

## **ResMed Inc. Announces Record Financial Results for Quarter and Year Ended June 30, 2001, before Acquisitions Costs**

**August 8, 2001**

SAN DIEGO, California, August 8, 2001....ResMed Inc (NYSE:RMD) announced record revenue and net income results for the quarter and year ended June 30, 2001. Net income for the quarter increased 35% to \$8.3 million from \$6.2 million, or to \$0.25 per share (on a diluted basis) from \$0.19 per share, compared to the June 2000 quarter. Income from operations for the quarter was \$13.2 million, compared to \$8.9 million for the same period in fiscal 2000, an increase of 48%. Company revenue for the quarter was \$47.0 million, an increase of 49% over year ago figures. Excluding MAP Medizin-Technologie GmbH ("MAP"), revenues for the quarter increased by 31% over the prior year period.

The improved quarterly net income reflected higher levels of sales in all global markets when compared to fiscal 2000. Gross profit, at 68% for the quarter, was consistent with the margin recorded in the June 2000 quarter.

Selling, general and administration costs for the quarter were \$15.3 million, an increase of \$5.2 million, over the same period in fiscal 2000. The increase in gross SG&A related primarily to an expansion of selling and administration personnel to meet expanding opportunities in the sleep disordered breathing market and included a full quarter of SG&A costs from MAP.

Research and development expenditure, at approximately 7% of net revenues, increased during the three months ended June 30, 2001 to \$3.2 million from \$2.5 million in the quarter ended June 30, 2000. The increase of 28% in research and development outlays reflected ResMed's continuing innovation within its product portfolio as well as an ongoing commitment to clinical research and product development, particularly in the evolving stroke and congestive heart failure markets.

Inventories of \$30.0 million were comparable with March 2001 levels and accounts receivable days sales outstanding at 60 days improved by 7 days during the quarter.

Company revenues for fiscal 2001 were \$155.2 million, an increase of 34% over the year ended June 30, 2000. Net income, before acquisition expenses, for the year was \$29.9 million or \$0.89 per share, on a diluted basis, compared with net income of \$22.2 million or \$0.69 per share for the same period in fiscal 2000. Net income, before acquisition expenses, increased by 34%, while EPS, on a diluted basis, improved by 29% over the same period. After allowing for the non-recurring write-off of \$17.7 million of in-progress MAP research and development and a restructuring charge of \$0.6 million to close MAP's French operations, ResMed's net income for fiscal 2001 was \$11.6 million or \$0.35 per share (on a diluted basis).

Peter C. Farrell, Ph.D., Chairman and Chief Executive Officer, expressed considerable satisfaction with the Company's performance. "These record profit and revenue results for the June quarter and fiscal year 2001 reflect ResMed's continuing robust sales and profit growth which now stretch to 25 consecutive quarters. Domestic sales increased by 27% over the June 2000 quarter to a record \$22.3 million, reflecting very healthy domestic demand for our sleep-disordered breathing (SDB) products, including ongoing improvement in domestic bilevel device revenues. International sales, excluding MAP, also increased by an impressive 35% over the June 2000 quarter despite an adverse impact of \$1.3 million from devaluation of international currencies, notably the Euro and Australian dollar, compared with the same period in fiscal 2000. Excluding the Euro impact, in local currency terms, international sales increased by 45%."

"We are also very encouraged by the reduction in DSOs by 7 days to 60 days as well our progress in product development; we are well advanced in the trials of new mask interfaces and flow generators which we expect to deliver into the marketplace later this calendar year. In addition, the integration of MAP is proceeding as planned. Revenues are where we had anticipated them to be and we have

already closed MAP's French operations. Also during the quarter we raised \$180 million through a convertible note issue, including an over allotment of \$30 million, received after June 30. The funds were raised on three continents under favorable terms in a somewhat difficult market. The proceeds were partially used to pay off the MAP acquisition and will provide investment flexibility for the company going forward.

Finally, we continue to make welcome progress with our focus on treating SDB/sleep apnea in both stroke and CHF populations. There are now 9 centers in Germany using AutoSet CS on some 100 CHF patients and we have also started CHF activities in both France and the UK using AutoSet CS. We are also accelerating our plans for diagnosing SDB/sleep apnea in stroke patients who are recovering in rehabilitation facilities. A more complete update on these initiatives will be given later in the year."

ResMed will host a conference call at 2.15 p.m. PDT today to discuss these quarterly results. Individuals wishing to access the conference call may do so via ResMed's web site at [www.resmed.com](http://www.resmed.com) or at [www.shareholder.com/resm/medialist.cfm](http://www.shareholder.com/resm/medialist.cfm). Please allow extra time prior to the call to visit the site and download the streaming media player (RealPlayer) required to listen to the internet broadcast. The online archive of the broadcast will be available approximately 90 minutes after the live call and will be available for two weeks.

ResMed is a leading developer, manufacturer, and marketer of medical equipment for the diagnosis and treatment of sleep-disordered breathing, selling its products in 60 countries. ResMed made the Forbes' list of 200 Best Small Companies in America for four consecutive years; in 2000, ResMed was ranked #34 up from #172 in 1997. ResMed was listed as one of Business Week's Hundred Hot Growth Companies for three consecutive years; in 2001 ResMed was ranked #31 up from #67 in 1999. ResMed was named by Fortune magazine as one of America's One Hundred Fastest Growing Companies in both 1999 and 2000; in 2001 ResMed was ranked #30 among Fortune Small Business' 100 Fastest Growing Small Businesses.

Further information can be obtained by contacting Walter Flicker at ResMed Inc, San Diego, (858) 746-2211 or by visiting the Company's multilingual web site at [www.resmed.com](http://www.resmed.com).

Statements contained in this release, which are not historical facts, are "forward-looking" statements as contemplated by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including statements regarding the Company's future revenue and earnings projections and the development of new markets for the Company's products, are subject to risks and uncertainties, which could cause actual results to differ materially from those projected or implied in the forward looking statements. Such risks and uncertainties are discussed in the Company's Annual Report on Form 10-K for its most recent fiscal year. The AutoSet CS is subject to FDA clearance prior to sale in the US market.

---

**RESMED INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
(In US\$ thousands, except per share data)

	Three Months Ended June 30,		Year Ended June 30,	
	2001 (unaudited)	2000 (unaudited)	2001	2000
Net revenue	47,028	31,564	155,156	115,615
Cost of sales	15,037	10,011	50,008	36,991
Reversal of inventory revaluation on acquisition	243	-	369	-
<b>Gross profit</b>	<b>31,748</b>	<b>21,553</b>	<b>104,779</b>	<b>78,624</b>
<b>Operating expenses</b>				
Selling, general and administrative	15,322	10,123	49,364	36,987
Research and development	3,235	2,536	11,146	8,499
<b>Total operating expenses</b>	<b>18,557</b>	<b>12,659</b>	<b>60,510</b>	<b>45,486</b>
<b>Income from operations</b>	<b>13,191</b>	<b>8,894</b>	<b>44,269</b>	<b>33,138</b>
<b>Other income (expenses), net</b>				
Interest income (expense), net	(609)	259	(762)	801
Government grants	-	-	72	279
Other, net	133	328	1,962	(52)
<b>Total other income (expenses), net</b>	<b>(476)</b>	<b>587</b>	<b>1,272</b>	<b>1,028</b>
<b>Income before income taxes and acquisition expenses</b>	<b>12,715</b>	<b>9,481</b>	<b>45,541</b>	<b>34,166</b>
<b>Income taxes</b>	<b>4,369</b>	<b>3,290</b>	<b>15,684</b>	<b>11,940</b>
<b>Net income before acquisition expenses</b>	<b>8,346</b>	<b>6,191</b>	<b>29,857</b>	<b>22,226</b>
<b>Non-recurring acquisition (expenses)</b>				
In progress R&D written off on acquisition	-	-	(17,677)	-
Provision for restructuring	-	-	(550)	-
<b>Net Income</b>	<b>8,346</b>	<b>6,191</b>	<b>11,630</b>	<b>22,226</b>
<b>Basic earnings per share before acquisition expenses</b>	<b>\$0.27</b>	<b>\$0.20</b>	<b>\$0.96</b>	<b>\$0.74</b>
<b>Diluted earnings per share before acquisition expenses</b>	<b>\$0.25</b>	<b>\$0.19</b>	<b>\$0.89</b>	<b>\$0.69</b>
<b>Basic earnings per share</b>	<b>\$0.27</b>	<b>\$0.20</b>	<b>\$0.37</b>	<b>\$0.74</b>
<b>Diluted earnings per share</b>	<b>\$0.25</b>	<b>\$0.19</b>	<b>\$0.35</b>	<b>\$0.69</b>
<b>Basic shares outstanding</b>	<b>31,426</b>	<b>30,543</b>	<b>31,129</b>	<b>30,153</b>
<b>Diluted shares outstanding</b>	<b>33,945</b>	<b>32,754</b>	<b>33,484</b>	<b>32,303</b>

- More -

**RESMED INC. AND SUBSIDIARIES**  
 Consolidated Balance Sheets  
 (In US\$ thousands except share and per share data)

ASSETS	June 30, 2001	June 30, 2000
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$40,136	\$18,250
Marketable securities - available for sale	62,616	3,713
Accounts receivable, net of allowance for doubtful accounts of \$892 and \$833 at June 30, 2001 and 2000, respectively	32,248	24,688
Inventories	29,994	15,802
Deferred income taxes	4,152	2,361
Prepaid expenses and other current assets	8,736	4,368
<b>Total current assets</b>	<u>177,882</u>	<u>69,172</u>
Property, plant and equipment, net of accumulated depreciation of \$19,930 and \$13,552 at June 30, 2001 and 2000, respectively	55,092	36,576
Patents, net of accumulated amortization of \$1,030 and \$789 at June 30, 2001 and 2000, respectively	1,390	1,342
Goodwill, net of amortization of \$3,193 and \$2,003 at June 30, 2001 and 2000, respectively	47,870	5,626
Other assets	5,866	2,878
<b>Total assets</b>	<u>\$288,090</u>	<u>\$115,594</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$7,971	\$5,929
Accrued expenses	16,751	9,224
Income taxes payable	8,888	6,469
<b>Total current liabilities</b>	<u>33,610</u>	<u>21,622</u>
<b>Non current liabilities:</b>		
Deferred revenue	4,114	-
Convertible Subordinated Notes	150,000	-
<b>Total Liabilities</b>	<u>\$187,724</u>	<u>\$21,622</u>
<b>Stockholders' equity:</b>		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	-	-
Series A Junior Participating preferred stock, \$0.01 par value, 250,000 shares authorized; none issued	-	-
Common Stock \$0.004 par value 100,000,000 shares authorized; issued and outstanding 31,529,445 at June 30, 2001 and 30,593,921 at June 30, 2000	126	122
Additional paid-in capital	52,675	41,495
Retained earnings	77,137	65,507
Accumulated other comprehensive loss	(29,572)	(13,152)
<b>Total stockholders' equity</b>	<u>100,366</u>	<u>93,972</u>
Commitments and contingencies	-	-
<b>Total liabilities and stockholders' equity</b>	<u>\$288,090</u>	<u>\$115,594</u>