



**BUILDING A GLOBAL MEDICAL DEVICE BUSINESS**  
**Financial Year 2012 – 13**  
**Investor Briefing**

*Sydney – Melbourne – Brisbane*  
*25 September – 1 October, 2013*

## Disclaimer & Regulatory Disclosure

This document has been prepared as a summary only, and does not contain all information about the Company's assets and liabilities, financial position and performance, profit and losses and the rights and liabilities attaching to the Company's securities. This document should be read in conjunction with any public announcements and reports (including financial reports and disclosure documents) released by SomnoMed Limited. The securities issued by the Company are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Some of the statements contained in this release are forward-looking statements. Forward looking statements include but are not limited to, statements concerning estimates of future sales, expected revenues and costs, statements relating to the continued advancement of the Company's operations and other statements which are not historical facts. When used in this document, and on other published information of the Company, the words such as "aim", "could", "estimate", "expect", "intend", "target", "forecast", "future", "will", "may", "potential", "should" and similar expressions are forward-looking statements.

Although the company believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results and projections of future performance to differ from these forward looking statements as a result of known and unknown risks, uncertainties and other factors not anticipated by the Company or disclosed in the Company's published material. Many of these factors are beyond the control of SomnoMed Limited and may involve subjective judgement and assumptions as to future events, which may or may not be correct.

The Company does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this document.

Recipients of this document should carefully consider whether the securities issued by the Company are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

*Building and expanding the foundations of a global medical device business*

Main achievements in 2012/13

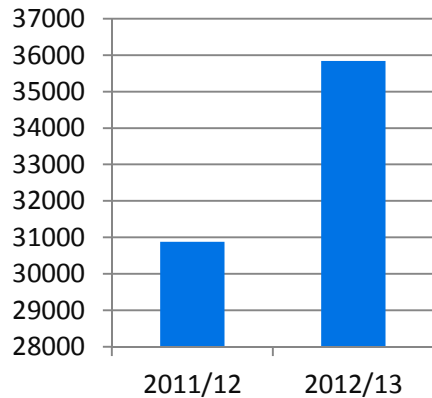
- Expansion of geographic coverage and achievement of full integration in Europe through acquisitions in France, Sweden and Germany (1.7.13)
- Introduction of new products broadening market coverage – SomnoDent G2® and SomnoDent Herbst
- Commencement of implementation of medical strategy – focusing on medical specialists, health care providers and insurers – in the US, Europe and Australia
- Improvement of the quality and efficiency of our dental operation in the USA – restructuring of laboratory and dental sales operation
- Strengthening SomnoMed’s cash position – higher cash position despite significant investments due to underlying business and stronger cash management

*Continuous growth in all regions and departments in 2012/13*

1

SomnoDent® Units sold totaled 35,841

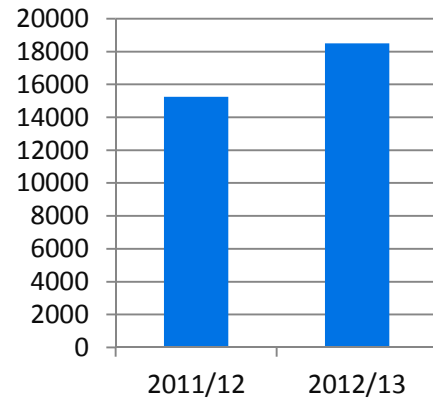
Units Sold



2

Revenues reached \$18.5 million

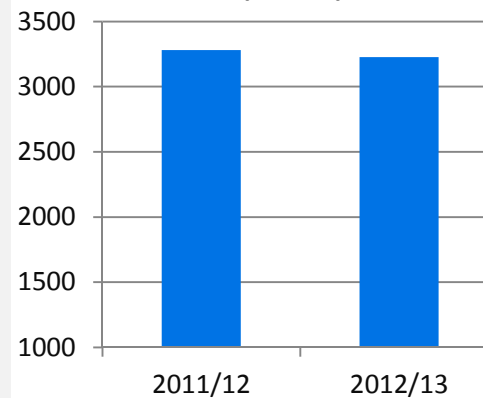
Revenues (\$000's)



3

Operating Profits before corporate overheads, research and development \$3.2 million

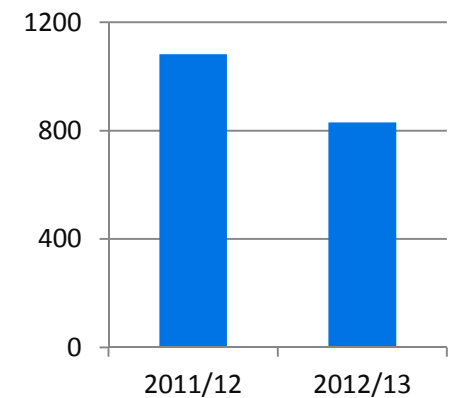
Operating profit (\$000's)



4

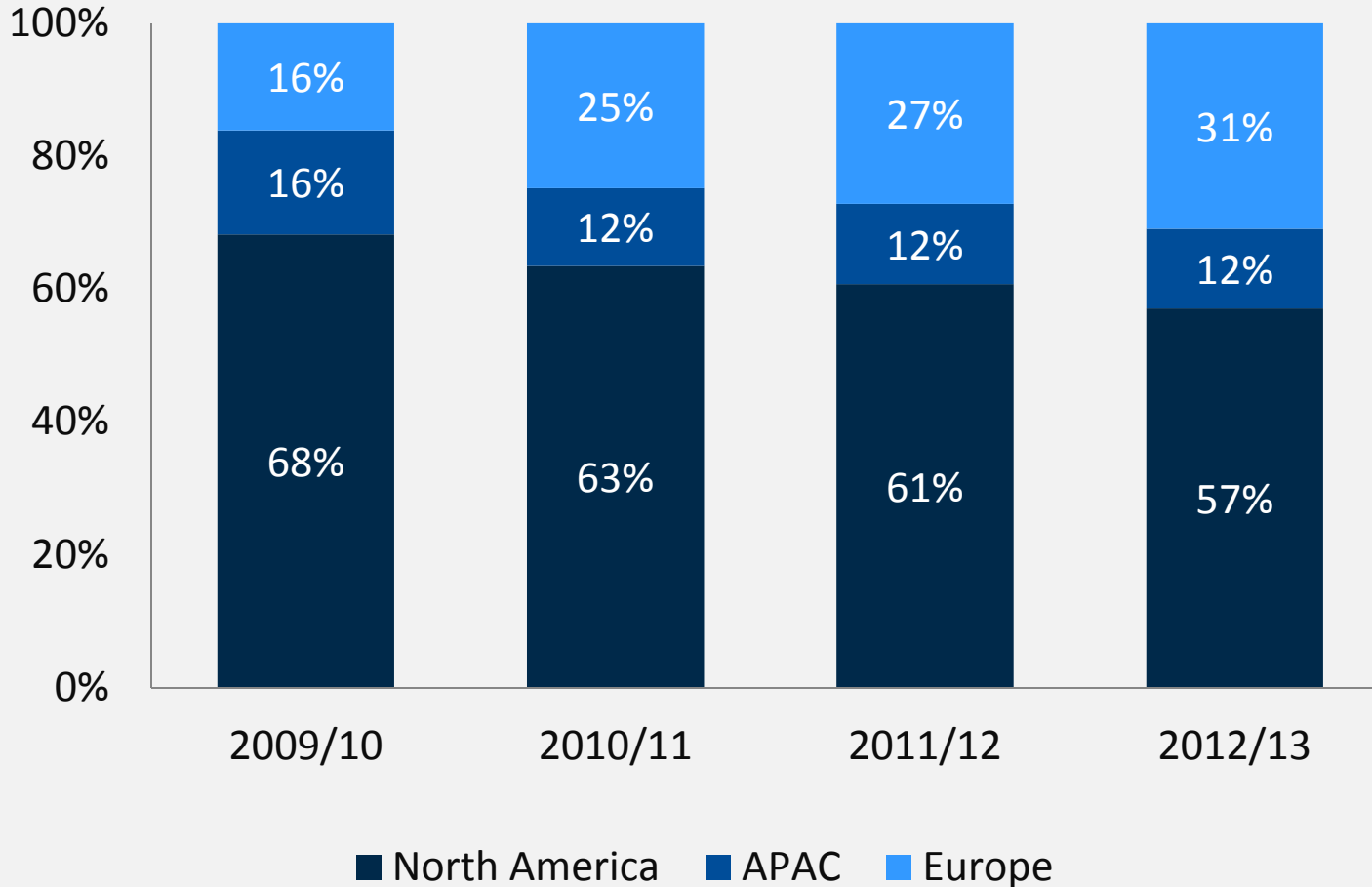
EBITDA \$830k after investing \$1.5m in medical and acquisition expenses

EBITDA (\$000's)



## Europe Accelerating Fast

% Unit Sales Contribution By Region



### SomnoMed operating in:

#### Europe:

Sweden, Norway, Denmark  
Holland, Belgium, Luxembourg  
France  
Germany, Switzerland, Austria  
Italy  
Spain  
United Kingdom

#### APAC:

Australia  
New Zealand  
Singapore  
Japan  
Republic of Korea  
Israel  
Malaysia

#### North America:

USA  
Canada

## Strong revenue growth and maintenance of base profitability

Financial Summary (\$000's)	08/09	09/10	10/11	11/12	12/13
Revenue	7,737	10,714	12,335	15,246	18,489
Gross Margin	4,059	6,084	8,176	10,357	12,267
<i>Group Gross Margin %</i>	52.5%	56.8%	66.3%	67.9%	66.3%
<i>MAS Gross Margin %</i>	55.2%	59.3%	68.0%	70.1%	69.3%
Sales & Marketing, G&A expenses	(4,040)	(4,241)	(5,114)	(7,077)	(9,040)
Operating profit before corporate, research and development expenses, non cash items and income tax	19	1,843	3,062	3,280	3,227
Corporate expenses	(1,786)	(1,769)	(2,303)	(2,356)	(2,460)
Share of associated company profits, other	-	216	232	158	63
EBITDA	(1,767)	290	991	1,082	830

*Profits maintained despite significant extraordinary expenses/  
investments in acquisitions and building medical capabilities*

Financial Summary (\$000's)		FY 12/13		
Underlying EBITDA		Total Year	1 <sup>st</sup> Half	2nd Half
Revenues		18,498	9,026	9,472
Posted EBITDA		830	723	107
<i>add back:</i>				
Investments in Medical Capabilities (MAB, CMO, Managed Care, Medical Sales Team) & One-off Investments		1,470	300	1,170
Underlying EBITDA		2,300	1,023	1,277
% revenues		12.4%	11.3%	13.5%

*Positive cash generated resulted in freeing up capital*

**CONSOLIDATED CASH FLOW**

SomnoMed Limited (\$000's)

	2012	2013
Cash from OPERATING ACTIVITIES	290	572
Payments for fixed assets	(270)	(171)
Acquisitions	(300)	(522)
Payment for intangibles	(212)	(100)
INVESTING ACTIVITIES	(782)	(793)
Proceeds from shares	144	541
Other proceeds	10	-
FINANCING ACTIVITIES	154	541
NET INC/(DEC) IN CASH	(338)	320
CASH AT START	3,949	3,538
FX Difference	(73)	363
CASH AT END	3,538	4,221



### *Restructuring of laboratory and dental sales operations to strengthen base US business*

- CHANGES IN MANAGEMENT AND PROCESSES OF US LAB OPERATION TO IMPROVE CUSTOMER SERVICE  
Improving service delivery, product turn around times and communication with customers
- REFOCUSING DENTAL SALES – INTERNAL TELEPHONE SALES AND INTEGRATED MEDICAL/DENTAL FIELD SALES FORCE  
Improving efficacy and frequency of calls
- INTRODUCTION OF BROADER PRODUCT LINE AND PRICING STRATEGY  
SomnoDent G2<sup>®</sup> and Herbst compliment traditional SomnoDent<sup>®</sup> line and broaden price segment coverage
- ONGOING EXPANSION OF SOMNOMED PREFERRED DENTAL NETWORK  
Now over 2,650 active accounts and education of new practitioners continuing
- STRENGTHENING OF US/CANADIAN LICENCEES NETWORK  
Improving coverage of US-Canadian market

### *Building a managed care department – developing relationships with health care providers – opening communication with insurers & payers*

- Billing department offers dental practitioners medical reimbursement services – growing number of dental accounts
- Growing interest to broaden implementation of SomnoMed's Continuous Open Airway Therapy COAT™ as an alternative to CPAP – Health system trials
- Opening dialogue with insurers to broadly accept COAT™ as therapy for obstructive sleep apnea
- Opening dialogue with payers and transportation companies to accept COAT™ with compliance measurements

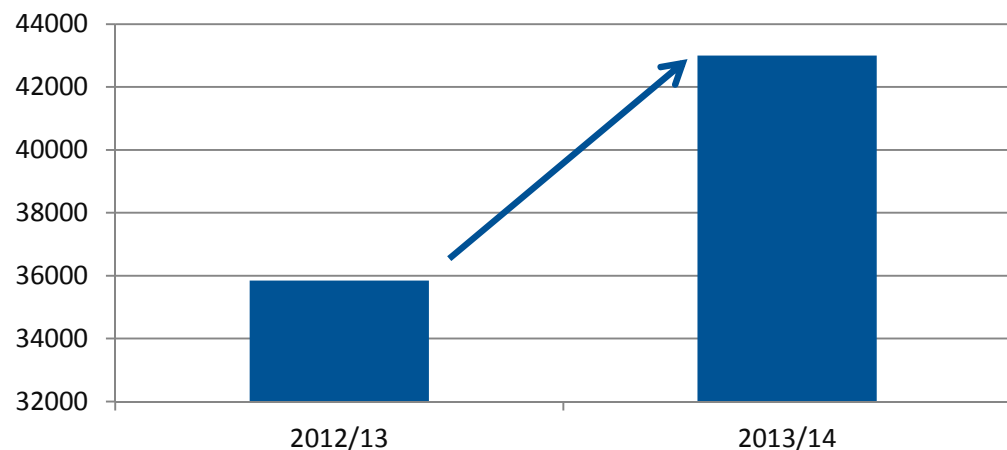
### *Building medical credentials and capabilities in 2012/13 to accelerate future business*

- Adding medical experience to SomnoMed – North America executive team:
  - Appointment of SomnoMed North America medical device executives – President, VP Marketing & Sales, VP Managed Care, Medical Education Director, medical device field sales representatives
  - Appointment of Chief Medical Officer and Medical Advisory Board
- Designing and introducing medical education program – targeting 5,000 sleep physicians, other medical specialists and sleep labs
- Focusing field sales force on medical referrer and connecting referrers to SomnoMed Preferred Dental Network dentists
- Planning clinical research projects in leading US universities & top medical institutions

## 2013/14 – Ongoing expansion benefitting from investments made in 2012/13

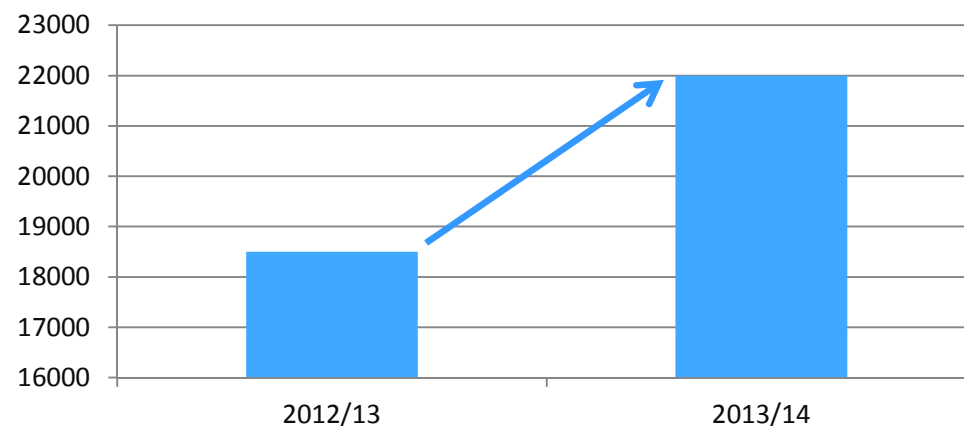
### 1. GLOBAL UNITS SALES >43,000 (+20%)

#### Units



### GLOBAL REVENUES >\$22 MILLION

#### Revenues



### 2. BROADENING PRODUCT LINE

- Broad launch SomnoDent Herbst - underway
- Launch SomnoDent Herbst+ 1st Half 2013/14
- Introduction of DentiTrac – COAT™ compliance measurement 1st Half 2013/14
- New SomnoDent® Product - 2014

### *2013/14 – Ongoing expansion benefitting from investments made in 2012/13*

#### 3. INTEGRATING MARKETS INTO SOMNOMED GLOBAL OPERATION

- Republic of Korea
- Italy

#### 4. EXPANDING INTO NEW MARKETS

- Russia
- Finland

#### 5. STRENGTHENING MEDICAL ACTIVITIES - FOCUSING ON MEDICAL SPECIALISTS, HEALTH CARE PROVIDERS AND INSURERS IN APAC, EUROPE AND NORTH AMERICA

- Roll out of medical education program in North America
- Expanding medical sales force in North America
- Strengthening dialogue with insurer/payers in Europe and North America
- Developing relationships with health care providers in selected markets
- Introducing COAT™ to professional organizations and large corporations



## Contact details

EXECUTIVE CHAIRMAN	Dr Peter Neustadt
CHIEF FINANCIAL OFFICER	Mr Neil Verdal–Austin
Address	Level 3, 20 Clarke Street Crows Nest NSW 2065 Australia
Telephone	+61 (2) 9467 0400
Website	<a href="http://www.somnomed.com.au">www.somnomed.com.au</a>