



ResMed

*Changing lives
with every breath*



Investor Presentation

Q2 2016

March 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*

26+ years

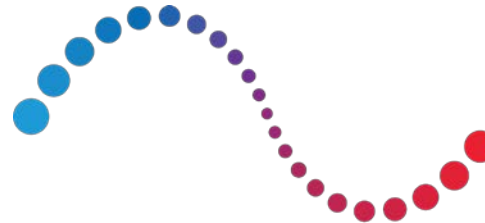
of successful innovation,
market development and market growth

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

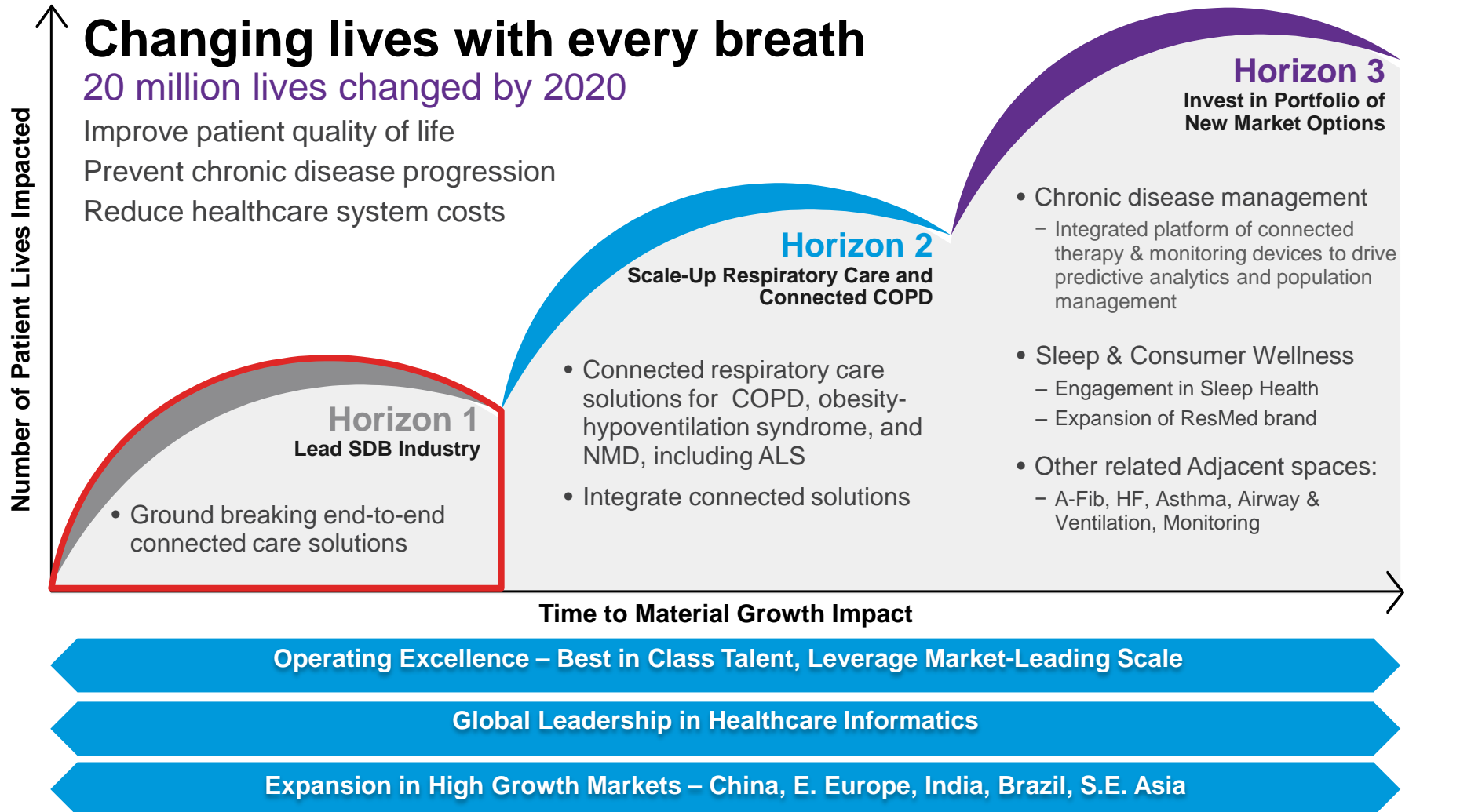
Global

sales and manufacturing channel, delivering
products and solutions in over 100 countries
with over 4,000 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 connectivity solutions did not exist,
so **we pioneered 100% cloud connected
respiratory medical devices**

Others had to follow

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

➤ Healthcare Informatics – *the new basis of competition*

- Liberate Healthcare Data
- Improve Outcomes
- Unlock Value

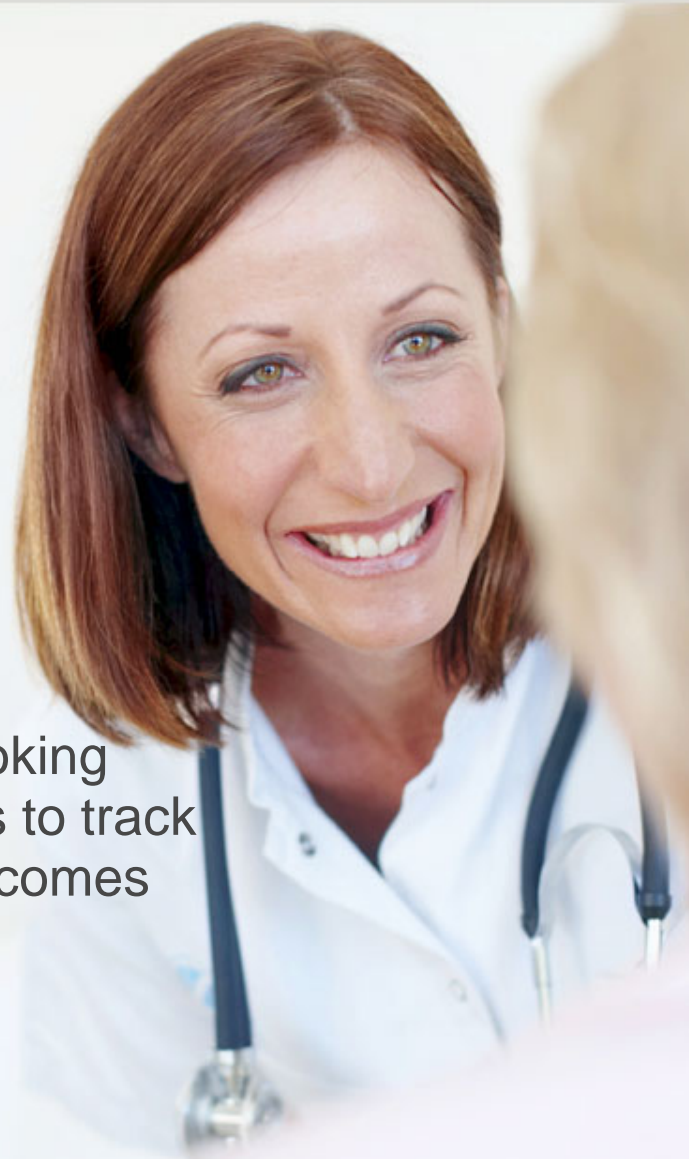


> Informatics is revolutionizing the patient-provider relationship

Providers are looking for tools that allow **fewer** people to manage **more** patients

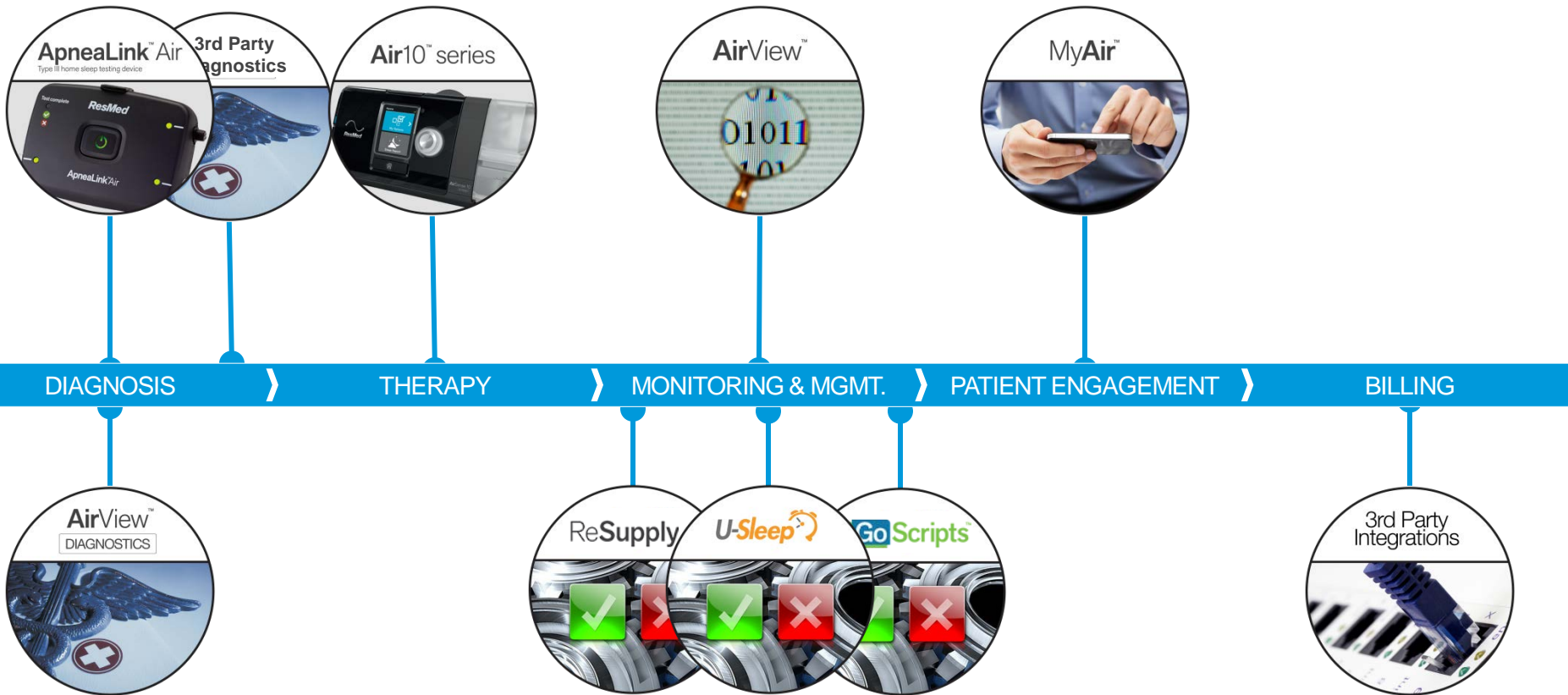


Patients are looking for **simple** ways to track their health outcomes



> 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 solutions

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™**

> Air Solutions – 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

U-Sleep

Automated compliance coaching ³

Standard Monitoring



vs

Centralized Monitoring



- Increased compliance by 27%

- 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

➤ Brightree Advances our Connected Care Solutions



Strengthens ResMed's global leadership in connected care solutions across all Three Horizons of ResMed's growth strategy

Transaction

- \$800 million, all cash
- 2015 EBITDA multiple: 13.5x with tax benefits, 18.8x without
- Closing expected by the end of Q4 fiscal year 2016, subject to customary conditions

Leverage

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

Tax Synergies

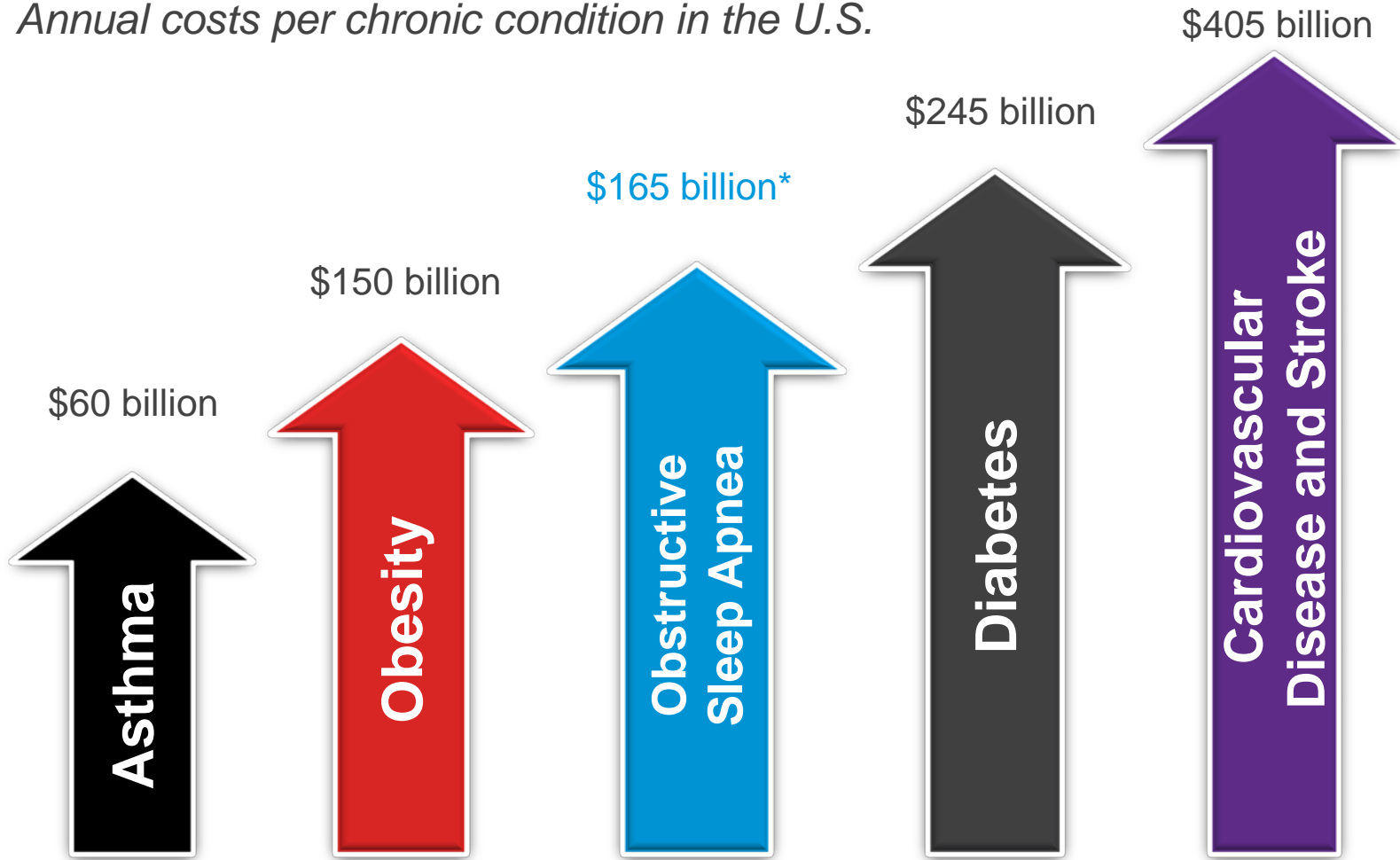
- Significant cash tax benefit improves cash flow, acquisition multiple

Accretion

- Accretive to Non-GAAP EPS after close and continues to be accretive in subsequent years

> 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

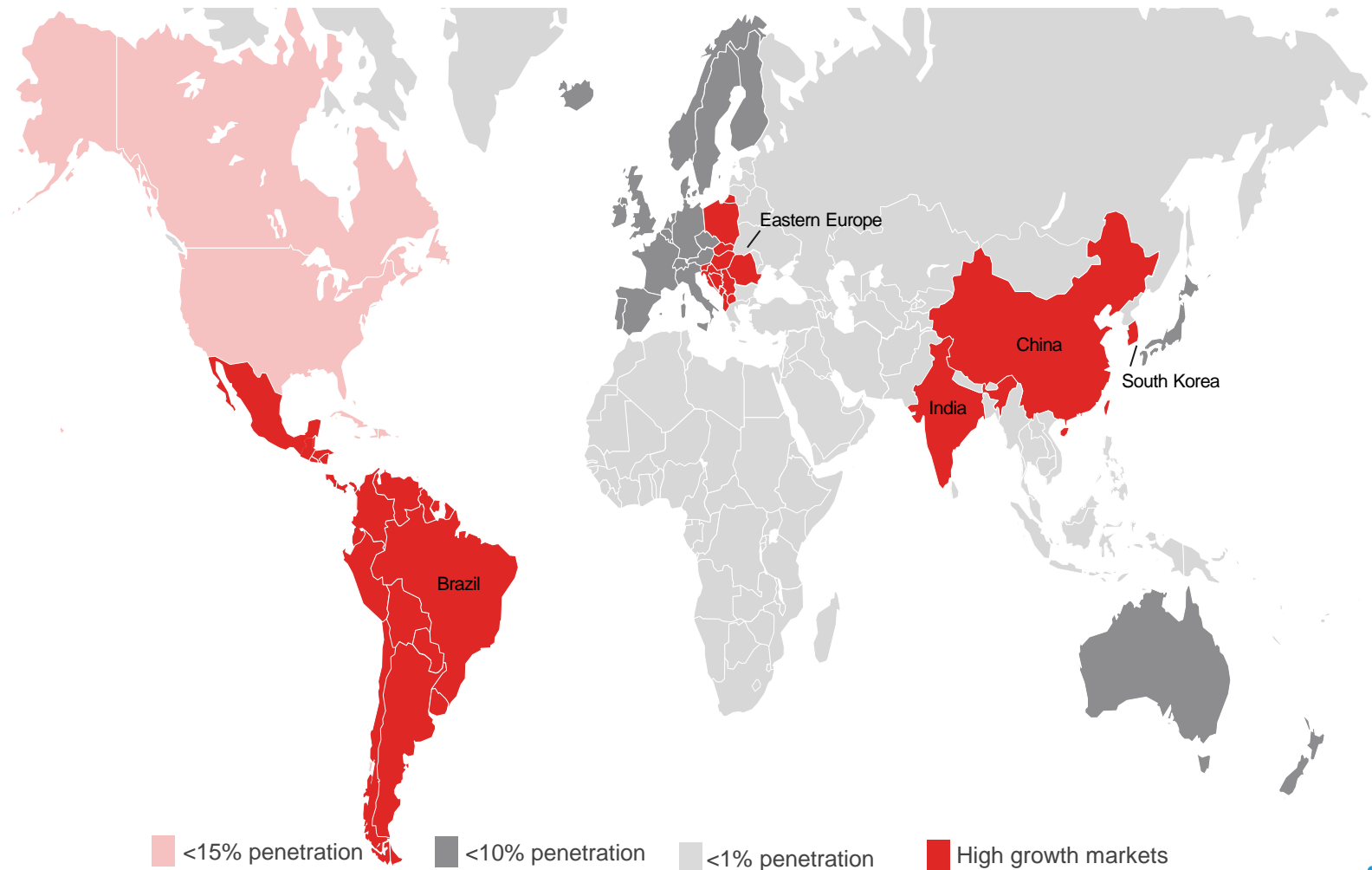
McKinsey & Company analysis
Harvard Medical School, 2010

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

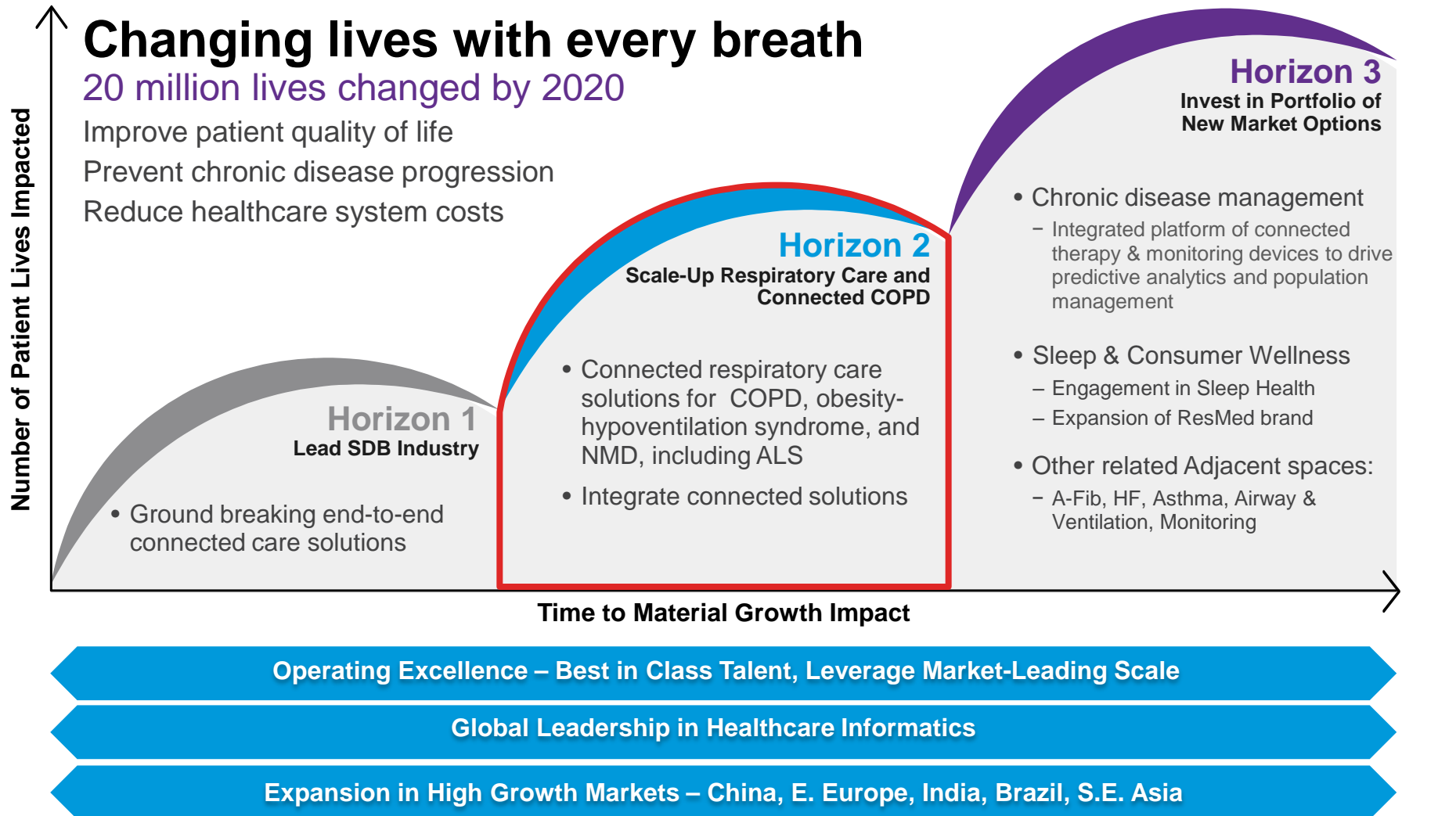


myAir™



AirView™

➤ ResMed's Growth Strategy



> COPD is a large and growing market

- COPD is estimated to be the 3rd leading cause of death worldwide by 2020
- More than 200 million people worldwide are estimated to have COPD¹
 - Including largely undiagnosed sufferers in high-growth markets such as China, India, Brazil and E. Europe, the COPD population may be well over 100 million ²
- Cost to healthcare systems from COPD is enormous:
 - Europe: ~48 billion euros per year³
 - US: ~50 billion dollars per year⁴
- More than 3 million people die each year due to COPD¹



¹ Ferkol T et al. Annals ATS 2014

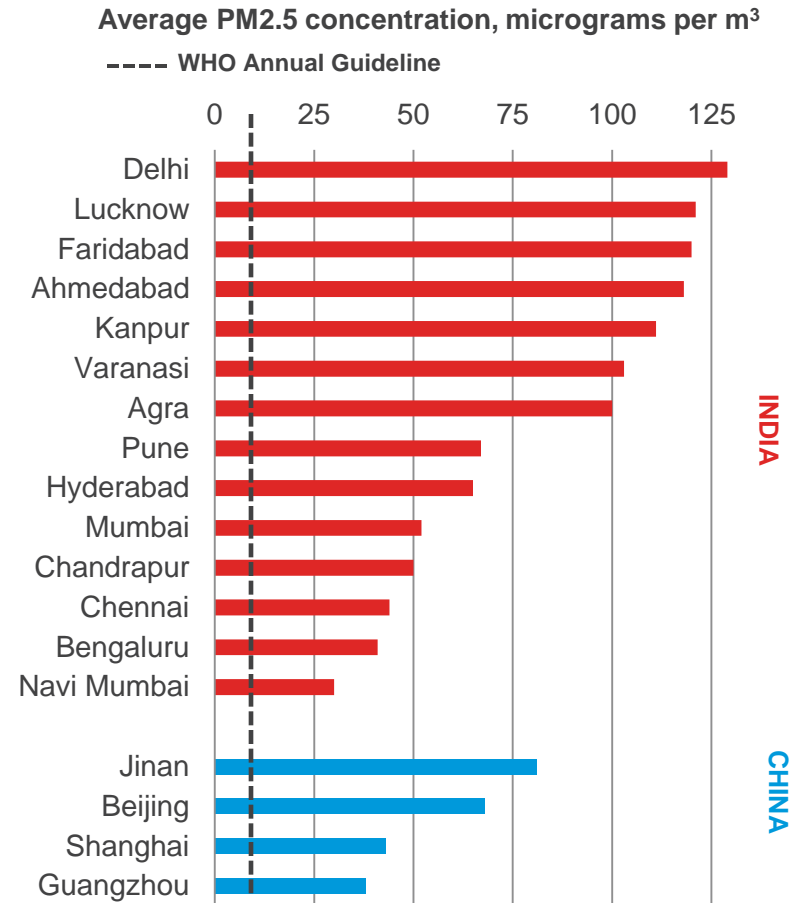
² Company estimates based on World Health Organization estimates and Zhong et al. "Prevalence of Chronic Obstructive Pulmonary Disease in China" *Respiratory and Critical Care*

³ European Respiratory Society, *European Lung White Book*

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

> Air pollution is elevated in high growth countries

- 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 directly related to risk factors like smoking and outdoor, occupational and indoor air pollution¹

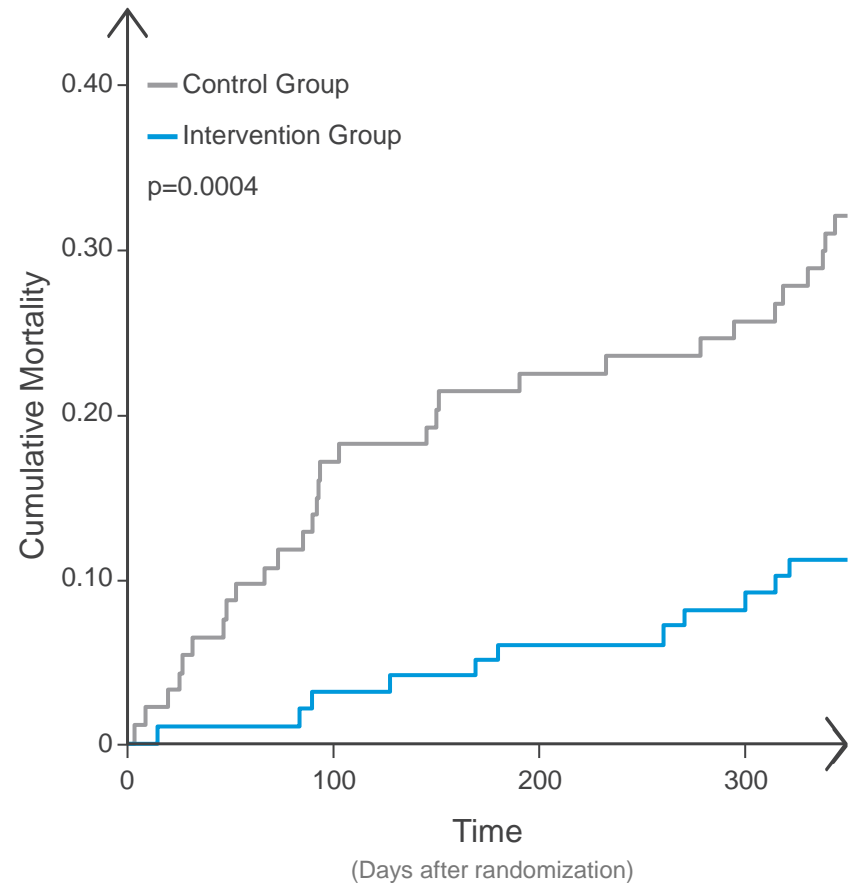


Source: Greenpeace, A status assessment of National Air Quality Index and pollution level assessment for Indian cities, December 2015

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

> NIV: Huge potential to improve outcomes in COPD

- Mortality risk reduced by over 60% on a relative basis using long-term non-invasive ventilation (NIV) treatment in chronic obstructive pulmonary disease (COPD)
- One-year mortality in the two matched COPD cohorts was:
 - 12% mortality (NIV intervention group)
 - 33% mortality (control 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 



- Builds broader platform for growth in respiratory care; leverages ResMed's global distribution channels
- Future opportunity to introduce healthcare informatics solutions into portable oxygen concentrators – connected care for COPD
- Adds long-term oxygen therapy, with best-in-class portability and mobility for COPD patients
- Transaction details not disclosed; deal is expected to close during the March quarter

> Expanding in Respiratory Care and China: *Curative*

- Accelerated strategy to invest and grow in China, with local partnerships
- ResMed and Curative – the combined market leader in China
- Complementary sleep and respiratory care products
- Curative will retain product manufacturing, sales, and R&D in China



ResMed and Curative Medical



Preserve

- Maintain separate business models, teams and segmentation
- Retain local business relationships and brands



Strengthen

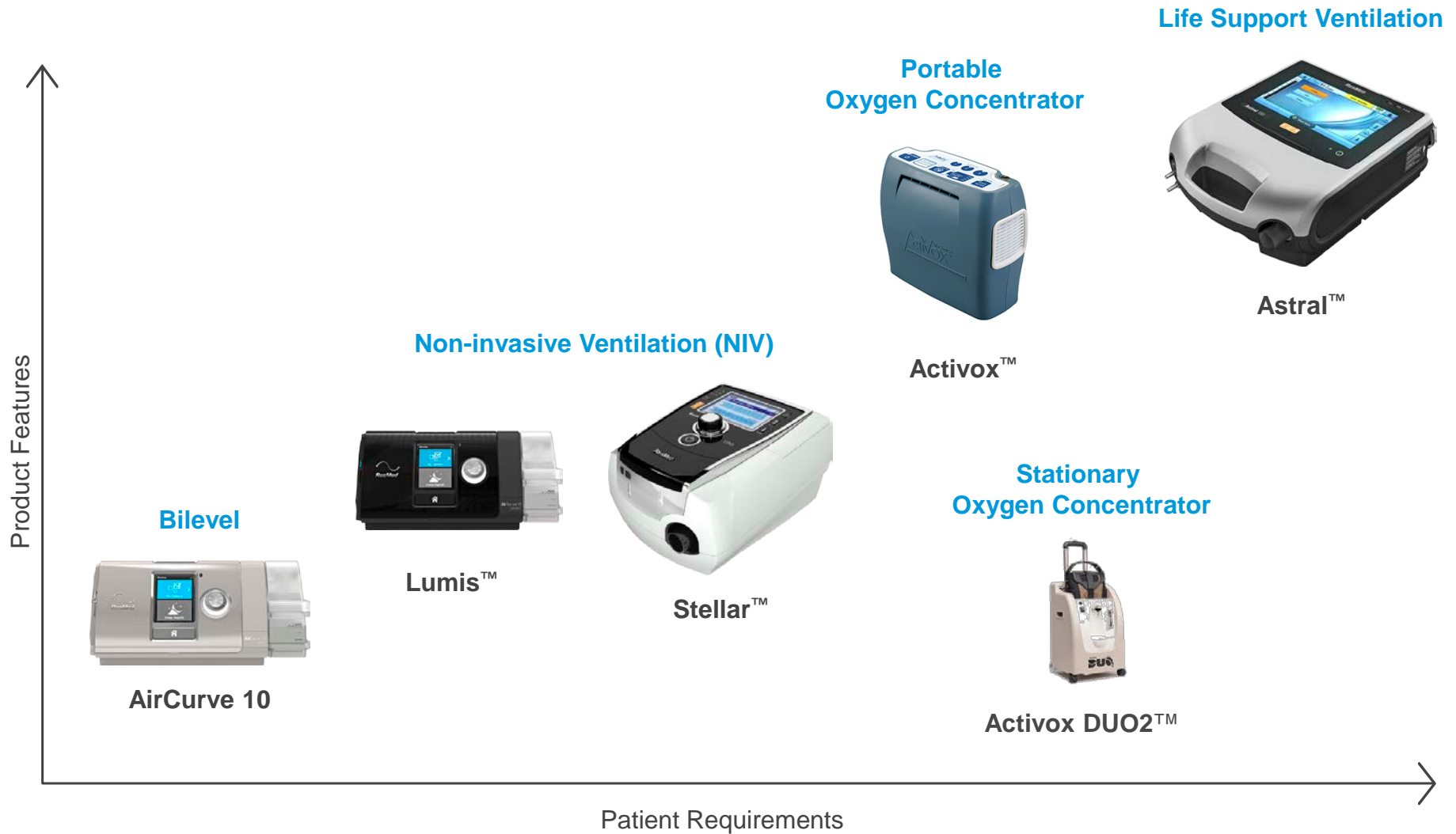
- Strategic alignment
- Enhance local R&D, manufacturing and channels to market



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



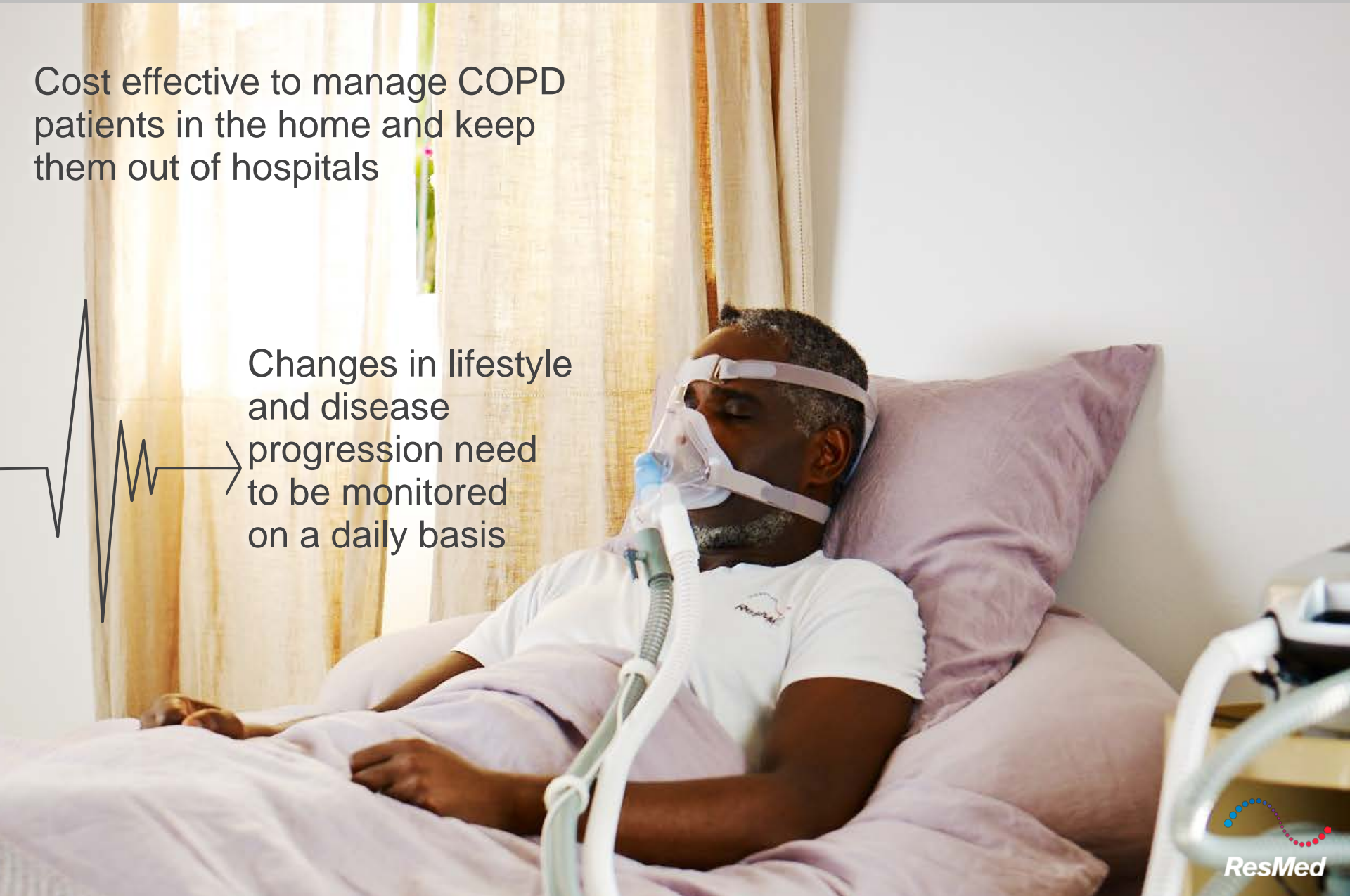


Healthcare Informatics for COPD

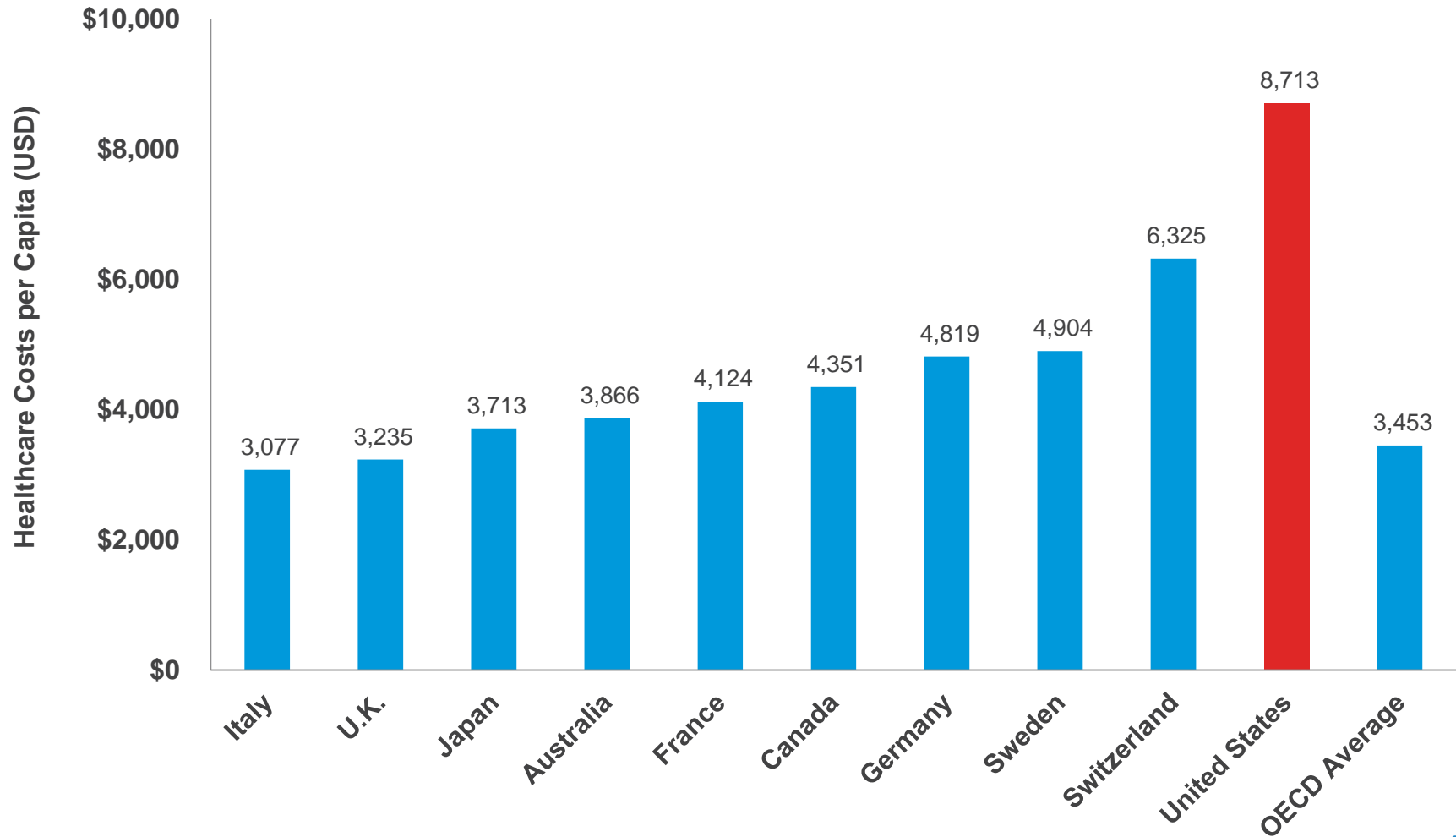
Cost effective to manage COPD patients in the home and keep them out of hospitals



Changes in lifestyle and disease progression need to be monitored on a daily basis



> Opportunity to shift care from hospital to home



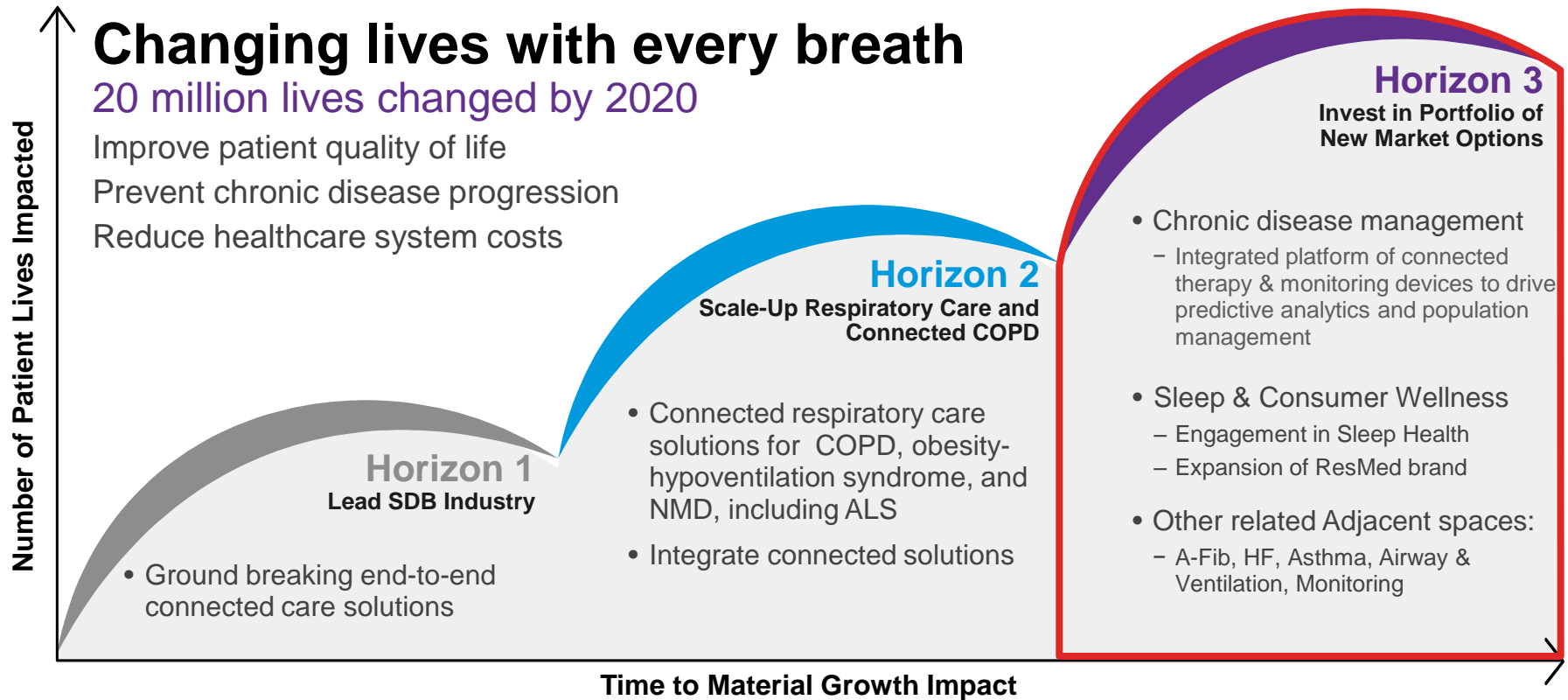
Source: Organization for Economic Cooperation and Development, OECD Health Statistics 2015, July 2015. As compiled by the Peter G. Peterson Foundation. Per capita health expenditures all from 2013, except Australia for which 2012 data are the latest available. Chart uses purchasing power parities to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

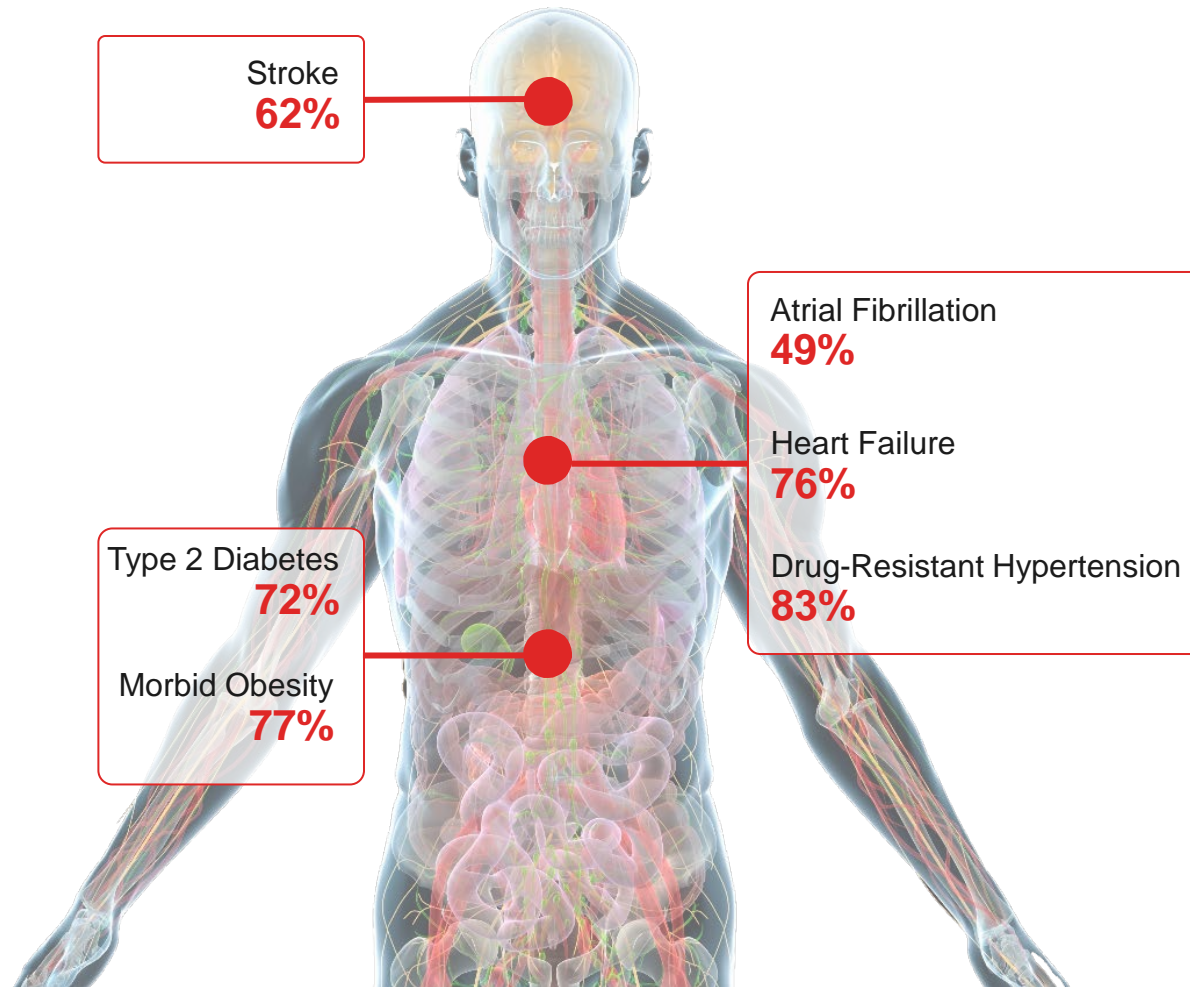


Operating Excellence – Best in Class Talent, Leverage Market-Leading Scale

Global Leadership in Healthcare Informatics

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 Surg* 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>

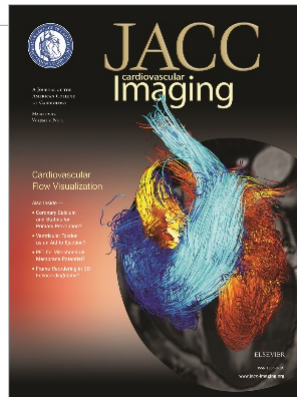
Effect of Obstructive Sleep Apnea Treatment on Atrial Fibrillation Recurrence

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

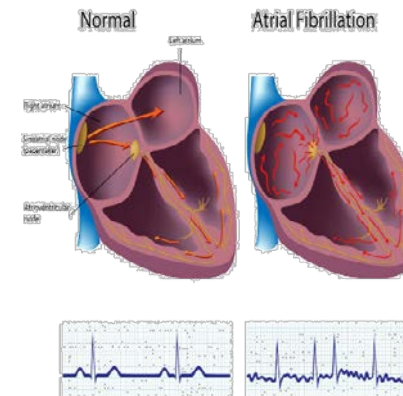
ABSTRACT

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



➤ S+ by ResMed *sleep wellness system*



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



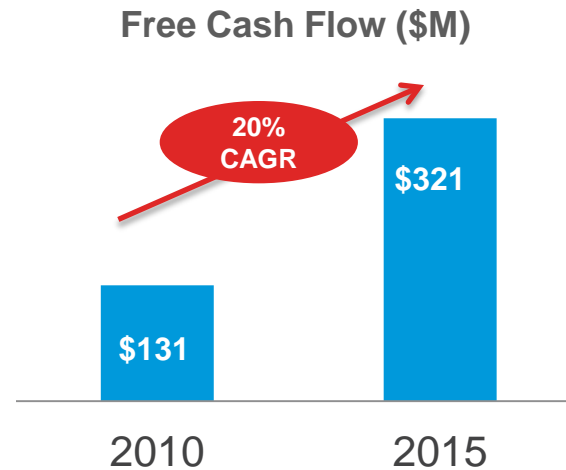
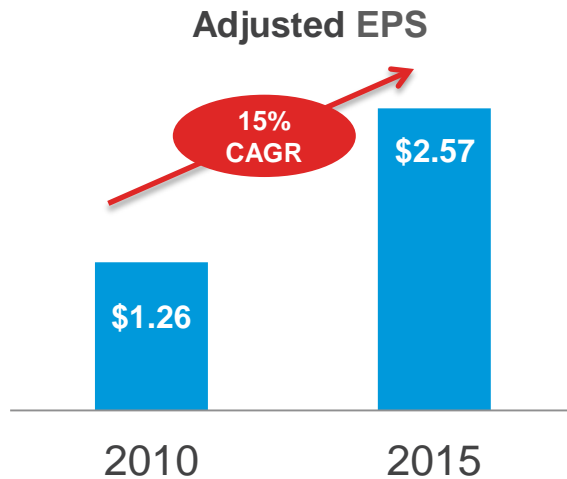
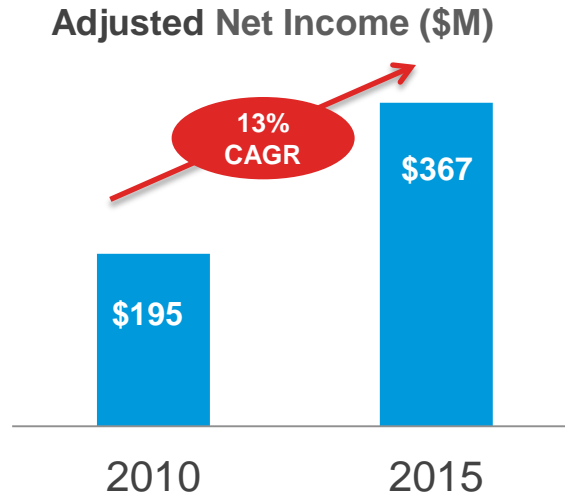
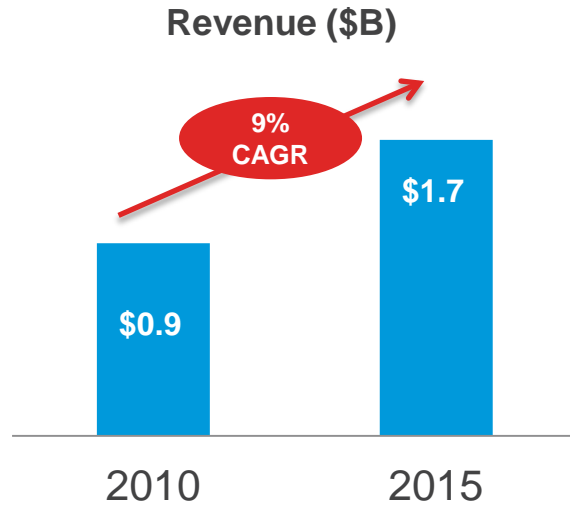
Daily “Sleep Score” out of 100 based on quality and quantity of sleep, including REM, deep sleep, light sleep; daily advice algorithms



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

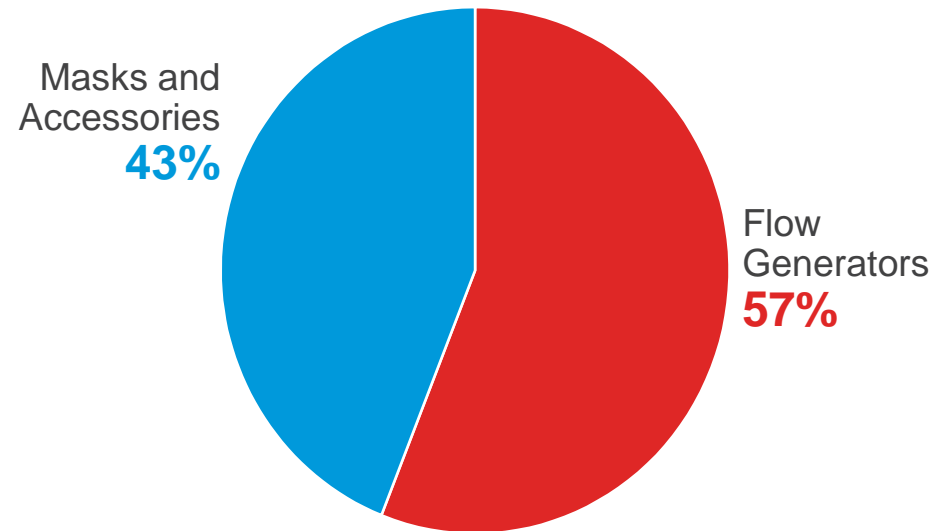
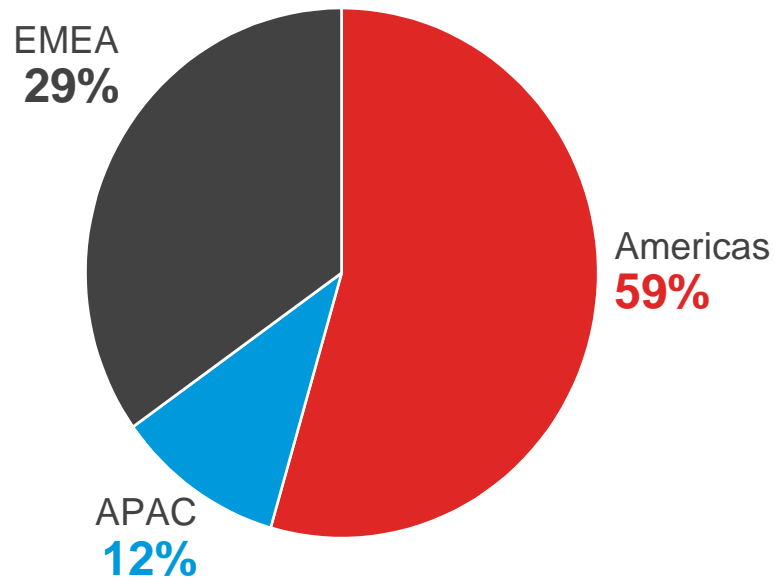


> Q2 2016 Results

Key Financial Metrics	Q2 2016
Revenue	\$454.5M +7% (13% CC)
Non-GAAP Gross margin*	58.1%
Non-GAAP operating profit*	\$116.9M +5%
Non-GAAP net income*	\$97.5M +5%
Non-GAAP EPS*	\$0.69 +6%
GAAP EPS	\$0.64 Flat
Cash flow from operations	\$147M
Free cash flow	\$133M

* Excludes the impact of release of Serve-HF accrual, restricting expenses and amortization of acquired intangible assets

> Diversified revenue sources by region & product



Note: Represents Q2 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



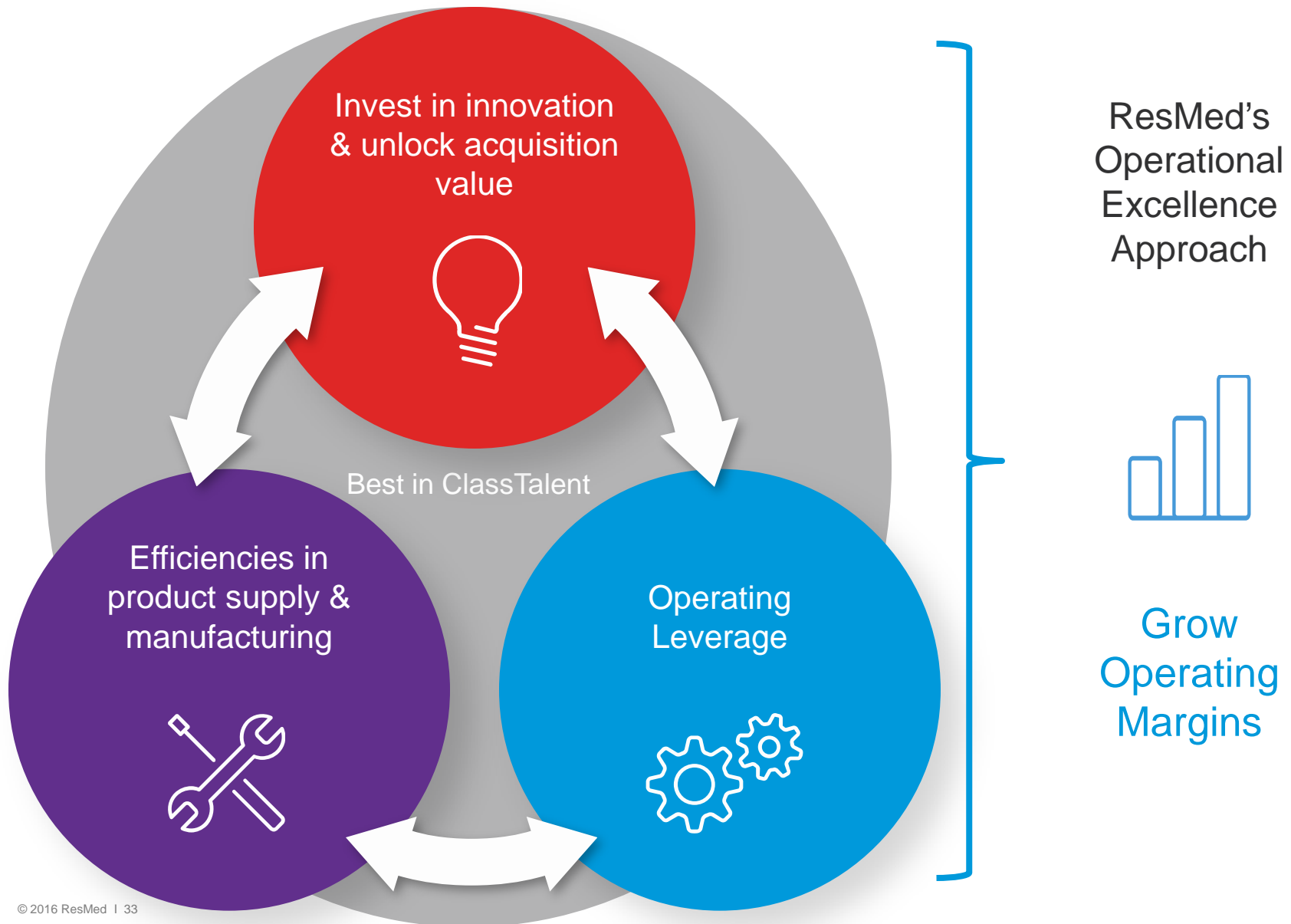
Market Focused

- 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

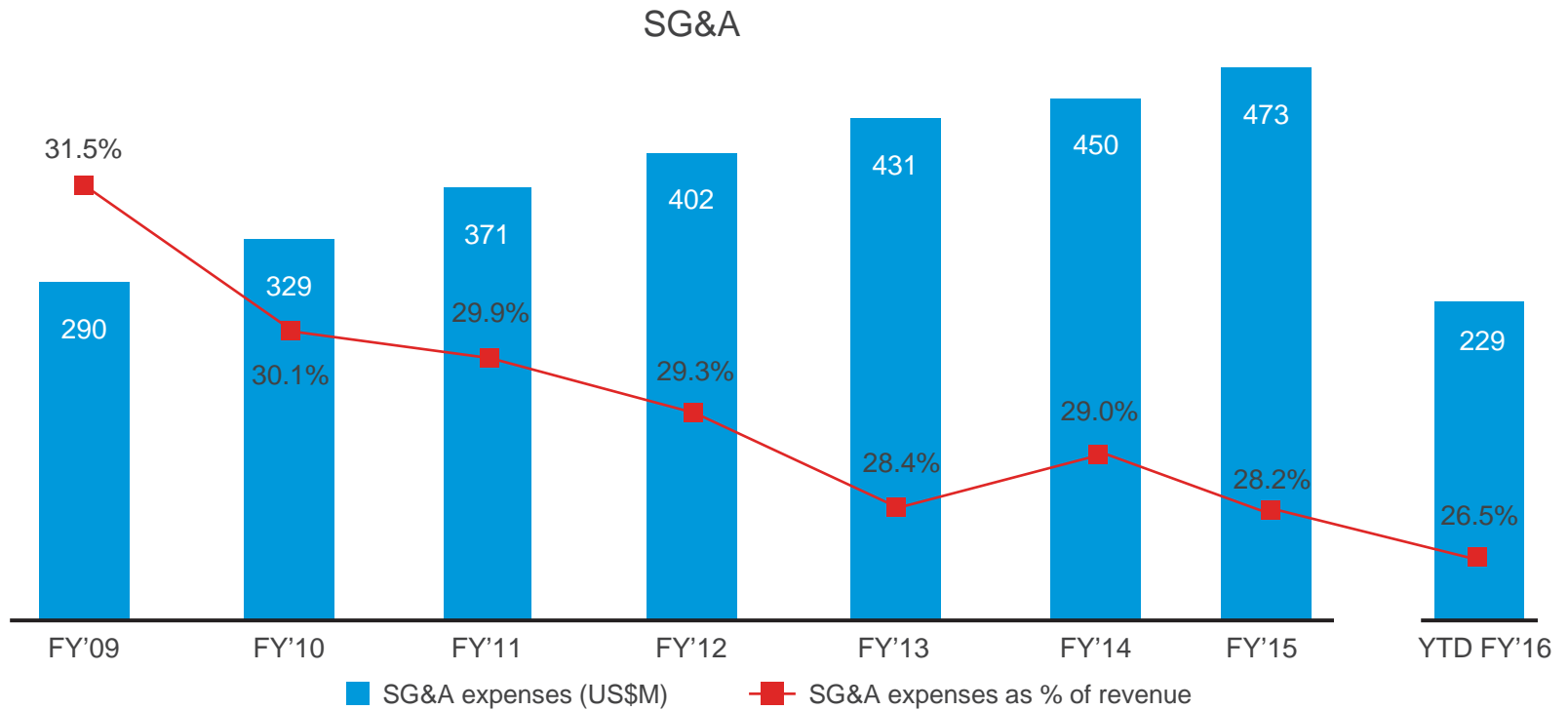


Note: All figures are approximate

> Operational Excellence – A continuous process at ResMed

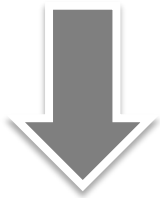


> Delivering Operating Leverage



> Proven capital management

Capital Deployment



Free Cash Flow returned to Shareholders

- Last twelve months combined dividend and stock repurchase = 84% of free cash flow



Increasing Dividend

- FY 2015 dividend payout ratio of 45% of net income
- 2015 dividend per share increased 12% over prior year



Investment for Growth

- New products
- Geographic expansion
- Acquisitions

Combined dividend and buy-back over rolling 5 years
= 98% 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*

> ResMed - *Proven Global Leader driving Long-Term Growth*

26+ years

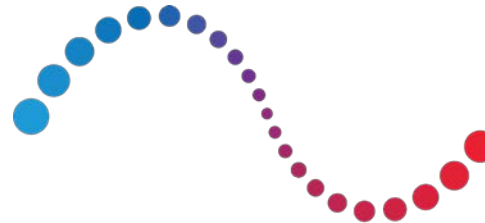
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