Endo International plc

Q4 and Full-Year 2016 Earnings Report

February 28, 2017

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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 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

- Update on CEO strategic assessment
- Q4/FY 2016 Snapshot
- Q4/FY 2016 Business Unit Performance
- Q4/FY 2016 Financial Results
- 2017 Financial Guidance

Our Priorities

1	2	3
Reshape our Organization for Success	**Build our Portfolio and Capabilities for the Future**	**Drive Margin Expansion and De-Lever**

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

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

- **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

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Our Vision

To be a highly focused **generics and specialty branded pharmaceutical company**, delivering high quality medicines to patients through excellence in development, manufacturing, and commercialization.

- Generic R&D platform primarily focused on hard to produce assets / technologies
- Revamped Specialty Branded Business focused on our flagship product, XIAFLEX®, as well as SUPPRELIN® LA, TESTOPEL®, and AVEED®
- An operational excellence based culture

Strong Performance in Q4 and FY 2016 (Continuing Operations*)

(US $M except EPS)	Q4 2016	Y/Y Growth %	FY 2016	Y/Y Growth %
Revenue	$1,242	16%	$4,010	23%
Reported (GAAP) EPS	($14.96)	NM	($14.48)	NM
Adjusted Net Income	$396	29%	$1,054	13%
Adjusted Diluted EPS	$1.77	30%	$4.73	2%

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** Continuing operations includes Endo and Par and excludes AMS*

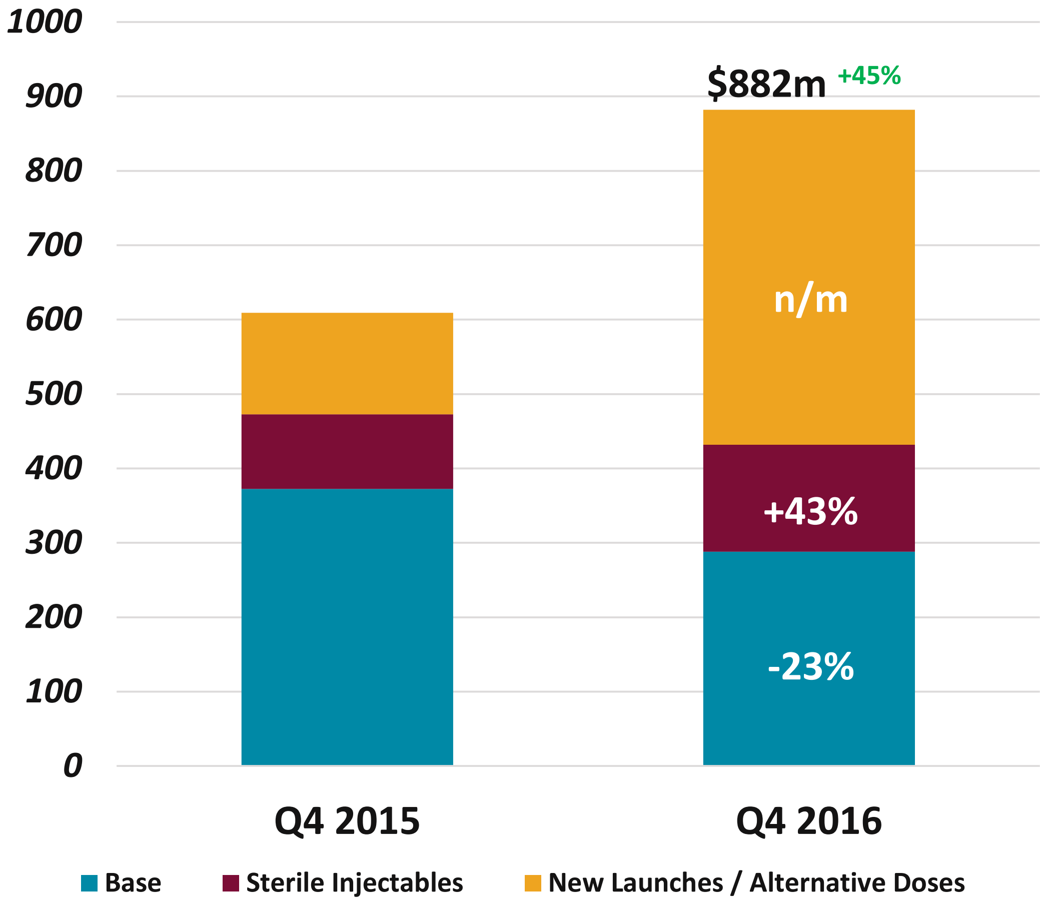
Q4 and FY 2016 Snapshot

Revenue (U.S. $M)	Q4 2016	Y/Y Growth %	FY 2016	Y/Y Growth %
U.S. Generic Pharmaceutical	$882	45%	$2,565	53%
US. Branded Pharmaceutical	$289	(24%)	$1,166	(9%)
International Pharmaceutical	$70	(18%)	$279	(10%)
Total	**$1,242**	**16%**	**$4,010**	**23%**

**Numbers may not add due to rounding*

Q4 2016 Performance: U.S. Generic Pharmaceuticals

Reported Revenues in $ Millions

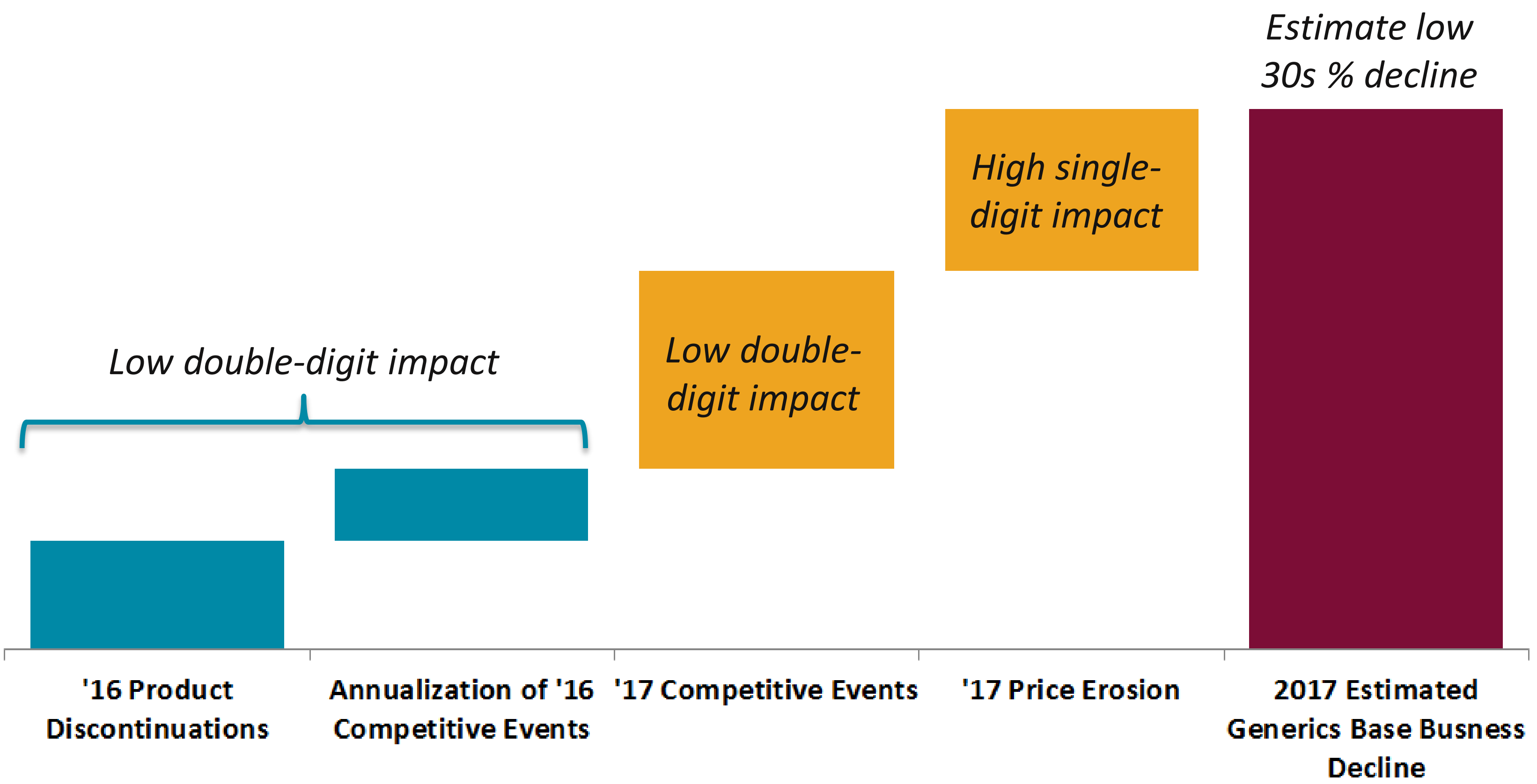


Overall segment performance in line with Company expectations

- **Sterile injectables**: FY’16: $531m
  - Vasostrict® continues to grow with FY’16 revenues of $343 million
- **New launches / Alt Dosages:** FY’16: $804m
  - Strong performance of New Launches with the launch of quetiapine and ezetimibe
  - Launched ~20 products in 2016
- **Base business:** FY’16: $1,230m
  - Declined 23% Q4 vs. prior year; as guided,~30% proforma for FY 2016 due to consortium pricing pressure and competition
  - Sequentially +9% due to stocking in the trade

U.S. Generics:2017 Estimated Base Business Revenue Decline

For illustrative purposes --- not to scale



U.S. Generics: 2016 Milestones

- Approximately 20 new product launches: ~$11bn in market value
  - Two key FTF: generic SEROQUEL® and generic ZETIA®
- 27 regulatory submissions
  - 21 ANDA submissions
  - 2 EU dossiers
  - 1 505(b)(2)
  - 3 Prior Approval Supplements
- Completed restructuring to rationalize Generics product portfolio and manufacturing network
  - Estimated ~$75 million in annual net savings[1] to be fully realized in 2017; represents ~$50M in incremental net savings vs. FY'16

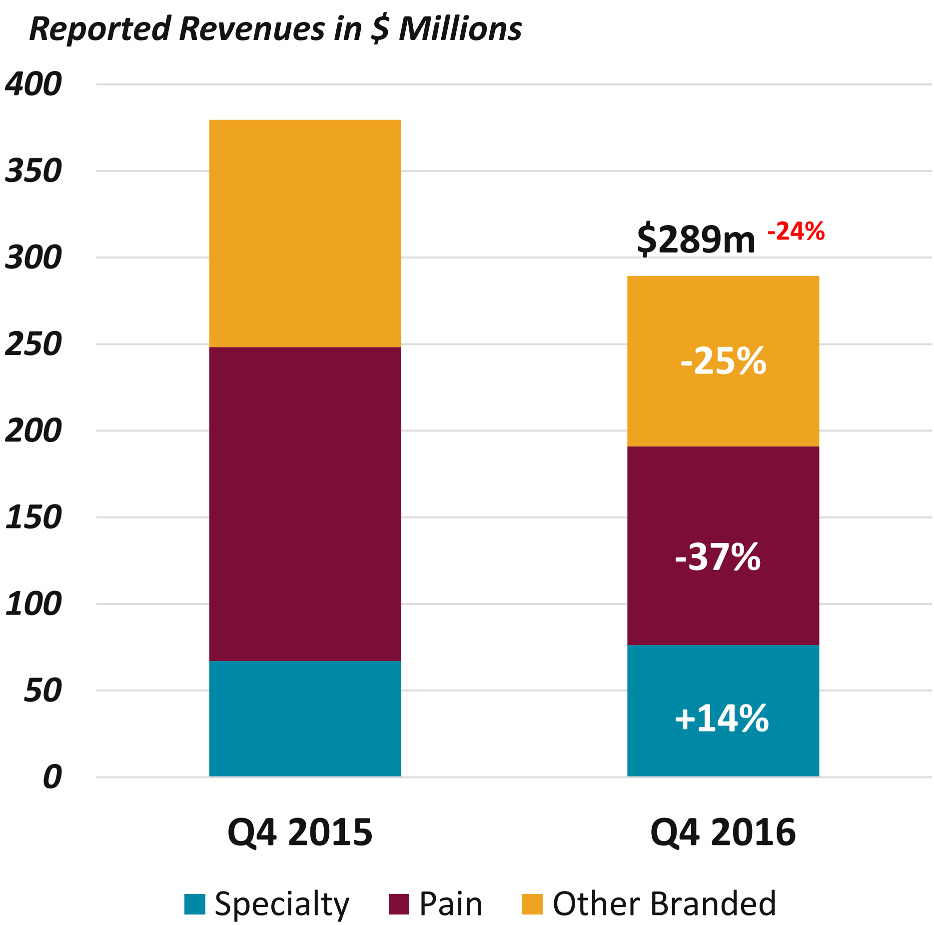
[1] Net savings represents annual cost savings net of annual lost revenue related to the Generics portfolio rationalization

U.S. Generics: FY 2017 Milestones

- Expect >20 product launches with estimated market value: $6bn*
- 3 launches YTD:
  - Dexmethylphenidate 25mg & 35mg (FTF)
  - Itraconazole Caps
  - Ephedrine Sulfate Injection - 505(b)(2) NDA
- Expect ~20 ANDA filings
- Unapproved sources of Adrenalin® expected to vacate the market by 2H’17
- Expect majority share of the KCl powder market

** Market value defined by IMS sales for 12 months*

Q4 2016 Performance: U.S. Branded Pharmaceuticals



Branded YoY performance reflects a transitioning portfolio

Specialty: FY'16: $268m

- +18% FY16 vs. FY15 driven by XIAFLEX® double-digit growth (+14% proforma) as guided
- Expect 2017 specialty business to grow high single-digit

Pain: FY'16: $486

- -24% FY16 vs. FY15 driven by generic erosion of VOLTAREN® Gel, LIDODERM®, and OPANA® ER
- Returned BELBUCA™ back to BDSI

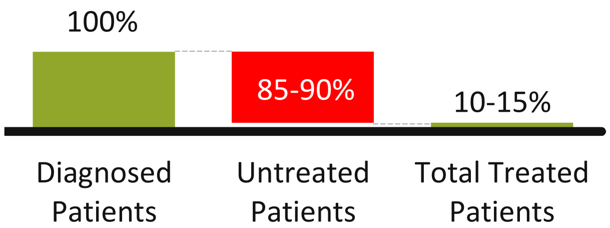
Other Branded: FY'16: $412

- Flat growth FY16 vs. FY15 driven by addition of Par brands offset by FROVA® generic erosion and the return of STENDRA®

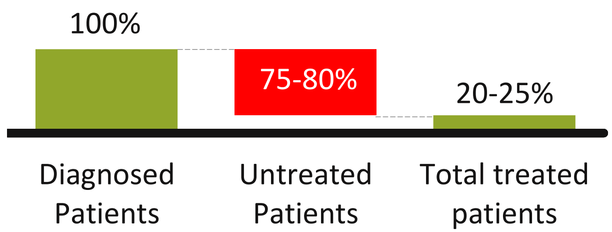
XIAFLEX® is our Flagship Branded Asset

XIAFLEX® collagenase clostridium histolyticum

Peyronie's Disease



Dupuytren's Contracture



- FY'16 U.S. sales of $190M, up 14% proforma, split ~55%/45% between PD/DC
- FY'16 U.S. demand vials 12% YoY overall, including 18% YoY growth in PD
- Sizable opportunity remains in Peyronie's Disease and Dupuytren's Contracture
- Additional efforts to further penetrate on-market indications to accelerate in 2017

Expect high-single to low-double-digit revenue growth in 2017

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Source for Diagnosed/Treated : IMS Medical Claims data Jan 2016 – Dec 2016,
For Peyronie's: Total PD diagnosed patients vs. patients treated for PD with injection or surgery
For Dupuytren's: Total DC diagnosed patients vs. patients treated for DC with Xiaflex injection, surgery, or needle aponeurotomy

XIAFLEX® in Cellulite

Highly statistically significant positive Ph2b results in patients with Cellulite

Subject A – Placebo treatment | **Subject B – CCH treatment**

Day 1
Pre-treatment

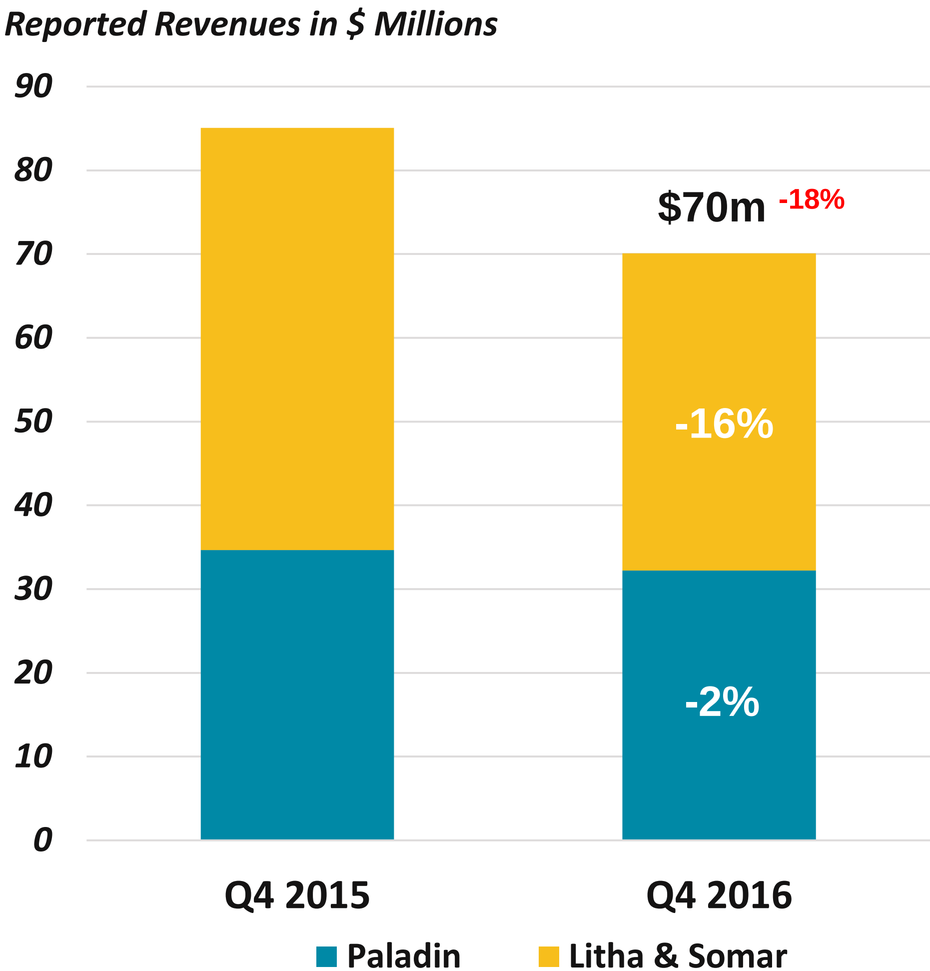
Day 71
28 Days Following Last Treatment

Day 1
Pre-treatment

Day 71
28 Days Following Last Treatment

- Plans to initiate Ph3 by 2H 2017
- Commercial assessment ongoing – we are preparing to successfully launch and commercial Xiaflex for cellulite
- Analysis of additional indications and priority programs ongoing

Q4 2016 Performance: International Pharmaceuticals



Overall segment performance in line with Company expectations

- **Paladin:** FY'16: $109m
  - Exceeded expectations due to delayed competition on certain products
  - Launched XIAFLEX® and NUCYNTA®
  - Expect 2017 sales to decline double-digit due to LOE, but solid gross margin in the high 50%'s
- **Litha & Somar:** FY'16: $150m
  - Decision to divest Litha – non-core as no longer aligned with strategy
  - Due diligence started for potential Somar divestiture

Performance in Q4 2016 (GAAP results)

(US $M)	Q4 2016	Q4 2015	Growth
Revenue	**$1,242**	**1,074**	**16%**
Gross Margin	**39%**	**25%**	**1400 bps**
Operating Loss	**($3,295)**	**($204)**	**NM**
Net (Loss) Income	**($3,333)**	**$444**	**NM**
Effective Tax Rate	**2%**	**226%**	**NM**
EPS	**($14.96)**	**$1.97**	**NM**

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Q4'16 Goodwill and Intangible Asset Impairments

(US $M)	Q4'16 Impairment Charges		
	Goodwill	**Intangibles**	**Total**
Generics	$2,343	$507	$2,850
Branded	$2	$38	$39
International	$332	$285	$617
Total	$2,676	$830	$3,507

**Numbers may not add due to rounding*

Strong Performance in Q4 2016 (Adjusted Continuing Operations)

(US $M), except EPS	**Q4 2016**	**Q4 2015**	**Growth**
Revenue	$1,242	$1,074	16%
Gross Margin	60%	61%	(40 bps)
Operating Income	$520	$413	26%
Net Income	$396	$307	29%
Effective Tax Rate	3%	(6%)	900 bps
EPS	$1.77	$1.36	30%

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Liquidity Profile

($M)	Q1'16	Q2'16	Q3'16	Q4'16	FY'16
Reported GAAP Cash Flow from Operations	**$(50)**	**$604**	**$(111)**	**$81**	**$524**

Certain Cash Items included in Reported Cash Flow from Operations*:

Mesh Liability & Other Litigation [1]	$214	$344	$374	$264	$1,196
Transaction & Integration Costs	$31	$18	$5	$14	$68
Separation & Restructuring Costs	$20	$36	$18	$24	$98
Federal Tax Refunds Received	-	($707)	($5)	($48)	($760)

Adjusted Net Income	**$241**	**$192**	**$226**	**$396**	**$1,054**

The above table is not intended to foot.

[1] *excludes mesh legal expenses paid during the period*

** Not all inclusive; pre-tax totals; for more information and full details, please see Endo's Form 10-K/10-Q*

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2017 Financial Guidance (Continuing Operations*)

Measure	FY 2017 Financial Guidance
Revenue	**$3.45B - $3.60B**
Adjusted EBITDA	**$1.50B - $1.58B**
Adjusted Diluted EPS	**$3.45 - $3.75**
GAAP EPS	**$0.04 - $0.34**

The Company's 2017 financial guidance is based on the following assumptions:

- Adjusted gross margin of approximately 62.0% to 63.0%
- Adjusted operating expenses as a percentage of revenues to be approximately 22.5% to 23.0%
- Adjusted interest expense of approximately $470 million to $480 million
- Adjusted effective tax rate of approximately 13.0% to 14.0%
- Adjusted diluted EPS from continuing operations assumes full-year adjusted diluted shares outstanding of approximately 224 million shares
- Phasing: ~53% of revenue and ~52% of adjusted diluted EPS in H1'17

Note: Cash tax rate in the low single-digits as a % of adjusted pre-tax income

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** Continuing Operations includes Endo and Par and excludes ASTORA (formerly known as AMS Women's Health)*

Full Year 2017: Projected Cash Flow Update

$ in Millions	Full Year 2016 Actual	Full Year 2017 Guidance Low	Full Year 2017 Guidance High
Adjusted EBITDA Range	**$1,669**	**$1,500**	**$1,580**
Cash Interest	*($421)*	*~($440)*	
Changes in Working Capital and Other Assets & Liabilities	*($14)*	*~$200*	
Cash Taxes, net refund (payments)	*$717*	*~($5)*	
Milestone/Commercial Payments	*($35)*	*~($40)*	
Restructuring and Integration Related Costs [1]	*($166)*	*~($80)*	
Cash Flow from Operations – Pre-Mesh and Other Settlements	**$1,751**	**~$1,135**	**~$1,215**
Non-Mesh Settlement Payments [2]	($53)	*~($50)*	
Cash Distributions to Settle Mesh Claims and Related Legal Expenses [3]	($1,173)	*~($975)*	
Cash Flow from Operations	**$524**	**~$110**	**~$190**
Change in Restricted Cash	$303	*~$270*	
Capital Expenditures	($139)	~($130)	
Contingent Consideration and Other[4]	($104)	~($50)	
Cash Flow Prior to Debt Payments	**$585**	**~$200**	**~$280**

Cash into the QSF and paid mesh legal expenses:
FY '16 $869M
FY '17 $705M

[1] FY '17 Guidance includes restructuring and integration related costs of ~$30M of restructuring expenses related primarily to the Pain/Branded Restructuring, ~$20M of Severance costs related to the Corporate and R&D restructuring, ~$20M in restructuring costs related to the Generics restructuring and rationalization, ~$10M in costs associated with the shutdown of the ASTORA Women's Health

[2] Non-Mesh Settlement Payments represent additional legal settlements and expenses that Endo paid in FY '16 and expects to pay in FY '17

[3] "Cash Distributions to Settle Mesh Claims and Related Legal Expenses" for FY '16 and FY '17 Guidance represents direct payments and payments from Qualified Settlement Funds to settle mesh product liabilities, as well as mesh related legal expenses

[4] FY '17 Guidance for Contingent Consideration and Other includes proceeds from the divestiture of Litha Products and the Charlotte manufacturing facility

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Q&A

Appendix

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Cash Conversion Cycle (1)

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 December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016 and December 31, 2015 (in thousands except for ratios):

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total Revenue					
	$ 1,241,513	$ 884,335	$ 920,887	$ 963,539	$ 1,073,697
DSO:					
Accounts Receivable, net of allowance	$ 992,153	$ 669,815	$ 875,058	$ 867,829	$ 1,014,808
Less: Returns and allowances	(332,455)	(343,811)	(369,402)	(362,592)	(356,932)
Accounts Receivable, adjusted for non-cash items	$ 659,698	$ 326,004	$ 505,656	$ 505,237	$ 657,876
Total revenues per day	$ 13,495	$ 9,612	$ 10,120	$ 10,588	$ 11,671
DSO	49	34	50	48	56
DIO:					
Inventories, net	$ 555,671	$ 624,302	$ 626,320	$ 670,454	$ 752,493
Plus: Long-term inventory	22,705	32,600	30,163	26,527	24,891
Less: Inventory step-up	(652)	(10,332)	(20,172)	(47,014)	(111,190)
Inventory, adjusted for long-term and non-cash items	$ 577,724	$ 646,570	$ 636,311	$ 649,967	$ 666,194
Total revenues per day	$ 13,495	$ 9,612	$ 10,120	$ 10,588	$ 11,671
DIO	43	67	63	61	57
DPO(1):					
Trade Accounts Payable	$ 126,712	$ 140,018	$ 166,629	$ 151,873	$ 146,450
Plus: Accrued Royalties and Partner Payables	191,433	69,250	88,356	94,182	138,622
Plus: Accrued Rebates and Chargebacks paid in cash	260,798	235,721	249,997	262,388	350,479
Trade Accounts Payable, adjusted for royalties and rebates	$ 578,943	$ 444,989	$ 504,982	$ 508,442	$ 635,551
Total revenues per day	$ 13,495	$ 9,612	$ 10,120	$ 10,588	$ 11,671
DPO	43	46	50	48	54
Cash Conversion Cycle	49	55	63	61	59

(1) The Company has modified its presentation of accounts payable and accrued expenses that had been in effect prior to December 31, 2016. The modified presentation, which will be included in Note 12. Accounts Payable and Accrued Expenses in our 2016 Annual Report on Form 10-K includes additional disclosures of: 1) trade accounts payable and 2) accrued royalties and other distribution partner payables (among other accrued expense amounts). Concurrently with this change, the Company has further refined its calculation of Days Payable Outstanding ("DPO") to take into consideration the modified liability disclosures. The new DPO calculation is the following: (Trade Accounts Payable + Accrued Royalties & Partner Payables+ Rebates and Chargebacks Settled in Cash) ÷ Total Revenues Per Day. The Company believes this refined calculation will provide its users with an improved understanding of the Company's overall Cash Conversion Cycle.

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Reconciliation of Non-GAAP Measures

Three Months Ended December 31, 2016

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Loss from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (14)	Diluted loss per share (15)
Reported (GAAP)	$1,241,513	$ 756,578	$ 484,935	39%	$3,779,494	304%	$(3,294,559)	(265)%	$ 111,043	$(3,405,602)	$ (72,277)	2%	$(3,333,325)	$ (4,531)	$ (3,337,856)	$ (14.96)
Items impacting comparability:																
Amortization of intangible assets (1)	—	(240,390)	240,390		—		240,390		—	240,390	—		240,390	—	240,390	1.08
Inventory step-up and other costs savings (2)	—	(13,912)	13,912		—		13,912		—	13,912	—		13,912	—	13,912	0.06
Upfront and milestone-related payments (3)	—	(655)	655		(1,800)		2,455		—	2,455	—		2,455	—	2,455	0.01
Inventory reserve decrease from restructuring (4)	—	137	(137)		—		(137)		—	(137)	—		(137)	—	(137)	—
Separation benefits and other restructuring (5)	—	(9,284)	9,284		(27,932)		37,216		—	37,216	—		37,216	—	37,216	0.17
Charges for litigation and other legal matters (6)	—	—	—		4,765		(4,765)		—	(4,765)	—		(4,765)	—	(4,765)	(0.02)
Asset impairment charges (7)	—	—	—		(3,518,085)		3,518,085		—	3,518,085	—		3,518,085	—	3,518,085	15.79
Acquisition-related and integration costs (8)	—	—	—		(8,356)		8,356		—	8,356	—		8,356	—	8,356	0.04
Fair value of contingent consideration (9)	—	—	—		956		(956)		—	(956)	—		(956)	—	(956)	—
Other (11)	—	—	—		—		—		1,836	(1,836)	—		(1,836)	—	(1,836)	(0.01)
Tax adjustments (12)	—	—	—		—		—		—	—	83,604		(83,604)	—	(83,604)	(0.38)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	4,531	4,531	—
After considering items (non-GAAP)	$1,241,513	$ 492,474	$ 749,039	60 %	$ 229,042	18 %	$ 519,997	42 %	$ 112,879	$ 407,118	$ 11,327	3 %	$ 395,791	$ —	$ 395,791	$ 1.77

Reconciliation of Non-GAAP Measures

Three Months Ended December 31, 2015	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Income from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (14)	Diluted earnings per share (15)
Reported (GAAP)	**$1,073,697**	**$ 810,068**	**$ 263,629**	**25%**	**$ 467,142**	**44%**	**$ (203,513)**	**(19)%**	**$ 149,715**	**$ (353,228)**	**$ (796,937)**	**226 %**	**$ 443,709**	**$ (562,302)**	**$ (118,463)**	**$ 1.97**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(227,543)	227,543		—		227,543		—	227,543	—		227,543	—	227,543	1.02
Inventory step-up and other costs savings (2)	—	(117,681)	117,681		—		117,681		—	117,681	—		117,681	—	117,681	0.52
Upfront and milestone-related payments (3)	—	(1,089)	1,089		(1,003)		2,092		—	2,092	—		2,092	—	2,092	0.01
Separation benefits and other restructuring (5)	—	(40,304)	40,304		(14,847)		55,151		—	55,151	—		55,151	—	55,151	0.24
Charges for litigation and other legal matters (6)	—	—	—		(17,207)		17,207		—	17,207	—		17,207	—	17,207	0.08
Asset impairment charges (7)	—	—	—		(139,859)		139,859		—	139,859	—		139,859	—	139,859	0.62
Acquisition-related and integration costs (8)	—	—	—		(36,112)		36,112		—	36,112	—		36,112	—	36,112	0.16
Fair value of contingent consideration (9)	—	—	—		(17,961)		17,961		—	17,961	—		17,961	—	17,961	0.08
Non-cash and penalty interest charges (10)	—	—	—		—		—		(1,965)	1,965	—		1,965	—	1,965	0.01
Other (11)	—	—	—		(3,079)		3,079		(24,422)	27,501	—		27,501	—	27,501	0.12
Tax adjustments (12)	—	—	—		—		—		—	—	779,351		(779,351)	—	(779,351)	(3.47)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	560,762	560,762	—
After considering items (non-GAAP)	$1,073,697	$ 423,451	$ 650,246	61 %	$ 237,074	22 %	$ 413,172	38 %	$ 123,328	$ 289,844	$ (17,586)	(6)%	$ 307,430	$ (1,540)	$ 306,020	$ 1.36

Reconciliation of Non-GAAP Measures

Notes to the reconciliation of certain line items included in the GAAP Statements of Operations to the Non-GAAP line items are as follows:

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

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Amortization of intangible assets excluding fair value step-up from contingent consideration	$ 228,876	$ 218,491
Amortization of intangible assets related to fair value step-up from contingent consideration	11,514	9,052
Total	$ 240,390	$ 227,543

(2) Adjustments for inventory step-up and other cost savings included the following:

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Fair value step-up of inventory sold	$ 9,669	$ 109,746
Excess manufacturing costs that will be eliminated pursuant to integration plans	4,243	7,935
Total	$ 13,912	$ 117,681

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

	Three Months Ended December 31, 2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based milestones	$ 655	$ —	$ 1,089	$ —
Development-based milestones	—	1,800	—	1,003
Total	$ 655	$ 1,800	$ 1,089	$ 1,003

(4) To exclude decreases of restructuring related excess inventory reserves of $0.1 million recorded during the three months ended December 31, 2016.

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

	Three Months Ended December 31, 2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 6,150	$ 21,772	$ 40,304	$ 1,828
Accelerated depreciation	3,134	5,729	—	10,361
Other	—	431	—	2,658
Total	$ 9,284	$ 27,932	$ 40,304	$ 14,847

(6) To exclude litigation settlement charges or reimbursements.

(7) To exclude goodwill and intangible asset impairment charges. During the three months ended December 31, 2016, we recorded total impairment charges of $3.5 billion. These charges primarily related to the Company's annual goodwill impairment assessment, which resulted in non-cash impairment charges of $2,343 million, $273 million, $33 million and $26 million for its U.S. Generics, Paladin, Somar and Litha reporting units, respectively. Intangible asset impairment charges of $830 million primarily included non-cash impairment charges of $507 million and $285 million in the Company's U.S. Generic Pharmaceuticals and International Pharmaceuticals segments, respectively, resulting from certain market conditions, including price erosion and increased competition, and $38 million in our U.S. Branded Pharmaceuticals segment resulting primarily from the termination of our BELBUCA™ product. During the three months ended December 31, 2015, we recorded impairment charges of $140 million resulting primarily from a non-cash goodwill impairment charge of $86 million related to our Paladin reporting unit, non-cash intangible asset impairment charges of $38 million related to our U.S. Generic Pharmaceuticals segment and $10 million related to our U.S. Branded Pharmaceuticals segment.

(8) Adjustments for acquisition and integration items primarily relate to various acquisitions, including Par Pharmaceuticals and Auxilium Pharmaceuticals, and included the following:

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Integration costs (primarily third-party consulting fees)	$ 6,441	$ 17,892
Transaction costs	—	8,498
Transition services	—	8,858
Other	1,915	864
Total	$ 8,356	$ 36,112

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

(10) To exclude penalty interest charges of $1,965.

(11) Adjustments to other included the following:

	Three Months Ended December 31, 2016		2015	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Costs associated with unused financing commitments	$ —	$ —	$ —	$ —
Foreign currency impact related to the re-measurement of intercompany debt instruments	—	(1,192)	—	(1,130)
Loss on extinguishment of debt	—	—	—	25,595
Other miscellaneous	—	(644)	3,079	(43)
Total	$ —	$ (1,836)	$ 3,079	$ 24,422

(12) Adjusted income taxes are calculated by tax effecting adjusted pre-tax income 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 and includes current and deferred income tax expense commensurate with the non-GAAP measure of profitability.

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

(14) This amount includes non-controlling interest of $(130) for the three months ended December 31, 2015.

(15) Calculated as income (loss) from continuing operations divided by the applicable weighted average share number. The applicable weighted average share number for the three months ended December 31, 2016 is 222,870 and 223,178 for the GAAP and non-GAAP EPS calculations, respectively. The applicable weighted average share number for the three months ended December 31, 2015 is 225,321 for both the GAAP EPS calculation and the non-GAAP EPS calculations.

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Reconciliation of Non-GAAP Measures

Year Ended December 31, 2016

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Loss from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (16)	Diluted loss per share (17)
Reported (GAAP)	**$4,010,274**	**$2,634,973**	**$1,375,301**	**34%**	**$4,846,816**	**121%**	**$(3,471,515)**	**(87)%**	**$ 452,341**	**$(3,923,856)**	**$ (700,084)**	**18%**	**$(3,223,772)**	**$ (123,278)**	**$ (3,347,066)**	**$ (14.48)**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(876,451)	876,451		—		876,451		—	876,451	—		876,451	—	876,451	3.94
Inventory step-up and other costs savings (2)	—	(124,349)	124,349		(1,350)		125,699		—	125,699	—		125,699	—	125,699	0.56
Upfront and milestone-related payments (3)	—	(2,628)	2,628		(5,702)		8,330		—	8,330	—		8,330	—	8,330	0.04
Inventory reserve increase from restructuring (4)	—	(24,455)	24,455		—		24,455		—	24,455	—		24,455	—	24,455	0.11
Royalty obligations (5)	—	7,750	(7,750)		—		(7,750)		—	(7,750)	—		(7,750)	—	(7,750)	(0.03)
Separation benefits and other restructuring (6)	—	(28,678)	28,678		(54,358)		83,036		—	83,036	—		83,036	—	83,036	0.37
Charges for litigation and other legal matters (8)	—	—	—		(23,950)		23,950		—	23,950	—		23,950	—	23,950	0.11
Asset impairment charges (9)	—	—	—		(3,781,165)		3,781,165		—	3,781,165	—		3,781,165	—	3,781,165	16.98
Acquisition-related and integration costs (10)	—	—	—		(63,778)		63,778		—	63,778	—		63,778	—	63,778	0.29
Fair value of contingent consideration (11)	—	—	—		(23,823)		23,823		—	23,823	—		23,823	—	23,823	0.11
Non-cash and penalty interest charges (12)	—	—	—		—		—		(4,092)	4,092	—		4,092	—	4,092	0.02
Other (13)	—	—	—		8,350		(8,350)		(1,077)	(7,273)	—		(7,273)	—	(7,273)	(0.03)
Tax adjustments (14)	—	—	—		—		—		—	—	721,602		(721,602)	—	(721,602)	(3.25)
Exclude discontinued operations, net of tax (15)	—	—	—		—		—		—	—	—		—	123,278	123,278	—
After considering items (non-GAAP)	$4,010,274	$1,586,162	$2,424,112	60 %	$ 901,040	22 %	$ 1,523,072	38 %	$ 447,172	$ 1,075,900	$ 21,518	2 %	$ 1,054,382	$ —	$ 1,054,366	$ 4.73

Reconciliation of Non-GAAP Measures

Year Ended December 31, 2015

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Loss from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (16)	Diluted loss per share (17)
Reported (GAAP)	**$3,268,718**	**$2,075,651**	**$1,193,067**	**36%**	**$ 2,126,542**	**65%**	**$ (933,475)**	**(29)%**	**$ 504,389**	**$(1,437,864)**	**$(1,137,465)**	**79%**	**$ (300,399)**	**$ (1,194,926)**	**$ (1,495,042)**	**$ (1.52)**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(561,302)	561,302		—		561,302		—	561,302	—		561,302	—	561,302	2.84
Inventory step-up and other costs savings (2)	—	(249,464)	249,464		—		249,464		—	249,464	—		249,464	—	249,464	1.26
Upfront and milestone-related payments (3)	—	(6,955)	6,955		(9,200)		16,155		—	16,155	—		16,155	—	16,155	0.08
Separation benefits and other restructuring (6)	—	(41,210)	41,210		(84,197)		125,407		—	125,407	—		125,407	—	125,407	0.63
Acceleration of Auxilium employee equity awards (7)	—	—	—		(37,603)		37,603		—	37,603	—		37,603	—	37,603	0.19
Charges for litigation and other legal matters (8)	—	—	—		(37,082)		37,082		—	37,082	—		37,082	—	37,082	0.19
Asset impairment charges (9)	—	—	—		(1,140,709)		1,140,709		—	1,140,709	—		1,140,709	—	1,140,709	5.78
Acquisition-related and integration costs (10)	—	—	—		(170,890)		170,890		—	170,890	—		170,890	—	170,890	0.86
Fair value of contingent consideration (11)	—	—	—		65,640		(65,640)		—	(65,640)	—		(65,640)	—	(65,640)	(0.34)
Non-cash and penalty interest charges (12)	—	—	—		—		—		(8,267)	8,267	—		8,267	—	8,267	0.04
Other (13)	—	—	—		(3,879)		3,879		(126,286)	130,165	—		130,165	—	130,165	0.65
Tax adjustments (14)	—	—	—		—		—		—	—	1,177,770		(1,177,770)	—	(1,177,770)	(6.00)
Exclude discontinued operations, net of tax (15)	—	—	—		—		—		—	—	—		—	1,236,760	1,236,760	—
After considering items (non-GAAP)	$3,268,718	$1,216,720	$2,051,998	63 %	$ 708,622	22 %	$ 1,343,376	41 %	$ 369,836	$ 973,540	$ 40,305	4 %	$ 933,235	$ 41,834	$ 975,352	$ 4.66

Reconciliation of Non-GAAP Measures

Notes to the reconciliation of certain line items included in the GAAP Statements of Operations to the Non-GAAP line items are as follows:

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

	Year Ended December 31, 2016	Year Ended December 31, 2015
Amortization of intangible assets excluding fair value step-up from contingent consideration	$ 834,966	$ 532,670
Amortization of intangible assets related to fair value step-up from contingent consideration	41,485	28,632
Total	$ 876,451	$ 561,302

(2) Adjustments for inventory step-up and other cost savings included the following:

	Year Ended December 31, 2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Fair value step-up of inventory sold	$ 108,768	$ 957	$ 232,460	$ —
Excess manufacturing costs that will be eliminated pursuant to integration plans	15,581	393	17,004	—
Total	$ 124,349	$ 1,350	$ 249,464	$ —

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

	Year Ended December 31, 2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based milestones	$ 2,628	$ —	$ 6,955	$ —
Development-based milestones	—	5,702	—	9,200
Total	$ 2,628	$ 5,702	$ 6,955	$ 9,200

(4) To exclude charges due to increases of restructuring related excess inventory reserves related to the 2016 U.S. Generic Pharmaceuticals restructuring initiative.

(5) To adjust for the reversal of the remaining Voltaren® Gel minimum royalty obligations as a result of a generic entrant.

(6) Adjustments for separation benefits and other restructuring included the following:

	Year Ended December 31, 2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 18,119	$ 39,780	$ 41,210	$ 60,176
Accelerated depreciation and product discontinuation charges	10,559	8,532	—	18,681
Other	—	6,046	—	5,340
Total	$ 28,678	$ 54,358	$ 41,210	$ 84,197

(7) To exclude the acceleration of Auxilium employee equity awards at closing of acquisition.

(8) To exclude litigation settlement charges or reimbursements.

(9) To exclude asset impairment charges. During the year ended December 31, 2016 we recorded total impairment charges of $3.8 billion. These charges primarily related to the Company's annual goodwill impairment assessment, which resulted in non-cash impairment charges of $2,343 million, $273 million, $33 million and $26 million for its U.S. Generics, Paladin, Somar and Litha reporting units, respectively. Intangible asset impairment charges for the year ended December 31, 2016 primarily included non-cash impairment charges of $677 million, $302 million and $110 million in our U.S. Generic Pharmaceuticals, International Pharmaceuticals and U.S. Branded Pharmaceuticals segments, respectively. During the year ended December 31, 2015, we recorded pre-tax, non-cash impairment charges of $1.1 billion primarily as a result of a $674 million goodwill impairment charge related to the Company's former UEO reporting unit, an $86 million goodwill impairment charge related to the Company's Paladin reporting unit and non-cash intangible asset impairment charges of $371 million.

(10) Adjustments for acquisition and integration items primarily relate to various acquisitions, including Par Pharmaceuticals and Auxilium Pharmaceuticals, and included the following:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Integration costs (primarily third-party consulting fees)	$ 44,752	$ 41,248
Transaction costs	—	99,081
Transition services	9,729	21,769
Other	9,297	8,792
Total	$ 63,778	$ 170,890

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

(12) Adjustments to interest charges included the following:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Penalty interest charges	$ 4,092	$ 6,634
Non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes	—	1,633
Total	$ 4,092	$ 8,267

(13) Adjustments to other included the following:

	Year Ended December 31, 2016		2015	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Costs associated with unused financing commitments	$ —	$ —	$ 800	$ 78,352
Other than temporary impairment of equity investment	—	—		18,869
Foreign currency impact related to the re-measurement of intercompany debt instruments	—	366	—	(25,121)
Loss on extinguishment of debt	—	—		67,484
Other miscellaneous expense (income)	(8,350)	711	3,079	(13,298)
Total	$ (8,350)	$ 1,077	$ 3,879	$ 126,286

(14) During the third quarter of 2016, Endo completed a legal entity reorganization that moved the Generics business to a new U.S. holding company structure that is separate from the legacy Branded business structure. The reorganization also provides operating flexibility and benefits and reduces the potential impact related to any future limits that could apply to the use of tax attributes by utilizing most of the Company's attributes to offset the gain in the intercompany sale that stepped-up the tax basis of the U.S. Generics business assets. The utilization of acquired attributes in the reorganization would have had an unfavorable impact of $157 million on our full-year 2016 adjusted tax expense under Endo's non-GAAP policy prior to the adoption of the SEC's updated guidance on Non-GAAP measures (see below). The elimination of this acquired attribute benefit was largely offset by an improved mix of jurisdictional adjusted pre-tax income resulting primarily from the reorganization. The reorganization also gave rise to a discrete GAAP tax benefit of $636 million arising from outside basis differences. This benefit has been excluded from our adjusted effective tax rate in accordance with our policy.

Separately, as a result of the SEC's updated guidance on Non-GAAP measures issued in May 2016, Endo is no longer excluding the non-cash deferred tax expense associated with acquired attributes in our adjusted income tax expense. This change has no impact on Endo's historic or forward looking GAAP tax or cash tax profile. The following table presents the impact of our change in policy as of the second quarter of 2016 on Adjusted Diluted EPS from Continuing Operations for each relevant period of 2015 and 2016:

	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2015	Three Months Ended March 31, 2016
Adjusted Diluted EPS from Continuing Operations - As Previously Reported	1.17	1.08	1.02	1.36	4.66	1.08
Amount attributable to the change in approach to Non-GAAP income taxes	(0.11)	(0.09)	(0.16)	(0.18)	(0.56)	(0.16)
Adjusted Diluted EPS from Continuing Operations - As Revised	1.06	0.99	0.86	1.18	4.10	0.92

*Amounts in the table above may not add due to rounding

(15) To exclude the results of the Astora business reported as discontinued operations, net of tax.

(16) This amount includes noncontrolling interests of $16 and $(283) for the year ended December 31, 2016 and 2015, respectively.

(17) Calculated as income (loss) from continuing operations divided by the applicable weighted average share number. The applicable weighted average share number for the year ended December 31, 2016 is 222,651 and 223,090 for the GAAP and non-GAAP EPS calculations, respectively. The applicable weighted average share number for the year ended December 31, 2015 is 197,100 and 200,438 for the GAAP and non-GAAP EPS calculations, respectively.

Endo International plc

Q4 and Full-Year 2016 Earnings Report

February 28, 2017

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