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Daily news on ASX-listed biotechnology companies

Dr Boreham's Crucible: Universal Biosensors

By TIM BOREHAM

ASX code: UBI

Share price: 6.5 cents

Shares on issue: 298,067,435 (Chess Depositary Interests)

Market cap: $19.4 million

Chief executive officer: Peter Mullin

Board: Graham McLean (chair), Mr Mullin, John Sharman*****, Judith Ann Smith, Craig Coleman, David Hoey

***** Mr Sharman stepped down as CEO as of last Tuesday

Financials (year to December 2024): revenue $6.28 million (down 5%), net loss $14.24 million ($6.74 million deficit previously), cash of $8.5 million (down 17%).

Identifiable major shareholders: Viburnum Funds Pty Ltd (Craig Coleman) 29%, Richmond Hill Capital 10.6%, Hancock & Gore 8.4%

Universal Biosensors is well into commercial phase and is thus 'grown up', but chairman Graham McLean acknowledges the company has struggled to reach adulthood and produce consistent returns.

"Progress has always been slower than expected," he said in a recent letter to shareholders.

“[This is] due to entrenched customer habits, limited awareness, regulatory delays and competitive market environments.”

The company this week signalled its intent to hone the commercial side by appointing finance director Peter Mullins as its new CEO.

This follows the departure - effective last Tuesday - of John Sharman “for personal reasons”.

Having helmed the company for five years, Mr Sharman remains as an advisor for another six months.

In language refreshingly devoid of corporate jargon, Mr Sharman recently summed up the dilemma facing the developer of real-time electro-chemical sensor testing tools.

“The technology is great, but the cash burn is a real problem for us and the share price is down the toilet.”

Product-wise, Universal Biosensors has been kicking goals as it expands its range from blood coagulation to wine and water testing and pet diabetes.

Along the way the company has learned plenty of lessons - one of which is not to rely on distributors not wholly invested in selling the product.

The bottom line is that the company needs to find cash - or deep-pocketed partners - to fulfil its ambitions.

Putting UBI to the test

Universal Biosensors’ product range spans anti-coagulation human testing (Xprecia Prime), winery quality control (Sentia), water testing (Aquascout) and glucose monitoring for dogs and cats (Petrackr).

The products are based on its proprietary electro-chemical sensing system, devised by a team led by CSIRO electro-chemist Dr Alistair Hodges.

Onetouch Verio was originally were developed for Johnson & Johnson’s Lifescan and Xprecia Prime is the second-generation coagulation testing platform, developed for Siemens Healthcare.

Johnson & Johnson’s Lifescan acquired the blood-glucose monitoring platform in 2018, while Siemens launched Xprecia Stride in 2015, but the company bought back the rights in 2019.

Universal Biosensors derives annuity revenue from its hand-held devices and the single-use disposable strips, which have been used in 15 billion tests.

Delaware-based for historical reasons, Universal Biosensors listed in December 2006 after raising $22 million at 50 cents apiece.

Mr Sharman signed on in March 2020, having been CEO of Medical Developments and, before that, the nuclear imaging company Cyclopharm.

Mr Mullin most recently was CEO of mattress maker The Comfort Group and headed ANZ pensions and investments business and the online broker Etrade. He has also had senior management roles at Orica, Yates and P&O.

Nothing to whine about

The Sentia device enables instant hand-held testing of free sulphur dioxide, malic acid, glucose, fructose, acetic acid and titratable acidity

Until now, vignerons have had to carry out these tests in a fussy and time-consuming way.

The company assesses the worth of the wine testing market at $1.1 billion annually.

While the wine business is increasing the number of client wineries, sales have been impacted by a problem with Sentia's artificial intelligence-based tool to detect free sulphur.

The company replaced the affected units, wiping out three months of sales.

Sentia strip and device sales rose 35 percent and 15 percent, respectively, in calendar 2025.

In the US, around 1,000 of the nation's 10,000 wineries are using the device, which costs around $2,000.

Each winery is also expected to buy 500 to 1,000 single-strips per annum at $5 a pop.

The company has 25 percent of the Australian market, or 420 wineries.

In Europe, the traditional home of winemaking, the company has signed up 500 wineries.

But it's a difficult market because of diverse appellations (wine making districts) and entrenched attitudes.

Cutting out the middleman

The company has learned of the perils of being overly reliant on distributors who sell multiple products to the one client and they may prioritize other products.

So, if a winemaker isn't prepared to adopt Sentia, they won't push the point and will simply sell another product.

Mr McLean says the company learned that selling Sentia requires a hands-on approach.

“While major distributors showed initial interest in Sentia, many lacked the technical sales expertise and commitment needed to financially create and grow a new product category,” he says.

“In contrast, we have found direct sales, complemented by distributors to handle logistics and supply a more effective strategy.”

Mr Sharman compares the process to a telecom or insurer winning a new client.

“The cost of customer acquisition is time-consuming and a little more expensive than what we would like.”

From wine to water

A variant of Sentia, Aquascout is a hand-held device to detect water supply impurities in real time.

The company hopes to launch the device in the US in the current half-year, after internal testing.

Initially, Aquascout detects copper and lead traces and the company plans to add other elements such as cadmium and arsenic.

Around 180 million tests worth $US5.4 billion are done each year, with about 100 million properties in Western countries serviced by lead water pipes.

The US is an attractive market because of regulations that compel utilities to act on impurities.

(The Trump Administration has not watered down this requirement –yet.)

In the US, more than 100 million tests are carried out for lead in water.

Currently, samples are carted to a lab, with results taking three to five days. The data is fed back to the utility to determine which pipes need to be replaced.

(Many of these conduits are working fine and will do so for decades more).

The company claims to be able to carry out the test in four minutes on site, at 10 percent of the cost.

Currently, a handful of US utilities are testing Aquascout.

Aquascout does not need to be approved - merely proven to be effective - which makes the barriers much lower than for a direct human health product.

Xprecia poised for first US sales

A year ago, the US Food and Drug Administration approved Xprecia for sale in the US (sending the company's shares up 50 percent).

The company expects to start selling in the current half-year, having sorted out an issue with Xprecia's compatibility with "middleware" - the connectivity between hospital systems and patient records.

This was the company's last impediment to selling to large US institutions.

Universal Biosensors is competing with Roche, which accounts for 80 percent of the market.

The obvious question is why the company would vie with such as entrenched player?

Once again, the answer is claimed better readings at a price at least 25 percent lower than what rivals charge.

The company's clinical trials showed that Xprecia was more than 15 percent better than Roche's product, in terms of the key reading ranges that determine whether a sample is sent to a laboratory for further analysis.

In some cases, samples that should be going to a lab for further analysis are being overlooked. Or - on the contrary - samples are going to them unnecessarily.

Warfarin drugs face a challenge

Xprecia Prime checks the dosage of vitamin K antagonists (such as warfarin).

Too much efficacy means there's a risk of dangerous bleeding; too little means there's a risk of thrombosis.

The Xprecia market is mature, but margins are attractive.

In a key shift, the blood thinner warfarin is being challenged by new drugs called daily oral anti-coagulants (a decade ago, warfarin was pretty much the only blood thinning drug).

The new drugs are likely to displace about 70 percent of the market for warfarin drugs, which are sold under the brand name Coumadin among others.

The company's market remains the 25-30 percent of patients who can't be administered the new drugs and are on warfarin for life.

Don’t forget our furry friends

The truth about cats and dogs is they also suffer from diabetes - and at a growing rate.

Universal Biosensors has launched Petrackr in the US, via electronic commerce (e-commerce) channels including Amazon and the pet specialist Chewy.

European and Australia/New Zealand launches will follow.

“While our initial focus was on distributors and veterinary clinics, the North American market is dominated by e-commerce giants such as Amazon, Chewy and Walmart,” Mr McLean says.

“Over the past eight months, we have built internal systems and e-commerce capabilities to compete at this level.”

The company cites a $300 million-a-year market, growing at 12 percent a year.

Finances and performance

Universal Biosensors recorded $6.28 million of revenue in calendar 2024, down 5.3 percent mainly because of the Sentia ‘algo’ issue.

Xprecia sales accounted for approximately $2.88 million of turnover, followed by $2.4 million for Sentia and a modest $108,247 for Petrackr.

The US and Europe each contributed $2.5 million of revenue and Australia chipped in $108,000.

The company lost $14.2 million, compared with a $6.7 million deficit previously.

Given the company’s cash balance of $8.5 million, management is “acutely aware” of the need to preserve funds and expand revenue.

The company has cut $1 million of operating expenses with another $1 million to come.

The company last raised equity in May last year, via a $11.5 million placement and rights offer. While another share raising is an option, it’s clearly not the preferred one given the trashed share price.

Speaking of which, Universal Biosensors shares over the last 12 months have drifted from 23 cents in mid-March last year, to their current historic nadir.

The shares peaked at 94 cents in early January 2022.

Dr Boreham's diagnosis:

Mr Sharman says Universal Biosensors can be viewed as a "little business in a big business infrastructure".

This refers to the company's manufacturing plant at Rowville in Eastern Melbourne, which can churn out 500 million strips a year.

The inference is that if the plant can be properly utilized, the company will emerge from the toilet, flushed with success.

Management is confident the US can become a $50 million a year revenue business across the three tests, albeit with uncertainties about Trump's tariff and health policies.

But the company needs to win back the faith of jaded investors.

Mr McLean says the company's long-term priorities include expanding the installed device base, targeting new geographies and increasing revenue from the requisite consumables (test strips).

The company also has its eye on how artificial intelligence can improve electrochemical sensing.

"We are confident the prospects for the future are brighter than ever," Mr McLean says.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. But his prospects are brighter than ever and he hopes they won't be flushed down the toilet.

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