

## **ResMed, Inc Announces Record Financial Results for Quarter and Nine Months Ended March 31, 2000**

**May 2, 2000**

SAN DIEGO, California, May 2, 2000...ResMed Inc. (NYSE:RMD) announced record financial results for the quarter and nine months ended March 31, 2000. Net income for the quarter was \$5.8 million (a 34% increase) or \$0.18 per share (on a fully diluted basis) compared with net income of \$4.4 million or \$0.14 per share for the March 1999 quarter. Income from operations for the quarter was \$8.3 million, compared to \$6.7 million for the same period in fiscal 1999 and revenues for the quarter were \$30.0 million, an increase of 32% over year ago figures.

The improved quarterly profit reflected higher levels of sales in all markets, when compared to fiscal 1999. Gross margin, at 66% for the quarter, was higher than the 65% recorded in the March 1999 quarter, reflecting a shift in geographical sales mix, as well as improved manufacturing capacity utilization.

Selling, general and administration costs for the quarter were \$9.5 million, an increase of \$2.8 million, over year ago figures. This increase related primarily to an expansion of selling and administration personnel to support sales growth, an increase in property costs associated with new offices in Europe as well as continuing investment in IT activities.

Research and development expenditure increased during the three months ended March 31, 2000 to \$2.1 million from \$1.5 million in the quarter ended March 31, 1999 and remained at about 7% of revenues. This R&D investment reflected a number of new products under development as well as ResMed's continuing commitment to innovation within its product portfolio.

Total other income increased for the quarter to \$0.7 million from a loss of \$0.1 million for the same period in fiscal 1999.

Working capital approximated \$47.5 million and \$32.5 million, at March 31, 2000, and June 30, 1999, respectively. The increase in working capital mainly reflected an increase in cash/marketable securities and management's decision to increase inventories, particularly in the U.S. and Europe, to support sales growth and launching of the ResMed S6 CPAP range and Ultra Mirage® masks.

For the nine months ended March 31, 2000, Company revenues were \$84.1 million, an increase of 32% over the nine months ended March 31, 1999. Net income for the nine months was \$16.0 million (a 40% increase) or \$0.50 per share, compared with net income of \$11.5 million or \$0.37 per share for the same period in fiscal 1999.

Peter C Farrell, PhD, Chairman and Chief Executive Officer, expressed considerable satisfaction with the Company's performance: "These continuing record profit and revenue results are particularly satisfying, since they represent ResMed's 20th consecutive quarter of meeting or exceeding First Call consensus EPS estimates, this time despite a significant increase in fully diluted shares and a concomitant weakening of the Euro currency. Net income was \$5.8 million for the Company's third quarter of fiscal 2000, representing a 34% increase over the same period in fiscal 1999. Domestic sales increased by 25% over the previous March, 1999, quarter to a record \$15.4 million, reflecting the continuing strong domestic demand for our sleep products, despite some softness in the non-invasive ventilation area. Excluding bilevel device revenues, domestic sleep sales grew at a very respectable 42%. International sales also increased by an

encouraging 40%, over the previous March 1999, quarter, to a record \$14.5 million. We are again heartened by our international performance as this strong revenue growth was achieved with a weakened Euro."

Dr Farrell also commented: "ResMed has now completed 5 fiscal years of record performance since the company went public and almost 11 years since the company was founded. This enviable performance is primarily due to the company's strategic focus on sleep and its implementation by a great team of people. ResMed is well positioned for future growth with the recent release of our new Ultra Mirage masks and ResMed's S6 CPAP range. In addition, promising results are being obtained from the Company's clinical studies in stroke and congestive heart failure. These patient groups have a large incidence (>50%) of sleep disordered breathing, which has been shown, in several recent national and international studies, to be a profound independent risk factor for hypertension".

ResMed is a leading developer, manufacturer, and marketer of medical equipment for the diagnosis and treatment of sleep-disordered breathing, selling a comprehensive range of products in over 50 countries. In 1999, ResMed was named by **FORTUNE** magazine as one of America's One Hundred Fastest Growing Companies; was listed as one of **Business Week's** Hundred Hot Growth Companies; and was ranked #27 on **Forbes** 21st annual list of the 200 Best Small Companies, up from #63 in 1998 and #172 in 1997.

Further information can be obtained by contacting Walter Flicker at ResMed Inc at (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.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2000	1999	2000	1999
Net revenue	\$ 29,971	\$ 22,760	\$ 84,051	\$ 63,484
Cost of sales	10,152	7,901	26,980	20,949
Gross profit	19,819	14,859	57,071	42,535
Operating expenses				
Selling, general and administrative expenses	9,459	6,636	26,864	19,889
Research and development expenses	2,103	1,512	5,964	4,581
Total operating expenses	11,562	8,148	32,828	24,470
Income from operations	8,257	6,711	24,243	18,065
Other income (expenses), net:				
Interest income, net	205	152	542	555
Government grants	-	138	279	402
Other income (expenses), net	533	(353)	(380)	(1,567)
Total other income (expenses), net	738	(63)	441	(610)
Income before income taxes	8,995	6,648	24,684	17,455
Income taxes	3,157	2,280	8,649	5,990
Net income	\$ 5,838	\$ 4,368	\$ 16,035	\$ 11,465
Basic earnings per share	\$0.19	\$0.15	\$0.53	\$0.39
Diluted earnings per share	\$0.18	\$0.14	\$0.50	\$0.37
Basic shares outstanding	30,294	29,492	29,975	29,398
Diluted shares outstanding	32,553	31,461	31,869	30,892

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

	March 31, 2000 (unaudited)	June 30, 1999
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	16,356	11,108
Marketable securities – available for sale	7,926	5,626
Accounts receivable, net of allowance for doubtful accounts of \$725 at March 31, 2000 and \$421 at June 30, 1999	23,491	17,898
Inventories	17,435	10,725
Deferred income taxes	2,422	2,392
Prepaid expenses and other current assets	3,904	3,022
<b>Total current assets</b>	<u>71,534</u>	<u>50,771</u>
Property, plant and equipment, net of accumulated depreciation of \$12,258 at March 31, 2000 and \$8,511 at June 30, 1999	30,853	29,322
Patents, net of accumulated amortization of \$705 at March 31, 2000 and \$570 at June 30, 1999	1,114	782
Goodwill, net of accumulated amortization of \$1,856 at March 31, 2000 and \$1,459 at June 30, 1999	5,805	6,555
Other assets	1,898	2,459
<b>Total assets</b>	<u>111,204</u>	<u>89,889</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	8,199	4,772
Accrued expenses	9,535	7,779
Income taxes payable	6,262	5,691
<b>Total current liabilities</b>	<u>23,996</u>	<u>18,242</u>
<b>Total liabilities</b>	<u>23,996</u>	<u>18,242</u>
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 30,541,378 at March 31, 2000 and 29,616,000 at June 30, 1999	122	118
Additional paid-in capital	39,754	33,677
Retained earnings	59,316	43,281
Accumulated other comprehensive income (loss)	(11,984)	(5,429)
<b>Total stockholders' equity</b>	<u>87,208</u>	<u>71,647</u>
Commitments and contingencies	-	-
<b>Total liabilities and stockholders' equity</b>	<u>111,204</u>	<u>89,889</u>