



Investor Presentation

**Financial Year 2014 – 15
Half Year Review**

18 February, 2015

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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.

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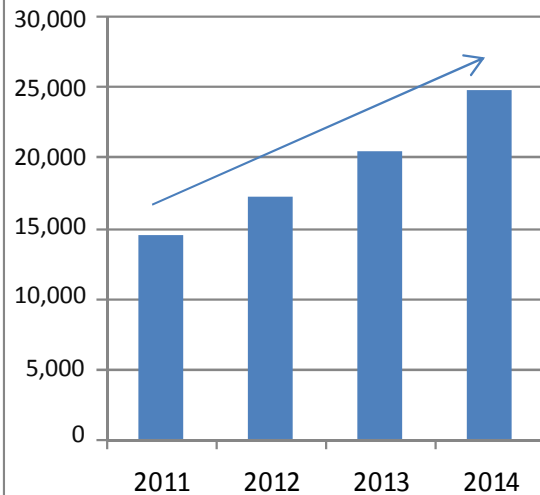
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SomnoMed Summary – First Half FY2015

1

SomnoDent[®] Units sold totaled 24,775
(+21.1%)

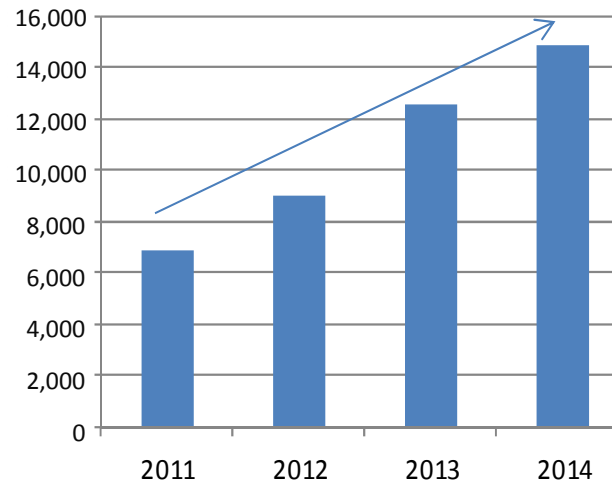
Units Sold



2

Revenues reached \$14.8 million
(+18%)

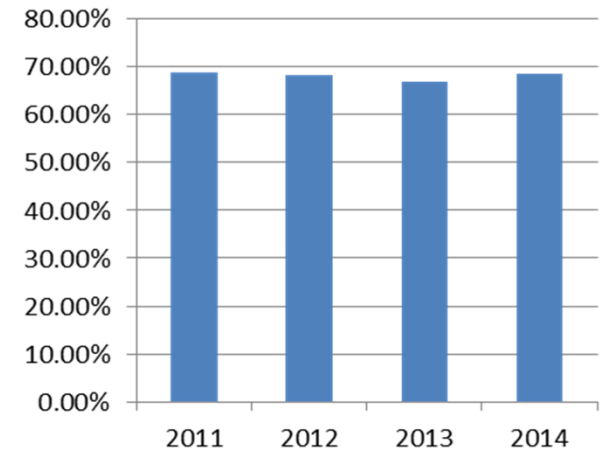
Revenues (\$'000's)



3

MAS Gross Margin improved to 68.5%

MAS Gross Margin %

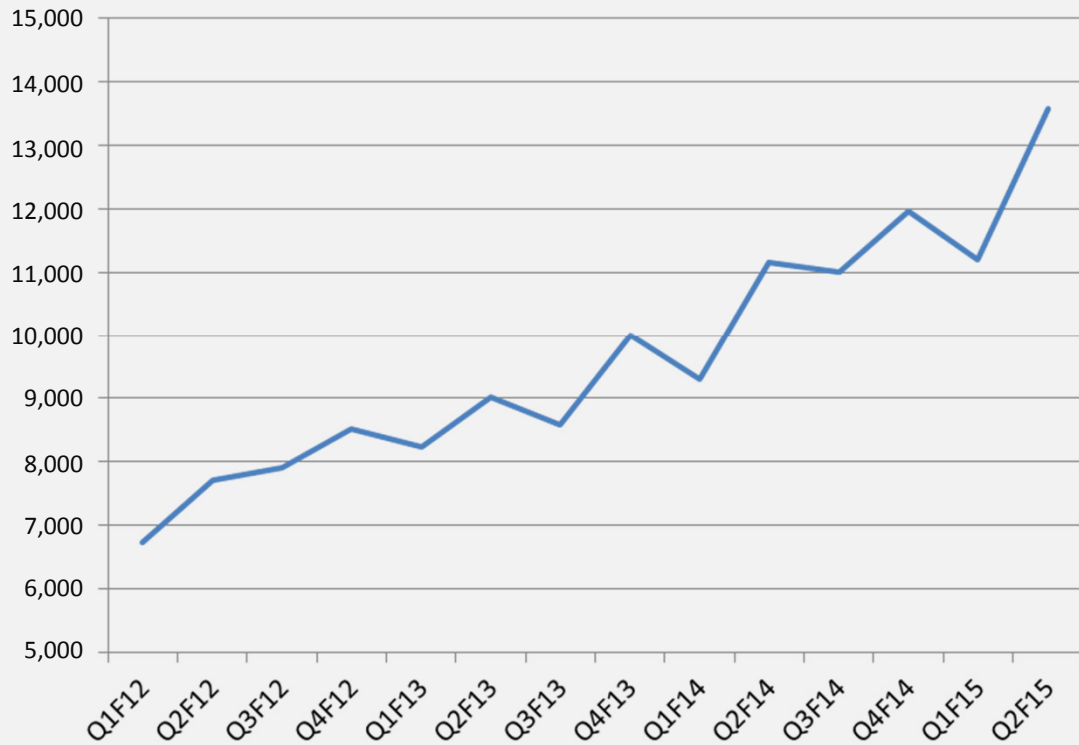


Global highlights of the first half financial year 2014/15

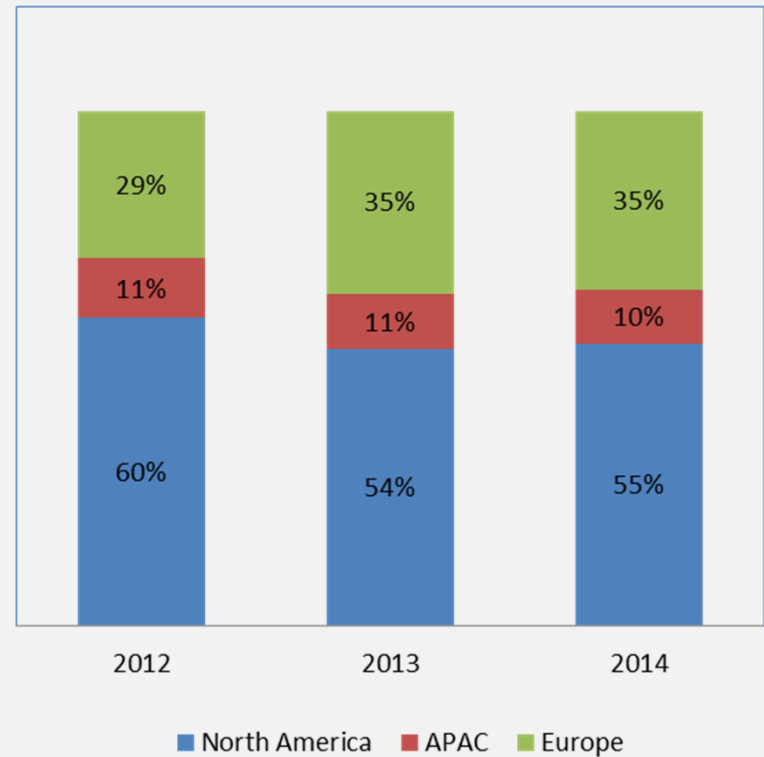
- **Strong growth in volume and revenues:**
 - Total volume of devices sold of 24,775 and growth of 21.1% year on year as per guidance
 - Total revenues \$14.8 million and growth of 18% year on year - above guidance given of \$14.0 million. Exchange rate impact in the first half only around 1%.
- **First half profitable after significant expansion of operations in all three global regions:**
 - Gross margin on SomnoDent[®] MAS devices increased to 68.5%
 - EBITDA first half of \$405,000 after absorbing first half expenses relating to new markets in Europe and APAC, new product launches and expansion of sales departments in the US (operating cost of regions +31.7%).
- **Strong and accelerating growth in the US:**
 - Units sold grew 16.2% in Q1 to 30.3% in Q2, driven by good results in our direct sales operations, managed care and contribution of new “SomnoDent Herbst Advance” product.
- **Successful capital raising of \$7 million - heavily oversubscribed.**
- **Expansion of our plant** allowing a doubling of capacity – completed December 2014 and the preparation for phasing in of digital processes.
- **Three new products** developed, regulatory approved and registered : SomnoDent[®] Fusion, SomnoDent Herbst Advance and SomnoDent[®] Air.
- **Excellent share price performance :**
 - SomnoMed was ranked by AFR (13.1.15) fourth best share price performer of all life science stocks in 2014
 - Share price 1 July 2014 \$1.46 and 31 December 2014 \$2.70 representing a growth of 85%.

Unit Sales Volume Accelerates

Quarterly Unit Growth

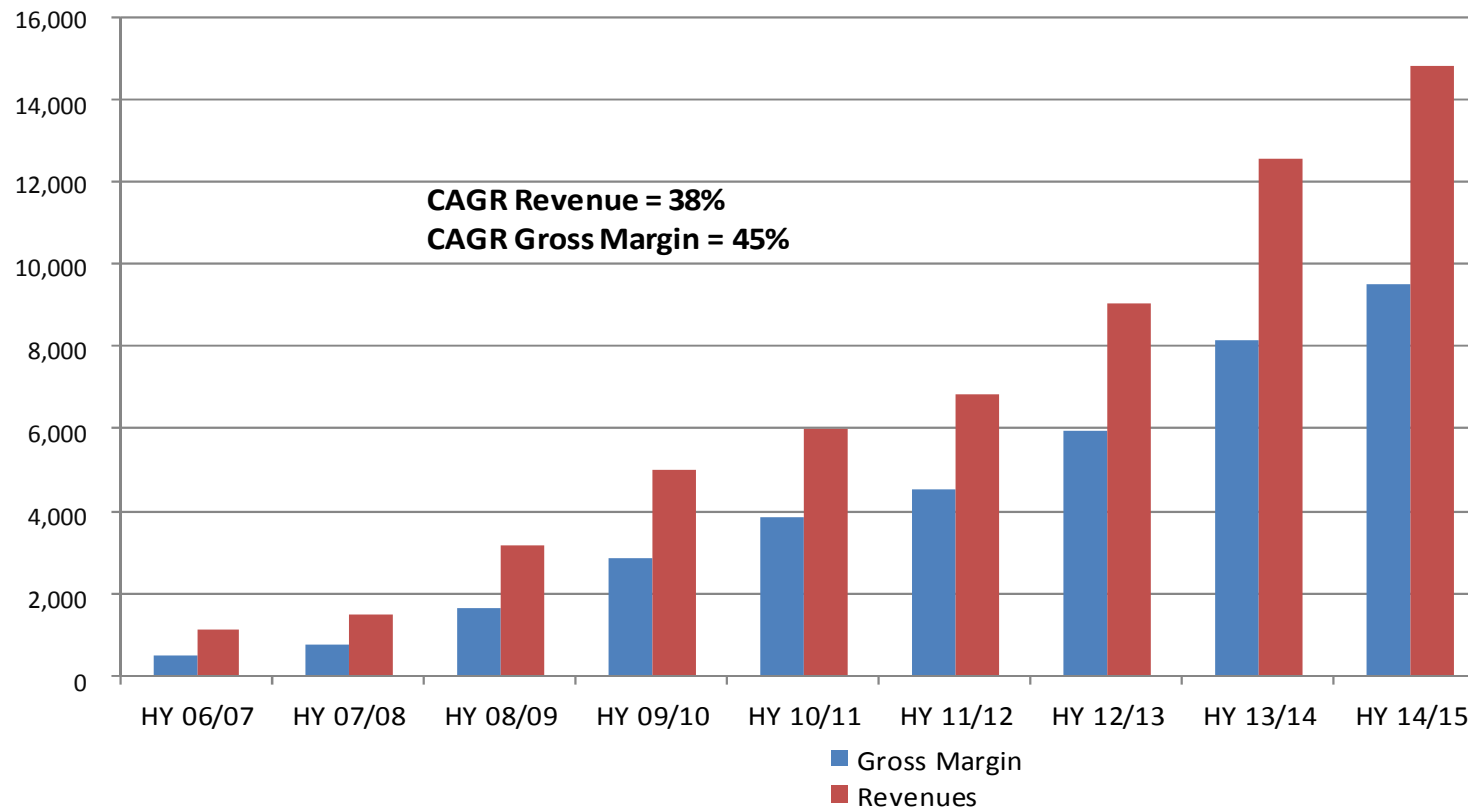


% Unit sales by Region



Strong growth in revenues and gross margin

Half Year Revenue and Margin Growth (\$000's)



CAGR Revenue = 38%
CAGR Gross Margin = 45%

Revenue Growth for half year 14/15 over 13/14 was 18%

Consistent average Group Gross Margin of 64% and MAS Gross Margin of 68.5%

Regional highlights of the first half financial year 2014/15

- **North America**

- Strong growth achieved in all three sales departments – dental, medical and managed care
- Successful launch of SomnoDent Herbst Advance and SomnoDent® Fusion (both September 2014) and SomnoDent® Air (December 2014)
- Expansion of dental and medical sales force
- Kaiser Permanente – traction gained in a number of center's with increasing patients receiving SomnoDent instead of CPAP - sales up 39% year on year
- Contract with additional medium size insurer – first patients treatment in December 2014
- Expansion of dental and medical education program including launch of Online Level 1 in dental education program
- Upgraded website and formation of social media department

- **Europe**

- Successful start of operations in Finland and Spain/Portugal with the launch of operations in UK/Ireland and Italy in January 2015
- Strong growth in emerging European markets – Norway and Belgium – whilst core markets soft in Q2
- Continuing trend of increasing interest from public health insurers to reimburse COAT™ in various countries

- **APAC and Japan**

- Steady growth in Australia and successful launch of SomnoDent® Fusion
- First full half year of operation in Korea under SomnoMed's direct control
- Strong growth in sales and expansion of operation in Japan
- First compliance control pilot staged in Australia – results prove over 95% compliance with the device worn on average for 7.5 hours per night

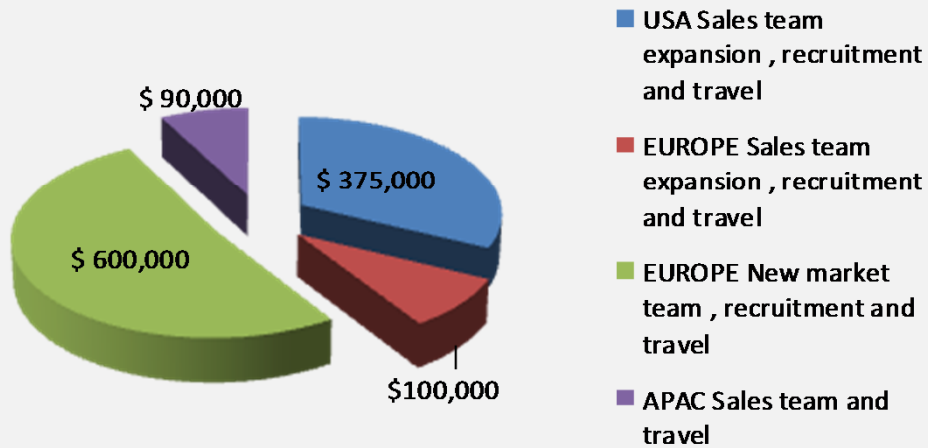
Summary Profit and Loss first half year

| Financial Summary (\$000's) | 14/15 | 13/14 | 12/13 | 11/12 |
|---|---------|---------|---------|---------|
| | 1st H | 1st H | 1st H | 1st H |
| Units | 24,775 | 20,455 | 17,182 | 14,443 |
| Revenue | 14,819 | 12,553 | 9,026 | 6,846 |
| Gross Margin | 9,516 | 8,129 | 5,962 | 4,515 |
| <i>MAS Gross Margin %</i> | 68.5% | 66.8% | 68.3% | 68.7% |
| <i>Group Gross Margin %</i> | 64.2% | 64.8% | 66.1% | 66.0% |
| Regional Sales and Marketing expenses | (4,653) | (3,486) | (2,087) | (1,924) |
| Regional Administrative expenses | (3,109) | (2,408) | (1,600) | (1,085) |
| Operating profit before corporate, research and business development expenses | 1,754 | 2,235 | 2,275 | 1,506 |
| Corporate, research and business development expenses | (1,349) | (1,555) | (1,540) | (1,260) |
| EBITDA * | 405 | 680 | 735 | 246 |

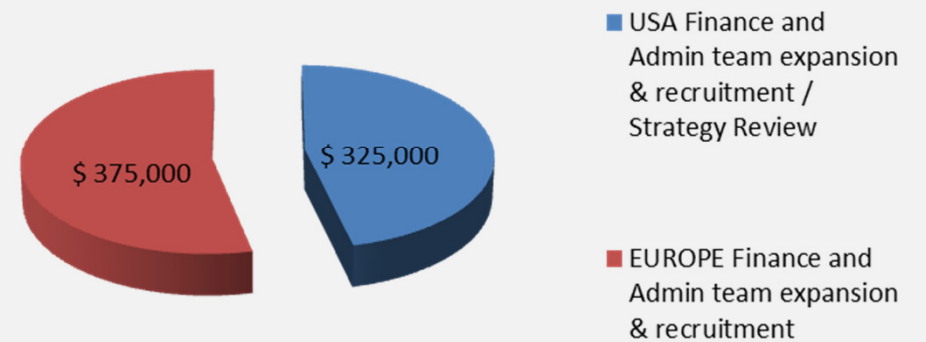
* EBITDA as adjusted does not include share & option and foreign exchange expense

Expansion of global sales teams and infrastructure

Sales and Marketing Incremental Spend : \$1.165m

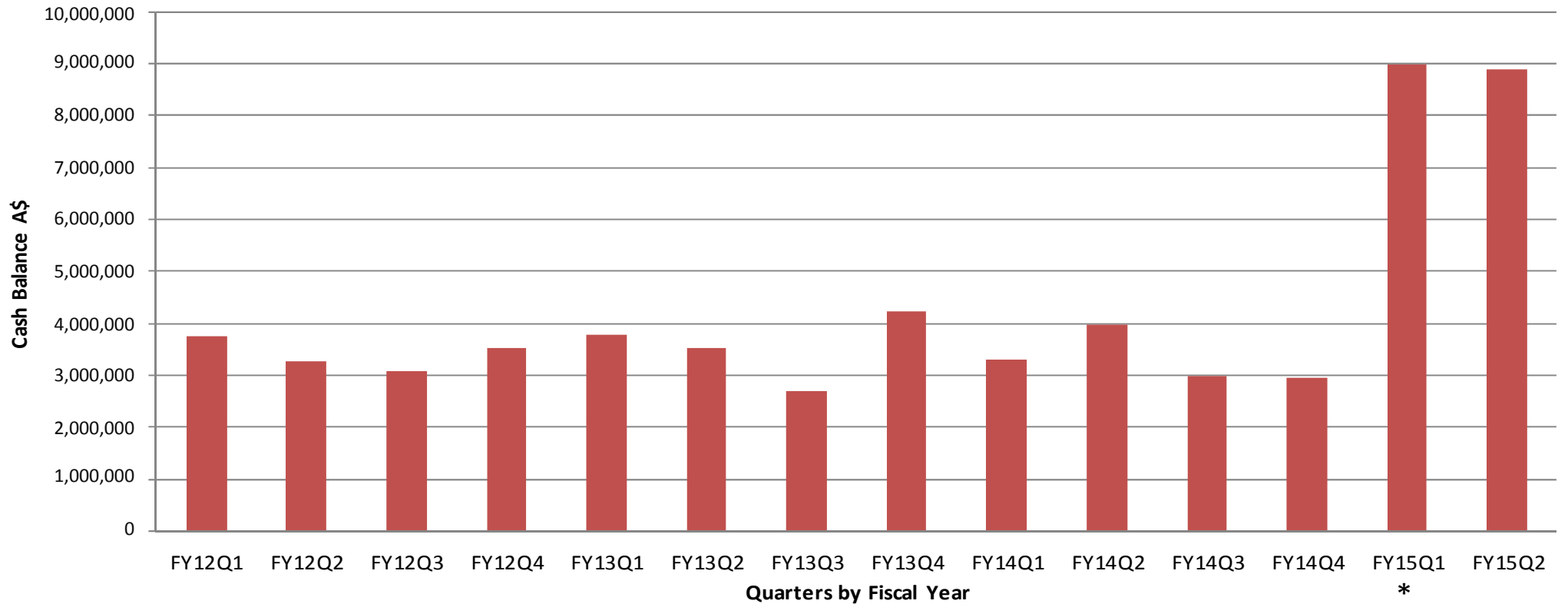


Administrative Incremental Spend : \$700k



SomnoMed maintains solid cash position

Quarterly Group Cash Balance



* Net capital of \$7m raised in August 2014

Outlook second half 2014/2015

GLOBAL

- Unit sales to grow by 30.5% to 30,000 units, representing 55,000 units for full year
- Revenues to grow by 35% to \$18 million, representing \$32.5 million for full year
- EBITDA to exceed \$1.6 million in second half, representing \$2.0 million for full year

USA

- Continuing growth in the USA in all direct departments – dental, medical and managed care
- First indications of success of new SomnoDent® Air and SomnoDent® Air+ mid price segment products
- USA service hub to switch to digital process
- FDA approval for SomnoDent® Compliance Control system and start of sales in Q4

EUROPE

- New markets UK/Ireland and Italy start operation in January 2015, new markets Finland and Spain/Portugal developing, emerging markets Norway and Belgium accelerating
- Core markets to continue on growth path:
 - Holland share of COAT™/CPAP patients to reach 50/50 split in 2015
 - France sales to continue to grow but negative contribution expected to continue for some time because of low reimbursement
 - Germany – first regional public insurers likely to code coat reimbursement during 2015
 - Sweden – focus on shift of locally made mono blocks to custom made, centrally produced duo blocks like SomnoDent®

APAC & JAPAN

- Japan high growth to be maintained & Korea to expand operations
- Australia to launch SomnoDent® Compliance Control system throughout the market



Contact details

| | |
|--------------------------|--|
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