



Core revenue growth up 19% in Q2

28th January 2020, SomnoMed Limited (ASX:SOM) announced that its core revenues grew by 19% in the second quarter compared to the prior year, reaching \$18.7 million for the three month period. All regions within the core business generated increased revenue, with North America recording revenue growth of 34% for the quarter (28% in constant currency).

Total group revenues for Q2 increased by 4% over the previous year. The previous year's comparative included revenues from the Renew Sleep Solutions ("RSS") business, which was closed in December 2019.

SomnoMed Limited Region	Q1		Q2		1st Half FY20	
	Revenue \$(000's)	Revenue Growth	Revenue \$(000's)	Revenue Growth	Revenue \$(000's)	Revenue Growth
North America	5,273	17%	7,020	34%	12,293	26%
Europe	7,963	7%	10,295	12%	18,258	10%
APAC	1,324	13%	1,381	9%	2,705	11%
SomnoMed Core	14,561	11%	18,695	19%	33,256	15%
RSS	-	-100%	-	-100%	-	-100%
SomnoMed Total	14,561	-1%	18,695	4%	33,256	2%

The North American core business revenue growth of 34% (28% in constant currency) confirms the ongoing positive growth seen in this region for some time now. This growth is due to a combination of more returning customers to the core business, increased volumes from the new customer base and an unprecedented demand for the new digital SomnoDent Avant[®] product, launched only 5 months ago. We remain confident that this momentum will continue with new sales opportunities and channels being explored in that market.

"This quarter has been a very successful quarter for the SomnoMed Group as whole," commented Mr Neil Verdal-Austin, Global CEO of SomnoMed. "The results across the organisation demonstrate that the product offering, service excellence and focus on patient comfort and compliance is critical," Mr Verdal-Austin added. "We are pleased with this core business growth and our overall direction, with half year revenues of \$33.25 million (unaudited) and a 15% growth over the prior year."

In Europe, our business was much stronger in Q2, with a 12% revenue growth (10% in constant currency). This was an improvement on Q1, where we posted revenue growth rates below our expectations, due to the capacity and tender issues in both Holland and Sweden respectively, which were largely overcome during Q2. The volume growth rates of Belgium, Sweden, France and Switzerland were very encouraging and exceeded 20%, with the overall outlook for Europe remaining very positive for the second half. The direct contract signed with the large German insurer in Q1 has commenced operations, with their patients now being treated with the SomnoDent[®] device.

APAC experienced revenue growth of 9% in the second quarter with the SomnoDent Avant[®] product launched towards the end of that quarter in Australia.

“SomnoMed’s current momentum across all three regions has created the excitement and energy needed in the organisation to continue to build on both revenue and profit growth”, said Mr Verdal-Austin. “The exclusive partnership agreement with App-Nea LLC, the medical strategy within North America, the success of the SomnoDent Avant® product and the appointment of key executive personnel within both the US and Australia have all contributed to this first half result,” added Mr Verdal-Austin.

During the second quarter of the financial year SomnoMed generated \$2.7 million in operating cash. The cash position at the end of December 2019 was \$8.9 million.

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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 535,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>