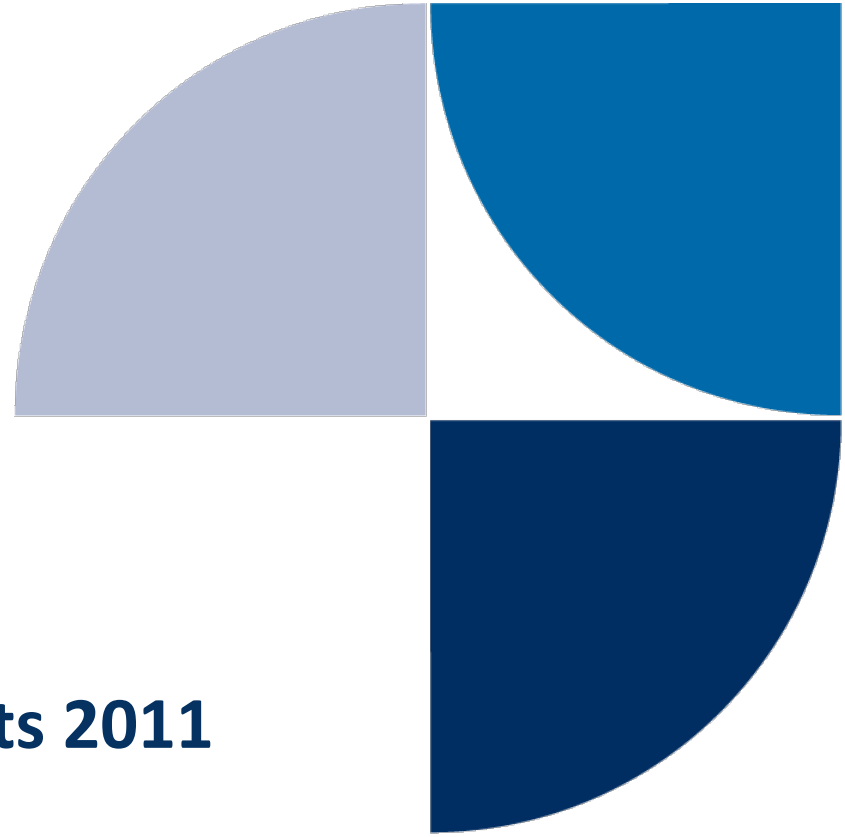


**mesoblast**  
*the regenerative medicine company*



## **Full Year Preliminary Results 2011 Management Presentation**

August 24 2011

# Forward looking statements

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

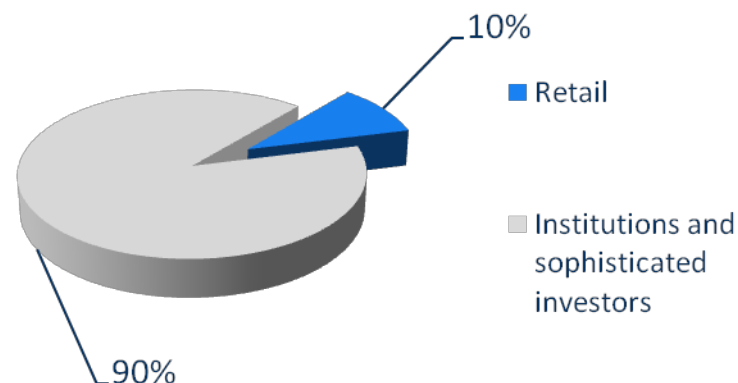
*This presentation, including any comments made during or following the presentation, may contain forward-looking statements that are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These statements may relate to, but are not limited to: expectations regarding the safety or efficacy of, or potential applications for, Mesoblast's adult stem cell technologies; expectations regarding the strength of Mesoblast's intellectual property, the timeline for Mesoblast's regulatory approval process, and the scalability and efficiency of manufacturing processes; expectations about Mesoblast's ability to grow its business and statements regarding its relationship with Cephalon and future benefits of that relationship; statements concerning Mesoblast's share price or potential market capitalization; and statements concerning Mesoblast's capital requirements and ability to raise future capital, among others. Actual results may differ from the results anticipated in these forward-looking statements, and the differences may be material and adverse. Factors and risks that may cause Mesoblast's actual results, performance or achievements to be materially different from those which may be expressed or implied by such statements, include, without limitation: risks inherent in the development and commercialization of potential products; uncertainty of clinical trial results or regulatory approvals or clearances; government regulation; the need for future capital; dependence upon collaborators; and protection of our intellectual property rights, among others. Accordingly, you should not place undue reliance on these forward-looking statements.*

## Financial Results Snapshot

Results	2011	2010
Total revenue & other income	120.9M	0.8M
Operating expenses		
R&D	15.3M	7.6M
Management	11.8M	3.6M
Other	1.5M	4.4M
Profit / losses (before tax)	92.2M	(14.8)M
EPS basic – cents per share	41.79	(10.51)
EPS diluted – cents per share	39.78	(10.51)
<b>Cash</b>	<b>263M</b>	<b>32M</b>

Issued shares	280m
Current share price	\$7.17
Market capitalization	\$2,008M

## Mesoblast ownership



# Financial Results

Total revenue and other income	2011	2010
<b>Revenue from continuing operations</b>		
Commercialization revenue	14.6M	-
Interest revenue	4.7M	0.8M
<b>Other Income</b>		-
Gain on revaluation of investment to fair value	86.7M	-
Share of losses of equity accounted associates written back on acquisition	14.9M	-
<b>Total</b>	<b>120.9M</b>	<b>0.8M</b>

# Major Accomplishments

## Key financial highlights of the 2011 year:

- Acquired 100% ownership of Angioblast and entire intellectual property for Mesenchymal Precursor Cells (MPC)
- Executed a strategic alliance with Cephalon Inc. for selected product commercialization
- Cash flow of \$263M following receipt of upfront fee and equity placement to Cephalon

## ... Major Accomplishments

### Key operational highlights of the 2011 year:

- Commenced our first Phase 3 trial, for bone marrow transplantation
- Expanded cardiovascular franchise to cover heart failure, heart attacks and chronic angina
- Completed our congestive heart failure Phase 2 trial
- Selection of our heart failure trial results for special presentation at the American Heart Association 2011 annual meeting
- Expanded spine franchise with commencement of our degenerative disc repair Phase 2 trial to complement ongoing spinal fusion Phase 2 trials
- Development of intravenous product for systemic diseases, such as Type 2 diabetes and various inflammatory conditions.

# Mesoblast secures its future

## Cephalon (Teva) strategic alliance to fund

- Phase 2b and 3 clinical trials for certain product regulatory approvals
- sales/distribution costs associated with exclusive worldwide rights to products in cardiovascular and neurologic indications, and bone marrow transplantation
- up to US\$1.7 billion in milestone payments

## Mesoblast retains all manufacturing rights to its proprietary stem cells

- will sell finished products to Cephalon
- will make and sell other products for stem cell indications outside of alliance

# Mesoblast secures its future

## Mesoblast cash balance of \$263 million to additionally fund:

- Expansion of corporate resources
  - senior clinical/regulatory expertise
  - manufacturing and regulatory expertise for global jurisdictions
  - new strategic business units
- Major new indications including
  - diabetes
  - immunologic conditions (eg rheumatoid arthritis)
  - inflammatory diseases of various tissues (eg lungs)
  - ophthalmic indications
  - orthopedic cartilage and bone conditions
- Manufacturing optimization for delivering commercial products

*A focus on creating substantial shareholder value*





# Manufacturing strategy is central to profitability

## 1. State-of-the-art manufacturing plant via strategic alliance

- cost neutral
- tax effective geographical location
- best of breed, cutting edge technology

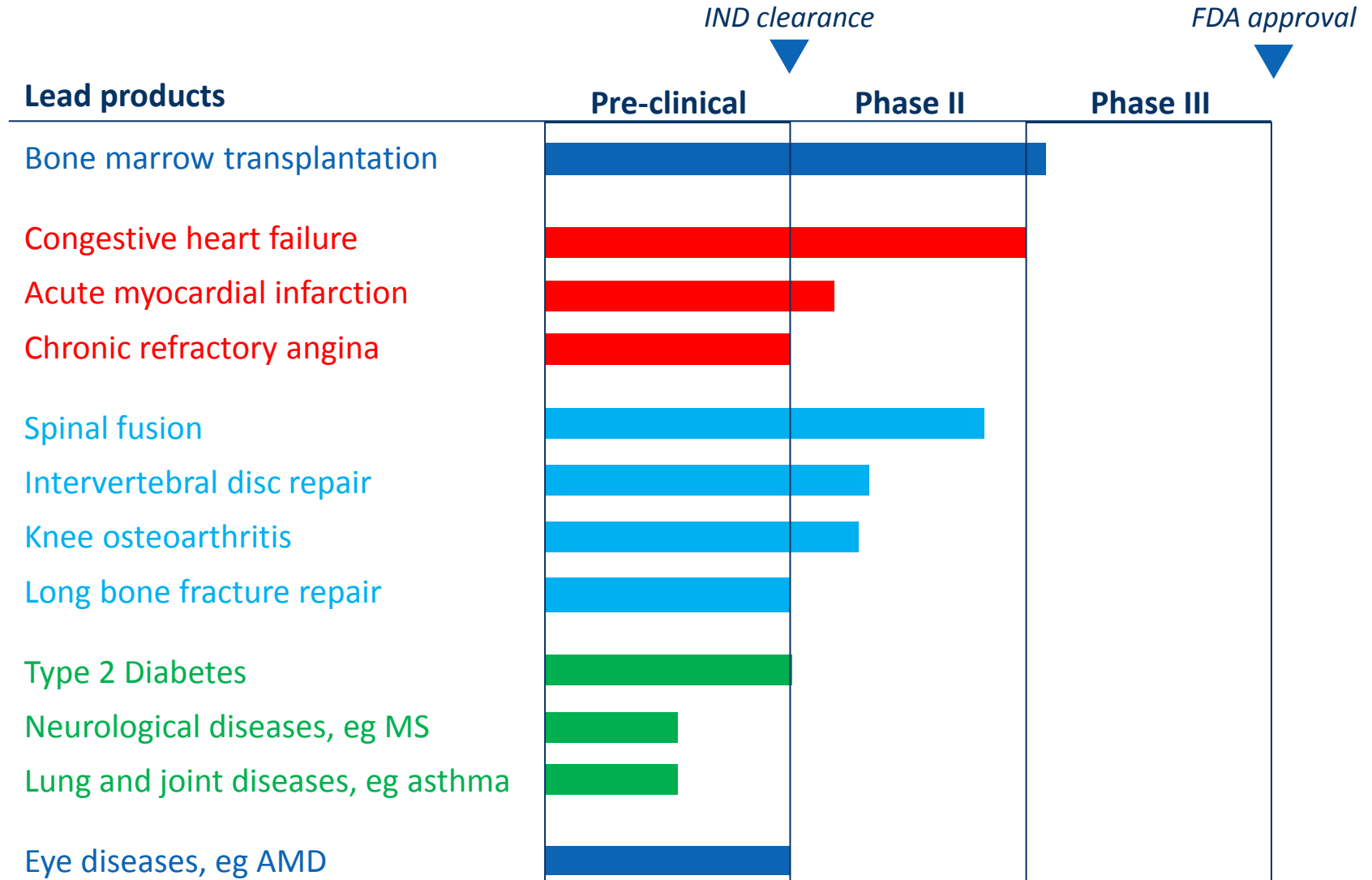
## 2. Retain control of manufacture for all products

- product delineation for distribution partners
- maintain optimal product pricing differences

## 3. Commercial benefits

- reduced COGS
- increased margins on sales price
- R&D support for new product pipelines
- leverage new technologies

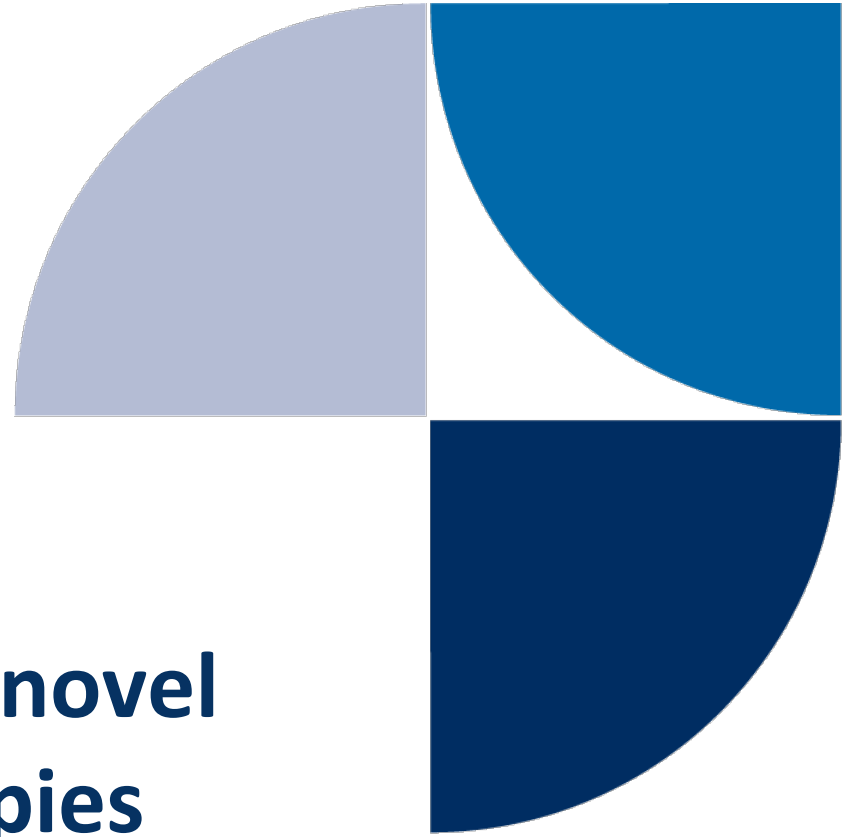
# “Off-the-shelf” product franchises driving value creation



## Value inflexion points – near term

- completion of Phase 2 heart failure trial - progression to Phase 3 pivotal trial
- commencement of intra-coronary heart attack Phase 2 trial
- completion of orthopedic Phase 2 spinal fusion trials
- completion of disc repair Phase 2 trial
- moving diabetes and eye diseases into Phase 2 trials
- building the intravenous franchise
- further partnering opportunities – optimal timing
- manufacturing strategic alliance

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**Leading the world in novel  
adult stem cell therapies**