

ResMed Inc Announces Record Financial Results for Quarter And Six Months Ended December 31, 2000

February 5, 2001

SAN DIEGO, California, February 5, 2001....ResMed Inc. (NYSE:RMD) announced record financial results for the quarter and six months ended December 31, 2000. Net income for the quarter increased 29% to \$6.9 million from \$5.4 million, or to \$0.21 per share (on a diluted basis) from \$0.17 per share, compared to the December 1999 quarter. Company net revenue for the quarter was \$34.4 million, an increase of 22% over year ago figures.

The improved quarterly net income reflected higher levels of sales in all global markets, when compared to the fiscal 2000 quarter. Gross profit, at 67% for the quarter is consistent with the average gross margin achieved over the previous three quarters.

Selling, general and administration costs for the quarter were \$10.7 million, an increase of \$1.7 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.

Research and development expenditure, at 7.3% of net revenues, increased during the three months ended December 31, 2000 to \$2.5 million from \$2.0 million in the quarter ended December 31, 1999. The increase of 27% 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.

For the six months ended December 31, 2000 Company revenues were \$65.4 million, an increase of 21% over the six months ending December 31, 1999. Net income after tax for the six months was \$13.5 million or \$0.41 per share, compared with net income after tax of \$10.2 million or \$0.32 per share for the same period in fiscal 2000. Net income increased by 32% over the prior year period.

Inventories at \$19.8 million were higher this quarter, reflecting full implementation of management's sea freight policy for European shipments and also an inventory build in Germany in preparation for the launch of the ResMed S6 CPAP range into the German market. Debtors days sales outstanding were consistent with the September 2000 quarter.

Peter C. Farrell, Ph.D., Chairman and Chief Executive Officer, expressed considerable satisfaction with the Company's performance. "These record results for the December quarter reflect the continued underlying strength of ResMed's sales and profit growth. Domestic sales increased by 26% for the quarter to \$18.9 million, reflecting strong domestic demand for our sleep products, despite expected softness in the non-invasive ventilation area. Excluding bilevel device revenues, domestic sleep sales grew at an impressive 31% for the December quarter. International sales also increased by an encouraging 17%, over the December 1999 quarter to \$15.5 million, despite an adverse impact of \$2.5 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 robust 36% and group sales increased by 31% over the previous December quarter. Furthermore, net income to revenues in the quarter was 20% and the results posted represent the 23rd successive quarter in which First Call consensus earnings estimates have been met or exceeded.

We are pleased with the sales penetration being achieved by our flagship products, the *Ultra* Mirage™ mask, the AutoSet® T and the S6™ CPAP range. As we announced last month, **Investor's Business Daily** recognized ResMed as the top performing medical company in the medical products category in the United States during 2000 and **Home Care Magazine** recently nominated the *Ultra* Mirage mask as one of the most popular homecare products in 2000. This recognition is very satisfying as it demonstrates our ability and commitment to developing the highest quality products

for the treatment of sleep disordered breathing."

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. 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, (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 US\$ thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2000	1999	2000	1999
Net revenue	\$ 34,366	\$ 28,135	\$ 65,448	\$ 54,080
Cost of sales	11,345	8,604	21,340	16,828
Gross profit	23,021	19,531	44,108	37,252
Operating expenses				
Selling, general and administrative	10,724	8,996	20,315	17,405
Research and development	2,505	1,971	4,894	3,861
Total operating expenses	13,229	10,967	25,209	21,266
Income from operations	9,792	8,564	18,899	15,986
Other income (expenses), net				
Interest income (expense), net	105	203	103	337
Government grants	72	139	72	279
Other, net	498	(644)	1,381	(913)
Total other income (expenses), net	675	(302)	1,556	(297)
Income before income taxes	10,467	8,262	20,455	15,689
Income taxes	3,569	2,900	6,977	5,492
Net income	\$ 6,898	\$ 5,362	\$ 13,478	\$ 10,197
Basic earnings per share	\$ 0.22	\$ 0.18	\$ 0.44	\$ 0.34
Diluted earnings per share	\$ 0.21	\$ 0.17	\$ 0.41	\$ 0.32
Basic shares outstanding	31,037	29,896	30,923	29,794
Diluted shares outstanding	33,222	31,746	33,150	31,526

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

	December 31, 2000	June 30, 2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,857	\$ 18,250
Marketable securities – available for sale	1,322	3,713
Accounts receivable, net of allowance for doubtful accounts of \$734 at December 31, 2000 and \$833 at June 30, 2000	28,965	24,688
Inventories	19,790	15,802
Deferred income taxes	2,400	2,361
Prepaid expenses and other current assets	6,345	4,358
	<u>75,679</u>	<u>69,172</u>
Property, plant and equipment, net of accumulated depreciation of \$16,415 at December 31, 2000 and \$13,552 at June 30, 2000	53,947	36,576
Patents, net of accumulated amortization of \$911 at December 31, 2000 and \$789 at June 30, 2000	1,352	1,342
Goodwill, net of amortization of \$2,256 at December 31, 2000 and \$2,003 at June 30, 2000	5,228	5,626
Other assets	4,039	2,878
	<u>140,245</u>	<u>115,594</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	8,662	5,929
Accrued expenses	12,233	9,224
Income taxes payable	7,014	6,469
Short-term debt	4,500	-
	<u>32,409</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, 150,000 shares authorized; none issued	-	-
Common Stock \$0.004 par value 100,000,000 shares authorized; issued and outstanding 31,160,224 at December 31, 2000 and 30,593,921 at June 30, 2000	125	122
Additional paid-in capital	46,029	41,495
Retained earnings	78,985	65,507
Accumulated other comprehensive loss	(17,303)	(13,152)
	<u>107,836</u>	<u>93,972</u>
Commitments and contingencies	-	-
Total liabilities and stockholders' equity	\$ 140,245	\$ 115,594