



Company Announcement

Business Update: Appendix 4E Release

Thursday 30 August 2018

NPAT up 133% to \$2.8 million & EBITDA increases 55% to \$4.2 million for FY18

PERFORMANCE RESULTS FY18

- Final results for FY18 higher than those advised on [28 June 2018](#)
- Revenues for shipped and invoiced sales of \$37m for FY18, up 8% on FY17 (\$34.4m)
- EBITDA increased 55% to \$4.2m for FY18, compared to \$2.7m for FY17
- NPAT increased 133% to \$2.8m for FY18, compared to \$1.3m for FY17
- Record sales orders taken of \$40m in FY18 up 18% from \$34m in FY17
- Cash on hand stable at \$3.9m at 30 June 2018 compared to \$4.1m at 30 June 2017

INVESTOR OVERVIEW

- Core business:
 - Growth across key markets and the partial booking of the first MEG sale drives profitability higher in FY18
 - Growth in Asian sales and also in the USA, Germany and other regions
- eHealth:
 - Somfit discussions with potential international partners continue as previously advised to market
 - Nexus 360 continues to expand in the US with revenues of \$0.3m generated in FY18
- Neuroscan/MEG:
 - Market expansion continuing with first major MEG contract currently being installed
 - Additional new MEG sales being actively pursued
- FY19 guidance:
 - Sales \$40m-\$42m, EBITDA \$5.5m-\$6.5m, NPAT \$4m-\$5m



Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”) wishes to announce its financial results for the full-year ending 30 June 2018 (FY18) and inform shareholders that the results are better than the advised figures provided to the Australian Securities Exchange (ASX) on [28 June 2018](#).

Compumedics’ net profit after tax increased 113% in FY18 to \$2.8m, compared to \$1.3m in full-year 2017 (FY17). EBITDA for FY18 was \$4.2m, an improvement of 55%, compared to \$2.7m in FY17. Shipped and invoiced sales increased 8% to \$37m for FY18, compared to \$34.4m for FY17. The Company took new record sales orders in FY18 of \$40m, up 18% from the \$34m in new orders taken in FY17.

Earnings improved as a result of the increased sales in with China, Europe, USA and Germany-based DWL, all posting growth over the prior year. The Company also booked a partial amount for the sale of its first MEG system, as the installation is now under way.

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

	FY18	FY17	Variance
Revenues – as reported	\$37.0m	\$34.4m	8%
EBITDA – as reported	\$4.2m	\$2.7m	55%
NPAT – as reported	\$2.8m	\$1.3m	133%

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						
AUDm	Diagnostic Medical Devices		Medical Innovation		As reported	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Revenues	37.0	34.4	0.0	0.0	37.0	34.4
R&D expense	3.7	4.1	1.4	1.8	5.1	5.9
EBITDA	5.6	3.9	(1.4)	(1.1)	4.2	2.8
EBITDA to revenue	15.1%	11.3%	-	-	11.6%	8.1%
Depreciation and amortisation	(0.3)	(0.4)	(0.2)	(1.0)	(0.5)	(1.4)
EBIT	5.3	3.5	(1.6)	(2.1)	3.7	1.4
Finance charges	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(0.3)
Tax (exp)/credit	(0.7)	0.2	-	-	(0.7)	0.2
Net profit after tax (NPAT)	4.5	3.5	(1.7)	(2.2)	2.8	1.3
NPAT to revenue	12.2%	10.1%	-	-	7.6%	3.0%

Results for the Diagnostic Medical Devices business for the full-year ended 30 June 2018:

- Shipped and invoiced sales were 8% higher at \$37m for FY18, compared to \$34.4m for FY17
- Sales orders taken in FY18 were a record of \$40m
- NPAT for FY18 was \$4.5m compared to \$3.5m for FY17
- EBITDA was \$5.6m for FY18 compared to \$3.9m for FY17
 - A result of on-going efficiency gains in manufacturing, growth in revenues and improved shipping in the year ended 30 June 2018, including the partial booking of the first MEG sale, which is now being installed in the US
- Cash on hand was stable at \$3.9m for FY18 compared to \$4.1m for FY17

Results for the Medical Innovation business for the full-year ended 30 June 2018:

- The Company has continued to develop its cloud-based professional Nexus 360, having now secured 16 sites in the USA, with over 123 beds
 - The Company booked revenues of \$285k from those sites in FY18, conducting over 15,000 sleep studies via Nexus 360
 - Compumedics expects revenues in FY19 to be greater than \$1m
- As announced [13 August](#), the Company remains in negotiations with Health 100 in relation to the proposed JV in China. The Company will update the market accordingly
- The Company continues to progress a number of 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 a number of initiatives to underpin both current and future growth, including:

- New product platform roll-out to continue in FY19
 - The Company expects to release a new range of ambulatory products for both its sleep and neurological diagnostic and monitoring businesses mid FY19 through to mid 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 commenced installation of its first MEG sale at Barrow Neurological Institute in the US and expects this to be completed during the first half of FY19
 - The Company will continue to pursue further opportunities in this field during FY19 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 now has 16 sites and over 123 beds in the US generating a minimum of \$285k per annum. It expects to grow this to \$1m over the course of FY19.
 - Compumedics continues to pursue opportunities with consumer application, Somfit, outside of the previously announced JV discussions with Health 100 in China
- 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 FY19.

As a result, the Company expects revenues to increase into a range of \$40m to \$42m, excluding any additional MEG sales. On the basis these revenues are achieved, EBITDA should increase to a range of \$5.5m to \$6.5m and NPAT to a range of \$4m to \$5m.

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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