



SomnoMed Investor Presentation

Financial Year 2015-16



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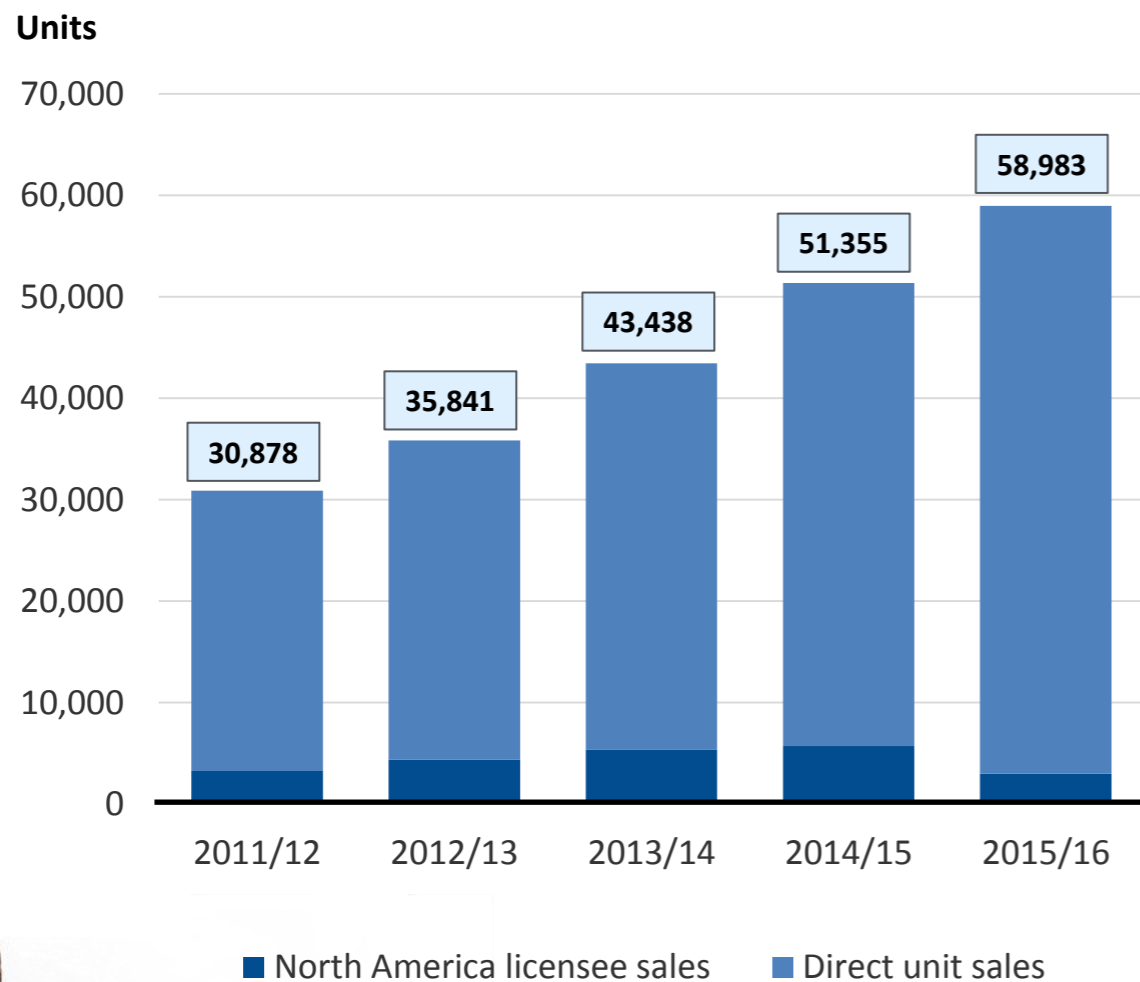
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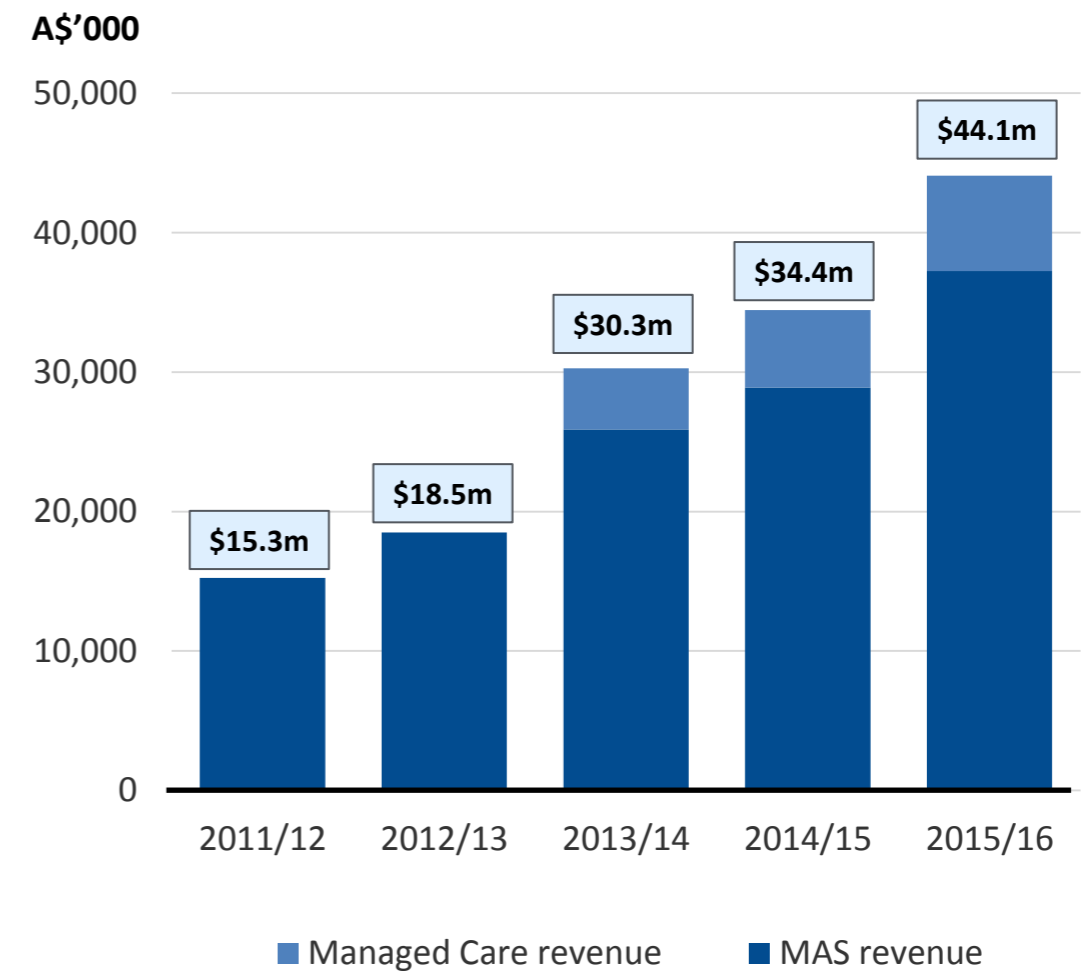


Continuous strong growth in direct sales volumes drives 29% increase in MAS revenues

Global unit sales growth

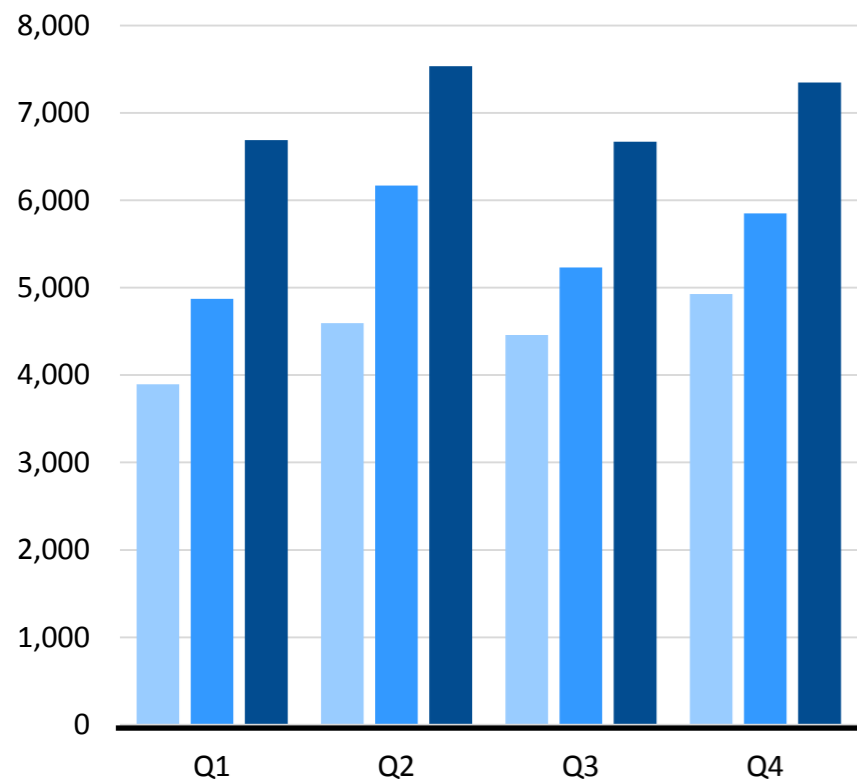


Global revenue growth



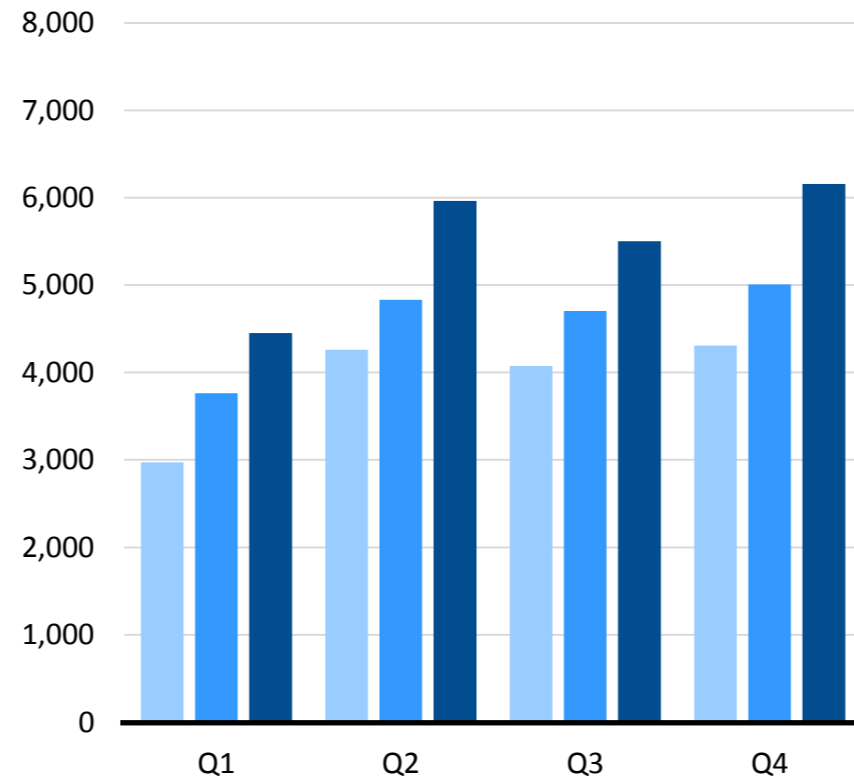
Consistent strong quarterly growth in North America and Europe

North America Direct
Quarterly unit sales



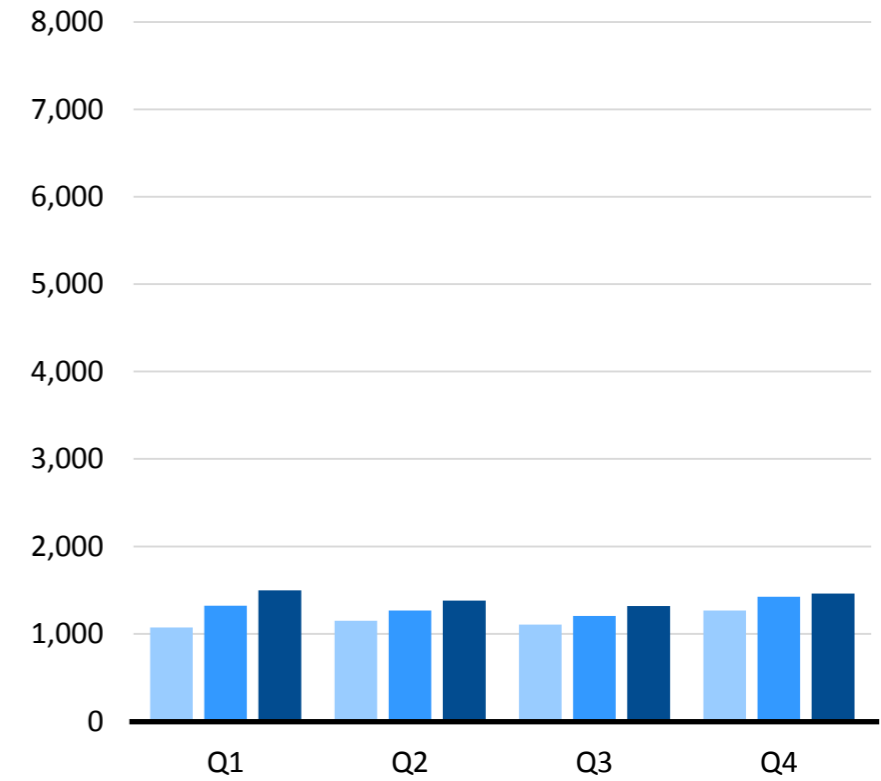
Growth over 58% from FY14 to FY16

Europe
Quarterly unit sales



Growth of 41% from FY14 to FY16

APAC
Quarterly unit sales



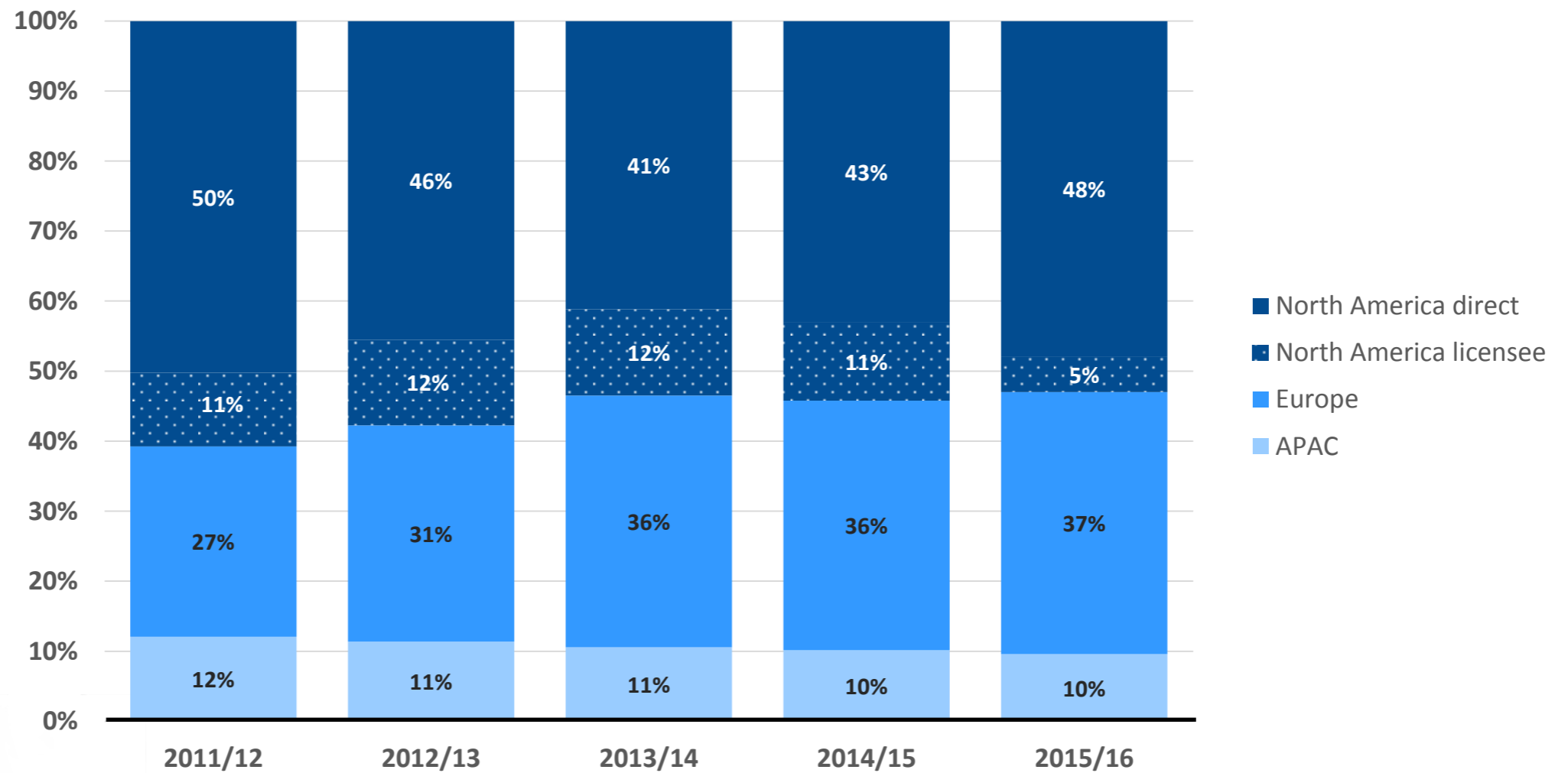
Growth over 23% from FY14 to FY16

FY14 FY15 FY16



North America retains its share of global sales despite drop in sales through licensees

Total SomnoDent® devices sold



Main Achievements in 2015/16

- Direct global growth in volume accelerated in 2015/16, net average sales price improved, device GM improved, underlying EBITDA increased by 141%
- SomnoMed now operating in all important product market segments in the US. Quick adaptation in North America of new products during 2015/16 allowed new mid-price products to achieve 35% share of direct sales
 - Great success of new SomnoDent Herbst Advance® representing 22.2% of total direct sales
 - SomnoDent Air® and SomnoDent Air+® accelerating representing 7.9% of total direct sales
- Acquisition of remaining 50% of SMH Biomaterial AG and of 100% of Strong Dental business in Canada completed. Strong Dental fully integrated by end of Q3 2015/16
- Acquisition of worldwide exclusive rights outside the State of Texas for S3 IP and business model; formation of new subsidiary Sleep Centres America, Inc. (“SCA”) and appointment of SCA CEO completed
- Digital scanning and printing introduced in SomnoMed’s 16 logistic and service hubs around the world
- Clinical studies underway in in several countries. First results confirm patient compliance of over 90% based on CPAP definition
- Ongoing discussions with insurers and key medical institutions around the world prove increasing support for COAT™ as an alternative to CPAP
- Successful capital raising of \$10.3 million to fund new SCA venture
- Share price increased by 36.6% and SomnoMed market capitalisation grew by 52% during 2015/16



Summary Profit & Loss

Financial Summary – AUD \$000's	11/12	12/13	13/14	14/15	15/16*	
Total Group Revenue	15,246	18,489	30,274	34,438	44,084	28% ▲
<i>MAS revenue</i>	14,765	17,885	25,144	28,899	37,250	
<i>Managed Care revenue</i>	-	200	4,704	5,161	6,517	
<i>Other revenue</i>	481	404	426	378	317	
Gross margin	10,357	12,267	16,810	19,492	25,343	30% ▲
Sales & marketing expenses	(4,259)	(5,543)	(7,637)	(9,500)	(11,943)	
General & administration expenses	(2,818)	(3,497)	(5,475)	(6,411)	(8,411)	
Operating profit before corporate, research and business development expenses, other items of revenue and expense and income tax	3,280	3,227	3,698	3,581	4,989	39% ▲
Corporate, research and development expenses**	(2,356)	(2,460)	(2,648)	(2,711)	(3,514)	
Share of associate company profits, other	158	63	-	-	-	
EBITDA***	1,082	830	1,050	870	1,475	70% ▲
Key Metrics						
MAS gross margin %	70.1%	69.3%	67.0%	68.0%	68.6%	
Group gross margin %	67.9%	66.3%	55.5%	56.6%	57.5%	
Net average sales price per unit (Direct MAS - Actual \$)	535	562	639	607	629	

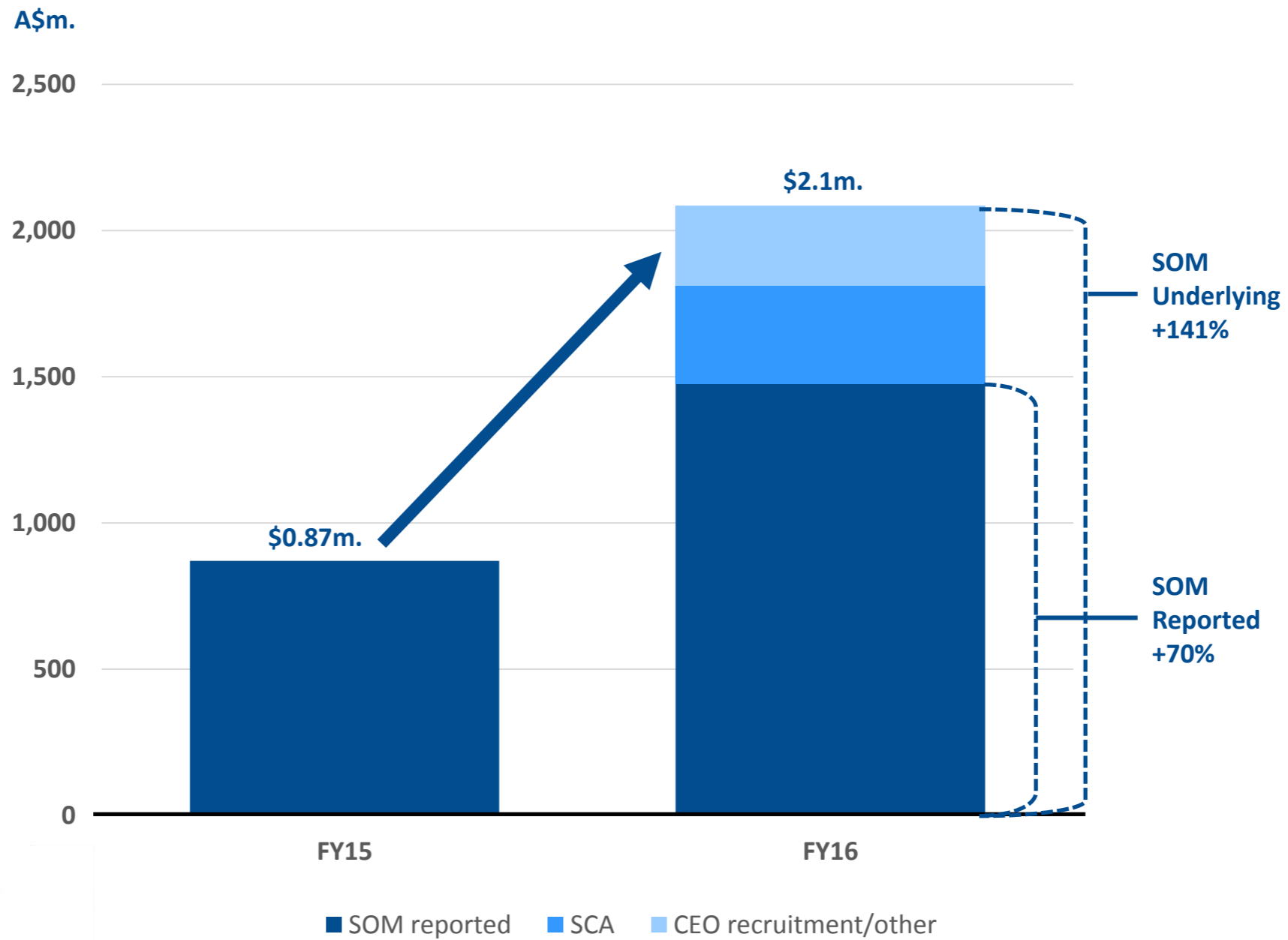
* unaudited

** For 2015/16 this includes \$540k relating to one off costs incurred (Sleep Centres America start up and CEO appointment and CEO appointment SomnoMed Limited)

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



Underlying EBITDA grew by 141% year on year



Outlook and guidance for 2016/17 – strong continuing growth in core business and opening of first SCA centres

- Global direct sales to grow by over 20%. North America licensee sales stabilising at low level
- EBITDA of core business to grow by over 170% and by over 100% on underlying EBITDA in 2015/16
- SCA to open five centres during the year
- Significant increase in US Managed Care operation and signing of additional direct contracts with insurers
- Strong development in new and emerging markets, especially Canada, Finland, Italy, Spain, Switzerland, Japan and South Korea
- Change in French regulations before the end of 2016 will lead to significant growth in demand for COAT™ in 2016/17 and beyond
- FDA approval for SomnoDent Alpha® temporary device
- Hand over to new global CEO Mr Derek Smith based in the USA in Q1 2016/17



Outlook and guidance – SCA on its way

- Mr Jim Evanger appointed as CEO on 1 August 2016
- COO and Marketing Manager in process of being recruited
- Roll out planning based on insurance reimbursements in different US states under way
- First treatment centres to open in early 2017
- Five centres to be operating by end of 2016/17
- Start up losses depend on number of outlets being opened. Current estimate for 2016/17 is a negative contribution of \$4 million
- Confirmation of key assumptions in business model and its significant impact on SomnoMed earnings for 2017/18 and beyond



Outlook and 2016/17 guidance – strong performance of SomnoMed business will pay for start up cost of SCA

SomnoMed (Core)

Volume (MAS units)	+20%	> 70,000
Group revenues	+23%	> \$54m.
EBITDA	+100%	\$4m.

SCA

Centres operational		5
Patients treated		> 1,000
Revenues		> \$2m.
EBITDA		(\$4m.)



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