



Investor Presentation

Q1 2019

October 25, 2018

Presentation of financial information & forward-looking statements

Historical financial and operating data in this presentation reflect the consolidated results of ResMed Inc., its subsidiaries, and its legal entities, for the periods indicated.

This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures in this presentation, which include non-GAAP Income from Operations, non-GAAP Net Income, and non-GAAP Diluted Earnings per Share, should be considered in addition to, but not as substitutes for, the information prepared in accordance with GAAP. For reconciliations of the non-GAAP financial measures to the most comparable GAAP measures, please refer to the earnings release associated with the relevant reporting period, which can be found on the investor relations section of our corporate website (investor.resmed.com).

In addition to historical information, this presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on ResMed’s current expectations of future revenue or earnings, new product development, new product launches, new markets for its products, integration of acquisitions, leveraging of strategic investments, litigation, and tax outlook. Forward-looking statements can generally be identified by terminology such as “may”, “will”, “should”, “expects”, “intends”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential”, or “continue”, or variations of these terms, or the negative of these terms or other comparable terminology.

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Overview

➤ Who we are / what we do

- World-leading connected health company with more than 6 million cloud-connected devices
 - More than 8 million patients in AirView monitoring ecosystem
 - 66 million+ patient accounts in post-acute care network
- Innovative designer and manufacturer of award-winning devices and cloud-based software solutions
 - Diagnose, treat, and manage sleep apnea, chronic obstructive pulmonary disease, and other respiratory conditions
- Products and solutions designed to improve patient quality of life, reduce impact of chronic disease, and lower healthcare costs
- Cloud-based software health applications and devices designed to provide connected care, improving patient outcomes and efficiencies for healthcare providers
 - Tools that allow fewer people to manage more patients
 - Empower patients to track own health outcomes



➤ Why invest? – *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

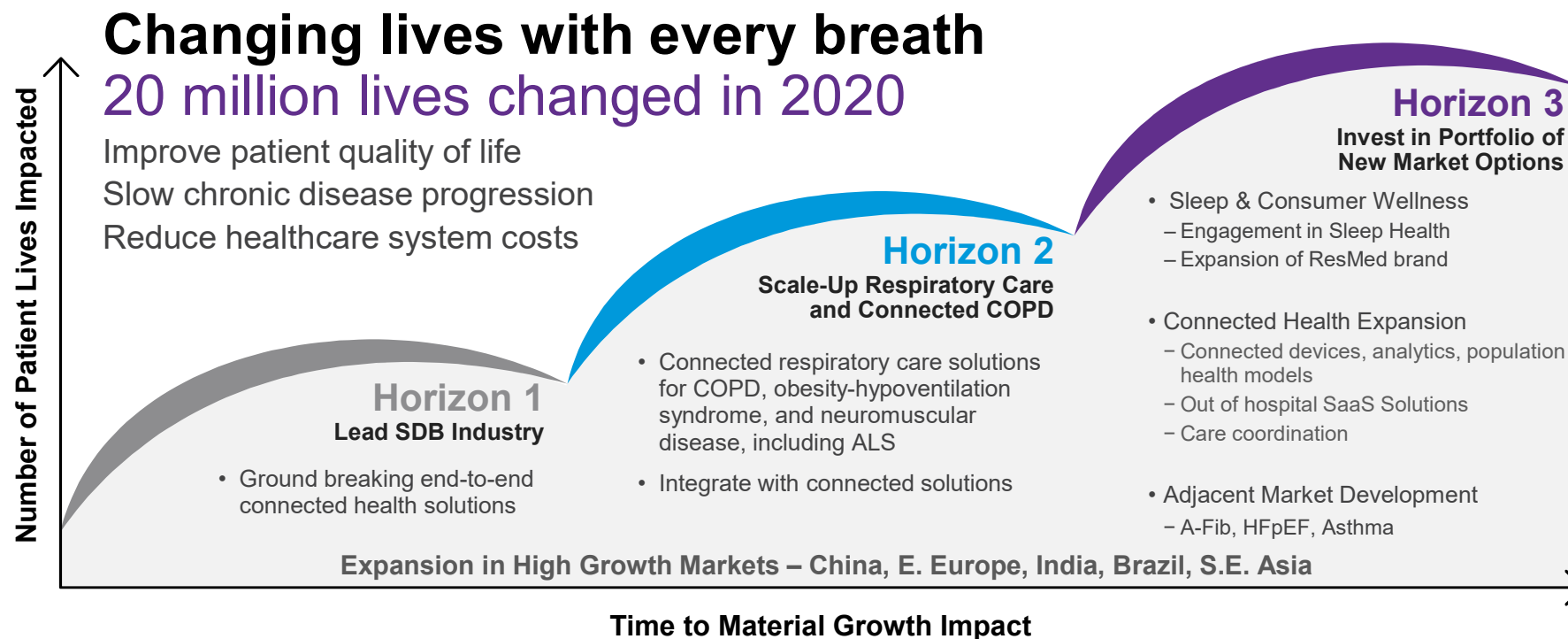
- Global leader in connected health for sleep and respiratory care
- Long-term growth opportunities
- 5,500+ patents and designs
- ~ 7% of revenue invested in R&D



Financial Results

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

➤ Growth strategy & strategic initiatives



PEOPLE, LEADERSHIP AND CULTURE

GLOBAL LEADERSHIP IN DIGITAL AND CONNECTED HEALTH

OPERATING EXCELLENCE – LEVERAGE MARKET-LEADING SCALE

➤ Our Business - *Sleep*

> Sleep business strategy

Our Purpose: Deliver a world-class patient experience through innovative solutions that lower overall cost for treating sleep apnea patients and improve clinical outcomes.

Optimize efficiencies for providers

- Home medical equipment/home care provider-facing solutions that drive workflow efficiencies
- Long-term adherence solutions that improve patient management and meet the needs of referring physicians



Deliver best-in-class patient experience

- Patient-facing solutions, from identification to treatment, that streamline the experience and improve long-term adherence



Embrace and enable integrated care models

- Payor-facing solutions that enable population management, backed by our data insights, outcomes research, and market access



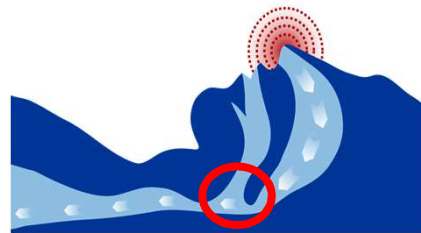
Operating Excellence – Portfolio Mindset – Deep Customer Understanding – Talent

➤ What is sleep-disordered breathing?

- Abnormal respiration during sleep – the cessation of breathing or “sleep suffocation”
- Most prevalent is **obstructive sleep apnea** – collapse of the upper airway despite ongoing effort
- Other types include central sleep apnea -- lack of breathing *and* lack of effort -- and mixed apnea



Normal airway



Partially obstructed airway

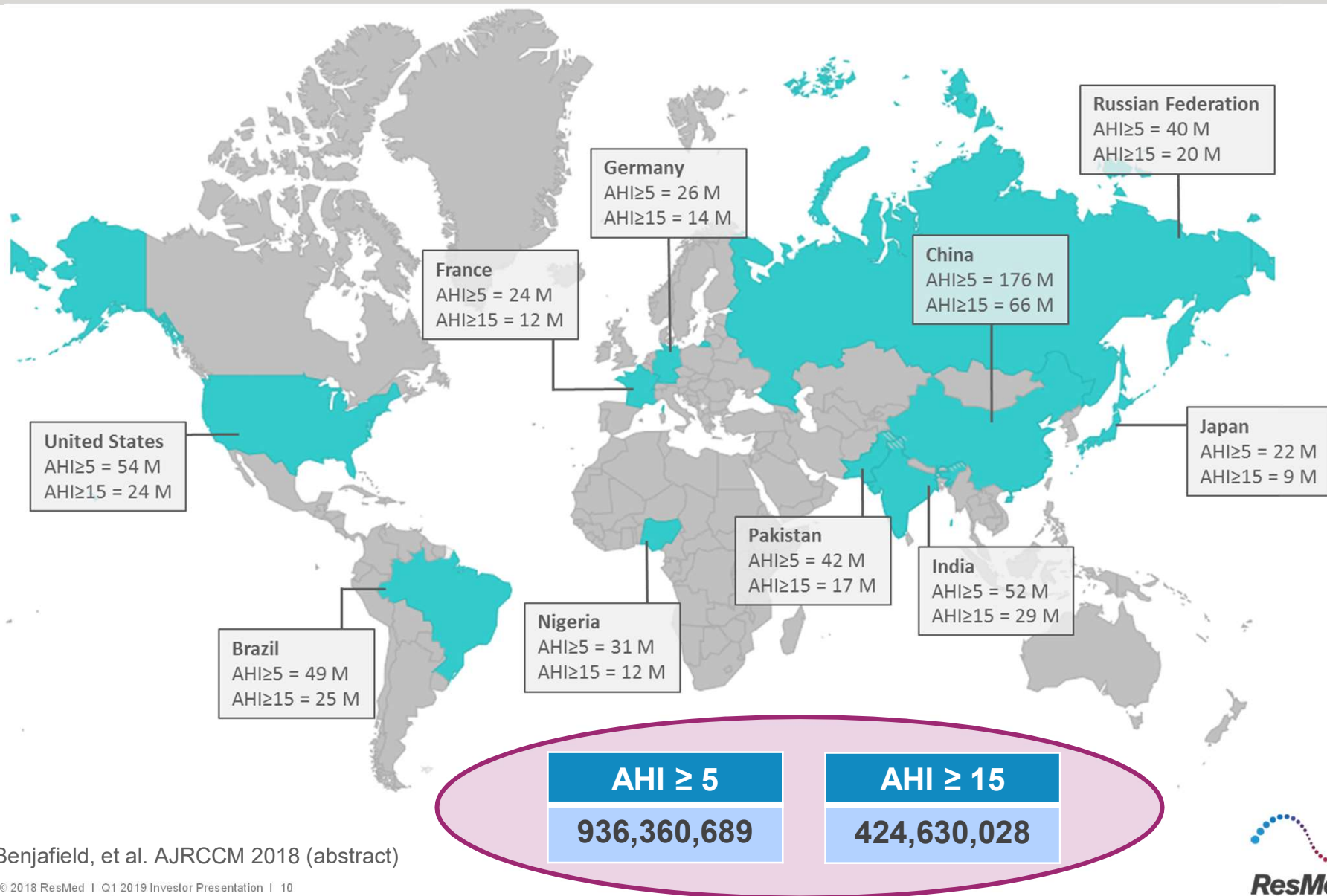


Obstructed airway



Arousal

> Global prevalence of obstructive sleep apnea (OSA) presents opportunity to drive increased awareness



➤ Sleep apnea is more than 80% undiagnosed

For every 100 U.S. adults...

4 KNOW THEY HAVE SLEEP APNEA^{1,2}

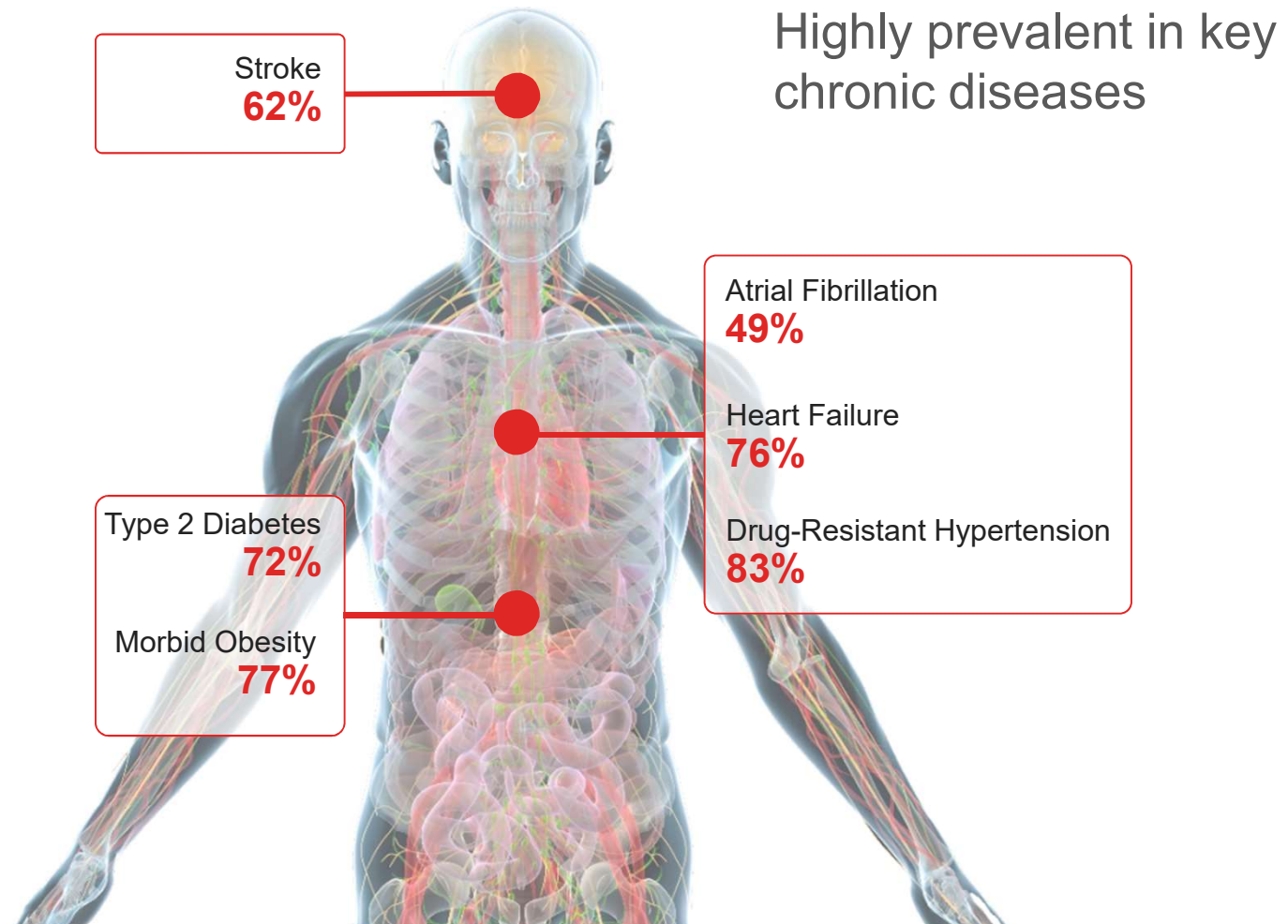


22 DON'T KNOW THEY HAVE IT^{1,2}

1 Peppard PE et al. *Am J Epidemiol* 2013

2 Young T et al. *Sleep* 1997

> Sleep apnea is prevalent in other chronic conditions



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

➤ Transforming the treatment & management of sleep apnea

Quiet



AirSense™ 10



AirSense™ 10 AutoSet for Her



AirCurve™ 10

Compact



Comfortable



AirFit™ P10
Nasal Pillows System



AirFit™ N20
Nasal mask



AirFit™ F20
Full face mask



AirTouch™ F20
Full face mask



AirFit™ F30
Full face mask

Connected



AirView™



myAir™



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

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

MACRO

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.

Healthcare System Pain Points

MICRO

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

⌋ Working with others to raise sleep as a public priority



• • •
• **Consumer tech joint venture** with Dr. Oz and Pegasus Capital

• • •
• World's first non-contact sleep tracking mobile app

• • •
• Shows people how they sleep, and how they can improve their sleep



• • •
• **Sleep research joint venture** with Verily¹

• • •
• To study the health and financial impacts of untreated sleep apnea

• • •
• Based on research: Develop software solutions to help identify, diagnose, treat and manage those with OSA

➤ Our Business - *Respiratory Care*

> Respiratory care strategy

Our Purpose: Changing the lives of COPD patients by bringing new solutions for unmet patient needs.

Win in the core

- Reach more COPD patients through connected non-invasive ventilation technology
- Take share in the life-support ventilation category
- Prepare for Mobi full product launch



Innovate and expand into adjacent categories

- Treat patients earlier in COPD disease progression with Mobi in a connected ecosystem
- Innovate and scale the portable oxygen business model
- Enable new models of care that keep COPD patients out of hospital



Transform COPD healthcare delivery

- Develop intelligent therapy solutions and technologies that improve the patient experience
- Create value propositions in longitudinal care, predict exacerbations and prevent hospitalization



Operating Excellence – Portfolio Mindset – Deep Customer Understanding – Talent

➤ What is chronic obstructive pulmonary disease (COPD)?

COPD is a serious lung disease that over time, makes it hard to breathe

The leading cause of COPD is smoking

Other causes include:

- second hand smoke
- pollution
- occupational exposure to noxious gases
- a history of childhood infections (could be a catalyst)
- genetic inheritance, leading to its onset



➤ COPD is a large and growing market

- COPD is the third leading cause of death worldwide¹
- More than 380 million people worldwide are estimated to have COPD²
 - Largely undiagnosed COPD sufferers in high-growth markets such as China, India, Brazil and E. Europe may be well over 100 million³
- Cost to healthcare systems from COPD is enormous:
 - Europe: ~€48 billion per year⁴
 - US: ~\$50 billion per year⁵
- More than 3 million people worldwide die each year due to COPD⁶



¹World Health Organization. The top 10 causes of death: Fact sheet: No310 (2014, May) accessed 20Jul16

²Ferkol T et al. Annals ATS 2014

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

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

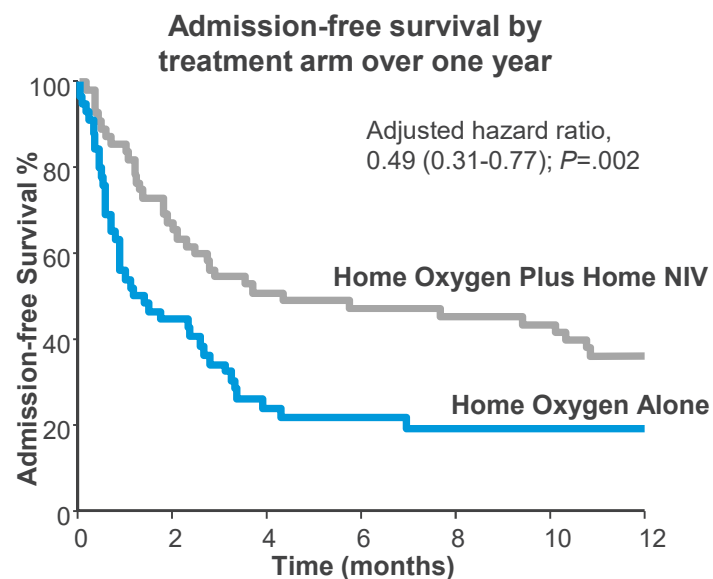
⁵Guarascio et al. Dove Med Press, 2013 Jun 17

⁶World Health Organization. Chronic obstructive pulmonary disease (COPD): Fact sheet No315. 2015 accessed 20Jul16

➤ Opportunity to shift care from hospital to home

- Healthcare costs are on the rise
- Combining non-invasive ventilation (NIV) with home oxygen therapy (HOT)
 - Reduces hospitalization and mortality by 51%
 - Increases time to hospital readmission or death by ~90 days

JAMA[®]
The Journal of the American Medical Association



- Combination of HOT with NIV reduced hospital readmissions by 58.3%
- Combination of therapies provided improved patient quality of life and saved >\$50k per quality of life adjusted 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.

➤ 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

➤ Our Business - *Software as a Service (SaaS)*



SaaS strategy

Our Purpose: Revolutionize healthcare delivery through a smart connected ecosystem that drives superior outcomes for patients and providers.

Build on existing platforms

Drive organic growth from existing SaaS platforms

- **HME:** Deliver new value-added offers
- **Home Health:** Increase market share and build solutions to meet changing market needs
- **Hospice:** Capitalize on favorable regulatory landscape



Platform services

Deliver service offerings as extensions of SaaS platforms

- Develop **people & process offerings** as customers look to outsource tasks
- Focus on opportunities to create **efficiencies** through technology
- Take cost out through **workflow automation** that incorporates tech-driven processes and ML / AI



Portfolio expansion through M&A

Expand SaaS OOH portfolio **globally**

- Extend workflow knowledge and clinical data sets across the care continuum/settings
- Develop a diverse portfolio to build a **healthcare ecosystem expertise agnostic of disease**
- Develop assets and capabilities that contribute and integrate with long-term corporate strategy



Operating Excellence – Portfolio Mindset – Deep Customer Understanding – Talent

➤ Solving for pain points in the physician/provider/patient ecosystem



Physician

Provider/HME

Patient

**Physician
access to
meaningful
clinical data**

**Evolution from
paper to
electronic record
systems**

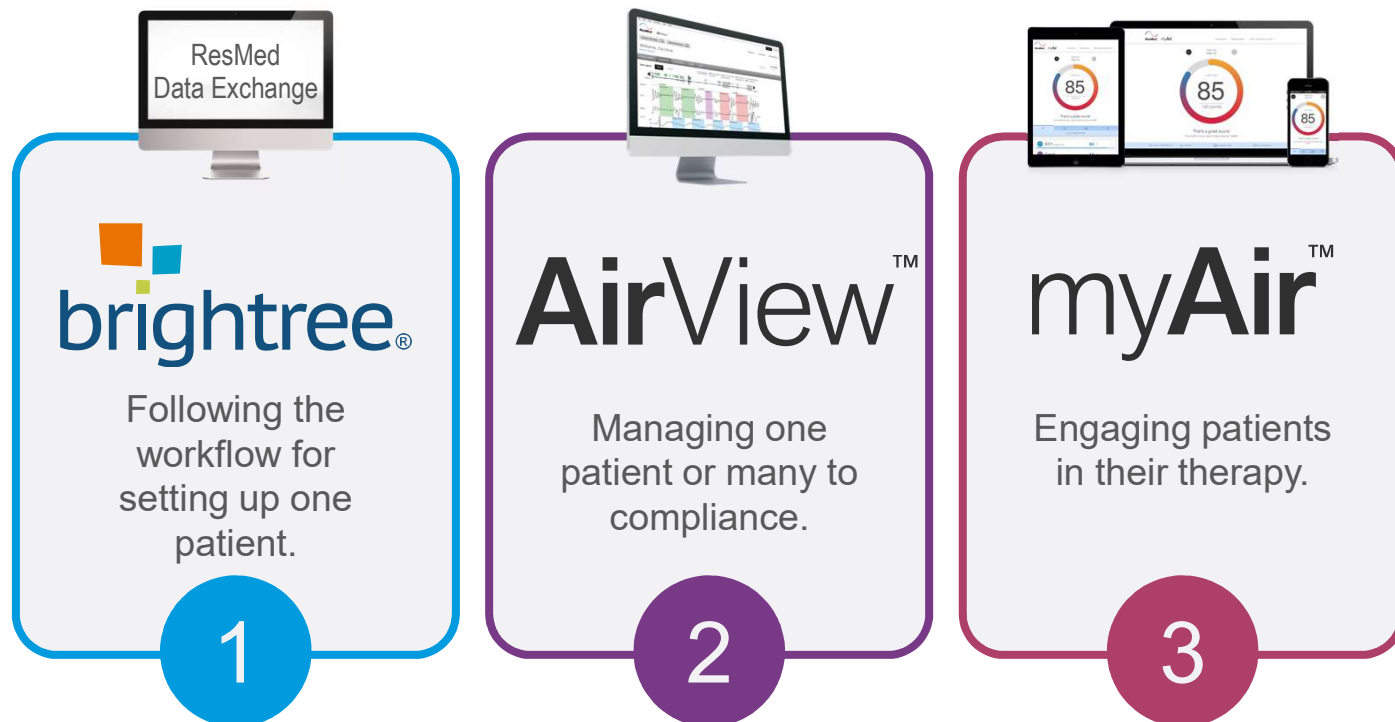
**Multiple systems
increase
potential for
errors**

**Increased
documentation
requirements**








**Real-time patient
engagement**



ResMed has built out full end-to-end solutions that improve clinical outcomes for patients and improve business outcomes for customers.



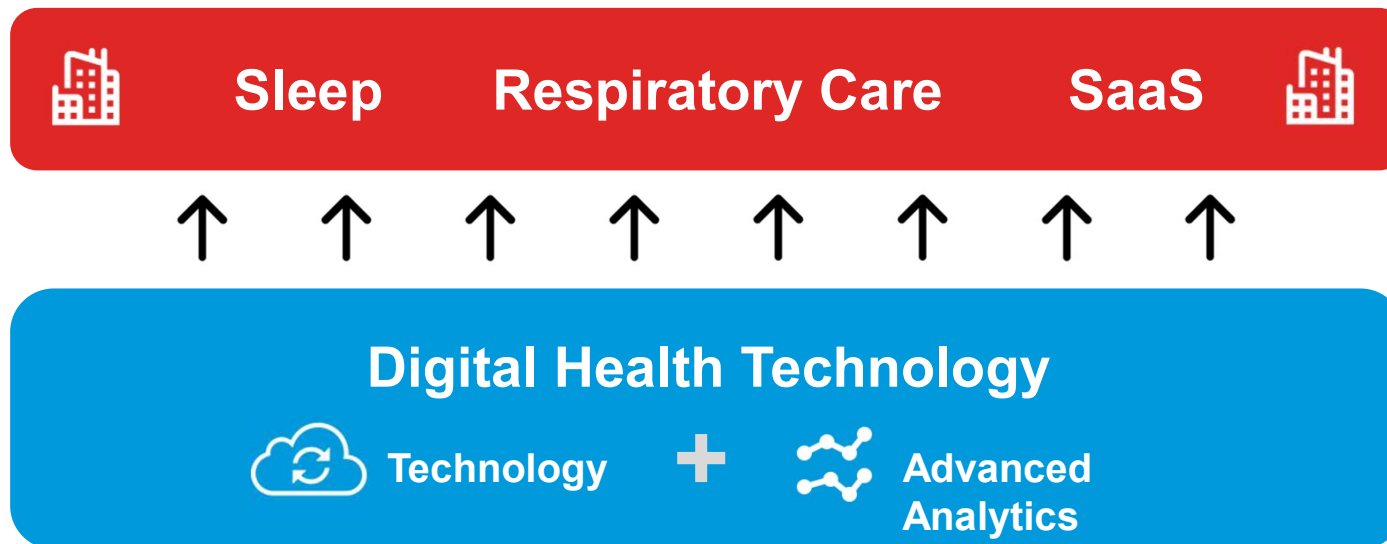
➤ History of successful SaaS acquisitions and integrations

Company	Location	Date	Key Product	Status
	Halifax, NS Canada	AUG 2012	U-Sleep	Fully integrated as AirView Action Groups. Halifax has become key PD development center and provider of SaaS Services
	Knoxville, TN	FEB 2015	GoJaysec	Rebranded as GoScripts referral document management service. Now interoperable with Brightree
	Denver, CO	JUL 2015	CareTouch 360	Rebranded as ResMed Resupply, reaching over 100k patients across 80 customers
	Lawrenceville, GA	FEB 2016	Brightree Core	Continues to operate as a wholly owned subsidiary with strong growth across its various modules
	Girard, PA	JUN 2017	MyForms	Integrated into Brightree, enhancing custom forms builder and workflow solutions for HME providers
	Joliet, IL	JUL 2017	Brightree ConnectPRO	Now part of Brightree Services, providing live call center services to Brightree customers
	Springfield, MO	JUL 2018	firstHOMECARE Software (EHR)	Operating as a wholly owned subsidiary providing software solutions and services for home health and hospice customers

Digital Health Technology

> Digital health technology supports all of ResMed

Purpose: Enable all ResMed businesses to achieve their business objectives by leveraging Healthcare Informatics technology and Advanced Analytics.



➤ Digital health technology strategy

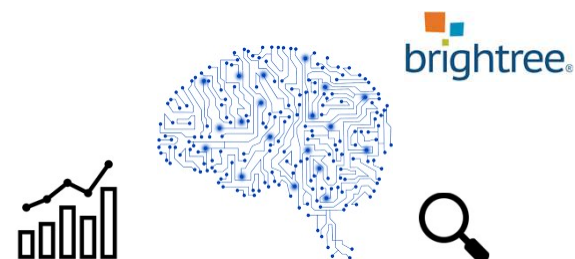


Connected Health Ecosystem

- Innovate for core Sleep and RC business
 - Device connectivity to the cloud
 - Patient monitoring and management
 - Patient engagement

Out-of-Hospital SaaS Ecosystem

- ePrescribe and Resupply
- Integrations with our SaaS platforms
- Accelerating the ResMed value prop for our customers and patients

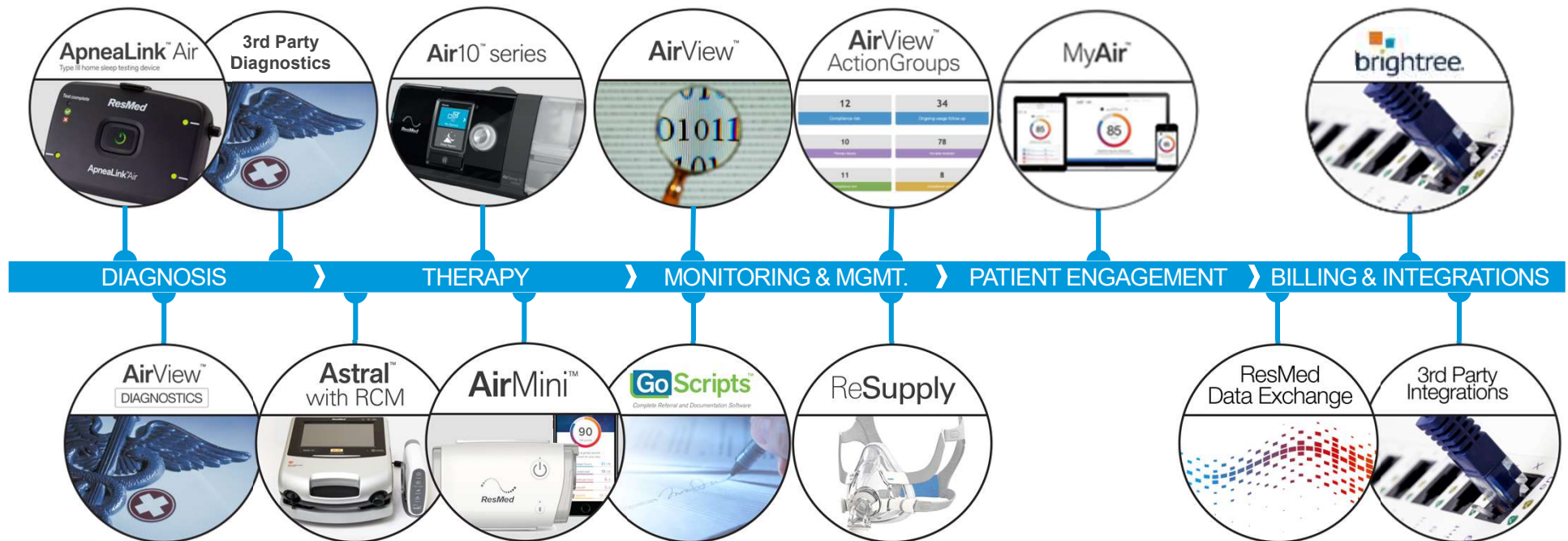


Data Analytics – The AI Journey

- Drive better clinical outcomes for patients and business outcomes for provider
- Leverage big data to derive meaningful actionable insights, 2.5B nights of sleep data
- Talented team of data scientists using AI/ML to improve long-term patient adherence

➤ Leading the industry with over 3 billion nights of medical sleep and respiratory care data in the cloud

Global Leader in Cloud-Connected Medical Devices



➤ Global leadership in connected health

AirView™ has over
8 million+ patients

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

650,000+ diagnostic tests
processed **in the cloud**

ResMed has **66 million+**
patient accounts as part of its
post-acute care network

80 API calls per **second**
from integrators

1.5 million+ patients have
signed up for **myAir™**



➤ Market-leading connected health solutions

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



AirView™

↑21%

patient adherence
with **automated
compliance
coaching**¹

Labor
Costs²

↓59%

New
Patient
Setups³

↑55%

1. Hwang, et al., AJRCCM 2017
2. Munafo, 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%

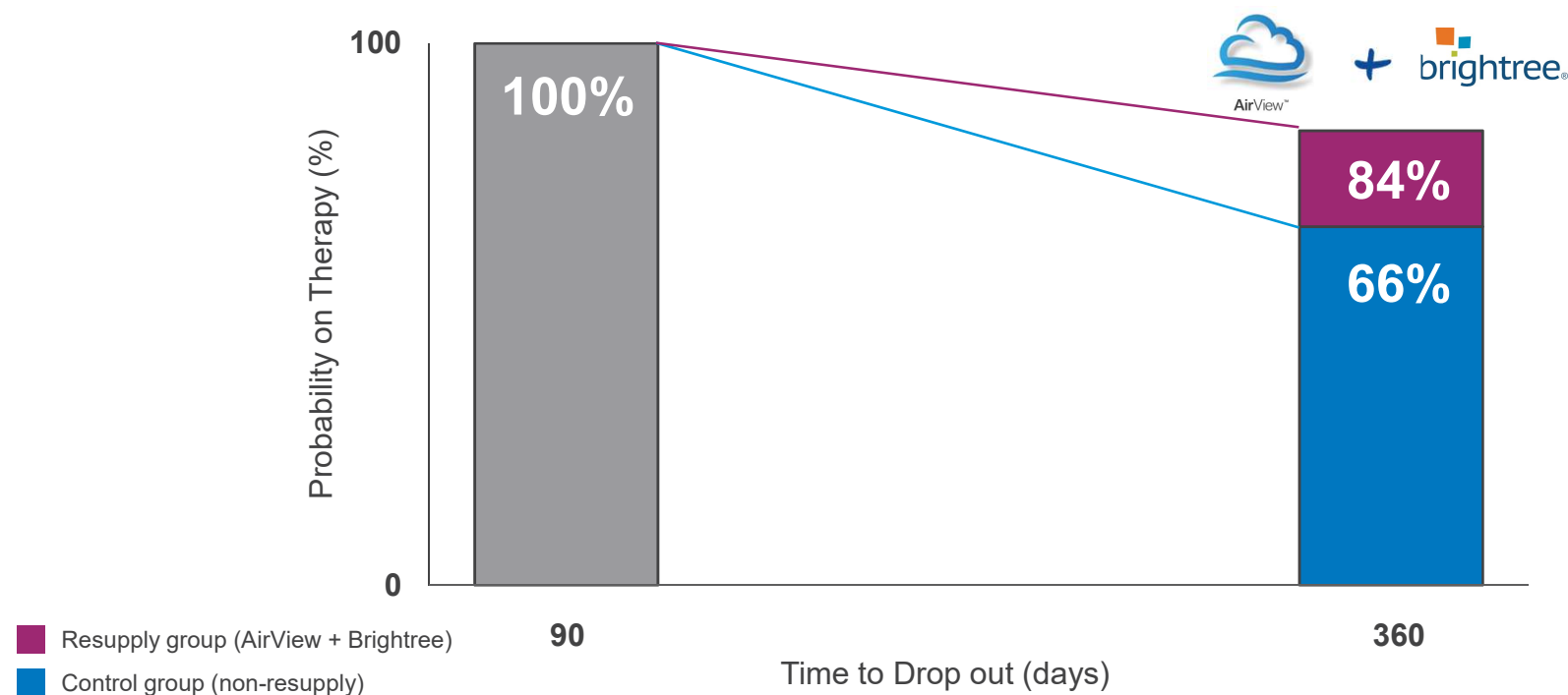
patient adherence
with **patient
engagement**⁴



> Improving adherence to therapy

ResAdhere: remote monitoring + mask resupply drive improved adherence

In a study of ~100k patients with AirView cloud-connected devices...



...the likelihood of therapy termination decreased by >50% after one-year
and there was a significant increase in daily PAP usage

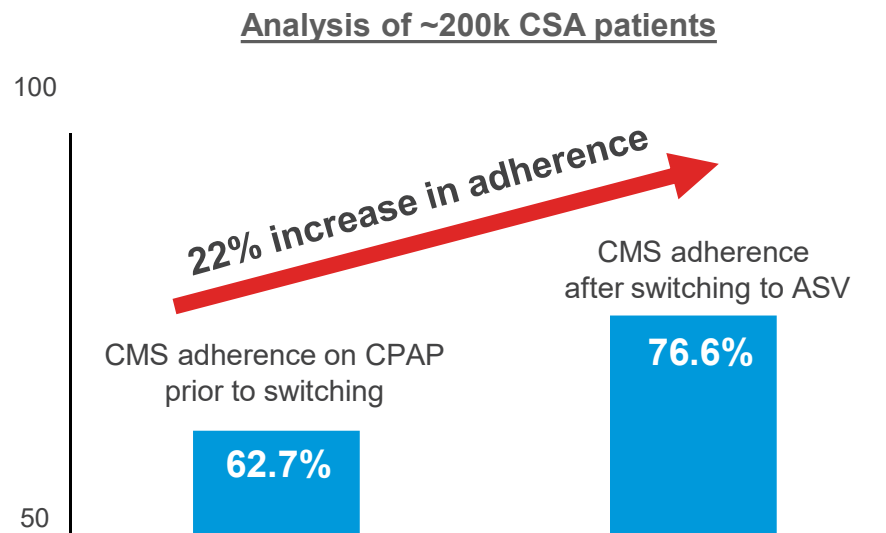
Benjafeld, et al. AJRCCM 2018 (abstract)

Note: De-identified data from Brightree and AirView were sent to a third-party independent statistician who provided the anonymized analyses and findings.

> Big data analysis drives insights for treatment of central sleep apnea

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

- Opportunity to rethink conventional therapeutic options
- Minimize risk of therapy termination through early diagnosis
- Regularly monitor patients to support adherence to treatment



- Switching from therapy CPAP to ASV improved relative adherence by 22%
- Patients who switched from CPAP to ASV had fewer apneas and hyponeas during sleep

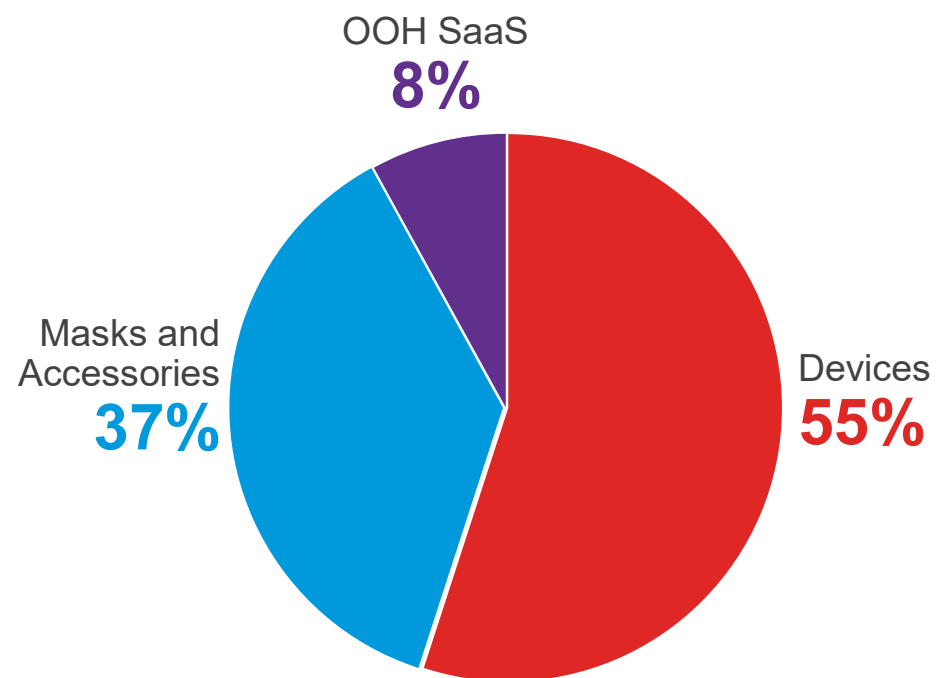
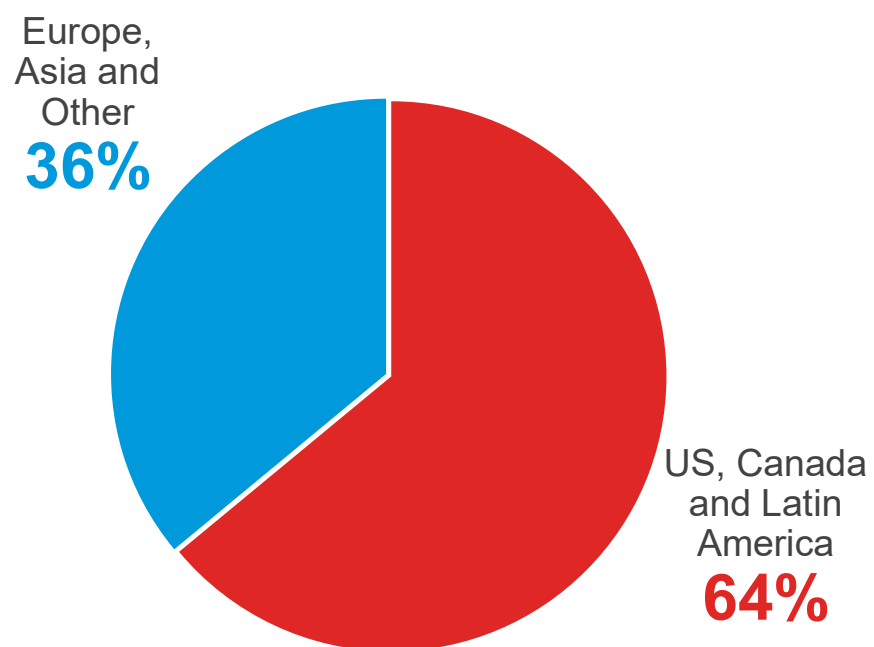
Financial Results

➤ Key financial results

	Q1 2019
Revenue	\$588.3M +12% (+13% CC)
Gross margin	58.3%
Non-GAAP operating profit*	\$157.0M +26%
Non-GAAP net income*	\$116.3M +23%
Non-GAAP EPS*	\$0.81 +23%
Cash flow from operations	\$48.1M
Free cash flow	\$35.1M

* 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 – by geography & by business



Note: Represents Q1 2019 revenue breakdown

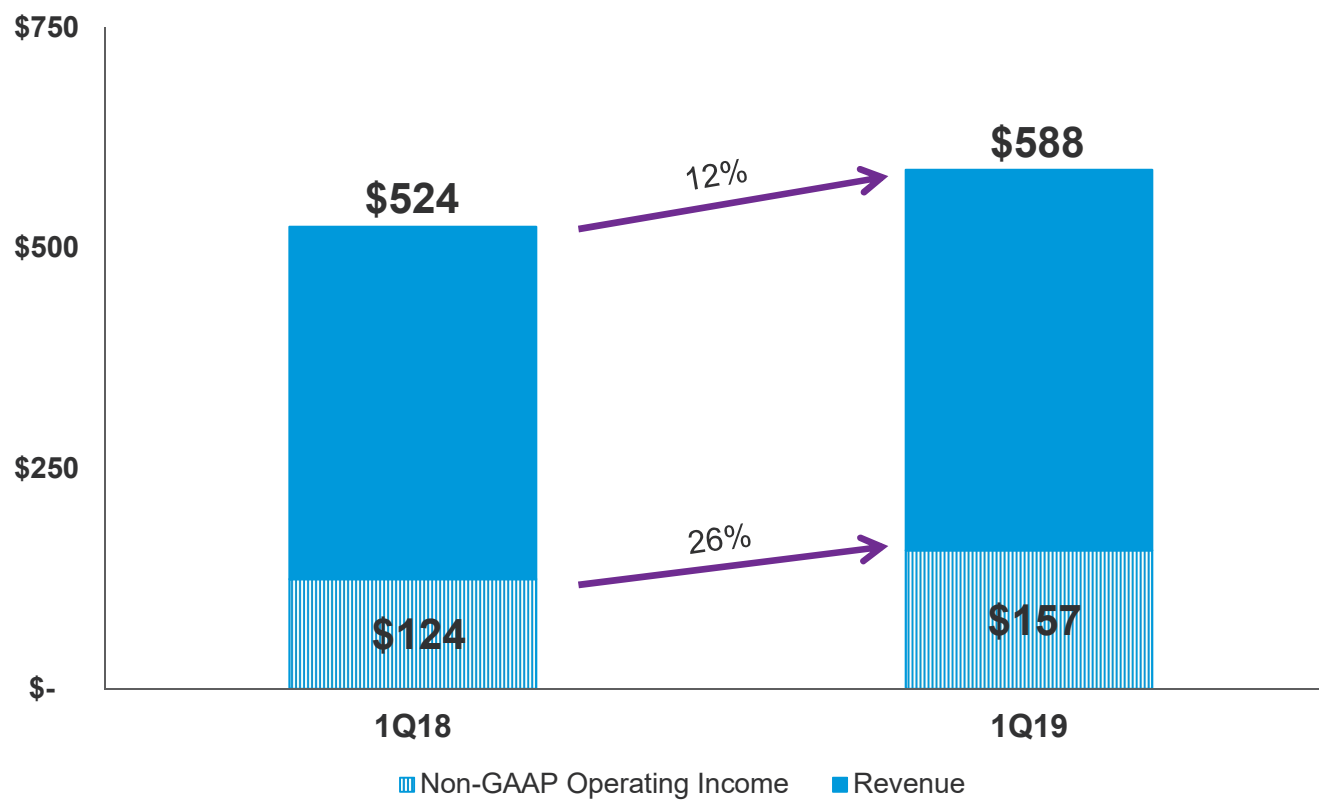
> Focus on operating excellence is driving improved operating leverage

(\$ in millions)

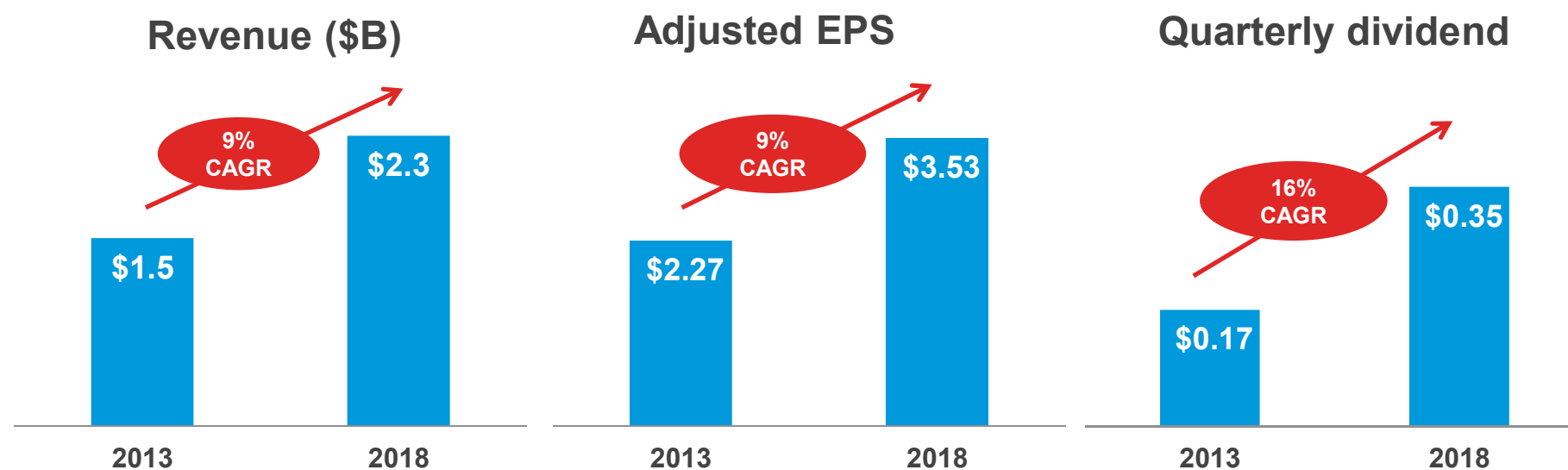
**Non-GAAP
Operating
Profit Margin**

23.7%

26.7%



➤ Track record of disciplined financial growth



Fiscal Years ended June 30

➤ 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 = 70% of free cash flow



Increasing Dividend

- FY 2018 dividend payout ratio of 39% of Adj. 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 **14 million lives.***

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



➤ Why invest? – driving long-term shareholder value



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Growth & Innovation

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- 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 capital deployment



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