



ResMed Inc. (RMD)

Updated August 13th, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$227	5 Year CAGR Estimate:	13.4%	Market Cap:	\$33B
Fair Value Price:	\$254	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	09/19/26 ¹
% Fair Value:	89%	5 Year Valuation Multiple Estimate:	2.3%	Dividend Payment Date:	10/12/26 ²
Dividend Yield:	1.2%	5 Year Price Target	\$409	Years Of Dividend Growth:	14
Dividend Risk Score:	A	Sector:	Health Care	Rating:	Buy

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 fourth quarter (fiscal 2026) earnings results on August 6th. The company reported revenues of \$1.46 billion for the quarter, which was up 12% compared to the prior year's quarter. This was a bit underwhelming, coming in merely in-line with analyst estimates. 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 90 basis points, to 62.3%.

ResMed generated earnings-per-share of \$2.95 during the fiscal fourth quarter, which beat analyst estimates by \$0.06. ResMed's earnings-per-share were up by a compelling 16% compared to the prior year's quarter. Fiscal 2026 was a new record year for the company, and it looks like ResMed will perform even better in FY'27.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	\$2.82	\$3.53	\$3.64	\$4.76	\$5.33	\$5.79	\$6.44	\$7.72	\$9.55	\$11.17	\$12.10	\$19.49
DPS	\$1.32	\$1.40	\$1.48	\$1.56	\$1.62	\$1.68	\$1.76	\$1.92	\$2.12	\$2.40	\$2.64	\$4.06
Shares³	142	143	143	145	146	147	148	148	147	146	145	140

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. Through its multiple growth vectors, ResMed should be able to grow its earnings-per-share nicely in the coming years.

¹ Estimated date

² Estimated date

³ In Millions

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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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	26.1	29.2	34.1	40.3	46.2	36.8	33.5	24.2	26.8	17.5	18.8	21.0
Avg. Yld.	2.0%	1.3%	1.2%	0.8%	0.6%	0.8%	0.8%	1.0%	0.8%	1.2%	1.2%	1.0%

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 21 times net profits, as future growth will likely be a little lower compared to the past. Shares trade slightly below fair value right now, we believe.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	47%	40%	41%	33%	30%	29%	27%	25%	22%	21%	22%	21%

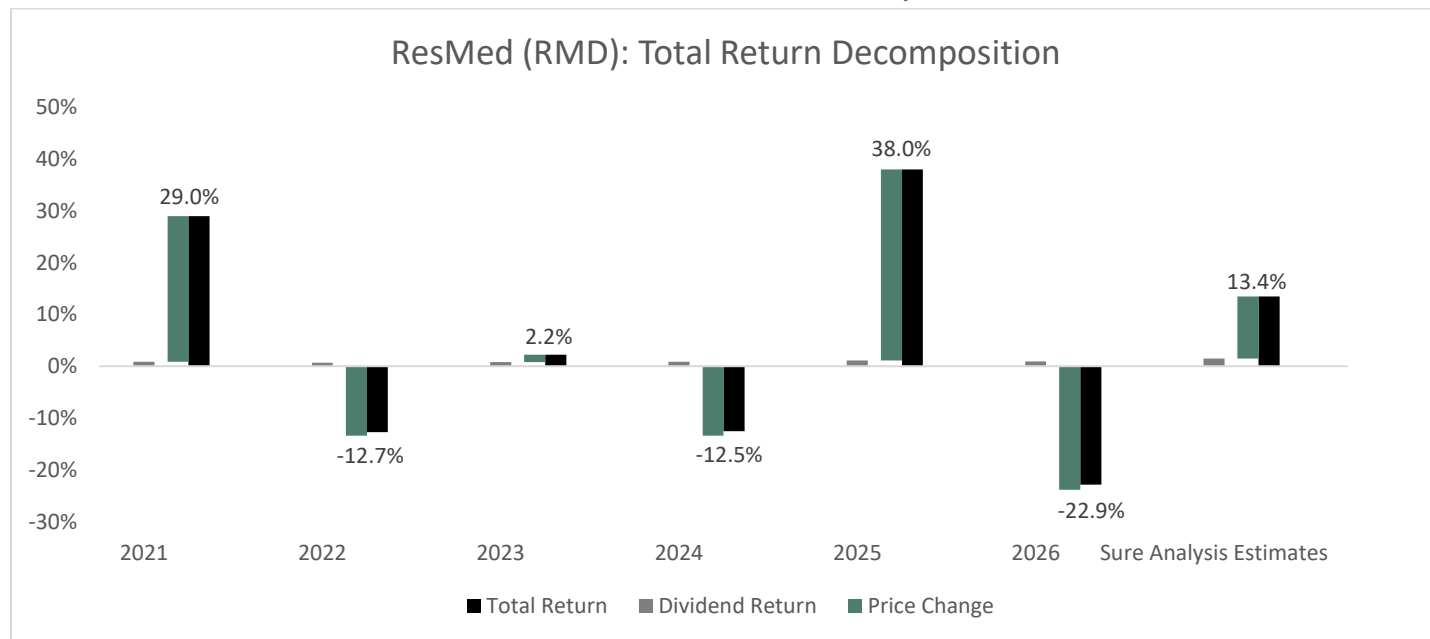
ResMed started paying dividends in 2012, but since then the dividend has grown pretty consistently. The dividend growth rate was, on average, lower than the earnings-per-share growth rate over the last decade. Due to a relatively low dividend payout ratio of less than 30%, the dividend looks safe.

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 also trade below our fair value estimate right now, which is why we rate ResMed a buy today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	2,067	2,340	2,607	2,957	3,197	3,578	4,223	4,685	5,146	5,653
Gross Profit	1,155	1,316	1,462	1,688	1,808	1,993	2,314	2,609	3,010	3,452
Gross Margin	55.9%	56.2%	56.1%	57.1%	56.6%	55.7%	54.8%	55.7%	58.5%	61.1%
SG&A Exp.	554	600	645	677	670	739	874	917	991	1,108
D&A Exp.	112	120	151	181	192	194	198	216	236	244
Operating Profit	457	560	636	809	912	1,000	1,152	1,384	1,687	1,920
Operating Margin	22.1%	23.9%	24.4%	27.4%	28.5%	28.0%	27.3%	29.5%	32.8%	34.0%
Net Profit	342	316	405	622	475	779	898	1,021	1,401	1,523
Net Margin	16.6%	13.5%	15.5%	21.0%	14.8%	21.8%	21.3%	21.8%	27.2%	26.9%
Free Cash Flow	343	434	382	696	620	195	559	1,286	1,651	1,629
Income Tax	76	206	114	111	409	181	204	244	277	396

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	3,468	3,064	4,108	4,587	4,728	5,096	6,752	6,872	8,174	8,966
Cash & Equivalents	822	189	147	463	295	274	228	238	1,223	1,469
Accounts Receivable	451	484	538	484	625	602	736	875	991	1,036
Inventories	268	269	350	417	457	744	998	822	928	946
Goodwill & Int.	1,327	1,284	2,378	2,338	2,320	2,282	3,323	3,328	3,512	3,362
Total Liabilities	1,508	1,005	2,035	2,090	1,842	1,735	2,622	2,008	2,207	2,381
Accounts Payable	93	93	116	136	138	159	151	238	278	309
Long-Term Debt	1,079	281	1,271	1,278	770	896	1,558	849	821	537
Shareholder's Equity	1,960	2,059	2,072	2,497	2,886	3,361	4,130	4,864	5,968	6,585
LTD/E Ratio	0.55	0.14	0.61	0.52	0.28	0.27	0.38	0.18	0.14	0.13

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	10.2%	9.7%	11.3%	14.3%	10.2%	15.9%	15.2%	15.0%	18.6%	17.8%
Return on Equity	18.7%	15.7%	19.6%	27.2%	17.6%	25.0%	24.0%	22.7%	25.9%	24.3%
ROIC	11.6%	11.7%	14.2%	17.4%	12.7%	19.6%	18.0%	17.8%	22.3%	23.9%
Shares Out.	142	143	143	145	146	147	148	148	147	146
Revenue/Share	14.51	16.25	18.04	20.30	21.83	24.33	28.64	31.75	34.93	38.71
FCF/Share	2.40	3.01	2.64	4.78	4.23	1.33	3.79	8.72	11.21	11.15

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

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