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# Universal Biosensors, Inc.

ARBN 121 559 993

Investor Presentation

May 2013



# Important Disclaimer

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- 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.
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# UBI investment case

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- ✓ Targeting the attractive POC diagnostics market - \$15Bn, growing >10% annually
- ✓ With a powerful POC technology platform
  - Easy-to-use, low cost, and accurate POC diagnostic system
  - Proprietary, large-scale automated test-strip manufacturing in operation
  - Protected by over 500 patents
- ✓ Partnered with world leader **LifeScan (J&J)** in diabetes (glucose testing):
  - Selling in >85% of the \$9Bn, ~17Bn test-strip global market
  - Profitable, revenue generating business
  - 300% annual growth in glucose strip sales in 2012
- ✓ Partnered with world leader **Siemens** in POC coagulation testing
  - \$1Bn global market
  - First of 3 products expected to launch in 2013
  - Coagulation opportunity could generate as much value for UBI as glucose
- ✓ Pipeline of high value future product opportunities
- ✓ Experienced, high-calibre management team
- ✓ ASX listed, ~\$100M market capitalisation



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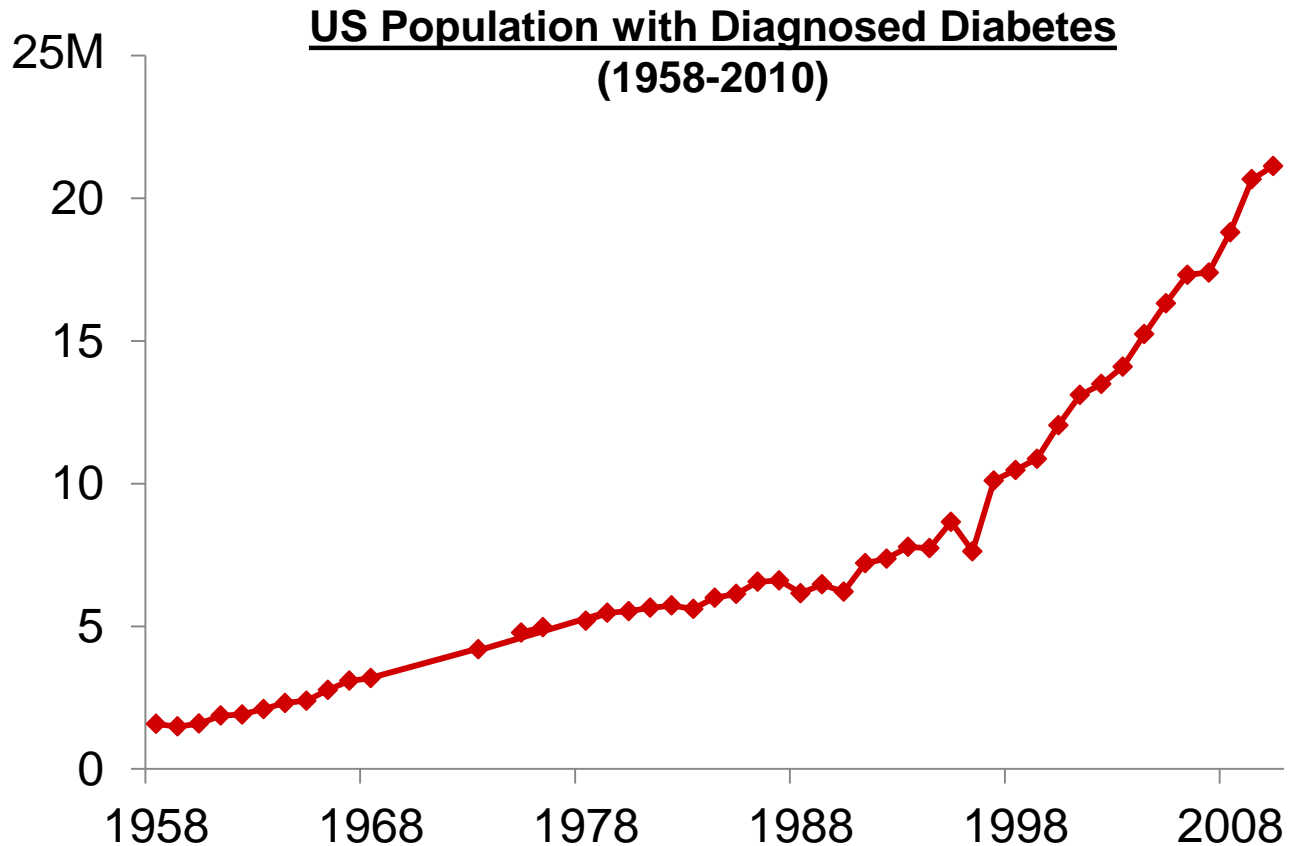
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- ➔ • **Business Update**
  - **Blood Glucose**
  - **Coagulation**
  - **Future Opportunities**
- Q1 2013 Financials



# Growth in diabetes drives glucose testing.

*The ongoing growth in the number of people diagnosed with diabetes will continue to drive the use of blood glucose testing and strip volumes.*





# The “Big 4” blood glucose players.

*The “Big 4” glucose testing players dominate the market, but are under pricing pressures, especially in the US market.*

BGM Revenues (2012 Estimates)	Change 2012/2011	Market Share
US\$7.6Bn	(5)%	<b>84%</b>
Abbott	(3)%	15%
Bayer	(5)%	15%
<b>LifeScan</b>	<b>(2)%</b>	<b>27%</b>
Roche	(10)%	28%

### Reported Q1 2013 Revenues vs Prior Comparable Period (“pcp”)

#### J&J Diabetes Care Franchise

- US: US\$283M (19.6)% vs pcp
- Intl: US\$317M (0.3)% vs pcp

#### Roche Diabetes Care

- US: ~US\$101M (21.0)% vs pcp
- Intl: US\$478M (0.0)% vs pcp



# Blood glucose testing industry dynamics

## Industry Dynamic

- Continued growth in prevalence of diabetes & glucose testing volume
- Pricing & margin pressures on SMBG products due to
  - Reimbursement pressures
  - Private label / generic competition
  - Distribution channel shifts
- Regulators pushing for greater performance / accuracy
- Recent product recalls
  - LifeScan OneTouch Verio meters (March 2013)
  - Abbott Freestyle Insulin meters (April 2013)

## Potential Implications for UBI

- Should drive ongoing growth in glucose strip sales
- Neutral - Quarterly Service Fee revenues are volume rather than margin dependent
- Positive for OneTouch Verio
- Risk of lost sales momentum given early stage in product roll-out.  
Potential in short term for a:
  - slowing in growth of Quarterly Service Fees
  - drop in manufacturing volumes, and possible return to Interim Costing Period

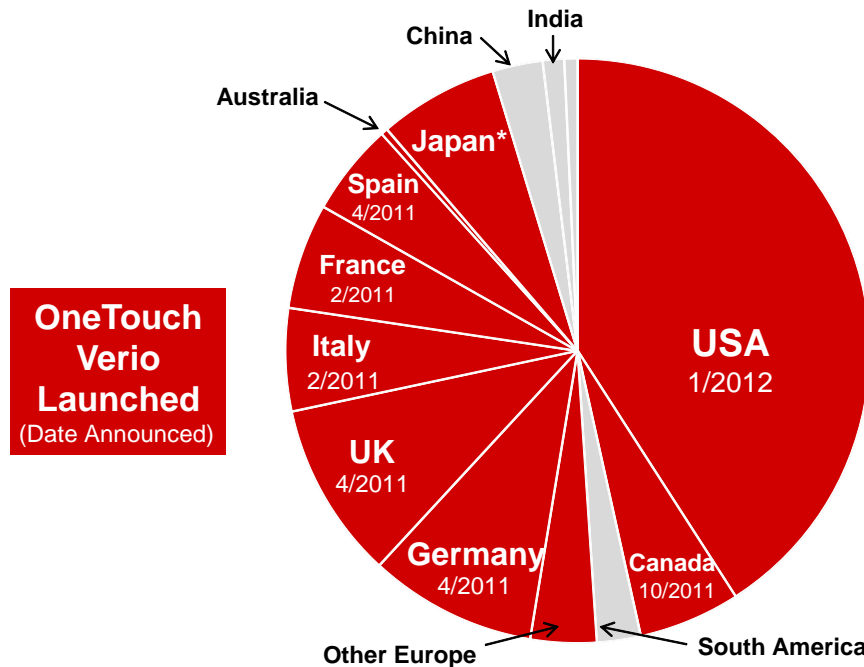


Universal Biosensors

# OneTouch Verio global roll-out continues...



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



**Estimated World Market**  
~17Bn tests / annum

**Estimated LifeScan Share**  
~4.5Bn tests / annum

Source: Global Data, SMBG Market Study Nov 2009

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

\*Product launched in Japan is aimed at Healthcare Professionals, rather than SMBG





# ...with a growing OneTouch Verio offering.



## OneTouch Verio

Initial launch in The Netherlands and Australia (2010)



## OneTouch Verio Pro

Launched in Europe (2011)



## OneTouch Verio IQ

Launched in Canada (2011), USA, major European markets and Australia (2012)



## OneTouch Verio Pro+

Launched in Asia Pac, Japan, Nordics, UK, Saudi Arabia (2012)



OneTouch Verio strips



## OneTouch Verio Sync

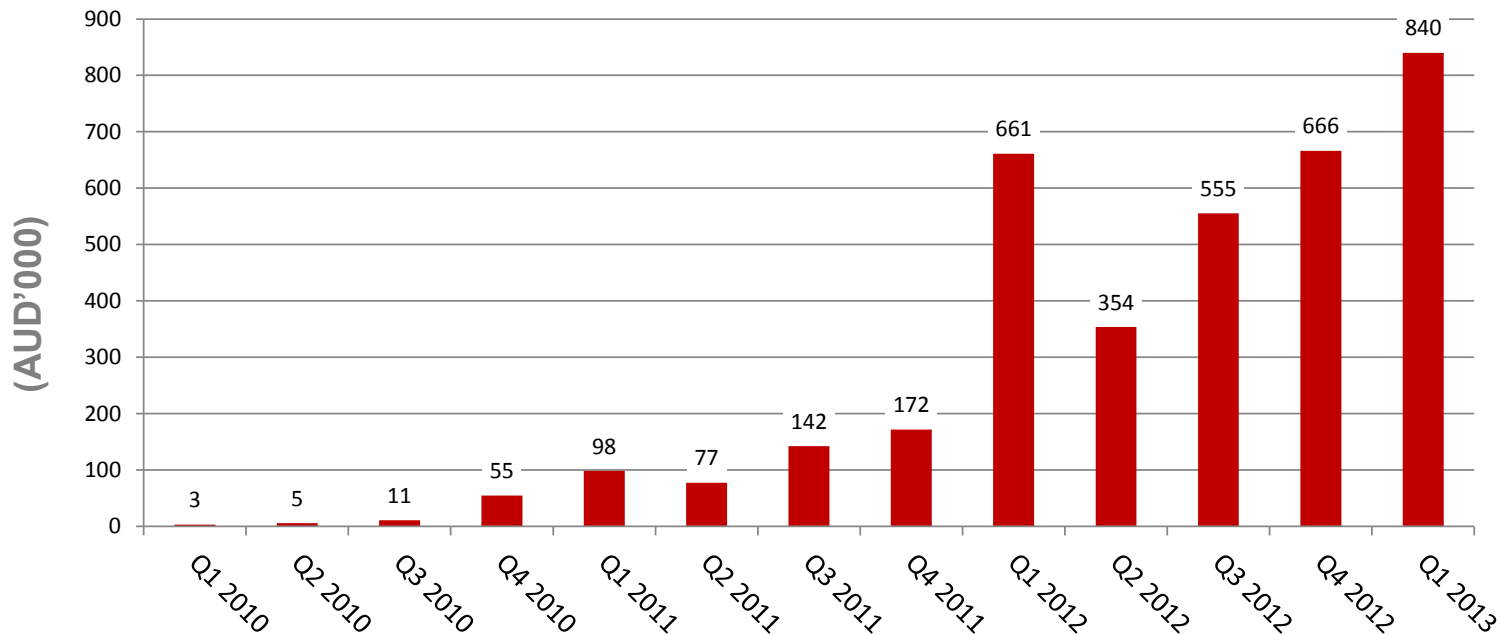
FDA Approved (2013)



# Quarterly Service Fees are building...

**Quarterly Service Fees from LifeScan, the key value driver for UBI, continue to rise. Annualised growth over the last 4 quarters exceeds 200%.**

## Quarterly Service Fees\* (AUD'000) (2010-2012)



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

Note: OneTouch Verio launched in US market in January 2012

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.



# ...driving profitability of the glucose business

## Profit & Loss – 3 Months Ended 31<sup>st</sup> Mar 2013

*LifeScan / Glucose Products only*

	A\$ Millions	
Revenue from strip manufacturing*	3.8	➤ Greater portion of OneTouch Verio global demand supplied from LifeScan facility
Revenue from R&D services**	-	➤ No contract R&D projects currently underway
Revenue from Quarterly Service Fees***	0.8	➤ Continued market penetration
<b>Total revenue</b>	<b>4.6</b>	
Cost of goods sold and services	3.7	➤ Small manufacturing margin in Q1
<b>Gross margin</b>	<b>0.9</b>	
<i>Gross margin as % of revenue</i>	<i>19%</i>	

\* Revenue earned from strips sold to LifeScan, manufactured by UBI – “Product Revenues”

\*\* Includes fees earned providing R&D services to LifeScan, but excludes any payments received from Siemens during the period.

\*\*\* ~US1c Service Fee earned on every Verio strip sold by LifeScan



# Partnered with Siemens in POC coagulation



## PT-INR testing system:

- in development
- launch expected in 2013



## Coagulation test #2:

- feasibility achieved June 2012
- now in development



## Coagulation test #3:

- feasibility achieved July 2012
- now in development

- Partnership in “professional” markets for Point-of-Care Coagulation testing worldwide
- UBI will be the exclusive manufacturer of 3 coagulation test strips for Siemens
- Siemens to register, market and distribute products worldwide
- Siemens contributes to development costs: \$6.5M received to date, with 4 milestone payments to come
- UBI returns via gross margin on manufacturing & upside profit share



# ...with an effective collaboration in place.

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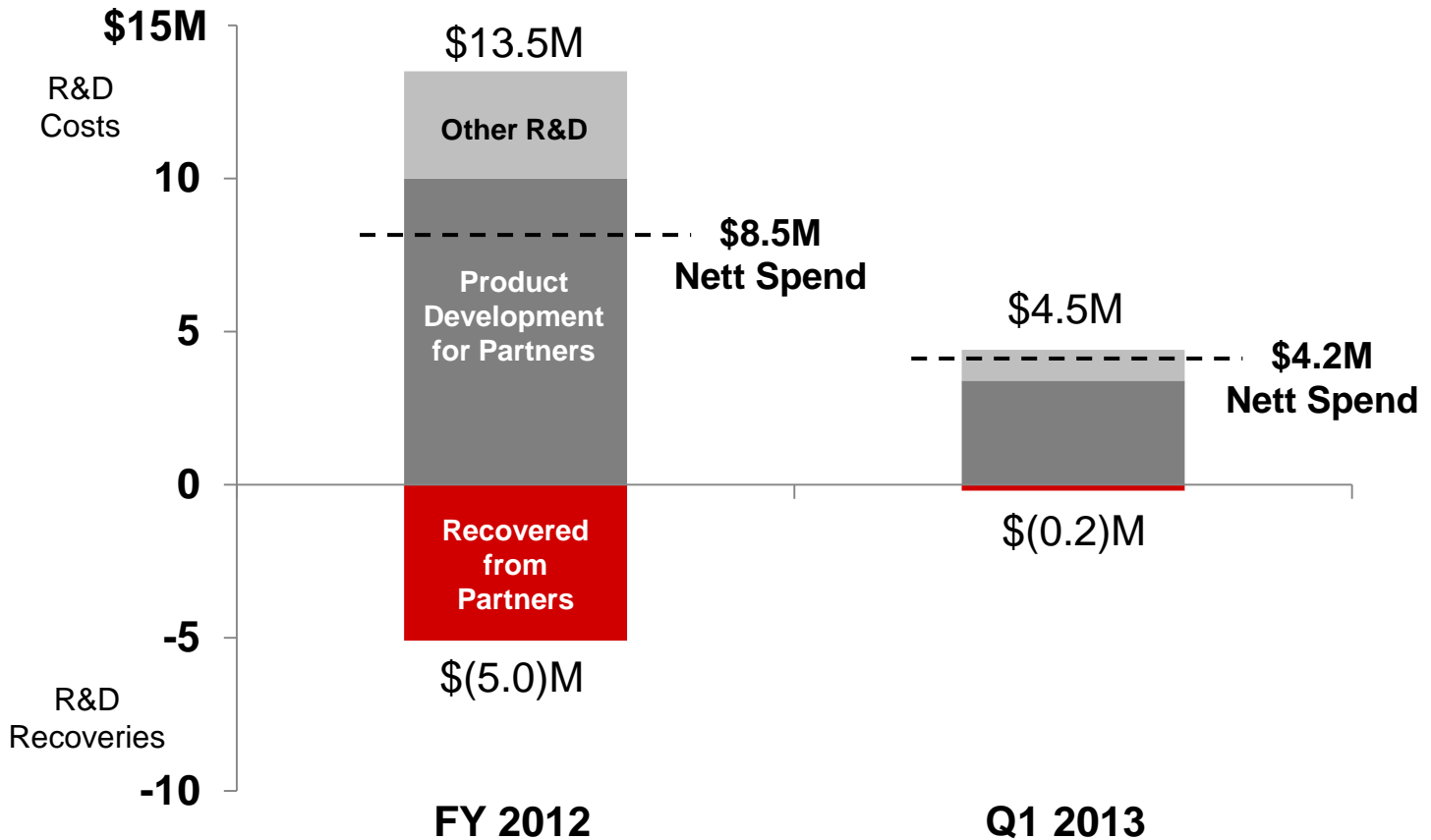
**SIEMENS**

- Excellent working relationship at all levels
  - Multi-site project team
  - Executive
- Positive feedback regarding
  - Capability of UBI team
  - Collaborative process
- Continue on track to achieve remaining milestones
- Expect first commercial strip revenues in 2013



# R&D expenditure breakdown

*The majority of UBI's R&D expenditure is aimed at preparing the coagulation testing products for market, with first revenues expected to flow from these in 2013. In 2012, roughly half of the cost of these programs was recovered from our partner.*



Source: Company Financial Reports



# Pipeline Update

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## **Patient Self Test PT-INR**

- Product specifications well advanced
- Meter development underway
- Strip development complete
- Distributor screening in progress

## **Immunoassay**

- Continued focus on CRP / D-Dimer to prove capability
- Grant funding under Victorian Government's Technology Voucher Program for CSIRO support to enhance the platform for cardiac applications

## **Molecular Diagnostics**

- Product vision and working concept in place
- Currently investigating “high-risk” components



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- Business Update
  - Blood Glucose
  - Coagulation
  - Future Opportunities

 • **Q1 2013 Financials**





# Financial metrics (Q1 2013)

Selected line items	3 months to 31 <sup>st</sup> March		Change
	2013	2012	
	A\$ Millions	A\$ Millions	
Revenue from strip manufacturing*	3.7	4.7	Down 21%
Quarterly Service Fees	0.8	0.7	Up 27%
Revenue from R&D Services**	0.2	1.0	Down 78%
<b>Total Revenues</b>	<b>4.8</b>	<b>6.4</b>	<b>Down 25%</b>
<b>Gross Margin</b>	<b>1.0</b>	<b>1.3</b>	<b>Down 22%</b>
R&D costs	4.5	2.3	Up 97%
General & Administrative costs	1.3	1.5	Down 12%
<b>Loss Before Interest &amp; Tax</b>	<b>4.6</b>	<b>2.4</b>	<b>Up by 93%</b>
Nett increase (decrease) in cash	(3.4)	0.6	Down by \$4.0M
Total cash at bank (at year end)	20.2	15.7	Up by \$4.5M

\*Sales to LifeScan of OneTouchVerio strips manufactured by UBI – “Product Revenues”

\*\*Includes milestones and other payments from Siemens and R&D Services for LifeScan



# Income Statement

	Years Ended December 31,			
	2012	2011	2010	2009
	A\$	A\$	A\$	A\$
<b>Revenue</b>				
Revenue from products	19,368,745	12,063,582	11,760,009	132,733
Revenue from services	10,277,698	2,632,870	6,420,027	4,187,196
Milestone payment	0	0	0	17,722,641
Total revenue	29,646,443	14,696,452	18,180,036	22,042,570
<b>Operating costs &amp; expenses</b>				
Cost of goods sold and services	18,656,091	13,018,451	12,282,736	627,403
Research and development	13,482,459	9,812,396	6,482,150	14,898,072
General and administrative	6,790,524	7,271,488	7,185,550	5,635,569
Total operating costs & expenses	38,929,074	30,102,335	25,950,436	21,161,044
Profit/(loss) from operations	(9,282,631)	(15,405,883)	(7,770,400)	881,526
Other income/(expense)	151,409	713,766	1,159,875	548,937
Net profit/(loss) before tax	(9,131,222)	(14,692,117)	(6,610,525)	1,430,463
Income tax benefit/(expense)	0	0	0	0
<b>Net profit/(loss)</b>	<b>(9,131,222)</b>	<b>(14,692,117)</b>	<b>(6,610,525)</b>	<b>1,430,463</b>



# Balance Sheet

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## Balance Sheet as at 31 March 2013

	<b>A\$</b>
Current Assets (excluding cash)	7,981,266
Cash	20,228,545
Property, Plant & Equipment (net)	17,684,599
Other Non-Current Assets	320,000
Total Assets	<u>46,214,410</u>
Current Liabilities	7,849,754
Non-Current Liabilities	3,456,207
Stockholders' Equity	34,908,449
Total Liabilities & Stockholders' Equity	<u>46,214,410</u>



# Capital structure

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Number of shares on issue	173,959,863
Market capitalization (3 <sup>rd</sup> May 2013)	A\$111 million
Number of options on issue	11.6 million
Cash (31 <sup>st</sup> March 2013)	A\$20.2 million
Equity raised since inception	A\$83 million



# Top 5 UBI shareholders

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<b>Shareholder</b>	<b>31<sup>st</sup> December 2012 Holding</b>
<i>The Principals Cornerstone Fund Pty Ltd</i>	10.4%
<i>CM Capital Investments Pty Ltd</i>	10.2%
<i>National Nominees Ltd</i>	8.5%
<i>Australian Executor Trustees SA Ltd</i>	7.2%
<i>PFM Cornerstone Ltd</i>	6.5%

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