



## ResMed Investor Meeting

April 4, 2019



# Presentation of financial information & forward-looking statements

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# Agenda

- Welcome
- 2025 strategy
- Sleep & joint venture with Verily
- Respiratory Care & Propeller Health
- SaaS
- Q&A



# ResMed's 2025 strategy

Rob Douglas  
President & Chief Operating Officer



# Key demographic, political, and healthcare trends present multiple opportunities for ResMed

## MACRO

Healthcare continues to rise in importance as a major topic on social and political agendas around the world.

Increasing Chronic Disease Burden



Aging Population



Healthcare Costs Growing



Physician Shortages



*The shift to value-based healthcare and consumerization-of-care is here to stay.*

## MICRO

### Healthcare System Pain Points

Delivering the correct care when needed

Delivering care in lower cost settings

Patient Engagement

Documentation

Data Availability

Communication

Analytics

Integration of **Data & Technology** is key to driving increased awareness & treatment



# 2025 Strategy



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

## Purpose

- Empower people to live healthier and higher quality lives in the comfort of their home

## Growth Focus

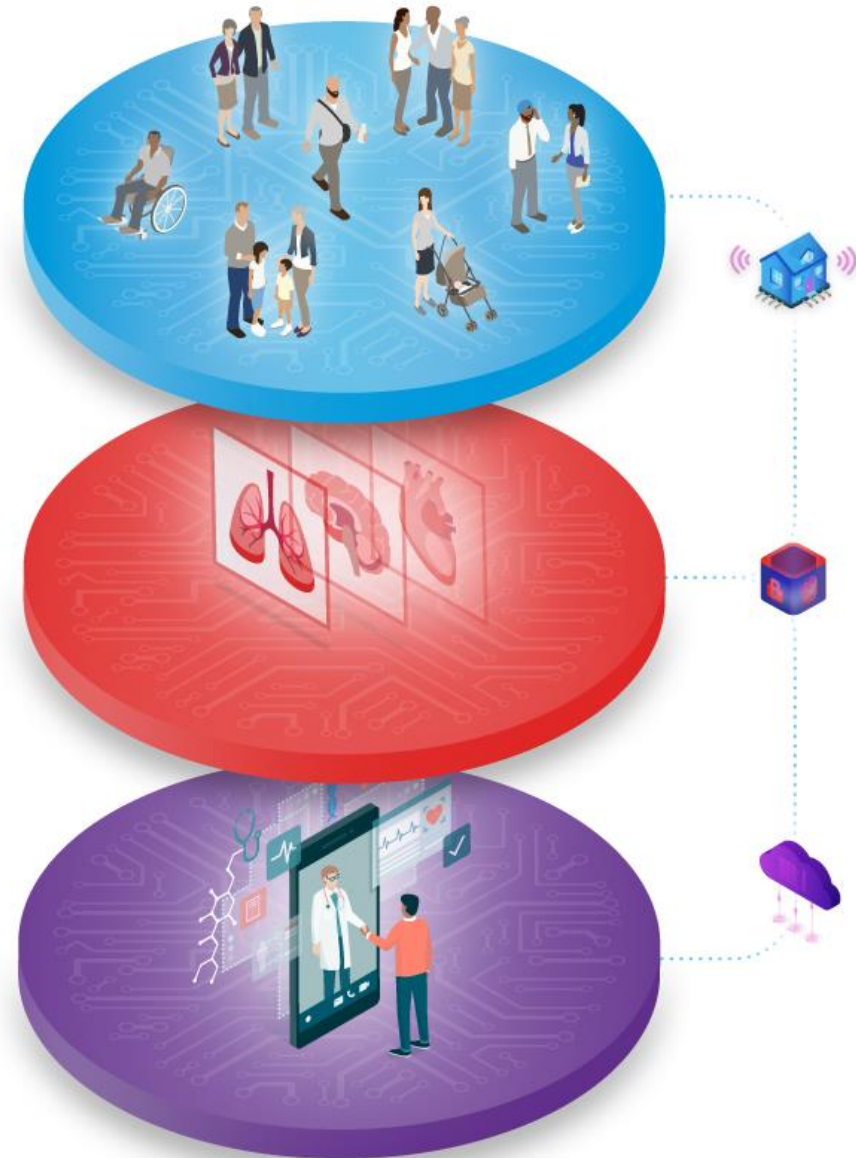
- Global health epidemics in **sleep apnea**, **COPD**, other major chronic conditions, and caring for patients with **SaaS** solutions in the out-of-hospital setting

## Growth Advantage

- Transform patient 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 leadership in our markets



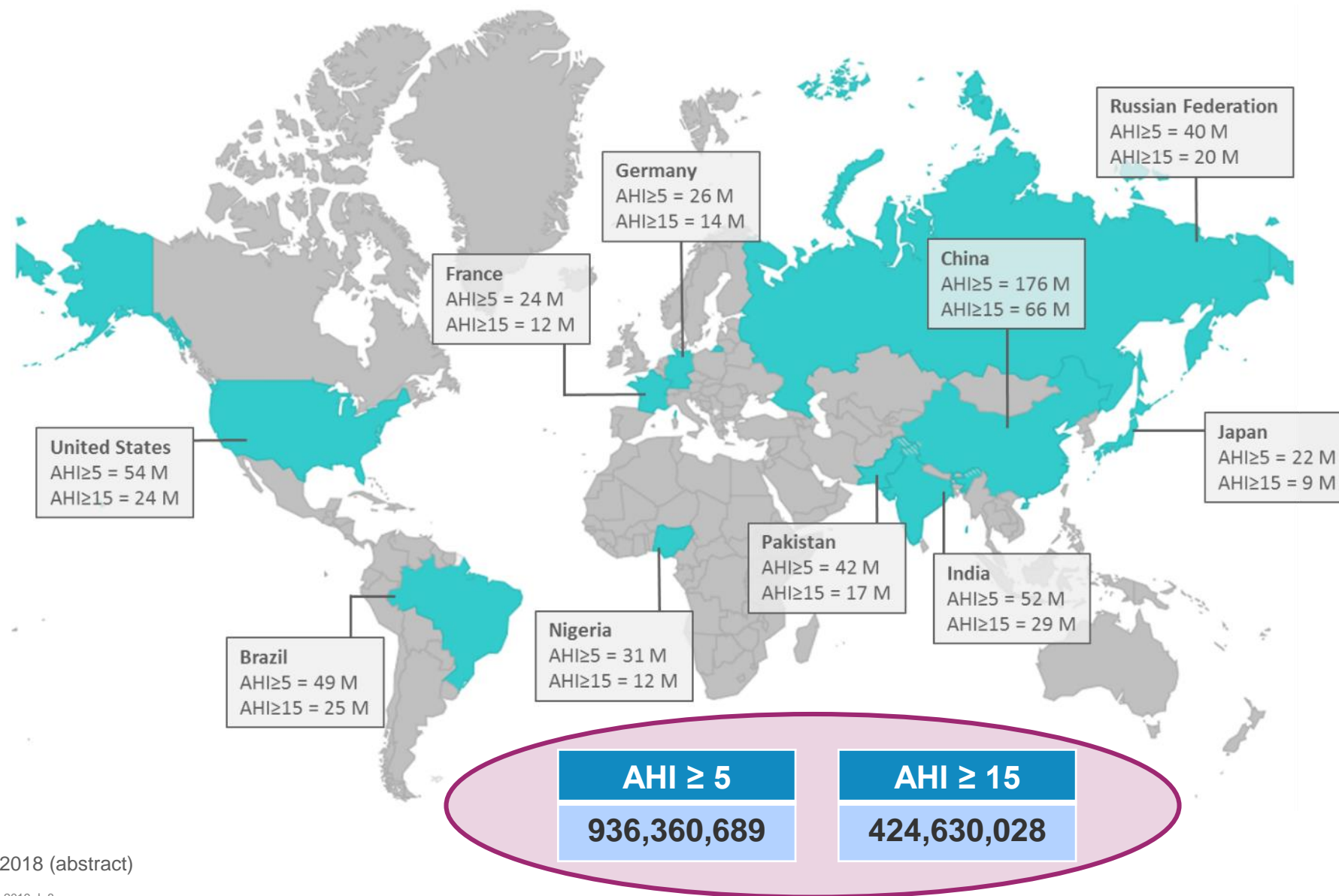


# Driving further growth in Sleep

Hemanth Reddy  
Chief Strategy Officer



# The global prevalence of sleep apnea is enormous and growing







Sleep apnea is more than 80% undiagnosed....

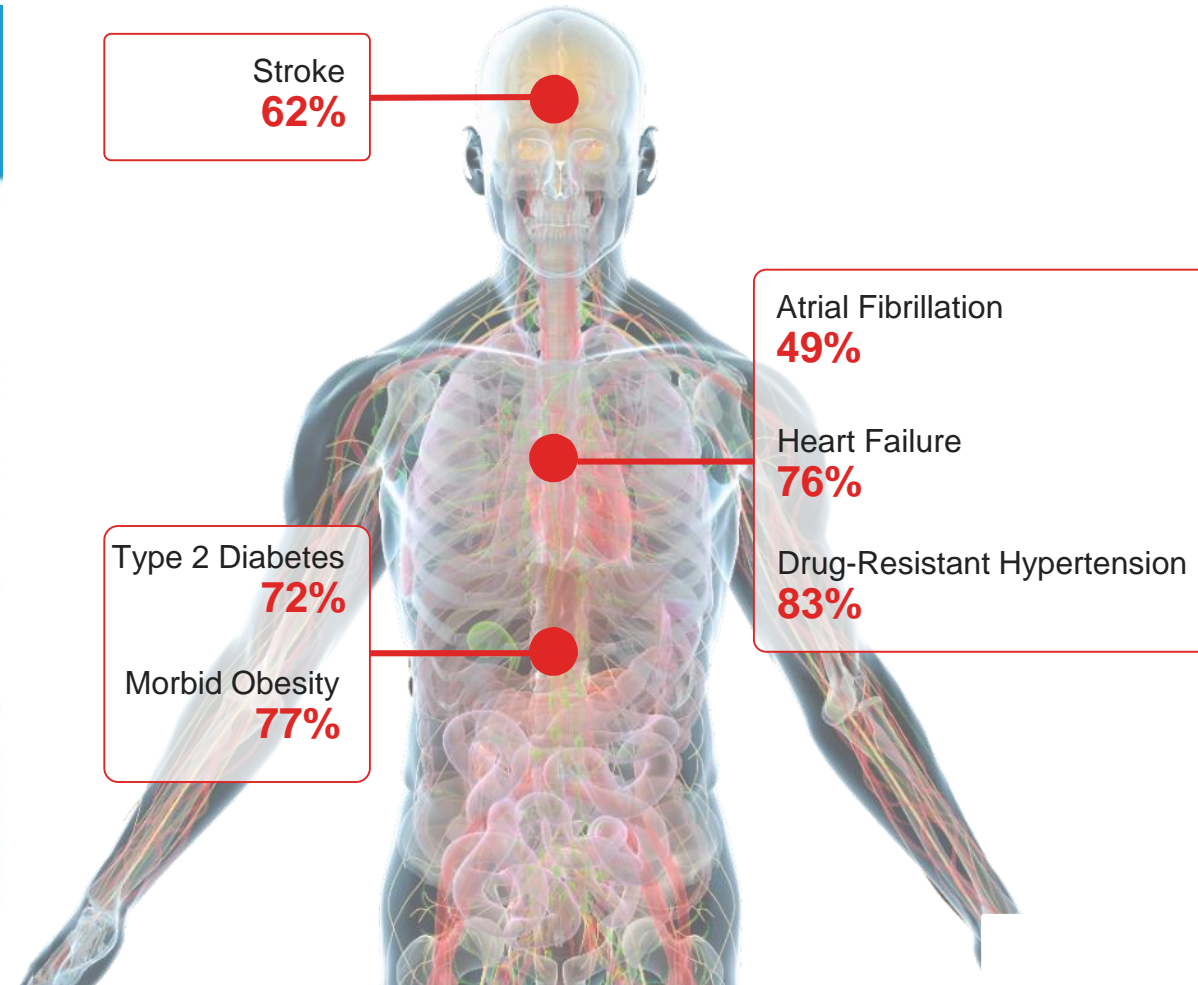
....and is highly prevalent in other chronic conditions

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>



<sup>1</sup> Peppard PE et al. *Am J Epidemiol* 2013

<sup>2</sup> Young T et al. *Sleep* 1997

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



# Our JV with Verily will innovate to support sleep apnea sufferers

## **JV focus: New approaches to reach and engage untreated sleep apnea patients**

- *ResMed* - Scientific, clinical and market expertise in sleep apnea and connected health
- *Verily* - Advanced analytics, machine learning, software and technology expertise in healthcare

### **1. Big data research**

- Generate real world evidence on value and effectiveness of sleep apnea treatment

### **2. Identification and engagement solutions**

- Better identify at-risk individuals
- Engage, guide and support them to get diagnosed and treated...
- ...in personalized and efficient ways, at scale

### **3. Collaboration opportunity with other Verily partnerships to address sleep apnea**

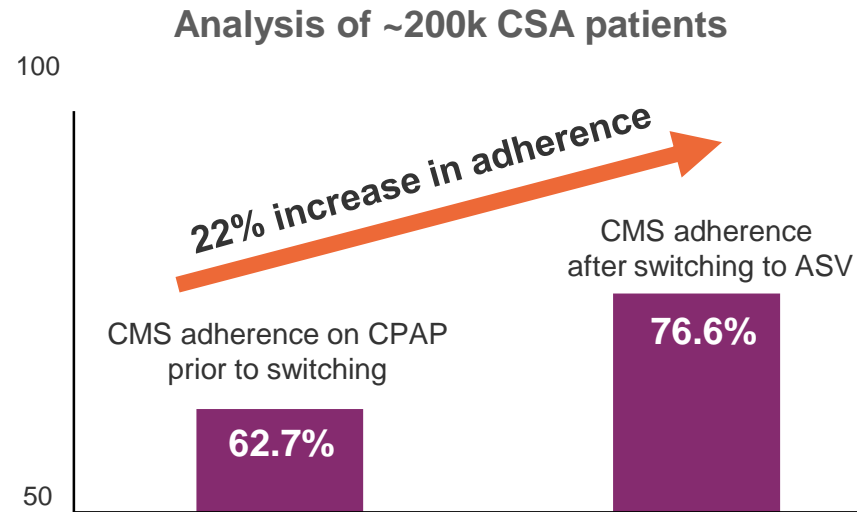


# 1. Big Data Research

*ResMed is a leader in generating actionable information from big data in sleep apnea*

Pioneering *innovation* and providing *clinical evidence* that support better patient outcomes and improved business efficiencies for customers

Patients with treatment-emergent central sleep apnea (CSA) are two times more likely to terminate therapy



myAir™



World's largest study for adherence

> 128,000 patients

↑24%

patient adherence  
with patient  
engagement<sup>4</sup>



# 1. Big Data Research

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

## VERILY'S PROJECT BASELINE

- Observational study: 10,000 participants over 4 years
- Objectives
  - Develop data-driven “baseline” for good health
  - Build rich platform to identify transitions from health to disease much earlier, and related risk factors
- Verily is collecting broad, rich data on each participant
  - Data Types: Genome, biome, molecular, imaging, sleep, biometric, self-reported, behavioral, psychological, environmental, other health-related measurements
  - Sources: Regular onsite visits, sensors, ongoing online portal and mobile app engagement
- Verily is partnering with Duke and Stanford

## POTENTIAL INSIGHTS

- Sleep apnea phenotypes and determinants
- Sleep apnea risk stratification and identifying parameters
- Ideal diagnostic and treatment approach by phenotype
- Long-term health, quality of life and economic benefits of treating sleep apnea by phenotype
- Impact of treating sleep apnea on related chronic conditions and corresponding value



## POTENTIAL APPLICATIONS

- Improved sleep apnea devices and masks
- More tailored and effective sleep apnea diagnostic, treatment and care management models – clinically validated
- Partner with customers and other stakeholders to deliver new care models, and better position for value-based care

## > 2. Identification and Engagement Solutions

*Accelerating diagnosis and treatment adoption represents significant growth and value potential*

### IDENTIFY

#### *Multi-pronged identification of at-risk individuals*

##### Illustrative Examples

- Highly targeted, multi-channel outreach and screening
- Predictive modeling and risk stratification among managed populations, e.g. for payors
- Signal processing and machine learning using sensor data, e.g. wearables, home IoT devices
- Machine learning using diagnostics and monitoring data for related conditions, e.g. retinal images

### ENGAGE

#### *Tailored engagement of identified individuals*

- Engage with relevant content and customized experiences to enhance awareness of sleep apnea, risks of leaving it untreated, and benefits of treating it
- Ultimately support individuals through mindset and behavior change to consult physicians, get diagnosed, and seek therapy

*... powered by a scalable digital platform and continuous machine learning*



### 3. Collaboration opportunity with other Verily partnerships

*Our JV could work with other Verily partnerships to address co-morbid sleep apnea*

#### AREAS OF VERILY'S PARTNERSHIPS AND PROJECTS

**Diabetes**

**Cardiovascular**

**Neurological &  
Mental Health**

**Inflammation &  
Immunology**

**Precision  
Medicine**

**Population  
Health**

**Healthcare Delivery**



# JV Progress



JV formally launched



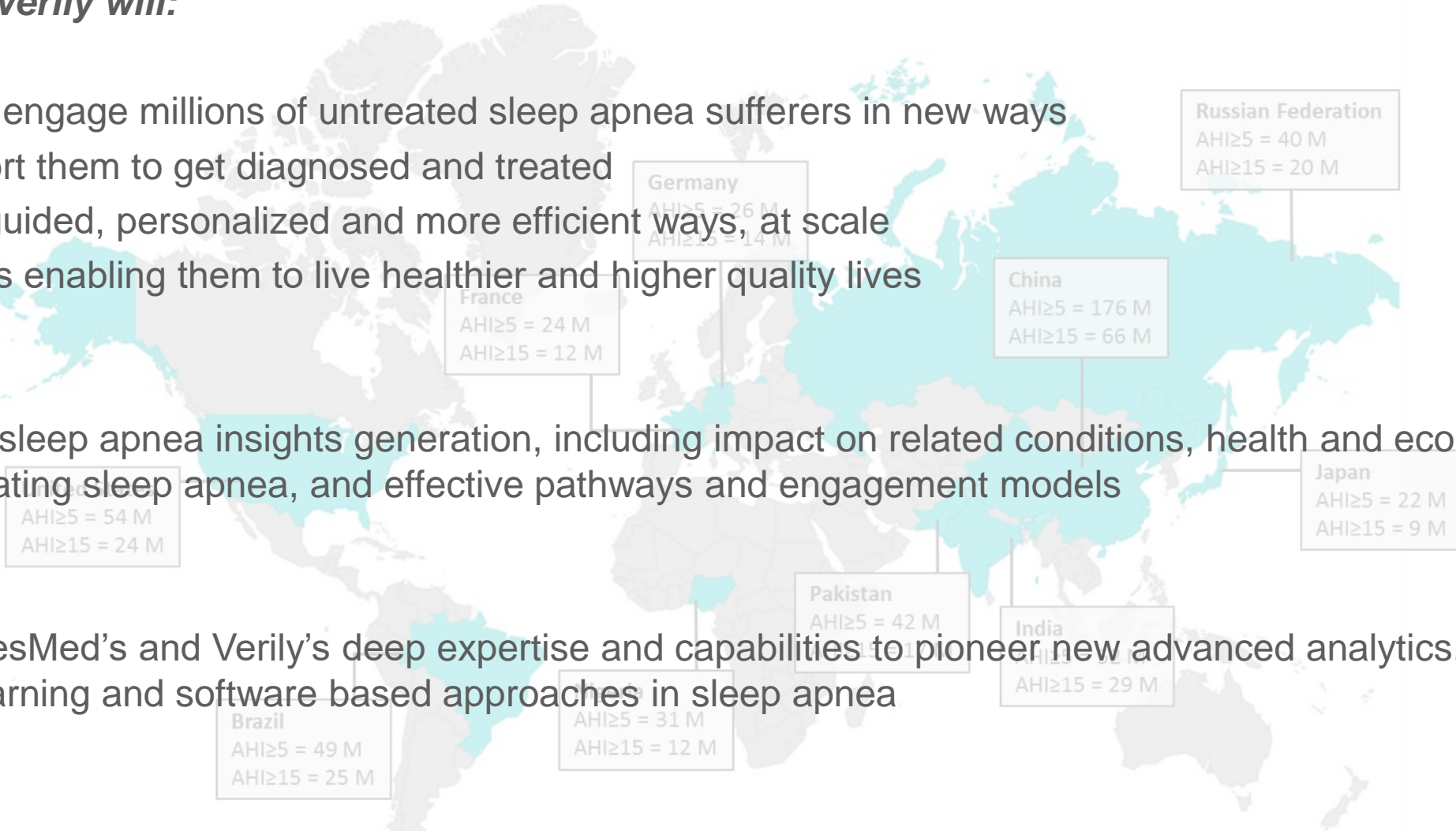




# Summary

## *Our JV with Verily will:*

- Reach and engage millions of untreated sleep apnea sufferers in new ways
  - Support them to get diagnosed and treated
  - ... in guided, personalized and more efficient ways, at scale
  - ... thus enabling them to live healthier and higher quality lives
- Accelerate sleep apnea insights generation, including impact on related conditions, health and economic value of treating sleep apnea, and effective pathways and engagement models
- Harness ResMed's and Verily's deep expertise and capabilities to pioneer new advanced analytics, machine learning and software based approaches in sleep apnea
- Generate compelling returns for our shareholders by accelerating sleep apnea treatment adoption







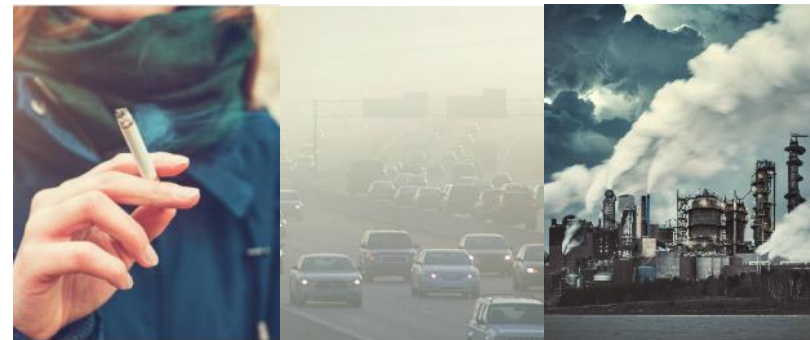
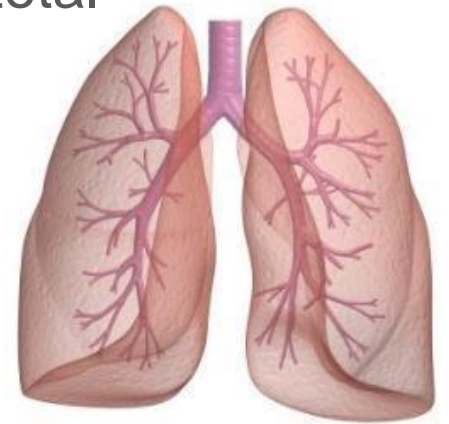
## Expanding our Respiratory Care portfolio

Rob Douglas  
President & COO

David Van Sickle  
President & CEO, Propeller

# > COPD is a large and growing market

- COPD is the third leading cause of death worldwide<sup>1</sup>
- 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 of the total
- Cost to healthcare systems from COPD is enormous:
  - Europe: ~€48 billion per year
  - US: ~\$50 billion per year
- More than 3 million people worldwide die each year due to COPD





# Respiratory Care: Our point of view

- People with COPD are not well served by healthcare systems today
  - Better solutions are needed for patients, physicians, care providers, and payers
- Technology enabled medical devices will be incorporated within integrated care models to more effectively manage patient needs
- Improving outcomes in Respiratory Care will require solutions that reach the patient much earlier in their disease progression
- Digitally enabled, end-to-end solutions will be the key to reaching and supporting the millions of patients with chronic respiratory diseases in emerging markets





# Respiratory Care strategy built from this Point of View



## WIN IN THE CORE

- Reach more COPD patients through connected non-invasive ventilation
- Drive profitable growth in life-support ventilation
- Grow POC sales through business model innovation



## INNOVATE AND EXPAND INTO ADJACENCIES

- Treat patients earlier in COPD disease progression through a connected ecosystem
- Continue to leverage investments in life support and NIV
- Further innovate & scale the portable oxygen business model
- Better prove connected health value propositions



## TRANSFORM COPD HEALTHCARE DELIVERY

- Build intelligent therapy solutions enabled by sensor technologies, data analytics, AI and ML with improved patient/care giver engagement
- Create value propositions in longitudinal care, predict exacerbations, and prevent hospitalization
- Support new business models & tailored products in emerging growth markets

**Collaboration – Operating Excellence – Lean Innovation – High Performance Culture – Talent**



# Full spectrum of solutions for respiratory care

## High-Flow Therapy



AcuCare™ high flow

## Portable Oxygen Concentrator



Mobi™

## Bilevel Ventilation



AirCurve 10

## Non-invasive Ventilation (NIV)



Lumis™



Stellar™

## Life Support Ventilation



Astral™



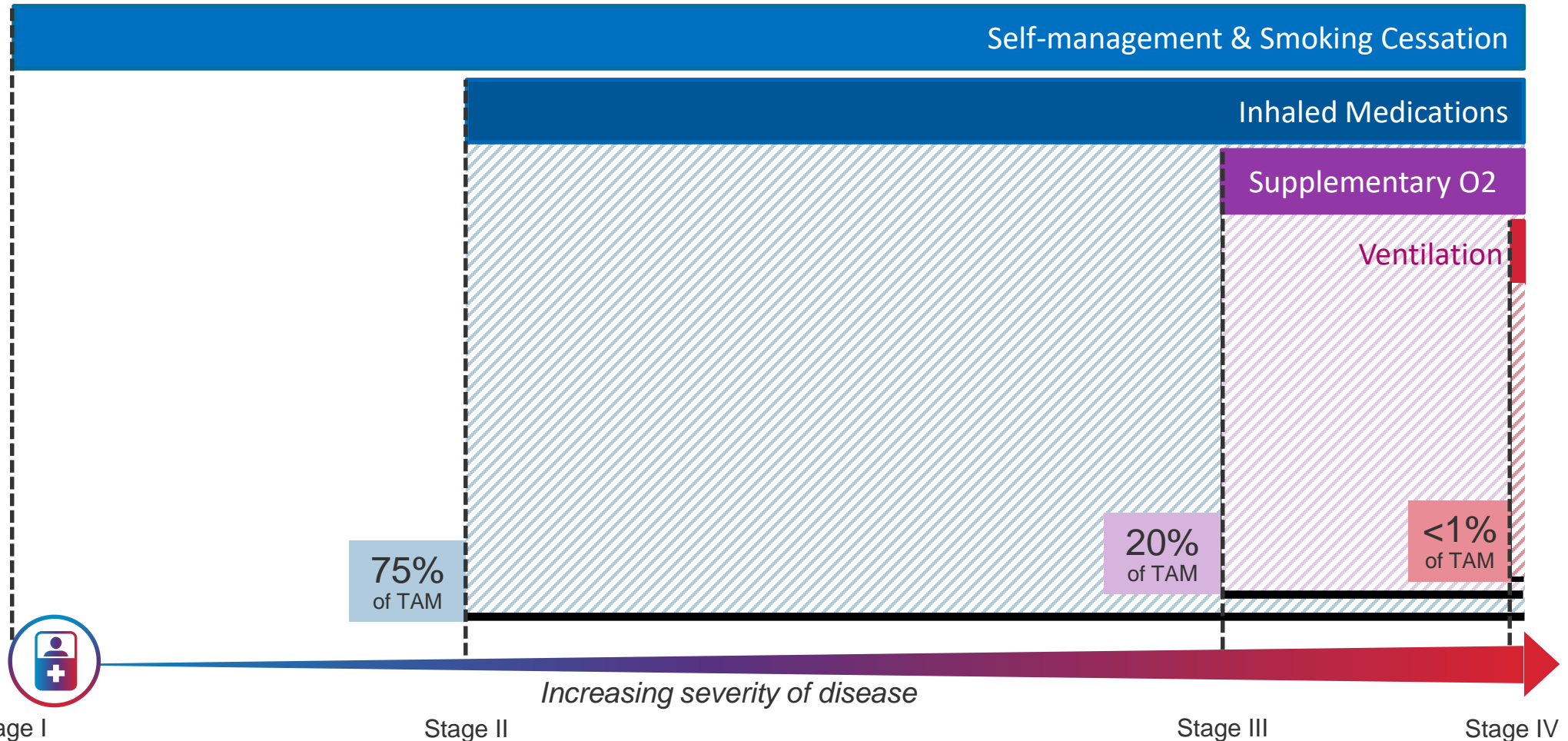
Astral™ with RCM

Patient Acuity



# Reaching patients early is key to improving health outcomes

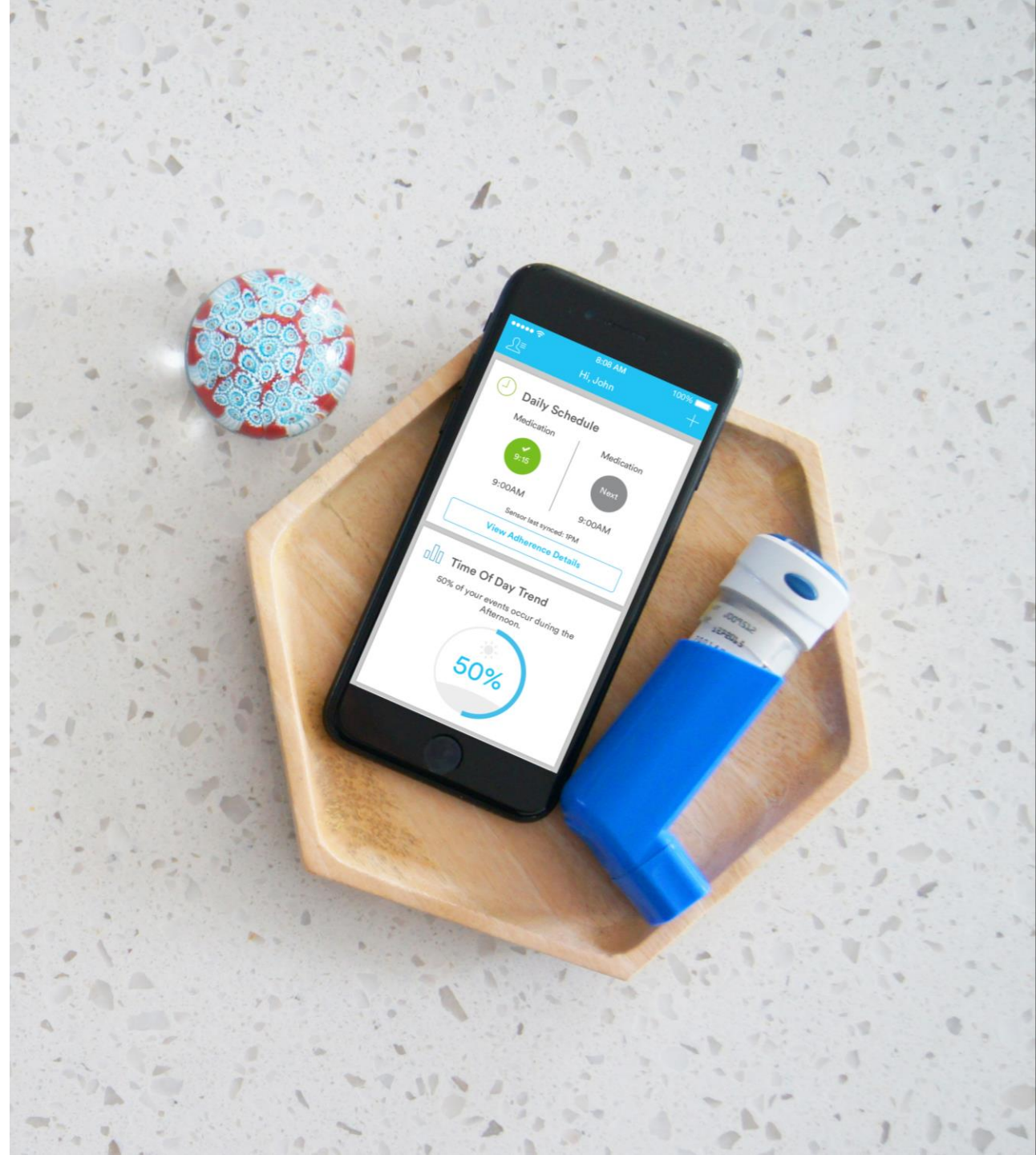
● **Total Addressable Market: ~380 million patients<sup>1</sup>** ●  
Global COPD population







David Van Sickle, co-founder and CEO





# Asthma and COPD are complex, costly diseases

	Asthma	COPD
Prevalence	235M <sup>1</sup>	384M <sup>2</sup>
Adherence	As low as 22% <sup>3</sup>	20 – 23% <sup>4,5</sup>
Total Annual Cost	\$82B <sup>6</sup>	\$52B <sup>7</sup>
Hospitalization / Readmission Rates	8 per 100 for ED visits <sup>8</sup>	19.2% readmission <sup>9</sup>

1. [World Health Organization](#)
2. [World Health Organization](#)
3. [Bender, 2006](#)
4. [Dhamane, 2017](#)
5. [Sulaiman, 2017](#)
6. [Nurmagambetov, 2017](#)
7. [Gold 2017](#)
8. [Akinbami, 2012](#)
9. [Jacobs, 2018](#)





# Propeller changes the experience of chronic respiratory disease

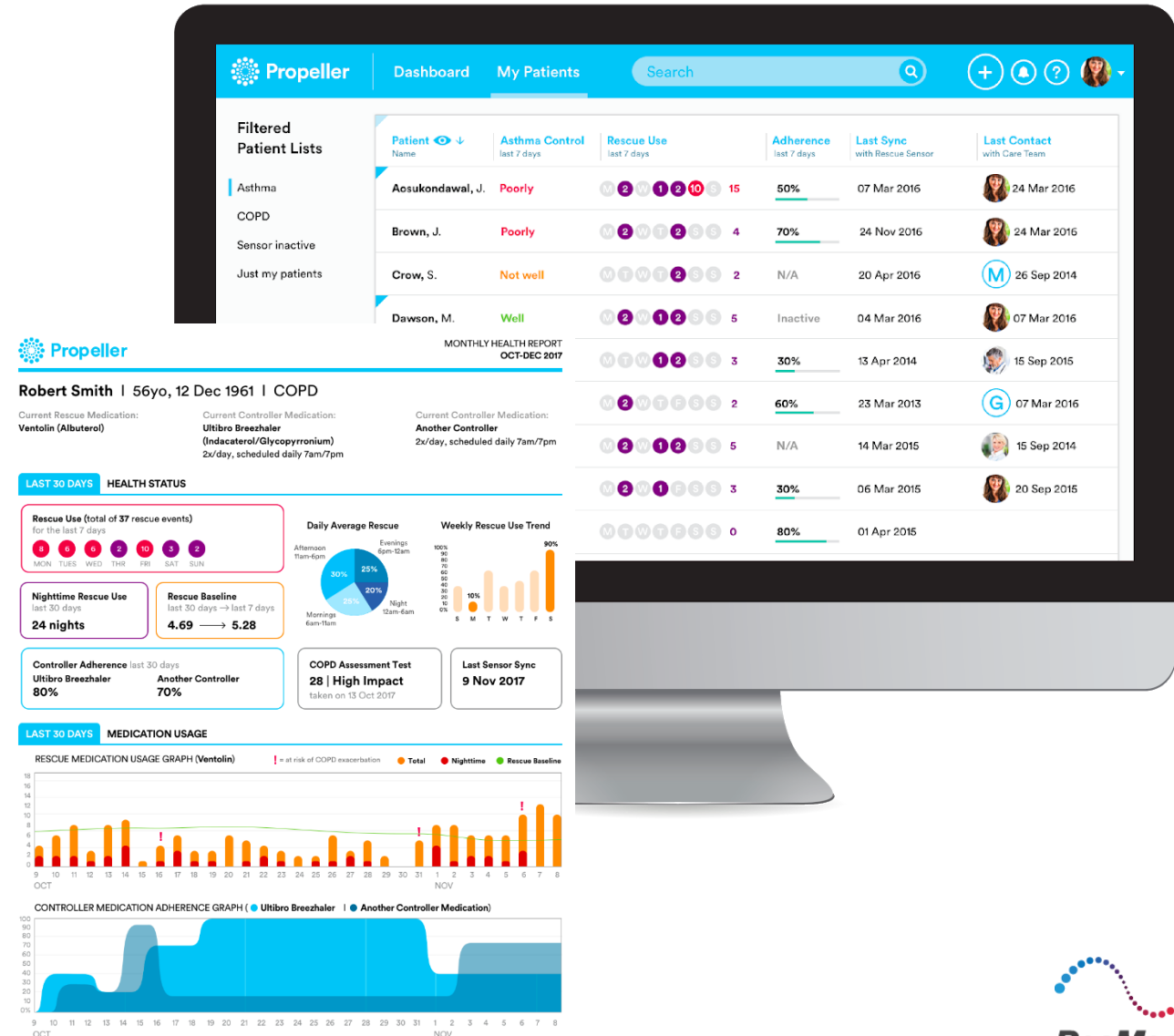
- Sensors connect to the majority of inhaled medicines, and sync with a companion app
  - 10 FDA 510(k) clearances, CE Marked
- The patient experience enables:
  - Personalized insights to enable better self-management
  - Adherence habits through reminders and notifications
  - An improved relationship between patients and their clinicians with objective information





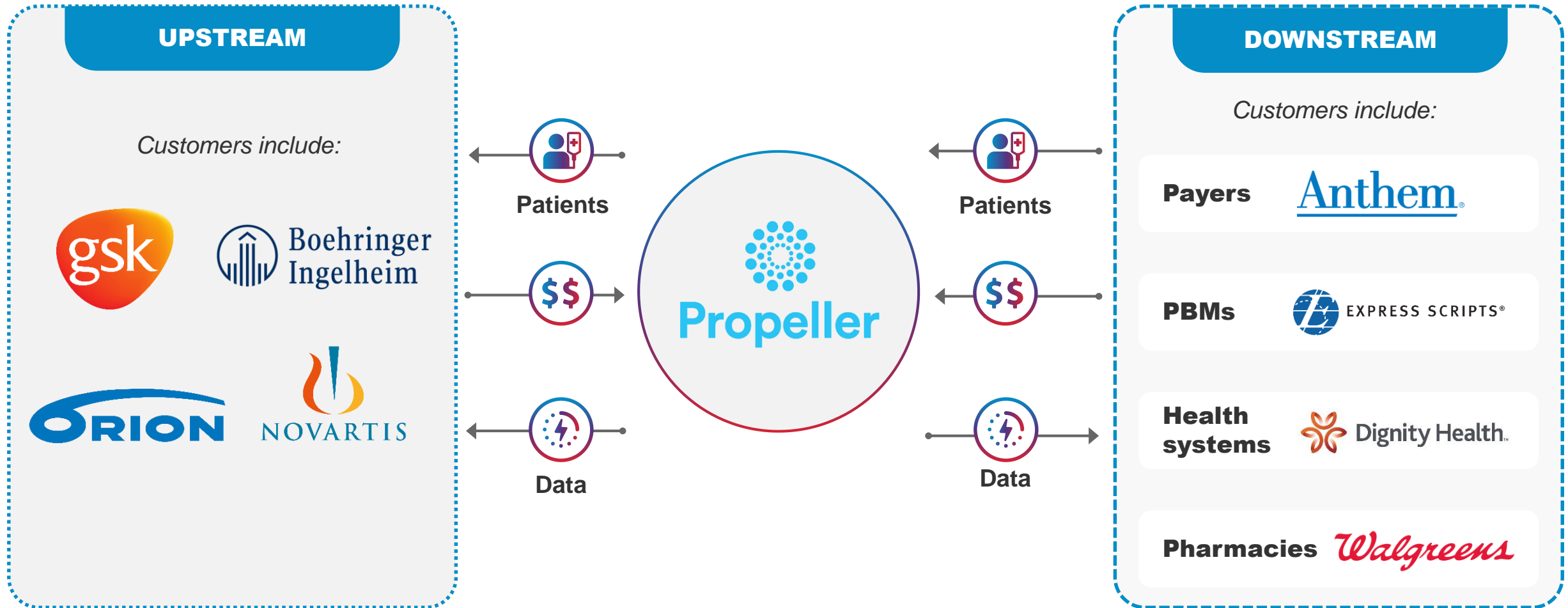
# Propeller enables more informed, proactive care and treatment

- Delivers objective, longitudinal measures of respiratory health
- Enables efficient and effective monitoring of large patient populations
- Helps clinicians proactively identify and connect with the patients who need more attention





# Our commercial model is based on a powerful, two-sided network





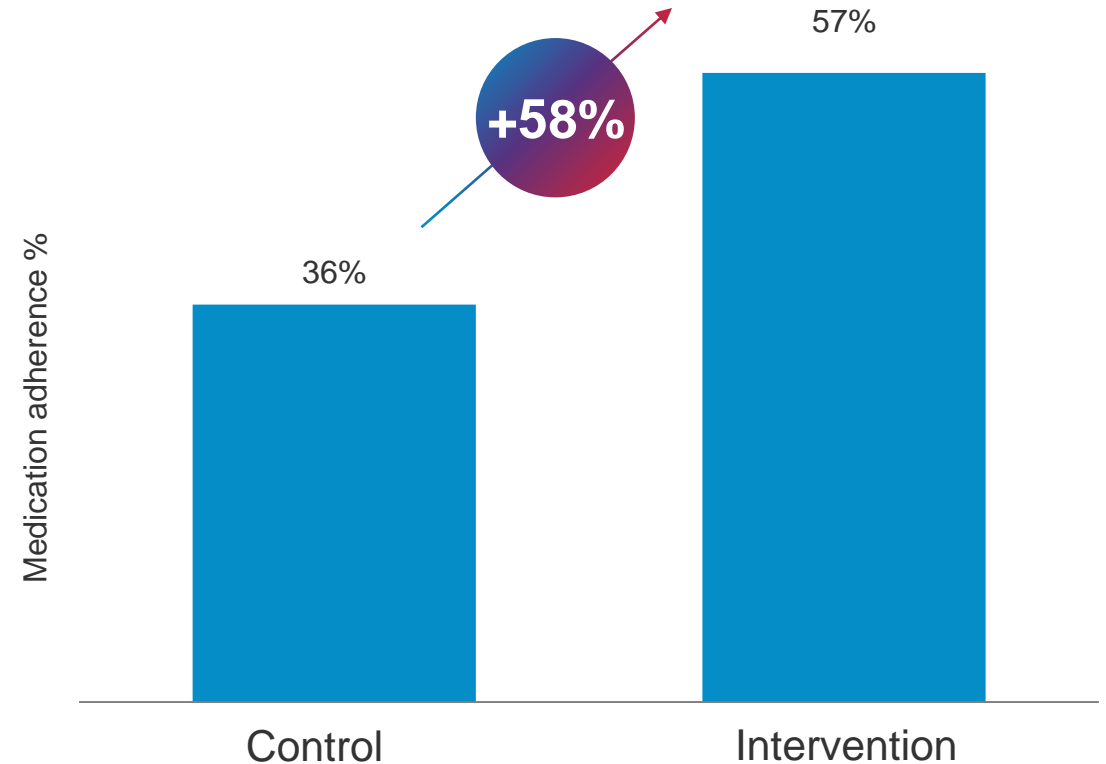
# Pharma benefits from increased adherence and real-world data

- Commercial partnerships with the majority of leading global respiratory brands
- Designed to encourage adherence to prescribed regimens, and guide patients to optimal medication use
- Also supporting pharma R&D efforts to modernize clinical trials and generate real-world evidence

“ Propeller Health’s new deal with Orion Corporation extends its European reach ”

*MobiHealthNews, February, 2019*

## Increased Medication Adherence with Propeller

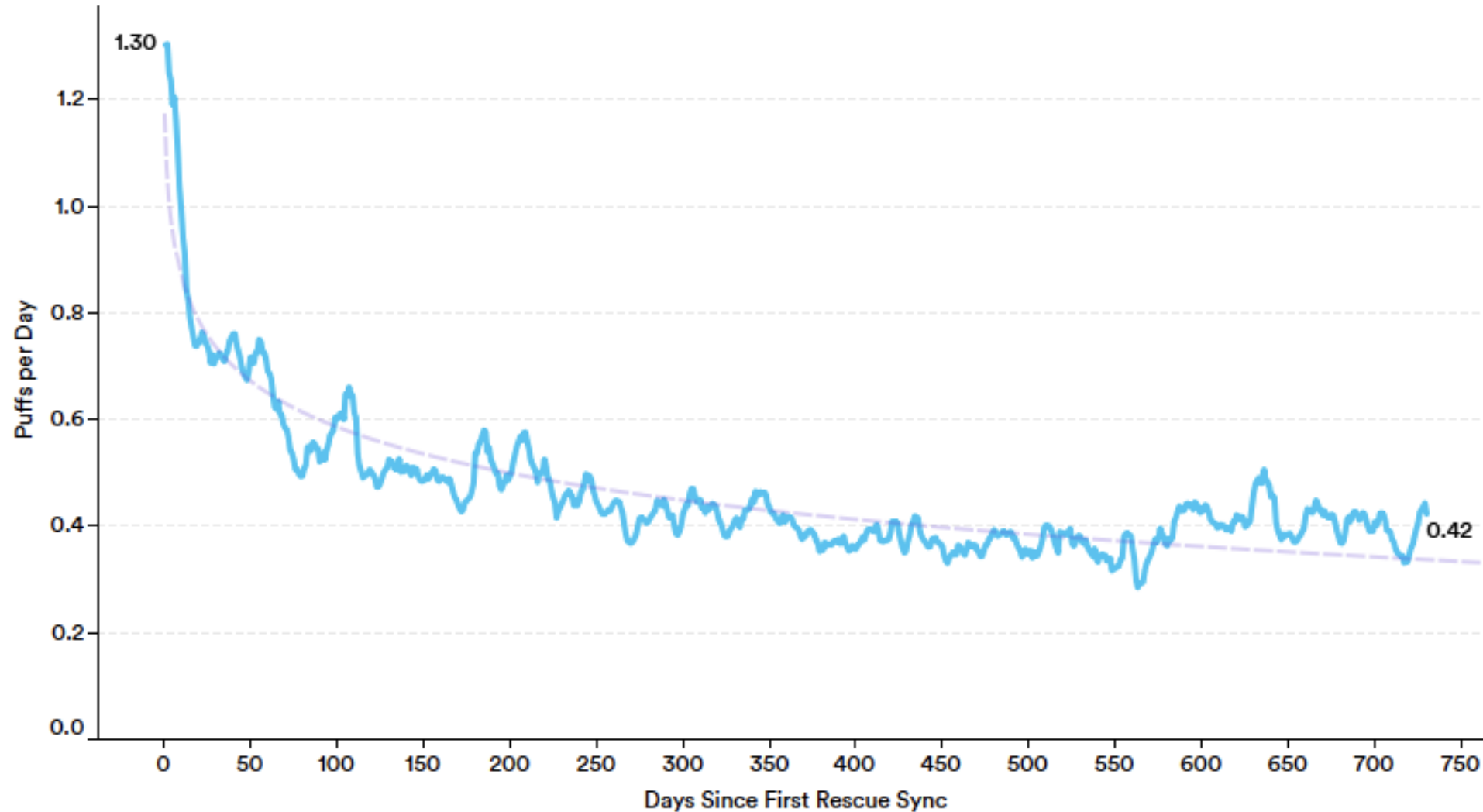


2 Van Sickle D, Humblet O, Barrett M, Henderson K, and Hogg C. 2016. Randomized, controlled study of the impact of a mobile health tool on asthma SABA use, control and adherence. European Respiratory Journal:48: PA1018.  
[http://erj.ersjournals.com/content/48/suppl\\_60/PA1018](http://erj.ersjournals.com/content/48/suppl_60/PA1018)



# Patients' quality of life improves, and they stay engaged

## Rescue Inhaler Use with Propeller





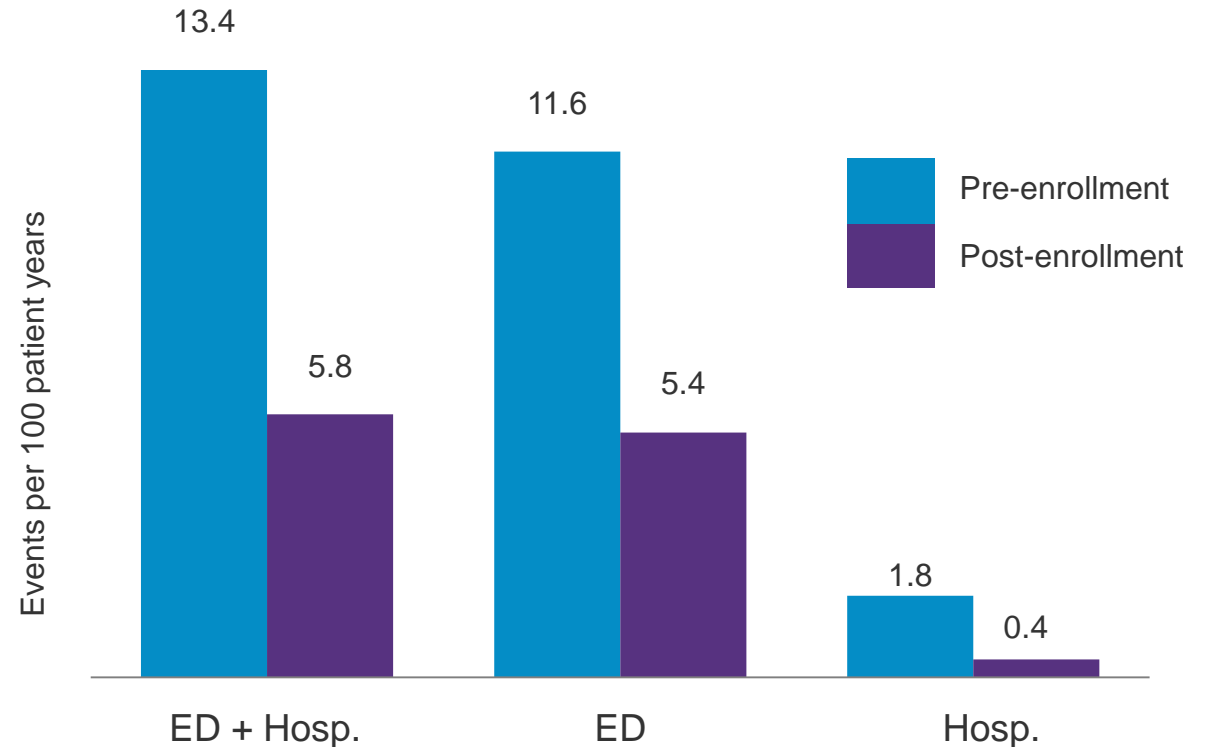
# And payers and providers improve outcomes while lowering cost

- We've demonstrated meaningful clinical benefits in 19 peer-reviewed studies
- We're working with leading payers, provider systems, and PBMs to help them better manage the health of their patient and member populations
- These organizations use Propeller to encourage better self-management in the community and to predict and prevent unnecessary acute care utilization

“Over the course of a year [with Propeller], we eliminated 77% of hospitalizations and 70% of unnecessary emergency room visits.”

**Shez Partovi, MD, Chief Digital Officer, Dignity Health**

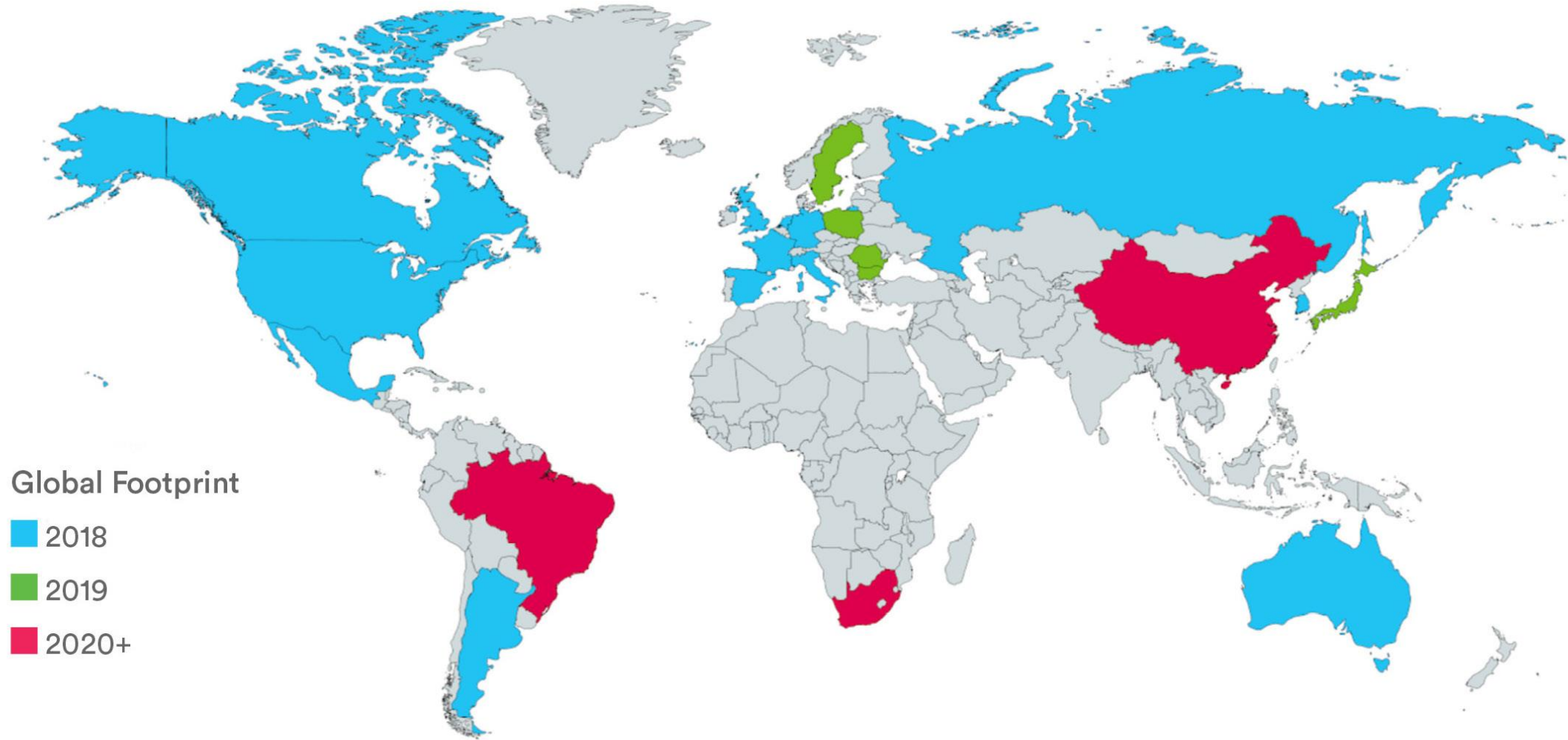
## Reduced Acute Care Utilization with Propeller



Merchant, Rajan, et al. "Impact of a digital health intervention on asthma resource utilization." *World Allergy Organization Journal* 11.1 (2018): 28.



# With ResMed, we're scaling and expanding our global footprint



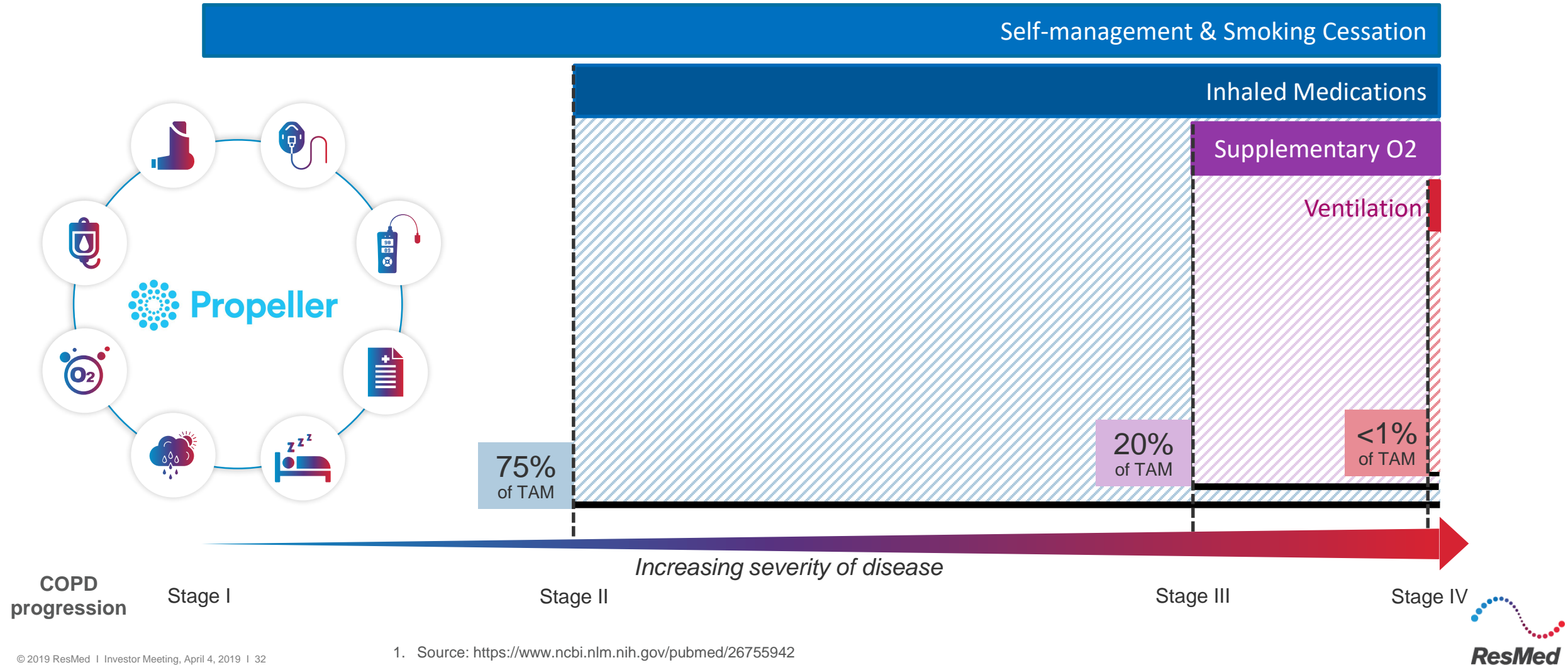




# Together, we have a platform for the entire patient journey

**Total Addressable Market: ~380 million patients<sup>1</sup>**

Global COPD population





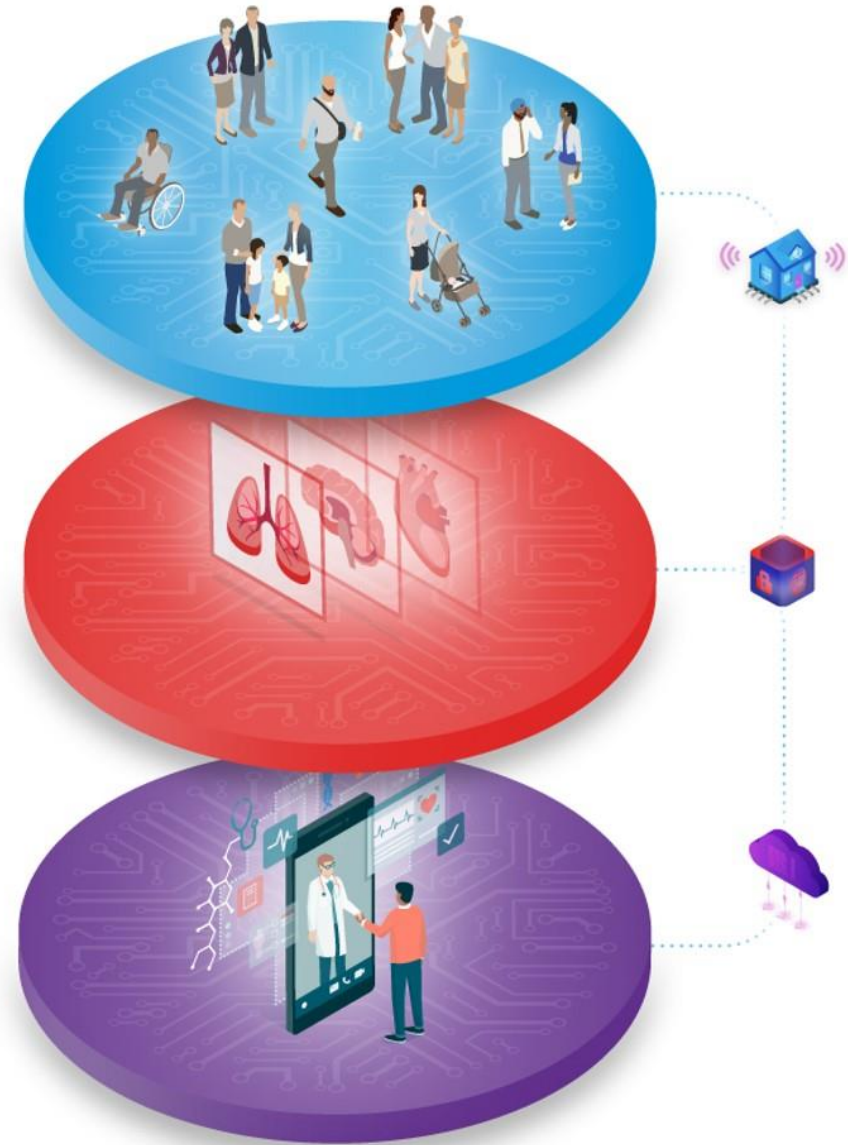


# SaaS strategy & recent acquisitions

Raj Sodhi  
President, SaaS

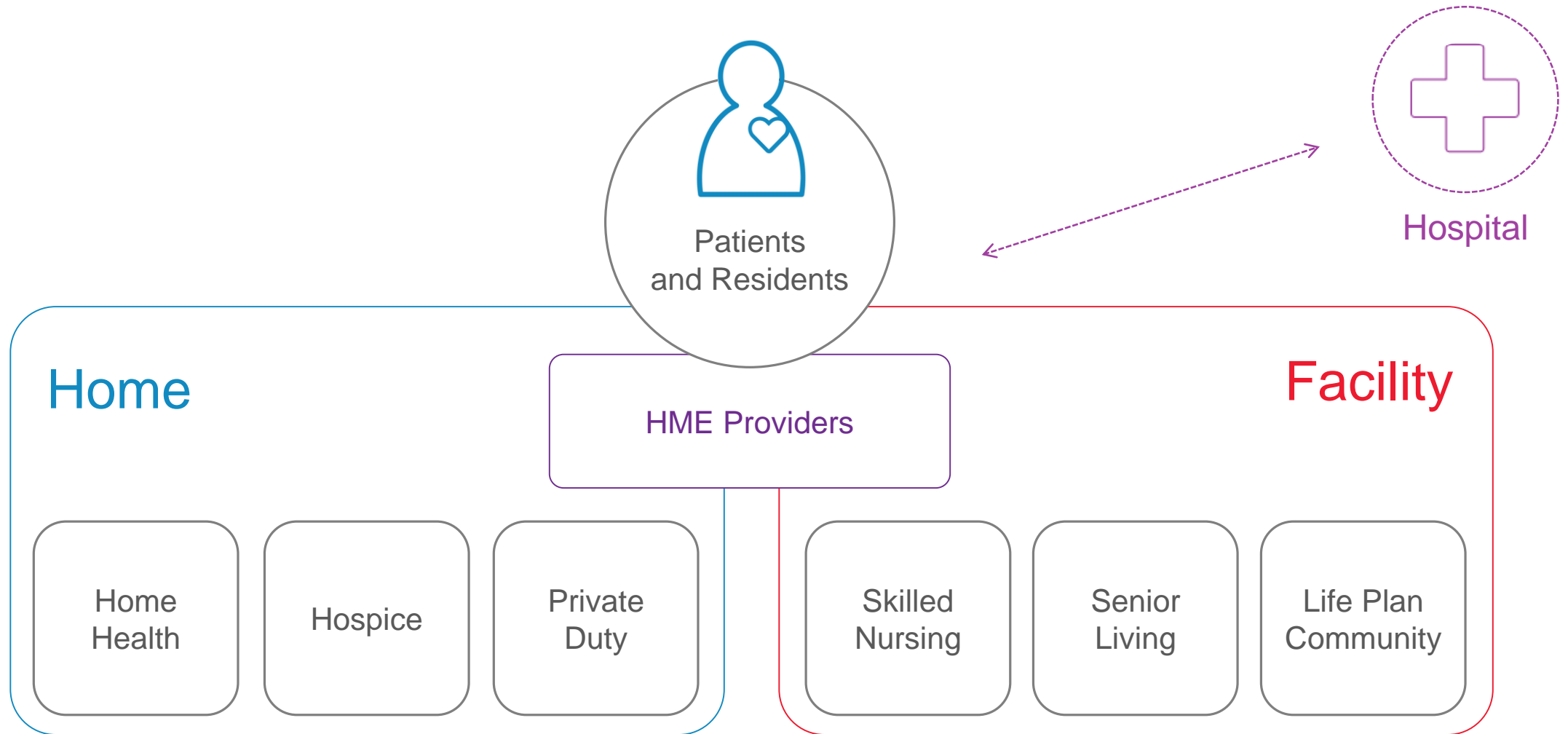
# > Outline

- Market Overview
- Value Creation
- Link to Sleep & RC
- Summary



## Market Overview

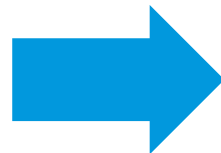
# > Market Overview – Out-of-hospital Care Settings



## > Market Overview - Trends



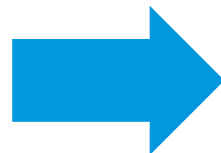
Aging population and chronic conditions



Drives increasing long-term care needs



Healthcare cost reduction pressures



Patients being transitioned out of hospital to lower cost settings



Rising healthcare costs



Move towards value based care



Regulatory changes to payment models and policies

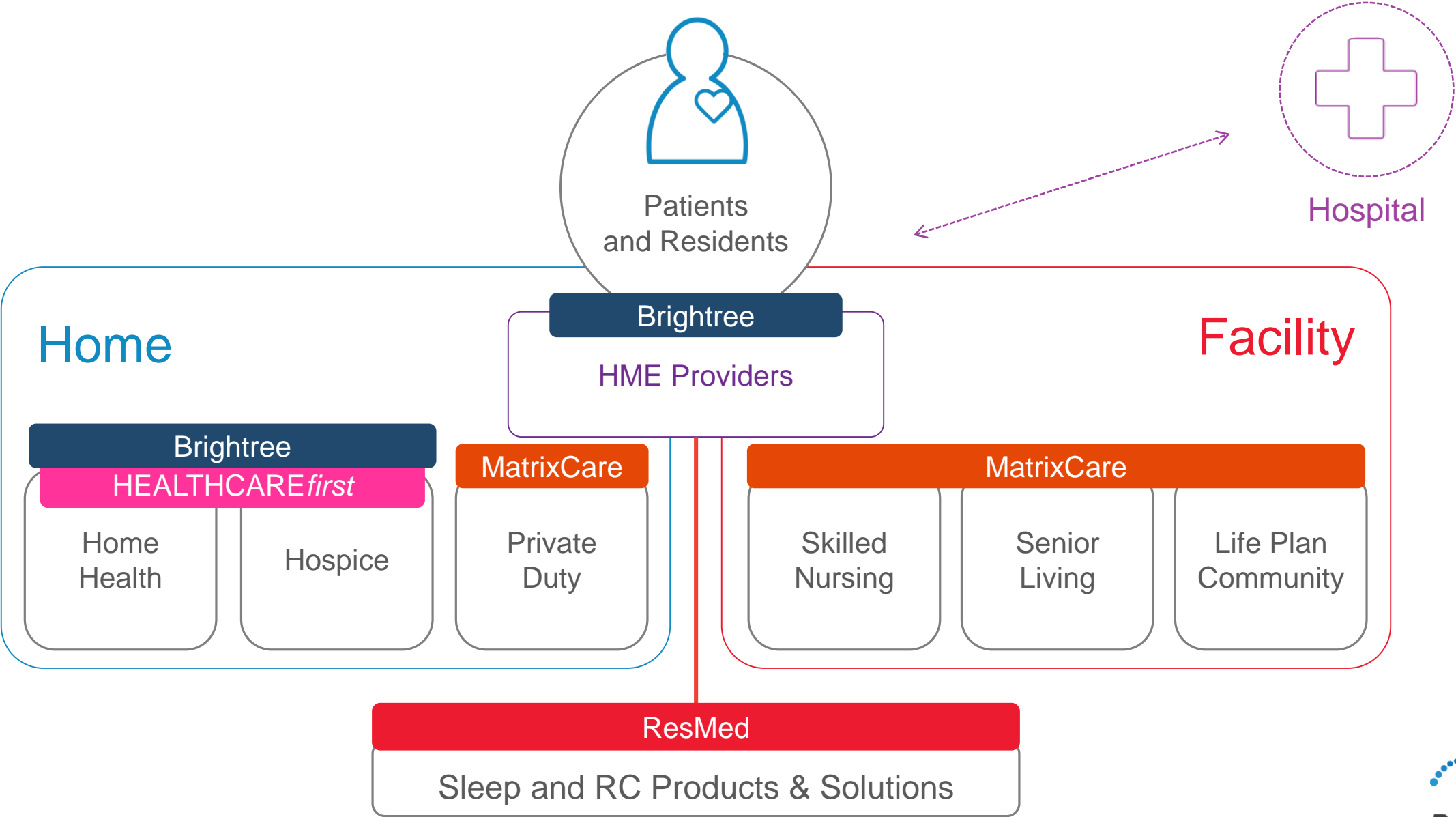


Creates short term and longer term opportunities for value creation





# SaaS Portfolio

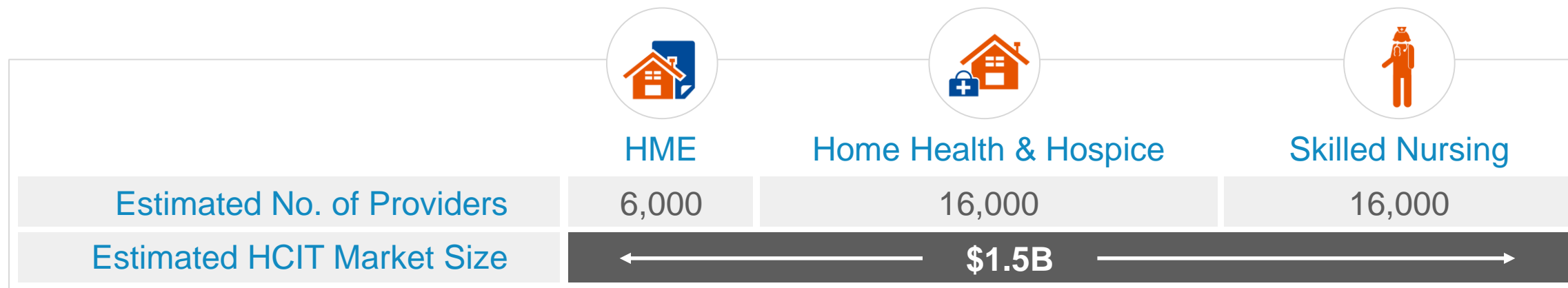


## > SaaS Portfolio – Strong Positioning within Key Segments

Brightree **#1 in HME market** with opportunity to grow

Moving up market in **Home Health and Hospice** with Brightree and HEALTHCARE*first* combined offering

MatrixCare awarded third straight **Best in KLAS Award** for Long-Term Care Software



Increased competitive advantage as market moves to value based care models and providers look to integrate across care settings



# > Value Creation

## > Value Creation - Near Term

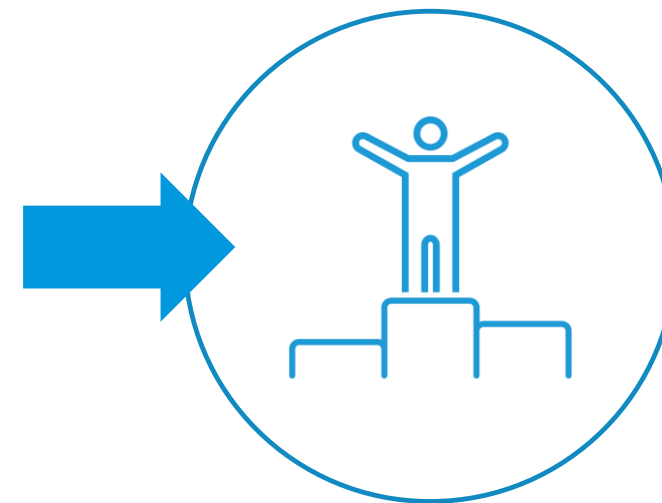
The portfolio is financially attractive on its own.

Growth opportunity for ResMed as these providers rely more on IT / technology to solve for challenges they are facing.

Regulatory changes will drive near term value:

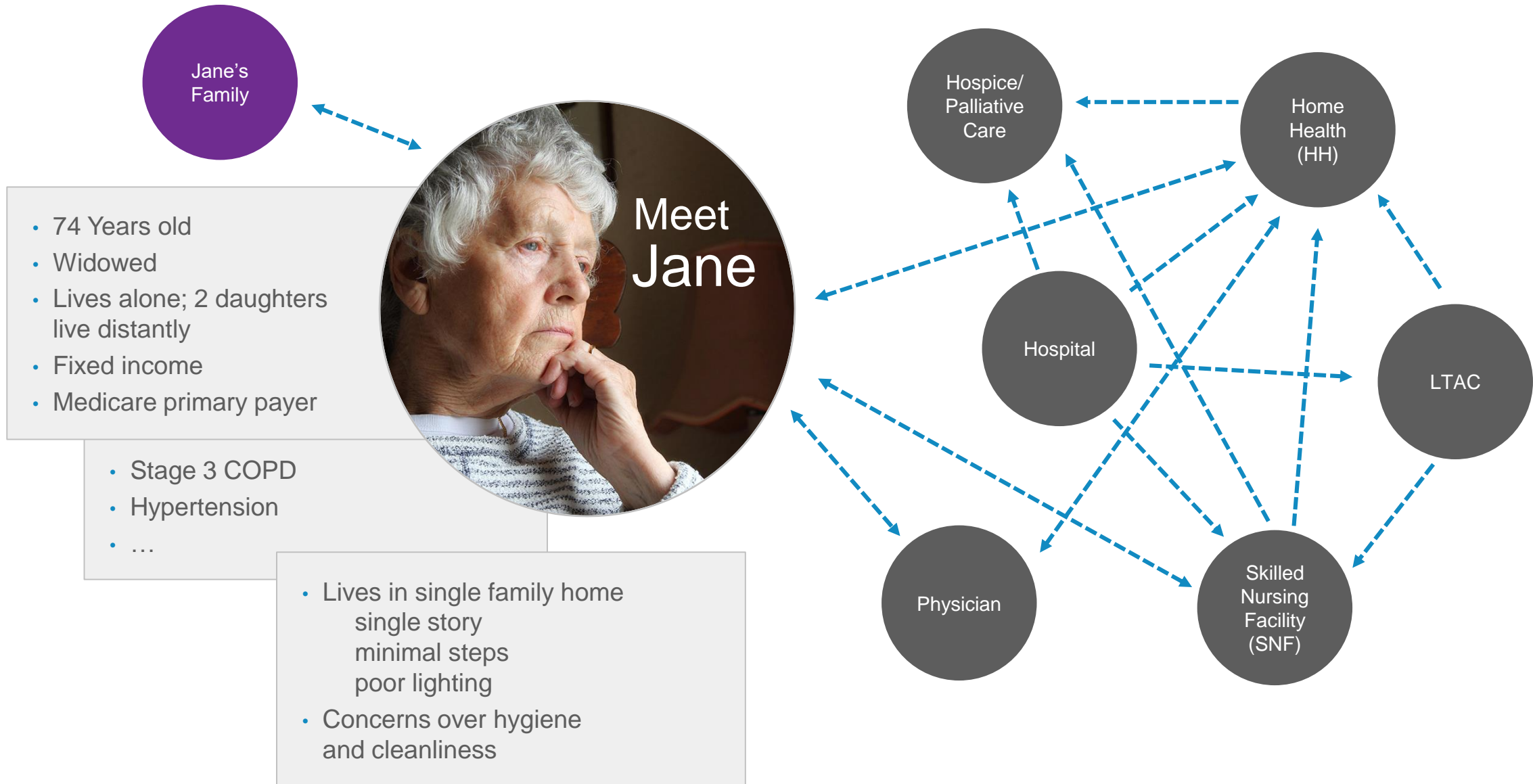
- Skilled Nursing changes on Oct. 1
- Home Health changes on Jan. 1

New CMS billing codes cover tele-monitoring for Skilled Nursing.



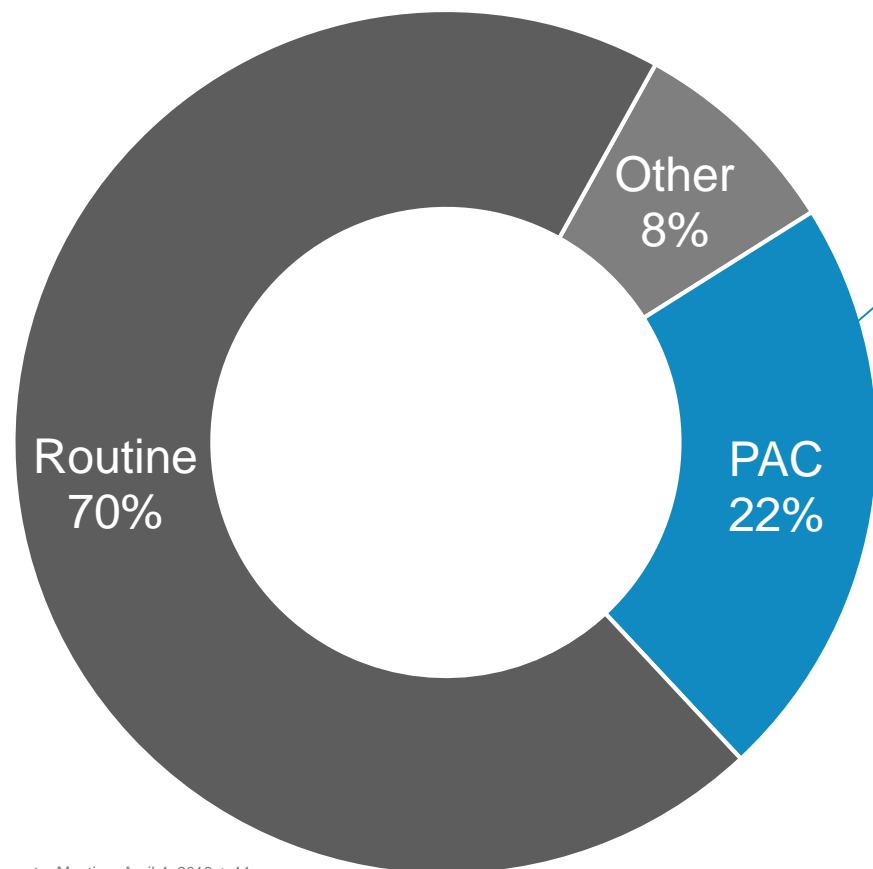
We have the ***right software platforms in the right care settings*** to capitalize on these changes.

# > Value Creation - Patient Journey

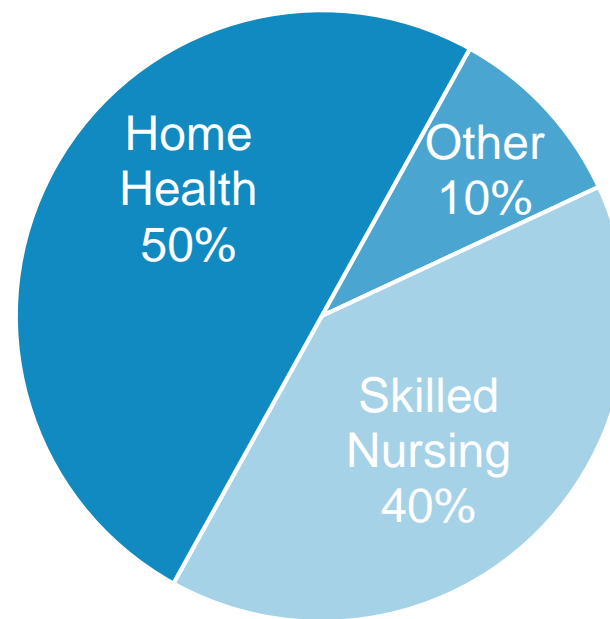


## > Market Overview – Hospital Discharges

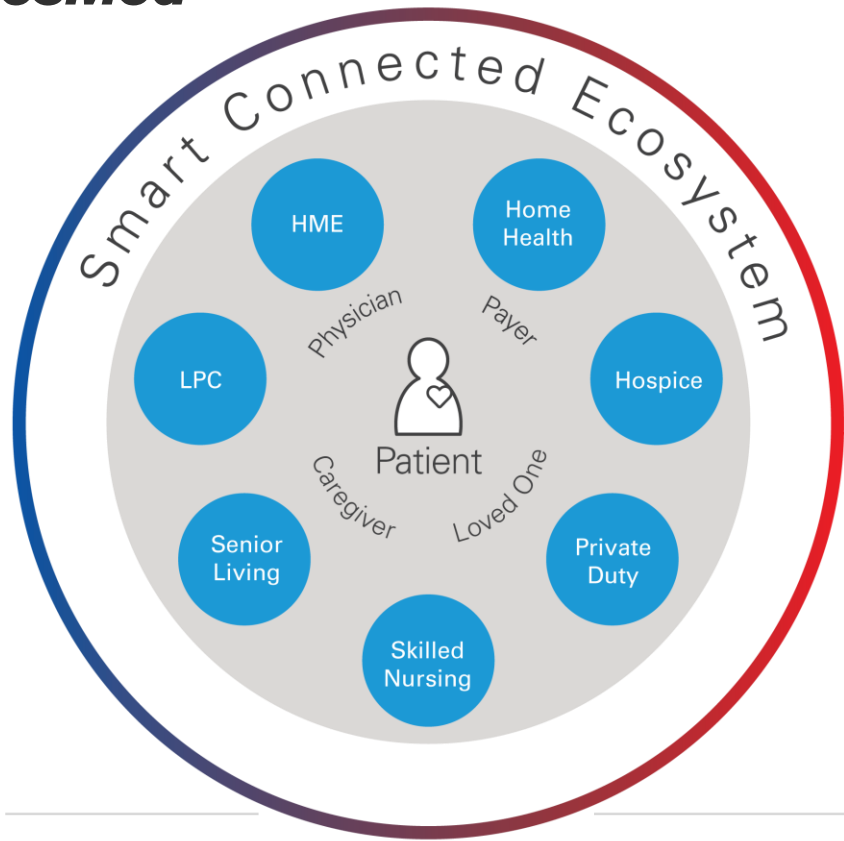
- 35M Total Discharges
- 22% (8M) to Post Acute Care (PAC)



90% of PAC discharge to Home Health or Skilled Nursing



# > Value Creation - SaaS Strategy



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

- 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*

# > Value Creation – Connecting HME to ecosystem



of CMS patients receive HME benefit per year



Patients and Residents

Average # of claims for these per year

3

Home

Facility

HME Providers

Home Health

Hospice

Private Duty

Skilled Nursing

Senior Living

Life Plan Community

## > Summary

The portfolio is financially attractive on its own and we have leading positions in key segments.



Supports growth for existing businesses (HME) and chronic diseases, sleep apnea and COPD in particular.



The ecosystem and scale creates our competitive advantage.





# Closing Remarks

Rob Douglas  
President & Chief Operating Officer

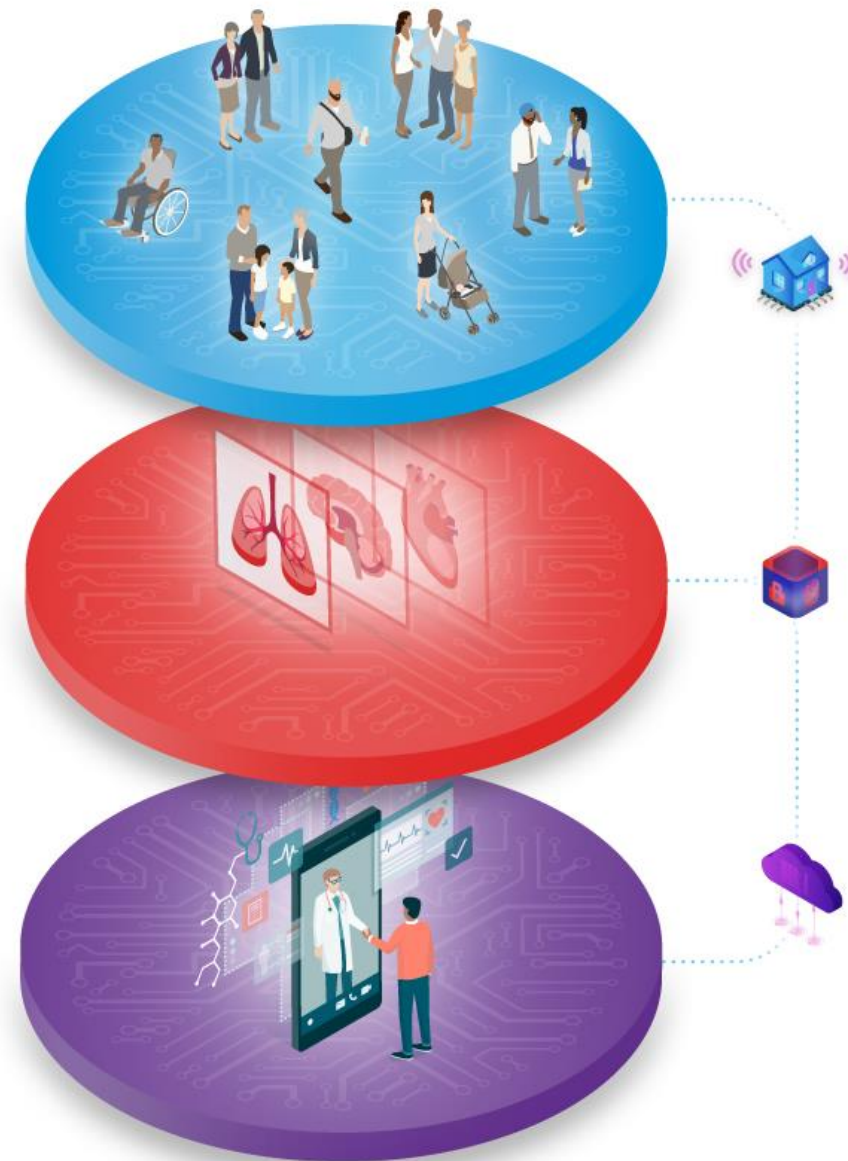




# Well-positioned for 2025 and beyond

Recent strategic activities augment solid organic growth opportunities over the long-term

- OSA remains significantly undertreated & underpenetrated
  - JV with Verily is one path towards accelerating awareness to drive increased identification and engagement
- Improving outcomes in Respiratory Care requires reaching more patients earlier in the disease progression
  - Propeller expands ResMed's offering and firmly establishes ResMed as the leading provider of patient management solutions across the various stages of COPD
- Digital solutions and tech-enabled care will provide value in healthcare
  - ResMed, with Brightree, MatrixCare and HEALTHCAREfirst, has the foundation to build an ecosystem that improves transitions of care for patients and drives efficiencies for providers – with links back to core Sleep and RC business





# ResMed is the global leader in connected health

*Well-positioned to extend success in Sleep to COPD and the broader Out-of-Hospital ecosystem – agnostic of disease*



## Market Dynamics

- Underpenetrated markets in sleep and COPD
- Healthcare costs continue to increase
- Focus on improving patient outcomes
- Value-based technology solutions



## Growth & Innovation

- Global leader in connected health for sleep and respiratory care
- Long-term growth opportunities
- 5,500+ patents and designs
- ~7% of revenue invested in R&D



## Financial Results

- Historical revenue and profit growth
- Recurring revenue
- Operating excellence program
- Strong track record of disciplined capital deployment



## Q&A

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