

# Compumedics (CMP)

Delivering margin

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CMP is the leading global premium sleep diagnostic supplier with 25,000 installed units. CMP is leveraging this network and expertise into US home sleep testing with its clinical grade "Somfit", and Chinese brain wave testing with a global first double helmet MEG.

Yesterday CMP delivered on its revised FY'25 EBITDA guidance of \$2.9m (pcp \$1.5m) with revenue up 3% to \$51m and a doubling of EBITDA margin yoy to 5.7%.

CMP received the benefit of high margin Somfit and Saas stepping up from 9% to 11% of group sales. The equally high margin MEG locked in three sales in FY'25A for delivery in FY'26F.

CMP received the first year of supplying into an opportunity with a large clinical sleep diagnostic supplier exiting the US market.

## Impact

CMP has the strongest pipeline of growth and most differentiated product suite in its 39-year life. CMP retains its strong FY'26F EBITDA guidance of \$9m with 40% lift in revenue and another near doubling of EBITDA margin to 10.1%.

We lift out FY'26F EBITDA forecast by 26% to \$7.2m. We allow a delay to one or the three MEGs into FY'27F (or it could equally be delay in Somfit sales or clinical diagnostic).

Importantly, we are only talking about delays. The "Speed Bump" earlier this year (FY'25 EBITDA reduced from \$5m to \$2m) was a delay to Somfit and clinical sleep diagnostic sales into FY'26F. Pleasingly, CMP knuckled down in 2H25A and improved gross margin (low 50's to high 60's) from sales to deliver despite slower revenue. We see this improving core adding earnings conversion from new product sales.

## Investment View

We believe CMP's home sleep test and brain measurement with superior equipment is compelling, and retain our Buy.

Our 12 Month Price Target is raised 33% to \$0.64/share for the delivery of efficacy above peers and supply chain margin improvement during growth across base and step-outs. We use a 50/50 blend of short-term EV/EBITDA and long term DCF versus our previous short-term focus.

## Milestones

- 10% USA Home Sleep Testing market share by FY'28F is driven by:
  - Somfit® installed in five of the top 10 sleep testing groups in the USA. Each doing 50k to 100k tests per year; a few CROs; and,
  - A new B2C sales culture approach tackling the fast B2B market.
- The successful installation three contracted MEGs into China over the next 12 months build to two or three each year from FY'27F.

## Risks include the following:

- Multiple lessons from '17/'20/'23/'25 need to be applied together.
- Low liquidity makes it difficult for investors to trade or hold.
- Network operation up-time.

## Recommendation – Buy

12 Month Price Target	\$0.64/share (up 33%)
Risk Rating	High
Current Share Price	\$0.30/share
Previous Recommendation	Buy
Price Target Methodology	50% 9x FY'27F EV/EBITDA 50% Discounted Cash Flow
Total Return (Capital + Yield)	113%
Market Capitalisation	\$58m
Liquidity	\$0.022m/day

## Financials & Ratios

y/e Jun A\$m	FY25A	FY25F	FY26F	FY27F	FY28F
Revenue	51.0	71.4	80.1	92.6	101.0
EBITDA	2.9	7.2	11.8	14.2	16.5
EPS	-0.7	1.5	3.1	3.9	4.7
EV/EBITDA	23.3x	9.4x	5.6x	4.5x	3.7x
P/E	-44.7	20.3	9.7	7.6	6.4
Div. Yield	0.0%	0.0%	5.6%	7.1%	8.5%
Debt/Equity	48.0%	40.5%	29.6%	20.1%	9.1%
Int. cover	0.5x	6.1x	11.8x	14.7x	17.4x

## Key Divisions – EBITDA (\$m)

EBITDA(\$m)	FY25A	FY26F	FY27F	FY28F	FY29F
Sleep: Clinic	1.0	1.6	2.1	2.3	2.5
Neuro: Clinic	3.9	4.4	4.9	5.3	5.7
Somfit	2.0	4.3	6.1	7.5	9.4
MEG	0.0	4.0	4.0	6.0	6.0
Corp/Other	(4.0)	(7.2)	(5.3)	(6.9)	(7.1)

	FY25A	FY26F	FY27F	FY28F	FY29F
Revenue	51.6	71.3	80.0	91.7	99.7
	(1%)	0%	0%	1%	1%
EBITDA	2.7	5.7	10.7	12.8	14.8
	8%	26%	10%	11%	11%
Somfit	2.1	4.2	6.0	7.3	9.1
	(4%)	3%	2%	3%	3%

## PAC Partners history

*Coverage of CMP and larger peers since 2000*

We have covered medical technology and life science sectors since 2000. In 2014 PAC Partners picked up coverage of CMP and led a successful \$5m equity raising.

*PAC has raised \$9.1m over 10 years for CMP*

In 2023 Paul Jensz withdrew from active listed ASX coverage to lead the AgFood Opportunities Fund and Non-Executive Director of emerging companies. The first NED role with CMP. All of Paul's Board fees were invested in CMP shares bought on market, and together with previous shares, Paul is #20 shareholder of CMP.

*Paul was NED of CMP in 2023*

Paul left the CMP board in early 2024 and resumed coverage of ASX listed companies in December 2024. PAC Partners led the raising of \$4.1m for CMP across July and December 2024.

## Building a platform for sustainable growth – the first 39 years

*Reliable sleep diagnostics led to global sleep clinic reach...*

CMP has built a 39-year track record of innovation, resilience, and strategic market positioning, transforming from a specialized medical device company in Melbourne's Epworth Hospital precinct into a recognized international leader in sleep and brain diagnostics. Before listing in 2000, CMP was internationally accepted by both NASA for its space shuttle programme and the USA funded Heart Health Study.

This longevity has not only provided CMP with deep industry knowledge but has also established a reliable sleep and full-service brain global brand across hospitals and research institutions.

*...and hospital needs led to CMP adding brain diagnostics*

From its inception, CMP has consistently pushed the boundaries of sleep and brain health diagnostics, pioneering advanced solutions that have set industry standards.

The Company's early breakthroughs in polysomnography (PSG) sleep monitoring systems laid the foundation for its dominance in premium sleep diagnostics, a field that has seen strong demand growth due to increasing awareness of sleep-related health issues like sleep apnea, insomnia, and cardiovascular risks linked to poor sleep health.

*CMP now has 25,000 devices across 50 countries...*

Building on this expertise, CMP expanded into magnetoencephalography (MEG) neuroimaging technology, a high-precision brain scanning technique used by top-tier research institutions and hospitals worldwide.

With installations in leading neuroscience centres, CMP's MEG systems have reinforced the company's reputation for cutting-edge innovation in brain diagnostics. The company's Orion Lifespan™ MEG system, co-developed with Korean KRISS, is a flagship product showcasing its ability to merge engineering excellence with clinical relevance, positioning CMP at the forefront of high-growth neuroscience applications.

*...and 30% sleep diagnostic market share in teaching hospitals*

CMP's global footprint spans over 25,000 installed devices across 50+ countries, a testament to its product reliability and long-term client trust. Its technology is embedded in leading hospitals, sleep labs, and research institutions, particularly in high-value markets such as:

- The United States: The largest sleep and neurodiagnostics market, where CMP has secured significant market share through partnerships with key healthcare providers and hospitals;
- Europe: Long-standing distributor relationships in Germany, France, and other EU countries provide a strong base for expansion; and,
- Asia-Pacific: CMP has a dominant presence in Australia, China, and Japan, markets where government-backed healthcare initiatives are driving demand for advanced diagnostics.

## FINANCIAL MODEL

### Compumedics

Price \$ 0.300  
Shares 192 m  
MCap \$58 m

Date: 28-Aug-25

#### PROFIT & LOSS (\$m)

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue	40.1	42.7	49.5	51.0	71.4	80.1	92.6	101.0	111.3
EBITDA	5.5	1.4	1.1	2.9	7.2	11.8	14.2	16.5	19.2
Depreciation & Amortisation	1.3	4.1	1.5	2.2	2.4	2.5	2.6	2.7	2.9
EBIT	4.2	-2.7	-0.4	0.7	4.8	9.3	11.6	13.7	16.3
Net Interest	-0.4	-0.7	-0.7	-1.3	-0.8	-0.8	-0.8	-0.8	-0.4
Income tax	-0.3	0.6	-0.8	-0.7	-1.2	-2.6	-3.2	-3.9	-4.8
NPAT underlying	1.4	-6.1	-0.3	-1.3	3.8	8.0	10.6	13.1	16.1
Equity Accounting Profits									
Less non-controlling Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NPAT underlying	1.4	-6.1	-0.3	-1.3	3.8	8.0	10.6	13.1	16.1
Abnormal items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NPAT Reported.	1.4	-6.1	-0.3	-1.3	3.8	8.0	10.6	13.1	16.1

#### BALANCE SHEET (\$m)

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Cash	7.3	3.8	1.9	2.7	3.4	5.0	6.7	9.8	13.7
PP&E	1.1	1.6	1.4	1.1	1.0	0.8	0.5	0.0	-0.6
Debtors & Inventory	26.2	25.6	23.6	29.5	32.4	36.9	42.9	46.6	51.4
Intangibles	6.4	6.2	10.2	16.6	17.4	18.3	19.2	20.2	21.2
Other assets	3.0	5.6	3.3	4.5	3.0	3.0	3.0	3.0	3.0
Total Assets	44.0	42.8	40.4	54.4	57.3	64.1	72.4	79.6	88.7
Borrowings	6.4	7.4	7.0	13.2	13.2	13.2	13.2	13.2	13.2
Trade Creditors	5.9	6.3	7.7	11.7	10.5	12.4	14.7	15.7	17.5
Other Liabilities	5.6	7.1	7.5	7.7	9.7	10.9	12.6	13.7	15.1
Total Liabilities	18.0	20.9	22.1	32.6	33.3	36.5	40.5	42.6	45.7
NET ASSETS	26.0	22.0	18.2	21.8	24.0	27.6	31.9	37.0	43.0

#### CASH FLOW (\$m)

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Operating EBITDA	5.5	1.4	1.1	2.9	7.2	11.8	14.2	16.5	19.2
Interest & Tax	(0.4)	(0.7)	(0.7)	(1.2)	(2.0)	(3.3)	(4.0)	(4.7)	(5.2)
Working Cap.	(1.8)	(0.7)	1.7	(1.1)	(2.1)	(1.4)	(2.1)	(1.6)	(1.8)
Operating CF	3.3	0.0	2.0	0.7	3.1	7.0	8.1	10.2	12.2
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expansion Capex	(3.0)	(4.4)	(3.0)	(7.4)	(2.3)	(2.3)	(2.3)	(2.2)	(2.2)
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cashflow (FCF)	0.3	(4.4)	(1.0)	(6.7)	0.8	4.8	5.9	8.0	10.0
Ord Dividends	0.0	0.0	0.0	0.0	0.0	(3.2)	(4.1)	(4.9)	(6.0)
Equity, Debt	1.6	(1.0)	(1.5)	6.1	0.0	0.0	0.0	0.0	0.0
Net Cashflow	1.9	(5.4)	(2.5)	(0.6)	0.8	1.5	1.8	3.0	4.0

#### DIVISIONAL SUMMARY (A\$m)

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue									
Sleep - Hospital/Clinic	10.6	10.9	13.1	15.1	16.3	17.6	18.6	19.2	19.7
Neuro - Hospital/Clinic	16.2	16.8	18.8	19.9	21.1	22.3	23.7	25.1	26.6
Consumables/Services	8.5	8.8	9.0	9.3	9.6	9.9	10.2	10.5	10.8
Somfit/eHealth	2.5	1.7	4.1	6.7	14.4	20.3	25.1	31.3	39.1
Neuro - MEG	2.3	4.5	4.5	0.0	10.0	10.0	15.0	15.0	15.0
Total	40.1	42.7	49.5	51.0	71.4	80.1	92.6	101.0	111.3
EBITDA									
Sleep - Hospital/Clinic	1.2	0.3	0.2	1.0	1.6	2.1	2.3	2.5	2.7
Neuro - Hospital/Clinic	2.1	2.9	3.3	3.9	4.4	4.9	5.3	5.7	6.2
Consumables/Services	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2
Somfit/eHealth	0.8	0.5	1.2	2.0	4.3	6.1	7.5	9.4	11.7
Neuro - MEG	0.6	1.1	1.1	0.0	4.0	4.0	6.0	6.0	6.0
Corporate cost	-0.7	-5.2	-6.6	-5.9	-9.1	-7.3	-8.9	-9.2	-9.6
Total	5.5	1.4	1.1	2.9	7.2	11.8	14.2	16.5	19.2

#### KEY RATIOS

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
EBITDA Margin (%)	13.7%	3.3%	2.1%	5.7%	10.1%	14.7%	15.4%	16.3%	17.2%
EBIT Margin (%)	10.5%	-6.4%	-0.9%	1.3%	6.8%	11.6%	12.5%	13.6%	14.6%
NPAT Margin (%)	3.4%	-14.3%	-0.7%	-2.5%	5.4%	9.9%	11.4%	12.9%	14.5%
ROE (%) y/e	5.2%	-27.9%	-1.9%	-5.9%	16.0%	28.9%	33.2%	35.3%	37.5%
ROI (%) y/e	16.8%	-10.7%	-1.9%	2.1%	14.4%	26.0%	30.3%	34.0%	38.4%
ROA (%) y/e	3%	-14%	-1%	-2%	7%	12%	15%	16%	18%
NTA per share (\$)	0.20	0.19	0.16	0.20	0.21	0.24	0.28	0.31	0.35
Eff Tax Rate (%)	-8.9%	-17.6%	69.8%	111.3%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Interest Cover (x)	10.5	(4.2)	(0.6)	0.5	6.1	11.8	14.7	17.4	41.2
Net Gearing (%)	-3.5%	16.5%	27.9%	48.0%	40.5%	29.6%	20.1%	9.1%	-1.3%

#### VALUATION PARAMETERS

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
EPS Adj (cps)	0.8	-3.5	-0.2	-0.7	1.5	3.1	3.9	4.7	5.8
PE Adj (x)	39.2	-8.7	-157.3	-44.7	20.3	9.7	7.6	6.4	5.2
Enterprise Value (\$m)	56.7	61.2	62.7	68.1	67.3	65.8	64.0	61.0	57.0
EV / EBITDA (x)	10.3	43.8	59.5	23.3	9.4	5.6	4.5	3.7	3.0
EV / EBIT (x)	13.4	-22.4	-144.6	100.9	13.9	7.1	5.5	4.4	3.5
Price / NTA	1.5	1.6	1.9	1.5	1.4	1.3	1.1	1.0	0.9
DPS (cps)	0.0	0.0	0.0	0.0	0.0	0.0	1.7	2.1	2.6
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	7.1%	8.5%	10.5%
Franking (%)						50%	50%	50%	50%
Free Cash / Share (c)	0.2	-2.3	-0.5	-3.5	0.4	2.5	3.1	4.1	5.2
Price / FCF PS (x)	175.6	-13.2	-58.4	-8.6	76.2	12.1	9.8	7.2	5.8

#### DCF VALUATION

PV of Cashflows 2026-29	18	RiskFreeRate	4.2%	FY'27	
PV of Term Year Cashflow	132	Eq Risk Prem	8.4%	EV/EBITDA (x)	9
		Equity Beta	0.54	EV	106.0
		Cost of Equity	8.7%	Equity	96.3
		A/Tax WACC	8.5%		
Less OEI at FY25 y/e	0	Term Growth	3.0%		
(Net Debt) or Cash	(10.5)				
PV of Equity	137				
PV of Equity per share	\$0.78			Per Share	\$0.50

#### MAJOR SHAREHOLDERS

David Burton (Exec. Chair.)	51.2%
B&R James	3.8%
Herald Investment Man't	3.1%
Beijing Bestmed Tech, Ltd	2.6%
Sefin SpA	2.3%
Top 5	62.9%

#### DCF SENSITIVITY

	6.5%	8.5%	10.5%	12.5%	WACC
2.0%	\$1.03	\$0.66	\$0.46	\$0.35	
2.5%	\$1.16	\$0.71	\$0.49	\$0.36	
3.0%	\$1.33	\$0.78	\$0.53	\$0.38	
3.5%	\$1.56	\$0.86	\$0.57	\$0.41	
4.0%	\$1.88	\$0.96	\$0.61	\$0.43	

#### Term. Growth

#### DIRECTORS

Shares (m)	Shares (m)
David Burton (Exec. Chair.)	98.401
David Lawson (Exec. Dir.)	3.471
Rod North (NED)	0.002
WarwickFreeman (CTO)	0.082
Total	102.0

#### GROWTH PROFILE (YoY)

Y/End	FY22A	FY23A	FY24A	FY25A	FY26F	FY27F	FY28F	FY29F	FY30F
Sales revenue	19%	7%	16%	3%	40%	12%	16%	9%	10%
EBITDA	299%	-75%	-25%	177%	147%	64%	21%	16%	16%
EBIT	n/a	-165%	-84%	n/a	618%	92%	25%	18%	19%
NPAT	36%	-551%	-94%	n/a	-398%	107%	33%	24%	23%
EPS (cps)	36%	-551%	-94%	n/a	-320%	110%	27%	20%	23%
DPS (cps)	0%	0%	0%	n/a	0%	0%	27%	20%	23%

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## Recommendation Criteria

### Investment View

PAC Partners Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield. A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

**Speculative buy** = We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have strong capital appreciation but also has a high degree of risk and there is a significant risk of capital loss.

Buy	Hold	Sell
>20%	20% – 5%	<5%

## Risk Rating

PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

## Disclosure of Economic Interests

The views expressed in this report accurately reflect the personal views of Paul Jensz about the subject issuer and its securities. No part of the analyst's compensation was, is or will be directly or indirectly related to any recommendation or view expressed in this report.

The following person(s) **does hold an economic interest** in the securities covered in Compumedics which may influence this report:

- the author of this report, **Paul Jensz**.
- a member of the immediate family of the author of this report

Paul Jensz was a non-executive director of Compumedics from January 2023 to January 2024.

PAC Partners does not own listed securities of the Company described in this report. PAC Partners associates may own securities of the Company described in this report.

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