



ResMed

*Changing lives
with every breath*

> William Blair 2016 Growth Stock Conference

Mick Farrell - CEO

June 14, 2016

➤ 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 - *Proven Global Leader driving Long-Term Growth*

27+ years

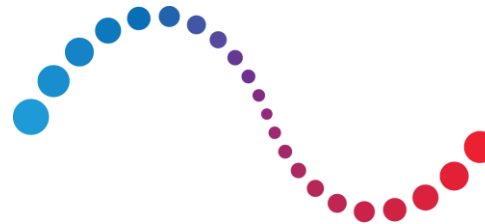
of successful innovation,
market development and market growth

Disciplined

financial management

Leader

in innovation for products
in sleep apnea, COPD, NMD
and other chronic diseases
with greater than
5,000 patents and designs



ResMed

Proven

capital deployment history,
committed to returning excess
cash to shareholders

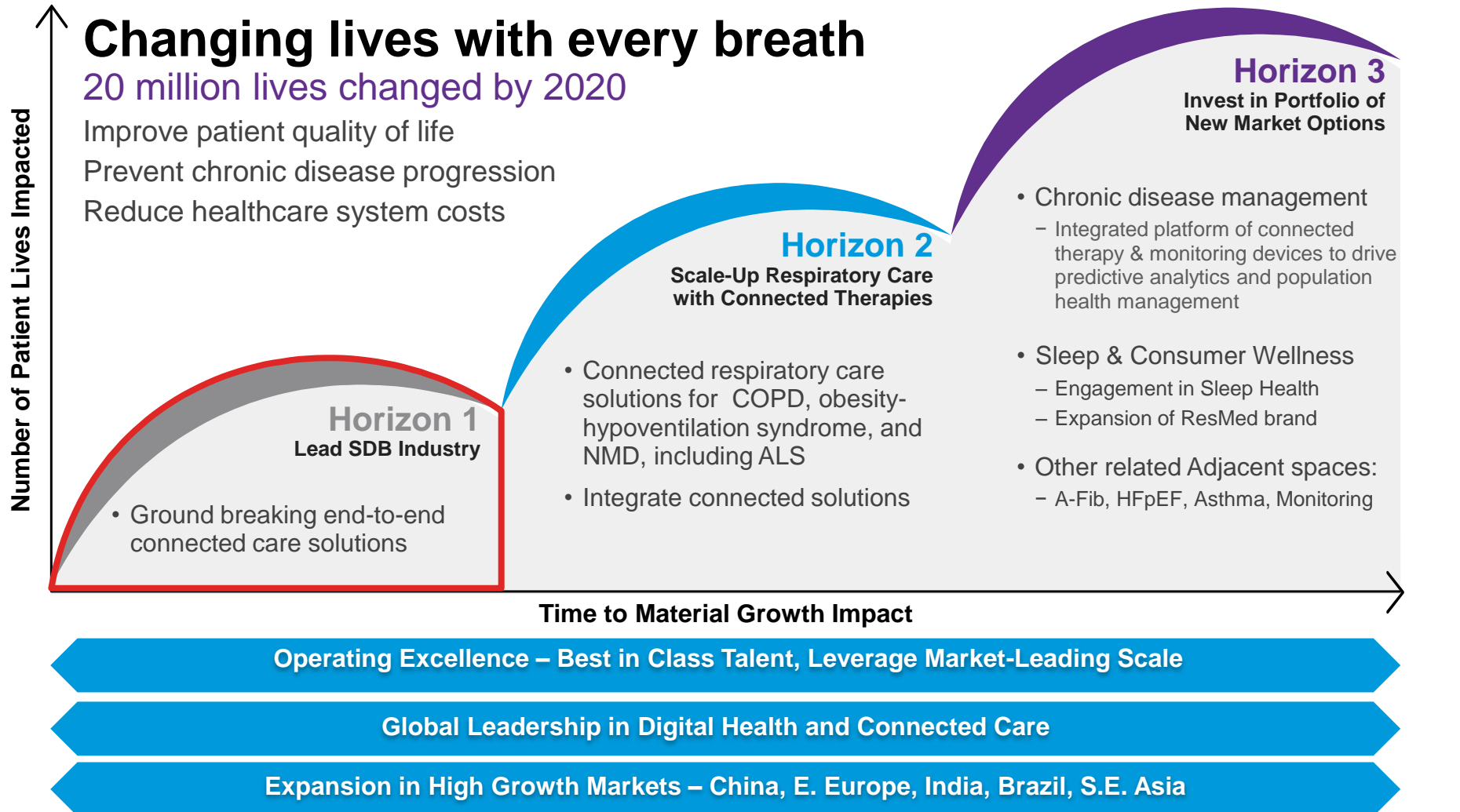
Global

sales and manufacturing channel, delivering
products and solutions in over 100 countries
with over 5,000 employees world-wide

Long-term Growth

opportunities across all three horizons
of ResMed's strategy

> ResMed's Growth Strategy



> ResMed is leading the way with the most connected devices

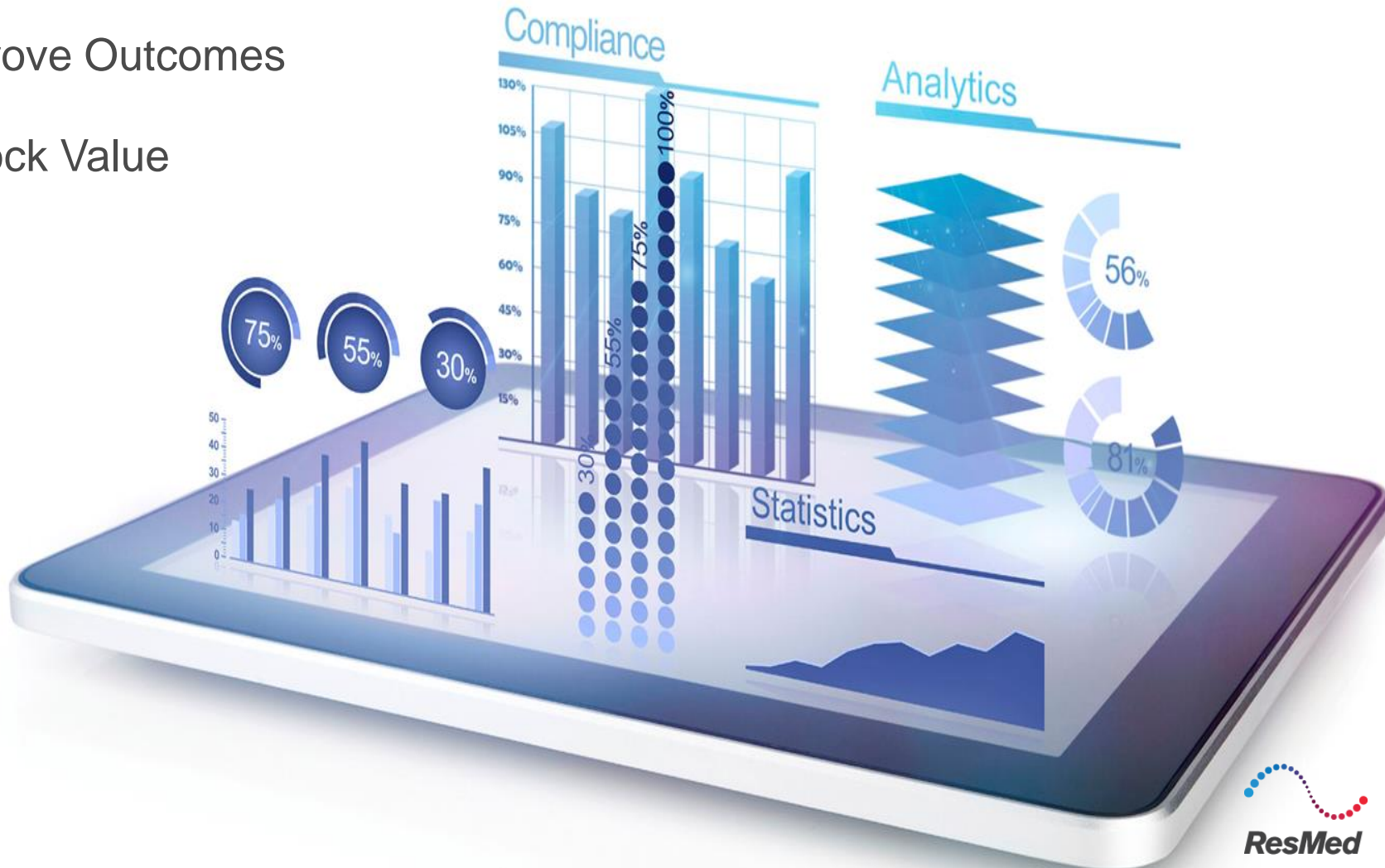
Meaningful digital health solutions did not exist in respiratory medicine, so we led the market with **100% cloud connected** respiratory medical devices...

...others had to follow

Smaller, Quieter, More Comfortable...
*and **More Connected** solutions*

➤ Healthcare Informatics – *the new basis of competition*

- Liberate Healthcare Data
- Improve Outcomes
- Unlock Value



> Connected Care revolutionizes patient-provider relationships

Providers are looking for tools that allow **fewer** caregivers to manage **more** patients at a lower cost

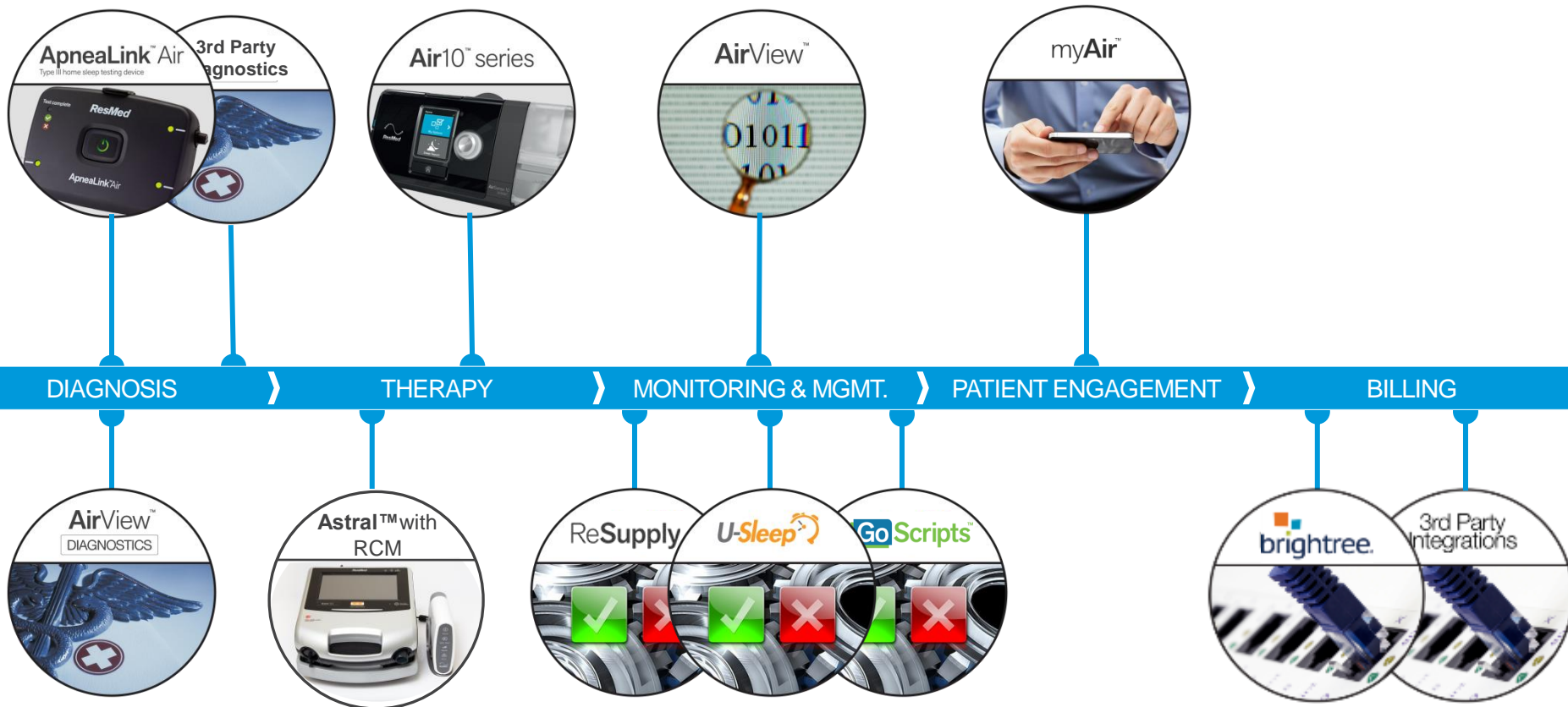


Patients are looking for **simple** ways to track their health outcomes and to improve their **quality of life**



> We are the global leader in Connected Care for med devices

We have well over 1 million cloud-connected med devices liberating data daily



➤ World's largest provider of Connected Care solutions at home

AirView™ has over
2.5 million patients

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

122,000 + diagnostic tests
processed **in the cloud**

~ 60,000 user accounts as
customer nodes in digital health

8 API calls per **second**
from integrators

900 patients a day
sign up for **myAir™**

> AirSolutions™ – Increased Efficiency, Better Outcomes

AirView™

Efficient management & business growth ¹



- Reduced unreachable patients by 87%
- Increased new patient setups by 55%
- Saved labor costs

myAir™

Patient engagement achieving compliance ²



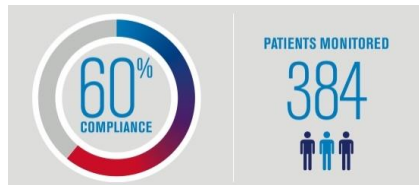
- 50% of patients are compliant in 23 days or less
- 84% of patients are compliant within 90 day



Automated compliance coaching ³

Standard Monitoring

- Increased compliance by 27%



vs

Centralized Monitoring

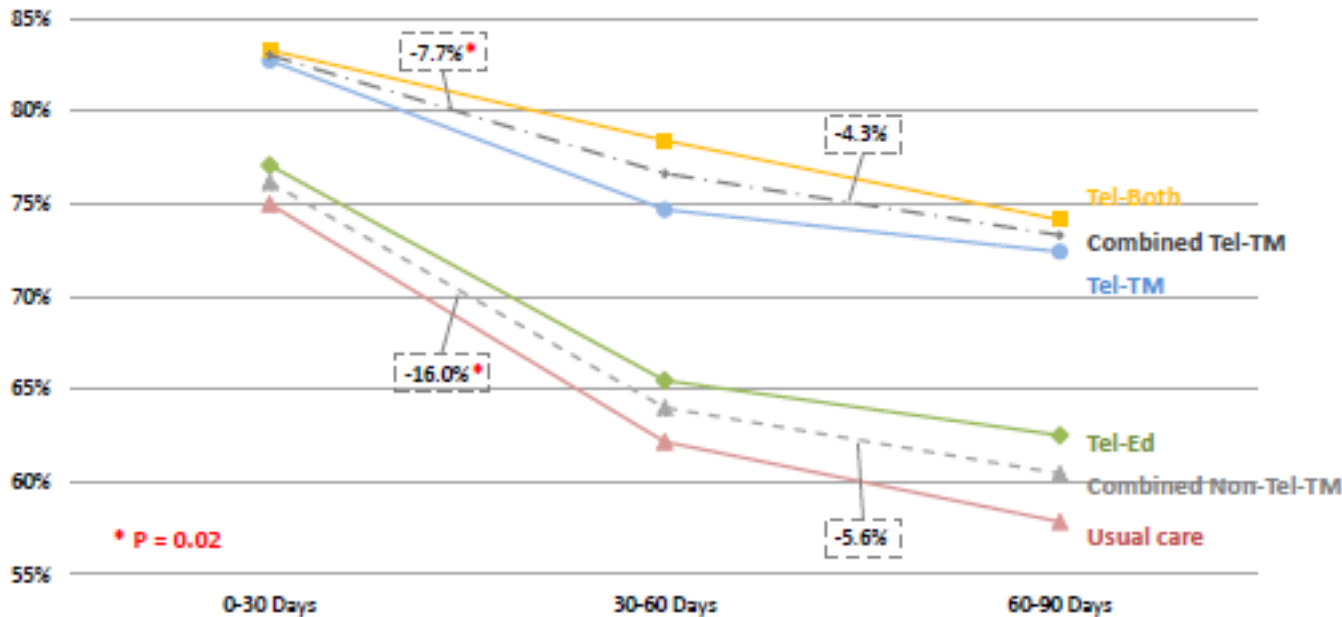


- Increased new patient set-ups by 83% with same staff

1. 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.
2. Lynch, S et al. Retrospective descriptive study of CPAP adherence associated with use of the ResMed myAir application 2015. ResMed Science Center, ResMed Ltd, Sydney, Australia. Time to achieve Medicare adherence based on median value (95% CI)
3. Boota A, Clark K, Lee C. A New Approach for Patient PAP Compliance: Centralized Compliance Monitoring. Sleep. Journal of Sleep Disorders Research Volume 38 2015 | Abstract Supplement

U-Sleep™ significantly improved CPAP adherence with 21% relative increase in a randomized, controlled trial

CPAP Use (30 Day Intervals); Days Used, Percentage



1. Prospective, Randomized, Controlled, Clinical Trial with n=1,455 randomized subjects. U-Sleep provides customized, individual patient coaching via text, email, and phone to drive increased CPAP adherence.
2. Clinical trial results presented at SLEEP 2016 conference in Denver, CO, with Dennis Hwang, MD from Kaiser Permanente and Adam Benjafield, PhD from ResMed, et al. (2016).

➤ Brightree strengthens our Connected Care offering



Strengthens ResMed's leadership in connected care solutions

Transaction

- \$800 million investment, all cash
- 2015 EBITDA multiple: 13.5x with tax benefits, 18.8x without
- Closed April 4, 2016

Leverage

- Financed with cash and debt from existing bank syndicate
- Proforma leverage of 1.0x Net Debt to LTM EBITDA

Tax Synergies

- Significant cash tax benefit improves cash flow, acquisition multiple

Accretion

- Accretive to Non-GAAP EPS and Gross Margin % immediately after close and continues to be accretive in subsequent years

> Brightree solutions increase post acute care profitability

AirSolutions

AirView™
DIAGNOSTICS

AirView™

U-Sleep

GoScripts™

ReSupply

myAir™



Brightree Offerings – for core HME customers as well as new Home Health and Hospice channels

Core HME Platform

- Billing & Inventory Management
- Reporting & Analytics

Home Health & Hospice

- Native iPad® point-of-care app
- Cloud-based back-office EMR

Physicians Referrals

- Referral Processing & Documentation
- Eligibility Verification

Document Management

- Capture, manage, share & secure documentation
- Automated rules & workflows

Revenue Cycle Management

- Outsourced Billing & Consulting
- Intake Management

Inventory Management

- Purchasing & Intake
- Delivery & Fulfillment

Patient Resupply

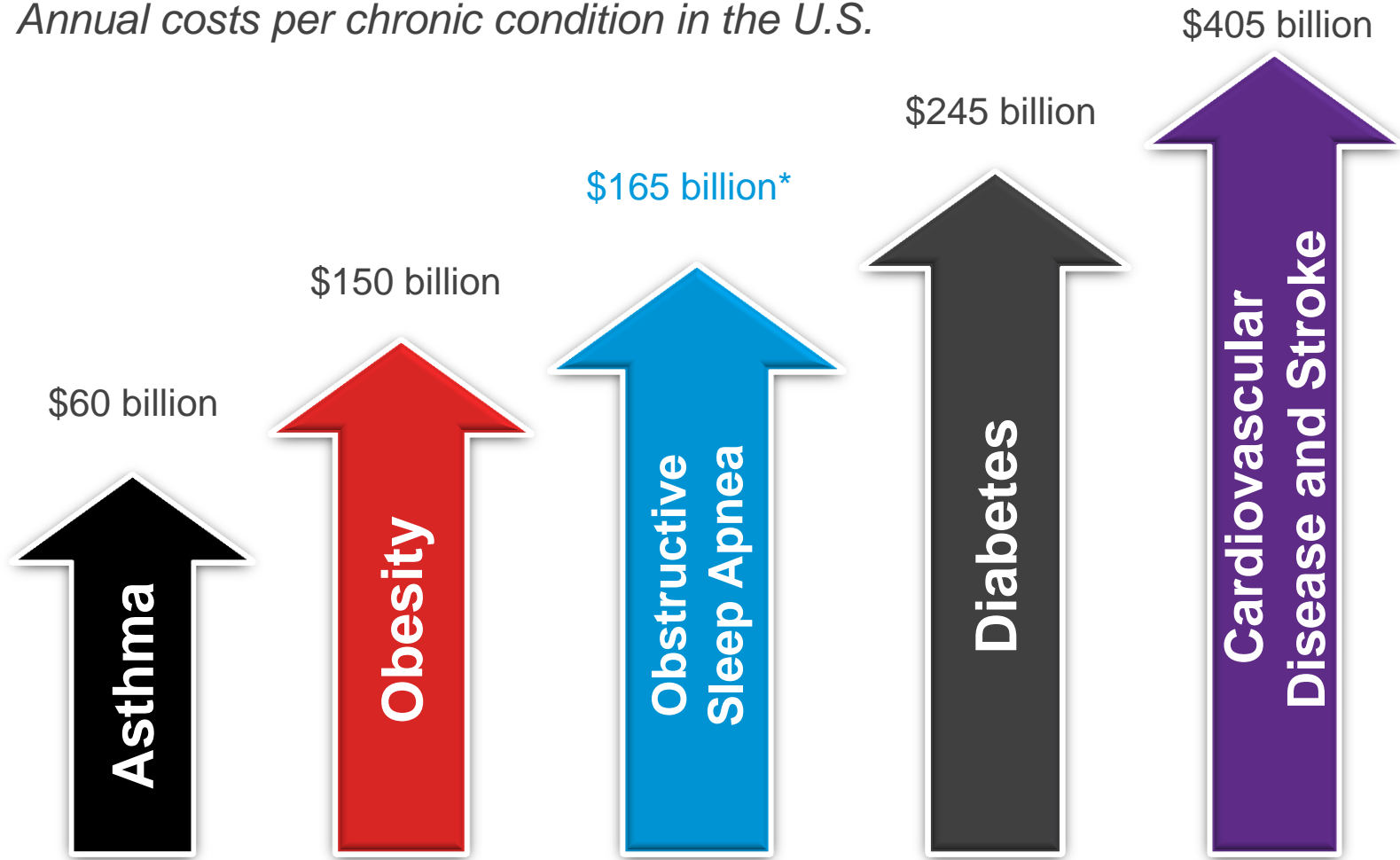
- Multichannel Patient Contact Campaigns
- Automated Patient Interaction

Patient Collections

- Automated Patient Pay Technology
- Best Practices Consulting

> We can reduce costs of key chronic diseases

Annual costs per chronic condition in the U.S.



CDC, Vital Signs,
May 2011

Eric A. Finkelstein, et al, Health
Affairs 28, no5, 2009: w822-w831

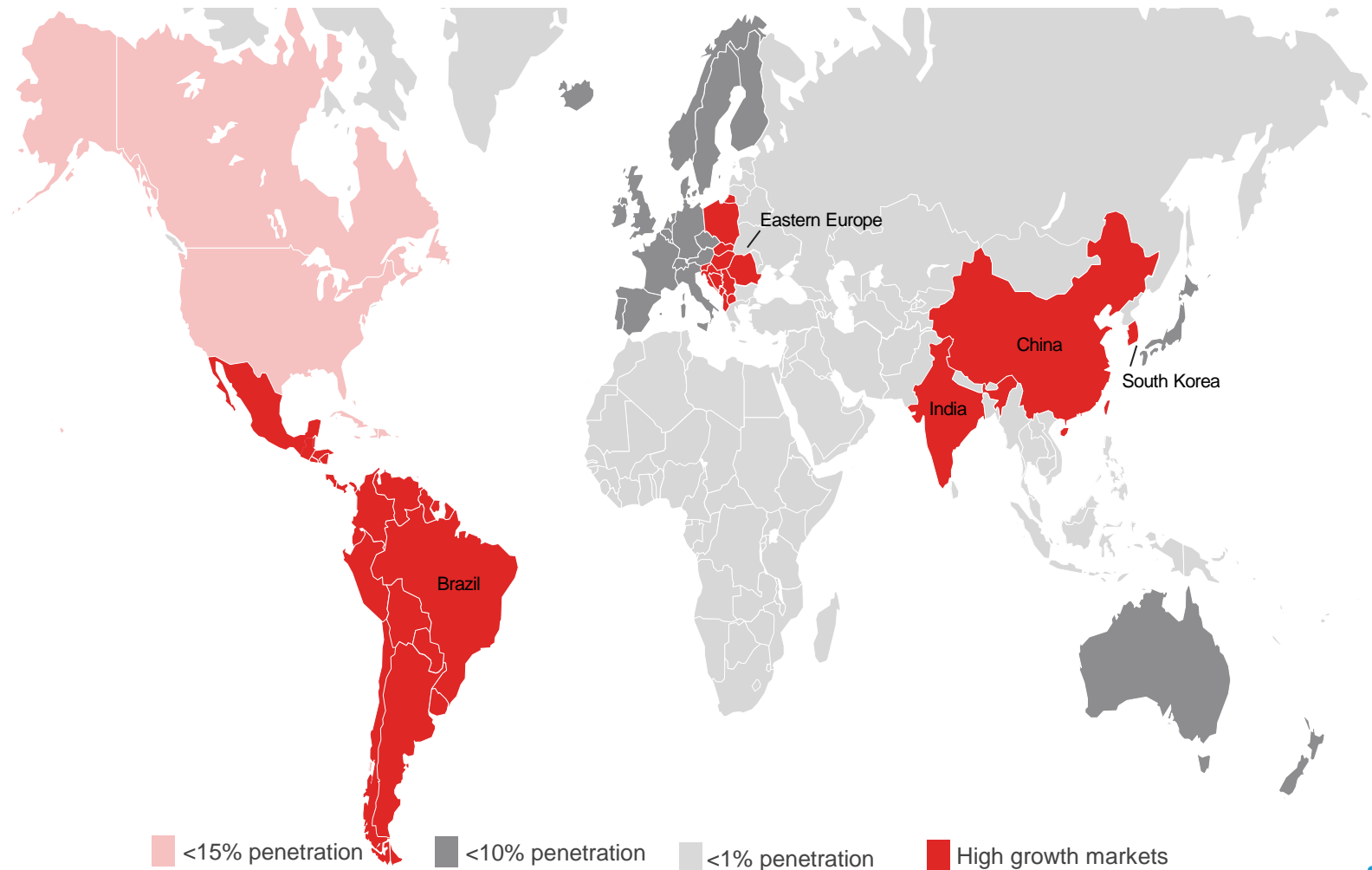
McKinsey & Company analysis
Harvard Medical School, 2010

ADA study, Economic Costs of
Diabetes in the U.S. in 2012

MMWR, Vol 60, 2011

> Sleep apnea is a huge, underpenetrated market

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



> Global Leader in Sleep Apnea Management



AirFit™ P10
Nasal Pillows System



AirFit™ N10
Nasal Mask



AirFit™ F10
Full Face Mask



AirSense™ 10

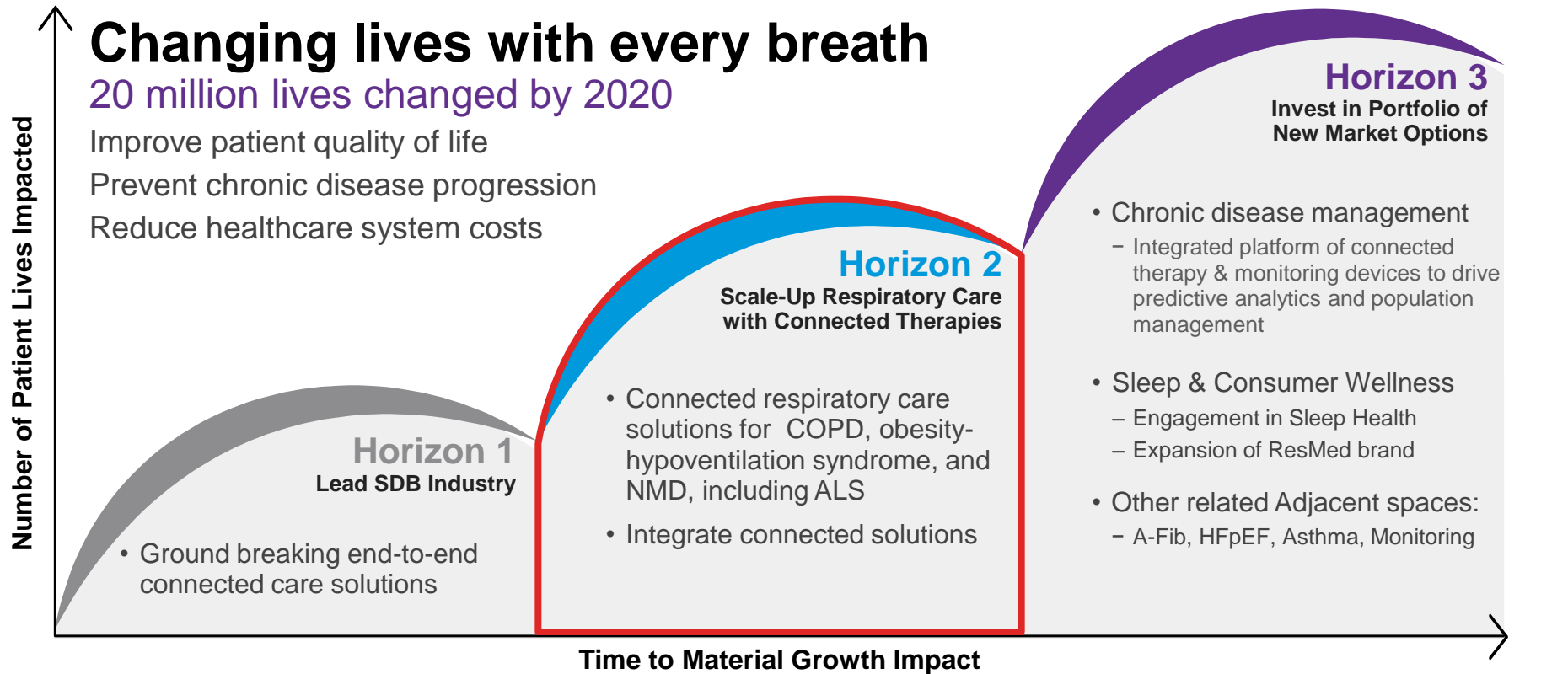


myAir™



AirView™

> ResMed's Growth Strategy



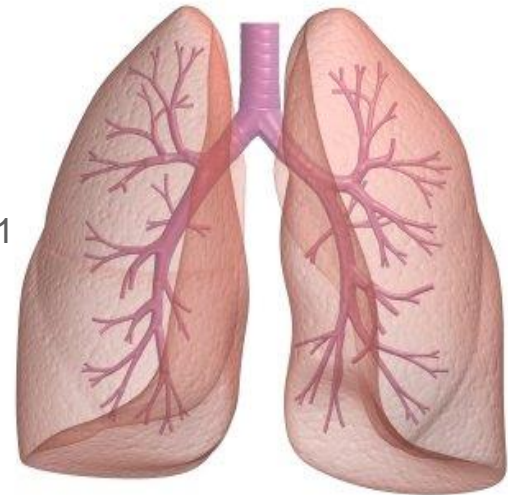
Operating Excellence – Best in Class Talent, Leverage Market-Leading Scale

Global Leadership in Digital Health and Connected Care

Expansion in High Growth Markets – China, E. Europe, India, Brazil, S.E. Asia

➤ COPD is a leading cause of mortality and morbidity

- Chronic Obstructive Pulmonary Disease (COPD) is estimated to be the third leading cause of death worldwide by 2020
- More than 200 million people worldwide are estimated to have COPD¹
 - Largely undiagnosed COPD sufferers in high-growth markets such as China, India, Brazil and E. Europe, may be well over 100 million ²
- Cost to healthcare systems from COPD is enormous:
 - Europe: ~€48 billion per year³
 - US: ~\$50 billion per year⁴
- More than 3 million people die each year due to COPD¹



¹ Ferkol T et al. Annals ATS 2014

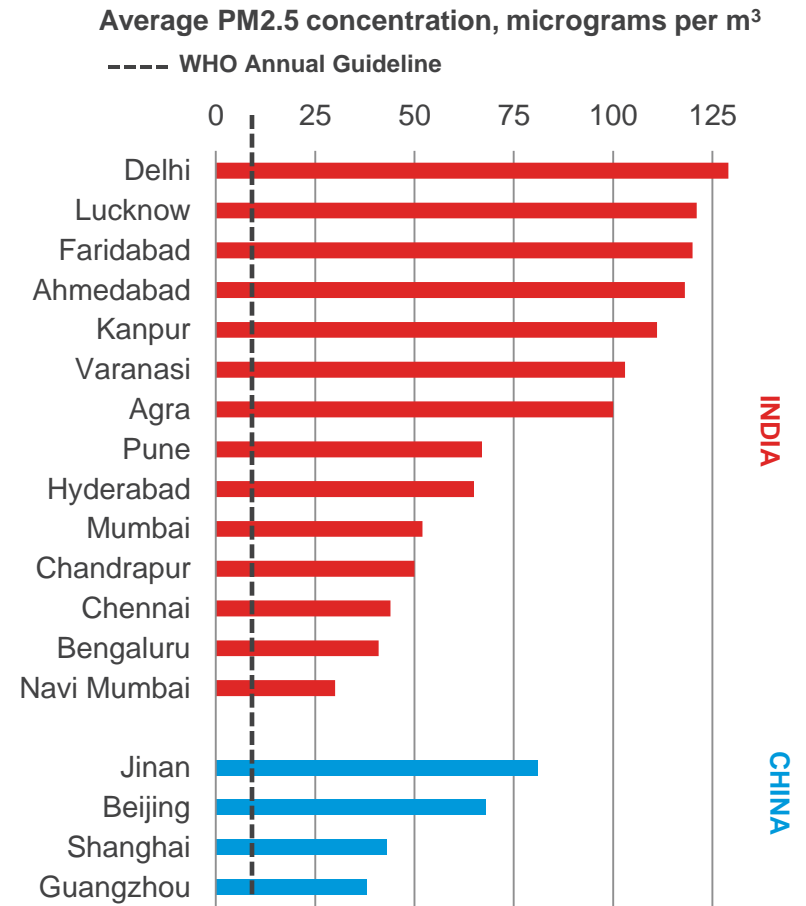
² Company estimates based on World Health Organization estimates and Zhong et al. "Prevalence of Chronic Obstructive Pulmonary Disease in China" *Respiratory and Critical Care*

³ European Respiratory Society, *European Lung White Book*

⁴ Guarascio et al. Dove Med Press, 2013 Jun 17

> India and China are facing an epidemic in COPD

- The World Health Organization (WHO) estimates that 11% of deaths attributed to ambient air pollution are for chronic obstructive pulmonary disease (COPD)
- WHO also placed 13 Indian cities in the 20 most polluted cities of the world.
- *The Economist* recently reported that the pollution level of many Indian cities exceeded Chinese cities
 - Report estimated average PM2.5 concentrations of 18 for EU and 11.6 for the United States
- COPD prevalence is directly related to risk factors including smoking as well as environmental air pollution¹

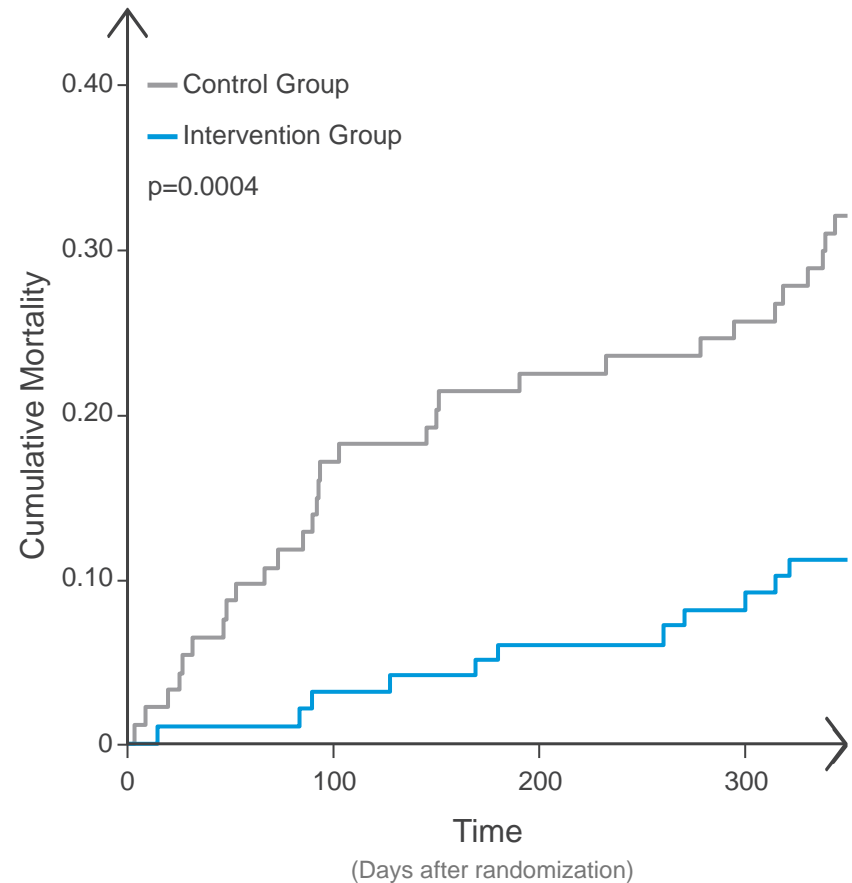


Source: Greenpeace, A status assessment of National Air Quality Index and pollution level assessment for Indian cities, December 2015

1) GOLD, *Global Strategy for the diagnosis, management and prevention of COPD*, 2016; World Health Organization

> Non-invasive Ventilation: *Reduces mortality risk in COPD*

- **Mortality risk reduced by over 60%** on a relative basis using long-term non-invasive ventilation (NIV) treatment in COPD
- One-year mortality in the two matched COPD cohorts was:
 - 33% mortality (matched control group)
 - 12% mortality (NIV intervention group)
- More than 65 million moderate-to-severe COPD patients worldwide¹
 - NIV underpenetrated as treatment for COPD
 - Significant upside: US, Europe, China, Brazil



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

1) As estimated by the World Health Organization

➤ Expanding in COPD: *Acquisition of Inova Labs*

InovaLabs 



- Long-term oxygen therapy, with best-in-class portability and mobility for COPD patients
- Broadens ResMed's platform for growth in COPD therapy; leverages our global distribution network
- Future opportunity to introduce healthcare informatics solutions into portable oxygen concentrators – connected care for COPD

➤ Expanding in Respiratory Care and China: *Curative*

- Accelerates our investment for growth in China, with local partnerships
- Complementary sleep and respiratory care products
- Curative will retain product manufacturing, sales, and R&D in China
- ResMed and Curative – the combined market leader in China



ResMed and Curative Medical



Preserve

- Maintain separate product segmentation, deliver all brands to the market
- Retain local business relationships



Strengthen

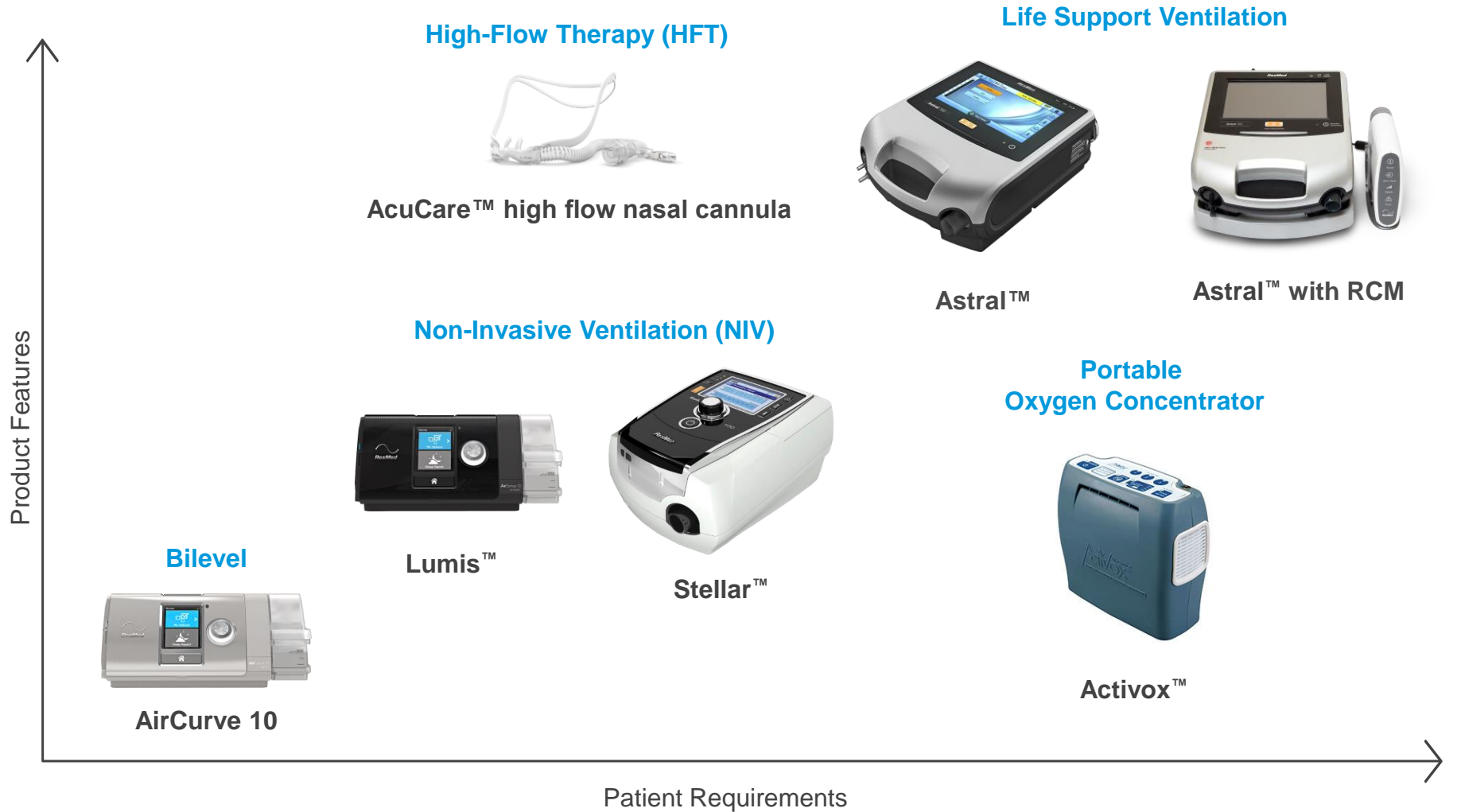
- Strategic alignment
- Enhance local R&D, manufacturing and channels to market



Grow

- Invest in market dev. and innovation
- Leverage combined scale to grow market size and our market share

> Full spectrum of products for Respiratory Care



Healthcare Informatics for COPD

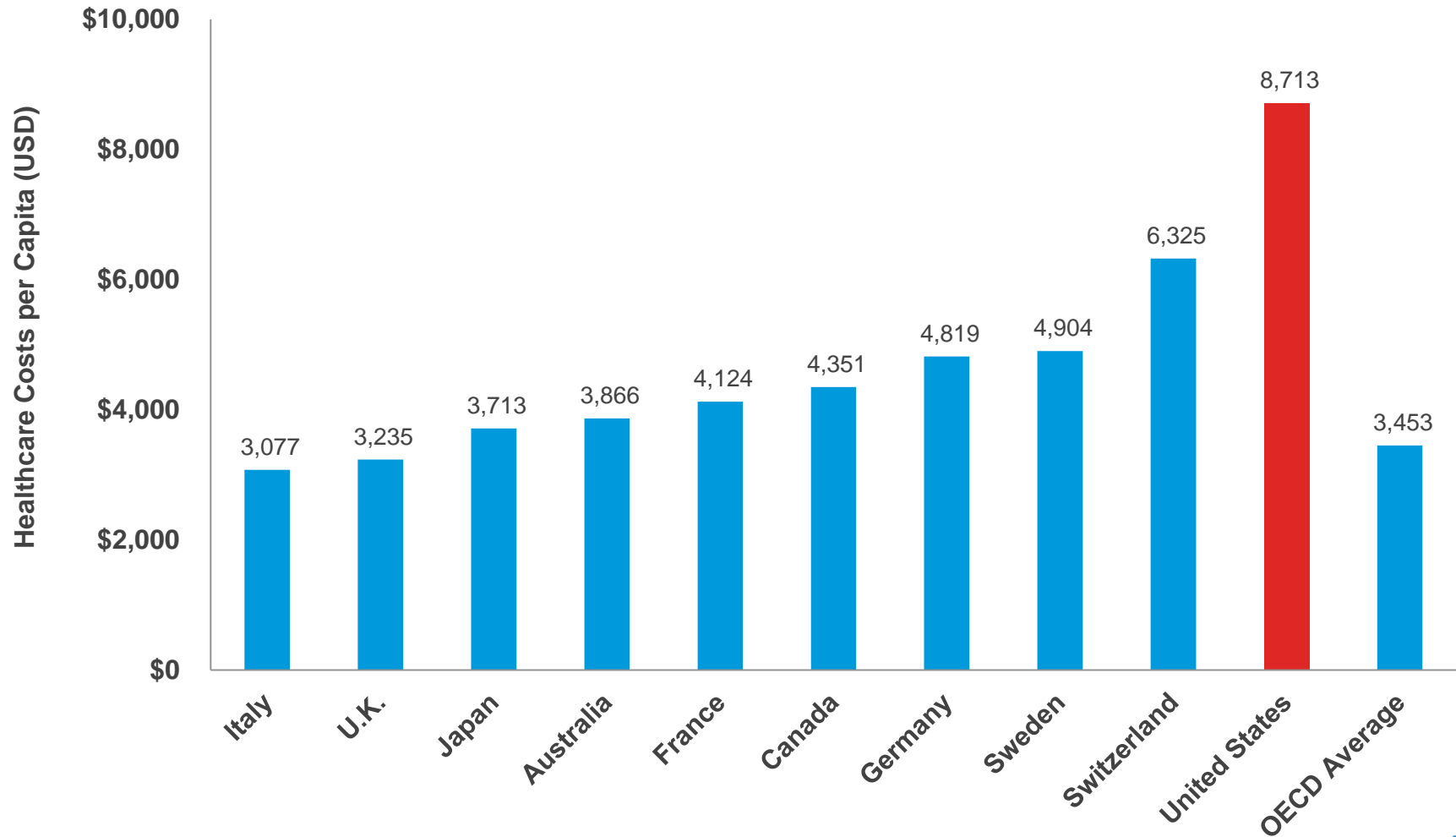
Cost effective management of COPD patients in home – preventing hospitalization



Changes in lifestyle and disease progression – monitored daily



> Significant opportunity to shift care from hospital to home



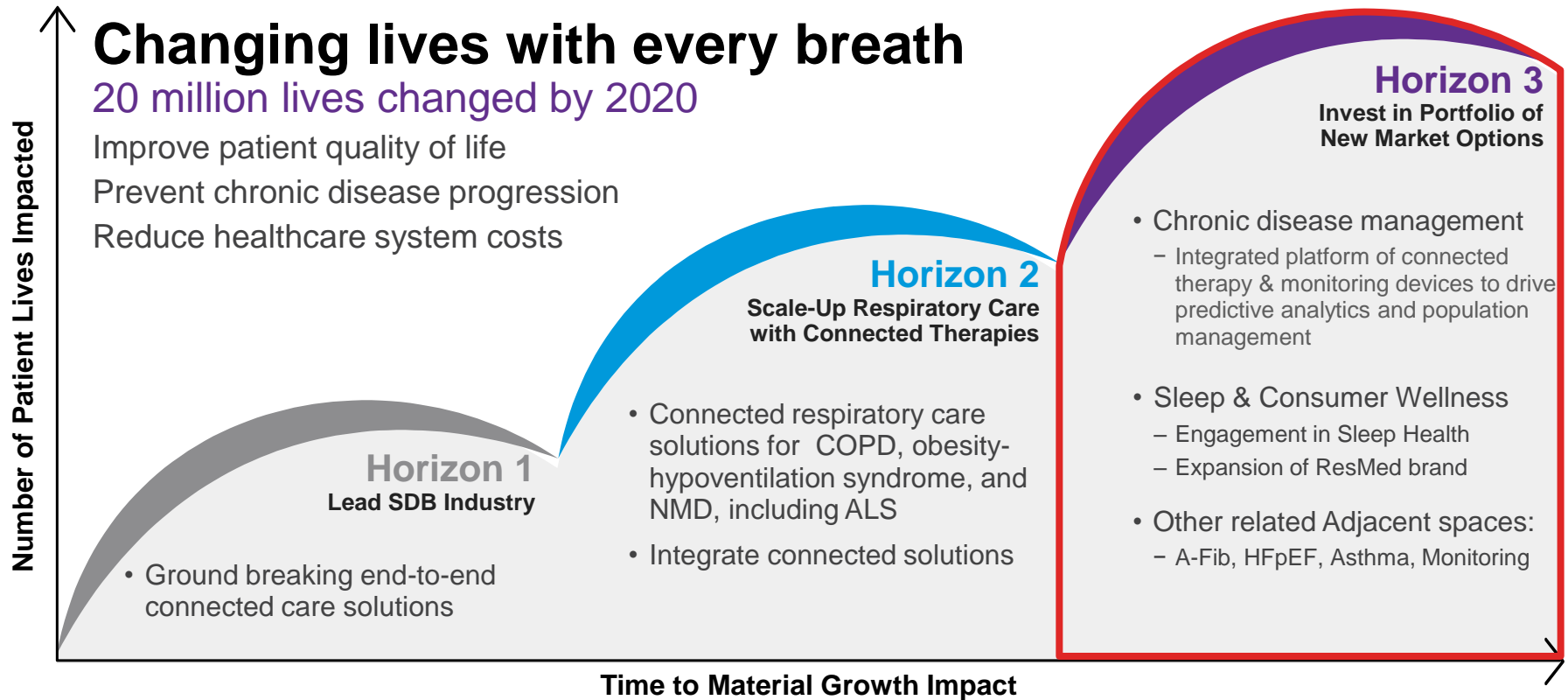
Source: Organization for Economic Cooperation and Development, OECD Health Statistics 2015, July 2015. As compiled by the Peter G. Peterson Foundation. Per capita health expenditures all from 2013, except Australia for which 2012 data are the latest available. Chart uses purchasing power parities to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

➤ Holy Grail of Healthcare: *Reduce Costs. Improve Outcomes.*

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



> ResMed's Growth Strategy

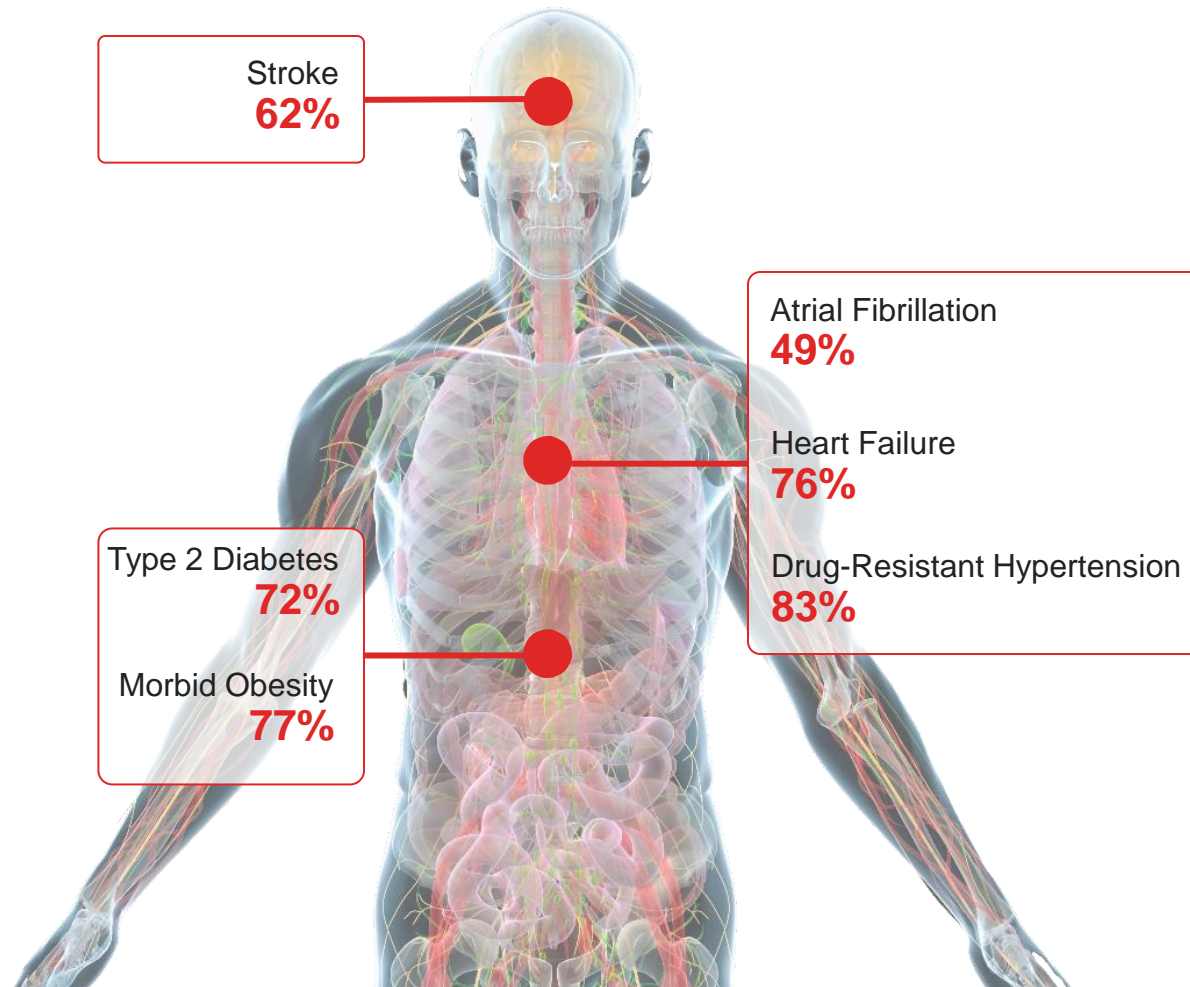


Operating Excellence – Best in Class Talent, Leverage Market-Leading Scale

Global Leadership in Digital Health and Connected Care

Expansion in High Growth Markets – China, E. Europe, India, Brazil, S.E. Asia

> Sleep Apnea: Highly prevalent in key chronic diseases



References: Gami AS et al. *Circulation* 2004, O'Keefe and Patterson, *Obes Surgery* 2004, Logan et al. *J. Hypertension* 2001, O'Keefe T and Patterson EJ. *Obes Surg* 2004, Einhorn D et al. *Endocr Pract* 2007, Bassetti C and Aldrich M. *Sleep* 1999

Horizon 3: Atrial Fibrillation (AF)

JACC: CLINICAL ELECTROPHYSIOLOGY
© 2015 BY THE AMERICAN COLLEGE OF CARDIOLOGY FOUNDATION
PUBLISHED BY ELSEVIER INC.

VOL. 1, NO. 1-2, 2015
ISSN 2405-500X/\$36.00
<http://dx.doi.org/10.1016/j.jacep.2015.02.014>

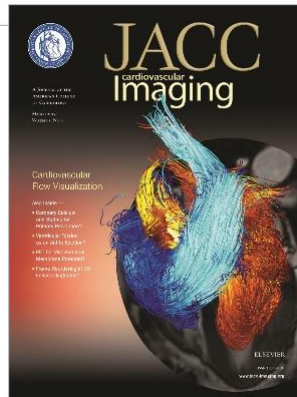
Effect of Obstructive Sleep Apnea Treatment on Atrial Fibrillation Recurrence

A Meta-Analysis

Ashish Shukla, MD, MPH, Anthony Aizer, MD, MSc, Douglas Holmes, MD, Steven Fowler, MD, David S. Park, MD, PhD, Scott Bernstein, MD, Neil Bernstein, MD, Larry Chinitz, MD

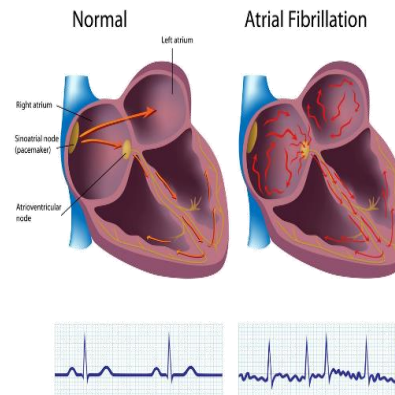
ABSTRACT

OBJECTIVES This study aimed to evaluate the cumulative effect of treatment of obstructive sleep apnea (OSA) with continuous positive airway pressure (CPAP) on atrial fibrillation (AF) recurrence.



Conclusion of study in JACC:

- CPAP use showed reduced AF recurrence
- Data included 7 studies with n=1,087 patients
- Reduced AF recurrence seen in two key groups
 - Patients who underwent catheter ablation
 - Patients who underwent non-ablation medical mgmt.





CAT-HF shows positive outcome in HFpEF

- CAT-HF clinical trial
 - Evaluate the effect of minute ventilation adaptive servo-ventilation in acute decompensated heart failure (HF) patients on outcomes at 6 months
- Primary Outcome
 - Global Rank Endpoint: *Rank order response based on survival free from cardiovascular hospitalization & improvement in functional capacity by six minute walk distance*
- Pre-Approved Sub-group Analyses
 - Age
 - Gender
 - Geography
 - HFrEF (heart failure with reduced ejection fraction)
 - HFpEF (heart failure with preserved ejection fraction)

➤ S+ by ResMed *sleep wellness system*



Sounds synchronize with your breathing, slow breath rate down, and help you to fall asleep



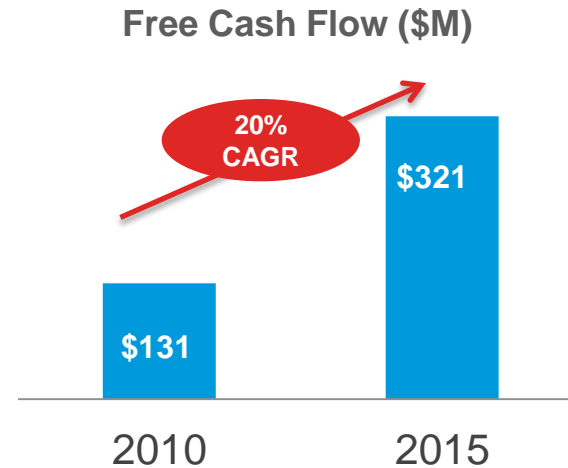
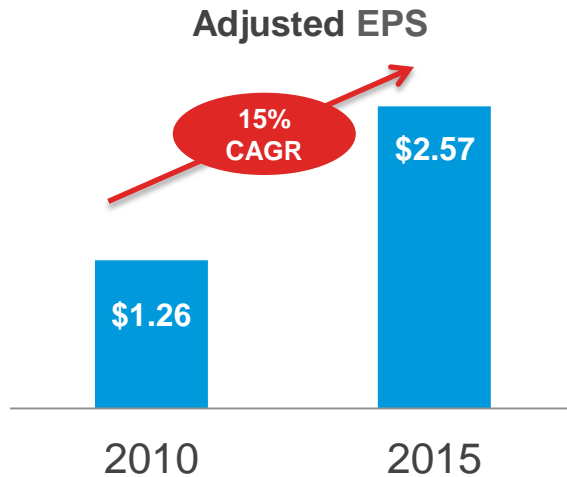
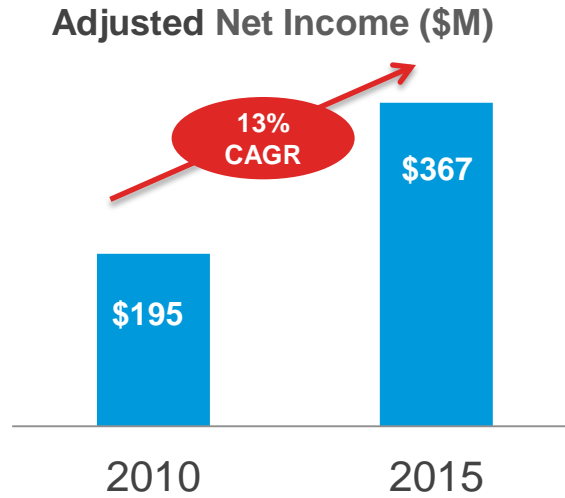
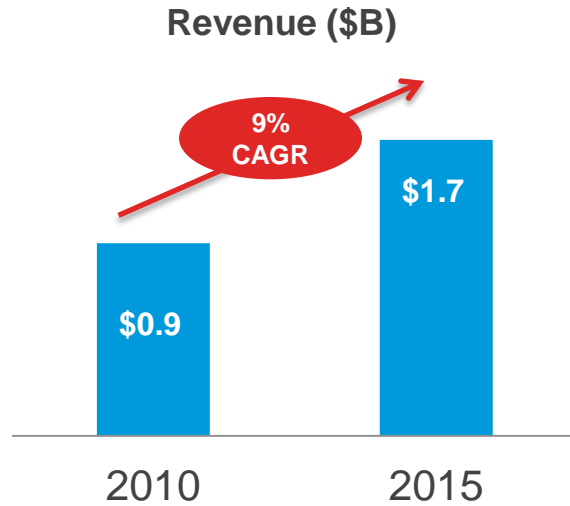
Daily “Sleep Score” out of 100 based on quality and quantity of sleep, including REM, deep sleep, light sleep; daily advice algorithms



Wake up at the optimal time of your sleep cycle to feel refreshed, and still make it to work on time!



> Disciplined financial track record

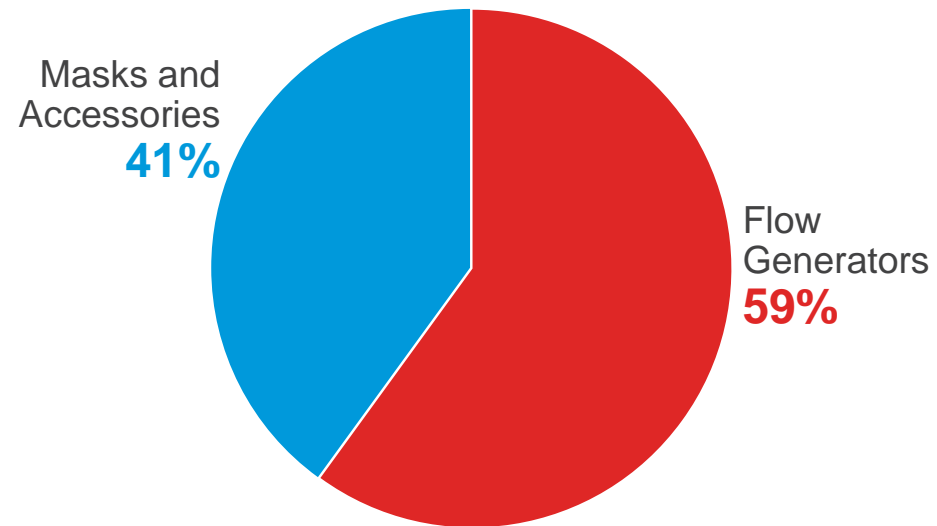
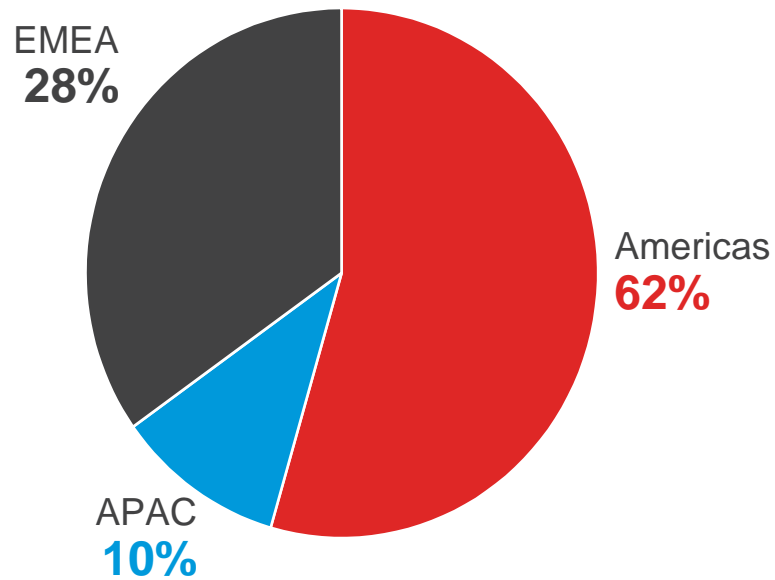


> Q3 2016 Results

Key Financial Metrics	Q3 2016
Revenue	\$453.9M +7% (9% CC)
Gross margin	57.3%
Non-GAAP operating profit*	\$112.4M +4%
Non-GAAP net income*	\$95.4M +3%
Non-GAAP EPS*	\$0.68 +5%
Cash flow from operations	\$122M
Free cash flow	\$109M

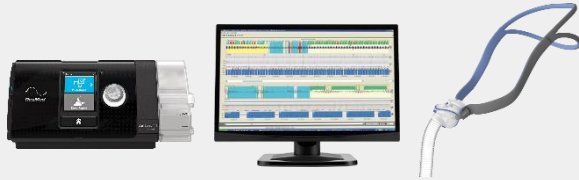
* Excludes the impact of acquisition related expenses and amortization of acquired intangible assets

> Diversified revenue sources by region & product



Note: Represents Q3 2016 revenue breakdown

> Innovation leadership. Global scale. Customer-driven.



Product and Solution Innovation and Expertise

- Strong global R&D organization with centers of excellence in Europe, Australia and North America
- Over 5,000 patents in our IP portfolio
- Global leadership in innovation and market share in respiratory medicine



Global Infrastructure

- World-class quality and operational excellence in our global supply chain
- Global manufacturing scale



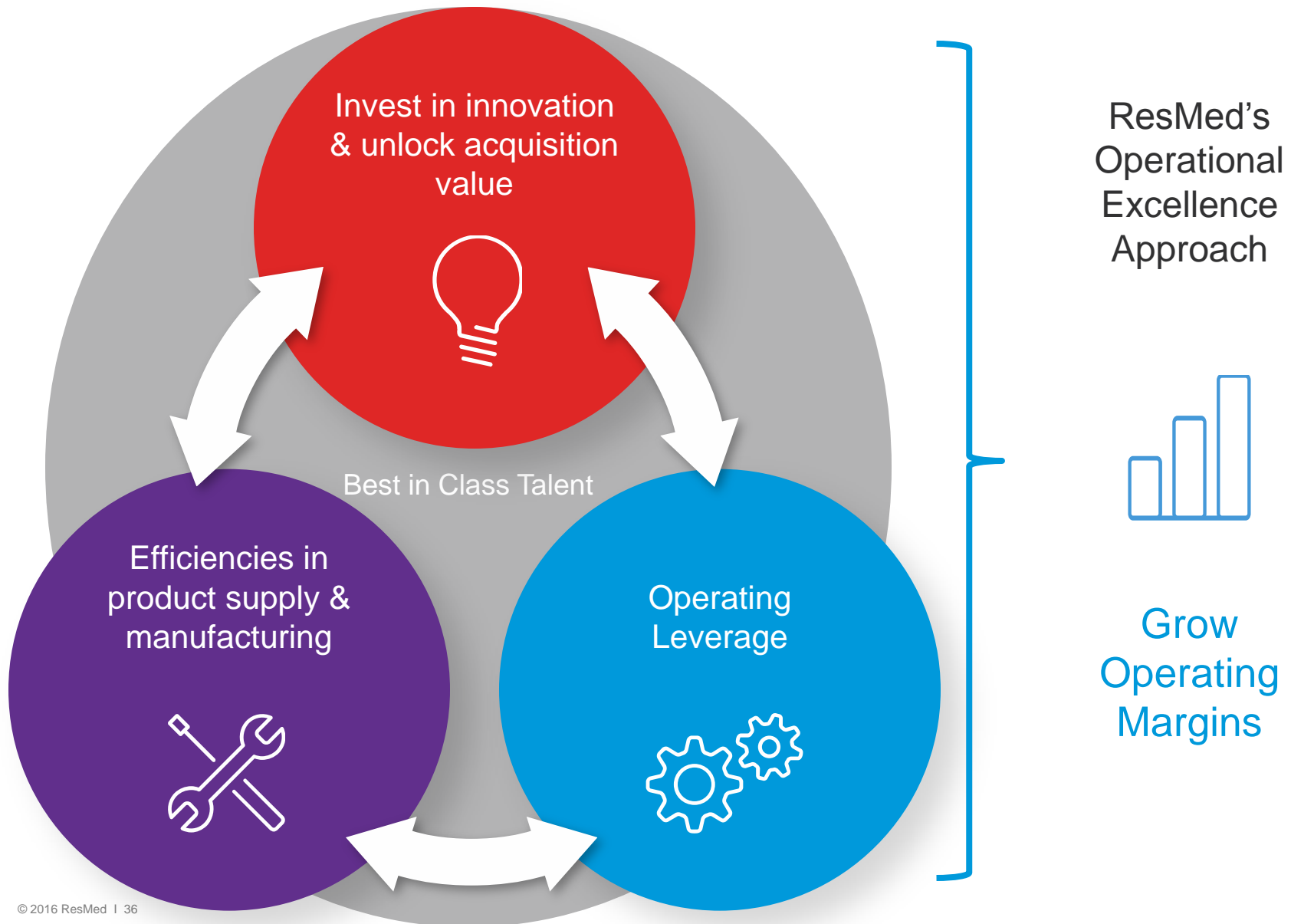
Market Focused

- Homecare sales force in the U.S., France, Germany, Japan, beyond
- Direct sales in Australia, New Zealand and the United Kingdom
- Distributor networks expanding our reach to over 100 countries
- Market defining investments in future high-growth markets

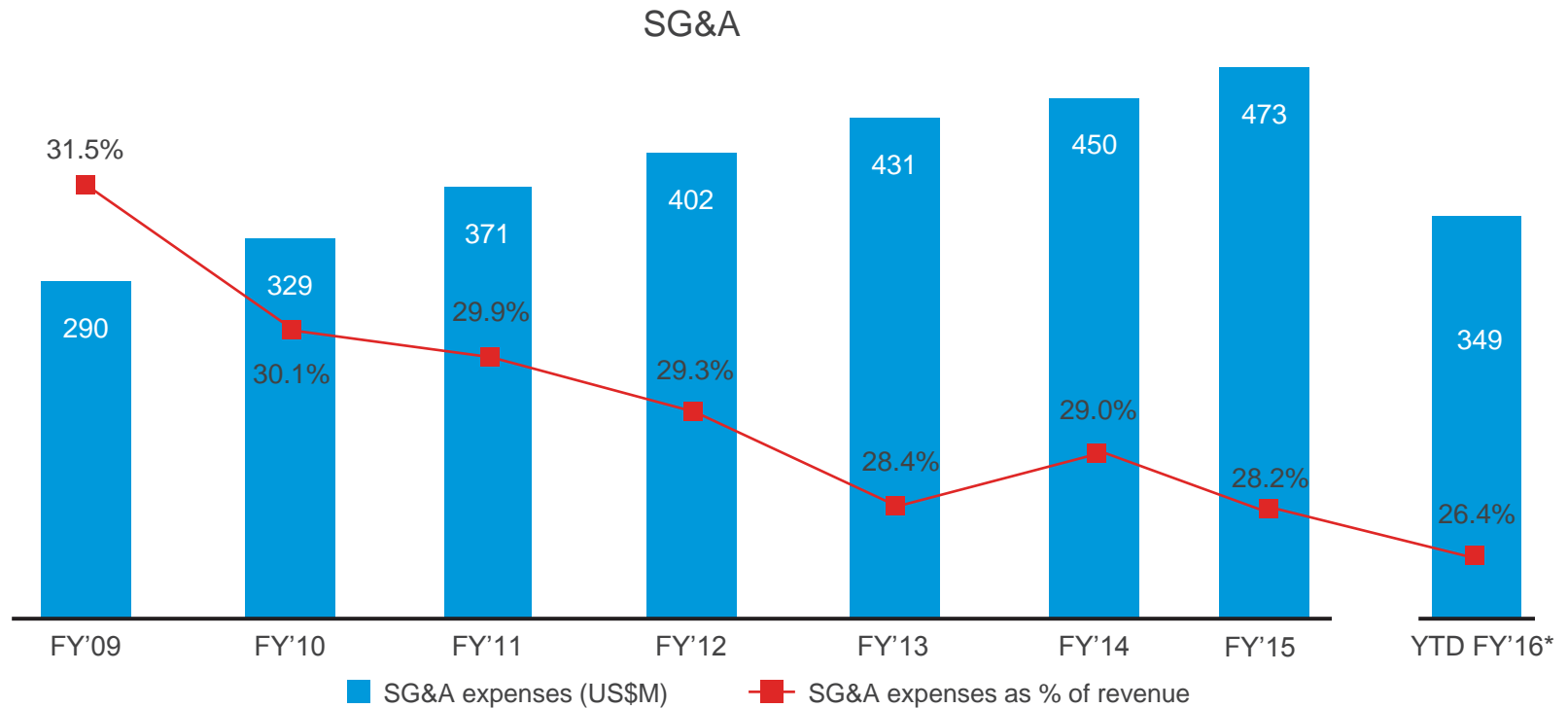


Note: All figures are approximate

> Operating Excellence – a continuous process at ResMed

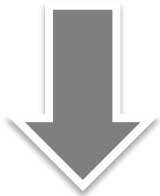


> Delivering Operating Leverage



*Excludes \$3.6 million in acquisition-related expenses

Capital Deployment



Investment for Growth

- New Products
- Geographic expansion
- Acquisitions



Free Cash Flow returned to Shareholders

- Last twelve months combined dividend and stock repurchase = 74% of free cash flow



Increasing Dividend

- YTD FY 2016 dividend payout ratio of 49% of net income
- 2016 dividend per share increased 7% over prior year

Combined dividend and buy-back over rolling 5 years
= 95% of free cash flow

> Acquisitions - *new products, services and channels for growth*

New Informatics Solutions



New Product Lines or Channels



Expanding Distribution Channels



➤ Changing Lives with Every Breath

*In the last 12 months, we changed
more than **9 million lives.***

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

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27+ years

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Long-term Growth

opportunities across all three horizons
of ResMed's strategy



Contact Investor Relations

Phone: (858) 836-5971

Email: investorrelations@resmed.com

Website: www.investors.resmed.com