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Annual General Meeting October, 2014



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

Agenda

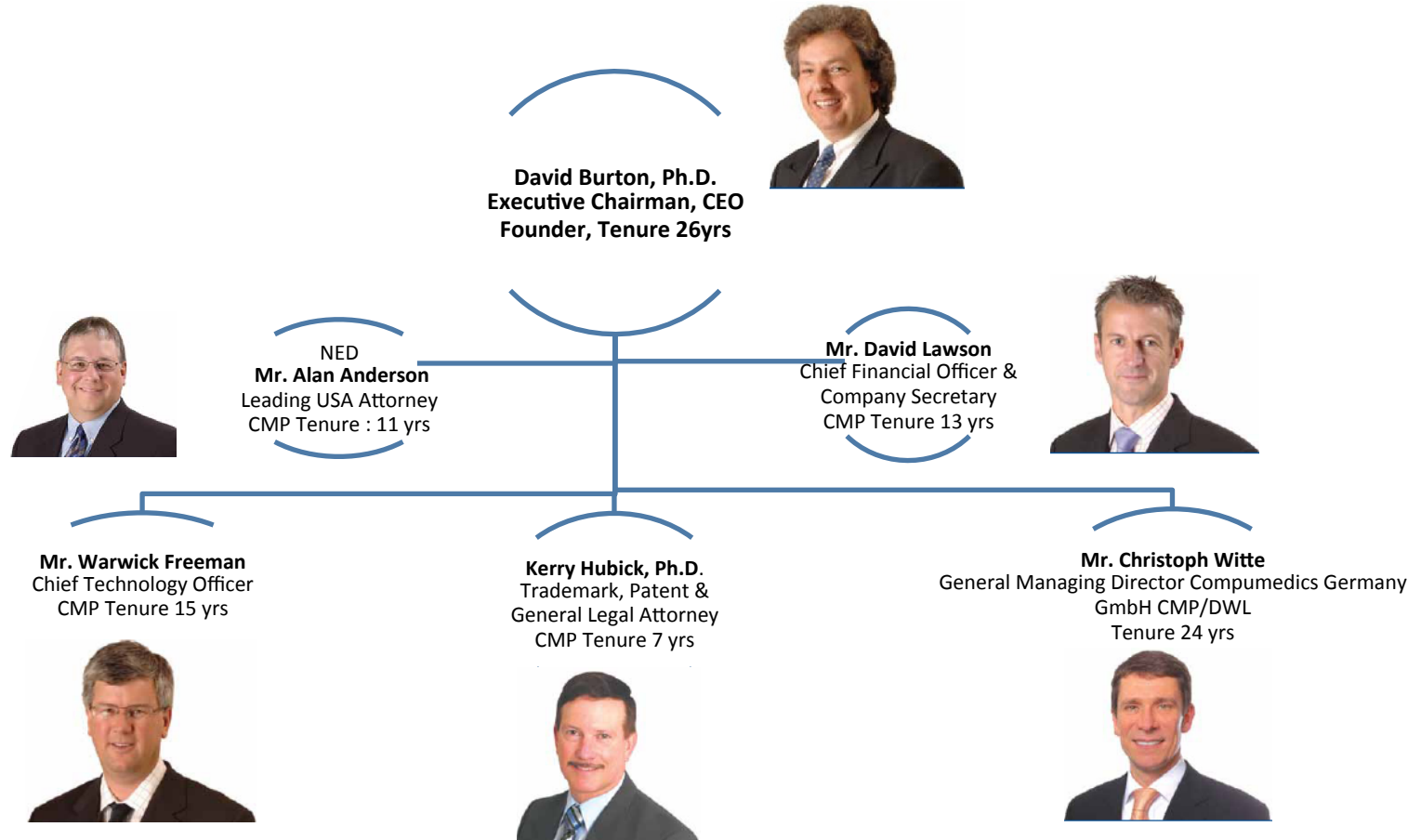
- Meeting opens
- Chairman's address
- Ordinary business
- Meeting closes

Who is Compumedics?

- **Compumedics** is 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 (Trans cranial Doppler [TCD])
- **Compumedics** is a technological leader in its chosen markets:
 - #1 Australia sleep & neuro diagnostics device supplier
 - #1 Japan sleep diagnostics device supplier
 - #1 China sleep diagnostic device supplier to China's premier facilities & #1 TCD device supplier
 - #3 USA sleep diagnostic device supplier and emerging #3 supplier for neurological monitoring devices
- **Compumedics** has a rich intellectual property portfolio
- **Compumedics** Medical Innovations division focuses on complimentary early-phase developments in sleep treatment, driver fatigue and eHealth solutions
- **Compumedics** was listed on the Australian Stock Exchange, December 21, 2000.

Directors and Executive Team

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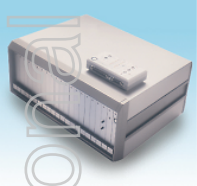


A Tradition of Innovation

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P Series
1994



S Series
1987



Siesta
2000



Somté
2001



SynAmps2
2003



Comperio DQ
2004



Summit IP
2005



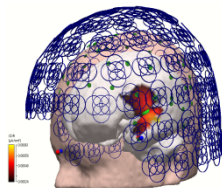
Siesta 802
2005



Neuvo LTM
2007



Somté PSG
2006



CURRY6
2009



SynAmpsRT
2008



Somnilink SPAP
2010



Grael HD
2010



Somté PSG 2.0
2011

Established Client Profile

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National Aeronautics
and Space Administration



MAYO CLINIC
Collage of Medicine

STANFORD UNIVERSITY



UNIVERSITY OF MICHIGAN



Royal Perth Hospital
COMMITTED TO EXCELLENCE



ST VINCENT'S
HEALTH



THE UNIVERSITY OF TOKYO



Peking University

Hennepin County Medical Center
HCMC



Maine Medical Center
centered around you



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
National Institutes of Health



The **Royal Children's**
Hospital Melbourne



YALE UNIVERSITY
SCHOOL OF MEDICINE

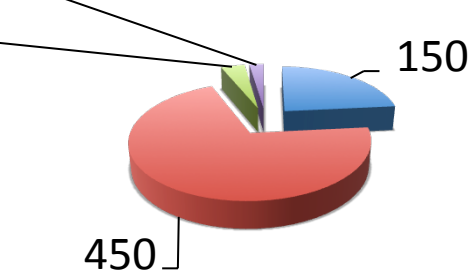


Providence
Medical Center
*Sisters of Charity of Leavenworth
Health System*



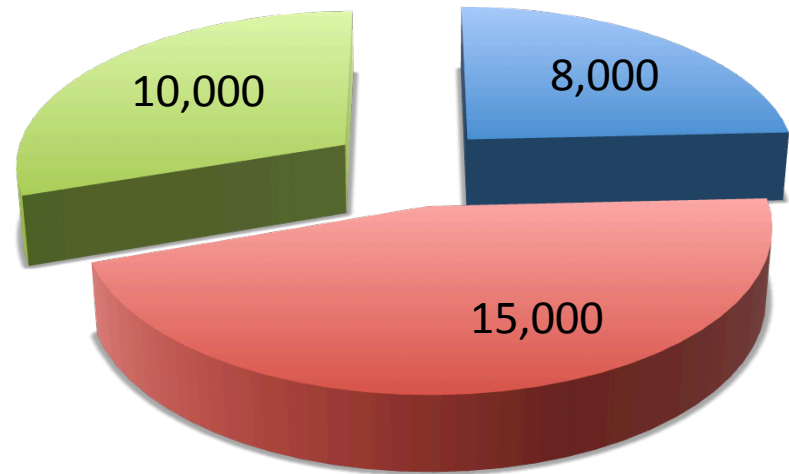
Strategic Value Roadmap – Market Opportunities

**Core Diagnostic Business
Global Markets - \$m**



- Sleep Diagnostics
- Neurological Monitoring
- Brain Research
- TCD

**Medical Innovations Global
Markets - \$m**



- Sleep Treatment
- Driver Vigilance
- eHealth

What was achieved in the twelve months to 30 June 2014?

- NPAT of \$0.9 million compared to loss of \$(1.4) million for the PCP. EBITDA was a \$3.0 million profit compared to \$0.3 million in the PCP, as a result of ongoing efficiency gains in manufacturing, and the favourable impact of the lower Australian Dollar, together with increased sales shipped and invoiced.
- Shipped and invoiced sales were 14% higher at \$30.8 million compared to \$27.2 million for the PCP.
- Cash on hand was stable at \$1.1 million at 30 June 2014, compared to \$1.2m at 30 June 2013. Debt levels were reduced during the twelve-month period to \$2.0 million at 30 June 2014 compared to \$2.3 million at 30 June 2013.

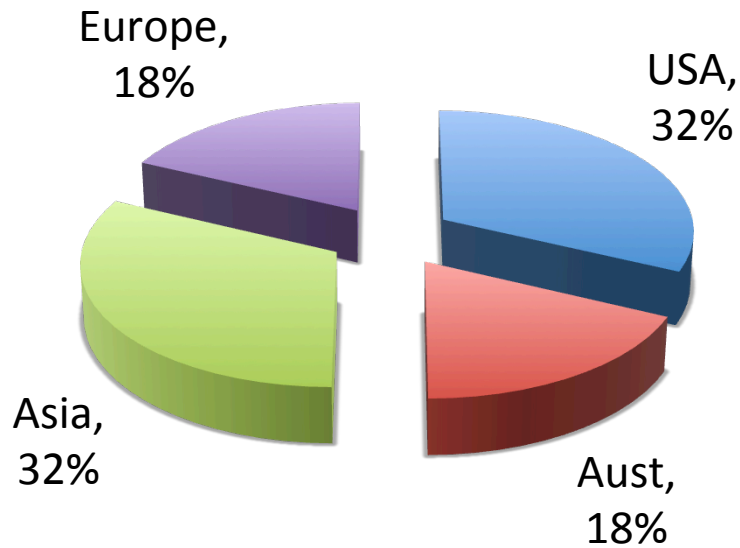
What was achieved in the twelve months to 30 June 2014?

- The Company had sales orders of \$6.0 million on-hand at 30 June 2014, which it expects to continue to reduce during the first half of FY2015.
- The Company has substantively completed relocating some production and purchasing activities to Asia as part of its transition program to restore margins independent of the relative value of the Australian Dollar over the foreseeable future. The margin and profit improvement from these and other initiatives, only just commencing, will be seen in the second half of the financial year and beyond

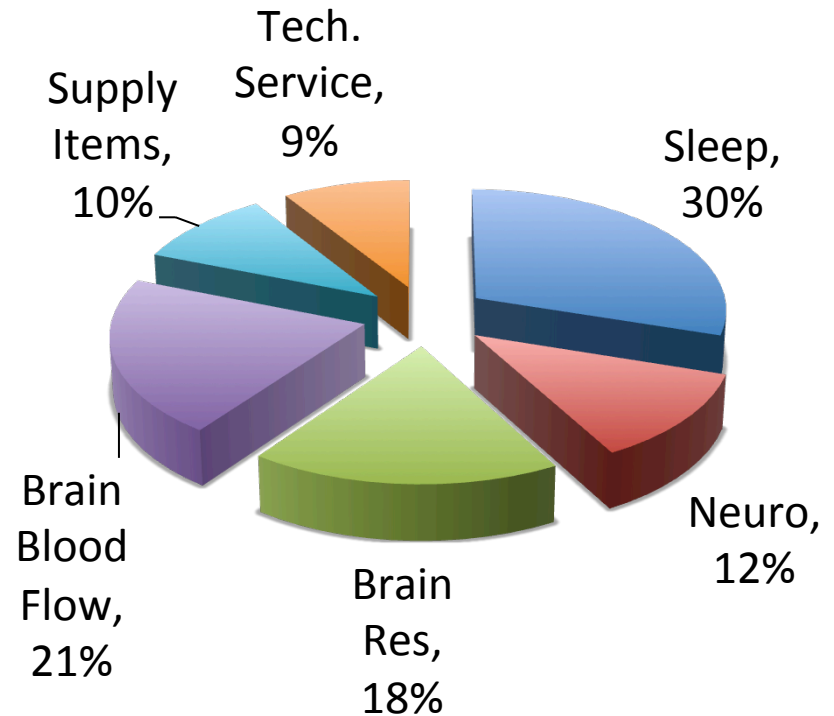
Revenue Composition at ≈\$30.8m

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By geographic region



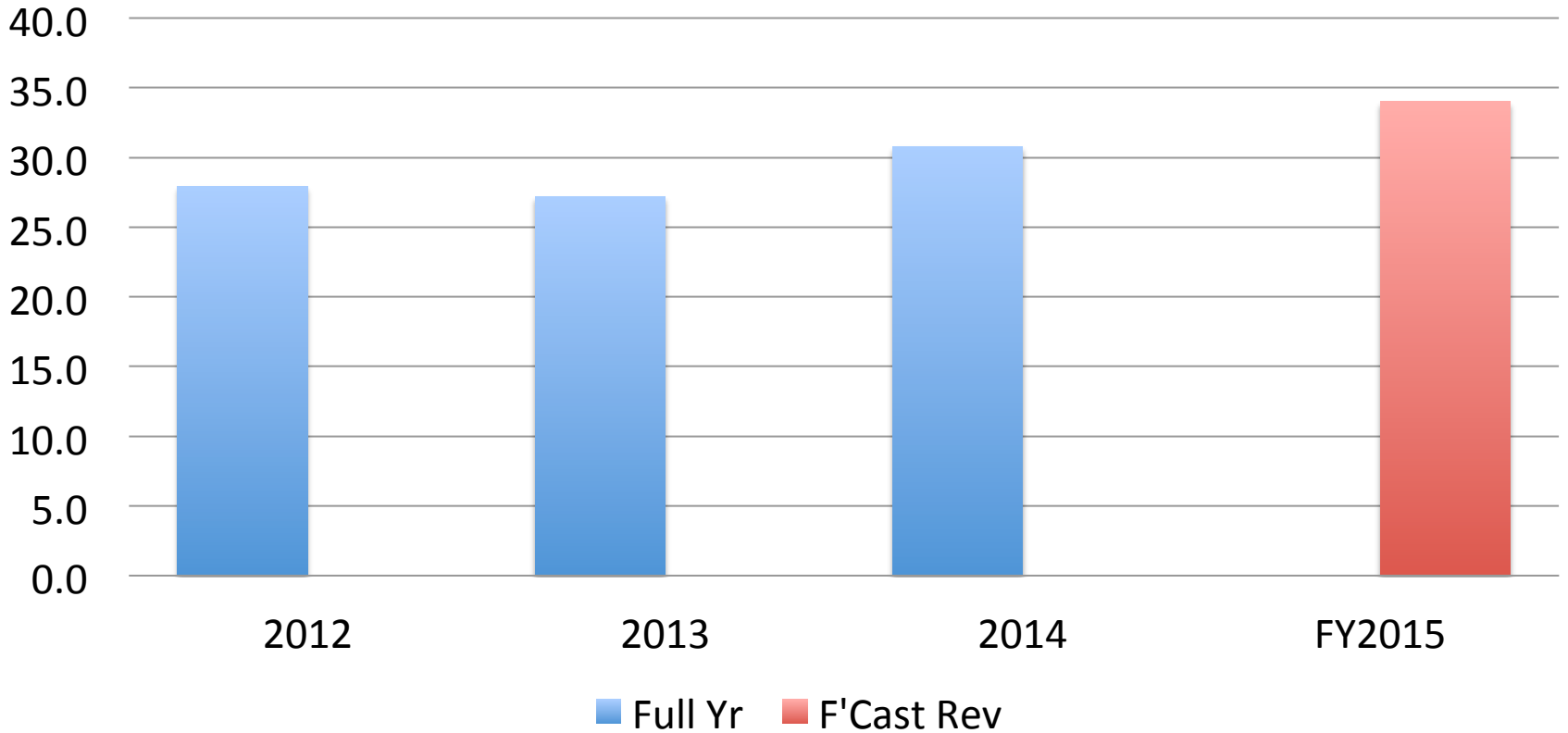
By product/market



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

Historical Full Year Revenues

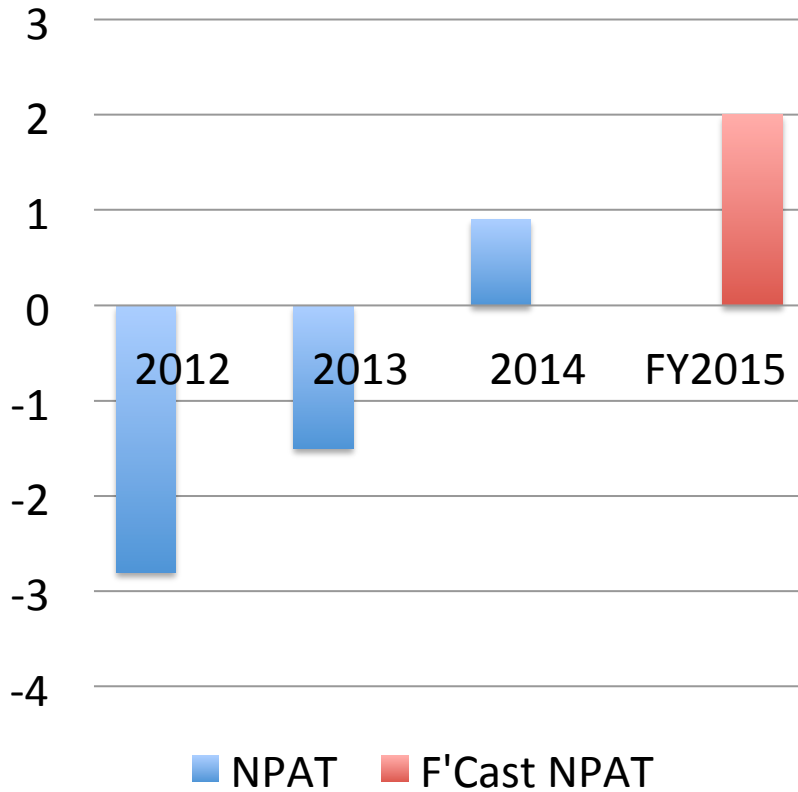
Shipped and invoiced



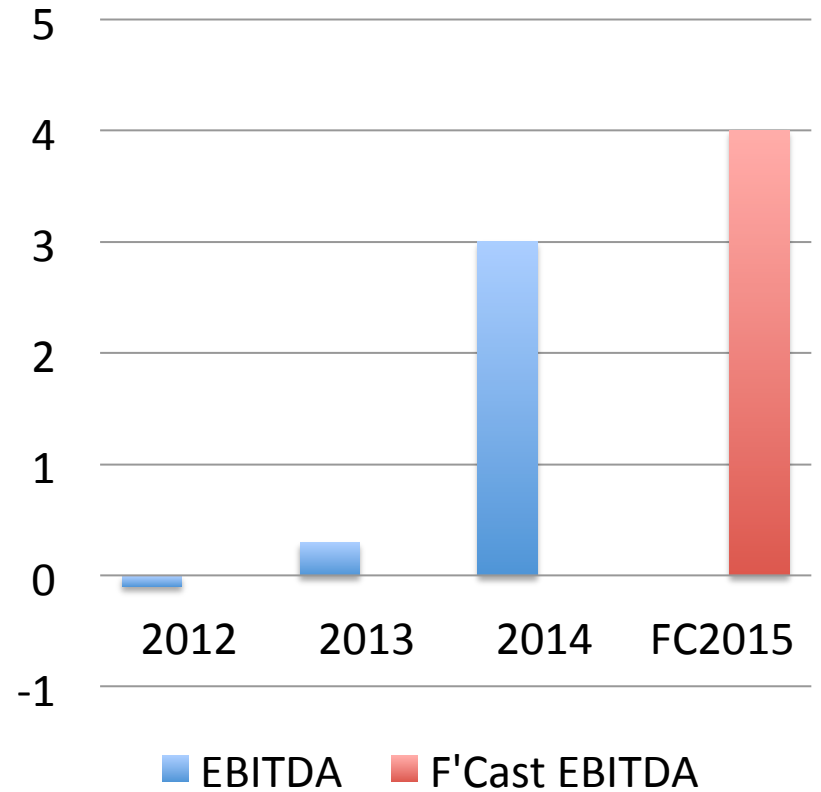
Historical Full Year Earnings

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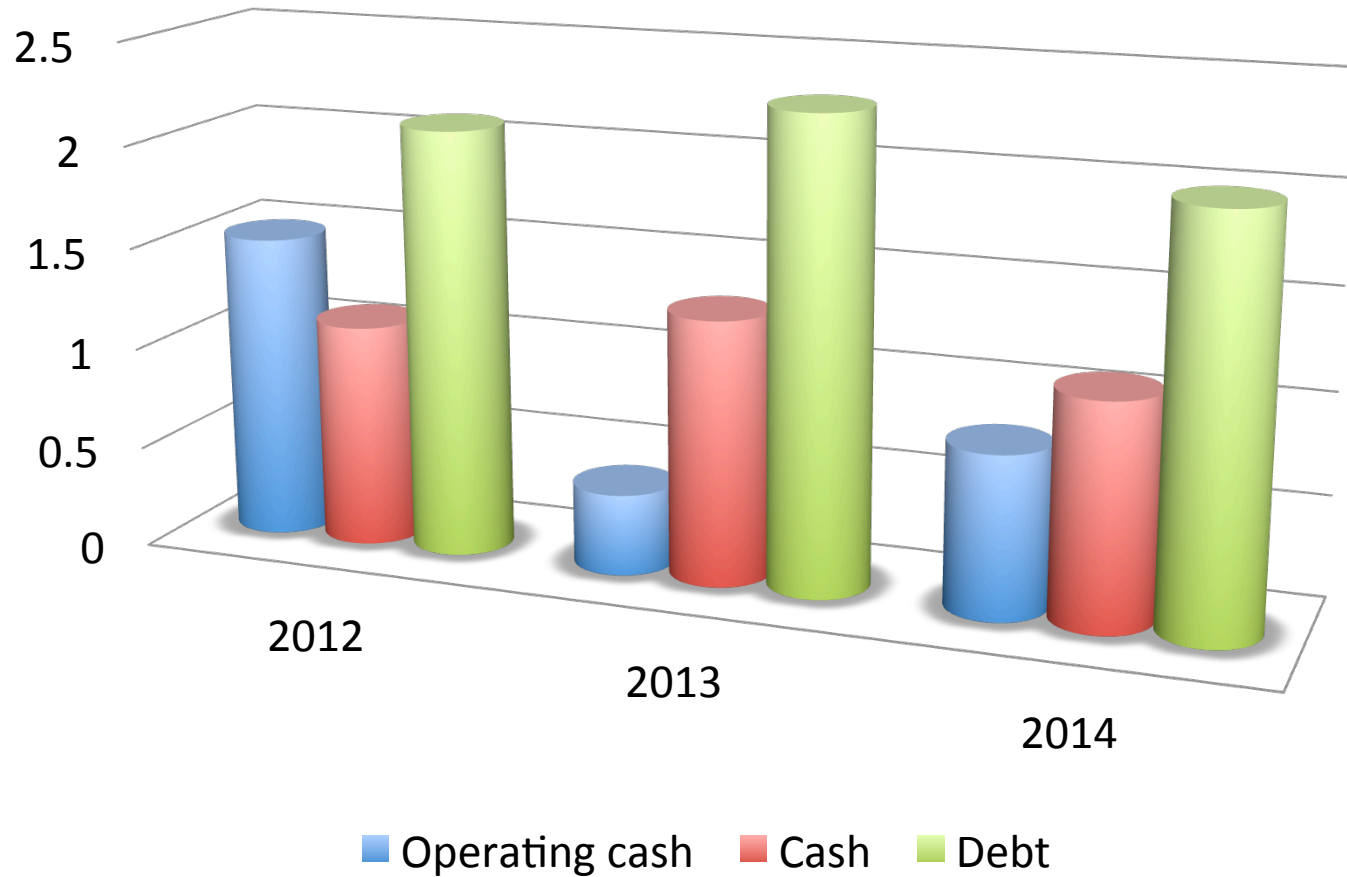
NPAT



EBITDA



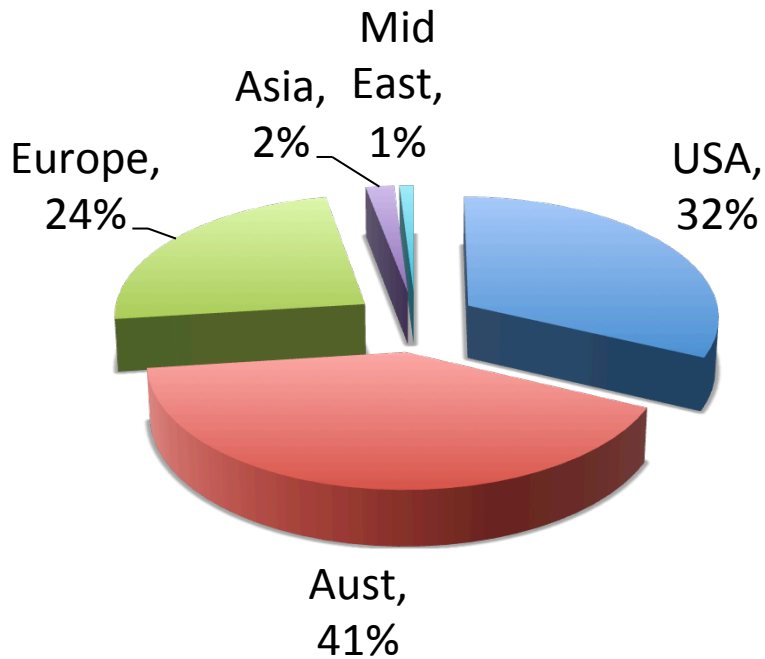
Cash, debt & operating cash



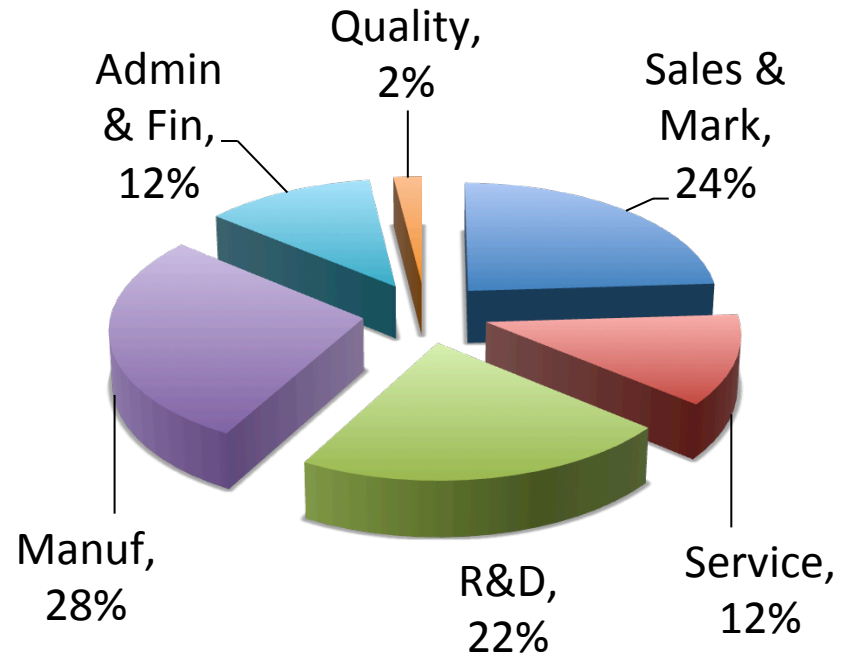
Employee Composition at ≈130 staff

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By geographic region



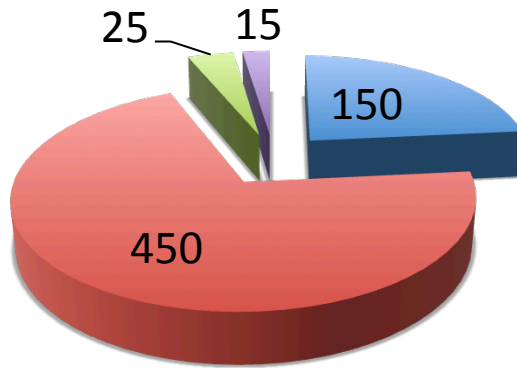
By function



Compumedics has its Head Office in Melbourne, Australia with additional offices in Charlotte (NC), USA and Singen, Germany

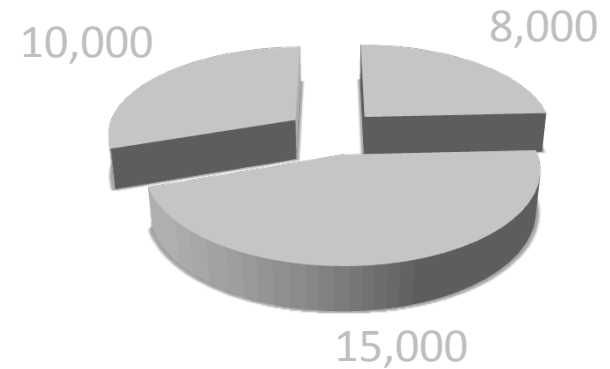
Strategic Value Roadmap – Core Diagnostic Business Opportunities

Core Diagnostic Business Global Markets - \$m



- Sleep Diagnostics
- Neurological Monitoring
- Brain Research
- TCD

Medical Innovations Global Markets - \$m



- Sleep Treatment
- Driver Vigilance
- eHealth

Growth strategies – Core business

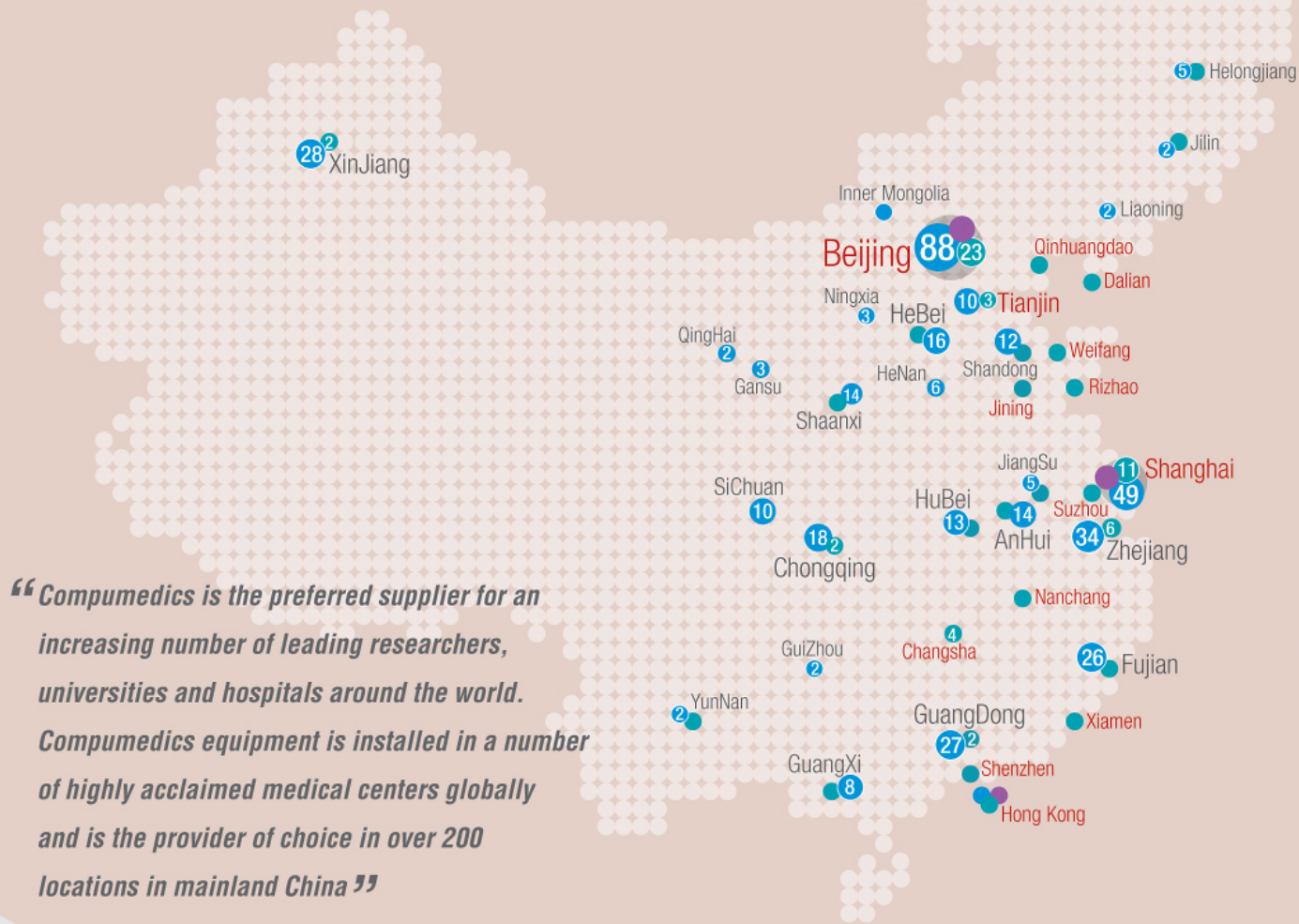
- Building growth momentum in key global neurological monitoring markets with emphasis on LTEM through the Company's innovative product platform and growing brand recognition in these new markets for the Company.
- Expansion across all product lines in Asia, with emphasis on China, through our unique and long established relationships there.
- Grow sleep diagnostic market position in the US by continuing to expand direct sales force there.
- Continuing to grow and expand our European business, with emphasis on Germany.

Growth Strategies - Execution so far

Compumedics Clients in China

“Compumedics is the number 1 supplier of premier sleep diagnostics in China”

- Sleep
- Neuroscience
- Neuroscan



“Compumedics is the preferred supplier for an increasing number of leading researchers, universities and hospitals around the world. Compumedics equipment is installed in a number of highly acclaimed medical centers globally and is the provider of choice in over 200 locations in mainland China”

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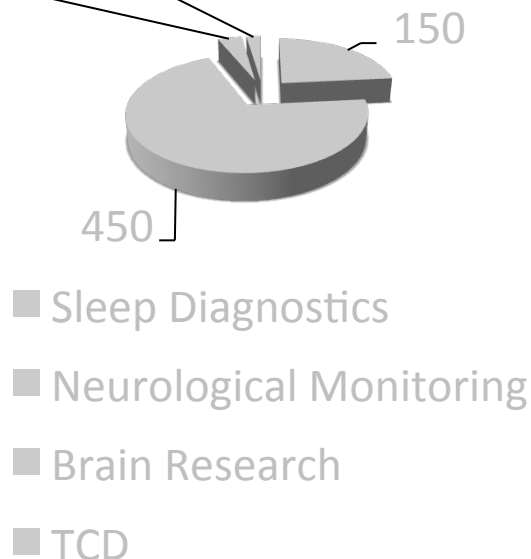
Earnings improvement activities

- Relocation of selected manufacturing activities to lower cost regions in China and Taiwan.
- Continue to drive component purchasing to lower cost regions in China and Taiwan.
- Streamlining of logistics (final product assembly, testing and shipment) as the business grows.
- Near-term product development focused on “cost-to-make” minimization initiatives, together with selective incremental feature gains to maintain technology leadership.

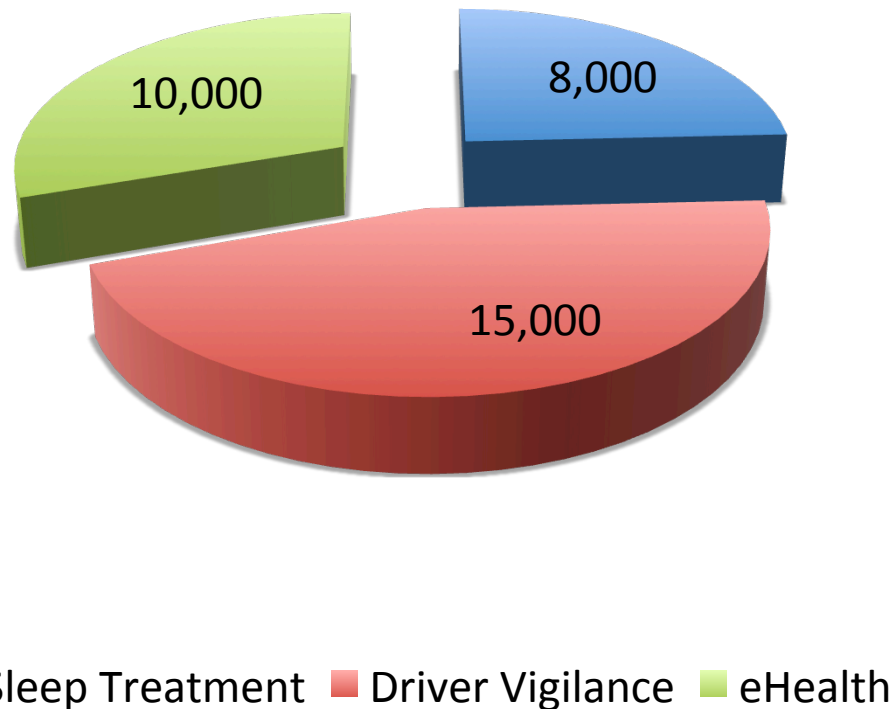
Strategic Value Roadmap – Medical Innovations Commercial Opportunities

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Core Diagnostic Business
Global Markets - \$m



Medical Innovations Global
Markets - \$m



Medical Innovations – Sleep Treatment

- The sleep treatment technology is the most advanced of these Medical Innovation technologies.
- The SomniLink® SPAP® device has been developed in collaboration with Medigas Italia S.r.l., Compumedics Italian distributor and also a significant shareholder in the Company.
- The SPAP® device has been manufactured and sold to Medigas.
- The Company is currently looking to commercialise the SPAP® device into other markets and is advancing its opportunities into the Asia Pacific region initially.

Medical Innovations – Sleep Treatment

- About 20% of the adult population globally suffer from some sleep disorder.
- The global Apnoea devices market is estimated at about USD8bn with expectations it could reach close to \$20bn by 2017.
- Up to 100m people globally suffer from Sleep Apnoea however 80% or 80m of these remain undiagnosed.

Medical Innovations – Driver Vigilance Assist

- Compumedics has unique sleep monitoring technology which has been used to research and develop proto-type systems for monitoring driver drowsiness
- Fatigue is one of the top three reasons for all road fatalities
- Car manufacturers are now installing inferior monitoring systems at price points from \$1,000 to \$4,500 per unit
- None of these systems has any of the unique and patented features of the Compumedics system.

Medical Innovations – Driver Vigilance Assist

- **Market for this technology is very large –** conservatively estimated at \$30m for the Australian market and up to USD15bn for the global market, based on annual vehicle production of some 60m vehicles a year.
- **Compumedics owns patents** in Australia, the US and Germany in relation to its unique technology.

Medical Innovations – eHealth

- **eHealth home and hospital applications for existing Compumedics technologies** – driven by government and insurers needs to reduce the delivery costs of health services to ageing populations.
- **Large markets** – US market for existing eHealth applications estimated at 11.6bn and growing at a compound growth rate of almost 19% pa to USD27.3bn in 2016.
- **Compumedics has significant expertise in home monitoring** – through its 20 year association with the US Sleep Heart Health Study and its Nexus enterprise software for patient scheduling and data management.

Strategic Growth Execution

Capitalization Pathways

The three principal paths available to Compumedics in order to implement the strategic growth drivers are:

- **“Do it ourselves”** – recapitalize the group and implement the action plans for the strategic growth drivers ourselves (we are already doing this within the confines of the current personnel and financial constraints of the business)
- **“Do it with a strategic partner”** – seek out major strategic partners who can bring not only financial resources but also another level of depth to the sales and marketing capability of the group. This could involve an acquisition, merger, joint venture or other combination.
- **“Let some one else do it”** – divest all or part of the business to a third party who is better able to deliver the strategic growth drivers if the offer price is acceptable to the existing shareholders

Comparative valuations

Annualised Revenues and Market Cap relative to Annualised Revenues



Conclusion: Compumedics represents an excellent opportunity for enhanced realisation moving forward.

In conclusion

- **Core business** – refocus on sales and profit growth as Asia manufacturing cost reductions and clearing the sales order back-log restore profitability to the Group. Consider rationalization of the Group and demerger options to provide clearer focus
- **Medical Innovations** – Commercialisation of main breakout platforms:
 - Sleep treatment
 - Driver Vigilance Assist
 - eHealth/online education

Ordinary Business

- Item 1 Financial Statements and Reports
- Item 2 Re-election of Director – Mr. A Anderson
- Item 3 Adoption of Remuneration Report (non-binding resolution)
-
- Item 4 Adoption of the Medical Innovation Long-Term Performance Plan and the issuing of shares under that plan.

Meeting closes

*Refreshments and additional
questions and discussion to
continue in the main
reception area for those
interested.*

Thank you

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