



SOMNOMED RECORDS 30% GROWTH IN DIRECT SALES REVENUES OF SOMNODENT® DEVICES IN 1ST HALF OF 2015/16

19th January 2016, SomnoMed Limited (ASX:SOM) announced total revenues generated from the sale of SomnoDent® devices for the first six months of the financial year 2015/16 increased by 30.3%, compared to the previous year, to \$18.05 million (unaudited). Strong direct sales for Q2 in the US and Europe resulted in quarterly MAS device revenues of \$9.8 million (unaudited), which were 27.2% higher than in the previous year.

Non device revenues including managed dental service fees, cleaning tablets and repair service fees amounted to \$3.29 million, bringing total revenues for the half year to December to \$21.3 million (+27%).

The main features of the first half of the financial year were the excellent performance of US direct sales, solid growth in the European markets and growing acceptance for all our new products.

Global direct sales of SomnoDent® devices in Q2 recorded a growth of 21.3%. Including licensees sales, a total of 16,151 SomnoDent® devices were sold globally in Q2, 19% above the same quarter in the previous year and bringing the total number of devices sold during the first half year period to 28,997 (+17%). Sales to North American licensees stabilised during Q2, with a drop of 2.5% compared to the 83% drop recorded in Q1.

Strong growth in direct sales seen in the US during the course of 2015 continued in the last quarter of the calendar year. Direct sales were up by 22.1% in the quarter year on year and it is expected the third quarter should reflect a continuation of this trend, based on the strong start experienced in 2016. Each of the market segments of dental and medical sales performed well during the whole of the half year period to the end of December.

Europe continued to perform excellently during the quarter, where sales accelerated in Q2 and sales volume grew by 23.4% (Q1 +18.3%). For the first half of the financial year 2015/16 Europe recorded a growth in sales volume of 21.2%. A number of countries in Western and Central Europe recorded growth rates in excess of 25% in Q2 year on year. Core markets are continuing to grow and new markets are showing very positive trends.

APAC sales grew 11.1% during the first half and a modest 8.7% for Q2. Good growth was recorded in both Japan and Korea but was offset by lower growth generated in Australia.

Europe's share of SomnoMed's global business in Q2 grew to 36.9%, North America accounted for 54.5% and APAC for 8.6%.

US direct sales were driven by the success of SomnoMed's new products. The transition to the new signature line device, SomnoDent® Fusion, is continuing to progress well in all regions, and the new mid-price products are performing excellently in the US market. New products introduced in late 2014 accounted for 36.1% of US sales in the half year period to December 2015. Whilst licensee sales in the US and Canada stabilised in the second quarter, overall they still reduced by 42% for the half year, due to the significant reduction previously reported in Q1.

"We are very pleased with the development of SomnoMed's business in Q2 and the first half of the year," said Dr. Peter Neustadt, Executive Chairman of SomnoMed. "The strong growth rate of 23.8% recorded in our direct global sales during the first half year period is very pleasing, especially given that shipment and production delays were experienced in December leading to over 400 manufactured devices, 70% of which were destined for the US market, only arriving after the close of business on the 31 December. This indicates a real growth rate of our global direct sales of around 25.6% for the half year which is an excellent result. We expect the third quarter to continue on this growth path, based on the trends we have seen during the first half."

“As previously advised, we see licensee sales continuing to reduce in the second half of the financial year. The share of sales of our North American licensees halved from 18.8% in the first half of the financial year 2014/15 to 9.4% during the first half of this year and, given the rapid growth in our own direct sales, this share is likely to fall further during the second half. We expect that these sales through our licensees will only account for around 5% of our global sales in 2015/16.” commented Dr. Neustadt.

The acquisition of Strong Dental, which was completed in November 2015, will start contributing to our Canadian sales in the second half of the year. We also see potential for Strong Dental’s SUAD devices in other markets,” said Dr. Neustadt.

The cash position at the 31 December 2015 was \$7.4 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 obstructive sleep apnea. SomnoDent® is the most comfortable and effective design and treatment solution for over 250,000 patients in 26 countries.

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