



## Total group revenues finish at \$63m driven by North American direct revenues up 31% in Q4

**23<sup>rd</sup> July 2019, SomnoMed Limited (ASX:SOM)** announced that its total core revenues for the quarter were \$15.8 million, resulting in the 2018/19 fiscal year core revenues of \$59 million (unaudited) and slightly under the guidance of \$60m. Total group revenues for the full 2018/19 fiscal year, including the now closed Renew Sleep Solutions (“RSS”) revenues, were \$63 million.

Revenues were driven by the North American direct dental sales, which grew by 31% (22% in constant currency) in the fourth quarter compared to the prior year, indicating a significant turnaround in that region’s performance. North American total revenue growth, which includes revenues from direct dental, managed care, licensees and other revenues, with the prior year revenue comparison including sales to Simple Sleep Services (“S3”), which ceased operations in early 2019, increased by 16% for the quarter (7% in constant currency).

“The North American revenue results for the last quarter of fiscal year 2018/19 were very good and we are extremely pleased with the 31% (22% in constant currency) growth in our direct dental business,” said Mr Neil Verdal-Austin, Global CEO of SomnoMed. “Direct dental sales include all core revenues to our dental customers and exclude S3. We have focused heavily on aligning our sales and marketing teams on the core business in both the US and Canada this quarter and achieved very good results,” Mr Verdal-Austin added. “Without the benefit of any sales to S3 in the US in the fourth quarter we were still able to accelerate growth in that channel throughout the quarter with revenue growth rates of 11%, 19% and 27% for April, May and June respectively (in constant currency). Given these positive trends, we believe that the turnaround in our US business, after the closure of RSS late last year, has commenced and can be built on in the future.”

In Europe, our business experienced lower than expected revenue growth rates in Holland and Sweden, leading to a total revenue growth of 9% for Q4. The main reasons for the slower growth in these two core markets in Q4 were primarily short-term external factors, which we are in process of managing. There is a hospital capacity issue in Holland, which is being addressed by working within those affected hospitals to facilitate the patient pathway to COAT™ treatment. However, the high acceptance of COAT™ achieved in both Holland and Sweden, where the use of COAT™ is now nearing the same level as that of CPAP, is likely to mean that future growth rates in these markets will be at the expense of CPAP. At the same time we see a number of less developed European markets gaining speed. The volume growth rates of Finland, Denmark, Switzerland, France, Germany, Italy, Ireland and the UK were once again all greater than 20% in Q4 (with some above 30%). We believe the outlook for Europe’s new fiscal year and for the longer term looks very encouraging.

APAC experienced continued growth, with revenue growth of 8% in the fourth quarter and an annual regional growth rate of 16%, which is well ahead of growth achieved in the previous years.

“The prospects for the SomnoMed Group are very positive and the return of strong revenue growth in both the US and Canada has brought energy and excitement back into the company. SomnoMed offers a patient friendly and highly compliant, comfortable alternative to CPAP which aims to treat a growing proportion of patients who suffer from Obstructive Sleep Apnea (“OSA”) with a COAT™ device. The recent achievement of treating over 500,000 patients world-wide with a SomnoDent® device highlights the Company’s strong global position within the 28 countries in which it trades,” commented Mr Verdal-Austin.

SomnoMed also recently attended the Annual Sleep Conference in San Antonio, Texas which showcased industry developments within both the dental (AADSM) and medical (APSS) communities and where the SomnoMed’s new digitally manufactured oral appliance product was shown for the first time following its FDA approval. The SomnoDent AVANT™ was well received at the Sleep Conference, with preliminary clinical results indicating that the SomnoDent AVANT™ has an improved efficacy over previous products in the range.

The cash position at the end of June 2019 was \$8.0 million. SomnoMed repaid the Company’s previous interim working capital facility prior to 30<sup>th</sup> June 2019 and secured a long term overdraft facility from HSBC Bank for future operating funding requirements.

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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 more than 500,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>