

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

RMD - Q4 2016 ResMed Inc Earnings Call

EVENT DATE/TIME: JULY 28, 2016 / 8:30PM GMT

OVERVIEW:

Co. reported 4Q16 revenue of \$518.6m, net income of \$83.1m and diluted EPS of \$0.59.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

CORPORATE PARTICIPANTS

Agnes Lee *ResMed Inc - Director of IR*

Mick Farrell *ResMed Inc - CEO*

Brett Sandercock *ResMed Inc - CFO*

Jim Hollingshead *ResMed Inc - President, Americas*

Robert Douglas *ResMed Inc - President & COO*

CONFERENCE CALL PARTICIPANTS

Andrew Goodsall *UBS - Analyst*

Joanne Wuensch *BMO Capital Markets - Analyst*

Anthony Petrone *Jefferies & Co. - Analyst*

Sean Laaman *Morgan Stanley - Analyst*

Ben Andrew *William Blair & Company - Analyst*

Saul Hadassin *Credit Suisse - Analyst*

Ian Abbott *Goldman Sachs & Partners Australia Pty Ltd - Analyst*

Matt Taylor *Barclays Capital - Analyst*

Steve Wheen *Evans & Partners - Analyst*

Chris Kallos *Morningstar - Analyst*

Will Dunlop *BofA Merrill Lynch - Analyst*

PRESENTATION

Operator

Welcome to the Q4 fiscal year 2016 ResMed, Inc. earnings conference call. My name is Laurel and I will be your operator for today's call. At this time all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded.

I will now turn the call over to Agnes Lee, Senior Director of Investor Relations. Agnes, you may begin.

Agnes Lee - ResMed Inc - Director of IR

Thank you, Laurel, and thank you for attending ResMed's live webcast. Joining me on the call today are Mick Farrell, our CEO and Brett Sandercock, our CFO. Other members of the management team will also be available during the Q&A portion of the call. If you have not had a chance to review the earnings release, it can be found on our website at investors.ResMed.com.

I want to remind our listeners that our discussion today may include forward-looking statements including but not limited to statements about future expectations, plans and prospects for the company, corporate strategy, integration of acquisitions and performance. We believe these statements are based on reasonable assumptions but actual results may differ materially from those indicated. Important factors which could cause actual results to differ materially from those in the forward-looking statements are detailed in filings made by ResMed with the Securities and Exchange Commission.

I will now hand the call over to Mick Farrell.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Mick Farrell - ResMed Inc - CEO

Thanks, Agnes and thank you to all of our shareholders joining us today as we summarize our results for the fourth quarter of fiscal year 2016. We delivered solid global growth this quarter led by strong double-digit growth in the Americas region and high single-digit growth in our combined EMEA and APAC regions.

We closed the Brightree acquisition April 4, so this is our first quarter that includes revenue and profit contribution from the Brightree suite of Software-as-a-Service offerings.

For the call today, I will first review our high-level financial results, I will then outline some regional highlights from our business, and then finally I will discussion progress towards our ResMed 2020 strategic goals. After that, I will hand the call over to Brett to walk you through our financial results in greater detail.

Throughout fiscal year 2016, I have talked about ResMed's growing global leadership in digital health and connected care for respiratory medicine. This leadership has been a catalyst for strong overall revenue growth and market beating organic revenue growth these last 12 months. We produced robust double-digit growth in the Americas region. These results were fueled by the ongoing success of organic masks and devices growth augmented by new software as a service revenue from Brightree.

We achieved above-market growth in our combined EMEA and APAC regions with a highlight being double digit growth of our flow generators in the combined EMEA and APAC group.

At the bottom line, our diluted earnings per share was \$0.74 on a non-GAAP basis which represents 9% year-on-year growth. In terms of non-GAAP net operating profit, we grew our bottom line at 20% in Q4 on a year-on-year basis.

We continue to balance strong revenue growth with ongoing investments in R&D and our global focus on operating excellence. We achieved positive operating leverage in SG&A keeping its growth well below our topline revenue growth.

We are investing for the long-term future maintaining R&D spend at around 7% of topline revenue. These R&D investments will enhance our long-term pipeline of innovation across the portfolios of sleep apnea, COPD and connected care solutions.

Now let me drill into some regional highlights.

First, in the Americas region, we had strong sales performance in Q4 with our commercial team driving 11% growth in masks and accessories and 6% growth in devices in the Americas. This latter number was up against a hefty 53% growth comparable from last year.

These robust results from the Americas team have the foundation of stable market growth, however, it really shows the ongoing strength of the AirSense 10 and the AirCurve 10 systems powered and catalized by our cloud-based Air Solutions software platform including the U-Sleep and myAir applications.

These applications are liberating data and unlocking value in terms of actionable information for HME providers and for patients, respectively.

The double-digit growth for the masks and accessories category was a great result for the Americas in Q4. We expect solid masks and accessories growth as we move forward with resupply initiatives and new product launches during fiscal year 2017.

Turning to the combined EMEA and APAC group, we had strong sales performance in these regions resulting in 8% growth on a constant currency basis in Q4. We produced solid growth in devices in the region especially from our sleep apnea platforms.

As we discussed last quarter, the ASV growth head wind started to subside mid Q4 and we will pass the anniversary of the tail of this impact in this current quarter, Q1 fiscal 2017.

JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

We are clearly turning the corner in ASV and continue to see exciting opportunities ahead for ASV therapy particularly for patients with central sleep apnea, complex sleep apnea, pain management medication, and post-traumatic stress disorder or PTSD. We are excited to get back to growth on a trajectory for this really innovative beneficial and high-margin therapy.

Let me now provide an update on our ResMed 2020 strategy.

We have made good progress in global leadership for connected care one. One of the key foundations of our growth strategy. We have now incorporated into our P&L high-quality recurring Software-as-a-Service revenue from Brightree. We will continue to invest in our portfolio of cloud-based computing solutions to help our HME customers become even more efficient and to help them free up cash flow for even better patient care.

We recently announced a new CEO and new COO for Brightree. Matt Mellott is the new CEO; and Bobby Goshal is the new COO.

Matt's experience in successfully building and running a multistate HME that used Brightree as an integral part of that business sets him up as a strong and capable leader for Brightree. Bobby's experience in running ResMed's IT team for the Americas sets him up to be a great operating partner together with Matt.

So Matt and Bobby together with the Brightree leadership team will guide the development and ongoing integration of the Brightree suite of software solutions within and as part of the Air Solutions platform offerings. The goal is clear, to provide enhanced value for HME partners for physicians, for payers and for patients.

With our HME channel partners, our current connected care solutions are improving operating efficiency. They are eliminating waste, increasing medical device adherence and improving patient outcomes. We intend to continue to grow our connected care in COPD as well as other chronic care applications as we move forward. This strategic foundation of connected care is an integral part of our current and our future success.

Let me now take a few minutes to update you on the progress against each of our three horizons and then hand over to Brett and then we'll head on to Q&A.

In our first horizon of growth which focuses on our core sleep apnea business, we have seen strong sustained growth since the launch of the Air Solutions platform. While many companies are talking about connected care and digital health, we have executed in connected care and we lead the market with well over 2 million, 100% cloud connected medical devices sending data to the cloud every day. This is more than double the nearest competitor.

We also have over 900 patients each day signing up for our patient engagement application called myAir. Air Solutions not only has millions and millions of patients. It is also connected through APIs to hospital and physician-managed electronic medical record management systems that allow patients to share data with their care givers.

We are in mile one of a marathon of population health management and healthcare analytics. Through this ecosystem, we are liberating data that we turn into actionable information for patients, physicians, providers, and for payers.

At ResMed, we are a company that is clearly founded on scientific principles of research. During the quarter, Dr. Dennis Hwang of Kaiser Permanente presented results from a large prospective randomized controlled trial at the sleep meeting in Denver, Colorado. The Kaiser Permanente study randomized 1,455 patients. And its conclusion was that the use of ResMed's cloud-based algorithm called U-Sleep produced a 21% relative increase in sleep adherence.

Dr. Hwang was quoted as saying the following, "Anything that significantly increases CPAP use in the first 90 days is a big deal. That initial period is crucial for patients to embrace CPAP to treat sleep apnea which is linked to heart failure, atrial fibrillation, type 2 diabetes and other serious conditions. Tools like U-Sleep hold a lot of promise for patients on CPAP and the clinicians who treat them". We think that's a great quote.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

We believe that U-Sleep and the broader Air Solutions platform is a huge value to Kaiser Permanente as well as other payer provider models in the US and around the world, including ACOs, IDNs and many government-run payer provider models as they look for ways to take better care of patients and essentially to keep their patients out of high cost hospitals and to treat them with high quality and great care in the comfort of their own home.

With the close of the Brightree acquisition in Q4, we have augmented Air Solutions to create an even stronger end-to-end value proposition for HME customers. We will continue to help our HME partners drive even more efficiencies in their businesses and also continue to invest in market development of new channels for the Software-as-a-Service offerings of Brightree in home health, home nursing, as well as in the hospice channel. Watch this space.

In the second horizons of our ResMed 2020 growth strategy, we have continued the integration process at Inova which is the portable oxygen concentrator company we acquired in Q3. We have completed the integration of our commercial sales and marketing teams and we are now leveraging our global manufacturing, quality and product development expertise to take Inova to the next level. We clearly have opportunities to grow revenue by selling POCs through our global market channels and we will prioritize the 100 countries where we sell -- so as to maximize physician, provider and patient value throughout the fiscal year 2017 and beyond.

We will create next-generation Inova products that provide not only a step-up in quality but also to leverage our global connected care leadership in this space. The strategy is to leverage connected care solutions for COPD across a broad portfolio of offerings including life support ventilation, non-invasive ventilation and now portable oxygen concentrators. This spectrum of respiratory care products will help patients with neuromuscular diseases like ALS as well as normocapnic COPD and hypercapnic COPD patients.

With COPD being the number three cause of death in the western world and the number two cause of rehospitalization in the west, we know connected care will play a big role in the future. This quarter we announced that we are adding a ResMed communication module -- essentially a wireless communication module to our life support ventilator Astral. There will be more to come on this front.

Along with our product strategies in this space, we are driving market channel strategies. In Q4, we announced a group purchasing organization or GPO contract to enable 3,600 member hospitals and 120,000 other providers to purchase and use ResMed's best-in-class respiratory care products and services, as patients move from the hospital to in-home care. As I noted just a moment ago, there will be more to come on this front as we continue to execute against this part of our strategy.

Our third horizon of growth includes a robust portfolio of long-term opportunities in new markets including atrial fibrillation, heart failure with preserved ejection fraction, asthma, chronic disease management as well as sleep health and sleep wellness. During the quarter, clinical trial results from the CAT-HF trial were presented at the Annual Heart Failure Congress at the European Society of Cardiology or ESC. The overall CAT-HF study results were neutral.

However, a prespecified sub group of heart failure with preserved ejection fraction patients showed a clinically and statistically significant improvement in the primary endpoint. The primary endpoint for this study was a combined measure of mortality, morbidity and functional outcomes of the patient. This study, CAT-HF, is the first study globally to show that addressing sleep disorder breathing with adaptive server ventilation may improve cardiovascular outcomes, heart outcomes, for people with heart failure and preserved ejection fraction. We expect full publication of the CAT-HF study shortly and we are very excited about the patient outcome data and the potential opportunities to save hospitalization and rehospitalization costs for the healthcare system globally.

Returning to our financial results. We have been able to put our balance sheet to work this fiscal year. We have invested \$1 billion into high-quality acquisitions that clearly drive us towards our ResMed 2020 growth strategy. You will see us laser focused on ensuring we get return on capital for these investments.

Our Board has increased the dividend by 10% reflecting confidence in our long-term strategy and our ability to drive ongoing cash flow from the business. Given our significant capital deployment this year, we believe it is prudent to continue to temporarily suspend our share repurchase program. It is important to note that we reserve the right to resume the share buyback program at any time in the future as conditions warrant.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Let me close this with this. In fiscal year 2016, we established ourselves as the global leader in digital health and connected care for respiratory medicine. This is only strengthened by our acquisition of Brightree. We have added essential building blocks for our global cardio respiratory care strategy, particularly in connected care for COPD. We remain excited as we build the road ahead for our industry, for our partners and most importantly for millions and millions of patients around the world.

With that I will hand the call over to Brett who's in Sydney for his comments. Over to you Brett.

Brett Sandercock - ResMed Inc - CFO

Great. Thanks, Mick. In my remarks today, I will provide an overview of our results in the fourth quarter with more detailed commentary around revenue given our acquisition this fiscal year.

As Mick noted we had a solid finish to the year. Group revenue for the June quarter was \$519.6 million, an increase of 14% over the prior-year quarter. In constant currency terms, revenue increased by 15%.

Excluding the acquisition of Brightree, revenue increased by 8% over the prior year quarter and excluding all acquisitions organic revenue increased by 6% over the prior-year quarter.

Taking a closer look at geographic level and excluding revenue from our Brightree acquisition, our sales in the Americas were \$295.6 million, an increase of 8% over the prior-year quarter. Sales in combined EMEA and Asia-Pac totaled \$194.1 million, an increase of 8% over the prior-year quarter. In constant currency terms, sales in combined EMEA and Asia Pacific also increased by 8% over the prior-year quarter.

Breaking out revenue between product segments. Americas device sales were \$161 million, an increase of 6% over the prior-year quarter. Masks and other sales were \$134.6 million, an increase of 10% over the prior-year quarter.

The revenue in combined EMEA and Asia-Pac by sales were \$133.6 million, an increase of 10% over the prior-year quarter or in constant currency terms, an increase of 11%. Masks and other sales were \$60.5 million, an increase of 4% over the prior-year quarter or in constant currency terms also an increase of 4% Globally in constant currency terms, device sales increased by 8% while masks and other increased by 9% over the prior-year quarter.

I would now like to provide some additional information about the Brightree revenue contribution.

Brightree revenue for the fourth quarter was \$28.9 million. On a pro forma fourth quarter basis, Brightree's revenue would have been \$32.2 million. This represents the most relevant notable Brightree fourth quarter revenue run rate.

The difference in our reported revenue and pro forma revenue is related to two items.

First, the one-time \$2.3 million fair value adjust to Brightree's deferred revenue balances required on the US GAAP purchase accounting rules and second the pro forma revenue of \$32.2 million for the quarter includes a few days revenue that was not included in reported revenue due to the close of the Brightree acquisition on April 4. As it relates to acquisitions, during the quarter, we also incurred \$1.9 million in acquisition and integration-related expenses associated with the Inova and Brightree acquisitions.

During the rest of my commentary today, I will be referring to non-GAAP numbers. The non-GAAP measures adjust for the impact of acquisition and integration expenses associated with our acquisitions of Brightree and Inova, the amortization of acquired intangibles, the Brightree acquisition of one-time deferred revenue fair value adjustment, the SERVE-HF accrual relief and accumulative tax deficit associated with the adoption of accounting standard ASU 2016 09.

In the prior-year comparable, they exclude the SERVE-HF accrual, amortization of acquired intangibles and the donation for UCSD and the ResMed Foundation. We had provided a full reconciliation of the non-GAAP to GAAP numbers in our fourth quarter earnings press release.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Our non-GAAP gross margin for the June quarter was 58.2%. Year-over-year basis our gross margin declined by 20 basis points reflecting typical declines in average selling prices and changes in product mix essentially offset by manufacturing and procurement efficiencies in the favorable impact from our Brightree acquisition. On a sequential basis, our gross margin increased by 90 basis points largely attributable to the Brightree acquisition and a more consistent product mix.

Assuming current exchange rates and likely trends in product and geographic mix, they expect gross margin to continue to be in the range of 57% to 60% for fiscal year 2017.

Moving on to operating expenses. Our SG&A expenses for the quarter were \$133.9 million, an increase of 9% over the prior-year quarter. In constant currency terms, SG&A expenses increased by 10%. SG&A expenses as a percentage of revenue improved to 25.8% compared to 27.2% that we reported last year.

Looking forward in subject currency movements, we expect the SG&A as a percentage of revenue to be in the range of 26% to 27% for fiscal year 2017.

R&D expenses for the quarter were \$34.4 million, an increase of 21% over the prior-year quarter or on a constant currency basis an increase of 24%. This increase largely reflects the impact of our recent acquisitions and incremental investments across our R&D portfolio. R&D expenses as a percentage of revenue were 6.6% compared to the year-ago figure of 6.3%. Looking forward and subject to currency movements, we expect the R&D expenses as a percentage of revenue to be in the range of 7% for fiscal year 2017.

Amortization of acquired intangibles was \$12.6 million for the quarter, an increase of \$10.5 million over the prior-year reflecting the additional amortization associated with our recent acquisitions. Stock-based compensation expense for the quarter was \$11.6 million. Non-GAAP operating profit for the quarter was \$135.1 million, an increase of 20% over the prior-year quarter. Non-GAAP net income for the quarter was \$104.4 million, an increase of 8% over the prior-year quarter. Net income for the quarter was \$83.1 million.

Non-GAAP diluted earnings per share for the quarter was \$0.74, an increase of 9% over the prior-year quarter while diluted earnings per share for the quarter were \$0.59. Overall, foreign exchange movements positively impacted fourth quarter earnings by \$0.02 per share reflecting the favorable impact from the weaker Australian dollar.

During the quarter, we adopted a new accounting standard that was issued in US Core ASU 2016-09 improvements to employee share based payment accounting. As a result of adopting this standard, we recognized the full-year tax benefit of \$11.2 million and this provided us with an opportunity to increase our foreign cash repatriation to the US with the additional tax expense largely offsetting the tax benefit.

With this adoption and the increase in cash repatriation, our full-year effective tax rate remained relatively consistent at 19.8% compared to the prior-year tax rate of 19%. On a non-GAAP basis, we have reflected the full-year tax benefit from the adoption of the standard within our tax expense for the fourth quarter resulting in non-GAAP effective tax rate of 22%.

Looking forward, we estimate our effective tax rate for fiscal year 2017 will be in the range of 20% to 22%. Cash flow from operations was \$143 million for the quarter. This reflects strong underlying earnings and improvement in network and capital balances. Capital expenditure for the quarter was \$14.4 million. Depreciation and amortization for the June quarter totaled \$27 million.

For fiscal year 2016, we generated a record operating cash flow of \$547.9 million, an increase of 43% over the prior fiscal year. Our Board of Directors today declared a quarter dividend of \$0.33 per share, an increase of 10% over our previous quarterly dividend.

As previously announced, we temporarily suspended our share repurchase program due to recent acquisitions. Consequently, we did not repurchase any shares during the June quarter and we might at any time elect to reinstate the share repurchase program.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

At the end of June, we had approximately 13.6 million shares remaining under our authorized share repurchase program. At June 30, we had approximately \$1.2 billion in gross debt and \$444 million in net debt. Our balance sheet remains modestly geared and very strong. At June 30, total assets were \$3.3 billion and net equity was \$1.7 billion.

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

Agnes Lee - ResMed Inc - Director of IR

Thanks, Brett. We will now turn to Q&A, and we ask everyone to limit themselves to one question and one follow-up question. If you have any additional questions after that, please get back into the queue.

Laurel, we are now ready for the Q&A portion of the call.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Andrew Goodsall from UBS is online with a question.

Andrew Goodsall - UBS - Analyst

Thanks very much for taking my question. I just wondering if you are willing to tell us something about your new mask range? We are seeing the 510(k) there and perhaps if you are not willing to go on to too much detail whether you are willing to talk about the opportunity to evolve the business model with the AirSense 10 and the connectivity piece?

Mick Farrell - ResMed Inc - CEO

Thanks for the question, Andrew. You are right in your caveat around the question that we -- for competitive reasons, we don't think it benefits the shareholder value to go into the details of product timing and product launches that as you noted, there is some activity there in 510(k)s and we do plan to launch at least one new mask before the end of the calendar year. And that is all the information I will give on that.

But, in terms of your second part of your question which was about connectivity and how we can use the fantastic ecosystem of connectivity that we have and the installed base of 2 million cloud connected medical devices to interact with patients and the myAir application where patients connected directly to the cloud, we think it is great to liberate these data and then to provide actionable information to patients. We think patients should know how long they have had their mask and when it is time to replace the mask and we are seeing patients really engage in that.

So we do think there is a strong link to that. And I think if you look at this quarter where we saw 11% growth in masks and accessories in the Americas clearly, we have patients engaging on that front. But more to come on new products and more to come on engaging patients over fiscal year 2017.

Andrew Goodsall - UBS - Analyst

Thanks very much.

Mick Farrell - ResMed Inc - CEO

Thanks, Andrew.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Operator

Next online we have Joanne Wuensch from BMO capital markets. Your line is open.

Joanne Wuensch - BMO Capital Markets - Analyst

Thank you very much for taking the questions. A couple of things. Australian dollar has been up and down a little bit, but mostly down. How do we think about that impact for next year's gross margins?

Mick Farrell - ResMed Inc - CEO

I will hand that question over to Brett Sandercock, our CFO.

Brett Sandercock - ResMed Inc - CFO

Yes, thanks. Thanks, Joanne. Yes, if you looked at it sort of year on year sort of Q4, we did see a little bit of benefit from the effect, particularly the Aussie.

[Reporting for FY 2017], we're seeing more recently -- I guess that's sort of bit of an uptick in the Australian dollar -- strengthened a little bit against the US dollar.

So in that context if you look at sequentially into Q1 that is probably around a 50 basis point headwind for us on the gross margin there. At least in this kind of the near term.

Longer term, I guess it depends where the Aussie dollar goes. But short term, probably a little bit of a headwind but you have to think longer term should be still beneficial for us with the Aussie. But has strengthened recently and we really don't know where that is going to go.

Joanne Wuensch - BMO Capital Markets - Analyst

Okay. And can you just take a bigger step back and talk about the sleep apnea landscape? How it may be changing competitively. One of your comments talked about some pressure on adverse selling prices. So anything that relates to pricing or products would be appreciated and thank you.

Mick Farrell - ResMed Inc - CEO

Yes, thanks, Joanne. Well, the whole sleep industry landscape has changed fundamentally I would say in these last 18-plus months -- approaching 24 months since we launched Air Solutions and the basis of competition in the space has now changed to be not only do the devices have to be quieter, smaller, more comfortable but they also have to be more connected and we think that connectivity has really changed the space. It has meant that we are able to take waste out to increase adherence of patients and to remove some of the inefficient steps in the value chain and therefore extract some value for our partners, our HME partners, our patient partners, our physician partners and also ourselves out of that and so it is a mitigation of some of the historic pricing packs. We don't go into details on that but as a high level I think that shift to value from price discussions has been a really beneficial one for us and our partners and the whole industry in general.

Operator

Your next question comes from the line of Anthony Petrone with Jefferies. Your line is open.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Anthony Petrone - Jefferies & Co. - Analyst

Great. My first one will be for Brett just some of the moving parts on the tax line. And maybe can you walk us through the benefit of the ASU but also the additional tax expense that you incurred from the repatriation of foreign cash and just how much foreign cash was repatriated in the quarter?

Brett Sandercock - ResMed Inc - CFO

Yes, I will give you the sense. So we did adopt that standard and what we did, I guess is we took that opportunity to increase the cash repatriation and tax expense associated with that largely offset that benefit. So you saw in our full-year tax rate it was pretty consistent with what we saw last year.

To give you an idea on the repatriation if you look we basically we repatriated an additional \$60 million this year compared to what we did last year so quite significant for us. We felt that that was the best thing to do and just take the opportunity I guess with the implementation of the standard.

So overall, if you kind of looked at our overall full-year tax rate and tax rates going forward, I think it will continue to be pretty consistent.

Anthony Petrone - Jefferies & Co. - Analyst

Okay, great. That's helpful. And maybe my follow-up would just be back on pricing a bit. And maybe just a little bit more details on underlying pricing in sleep specifically that relates to the competitive landscape. We did some checks earlier in the quarter and our understanding is Resironics came in with more of a price discount since the beginning of the year and additionally we are hearing 3B Medical is sort of out there with more aggressive pricing. So any comments there would be helpful. Thanks.

Mick Farrell - ResMed Inc - CEO

Thanks for the question, Anthony. We don't go into particular details about competitor A or competitor B. I will reiterate what I said before a little bit and maybe give it to Jim Hollingshead, our President of the Americas, to give a little more color and detail around the US environment.

But at a high level, I think the shift to value and the shift to talk about how much data you are extracting from devices, how are you getting that data into my customer who -- for our customer, their customer is either the hospital or the physician or even the payer. And by providing those data, we are extracting value for their customer and their customer's customer and so you sort of changing the conversation from a pure price one to a value one. And if your box is X dollars cheaper but the value provided is X plus then the discussion goes back to the value side of it.

But with that as a prelude, Jim any further comments on pricing?

Jim Hollingshead - ResMed Inc - President, Americas

Sure. I think everybody is aware that the big driver of pricing in the US market has been ongoing Medicare changes and reimbursement and that is pressure the market has been under for several months through the competitive bidding process. I think our results in Q4 show that our Air Solutions offers or our AirSense and AirCurve devices coupled with our software platforms create a lot of value. So our revenue grew against a huge Q4 comp last year precisely because we really shifted as Mick said just earlier we really shifted the nature of what we are doing with our HME customers to allow them to create more value out of their business or our offerings allowed them to increase their revenue and cut the operating costs and that is why the offerings have held up so well over the course of the year and continue to maintain share and volume growth.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Anthony Petrone - Jefferies & Co. - Analyst

Thank you.

Mick Farrell - ResMed Inc - CEO

Thanks, Anthony.

Operator

Next, Sean Laaman from Morgan Stanley. Please go ahead.

Sean Laaman - Morgan Stanley - Analyst

Thank you, Operator. Good morning, everybody, and thanks for taking my question. Just a question on Brightree you have owned it for one quarter now. I don't know, Mick, if you could give us a sense on the retention of existing customers and the uptick of new ones just some commentary around there to give us something to work with would be fantastic.

Mick Farrell - ResMed Inc - CEO

Sure, Sean. Thanks for the question. Yes, so we are 90 days plus into the close of Brightree and beyond that from the announcement. And I can tell you these first three or four months have been a really smooth transition. You know, we have seen a great contributions from Dave Cormack, the CEO, in this transition and the new appointment of Matt Mellott as the CEO.

And a part of the -- directly after the announcement which was four or five months ago that we announced the acquisition there was a series of phone calls -- and I might hand it over to Jim to talk a little bit about the details but Jim Hollingshead that runs our Americas and Raj Sodhi who runs our global -- president of our global business unit for healthcare informatics, along with Dave Cormack called all the top customers and individually spoke to them both in our core HME space and in the Brightree space and had really good discussions with them about what we were trying to do with this acquisition which is help them and reinvest with them to take costs and waste out and to improve patient adherence and have better flow of data through the industry and extract value for all the partners.

The conversations I had which were with the small subset of those customers were very positive and we've seen very good customer retention, in fact, no significant change in customer retention pre or post the announcement or the close of the acquisition on both the core business and on Brightree.

But Jim, you were involved in a lot more of those calls. Do you want to provide some more color for Sean?

Jim Hollingshead - ResMed Inc - President, Americas

Sure, thanks, Mick. And, Sean, we have had by and large very favorable responses by customers whether they were individual customers on both sides, with ResMed customers or Brightree customers or whether they were shared customers and there are several hundred shared customers out in the world.

Initially we had terrific conversations with customers and I think the response has held up over time. We have maintained virtually all of our customer relationships with both businesses and any concerns the customers had about how the two units work together I think have been effectively addressed both by the fact we kept Brightree operating as a separate commercial unit and separate sales force, et cetera, and just in conversations that we have had.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

If I just go back quickly to one of the rationales for the acquisition was we were already working together out in the world making our customers business processes more streamlined so we had data connections that were allowing an HME.

So for example in sleep if you set up a patient on a ResMed flow gen, you could port all of the same data into the Brightree application and will go straight into our compliance application with a click of button. That kind of labor savings made a big difference and I think customers see what we are trying to do which is to extend our health informatics offering from the therapy into their back office operations and just continue to add value by taking out costs and streamlining their business. And I think the customer response by and large have been very, very favorable.

Sean Laaman - Morgan Stanley - Analyst

Great, great. Thank you, Jim. And just one quick follow-up. Is there any reason for perhaps seasonality in the revenue for Brightree?

Mick Farrell - ResMed Inc - CEO

Why don't I hand that over to Brett.

Brett Sandercock - ResMed Inc - CFO

Yes. Thanks, Mick. Yes, Sean. its very much a subscription model so you would certainly -- from that perspective you certainly get much less seasonality so it's less of an impact that it would be for example for our kind of core existing business. So less seasonality due to subscription model.

Sean Laaman - Morgan Stanley - Analyst

Yes. As I thought, Brett. Thank you and thank you, Mick, and that is all of the questions I have.

Mick Farrell - ResMed Inc - CEO

Thanks a lot, Sean.

Operator

Your next question comes from the line of Ben Andrew with William Blair. Your line is open.

Ben Andrew - William Blair & Company - Analyst

Hi, good afternoon. I guess maybe a question for Brett to try to be direct. Can you give us a sense of what the tax hit was for the \$60 million of extra repatriation and can you keep saying largely offset but can you be more precise?

Brett Sandercock - ResMed Inc - CFO

Yes. I mean well to that extent it did largely offset that size -- a slightly smaller number, but not -- it is around that number.

Ben Andrew - William Blair & Company - Analyst

So very close to the actual incremental?



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Brett Sandercock - ResMed Inc - CFO

Around that sort of \$9 million, \$10 million mark on repatriation.

Ben Andrew - William Blair & Company - Analyst

Okay. Thank you for that. That's very helpful, Bret.

Brett Sandercock - ResMed Inc - CFO

Yes.

Ben Andrew - William Blair & Company - Analyst

And guess the second question for me as we look the Brightree revenues of \$32.2 million what growth rate does that represent year-over-year and how do you think about the sustainability of that growth rate or what should we be looking for the business in the next -- balance of the fiscal year?

Mick Farrell - ResMed Inc - CEO

Yes, thanks, Ben. It is Mick here. One of the beauties of a recurring Software-as-a-Service business model that the Brightree's established over these last seven, eight, nine years since they have been in business is that it is 80%, 90%-plus recurring revenue and so you see a really steady flow -- to Sean's question previously -- a really steady flow, not much seasonality and so the building up of per customer, per user, per member per month if you like, per user, per month type of revenue models and they build up over time.

You know we have seen really solid double-digit growth in Brightree year on year to get to where they are now and we expect to continue to do that. We really like the Brightree model. We really like what value it provides in the core business which is its HME channel and partnership business.

One of the upsides I alluded to in the prepared remarks but I think related to your question there about growth and future growth is home nursing, home health and hospice channels. These two, as our population ages in the west, and it is particularly focused on the US market for this, there is really exciting Software-as-a-Service revenue models including iPad applications for home nurses directly entering data in the home that goes directly to the cloud. Efficiency savings that are well ahead of the competition and really value that we can help extract for us and new channel partners. And there's an upside for us in that there may be a large chunk of undiagnosed sleep apnea and COPD and untreated sleep apnea and COPD amongst those two channels.

So the sort of two levels of upside. One is the core business the Software-as-a-Service and Brightree revenue in those two new channels but secondly identifying patients for our core business in sleep apnea and our growing business in COPD.

Ben Andrew - William Blair & Company - Analyst

Okay, and just to be again direct, Mick, is that mid teens growth for Brightree or is lower than that, higher than that? Thanks.

Mick Farrell - ResMed Inc - CEO

Yes. It is going to be around that mid teens number. Brett, do you want to go in any further detail on that? Or are we good with that.

JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Brett Sandercock - *ResMed Inc - CFO*

No, that is right, Mick, definitely tracking along mid teens.

Ben Andrew - *William Blair & Company - Analyst*

Thanks, guys.

Mick Farrell - *ResMed Inc - CEO*

Thanks a lot, Ben.

Operator

(Operator Instructions). The next question comes from the line of Saul Hadassin with Credit Suisse. Your line is open.

Saul Hadassin - *Credit Suisse - Analyst*

Thanks very much. Good morning, guys. Mick, maybe just one question. I wonder if you could talk to what you see as an industry growth rate. You have mentioned this in the past on previous quarters where you think the industry is growing maybe in the US and then the rest of the world. Just in a sense are you growing ahead of market? What do you see with growth rates across the two key regions that you participate in? Thanks.

Mick Farrell - *ResMed Inc - CEO*

Yes. Look, thanks for the question, Saul. We think the market growth rate for the markets that we play in is in that mid to high single digits revenue range globally and so we think hitting that 8% constant currency growth in EMEA and APAC we are slightly ahead of market growth there. We think we took some share in that sort of combined sleep and respiratory care space. And if you look at excluding Brightree the core Americas -- business excluding Brightree grew at 8% as well.

And so again, I would say we are taking some share there. Not a huge amount of share, but taking some share. And against a very tough comparable from Q4 last year, we think that is a pretty good performance. And as we look forward that is our goal, right? We don't accept market growth. We like to drive market growth. We like to have innovations that create opportunities for us to grow ahead of the curve.

And so we don't give guidance as you know, but we see the market growing in that mid to high single digits and we like to meet or beat on a regular basis.

Saul Hadassin - *Credit Suisse - Analyst*

All right. Thank you.

Brett Sandercock - *ResMed Inc - CFO*

Thanks, Saul.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Operator

Your next question comes from the line of Ian Abbott with Goldman Sachs. Please go ahead.

Ian Abbott - *Goldman Sachs & Partners Australia Pty Ltd - Analyst*

Yes, good morning. One thing when you speak to DMEs one of their focuses is on resupply and they are focusing on trying to ship more accessories with masks and I'm just wondering from your perspective how far do you think there is to go on this? And secondly with your solutions with connectivity how is that helping them?

Mick Farrell - *ResMed Inc - CEO*

So good question, Ian. I will do a first part and hand over to Jim for some further detail on the Americas and what we are doing in resupply.

You know as a personal user of an AirSense 10 device and an AirFit P10 mask, I like to change my mask on a regular sort of three monthly basis. Any patient who puts a piece of plastic on their face every day and wears it for six, seven hours I think would find that a hygienic and an appropriate think to do.

The numbers out there in the industry are far below that -- well below that for those four times replacement per year. In fact, I think there was some data from some governments showing around 1.8, 1.9 masks per year which remains lasting six and a half months.

Personally I think there is a lot of runway as patients get more engaged with high deductible health plans and health savings accounts in US and take more control of their own healthcare but they will invest the copay dollars or even full cash pay to (inaudible) payments to get themselves involved in this as the deductibles go up and so on. But I'm just talking from a personal patient experience.

Jim, why don't you give sort of the broader US market thought on that.

Jim Hollingshead - *ResMed Inc - President, Americas*

Thanks, Mick, and thanks for the question, Ian. First thing I'd say is as just as Mick is relating his own experience, it is really important to remember that we have a firm belief that resupply is very good for patients. The experience of therapy for patients is always made better by fresh equipment. Equipment does wear out, it gets old, et cetera. And so when the experience with therapy is better it leads to better adherence and just better long-term health for the patient. So that is one of the reasons I think both ResMed and our customers seek to drive resupply.

It also happens to be good for our customers' business. We have been working with customers for years to help them understand how to efficiently resupply patients and with the advent of our Air Solutions offering, we have been able to provide some software platforms that help to automate that process.

And as a reminder we actually have two platforms now with the acquisition of Brightree. We have a platform called ResMed Re Supply which is a platform we built out of the acquisitions of CareTouch and [Jay] said previously, an automated resupply platform that has both the software component and call center live call and automated call component.

And then Brightree has a platform called Connect which is also an automated resupply platform. Both of them create a lot of value for our HME customers because it allows them to resupply in a cost efficient, cost effective way and we have seen very good growth both in terms of number of customers joining us in those platforms and growth that resupply through them over the course of the year and that is an ongoing phenomenon for us.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

So our customers are enjoying the benefits of it. You know it has helped our resupply numbers obviously so our accessory sales. It helps patients. Patients love getting fresh equipment on an appropriate basis because it improves the quality of therapy and quality of life.

Ian Abbott - *Goldman Sachs & Partners Australia Pty Ltd - Analyst*

All right. Thank you.

Mick Farrell - *ResMed Inc - CEO*

Thanks, Ian.

Operator

Your next question comes from the line of Matt Taylor with Barclays. Your line is open.

Matt Taylor - *Barclays Capital - Analyst*

Hi, thanks for taking the question. Can you hear me okay?

Mick Farrell - *ResMed Inc - CEO*

Yes, Matt, got you loud and clear.

Matt Taylor - *Barclays Capital - Analyst*

Great. So just want to cover one thing with the gross margin. Previously you said that Brightree was going to add about 70 to 100 bps. Is that about what you saw in the quarter and the way we should think about is kind of the contribution for next year?

Brett Sandercock - *ResMed Inc - CFO*

Yes. Hi, Matt. Yes, the Q4 came pretty much in the middle there. It was 80 basis points that it contributed. And then going forward, I think I would stick with that range around that 70 to 100 basis points.

Matt Taylor - *Barclays Capital - Analyst*

Okay. And so with the moving parts, I want to give the [floor] the Aussie dollars talked about but I'll say euro gone down well how does that factor into the guidance for GMs for next year? So what are you assuming there?

Brett Sandercock - *ResMed Inc - CFO*

Matt, I apologize. I missed the first half of that question.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Matt Taylor - Barclays Capital - Analyst

Yes. I'm just asking with the euro as well being a little bit weaker in recent weeks. How are you thinking about those two major currencies for gross margin next year?

Brett Sandercock - ResMed Inc - CFO

Yes I mean that plays -- I think we talked about that a little earlier on just because -- it does obviously a weakened euro or weaker pound or whatever it might be does impact us there. If I looked at it just at least in the sort of near term into Q1, with that sort of strengthening and probably some weakening in some of the European currencies, I think (inaudible) probably at my estimates probably a 50 basis point headwind for us going into Q1.

You know it's just a question. I guess that then would be -- currency stay where they are from there on in and you wouldn't see any further impact on a sequential basis. We might see a little bit on a year-on-year basis. But pretty volatile at the moment. So it is hard to say on that.

But near term I would say it is about 50 basis points and, of course, that can change depending on what currencies do. But at the moment I put it around that kind of number.

Matt Taylor - Barclays Capital - Analyst

Great. And then could you just give us a sense of how to model the interest and other expense for next year? We have the debt from Brightree. I think the truth in modeling some income. You had some expense this quarter. Any parameters you can give us around the interest rate or your cadence and the debt pay down to help with that number?

Mick Farrell - ResMed Inc - CEO

Yes, Matt, the interest rate for us would be around is a rough number around that 2% mark in terms of the finding cost on the interest if you use that. At Brightree basically the acquisition is running close to the beginning of the quarter and I think we finished with kind of the net interest expense for the quarter around \$2.4 million but it is probably a reasonable go-forward number going into FY 2017.

Matt Taylor - Barclays Capital - Analyst

Thank you.

Operator

The next question from the line of Steve Wheen with Evans and Partners. Please go ahead.

Steve Wheen - Evans & Partners - Analyst

Yes. Hi, guys. Just a quick question on the GPO announcement that you made. Are there any mask in terms of volumes that are required and is there any sort of color you can give around how that will contribute going forward? And then just if you could, Brett, go sort of talk on the gross margin outlook for FY 2017. You have mentioned FX, you have mentioned Brightree but just any other sort of moving parts that we should be mindful of? Thanks very much.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Mick Farrell - *ResMed Inc - CEO*

Thanks for the question, Steve. I will answer the first one and as you indicated I will hand to Brett for the second.

Yes the GPO announcement was really as an example of us getting on that channel strategy. And you may or may not see other press releases from us about other GPO and government contracts that we have overtime. But we don't give any details of any particular customer and milestones associated with them on a sort of milestone basis.

Essentially the GPO contracts are hunting licenses and then you are allowed to go in hospital by hospital and move forward on it. But it is upfront negotiated air cover for the sales folks to go in there and work with those 3,600 hospitals and 120,000 other providers and push forward on our respiratory care growth within the channel.

So I said in my prepared remarks more to come on that front. There will be a lot more to come. We might not put press releases out on all of them but more really just an indicator of where we are moving on that front.

Brett, you want to take the second question about gross margin?

Brett Sandercock - *ResMed Inc - CFO*

Sure. Yes. On the outlook there on gross margin, I guess as you know it is a lot of moving parts on that. We have mentioned on FX if I look at certainly from a product mix perspective, it is definitely that sort of unfavorable mix and certainly moderated for us and it is far more consistent. But to the extent Mick mentioned earlier in terms of new mask introduction and so on, you could probably expect that will be supported on a product mix front as we get through FY 2017.

We have done -- the team has been doing some really good work around the manufacturing procurement and so on. We have seen some of that come through so I am quite positive on that. And then you have got obviously the Brightree is now kind of built into that Q4 margin but that will continue to be supportive as well. I mean you have the usual ASP declines and things like that coming through. But overall in the mix, I think some of the big unfavorable items are certainly moderating and potentially could have as masks are introduced and so on that should be beneficial.

So overall we have got probably -a near term and currency headwind is a bit unhelpful. But overall with that pretty comfortable with that 57% to 60% range and we are kind of more or less just about right in the midpoint of that range at the moment. That is kind of how I would characterize the moving pieces.

Steve Wheen - *Evans & Partners - Analyst*

Great. Thanks very much.

Mick Farrell - *ResMed Inc - CEO*

Thanks for the question, Steve.

Operator

Next we have a question from the line of Chris Kallos with Morningstar. Your line is open.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Chris Kallos - Morningstar - Analyst

Good. Thank you. Thank you for taking my question. Just a quick follow-up on the cardiology trial. Mick, from the sound of your CAT-HF numbers, the neutral to positive does that now maybe reboot your efforts in cardiology and are you planning anymore sponsoring of clinical trials in that space?

Mick Farrell - ResMed Inc - CEO

Thanks for the question, Chris. That allows us to talk to our sort of third horizon portfolio if you like. And, yes, we are absolutely dedicated to cardio respiratory care which is almost -- I am not sure it is a medical term out there in the formal literature. It is something that we are really leading the market on and I define it as sleep disorder breathing amongst atrial fibrillation, sleep disorder breathing amongst heart failure with preserved ejection fraction and I would also include some play in hypertension, some other cardiovascular diseases.

But clearly the data from CAT-HF were incredibly exciting. I don't know if you had a look at the detail that was presented there at ESC or the Heart Failure Congress at ESC but as you start to look at those clinical data and the level of clinical and statistical significance from a relatively small group of patients it certainly indicates to us -- and if you talk to Chris O'Connor who is the primary investigator that was formerly at Duke and is still the P.I. on the trial, clearly our investigators in all the hospitals and all the clinicians involved want to do follow on work in the heart failure with preserved ejection fraction space.

So it certainly gives me more excitement in the space. The clinicians are very excited it, the nurses, the doctors, and we would like to continue to invest in the space and so we won't go into details about what an investment will look like, large multiyear clinical trials or a lot of market development work or some combination of the above.

But you will hear a lot more from us regarding that horizon through growth opportunity including the CAT-HF trial and follow-up in the coming quarters.

Chris Kallos - Morningstar - Analyst

Mick, just on that, is the data strong enough to incorporate into marketing to cardiologist and also these initiatives are they in the next two years in terms of next steps is that sort of the time frame we are talking about?

Mick Farrell - ResMed Inc - CEO

So the data are not strong enough for an indication for use or IFU to start marketing to cardiologists. so no. It would require a lot further work on that front. What you might see is some work with -- you know we talked about the trial with Kaiser Permanente where we did some work on U Sleep. We might work with payer providers who are looking at these clinical data saying -- that is exciting. We would like to work on that -- in some sort of [IRB] or other controlled environment.

But, yes, don't want to go into sort of real details here on the final question of our Q&A about what that part of horizon three will look like at this point. But what I will say, Chris, is you will hear more from us over the coming quarters as to what we are doing in the cardio respiratory care space. But it is a pretty exciting date for CAT-HF. I am glad you noticed that.

Chris Kallos - Morningstar - Analyst

Great. Thanks, Mick.



JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

Mick Farrell - ResMed Inc - CEO

Thanks, Chris. Maybe one last question today?

Operator

Yes, of course. Your next question comes from the line Will Dunlop with Merrill Lynch. Please go ahead.

Will Dunlop - BofA Merrill Lynch - Analyst

Hi, guys. Thanks for taking my question. Just wondering if you could please give more detail on your rest of the world flow gens growth and what countries perhaps and what products are driving a good 11% growth there please?

Mick Farrell - ResMed Inc - CEO

So I will hand to Rob Douglas, our President and COO, to talk about EMEA and APAC.

Robert Douglas - ResMed Inc - President & COO

Yes, Will. Thanks for that question. As you saw, we reported pretty good results through there. We are not going to break it out by country but we saw good continued take up of the AirSense platform. We have had previously talked about the value proposition really came on very strong but it seemed a little more work to get the value proposition going with some of the other countries and we are very pleased with the progress going through there. And so we are really seeing good take up across the board so it has really been a good result.

Will Dunlop - BofA Merrill Lynch - Analyst

Okay. Thank you.

Mick Farrell - ResMed Inc - CEO

Thanks a lot for your

question, Will.

Operator

We are now at the one hour mark so I will now turn the call back over to Mick Farrell.

Mick Farrell - ResMed Inc - CEO

So in closing, I would like to thank the now more than 5,000 strong ResMed team from around the world to their commitment to changing the lives of millions of patients with every breath. I'm really proud of what the team accomplished not just here in Q4 but throughout the whole fiscal 2016. To establish ResMed really is the world's leading tech-driven medical device company. Through the clinical research, new features that expand our products and solutions and our acquisitions, we are transforming how healthcare is delivered and shaping a new frontier in connected care in respiratory medicine. We remain focused on our long-term goal of improving 20 million lives by 2020. Thanks for your time and we will talk to you again in 90 days.

JULY 28, 2016 / 8:30PM, RMD - Q4 2016 ResMed Inc Earnings Call

I will hand it back to Agnes.

Agnes Lee - ResMed Inc - Director of IR

Thank you, everyone, again, for joining us today. If there are any additional questions, please feel free to contact me. The webcast replay will be available on our website in about two hours at investors.ResMed.com. Laurel, you may now close the call.

Operator

Thank you. This concludes ResMed's fourth quarter of fiscal year 2016 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.

©2016, Thomson Reuters. All Rights Reserved.

