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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Hello, and welcome to the Q3 Fiscal Year 2024 ResMed Earnings Conference Call. My name is Kevin, and I'll be your operator for today's call. (Operator Instructions) Please note that this conference call is being recorded.

I'll now turn the call over to Amy Wakeham, Chief Investor Relations Officer. Amy, you may begin.

Amy Wakeham - *ResMed Inc. - Chief IR Officer*

Great. Thank you, Kevin. Hello, everyone. Welcome to ResMed's Third Quarter Fiscal Year 2024 Earnings Call. We are live webcasting this call, and the replay will be available on the Investor Relations section of our corporate website later today. Our earnings press release and presentation are both available online now.

During today's call, we will discuss several non-GAAP measures that we believe provide useful information for investors. This information is not intended to be considered in isolation or as a substitute for the GAAP financial information. We encourage you to review the supporting schedules in today's earnings press release to reconcile the non-GAAP measures with the GAAP reported numbers. In addition, our discussion today will include forward-looking statements including, but not limited to, expectations about our future financial and operating performance.

We make these statements based on reasonable assumptions. However, our actual results could differ. Please review our SEC filings for a complete discussion of the risk factors that could cause our actual results to differ materially from any forward-looking statements made today.

I'd like to now turn the call over to ResMed's Chairman and CEO, Mick Farrell.

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Thanks, Amy, and thank you to all of our shareholders for joining us today. Our third quarter fiscal year 2024 results reflect another strong period of execution across our entire business, resulting in solid top line growth and strong double-digit bottom line growth. Our results were driven by ongoing new patient demand for our devices across global markets, high single-digit growth in our Software as a Service business and double-digit global growth in our masks and accessories business. This is exceptional performance, given that we are annualizing a very strong quarter of growth in the prior year.

The recent launch of our ResMed 2030 operating model and our steady focus on driving increased operating leverage are delivering excellent bottom line results and keeping us on a clear trajectory of ongoing profitable growth. Over 2 billion people worldwide suffer from sleep apnea, what I call sleep suffocation, insomnia or respiratory insufficiency due to chronic obstructive pulmonary disease or neuromuscular disease. These chronic conditions form a healthcare epidemic that ResMed is uniquely positioned to address.

We believe that healthcare should be delivered at the lowest cost, lowest acuity, and highest comfort location possible. In the optimal case, that's in a person's own home. We are the global strategic leader in providing therapies for this epidemic as well as market-leading enterprise software for residential care, including home medical equipment, home nursing and beyond.

ResMed is the global leader in digital health solutions with over 18 billion nights of medical data in the cloud, and over 24.5 million 100% cloud connectable medical devices that have been sold into over 140 countries worldwide. We are the clear leader in sleep apnea, a market of over 1 billion people globally. Our end markets remain significantly underpenetrated. We believe the latest advances in big consumer tech and big pharma can potentially bring incredible numbers of new patients into the healthcare system, where ResMed is uniquely positioned to provide ongoing care at home.

We have a myriad of opportunities to add value, to reduce friction, to improve interoperability, to lower costs, and to improve patient outcomes. We're the global strategic leader with software supporting hundreds of millions of people as they take control of their healthcare journey and navigate the complex healthcare world beyond the hospital system.

Many more people can benefit from our products and solutions, and we're laser-focused on growing the market to help people get on the therapy they need, and on a pathway to better sleep, better health, and better long-term care.

Sales of our devices, including the category-leading AirSense platforms grew 5% year-over-year globally. Excluding the onetime COVID-related ventilator sales in the third quarter of last year, global devices grew about 300 basis points higher than that, so right around 8% global devices growth.

We are maintaining supply of two of the two market-leading 100% cloud connectable platforms, the AirSense 10 and AirSense 11. We're working to increase the global availability of AirSense 11 platform by securing market-by-market regulatory clearances.

We are following a similar path with our recently launched AirCurve 11 bilevel, and noninvasive ventilator platform as we continue its launch in the U.S. and beyond in the period ahead.

Our commercial teams are successfully demonstrating the clinical and economic benefits of the ResMed mask portfolio. Our masks and accessories business achieved 10% growth year-over-year, expanding at or above the market in a competitive category globally.

During the quarter, we introduced our latest mask innovation into the U.S. market called the AirFit F40. The F40 features a proprietary new technology that we call AdaptiSeal. It is a silicon cushion designed to create and maintain a better facial seal even when the person is moving frequently during sleep. It leverages a fully flexible frame technology to cope with such frequent nocturnal movement.

Physicians, respiratory therapists and patients love the F40 for its comfort, its fit, and its ease of use. It is the smallest full-face mask on the market from ResMed. Patients are voting with their wallets and respiratory therapists and physicians are voting with their recommendations and their prescriptions. We look forward to ongoing success in the U.S. and to swiftly bringing the F40 to other global markets very soon.

Mask and accessory resupply programs are an important element of our offering as we serve the ongoing therapy needs of patients globally. ResMed's clinical and commercial teams continue to partner with physicians and providers to drive resupply programs directly for their patients.

In our cash pay markets, we have established a number of subscription programs that have been adopted by consumers. Research shows that resupply programs lead to better patient adherence and better long-term clinical outcomes for the patients and their caregivers.

In the U.S., our resupply programs are powered by our digital health ecosystem, including AirView for physicians, myAir for patients, and Brightree for home medical equipment providers. We will continue to develop, launch and scale these technologies as well as direct subscription programs to help people take control of their own health, regularly refreshing ongoing therapy needs, including masks, tubing, humidifiers and other accessories.

Let's now turn to a discussion of our top three global strategic priorities here at ResMed. Number one is to grow and differentiate our core sleep health and breathing health business. Number two is to design, develop and deliver market-leading med tech and digital health solutions that can be scaled in 140-plus countries worldwide. Number three is to create and leverage the world's best software solutions for residential care.

As the global market leader in these significantly under-penetrated markets, our most significant opportunity is actually to expand and grow the market itself through awareness, diagnosis and pathways to treatment. We aspire to be the digital health concierge for each person as they pursue their personal journey to better sleep, better breathing and better care where they live. We are ramping up our demand generation initiatives to do just that.

The ResMed 2030 operating model changes that we made recently position us for success as a product-led, customer-centric, brand-enhanced leader in healthtech. We're raising awareness and creating pathways for patients to find access to care for their sleep health and their breathing health across the globe. We are leveraging traditional market channels and investing in cost-effective, social media-driven demand-generation campaigns. The goal is to help consumers concerned about their sleep and breathing find their way into appropriate screening, diagnostic, treatment, and management pathways.

As we continue on our journey to create this digital health concierge for individuals, we are tracking progress with hard metrics. We are looking at new patient starts in our physician and provider-based ecosystem, including AirView, which now contains more than 27 million patient records. We're also tracking new starts in myAir, our consumer patient engagement app where people choose to participate in their personalized healthcare journey to better sleep and better breathing. myAir now includes a population of 7.8 million users. We will drive more and more of the over 1 billion people worldwide who need our help for their sleep suffocation into the healthcare system.

We believe two global megatrends will further support our ongoing growth. Awareness driven by consumer tech specifically sleep tracking wearables like the Samsung Galaxy Watch, which has a de novo FDA clearance to screen for sleep apnea. We expect similar capabilities from other wearables from big tech, including the Apple Watch and Google's Fitbit. In addition, we believe that the population of patients -- the other megatrend, the population of patients coming from big pharma as they focus on obesity and related impacts on health, including sleep health will bring an incredible volume of patients into the healthcare system and the patients will have clinically significant sleep apnea that is best addressed by our therapies post these other therapies.

We love this attention from big consumer tech on the field of sleep wellness tracking, and we believe that many of these wearable technologies will help consumers find out if they have issues with breathing during sleep while maintaining high quality sleep. This could be one of the biggest

ways of people taking control of their own pathway for discovering they have sleep issues like sleep apnea, or insomnia, or both - a new disease state that is being called by the physicians, COMISA.

Ultimately, we believe that this will lead to increased patient awareness and sustainable long-term growth for ResMed. Our goal is to educate people as they move from sleep wellness tracking with these wearables to what I call sleep health tracking. And from consumer awareness to a true healthcare pathway for screening, diagnosis, treatment, and ultimately ongoing management of their sleep health and breathing health. We believe that here at ResMed, we are uniquely positioned to help. Big pharma is squarely focused on GLP-1 medications right now. For many people dealing with their obesity, their healthcare goals are focused on losing weight, while improving their diet, exercise and their sleep routines. We believe that increased utilization of GLP-1s to treat obesity will bring many new people into the healthcare funnel, activating them to see their primary care physicians as they strive for weight loss and other medical health.

We believe this will open these patients up to knowledge of their other chronic diseases from their primary care physicians, including awareness of chronic diseases such as sleep apnea, ultimately driving new patients into diagnosis and treatment pathways that may not have previously been considered or being treated for, for those patients. So we believe this will drive not just more patients into our channel, but also more motivated patients into our channel.

ResMed has been tracking the impact of GLP-1s through a de-identified patient analysis using an overlap of our data and third-party claims data. With another quarter of data analyzed, we are now up to an incredible N=660,000 subjects in our analysis. The bottom line is that the data show that GLP-1s are having a positive impact on patients seeking and adhering to positive airway pressure therapy. The latest numbers are an improvement from what we presented previously.

For patients prescribed a GLP-1 medication, the latest data show a 10.5% higher propensity to start positive airway pressure therapy over those not taking the drug. As we follow these patients longitudinally, the resupply rate at T=12 months is 310 basis points higher. That's 3.1 absolute basis percentage points higher for patients who have a GLP-1 prescription. And then at T=24 months, the resupply rate is 500 basis points, so 5.0 absolute percentage points higher for patients who have a GLP-1 prescription. These data show clearly that these new GLP-1 pharmaceutical class is actually a tailwind for our ResMed business, bringing more patients and more motivated patients into the healthcare system.

We've included the full analysis of these data in our investor deck, and I encourage you to review the data there. It's very positive information and very thorough and detailed work by our healthcare economics and outcomes research as well as our digital health analytics teams here at ResMed. Existing clinical studies show many factors impact sleep apnea epidemiology, including craniofacial anatomy, age of the subject, gender, and weight. With over 1 billion people on the planet with sleep apnea right now, 80-plus percent of them are undiagnosed in our biggest market, the United States, and over 90% of patients are undiagnosed globally. There remains an incredible opportunity to help people sleep and breathe better through positive airway pressure therapy, the universally recognized gold standard for treating sleep apnea. We look forward to more patients entering the healthcare system for care and more motivated patients who can get on our therapy faster and stay on it longer.

In terms of best-in-class treatments for sleep apnea, achieving that goal of good sleep and good breathing, we have peer-reviewed and published evidence demonstrating that we can achieve over 87% of patients adherent through our positive airway pressure technology by combining our market-leading device platforms, our market-leading masks, with our digital health solutions. Even with this best-in-class global tech just over 10% of patients still need alternative therapies, and we have a very high volume of patients coming through these days.

We're investing in alternative therapies and we're working to help patients who just can't adhere to positive airway pressure therapy despite the latest technology to find their path to second-line therapies, such as dental devices where ResMed has the market-leading 3D printed dental device on the planet for sleep apnea in Western Europe and Northern Europe. That's called Narval.

In addition, we have investments in third-line therapies, including pharmaceutical options, we're an investor in Apnimed. And we're also an investor in hypoglossal nerve stimulation technology, through our investment in a company called Nyxoah. ResMed is about sleep health. It's about breathing health, and it's about delivering the best care right where you live. We make sure the person finds the path to the highest efficacy, lowest cost, most comfortable therapy that's best for them.

Let's pivot now to talk about our digital health technology investments, leveraging our 18 billion nights of de-identified medical data in the cloud and our 24.5[DR1] 100% cloud connectable devices that are there in our ecosystem across 140 countries. We are investing in a portfolio of artificial intelligence-driven capabilities as well as customer-facing AI products in our ecosystem. We continue to roll out these products in our AirView ecosystem, such as compliance coach that I talked about last quarter, that's rolling out in the United States. We're also progressing well with our generative AI capabilities to help patients along their journey, really people before their patients and then they become people seeking sleep health and breathing health solutions and then on their journey, they become patients. And we're rolling out that GenAI capability in the Asia Pac region for now, and we'll look to scale that as we move forward. We'll continue to share progress on this front as this revolutionary tech is developed and scaled across our business and many of medtech and healthtech peers are doing the same and our ecosystem will move forward.

Our respiratory health business continues to be supported by sustained activity across our noninvasive ventilator platforms and our life support ventilator platforms. We continue to invest in clinical and economic trials for high-flow therapy that we call HFT to treat chronic obstructive pulmonary disease at home at a cost-effective rate. This is a long-term opportunity focused on generating evidence, developing pathways, and driving new reimbursement options. We are focused on driving adoption of these technologies for treatment at home. The prevalence of respiratory insufficiency due to COPD as well as neuromuscular diseases, continues to increase, and we have low-cost, high efficacy, and high-tech treatments in HFT and beyond to address this healthcare epidemic.

Turning to our Software as a Service business in the field of residential care, we had another strong quarter with year-over-year growth of 8%. We plan to maintain high single-digit growth in the remainder of fiscal year 2024, and we plan to accelerate to double-digit growth for our residential care Software as a Service business on an organic basis throughout fiscal year 2025. We are seeing ongoing customer-facing synergies between our Brightree offering in the U.S. and our core home medical equipment channel and its resupply capabilities. We are driving good growth across both our residential care SaaS and our core sleep health and breathing health businesses, while serving many hundreds of thousands of patients.

Our residential care SaaS business is integral to ResMed's growth portfolio, and we're excited to have created a global business that will achieve double-digit growth on organic basis throughout fiscal year 2025. We continue to drive OpEx leverage by managing our capabilities for cloud compute, cybersecurity, interoperability, privacy, and R&D across our go-to-market brands that include Brightree, MatrixCare and MEDIFOX DAN. And those synergies go not just across the SaaS businesses, but also directly into our core sleep health and breathing health business.

And beyond this infrastructure leverage, our residential care SaaS business drives platform development synergies and customer engagement facilities and capabilities that are synergies as well. And these highly complement the market-leading med tech and software solutions capability that's there right in our core sleep health and breathing health business ecosystem, including products like AirView and myAir and beyond.

We are transforming respiratory medicine and residential care at scale. We are leading the industry in developing, applying and adopting digital health technology across our markets. We continue to scale and drive efficiencies in our operations. We're focused on driving topline revenue growth, focused cost discipline and increased efficiencies to accelerate profitability all the way to the bottom line and we made very good progress on that this quarter. The team delivered non-GAAP operating income up 23% and non-GAAP net income up 27%. We have created differentiated products and solutions for customers worldwide, driving long-term sustainable value for our shareholders. We lead the industry in digital health technology with the smallest, quietest, most comfortable, most connected and most intelligent medtech solutions.

During the last 12 months, we have improved over 174 million lives by delivering a medical device directly to a patient, a complete mask system to a patient, or a digital health software solution that provides personal care for a patient right where they live. We've helped each person sleep better, breathe better and live higher-quality lives with best-in-class healthcare.

In closing, I want to express my sincere gratitude to the more than 10,000 ResMedians for their perseverance hard work and dedication today and every day. Thank you.

With that, I'll hand over the call to Brett in Sydney for his remarks, and then we'll open up to Q&A with the entire team between Sydney and San Diego. Over to you, Brett.

Brett A. Sandercock - ResMed Inc. - CFO

Great. Thanks, Mick. In my remarks today, I'll provide an overview of our results for the third quarter of fiscal year 2024. Unless noted, all comparisons are to the prior year quarter and in constant currency terms, where applicable. We had strong financial performance in Q3. Group revenue for the March quarter was \$1.2 billion, a 7% headline increase and a 7% increase in constant currency terms. Revenue growth reflects positive and consistent contributions across our product and resupply portfolio. Year-over-year movements in foreign currencies had a negligible impact on revenue during the March quarter.

Looking at our geographic revenue distribution and excluding revenue from our Software as a Service business, sales in U.S., Canada and Latin America increased by 9%. Sales in Europe, Asia and other markets increased by 3%. Globally, device sales increased by 5%, while masks and other sales increased by 10%.

Breaking it down by regional areas. Device sales in the U.S., Canada and Latin America increased by 7%, supported by solid ongoing new patient diagnosis, while masks other sales increased by 12% and reflecting growth in both resupply and new patient setups.

In Europe, Asia and other markets, device sales increased by 1% on a constant currency basis. Year-over-year growth moderated due to incremental revenue in the prior year quarter of approximately \$15 million from COVID-related demand. Excluding the COVID-related sales, device revenue increased by 8% on a constant currency basis. Masks and other sales increased by 6% on a constant currency basis.

Software as a Service revenue increased by 8% in the March quarter, underpinned by growth from MEDIFOX DAN and continued strong performance from our HME vertical.

During the rest of my commentary today, I will be referring to non-GAAP numbers. We have provided a full reconciliation of the non-GAAP to GAAP numbers in our third quarter earnings press release.

Gross margin increased by 240 basis points to 58.5% in the March quarter. The increase was driven by reductions in freight expense, manufacturing cost improvements, favorable product mix, and an increase in device average selling prices. Sequential gross margin improved by 160 basis points. We continue to monitor potential headwinds that could arise from the Middle East conflict. Disruptions in the Red Sea have increased freight costs and shipping lead times. We estimate this will negatively impact our Q4 gross margin by around 30 to 50 basis points.

Moving on to operating expenses. SG&A expenses for the third quarter increased by 1%. SG&A expenses as a percentage of revenue improved to 19.2% compared to 20.5% in the prior year period and reflects savings and ongoing cost discipline following restructuring actions undertaken early in the December quarter.

Looking forward and subject to currency movements, we expect SG&A expenses as a percentage of revenue to be in the range of 18% to 20% for the balance of fiscal year 2024.

R&D expenses for the quarter increased by 2% on a constant currency basis. R&D expenses as a percentage of revenue was 6.4% compared to the 6.8% in the prior year period. Looking forward and subject to currency movements, we expect R&D expenses as a percentage of revenue to be in the range of 6% to 7% for the balance of fiscal year 2024.

Operating profit for the quarter increased by 23%, underpinned by revenue growth, gross margin expansion, and modest growth in our operating expenses. Our net interest expense for the quarter was \$11 million. Given our lower debt levels, we expect interest expense to be in the range of \$7 million to \$9 million in the final quarter of fiscal year 2024.

Our effective tax rate for the March quarter was 20.3%, broadly consistent with the prior year quarter. We continue to estimate our effective tax rate for fiscal year 2024 will be in the range of 19% to 21%. Our net income for the March quarter increased by 27% and non-GAAP diluted earnings per share also increased by 27%.

Cash flow from operations for the quarter was \$402 million, reflecting solid underlying earnings and improvement in our working capital position.

Capital expenditure for the quarter was \$21 million, depreciation and amortization for the quarter totaled \$43 million. We ended the third quarter with a cash balance of \$238 million. On March 31, we have \$1 billion in gross debt and 670 -- sorry, \$769 million in net debt.

During the quarter, we reduced our debt by \$220 million. On March 31, we had approximately \$1.2 billion available for drawdown under our revolver facility, and we continue to maintain a solid liquidity position. Today, our Board of Directors declared a quarterly dividend of \$0.48 per share.

During the quarter, we purchased 261,000 shares under our previously authorized share buyback program for consideration of \$50 million. We plan to continue to purchase shares to the value of approximately \$50 million per quarter for the balance of fiscal year 2024. This will more than offset any dilution from the vesting of equity to employees during the year. Going forward, we plan to continue to reinvest in growth through R&D, pay down outstanding debt and deploy further capital for tuck-in acquisitions.

And with that, I will hand the call back to Amy.

Amy Wakeham - ResMed Inc. - Chief IR Officer

Great. Thank you, Brett. Thanks, Mick. Kevin, let's go ahead and turn the call back over to you to provide the instructions and then run the Q&A portion of the call.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question today is coming from Dan Hurren from MST Marquee.

Dan Hurren - MST Financial Services Pty Limited, Research Division - Senior Analyst

Look, I just wanted to ask about the gross margin predictably. That recovery is pretty sharp, whereas I think you had perhaps talked to a more modest gross margin recovery in the second half. So I just want to ask how sustainable that recovery is into fourth quarter and into '25?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. Thanks, Dan. It's a good question. And obviously, as we talked about on the call a quarter ago and two quarters ago, we've got long-term programs and short-term programs that are moving very carefully to move our gross margin up some very long term as we walk through the launch of our AirSense 11 platform, which is at a better cost point, a better price point, launch of our new masks, the F40 last quarter and these have effects that go over the long term.

Some of the faster impacts we're able to do is working through the inventory that were higher freight costs from the semiconductor crisis and the supply chain crisis from 6, 9, 12, 18 months ago that are flowing through our system.

So look, I'm not upset when the team overperforms my expectations as they did here. As Brett said, in Q4, we'll see some moderation of that due to Red Sea impacts of couple of tens of basis points, sort of 30, 40 basis points, Brett can give more detail on that. But look, Dan, I'm very -- what I'm excited about (technical difficulty)

Operator

Please stand by, we appear to be having technical difficulties. Please stand by.

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Brett says he can't hear us.

Operator

Please proceed.

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Can you hear me now, Kevin?

Operator

We can now. Please proceed. We did lose your audio briefly. We do apologize. Please proceed.

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Okay. Great. Well, I'll hand over to Brett to answer the question on gross margin, and then I'll follow up. I don't know where I got cut off there, Brett, you do -- over to you.

Brett A. Sandercock - *ResMed Inc. - CFO*

Yes. Thanks, Mick. Not sure where that landed, but yes, in terms of gross margin, it is hard to predict given the movements in -- we have product mix, geographic mix, timing of cost improvements, FX, freight costs. So it's all into the mix that we had pretty strong improvement through freight expense, through manufacturing efficiencies and so on coming through, and that helped a lot. Stable component costs also means that's no longer a headwind there. So I think that's all reflected in the gross margin improvement. And as Mick said, in the short term, there is some Red Sea freight cost impacts that will come through in Q4. But our goal remains to improve gross margin over the course of FY '25.

Operator

Next question is coming from Laura Sutcliffe from UBS.

Laura Sutcliffe - *UBS Investment Bank, Research Division - Equity Research Analyst*

Just sticking with gross margin, could you possibly give us an indication of how much of that 240 basis point improvement in core gross margin was freighting and how much was manufacturing?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Brett, you can answer that.

Brett A. Sandercock - *ResMed Inc. - CFO*

Sure. Yes. Thanks, Mick. Yes, I mean of that year-on-year the 240 basis points, the biggest contributors were the freight cost reduction and also the manufacturing cost improvements were the biggest drivers there. We saw some benefit or some favorable product mix playing out there, and a little bit in terms of ASP increases, but by far the most significant, too, which were significant contributors in their own right with a freight expense reduction and the manufacturing cost improvements.

Laura Sutcliffe - *UBS Investment Bank, Research Division - Equity Research Analyst*

Are you able to tell us sort of how it falls between freighting and manufacturing cost improvement?

Brett A. Sandercock - *ResMed Inc. - CFO*

I'd say -- I won't get drawn into specifics of each of the components, but I would say both of those are material in their own right of contributing to that 240 basis points.

Operator

Our next question is coming from Craig Wong-Pan from RBC.

Craig Wong-Pan - *RBC Capital Markets, Research Division - Director of Equity Research & Equity Research Analyst*

Just wanted to touch on the rest of world markets to see whether you're seeing much impact from Philips there. And if any benefit was coming through from the backlog of activity with home care companies?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Yes. Thanks for the question, Craig. And yes, no, we really didn't see -- I mean, look, we've got many competitors out there in Europe, Asia, rest of world, including the one you mentioned. And it's a full playing field. It has been the whole time on masks. So there's no change to anyone coming back or leaving on the mask side. On the device side, no huge impacts. We were comping a very large device number. Europe, Asia, Rest of World, this quarter last year, we had a 36% growth that we're comping. And so we had good growth there on 36 comp at plus 1%! And if you take out from last year, a large ventilation provision in China, this time a year ago, China had a big COVID impact and ventilator purchase, if you take that out, the year-on-year growth would have been 8% in Europe, Asia, Rest of World devices, so up 700 basis points.

So look, the way I look at it is we're maintaining or growing share in all of our markets on the device side. We're the market leader with the AirSense 11 platform and we've got the second best platform in the world with the AirSense 10 platform against all competitors. And so really strongly, so no major impacts from restocking and no major impacts from competitive activity, and I think we had a very, very strong performance from the team in terms of their ability to ramp up the supply over the last period and get it all out there.

And we're not -- no customer is not being able to fulfill an order. If they have an order for devices, we fill it up as much as we can with AirSense 11 and then we fill up the remainder with AirSense 10s, and we're able to take care of those customer needs. And so really good quarter of execution by our supply chain teams as well as our delivery teams and our commercial teams out there.

Operator

Next question is coming from David Bailey from Macquarie.

David Bailey - *Macquarie Research - Analyst*

I just want to touch on new patient starts, maybe focusing on the U.S., if we can. Obviously, COVID had the impact of closing sleep labs and then followed on by some supply constraints around devices. Can you just give us a bit of a sense as to how you're seeing new patient starts at the moment versus a trend perhaps? And then also just touching on trends around home sleep testing versus PSG and how they might be impacting people coming into the system?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Yes. 2 great components to the same question there, David. In terms of new patient starts, as you saw in U.S., Canada, Latin America, we achieved pretty strong growth of 7% of devices in the quarter, and that was on a comp, this time last year of 49%. So what I'd say is -- and this is what we say is that the market is sort of -- if ResMed doesn't do enough around demand gen, the market will grow at mid-single digits on devices and high single digits on masks. Obviously, we beat that this quarter with our device growth in the U.S., Canada and Latin America at 7%.

So new patient starts are strong. There is some rePAP up there, but it's a minority. And I can tell you that new patient flow into our channel has been steady. And we said this last quarter that we're starting to get back to that steady flow of patients. We've sort of gone through the perturbations of the COVID covered rebound, the supply chain dip, the supply chain rebound and now we're at steady state. So seeing really good flow of patients into the U.S.

As I said on the prepared remarks, we are seeing these patients who come in on the GLP-1s, and it's only N equal 660,000 patients that we're looking at, but that's quite a big cohort. And as we look at those patients, their propensity to start being 10.5% above people without a prescription for that drug. I actually think we're seeing a really good flow that I think will be a long term. I think there's a long period of time, the S-curve or penetration of these GLP-1s and I think that's going to be a long cohort of patients coming into the channel. So really good on new patient starts.

And in terms of resupply, yes, look, we've got really good capabilities in the U.S., particularly with Brightree and Snap Technologies and Brightree resupply and our subscription models and our cash pay markets around the world. But there's a lot more runway left. There's many patients who aren't yet on a subscription program in cash pay markets and there's many patients who aren't yet on appropriate resupply in our large and developed markets.

So I would say new patient flow in is very solid. Resupply, whether it's rePAP or reestablishing masks and accessories is good, but a lot of runway left -- a lot of runway left on both in terms of demand gen and resupply.

Operator

Our next question is coming from Anthony Petrone from Mizuho Group.

Anthony Charles Petrone - *Mizuho Securities USA LLC, Research Division - MD & Senior Equity Research Analyst of Medical Devices, Diagnostics & Therapeutics*

Congrats on strong quarter here. Maybe Mick, just staying on the GLP-1 topic, maybe just the house views on the SURMOUNT-OSA readout. And as we look to the ADA meeting, in June there, anything that you're really paying attention to and honing in on when we get the final data readout, are there specific secondary endpoints or sub-analysis that we should be focused in on?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Yes. Thanks for the question, Anthony. And yes, certainly, we saw the headline results from that SURMOUNT-OSA trial. And look, since they had -- just to be really clear, the study had that at least 7-day washout at the end on the study that had patients that had been using CPAP. So with that

7- to 9-day washout period at the end, this was really a trial laser-focused on comparing their drug to placebo. And what it showed is somewhere in that sort of 59% to 63% reduction of AHI, and if you do the math on it and you look at the sort of average AHI coming in of around 50%, the average AHI coming out is sort of in the low 20s.

So patients were at the end of the study, on average, were suffocating every 3 minutes of sleep after treatment with this drug, right? And so AHI have 20 or more moderate plus sleep apnea. These patients would be treated by any sleep physician on the planet and really require positive airway pressure treatment. So I think that's the most important thing to say right up front.

And so as we look at the readout that will come in June when they release the full analysis here and the primary investigators get up and we see all the sub-analysis data. What will be interesting is to look at because the combination therapy of a CPAP plus, CPAP plus these GLP-1s have a slightly higher efficacy, if you like. It had a higher reduction in AHI. I'd be interested to look on the secondary outcomes where there more blood pressure reductions and other cardiovascular improvements. heart remodeling and things like that happen over time, and the washout period might have diluted that a little bit, it will depend on where they took them. But those would be the things that I'd be interested in this study.

As we see it, we're seeing new patients come in on this and not just anecdotally from the letters I get from patients saying, "I've been using a GLP-1 and now I'm using a PAP. This combination therapy is great. I'm taking care of my diet, my exercise and my sleep." But we're seeing real-world evidence, real-world data that we're presenting N equal 660,000 patients. And the patients start CPAP more. They adhere more, I mean, the fact that at 12-month resupply goes up 3.1%, 310 basis points, the fact that resupply at 24 months goes up 500 basis points. 5 absolute percentage points higher means that these are not only more patients into the funnel from these drugs and not just this particular drug from this particular company, but this class of drugs, we included tirzepatide and semaglutide now in our analysis and others. All new gen -- vast majority new gen tech.

And I can tell you, we are going to do our own social media-driven demand gen, but the fact that big tech with the Samsung Watch, the Apple Watch and Google's Fitbit are going to be bringing patients in and big pharma. And this is trillions of dollars of capital between these companies are going to be doing advertising to drive patients into the funnel. We think this is a net tailwind for our business. We've started to see it somewhat now at very early stages, and we think it will be there in the future. So that's what we'll be looking for from this study, Anthony.

Operator

Next question today is coming from Suraj Kalia from Oppenheimer.

Suraj Kalia - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Mick, can you hear me all right?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Yes, I can, Suraj. Hopefully, your phone and our phone are good throughout this question and answer.

Suraj Kalia - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

So forgive me if there is any background noise. Mick, first and foremost, congratulations on this quarter. Mick, specifically, and forgive me for belaboring this gross margins, a nice uptick in the quarter. Mick, if I recall correctly, a couple of quarters ago, gross margins were soft. And one of the reasons cited was a higher U.S. contribution, which intrinsically has lower margins than OUS. This quarter also, U.S. has ticked up nicely, contribution has picked up, can you -- maybe I'm missing a key aspect here. Can you help us reconcile those 2?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. Thanks for the question, Suraj. I'll have a go first, and I'll hand over to Brett for detail. But as I look at it from my perspective, there were a number of factors that were positives to have such a great gross margin number this quarter. The first one was that we had excellent work by our global supply chain teams to work on getting our cost of goods sold down. Not just direct COGS but O-COGS as well. And so we worked through some of that high inventory -- high-cost inventory stock moved through the system and some of the reengineering work and revalidation and verification work we've done has been able to bring new product to market. We have a good flow between the AirSense 10 and AirSense 11 platforms.

Look, if you look at the growth from like 12 months ago and some of the issues, I mean, we had -- as I said earlier, we had 49% growth in our U.S. Canada, Latin America flow generators a year ago. That has a very big impact on margin as it's lower margin than our masks business and other businesses, certainly in our ventilation and software around the world.

This quarter, we're sort of back to a steady state where ResMed is growing well. We're growing at mid- to high single digits in parts of our business and double digits in the masks and accessories side. And I think we're just back to our core execution, something that ResMed has done in our 35-year history is have operating excellence and operational excellence is a core competency. We were able to -- after all those perturbations of COVID supply chain, cost of inventory, we're able to get back to what we do really well. So that's what I'd say are the main factors for us achieving such great gross margin in the quarter. Brett, do you want to provide any further detail?

Brett A. Sandercock - ResMed Inc. - CFO

Yes. Thanks, Mick. I mean the only thing I would add is the geographic mix impact tends to be pretty modest. You do see that, but for example, product mix is -- usually has much more impact than geographic mix. So it's less of an impact on our margin either way from geographic mix. It's fair, but it's not substantial.

Operator

Next question is coming from Margaret Kaczor Andrew from William Blair.

Malgorzata Maria Kaczor Andrew - William Blair & Company L.L.C., Research Division - Partner & Research Analyst

I wanted to maybe touch on the market demand drivers and demand gen that you referenced earlier on the call. My recollection can -- tell me if I'm wrong, but I think you guys have sporadically maybe invested in understanding more growth drivers and the Verily partnership is the one that kind of comes to mind on that. But as you think of demand gen, can you give us any data from those programs that might help inform the demand gen that you're trying to create? Over what time period can these efforts make that impact on market growth. And again, key sources, is it local level, podcasts, newsletters, global level celebrity partnerships? Just again, any details would be helpful.

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Well, yes, thanks, Margaret. It's a great question on how we're going to learn from our many years of experience of getting patients into the funnel and taking it to the next level and scaling globally. As you know, we've had sort of direct-to-consumer campaigns in our cash pay countries, Australia, New Zealand, Singapore and others around the world.

One of the big changes we made in our 2030 operating model was to establish a Global Chief Product Officer, Global Chief Revenue Officer, but also a Global Chief Marketing Officer. And I think bringing that marketing function to be across the whole of the sleep health and breathing health business and really across our whole ResMed business is going to allow us to bring -- yes, as you said, we did experiments in that joint venture, where -- by the way, we own all the intellectual property and capability of that joint venture assets and capability that we learned over those last many years in that JV. We've now taken that onboard, and we've said, okay, let's not just do that in 1 metropolitan statistical area in the United States or within 1 country like Australia or another country like Singapore or Korea. Let's look at ways we can scale that globally.

So without signaling directly and exactly how, where and when we're going to do it. I can tell you we've got a global team looking at this, Margaret. And as we go throughout fiscal year 2025, we're going to talk about as they go public, this is the campaign. One thing that is different from what we did before is that -- I believe in what gets measured, gets done. And every single campaign we're going to do is going to have hardcore metrics, a sponsorship here driven here and influencer there, this social media impact there. Look at the ROI and before it scales, we're going to analyze that portfolio, primarily social media but other media-driven demand gen. And yes, it will be local, but it will also be national, and they'll be global. The platforms will be global.

The cultural impacts will be national and then the impact will be local and we'll be measuring that direct ROI of that marketing spend. As you saw in the quarter, we were very efficient on SG&A this quarter. We will go back to our steady state on that. Not growing at revenue, well below, but getting up to better growth, and those investments will go in areas like this in demand gen on SG&A. And of course, our core R&D growth will go back into AI and generative AI.

I can tell you some of that work on generative AI in Asia Pacific, helping a patient in that digital health concierge through the channel will be a big part of our demand gen as well. So a combination between R&D and SG&A there. But great question, Margaret, and we'll update you as we move through fiscal year 2025 and beyond on our demand gen initiatives.

Operator

Our next question is coming from Gretel Janu from E&P.

Gretel Janu - *E&P Financial Group Limited - Executive Director & Healthcare Research Analyst*

Just want to go back to the gross margin and more just thinking about the gross margin trajectory into FY '25, so how should we think about the quantum of improvement likely to be achieved into FY '25? And where is that additional step-up going to come from now that you've kind of normalized a lot of the headwinds that we've seen in the last 12 months?

Michael J. Farrell - *ResMed Inc. - CEO & Chairman*

Yes. Thanks for the question, Gretel. Brett, with this great performance from your finance and our global supply chain team, you're getting all the questions this quarter. So over to you on projections for gross margin for FY '25 to answer Gretel's question.

Brett A. Sandercock - *ResMed Inc. - CFO*

Yes. Thanks, Mick. Yes, Gretel, I mean, there's -- yes, there's been quite a good increase year-on-year in freight and some manufacturing efficiencies, cost improvements there, obviously played a big part. We're also not so much facing the headwinds of these component cost increases that we would have saw -- we saw sort of 6 to 12 months ago as well. But if you look forward, and it's always hard to project, as I mentioned earlier, there's a lot that plays out on the gross margin product mix, the timing of the cost improvements or the continuous improvement programs that we're now running and we have an opportunity to do that. We're really focused on supply and getting devices into the market.

So now as that stabilizes, then that gives us an opportunity to work on cost improvement programs. So we're focusing on that. So the goal without being specific on targets, but certainly, our goal is to improve gross margin over the course of FY'25. And we've got -- probably need to do that on a number of fronts, which is more around a continuous improvement or gradual improvement program now I think as we work through FY'25.

Operator

Your next question is coming from [Brett Fishbin] from KeyBanc.

Brett Fishbin

I really appreciate some of the updates that you guys have provided on the data front. And I think what stood out to me a lot with the last couple of updates was the 10%-plus type of increase that you're seeing in [PAP] rates for the GLP users? And then especially considering this isn't really even reflecting some of the likely marketing activity from pharma. So curious some of the factors that you think might be driving this correlation. And then maybe looking ahead, where this number could potentially go once we're actually seeing patients that are prescribed with under an OSA indication and diagnosed with OSA?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes, Brett, it's a really good question. It's quite a complex one, and I think it will play out over time. We've obviously got very strong quantitative data with the 660,000 subjects that we're following in that analysis. But we get a lot of anecdotal information from folks all the way from folks who are involved in the clinical research to frontline physicians through our network, and we positioned this across 140 countries. These new medications are primarily focused on the U.S. and Western Europe right now.

But as we watch -- our hypothesis, is that this new therapy is bringing people into the healthcare system who weren't previously there. They weren't choosing to go as frequently to their GP or their primary care physician. They are now seeing that PCP, that GP and now they are getting treated for not only their obesity, but now other chronic diseases. And we've seen this in other disease states from some of our peers here in medtech.

But yes, it's quite extraordinary to have 10.5% higher propensity to start positive airway pressure therapy. There are not many other factors recently in terms of innovations from biotech and pharma that we've seen that could drive this level. And so it is early days as those drugs are penetrated in the U.S., Western Europe and beyond. But we're watching it very closely.

I do think that these trillions of dollars worth of capital will bring -- lots of advertising will bring lots of patients into the funnel. And then our job will be to help those patients to find the best path to the best therapy and the best therapy is positive airway pressure therapy. And we're seeing that in these early days. And yes, I think as we move forward, we'll learn more, and we'll keep updating as we go every quarter on our flow of patients coming to the funnel, how we're seeing them and how we're taking care of them through our own demand gen through the demand gen that will be driven by this big pharma and one that we didn't get a question on that I talked about on my prepared remarks, they're on big tech.

I think the fact that there'll be wearables on tens of millions, maybe hundreds of millions of people's wrists looking at oximetry, looking at nocturnal sleep, looking at nocturnal breathing and helping patients find out if they're not sleeping well, they're not breathing well. I think that might actually be a higher tidal wave than the big pharma tidal wave. But we'll watch that as we move forward, and thanks for the question, Brett.

Operator

Your next question is coming from Mike Matson from Needham & Company.

Michael Stephen Matson - Needham & Company, LLC, Research Division - Senior Analyst

Yes. So with the news that Philips is exiting the noninvasive ventilation market, is there an opportunity for ResMed to pick up some share in this category? And if so, can you maybe talk about how big do you think that market is?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. Thanks for the question, Mike. And the competitor you mentioned is leaving the U.S. market for life support ventilation. They will still -- at this point, I think claim to be coming back with CPAP, APAP and bilevel. So that bilevels are noninvasive ventilation, they reach an area of noninvasive ventilation. So we expect them back in that market. Look, I think there are opportunities in ventilation. Obviously, we saw through the COVID crisis,

there was a very large volume of ventilators sold into the world in 2020, 2021, 2022. We talked about even just in '23, we're lapping a quarter where there were large sales a year ago into China of ventilators.

And so I think the -- if you like, the supply of ventilators into the market is quite high. So there's no huge sort of immediate opportunity by our competitor leaving life support ventilation in the U.S. But we are there to take care of our customers wherever they are, whatever country they're in and whatever needs they have.

For us, the more material growth is really around driving our CPAP, our APAP and our bilevels with AirSense 11 and AirCurve11. And the AirCurve11, in terms of your question, noninvasive ventilation has AirCurve S, AirCurve ST and AirCurve STI and at the highest level, it has an AirCurve ASV, which is the highest level of adaptive set of ventilation. All these together form types of noninvasive ventilation to treat patients with COPD or neuromuscular disease that leads to respiratory insufficiency.

And ResMed has the best platform in the planet to treat them. We think it's a huge opportunity. Many hundreds of millions of patients worldwide have COPD neuromuscular disease and respiratory insufficiency. And ResMed is there for them now, will be there for them there in the future. It's a long-term growth opportunity. It's not a short-term pop. It's a long-term growth opportunity for us to take care of these patients and help them sleep better, breathe better and our AirCurve platform is going to be fantastic to do that.

Operator

Our next question is coming from Lyanne Harrison from Bank of America.

Lyanne Harrison - BofA Securities, Research Division - VP in Global Equity Research

I might come back to the real-world data, Mick. Obviously, some good resupply improvements there, 300 basis points and 500 basis points. But is there anything you can share on the data or the trend for lower severity OSA patients, sort of the mild to moderate categories? And then also secondly, on the data, whether should we do this or a separate data set, what trend are you seeing in the percentage of patients who have ceased CPAP therapy as a result of weight loss drugs?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. So it's a good question, Lyanne, and there are sort of multiple parts to it. I'll address it at a high level, which is to say, yes, look, the real-world data is excellent. It's the largest data set out there with over 660,000 patients that have been prescribed to GLP-1 and are on positive airway pressure therapy and we're really laser-focused on tracking that cohort very carefully. We can and will look to in the future, slice and dice it by AHI 5 to 15, 15 to 30, 30 plus. We'll look to slice and dice it by age, by gender, by geography and others.

A lot of that will be for our internal work so that we can best drive social media marketing and know which patients to go after. For instance, the public information out there is that women are using GLP-1s more than men, and they're more adherent to the GLP-1s than men are. The rate that people quit the GLP-1 therapy is a lot higher in men than women. And so we're tracking a lot of that information publicly, and we will, over time, release it.

We haven't seen at all a correlation to our information around people quitting PAP therapy because of a GLP-1. It just doesn't compute in the data we've got. It's the other way that it's a huge tailwind for people coming in. Look, when we see -- as we say, we get 87% adherence, we're very proud of that. For the 13% that don't get there, we look at all the reasons why, is it claustrophobia, is it insomnia where they have a psychological condition where they can't fall asleep and then they blame it on the CPAP mask when it's really a fact of a need to have treatment or their insomnia as well as or in parallel to or even before their OSA. So we're looking at all types of reasons for that.

But look, we'll continue to update you and the rest of the world as we do the slice and dice by AHI, by age, by gender, to find the best way to help patients find the best path to therapy. But right now, we're seeing a huge trend of more patients coming in, more motivated patients. And our challenge is to keep up with that and make sure that we can scale and help them get on that great digital health journey.

Operator

Next question is coming from Steve Wheen from Jarden.

Steven David Wheen - Jarden Limited, Research Division - MD, Head of Healthcare & Analyst

I just had a question around the AirSense 11 and its availability and the pathway to it being kind of the platform that you're 100% rely upon. If you could just give us an update as to how that looks for the remainder of this year and perhaps into '25?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. Thanks for the question, Steve. I'll start out with this fact that we're still selling the AirSense 9 product in China right now. And so getting rid of getting rid of it completely, right? The AirSense 10 will take a while because there's great markets around the world where technology is useful for a long period of time. But I think what you're talking to is the materiality of AirSense 11 becoming the primary in global markets. I can tell you this the AirSense 11 is already the primary platform in our biggest market in the U.S. It's already well into the majority and growing quickly. And no customer who wants to order from ResMed can't get AirSense 11s as well as AirSense 10s.

We do limit sometimes the AirSense 11s because there's so many customers from small, large regionals to statewide groups to nationals. And we've got to balance the flow to make sure every person has a fair chance to get an AirSense 11 and then we cover the difference with the awesome AirSense 10s. So we're already over the majority in the U.S. As we look at other big markets around the world, Germany, Japan, France, U.K. and beyond. The AirSense 11s are ramping -- the AirSense 11s are ramping very quickly and they'll quickly get to the majority across those areas.

As we look at more of the companies, hundreds more countries around the world in those top 20. Our job is, as I said in the prep remarks, to get the regulatory clearances, some of these countries require all separate paperwork and time and effort. And so we have to analyze how quickly we can do that. And we are also working with authorities to see if we can get clearances that can be used across multiple regions. And so Steve, we're working very hard to get AirSense 11 in all countries and to the majority in all countries. I hope that answers your question.

Operator

Your next question is coming from Saul Hadassin from Barrenjoey Capital.

Saul Hadassin - Barrenjoey Markets Pty Limited, Research Division - Analyst

Just another quick one for Brett. Brett, just looking at the inventory balance, it came down quite significantly into the end of the third quarter. It's the lowest inventory has been, I think, since 2022. Just wondering where you think inventory goes from here? Do you think you need to start to sort of rebuild as it relates to sort of product demand? Or you think you can drive that dollar value down further?

Brett A. Sandercock - ResMed Inc. - CFO

Yes. I think yes, we had -- I mean our teams have been working hard on that for a while now. So you're starting to see the results there in the balance sheet and in inventory, which is great. We're getting pretty close to our targets on the inventory. So I'd say it's -- there could be modest reductions,

there could be modest gains there. It's more around making sure balancing supply and demand now. So I'd say it's pretty close to targets on kind of where we're at now for the inventory.

Operator

Our final question today is coming from Matthew Taylor from Jefferies.

Mike Toomey - Jefferies - Equity Trader

It's Mike Toomey covering for Matt Taylor. Coming back to Philips. I know you said you're maintaining or growing share in the markets where they're returning. But are you seeing any significant pricing pressure or pricing discounts from them? And any thoughts on when they might return to the U.S. market based on the consent decree?

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Yes. Thanks for the question, Mike. And no, look, what we're seeing in the markets where that competitor has returned is that they're pricing for value, and they're trying to compete on value. And primarily, as they come back from sort of 0% share with new patients as they start in the market, they're competing with the sort of Tier 2 and Tier 3 players. So a local player in Europe or a local player in Asia, and they're not touching our share as the global market leader and global technology leader in this space.

And the work that we've been able to do these number of years that they were out of each market is to really entrench ourselves because we've got the lowest cost, the highest efficacy, the best technology and physicians love our digital data, patients love engagement with myAir and the whole ecosystem creates that value. So we really have seen -- as they come in the pricing for value and competing with Tier 2, Tier 3 players in those markets.

As to when they'll reenter from 0% new patient share into the U.S. market, I don't know. You can do your own analysis on consent decrees. This one is a very severe one. It has a lot of inspectors sort of 5x the normal number of inspectors. I think 5 versus 1 and a lot of constraints on that. I look forward to great competition. We've got good competition from the players there now. When they come back, they'll have to compete with them first and us after that. But no, look, we were winning and taking share from that competitor in 2019, all the way from 2010 to 2019. We'll continue to do that and beat them whenever they come back to market. Thanks for the question.

Operator

We have reached the end of our question-and-answer session. I'd like to turn the floor back over to Mick for any further closing comments.

Michael J. Farrell - ResMed Inc. - CEO & Chairman

Great. Well, thanks, Kevin, and thanks to all of our stakeholders for joining this call, especially our shareholders. The opportunity in front of ResMed is huge and largely untapped. It's an incredible runway. We see more and more people coming into the healthcare system. This will benefit us as we help to -- help them sleep better, breathe better and to live better and healthier and happier lives in over 140 countries.

Thank you to 10,000 ResMedians, many of you who listened to this call and are also shareholders for all that you do today and every day.

With that, I'll hand the call back to Amy and we can close it out.

Amy Wakeham - ResMed Inc. - Chief IR Officer

Great. Thank you, Mick, and thanks, everyone, for listening. We do appreciate your interest and your time. If you have any additional questions, please don't hesitate to reach out directly. This concludes ResMed's Third Quarter 2024 Conference Call. Kevin, I'll turn it back to you to officially close this out.

Operator

Thank you. This concludes ResMed's Third Quarter Fiscal Year 2024 Earnings Live Webcast. You may now disconnect.

[DR1]Unit missing. Should be 25.4 million but the word "million" was not spoken

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