ResMed Inc. (RMD)

Updated January 31st, 2026 by Jonathan Weber

Key Metrics

Current Price:	$258	**5 Year CAGR Estimate:**	10.4%	**Market Cap:**	$38B
Fair Value Price:	$242	**5 Year Growth Estimate:**	11.0%	**Ex-Dividend Date:**	03/19/26[1]
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.3%	**Dividend Payment Date:**	02/12/26[2]
Dividend Yield:	0.9%	**5 Year Price Target**	$408	**Years Of Dividend Growth:**	13
Dividend Risk Score:	A	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

ResMed is a medical devices company that engages in the development, manufacturing and marketing of devices that diagnose, treat and manage a range of respiratory disorders such as sleep apnea. The company was founded in 1989 and is headquartered in San Diego, CA.

ResMed reported its second quarter (fiscal 2026) earnings results on January 29. The company reported revenues of $1.42 billion for the quarter, which was up 9% compared to the prior year's quarter. This was a solid performance compared to what was expected by the analyst community, as estimates were hit. Even though ResMed continues to invest in other business units, most of the revenue is still generated by the device business, which remains ResMed's largest unit by far. ResMed was able to grow its margins during the quarter, like in the previous quarter, as its gross margin improved by 310 basis points, to a pretty high 62.3%.

ResMed generated earnings-per-share of $2.81 during the fiscal second quarter, which beat analyst estimates by $0.09. ResMed's earnings-per-share were up by a compelling 16% compared to the prior year's quarter. Fiscal 2025 was a new record year for the company, but it looks like ResMed will perform even better this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.49	$2.82	$3.53	$3.64	$4.76	$5.33	$5.79	$6.44	$7.72	$9.55	***$11.00***	***$18.54***
DPS	$1.20	$1.32	$1.40	$1.48	$1.56	$1.62	$1.68	$1.76	$1.92	$2.12	***$2.40***	***$3.87***
Shares[3]	141	142	143	143	145	146	147	148	148	147	***147***	***145***

ResMed has been a reliable growth investment in the past. The company produced a very compelling low-teens earnings-per-share growth rate through the last decade.

ResMed's strong growth rate was primarily made possible by a combination of revenue increases and some margin expansion. Revenue growth was the most important factor, which ResMed achieved through growing its product portfolio, as well as via geographic expansion. Through focused R&D, ResMed was able to establish itself as the global leader in sleep apnea management, an indication with a large market that is still severely underpenetrated.

Studies show that up to one-fourth of adults have sleep apnea. In many major markets market penetration is still below 10%, which is why ResMed has a lot of potential to grow its revenues going forward, even without expanding its product lineup. All that is required will be investments in sales & marketing and additional manufacturing capacity.

Chronic obstructive pulmonary disease (COPD) is another indication with substantial need for treatment where ResMed has exposure. ResMed is also actively working at the intermixture between medtech and information technology by investing heavily into connected health solutions, as this is deemed a major growth market over the coming decades. ResMed's offerings include end-to-end systems for sleep and respiratory care and cloud-based diagnostic testing.

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[1] Estimated date
[2] Estimated date
[3] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	22.7	26.1	29.2	34.1	40.3	46.2	36.8	33.5	24.2	26.8	***23.5***	***22.0***
Avg. Yld.	2.1%	2.0%	1.3%	1.2%	0.8%	0.6%	0.8%	0.8%	1.0%	0.8%	***0.9%***	***0.9%***

ResMed is a high-quality company with a compelling growth track record, and the earnings growth outlook over the coming years is positive as well. This justifies an above-average valuation multiple, which is why shares were valued at more than 20 times profits throughout all of the last decade. We see a fair value of 22 times net profits. Today, shares trade above that level, which is why multiple compression will likely be a bit of a headwind going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	48%	47%	40%	41%	33%	30%	29%	27%	25%	22%	***22%***	***21%***

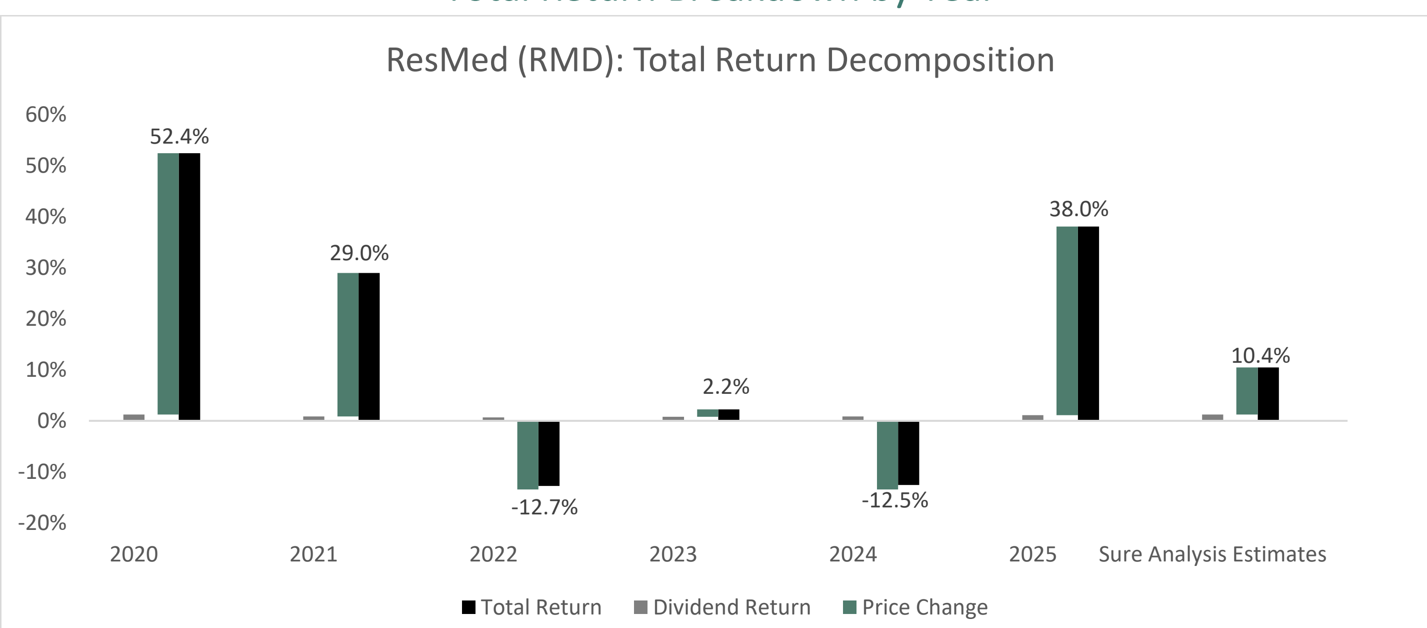
ResMed started paying dividends in 2012, but since then the dividend has grown pretty consistently. The dividend growth rate was, on average, lower than the earnings-per-share growth rate over the last decade. Due to a relatively low dividend payout ratio of less than 30%, the dividend looks very safe, we believe.

ResMed is smaller than many of its medtech peers, but it is very well positioned in the niche it addresses, and it owns strong products and a respectable IP portfolio. We believe that ResMed will continue to be a dominant player in the markets that it targets; competition does not seem to be a problem. The company's products are needed whether the economy is doing well or not, which is why ResMed is not a very cyclical company. The company's earnings-per-share continued to grow through the Great Recession, and this will most likely be the case during future recessions as well.

Final Thoughts & Recommendation

ResMed is a high-quality medtech company that targets an attractive market and that has achieved compelling earnings growth rates in the past. We believe that ResMed will be able to grow profitably during the coming years as well, and the company will also continue to increase its dividend. Shares trade somewhat above our fair value estimate, however, which is why we rate ResMed a hold today.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,839	2,067	2,340	2,607	2,957	3,197	3,578	4,223	4,685	5,146
Gross Profit	1,043	1,155	1,316	1,462	1,688	1,808	1,993	2,314	2,609	3,010
Gross Margin	56.7%	55.9%	56.2%	56.1%	57.1%	56.6%	55.7%	54.8%	55.7%	58.5%
SG&A Exp.	488	554	600	645	677	670	739	874	917	991
D&A Exp.	87	112	120	151	181	192	194	198	216	236
Operating Profit	436	457	560	636	809	912	1,000	1,152	1,384	1,687
Operating Margin	23.7%	22.1%	23.9%	24.4%	27.4%	28.5%	28.0%	27.3%	29.5%	32.8%
Net Profit	352	342	316	405	622	475	779	898	1,021	1,401
Net Margin	19.2%	16.6%	13.5%	15.5%	21.0%	14.8%	21.8%	21.3%	21.8%	27.2%
Free Cash Flow	480	343	434	382	696	620	195	559	1,286	1,651
Income Tax	87	76	206	114	111	409	181	204	244	277

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	3,257	3,468	3,064	4,108	4,587	4,728	5,096	6,752	6,872	8,174
Cash & Equivalents	731	822	189	147	463	295	274	228	238	1,223
Accounts Receivable	382	451	484	538	484	625	602	736	875	991
Inventories	224	268	269	350	417	457	744	998	822	928
Goodwill & Int. Ass.	1,359	1,327	1,284	2,378	2,338	2,320	2,282	3,323	3,328	3,512
Total Liabilities	1,562	1,508	1,005	2,035	2,090	1,842	1,735	2,622	2,008	2,207
Accounts Payable	93	93	93	116	136	138	159	151	238	278
Long-Term Debt	1,173	1,079	281	1,271	1,278	770	896	1,558	849	821
Shareholder's Equity	1,695	1,960	2,059	2,072	2,497	2,886	3,361	4,130	4,864	5,968
LTD/E Ratio	0.69	0.55	0.14	0.61	0.52	0.28	0.27	0.38	0.18	0.14

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	13.0%	10.2%	9.7%	11.3%	14.3%	10.2%	15.9%	15.2%	15.0%	18.6%
Return on Equity	21.5%	18.7%	15.7%	19.6%	27.2%	17.6%	25.0%	24.0%	22.7%	25.9%
ROIC	14.8%	11.6%	11.7%	14.2%	17.4%	12.7%	19.6%	18.0%	17.8%	22.3%
Shares Out.	141	142	143	143	145	146	147	148	148	147
Revenue/Share	12.98	14.51	16.25	18.04	20.30	21.83	24.33	28.64	31.75	34.93
FCF/Share	3.39	2.40	3.01	2.64	4.78	4.23	1.33	3.79	8.72	11.21

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.