



# Syneos Health, Inc. (Nasdaq: SYNH)

Q4 and FY 2020 Financial Results

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February 18, 2021

# 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 2021, the Company's strategy, expected R&D expenditures in the industry, market opportunity, clients' potential product launch timelines, our hiring strategy 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: risks associated with the COVID-19 pandemic; the Company's ability to maintain or generate new business awards; 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; the Company's ability to adequately price its contracts and not overrun cost estimates; risks related to the Company's information systems and cybersecurity; changes and costs of compliance with regulations related to data privacy; any adverse effects from the Company's customer or therapeutic area concentration; general and international economic, political, and other risks, including currency and stock market fluctuations and the uncertain economic environment; risks related to the United Kingdom's withdrawal from the European Union; risks related to the Company's transfer pricing policies; the Company's ability to increase its market share, grow its business, and execute its growth strategies; failure to perform services in accordance with contractual requirements, regulatory requirements and ethical considerations; risks associated with the Company's early phase clinical facilities; insurance risk; reliance on key personnel; principal investigators and patients; 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 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; the degree to which our relationships with existing or potential customers may adversely impact the degree to which other customers or potential customers use our services as a result of competition; 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; liability related to our embedded and functional outsourcing services; ability to utilize our net operating loss carryforwards and other tax attributes; 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; risks related to the ownership of our common stock; and other risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and other SEC filings, copies of which are available free of charge on the Company's website at [investor.synecoshealth.com](http://investor.synecoshealth.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, 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, 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 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; 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 6 and in the Appendix of this presentation.

# GAAP Financial Results

\$M (except per share data)	Three months ended December 31,			Twelve months ended December 31,		
	2019	2020	% Change	2019	2020	% Change
Revenue	\$ 1,213.0	\$ 1,140.0	(6.0%)	\$ 4,675.8	\$ 4,415.8	(5.6%)
Gross profit	285.1	292.0	2.4%	1,029.9	1,017.6	(1.2%)
<i>Gross profit margin</i>	23.5%	25.6%	+210 bps	22.0%	23.0%	+100 bps
Selling, general and administrative	112.4	108.4	(3.5%)	446.3	442.5	(0.9%)
<i>SG&amp;A as a % of revenue</i>	9.3%	9.5%	+20 bps	9.5%	10.0%	+ 50 bps
Income from operations	83.4	110.5	32.5%	237.8	293.1	23.3%
<i>Operating margin</i>	6.9%	9.7%	+280 bps	5.1%	6.6%	+150 bps
Net income	91.1	91.9	0.9%	131.3	192.8	46.9%
<i>Net income margin</i>	7.5%	8.1%	+60 bps	2.8%	4.4%	+160 bps
Earnings per share	\$ 0.86	\$ 0.87	1.2%	\$ 1.25	\$ 1.83	46.4%

**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 December 31,			Twelve months ended December 31,		
	2019	2020	% Change	2019	2020	% Change
Adjusted revenue <sup>1</sup>	\$ 1,214.5	\$ 1,140.0	(6.1%)	\$ 4,682.2	\$ 4,415.8	(5.7%)
Adjusted EBITDA	188.6	194.8	3.3%	645.2	633.6	(1.8%)
<i>Adjusted EBITDA margin<sup>2</sup></i>	15.5%	17.1%	+160 bps	13.8%	14.3%	+50 bps
Adjusted diluted EPS	\$ 1.03	\$ 1.11	7.8%	\$ 3.23	\$ 3.41	5.6%

- Highlights:**
- **Building momentum:** \$5.9B of total TTM net awards and 1.33x TTM book-to-bill
    - \$4.7B of Clinical TTM net awards and 1.42x TTM book-to-bill
    - \$1.2B of Commercial TTM net awards and 1.05x TTM book-to-bill
  - Clinical Solutions **ending backlog growth of 24.6%** as of December 31, 2020
  - Clinical Solutions **record backlog of \$10.2B** and Deployment Solutions **record backlog of \$0.7B**
  - **Record** Full Year Cash Flow from Operations of \$425.5M

1. Figures in the 2020 periods represent GAAP revenue. Excluding a \$10.1M and \$6.3M foreign currency exchange rate benefit during the three and twelve months ended December 31, 2020, respectively, adjusted revenue growth was (7.0%) and (5.8%) 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.

For a reconciliation of the presented financial measures, please reference slides 10 – 14 in the Appendix of this presentation.

# Segment Results

Key Operating Metrics: \$M (except ratios)	Clinical Solutions			Commercial Solutions		
	As of December 31,			As of December 31,		
	2019	2020	% Change	2019	2020	% Change
TTM net new business awards	\$ 4,148.0	\$ 4,698.7	13.3%	\$ 1,305.6	\$ 1,164.4	(10.8%)
TTM book-to-bill ratio	1.21x	1.42x		1.04x	1.05x	
Ending backlog, Clinical Solutions	\$ 8,220.0	\$ 10,239.5	24.6%			
Ending backlog, Deployment Solutions				\$ 684.2	\$ 711.6	4.0%
Financial Results: \$M	Three months ended December 31,			Three months ended December 31,		
Adjusted revenue <sup>1</sup>	\$ 900.9	\$ 855.6	(5.0%)	\$ 313.7	\$ 284.5	(9.3%)
\$M	Twelve months ended December 31,			Twelve months ended December 31,		
Adjusted revenue <sup>1</sup>	\$ 3,428.0	\$ 3,306.7	(3.5%)	\$ 1,254.2	\$ 1,109.0	(11.6%)
<b>Adjusted revenue drivers:</b>	<ul style="list-style-type: none"> <li>• Impacts of COVID-19</li> <li>• Decline in reimbursable expenses</li> <li>• Contingent Staffing divestiture</li> </ul>			<ul style="list-style-type: none"> <li>• Elevated cancellations</li> <li>• Impacts of COVID-19</li> <li>• Decline in reimbursable expenses</li> <li>• Medication Adherence divestiture</li> </ul>		

1. Figures in the 2020 periods for Clinical Solutions and for all periods for Commercial Solutions represent GAAP revenue. Excluding a \$8.2M and \$4.3M foreign currency benefit during the three and twelve months ended December 31, 2020, respectively, Clinical Solutions adjusted revenue growth was (5.9%) and (3.7%) at constant currency compared to the same periods in the prior year. Excluding a \$1.9M and \$2.1M foreign currency benefit during the three and twelve months ended December 31, 2020, respectively, Commercial Solutions revenue growth was (9.9%) and (11.7%) at constant currency compared to 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 10 - 14 in the Appendix of this presentation.

# Cash Flow, Leverage Profile, and Capital Management Update

\$M	December 31, 2019	December 31, 2020
Total Debt <sup>1</sup>	\$ 2,675.3	\$ 2,967.2
Less: Cash and Cash Equivalents <sup>2</sup>	163.2	271.9
Net Debt	\$ 2,512.0	\$ 2,695.3
TTM Adjusted EBITDA	\$ 645.2	\$ 633.6
Net Leverage <sup>3</sup>	3.9 x	4.3 x
Net DSO	46.4	44.5

\$M	Q4 2019	Q4 2020
Cash Flow provided by Operations	\$ 160.5	\$ 114.3
Less: Capital Expenditures	13.3	11.5
Free Cash Flow	\$ 147.2	\$ 102.8

## Balanced Approach to Capital Management:

**Goal:** Lower net leverage to 3.0x – 3.5x by December 31, 2021

- Repaid \$213.5M of Term Loan Debt during Q4
- Issued \$600.0M of Senior Notes bearing interest of 3.625% and maturing in 2029
- \$584.0M of revolving credit capacity available as of December 31, 2020

**Goal:** Share repurchases evaluated based on current conditions

- Repurchased approximately \$8.1M and \$70.2M of common stock during Q4 and FY 2020, respectively.
- \$300.0M of remaining share repurchase authorization available through the end of 2022 as of January 1, 2021.

**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 \$2,902.1M, finance leases of \$49.0M, and unamortized deferred issuance costs of \$16.2M as of December 31, 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 4 to the Financial Statements in our Annual Report on Form 10-K for the period ended December 31, 2020.
2. Excludes Restricted Cash of \$0.5M as of December 31, 2019, and \$0.3M as of December 31, 2020.
3. Net leverage is Net Debt divided by TTM Adjusted EBITDA.

# Full Year 2021 Outlook

\$M (except margin, growth rate, and per share data)	Guidance Range	Growth Rate
<b>Revenue<sup>1</sup></b>	<b>\$ 5,125 - \$ 5,325</b>	<b>16.1% - 20.6%</b>
<b>GAAP Net Income</b>	<b>\$ 207.9 - \$ 234.5</b>	<b>7.8% - 21.6%</b>
<i>Net Income Margin<sup>2</sup></i>	<i>4.1% - 4.4%</i>	
<b>GAAP Diluted EPS</b>	<b>\$ 1.95 - \$ 2.20</b>	<b>6.5% - 20.1%</b>
<b>Adjusted EBITDA</b>	<b>\$ 745 - \$ 785</b>	<b>17.6% - 23.9%</b>
<i>Adjusted EBITDA Margin<sup>2</sup></i>	<i>14.5% - 14.7%</i>	
<b>Adjusted Diluted EPS<sup>3</sup></b>	<b>\$ 4.09 - \$ 4.38</b>	<b>19.9% - 28.4%</b>

**Note:** Non-GAAP financial guidance remains unchanged from the previous guidance update on January 13, 2021. 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, expected interest rates resulting in interest expense of approximately \$94M, expected non-GAAP tax rate of 24%, and estimated diluted share count of 106.7 million shares, which will vary by quarter, and excludes any share repurchases subsequent to the fourth quarter of 2020. 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 cause the Company's future operating results to be materially different from the Company's current estimates.

1. Revenue guidance assumes foreign exchange currency rates as of February 3, 2021. In addition, revenue guidance includes approximately 540 – 580 bps of inorganic growth due to the acquisition of Syneract and Illingworth Research Group in Q4 2020 along with a headwind of approximately 110 bps due to the disposition of Contingent Staffing and Medication Adherence during FY 2020.
2. Net income margin is defined as GAAP net income divided by Revenue. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue.
3. Adjusted Diluted EPS assumes current US tax law remains in effect for FY 2021.

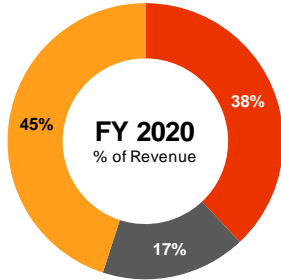
# Appendix

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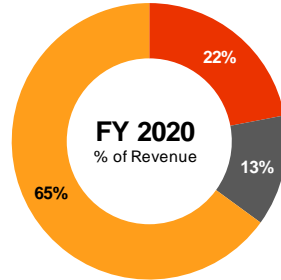


# Diversified Customer Base and Service Offerings

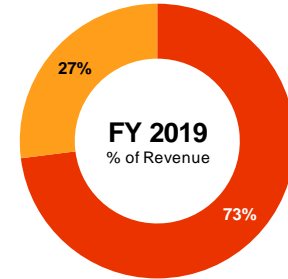
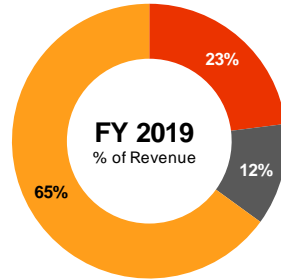
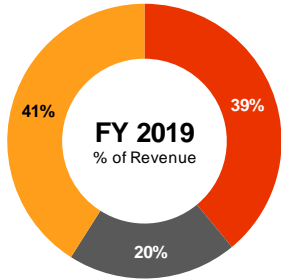
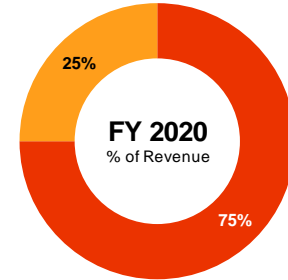
Customer Profile



Customer Concentration



Service Mix



■ Top 20<sup>1</sup> ■ 21-50<sup>1</sup> ■ SMID

■ Top 5<sup>2</sup> ■ 6 - 10<sup>2</sup> ■ Remainder

■ Clinical Solutions ■ Commercial Solutions

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

<b>\$M</b>		<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>
TTM Clinical Solutions net new business awards <sup>1</sup>	\$	4,148.0	\$ 4,451.3	\$ 4,567.1	\$ 4,711.3	\$ 4,698.7
TTM Clinical Solutions adjusted revenue <sup>2</sup>		3,428.0	3,496.2	3,391.9	3,352.1	3,306.7
<b>TTM Clinical Solutions book-to-bill ratio<sup>3</sup></b>		<b>1.21 x</b>	<b>1.27 x</b>	<b>1.35 x</b>	<b>1.41 x</b>	<b>1.42 x</b>

<b>\$M</b>		<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>
Clinical Solutions adjusted revenue	\$	900.9	\$ 874.8	\$ 747.2	\$ 829.2	\$ 855.6
Clinical Solutions beginning backlog		7,781.8	8,220.0	8,549.4	8,997.3	9,196.3
<b>Clinical Solutions backlog burn rate<sup>4</sup></b>		<b>11.6%</b>	<b>10.6%</b>	<b>8.7%</b>	<b>9.2%</b>	<b>9.3%</b>

## Commercial Solutions

<b>\$M</b>		<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>
TTM Commercial Solutions net new business awards <sup>1</sup>	\$	1,305.6	\$ 1,273.4	\$ 1,229.5	\$ 1,180.8	\$ 1,164.4
TTM Commercial Solutions revenue		1,254.2	1,228.7	1,178.0	1,138.3	1,109.0
<b>TTM Commercial Solutions book-to-bill ratio<sup>3</sup></b>		<b>1.04 x</b>	<b>1.04 x</b>	<b>1.04 x</b>	<b>1.04 x</b>	<b>1.05 x</b>

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 7 in our Annual Report on Form 10-K for the twelve months ended December 31, 2020.
2. For a reconciliation of GAAP revenue by segment to Non-GAAP adjusted revenue by quarter, please reference slide 11 in the Appendix of this presentation.
3. TTM book-to-bill represents TTM net new business awards divided by TTM adjusted revenue or TTM revenue, as applicable.
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	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Clinical Solutions revenue, as reported	\$ 805.0	\$ 849.9	\$ 867.4	\$ 899.3	\$ 874.8	\$ 747.2	\$ 829.2	\$ 855.6
Clinical Solutions deferred revenue adjustment (a)	1.6	1.6	1.6	1.6	-	-	-	-
<b>Clinical Solutions adjusted revenue</b>	<b>\$ 806.6</b>	<b>\$ 851.5</b>	<b>\$ 869.0</b>	<b>\$ 900.9</b>	<b>\$ 874.8</b>	<b>\$ 747.2</b>	<b>\$ 829.2</b>	<b>\$ 855.6</b>
<b>TTM Clinical Solutions adjusted revenue</b>				<b>\$ 3,428.0</b>	<b>\$ 3,496.2</b>	<b>\$ 3,391.9</b>	<b>\$ 3,352.1</b>	<b>\$ 3,306.7</b>
Commercial Solutions revenue, as reported	\$ 314.0	\$ 316.9	\$ 309.6	\$ 313.7	\$ 288.5	\$ 266.2	\$ 269.8	\$ 284.5
<b>TTM Commercial Solutions revenue, as reported</b>				<b>\$ 1,254.2</b>	<b>\$ 1,228.7</b>	<b>\$ 1,178.0</b>	<b>\$ 1,138.3</b>	<b>\$ 1,109.0</b>
Revenue, as reported	\$ 1,119.0	\$ 1,166.8	\$ 1,177.0	\$ 1,213.0	\$ 1,163.4	\$ 1,013.4	\$ 1,099.0	\$ 1,140.0
Deferred revenue adjustment (a)	1.6	1.6	1.6	1.6	-	-	-	-
<b>Adjusted revenue</b>	<b>\$ 1,120.6</b>	<b>\$ 1,168.4</b>	<b>\$ 1,178.6</b>	<b>\$ 1,214.5</b>	<b>\$ 1,163.4</b>	<b>\$ 1,013.4</b>	<b>\$ 1,099.0</b>	<b>\$ 1,140.0</b>
<b>TTM Adjusted revenue</b>				<b>\$ 4,682.2</b>	<b>\$ 4,724.9</b>	<b>\$ 4,569.9</b>	<b>\$ 4,490.3</b>	<b>\$ 4,415.8</b>

**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 14 in the Appendix of this presentation.

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

<b>\$M (except per share data)</b>	Three months ended December 31,		Twelve months ended December 31,	
	2019	2020	2019	2020
Net income, as reported	\$ 91.1	\$ 91.9	\$ 131.3	\$ 192.8
Acquisition-related deferred revenue adjustment (a)	1.6	-	6.4	-
Amortization (b)	41.5	36.4	165.9	152.2
Restructuring and other costs (c)	2.4	6.0	42.1	29.4
Transaction and integration-related expenses (d)	26.5	12.3	61.3	30.2
Share-based compensation (e)	14.3	11.2	55.2	58.5
Other expense (income), net (f)	53.5	(0.4)	24.2	(3.0)
(Gain) loss on extinguishment of debt (g)	(14.8)	1.2	(10.4)	1.6
Income tax adjustment to normalized rate (h)	(85.1)	(41.9)	(121.6)	(102.5)
Impact of base erosion and anti-abuse tax (i)	(22.5)	-	(15.1)	-
<b>Adjusted net income</b>	<b>\$ 108.6</b>	<b>\$ 116.8</b>	<b>\$ 339.3</b>	<b>\$ 359.2</b>
Diluted weighted average common shares outstanding	105.4	105.4	105.0	105.5
<b>Adjusted diluted earnings per share</b>	<b>\$ 1.03</b>	<b>\$ 1.11</b>	<b>\$ 3.23</b>	<b>\$ 3.41</b>

**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 14 in the Appendix of this presentation.

# Reconciliation of GAAP Net Income and Net Income Margin to Adjusted EBITDA and Adjusted EBITDA Margin

\$M	Three months ended December 31,				Twelve months ended December 31,			
	2019	2020	2019	2020	2019	2020	2019	2020
Net income and net income margin, as reported	\$ 91.1	\$ 91.9	7.5%	8.1%	\$ 131.3	\$ 192.8	2.8%	4.4%
Interest expense, net	26.8	22.8	2.2%	2.0%	122.3	90.9	2.6%	2.1%
Income (benefit) tax expense	(73.3)	(5.0)	-6.0%	-0.4%	(29.5)	10.9	-0.6%	0.2%
Depreciation	18.9	18.4	1.6%	1.6%	76.5	70.2	1.6%	1.6%
Amortization (b)	41.5	36.4	3.4%	3.2%	165.9	152.2	3.5%	3.4%
EBITDA and EBITDA margin	105.0	164.4	8.6%	14.4%	466.5	516.9	10.0%	11.7%
Acquisition-related deferred revenue adjustment (a)	1.6	-	0.1%	0.0%	6.4	-	0.1%	0.0%
Restructuring and other costs (c)	2.4	6.0	0.2%	0.5%	42.1	29.4	0.9%	0.7%
Transaction and integration-related expenses (d)	26.5	12.3	2.2%	1.1%	61.3	30.2	1.3%	0.7%
Share-based compensation (e)	14.3	11.2	1.2%	1.0%	55.2	58.5	1.2%	1.3%
Other expense (income), net (f)	53.5	(0.4)	4.4%	0.0%	24.2	(3.0)	0.5%	-0.1%
Loss on extinguishment of debt (g)	(14.8)	1.2	-1.2%	0.1%	(10.4)	1.6	-0.2%	0.0%
<b>Adjusted EBITDA and adjusted EBITDA margin</b>	<b>\$ 188.6</b>	<b>\$ 194.8</b>	<b>15.5%</b>	<b>17.1%</b>	<b>\$ 645.2</b>	<b>\$ 633.6</b>	<b>13.8%</b>	<b>14.3%</b>

**Note:** Due to rounding of specific line items, line item figures might not sum to subtotals. Net income margin is defined as net income divided by revenue. Adjusted EBITDA margin is defined as adjusted EBITDA margin divided by adjusted revenue, with revenue in all 2020 periods representing GAAP revenue.

For a description of all GAAP to Non-GAAP adjustments, please reference slide 14 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 backlog, customer relationships, trade names and trademarks, and intellectual property.
- c) Restructuring and other costs consist primarily of severance costs associated with a reduction/optimization of our workforce in line with our expectations of future business operations and termination costs in connection with abandonment and closure of redundant facilities and other lease-related charges.
- 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) (Gain) 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 twelve months ended December 31, 2020, and 24.0% for the three and twelve months ended December 31, 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 2021 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
<b>GAAP net income and diluted earnings per share</b>	<b>\$ 207.9</b>	<b>\$ 234.5</b>	<b>\$ 1.95</b>	<b>\$ 2.20</b>
<i>Adjustments:</i>				
Amortization <sup>1</sup>	157.0	157.0	1.47	1.47
Restructuring and other costs <sup>1</sup>	26.0	27.0	0.24	0.25
Transaction expenses <sup>1</sup>	28.0	28.0	0.26	0.26
Share-based compensation expense <sup>1</sup>	67.0	68.0	0.63	0.64
Income tax effect of above adjustments <sup>2</sup>	(49.5)	(47.1)	(0.46)	(0.44)
<b>Adjusted net income and adjusted diluted earnings per share<sup>3,4</sup></b>	<b>\$ 436.4</b>	<b>\$ 467.4</b>	<b>\$ 4.09</b>	<b>\$ 4.38</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 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 0.6% through the end of 2021.
4. Guidance for Adjusted Diluted EPS is based on an expectation of a fully diluted weighted average share count for 2021 of approximately 106.7 million shares, which will vary by quarter.

# Full Year 2021 Guidance Reconciliation

## Adjusted EBITDA and Adjusted EBITDA Margin

\$M	Adjusted EBITDA		Adjusted EBITDA Margin	
	Low	High	Low	High
<b>GAAP Net income</b>	\$ 207.9	\$ 234.5	4.1%	4.4%
<i>Adjustments:</i>				
Interest expense, net <sup>1</sup>	94.0	94.0	1.8%	1.8%
Income tax expense <sup>1</sup>	89.1	100.5	1.7%	1.9%
Depreciation <sup>1</sup>	76.0	76.0	1.5%	1.4%
Amortization <sup>1</sup>	157.0	157.0	3.1%	2.9%
<b>EBITDA</b>	<b>624.0</b>	<b>662.0</b>	<b>12.2%</b>	<b>12.4%</b>
Restructuring and other costs <sup>1</sup>	26.0	27.0	0.5%	0.5%
Transaction expenses <sup>1</sup>	28.0	28.0	0.5%	0.5%
Share-based compensation expense <sup>1</sup>	67.0	68.0	1.3%	1.3%
<b>Adjusted EBITDA</b>	<b>\$ 745.0</b>	<b>\$ 785.0</b>	<b>14.5%</b>	<b>14.7%</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 reductions.
2. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Adjusted Revenue.





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