



## Sales growth accelerating as Northern half returns from Summer holidays

**18th October 2016**, SomnoMed Limited (ASX:SOM) announced today record breaking September sales (+23.8% year on year) compensated for the usually soft Northern summer months of July and August (+13.0% year on year) resulting in growth rates in unit sales of 16.9% for the first quarter of the financial year 2016/17. Total revenues were \$10.94 million for the quarter, up by 13.4%.

North American unit sales followed the same seasonal pattern. Whilst July/August sales grew by 13.6%, September sales showed excellent growth of 35.3%, lifting growth for the quarter in the North America region to 20.5%. Canadian sales contributed about 5% of total North American sales. Sales through licensees were stronger than expected, contributing 16.5% of total regional sales, reflecting purchases to replace diminishing stocks.

Sales of new SomnoDent® devices dominated North American sales accounting for 56% of total direct sales. All new devices – Signature and Standard – showed strong growth. Signature Fusion device sales grew by over 45% during the first quarter, and newly introduced SUAD™ devices conquered 3% of total direct sales. In the new Standard line of products Herbst Advance grew by 31% during the quarter and Air device sales were accelerating, growing by 44.7%.

Despite the long summer holidays in Europe device sales grew by 19.4% during the first quarter year on year. September delivered record sales and lifted Europe's share of direct global sales in that month to 42.7%. Excellent growth, exceeding 25%, was achieved in a number of core and new markets.

During the quarter the French government announced new regulations coming into effect from 1 November 2016. Under these regulations, COAT™ (device and fitting services) will be fully reimbursed and all diagnosed patients with mild and moderate conditions will be directed to use oral appliances as first line treatment in Europe's biggest CPAP market. This is expected to lead to significant growth in sales of oral appliances in France over the next few years.

APAC sales were soft throughout the quarter representing 10.1% of global sales in Q1 but only 8.9% of all direct sales in September. Growth in APAC countries is limited due to the total lack of reimbursement and the dominance of surgery, which has largely disappeared in most Western countries, still seen in several countries in Asia.

Newly appointed global CEO Mr. Derek Smith commenced his employment on 1<sup>st</sup> of September with a hand over process taking place in the US and Europe during the same month.

The leadership team of our new entity - Sleep Centers America, Inc. - has been appointed during the quarter with an experienced Chief Operating Officer and National Marketing Manager joining SCA's CEO Jim Evanger. Planning and preparation for the opening of the first outlet of SCA at the beginning of 2017 are underway.

During the quarter FDA 510k approval was received for SomnoDent® Alpha, the new instant fit test device. Use of Alpha in selected hospitals is expected to start during the second quarter to test the impact of COAT™, primarily on patients diagnosed with severe OSA conditions, before a permanent device is fitted.

SomnoMed held \$16.3m in cash at 30 September 2016. Cash outflows during the quarter included start-up and recruitment costs relating to newly formed SCA entity, overseas tax payments and other expenses incurred in the previous quarter.

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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 over 300,000 patients in 27 countries.

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