



## Company Announcement

# Compumedics Ltd full-year results: Record revenue (up 12%) to \$41.5 million, NPAT up 43% to \$4.0 million

Monday September 2, 2019

### HIGHLIGHTS FY19

- Record revenues from shipped and invoiced sales were \$41.5m for FY19, up 12% on FY18 (\$37m)
- EBITDA increased 40% to \$5.9m for FY19, compared to \$4.2m for FY18
- NPAT increased 43% to \$4.0m for FY19, compared to \$2.8m for FY18
- Record core business sales orders taken of \$40.5m in FY19 up 7.5% compared to FY18
- Cash on hand increased to \$4.6m at 30 June 2019 compared to \$3.9m at 30 June 2018

### INVESTOR OVERVIEW

- **Core business:**
  - Growth across key markets and the further partial booking of the first MEG sale drives profitability higher in FY19
  - Growth in Asian sales and the DWL business in Germany, the USA and other regions
- **eHealth:**
  - Compumedics has now doubled the NeXus 360 installation base with over 30 sites (> 210 beds) in both the USA and Australia. The NeXus 360 platform is generating a minimum of A\$660K revenue per annum with total signed contract value exceeding A\$1m in annual subscription fees. The number of patients recorded on the platform now exceeds 45,000, servicing large clients in both sleep and neurodiagnostic applications.
  - Having established a strong foundation with our eHealth platforms based on Nexus 360 market penetration in the USA and Australia and continued development of the SomFit plug and play technologies, Compumedics is poised for strong growth in both the sleep and neurodiagnostic eHealth markets and continues discussions with various parties regarding this.
- **Neuroscan/MEG:**
  - Market expansion continuing with first major MEG contract initial phase undertaken
  - Additional new MEG sales being actively pursued



- **FY20 guidance, excluding additional MEG sales:**
  - Sales \$42m-\$44m, EBITDA \$6.5m-\$7.5m, NPAT \$4.0m-\$5.0m

**Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”)** wishes to announce its financial results for the full-year ending 30 June 2019 (FY19).

Compumedics’ net profit after tax increased 43% in FY19 to \$4.0m, compared to \$2.8m in full-year 2018 (FY18). EBITDA for FY19 was \$5.9m, an improvement of 40%, compared to \$4.2m in FY18. Shipped and invoiced sales increased 12% to a record \$41.5m for FY19, compared to \$37m for FY18. The Company took new record sales orders in FY19 of \$40.5m, up 7.5% from new orders taken in FY18, excluding MEG.

Earnings improved as a result of the increased sales in China, Germany-based DWL and the USA all posting growth over the prior year. The Company also booked a further partial amount for the sale of its first MEG system, as the first phase of the installation has been undertaken.

The following table highlights the key financial performance measures on this basis:

	<b>FY19</b>	<b>FY18</b>	<b>Variance</b>
Revenues – as reported	\$41.5m	\$37.0m	12%
EBITDA – as reported	\$5.9m	\$4.2m	40%
NPAT – as reported	\$4.0m	\$2.8m	43%

## **OPERATIONS**

### **Core Diagnostic Medical Devices business separated from Medical Innovation business**

The Company’s core *Diagnostic Medical Devices* business encompasses the technology and products currently sold globally for the diagnosis and/or monitoring of sleep disorders and neurological disorders, and for the monitoring of blood flow through the brain. It also includes products and technology used in advanced brain function research.

Compumedics’ *Medical Innovation* business primarily includes technologies and products for the consumer monitoring of sleep and subsequent treatment of sleep disorders and less developed technologies for driver fatigue monitoring and depth of anesthesia monitoring.

Earnings adjusted for unrealised FX losses						
A\$m	Diagnostic Medical Devices		Medical Innovation		As reported	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenues	40.9	37.0	0.6	0.0	41.5	37.0
R&D expense	3.3	3.7	2.0	1.4	5.3	5.1
<b>EBITDA</b>	<b>7.4</b>	<b>5.6</b>	<b>(1.5)</b>	<b>(1.4)</b>	<b>5.9</b>	<b>4.2</b>
<b>EBITDA to revenue</b>	<b>18.1%</b>	<b>15.1%</b>	-	-	<b>14.2%</b>	<b>11.4%</b>
Depreciation and amortisation	(0.3)	(0.3)	(0.2)	(0.2)	(0.5)	(0.5)
EBIT	7.1	5.3	(1.7)	(1.6)	5.4	3.7
Finance charges	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.2)
Tax (exp)/credit	(1.1)	0.7	-	-	(1.1)	0.7
<b>Net profit after tax (NPAT)</b>	<b>5.9</b>	<b>4.5</b>	<b>(1.9)</b>	<b>(1.7)</b>	<b>4.0</b>	<b>2.8</b>
<b>NPAT to revenue</b>	<b>14.4%</b>	<b>12.2%</b>	-	-	<b>11.3%</b>	<b>7.6%</b>

#### Results for the Diagnostic Medical Devices business for the full-year ended 30 June 2019:

- Shipped and invoiced sales were 12% higher at a record \$41.5m for FY19, compared to \$37.0m for FY18
- Sales orders taken in FY19, excluding MEG, were a record of \$40.5m
- NPAT for FY19 was \$5.9m compared to \$4.5m for FY18
- EBITDA was \$7.4m for FY19 compared to \$5.6m for FY18
  - A result of on-going efficiency gains in manufacturing, growth in revenues and improved shipping in the year ended 30 June 2019, including the partial booking of the first MEG sale, with the first phase of the installation now undertaken.
- Cash on hand improved to \$4.6m for FY19 compared to \$3.9m for FY18

#### Results for the Medical Innovation business for the full- year ended 30 June 2019:

- Compumedics has now doubled the NeXus 360 installation base with over 30 sites (> 210 beds) in both the USA and Australia. The NeXus 360 platform is generating a minimum of A\$660K revenue per annum with total signed contract value exceeding A\$1m in annual subscription fees. The number of patients recorded on the platform now exceeds 45,000, servicing large clients in both sleep and neurodiagnostic applications.
- Having established a strong foundation with our eHealth platforms based on Nexus 360 market penetration in the USA and Australia and continued development of the SomFit plug and play technologies, Compumedics is poised for strong growth in both the sleep and neurodiagnostic eHealth markets and continues discussions with various parties regarding this.

- The Company continues to progress several other technology opportunities currently residing within the Medical Innovation Division and will make further announcements when appropriate

## **CORPORATE**

### **Key Growth Opportunities**

The Company is focused on several initiatives to underpin both current and future growth, including:

- New product platform roll-out to continue in FY20
  - The Company expects to release a new range of ambulatory products for both its sleep and neurological diagnostic and monitoring businesses through FY20
  - This new range incorporates a Home Sleep Testing device as well as new ambulatory sleep devices and a new range of Long-Term Monitoring devices for epilepsy
- Neuroscan expansion into much larger MEG brain analysis imaging market
  - Compumedics has undertaken the first phase of the installation of its first MEG sale at Barrow Neurological Institute in the US and expects this to be completed during FY20
  - The Company will continue to pursue further opportunities in this field during FY20 and is actively working known opportunities
- Growth in international sales with expansion plans in the US, Germany and China markets
  - The Company will continue to expand its USA sales team in order to grow market share in both sleep and neurological diagnostic and monitoring markets
  - In Germany, the Company will pursue sales resources for both sleep and neurological diagnostic and monitoring markets there
  - The Company will continue to build on its long-term relationships in China to grow the Company's businesses in the region
- eHealth: The Company is continuing to commercialise its cloud-based sleep diagnostics platform, Nexus 360, for both professional and consumer applications
  - Compumedics has now doubled the NeXus 360 installation base with over 30 sites (> 210 beds) in both the USA and Australia. The NeXus 360 platform is generating a minimum of A\$660K revenue per annum with total signed contract value exceeding A\$1m in annual subscription fees. The number of patients recorded on the platform now exceeds 45,000, servicing large clients in both sleep and neurodiagnostic applications.
  - Compumedics continues to pursue opportunities with its consumer sleep monitoring device, Somfit, both in Australia and globally
- DWL: Expansion opportunities with the newly granted break-through auto-scan TCD patent to be pursued



- The Company will continue to develop its technologies around the 3D Transcranial Colour Doppler (3D TCCD)/Duplex imaging, whilst refining the best way to fully exploit this commercial opportunity

### **Financial Outlook**

Compumedics expects the identified Key Growth Opportunities to deliver an increase in revenues and earnings in FY20.

As a result, the Company expects revenues to increase into a range of \$42m to \$44m, excluding any additional MEG sales. On the basis these revenues are achieved, EBITDA should increase to a range of \$6.5m to \$7.5m and NPAT to a range of \$4.0m to \$5.0m.

This guidance is based on the general economic environment in Australia and the Company's other key offshore markets –USA, China, France and Germany – remaining broadly as they are at the timing of the release of these results.

### **About Compumedics Limited**

Compumedics Limited [ASX: CMP] is a medical device company involved in the development, manufacture and commercialisation of diagnostics technology for the sleep, brain and ultrasonic blood-flow monitoring applications. The company owns US based Neuroscan and Germany based DWL Elektronische GmbH. In conjunction with these two subsidiaries, Compumedics has a broad international reach, including the Americas, Australia and Asia Pacific, Europe and the Middle East.

Executive Chairman Dr David Burton founded Compumedics in 1987. In the same year the company successfully designed and installed the first Australian, fully computerised sleep clinic at Epworth Hospital in Melbourne. Following this early success, Compumedics focused on the development of products that sold into the growing international sleep clinic and home monitoring markets.

Compumedics listed on the Australian Securities Exchange in 2000. Over the years, Compumedics has received numerous awards, including Australia's Exporter of the Year, and has been recognised as a Top 100 Innovator by both German and Australian governments.

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