Syneos Health

Q1 2018 Financial Results

May 9, 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: 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”); 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; impact of adoption of the new accounting standard of recognizing revenue from customers; impact of Tax Cuts and Jobs Act (the “Tax Act”); our ability to adequately price our contracts and not overrun cost estimates; reliance on key personnel; general and international economic, political, and other risks, including currency and stock market fluctuations and the uncertain economic environment; fluctuations in our financial results; our customer or therapeutic area concentration; 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. 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, adjusted net income (including adjusted diluted earnings per share), EBITDA, and 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 16 - 18 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, with conforming adjustments to the current-year presentation. 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 21-33 of our Q3 2017 earnings presentation from November 9, 2017, which can be found on our website at investor.syneoshealth.com.

Summary of New Revenue Recognition Standard – ASC 606

ASC 605

- Revenue recognized based on **delivery of contracted units**
  - Reimbursable expenses do not impact the recognition of net service fee revenue
- Net service revenue and reimbursable out-of-pocket expenses **presented separately** on the income statement
  - Reimbursable out-of-pocket expenses shown as a separate cost line item and directly offset the corresponding reimbursable out-of-pocket revenue line item

ASC 606

- Revenue recognized based on **percentage of completion**
  - Reimbursable expenses included in the % complete calculation
- Total revenue **presented as one line** on the income statement
  - Reimbursable out-of-pocket expenses will be shown as a separate cost line item and the revenue generated under the % of completion accounting will not be separately stated

Adoption & Impact

- Adopted under the **modified retrospective approach**
  - 2017 results will not be formally revised
  - Will continue to disclose ASC 605 revenue throughout 2018
- Revenue recognition **may be delayed** in the early stages of a contract, due to the timing of costs and inclusion of reimbursable expenses in the % complete calculation, as well as the recognition of contract modifications
  - Reimbursable expenses are more heavily concentrated in the middle stages of the contract
- Impact on **Adjusted EBITDA** depends on the segment:
  - **Clinical:** Revenue delayed, but costs largely unaffected except for deferral of commissions expense
  - **Commercial:** Revenue delayed and costs can also be deferred
- **No change to total revenue or profitability** over the life of the contract
- **All margin percentages will be lower** primarily due to the inclusion of revenue associated with reimbursable out-of-pocket expenses as a component of service revenue.
- **No impact to the amount or timing** of cash flow

Q1 2018 Key Operating Metrics – Total Company

Combined Adjusted Basis

	ASC 605			ASC 606	
	Three Months Ended March 31			Three Months Ended March 31	
$M (except margin and per share data)	**2017**	**2018**	**% Change**	**2018**	**$ VAR**
Net new business awards	N/A	872.1			
Book-to-bill ratio	N/A	1.15x			
Adjusted service revenue	785.9	761.5	(3.1)%		
Reimbursable out-of-pocket expenses	286.8	310.1	8.1%		
Adjusted total revenue	$ 1,072.7	$ 1,071.6	(0.1)%	$ 1,061.0	$ (10.6)
Adjusted EBITDA	146.8	132.7	(9.6%)	128.7	(4.0)
Adjusted EBITDA margin	*18.7%*	*17.4%*	*-130 bps*	*12.1%*	*-530 bps*
Adjusted net income	55.3	60.7	9.8%	57.8	(2.9)
Adjusted diluted EPS[1]	$ 0.53	$ 0.58	9.4%	$ 0.55	$ (0.03)

Highlights:

- **Solid start to 2018:** $872M of total net awards, 1.15x book-to-bill, and a good start to Q2 awards
- Commercial Solutions **positioned for steady growth**, with Q1 2018 revenue essentially flat to Q4 2017
- **Achieved key milestone** in managing our debt costs with repricing amendment
- Continued progress on **integration synergies and key strategic investments** in Commercial and Integrated Solutions Group

1. Fully diluted share counts for all pre-Merger periods have been estimated to account for impacts of the Merger.

Syneos Health

Q1 2018 Key Operating Metrics – Segments

Combined Adjusted Basis

		ASC 605			ASC 606		
		Three Months Ended March 31			Three Months Ended March 31		
	$M (except ratios and margin)	2017	2018	% Change	2018	$ VAR	Q1 2018 Key Performance Drivers
Clinical Solutions	Net new business awards	$ 517.6	$ 549.7	6.2%			**Revenue growth driven by:** • Strong 2017 net awards • FX benefit
	Book-to-bill ratio	1.00x	1.04x				
	Ending backlog	3,567.7	3,813.7	6.9%			
	Adjusted service revenue	519.1	530.9	2.3%			
	Reimbursable out-of-pocket expenses	225.6	261.5	15.9%			
	Adjusted total revenue	$ 744.7	$ 792.4	6.4%	$ 790.2	$ (2.2)	**EBITDA margin pressured by:** • Contract Modifications - 110 bps • FX headwind - 160 bps
	Adjusted EBITDA	113.5	111.1	(2.1)%	108.9	(2.2)	
	Adjusted EBITDA margin	*21.9%*	*20.9%*	*-100 bps*	*13.8%*	*-710 bps*	
Commercial Solutions	Net new business awards	N/A	$ 322.4				**Revenue decline due to:** • 2017 cancellations / downsizing • Lower 2017 net awards due to fewer 2016 new drug approvals
	Book-to-bill ratio	N/A	1.40x				
	Selling Solutions ending backlog	N/A	466.5				
	Adjusted service revenue	266.8	230.6	(13.5)%			
	Reimbursable out-of-pocket expenses	61.3	48.6	(20.7)%			
	Adjusted total revenue	$ 328.0	$ 279.3	(14.9)%	$ 270.8	$ (8.5)	**EBITDA margin pressured by:** • Customer bankruptcy - 140 bps • Unfavorable revenue mix - 230 bps
	Adjusted EBITDA	45.4	31.9	(29.7)%	29.5	(2.4)	
	Adjusted EBITDA margin	*17.0%*	*13.8%*	*-320 bps*	*10.9%*	*-290 bps*	

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

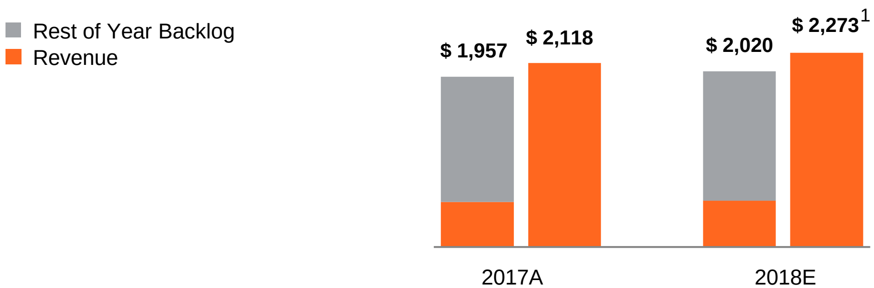
This segment data excludes unallocated Corporate and Other EBITDA of $(12.1)M and $(10.2)M for the three months ended March 31, 2017, and March 31, 2018, respectively, under ASC 605. This segment data excludes unallocated Corporate and Other EBITDA of $(9.8)M for the three months ended March 31, 2018, under ASC 606. For a reconciliation of the presented segment financial measures, please reference slide 19 in the Appendix of this presentation.

Syneos Health

Backlog Supports Full-Year Guidance

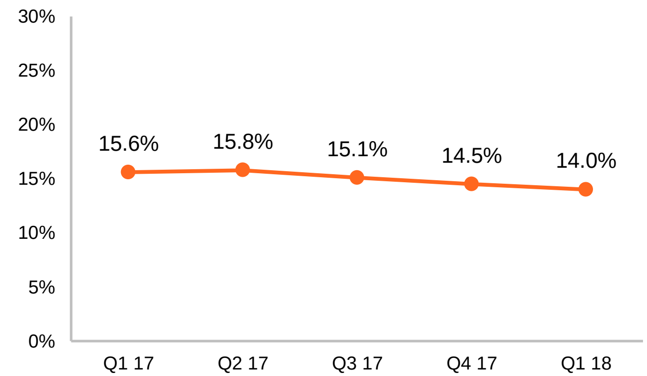
Clinical Solutions

Backlog Coverage

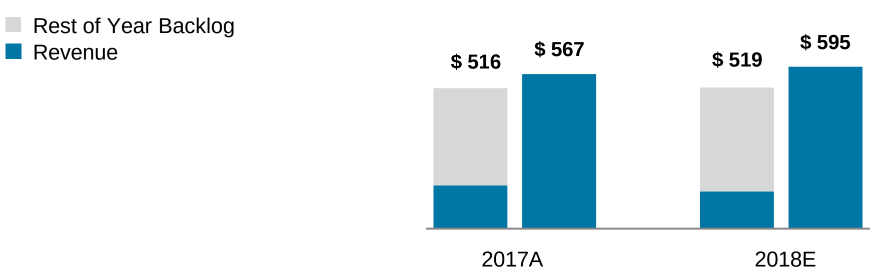


ASC 605 Backlog as of	3/31/17	3/31/18
Coverage Ratio	92.4%[3]	88.9%
YOY Revenue Growth	2.6%	7.3%

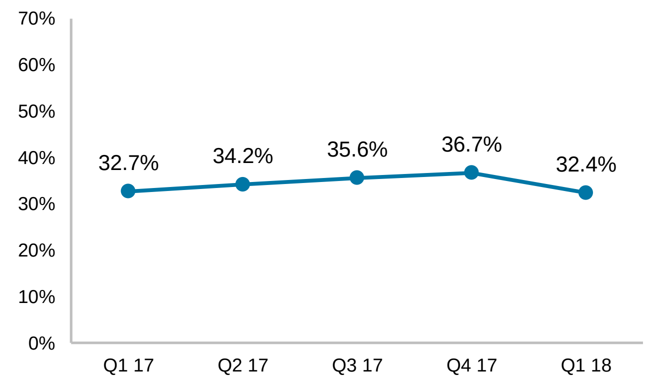
Backlog Burn Rate[2]



Selling Solutions[4]



ASC 605 Backlog as of	3/31/17	3/31/18
Coverage Ratio	90.9%	87.2%
YOY Revenue Growth	(21.6)%	4.9%



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

1. 2018 revenue estimate represents the mid-point of the guidance range as shown on slide 9.
2. Backlog Burn Rate is calculated under ASC 605 and represents current quarter net revenue divided by previous quarter ending backlog.
3. Estimated as if the Merger had closed on and the current bookings and backlog policy was effective on January 1, 2017.
4. Excludes Medication Adherence business.

Syneos Health

Cash Flow and Leverage Profile

$M	March 31, 2018
Cash & Cash Equivalents	$ 186.7
Total Debt[1]	$ 2,953.3
Net Debt[2]	$ 2,766.6
Net Leverage[3]	4.9x
Pro Forma Net Leverage[4]	4.2x
Net DSO – ASC 605[5]	48.2 days
Cash Tax Rate	~10%

$M	Q1 18
Cash Flow from Operations	$ (47.0)
Capital Expenditures[6]	$ 21.3
Free Cash Flow [6]	$ (68.3)

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 March 31, 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 $566.6M for the period ended March 31, 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 $15.0M for YTD 2018.
5. Net DSO under ASC 606 was 40.2 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 $5.5M in amounts accrued but unpaid as of March 31, 2018.

Capital Management Update

Balanced Approach to Capital Deployment

	Goals	Actions	Impact
Cost of Debt	• Reduce cost of debt	• Debt Repricing	• Reduced TLA and TLB pricing by 25bps each, mitigating LIBOR increases • Annualized interest savings of $6.3M
Deleveraging	• Lower overall leverage • Targeting ~3.0x net leverage by EOY 2019	• Debt reduction of $31.3M in Q1 2018 ($83.3M since Merger closing)	• Annualized interest savings of $3.5M from actions taken through Q1 2018
Share Repurchase	• Opportunistic share repurchases under $250M authorization	• Repurchases of $37.5M during Q1 2018	• EPS accretion of ~$0.02 for FY 2018
Tax Rate Management	• Lowering non-GAAP effective tax rate • Minimize cash taxes	• Further analysis of interpretive guidance • Refined estimates of impact of key provisions • Implementation of prudent and feasible tax planning strategies	• Lowered original estimate of 30-32% to 27-28% • EPS accretion of ~$0.12 in FY 2018 • Cash tax rate of ~10%

EPS accretion estimates based on ASC 605 FY 2018 Guidance, as shown on slide 9

Syneos Health

Full-Year 2018 Outlook

	ASC 605			ASC 606
	Prior Guidance (February 28, 2018)	Current Guidance (May 9, 2018)		Current Guidance (May 9 2018)
$M (except margin, growth rate, and per share data)	**Guidance Range**	**Guidance Range**	**Growth Rate**	**Guidance Range**
Adjusted Service Revenue[1,2,3]	**$ 3,235.0 – 3,340.0**	**$ 3,235.0 – 3,340.0**	**4.3 – 7.7%**	**$ 4,400.0 – 4,550.0**
Clinical Solutions Adjusted Service Revenue	$ 2,245.0 – 2,300.0	$ 2,245.0 – 2,300.0	*6.0 – 8.6%*	$ 3,250.0 – 3,350.0
Commercial Solutions Adjusted Service Revenue	$ 990.0 – 1,040.0	$ 990.0 – 1,040.0	*0.6 – 5.7%*	$ 1,150.0 – 1,200.0
Adjusted EBITDA	**$ 620.0 - 660.0**	**$ 620.0 - 660.0**	**6.8 – 13.7%**	**$ 580.0 - 620.0**
Adjusted EBITDA Margin	*19% – 20%*	*19% – 20%*		*13% – 14%*
Adjusted Net Income[4]	**$ 285.5 – 313.1**	**$ 295.0 – 324.0**	**23.8 – 36.0%**	**$ 266.0 – 295.0**
Adjusted Diluted EPS[4]	**$ 2.68 – 2.94**	**$ 2.80 – 3.07**	**23.3 – 35.2%**	**$ 2.52 – 2.80**

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 March 31, 2018, but excludes the impact of any subsequent share repurchases.

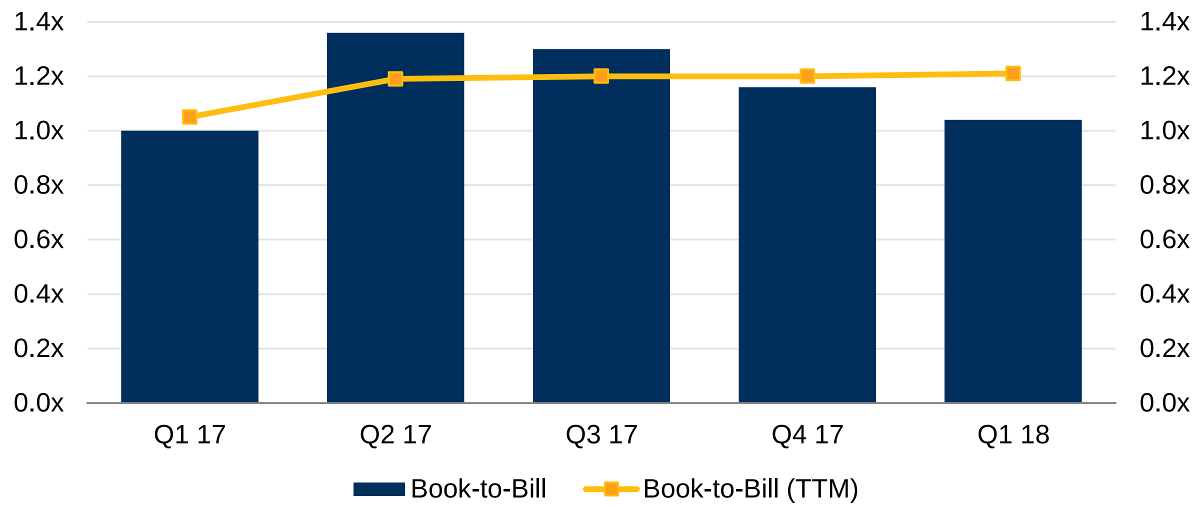
For a reconciliation of GAAP Net Income and diluted earnings per share to Non-GAAP Net Income and diluted earnings per share, please refer to slide 20 in the Appendix.

1. Adjusted Service Revenue includes an add-back of deferred revenue eliminated in purchase accounting of approximately $3M under ASC 605 and $13.5M under ASC 606 for FY 2018.
2. Guidance for Adjusted Service Revenue includes foreign exchange benefit of approximately $26M under ASC 605 and approximately $49M under ASC 606 for FY 2018.
3. ASC 605 Adjusted Service Revenue does not include revenue associated with reimbursable out-of-pocket expenses while ASC 606 Adjusted Service Revenue includes revenue associated with reimbursable out-of-pocket expenses.
4. Guidance for Adjusted Net Income and Adjusted Diluted EPS incorporate interest expense based upon one-month LIBOR increasing from 1.88% in March 2018 to 2.28% by the end of 2018.

Appendix

Book-to-Bill Trend, Clinical Solutions

Combined Adjusted Basis

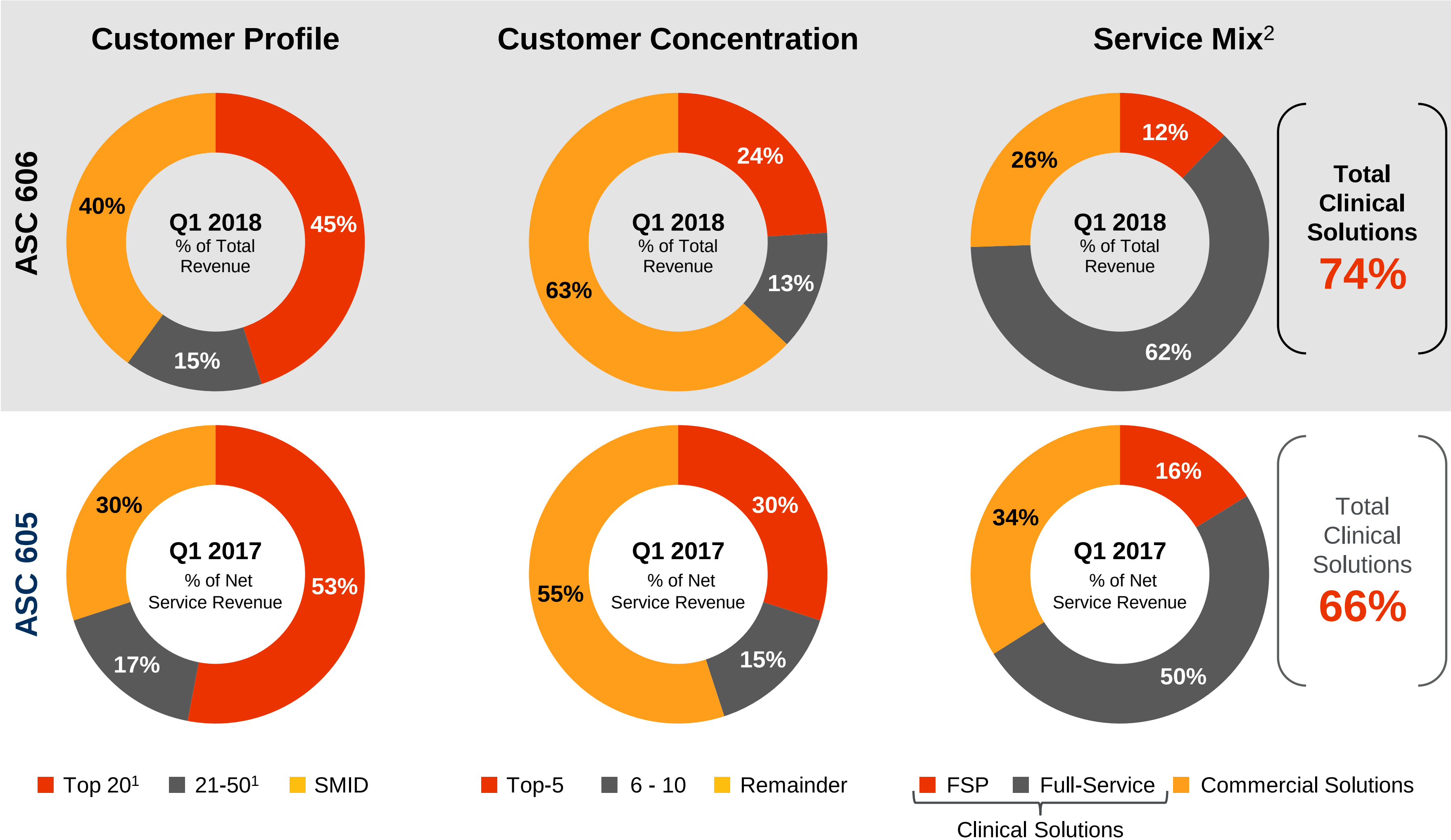


Quarterly (ASC 605)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Net New Business Awards ($M)	$ 517.6	$ 716.9	$ 691.2	$ 622.9	$ 549.7
Net Service Revenue - Clinical ($M)	$ 519.1	$ 526.2	$ 533.4	$ 539.1	$ 530.9
Book-to-Bill Ratio	**1.00x**	**1.36x**	**1.30x**	**1.16x**	**1.04x**

TTM (ASC 605)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Net New Business Awards ($M)	$ 2,176.3	$ 2,458.2	$ 2,529.5	$ 2,548.7	$ 2,580.7
Net Service Revenue - Clinical ($M)	$ 2,080.7	$ 2,090.4	$ 2,104.1	$ 2,117.8	$ 2,129.6
Book-to-Bill Ratio, TTM	**1.05x**	**1.19x**	**1.20x**	**1.20x**	**1.21x**

Diversified Customer Base and Service Offerings

Combined Adjusted Basis

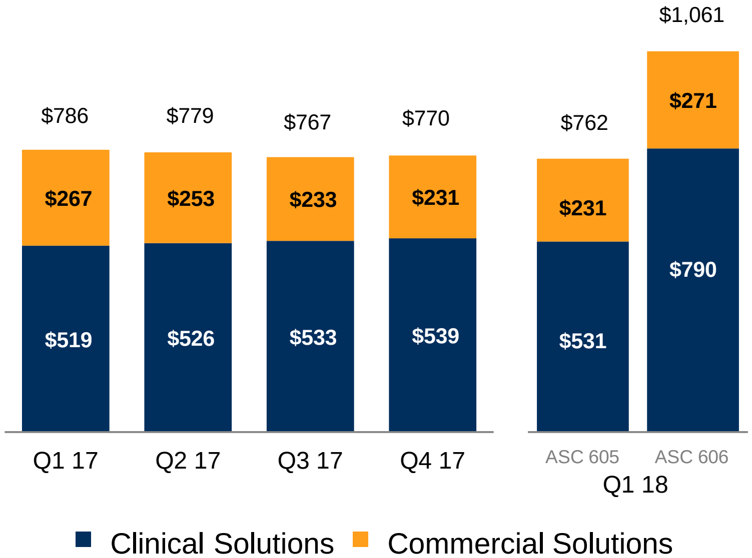


1. Top 20 and 21-50 Large Pharma defined by prior year R&D spend from *EvaluatePharma.*
2. Under previous revenue guidance, ASC 605, exclusive of pass-through revenue, Clinical Solutions represented 70% of service revenue with FSP representing 17% of service revenue.

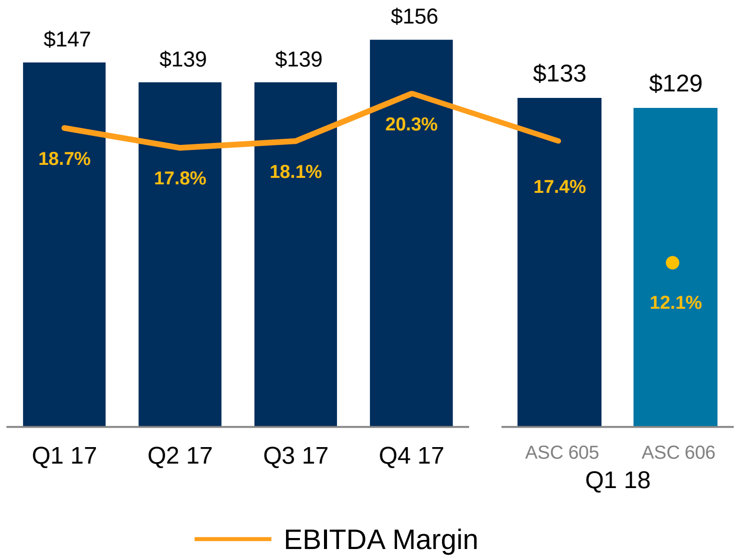
Historical Trends

Key Metrics – Combined Adjusted Basis

Adjusted Service Revenue



Adjusted EBITDA



For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 16-18 in the Appendix of this presentation.

Combined Adjusted Historical Income Statement

ASC 605

$M (except margin and per share data)	Q1 17	Q2 17	Q3 17	Q4 17	FY 17	Q1 18
Net service revenue	$ 785.9	$ 779.1	$ 766.6	$ 770.5	$ 3,102.0	$ 761.5
Reimbursable out-of-pocket expenses	286.8	281.3	272.6	326.2	1,166.9	310.1
Total revenue	**1,072.7**	**1,060.4**	**1,039.1**	**1,096.7**	**4,269.0**	**1,071.6**
Direct costs	533.6	535.4	519.5	513.5	2,101.9	533.1
Reimbursable out-of-pocket expenses	286.8	281.3	272.6	326.2	1,166.9	310.1
Gross profit	**252.3**	**243.7**	**247.1**	**257.0**	**1,000.1**	**228.4**
Gross profit margin	*32.1%*	*31.3%*	*32.2%*	*33.4%*	*32.2%*	*30.0%*
Selling, general, and administrative	105.4	105.0	108.3	100.8	419.5	95.7
Depreciation	21.0	18.6	18.3	18.1	76.0	18.0
Income from operations	**125.9**	**120.1**	**120.5**	**138.1**	**504.7**	**114.7**
Operating margin	*16.0%*	*15.4%*	*15.7%*	*17.9%*	*16.3%*	*15.1%*
Interest expense, net	(40.7)	(39.7)	(33.6)	(29.5)	(143.5)	(30.9)
Income before provision for income taxes	**85.1**	**80.5**	**86.9**	**108.6**	**361.2**	**83.8**
Income tax expense	(29.8)	(28.2)	(30.4)	(34.5)	(122.9)	(23.0)
Adjusted net income	**$ 55.3**	**$ 52.3**	**$ 56.5**	**$ 74.1**	**238.3**	**60.7**
Diluted EPS	$ 0.53	$ 0.50	$ 0.54	$ 0.70	$ 2.27	$ 0.58
Adjusted EBITDA	**146.8**	**138.8**	**138.9**	**156.2**	**580.7**	**132.7**
Adjusted EBITDA margin	*18.7%*	*17.8%*	*18.1%*	*20.3%*	*18.7%*	*17.4%*

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.

Q1 2018 Key Operating Metrics – Total Company

GAAP Basis

	Under Previous Revenue Guidance (ASC 605)			As Reported (ASC 606)	
	Three Months Ended March 31			Three Months Ended March 31	
$M (except margin and per share data)	**2017**	**2018**	**% Change**	**2018**	**$ VAR**
Service revenue	252.1	760.1	201.5%		
Reimbursable out-of-pocket expenses	129.8	310.1	138.9%		
Total revenue	$ 381.9	$ 1,070.2	180.2%	$ 1,057.2	$ (13.0)
Gross profit	97.2	223.2	129.6%	216.4	(6.8)
Gross profit margin	*38.6%*	*29.4%*	*-920 bps*	*20.5%*	*-890 bps*
Selling, general, and administrative	44.9	99.7	122.0%	99.3	(0.4)
SG&A as a % of revenue	*17.8%*	*13.1%*	*-470 bps*	*9.4%*	*-370 bps*
GAAP Income (loss) from operations	34.8	16.5	(52.6)%	10.2	(6.3)
Operating margin	*13.8%*	*2.2%*	*-1,160 bps*	*1.0%*	*-120 bps*
GAAP Net income (loss)	21.2	(19.0)	(189.6)%	(24.6)	(5.6)
GAAP Diluted EPS	$ 0.38	$ (0.18)	(147.4)%	$ (0.24)	$ (0.06)

Under previous revenue guidance (ASC 605), margins are based on net service revenue and exclude the impact of reimbursable out-of-pocket expenses totaling $129.8M for the three months ended March 31, 2017, and $310.1M for the three months ended March 31, 2018.

Reconciliation of Adjusted Net Income

Combined Adjusted Basis

	ASC 605		ASC 606
	Three Months Ended March 31		Three Months Ended March 31
$M (except per share data)	**2017**	**2018**	**2018**
Net (loss) income, as reported	$ 21.2	$ (19.0)	$ (24.6)
Pre-merger inVentiv net loss	(40.7)	-	-
Combined Company net (loss) income	$ (19.5)	$ (19.0)	$ (24.6)
Acquisition-related deferred revenue adjustment (a)	7.8	1.5	3.8
Amortization (b)	79.1	50.0	50.0
Restructuring and other costs (c)	6.4	13.7	13.7
Transaction and integration-related expenses (d)	0.6	25.2	25.2
Share-based compensation (e)	11.2	7.8	7.8
Discretionary bonus accrual reversal (f)	(6.0)	-	-
R&D tax credit adjustment (g)	(0.2)	-	-
Monitoring and advisory fees (h)	5.4	-	-
Acquisition-related revaluation adjustments (i)	1.2	-	-
Other expense (income), net (j)	6.7	12.6	12.6
Loss on extinguishment of debt (k)	-	0.2	0.2
Income tax adjustment to normalized rate (l)	(37.3)	(31.2)	(30.9)
Combined Company adjusted net income	**$ 55.3**	**$ 60.7**	**$ 57.8**
Diluted weighted average common shares outstanding[1]	105.1	105.3	105.3
Adjusted diluted earnings per share	**$ 0.53**	**$ 0.58**	**$ 0.55**

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

1. Fully diluted share counts for the Combined Adjusted Company have been estimated to account for impacts of the Merger.

Reconciliation of Adjusted EBITDA

Combined Adjusted Basis

	ASC 605		ASC 606
	Three Months Ended March 31		Three Months Ended March 31
$M (except per share data)	**2017**	**2018**	**2018**
Combined Company net (loss) income	$ (19.5)	$ (19.0)	$ (24.6)
Interest expense, net	40.7	30.9	30.9
Income tax expense (benefit)	(7.5)	(8.2)	(9.0)
Depreciation	21.0	18.0	18.0
Amortization (b)	79.1	50.0	50.0
Combined Company EBITDA	$ 113.8	$ 71.7	$ 65.4
Acquisition-related deferred revenue adjustment (a)	7.8	1.5	3.8
Restructuring and other costs (c)	6.4	13.7	13.7
Transaction and integration-related expenses (d)	0.6	25.2	25.2
Share-based compensation (e)	11.2	7.8	7.8
Discretionary bonus accrual reversal (f)	(6.0)	-	-
R&D tax credit adjustment (g)	(0.2)	-	-
Monitoring and advisory fees (h)	5.4	-	-
Acquisition-related revaluation adjustments (i)	1.2	-	-
Other expense (income), net (j)	6.7	12.6	12.6
Loss on extinguishment of debt (k)	-	0.2	0.2
Combined Company adjusted EBITDA	**$ 146.8**	**$ 132.7**	**$ 128.7**

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 Q1 2018 and Q1 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 upcoming 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 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.

i) Represents non-cash adjustments resulting from the revaluation of certain items such as vehicle leases in connection with inVentiv’s Merger with Advent in 2016 and facilities.

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 activities.

l) 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 months ended March 31, 2018 and 32.5% for the three months ended March 31, 2017. This rate has been adjusted to exclude tax impacts related to valuation allowances recorded against deferred tax assets.

Reconciliation of Segment Operating Metrics

Combined Adjusted Basis

	ASC 605				ASC 606	
	Three Months Ended March 31, 2017		Three Months Ended March 31, 2018		Three Months Ended March 31, 2018	
$M	Clinical	Commercial	Clinical	Commercial	Clinical	Commercial
Service Revenue:						
Service Revenue – GAAP Segment Footnote	249.5	2.6	786.8	270.4	786.8	270.4
Pre-Merger Adjusted Service Revenue – inVentiv Health[1]	269.6	264.2	-	-	-	-
Reimbursable out-of-pocket expenses[2]	-	-	(261.5)	(47.3)	-	-
ASC 606 service revenue impact	-	-	4.5	7.2	-	-
Deferred Revenue Adjustment[3]	-	-	1.1	0.4	3.4	0.4
Service Revenue – Combined Adjusted	**$ 519.1**	**$ 266.8**	**$ 530.9**	**$ 230.6**	**$ 790.2**	**$ 270.8**
EBITDA:						
Operating Income – GAAP Segment Footnote	62.8	0.4	105.5	29.1	105.5	29.1
Pre-Merger Adjusted EBITDA – inVentiv Health[1]	50.9	45.0	-	-	-	-
ASC 606 service revenue impact	-	-	4.5	7.2	-	-
ASC 606 cost impact	-	-	-	(4.8)	-	-
Deferred Revenue Adjustment[3]	-	-	1.1	0.4	3.4	0.4
R&D Tax Credit[3,4]	(0.2)	-	-	-	-	-
EBITDA – Combined Adjusted	**$ 113.5**	**$ 45.4**	**$ 111.1**	**$ 31.9**	**$ 108.9**	**$ 29.5**

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. Also note that this segment data excludes unallocated Corporate and Other EBITDA of $(12.1)M and $(10.2)M for the three months ended March 31, 2017, and March 31, 2018, respectively, under ASC 605. This segment data excludes unallocated Corporate and Other EBITDA of $(9.8)M for the three months ended March 31, 2018, under ASC 606.
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 $1.3M.
3. Excludes pre-Merger periods for inVentiv Health, which are included in the Pre-Merger Adjusted Net Service Revenue for inVentiv Health.
4. Represents additional research and development tax credits in certain international locations for expenses incurred and recorded as a reduction of direct costs.

Guidance Reconciliation

Full-Year 2018

	ASC 605				ASC 606			
	Adjusted Net Income		Adjusted Diluted Earnings Per Share		Adjusted Net Income		Adjusted Diluted Earnings Per Share	
$M (except per share data)	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**
Net income and diluted earnings per share	**$ 44.3**	**$ 73.1**	**$ 0.42**	**$ 0.69**	**$ 7.8**	**$ 36.6**	**$ 0.07**	**$ 0.35**
Adjustments:								
Amortization[1]	200.0	200.0			200.0	200.0		
Restructuring and other costs[1]	48.0	48.0			48.0	48.0		
Share-based compensation[1]	43.0	43.0			43.0	43.0		
Transaction expenses[1]	41.0	41.0			41.0	41.0		
Merger-related deferred revenue adjustment[1]	3.0	3.0			13.5	13.5		
Other[1]	13.4	13.6			13.5	13.7		
Income tax effect of above adjustments[2]	(97.7)	(97.7)			(100.8)	(100.8)		
Adjusted net income and adjusted diluted earnings per share	**$ 295.0**	**$ 324.0**	**$ 2.80**	**$ 3.07**	**$ 266.0**	**$ 295.0**	**$ 2.52**	**$ 2.80**

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 reduction.
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.

Reconciliation of Share-based Compensation

Q1 2018 and Full-Year 2018 Guidance

	ASC 605		ASC 606	
$M	Q1 18	FY 18 Guidance	Q1 18	FY 18 Guidance
Share-based Compensation Expense:				
Direct Costs	$ 3.8	$ 22.4	$ 3.8	$ 22.4
SG&A Expense	4.0	20.9	4.0	20.9
Restructuring and Other Costs	-	-	-	-
Transaction and Integration-related Expense	0.1	0.1	0.1	0.1
Total Share-based Compensation Expense	**$ 7.9**	**$ 43.4**	**$ 7.9**	**$ 43.4**
Tax Impact of Share-based Compensation[1]	(2.2)	(12.2)	(2.2)	(12.2)
Share-based Compensation, Net of Tax – Non-GAAP Impact	**$ 5.7**	**$ 31.2**	**$ 5.7**	**$ 31.2**
Excess Income Tax Benefit from Share-based Transactions[2]	0.2	-	0.1	-
Total Share-based Compensation, Net of Tax – GAAP Impact	**$ 5.9**	**$ 31.2**	**$ 5.8**	**$ 31.2**

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

1. Tax effected at the blended statutory rate applicable to the recorded deduction.
2. Tax effected at the blended statutory rate applicable to the excess deduction.

Shortening the Distance From Lab to Life®

Syneos™ Health