



SOMNOMED ACHIEVES GROWTH TARGETS

28th January 2015, SomnoMed Limited (SOM: ASX) is pleased to announce Q2 sales of 13,575 units, which set a new quarterly record and brought the first half volume to a total of 24,775 units, in line with its guidance for the July to December six month period. Sales in December were the company's highest ever for an individual month, with over 5,000 units sold.

Strong growth was achieved in the US during the second quarter, which saw unit sales increase by over 30% compared to the same quarter in the previous year, and resulted in global volume growth for the second quarter of 21.8%.

"We are very pleased with the development of our operation in the US, with Q2 volume growth of 30.3%, following growth of 16.2% in the previous quarter. This increased growth is a result of continuing improvements in our dental, medical and managed care sales operation and reflects the initial contributions from our new products," said Dr. Peter Neustadt, Executive Chairman of SomnoMed Limited.

Europe grew its sales in the first half by 18.8%, compared to the corresponding half year period in the previous year. "Excellent growth was experienced in our emerging markets in Norway and Belgium. Sales in our European core markets were slower than expected in the second quarter, especially in December, as general demand in Holland, Germany, France and Sweden was subdued. Staff recruitment for new markets is taking longer than expected. However, indications are that new markets will start to contribute positively in the second half," said Dr. Neustadt.

APAC produced a growth of 15.3% for the half year period and Japan grew by 31%. "The expansion of our operation in Japan is showing good results and we are confident that the growth trend seen during the first half year will be maintained in the second half," Dr Neustadt said.

Total revenues generated in the first half of the financial year grew by 18% to \$14.81 million, in line with guidance and confirming the forecast revenues of \$32.5 million for the financial year. "The weakening of the Australian dollar only contributed about 1% to the revenue growth during the first half, as most of the currency movements only occurred towards the end of the year. The weaker Australian dollar is likely to have a positive impact on our second half revenues and earnings," said Dr. Neustadt.

During the half year SomnoMed expanded its plant in Manila, doubling its production capacity. "The expansion works in our plant in Manila were completed by the end of the year on time and on budget. This has effectively doubled the capacity of our plant and will provide for the anticipated future growth. Works included dedicated facilities and equipment for the phasing in of digital processes between our plant and service hubs. Pilot programs started at the beginning of January," commented Dr Neustadt.

"Volume and revenues achieved in the first half were consistent with our guidance for the financial year 2014/15. The trends during the first half, especially in the US, are very positive. Guidance for the second half was based on the expectation of a further acceleration of our growth rates in volumes and revenues, leading to total sales of 30,000 units and revenues in the order of \$18 million during the January to June 2015 period. This would result in volume growth of 30% in the second half and 26% for the year being achieved. Revenues are forecast to grow by 25% to \$32.5 million for the year. As previously indicated, profit growth in the first half will be lower than the growth in revenues, with start-up costs incurred in new markets in Europe and Asia, and expenditure relating to the global launch of new products. Profits in the second half are likely to be in line with our expectations and will give an indication of the future earnings capability of SomnoMed. Given first half earnings, EBITDA for the year is expected to be consistent with our guidance but likely to come in towards the lower end of the range given," said Dr. Neustadt.

SomnoMed had a cash position of \$8.9 million at the end of December 2014, after absorbing about \$1 million in investments linked to the expansion of its plant, the purchase of digital equipment and expenditure relating to the global launch of new products and entry into new markets.

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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 200,000 patients in 26 countries.

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