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# Syneos Health

Q3 2018 Financial Results

November 6, 2018

# Forward-Looking Statements, Non-GAAP Financial Measures, and Basis of Financial Presentation

## Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to: reliance on key personnel; general and international economic, political, and other risks, including currency and stock market fluctuations and the uncertain economic environment; our ability to adequately price our contracts and not overrun cost estimates; any adverse effects from our customer or therapeutic area concentration; our ability to maintain or generate new business awards; our ability to increase our market share, grow our business, and execute our growth strategies; our backlog not being indicative of future revenues and our ability to realize the anticipated future revenue reflected in our backlog; risks associated with the integration of our business with the business of inVentiv and our operation of the combined business following the closing of the merger between INC Research and inVentiv Health (the "Merger"); impact of adoption of the new accounting standard of recognizing revenue from customers; impact of the Tax Cuts and Jobs Act (the "Tax Act"); fluctuations in our financial results; and the other risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and other SEC filings, copies of which are available free of charge on our website at [investor.syneoshealth.com](http://investor.syneoshealth.com). Syneos Health assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

## Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), this presentation contains certain Combined Company and Combined Segment non-GAAP financial measures, including adjusted service revenue, adjusted total revenue, pre-merger adjusted service revenue, adjusted net income (including adjusted diluted earnings per share), EBITDA, adjusted EBITDA, and pre-merger adjusted EBITDA, as well as 2018 metrics under ASC 605. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's financial performance that excludes or includes amounts from the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets, or statements of cash flows of the Company.

Each of the non-GAAP measures noted above are used by management and the Company's board of directors (the "Board") to evaluate the Company's core operating results because they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the business. Adjusted net income (including adjusted diluted earnings per share) is used by management and the Board to assess the Company's business.

Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP. Also, other companies might calculate these measures differently. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 15 - 17 in the Appendix of this presentation.

## Basis of Financial Presentation

**GAAP Basis:** Financial statements and other measures prepared in accordance with GAAP, which generally agree to those statements included in our various filings with the Securities and Exchange Commission. These financial measures incorporate the results of inVentiv Health beginning on the closing date of the Merger, August 1, 2017.

**Combined Adjusted Basis:** To assist with year-over-year comparability, these measures include financial information that combines the stand-alone INC Research and inVentiv Health revenue, gross profit, Adjusted EBITDA, and other metrics as if the Merger had taken place on January 1, 2017. Specifically, these financials represent the simple addition of the historical conformed adjusted financials of each company, and therefore reflect the interest, depreciation, amortization, and other expenses associated with each company's then existing debt and capital structure. These combined financials are not intended to represent pro forma financial statements prepared in accordance with GAAP or Regulation S-X. For a reconciliation of conforming adjustments to inVentiv Health Adjusted EBITDA, please reference pages 21-34 of our Q3 2017 earnings presentation from November 9, 2017, which can be found on our website at [investor.syneoshealth.com](http://investor.syneoshealth.com).

# Q3 and YTD 2018 Key Operating Metrics – Total Company

## Combined Adjusted Basis

\$M (except margin and per share data)	ASC 605						ASC 606			
	Three Months Ended September 30			Nine Months Ended September 30			Three Months Ended September 30		Nine Months Ended September 30	
	2017	2018	% Change	2017	2018	% Change	2018	\$ VAR	2018	\$ VAR
Net new business awards	N/A	920.2		N/A	2,848.0					
Book-to-bill ratio	N/A	1.17x		N/A	1.21x					
Adjusted service revenue	766.6	787.7	2.8%	2,331.6	2,346.7	0.7%				
Reimbursable out-of-pocket expenses	272.6	332.9	22.1%	840.7	942.4	12.1%				
Adjusted total revenue	\$ 1,039.1	\$ 1,120.6	7.8%	\$ 3,172.3	\$ 3,289.1	3.7%	\$ 1,117.9	\$ (2.7)	\$ 3,255.2	\$ (33.9)
Adjusted EBITDA	138.9	160.5	15.6%	424.5	450.2	6.1%	158.5	(2.0)	424.2	(26.0)
<i>Adjusted EBITDA margin</i>	18.1%	20.4%	+230 bps	18.2%	19.2%	+100 bps	14.2%		13.0%	
Adjusted net income	56.5	80.3	42.0%	164.2	219.5	33.7%	78.8	(1.5)	200.7	(18.8)
Adjusted diluted EPS <sup>1</sup>	\$ 0.54	\$ 0.77	42.6%	\$ 1.56	\$ 2.10	34.6%	\$ 0.75	\$ (0.02)	\$ 1.92	\$ (0.18)

### Highlights:

- **Building momentum:** \$920M of total net awards and 1.17x book-to-bill in Q3 2018
- Commercial Solutions **returned to year over year growth** and **continued sequential growth**
- Closed accretive **Kinapse acquisition**, enhancing our consulting and operational capabilities
- Continued progress on integration, **raising 2018 synergies target to \$75 - \$80M**

# Q3 2018 Key Operating Metrics – Segments

## Combined Adjusted Basis

		ASC 605			ASC 606		Q3 2018 Key Performance Drivers
		Three Months Ended September 30			Three Months Ended September 30		
		2017	2018	% Change	2018	\$ VAR	
Clinical Solutions	<b>\$M (except ratios and margin)</b>						
	Net new business awards	\$ 691.2	\$ 676.0	(2.2)%			<b>Revenue growth driven by:</b>
	Book-to-bill ratio	1.30x	1.24x				<ul style="list-style-type: none"> <li>• Strong TTM net awards, with 1.24x book to bill</li> </ul>
	Ending backlog	3,711.7	4,220.6	13.7%			<b>... partially offset by unfavorable revenue mix and startup delays</b>
	Adjusted service revenue	533.4	543.6	1.9%			<b>EBITDA margin strengthened by:</b>
	Reimbursable out-of-pocket expenses	232.7	281.2	20.8%			<ul style="list-style-type: none"> <li>• Synergies</li> </ul>
	Adjusted total revenue	\$ 766.1	\$ 824.8	7.7%	\$ 822.1	\$ (2.7)	<ul style="list-style-type: none"> <li>• Strong TTM net awards</li> </ul>
	Adjusted EBITDA	118.5	128.0	8.0%	125.3	(2.7)	<b>... partially offset by unfavorable revenue mix</b>
	<i>Adjusted EBITDA margin</i>	22.2%	23.5%	+130 bps	15.2%		
Commercial Solutions	Net new business awards	N/A	\$ 244.2				<b>Revenue growth driven by:</b>
	Book-to-bill ratio	N/A	1.00x				<ul style="list-style-type: none"> <li>• Solid YTD net awards, with 1.08x book to bill</li> </ul>
	Selling Solutions Ending backlog	N/A	460.3				<b>EBITDA margin strengthened by:</b>
	Adjusted service revenue	233.2	244.1	4.7%			<ul style="list-style-type: none"> <li>• Cost optimization/Operating Leverage</li> </ul>
	Reimbursable out-of-pocket expenses	39.8	51.6	29.6%			<ul style="list-style-type: none"> <li>• Solid YTD net awards</li> </ul>
	Adjusted total revenue	\$ 273.0	\$ 295.7	8.3%	\$ 295.7	\$ 0.0	<b>... partially offset by unfavorable revenue mix</b>
	Adjusted EBITDA	33.8	39.9	18.0%	39.8	(0.1)	
		<i>Adjusted EBITDA margin</i>	14.5%	16.3%	+180 bps	13.5%	

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

This segment data excludes unallocated Corporate and Other Adjusted EBITDA. For a reconciliation of the presented segment financial measures, please reference slide 18 in the Appendix of this presentation.

# YTD 2018 Key Operating Metrics – Segments

## Combined Adjusted Basis

		ASC 605			ASC 606		
		Nine Months Ended September 30			Nine Months Ended September 30		
		2017	2018	% Change	2018	\$ VAR	YTD 2018 Key Performance Drivers
Clinical Solutions	<b>\$M (except ratios and margin)</b>						
	Net new business awards	\$ 1,925.8	\$ 2,075.6	7.8%			<b>Revenue growth driven by:</b>
	Book-to-bill ratio	1.22x	1.27x				
	Ending backlog	3,711.7	4,220.6	13.7%			<b>EBITDA margin strengthened by:</b>
	Adjusted service revenue	1,578.7	1,632.1	3.4%			
	Reimbursable out-of-pocket expenses	688.3	794.6	15.4%			<b>... partially offset by FX headwinds and unfavorable revenue mix</b>
	Adjusted total revenue	\$ 2,267.0	\$ 2,426.8	7.0%	\$ 2,399.7	\$ (27.1)	
	Adjusted EBITDA	335.9	371.5	10.6%	344.4	(27.1)	
<i>Adjusted EBITDA margin</i>	21.3%	22.8%	+150 bps	14.4%			
Commercial Solutions	Net new business awards	N/A	\$ 772.4				<b>Revenue decline due to:</b>
	Book-to-bill ratio	N/A	1.08x				
	Selling Solutions Ending backlog	N/A	460.3				<b>EBITDA margin pressured by:</b>
	Adjusted service revenue	752.9	714.6	(5.1)%			
	Reimbursable out-of-pocket expenses	152.4	147.8	(3.0)%			<b>... partially offset by cost optimization</b>
	Adjusted total revenue	\$ 905.3	\$ 862.4	(4.7)%	\$ 855.5	\$ (6.9)	
	Adjusted EBITDA	123.3	104.5	(15.2)%	103.8	(0.7)	
	<i>Adjusted EBITDA margin</i>	16.4%	14.6%	-180 bps	12.1%		

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

This segment data excludes unallocated Corporate and Other Adjusted EBITDA. For a reconciliation of the presented segment financial measures, please reference slide 18 in the Appendix of this presentation.

# Cash Flow and Leverage Profile

\$M	September 30, 2018
Cash & Cash Equivalents	\$ 132.4
Total Debt <sup>1</sup>	\$ 2,857.0
Net Debt <sup>2</sup>	\$ 2,724.6
Net Leverage <sup>3</sup>	4.5x
Pro Forma Net Leverage <sup>4</sup>	4.1x
Net DSO – ASC 605 <sup>5</sup>	45.9 days
Expected FY18 Cash Taxes	~ \$10.0

\$M	Q3 18	YTD 18
Cash Flow from Operations	\$ 125.8	\$ 191.0
Capital Expenditures <sup>6</sup>	10.4	43.0
Free Cash Flow <sup>6</sup>	115.4	148.0

1. Total debt includes capital leases and excludes unamortized premium and deferred issuance costs. The total amount also excludes outstanding letters of credit, which were \$14.4M on September 30, 2018.
2. Net debt is defined as Total Debt less Cash & Cash Equivalents.
3. Net leverage is net debt divided by trailing twelve month combined company adjusted EBITDA under ASC 605 of \$606.4M for the period ended September 30, 2018.
4. Pro Forma Net Leverage is adjusted for expected Merger synergies of \$125M, net of realized synergies of \$13.2M for FY 2017 and \$53.6M for YTD 2018.
5. Net DSO under ASC 606 was 36.3 days.
6. Free cash flow is cash flow from operations less capital expenditures. Presented under ASC 606, but there would be no difference under ASC 605. Capital expenditures exclude \$7.6M in amounts accrued but unpaid as of September 30, 2018.

# Capital Management Update

## Balanced Approach to Capital Deployment

	Goals	Actions	Impact
<b>Cost of Debt</b>	<ul style="list-style-type: none"><li>Reduce cost of debt</li></ul>	<ul style="list-style-type: none"><li>A/R Securitization funded in Q3</li></ul>	<ul style="list-style-type: none"><li>Funded \$183.6M and utilized to reduce higher cost Term Loan B (100 bps savings). Estimated annualized interest savings of \$1.8M</li></ul>
<b>Deleveraging</b>	<ul style="list-style-type: none"><li>Lower overall leverage</li><li>Targeting approximately three times net leverage by EOY 2019</li></ul>	<ul style="list-style-type: none"><li>Debt reduction of \$36.7M in Q3 2018 and \$134.2M YTD 2018 (\$186.2M since Merger closing)</li></ul>	<ul style="list-style-type: none"><li>Annualized interest savings of \$9.7M from actions taken through Q3 2018 since the closing of the Merger</li></ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"><li>Review potential tuck-in acquisitions to enhance our ability to execute on our long term strategy and drive shareholder value</li></ul>	<ul style="list-style-type: none"><li>Closed Kinapse acquisition in Q3</li></ul>	<ul style="list-style-type: none"><li>Immediately accretive to earnings</li><li>Expands regulatory, safety, and pharmacovigilance consulting and operations in the post-approval arena.</li><li>Expands Asia Pacific capabilities</li><li>Doubles consulting footprint in Europe.</li></ul>
<b>Share Repurchase</b>	<ul style="list-style-type: none"><li>Opportunistic share repurchases under \$250M authorization</li></ul>	<ul style="list-style-type: none"><li>No repurchases during Q3 2018 (YTD total of \$75M)</li></ul>	<ul style="list-style-type: none"><li>\$175M of authorization remaining to be utilized through 12/31/19</li></ul>

# Updated Full-Year 2018 Outlook (ASC 606)

\$M (except margin, growth rate, and per share data)	Prior Guidance (August 2, 2018)	Current Guidance (November 6, 2018)
	Guidance Range	Guidance Range
<b>Adjusted Service Revenue<sup>1,2,3</sup></b>	<b>\$ 4,400 – 4,550</b>	<b>\$ 4,375 – 4,435</b>
Clinical Solutions Adjusted Service Revenue	\$ 3,250 – 3,350	\$ 3,200 – 3,240
Commercial Solutions Adjusted Service Revenue	\$ 1,150 – 1,200	\$ 1,175 – 1,195
<b>Adjusted EBITDA</b>	<b>\$ 580 – 620</b>	<b>\$ 585 – 605</b>
Adjusted EBITDA Margin	13% – 14%	13% – 14%
<b>Adjusted Net Income<sup>4</sup></b>	<b>\$ 268 – 297</b>	<b>\$ 279 – 293</b>
<b>Adjusted Diluted EPS<sup>4</sup></b>	<b>\$ 2.55 – 2.83</b>	<b>\$ 2.66 – 2.80</b>

Note: Financial guidance takes into account a number of factors, including the Company's sales pipeline, existing backlog and expectations of net awards, trends in cancellations and delays, current foreign currency exchange rates, expected interest rates, and expected tax rate. Guidance includes share repurchases through September 30, 2018, but excludes the impact of any subsequent share repurchases.

For a reconciliation of GAAP Net Income and diluted earnings per share to Non-GAAP Net Income and diluted earnings per share, please refer to slide 19 in the Appendix.

- Adjusted Service Revenue includes an add-back of deferred revenue eliminated in purchase accounting of approximately \$13.5M for FY 2018.
- Guidance for Adjusted Service Revenue includes a foreign exchange benefit of approximately \$21M for FY 2018, down from approximately \$29M as of August 2, 2018.
- ASC 606 Adjusted Service Revenue includes revenue associated with reimbursable out-of-pocket expenses.
- Guidance for Adjusted Net Income and Adjusted Diluted EPS incorporate interest expense based upon one-month LIBOR of 2.38% through the end of 2018.



# Appendix

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# Book-to-Bill & Backlog Burn Rate Trends

## Combined Adjusted Basis

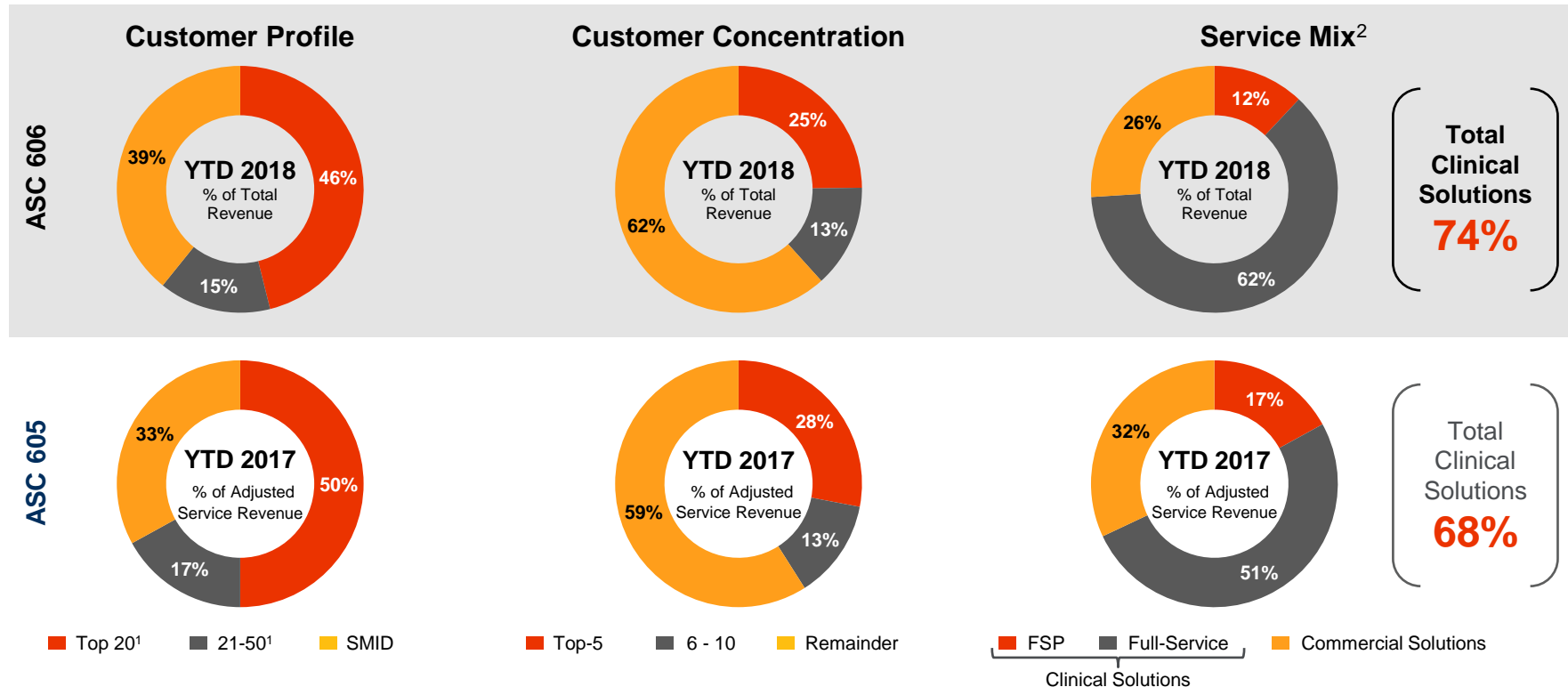
Clinical Solutions	Quarterly (ASC 605)					
		Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
	Net New Business Awards (\$M)	\$ 691.2	\$ 622.9	\$ 549.7	\$ 849.9	\$ 676.0
	Adjusted Service Revenue - Clinical (\$M)	\$ 533.4	\$ 539.1	\$ 530.9	\$ 557.6	\$ 543.6
	<b>Book-to-Bill Ratio</b>	<b>1.30x</b>	<b>1.16x</b>	<b>1.04x</b>	<b>1.52x</b>	<b>1.24x</b>
	TTM (ASC 605)					
	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	
Net New Business Awards (\$M)	\$ 2,529.5	\$ 2,548.7	\$ 2,580.7	\$ 2,713.7	\$ 2,698.5	
Adjusted Service Revenue - Clinical (\$M)	\$ 2,104.1	\$ 2,117.8	\$ 2,129.6	\$ 2,161.0	\$ 2,171.2	
<b>Book-to-Bill Ratio, TTM</b>	<b>1.20x</b>	<b>1.20x</b>	<b>1.21x</b>	<b>1.26x</b>	<b>1.24x</b>	
Backlog Burn Rate (ASC 605)						
	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	
Backlog Burn Rate	15.1%	14.5%	14.0%	14.6%	13.3%	

Commercial Solutions	Quarterly (ASC 605)					
		Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
	Net New Business Awards (\$M)			\$ 322.4	\$ 205.8	\$ 244.2
	Adjusted Service Revenue - Commercial (\$M)			\$ 230.6	\$ 239.9	\$ 244.1
	<b>Book-to-Bill Ratio</b>			<b>1.40x</b>	<b>0.86x</b>	<b>1.00x</b>
	YTD (ASC 605)					
	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	
Net New Business Awards (\$M)			\$ 322.4	\$ 528.1	\$ 772.4	
Adjusted Service Revenue - Commercial (\$M)			\$ 230.6	\$ 470.5	\$ 714.6	
<b>Book-to-Bill Ratio, YTD</b>			<b>1.40x</b>	<b>1.12x</b>	<b>1.08x</b>	
Selling Solutions Backlog Burn Rate (ASC 605)						
	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	
Backlog Burn Rate	35.6%	36.7%	32.4%	30.1%	32.8%	

# Diversified Customer Base and Service Offerings

Combined Adjusted Basis

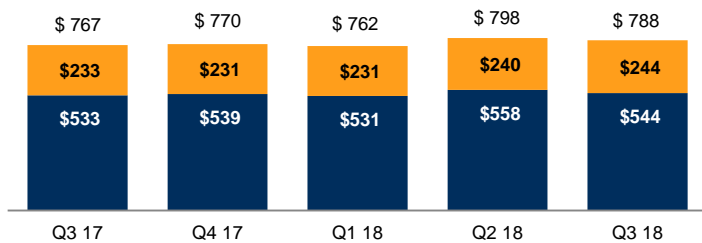


1. Top 20 and 21-50 Large Pharma defined by prior year R&D spend from *EvaluatePharma*.  
 2. Under the previous revenue standard, ASC 605, exclusive of pass-through revenue, Clinical Solutions represented 70% of service revenue with FSP representing 16% of service revenue.

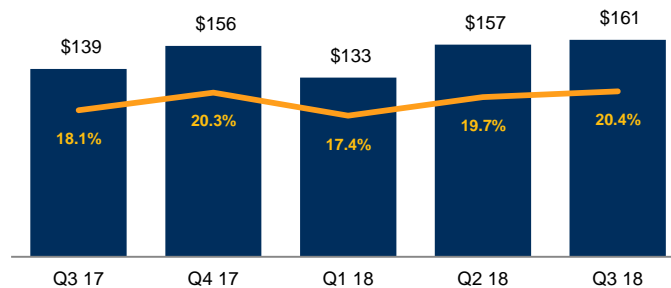
# Historical Trends

## Key Metrics – Combined Adjusted Basis

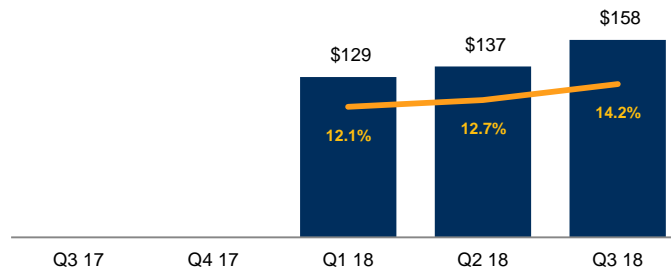
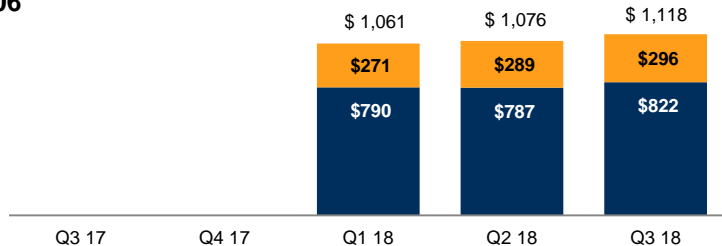
### Adjusted Service Revenue (\$M)



### Adjusted EBITDA (\$M)



### ASC 606



■ Clinical Solutions   ■ Commercial Solutions

— EBITDA Margin

# Combined Adjusted Historical Income Statement

## ASC 605

## ASC 606

\$M (except margin and per share data)	ASC 605				FY 17	ASC 605			ASC 606		
	Q1 17	Q2 17	Q3 17	Q4 17		Q1 18	Q2 18	Q3 18	Q1 18	Q2 18	Q3 18
Adjusted service revenue	\$ 785.9	\$ 779.1	\$ 766.6	\$ 770.5	\$ 3,102.0	\$ 761.5	\$ 797.5	\$ 787.7			
Reimbursable out-of-pocket expenses	286.8	281.3	272.6	326.2	1,166.9	310.1	299.4	332.9			
<b>Total revenue</b>	<b>1,072.7</b>	<b>1,060.4</b>	<b>1,039.1</b>	<b>1,096.7</b>	<b>4,269.0</b>	<b>1,071.6</b>	<b>1,097.0</b>	<b>1,120.6</b>	<b>1,061.0</b>	<b>1,076.3</b>	<b>1,117.9</b>
Direct costs	533.6	535.4	519.5	513.5	2,101.9	533.1	542.6	534.0	528.3	542.4	534.4
Reimbursable out-of-pocket expenses	286.8	281.3	272.6	326.2	1,166.9	310.1	299.4	332.9	308.8	299.5	332.6
<b>Gross profit</b>	<b>252.3</b>	<b>243.7</b>	<b>247.1</b>	<b>257.0</b>	<b>1,000.1</b>	<b>228.4</b>	<b>255.0</b>	<b>253.7</b>	<b>223.9</b>	<b>234.4</b>	<b>250.9</b>
<i>Gross profit margin</i>	32.1%	31.3%	32.2%	33.4%	32.2%	30.0%	32.0%	32.2%	21.1%	21.8%	22.4%
Selling, general, and administrative	105.4	105.0	108.3	100.8	419.5	95.7	98.0	93.2	95.2	97.4	92.4
Depreciation	21.0	18.6	18.3	18.1	76.0	18.0	17.6	17.6	18.0	17.6	17.6
<b>Income from operations</b>	<b>125.9</b>	<b>120.1</b>	<b>120.5</b>	<b>138.1</b>	<b>504.7</b>	<b>114.7</b>	<b>139.4</b>	<b>142.9</b>	<b>110.7</b>	<b>119.5</b>	<b>140.9</b>
<i>Operating margin</i>	16.0%	15.4%	15.7%	17.9%	16.3%	15.1%	17.5%	18.1%	10.4%	11.1%	12.6%
Interest expense, net	(40.7)	(39.7)	(33.6)	(29.5)	(143.5)	(30.9)	(31.2)	(32.1)	(30.9)	(31.2)	(32.1)
<b>Income before provision for income taxes</b>	<b>85.1</b>	<b>80.5</b>	<b>86.9</b>	<b>108.6</b>	<b>361.2</b>	<b>83.8</b>	<b>108.2</b>	<b>110.8</b>	<b>79.8</b>	<b>88.2</b>	<b>108.8</b>
Income tax expense	(29.8)	(28.2)	(30.4)	(34.5)	(122.9)	(23.0)	(29.7)	(30.5)	(21.9)	(24.3)	(29.9)
<b>Adjusted net income</b>	<b>\$ 55.3</b>	<b>\$ 52.3</b>	<b>\$ 56.5</b>	<b>\$ 74.1</b>	<b>238.3</b>	<b>60.7</b>	<b>78.4</b>	<b>80.3</b>	<b>57.8</b>	<b>64.0</b>	<b>78.8</b>
Diluted EPS	\$ 0.53	\$ 0.50	\$ 0.54	\$ 0.70	\$ 2.27	\$ 0.58	\$ 0.75	\$ 0.77	\$ 0.55	\$ 0.62	\$ 0.75
<b>Adjusted EBITDA</b>	<b>146.8</b>	<b>138.8</b>	<b>138.9</b>	<b>156.2</b>	<b>580.7</b>	<b>132.7</b>	<b>157.0</b>	<b>160.5</b>	<b>128.7</b>	<b>137.0</b>	<b>158.5</b>
<i>Adjusted EBITDA margin</i>	18.7%	17.8%	18.1%	20.3%	18.7%	17.4%	19.7%	20.4%	12.1%	12.7%	14.2%

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

These income statements represent the combined adjusted income statements of INC Research and inVentiv Health as if the Merger had taken place on January 1, 2017, with conforming adjustments to the current year presentation. Other adjustments have been made to reclassify items between direct costs and SG&A, which do not impact Adjusted EBITDA, Net Income, or EPS. Fully diluted share counts for all periods presented have been estimated to account for impacts of the Merger. For detailed reconciliations, please reference pages 21-33 of our Q3 2017 earnings call presentation from November 9, 2017, which can be found on our website at [investor.syneoshealth.com](http://investor.syneoshealth.com).

# Key Operating Metrics – Total Company

## GAAP Basis

\$M (except margin and per share data)	Under Previous Revenue Guidance (ASC 605)						As Reported (ASC 606)			
	Three Months Ended September 30			Nine Months Ended September 30			Three Months Ended September 30		Nine Months Ended September 30	
	2017	2018	% Change	2017	2018	% Change	2018	\$ VAR	2018	\$ VAR
Service revenue	592.2	787.5	33.0%	1,102.4	2,344.0	112.6%				
Reimbursable out-of-pocket expenses	230.1	332.9	44.6%	493.0	942.4	91.2%				
Total revenue	\$ 822.3	\$ 1,120.4	36.2%	\$ 1,595.4	\$ 3,286.4	106.0%	\$ 1,114.9	\$ (5.4)	\$ 3,244.6	\$ (41.8)
Gross profit	186.4	248.3	33.2%	379.7	719.8	89.5%	242.7	(5.6)	684.1	(35.6)
<i>Gross profit margin</i>	31.5%	31.5%	+0 bps	34.4%	30.7%	-370 bps	21.8%		21.1%	
Selling, general, and administrative	88.9	97.7	10.0%	176.3	298.3	69.2%	96.9	(0.8)	296.4	(1.8)
<i>SG&amp;A as a % of revenue</i>	15.0%	12.4%	-260 bps	16.0%	12.7%	-330 bps	8.7%		9.1%	
GAAP Income (loss) from operations	(88.9)	44.6		(43.9)	114.5		39.8	(4.8)	80.7	(33.8)
<i>Operating margin</i>	(15.0%)	5.7%	+2,070 bps	(4.0%)	4.9%	+890 bps	3.6%		2.5%	
GAAP Net income (loss)	(148.0)	(1.8)		(123.4)	10.0		(10.4)	(8.6)	(21.4)	(31.3)
GAAP Diluted EPS	\$ (1.70)	\$ (0.02)		\$ (1.90)	\$ 0.10		\$ (0.10)	\$ (0.08)	\$ (0.21)	\$ (0.31)

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

Under the previous revenue standard (ASC 605), margins are based on net service revenue and exclude the impact of reimbursable out-of-pocket expenses.

# Reconciliation of Adjusted Net Income

## Combined Adjusted Basis

\$M (except per share data)	ASC 605				ASC 606	
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30	Nine Months Ended September 30
	2017	2018	2017	2018	2018	2018
Net (loss) income, as reported	\$ (148.0)	\$ (1.8)	\$ (123.4)	\$ 10.0	\$ (10.4)	\$ (21.4)
Pre-merger inVentiv net loss	(26.1)	-	(105.6)	-	-	-
Combined Company net (loss) income	\$ (174.1)	\$ (1.8)	\$ (229.0)	\$ 10.0	\$ (10.4)	\$ (21.4)
Acquisition-related deferred revenue adjustment (a)	13.2	0.2	27.0	2.7	2.9	10.5
Amortization (b)	71.0	50.4	218.5	150.3	50.4	150.3
Restructuring and other costs (c)	12.2	19.3	28.0	41.6	19.3	41.6
Transaction and integration-related expenses (d)	100.9	18.6	133.7	61.8	18.6	61.8
Share-based compensation (e)	9.3	9.8	32.0	26.0	9.8	26.0
Discretionary bonus accrual reversal (f)	-	-	(6.0)	-	-	-
R&D tax credit adjustment (g)	-	-	(6.0)	-	-	-
Monitoring and advisory fees (h)	1.0	-	7.5	-	-	-
Acquisition-related revaluation adjustments (i)	2.4	-	4.4	-	-	-
Other expense (income), net (j)	6.3	4.3	22.1	(15.1)	4.3	(15.1)
Loss on extinguishment of debt (k)	0.1	1.8	0.1	3.9	1.8	3.9
Asset impairment charges (l)	30.0	-	30.0	-	-	-
Bridge financing fee (m)	5.8	-	5.8	-	-	-
Income tax adjustment to normalized rate (n)	(21.6)	(22.3)	(104.0)	(61.7)	(17.9)	(57.1)
<b>Combined Company adjusted net income</b>	<b>\$ 56.5</b>	<b>\$ 80.3</b>	<b>\$ 164.2</b>	<b>\$ 219.5</b>	<b>\$ 78.8</b>	<b>\$ 200.7</b>
Diluted weighted average common shares outstanding (o)	105.6	104.6	105.3	104.7	104.6	104.7
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.54</b>	<b>\$ 0.77</b>	<b>\$ 1.56</b>	<b>\$ 2.10</b>	<b>\$ 0.75</b>	<b>\$ 1.92</b>

# Reconciliation of Adjusted EBITDA

## Combined Adjusted Basis

### ASC 605

### ASC 606

\$M (except per share data)	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
	2017	2018	2017	2018	2018	2018	2018	2018
Combined Company net (loss) income	\$ (174.1)	\$ (1.8)	\$ (229.0)	\$ 10.0	\$ (10.4)		\$ (21.4)	
Interest expense, net	39.4	32.1	119.8	94.2	32.1		94.2	
Income tax expense (benefit)	8.8	8.1	(15.7)	21.5	12.0		19.1	
Depreciation	18.3	17.6	57.9	53.2	17.6		53.2	
Amortization (b)	71.0	50.4	218.5	150.3	50.4		150.3	
Combined Company EBITDA	\$ (36.5)	\$ 106.5	\$ 151.5	\$ 329.2	\$ 101.7		\$ 295.5	
Acquisition-related deferred revenue adjustment (a)	13.2	0.2	27.0	2.7	2.9		10.5	
Restructuring and other costs (c)	12.2	19.3	28.0	41.6	19.3		41.6	
Transaction and integration-related expenses (d)	100.9	18.6	133.7	61.8	18.6		61.8	
Share-based compensation (e)	9.3	9.8	32.0	26.0	9.8		26.0	
Discretionary bonus accrual reversal (f)	-	-	(6.0)	-	-		-	
R&D tax credit adjustment (g)	-	-	(6.0)	-	-		-	
Monitoring and advisory fees (h)	1.0	-	7.5	-	-		-	
Acquisition-related revaluation adjustments (i)	2.4	-	4.4	-	-		-	
Other expense (income), net (j)	6.3	4.3	22.1	(15.1)	4.3		(15.1)	
Loss on extinguishment of debt (k)	0.1	1.8	0.1	3.9	1.8		3.9	
Asset impairment charges (l)	30.0	-	30.0	-	-		-	
<b>Combined Company adjusted EBITDA</b>	<b>\$ 138.9</b>	<b>\$ 160.5</b>	<b>\$ 424.5</b>	<b>\$ 450.2</b>	<b>\$ 158.5</b>		<b>\$ 424.2</b>	

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

EBITDA represents earnings before interest, taxes, depreciation, and amortization. The Company defines adjusted EBITDA as EBITDA, further adjusted to exclude certain expenses and transactions that the Company believes are not representative of its core operations. The Company presents EBITDA and adjusted EBITDA because it believes they are useful metrics for investors as they are commonly used by investors, analysts, and debt holders to measure the Company's ability to fund capital expenditures and meet working capital requirements.



# Reconciliation of Adjusted Net Income & EBITDA

## Footnotes for Q3 & YTD 2018 and Q3 & YTD 2017

- a) Represents non-cash adjustments resulting from the revaluation of deferred revenue and the subsequent elimination of revenue in purchase accounting in connection with business combinations.
- b) Represents the amortization of intangible assets associated with acquired customer relationships, backlog, and trademarks.
- c) Restructuring and other costs consist primarily of: (i) severance costs associated with a reduction/optimization of the Company's workforce in line with the Company's expectations of future business operations, (ii) consulting costs incurred for the continued consolidation of legal entities and restructuring of the Company's contract management process to meet the requirements of accounting regulation changes, and (iii) termination costs in connection with abandonment and closure of redundant facilities and other lease-related charges.
- d) Represents fees associated with corporate transactions and integration-related activities which primarily relate to the Merger in 2017.
- e) Represents non-cash share-based compensation expense related to awards granted under equity incentive plans.
- f) Represents inVentiv Health discretionary bonus accruals from the prior year that were reversed in periods prior to the Merger.
- g) Represents additional research and development tax credits in certain international locations for expenses incurred and recorded as a reduction of direct costs.
- h) Represents the annual sponsor management fee previously paid pursuant to the THL and Advent Management Agreement with inVentiv Health.
- i) Represents non-cash adjustments resulting from the revaluation of certain items such as facilities and vehicle leases in connection with inVentiv Health's Merger with Advent in 2016.
- j) Represents other (income) expense comprised primarily of foreign exchange gains and losses.
- k) Represents loss on extinguishment of debt associated with the debt pre-payment.
- l) Represents impairment charges associated with the INC Research trade name due to the Company's relaunch under the Syneos Health trade name in January 2018.
- m) Represents bridge financing fees incurred by the Company related to its 2017 Credit Agreement prior to the Merger.
- n) Represents the income tax effect of the Combined Company non-GAAP adjustments made to arrive at adjusted net income using an estimated effective tax rate of approximately 27.5% for the three and nine months ended September 30, 2018 and 35.0% for the three and nine months ended September 30, 2017. These rates have been adjusted to exclude tax impacts related to valuation allowances recorded against deferred tax assets.
- o) Represents the estimated impact of the dilutive weighted average shares outstanding of shares and equity-based awards issued by the Company as a result of the Merger had the Merger occurred on January 1, 2017. The amount consists of the shares issued to inVentiv Health's shareholders on August 1, 2017 and the fully vested stock option awards and restricted stock units issued under the equity incentive plans formerly related to inVentiv Health that were assumed by the Company in the Merger.

# Reconciliation of Segment Operating Metrics

## Combined Adjusted Basis

\$M	ASC 605								ASC 606			
	Three Months Ended September 30,				Nine Months Ended September 30,				Three Months Ended		Nine Months Ended	
	2017		2018		2017		2018		September 30, 2018		September 30, 2018	
	Clinical	Commercial	Clinical	Commercial	Clinical	Commercial	Clinical	Commercial	Clinical	Commercial	Clinical	Commercial
<b>Service Revenue:</b>												
Service Revenue – GAAP Segment Footnote	432.8	159.4	819.2	295.7	937.8	164.6	2,390.0	854.7	819.2	295.7	2,390.0	854.7
Pre-Merger Adjusted Service Revenue – inVentiv Health <sup>1</sup>	88.9	72.8	-	-	629.2	587.3	-	-	-	-	-	-
Reimbursable out-of-pocket expenses <sup>2</sup>	-	-	(281.2)	(51.4)	-	-	(794.6)	(147.8)	-	-	-	-
ASC 606 service revenue impact	-	-	5.4	(0.2)	-	-	34.9	6.9	-	-	-	-
Deferred Revenue Adjustment <sup>3</sup>	11.7	1.0	0.2	-	11.7	1.0	1.9	0.8	2.9	-	9.7	0.8
<b>Service Revenue – Combined Adjusted</b>	<b>\$ 533.4</b>	<b>\$ 233.2</b>	<b>\$ 543.6</b>	<b>\$ 244.1</b>	<b>\$ 1,578.7</b>	<b>\$ 752.9</b>	<b>\$ 1,632.1</b>	<b>\$ 714.6</b>	<b>\$ 822.1</b>	<b>\$ 295.7</b>	<b>\$ 2,399.7</b>	<b>\$ 855.5</b>
<b>EBITDA:</b>												
Operating Income – GAAP Segment Footnote	88.8	25.8	122.2	39.8	215.2	26.3	334.6	103.0	122.2	39.8	334.6	103.0
Pre-Merger Adjusted EBITDA – inVentiv Health <sup>1</sup>	18.0	7.0	-	-	109.0	96.0	-	-	-	-	-	-
ASC 606 service revenue impact	-	-	5.4	(0.2)	-	-	34.9	5.4	-	-	-	-
ASC 606 cost impact	-	-	0.1	0.3	-	-	0.1	(4.6)	-	-	-	-
Deferred Revenue Adjustment <sup>3</sup>	11.7	1.0	0.2	-	11.7	1.0	1.9	0.8	2.9	-	9.7	0.8
<b>EBITDA – Combined Adjusted</b>	<b>\$ 118.5</b>	<b>\$ 33.8</b>	<b>\$ 128.0</b>	<b>\$ 39.9</b>	<b>\$ 335.9</b>	<b>\$ 123.3</b>	<b>\$ 371.5</b>	<b>\$ 104.5</b>	<b>\$ 125.3</b>	<b>\$ 39.8</b>	<b>\$ 344.4</b>	<b>\$ 103.8</b>
<b>Unallocated Corporate and Other EBITDA</b>		<b>\$ (13.5)</b>		<b>\$ (7.4)</b>		<b>\$ (34.7)</b>		<b>\$ (25.8)</b>		<b>\$ (6.6)</b>		<b>\$ (24.0)</b>

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

1. inVentiv Health pre-Merger financial measures have been conformed to INC Research accounting and disclosure policies. Please reference pages 21-33 of our Q3 2017 earnings presentation from November 9, 2017, which can be found on our website at [investor.syneoshealth.com](http://investor.syneoshealth.com).
2. Variance to reported ASC 605 represents certain reimbursable out-of-pocket expenses that are required by ASC 606 to be capitalized and amortized over the life of the contract totaling \$0.2M and \$1.5M for the three and nine months ended September 30, 2018.
3. Excludes pre-Merger periods for inVentiv Health, which are included in the Pre-Merger Adjusted Net Service Revenue for inVentiv Health.

# Guidance Reconciliation

Full-Year 2018

\$M (except per share data)	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
<b>Net income and diluted earnings per share</b>	<b>\$ (0.5)</b>	<b>\$ (1.1)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<i>Adjustments:</i>				
Amortization <sup>1</sup>	200.0	200.0		
Restructuring and other costs <sup>1</sup>	51.5	51.5		
Share-based compensation <sup>1</sup>	36.9	36.9		
Transaction expenses <sup>1</sup>	77.0	77.0		
Merger-related deferred revenue adjustment <sup>1</sup>	13.5	13.5		
Other <sup>1</sup>	(11.0)	(11.0)		
Income tax effect of above adjustments <sup>2</sup>	(88.4)	(73.8)		
<b>Adjusted net income and adjusted diluted earnings per share</b>	<b>\$ 279.0</b>	<b>\$ 293.0</b>	<b>\$ 2.66</b>	<b>\$ 2.80</b>

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of associated income tax deduction.
2. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 27% - 28%, which represents the estimated range of the Company's full-year non-GAAP effective tax rate and takes into account the estimated effect of the enactment of the Tax Act.

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