



Investor Day

May 16, 2019

Improving Patient Outcomes

Reducing the Cost of Care®

Agenda

8:00am - 8:30am	Registration Breakfast
8:30am - 9:40am	Management Presentations
9:40am - 9:50am	Break
9:50am - 11:00am	Management Presentations
11:00am - 1:30pm	Lunch and Technology Demonstrations
1:30pm - 2:00pm	Executive Q&A and Closing Comments

FORWARD-LOOKING STATEMENTS

These presentations contain forward-looking statements within the meaning of federal securities laws, including, among others, statements about our expectations, plans, strategies or prospects. We generally use the words “may,” “will,” “expect,” “believe,” “anticipate,” “plan,” “estimate,” “project,” “assume,” “guide,” “target,” “forecast,” “see,” “seek,” “can,” “should,” “could,” “would,” “intend” “predict,” “potential,” “strategy,” “is confident that,” “future,” “opportunity,” “work toward,” and similar expressions to identify forward-looking statements. All statements other than statements of historical or current fact are, or may be deemed to be, forward-looking statements. Such statements are based upon the current beliefs, expectations and assumptions of management and are subject to significant risks, uncertainties and changes in circumstances that could cause actual results to differ materially from the forward-looking statements. Forward-looking statements speak only as of the date they are made, and we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers of these presentations are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in these presentations. The risks and uncertainties that may cause actual results to differ materially from Masimo’s current expectations are more fully described in Masimo’s reports filed with the U.S. Securities and Exchange Commission (SEC), including our most recent Form 10-K and Form 10-Q. Copies of these filings, as well as subsequent filings, are available online at www.sec.gov, www.masimo.com or upon request.



NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures contained herein are a supplement to the corresponding financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP). The non-GAAP financial measures presented exclude certain items that are more fully described in the Appendix. Management believes that adjustments for these items assist investors in making comparisons of period-to-period operating results and that these items are not indicative of the company's on-going core operating performance. These non-GAAP financial measures have certain limitations in that they do not reflect all of the costs associated with the operations of the Company's business as determined in accordance with GAAP. Therefore, investors should consider non-GAAP financial measures in addition to, and not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP. The non-GAAP financial measures presented by the Company may be different from the non-GAAP financial measures used by other companies. The Company has presented the following non-GAAP measures to assist investors in understanding the Company's core net operating results on an on-going basis: (i) constant currency product revenue, (ii) non-GAAP gross margin %, (iii) non-GAAP operating expense %, (iv) non-GAAP operating margin %, (v) non-GAAP earnings per diluted share and (vi) adjusted free cash flow. These non-GAAP financial measures may also assist investors in making comparisons of the company's core operating results with those of other companies. Management believes constant currency product revenue, non-GAAP gross profit, non-GAAP net income and non-GAAP net income per diluted share are important measures in the evaluation of the Company's performance and uses these measures to better understand and evaluate our business. For additional financial details, including GAAP to non-GAAP reconciliations, please visit the Investor Relations section of the Company's website at www.masimo.com to access Supplementary Financial Information.





Joe Kiani

Chairman and
Chief Executive Officer





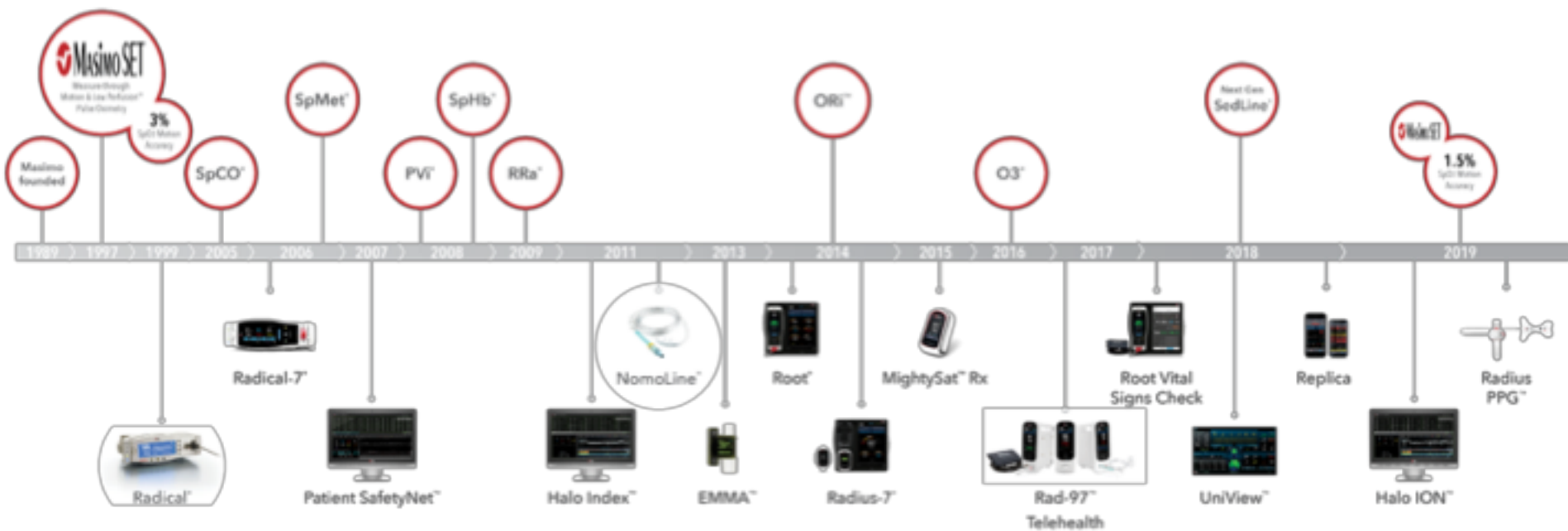
MISSION STATEMENT

Improving Patient Outcomes and
Reducing the Cost of Care®

GUIDING PRINCIPLES

- Remain faithful to your promises and responsibilities
- Thrive on fascination and accomplishment and not on greed and power
- Strive to make each year better than the year before, both personally and for the team
- Make each day as fun as possible
- Do what is best for patient care

Innovation Timeline

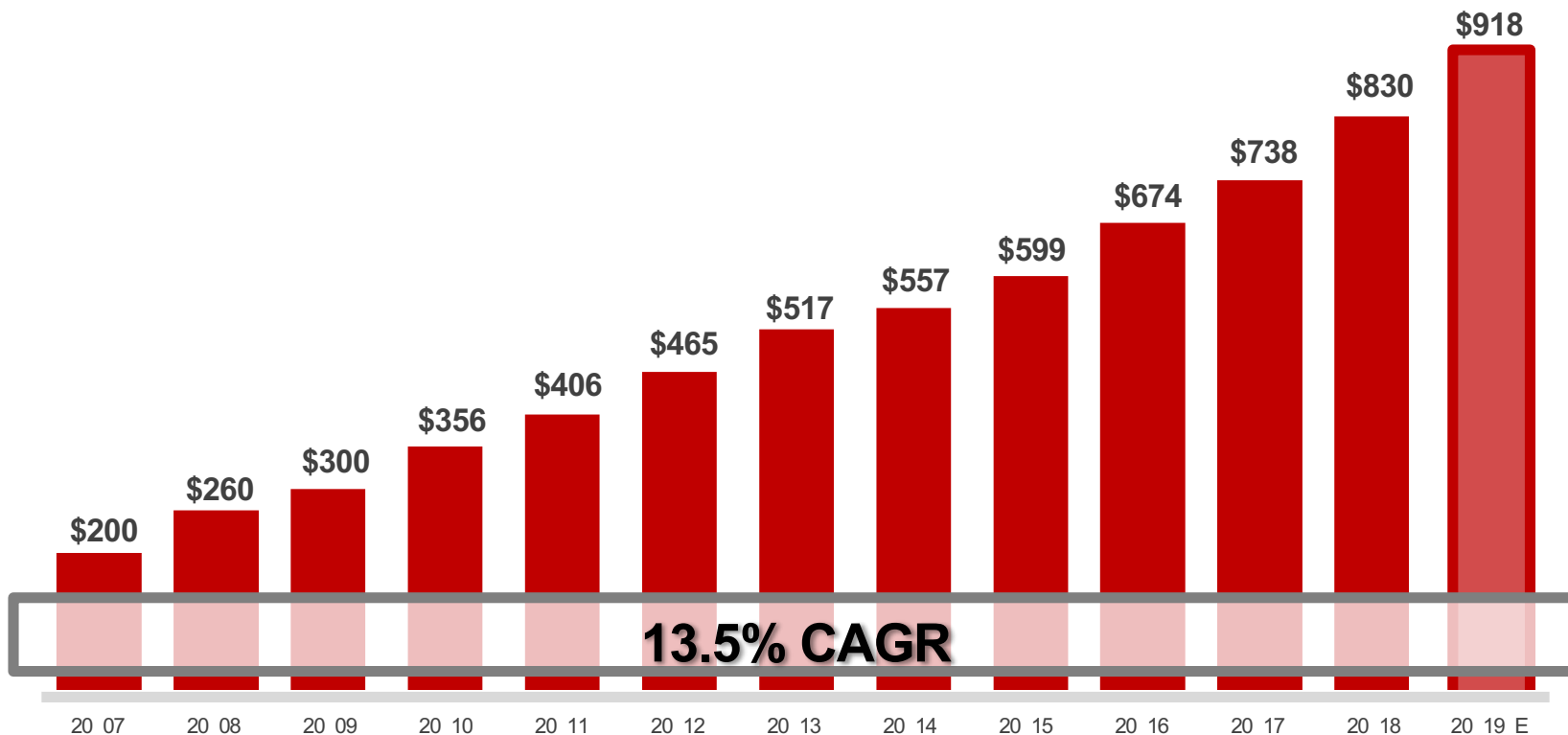


The use of the trademark PATIENT SAFETYNET is under license from University Health System Consortium. ORI is pending 510k clearance. Not available in the U.S. or Canada. Halo Index has obtained CE Mark. Not available in the U.S..

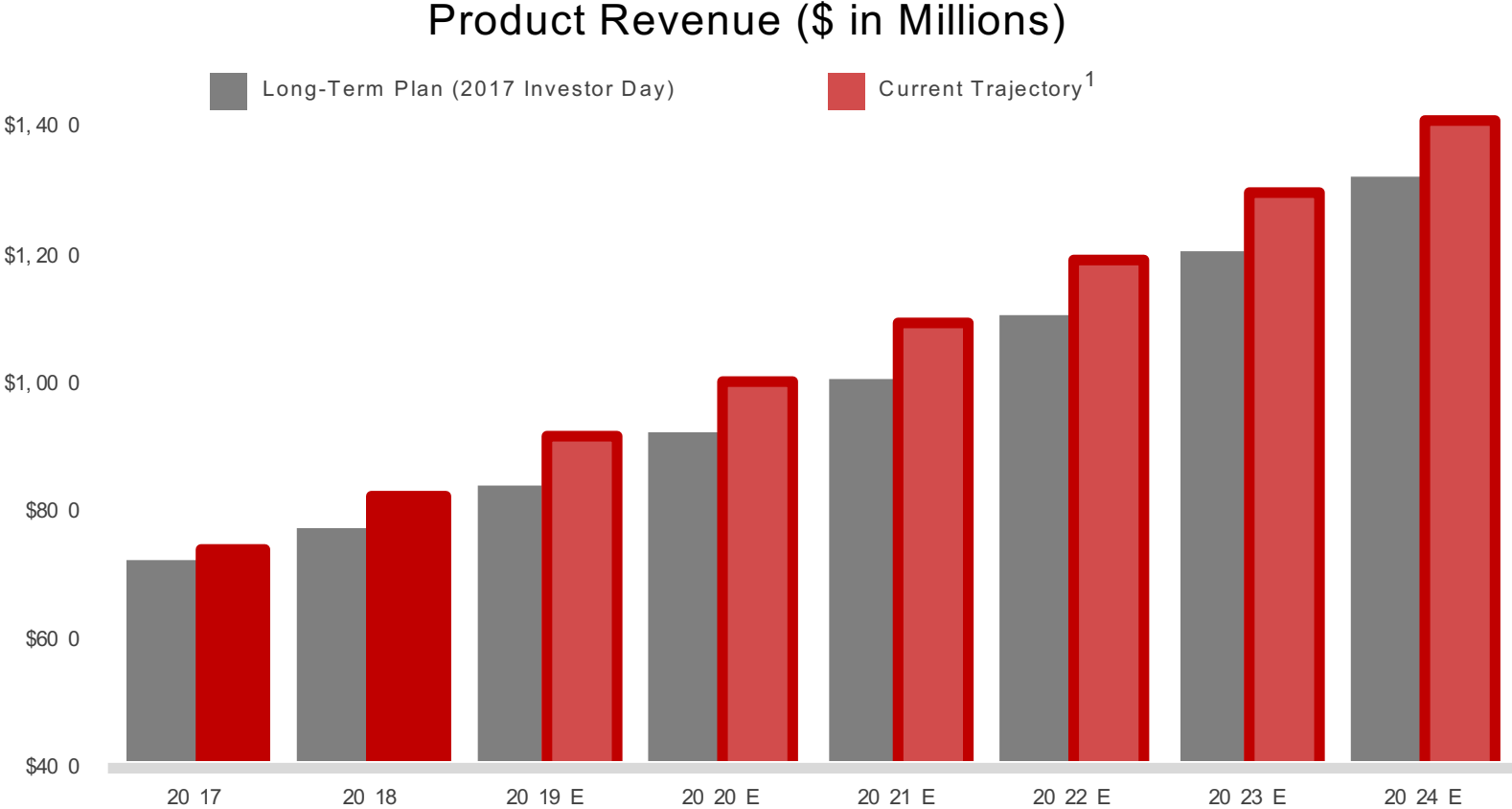


Strong Track Record of Growth Since IPO

Product Revenue (\$ in Millions)



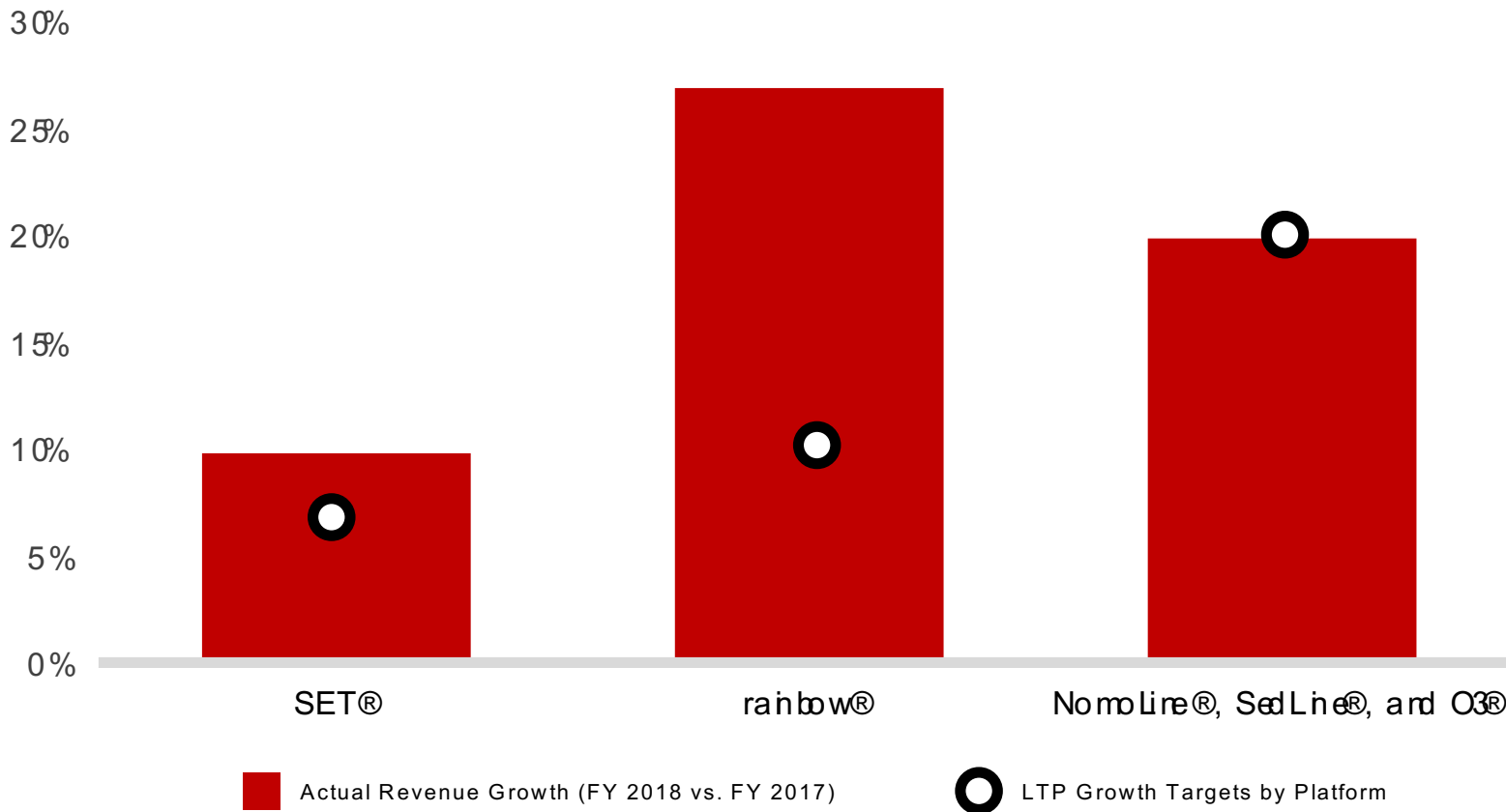
Executing on Our Long-Term Plan



¹ Current trajectory based on our 2019 guidance of \$918 million growing at the midpoint of our long-term plan growth range of ~ 8 – 10%

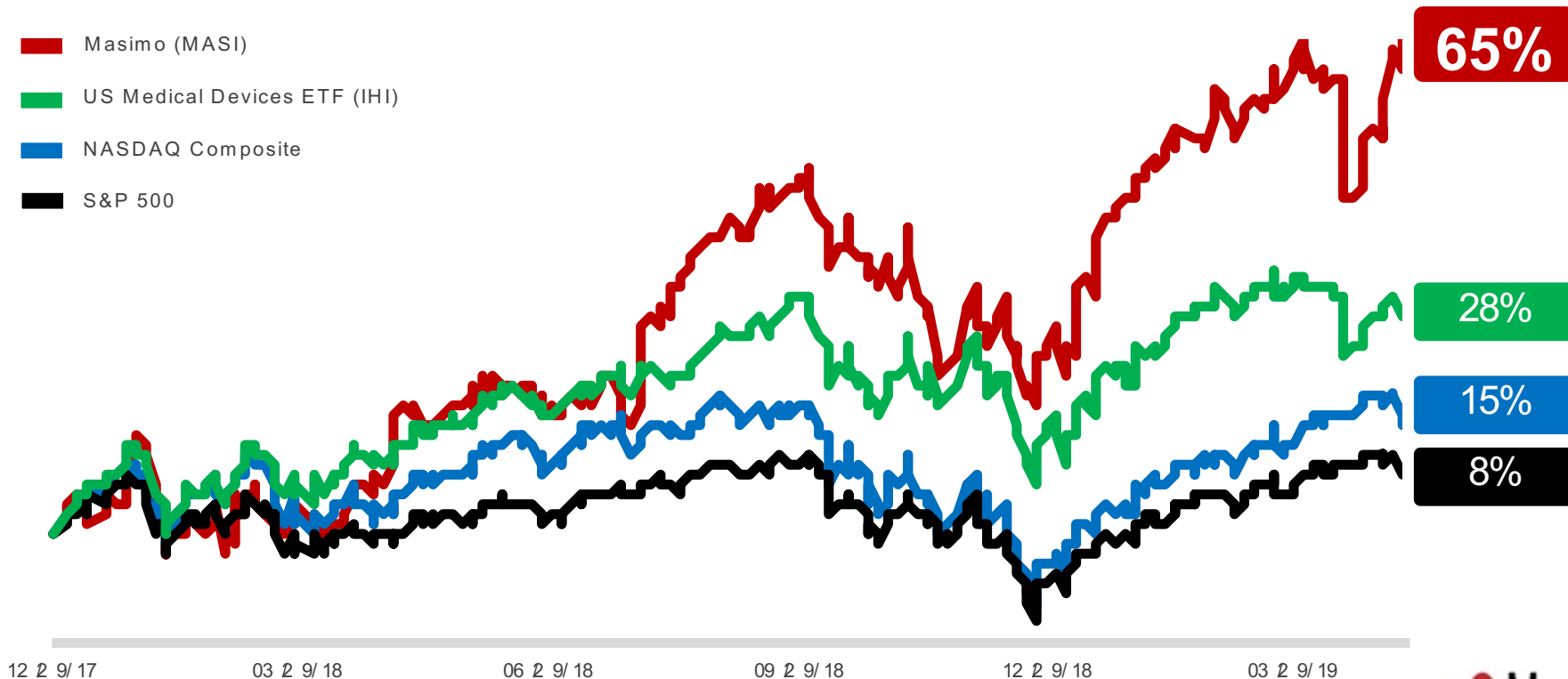
Revenue Performance by Technology Platform

Masimo Revenue Growth %
(FY 2018 vs. FY 2017)



Delivering Significant Shareholder Value

Total Shareholder Return (12/31/2017 – 5/10/2019)



Long-Term Plan

GROWTH AND PROFITABILITY

- Revenue growth of 8 – 10%
- Operating margins of 30%
- EPS growth of 12 – 15%
- Free cash flow of \$300M+

INDUSTRY-LEADING INNOVATIONS

- Innovation never stops at Masimo!
- Hospital automation
- Opioid safety

DISCIPLINED CAPITAL DEPLOYMENT

- Reinvest to drive innovation
- Strategic acquisitions
- Selective share repurchases







Opioid Safety in Hospitals

- Conventional pulse oximetry failed in the general ward due to high false alarm rates
- Masimo SET® enabled monitoring in the general ward
- Patient SafetyNet™ is deployed in over 400 hospitals



¹ Taenzer A.H. et al. *APSF Newsletter* 2012. Available at: http://www.apsf.org/newsletters/html/2012/spring/01_postop.htm Accessed June 14, 2012.

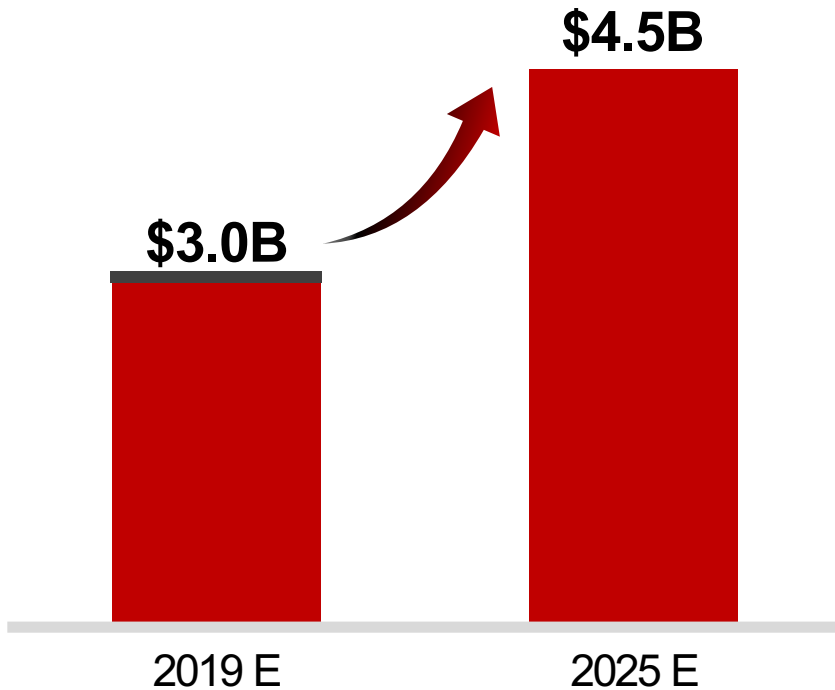
² McGrath SP et al. *Jt Comm J Qual Patient Saf.* 2016;42(7):293302. PubMed PMID: 27301832.

Opioid Safety in the Home

- We believe we can have the same impact wherever opioids are used, including the home
- Opioid SafetyNet™ was selected by the FDA for their Opioid Epidemic Challenge
- Granted designation as a breakthrough device

Current Portfolio Market Opportunity¹

Total Addressable Market Opportunity



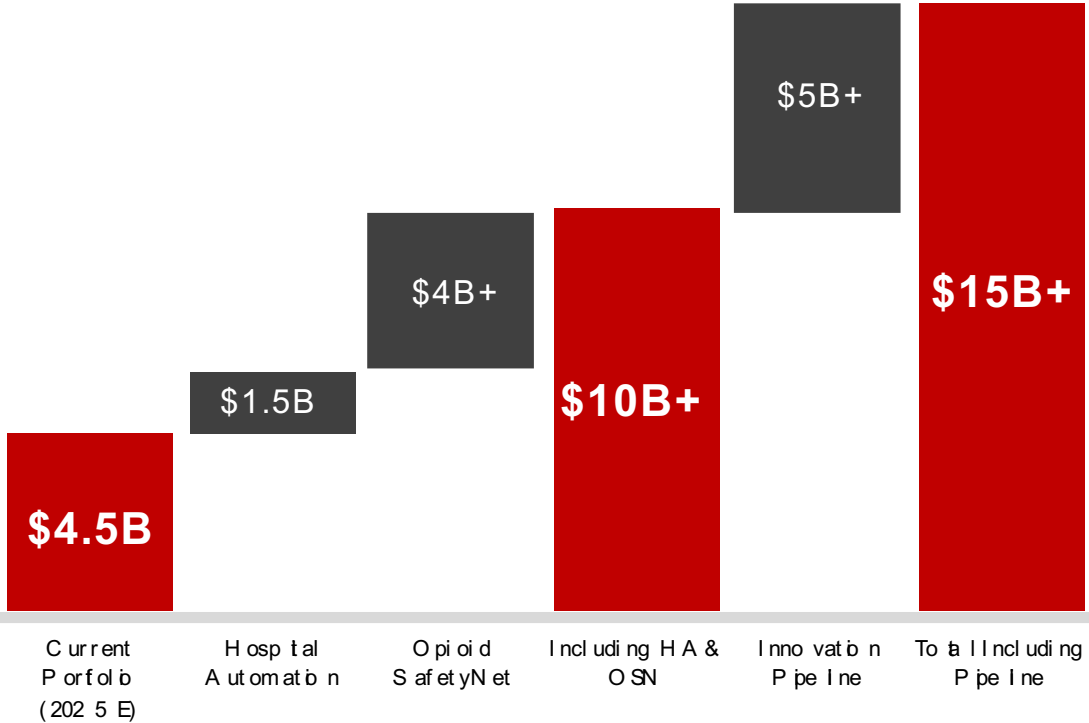
Current Portfolio Markets¹

- ✓ Pulse Oximetry
- ✓ Pulse CO-Oximetry
- ✓ Capnography
- ✓ Brain Function Monitoring
- ✓ Regional Oximetry
- ✓ Telehealth, Consumer, and Global Health

¹ Excludes Hospital Automation and Opioid Safety

Potential to Expand Our Long-Term Market Opportunity

Total Addressable Market Opportunity



Innovation Pipeline Opportunities	
Pipeline Opportunity	\$1.0B
Pipeline Opportunity	\$0.5B
Pipeline Opportunity	\$0.2B
Pipeline Opportunity	\$1.0B
Pipeline Opportunity	\$1.0B+
Pipeline Opportunity	\$1.0B+
Total	\$5B+

Key Takeaways

- Our relentless focus on patient safety has not only benefited patients, clinicians, and hospitals, but also Masimo shareholders
- Dedicated and talented team has consistently delivered on our commitments
- Long-term revenue growth of 8 – 10% with upside potential
 - Hospital Automation
 - Opioid Safety
 - Innovation Pipeline



Bilal Muhsin

Chief Operating Officer



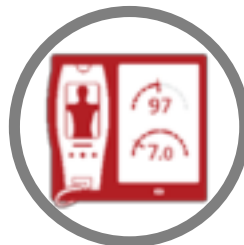
Global Reach



150+ countries



100 Million+ patients
impacted each year



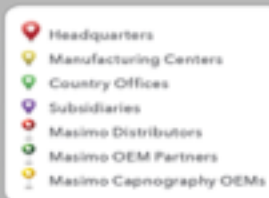
Large installed base of
technology boards and
monitors



Partnerships with
OEMs

Headquarters

Corporate Headquarters
52 Discovery, Irvine CA 92618, USA
Tel: 949 297 7000



Technology Boards and Monitors

Growing Installed Base of Masimo Technology Boards and Monitors



Technology Boards



Monitors



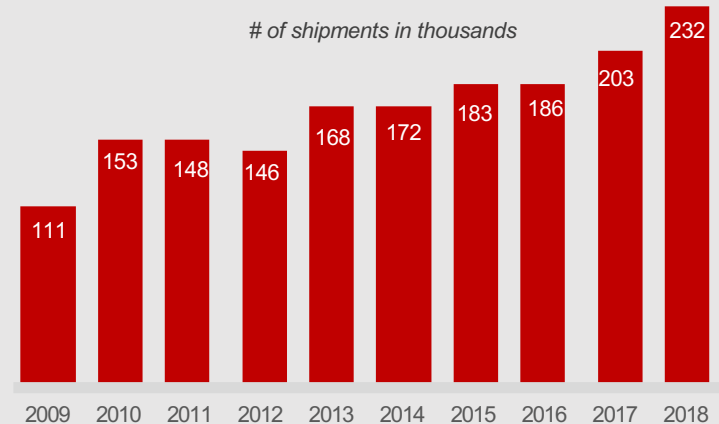
~1.7 Million

shipped over last
10 years

Over 200 multi-parameter monitors and devices from
70 leading brands have integrated Masimo technologies

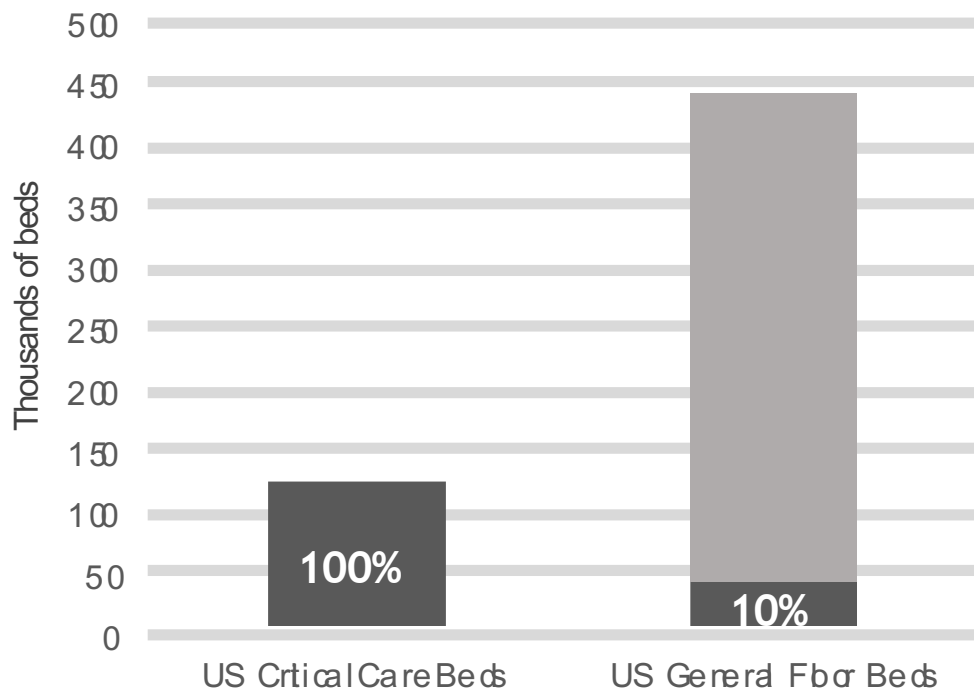


Shipped ~1.7 million technology boards and
monitors over the last 10 Years



Pulse Oximetry Market: \$1.7 Billion Market

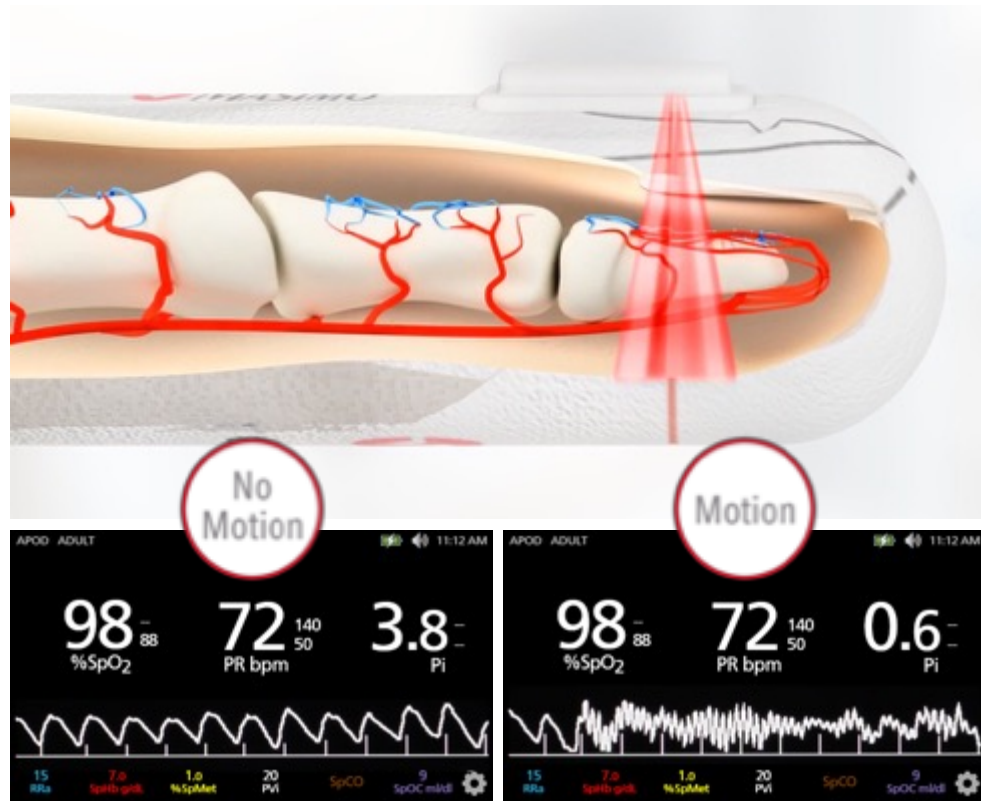
U.S. Hospital Continuous Monitoring Penetration



- SpO₂ is Standard of Care
 - Critical Care (OR, NICU, and ICU)
 - Emergency Medical Settings
- Expansion Opportunity
 - General floor ~10% penetrated
 - Long-term care settings

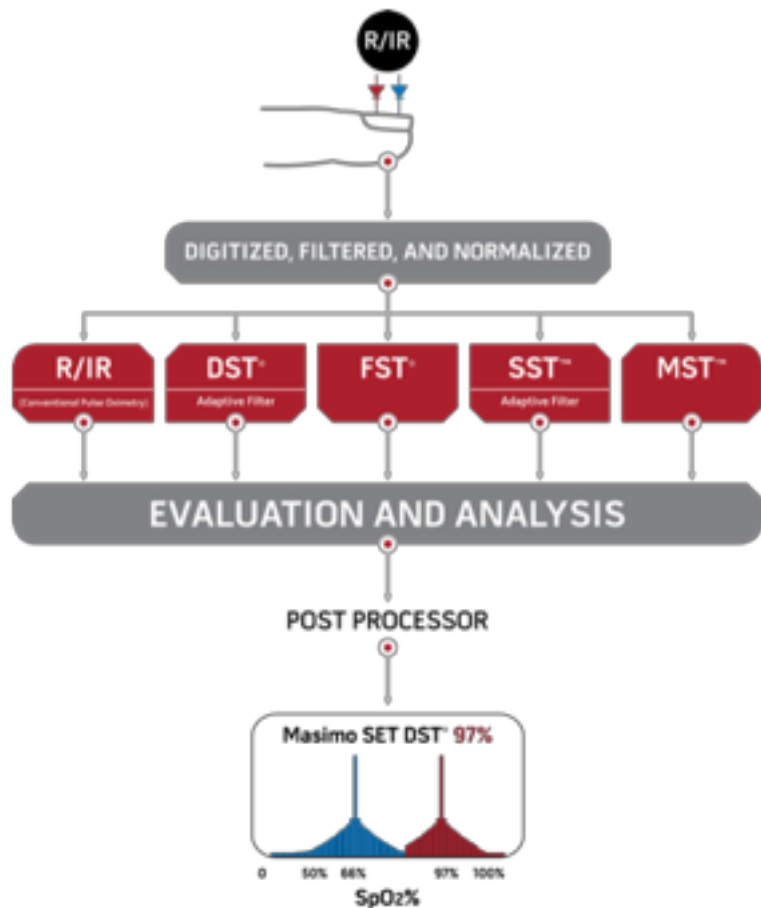
Masimo SET[®]

Measure-through Motion and
Low Perfusion^{™*} Pulse Oximetry



* Masimo SET[®] Measure-through Motion technology includes SpO₂ and PR.
Continuous monitoring with RRp has obtained CE Marking. Not available in the U.S.

Masimo SET[®]



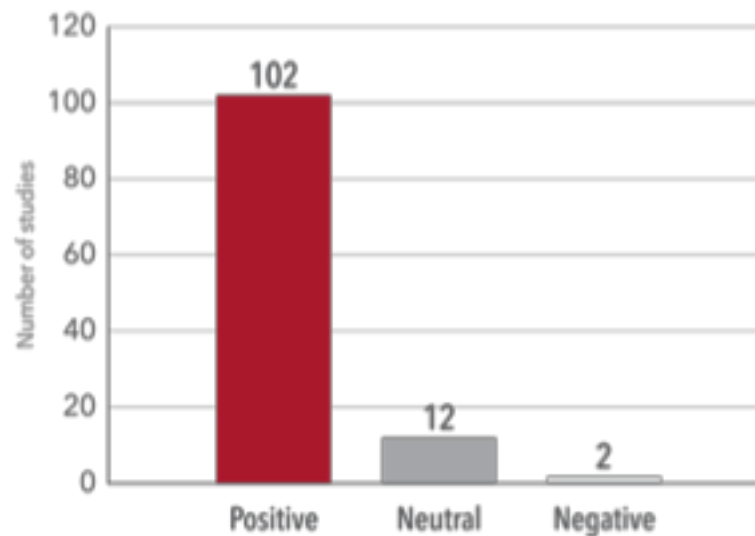
- Prior to Masimo Signal Extraction Technology[®] (SET[®]), pulse oximetry was unreliable when it was needed most, during patient motion and low perfusion.
- Masimo SET[®] works by recognizing that both arterial and venous blood can move.
- Using parallel signal processing engines — DST, FST, SST, and MST — Masimo SET[®] separates the true arterial signal from sources of noise.

Masimo SET®

Over 100 independent and objective studies have shown that Masimo SET® outperforms other pulse oximetry technologies during motion and low perfusion conditions, providing clinicians with increased sensitivity and specificity to help them make critical patient care decisions.*

These independent studies demonstrate the clinical application of Masimo SET® across care settings, including the NICU, ICU, OR, and the General Ward.

Masimo SET®: Comparative Studies



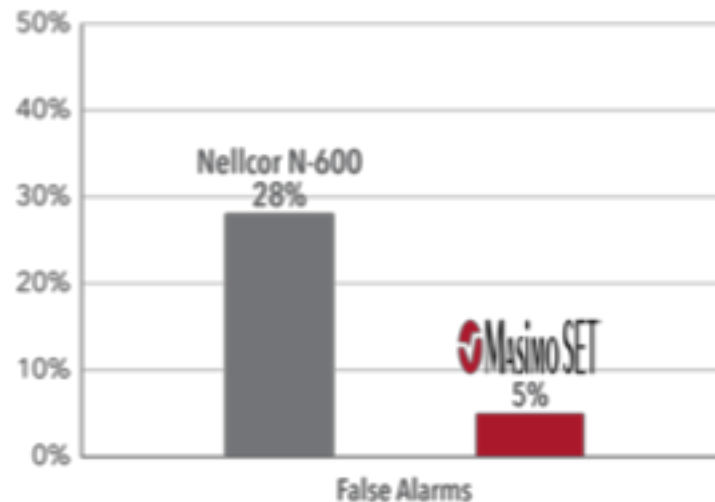
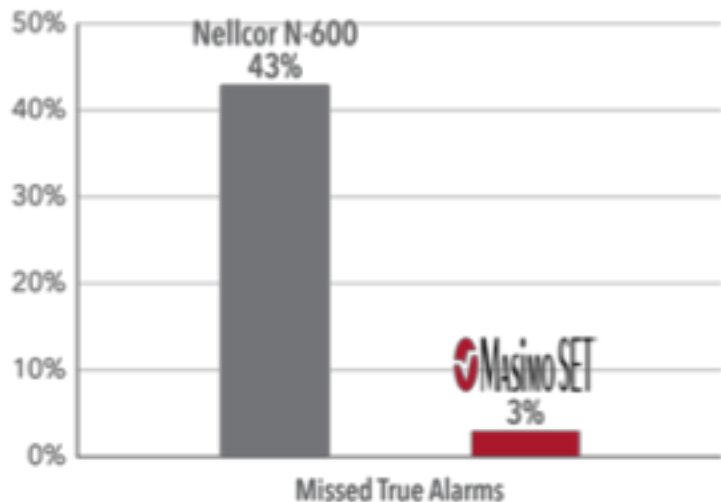
* Published clinical studies on pulse oximetry and the benefits of Masimo SET® can be found on our website at <http://www.masimo.co.uk/evidence/pulse-oximetry/set/>. Comparative studies include independent and objective studies which are comprised of abstracts presented at scientific meetings and peer-reviewed journal articles.



Masimo SET®

Masimo SET® had 3% missed true alarms and 5% false alarms versus 43% and 28%, respectively, using competitor technology.

Alarm Reliability During Motion and Low Perfusion¹



¹Shah N et al. *J Clin Anesth*. 2012 Aug;24(5):385-91.

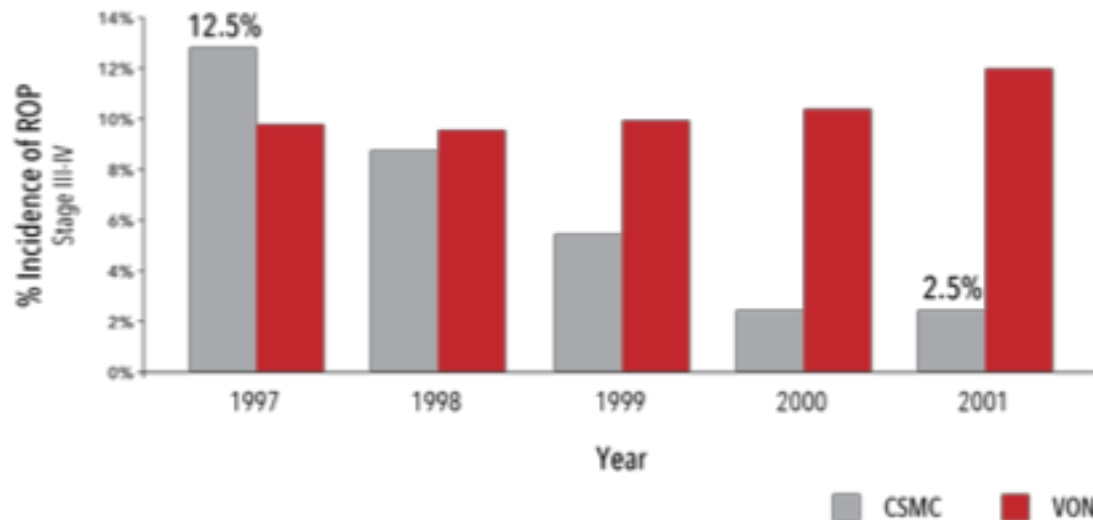
Results shown are calculated by combining sensitivity and specificity outcomes of machine-generated and volunteer-generated motion.

Masimo SET®

In the NICU

- Post-Masimo SET® and new protocol, the incidence of retinopathy of prematurity (ROP), stages 3 to 4, decreased from 12.5% to 2.5% in very low birth weight infants over a five-year period.

Rates of Retinopathy of Prematurity in Very Low Birth Weight Infants



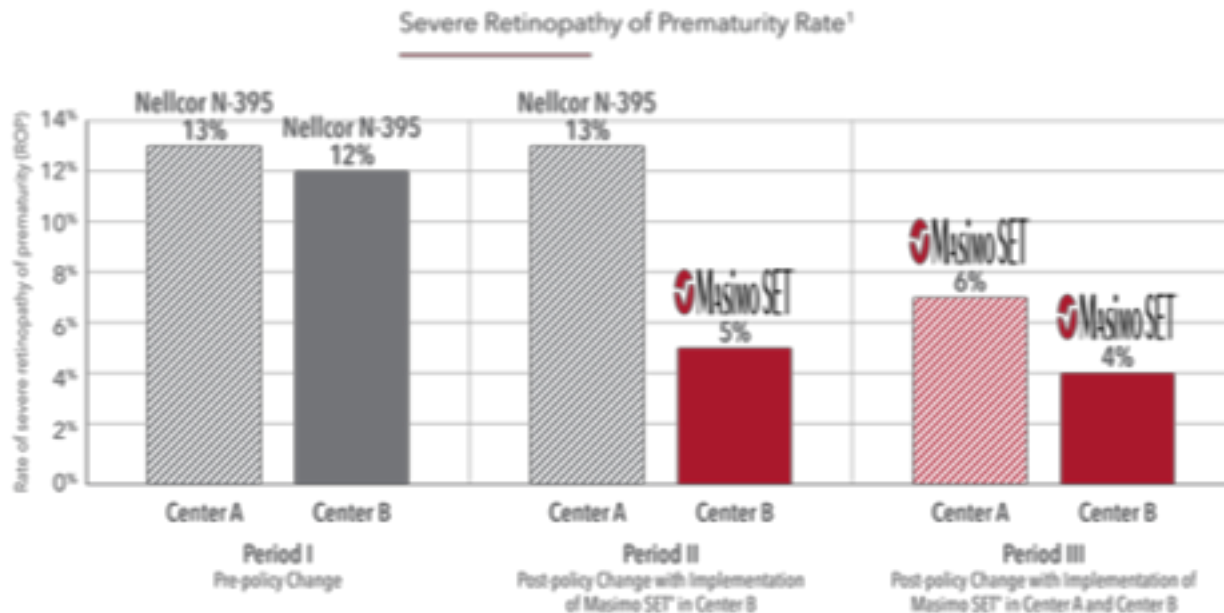
Incidence of ROP stages 3 to 4 for infants with birthweight of 500 to 1500 g at CSMC and VON for the years 1997 to 2001.



Masimo SET®

In the NICU

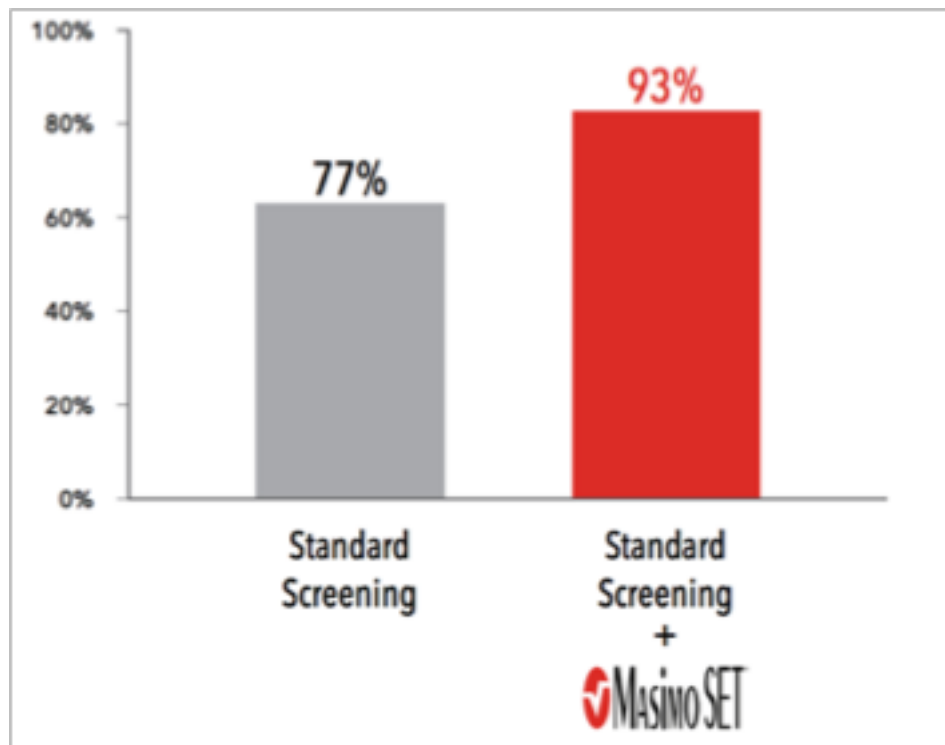
- Researchers found that Masimo SET®, in combination with changes in clinical policy, led to a reduction in severe retinopathy of prematurity (ROP).



Masimo SET®

Newborn Screening

- In a study of 122,738 infants, critical congenital heart disease (CCHD) screening sensitivity increased from 77% to 93% with the combined use of Masimo SET® and clinical assessment.



Improved Outcomes with Patient SafetyNet™ and SET®



Researchers found improved outcomes following installation of continuous postoperative monitoring.



¹Taenzer AH et al. *Anesthesia Patient Safety Foundation Newsletter*. Spring-Summer 2012. ²McGrath SP et al. *The Joint Commission Journal on Quality and Patient Safety*. 2016 Jul;42(7):293-302.

SpO₂ Accuracy Improvement

We Just Raised the Standard, Again

Past outcomes were achieved with 3% accuracy during motion. Now SpO₂ accuracy has improved, providing clinicians with greater confidence when monitoring oxygen status.

SpO₂ ARMS* Accuracy for RD SET™ Sensors

	Previous	Improved
Motion	3%	1.5%
No Motion	2%	1.5%



* A RMS accuracy is a statistical calculation of the difference between device measurements and reference measurements. Approximately two-thirds of the device measurements fell within $\pm$ A RMS of the reference measurements in a controlled study.



Radius PPG™ in the Hospital

- Tetherless Masimo SET® solution that improves patient comfort and mobility
 - Reusable + disposable component
 - 4-day battery life
 - Compatible with existing Masimo SET® installed base



PVi[®] - During Surgery

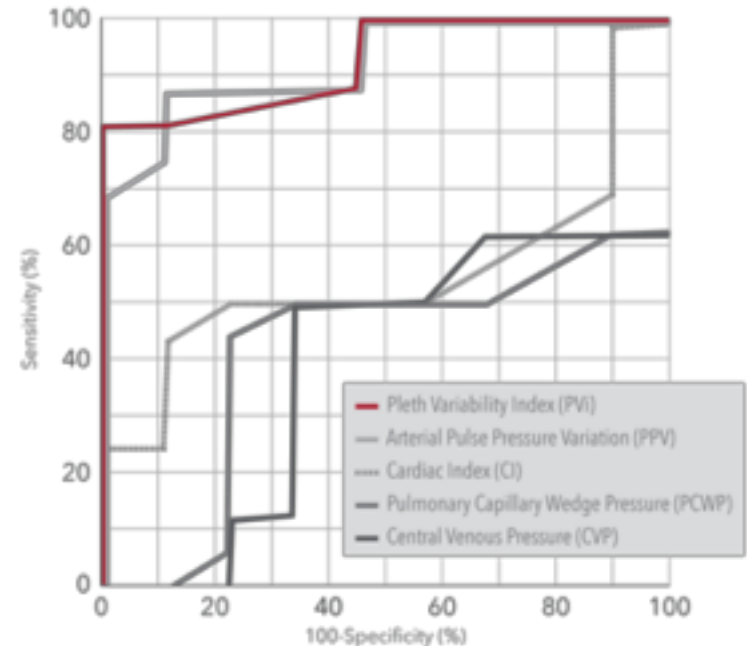
Over 100 studies have evaluated the utility of Pleth Variability Index (PVi).

Study Conclusion

- **PVi** . . . can predict fluid responsiveness non-invasively in mechanically ventilated patients during general anesthesia. This index has potential clinical applications.¹



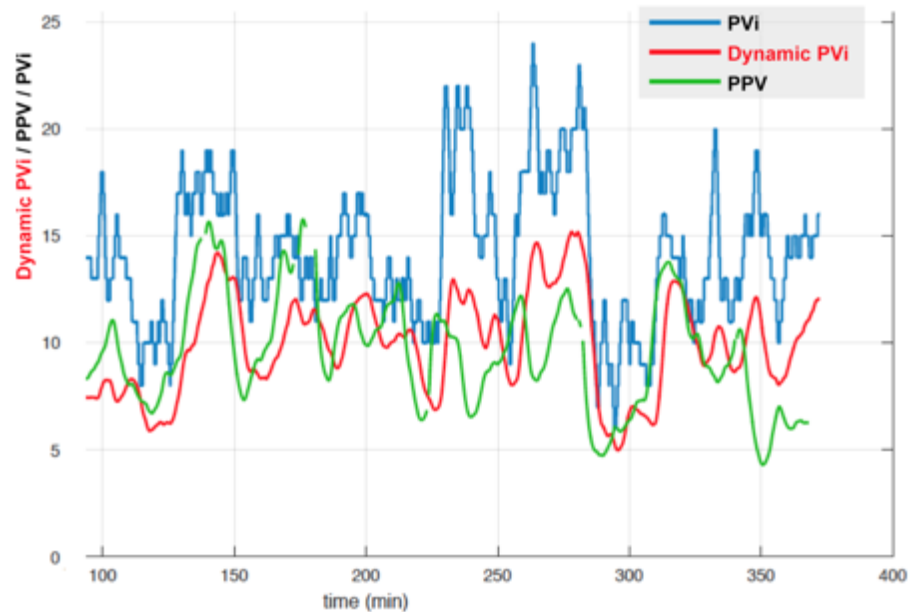
Comparing Masimo PVi to Invasive Measurement Technologies



Dynamic PVi

Compared to PVi, a new dynamic PVi mode is designed to provide:

- A reduction in variability under certain conditions
- Fewer post-dropout spikes



With Respiration Rate from the Pleth (RRp), Masimo provides another method of measuring respiration rate.

Patient Population	Measurement Range	ARMS*
Adult/Pediatric	4-70 RPM	3 RPM ±1 RPM mean error



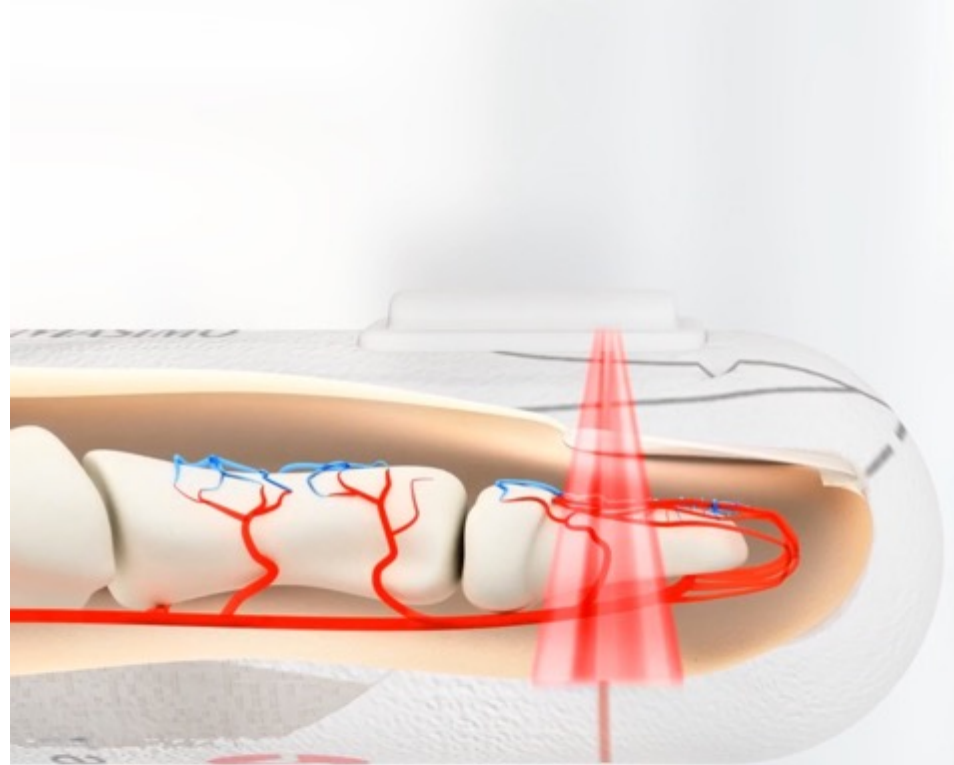
Changes in the Plethysmographic Waveform During Breathing



* ARMS accuracy is a statistical calculation of the difference between device measurements and reference measurements. Approximately two-thirds of the device measurements fell within $\pm$ ARMS of the reference measurements in a controlled study. RRp accuracy is presented with ARMS and mean error.

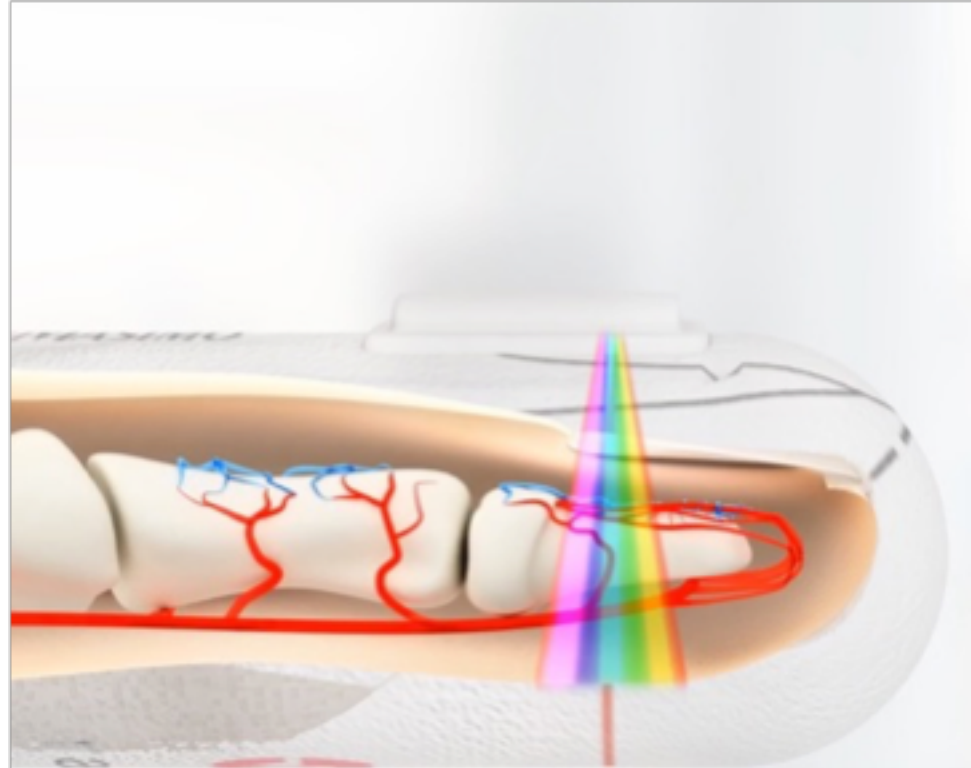
Masimo SET[®]

Pulse Oximetry

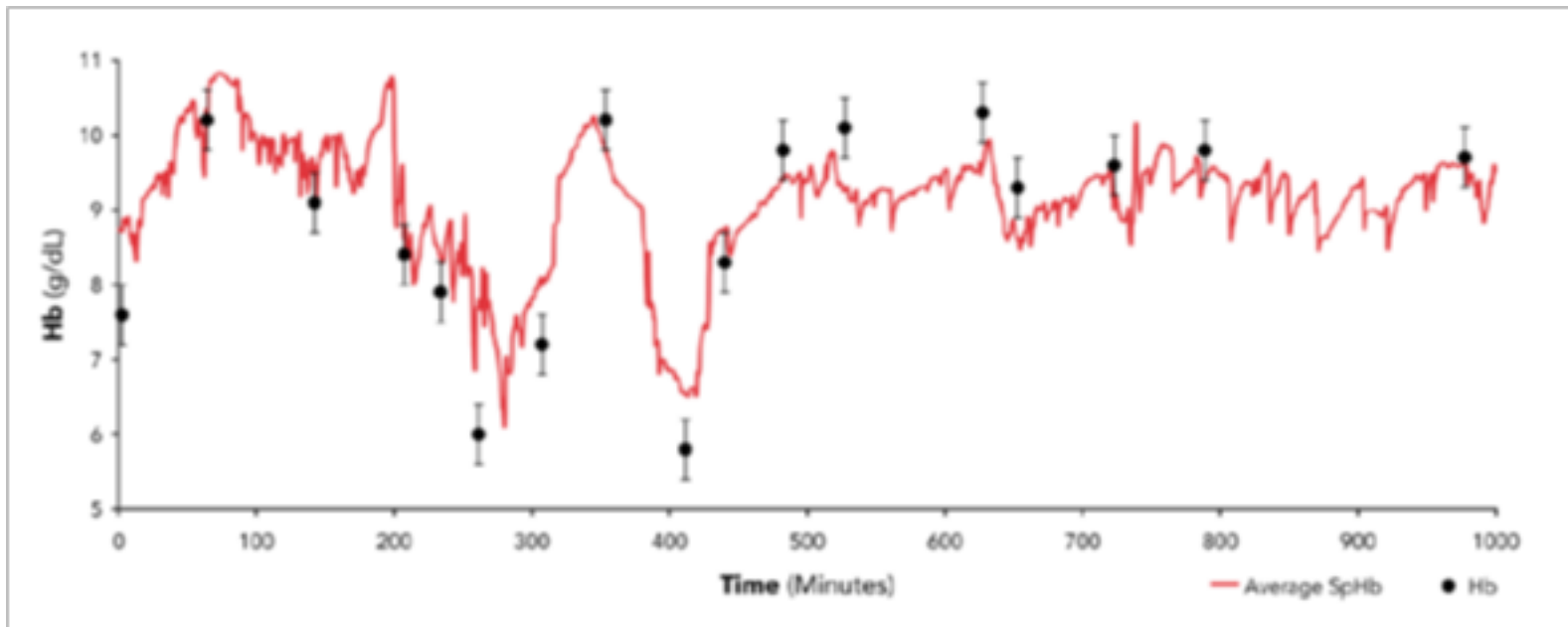


Masimo rainbow[®]

Pulse CO-Oximetry



Continuous hemoglobin monitoring (SpHb) provides real-time visibility to changes in hemoglobin between invasive blood samples.

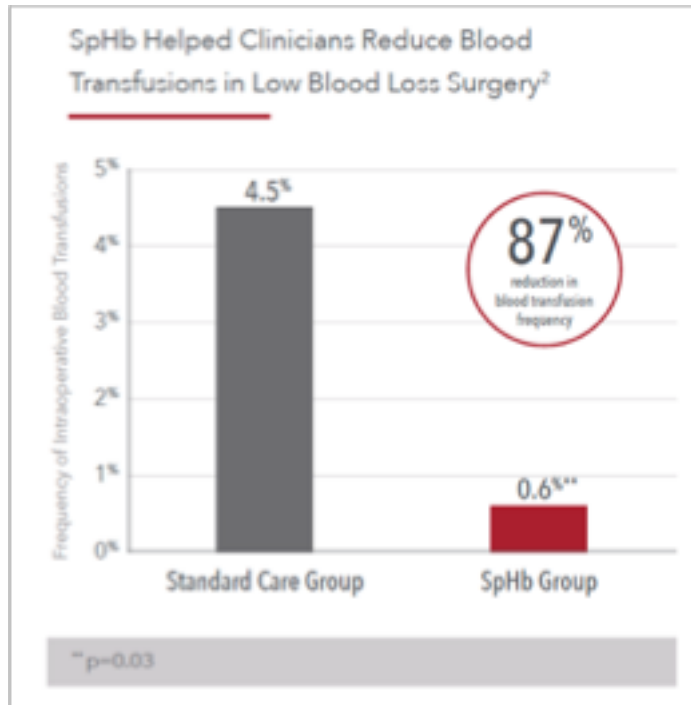


SpHb monitoring is not intended to replace laboratory blood testing. Blood samples should be analyzed by laboratory instruments prior to clinical decision making.

Macknet MR et al. Presented at the 17th Annual Meeting for the Society for Technology in Anesthesia. 2007;STA-31.

SpHb Utility

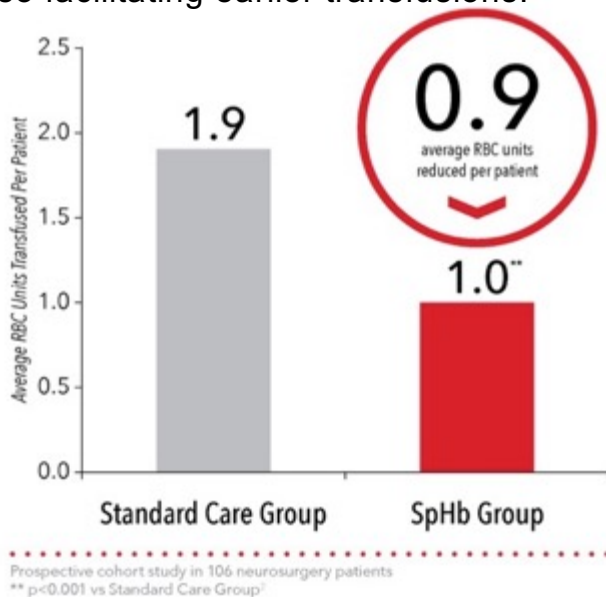
- In a randomized trial of 327 patients undergoing elective orthopedic surgery conducted at Massachusetts General Hospital (MGH), researchers found that the use of continuous, noninvasive hemoglobin monitoring **reduced the rate of transfusions** when compared to standard care without continuous, noninvasive hemoglobin monitoring.
- SpHb may help clinicians reduce blood transfusions in low-blood-loss surgeries.¹



SpHb monitoring is not intended to replace laboratory blood testing. Blood samples should be analyzed by laboratory instruments prior to clinical decision making. Clinical decisions regarding red blood cell transfusions should be based on the clinician's judgment considering among other factors: patient condition, continuous SpHb monitoring, and laboratory diagnostic tests using blood samples.¹ Ehrenfeld JM et al. *J Blood Transf.* 2014. 5:9.

SpHb Utility

In a prospective cohort study of 106 neurosurgical patients, researchers found that adding SpHb monitoring to standard-of-care blood management resulted in **decreased blood utilization** in high-blood-loss neurosurgery, while also facilitating earlier transfusions.^{1*}



* Study Protocol: The transfusion threshold of 10g/dL was predetermined by the study protocol and may not be appropriate for all patients. The blood sampling technique was the same for patients in both the control and the test group. Arterial blood was drawn from a 20 gauge radial artery cannula into 2mL ethylenediaminetetraacetic acid collection tubes, thoroughly mixed then sent immediately to the central lab for analysis by a hematology analyzer. The reference laboratory device used for hemoglobin measurements in the study was a Coulter GEN-S Hematology Analyzer.

SpHb monitoring is not intended to replace laboratory blood testing. Blood samples should be analyzed by laboratory instruments prior to clinical decision making. Clinical decisions regarding red blood cell transfusions should be based on the clinician's judgment considering among other factors: patient condition, continuous SpHb monitoring, and laboratory diagnostic tests using blood samples. ¹Awada WN et al. *J Clin Monit Comput*. DOI 10.1007/s10877-015-9660-4.

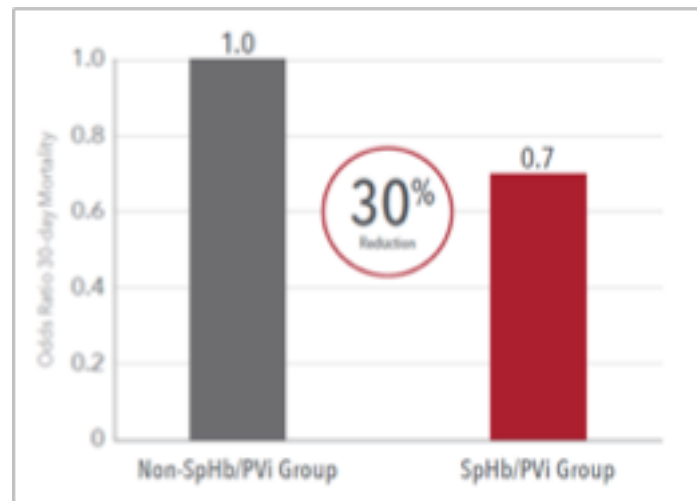
SpHb and PVi: Impact on Morbidity and Mortality

Clinical Study Investigates the Impact of SpHb and PVi on Anesthesia-related Mortality¹

SpHb and PVi Improved Outcomes in Surgical Patients

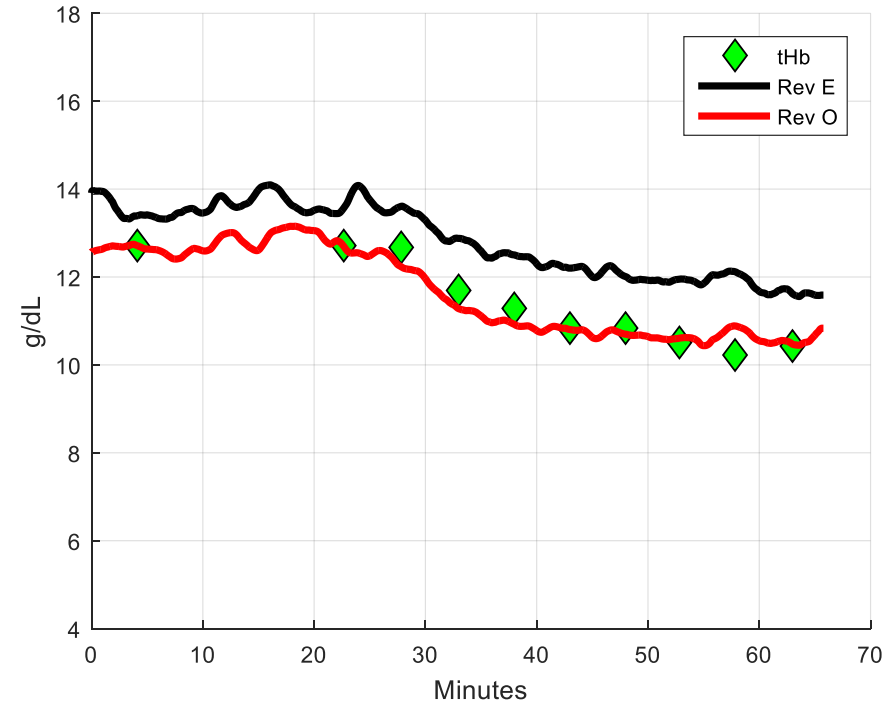
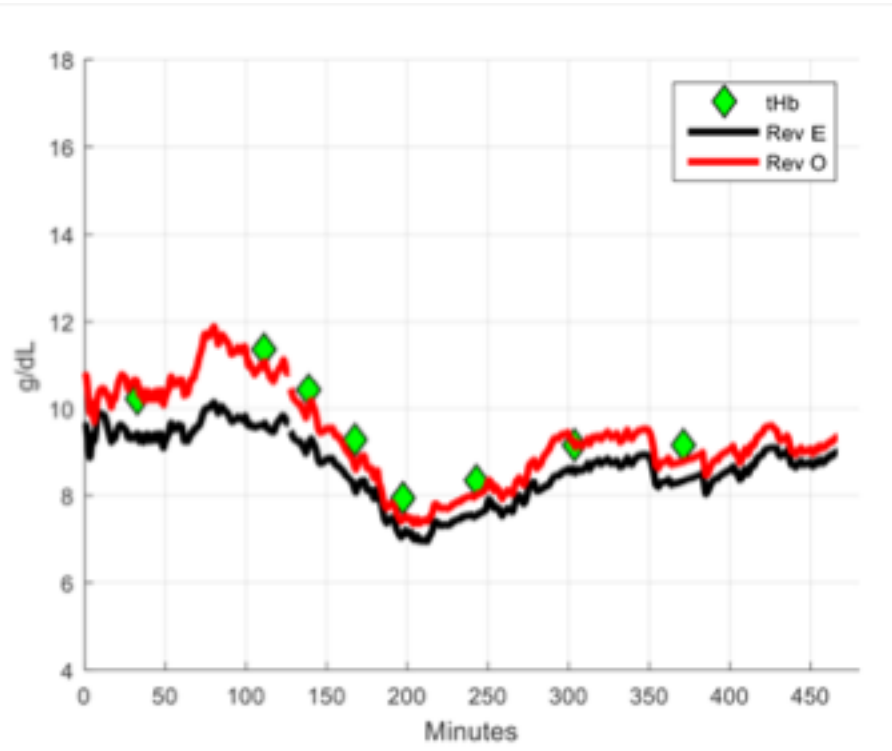
- 18,000+ patients
- All patients monitored in OR, Recovery, and ICU
- 30-day mortality reduced by 30%
- 90-day mortality reduced by 25%

Reduction in Mortality Between Non-SpHb/PVi Group and SpHb/PVi Group



¹ Nathan N et al. Impact of Continuous Perioperative SpHb Monitoring. Proceedings from the 2016 ASA Annual Meeting, Chicago. Abstract #A1103. Study conducted at Hospital Dupuytren (part of the Centre Hospitalier Universitaire of Limoges, France). The study included 18,867 patients, of whom 3,450 underwent SpHb and PVi monitoring via Masimo Radical-7 Pulse CO-Oximeters, which were installed in all operating rooms, recovery rooms, and intensive care units, along with Masimo Patient SafetyNet™.

SpHb Plot Comparison with Rev E vs Rev O

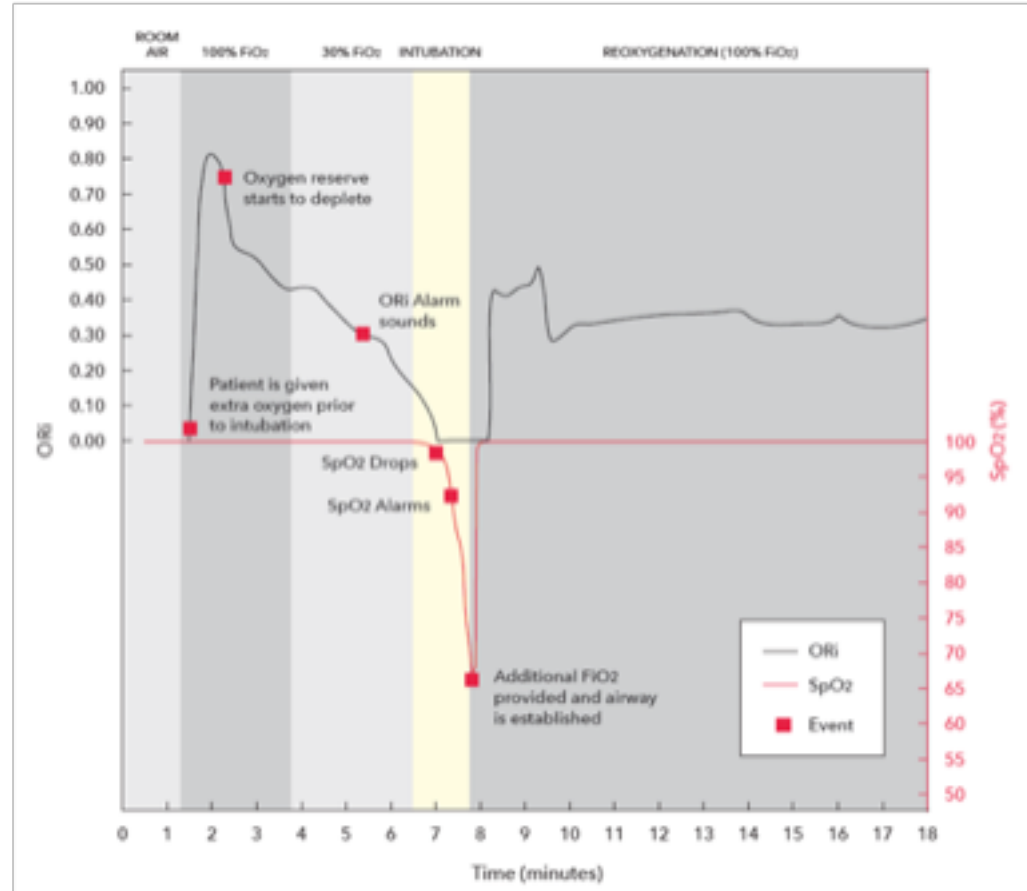


Masimo engineering data.



Oxygen Reserve Index (ORi™)

- In Europe, ORi has obtained CE Marking as the first noninvasive and continuous parameter to provide insight into a patient's oxygen reserve.
- ORi is pending 510(k) clearance and is not available in the U.S.



SET[®] and rainbow[®]: Sensor Options

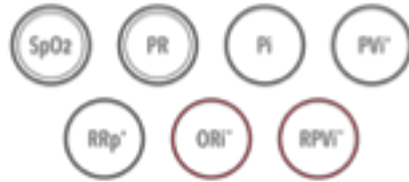
The Power of the rainbow[®] Platform



 **2 LED**



 **4 LED**



 **8 LED**



 **10 LED**



RRa[®] Acoustic Respiratory Monitoring

In a study of RRa vs capnography, researchers concluded that “The data from this study demonstrate that acoustic monitoring provides a very reliable noninvasive, continuous method for estimating ventilatory rate in postsurgical patients at risk for ventilatory compromise. Relative to capnometry, it demonstrated **greater accuracy, precision, and sensitivity to pauses in ventilation.**”

	Oridion Capnostream SARA v4.5	Masimo rainbow Acoustic Monitoring® v7804
Sensitivity (respiratory pause detected when actual respiratory pause occurs)	62%	81%
Specificity (no respiratory pause indicated when no actual respiratory pause exists)	99%	99%

Retrospective analysis of 33 PACU subjects. Reference respiration rate determined by expert observer.
A total of 21 episodes of respiratory pause, defined as 30 seconds with no breathing activity, were identified.



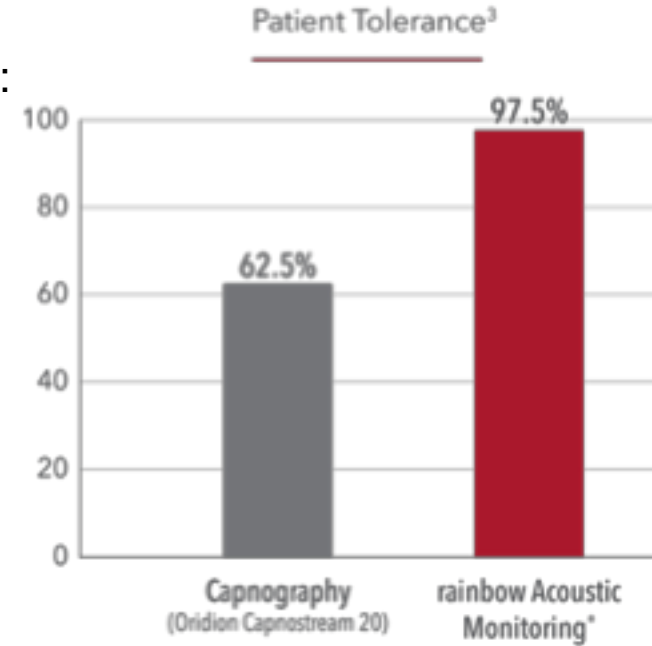
RRa



Acoustic Respiration Rate (RRa) has been shown to be:

- accurate^{1,2}
- reliable¹
- easy-to-use¹
- easy-to-tolerate^{1,3}

...enhancing patient compliance with respiration monitoring.



¹Macknet MR et al. *Anesthesiology*. 2007;107:A84 (abstract).

²Goudra BG et al. *Open J Anesthesiol*. 2013;3:74-79.

³Patino M et al. *Paediatr Anaesth*. 2013 Sep 3.

Estimated Potential Savings with Masimo SET® and rainbow® Parameters



Estimates based on a 250-bed hospital model

- SET® + rainbow: >\$3M in annual cost savings

Advanced Parameter Monitoring

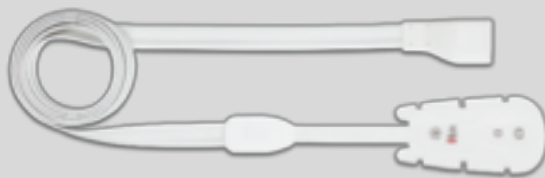
SedLine

Brain Function – Depth of Sedation



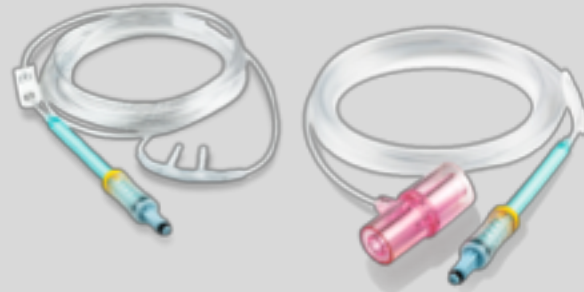
O3

Regional Oximetry



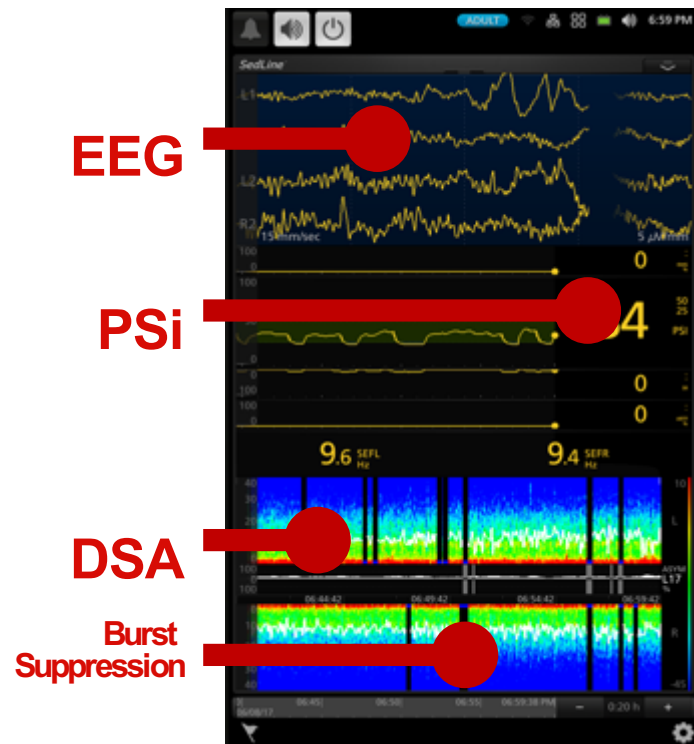
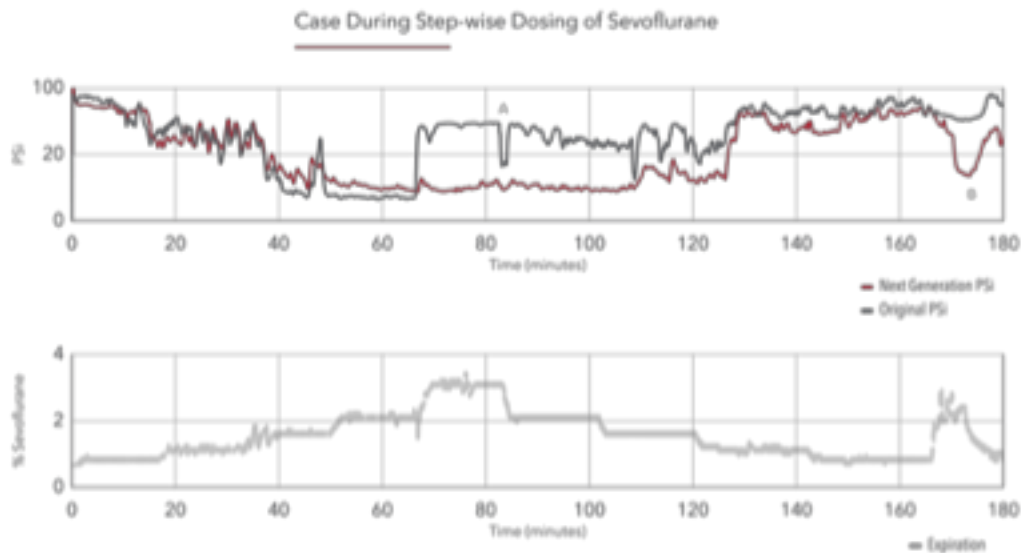
NomoLine

Capnography and Gas Monitoring



Next Generation SedLine® Brain Function Monitoring

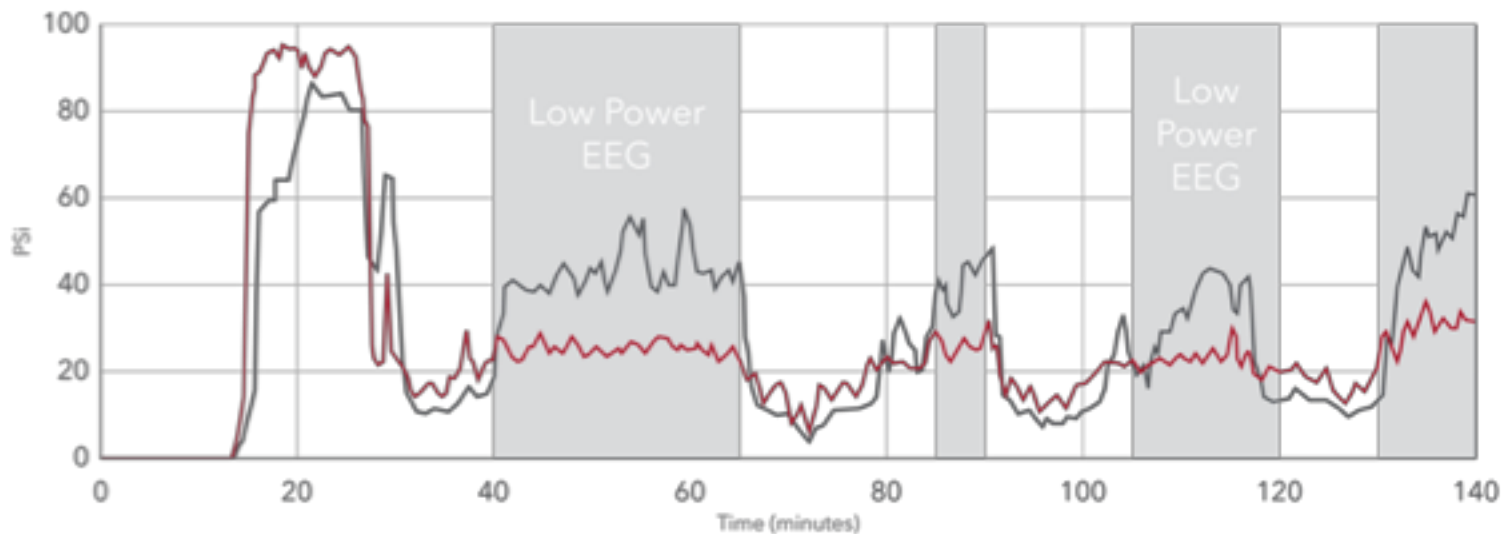
Next Generation SedLine Brain Function Monitoring helps clinicians monitor the state of the brain under anesthesia with bilateral data acquisition and processing of electroencephalogram (EEG) signals.



Next Generation SedLine Brain Function Monitoring

Improved PSi Performance During Low Power EEG

Next Generation SedLine uses adaptive signal processing with band-independent features to offer improved PSi performance in cases of low power EEG.



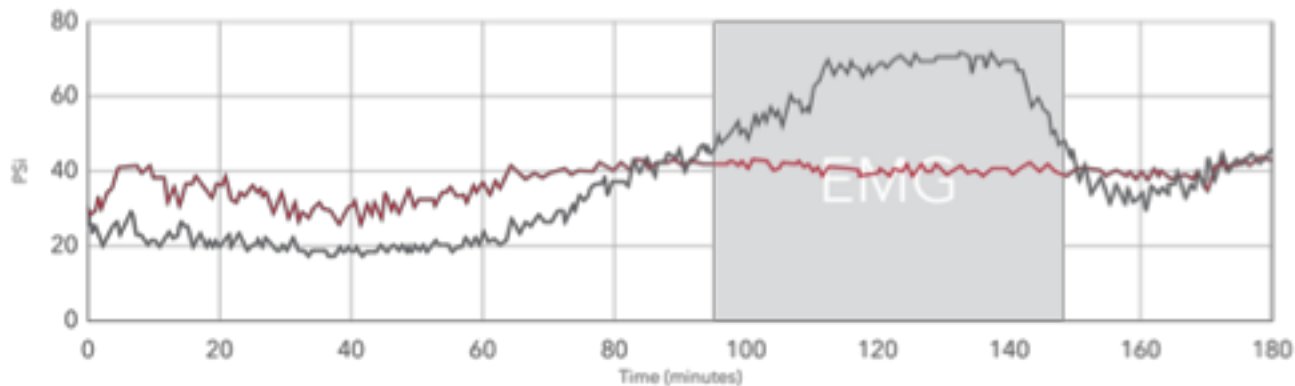
The above case demonstrates Next Generation SedLine's improvement to PSi during low power EEG.

— Next Generation PSi
— Original PSi



Next Generation SedLine Brain Function Monitoring

- Reduces Electromyography (EMG)
- Next Generation SedLine extracts a clearer EEG signal for computing PSi



The case demonstrates Next Generation SedLine's improvement to PSi.

— Next Generation PSi
— Original PSi

O3[®] Regional Oximetry

O3 may help clinicians monitor cerebral oxygenation in situations in which peripheral pulse oximetry alone may not be fully indicative of the oxygen in the brain.



Adult Adhesive Sensors

Body Weight	≥40 kg
Application site	Forehead
Trend Regional Oxygen Saturation (rSO ₂) Accuracy	3%
Absolute Regional Oxygen Saturation (rSO ₂) Accuracy	4%



Pediatric Adhesive Sensors

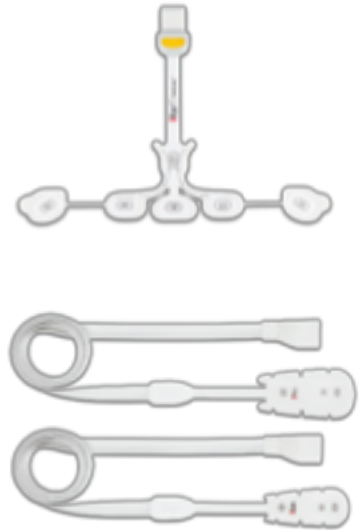
Body Weight	≥5 kg and <40 kg
Application site	Forehead
Trend Regional Oxygen Saturation (rSO ₂) Accuracy	3%
Absolute Regional Oxygen Saturation (rSO ₂) Accuracy	5%



A More Complete Picture of the Brain



Next Generation SedLine can be used simultaneously with O3 Regional Oximetry on the Root platform for a more complete picture of the brain.



The RD SedLine™ sensor is designed for seamless, simultaneous application with O3 sensors.



Capnography and Airway Gas Monitoring Solutions

Masimo offers a variety of capnography and gas solutions, including external modules and both mainstream and sidestream options.



NomoLine® Sampling Lines

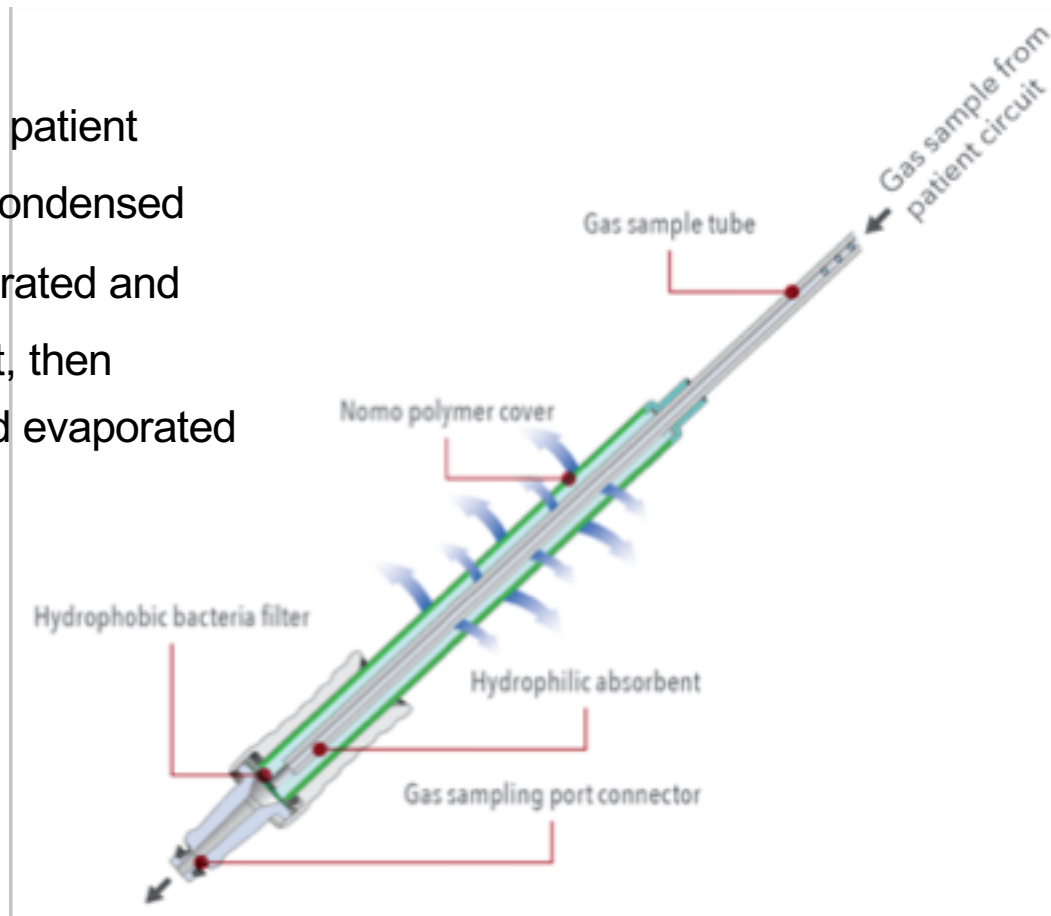
No-moisture sampling lines for intubated and non-intubated patients in low- and high-humidity applications, supporting all patient populations.



NomoLine® Sampling Lines

How it Works

Gas and condensed moisture from the patient enters through the gas sample tube. Condensed moisture and aspirated water are separated and collected using a hydrophilic absorbent, then diffused through the polymer cover and evaporated into the surrounding air.



Portable Devices

- Rad-67™ Handheld Pulse CO-Oximeter® (SpHb®)
- Rad-57® Handheld Pulse CO-Oximeter (SpCO®)
- EMMA™ Capnograph
- MightySat® Rx Pulse Oximeter



Large and Growing Markets

Growth Estimates: 2019 – 2024 CAGR

SET®
Pulse Oximetry



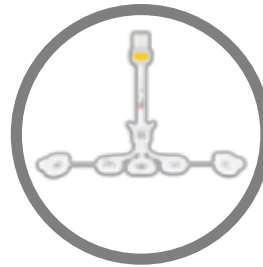
rainbow®
Pulse CO-Oximetry



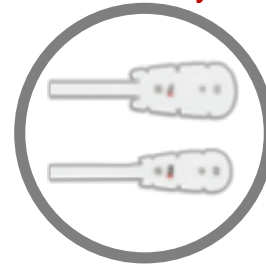
NomoLine®
Capnography



SedLine® Brain
Function Monitoring



O3® Regional
Oximetry



Market (TAM)	~\$1.7B	~\$1B	~\$550M	~\$125M	~\$125M
Clinical Leadership	#1	#1	#1	#1	#1
Market Leadership	#1	#1	#3	#2	#3
Market Growth	~3 – 4%	N/A	~10 – 15%	~5 – 7%	~3 – 5%
MASI LTP Growth Targets	2x market	-	Greater than 2x market		

Agenda

8:00am - 8:30am	Registration Breakfast
8:30am - 9:40am	Management Presentations
9:40am - 9:50am	Break
9:50am - 11:00am	Management Presentations
11:00am - 1:30pm	Lunch and Technology Demonstrations
1:30pm - 2:00pm	Executive Q&A and Closing Comments



Hospital Automation

Market Needs and Challenges

Cognitive overload and errors of omission

- Many devices with many interfaces
- Difficult to interpret multiple points of data at once

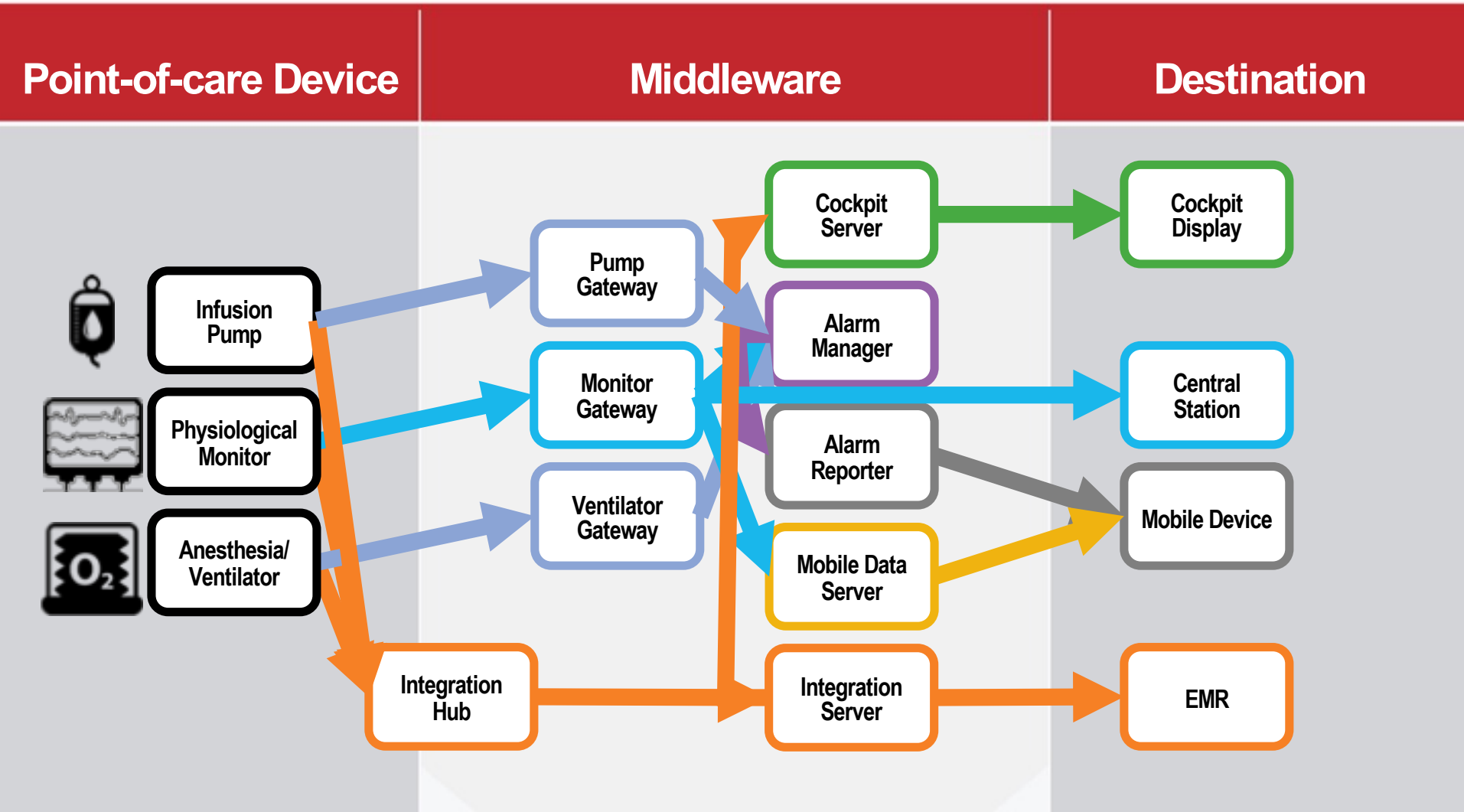
Data accessibility

- Low nurse-to-patient ratio
- Patients out of visual and auditory range

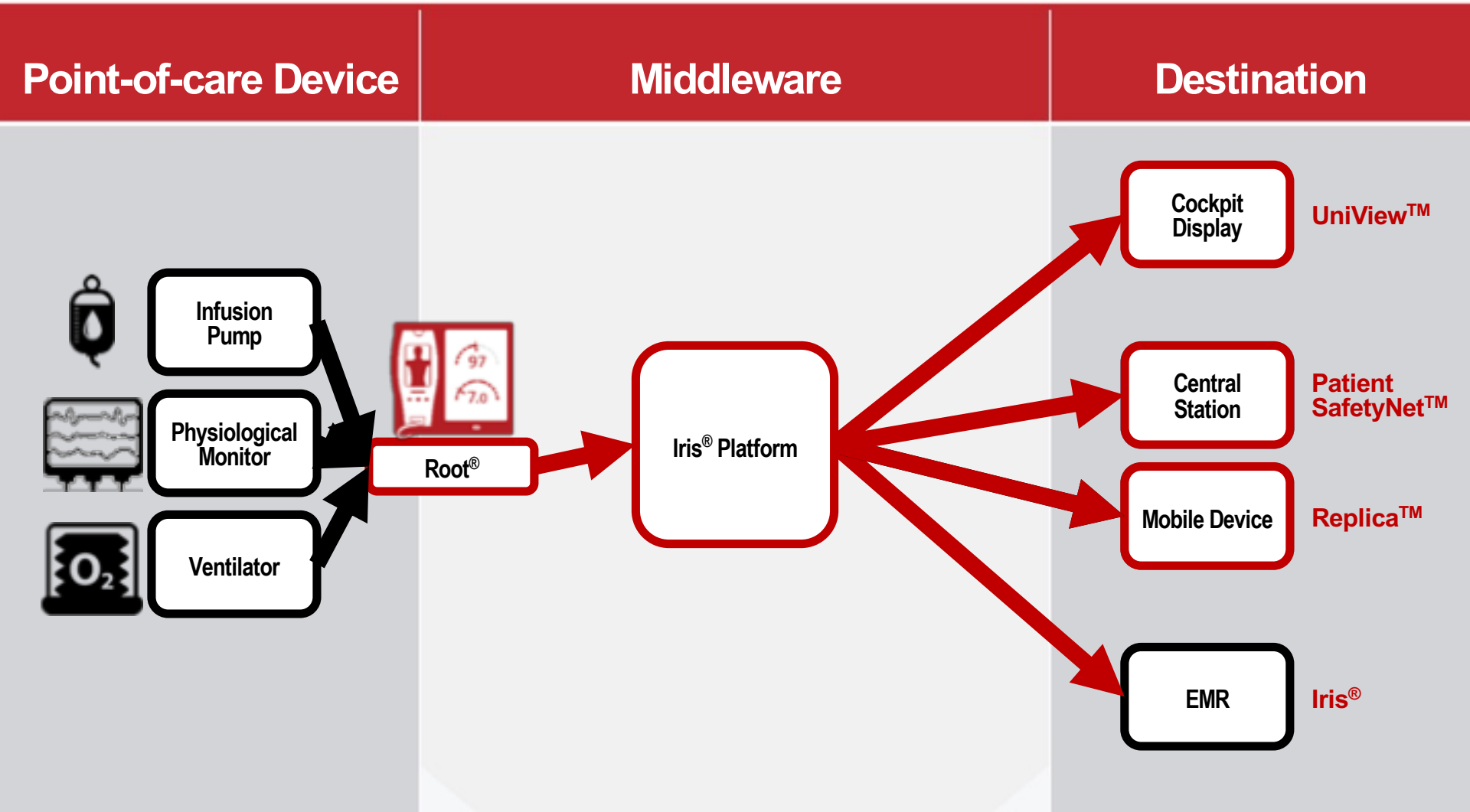
Complex workflows

- Manual charting and transcription errors

Competitive Solutions



Masimo Solution





Parameter Data

Waveform Data

**Alarms and
Events**

**2-way Audio
and Video**

High-fidelity, Low-latency Bus Architecture That Enables Unique
Solutions Across All Care Areas



Expandable, Versatile, and Customizable Patient Monitoring and Connectivity Hub



Radical-7®

SET® and
rainbow®



SedLine®

Brain Function
Monitoring



O3®

Regional
Oximetry



NomoLine®

Capnography
& Airway Gas



Radius-7®

Ambulatory
Monitoring

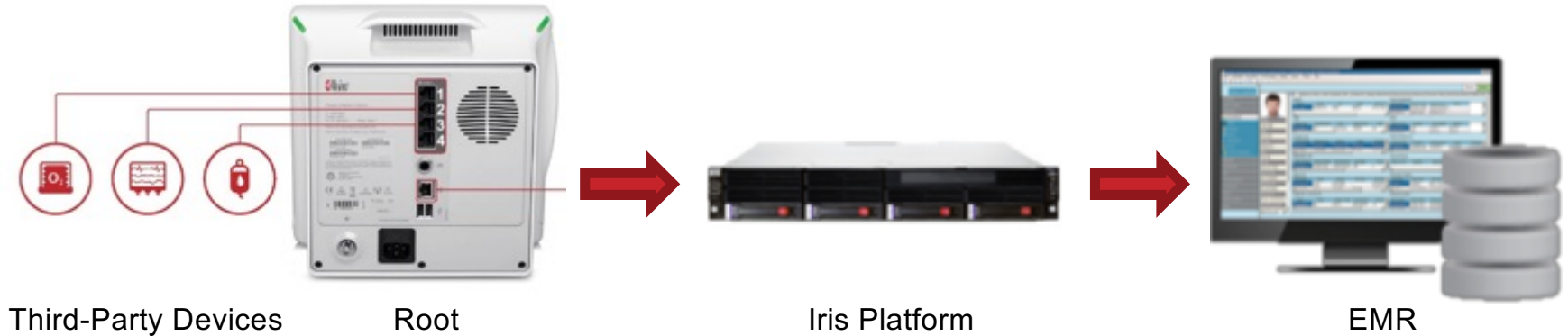


Vital Signs Check

Automating
Data Collection



Device Integration



ACE[™] (Adaptive Connectivity Engine[™])

- Easily integrate third-party device data
- Seamlessly map parameters to a variety of EMRs

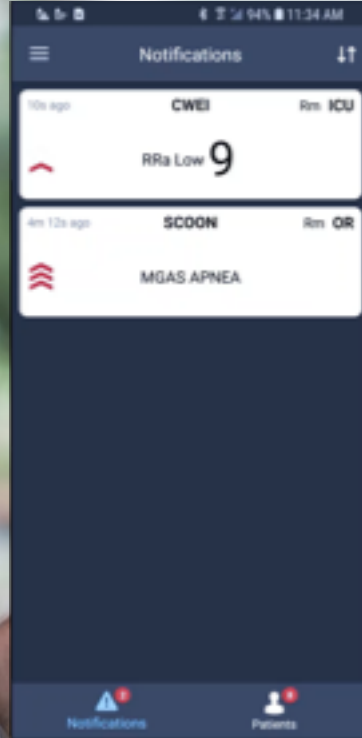
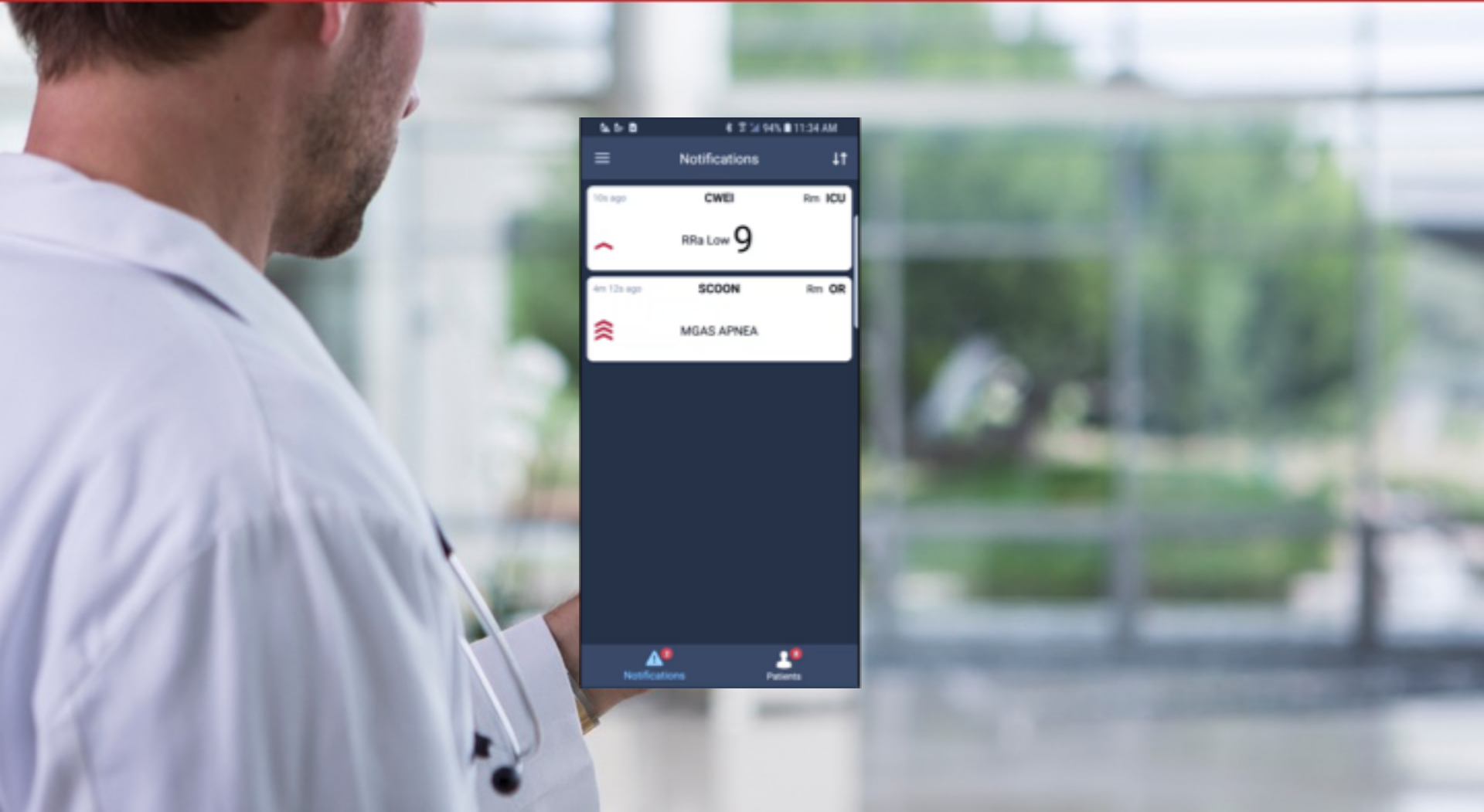
UniView™ – Cockpit Display



Patient SafetyNet™ – Supplemental Remote Central Monitoring



Replica™ – Mobile Data and Alarm Notifications



Root – with Automated Vital Signs Workflow



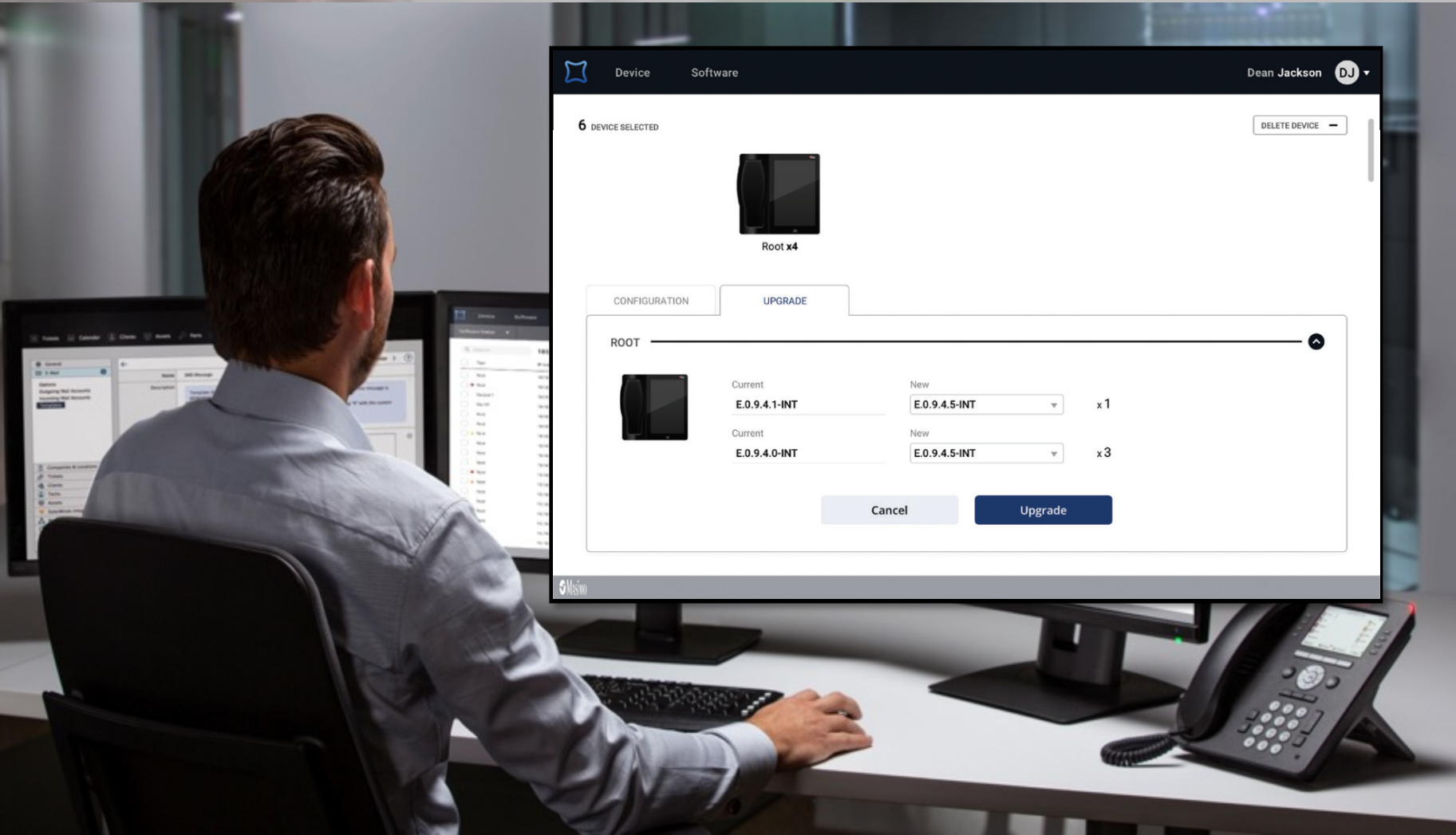
Continuous Monitor

Vital Signs Check

Halo ION™ – Comprehensive, Personalized, Continuous Patient Score



Iris® Device Management System™



DeviceSoftware

Dean Jackson 

6 DEVICE SELECTED

DELETE DEVICE



Root x4

CONFIGURATION

UPGRADE

ROOT



Current

E.0.9.4.1-INT

New

E.0.9.4.5-INT

x1



Current

E.0.9.4.0-INT

New

E.0.9.4.5-INT

x3

Cancel

Upgrade

Automation Across the Continuum of Care

OR



ICU



Med-S.



General



IT/Biomed



Masimo Patient SafetyNet™

- Researchers found improved outcomes following installation of continuous postoperative monitoring using Masimo SET®

0
patients suffered preventable
brain damage or died over
a 5-year period ¹

50%
reduction in unplanned transfers
over a 10-year period ²

60%
reduction in rescue events
over a 10-year period ²

\$1.48
million in annual
cost savings ¹



Impactful Beginnings of Hospital Automation

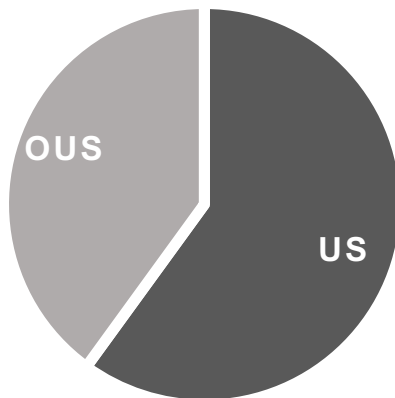
Following the implementation of an enhanced monitoring system with Root, Radius-7 and Patient SafetyNet, researchers found increased continuous patient monitoring hours and reduced vital signs documentation time.

The study concluded:

- 28% reduced average vital signs data collection time
- Increased availability and accuracy of patient information
- High staff satisfaction ratings
- No significant increase in clinical alarms per monitored hour



Market Opportunity



- Global TAM of ~\$1.5B
- Capital and service revenue
- 18 – 24 month contracting cycle
- Robust pipeline of opportunities

US Market	Total Beds	Penetration	Potential Beds	Range of ASPs per bed
Critical Care	125,000	100%	125,000	
General Floor	450,000	50%	225,000	
Total	575,000		350,000	\$1,000 - \$5000

Market Needs and Challenges

Cognitive overload and errors of omission



- **UniView**: patient cockpit
- **Halo ION**: continuous scoring

Data accessibility



- **Patient SafetyNet**
- **Replica**: mobile application

Complex workflows

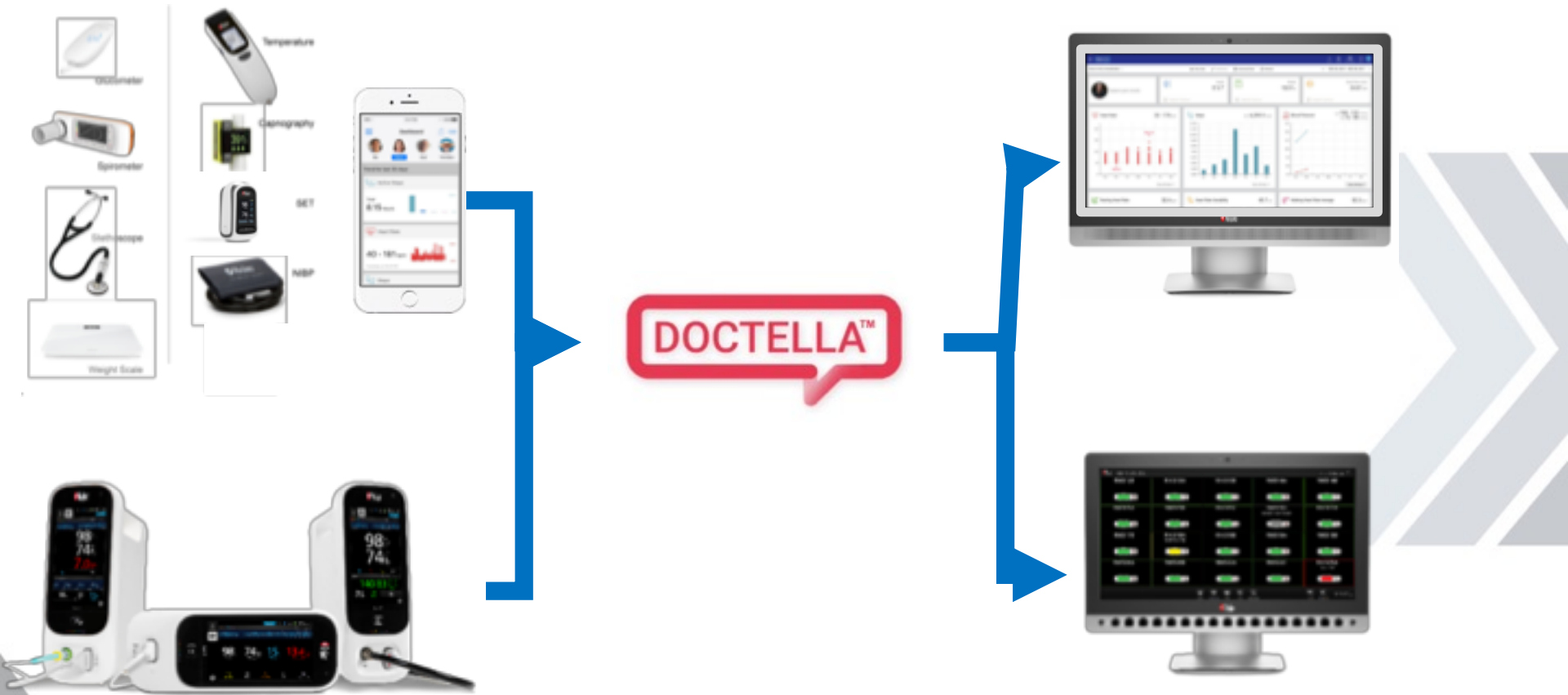


- **Iris**: device integration
- **Root**: automated workflows



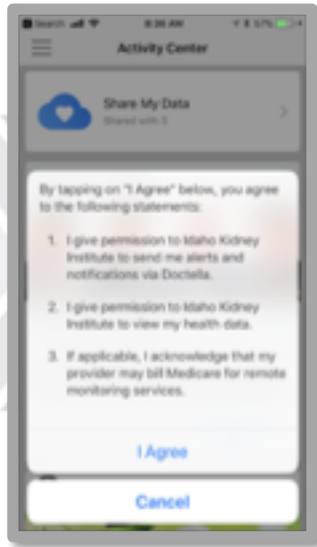
Homecare

Masimo Homecare Solutions

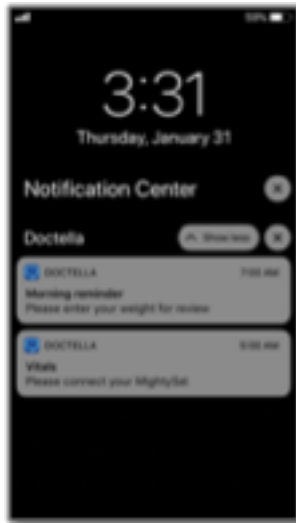


CareProgram™

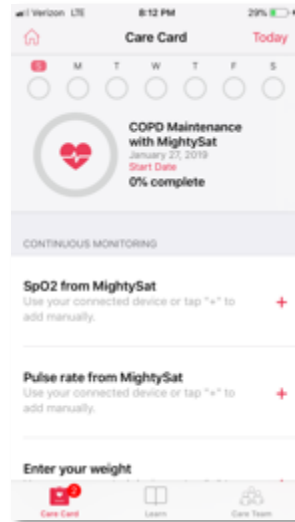
Clinician-designed CareProgram



Consent



Notifications



CareProgram



Clinician Dashboard



Detailed Patient View

Rad-97 for Telemedicine and Homecare





The image depicts a surgical team in an operating room. Two surgeons in blue scrubs and masks are focused on a patient lying on the operating table. In the background, several large monitors display various medical data, including vital signs, waveforms, and patient information. A third person, also in scrubs and a mask, is visible on the right side of the frame, interacting with the monitors. The overall scene is illuminated with blue light, creating a clinical and high-tech atmosphere. The text 'Hospital Automation' is prominently displayed in the center of the image.

Hospital Automation



Opioid Safety

Opioid Definition

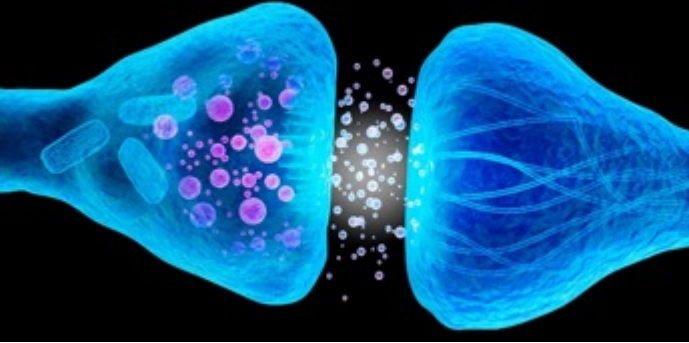


Prescription pain relievers:

oxycodone (OxyContin®), hydrocodone (Vicodin®), morphine, codeine, fentanyl

Illicit drug use:

heroin and synthetic opioids such as fentanyl



Opioid receptors work on nerve cells to produce pleasurable effects and relieve pain



Primary use of prescription opioids is to manage chronic pain or acute pain after surgery, injury, or due to cancer

Opioid Use Frequency



- 191 million prescriptions per year¹
- 92 million adults use a prescription opioid each year²
- 114,000 U.S. emergency department visits per year due to suspected opioid overdose³
- Total economic burden of prescription opioids per year in the U.S. is \$78.5 billion⁴

¹Centers for Disease Control and Prevention, U.S. Opioid Prescribing Rate Map 2017 data

²Han, B. Prescription Opioid Use, Misuse, and Use Disorders in U.S. Adults: 2015 National Survey on Drug Use and Health

³Vivolo-Kantor, A. et al. Vital Signs: Trends in Emergency Department Visits for Suspected Opioid Overdoses – United States July 2016 – September 2017

⁴National Institute on Drug Abuse, Opioid Overdose Crisis

Physiological Effects of Opioids



- Opioids are potent respiratory depressants
- During opioid overdose, oxygen deprivation leads to brain injury and death
- Cardiac arrest is a late complication of opioid overdose and secondary to respiratory arrest and hypoventilation
- People can have unknown reactions to opioids

Common Approach to Opioid Epidemic



Public Health Efforts to Address Crisis

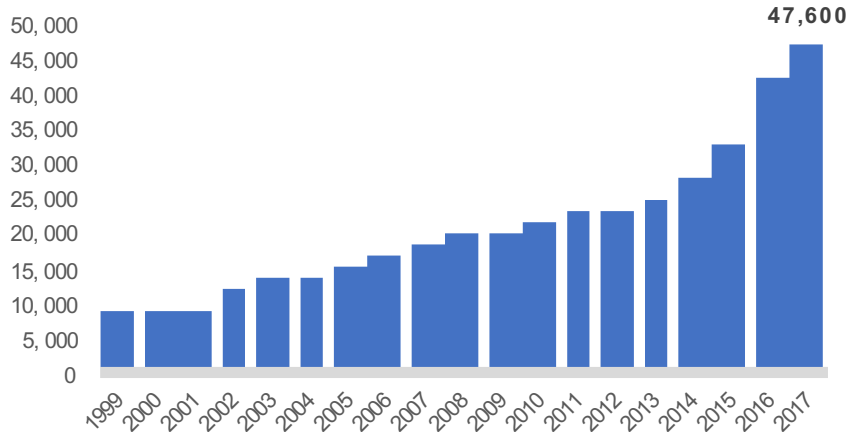
- Reduce availability
- Fewer prescriptions
- Reduce prescribed doses
- Treatment to addiction
- Reversal drug availability

The United States Has an Opioid Safety Crisis

47,600 Opioid-related Deaths in 2017

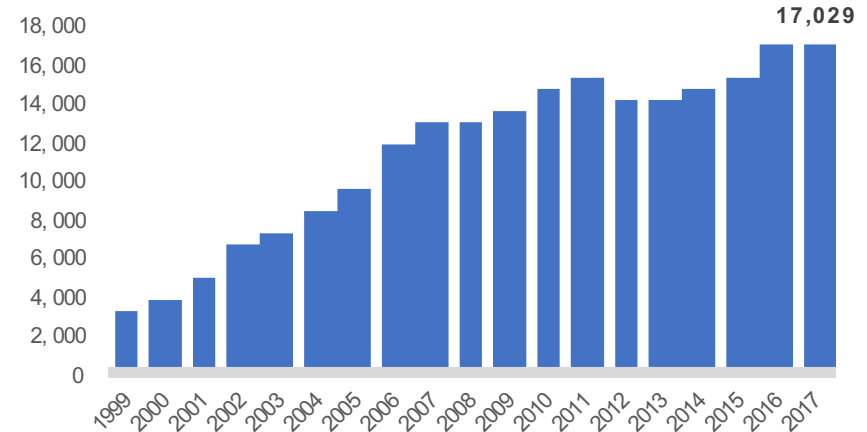
National Drug Overdose Deaths Involving Any Opioid¹

Number Among All Ages, 1999-2017



National Drug Overdose Deaths Involving Prescription Opioids¹

Number Among All Ages, 1999-2017



¹ Source: Centers for Disease Control and Prevention, National Center for Health Statistics. Multiple Cause of Death 1999-2017 on CDC WONDER Online Database, released December, 2018

Masimo SET® Pulse Oximetry Solution



- Masimo SET® can provide effective pulse oximetry monitoring in the home just as it already does in the hospital
- Patients already use Masimo hospital devices at home
- Now we are designing a product specifically intended for monitoring patients on opioids

Opioid SafetyNet™

- Addresses the danger of opioid-induced respiratory depression with a convenient, intuitive combination of patient sensor, hub, and smartphone app



Opioid Market Opportunity

- 191 million opioid prescriptions in 2017
- Assume 30% reduction in prescriptions due to efforts to reduce opioid use
- 134 million prescription opportunity
- Initial focus on 1/3 of the population (chronic pain management and postoperative patients)
- 45 million prescriptions as our TAM
- Market opportunity of \$4B+*

*Does not include illicit use population



Utah, First to Act



May 2018: Utah State Legislature introduces the “Parker Bill”

Utah Resolution Key Points:

- Recognizes the effects of sudden death from opioid-induced postoperative respiratory depression
- Urges the Department of Health, hospitals, practitioners, and academics to further study this issue; and
- Encourages physicians to prescribe in-home monitoring devices where appropriate for patients who are discharged with opioids after surgery

Post-Resolution: Compelling Results to Date

Measured Approach to Launch



- Partnering closely with FDA
- Starting with cash pay patients
- Pursuing reimbursement model

Opioid Safety: Key Takeaways



- Potentially thousands of lives saved a year
- Masimo SET® technology is the enabler
- Measured market launch to ensure commercialization success



► **Stacey Orsat**

President EMEA

Global Health: Scale-up Access to Safe Surgery



5 Billion without access to safe surgery¹

- 33% of all deaths/year = 17M deaths
- 77 million DALYs (Disability Adjusted Life Years)
- In low income countries there is a higher proportion of amenable deaths among health system users than non-users²
- Data and tools are critical

Over \$40M of funding released for in-country demonstration projects to scale pulse oximetry and multi-modal devices for health access

Focus on combination devices: pulse oximetry, hemoglobin, respiratory rate and other noninvasive measurements



1. Meara, J.G., et al., Global Surgery 2030: evidence and solutions for achieving health, welfare, and economic development. *Int J Obstet Anesth*, 2016. 25: p. 75-8.
2. ME Kruk, et al Mortality due to low-quality health systems in the universal health coverage era: a systematic analysis of amenable deaths in 137 countries *Lancet*, 392 (2018), pp. 2203-2212

Photo Sources: Top: Smile Train

Global Health: Scale-up Detection of Pneumonia



200 Million pneumonia cases occur each year around the world¹

- 2.6M deaths per year
- Children under the age of 5 and the elderly have highest risk
- Not enough done globally to identify and treat pneumonia

In 2013 The Bill & Melinda Gates Foundation (BMGF) commissioned an independent field trial of many pulse oximeters

- Masimo SET® had the lowest error rate and highest accuracy
- In 2015 BMGF approached Masimo to develop the Rad-G™ to screen for suspected pneumonia

Rad-G was launched to market in 2017

- In 2018 field usability testing was successfully completed
- 1300 devices now deployed in Ethiopia use case scaling pilots



1. JustActions. The Missing Piece. Why Continued Neglect of Pneumonia Threatens the Achievement of Health Goals. New York, USA: JustActions, 2018.
2. Floyd, J., et al., Evaluating the impact of pulse oximetry on childhood pneumonia mortality in resource-poor settings. Nature, 2015. 528(7580): p. S53-9

Photo Sources: Top: BMGF & GOBEE Field Trial; Bottom: Every Breath Counts Coalition, United4Oxygen, Lyon Group

Rad-G has obtained CE Marking. Not available in the U.S.



Global Health: Scale-up Screening for Anemia



1/3 of the world's population is anemic¹, contributing to:

- 9% of disabilities worldwide
- 42% increase in mortality during surgery

SpHb screening is beginning, with the largest global Hb screening projects conducted by largest international NGO and government organizations

1. Kassebaum, N.J., et al., A systematic analysis of global anemia burden from 1990 to 2010. Blood, 2014. 123(5): p. 615-24.

Corporate Responsibility and Sustainability

Investing in improving our footprint in our world and our community



Investing in our Planet and our Team

- RD sensors vs. traditional cabled-based sensors led to 84% waste reduction
- RD sensors has saved approximately 1.5M lbs of CO₂ since 2016
- 1M+ lbs of CO₂ saved by switching to eFUs from print materials in box since 2015
- 20+ initiatives and growing across our facilities, products and teams worldwide

Investing in Our Community

Partnering on broad patient safety initiatives



Partnering in housing homeless people in OC





► **Micah Young**

Executive Vice President and
Chief Financial Officer



Long-Term Financial Goals and Objectives

MARKET LEADING REVENUE GROWTH

Revenue growth of 8 – 10%

OPERATING MARGIN EXPANSION

Non-GAAP Operating Margins of 30%

SIGNIFICANT EPS GROWTH

Non-GAAP EPS growth of 12 – 15%

STRONG CASH FLOW GENERATION

Adjusted Free cash flow of \$300M+

DISCIPLINED CAPITAL DEPLOYMENT

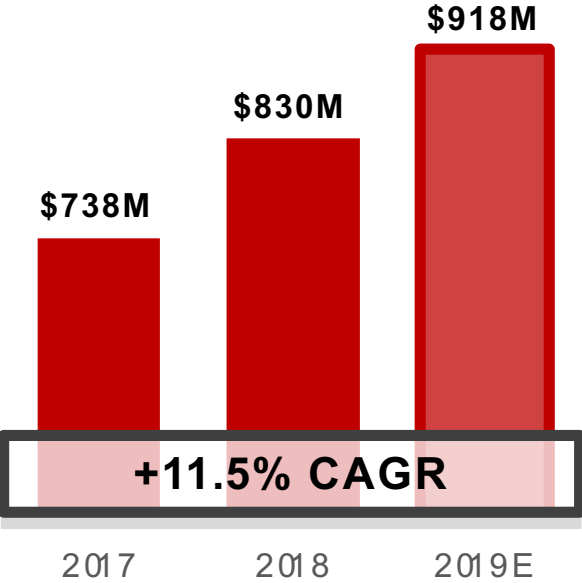
Strategically deploying capital to increase value

LONG-TERM PLAN ASSUMPTIONS

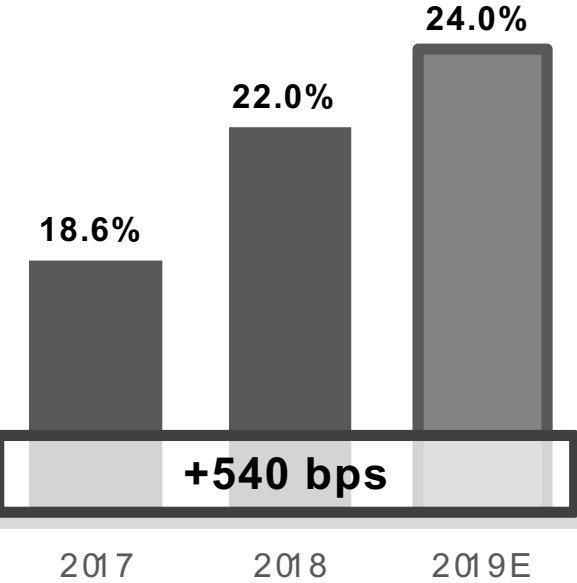
- **Current foreign exchange rates:** No impact from currency fluctuations
- **Medical Device Excise Tax:** Permanent repeal of the medical device tax
- **M&A:** No contribution from prospective M&A transactions

Executing on Our Long-Term Plan

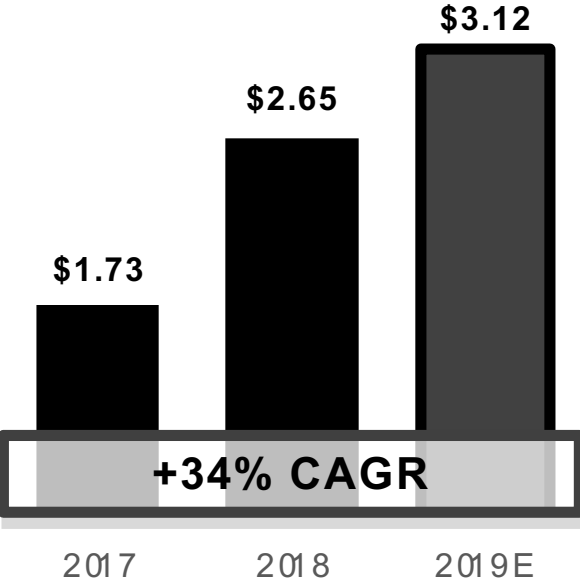
Product Revenue



Non-GAAP ¹ Operating Margin



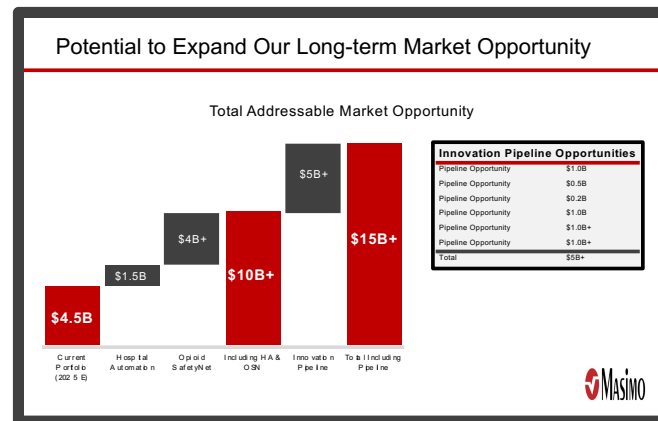
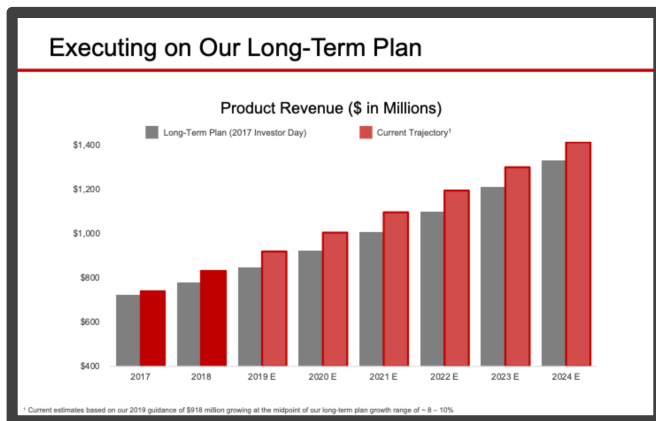
Non-GAAP ¹ EPS



¹ Non-GAAP measures shown exclude the impact of Royalty and Other Revenue, net of related costs. Please visit the Investor Relations section of the Company's website [www.teradata.com](#) to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

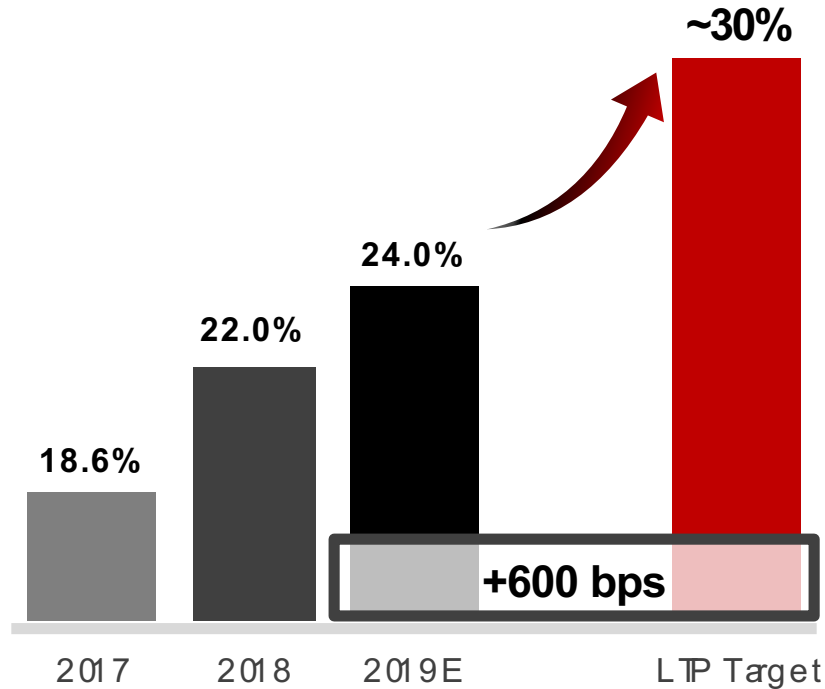
Long-Term Revenue Growth of 8 – 10%

Multiple opportunities for upside...



Non-GAAP Operating Margin¹ Improvement

Targeting Long-Term Operating Margins of ~30%



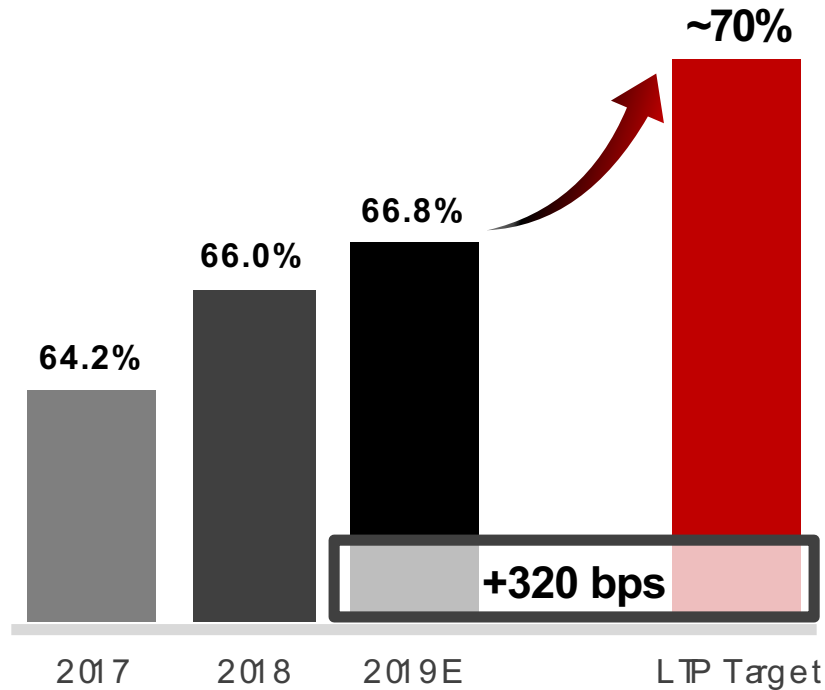
~600 Basis Points of Operating Margin Improvement

- Gross margin improvement of ~320 bps
- Operating expense improvement of ~280 bps
 - SG&A expenses will be the primary driver
 - Maintain our R&D investment



Non-GAAP Gross Margin¹ Improvement

Targeting Long-Term Gross Margins of ~70%



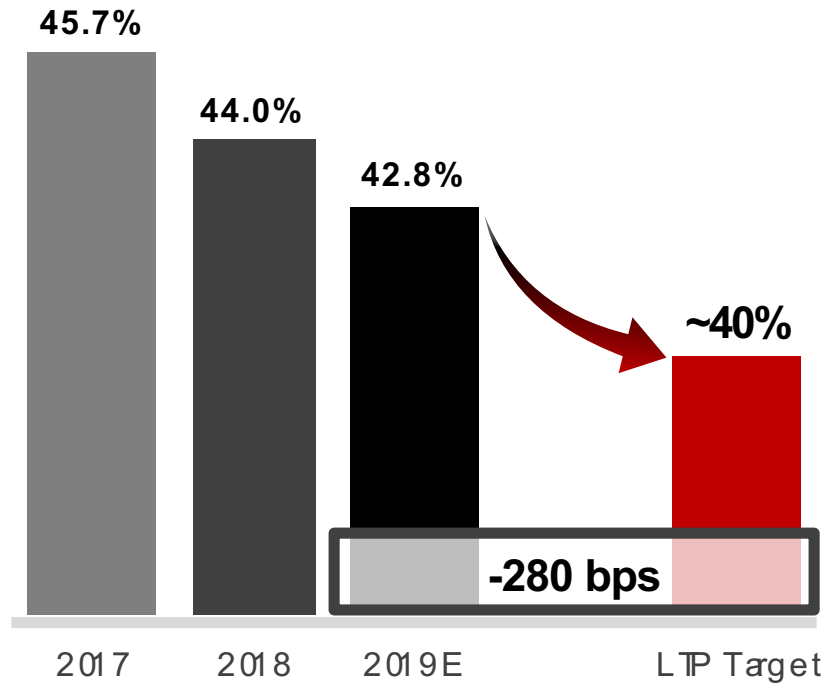
~320 Basis Points of Gross Margin Improvement

- Manufacturing scale
- Design for manufacturability (DFM)
- Procurement initiatives
- Leveraging our installed base



Non-GAAP Operating Expense¹ Improvement

Targeting Long-Term Operating Expenses of ~40%



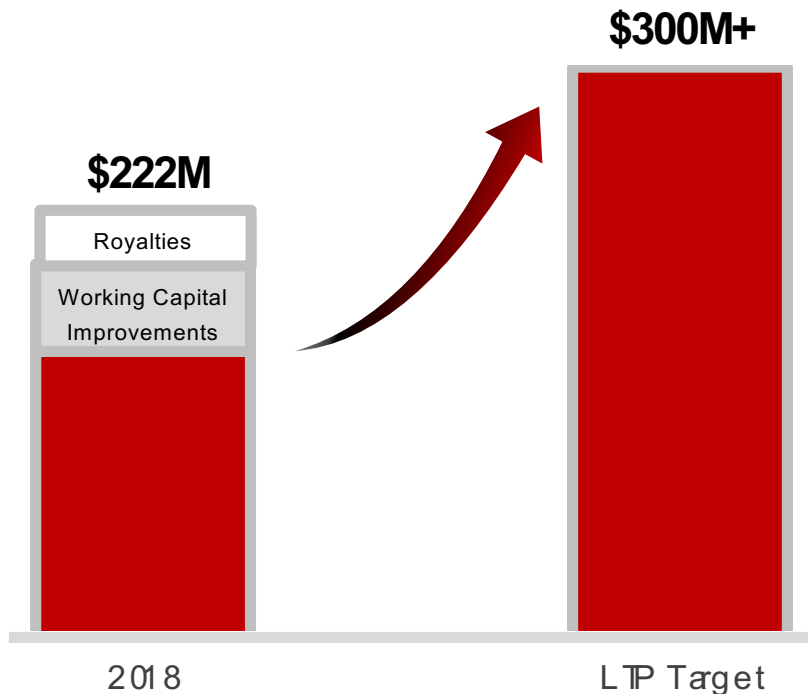
~280 Basis Points of Operating Expense Improvement

- International scale
- U.S. commercial productivity
- G&A leverage and efficiency



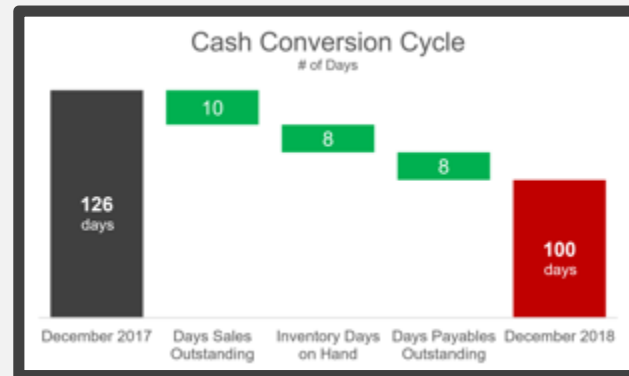
Strong Cash Flow Generation

Adjusted Free Cash Flow¹ \$ in Millions



TARGETING LONG-TERM FREE CASH FLOW OF \$300M+

- Execute on our long-term revenue and profitability goals to increase cash flow
- Maintain the improvements we made to working capital in FY 2018



Disciplined Capital Deployment

REINVESTMENT

Reinvest in the business to drive further innovation

- Maintain our R&D investment
- Our innovation has “set the bar high”

STRATEGIC ACQUISITIONS

Execute acquisitions that align well with our long-term strategy

- Leverage our core competencies
- Support our long-term goals:
 - Revenue growth of 8 – 10%
 - Operating margins of 30%
 - ROIC accretive within 5 years

SHARE REPURCHASES

Selective share repurchases

- Discount to our intrinsic value
- EPS accretion

Key Takeaways

- Executing on our long-term plan
- Long-term revenue growth target of 8 – 10% has multiple opportunities for upside
 - Hospital Automation
 - Opioid Safety
 - Innovation Pipeline



Investor Day

May 16, 2019

Appendix

Constant Currency Product Revenue ^{1,2}

RECONCILIATION OF GAAP PRODUCT REVENUE GROWTH TO CONSTANT CURRENCY PRODUCT REVENUE GROWTH

(in thousands, except percentages)

	<u>YTD 2017</u>	<u>YTD 2018</u>	<u>2019 Guidance ⁽³⁾</u>
GAAP product revenue	\$ 738,242	\$ 829,874	\$ 918,000
Constant currency F/X adjustments	N/A	N/A	6,500
Constant currency (non-GAAP) product revenue	<u>\$ 738,242</u>	<u>\$ 829,874</u>	<u>\$ 924,500</u>
GAAP product revenue growth			10.6%
Constant currency (non-GAAP) product revenue growth			11.4%



¹ Please visit the Investor Relations section of the Company's website at [www.masimoinc.com](#) to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

² Reported amounts may vary from amounts previously reported due to rounding conventions; Note items may not foot due to rounding.

³ Updated for most recent guidance provided on May 6, 2019.

Non-GAAP Gross Margin % ^{1,2}

RECONCILIATION OF GAAP GROSS PROFIT/MARGIN TO NON-GAAP GROSS PROFIT/MARGIN:

(in thousands, except percentages)

	<u>YTD 2017</u>	<u>YTD 2018</u>	<u>2019 Guidance ⁽³⁾</u>
GAAP gross profit/margin	\$ 522,032	\$ 574,892	\$ 613,814
Non-GAAP adjustments:			
Royalty and other revenue, net of related costs	(48,385)	(27,704)	(1,048)
Acquisition-related depreciation and amortization	500	458	458
Total non-GAAP gross profit/margin adjustments	<u>(47,885)</u>	<u>(27,246)</u>	<u>(590)</u>
Non-GAAP gross profit/margin	<u>\$ 474,147</u>	<u>\$ 547,646</u>	<u>\$ 613,224</u>
Non-GAAP gross profit/margin % ⁽⁴⁾	64.2%	66.0%	66.8%

¹ Please visit the Investor Relations section of the Company's website at <https://www.masimo.com/investor-relations> to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

² Reported amounts may vary from amounts previously reported due to rounding conventions; Note items may not foot due to rounding.

³ Updated for most recent guidance provided on May 6, 2019.

⁴ Calculated as a percentage of product revenue.



Non-GAAP Operating Expense % ^{1,2}

RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES:

(in thousands, except percentages)

	<u>YTD 2017</u>	<u>YTD 2018</u>	<u>2019 Guidance ⁽³⁾</u>
GAAP selling, general and administrative operating expenses	\$ 273,011	\$ 285,417	
Non-GAAP adjustments:			
Acquisition-related depreciation and amortization	<u>(1,097)</u>	<u>(984)</u>	
Non-GAAP selling, general and administrative operating expenses	<u>\$ 271,914</u>	<u>\$ 284,433</u>	
Non-GAAP SG&A expense % ⁽⁴⁾	36.8%	34.3%	
GAAP research and development operating expenses	\$ 65,234	\$ 81,006	
Non-GAAP adjustments:			
Acquisition-related depreciation and amortization	<u>-</u>	<u>-</u>	
Non-GAAP research and development operating expenses	<u>\$ 65,234</u>	<u>\$ 81,006</u>	
Non-GAAP R&D expense % ⁽⁴⁾	8.8%	9.8%	
GAAP litigation settlement, award and/or defense costs	\$ -	\$ 425	
Non-GAAP adjustments:			
Litigation damages, awards and settlements	<u>-</u>	<u>(425)</u>	
Non-GAAP litigation settlement, award and/or defense costs	<u>\$ -</u>	<u>\$ -</u>	
GAAP operating expenses	\$ 338,246	\$ 366,848	\$ 393,876
Non-GAAP adjustments:			
Acquisition-related depreciation and amortization	(1,097)	(984)	(972)
Litigation damages, awards and settlements	<u>-</u>	<u>(425)</u>	<u>-</u>
Total non-GAAP operating expense adjustments	(1,097)	(1,409)	(972)
Non-GAAP operating expenses	<u>\$ 337,148</u>	<u>\$ 365,439</u>	<u>\$ 392,904</u>
Non-GAAP operating expense % ⁽⁴⁾	45.7%	44.0%	42.8%

¹ Please visit the Investor Relations section of the Company's website at [www.masimoinc.com](#) to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

² Reported amounts may vary from amounts previously reported due to rounding conventions; Note items may not foot due to rounding.

³ Updated for most recent guidance provided on May 6, 2019.

⁴ Calculated as a percentage of product revenue.



Non-GAAP Operating Margin % ^{1,2}

RECONCILIATION OF GAAP OPERATING INCOME/MARGIN TO NON-GAAP OPERATING INCOME/MARGIN:

(in thousands, except percentages)

	<u>YTD 2017</u>	<u>YTD 2018</u>	<u>2019 Guidance ⁽³⁾</u>
GAAP operating income/margin	\$ 183,787	\$ 208,044	\$ 219,938
Non-GAAP adjustments:			
Royalty and other revenue, net of related costs	(48,385)	(27,704)	(1,048)
Acquisition-related depreciation and amortization	1,597	1,442	1,430
Litigation damages, awards and settlements	-	425	-
Total non-GAAP operating income/margin adjustments	<u>(46,788)</u>	<u>(25,837)</u>	<u>382</u>
Non-GAAP operating income/margin	<u>\$ 136,999</u>	<u>\$ 182,207</u>	<u>\$ 220,320</u>
Non-GAAP operating income/margin % ⁽⁴⁾	18.6%	22.0%	24.0%

¹ Please visit the Investor Relations section of the Company's website at www.masimoinc.com to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

² Reported amounts may vary from amounts previously reported due to rounding conventions; Note items may not foot due to rounding.

³ Updated for most recent guidance provided on May 6, 2019.

⁴ Calculated as a percentage of product revenue.



Non-GAAP Net Income and Diluted EPS ^{1,2}

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME:

(in thousands, except per share amounts)

	<u>YTD 2017</u>	<u>YTD 2018</u>	<u>2019 Guidance ⁽³⁾</u>
GAAP net income	\$ 124,789	\$ 193,543	\$ 186,925
Weighted Average Shares Outstanding - diluted	55,874	56,039	57,599
GAAP Net Income per diluted share (EPS)	2.23	3.45	3.25
Non-GAAP adjustments:			
Royalty and other revenue, net of related costs	(48,385)	(27,704)	(1,048)
Acquisition-related depreciation and amortization:			
Cost of goods sold	500	458	458
Operating expenses	1,097	984	972
Subtotal - acquisition-related depreciation and amortization	1,597	1,442	1,430
Litigation damages, awards and settlements			
Operating expenses	-	425	-
Non-operating other (income) expense:			
Realized and unrealized foreign currency gains or losses	270	2,027	-
Tax impact of non-GAAP net income adjustments	16,101	5,531	182
Expiration of certain statutes of limitation related to unique and non-recurring tax positions	-	(4,169)	-
Excess tax benefits from stock-based compensation	(39,241)	(22,036)	(8,032)
2017 U.S. Tax Reform	41,392	(675)	-
Total non-GAAP net income adjustments	(28,266)	(45,159)	(7,468)
Non-GAAP net income	<u>\$ 96,522</u>	<u>\$ 148,384</u>	<u>\$ 179,457</u>
Weighted Average Shares Outstanding - diluted	55,874	56,039	57,599
Non-GAAP Diluted EPS	\$ 1.73	\$ 2.65	\$ 3.12

¹ Please visit the Investor Relations section of the Company's website at www.masimo.com/investor-relations to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

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³ Updated for most recent guidance provided on May 6, 2019.



Adjusted Free Cash Flow ^{1,2}

RECONCILIATION OF FREE CASH FLOW TO ADJUSTED FREE CASH FLOW

(in thousands)

	<u>YTD 2017</u>	<u>YTD 2018</u>
Net cash provided by operating activities		
Net cash provided by operating activities	\$ 56,062	\$ 239,527
Purchases of property and equipment, net	<u>(43,684)</u>	<u>(17,126)</u>
Free cash flow	12,378	222,401
Litigation damages, awards and settlements	-	-
Tax payments related to litigation awards and damages	<u>74,201</u>	<u>-</u>
Adjusted free cash flow	<u>\$ 86,579</u>	<u>\$ 222,401</u>



(1) Please visit the Investor Relations section of the Company's website [www.masimousa.com](#) to access additional information related to our Non-GAAP adjustments and Supplementary Financial Information.

(2) Reported amounts may vary from amounts previously reported due to rounding conventions; Note items may not foot due to rounding.