



Syneos Health

Q2 2020 Financial Results

August 6, 2020

Forward-Looking Statements and Non-GAAP Financial Measures

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, including the expected impact of the COVID-19 pandemic on our business, financial results and financial condition, anticipated financial results for the full year 2020 and plans for cost savings and capital deployment. 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; principal investigators and patients; general and international economic, political, and other risks, including currency and stock market fluctuations and the uncertain economic environment; risks related to the COVID-19 pandemic; the Company's ability to adequately price its contracts and not overrun cost estimates; any adverse effects from the Company's customer or therapeutic area concentration; the Company's ability to maintain or generate new business awards; the Company's ability to increase its market share, grow its business, and execute its growth strategies; the Company's backlog not being indicative of future revenues and its ability to realize the anticipated future revenue reflected in its backlog; fluctuations in the Company's operating results and effective income tax rate; risks related to the Company's information systems and cybersecurity; changes and costs of compliance with regulations related to data privacy; risks related to the United Kingdom's withdrawal from the European Union; risks related to the Company's transfer pricing policies; failure to perform services in accordance with contractual requirements, regulatory requirements and ethical considerations; risks relating to litigation and government investigations; risks associated with the Company's early phase clinical facilities; insurance risk; risks of liability resulting from harm to patients; success of investments in the Company's customers' business or drugs; foreign currency exchange rate fluctuations; risks associated with acquired businesses, including the ability to integrate acquired operations, products, and technologies in our business; risks related to the Company's income tax expense and tax reform; risks relating to the Company's intellectual property; risks associated with the Company's acquisition strategy; failure to realize the full value of goodwill and intangible assets; restructuring risk; potential violations of anti-corruption and anti-bribery laws; risks related to the Company's dependence on third parties; downgrades of the Company's credit ratings; competition in the biopharmaceutical services industry; changes in outsourcing trends; regulatory risks; trends in the Company's customers' businesses; the Company's ability to keep pace with rapid technological change; risks related to the Company's indebtedness; fluctuations in the Company's financial results and stock price; and other risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 as updated by the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, and other SEC filings, copies of which are available free of charge on the Company's website at investor.syneoshealth.com. The Company 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 non-GAAP financial measures, including adjusted revenue, segment adjusted revenue, adjusted net income (including adjusted diluted earnings per share),

EBITDA, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA and unallocated corporate and other EBITDA, and non-GAAP effective tax rate. We also include in this presentation non-GAAP financial measures to illustrate our cash flow and leverage profile, including net debt, net leverage, pro forma net leverage, and free cash flow. We also present adjusted revenue and segment adjusted revenue growth in constant currency. Constant currency adjusted revenue growth is defined as adjusted revenue, or, for 2020 periods, GAAP revenue, restated at the comparative period's foreign currency exchange rates measured against the comparative period's adjusted revenue. Constant currency segment adjusted revenue growth is defined as segment adjusted revenue for a given period restated at the comparative period's foreign currency exchange rates measured against the comparative period's reported segment adjusted revenue. 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.

The Company defines adjusted revenue and segment adjusted revenue as GAAP revenue and segment revenue, respectively, adjusted to include revenue eliminated as a result of purchase accounting.

The Company defines adjusted net income (including adjusted diluted earnings per share) as net income (including diluted earnings per share) excluding acquisition-related deferred revenue adjustments; acquisition-related amortization; restructuring and other costs; transaction and integration-related expenses; share-based compensation expense; loss on extinguishment of debt; and other income (expense), net. After giving effect to these items, the Company has also included an adjustment to its income tax rate to reflect the expected long-term income tax rate and impact of the base erosion and anti-abuse tax.

EBITDA represents earnings before interest, taxes, depreciation and amortization. The Company defines adjusted EBITDA, both at the company and segment level, as EBITDA, further adjusted to exclude expenses and transactions that the Company believes are not representative of its core operations, namely: acquisition-related deferred revenue adjustments; restructuring and other costs; transaction and integration-related expenses; asset impairment charges; share-based compensation expense; other income (expense), net; and loss on extinguishment of debt. 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.

Each of the non-GAAP measures noted above are used by management and 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) and adjusted EBITDA are used by management and the Board to assess the performance of 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 slide 7 and in the Appendix of this presentation.

GAAP Financial Results

\$M (except per share data)	Three months ended June 30,			Six months ended June 30,		
	2019	2020	% Change	2019	2020	% Change
Revenue	\$ 1,166.8	\$ 1,013.4	(13.1%)	\$ 2,285.8	\$ 2,176.8	(4.8%)
Gross profit	249.3	207.5	(16.8%)	481.5	446.8	(7.2%)
<i>Gross profit margin</i>	21.4%	20.5%	-90 bps	21.1%	20.5%	-60 bps
Selling, general and administrative	110.9	105.0	(5.3%)	224.0	222.9	(0.5%)
<i>SG&A as a % of revenue</i>	9.5%	10.4%	+90 bps	9.8%	10.2%	+40 bps
Income from operations	58.1	35.0	(39.8%)	85.0	83.9	(1.2%)
<i>Operating margin</i>	5.0%	3.5%	-150 bps	3.7%	3.9%	+20 bps
Net income	11.3	3.9	(65.4%)	(18.7)	37.5	N/A
Earnings per share	\$ 0.11	\$ 0.04	(63.6%)	\$(0.18)	\$ 0.36	N/A

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

Non-GAAP Financial Results

\$M (except per share data)	Three months ended June 30,			Six months ended June 30,		
	2019	2020	% Change	2019	2020	% Change
Adjusted revenue ¹	\$ 1,168.4	\$ 1,013.4	(13.3%)	\$ 2,289.0	\$ 2,176.8	(4.9%)
Adjusted EBITDA	153.8	118.7	(22.8%)	288.8	256.1	(11.3%)
<i>Adjusted EBITDA margin²</i>	13.2%	11.7%	-150 bps	12.6%	11.8%	-80 bps
Adjusted diluted EPS	\$ 0.74	\$ 0.58	(21.6%)	\$ 1.33	\$ 1.25	(6.0%)

Highlights:

- **Building momentum:** \$5.8B of total TTM net awards and 1.27x TTM book-to-bill
 - \$4.6B of Clinical TTM net awards and 1.35x TTM book-to-bill
 - \$1.2B of Commercial TTM net awards and 1.04x TTM book-to-bill
- Clinical Solutions **ending backlog growth of 14.8%** as of June 30, 2020
- Secured **two large, long-term strategic Commercial relationships**
- Generated **strong operating cash flow of \$193.8M** in Q2

1. Figures in the 2020 periods represent GAAP revenue. Excluding a \$5.9M and \$12.3M foreign currency exchange rate headwind during the three and six months ended June 30, 2020, respectively, adjusted revenue growth was (12.8%) and (4.4%) at constant currency compared to the same periods in the prior year.
2. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Adjusted Revenue.

Segment Results

Key Operating Metrics:	Clinical Solutions			Commercial Solutions		
	As of June 30,			As of June 30,		
\$M (except ratios)	2019	2020	% Change	2019	2020	% Change
TTM net new business awards	\$ 3,967.0	\$ 4,567.1	15.1%	\$ 1,298.2	\$ 1,229.5	(5.3%)
TTM book-to-bill ratio	1.20x	1.35x		1.04x	1.04x	
Ending backlog, Clinical Solutions	\$ 7,834.0	\$ 8,997.3	14.8%			
Ending backlog, Deployment Solutions				\$ 621.3	\$ 609.7	(1.9%)
Financial Results:	Three months ended June 30,			Three months ended June 30,		
\$M	2019	2020	% Change	2019	2020	% Change
Adjusted revenue ¹	\$ 851.5	\$ 747.2	(12.3%)	\$ 316.9	\$ 266.2	(16.0%)
	Six months ended June 30,			Six months ended June 30,		
\$M	2019	2020	% Change	2019	2020	% Change
Adjusted revenue ¹	\$ 1,658.1	\$ 1,622.0	(2.2%)	\$ 631.0	\$ 554.7	(12.1%)
Adjusted revenue drivers:	<ul style="list-style-type: none"> • Impacts of COVID-19 • Decline in reimbursable expenses • Divestiture of contingent staffing • FX headwind 			<ul style="list-style-type: none"> • Impacts of COVID-19 • Disproportionate decline in reimbursable expenses • Delays in new project starts 		

1. Figures in the 2020 periods represent GAAP revenue. Excluding a \$5.4M and \$11.4M foreign currency headwind during the three and six months ended June 30, 2020, respectively, Clinical Solutions adjusted revenue growth was (11.6%) and (1.5%) at constant currency compared to the same periods in the prior year. Excluding a \$0.5M and \$0.9M foreign currency headwind during the three and six months ended June 30, 2020, respectively, Commercial Solutions adjusted revenue growth was (15.8%) and (11.9%) at constant currency compared the same periods in the prior year.

Note: Due to rounding of specific line items, line item figures might not sum to subtotals. For a reconciliation of the presented segment financial measures, please reference slides 11 - 15 in the Appendix of this presentation.

COVID-19 - Operating Metrics and Mitigating Actions

Clinical Solutions

<10% of total backlog from pre-revenue biotech

Commercial Solutions

<5% of total backlog from pre-commercial biotech

	% of TTM Revenue	Operating Metrics/Profile	Mitigating Actions/ Status Updates
Full-Service Clinical	60%	<ul style="list-style-type: none"> Clinical Monitoring ~30% 70% in essential areas such as Oncology, Rare & Orphan, and complex diseases 	<ul style="list-style-type: none"> Working non-Site Activities in SSU Remote Monitoring of existing patients Recruitment in less affected regions ~10% sites inaccessible ~40% of sites currently permitting physical visits Enrollment trends recovering, currently at ~60% of pre-COVID levels Site Activations recently returned to pre-COVID levels
FSP 360	12%	<ul style="list-style-type: none"> Clinical Monitoring ~50% Contracted on FTE basis 	<ul style="list-style-type: none"> Remote Monitoring determined by site/customer Reassigning staff from Full Service
Early Phase	2%		<ul style="list-style-type: none"> Temporarily scaled back clinics; Reopened during Q2. Labs continuing to operate
Deployment Solutions	15%	<ul style="list-style-type: none"> Contracted on FTE basis, up to 120 day termination notice 60%+ Top 50 pharma 80%+ chronic care 90% call activity non-hospital 	<ul style="list-style-type: none"> Engagement Center training field reps 95% Converted to virtual activities by April Call volume at pre-COVID levels mid-May ~50% of field team territories returned to physical HCP visits by mid-July, where possible
Communications	8%	<ul style="list-style-type: none"> Healthcare focused; HCP audience No meaningful media buying 	<ul style="list-style-type: none"> Working virtually across all practices Strong pipeline, up double-digits YoY
Consulting	3%	<ul style="list-style-type: none"> 85%+ healthcare focus Diverse practice areas 	<ul style="list-style-type: none"> Continuing strength in Q2 Strong backlog entering Q3

Cash Flow, Leverage Profile, and Capital Management Update

\$M	December 31, 2019	June 30, 2020
Total Debt ¹	\$ 2,675.3	\$ 2,794.9
Less: Cash and Cash Equivalents ²	163.2	342.8
Net Debt	\$ 2,512.0	\$ 2,452.1
TTM Adjusted EBITDA	\$ 645.2	\$ 612.5
Net Leverage ³	3.9 x	4.0 x
Net DSO	46.4	46.3

\$M	Q2 2019	Q2 2020
Cash Flow provided by Operations	\$ 96.8	\$ 193.8
Less: Capital Expenditures	16.6	18.2
Free Cash Flow	\$ 80.2	\$ 175.6

Balanced Approach to Capital Management:

Goal: Lower net leverage to 2.5x – 3.0x by December 31, 2021

- Repaid \$19.4M of Term Loan A during Q2
- Repaid \$150.0M during Q2 on our revolving credit draw of \$300.0M in Q1
- \$431.1M of revolving credit capacity available as of June 30, 2020
- Repaid remaining \$150M of borrowings outstanding under our revolving credit facility during July

Goal: Share repurchases evaluated based on current conditions

- No share repurchases during Q2 in order to preserve liquidity; \$32.0M of common stock repurchased YTD.
- \$136.3M of remaining share repurchase authorization available through the end of 2020.

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

1. Total debt represents the reported long-term debt of \$2,740.6M, finance leases of \$43.7M, and unamortized deferred issuance costs of \$10.6M as of June 30, 2020. Total debt represents the reported long-term debt of \$2,608.5M and finance leases of \$54.7M, and unamortized deferred issuance costs of \$12.0M as of December 31, 2019. For additional details on the Company's long-term debt obligations, please refer to Footnote 3 to the Financial Statements in our Quarterly Report on Form 10-Q for the period ended June 30, 2020.
2. Excludes Restricted Cash of \$0.5M as of December 31, 2019, and \$0.3M as of June 30, 2020.
3. Net leverage is Net Debt divided by TTM Adjusted EBITDA.

Full Year 2020 Outlook

\$M (except margin, growth rate, and per share data)	Guidance Range	Growth Rate
Revenue^{1,2}	\$ 4,470 - \$ 4,570	(4.5%) - (2.4%)
Adjusted EBITDA	\$ 600 - \$ 640	(7.0%) - (0.8%)
<i>Adjusted EBITDA Margin</i>	<i>13.4% - 14.0%</i>	
Adjusted Diluted EPS³	\$ 3.16 - \$ 3.38	(2.2%) - 4.6%

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 resulting in interest expense of \$92M to \$94M, expected non-GAAP tax rate of 24%, and estimated diluted share count of 105.9 million shares, which will vary by quarter, and excludes any share repurchases subsequent to the second quarter. In addition, this guidance represents the Company's best efforts to estimate the impact of COVID-19 on its business, recognizing that factors related to COVID-19, including the severity and duration of the pandemic, are outside of the Company's control and, given their uncertain nature, could impact the Company's future operating results.

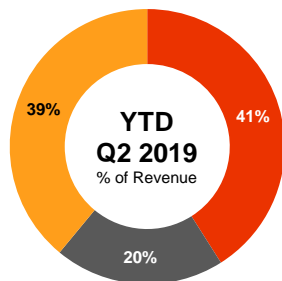
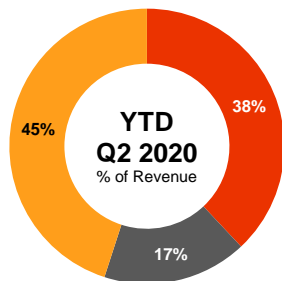
1. Revenue guidance assumes foreign exchange currency rates as of July 23, 2020.
2. No deferred revenue adjustment is anticipated in FY 2020. However, the growth rates for revenue assume an add-back of deferred revenue eliminated in purchase accounting of approximately \$6.4M for FY 2019.
3. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue.

For a reconciliation of the presented financial measures, please reference slides 16 – 17 in the Appendix of this presentation.

Appendix

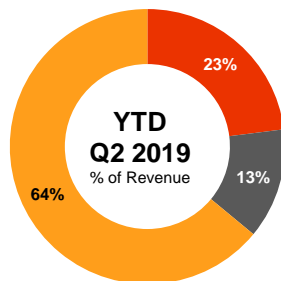
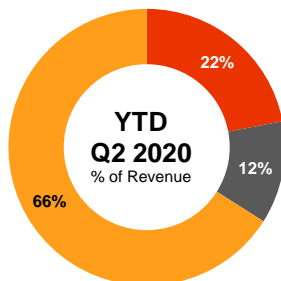
Diversified Customer Base and Service Offerings

Customer Profile



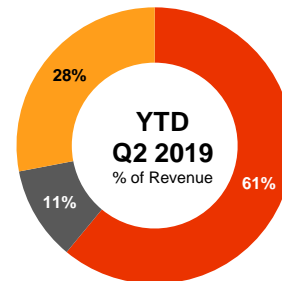
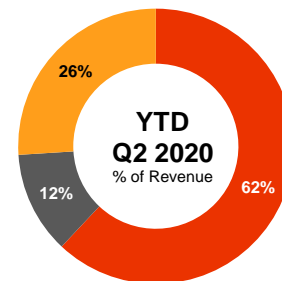
■ Top 20¹ ■ 21-50¹ ■ SMID

Customer Concentration



■ Top 5² ■ 6 - 10² ■ Remainder

Service Mix



■ Full-Service ■ FSP ■ Commercial Solutions
 Clinical Solutions

Total Clinical Solutions
74%

Total Clinical Solutions
72%

1. Top 20 and 21-50 Large Pharma defined by prior year R&D spend from *EvaluatePharma* and excludes medical device companies.
 2. Top 5 and 6 – 10 Syneos Health customers as defined by percentage of revenue.

Book-to-Bill and Backlog Burn Rate

Clinical Solutions

\$M		Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
TTM Clinical Solutions net new business awards ¹	\$	3,967.0	\$ 3,911.9	\$ 4,148.0	\$ 4,451.3	\$ 4,567.1
TTM Clinical Solutions adjusted revenue ²		3,304.4	3,351.3	3,428.0	3,496.2	3,391.9
TTM Clinical Solutions book-to-bill ratio³		1.20 x	1.17 x	1.21 x	1.27 x	1.35 x

\$M		Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Clinical Solutions adjusted revenue	\$	851.5	\$ 869.0	\$ 900.9	\$ 874.8	\$ 747.2
Clinical Solutions beginning backlog		7,612.9	7,834.0	7,781.8	8,220.0	8,549.4
Clinical Solutions backlog burn rate⁴		11.2%	11.1%	11.6%	10.6%	8.7%

Commercial Solutions

\$M		Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
TTM Commercial Solutions net new business awards ¹	\$	1,296.8	\$ 1,260.1	\$ 1,305.6	\$ 1,273.4	\$ 1,229.5
TTM Commercial Solutions adjusted revenue ²		1,250.9	1,264.8	1,254.2	1,228.7	1,178.0
TTM Commercial Solutions book-to-bill ratio³		1.04 x	1.00 x	1.04 x	1.04 x	1.04 x

Note: Beginning January 1, 2019, we began reporting information related to new business awards on a trailing-twelve-month (TTM) basis under current accounting standard ASC 606 and are not presenting periods prior to that date.

1. We recognize new business awards when we enter into a contract or when we receive a written commitment from the customer selecting us as a service provider. For additional information on new business awards, please refer to Item 2 in our Quarterly Report on Form 10-Q for the three months ended June 30, 2020.
2. For a reconciliation of GAAP revenue by segment to Non-GAAP adjusted revenue by quarter, please reference slide 12 in the Appendix of this presentation.
3. TTM book-to-bill represents TTM net new business awards divided by TTM adjusted revenue.
4. Backlog burn is calculated as the quarterly segment adjusted revenue divided by the respective quarter's beginning backlog.

Reconciliation of GAAP Revenue by Segment to Adjusted Revenue by Segment

\$M	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
Clinical Solutions revenue, as reported	\$ 819.2	\$ 821.2	\$ 805.0	\$ 849.9	\$ 867.4	\$ 899.3	\$ 874.8	\$ 747.2
Clinical Solutions deferred revenue adjustment (a)	2.9	2.9	1.6	1.6	1.6	1.6	-	-
Clinical Solutions adjusted revenue	\$ 822.1	\$ 824.2	\$ 806.6	\$ 851.5	\$ 869.0	\$ 900.9	\$ 874.8	\$ 747.2
TTM Clinical Solutions adjusted revenue				\$ 3,304.4	\$ 3,351.3	\$ 3,428.0	\$ 3,496.2	\$ 3,391.9
Commercial Solutions revenue, as reported	\$ 295.7	\$ 324.2	\$ 314.0	\$ 316.9	\$ 309.6	\$ 313.7	\$ 288.5	\$ 266.2
Commercial Solutions deferred revenue adjustment (a)	-	-	-	-	-	-	-	-
Commercial Solutions adjusted revenue	\$ 295.7	\$ 324.2	\$ 314.0	\$ 316.9	\$ 309.6	\$ 313.7	\$ 288.5	\$ 266.2
TTM Commercial Solutions adjusted revenue				\$ 1,250.9	\$ 1,264.8	\$ 1,254.2	\$ 1,228.7	\$ 1,178.0
Revenue, as reported	\$ 1,114.9	\$ 1,145.5	\$ 1,119.0	\$ 1,166.8	\$ 1,177.0	\$ 1,213.0	\$ 1,163.4	\$ 1,013.4
Deferred revenue adjustment (a)	2.9	2.9	1.6	1.6	1.6	1.6	-	-
Adjusted revenue	\$ 1,117.9	\$ 1,148.4	\$ 1,120.6	\$ 1,168.4	\$ 1,178.6	\$ 1,214.5	\$ 1,163.4	\$ 1,013.4
TTM Adjusted revenue				\$ 4,555.3	\$ 4,616.1	\$ 4,682.2	\$ 4,724.9	\$ 4,569.9

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.
For a description of all GAAP to Non-GAAP adjustments, please reference slide 15 in the Appendix of this presentation.

Reconciliation of GAAP Net Income to Adjusted Net Income and Adjusted Diluted Earnings Per Share

\$M (except per share data)	Three months ended June 30,		Six months ended June 30,	
	2019	2020	2019	2020
Net income, as reported	\$ 11.3	\$ 3.9	\$ (18.7)	\$ 37.5
Acquisition-related deferred revenue adjustment (a)	1.6	-	3.2	-
Amortization (b)	41.5	38.7	83.1	77.6
Restructuring and other costs (c)	11.9	8.2	26.3	16.9
Transaction and integration-related expenses (d)	7.7	3.4	24.3	10.9
Share-based compensation (e)	13.8	16.2	28.1	32.2
Other (income) expense, net (f)	(7.6)	5.8	1.3	(13.2)
Loss on extinguishment of debt (g)	-	-	4.4	-
Income tax adjustment to normalized rate (h)	(4.8)	(15.4)	(22.1)	(29.8)
Impact of base erosion and anti-abuse tax (i)	2.0	-	9.5	-
Adjusted net income	\$ 77.3	\$ 60.7	\$ 139.4	\$ 132.1
Diluted weighted average common shares outstanding	104.8	105.2	104.8	105.4
Adjusted diluted earnings per share	\$ 0.74	\$ 0.58	\$ 1.33	\$ 1.25

Note: Due to rounding of specific line items, line item figures might not sum to subtotals.
For a description of all GAAP to Non-GAAP adjustments, please reference slide 15 in the Appendix of this presentation.

Reconciliation of GAAP Net Income to Adjusted EBITDA

\$M	Three months ended June 30,		Six months ended June 30,		Twelve months ended	
	2019	2020	2019	2020	December 31, 2019	June 30, 2020
Net income, as reported	\$ 11.3	\$ 3.9	\$ (18.7)	\$ 37.5	\$ 131.3	\$ 187.5
Interest expense, net	32.1	21.6	65.3	47.7	122.3	104.7
Income tax expense (benefit)	22.3	3.7	32.7	11.9	(29.5)	(50.3)
Depreciation	19.2	17.3	38.8	34.5	76.5	72.2
Amortization (b)	41.5	38.7	83.1	77.6	165.9	160.4
EBITDA	126.5	85.2	201.2	209.2	466.5	474.5
Acquisition-related deferred revenue adjustment (a)	1.6	-	3.2	-	6.4	3.2
Restructuring and other costs (c)	11.9	8.2	26.3	16.9	42.1	32.7
Transaction and integration-related expenses (d)	7.7	3.4	24.3	10.9	61.3	47.9
Share-based compensation (e)	13.8	16.2	28.1	32.2	55.2	59.3
Other (income) expense, net (f)	(7.6)	5.8	1.3	(13.2)	24.2	9.6
Loss on extinguishment of debt (g)	-	-	4.4	-	(10.4)	(14.8)
Adjusted EBITDA	\$ 153.8	\$ 118.7	\$ 288.8	\$ 256.1	\$ 645.2	\$ 612.5

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

For a description of all GAAP to Non-GAAP adjustments, please reference slide 15 in the Appendix of this presentation.

Reconciliation of GAAP to Non-GAAP Financial Measures

Footnotes

- 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 our workforce in line with our expectations of future business operations; (ii) termination costs in connection with abandonment and closure of redundant facilities and other lease-related charges; and (iii) consulting costs incurred for the continued consolidation of legal entities and restructuring of our contract management process to meet the requirements of accounting regulation changes.
- d) Represents fees associated with business combinations, stock repurchases and secondary stock offerings, debt placement and refinancings, and other corporate transactions costs.
- e) Represents non-cash share-based compensation expense related to awards granted under equity incentive plans.
- f) Other (income) expense is comprised primarily of foreign currency exchange gains and losses.
- g) Loss on extinguishment of debt is associated with debt prepayment and refinancing activities.
- h) Represents the income tax effect of the non-GAAP adjustments made to arrive at adjusted net income using an estimated non-GAAP effective tax rate of approximately 24.0% for the three and six months ended June 30, 2020 and 24.5% for three and six months ended June 30, 2019. The Company believes the Non-GAAP effective tax rate reflects our future GAAP effective tax rate. These rates have been adjusted to exclude tax impacts related to valuation allowances recorded against deferred tax assets.
- i) Represents the net income tax expense recorded as a result of the base erosion and anti-abuse tax.

Full Year 2020 Guidance Reconciliation

Adjusted Net Income and Adjusted Diluted EPS

\$M (except per share data)	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
GAAP net income and diluted earnings per share	\$ 132.4	\$ 152.7	\$ 1.25	\$ 1.44
<i>Adjustments:</i>				
Amortization ¹	148.0	149.0	1.40	1.41
Restructuring and other costs ¹	30.0	32.0	0.28	0.30
Transaction expenses ¹	18.0	20.0	0.17	0.19
Share-based compensation expense ¹	66.0	68.0	0.62	0.64
Other expense, net ¹	(13.2)	(13.2)	(0.12)	(0.12)
Income tax effect of above adjustments ²	(46.2)	(50.7)	(0.44)	(0.48)
Adjusted net income and adjusted diluted earnings per share^{3,4}	\$ 335.0	\$ 357.8	\$ 3.16	\$ 3.38

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 reductions.
2. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 24.0%, which represents the Company's estimated full-year non-GAAP effective tax rate.
3. Guidance for Adjusted Diluted EPS incorporates interest expense based upon an assumed average one-month LIBOR of 1.0% through the end of 2020.
4. Guidance for Adjusted Diluted EPS is based on an expectation of a fully diluted weighted average share count for 2020 of approximately 105.9 million shares, which will vary by quarter.

Third Quarter and Full Year 2020 Guidance Reconciliation

Adjusted EBITDA

\$M	Q3 2020		FY 2020	
	Low	High	Low	High
GAAP Net income	\$ 40.6	\$ 49.7	\$ 132.4	\$ 152.7
<i>Adjustments:</i>				
Interest expense, net ¹	23.0	24.0	92.0	94.0
Income tax expense ¹	17.4	21.3	56.8	65.5
Depreciation ¹	18.0	19.0	70.0	72.0
Amortization ¹	37.0	37.0	148.0	149.0
EBITDA	136.0	151.0	499.2	533.2
Restructuring and other costs ¹	4.0	6.0	30.0	32.0
Transaction expenses ¹	3.0	5.0	18.0	20.0
Share-based compensation expense ¹	17.0	18.0	66.0	68.0
Other expense, net ¹	-	-	(13.2)	(13.2)
Adjusted EBITDA	\$ 160.0	\$ 180.0	\$ 600.0	\$ 640.0

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 reductions.

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