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the regenerative medicine company

2013 Financial Year Results

29 August 2013

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Financial Results Snapshot

Results	2013	2012
Total revenue & other income	**34.7M**	**38.3M**
Operating expenses		
R&D	43.1M	36.9M
Manufacturing	20.9M	22.0M
Management	30.7M	28.1M
Income tax expense	1.7M	22.4M
(Losses) / profit after tax	**(61.7M)**	**(71.1M)**
EPS basic – cents per share	(21.06)	(25.15)
EPS diluted – cents per share	(21.06)	(25.15)
Cash	**315M**	**206M**

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Financial Results Snapshot

Total revenue and other income	2013	2012
Revenue from continuing operations		
Commercialization revenue	18.3M	27.7M
Interest revenue	10.5M	10.5M
Other income		
Research and development tax incentive	5.9M	-
Government grants	-	0.1M
Total	**34.7M**	**38.3M**

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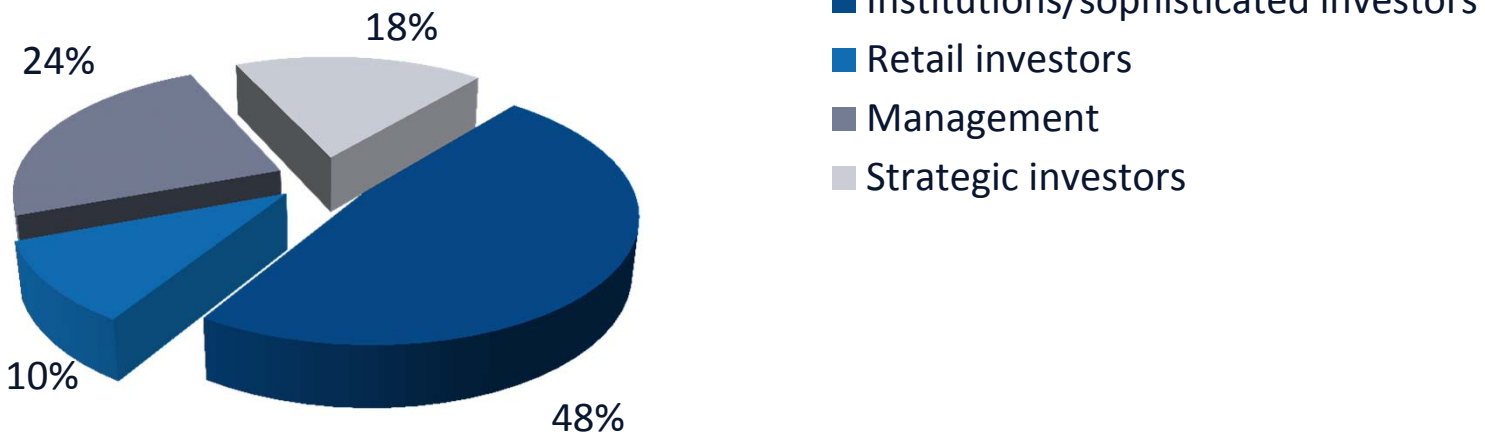
Shareholder value and ownership

Market valuation	
Issued shares	316.5 million
Current share price (market close, August 28 2013)	$5.62
Market capitalization, circa	$1.78 billion
Cash reserves	$315.3 million

Shareholder ownership



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Strategic focus

Mesoblast's corporate strategy is to:

- leverage proprietary cell-based and complementary biologic technologies to develop products for unmet medical needs;
- bring multiple products to market within a parallel timeframe;
- underpin our future financial growth through investing in manufacturing operations; and
- enhance the likelihood of commercial success through strategic partnerships

Strong Cash Position Enables Execution Of Late-Stage Clinical Trials

- Completed $170 million financing from targeted global financial investors

Total working capital of $315.3 million will be used to

- execute additional Phase 3 trials
- broaden our clinical development programs in diseases of inflammation and immunity
- access complementary technologies for product diversification, and
- ramp up commercial manufacturing operations

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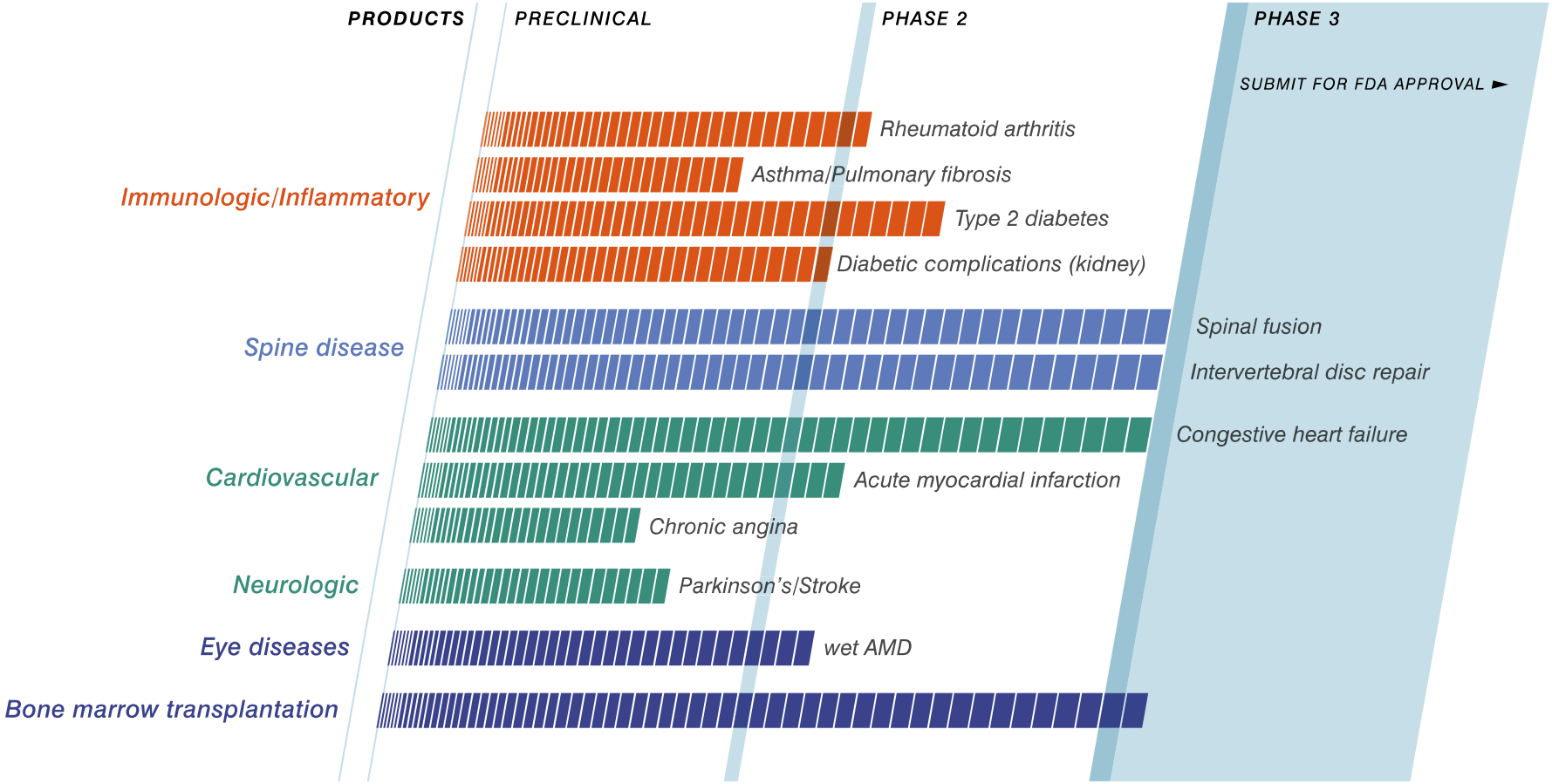
Mechanisms of Action (MOA) Drive Product Development

Mesoblast's strategic product focus is guided by specific MOAs of our MPCs.

The MPCs respond to signals from inflammation and /or tissue damage by releasing a range of factors which :

- induce polarization of pro-inflammatory monocytes to a non-inflammatory phenotype
- inhibit activated T cells and induce regulatory T cells
- stimulate blood vessel growth and maturation, and reverse endothelial dysfunction; and
- increase survival and improve function of cardiac muscle cells, cells of central nervous system, bone-forming cells, and cartilage-producing cells.

Cell-based Technologies Deliver Multiple Product Pipeline



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Major accomplishments – immune/inflammatory disorders treated intravenously with MPCs

Diabetes

- Completed enrollment of 60-patient Phase 2 trial evaluating single intravenous MPC injection in patients with early type 2 diabetes not adequately controlled on oral glucose-reducing agents
- Patients evaluated over 12 weeks for effectiveness of a single intravenous MPC dose on changes in glucose control, and various inflammatory markers, including C-reactive protein

Diabetic kidney disease

- Received approvals from Australian ethics committees to commence Phase 2 trial evaluating single infusion of MPCs in patients with type 2 diabetes and advanced kidney disease, or diabetic nephropathy

Rheumatoid arthritis (RA)

- Received FDA clearance and commenced Phase 2 program to evaluate intravenously injected MPCs to rescue RA biologic failures
- Results to guide future direction of the RA program

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Major accomplishments – spinal diseases

Spinal fusion product

- Phase 2 trial in lumbar fusion demonstrated equivalence of MPC treatment at 12 months with autogenous hip autograft in terms of radiographic fusion, pain reduction, and improvement in function
- Data are being used in discussions with FDA regarding Phase 3 trial
- If successful, MPC will eliminate need for autograft and its risk of pain, infection, and blood loss at the harvest site
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Degenerative disc repair product

- Obtained positive 6-month results in pre-specified interim results of first 50 patients
- Analysis showed single low-dose injection of MPCs resulted in significantly greater reduction in low back pain, significantly greater improvement in function, and significantly greater treatment success compared with controls
- Full results from 100-patient disc repair study expected to be available in 2H 2013, and may lead to a Phase 3 trial 1H 2014

Major accomplishments – strategic partnerships

- Phase 2 trial for congestive heart failure closed as per protocol after all patients completed three years of follow-up. The complete dataset showed that patients treated with the highest MPC dose have not experienced any hospitalizations for decompensated heart failure nor any cardiac-related deaths over the three year period.
- Worked closely with **Teva** Pharmaceutical Industries Ltd to finalize the Phase 3 congestive heart failure protocol and associated documentation for regulatory submission to the FDA.
- Worked with **Lonza** to ensure commercial scale-up and supply, product delineation, and COGS reductions.
- Expanded clinical manufacturing operations to Singapore plant, in addition to continuing operations at the US plant, to offset single site dependence and increase capacity.
- Obtained FDA agreement that clinical manufacturing of cell products at both Singapore and US plants meet Phase 3 trial requirements, including the congestive heart failure trial.

Major accomplishments – intellectual property

- Significantly expanded patent portfolio to support long-term business goals of protecting our products as we broaden our access to and penetration of global markets

- Key patents granted by the US Patent and Trademark Office and the State Intellectual Property Office of the People's Republic of China

- Key patent granted by the Japanese Patent Office, providing exclusive commercial rights in Japan through September 2025 to all compositions-of-matter and uses of MPC technology platform

The year ahead, what we expect

- Commencement of Phase 3 trial for congestive heart failure involving an early interim analysis to evaluate evidence of efficacy
- Commencement of a Phase 3 trial for spinal fusion
- Results of full dataset for Phase 2 trial in intervertebral disc repair
- Results of Phase 2 trial in early type 2 diabetes
- Continued recruitment in Phase 3 cord blood trial
- Continued recruitment in Phase 2 trials for
  - Diabetic Nephropathy,
  - Rheumatoid Arthritis
  - Macular Degeneration
- Expansion of inflammatory conditions being targeted, including lung diseases
- Continuing reassessment of priorities and focus on broadening opportunities
- Additional partnering activities – optimal timing

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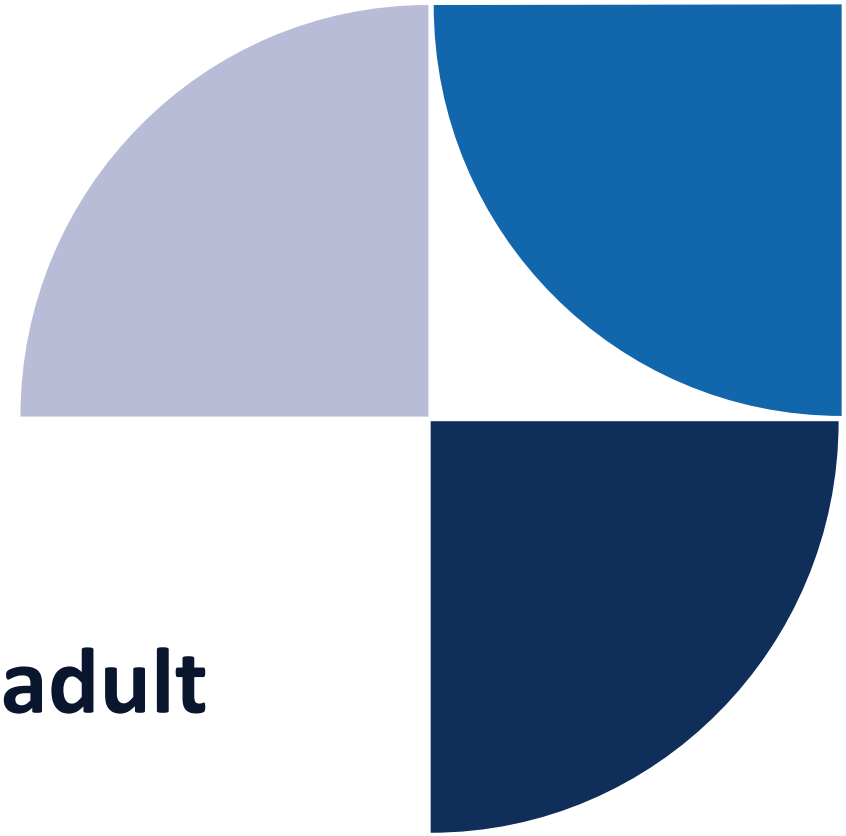

Leading the world in adult stem cell therapies