

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

RMD - Q3 2019 Resmed Inc Earnings Call

EVENT DATE/TIME: MAY 02, 2019 / 8:30PM GMT

OVERVIEW:

Co. reported 3Q19 revenues of \$662.2m, non-GAAP net income of \$128.1m and GAAP diluted EPS of \$0.73.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

CORPORATE PARTICIPANTS

Amy Wakeham *ResMed Inc. - VP of IR & Corporate Communications*

Brett A. Sandercock *ResMed Inc. - CFO*

James Hollingshead *ResMed Inc. - President of Sleep Business*

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

Robert A. Douglas *ResMed Inc. - President & COO*

CONFERENCE CALL PARTICIPANTS

Andrew Goodsall *MST Marquee - Healthcare analyst*

Chris Cooper *Goldman Sachs Group Inc., Research Division - Research Analyst*

David A. Low *JP Morgan Chase & Co, Research Division - Research Analyst*

David Bailey *Macquarie Research - Research Analyst*

Gretel Janu *Crédit Suisse AG, Research Division - Research Analyst*

Joanne Karen Wuensch *BMO Capital Markets Equity Research - MD & Research Analyst*

John Deakin-Bell *Citigroup Inc, Research Division - Director & Head of Healthcare in Australia and New Zealand*

Lynne Harrison *BofA Merrill Lynch, Research Division - VP*

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

Saul Hadassin *UBS Investment Bank, Research Division - Executive Director & Research Analyst*

Sean M. Laaman *Morgan Stanley, Research Division - Australian Healthcare Analyst*

PRESENTATION

Operator

Welcome to the Q3 Fiscal Year 2019 ResMed Inc. Earnings Conference Call. My name is Julie, and I will be your operator for today's call. (Operator Instructions) Please note that this conference is being recorded.

I will now turn the call over to Amy Wakeham, Vice President of Investor Relations and Corporate Communications. Amy, you may begin.

Amy Wakeham - *ResMed Inc. - VP of IR & Corporate Communications*

Great. Thank you, Julie. Good afternoon, and good morning, everyone. Thanks for joining us, and welcome to ResMed's Third Quarter Fiscal Year 2019 Earnings Call.

As Julie said, this call is being webcast live. And the replay, along with a copy of the earnings press release and our investor presentation, will be available on the Investor Relations section of our corporate website.

Joining me on the call today to discuss our quarterly results are Mick Farrell, our CEO; and Brett Sandercock, our CFO. Other members of management will be available during the Q&A portion of the call.

During the call, we will discuss some non-GAAP measures. For a reconciliation of the non-GAAP measures, please see the notes to the financial statements in today's earnings press release.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

As a reminder, our discussion today may include forward-looking statements, including, but not limited to, expectations about ResMed's future performance. We believe these statements are based on reasonable assumptions. However, our actual results may differ. Please refer to our SEC filings for a discussion of the risk factors that could cause our actual results to differ materially from any forward-looking statements.

With that, I'd like to now turn the call over to Mick.

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

Thanks, Amy, and thank you to all our shareholders for joining us today as we review results for the third quarter of fiscal year 2019.

On today's call, I will discuss our long-term strategy. I'll review top-level financial results, some business highlights and a few key milestones from the quarter. Then I'll hand the call over to Brett, who's with me here in Sydney, who'll walk you through our financial results in more detail.

Before I get into the details, I'd like to discuss ResMed's long-term strategy and our goal to improve 250 million lives in 2025. Driven by a number of macro trends such as an aging population, the increasing impact of chronic disease, growing health care costs and the move towards digital transformation in health care, we see very exciting opportunities for ResMed.

Our goal is to empower people to live healthier lives outside of the hospital. Today there are numerous pain points in existing care delivery models and in the quality of patient care that ResMed can address. We all know health care costs are growing faster than GDP in many countries and there aren't enough doctors to treat the people who need to be treated. When you couple that with the difficulty of getting the right care at the right time, delivering that health care in low-cost settings and even further changes and challenges with interoperability, documentation and clinical data availability, it's a global health care system that is in a crisis, and solutions are needed.

On the macroeconomic side, with ResMed's global leadership in digital health for sleep apnea, for COPD and for outside-of-the-hospital health care, we believe that these are problems that ResMed can solve faster and better than our competitors, providing superior value for our customers. With that backdrop, I'd like to quickly review our financial results.

We achieved another quarter of strong revenue growth. We were up 12% in U.S. dollar terms and up 15% in constant currency terms. We benefited from a full quarter of revenue contribution from one of our latest acquisitions, MatrixCare. We also drove constant currency growth in domestic as well as international device sales. Additionally, we had very strong growth in masks and other accessories, and I'll talk about some new mask launches a little later.

We delivered operating leverage with non-GAAP operating profit growth of 15% year-over-year. Non-GAAP diluted earnings per share was a robust \$0.89. We are proud of the top line and bottom line performance from the global ResMed team. We expect to continue that success as we maintain fiscal discipline and invest in long-term growth of the global ResMed business.

Now let's turn to a discussion of highlights across our sleep apnea and Respiratory Care businesses. In the devices product category, we delivered a good quarter with year over year constant currency growth of 6% globally, supported by 8% growth in the United States, Canada and Latin America in the category. We also achieved a return to constant currency growth for devices in Europe, Asia and the rest of the world.

As we discussed last quarter, we continue to cycle through strong year-over-year comparisons in both France and Japan, which were as a result of the digital health-related reimbursement changes in those countries that drove the acceleration of device fleet upgrades over the last number of quarters. Despite that headwind that we had in the quarter and we will have for ongoing quarters, our team delivered 3% constant currency growth in devices across Europe, Asia and the rest of the world.

Underlying patient activity in all geographies remains very healthy. The masks and accessories side of our business was robust during Q3, growing globally at 13% in constant currency. In the U.S., Canada and Latin America geographies, masks grew at 13%. And in the Europe, Asia and rest of world geographies, we grew at 12% in constant currency terms in masks.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

We continue to see excellent traction with the AirFit F20 in the full face category and the AirFit N20 category in the nasal category. Our recent mask launches of the F30, the N30i and the P30i are all doing very well. Let me provide a little bit of color on each of these innovative products.

During October, we launched the AirFit F30. This is an exciting innovation in the minimal contact full face mask category. In January, we announced broad availability of our first tube-up mask, the AirFit N30, which is in the nasal category. Both these new masks, the F30 and the N30i, contributed to our strong mask growth in Q3.

After quarter end, just last month, we announced the launch of the AirFit P30i. This is a new tube-up pillows option that complements our highly successful over many years P10 mask. I have personally worn ResMed's nasal pillows technology for my own sleep apnea care every night for many years. A few years ago, I thought nothing could beat the Swift FX, the pillows technology. Then I upgraded a few years ago to the P10. I'm now looking forward to personally upgrading to the P30i, which has freedom of movement and the ability to enjoy better sleep. We believe that many other sleep apnea patients, not just the CEO, will have the same excitement after experiencing the P30i.

All these recent mask launches are important additions as we expand our mask portfolio to offer even more options for physicians and home care providers and ultimately for the varying needs of the ultimate customer, a person who suffocates every night. We remain focused on driving innovation to meet underserved customer needs. We have an exciting product pipeline.

We are the industry leader in digital health technology. We're now supporting well over 10 million patients with AirView, our trial-based patient management system and more than 9 million 100% cloud connected with ResMed devices in the market. Over the past 12 months, we've improved the lives of nearly 15 million people by delivering sleep apnea and COPD devices and full mask systems.

Our industry-changing AirSense 10 device platform and the Air Solutions cloud-based software ecosystem are still seeing strong adoption. Our device market share continues to grow as health care providers and patients choose and physicians prescribe ResMed solutions. Our digital health technology solutions have been proven to improve both business efficiencies and patient outcomes. We are clearly the market leader, but we will never stop innovating in this space.

The success of our connected health devices is producing an incredible data engine. We now have over 4 billion nights of medical sleep apnea and COPD data in the cloud. This is twice as many nights as we had just a year ago. We are truly driving exponential digital health growth.

Using advanced analytics, we are turning this clinical big data into clinical actionable insights. We're focused on developing solutions to get the right health care to the right patient at the right time and always more cost effectively for all of our customers.

Everything we do supports our ambition to help the more than 936 million people worldwide who suffocate every night with sleep apnea and the nearly 400 million people worldwide who suffer from chronic obstructive pulmonary disease. As we expand our digital health platforms, one of our goals has been to take the success we have had with myAir and AirView in sleep apnea and replicate that within our respiratory care business vertical.

Today, many patients with COPD and other respiratory conditions aren't getting the treatment that they need until it's too late. There are some frequent flyers at the hospital. We believe that technology combined with the medical equipment used to treat patients can add substantial value to improve both clinical outcomes and the patient experience.

Digital end-to-end solutions, connectivity, making information available to that ultimate customer, the patient, on their own smartphones and supporting patients through their COPD disease progression can make a huge difference. Through digital health technology, we are driving engagement with patients, so they can benefit from the best therapy before it's too late.

We've made good progress with cloud-connectable AirCurve devices for noninvasive ventilation and with Astral devices that have cloud-connectable options for life support ventilation. Noninvasive ventilation and life support ventilation solutions treat stage III and stage IV COPD patients, those who are in the end stages of this dreadful disease.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

To meaningfully drive improved patient and clinical outcomes, our strategy and approach have expanded to take a more holistic, longitudinal view of the COPD patient journey and to offer solutions for therapy and support to earlier stages of COPD so that we can be there for the COPD patient from stage I all the way through to stage IV of their disease.

In early January, we moved Mobi, our premier portable oxygen concentrator, to a full product launch. Mobi best meets the needs of users who want to be mobile and enjoy healthy active lives outside their home. Early results have met our expectations. We're about to commence sales of Mobi through our German team.

In the U.S., we are working in partnership with our HME customers to grow this category for health care system reimbursed patients and to use portable oxygen in situations where a portable solution will benefit the patient most. We also continue to test, pilot and refine other potential go-to-market models with the ultimate goal to ensure the patient has the most efficient mask to a portable oxygen solution.

We expect the POC category to grow, given very strong patient demand. We also expect that revenue will grow each year within the POC category. I want to be clear that it will take a long while for POC to be material mixed through our core sleep apnea and our core ventilation device businesses. So it's a long road ahead.

During the quarter, we added another significant element to our vision for longitudinal solutions in respiratory care when we closed on the previously announced acquisition of Propeller Health in January. Propeller's digital health solutions help people and their doctors better manage COPD and asthma. We are hoping with this new addition to round out ResMed's portfolio to treat COPD patients through all stages of their disease, as I mentioned earlier.

Propeller's sophisticated digital health platform leverages small sensors that are attached to the pharmaceutical inhalers along with a sophisticated cloud-based mobile application that automatically tracks the medication use and provides personal feedback, coaching and insights to the individual, much like our sleep apnea patient engagement system myAir does, just not at the same scale -- yet. Propeller's clinically validated solutions have demonstrated incredible outcomes, including a 58% improvement in pharmaceutical adherence, a 48% increase in symptom-free days and a 53% reduction in emergency room visits. These are truly impressive pilot results, and we cannot wait to scale them, in the same way that we scaled our digital medical device ecosystem in sleep apnea and COPD to now 4 billion nights of medical data.

Propeller is operating as a stand-alone entity with its dynamic and innovative management teams still in place in Wisconsin and San Francisco. We are working with the Propeller CEO, David Van Sickle, and his team to continue their momentum towards commercial scale with their pharmaceutical customers as well as their health insurance customers.

We had a board meeting last month, and I've got to tell you I'm very encouraged by the progress we've seen. Earlier this quarter, Propeller announced publicly a partnership with Orion, which is a pharmaceutical company in Finland, and we're going to connect the Propeller digital health platform to Orion's easy inhaler (sic) [Easyhaler] line for both asthma and COPD patients.

Propeller Health is at the beginning of converting from pilots to scale and commercialization. We will empower the team to grow and to scale and bring all our skills to the table. The opportunities are vast. There are more than 60 million diagnosed COPD and apnea patients in the United States and major markets in Europe alone. Many of these patients could benefit from Propeller solutions, and Propeller is the clear leader in digital health for inhaled pharmaceuticals.

The evolution we have made in our respiratory care business, I think, is game changing. We are now even better positioned to become the global leader in digital health for COPD from stage I to stage II as well as our existing place, stage III and stage IV COPD. We will continue to help physicians, providers, payers and patients as they manage this important progressive chronic disease.

Let's now turn to a quick discussion of our Software as a Service business, then I'll hand over to Brett. The Software as a Service portfolio continues its trajectory of excellent growth, with revenue up 101% year-on-year on a reported basis, driven by continued expansion of Brightree and HEALTHCAREfirst along with the first full quarter of contribution from our acquisition of MatrixCare.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

On a pro forma basis, comparing results in Q3 to the results of those existing businesses before the acquisition, Brightree is growing in the mid- to high single-digit range and MatrixCare is growing at the low double-digit growth range. Overall, we see significant growth opportunities for these SaaS businesses, serving the out-of-hospital health care space with a lot of runway ahead.

The total addressable market is over \$1.5 billion in out-of-hospital SaaS in the United States alone. With our competitive advantages and our leading positions in multiple SaaS verticals, we expect ResMed's SaaS portfolio to move from high single-digit pro forma growth to low double-digit pro forma growth over the medium term and to be sustainable at that rate for the long term.

We've started the process of integrating some of our SaaS portfolio assets. We recently transferred leadership of our home health and hospice offerings from Brightree and HEALTHCAREfirst to under the MatrixCare management team. That will combine our strength in home health and hospice with private duty and beyond. This move will allow us to accelerate our product innovation and deliver a wider range of features for customers who have businesses across these verticals. It also supports our strategy of driving improved patient outcomes and business efficiencies for customers across all out-of-hospital health care settings.

As our SaaS portfolio grows, I'd like to reiterate the promise we made when we first acquired Brightree back in 2016. We are committed to protecting our customers' business-sensitive information. We have firewalls to do just that. My father founded ResMed 30 years ago. In 1989, the company was founded on the fundamentals of honesty, integrity and doing the right thing always. That's what we've always done and what we will always continue to do. We have a vision to transform and significantly improve out-of-hospital health care. We have a strategy to enable better patient care, improve clinical decision support and drive interoperability across these health care settings.

The acquisitions we've made over the past few years established ResMed as the strategic player who's best positioned to lead this transformation in out-of-hospital health care.

We now offer software solutions across out-of-hospital health care settings from home medical equipment to home health and hospice, to skilled nursing facilities, to senior living, to private duty and beyond. We are connecting capabilities across these platforms for these care settings to help our customers be the most efficient they can be to ultimately better serve people, to keep them out of the hospital and in a lower cost, higher-quality setting of their choice as they age. And the best place is often their own home.

Together with our customers and partners, we are revolutionizing how health care is delivered. We're building an ecosystem of integrated digital solutions and services. The ultimate goal is to help individuals -- aging individuals move seamlessly between these health care settings so that they and their loved ones can receive optimal care and optimal quality of life with frictionless moves wherever they live, in parallel to helping individuals drive superior outcomes for physicians, payers and providers. We've built the portfolio. Now it's up to our SaaS team to execute and ultimately deliver on the promise of this strategy.

At the highest level, the mission of ResMed in our 2025 strategy is to impact and improve 250 million lives in out-of-hospital health care. Our purpose is to empower people to live healthier, happier and higher-quality lives in the comfort of their own home. Our advantage comes from our focus on tech-driven integrated care, from sleep apnea and COPD awareness to diagnosis, to treatment, to management and then to ongoing therapy and health care management for chronic disease with digital health solutions.

Let me close with this before I hand over to Brett. We have delivered a strong quarter. We are well positioned for continued success throughout the last quarter of FY '19 that we're just in and beyond. The continued traction of our diversified mask and device portfolio, along with our expanded pipeline of new products and enhanced digital health solutions for sleep apnea, COPD and out-of-hospital medical software, gives us confidence in our ongoing momentum as we look to the future. We've positioned ResMed for the long term as an innovative global leader in digital health, but we're just getting started.

With that, I'll turn the call over to Brett for his remarks, and then we'll open the lines up for Q&A. So over the table here in Sydney, to you, Brett.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Brett A. Sandercock - ResMed Inc. - CFO

Thanks, Mick. In my remarks today, I will provide an overview of our results for the third quarter of fiscal year 2019. As Mick noted, we had a strong quarter. Group revenues for the March quarter were \$662.2 million, an increase of 12% over the prior year quarter. So in constant currency terms, revenue increased by 15%.

Taking a closer look at our geographic distribution and excluding revenue from our Software as a Service business. Our sales in U.S., Canada and Latin American countries were \$350 million, an increase of 10% over the prior year quarter. Sales in Europe, Asia and other markets totaled \$232.3 million, a decrease of 1% over the prior year quarter. However, in constant currency terms, sales in combined Europe, Asia and other markets increased by 6% over the prior year quarter.

Breaking out revenue between product segments. U.S., Canada and Latin America device sales were \$181.3 million, an increase of 8% over the prior year quarter. Masks and other sales were \$168.7 million, an increase of 13% over the prior year quarter. For revenue in Europe, Asia and other markets, device sales were \$155.2 million, a decrease of 3% over the prior year quarter, but in constant currency terms, a 3% increase. Masks and other sales were \$77.1 million, an increase of 4% over the prior year quarter, or in constant currency terms, a 12% increase.

Globally, in constant currency terms, device sales were increased by 6% while masks and other sales increased by 13% over the prior year quarter. Software as a Service revenue for the third quarter was \$79.9 million, an increase of 101% over the prior year quarter. This includes revenue from our Brightree, HEALTHCAREfirst and MatrixCare businesses.

During the rest of my commentary today, I will be referring to non-GAAP numbers. The non-GAAP measures adjust for the impact of amortization of acquired intangibles, a purchase accounting fair value adjustment to MatrixCare deferred revenue, and tax-related expenses associated with U.S. tax reform. The prior year comparable excludes amortization of acquired intangibles, tax-related expenses associated with the U.S. tax reform and restructuring expenses. We've provided a full reconciliation of the non-GAAP to GAAP numbers in our third quarter earnings press release.

Our gross margin for the March quarter was 59.2%. Excluding the MatrixCare purchase accounting deferred revenue adjustment, our gross margin for the March quarter was 59.3% compared with 58.2% during the same quarter in the prior year and 59.1% in Q2 FY '19. Compared to the prior year, our adjusted gross margin increased by 110 basis points, predominantly attributable to manufacturing and procurement efficiencies, the MatrixCare acquisition and favorable product mix, partially offset by typical declines in the average selling prices.

Excluding the deferred revenue fair value adjustment, the MatrixCare acquisition was accretive to our gross margin by approximately 50 basis points. Assuming current exchange rates and likely trends in product and geographic mix, we expect gross margin for the remainder of fiscal year 2019 to be broadly consistent with our Q3 FY '19 gross margin.

Moving on to operating expenses. Our SG&A expenses for the third quarter were \$164.5 million, an increase of 11% over the prior year quarter. In constant currency terms, SG&A expenses increased by 17%. Excluding acquisitions, SG&A expenses increased by 6% on a constant currency basis. SG&A expenses as a percentage of revenue improved to 24.8% compared to the 25% that we reported in the prior year quarter. Looking forward and subject to currency movements and taking into account our recent acquisitions, we expect SG&A as a percentage of revenue to be broadly in the range of 25% for the balance of fiscal year 2019.

R&D expenses for the quarter were \$47.6 million, an increase of 27% over the prior year quarter, or on a constant currency basis, an increase of 32%. Excluding acquisitions, R&D expenses increased by 6%, reflecting incremental investments across our R&D portfolio. R&D expenses as a percentage of revenue was 7.2% compared to the 6.3% in the prior year. Looking forward, subject to currency movements and taking into account our recent acquisitions, we expect R&D expenses as a percentage of revenue to be in the range of 7% to 8% for the balance of fiscal year 2019.

Amortization of acquired intangibles, \$22.8 million for the quarter, an increase of 95% over the prior year quarter, reflecting the impact from our recent acquisitions. Stock-based compensation expense for the quarter was \$12.8 million. Non-GAAP operating profit for the quarter was \$182 million, an increase of 15% over the prior year quarter, while non-GAAP net income for the quarter was \$128.1 million, a decrease of 3% over the prior year quarter.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Non-GAAP diluted earnings per share for the quarter were \$0.89, a decrease of 3% over the prior year quarter, while GAAP diluted earnings per share for the quarter were \$0.73. Foreign exchange movements positively impacted third quarter earnings by \$0.01 per share, reflecting the favorable impact from the weaker Australian dollar relative to the U.S. dollar, which were partially offset by the weaker euro.

On a GAAP basis, our effective tax rate for the March quarter was 23.6%. On a non-GAAP basis, our effective tax rate for the quarter was 21.4%. We estimate that our effective tax rate for fiscal year 2019 will be in the range of 21% to 23%.

Cash flow from operations for the third quarter was \$139.6 million, reflecting strong underlying earnings and working capital management. Capital expenditure for the quarter was \$15.1 million. Depreciation and amortization for the March quarter totaled \$41.8 million. During the quarter, we paid dividends of \$53 million.

On January 7, 2019, we closed on our previously announced acquisition of Propeller Health for consideration of \$225 million, net of cash acquired and debt assumed. Our joint venture with Verily continued operations during the quarter, and we recorded equity losses of \$6 million in our income statement in the March quarter associated with the joint venture. We expect to record approximately \$7 million of equity losses each quarter for the balance of fiscal year 2019 and also in fiscal year 2020 associated with the joint venture operations.

Given the recent acquisition activity and interest rate movements, I would like to update you on our expected net interest expense. Our net interest expense in Q3 FY '19 was \$12 million, and going forward, we expect to record quarterly net interest expense in the range of \$12 million.

Our Board of Directors today declared a quarterly dividend of \$0.37 per share. At March 31, we had \$1.3 billion in gross debt and \$1.2 billion in net debt. Our balance sheet remains strong with modest debt levels. At March 31, total assets were \$4.1 billion, and net equity was \$2 billion.

Finally, in summary, our top line revenue was strong this quarter with growth across all major categories. Gross margin is improving, supported by the contribution from recent SaaS acquisitions and our ongoing efforts to drive cost efficiencies as well as favorable product mix. Our operating costs remain well controlled even as we absorb the impact of acquisitions.

As a result, we're continuing to drive operating leverage with Q3 non-GAAP operating profit up 15% year-on-year. We are focused on driving solid operating results, while ensuring we continue to invest in our strategic long-term opportunities.

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

Amy Wakeham - ResMed Inc. - VP of IR & Corporate Communications

Great. Thanks, Brett. Thanks, Mick. We'll now turn the call to the Q&A portion. (Operator Instructions) Julie, we're now ready to start the Q&A section.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Sean Laaman from Morgan Stanley is on the line with a question.

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

Sean, you might be on mute.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Sean M. Laaman - Morgan Stanley, Research Division - Australian Healthcare Analyst

Yes, right. Can you hear me?

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

You need to start from the start, Sean. You were on mute, I think.

Sean M. Laaman - Morgan Stanley, Research Division - Australian Healthcare Analyst

Yes, sure. Yes. Okay. But on the rest of world masks, so strong number there. Are you able to talk about or give us some granularity around your experience with the upgraded devices in France and Japan? And sort of how much runway is there to go on that -- benefit on that resupply side of the equation?

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

Yes. It's a good question in terms of allowing us to talk about France and Japan and what we've done there. Look, clearly global revenue growth in masks was exceptional in the quarter: 13% constant currency globally; 13% in the U.S., Canada and Latin America; and 12% across Europe, Asia and rest of world in constant currency terms. So we've had probably 4 to 5-plus quarters of upgrades in France and similarly in Japan. And as we said in the prepared remarks and we said last quarter and the last number of quarters, we're going to be facing the headwinds of the device sales in both France and Japan, although we've plowed through to get a modest positive on the rest of the world devices this quarter. But it allows us through that upgrade of digital health assets in both France and Japan to now start interacting with patients and driving patient behavior through apps like myAir and with physicians through solutions like AirView and the whole Air Solutions portfolio. And so we believe there's a long-term, sustainable mask growth that we can achieve in both France and Japan that should help continue to grow our share, which is quite high already in those geographies. But look, we're not done with this. Obviously, the last 5 years brought digital health to the United States and now to France and Japan with 120 other countries worldwide that we now need to start that opportunity on. But yes, certainly great growth in masks in the quarter off the back of digital health, but also off the back of some great mask launches.

Sean M. Laaman - Morgan Stanley, Research Division - Australian Healthcare Analyst

Sure. And just one follow-up. A lot of activity there with the integration of the software platforms. Just wondering either qualitatively or quantitatively if you could give us some description on some of the financial benefits of the -- that integration process that we might see.

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

Yes. Sean, look, we always think about the great investment in digital health technology, and it drives such good growth of the core sleep apnea and respiratory care devices. And as I mentioned just now, also growth of the core masks and accessories. We have a lot of internal models. I'm not prepared to share how those internal models of digital health technology are catalyzing growth of those areas. But what I am prepared to talk about is our public new segmentation of the SaaS business, which is powered by the same digital health technology capability, and that part of our portfolio grew 101% including the acquisitions. But as I said, on a pro forma basis, it was growing at high single-digit range. And we think over time, we can optimize that digital health tech and that SaaS portfolio to grow in that sort of low double digits on a sustainable basis as we look out multiple years towards our 2025 strategy. We think that's a big part of it. Thanks for your question, Sean.

Operator

Gretel Janu from Crédit Suisse is on the line with a question.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Gretel Janu - *Crédit Suisse AG, Research Division - Research Analyst*

So just on rest of world devices, would you be able to give us a little bit more about the breakout in terms of the performance of Japan and France in third quarter? And then just in terms of the other rest of world countries, were there any other surprises in the results?

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

Yes. Thanks for the question, Gretel. Look, I -- we don't -- we already break out a lot of information when we set out the different categories we go down. So I'm happy to talk, put some color to the sort of Europe, Asia and rest of the world countries. Look, as I mentioned in the prep remarks, it was a great expansion in France and Japan these last number of quarters, but that great expansion and extraordinarily high share that we've achieved there now means that you're going to slow down as those fleets have already been upgraded on the device side. Look, yes, as you saw, the total Europe, Asia, rest of world growth was in that sort of modest positive on the CC and slightly negative on the headline number in U.S. dollars, given currency movements. Look, we expect that part -- that aggregate portfolio to grow at that type of rate as we look forward. There will be some lumpiness up and down over time. But the device side of that portfolio is going to be a little up and down in Europe, Asia and the rest of the world over the next number of quarters, as I think we addressed last quarter and most of the sell-side analysts have put in there. But as we move forward and we start to lap those fleet upgrades, we'll get back to what we're seeing, which is core patient growth that is very strong in both France and Japan and throughout the rest of the countries we have there. And that's what's the real determinant of long-term growth. How do we get the 900 million people suffocating to realize they are suffocating and get into the system, talk to their doctor and get diagnosed and treated. And that flow seems to be pretty steady in Europe, Asia and rest of world. So yes, there will be some lumpiness in device sales here as we lap France and Japan, but we'll get back to growth. But yes -- so I'm not going to give detail on China, Germany and all the other countries until and when there is a digital health upside in one of those countries and then it will become a material element, and I look forward to doing that with you.

Operator

David Low from JPMorgan is on the line with a question.

David A. Low - *JP Morgan Chase & Co, Research Division - Research Analyst*

If we could just start with the commentary around the Software as a Service business. Mick, you're suggesting that the return to, well, low double-digit growth is the medium-term or long-term aspiration. I was just wondering if you would talk a little bit to Brightree versus the long-term post-acute care space? Would I be right in assuming that the long-term post-acute care growth opportunity is quite a lot larger than Brightree, just given how immature it is?

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

Yes, I think -- look, there's runway still ahead, David, in the core Brightree business of home medical equipment. There's just so many efficiencies that we can have there. But yes, as you know and as I said, in the quarter, it was mid- to high single-digit growth. I do think we can get that part, even just the Brightree part, to the high single digits and probably brushing up and touching a lot of double-digit growth within that Brightree home medical equipment segment, because there's just so many efficiencies to gain. A little bit of market share to gain. We have good market share, but it's more about bringing in modules and capabilities that take waste away from our home medical equipment companies and bring such value that we can then share in some of that value creation. But yes, look, the \$1.5 billion addressable market includes many other out-of-hospital verticals. We're already playing in around 7 of them and at scale at least 3, right? We're in home health and hospice at scale now. I'm really excited about the Brightree, HEALTHCAREfirst and MatrixCare assets all being combined. And John Damgaard and his team out there in Minneapolis, I think they're going to do a great job in that vertical, home health and hospice. And in addition, that same team working in skilled nursing facilities where we already have a strong position, but a lot of runway for growth. I think one of the things that ResMed brings that's unique is we're a strategic player and we can bring capabilities like cybersecurity, our management of AWS, Azure and all the cloud-based systems around managing

MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

that digital portfolio, that we can bring superior value to it. But look, it's really a portfolio, Brightree will be a good part of that growth. MatrixCare will be a good part of that growth. And we're looking to continue to grow as we empower that team. Raj has been doing a great job.

David A. Low - JP Morgan Chase & Co, Research Division - Research Analyst

Right. Just my other question, big picture, the growth that we saw from ResMed, like in your traditional sleep business, looks very strong across both devices and masks. I think we'd hesitate or extrapolate that out in rest of world as well if you want to pull out the impact of France and Japan. Just would like your thoughts on whether market growth is picking up or whether you think this has been a large or significant contribution from market share gains.

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

Yes. It's interesting, David. And you follow the same other companies that I do to try and track it. We've got some really good market share data in some of their geographies and less good in others. Look, I look it out, that this quarter, we had constant currency growth of devices globally 6%, and we had constant currency growth of masks at 13%. Traditionally we'd say, but I think it's still true, that devices are sort of growing in that mid-single digits and masks are growing at the high single digits. So that would imply that we took some modest share in devices in, obviously, geographies outside France and Japan. We already took the share there. And in masks, I think the N30i, the F30, we didn't even count any of the P30i, but that 13% growth is clearly including some share growth as well. We love the game of innovating, small, quiet, more comfortable, more connected devices. It's a competitive game, but yes, we're winning more than we're losing. Thanks for your questions, David.

Operator

Andrew Goodsall from MST Marquee is on the line with a question.

Andrew Goodsall - MST Marquee - Healthcare analyst

Just on Mobi, haven't called that out separately. Just if you could characterize any contribution or feedback around the quarter. And also your move to go direct-to-consumer with an OEM for Mobi.

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

Yes. Andrew, thanks for the question. As I said in the prep remarks, Mobi -- the whole POC category, even if we had 100% share, that would struggle to be material to our business. We're starting from a very early stage. Mobi, we're just sort of flipping to a full product launch as we move forward. And as I said, we're very closely partnering with our home medical equipment provider customers. Again, what we're looking to do is find patients that qualify, and if they qualify for reimbursement versus Medicare or provider insurance, we're working with our HME customers to provide that lead, if you like, that person who's in need of a POC and to have them provide great care for that person. Two of our competitors have been, one of them for many years and one for a period of time, experimenting with models that compete with the channel on that reimbursed business and go direct to patient. We have stayed away certainly from competing with our customers in the reimbursed business in the United States. It's not our game, and we haven't been doing that, don't plan to do that. In the case that a person who wants to buy a device -- buy cash, we are piloting different models, we've been, in the way that 2 competitors are. I think you'd be foolish not to take care of the ultimate customer who's a patient who needs it when 2 other players in the market are doing that, but it's very early days in this. I'm going to say that the opportunity is huge for us, and we think of it as a longitudinal play across COPD. POC is an interesting part of a big journey of a COPD patient. We want to talk to the patient in stage I, stage II through digital health and inhalers. That's about 80-plus percent of the cost of the COPD patient, is in the pharmaceutical side. So Propeller Health is the one we should be talking about as a material element. I think with POC, noninvasive ventilation and life-support ventilation, we're already in those and it's exciting. But it's really that long-term play of a patient through digital health to keep him out of hospital, to keep him happy, so that their physician's happy, that their health insurance company is happy, that their caregiver, everyone is happy and also that our customers, the home medical equipment companies, can be happy. And if it's a reimbursed patient, we want them to take care of them.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Andrew Goodsall - *MST Marquee - Healthcare analyst*

Terrific. And just my follow-up just obviously GM, half of that was -- you attribute to matrix. The other half, I presume, is predominantly mix with the higher growth in the U.S.

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

Andrew, it's Brett. The -- it's probably -- there's meaningful impact probably from the -- from production efficiencies and procurement efficiencies that we're driving for and we were able to do that. And then obviously product mix was favorable, and that was a meaningful impact on that as well.

Operator

David Bailey from Macquarie is on the line with a question.

David Bailey - *Macquarie Research - Research Analyst*

Yes, just a quick one for me. For Brett, just want to get up on the gross margin. Just wonder if you can quantify the impact of currency on gross margin on a year-on-year basis.

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

Yes. Year-on-year was favorable around 40 basis points. And then sequentially, it was basically pretty negligible.

David Bailey - *Macquarie Research - Research Analyst*

On the context of the 50 basis points you referred to earlier, are you probably looking around 10% -- 10 basis points organic gross margin expansion for the quarter year-on-year, excluding currency?

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

Yes. And actually, on the currency, it's actually pretty negligible on both actually, if I look at it year-on-year. So I'll correct that. So pretty negligible on FX. And really because we saw weakness -- yes, because we saw weakness in the Aussie, but we also saw weakness in the euro over the course of the year and those largely offset each other for us.

Operator

Saul Hadassin from UBS is on the line with a question.

Saul Hadassin - *UBS Investment Bank, Research Division - Executive Director & Research Analyst*

Just one question for me. Mick, the U.S. mask growth rate 13%, ahead of market growth again. Can you talk to how much of that is resupply growth, an acceleration in resupply as opposed to success on new product launches? I mean, we have the impression that masks -- that resupply accounts for the vast majority of your U.S. mask sales. If you can talk to what you're seeing in the dynamic between resupply growth versus share shift, that would be great.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

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

Yes. That's a great question. We have Jim Hollingshead, the Head of our Global Sleep business on the line. Jim, you want to talk to as much color as you can give on U.S. growth organic, et cetera?

James Hollingshead - ResMed Inc. - President of Sleep Business

Yes. Sure. Thanks, Mick, and thanks for your question, Saul. I think the answer is both ends. We're seeing very strong results in resupply, and we've seen that over the last several quarters as more and more of our HME customers have adopted automated resupply solutions. So that continued to be very strong, lead to very strong results for us and for our customers. But the new products have also all gotten off to a terrific start. F30 is out of the gate very strong, N30i has terrific patient preference and is doing very, very well. And early results on P30 are also extremely encouraging. So I think we're getting both organic growth, and we're taking some share in this space, but we're also enjoying very good results with resupply.

Operator

Joanne Wuensch from BMO Capital Markets is on the line with a question.

Joanne Karen Wuensch - BMO Capital Markets Equity Research - MD & Research Analyst

2 quick questions. What was the total acquisition revenue impact on the fiscal year third quarter? And then the second question is, how do we think about operating leverage in the coming quarters? And maybe even for next year?

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

Well, I'll talk to the operating leverage. I'll hand to Brett to talk about sort of organic versus acquisition-driven growth. But look, Joanne, as we've been -- as you and other sell-side analysts have challenged us, that is, one is the ongoing leverage. And it's really our challenge to ourselves to ensure that we can achieve ongoing leverage, and I think we've had a good performance the last number of quarters to that end. The operating programs, the business excellence programs we put in place, the drive of our Singapore manufacturing team, the [sitting] advanced manufacturing teams that I'm here on site with this week are all doing excellent work in there. Our commercial teams and looking at how to use digital health technology for the social media marketing versus old-school paper and television are really pushing the envelope of how we drive business excellence across all our functions and all our business verticals. It's something that we think is sustainable for the medium to long term, but it's a game that never stops, right? It's a game of continuous improvement. And Brett, do you want to have a little discussion as to what's organic versus inorganic growth for the quarter?

Brett A. Sandercock - ResMed Inc. - CFO

Yes, Joanne, you're talking on the SaaS side?

Joanne Karen Wuensch - BMO Capital Markets Equity Research - MD & Research Analyst

You made a number of acquisitions in the last 90 to 180 days, MatrixCare, Propeller, et cetera. Just I'm trying to piece through where all that came through.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

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

Yes. Yes, if you look at -- so on accrued basis, if you look at our kind of organic growth, you exclude all the acquisitions, we grew at around the 8% mark constant currency.

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

I think a good way to look at it, Joanne, is the masks -- the devices and masks and accessories, none of those acquisitions came with us. So if you think of device growth year-on-year constant currency at 6% and masks and accessories growth year-on-year 13%, that gives you an idea for absolute core sleep apnea and Respiratory Care businesses, excluding all acquisitions of that [sort] that happened.

Operator

(Operator Instructions) Margaret Kaczor from William Blair is on the line with a question.

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

For my question, I want to focus a little bit on Brightree and some of the strategic changes maybe that you guys are trying to make to accelerate revenue there. And part of that is really the number of recent product and program launches that you have. So how should we view the typical sales cycle for some of these new product launches? Is it 6 months, 9 months? And then can you give us a sense of where that revenue growth is going to come from, new users versus existing accounts?

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

Great question, Margaret. I'm going to hand that to Rob Douglas, our Chief Operating Officer.

Robert A. Douglas - *ResMed Inc. - President & COO*

Yes. Thanks, Mick. Thanks, Margaret. Margaret, you know that Brightree and its recurring revenue model. So we compete on bookings, and that's then reflecting in recurring revenue on the U.S., so we do have a view of that. And as we've talked about, we've had headwinds around a little bit of consolidation in the industry. Our approach to that has been to really improve modules on it, and we're really happy with the way the new Brightree modules are going, including some of the analytic offerings and certainly some of the direct patient engagement offerings in Brightree. We've got the team really focused on driving those offerings in the market. And then even on a longer-term basis, we've got the team working on additional modules in development. So we're very confident that, that Brightree growth will continue as it did in this quarter. We saw a decent improvement in that, and we're confident that, that will continue.

Operator

John Deakin-Bell from Citi is on the line with a question.

John Deakin-Bell - *Citigroup Inc, Research Division - Director & Head of Healthcare in Australia and New Zealand*

My question is just around Propeller. Last quarter, you said that they were going to be \$0.02 to \$0.03 per share diluted third quarter for some time. Can you just confirm that, that is the case in this quarter? And just give us an update on the trajectory of that -- of the losses over the next year or 2.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

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

Yes. Brett, you want to talk to the...

Brett A. Sandercock - ResMed Inc. - CFO

Sure. Sure, John. Yes. So I can confirm that it was in that \$0.02 to \$0.03 range for this quarter and I guess for the next little while, for the next little while, next few quarters, I think it will be around that sort of level.

John Deakin-Bell - Citigroup Inc, Research Division - Director & Head of Healthcare in Australia and New Zealand

So -- I mean, like, for the whole of FY '20, is that -- are we talking about that length of time?

Brett A. Sandercock - ResMed Inc. - CFO

I mean, I don't want to make probably that sort of long-term predictions like that on Propeller, but I think for the next few quarters, it'll be around that level.

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

The real question, John, is where that goes from down \$0.01 to up \$0.01 is the sales cycle of Propeller. So Propeller, as we said on the prepared remarks, are working with Orion in Finland, a sort of niche pharmaceutical company. It's public that Propeller are working with some very large pharmaceutical companies, and some of them don't want us to talk about, some of them are okay. But if any one of these pilots starts to commercialize that stuff -- and they're comfortable for us talking about that publicly, our customer is, we will update you on that. And this would move very quickly from dilutive to accretive in a heartbeat, but that's obviously the play. It's a medium- to long-term play, and we're not calling the date, the time or the hour or the quarter that, that happens, but that's what the investment is around. And so that's where Brett sort of -- as we start to get out there, those changes may happen, and so for the short term, \$0.02 to \$0.03 down. For the long term, incredibly excited for COPD patients to get better digital health care.

Operator

Lyanne Harrison from Bank of America Merrill Lynch is on the line with a question.

Lyanne Harrison - BofA Merrill Lynch, Research Division - VP

I've just got another question on your SaaS business. And you mentioned previously about the home health market and Brightree and MatrixCare. Can you actually shed some more color on how we should be thinking about the revenue synergies in the -- in your SaaS business with Brightree and MatrixCare and also HEALTHCAREfirst?

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

Yes. Lyanne, it's a good question, and the combination of those businesses, there's a number of factors. I mean, the sort of basic one is that we can combine our digital health capabilities, our cybersecurity, our cloud-based management, our management team and sort of the economies of scale of managing across those multiple portfolios. The big upside is that there are a number of customers, many thousands of customers in out-of-hospital health care that operate in multiple settings. They have a skilled nursing facility. They also have a hospice and maybe also a home



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

health. And a lot of the players out there are small and/or niche players and -- as in terms of our competitors in the SaaS space and they serve 1 or maybe 2 of those verticals. I think as ResMed now serves 7 verticals, we're able to have frictionless or seamless movement of an aging person from care setting to care setting. That's good for them. It's good for the family. It's good for their health care system. It's good for the insurance company, and it's good for the customer, the person who is paying us on a per user per month basis. And so that's the real upside, the synergies on the back side, on the back end of the infrastructure, but there's also incredible synergies for the customer in ResMed being an offering that goes across those. And so Brightree, MatrixCare, HEALTHCAREfirst allow us to really put it all under one umbrella and bring that value to the customer.

Operator

Chris Cooper from Goldman Sachs is on the line with a question.

Chris Cooper - *Goldman Sachs Group Inc., Research Division - Research Analyst*

Most have been asked, but perhaps if I could ask one on the growth opportunity in POC since you mentioned it. Just curious if you could share your thoughts, please, on how big you believe that addressable market might be and also what you see is the current market growth. I know you expect to outperform that through share gains. But if you could just give some sense of how big that market is and how quickly you believe it's growing right now, that will be helpful for us.

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

Yes. Chris, as I said in the prep remarks, it's going to take a long time for POC to get material versus our \$2-plus billion franchise, but it is exciting time for COPD pathway. Rob, do you want to give a little more detail as to the addressable market and/or thoughts about share?

Robert A. Douglas - *ResMed Inc. - President & COO*

Sure. We've talked about addressable market over the years as being a \$300 million to \$400 million range. But it's actually changing a lot because as we have talked about, POCs are a disruptive play to other forms of oxygen delivery. And in order for that disruption to really play out, there are a few generations of technology needed. But we could see strong market growth in that market and particularly as we introduce our Connected Solutions and better management of products and better really management of patients through this. So long term, we see a lot of opportunity in growing that market. But as Mick has said, in the short term, it's going to take a long time to be material, particularly given the growth rates of our other businesses. And we're very happy with our current programs. We're really focusing on learning and the best way to support patients in the market and the best way to use the capabilities of our existing partners throughout the market.

Chris Cooper - *Goldman Sachs Group Inc., Research Division - Research Analyst*

Got it. Just one very quick follow-up. Just on the masks side, if you were to apportion or rank the contribution that you expect from the F30, the N30i and the P30i over the next few quarters, could you just give us some sense of how big you expect each of them to be relative to one another?

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

Yes. Thanks for the question, Chris. Yes, we don't go into that level of detail around new mask setup versus existing or new mask growth, but what I can tell you in terms of color is we are very excited about the initial performance of the N30i and the F30. They have shot out of the gates beautifully. The P30i wasn't even in the quarter, it was just launched last month. I'm looking forward to opening the packet and using it myself. And I can't wait to see many, many, many others do the same. But yes, we won't break that out, but I can tell you this growth in the quarter of 13% constant currency in masks and accessories wasn't a one-timer. I think we have the ability to continue to grow pretty strongly with this really strong portfolio we have.



MAY 02, 2019 / 8:30PM, RMD - Q3 2019 Resmed Inc Earnings Call

Operator

We are now at the 1 hour mark. So I will turn the call back over to Mick for closing comments.

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

Thanks, Julie. And before we close the call, I'd like to thank our dedicated 7,000-strong ResMed team in 120 countries for their continued dedication, focus and commitment to our growth strategy and our operating excellence and business excellence initiatives. You are the core of what we do, and your efforts have enabled us to deliver another quarter of strong revenue growth and solid operating leverage, which allows us to reinvest back into the business to drive even further growth and progress our mission. We're focused as a team on our future pipeline of innovative products and software solutions to improve outcomes and benefit all of our stakeholders: The ultimate customers, the patients, the physicians, the payers, the home care providers and governments. Thanks for all your time today. We look forward to talking to you again in 90 days at the end of our fiscal year. Back to you, Amy, to close out.

Amy Wakeham - ResMed Inc. - VP of IR & Corporate Communications

Thank you again, everyone, for joining us today. If you do have additional questions, please feel free to reach out to ResMed's IR team directly. As previously mentioned, the webcast replay along with our earnings release and updated investor presentation are available now on our Investor Relations website at investor.resmed.com. Julie, you can now close the call.

Operator

This concludes ResMed's third quarter of fiscal year 2019 earnings live webcast. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2019, Thomson Reuters. All Rights Reserved.