



GROWTH ACCELERATION IN THE US LEADS TO NEW RECORD QUARTER

13th October 2015, SomnoMed Limited (ASX:SOM) announced that an outstanding growth performance in US direct sales in Q1, 37.8% above the same quarter in the previous year and a new record of 6,888 devices sold, was the main accelerator which allowed SomnoMed to break another global quarterly sales record. The high growth in direct sales in the US and in other regions more than compensated for the drop in sales to licensees. As a result, global revenues grew in Q1 year on year by 30.1% to \$9.64 million (unaudited). Revenues generated from the sale of MAS devices grew by 32.0% to \$8.12 million (unaudited) and represented 83% of total revenues for the quarter.

During the quarter Europe performed solidly and in line with expectations growing by 18.3%, compared to Q1 last year, with 4,453 devices sold, whilst APAC/Japan posted sales of 1,498 units representing a growth of 13.5%. Total global sales for the first quarter were 12,846 units (+14.7%). The first quarter is usually subdued being the Northern summer quarter and the record sales growth was achieved despite US sales to licensees showing ongoing weakness in the traditional dental market.

Very pleasing results were achieved in Europe in the first quarter. Both July and August are holiday months affecting businesses in all EU countries. September sales were excellent, over 22% higher than in the previous year. Each of the Nordic countries (Sweden, Norway, Finland) generated first quarter growth of 40% or more above last year. Excellent growth was also recorded in Belgium (+37%), Italy (+36%), France (+27%), whilst new markets such as Spain and the UK showed good initial numbers. Holland and Germany were relatively quiet in July and August but Holland returned after the summer break to good growth in September.

Excellent growth in Q1 was generated in South Korea (+43%) and in Japan (+20%), whilst Australia posted a growth rate of 12.5% for the quarter which is in line with expectations.

“We are achieving excellent growth in our direct sales in the US. Over the last nine months we have seen the sales of devices produced by SomnoMed accelerate continuously. This comes as a direct result of our medical activities, the strengthening of our sales organisations and the success of our new products in the US. Q1 has set a new record growth rate for a quarter in the US, with 37.8% above the same quarter last year, which is very pleasing,” commented Dr. Peter Neustadt, Executive Chairman of SomnoMed.

“At the same time, sales to our licensees in the US and Canada who are dental laboratories making our products under our license and offering those to their dental customers are, as expected, declining. Sales to licensees in Q1 were down by 83% or over 1,000 units, underlining the diminishing role dental laboratories play and will play in the future in supplying devices to the general dental market. Patients are coming predominantly through the medical referral channel to dentists specialised in dental sleep medicine. We expect sales to licensees to pick up after the summer quarter and during the remainder of the financial year but expect, as advised previously, a continuation of the trend of declining North American licensee sales in 15/16 and beyond,” said Dr. Neustadt.

“Results achieved in Q1 and early indications for Q2 are reconfirming the guidance given for 2015/16,” said Dr. Neustadt.

The cash position at the end of September was \$7.8 million.

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About SomnoMed

SomnoMed is a public company providing diagnostic and treatment solutions for Sleep-related Breathing Disorders including obstructive sleep apnea, snoring and bruxism. SomnoMed was commercialized on the basis of extensive clinical research. Supporting independent clinical research, continuous innovation and instituting medical manufacturing standards has resulted in SomnoDent[®] becoming the state-of-the-art and clinically proven medical oral appliance therapy for obstructive sleep apnea. SomnoDent[®] is the most comfortable and effective design and treatment solution for over 230,000 patients in 26 countries.

For additional information, visit SomnoMed at <http://www.somnomed.com.au>