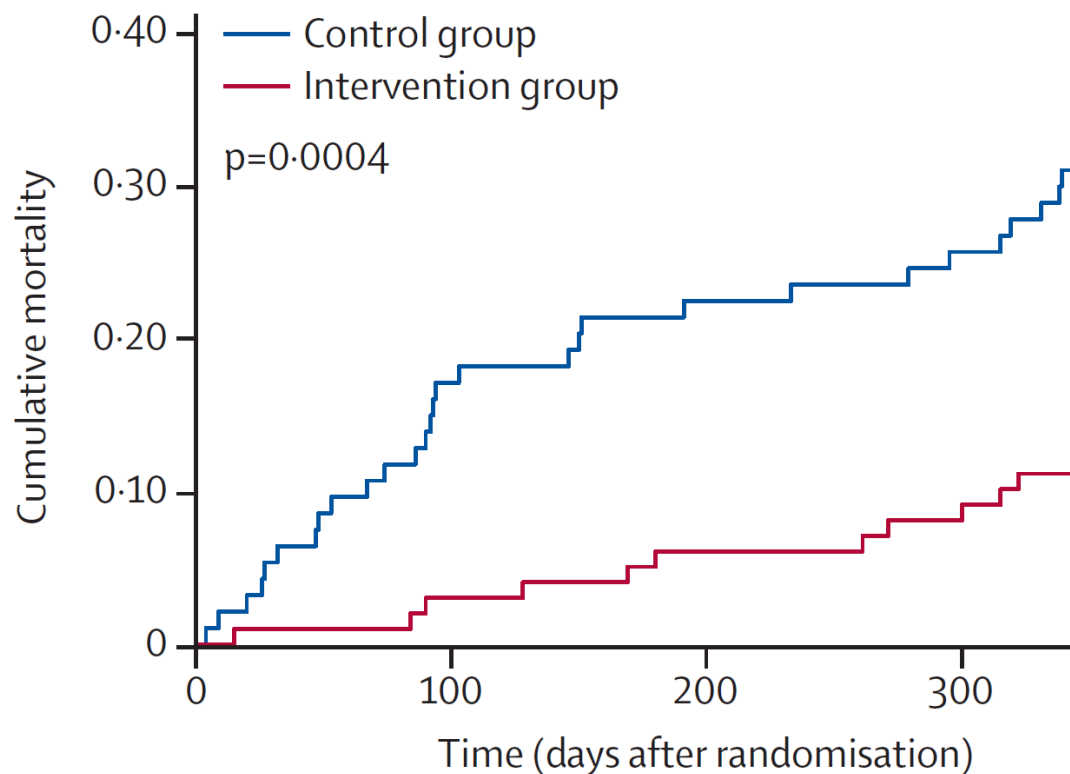
- S9 VPAP™ Adapt specifically designed to treat central sleep apnea in all its forms, including periodic breathing.





## Non-invasive ventilation reduces COPD mortality

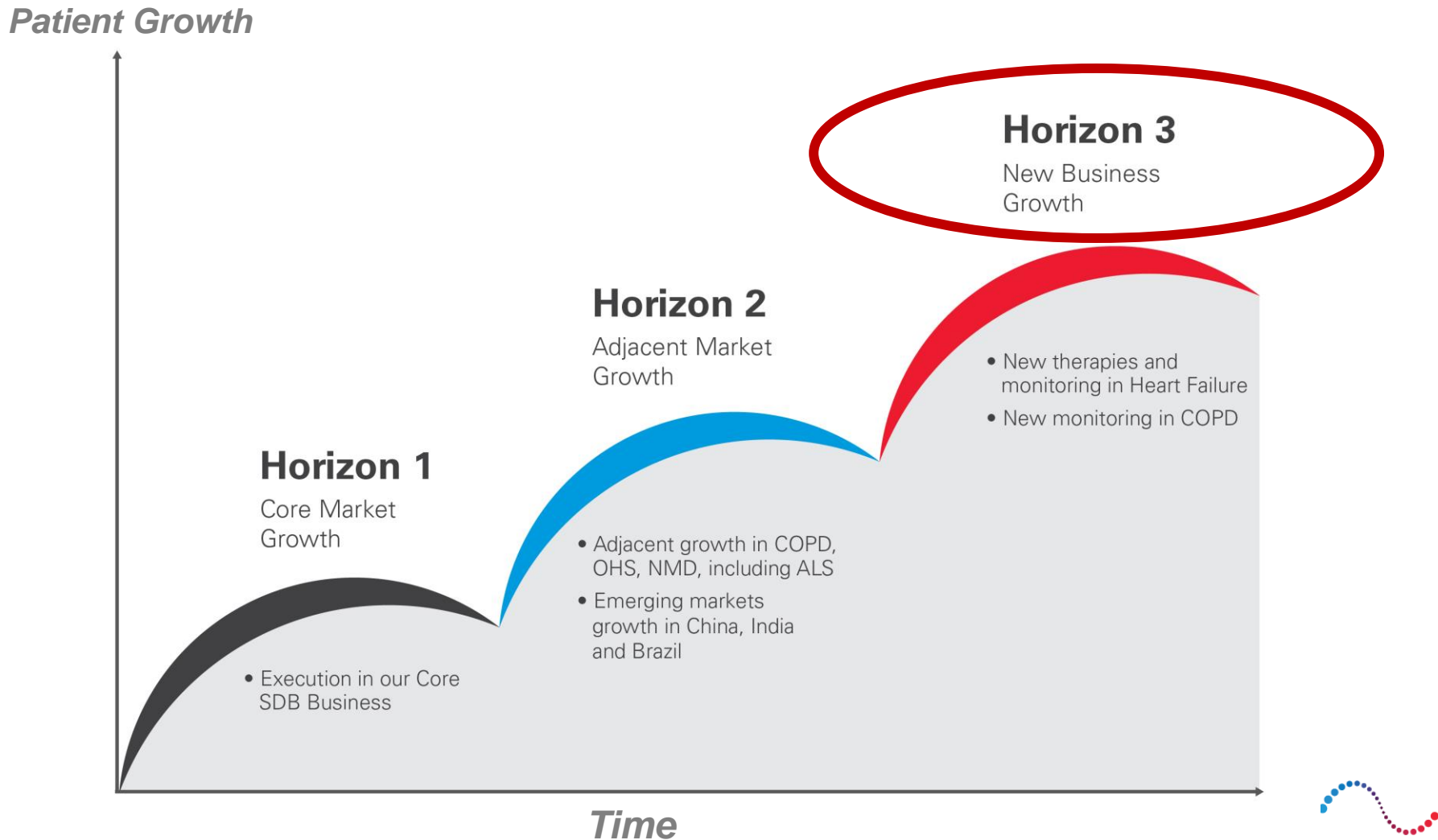
- **Relative risk of death reduced by 76%** over one year using long-term non-invasive ventilation (NIV) treatment in COPD patients
- One-year mortality in the two matched chronic obstructive pulmonary disease cohorts was: 12% (intervention cohort) versus 33% (control)



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

# > Horizon 3: *New Business Growth*

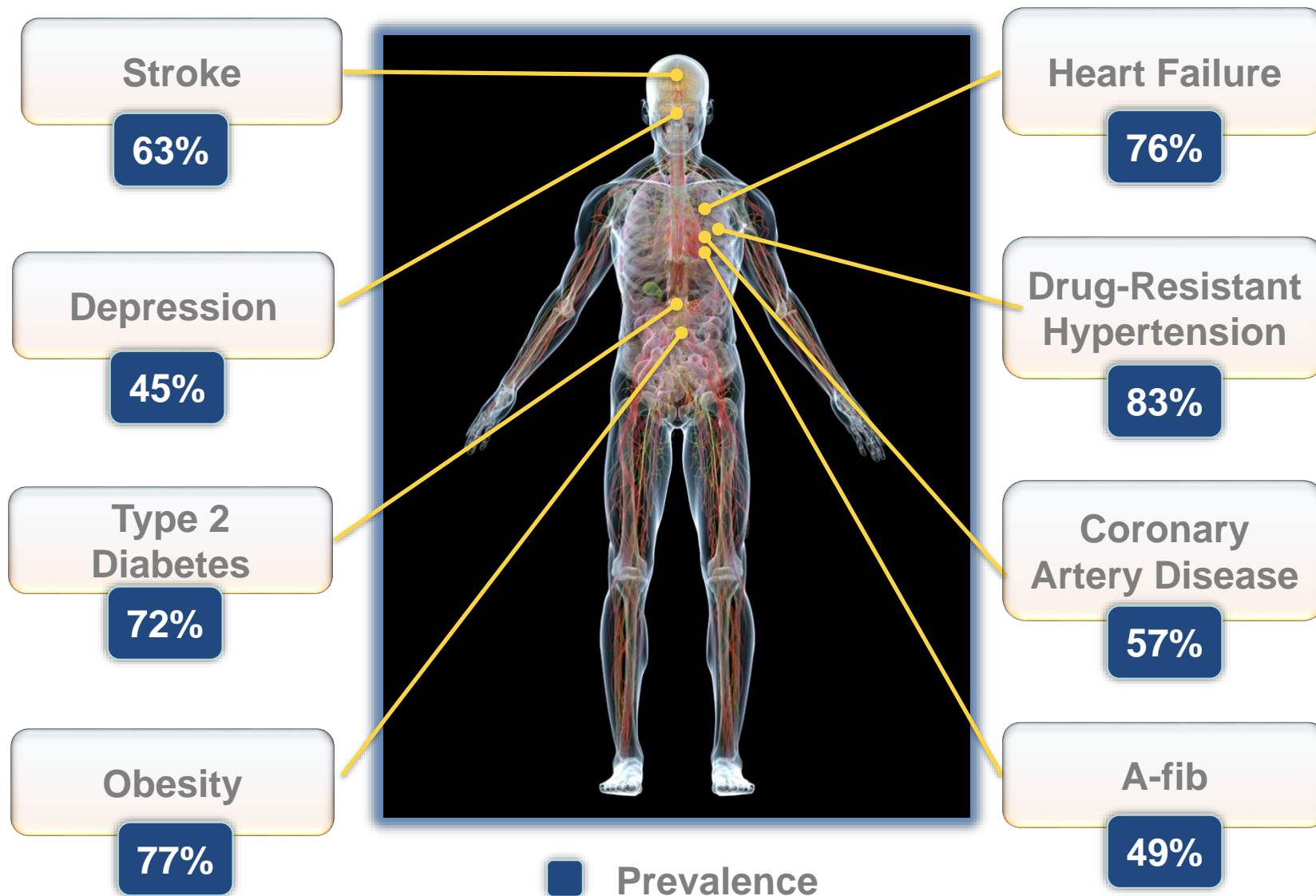
## Three horizons of growth







# Sleep apnea: *Highly prevalent in key diseases*



References: Logan et al. *J. Hypertension*; O'Keefe and Patterson, *Obes Surgery*; Oldenburg et al., *Eur J Heart Failure*; Einhorn et al. *Endocrine Prac*; Bassetti et al. *Stroke*



# Heart Failure & Sleep-Disordered Breathing



AMERICAN  
COLLEGE of  
CARDIOLOGY  
FOUNDATION



American  
Heart  
Association®

Learn and Live

## Treatment of Sleep Disorders – 2013 ACCF/AHA Recommendation:

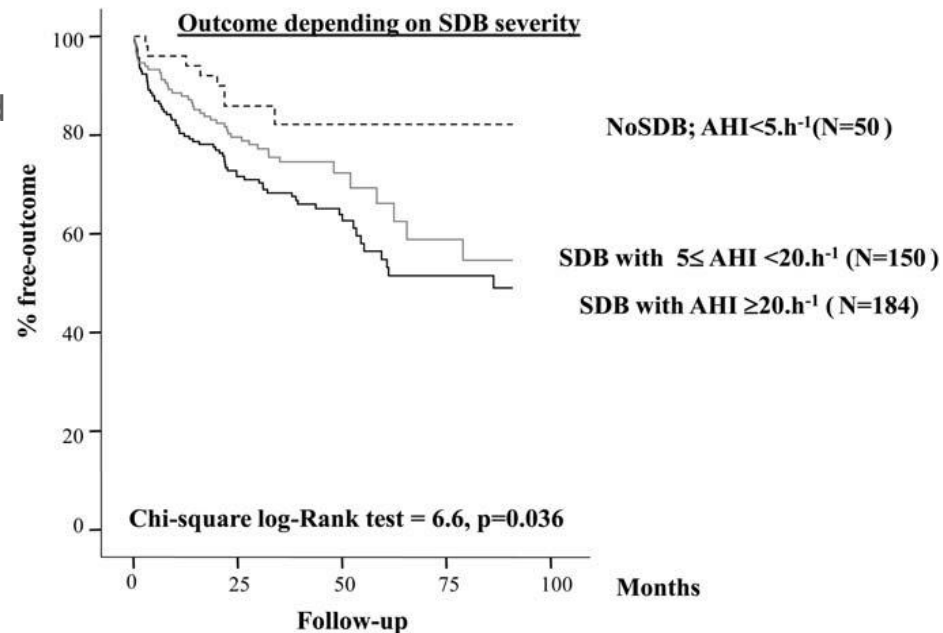
Continuous positive airway pressure can be beneficial to **increase left ventricular ejection fraction** and **improve functional status** in patients with heart failure and sleep apnea.

References: Yancy et al. *J Amer. Coll. Cardiol.* 2013

## European Journal of Heart Failure

- Heart Failure clinical study looking at mortality rates of heart failure patients with sleep disordered breathing (SDB) and those without SDB.
- Study concluded: In chronic heart failure, SDB is associated with a poor prognosis whatever the SDB pattern, and ventilation is associated with a better outcome.
- 1 year outcome (death, heart transplant or LVAD implant) show 4% in non-SDB, 12% in moderate and 20% in severe SDB.

### All patients (N=384)



Reference: Damy et al. *Eur. J Heart Fail.* 2012



# World-leading research in Heart Failure & SDB

ResMed is involved in two clinical studies to demonstrate impact of our **PaceWave™** adaptive servo-ventilation algorithm on HF outcomes



**SERVE-HF**

*Treatment of Sleep-Disordered Breathing by  
Adaptive Servo-Ventilation in HF patients*



- Goal: Demonstrate that our PaceWave™ adaptive servo ventilation can improve mortality and morbidity in patients with central sleep apnea and heart failure
- Status: Enrollment completed in May 2013



**CAT-HF**

*Cardiovascular Improvements with  
MV ASV Therapy in Heart Failure*

- Goal: Incorporate adaptive servo ventilation therapy into the ACC/AHA heart failure guidelines in class 1A with our PaceWave™ algorithm as standard of care
- Status: Enrollment underway

Note: Further trial details can be obtained from <http://clinicaltrials.gov/>  
Serve-HF: NCT00733343; CAT-HF: NCT01953874

# ➤ Changing lives with every breath

***In the last 12 months, we changed more than 8 million lives, literally keeping patients breathing... and we are just getting started.***



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

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## Contact Investor Relations

Phone: (858) 836-5971

Email: [investorrelations@resmed.com](mailto:investorrelations@resmed.com)

Website: [www.investor.resmed.com](http://www.investor.resmed.com)

