



Total core revenue growth 11% driven by North American direct dental revenue channel up 23% in Q1

28th October 2019, SomnoMed Limited (ASX:SOM) announced that its Q1 total group revenues were \$14.6 million (unaudited), resulting in growth of 11% for the core business and a negative 1% growth for the total group revenues, which includes the discontinued Renew Sleep Solutions (“RSS”) business.

Revenue Q1	Revenue A\$000's	% Growth
North America	5,273	17%
Europe	7,963	7%
APAC	1,324	13%
SomnoMed Core	14,561	11%
RSS	-	-100%
SomnoMed Total	14,561	-1%

Revenues were again driven by the North American direct dental sales, which grew by 23% (15% in constant currency) in the first quarter compared to the prior year, confirming the ongoing turnaround in that region's performance. North American total core revenues, which includes revenues from direct dental, managed care, licensees and other revenues, increased by 17% for the quarter (9% in constant currency) compared to the previous year revenues, that included sales to Simple Sleep Services (“S3”), which ceased operations in early 2019.

“The North American revenue results for Q1 of fiscal year 2019/20 were extremely pleasing, with a solid growth in our direct dental business, which include all core revenues to our dental customers,” said Mr Neil Verdall-Austin, Global CEO of SomnoMed. “The deeper focus on aligning our sales and marketing teams within the core business in both the US and Canada again this quarter has achieved very good results and an outstanding 31% growth (22% in constant currency) in direct dental sales in the month of September alone,” Mr Verdall-Austin added. “We continue to drive the complete product offering which is best in class. SomnoMed's range of quality treatments for patients suffering from Obstructive Sleep Apnea offers unparalleled comfort and durability.”

During Q1 the successful launch of the new SomnoDent AVANT™ product, which is SomnoMed's new digitally manufactured oral appliance, was completed in North America. The response to this new product has exceeded expectations, with preliminary clinical results indicating that the SomnoDent AVANT™ has an improved efficacy over the traditionally made products in the range. This addition to the range will set SomnoMed apart from all others in the segment, with customers calling it the “game-changer” for both them and their patients. This launch continues in Australia and Europe in Q2.

In Europe, our business posted Q1 revenue growth of 7% (5% in constant currency). These lower than expected growth rates were influenced by the previously announced external issues in both Holland and Sweden. These external factors were largely overcome by the end of September. "We are happy to see both Holland and Sweden return to the growth rates these countries should command following many months of assisting authorities respond to these external and political difficulties," said Mr Verdal-Austin.

In a number of the less developed European markets momentum continues to build, with the volume growth rates for both Belgium and Germany exceeding 20% for September, being the main contributing month of the European summer quarter. In Finland, Denmark, Switzerland, Ireland and Spain growth exceeded 30% in the month of September. We believe the outlook for Europe's Q2 and beyond is very positive and most encouraging. The recently signed contract directly with a large German insurer has allowed SomnoMed to help manage the patient pathway for the insurer and for the first time in the German market, dedicate a reimbursement code for the SomnoDent® treatment option. We have expanded facilities, invested in systems and skilled managed care staff to service these obligations.

APAC experienced continued double-digit revenue growth, with 13% posted in Q1. The acceptance of the SomnoDent® oral appliance is growing within the medical specialists in this region, with a very successful attendance at this month's Sleep Down Under 2019 meeting held in Brisbane.

"SomnoMed is committed to providing a patient friendly and comfortable alternative to CPAP, which is driving higher and higher rates of compliance for those patients who suffer from OSA with a significantly better medical outcome and treatment effectiveness," explained Mr Verdal-Austin. "SomnoMed's recent attendance at World Sleep 2019 in Vancouver, Canada again highlighted this and why more than 500,000 patients worldwide wear a SomnoDent® device," added Mr Verdal-Austin.

The cash position at 30 September 2019 was \$6.9 million.

The prospects for the SomnoMed Group are very positive. The strong revenue growth in Q1 for both the direct channel in the US and Canada continue to lift the resurgence of the demand for the SomnoDent® product, entrenched as the most comfortable and durable device on the market. The FY20 guidance is confirmed.

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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>