

Endo Health Solutions

2Q 2013 Earnings Conference Call

August 6, 2013



Forward Looking Statements; Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Investors should note that many factors, as more fully described under the caption “Risk Factors” in our Form 10-K, Form 10-Q and Form 8-K filings with the Securities and Exchange Commission and as otherwise enumerated herein or therein, could affect our future financial results and could cause our actual results to differ materially from those expressed in forward-looking statements contained in our 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. We assume no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

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

1. Progress in Implementing New Strategy
2. Second Quarter 2013 Financial Results
3. Full Year 2013 Financial Guidance

New Strategic Direction for Endo Announced on June 5

- ➔ Aspire to be a top tier specialty healthcare company
- ➔ Shift focus from integrated health solutions to maximizing value of each of our core businesses
- ➔ Participate in specialty areas offering above average growth and favorable margins
- ➔ Transform our operating model to maximize growth potential and cash flow generation
- ➔ Continue our commitment to serving our patients and customers

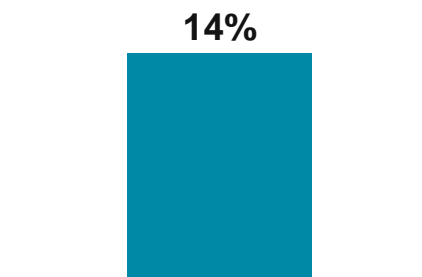
Allows Endo to maximize shareholder value by adapting to market realities and portfolio changes

Making Progress on Near-Term Priorities Related to New Strategic Direction

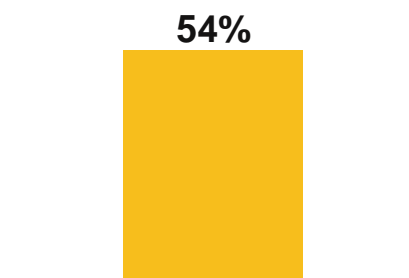
1. Drive organic growth through our core businesses
2. Explore strategic alternatives for HealthTronics
3. Implement lean operating model
4. Sharpen R&D focus on near-term opportunities
5. Pursue accretive, value-creating M&A opportunities
6. Optimize capital structure
7. Strengthen talent and organization

Drive Organic Growth – Qualitest

1H 2013 Revenue Growth vs. 1H 2012



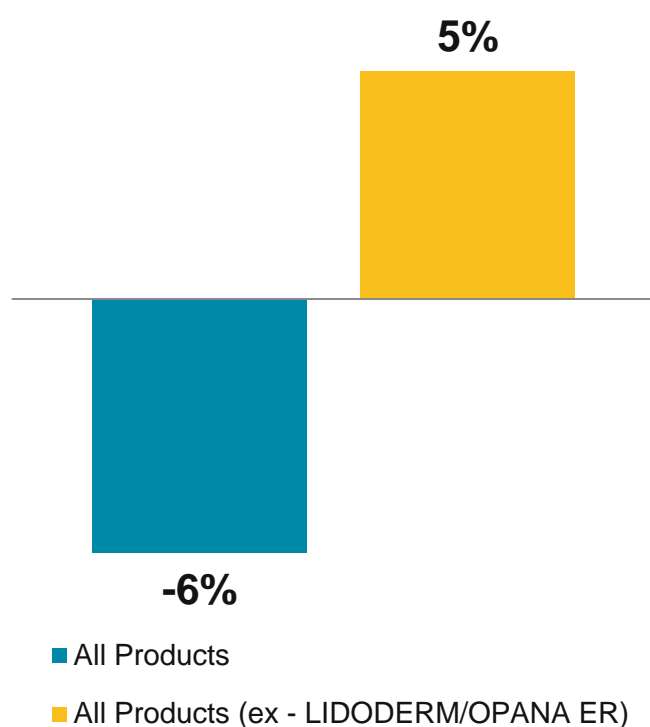
Contribution of New Products to 1H 2013 Growth



- Demand driven growth led by new products and Oral Contraceptives
- Initiated multi-year capital expenditure program that will significantly increase manufacturing efficiency
- On-track for double-digit growth for full-year

Drive Organic Growth – Endo Pharmaceuticals

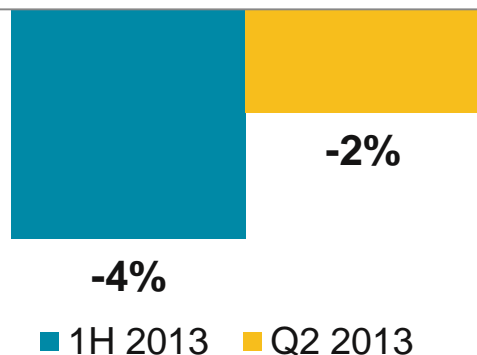
Q2 2013 Revenue Growth vs. Q2 2012



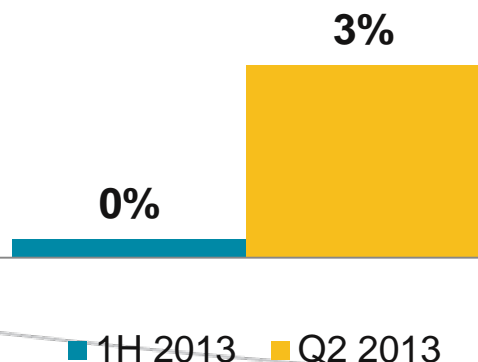
- Focused on driving performance of growth assets: SUPPRELIN[®] LA, Voltaren[®] Gel and FORTESTA[®] Gel
- Managing LIDODERM[®] LOE
- Continuing to support ADF technologies and assert IP covering OPANA[®] ER
- Commercial support for OPANA ER through specialty promotion

Drive Organic Growth – AMS

Total Revenue Growth vs.
Same Period 2012



Total (ex-WH) Revenue Growth
vs. Same Period 2012

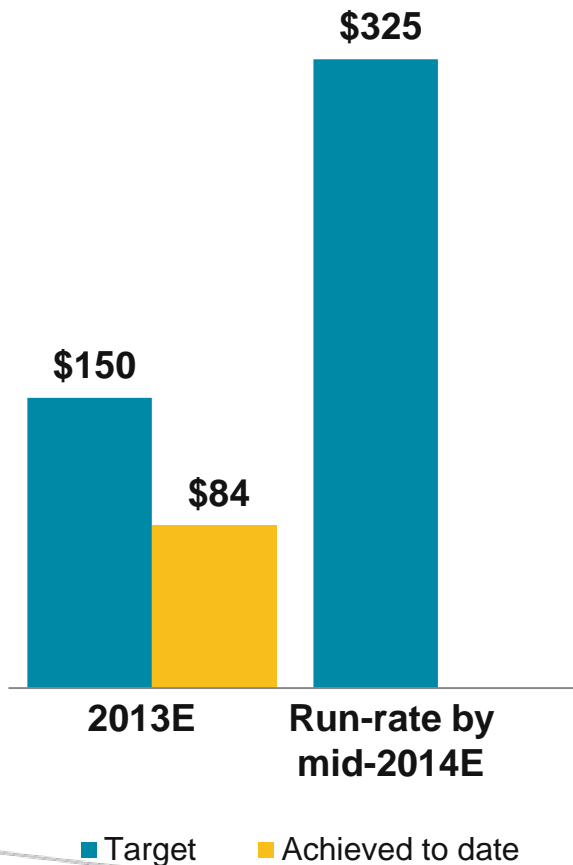


Key drivers of turnaround efforts:

- International markets
- Rollout of GOLIATH trial results through medical education
- Continued strength in Men's Health
- Managing impact of market decline in Women's Health

Implement Lean Operating Model – Restructuring Efforts On-Track

Reductions Announced Relative to 2012A (\$M)



Key actions taken:

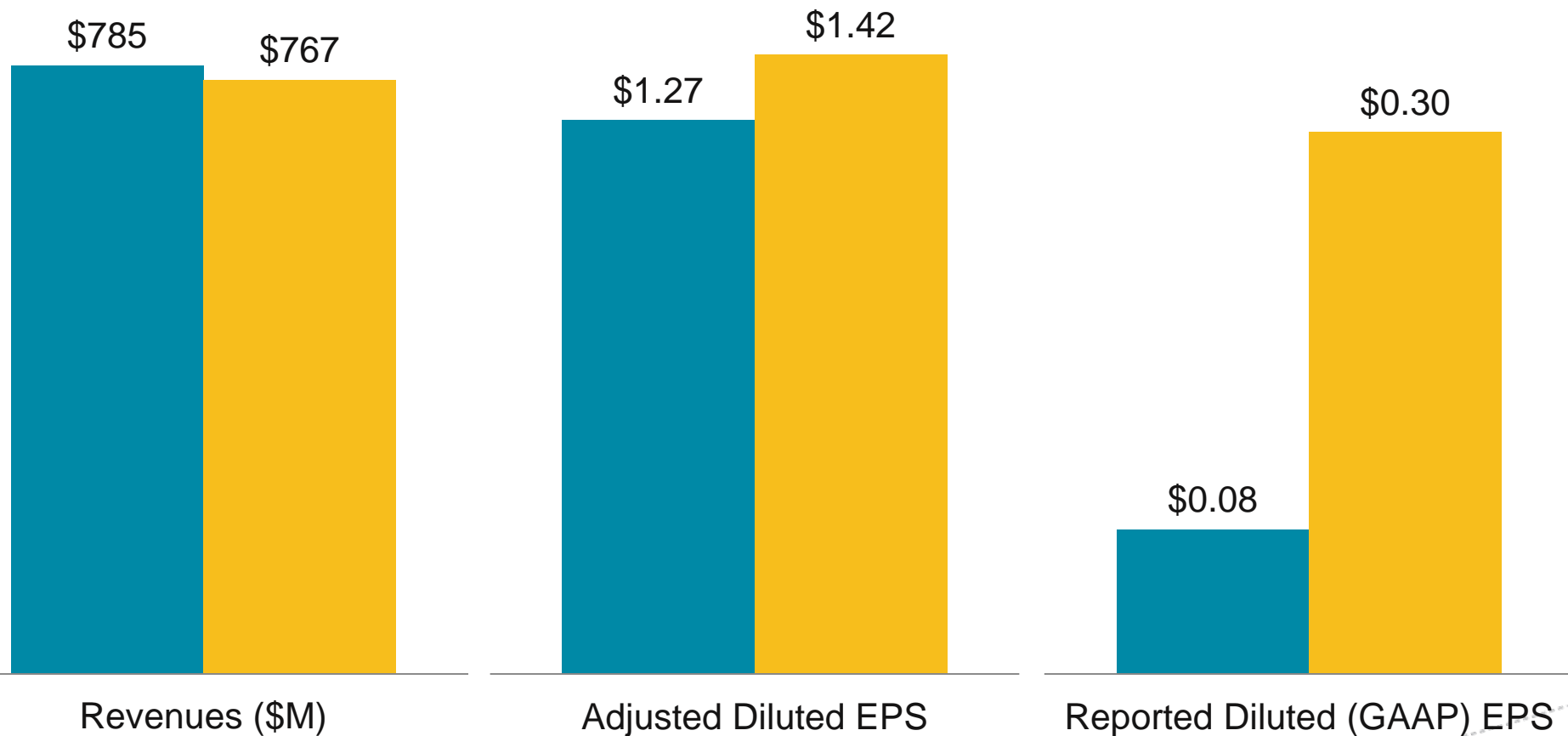
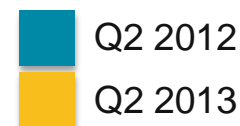
- All US headcount reductions communicated on June 5
- Organizational re-alignment complete
- External spend reduction under way
- Ongoing focus on gaining additional efficiencies

Sharpen R&D Focus

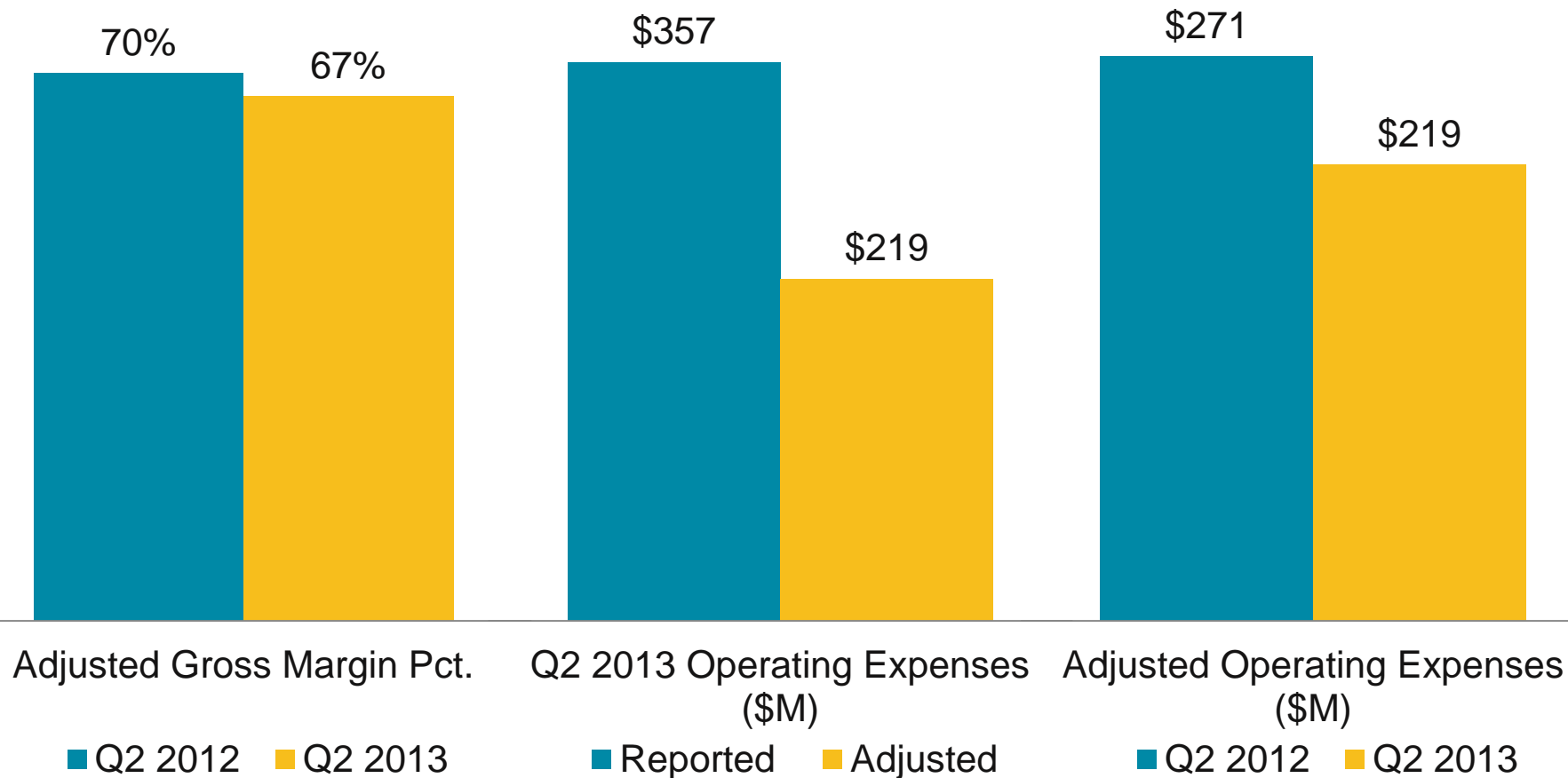
Prudently invest in the near-term while preserving our capability to drive long-term organic growth

- AMS recently announced the launch of MiniArc Pro™:
 - Single-Incision Sling System for treatment of female stress urinary incontinence
- BEMA® Buprenorphine Phase III results expected by early 2014
- Revised REMS for Aveed™ on-track to be submitted by end of Q3 2013 and planning for product launch in 2014
- R&D capability build out for Qualitest underway
 - Approximately 40 ANDAs currently filed
- Initiated efforts to monetize non-core programs / projects

Q2 2013 Financial Performance



Q2 2013 Financial Performance



2013 Revised Financial Guidance

Measure	Previous 2013 Guidance	Revised 2013 Guidance
Revenues	\$2.65B - \$2.80B	\$2.70B - \$2.80B
Adjusted Gross Margin	64% to 66%	64% to 66%
Adjusted Operating Expenses	Reduced by approximately \$150 million, which represents a 15% decline versus 2012	Reduced by approximately \$150 million, which represents a 15% decline versus 2012
Adjusted Diluted EPS	\$4.10 to \$4.40	\$4.25 to \$4.55
Adjusted Effective Tax Rate	27.5% to 28.5%	28.5% to 29.5%
Diluted Shares Outstanding	~116M	~117M
Capital Expenses	~\$80M	~\$80M

Endo Health Solutions

2Q 2013 Earnings Conference Call

August 6, 2013



Appendix



Reconciliation of Non-GAAP Measures

Three Months Ended June 30, 2013 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 766,509	\$ —	\$ 766,509
COSTS AND EXPENSES:			
Cost of revenues	309,167	(56,414) (1)	252,753
Selling, general and administrative	253,335	(65,533) (2)	187,802
Research and development	34,091	(3,367) (3)	30,724
Litigation-related and other contingencies	59,971	(59,971) (4)	—
Asset impairment charges	7,087	(7,087) (5)	—
Acquisition-related and integration items, net	2,640	(2,640) (6)	—
OPERATING INCOME	<u>\$ 100,218</u>	<u>\$ 195,012</u>	<u>\$ 295,230</u>
INTEREST EXPENSE, NET	42,486	(5,662) (7)	36,824
OTHER (INCOME) EXPENSE, NET	(16,413)	17,593 (8)	1,180
INCOME BEFORE INCOME TAX	<u>\$ 74,145</u>	<u>\$ 183,081</u>	<u>\$ 257,226</u>
INCOME TAX	26,034	51,732 (9)	77,766
CONSOLIDATED NET INCOME	<u>\$ 48,111</u>	<u>\$ 131,349</u>	<u>\$ 179,460</u>
Less: Net income attributable to noncontrolling interests	13,112	—	13,112
NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC.	<u>\$ 34,999</u>	<u>\$ 131,349</u>	<u>\$ 166,348</u>
DILUTED EARNINGS PER SHARE	\$ 0.30		\$ 1.42
DILUTED WEIGHTED AVERAGE SHARES	117,221		117,221

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 \$50,061, certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,353 and accruals for milestone payments to partners of \$4,000.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$49,921, amortization of customer relationships of \$2,746 and mesh litigation-related defense costs of \$12,866.
- (3) To exclude milestone payments to partners of \$1,398 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$1,969.
- (4) To exclude the net impact of accruals primarily for mesh-related product liability.
- (5) To exclude asset impairment charges.
- (6) To exclude integration costs of \$2,580 and a loss of \$60 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest acquisition.
- (7) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (8) To exclude \$(16,545) related to patent litigation settlement income and other income of \$(1,048).
- (9) To reflect the cash tax savings results from our recent acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

Three Months Ended June 30, 2012 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 785,188	\$ —	\$ 785,188
COSTS AND EXPENSES:			
Cost of revenues	294,570	(58,857) (1)	235,713
Selling, general and administrative	233,622	(5,697) (2)	227,925
Research and development	45,427	(2,808) (3)	42,619
Patent litigation settlement, net	131,361	(131,361) (4)	—
Asset impairment charges	3,000	(3,000) (5)	—
Acquisition-related and integration items, net	7,055	(7,055) (6)	—
OPERATING INCOME	<u>\$ 70,153</u>	<u>\$ 208,778</u>	<u>\$ 278,931</u>
INTEREST EXPENSE, NET	45,985	(5,169) (7)	40,816
OTHER EXPENSE (INCOME), NET	297	(300) (8)	(3)
INCOME BEFORE INCOME TAX	<u>\$ 23,871</u>	<u>\$ 214,247</u>	<u>\$ 238,118</u>
INCOME TAX	1,776	69,559 (9)	71,335
CONSOLIDATED NET INCOME	<u>\$ 22,095</u>	<u>\$ 144,688</u>	<u>\$ 166,783</u>
Less: Net income attributable to noncontrolling interests	12,630	—	12,630
NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC.	<u>\$ 9,465</u>	<u>\$ 144,688</u>	<u>\$ 154,153</u>
DILUTED EARNINGS PER SHARE	\$ 0.08		\$ 1.27
DILUTED WEIGHTED AVERAGE SHARES	121,080		121,080

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 \$55,812, the impact of inventory step-up recorded as part of acquisition accounting and net milestone payments and receipts of \$2,236 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$809.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,945 and amortization of customer relationships of \$2,752.
- (3) To exclude milestone and upfront payments to partners.
- (4) To exclude the net impact of the [Watson] litigation settlement.
- (5) To exclude asset impairment charges.
- (6) To exclude acquisition-related and integration costs of \$6,996 and a loss of \$59 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest Pharmaceuticals acquisition.
- (7) To exclude additional interest expense as a result of the prior adoption of ASC 470-20.
- (8) To exclude milestone and upfront payments to partners.
- (9) To reflect the cash tax savings results from our recent acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

Six Months Ended June 30, 2013 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 1,475,028	\$ —	\$ 1,475,028
COSTS AND EXPENSES:			
Cost of revenues	595,093	(102,940) (1)	492,153
Selling, general and administrative	489,717	(87,416) (2)	402,301
Research and development	75,660	(9,182) (3)	66,478
Litigation-related and other contingencies	128,203	(128,203) (4)	—
Asset impairment charges	8,187	(8,187) (5)	—
Acquisition-related and integration items, net	3,958	(3,958) (6)	—
OPERATING INCOME	\$ 174,210	\$ 339,886	\$ 514,096
INTEREST EXPENSE, NET	86,789	(11,112) (7)	75,677
LOSS ON EXTINGUISHMENT OF DEBT	11,312	(11,312) (8)	—
OTHER (INCOME) EXPENSE, NET	(34,581)	36,820 (9)	2,239
INCOME BEFORE INCOME TAX	\$ 110,690	\$ 325,490	\$ 436,180
INCOME TAX	35,976	86,252 (10)	122,228
CONSOLIDATED NET INCOME	\$ 74,714	\$ 239,238	\$ 313,952
Less: Net income attributable to noncontrolling interests	24,366	—	24,366
NET INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC.	\$ 50,348	\$ 239,238	\$ 289,586
DILUTED EARNINGS PER SHARE	\$ 0.44		\$ 2.51
DILUTED WEIGHTED AVERAGE SHARES	115,205		115,205

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 \$96,250, certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$2,690 and accruals for milestone payments to partners of \$4,000.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$60,747, amortization of customer relationships of \$5,503 and mesh litigation-related defense costs of \$21,166.
- (3) To exclude milestone payments to partners of \$3,972 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$5,210.
- (4) To exclude the net impact of accruals primarily for mesh-related product liability.
- (5) To exclude asset impairment charges.
- (6) To exclude integration costs of \$3,858 and a loss of \$100 recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest acquisition.
- (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 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 \$(35,772) related to patent litigation settlement income and other income of \$(1,048).
- (10) To reflect the cash tax savings results from our recent acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

Six Months Ended June 30, 2012 (unaudited)	Actual Reported (GAAP)	Adjustments	Non-GAAP Adjusted
REVENUES	\$ 1,475,821	\$ —	\$ 1,475,821
COSTS AND EXPENSES:			
Cost of revenues	659,390	(220,095) (1)	439,295
Selling, general and administrative	488,076	(19,564) (2)	468,512
Research and development	134,115	(49,780) (3)	84,335
Patent litigation settlement, net	131,361	(131,361) (4)	—
Asset impairment charges	43,000	(43,000) (5)	—
Acquisition-related and integration items, net	10,804	(10,804) (6)	—
OPERATING INCOME	\$ 9,075	\$ 474,604	\$ 483,679
INTEREST EXPENSE, NET	92,881	(10,145) (7)	82,736
LOSS ON EXTINGUISHMENT OF DEBT	5,426	(5,426) (8)	—
OTHER EXPENSE, NET	748	(300) (9)	448
(LOSS) INCOME BEFORE INCOME TAX	\$ (89,980)	\$ 490,475	\$ 400,495
INCOME TAX	(37,550)	152,142 (10)	114,592
CONSOLIDATED NET (LOSS) INCOME	\$ (52,430)	\$ 338,333	\$ 285,903
Less: Net income attributable to noncontrolling interests	25,450	—	25,450
NET (LOSS) INCOME ATTRIBUTABLE TO ENDO HEALTH SOLUTIONS INC.	\$ (77,880)	\$ 338,333	\$ 260,453
DILUTED (LOSS) EARNINGS PER SHARE	\$ (0.67)		\$ 2.14
DILUTED WEIGHTED AVERAGE SHARES	117,022		121,836

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 \$106,415, the impact of inventory step-up recorded as part of acquisition accounting of \$880, the accrual for the payment to Impax related to sales of OPANA ER of \$110,000, net milestone payments to partners of \$1,487 and certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$1,313.
- (2) To exclude certain separation benefits and other costs incurred in connection with continued efforts to enhance the company's operations of \$14,055 and amortization of customer relationships of \$5,509.
- (3) To exclude milestone and upfront payments to partners.
- (4) To exclude the net impact of the Actavis (Watson) litigation settlement.
- (5) To exclude asset impairment charges.
- (6) To exclude acquisition-related and integration costs of \$10,872 and a gain of \$(68) recorded to reflect the change in fair value of the contingent consideration associated with the Qualitest Pharmaceuticals acquisition.
- (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 loss on extinguishment of debt upon our 2012 prepayments on our Term Loan indebtedness.
- (9) To exclude milestone and upfront payments to partners.
- (10) To reflect the cash tax savings results from our recent acquisitions and the tax effect of the pre-tax adjustments above at applicable tax rates.

Reconciliation of Non-GAAP Measures

Endo Health Solutions Inc. Net Revenues (unaudited) (in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	Percent Growth	2013	2012	Percent Growth
Endo Pharmaceuticals:						
LIDODERM®	\$ 229,656	\$ 228,006	1%	\$ 416,680	\$ 438,020	(5)%
OPANA® ER	57,951	93,413	(38)%	114,278	174,499	(35)%
Voltaren® Gel	42,783	43,690	(2)%	78,893	43,690	81%
PERCOCET®	25,950	25,824	—%	52,568	49,204	7%
FROVA®	14,312	14,002	2%	28,089	29,646	(5)%
FORTESTA® Gel	17,477	6,881	154%	32,131	12,703	153%
SUPPRELIN® LA	16,597	14,797	12%	30,023	28,243	6%
VANTAS®	3,107	4,346	(29)%	6,974	8,238	(15)%
VALSTAR®	4,888	6,087	(20)%	10,303	12,323	(16)%
Other Branded Products	1,052	1,120	(6)%	1,325	855	55%
Royalty and Other Revenue	1,874	4,620	(59)%	1,972	8,939	(78)%
Total Endo Pharmaceuticals	\$ 415,647	\$ 442,786	(6)%	\$ 773,236	\$ 806,360	(4)%
Total Qualitest	\$ 170,530	\$ 159,895	7%	\$ 348,783	\$ 305,240	14%
American Medical Systems:						
Men's Health	68,081	66,972	2%	135,649	134,412	1%
Women's Health	27,666	32,466	(15)%	56,270	66,364	(15)%
BPH Therapy	30,224	28,693	5%	56,704	57,521	(1)%
Total AMS	125,971	128,131	(2)%	248,623	258,297	(4)%
HealthTronics	54,361	54,376	—%	104,386	105,924	(1)%
Total Revenue	766,509	785,188	(2)%	1,475,028	1,475,821	—%

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, 2013

	Lower End of Range	Upper End of Range
Projected GAAP diluted income per common share	\$1.47	\$1.77
Upfront and milestone-related payments to partners	\$0.22	\$0.22
Amortization of commercial intangible assets and inventory step-up	\$1.65	\$1.65
Integration and Restructuring Charges	\$0.95	\$0.95
Charges for Litigation and other legal matters	\$1.38	\$1.38
Actavis (Watson) litigation settlement	(\$0.41)	(\$0.41)
Interest expense adjustment for ASC 470-20 and other treasury items	\$0.29	\$0.29
Tax effect of pre-tax adjustments at the applicable tax rates and certain other expected cash tax savings as a result of recent acquisitions	(\$1.30)	(\$1.30)
Diluted adjusted income per common share guidance	\$4.25	\$4.55

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 August 6, 2013