

HOLD: RSS pull-back a necessary mea culpa

We maintain our HOLD rating, with a revised price target of \$2.10 per share. SomnoMed has curtailed its direct-to-patient venture (RSS) after protracted underperformance this year. RSS lost \$10m and diverted investor attention away from the Group's very good Core medical device business. That foundation SomnoDent business goes from strength to strength in terms of sustained volume growth, margin leverage and new product development. The decision to regroup and rethink RSS is welcome but this troubled division will be a brake on stock performance until it develops a more reliable earnings footing.

Key points

FY18 Result Snapshot. FY18 EBITDA was -\$6.5m which was in line with new guidance of -\$6.6m to -\$7.4m and our forecast (-\$6.9m). The EBITDA downgrades in FY18 were primarily attributable to too much optimism around the pace and success of RSS roll-out, which has now, rightly, been pegged back. RSS revenues were \$11.2m, below our estimates of \$11.5m, and Core business continues to grow at ~15-20%.

Earnings call takeaways. Yesterday's call highlighted a shift in RSS strategy to a more conservative and deliberate approach. We prefer the slower approach to accessing the direct-to-patient market. Cost and margin benefits will not appear until 2H19, after costs associated with closing the centres are paid.

Guidance. Core (medical device business) guidance is for 15% revenue growth to \$60m+ and EBITDA in the range \$5.0m to \$5.5m. RSS guidance is for \$14-15m revenue and an EBITDA loss of between \$5-6m.

Forecasts. EBITDA forecasts for the Core business are actually upgraded given the stabilisation in US volumes and continued acceleration in Europe. Our RSS forecasts are materially lower, reflecting SomnoMed's decision to consolidate back to 8 centres and not open any new outlets in FY19. On an NPAT basis, Group break-even is now projected for FY20. Notwithstanding the ~60% reduction in cash earnings we assess that SomnoMed is adequately capitalised (\$13.4m cash) assuming no deterioration in operating performance.

Valuation. We value SomnoMed at \$2.10 per share using a risk-adjusted DCF valuation, which takes into account both the Core and RSS businesses. Standalone, un-risked valuation for Core is in the range \$2.85 to \$3.00 per share. The change in valuation relates to our treatment of RSS, the full development of which seems delayed by at least 2-3 years compared to when it was initially conceived. Stock performance should remain challenging until RSS is put on a more reliable earnings footing.

Earnings forecasts					
Year-end June (AUD)	FY17A	FY18A	FY19F	FY20F	FY21F
NPAT rep (\$m)	-3.3	-8.6	-3.3	2.4	7.8
NPAT norm (\$m)	-2.4	-7.7	-3.3	2.4	7.8
Consensus NPAT (\$m)			-1.3	2.9	
EPS norm (cps)	-4.4	-13.8	-5.4	4.0	12.8
EPS growth (%)	-1476.9	-213.3	60.8	173.7	220.3
P/E norm (x)	-44.7	-14.3	-36.4	49.4	15.4
EV/EBITDA (x)	-67.3	-17.6	-64.8	29.0	10.2
FCF yield (%)	-4.1	-9.4	-4.1	-0.3	1.6
DPS (cps)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0	0	0	0	0

Source: Company data, Wilsons estimates, S&P Capital IQ

Wilsons Equity Research

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Recommendation	HOLD
12-mth target price (AUD)	\$2.10
Share price @ 22-Aug-18 (AUD)	\$1.97
Forecast 12-mth capital return	6.6%
Forecast 12-mth dividend yield	0.0%
12-mth total shareholder return	6.6%
<hr/>	
Market cap	\$123m
Enterprise value	\$114m
Shares on issue	62m
Sold short	0.0%
ASX 300 weight	n/a
Median turnover/day	\$0.0m

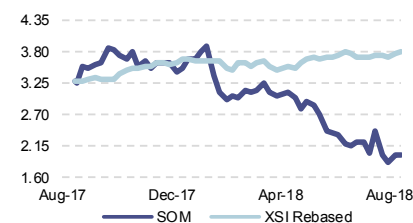
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FUNDAMENTAL
INSIGHTS

12-mth price performance (\$)

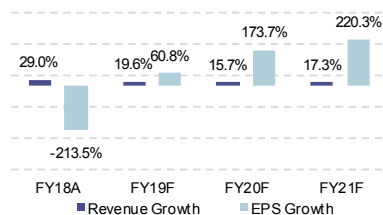


	1-mth	6-mth	12-mth
Abs return (%)	-4.4	-33.2	-40.1
Rel return (%)	-5.9	-39.0	-56.2

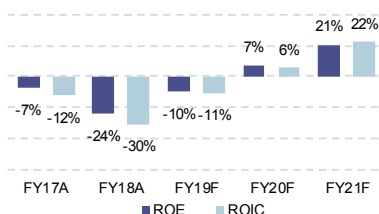
Key changes

		25-May	After	Var %
NPAT:	FY19F	0.1	-3.3	<-99%
norm	FY20F	6.2	2.4	-61.2%
(\$m)	FY21F		7.8	
EPS:	FY19F	0.2	-5.4	<-99%
norm	FY20F	10.3	4.0	-61.2%
(cps)	FY21F		12.8	
DPS:	FY19F	0.0	0.0	0.0%
(cps)	FY20F	0.0	0.0	0.0%
	FY21F		0.0	
Price target:		2.50	2.10	-15.9%
Rating:		HOLD	HOLD	

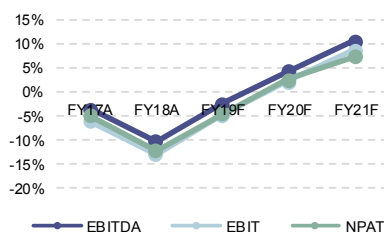
Growth rates



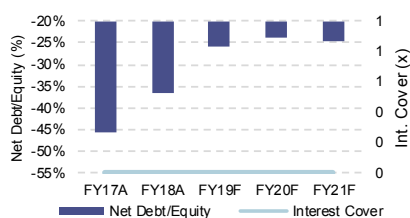
Returns



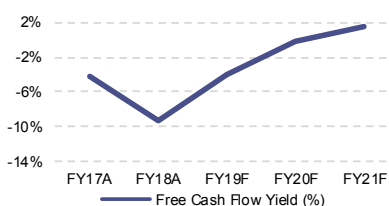
Margin trends



Solvency



Free cash flow yield



Interims (\$m)

	1H18A	2H18A	1H19E	2H19E
Sales revenue	31.6	32.0	34.3	41.8
EBITDA	-3.4	-3.1	-3.4	1.6
EBIT	-4.1	-4.0	-4.2	0.7
Net profit	-5.1	-2.5	-5.2	1.9
Norm EPS	-9.4	-4.5	-8.6	3.2
EBIT/sales (%)	-13.1	-12.5	-12.4	1.8
Dividend (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0
Payout ratio (%)	0.0	0.0	0.0	0.0
Adj payout (%)	0.0	0.0	0.0	0.0

Key assumptions

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Revenue growth (%)	40.1	33.0	28.0	11.9	29.0	19.6	15.7	17.3
EBIT growth (%)	35.0	-45.7	90.2	-747.2	178.2	-57.2	-159.2	342.0
NPAT growth (%)	-9.2	-4.8	-72.4	-1,534.2	224.6	-57.2	-173.7	220.3
EPS growth (%)	75.4	-55.3	-73.3	-1,476.9	213.3	-60.8	-173.7	220.3
EBIT/sales (%)	1.7	0.7	1.0	-5.9	-12.8	-4.6	2.3	8.8
Tax rate (%)	3.4	44.8	85.0	-14.3	-19.8	-48.7	27.0	20.8
ROA (%)	2.3	0.9	1.1	-7.1	-18.5	-8.1	4.3	17.6
ROE (%)	5.1	2.8	0.5	-7.4	-21.4	-9.1	6.0	17.5

SomnoMed EBITDA (\$m)	1.1	0.9	1.5	2.4	3.9	4.6	6.4	8.0
RSS EBITDA (\$m)				-4.1	-10.4	-6.3	-2.5	3.2

Financial ratios

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
PE (x)	73.4	164.2	615.2	-44.7	-14.3	-36.4	49.4	15.4
EV/EBITDA (x)	108.7	131.2	77.4	-67.3	-17.6	-64.8	29.0	10.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	-0.4	-1.2	0.2	-4.1	-9.4	-4.1	-0.3	1.6
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Profit and loss (\$m)

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Sales revenue	25.9	34.4	44.1	49.3	63.6	76.1	88.0	103.2
EBITDA	1.1	0.9	1.5	-1.7	-6.5	-1.8	3.9	11.2
Deprn & amort	0.6	0.6	1.0	1.2	1.7	1.7	1.9	2.1
EBIT	0.4	0.2	0.5	-2.9	-8.2	-3.5	2.1	9.1
Net interest expense	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
Tax	0.0	0.2	0.4	0.4	1.6	1.7	0.6	1.9
Minorities/pref divs	-0.2	0.1	0.1	-0.8	-2.1	-1.9	-0.9	-0.5
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (pre-sig items)	0.6	0.1	0.0	-2.4	-7.7	-3.3	2.4	7.8
Abns/exts/signif	-0.2	0.5	0.2	-1.0	-0.9	0.0	0.0	0.0
Reported net profit	0.4	0.6	0.2	-3.3	-8.6	-3.3	2.4	7.8

Cash flow (\$m)

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
EBITDA	1.1	0.9	1.5	-1.7	-6.5	-1.8	3.9	11.2
Interest & tax	-0.5	0.1	-0.2	-1.2	-0.6	1.0	-0.4	-2.5
Working cap/other	-1.3	-1.2	0.9	0.2	-2.4	-2.5	-1.9	-4.8
Operating cash flow	-0.8	-0.2	2.1	-2.7	-9.5	-3.3	1.7	3.9
Maintenance capex	0.3	-1.2	-1.9	-2.4	-2.0	-1.7	-2.0	-2.0
Free cash flow	-0.5	-1.4	0.2	-5.1	-11.5	-5.0	-0.3	1.9
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Invest/disposals	-0.3	-0.2	-1.3	-0.3	-0.2	0.0	0.0	0.0
Oth investing/finance flows	-0.4	-0.3	-0.4	-0.1	-0.6	0.0	0.0	0.0
Cash flow pre-financing	-1.2	-1.9	-1.5	-5.5	-12.3	-5.0	-0.3	1.9
Funded by equity	0.0	7.3	10.7	2.4	11.2	0.0	0.0	0.0
Funded by debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Funded by cash	1.2	-5.3	-9.2	3.1	1.1	5.0	0.3	-1.9

Balance sheet summary (\$m)

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Cash	2.9	8.3	16.7	14.2	13.4	8.4	8.1	10.0
Current receivables	5.5	7.2	9.4	10.2	13.6	14.0	16.0	21.0
Current inventories	1.0	1.3	1.8	1.9	2.0	2.9	3.4	4.0
Net PPE	1.3	2.1	3.8	4.5	6.6	6.3	6.2	5.8
Intangibles/capitalised	8.5	8.9	10.2	10.4	10.1	10.4	10.8	11.2
Total assets	19.1	27.8	42.0	41.2	45.7	42.1	44.5	52.0
Current payables	3.3	3.9	6.9	8.0	8.4	7.0	7.3	7.9
Total debt	0.0	0.0	0.0	0.0	1.4	0.0	0.0	0.0
Total liabilities	6.6	6.2	8.8	10.3	12.9	9.7	10.3	11.2
Shareholder equity	12.6	21.5	33.2	31.0	32.8	32.5	34.2	40.9
Total funds employed	12.6	21.5	33.2	31.0	34.2	32.5	34.2	40.9



Somnomed Limited — FY18 results

Table 1: A summary of FY18 results versus pcp and our forecasts

(\$ in mn)	FY17	FY18	%chg	Forecast	%chg	Var (abs\$)	%var
USA	19.7	17.9	-9%	19.4	-2%	(1.5)	-8%
Europe	24.0	30.4	26%	30.6	27%	(0.2)	-1%
APAC	3.9	4.2	6%	4.0	2%	0.2	4%
RSS	2.0	11.2	460%	11.6	481%	(0.4)	-4%
Net revenue	49.3	63.6	29%	65.7	33%	(2.1)	-3%
COGS	20.5	25.4	24%	26.5	29%	(1.1)	-4%
Gross profit	28.8	38.2	33%	39.2	36%	(1.0)	-3%
EBITDA	(1.7)	(6.5)	283%	(6.9)	305%	0.4	-5%
- SomnoMed	2.4	3.9	65%	3.5	46%	0.4	13%
- RSS	(4.0)	(10.4)	158%	(10.4)	157%	(0.0)	0%
Interest, other	(0.1)	(1.5)	938%	(0.0)	-91%	(1.5)	nm
Tax	0.4	1.6	304%	3.1	666%	(1.4)	-47%
Minorities	(0.8)	(2.1)	155%	(1.5)	88%	(0.6)	36%
NPAT	(3.3)	(8.6)	158%	(10.4)	210%	1.7	-17%
EPS (cps)	(6.2)	(15.5)	149%	(18.5)	197%	3.0	-16%
Operating cash flow	(2.7)	(9.5)	253%	(12.6)	369%	3.1	-25%
% of net revenue	FY17	FY18	Wilsons				
Gross margin	58.4%	60.0%	59.6%				
MAS gross profit	73.0%	70.0%	70.0%				

Source: SomnoMed, Wilsons' estimates

Income statement notes

RSS roll-out continues to drag on earnings. RSS revenue was \$11.2m and EBITDA was a loss of \$10.4m. SomnoMed's roll out of RSS sleep dental centres precipitated two earnings downgrades over FY18. Exacerbated 'start-up' costs of the program were the cause, as SomnoMed grappled with jurisdictional nuances (marketing approach, health insurance coverage) and the acute seasonality of this new business.

Core medical device business looks healthy. Core medical device (SomnoDent) business traded well and was ahead of our forecasts. FY18 SomnoDent revenues were \$52.4m, up 10% on FY17. Europe continues to show strong Core revenue growth (26% YoY revenue growth in Europe, compared to 5% YoY revenue growth in APAC, and a 9.4% drop in YoY revenues in the US).

Cash flow and balance sheet notes

Operating cash flow for the year was -\$9.5m. We estimate the pure, operating cash cost associated with RSS at ~\$13m. SomnoMed finished the year with \$13.4m in cash.



Outlook

Guidance

- Core (SomnoDent medical device business) guidance is for 15% revenue growth to \$60m+ and EBITDA in the range \$5.0m to \$5.5m.
- RSS guidance is for 25-35% revenue growth to \$14-15m and an EBITDA loss of between \$5-6m. Excluding the costs already likely to be incurred in 1Q19 before the restructuring announcement the expected loss would be between \$4-5m.

The Core guidance was broadly in line with our model, which forecast FY19e Core EBITDA of \$4.6m. We expect that uplift in revenue generation and margin will likely stem from Europe, where performance has been very strong (~32% growth in FY18). This will continue into FY19 as volume/price improves in France and the Dutch/Nordic markets continue to support oral appliance therapy over CPAP in many cases. SomonMed's Core guidance assumes flat volumes in USA.

The RSS guidance is materially lower than our model, given SomnoMed's decision to consolidate the RSS network to 8 centres and not open any further outlets over FY19.

Changes to forecasts

Key changes to our model included:

- Core growth rate: We maintain our model assumptions of low single-digit growth in USA and AsiaPac volumes, >20% growth in Europe over the forecast period. This year's SG&A investment in Europe should see leverage develop in that segment, driving Core EBITDA margin over the forecast period. Our Core EBITDA forecast unchanged in FY19e and up 9% in FY20e.
- RSS growth rate: we have cut our model back to 8 centres from October and taken out the majority of new centre openings over the forecast period. The FY19 guidance We now model RSS revenue growth rate of 30% in FY19, 14% in FY20, and 25% in FY21. On our revised forecasts the 8-centre network will break even in 2H20.

Table 2: Changes to forecasts FY19-20e

		FY19e	FY20e
Core revenue - Before	\$m	62.6	73.5
Core revenue - After	\$m	61.5	71.3
- Change	%	-2%	-3%
Core EBITDA - Before	\$m	4.6	5.9
Core EBITDA - After	\$m	4.6	6.4
- Change	%	-1%	9%
RSS revenue - Before	\$m	23.1	38.5
RSS revenue - After	\$m	14.6	16.7
- Change	%	-37%	-57%
RSS EBITDA - Before	cps	(3.0)	5.8
RSS EBITDA - After	cps	(6.3)	(2.5)
- Change	%	-111%	-143%
Group revenue - Before	\$m	85.6	112.0
Group revenue - After	\$m	76.1	88.0
- Change	%	-11.1%	-21.4%
Group EBITDA - Before	cps	1.6	11.7
Group EBITDA - After	cps	(1.8)	3.9
- Change	%	-210%	-66%

Source: Wilsons' estimates



Earnings forecasts

There is no one-size-fits-all approach to RSS: The pull-back in RSS was inevitable given the surprisingly poor performance of the second cohort of centres. It seems that every new jurisdiction introduces a new set of challenges in terms of patient population, choice of advertising medium, competition and insurance coverage. Management has collated data and refined their strategy and focus with regard to these categories. This should help them optimize the performance of existing centres and reduce the risk of opening RSS centres that fail to reach profitability, despite substantial level of investment and best efforts.

It was disappointing to learn that the later cohorts of RSS centres did not benefit from earlier experience with the network and continue to struggle even 9 months into opening. This is not to discount the value of the overall exercise: we see RSS as the correct strategy in accelerating the uptake of SomnoDent oral appliances in the treatment of sleep apnoea. We note that RSS remains very difficult to forecast, given there are so few data points from which to extrapolate potential future growth.

Table 2: Detailed revenue and EBITDA forecasts for Core and RSS, FY17-21e

SomnoMed Core									
	FY17e	1HFY18e	2HFY18e	FY18e	1HFY19	2HFY19	FY19e	FY20e	FY21e
SomnoMed revenue (\$m)	47.7	25.0	27.4	52.4	28.0	33.4	61.5	71.3	82.3
USA	19.7	8.7	9.1	17.8	8.4	10.0	18.4	19.3	20.6
EMEA	24.0	14.2	16.2	30.4	17.5	21.3	38.8	47.4	56.8
AsiaPac	3.9	2.1	2.1	4.2	2.1	2.2	4.3	4.6	4.9
Gross profit (\$m)	27.8	14.7	17.1	31.9	16.1	19.2	35.3	40.9	47.0
- MAS gross margin	68.0%	70.2%	58.7%	63.5%	68.4%	68.4%	68.4%	68.4%	68.4%
- Core gross margin	58.4%	59.0%	62.4%	60.8%	57.4%	57.4%	57.4%	57.3%	57.1%
SG&A expenses	21.3	11.3	12.3	23.6	12.4	13.3	25.6	29.1	33.3
Corporate and R&D	4.1	2.4	2.4	4.8	2.6	2.5	5.1	5.4	5.7
EBITDA (\$m)	2.4	1.0	2.9	3.9	1.1	3.4	4.6	6.4	8.0
- EBITDA margin	5.0%	4.0%	10.6%	7.4%	4.1%	10.2%	7.4%	9.0%	9.7%
RSS									
	FY17e	1HFY18e	2HFY18e	FY18e	1HFY19	2HFY19	FY19e	FY20e	FY21e
RSS centres	7	12	16	16	12	8	10	10	11
RSS revenue (\$m)	1.6	6.6	5.0	11.6	6.2	8.3	14.6	16.7	20.9
RSS gross profit (\$m)	1.0	4.3	2.1	6.3	4.1	5.4	9.5	10.8	13.6
- gross margin	61.4%	64.7%	41.1%	54.5%	65.0%	65.0%	65.0%	65.0%	65.0%
SG&A expenses	2.1	8.7	8.0	16.7	5.6	4.2	9.8	6.5	4.0
Corporate and R&D	2.9	-	-	-	3.0	3.0	6.0	6.8	6.4
EBITDA (\$m)	(4.0)	(4.4)	(6.0)	(10.4)	(4.5)	(1.8)	(6.3)	(2.5)	3.2
- EBITDA margin									15.3%

Source: Wilsons' estimates



Table 3: Forecast income statements FY17-21e

	FY17e	1HFY18e	2HFY18e	FY18e	1HFY19	2HFY19	FY19e	FY20e	FY21
Group revenue (\$m)	49.3	31.6	32.0	63.6	34.3	41.8	76.1	88.0	103.2
SomnoMed	47.7	25.0	27.4	52.4	28.0	33.4	61.5	71.3	82.3
RSS	1.6	6.6	4.6	11.2	6.2	8.3	14.6	16.7	20.9
Gross profit (\$m)	28.8	19.0	19.2	38.2	20.1	24.6	44.7	51.7	60.6
SomnoMed	27.8	14.7	17.1	31.9	16.1	19.2	35.3	40.9	47.0
RSS	1.0	4.3	2.1	6.3	4.1	5.4	9.5	10.8	13.6
SG&A expense	23.4	20.0	20.3	40.3	18.0	17.5	35.4	35.6	37.3
Corporate, R&D and other expense	7.0	2.4	2.4	4.8	5.6	5.5	11.1	12.2	12.1
EBITDA (\$m)	(1.7)	(3.4)	(3.1)	(6.5)	(3.4)	1.6	(1.8)	3.9	11.2
SomnoMed	2.4	1.0	2.9	3.9	1.1	3.4	4.6	6.4	8.0
RSS	(4.1)	(4.4)	(6.0)	(10.4)	(4.5)	(1.8)	(6.3)	(2.5)	3.2
Depreciation and amortisation	1.2	0.8	0.8	1.6	0.8	0.9	1.7	1.9	2.1
EBIT (\$m)	(2.9)	(4.1)	(4.0)	(8.2)	(4.2)	0.7	(3.5)	2.1	9.1
Net interest	(0.1)	(0.0)	0.0	0.0	-	-	-	-	-
Tax	0.4	1.9	(0.3)	1.6	1.9	(0.2)	1.7	0.6	2.5
Minorities	(0.8)	(0.9)	(1.2)	(2.1)	(0.9)	(1.0)	(1.9)	(0.9)	(0.5)
NPAT (\$m)	(3.3)	(5.6)	(3.0)	(8.6)	(5.2)	1.9	(3.3)	2.4	7.8
EPS (cps)	(6.2)	(10.3)	(5.3)	(15.5)	(8.6)	3.2	(5.4)	4.0	12.8

Source: Wilsons' estimates



Valuation

We value SomnoMed at \$2.10 per share using a risk-adjusted DCF valuation, which takes into account both the Core and RSS businesses. Standalone, un-risked valuation for Core is in the range \$2.85 to \$3.00 per share. The change in valuation relates to our treatment of RSS, the full development of which seems delayed by at least 2-3 years compared to when it was initially conceived.

Table 4: DCF valuation summary

DCF Assumptions			
Effective WACC	10.6%	Explicit forecast period (years)	10
Risk-free rate	4.5%	Terminal growth rate	2.7%
Risk premium	6.0%	Tax rate	25%
Implied equity beta	1.0		
Valuation			
PV of future cash flows (\$m)	11.5	SomnoMed Core Risk	75%
PV of terminal value (\$m)	110.4	RSS Risk	30%
Enterprise value (\$m)	119.1		
Less net debt (cash) (\$m)	(8.4)	Basic diluted shares (m)	60.7
Equity value (\$m)	127.5	DCF value per share (\$/share)	2.10
		Un-risked price target (\$/share)	5.44

Source: *Wilsons*



SomnoMed (SOM)

Business description

SomnoMed Limited (SOM) develops, manufactures and sells oral appliance devices for the treatment of obstructive sleep apnoea (OSA). The company has developed a global infrastructure to address the OSA market, with the majority of its sales derived from the US and Europe. More recently SomnoMed has invested to create a network of treatment centres in the USA which trade as Renew Sleep Solutions (RSS). These centres employ social media and other advertising channels to reach lapsed, previously diagnosed patients as a direct-to-consumer channel for their SomnoDent devices.

Investment thesis

We maintain our HOLD rating, with a revised price target of \$2.10 per share. SomnoMed has curtailed its direct-to-patient venture (RSS) after protracted underperformance this year. RSS lost \$10m and diverted investor attention away from the Group's very good Core medical device business. That foundation SomnoDent business goes from strength to strength in terms of sustained volume growth, margin leverage and new product development. The decision to regroup and rethink RSS is welcome but this troubled division will be a brake on stock performance until it develops a more reliable earnings footing.

Revenue drivers

- Growth rates. In recent years the company has sustained consistent 20-30% unit sales growth pcp comps. We think this can be maintained as the company taps the medically diagnosed OSA referral channels.
- Regulatory and/or reimbursement approvals of new products, new territories

Margin drivers

- Making a high (c.70%) gross margin on its oral appliances
- We expect SG&A expense to increase modestly as the company develops and grows its market
- Low level of R&D expenditure

Key issues/catalysts

- Upside risks:
- Quarterly cash flow indicates SomnoMed's sales growth progress
- Product launches
- Progress developing links to medical diagnosis channels

Risk to view

- Downside risks:
- Relatively limited capital for business development investment
- Emerging competition
- If successful could face scale-up and logistics challenges when demand increases
- Reimbursement in the USA is improving, but still needs to develop and broaden

Balance sheet

- Forecasting \$9.6m cash at the end of FY19.
- No significant debt

Board

- Dr Peter Neustadt (Non-Executive Chairman)
- Ms Lee Ausburn (Non-Executive Director)
- Mr Robert Scherini (Non-Executive Director)

Management

- Derek Smith (Global CEO)
- Neil Verdal-Austin (CFO)
- Kien T. Nguyen (President, North America)
- James R. Evanger (CEO – Renew Sleep Solutions)
- Dr Jagdeep Bijwadia (Chief Medical Officer)

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Disclaimers and disclosures

Recommendation structure and other definitions

Definitions at wilsonsadvisory.com.au/Disclosures.

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