



Universal Biosensors, Inc.

ARBN 121 559 993

Value Drivers

12th May 2014



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Contents

- **Overview**
- Blood Glucose Monitoring
- POC Coagulation Testing
- Future POC Technology Assets



Point-of-Care Testing: a new paradigm



*Bringing
the lab to
the patient*



Healthcare Challenges:

- Aging populations, living longer with chronic conditions
- Skills shortages
- Exploding healthcare costs
- Variable standards of care in
 - Remote / regional areas
 - Developing economies

Point-of-Care (POC) Testing Technology:

Supports more timely and frequent diagnosis through:

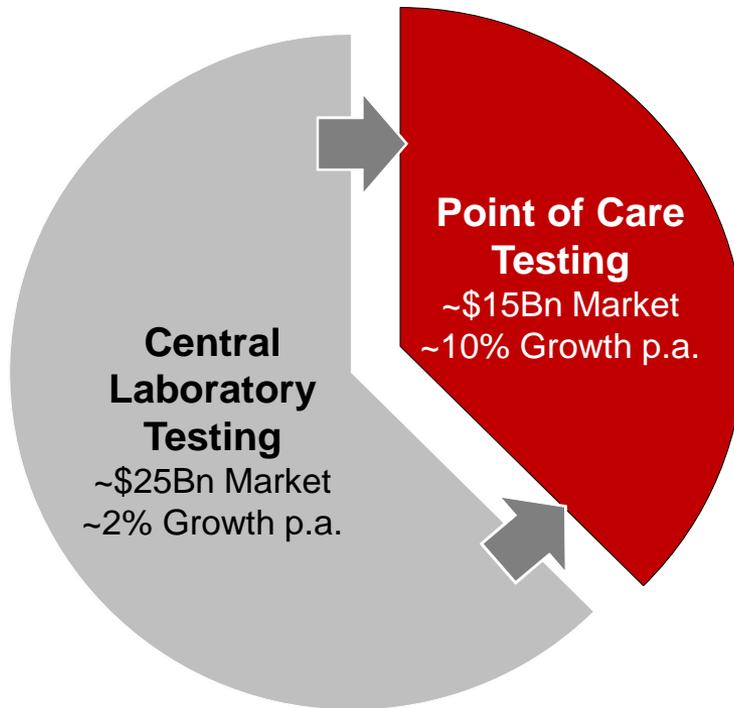
- ✓ Rapid results
- ✓ Simple use that empowers the patient
- ✓ Reduced logistics challenge
- ✓ Better health economics



UBI is helping to pioneer the POC revolution

Global In-Vitro Diagnostics Market (US\$)

(2012 estimate)



The POC Market Opportunity

(when a timely medical intervention or frequent monitoring is needed...)

Large, established POC markets

- ✓ Blood Glucose Monitoring (~\$9Bn market)
- ✓ PT-INR & other coagulation testing (~\$1Bn market)

Future POC opportunities:

- Companion diagnostics
- Infectious disease monitoring
- Organ function monitoring
- General well-being indicators
- Rapid Emergency Room assessment



Overview - creating value through innovation

Blood Glucose

- World's largest in-vitro diagnostics market
- Worldwide product in the hands of a market leader
- Driving Quarterly Service Fee growth



- PROFITABLE & GROWING REVENUE STREAM



POC Coagulation

- Aiming for 4 products in \$1Bn market by end 2015
 - ✓ 3 with Siemens +
 - ✓ PT-INR Patient Self-Test
- UBI as exclusive strip manufacturer for Siemens' products
- Although a smaller volume market, UBI average revenue per strip expected to be 50-150x blood glucose levels



- NEAR TO FIRST LAUNCH
- POTENTIAL TO CREATE VALUE TO UBI OF SIMILAR MAGNITUDE TO GLUCOSE



“Universal POC”

- Immunoassay and Molecular Diagnostics platform
- High growth POC markets worth over \$3.5Bn today
- Targeting low cost, high performance system with broad application



- DEVELOPING GROUND BREAKING TECHNOLOGY ASSETS WITH WIDE APPLICATION



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Blood Glucose Monitoring - a large, growing industry

Blood Glucose Testing Opportunity

- Diabetes patient population
 - ✓ 370 million worldwide in 2012, growing at ~2% per annum
 - ✓ ~45% of whom are undiagnosed
 - ✓ >90% have Type II diabetes
- Blood Glucose Monitoring (BGM) worldwide market size
 - ✓ 2012 BGM strip market volumes ~17 billion strips
 - ✓ 2012 BGM strip market revenues ~A\$9.8 billion
 - ✓ 2012-19 BGM strip market revenue forecast CAGR ~5%
- LifeScan share of worldwide market:
 - ✓ estimated at around 27%
 - ✓ estimated at around ~4-5 billion strips



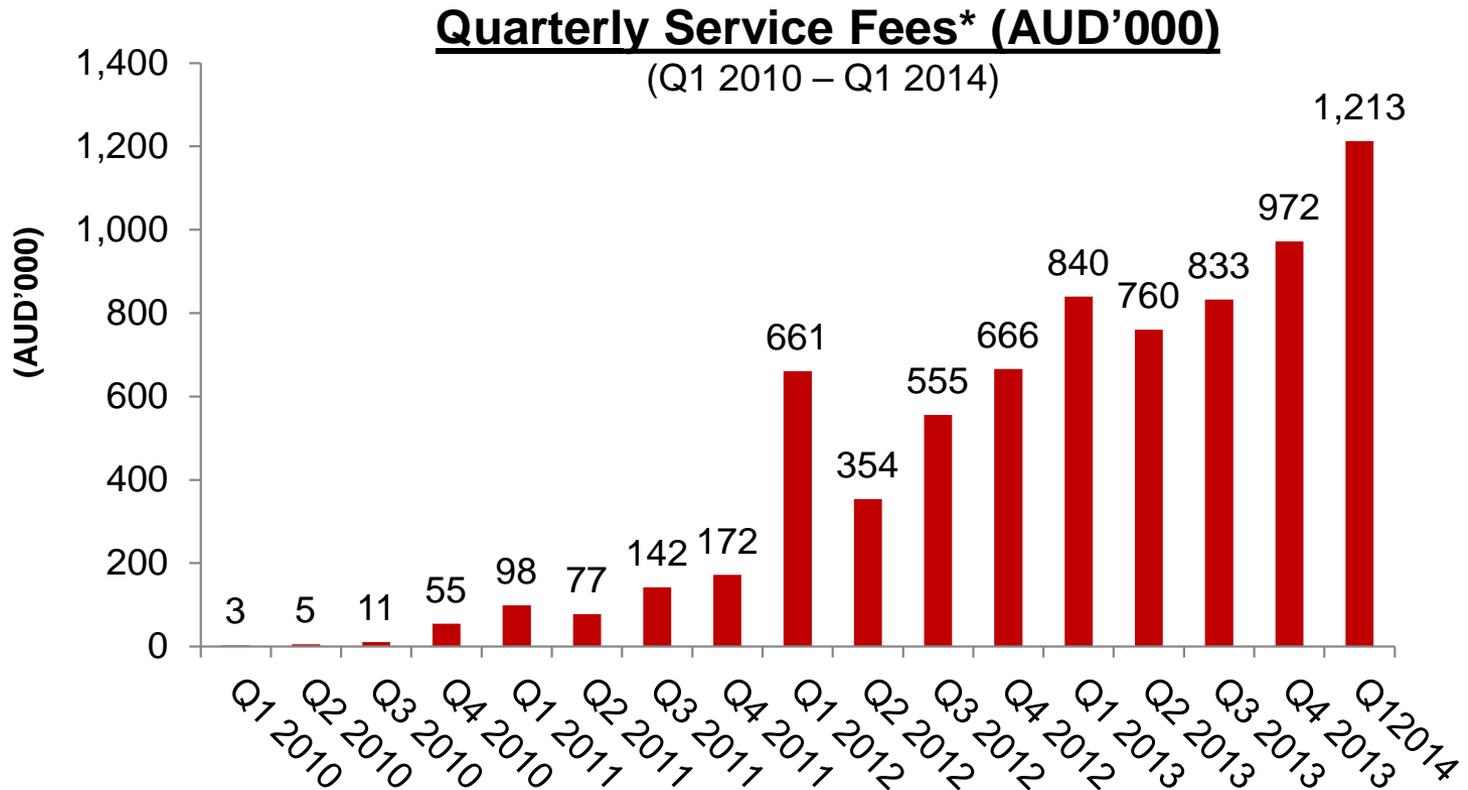
UBI-LifeScan Commercial Arrangements

- **UBI and LifeScan operate under 3 core agreements that have been amended from time to time***
 - ✓ License Agreement
 - ✓ Development and Research Agreement
 - ✓ Master Services & Supply Agreement
- **Looking ahead, under these agreements, UBI generates value via:**
 - ✓ a license to exploit relevant LifeScan IP outside the field of diabetes care
 - ✓ revenue for providing various R&D services to LifeScan from time to time
 - ✓ Quarterly Service Fees (QSFs) for each Verio strip sold by LifeScan
 - The first 0.5 billion strips each year: US1.25c
 - Each strip sold above 0.5 billion strips each year: US0.75c
 - Note Lump Sum Service Fee (LSSF) option: at any time after LifeScan has paid cumulative QSFs of US\$45 million, LifeScan may, at its option, give notice to convert the QSFs after which time LifeScan will only be required to pay the QSF for the remainder of the year in which the notice is given and at the end of that year must pay a one time lump sum fee. This fee is calculated by multiplying the QSFs for the relevant year in which LifeScan gives notice by a multiplier. This multiplier ranges from 3x, if LifeScan gave notice in 2012, to 2x if the notice is given in 2018 and beyond.



Fees from strip sales have grown rapidly

Quarterly Service Fees (QSFs) generated from sales of OneTouch Verio test strips were \$1.21M in the first quarter of 2014. This represents an increase of 44% compared to the same period in the previous year and an increase of 25% 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.



Future product success drives QSF value

- **The value of Quarterly Service Fees to UBI is largely determined by the commercial success of the OneTouch Verio products (and any derivative products which also attract QSFs)**
- **To assess this value, a number of assumptions need to be considered which include:**
 - ✓ **Level of strip sales at peak**
 - what market share can this product achieve?
 - ✓ **Time to peak strip sales**
 - how rapidly can the product take market share from alternatives?
 - ✓ **Product life span**
 - how long will the product and its derivatives remain competitive?
 - ✓ **Exercise of LSSF option (timing, quantum & likelihood)**
 - when will cumulative QSFs reach US\$45M and, if exercised, what will the QSFs be in the year prior to exercise?
 - what is the likelihood that LSSF option will be exercised?



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New markets offer higher per strip earning potential

Point-of-Care PT-INR Testing

- Patient population
 - ✓ ~7-8 Million people on Warfarin anti-coagulation therapy
- PT-INR Monitoring worldwide market
 - ✓ 2012 ~A\$700 million per annum
 - ✓ 2012 ~200 million tests per annum
 - ✓ Annual growth forecast ~10%
- Current competitors
 - ✓ Roche ~ 65-70% share
 - ✓ Alere & ITC ~ 30-35% share
- Reimbursement
 - ✓ Professional testing in US reimbursed at ~US\$5.53 per test, weekly



PT-INR offers an attractive earnings opportunity

- ✓ UBI's return from its PT-INR business will come from gross margins earned on the manufacture and supply of disposable PT-INR test strips.
- ✓ The figure below illustrates the size of the strip manufacturing revenue opportunity for UBI under various pricing and market share assumptions
- ✓ An assumption around gross margins then needs to be applied to these figures

Annual revenue opportunity:

- Consider a target audience of ~7 million Warfarin patients worldwide
- Assume, conservatively, that each patient tests 30 times per annum, on average
- Assume, conservatively, that UBI's price per test strip lies between US\$0.50-1.50

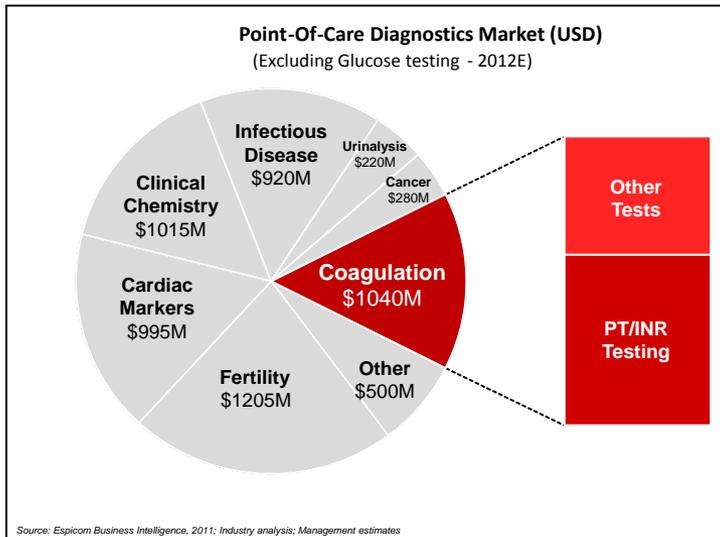
Annual UBI Revenue Opportunity (USD)	Transfer Price per Strip (USD)			
	Market Share	\$0.50	\$1.00	\$1.50
10%		\$10M	\$21M	\$32M
20%		\$21M	\$42M	\$63M
30%		\$32M	\$63M	\$95M

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.



Two other coagulation tests in development

- Besides PT-INR, there are 2 other POC Coagulation tests in development for Siemens
- Aiming for launch in 2015
- Current market size for 2 tests combined is less than US\$350M (ie <50% of the PT-INR market today)
- Assume UBI revenue per strip and gross margins similar to PT-INR





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Potential value upside

Immunoassay Platform (Antibody-based detection)

- Targets the >\$2.5Bn POC immunoassay testing market
- Broad range of potential assays
 - ✓ High sensitivity – eg Troponin
 - ✓ Low sensitivity – eg C-Reactive Protein
- R&D Vision
 - ✓ a single meter and consumable design that can detect analytes across a wide range of sensitivities
 - ✓ allowing “plug & play” development of new tests using new antibodies...
 - ✓ ...creating a broad-based multi-test solution
 - ✓ ...while minimising R&D effort needed for each new test

Molecular Diagnostics Platform (DNA/RNA-based detection)

- Fastest growing segment of IVD market today
- Significant opportunity for low-cost, rapid, molecular testing
- Recent acquisitions of early stage companies validate opportunity



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End of Presentation