



SomnoMed reports solid growth and stronger profits

28th October 2010, Sydney: SomnoMed Limited (ASX:SOM)

SomnoMed Limited has announced today that in the month of September worldwide sales of SomnoDent® sleep apnea appliance had for the first time in SomnoMed's history exceeded 2,000 units. This comes after seasonally affected lower sales in the northern summer months of July and August.

SomnoMed generated an unaudited operating profit before corporate and business development expenses (\$723K), which exceeded budget and was approximately 70% ahead of the same number for the prior year. The company again had a positive unaudited EBITDA (\$118K), which was ahead of budget and the prior year EBITDA (\$41K).

In the September quarter, revenues increased by 36% over the same quarter in the previous year, with total sales revenues of \$2.8m. Unit sales for the first quarter 2010 grew 29% over 2009 unit sales for the corresponding period. Europe's units growth was very pleasing, increasing over 150% in quarter one 2010, as compared with the same quarter in 2009. North American units sold increased 17% compared to the same quarter in the previous year.

The Gross Margin continued to improve through manufacturing efficiencies and is now at a level of 60%, compared with 56% shown in FY 2010.

Mr. Ralf Barschow, SomnoMed's CEO commented, "The result is driven by the ongoing strong volumes seen in most markets and more noticeably from Europe this quarter. The demand for the SomnoMed products in the treatment of sleep disordered breathing continues to grow. This is reflected in the profitability of our company and demonstrates our commitment to the market in providing a clinically proven treatment alternative in the sleep disordered breathing sector."

"Strategic alliances, ongoing product developments and further product innovations will allow SomnoMed to continue this trend," added Mr Barschow. "We continue to work on the further acceptance of the SomnoDent® Sleep Apnea treatment solution within the medical market, with Sleep Physicians referring more and more patients to a SomnoDent® treatment as a means to alleviating Obstructive Sleep Apnea. We are very pleased with this trend and reached now over 50,000 patients worldwide having received or are in treatment with a SomnoDent® sleep apnea appliance."

Cash usage in the September quarter was \$624 000 relating mainly to the investments made to expand the Manila production facility capacity, year end related payments, as well as further working capital requirements.

The cash balance at the end of September 2010 was \$3.6m.

For more information contact:

Mr. Ralf Barschow, CEO, SomnoMed Limited +61 2 9467 0420