



---

# Stifel Healthcare Conference

Boston, September 2013

Universal Biosensors, Inc.

*Presentation by Paul Wright, CEO*



# 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 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.



# UBI investment case

---

- ✓ Targeting the attractive Point of Care (POC) diagnostics market: US\$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 (blood glucose testing):
  - Selling in >90% of the US\$9Bn, ~17Bn test-strip global market
  - Profitable, revenue generating business
  - OneTouch Verio strip sales growth well in excess of market rates
- ✓ Partnered with world leader **Siemens** in POC coagulation testing
  - US\$1Bn global market
  - 3 products in development with first revenues expected 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, ~A\$125M market capitalisation, A\$30M revenue in FY2012



# Contents

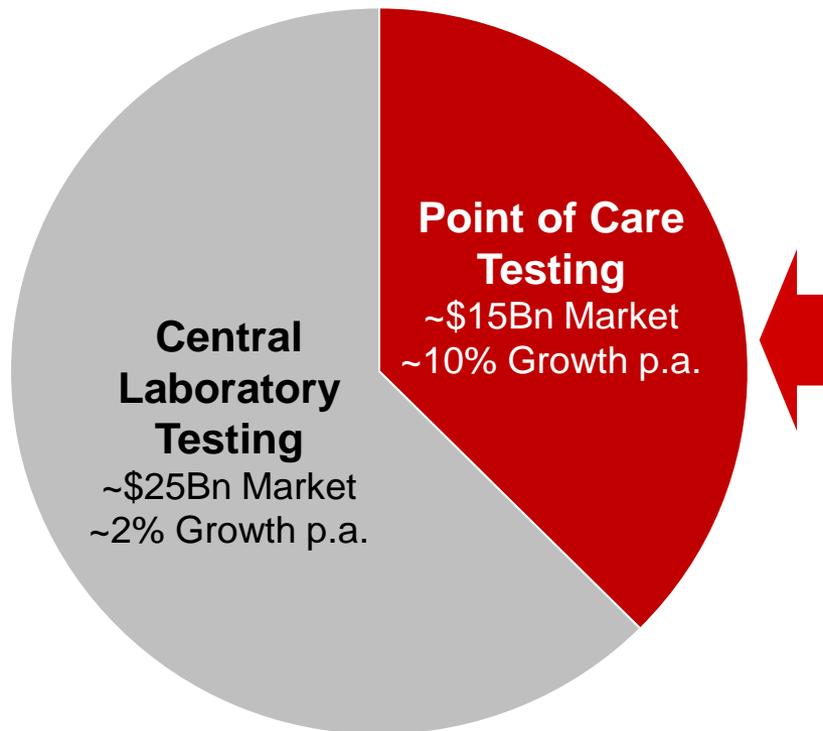
---

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



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

## Global In-Vitro Diagnostics Market (2012 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**

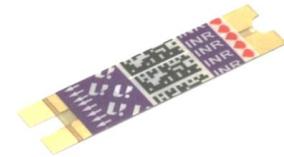
- ✓ **Easy to use**  
*(requires small drop of blood from finger-prick)*
- ✓ **Accurate results**  
*(results that are accurate for each individual)*
- ✓ **Low cost to manufacture**  
*(supports fully automated, scale manufacturing)*

- **Broad application**

- ✓ **Across analytes**  
*(enzymes, immunoassay, molecular)*
- ✓ **Across geographies**  
*(mature & emerging markets)*
- ✓ **Across diagnostic settings**  
*(hospital, clinic, physician's office, home)*

- **Patent protected**  
*(44 patent families)*

## Disposable Test Strips



## Handheld Readers





# ...and low cost, scale manufacturing



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

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





# Contents

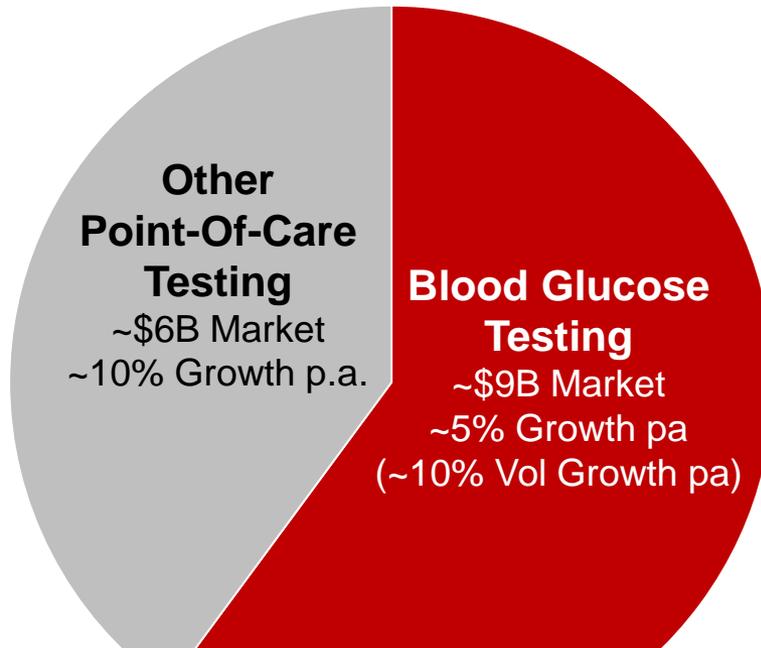
---

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



# 1<sup>st</sup> target: the \$9B blood glucose segment

## Global Point of Care Diagnostics Market (2013 estimate)



### Blood Glucose Growth Drivers

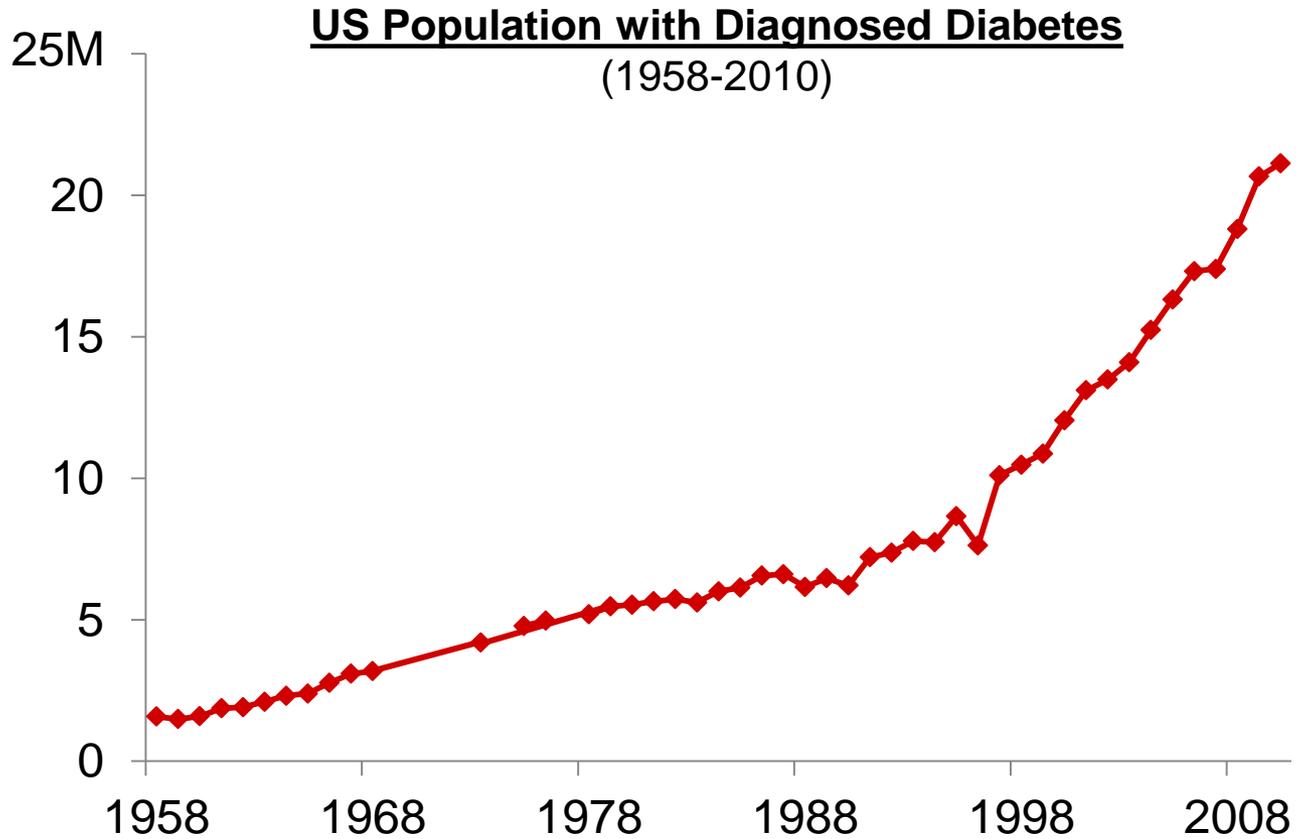
- Increased life expectancy of diabetes sufferers
- Growing incidence of diabetes in all geographies
- Technology improvements
- Increasing patient awareness

### 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;*
- *Economic burden of diabetes in US ~\$245Bn per annum (up 41% in 5 years)*



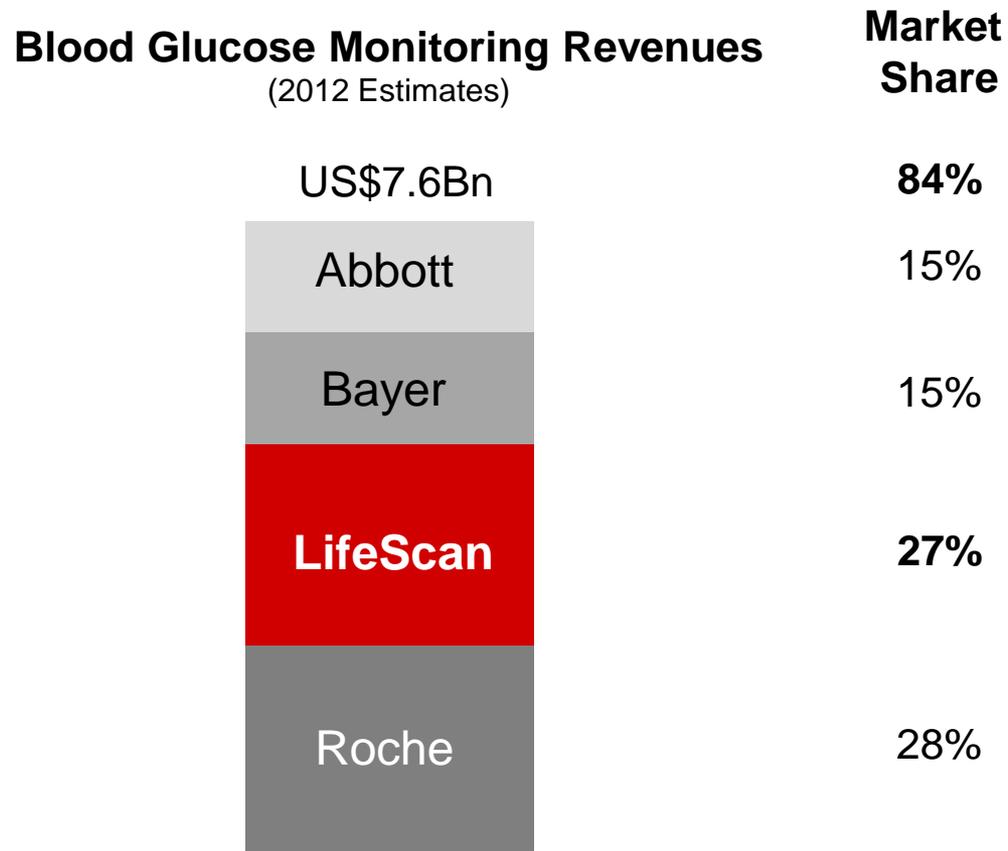
# Growth in diabetes drives glucose testing



Source: Centre for Disease Control & Prevention - National Diabetes Surveillance System



# The “Big 4” blood glucose players



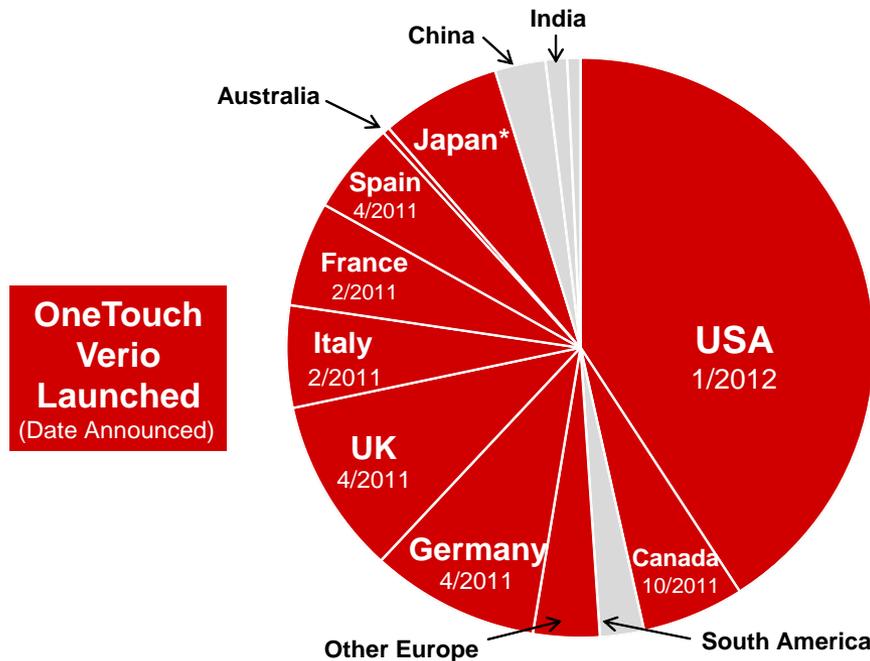


Universal Biosensors

# 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 Self Monitored Blood Glucose



# ...with substantial investment by LifeScan

## Expanding range of OneTouch Verio Meters



## Ongoing expansion of strip manufacturing capacity



Melbourne, Australia  
+  
Inverness, Scotland



# LifeScan / blood glucose - economics

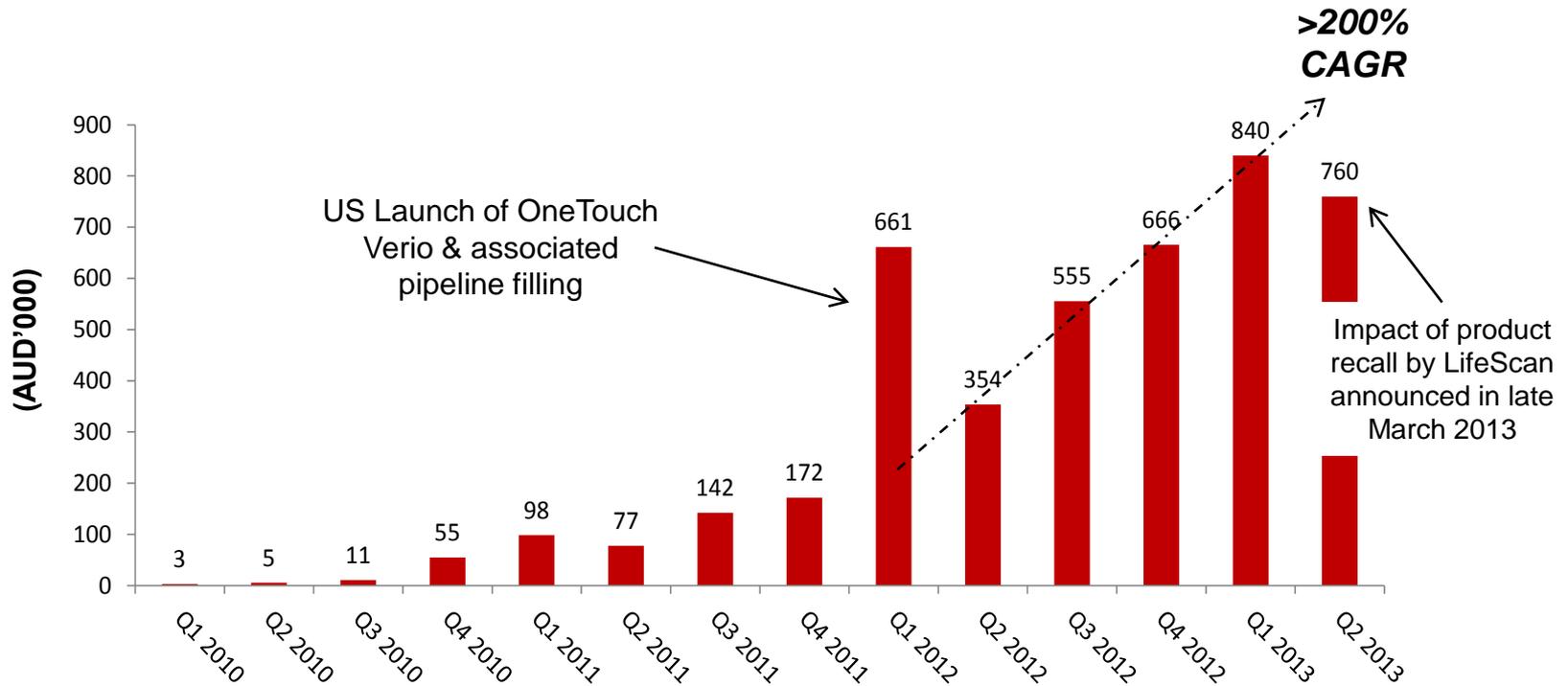
Revenue Source	Revenue Detail
<b>Quarterly Service Fees</b> <i>(included in "Revenue from Services" in published financial statements)</i>	<b>~ US1c received for each Verio strip <u>sold</u> by LifeScan</b> <ul style="list-style-type: none"><li>• Irrespective of source of manufacture</li></ul>
<b>Manufacturing Revenues</b> <i>(included in "Revenue from Products" in published financial statements)</i>	<b>Received for all strips <u>supplied from UBI factory</u></b> <ol style="list-style-type: none"><li>At low volumes ("Interim Costing Period"): fixed overhead contribution</li><li>At higher volumes: Standard Cost + modest margin</li></ol>
<b>R&amp;D Services</b> <i>(included in "Revenue from Services" in published financial statements)</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>

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.



# Fees from strip sales have grown rapidly

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



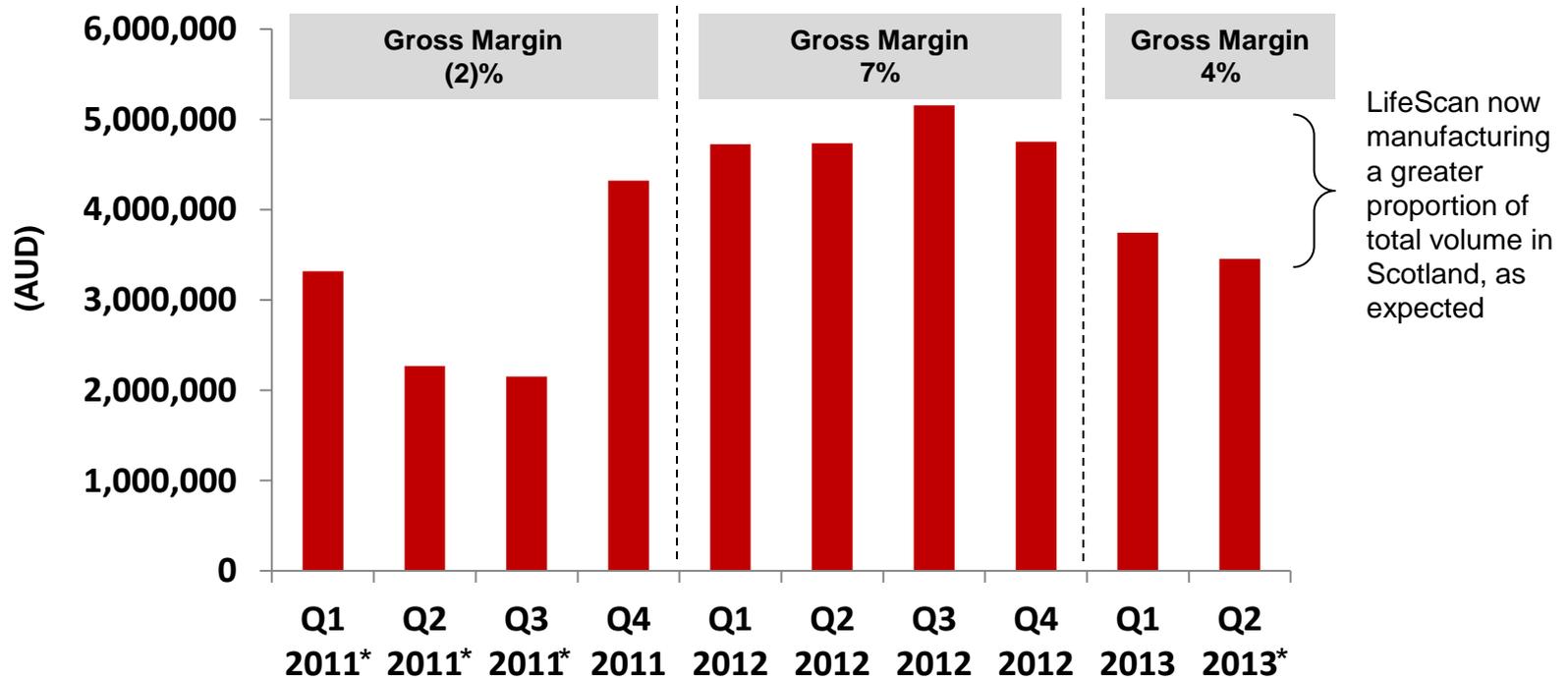
\*Quarterly Service Fees are based on the number of Verio strips sold by LifeScan

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.



# Manufacturing mix shifting to LifeScan

## Manufacturing Revenues (2011-2013)



\* UBI operated within the Interim Costing Period during this period  
Source: UBI accounts



# Blood glucose business is already profitable

## Profit & Loss – 6 Months Ended 30<sup>th</sup> June 2013

*LifeScan / Glucose Products only*

	AUD Millions
Revenue from strip manufacturing*	7.2
Revenue from Quarterly Service Fees**	1.6
<b>Total revenue</b>	<b>8.8</b>
Cost of goods sold and services	6.9
<b>Gross margin</b>	<b>1.9</b>
<i>Gross margin as % of revenue</i>	<i>21%</i>

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

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



# 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 competition
  - Distribution channel shifts
- Regulators pushing for greater performance / accuracy

## Potential Implications for UBI

- Expect ongoing growth in glucose strip sales
- Quarterly Service Fee revenues are volume rather than margin dependent
- Positive for OneTouch Verio with fewer competitor products able to meet the new standards



# Contents

---

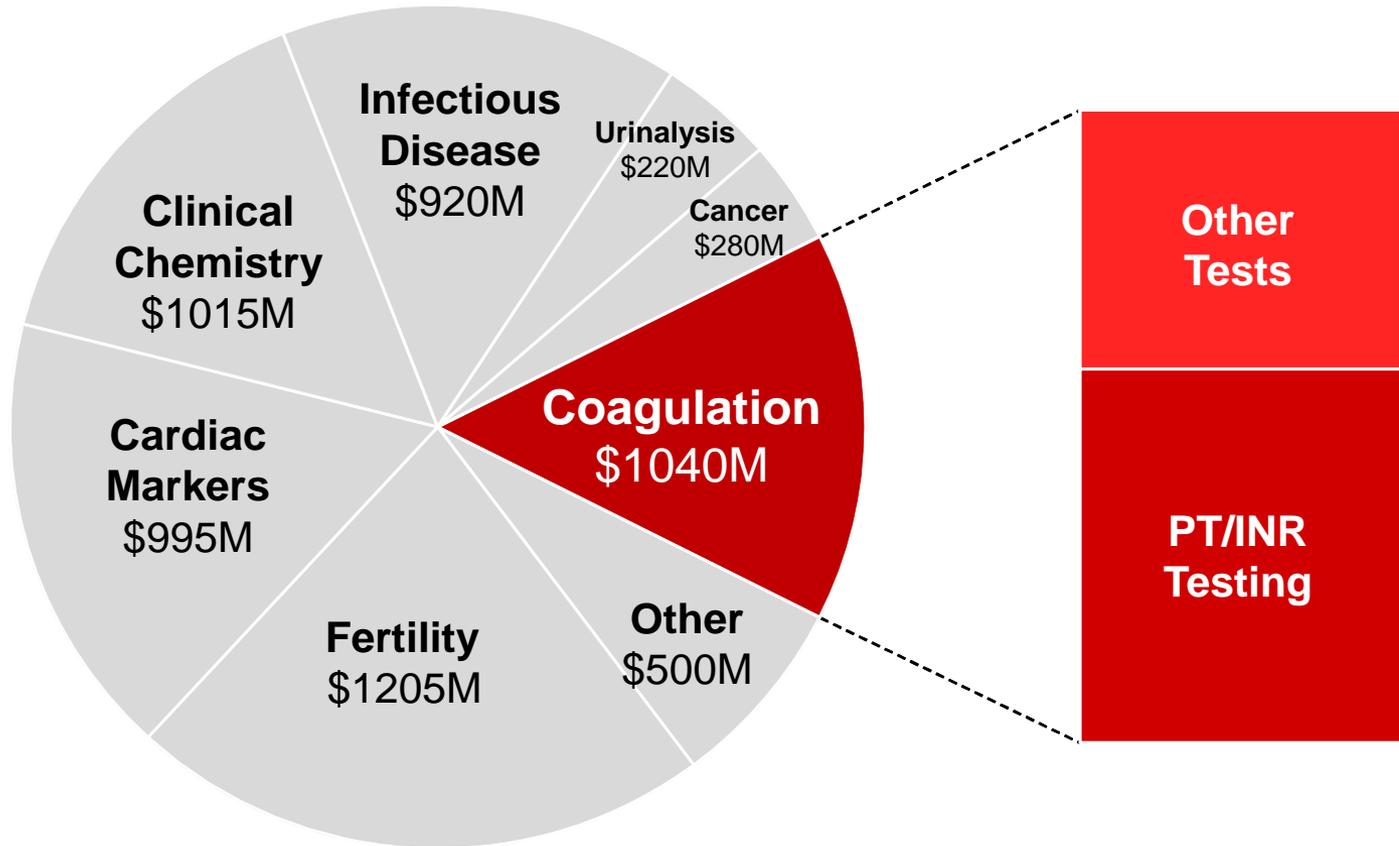
- UBI Overview
  - Blood Glucose Monitoring
  - **Coagulation Testing**
  - Future Opportunities
- Financials





# Next opportunity: POC coagulation testing

**Point-Of-Care Diagnostics Market (USD)**  
(Excluding Glucose testing - 2012E)





# Partnered with Siemens in POC coagulation



+

SIEMENS



## PT-INR testing system:

- in development
- launch expected in 2013



## Coagulation test #2:

- feasibility achieved June 2012
- now in development



## Coagulation test #3:

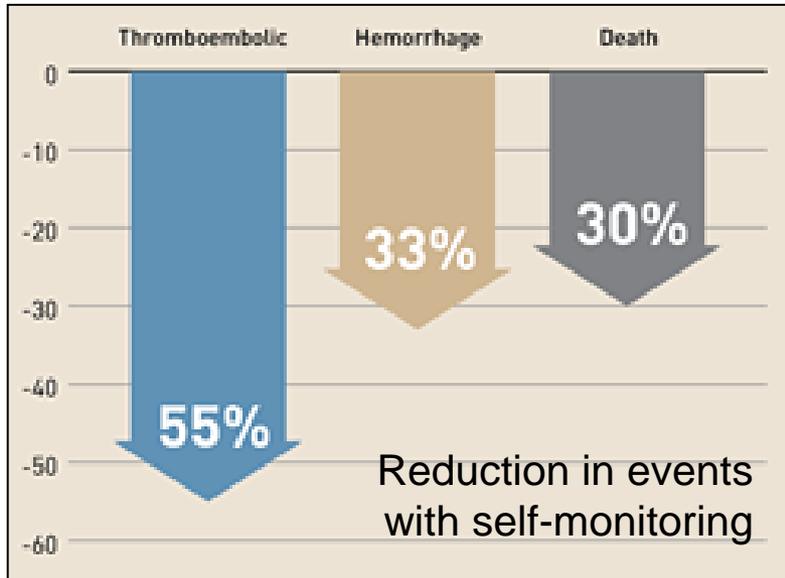
- feasibility achieved July 2012
- now in development

- 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: US\$6.5M received to date, with 4 milestone payments to come
- UBI returns via gross margin on manufacturing & upside profit share



# What is a PT/INR test?

- Prothrombin Time (PT) measures the clotting tendency of blood and is reported as an International Normalised Ratio (INR)
- Frequent INR testing is used to ensure that Warfarin patients remain in the Target Therapeutic Range (TTR)



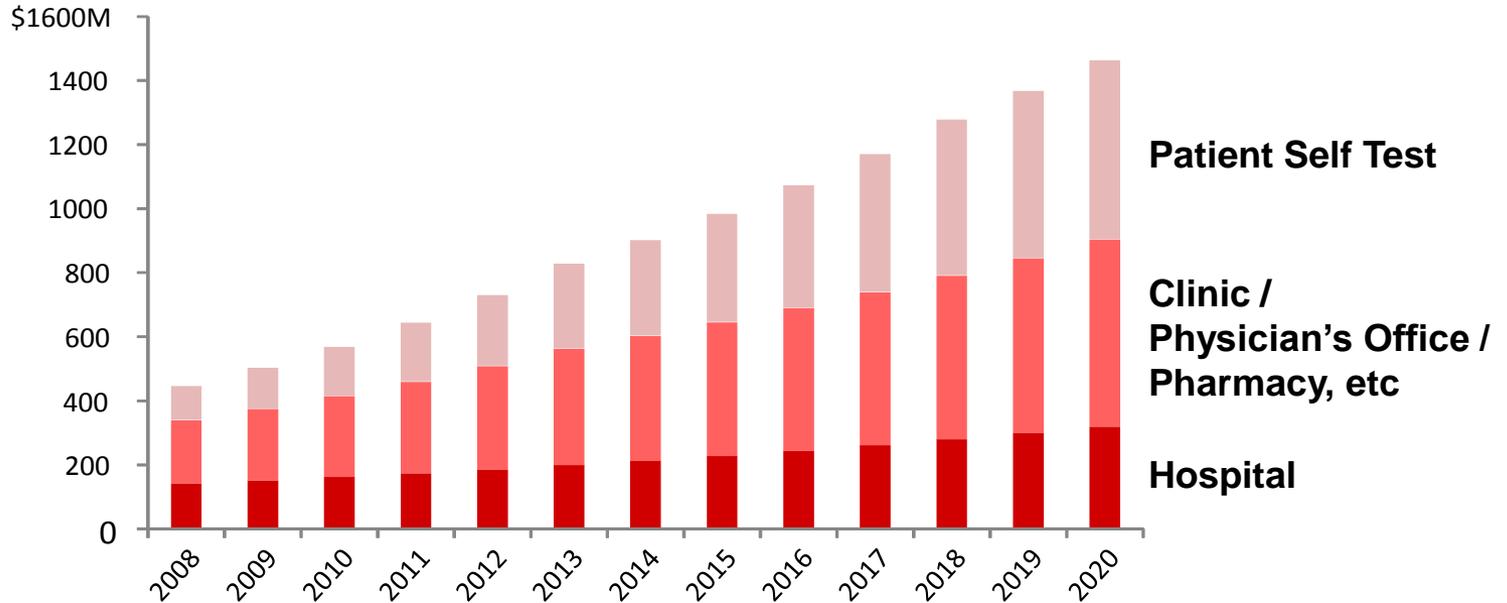
Heneghan C, Alonso-Coello P, Garcia-Alamino JM, et al. Self-monitoring of oral anticoagulation: a systematic review and meta-analysis. *Lancet*. 2006;367:404-411.

- More frequent monitoring improving patient outcomes as patients remain within TTR longer
- Point of Care (POC) testing is required for more frequent monitoring



# POC PT-INR testing will grow strongly

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



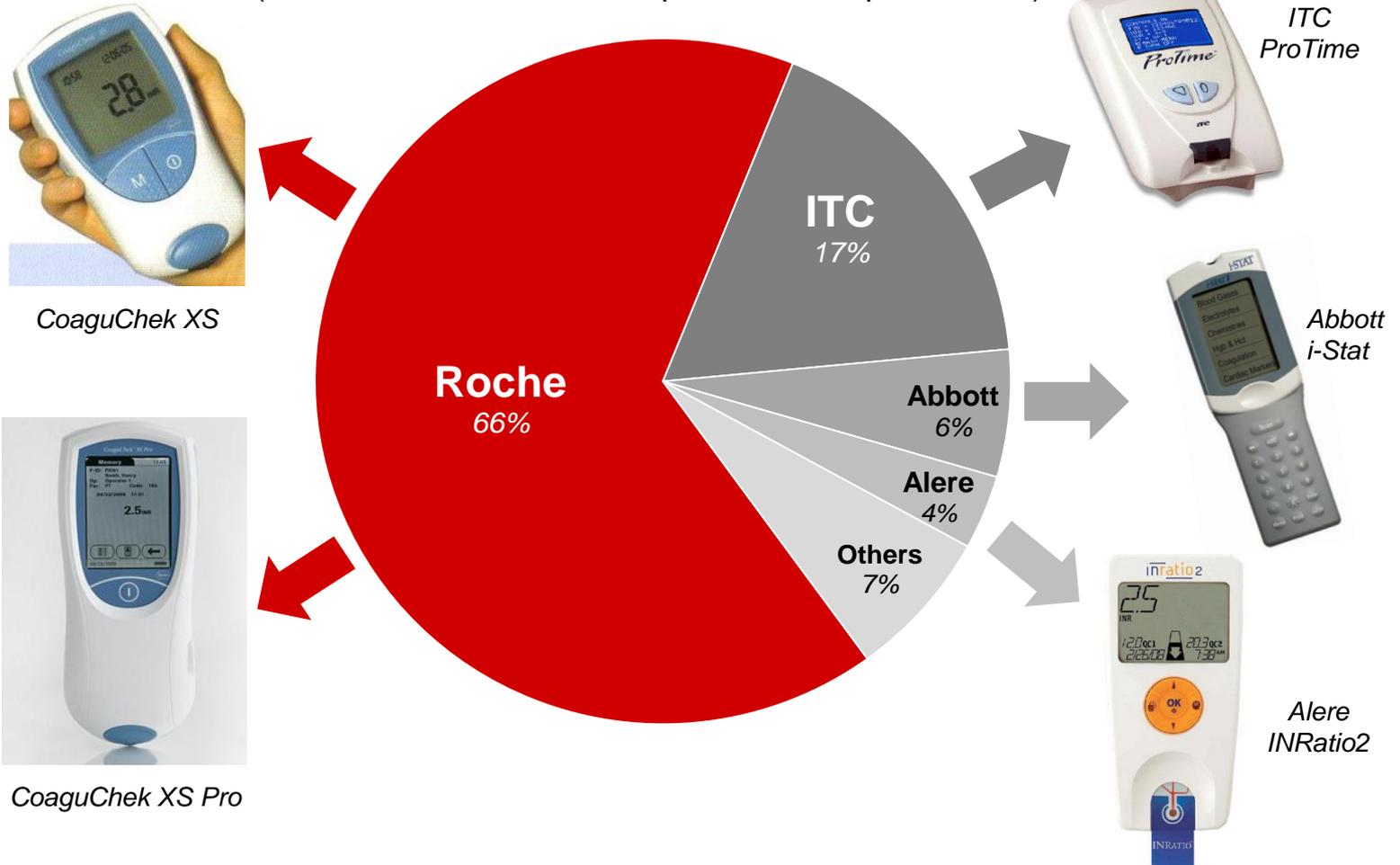
### Market growth driven by:

- ✓ growing patient population
- ✓ ongoing Warfarin use (>7 million users in 2010)
- ✓ health benefits of increasing testing frequency (towards weekly)
- ✓ US Medicare reimbursement of weekly test at ~US\$5.53 / test



# Roche dominates POC coagulation testing

**World POC coagulation testing market**  
(Estimated market share & product examples - 2012)





# First POC coagulation product on the way...



## Providing access

Siemens answers bring lab accurate results at the point-of-care.

### Xprecia Stride Analyzer

The addition of the handheld Xprecia Stride™ Analyzer\* with the Innovin® Reagent to the Siemens portfolio will bring our hemostasis expertise to point-of-care settings. Featuring a comfortable, ergonomic design, this coagulation analyzer meets an escalating need for near-patient PT/INR results.

Ask your Siemens sales rep about the new Xprecia Stride Analyzer.



# SIEMENS

\*Under development. Not available for sale. Not all products will be available in all countries.

excellent platform for us to demonstrate how we help our customers fight the most threatening diseases while improving workflow efficiency and performance."

### Instruments and Assays: Driving Clinical Excellence

Recognizing the growing demand for near-patient testing, Siemens is showcasing the company's advanced POC solutions that provide laboratory-quality, time-critical results to clinicians. Among these is a first look at the **Xprecia Stride™ Coagulation Analyzer**<sup>1,2</sup>, a new handheld coagulation system that performs prothrombin time testing (PT/INR), and the first product to be developed by Siemens in partnership with Universal BioSensors. Siemens is also previewing the **Stratus® CS 200 Acute Care™ Diagnostic System**<sup>1,2</sup>, an easy-to-use POC instrument featuring a



# PT/INR offers good economic potential

## 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 Revenue Opportunity (USD)	Transfer Price per Strip (USD)		
	\$0.50	\$1.00	\$1.50
Market Share			
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.*



# Contents

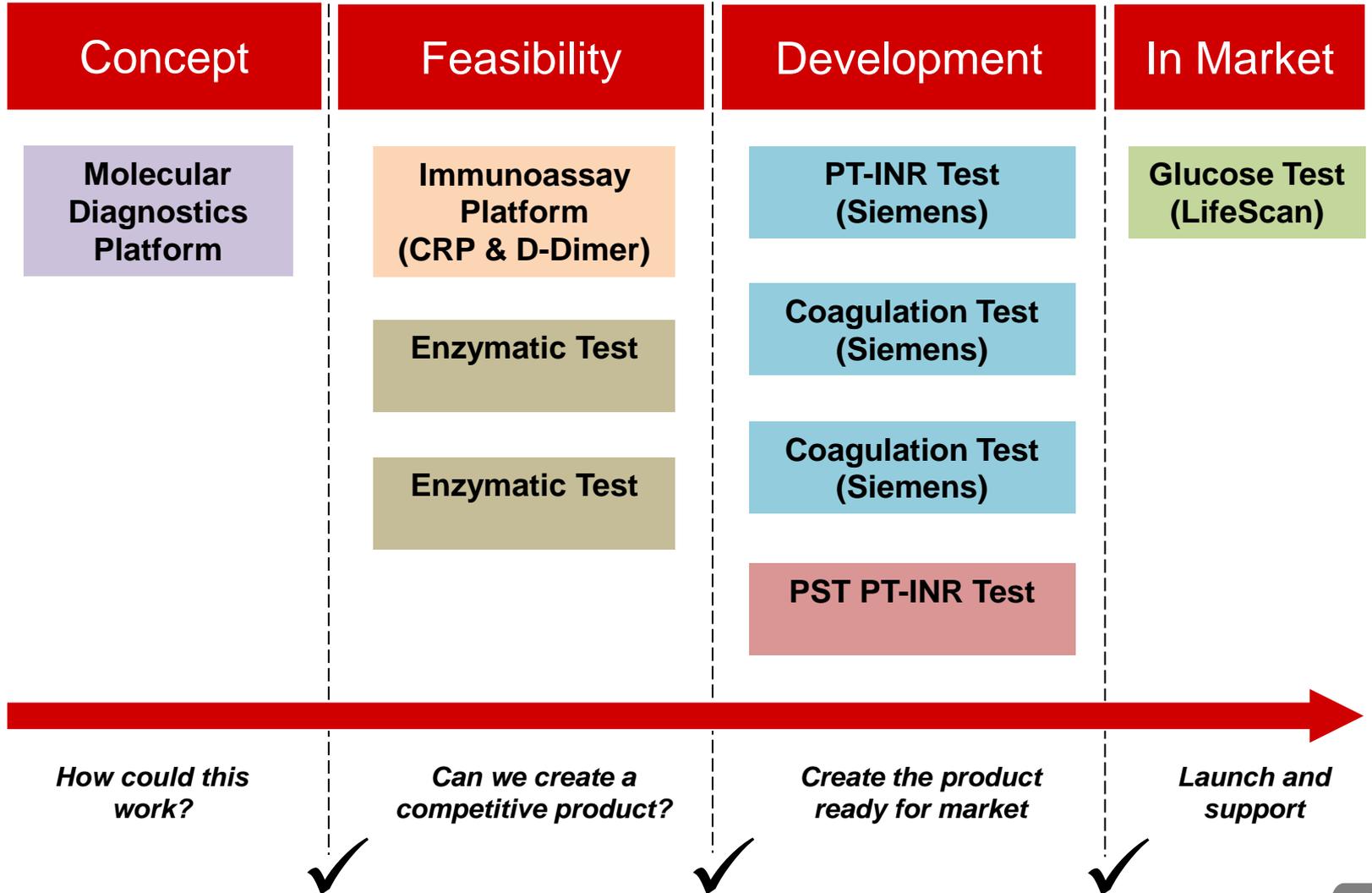
---

- UBI Overview
  - Blood Glucose Monitoring
  - Coagulation Testing
  - **Future Opportunities**
- Financials





# A pipeline of future POCD products





# Building a powerful diagnostics company



- ✓ Core technology platform (strip & meter)
- ✓ Low-cost, scale manufacturing
- ✓ Early cash flow
  - Contract R&D
  - Strip production
  - Quarterly Service Fees
- ✓ **Validation by a world leader**



- ✓ Demonstrated broader capability of UBI technology
- ✓ Diversification reduces business risk
- ✓ Long term strip manufacturing secured by contract
- ✓ **Second validation by a world leader**



## POC Diagnostics Leadership

- Build out POC Diagnostics test menu
- Leverage core capabilities (development & manufacturing)
- Leverage & expand route-to-market partnerships
- **Extract greater returns from the value chain**



# Contents

---

- UBI Overview
  - Blood Glucose Monitoring
  - Coagulation Testing
  - Future Opportunities

 • **Financials**



# Profit & Loss & Cash (2012, H12013)

<b>AUD Millions</b>	<b>12 months ended December 31<sup>st</sup> 2012</b>	<b>6 months ended June 30<sup>th</sup> 2013</b>
<b>Quarterly Service Fees</b>	2.2	1.6
<b>Revenue from Products</b>	19.4	7.2
<b>Revenue from Services*</b>	8.1	0.8
<b>Total Revenue</b>	<b>29.6</b>	<b>9.6</b>
<b>Cost of Goods Sold &amp; Services</b>	18.7	7.6
<b>Contribution from Products &amp; Services</b>	<b>10.9</b>	<b>2.0</b>
<b>R&amp;D Expense</b>	13.5	7.9
<b>G&amp;A Expense</b>	6.8	2.8
<b>Net Loss after Tax</b>	<b>9.1</b>	<b>7.7</b>
<b>Net Decrease in Cash</b>	<b>4.0</b>	<b>6.2</b>
<b>Cash at Bank</b>	<b>23.6</b>	<b>18.1</b>

\*Excludes Quarterly Service Fees shown separately



# Financial summary: balance sheet

---

## Balance Sheet as at 30 June 2013

	<b>A\$</b>
Current Assets (excluding cash)	6,698,248
Cash	18,095,399
Property, Plant & Equipment (net)	17,043,450
Other Non-Current Assets	320,000
Total Assets	<u>42,157,097</u>
Current Liabilities	6,517,557
Non-Current Liabilities	3,480,272
Stockholders' Equity	32,159,268
Total Liabilities & Stockholders' Equity	<u>42,157,097</u>



# Financial summary: capital structure

---

Number of shares on issue	174,709,420
Market capitalization (at 1 <sup>st</sup> Sept 2013)	~A\$125 million
Number of options on issue	10.9 million
Cash (at 30 <sup>th</sup> June 2013)	A\$18.1 million
Equity raised since inception	A\$83 million



# Top 5 UBI shareholders

---

<b>Shareholder</b>	<b>30<sup>th</sup> June 2013 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>	8.7%
<i>Australian Executor Trustees SA Ltd</i>	7.4%
<i>PFM Cornerstone Ltd</i>	6.4%

---



# UBI investment case

---

- ✓ Targeting the attractive Point of Care (POC) diagnostics market: US\$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 (blood glucose testing):
  - Selling in >90% of the US\$9Bn, ~17Bn test-strip global market
  - Profitable, revenue generating business
  - OneTouch Verio strip sales growth well in excess of market rates
- ✓ Partnered with world leader **Siemens** in POC coagulation testing
  - US\$1Bn global market
  - 3 products in development with first revenues expected 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, ~A\$125M market capitalisation, A\$30M revenue in FY2012



---

# Stifel Healthcare Conference

September 2013

Universal Biosensors, Inc.

*Presentation by Paul Wright, CEO*