14 February 2013

UNIVERSAL BIOSENSORS INC. (UBI)

Wilson HTM INVESTMENT GROUP | *A Leading Wealth Manager and Adviser to Emerging Companies*

BUY HOLD SELL

ACTION & RECOMMENDATION

FY13 is the year, at least to our minds, when LifeScan's OneTouch Vero launch could accelerate. Pricing and competitive pressures have reached new highs in the USA diabetes care market. UBI's opposing electrode manufacturing scheme should increase LifeScan's gross margins and improve their capacity to absorb price cuts and compete. We maintain a BUY rating. Price target $1.62 per share.

12m Target Price (AUD)	**$1.62**
Share Price @ 14-Feb-13 (AUD)	$0.88
Fcst 12m Capital Return	84.4%
Fcst 12m Dividend Yield	0.0%
12m Total S'holder Return	**84.4%**

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Verio solves problems for LifeScan (pricing, competition)

Company Result

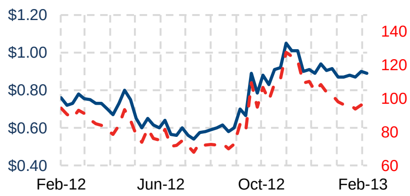
What's Changed

- UBI confirmed its full year FY12 loss at $9.1M which was slightly better than our forecast of $9.3M. FY12 was a key transitional year for the group, during which the glucose business operated outside the "interim costing" arrangements under the LifeScan agreement. Accordingly, glucose turned a gross profit. The company closed the period with cash of $23.6M following the capital raising in the 2H.
- UBI's outlook for FY13 comprises significant growth in the service fee revenues, which anticipates more momentum in LifeScan's OneTouch Verio launch. The cost base is expected to be similar to that in FY12 (c.$20.8M across R&D and G&A).
- We have trimmed our 2HFY13 strip sales forecast modestly, and have increased our R&D expense forecast for FY14. We still forecast FY14 to be UBI's first group level net profit.

Risks & Catalysts

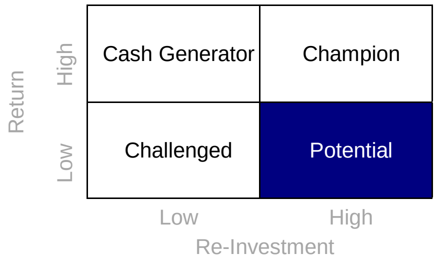
- Upside risks in FY13 are dominated by partnering prospects – the two potential candidates we see are signing distributors for UBI's homecare coagulation monitoring systems; and LifeScan - UBI again flagging the prospect of LifeScan taking next steps with the research project that UBI successfully completed in 2012.
- The key downside risk relates to LifeScan's decision making over the next 6 months – particularly with respect to Verio manufacturing. In our model, this year, we have LifeScan asking UBI to scale-up operations. If today's 280-300M strip/yr runrate were to become UBI's status quo output level, that would mean 13% downside to our valuation.

12m Share Price Performance

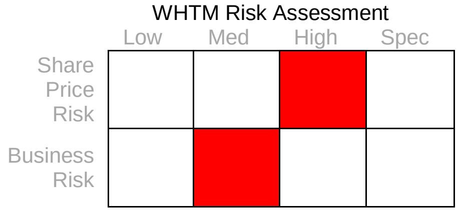


	1m	6m	12m
Abs. Return (%)	3.5	45.9	23.6
Rel. Return (%)	-3.0	29.8	5.2

WHTM Return Re-investment Matrix



WHTM Risk Assessment



Year-end December (AUD)	FY11A	FY12A	FY13E	FY14E	FY15E
NPAT Rep ($m)	-14.7	-9.1	-5.0	10.6	22.6
NPAT Norm ($m)	-14.7	-9.1	-5.0	10.6	22.6
Consensus NPAT ($m)					
EPS Norm (cps)	-8.9	-5.5	-2.9	6.1	13.1
EPS Growth (%)	-120	39	46	310	114
P/E Norm (x)	-9.9	-16.1	-30.1	14.3	6.7
EV / EBITDA (x)	-11.1	-19.3	-41.8	10.6	5.5
FCF Yield (%)	-4.6	-2.1	-1.4	5.4	15.7
DPS (cps)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0	0	0	0	0

Key Changes		23-Jan	After	Var %
NPAT:	**FY13**	-2.4	-5.0	>99%
Norm	**FY14**	18.0	10.6	-41.2%
($m)	**FY15**	32.2	22.6	-29.7%
EPS:	**FY13**	-1.5	-2.9	>99%
Norm	**FY14**	10.8	6.1	-42.9%
(cps)	**FY15**	19.2	13.1	-31.7%
DPS:	**FY13**	0.0	0.0	0.0%
(cps)	**FY14**	0.0	0.0	0.0%
	FY15	0.0	0.0	0.0%
Price Target:		**1.65**	**1.62**	**-1.8%**
Rec:		**BUY**	**BUY**	

Mkt Cap: $155m | **Enterprise Value:** $134m | **Shares:** 174m | **Sold Short:** % | **ASX 300 wgt:** n/a | **Median T'over/Day:** $0.0m

PRICE TARGET

	Valuation	Price Target
WACC (%)		14.0
Blood glucose		189.0
Coagulation (Siemens),		43.5
TOTAL (A$ / Share)	**1.40**	**1.62**

INTERIMS ($m)

Half Yr (AUD)	Jun 12	Dec 12	Jun 13	Dec 13
	1H A	2H A	1H E	2H E
Sales	14.7	14.9	17.1	22.5
EBITDA	-2.4	-4.5	-1.7	-1.5
EBIT	-3.6	-5.9	-3.1	-3.1
Net Profit	**-3.4**	**-5.7**	**-2.5**	**-2.5**
Norm. EPS	**-2.0**	**-3.4**	**-1.5**	**-1.4**
EBIT/Sales	-24.7	-39.8	-18.3	-13.6
Dividend (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0

FINANCIAL STABILITY

Year-end December	FY12A	FY13E	FY14E
Net Debt	-23.6	-20.5	-28.0
Net Debt / Equity (%)	<0	<0	<0
Net Debt / EV (%)	**<0**	**<0**	**<0**
Current Ratio (x)	7.8	5.2	4.5
Interest Cover (x)	21.3	5.2	<0
Adj. Cash Int. Cover (x)	**8.3**	**2.9**	**<0**
Debt / CashFlow (x)	0.0	0.0	0.0
Net Debt (cash) / share	<0	<0	<0
NTA / share ($)	0.2	0.2	0.3
Book Value / share ($)	0.3	0.2	0.3
Payout Ratio (%)	0	0	0
Adj. Payout Ratio (%)	0	0	0

EPS RECONCILIATION ($m)

	FY12A		FY13E	
	Rep.	Norm.	Rep.	Norm.
Sales Revenue	30	30	40	40
EBIT	-9.6	-9.6	-6.2	-6.2
Net Profit	**-9.1**	**-9.1**	**-5.0**	**-5.0**
Notional Earn.	0.0	0.0	0.0	0.0
Pref./Conv. Div.	0.0	0.0	0.0	0.0
Profit for EPS	**-9.1**	**-9.1**	**-5.0**	**-5.0**
Diluted Shrs(m)	167	167	171	171
Diluted EPS (c)	**-5.5**	**-5.5**	**-2.9**	**-2.9**

RETURNS

	FY12A	FY13E	FY14E	FY15E
ROE (%)	-24.5	-13.6	26.7	48.5
ROIC (%)	-37.6	-29.3	43.3	212.9
Incremental ROE	-141.7	-1,252.6	558.7	172.3
Incremental ROIC	-98.6	-77.6	1,808.4	-97.4

KEY ASSUMPTIONS

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue Growth (%)			8,759.9	25.0	101.7	33.8	98.6	15.8
EBIT Growth (%)	47.2	17.5	-53.5	93.6	-37.7	-35.4	-253.5	123.1
NPAT Growth (%)	43.5	35.8	-59.4	122.3	-37.8	-45.2	-311.5	113.8
EPS Growth (%)	**23.1**	**35.8**	**-59.9**	**119.9**	**-38.8**	**-46.4**	**-310.0**	**113.8**
EBIT / Sales (%)		-12,863.7	-67.5	-104.6	-32.3	-15.6	12.1	23.3
Tax Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROA (%)	**-24.3**	**-32.4**	**-14.6**	**-32.0**	**-19.5**	**-13.2**	**15.3**	**24.3**
ROE (%)	**-21.8**	**-34.4**	**-13.5**	**-36.0**	**-23.2**	**-14.6**	**23.6**	**46.8**

PROFIT & LOSS ($m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Sales Revenue	0.0	0.1	11.8	14.7	29.6	39.7	78.7	91.2
EBITDA	-12.3	-14.2	-5.0	-12.1	-6.9	-3.2	12.6	24.5
Depn & Amort	2.3	2.9	3.0	3.3	2.6	3.0	3.1	3.3
EBIT	**-14.5**	**-17.1**	**-7.9**	**-15.4**	**-9.6**	**-6.2**	**9.5**	**21.2**
Net Interest Expense	-2.5	-0.8	-1.2	-0.7	-0.4	-1.2	-1.1	-1.4
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities / pref divs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit pre Sig. Items	**-12.0**	**-16.3**	**-6.6**	**-14.7**	**-9.1**	**-5.0**	**10.6**	**22.6**
Abn's / Ext's / Signif.	0.0	17.7	0.0	0.0	0.0	0.0	1.0	1.0
Reported Net Profit	**-12.0**	**1.4**	**-6.6**	**-14.7**	**-9.1**	**-5.0**	**10.6**	**22.6**

CASHFLOW ($m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
EBITDA	-12.3	-14.2	-5.0	-12.1	-6.9	-3.2	12.6	24.5
Interest & Tax	2.5	0.8	1.2	0.7	0.5	1.2	1.1	1.4
Working Cap / Other	2.6	15.1	-2.7	4.2	3.2	-0.2	-5.3	-1.7
Operating Cash Flow	**-7.1**	**1.6**	**-6.4**	**-7.2**	**-3.3**	**-2.2**	**8.4**	**24.3**
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	**-7.1**	**1.6**	**-6.4**	**-7.2**	**-3.3**	**-2.2**	**8.4**	**24.3**
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth Capex	-9.6	-3.0	-2.3	-1.1	-0.7	-0.9	-0.9	-1.0
Invest. / Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Inv. Flows	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.0
Cash Flow Pre Financing	**-16.8**	**-1.3**	**-8.7**	**-8.3**	**-4.6**	**-3.1**	**7.5**	**23.3**
Funded by Equity	3.1	0.1	0.7	0.1	13.2	0.0	0.0	0.0
Funded by Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Funded by Cash	13.6	1.3	8.0	8.2	-8.6	3.1	-7.5	-23.3

BALANCE SHEET SUMMARY ($m)

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Cash	28.3	31.3	23.3	15.1	23.6	20.5	28.0	51.3
Current Receivables	0.1	0.4	3.6	4.9	2.3	4.0	9.0	10.7
Current Inventories	0.0	0.3	3.2	3.6	3.6	4.8	9.9	12.1
Net PPE	21.9	21.3	23.1	20.3	18.3	16.2	14.0	11.6
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles / Capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	4.3	2.8	0.7	1.3	1.3	1.3	1.3	1.4
Total Assets	**54.7**	**56.1**	**53.8**	**45.2**	**49.1**	**46.8**	**62.2**	**87.2**
Current Payables	0.6	0.4	1.8	0.6	2.5	5.2	10.0	12.3
Total Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	5.4	4.3	4.9	9.6	7.2	7.2	7.2	7.2
Total Liabilities	**6.0**	**4.8**	**6.6**	**10.2**	**9.7**	**12.4**	**17.2**	**19.6**
Minorities / Convertibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder Equity	**48.7**	**51.3**	**47.2**	**35.0**	**39.4**	**34.4**	**45.0**	**48.4**
Total Funds Employed	**48.7**	**51.3**	**47.2**	**35.0**	**39.4**	**34.4**	**45.0**	**48.4**

Universal Biosensors Inc – FY12 Results

FY12 RESULTS VERSUS WHTM FORECASTS

Revenues doubled in FY12 to $29.6M driven by increased product revenue and steady growth in the service fee component (1 US cent/strip on all OneTouch Verio strips sold by LifeScan). Demand over the early part of LifeScan's OneTouch Verio launch saw UBI's manufacturing facility operate at near constant volumes for the year. Product revenue was up 61% to $19.4M. Service revenue of $10.3M included $2.2M from the US 1 cent/strip 'service fee' earned on LifeScan's strip sales. We estimate that strip sales were up 307% to 225M and 56% of strip sales occurred in the 2H. The remaining service revenues were in relation to milestone payments from Siemens (from the prothrombin programme) and US$4.5M from a research project conducted for LifeScan.

TABLE 1: FINANCIAL SUMMARY FOR FY12 COMPARED TO WHTM ESTIMATES

	FY11	FY12	chg	WHTMe	var
Product Revenue	12.1	19.4	61%	19.4	0%
Service Revenue	2.6	10.3	290%	10.3	0%
Total Revenue	**14.7**	**29.6**	**102%**	**29.6**	**0%**
COGS	13.0	18.7	43%	18.7	0%
Gross Profit	1.7	11.0	555%	10.9	1%
gross margin	*13.9%*	*56.7%*		*56.2%*	
G&A	6.8	7.3	7%	7.8	-7%
R&D	9.8	13.5	37%	13.0	4%
EBITDA	**(12.1)**	**(6.9)**	**-43%**	**(8.5)**	**18%**
PBT	(14.7)	(9.1)	-38%	(9.3)	2%
NPAT	(14.7)	(9.1)	-38%	(9.3)	2%
EPS	(9.0)	(6.0)	-33%	(5.9)	2%

Source: UBI, WHTM Research

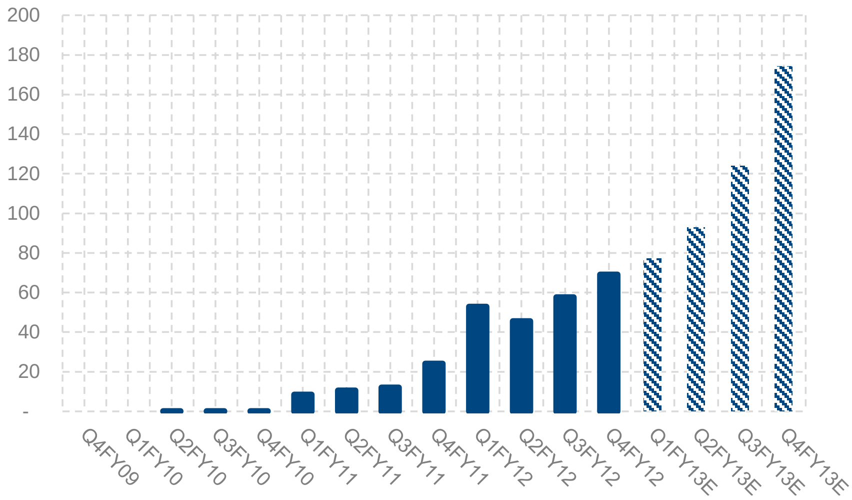
Gross margin was higher for the year because UBI spent the whole period operating outside the "interim costing" arrangements – where the Verio strip manufacturing exercise is profitable. The specific gross margin on Verio strips was 7% - we expect that gross profitability will increase in coming years to 13-15%.

UBI's net loss for the year was $9.1M which agreed with our forecast of $9.3M. The company closed the period with cash of $23.65M following a $12.5M capital raising, net of costs.

CHANGES TO FORECASTS

We have made adjustments to our UBI model following the 2HFY12 result. We have brought down our strip sales estimate in the 2H of 2013, which looked too steep, notwithstanding the improved OneTouch Verio sales trajectory we observed in 2HFY12. Whereas before we were looking for c.380M strips in 2HFY13, we now model 300M strips. The 1HFY13 sales forecast remains at 170M strips. Those modest strip revisions do cycle into FY14 and impact our revenue forecast for that year by 4%.

FIGURE 1: ESTIMATED QUARTERLY ONE-TOUCH VERIO STRIP SALES (IN M) FOR FY09-12 AND WHTM QUARTERLY FORECASTS FOR FY13.



Source: UBI, WHTM Research

UBI has indicated that both R&D and G&A expenses in FY13 will be similar to those in FY12 ($20.8M, collectively). We are forecasting a $21.1M expense in FY13. We have also increased our R&D expense forecast for FY14, which has reduced our NPAT forecast for that year from $18M to $10.6M.

TABLE 2: CHANGES TO FORECASTS FY13-14E

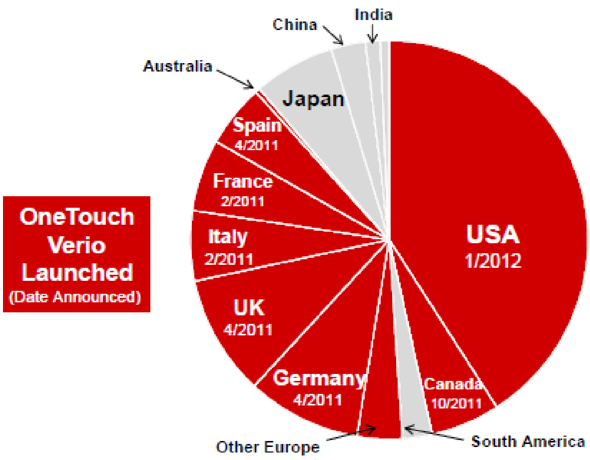
		units	Previous	Current	chg
FY13E	Group revenue	$M	47.2	40.2	(7.0)
	EBITDA	$M	(0.7)	(3.2)	(2.5)
	EBIT	$M	(3.5)	(6.2)	(2.7)
	Reported NPAT	$M	(2.4)	(5.0)	(2.6)
	EPS	cps	(1.5)	(2.9)	(1.4)
FY14E	Group revenue	$M	84.2	80.4	(3.8)
	EBITDA	$M	19.6	12.6	(7.0)
	EBIT	$M	16.6	9.5	(7.1)
	Reported NPAT	$M	18.0	10.6	(7.4)
	EPS	cps	10.8	6.1	(4.7)

Source: WHTM Research

OTHER OBSERVATIONS

- **Launch now incorporates 85% of the global market** – management indicated that the growth in service fees was reasonably uniform across all countries in which the product is launched.

FIGURE 2: COUNTRIES IN WHICH LIFESCAN HAS LAUNCHED ONETOUCH VERIO AS AT 2013.



Source: UBI

- **Guidance –** UBI provided the following indications for FY13
  - Product revenue – Q1 at similar levels to FY12;
  - Service Fees – expect significant growth in FY13;
  - R&D revenue – expect further R&D and milestone payments from Siemens (WHTMe: $4.5M) + potential for LifeScan R&D services;
  - R&D costs – similar to FY12 ($13.5M);
  - G&A costs – largely fixed, expect similar to FY12 ($6.8M).

TABLE 3: P&L DETAIL FY13-15E

	FY13	FY14	FY15
Product Revenue ($M)	30.3	73.4	93.6
Service Revenue ($M)	9.8	7.0	1.7
Revenue ($M)	**40.2**	**80.4**	**95.3**
COGS ($M)	21.9	48.3	49.0
G&A ($M)	7.6	8.2	9.6
R&D ($M)	13.4	10.7	11.0
EBITDA ($M)	(3.2)	12.6	24.5
operating margin		*15.7%*	*25.7%*
NPAT ($M)	(5.0)	**10.6**	**22.6**
EPS (cps)	(2.9)	6.1	13.1
PER (x)		14.2	6.6

Source: WHTM Research

- **Industry pricing pressures could favour UBI –** the US diabetes care market continues to face new pressures on pricing, as both Centres for Medicare and Medicaid Services (CMS) and Managed Care Organisations (MCOs) seek larger discounts on all products including those for diabetes care. LifeScan's US business is routinely impacted by this. We think that volume growth will remain 5-7% in USA but price erosion will curb revenue growth in the USA to just 0.5%, annually.

- **UBI is paid on volume – not price.** UBI's service fee does not depend on the price at which LifeScan ultimately sells Verio strips. Sustained pricing pressure may even encourage LifeScan towards expedited roll-out of OneTouch Verio. As LifeScan switches more of its business to UBI's opposing plate manufacturing technology, its gross margins will improve, enabling it to absorb price cuts more readily that its competitors, all of whom use traditional parallel electrode manufacturing technology.

- **The threat of cheap generics.** More low-cost strip/meter systems enter global markets every day. So long as higher-end diabetes management systems are well covered by insurance plans, we don't expect to see significant customer-level support for cheaper systems. Un- or under-insured diabetics may choose low-cost options. Ultimately, we see FDA and other regulatory bodies moving to higher stringency on system accuracy, which will tend to favour the larger manufacturers including LifeScan.

VALUATION, RECOMMENDATION, RISKS TO OUR VIEW

We maintain a BUY rating. The features of our DCF framework are presented below, which illustrate earnings expansion via glucose and coagulation monitoring businesses. Our forecasts only include the OneTouch Verio business and the prothrombin time test, which is expected to be commercialised this year by Siemens. We have not yet included revenues from the two un-named follow-up products (with Siemens).

TABLE 4: FREE CASH FLOW OUTLOOK FOR UBI FY14-20E

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
EBIT (1-t)	-6.2	9.5	21.2	36.6	46.4	60.9	66.0	69.1
D&A	3.0	3.1	3.3	3.5	3.6	3.8	4.0	4.2
Chg W/C	-0.2	-5.3	-1.7	-1.7	-2.7	-2.7	-2.7	-3.1
Capex, acquisitions	-0.9	-0.9	-1.0	-1.0	-1.0	-1.1	-1.1	-1.2
FCFF	-4.3	6.4	21.9	37.4	46.3	60.9	66.2	69.0

Source: WHTM Research

Our DCF framework values UBI at $1.62 (12 months forward) which we set as target price. The key downside risk to our forecasts and valuation relate to LifeScan's decision making over the next 6 months – particularly with respect to manufacturing. In our model this year we have LifeScan asking UBI to scale-up. And that may or may not happen. As per our last note, if it turns out that in 2013 UBI has the same manufacturing year it did in 2012, and that is perpetuated through the model, then we estimated the downside to valuation at approximately 13%.

We are less concerned about the service fee revenue component because the OneTouch Verio launch looks reasonably well established now, with some major market momentum.

TABLE 5: DCF VALUATION SUMMARY FOR UBI FY13-21E

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
FCFF	-4.3	6.4	21.9	37.4	46.3	60.9	66.2	69.0	73.2
Cumulative WACC	1.16	1.35	1.56	1.81	2.10	2.44	2.83	3.28	
PV FCFF	-3.7	4.8	14.0	20.6	22.1	25.0	23.4	21.1	
Terminal value									563

The Valuation		
PV of FCFF ($M) =	$	127
PV of Terminal Value ($M) =	$	172
Value of Operating Assets of the firm ($M)=	$	299
- Net Debt ($M)	$	-
Value of Firm ($M) =	$	299
Value of Equity per share =	**$**	**1.62**

The Parameters	
Discount rate	16.0%
Tg	3.0%

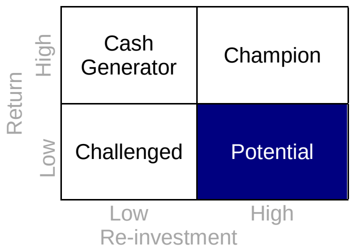
Source: WHTM Research

Upside risks in 2013 relate to partnering activity, in the main. Although the Siemens prothrombin system is set to launch in 2013, that is well flagged and the market has settled on a US$1/strip assumption, in understanding the economics.

The two areas where we see the best chances of forming new relationships are:

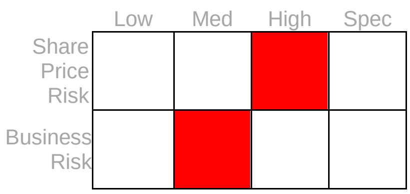
- homecare coagulation monitoring (similar systems to those developed for Siemens but commercialised via homecare rather than professional channels); and
- with LifeScan, continuing on from the research project that UBI successfully completed in 2012.

RETURN RE-INVESTMENT MATRIX



We rate UBI technology highly, noting multiple high-value diagnostic opportunities which can be accessed on modest R&D investment.

RISK MEASURES



UBI stock is relatively illiquid. Business risks mitigated by involvement of multinational partners with established presence in UBI's product areas.

BUSINESS DESCRIPTION

Universal Biosensors is a developer and manufacturer of molecular diagnostics equipment for point-of-care (PoC) medical settings. They have developed electrochemical cell and manufacturing technologies to produce 'strip and meter' diagnostic tools for diabetes care (partnered with JNJ subsidiary LifeScan) and blood coagulation monitoring (partnered with Siemens). They are also growing into new, high value PoC applications such as genetic typing and immunoassay.

INVESTMENT THESIS

Our thesis on UBI is that we see the company becoming a multiple royalty house, continuing to partner new diagnostic products with groups who are ranked either 1 or 2 in their fields. In our view, their partnering success to date has been a function of delivering new product features at low cost of goods, thanks to their proprietary, high yielding 'reel-to-reel' manufacturing capabilities. Demonstrating immunoassay capabilities in 2012 a major catalyst.

REVENUE DRIVERS

- LifeScan conducting global launch of UBI's OneTouch Verio glucose monitoring strip for diabetes care - could grow to 4.5Bn strips/year;
- Siemens to launch UBI coagulation monitoring product in 2013;
- Prospect of further partnering deals based on product pipeline.

BALANCE SHEET

- We estimate that UBI will have c.$10M cash as at end-FY12.
- Negligible debt.

MARGIN DRIVERS

- Make a modest (c.15%) gross margin on OneTouch Verio strips supplied to LifeScan
- Make a zero cost US1 cent/strip 'service fee' on all OneTouch Verio strips, sold globally
- We estimate 70% gross margin on coagulation strips sold to Siemens

BOARD

- Mr Andrew Denver (Chairman, Director)
- Mr Paul Wright (Managing Director, CEO)
- Dr Colin Adam (Director)
- Mr Denis Hanley (Director)
- Mr Marshall Heinberg (Director)
- Mr Andrew Jane (Director)
- Dr Elizabeth (Jane) Wilson (Director)

KEY ISSUES / CATALYSTS

- Upside risks
- Quarterly cash-flow and SEC filings indicate LifeScan's progress on OneTouch Verio strip sales;
- Product launches by Siemens;
- New partnering transactions on other products;
- New technology innovation, pipeline development.

MANAGEMENT

- Mr Paul Wright (Managing Director, CEO)
- Mr Salesh Balak (CFO)

RISK TO VIEW

- Downside risks
- Large partners like LifeScan are slow to move - provide low visibility
- Medical device risks: difficulties with competitors, product recalls.

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Return Reinvestment Matrix and Risk Measures

Definitions at http://www.wilsonhtm.com.au/Disclosures

Recommendation Structure and Other Definitions

Definitions at http://www.wilsonhtm.com.au/Disclosures

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