

SomnoMed continues growth with another profitable quarter

29 April 2010, Sydney: SomnoMed Limited (ASX: SOM).

SomnoMed Limited announced today that the company has posted another profitable quarter ending 31 March 2010. In the March quarter SomnoMed Limited booked an unaudited profit before interest, tax and depreciation (EBITDA) of \$25,000 (YTD total \$330,000). This positive result compares to an EBITDA loss of \$230,000 generated in the same quarter in the previous year. The quarter also marked the third consecutive quarter with positive EBITDA results for the group.

This quarterly result was driven by continuing strong unit growth in all regions with 4,872 units sold globally. This is 56% higher than the same quarter of last year. Revenues grew by approximately 14% compared with the same quarter in the previous year, caused by a strengthening of the Australian Dollar against the US Dollar (70% of total group revenues are generated in North America) and the Euro.

Ralf Barschow, CEO of SomnoMed said, "We are pleased to report a profitable third quarter. Volume was kept almost at the same level as in the second quarter, despite the March quarter being seasonally effected by the Northern winter holidays. We can still see the impact of the GFC on the demand from private patients, especially in the US."

Gross margins are at 58% for the quarter under review and significantly up on the gross margin posted same quarter last year of 53%. Continuous investments and improvements are being made by the company in the manufacturing base and logistical efficiencies within all distribution channels.

Operating profit before corporate overheads was up 113% on the same quarter of the previous year, indicating strong operational results, with all the regions contributing ahead of plan.

Ralf Barschow, CEO of SomnoMed said, "Our growth remains strong and especially pleasing within the European markets, with both Holland and Sweden producing good results that will continue to gain market share for SomnoMed. We look forward to the next quarter and a solid finish to the financial year."

Cash used in the March quarter was \$188,000, which after investing in various manufacturing initiatives totalling \$170,000, indicates an operationally cash neutral quarter for the company. At the end of March 2010 SomnoMed had a cash balance of \$3.1 million available.

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How the SomnoDent® MAS works

The medical term for your lower jaw is 'mandible' and an oral appliance worn over the teeth is a 'splint', hence the name SomnoDent® Mandibular Advancement Splint, or SomnoDent®MAS.

The SomnoDent®MAS consists of two acrylic plates fitted over the upper and lower teeth. A patented fin coupling mechanism on the lower arch accurately positions the lower jaw (mandible) a little forward of its natural position.



This positioning tightens the soft tissue at the back of the throat to stop it from collapsing – the cause of snoring (partial collapse) and sleep apnoea (full collapse). SomnoDent® MAS allows the normal opening and closing of the mouth, allowing the user to yawn, speak and drink. The device will last 5 years and comes with a warranty.

The SomnoDent® MAS is provided to patients through an integrated clinical protocol, involving dentists, primary care practitioners and sleep physicians. This pathway ensures that all patients are appropriately diagnosed and that only suitable patients are fitted with the device.