



## **Company Announcement**

### **Business Update: Appendix 4E Release**

26<sup>th</sup> August 2016

#### *Current Performance Highlights*

- NPAT up 66% to \$3.3m compared to \$2.0m for the year ended 30 June 2015. EBITDA up 22% to \$5.0m compared to \$4.1m for the year ending 30 June 2015, with continuing investment in Somfit and MEG to underpin future growth.
- Revenues shipped and invoiced increased 12% to \$37.5m, compared to \$33.5m for the previous year.
- Sales order growth was driven out of Asia and Europe at 53% and 11% respectively, with Australia performing very well at 37% with strong demand for neurological products. DWL also grew sales orders taken by 18% over the prior year.
- Cash on hand up to \$3.1m at 30 June 2016 compared to \$2.2m at 30 June 2015 whilst debt levels were \$2.6m at 30 June 2016, compared to \$2.0m at 30 June 2015.

#### *Investor Overview*

- Core business: Highly profitable and continues to grow with the full benefits of the earnings initiatives undertaken in recent years continuing to flow through. New product platform now rolling out in H117, to significantly expand addressable market.
- Growth in international sales with continuing expansion plans in the US, Germany and China.
- eHealth: Pushing ahead with the commercialisation of cloud based sleep diagnostics platform for both professional and consumer applications.
- Neuroscan / MEG market expansion continuing to plan with first sales commitment expected in late calendar 2016.
- FY17 guidance: Sales \$41m-\$43m, EBITDA \$6.0m-\$8.0m, NPAT \$4.0m-\$6.0m.

**Compumedics Limited (ASX: CMP) (“Compumedics”)** is pleased to announce continuing revenue and earnings growth for the year ending 30 June 2016.

For FY2016 Compumedics continued to grow in profit to \$3.3m, compared to \$2.0m in FY2015 and increased profitability at EBITDA, generating a \$5.0m profit compared to \$4.1m in the previous year.

Comparable shipped and invoiced sales were \$37.5m compared to \$33.5m in the previous year. The Company took new orders in the year of \$37.4m, a 12% increase over the previous year.

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

	<b>FY2016</b>	<b>FY2015</b>	<b>Variance</b>
Revenues – as reported	\$37.5m	\$33.5m	12%
EBITDA – as reported	\$5.0m	\$4.1m	22%
NPAT – as reported	\$3.3m	\$2.0m	66%

### ***Operations***

#### **Core diagnostic medical-device business separated from medical innovation business**

Compumedics is pleased to report both aggregated and disaggregated financial performance, which is attributable to its core diagnostic medical-device business and its investment in technologies and products being developed in its medical innovation business.

The Company believes the disaggregated information provides the investment community with a clearer and more transparent picture of these two distinct activities currently being undertaken within the Company.

The Company’s core diagnostic medical-device 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.

Compumedic’s 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	Medical diagnostic devices		Medical Innovation		As Reported	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Revenues	37.5	33.5	0.0	0.0	37.5	33.5
R&D expense	4.3	3.6	1.5	1.2	5.8	4.8
<b>EBITDA</b>	<b>5.5</b>	<b>4.4</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>5.0</b>	<b>4.1</b>
<i>EBITDA to revenue</i>	<i>14.7%</i>	<i>13.1%</i>	<i>-</i>	<i>-</i>	<i>13.3%</i>	<i>12.2%</i>
Depreciation and amortisation	(0.3)	(0.5)	(1.5)	(0.9)	(1.8)	(1.4)
EBIT	5.2	3.8	(2.0)	(1.2)	3.2	2.6
Finance charges	(0.3)	(0.6)	(0.1)	(0.1)	(0.4)	(0.7)
Tax (exp)/credit	0.5	(0.0)	-	-	0.5	(0.0)
<b>Net profit after tax (NPAT)</b>	<b>5.4</b>	<b>3.3</b>	<b>(2.1)</b>	<b>(1.3)</b>	<b>3.3</b>	<b>2.0</b>
<i>NPAT to revenue</i>	<i>14.4%</i>	<i>9.9%</i>	<i>n/a</i>	<i>n/a</i>	<i>8.8%</i>	<i>6.0%</i>

**Highlights and Achievements for the “diagnostic” medical-device businesses for the year ended 30 June 2016:**

- NPAT was \$5.4m compared to \$3.3m in the prior year.
- EBITDA was \$5.5m compared to \$4.4m in the prior year, as a result of on-going efficiency gains in manufacturing, growth in revenues and improved shipping in the year ended 30 June 2016, offset by continuing investment in Somfit and MEG.
- Shipped and invoiced sales were 12% higher at \$37.5m compared to \$33.5m for the previous year.
- Cash on hand improved substantially to \$3.1m at 30 June 2016 compared to \$2.2m at 30 June 2015 whilst debt levels were \$2.6m at 30 June 2016 compared to \$2.0m at 30 June 2015.
- Sales orders taken in FY2016 were \$37.4m or 12% higher than sales orders taken in FY2015.

**Highlights and Achievements for the medical innovation business for the year ended 30 June 2015:**

- The Company has continued to develop its eHealth and consumer based, Somfit, sleep monitoring platform and expects to make announcements regarding this in the near term.
- The Company has continued to progress the development and production of its sleep-treatment product and anticipated moving to delivering against several agreements.

- The Company continues to progress a number of other technology opportunities currently residing within the Medical Innovation Division, including the eHealth technology 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, these include:

- New product platform roll-out to significantly expand addressable market
  - The Company is soon to release a new range of amplifiers for both its sleep and neurological diagnostic and monitoring businesses.
  - This new range will incorporate price competitive models enabling the Company to compete profitably thereby significantly expanding the Company's addressable market.
- Neuroscan foray into much larger brain analysis imaging market
  - Compumedics is discussing with selected parties certain commercial opportunities utilising Neuroscan technology in imaging markets.
- Growth in international sales with expansion plans in the US, Germany and China markets
  - The Company will continue to expand its US 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: Pushing ahead with the commercialisation of cloud based sleep diagnostics platform
  - Compumedics continues to pursue several initiatives with its eHealth technologies and will up-date the market as key milestones are met.
- 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 the current financial year.

As a result, the Company expects revenues to increase into a range of \$41.0m to \$43.0m. On the basis these revenues are achieved EBITDA should increase to a range of \$6.0m to \$8.0m and NPAT to a range of \$4.0m to \$6.0m.

This guidance is based on the general economic environment in Australia and the Company's other key offshore markets being the US, 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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