

ResMed Inc Announces Record Financial Results for Quarter and Nine Months Ended March 31, 2002

May 2, 2002

SAN DIEGO, California, May 2, 2002...ResMed Inc. (NYSE: RMD) announced record financial results for the quarter and nine months ended March 31, 2002. Net income for the quarter increased to \$10.4 million from a loss of \$10.2 million in the same period in fiscal 2001, or to \$0.31 per fully diluted share. Net income for the quarter, before non-recurring items, increased to \$9.2 million from \$8.0 million, or to \$0.27 per share from \$0.24 per share in the March 2001 quarter.

Revenue for the quarter increased by 24% to \$52.8 million, from \$42.7 million for the March 2001 quarter. Selling, general, and administration costs for the quarter were \$16.4 million, an increase of \$2.7 million or 20%, over the same period in fiscal 2001. SG&A expenditure as a percentage of revenue was 31% in the March 2002 quarter compared to 32% for the same period in fiscal 2001.

Research and development expenditure, at 7.2% of net revenues, increased during the three months ended March 31, 2002, to \$3.8 million from \$3.0 million in the quarter ended March 31, 2001. The increase of 26% in R&D reflects ResMed's continuing commitment to innovation within its product portfolio, as well as an ongoing commitment to clinical research and product development, particularly in the evolving hypertension and congestive heart failure markets.

During the quarter, the Company repurchased \$34.0 million face value of its convertible subordinated notes. The total purchase price of the notes was \$30.2 million, including \$0.3 million in accrued interest. On extinguishment, the Company recognized a gain of \$1.9 million, net of tax. The debt repurchase represents part of ResMed's ongoing capital management activities. The company may repurchase additional notes as appropriate.

One million dollars of the gain generated from the debt repurchase is being used by the Company to establish the ResMed Sleep Disordered Breathing Foundation. The Foundation's mission will be to promote awareness of and research into the serious medical consequences of untreated sleep disordered breathing (SDB).

For the nine months ended March 31, 2002, company revenues were \$147.8 million, an increase of 37% over the nine months ending March 31, 2001. Net income for the nine months was \$27.7 million or \$0.81 per diluted share, compared with net income of \$3.3 million or \$0.10 per diluted share for the same period in fiscal 2001. Net income, before non-recurring items, increased by 23% over the prior year period.

Inventories of \$33.7 million were consistent with the December 2001 quarter. Accounts receivable days sales outstanding, at 71 days, remain favorable compared to industry peers as well as the Company's past DSO history.

ResMed's Chairman and Chief Executive Officer, Peter C. Farrell, Ph.D., commented: "These record profit and revenue results are a continuation of the Company's robust performance. In addition, ResMed's operating cash flow for the quarter was a record \$11.6 million. Domestic sales increased by 25% over the March 2001 quarter to \$26.7 million, reflecting continuing strong domestic demand for our SDB devices and accessories. International sales increased by 22% over the March 2001 quarter to \$26.1 million, despite external challenges in the German market. In local currency terms, international sales increased by a robust 26%."

"Although German sales were flat in comparison to the December 2001 quarter, reflecting the impact of healthcare policy changes, we remain confident about long-term SDB growth prospects in that market. The increase in relative proportion of U.S. sales had a modest impact on gross margin of 1%, compared to the December 2001 period. If current uncertainties in the German SDB market continue, it will, however, be a challenge for the Company to meet the First Call Consensus earnings

per share estimate of 30 cents for the June quarter.”

Dr. Farrell also commented: “We are excited about the recent release of four new products. In the U.S. we have just introduced the Protégé mask, a high quality, upgradeable mask, as well as our Boomerang patient management software. In Europe we released the AutoSet Spirit, which will eventually replace the AutoSet T, and the new Papillon mask from MAP. In addition, we are delighted about prospects to grow public and physician awareness of SDB, as well as fund seminal cardiovascular research in the SDB field, through the ResMed SDB Foundation; much activity is needed in both areas. Harvard Medical School has already established a Division of Sleep Medicine, and more medical schools will follow; but, given the prevalence and serious health consequences of untreated SDB, we feel much more needs to be done.”

"I am also very pleased to welcome some important newcomers to the ResMed team. Louis A. Simpson, President and Chief Executive Officer, Capital Operations, Geico Corporation, a wholly owned subsidiary of Berkshire-Hathaway, has joined ResMed's Board of Directors. In addition, Dr. Anthony De Maria and Dr. Barbara Phillips have joined ResMed's Medical Advisory Board. Dr. DeMaria is Chair of Cardiology at UCSD School of Medicine and former President of the American College of Cardiology, while Dr. Phillips is a Board certified sleep physician/pulmonologist, Professor of Medicine at the University of Kentucky and a member of the Board of the American Academy of Sleep Medicine. We are delighted to be able to work with Lou, Tony and Barbara and look forward to their contributions in helping us to achieve our mission."

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 60 countries. In 1999, 2000 and 2001, ResMed was listed as one of **Business Week's** Hundred Hot Growth Companies. In 2001, ResMed was ranked #31 up from #67 in 1999. ResMed was also 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. ResMed has made the **Forbes'** list of 200 Best Small Companies in America for five consecutive years, most recently at #24 up from #172 in 1997.

ResMed will host a conference call at 2:00 p.m. Pacific Daylight Time today to discuss these quarterly results. Individuals wishing to access the conference call may do so via ResMed's Web site at <http://www.resmed.com/>. Please allow extra time prior to the call to visit the site and download the streaming media player (Windows Media Player) 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.

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 <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, the development of new markets for the Company's products, and the growth prospects for the Company in the German marketplace 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,	
	2002	2001	2002	2001
Net revenue	\$52,776	\$42,680	\$147,829	\$ 108,128
Cost of sales	18,919	13,631	50,801	34,971
Reversal of inventory revaluation on acquisition	86	126	587	126
Gross profit	<u>33,771</u>	<u>28,923</u>	<u>96,441</u>	<u>73,031</u>
Selling, general and administrative expenses	16,408	13,727	45,467	34,042
Research and development expenses	3,792	3,017	10,770	7,911
Total operating expenses	<u>20,200</u>	<u>16,744</u>	<u>56,237</u>	<u>41,953</u>
Income from operations	<u>13,571</u>	<u>12,179</u>	<u>40,204</u>	<u>31,078</u>
Interest income (expense), net	(893)	(256)	(2,461)	(153)
Other income, net	433	448	471	1,901
Total other income (expenses), net	<u>(460)</u>	<u>192</u>	<u>1,990</u>	<u>1,748</u>
Income before income taxes	<u>13,111</u>	<u>12,371</u>	<u>38,214</u>	<u>32,826</u>
Income taxes	<u>(3,935)</u>	<u>(4,338)</u>	<u>(11,721)</u>	<u>(11,315)</u>
Net income before non recurring items	<u>\$9,176</u>	<u>\$8,033</u>	<u>\$26,493</u>	<u>\$ 21,511</u>
Non-recurring items:				
In progress R&D written off on acquisition of MAP	-	(17,677)	-	(17,677)
Provision for restructuring on acquisition of MAP	-	(550)	-	(550)
Donation to Research Foundation, net of tax	(650)	-	(650)	-
Extraordinary gain on debt extinguishment, net of tax	1,853	-	1,853	-
Total non-recurring income (expenses)	<u>1,203</u>	<u>(18,227)</u>	<u>1,203</u>	<u>(18,227)</u>
Net income (loss)	<u>\$10,379</u>	<u>\$(10,194)</u>	<u>\$27,696</u>	<u>\$ 3,284</u>
Basic earnings per share before non recurring items	\$0.28	\$0.26	\$0.82	\$0.69
Diluted earnings per share before non recurring items	\$0.27	\$0.24	\$0.78	\$0.65
Basic earnings (loss) per share	\$0.32	\$(0.33)	\$0.87	\$0.11
Diluted earnings (loss) per share	\$0.31	\$(0.30)	\$0.81	\$0.10
Basic shares outstanding	32,217	31,246	31,992	31,030
Diluted shares outstanding	33,924	33,691	34,101	33,330

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

	March 31, 2002	June 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$56,228	\$40,136
Marketable securities – available-for-sale	56,823	62,616
Accounts receivable, net	43,966	32,248
Inventories	33,680	29,994
Deferred income taxes	4,397	4,152
Prepaid expenses and other current assets	15,437	8,736
	210,531	177,882
Property, plant and equipment, net of accumulated depreciation		
	65,542	55,092
Patents, net of accumulated amortization	2,623	1,390
Goodwill	54,642	47,870
Other assets	7,803	5,856
	TOTAL ASSETS	\$288,090
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$12,371	\$7,971
Accrued expenses	26,497	16,751
Income taxes payable	8,825	8,888
	Total current liabilities	33,610
Non Current Liabilities:		
Deferred Revenue	5,730	4,114
Convertible Subordinated Notes	146,000	150,000
	TOTAL LIABILITIES	\$187,724
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 32,273,707 at March 31, 2002 and 31,478,780 at June 30, 2001	129	126
Additional paid-in capital	61,977	52,675
Retained earnings	104,833	77,137
Accumulated other comprehensive income (loss)	(25,221)	(29,572)
	TOTAL STOCKHOLDERS' EQUITY	100,366
Commitments and contingencies	-	-
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 288,090