



## ➤ Investor Presentation

Q1 2017

January 5, 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 - *Proven Global Leader driving Long-Term Growth*

**27+ years**

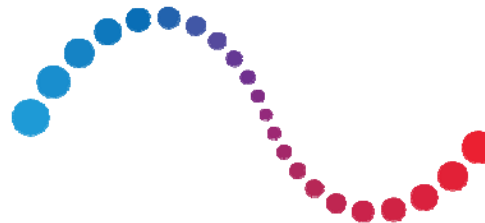
of successful innovation,  
market development and market growth

**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**

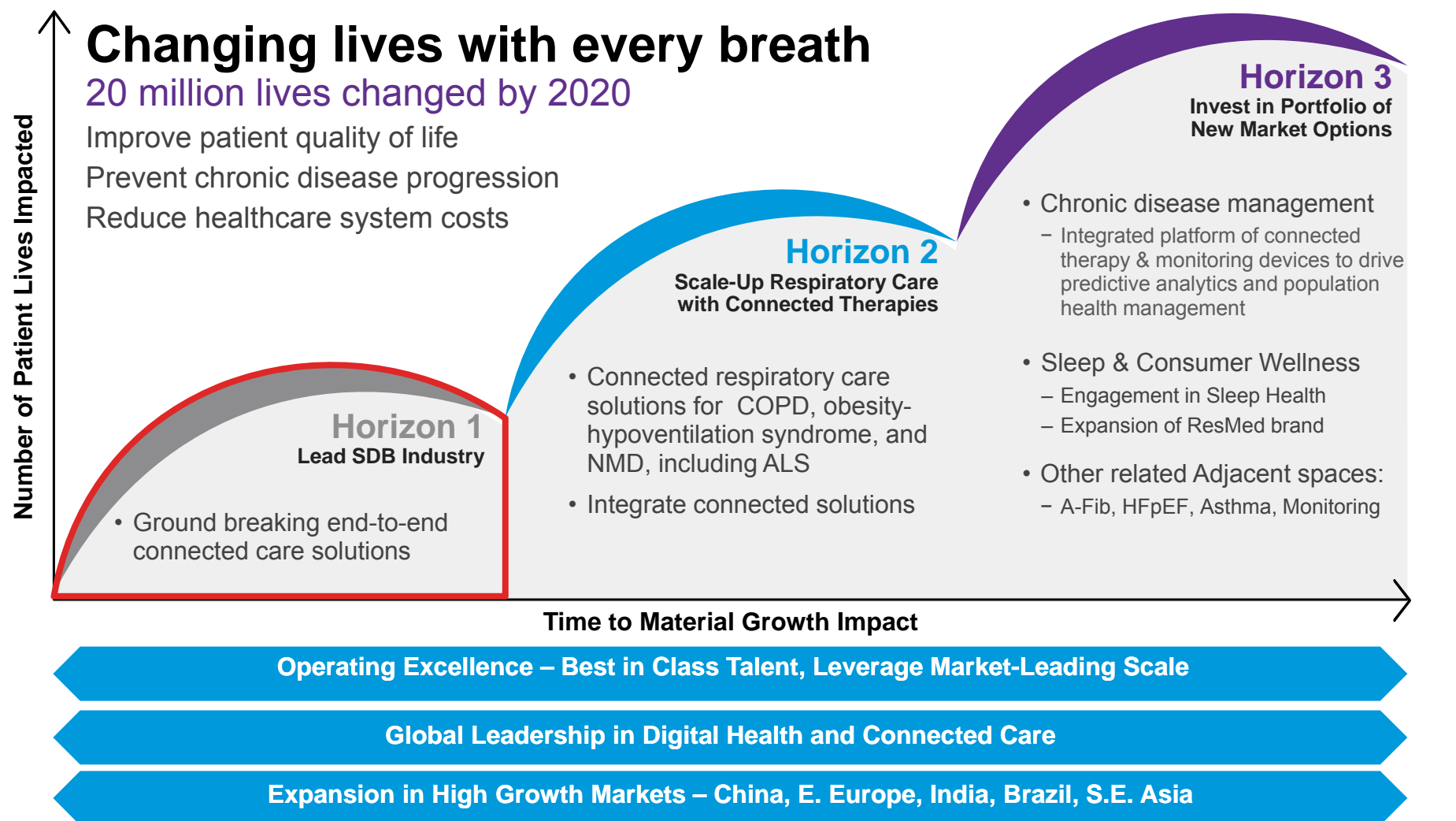
sales and manufacturing channel, delivering  
products and solutions in over 100 countries  
with over 5,000 employees world-wide

**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 **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

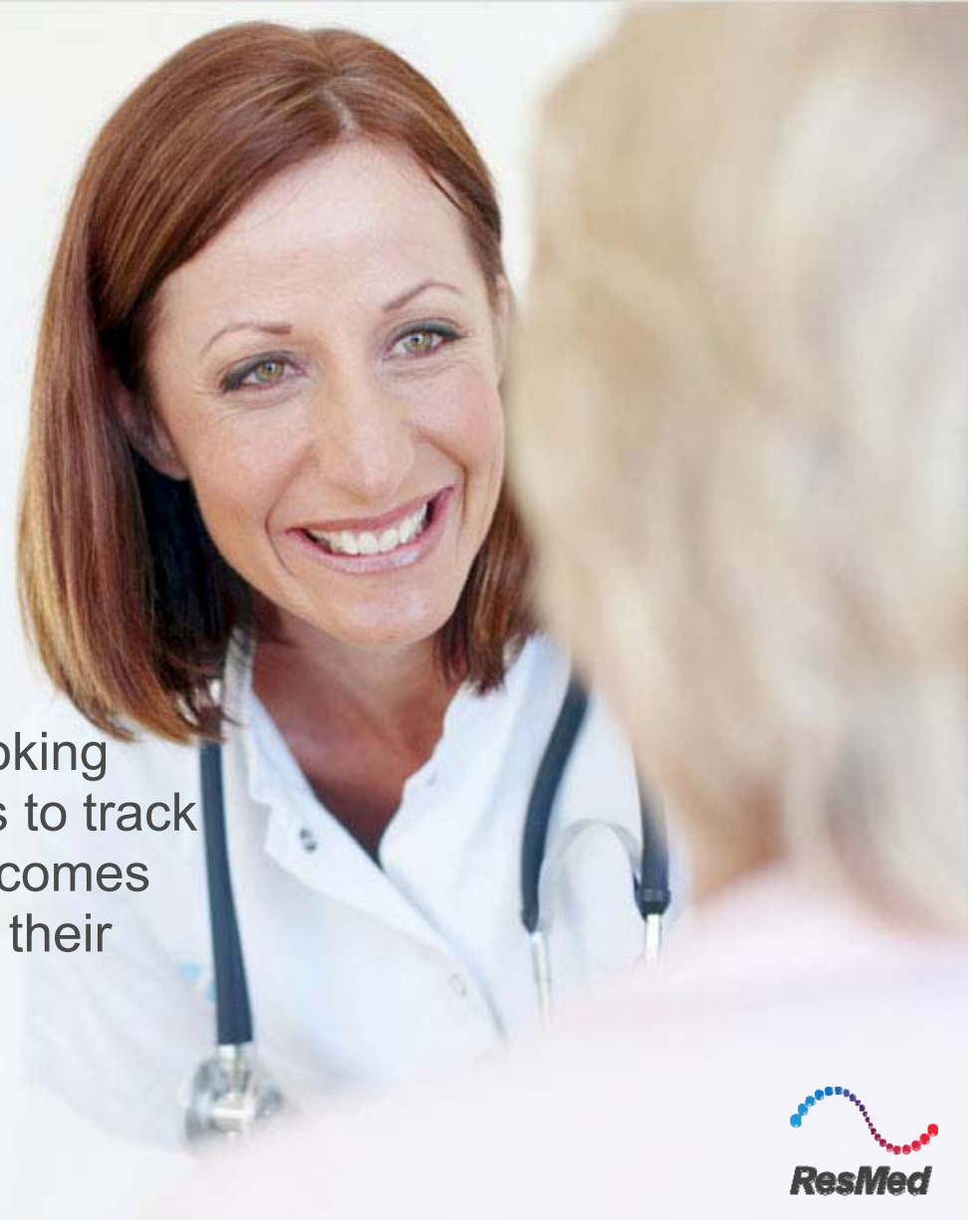


## ➤ Connected Care revolutionizes patient-provider relationships

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



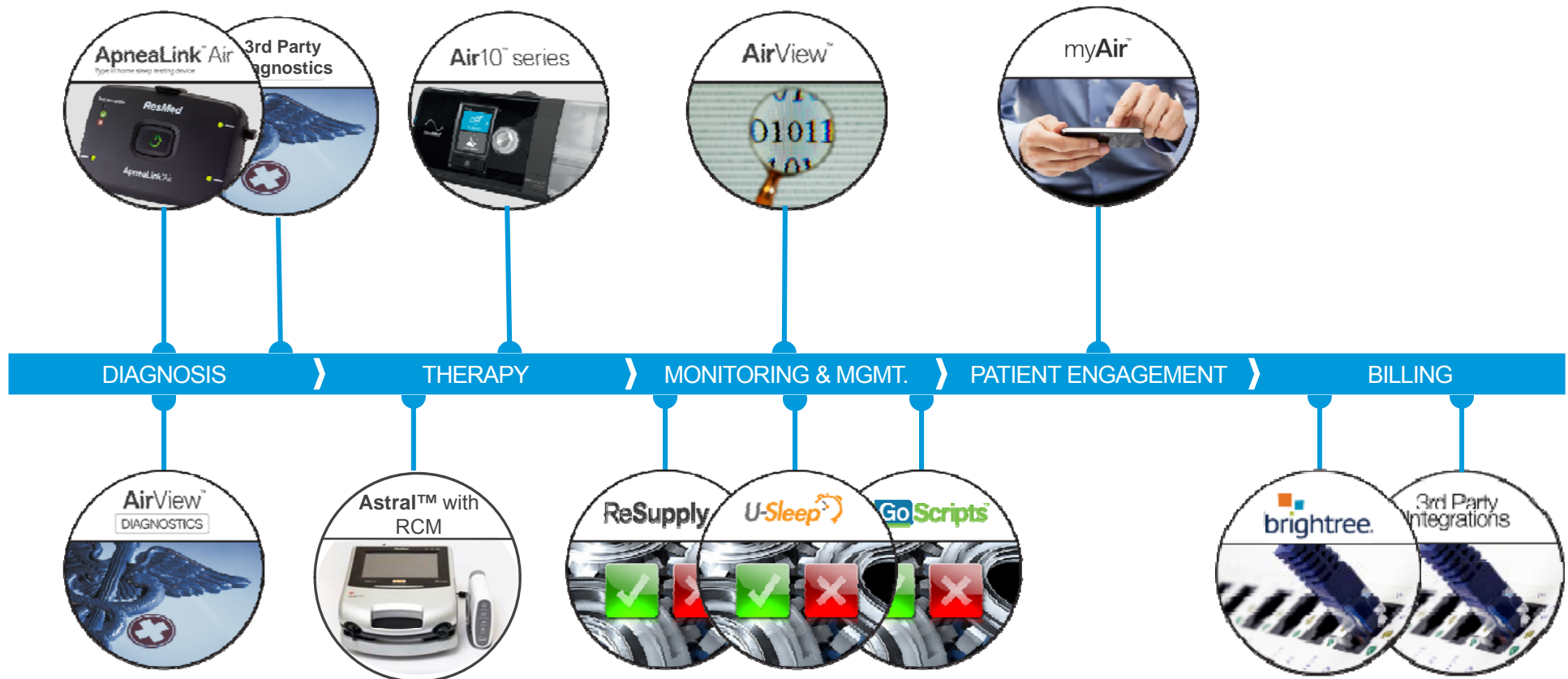
Patients are looking for **simple** ways to track their health outcomes and to improve their **quality of life**





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

*We have over 2 million cloud-connected medical devices liberating data every day*





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

**AirView™** has over  
**3 million patients**

**2 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

**15 API calls** per **second**  
from integrators

**1,000+** patients a day  
**sign up** for **myAir™**



# > AirSolutions™ – Drives Better Patient Outcomes

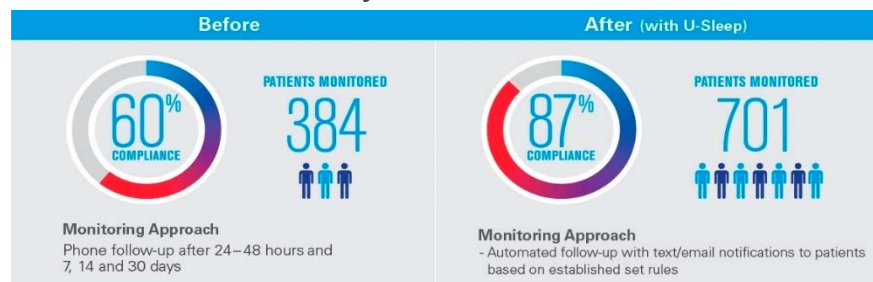


## Proven automated compliance coaching

2016 Kaiser Permanente® Study <sup>1</sup>

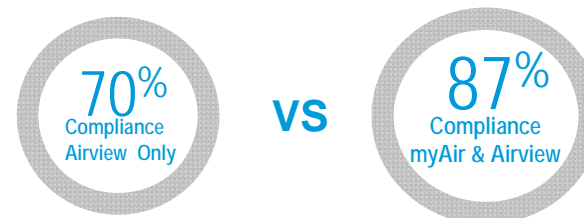


2015 A DME Medical Study <sup>2</sup>



## Patient engagement achieving compliance <sup>3</sup>

- 2016 Clinical study: **myAir™** significantly improved compliance with a **24% relative improvement** in Medicare defined adherence in the first 90 days (17% absolute)
- patients increased their average CPAP use by **1 hour per day**



**>128,000 patients**

- 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. 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).
- 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
- Crocker M, et al. A propensity-adjusted comparative analysis of PAP adherence associated with use of myAir 2016. ResMed Science Center, San Diego, California.



# AirSolutions™ – Increases Business Efficiencies

## AirView™

### Efficient management & business growth <sup>1</sup>



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

## U-Sleep

### Clinically-Proven Efficiencies <sup>2,3</sup>

- **59% reduction in labor** <sup>2</sup>

Results	Standard-of-Care Group	U-Sleep Group
Mean Minutes of Coaching	58.3 ± 25	23.9 ± 26

- Increased new patient set-ups by 83% with same staff <sup>3</sup>



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. Munafo D et al. A telehealth program for CPAP adherence reduces labor and yields similar adherence and efficacy when compared to standard of care Sleep Breath 2016  
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

# > Brighttree® solutions increase post acute care profitability

## AirSolutions



AirView™



ReSupply

myAir™



Brighttree 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

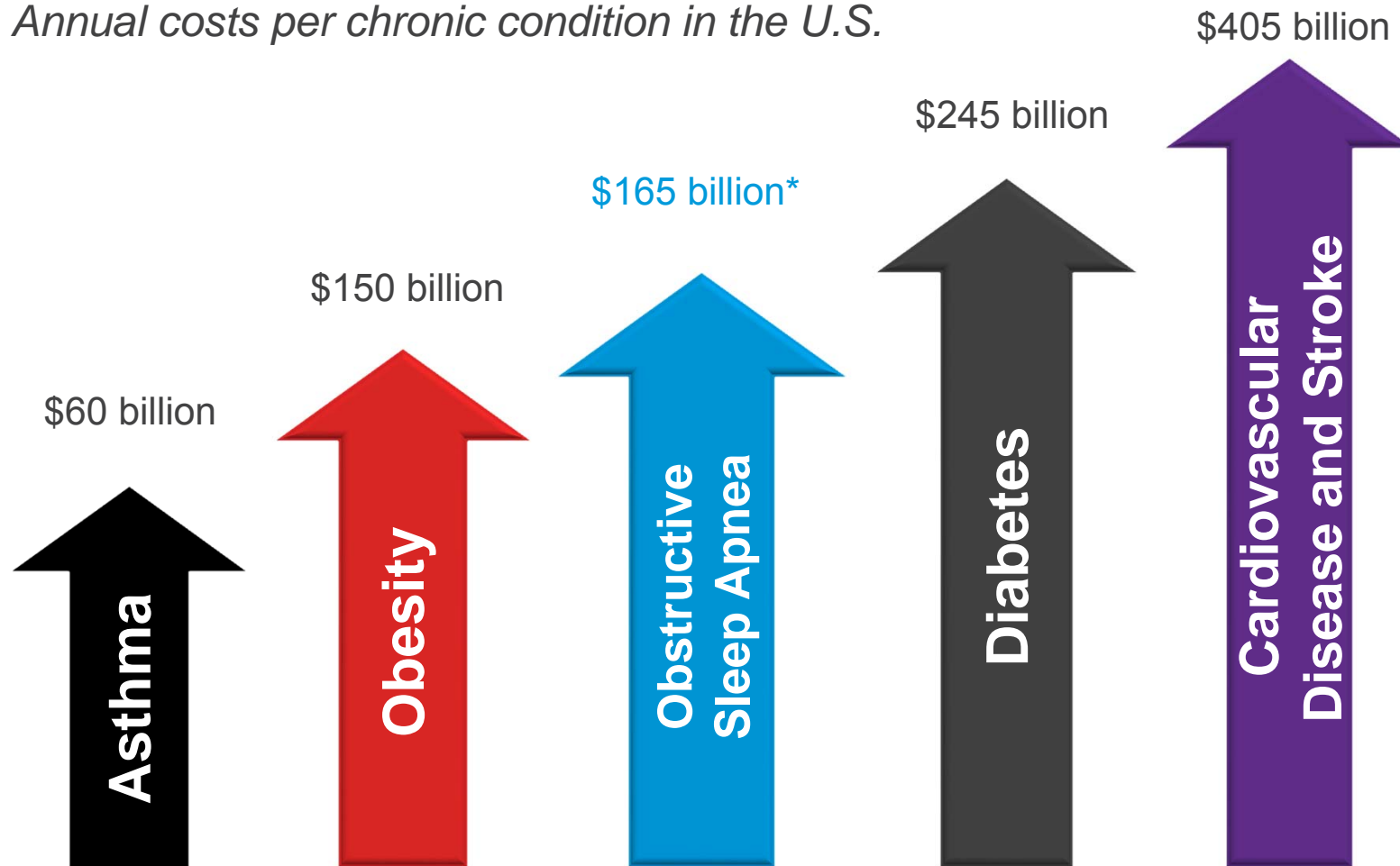
- Multichannel Patient Contact Campaigns
- Automated Patient Interaction

### 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

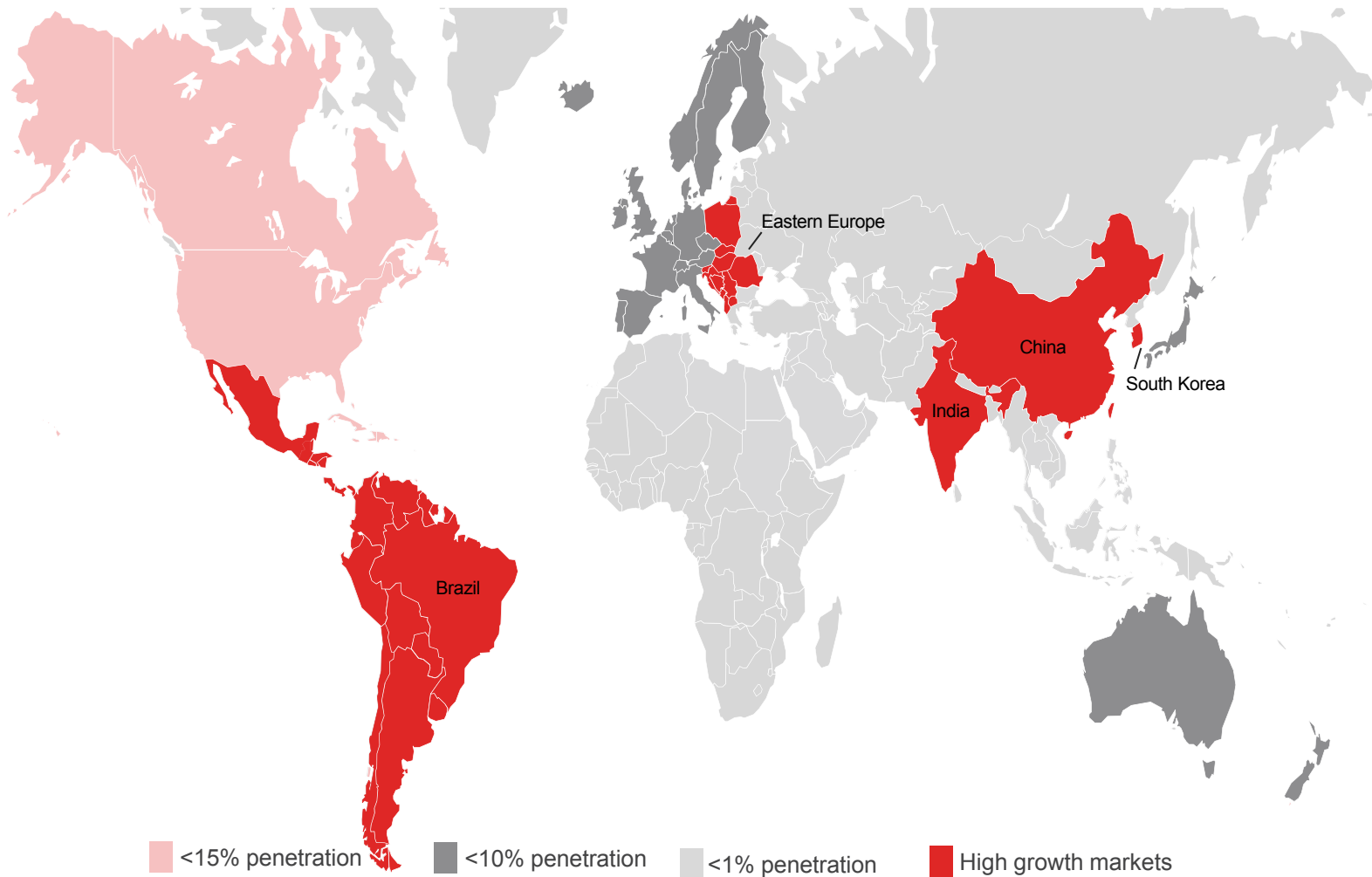
McKinsey & Company analysis  
Harvard Medical School, 2010

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**



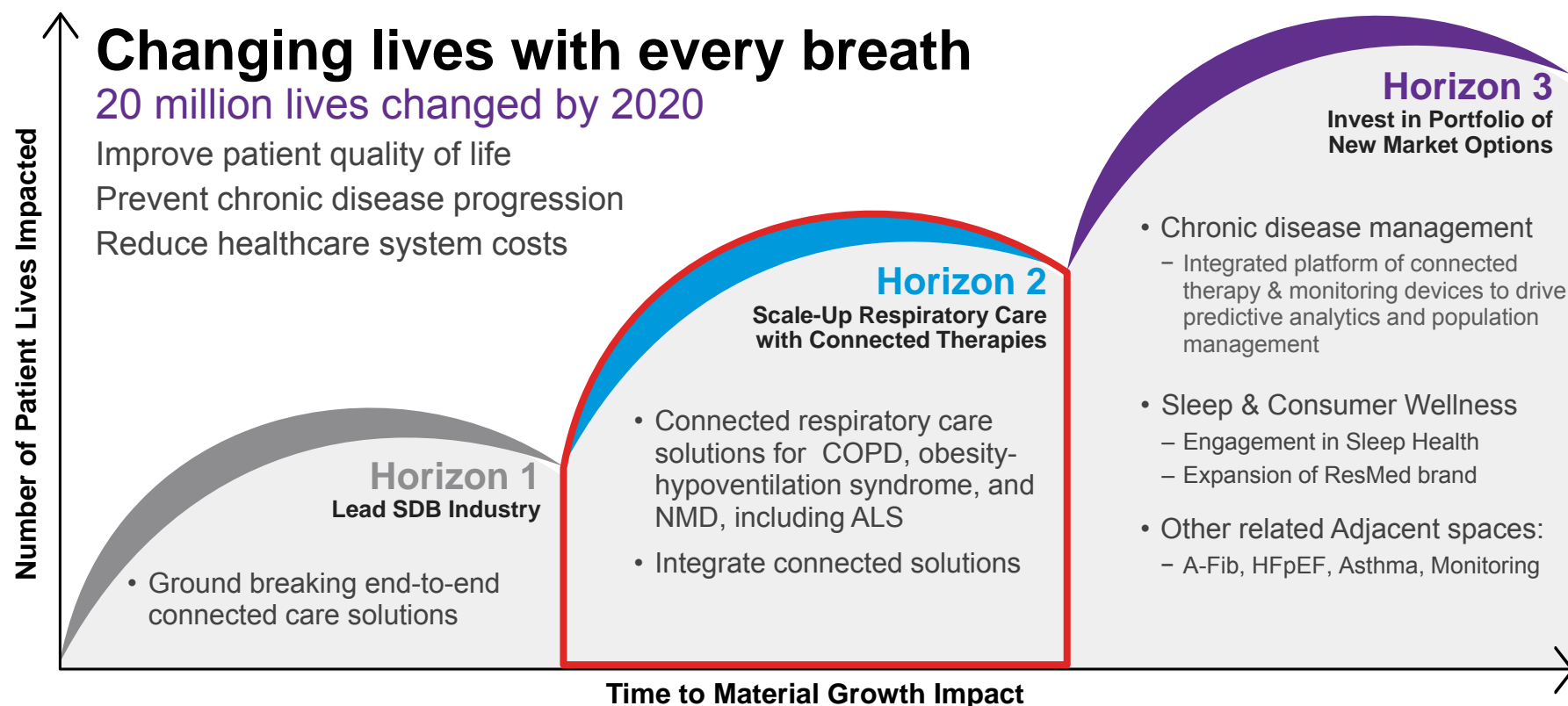
**myAir™**



**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 the third leading cause of death worldwide<sup>1</sup>
- More than 200 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: N°310 (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*

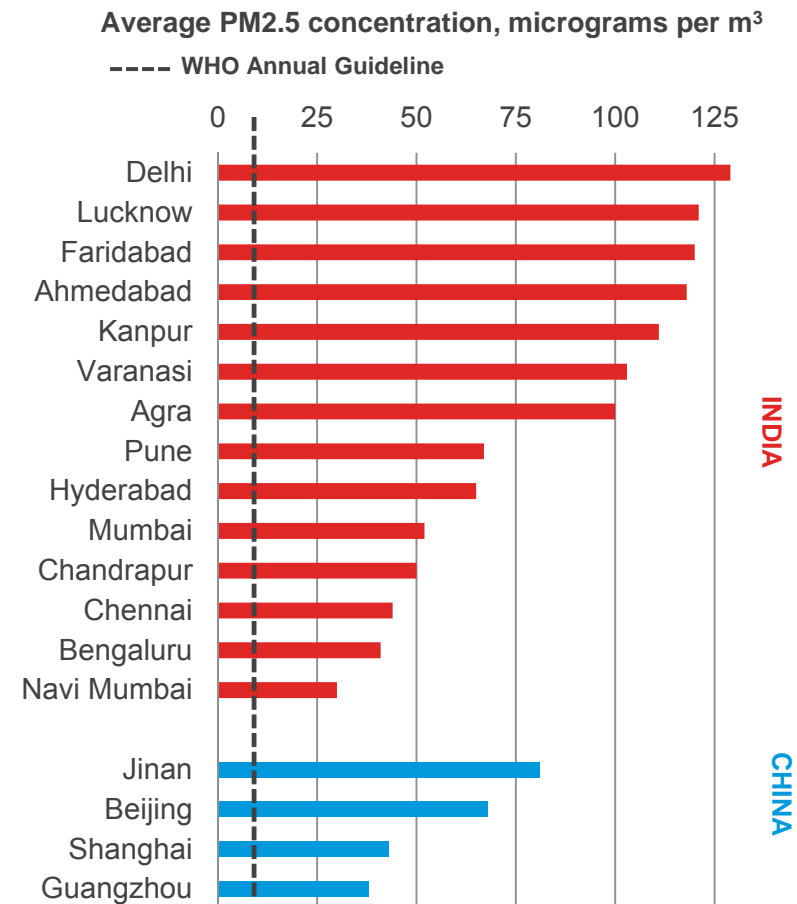
<sup>4</sup> European Respiratory Society, *European Lung White Book* <http://www.erswhitebook.org/chapters/the-economic-burden-of-lung-disease/> accessed 20Jul16

<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 N°315. 2015 accessed 20Jul16

# > 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 pollution<sup>1</sup>



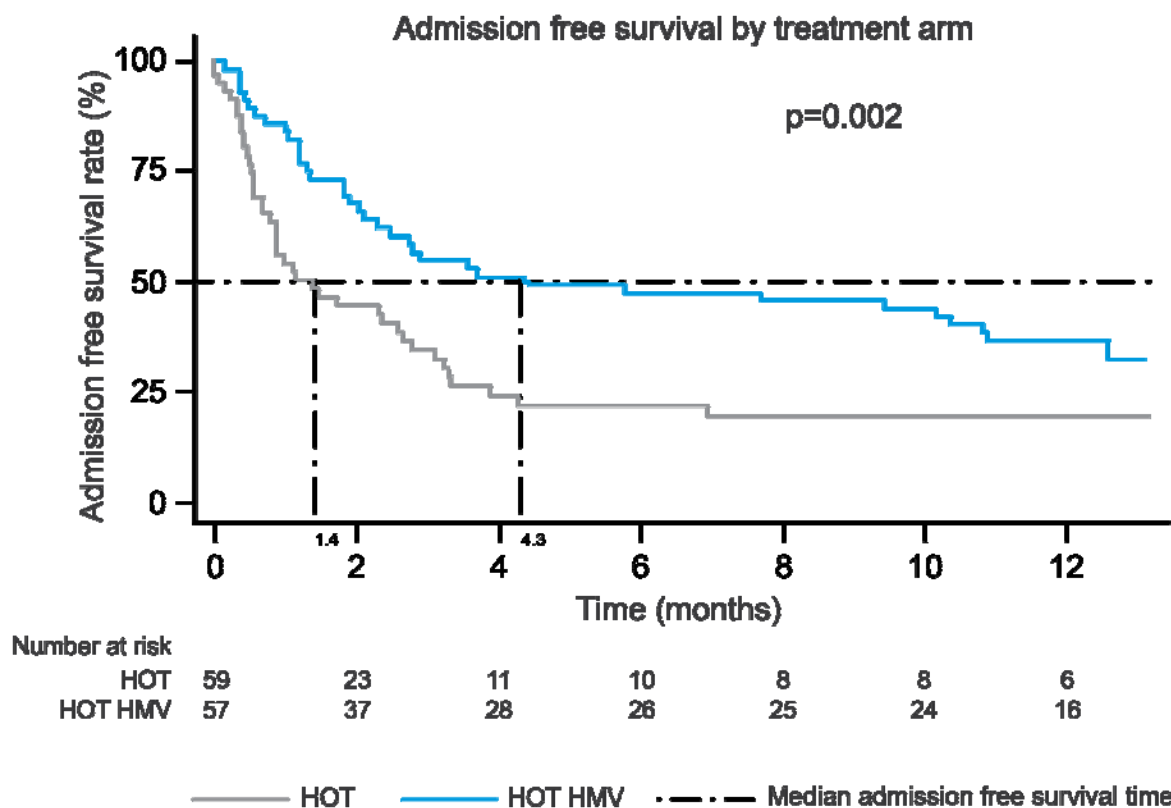
Source: Greenpeace, A status assessment of National Air Quality Index and pollution level assessment for Indian cities, December 2015

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

## > Non-invasive Ventilation: *Reduces hospital re-admissions*

Combining non-invasive ventilation with home oxygen therapy:

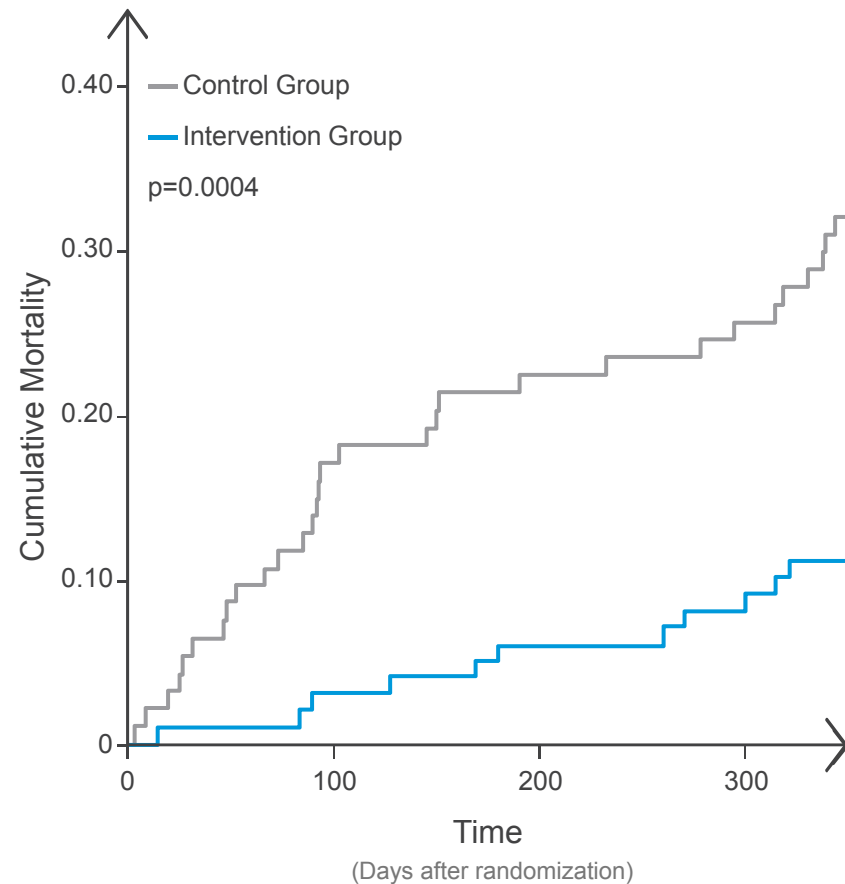
- **Reduced the likelihood of hospital re-admission or death by 51%**
- Increased time to hospital re-admission or death by about 90 days



References: Murphy et al. *European Respiratory Society* 2016 Late-Breaking Abstract

## > 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 worldwide<sup>1</sup>
  - NIV underpenetrated as treatment for COPD
  - Significant upside: US, Europe, China, Brazil



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

<sup>1</sup>) 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



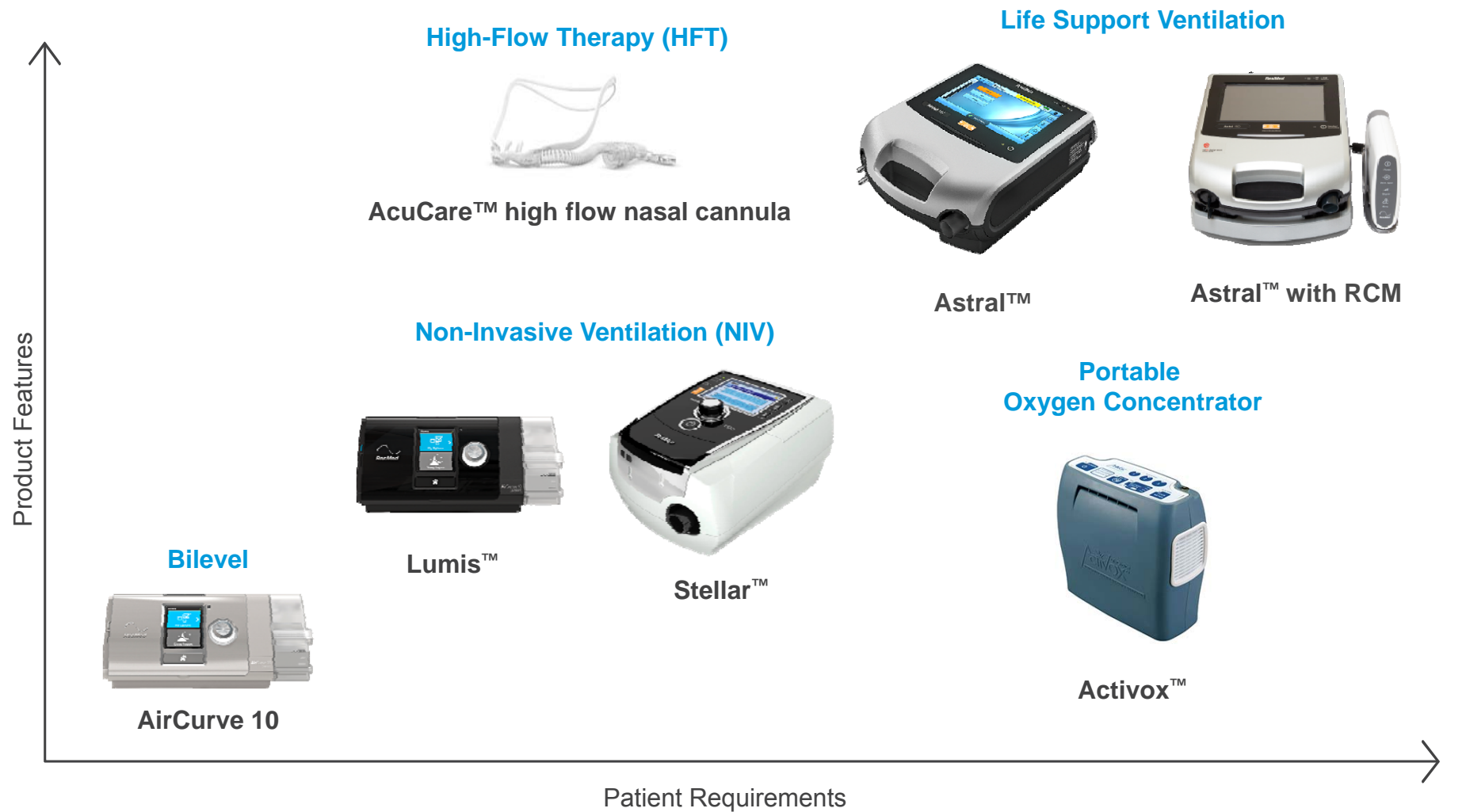
#### **Grow**

- 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

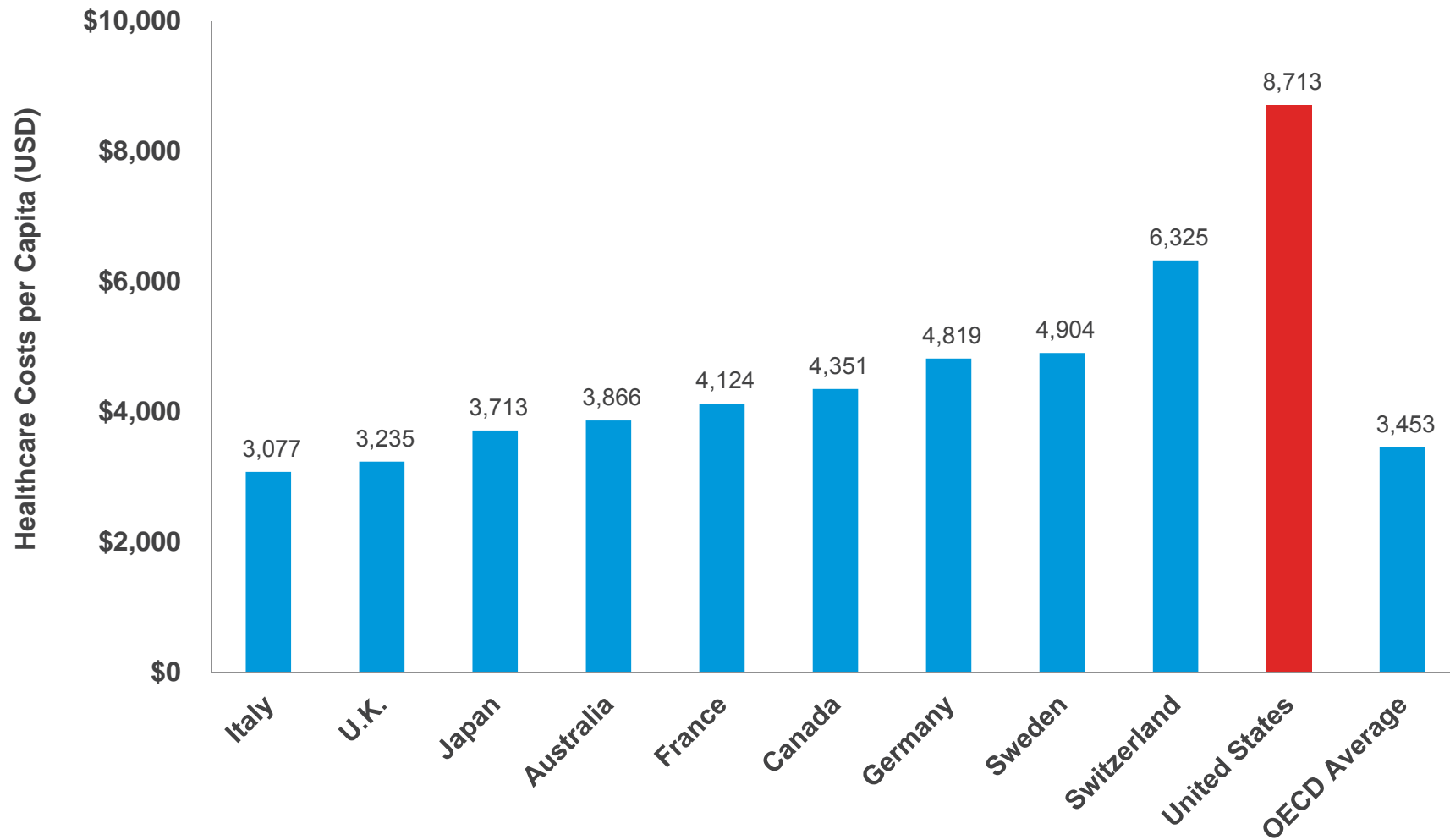


Astrat™ with RCM



AirCurve 10

## ➤ Significant opportunity to shift care from hospital to home



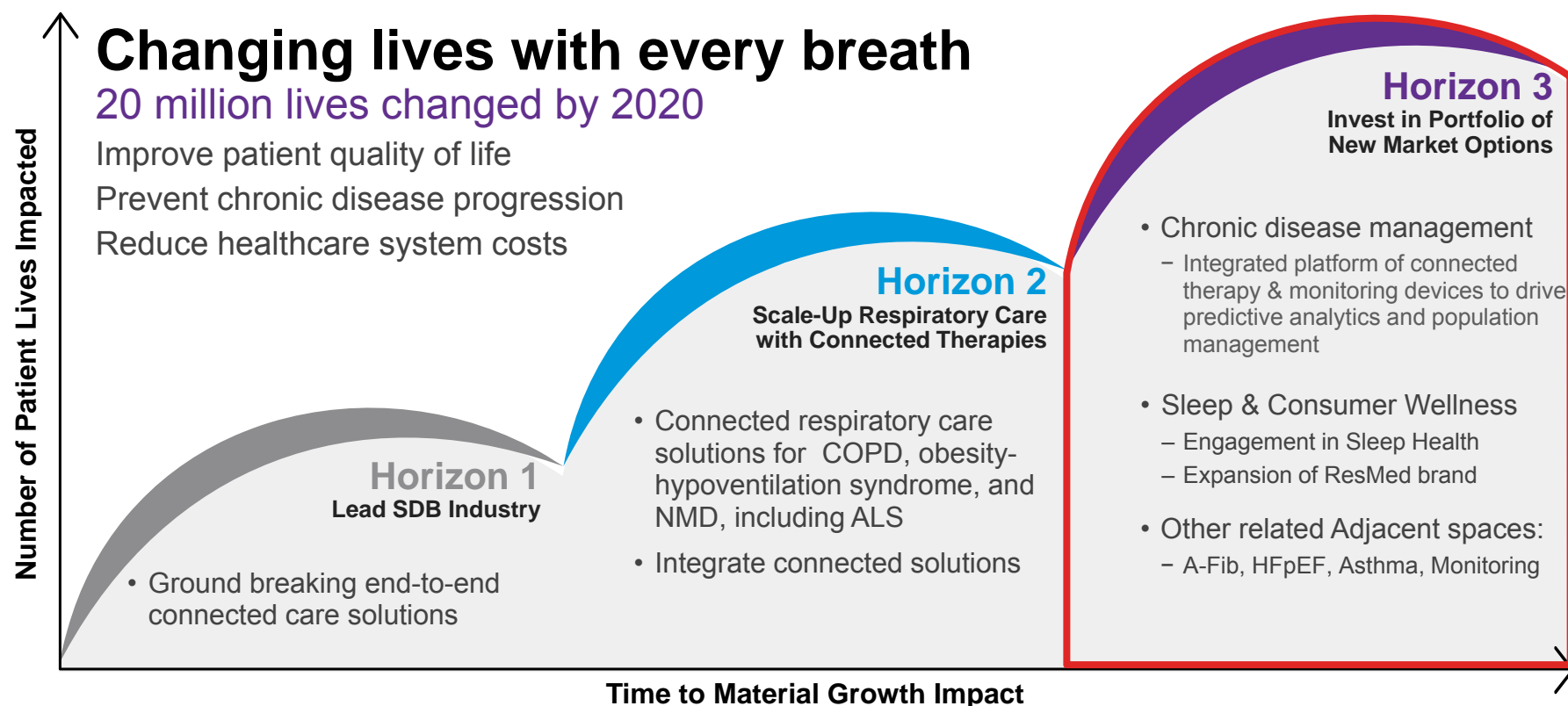
Source: Organization for Economic Cooperation and Development, OECD Health Statistics 2015, July 2015. As compiled by the Peter G. Peterson Foundation. Per capita health expenditures all from 2013, except Australia for which 2012 data are the latest available. Chart uses purchasing power parities to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

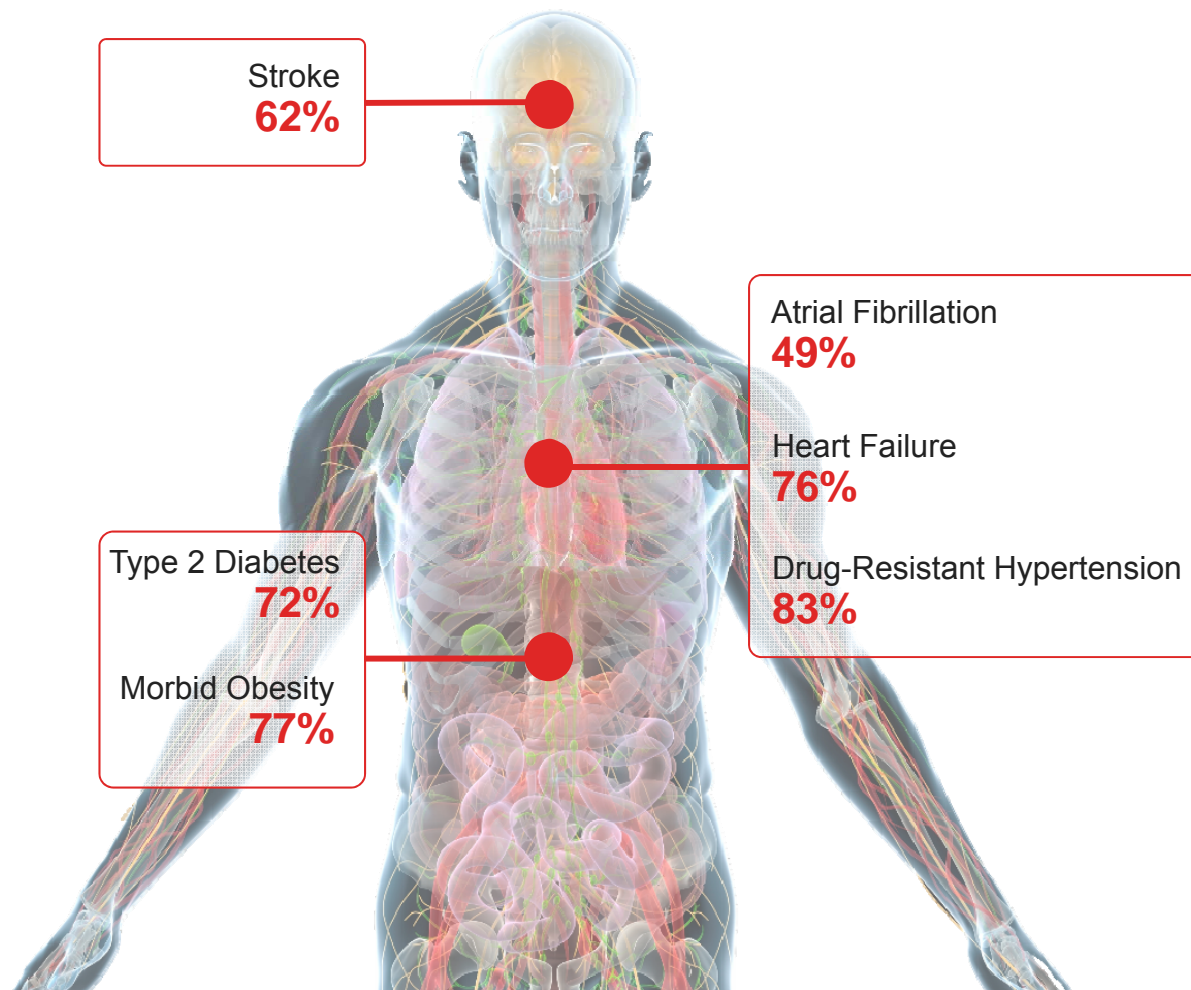


Operating Excellence – Best in Class Talent, Leverage Market-Leading Scale

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

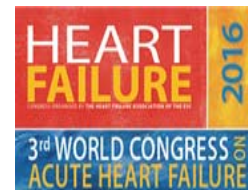


### CAT-HF shows positive outcome in HFpEF & AF

#### CAT-HF clinical trial

- Evaluate the effect of adaptive servo-ventilation in acute decompensated heart failure (HF) patients
- 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-specified Sub-group Analyses
  - HFrEF (heart failure with reduced ejection fraction)
  - HFpEF (heart failure with preserved ejection fraction)

#### Positive results from sub-studies:



- **Positive effect** of adaptive servo-ventilation **in HFpEF** patients



- There was a **significant reduction in Atrial Fibrillation burden** for patients that used adaptive servo-ventilation



## ➤ 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

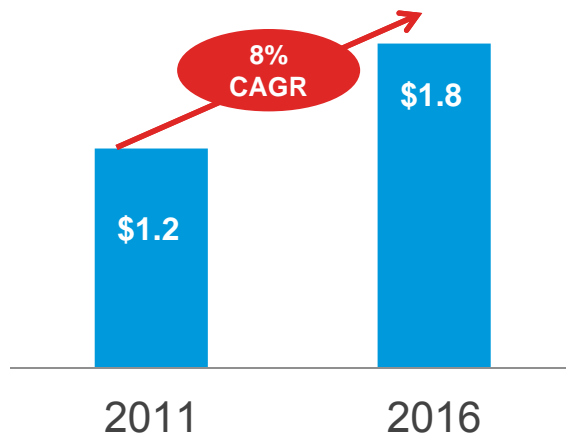


Wake up at the optimal time of your sleep cycle to feel refreshed, and still make it to work on time!

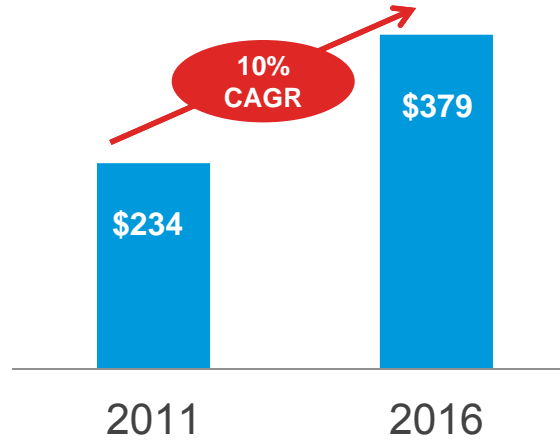


## > Disciplined financial track record

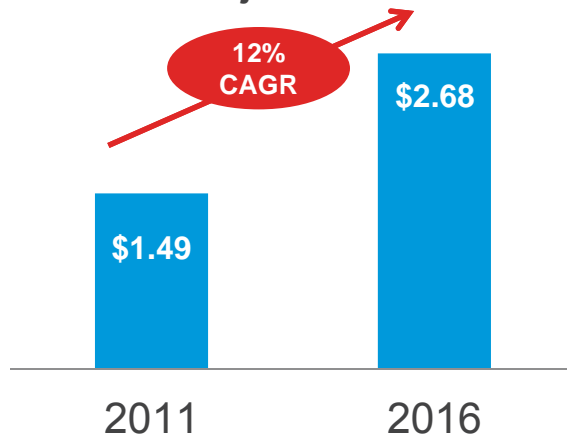
Revenue (\$B)



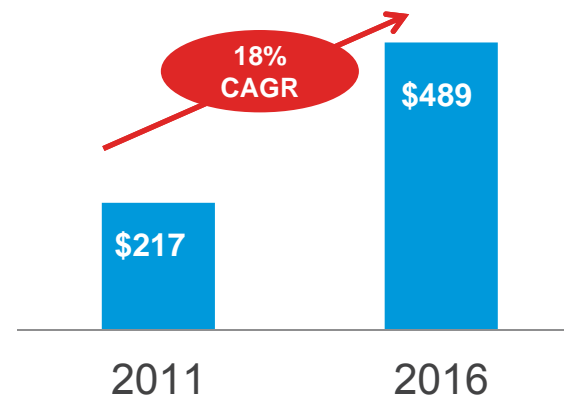
Adjusted Net Income (\$M)



Adjusted EPS



Free Cash Flow (\$M)

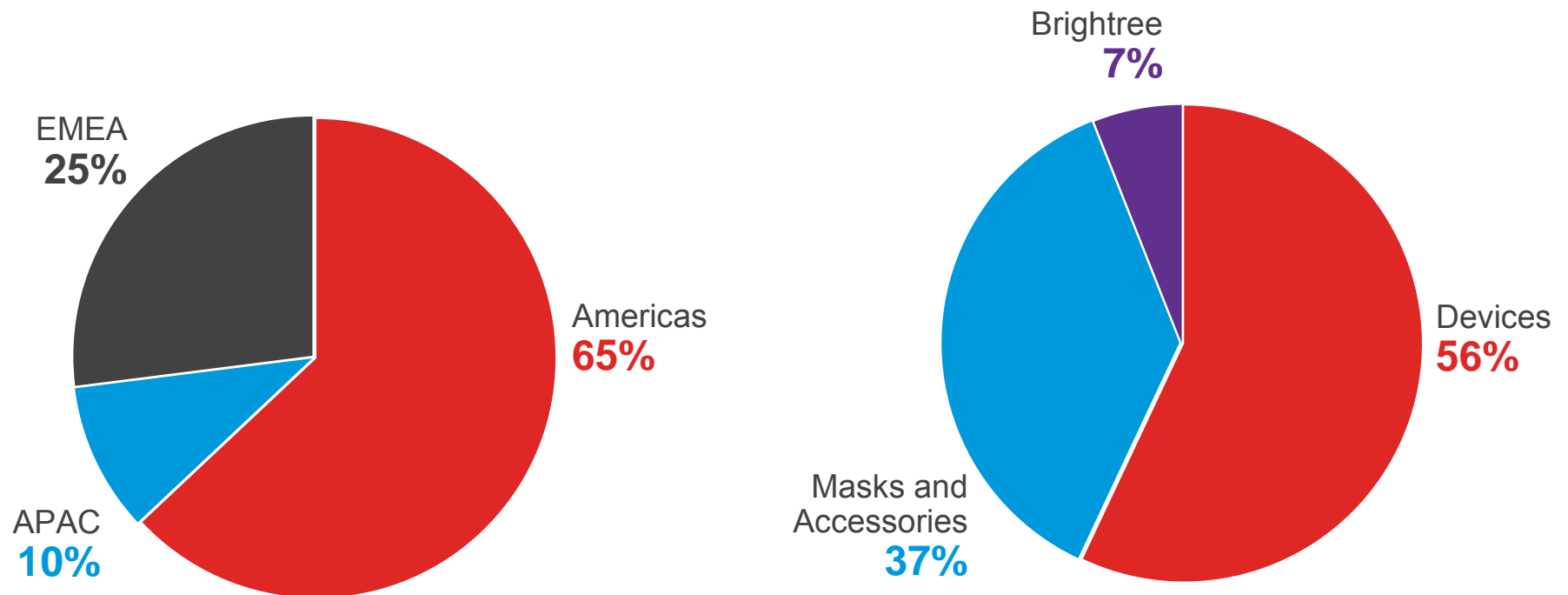


## > Q1 2017 Results

Key Financial Metrics	Q1 2017
Revenue	\$465.4M +13% (13% CC)
Non-GAAP gross margin*	58.9%
Non-GAAP operating profit*	\$111.0M +11%
Non-GAAP net income*	\$87.7M +4%
Non-GAAP EPS*	\$0.62 +5%
Cash flow from operations	\$86.2M
Free cash flow	\$71.7M

\* Excludes the impact of amortization of acquired intangibles, and the impact of the Astral battery field safety notification.

## > Diversified revenue sources by region & product



*Note: Represents Q1 2017 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



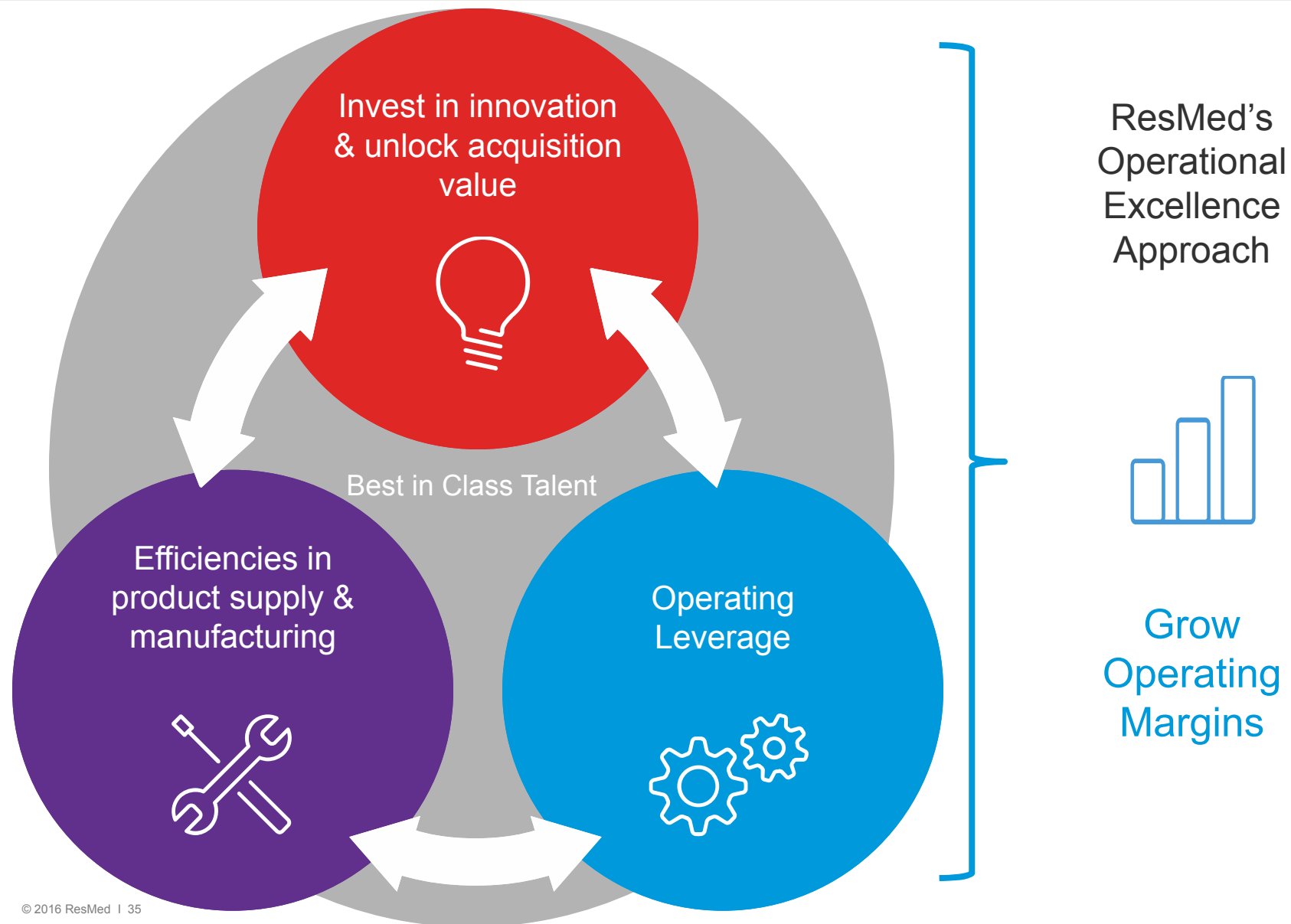
## Market Focused

- 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

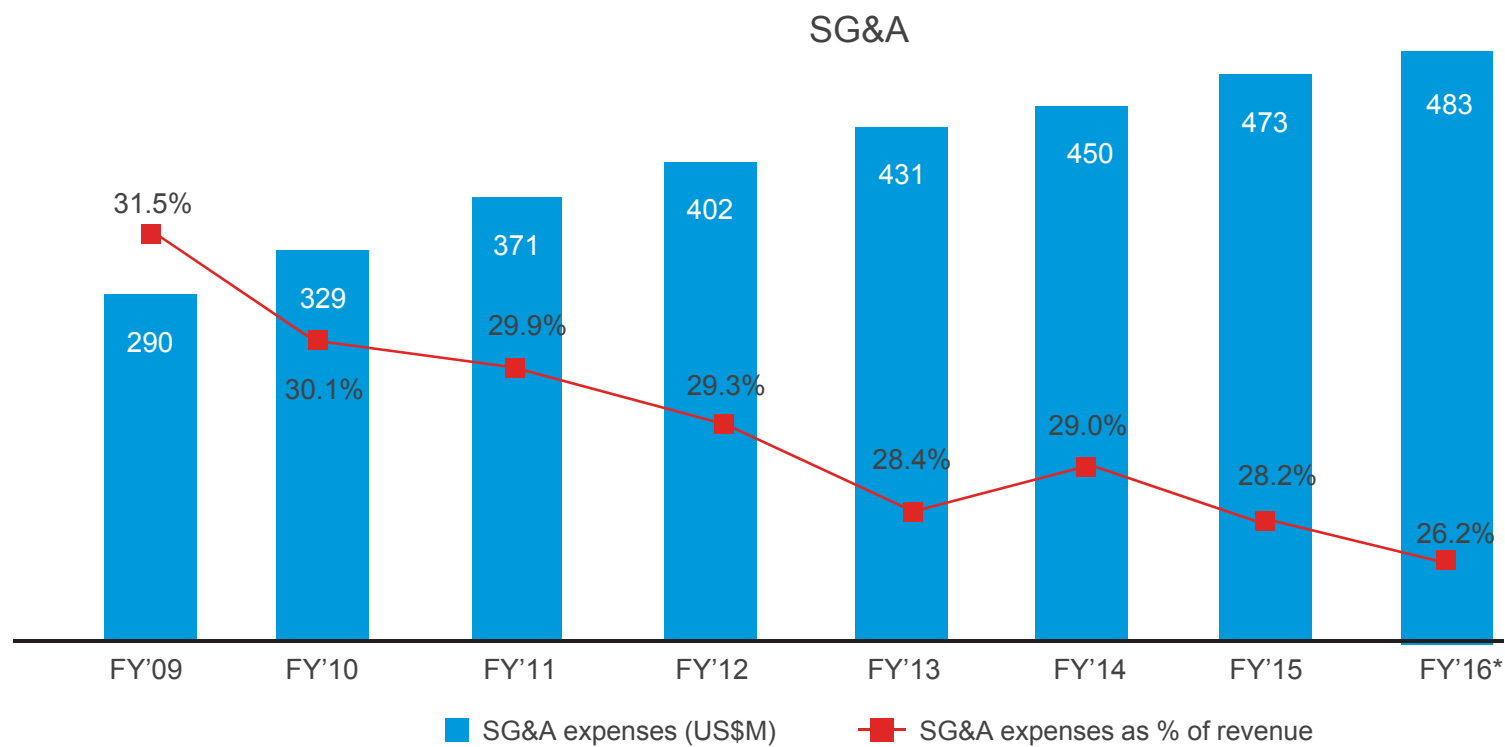


Note: All figures are approximate

## > Operating Excellence – a continuous process at ResMed



## > Delivering Operating Leverage



*\*Excludes \$5.5 million in acquisition and integration related expenses in FY16*



## ➤ Proven Capital Management

### Capital Deployment



#### Investment for Growth

- New Products
- Geographic expansion
- Acquisitions



#### Free Cash Flow returned to Shareholders

- Last twelve months combined dividend and stock repurchase = 47% of free cash flow



#### Increasing Dividend

- FY 2016 dividend payout ratio of 48% of net income
- Dividend per share increased by 10% over prior year

Combined dividend and buy-back over rolling 5 years  
= 85% 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 **10 million lives.***

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



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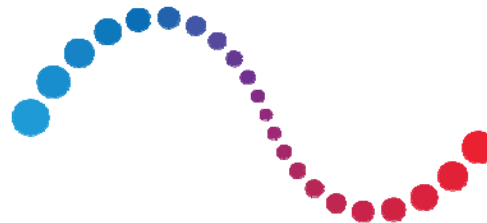
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**Long-term Growth**

opportunities across all three horizons  
of ResMed's strategy





## Contact Investor Relations

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