



## CORPORATE PRESENTATION APRIL, 2019

profusion  
**nexus 360**  
Laboratory Management System



OVER  
**30**  
YEARS  
OF EXCELLENCE  
IN DIAGNOSTICS

# Who is Compumedics?

## A leading global, innovative developer and manufacturer of medical devices for:

Diagnosing  
sleep disorders

Monitoring neurological  
disorders including  
long-term epilepsy  
monitoring (LTEM)

Highly sophisticated  
brain research

Ultrasonic monitoring  
of blood flow through  
the brain (Transcranial  
Doppler [TCD])

## A technological leader in its chosen markets:

#1 Australian sleep &  
neuro diagnostics  
device supplier

#1 Japan sleep  
diagnostics device  
supplier

#1 China sleep  
diagnostic device  
supplier to premier  
facilities & #1 TCD  
device supplier

#3 USA sleep  
diagnostic device  
supplier and emerging  
#3 supplier for  
neurological monitoring  
devices

- 130 employees across four locations, Melbourne, Australia (Head Office), Charlotte, NC, USA, Hamburg, Dresden and Singen, Germany and Deajeon in South Korea
- FY19 Guidance revenues \$40m to \$42m, EBITDA \$5.5m to \$6.5m, NPAT \$4.0m to \$5.0m
- Compumedics listed ASX Dec 21, 2000

# H1 FY2019 – Performance Review

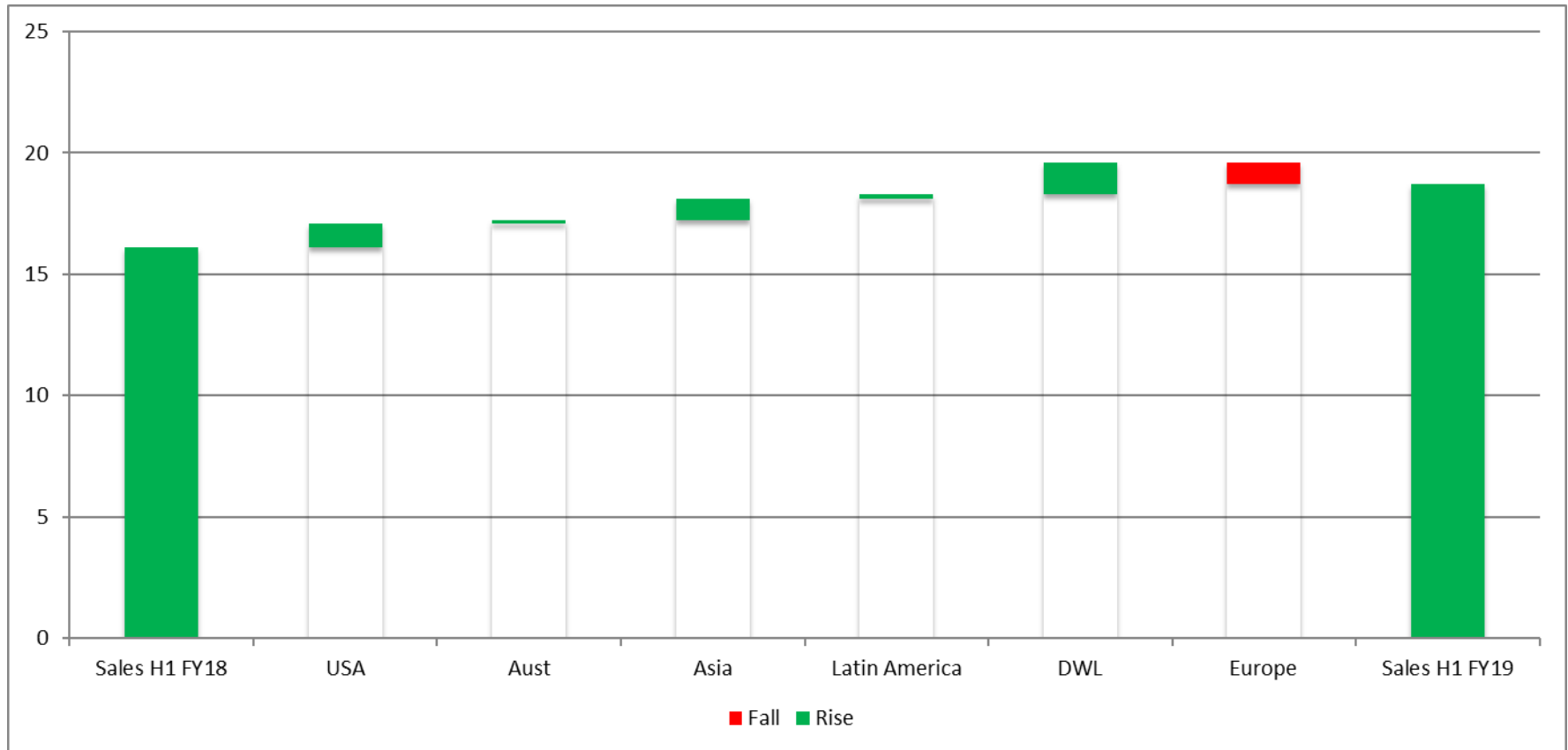
- H1 FY19 Revenue (reported) \$18.7m, EBITDA (reported) \$1.5m, NPAT (reported) \$0.8m

	H1 FY19	H1 FY18	Variance	Comment
Revenue - reported	\$18.7m	\$16.1m	16%	The Company booked revenues 16% higher than the prior half year, driven by organic growth in Asia, the USA and DWL. Revenues do not include any additional invoicing for the MEG system with final installation scheduled for H2 FY19.
EBITDA - reported	\$1.5m	\$1.1m	36%	EBITDA was higher due to increased sales, whilst margins remained constant at 58%.
NPAT-reported	\$0.8m	\$0.6m	33%	Profitability improves, due to increased sales, but offset by increase in tax expense as carried forward losses are utilized in the Australian entity.

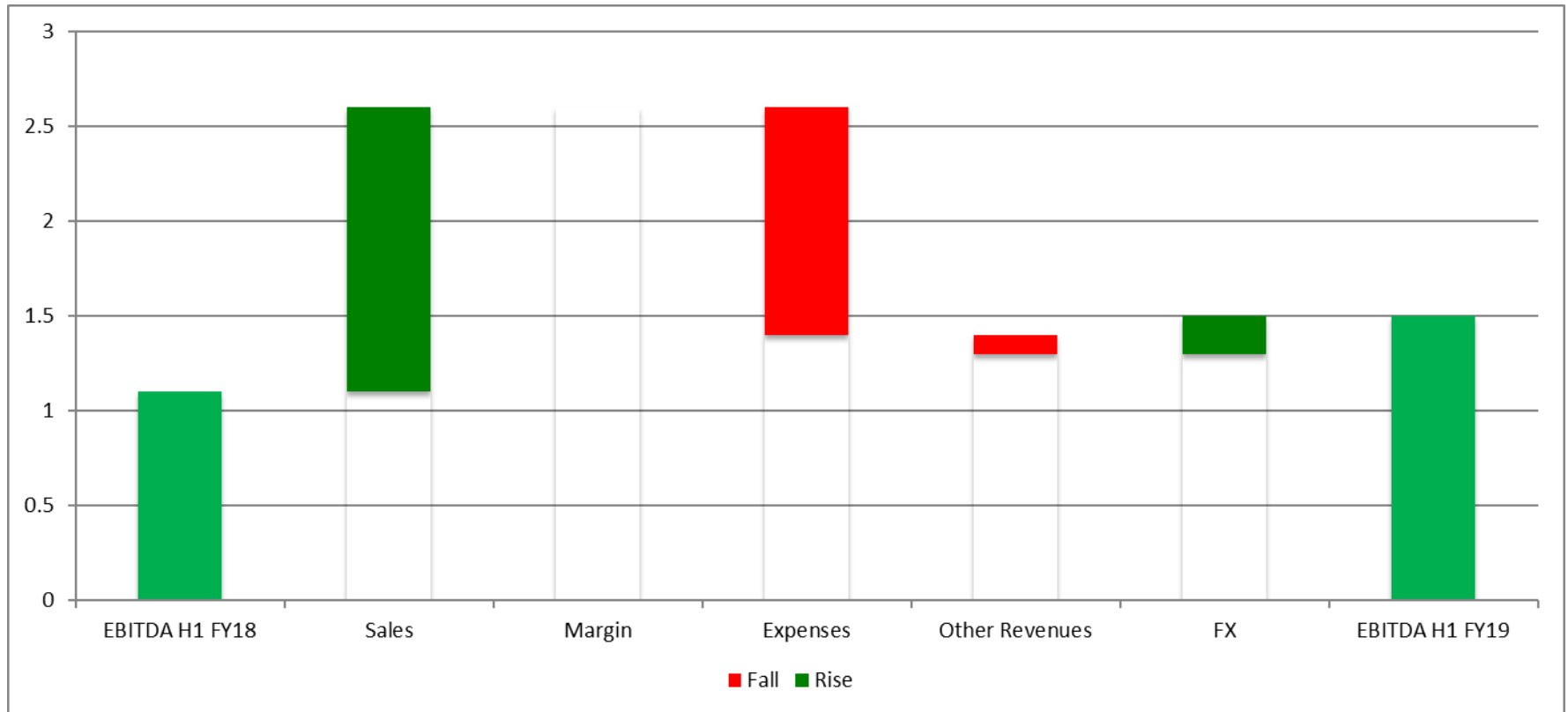
# H1 FY2019 – Performance Review

- Shipped and invoiced revenues increase 16% (12% constant currency) – Driven by organic growth in Asia, largely China, DWL and the USA. No additional revenue for the MEG sale was booked in H1 FY19 as final installation is schedule for H2 FY19
- Asia based sales, largely as a result of China, grew 37% over H1 FY18, or 24% on a constant currency basis. USA revenues grew 19% over H1 FY18, or 11% on a constant currency basis
- Germany-based DWL experienced a 51% lift in sales compared to H1 FY18, largely from its USA market
- Profitability (EBITDA) improves to \$1.5m for the six months to 31 December 2018 compared to \$1.1m for the prior period, as a result in the growth in sales, offset by increased expenses, as gross margins remained constant at 58%
- Expense increase was the result of investment in sales and marketing and Orion MEG manufacturing capability, R&D for three new platforms in sleep and EEG, which are close to release and costs associated with Health 100 transaction

# Sales Bridge Chart – H1 FY18 versus H1 FY19



# EBITDA movement – H1 FY18 versus H1 FY19



# H1 v H2 – FY18 actual to FY19 actual/forecast

AUDm	H1 FY18	H2 FY18	Total FY18	H1 FY19	H2 FY19*	Total FY19*
<b>Sales</b>	<b>16.1</b>	<b>20.9</b>	<b>37.0</b>	<b>18.7</b>	<b>22.3</b>	<b>41.0</b>
Margin \$	9.4	11.7	21.2	10.9	13.3	24.2
Margin %	58%	56%	57%	58%	60%	59%
Other income	0.2	0.4	0.6	0.1	0.2	0.3
Expenses	8.6	9.5	18.1	9.8	9.8	19.6
Fin Chg's	0.1	0.1	0.2	0.1	0.2	0.3
FX	(0.1)	0.1	0.0	(0.1)	0.0	(0.1)
Tax (inc)	(0.1)	(0.6)	(0.7)	0.4	(0.0)	0.4
<b>PAT</b>	<b>0.7</b>	<b>2.1</b>	<b>2.8</b>	<b>0.8</b>	<b>3.5</b>	<b>4.3</b>
Depn & amort'n	0.2	0.3	0.5	0.2	0.3	0.5
<b>EBITDA</b>	<b>1.1</b>	<b>3.1</b>	<b>4.2</b>	<b>1.5</b>	<b>4.0</b>	<b>5.5</b>

*\* Forecast data, based on current circumstances and information at hand at time the data was prepared.*

# H1 v H2 – FY18 actual to FY19 actual/forecast

- ✓ Orders taken in H1 FY19 were \$18.7m for the core business compared to \$15.7 for H1 FY18. Carry forward orders booked but not shipped at 31 December 2018 are \$7.3m, compared to \$6.5m at 31 December 2017
- ✓ The MEG sale to BNI, despite several delays, is scheduled for installation H2 FY19
- ✓ The US business is expected to continue to maintain its growth in H2 FY19
- ✓ The DWL business is expected to continue to perform at or above budget/prior corresponding period in H2 FY19
- ✓ New and incremental shipments to Fukuda Denshi, Compumedics' new neuro-diagnostic distributor in Japan, will commence in H2 FY19



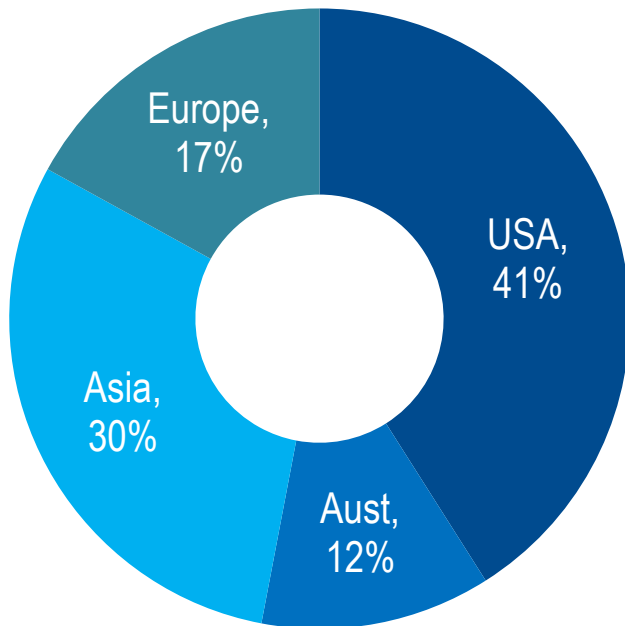
# H1 FY19 – Milestones achieved

- Core business: Profitability grows, as sales grow across the business particularly in Asia and the USA, driven by Grael® product platform and expansion of sales and marketing activities in these and other key global markets
- MEG: Compumedics/Neuroscan continues to build its new MEG system, with KRISS, for planned installation at Barrow Neurological Institute in the US in H2 FY19. The Company continues to pursue other near-term identified opportunities
- eHealth: Nexus 360: sites continue to be added. Somfit® consumer sleep device: discussions continue to progress regarding commercialization activities

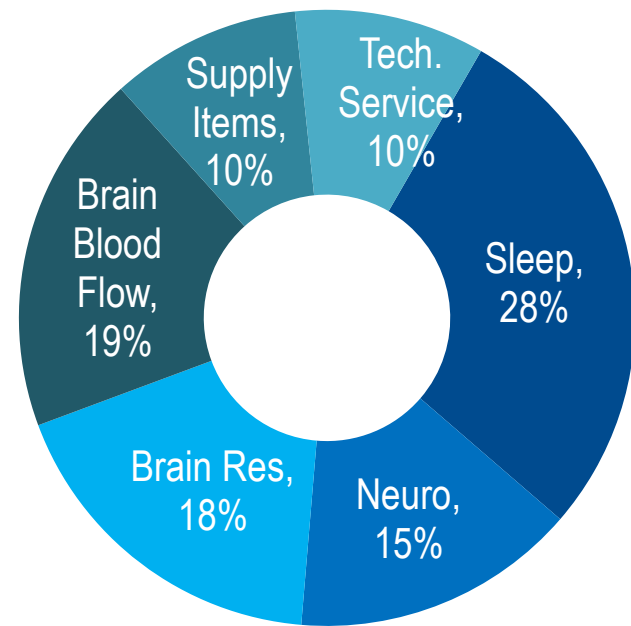
# Revenue Composition at \$18.7m for H1 FY19

31 December 2018

By geographic region



By product/market



Software upgrades 5 to 10% of system sales

Compumedics sells directly to end-user customers in Australia, USA and Germany and through its network of more than 50 distributors to all other parts of the world

# Core Business – Continuing Net Cash Position

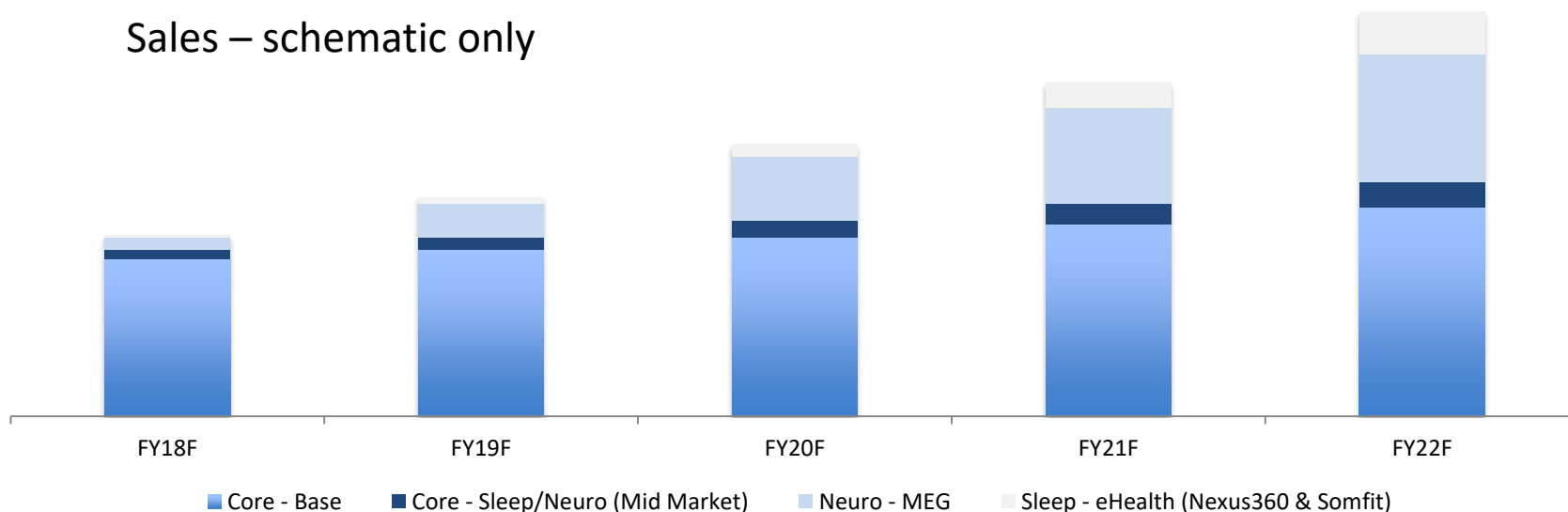
\$m	FY14	FY15	FY16	H1 FY17	H1 FY18	H1 FY19
Cash	1.1	2.2	3.1	5.7	2.9	4.3
Trade receivables	8.6	9.8	11.9	10.9	14.8	15.5
Inventories	6.1	5.7	6.5	7.1	7.7	8.5
Prod. dev't	2.9	2.7	2.4	2.4	3.4	5.0
Tax asset	0.0	0.0	0.5	0.5	0.7	0.0
PP&E	0.7	0.8	0.8	0.8	0.6	0.9
Other	0.2	0.5	0.9	0.0	0.0	0.0
<b>Assets</b>	<b>19.5</b>	<b>21.7</b>	<b>26.1</b>	<b>27.4</b>	<b>30.2</b>	<b>34.2</b>
Trade cred.	4.7	4.4	4.1	3.0	4.4	3.7
Borrowings	2.0	2.0	2.6	1.0	0.8	1.8
Def. payment	1.4	1.6	2.0	1.3	1.3	1.3
Other	2.3	2.5	2.8	3.1	2.8	3.3
<b>Total Liabilities</b>	<b>10.4</b>	<b>10.4</b>	<b>11.5</b>	<b>8.4</b>	<b>9.3</b>	<b>10.0</b>
<b>Net Assets</b>	<b>9.2</b>	<b>11.3</b>	<b>14.6</b>	<b>19.0</b>	<b>20.9</b>	<b>24.2</b>
<i>Debt/Equity</i>	<i>11%</i>	<i>-2%</i>	<i>-3%</i>	<i>-25%</i>	<i>-10%</i>	<i>-10%</i>

# Outlook

- Profitability and operating cash grow, as sales grow, validating changes made to product composition (new low cost Grael® devices) and the selective investment in sales and marketing in key markets
- US sales H1 FY2019 19% above PCP. Asia business up 37% and DWL up 51% over PCP. Growth expected to continue into H2 FY19
- MEG: Compumedics/Neuroscan continues to build its new MEG system, with KRISS, for planned installation at Barrow Neurological Institute in the US in H2 FY19. The Company continues to pursue other near-term identified opportunities
- eHealth: Nexus 360: sites continue to be added. Somfit® consumer sleep device: discussions continue to progress regarding commercialization activities
- Full-year guidance remains as: Sales \$40m-\$42m, EBITDA \$5.5m-\$6.5m, NPAT \$4.0m-\$5.0m

# Growth Platform – Core and Step-Out

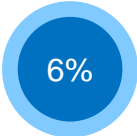
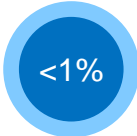

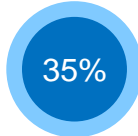
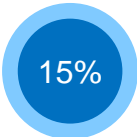


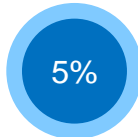
Sales – schematic only



- **Step-out - NEURO – BRAIN IMAGING** – Installing the new MEG\* sale with Barrow Neurological Institute in Phoenix, AZ, USA will validate that we can transition from a USD30k software sale to a USD4.0m complete system sale. Delivery tracking to H2 FY19, despite delays, other sales opportunities being pursued.
- **Step-out - SLEEP - CLOUD GROWTH** – Nexus 360 cloud-based professional sleep diagnostic solution sold to 19 sites in total to date to generate a minimum of \$500k (USD375k) pa. Other sites in the US being pursued. Discussions re Somfit, consumer product continue.
- **Core - SLEEP & NEURO – DIAGNOSTIC GROWTH** – By adding mid-market devices we expand and lower the cost base of our product range, enabling us to lock in our premium market dominance, and boost sales in the US and China initially and then Europe, with Germany as a specific focus

\*MEG = Magnetoencephalography

# Core Business – Premium Focus

	Sleep Diagnostics	Neuro Diagnostics – Clinic	Neuro Diagnostics - Research	Brain Blood Flow Diagnostics
Global market – USD pa	250m	1,300m	20m	15m
Compumedics market share (approximate)				
Compumedics market position	Aust – 1 USA – 3 China - 1	Aust – 1 USA – 3 China - 1	Aust – 1 USA – 1 China – 1	Aust – 1 USA – 2 China – 1 Germany – 1
Business and product type	Capital equip – hardware and software	Capital equip – hardware and software	Capital equip – hardware and software	Capital equip – hardware and software
Annuity revenues – ~ % of total – supplies & support				

# Core Business – Adding Mid-Tier Range

Product		Used for	Bought by	Average selling price
<b>Grael</b>		Sleep and neurology	Hospitals, doctors and service providers	USD17,500
<b>Somte PSG</b>		Sleep	Hospitals, doctors and service providers	USD10,000
<b>Siesta</b>		Sleep and neurology	Hospitals, doctors and service providers	USD18,000
<b>Neuvo LTM</b>		Neurology	Hospitals, doctors and service providers	USD35,000
<b>Synamps RT</b>		Brain Research	Universities and teaching hospitals	USD38,000
<b>CURRY</b>		Brain research and neurology	Universities, teaching and regular hospitals	USD20,000

# Next Generation Growth – Core *and Step-out*

	Sleep Diagnostics	Neuro Diagnostics – Clinic	Neuro Diagnostics - Imaging	Brain Blood Flow Diagnostics
<b>Next generation growth platform</b>	Cloud based sleep diagnostic platforms for both professional and consumer applications	Long term epilepsy market penetration into US, Europe and Asia	Leverage CURRY software into full MEG solution with KRISS	Leverage existing TCD technology and patent to Traumatic Brain Injury (TBI) application
<b>Market potential</b>	Professional application > USD3bn pa <b>Consumer application</b> > <i>USD50bn pa</i>	Greater than USD100m pa	Research only USD100m pa <b>Brain Imaging</b> > <i>USD4bn pa</i>	Estimated cost of TBI's in the US alone greater than USD76bn pa
<b>Business type</b>	Services – fee per service	Capital equipment – bigger market	Capital equipment & Partnership – new market	Mixture of equipment and service fees



# Core Business - Growth Drivers



Compumedics/NeuroScan LTEM innovative brain analysis software and high performance amplifiers are unrivalled world class technology



We have >20,000 systems installed worldwide. Strong reputation and brand name. Customers like buying from Compumedics



Earnings initiatives continue to flow through in FY19 – FY22. Lower cost base enables addition of mid-tier



Opportunity to significantly grow the USA business through strengthening of the management team and expansion of the sales force is being implemented



Expansion into untapped German market continues with France also being expanded in FY19



Push into the Chinese neurology market is gaining traction



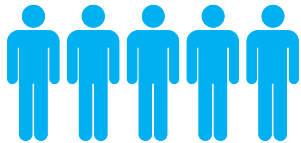
Ideally positioned to accelerate organic growth and value realisation

# USA – CMP is number 3 Supplier

## USA Clinical Sales Force Expansion - Indicative

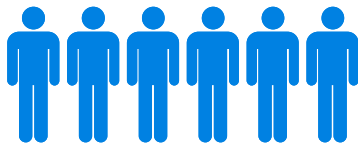
More sales representatives = more revenue for both sleep and neurology

Past



USD3.0m to 4.0m

FY2018  
to now



USD3.8m

FY2019



USD6.5m

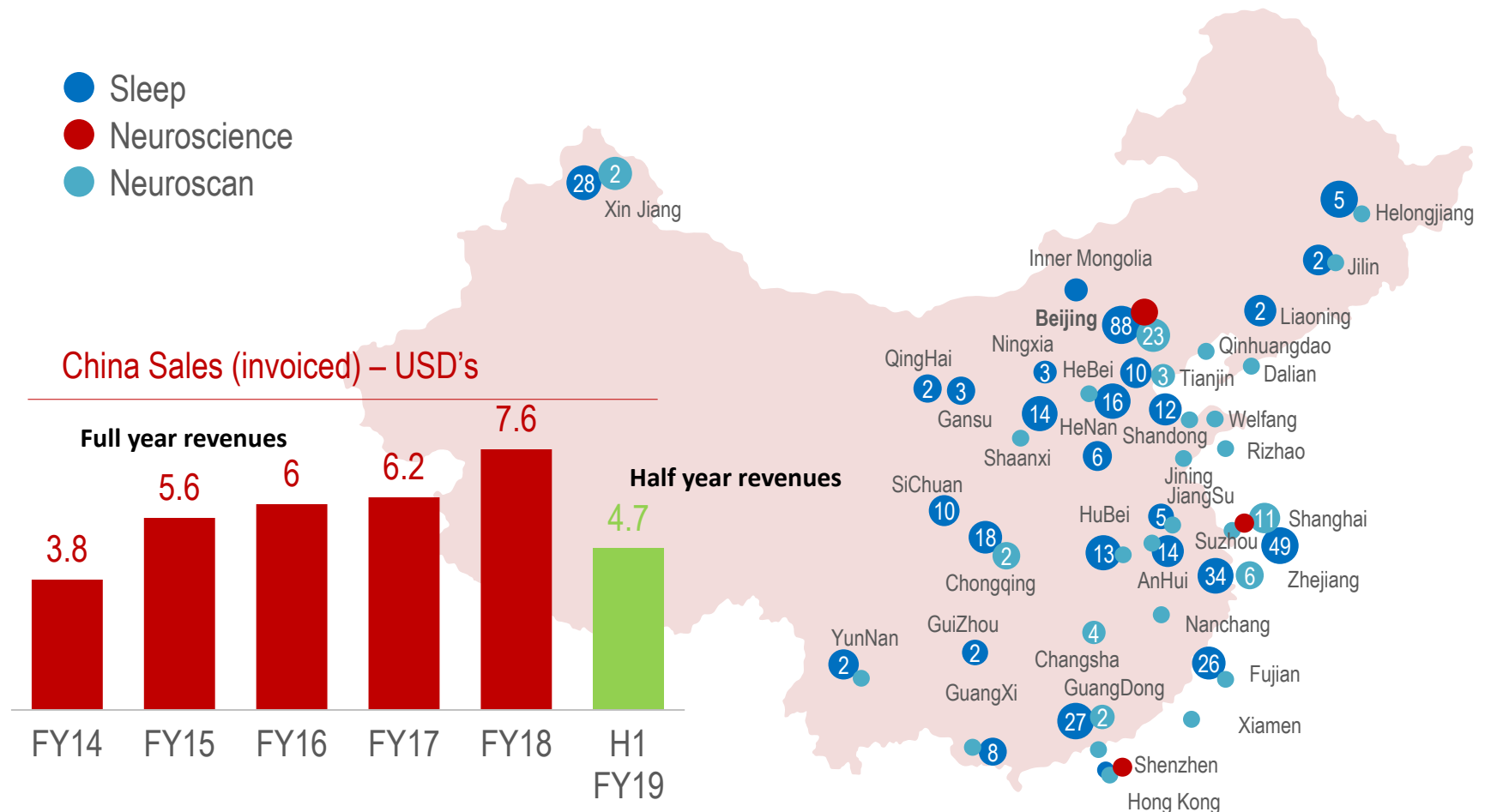
FY2020



USD9.0m

# China - We are the number 1 Premier Supplier

## Compumedics Clients in China



# Step out 1 - Brain Imaging: 1<sup>st</sup> sale tracking to delivery

## Opportunity

CMP's CURRY brain analysis software is already the gold standard for the MEG\* market

MRI\*\* is too slow to capture dynamic brain activity needed for alzheimer's et al

CMP's agreement with KRISS provides access to a new and superior hardware platform

**Compumedics can access a complete MEG sale (circa USD3 to 4m each) as opposed to the USD30k software sale**

\*MEG = Magnetoencephalography

\*\*MRI = Magnetic resonance imaging

## Market & Competition

The MEG market is currently estimated at about 20 systems a year at an average selling price of USD4.0m each = US\$80m/annum

MEG market activity has been negligible since CMP BNI sale, as market waits for installation

MEG market expected to grow about 10% a year, excluding China

It is estimated that China could more than double the existing market size to about 50 units a year

The dominant existing player is Elekta, now owned by private equity, followed by Ricoh (Yokogawa, Japanese market) and CTF MEG (a much smaller player)

## Plan

H2 FY19 – install first MEG sale

H1 FY20 – Secure second and possibly third MEG sales

FY20 – gain FDA for MEG in US for clinical application

## Outcome

**CMP plans to install 1 MEG system in FY19**

CMP expects to sell at least 2 MEG systems in FY20

CMP expects to double sales in FY21 to 4 to 5 MEG systems for about USD20m



# Step out 2 - eHealth – Cloud Sleep Diagnostics

**Nexus 360 (professional cloud sleep diagnostics) sold into 19 US sites. Will generate minimum of \$500k (USD375k) annually.** US will continue to offer opportunities in the short-term.

**Operational systems have been developed** for the cloud based capture, transfer and translation of medical grade sleep parameters from any web-enabled device. The system can then store, analyse and interpret that data in a simple and actionable manner, reducing the need for on-site professionals.

**Compumedics are now approaching a select group of strategic partners/investors** to expedite the process and rapidly deploy the platform to market.

**Key partners being pursued** include web, telco, eHealth, consumer health/ electronics providers and device manufacturers.



# Directors & Executive Team Key Management



**Mr Tucson Dunn**  
Non Executive Director  
CMP Tenure 6 months



**David Burton, Ph.D.**  
Executive Chairman, CEO  
Founder, Tenure 31yrs



**Mr. David Lawson**  
Executive Director, Chief  
Financial Officer  
& Company Secretary  
CMP Tenure 19 yrs



**Mr. Warwick Freeman**  
Chief Technology Officer  
CMP Tenure 25 yrs



**Kerry Hubick, Ph.D.**  
Trademark, Patent &  
General Legal Attorney  
CMP Tenure 10 yrs



**Mr. Christoph Witte**  
General Managing Director  
Compumedics Germany GmbH  
CMP/DWL - Tenure 28 yrs

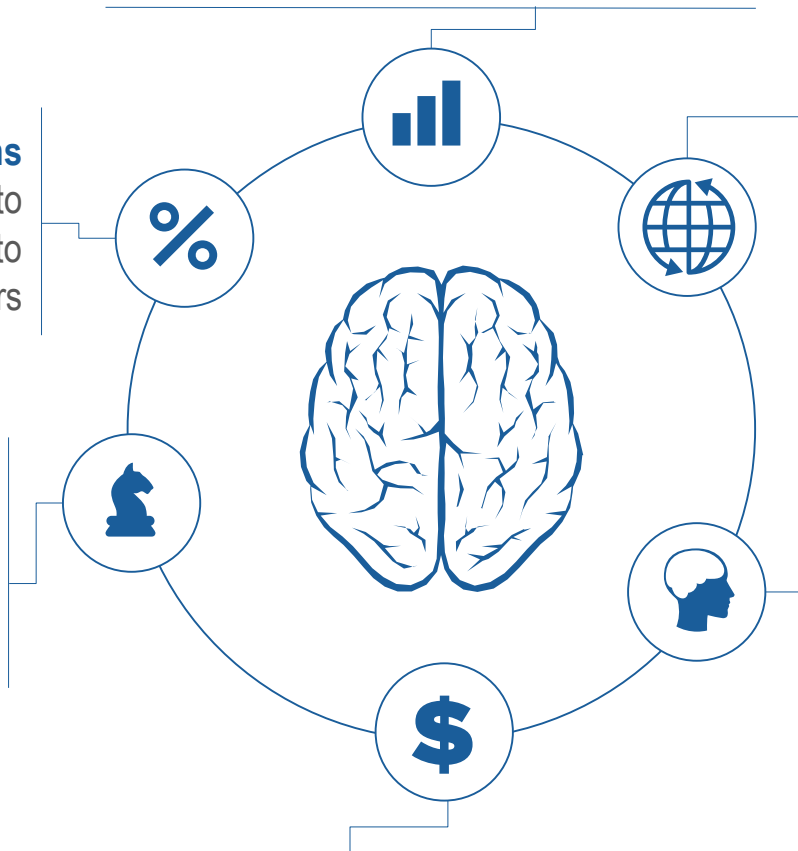


# Investor Summary

**Core business** continues to grow with lower cost base and addition of mid-tier

**Compumedics remains committed** to continuing to deliver superior returns to shareholders

**Spin off/strategic decisions to unlock** significant value, provide funds for growth and potentially capital returns to shareholders



**International sales force expansion**, neurology market opportunity and earnings improvement initiatives to continue to drive growth of core business

**Brain imaging and e-Health are the next steps** Moving 25+ years and \$100m+ in cumulative R&D to a modern platform to solve a massive and growing problems of neuro imaging in clinic and sleep disorders in the home

**FY18 guidance:** Sales \$40m-\$42m, \$5.5m-\$6.5m EBITDA, NPAT \$4.0m-\$5.0m





# THANK YOU

profusion  
**neXUS 360™**  
*Laboratory Management System*



30 YEARS  
OF EXCELLENCE  
IN DIAGNOSTICS



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