

Compumedics (ASX:CMP): Expecting \$70m sales but trading at barely over 1x Revenues, is this a buy?

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Some investors may think [Compumedics](#) (ASX:CMP) is highly undervalued. It trades at \$75m, a level that many clinical-stage medtech or biotech stocks are trading well above...but Compumedics is a commercial-stage company expecting nearly that amount of sales for an entire year.

What's the story here?

Overview of Compumedics

Compumedics is nearly 40 years old, founded by Dr David Burton who remains at the helm today. The company first made its name by deploying the first fully computerised sleep clinic system in Australia. It has always been focused on sleep diagnostics, neurological monitoring and related clinical technologies.

Its IPO came in 2000 and it has grown through both organic product development and strategic acquisitions — notably Neuroscan in the U.S. for brain research technologies and DWL in Germany for Doppler and blood-flow diagnostics. But things have not always been easy — its share price struggled for most of the early years as it grappled with ordinary company-specific execution and market adoption cycles.

Things have improved in recent years as it rebuilt its business model toward software and recurring-revenue models especially with its Somfit wearable home sleep testing system and the Nexus 360 cloud platform that support diagnostic workflows and subscription services in sleep and neurology. These products represent a meaningful extension beyond traditional capital equipment sales and aim to create more predictable revenue streams.

Where it is at in 2026

Compumedics's current major product portfolio now spans several areas: the Somfit series (wearable sleep monitoring with a strong recurring software service component), traditional polysomnography systems, neurological monitoring devices, and magnetoencephalography (MEG) systems. MEG consists of high-value brain

functional imaging platforms that have been gaining traction in research and clinical markets, including new orders in China.

In FY25, Compumedics delivered \$63.4m in sales orders and \$2.9m EBITDA. It is anticipated that FY26 will see \$70m revenue and \$9m EBITDA. This was affirmed last week when the company confirmed \$34.9m sales orders for the first half of FY26. Beyond the record order intake, the company told investors the bottom line result would be delivered by a \$2m p.a. cost-out program. And in the coming months, it expects to launch Somfit D in the USA and to roll out MEG.

Somfit-D is a key part of its future

Somfit-D is based off the existing Somfit home sleep test (which got FDA approval in late 2023), but this is engineered as a disposable version, in the sense that it is worn on a patient's forehead with a disposable adhesive patch, which transmit data via Bluetooth to a mobile app and is then analysed through Compumedics' cloud platform.

The FDA clearance significantly expands the addressable U.S. sleep diagnostics market, which Compumedics estimates at about US \$240m annually and roughly 4 million studies per year, by bringing single-use testing into play alongside multi-night reusable tests. Compumedics targets 10–30% market penetration by FY27 on this broader base, which could materially grow consumables, SaaS and device sales.

Because Somfit-D feeds into Compumedics' broader recurring revenue model, including its Nexus360 cloud analysis platform and consumables revenue, it's seen internally as a transformational milestone that significantly increases the company's scale and recurring revenue potential in its largest market.

MEG is important too

MEG (Magnetoencephalography) as a concept is not new – its a word used to describe the brain imaging technique that records the very faint magnetic fields produced by electrical activity in the brain.

MEG combines very high temporal resolution (milliseconds) with relatively high spatial resolution, and it's one of the *few non-invasive ways to see brain function in near-real time*, making it valuable in research and clinical neurology — especially in epilepsy surgery planning, cognitive neuroscience and studies of brain network dynamics.

Nonetheless, there have been some historical limitations including that the helmet needs to be a particular size for patients, or otherwise signal quality is compromised (i.e. smaller heads may have lower quality due to increased distance between sensors and the brain).

Compumedics' system also offers hyperscanning (measuring two subjects simultaneously) and features 100% helium recycling, which reduces operational downtime and long-term running cost compared to older MEG systems that require periodic helium refills.

Despite the current MEG system (Orion LifeSpan) was given FDA clearance in 2021, the company has mostly sold to academic institutions for further research, particularly in China.

Although there was no revenue recognised in FY25, there were three orders worth \$15m that will be recognised and delivered during FY26. The company has explicitly highlighted MEG as a key step-out opportunity, especially in China and with plans for broader clinical and research adoption globally.

So why is Compumedics trading at such low multiples?

We noted that Compumedics is trading at barely 1x its revenues. Its EV/EBITDA and P/E multiples aren't that low, but still suggest it could be undervalued with those multiples for FY27 being 6.3x and 9.9x respectively. Also consider that if the company did make \$70m revenue for FY26, this would be ~\$20m ahead of the year before.

Why might this be? Well, in our view, it may be simply a case of investors missing out on a good growth story, preferring either bigger companies like ResMed (ASX:RMD) or smaller companies at an R&D stage with huge upside potential – and overlooking companies in the 'mushy middle'.

It is true that Compumedics has not been consistently profitable. It made <\$1m profits in FY21 and FY22 but made net losses for 3 years after that, \$6.12m in FY23 then narrowed to \$0.34m in FY24 and \$1.27m in FY25. The current program is expected to have an impact – even though it has not given NPAT guidance, the stronger implied EBITDA (if reflected in reality) would indicate good things for the future.

Beyond that factor, the irregular nature of revenue from the MEG systems could dissuade some investors as could the large size of its portfolio. There is also the risk of execution setbacks and unfavourable forex movements, but it is not as if Compumedics is the only company that face these risks.

Conclusion

If Compumedics successfully executes, the current low multiples may not last for too long. The key will be getting Somfit-D rolled out and more MEG orders, as well as executing its current cost control program.

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