



Strong revenue growth continues

23rd April 2018, SomnoMed (ASX:SOM) announced today that its Q3 revenues were \$15.2 million, representing growth of 35% over the same quarter last year and bringing the total for the year to date at \$46.8 million (+34%).

Revenue growth in the three key regions was 46% in North America, 31% in Europe and 11% in APAC. Overall the core SomnoMed device business showed strong quarterly revenue growth of 20%, with revenues of \$13.2 million, while RSS showed a growth of 6.8 times, with revenues of \$2.0 million.

In North America, Renew Sleep Solutions (“RSS”) had a slow start, as it transitioned from the end of the US medical insurance calendar year into the new insurance year. How this transition affects the RSS business and its true seasonality is a new learning experience, even though Simple Sleep Solutions, our partner, has been through this before. It is apparent that as high deductible insurance plans become more prevalent in the USA, the exact impact of those changes on revenue timing is changing every year. This year the seasonality effect appears to be significant and whilst our Q3 results for RSS were lower than expected, our patient pipeline is looking much stronger in April. Results for our first four centres continue to show promise and are in line with our modelling and expectations, even given the seasonality effect. The next set of three centres is not yet a year old, and therefore it is difficult to draw too many conclusions; none-the-less, there is more noise and variability in their results, which is something we are trying to further understand. RSS has opened a further two centres in Q3 and now has 14 operating treatment centres.

In our traditional, core North America business we were happy to post Q3 revenue growth of 7%. This positive result, after negative revenue growth in Q1 and Q2, is encouraging and is an indicator that our new sales and marketing strategy in North America is starting to show progress and bear fruit.

In Europe we continue to see very strong results in Q3, which is being fuelled by high growth in our more established markets in Nordic and Benelux, as well as strong results in emerging markets such as Germany, France and the UK. France in particular is showing consistent growth in excess of 40% and recent improved re-imburement levels for the SomnoDent® devices will help accelerate this growth.

It has also been pleasing to see APAC results pick up in Q3, posting revenue growth of 11%, which is in-line with long term expectations but is much better than earlier results this year. Australia contributed to most of this growth, with 13% revenue growth in Q3.

Overall Q3 results for the traditional SomnoMed core business were stronger than expected, which has been offset to some extent by a slow start to the new insurance year by RSS. However this soft start for RSS was to be expected due to the strong seasonality effect. Business in RSS is starting to build as more and more patients meet their deductible insurance thresholds and we see a growing maturation of all centres. In Q4 we expect to have a strong quarter and meet our guidance.

Cash outflow for the quarter was \$3 million due largely to start up, opening and operating costs of the RSS centres. After successfully raising approximately \$10.4 million through our Entitlement Offer during the quarter, the cash balance at 31 March 2018 was \$14.8 million.

Contact: Mr. Neil Verdall-Austin, CFO

Ph +61 2 9467 0400 or +61 (0) 406 931 477 - mobile

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 commercialised 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 almost 400,000 patients in 28 countries.

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