



Investor Presentation  
Half Year FY2019

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Improving lives through better sleep

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## Outline:

1. First-half results summary
2. Vision & market opportunity
3. Financial information
4. Outlook



# 1. First-half results summary



# First-half summary

- > SomnoMed's Core revenues +15% over prior year
- > Underlying EBITDA \$1.6m and +60% over prior year
- > USA direct revenue result of +12% showing positive growth trends from the new sales and marketing initiatives leading into the second half
- > Europe first half revenue growth of +17% slightly softer than expected but good indications for an improved second half from the core markets
- > APAC revenues showed excellent revenue growth results with +19%
- > Cash on hand better than 31 December forecast with working capital facility established
- > RSS "close" project well under way and in line with estimated cash costs to close of between \$3-4m

## 2. Vision & market opportunity



# Vision

**SomnoMed will be the leader in the treatment of obstructive sleep apnea and build a fast growing, profitable, global medical device company by:**

- Developing and providing patient friendly and cost-effective alternative therapies with high levels of patient compliance, improved quality of life and overall life expectancy
- Advancing the acceptance and adoption of the treatment by medical specialists, dentists, patients and insurers
- Delivering best in class, quality service and continuing education with all stakeholders

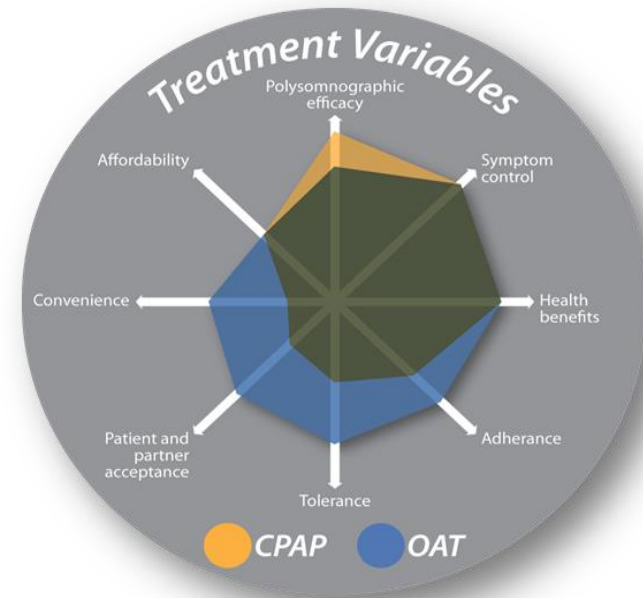
# The SomnoMed opportunity is large

There is a significant market for Obstructive Sleep Apnea

## SLEEP APNEA



The global market for Sleep Apnea is approximately \$7-8B. and growing at 6-8% pa



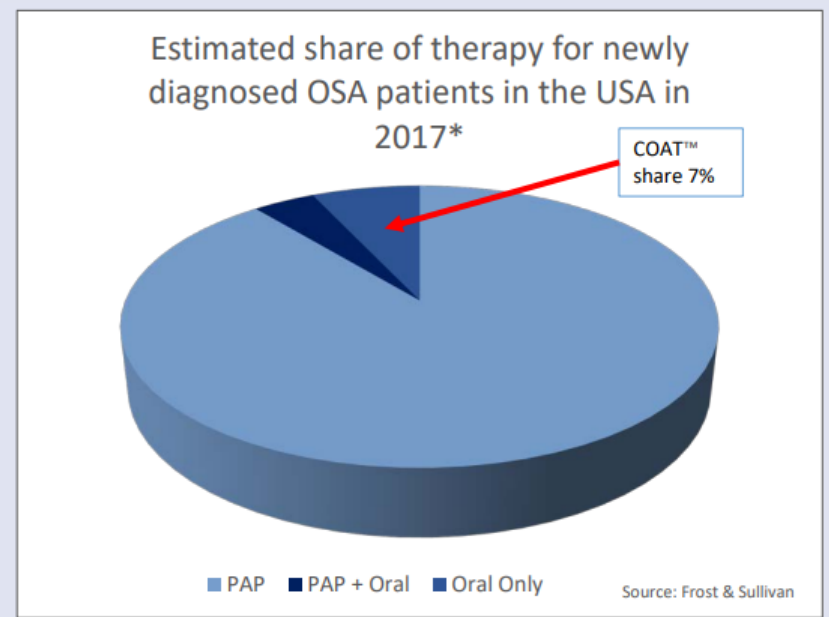
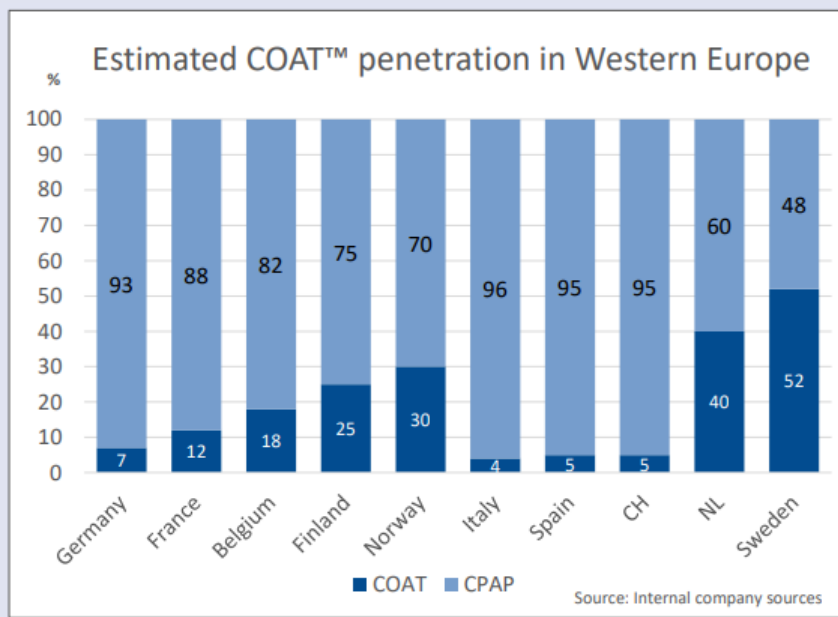
Oral Appliance Therapy (OAT\*) is equally effective to CPAP particularly in mild to moderate patients and is better tolerated

Source: Oral Appliance Treatment of OSA: an update : Chan/Cistulli : Pulmonary Medicine November 2009



# The COAT™ market is growing at approximately 20% per annum

There is a high ceiling for COAT™ growth



COAT™  
“Continuous Open Airway Therapy”

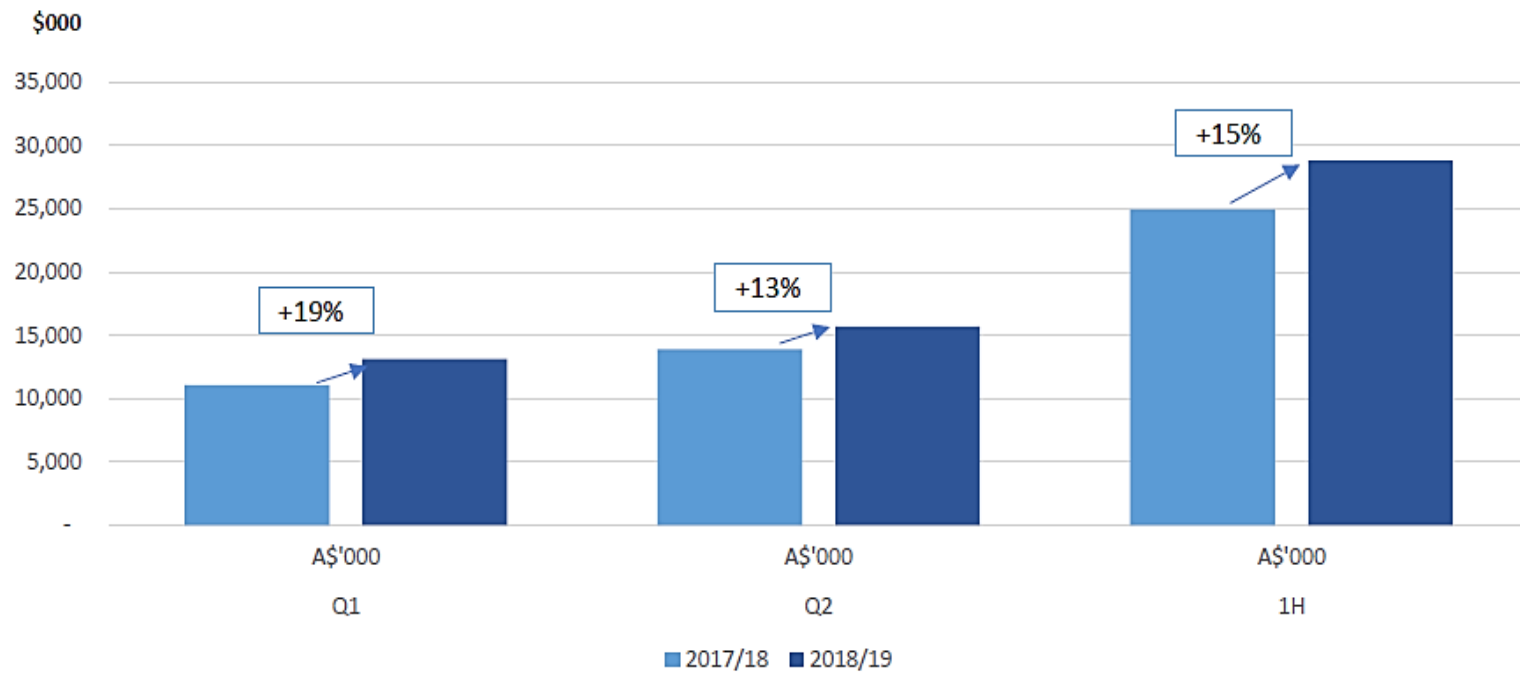
# SomnoMed's competitive advantage

- > Strong clinical research supporting COAT™ therapy
- > Comprehensive product range, proprietary materials and designed for patient comfort
- > Leading brand with over 470,000 patients treated worldwide
- > Go-to-market strength in both dental and medical channels with operational depth and capacity
- > Extensive geographical coverage in OECD markets
- > Digital manufacturing process
- > Experienced, dedicated and passionate team

## 3. Financial information

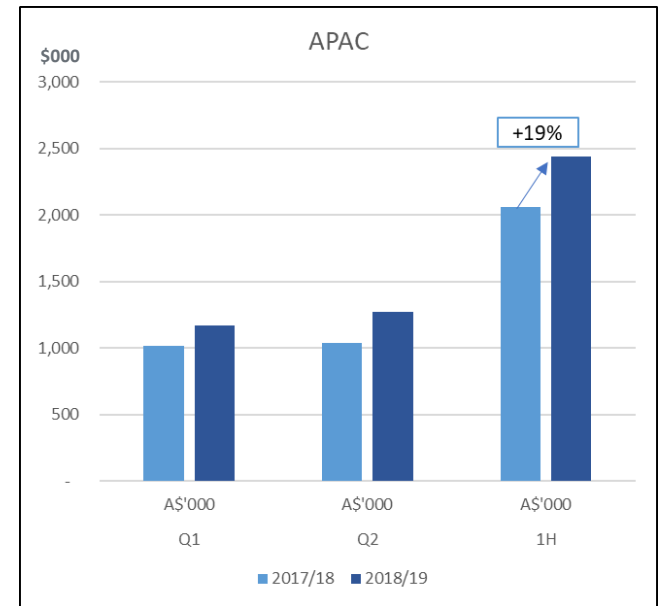
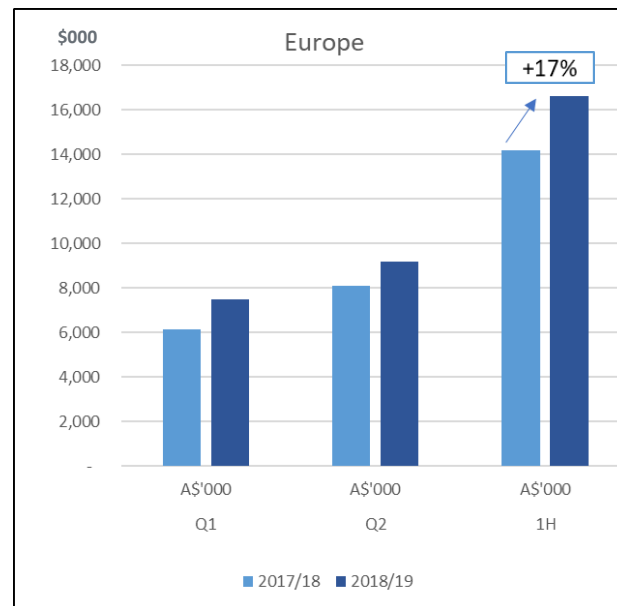
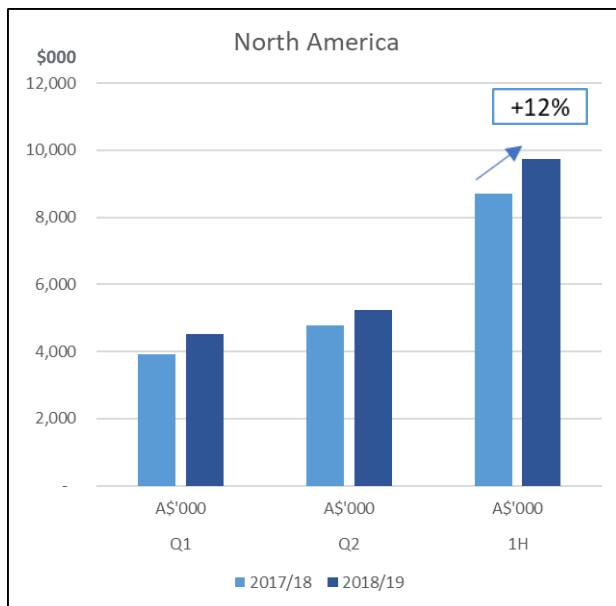
# Financials

## Total SomnoMed core revenue growth



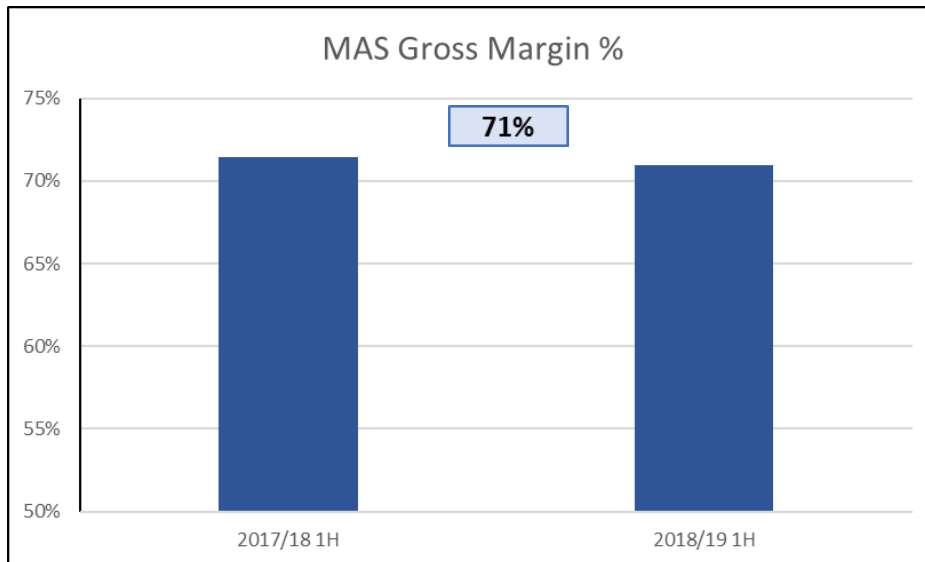
# Financials

## Revenue growth by region

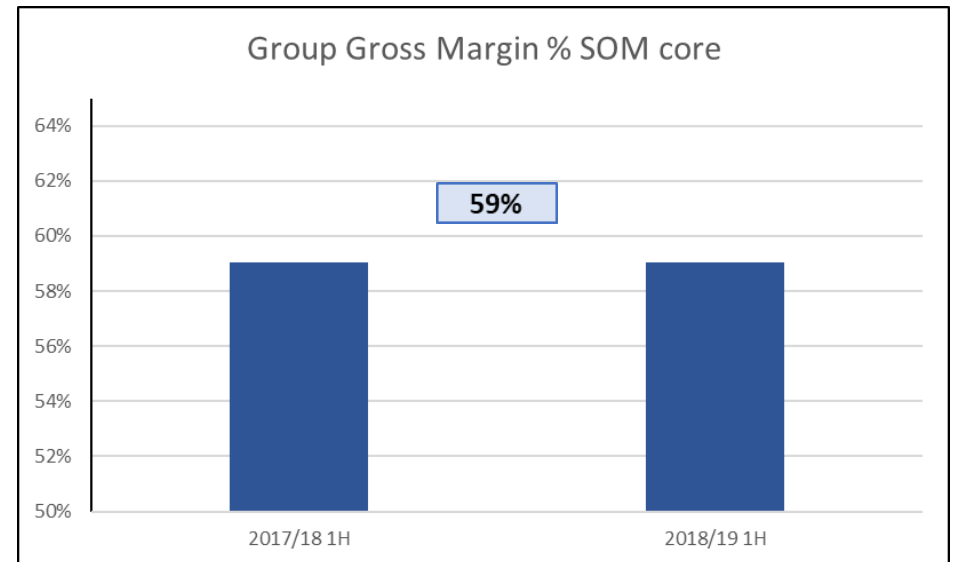


# Financials

## Steady margins



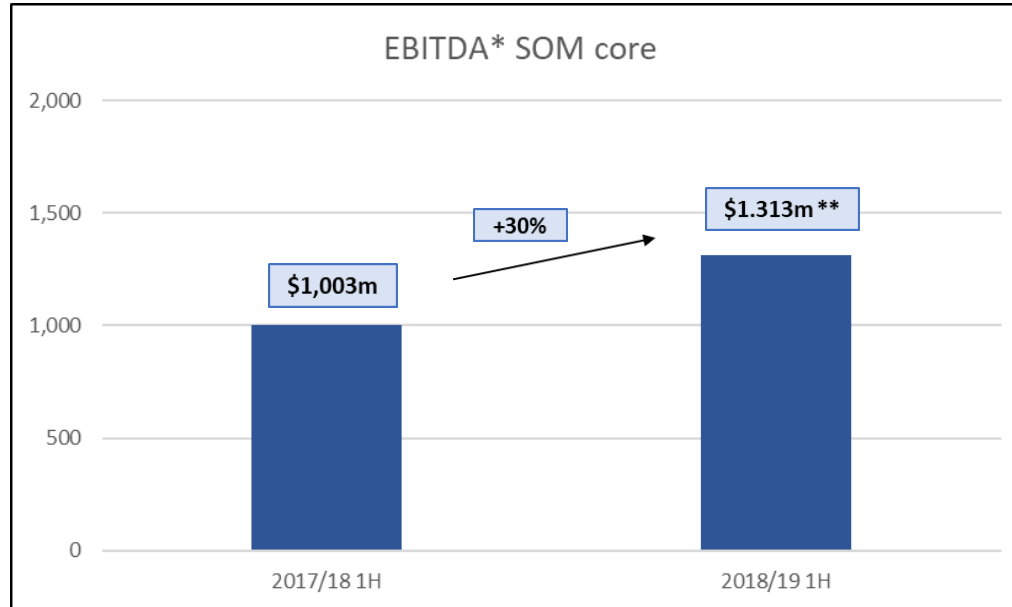
MAS gross margin = device gross margin



Group gross margin = device and other revenue stream gross margin

# Financials

## EBITDA growth



\* EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealized foreign exchange gain/(loss)

\*\* Underlying EBITDA \$1.613m with growth of 60%

# Financials

Financial Summary - AUD \$000's First half comparison	SomnoMed core		
	FY19	FY18*	
	1st H	1st H	%
Revenue	28,815	24,959	15%
Gross margin	17,018	14,736	15%
Regional sales and marketing expenses	(7,408)	(6,749)	10%
Regional administrative expenses	(5,069)	(4,551)	11%
Operating profit before corporate, research and business development	4,541	3,436	32%
Corporate and head office expenses	(3,228)	(2,433)	33%
EBITDA**	1,313	1,003	31%
Add back: One-off corporate cost	300	-	
<b>Underlying EBITDA</b>	<b>1,613</b>	<b>1,003</b>	<b>61%</b>
<i>Discontinued operation - RSS</i>			
Revenue	3,905	6,615	
Expenses	(11,383)	(11,226)	
Results from operating activities	(7,478)	(4,611)	
Provision for asset impairment	(1,884)	-	
Provision for lease costs	(1,928)	-	
Provision for severance payments, legal and other costs	(1,100)	-	
Net loss from discontinued operation	(12,390)	(4,611)	
Key Metrics			
MAS gross margin %	71%		
Group gross margin % SOM core	59%		
* restated			
** EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealized foreign exchange gain/(loss)			



## 4. Outlook

# Outlook

## > Regional :

- \* Europe: - all market fundamentals are good, with consistent revenue growth in all major countries  
- expected revenue growth of 20% in second half
- \* North America: - direct and managed care revenue growth both moving in the right direction  
- expected revenue growth of 10% in second half
- \* APAC: - Australia's revenue results will remain strong, while both Korea and Japan are still developing  
- expected revenue growth of 10% in second half

> R&D's development of a new innovative design and new product launch mid-year 2019

> Digital manufacturing processes to be fully implemented and adopted

> Tighter control of central overheads will improve company profitability

> Guidance relating to SOM core remains at \$60m+ revenues and between \$5.0 - 5.5m EBITDA

> Working capital facility established

# Contact

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