



Company Announcement

Business Update: Appendix 4E Release

28 August 2017

Performance Results FY17

- Final results for FY17 are in line with those advised on [7 July 2017](#)
- Cash on hand up to \$4.1m at 30 June 2017 compared to \$3.1m at 30 June 2016
- Debt levels down significantly to \$0.7m at 30 June 2017, compared to \$2.6m at 30 June 2016
- Revenues for shipped and invoiced sales were \$34.4m for FY17, down 8% on FY16 (\$37.5m), predominantly due to the expansion and strengthening of US business, as advised on [7 July 2017](#)
- EBITDA \$2.8m for FY17, as reported, before approximately \$1.2m of restructuring costs, predominantly focused in the US and now fully implemented, compared to \$5.0m for FY16.

Investor Overview

- Core business: Remains sustainably profitable despite reduced sales in FY17, largely due to the introduction of the new low-cost Grael product platform and efficiency gains made throughout the business in recent years
- Growth in Asian sales, with continuing expansion plans in the US, Germany and other regions
- eHealth: Moving ahead with the commercialisation of cloud-based sleep diagnostics platform for both professional and consumer applications
- The professional application, Nexus 360, has now been sold to 10 sites in the US with minimum annual recurring revenues of \$330k pa (US\$250k pa) for FY18, with more prospective sites identified
- Commercial discussions on the consumer application for Somfit continue

- Neuroscan/MEG market expansion continuing with first major MEG contract secured for delivery in H2 FY18. Other opportunities being pursued
- FY18 guidance: Sales \$40m-\$42m, EBITDA \$5.5m-\$6.5m, NPAT \$4.0m-\$5.0m.

Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”) wishes to advise that the Company’s full year numbers are consistent with the update provided to the Australian Securities Exchange (ASX) on [7 July 2017](#).

Compumedics’ profit in FY17 was \$1.3m, compared to \$3.3m in FY16. EBITDA was \$2.8m compared to \$5.0m in FY16. Earnings at both levels were impacted by the reduced sales in FY17 and \$1.2m US restructuring costs. These costs were the result of a significant restructure of the sales and marketing, to better set the US business for consistent future growth. These changes are now almost fully implemented.

Shipped and invoiced sales were \$34.4m compared to \$37.5m in the previous year. The Company took new orders in the year of \$33.4m.

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

	FY17	FY16	Variance
Revenues – as reported	\$34.4m	\$37.5m	(8)%
EBITDA – as reported	\$2.8m	\$5.0m	(44)%
NPAT – as reported	\$1.3m	\$3.3m	(60)%

Operations

Core diagnostic medical-device business separated from medical innovation business

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.

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	Medical iagnostic devices		Medical Innovation		As reported	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
Revenues	34.4	37.5	0.0	0.0	34.4	37.5
R&D expense	4.1	4.3	1.8	1.5	5.9	5.8
EBITDA	3.9	5.5	(1.1)	(0.5)	2.8	5.0
<i>EBITDA to revenue</i>	<i>11.3%</i>	<i>14.7%</i>	-	-	<i>8.1%</i>	<i>13.3%</i>
Depreciation and amortisation	(0.4)	(0.3)	(1.0)	(1.5)	(1.4)	(1.8)
EBIT	3.5	5.2	(2.1)	(2.0)	1.4	3.2
Finance charges	(0.2)	(0.3)	(0.1)	(0.1)	(0.3)	(0.4)
Tax (exp)/credit	0.2	0.5	-	-	0.2	0.5
Net profit after tax (NPAT)	3.5	5.4	(2.2)	(2.1)	1.3	3.3
<i>NPAT to revenue</i>	<i>10.1%</i>	<i>14.4%</i>	-	-	<i>3.0%</i>	<i>8.8%</i>

Results for the diagnostic medical-device business for the year ended 30 June 2017:

- Cash on hand improved to \$4.1m at 30 June 2017 compared to \$3.1m at 30 June 2016.
- Debt levels were \$0.6m at 30 June 2017 compared to \$2.6m at 30 June 2016
- Sales orders taken in FY17 were \$34.4m
- NPAT was \$3.5m compared to \$5.4m in the prior year
- EBITDA was \$3.9m compared to \$5.5m 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 2017, offset by continuing investment in Somfit and MEG
- Shipped and invoiced sales were 8% lower at \$34.4m compared to \$37.5m for the previous year

Results for the medical innovation business for the year ended 30 June 2017:

- The Company has continued to develop its cloud-based professional Nexus 360, and consumer-based Somfit sleep monitoring platforms.
- Nexus 360 has now secured 10 sites in the USA, with minimum annual revenues of \$330k (USD250k), locked in as a starting point.
- The Company continues discussions with interested parties regarding Somfit
- 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 significantly expand addressable market
 - The Company has released a new range of amplifiers for both its sleep and neurological diagnostic and monitoring businesses
 - This new range incorporates price competitive models enabling the Company to compete profitably, thereby significantly expanding the Company's addressable market
- Neuroscan foray into much larger MEG brain analysis imaging market
 - Compumedics will install its first MEG sale at Barrow Neurological Institute in the US during FY18
 - The Company will continue to pursue further opportunities in this field during FY18
- 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 for both professional and consumer applications
 - Compumedics has secured an initial 10 sites in the US generating a minimum of \$330k (USD250k) per annum
 - Compumedics continues to pursue opportunities with its Somfit, consumer application
- 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 FY18.

As a result, the Company expects revenues to increase into a range of \$40.0m to \$42.0m. 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 \$4.0m to \$5.0m.

This guidance is based on the general economic environment in Australia and the Company's other key offshore markets – 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.

For further information please contact:

Dr David Burton
Executive Chairman, CEO Executive Director
Phone: + 61 3 8420 7300
Fax: +61 3 8420 7399

David Lawson
Chief Financial Officer
Phone: + 61 3 8420 7300
Fax: +61 3 8420 7399

Investor Relations, Media & PR enquires:

Rod North
Managing Director
Bourse Communications Pty Ltd
Phone: +61 3 9510 8309
Mobile: 0408 670 706

Richard Allen
Oxygen Financial PR
Ph: + 61 3 9915 6341
Mob: 0403 493 049