

INC Research

Q2 2016 Financial Results

July 28, 2016



Forward Looking Statements & Non-GAAP Financial Measures

Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation, including our updated 2016 guidance, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to: currency and stock market fluctuations; our ability to adequately price our contracts and not overrun cost estimates; general and international economic, political and other risks, including the uncertain economic environment in Europe as a result of the recent vote by the United Kingdom to exit from the European Union; fluctuations in our financial results; our ability to maintain or generate new business awards; our backlog not being indicative of future revenues and our ability to realize the anticipated future revenue reflected in our backlog; our customer or therapeutic area concentration; our ability to increase our market share, grow our business and execute our growth strategies; and the other risk factors set forth in our Form 10-K for the year ended December 31, 2015, Form 10-Q for the quarter ended June 30, 2016 and other SEC filings, copies of which are available free of charge on our website at investor.incresearch.com. INC Research 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 GAAP, this presentation contains the following non-GAAP financial measures; Adjusted Net Service Revenue, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Net Income (including Adjusted Diluted Earnings per Share), EBITDA, and Adjusted EBITDA. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's financial performance that excludes or includes amounts so as to be different than 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 Net Service Revenue as net service revenue excluding the impact of higher-than-normal change order activity.

The Company defines Adjusted Income from Operations as income from operations excluding the impact of higher-than-normal revenue change order activity and certain expenses and transactions that the Company believes are not representative of its core operations, namely, management fees that terminated in connection with the Company's initial public offering, acquisition-related amortization, restructuring and other costs, transaction expenses, share-based compensation expense, contingent consideration related to acquisitions and other, and asset impairment charges. The Company defines Adjusted Operating Margin as adjusted income from operations as a percentage of adjusted net service revenue.

The Company defines Adjusted Net Income (including Adjusted Diluted Earnings per Share) as net income (including diluted earnings per share) excluding the items excluded from adjusted income from operations mentioned previously, debt refinancing expenses, loss on extinguishment of debt and other expense (income). After giving effect to these items and other unusual tax impacts during the period, the Company has also included an adjustment to its income tax rate to reflect the expected long-term income tax rate.

EBITDA represents earnings before interest, taxes, depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA excluding the impact of higher-than-normal revenue change order activity and certain expenses and transactions that the Company believes are not representative of its core operations, namely, management fees that terminated in connection with its initial public offering, restructuring and other costs, transaction expenses, share-based compensation expense, contingent consideration related to acquisitions and other, asset impairment charges, debt refinancing expenses, loss on extinguishment of debt, and other (income) expense. 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 service its debt obligations, 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 as they exclude items whose fluctuations from period to period do not necessarily correspond to changes in the core operations of the business. Adjusted Net Service Revenue, Adjusted Income from Operations, Adjusted Operating Margin, and Adjusted Net Income (including Adjusted Diluted Earnings per Share) are used by management and the Board to assess the Company's business. The Company believes these measures are also used by investors and analysts to measure the Company's performance. Adjusted EBITDA is also a useful metric for management, investors and debt holders to measure the Company's ability to service its debt obligations.

Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP. Also, other companies might calculate these measures differently. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 20-24 in the appendix of this presentation.

Q2 2016 Highlights

Key Operating Metrics

\$M (except per share data)	Three Months Ended June 30			Six Months Ended June 30			Normalized ¹ Six Months Ended June 30		
	2015	2016	%Change	2015	2016	%Change	2015	2016	%Change
	Net New Business Awards	295.9	302.1	2.1%	551.4	604.4	9.6%	551.4	604.4
Book-to-Bill	1.3 x	1.2 x		1.3 x	1.2 x		1.3 x	1.2 x	
Book-to-Bill (TTM)	1.3 x	1.2 x		1.3 x	1.2 x		1.3 x	1.2 x	
Net Service Revenue	227.4	258.8	13.8%	438.9	507.8	15.7%	438.9	507.8	15.7%
Adjusted Income from Operations	48.8	55.0	12.6%	95.3	107.2	12.5%	92.5	107.2	15.9%
Adjusted EBITDA	53.3	60.1	12.8%	104.5	117.1	12.1%	101.7	117.1	15.2%
Adjusted Net Income	28.6	34.3	20.0%	54.9	66.8	21.6%	53.1	66.8	25.7%
Adjusted Diluted EPS (\$)	0.47	0.61	29.8%	0.89	1.19	33.7%	0.86	1.19	38.4%

\$M	June 30, 2015	June 30, 2016	%Change
Backlog ²	1,676	1,909	13.9%

1. These financials have been normalized to remove the impact of certain one-time benefits realized in the first half of 2015. For a detailed reconciliation of these normalized results, please refer to slide 17 in the appendix of this presentation.

2. Backlog was negatively impacted by \$8M, \$1M and \$13M due to foreign currency fluctuations for the three months, six months and twelve months ended June 30, 2016, respectively. For a complete roll forward of backlog for the 4 quarters ended June 30, 2016, please refer to slide 8.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 20-24 in the appendix of this presentation.

Q2 2016 Income Statement

Adjusted Basis

\$M (except per share data)	Three Months Ended June 30			Six Months Ended June 30			Normalized Six Months Ended June 30		
	2015	2016	%Change	2015	2016	%Change	2015	2016	%Change
	Net Service Revenue	\$ 227.4	\$ 258.8	13.8%	\$ 438.9	\$ 507.8	15.7%	\$ 438.9	\$ 507.8
Direct Costs	137.5	157.9	14.8%	262.4	307.9	17.4%	264.1	307.9	16.6%
Gross Profit	89.8	100.9	12.3%	176.5	199.9	13.2%	174.8	199.9	14.3%
<i>Gross Profit Margin</i>	39.5%	39.0%	-50 bps	40.2%	39.4%	-80 bps	39.8%	39.4%	-40 bps
Selling, General and Administrative	36.6	40.8	11.6%	72.0	82.7	14.8%	73.1	82.7	13.1%
Depreciation	4.4	5.1	14.5%	9.2	10.0	8.3%	9.2	10.0	8.3%
Income from Operations	48.8	55.0	12.6%	95.3	107.2	12.5%	92.5	107.2	15.9%
<i>Income from Operations Margin</i>	21.5%	21.3%	-20 bps	21.7%	21.1%	-60 bps	21.1%	21.1%	+0 bps
Interest Expense, net	(4.2)	(3.0)	(27.3%)	(9.5)	(6.0)	(36.6%)	(9.5)	(6.0)	(36.6%)
Income before Provision for Income Taxes	44.7	52.0	16.4%	85.8	101.2	17.9%	83.0	101.2	21.9%
Income Tax Expense	(16.1)	(17.7)	9.9%	(30.9)	(34.4)	11.4%	(29.9)	(34.4)	15.2%
Net Income	\$ 28.6	\$ 34.3	20.0%	\$ 54.9	\$ 66.8	21.6%	\$ 53.1	\$ 66.8	25.7%
Diluted EPS	\$ 0.47	\$ 0.61	29.8%	\$ 0.89	\$ 1.19	33.7%	\$ 0.86	\$ 1.19	38.4%
EBITDA	\$ 53.3	\$ 60.1	12.8%	\$ 104.5	\$ 117.1	12.1%	\$ 101.7	\$ 117.1	15.2%
<i>EBITDA Margin</i>	23.4%	23.2%	-20 bps	23.8%	23.1%	-70 bps	23.2%	23.1%	-10 bps

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

These financial results have also been normalized to remove the impact of certain one-time benefits realized in the first half of 2015. For a detailed reconciliation of these normalized results, please refer to slide 17 in the appendix of this presentation.

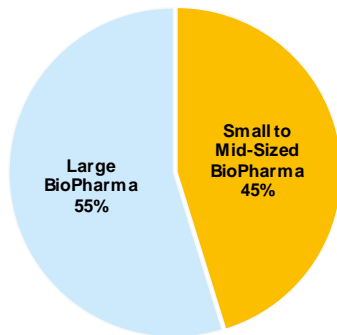
For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 20-24 in the appendix of this presentation.

Diversified Customer Base

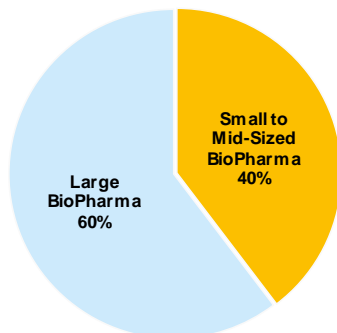
- We have a diversified, loyal customer base that includes many of the top 50 biopharmaceutical companies.
- Our top 10 customers have worked with us for an average of approximately 10 years.
- We were awarded clinical trials from 39 new customers in Q2 2016.

Customer Profile

YTD 2016 Revenue

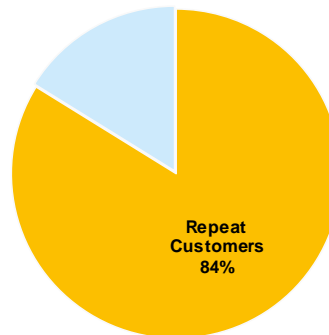


YTD 2015 Revenue

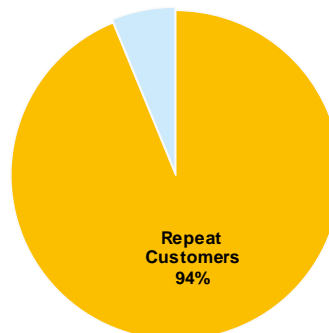


Customer Loyalty

YTD 2016 New Business Awards

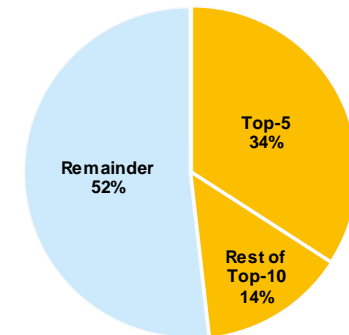


YTD 2015 New Business Awards

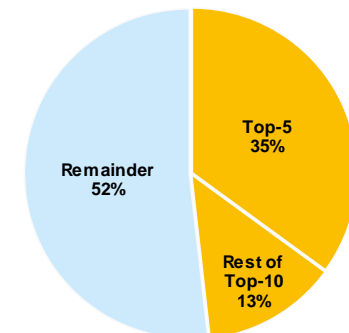


Limited Customer Concentration

YTD 2016 Revenue



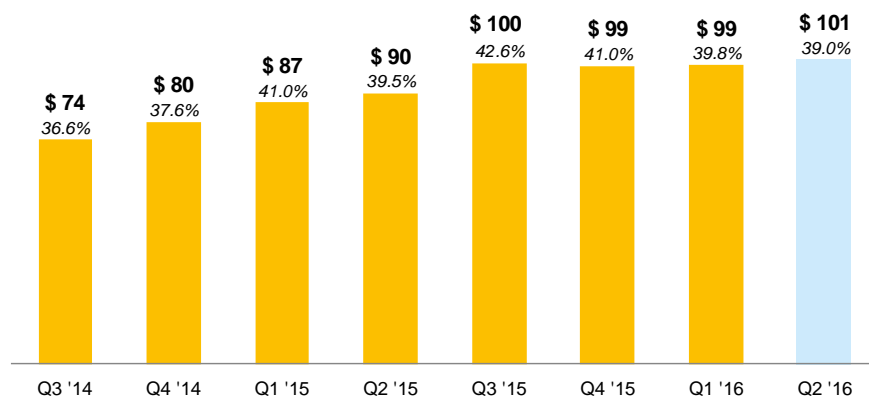
YTD 2015 Revenue



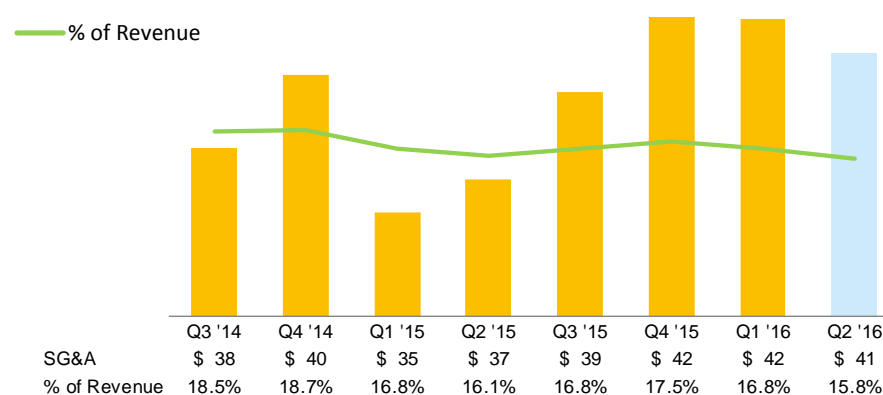
Historical Trends – Margin and SG&A Expenses

Key Metrics

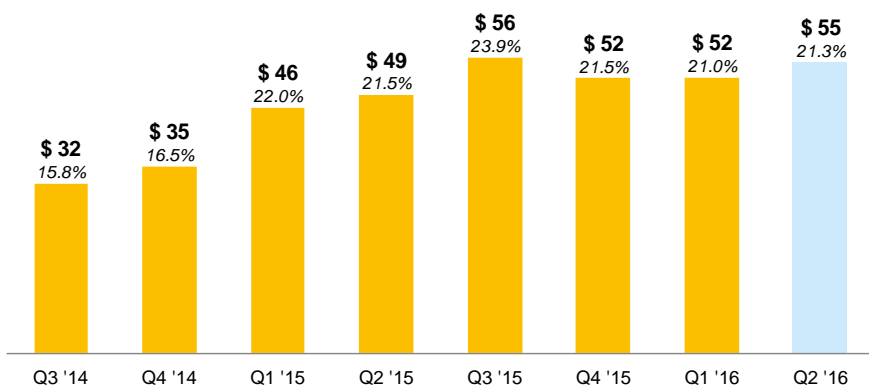
Adjusted Gross Profit (\$M) (+ Margin %) ^{1,2,3}



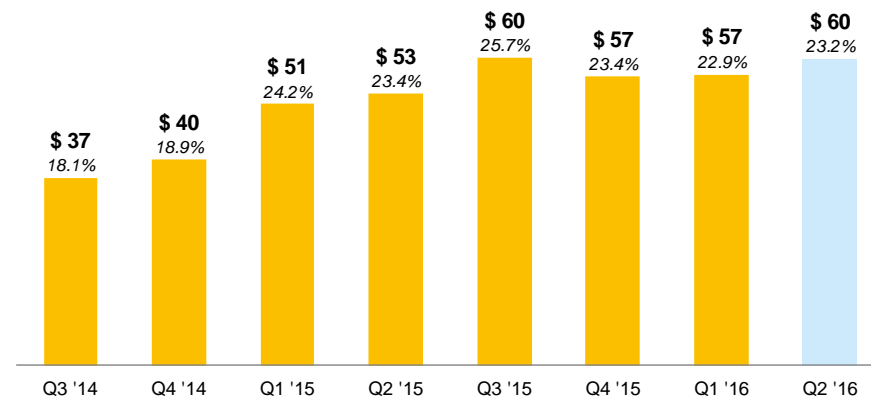
Adjusted SG&A (\$M) (+ % of Revenue) ^{1,3}



Adjusted Income from Operations (\$M) (+ Margin %) ^{1,2,3}



Adjusted EBITDA (\$M) (+ Margin %) ^{1,2,3}



- One-time benefits in Q1 2015 favorably impacted Adjusted Gross Profit by \$1.7M, Adjusted SG&A by \$1.1M, Adjusted Income from Operations by \$2.8M, and Adjusted EBITDA by \$2.8M.
- One-time benefits in Q3 2015 favorably impacted Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA by \$4.9M.
- During the third quarter of 2014, we experienced higher-than-normal change order activity estimated to be between \$3.0M and \$6.0M. Adjusted Net Service Revenue, Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA have been adjusted by \$4.5M in third quarter 2014 to remove the impact of this higher-than-normal change order activity.

For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 20-24 in the appendix of this presentation. For a detailed reconciliation of normalized results for the first half of 2015, please refer to slide 17 in the appendix of this presentation.

Cash Flow and Leverage Profile

\$M	Three Months Ended June 30		Six Months Ended June 30	
	2015	2016	2015	2016
Cash Flow from Operations	51.6	45.0	95.3	44.4
Less: Capital Expenditures	2.8	6.7	7.7	11.5
Free Cash Flow ¹	48.8	38.3	87.6	32.9
Adjusted EBITDA	53.3	60.1	104.5	117.1

\$M (except ratios)	June 30, 2015	December 31, 2015	June 30, 2016
Cash	98.5	85.0	91.9
Total Debt	475.1	505.0	475.0
Net Debt	376.6	420.0	383.1
Net Leverage ²	2.1 x	1.9 x	1.6 x
Total Net DSO ³	(5.6)	(3.0)	16.4

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

1. We calculate free cash flow as cash flow from operations less capital expenditures.

2. We calculate net leverage as net debt as of the date presented, divided by trailing twelve month adjusted EBITDA of \$181.6M for 6/30/15, \$221.4M for 12/31/15, and \$234.0M for 6/30/16.

3. For DSO trend information, please refer to slides 13 and 14 in the appendix of this presentation.

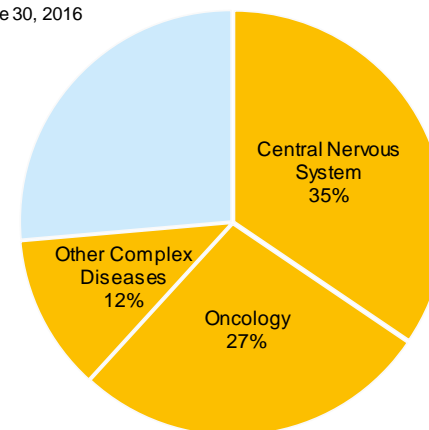
Backlog Should Support Long-Term Growth

Backlog Roll Forward (\$M)

	Q3 '15	Q4 '15	Q1 '16	Q2 '16
Beginning Backlog	\$ 1,676	\$ 1,766	\$ 1,813	\$ 1,874
+ Acquired Backlog	-	-	-	-
+ Net Awards	328	297	302	302
- Revenue, as reported	(234)	(241)	(249)	(259)
+ FX Adjustment	(3)	(9)	7	(8)
Ending Backlog	\$ 1,766	\$ 1,813	\$ 1,874	\$ 1,909

Backlog by Therapeutic Area³

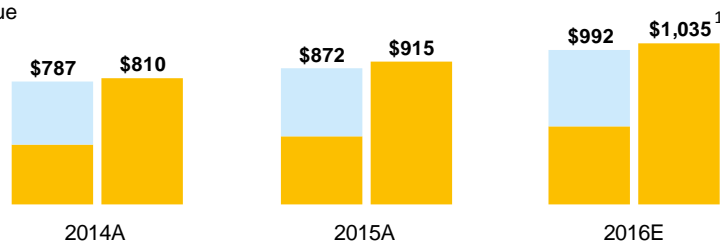
As of June 30, 2016



**CNS,
Oncology,
and Other
Complex
Diseases
= 74% of
Backlog**

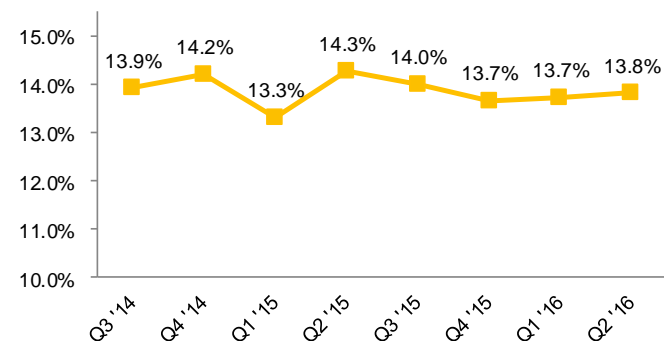
Backlog Coverage (\$M)

ROY Backlog Revenue



	6/30/14	6/30/15	6/30/16
Backlog as of			
Coverage Ratio	97.2%	95.3%	95.8%
YoY Revenue Growth	24.1%	13.0%	13.1%

Backlog Burn Rate²



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

Financials and related key operating metrics have not been adjusted to exclude the \$4.5M of higher-than-normal change order activity in second and third quarters of 2014.

- 2016 revenue estimate represents the mid-point of the updated guidance range on page 9 of this presentation.
- Backlog burn represents current quarter net revenue divided by previous quarter ending backlog.
- CNS was updated to include Ophthalmology as a complex disease area during Q2 2016. Please reference slide 19 in the appendix of this presentation for a table comparing complex backlog mix as originally reported to the revised mix including Ophthalmology for historical periods.

Full Year 2016 Updated Guidance

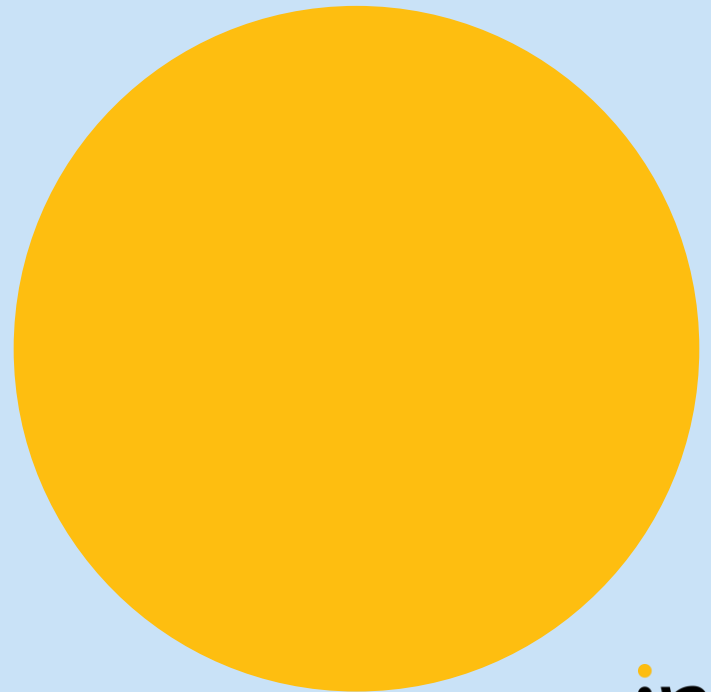
Financial Measurement	Guidance Issued 5/2/2016		Revised Guidance	
	Guidance Range	Growth Rate ²	Guidance Range	Growth Rate ²
Net Service Revenue ¹	\$ 1,020.0 - 1,030.0M	11.5 - 12.6%	\$ 1,030.0 - 1,040.0M	12.6 - 13.7%
Adjusted Net Income	\$ 131.0 - 138.0M	13.7 - 19.7%	\$ 134.5 - 140.5M	16.7 - 21.9%
Adjusted Diluted EPS	\$ 2.34 - 2.46	22.5 - 28.8%	\$ 2.39 - 2.50	24.5 - 30.2%
GAAP Diluted EPS	\$ 1.60 - 1.70	(17.9) - (12.8)%	\$ 1.74 - 1.85	(10.8) - (5.1)%

Note: Financial guidance takes into account a number of factors, including our sales pipeline, existing backlog and our expectations for net awards for the remainder of 2016, current foreign currency exchange rates, current interest rates, and our expected tax rate, and does not take into account the effects of future stock repurchases.

1. Guidance for Net Service Revenue includes foreign exchange headwind of approximately \$10.0M (a negative impact of approximately 110 basis points) resulting in a constant currency growth rate of approximately 13.7– 14.8%.
2. 2016 growth rates are based on adjusted 2015 financials normalized for one-time benefits, with the exception of GAAP Diluted EPS. For a detailed reconciliation of normalized results, please refer to slide 18 in the appendix of this presentation.

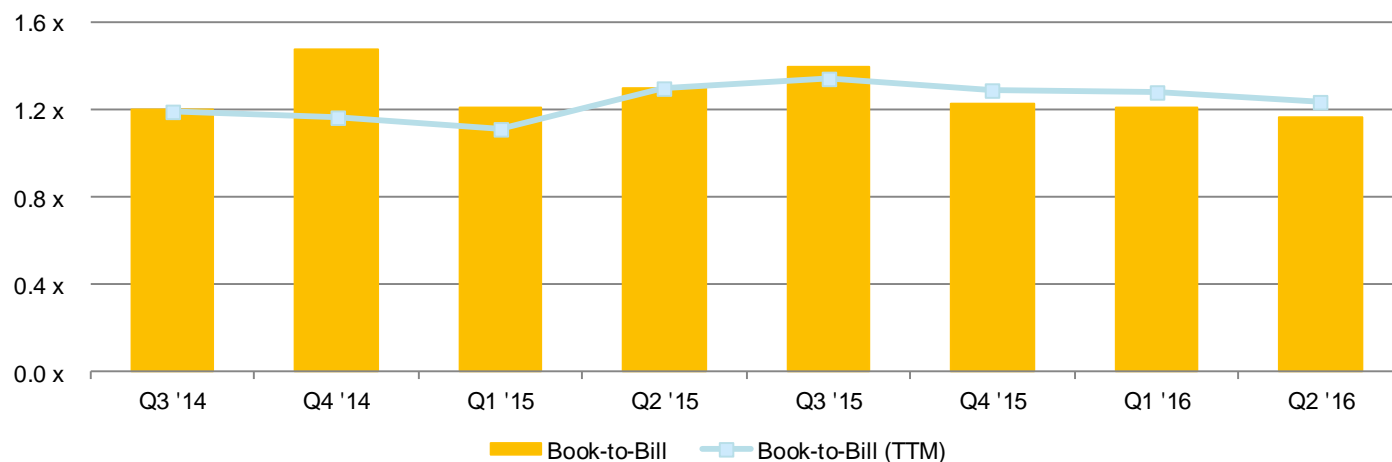
For a reconciliation of GAAP Net income and diluted earnings per share to Non-GAAP Net income and diluted earnings per share, please refer to slide 15 in the appendix of this presentation.

Appendix



Book to Bill Trend

Net Book-to-Bill Ratio



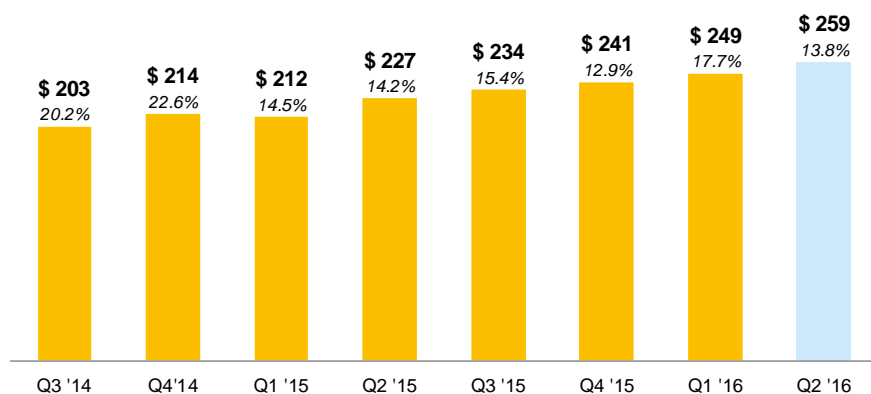
Quarterly	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16
Net New Business Awards (\$M)	249.3	316.3	255.5	295.9	327.7	297.4	302.4	302.1
Net Service Revenue (\$M)	207.8	213.7	211.5	227.4	234.5	241.4	249.0	258.8
Book-to-Bill Ratio	1.2 x	1.5 x	1.2 x	1.3 x	1.4 x	1.2 x	1.2 x	1.2 x

TTM	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16
Net New Business Awards (TTM) (\$M)	918.8	949.8	924.4	1,116.9	1,195.4	1,176.5	1,223.4	1,229.6
Net Service Revenue (TTM) (\$M)	770.4	809.7	836.5	860.4	887.1	914.7	952.2	983.7
Book-to-Bill Ratio (TTM)	1.2 x	1.2 x	1.1 x	1.3 x	1.3 x	1.3 x	1.3 x	1.2 x

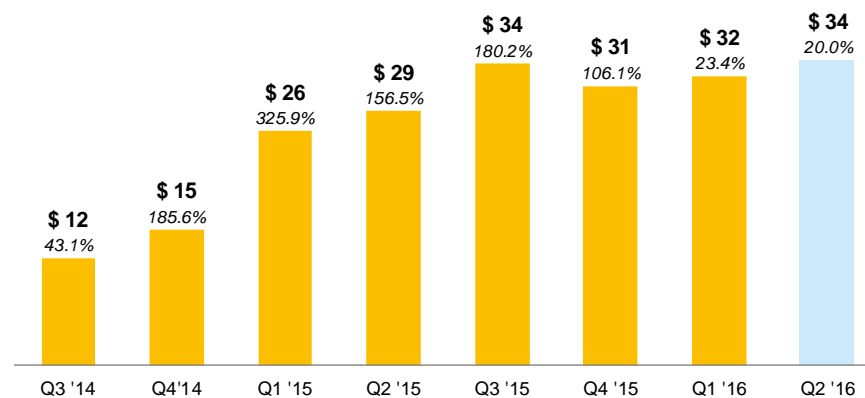
Historical Financial Performance Trends

Key Metrics

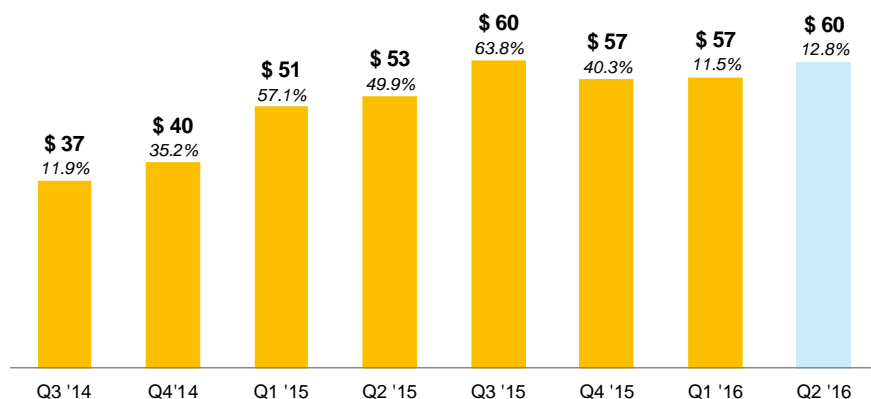
Adjusted Net Service Revenue (\$M) (+ YoY growth) ¹



Adjusted Net Income (\$M) (+ YoY growth) ^{1,2,3}



Adjusted EBITDA (\$M) (+ YoY growth) ^{1,2,3}



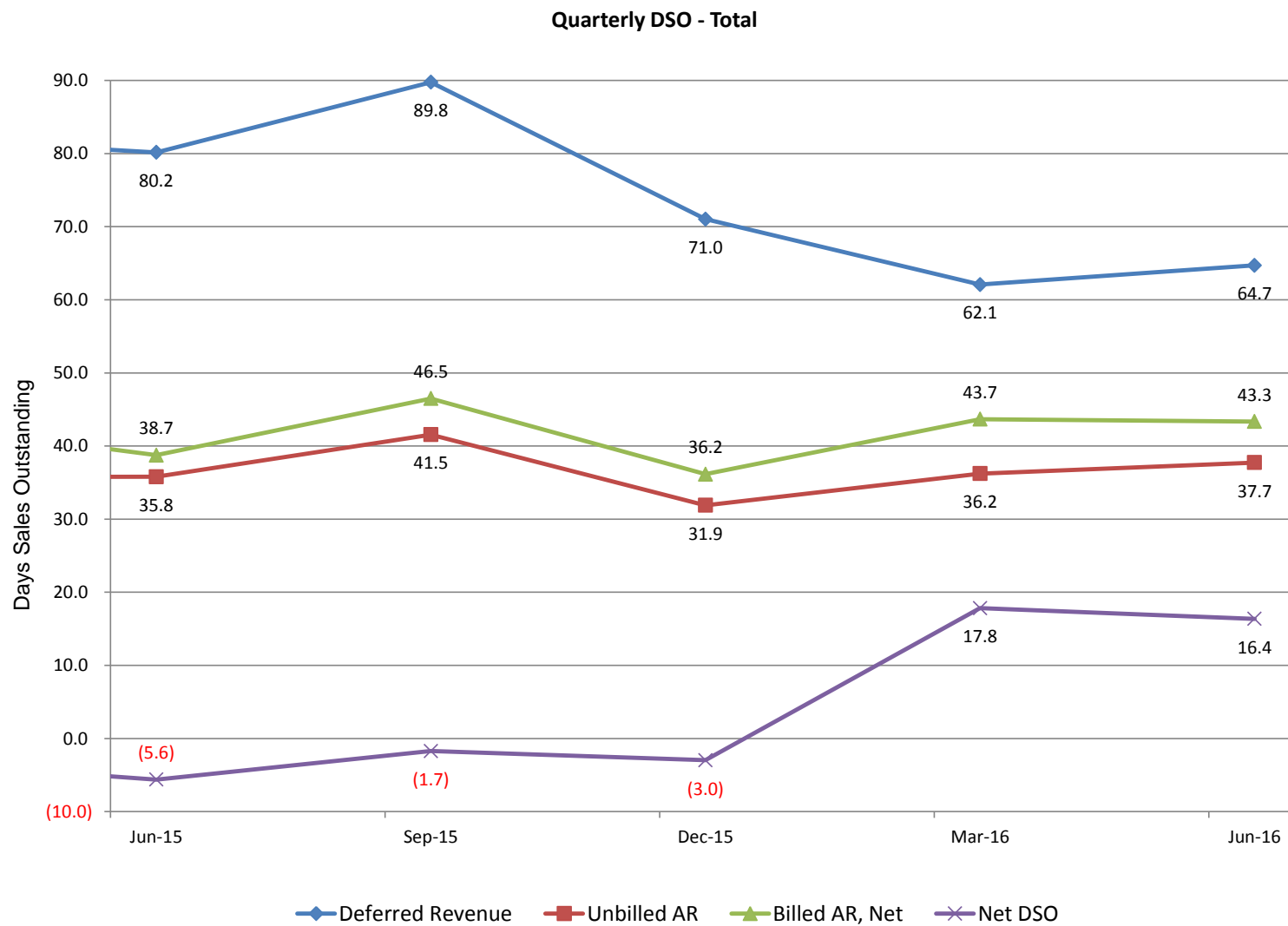
1. During the third quarter of 2014, we experienced higher-than-normal change order activity estimated to be between \$3.0M and \$6.0M. Both Adjusted Net Service Revenue and Adjusted EBITDA have been adjusted by \$4.5M in third quarter 2014 to remove this impact. Adjusted Net Income, net of tax of 37%, has been adjusted by \$2.85M in third quarter of 2014.

2. One-time benefits in Q1 2015 favorably impacted Adjusted EBITDA by \$2.8M and Adjusted Net Income, net of tax of 36%, by \$1.8M.

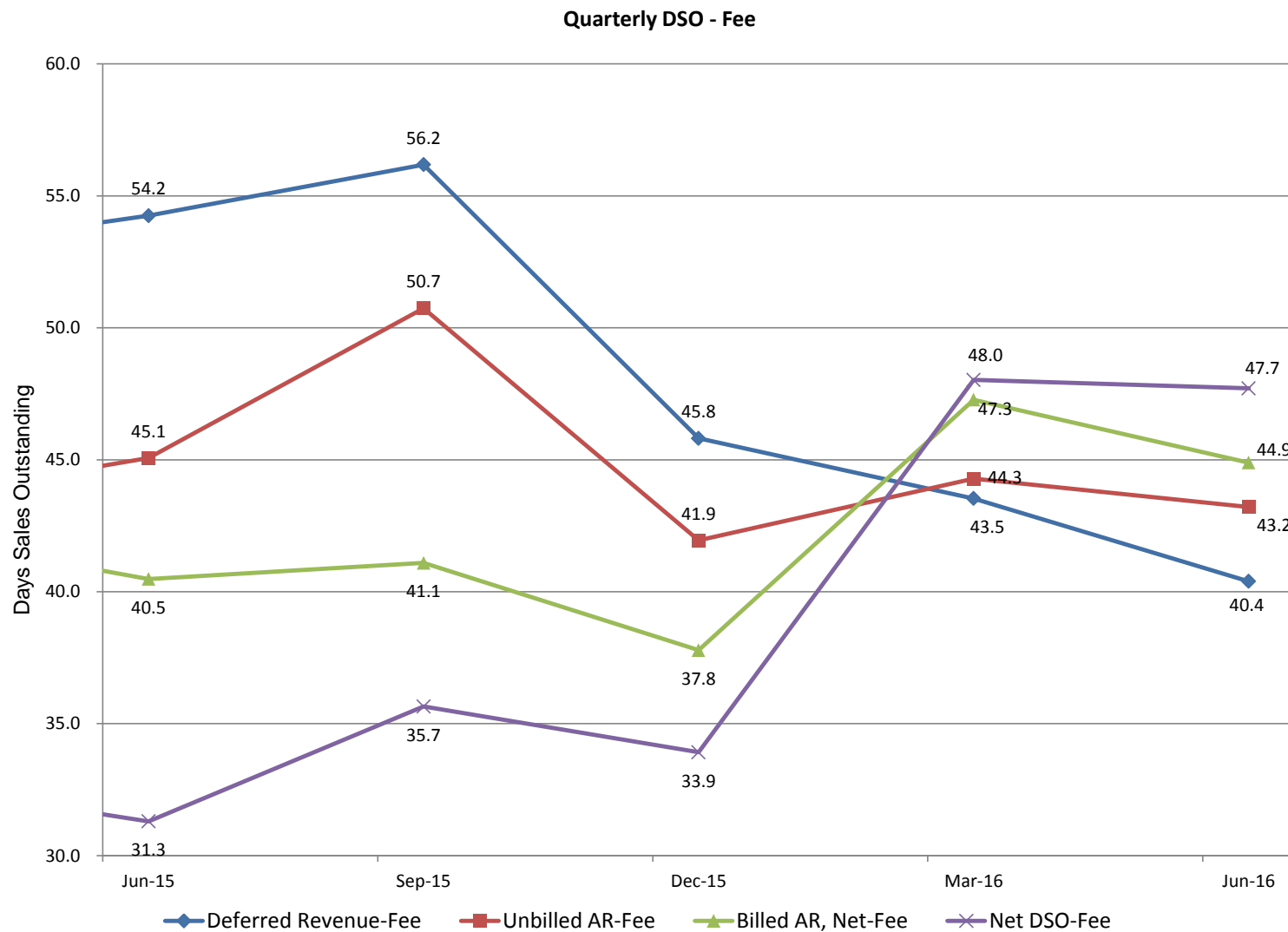
3. One-time benefits in Q3 2015 favorably impacted Adjusted EBITDA by \$4.9M and Adjusted Net Income, net of tax of 36%, by \$3.2M.

For a complete reconciliation of GAAP to Non-GAAP measures, please refer to slides 20-24 in the appendix of this presentation. For the normalized income statement for YTD 2015, please refer to slide 17 in the appendix of this presentation.

Days Sales Outstanding – Total Revenue



Days Sales Outstanding – Net Service Revenue (Excluding Reimbursable Out-of-Pocket Expenses)



Full Year 2016 Updated Guidance

Reconciliation

\$M (except per share data)

	Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High
Net income and diluted earnings per share	\$ 97.5	\$ 104.0	\$ 1.74	\$ 1.85
<i>Adjustments:</i>				
Amortization ¹	37.8	37.8		
Share-based compensation expense ¹	13.1	13.1		
Contingent consideration and other expense ¹	1.3	1.3		
Restructuring and other costs ¹	8.1	8.6		
Transaction costs ¹	1.7	1.7		
Other ¹	8.7	8.5		
Income tax effect of share-based compensation ²	(12.6)	(12.6)		
Income tax effect of above adjustments ³	(21.1)	(21.9)		
Adjusted net income and adjusted diluted earnings per share	\$ 134.5	\$ 140.5	\$ 2.39	\$ 2.50

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of income tax reduction.

2. Income tax effect of share-based compensation is calculated using the statutory rates applicable to the tax jurisdictions of the applicable deduction, plus the amount of discrete tax adjustments related to excess tax benefits on share-based payments as a result of share-based payments activity.

3. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 34%, which is the midpoint of our range for the expected income tax rate of 33% to 35%. This adjustment also excludes unusual tax impacts during the period.

Reconciliation of Share-based Compensation

Second Quarter, YTD and 2016 Guidance

\$M

	<u>Q2 2016</u>	<u>YTD 2016</u>	<u>Guidance</u>
Share-based Compensation Expense:			
Direct Costs	\$ 1.3	\$ 2.5	\$ 5.8
SG&A Expense	1.8	3.3	7.4
Total Share-based Compensation	3.1	5.9	13.1
Tax Impact of Share-based Compensation	(1.1)	(2.1)	(4.6) a
Share-based Compensation, Net of Tax - Non-GAAP Impact	2.0	3.8	8.5
Excess Income Tax Benefit from Share-based Transactions	(6.7)	(8.0)	(8.0) b
Total Share-based Compensation, Net of Tax - GAAP Impact	\$ (4.7)	\$ (4.2)	\$ 0.5

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

a. Tax-effected at the blended statutory rate applicable to the recorded deduction.

b. Tax-effected at the blended statutory rate applicable to the excess deduction. Amount included in Guidance includes only the benefit included in the YTD 2016 and does not include any forecasted benefit.

YTD 2015 Income Statement

Adjusted Basis – Normalized for One-Time Benefits

\$M (except per share data)	Six Months Ended June 30, 2015			
	Non-GAAP	One-Time Benefits	Expenses Reversed in Q3	Normalized
Net Service Revenue	\$ 438.9	\$ -	\$ -	\$ 438.9
Direct Costs	262.4	5.1 a	(3.4) b	264.1
Gross Profit	176.5	(5.1)	3.4	174.8
<i>Gross Profit Margin</i>	40.2%	(1.2%)	0.8%	39.8%
Selling, General and Administrative	72.0	1.1 a	-	73.1
Depreciation	9.2	-	-	9.2
Income from Operations	95.3	(6.2)	3.4	92.5
<i>Income from Operations Margin</i>	21.7%	(1.4%)	0.8%	21.1%
Interest Expense, net	(9.5)	-	-	(9.5)
Income before Provision for Income Taxes	85.8	(6.2)	3.4	83.0
Income Tax Expense	(30.9)	2.2 c	(1.2) c	(29.9)
Net Income	\$ 54.9	\$ (4.0)	\$ 2.2	\$ 53.1
Diluted EPS	\$ 0.89	\$ (0.06)	\$ 0.04	\$ 0.86
EBITDA	\$ 104.5	\$ (6.2)	\$ 3.4	\$ 101.7
<i>EBITDA Margin</i>	23.8%	(1.4%)	0.8%	23.2%

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

a. During the first quarter of 2015, we settled \$6.2M of liabilities (\$5.1M of direct costs and \$1.1M of SG&A expenses) at less than original estimates.

b. During the third quarter of 2015, we settled \$3.4M of study-related obligations that were recorded as an expense during the first quarter of 2015 (necessitating the subsequent adjustment to Q1 normalization amounts).

c. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 36%.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods presented, please refer to slides 20-24 in the appendix of this presentation.

Full Year 2015 Income Statement

Adjusted Basis – Normalized for One-Time Benefits

\$M (except per share data)	Full Year 2015		
	<u>Non-GAAP</u>	<u>Adjustments</u>	<u>Normalized</u>
Net Service Revenue	\$ 914.7	\$ -	\$ 914.7
Direct Costs	539.6	6.6 a	546.2
Gross Profit	375.2	(6.6)	368.6
<i>Gross Profit Margin</i>	41.0%	(0.7%)	40.3%
Selling, General and Administrative	153.8	1.1 a	154.9
Depreciation	18.1	-	18.1
Income from Operations	203.2	(7.7)	195.5
<i>Income from Operations Margin</i>	22.2%	(0.8%)	21.4%
Interest Expense, net	(15.4)	-	(15.4)
Income before Provision for Income Taxes	187.8	(7.7)	180.1
Income Tax Expense	(67.6)	2.8 b	(64.8)
Net Income	\$ 120.2	\$ (4.9)	\$ 115.2
Diluted EPS	\$ 2.00	\$ (0.08)	\$ 1.92
EBITDA	\$ 221.4	\$ (7.7)	\$ 213.7
<i>EBITDA Margin</i>	24.2%	(0.8%)	23.4%

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

a. During the first quarter, we settled \$6.2M of liabilities (\$5.1M of direct costs and \$1.1M of SG&A expenses) at less than original estimates. During the third quarter, we settled \$4.9M of study-related obligations, \$3.4M of which were recorded as an expense during the first half of 2015. The net result is a \$6.6M total adjustment to gross profit and a \$1.1M total adjustment to SG&A for the full year.

b. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 36%.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 20-24 in the appendix of this presentation.

Revised Complex Disease Backlog Mix

All reported periods, Q4 2014 through Q1 2016

	<u>As Previously Reported</u>	<u>Revised¹</u>
Q4 2014	73%	78%
Q1 2015	67%	74%
Q2 2015	68%	75%
Q3 2015	69%	76%
Q4 2015	68%	75%
Q1 2016	68%	74%

1. CNS was updated to include Ophthalmology as a complex disease therapeutic area as of June 30, 2016.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended June 2016

Three Months Ended June 30, 2016

Thousands, except per share data	GAAP	Adjustments	Adjusted
Net service revenue	\$ 258,804	\$ -	\$ 258,804
Reimbursable out-of-pocket expenses	140,843	-	140,843
Total revenue	399,647	-	399,647
<i>Cost and operating expenses:</i>			
Direct costs	159,497	(1,283) a	157,928
		(286) b	
Reimbursable out-of-pocket expenses	140,843	-	140,843
Selling, general and administrative	42,596	(1,788) a	40,808
Restructuring and other costs	1,364	(1,364) c	-
Transaction expenses	1,169	(1,169) d	-
Asset impairment charges	-	- e	-
Depreciation and amortization of intangibles	14,523	(9,463) f	5,060
Total operating expenses	359,992	(15,353)	344,639
Income from operations	39,655	15,353	55,008
<i>Other income (expense), net:</i>			
Interest expense, net	(3,044)	-	(3,044)
Other income (expense), net	(3,260)	3,260 g	-
Total other income (expense), net	(6,304)	3,260	(3,044)
Income before provision for income taxes	33,351	18,613	51,964
Income tax expense	(2,948)	(14,720) h	(17,668)
Net income	\$ 30,403	\$ 3,893	\$ 34,296
Diluted net income per share	\$ 0.54		\$ 0.61
Diluted weighted average common shares outstanding	56,078		56,078
Adjusted EBITDA Reconciliation			
EBITDA	\$ 50,918		\$ 50,918
Other expense, net		3,260 g	3,260
Restructuring and other costs		1,364 c	1,364
Share-based compensation		3,071 a	3,071
Contingent consideration and other		286 b	286
Transaction expenses		1,169 d	1,169
Asset impairment charges		- e	-
Adjusted EBITDA	\$ 50,918	\$ 9,150	\$ 60,068

Reconciliation of Adjusted Net Income & EBITDA

Six Months Ended June 2016

	Six Months Ended June 30, 2016		
Thousands, except per share data	GAAP	Adjustments	Adjusted
Net service revenue	\$ 507,801	\$ -	\$ 507,801
Reimbursable out-of-pocket expenses	304,933	-	304,933
Total revenue	812,734	-	812,734
<i>Cost and operating expenses:</i>			
Direct costs	311,555	(2,542) a	307,928
		(1,085) b	
Reimbursable out-of-pocket expenses	304,933	-	304,933
Selling, general and administrative	86,075	(3,345) a	82,730
Restructuring and other costs	7,402	(7,402) c	-
Transaction expenses	1,730	(1,730) d	-
Asset impairment charges	-	-	-
Depreciation and amortization of intangibles	28,876	(18,924) f	9,952
Total operating expenses	740,571	(35,028)	705,543
Income from operations	72,163	35,028	107,191
<i>Other income (expense), net:</i>			
Interest expense, net	(6,014)		(6,014)
Other income (expense), net	(8,377)	8,377 g	-
Total other income (expense), net	(14,391)	8,377	(6,014)
Income before provision for income taxes	57,772	43,405	101,177
Income tax expense	(9,964)	(24,437) h	(34,401)
Net income	\$ 47,808	\$ 18,968	\$ 66,776
Diluted net income per share	\$ 0.85		\$ 1.19
Diluted weighted average common shares outstanding	55,970		55,970
Adjusted EBITDA Reconciliation			
EBITDA	\$ 92,662		\$ 92,662
Other expense, net		8,377 g	\$ 8,377
Restructuring and other costs		7,402 c	\$ 7,402
Share-based compensation		5,887 a	\$ 5,887
Contingent consideration and other		1,085 b	1,085
Transaction expenses		1,730 d	\$ 1,730
Asset impairment charges		-	\$ -
Adjusted EBITDA	\$ 92,662	\$ 24,481	\$ 117,143

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended June 2015

Thousands, except per share data	Three Months Ended June 2015		
	GAAP	Adjustments	Adjusted
Net service revenue	\$ 227,376	-	\$ 227,376
Reimbursable out-of-pocket expenses	109,916	-	109,916
Total revenue	337,292	-	337,292
<i>Cost and operating expenses:</i>			
Direct costs	138,010	(353) a	137,546
		(111) b	-
Reimbursable out-of-pocket expenses	109,916		109,916
Selling, general and administrative	37,125	(560) a	36,565
Restructuring and other costs	2,012	(2,012) c	-
Transaction expenses	397	(397) d	-
Asset impairment charges	-	- e	-
Depreciation and amortization of intangibles	13,893	(9,473) f	4,420
Total operating expenses	301,353	(12,906)	288,447
Income from operations	35,939	12,906	48,845
<i>Other income (expense), net:</i>			
Interest expense, net	(4,188)	-	(4,188)
Loss on extinguishment of debt	(9,795)	9,795 i	-
Other income, net	1,675	(1,675) g	-
Total other expense, net	(12,308)	8,120	(4,188)
Income before provision for income taxes	23,631	21,026	44,657
Income tax expense	(310)	(15,767) h	(16,077)
Net income	\$ 23,321	\$ 5,259	\$ 28,580
Net income attributable to common stockholders	\$ 23,321	\$ 5,259	\$ 28,580
Diluted net income per share	\$ 0.39		\$ 0.47
Diluted weighted average common shares outstanding	60,464		60,464
Adjusted EBITDA Reconciliation			
EBITDA	\$ 41,712		\$ 41,712
Other income, net		(1,675) g	(1,675)
Restructuring and other costs		2,012 c	2,012
Share-based compensation and contingent consideration expense		1,024 a,b	1,024
Transaction expenses		397 d	397
Asset impairment charges		- e	-
Loss on extinguishment of debt		9,795 i	9,795
Adjusted EBITDA	\$ 41,712	\$ 11,553	\$ 53,265

Reconciliation of Adjusted Net Income & EBITDA

Six Months Ended June 2015

Thousands, except per share data	Six Months Ended June 2015		
	GAAP	Adjustments	Adjusted
Net service revenue	\$ 438,890	-	\$ 438,890
Reimbursable out-of-pocket expenses	207,319	-	207,319
Total revenue	646,209	-	646,209
<i>Cost and operating expenses:</i>			
Direct costs	263,458	(736) a	262,390
		(332) b	-
Reimbursable out-of-pocket expenses	207,319		207,319
Selling, general and administrative	72,925	(884) a	72,041
Restructuring and other costs	1,594	(1,594) c	-
Transaction expenses	519	(519) d	-
Asset impairment charges	3,931	(3,931) e	-
Depreciation and amortization of intangibles	28,137	(18,951) f	9,186
Total operating expenses	577,883	(26,947)	550,936
Income from operations	68,326	26,947	95,273
<i>Other income (expense), net:</i>			
Interest expense, net	(9,493)	-	(9,493)
Loss on extinguishment of debt	(9,795)	9,795 i	-
Other income, net	5,141	(5,141) g	-
Total other expense, net	(14,147)	4,654	(9,493)
Income before provision for income taxes	54,179	31,601	85,780
Income tax expense	(5,602)	(25,280) h	(30,882)
Net income	\$ 48,577	\$ 6,321	\$ 54,898
Net income attributable to common stockholders	\$ 48,577	\$ 6,321	\$ 54,898
Diluted net income per share	\$ 0.79		\$ 0.89
Diluted weighted average common shares outstanding	61,805		61,805
Adjusted EBITDA Reconciliation			
EBITDA	\$ 91,809		\$ 91,809
Other income, net		(5,141) g	(5,141)
Restructuring and other costs		1,594 c	1,594
Share-based compensation and contingent consideration expense		1,952 a,b	1,952
Transaction expenses		519 d	519
Asset impairment charges		3,931 e	3,931
Loss on extinguishment of debt		9,795 i	9,795
Adjusted EBITDA	\$ 91,809	\$ 12,650	\$ 104,459

Reconciliation of Adjusted Net Income & EBITDA

Footnotes for Q2 & YTD 2016 and Q2 & YTD 2015

- a. Represents share-based compensation expense related to awards granted under equity incentive plans.
- b. Represents contingent consideration expense incurred as a result of acquisitions and other expenses accounted for as compensation expense under GAAP.
- c. Restructuring and other costs consist of: (i) severance costs associated with a reduction of workforce in line with the Company's expectations of future business operations, (ii) legal and consulting costs incurred for the continued consolidation of legal entities and restructuring of the Company's contract financial process to meet the requirements of upcoming accounting regulation changes, and (iii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.
- d. Represents fees associated with debt placement and refinancing and other corporate transactions.
- e. Represents impairment of goodwill and long-lived assets associated with the Company's Phase I Services reporting unit.
- f. Represents the amortization of intangible assets primarily for customer relationships and backlog.
- g. Represents other (income) expense comprised primarily of foreign exchange gains and losses.
- h. Adjustment for the income tax effect of the non-GAAP adjustments made to arrive at adjusted net income using the estimated effective tax rate of 34% in 2016 and 36% in 2015. In 2015, the Company's effective tax rate has been adjusted in order to reflect the removal of the tax impact of its valuation allowances recorded against its deferred tax assets and changes in the assertion to indefinitely reinvest the undistributed earnings of foreign subsidiaries. Historically, the Company has recorded a valuation allowance against some of its deferred tax assets, but believes that these valuation allowances cause significant fluctuations in its financial results that are not indicative of the Company's underlying financial performance. Specifically, the majority of the Company's revenue was generated in jurisdictions in which it recognized no tax expense or benefit due to changes in this valuation allowance.
- i. Represents loss on extinguishment of debt associated with the 2015 debt refinancing.