



Universal Biosensors, Inc.

ARBN 121 559 993

Q3 2014 Results Update

October 2014



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Q3 2014 Highlights

- **Continued growth in Quarterly Service Fees**
 - Q3 Quarterly Service Fees up 90% on pcp to \$1.6M
- **First coagulation strip manufacturing revenues**
 - Q3 Product Revenues of \$137k
- **Improved profitability of operations**
 - Q3 Gross Margins up 235% on pcp to \$1.7M
- **First coagulation product nearing launch**
 - Q3 YTD R&D spend up 18% on pcp to \$13.9M
 - Q3 YTD R&D spend (nett of accrued R&D Tax Rebate) is \$8.4M
- **Total cash balance increased during the quarter**
 - \$8.0M R&D Tax Rebate from 2013 received in Q3 2014
 - During Q3 cash balance increased by \$4.0M to \$19.8M



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- Business Update

- ✓ **Blood Glucose Monitoring**

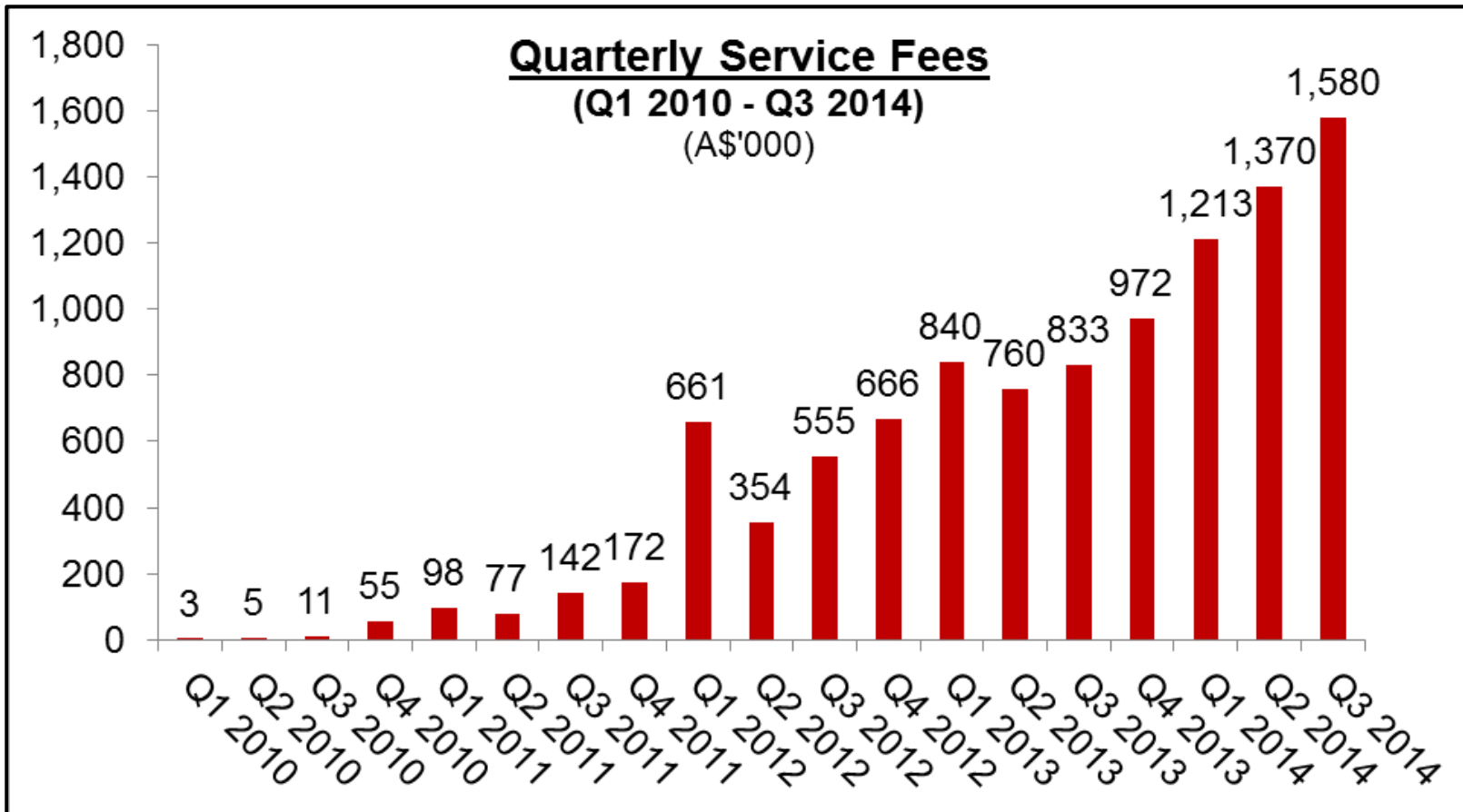
- ✓ Coagulation Testing

- Financial Results – Q3 2014



Fees from strip sales (QSFs) continue to grow

Quarterly Service Fees (QSFs) generated from sales of OneTouch Verio test strips were ~\$1.6M in the third quarter of 2014. This represents an increase of 90% compared to the same period in the previous year and an increase of 16% compared to the prior quarter.



*Quarterly Service Fees are based on the number of Verio strips sold by LifeScan

Source: UBI accounts - for important details relating to the terms of our commercial relationship with LifeScan, refer to our most recent Form 10K and agreements filed with the SEC.



Key industry factors influencing QSFs

Positive Drivers

- **OneTouch Verio appears to offer competitive advantage**
 - ~90% growth in QSFs from Q3 2013 to Q3 2014 significantly exceeds single digit growth of overall Blood Glucose Monitoring market
- **Continued roll-out of new OneTouch Verio meter platforms by LifeScan**
 - New OneTouch Verio system rolled out to several key EU Markets
- **Regulators demanding greater accuracy in Blood Glucose Monitoring (BGM)**
 - FDA continues to review industry feedback regarding January 2014 draft BGM accuracy guidelines
- **Potential pressure on other LifeScan products from generic strip manufacturers**

Challenges

- **Increased price-based competition in US market following reduced reimbursement**
- **Ongoing innovation in BGM**



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Siemens POC coagulation testing

POC PT-INR Testing System

- Short delay anticipated to launch as previously reported
 - Resolving issue with manufacturing of a sub-component of the hand-held analyser
 - Potential fix identified, with positive results from initial testing
 - Further testing required, with resolution targeted before year end

- Commercial test-strip manufacturing under way at UBI
 - Completed first shipment in Q3
 - Second shipment currently in production



Other POC Coagulation Tests (x2)

- Targeting launch in 2015



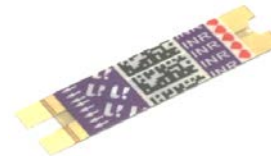
UBI's PT-INR test for home use

Opportunity:

- ✓ UBI-owned PT-INR testing system for decentralised settings including patient self-testing (PST), sold through specialist distributors in key markets
- ✓ \$200-300M market opportunity today, with potential for double-digit growth
- ✓ Opportunity for higher margin business under UBI control
- ✓ Distribution network provides channel for future UBI products

Target timetable:

- ✓ Targeting launch in 2015



Project status:

- ✓ 2nd generation prototype completed
- ✓ Useability trials conducted in 3 regions
- ✓ Preparing for clinical studies
- ✓ Distributor engagement ongoing
- ✓ Meter manufacturing establishment underway





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- **Financial Results – Q3 2014**



Financial summary (Q3 YTD 2014)

	9 months ended 30 Sept			Comments
	2014 (A\$'M)	2013 (A\$'M)	Change	
Quarterly Service Fees	4.2	2.4	Up 71%	Increasing unit sales
Revenue from Products	0.1	8.6	Down 98%	UBI ceased glucose strip manufacturing at end of 2013
Revenue from Services*	0.7	1.1	Down 39%	Based on partners' project requirements
Total Revenue	5.0	12.1	Down 59%	
Cost of Goods Sold & Services	(0.4)	(9.5)	Down 96%	UBI ceased glucose strip manufacturing at end of 2013
Contribution from Products & Services	4.6	2.5	Up 80%	Quarterly Service Fees flow through
R&D Expense	(13.9)	(11.8)	Up 18%	Ongoing investment in a portfolio of new products
Nett R&D Expense <i>(after accrual for R&D Tax Rebate)</i>	(8.4)	(7.6)	Up 11%	R&D Tax Rebate accrued in 2013 & 2014 for receipt in the following year
G&A Expense	(4.6)	(4.5)	Up 2%	Increase due to one-off consultancy work
Other Income / (Expenses)	(0.4)	1.3	Down \$1.7M	Interest Income & expenses, exchange gains/losses, other.
Net Loss after Tax	(8.8)	(8.3)	Up \$0.5M	
Change in Cash at Bank	(3.9)	(9.0)	Improved \$5.1M	R&D Tax Rebate against 2013 spend received in Q3 2014

*Excludes Quarterly Service Fees shown separately



Financial summary (Q3 2014)

	3 months ended 30 Sept			Comments
	2014 (A\$'M)	2013 (A\$'M)	Change	
Quarterly Service Fees	1.6	0.8	Up 90%	Increasing unit sales
Revenue from Products	0.1	1.4	Down 90%	UBI ceased glucose strip manufacturing at end of 2013
Revenue from Services*	0.4	0.3	Up 30%	Based on partners' project requirements
Total Revenue	2.1	2.5	Down 17%	
Cost of Goods Sold & Services	(0.3)	(2.0)	Down 83%	UBI ceased glucose strip manufacturing at end of 2013
Contribution from Products & Services	1.7	0.5	Up 235%	Quarterly Service Fees flow through
R&D Expense	(4.7)	(3.9)	Up 21%	Ongoing investment in a portfolio of new products
Nett R&D Expense <i>(after accrual for R&D Tax Rebate)</i>	(2.9)	0.3	Up \$3.2M	Q3 2013 figure includes 9 months of accruals for R&D Tax Rebate
G&A Expense	(1.5)	(1.7)	Down 10%	Restrictions on spending
Other Income / (Expenses)	0.8	0.2	Up \$0.5M	Interest Income & expenses, exchange gains/losses, other.
Net Loss after Tax	(1.9)	(0.7)	Up \$1.2M	
Change in Cash at Bank	4.0	(3.4)	Improved \$7.4M	R&D Tax Rebate against 2013 spend received in Q3 2014

*Excludes Quarterly Service Fees shown separately



Financial summary: balance sheet

Balance Sheet as at 30 September 2014

	A\$
Current Assets (excluding cash)	9,127,695
Cash	19,830,109
Property, Plant & Equipment (net)	14,768,776
Other Non-Current Assets	2,920,000
Total Assets	<u>46,646,580</u>
Current Liabilities	5,964,359
Non-Current Liabilities	20,063,048
Stockholders' Equity	20,619,173
Total Liabilities & Stockholders' Equity	<u>46,646,580</u>



Financial summary: capital structure

Number of shares on issue	~176 million
Market capitalization (at 28 th October 2014)	~A\$25 million
Number of options on issue	~9.9 million
Cash (at 30 th September 2014)	~A\$19.8 million



Top 5 shareholders

Shareholder	30 th September 2014 Holding
Talu Ventures Pty Ltd	10.1%
KFT Investments Pty Ltd	6.0%
The Principals Cornerstone Fund Pty Ltd	5.3%
J P Morgan Nominees Australia Ltd	4.7%
Kaasim Pty Ltd	4.2%



UBI investment case

- ✓ Targeting the attractive **Point-of-Care diagnostics (POCD)** market
- ✓ With a **powerful POCD technology** platform
- ✓ Profitable business with world leader **LifeScan (J&J)** in diabetes care
- ✓ Partnered with world leader **Siemens** in POC coagulation testing
- ✓ Pipeline of high value future product opportunities
- ✓ **Generating recurring revenues** from sales of single-use consumables