



**ResMed**

*Changing lives  
with every breath*



## Investor Presentation

Q3 2018

May 21, 2018

## ➤ 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, litigation, and tax outlook — 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.

# ➤ Why invest in ResMed? - *Driving long-term shareholder value*



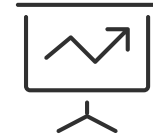
## Market Dynamics

- Underpenetrated markets in sleep & 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
- 5,000 + patents
- ~ 7% of revenue invested in R&D

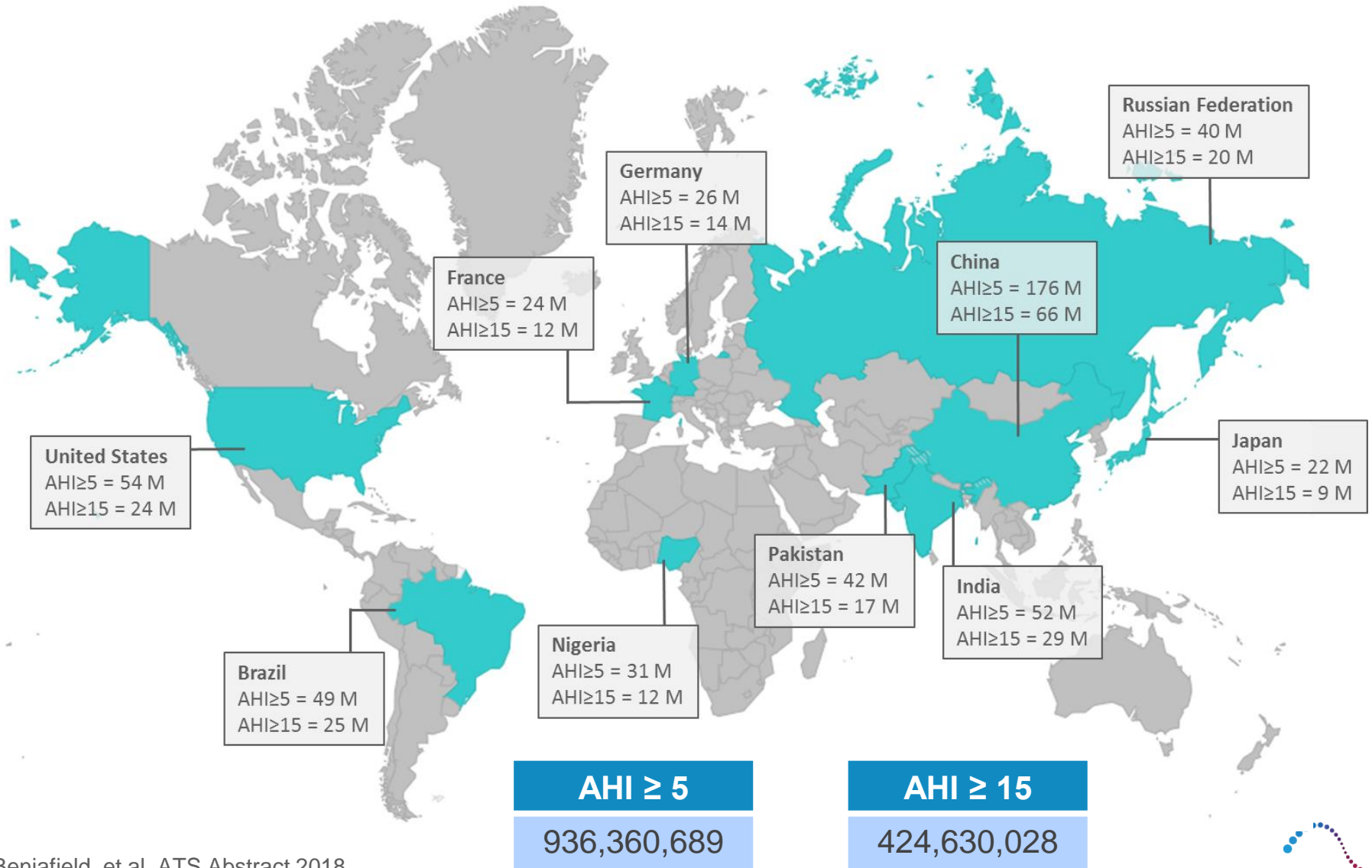


## Financial Results

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

## Market Dynamics

# Global OSA Prevalence



Benjafield, et al. ATS Abstract 2018

# > COPD is a large and growing market



- Chronic obstructive pulmonary disease (COPD) is the third leading cause of death worldwide<sup>1</sup>
- More than 380 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: No310 (2014, May) accessed 20Jul16

<sup>2</sup>Ferkol T et al. Annals ATS 2014

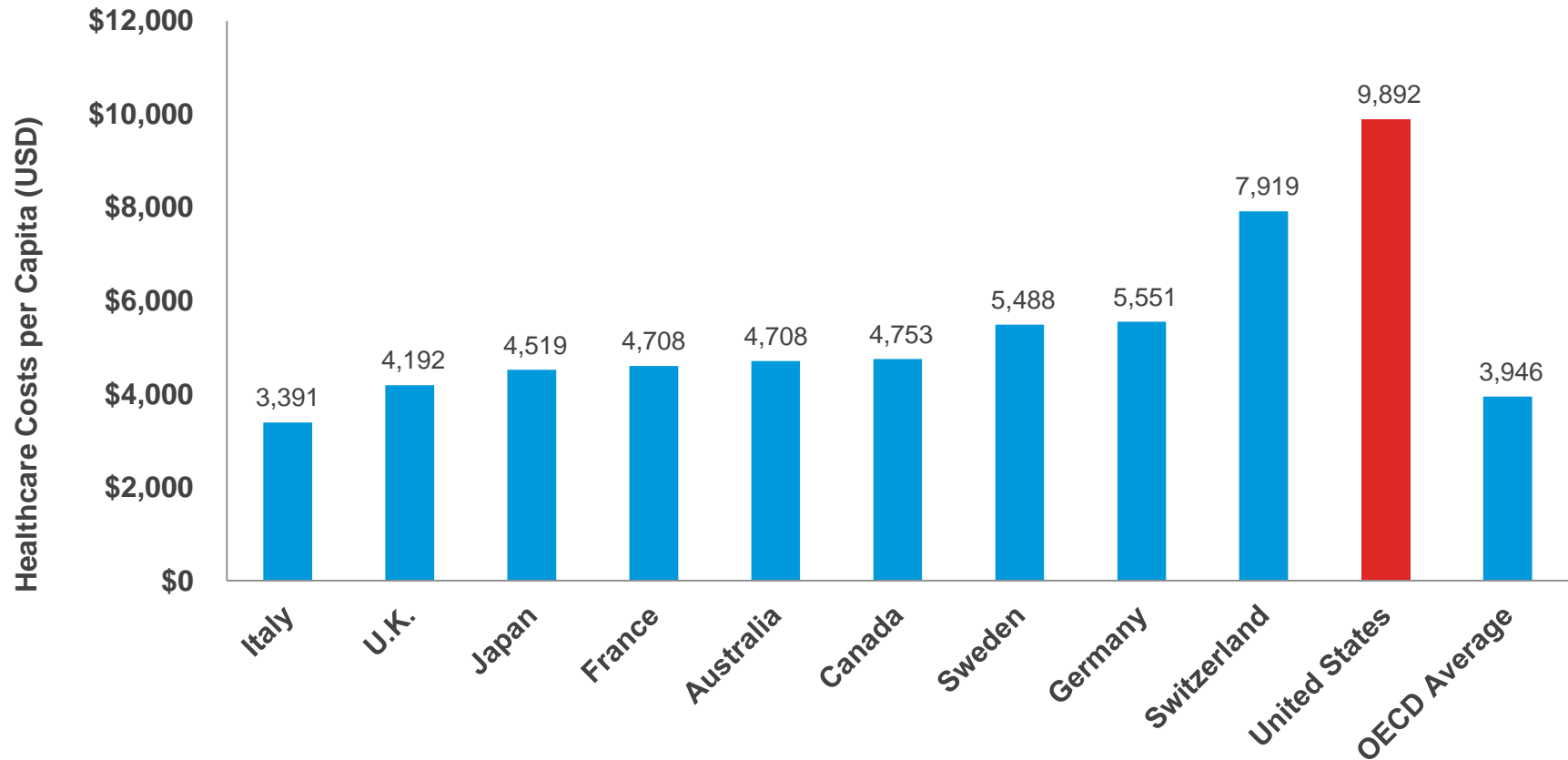
<sup>3</sup>Company estimates based on World Health Organization estimates and Zhong et al. "Prevalence of Chronic Obstructive Pulmonary Disease in China" *Respiratory and Critical Care*

<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 No315. 2015 accessed 20Jul16

# > Opportunity to shift care from hospital to home



Source: Organization for Economic Cooperation and Development, OECD (2017), Health spending (indicator). Chart uses purchasing power parities to convert data into U.S. dollars

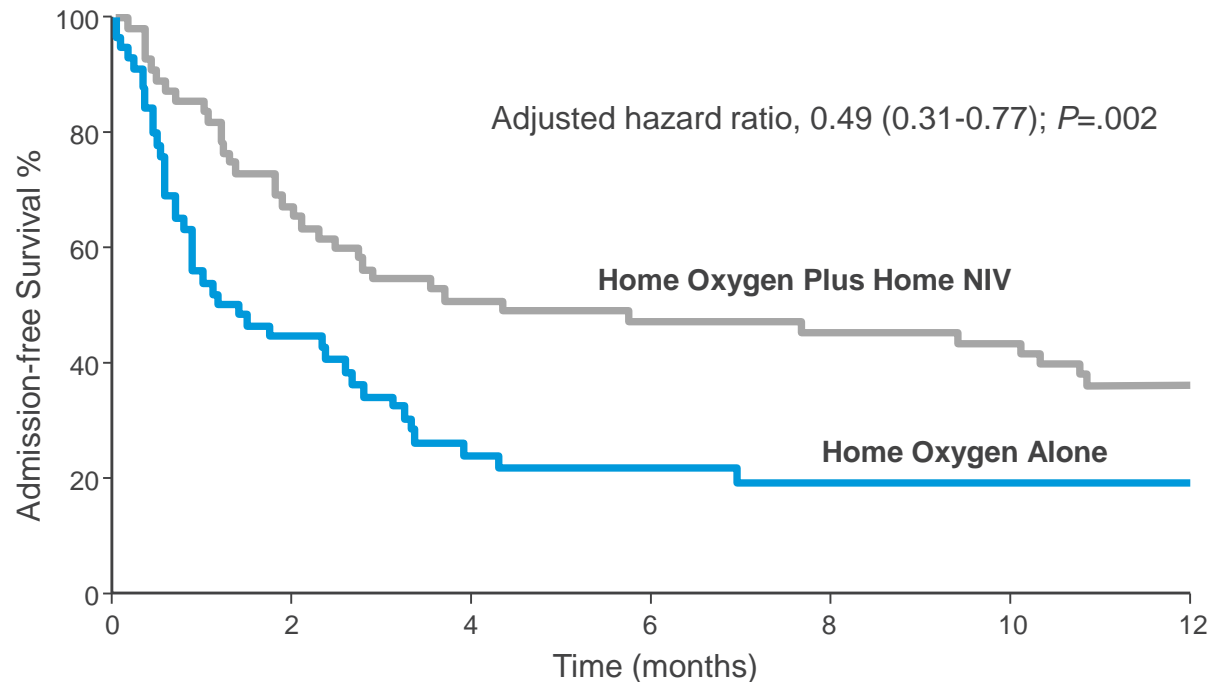
# ➤ Non-invasive Ventilation and Oxygen: *Better outcomes*



Combining non-invasive ventilation (NIV) with home oxygen therapy (HOT):

- **Reduced hospitalization and mortality by 51%**
- Increased time to re-admission or death by ~90 days

Admission-free survival by treatment arm over one year



1 P. Murphy et al., *Effect of Home Noninvasive Ventilation With Oxygen Therapy vs Oxygen Therapy Alone on Hospital Readmission or Death After an Acute COPD Exacerbation. A Randomized Clinical Trial*, JAMA .Published online May 21, 2017. doi:10.1001/jama.2017.4451.



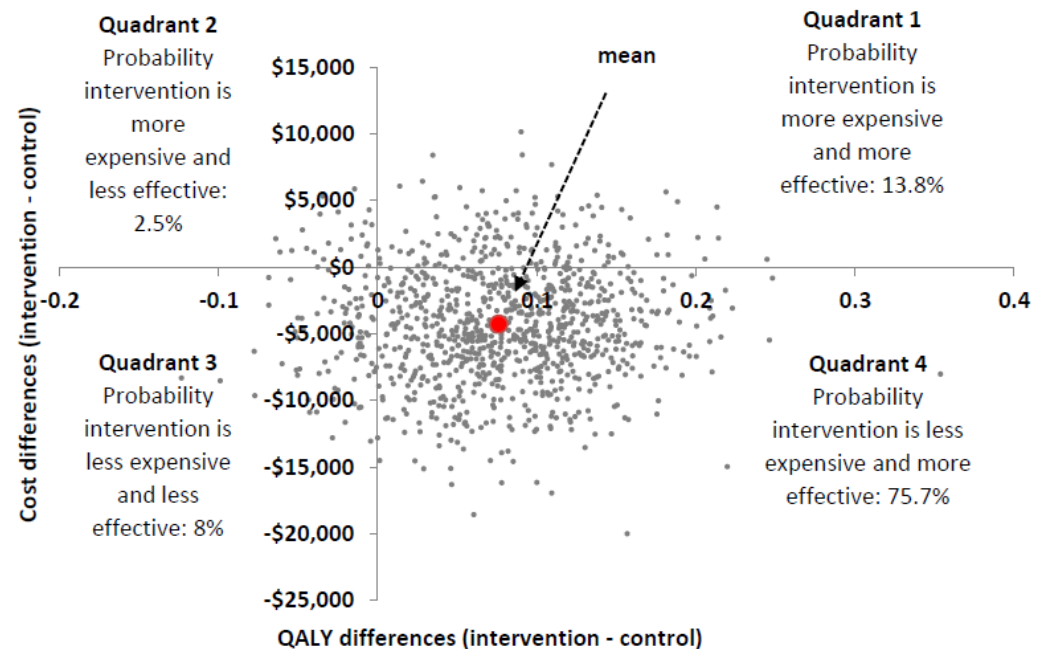


# HOT-HMV - Non Invasive Ventilation saves money

This study evaluated the economic impact of combining home non-invasive ventilation (HOT-HMV) with home oxygen therapy in the U.S.

- The combination **reduced readmission by 58.3%**
- The combination **improved quality of life years** while **saving \$50,856 in incremental costs**
- Conclusion: Combining home oxygen therapy with non-invasive ventilation at home was both **clinically effective** and **cost effective in treating COPD** patients with persistent hypercapnia following an acute exacerbation

Figure 3: Cost-effectiveness Plane



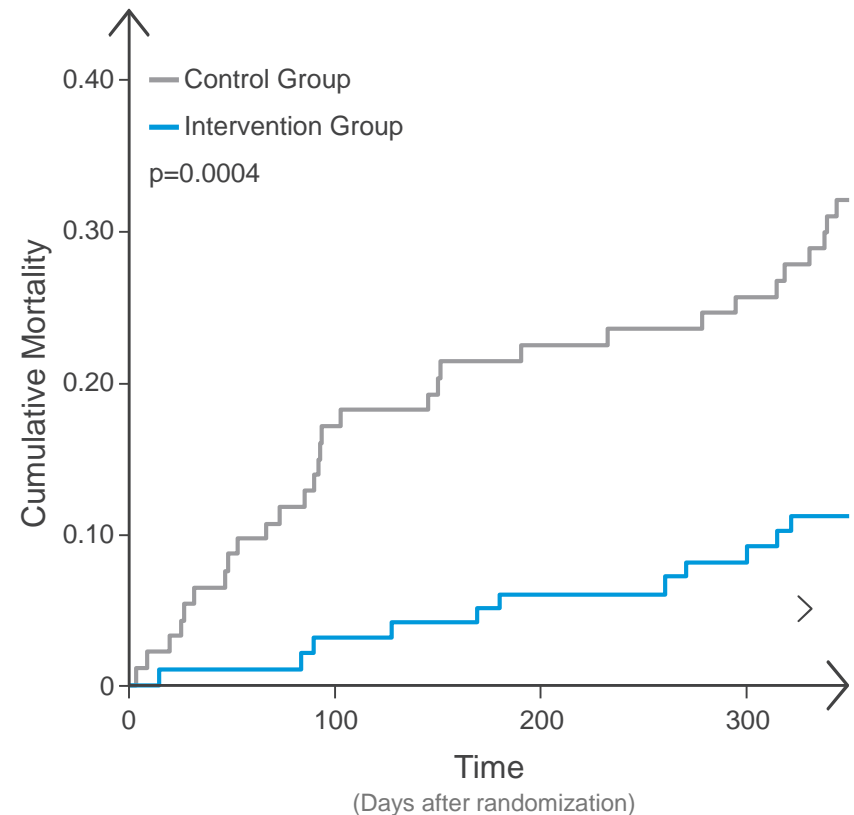
Hart, Nick et al. Cost Effectiveness of HOT-HMV for Treatment of COPD, ATS Abstract 2018.

# > NIV: *Potential to improve outcomes in COPD*



## THE LANCET Respiratory Medicine

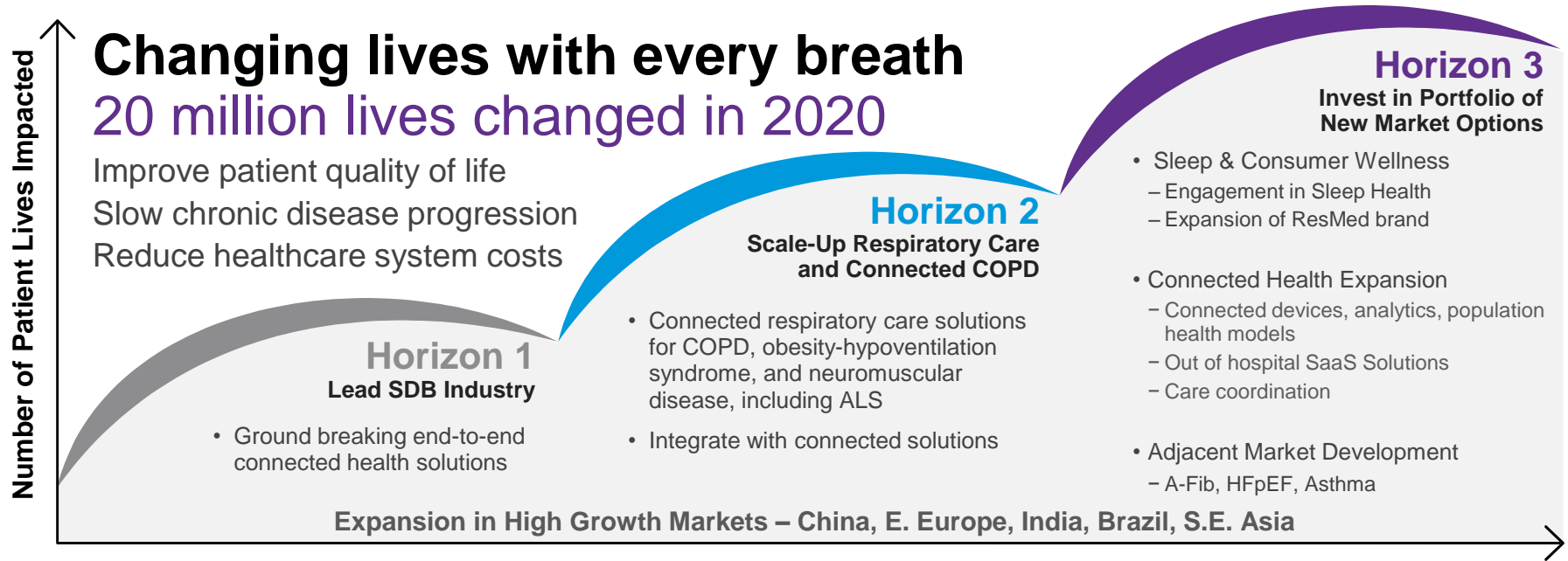
- Mortality risk reduced by over 60%\* using long-term non-invasive ventilation (NIV) **treatment** in severe, hypercapnic chronic obstructive pulmonary disease (COPD)
- One-year mortality in the two matched COPD cohorts:
  - 12% mortality (NIV intervention group)
  - 33% mortality (control group)
- Significant potential for NIV growth:
  - NIV underpenetrated as treatment for COPD
  - Key growth areas: US, Europe, China, Brazil



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

## > Growth & Innovation

# ResMed's growth strategy



PEOPLE, LEADERSHIP AND CULTURE

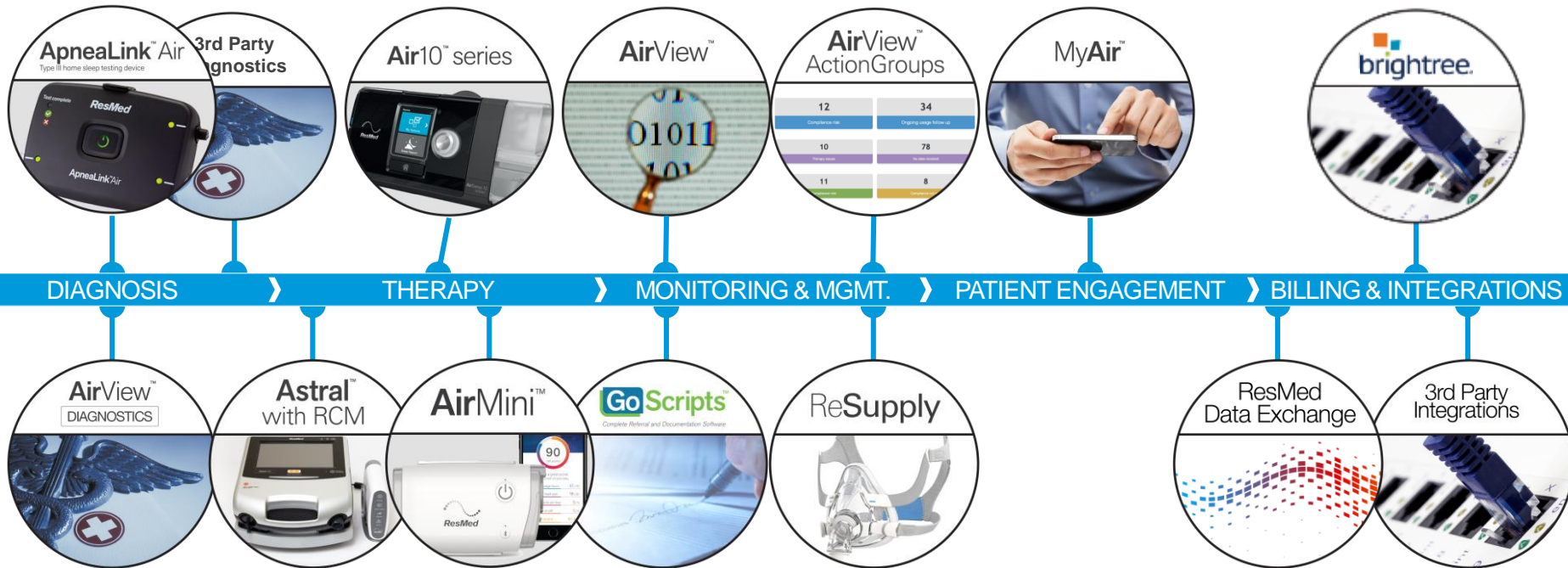
GLOBAL LEADERSHIP IN DIGITAL AND CONNECTED HEALTH

OPERATING EXCELLENCE – LEVERAGE MARKET-LEADING SCALE

➤ We have over 2 billion nights of data in the cloud



## Connected Health solutions from end-to-end in sleep and respiratory care





**AirView™** has over  
**7 million+ patients**

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

**200,000+** diagnostic tests  
processed **in the cloud**

Brightree has **50 million+**  
patient accounts as part of its  
post-acute care network

**30 API calls** per **second**  
from integrators

**1,500** patients a day  
**sign up** for **myAir™**

# Connected Health - *Better outcomes, improved efficiencies*



## AirView™

↑ 21%

patient adherence  
with **automated  
compliance  
coaching**<sup>1</sup>

Labor  
Costs<sup>2</sup>

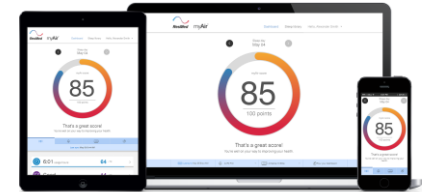
↓ 59%

New  
Patient  
Setups<sup>3</sup>

↑ 55%

1. Hwang, et al., AJRCCM 2017
2. Munafò, et al. Sleep Breath 2016
3. 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
4. Crocker, et al., Abstract CHEST 2016

## myAir™



World's largest study for adherence

> 128,000 patients

↑ 24%

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

# > ResAdhere: Impact of Mask Resupply on Adherence



**AirView™**  
**100,370** patients with AirView-connected devices

**All patients:**

CMS-  
defined  
adherent

PAP device  
for at least 1  
year

**Propensity Matched on:**

Age

Therapy Mode

Start Date

AHI Day 1

Gender

Device Type

myAir Usage

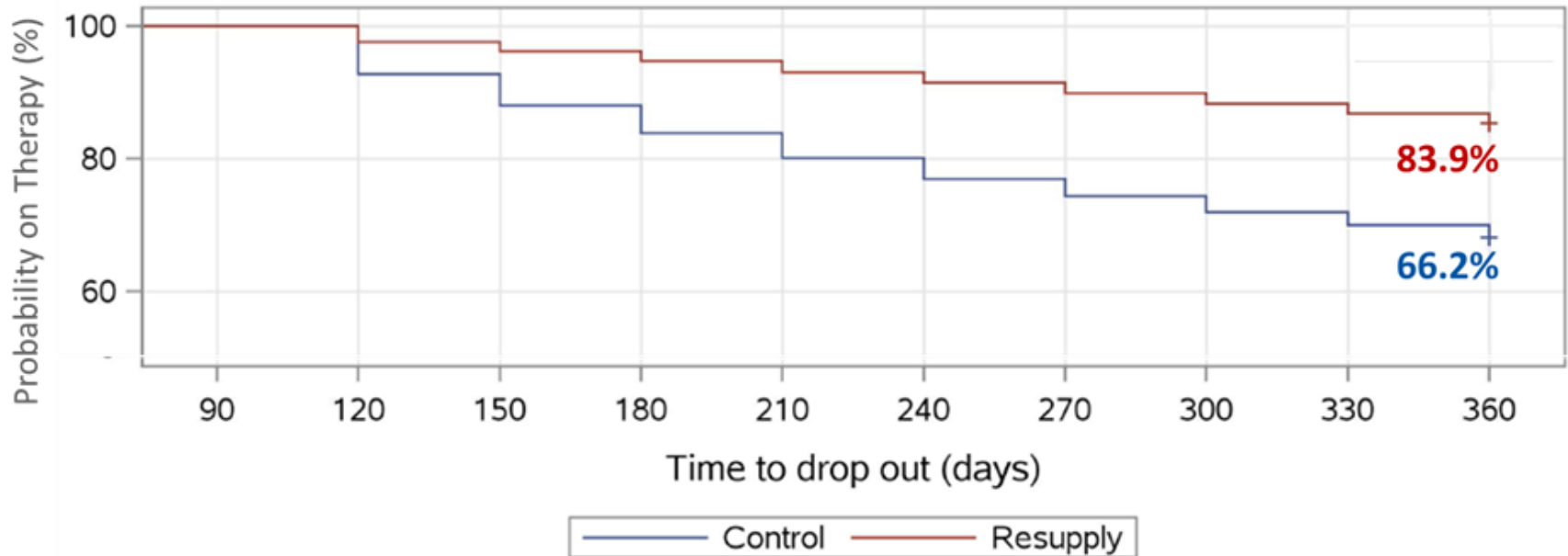
Leak Day 1

- Mean age = 57 years
- Gender = 64% males

*Average 2.1 Resupply events per patient*



# Mask Resupply improves treatment adherence



	Resupply	Control
Mean Usage (hrs)	5.6	4.5
Patients w Mean Usage $\geq$ 4hrs	77.0%	59.2%

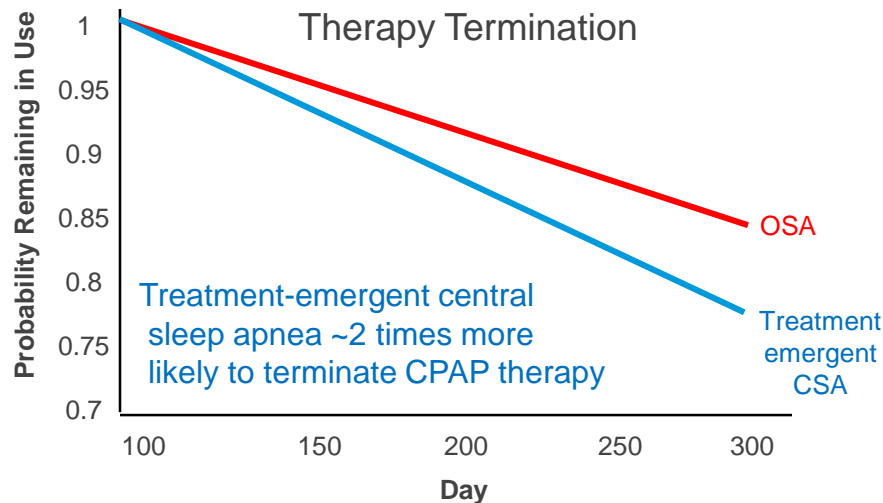
# > Big data insights on central sleep apnea



## CSA ~two times chance of quitting therapy



- Big Data Study ~135,000 patients showed those with treatment-emergent central sleep apnea (CSA) are two times more likely to terminate therapy
- Analysis highlights rethinking conventional therapeutic options
- Regularly monitoring patients to support adherence to treatment
- Early diagnosis of CSA to minimize risk of therapy termination

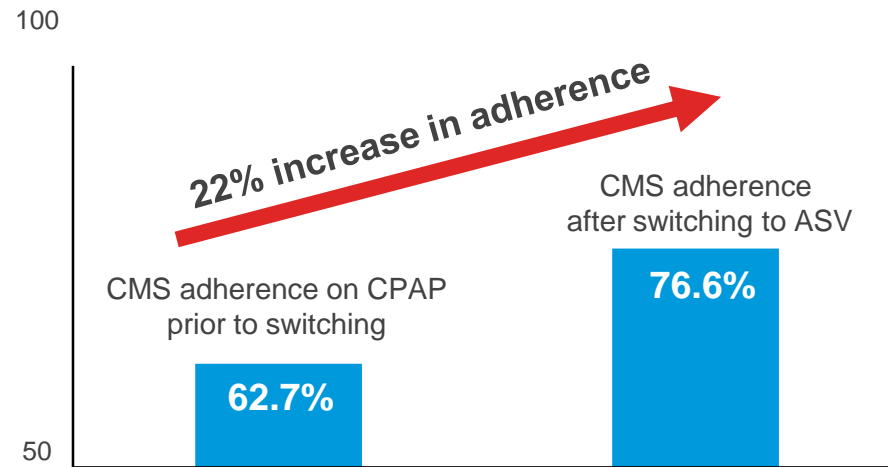


## CPAP to ASV increased adherence



Journal of Clinical Sleep Medicine

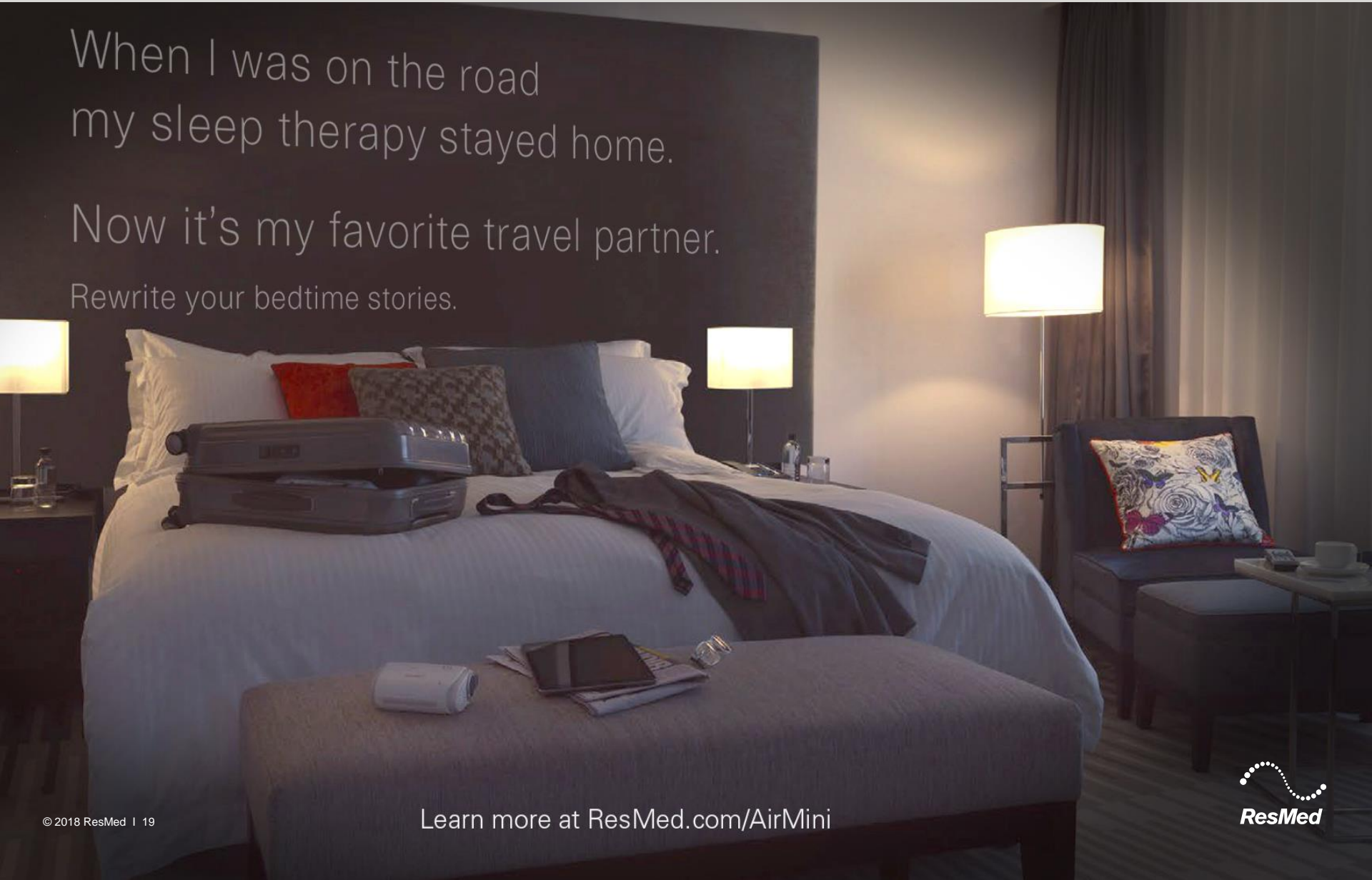
- Largest-ever analysis: ~200k patients
- Switching from CPAP to ASV **improves relative adherence by 22 percent**
- Patients who switched from CPAP to ASV had significantly fewer apneas and hypopneas (breathing stoppages or reductions) during sleep



# ➤ AirMini™ - the world's smallest and best travel-CPAP



When I was on the road  
my sleep therapy stayed home.  
Now it's my favorite travel partner.  
Rewrite your bedtime stories.



# > Global leadership in sleep apnea management



## AirSense™ 10



**AirView™**



**myAir™**





# ➤ Mobi™ – our newest portable oxygen concentrator



# > 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

# ➤ Longer term growth through a portfolio of options



## • Sleep & Consumer wellness

- Engagement in Sleep Health
- Expansion of ResMed brand

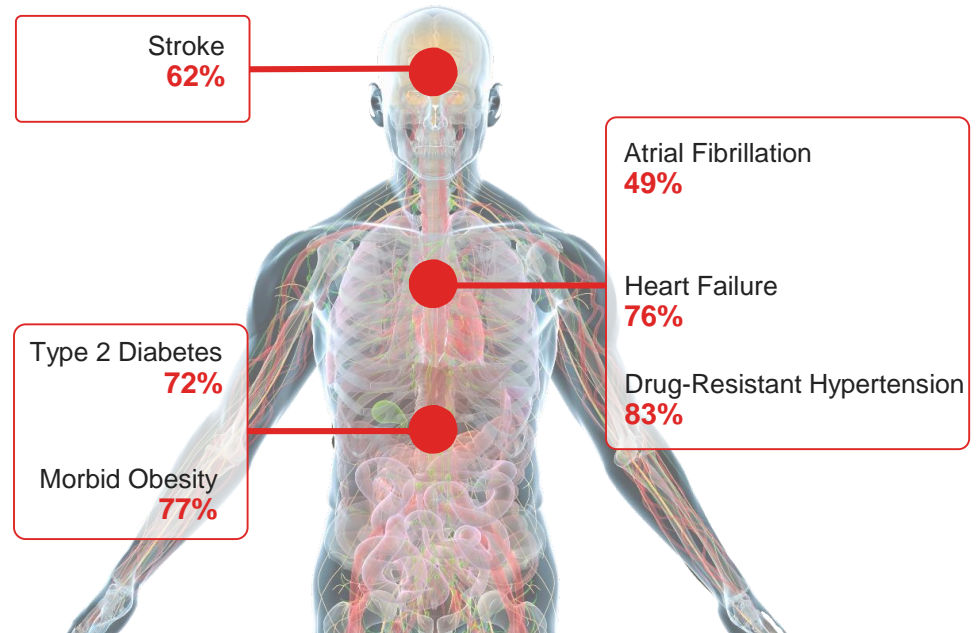


## • Connected Health Expansion

- Connected devices, predictive analytics, population health models
- Out-of-hospital SaaS Solutions
- Care coordination services

## • Adjacent Market Development

- A-Fib, HFpEF, Asthma, Monitoring



Percentages reflect prevalence of sleep apnea in patients with these conditions

## Financial Results

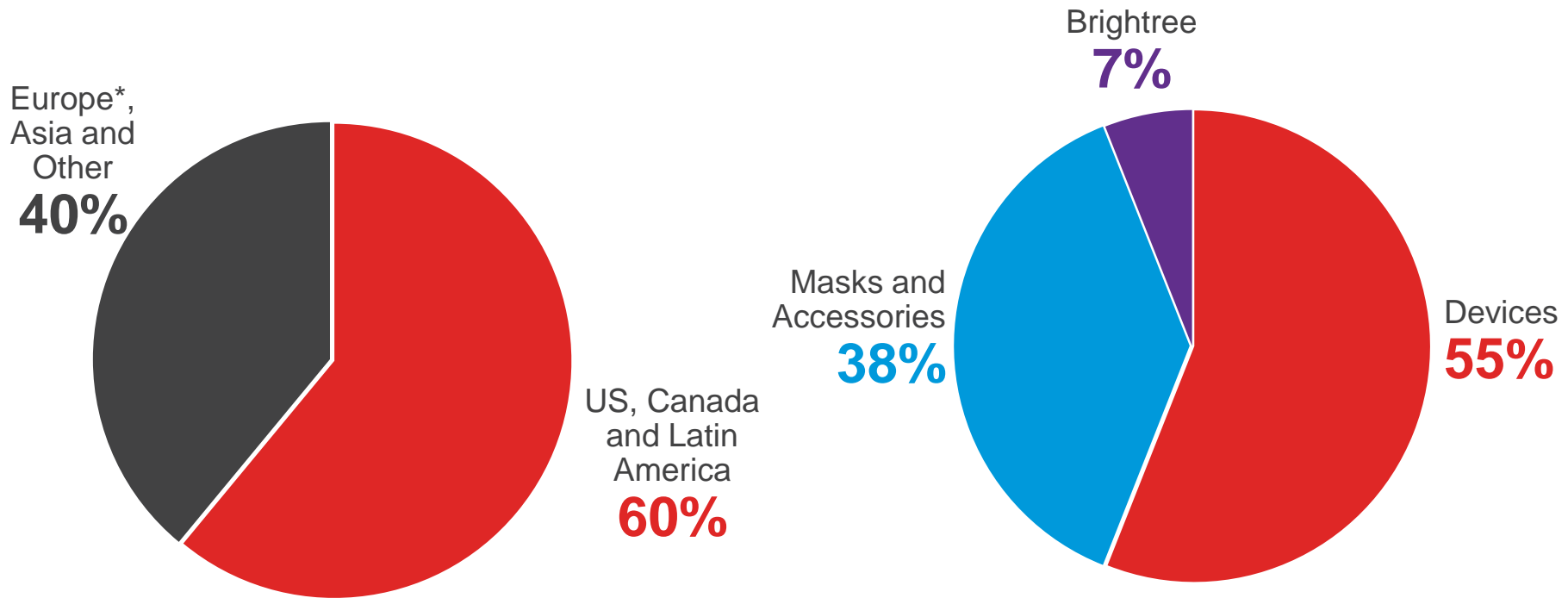




Key Financial Metrics	Q3 2018
Revenue	\$591.6M +15% (+10% CC)
Gross margin	58.2%
Non-GAAP operating profit*	\$159.0M +25%
Non-GAAP net income*	\$132.5M +32%
Non-GAAP EPS*	\$0.92 +30%
Cash flow from operations	\$149.1M
Free cash flow	\$136.1M

\* ResMed adjusts for the impact of the amortization of acquired intangibles, impact of U.S. tax reform, and restructuring expenses, from their evaluation of ongoing operations and believes investors benefit from adjusting these items to facilitate a more meaningful evaluation of current operating performance.

# > Diversified revenue sources by region & product



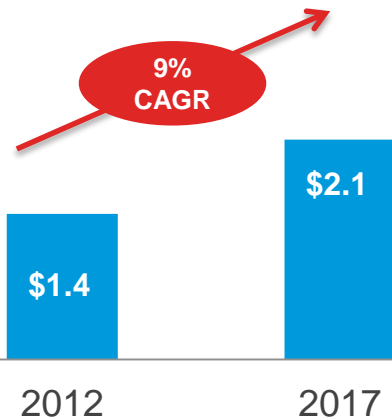
\* Europe only = 29%

*Note: Represents Q3 2018 revenue breakdown*

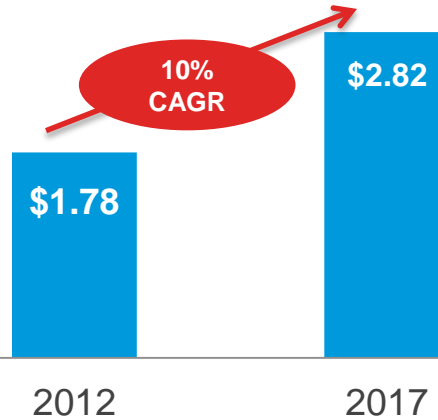
# > Disciplined financial track record



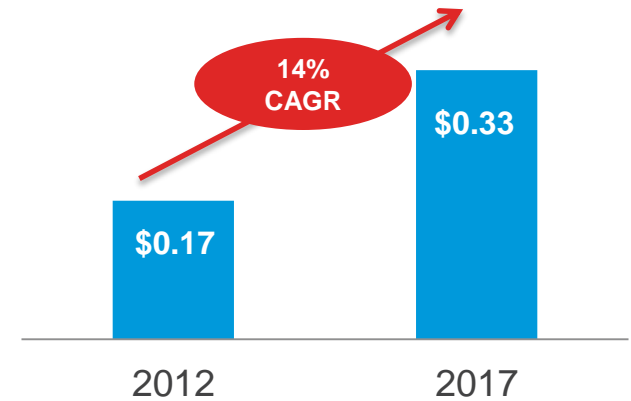
## Revenue (\$B)



## Adjusted EPS

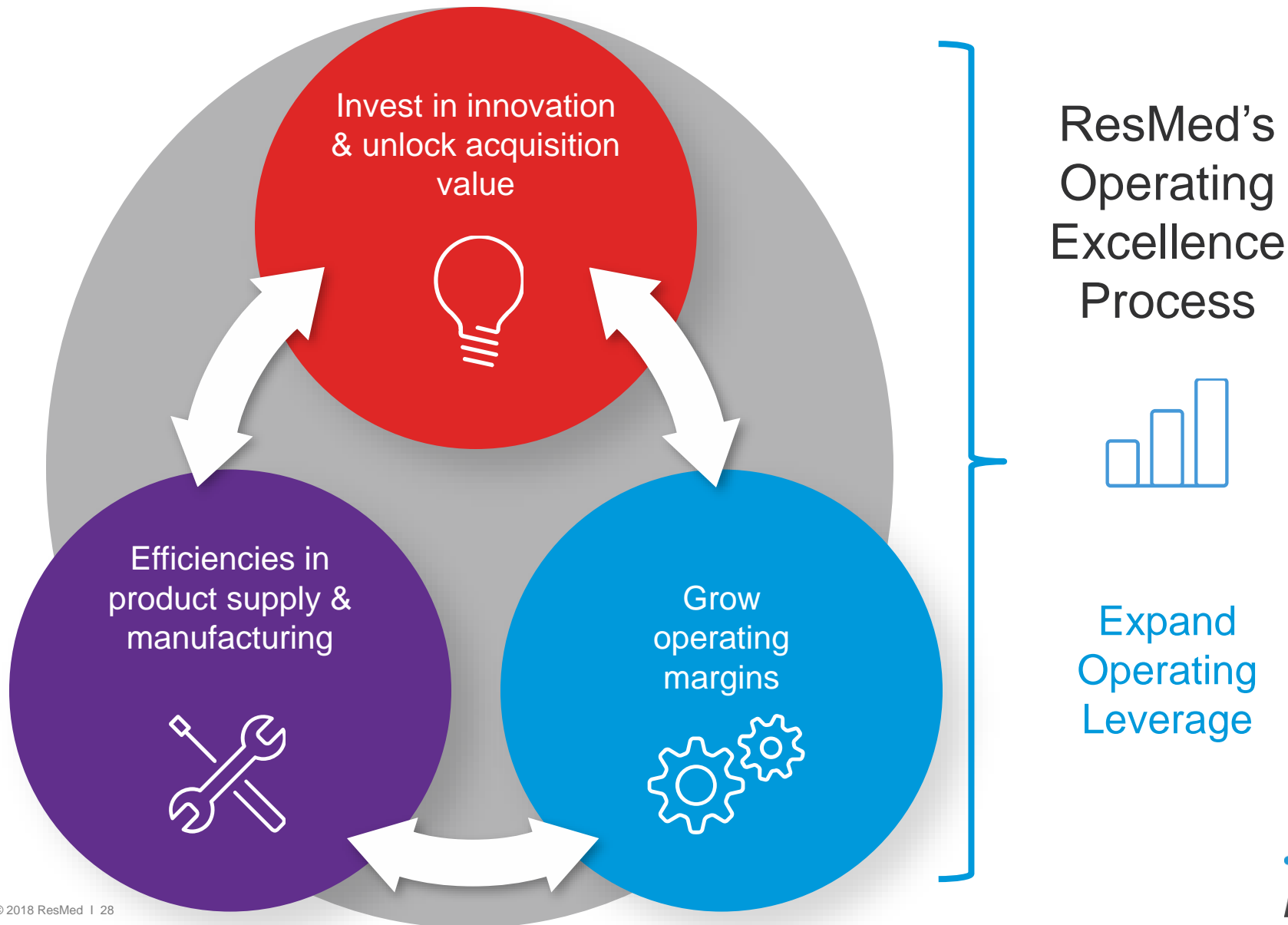


## Quarterly dividend per share



Fiscal Years ended June 30

# > Operating Excellence: *a continuous process at ResMed*





## Capital Deployment



### Investment for Growth

- New Products
- Geographic expansion
- Acquisitions



### Free Cash Flow returned to Shareholders

- Last twelve months combined dividend and stock repurchase = 50% of free cash flow



### Increasing Dividend

- FY 2017 dividend payout ratio of 54% of net income
- Dividend per share increased by 6% over prior year

Combined dividend and buy-back over rolling 5 years  
= **74% of free cash flow**

# ➤ Changing Lives with Every Breath

*In the last 12 months, we changed  
more than **13 million lives.***

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

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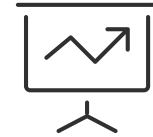
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## Contact Investor Relations

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