WuXi PharmaTech: Building an Open-Access Capability and Technology Platform

Jefferies Healthcare Conference
November 2014
Cautionary Note Regarding Forward-Looking Statements

This presentation contains "forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts, but instead are predictions about future events. Examples of forward-looking statements in this presentation include statements about our fourth-quarter and full-year 2014 guidance and the goals and growth of our various service offerings. Although we believe that our predictions are reasonable, future events are inherently uncertain and our forward-looking statements may turn out to be incorrect. Our forward-looking statements are subject to risks relating to, among other things, the ability of our service offerings to compete effectively, our ability to meet timelines for the expansion of our service offerings, our ability to integrate XenoBiotic Laboratories, Inc., and our ability to protect our clients’ intellectual property. Additional information about these and other relevant risks can be found in our Annual Report on Form 20-F for the year ended December 31, 2013. The forward-looking statements in this presentation speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements except as required by law.
Use of Non-GAAP Financial Measures

We have provided the third-quarter and nine-month 2013 and 2014 gross profit, gross margin, operating income, operating margin, net income, net margin, and diluted earnings per ADS, and estimated fourth-quarter 2014 and full-year 2014 diluted earnings per ADS on a non-GAAP basis, which excludes share-based compensation expenses and the amortization and deferred tax impact of acquired intangible assets. The non-GAAP financial measures used in this press release are useful for understanding and assessing underlying business performance and operating trends, and we believe that management and investors benefit from referring to these non-GAAP financial measures in assessing our financial performance and liquidity and when planning and forecasting future periods. We expect to continue to provide such non-GAAP financial measures on a quarterly basis using a consistent method. You should not view non-GAAP results on a stand-alone basis or as a substitute for results under GAAP, or as being comparable to results reported or forecasted by other companies.
OUR VISION

Build an open-access capability and technology platform that enables anyone and any company to discover and develop therapeutic products to benefit patients.
Our Platform: From Idea to Patient

**Discovery**
- Synthetic Chemistry
- Discovery Biology
- Medicinal Chemistry
- ADME/DMPK

**Preclinical/Development**
- Formulation
- Manufacturing Process Research
- Research Manufacturing
- Toxicology

**Clinical/Commercial**
- Clinical Testing
- Bioanalytical Services
- Commercial Manufacturing
- Genomics

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**Small Molecules**
- Novel mAb Discovery
- Discovery Biology/Drug Screening
- Cell Line Engineering/Construction
- Toxicology
- Bioanalytical Services
- Research Manufacturing
- Assay/Formulation/Process Devel.
- Cell Banking/Cell Line Characterization
- Viral Clearance Validation
- Clinical & Bioanal. Testing
- cGMP Manufacturing
- Lot Release/Stability Testing

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**Biologics**
- Preclinical Efficacy
- Materials Characterization
- Risk Assessment
- Biocompatibility
- Toxicology
- Microbiology
- Package Testing
- Tissue-Based Product Testing
- Combo Product Testing/Manufacture
- Lot Release Testing

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**Medical Devices**
- Lot Release Testing
Three Analogies
### One Platform, Many Dimensions

<table>
<thead>
<tr>
<th>Targos</th>
<th>Process development and production for Immutep’s lead product ImmuFact® IMP321</th>
<th>Fighting counterfeiting with TruTag on-dose authentication solution</th>
<th>Clinical and commercial supply of key intermediate for IMBRUVICA</th>
<th>Addition of Illumina HiSeq X Ten to advance WuXi gene sequencing capability</th>
<th>Licensing agreement to strengthen WuXi biomarker capability</th>
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<td></td>
<td>Strategic biomarker collaboration focusing on the validation and analysis of clinical tissue biomarkers in cancer</td>
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<td>MAYO CLINIC</td>
<td>Licensing agreement for patient-derived xenograft models</td>
<td>Development, manufacturing, and clinical trial services to advance ARX788, a novel ADC for breast cancer</td>
<td>JV to co-develop and commercialize for the China market MEDI5117 for the treatment of autoimmune and inflammatory diseases</td>
<td>JV to allow customers to conduct the highest-quality clinical trials in China for Chinese and international regulatory filings</td>
<td>Participation in Series B. Transforming cancer care through understanding of the underlying genomic changes</td>
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<td>Ambrx</td>
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<td>TaiMed</td>
<td>Late stage manufacturing of ibalizumab in support of its Phase 2-3 global clinical trials</td>
<td>Participation in Series A. Antiviral therapeutics for the treatment of chronic HBV infection</td>
<td>Dedicated and fully cGMP-compliant stability services in support of all global dossier submissions</td>
<td>Hepatitis C drug discovery and development. Acquisition by Gilead for $11B</td>
<td>Commercial manufacturing. Telaprevir first quarter sales exceeding $420M</td>
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<td>Human antibody technology partnership to strengthen the development and commercial opportunities of WuXi clients</td>
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<td>Novira Therapeutics</td>
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WuXi At a Glance

3 million ft² R&D space

14 R&D sites in the U.S. and China

~1,700 customers globally

>5,000 scientists holding MS and PhD degrees

~8,500 employees globally

$670-$672M estimated 2014 revenues
WuXi’s Global Operations

- Toxicology Suzhou (314,000 ft²)
- Biologics Reagents Suzhou (56,000 ft²)
- Chemistry Tianjin (576,000 ft²)
- Medical Device Testing St. Paul (82,000 ft²)
- DMPK/ADME & Bioanalytical Plainsboro (45,000 ft²)
- Biologics Testing & Manufacturing Philadelphia (75,000 ft²)
- Biologics & Device Testing Atlanta (51,000 ft²)
- Marketing & Distribution San Diego (10,000 ft²)

- Biologics Manufacturing Wuxi (142,000 ft²)
- Chemistry Wuhan (213,000 ft²)
- Small-Molecule Manufacturing Jinshan (382,000 ft²)
- DMPK/ADME & Bioanalytical Nanjing (36,000 ft²)
- Clinical / Regulatory Shanghai (13,000 ft²)
- R&D Headquarters Shanghai (975,000 ft²)
Growth Through Innovation

China’s First Modern Chemistry Hood, 2001

IPO on New York Stock Exchange, 2007

> 3 Million Sq. Ft. R&D Space, 2014

WuXi Founded

- Chemistry
- Process R&D
- Manufacturing
- Bioanalytical
- Biology
- Integrated Platform
- Tianjin Site
- Toxicology
- Formulation
- Biologics
- Clinical
- Genomics
- Large-scale Manufacturing
- Wuhan Site
- MedImmune JV
- PRA JV

Revenue (US$ in Millions)

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<tr>
<th>Year</th>
<th>WuXi</th>
<th>Chemistry</th>
<th>Process R&amp;D</th>
<th>Manufacturing</th>
<th>Bioanalytical</th>
<th>Biology</th>
<th>Integrated Platform</th>
<th>Tianjin Site</th>
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Biologics Expansion

Manufacturing Expansion

> 3 Million Sq. Ft. R&D Space, 2014

China’s First Modern Chemistry Hood, 2001

IPO on New York Stock Exchange, 2007

Biologics Expansion

Manufacturing Expansion

Wuhan Site Expansion

MedImmune JV Expansion

PRA JV Expansion

Biologics Expansion

Clinical Expansion

Genomics Expansion

Integrated Platform Expansion

Tianjin Site Expansion

Toxicology Expansion

Formulation Expansion

Bioanalytical Expansion

Manufacturing Expansion

Process R&D Expansion

Chemistry Expansion

WuXi Founded


WuXi AppTec

Capabilities Established ▲ Employees ▲ Revenue (US$ in Millions)
Our Global Standards

- First CMC platform in China inspected by FDA
  - GP analytical and stability labs: FDA, MPA, CFDA
  - Clinical trial manufacturing facility: FDA, MPA, CFDA

- First cGMP biologics manufacturing facility in China that is compliant with U.S., European, and Chinese regulatory standards

- First GLP preclinical laboratory in China that is double certified with an OECD country and CFDA

- First GLP/GCP bioanalytical lab in China that passed FDA, OECD, and CFDA inspections

- First CLIA-certified clinical genomics lab in China
Revenue and Diluted EPS Growth Trend

(US$ in Millions, except per-ADS amounts)

<table>
<thead>
<tr>
<th>Year</th>
<th>GAAP Revenues</th>
<th>Non-GAAP Revenues</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>$270.0</td>
<td>$270.0</td>
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<tr>
<td>2010</td>
<td>$334.1</td>
<td>$334.1</td>
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<tr>
<td>2011</td>
<td>$407.2</td>
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<tr>
<td>2012</td>
<td>$499.9</td>
<td>$499.9</td>
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<tr>
<td>2013</td>
<td>$578.1</td>
<td>$578.1</td>
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<tr>
<td>2014 Est.</td>
<td>$670-$672</td>
<td>$670-$672</td>
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<tr>
<th>Year</th>
<th>GAAP Diluted EPS</th>
<th>Non-GAAP Diluted EPS</th>
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<tr>
<td>2009</td>
<td>$0.72</td>
<td>$0.72</td>
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<td>2010</td>
<td>$1.22*</td>
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<tr>
<td>2013</td>
<td>$1.57</td>
<td>$1.57</td>
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<tr>
<td>2014 Est.</td>
<td>$1.55-$1.58†</td>
<td>$1.55-$1.58†</td>
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* Reflects activity relating to proposed Charles River Laboratories transaction, including receipt of termination fee and payment of transaction costs and employee bonuses
† Reflects mark-to-market losses on foreign-exchange forward contracts of $0.19 in 1Q14
## Revenue Performance Trend by Business

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<tr>
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<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
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<td><strong>Total Net Revenues</strong></td>
<td>$146.7</td>
<td>$157.2</td>
<td>$146.7</td>
<td>$163.4</td>
<td>$173.6</td>
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<tr>
<td><strong>Manufacturing Services</strong></td>
<td>$38.6</td>
<td>$37.8</td>
<td>$41.2</td>
<td>$43.5</td>
<td>$47.6</td>
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<tr>
<td><strong>U.S.-Based Lab Services</strong></td>
<td>$23.1</td>
<td>$23.6</td>
<td>$24.7</td>
<td>$25.5</td>
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<td><strong>China-Based Lab Services</strong></td>
<td>$85.0</td>
<td>$95.8</td>
<td>$82.1</td>
<td>$95.2</td>
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(US $ millions)
### GAAP Revenues/Gross Profit/Operating Income

(US $ millions)

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<th>1Q14</th>
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<td><strong>Revenues</strong></td>
<td>$146.7</td>
<td>$157.2</td>
<td>$146.7</td>
<td>$163.4</td>
<td>$173.6</td>
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<td><strong>Gross Profit/(\text{Margin})</strong></td>
<td>$52.7</td>
<td>$59.7</td>
<td>$53.6</td>
<td>$61.5</td>
<td>$66.2</td>
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<td><strong>Operating Income/(\text{Margin})</strong></td>
<td>$27.2</td>
<td>$29.4</td>
<td>$23.4</td>
<td>$28.0</td>
<td>$27.8</td>
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</table>

- **3Q13**: $146.7 in Revenues, $52.7 in Gross Profit, $27.2 in Operating Income.
- **4Q13**: $157.2 in Revenues, $59.7 in Gross Profit, $29.4 in Operating Income.
- **1Q14**: $146.7 in Revenues, $53.6 in Gross Profit, $23.4 in Operating Income.
- **2Q14**: $163.4 in Revenues, $61.5 in Gross Profit, $28.0 in Operating Income.
- **3Q14**: $173.6 in Revenues, $66.2 in Gross Profit, $27.8 in Operating Income.
Third-Quarter 2014/2013 Revenue Distribution

- Chemistry & Discovery includes Synthetic Chemistry, Medicinal Chemistry, Radio Chemistry, Peptide Synthesis, and others.
- Laboratory Testing includes Core Analytical Services, Biology, DMPK/ADME, Bioanalytical Services, Core Analytical Development, Toxicology, and Genomics.
- Biologics includes Biologics Discovery, Development, and Manufacturing.
- Small-Molecule Manufacturing includes Small-Molecule Manufacturing and Formulation.
- Other includes Clinical Site Management Services and Biologic Reagents.
2014 Operational Highlights

- Increased small-molecule manufacturing portfolio to 9 commercial products, 11 Phase 3 products
- FDA approved first batch ofibalizumab API manufactured by WuXi
- Passed FDA inspections of manufacturing and analytical/stability testing facilities, FDA and OECD inspections of toxicology facility
- First batch of a novel antibody drug accepted by FDA for clinical trials in the U.S.
- Opened new materials characterization facility in St. Paul
- Opened new high-potency API laboratory in Shanghai
- Opened biosafety laboratory in Suzhou
- Signed cell therapy manufacturing agreement with NewLink Genetics
- Acquired XenoBiotic Laboratories
Expansion Projects

- Building small-molecule manufacturing facilities in Changzhou
- Building new cell therapy facility in Philadelphia
- Expanding toxicology facility in Suzhou
- Expanding genomics laboratory in Shanghai with Illumina X Ten sequencers
Chemistry and Discovery

- Revenue increased 8% year over year in 9M14, driven by steady growth in both synthetic chemistry and medicinal chemistry.
- Synthetic chemistry revenue is growing mainly from small and medium-sized companies; profitability remains stable through efficiency improvement and the scale of our operations.
- Will remain competitive in the commoditizing synthetic chemistry business with lower-cost facilities in Wuhan.
- Growth in differentiated medicinal chemistry business coming from both international and domestic customers.
Laboratory Testing

- This service division includes core analytical services, biology, DMPK/ADME, bioanalytical services, analytical development, toxicology, and genomics
- Revenue grew 18% in 3Q14 and 11% in 9M14
- We expect mid- to high-teens revenue growth for FY14
- Expansion of the Suzhou toxicology facility is underway, adding 49 additional animal rooms to the current 71 by the end of 2Q15
- Six Illumina HiSeq X Ten sequencing machines have been received, of which four were operational as of September 30, 2014, and four more are on order; demand for sequencing projects is growing strongly
Acquisition of XenoBiotic Laboratories

- Net purchase price of $37.5 million in cash and stock, equal to 7.5 times 12-month trailing adjusted EBITDA (gross purchase price of $41.4 million, which includes $3.9 million of cash and working capital at closing)

- The transaction, which closed at the end of September, is expected to be neutral to WuXi's 2014 diluted EPS and accretive to WuXi's 2015 diluted EPS

- Operates a 45,000-square-foot research center in Plainsboro, New Jersey, and a 36,000-square-foot facility in Nanjing, China

- Employs about 150 people, about 80 in New Jersey and about 70 in China
The acquisition bolsters the Laboratory Testing Division in bioanalytical and DMPK/ADME services, particularly in studies of radio-labeled compounds, while adding new generic, agricultural, and animal health customers.

XenoBiotic provides us with greater flexibility in service and support options for North American customers.

FDA- and USDA-registered, New Jersey-licensed for work with radioisotopes, USDEA-licensed for conducting research with Schedule 1-5 controlled substances, and AAALAC-accredited.
WuXi is the partner of choice for biologics services in China, providing end-to-end services from target to candidate to IND to cGMP manufacturing.

We have built one of the largest biologics development operations among global contract development and manufacturing organizations and among even large pharmaceutical companies.

We expect FY14 revenue to more than double year over year to over $50 million.

Project portfolio consists of monoclonal antibodies, Fc fusion proteins, antibody-drug conjugates and glycosylated proteins for about 60 companies in the U.S., EU, Japan, Israel, Korea, Singapore, Australia, and China, including seven of the 20 largest pharmaceutical companies.

We plan to start building commercial manufacturing facilities in 2015 to meet strong commercial manufacturing demand.
WuXi Biologics Accomplishments

1st company in China to gain access to fully human mAb technology

1st CRO in China to develop a novel mAb from IND to BLA for large pharma

1st CRO in China to provide integrated service for novel antibody-drug conjugate, including CMC, nonclinical and clinical

1st cGMP biologics manufacturing facility in China that is compliant with U.S., European and Chinese regulatory standards

1st CMO in China to made GMP biologics for global trials

1st company in China to receive ISPE facility of the year award
Small-Molecule Manufacturing

- Revenue expected to grow about 20% year over year in 2014
- Late-stage compounds that we manufacture have increased from one in 2011 to 20 today: 9 commercial and 11 Phase 3
- Small-Molecule Manufacturing is collaborating with Biologics to produce antibody-drug conjugates
- We successfully completed an FDA inspection for manufacture of an API in July, supplementing our successful FDA inspection for manufacture of an advanced intermediate last year
- Construction of our new commercial and research manufacturing facilities in Changzhou that will double capacity is on track, with the first phase of operations expected to begin by late 2015
Expansion of Manufacturing Plants

Small-molecule manufacturing facilities under construction in Changzhou

- Over $100 M investment in a new R&D and cGMP manufacturing campus

Biologics facilities to be constructed in Wuxi

- The largest bio-manufacturing facility in the world using disposable bioreactors
11% year-over-year growth in 3Q14 and 7% in 9M14 was mainly driven by cell therapy manufacturing and materials characterization

Sequential revenue growth is expected in 4Q14

A new cell therapy manufacturing facility is under construction in Philadelphia, to be completed by mid-2015 to support the anticipated demand
Goal of Global Leadership in Cell Therapy Manufacturing

Under Construction:
Philadelphia Navy Yard
• 45,000 square foot manufacturing area
• U.S. and EU compliant
• Autologous and allogeneic products including CAR-T

New Cell Therapy Platform

Animal Models
Characterize Cell Source
Assay Development
Safety/Toxicology
Process Development
Bi-analytical Services
Small scale Manufacturing
Scale-up/Process Optimization
Technology Transfer
Aseptic Process Validation
cGMP Manufacturing
Product Release/Stability Testing
Capital Resources and Cash Flow

- Cash and short-term investments of $381.4 million at September 30, 2014
- Total debt (bank loans) of $136.7 million at September 30, 2014
- Operating cash flow of $99.5 million for 9M14
- Capital expenditures of $49.1 million for 9M14; we expect a significant ramp-up in 4Q14 for FY14 capital expenditures of $95-$100 million
Conclusion

- We expect continued strong revenue growth in small-molecule manufacturing, biologics, and other businesses for the next several years.
- We are investing broadly to build new capabilities and add capacity to position the company for sustained growth.
- We continue to build the best open-access platform of technologies and services to enable anyone and any company to discovery, develop, and commercialize healthcare products to benefit the world’s patients.
Appendix

- GAAP to Non-GAAP Reconciliations
### Third-Quarter 2014 GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>3Q 2014 (US$ in millions)</th>
<th>GAAP</th>
<th>Share-Based Compensation Expenses</th>
<th>Amortization of Acquired Intangible Assets and Deferred Tax Impact</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>173.6</td>
<td></td>
<td></td>
<td>173.6</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(107.4)</td>
<td>1.6</td>
<td>0.1</td>
<td>(105.7)</td>
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<tr>
<td>Selling &amp; marketing expense</td>
<td>(5.9)</td>
<td>0.1</td>
<td></td>
<td>(5.8)</td>
</tr>
<tr>
<td>General &amp; administrative expense</td>
<td>(26.8)</td>
<td>4.3</td>
<td></td>
<td>(22.5)</td>
</tr>
<tr>
<td>Research &amp; development expense</td>
<td>(5.7)</td>
<td>0.1</td>
<td></td>
<td>(5.6)</td>
</tr>
<tr>
<td>Other income/(exp.), net</td>
<td>11.5</td>
<td></td>
<td></td>
<td>11.5</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(7.3)</td>
<td></td>
<td></td>
<td>(7.3)</td>
</tr>
<tr>
<td>Net income</td>
<td>32.0</td>
<td>6.1</td>
<td>0.1</td>
<td>38.2</td>
</tr>
</tbody>
</table>

*Less than $0.1
## Nine-Month 2014 GAAP to Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>9M 2014 (US$ in millions)</th>
<th>GAAP</th>
<th>Share-Based Compensation Expenses</th>
<th>Amortization of Acquired Intangible Assets and Deferred Tax Impact</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
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<td>483.6</td>
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<tr>
<td>Cost of revenues</td>
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<td>4.3</td>
<td>0.1</td>
<td>(297.8)</td>
</tr>
<tr>
<td>Selling &amp; marketing expense</td>
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<td>0.1</td>
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<td>(15.4)</td>
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<tr>
<td>General &amp; administrative expense</td>
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<td>(14.8)</td>
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<tr>
<td>Other income/(exp.), net</td>
<td>17.8</td>
<td></td>
<td></td>
<td>17.8</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(17.8)</td>
<td></td>
<td>*</td>
<td>(17.8)</td>
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<tr>
<td>Net income</td>
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<td>16.4</td>
<td>0.1</td>
<td>95.7</td>
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</tbody>
</table>

*Less than $0.1