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# Universal Biosensors, Inc.

ARBN 121 559 993

UBS Global Life Sciences Conference

New York

September 2011



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# Company overview

**Targeting large, growing healthcare markets**

- US\$15B Point-Of-Care diagnostics market, growing at ~11% p.a.
- 1<sup>st</sup> UBI-developed product targets \$10B Blood Glucose segment
- Next major product targets >\$400M PT-INR testing segment
- UBI ambition to be a leader in POC diagnostics

**With a unique technology platform**

- Breakthrough electrochemical measurement platform
- Technology well suited to POC: low cost, accurate, easy to use
- Core technology can be leveraged into a pipeline of POC products

**World class infrastructure, people & processes**

- Core competency in integrated process & product innovation
- ISO13485 certified manufacturing facility
- Purpose built, fully automated, high volume manufacturing

**Powerful partnerships**

- Partner with leading companies to achieve market presence
- Blood Glucose partnership with J&J subsidiary LifeScan
- Coagulation partnership with Siemens Healthcare Diagnostics

**A track record of execution**

- Blood Glucose product now in the market & FDA approved
- Long term partnership sustained with J&J / LifeScan
- Coagulation products in collaborative development with Siemens

**Building a sustainable business**

- Developer & manufacturer of POC diagnostic systems
- Revenues from R&D, manufacturing, and milestone payments
- At 30 June 2011: cash balance of \$17.5m, no debt.



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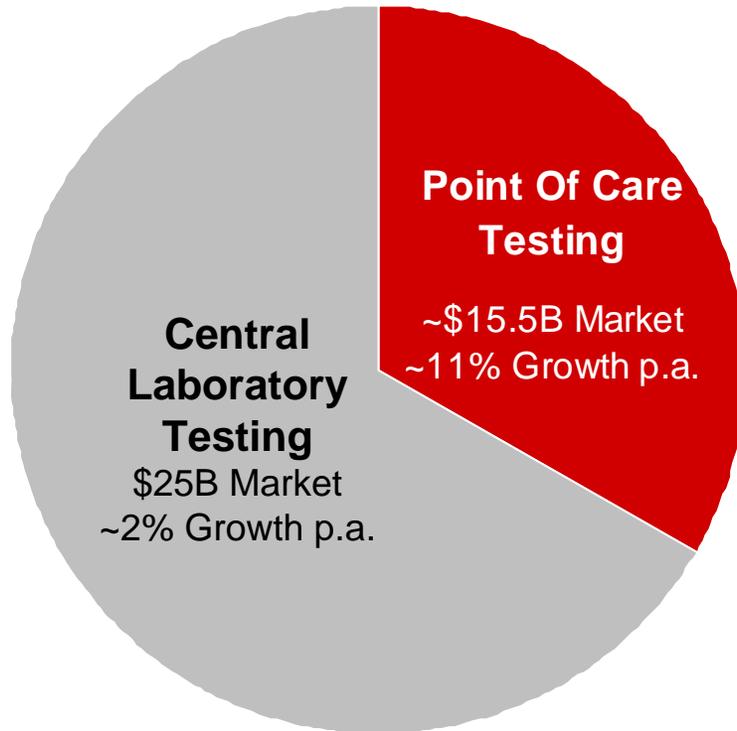
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- ➔ • **UBI Overview**
  - Blood Glucose Monitoring
  - Coagulation & PT/INR Testing
  - Future opportunities
  - Financials



# UBI targets the \$15B, growing POC market

Global In Vitro Diagnostics Market  
(2010 estimate)



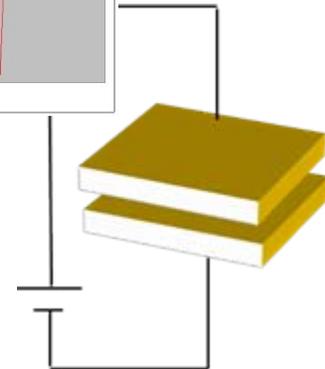
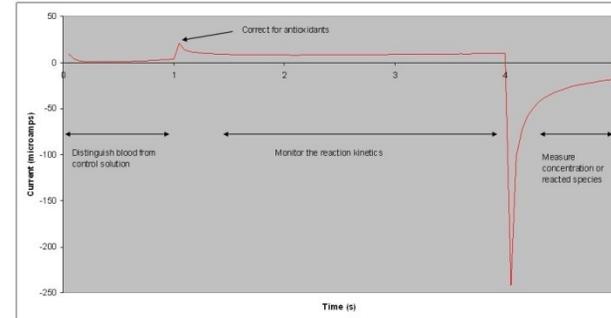
## Point of Care Growth Drivers

- More timely diagnosis
- Increasing need for chronic disease management
- Increased frequency of testing for improved outcomes
- Opportunity for developing economies to “leap-frog”
- Improve health economics / access for remote & regional areas



# Using UBI's powerful diagnostic technology

- **Thoroughly protected**  
*(44 patent families)*
- **Well suited to Point-of-Care**
  - ✓ Information-rich  
*(accurate & robust)*
  - ✓ Low cost design
  - ✓ Convenient form factor
- **Broad application**
  - ✓ Across analytes  
*(enzymes, immunoassay, molecular)*
  - ✓ Across geographies  
*(mature & emerging markets)*
  - ✓ Across diagnostic settings  
*(home-use, hospital, clinic)*





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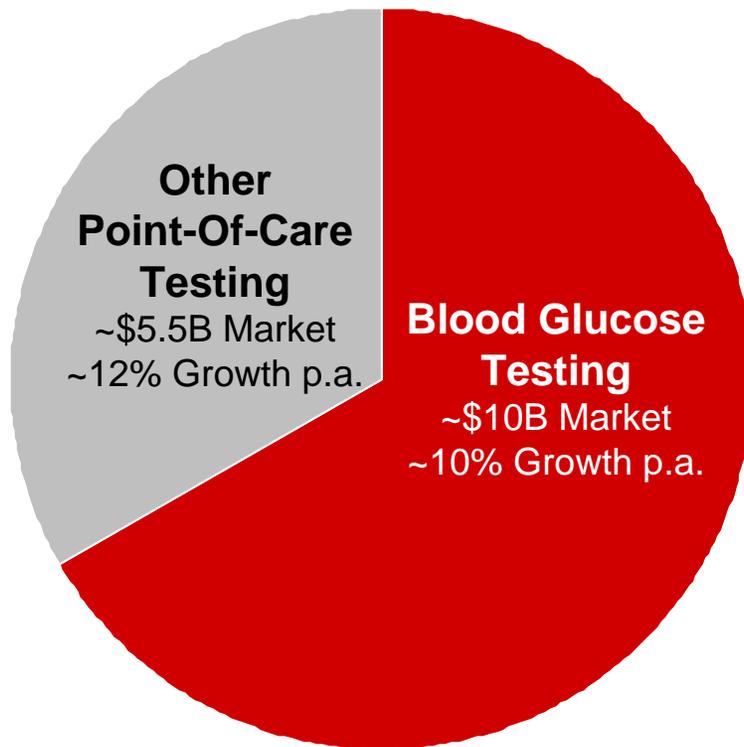
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# 1<sup>st</sup> target: the \$10B blood glucose segment

## Global Point-Of-Care Diagnostics Market (2010 estimate)



### Blood Glucose Growth Drivers

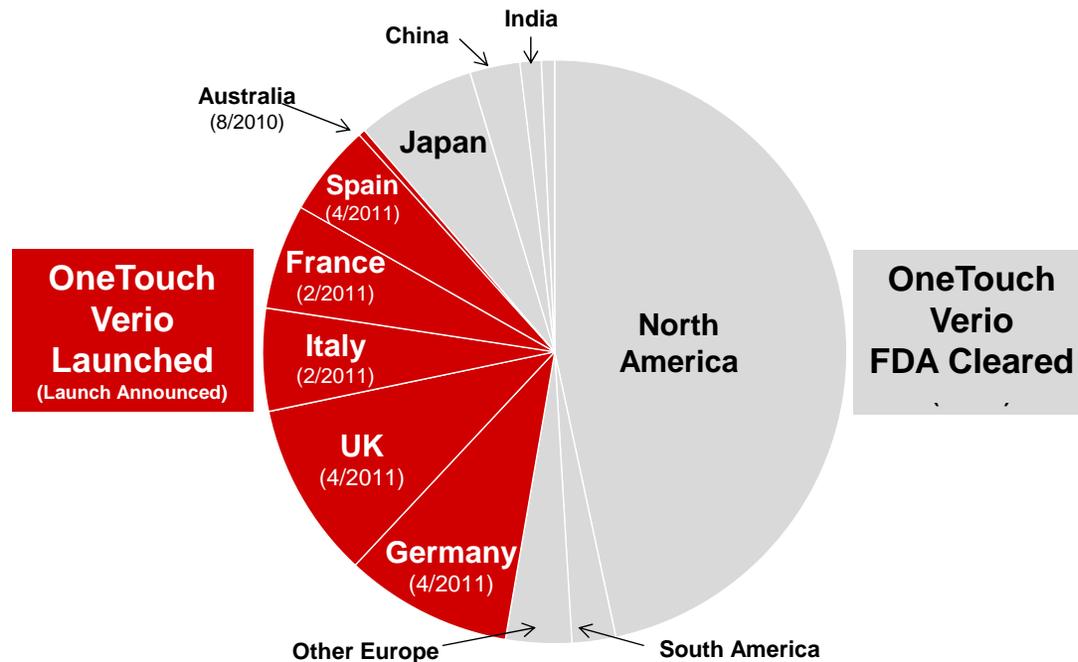
- Increased life expectancy of diabetes sufferers
- Growing incidence of diabetes  
*(Type II prevalence doubled in US from 1990 to 2005: now 90% of all diabetes sufferers)*
- Technology improvements
- Increasing patient awareness



# Now launched into the \$10B SMBG market



## Self Monitored Blood Glucose Market (2015 estimate\*)



Source: Global Data, SMBG Market Study Nov 2009

Note: images on this page are not representative of actual products approved in all markets.

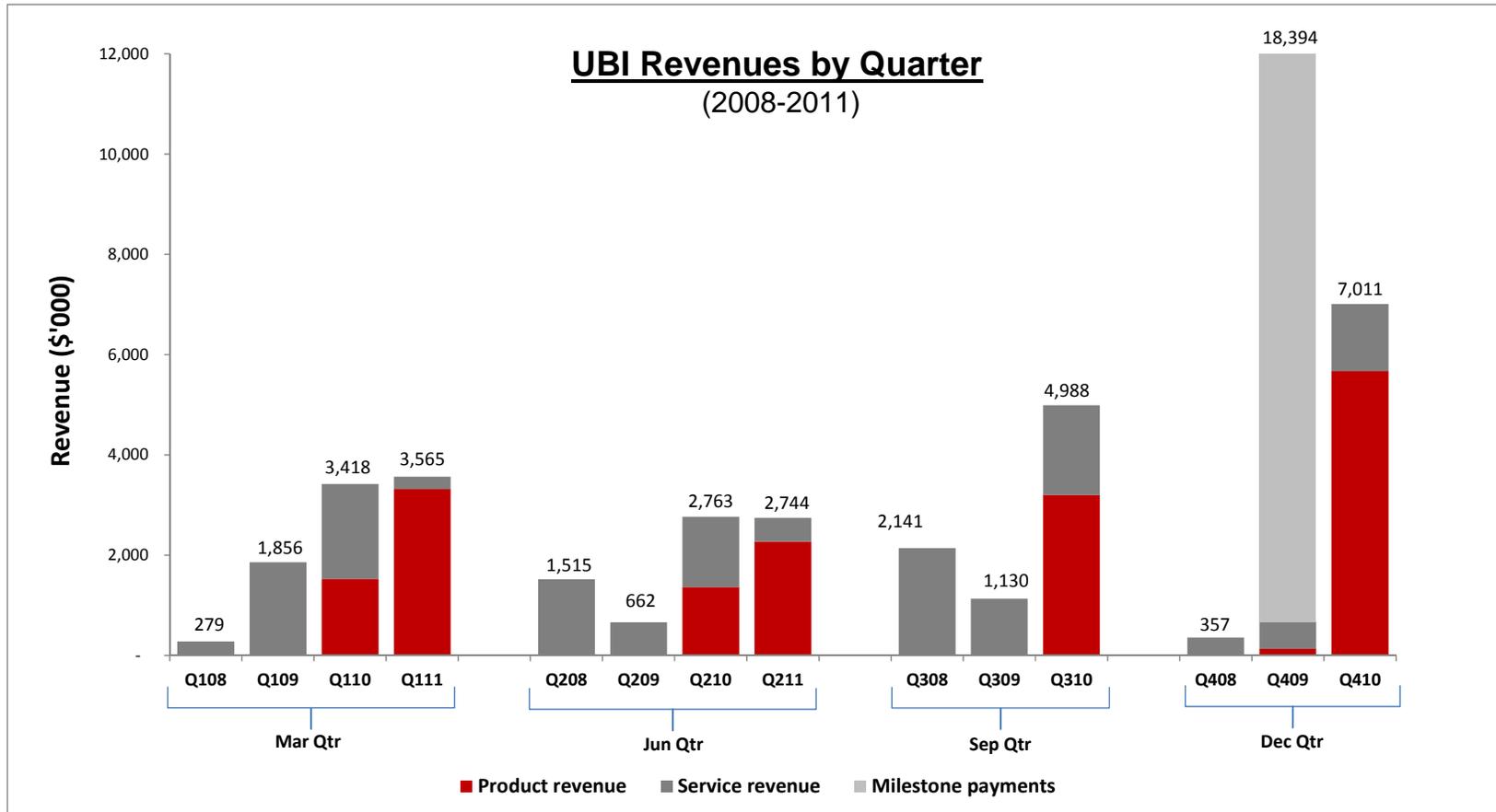


# LifeScan / Blood Glucose - Economics

Revenue Source	Revenue Detail	Margin Detail
<b>Service Fees</b> <i>("Service Revenues")</i>	Around US1c received for each strip sold	100% profit margin
<b>Product Revenues</b> <i>("Product Revenue")</i>	Received for all strips supplied from UBI factory	i) At low volumes ("Interim Costing Period"): fixed overhead contribution  ii) At higher volumes: Standard Cost + modest margin
<b>R&amp;D Services</b> <i>("Service Revenues")</i>	Received for R&D / services provided by UBI	Cost plus margin
<b>Milestones</b> <i>("Milestone Payments")</i>	Received on hitting R&D or Regulatory milestones	100% profit in year received



# Early growth in Qrtr-on-Qrtr product revenue







# The LifeScan relationship

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Solid working relationship, built around:

- UBI supplying the OneTouch Verio test strips  
*(on a non-exclusive basis, but currently the sole source)*
- UBI providing product and technical support
- Ongoing R&D collaboration
- Shared risk and shared rewards



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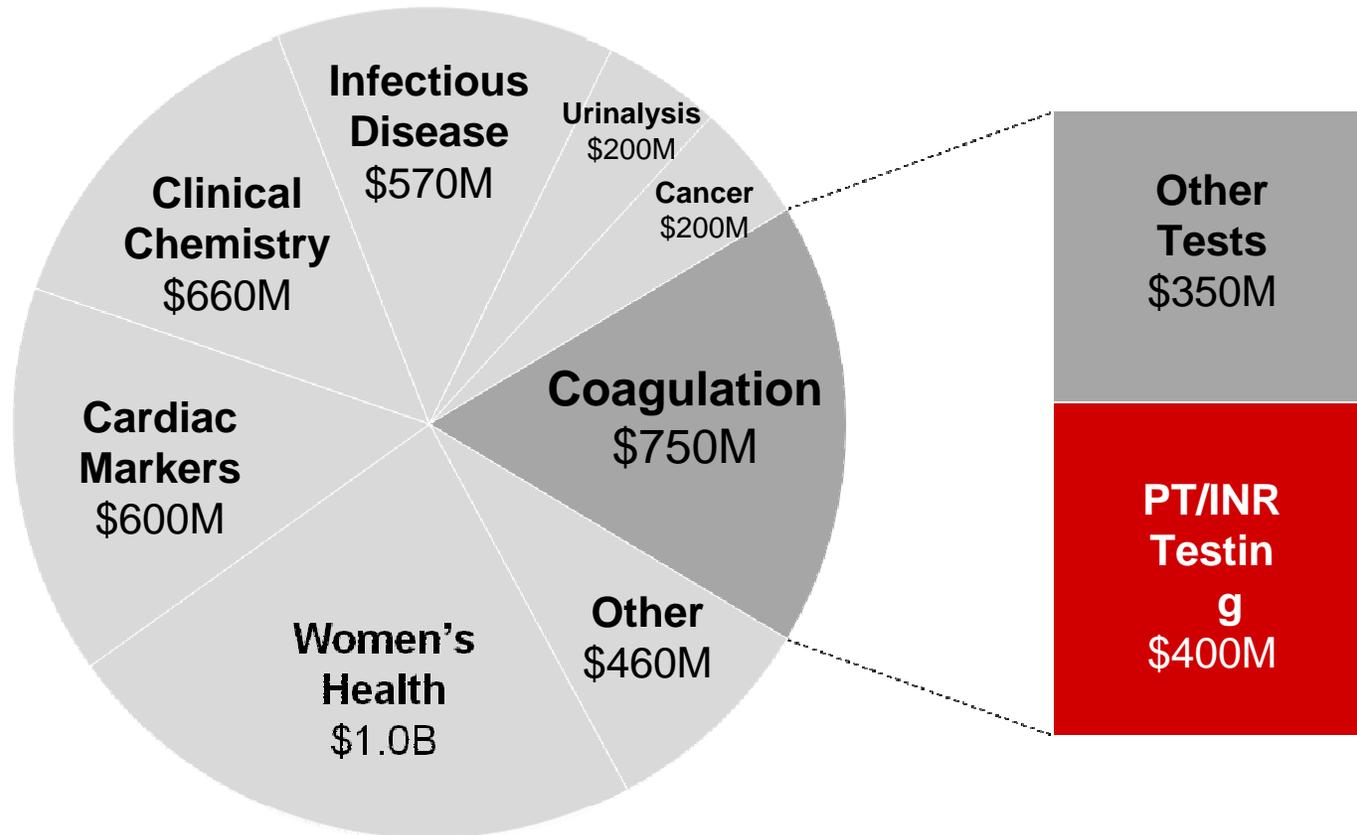
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# Next opportunity: POC Coagulation Testing

## Point-Of-Care Diagnostics Market (2008)



\* Kalorama, *The Worldwide Market for In Vitro Diagnostic Tests, 6<sup>th</sup> Ed.*, 2008.

\* Boston Biomedical Consultants, *The Worldwide In Vitro Diagnostic Test Product Market Segment Discussions 2006, 2007 and 2012 Estimate*, August 21, 2008.

• Trimark, "Point of Care Diagnostic Testing World Markets", June 2009

• Espicom, *POC Diagnostics* – Nov 2009



# Siemens – a powerful new partner for UBI

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- Partnership in the worldwide Coagulation market  
*(excluding Patient Self Test segment)*
- Multiple coagulation products to be developed
  - ✓ PT/INR product first to launch (with modified specs)
  - ✓ Further products to follow
- Initial technology fee of \$3 million and a series of 6 payments tied to product development milestones
- UBI to manufacture test strips under agreed supply terms
- Siemens to sell & distribute the products worldwide



# Siemens Healthcare Diagnostics

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- Siemens Healthcare Diagnostics - a powerful partner
  - ✓ >14,000 employees
  - ✓ Serving 30,000 customers worldwide
  - ✓ >130,000 instruments installed
- World leader in haemostasis, urinalysis and immunoassay
- Strong position in central laboratory and POC markets
- Corporate directions:

*“...moving ahead to break new ground in ... affordable personalized healthcare...future-oriented fields in which we’ll also play a pioneering role”*

*“Committed to advancing patient care, we support clinicians in diagnosing disease, managing patient conditions, and monitoring medical therapies.”*



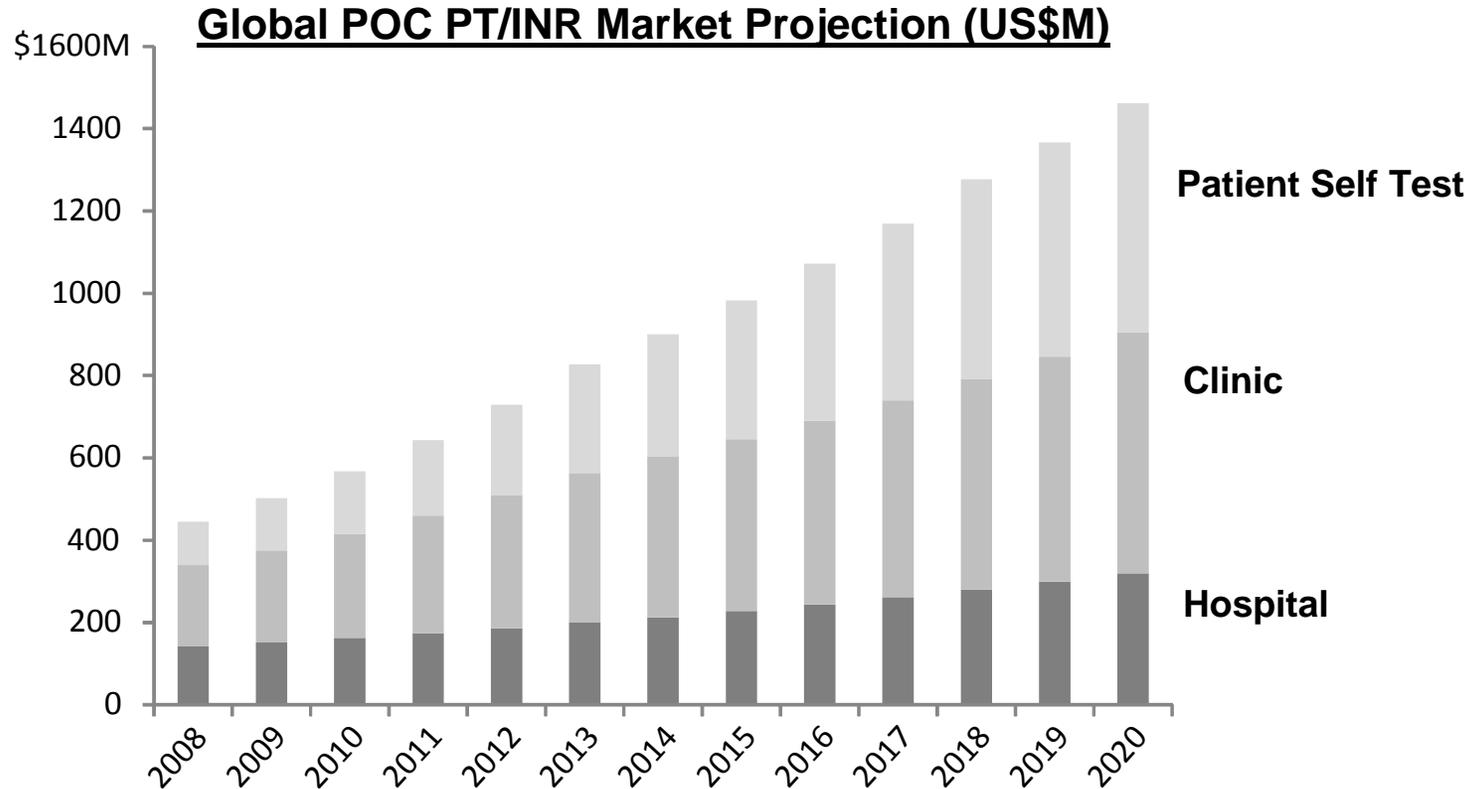
# Siemens deal is a breakthrough for UBI

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- Delivers on an important milestone in UBI's evolution
- Validates UBI technology beyond diabetes
- Provides a powerful global sales & distribution for PT-INR product & beyond
- Offsets UBI R&D costs via milestone payments
- Enhances competitiveness of PT/INR product specification *(impacts timing of regulatory submission)*
- Provides future annuity streams from supply of PT-INR and other test strips
- Leaves further opportunity for commercialisation of PT/INR in Patient Self Test segment



# 1<sup>st</sup> market, PT/INR, shows strong growth



- Market growth driven by:
  - ✓ ongoing Warfarin use,
  - ✓ increasing testing frequency

\* Kalorama, *The Worldwide Market for In Vitro Diagnostic Tests*, 6<sup>th</sup> Ed., 2008..

\* Trimark, "Point of Care Diagnostic Testing World Markets", June 2009



# Siemens will address professional segments

PT/INR Segments:	Hospital POC	Ambulatory	Patient Self-Testing
<b>Market</b>	<ul style="list-style-type: none"> <li>Established</li> </ul>	<ul style="list-style-type: none"> <li>Large &amp; fragmented</li> </ul>	<ul style="list-style-type: none"> <li>Emerging</li> </ul>
<b>Growth (CAGR)</b>	<ul style="list-style-type: none"> <li>5-7%</li> </ul>	<ul style="list-style-type: none"> <li>13%</li> </ul>	<ul style="list-style-type: none"> <li>&gt;20%</li> </ul>
<b>Leading PT Products</b>	<ul style="list-style-type: none"> <li>iSTAT</li> <li>Hemochron</li> </ul>	<ul style="list-style-type: none"> <li>CoaguChek</li> </ul>	<ul style="list-style-type: none"> <li>CoaguChek</li> </ul>
<b>Reimbursement</b>	<ul style="list-style-type: none"> <li>\$3-5/test</li> </ul>	<ul style="list-style-type: none"> <li>\$3-5/test</li> </ul>	<ul style="list-style-type: none"> <li>\$5-30/test</li> </ul>
<b>End Users</b>	<ul style="list-style-type: none"> <li>Professional</li> </ul>	<ul style="list-style-type: none"> <li>Professional</li> </ul>	<ul style="list-style-type: none"> <li>Patient (physician supervised)</li> </ul>
<b>Examples of Leading Channel Players</b>	<ul style="list-style-type: none"> <li>Abbott</li> <li>Siemens</li> <li>Trinity Biotech</li> <li>Becton Dickinson</li> <li>Danaher</li> <li>bioMerieux</li> <li>Ortho</li> </ul>	<ul style="list-style-type: none"> <li>Roche</li> <li>Siemens</li> <li>Danaher</li> <li>Alere</li> <li>Arkray</li> <li>Instrumentation Lab.</li> <li>Becton Dickinson</li> </ul>	<ul style="list-style-type: none"> <li>Roche</li> <li>Alere</li> <li>Philips</li> <li>Home health care</li> </ul>

**UBI and Siemens**

**In discussions with other potential partners**

Source: Company Reports; Management Estimates,; Kalorama, The Worldwide Market for In Vitro Diagnostic Tests, 6<sup>th</sup> Ed., 2008; Trimark, "Point of Care Diagnostic Testing World Markets", June 2009



# Partnership strengthens competitiveness

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- **Competitive product**

- ✓ **Cost per test**
- ✓ **Meter cost**
- ✓ **Feature set**
- ✓ **Ease-of-use**

**+**

- **Competitive channel**

- ✓ **Global healthcare brand**
- ✓ **Global distribution**
- ✓ **Technical & customer support**



# PT/INR offers good economic potential

## Maximum annual earnings opportunity (at 100% market share):

- Consider a target audience of >7 million Warfarin patients worldwide
- Assume 100% of this market
- Consider PT/INR monitoring frequency ranging from 8-weekly to weekly
- Consider earnings per test strip ranging from \$0.50 to \$1.50

Indicative Testing Frequency	Indicative Earnings per Strip		
	\$0.50	\$1.00	\$1.50
Once every 8 weeks (~45M tests/annum)	\$23M	\$45M	\$68M
Once every 2 weeks (~182M tests/annum)	\$91M	\$182M	\$273M
Once per week (~364M tests/annum)	\$182M	\$364M	\$546M

*Note: this analysis is intended to illustrate the scope of the opportunity within PT/INR testing across a range of input assumptions and in no way represents a forecast of likely UBI earnings.*



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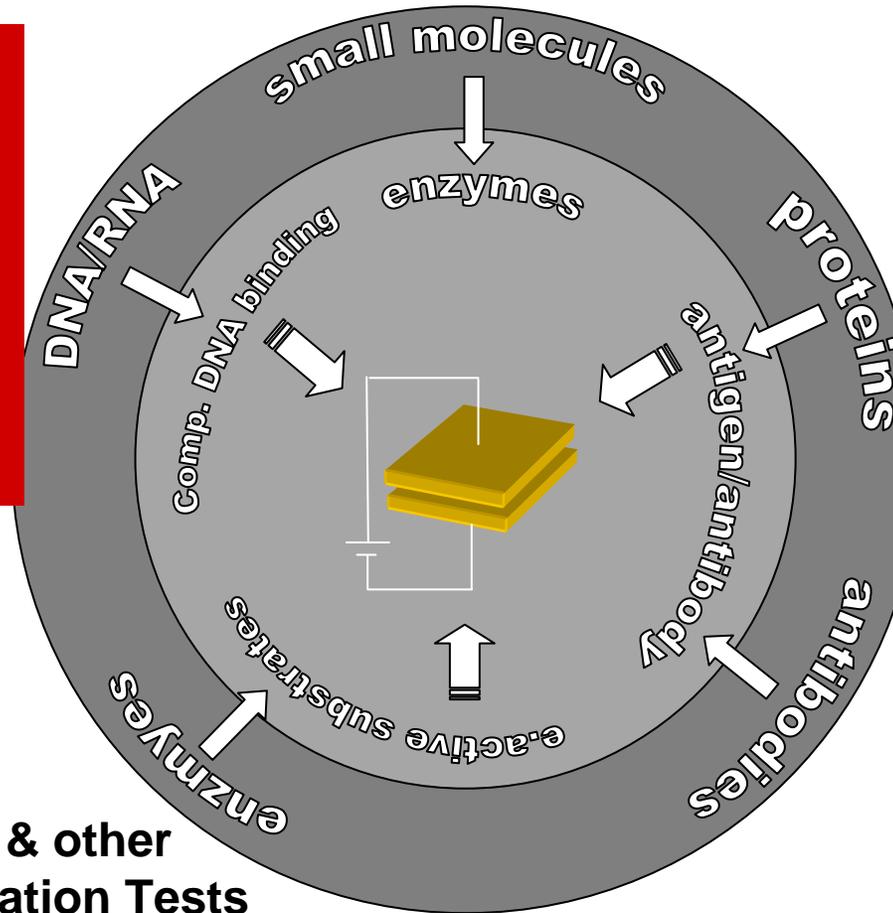
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# Platform technology opens opportunities

## 1 Glucose Test

- Molecular Dx:**
- Oncology
  - Infectious diseases
  - Personal Medicine
  - etc



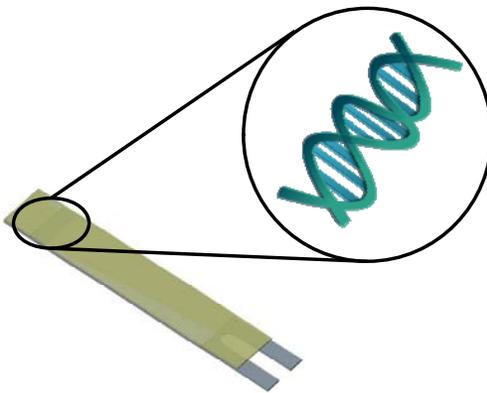
- Immunoassay:**
- D-Dimer
  - CRP
  - Cardiac markers
  - Infectious disease markers
  - Cancer markers
  - etc

## 2 PT/INR & other Coagulation Tests



# Rapid, Low Cost, Point-Of-Care MDx

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- UBI has signed a non-exclusive license with SpeedX Pty Ltd to use their proprietary DNA/RNA detection technology on the UBI platform.
- A disposable strip and meter product combining UBI and SpeedX technologies would make true POC Molecular Diagnostics possible:
  - Results in minutes
  - At low cost
  - At the point of care



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# Financials: Income Statement (2007-2010)

	Years Ended December 31,			
	2010	2009	2008	2007
	A\$	A\$	A\$	A\$
<b>Revenue</b>				
Revenue from products	\$ 11,760,009	\$ 132,733	\$ -	\$ -
Revenue from services	6,420,027	4,187,196	4,291,944	1,192,015
Milestone payment	-	17,722,641	-	-
Total revenue	18,180,036	22,042,570	4,291,944	1,192,015
<b>Operating costs &amp; expenses</b>				
Cost of goods sold and services	12,282,736	627,403	3,121,754	-
Research and development	6,482,150	14,898,072	11,585,258	7,157,216
General and administrative	7,185,550	5,635,569	5,510,127	4,226,757
Total operating costs & expenses	25,950,436	21,161,044	20,217,139	11,383,973
Profit/(loss) from operations	(7,770,400)	881,526	(15,925,195)	(10,191,958)
Other income	1,159,875	548,937	3,929,103	1,229,720
Net profit/(loss) before tax	(6,610,525)	1,430,463	(11,996,092)	(8,962,238)
Income tax benefit	-	-	206	145,000
Net profit/(loss)	(6,610,525)	1,430,463	(11,995,886)	(8,817,238)



# Financials: Income Statement (H1 2011)

	H1 2011	H1 2010
Revenue from products	5,587,167	2,884,397
Cost of goods sold - products	(6,186,844)	(3,475,152)
	<u>(599,677)</u>	<u>(590,755)</u>
Revenue from services	722,049	3,296,912
Cost of goods sold - services	(204,506)	(493,254)
	<u>517,543</u>	<u>2,803,658</u>
<b>Other income/(expense)</b>		
Research and development	(4,717,489)	(3,353,778)
General and administrative	(3,206,258)	(3,258,593)
Other	48,841	776,661
	<u>(7,874,906)</u>	<u>(5,835,710)</u>
<b>Net loss</b>	<u><b>(7,957,040)</b></u>	<u><b>(3,622,807)</b></u>



# Financials: Balance Sheet (30<sup>th</sup> June 2011)

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## Balance Sheet as at 30 June 2011

	A\$
Current Assets (excluding cash)	5,574,278
Cash	17,487,750
Property, Plant & Equipment (net)	21,650,027
Non-current receivables	310,000
Total Assets	<u>45,022,055</u>
Current Liabilities	2,414,338
Non-Current Liabilities	2,248,228
Stockholders' Equity	40,359,489
Total Liabilities & Stockholders' Equity	<u>45,022,055</u>



# Financials: Capital Structure

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Number of shares on issue	159,025,161
Market capitalization at 13 Sept 2011	~A\$154 million
Number of options on issue	10,878,038
Cash (at 30 June 2011)	~A\$17.5 million
Equity raised since inception	~A\$78 million



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