

## *Investor Presentation*

*April 2005*

## *Outline*

- Compumedics' introduction of financial highlights
- Performance highlights
- Growth profile
- Core products
- Strategy working

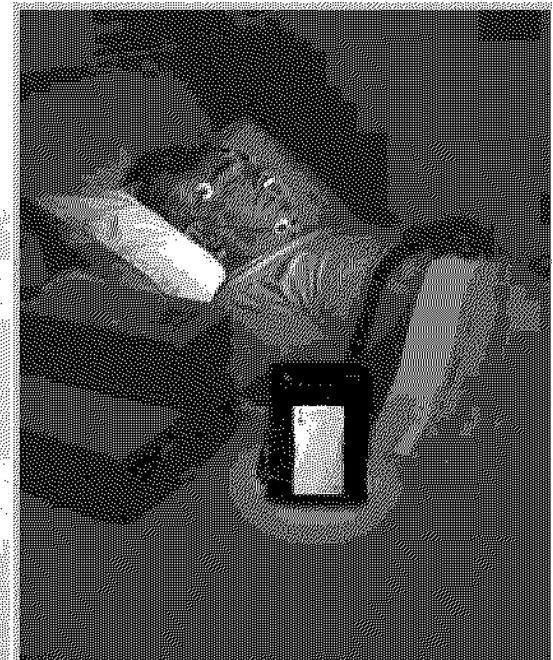
# Introduction - Key Milestones

- Compumedics has an impressive track record of achievement :

— 1995	Teijin appointed as Japanese distributor
— 1995	NASA contracts won
— 1995	Sleep Heart Health Study awarded
— 1996	JAFCO equity investment
— 1997	FDA approval for the P-Series
— 1999	Teijin Limited equity investment
— 2000	FDA approval for EEG device
— 2000	ASX listing
— 2002	USA business moves to solely direct sell to end customers
— 2002	Neuroscan acquisition, \$8m revenue achieved in 2004 from SynAmps2
— 2002	New factory opened
— 2003	FDA approval for Somte Sleep/CHF device
— 2004	Synamp2 and IP Summit released
— 2005	The pre-eminent American Academy of Sleep is reviewing a possible change in the sleep scoring protocol. The majority of the committee members use Compumedics equipment
— 2005	\$20m R&D investment over the past 5 years
— 2005	Over 1,500 universities, corporate laboratories and national research centres use Neuroscan, 2,000 CMP sleep systems, 6,000 DWL systems
— 2005	Over 50 countries worldwide have access to Compumedics technology
— 2005	Sleep Heart Health Study – CMP equipment is being used in 14-year study – 20,000 patients to 2008

# *Introduction - The Sleep Industry*

- There are 84 known sleep disorders ranging from snoring to obstructive sleep apnea.
  - 84 known sleep disorders. Obstructive sleep apnea (25%+), PLM (10%), Insomnia (7%).
- Over 20 million people in the USA are estimated to suffer from sleep apnea alone.
- With 3000 sleep laboratories in the USA, only 1 million sleep studies are currently being carried out per year.
- Studies have shown significant links between sleeping disorders and other health problems such as Congestive Heart Failure.



# Financial Highlights Interim Dec 2004

## PROFIT

- High investment levels in R&D and product development (18% of revenues), as a reflection of a strong sales outlook and product pipeline
- Loss at the NPAT line of \$0.8m compares with last year's \$1.1m profit.

## REVENUE

- Record revenues of \$19.2m for the half.

## CASH

- Positive operating cash at \$0.7m.

## GROWTH

- Europe business strengthened and is now ready for execution of growth strategy similar to the USA with the building of our sales and service infrastructure.

## COST CONTROLS

- Inventory at \$7.7m (20% of revenue) compares to inventory at same time last year of \$7.5m or 22% of revenues.
- Margins improve from 59% to 61% despite strong Australian Dollar.

## OPERATING EFFICIENCIES

- Strengthened USA sales force.



## **Performance Highlights – Dec end 04**

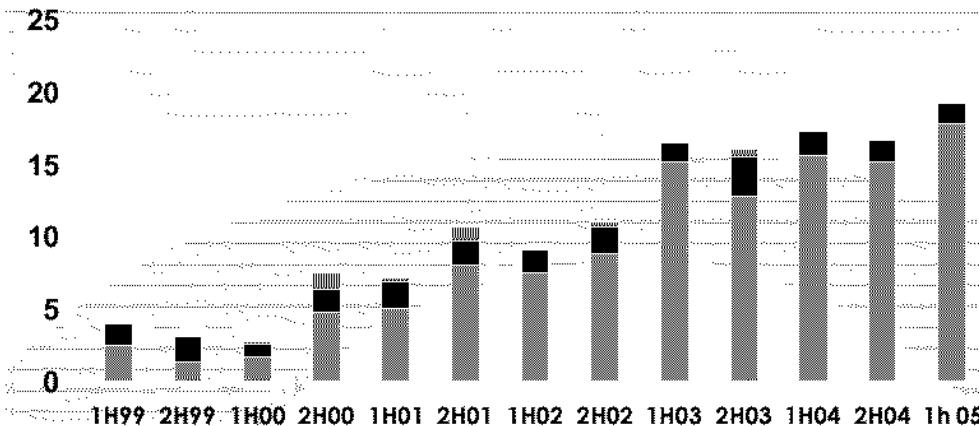
**Acquisition of DWL in Singen, Germany.**

**European base now established, positioning Europe for rapid growth outlook.**

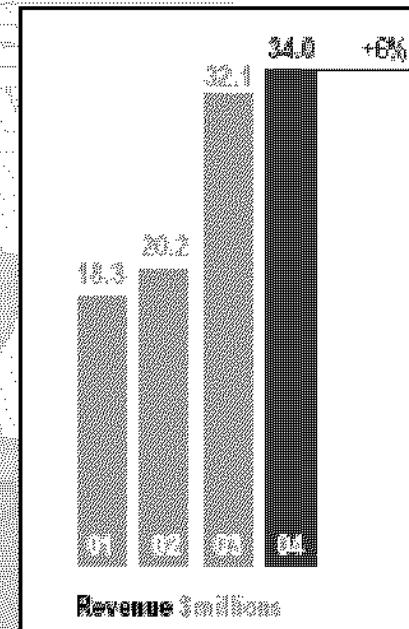
- Contributed \$2.4m revenue for the period from 1 September, 2004.
- Key management secured by DWL business founders.
- 24 other staff.
- Secure IP base into neurovascular and cardiovascular products and patent folios.

# Growth Profile - Historical Sales Graph

AU\$m



■ Export Sales ■ Domestic Sales ■ Other Income



**Fact:**

*Revenues for the last five years have grown an average:*

**+ 39% p.a.**

## Growth Profile - Strong growth continues in USA

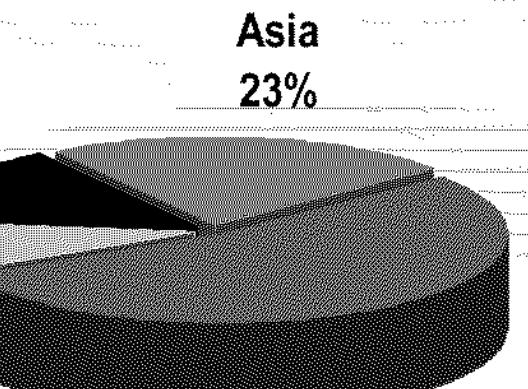
2004

Europe  
14%

Asia  
23%

Australia  
10%

USA  
53%



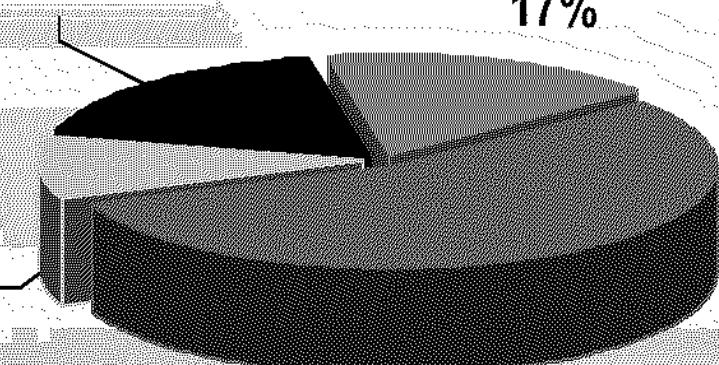
2005

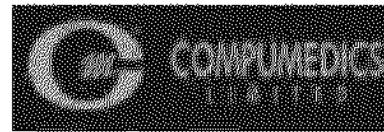
Europe  
18%

Asia  
17%

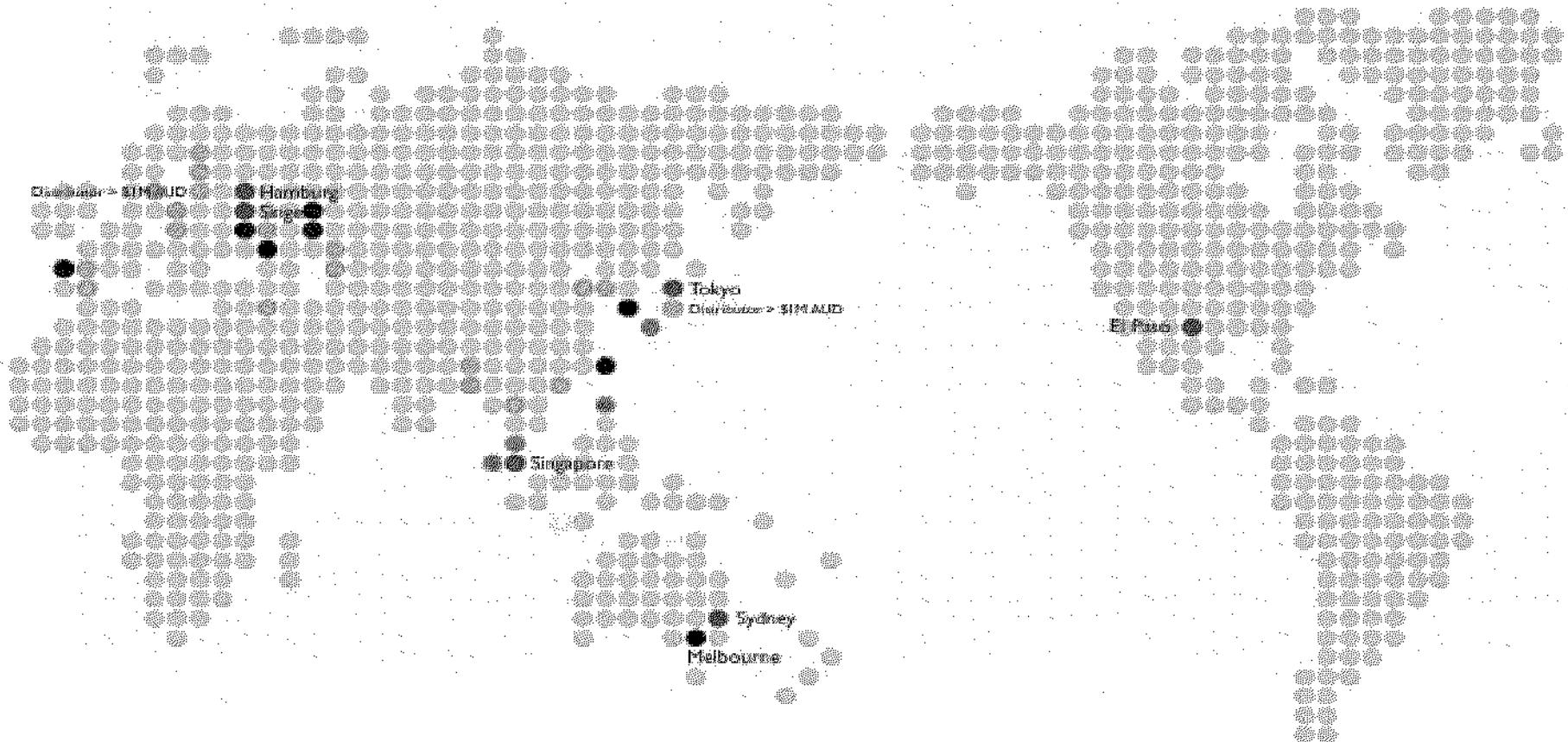
Australia  
10%

USA  
55%





# Growth Profile - Compumedics – Global Company



● Head Office: Melbourne (Australia)

● Existing Office Locations: Sydney (Australia) | El Paso (USA) | Singapore (Singapore) | Hamburg & Singen (Germany) | Tokyo (Japan)

Distributors: ● Sleep ● Neuroscan ● Neuroscience ● CWEL ● Neuroscience/Sleep ● Neuroscience/Neuroscan ● Sleep/Neuroscan ● All

## Growth Profile - Strategies

- International market expansion of the core sleep business
- Expansion of core sleep diagnostic and monitoring technology into the associated fields of neurology and cardiology
- Expand recurring revenue base (sensors, electrodes and other consumables)
- Growth opportunities for core technology into driver drowsiness and fMRI in-depth anesthesia and sleep treatment

## Growth Profile - Some market facts:

### Compumedics – Clinical Sleep and EEG

- 40% of the Australian Clinical EEG Market and 70% of the Australian Sleep Diagnostics Market.
- 10% USA market share and growing in sleep diagnostics.
- Developed and installed Australia's first computerised sleep centre at Melbourne's Epworth Hospital in 1988.

### Neuroscan – Brain Research

- Commands 90% of the US Market for Research EEG applications and a significant market share worldwide.
- Sells its products in over 50 countries worldwide to over 1500 universities, corporate laboratories and national research centres.
- First to commercialise high-density EEG/EP recordings, electromagnet source locationisation, merging of multi-modal neuroimaging data.
- World opportunity - \$1.2b size of the industry of which we have less than 3% market share.

# Growth Profile - Strategy

## Strategy:

*Our long term strategy is to build on our current world leadership in sleep diagnostics to become a global leader in broader medical diagnostics.*

## #1 Sleep Diagnostic Specialist

**Fact:** Sales in FY03 from product released in the first two years:

**+ 60%**

**Fact:** We distribute to more than 50 countries. Australian market share:

**+ 70%**

**Fact:** Revenues for the last five years have grown an average:

**+ 39% p.a.**

Current Market Share:

**16%**

Large growth potential.  
In the next 12 months we expect to grow our share of the brain research market in Europe by 50%

*Global Brain Research market AUD:*

**\$70m**

**Global Neuro Diagnostics market AUD:**

**\$890m**

Current Market Share:

**Less than 1%**

In the next 12 months we expect to grow our share of the neuro diagnostics market by 100%

Current Market Share:

**7%**

Best technology and large growth opportunities.  
In the next 12 months we expect to grow our share of the sleep diagnostics market by 50%

*Global Sleep Diagnostics market AUD:*

**\$250m**

**Blood Flow Monitoring Equipment market AUD:**

**\$200m**

Current Market Share:

**5%**

In the next 12 months we expect to grow our share of the blood flow monitoring equipment market by 100%

Current Market Share:

**1%**

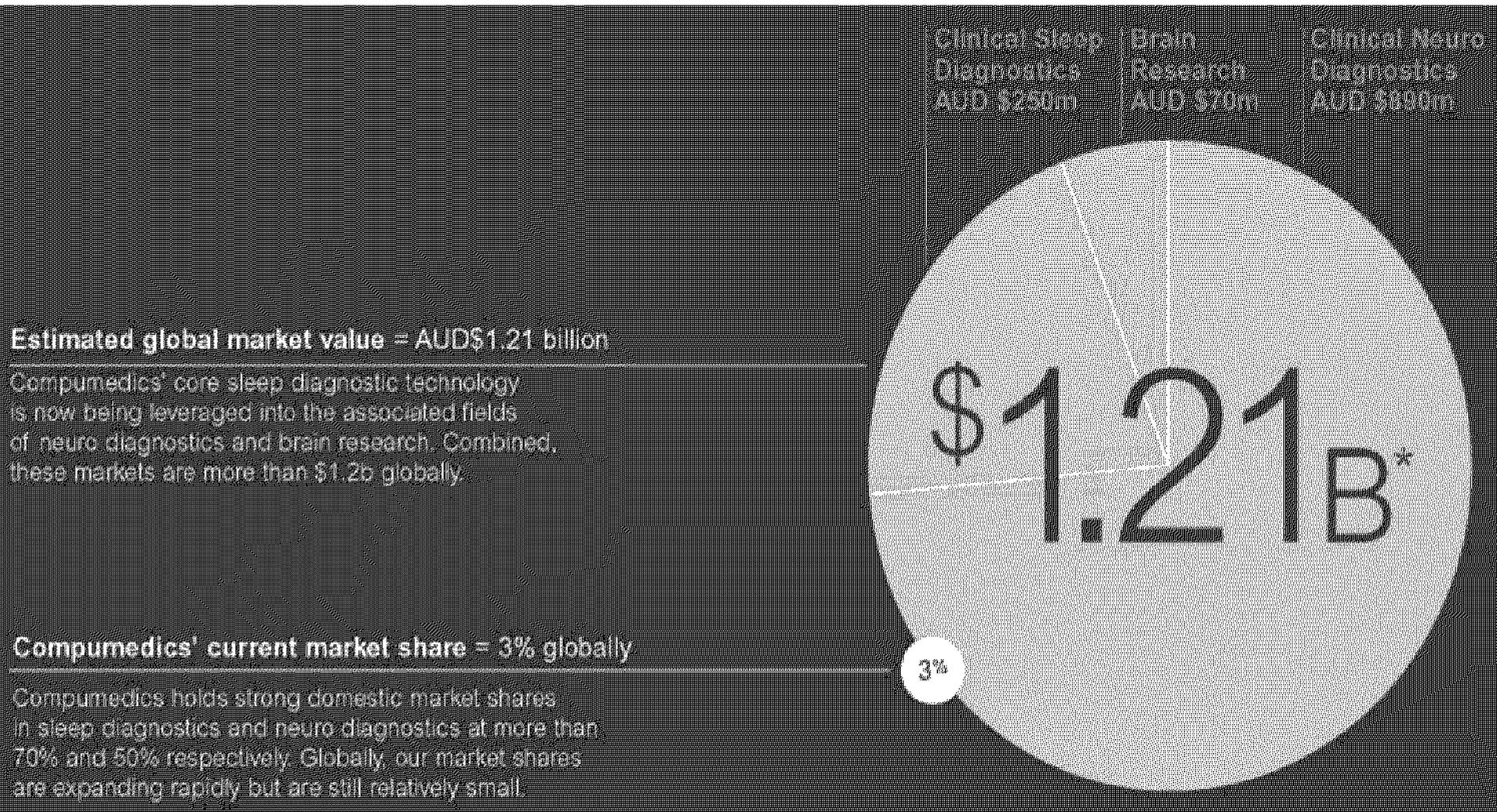
In the next 12 months we expect to grow our share of the neuro medical supplies market by 100%

*Global Neuro Medical Supplies market AUD:*

**\$260m**

# Growth Profile - A Big Market to Grow In

*High investment (18% of revenues) levels in R&D and product development continue, as a reflection of a strong sales outlook and product pipeline.*



## Growth Profile - Distribution Channels

- USA sales are made direct to end-user customers by Compumedics staff.
- Australian sales are made direct by Compumedics staff.
- European sleep sales are undertaken by a network of distributors. Our main sleep distributor is Draeger Medical.
- Asian sales are through a combination of direct sales and distributors.
- Our key market in Asia is Japan where Teijin Limited is our exclusive distributor.



## Core Products



- New generation laboratory based diagnostic product for both full polysomnography (PSG) "sleep" studies and or separate EEG studies.



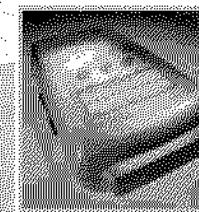
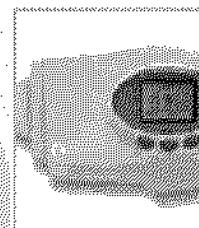
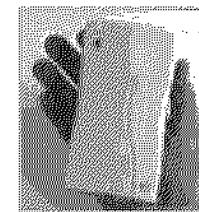
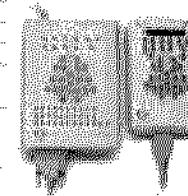
- World leading portable diagnostic device with wireless capability for both sleep and general patient monitoring.

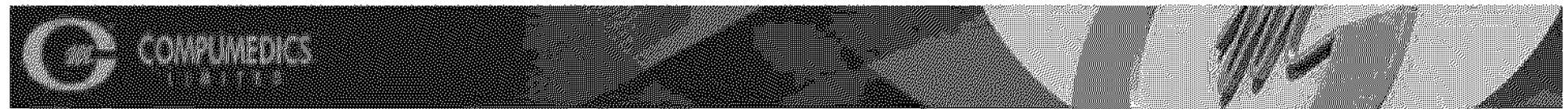


- Combined Sleep and CHF monitor for both hospital and private physician application.



- Used in the Sleep Heart Health Studies.

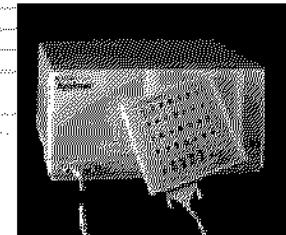




# Core Products

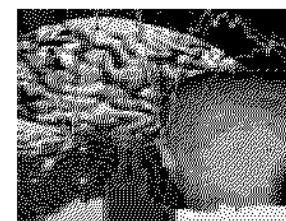
## SynAmps

- The most sophisticated neurological amplifier available on the market. These amplifiers can be combined to obtain up to 256 channels of physiological data.



## Steep

- Provides for the acquisition of the EEG and Evoked Potential data including a rich set of clinically popular and useful features.



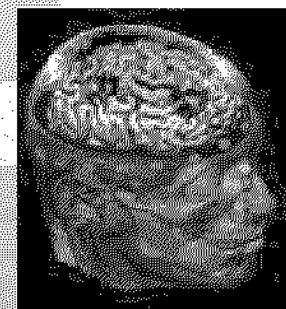
## Maglink

- The Maglink electrode cap, made with carbon fibre leads transmits signals from the Magnetic Resonance bore without introducing artifact in Magnetic Resonance Imaging.



## Cony

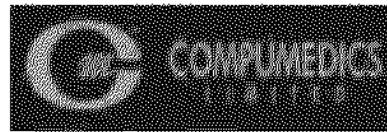
- The most advanced software product for brain research applications providing for multi-modal imaging of physiological and imaging data.



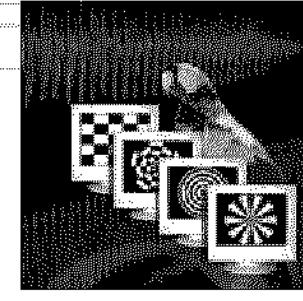
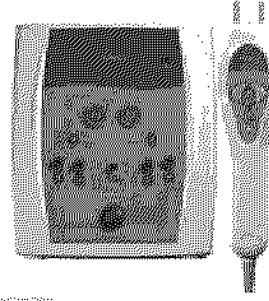
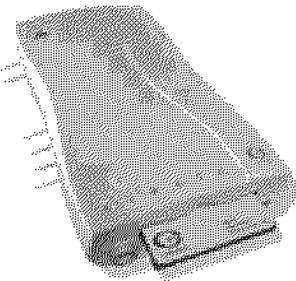
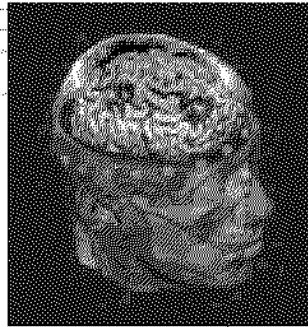


## Core Products - sample

PRODUCT	USAGE	CUSTOMER	BENEFITS	APPROVAL	PRICE POINT
E-Series	Sleep diagnosis and EEG monitoring	Sleep laboratories and hospital	New technology, growing customer base	FDA, CE, TGA	\$17,500
Siesta	Sleep monitoring and general patient monitoring	Hospitals and home monitoring	Wireless, versatile, flexible	CE, TGA, FDA (2 <sup>nd</sup> half 2001)	\$35,000
Somte	Cardiology and general patient monitoring	Hospitals and home monitoring	Size, processing power, versatile	Japanese approval (2 <sup>nd</sup> half 2001), TGA (2 <sup>nd</sup> half 2001), FDA (2 <sup>nd</sup> half 2001)	\$12,500
Synamp2	Neuroscan	Universities and hospitals	Mobile, SHHS	FDA, CE, TGA	\$50-\$75k



## *Core Products - Moving Forward : Technologies*



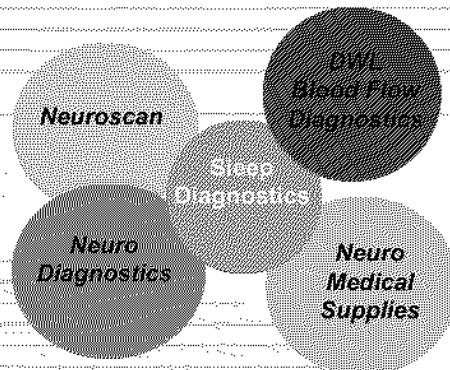
*Curry 5.0 Siesta802 ComperioDQ*

*Stim II*

ProFUSION  
**nexus\***

- Strong product pipelines in all CMP divisions.
- Medical Innovation breakthroughs now approaching patent and clinical proof of concept phase.

# Strategy Working



## ***Building a global medical diagnostic company***

- With Compumedics' core strategic edge being Sleep Diagnostics and
- Leveraging this technology into related fields including Neurosciences, Cardiology, Brain Research, Neuromedical supplies. Combined, these markets have annual sales of more than AUD \$1.2 billion.
- In 2002, Compumedics acquired US based Neuroscan, the world's leading developer of brain research instruments.
- In 2004, Compumedics acquired German based DWL, which has enabled Compumedics to expand its global operations into neuro and cardio diagnostics and equipment for brain research.
- From 1999-2005, the company has increased its sales from \$9 million to \$40 million reflecting its product development initiatives combined with its own strong distribution network in the United States, which accounts for 55% of sales. 90% of sales are exported world-wide.

## *Moving Forward : Business*

- Revenues expected to be around the \$38 to \$42m region for year ended June 30, 2005.
- Earnings after tax expected to be between \$1 million and \$3 million for year ended June 30, 2005.
- Revenue in the second half expected to be stronger over the first half in 2005 again as growth accelerates through the year.
- Research and development expenditure expected to be between 16% and 18% of revenue, for year ended June 30, 2005.
- Management focus towards key programs and initiatives to lift the performance of margins and sales and marketing performance.

## ***Moving Forward : Business*** (cont'd)

- Europe positioned growth as infrastructure there is built in a similar way to that of the USA (organic growth and continued integration of DWL business).
- The cost efficiency programs and lean processes.
- Expanded and strengthened USA sales force with more new sales territories.
- Direct European base spearheading market penetration organic growth.

## *Recap / Way Forward*

- 1. Global technological and product leadership across sleep diagnostic, neurodiagnostic and cardiodiagnostic fields with strong growth opportunity as Compumedics continues to penetrate 1 billion per annum market.**
- 2. Strong product pipelines and technology product leadership paves way for strong sales outlook in sleep, neurology and Doppler blood flow.**
- 3. Positive cash position.**
- 4. Strong product pipeline and medical innovation breakthroughs on the horizon.**
- 5. USA growth and accelerated outlook.**
- 6. Europe poised for rapid growth outlook based on new sales and support infrastructure similar to experience in the USA.**
- 7. Latest DWL acquisition bedded down and now poised for growth outlook.**