

Investor Webinar

**Financial Year 2013 – 14
Half Year Review**

26 February 2014

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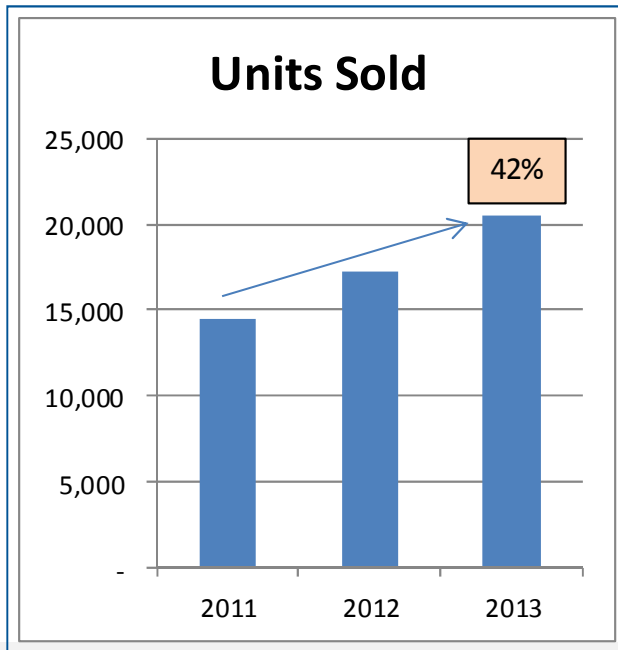
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SomnoMed Summary – First Half FY2014

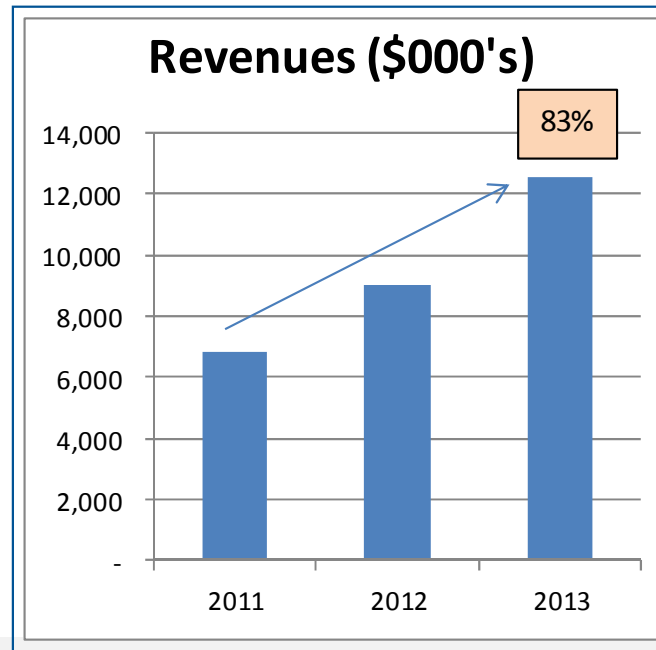
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SomnoDent® Units sold totalled 20,455



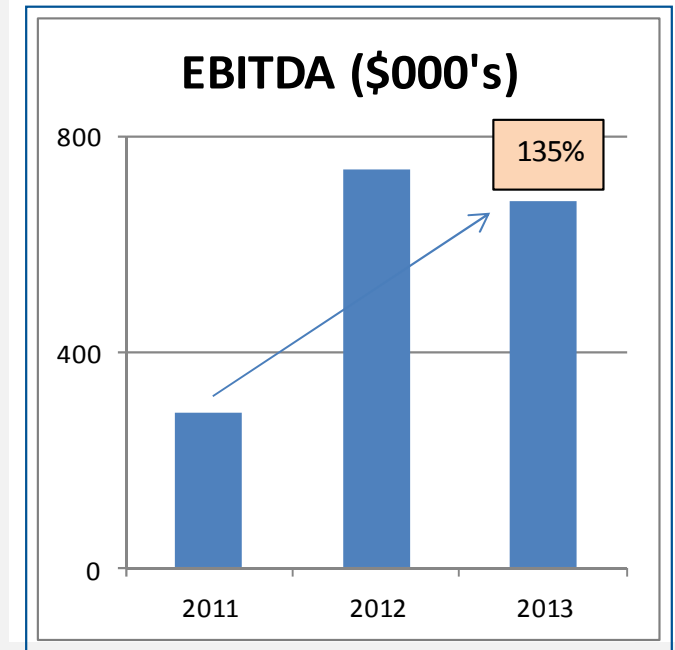
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Revenues reached \$12.5 million



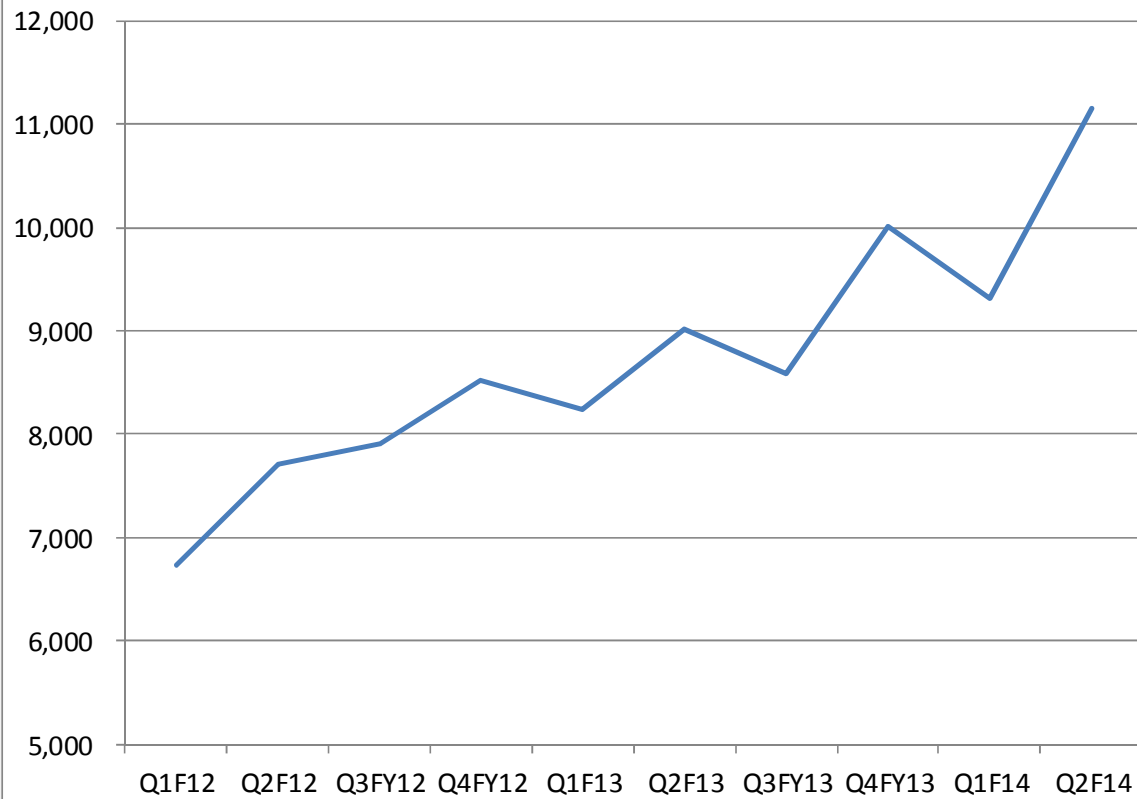
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EBITDA \$680k

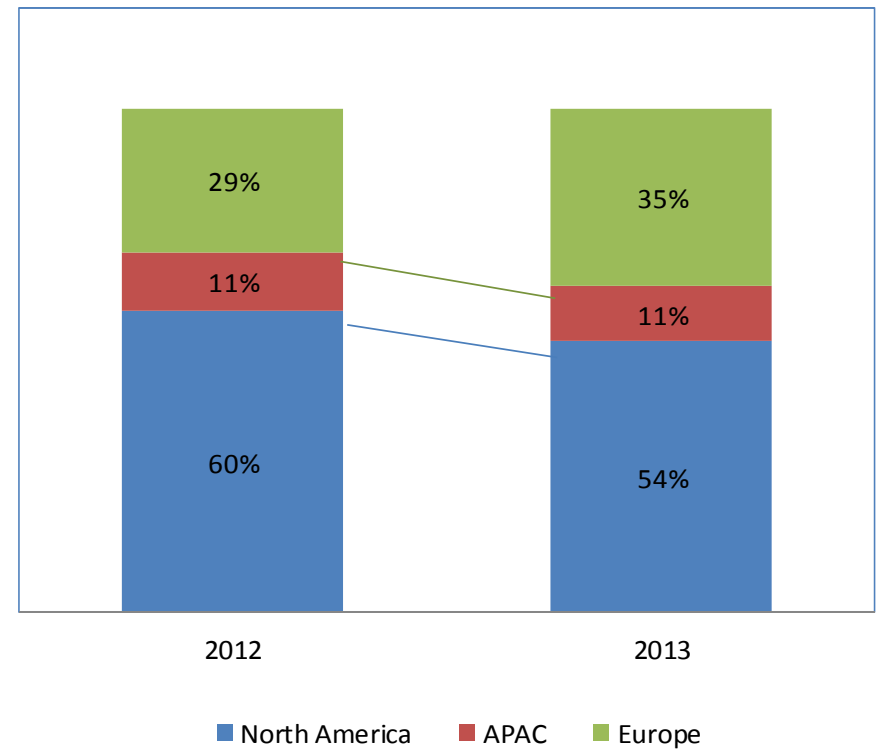


Unit Sales Volume accelerates

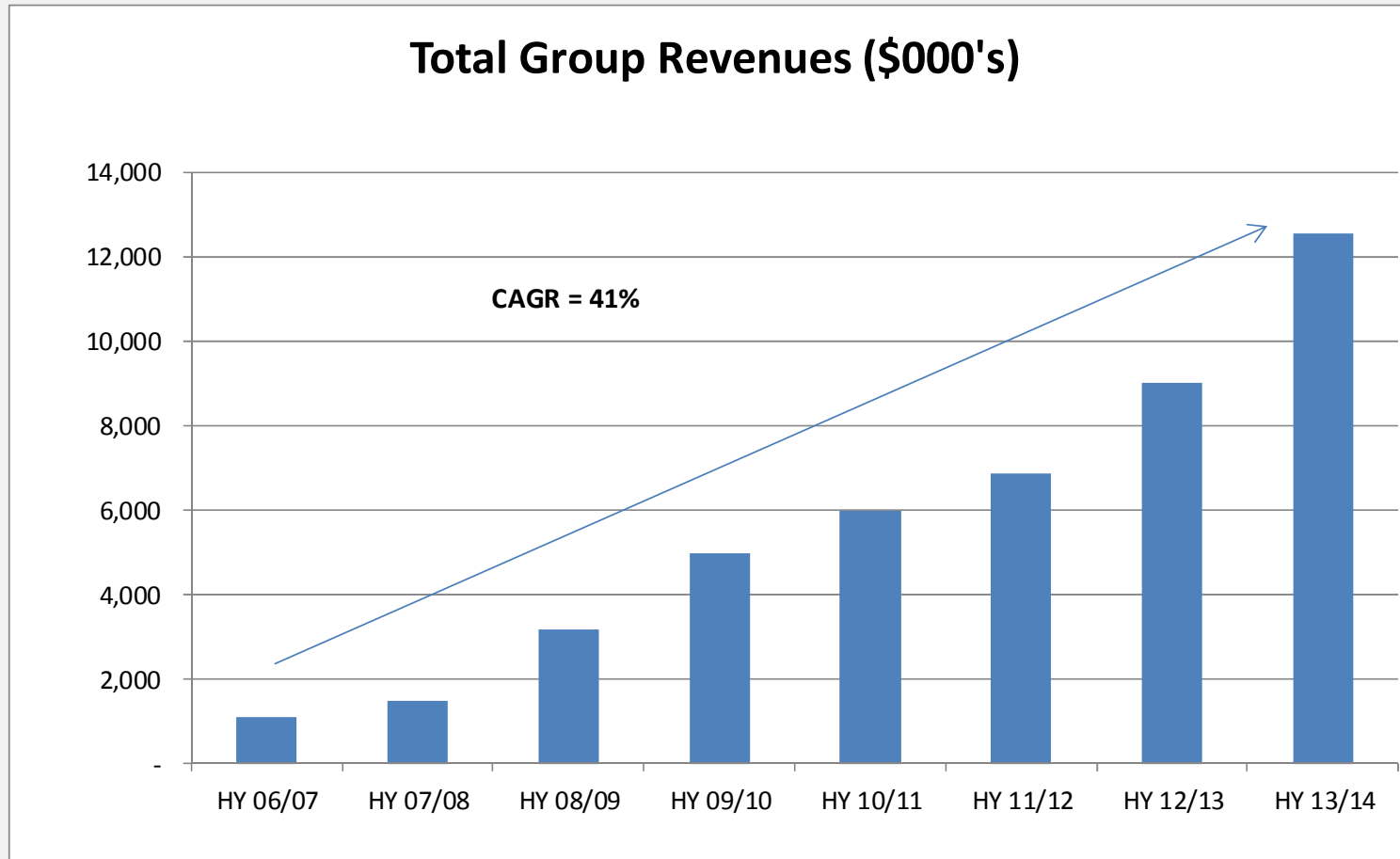
Quarterly Unit Growth



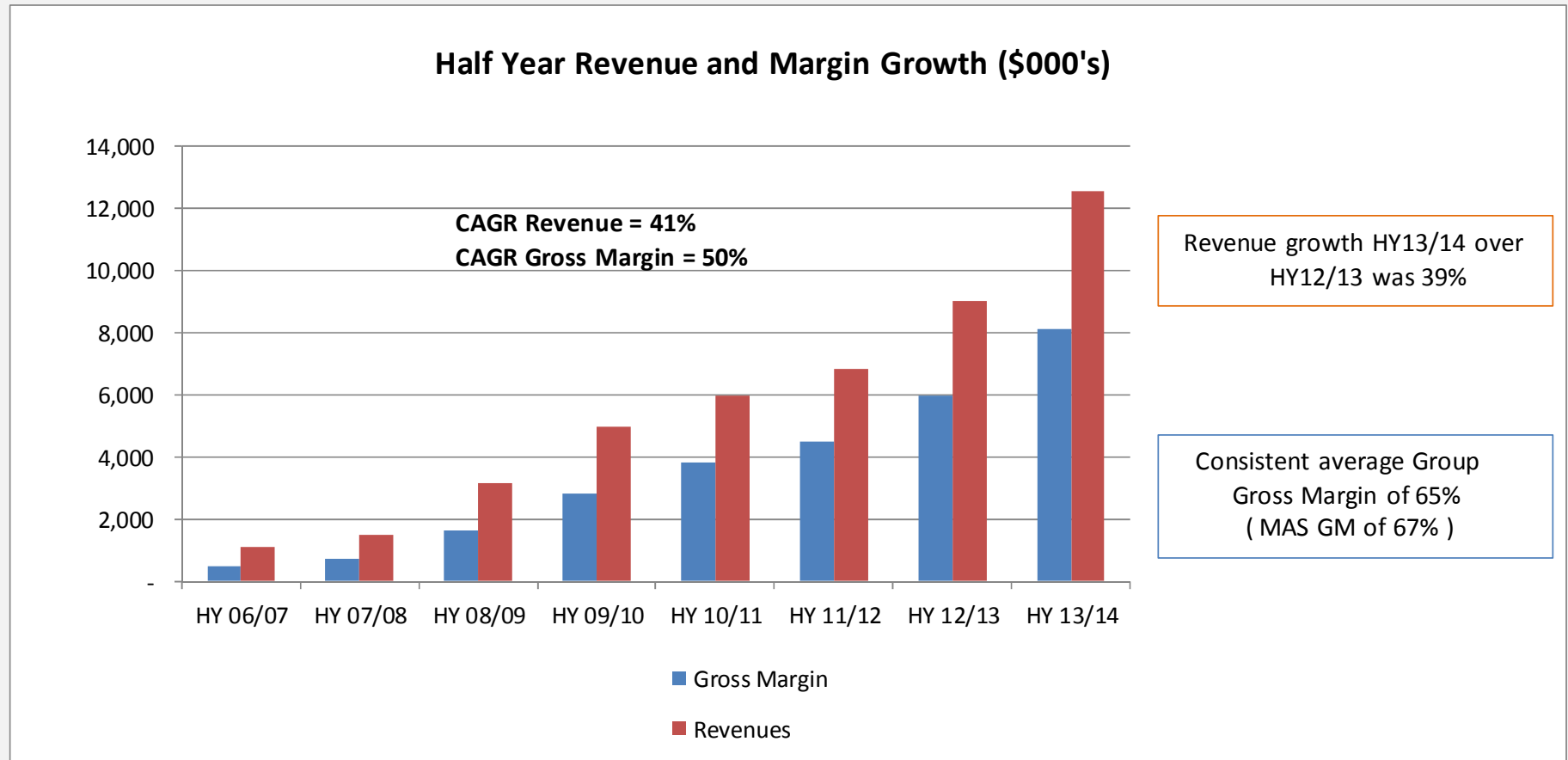
% Unit sales by Region



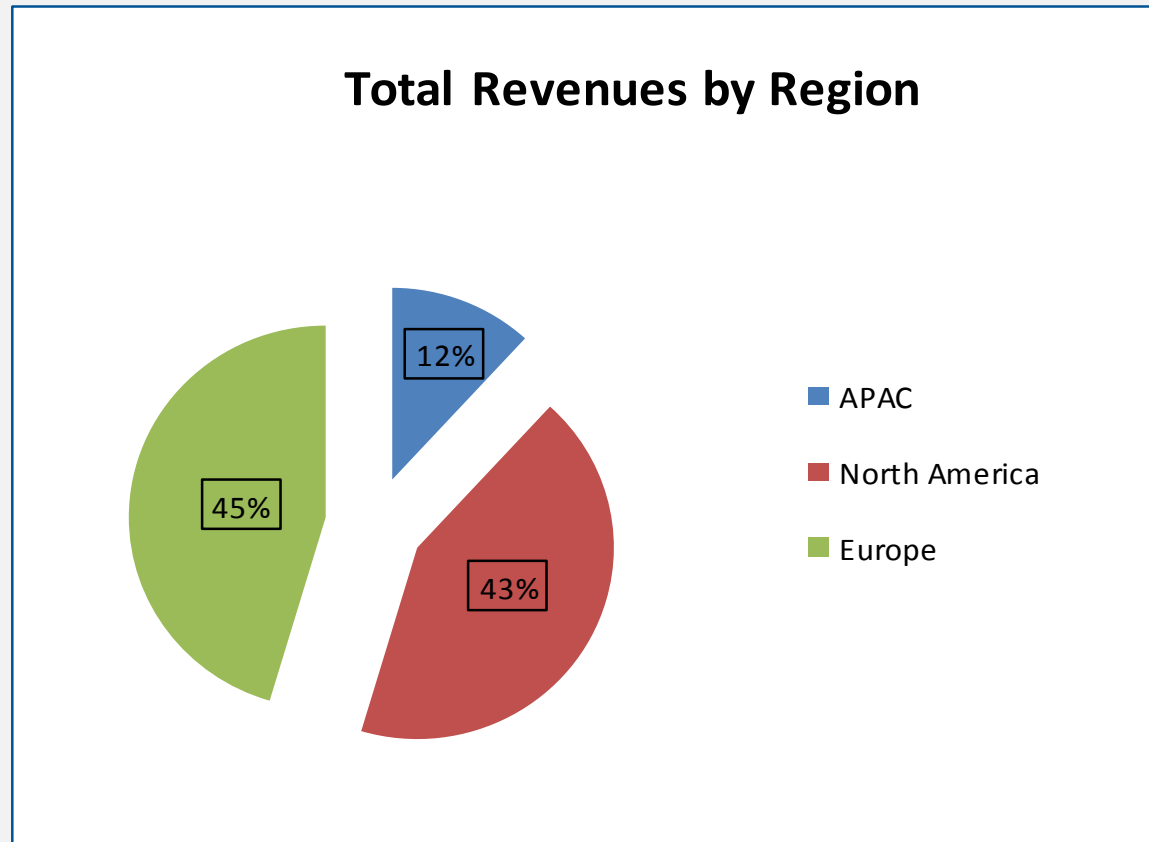
Acceleration of Revenue growth



Strong growth in Revenues and Gross Margin



Revenue Split balanced between US and Europe



Summary Profit and Loss

Financial Summary (\$000's)	13/14	12/13	11/12
	1st H	1st H	1st H
Units	20,455	17,182	14,443
Revenue	12,553	9,026	6,846
Gross Margin	8,129	5,962	4,515
<i>Gross Margin %</i>	65%	66%	66%
Operating profit before corporate, business development and non cash items (after investment in medical initiative 13/14)	2,235	2,274	1,506
Corporate expenses	(1,555)	(1,551)	(1,260)
EBITDA	680	723	246

Growth in Underlying Profits funds investments to grow business

Financial Summary (\$000's)	1st Half FY12	1st Half FY13	1st Half FY14
Underlying EBITDA			
Revenues	6,846	9,026	12,553
Posted EBITDA	246	723	680
<i>add back :</i>			
(a) Investments in Medical Capabilities USA (MAB, CMO Managed Care, Medical Sales Team)	-	300	915
(b) Acquisition costs Europe	145	-	62
(c) One-off costs	305	-	-
Underlying EBITDA	696	1,023	1,657
% revenues	10.2%	11.3%	13.2%

SomnoMed continues to invest in its future, with some sacrifice to the posted EBITDA of the company - this is reflected in:

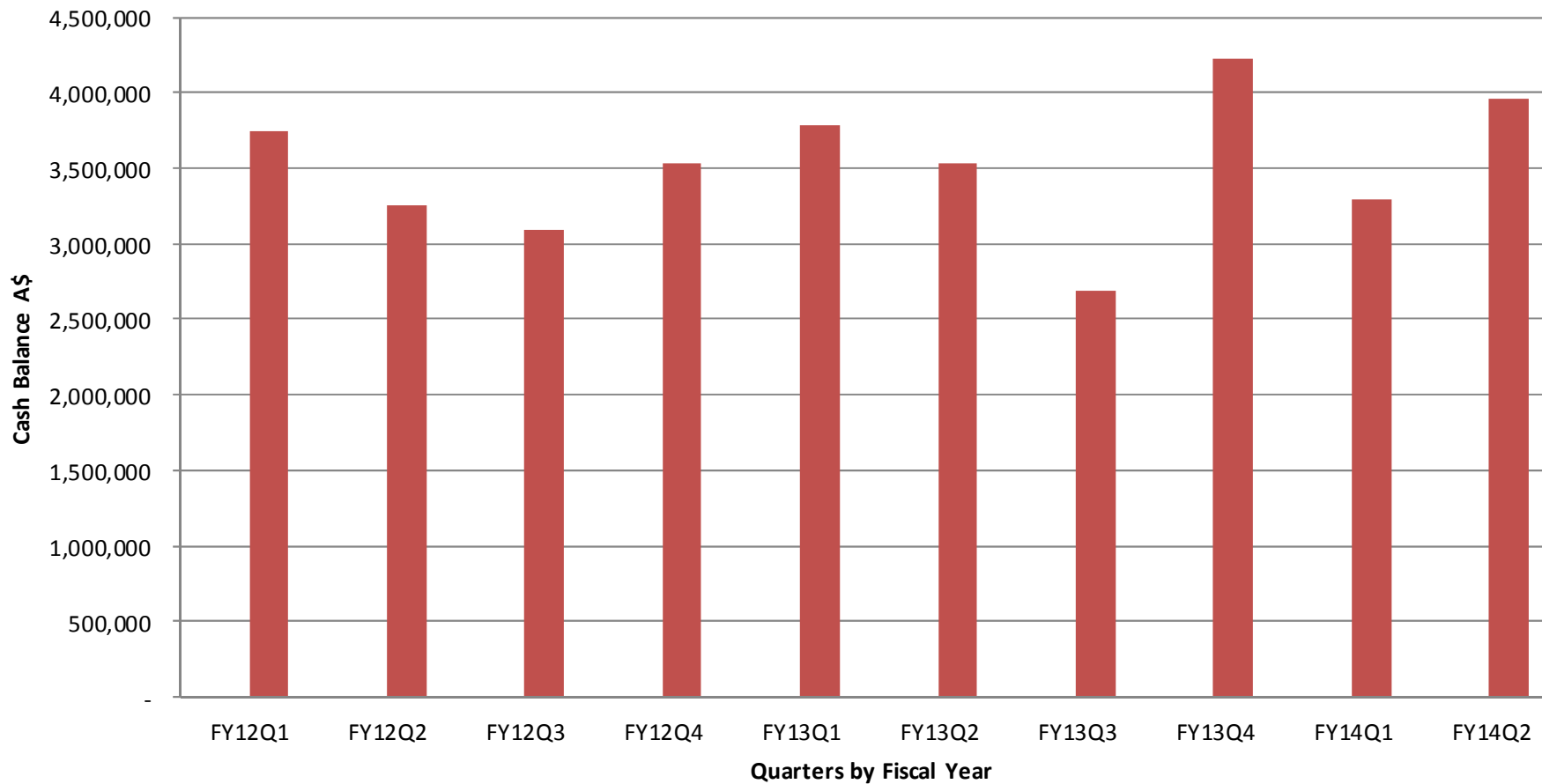
(a) The medical initiative in the US which will become part of the normal expense base of the business in FY15

(b) The acquisition costs incurred in Europe relating to the business acquired in Germany

(c) One-off legal and recruitment costs

SomnoMed maintains solid cash position

Quarterly Group Cash Balance



Good progress in improving the Dental Operation

- > Service issues in Laboratory addressed with significant improvement in customer service
- > Successful launch of the SomnoDent[®] Herbst as a high quality and differentiated Medicare product
- > SomnoMed Preferred Dental Network (PDN) growing with new dentists inflow
- > Broader product line and focused dental sales team to gain market share in key practices

Indications of positive results of Medical Initiative – Build up of Program to continue

- First test of medical concept positive
 - > Initial interest and attendance at educational events good
 - > Successful results from connecting SomnoMed dentists with sleep physicians, leading to increases in patient referrals following education and follow-up field visits
 - > Continue monitoring and evaluation to determine extent and timing of future build up
- Evidence of growing interest in SomnoMed's COAT™ - Continuous Open Airway Therapy, as an alternative to CPAP
 - > Integrated Delivery Network (“IDN”) and Managed Care Organizations moving forward : Kaiser Pilot
 - > Negotiations with additional payers underway
 - > Transport companies showing interest, developing pilot program to test SomnoDent® with compliance
- Clinical trial of SomnoMed Compliance Recording System (DentiTrac) to commence Q3F14

Outlook 2014 - The expansion continues

1. SomnoMed continues on the road of solid growth, expanding its core business and developing its future medical pathway:
 - > Europe and APAC “Growth expected to continue”:
 - Growing demand due to insurer and physician support
 - Opening of new markets
 - > USA “Acceleration of business”:
 - Expansion of dental customer base and market share
 - Continued medical initiative to drive referrals to PDN and develop medical pathway
2. New products to be launched:
 - > New MAS Product
 - > Herbst Advance
 - > Compliance Recorder : DentiTrac
 - > Oral Appliance Cleaning Tablet : “SomTabs”
3. Guidance:
 - > Volume : SomnoDent[®] MAS Units 43,000 - maintained
 - > Revenues : A\$25m - increased from A\$23m



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