

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): November 4, 2019

Endo International plc
(Exact Name of Registrant as Specified in Its Charter)

Ireland
(State or other jurisdiction
of incorporation)

001-36326
(Commission
File Number)

68-0683755
(IRS Employer
Identification No.)

**First Floor, Minerva House, Simonscourt Road
Ballsbridge, Dublin 4, Ireland**
(Address of principal executive offices)

Not Applicable
(Zip Code)

Registrant's telephone number, including area code 011-353-1-268-2000

Not Applicable
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Ordinary shares, nominal value \$0.0001 per share	ENDP	The NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2019, Endo International plc (the “Company,” “Endo,” or “we”) issued an earnings release announcing its financial results for the three and nine months ended September 30, 2019 (the “Earnings Release”). A copy of the Earnings Release is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

The Company utilizes certain financial measures that are not prescribed by or prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). The Company utilizes these financial measures, commonly referred to as “non-GAAP,” because (i) they are used by the Company, along with financial measures in accordance with GAAP, to evaluate the Company’s operating performance; (ii) the Company believes that they will be used by certain investors to measure the Company’s operating results; (iii) the Compensation Committee of the Company’s Board of Directors (the “Board”) uses adjusted diluted net income per share and Adjusted EBITDA, or measures derived from such, in assessing the performance and compensation of substantially all of the Company’s employees, including executive officers and (iv) the Company’s leverage ratio, as defined by the Company’s credit agreement, is calculated based on non-GAAP financial measures. The Company believes that presenting these non-GAAP measures provides useful information about the Company’s performance across reporting periods on a consistent basis by excluding certain items, which may be favorable or unfavorable, pursuant to the procedure as described in the succeeding paragraph.

The initial identification and review of the non-GAAP adjustments necessary to arrive at these non-GAAP financial measures are performed by a team of finance professionals that include the Chief Accounting Officer and segment finance leaders in accordance with the Company’s Adjusted Income Statement Policy, which is reviewed and approved by the Company’s Audit Committee. Company tax professionals review and determine the tax effect of adjusted pre-tax income at applicable tax rates and other tax adjustments as described below. Proposed adjustments, along with any items considered but excluded, are presented to the Chief Accounting Officer, Chief Executive Officer and/or the Chief Financial Officer for their consideration. In turn, the non-GAAP adjustments are presented to the Audit Committee on a quarterly basis as part of the Company’s standard procedures for preparation and review of the earnings release and other quarterly materials.

These non-GAAP measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The Company’s definition of these non-GAAP measures may differ from similarly titled measures used by others. The definitions of the most commonly used non-GAAP financial measures are presented below:

Adjusted income from continuing operations

Adjusted income from continuing operations represents income (loss) from continuing operations, prepared in accordance with GAAP, adjusted for certain items. Adjustments to GAAP amounts may include, but are not limited to, certain upfront and milestone payments to partners; acquisition-related and integration items, including transaction costs and changes in the fair value of contingent consideration; cost reduction and integration-related initiatives such as separation benefits, retention payments, other exit costs and certain costs associated with integrating an acquired company’s operations; asset impairment charges; amortization of intangible assets; inventory step-up recorded as part of our acquisitions; litigation-related and other contingent matters; gains or losses from early termination of debt; gains or losses from the sales of businesses and other assets; foreign currency gains or losses on intercompany financing arrangements; and certain other items; further adjusted for the tax effect of adjusted pre-tax income at applicable tax rates and other tax adjustments as described below.

Adjusted diluted net income per share from continuing operations and adjusted diluted weighted average shares

Adjusted diluted net income per share from continuing operations represent adjusted income from continuing operations divided by the number of adjusted diluted weighted average shares.

Both GAAP and non-GAAP diluted net income per share data is computed based on weighted average shares outstanding and, if there is net income from continuing operations (rather than net loss) during the period, the dilutive impact of share equivalents outstanding during the period. Diluted weighted average shares outstanding and adjusted diluted weighted average shares outstanding are calculated on the same basis except for the net income or loss figure used in determining whether to include such dilutive impact.

Adjusted gross margin

Adjusted gross margin represents total revenues less cost of revenues, prepared in accordance with GAAP, adjusted for the items enumerated above under the heading “Adjusted income from continuing operations,” to the extent such items relate to cost of revenues. Such items may include, but are not limited to, amortization of intangible assets and inventory step-up recorded as part of our acquisitions, certain excess inventory reserves resulting from restructuring initiatives and separation benefits.

Adjusted operating expenses

Adjusted operating expenses represent operating expenses, prepared in accordance with GAAP, adjusted for the items enumerated above under the heading “Adjusted income from continuing operations,” to the extent such items relate to operating expenses. Such items may include, but are not limited to, certain upfront and milestone payments to partners; acquisition-related and integration items, including transaction costs and changes in the fair value of contingent consideration; cost reduction and integration-related initiatives such as separation benefits, retention payments, other exit costs and certain costs associated with integrating an acquired company’s operations; asset impairment charges; amortization of intangible assets; litigation-related and other contingent matters; and certain other items.

Adjusted interest expense

Adjusted interest expense represents interest expense, net, prepared in accordance with GAAP, adjusted for certain non-cash interest expense and penalty interest.

Adjusted income taxes

Adjusted income taxes are calculated by tax effecting adjusted pre-tax income and permanent book-tax differences at the applicable effective tax rate that will be determined by reference to statutory tax rates in the relevant jurisdictions in which the Company operates. Adjusted income taxes include current and deferred income tax expense commensurate with the non-GAAP measure of profitability. Adjustments are then made for certain items relating to prior years and for tax planning actions that are expected to be distortive to the underlying effective tax rate and trend in the effective tax rate. The most directly comparable GAAP financial measure for Adjusted income taxes is income tax expense (benefit), prepared in accordance with GAAP. The adjusted effective tax rate represents the rate generated when dividing adjusted income tax expense or benefit by the amount of adjusted pre-tax income.

EBITDA and Adjusted EBITDA

EBITDA represents net income (loss) before interest expense, net; income tax; depreciation; and amortization, each prepared in accordance with GAAP. Adjusted EBITDA further adjusts EBITDA by excluding other (income) expense, net; share-based compensation; certain upfront and milestone payments to partners; acquisition-related and integration items, including transaction costs and changes in the fair value of contingent consideration; cost reduction and integration-related initiatives such as separation benefits, retention payments, excess inventory reserves, other exit costs and certain costs associated with integrating an acquired company's operations; asset impairment charges; inventory step-up recorded as part of our acquisitions; litigation-related and other contingent matters; gains or losses from early termination of debt; gains or losses from the sales of businesses and other assets; discontinued operations, net of tax; and certain other items.

Net Debt and Net Debt Leverage Ratio

Net debt is calculated as the aggregate carrying amount of debt outstanding less unrestricted cash and cash equivalents.

The net debt leverage ratio is calculated as net debt divided by adjusted EBITDA for the trailing twelve-month period.

Because adjusted financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, the Company strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety. Investors are also encouraged to review the reconciliation of the non-GAAP financial measures used in the Earnings Release to their most directly comparable GAAP financial measures as included in the Earnings Release. However, the Company does not provide reconciliations of projected non-GAAP financial measures to GAAP financial measures, nor does it provide comparable projected GAAP financial measures for such projected non-GAAP financial measures. The Company is unable to provide such reconciliations without unreasonable efforts due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for asset impairments, contingent consideration adjustments, legal settlements, gain or loss on extinguishment of debt, adjustments to inventory and other charges reflected in the reconciliation of historic numbers, the amount of which could be significant.

The information in this Item 2.02 and in Exhibit 99.1 attached hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information contained in this Item 2.02 and in Exhibit 99.1 attached hereto shall not be incorporated into any registration statement or other document filed by the Registrant with the U.S. Securities and Exchange Commission under the Securities Act of 1933, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On November 4, 2019, Paul V. Campanelli notified the Board of his intention to retire as the Company's President and Chief Executive Officer. Consequently, the Board implemented its Chief Executive Officer succession plan.

In addition, Mr. Campanelli has been appointed Chairman of the Board, effective immediately. Mr. Campanelli will continue to serve as the Company's President and Chief Executive Officer until his successor is appointed. He also expects to continue as Chairman of the Board after ceasing to serve as President and Chief Executive Officer of the Company. Roger Kimmel, who has served as Chairman of the Board, has been appointed Senior Independent Director, replacing Dr. Sharad Mansukani, M.D., CPE, CMCE.

On November 4, 2019, Dr. Mansukani, who has been a member of the Board since November 2017 and has served as the Senior Independent Director since April 2018, notified the Company of his intention to resign from the Board, effective immediately, in order to focus on his other commitments, including his recent appointment as chairman of the board of another company. There are no disagreements between Dr. Mansukani and the Company, the Company's management or Board on any matters relating to the Company's operations, policies or procedures.

Item 8.01. Other Events.

On November 4, 2019, the Company issued a Press Release regarding the Chief Executive Officer succession plan and the Board changes described in Item 5.02 above. A copy of the Press Release is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Number</u>	<u>Description</u>
99.1	Press Release Announcing Third-Quarter 2019 Financial Results, dated November 4, 2019
99.2	Press Release Announcing Implementation of CEO Succession Plan, dated November 4, 2019
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ENDO INTERNATIONAL PLC

By: /s/ Matthew J. Maletta
Name: Matthew J. Maletta
Title: Executive Vice President,
Chief Legal Officer

Dated: November 4, 2019

**ENDO REPORTS THIRD-QUARTER 2019 FINANCIAL RESULTS**

— Operating Performance Led by Year-over-Year Double-Digit-Percentage Revenue Growth in Sterile Injectables and in Specialty Products Portfolio of Branded Pharmaceuticals —

— Full-Year 2019 Financial Guidance Updated to Narrow Expected Ranges for Revenue, Adjusted Diluted Net Income per Share from Continuing Operations and Adjusted EBITDA —

DUBLIN, November 4, 2019 — Endo International plc (NASDAQ: ENDP) today reported third-quarter 2019 financial results, including:

- Revenues of \$729 million decreased 2% compared to third-quarter 2018 revenues of \$745 million.
- Branded Pharmaceuticals - Specialty Products revenues increased 18% to \$132 million compared to third-quarter 2018 revenues of \$112 million.
- Sterile Injectables revenues increased 11% to \$264 million compared to third-quarter 2018 revenues of \$237 million.
- Reported loss from continuing operations of \$41 million compared to third-quarter 2018 reported loss from continuing operations of \$146 million.
- Reported diluted net loss per share from continuing operations of \$0.18 compared to third-quarter 2018 reported diluted net loss per share from continuing operations of \$0.65.
- Adjusted income from continuing operations of \$138 million compared to third-quarter 2018 adjusted income from continuing operations of \$165 million.
- Adjusted diluted net income per share from continuing operations of \$0.60 compared to third-quarter 2018 adjusted diluted net income per share from continuing operations of \$0.71.
- Adjusted EBITDA of \$321 million compared to third-quarter 2018 adjusted EBITDA of \$328 million.

“Endo generated strong operating performance in the third quarter, which was led by continued year-over-year double-digit percentage revenue growth in our Sterile Injectables segment and in the Specialty Products portfolio of our Branded Pharmaceuticals segment, including 29% growth in our XIAFLEX® franchise,” said Paul Campanelli, President and Chief Executive Officer at Endo. “Additionally, during the quarter, we submitted a Biologics License Application for our CCH for Cellulite product with the FDA and settled the Track 1 opioid litigation cases. We believe that a balanced approach to executing our multi-year strategic plan while being responsive to the current external environment remains appropriate and that we are well-positioned to meet our 2019 financial guidance.”

FINANCIAL PERFORMANCE

(in thousands, except per share amounts)

	<u>Three Months Ended September 30,</u>		<u>Change</u>	<u>Nine Months Ended September 30,</u>		<u>Change</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Total Revenues, Net	\$ 729,426	\$ 745,466	(2)%	\$ 2,149,564	\$ 2,160,689	(1)%
Reported Loss from Continuing Operations	\$ (41,431)	\$ (146,071)	(72)%	\$ (152,095)	\$ (696,288)	(78)%
Reported Diluted Weighted Average Shares	226,598	224,132	1%	225,804	223,829	1%
Reported Diluted Net Loss per Share from Continuing Operations	\$ (0.18)	\$ (0.65)	(72)%	\$ (0.67)	\$ (3.11)	(78)%
Adjusted Income from Continuing Operations	\$ 138,129	\$ 164,845	(16)%	\$ 380,617	\$ 487,823	(22)%
Adjusted Diluted Weighted Average Shares (1)	230,907	232,358	(1)%	231,751	228,195	2%
Adjusted Diluted Net Income per Share from Continuing Operations	\$ 0.60	\$ 0.71	(15)%	\$ 1.64	\$ 2.14	(23)%

- (1) Reported Diluted Net Loss per Share from continuing operations is computed based on weighted average shares outstanding and, if there is income from continuing operations during the period, the dilutive impact of ordinary share equivalents outstanding during the period. In the case of Adjusted Diluted Weighted Average Shares, Adjusted Income from Continuing Operations is used in determining whether to include such dilutive impact.

CONSOLIDATED RESULTS

Total revenues were \$729 million in third-quarter 2019 compared to \$745 million during the same period in 2018. This decrease was primarily attributable to competitive pressures in the Generic Pharmaceuticals segment and the Established Products portfolio of the Branded Pharmaceuticals segment, partially offset by continued strong growth in the Sterile Injectables segment and the Specialty Products portfolio of the Branded Pharmaceuticals segment.

GAAP loss from continuing operations in third-quarter 2019 was \$41 million compared to GAAP loss from continuing operations of \$146 million during the same period in 2018. This result was primarily attributable to a decrease in asset impairment charges. GAAP diluted net loss per share from continuing operations in third-quarter 2019 was \$0.18 compared to GAAP diluted net loss per share from continuing operations of \$0.65 in third-quarter 2018.

Adjusted income from continuing operations in third-quarter 2019 was \$138 million compared to \$165 million in third-quarter 2018. This decrease was primarily attributable to lower adjusted gross margin in the Generic Pharmaceuticals segment due to a decline in revenue and an unfavorable change in product mix. Adjusted diluted net income per share from continuing operations in third-quarter 2019 was \$0.60 compared to \$0.71 in third-quarter 2018.

BRANDED PHARMACEUTICALS

Third-quarter 2019 Branded Pharmaceuticals revenues were \$217 million compared to \$220 million in third-quarter 2018. This decrease was primarily attributable to ongoing generic competition in the Established Products portfolio, offset by continued strong growth in the Specialty Products portfolio.

Specialty Products revenues increased 18% to \$132 million in third-quarter 2019 compared to \$112 million in third-quarter 2018, primarily driven by the continued strong performance of XIAFLEX®. Sales of XIAFLEX® increased 29% to \$83 million compared to \$64 million in third-quarter 2018, primarily attributable to demand growth in both the Peyronie's Disease and Dupuytren's Contracture indications driven by continued commercial execution and investment in promotional activities.

During third-quarter 2019, Endo also submitted a Biologics License Application to the U.S. Food and Drug Administration for its Collagenase Clostridium Histolyticum (CCH) product for the treatment of cellulite.

STERILE INJECTABLES

Third-quarter 2019 Sterile Injectables revenues were \$264 million, an increase of 11% compared to \$237 million in third-quarter 2018. This increase reflects the continued strong growth of VASOSTRICT® and ADRENALIN®, as well as strong growth of APLISOL®, reflecting wholesalers' restocking following a temporary supply shortage.

GENERIC PHARMACEUTICALS

Third-quarter 2019 Generic Pharmaceuticals revenues were \$218 million, a decrease of 15% compared to \$258 million in third-quarter 2018. This performance was primarily attributable to increased competitive pressure on certain generic products. Partially offsetting the decrease was the contribution of certain product launches including, among others, colchicine tablets, the authorized generic of Colcris®. During third-quarter 2019, the Generic Pharmaceuticals segment launched four products.

INTERNATIONAL PHARMACEUTICALS

Third-quarter 2019 International Pharmaceuticals revenues were \$30 million, which was flat versus third-quarter 2018. This quarter benefited from delayed competition which Endo expects to materialize in the near-term.

2019 FINANCIAL GUIDANCE

Endo is updating its financial guidance for the 12 months ending December 31, 2019, narrowing the expected ranges regarding revenue, adjusted diluted net income per share from continuing operations, and Adjusted EBITDA. The Company now estimates:

- Total revenues to be between \$2.86 billion and \$2.89 billion compared to previous guidance of \$2.76 billion to \$2.96 billion;
- Adjusted diluted net income per share from continuing operations to be between \$2.10 and \$2.25 compared to previous guidance of \$2.00 to \$2.25; and
- Adjusted EBITDA to be between \$1.26 billion and \$1.30 billion compared to previous guidance of \$1.24 billion to \$1.34 billion.

The Company's 2019 non-GAAP financial guidance is based on the following assumptions:

- Adjusted gross margin of approximately 64.7% to 65.7% compared to previous guidance of 65.0% to 66.0%;
- Adjusted operating expenses as a percentage of revenue to be approximately 25.0% compared to 24.5% to 25.0%;
- Adjusted interest expense of approximately \$540 million compared to \$550 million to \$560 million;

- Adjusted effective tax rate of approximately 16.5% compared to 17.5% to 18.5%; and
- Adjusted diluted weighted average shares outstanding of approximately 234 million.

BALANCE SHEET, LIQUIDITY AND OTHER UPDATES

As of September 30, 2019, the Company had approximately \$1.5 billion in unrestricted cash; debt of \$8.4 billion; net debt of approximately \$6.9 billion and a net debt to adjusted EBITDA ratio of 5.3.

Third-quarter 2019 cash provided by operating activities was \$33 million, compared to \$22 million of net cash used in operating activities during third-quarter 2018.

CONFERENCE CALL INFORMATION

Endo will conduct a conference call with financial analysts to discuss this press release on November 5, 2019 at 7:30 a.m. ET. The dial-in number to access the call is U.S./Canada (866) 497-0462, International (678) 509-7598, and the passcode is 1186004. Please dial in 10 minutes prior to the scheduled start time.

A replay of the call will be available from November 5, 2019 at 10:30 a.m. ET until 10:30 a.m. ET on November 8, 2019 by dialing U.S./Canada (855) 859-2056, International (404) 537-3406, and entering the passcode 1186004.

A simultaneous webcast of the call can be accessed by visiting <http://investor.endo.com/events-and-presentations>. In addition, a replay of the webcast will be available on the Company website for one year following the event.

FINANCIAL SCHEDULES

The following table presents Endo's unaudited Total revenues, net for the three and nine months ended September 30, 2019 and 2018 (dollars in thousands):

	<u>Three Months Ended September 30,</u>		<u>Percent</u>	<u>Nine Months Ended September 30,</u>		<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>Growth</u>	<u>2019</u>	<u>2018</u>	<u>Growth</u>
Branded Pharmaceuticals:						
<i>Specialty Products:</i>						
XIAFLEX®	\$ 82,756	\$ 64,214	29%	\$ 226,118	\$ 184,855	22%
SUPPRELIN® LA	20,772	20,408	2%	66,542	60,948	9%
Other Specialty (1)	28,470	27,614	3%	78,397	69,226	13%
Total Specialty Products	\$ 131,998	\$ 112,236	18%	\$ 371,057	\$ 315,029	18%
<i>Established Products:</i>						
PERCOCET®	\$ 28,561	\$ 30,730	(7)%	\$ 88,199	\$ 93,539	(6)%
TESTOPEL®	13,236	15,962	(17)%	40,830	44,976	(9)%
Other Established (2)	43,518	61,172	(29)%	129,765	179,428	(28)%
Total Established Products	\$ 85,315	\$ 107,864	(21)%	\$ 258,794	\$ 317,943	(19)%
Total Branded Pharmaceuticals (3)	\$ 217,313	\$ 220,100	(1)%	\$ 629,851	\$ 632,972	— %
<i>Sterile Injectables:</i>						
VASOSTRICT®	\$ 129,691	\$ 112,333	15%	\$ 384,854	\$ 332,387	16%
ADRENALIN®	40,311	35,460	14%	133,468	101,858	31%
APLISOL®	28,085	15,992	76%	55,996	49,064	14%
Ertapenem for injection	21,853	25,798	(15)%	79,619	25,798	NM
Other Sterile Injectables (4)	43,695	47,567	(8)%	124,026	161,740	(23)%
Total Sterile Injectables (3)	\$ 263,635	\$ 237,150	11%	\$ 777,963	\$ 670,847	16%
Total Generic Pharmaceuticals	\$ 218,012	\$ 257,969	(15)%	\$ 654,322	\$ 748,445	(13)%
Total International Pharmaceuticals	\$ 30,466	\$ 30,247	1%	\$ 87,428	\$ 108,425	(19)%
Total revenues, net	\$ 729,426	\$ 745,466	(2)%	\$ 2,149,564	\$ 2,160,689	(1)%

- (1) Products included within Other Specialty are NASCOBAL® Nasal Spray and AVEED®. Beginning with our first-quarter 2019 reporting, TESTOPEL®, which was previously included in Other Specialty, has been reclassified and is now included in the Established Products portfolio for all periods presented.
- (2) Products included within Other Established include, but are not limited to, LIDODERM®, VOLTAREN® Gel, EDEX®, FORTESTA® Gel and TESTIM®, including the authorized generics of FORTESTA® Gel and TESTIM®.
- (3) Individual products presented above represent the top two performing products in each product category for either the three or nine months ended September 30, 2019 and/or any product having revenues in excess of \$25 million during any quarterly period in 2019 or 2018.
- (4) Products included within Other Sterile Injectables include ephedrine sulfate injection and others.

The following table presents unaudited Condensed Consolidated Statement of Operations data for the three and nine months ended September 30, 2019 and 2018 (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
TOTAL REVENUES, NET	\$ 729,426	\$ 745,466	\$ 2,149,564	\$ 2,160,689
COSTS AND EXPENSES:				
Cost of revenues	389,165	412,965	1,169,282	1,198,468
Selling, general and administrative	168,329	163,791	471,749	478,615
Research and development	36,519	39,683	96,353	160,431
Litigation-related and other contingencies, net	(14,414)	(1,750)	(4,093)	15,370
Asset impairment charges	4,766	142,217	258,652	613,400
Acquisition-related and integration items	16,025	1,288	(26,983)	13,284
Interest expense, net	136,903	131,847	404,387	385,896
Gain on extinguishment of debt	—	—	(119,828)	—
Other expense (income), net	16,203	(1,507)	20,408	(33,216)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ (24,070)	\$ (143,068)	\$ (120,363)	\$ (671,559)
INCOME TAX EXPENSE	17,361	3,003	31,732	24,729
LOSS FROM CONTINUING OPERATIONS	\$ (41,431)	\$ (146,071)	\$ (152,095)	\$ (696,288)
DISCONTINUED OPERATIONS, NET OF TAX	(37,984)	(27,134)	(51,898)	(43,273)
NET LOSS	\$ (79,415)	\$ (173,205)	\$ (203,993)	\$ (739,561)
NET LOSS PER SHARE—BASIC:				
Continuing operations	\$ (0.18)	\$ (0.65)	\$ (0.67)	\$ (3.11)
Discontinued operations	(0.17)	(0.12)	(0.23)	(0.19)
Basic	\$ (0.35)	\$ (0.77)	\$ (0.90)	\$ (3.30)
NET LOSS PER SHARE—DILUTED:				
Continuing operations	\$ (0.18)	\$ (0.65)	\$ (0.67)	\$ (3.11)
Discontinued operations	(0.17)	(0.12)	(0.23)	(0.19)
Diluted	\$ (0.35)	\$ (0.77)	\$ (0.90)	\$ (3.30)
WEIGHTED AVERAGE SHARES:				
Basic	226,598	224,132	225,804	223,829
Diluted	226,598	224,132	225,804	223,829

The following table presents unaudited Condensed Consolidated Balance Sheet data at September 30, 2019 and December 31, 2018 (in thousands):

	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,526,250	\$ 1,149,113
Restricted cash and cash equivalents	222,491	305,368
Accounts receivable	420,195	470,570
Inventories, net	338,513	322,179
Other current assets	141,686	95,920
Total current assets	<u>\$ 2,649,135</u>	<u>\$ 2,343,150</u>
TOTAL NON-CURRENT ASSETS	<u>7,185,731</u>	<u>7,789,243</u>
TOTAL ASSETS	<u>\$ 9,834,866</u>	<u>\$10,132,393</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses, including legal settlement accruals	\$ 1,612,124	\$ 1,914,285
Other current liabilities	55,603	35,811
Total current liabilities	<u>\$ 1,667,727</u>	<u>\$ 1,950,096</u>
LONG-TERM DEBT, LESS CURRENT PORTION, NET	8,364,911	8,224,269
OTHER LIABILITIES	463,705	456,311
SHAREHOLDERS' DEFICIT	(661,477)	(498,283)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 9,834,866</u>	<u>\$10,132,393</u>

The following table presents unaudited Condensed Consolidated Statement of Cash Flow data for the nine months ended September 30, 2019 and 2018 (in thousands):

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Net loss	\$ (203,993)	\$ (739,561)
Adjustments to reconcile Net loss to Net cash provided by operating activities:		
Depreciation and amortization	468,409	556,503
Asset impairment charges	258,652	613,400
Other, including cash payments to claimants from Qualified Settlement Funds	(403,824)	(233,350)
Net cash provided by operating activities	<u>\$ 119,244</u>	<u>\$ 196,992</u>
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment, excluding capitalized interest	\$ (47,812)	\$ (56,544)
Proceeds from sale of business and other assets, net	4,780	43,753
Other	(2,295)	(891)
Net cash used in investing activities	<u>\$ (45,327)</u>	<u>\$ (13,682)</u>
FINANCING ACTIVITIES:		
Proceeds from (payments on) borrowings, net	\$ 247,897	\$ (29,535)
Other	(28,333)	(33,273)
Net cash provided by (used in) financing activities	<u>\$ 219,564</u>	<u>\$ (62,808)</u>
Effect of foreign exchange rate	780	(608)
NET INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	<u>\$ 294,261</u>	<u>\$ 119,894</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,476,837</u>	<u>1,311,014</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,771,098</u>	<u>\$ 1,430,908</u>

SUPPLEMENTAL FINANCIAL INFORMATION

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures. For additional information on the Company's use of such non-GAAP financial measures, refer to Endo's Current Report on Form 8-K furnished today to the U.S. Securities and Exchange Commission, which includes an explanation of the Company's reasons for using non-GAAP measures.

The tables below provide reconciliations of certain of our non-GAAP financial measures to their most directly comparable GAAP amounts. Refer to the "Notes to the Reconciliations of GAAP and Non-GAAP Financial Measures" section below for additional details regarding the adjustments to the non-GAAP financial measures detailed throughout this Supplemental Financial Information section.

Reconciliation of EBITDA and Adjusted EBITDA (non-GAAP)

The following table provides a reconciliation of Net loss (GAAP) to Adjusted EBITDA (non-GAAP) for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss (GAAP)	\$ (79,415)	\$ (173,205)	\$ (203,993)	\$ (739,561)
Income tax expense	17,361	3,003	31,732	24,729
Interest expense, net	136,903	131,847	404,387	385,896
Depreciation and amortization (15)	147,621	176,856	468,409	521,325
EBITDA (non-GAAP)	\$ 222,470	\$ 138,501	\$ 700,535	\$ 192,389
Inventory step-up and other cost savings (2)	\$ —	\$ 71	\$ —	\$ 261
Upfront and milestone-related payments (3)	1,672	4,731	4,055	43,027
Inventory reserve increase from restructuring (4)	—	207	—	2,797
Retention and separation benefits and other restructuring (5)	11,023	3,794	15,172	79,344
Certain litigation-related and other contingencies, net (6)	(14,414)	(1,750)	(4,093)	15,370
Asset impairment charges (7)	4,766	142,217	258,652	613,400
Acquisition-related and integration costs (8)	—	519	—	1,553
Fair value of contingent consideration (9)	16,025	769	(26,983)	11,731
Gain on extinguishment of debt (10)	—	—	(119,828)	—
Share-based compensation	11,576	13,736	48,909	43,722
Other expense (income), net (16)	16,203	(1,507)	20,408	(33,216)
Other adjustments	13,795	(67)	13,882	(775)
Discontinued operations, net of tax (13)	37,984	27,134	51,898	43,273
Adjusted EBITDA (non-GAAP)	\$ 321,100	\$ 328,355	\$ 962,607	\$ 1,012,876

Reconciliation of Adjusted Income from Continuing Operations (non-GAAP)

The following table provides a reconciliation of our Loss from continuing operations (GAAP) to our Adjusted income from continuing operations (non-GAAP) for the three and nine months ended September 30, 2019 and 2018 (in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loss from continuing operations (GAAP)	\$ (41,431)	\$ (146,071)	\$ (152,095)	\$ (696,288)
Non-GAAP adjustments:				
Amortization of intangible assets (1)	131,932	161,275	417,949	471,662
Inventory step-up and other cost savings (2)	—	71	—	261
Upfront and milestone-related payments (3)	1,672	4,731	4,055	43,027
Inventory reserve increase from restructuring (4)	—	207	—	2,797
Retention and separation benefits and other restructuring (5)	11,023	3,794	15,172	79,344
Certain litigation-related and other contingencies, net (6)	(14,414)	(1,750)	(4,093)	15,370
Asset impairment charges (7)	4,766	142,217	258,652	613,400
Acquisition-related and integration costs (8)	—	519	—	1,553
Fair value of contingent consideration (9)	16,025	769	(26,983)	11,731
Gain on extinguishment of debt (10)	—	—	(119,828)	—
Other (11)	28,634	1,353	30,254	(29,908)
Tax adjustments (12)	(78)	(2,270)	(42,466)	(25,126)
Adjusted income from continuing operations (non-GAAP)	<u>\$ 138,129</u>	<u>\$ 164,845</u>	<u>\$ 380,617</u>	<u>\$ 487,823</u>

Reconciliation of Other Adjusted Income Statement Data (non-GAAP)

The following tables provide detailed reconciliations of various other income statement data between the GAAP and non-GAAP amounts for the three and nine months ended September 30, 2019 and 2018 (in thousands, except per share data):

Three Months Ended September 30, 2019

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) income from continuing operations before income tax	Income tax expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing operations (14)
Reported (GAAP)	\$729,426	\$ 389,165	\$340,261	46.6%	\$211,225	29.0%	\$129,036	17.7%	\$ 153,106	\$ (24,070)	\$17,361	(72.1)%	\$ (41,431)	\$ (37,984)	\$ (79,415)	\$ (0.18)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(131,932)	131,932		—		131,932		—	131,932	—		131,932	—	131,932	
Upfront and milestone-related payments (3)	—	(542)	542		(1,130)		1,672		—	1,672	—		1,672	—	1,672	
Retention and separation benefits and other restructuring (5)	—	(1,004)	1,004		(10,019)		11,023		—	11,023	—		11,023	—	11,023	
Certain litigation-related and other contingencies, net (6)	—	—	—		14,414		(14,414)		—	(14,414)	—		(14,414)	—	(14,414)	
Asset impairment charges (7)	—	—	—		(4,766)		4,766		—	4,766	—		4,766	—	4,766	
Fair value of contingent consideration (9)	—	—	—		(16,025)		16,025		—	16,025	—		16,025	—	16,025	
Other (11)	—	—	—		(14,053)		14,053		(14,581)	28,634	—		28,634	—	28,634	
Tax adjustments (12)	—	—	—		—		—		—	—	78		(78)	—	(78)	
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	37,984	37,984	
After considering items (non-GAAP)	<u>\$729,426</u>	<u>\$ 255,687</u>	<u>\$473,739</u>	64.9%	<u>\$179,646</u>	24.6%	<u>\$294,093</u>	40.3%	<u>\$ 138,525</u>	<u>\$155,568</u>	<u>\$17,439</u>	11.2%	<u>\$138,129</u>	<u>\$ —</u>	<u>\$138,129</u>	\$ 0.60

Three Months Ended September 30, 2018

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating (loss) income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) income from continuing operations before income tax	Income tax expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing operations (14)
Reported (GAAP)	\$745,466	\$ 412,965	\$332,501	44.6%	\$ 345,229	46.3%	\$ (12,728)	(1.7)%	\$ 130,340	\$ (143,068)	\$3,003	(2.1)%	\$ (146,071)	\$ (27,134)	\$ (173,205)	\$ (0.65)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(161,275)	161,275		—		161,275		—	161,275	—		161,275	—	161,275	
Inventory step-up and other cost savings (2)	—	(71)	71		—		71		—	71	—		71	—	71	
Upfront and milestone-related payments (3)	—	(745)	745		(3,986)		4,731		—	4,731	—		4,731	—	4,731	
Inventory reserve increase from restructuring (4)	—	(207)	207		—		207		—	207	—		207	—	207	
Retention and separation benefits and other restructuring (5)	—	(3,626)	3,626		(168)		3,794		—	3,794	—		3,794	—	3,794	
Certain litigation-related and other contingencies, net (6)	—	—	—		1,750		(1,750)		—	(1,750)	—		(1,750)	—	(1,750)	
Asset impairment charges (7)	—	—	—		(142,217)		142,217		—	142,217	—		142,217	—	142,217	
Acquisition-related and integration costs (8)	—	—	—		(519)		519		—	519	—		519	—	519	
Fair value of contingent consideration (9)	—	—	—		(769)		769		—	769	—		769	—	769	
Other (11)	—	—	—		—		—		(1,353)	1,353	—		1,353	—	1,353	
Tax adjustments (12)	—	—	—		—		—		—	—	2,270		(2,270)	—	(2,270)	
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	27,134	27,134	
After considering items (non-GAAP)	\$745,466	\$ 247,041	\$498,425	66.9%	\$ 199,320	26.7%	\$299,105	40.1%	\$ 128,987	\$ 170,118	\$5,273	3.1%	\$ 164,845	\$ —	\$ 164,845	\$ 0.71

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) income from continuing operations before income tax	Income tax expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing operations (14)
Reported (GAAP)	\$2,149,564	\$1,169,282	\$ 980,282	45.6%	\$ 795,678	37.0%	\$184,604	8.6%	\$ 304,967	\$(120,363)	\$31,732	(26.4)%	\$(152,095)	\$ (51,898)	\$(203,993)	\$ (0.67)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(417,949)	417,949		—		417,949		—	417,949	—		417,949	—	417,949	
Upfront and milestone-related payments (3)	—	(1,942)	1,942		(2,113)		4,055		—	4,055	—		4,055	—	4,055	
Retention and separation benefits and other restructuring (5)	—	(1,004)	1,004		(14,168)		15,172		—	15,172	—		15,172	—	15,172	
Certain litigation-related and other contingencies, net (6)	—	—	—		4,093		(4,093)		—	(4,093)	—		(4,093)	—	(4,093)	
Asset impairment charges (7)	—	—	—		(258,652)		258,652		—	258,652	—		258,652	—	258,652	
Fair value of contingent consideration (9)	—	—	—		26,983		(26,983)		—	(26,983)	—		(26,983)	—	(26,983)	
Gain on extinguishment of debt (10)	—	—	—		—		—		119,828	(119,828)	—		(119,828)	—	(119,828)	
Other (11)	—	—	—		(13,878)		13,878		(16,376)	30,254	—		30,254	—	30,254	
Tax adjustments (12)	—	—	—		—		—		—	—	42,466		(42,466)	—	(42,466)	
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	51,898	51,898	
After considering items (non-GAAP)	\$2,149,564	\$ 748,387	\$1,401,177	65.2%	\$ 537,943	25.0%	\$863,234	40.2%	\$ 408,419	\$ 454,815	\$74,198	16.3%	\$ 380,617	\$ —	\$ 380,617	\$ 1.64

Nine Months Ended September 30, 2018

	Total revenues, net	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating (loss) income from continuing operations	Operating margin %	Other non-operating expense, net	(Loss) income from continuing operations before income tax	Income tax expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted net (loss) income per share from continuing operations (14)
Reported (GAAP)	\$2,160,689	\$1,198,468	\$ 962,221	44.5%	\$1,281,100	59.3%	\$(318,879)	(14.8)%	\$ 352,680	\$(671,559)	\$24,729	(3.7)%	\$(696,288)	\$ (43,273)	\$(739,561)	\$ (3.11)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(471,662)	471,662		—		471,662		—	471,662	—		471,662	—	471,662	
Inventory step-up and other cost savings (2)	—	(261)	261		—		261		—	261	—		261	—	261	
Upfront and milestone-related payments (3)	—	(2,095)	2,095		(40,932)		43,027		—	43,027	—		43,027	—	43,027	
Inventory reserve increase from restructuring (4)	—	(2,797)	2,797		—		2,797		—	2,797	—		2,797	—	2,797	
Retention and separation benefits and other restructuring (5)	—	(57,457)	57,457		(21,887)		79,344		—	79,344	—		79,344	—	79,344	
Certain litigation-related and other contingencies, net (6)	—	—	—		(15,370)		15,370		—	15,370	—		15,370	—	15,370	
Asset impairment charges (7)	—	—	—		(613,400)		613,400		—	613,400	—		613,400	—	613,400	
Acquisition-related and integration costs (8)	—	—	—		(1,553)		1,553		—	1,553	—		1,553	—	1,553	
Fair value of contingent consideration (9)	—	—	—		(11,731)		11,731		—	11,731	—		11,731	—	11,731	
Other (11)	—	—	—		630		(630)		29,278	(29,908)	—		(29,908)	—	(29,908)	
Tax adjustments (12)	—	—	—		—		—		—	—	25,126		(25,126)	—	(25,126)	
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	43,273	43,273	
After considering items (non-GAAP)	\$2,160,689	\$ 664,196	\$1,496,493	69.3%	\$ 576,857	26.7%	\$ 919,636	42.6%	\$ 381,958	\$ 537,678	\$49,855	9.3%	\$ 487,823	\$ —	\$ 487,823	\$ 2.14

Notes to the Reconciliations of GAAP and Non-GAAP Financial Measures

Notes to certain line items included in the reconciliations of the GAAP financial measures to the Non-GAAP financial measures for the three and nine months ended September 30, 2019 and 2018 are as follows:

- (1) Adjustments for amortization of commercial intangible assets included the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Amortization of intangible assets excluding fair value step-up from contingent consideration	\$ 128,865	\$ 149,249	\$ 400,203	\$ 446,015
Amortization of intangible assets related to fair value step-up from contingent consideration	3,067	12,026	17,746	25,647
Total	\$ 131,932	\$ 161,275	\$ 417,949	\$ 471,662

- (2) To exclude adjustments for inventory step-up.

- (3) Adjustments for upfront and milestone-related payments to partners included the following (in thousands):

	Three Months Ended September 30,			
	2019		2018	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based	\$ 542	\$ —	\$ 745	\$ —
Development-based	—	1,130	—	3,986
Total	\$ 542	\$ 1,130	\$ 745	\$ 3,986

	Nine Months Ended September 30,			
	2019		2018	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based	\$ 1,942	\$ —	\$ 2,095	\$ —
Development-based	—	2,113	—	40,932
Total	\$ 1,942	\$ 2,113	\$ 2,095	\$ 40,932

- (4) To exclude charges reflecting adjustments to excess inventory reserves related to our various restructuring initiatives.

- (5) Adjustments for retention and separation benefits and other restructuring included the following (in thousands):

	Three Months Ended September 30,			
	2019		2018	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Retention and separation benefits	\$ 1,004	\$ 5,672	\$ 1,711	\$ 379
Other	—	4,347	1,915	(211)
Total	\$ 1,004	\$ 10,019	\$ 3,626	\$ 168

	Nine Months Ended September 30,			
	2019		2018	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Retention and separation benefits	\$ 1,004	\$ 7,884	\$ 15,479	\$ 17,215
Accelerated depreciation and product discontinuation charges	—	—	35,177	—
Other	—	6,284	6,801	4,672
Total	\$ 1,004	\$ 14,168	\$ 57,457	\$ 21,887

- (6) To exclude adjustments to our accruals for litigation-related settlement charges and certain settlement proceeds related to suits filed by our subsidiaries.

(7) Adjustments for asset impairment charges included the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Goodwill impairment charges	\$ —	\$ —	\$ 151,108	\$ 391,000
Other intangible asset impairment charges	4,261	140,609	104,660	217,576
Property, plant and equipment impairment charges	505	1,608	2,884	4,824
Total asset impairment charges	\$ 4,766	\$ 142,217	\$ 258,652	\$ 613,400

(8) Adjustments for acquisition and integration items primarily relate to various acquisitions.

(9) To exclude the impact of changes in the fair value of contingent consideration liabilities resulting from changes to our estimates regarding the timing and amount of the future revenues of the underlying products and changes in other assumptions impacting the probability of incurring, and extent to which we could incur, related contingent obligations.

(10) To exclude the gain on the extinguishment of debt associated with our March 2019 refinancing.

(11) Other adjustments included the following (in thousands):

	Three Months Ended September 30,		2018	
	2019	Other non-operating expenses	Operating expenses	Other non-operating expenses
Foreign currency impact related to the re-measurement of intercompany debt instruments	\$ —	\$ (922)	\$ —	\$ 1,528
(Gain) loss on sale of business and other assets	—	1	—	(177)
Other miscellaneous	14,053	15,502	—	2
Total	\$ 14,053	\$ 14,581	\$ —	\$ 1,353

	Nine Months Ended September 30,		2018	
	2019	Other non-operating expenses	Operating expenses	Other non-operating expenses
Foreign currency impact related to the re-measurement of intercompany debt instruments	\$ —	\$ 2,874	\$ —	\$ (1,560)
(Gain) loss on sale of business and other assets	—	(2,000)	—	(24,014)
Other miscellaneous	13,878	15,502	(630)	(3,704)
Total	\$ 13,878	\$ 16,376	\$ (630)	\$ (29,278)

Other miscellaneous during the three and nine months ended September 30, 2019 includes \$14.1 million in Operating expenses for a premium associated with an extended reporting period endorsement on an expiring insurance program and \$17.5 million in Other non-operating expenses for contract termination costs incurred as a result of certain product discontinuation activities in our International Pharmaceuticals segment.

(12) Adjusted income taxes are calculated by tax effecting adjusted pre-tax income and permanent book-tax differences at the applicable effective tax rate that will be determined by reference to statutory tax rates in the relevant jurisdictions in which the Company operates. Adjusted income taxes include current and deferred income tax expense commensurate with the non-GAAP measure of profitability.

(13) To exclude the results of the businesses reported as discontinued operations, net of tax.

(14) Calculated as Net (loss) income from continuing operations divided by the applicable weighted average share number. The applicable weighted average share numbers are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP	226,598	224,132	225,804	223,829
Non-GAAP Adjusted	230,907	232,358	231,751	228,195

- (15) Depreciation and amortization per the Adjusted EBITDA reconciliations do not include certain depreciation amounts reflected in other lines of the reconciliations, including Acquisition-related and integration costs and Retention and separation benefits and other restructuring.
- (16) To exclude Other expense (income), net per the Condensed Consolidated Statements of Operations.

Reconciliation of Net Debt Leverage Ratio (non-GAAP)

The following table provides a reconciliation of our Net loss (GAAP) to our Adjusted EBITDA (non-GAAP) for the twelve months ended September 30, 2019 (in thousands) and the calculation of our Net Debt Leverage Ratio (non-GAAP):

	Twelve Months Ended September 30, 2019
Net loss (GAAP)	\$ (495,901)
Income tax expense	29,938
Interest expense, net	540,147
Depreciation and amortization (15)	635,614
EBITDA (non-GAAP)	<u>\$ 709,798</u>
Inventory step-up and other cost savings	\$ —
Upfront and milestone-related payments	6,136
Inventory reserve increase from restructuring	150
Retention and separation benefits and other restructuring	19,176
Certain litigation-related and other contingencies, net	(5,654)
Asset impairment charges	562,191
Acquisition-related and integration costs	451
Fair value of contingent consideration	(18,804)
Gain on extinguishment of debt	(119,828)
Share-based compensation	59,258
Other expense, net	1,671
Other adjustments	13,920
Discontinued operations, net of tax	78,327
Adjusted EBITDA (non-GAAP)	<u>\$ 1,306,792</u>
Calculation of Net Debt:	
Debt	\$ 8,399,061
Cash (excluding Restricted Cash)	1,526,250
Net Debt (non-GAAP)	<u>\$ 6,872,811</u>
Calculation of Net Debt Leverage:	
Net Debt Leverage Ratio (non-GAAP)	<u>5.3</u>

Non-GAAP Financial Measures

The Company utilizes certain financial measures that are not prescribed by or prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). These Non-GAAP financial measures are not, and should not be viewed as, substitutes for GAAP net income and its components and diluted net income per share amounts. Despite the importance of these measures to management in goal setting and performance measurement, the company stresses that these are Non-GAAP financial measures that have no standardized meaning prescribed by GAAP and, therefore, have limits in their usefulness to investors. Because of the non-standardized definitions, Non-GAAP adjusted EBITDA and Non-GAAP adjusted net income from continuing operations and its components (unlike GAAP net income from continuing operations and its components) may not be comparable to the calculation of similar measures of other companies. These Non-GAAP financial measures are presented solely to permit investors to more fully understand how management assesses performance.

Investors are encouraged to review the reconciliations of the non-GAAP financial measures used in this press release to their most directly comparable GAAP financial measures. However, the Company does not provide reconciliations of projected non-GAAP financial measures to GAAP financial measures, nor does it provide comparable projected GAAP financial measures for such projected non-GAAP financial measures. The Company is unable to provide such reconciliations without unreasonable efforts due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for asset impairments, contingent consideration adjustments, legal settlements, gain / loss on extinguishment of debt, adjustments to inventory and other charges reflected in the reconciliation of historic numbers, the amounts of which could be significant.

See Endo's Current Report on Form 8-K furnished today to the U.S. Securities and Exchange Commission for an explanation of Endo's non-GAAP financial measures.

About Endo International plc

Endo International plc (NASDAQ: ENDP) is a highly focused generics and specialty branded pharmaceutical company delivering quality medicines to patients in need through excellence in development, manufacturing and commercialization. Endo has global headquarters in Dublin, Ireland, and U.S. headquarters in Malvern, PA. Learn more at www.endo.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements, including but not limited to the statements by Mr. Campanelli, as well as other statements regarding product development, market potential, corporate strategy, optimization efforts and restructurings, timing, closing and expected benefits and value from any acquisition, expected growth and regulatory approvals, together with Endo's net income per share from continuing operations amounts, product net sales, revenue forecasts and any other statements that refer to Endo's expected, estimated or anticipated future results. Because forecasts are inherently estimates that cannot be made with precision, Endo's performance at times differs materially from its estimates and targets, and Endo often does not know what the actual results will be until after the end of the applicable reporting period. Therefore, Endo will not report or comment on its progress during a current quarter except through public announcement. Any statement made by others with respect to progress during a current quarter cannot be attributed to Endo.

All forward-looking statements in this press release reflect Endo's current analysis of existing trends and information and represent Endo's judgment only as of the date of this press release. Actual results may differ materially from current expectations based on a number of factors affecting Endo's businesses, including, among other things, the following: changing competitive, market and regulatory conditions; changes in legislation; Endo's ability to obtain and maintain adequate protection for its intellectual property rights; the timing and uncertainty of the results of both the research and development and regulatory processes, including regulatory decisions, product recalls, withdrawals and other unusual items; domestic and foreign health care and cost containment reforms, including government pricing, tax and reimbursement policies; technological advances and patents obtained by competitors; the performance, including the approval, introduction, and consumer and physician acceptance of new products and the continuing acceptance of currently marketed products; the effectiveness of advertising and other promotional campaigns; the timely and successful implementation of strategic initiatives; the timing or results of any pending or future litigation, investigations or claims or actual or contingent liabilities, settlement discussions, negotiations or other adverse proceedings; unfavorable publicity regarding the misuse of opioids; timing and uncertainty of any acquisition, including the possibility that various closing conditions may not be satisfied or waived, uncertainty surrounding the successful integration of any acquired business and failure to achieve the expected financial and commercial results from such

acquisition; the uncertainty associated with the identification of and successful consummation and execution of external corporate development initiatives and strategic partnering transactions; and Endo's ability to obtain and successfully maintain a sufficient supply of products to meet market demand in a timely manner. In addition, U.S. and international economic conditions, including higher unemployment, political instability, financial hardship, consumer confidence and debt levels, taxation, changes in interest and currency exchange rates, international relations, capital and credit availability, the status of financial markets and institutions, fluctuations or devaluations in the value of sovereign government debt, as well as the general impact of continued economic volatility, can materially affect Endo's results. Therefore, the reader is cautioned not to rely on these forward-looking statements. Endo expressly disclaims any intent or obligation to update these forward-looking statements except as required to do so by law.

Additional information concerning the above-referenced risk factors and other risk factors can be found in press releases issued by Endo, as well as Endo's public periodic filings with the U.S. Securities and Exchange Commission and with securities regulators in Canada, including the discussion under the heading "Risk Factors" in Endo's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Copies of Endo's press releases and additional information about Endo are available at www.endo.com or you can contact the Endo Investor Relations Department by calling 845-364-4833.

SOURCE Endo International plc

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Endo Implements CEO Succession Plan

*Paul Campanelli Appointed Chairman of the Board, Will Also Continue as President and Chief Executive Officer Until Successor Appointed;
Roger Kimmel Appointed Senior Independent Director*

DUBLIN, November 4, 2019 — Endo International plc (NASDAQ: ENDP) today announced that Paul V. Campanelli, President and Chief Executive Officer has notified the Board of Directors (“Board”) of his intention to retire and the Board is implementing its Chief Executive Officer succession plan. Mr. Campanelli has been appointed Chairman of the Board effective immediately and will also continue to serve as President and Chief Executive Officer until his successor is appointed. Roger Kimmel, who has served as Chairman of the Board, has been appointed Senior Independent Director. Mr. Kimmel replaces Dr. Sharad Mansukani, who is resigning from the Board due to other commitments, including his recent appointment as chairman of the board of another company.

The Board is launching a process to identify Mr. Campanelli’s successor. Mr. Campanelli will be actively involved in that process and will help facilitate a smooth transition. In addition, he will continue to serve as Chairman of the Board following the appointment of his successor.

“Over the last three years, we have been laser-focused on executing our strategy to simplify our business, drive productivity improvements and leverage our culture as a differentiator, which has led to strong operating performance despite a challenging external environment,” Mr. Campanelli said. “I am proud of what the Endo team has accomplished, and I am confident we have positioned the Company for long-term growth and success. I will continue to be actively involved in my new role as Chairman and look forward to working with the Board to select a new Chief Executive Officer who shares our mission and who will look to build on our momentum.”

“Paul has left an indelible mark of superior performance and leadership on Endo, and we are grateful for his service as President and Chief Executive Officer,” said Mr. Kimmel. “Paul’s decisive leadership, personal style and unwavering focus have led to strong operating performance at a time of volatility in our industry which has benefited all of Endo’s stakeholders. We are thrilled to be able to retain Paul’s expertise going forward in his new role as Chairman of the Board.”

About Endo International plc

Endo International plc (NASDAQ: ENDP) is a highly focused generics and specialty branded pharmaceuticals company delivering quality medicines to patients in need through excellence in development, manufacturing and commercialization. Endo has global headquarters in Dublin, Ireland, and U.S. headquarters in Malvern, PA. Learn more at www.endo.com.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the relevant Canadian securities legislation, including, but not limited to, the statements by Messrs. Campanelli and Kimmel and other statements regarding leadership changes and related plans. Statements including words such as “believes,” “expects,” “anticipates,” “intends,” “estimates,” “plan,” “will,” “may,” “look forward,” “intend,” “guidance,” “future” or similar expressions are forward-looking statements. Because these statements reflect Endo’s current views, expectations and beliefs concerning future events, they involve risks and uncertainties. Although Endo believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, readers should not place undue reliance on them, or any other forward-looking statements or information in this news release. Investors should note that many factors, as more fully described in the documents filed by Endo with the Securities and Exchange Commission and with securities regulators in Canada on the System for Electronic Document Analysis and Retrieval, including under the caption “Risk Factors” in Endo’s Form 10-K, Form 10-Q and Form 8-K filings, and as otherwise enumerated herein or therein, could affect Endo’s future results and could cause Endo’s actual results to differ materially from those expressed in forward-looking statements contained in this communication. The forward-looking statements in this press release are qualified by these risk factors. Endo assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required under applicable securities laws.

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