



Q2 FY2021 Earnings

January 28, 2021

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.

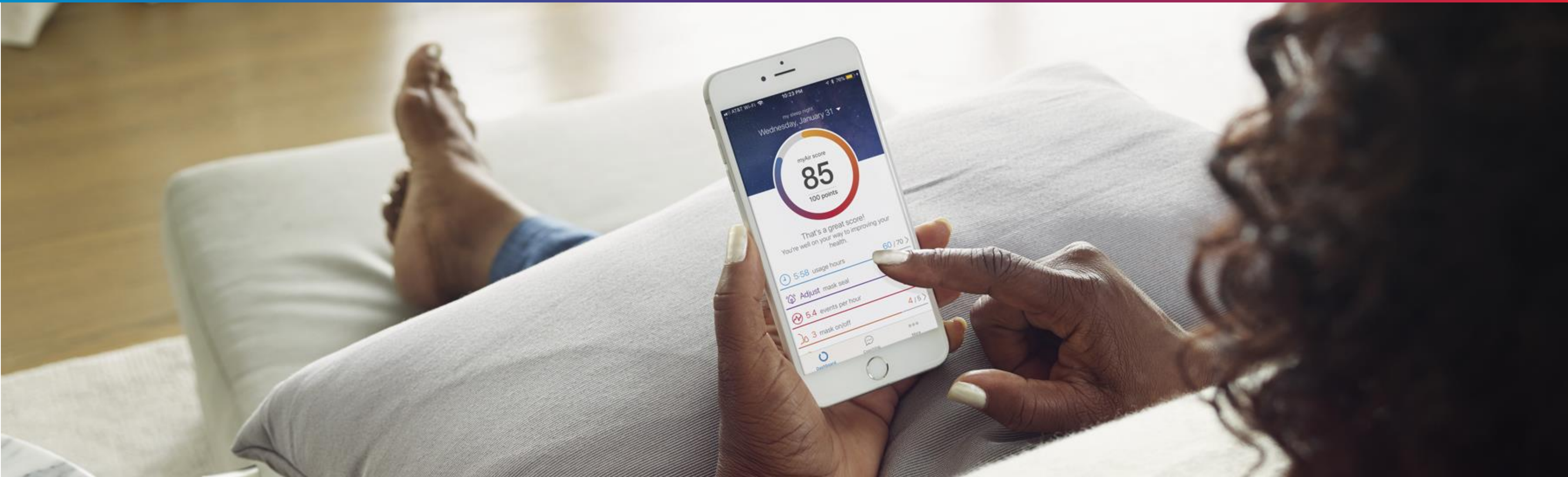
This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures in this presentation, which include non-GAAP Income from Operations, 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 118 million lives with our digital health products and cloud-based software solutions

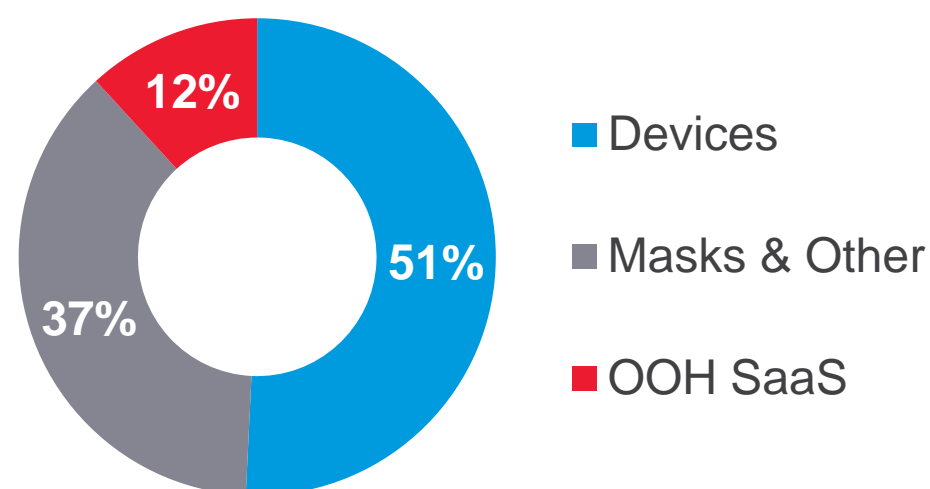
ResMed at a glance

KEY STATISTICS¹

LTM 2Q21 REVENUE	\$3.1B
FOUNDED	1989
LISTED (NYSE, ASX)	1995, RMD
MARKET CAP	~\$30B
HEADQUARTERS	San Diego, CA
EMPLOYEES	~7,500
COUNTRIES SERVED	140+

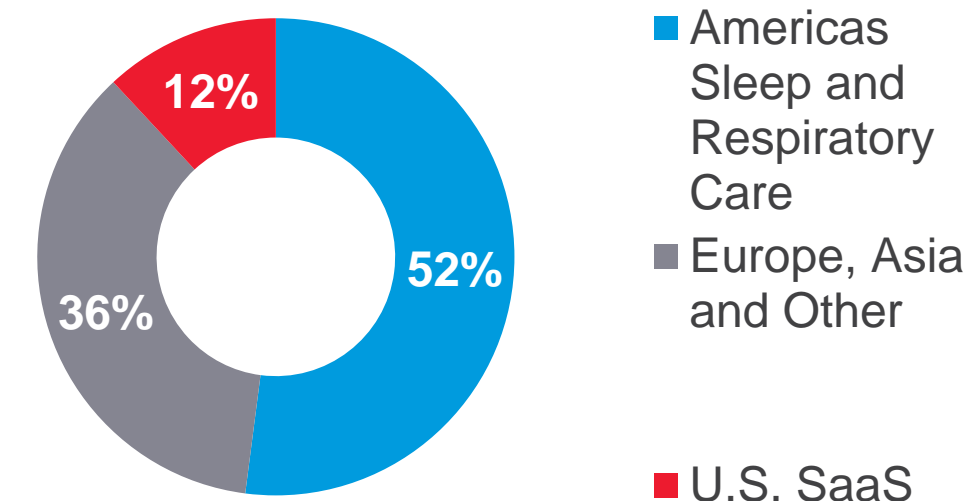
Revenue by Business

LTM 2Q21



Revenue by Region

LTM 2Q21



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 31DEC20

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



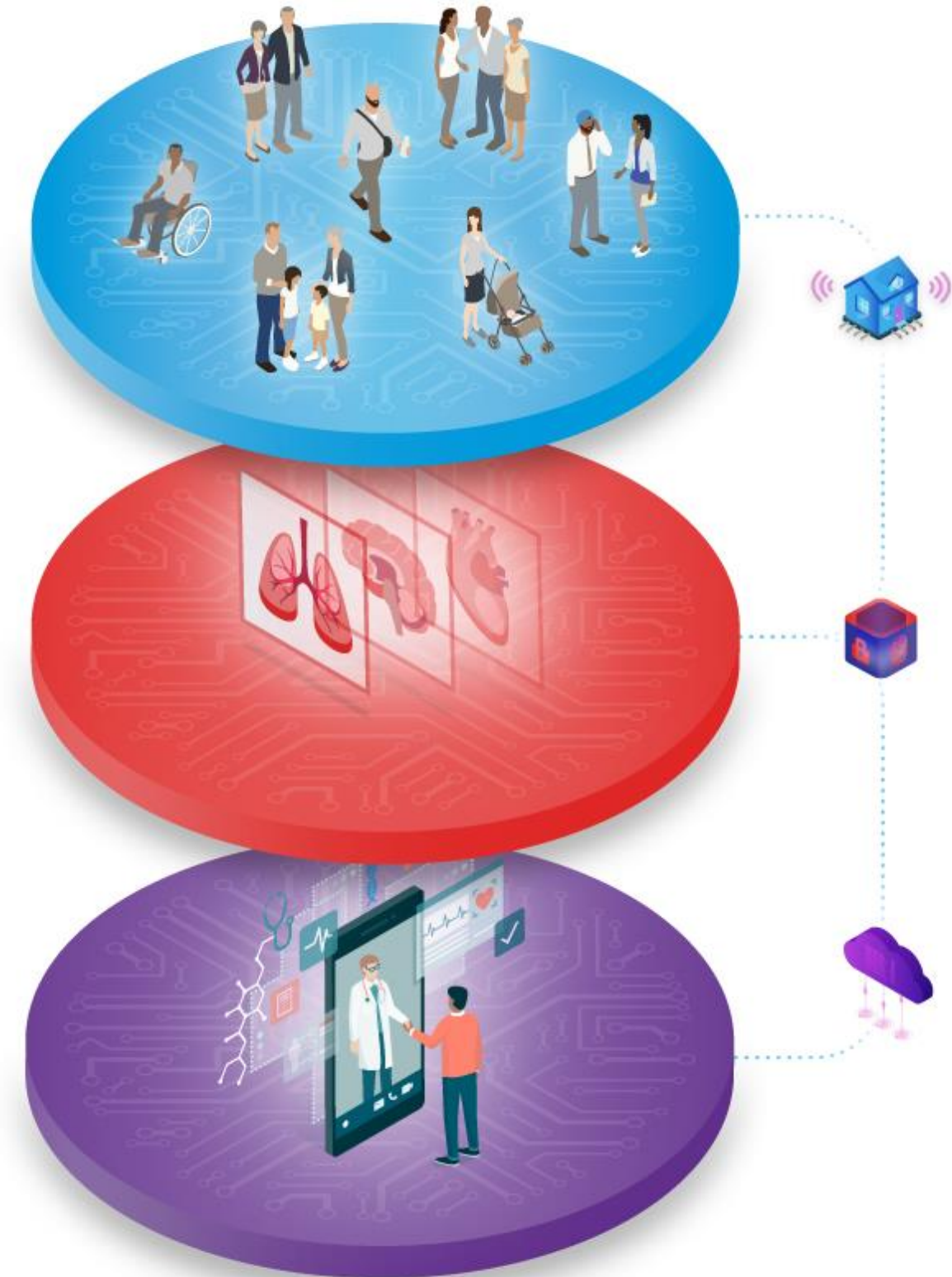
250 million lives improved in out-of-hospital healthcare in 2025!

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

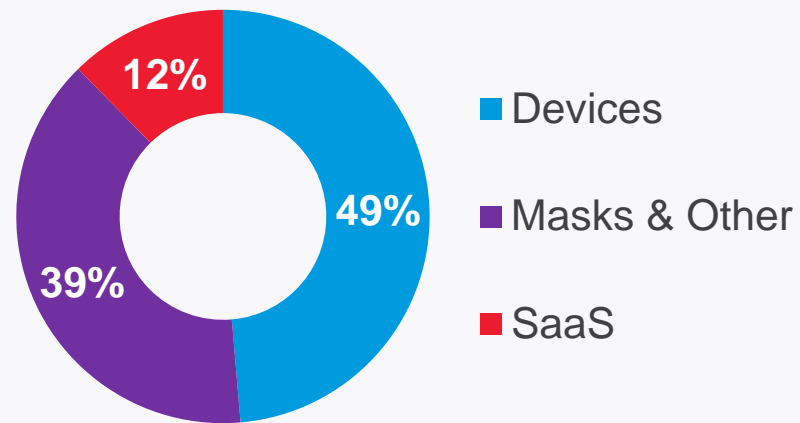
Empower people to live happier, healthier, and higher quality lives in the comfort of their homes

Financial Results

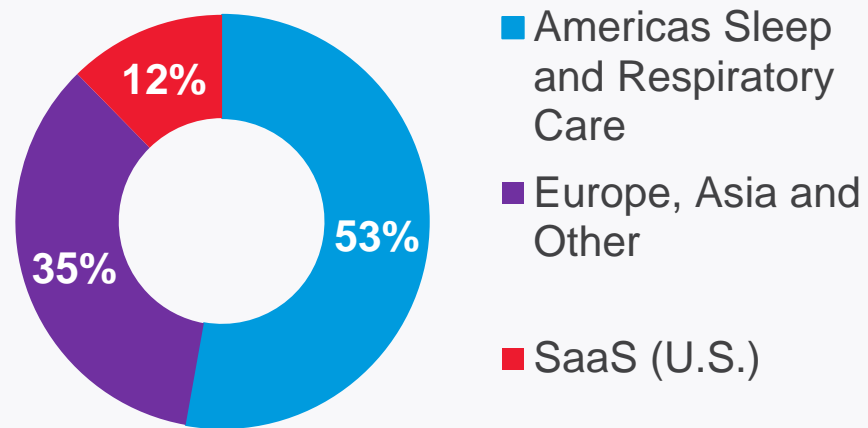


Q2 FY21 financial results

Revenue by Business
Q2 FY21



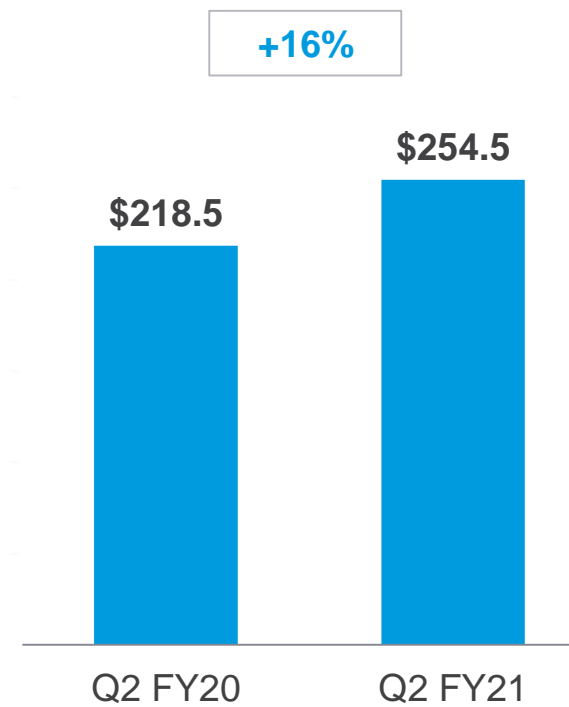
Revenue by Region
Q2 FY21



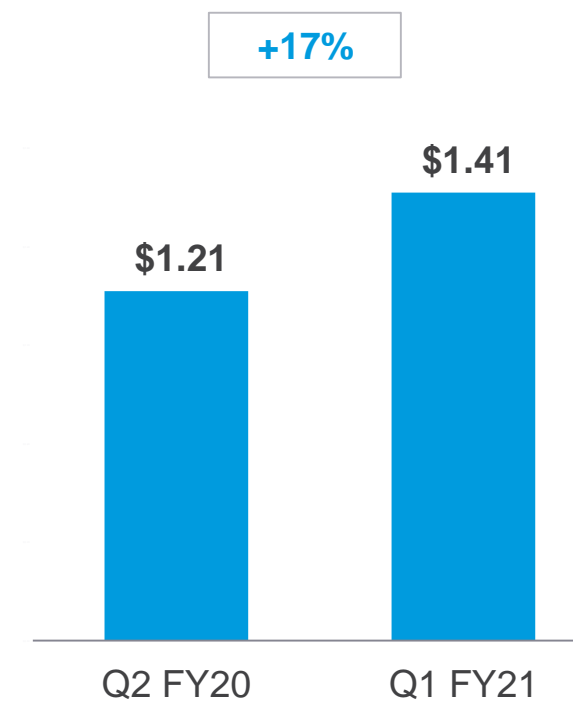
Revenue (\$M)



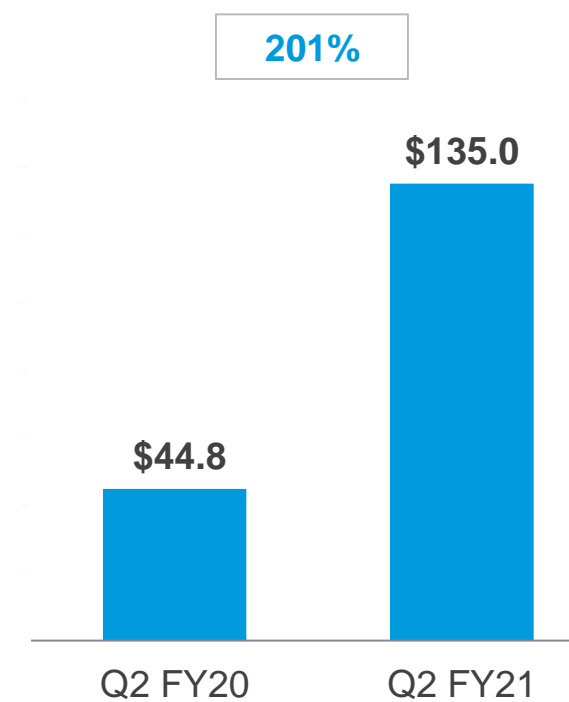
Non-GAAP Operating Income (\$M)



Non-GAAP EPS



FCF (\$M)



NOTE: See reconciliation to GAAP in Appendix

Strong balance sheet and recurring free cash flow

Total debt outstanding	\$826M
Less: Cash & cash equiv.	\$256M
Net Debt	\$570M
Unused borrowing capacity	\$1,435M

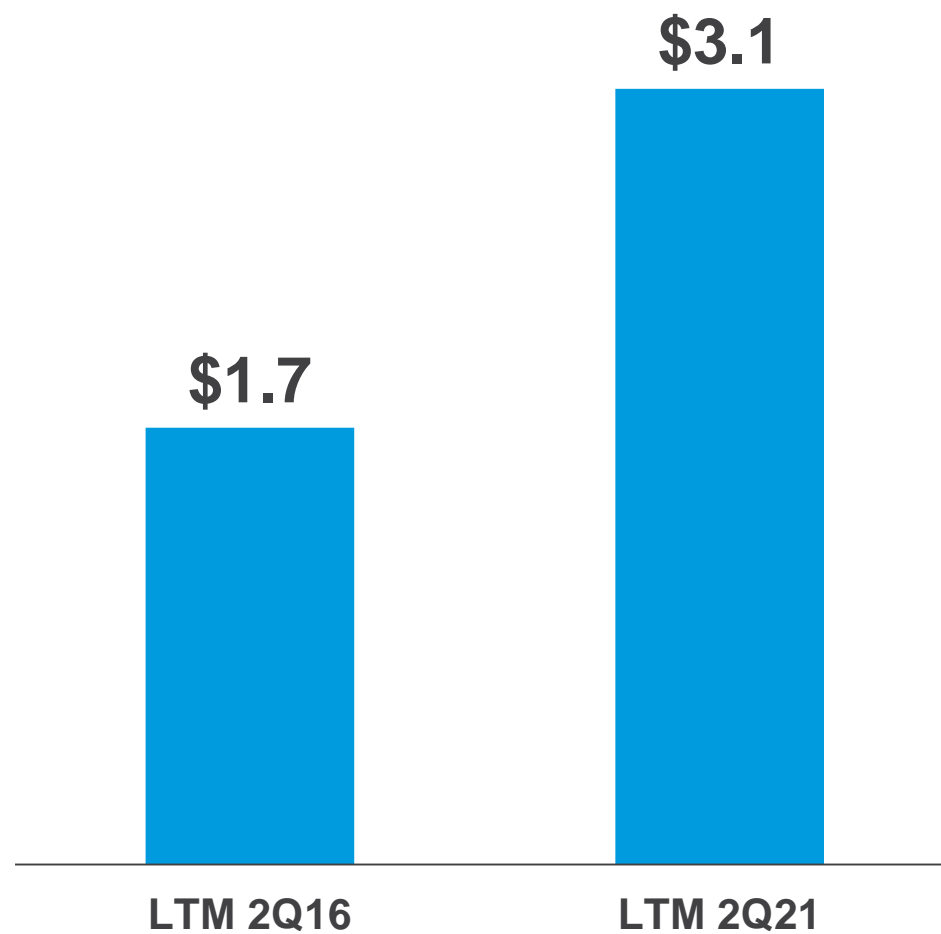


Low leverage and strong liquidity provide financial flexibility

Track record of strong financial returns for shareholders

Revenue (\$B)

12% CAGR



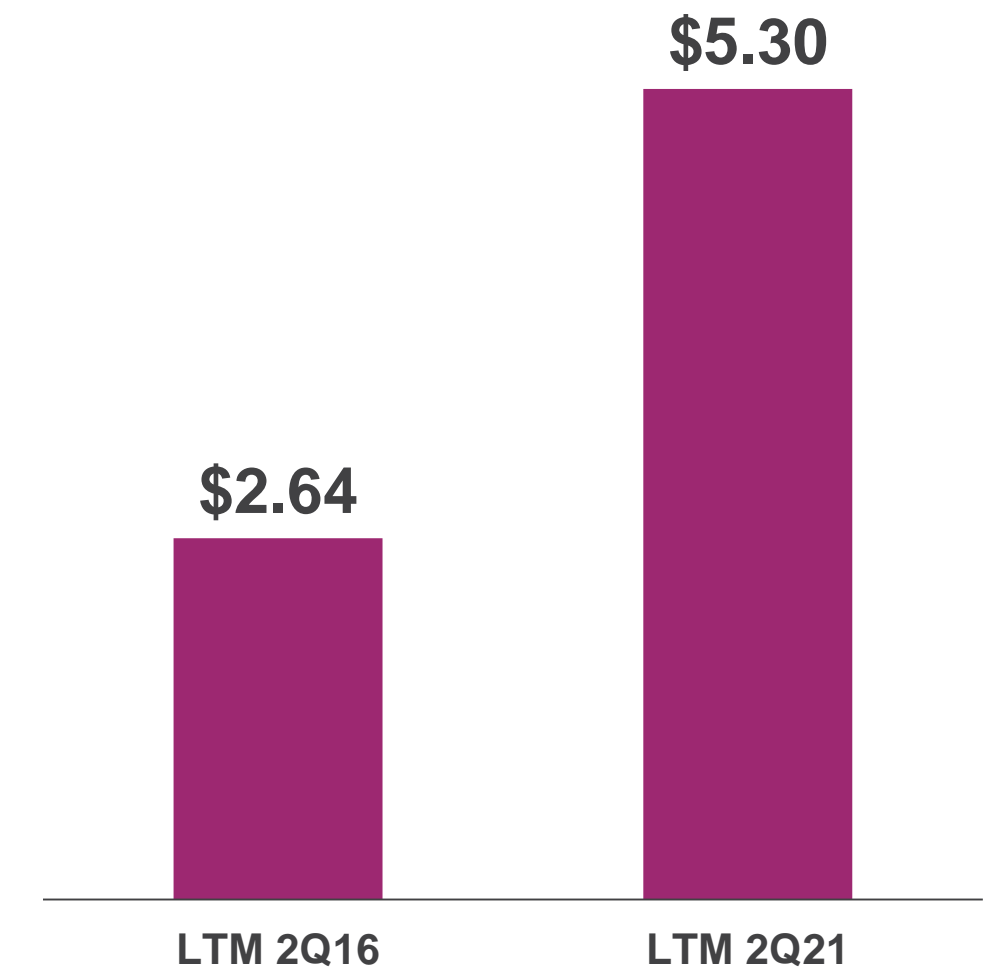
Non-GAAP Operating Income (\$M)

17% CAGR



Non-GAAP EPS

15% CAGR



Total shareholder return, TSR (NYSE shares as of 12/31/2020): 1-yr 38% | 3-yr 160% | 5-yr 327%

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

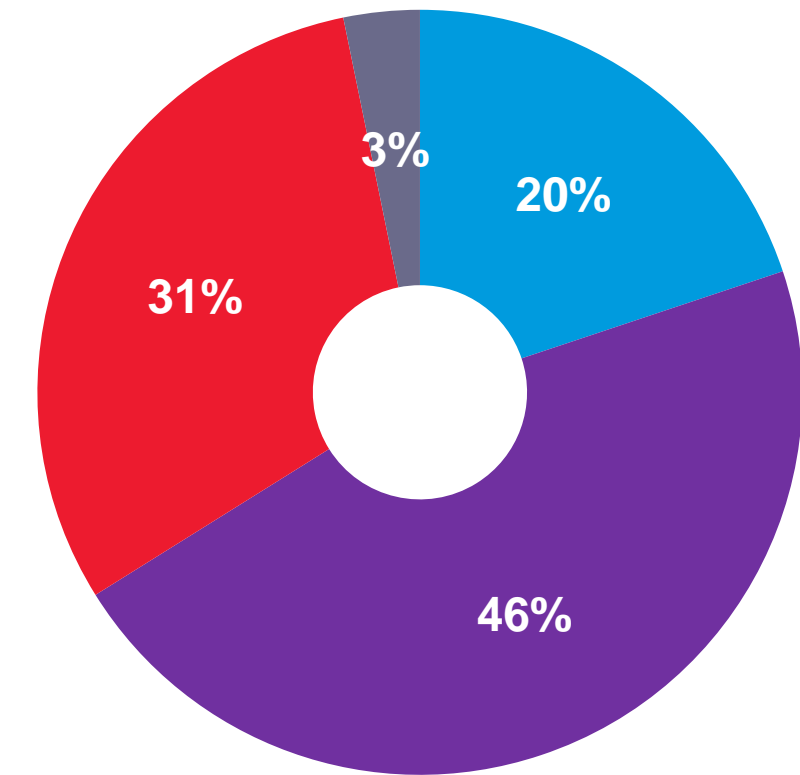
Opportunistically Repurchase Shares

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

Lower
Priority

\$2.1B Deployed

3-Year History
(through Dec. 31, 2020)



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

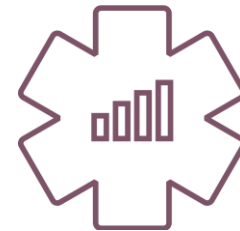
Disciplined focus on ROIC and delivering total return

Driving long-term shareholder value



Growth & Innovation

- Global leader in digital health for sleep and respiratory care
- Long-term growth opportunities
- 6,500+ 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



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		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue	\$ 800,011	\$ 736,157	\$ 1,551,955	\$ 1,417,213
Add back: Deferred revenue fair value adjustment ^(A)	-	657	-	2,102
Non-GAAP Revenue	\$ 800,011	\$ 736,814	\$ 1,551,955	\$ 1,419,315
GAAP Cost of sales	\$ 337,528	\$ 309,027	\$ 650,811	\$ 598,464
Less: Amortization of acquired intangibles ^(A)	(11,164)	(12,052)	(23,143)	(25,488)
Less: Restructuring - cost of sales ^(A)	(5,232)	-	(5,232)	-
Non-GAAP cost of sales	\$ 321,132	\$ 296,975	\$ 622,436	\$ 572,976
GAAP gross profit	\$ 462,483	\$ 427,130	\$ 901,144	\$ 818,749
GAAP gross margin	57.8 %	58.0 %	58.1 %	57.8 %
Non-GAAP gross profit	\$ 478,879	\$ 439,839	\$ 929,519	\$ 846,339
Non-GAAP gross margin	59.9 %	59.7 %	59.9 %	59.6 %

(A) ResMed adjusts for the impact of the amortization of acquired intangibles, restructuring expenses, deferred revenue fair value adjustment, litigation settlement expenses, and the (gain) loss on equity investments 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		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP income from operations	\$ 221,716	\$ 197,809	\$ 438,612	\$ 368,912
Amortization of acquired intangibles - cost of sales ^(A)	11,164	12,052	23,143	25,488
Amortization of acquired intangibles - operating expenses ^(A)	7,689	8,556	15,932	13,599
Restructuring - cost of sales ^(A)	5,232	-	5,232	-
Restructuring - operating expenses ^(A)	8,673	-	8,673	-
Deferred revenue fair value adjustment ^(A)	-	657	-	2,102
Litigation settlement expenses ^(A)	-	(600)	-	(600)
Non-GAAP income from operations	<u>\$ 254,474</u>	<u>\$ 218,474</u>	<u>\$ 491,592</u>	<u>\$ 409,501</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		Six Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP net income	\$ 179,514	\$ 160,554	\$ 357,886	\$ 280,702
Amortization of acquired intangibles - cost of sales, net of tax ^(A)	8,566	9,210	17,742	19,478
Amortization of acquired intangibles - operating expenses, net of tax ^(A)	5,900	6,538	12,214	10,392
Restructuring - cost of sales, net of tax ^(A)	4,663	-	4,663	-
Restructuring - operating expenses, net of tax ^(A)	7,730	-	7,730	-
Deferred revenue fair value adjustment, net of tax ^(A)	-	503	-	1,610
Litigation settlement expenses, net of tax ^(A)	-	(528)	-	(528)
(Gain) loss on equity investments ^(A)	-	-	(8,476)	-
Non-GAAP net income ^(A)	\$ 206,373	\$ 176,277	\$ 391,759	\$ 311,654
Diluted shares outstanding	146,421	145,575	146,350	145,479
GAAP diluted earnings per share	\$ 1.23	\$ 1.10	\$ 2.45	\$ 1.93
Non-GAAP diluted earnings per share ^(A)	\$ 1.41	\$ 1.21	\$ 2.68	\$ 2.14

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