Endo International plc

Q3 2018
Earnings Report

November 8, 2018

Forward Looking Statements; Non-GAAP Financial Measures

This presentation contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Canadian securities legislation. Statements including words such as “believes,” “expects,” “anticipates,” “intends,” “estimates,” “plan,” “will,” “may,” “look forward,” “intend,” “guidance,” “future projects” or similar expressions are forward looking statements. Because these statements reflect our current views, expectations and beliefs concerning future events, these forward looking statements 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 securities regulators in the United States and Canada including under the caption “Risk Factors” in Endo’s Form 10-K, Form 10-Q and Form 8-K filings, as applicable, with the Securities and Exchange Commission and with securities regulators in Canada on System for Electronic Document Analysis and Retrieval (“SEDAR”) and as otherwise enumerated herein or therein, could affect Endo’s future financial results and could cause Endo’s actual results to differ materially from those expressed in any forward looking statements. The forward looking statements in this presentation 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 law.

This presentation may refer to non-GAAP financial measures, including, among others, adjusted diluted EPS and adjusted EBITDA, that are not prepared in accordance with accounting principles generally accepted in the United States and that may be different from non-GAAP financial measures used by other companies. Investors are encouraged to review Endo’s current report on Form 8-K furnished to the SEC for Endo’s reasons for including those non-GAAP financial measures in this presentation. Except as noted on Form 8-K, reconciliation of non-GAAP financial measures to the nearest comparable GAAP amounts have been provided within the appendix at the end of this presentation.

Today's Agenda

- Overview
- Q3 2018 Segment Results
- 2018 Milestones & Pipeline
- 2018 Financial Guidance
- Q&A

Our Strategic Priorities

1 Reshape our Organization for Success

- **Simplify** our business through centralization and unification
- **Drive** productivity improvements
- **Create** a New Endo Culture

2 Build Our Portfolio and Capabilities for the Future

- **Enhance** Generics pipeline through investment in hard-to-produce assets & technologies
- **Transform** Branded business into a highly focused Specialty business
- **Divest** non-core assets

3 Drive Margin Expansion and De-Lever

- **Focus** on differentiated/ intelligent product selection
- **Drive** EBITDA margin improvements through operational execution and continuous improvements
- **De-lever** 3-4x range over time; committed to a highly disciplined capital allocation approach

Overview

- Strong quarter of adjusted operating results; Strong performance in core growth areas – XIAFLEX® and Sterile Injectables
- Delivered solid Q3 2018 adjusted EBITDA, with growth in adjusted gross margin versus Q3 2017
- Continued progress with building our portfolio for the future
  - Positive CCH for cellulite trials top-line results
  - Somerset Therapeutics acquisition expected to close in Q1 2019
- Raising Full-Year 2018 Financial Guidance

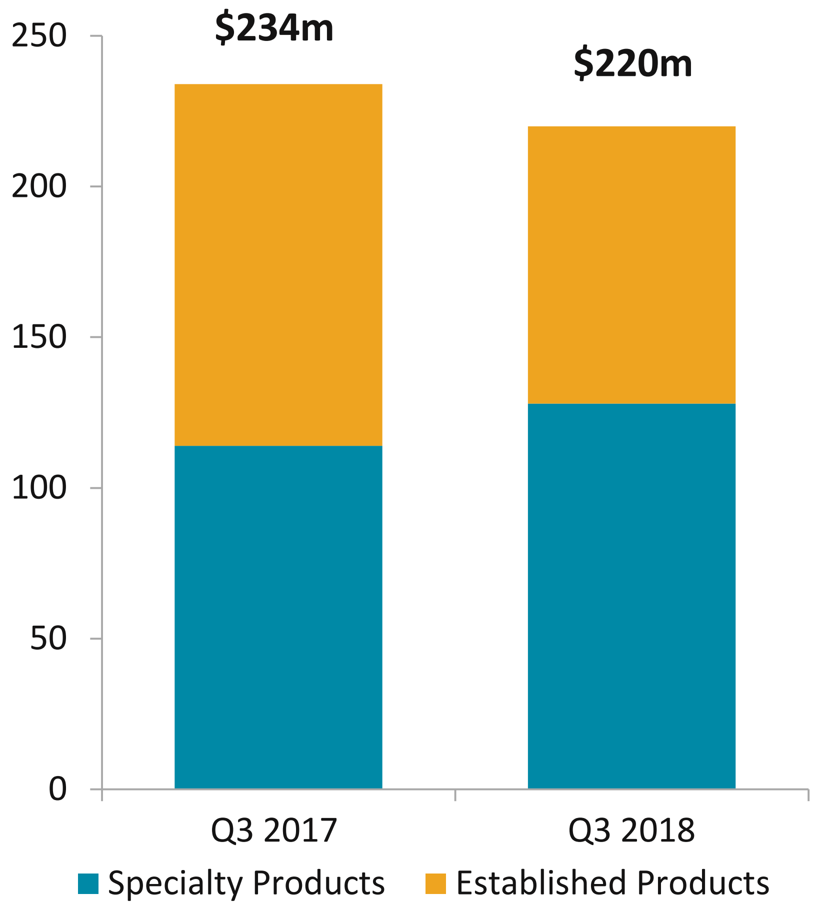
Q3 2018 Snapshot

Revenue (US $M)	Q3 2018	Q3 2017
U.S. Branded – Specialty and Established Pharmaceuticals	$220	$234
U.S. Branded – Sterile Injectables	$237	$202
U.S. Generic Pharmaceuticals	$258	$295
International Pharmaceuticals	$30	$56
Total	**$745**	**$787**

Table may not total due to rounding

Q3 2018 Performance: U.S. Branded – Specialty & Established Pharmaceuticals

Reported Revenues in $ Millions



Specialty Products

- +13% Y-o-Y growth driven primarily by XIAFLEX® (+22%)
- Expect FY'18 Specialty products to grow ~10%
- Expect FY'18 XIAFLEX® to grow in the low 20's percentage range

Established Products

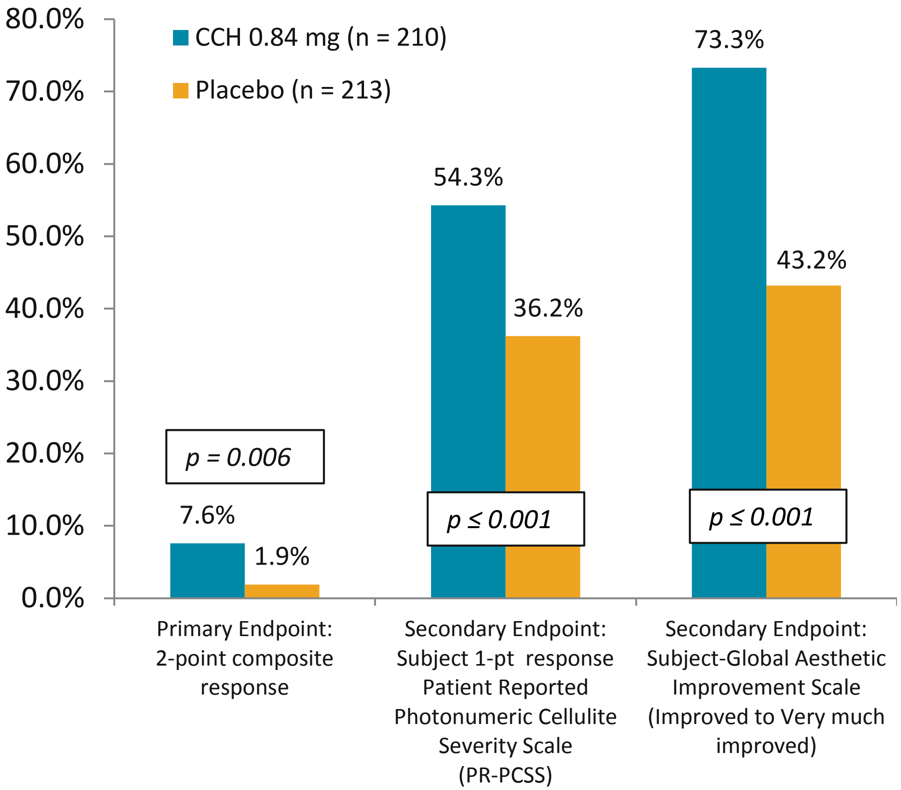
- Y-o-Y decline driven primarily by the voluntary market withdrawal of OPANA® ER

Pipeline

- Reported positive results from two Phase 3 CCH clinical trials for the treatment of cellulite in the buttocks

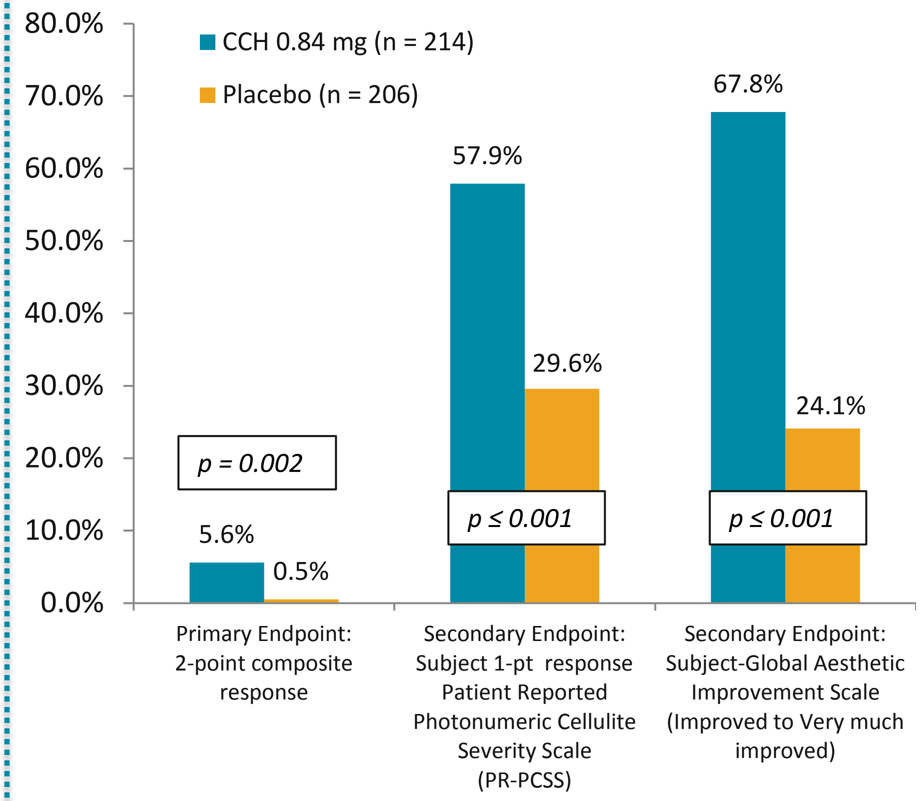
Positive Results from Phase 3 Studies of CCH in Cellulite

RELEASE 1



- Met 8 of 8 key secondary endpoints
  - Statistically significant ($p \leq 0.001$)

RELEASE 2



- Met 7 of 8 key secondary endpoints
  - Statistically significant ($p \leq 0.001$)
- 1 key secondary endpoint was not statistically significant ($p = 0.03$)*

The most common Adverse Events in the trial were injection site bruising, injection site pain, injection site discoloration, injection site nodule and injection site pruritus.

*2-point composite response for the non-target buttock

CCH in Cellulite Phase 3 – RELEASE 1 and 2 Studies
2-Level Composite Response

Day 1: *Pre-treatment*

Day 71: *28 Days Following Last Treatment*

These are the actual photos of a trial participant that were used in patient-reported evaluation of treatment

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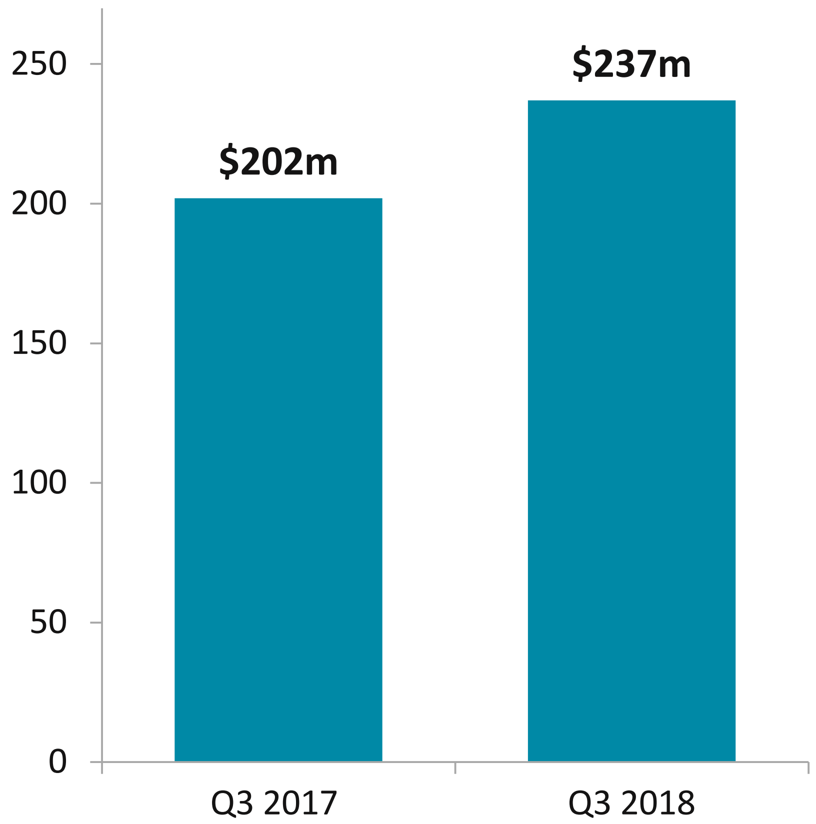
Q3 2018 Performance: U.S. Branded – Sterile Injectables

Reported Revenues in $ Millions



Sterile Products

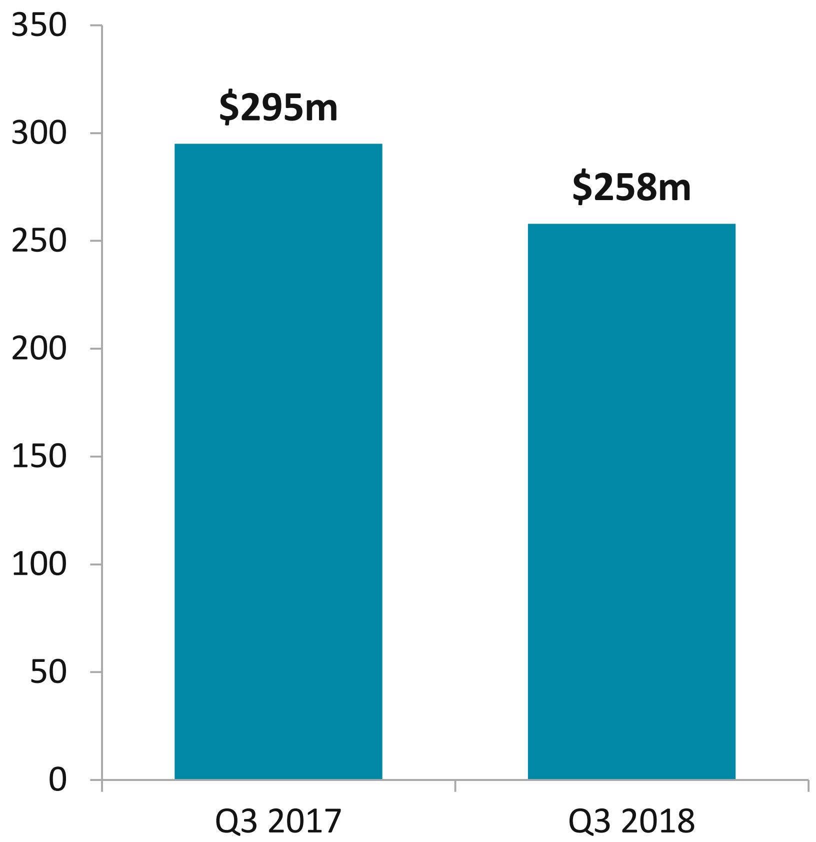
- +17% Y-o-Y growth driven by ADRENALIN® (+40%) and VASOSTRICT® (+6%)
- Launched ertapenem for injection on July 26th
- Expect FY'18 Sterile Injectables to grow in the low 20's percentage range

Somerset Therapeutics

- Expected to significantly expand our sterile injectable and ophthalmic portfolio
- Augments production and development capabilities
- On track to close in Q1 2019

Q3 2018 Performance: U.S. Generic Pharmaceuticals

Reported Revenues in $ Millions

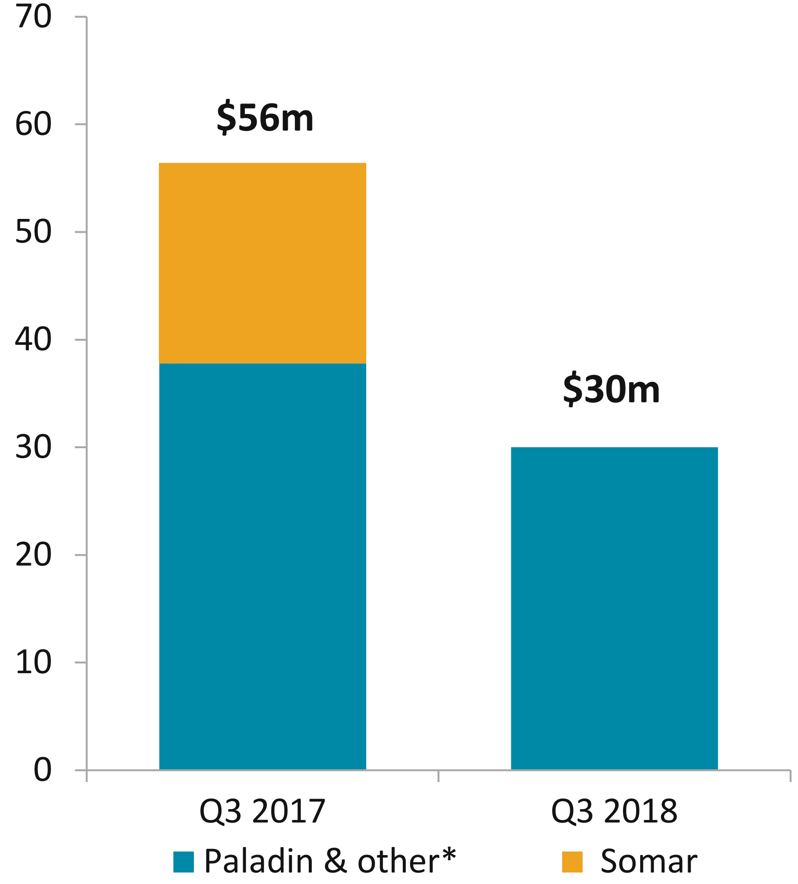


U.S. Generics

- Performance reflects competitive pressure and product discontinuances
- Launched 3 products including AG of COLCRYS® on July 1st
- Early signals of retail market stabilization
- Expect FY'18 U.S. Generics to decline mid 30's percentage
  (FY'17 ezetimibe and quetiapine ER = ~$250 million)

Q3 2018 Performance: International Pharmaceuticals

Reported Revenues in $ Millions



* Includes sales from Endo Ventures Limited and Par UK

International

- Somar – divested Q4’17
- Third quarter revenues were impacted by the cadence of ex-US Xiaflex shipments in Q2 and Q3.
- Expect FY’18 International Pharmaceuticals to decline ~40%

2018 Scorecard and Pipeline

2018 YTD Scorecard & Milestones

- U.S. Branded - Specialty & Established Pharmaceuticals: Positive results from the Phase 3 CCH for cellulite clinical trials
- U.S. Branded-Sterile Injectables: Launched glycopyrrolate injection and ertapenem for injection
- U.S. Generic Pharmaceuticals: Launched 8 products; Filed 6 applications
- Expect ~15 Sterile and Generic launches
- Somerset acquisition will expand pipeline by ~42 products ; ~13 commercial products
- Supplemented by 3rd party relationships, including Nevakar, which has 505(b)(2) expertise

Pipeline & Select FTF/FTM Settlements Estimated Launches 2H'19 and beyond

~90 ANDAs Filed w/FDA

~1/3 ANDA's FTF/FTM

~70 Projects in Development

Opportunistic Business Development partnerships

Product	IMS sales*	Settlement
DEXILANT® (dexlansoprazole)	~$1,200m	Confidential terms
AFINITOR® (everolimus)	~$850m	Confidential terms
CIPRODEX® (ciprofloxacin; dexamethasone otic suspension)	~$500m	2020
AMITIZA® (lubiprostone)	~$500m	01/01/2021
KUVAN® (sapropterin)	~$400m	10/1/2020
MITIGARE® (colchicine capsules)	~$50m	Confidential terms

- IQVIA sales for 12 months

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Q3 2018: Financial Results (Continuing Operations*)

(US $M, except EPS)	US GAAP		Non-GAAP	
	Q3 '18	Q3 '17	Q3 '18	Q3 '17
Revenue	$745	$787	$745	$787
Gross Margin	44.6%	34.6%	66.9%	65.2%
Operating (Loss) Income	($13)	($2)	$299	$340
Net (Loss) Income	($146)	($100)	$165	$204
Effective Tax Rate	(2.1%)	22.0%	3.1%	6.1%
Diluted (Loss) Income per share	($0.65)	($0.45)	$0.71	$0.91
Weighted Average Diluted Shares Outstanding	224	223	232	224

* Continuing Operations excludes ASTORA (formerly known as AMS Women's Health)

2018 Financial Guidance – Update (Continuing Operations*)

Measure	Prior (Aug'18)	Updated (Nov'18)
Revenue	$2.75B – $2.85B	$2.87B – $2.92B
Adjusted EBITDA	$1.27B – $1.33B	$1.32B – $1.34B
Adjusted Diluted EPS	$2.50 – $2.60	$2.65 – $2.75

The Company's 2018 Financial Guidance is Based on the Following Assumptions:

- Adjusted gross margin of approximately 68.5% (prev. 68.5% to 69.5%)
- Adjusted operating expenses as a percentage of revenue to be approximately 27.0% (prev. 26.0% to 27.0%)
- Adjusted interest expense of approximately $525 million (prev. $530 - $540 million)
- Adjusted effective tax rate of approximately 8.5% to 9.5 % (prev. 11% to 12%)
- Full-year adjusted diluted shares outstanding of approximately 230 million (prev. 229 million)

* Continuing Operations excludes ASTORA (formerly known as AMS Women's Health)

2018 Segment Guidance - Update

Segment	YOY % Change in Revenues	Adjusted Gross Margin %
U.S. Branded – Sterile Injectables	Low 20’s % growth	Low 80’s
U.S. Branded – Specialty & Established Pharmaceuticals	~10% decline	Low 80’s
U.S. Generic Pharmaceuticals	Mid 30’s % decline	Mid 40’s
International Pharmaceuticals	~ 40% decline	Mid 50’s

The Company’s 2018 Segment Guidance is Based on the Following Assumptions:

- Branded Specialty segment revenue expected to grow ~10%
  - Xiaflex revenue now expected to grow in the low 20’s %
- Vasostrict revenue expected to grow in the high single to low double digits
- Generics guidance assumes potential new competition to certain key products with no or limited competition

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Cash Flow – Update

US $M	YTD Q3 '18	Prior Guidance (Aug'18) FY 2018 Guidance		New Guidance (Nov'18) FY 2018 Guidance	
	Actual	Low	High	Low	High
Adjusted EBITDA Range	**$1,013**	**$1,270**	**$1,330**	**$1,320**	**$1,340**
Cash Interest	**($447)**	*~($520)*		*~($520)*	
Changes in Net Working Capital[1]	**$95**	*~$40*		*~$70*	
Changes in Other Assets and Liabilities	**$42**	*~($20)*		*~($20)*	
Contingent Consideration	**($45)**	*~($45)*		*~($55)*	
Cash Taxes, net refund (payments)	**($8)**	*~($25)*		*~($15)*	
Milestone/Commercial Payments	**($43)**	*~($40)*		*~($45)*	
Restructuring and Integration Related Costs	**($63)**	*~($65)*		*~($75)*	
Cash Flow from Operations – Pre-Mesh and Other Settlements	**$544**	**~$595**	**~$655**	**~$660**	**~$680**
Non-Mesh Settlement Payments, net[2]	**($74)**	*~($25)*		*~($85)*	
Cash Distributions to Settle Mesh Claims[3]	**($273)**	*~($360)*		*~($380)*	
Cash Flow from Operations	**$197**	**~$210**	**~$270**	**~$195**	**~$215**
Change in Restricted Cash - Mesh Related	**$31**	*~($50)*		*~($50)*	
Change in Restricted Cash - Non-Mesh Settlements	**($18)**	*~($80)*		*~($20)*	
Capital Expenditures	**($57)**	*~($120)*		*~($90)*	
Acquisitions and Other[4]	**$5**	*~($225)*		*~$0*	
Cash Flow Prior to Debt Payments	**$158**	**~($265)**	**~($205)**	**~$35**	**~$55**
Unrestricted Cash Balance at Period-End	**$1,119**	**~$687**	**~$747**	**~$987**	**~$1,007**

Cash into the mesh QSF and paid mesh legal expenses: YTD Q3'18 (~$242M) FY '18 (~$430M)

[1] "Changes in Net Working Capital" defined as changes in Accounts Receivable adjusted for non-cash items, plus changes in Inventory adjusted for long-term and non-cash items, less changes in Accounts Payable adjusted for Royalties and Rebates (additional detail available on slide 18 in Appendix)

[2] "Non-Mesh Settlement Payments" for FY'18 represent legal settlements that Endo expects to be paid during the year.

[3] "Cash Distributions to Settle Mesh Claims " for FY '18 represents expected direct payments and payments from Qualified Settlement Funds to settle mesh product liabilities, as well as mesh related legal expenses.

[4] "Acquisition and Other" for FY'18 includes acquisition cost, contingent consideration for certain products, capital lease payments, cash flows from the sales of businesses and other assets and certain other items.

Table may not total due to rounding

Q&A

Appendix

Cash Conversion Cycle

We use days sales outstanding (DSO), days inventory outstanding (DIO) and days payable outstanding (DPO), the sum of which is the cash conversion cycle, to evaluate our working capital performance. The following table summarizes the details of the financial metrics used to calculate these working capital performance statistics for the quarters ended September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017 and December 31, 2016 (in thousands except for ratios):

		Sept. 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2016
	Total Revenue	**$745,466**	**$714,696**	**$700,527**	**$768,645**	**$1,241,513**
DSO	• Accounts Receivable, net of allowance	$467,156	$451,240	$460,019	$517,436	$992,153
DSO	• Less: Returns and allowances	$(250,637)	$(276,677)	$(293,840)	$(291,034)	$(332,455)
DSO	Accounts Receivable, adjusted for non-cash items	$216,519	$174,563	$166,179	$226,402	$659,698
DSO	*Total revenues per day*	*$8,103*	*$7,854*	*$7,784*	*$8,355*	*$13,495*
DSO	**DSO**	**27**	**22**	**21**	**27**	**49**
DIO	• Inventories, net	$332,787	$343,318	$376,650	$391,437	$555,671
DIO	• Plus: Long-term inventory	$13,306	$11,258	$18,368	$17,146	$22,705
DIO	• Less: Inventory step-up	$(71)	$(124)	$(66)	$(109)	$(652)
DIO	Inventory, adjusted for long-term and non-cash items	$346,022	$354,452	$394,952	$408,474	$577,724
DIO	*Total revenues per day*	*$8,103*	*$7,854*	*$7,784*	*$8,355*	*$13,495*
DIO	**DIO**	**43**	**45**	**51**	**49**	**43**
DPO	• Trade Accounts Payable	$106,321	$95,195	$87,235	$85,348	$126,712
DPO	• Plus: Accrued Royalties and Partner Payables	$103,673	$148,326	$137,868	$63,114	$191,433
DPO	• Plus: Accrued Rebates and Chargebacks paid in cash	$154,319	$52,515	$59,607	$182,937	$260,798
DPO	Trade Accounts Payable, adjusted for royalties and rebates	$364,313	$296,036	$284,710	$331,399	$578,943
DPO	*Total revenues per day*	*$8,103*	*$7,854*	*$7,784*	*$8,355*	*$13,495*
DPO	**DPO**	**45**	**38**	**37**	**40**	**43**
	Cash Conversion Cycle	**24**	**30**	**36**	**36**	**49**

Reconciliation of Non-GAAP Measures

The following table provides a reconciliation of Net loss (GAAP) to Adjusted EBITDA (non-GAAP) for the three and nine months ended September 30, 2018 and 2017 (in thousands):

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2018	2017	2018	2017
Net loss (GAAP)	$(173,205)	$ (96,670)	$(739,561)	$(1,667,016)
Income tax expense (benefit)	3,003	(28,109)	24,729	(97,517)
Interest expense, net	131,847	127,521	385,896	361,267
Depreciation and amortization (15)	176,856	183,475	521,325	680,385
EBITDA (non-GAAP)	**$ 138,501**	**$ 186,217**	**$ 192,389**	**$ (722,881)**
Inventory step-up and other cost savings (2)	71	66	261	281
Upfront and milestone-related payments (3)	4,731	775	43,027	6,952
Inventory reserve increase from restructuring (4)	207	—	2,797	7,899
Separation benefits and other restructuring (5)	3,794	80,693	79,344	120,078
Certain litigation-related and other contingencies, net (6)	(1,750)	(12,352)	15,370	(14,016)
Asset impairment charges (7)	142,217	94,924	613,400	1,023,930
Acquisition-related and integration costs (8)	519	1,201	1,553	8,137
Fair value of contingent consideration (9)	769	15,440	11,731	23,574
Loss on extinguishment of debt (10)	—	—	—	51,734
Share-based compensation	13,736	13,247	43,722	40,252
Other income, net (16)	(1,507)	(2,097)	(33,216)	(10,843)
Other adjustments	(67)	(58)	(775)	(75)
Discontinued operations, net of tax (13)	27,134	(3,017)	43,273	705,886
Adjusted EBITDA (non-GAAP)	**$328,355**	**$375,039**	**$1,012,876**	**$1,240,908**

Reconciliation of Non-GAAP Measures

Three Months Ended September 30, 2018

	Total revenues	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 (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	0.71
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	0.02
Inventory reserve increase from restructuring (4)	—	(207)	207		—		207		—	207	—		207	—	207	—
Separation benefits and other restructuring (5)	—	(3,626)	3,626		(168)		3,794		—	3,794	—		3,794	—	3,794	0.02
Certain litigation-related and other contingencies, net (6)	—	—	—		1,750		(1,750)		—	(1,750)	—		(1,750)	—	(1,750)	(0.01)
Asset impairment charges (7)	—	—	—		(142,217)		142,217		—	142,217	—		142,217	—	142,217	0.62
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	0.01
Tax adjustments (12)	—	—	—		—		—		—	—	2,270		(2,270)	—	(2,270)	(0.01)
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

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Reconciliation of Non-GAAP Measures

Three Months Ended September 30, 2017

	Total revenues	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 (benefit) expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted (loss) income per share from continuing operations (14)
Reported (GAAP)	$ 786,887	$ 514,522	$272,365	34.6%	$ 274,737	34.9%	$ (2,372)	(0.3)%	$ 125,424	$ (127,796)	$ (28,109)	22.0%	$ (99,687)	$ 3,017	$ (96,670)	$ (0.45)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(161,413)	161,413		—		161,413		—	161,413	—		161,413	—	161,413	0.73
Inventory step-up and other cost savings (2)	—	(66)	66		—		66		—	66	—		66	—	66	—
Upfront and milestone-related payments (3)	—	(688)	688		(87)		775		—	775	—		775	—	775	—
Separation benefits and other restructuring (5)	—	(78,680)	78,680		(2,013)		80,693		—	80,693	—		80,693	—	80,693	0.36
Certain litigation-related and other contingencies, net (6)	—	—	—		12,352		(12,352)		—	(12,352)	—		(12,352)	—	(12,352)	(0.06)
Asset impairment charges (7)	—	—	—		(94,924)		94,924		—	94,924	—		94,924	—	94,924	0.43
Acquisition-related and integration costs (8)	—	—	—		(1,201)		1,201		—	1,201	—		1,201	—	1,201	0.01
Fair value of contingent consideration (9)	—	—	—		(15,440)		15,440		—	15,440	—		15,440	—	15,440	0.07
Other (11)	—	—	—		—		—		(3,035)	3,035	—		3,035	—	3,035	0.01
Tax adjustments (12)	—	—	—		—		—		—	—	41,456		(41,456)	—	(41,456)	(0.19)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	(3,017)	(3,017)	—
After considering items (non-GAAP)	**$ 786,887**	**$ 273,675**	**$513,212**	**65.2%**	**$ 173,424**	**22.0%**	**$ 339,788**	**43.2 %**	**$ 122,389**	**$ 217,399**	**$ 13,347**	**6.1%**	**$ 204,052**	**$ —**	**$ 204,052**	**$ 0.91**

Reconciliation of Non-GAAP Measures

Nine Months Ended September 30, 2018

	Total revenues	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 (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	2.10
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	0.19
Inventory reserve increase from restructuring (4)	—	(2,797)	2,797		—		2,797		—	2,797	—		2,797	—	2,797	0.01
Separation benefits and other restructuring (5)	—	(57,457)	57,457		(21,887)		79,344		—	79,344	—		79,344	—	79,344	0.34
Certain litigation-related and other contingencies, net (6)	—	—	—		(15,370)		15,370		—	15,370	—		15,370	—	15,370	0.07
Asset impairment charges (7)	—	—	—		(613,400)		613,400		—	613,400	—		613,400	—	613,400	2.73
Acquisition-related and integration costs (8)	—	—	—		(1,553)		1,553		—	1,553	—		1,553	—	1,553	0.01
Fair value of contingent consideration (9)	—	—	—		(11,731)		11,731		—	11,731	—		11,731	—	11,731	0.05
Other (11)	—	—	—		630		(630)		29,278	(29,908)	—		(29,908)	—	(29,908)	(0.13)
Tax adjustments (12)	—	—	—		—		—		—	—	25,126		(25,126)	—	(25,126)	(0.12)
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**

Reconciliation of Non-GAAP Measures

Nine Months Ended September 30, 2017

	Total revenues	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 (benefit) expense	Effective tax rate	(Loss) income from continuing operations	Discontinued operations, net of tax	Net (loss) income	Diluted (loss) income per share from continuing operations (14)
Reported (GAAP)	$2,700,218	$1,722,885	$ 977,333	36.2%	$1,633,822	60.5%	$ (656,489)	(24.3)%	$ 402,158	$(1,058,647)	$ (97,517)	9.2%	$ (961,130)	$ (705,886)	$(1,667,016)	$ (4.31)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(615,490)	615,490		—		615,490		—	615,490	—		615,490	—	615,490	2.75
Inventory step-up and other cost savings (2)	—	(281)	281		—		281		—	281	—		281	—	281	—
Upfront and milestone-related payments (3)	—	(2,039)	2,039		(4,913)		6,952		—	6,952	—		6,952	—	6,952	0.03
Inventory reserve increase from restructuring (4)	—	(7,899)	7,899		—		7,899		—	7,899	—		7,899	—	7,899	0.04
Separation benefits and other restructuring (5)	—	(85,367)	85,367		(34,711)		120,078		—	120,078	—		120,078	—	120,078	0.54
Certain litigation-related and other contingencies, net (6)	—	—	—		14,016		(14,016)		—	(14,016)	—		(14,016)	—	(14,016)	(0.06)
Asset impairment charges (7)	—	—	—		(1,023,930)		1,023,930		—	1,023,930	—		1,023,930	—	1,023,930	4.59
Acquisition-related and integration costs (8)	—	—	—		(8,137)		8,137		—	8,137	—		8,137	—	8,137	0.04
Fair value of contingent consideration (9)	—	—	—		(23,574)		23,574		—	23,574	—		23,574	—	23,574	0.11
Loss on extinguishment of debt (10)	—	—	—		—		—		(51,734)	51,734	—		51,734	—	51,734	0.23
Other (11)	—	—	—		—		—		1,133	(1,133)	—		(1,133)	—	(1,133)	(0.01)
Tax adjustments (12)	—	—	—		—		—		—	—	195,298		(195,298)	—	(195,298)	(0.88)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	705,886	705,886	—
After considering items (non-GAAP)	$2,700,218	$1,011,809	$1,688,409	62.5%	$ 552,573	20.5%	$1,135,836	42.1 %	$ 351,557	$ 784,279	$ 97,781	12.5%	$ 686,498	$ —	$ 686,498	$ 3.07

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Reconciliation of Non-GAAP 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, 2018 and 2017 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,	
	2018	2017	2018	2017
Amortization of intangible assets excluding fair value step-up from contingent consideration	$ 149,249	$ 151,250	$ 446,015	$ 585,025
Amortization of intangible assets related to fair value step-up from contingent consideration	12,026	10,163	25,647	30,465
Total	$ 161,275	$ 161,413	$ 471,662	$ 615,490

(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,			
	2018		2017	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based	$ 745	$ —	$ 688	$ —
Development-based	—	3,986	—	87
Total	$ 745	$ 3,986	$ 688	$ 87

	Nine Months Ended September 30,			
	2018		2017	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based	$ 2,095	$ —	$ 2,039	$ —
Development-based	—	40,932	—	4,913
Total	$ 2,095	$ 40,932	$ 2,039	$ 4,913

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

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

	Three Months Ended September 30,			
	2018		2017	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 1,711	$ 379	$ 19,535	$ 284
Accelerated depreciation and product discontinuation charges	—	—	59,805	—
Other	1,915	(211)	(660)	1,729
Total	$ 3,626	$ 168	$ 78,680	$ 2,013

	Nine Months Ended September 30,			
	2018		2017	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 15,479	$ 17,215	$ 21,805	$ 19,539
Accelerated depreciation and product discontinuation charges	35,177	—	59,805	398
Other	6,801	4,672	3,757	14,774
Total	$ 57,457	$ 21,887	$ 85,367	$ 34,711

(6) To exclude litigation-related settlement charges, reimbursements and certain settlements 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,	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Goodwill impairment charges	$ —	$ —	$ 391,000	$ 288,745
Other intangible asset impairment charges	140,609	78,300	217,576	674,177
Property, plant and equipment impairment charges	1,608	16,624	4,824	61,008
Total asset impairment charges	$ 142,217	$ 94,924	$ 613,400	$ 1,023,930

(8) Adjustments for acquisition and integration items primarily relate to various acquisitions. Amounts included the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Integration costs (primarily third-party consulting fees)	$ —	$ —	$ —	$ 4,476
Acquisition costs	519	—	1,553	—
Other	—	1,201	—	3,661
Total	$ 519	$ 1,201	$ 1,553	$ 8,137

(9) To exclude the impact of changes in the fair value of contingent consideration resulting from changes in market conditions impacting the commercial potential of the underlying products.

(10) To exclude the loss on the extinguishment of debt associated with our April 2017 refinancing.

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

	Three Months Ended September 30,			
	2018		2017	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Foreign currency impact related to the re-measurement of intercompany debt instruments	$ —	$ 1,528	$ —	$ 3,005
Net gain on sale of business and other assets	—	(177)	—	—
Other miscellaneous	—	2	—	30
Total	$ —	$ 1,353	$ —	$ 3,035

	Nine Months Ended September 30,			
	2018		2017	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Foreign currency impact related to the re-measurement of intercompany debt instruments	$ —	$ (1,560)	$ —	$ (2,922)
(Gain) loss on sale of business and other assets	—	(24,014)	—	—
Other miscellaneous	(630)	(3,704)	—	1,789
Total	$ (630)	$ (29,278)	$ —	$ (1,133)

(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 in the Condensed Consolidated Statement of Operations.

(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,	
	2018	2017	2018	2017
GAAP EPS	$ 224,132	$ 223,299	$ 223,829	$ 223,157
Non-GAAP EPS	232,358	224,216	228,195	223,779

(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 Separation benefits and other restructuring.

(16) To exclude Other income, net per the Consolidated Statement of Operations.

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Q3 2018
Earnings Report

November 8, 2018