



CORPORATE PRESENTATION MARCH, 2018



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

- 120 employees across four locations, Melbourne, Australia (Head Office), Charlotte, NC, USA, Hamburg and Singen, Germany.
- FY18 Guidance revenues \$40m to \$42m, EBITDA \$5.5m to \$6.5m, NPAT \$4.0m to \$5.0m
- Compumedics listed ASX Dec 21, 2000.

H1 FY2018 – Performance Review

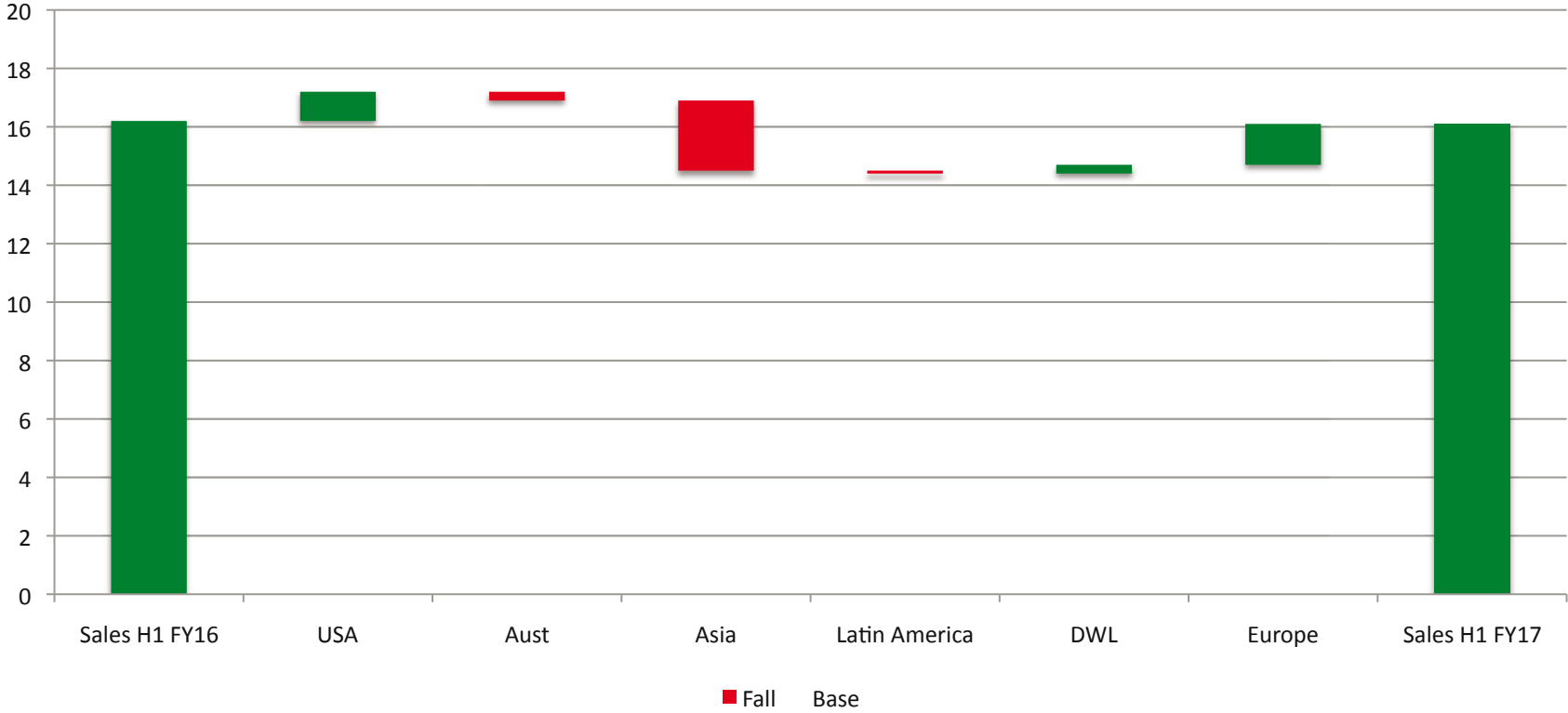
- H1 FY18 Revenue (reported) \$16.1m, EBITDA (reported) \$1.1m, NPAT (reported) \$0.6m

	H1 FY18	H1 FY17	Variance	Comment
Revenue - reported	\$16.1m	\$16.2m	-%*	The Company took record sales orders in H1 FY18 of \$18.5m, including the first MEG sales order. Some of these sales orders were not booked until late in H1 FY28 and the MEG order is being prepared for shipment in H2 FY18, as a result the Company generated \$16.1m in shipped and invoiced revenues
EBITDA - reported	\$1.1m	\$1.2m	(8)%	EBITDA was down slightly reflecting a reduction in amortisation charges related to IP now fully amortised offset by increased expenses
NPAT-reported	\$0.6m	\$0.2m	200%	Profitability improves, validating changes made to product composition (new low cost Grael® devices) and selective outsourcing of production, along with other efficiency gains

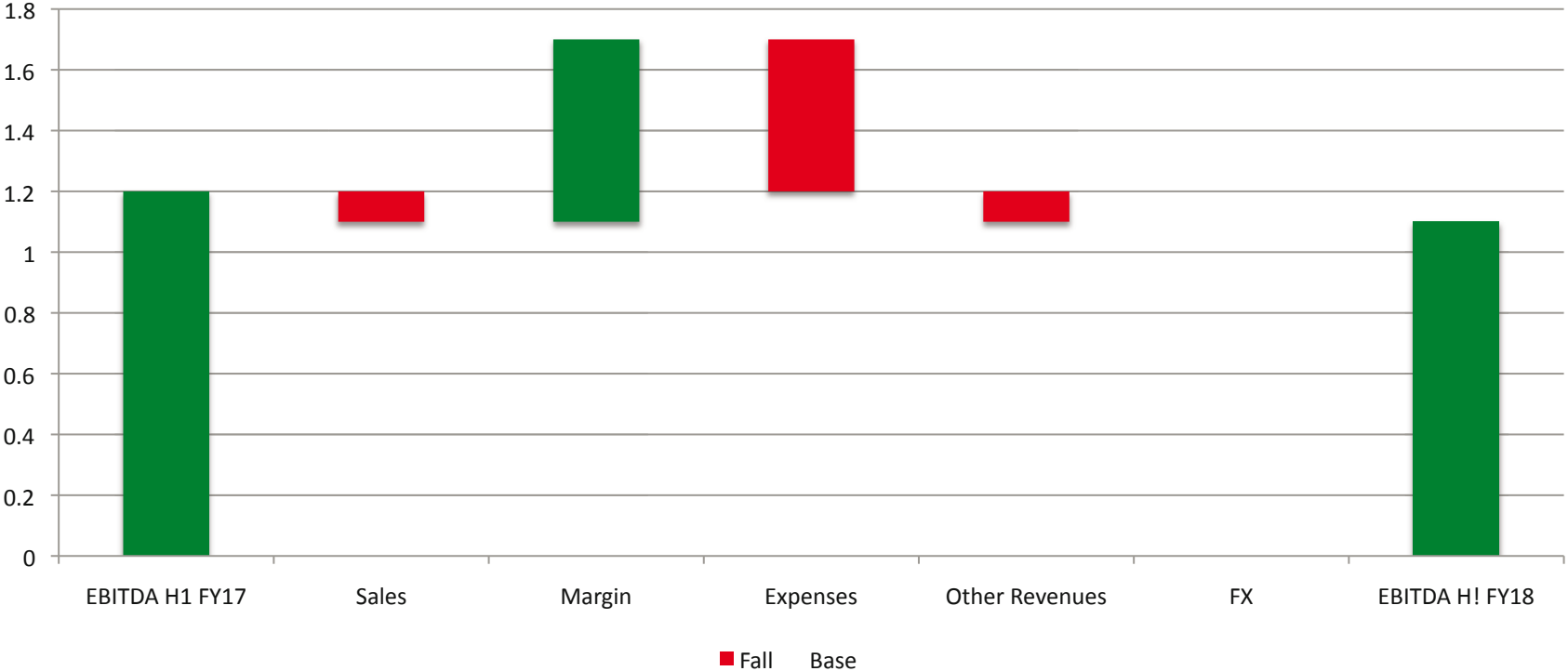
H1 FY2018 – Performance Review

- Record H1 sales orders – \$18.5m, including the first MEG sales order. Sales orders received, but not shipped, at 31 December 2017 are \$6.5m compared to \$3.0m at 31 December 2016
- US business sales orders 49% higher than H1 FY17, indicating changes made during 2017 are taking effect. Sales orders for European business up 300%, due in large part to the Bielefeld-Bethel order received in Germany (ASX release: 21 September 2017)
- Germany-based DWL experienced a 19% lift in sales compared to H1 FY17
- Profitability improves to \$0.6m for the six months to 31 December 2017 compared to \$0.2m for the prior period, with constant sales, validating changes made to product composition (new low cost Grael® devices) and selective outsourcing of production, along with other efficiency gains
- Shipped and invoiced sales comparable to H1 FY17; MEG system to ship in H2.

Sales Bridge Chart – H1 FY17 versus H1 FY18



EBITDA movement – H1 FY17 versus H1 FY18



H1 v H2 – FY17 actual to FY18 actual/forecast

AUDm	H1 FY17	H2 FY17	Total FY17	H1 FY18	H2 FY18*	Total FY18*
Sales	16.2	18.2	34.4	16.1	23.9	40.0
Margin \$	8.8	10.2	19.0	9.4	14.1	23.5
<i>Margin %</i>	<i>54%</i>	<i>56%</i>	<i>55%</i>	<i>58%</i>	<i>59%</i>	<i>59%</i>
Other income	0.3	0.5	0.8	0.2	0.3	0.5
Expenses	8.6	9.8	18.4	8.6	10.4	19.0
Fin Chg's	0.2	0.1	0.3	0.1	0.2	0.3
FX	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Tax (inc)	0.1	(0.3)	(0.2)	0.1	0.1	0.2
PAT	0.2	1.1	1.3	0.7	3.3	4.4
Depn & amort'n	0.6	0.7	1.3	0.2	0.4	0.6
EBITDA	1.2	1.5	2.7	1.1	4.4	5.5

H1 v H2 – FY17 actual to FY18 actual/forecast

- ✓ Orders taken in H1 FY18 were \$18.5m compared to \$15.5 for H1 FY17. Carry forward orders booked but not shipped at 31 December 2017 are \$6.5m, compared to \$3.0m at 31 December 2016
- ✓ The MEG sale to BNI is scheduled to ship H2 FY18
- ✓ The US business is expected to continue to maintain its growth in H2 FY18
- ✓ Sleep and neurology sales orders from China not booked in H1 FY18, will be received in H2 FY18

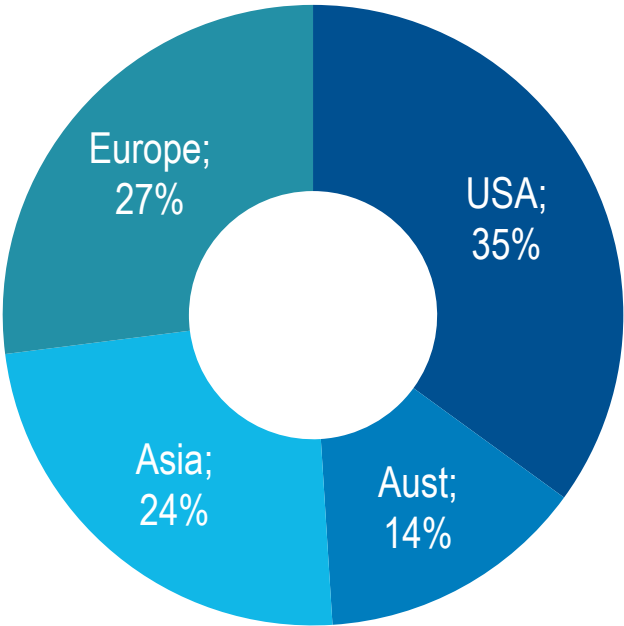
H1 FY18 – Milestones achieved

- Core business: Profitability grows, with constant sales, validating changes made to product composition (new low cost Grael® devices) and the selective outsourcing of production, along with other efficiency gains
- MEG: Compumedics/Neuroscan continues to build its new MEG system, with KRISS, for planned installation at Barrow Neurological Institute in the US in H2 FY18. The Company continues to pursue other near-term identified opportunities
- eHealth: Nexus 360: sites continue to be added. Somfit® consumer sleep device: discussions continue to progress regarding commercialization activities

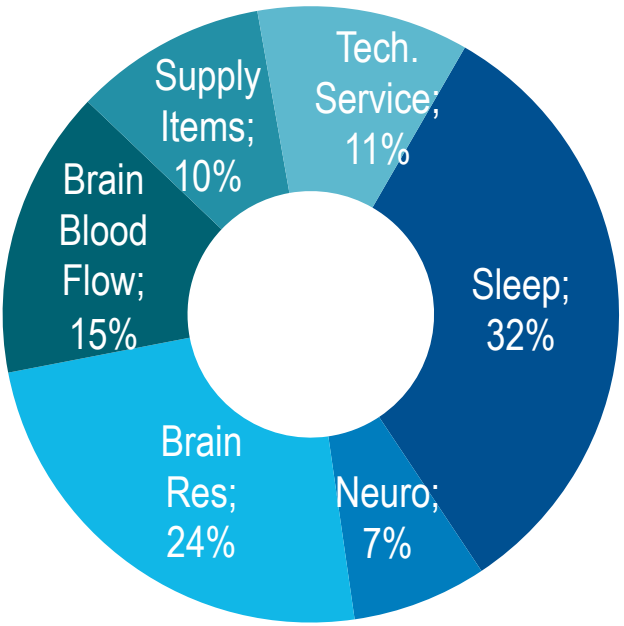
Revenue Composition at \$16.1m for H1 FY18

31 December 2017

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

Core Business – Continuing Net Cash Position

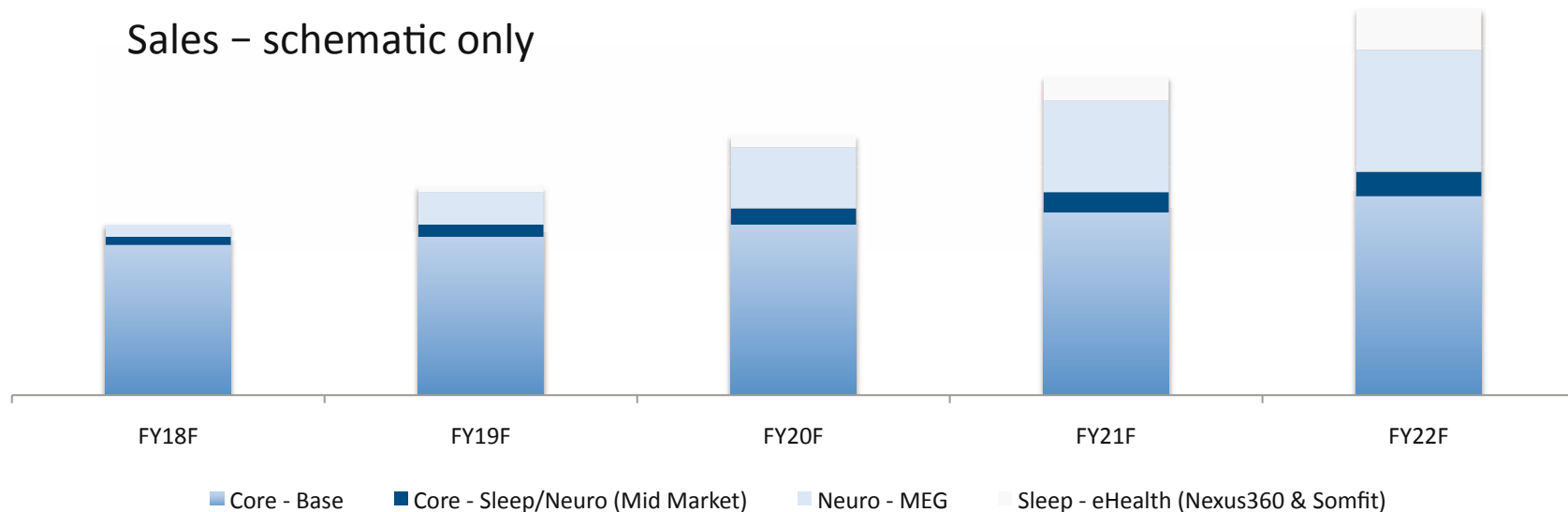
\$m	FY13	FY14	FY15	FY16	H1 FY17	H1 FY18
Cash	1.3	1.1	2.2	3.1	5.7	2.9
Trade receivables	8.1	8.6	9.8	11.9	10.9	14.8
Inventories	5.5	6.1	5.7	6.5	7.1	7.7
Prod. dev't	3.5	2.9	2.7	2.4	2.4	3.4
Tax asset	0.0	0.0	0.0	0.5	0.5	0.7
PP&E	0.7	0.7	0.8	0.8	0.8	0.6
Other	0.0	0.2	0.5	0.9	0.0	0.0
Assets	19.1	19.5	21.7	26.1	27.4	30.2
Trade cred.	4.7	4.7	4.4	4.1	3.0	4.4
Borrowings	2.3	2.0	2.0	2.6	1.0	0.8
Def. payment	1.4	1.4	1.6	2.0	1.3	1.3
Other	2.2	2.3	2.5	2.8	3.1	2.8
Total Liabilities	10.7	10.4	10.4	11.5	8.4	9.3
Net Assets	8.4	9.2	11.3	14.6	19.0	20.9
<i>Debt/Equity</i>	<i>13%</i>	<i>11%</i>	<i>-2%</i>	<i>-3%</i>	<i>-25%</i>	<i>-10%</i>

Outlook

- Profitability and operating cash remain positive, despite sales shortfall, validating changes made to product composition (new low cost Graef devices) and the selective outsourcing of production, along with other efficiency gains
- US management and sales team changes delivering results. US sales H1 FY2018 49% above PCP. US business to continue to grow, with strong pipeline.
- MEG: Compumedics/Neuroscan continues to build its new MEG system, with KRISS, for planned installation at Barrow Neurological Institute in the US in H2 FY18. The Company continues to pursue other near-term identified opportunities
- eHealth: Nexus 360: sites continue to be added. Somfit® consumer sleep device: discussions continue to progress regarding commercialization activities
- Full-year guidance remains as: Sales \$40m-\$42m, EBITDA \$5.5m-\$6.5m, NPAT \$4.0m-\$5.0m.

Growth Platform – Core and Step-Out

Sales – schematic only




- **Step-out - NEURO – BRAIN IMAGING** – Winning the new MEG* sale with Barrow Neurological Institute in Phoenix, AZ, USA validates that we can transition from a USD30k software sale to a USD4.0m complete system sale. Delivery tracking to H2 FY18, other sales opportunities being pursued.
- **Step-out - SLEEP - CLOUD GROWTH** – Nexus 360 cloud-based professional sleep diagnostic solution sold to 10 sites in the US during FY17 to generate a minimum of \$330k (USD250k) pa. Other sites in the US being pursued, China to follow. Discussions re Somfit, consumer product continue.
- **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)	6%	<1%	30%	35%
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	15%	10%	5%	5%

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 KRIS	Leverage existing TCD technology and patent to Traumatic Brain Injury (TBI) application
Market potential	Professional application > USD3bn pa Consumer application > <i>USD50bn pa</i>	Greater than USD100m pa	Research only USD100m pa Brain Imaging > <i>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

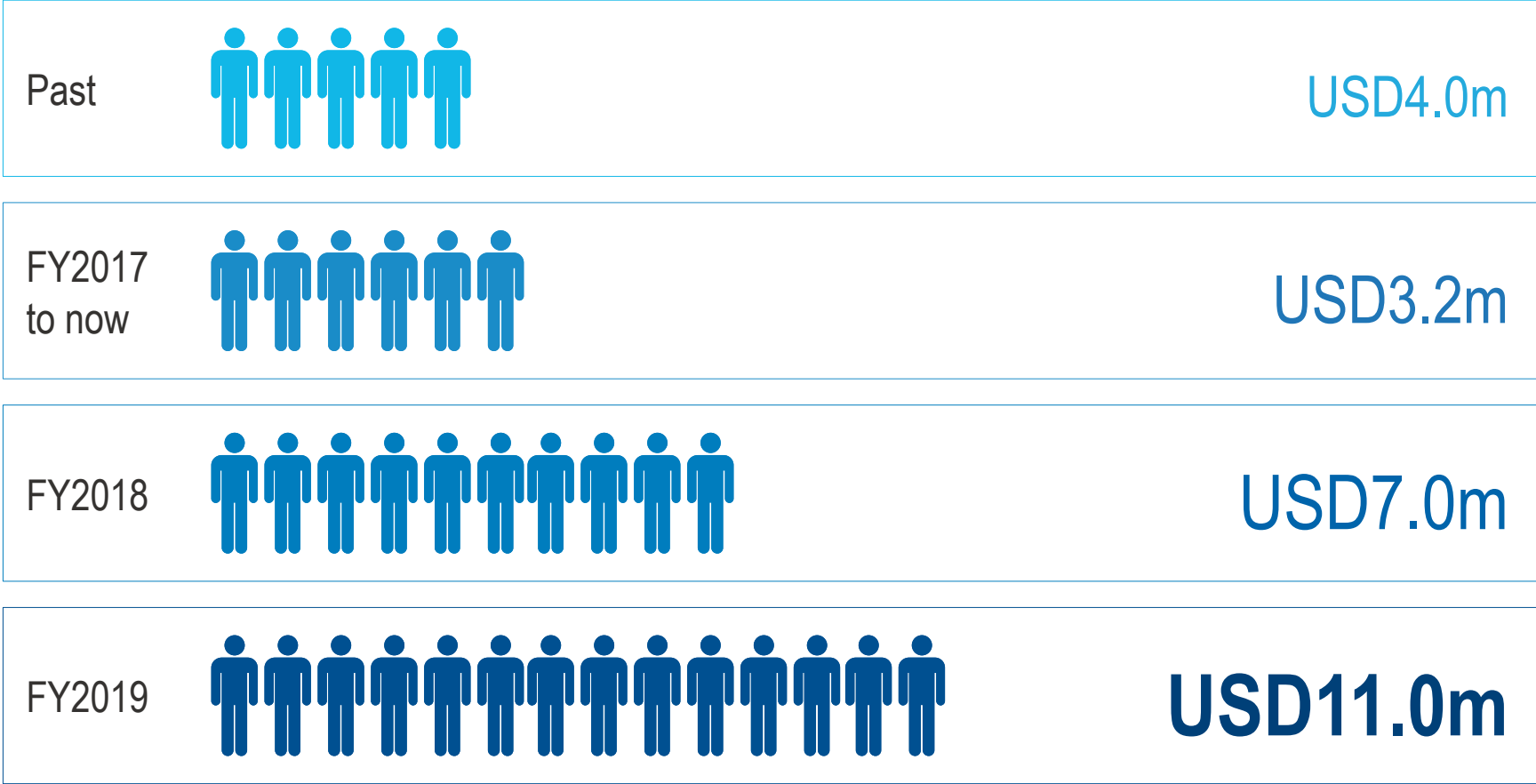


Ideally positioned to accelerate organic growth and value realisation

USA – CMP is number 3 Supplier

USA Clinical Sales Force Expansion - Indicative

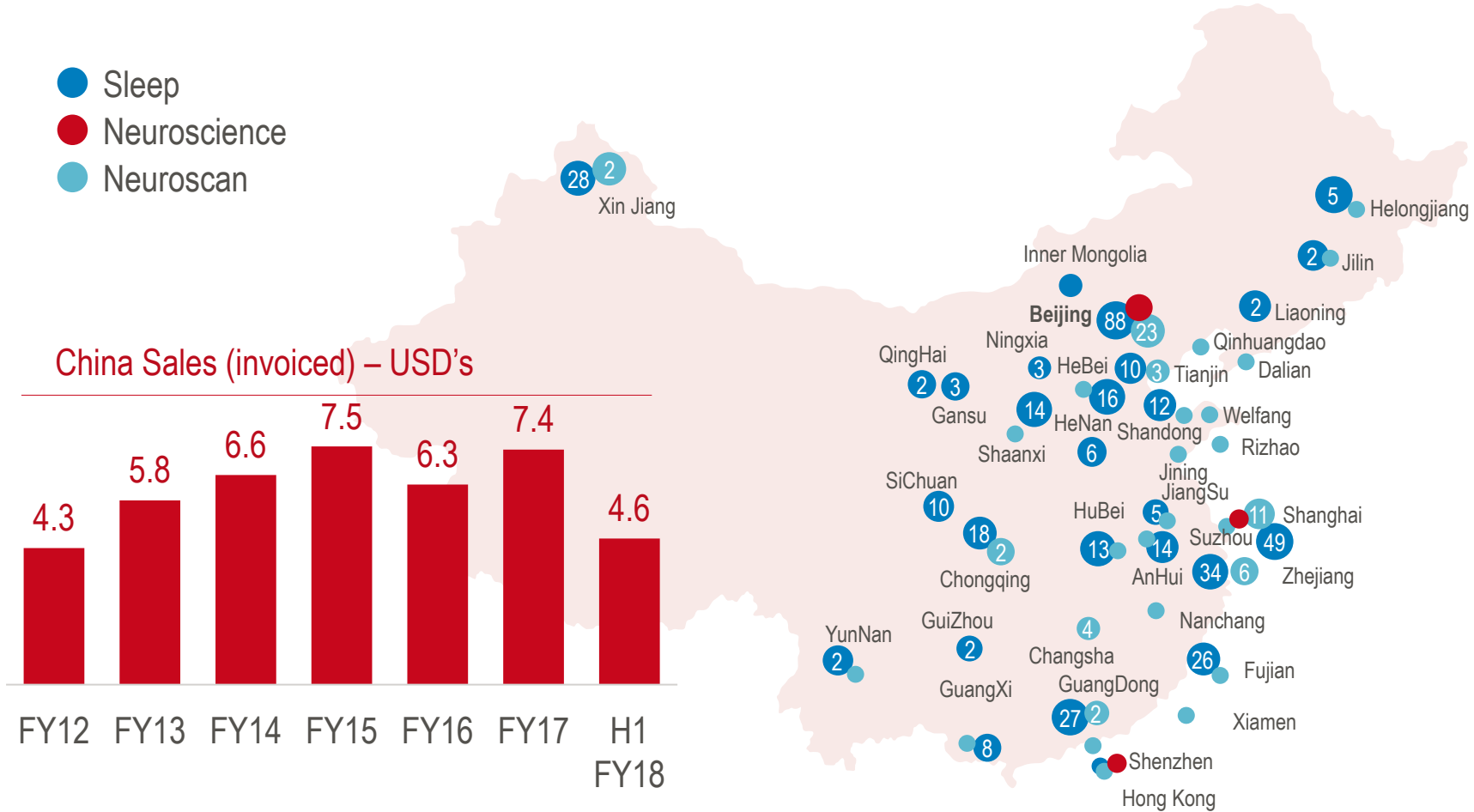
More sales representatives = more revenue for both sleep and neurology



China - We are the number 1 Premier Supplier

Compumedics Clients in China

- Sleep
- Neuroscience
- Neuroscan



Step out 1 - Brain Imaging: 1st sale tracking to delivery

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 KRIS provides access to a new and superior hardware platform

Compumedics can access a complete MEG sale (circa USD3 to 4m each) as opposed to the USD30k software sale

*MEG = Magnetoencephalography

**MRI = Magnetic resonance imaging

Market & Competition

The MEG market is currently estimated at about 20 systems a year at an average selling price of USD4.0m each = US\$80m/annum

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

It is estimated that China could more than double the existing market size to about 50 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 FY18 – ship and install first MEG sale

H1 FY19 – Secure second and possibly third MEG sales

FY19 – gain FDA for MEG in US for clinical application

Outcome

CMP plans to sell and install 1 MEG systems in FY18

CMP expects to sell at least 2 MEG systems in FY19

CMP expects to double sales in FY20 to 4 to 5 MEG systems for about USD20m



Step out 2 - eHealth – Cloud Sleep Diagnostics

Nexus 360 (professional cloud sleep diagnostics) sold into 10 US sites. Will generate minimum of \$330k (USD250k) annually. Initial pilot sites in China, slower traction than anticipated there. US will continue to offer opportunities in the short-term.

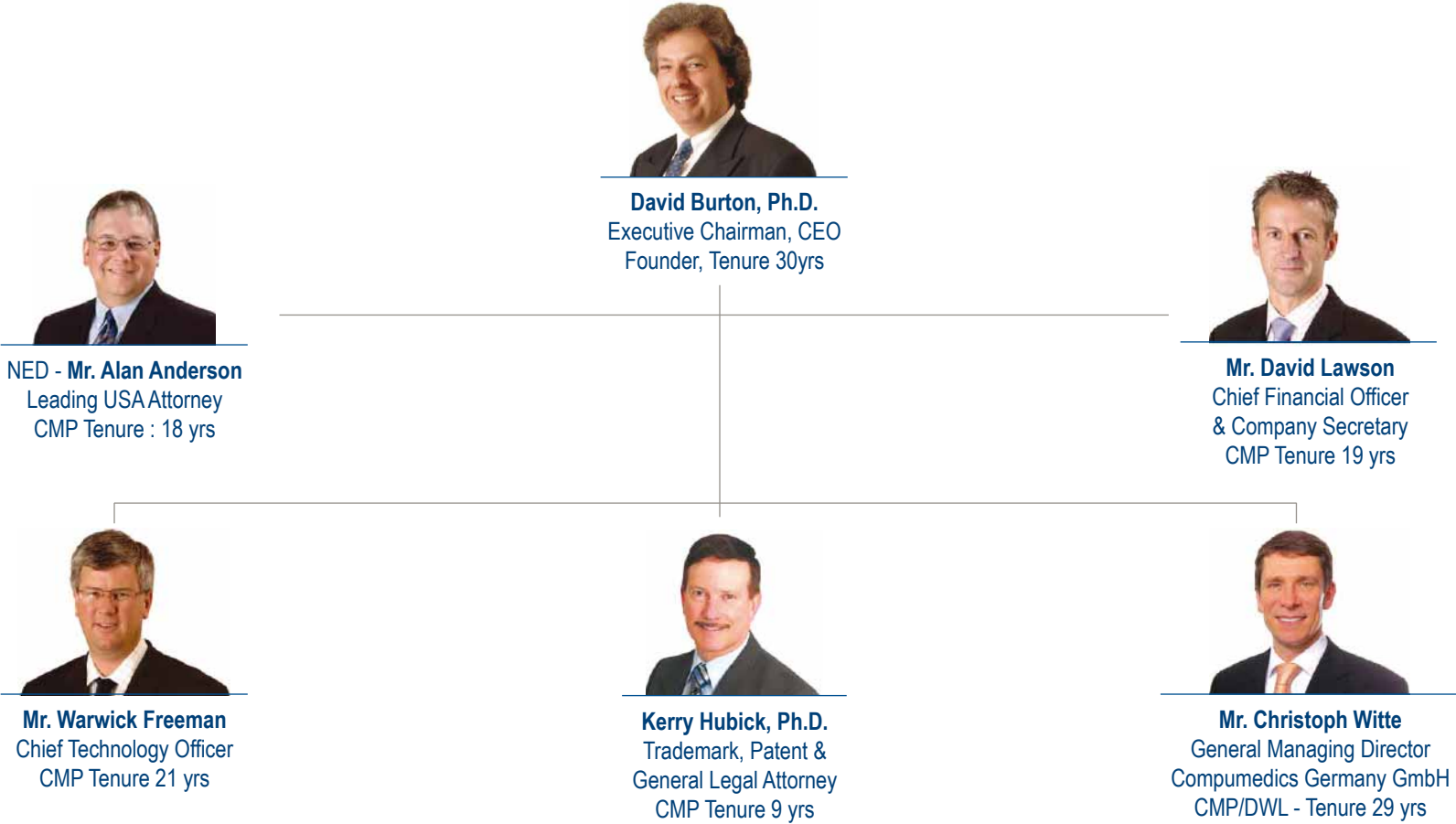
Operational systems have been developed for the cloud based capture, transfer and translation of medical grade sleep parameters from any web-enabled device. The system can then store, analyse and interpret that data in a simple and actionable manner, reducing the need for on-site professionals.

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

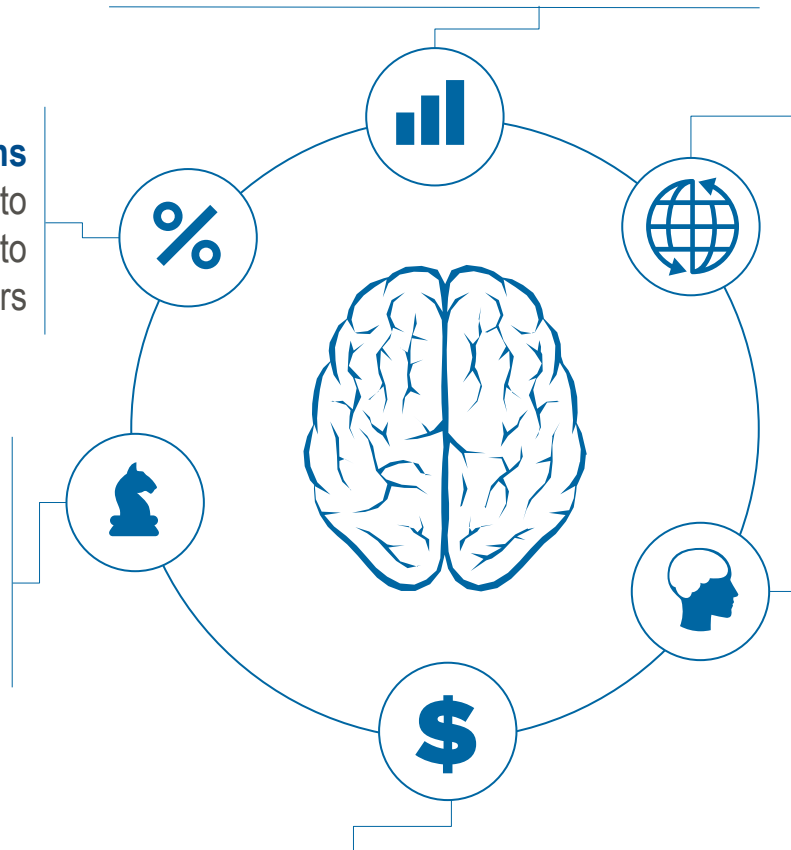


Investor Summary

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

FY18 guidance: Sales \$40m-\$42m, \$5.5m-\$6.5m EBITDA, NPAT \$4.0m-\$5.0m



THANK YOU

profusion
nexus 360™
Laboratory Management System

REM

Deep

Light

Wake



30 YEARS
OF EXCELLENCE
IN DIAGNOSTICS

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