



**Wilson HTM**  
INVESTMENT GROUP

A Leading Wealth Manager and  
Adviser to Emerging Companies

23 April 2013

# UNIVERSAL BIOSENSORS INC. (UBI)

BUY

HOLD

SELL

## ACTION & RECOMMENDATION

LifeScan sourced less Verio strips from UBI in Q1, which is a signal that technology transfer has been successful and reads well for future scale-up. We have reduced the volume outlook to match Q1's output going forward. The impact on earnings and valuation are as we flagged in previous sensitivity work. We have cut \$3.6M from FY14 NPAT and \$5.4M from FY15 and revised the target price to \$1.36 per share. We maintain the BUY rating. The stock is searching for a catalyst to shrug off the unhelpful recent news flow (LifeScan's recall, and JNJ's soft diabetes care results in Q1). LifeScan's Verio sales were stronger than expected in Q1. They remain the value driver over FY13-14.

## Q1FY13 Update – Turning down the volume

### What's Changed

- Strip service fees were \$840,000 for the quarter, which was 12% ahead of our forecast (WHTMe: \$750,000) and c.200% on pcp after adjusting for one-offs. Revenue from products was below Q1 guidance: \$3.7M; and lower than our forecast of \$4.8M.
- We have downgraded UBI's manufacturing volume outlook to match current manufacturing run-rate of c.200M strips/year (previously ramping to 750M design capacity from FY14). This cuts \$3.6M from the FY14 NPAT forecast and \$5.4M from FY15. The changes are broadly consistent with the sensitivity analyses we presented in January to describe the uncertainty around LifeScan's manufacturing decisions this year. LifeScan taking greater ownership of manufacturing a positive signal – proving successful technology transfer and lower risks to scale-up, as they contemplate replicating Inverness OneTouch Verio capacity.
- Price target \$1.36 (previously \$1.62). Again, change consistent with previously published sensitivity work around volumes. We maintain a BUY rating.

### Risks & Catalysts

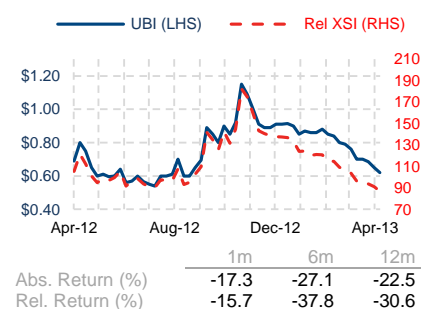
- Upside for shareholders lies in the continued development of Verio Service Fees and the start of UBI's coagulation business with Siemens later this year (expecting launch and milestone payment 2H).
- The key downside risks include slower than expected global roll-out of OneTouch Verio platform by LifeScan, further negative revisions to UBI's manufacturing output by LifeScan, regulatory setbacks (product recalls, negative approval decisions, etc).

<b>12m Target Price (AUD)</b>	<b>\$1.36</b>
Share Price @ 23-Apr-13 (AUD)	\$0.62
Fcst 12m Capital Return	120.0%
Fcst 12m Dividend Yield	0.0%
<b>12m Total S'holder Return</b>	<b>120.0%</b>

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### 12m Share Price Performance



### WHTM Return Re-investment Matrix

Return	High	Cash Generator	Champion
	Low	Challenged	Potential
		Low	High
		Re-Investment	

### WHTM Risk Assessment

		Low	Med	High	Spec
Share Price Risk				High	
Business Risk		High			

Year-end December (AUD)	FY11A	FY12A	FY13E	FY14E	FY15E
NPAT Rep (\$m)	-14.7	-9.1	-8.6	7.0	17.2
NPAT Norm (\$m)	-14.7	-9.1	-8.6	7.0	17.2
Consensus NPAT (\$m)					
EPS Norm (cps)	-8.9	-5.5	-5.0	4.0	9.9
EPS Growth (%)	-120	39	8	181	146
P/E Norm (x)	-7.0	-11.4	-12.4	15.3	6.2
EV / EBITDA (x)	-7.5	-13.1	-13.8	9.9	4.8
FCF Yield (%)	-6.6	-3.1	-5.6	9.5	9.2
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	15-Feb	After	Var %
<b>NPAT: FY13</b>	-5.0	-8.6	N/A
<b>Norm FY14</b>	10.6	7.0	-34.1%
<b>(\$m) FY15</b>	22.6	17.2	-24.2%
<b>EPS: FY13</b>	-2.9	-5.0	N/A
<b>Norm FY14</b>	6.1	4.0	-34.1%
<b>(cps) FY15</b>	13.1	9.9	-24.2%
<b>DPS: FY13</b>	0.0	0.0	0.0%
<b>(cps) FY14</b>	0.0	0.0	0.0%
<b>FY15</b>	0.0	0.0	0.0%
<b>Price Target:</b>	<b>1.62</b>	<b>1.36</b>	<b>-16.0%</b>
<b>Rec:</b>	<b>BUY</b>	<b>BUY</b>	

Mkt Cap: \$108m    Enterprise Value: \$91m    Shares: 174m    Sold Short: %    ASX 300 wgt: n/a    Median T'over/Day: \$0.0m

## Wilson HTM Equities Research – Universal Biosensors Inc.

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#### PRICE TARGET

	Valuation	Price Target
WACC (%)		14.0
Blood glucose		156.7
Coagulation (Siemens),		43.5

**TOTAL (A\$ / Share) 1.18 1.36**

#### INTERIMS (\$m)

Half Yr (AUD)	Jun 12 1H A	Dec 12 2H A	Jun 13 1H E	Dec 13 2H E
Sales	14.7	14.9	11.4	16.2
EBITDA	-2.4	-4.5	-5.3	-1.3
EBIT	-3.6	-5.9	-6.8	-2.8
<b>Net Profit</b>	<b>-3.4</b>	<b>-5.7</b>	<b>-6.2</b>	<b>-2.4</b>
<b>Norm. EPS</b>	<b>-2.0</b>	<b>-3.4</b>	<b>-3.7</b>	<b>-1.4</b>
EBIT/Sales	-24.7	-39.8	-60.0	-17.0
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	-16.7	-26.1
Net Debt / Equity (%)	<0	<0	<0
<b>Net Debt / EV (%)</b>	<b>&lt;0</b>	<b>&lt;0</b>	<b>&lt;0</b>
Current Ratio (x)	7.8	4.8	4.0
Interest Cover (x)	21.3	9.6	<0
<b>Adj. Cash Int. Cover (x)</b>	<b>8.3</b>	<b>7.1</b>	<b>&lt;0</b>
Debt / CashFlow (x)	0.0	0.0	0.0
Net Debt (cash) / share	<0	<0	<0
NTA / share (\$)	0.2	0.2	0.2
Book Value / share (\$)	0.3	0.2	0.2
Payout Ratio (%)	0	0	0
Adj. Payout Ratio (%)	0	0	0

#### EPS RECONCILIATION (\$m)

	FY12A		FY13E	
	Rep.	Norm.	Rep.	Norm.
Sales Revenue	30	30	28	28
EBIT	-9.6	-9.6	-9.6	-9.6
<b>Net Profit</b>	<b>-9.1</b>	<b>-9.1</b>	<b>-8.6</b>	<b>-8.6</b>
Notional Earn.	0.0	0.0	0.0	0.0
Pref./Conv. Div.	0.0	0.0	0.0	0.0
<b>Profit for EPS</b>	<b>-9.1</b>	<b>-9.1</b>	<b>-8.6</b>	<b>-8.6</b>
Diluted Shrs(m)	167	167	171	171
<b>Diluted EPS (c)</b>	<b>-5.5</b>	<b>-5.5</b>	<b>-5.0</b>	<b>-5.0</b>

#### RETURNS

	FY12A	FY13E	FY14E	FY15E
ROE (%)	-24.5	-24.5	20.4	37.0
ROIC (%)	-37.6	-45.1	32.9	69.6
Incremental ROE	-141.7	-25.5	-1,937.0	84.3
Incremental ROIC	-98.6	0.1	-540.0	231.4

#### KEY ASSUMPTIONS

Year-end December (AUD)	FY08A	FY09A	FY10A	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue Growth (%)			8,759.9	25.0	101.7	-6.9	50.3	29.7
EBIT Growth (%)	47.2	17.5	-53.5	93.6	-37.7	0.0	-163.0	159.6
NPAT Growth (%)	43.5	35.8	-59.4	122.3	-37.8	-5.9	-181.3	145.7
<b>EPS Growth (%)</b>	<b>23.1</b>	<b>35.8</b>	<b>-59.9</b>	<b>119.9</b>	<b>-38.8</b>	<b>-8.0</b>	<b>-180.7</b>	<b>145.7</b>
EBIT / Sales (%)		12,863.7	-67.5	-104.6	-32.3	-34.7	14.6	29.1
Tax Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ROA (%)</b>	<b>-24.3</b>	<b>-32.4</b>	<b>-14.6</b>	<b>-32.0</b>	<b>-19.5</b>	<b>-22.2</b>	<b>11.0</b>	<b>24.0</b>
<b>ROE (%)</b>	<b>-21.8</b>	<b>-34.4</b>	<b>-13.5</b>	<b>-36.0</b>	<b>-23.2</b>	<b>-27.9</b>	<b>18.5</b>	<b>31.2</b>

#### 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	27.6	41.5	53.8
EBITDA	-12.3	-14.2	-5.0	-12.1	-6.9	-6.6	9.2	19.0
Depn & Amort	2.3	2.9	3.0	3.3	2.6	3.0	3.1	3.3
<b>EBIT</b>	<b>-14.5</b>	<b>-17.1</b>	<b>-7.9</b>	<b>-15.4</b>	<b>-9.6</b>	<b>-9.6</b>	<b>6.0</b>	<b>15.7</b>
Net Interest Expense	-2.5	-0.8	-1.2	-0.7	-0.4	-1.0	-0.9	-1.5
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
<b>Net Profit pre Sig. Items</b>	<b>-12.0</b>	<b>-16.3</b>	<b>-6.6</b>	<b>-14.7</b>	<b>-9.1</b>	<b>-8.6</b>	<b>7.0</b>	<b>17.2</b>
Abn's / Ext's / Signif.	0.0	17.7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Reported Net Profit</b>	<b>-12.0</b>	<b>1.4</b>	<b>-6.6</b>	<b>-14.7</b>	<b>-9.1</b>	<b>-8.6</b>	<b>7.0</b>	<b>17.2</b>

#### 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	-6.6	9.2	19.0
Interest & Tax	2.5	0.8	1.2	0.7	0.5	1.0	0.9	1.5
Working Cap / Other	2.6	15.1	-2.7	4.2	3.2	-0.4	0.2	-10.5
<b>Operating Cash Flow</b>	<b>-7.1</b>	<b>1.6</b>	<b>-6.4</b>	<b>-7.2</b>	<b>-3.3</b>	<b>-6.0</b>	<b>10.3</b>	<b>9.9</b>
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-7.1</b>	<b>1.6</b>	<b>-6.4</b>	<b>-7.2</b>	<b>-3.3</b>	<b>-6.0</b>	<b>10.3</b>	<b>9.9</b>
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
<b>Cash Flow Pre Financing</b>	<b>-16.8</b>	<b>-1.3</b>	<b>-8.7</b>	<b>-8.3</b>	<b>-4.6</b>	<b>-6.9</b>	<b>9.4</b>	<b>8.9</b>
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	6.9	-9.4	-8.9

#### 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	16.7	26.1	35.0
Current Receivables	0.1	0.4	3.6	4.9	2.3	6.0	9.0	10.7
Current Inventories	0.0	0.3	3.2	3.6	3.6	3.0	4.6	6.7
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
<b>Total Assets</b>	<b>54.7</b>	<b>56.1</b>	<b>53.8</b>	<b>45.2</b>	<b>49.1</b>	<b>43.2</b>	<b>55.0</b>	<b>65.4</b>
Current Payables	0.6	0.4	1.8	0.6	2.5	5.2	10.0	3.3
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
<b>Total Liabilities</b>	<b>6.0</b>	<b>4.8</b>	<b>6.6</b>	<b>10.2</b>	<b>9.7</b>	<b>12.4</b>	<b>17.2</b>	<b>10.5</b>
Minorities / Convertibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Shareholder Equity</b>	<b>48.7</b>	<b>51.3</b>	<b>47.2</b>	<b>35.0</b>	<b>39.4</b>	<b>30.8</b>	<b>37.8</b>	<b>54.9</b>
<b>Total Funds Employed</b>	<b>48.7</b>	<b>51.3</b>	<b>47.2</b>	<b>35.0</b>	<b>39.4</b>	<b>30.8</b>	<b>37.8</b>	<b>54.9</b>



## Universal Biosensors Inc – Q1FY13 Update

### CHANGES TO FORECASTS

**Volume forecasts down.** We have cut our manufacturing assumption back to 200M strips/year as a base case volume load. Previously, we had anticipated a scale-up in manufacturing to 750M – which is the design capacity for UBI's OneTouch Verio glucose strip manufacturing line. LifeScan sourced more strips from its own manufacturing facility in Inverness in Q1FY13, reducing UBI's volume to c.50M strips for the quarter, having averaged 68M/quarter over FY12. The full impact of the revenue cut is c.A\$37M for both FY14 and FY15 (500M strips at an approximate transfer price of US 7.5c/strip). Earnings impact is approximately A\$5M in full year term (given approximate 1c/strip gross profit on strips manufactured by UBI. The cuts are broadly consistent with those flagged in the sensitivity analyses we published in January, following the Q4FY12 results.

We also make a secondary and non-material adjustment to the Siemens milestone payments - shifting the PT/INR approval milestone into 2HFY13 and subsequent milestones into FY14. The sum impact is a \$3.6M hit to FY14 NPAT (-34%) and a \$5.4M hit to FY15 (-24%).

**TABLE 1: CHANGES TO FORECASTS FY13-15E**

		units	Previous	Current	chg
<b>FY13E</b>	Group revenue	\$M	39.7	27.6	-30%
	EBITDA	\$M	(3.2)	(6.6)	-106%
	EBIT	\$M	(6.2)	(9.6)	-55%
	Reported NPAT	\$M	(5.0)	(8.6)	-72%
	Normalised EPS	cps	(2.9)	(5.0)	-72%
<b>FY14E</b>	Group revenue	\$M	78.7	41.5	-47%
	EBITDA	\$M	12.6	9.2	-27%
	EBIT	\$M	9.5	6.0	-36%
	Reported NPAT	\$M	10.6	7.0	-34%
	EPS	cps	6.1	4.0	-34%
<b>FY15E</b>	Group revenue	\$M	91.2	53.8	-41%
	EBITDA	\$M	24.5	19.0	-23%
	EBIT	\$M	21.2	15.7	-26%
	Reported NPAT	\$M	22.6	17.2	-24%
	EPS	cps	13.1	9.9	-24%

Source: WHTM Research

**Further risks to volumes.** Q1 volumes produced A\$3.7m product revenue, softer than our forecast of A\$4.8m forecast and company guidance. Strips acquired from UBI are approximately 13% more expensive than those manufactured internally (at LifeScan), if one assumes similar strip COGS at scale (WHTMe: US 6.5c/strip + US 1c/strip service fee, irrespective of the manufacturer). At this stage, given that Verio is only a small (c.7%) proportion of LifeScan's strip mix, we doubt their decision is motivated by costs. That said, the OneTouch Verio manufacturing mix is entirely at LifeScan's option and can go lower than the 200M strip/annum level that we have allowed for. UBI indicated that at current output (200M/yr runrate) the volumes are such that UBI remains outside the interim costing period and that the gross margin on their product in Q1 was higher on pcp. Under interim costing provisions, LifeScan reimburses UBI for materials, but not labour, meaning that the glucose operation runs at a slender cash profit, but an accounting loss (given the depreciation charge).



**TABLE 2: FY13-15E FORECAST PERIOD IN MORE DETAIL**

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>SMBG business (LifeScan)</b>			
Strips mfr by UBI (m)	200	200	200
Strips mfr by LifeScan (m)	264	1,426	3,073
Product Revenue (US\$m)	15.0	15.0	15.0
Service Fees on strips (US\$m)	4.6	16.3	32.7
Other LifeScan payments (US\$m)	2.5	1.5	1.5
<b>Haemostasis (Siemens)</b>			
PT Milestones (US\$m)	3.4	5.0	-
PT Revenues (US\$m)	0.5	1.6	4.5
Group Revenue (US\$m)	26.0	39.4	53.7
AUDUSD (Ave FX)	1.02	1.01	1.00
Group Revenue (A\$m)	27.6	41.5	53.8
Gross Profit (A\$m)	14.5	28.1	39.5
<i>gross margin</i>	52.4%	67.8%	73.4%
R&D Expense (A\$m)	13.4	10.7	11.0
SG&A (A\$m)	7.6	8.2	9.6
EBITDA (A\$m)	-	6.6	9.2
<i>EBITDA margin</i>	n/a	22.1%	35.3%
<b>NPAT (A\$m)</b>	<b>-</b>	<b>8.6</b>	<b>7.0</b>

Source: WHTM Research

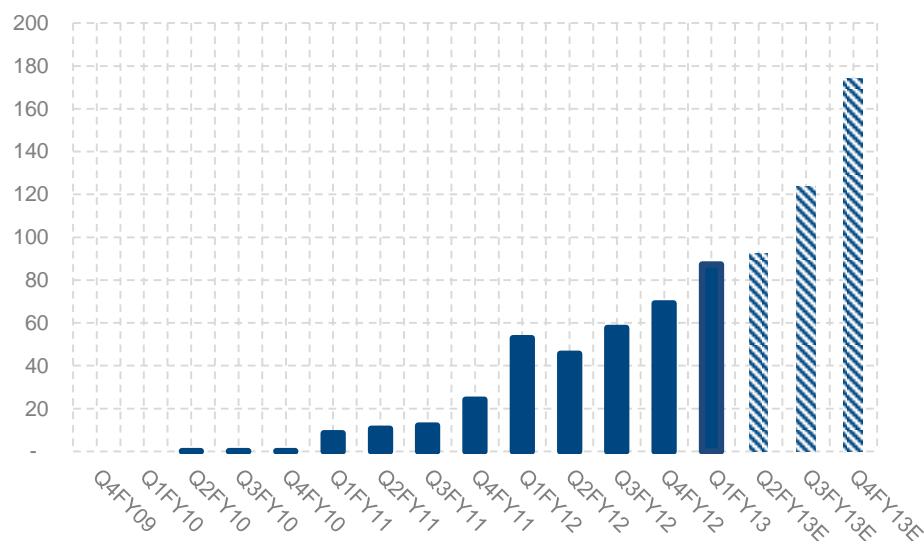
**Manufacturing commitment** Although the revision to UBIs volumes impacts earnings, there is some encouragement to be taken from LifeScan taking on more of the exercise. It suggests that the manufacturing technology transfer process from UBI to LifeScan has been a success. Ultimately we are looking for LifeScan to replicate their Inverness Verio capabilities many times over – so this suggests they now have sufficient confidence with the new technology to contemplate that.

#### **A FOCUS ON THE POSITIVE – STRIP FEES UP AGAIN**

UBI reported A\$840,000 in Service Fees – the c.US 1c/strip fee it receives from LifeScan for each OneTouch Verio glucose testing strip that LifeScan sells. Quarterly strip fee was 12% ahead of what we forecast (A\$750,000) and translates to approximately 87.2M strip sales by LifeScan (average AUDUSD for Q1 was 1.038). Management estimates c.200% growth on pcp once adjusted for one-off pipeline filling orders in the pcp. As a side note: implies 'organic' Q1FY12 fees were c.A\$280K (and \$220K for one-off pipeline fill).



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



Source: UBI, WHTM Research

We made no changes to our forecasts of LifeScan’s OneTouch Verio strip sales in absolute numbers. We have transferred the UBI volumes across to LifeScan’s facility – so the forecast Service Fees remain unchanged. Although we said that the recent OneTouch VerioIQ and other meter recalls may cause some disruption to strip sales (c.150K spread over Q2/3) – Q1 sales were ahead by A\$90K. Net-unchanged.

### VALUATION, RECOMMENDATION, RISKS TO OUR VIEW

Revised DCF framework values UBI at \$1.36 per share (12 months forward valuation). We maintain a BUY rating on UBI which remains our pick of the emerging device/diagnostic developers. UBI is undervalued considering the opportunities it has in glucose with LifeScan and in coagulation monitoring, with Siemens. Notwithstanding that view, the stock is searching for a catalyst to help it shrug off the unhelpful recent news flow such as LifeScan’s recall, and JNJ’s soft diabetes care results in Q1.

In the short term, that may come from the continued rise of Service Fees. However, we are still some way from that earnings stream reaching a level that can sustain the broader business (ie c.\$4M/quarter, assuming a base case annual \$9M R&D spend + \$7M SG&A). Our forecasts have that ‘break-even’ point arriving in Q3FY14<sup>1</sup>, perhaps 18 months away from being announced/confirmed. In the meantime, forecasting LifeScan’s volumes remains a challenge, with no independently observable information available. So far, sales have tracked well against our forecasts, which were based on a ‘diffusion’ style penetration/launch model, loosely following LifeScan’s previous global strip roll-out (OneTouch Ultra 2002-2007).

The key downside risks include slower than expected global roll-out of OneTouch Verio platform by LifeScan, further negative revisions to UBI’s manufacturing output by LifeScan, and regulatory setbacks (product recalls, negative approval decisions, etc).

<sup>1</sup> Forecasting US\$10.5M Service Fees in 2HFY14.



## RETURN RE-INVESTMENT MATRIX

Return	High	Cash Generator	Champion
	Low	Challenged	Potential
		Low	High
		Re-investment	

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

## RISK MEASURES

	Low	Med	High	Spec
Share Price Risk				
Business Risk				

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.

## 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

## 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.

## RISK TO VIEW

### Downside risks

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

## BALANCE SHEET

- We estimate that UBI will have c.\$16.7M cash as at end-FY13.
- Negligible debt.

## 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)

## MANAGEMENT

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

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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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