



ResMed

*Changing lives
with every breath*



Investor Presentation

Q3 2015

June 10, 2015



FORWARD LOOKING STATEMENTS

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 -- 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.



WHO WE ARE



WHY INVEST

Three horizons of growth



WHERE WE'RE GOING



Overview

Leading global developer, manufacturer and marketer of medical solutions to treat and manage sleep-disordered breathing, chronic obstructive pulmonary disease and other chronic respiratory conditions.

- Operate in more than 100 countries directly and with distribution partners
- Integrated global manufacturing operations:
 - Australia, France, Singapore, and USA
- Invest ~7% of revenue in R&D
- More than 5,000 patents and designs
- FY 2014 annual revenue > US\$1.5 billion
- Over 4,000 employees world-wide
- Listed: New York Stock Exchange (NYSE) and in Australia (ASX)





Holy Grail: *Improve outcomes & reduce healthcare costs*

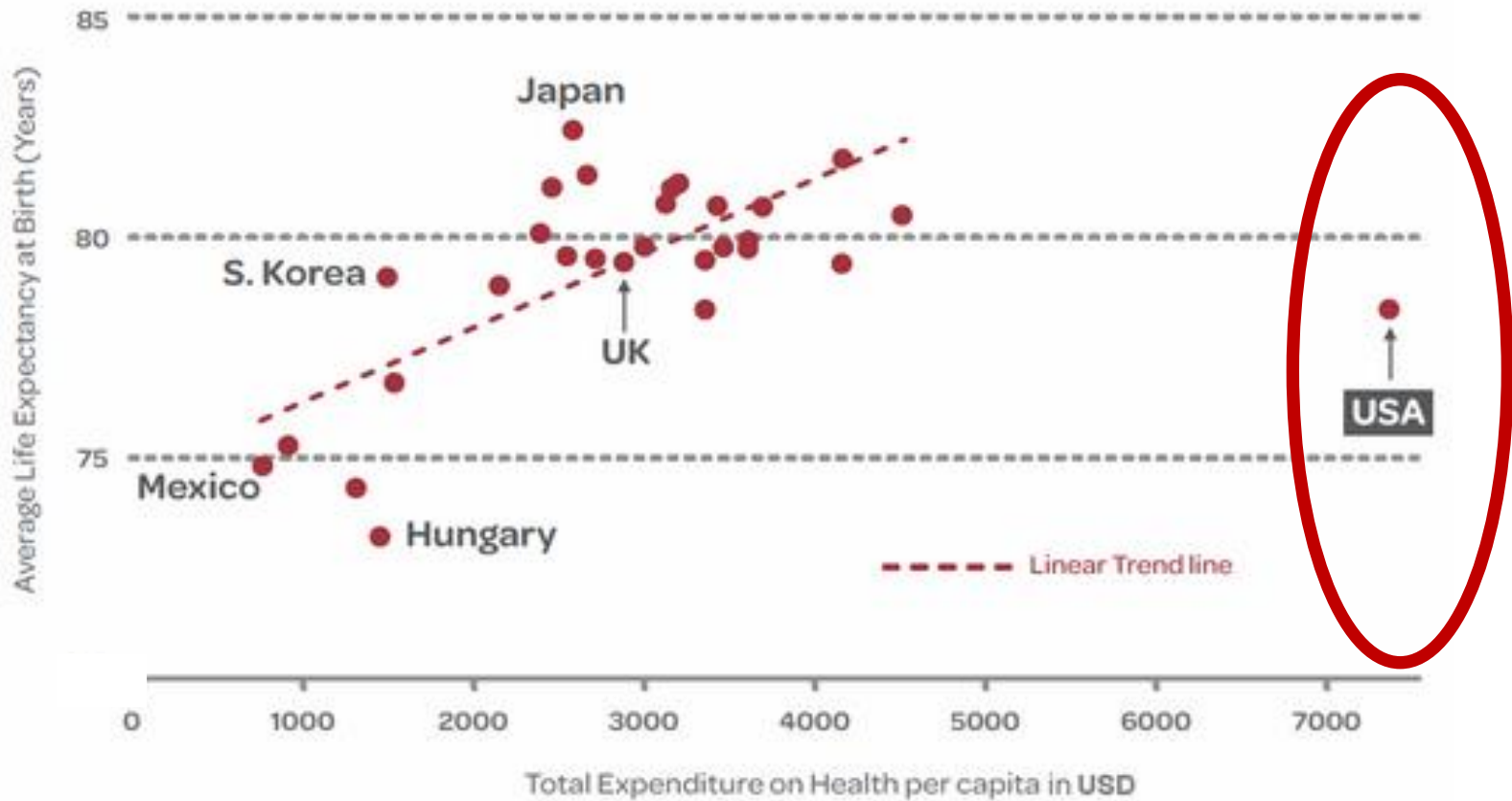
- **Improve quality-of-life for patients**
- **Prevent chronic disease progression**
- **Reduce costs of managing chronic disease**





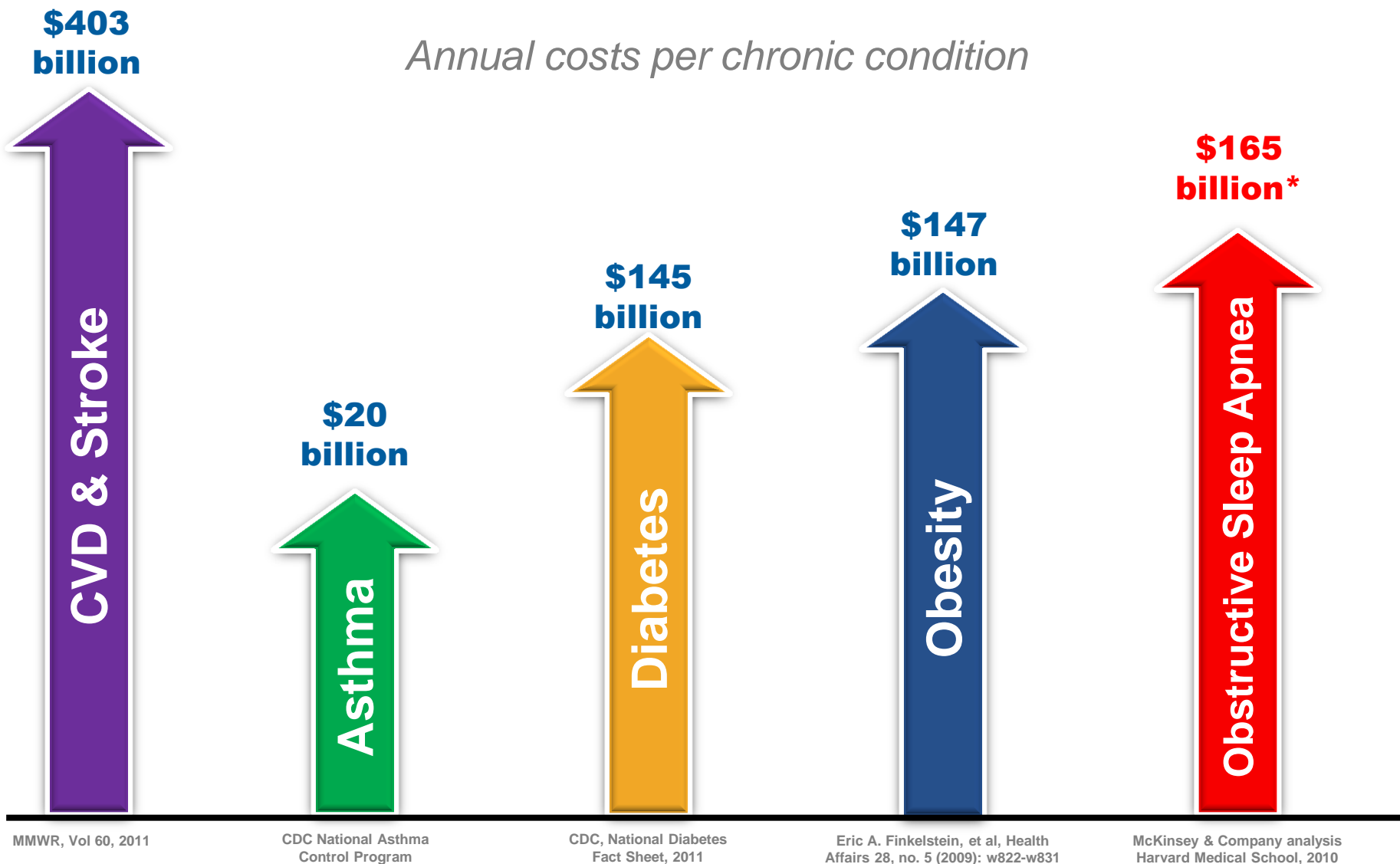
Opportunity to shift care from hospital to home

Healthcare Spending per capita vs. Average Life Expectancy Among OECD Countries



Source: OECD report (2011) – WHY IS HEALTH SPENDING IN THE UNITED STATES SO HIGH? www.oecd.org

> We can reduce costs of key chronic diseases



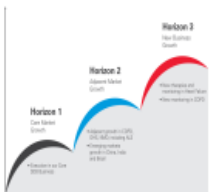


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> Why invest

Strong Portfolio

- Broad range of products & solutions
 - Wireless, cloud-connected devices
 - End-to-end patient management solutions
 - Consumer sleep wellness offerings
- Over 100 countries



Strong Performance

- Solid revenue growth track-record
- Operational excellence is part of our DNA
- Strong cash flow
- Active capital management - share repurchase, dividends



Growth Drivers

- Underpenetrated global SDB market
- New adjacent markets in COPD, CAD & AF
- Emerging markets in China, India and Brazil
- Product and service innovation

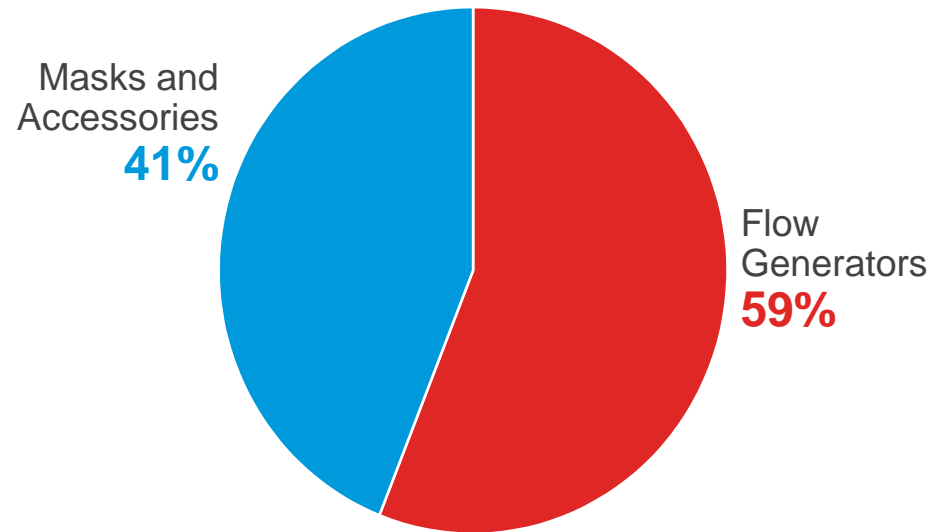
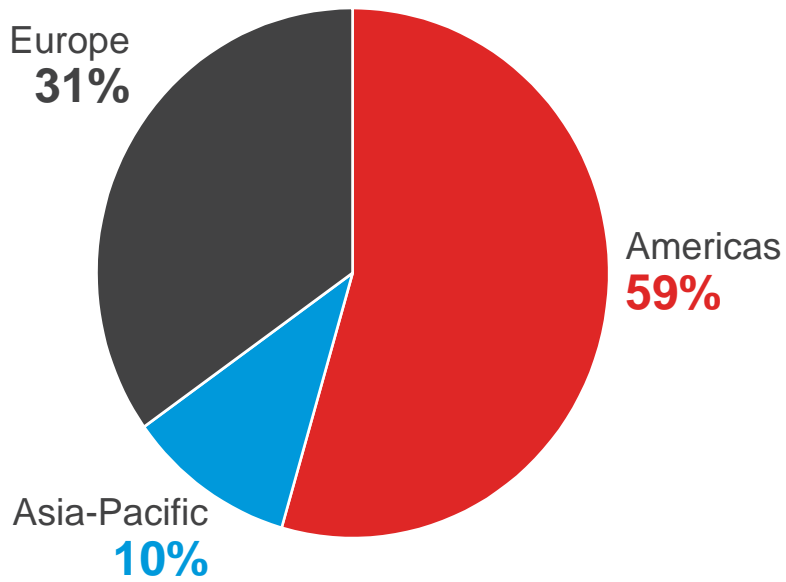




Q3 2015 Results

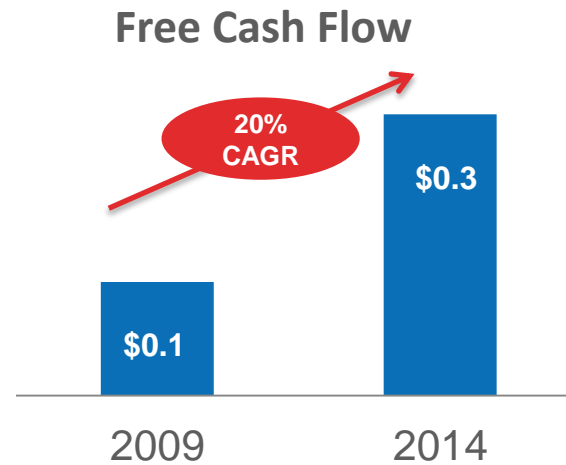
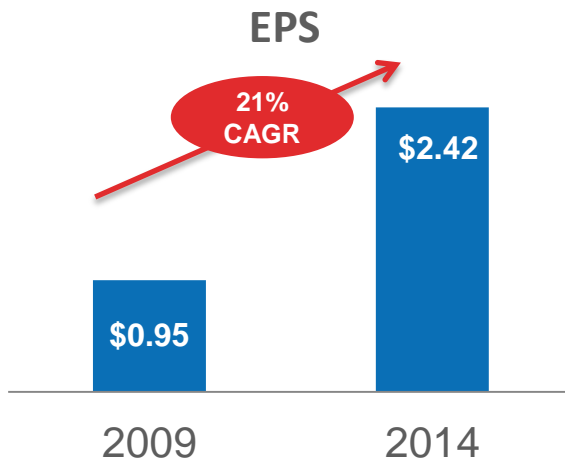
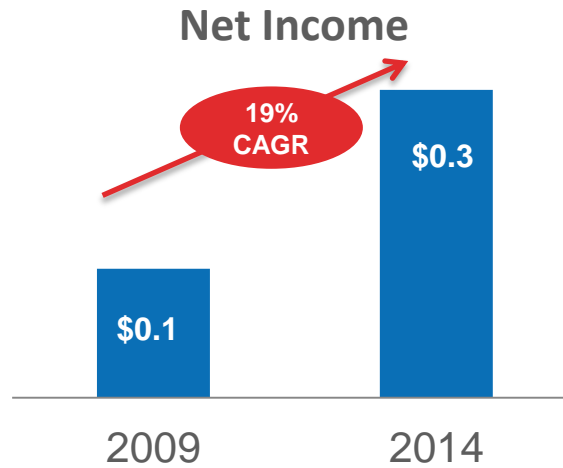
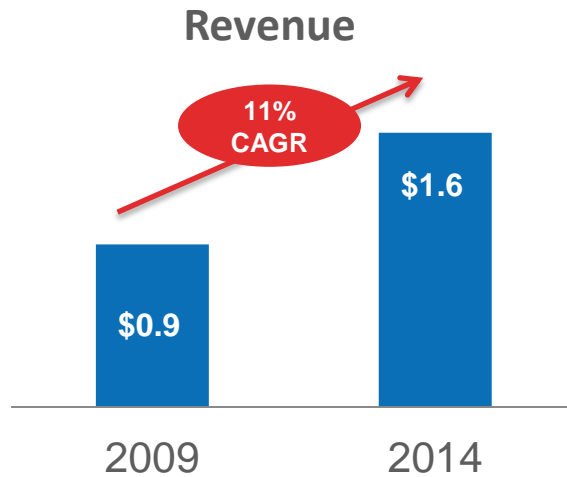
Key Financial Metrics	Q3 2015
Revenue	\$422M +6% (13% CC)
Gross margin	59.5%
GAAP net income	\$91M +1%
Non-GAAP EPS	\$0.65 +2%
GAAP EPS	\$0.64 +2%
Operating profit	\$106M
Cash flow from operations	\$91M
Free cash flow	\$80M

> Diversified revenue sources by region & product

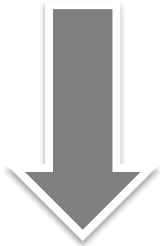


> Strong financial performance

(USD in Billions, except EPS)



Capital Deployment



FCF returned to Shareholders

- YTD 2015 combined dividend and stock repurchase = 92% of free cash flow



Increasing Dividend

- YTD 2015 Dividend payout ratio of 44% of net income
- 2015 dividend per share increased 11% over prior year



Investment for Growth

- New products
- Geographic expansion
- Acquisitions

**Combined dividend and buy-back over rolling 5 years
= 98% of free cash flow**

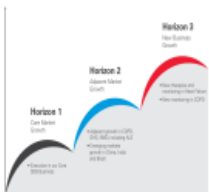


WHO WE ARE



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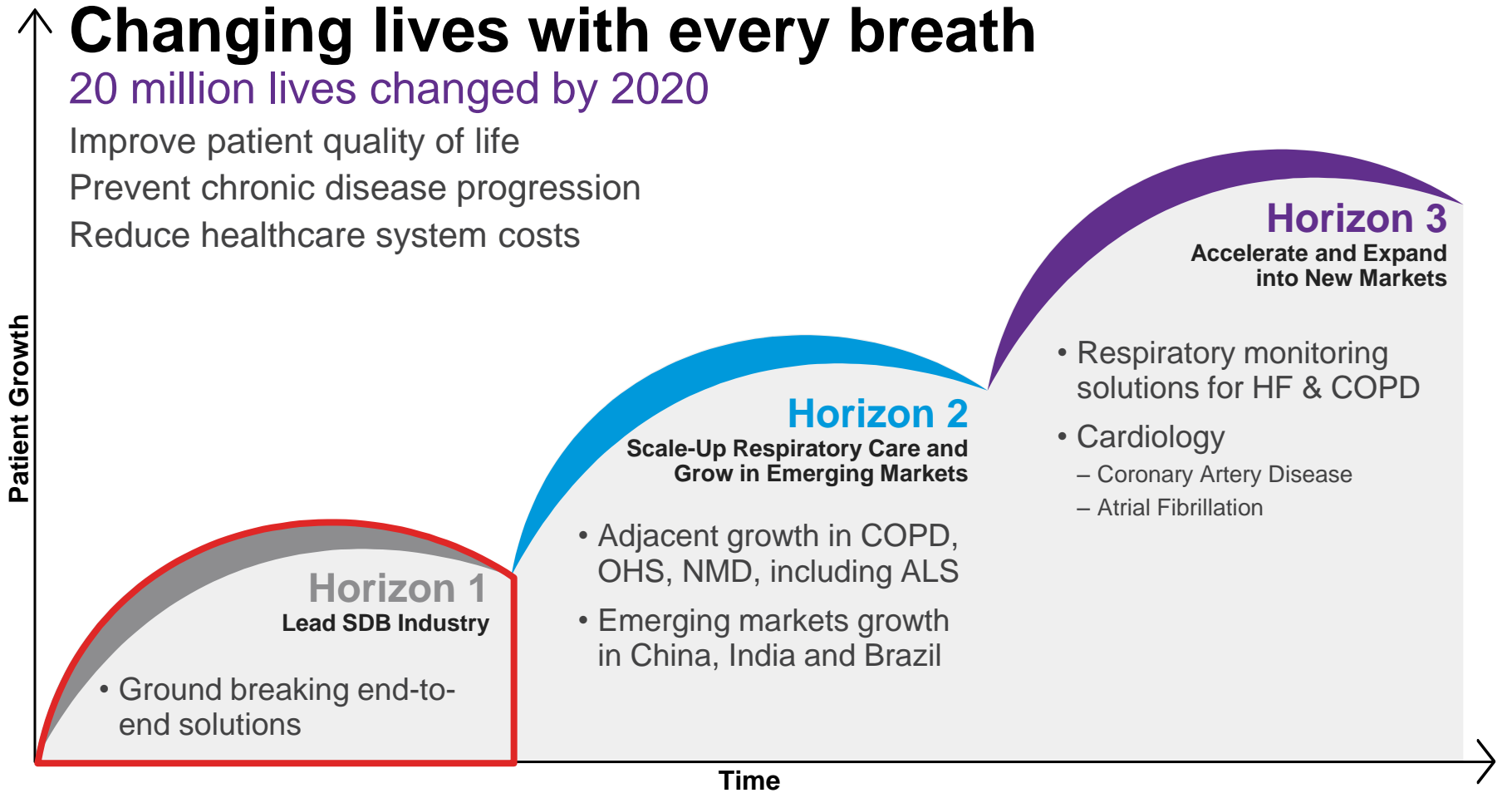
Three horizons of growth



WHERE WE'RE GOING



ResMed's Three Horizon Growth Strategy





Horizon 1: We changed the basis of competition

Air Solutions: Smaller, Quieter, More Comfortable... and More Connected



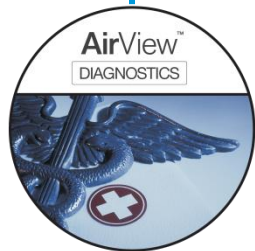
DIAGNOSIS

THERAPY

MONITORING & MGMT.

PATIENT ENGAGEMENT

BILLING

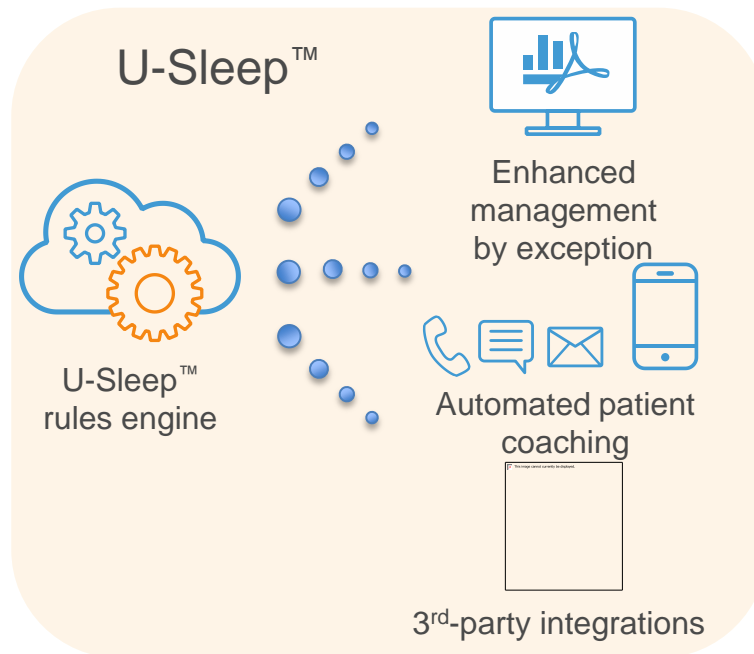
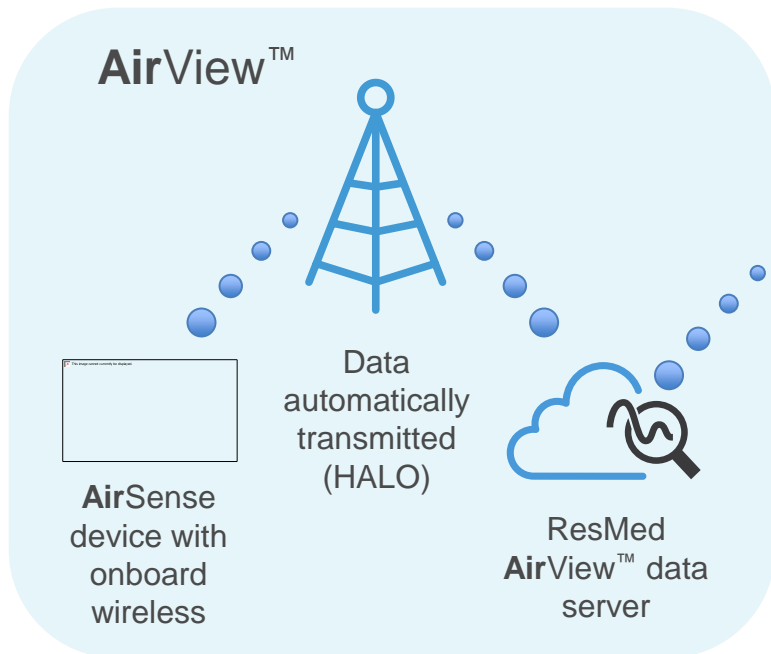


> Proven HI Solutions builds competitive advantage

The ability to predict outcomes, communicate insights and act on data effectively and efficiently keeps ResMed in a leadership position.



> U-Sleep – Better Efficiency, Better Outcomes



Multiple Points of Value

- Improve Workflow Efficiency
- Improve Patient Outcomes
- Add Analytical Insight

Clinically-Proven* Efficiencies

Proven ability to maintain positive patient outcomes with significant reductions in labor

Results

	SOC Group	U-Sleep Group
AHI	2.8 ± 3.8	3.0 ± 4.1
Medicare Adherence	73%	83%
Mean Hours of CPAP Usage	4.7 ± 2.1	5.1 ± 1.9
Epworth Sleepiness Score	5.1	5.8
Mean Minutes of Coaching	58.3 ± 25	23.9 ± 26

59% reduction in labor!

> AirFit range – World-leading Patient Interfaces



AirFit™ P10

Nasal Pillows System

- ✓ 50% quieter & lighter
- ✓ Easy to fit
- ✓ Visual freedom



AirFit™ N10

Nasal Mask

- ✓ Compact, user-friendly design
- ✓ Ease of use; comfort
- ✓ Visual freedom
- ✓ Patients ranked #1 compared to industry masks



AirFit™ F10

Full Face Mask

- ✓ Compact design
- ✓ Ease of use
- ✓ Patients ranked #1 for seal, comfort and ease of use



We continue to build sleep apnea awareness

Sleep is the third pillar of health, but often neglected. Experts agree that diet, exercise and quality sleep are the three pillars of a healthy life, but for many women, balancing these is an ongoing challenge. [Read More Here.](#)

Sleep and Women
What a good night's sleep really means.

Health
Nutrition tips for a better night's sleep.

Beauty
Sleep your way to smoother and healthier skin.

Expert Tips
Sleep: Psychological differences between men and women.

Tweets

SleepForWomen @SleepForWomen
Feeling grumpy this morning? Find out how quality sleep can help you wake up on the right side of the bed: bit.ly/11TzPa9

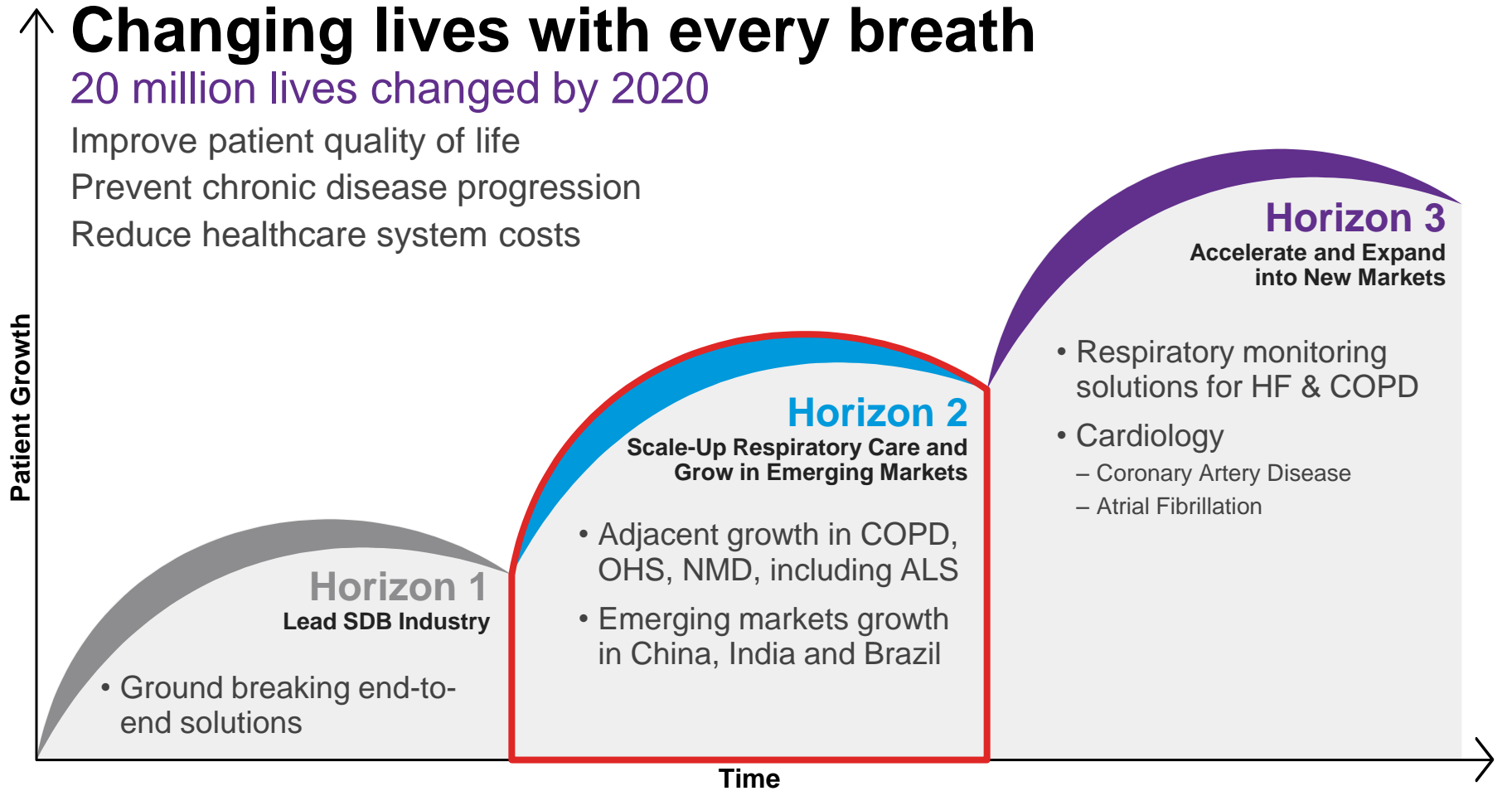
“Ignorance is our major competitor”

- “**Better Sleep for Women**” education and product focused campaign
- **S+ by ResMed** – consumer sleep management solution available online and retail; connected to Apple HealthKit





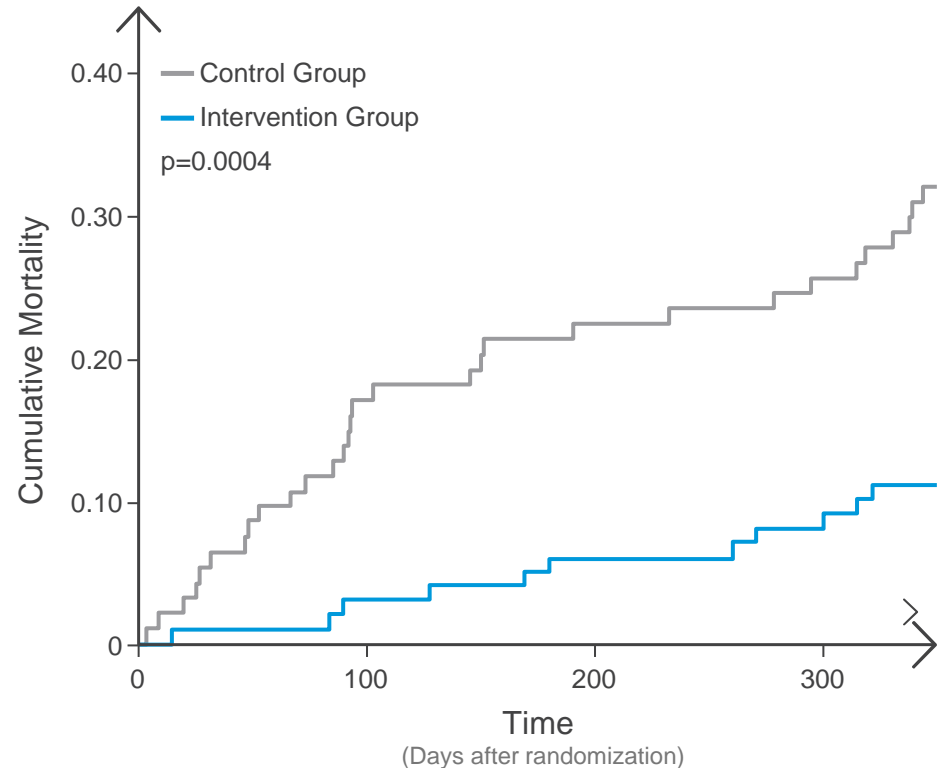
ResMed's Three Horizon Growth Strategy





Horizon 2: Huge potential to improve outcomes in COPD

- Mortality risk reduced by over 60% on a relative basis when using long-term non-invasive ventilation (NIV) treatment in chronic obstructive pulmonary disease (COPD)
- One-year mortality in the two matched COPD cohorts was:
 - 12% mortality (NIV therapy)
 - 33% mortality (no intervention)
- 80 Million COPD patients worldwide
 - NIV underpenetrated as treatment for COPD
 - Significant upside: Europe, US, China, Brazil



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



Our new respiratory care platform: *Astral*

ResMed introduces the Astral **life support ventilator** globally:

Designed to enrich life for patients

- Freedom: *patient quality-of-life*
- Ease of use: *saves clinician time*
- Low total cost of ownership: *efficiency*



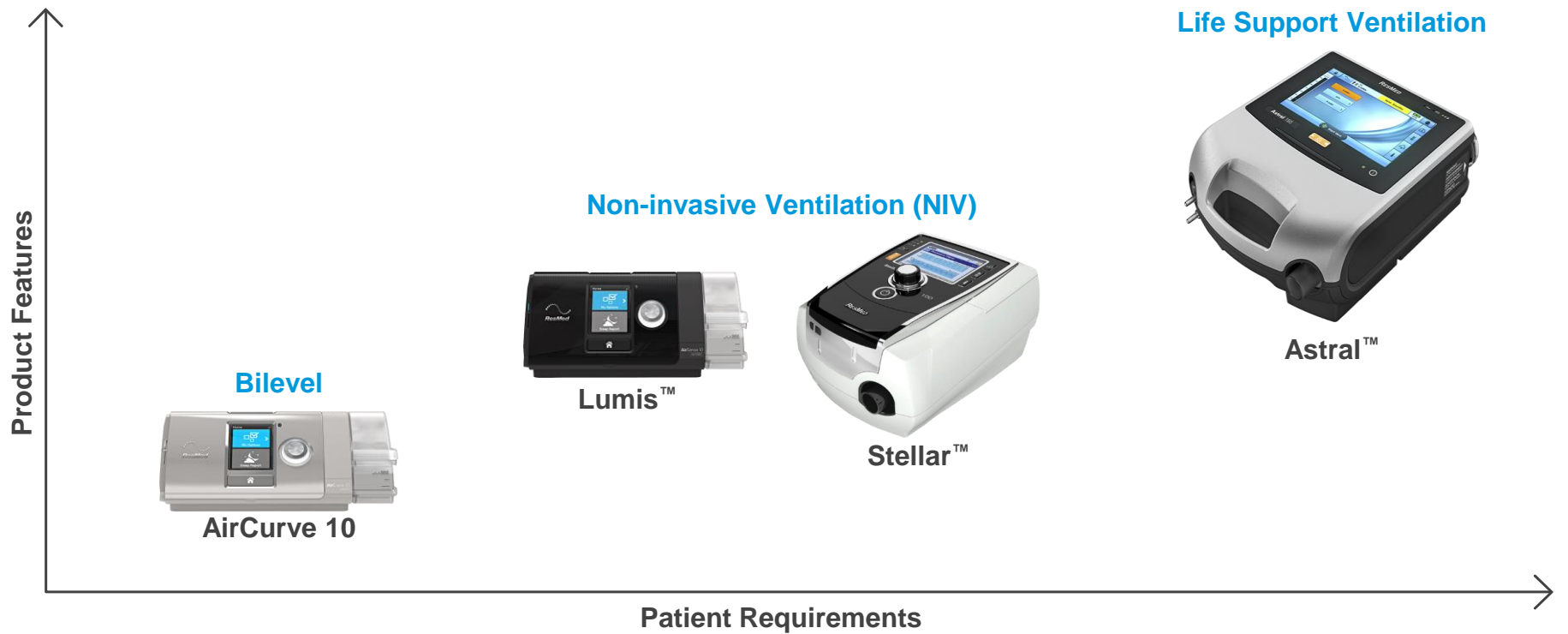
reddot design award
product design 2014



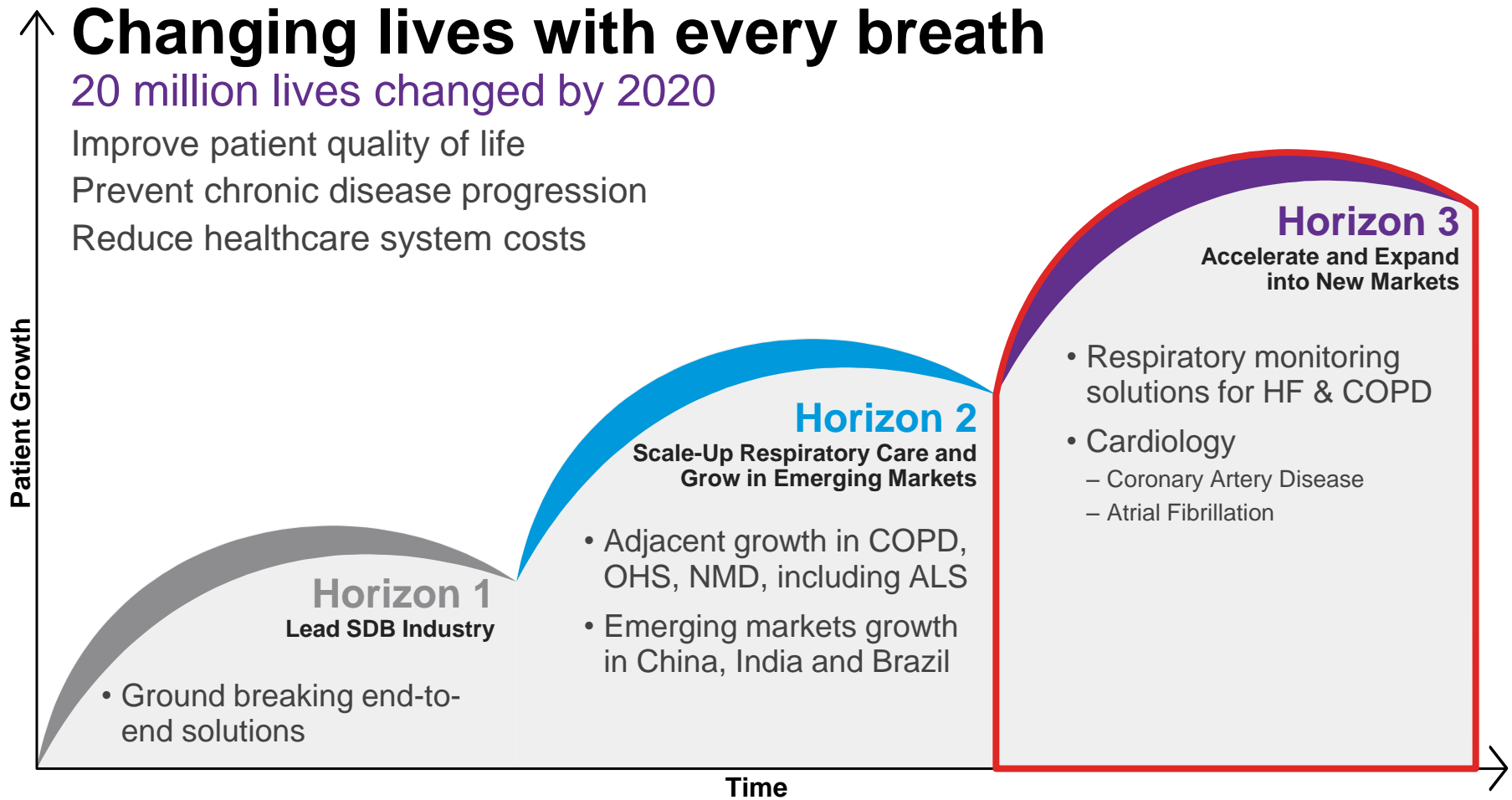
* The Astral™ platform is water resistant, but is not waterproof. Please consult the users' manual for further information.



Horizon 2: Full spectrum of ventilation products

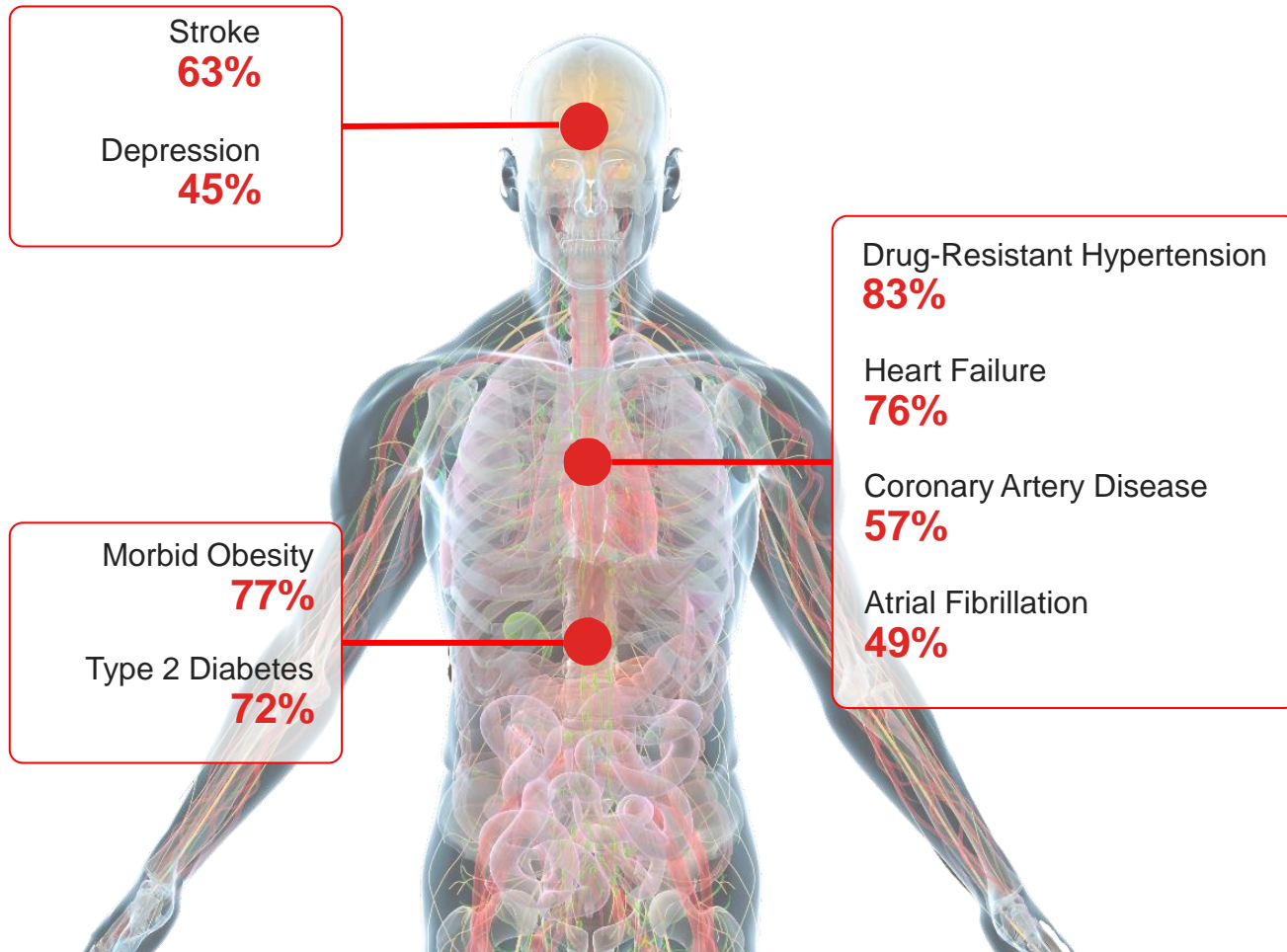


ResMed's Three Horizon Growth Strategy





Sleep apnea: *Highly prevalent in key diseases*



References: Logan et al. *J. Hypertension*; O'Keefe and Patterson, *Obes Surgery*; Oldenburg et al., *Eur J Heart Failure*; Einhorn et al. *Endocrine Prac*; Basseti et al. *Stroke*



Horizon 3: Heart Failure reduced ejection fraction (HFrEF)

- **SERVE-HF Headline Result:**

- Neutral with no signal in the primary endpoint: all-cause mortality and HF hospitalization

- **SERVE-HF Safety Signal:**

- Adaptive servo-ventilation (ASV) in patients with symptomatic chronic heart failure with reduced ejection fraction and predominant central sleep apnea

- **Key Points:**

- The use of positive airway pressure in other clinical indications is not associated with increased cardiovascular risk
- We will present detailed clinical data on SERVE-HF at medical conferences this calendar year, and we will publish detailed data in peer-reviewed journals.



Horizon 3: Heart Failure preserved ejection fraction (HFpEF)

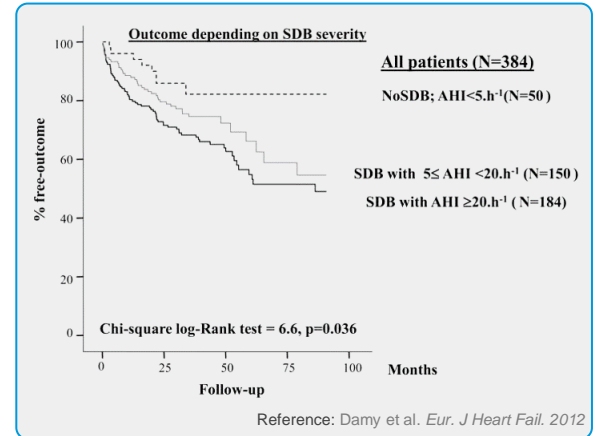
Dose-response relationship between SDB and cardiovascular outcome



AMERICAN COLLEGE of CARDIOLOGY FOUNDATION



American Heart Association®
Learn and Live



CAT HF

Cardiovascular Improvements with MV ASV Therapy in Heart Failure

- **Goal:** Incorporate ASV therapy into the ACC/AHA heart failure guidelines in class 1A and as standard of care treatment
- **Status:** Enrollment underway as preparation for future clinical study focused on HFpEF.

Note: Further trial details can be obtained from <http://clinicaltrials.gov/>; CAT-HF: NCT01953874

> Horizon 3: Atrial Fibrillation (AF)

JACC: CLINICAL ELECTROPHYSIOLOGY
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<http://dx.doi.org/10.1016/j.jacep.2015.02.014>

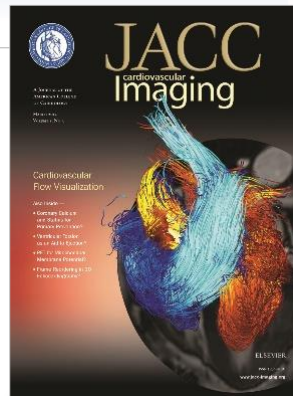
Effect of Obstructive Sleep Apnea Treatment on Atrial Fibrillation Recurrence

A Meta-Analysis

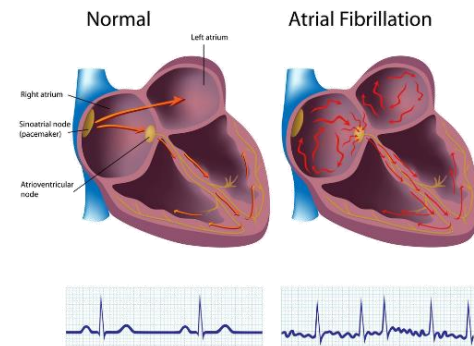
Ashish Shukla, MD, MPH, Anthony Aizer, MD, MSc, Douglas Holmes, MD, Steven Fowler, MD, David S. Park, MD, PhD, Scott Bernstein, MD, Neil Bernstein, MD, Larry Chinitz, MD

ABSTRACT

OBJECTIVES This study aimed to evaluate the cumulative effect of treatment of obstructive sleep apnea (OSA) with continuous positive airway pressure (CPAP) on atrial fibrillation (AF) recurrence.



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





Horizon 3: Coronary Artery Disease (CAD)

Impact of CPAP Treatment on Cardiovascular Outcomes in Coronary Artery Disease and Obstructive Sleep Apnea: The RICCADSA trial

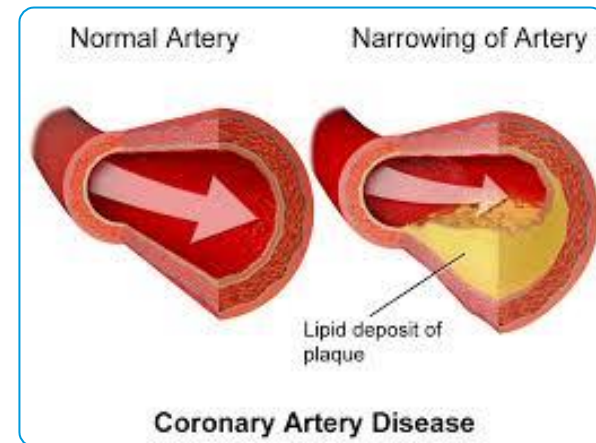
Yüksel Peker^{1,2}, MD, PhD, Prof; Helena Glantz^{1,3}, MD; Christine zu Eulenburg⁴, PhD; Karl Wegscheider⁴, PhD, Prof; Johan Herlitz⁵, MD, PhD, Prof; Erik Thunström^{1,6}, MD

¹Dept. of Molecular and Clinical Medicine/Cardiology, Sahlgrenska Academy, University of Gothenburg, Sweden; ²Dept. of Pulmonary Medicine, Marmara University, Istanbul, Turkey; ³Dept. of Internal Medicine, Skaraborg Hospital, Lidköping, Sweden;

⁴Dept. of Medical Biometry and Epidemiology, University Medical Center, Hamburg-Eppendorf, Germany; ⁵Center of Prehospital Care of Western Sweden, University College of Borås and Sahlgrenska University Hospital/Sahlgrenska, Gothenburg, Sweden;

⁶Dept. of Cardiology, Sahlgrenska University Hospital/Östra, Gothenburg, Sweden

- Conclusion of data from ATS
 - Results suggest CPAP reduces risk for adverse cardiovascular outcomes in revascularized patients with CAD and non-sleepy OSA
 - CPAP usage of at least 4 hours per night is crucial to achieve this risk reduction



➤ Changing lives with every breath

In the last 12 months, we changed more than 8 million lives, literally keeping patients breathing... and we are just getting started.



Our aspiration is to change 20 million lives by 2020

> Why invest

Strong Portfolio

- Broad range of products & solutions
 - Wireless, cloud-connected devices
 - End-to-end patient management solutions
 - Consumer sleep wellness offerings
- Over 100 countries



Strong Performance

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- New adjacent markets in COPD, CAD & AF
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Contact Investor Relations

Phone: (858) 836-5971

Email: investorrelations@resmed.com

Website: www.investor.resmed.com

