

# Endo International plc

## Bank of America Merrill Lynch Health Care Conference

May 13, 2014



## Forward Looking Statements; Non-GAAP Financial Measures

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Canadian securities legislation. Statements including words such as “believes,” “expects,” “anticipates,” “intends,” “estimates,” “plan,” “will,” “may,” “look forward,” “intend,” “guidance,” “future” or similar expressions are forward-looking statements. Because these statements reflect our current views, expectations and beliefs concerning future events, these forward-looking statements involve risks and uncertainties. Although Endo believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, readers should not place undue reliance on them, or any other forward looking statements or information in this news release. Investors should note that many factors, as more fully described in the documents filed by Endo with securities regulators in the United States and Canada including under the caption “Risk Factors” in Endo’s and EHSI’s Form 10-K, Form 10-Q and Form 8-K filings, as applicable, with the Securities and Exchange Commission and with securities regulators in Canada on System for Electronic Document Analysis and Retrieval (“SEDAR”) and as otherwise enumerated herein or therein, could affect Endo’s future financial results and could cause Endo’s actual results to differ materially from those expressed in forward-looking statements contained in EHSI’s Annual Report on Form 10-K. The forward-looking statements in this presentation are qualified by these risk factors. These are factors that, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results. Endo assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required under applicable securities law.

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This presentation may refer to non-GAAP financial measures, including adjusted diluted EPS, 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 filed with the SEC for Endo’s reasons for including those non-GAAP financial measures in this presentation. 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

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- Company Strategy and First Year Progress
- Core Business Growth
- M&A Program
- Near Term Objectives and Progress
- 2014 Financial Guidance
- Q&A

# Endo's strategic direction

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- ➔ Build a leading global specialty healthcare company
- ➔ Focus on maximizing the value of each of our core businesses
- ➔ Participate in specialty areas offering above average growth and favorable margins
- ➔ Transform operating model to maximize growth potential and cash flow generation
- ➔ Continue our commitment to serving our patients and customers

***Maximize shareholder value by adapting to market realities and customer changes***

# Endo Operating Model

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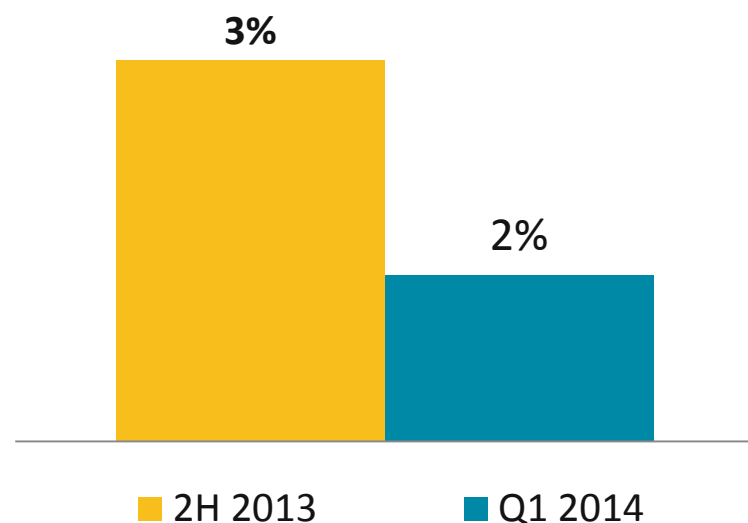
## *Delivering Our Strategy – A Year in Review*

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- Implemented a Lean Operating Model
  - On-track for \$325M of Adjusted Operating Expense reductions versus 2012
- Completed/initiated multiple accretive, value-creating transactions
  - Closed Boca Pharmacal and Paladin Labs deals
  - Announced acquisition of Sumavel® DosePro® and Somar
- Increased strategic focus
  - Completed the divestiture of HealthTronics
  - Reached agreements in principle to settle substantial majority of mesh liability
- Focused on driving organic growth through our core business
- Sharpened R&D focus on near-term priorities
- Progressed optimizing our capital structure
- Strengthened talent and organization

## Drive Organic Growth – U.S. Branded Pharmaceuticals

### Branded Pharmaceuticals Core Revenue Growth

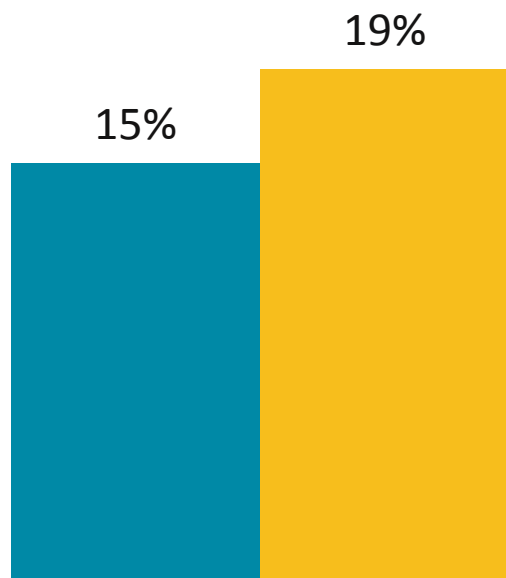


Core Excludes Lidoderm®,  
Actavis Royalty and  
OPANA® ER

- Managing successfully through Lidoderm® LOE – Launched AG
- Launched AVEED® in March; leading indicators on-track
- BEMA® Buprenorphine development meeting key milestones
- Announced acquisition of Sumavel® DosePro®

## Drive Organic Growth – U.S. Generic Pharmaceuticals

### U.S. Generics Revenue Growth



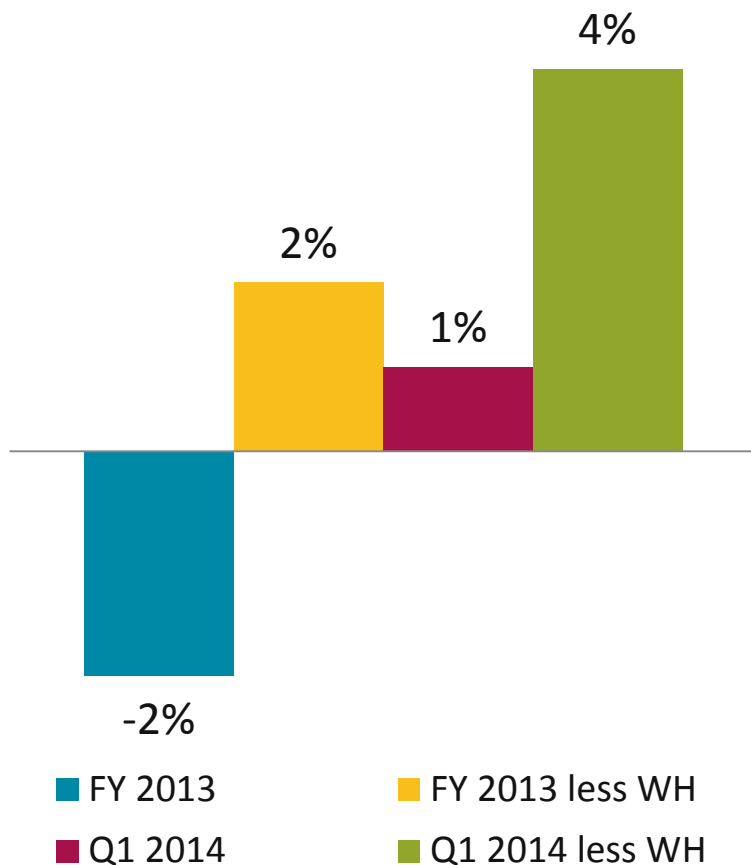
■ FY2013 ■ Q1 2014

- Successful Integration of Boca Pharmacal
- Strong prescription volumes growth in controlled substances business outpacing the market
- Conversion of high-dose APAP products to low dose successful
- Continued strong double digit growth



## Drive Organic Growth - Devices

Devices Revenue Growth  
Versus



- Continued strength in Men's Health
- Strong growth in BPH business led by increased fiber sales
- Solid growth in International
- Managing impact of market decline in Women's Health
- Accelerated process remediation plan underway

## *Drive Organic Growth – International Pharmaceuticals*

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- March 2014 performance on-track with internal expectations
- Established Irish Trading Company (Endo Ventures)
  - Supports ability to complete transactions through Ireland
  - Key functions in-place and actively recruiting for management positions
  - Continuing to optimize corporate structure
- Progress in Paladin business development
  - In licensing projects (e.g., Zertane™)

## Our M&A Strategy

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- Focused on near-term accretive, value creating transactions
- Rigorous evaluation governed by key financial measures
- Deal-related synergies primarily from operating improvements
- Therapeutically agnostic, but focused on specialty arenas
- Positioned to evaluate global opportunities
- Committed to a flexible capital structure

## Recent M&A Progress – Sumavel® DosePro®

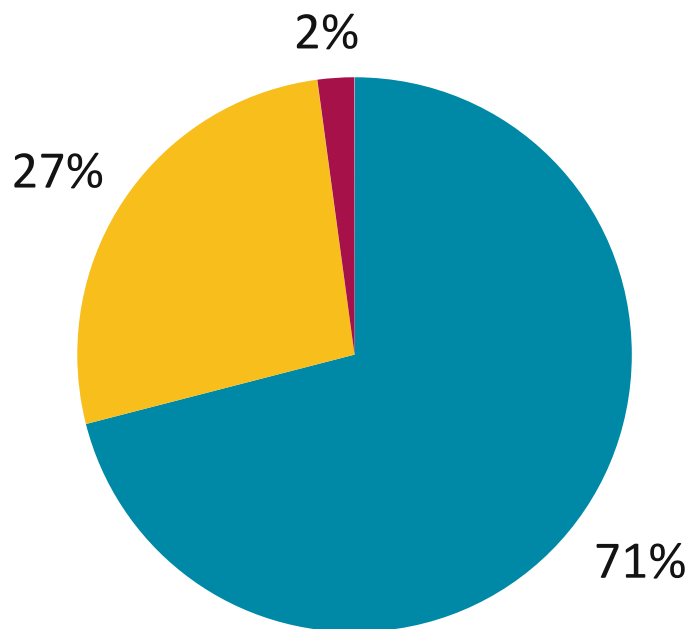
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- Sumavel DosePro expands portfolio of branded pharmaceuticals products
- Logical fit with existing U.S. Branded Pharmaceuticals commercial structure
- Potential to add value through greater focus
- Acquisition expected to close in Q2 2014

## Recent M&A Progress – Grupo Farmaceutico Somar

**2013E Sales ~\$100M**



■ Generics ■ Branded Generics ■ OTC

- Creates new Latin America platform
- Builds on starting point of Paladin in Mexico
- Access to high growth emerging markets, sales and marketing, R&D and manufacturing capabilities
- Acquisition expected to close in Q3 2014

## Near-Term Priorities

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- ➔ Meet Financial Targets
- ➔ Drive Organic Growth Through Our Core Business
- ➔ Establish New Corporate Structure
- ➔ Implement Lean Operating Model
- ➔ Complete 2-3 Near-term Accretive, Value-creating Transactions
- ➔ Increase Value of Pipeline and Launch Products
- ➔ Maximize Balance Sheet Flexibility
- ➔ Develop Organization and Culture Aligned with New Strategy
- ➔ Enhance Continued Focus on Quality, Compliance and Risk

## 2014 Financial Guidance

Measure	2014 Guidance
Revenues	\$2.55B - \$2.64B
Adjusted Gross Margin	63% to 65%
Adjusted Operating Expenses	Year-over-year low-double digit percentage decrease
Adjusted Interest Expenses	~\$205M
Reported (GAAP) Earnings (Loss) per share	(\$1.35) to (\$1.10)
Adjusted Diluted EPS	\$3.60 to \$3.85
Adjusted Effective Tax Rate	23% to 25%
Weighted Average Diluted Shares Outstanding	Approximately 158M

## Summary Wrap-up

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- Executing strategy announced in June 2013
- Reducing impact of historical challenges
  - Convertible Notes
  - Mesh liability
  - LIDODERM® loss of exclusivity
- Deploying capital to accretive, value-creating opportunities
  - Sale of HealthTronics
  - Boca Pharmacal and Paladin Labs (completed)
  - Sumavel® DosePro® and Grupo Farmaceutico Somar (announced)
- Enhancing operational focus on organic growth drivers
- Sharpening R&D focus on near-term opportunities
- Meeting our financial targets
  - Recently raised 2014 Revenue and Adjusted EPS Financial Guidance





# Appendix



# Reconciliation of Non-GAAP Measures

Three Months Ended March 31, 2014 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 594,609	\$ —	\$ 594,609
<b>COSTS AND EXPENSES:</b>			
Cost of revenues	251,961	(56,415) (1)	195,546
Selling, general and administrative	226,704	(78,665) (2)	148,039
Research and development	41,680	(10,076) (3)	31,604
Litigation-related and other contingencies	626,151	(626,151) (4)	—
Acquisition-related and integration items	45,269	(45,269) (5)	—
OPERATING (LOSS) INCOME	\$ (597,156)	\$ 816,576	\$ 219,420
INTEREST EXPENSE, NET	53,398	(5,969) (6)	47,429
LOSS ON EXTINGUISHMENT OF DEBT	9,596	(9,596) (7)	—
OTHER INCOME, NET	(6,032)	—	(6,032)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ (654,118)	\$ 832,141	\$ 178,023
INCOME TAX	(215,421)	258,495 (8)	43,074
(LOSS) INCOME FROM CONTINUING OPERATIONS	\$ (438,697)	\$ 573,646	\$ 134,949
DISCONTINUED OPERATIONS, NET OF TAX	\$ 5,419	\$ (2,669) (9)	\$ 2,750
CONSOLIDATED NET (LOSS) INCOME	\$ (433,278)	\$ 570,977	\$ 137,699
Less: Net income attributable to noncontrolling interests	3,634	—	3,634
NET (LOSS) INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ (436,912)	\$ 570,977	\$ 134,065
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC.:			
Continuing operations	\$ (3.42)		\$ 0.93
Discontinued operations	0.01		(0.01)
DILUTED (LOSS) EARNINGS PER SHARE	\$ (3.41)		\$ 0.92
DILUTED WEIGHTED AVERAGE SHARES	128,135		145,361

Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:

1. To exclude amortization of commercial intangible assets related to developed technology of \$52,679, a step-up in inventory of \$3,581 and accruals for milestone payments to partners of \$155.
2. To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$1,201, amortization of intangible assets of \$2,515, mesh litigation-related defense costs of \$14,949 and excise tax payments of \$60,000.
3. To exclude milestone payments to partners of \$11,000 and adjustments to accruals for other costs incurred in connection with continued efforts to enhance the company's operations of \$(924).
4. To exclude the net impact of accruals primarily for mesh-related product liability.
5. To exclude acquisition and integration costs of \$45,269 associated with the Paladin, Boca and other acquisitions.
6. To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
7. To exclude the unamortized debt issuance costs written off and recorded as a net loss on extinguishment of debt upon our refinancing of our term loan indebtedness.
8. To reflect the cash tax savings results from our acquisitions and dispositions and the tax effect of the pre-tax adjustments above at applicable tax rates.
9. To exclude certain items related to the HealthTronics business, which is reported as Discontinued operations, net of tax, that the Company believes does not reflect its core operating performance.

# Reconciliation of Non-GAAP Measures

Three Months Ended March 31, 2013 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 658,494	\$ —	\$ 658,494
<b>COSTS AND EXPENSES:</b>			
Cost of revenues	254,381	(44,736) (1)	209,645
Selling, general and administrative	227,232	(21,267) (2)	205,965
Research and development	38,769	(5,815) (3)	32,954
Litigation-related and other contingencies	68,232	(68,232) (4)	—
Asset impairment charges	1,100	(1,100) (5)	—
Acquisition-related and integration items	558	(558) (6)	—
OPERATING INCOME	\$ 68,222	\$ 141,708	\$ 209,930
INTEREST EXPENSE, NET	44,276	(5,450) (7)	38,826
LOSS ON EXTINGUISHMENT OF DEBT	11,312	(11,312) (8)	—
OTHER (INCOME) EXPENSE, NET	(18,269)	19,227 (9)	958
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ 30,903	\$ 139,243	\$ 170,146
INCOME TAX	9,250	36,558 (10)	45,808
INCOME FROM CONTINUING OPERATIONS	\$ 21,653	\$ 102,685	\$ 124,338
DISCONTINUED OPERATIONS, NET OF TAX	\$ 4,950	\$ 5,204 (11)	\$ 10,154
CONSOLIDATED NET INCOME	\$ 26,603	\$ 107,889	\$ 134,492
Less: Net income attributable to noncontrolling interests	11,254	—	11,254
NET INCOME ATTRIBUTABLE TO ENDO INTERNATIONAL PLC	\$ 15,349	\$ 107,889	\$ 123,238
DILUTED EARNINGS PER SHARE DATA ATTRIBUTABLE TO ENDO INTERNATIONAL PLC.:			
Continuing operations	\$ 0.19		\$ 1.10
Discontinued operations	(0.05)		(0.01)
DILUTED EARNINGS PER SHARE	\$ 0.14		\$ 1.09
DILUTED WEIGHTED AVERAGE SHARES	113,189		113,189

Notes to reconciliation of our GAAP statements of operations to our adjusted statements of operations:

1. To exclude amortization of commercial intangible assets related to marketed products of \$44,736.
2. To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$10,453, amortization of customer relationships of \$2,514 and mesh litigation-related defense costs of \$8,300.
3. To exclude milestone payments to partners of \$2,574 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$3,241.
4. To exclude the net impact of accruals for litigation-related and other contingencies.
5. To exclude asset impairment charges.
6. To exclude acquisition-related and integration costs.
7. To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
8. To exclude the unamortized debt issuance costs written off and recorded as a net loss on extinguishment of debt upon our March 2013 prepayment on our term loan indebtedness as well as upon the amendment and restatement of our existing credit facility.
9. To exclude patent litigation settlement income.
10. To reflect the cash tax savings results from our acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.
11. To exclude certain items related to the HealthTronics business, which is reported as Discontinued operations, net of tax, that the Company believes does not reflect its core operating performance.

# Reconciliation of Non-GAAP Measures

## Endo International plc Net Revenues (unaudited) (in thousands)

	Three Months Ended March 31,		Percent
	2014	2013	Growth
Branded Pharmaceuticals:			
LIDODERM®	\$ 33,080	\$ 187,024	(82 )%
OPANA® ER	46,953	56,327	(17 )%
Voltaren® Gel	37,559	36,110	4 %
PERCOCET®	28,980	26,618	9 %
FORTESTA® Gel	11,143	14,654	(24 )%
FROVA®	15,280	13,777	11 %
SUPPRELIN® LA	13,757	13,426	2 %
VALSTAR®	5,379	5,415	(1 )%
VANTAS®	1,698	3,867	(56 )%
Other Branded Products	576	273	111 %
Royalty and Other Revenue	39,760	98	NM
Total Branded Pharmaceuticals	\$ 234,165	\$ 357,589	(35 )%
Total Generic Pharmaceuticals	\$ 211,855	\$ 178,253	19 %
Total International Pharmaceuticals	24,822	—	NM
Devices:			
Men's Health	68,321	67,568	1 %
Women's Health	25,837	28,604	(10 )%
BPH Therapy	29,609	26,480	12 %
Total Devices	123,767	122,652	1 %
Total Revenue	\$ 594,609	\$ 658,494	(10 )%

## Reconciliation of Non-GAAP Measures

For an explanation of Endo's reasons for using non-GAAP measures, see Endo's Current Report on Form 8-K filed today with the Securities and Exchange Commission

### Reconciliation of Projected GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share Guidance for the Year Ending December 31, 2014

	Lower End of Range	Upper End of Range
Projected GAAP diluted income per common share	(\$1.35)	(\$1.10)
Upfront and milestone-related payments to partners	\$0.14	\$0.14
Amortization of commercial intangible assets and inventory step-up	\$1.51	\$1.51
Acquisition Related, Integration and Restructuring Charges	\$0.76	\$0.76
Basic to Diluted weighted average share count effect	\$0.08	\$0.08
Charges for Litigation and other legal matters	\$4.35	\$4.35
Interest expense adjustment for ASC 470-20 and other treasury items	\$0.12	\$0.12
Tax effect of pre-tax adjustments at the applicable tax rates and certain other expected cash tax savings as a result of recent acquisitions	(\$2.01)	(\$2.01)
Diluted adjusted income per common share guidance	\$3.60	\$3.85

The company's guidance is being issued based on certain assumptions including:

- Certain of the above amounts are based on estimates and there can be no assurance that Endo will achieve these results
- Includes all completed business development transactions as of May 1, 2014

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