



# Universal Biosensors, Inc.

ARBN 121 559 993

## Investor Presentation

March 2012



# Important Disclaimer

---

- This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. This presentation is not financial advice and has been prepared without taking into account the objectives, financial situation or needs of a particular person.
- Neither the Company, nor its officers or advisors or any other person warrants the accuracy of the analysis herein or guarantees the investment performance of the Company. Investors must make their own independent assessment of the Company and undertake such additional enquiries as they deem necessary or appropriate for their own investment purposes.
- The statements contained in this presentation that are not purely historical are forward-looking statements within the meaning of the Exchange Act. Forward-looking statements in this presentation include statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the proposed offering. All forward-looking statements included in this presentation are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. Our actual results could differ materially from our current expectations.
- The Company is subject to a number of risks. For a summary of key risks, refer to the Company's most recent Form 10-K filed with the United States Securities and Exchange Commission.
- Under applicable United States securities laws all of the shares of our common stock are "restricted securities" as that term is defined in Rule 144 under the Securities Act of 1933, as amended. Restricted securities may be resold in the public market to United States persons as defined in Regulation S only if registered for resale or if they qualify for an exemption from registration under the Securities Act. We have not agreed to register any of our common stock for resale by security holders.



# UBI in summary

## Powerful technology for growing POC diagnostics markets

- Point-of-care (“POC”) diagnostics is \$15Bn market with 11% growth
- Electro-chemical sensor technology, protected by 44 patent families...
- ...enables easy-to-use, accurate, low cost diagnostics using a handheld reader & disposable test strips, ideal for POC applications

## World-scale strip manufacturing plant in operation

- ISO13485 certified, fully automated, world-scale manufacturing in place
- Includes capacity to produce >750M glucose test strips p.a.

## 1<sup>st</sup> product, used to manage diabetes, now being sold in major world markets by LifeScan

- Blood glucose self-testing market is \$10Bn worldwide, growing at ~10%
- LifeScan (J&J) sells 4-5Bn glucose test strips p.a. (~27% market share)
- LifeScan now selling UBI-developed glucose strips in key world markets
- UBI earns ~US1c per OneTouch Verio strip sold, and a margin on supply
- LifeScan paying UBI \$4.5M to prove feasibility of a novel glucose product

## 2<sup>nd</sup> product, for POC PT-INR testing, planned to launch in 2013 with Siemens

- UBI partnership with Siemens in “professional” POC coagulation testing
- PT-INR testing market estimated at >\$700M today, growing at >15% p.a.
- Aim to launch PT-INR test in 2013; other POC coagulation tests to follow
- UBI earns revenue from R&D milestone payments & strip manufacturing

## R&D will broaden UBI’s test menu

- UBI will apply its strip technology to immunoassay & molecular tests...
- ...while using proven strip designs to expand test “menu” cost effectively

## UBI aims to be a leader in POC diagnostics

- UBI’s capability has now been validated by 2 world-leading companies
- UBI’s early glucose business generated positive gross margin in FY2011
- New products will leverage manufacturing investment and build profits
- Cash balance: \$15M (31/12/11), with H2 2011 cash burn of \$2.4M
- UBI is ASX-listed with market capitalisation of ~\$120M (26<sup>th</sup> March 2012)



# Contents

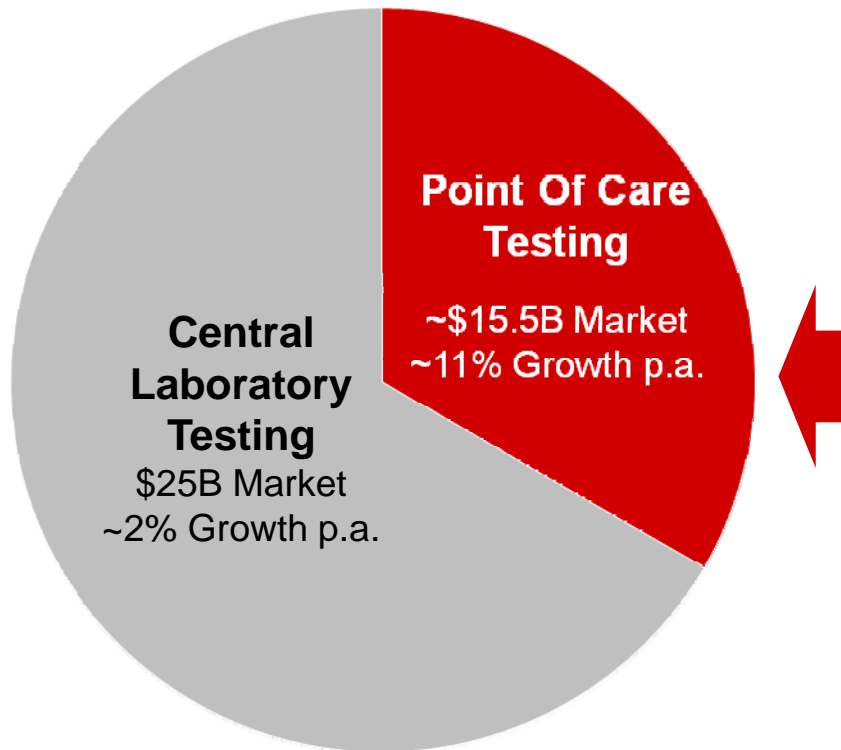
---

- ➔ • **UBI Overview**
  - Blood Glucose Monitoring
  - Coagulation Testing
  - Future opportunities
  - Financials



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

## Global In Vitro Diagnostics Market (2010 estimate)



### Point of Care Growth Drivers

- ✓ Improved Health Economics (lower cost and better outcomes)
- ✓ Supports:
  - more timely diagnosis
  - increased frequency of testing for improved health outcomes
    - Management of chronic disease
    - Monitoring the effectiveness of a therapy
  - distributed healthcare for regional & remote areas as well as emerging economies



# Using UBI's powerful diagnostic technology

- **Well suited to Point-of-Care**

- ✓ **Accurate results**

- (key variables in whole blood are “calculated” for each sample, rather than “assumed”)*

- ✓ **Easy to use**

- (requires small drop of blood from finger-prick)*

- ✓ **Low cost to manufacture**

- (supports fully automated, scale manufacturing)*

- **Broad application**

- ✓ **Across analytes**

- (enzymes, immunoassay, molecular)*

- ✓ **Across geographies**

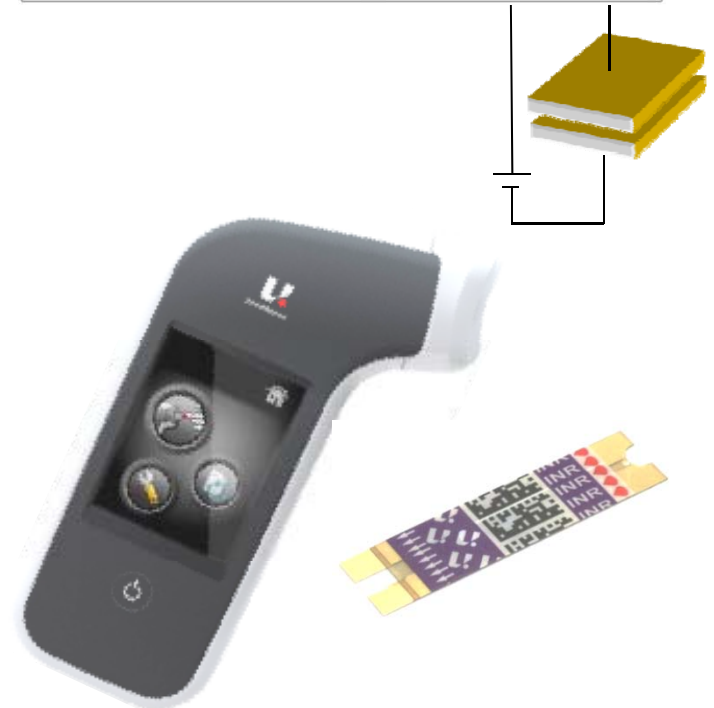
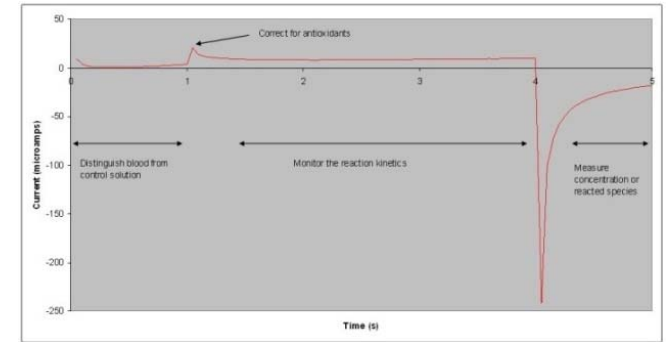
- (mature & emerging markets)*

- ✓ **Across diagnostic settings**

- (home-use, hospital, clinic)*

- **Patent protected**

- (44 patent families)*





# ...and low cost, world-scale manufacturing



- ISO 13485
- Fully automated
- Custom designed
- Scale appropriate

- Existing capacity to produce >750M glucose strips p.a.





# Contents

---

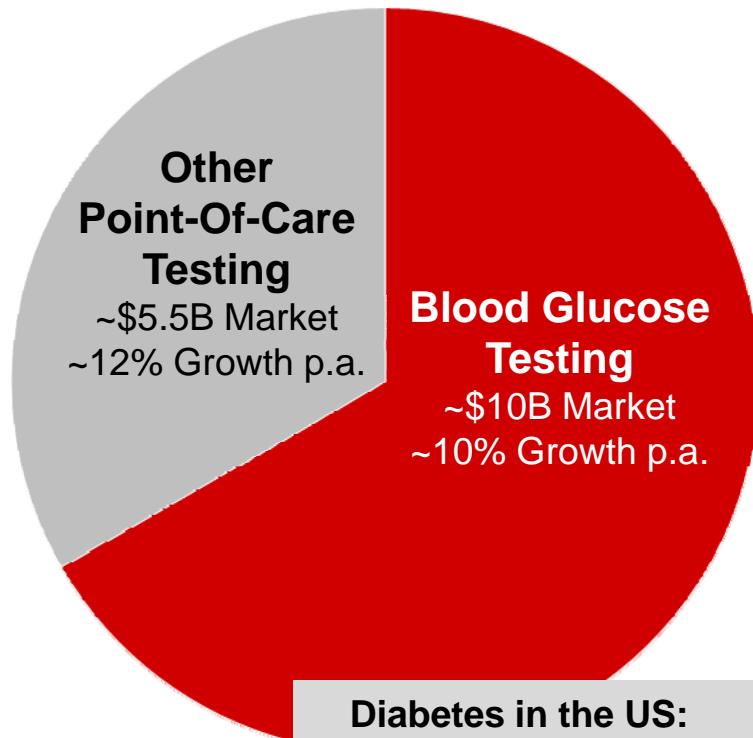
- UBI Overview
- ➔ • **Blood Glucose Monitoring**
- Coagulation Testing
- Future opportunities
- Financials





# 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 in all geographies
- Technology improvements
- Increasing patient awareness

### Diabetes in the US:

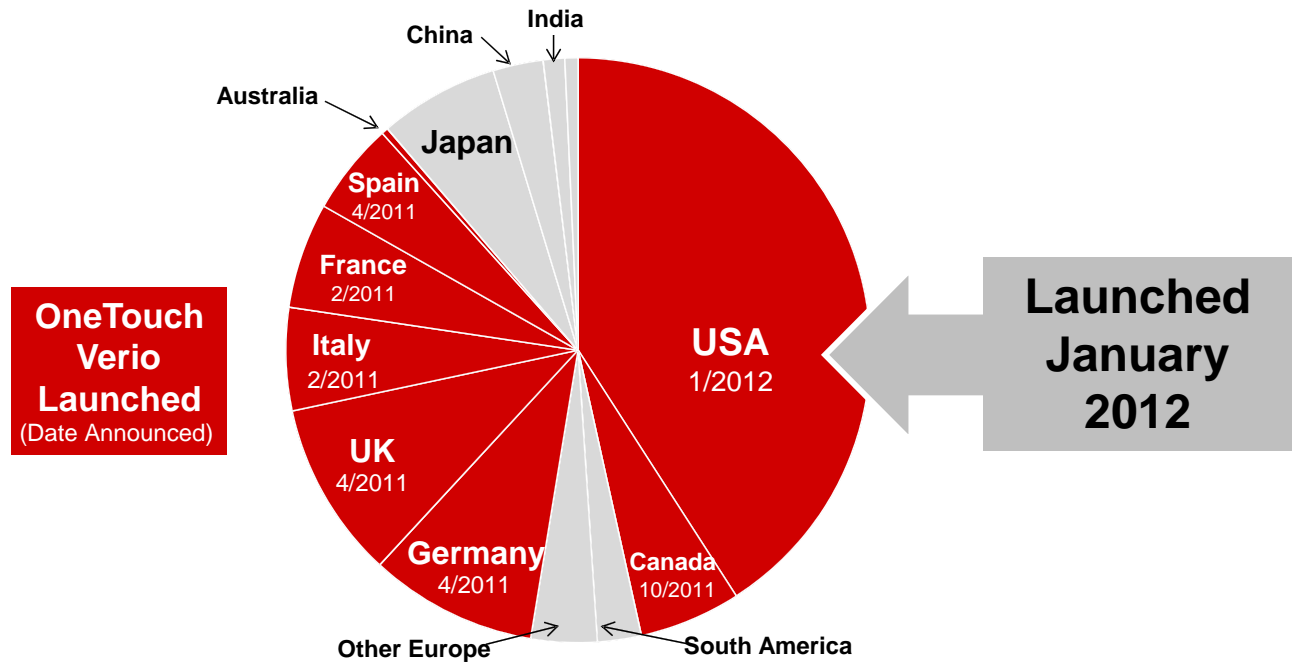
- *Type II prevalence doubled in US from 1990 to 2005;*
- *~8.3% of US population affected;*
- *~7 million people in US undiagnosed today;*



# Global roll-out in \$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.



# Well placed to succeed in the SMBG market

- LifeScan market strength
  - 27% worldwide share of \$10B SMBG market (2010)
  - 33% US market share in SMBG (2010)
- Competitive product features
  - Accuracy
  - Glucose specificity
  - Small blood volume
  - No “coding” requirement
  - Meter functionality (data storage & analysis, user interface, etc)





# LifeScan / blood glucose - economics

Revenue Source	Revenue Detail
<b>Service Fees</b> <i>("Revenue from Services" in published financial statements)</i>	<b>~ US1c received for each Verio strip <u>sold</u> by LifeScan</b> <ul style="list-style-type: none"><li>• Irrespective of source of manufacture</li><li>• LifeScan sells 4-5 Bn strips / annum based on "pre-Verio" technology</li></ul>
<b>Product Revenues</b> <i>("Revenue from Products")</i>	<b>Received for all strips <u>supplied from UBI factory</u></b> <ul style="list-style-type: none"><li>i) At low volumes ("Interim Costing Period"): fixed overhead contribution</li><li>ii) At higher volumes: Standard Cost + modest margin</li></ul>
<b>R&amp;D Services</b> <i>("Revenue from Services")</i>	<b>Received for <u>R&amp;D / services</u> provided by UBI</b> <ul style="list-style-type: none"><li>• Typically time &amp; materials cost plus margin</li></ul>
<b>Milestones</b> <i>("Milestone Payments")</i>	<b>Received on hitting <u>R&amp;D or Regulatory milestones</u></b> <ul style="list-style-type: none"><li>• Typically where UBI has taken some level of technical risk</li></ul>



# The “glucose business” is already profitable

	<u>Profit &amp; Loss Statement - 2011</u>	<u>AUD</u>
<b>Diabetes Segment</b> →	Revenue from products*	12,063,582
	Revenue from services**	2,632,870
	Cost of goods sold and services	13,018,451
	<b>Gross Margin</b>	<b>1,678,001</b>
<b>Investment in Future Products / Earnings</b> →	Research and development	9,812,396
	General and administrative	7,271,488
	<b>Profit/(loss) from operations</b>	<b>(15,405,883)</b>
	Other income	713,766
	Income tax benefit	-
	<b>Net profit/(loss)</b>	<b>(14,692,117)</b>

\* Revenue earned from strips sold to LifeScan, manufactured by UBI

\*\* Includes ~US1c Service Fee earned on every Verio strip sold by LifeScan + fees earned providing R&D Services to LifeScan



# The “glucose business” has momentum

---

- OneTouch Verio IQ (launched in US market on 9<sup>th</sup> Jan 2012) now has European (CE Mark) approval
- OneTouch Verio strip manufacturing expected to increase in 2012
  - UBI production volumes in 2012 expected to be higher than 2011 levels
  - LifeScan has commenced commercial manufacturing of OneTouch Verio strips in Inverness
  - Note: UBI earns ~US1c Service Fee for each Verio strip sold by LifeScan regardless of the manufacturer
- LifeScan continues to demonstrate its commitment to the Verio technology as Insulet announces global agreement with LifeScan to integrate Verio technology with a future version of their Omnipod Personal Diabetes Manager (Feb 2012)
- \$4.5M, 12 month technology feasibility program with LifeScan for novel blood glucose testing product is on track



# Contents

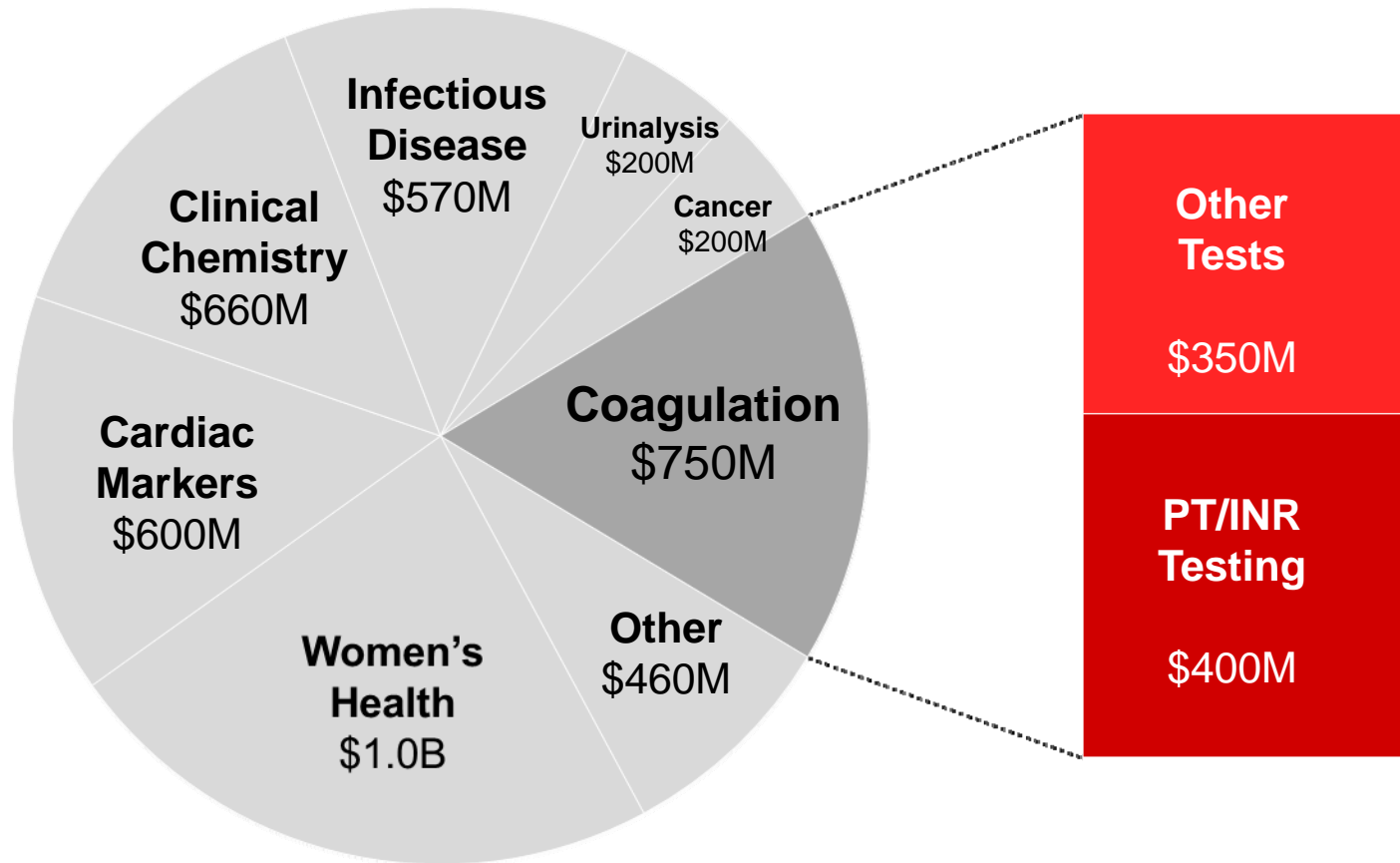
---

- UBI Overview
- Blood Glucose Monitoring
- ➔ • **Coagulation Testing**
- Future opportunities
- Financials



# Next opportunity: POC coagulation testing

## Point-Of-Care Diagnostics Market (Excluding Glucose testing - 2008)



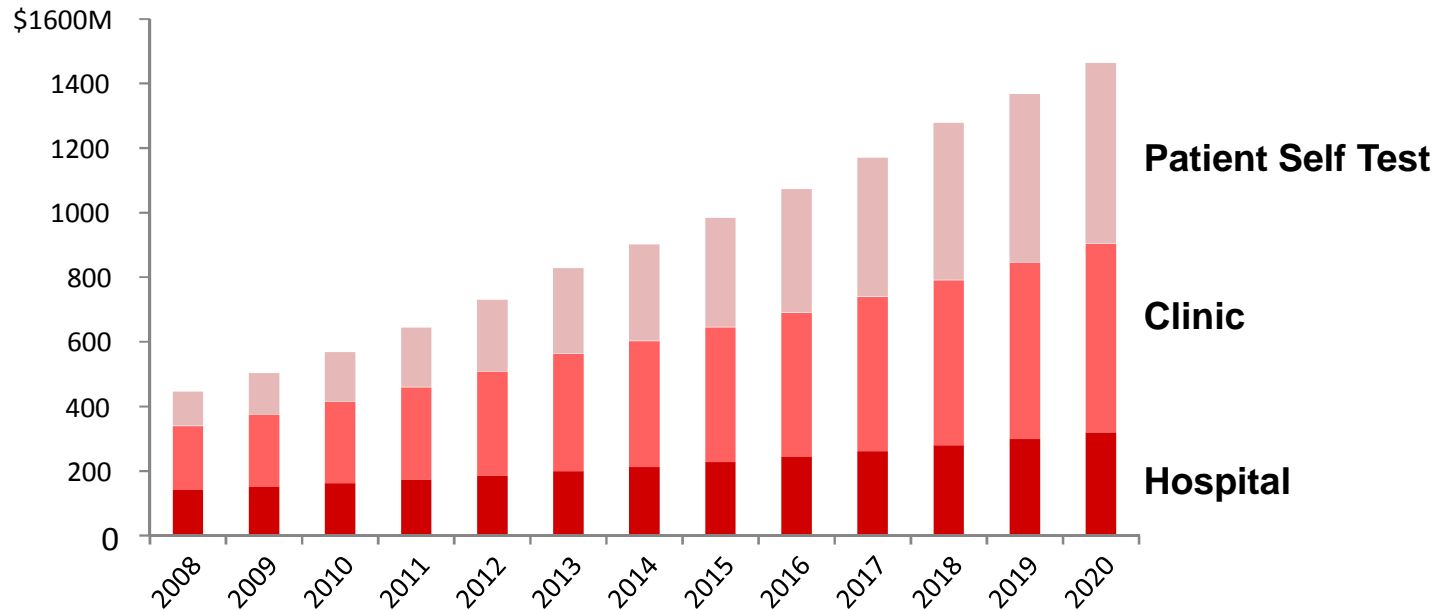
Source: Management estimates; Kalorama, *The Worldwide Market for In Vitro Diagnostic Tests*, 6<sup>th</sup> Ed., 2008.; Trimark, "Point of Care Diagnostic Testing World Markets", June 2009; Espicom, *POC Diagnostics* – Nov 2009





# POC PT-INR testing is growing strongly

## Global POC PT/INR Market Projection (US\$M)



### Market growth driven by:

- ✓ growing patient population
- ✓ ongoing Warfarin use (>7 million users in 2010)
- ✓ health benefits of increasing testing frequency (weekly)



# Initial target: professional POC PT-INR

---



- **Competitive product**

- ✓ Strip cost
- ✓ Meter cost
- ✓ Feature set
- ✓ Ease-of-use

+

- **Competitive channel**

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



# Siemens – a powerful new partner for UBI



- Partnership in the worldwide Coagulation market
  - ✓ Excludes patient-self-testing segment which UBI is free to pursue separately
- Multiple coagulation products to be developed
  - ✓ PT/INR product first to launch (planned for 2013)
  - ✓ Further products to follow
- Initial technology fee of \$3 million and a series of 6 payments tied to product development milestones to fund a significant portion of the R&D effort
- UBI will manufacture test strips exclusively
- Siemens to sell & distribute the products worldwide



# 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 4-weekly to weekly
- Consider earnings per test strip ranging from \$0.50 to \$1.50

Annual Earnings Opportunity <i>(at 100% market share)</i>	Indicative Earnings per Strip		
Indicative Testing Frequency	\$0.50	\$1.00	\$1.50
Once every 4 weeks (~91M tests/annum)	\$45M	\$91M	\$136M
Once every 2 weeks (~182M tests/annum)	\$91M	\$182M	\$273M
Once every week (~364M tests/annum)	\$182M	\$364M	\$546M

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



# Contents

---

- UBI Overview
- Blood Glucose Monitoring
- Coagulation Testing
- ➔ • **Future opportunities**
- Financials



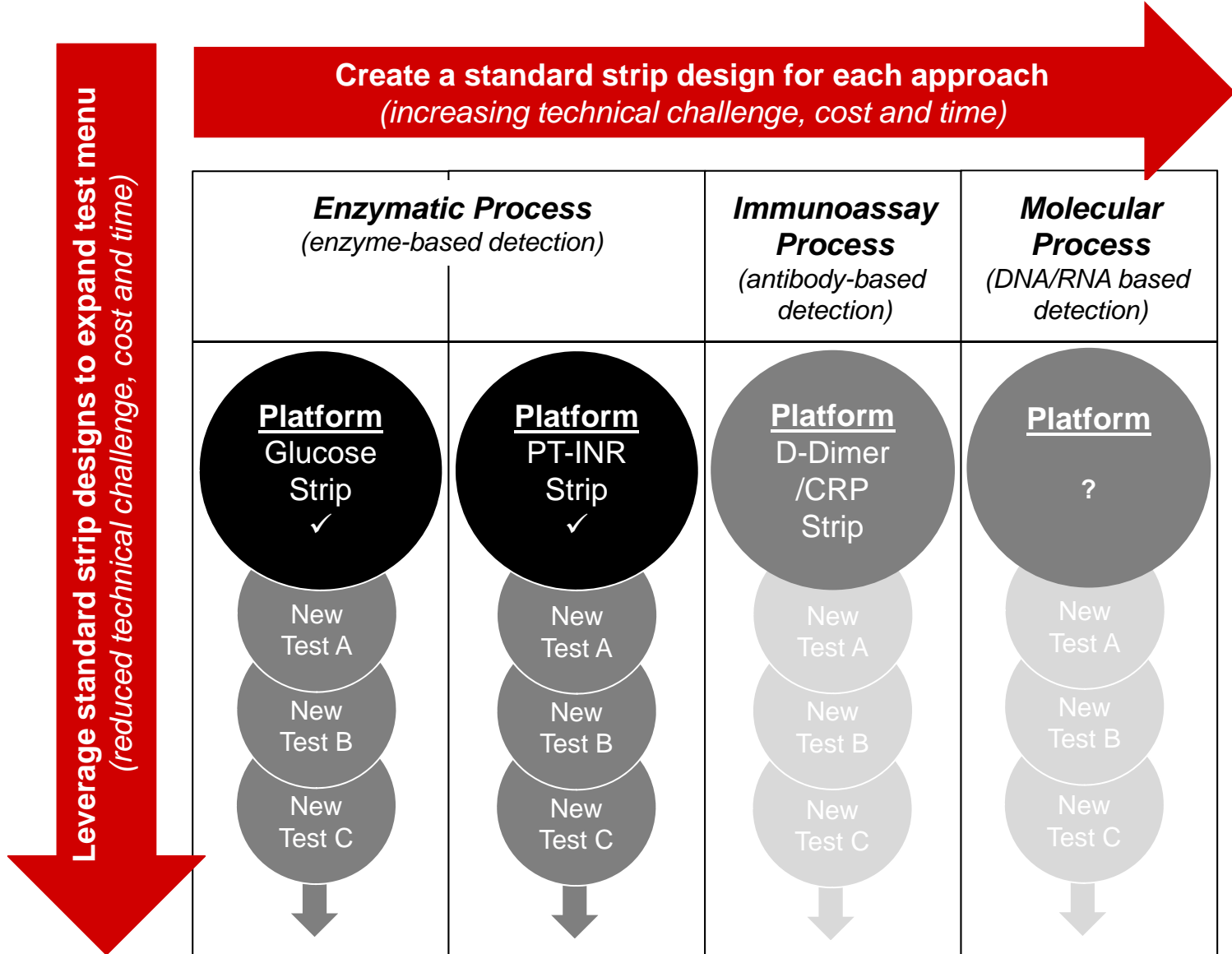
# Broadening the technology opens markets

<b>PoC Testing Market</b> <i>(excluding blood glucose)</i>	<b>World Sales</b> <i>(2016E - USD'M)</i>	<b>CAGR</b> <i>(2010-16E)</i>	<b>Typical Analysis Methods</b>
<b>Coagulation</b>	1,320	7%	Physical (eg viscosity), Enzymatic
<b>General Immuno, DoA, Clinical Chemistry</b>	1,385	8%	<b>Immunoassay</b> & many others
<b>Cardiac Markers</b>	1,460	11%	<b>Immunoassay</b>
<b>Cancer Markers</b>	380	8%	<b>Immunoassay, Molecular</b>
<b>Infectious disease</b>	1,480	12%	<b>Immunoassay, Molecular</b>
<b>Cholesterol</b>	700	10%	Enzymatic

Source: Management Estimates; Espicom PoC Diagnostics May 2011



# R&D balances strip design vs menu expansion





# Future near term milestones

---

Verio (US1c) Quarterly Service Fees increasing	Quarterly
\$4.5M technology feasibility program for LifeScan completed	2012
First R&D milestones for Siemens completed	2012
Launch of PT-INR product with Siemens	2013
Immunoassay platform feasibility demonstrated	2012
Rapid DNA detection using UBI strip technology demonstrated	2013





# Contents

---

- UBI Overview
- Blood Glucose Monitoring
- Coagulation Testing
- Future opportunities
- ➔ • **Financials**



# Income Statement

	Years Ended December 31,			
	2011	2010	2009	2008
	A\$	A\$	A\$	A\$
<b>Revenue</b>				
Revenue from products	\$ 12,063,582	\$ 11,760,009	\$ 132,733	\$ -
Revenue from services	2,632,870	6,420,027	4,187,196	4,291,944
Milestone payment	-	-	17,722,641	-
Total revenue	14,696,452	18,180,036	22,042,570	4,291,944
<b>Operating costs &amp; expenses</b>				
Cost of goods sold and services	13,018,451	12,282,736	627,403	3,121,754
Research and development	9,812,396	6,482,150	14,898,072	11,585,258
General and administrative	7,271,488	7,185,550	5,635,569	5,510,127
Total operating costs & expenses	30,102,335	25,950,436	21,161,044	20,217,139
Profit/(loss) from operations	(15,405,883)	(7,770,400)	881,526	(15,925,195)
Other income	713,766	1,159,875	548,937	3,929,103
Net profit/(loss) before tax	(14,692,117)	(6,610,525)	1,430,463	(11,996,092)
Income tax benefit	-	-	-	206
Net profit/(loss)	(14,692,117)	(6,610,525)	1,430,463	(11,995,886)



# Balance Sheet

---

## **Balance Sheet as at 31 December 2011**

	<b>A\$</b>
Current Assets (excluding cash)	9,512,078
Cash	15,089,209
Property, Plant & Equipment (net)	20,295,180
Non-current receivables	320,000
Total Assets	<u>45,216,467</u>
Current Liabilities	7,016,764
Non-Current Liabilities	3,177,097
Stockholders' Equity	35,022,606
Total Liabilities & Stockholders' Equity	<u>45,216,467</u>



# Capital Structure

---

Number of shares on issue (current)	159,146,213
Market capitalization (at 26 <sup>th</sup> March 2012)	~A\$116 million
Number of options on issue (current)	11,258,290
Cash (at 31 December 2011)	~A\$15 million
Equity raised since inception	~A\$78 million



# Top 5 UBI shareholders

---

<b>Shareholder</b>	<b>1 March 2012 Holding</b>
The Principals Cornerstone Fund Pty Ltd	11.7%
CM Capital Investments Pty Ltd	11.2%
HSBC Custody Nominees (Australia) Ltd	9.4%
PFM Cornerstone Ltd	7.5%
Cogent Nominees Pty Ltd	5.3%

---



---

# Universal Biosensors, Inc.

ARBN 121 559 993

Investor Presentation

March 2012