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ANNUAL GENERAL MEETING  
OCTOBER, 2017



# AGM Agenda

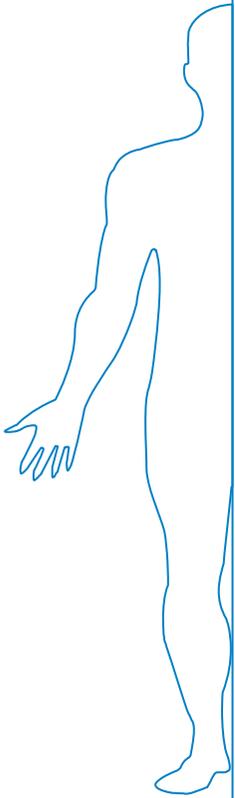
Meeting Opens

Chairman's Address

Ordinary Business

Meeting Closes

# Who is Compumedics?



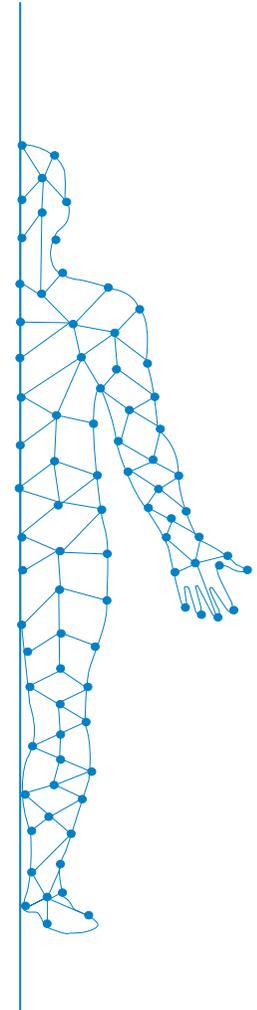
## A leading global, innovative developer and manufacturer of medical devices for:

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])
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## 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
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- FY17 revenues \$34.4m, FY17 EBITDA \$2.8m.
- FY18 Guidance revenues \$40m to \$42m, EBITDA \$5.5m to \$6.5m.
- 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 \$80m.



# FY2017 – Performance Review

- FY17 Revenue (reported) \$34.3m, EBITDA (reported) \$2.8m, NPAT (reported) \$1.3m

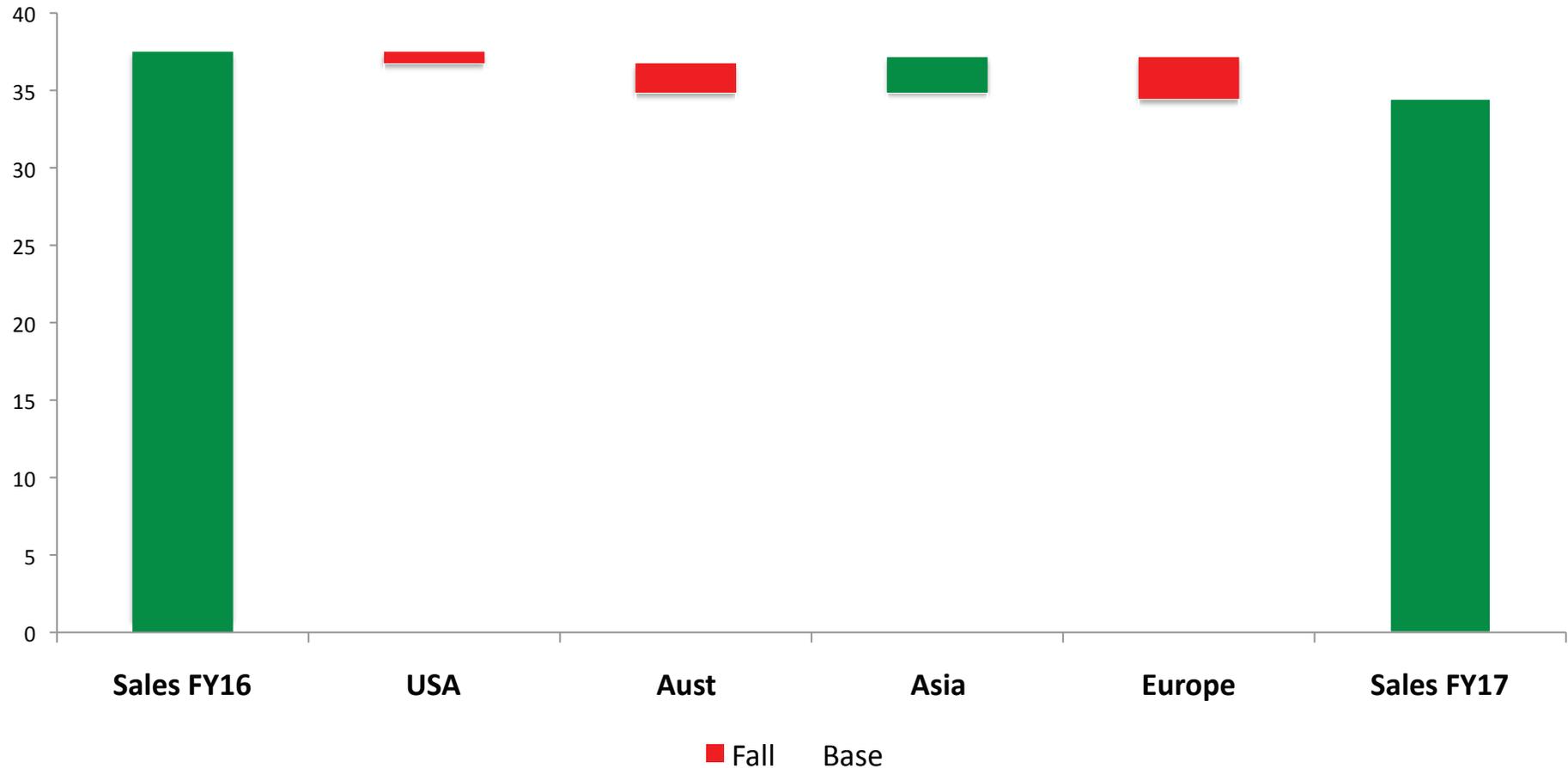
	FY17	FY16	Variance	Comment
Revenue - reported	\$34.4m	\$37.5m	(8)%	US sales (8) % on PCP and new general and sales leadership now in place, along with new and incremental sales representatives.
EBITDA - reported	\$2.8m	\$5.0m	(44)%	Profitability and operating cash remain positive, validating changes made to product composition. Reported EBITDA post \$1.2m US restructuring costs.
NPAT-reported	\$1.3m	\$3.3m	(60)%	Current year contains favourable adjustment of \$0.3m relating to adjusting of a deferred tax asset. \$0.5m favourable in PCP.

# FY2017 – Performance Review

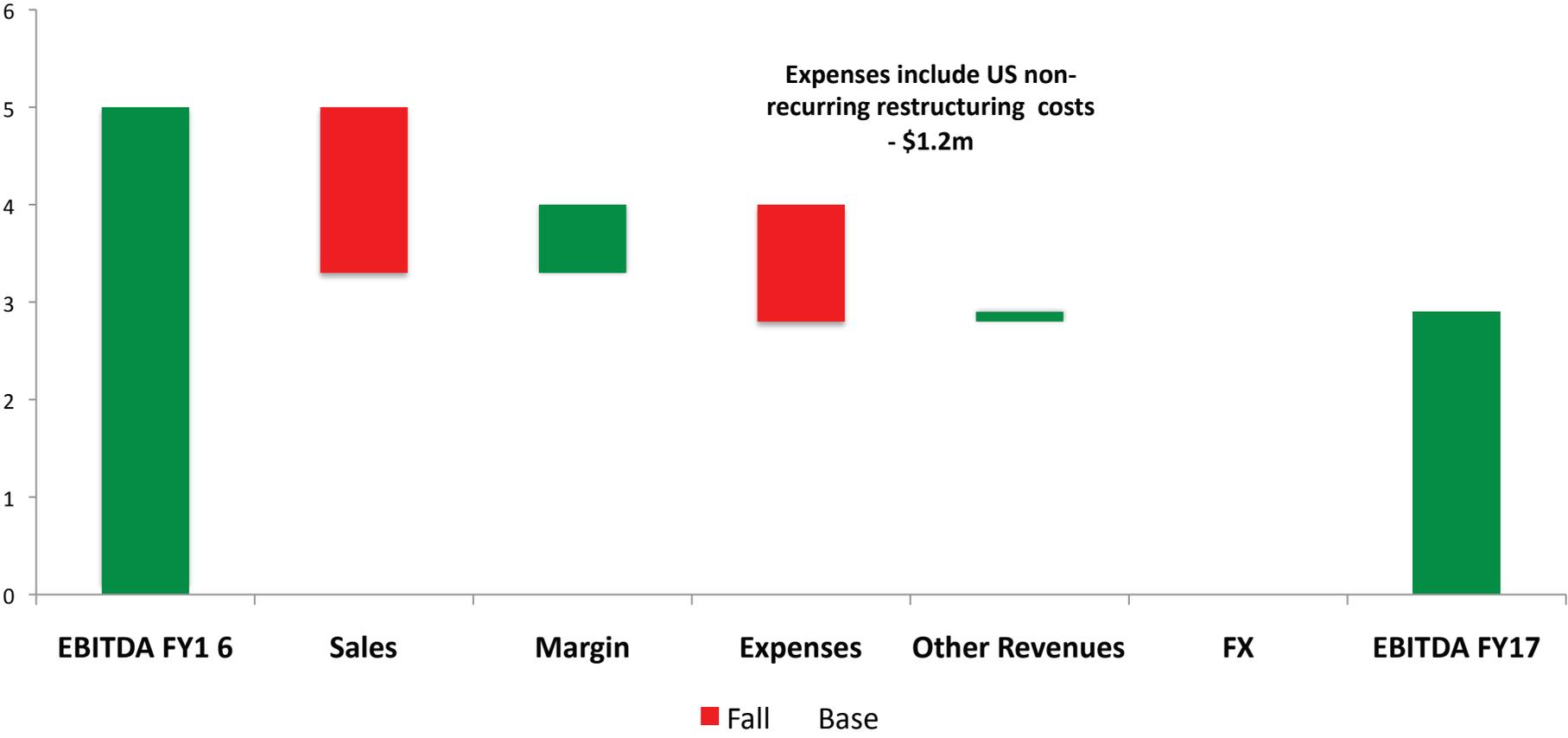
- Core: New general and sales leadership, and sales operational changes now largely in place in US. US sales FY2017 8% below pcp. US business poised for solid FY18 performance.
- Core: Asia business and China in particular strong with 33% lift in sales over pcp.
- Core: Profitability and operating cash 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
- MEG growth initiative: Major MEG milestone achieved with first sale secured with Barrow Neurological Institute in Phoenix, AZ, USA, for delivery in H2 FY18. Further MEG opportunities being pursued.
- eHealth growth initiative – 10 sites in US secured for Nexus 360 (professional application) for a minimum \$330k (USD250k) pa. Somfit (consumer application) third party discussions continue.

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# Sales Bridge Chart – FY16 versus FY17



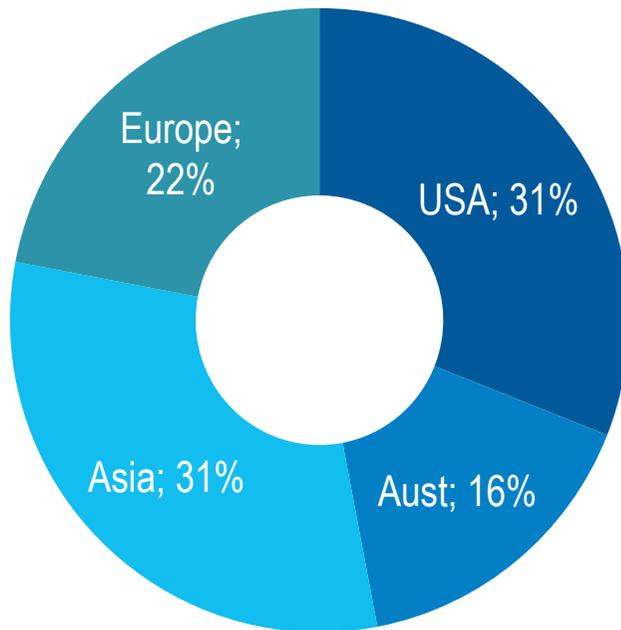
# EBITDA movement – FY16 versus FY17



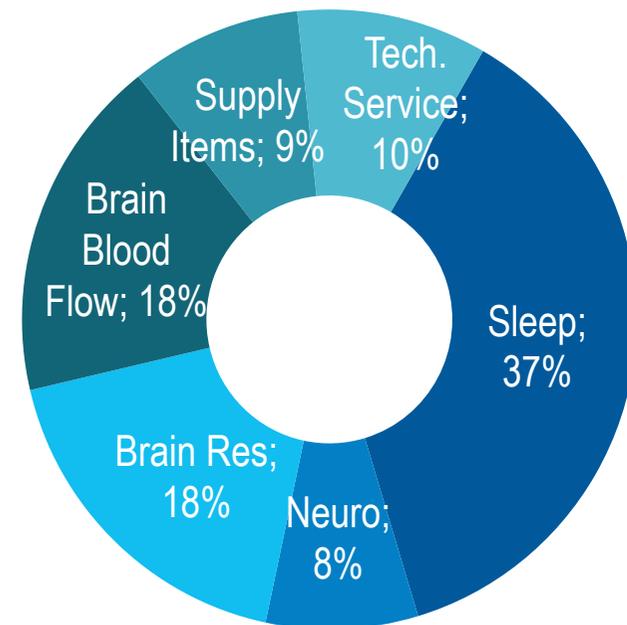
# Revenue Composition at \$34.4m

30 June 2017

By geographic region



By product/market

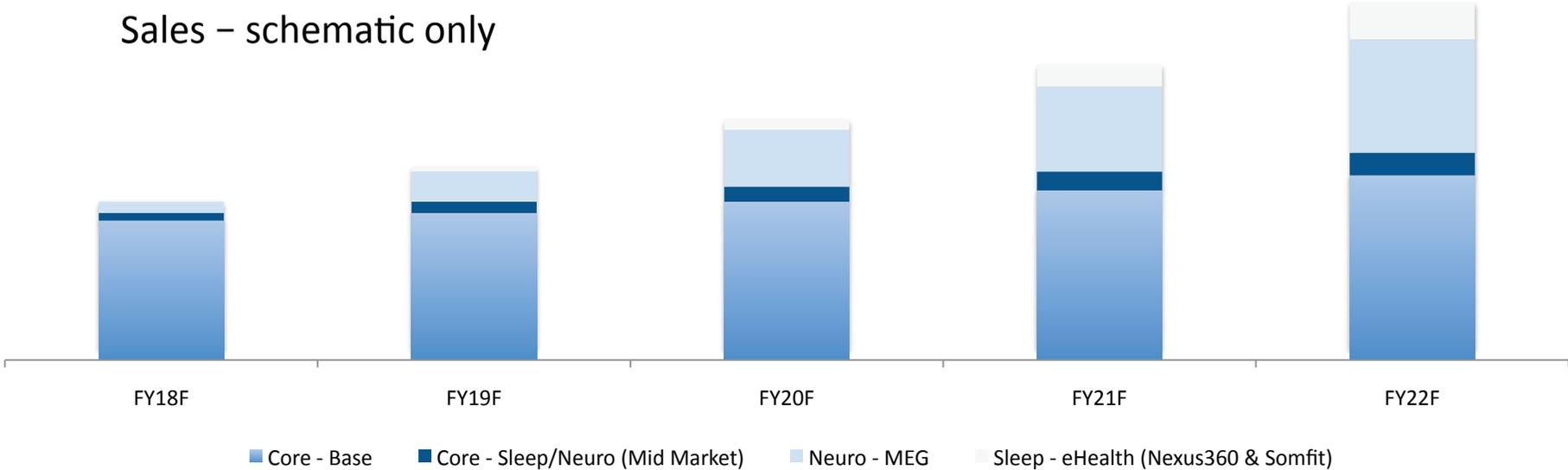


Software upgrades 5 to 10% of system sales

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

# Growth Platform – Core and Step-Out

Sales – schematic only



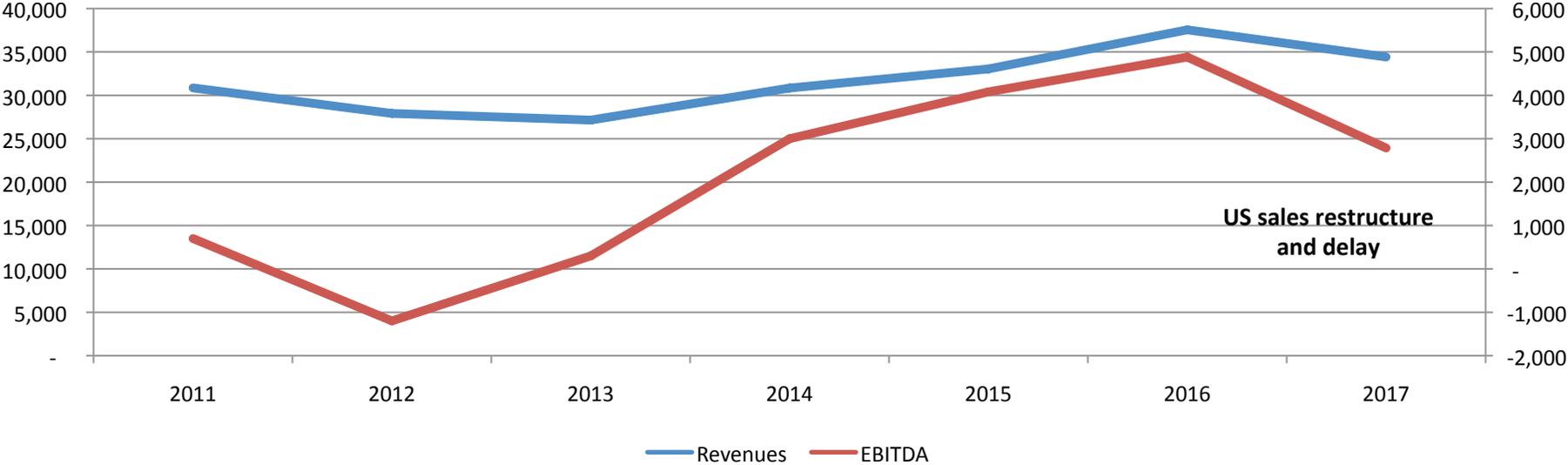
- **Step-out - NEURO – BRAIN IMAGING** – Winning the new MEG\* sale with Barrow Neurological Institute in Phoenix, AZ, USA validates that we can transition from a USD30k software sale to a USD4.0m complete system sale. Delivery scheduled for H2 FY18, other sales opportunities being pursued.
- **Step-out - 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.
- **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

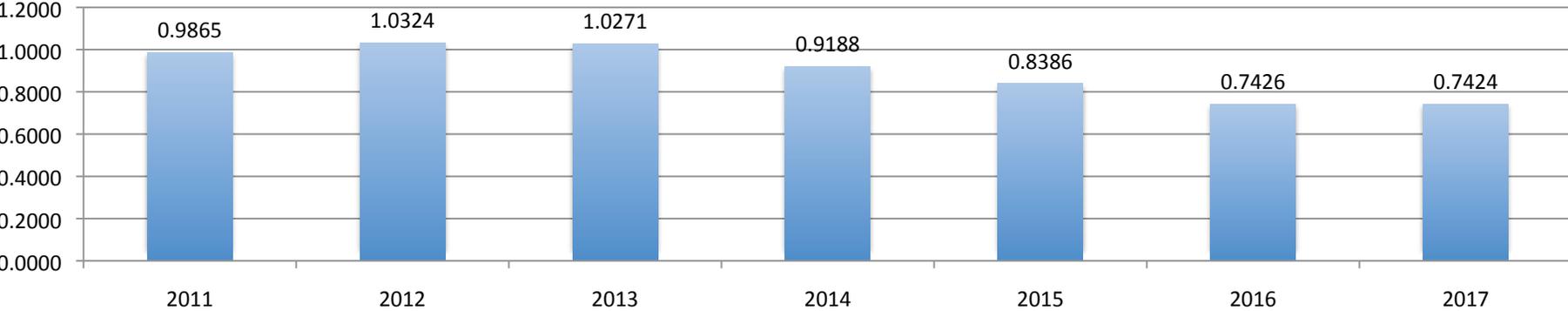
# Core Business – Premium Focus

	Sleep Diagnostics	Neuro Diagnostics – Clinic	Neuro Diagnostics - Research	Brain Blood Flow Diagnostics
<b>Global market – USD pa</b>	250m	1,300m	20m	15m
<b>Compumedics market share (approximate)</b>	6%	<1%	30%	35%
<b>Compumedics market position</b>	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
<b>Business and product type</b>	Capital equip – hardware and software			
<b>Annuity revenues – ~ % of total – supplies &amp; support</b>	15%	10%	5%	5%

# Core Business – US impact, profits maintained



AUD/USD exchange rate



## Core Business – Restored Net Cash Position

\$m	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Cash	1.2	1.1	1.3	1.1	2.2	3.1	4.1
Trade receivables	10.2	8.7	8.1	8.6	9.8	11.9	13.1
Inventories	5.7	5.3	5.5	6.1	5.7	6.5	7.4
Prod. dev't	4.2	4.0	3.5	2.9	2.7	2.4	2.4
Tax asset	0.9	0.0	0.0	0.0	0.0	0.5	0.8
PP&E	0.8	0.8	0.7	0.7	0.8	0.8	0.7
Other	0.0	0.0	0.0	0.2	0.5	0.9	0.7
<b>Assets</b>	<b>23.1</b>	<b>19.9</b>	<b>19.1</b>	<b>19.5</b>	<b>21.7</b>	<b>26.1</b>	<b>29.2</b>
Trade cred.	4.7	5.0	4.7	4.7	4.4	4.1	4.2
Borrowings	2.8	2.1	2.3	2.0	2.0	2.6	0.7
Def. payment	0.9	1.4	1.4	1.4	1.6	2.0	1.6
Other	2.0	2.1	2.2	2.3	2.5	2.8	2.7
<b>Total Liabilities</b>	<b>10.3</b>	<b>10.7</b>	<b>10.7</b>	<b>10.4</b>	<b>10.4</b>	<b>11.5</b>	<b>9.2</b>
<b>Net Assets</b>	<b>12.8</b>	<b>9.2</b>	<b>8.4</b>	<b>9.2</b>	<b>11.3</b>	<b>14.6</b>	<b>20.1</b>
<i>Debt/Equity</i>	<i>13%</i>	<i>11%</i>	<i>13%</i>	<i>11%</i>	<i>-2%</i>	<i>-3%</i>	<i>-17%</i>

# Core Business – Adding Mid-Tier Range

Product	Used for	Bought by	Average selling price
<b>Grael family</b> 	Sleep and neurology, high end and price sensitive models	Hospitals, doctors and service providers	USD11,500 to USD17,500
<b>Somte PSG</b> 	Sleep	Hospitals, doctors and service providers	USD10,000
<b>Siesta</b> 	Sleep and neurology	Hospitals, doctors and service providers	USD18,000
<b>Neuvo LTM</b> 	Neurology	Hospitals, doctors and service providers	USD35,000
<b>Synamps RT</b> 	Brain Research	Universities and teaching hospitals	USD38,000
<b>CURRY</b> 	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
<b>Next generation growth platform</b>	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
<b>Market potential</b>	<b>Professional application</b> > USD3bn pa <b>Consumer application</b> > USD50bn pa	Greater than USD100m pa	<b>Research only</b> USD100m pa <b>Brain Imaging</b> >USD4bn pa	Estimated cost of TBI's in the US alone greater than USD76bn pa
<b>Business type</b>	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 continue to flow through in FY18 – FY20. Lower cost base enables addition of mid-tier plus further manufacturing and operational efficiency gains.



Opportunity to significantly grow the USA business based on the sales and marketing management and operational changes now implemented



Expansion into untapped German market



Push into the Chinese neurology market

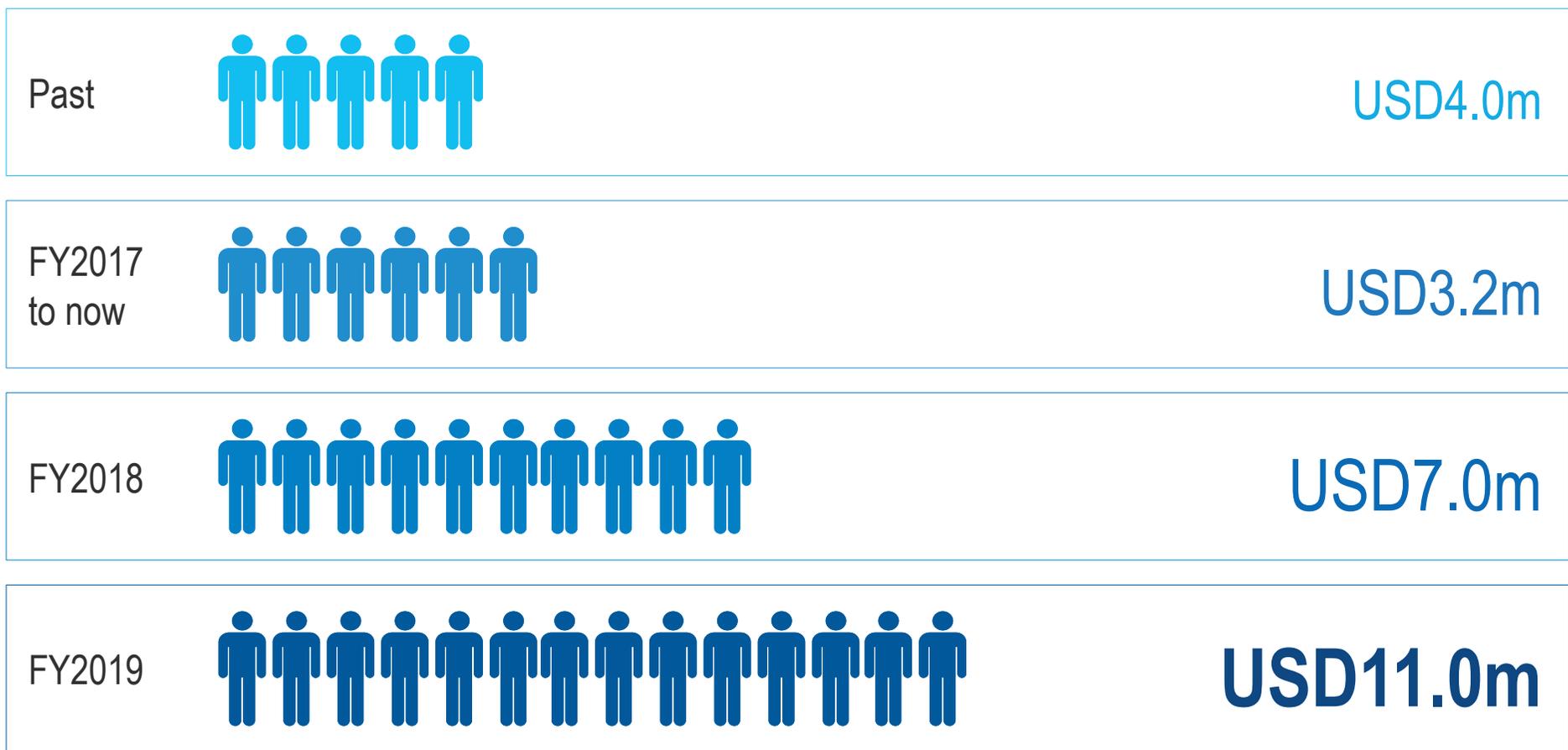


Ideally positioned to accelerate organic growth and value realisation

# USA – CMP is number 3 Supplier

## USA Clinical Sales Force Expansion - Indicative

More sales representatives = more revenue for both sleep and neurology



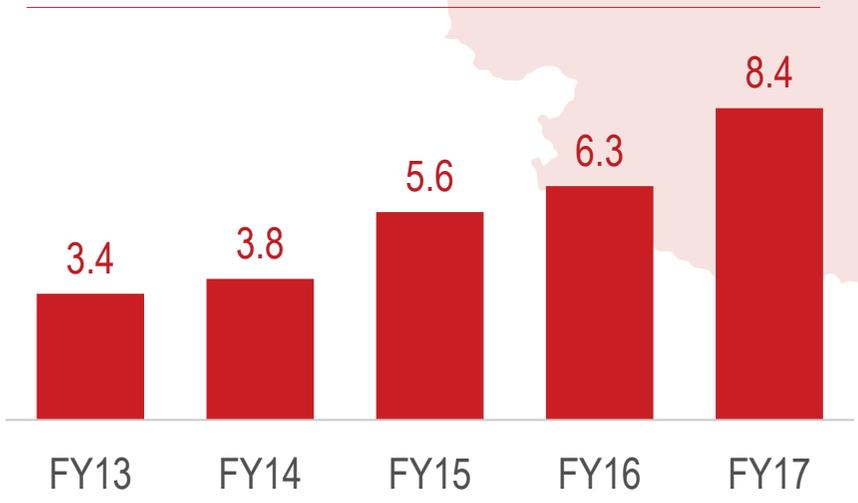
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# China - We are the number 1 Premier Supplier

## Compumedics Clients in China

- Sleep
- Neuroscience
- Neuroscan

China Sales (invoiced) – USD's



# FY18 Update

## Core business

Tracking to guidance – US business remains sluggish but identified business continues to build, focus is on closing for H1 and then full year. Significant European win with EEG at Bleifeld. Asian markets to continue to contribute to growth.

## MEG

Work on first MEG sale to BNI continues towards installation in late FY18, along with identifying new prospects and working other short-term opportunities.

## eHealth

*Nexus 360* (professional) – initial sites in the US up and running, additional sites now being targeted

*Somfit* (consumer) – product development has advanced significantly in last 6 months, strategic discussions have progressed well in the first half of FY18.

# Step out 1 - Brain Imaging: 1<sup>st</sup> sale secured

## 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**

## 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 FY17 – secured first sale to US based Barrow Neurological Institute

H2 FY18 – ship and install first MEG sale

H2 FY18 – 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

\*MEG = Magnetoencephalography  
\*\*MRI = Magnetic resonance imaging



# 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.



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# Directors & Executive Team Key Management



**David Burton, Ph.D.**  
Executive Chairman, CEO  
Founder, Tenure 30yrs



**NED - Mr. Alan Anderson**  
Leading USA Attorney  
CMP Tenure : 17 yrs



**Mr. David Lawson**  
Chief Financial Officer  
& Company Secretary  
CMP Tenure 18 yrs



**Mr. Warwick Freeman**  
Chief Technology Officer  
CMP Tenure 20 yrs



**Kerry Hubick, Ph.D.**  
Trademark, Patent &  
General Legal Attorney  
CMP Tenure 10 yrs

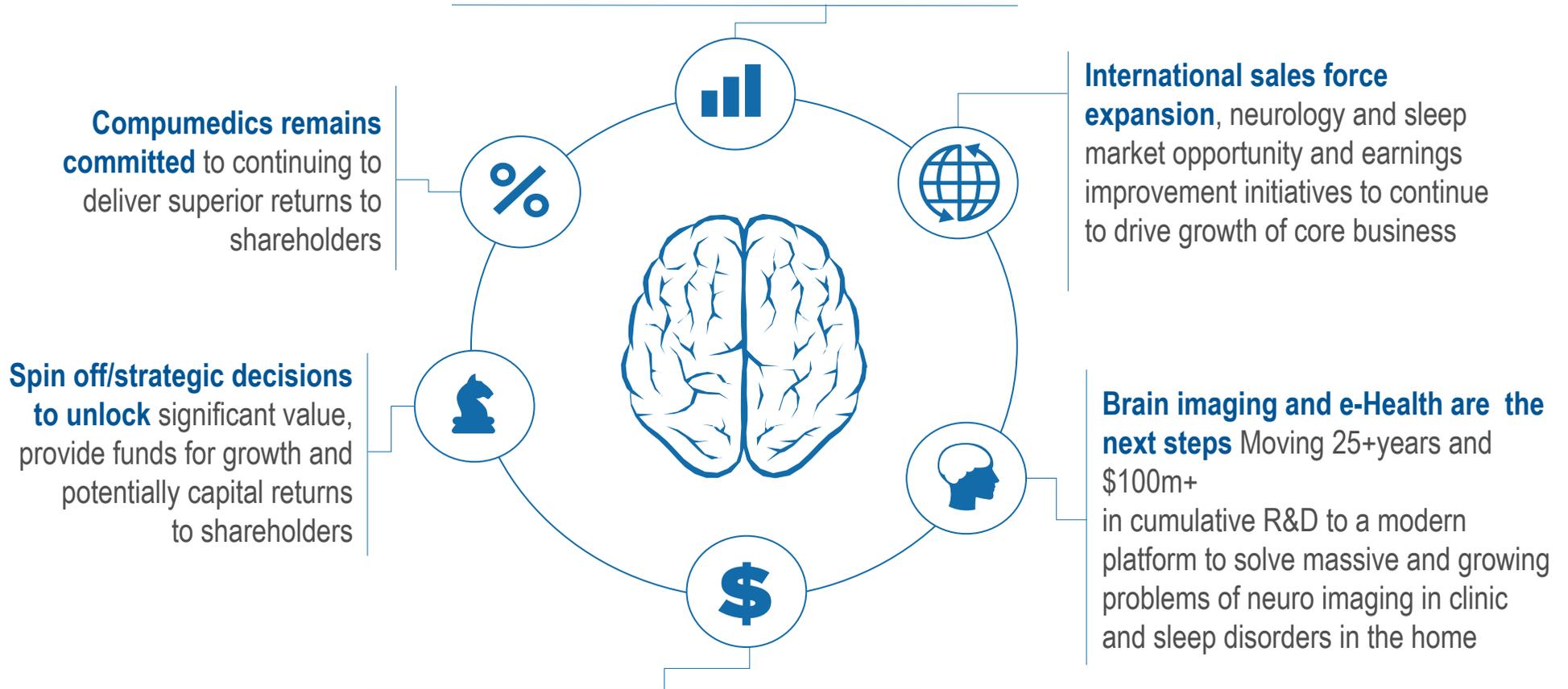


**Mr. Christoph Witte**  
General Managing Director  
Compumedics Germany GmbH CMP/  
DWL - Tenure 28 yrs



# Investor Summary

**Core business** profitable with on-going growth opportunities in key global markets



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

# Ordinary Business

Item 1 Financial Statements and Reports

Item 2 Re-election of Director – David Lawson

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.*

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