



4Q20 Earnings Conference Call

August 5, 2020

Presentation of financial information & forward-looking statements

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

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

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

ResMed’s expectations, beliefs, and forecasts are expressed in good faith and are believed to have a reasonable basis, but actual results could differ materially from those stated or implied by these forward-looking statements. ResMed assumes no obligation to update the forward-looking information in this presentation, whether as a result of new information, future events, or otherwise. For further discussion of the various factors that could impact actual events or results, please review the “Risk Factors” identified in ResMed’s quarterly and annual reports filed with the SEC. All forward-looking statements included in this presentation should be considered in the context of these risks. Investors and prospective investors are cautioned not to unduly rely on our forward-looking statements.

Our mission is to change 250 million lives in 2025

We're proud to offer digital and connected health solutions that help those with sleep apnea, COPD and other respiratory diseases live happier, healthier lives in the comfort of home or care setting of their choice



During the last 12 months, we changed over 110 million lives with our digital health products and cloud-based software solutions

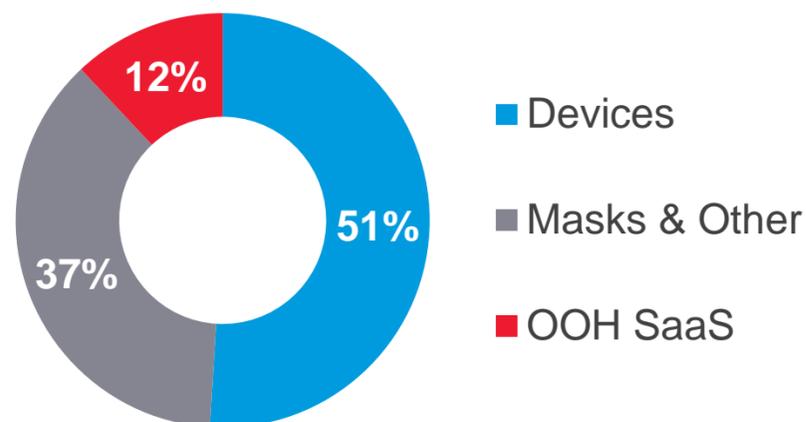
ResMed at a glance

KEY STATISTICS¹

FY2020 REVENUE	\$3B
FOUNDED	1989
LISTED (NYSE, ASX)	1995, RMD
MARKET CAP	~\$29B
HEADQUARTERS	San Diego, CA
EMPLOYEES	~7,500
COUNTRIES SERVED	140+

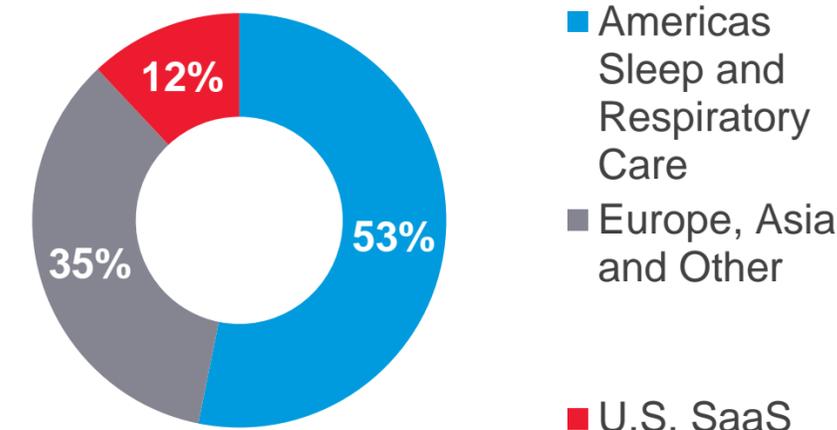
Revenue by Business

FY 2020



Revenue by Region

FY 2020



OUR BUSINESSES

SLEEP

Delivering a world-class patient experience through innovative solutions that lower overall costs for treating sleep apnea patients and improve clinical outcomes

RESPIRATORY CARE

Changing the lives of COPD and other patients with respiratory diseases on their healthcare journey by bringing new solutions for unmet needs

SOFTWARE AS A SERVICE (SaaS)

A network of out-of-hospital healthcare management solutions designed to help providers deliver more personalized care, measurable results and improved health outcomes.

¹ As of 6/30/20

ResMed 2025: a patient-centric, digitally-enabled strategy

Expect impact of COVID-19 will accelerate this strategy



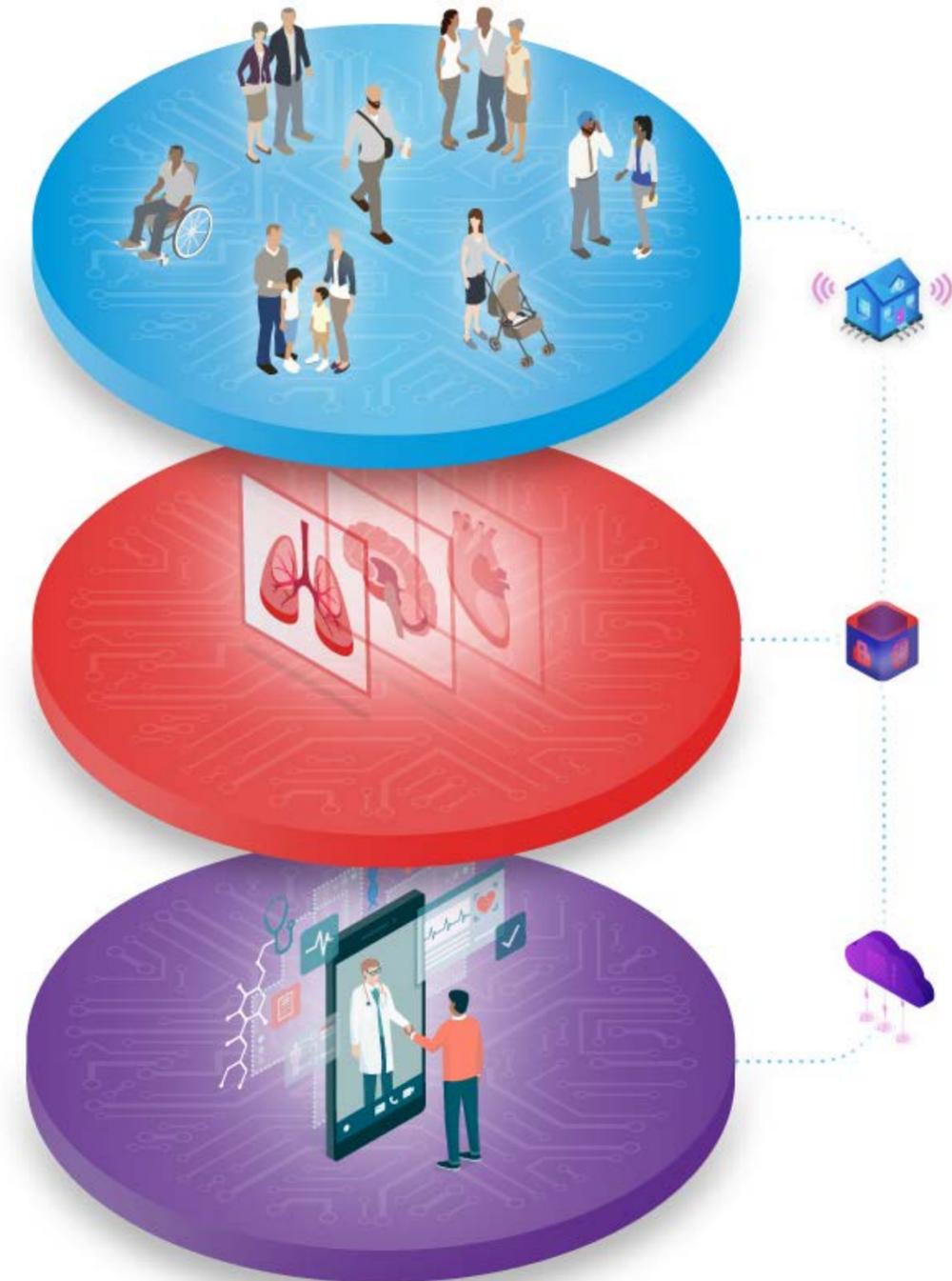
250 million lives improved in out-of-hospital healthcare in 2025!

Purpose • Empower people to live happier, healthier and higher quality lives in the comfort of their home

Growth Focus • Global health epidemics in **sleep apnea**, **COPD**, other major chronic conditions, and **SaaS** solutions that improve care in out-of-hospital settings

Growth Advantage • Transform care through **innovative solutions** and **tech-driven integrated care** to drive superior outcomes, experiences and efficiency

Growth Foundations • High-performing, diverse and entrepreneurial people
• Industry-leading innovation and business excellence
• Digital health technology and scientific leadership



Priorities that guide our daily focus

Grow and differentiate our core sleep apnea, COPD, and asthma businesses across global markets

Deliver world-leading medical devices and digital health technology to engage physicians, providers, and patients

Build the world's best software solutions network for healthcare that is delivered outside the hospital

Our triple aim:

- I. Slow chronic disease progression
- II. Reduce overall healthcare system costs
- III. Improve the quality of life for the patient

Empower people to live happier, healthier and higher quality lives in the comfort of their homes

Our response to COVID-19: Focused on preservation of life

Our ResMed Team

- Work-from-home policy for all employees when job can be performed remotely
- Specific actions to protect and support employees working in our manufacturing and distribution sites, including:
 - split shifts (A/B/C)
 - increased cleaning, personal hygiene, and safety protocols including temperature checks
 - personal protective equipment for all staff (PPE)
- Increased cadence of communications and engagement with employees

Our Stakeholders

- Fair and ethical allocation of products globally supported by an epidemiological model
- Transitioned manufacturing lines to support production of ventilation products to meet global demand
 - Tripled manufacturing of ventilators
 - Scaled up ventilation mask production more than 10x
- Updated and ongoing clinical information
- Increased digital health technology and remote patient care services for customers

Business Continuity

- Established key workstreams and a central task force to guide and manage ResMed through the crisis
- Ongoing communication with suppliers and partners to ensure continuity and identify gaps
- Active engagement with key government officials and healthcare systems worldwide
- Ongoing business modeling and scenario planning
- Prudent cash and expense management

Q4 and full-year FY2020 highlights

STRATEGIC UPDATES

- Rapidly pivoted business to support COVID-19 pandemic through increased ventilator production
- Growth in digital health ecosystem and expanded remote care tools to support a changing environment
- Continued expansion of our out-of-hospital care solutions to support seamless transitions of care

Q4 2020 FINANCIAL HIGHLIGHTS

- Revenue increased 9% to \$770.3M, up 10% constant currency
- Non-GAAP gross margin improved 60bps YOY to 59.9%
- Non-GAAP operating profit up 24%
- Non-GAAP EPS \$1.33

FY2020 FINANCIAL HIGHLIGHTS

- FY20 revenue \$3B, up 13% YOY, 15% constant currency
- Non-GAAP gross margin improved 80bps YOY to 59.8%
- Non-GAAP operating profit up 24%
- Non-GAAP EPS \$4.76

Our strong foundation will accelerate growth over the longer term

Business updates

SLEEP

- Beginning to see signs of recovery in new patient diagnosis – varies by market and geography
- Continued expansion of home sleep testing to support doctors and patients during physical distancing
- Introduced ResMed MaskSelector to make remote patient mask selection and sizing easier



RESPIRATORY CARE

- Increased ventilator manufacturing 3.5x over prior year
- Launched AirView for respiratory in Europe
- Expanded Propeller partnerships with AstraZeneca and Novartis



SOFTWARE AS A SERVICE (SaaS)

- Good demand for resupply solutions as customers focus on resupply to maintain recurring revenue
- Business impacted by patient flow from elective and emergent procedures
- Continued development of product enhancements to support during the pandemic and beyond

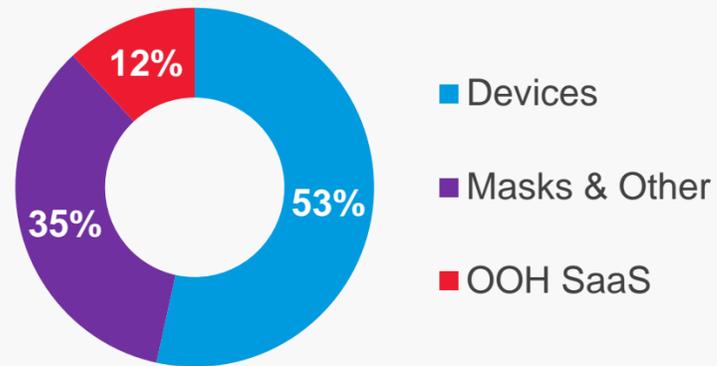


Financial Results

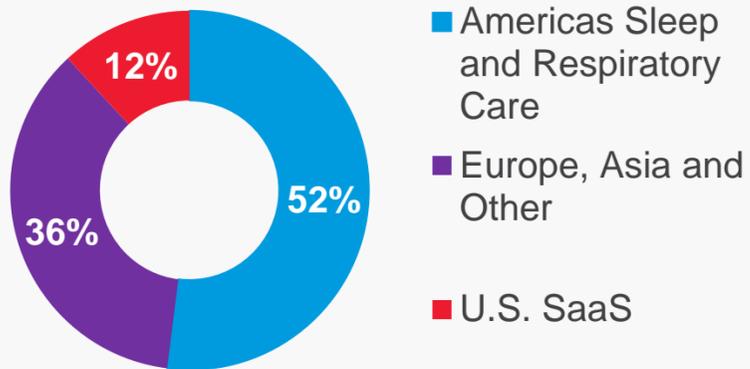


Q4 FY20 financial results

Revenue by Business
Q4 FY20



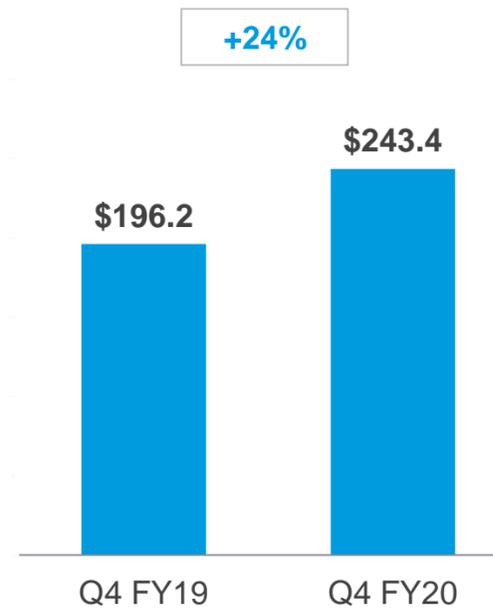
Revenue by Region
Q4 FY20



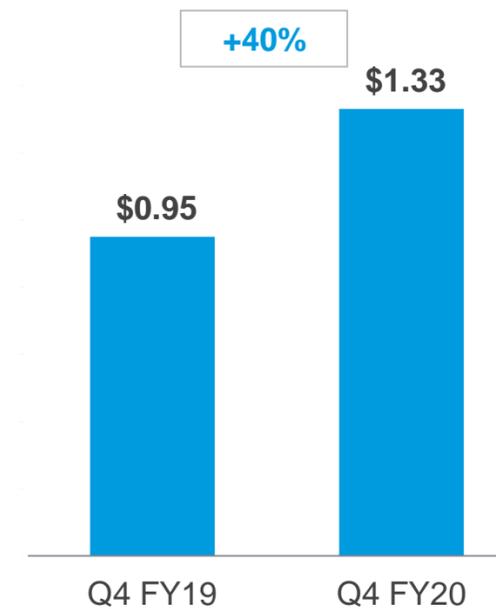
Revenue (\$M)



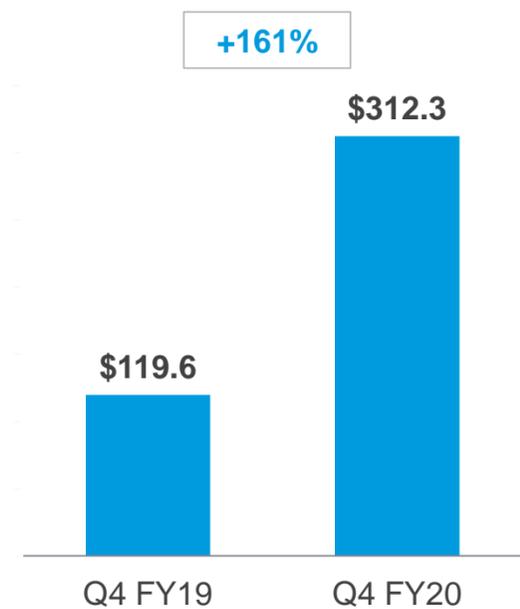
Non-GAAP Operating Income (\$M)



Non-GAAP EPS



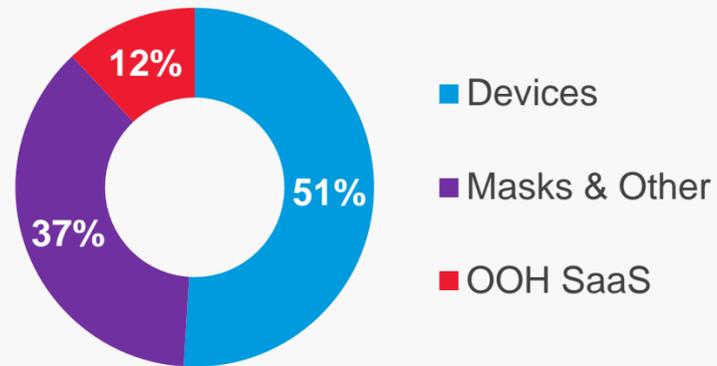
FCF (\$M)



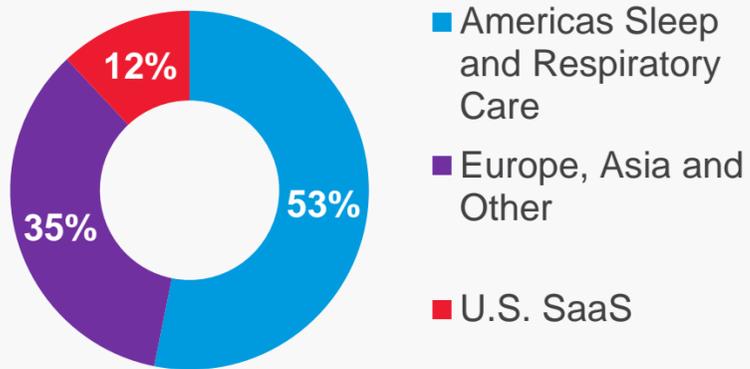
NOTE: See reconciliation to GAAP in Appendix

FY2020 financial results

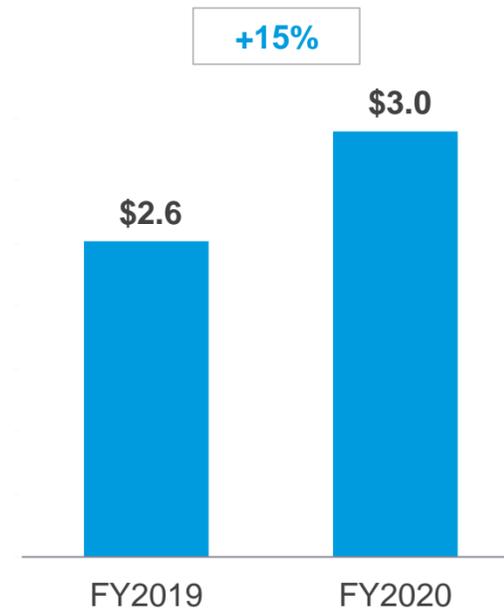
Revenue by Business
FY2020



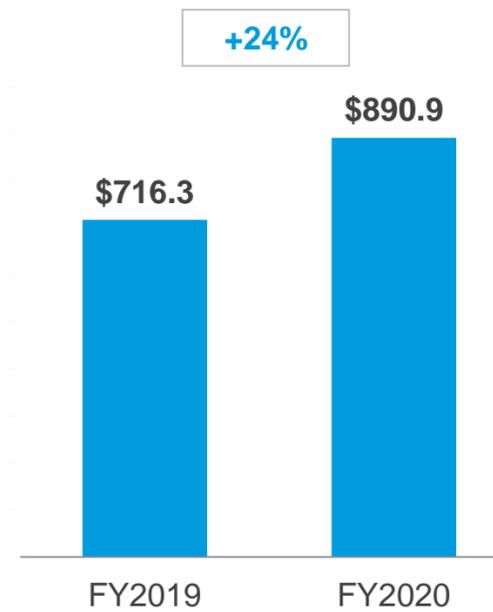
Revenue by Region
FY2020



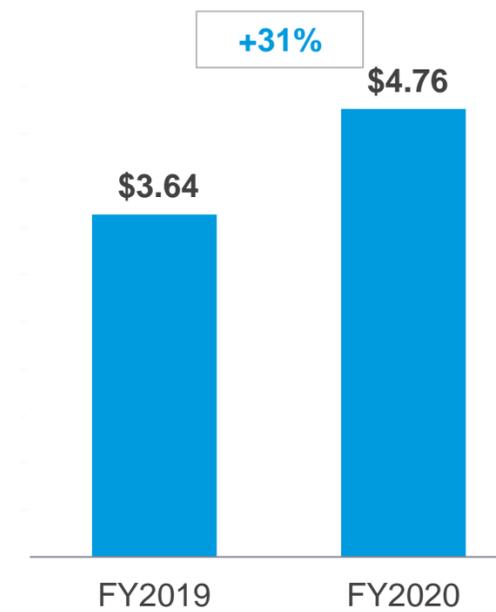
Revenue (\$B)



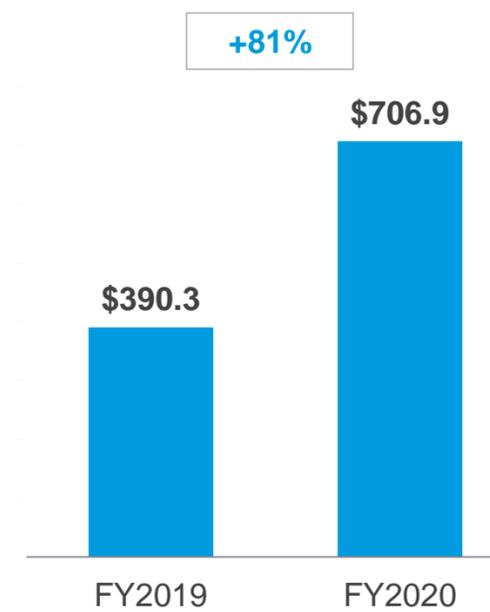
Non-GAAP Operating Income (\$M)



Non-GAAP EPS



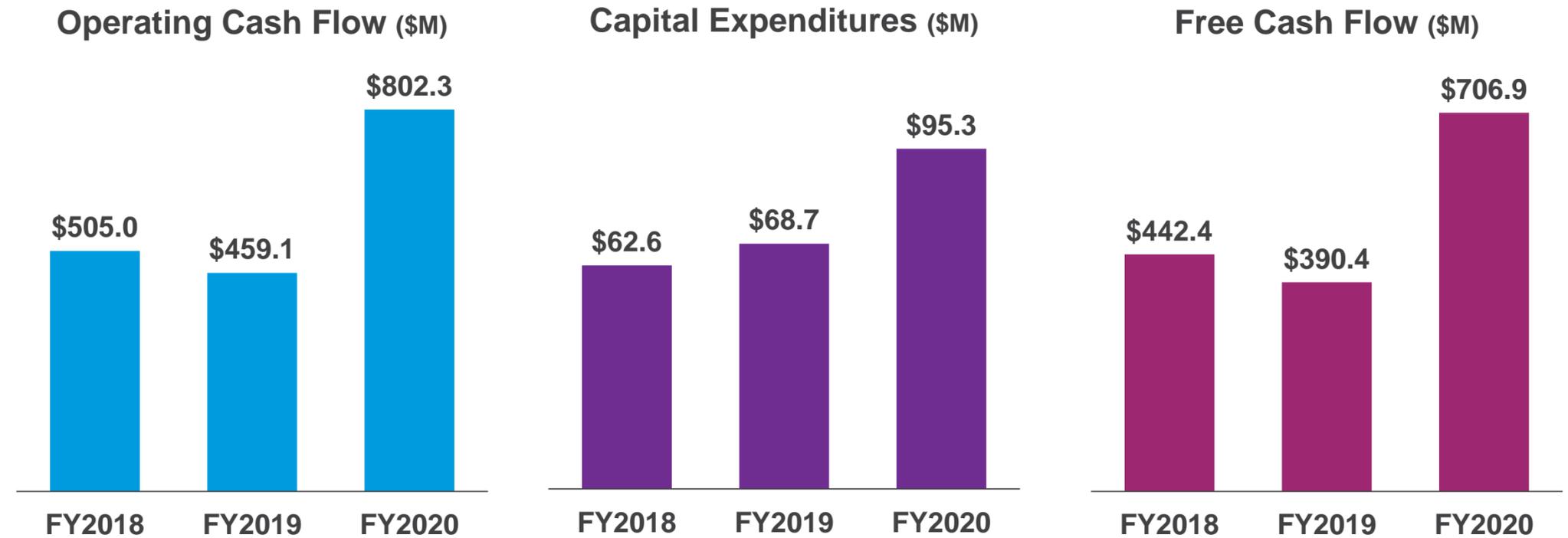
FCF (\$M)



NOTE: See reconciliation to GAAP in Appendix

Strong balance sheet and recurring free cash flow

Total debt outstanding	\$1,176M
Less: Cash & cash equiv.	\$463M
Net Debt	\$713M
Unused borrowing capacity	\$1,090M

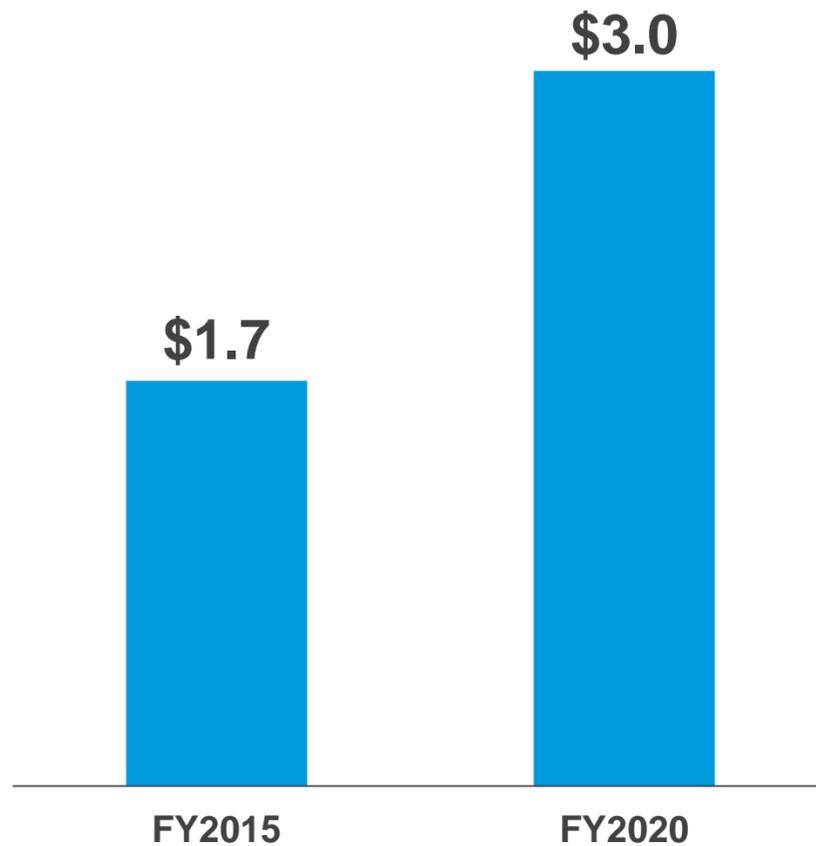


Low leverage and strong liquidity provide financial flexibility

Track record of strong financial returns for shareholders

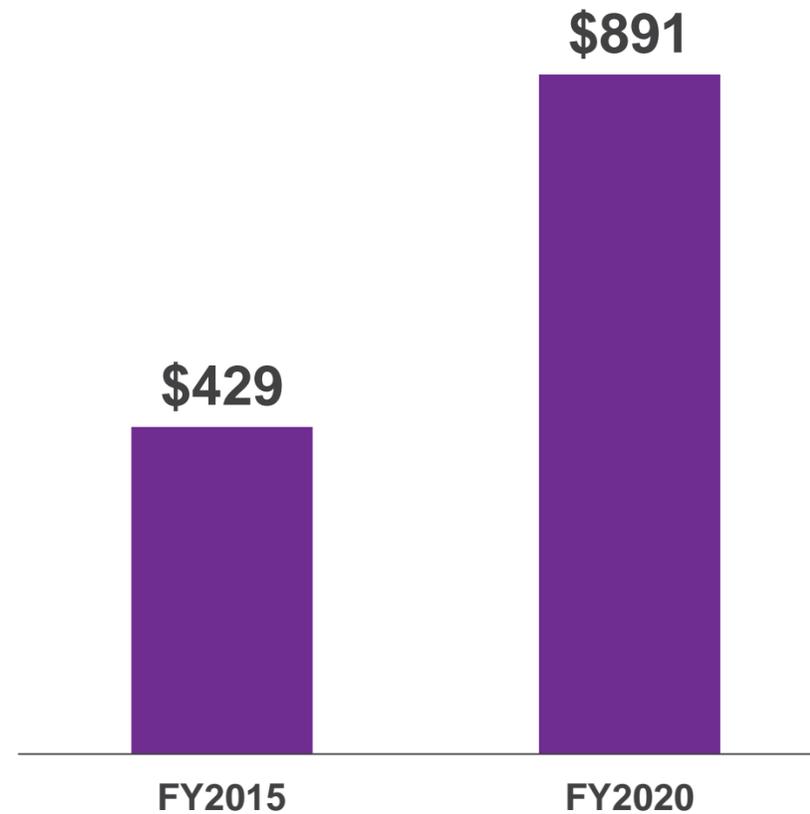
Revenue (\$B)

12% CAGR



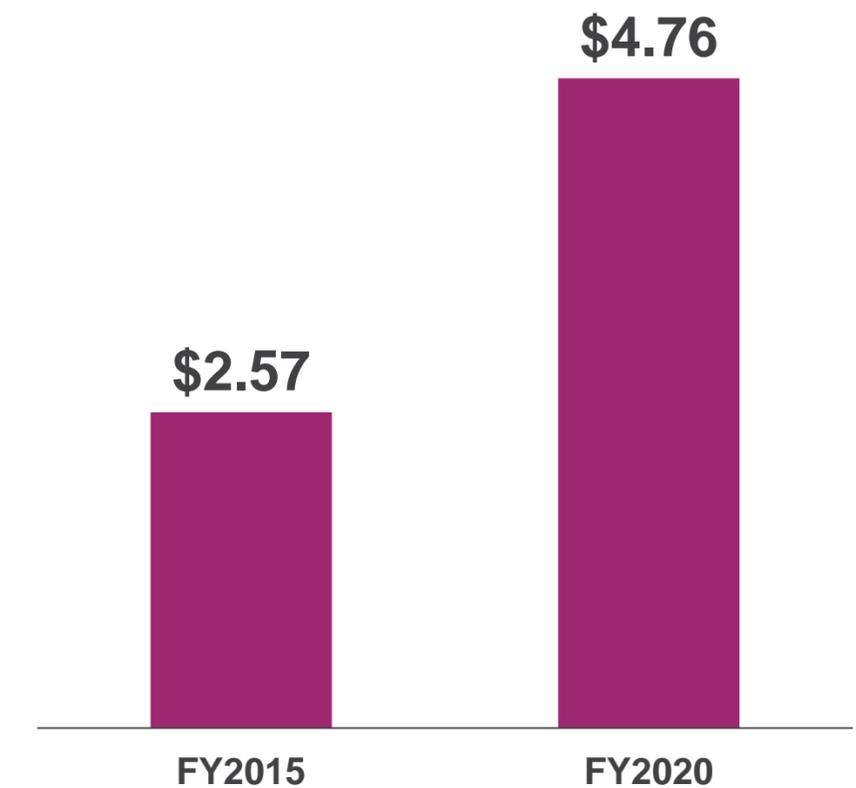
Non-GAAP Operating Income (\$M)

16% CAGR



Non-GAAP EPS

13% CAGR



Total shareholder return, TSR (NYSE shares as of 6/30/2020): 1-yr 59% | 3-yr 157% | 5-yr 270%

NOTE: See reconciliation to GAAP in Appendix

Capital allocation overview

Higher
Priority

Reinvest for Growth

Reinvest in product development for high-return organic growth; 7% of 2020 revenue invested in R&D

Pursue M&A

Actively evaluate potential acquisitions but pursue only those that accomplish long-term strategic goals and financial objectives

Support Dividends

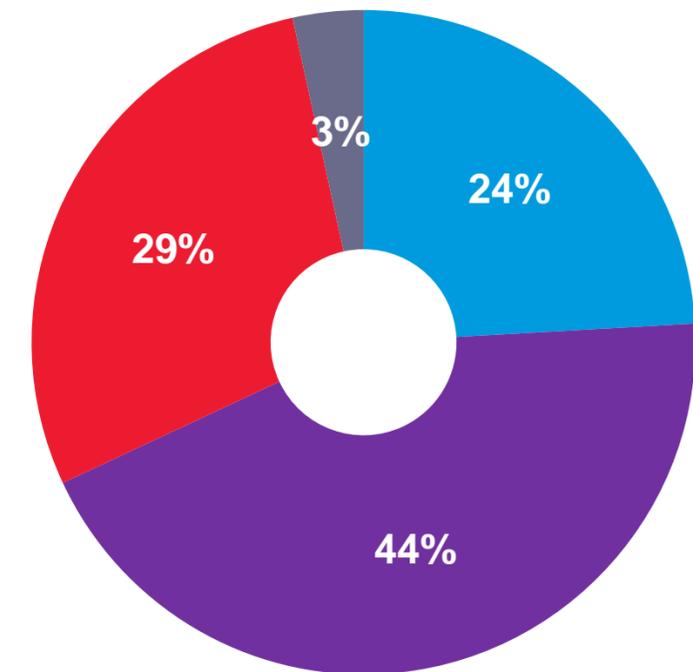
Regular return of cash to shareholders through dividend at a level that is meaningful and sustainable

Opportunistically Repurchase Shares

Opportunistic repurchase of shares; current program suspended following acquisitions of MatrixCare & Propeller

Lower
Priority

\$2.2B Deployed
3-Year History



■ Reinvest in R&D
■ M&A
■ Dividends
■ Share Repurchase

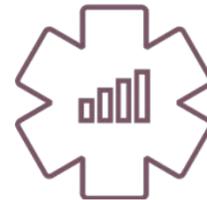
Disciplined focus on ROIC and delivering total return

Driving long-term shareholder value



Growth & Innovation

- Global leader in connected health for sleep and respiratory care
- Long-term growth opportunities
- 6,000+ patents and designs
- ~7-8% of revenue invested in R&D



Market Dynamics

- Underpenetrated markets in sleep and COPD
- Healthcare costs continue to increase
- Focus on improving patient outcomes
- Value-based technology solutions



Financial Results

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

ResMed is the global leader in connected & digital health

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APPENDIX



Striving for excellence in environmental, social, and governance processes

Eliminating unnecessary waste	Minimizing pollution	Product stewardship	Responsible compliance	Increased awareness and continual improvement
We work to eliminate unnecessary waste in all our systems & processes, such as minimizing our use of natural resources.	We are minimizing pollution, in particular our non-biodegradable waste to landfill.	We design and develop products with reduced impact on the environment through their lifecycle.	We fulfill all relevant and applicable compliance obligations in the countries and communities that we operate in.	We drive internal awareness of environmental impacts and monitor our performance through collaboration with others to make continual improvements
				

Recognized by others for leading in this space:

- #18 on Forbes & Just Capital's "2019 Just 100," #1 in Healthcare Equipment and Services
- #125 on WSJ's 2019 Management Top 250 of the U.S.'s most well-run companies for customers, employees, and investors



Reconciliation of non-GAAP financial measures

The measures “non-GAAP gross profit” and “non-GAAP gross margin” excludes amortization expense from acquired intangibles related to cost of sales and are reconciled below:

(Unaudited; \$ in thousands, except for per share amounts)

	Three Months Ended		Twelve Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue	\$ 770,343	\$ 704,964	\$ 2,957,013	\$ 2,606,572
Add back: Deferred revenue fair value adjustment ^(A)	-	1,065	2,102	5,348
Non-GAAP Revenue	\$ 770,343	\$ 706,029	\$ 2,959,115	\$ 2,611,920
GAAP Cost of sales	\$ 320,971	\$ 302,532	\$ 1,239,227	\$ 1,112,501
Less: Amortization of acquired intangibles ^(A)	(11,980)	(15,418)	(49,603)	(42,514)
Non-GAAP cost of sales	\$ 308,991	\$ 287,114	\$ 1,189,624	\$ 1,069,987
GAAP gross profit	449,372	402,432	1,717,786	1,494,071
GAAP gross margin	58.3 %	57.1 %	58.1 %	57.3 %
Non-GAAP gross profit	461,352	418,915	1,769,491	1,541,933
Non-GAAP gross margin	59.9 %	59.3 %	59.8 %	59.0 %

(A) ResMed adjusts for the impact of the amortization of acquired intangibles, deferred revenue fair value adjustment, restructuring expenses, litigation settlement expenses, fair value impairment of investment, the impact of U.S. tax reform on income tax expense and acquisition-related expenses from their evaluation of ongoing operations, and believes that investors benefit from adjusting these items to facilitate a more meaningful evaluation of current operating performance.

ResMed believes that non-GAAP diluted earnings per share is an additional measure of performance that investors can use to compare operating results between reporting periods. ResMed uses non-GAAP information internally in planning, forecasting, and evaluating the results of operations in the current period and in comparing it to past periods. ResMed believes this information provides investors better insight when evaluating ResMed’s performance from core operations and provides consistent financial reporting. The use of non-GAAP measures is intended to supplement, and not to replace, the presentation of net income and other GAAP measures. Like all non-GAAP measures, non-GAAP earnings are subject to inherent limitations because they do not include all the expenses that must be included under GAAP.

Reconciliation of non-GAAP financial measures, cont'd

The measure “non-GAAP income from operations” is reconciled with GAAP income from operations below:

(Unaudited; \$ in thousands, except for per share amounts)

	Three Months Ended		Twelve Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
GAAP income from operations	\$ 223,247	\$ 121,075	\$ 809,659	\$ 579,263
Amortization of acquired intangibles - cost of sales ^(A)	11,980	15,418	49,603	42,514
Amortization of acquired intangibles - operating expenses ^(A)	8,220	8,019	30,092	32,424
Deferred revenue fair value adjustment ^(A)	-	1,065	2,102	5,348
Restructuring expenses ^(A)	-	9,401	-	9,401
Litigation settlement expenses ^(A)	-	41,199	(600)	41,199
Acquisition related expenses ^(A)	-	-	-	6,123
Non-GAAP income from operations	<u>\$ 243,447</u>	<u>\$ 196,177</u>	<u>\$ 890,856</u>	<u>\$ 716,272</u>

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Reconciliation of non-GAAP financial measures, cont'd

The measure “non-GAAP net income” and “non-GAAP diluted earnings per share” are reconciled with GAAP net income and GAAP diluted earnings per share in the table below:

(Unaudited; \$ in thousands, except for per share amounts)

	Three Months Ended		Twelve Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
GAAP net income	\$ 177,835	\$ 68,797	\$ 621,674	\$ 404,592
Amortization of acquired intangibles - cost of sales, net of tax ^(A)	9,167	11,447	37,933	32,477
Amortization of acquired intangibles - operating expenses, net of tax ^(A)	6,290	5,954	23,012	24,769
Deferred revenue fair value adjustment, net of tax ^(A)	-	786	1,610	4,067
Restructuring expenses, net of tax ^(A)	-	7,205	-	7,205
Litigation settlement expenses, net of tax ^(A)	-	36,248	(528)	36,248
Fair value impairment of investment ^(A)	-	5,000	9,100	5,000
U.S. tax reform	-	2,149	-	6,654
Acquisition-related expenses ^(A)	-	-	-	5,362
Non-GAAP net income ^(A)	\$ 193,292	\$ 137,586	\$ 692,801	\$ 526,374
Diluted shares outstanding	145,866	144,687	145,652	144,484
GAAP diluted earnings per share	\$ 1.22	\$ 0.48	\$ 4.27	\$ 2.80
Non-GAAP diluted earnings per share ^(A)	\$ 1.33	\$ 0.95	\$ 4.76	\$ 3.64

(A) ResMed adjusts for the impact of the amortization of acquired intangibles, deferred revenue fair value adjustment, restructuring expenses, litigation settlement expenses, fair value impairment of investment, the impact of U.S. tax reform on income tax expense and acquisition-related expenses from their evaluation of ongoing operations, and believes that investors benefit from adjusting these items to facilitate a more meaningful evaluation of current operating performance.

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