



Universal Biosensors

1H'2016 Results Update

July 2016



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UBI : 1H'2016 Highlights



- ➔ Strong revenue performance with OneTouch® Verio continuing to gain market share
- ➔ Operating expense improvement of 20% vs pcp
- ➔ Operating cash flow nearing breakeven (-\$0.5m in 1H'2016) (positive \$1.8m in 2Q'2016)
- ➔ Siemens milestone prepayment of US\$2.5m received
- ➔ Re-focused product development pipeline to deliver return on investment for shareholders

Positive cash flow and profitability achieved in Q2 2016



	3 Months Ended 30 Jun 16			
	2016 (A\$'M)	2015 (A\$'M)	Change	Comments
Quarterly Service Fees	5.4	3.6	Up 50%	OneTouch® Verio continues to gain market share
Total Revenue	5.4	4.4	Up 24%	Smaller growth in revenue from Siemens in Q2 2016
Contribution from Products and Services	5.3	3.9	Up 37%	QSF revenue drops through to bottom line
R&D Expenses	2.9	5.0	Improved 42%	Re-focused product development pipeline & strict R&D criteria
G&A Expenses	1.0	1.5	Improved 31%	Operating cost efficiencies
Profit/(Loss) from Operations	1.4	(2.6)	Improved \$4.0m	Revenue growth & expense improvements
Other Income/(Expense)	(1.0)	1.3	Down \$2.3m	R&D tax incentive income not recorded in 2016
Net Profit/(Loss)	0.5	(1.3)	Improved 137%	Profit in quarter
Operating Cash Flow	1.8	(3.4)	Improved \$5.2m	Higher revenue reducing cash burn, trending towards cash flow positive. Includes Siemens milestone payment of US\$2.5m
Period End Cash Balance	13.2	10.7	Improved \$2.5m	Note:US\$15m in long term debt ~\$9.2m R&D tax incentive during 3Q 2016

Strong financial performance: 1H 2016



	6 Months Ended 30 Jun 16			
	2016 (A\$'M)	2015 (A\$'M)	Change	Comments
Quarterly Service Fees	10.3	6.5	Up 58%	OneTouch® Verio continues to gain market share
Total Revenue	10.5	7.5	Up 41%	Smaller growth in revenue from Siemens in 1H 2016
Contribution from Products and Services	10.3	6.9	Up 48%	QSF revenue drops through to bottom line
R&D Expenses	7.9	9.9	Improved 20%	Re-focused product development pipeline & strict R&D criteria
G&A Expenses	2.5	3.1	Improved 19%	Operating cost efficiencies
Loss from Operations	(0.2)	(6.1)	Improved \$5.9m	Revenue growth & expense improvements
Other Income/(Expense)	(1.0)	2.0	Down \$3.0m	R&D tax incentive income not recorded in 2016
Net Loss	(1.2)	(4.1)	Improved 71%	Trending towards breakeven
Operating Cash Flow	(0.5)	(4.4)	Improved \$3.9m	Higher revenue reducing cash burn, trending towards cash flow positive. Includes Siemens milestone payment of US\$2.5m
Period End Cash Balance	13.2	10.7	Improved \$2.5m	Note:US\$15m in long term debt ~\$9.2m R&D tax incentive during 3Q 2016

Re-forecasted P&L for 1H 2016



	Re-Forecasted 6 Months Ended 30 Jun 16
	2016 (A\$'M)
Reported net loss for 1H 2016	(1.2)
R&D tax incentive income *	3.5
Revised net profit for 1H 2016	2.3

*The Company would be eligible to recognise \$3.5 million as a refundable research and development tax incentive income in respect of 1H 2016 should there be reasonable assurance that the aggregate turnover for the year is less than \$20 million.

The Company reviews its forecasted aggregate turnover on a quarterly basis to determine if the R&D tax incentive income should be captured.

Other progress during 1H 2016



- **Focused development pipeline to drive growth**
 - Implemented rigorous product development criteria focussed on shareholder ROI
 - Put on-hold in-house patient self-testing device for warfarin monitoring following indications from FDA of increased regulatory requirements for future submissions
 - Use learnings from Siemens product to advance our own patient self-test product
- **Modifications to Siemens collaboration agreement**
 - Shift in focus of joint product development activities to focus resources on an alternative product that offers the potential for greater ROI
 - Prepayment of milestones to UBI totalling US\$3.75m (of which US\$2.5m was receipted during 2Q'2016)
 - Improved Xprecia Stride™ strip pricing to support Siemens' entry into the point-of-care PT-INR testing market
- **Board renewal continues**
 - Mr. David Hoey appointed as a US based Non Executive Director in March 2016
 - Mr. Craig Coleman appointed as Non Executive Director in June 2016

OneTouch® Verio's revenues increased 58% in 1H'2016



Market share gains driving strong sales growth in blood glucose market



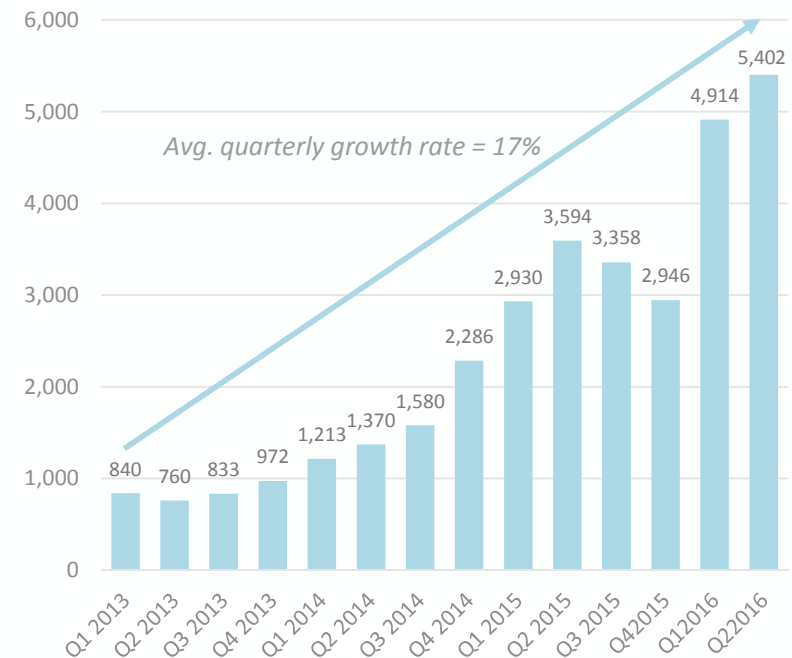
Quarterly Service Fees (QSF)

- UBI receives a service fee for each OneTouch Verio® strip sold by LifeScan
 - The first 0.5B strips per year: US1.25c per strip
 - Each strip >0.5B per year: US 0.75c per strip
 - QSF for Q2FY16 up 50% on pcp
 - Cumulative QSF (30 Jun 16) of US\$29.1m

Lump Sum Service Fee (LSSF)*

- Cumulative QSF of US\$45M gives LifeScan the option, at the end of the year in which they give notice, to pay a lump sum fee in lieu of future QSFs, calculated as 2-2.2x the QSFs earned for the full year in which notice is given

Quarterly Service Fees (A\$000's)



*Refer to Form 10-K and 10-Q for a more detailed description, Source: UBI Financial Statements, SEC Filings.

OneTouch® Verio...

A key product for Johnson & Johnson



J&J's strategic review

- J&J has recently conducted a business review of its consumer and medical devices
- OneTouch® Verio identified as one of J&J's most competitive product platforms

J&J's product rationalisation

- Reduced strip platforms from 5 to 2
- Simplified meters from 14 to 3
- Moving from Ultra to Verio

One Touch® Verio delivering results

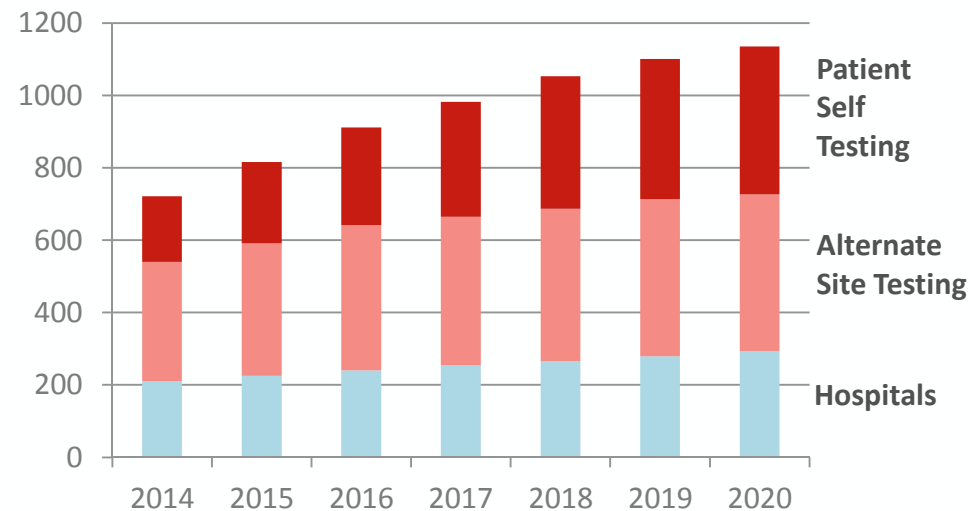
- Verio was fastest growing blood glucose monitoring (BGM) product in 2015 (by volume)
- J&J's BGM products gained volume market share globally and beat volume market growth 2x



Xprecia Stride™ growth opportunity



Global POC PT-INR Testing Market Projection (US\$M)



Market Opportunities

- Growing patient population, ongoing warfarin use and increased testing frequency
- Generous reimbursement

Market Risks

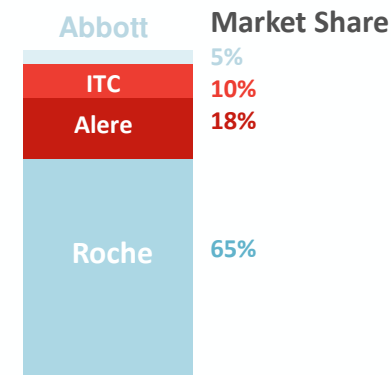
- New competitors and alternatives to Warfarin
- Changes to reimbursement
- Changes to regulations

What is a PT-INR test?

- Prothrombin Time (PT) measures the clotting tendency of blood
- PT is reported as an International Normalised Ratio (INR)
- Frequent INR testing ensures patients on the anticoagulation therapy warfarin, remain in the Target Therapeutic Range

POC PT-INR Testing Market Shares

(2014 Estimates)

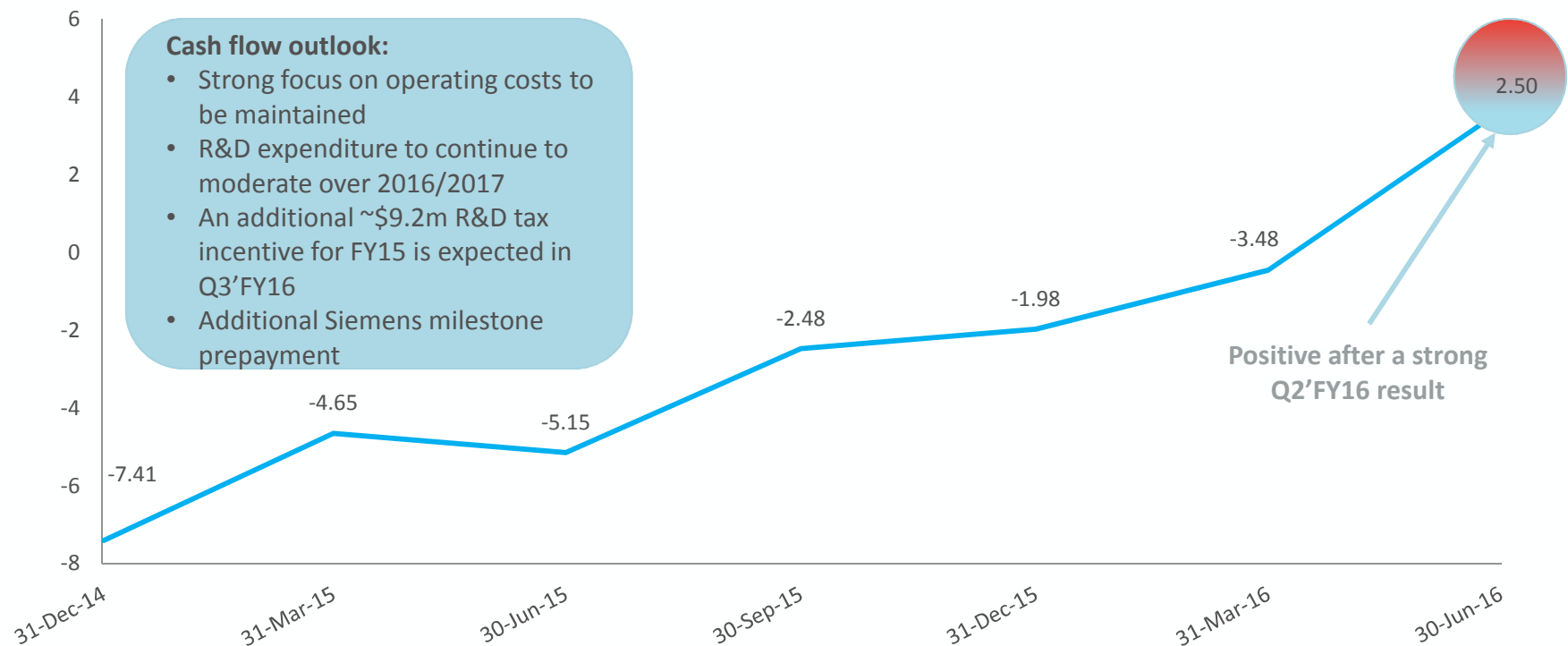


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Trending to cash flow generation (on a rolling basis)



Rolling Net Cash Flow over previous 12 months
(A\$ Millions)

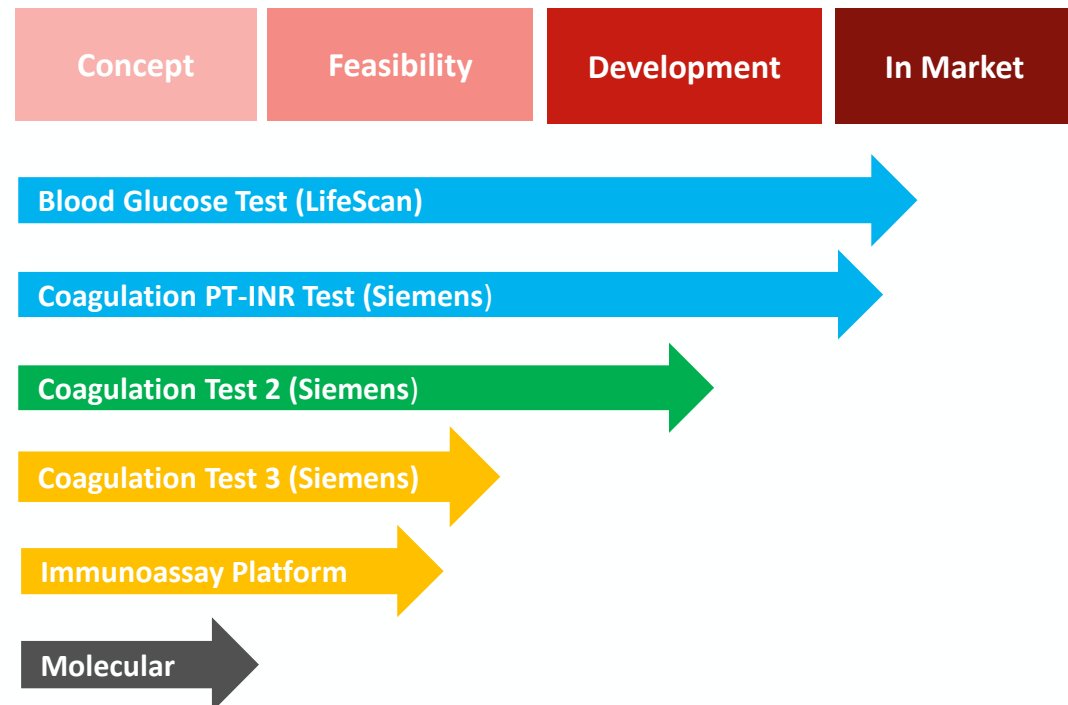


New product development



A focussed development pipeline to drive growth

- Strong track record of innovation in the Point-of-Care Diagnostics space
- Rigorous product development criteria:
 - Deliver ROI for shareholders
 - Ability to sustain positive cash flow
 - UBI announced in March it has put on hold some product development work
- Exciting new products are in the development pipeline with Siemens
- Clinical trials targeted to commence in 2017. Regulatory approval will be sought after completion of these trials
- Proven track record of collaboration with two of the world's leading healthcare companies to bring products to market



Anticipated news flow: next 12 months



- OneTouch® Verio Quarterly Service Fees
- Receipt of ~A\$9.2M from R&D Tax rebate relating to FY2015 spend
- US\$1.25M Siemens milestone prepayments
- Feasibility demonstrated for POC immunoassay platform
- FDA approval of Xprecia Stride™ strip product

Upcoming market communications:

- Investor newsletter : September 2016
- Appendix 4C quarterly : October 2016

UBI: Investment Highlights



- ✓ Targeting the large and growing **Point-of-Care Diagnostics** market
- ✓ **Fast growth in revenues** based on the manufacture and sale of disposable test strips
- ✓ Validating the technology through partnering deals with **LifeScan (Johnson & Johnson) and Siemens**
- ✓ Unique **patent-protected** technology with low cost manufacturing
- ✓ **Driving growth** beyond the existing product platform via new product development

