

Annual General Meeting October, 2016

- > Sleep Diagnostics & Treatment
- > Neuro Diagnostics
- > Brain Research
- > Ultrasonic Blood Flow Monitoring



AGM Agenda

Meeting Opens

Chairman's Address

Ordinary Business

Meeting Closes

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

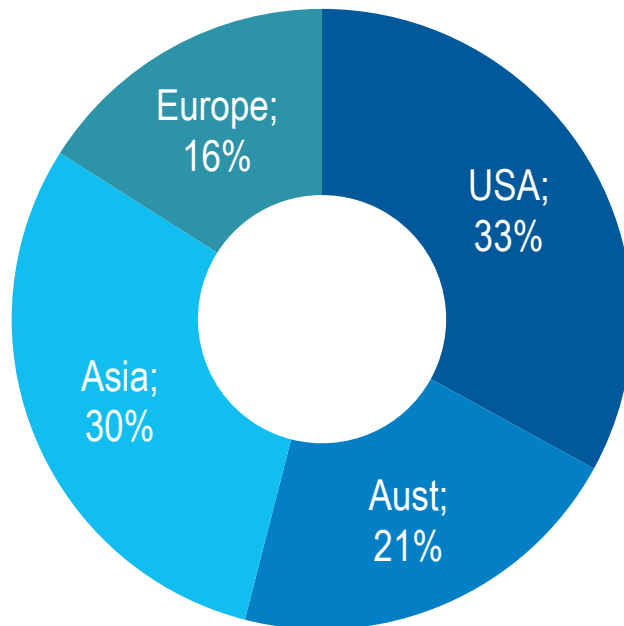
#3 USA sleep
diagnostic device
supplier and emerging
#3 supplier for
neurological monitoring
devices

- ⚡ FY16 revenues \$37.5m, FY16 EBITDA \$5.0m.
- ⚡ FY17 Guidance revenues \$41m to \$43m, EBITDA \$6.0m to \$8.0m.
- ⚡ 120 employees across four locations, Melbourne, Australia (Head Office), Charlotte, NC, USA, Hamburg and Singen, Germany.
- ⚡ Compumedics listed ASX Dec 21, 2000. CMP has market capital of around \$90m.

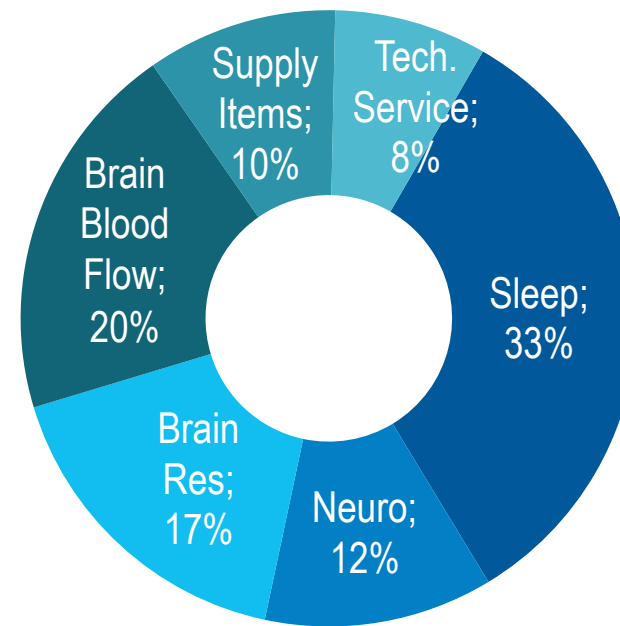
Revenue Composition at \$37.5m

30 June 2016

By geographic region



By product/market

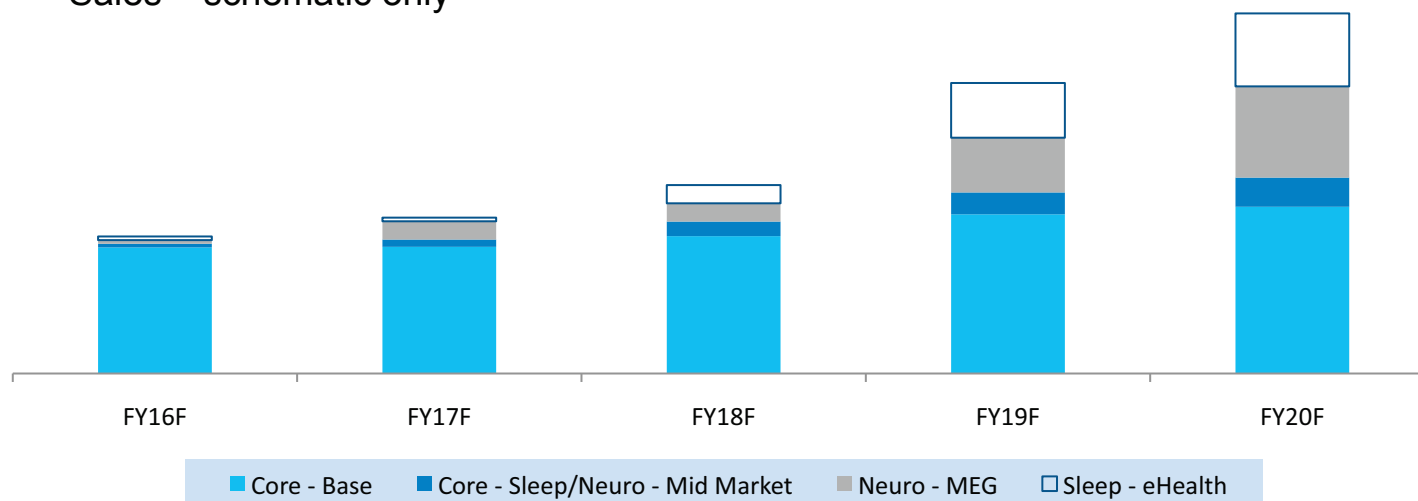


Software upgrades 5 to 10% of system sales

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

Growth Platform – Core and Step-Out

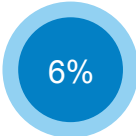


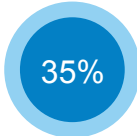




Sales – schematic only



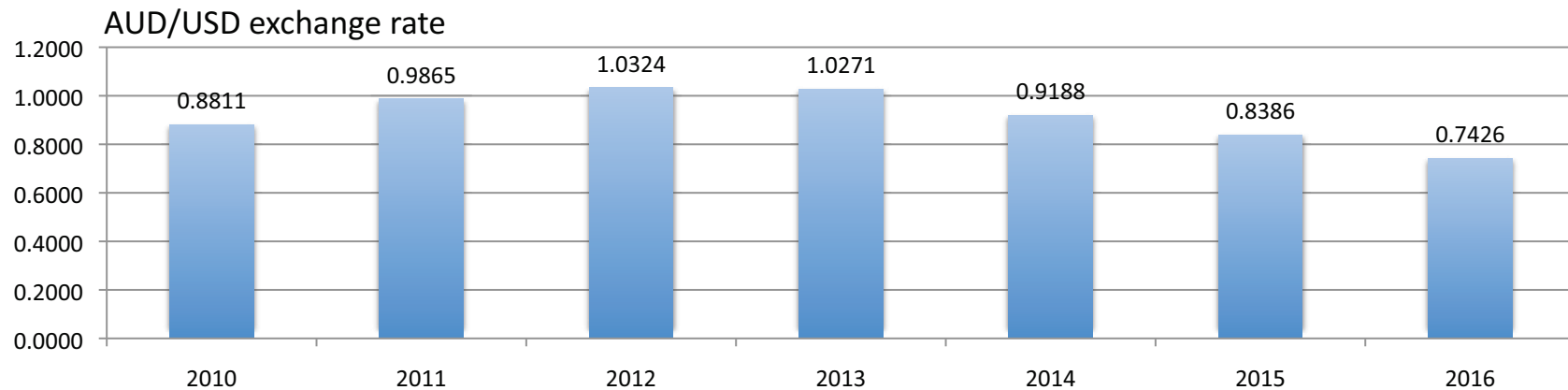
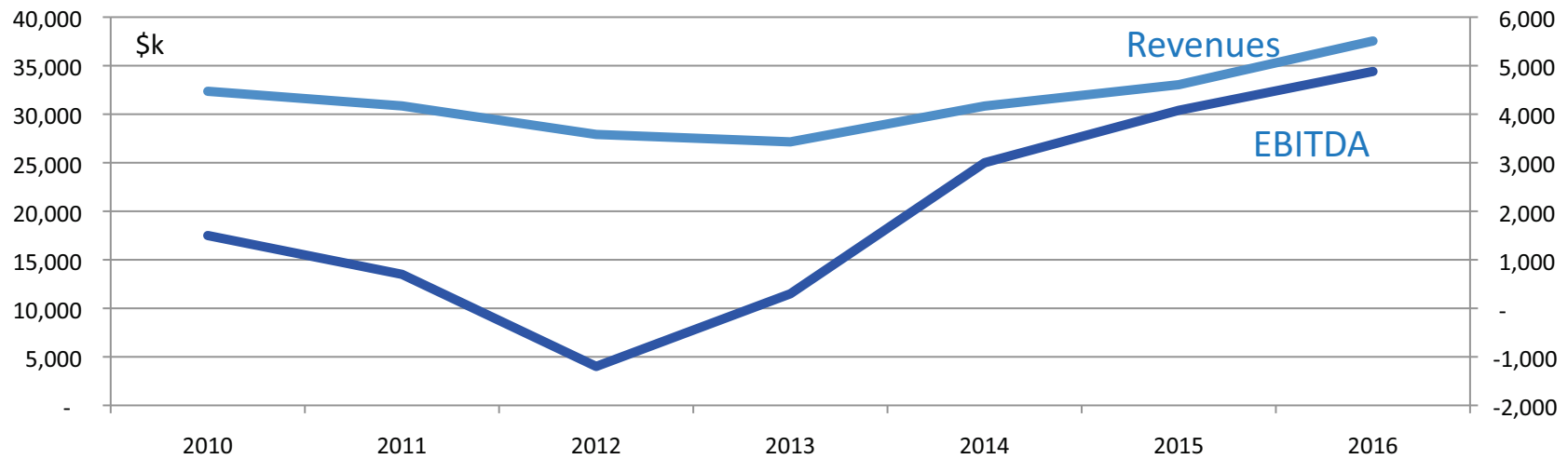
- **Step-out - NEURO – BRAIN IMAGING** – By signing the new MEG* Agreement with KRISS we can transition from a USD30k software sale to a USD4.0m complete system sale.
- **Step-out - SLEEP - CLOUD GROWTH** – USD10m in professional application contracts into China, Korea and Taiwan. New personal device “Somfit” – partnering novel “in-house” eHealth sleep device for the home. Potential to keep rapid mid-term EBITDA growth
- **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 – Margin Improved



Core Business – Restored Net Cash Position

| \$m | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash | 1.8 | 1.2 | 1.1 | 1.3 | 1.1 | 2.2 | 3.1 |
| Trade receivables | 9.7 | 10.2 | 8.7 | 8.1 | 8.6 | 9.8 | 11.9 |
| Inventories | 5.0 | 5.7 | 5.3 | 5.5 | 6.1 | 5.7 | 6.5 |
| Prod. dev't | 4.2 | 4.2 | 4.0 | 3.5 | 2.9 | 2.7 | 2.4 |
| Tax asset | 0.2 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 |
| PP&E | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.5 | 0.9 |
| Assets | 21.8 | 23.1 | 19.9 | 19.1 | 19.5 | 21.7 | 26.1 |
| Trade cred. | 4.6 | 4.7 | 5.0 | 4.7 | 4.7 | 4.4 | 4.1 |
| Borrowings | 1.9 | 2.8 | 2.1 | 2.3 | 2.0 | 2.0 | 2.6 |
| Def. payment | 1.1 | 0.9 | 1.4 | 1.4 | 1.4 | 1.6 | 2.0 |
| Other | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 | 2.5 | 2.8 |
| Total Liabilities | 9.6 | 10.3 | 10.7 | 10.7 | 10.4 | 10.4 | 11.5 |
| Net Assets | 12.2 | 12.8 | 9.2 | 8.4 | 9.2 | 11.3 | 14.6 |
| <i>Debt/Equity</i> | <i>1%</i> | <i>13%</i> | <i>11%</i> | <i>13%</i> | <i>11%</i> | <i>-2%</i> | <i>-3%</i> |

Core Business – Adding Mid-Tier Range

| Product | | Used for | Bought by | Average selling price |
|-------------------|---|------------------------------|--|-----------------------|
| Grael |  | Sleep and neurology | Hospitals, doctors and service providers | USD17,500 |
| Somte PSG |  | Sleep | Hospitals, doctors and service providers | USD10,000 |
| Siesta |  | Sleep and neurology | Hospitals, doctors and service providers | USD18,000 |
| Neuvo LTM |  | Neurology | Hospitals, doctors and service providers | USD35,000 |
| Synamps RT |  | Brain Research | Universities and teaching hospitals | USD38,000 |
| CURRY |  | 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 |
|--|--|--|---|---|
| Next generation growth platform | 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 |
| Market potential | Professional application > USD3bn pa <i>Consumer application > USD50bn pa</i> | Greater than USD100m pa | Research only USD100m pa <i>Brain Imaging >USD4bn pa</i> | Estimated cost of TBI's in the US alone greater than USD76bn pa |
| Business type | 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 to flow through in FY16 – FY20. 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.



Expansion into untapped German market



Push into the Chinese neurology market



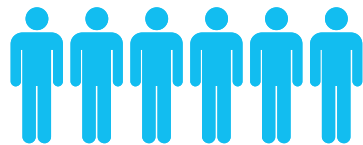
Ideally positioned to accelerate organic growth and value realisation

USA – CMP is number 3 Supplier

USA Clinical Sales Force Expansion

More sales representatives = more revenue for both sleep and neurology

Past



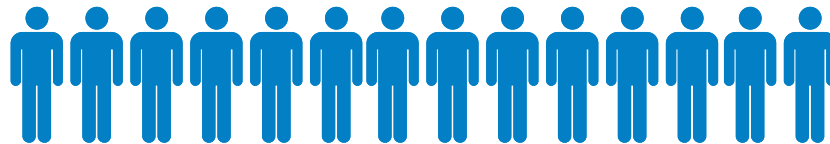
USD4.5m

FY2016
to now



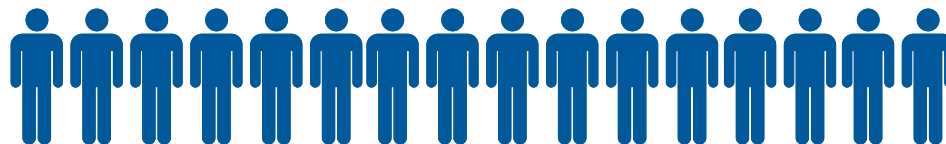
USD6.4m

FY2017



USD10.0m

FY2018



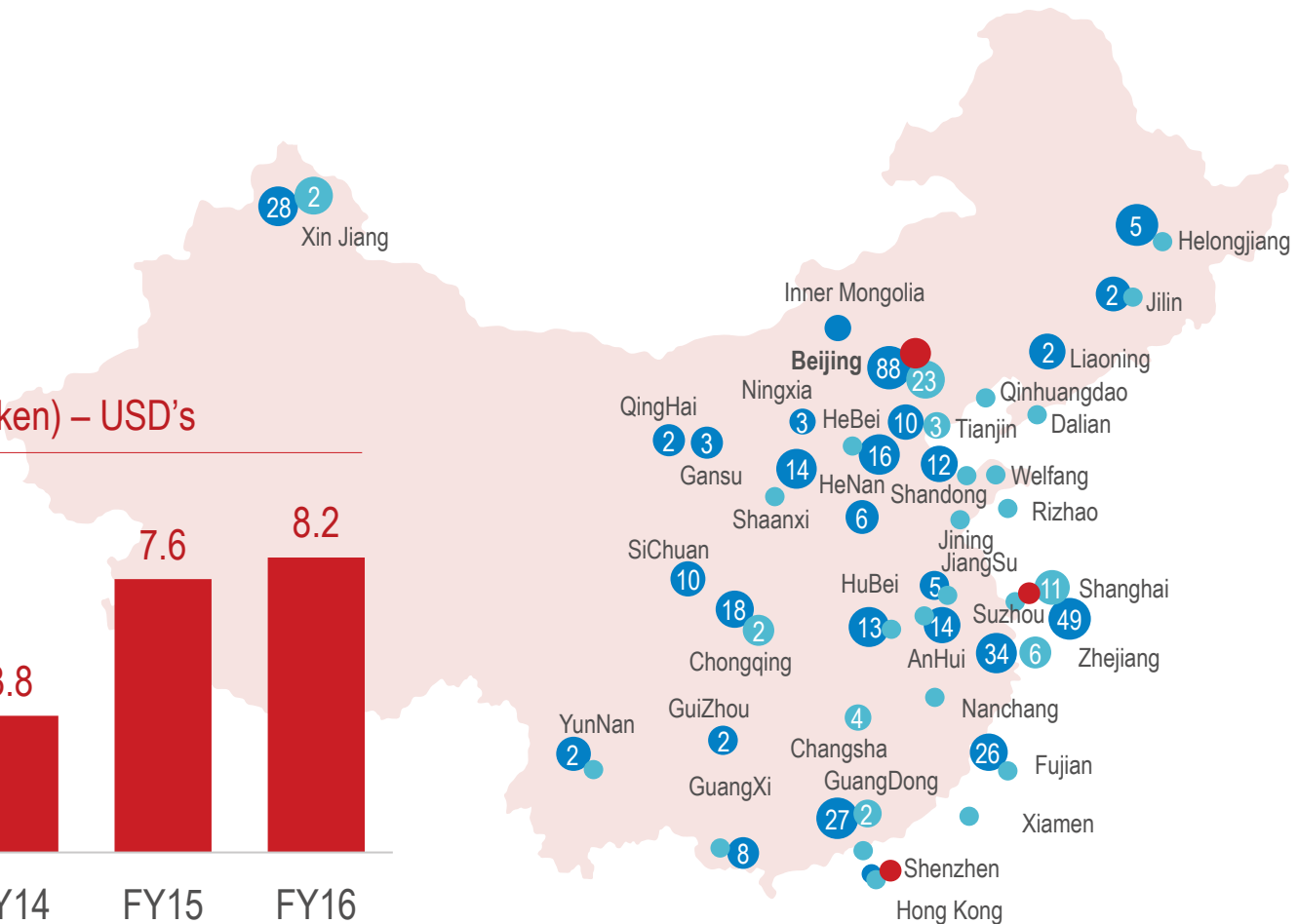
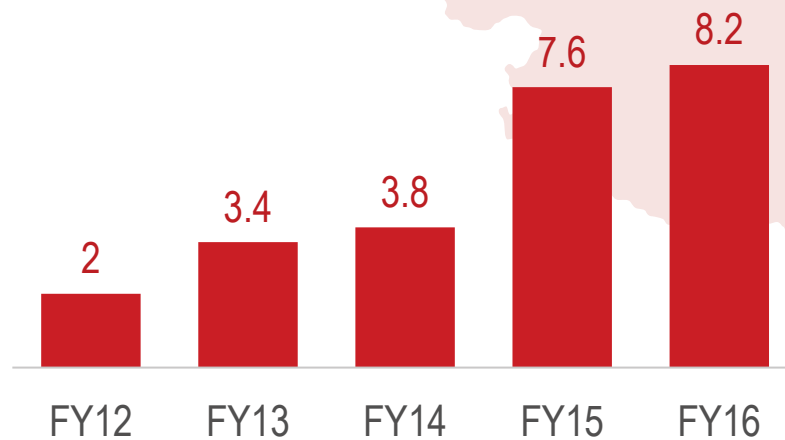
USD15.0m

China - We are the number 1 Premier Supplier

Compumedics Clients in China

- Sleep
- Neuroscience
- Neuroscan

China Sales (Orders taken) – USD's



FY17 Update

Core business

Tracking to guidance – Graef platform shipping, new sales staff in the US employed, new sales person in Germany employed.

MEG

Sales pipeline continues to grow – 30 opportunities identified, 3 to 4 opportunities advanced with one expected to be an “intention to buy” by late calendar 2016, early calendar 2017.

eHealth

Nexus 360 (professional) – initial sites in the US signed and being implemented, China sites continue initial beta activities

Somfit (consumer) – software platform working, hardware proto in advanced stages of completion, strategic discussions continue

Step out 1 - Brain Imaging: A\$9m sales in FY17

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 USD5m each) as opposed to the USD30k software sale

Market & Competition

The MEG market is currently estimated at about 35 systems a year at an average selling price of USD5.5m each = US\$200m/annum

This is expected to grow about 10% a year, excluding China

It is estimated that China could double the existing market size to about 70 units a year

The dominant existing player is Elekta, based out of Sweden, followed by Yokogawa (Japanese market) and CTF MEG (a much smaller player)

Plan

H2 FY16 – sign LOI with KRISS for license access to MEG hardware platform

H1 FY17 – sign LOI with at least first two customers to acquire CMP's MEG device

H1 FY17 – Finalise specifications and manufacture with KRISS

H2 FY17 – install first CMP MEG system

Outcome

CMP plans to sell and install 2 MEG systems in FY17 @ USD3.5m ea

CMP expects to sell at least 5 MEG systems in FY18

CMP expects to double sales in FY19 to 10 MEG systems for about USD40m

*MEG = Magnetoencephalography

**MRI = Magnetic resonance imaging

Step out 2 – eHealth/cloud: A\$4m/a sales already

eHealthMedics has already locked in excess of \$10m of forward orders over the next three years (primarily in China) for its professional services platform. Initial pilot sites commence in May and June this year.

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



David Burton, Ph.D.
Executive Chairman, CEO
Founder, Tenure 26yrs



NED - Mr. Alan Anderson, Ph.D.
Leading USA Attorney
CMP Tenure : 11 yrs



Mr. David Lawson
Chief Financial Officer
& Company Secretary
CMP Tenure 13 yrs



Mr. Warwick Freeman
Chief Technology Officer
CMP Tenure 15 yrs



Kerry Hubick, Ph.D.
Trademark, Patent &
General Legal Attorney
CMP Tenure 7 yrs



Mr. Christoph Witte
General Managing Director
Compumedics Germany GmbH
CMP/DWL - Tenure 24 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

FY17 guidance: Sales \$41m-\$43m, \$6.0m-\$8.0m EBITDA, NPAT \$4.0m-\$6.0m

Ordinary Business

Item 1 Financial Statements and Reports

Item 2 Re-election of Director – Alan Anderson

Item 3 Adoption of Remuneration Report (non-binding resolution)

Meeting closes

Refreshments are available in the main reception area, where additional questions and discussion are encouraged, for those who are interested.

Thankyou

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- > Neuro Diagnostics
- > Brain Research
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