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# Universal Biosensors, Inc.

ARBN 121 559 993

Buchan “Three Tickers” Presentation

18<sup>th</sup> September 2013



# Important Disclaimer

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# UBI investment case

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- ✓ Targeting the attractive **Point-of-Care diagnostics (POCD)** market
- ✓ With a **powerful POCD technology** platform
- ✓ Partnered 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
- ✓ ASX listed, ~A\$140M market capitalisation, A\$30M revenue in FY2012



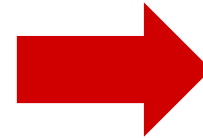
# Contents

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



# The future of diagnostics is at Point-of-Care



## Healthcare Challenges:

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

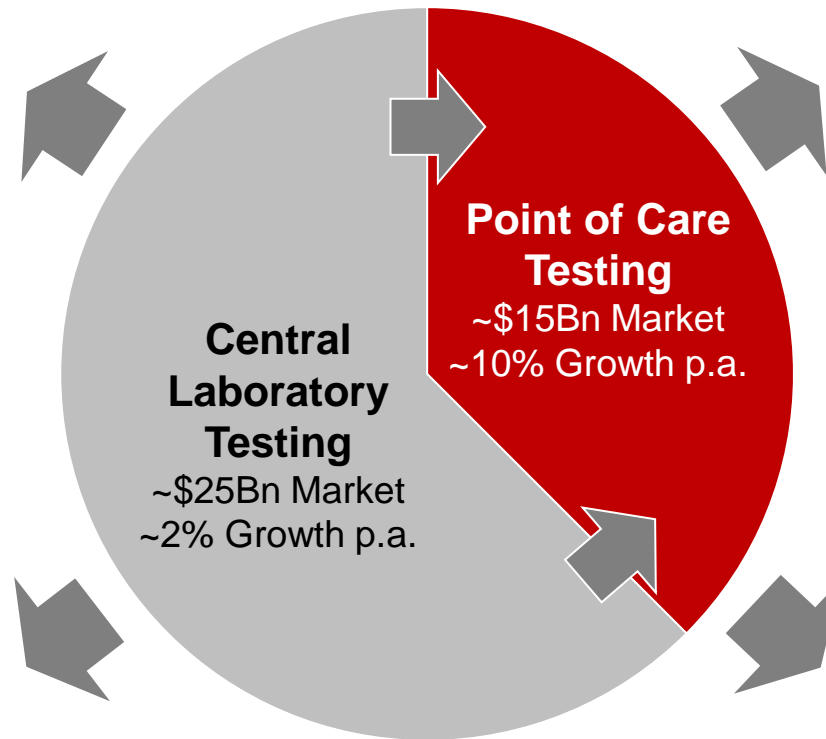
## Point of Care Diagnostics (POCD) Technology:

- ✓ Supports more timely and frequent diagnosis
- ✓ Simpler to use
- ✓ Empowers the patient
- ✓ Reduces logistics challenge
- ✓ Better health economics



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

## Global In-Vitro Diagnostics Market (2012 estimate)





# 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**

- **Annuity-based business model**

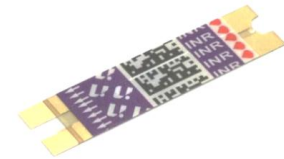
- ✓ **Strips tied to readers**

- ✓ **Meter installed base pulls strip sales**

- **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.







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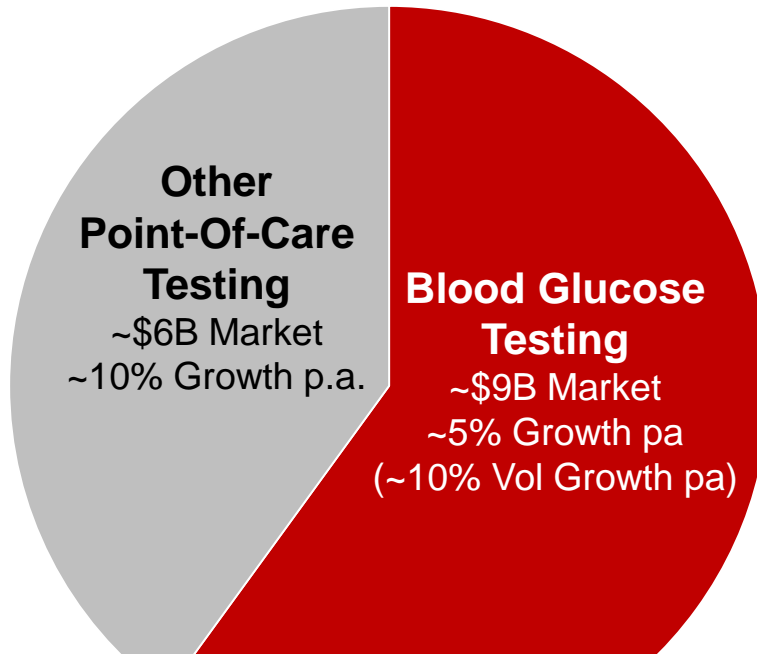
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# 1<sup>st</sup> target: the \$9B blood glucose segment

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



### Blood Glucose Growth Drivers

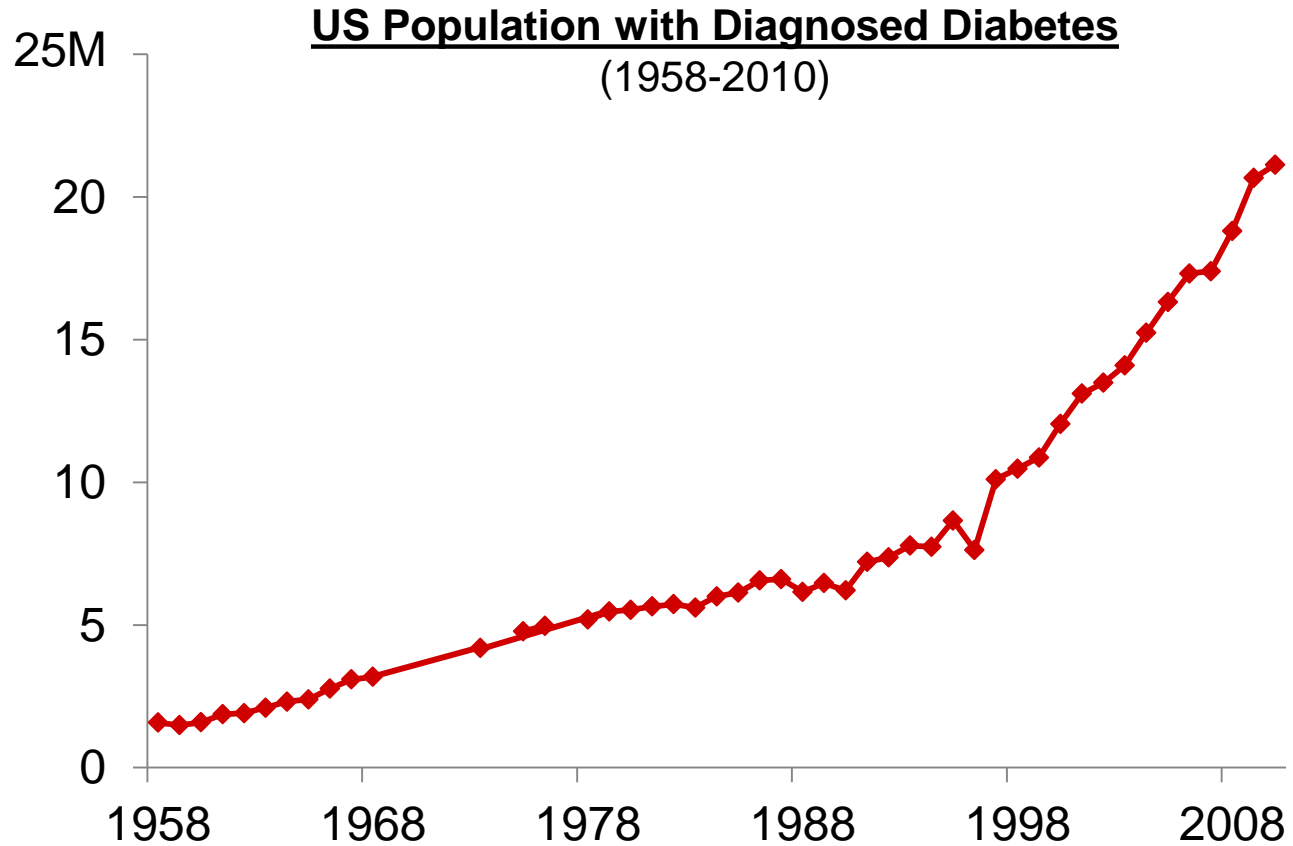
- Increased life expectancy of diabetes sufferers
- Growing incidence of diabetes in all geographies
- Technology improvements
- Increasing patient awareness

### 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)*



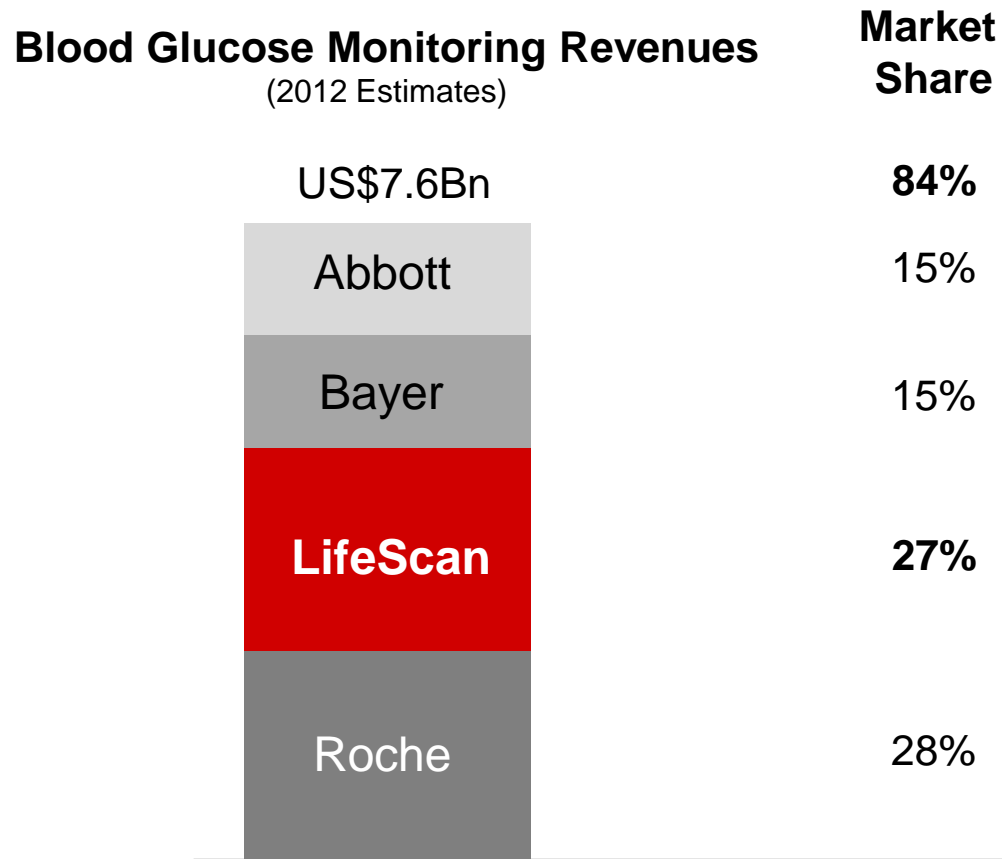
# Growth in diabetes drives glucose testing



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



# The “Big 4” blood glucose players

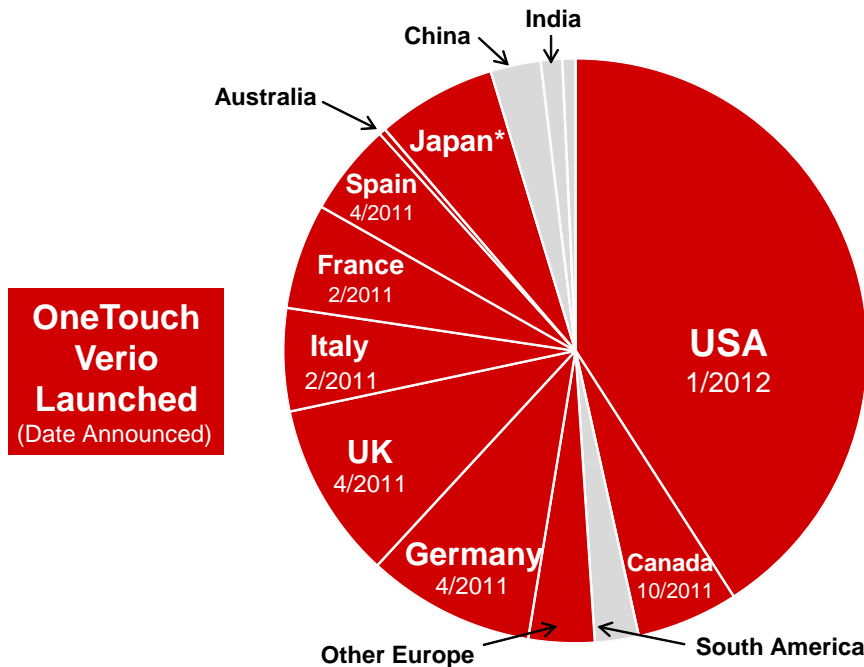




# OneTouch Verio global roll-out continues...



## 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

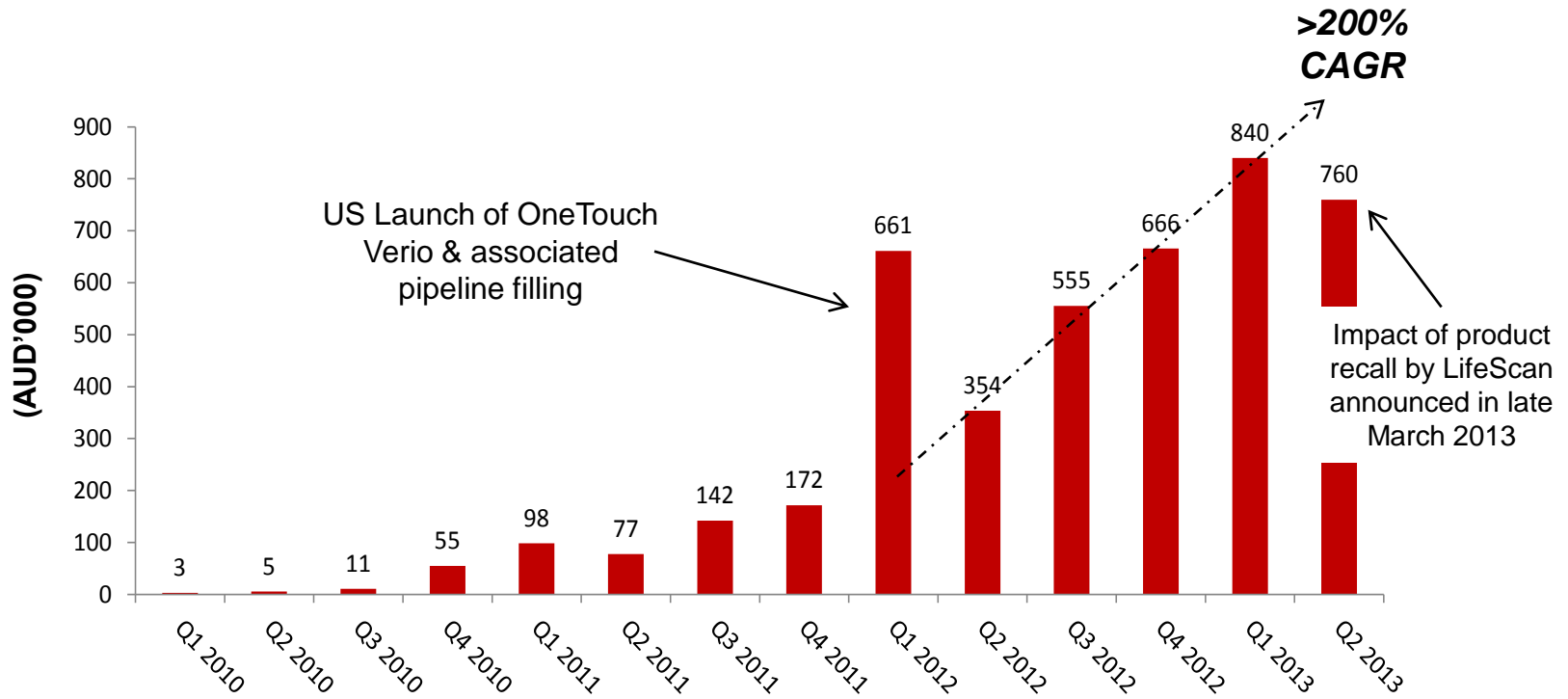
Revenue Source	Revenue Detail
<b>Quarterly Service Fees</b> <i>(included in "Revenue from Services" in published financial statements)</i>	<b>~ US1c received for each Verio strip <u>sold</u> by LifeScan</b> <ul style="list-style-type: none"><li>• Irrespective of source of manufacture</li></ul>
<b>Manufacturing 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.





# 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



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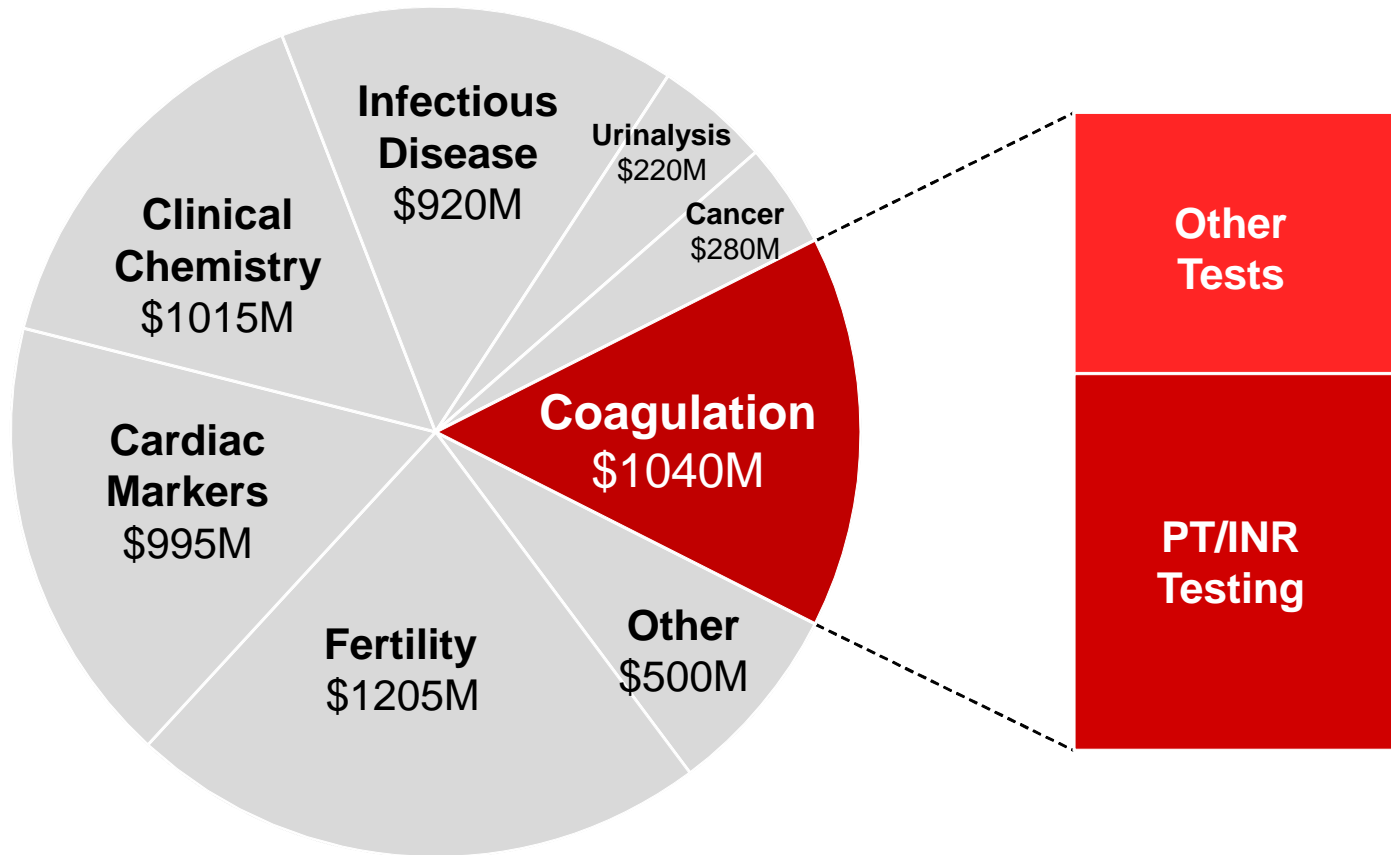
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# Next opportunity: POC coagulation testing

**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:

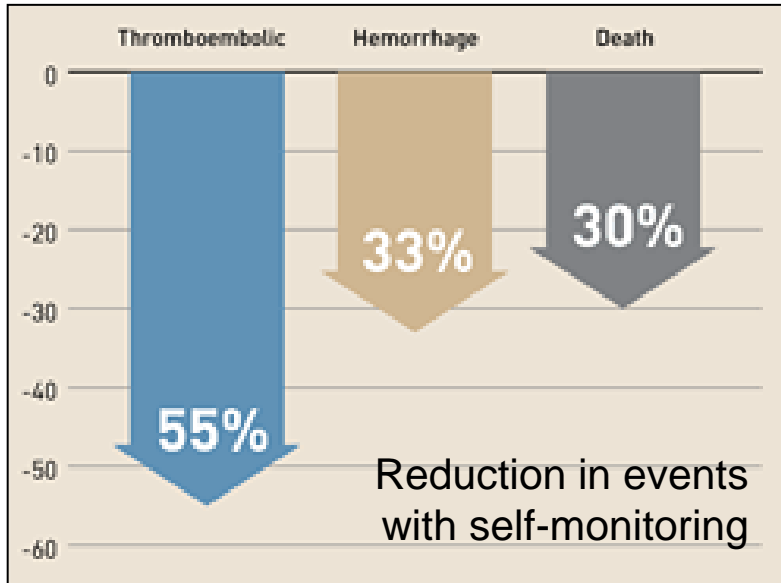
- feasibility achieved July 2012
- now in development

- Worldwide partnership in “professional” markets for Point-of-Care Coagulation testing
- 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)



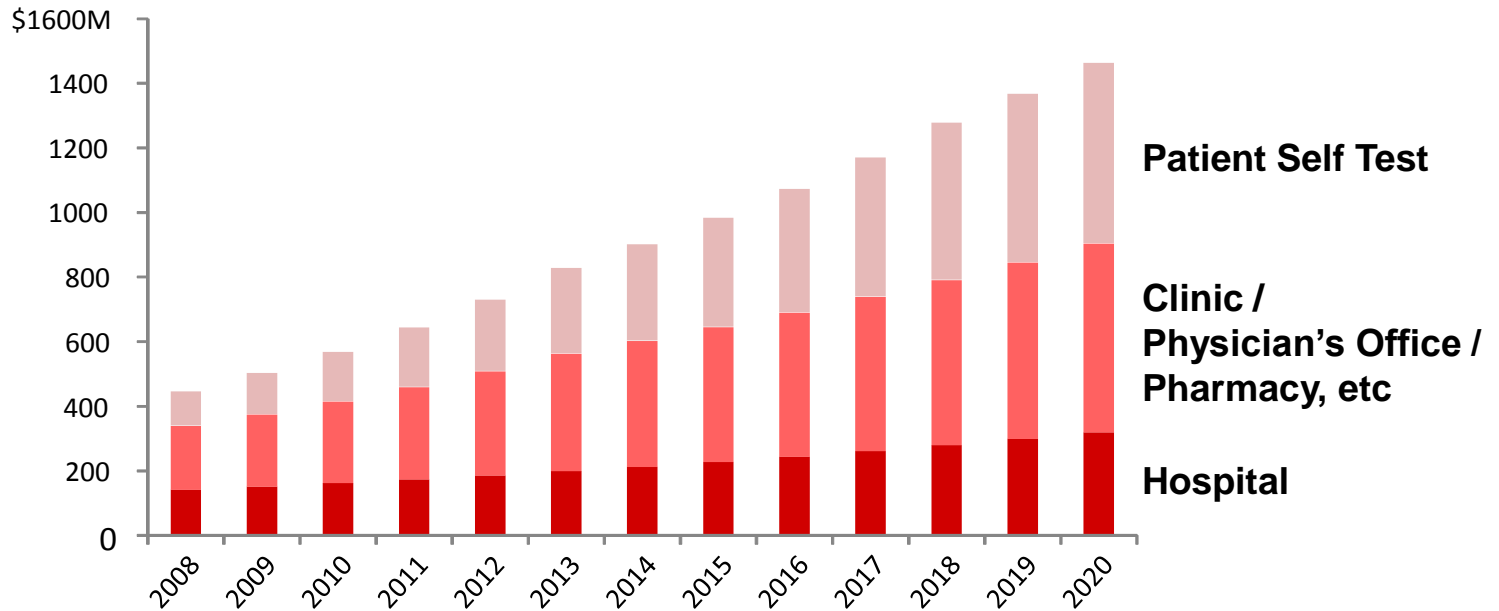
Heneghan C, Alonso-Coello P, Garcia-Alamino JM, et al. Self-monitoring of oral anticoagulation: a systematic review and meta-analysis. *Lancet*. 2006;367:404-411.

- 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



# First POC coagulation product on the way...

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

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**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.

\*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.*





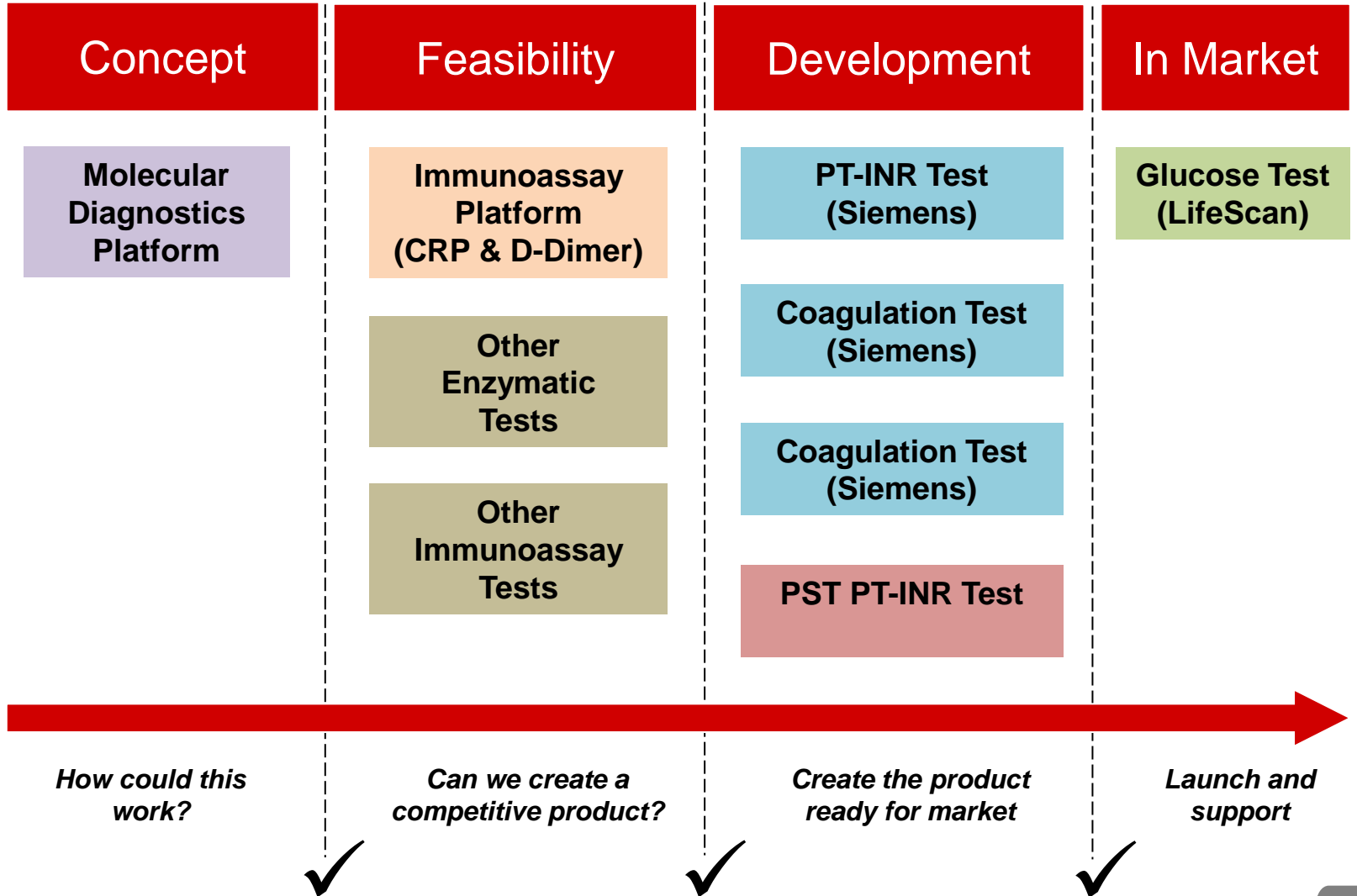
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# A pipeline of future POCD products





# 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**



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# 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



# UBI investment case

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- ✓ 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
  - Supporting annuity-based (consumable driven) business model
- ✓ Partnered with world leader **LifeScan (J&J)** in diabetes care:
  - 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



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