



# Second Quarter 2015 Earnings

August 4, 2015

**NASDAQ: AMRI**

# Forward-Looking Statements



This presentation may contain projections, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed in the press release issued today and in the Company's filings with the Securities and Exchange Commission. While this presentation represents management's current judgment on the future direction of the Company's business, such risks and uncertainties could cause actual results to differ materially from any future performance suggested herein. The Company undertakes no obligation to release publicly the results of any revisions to these forward-looking statements to reflect events or circumstances arising after the date hereof.

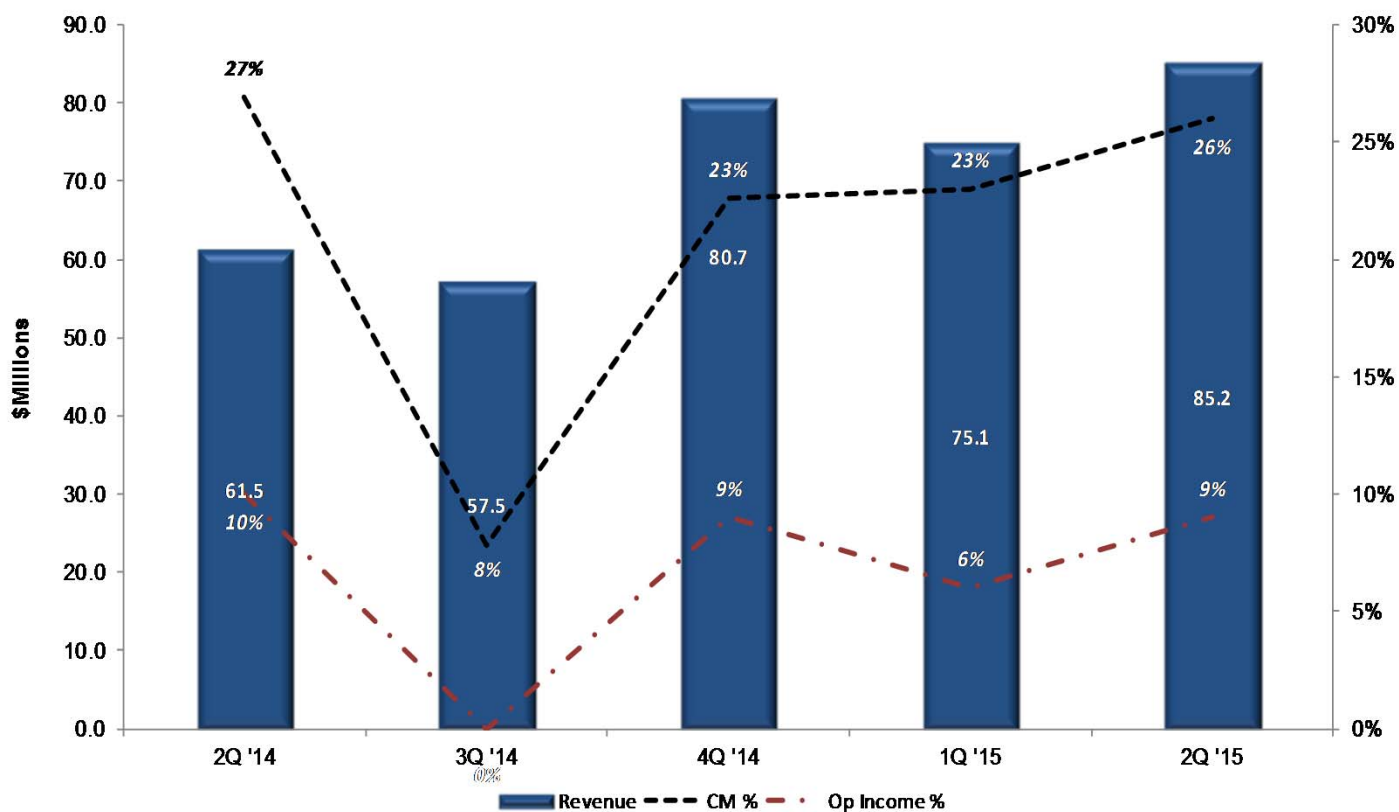


## Q2 2015 Financial Highlights

<i>(\$ in millions, except per share amounts)</i>	Q2 2015	Q2 2014	Growth Y/Y
Contract Revenue	\$85.2	\$61.5	39%
Royalties	\$4.3	\$6.7	(36%)
Total Revenue	\$89.5	\$68.2	31%
Adj. Cost of Contract Revenue*	\$63.2	\$44.8	41%
Adj. SG&A as a % of Revenue*	16%	17%	1 PPT
Adjusted EBITDA*	\$16.5	\$16.3	0%
Non-GAAP EPS*	\$0.22	\$0.22	0%
Tax Rate	31%	37%	(6) PPT
Operating Cash Flow	\$16.0	\$12.4	29%

Adjusted Contract Margin	
Q2 2015	Q1 2014
26%	27%

# Contract Margin and Adjusted Operating Income\*

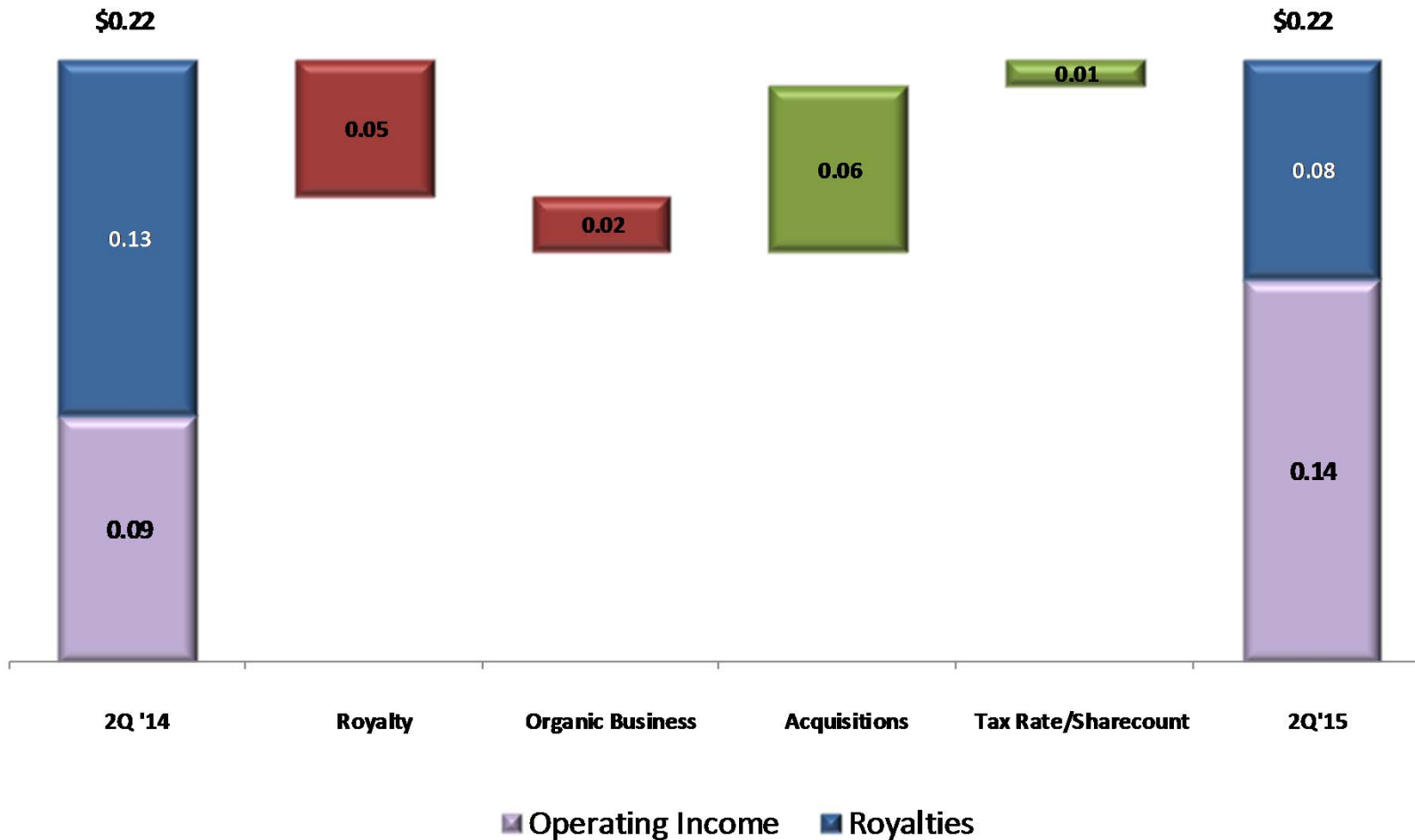


## Contract Margin by Division

	2Q '15 Act	2Q '14 Act
DP	17%	-14%
API	29%	34%
DDS	28%	20%

Actual %: 3Q '14 (9)%

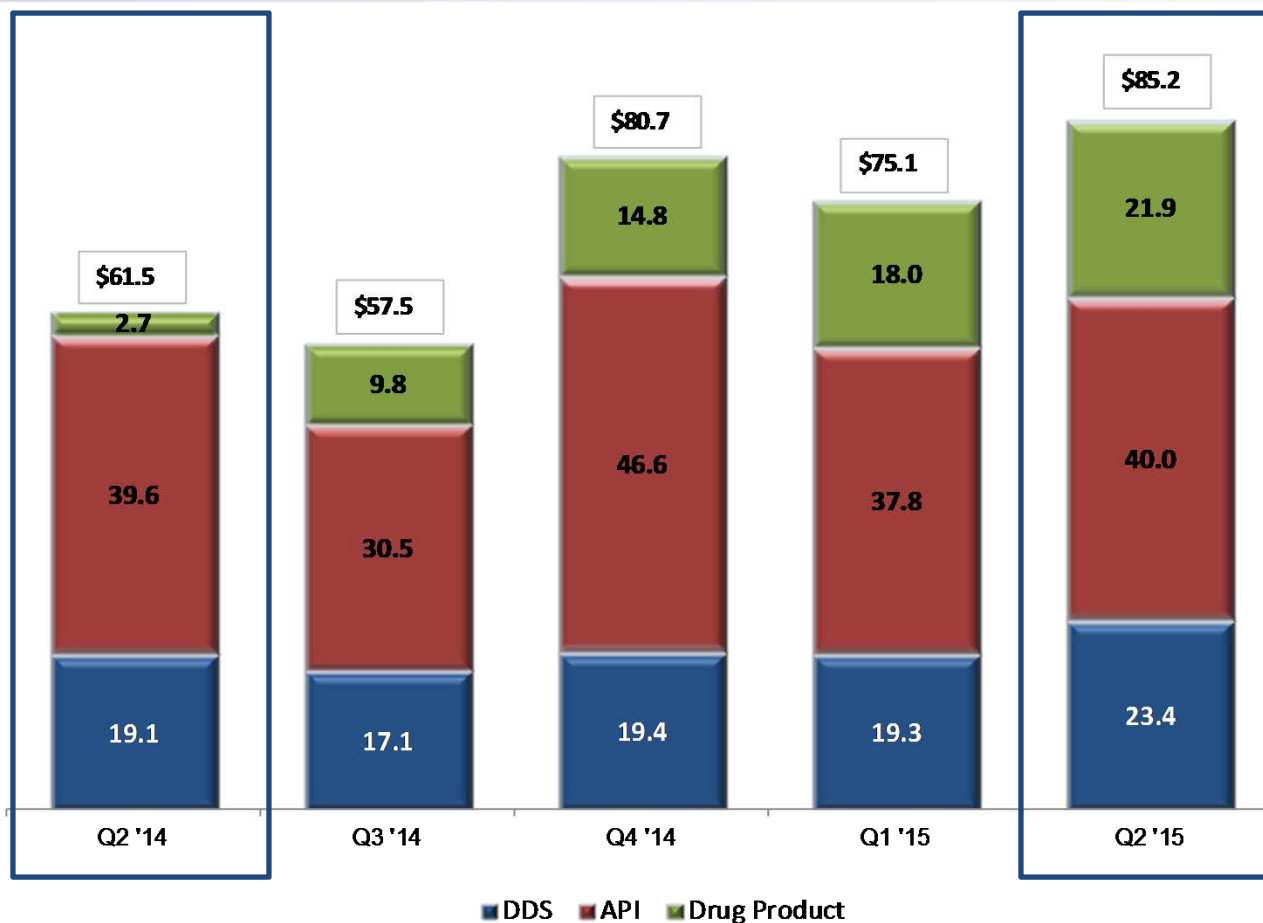
# Adjusted EPS Q2 2014 – Q2 2015



<sup>1</sup>See tables at the end of the presentation for a reconciliation of GAAP EPS to non-GAAP EPS.



# Contract Revenue by Division



- Revenue growth across all divisions
- Acquisitions contributed \$20.9M in revenue vs PY (\$13.3M Oso; \$3.5M Glasgow; \$4.1M SSCI)

# DDS Performance



<i>(\$ in millions)</i>	Q2 2015	Q2 2014	% Change Y/Y
DDS Contract Revenue	\$23.4	\$19.1	22%
Cost of Contract Revenue	\$17.4	\$15.4	13%
Adj. Contract Gross Profit	\$6.5	\$3.8	7%
Adj. Contract Gross Margin	28%	20%	8 PPT

- Addition of SSCI contributing to growth
- Operational efficiency programs delivering enhanced margins
- Integrated drug discovery center in Buffalo, NY to play integral role in discovery services network
- Expanded API & Drug Product capabilities and capacity increasing demand for Development services
  - Increasingly complex projects
  - Diverse customer base
  - Supporting development of 73 APIs and 96 Drug Product formulations

# API Performance



<i>(\$ in millions)</i>	Q12 2015	Q12 2014	% Change Y/Y
API Contract Revenue	\$40.0	\$39.6	1%
Cost of Contract Revenue	\$28.4	\$26.4	8%
Adj. Contract Gross Profit	\$11.8	\$13.3	(11%)
Adj. Contract Gross Margin	29%	34%	(5) PPT

- Advancing growth in generics with multiple development programs
  - Expanding controlled substance portfolio
- Long term supply agreements for commercial business
  - 53 commercial products being manufactured
- Multiple late stage products and scalable infrastructure for future growth
  - 11 ANDAs or 505b2
  - 13 Phase III Compounds
  - 49 Phase I & II Compounds



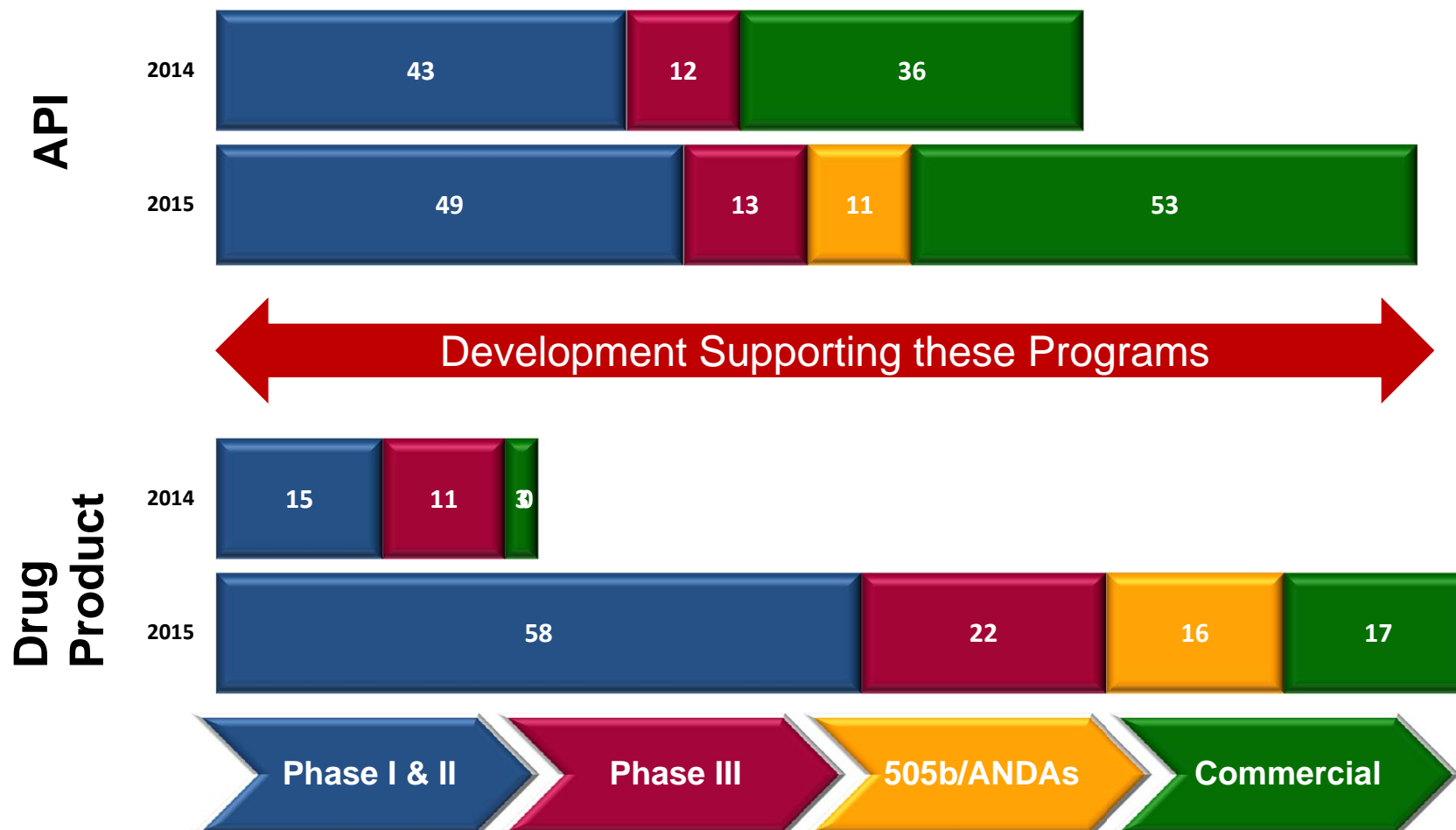
# Drug Product Performance



<i>(\$ in millions)</i>	Q2 2015	Q2 2014	% Change Y/Y
DP Contract Revenue	\$21.9	\$2.7	698%
Cost of Contract Revenue	\$18.8	\$3.1	498%
Adj. Contract Gross Profit	\$3.7	\$(0.4)	1,045%
Adj. Contract Gross Margin	17%	(14%)	31 PPT

- Drug Product contract revenue growth reflects addition of OsoBio and Glasgow, UK
  - Burlington profitable
- Successful FDA annual inspection at OsoBio facility
- Gained 3 new commercial and 4 new generic development programs
- Expansion of Drug Product leading to increased development projects
  - 17 Commercial Products
  - 16 ANDAs or 505b2
  - 22 Products in Phase III
  - 58 Products in Phase I & II

# Pipeline of Development and Commercial Contracts Expanding Rapidly



10 As of 6/30/15; Excludes addition of Gadea Pharmaceutical Group

# Statement of Operations and Reconciliation of Non-GAAP Adjustments

(Dollars in thousands, except for per share data)



(Dollars in thousands, except for per share data)	Three Months Ended					
	June 30, 2015			June 30, 2014		
	GAAP	Non-GAAP Adjustments	Non-GAAP	GAAP	Non-GAAP Adjustments	Non-GAAP
Contract revenue	\$ 85,226	\$ -	\$ 85,226	\$ 61,474	\$ -	\$ 61,474
Recurring royalties	4,322	-	4,322	6,705	-	6,705
Total revenue	89,548	-	89,548	68,179	-	68,179
Cost of contract revenue	64,668	(1,434) (a) (b)	63,234	45,038	(254) (a) (b)	44,784
Technology incentive award	179	-	179	424	-	424
Research and development	384	-	384	128	-	128
Selling, general and administrative	16,518	(2,819) (c) (d) (e) (f) (g) (h)	13,699	12,747	(2,377) (c)(d)(e)(f)	10,370
Restructuring charges	1,632	(1,632) (i)	-	1,042	(1,042) (j)	-
Impairment charges	-	-	-	3,718	(3,718) (j)	-
Total operating expenses	83,381	(5,885)	77,496	63,097	(7,391)	55,706
Income from operations	6,167	5,885	12,052	5,082	7,391	12,473
Interest expense, net	(3,179)	1,772 (k)	(1,407)	(3,065)	2,121 (k) (l)	(944)
Other income (expense), net	634	(600) (m)	34	(192)	-	(192)
Income before income taxes	3,622	7,057	10,679	1,825	9,512	11,337
Income tax expense (benefit)	1,315	1,964 (n)	3,279	(1,899)	6,068 (n) (o)	4,169
Net income	\$ 2,307	\$ 5,093	\$ 7,400	\$ 3,724	\$ 3,444	\$ 7,168
Basic earnings per share	\$ 0.07	\$ 0.16	\$ 0.23	\$ 0.12	\$ 0.11	\$ 0.23
Diluted earnings per share	\$ 0.07	\$ 0.15	\$ 0.22	\$ 0.11	\$ 0.11	\$ 0.22

- (a) Purchase accounting depreciation in 2015 and 2014 of \$1,179 and \$95, respectively  
(b) Share-based compensation expense in 2015 and 2014 of \$255 and \$159, respectively  
(c) Purchase accounting depreciation and amortization in 2015 and 2014 of \$694 and \$180, respectively  
(d) Share-based compensation expense in 2015 and 2014 of \$1,210 and \$865, respectively  
(e) Business acquisition costs in 2015 and 2014 of \$582 and \$1,346, respectively  
(f) Executive transition charges in 2015 and 2014 of \$145 and \$(14), respectively  
(g) ERP implementation costs in 2015 of \$94  
(h) Non-recurring professional fees in 2015 of \$94  
(i) Restructuring charges in 2015 relate primarily to the closure of the company's Holywell, UK facility  
(j) Restructuring and impairment charges in 2014 relate primarily to the closure of the company's Syracuse, NY facility  
(k) Convertible debt non-cash interest and amortization charges in 2015 and 2014 of \$1,772 and \$1,682, respectively  
(l) Write-off of deferred financing costs of \$439 in 2014  
(m) Insurance recovery - business interruption in 2015  
(n) Income tax effects of non-GAAP adjustments included in income before income taxes in 2015 and 2014 of \$1,964 and \$3,353, respectively  
(o) Non-recurring income tax adjustments of \$2,715 in 2014

# Balance Sheet (Selected Accounts)



(Dollars in thousands)	June 30, 2015	December 31, 2014
Cash and cash equivalents	\$ 42,556	\$ 46,995
Restricted cash	3,000	4,052
Accounts receivable, net	79,068	71,644
Royalty income receivable	4,450	5,061
Inventory	60,605	49,880
Total current assets	206,667	191,012
Property and equipment, net	175,045	165,475
Total assets	602,584	519,953
Total current liabilities	60,559	48,690
Long - term debt, excluding current installments, net of unamortized discount	201,651	159,980
Total liabilities	353,599	278,131
Total stockholders' equity	249,025	241,822
Total liabilities and stockholders' equity	602,584	519,953

# Cash Flow 2015



<b>(Dollars in thousands)</b>	<b><u>June 30, 2015</u></b>		<b><u>March 31, 2015</u></b>	
Beginning Cash	\$	28,514	\$	46,994
Net Income / (Loss)		2,208		(1,623)
Non-cash adjustments		8,029		10,372
Working capital changes		5,404		(4,377)
Cash source / (use) from ops		<u>15,641</u>		<u>4,372</u>
Acquisitions		(339)		(59,317)
Property and equipment		(3,456)		(4,150)
Cash source / (use) investing		<u>(3,795)</u>		<u>(63,467)</u>
Debt borrowings and payments		1,011		39,366
Equity related		1,483		1,714
Effects of foreign exchange		413		(465)
Cash source / (use) financing		<u>2,907</u>		<u>40,615</u>
Change In Cash Source / (Use)		14,753		(18,480)
Ending Cash	\$	<u><u>43,267</u></u>	\$	<u><u>28,514</u></u>



**Thank You**



**Appendix**

# About AMRI



Albany Molecular Research Inc. (AMRI) is a global contract research and manufacturing organization that has been working with the Life Sciences industry to improve patient outcomes and the quality of life for more than two decades. With locations in North America, Europe and Asia, our key business segments include Discovery and Development Services (DDS), Active Pharmaceutical Ingredients (API), and Drug Product Manufacturing. Our DDS segment provides comprehensive services from hit identification to IND, including expertise with diverse chemistry, library design and synthesis, *in vitro* biology and pharmacology, drug metabolism and pharmacokinetics, as well as natural products. API Manufacturing supports the chemical development and cGMP manufacture of complex API, including potent, controlled substances, biologics, peptides, steroids, and cytotoxic compounds. Drug Product Manufacturing supports pre-clinical through commercial scale production of complex liquid-filled and lyophilized parenteral formulations. For more information about AMRI, please visit our website at [www.amriglobal.com](http://www.amriglobal.com) or follow us on Twitter (@amriglobal).

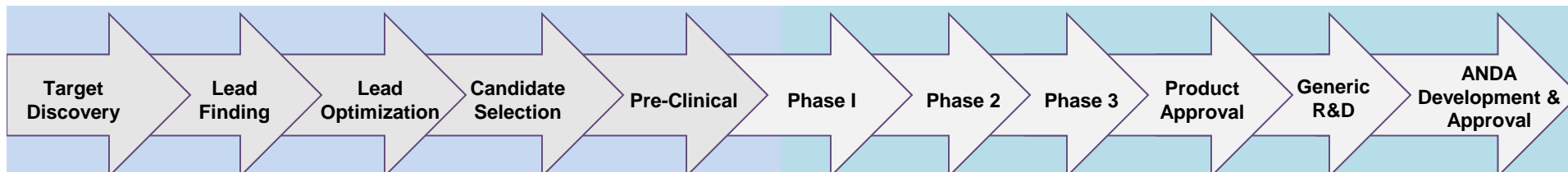
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Media: Gina Rothe, AMRI Communications, 518-512-2512



# Fully Integrated Service Platform Spans Drug Development Spectrum from Discovery to Manufacturing



## Discovery/Early Development Services (DDS)

- Hit to Lead to Candidate Services
- Medicinal Chemistry
- High Throughput Screening
- In Vitro Biology and Pharmacology
- Library Design & Custom Synthesis
- Biocatalysis and Biotransformation
- Natural Product Libraries
- Profiling & Structure ID
- Bioprocess Development
- Early ADME
- Metabolite ID
- Process and Analytical Development
- Kilo Lab Scale-Up
- Phase I GMP
- Salt & Polymorph Investigations
- Formulation Development

## API Manufacturing

- Phase II/III API
- Commercial API
- High Value Intermediates
- High Potency
- DEA Regulated API
- Complex API R&D
- Global Regulatory
- Niche Generics

## Drug Product Manufacturing

- Top 10 US Fill/Finish Manufacturer
- Formulation Manufacturing

# AMRI Strategy



## Drug Discovery Development Services (DDS)

- Globally align business
- Leverage global recognition in chemistry to build biology
- Accelerate expansion through attractive M&A/partnerships
  - Focus on U.S., Europe, Asia

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## API

- Focus on high value, niche APIs; brands and high value generics
  - Controlled substances, steroids, proteins and peptides, cytotoxics

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## Drug Product Manufacturing

- Focus on high value, technically challenging areas
- Expand aseptic/sterile fill/finish capabilities both organically and inorganically

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**Integrated Pharma Service Offering**

***AMRI's strategy is to build off existing platforms of API, DDS and CMO by expanding capabilities (inorganic & organic) in areas with high barriers to entry, creating greater sustainable value.***

# Earnings Per Share Reconciliation

(Dollars in thousands, except for per share data) Non-GAAP Measures



	Second Quarter 2015		YTD June 30, 2015	
	Net Income	EPS	Net Income	EPS
\$000's (Unfavorable)/Favorable				
<b>As Reported</b>	<b>2,307</b>	<b>\$ 0.07</b>	<b>84</b>	<b>\$ 0.00</b>
Impairment charges	-	-	2,592	0.08
Restructuring charges	1,474	0.04	2,889	0.09
Executive transition costs	94	0.00	608	0.02
Business acquisition costs	408	0.01	1,117	0.03
Purchase accounting depreciation and amortization	1,307	0.04	1,973	0.06
ERP Implementation costs	61	0.01	194	0.01
Non-recurring professional fees	34	0.00	435	0.01
Non-cash debt interest and amortization charges	1,152	0.03	2,291	0.07
Share-based compensation expense	953	0.03	1,964	0.06
Insurance recovery - business interruption	(390)	(0.01)	(390)	(0.01)
<b>Adjusted</b>	<b>7,400</b>	<b>\$ 0.22</b>	<b>13,757</b>	<b>\$ 0.42</b>

# EBITDA Reconciliation

(Dollars in thousands, except for per share data) Non-GAAP Measures



	Second Quarter 2015	Second Quarter 2014	YTD June 30, 2015	YTD June 30, 2014
Income from operations, as reported	\$ 6,167	\$ 5,082	\$ 7,397	\$ 12,547
Impairment charges	-	3,718	2,615	3,718
Restructuring charges	1,632	1,042	3,119	1,272
Executive transition costs	145	(14)	936	626
Business acquisition costs	582	1,346	1,672	1,668
Postretirement benefit plan settlement gain	-	-	-	(1,285)
ERP Implementation costs	94	-	298	-
Non-recurring professional fees	94	-	711	-
Share-based compensation expense	1,465	1,024	3,020	1,957
Income from operations, as adjusted	10,179	12,198	19,768	20,503
Add: Non-operating income (expense) net, as reported	634	(192)	1,103	(232)
Deduct: Insurance recovery - business interruption	(600)	-	(600)	-
Add: Depreciation and amortization	6,276	4,263	11,762	8,024
Adjusted EBITDA	\$ 16,489	\$ 16,269	\$ 32,033	\$ 28,295