



Universal Biosensors

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# Universal Biosensors, Inc.

ARBN 121 559 993

## **1H FY14 Results Update**

24<sup>th</sup> July 2014



# 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.
- 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 United States 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.



# 1H FY14 vs prior comparable period

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- **Sustained momentum in Quarterly Service Fees**
  - Quarterly Service Fees up 61% to \$2.6M
- **First commercial order received from Siemens**
  - First coagulation testing product targeted for launch in CY Q3
- **Ongoing benefits from R&D tax rebate**
  - First payment expected in Q3
  - 1H 2014 R&D eligible again
- **Operating cash burn reduced**
  - Operating cash burn reduced by 16% to \$5.6M
- **Cash balance**
  - \$15.9M as at 30 June



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- Business Update

- ✓ **Blood Glucose Monitoring**

- ✓ Coagulation Testing

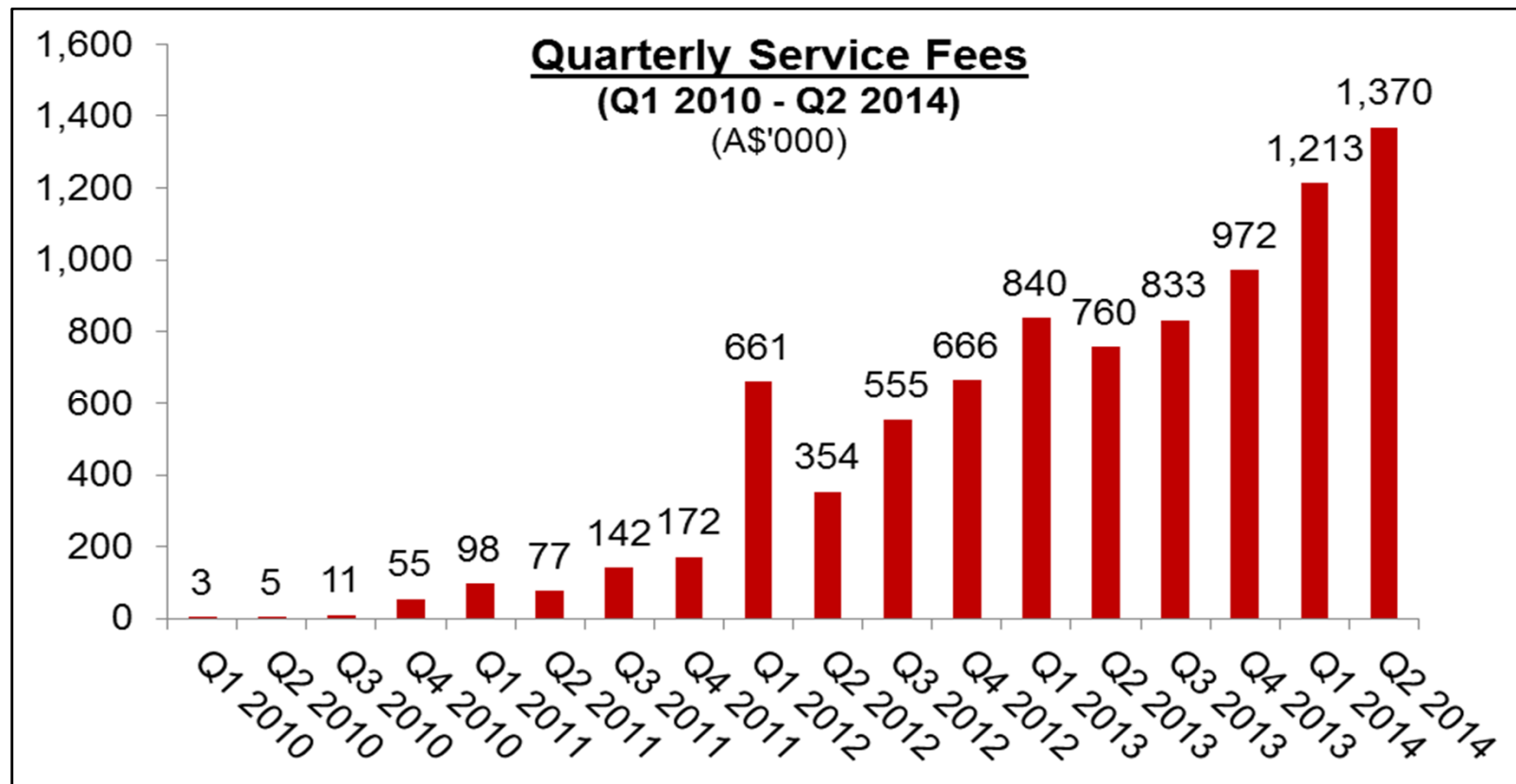
- Financial Results – 1H FY14

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# Sustained momentum in strip sales

**Quarterly Service Fees (QSFs), generated from sales of OneTouch Verio test strips, were ~\$1.4M in Q2 2014. This represents an increase of ~80% over the same period in 2013 and an increase of 13% 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 variables underpinning QSF value

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- To date, UBI has received ~US\$8.5M in cumulative Quarterly Service Fees (“QSFs”)
- Looking forward, the value of QSFs 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 Lump Sum Service Fee option (timing, quantum & likelihood)
    - when will cumulative QSFs reach US\$45M?
    - what is the likelihood that the option will be exercised?
    - if LifeScan exercise the option, what will the QSFs be in the year prior to exercise?



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# Siemens POC coagulation on track

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## PT-INR

- First commercial order received in June 2014:
  - ✓ Continue to target launch in Q3 2014
- Working closely with Siemens on:
  - ✓ Managing the logistics of launch preparations
  - ✓ Final product testing
- Product approvals based on:
  - ✓ Self-certification for CE Mark and European launch
  - ✓ FDA 510K process prior to US market launch



## Other POC Coagulation Tests (x2)

- Targeting launch in 2015





# UBI's home PT-INR test on track

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## Opportunity:

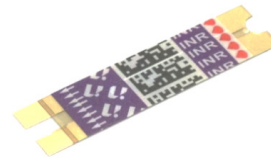
- ✓ UBI-owned PT-INR testing system for decentralised settings including patient self-testing (PST), sold through specialist distributors in key markets
- ✓ \$200-300M market opportunity today, with potential for double-digit growth
- ✓ Opportunity for higher margin business under UBI control
- ✓ Distribution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

## Target timetable:

- ✓ Targeting launch in 2015

## Project status:

- ✓ 2<sup>nd</sup> generation prototype completed
- ✓ Useability studies underway
- ✓ Clinical trial planning underway
- ✓ Distributor engagement accelerating
- ✓ Meter manufacturing establishment in progress



*Illustrative purposes only*





# PT-INR offers an attractive earnings opportunity

- ✓ UBI will earn gross margins on the manufacture and supply of PT-INR strips
- ✓ The size of the strip manufacturing revenue opportunity for UBI under various pricing and market share assumptions is shown below
- ✓ 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.*



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# Financial metrics (1H FY14)

	6 months ended 30 <sup>th</sup> June			Comments
	2014 (A\$'M)	2013 (A\$'M)	Change	
<b>Quarterly Service Fees</b>	2.6	1.6	<b>Up 61%</b>	Increasing unit sales
<b>Revenue from Products</b>	0.0	7.2	Down 100%	UBI ceased glucose strip manufacturing
<b>Revenue from Services*</b>	0.3	0.8	Down 64%	Based on partner project requirements
<b>Total Revenue</b>	<b>2.9</b>	<b>9.6</b>	<b>Down 70%</b>	
<b>Cost of Goods Sold &amp; Services</b>	0.0	7.6	Down 100%	UBI ceased glucose strip manufacturing
<b>Contribution from Products &amp; Services</b>	<b>2.8</b>	<b>2.0</b>	<b>Up 40%</b>	Quarterly Service Fees flow through
<b>R&amp;D Expense (net)</b>	5.5	7.9*	Down 31%	4 products nearing commercialisation, offset by R&D tax rebates.
<b>G&amp;A Expense</b>	3.1	2.8	Up 10%	Includes non-recurring expenditure
<b>Financing costs</b>	1.3	0.0	Up \$1.3M	Cost of debt financing
<b>Net Loss after Tax</b>	<b>7.0</b>	<b>7.7*</b>	<b>Improved 10%</b>	
<b>Operating Cash outflow</b>	<b>5.6</b>	<b>6.7</b>	<b>Improved 16%</b>	

\* Although not included in 1H 2013, \$2.8M tax rebate was subsequently claimed for this period in Q3 2013.

\*Excludes Quarterly Service Fees shown separately



# Financial summary: balance sheet

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## Balance Sheet as at 30 June 2014

	<b>A\$</b>
Current Assets (excluding cash)	13,681,133
Cash	15,869,583
Property, Plant & Equipment (net)	15,283,454
Other Non-Current Assets	2,920,000
Total Assets	<u>47,754,170</u>
Current Liabilities	6,507,670
Non-Current Liabilities	18,794,971
Stockholders' Equity	22,451,529
Total Liabilities & Stockholders' Equity	<u>47,754,170</u>



## Financial summary: capital structure

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Number of shares on issue	175,610,978
Market capitalization (at 30 <sup>th</sup> June 2014)	A\$35 million
Number of options on issue	9.9 million
Cash (at 30 <sup>th</sup> June 2014)	A\$15.9 million



# Substantial shareholders

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Shareholder	27 <sup>th</sup> June 2014 Holding
Talu Ventures Pty Ltd	10.1%
The Principals Cornerstone Fund Pty Ltd	9.9%
KFT Investments Pty Ltd	6.0%
JP Morgan Nominees Australia Ltd	4.7%
Kaasim Pty Ltd	4.2%



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# Growing product portfolio will drive value

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- **Ongoing growth in Quarterly Service Fees**
  - ✓ Next data point expected in October
- **Siemens POC PT-INR test**
  - ✓ First commercial order received
  - ✓ Regulatory approvals
  - ✓ Launch (Target Q3 2014)
- **Other Siemens POC coagulation tests**
  - ✓ Regulatory approvals
  - ✓ Commercial production
  - ✓ Launch (Target 2015)
- **UBI-owned PT-INR test for patient self-test & decentralised settings**
  - ✓ Distribution agreements
  - ✓ Regulatory approvals
  - ✓ Commercial production
  - ✓ Launch (Target 2015)



# Building value through continued innovation

## Diabetes Care

- Blood Glucose testing product developed with market leader LifeScan
- In the world's largest diagnostics market
- Creating core capabilities for future leverage
  - ✓ IP
  - ✓ Product development
  - ✓ Biosensor production
  - ✓ Quality systems



**PRODUCT SUCCESS  
GENERATING  
REVENUE AND CASH  
FOR UBI**



## POC Coagulation Management

- Aiming at 4 products in \$1B market by end 2015
  - ✓ 3 with Siemens (PT-INR launch Q3 2014)
  - ✓ PT-INR Patient Self-Test
- UBI exclusive strip manufacturer for Siemens' products



**FURTHER DE-RISKING VIA DIVERSIFICATION  
OF PRODUCT REVENUE STREAMS**



## "Universal POC"

- Immunoassay & Molecular Diagnostics platform
- High growth POC markets worth over \$3.5B
- Targeting low cost, high performance system



**DEVELOPING GROUND-BREAKING  
TECHNOLOGY PLATFORM WITH WIDE  
APPLICATION**



# UBI investment case

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- ✓ 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
- ✓ Experienced, high-calibre management team
- ✓ **Generating revenues** from worldwide sales
- ✓ ASX-listed, SEC compliant, US Company



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