Endo International plc
Q2 2016
Financial Results

August 8, 2016

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Forward Looking Statements; Non-GAAP Financial Measures

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This presentation may refer to non-GAAP financial measures, including adjusted diluted EPS and adjusted EBITDA, that are not prepared in accordance with accounting principles generally accepted in the United States and that may be different from non-GAAP financial measures used by other companies. Investors are encouraged to review Endo’s current report on Form 8-K furnished to the SEC for Endo’s reasons for including those non-GAAP financial measures in this presentation. Except as noted on Form 8-K, reconciliation of non-GAAP financial measures to the nearest comparable GAAP amounts have been provided within the appendix at the end of this presentation.

Today's Agenda

- Overview & Q2 2016 Snapshot
- Q2 2016 Business Unit Performance
  - U.S. Branded Pharmaceuticals
  - International Pharmaceuticals
  - U.S. Generic Pharmaceuticals
- Q2 2016 Financial Results
- 2016 Goals & Upcoming Milestones

Overview

- Delivered solid top- and adjusted bottom-line Q2 2016 results
  - Performance across all business units in line or ahead of Company expectations
    - Exceeded Q2 guidance
- Continued focus on operational execution and flexibility
  - Progress on key growth drivers
  - Ongoing legal entity reorganization provides operational flexibility and benefits, reduced risk of loss of tax value and ongoing cash tax benefits
- Affirming full year 2016 revenue and adjusted EPS guidance while increasing investment in Branded and Generics R&D as well as BELBUCA™ and XIAFLEX® promotion

Q2 2016 Snapshot

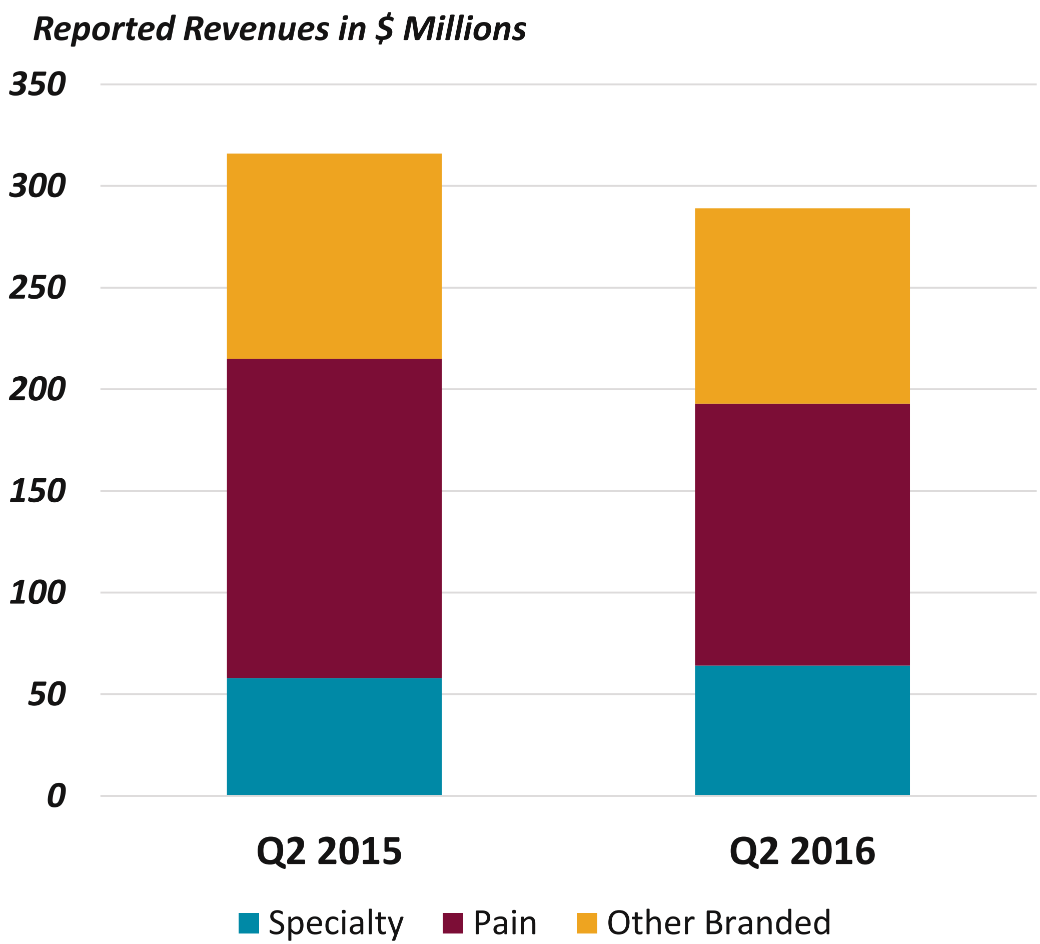
Revenue (US $M)	Q2 2016	Q2 2015	Y/Y Growth %
U.S. Branded Pharmaceuticals	$288	$316	(9%)
U.S. Generic Pharmaceuticals	$565	$338	67%
International Pharmaceuticals	$67	$81	(16%)
Total	**$921**	**$735**	**25%**

Table may not total due to rounding

Operational Execution & Achieving Key Milestones

- Announced appointment of new President of U.S. Branded business today
- Continued growth in Generic Sterile Injectables
- Generics Base performance in line with Company expectations
- Secured Vasostrict® patent
- Launched 11 Generic products and submitted 7 filings to FDA as of Aug. 1, 2016
- Filed BELBUCA™ submission and secured rights to XIAFLEX® in Canada
- Advanced R&D pipeline, opting in on XIAFLEX® Human Lipoma program in July

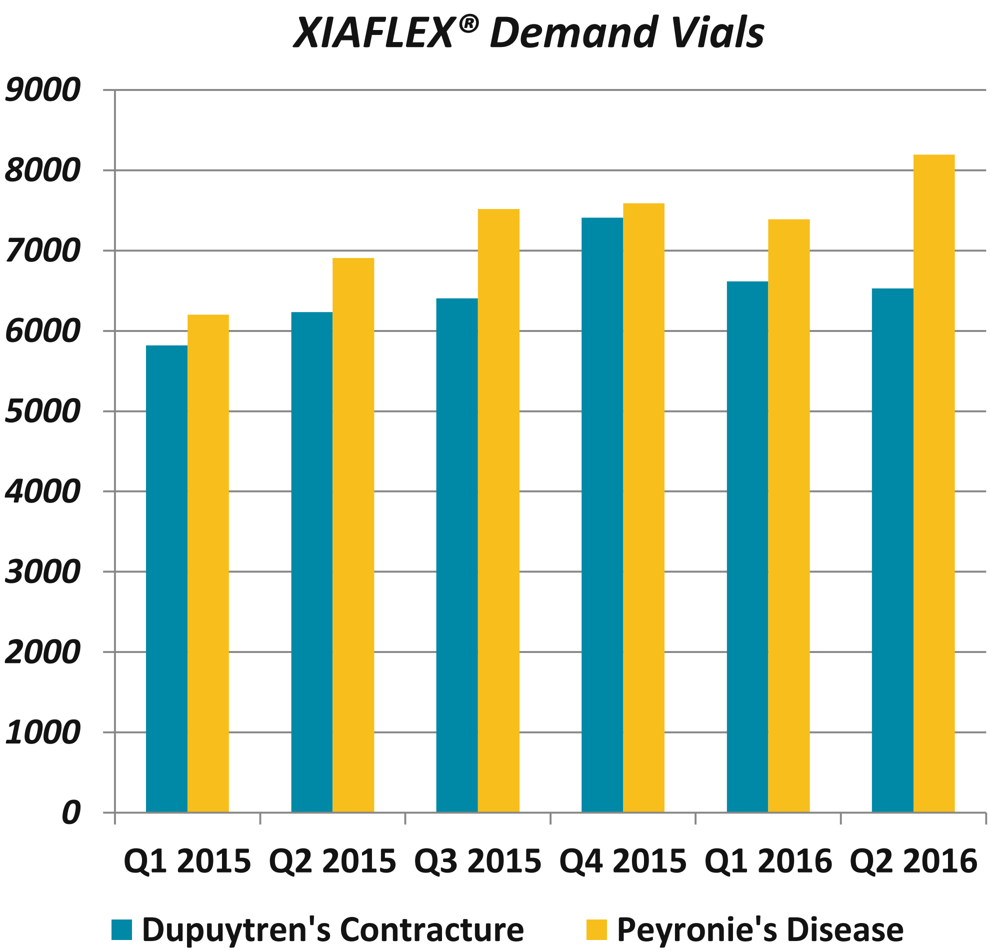
Q2 2016 Performance: U.S. Branded Pharmaceuticals



Overall segment performance broadly in line with Company expectations

- XIAFLEX® demand vials continue to grow
  - +12% YoY overall, including +19% YoY growth in Peyronie's disease
- BELBUCA™ launch efforts continue with increasing Rxs and growing repeat Rxs
- Better than expected results from Voltaren® Gel, LIDODERM®, Nascobal®, Supprelin® LA

U.S. Branded: Continued XIAFLEX® Growth



Continuing to make progress with a key growth asset:

- PD demand growth of 19% vs. Q2 2015 driven by:
  - Active and expanding PD physician / injector base
  - Disease Awareness campaign early indicators are encouraging
- DC demand growth of 5% vs. Q2 2015
- Larger than expected Q2 de-stocking

Expect low double-digit pro forma revenue growth in 2016

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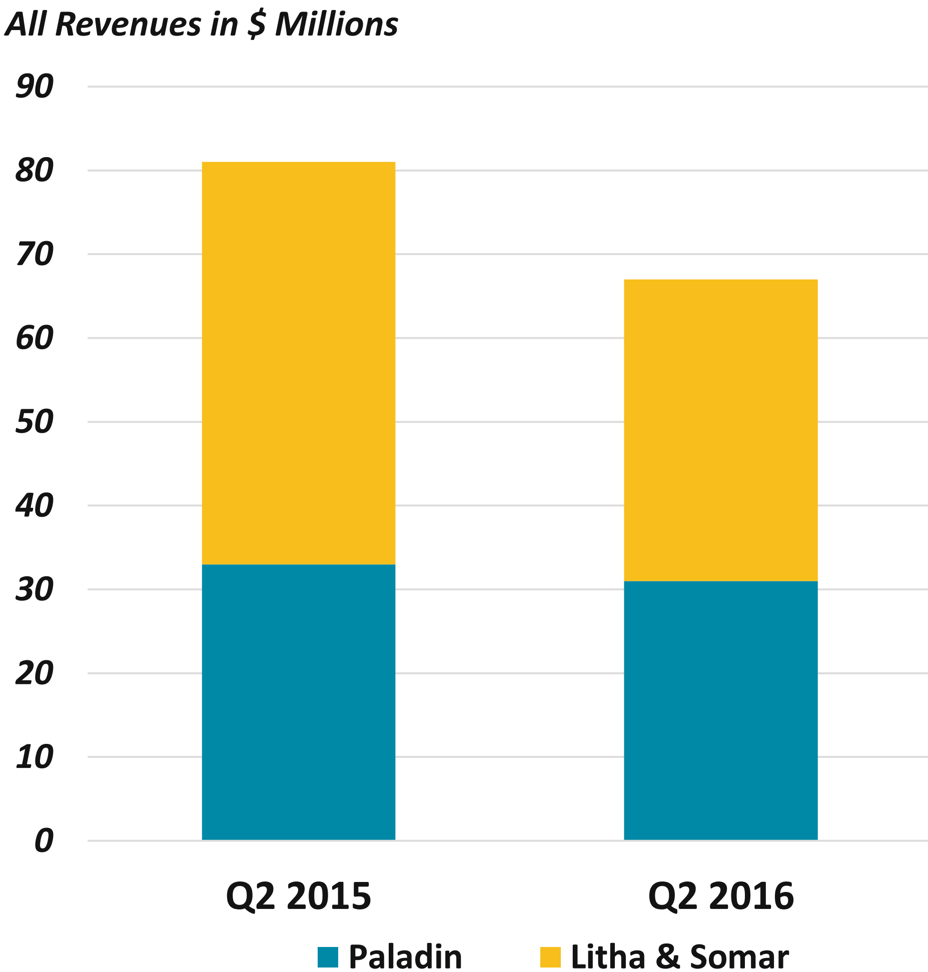
Q2 2016 Performance: International Pharmaceuticals

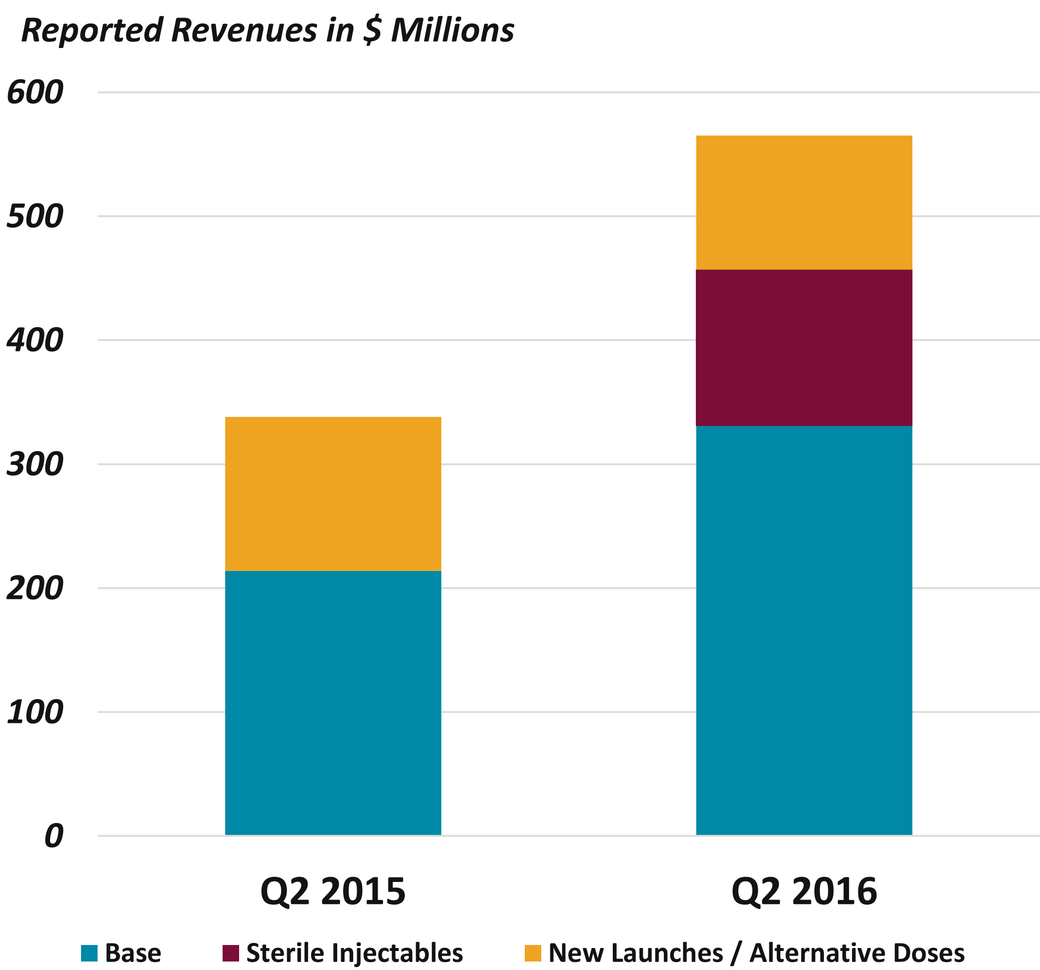


Overall segment performance in line with Company expectations

- Paladin
  - BELBUCA™ submission filed with Health Canada
  - Acquired Canadian rights to XIAFLEX®
  - Some LOE expected in 2H 2016
- Litha & Somar
  - Underlying revenue[1] growth is outpacing market growth rates; largely driven by volume
  - Continued to improve adjusted operating margins

[1]International underlying revenue growth excludes Aspen Q2'16 sales and divestitures for Litha Medical and Vaccine Businesses, and is calculated on a constant exchange rate basis.

Q2 2016 Performance: U.S. Generic Pharmaceuticals



Overall segment performance in line with Company expectations

- Sterile injectables:
  - Vasostrict® continued to grow; secured patent through 2035
- New launches / alternative dosages:
  - Launched 11 products YTD
- Q2 Base business declined ~5% sequentially from Q1 2016, as expected
- Adjusted Gross Margin in line with expectations
- Modest timing benefit related to quarter end wholesaler buying patterns

U.S. Generics: Progress on Action Plan

- Maximize key growth drivers
  - **In progress:** pursue new 505(b)(2) products and focus on sterile injectables
  - **On track:** ~30 new product launches in 2016
- Reprioritize and accelerate R&D pipeline
  - **In progress:** Prune lower value projects
  - **On track:** ~25-30 submissions expected in 2016; rich pipeline programs in 2017 & beyond
- Accelerate restructuring plan to rationalize Generics manufacturing network
  - **Complete:** internal restructuring notifications and transition planning
  - **On track:** Estimated ~$60 million in annual net run rate savings projected to be fully realized by Q4 2017
  - **In progress:** Maintaining sharp focus on manufacturing and quality excellence
- Accelerate transition of legacy Qualitest business onto Par platform
  - **Complete:** Commercial insight, forecasting, wholesaler data management, etc.
- Execute
  - **Delivered on Q2:** Par team has proven ability to navigate through cyclical Generics downturns (similar market dynamics in 2008-2009)

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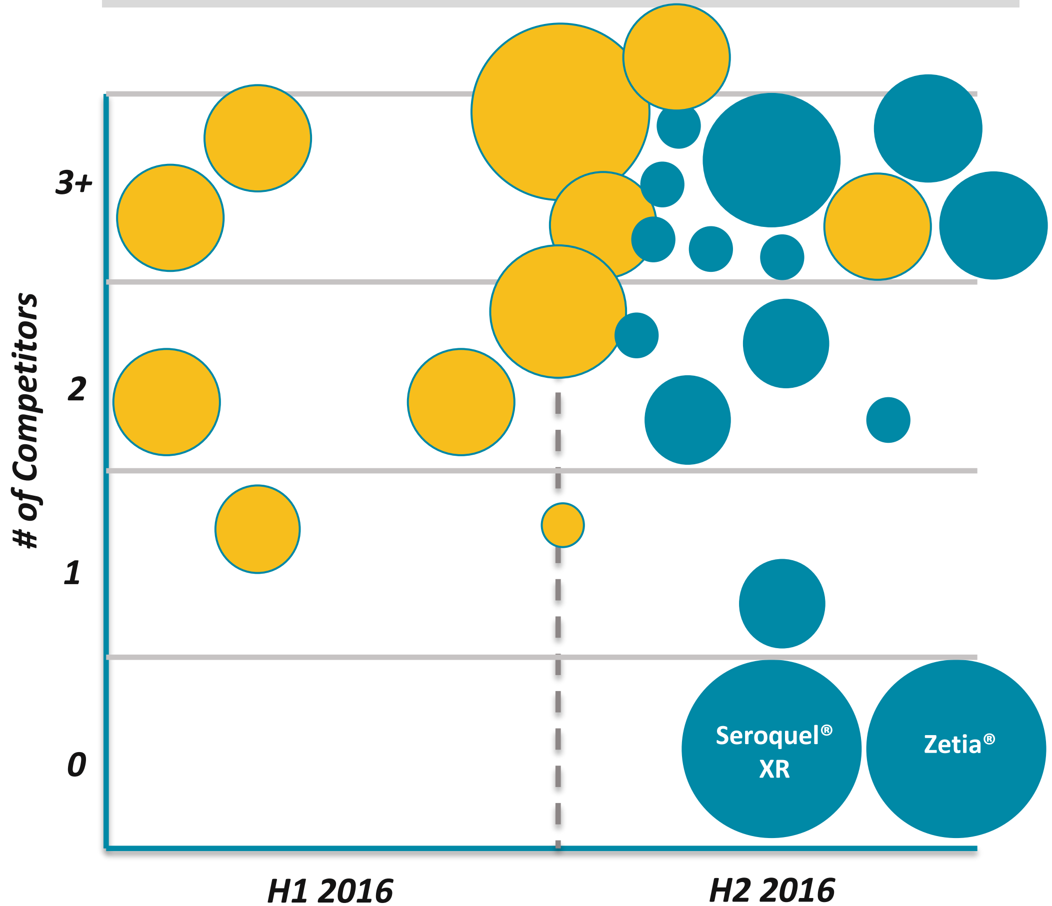
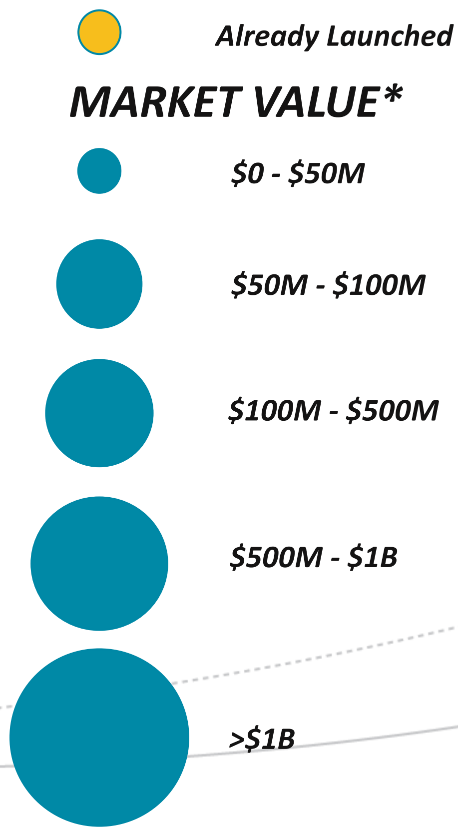
U.S. Generics: FY 2016 Product Launch Expectations



2016 Submissions	7 filed	18-20

- ~30 product launches expected
  - 3 First-to-File products
  - 1 Alternative dosage products
  - 10 Sterile injectable products



* Market value defined by IMS sales for 12 months ended June 30, 2015

Q2 2016
Financial Results

Finance Updates: SEC Guidelines & Adjusted Effective Tax Rate Policy Moving Forward

- SEC guidelines on Non-GAAP measures
  - SEC's Non-GAAP Compliance & Disclosure Interpretations (C&DI) issued in May 2016
  - Result: Endo no longer excluding non-cash deferred tax expense associated with acquired attributes in adjusted effective tax rate going forward
  - Result: Policy change has no impact on Endo historic or forward looking GAAP tax or cash tax profile

Endo Adjusted Effective Tax Rate

Prior Approach

Adjusted Pretax Income at U.S. Federal Rate
+ U.S. State Taxes
- Tax Rate Differential from Ex-U.S. Ops
- Acquired Tax Attributes
+ / - Misc Items (R&D Credits, etc.)
= Adjusted Effective Tax Rate

SEC C&DI →

New Approach

Adjusted Pretax Income at U.S. Federal Rate
+ U.S. State Taxes
- Tax Rate Differential from Ex-U.S. Ops
+ / - Misc Items (R&D Credits, etc.)
= Adjusted Effective Tax Rate

Finance Updates: Legal Entity Reorganization

- Legal entity reorganization initiated in Q1 2016 as part of continued integration of Qualitest and Par businesses
  - Provides operating flexibility and benefits
  - Reduces risk of future limits on use of tax attributes
  - Utilizes tax attributes in intercompany sale resulting in stepped-up U.S. Generics tax basis; utilization offsets intercompany gain created by reorganization
    - Prior non-GAAP policy = utilization would have resulted in unfavorable impact of ~$160m on full-year adjusted tax expense
    - Unfavorable impact to adjusted effective tax rate offset by improved mix of jurisdictional earnings resulting primarily from the reorganization
  - Reorganization gave rise to discrete net GAAP tax benefit of ~$450 million in Q2 2016 arising from outside basis differences – benefit excluded from adjusted ETR

- 2016 Tax Expectations
  - GAAP tax benefit
  - Negative cash tax rate
  - No change to adjusted ETR guidance of zero to 2% in 2016

- 2017 & Future Tax Expectations
  - Adjusted ETR in high single to low double digits subject to any future material changes in jurisdictional mix of adjusted pre-tax income
  - Average cash tax rate <5% of adjusted pre-tax income over next 5 years

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Q2 2016: Financial Results (Continuing Operations*)

(US $M, except EPS)	Q2 2016		Q2 2015	
	GAAP	*Non-GAAP*	*GAAP*	*Non-GAAP*
Revenue	**$921**	**$921**	**$735**	**$735**
Gross Margin	**31.3%**	**59.1%**	**40.3%**	**63.0%**
Operating Income (Loss)	**($48)**	**$312**	**$1.5**	**$297**
Income (Loss) from Continuing Operations	**$390**	**$192**	**($91)**	**$204** [(1)]
Effective Tax Rate	**NM**	**2%**	**12%**	**7%** [(1)]
Diluted EPS	**$1.75**	**$0.86**	**($0.49)**	**$1.08** [(1)]
Weighted Average Diluted Shares Outstanding	**223**	**223**	**185**	**189**

[(1)] See FN 12 of the Non-GAAP Reconciliations in Exhibit 99.1 to the 8-K filed August 8, 2016 for the impact of the SEC's recently updated guidance on Non-GAAP measures issued in May 2016

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

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2016 Financial Guidance (Continuing Operations*)

Measure	FY 2016 Financial Guidance	
Revenues	$3.87B - $4.03B	
	1H	*3Q*
	$1.885B	***$830M - $870M***
Adjusted Gross Margin	59% - 60%	
Adjusted Operating Expense to Revenue Ratio	21.5% - 22%	
Adjusted Interest Expense	~$455M	
Adjusted Effective Tax Rate	Zero - 2%	
Adjusted Diluted EPS	$4.50 - $4.80	
	1H	*3Q*
	$1.94	***$0.77 - $0.82***
GAAP EPS	$1.86 - $2.16	
Weighted Average Diluted Shares Outstanding	~223M	

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

Liquidity Profile

($M)	Q1 '16	Q2 '16	YTD '16
Reported GAAP Cash Flow from Operations	**$(50)**	**$604**	**$555**
Certain Cash Items included in Reported Cash Flow from Operations:*			
Mesh Liability & Other Litigation	$214	$344	$558
Transaction Costs & Integration Costs	$31	$18	$49
Separation & Restructuring Costs	$20	$36	$56
Federal Tax Refunds Received	-	($707)	($707)
Adjusted Net Income	**$241**	**$192**	**$433**

The above table is not intended to foot.

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

Full Year 2016: Projected Free Cash Flow

$ in Millions except EPS

Full Year 2016	Low	High
Adjusted EPS Guidance Range	*$4.50*	*$4.80*
Implied Adjusted EBITDA Range[1]	**$1,615**	**$1,660**
Cash Interest	*~($420)*	
Changes in Working Capital and Other Assets & Liabilities	*-($240)*	
Cash Taxes	*~($35)*	
Milestone/Commercial Payments	*~($35)*	
Restructuring and Integration Related Costs [2]	*~($160)*	
Cash Flow – Pre-Mesh and Other Settlements	**~$725**	**~$770**
Mesh Payments and Related Legal Expenses Net of Tax Refund [3]	~($195)	
Non-Mesh Settlement Payments [4]	~($65)	
Cash Flow – Post Mesh and Other Settlements	**$465**	**$510**
Capital Expenditures	~($150)	
Contingent Consideration and Other	~($90)	
Estimated Free Cash Flow	**$225**	**$270**

[1] Calculated implied Adjusted EBITDA based on Adjusted EPS guidance range, 223M shares outstanding, 0-2% Adjusted Tax Rate, Interest expense of $455M, and combined depreciation & stock-based compensation expense of ~$135M

[2] Restructuring and integration related costs consist of ~$70M of integration expenses related primarily to the acquisition of Par Pharmaceuticals, ~$40M of Severance costs primarily related to Par Pharmaceuticals, and ~$50M in costs associated with the shutdown of the ASTORA Women's Health

[3] For presentation purposes "Mesh Payments and Related Legal Expenses Paid" represents total cash outlays related to Mesh, including those outlays that are reflected under Cash Flow From Investing. Amount includes Tax refund of ~$707M received in 2016.

[4] Non-Mesh Settlement Payments represents additional legal settlements that Endo expects to pay in 2016

Goals & 2016 Milestones

Near-Term Milestones: U.S. Branded Pharmaceuticals

Key Growth Drivers
▪ ***In-market growth opportunity for XIAFLEX® and BELBUCA™***
▪ ***Diversified legacy portfolio***
▪ ***De-risked, innovative R&D pipeline programs***

2016 Events & Milestones	Anticipated Timing
Launch BELBUCA™	Q1 ✓
Phase 2b Trial in Cellulite	Q1 ✓
OPANA® ER	FDA dialogue ongoing; Ad Comm expected Fall 2016
Human lipoma opt-in decision	Q3 ✓
Phase 2b Trial in Adhesive Capsulitis	Q3
Phase 2 Trial in Plantar Fibromatosis	Q3
Present / publish additional BELBUCA™ data	2H
Phase 2 Trial in Lateral Hip Fat	Q4
Registration Trial for Dupuytren's Nodules	Q4

Near-Term Milestones: U.S. Generic Pharmaceuticals

Key Growth Drivers
▪ ***High-growth sterile injectables***
▪ ***Robust pipeline of >250 programs*** ▪ *Focus on higher barrier-to-entry, differentiated products*
▪ ***Diversified, reset base***
▪ ***Robust, highly compliant manufacturing network***
▪ ***Execution opportunities for proven management team***

2016 Events & Milestones	Anticipated Timing
Launch 10-12 products	11 YTD ✓
File 12-15 submissions	7 in 1H ✓
File 18-20 submissions	2H
Launch 15-17 products	2H
Launch generic Seroquel®	November 2016
Launch generic Zetia®	December 2016

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Summary: Endo Positioned for Execution & Growth

- Delivered solid top- and adjusted bottom-line Q2 2016 results
  - Performance across all business units in line or ahead of Company expectations
  - Exceeded Q2 guidance
- Focused on operational execution and achieving key milestones
  - Announced appointment of new President of U.S. Branded business today
    - Key priorities: driving growth for XIAFLEX® and BELBUCA™
  - Continued strong growth in Generic Sterile Injectables; Generics Base performance in line with Company expectations
  - Secured Vasostrict® IP
  - Launched 11 Generic products and submitted 7 filings to FDA as of Aug. 1, 2016
  - Advanced R&D pipeline, opting in on XIAFLEX® Human Lipoma program
- Affirming full year 2016 adjusted results financial guidance
  - Increasing investment: R&D, BELBUCA™ and XIAFLEX® promotion

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Appendix

Cash Conversion Cycle (1)

We use days sales outstanding (DSO), days payable outstanding (DPO) and days inventory on hand (DIO), the sum of which is the cash conversion cycle, to evaluate our working capital performance. The following table summarizes the details of the financial metrics used to calculate these working capital performance statistics for the quarters ended June 30, 2016, December 31, 2015 and December 31, 2014 (in thousands, except ratios):

	June 30, 2016	December 31, 2015	December 31, 2014
Total revenues	$ 920,887	$ 1,073,697	$ 662,877
DSO:			
Accounts receivable, net of allowance (1)	$ 875,058	$ 995,077	$ 1,118,720
Less: Returns and allowances	(369,402)	(356,932)	(174,941)
Less: Rebates	—	—	(209,370)
Less: Chargebacks	—	—	(206,819)
Less: Other sales deductions	—	—	(25,313)
Accounts receivable, adjusted for non-cash items	$ 505,656	$ 638,145	$ 502,277
Total revenues per day	$ 10,120	$ 11,671	$ 7,205
DSO	50	55	70
DPO:			
Accounts payable	$ 318,459	$ 344,267	$ 294,001
Plus: Accrued rebates and chargebacks paid in cash	249,997	349,991	$ 298,577
Accounts payable, adjusted for rebates	$ 568,456	$ 694,258	$ 592,578
Total revenues per day	$ 10,120	$ 11,671	$ 7,205
DPO	56	59	82
DIO:			
Inventories, net	$ 626,320	$ 744,665	$ 414,995
Plus: Long-term inventory	30,163	24,891	—
Less: Inventory step-up	(20,172)	(117,179)	(22,945)
Inventory, adjusted for long-term and non-cash items	$ 636,311	$ 652,377	$ 392,050
Total revenues per day	$ 10,120	$ 11,671	$ 7,205
DIO	63	56	54
Cash conversion cycle	57	52	42

(1) We have classified certain revenue reserves as reductions from Accounts receivable on our Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015. For additional information on this reclassification, see Note 2. Summary of Significant Accounting Policies in our 2015 Annual Report on Form 10-K.

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Reconciliation of Non-GAAP Measures

Three Months Ended June 30, 2016

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Income from continuing operations	Discontinued operations, net of tax	Net income attributable to Endo International plc (14)	Diluted earnings per share (15)
Reported (GAAP)	**$ 920,887**	**$ 632,218**	**$ 288,669**	**31%**	**$ 337,040**	**37%**	**$ (48,371)**	**(5)%**	**$ 117,094**	**$ (165,465)**	**$ (555,277)**	**336%**	**$ 389,812**	**$ (46,216)**	**$ 343,578**	**$ 1.75**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(212,844)	212,844		—		212,844		—	212,844	—		212,844	—	212,844	0.95
Inventory step-up and other costs savings (2)	—	(29,103)	29,103		—		29,103		—	29,103	—		29,103	—	29,103	0.13
Upfront and milestone-related payments (3)	—	(642)	642		(2,046)		2,688		—	2,688	—		2,688	—	2,688	0.01
Inventory reserve increase from restructuring (4)	—	(6,706)	6,706		—		6,706		—	6,706	—		6,706	—	6,706	0.03
Separation benefits and other restructuring (5)	—	(6,405)	6,405		(9,063)		15,468		—	15,468	—		15,468	—	15,468	0.07
Charges for litigation and other legal matters (6)	—	—	—		(5,259)		5,259		—	5,259	—		5,259	—	5,259	0.02
Asset impairment charges (7)	—	—	—		(39,951)		39,951		—	39,951	—		39,951	—	39,951	0.18
Acquisition-related and integration costs (8)	—	—	—		(24,287)		24,287		—	24,287	—		24,287	—	24,287	0.11
Fair value of contingent consideration (9)	—	—	—		(23,884)		23,884		—	23,884	—		23,884	—	23,884	0.11
Non-cash and penalty interest charges (10)	—	—	—		—		—		—	—	—		—	—	—	—
Other (11)	—	—	—		—		—		(1,541)	1,541	—		1,541	—	1,541	0.01
Tax adjustments (12)	—	—	—		—		—		—	—	559,202		(559,202)	—	(559,202)	(2.51)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	46,216	46,216	—
After considering items (non-GAAP)	$ 920,887	$ 376,518	$ 544,369	59%	$ 232,550	25%	$ 311,819	34 %	$ 115,553	$ 196,266	$ 3,925	2%	$ 192,341	$ —	$ 192,323	$ 0.86

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Reconciliation of Non-GAAP Measures

Three Months Ended June 30, 2015

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Loss from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (14)	Diluted earnings per share (15)
Reported (GAAP)	**$ 735,166**	**$ 438,858**	**$ 296,308**	**40%**	**$ 294,818**	**40%**	**$ 1,490**	**—%**	**$ 105,104**	**$ (103,614)**	**$ (12,720)**	**12%**	**$ (90,894)**	**$ (159,632)**	**$ (250,419)**	**$ (0.49)**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(116,987)	116,987		—		116,987		—	116,987	—		116,987	—	116,987	0.61
Inventory step-up and other costs savings (2)	—	(48,948)	48,948		—		48,948		—	48,948	—		48,948	—	48,948	0.26
Upfront and milestone-related payments (3)	—	(623)	623		(1,512)		2,135		—	2,135	—		2,135	—	2,135	0.01
Inventory reserve increase from restructuring (4)	—	—	—		—		—		—	—	—		—	—	—	—
Separation benefits and other restructuring (5)	—	—	—		(5,780)		5,780		—	5,780	—		5,780	—	5,780	0.03
Charges for litigation and other legal matters (6)	—	—	—		(6,875)		6,875		—	6,875	—		6,875	—	6,875	0.04
Asset impairment charges (7)	—	—	—		(70,243)		70,243		—	70,243	—		70,243	—	70,243	0.38
Acquisition-related and integration costs (8)	—	—	—		(46,745)		46,745		—	46,745	—		46,745	—	46,745	0.25
Fair value of contingent consideration (9)	—	—	—		2,520		(2,520)		—	(2,520)	—		(2,520)	—	(2,520)	(0.01)
Non-cash and penalty interest charges (10)	—	—	—		—		—		(2,999)	2,999	—		2,999	—	2,999	0.02
Other (11)	—	—	—		(800)		800		(23,929)	24,729	—		24,729	—	24,729	0.13
Tax adjustments (12)	—	—	—		—		—		—	—	27,692		(27,692)	—	(27,692)	(0.15)
Exclude discontinued operations, net of tax (13)	—	—	—		—		—		—	—	—		—	181,771	181,771	—
After considering items (non-GAAP)	$ 735,166	$ 272,300	$ 462,866	63 %	$ 165,383	22 %	$ 297,483	40 %	$ 78,176	$ 219,307	$ 14,972	7 %	$ 204,335	$ 22,139	$ 226,581	$ 1.08

Reconciliation of Non-GAAP Measures

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

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

	Three Months Ended June 30,	
	2016	2015
Amortization of intangible assets excluding fair value step-up from contingent consideration	$ 204,593	$ 109,393
Amortization of intangible assets related to fair value step-up from contingent consideration	8,251	7,594
Total	$ 212,844	$ 116,987

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

	Three Months Ended June 30,	
	2016	2015
Fair value step-up of inventory sold	$ 26,600	$ 46,699
Excess manufacturing costs that will be eliminated pursuant to integration plans	2,503	2,249
Total	$ 29,103	$ 48,948

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

	Three Months Ended June 30,			
	2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based milestones	$ 642	$ —	$ 623	$ —
Development-based milestones	—	2,046	—	1,512
Total	642	2,046	623	1,512

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

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

	Three Months Ended June 30,			
	2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 6,405	$ 2,014	$ —	$ 4,818
Accelerated depreciation	—	3,402	—	(192)
Other	—	3,647	—	1,154
Total	$ 6,405	$ 9,063	$ —	$ 5,780

(6) To exclude litigation settlement charges.

(7) To exclude asset impairment charges. During the three months ended June 30, 2016 and 2015, we recorded pre-tax, non-cash impairment charges of $40.0 million and $70.2 million, respectively, resulting from certain market conditions impacting the commercial potential of certain intangible assets in our U.S. Generic Pharmaceuticals segment.

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

	Three Months Ended June 30,	
	2016	2015
Integration costs (primarily third-party consulting fees)	$ 18,731	$ 7,856
Transaction costs	—	28,159
Transition services	3,621	5,475
Other	1,935	5,255
Total	$ 24,287	$ 46,745

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

(10) To exclude penalty interest charges of $2,746 and additional non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes of $253 for the three months ended June 30, 2015.

(11) Adjustments to other included the following:

	Three Months Ended June 30,			
	2016		2015	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Costs associated with unused financing commitments	$ —	$ —	$ 800	$ 2,261
Other than temporary equity investment	—	—	—	18,869
Foreign currency impact related to the re-measurement of intercompany debt instruments	—	417	—	2,792
Other miscellaneous	—	1,124	—	7
Total	$ —	$ 1,541	$ 800	$ 23,929

(12) Adjusted income taxes are calculated by tax effecting adjusted pre-tax income at the applicable effective tax rate that will be determined by reference to statutory tax rates in the relevant jurisdiction in which the Company operates and includes current and deferred income tax expense commensurate with the non-GAAP measure of profitability.

As part of the continued integration of our Qualitest and Par businesses, Endo initiated a legal entity reorganization that moved the Generics business to a new U.S. holding company structure that is separate from the legacy Branded business structure. The reorganization also provides operating flexibility and benefits and reduces the potential impact related to any future limits that could apply to the use of tax attributes by utilizing most of the Company's attributes to offset the gain in the intercompany sale that stepped-up the tax basis of the U.S. Generics business assets. The utilization of acquired attributes in the reorganization would have had an unfavorable impact of $157 million on our full-year 2016 adjusted tax expense under Endo's non-GAAP policy prior to the adoption of the SEC's updated guidance on Non-GAAP measures (see below). The elimination of this acquired attribute benefit was largely offset by higher intercompany interest deduction benefits, resulting from an intercompany debt restructuring associated with this legal entity reorganization and a higher mix of jurisdictional adjusted pre-tax income. The reorganization also gave rise to a discrete GAAP tax benefit of $448 million, net of a valuation allowance, in the second quarter 2016 arising from outside basis differences. This benefit has been excluded from our adjusted effective tax rate in accordance with our policy.

Separately, as a result of the SEC's recently updated guidance on Non-GAAP measures issued in May 2016, Endo is no longer excluding the non-cash deferred tax expense associated with acquired attributes in our adjusted income tax expense. This change has no impact on Endo's historic or forward looking GAAP tax or cash tax profile. Additionally, as we have utilized almost all of our acquired attributes through the recent legal entity reorganization, our change in policy is not expected to have a material impact on our 2016 and forward looking adjusted tax rate. The following table presents the impact of our change in policy on Adjusted Diluted EPS from Continuing Operations for each relevant period of 2015 and 2016:

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

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

(14) This amount includes non-controlling interest of $18 and $(107) for the three months ended June 30, 2016 and 2015, respectively.

(15) Calculated as income (loss) from continuing operations divided by the applicable weighted average share number. The applicable weighted average share number for the three months ended June 30, 2016 is 222,863 for both the GAAP and non-GAAP EPS calculations. The applicable weighted average share number for the three months ended June 30, 2015 is 185,328 for the GAAP EPS calculation and 188,819 for the non-GAAP EPS calculations.

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Reconciliation of Non-GAAP Measures

Six Months Ended June 30, 2016

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating loss from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Income from continuing operations	Discontinued operations, net of tax	Net income attributable to Endo International plc (16)	Diluted earnings per share (17)
Reported (GAAP)	**$ 1,884,426**	**$ 1,320,923**	**$ 563,503**	**30%**	**$ 704,466**	**37%**	**$ (140,963)**	**(7)%**	**$ 231,980**	**$ (372,943)**	**$ (673,992)**	**181%**	**$ 301,049**	**$ (91,324)**	**$ 209,709**	**$ 1.35**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(424,513)	424,513		—		424,513		—	424,513	—		424,513	—	424,513	1.90
Inventory step-up and other costs savings (2)	—	(96,229)	96,229		(1,350)		97,579		—	97,579	—		97,579	—	97,579	0.44
Upfront and milestone-related payments (3)	—	(1,309)	1,309		(2,796)		4,105		—	4,105	—		4,105	—	4,105	0.02
Inventory reserve increase from restructuring (4)	—	(33,633)	33,633		—		33,633		—	33,633	—		33,633	—	33,633	0.15
Royalty obligations (5)	—	7,750	(7,750)		—		(7,750)		—	(7,750)	—		(7,750)	—	(7,750)	(0.03)
Separation benefits and other restructuring (6)	—	(6,405)	6,405		(12,242)		18,647		—	18,647	—		18,647	—	18,647	0.08
Acceleration of Auxilium employee equity awards (7)	—	—	—		—		—		—	—	—		—	—	—	—
Charges for litigation and other legal matters (8)	—	—	—		(10,459)		10,459		—	10,459	—		10,459	—	10,459	0.05
Asset impairment charges (9)	—	—	—		(169,576)		169,576		—	169,576	—		169,576	—	169,576	0.76
Acquisition-related and integration costs (10)	—	—	—		(47,515)		47,515		—	47,515	—		47,515	—	47,515	0.21
Fair value of contingent consideration (11)	—	—	—		(13,210)		13,210		—	13,210	—		13,210	—	13,210	0.06
Non-cash and penalty interest charges (12)	—	—	—		—		—		(4,092)	4,092	—		4,092	—	4,092	0.02
Other (13)	—	—	—		—		—		(2,860)	2,860	—		2,860	—	2,860	0.01
Tax adjustments (14)	—	—	—		—		—		—	—	686,416		(686,416)	—	(686,416)	(3.08)
Exclude discontinued operations, net of tax (15)	—	—	—		—		—		—	—	—		—	91,324	91,324	—
After considering items (non-GAAP)	$ 1,884,426	$ 766,584	$ 1,117,842	59%	$ 447,318	24%	$ 670,524	36 %	$ 225,028	$ 445,496	$ 12,424	3%	$ 433,072	$ —	$ 433,056	$ 1.94

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Reconciliation of Non-GAAP Measures

Six Months Ended June 30, 2015

	Total revenues	Cost of revenues	Gross margin	Gross margin %	Total operating expenses	Operating expense to revenue %	Operating income from continuing operations	Operating margin %	Other non-operating expense, net	Loss from continuing operations before income tax	Income tax benefit	Effective tax rate	Income from continuing operations	Discontinued operations, net of tax	Net loss attributable to Endo International plc (16)	Diluted earnings per share (17)
Reported (GAAP)	**$ 1,449,294**	**$ 823,124**	**$ 626,170**	**43%**	**$ 578,933**	**40%**	**$ 47,237**	**3%**	**$ 167,228**	**$ (119,991)**	**$ (179,589)**	**150%**	**$ 59,598**	**$ (385,842)**	**$ (326,137)**	**$ 0.33**
Items impacting comparability:																
Amortization of intangible assets (1)	—	(212,256)	212,256		—		212,256		—	212,256	—		212,256	—	212,256	1.15
Inventory step-up and other costs savings (2)	—	(88,864)	88,864		—		88,864		—	88,864	—		88,864	—	88,864	0.49
Upfront and milestone-related payments (3)	—	(1,227)	1,227		(3,575)		4,802		—	4,802	—		4,802	—	4,802	0.03
Inventory reserve increase from restructuring (4)	—	—	—		—		—		—	—	—		—	—	—	—
Royalty obligations (5)	—	—	—		—		—		—	—	—		—	—	—	—
Separation benefits and other restructuring (6)	—	—	—		(47,587)		47,587		—	47,587	—		47,587	—	47,587	0.26
Acceleration of Auxilium employee equity awards (7)	—	—	—		(37,603)		37,603		—	37,603	—		37,603	—	37,603	0.21
Charges for litigation and other legal matters (8)	—	—	—		(19,875)		19,875		—	19,875	—		19,875	—	19,875	0.11
Asset impairment charges (9)	—	—	—		(77,243)		77,243		—	77,243	—		77,243	—	77,243	0.42
Acquisition-related and integration costs (10)	—	—	—		(82,193)		82,193		—	82,193	—		82,193	—	82,193	0.45
Fair value of contingent consideration (11)	—	—	—		3,328		(3,328)		—	(3,328)	—		(3,328)	—	(3,328)	(0.02)
Non-cash and penalty interest charges (12)	—	—	—		—		—		(4,378)	4,378	—		4,378	—	4,378	0.02
Other (13)	—	—	—		(800)		800		(14,775)	15,575	—		15,575	—	15,575	0.09
Tax adjustments (14)	—	—	—		—		—		—	—	234,951		(234,951)	—	(234,951)	(1.29)
Exclude discontinued operations, net of tax (15)	—	—	—		—		—		—	—	—		—	428,636	428,636	—
After considering items (non-GAAP)	$ 1,449,294	$ 520,777	$ 928,517	64%	$ 313,385	22%	$ 615,132	42%	$ 148,075	$ 467,057	$ 55,362	12%	$ 411,695	$ 42,794	$ 454,596	$ 2.25

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Reconciliation of Non-GAAP Measures

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

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Amortization of intangible assets excluding fair value stepup from contingent consideration	$ 407,973	$ 200,509
Amortization of intangible assets related to fair value stepup from contingent consideration	16,540	11,747
Total	$ 424,513	$ 212,256

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

	Six Months Ended June 30,			
	2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Fair value step-up of inventory sold	$ 87,970	$ 957	$ 84,253	$ —
Excess manufacturing costs that will be eliminated pursuant to integration plans	8,259	393	4,611	—
Total	$ 96,229	$ 1,350	$ 88,864	$ —

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

	Six Months Ended June 30,			
	2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Sales-based milestones	$ 1,309	$ —	$ 1,227	$ —
Development-based milestones	—	2,796	—	3,575
Total	1,309	2,796	1,227	3,575

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

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

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

	Six Months Ended June 30,			
	2016		2015	
	Cost of revenues	Operating expenses	Cost of revenues	Operating expenses
Separation benefits	$ 6,405	$ 423	$ —	$ 37,179
Accelerated depreciation and product discontinuation charges	—	7,771	—	8,145
Other	—	4,048	—	2,263
Total	$ 6,405	$ 12,242	$ —	$ 47,587

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

(8) To exclude litigation settlement charges.

(9) To exclude asset impairment charges. During the six months ended June 30, 2016 and 2015, we recorded pre-tax, non-cash impairment charges of $169.6 million and $77.2 million, respectively. The charges for the six months ended June 30, 2016, are primarily driven by our 2016 U.S. Generic Pharmaceuticals restructuring initiative, which resulted in the discontinuation of certain commercial products and the abandonment of certain IPR&D projects. The charges for the six months ended June 30, 2015 resulted from certain market conditions impacting the commercial potential of certain intangible assets in our U.S. Generic Pharmaceuticals segment.

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

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Integration costs (primarily third-party consulting fees)	$ 31,186	$ 16,659
Transaction costs	—	49,706
Transition services	8,470	9,520
Other	7,859	6,308
Total	$ 47,515	$ 82,193

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

(12) Adjustments to interest charges included the following:

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Penalty interest charges	$ 4,092	$ 2,746
Non-cash interest expense related to our 1.75% Convertible Senior Subordinated Notes	—	1,632
Total	$ 4,092	$ 4,378

(13) Adjustments to other included the following:

	Six Months Ended June 30,			
	2016		2015	
	Operating expenses	Other non-operating expenses	Operating expenses	Other non-operating expenses
Costs associated with unused financing commitments	$ —	$ —	$ 800	$ 14,071
Other than temporary equity investment	—	—		18,869
Foreign currency impact related to the re-measurement of intercompany debt instruments	—	1,672	—	(18,298)
Loss on extinguishment of debt	—	—		980
Other miscellaneous expense (income)	—	1,188	—	(847)
Total	$ —	$ 2,860	$ 800	$ 14,775

(14) Refer to Footnote 12 included within the tables for the three months ended June 30, 2016 and 2015 for a discussion of our Non-GAAP tax adjustments and changes to our policy for calculating adjusted income taxes. The following table presents the impact of this change on Adjusted Diluted EPS from Continuing Operations for the six months ended June 30, 2015:

	Six Months Ended June 30, 2015
Adjusted Diluted EPS from Continuing Operations- As Previously Reported	$ 2.25
Amount attributable to the change in approach to Non-GAAP income taxes	(0.20)
Adjusted Diluted EPS from Continuing Operations- As Revised	$ 2.05

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

(16) This amount includes noncontrolling interests of $16 and $(107) for the six months ended June 30, 2016 and 2015, respectively

(17) Calculated as income from continuing operations divided by the applicable weighted average share number. The applicable weighted average share number for the six months ended June 30, 2016 and 2015 is 223,021 and 182,822, respectively, for both the GAAP and non-GAAP EPS calculations.

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Endo International plc
Q2 2016
Financial Results

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