



# SomnoMed Investor Presentation

*Financial Year 2014-15*



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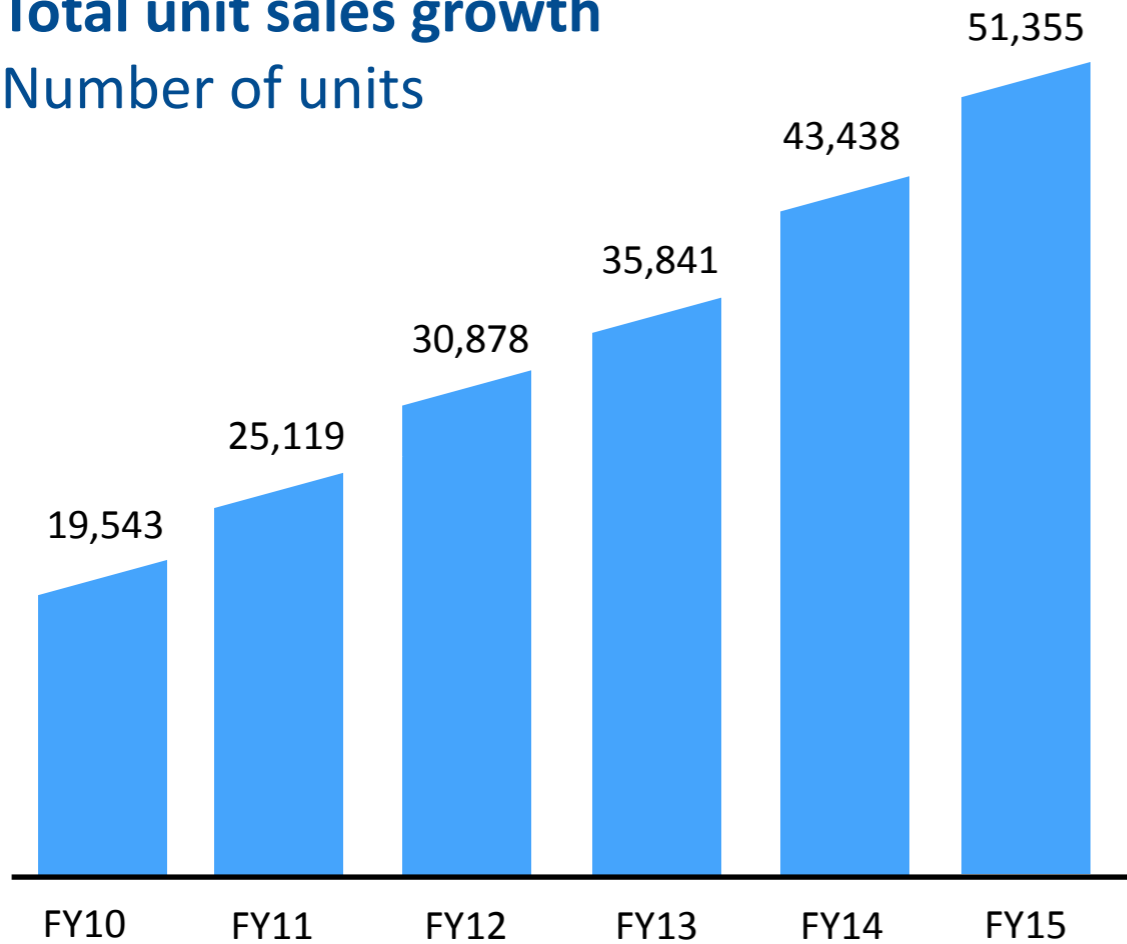
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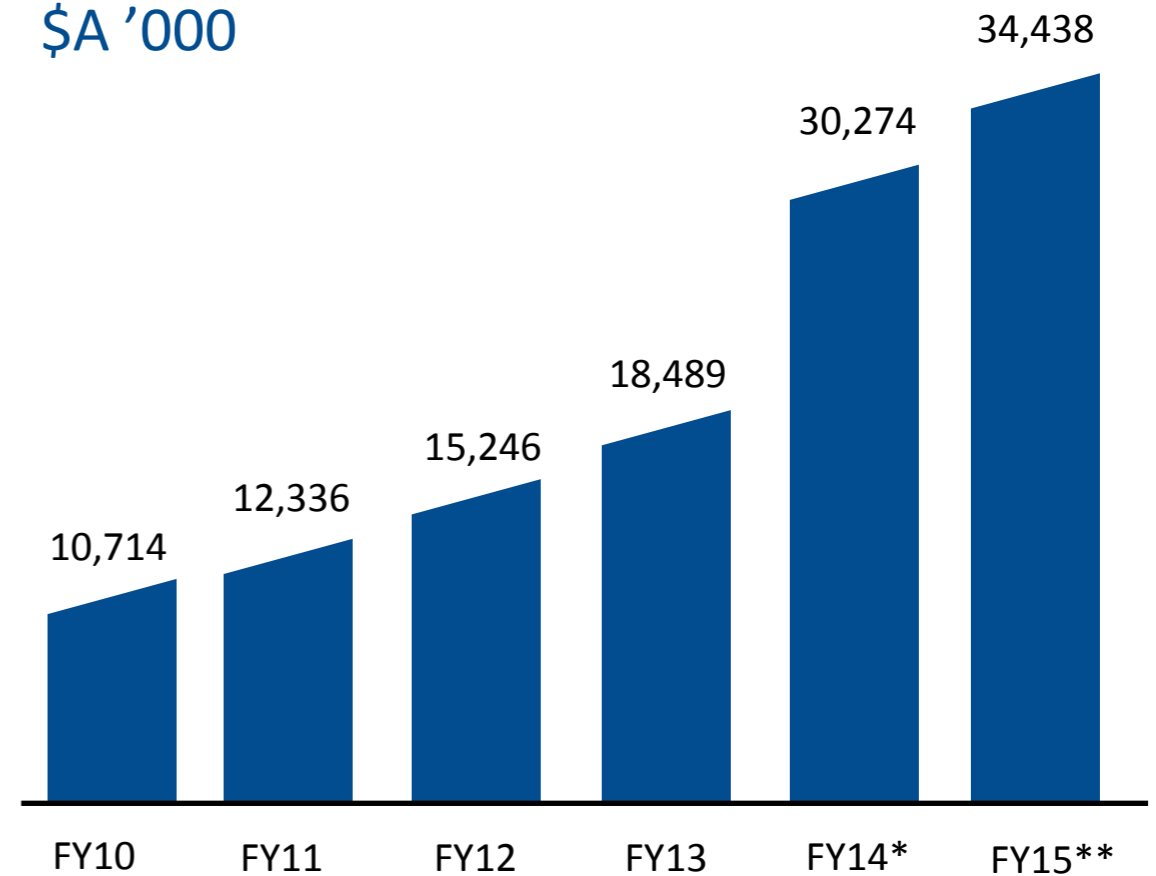


# Continuous growth in volume and revenues

**Total unit sales growth**  
Number of units



**Revenue growth**  
\$A '000



Volume growth +18.2% year on year ( Q1 +20.3%, Q2 +21.8% , Q3 +9.6% and Q4 +21.2% ).

\* Restated FY14 and FY15 revenues now including non device dental service and managed care fees received from insurers and contractually controlled by SomnoMed.

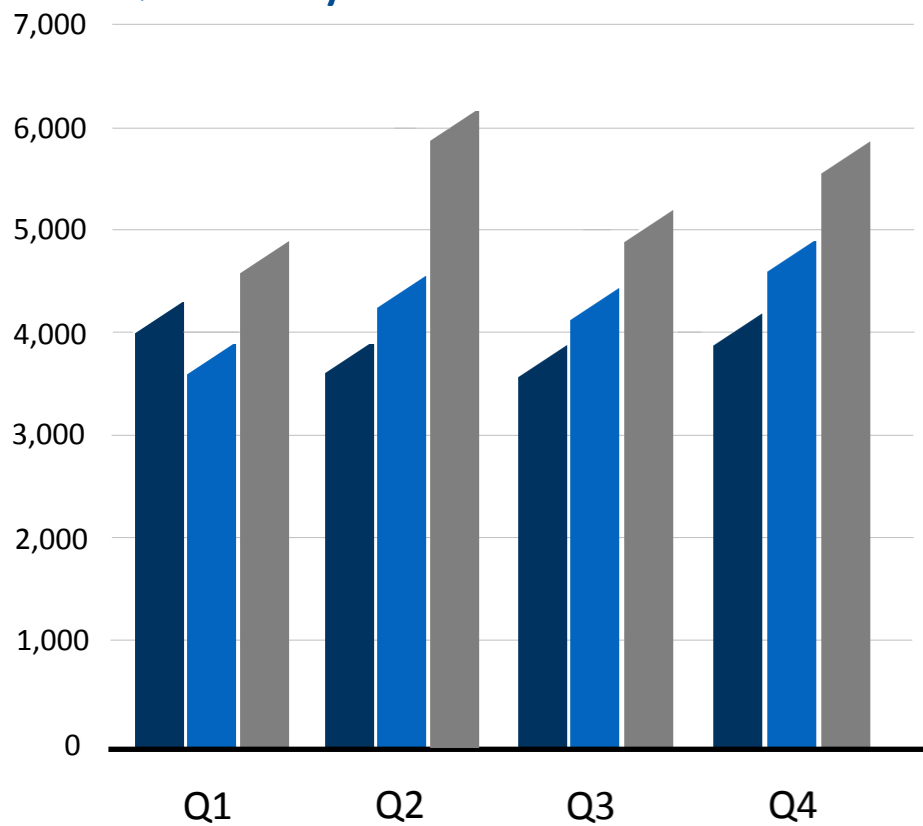
\*\*Unaudited.



# Broadening product line, geographic coverage and medical initiatives led to an accelerated growth in last two years

## USA Direct

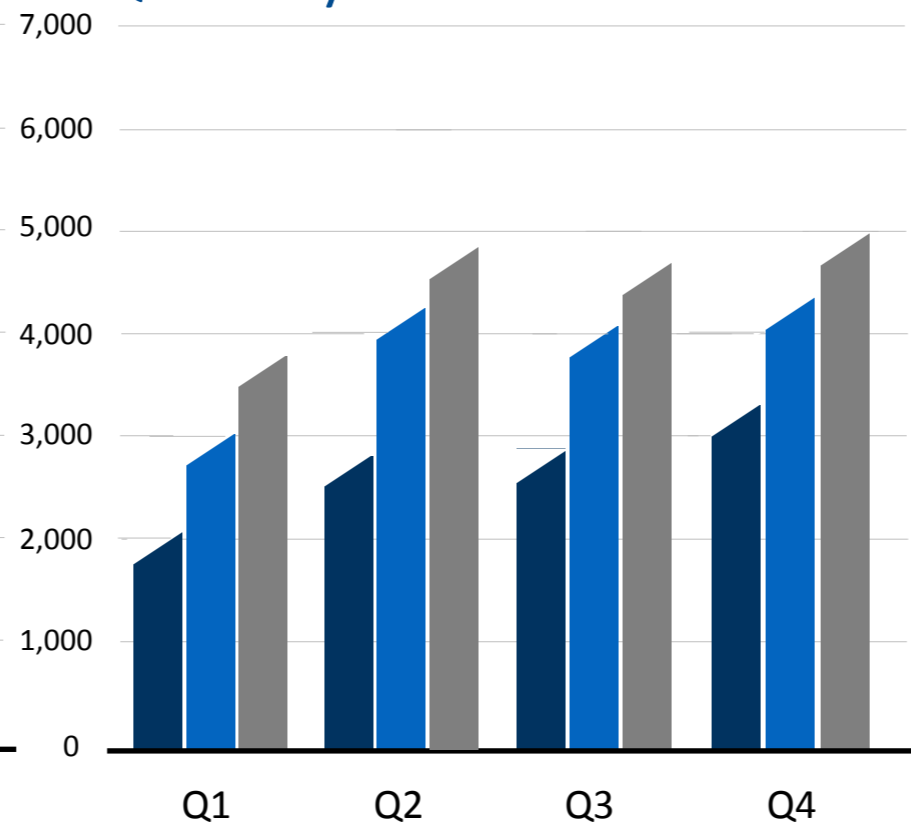
Quarterly unit sales



Growth over 35% from FY13 to FY15

## Europe

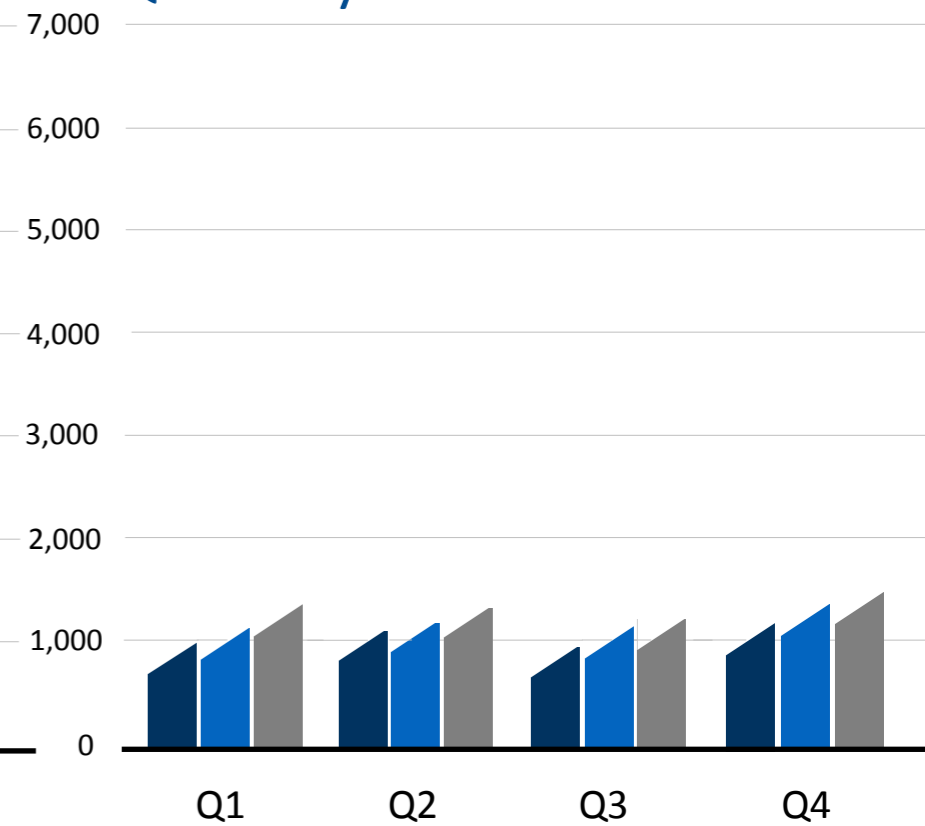
Quarterly unit sales



Growth of 65% from FY13 to FY15

## APAC

Quarterly unit sales



Growth over 28% from FY13 to FY15

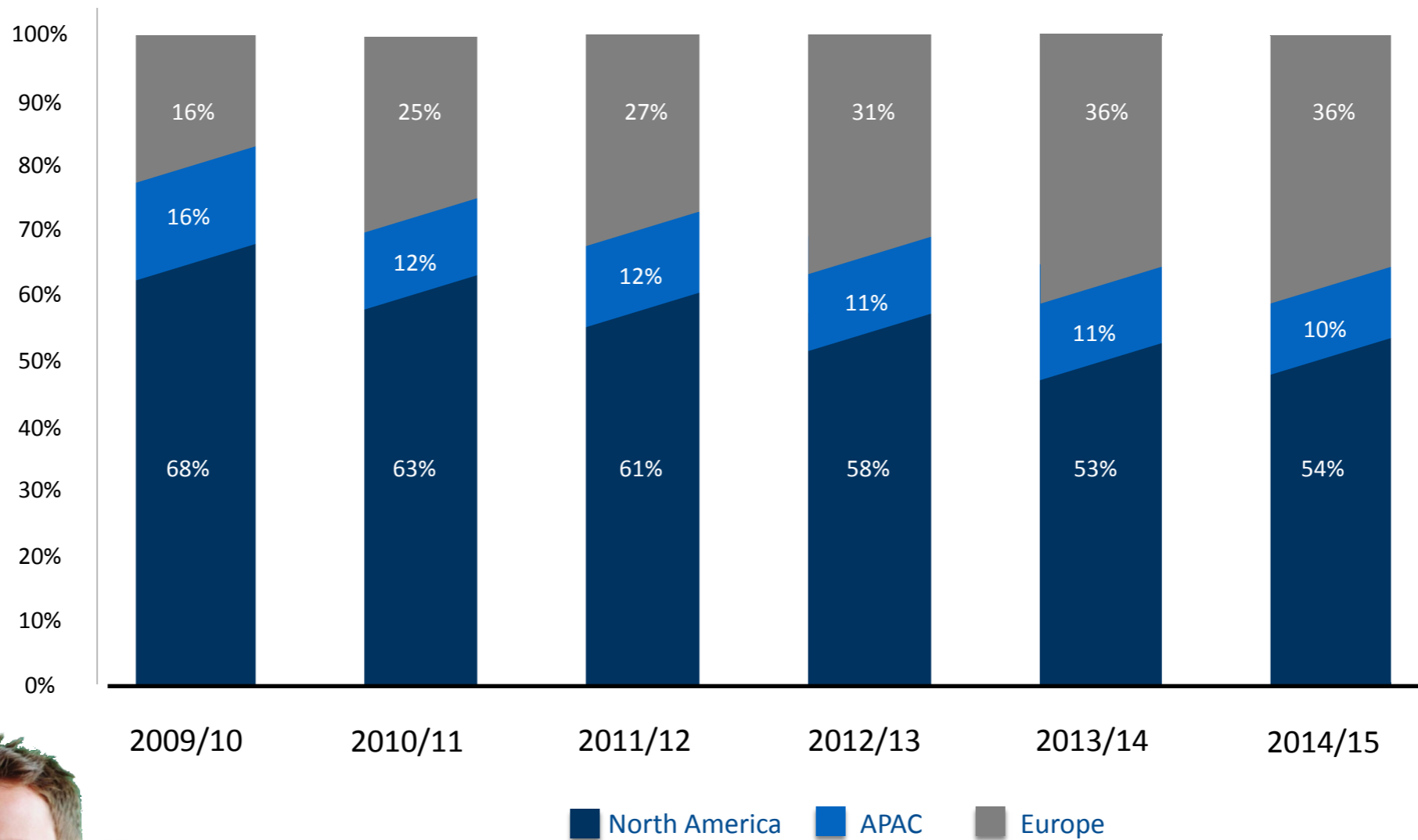
FY 13 FY 14 FY 15



# Group Overview

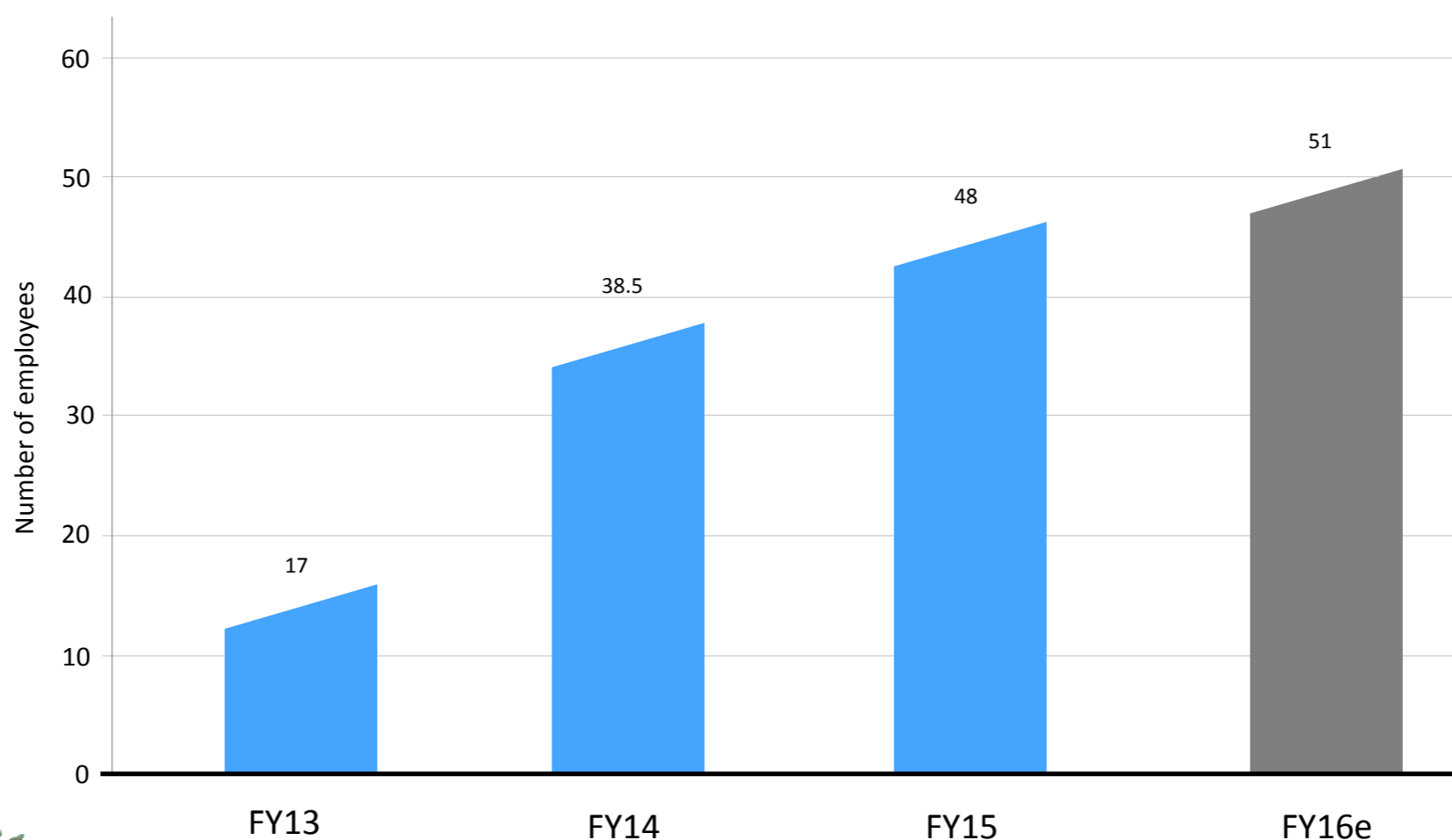
*Geographic split stabilizes as all regions grow*

Total SomnoDent® devices sold



# Group Overview

*Two years of significant expansion in the number of S&M staff in all regions, stabilising in 2015/16*





# Group Overview

## *Main Achievements 2014/15*

- Expansion into new markets – Finland, UK, Ireland, Spain, Portugal, Italy
- FDA approval and launch of three new products in US (SomnoDent Fusion<sup>®</sup>, SomnoDent Herbst Advance<sup>®</sup> and SomnoDent Air<sup>®</sup>)
- FDA approval for DentiTrac<sup>™</sup> Compliance Control recorder (June 2015) and clinical tests carried out in six countries
- Restructuring of SomnoMed France sales organization completed
- Contracts with new insurers in the US, Germany and Holland
- Expansion of SomnoMed plant completed – capacity now 100,000 units per annum
- Phasing in of digital technology into production process
- Launch of new SomnoMed website and strengthening of activities in social media
- Launch of internet based education for dentists
- Acquisition of remaining 50% of SMH Biomaterial AG (effective 31 July 2015)



# Summary Profit & Loss

Financial Summary – AUD \$000's	09/10	10/11	11/12	12/13	13/14	14/15*
Total Group Revenue**	10,714	12,335	15,246	18,489	30,274	34,438
MAS revenue	9,741	12,063	14,765	17,885	25,144	28,899
Managed Care revenue	-	-	-	200	4,704	5,161
Other revenue	973	272	481	404	426	378
<b>Gross margin</b>	<b>6,084</b>	<b>8,176</b>	<b>10,357</b>	<b>12,267</b>	<b>16,810</b>	<b>19,492</b>
Sales & marketing expenses	(2,455)	(3,396)	(4,259)	(5,543)	(7,637)	(9,496)
General & administration expenses	(1,786)	(1,718)	(2,818)	(3,497)	(5,475)	(6,414)
Operating profit before corporate, research and business development expenses, other items of revenue and expense and income tax	1,843	3,062	3,280	3,227	3,698	3,582
Corporate, research and development expenses	(1,769)	(2,303)	(2,356)	(2,460)	(2,648)	(2,711)
Share of associate company profits, other	216	232	158	63	-	-
<b>EBITDA***</b>	<b>290</b>	<b>991</b>	<b>1,082</b>	<b>830</b>	<b>1,050</b>	<b>870</b>
<b>Key Metrics</b>						
MAS gross margin %	59.3%	68.0%	70.1%	69.3%	67.0%	68.0%
Group gross margin %	56.8%	66.3%	67.9%	66.3%	55.5%	56.6%
Net average sales price per unit (Direct MAS - Actual \$)	562	536	535	562	639	607

\* unaudited

\*\* restated in FY 2013/14 to include the managed care revenue

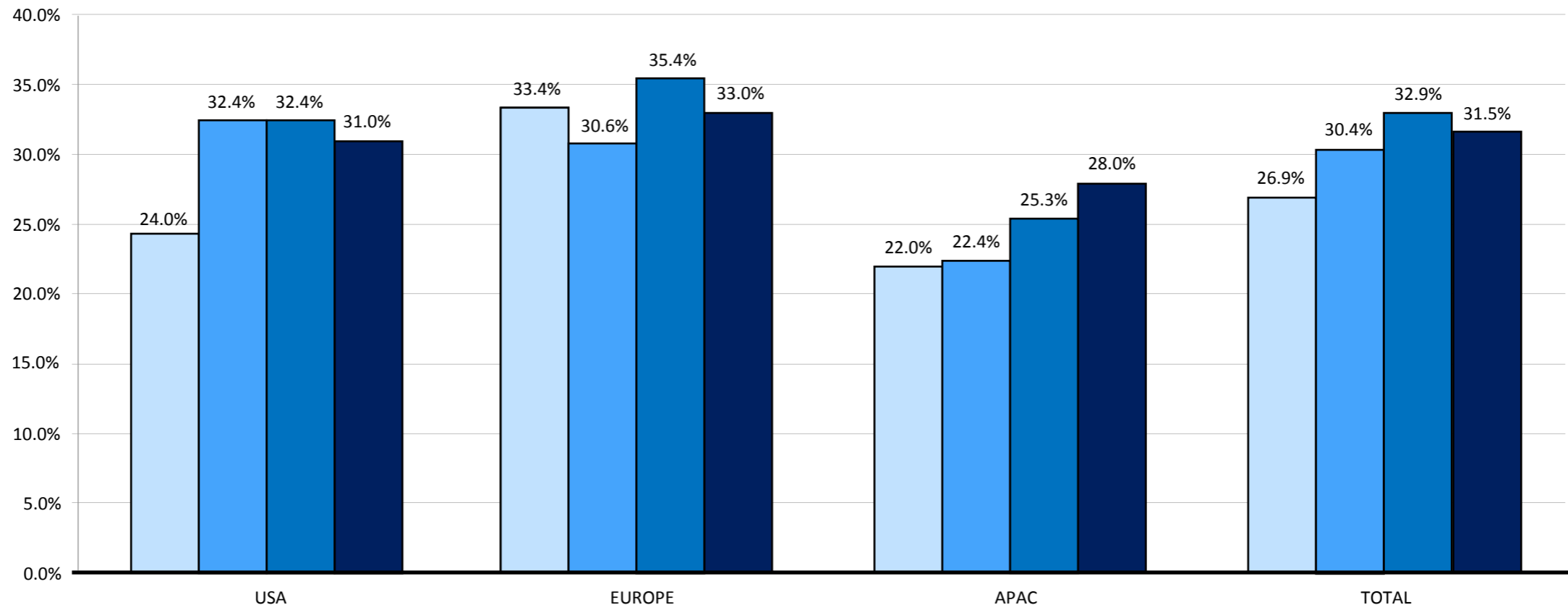
\*\*\* EBITDA as adjusted does not include share and option expense, gain on contingent consideration payable and impairment of goodwill





# Group Overview

*Regional expansion of S&M as a % of MAS revenues, now expected to reduce from 2015/16*



Building the medical sales force and strengthening the marketing department

Operations expanded from 7 countries to 15 in only two years

Own operation in Korea, expansion in Japan and Australia

2012/13 2013/14 2014/15 2015/16 e



# Finance Outlook

## *2015/16: Improving profitability and secure cash position*

- MAS gross margin to improve to 69% (+1%)
- Expense structure - it is envisaged that over the coming year and in future, the share of regional S&M, as well as administration costs and corporate overheads, will decrease as a percentage of MAS revenues\*
- Expected margin improvement of around 5% of MAS revenues in 2015/16
- Self funding with cash around \$8.0 million

\*MAS revenues: revenues generated from sale of COAT™ devices, excluding the managed care revenues directly received from insurers for the provision of dental services and other managed care activities



# Outlook & Guidance

## *Continuing strong growth in all regions expected in 2015/16*

- USA - to continue accelerated growth as a result of success of new products and medical initiatives increasing referrals
- USA - compliance control roll out into medical practices
- EU - new markets to assist in increasing EU growth rate; significant improvements in our French operation
- APAC - continuing high growth in Japan, South Korea and South East Asia; ANZ to benefit from medical initiatives and introduction of DentiTrac™ compliance control
- Product Development - new products to be introduced during the year
- Production - all logistic hubs and service centres to phase in digital processes to reduce freight cost and turn around time



# Outlook & Guidance

*Continued and accelerated growth for 2015/16 and beyond*

## Guidance 2015/16

- MAS volume → 62,000 MAS units (+20%)
- Total group revenues → A\$42m (+22%)
- MAS gross margin → 69% (+1%)
- Group EBITDA → A\$3m (+345%)



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