

RESMED INC. NYSE-RMD

RECENT PRICE **29.11** P/E RATIO **19.0** (Trailing: 20.2 Median: 30.0) RELATIVE P/E RATIO **1.40** DIV'D YLD **Nil** **VALUE LINE**

TIMELINESS 3 Raised 8/19/11	High: 10.7	15.5	13.5	11.7	13.0	21.4	25.6	28.1	26.2	26.7	35.9	35.4	Target Price Range		
SAFETY 2 Raised 2/27/09	Low: 4.9	9.1	6.1	7.3	10.1	12.3	18.4	19.2	14.5	15.7	25.0	25.8	2014	2015	2016
TECHNICAL 2 Raised 8/5/11	LEGENDS 18.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 11/98 2-for-1 split 4/00 2-for-1 split 10/05 2-for-1 split 8/10 Options: Yes Shaded areas indicate recessions												120		
BETA .75 (1.00 = Market)	2-for-1 2-for-1 2-for-1												80		
2014-16 PROJECTIONS													64		
Ann'l Total	Price Gain Return High 60 (+105%) 20% Low 45 (+55%) 12%												48		
Insider Decisions													32		
S O N D J F M A M	to Buy 0 0 0 0 0 0 0 0 0 0 Options 1 0 10 2 1 6 0 0 2 to Sell 1 0 10 3 1 6 0 1 3												24		
Institutional Decisions													20		
3Q2010	4Q2010	1Q2011	Percent shares traded										16		
to Buy 119	126	109	30										12		
to Sell 116	124	144	20										8		
Hld's(000) 91037	89827	80883	10										% TOT. RETURN 7/11		
													1 yr. -7.8		
													3 yr. 60.2		
													5 yr. 30.5		
													VLARITH: INDEX		
													21.2		
													42.7		
													48.6		

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC		14-16
.45	.30	.43	.57	.75	.94	1.23	1.56	2.05	2.51	3.04	4.01	4.61	5.50	6.12	7.22	8.15	9.30	Sales per sh ^A	13.50	
.07	.05	.09	.12	.17	.23	.29	.36	.44	.55	.66	.88	1.01	1.14	1.33	1.66	1.95	2.10	"Cash Flow" per sh	3.10	
.08	.04	.06	.09	.13	.17	.22	.28	.33	.41	.46	.61	.69	.73	.95	1.23	1.44	1.60	Earnings per sh ^B	2.45	
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.03	.01	.03	.09	.17	.13	.22	.21	.19	.42	.28	.68	.50	.50	.73	.38	.45	.50	Cap'l Spending per sh	.55	
.55	.34	.39	.43	.60	.77	.80	1.47	2.15	2.67	3.39	4.88	6.00	7.12	7.41	8.51	11.35	12.70	Book Value per sh ^C	18.25	
52.27	114.75	115.24	117.23	118.46	122.37	125.92	131.23	133.48	135.43	140.00	151.34	155.24	151.95	150.50	151.35	152.50	152.50	Common Shs Outst'g ^D	150.50	
8.8	22.5	19.2	21.9	29.7	33.0	43.9	41.7	24.3	27.2	29.5	32.7	33.4	29.5	20.2	21.8	22.3		Avg Ann'l P/E Ratio	21.0	
.59	1.41	1.11	1.14	1.69	2.15	2.25	2.28	1.39	1.44	1.57	1.77	1.77	1.78	1.35	1.37	1.49		Relative P/E Ratio	1.40	
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CAPITAL STRUCTURE as of 3/31/11													155.2	204.1	273.6	339.3	425.5	607.0	716.3	835.4	920.7	1092.4	1243.1	1415	Sales (\$mill) ^A	2030			
Total Debt \$80.2 mill. Due in 5 Yrs \$80.2 mill.													33.1%	30.0%	29.2%	30.4%	32.3%	28.7%	27.6%	25.1%	26.8%	27.9%	26.9%	26.0%	Operating Margin	27.5%			
LT Debt \$80.0 mill. LT Interest \$4.0 mill. (5% of Capital)													7.0	10.0	12.6	17.7	28.3	41.0	47.9	59.3	53.4	61.6	68.0	74.0	Depreciation (\$mill)	90.0			
Leases, Uncapitalized Annual rentals \$11.2 mill. No Defined Benefit Pension Plan													29.6	37.5	45.7	57.3	64.8	92.5	108.1	114.1	146.4	190.1	227.0	250	Net Profit (\$mill)	380			
Preferred Stock None													35.1%	31.3%	31.9%	32.3%	33.0%	31.3%	31.4%	30.1%	27.4%	27.1%	25.3%	25.0%	Income Tax Rate	25.0%			
Common Stock 152,914,937 shares as of 4/25/11													19.1%	18.4%	16.7%	16.9%	15.2%	15.2%	15.1%	13.7%	15.9%	17.4%	18.3%	17.5%	Net Profit Margin	19.0%			
MARKET CAP: \$4.5 billion (Mid Cap)													144.3	144.6	191.3	217.2	141.6	381.3	466.4	546.6	584.2	672.6	1083.6	1165	Working Cap'l (\$mill)	1460			
CURRENT POSITION (\$MILL.)													150.0	123.3	113.3	113.3	58.9	116.2	87.6	93.8	94.2	94.2	100.0	100	Long-Term Debt (\$mill)	Nil			
Cash Assets	415.7	488.8	671.7	BUSINESS: ResMed Inc. develops, manufactures, and distributes medical equipment for treating, diagnosing, and managing sleep-disordered breathing (SDB) and other respiratory disorders. SDB includes obstructive sleep apnea and other respiratory disorders that occur during sleep. It markets its products in over 70 countries through a combination of wholly owned subsidiaries and independent distributors. '10 R&D: \$75.2 mill (6.9% of sales). Employs about 3,200. Officers and directors own 4.5% of stock; Capital Research, 8.5%; BlackRock, 7.3% (9/10 proxy). Chairman, President & CEO: Peter C. Farrell. Incorporated: Delaware. Address: 9001 Spectrum Center Boulevard, San Diego, California 92123. Telephone: 858-836-5000. Internet: www.resmed.com.												100.4	192.9	286.4	361.5	474.1	738.1	931.2	1081.8	1115.2	1287.5	1730.7	1940	Shr. Equity (\$mill)	2745
Receivables	212.1	226.9	251.9	11.8%	12.4%	11.8%	12.2%	12.2%	11.2%	10.9%	10.0%	12.3%	14.8%	12.5%	12.5%	12.5%	Return on Total Cap'l	14.0%											
Inventory (FIFO)	157.4	185.6	205.0	29.5%	19.4%	16.0%	15.8%	13.7%	12.5%	11.6%	10.6%	13.1%	14.8%	13.1%	13.0%	13.0%	Return on Shr. Equity	14.0%											
Other	68.1	84.0	74.1	29.5%	19.4%	16.0%	15.8%	13.7%	12.5%	11.6%	10.6%	13.1%	14.8%	13.1%	13.0%	13.0%	Retained to Com Eq	14.0%											
Current Assets	853.3	985.3	1202.7	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil											
Accts Payable	48.3	57.5	52.4																										
Debt Due	67.5	121.7	2																										
Other	153.3	133.5	138.8																										
Current Liab.	269.1	312.7	191.4																										

ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
of change (per sh)	23.5%	20.0%	13.0%			
Sales	23.0%	20.0%	13.0%			
"Cash Flow"	22.0%	19.5%	15.0%			
Earnings	--	--	Nil			
Dividends	29.0%	23.0%	12.0%			
Book Value						

Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	185.7	202.7	211.8	235.2	835.4
2009	217.8	223.0	227.9	252.0	920.7
2010	247.0	275.1	278.7	291.6	1092.4
2011	282.0	306.0	313.3	341.9	1243.1
2012	325	350	355	385	1415

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	.17	.17	.19	.20	.73
2009	.18	.22	.25	.30	.95
2010	.27	.30	.32	.34	1.23
2011	.36	.37	.34	.37	1.44
2012	.36	.39	.41	.44	1.60

Calendar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007					
2008	NO CASH DIVIDENDS				
2009	BEING PAID				
2010					
2011					

Neutrally ranked shares of ResMed have not fared particularly well in the current investment climate. This issue has been one of the more stable stocks in this sector and our universe in general over the past year and a half. Moreover, the equity boasts a low Beta and receives an above-average score for Price Stability. Nonetheless, investors were quick to sell off this issue during the recent market swoon. We think the stock's recent slide is unwarranted, and are attributing this to a panicky market. In fact, fundamentals at ResMed are good, and profits ought to keep rising. We think that this good-quality issue is a solid long-term investment at this point.

The company's fourth-quarter showing was solid (fiscal year ended June 30th). It reported revenues of \$342 million in the period, up 17% from a year ago. Sales grew across the board and in all geographies, thanks to increasing demand for ResMed's offerings. Share earnings were \$0.37, an increase of 9%. Operating margins were hurt by the decline of the U.S. dollar versus the Australian dollar. Indeed, R&D costs rose 35% compared to the year-earlier figure, but more than two-thirds of the jump was due to currency fluctuation. The SG&A expense line told a similar story.

The bottom line should keep rising in fiscal 2011, though we have decreased our target by a nickel a share. Costs associated with recent acquisitions (more below) and likely currency translation will probably weigh down the operating margin some. Still, revenue growth at home and abroad should be strong.

ResMed made some complementary acquisitions. It bought BiancaMed, an Ireland-based medical technology company that specializes in developing and marketing devices that monitor sleep and breathing. BiancaMed's *SleepMinder* is a device that uses motion sensor technology to detect respiration and movement without physical contact. ResMed hopes to build upon this technology in the near future. ResMed also acquired Germany-based Grundler, a developer of medical humidification products that are used with a wide range of ventilators in a broad array of therapies.

Erik A. Antonson
August 26, 2011

(A) Fiscal years end on June 30th. Quarterly figures may not sum due to rounding.	3c. Next earnings report due late October.	Company's Financial Strength	A
(B) Diluted earnings. Excludes nonrecurring losses: '01, 14c; '05, 2c; '06, 2c; '07, 27c; '08,	(C) Includes intangibles. In '10: \$229.6 million, \$1.52 a share.	Stock's Price Stability	80
(D) In millions, adjusted for splits.		Price Growth Persistence	95
		Earnings Predictability	95