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Annual General Meeting

October, 2013

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

Agenda

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

Strategic Value Roadmap



Core diagnostic business



Sleep – Estimated global market USD150m



Neurology – Estimated global market USD450m



Brain Research (Neuroscan) – Estimated global market USD15m – new opportunities rapidly emerging



Brain Blood Flow (DWL) – estimated market USD15m, new opportunities in Doppler Ultrasound Imaging



Medical Innovation platforms



Sleep treatment – Estimated global market US8bn



Driver vigilance assist – Estimated global market US15bn



eHealth and education – Estimated global market >US12bn

What was achieved in FY2013?

- **Refinancing of primary working capital with BIBBY Financial Services Australia Pty Ltd** - \$2.5m facility limit, dependent on invoices presented [February 2013]
- **Additional short-term funding provided by existing shareholders of the Company** - \$300k [June 2013]
- **Strategic partnership established with long-term China-based distributor, Beijing Bestmed** – equity and loans \$550k and new distribution agreement, with expected business in China for sleep and neuro diagnostic products to increase from USD1.0/1.5m to USD2.5m per annum [June 2013]
- **Relocation of some manufacturing activities to Asia** – component purchasing and some labour intensive activities have or are in the process of being moved to Asia, where lower unit costs will provide margin improvement [On-going]

What was achieved in FY2013?

- **Continued expansion into the long-term EEG monitoring market** – New key sites were won in the US and other parts of the world as the Company continues its expansion into this new market
- **Asian business continues to grow** – sales orders from Asia were 19% higher than the prior year, reflecting an increased focus by the Company into these emerging markets
- **Revisions to main product offerings** - including Siesta, Profusion PSG and Profusion EEG software.

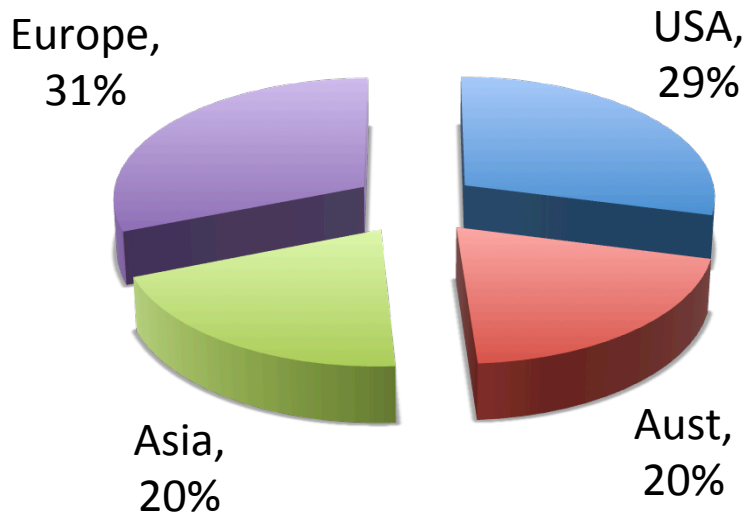
What was achieved in FY2013?

- **Profitability restored at the EBITDA line** - \$0.3m compared to \$(0.1)m in the previous year – benefit of positive impact from sales order shipments being caught up still to come in FY2014. NPAT was \$(1.5)m compared to \$(2.8)m in the prior year.
- **Shipped sales stable at \$27.2m compared to \$27.9m** – benefit of shipment catch up still to come in FY2014
- **Cash and debt stable** – \$1.2m and \$2.3m respectively compared to \$1.1m and \$2.0m in the prior year
- **Record level of sales orders - \$7.3m - on hand at end of FY2013 to be cleared in FY2014** – the Company expect to clear the large sales orders on hand position during FY2014, whilst also shipping new sales orders received during the year.

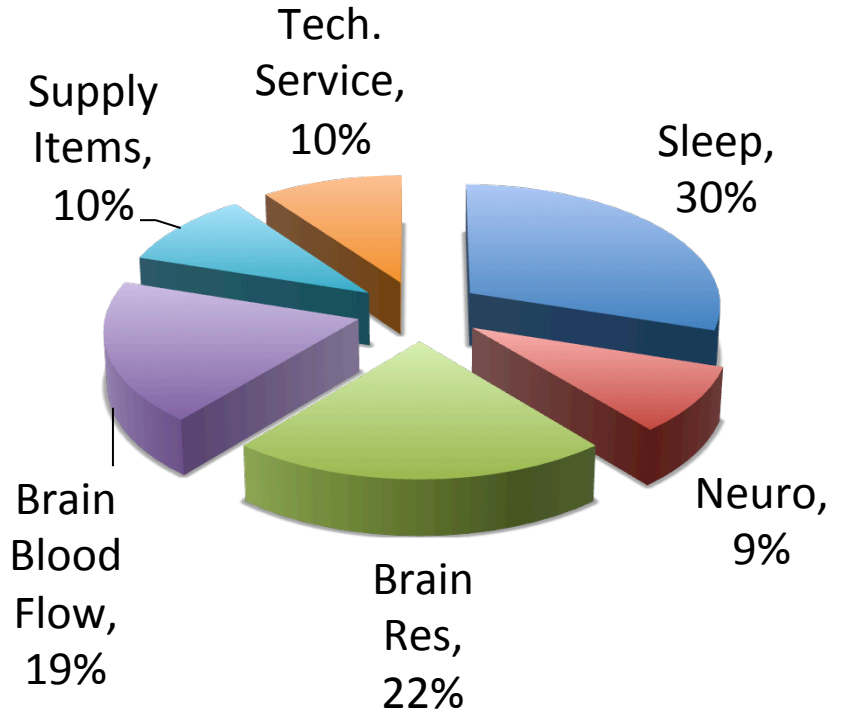
Revenue Composition at ≈\$27m

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By geographic region



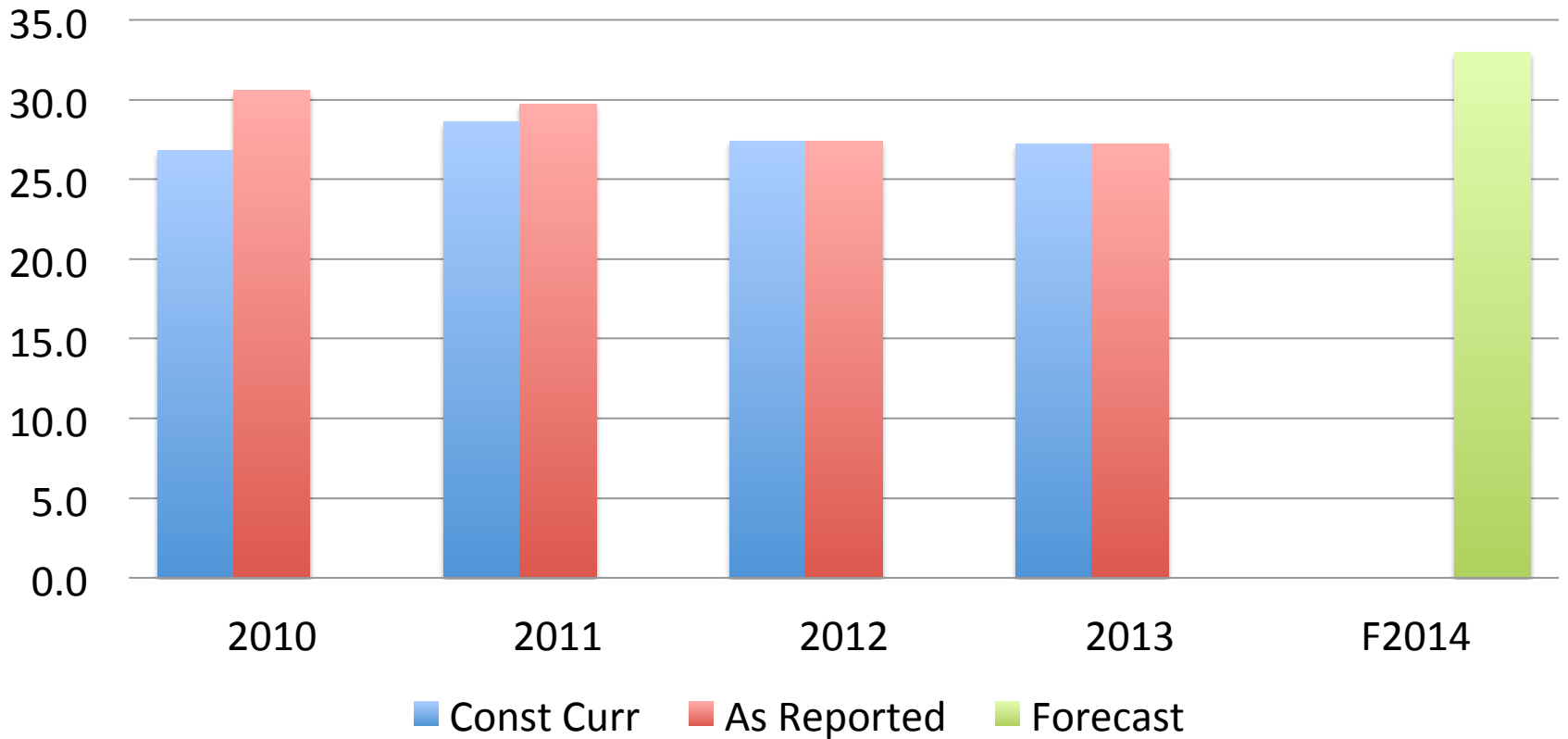
By product/market



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

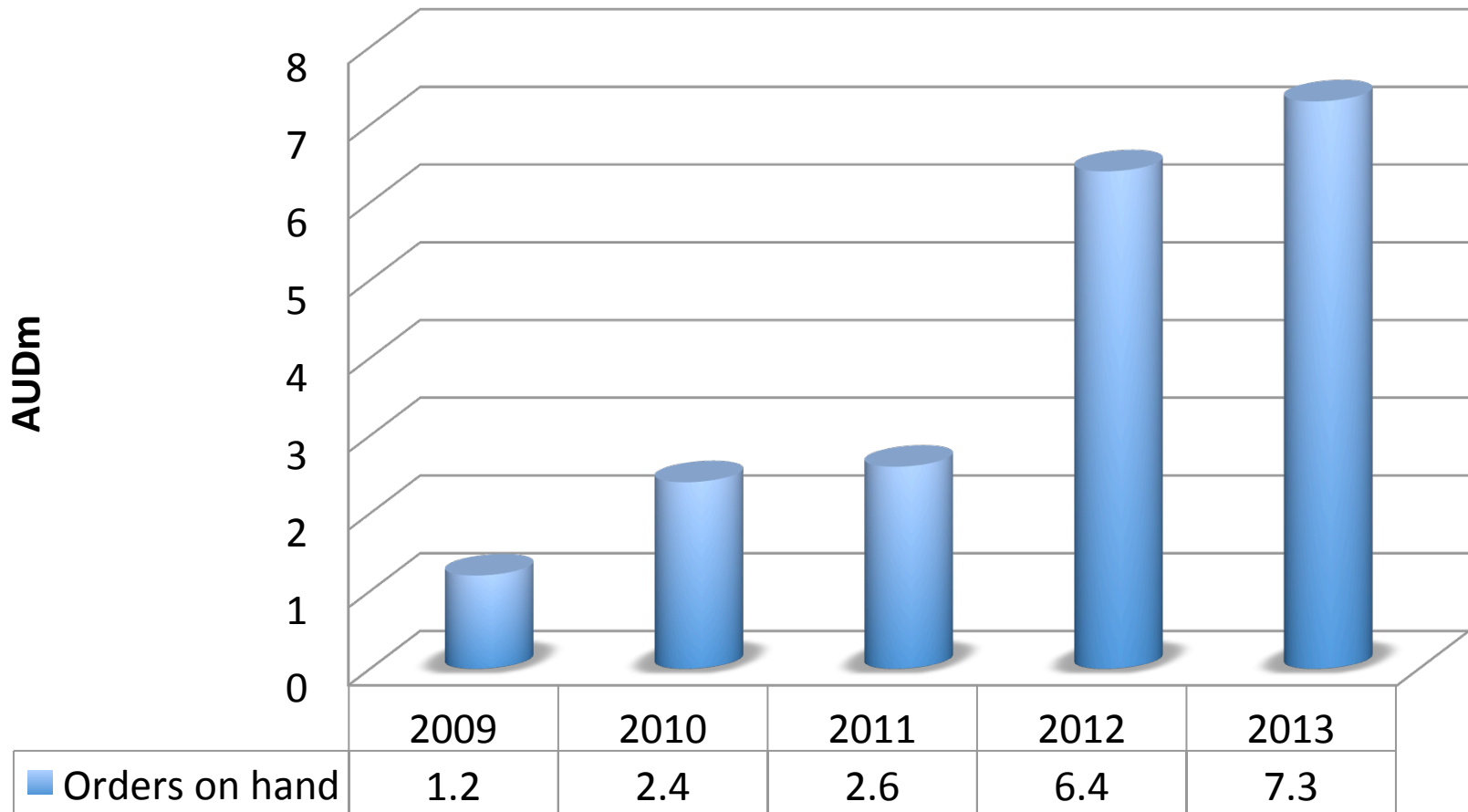
Historical Revenues

Shipped and invoiced



Sales shipped and invoiced in 2013 were impacted by an inability to ship due to restricted working capital.

Sales orders on hand

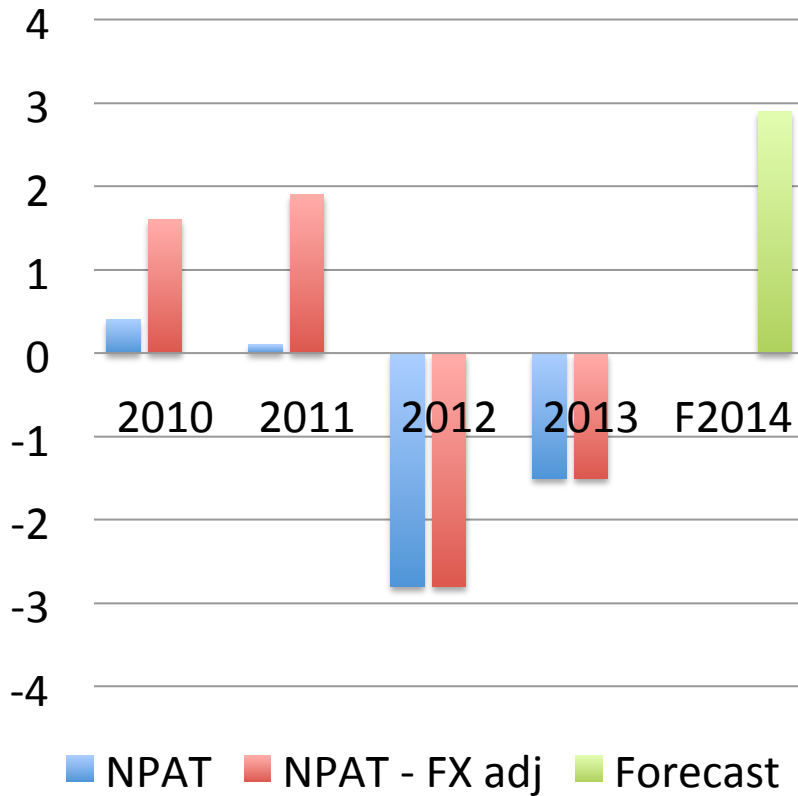


With the working capital/funding issues resolved late in FY2013 it is expected carry forward sales orders on hand will decline to more normal levels of \$1.0m to \$2.0m.

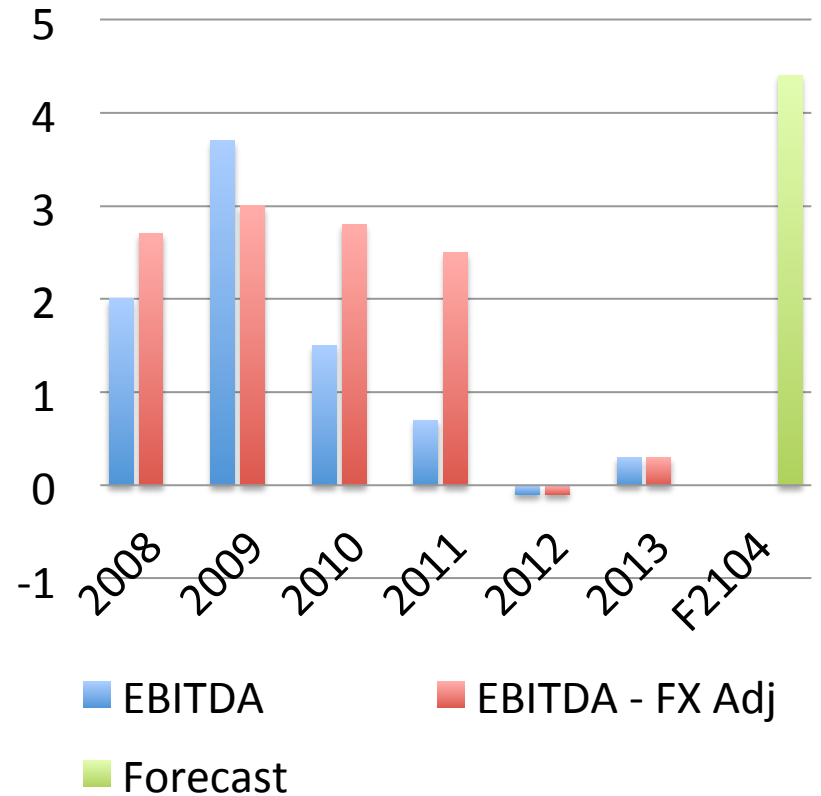
Historical Earnings

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NPAT

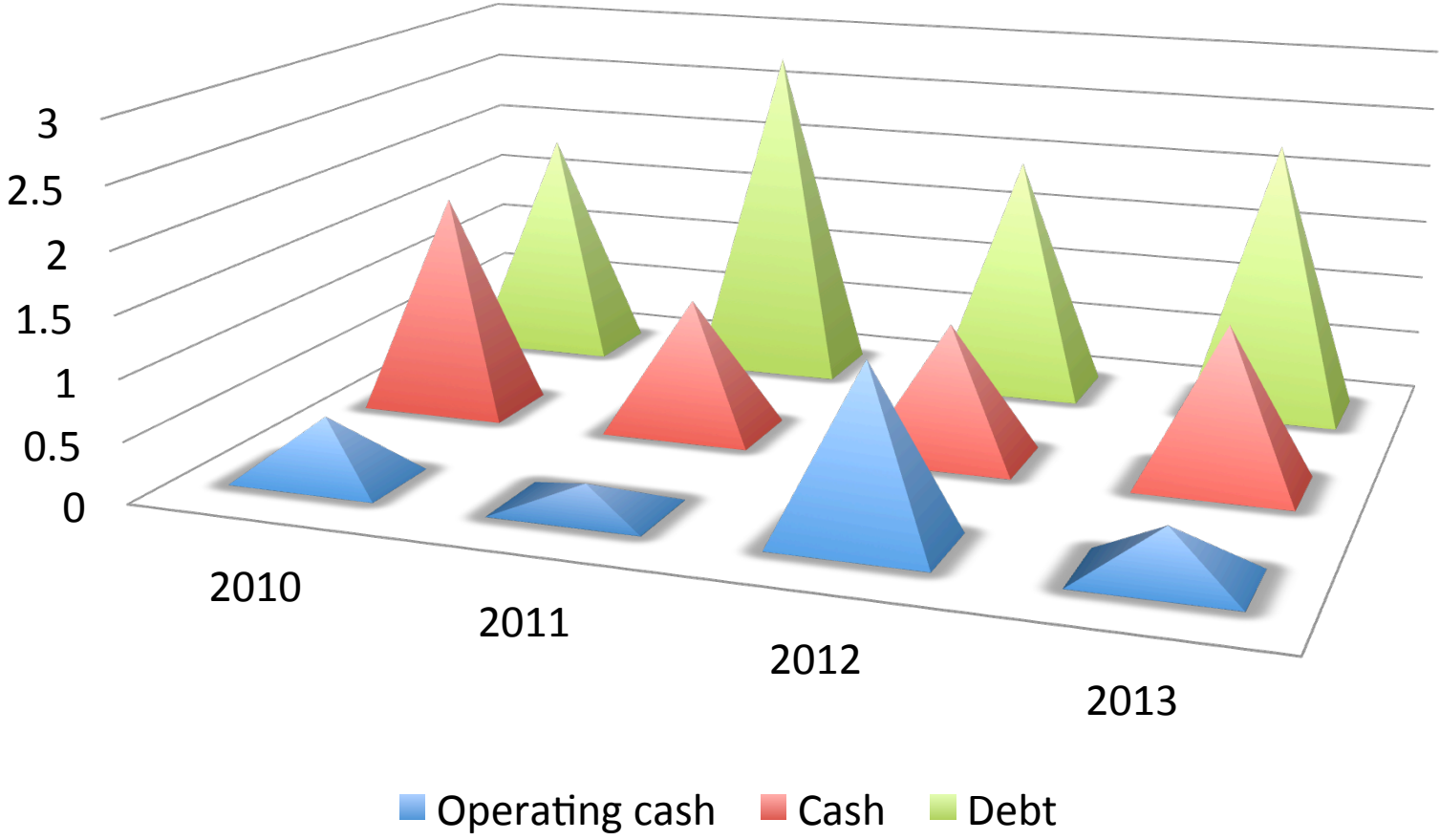


EBITDA



NPAT and EBITDA in FY2012 and FY2013 were both adversely impacted by the inability to ship sales orders on hand. With the funding issue sorted profitability will be restored in FY2014.

Cash, debt & operating cash



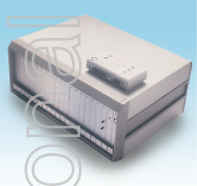
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A Tradition of Innovation

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P Series
1994



S Series
1987



Siesta
2000



Somté
2001



SynAmps2
2003



Comperio DQ
2004



Summit IP
2005



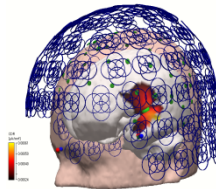
Siesta 802
2005



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



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



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Growth strategies – Core business

- Continue initial success and expansion into key neurological monitoring markets with particular emphasis on Long-term EEG monitoring (LTEM).
- Expansion of the business, across all product lines, in Asia with particular emphasis on China as we look to maximise our commercial opportunity there through our unique and long established relationships.
- Maintain and grow sleep diagnostic market position by continuing to expand direct sales force in US market across the product range.
- Continuing to grow and expand our European business, with particular emphasis on Germany.

Strategic Growth Execution

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 some manufacturing activities to lower cost regions – China and Taiwan.
- Continue to drive component purchasing to lower cost regions – China and Taiwan.
- Streamlining of logistics (product delivery) and service and support as the business grows.
- Future near-term product development to be focused on cost elimination in the key main products and selective incremental feature gains to maintain technology leadership.

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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
- 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 significantly advanced in its FDA application, so as to be able to sell the product in the USA

Medical Innovations – Sleep Treatment

- About 20% of the adult population globally suffer from some sleep issue.
- 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 manufactures 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 and on-line education

- **On-line education targeted at neurology and specifically the Asia Pacific region** – There is a growing prevalence of neurological disorders in the Asia region with a growing need for enhanced training and skills in the region to cope with this
- **Large on-line educational markets** - \$5bn in Australia estimated and \$255bn globally across all disciplines and growing at 23% pa
- **Compumedics in conjunction with Monash University and the Australian Synchrotron** - running first fee paying courses at 4th Australian Cognitive Neuroscience conference in November

Medical Innovations – eHealth and on-line education

- **Tele-home and tele-hospital applications for existing Compumedics technologies** – driven by government and insurers needs to reduce the costs of delivery health services to ageing populations
- **Large markets** – US market for existing tele-health 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

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
- **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 Election of Director – Mr. D. Lawson
- Item 3 Adoption of Remuneration Report (non-binding resolution)
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- Item 4 Appointment of Auditor

Meeting closes

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

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‘Defining *Life’s* Signals’

Thankyou

