

ResMed Inc. Announces Record Financial Results for Quarter and Nine Months Ended March 31, 2001

May 1, 2001

SAN DIEGO California, May 1, 2001...ResMed Inc. (NYSE:RMD) announced record financial results for the quarter and nine months ended March 31, 2001. Net income for the quarter, prior to non-recurring acquisition expenses, increased 38% to \$8.0 million from \$5.8 million, or \$0.24 per share (on a fully diluted basis) compared with \$0.18 per share for the March 31, 2000 quarter. Income from operations for the quarter was \$12.2 million, compared to \$8.3 million for the same period in fiscal 2000; and revenues for the quarter were \$42.7 million, an increase of 42%. Excluding MAP Medizin-Technologie GmbH ("MAP"), acquired by ResMed on February 16, 2001, revenues for the quarter were \$39.8 million, an increase of 33% 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 higher than the 66% recorded in the March 2000 quarter reflecting a favorable AUD/USD exchange rate as well as improved manufacturing efficiencies through increased volumes.

Selling, general, and administration costs for the quarter were \$13.7 million, an increase of \$4.3 million, over year ago figures. This related primarily to an expansion of selling and administration personnel associated with the growth of company operations; also included is \$1.4 million of SG&A from MAP during the quarter.

Research and development expenditure, at 7% of revenues, increased during the three months ended March 31, 2001, to \$3.0 million from \$2.1 million in the quarter ended March 31, 2000. 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.

For the nine months ended March 31, 2001, Company revenues were \$108.1 million, an increase of 29% over the nine months ending March 31, 2000. Net income, before acquisition expenses, for the nine months was \$21.5 million or \$0.65 per share, compared with net income of \$16.0 million or \$0.50 per share for the same period in fiscal 2000. Net income increased by 34% over the prior year period.

Excluding MAP inventories of \$8.9 million, RMD inventories at \$19.8 million were stable at the December 2000 levels. Debtors days sales outstanding, excluding MAP, of 67 days also improved by 7 days during the quarter. After allowing for the non-recurring write-off of \$17.7 million of in-progress MAP research and development and a re-structuring charge of \$0.6 million to close MAP's French operations, ResMed's diluted loss per share for the quarter was \$0.30.

Peter C. Farrell, Ph.D., Chairman and Chief Executive Officer, expressed considerable satisfaction with the Company's performance: "These record profit and revenue results represent ResMed's 24th consecutive quarter of meeting or exceeding First Call consensus EPS estimates. Domestic sales increased by an impressive 38% over the previous March 2000 quarter to a record \$21.3 million, reflecting the continuing strong domestic demand for our sleep products. It is particularly pleasing to note a strong rebound in domestic bilevel device revenues, with sales increasing by 25% over the March 2000 quarter. International sales, excluding MAP, also increased by an impressive 28%, over the March 2000 quarter, to a record \$18.5 million, despite an adverse impact of \$1.4 million from the devaluation of international currencies, notably the Euro and Australian dollar, compared with the same period in fiscal 2000. In local currency terms, international sales increased by a very encouraging 37%. In short, these results are excellent given the continuing strength of the U.S. dollar, again demonstrating the robust nature of the sleep disordered breathing market coupled with the overall quality and acceptance of ResMed's sleep products." "We are also delighted with the performance of MAP since its acquisition on February 16, 2001. Although MAP is yet to contribute to net income, its top-line performance in the European sleep market remains solid. We have also begun limited restructuring of MAP's activities, particularly including the closure of MAP's

unprofitable French operations; ResMed's market-leading French subsidiary will continue to develop our business in France. We remain very satisfied with the MAP purchase and encouraged by the growth prospects of the business."

ResMed will host a conference call at 2:30 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 or at 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 a comprehensive range of 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. In both 1999 and 2000, ResMed was listed as one of **Business Week's** Hundred Hot Growth Companies and was named by **Fortune** magazine as one of America's One Hundred Fastest Growing Companies.

Further information can be obtained by contacting Walter Flicker at ResMed Inc., San Diego at (858) 746-2400 ext. 2211 or by visiting the Company's multilingual web site at 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.

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,	
	2001	2000	2001	2000
Net revenue	\$ 42,680	\$ 29,971	\$ 108,128	\$ 84,051
Cost of sales	13,631	10,152	34,971	26,980
Reversal of inventory revaluation on acquisition	126	-	126	-
Gross profit	28,923	19,819	73,031	57,071
Operating expenses:				
Selling, general and administrative expenses	13,727	9,459	34,042	26,864
Research and development expenses	3,017	2,103	7,911	5,964
Total operating expenses	16,744	11,562	41,953	32,828
Income from operations	12,179	8,257	31,078	24,243
Other income (expenses), net:				
Interest income (expense), net	(256)	205	(153)	542
Government grants	-	-	72	279
Other income (expenses), net	448	533	1,829	(380)
Total other income (expenses), net	192	738	1,748	441
Income before income taxes and acquisition expenses	12,371	8,995	32,826	24,684
Income taxes	(4,338)	(3,157)	(11,315)	(8,649)
Net income before acquisition expenses	\$ 8,033	\$ 5,838	\$ 21,511	\$ 16,035
Non-recurring acquisition (expenses):				
In progress R&D written off on acquisition	(17,677)	-	(17,677)	-
Provision for restructuring	(550)	-	(550)	-
Total non-recurring acquisition expenses	(18,227)	-	(18,227)	-
Net income (loss) after income taxes	\$ (10,194)	\$ 5,838	\$ 3,284	\$ 16,035
Basic earnings per share before acquisition expenses	\$0.26	\$0.19	\$0.69	\$0.53
Diluted earnings per share before acquisition expenses	\$0.24	\$0.18	\$0.65	\$0.50
Basic earnings (loss) per share	(\$0.33)	\$0.19	\$0.11	\$0.53
Diluted earnings (loss) per share	(\$0.30)	\$0.18	\$0.10	\$0.50
Basic shares outstanding	31,246	30,294	31,030	29,975
Diluted shares outstanding	33,691	32,553	33,330	31,869

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

	March 31, 2001	June 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,570	\$ 18,250
Marketable securities – available for sale	-	3,713
Accounts receivable, net of allowance for doubtful accounts of \$1,176 at March 31, 2001 and \$833 at June 30, 2000	33,076	24,688
Inventories	28,674	15,802
Deferred income taxes	1,778	2,361
Prepaid expenses and other current assets	7,205	4,358
Total current assets	<u>95,303</u>	<u>69,172</u>
Property, plant and equipment, net of accumulated depreciation of \$18,034 at March 31, 2001 and \$13,552 at June 30, 2000	52,962	36,576
Patents, net of accumulated amortization of \$887 at March 31, 2001 and \$789 at June 30, 2000	1,302	1,342
Goodwill, net of accumulated amortization of \$2,513 at March 31, 2001 and \$2,003 at June 30, 2000	49,647	5,626
Other assets	1,747	2,878
Total assets	<u>200,961</u>	<u>115,594</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	9,537	5,929
Accrued expenses	20,356	9,224
Income taxes payable	8,371	6,469
Short-term debt	35,369	-
Payable to former MAP shareholders	40,058	-
Total current liabilities	<u>113,691</u>	<u>21,622</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, 250,000 shares authorized; none issued	-	-
Common Stock, \$0.004 par value, 100,000,000 shares authorized; issued and outstanding 31,308,291 at March 31, 2001 and 30,593,921 at June 30, 2000	125	122
Additional paid-in capital	47,463	41,495
Retained earnings	68,791	65,507
Accumulated other comprehensive income (loss)	(29,109)	(13,152)
Total stockholders' equity	<u>87,270</u>	<u>93,972</u>
Commitments and contingencies	-	-
Total liabilities and stockholders' equity	<u>\$ 200,961</u>	<u>\$ 115,594</u>