

Resmed Inc. Announces Record Financial Results for Quarter and Year Ended June 30, 1999

August 4, 1999

SAN DIEGO, California, August 4, 1999....ResMed Inc. (NASDAQ, RESM) announced record revenue and net income results for the year and the quarter ended June 30, 1999. Net income for the quarter increased 54% to \$4.6 million from \$3.0 million or \$0.30 per share (on a diluted basis) compared to \$0.20 per share for the June 1998 quarter. Income from operations for the quarter was \$7.2 million, compared to \$5.6 million for the same period in fiscal 1998. Company net revenue for the quarter was \$25.1 million, an increase of 30% over the year ago figures. The improved quarterly net income reflected higher levels of sales in all major markets, when compared to fiscal 1998. Gross profit, at 66% for the quarter, continued to remain robust.

Selling, general and administration costs for the quarter were \$7.5 million, an increase of \$1.4 million or 23%, over the same period in fiscal 1998. The increase in gross SG&A related primarily to an expansion of selling and administration personnel to meet market requirements; the lower percentage of net revenue reflected improving economies of scale.

Company research and development expense, at approximately 7.8% of net revenues, increased during the three months ended June 30, 1999 to \$2.0 million from \$1.2 million in the quarter ended June 30, 1998. The increase of 63% in research and development outlays reflected ResMed's continuing commitment to innovation within its product portfolio and the pending release of a number of new product offerings anticipated in fiscal 2000.

Company revenues for fiscal 1999 were \$88.6 million, an increase of 33% over the year ended June 30, 1998. Net income after tax for the year was \$16.1 million or \$1.04 per share, on a diluted basis, compared with net income of \$10.6 million or \$0.71 per share for the same period in fiscal 1998. Net income increased by 52%, while EPS, on a diluted basis, improved by 46% over the same period. This performance reflects the successful completion of ResMed's tenth year of operations.

Dr Peter C. Farrell, Chairman and Chief Executive Officer, expressed satisfaction with the Company's performance: "These results for the June quarter reflect ResMed's continuing strong sales and profit growth. The 54% increase in net income compared with the same period in fiscal 1998 is extremely encouraging, since it is solely from internal growth. The results again reflect our strong domestic performance, with sales increasing to \$14.4 million, a robust 36% improvement on a very strong June 1998 fiscal quarter. ResMed also continues to experience solid demand for its products on the international market."

Dr Farrell also commented: "The sleep market continues to provide exciting growth opportunities for ResMed as the Company continues to gain market share. ResMed is well positioned to capitalize on these opportunities with the recent release of the AutoSet T and full face Mirage mask products as well as the imminent release of improved Mirage nasal mask systems."

ResMed is a leading developer, manufacturer, and marketer of medical equipment for the treatment of sleep-disordered breathing. The company sells a comprehensive range of diagnostic and treatment devices in over 40 countries through a combination of the Company's direct sales force and independent distributors. In 1999, ResMed was ranked #67 in **Business Week's** Hundred Hot Growth Companies list and in both 1997 and 1998 ResMed has been on the **Forbes** list of the 200 Best Small Companies in America.

Further information can be obtained by contacting Walter Flicker at ResMed Inc, San Diego, (858) 689-2400 ext. 211.

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 are subject to risks and uncertainties, which could cause actual results to differ materially from those projected or implied in the forward looking statements.

RESMED INC. AND SUBSIDIARIES

Consolidated Statements of Income (Unaudited)
(In US\$ thousands, except per share data)

	Three Months Ended		Year Ended	
	June 30		June 30,	
	1999	1998	1999	1998
Net revenue	25,143	19,282	88,627	66,519
Cost of sales	8,467	6,372	29,416	23,069
Gross profit	<u>16,676</u>	<u>12,910</u>	<u>59,211</u>	<u>43,450</u>
Operating expenses				
Selling, general and administrative	7,525	6,099	27,414	21,093
Research and development expenses	1,961	1,205	6,542	4,994
Total operating expenses	<u>9,486</u>	<u>7,304</u>	<u>33,956</u>	<u>26,087</u>
Income from operations	<u>7,190</u>	<u>5,606</u>	<u>25,255</u>	<u>17,363</u>
Other (expenses) income, net:				
Interest income, net	224	256	779	1,011
Government grants	431	135	833	611
Other, net	(723)	(1,479)	(2,290)	(2,873)
Total other (expenses) income, net	<u>(68)</u>	<u>(1,088)</u>	<u>(678)</u>	<u>(1,251)</u>
Income before income taxes	7,122	4,518	24,577	16,112
Income taxes	2,485	1,501	8,475	5,501
Net income	<u>4,637</u>	<u>3,017</u>	<u>16,102</u>	<u>10,611</u>
Basic earnings per share	\$0.31	\$0.21	\$1.09	\$0.73
Diluted earnings per share	\$0.30	\$0.20	\$1.04	\$0.71

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

	<u>June 30,</u> <u>1999</u>	<u>June 30,</u> <u>1998</u>
Assets		
Current assets:		
Cash and cash equivalents	\$11,108	15,526
Marketable securities - available for sale	5,626	5,220
Accounts receivable, net of allowance for doubtful accounts of \$421 and \$248 at June 30, 1999 and 1998, respectively	17,898	12,789
Government grants receivable	-	384
Inventories	10,725	7,647
Deferred income taxes	2,392	2,518
Prepaid expenses and other current assets	3,022	2,520
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Total current assets	50,771	46,604
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Property, plant and equipment, net of accumulated amortization of \$8,511 and \$5,395 at June 30, 1999 and 1998, respectively	29,322	11,111
Patents, net of accumulated amortization of \$570 and \$368 at June 30, 1999 and 1998, respectively	782	459
Goodwill, net of amortization of \$1,459 and \$893 at June 30, 1999 and 1998, respectively	6,555	5,445
Other assets	2,459	999
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Total assets	89,889	64,618
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Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	4,772	3,759
Accrued expenses	7,779	6,637
Income taxes payable	5,691	3,222
Current portion of long debt	-	227
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Total current liabilities	18,242	13,845
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Stockholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized, none issued	-	-
Series A Junior Participating preferred stock, \$0.01 par value, 150,000 shares authorized; none issued	-	-
Common Stock \$0.004 par value 50,000,000 shares authorized; issued and outstanding 14,808,000 at June 30, 1999 and 14,552,000 at June 30, 1998	59	58
Additional paid-in capital	33,736	31,224
Retained earnings	43,281	27,179
Accumulated other comprehensive income (loss)	(5,429)	(7,688)
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Total stockholders' equity	71,647	50,773
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Commitments and contingencies	-	-
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	\$ 89,889	64,618