INC Research
2Q 2015 Financial Results

July 30, 2015

INC Research®

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 2015 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: 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 ability to adequately price our contracts and not overrun cost estimates; our customer or therapeutic area concentration; international economic, political and other risks; 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, 2014, Form 10-Q for the quarter ended March 31, 2015 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 certain non-GAAP financial measures , including 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 that occurred during 2014.

The Company defines Adjusted Income from Operations as income from operations excluding the 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 costs, transaction expenses, stock compensation expense, contingent consideration related to acquisitions, and asset impairment charges. The Company defines Adjusted Operating Margin as adjusted income from operations as a percent 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 debt refinancing expenses, loss on extinguishment of debt, other income (expense) and the items excluded from adjusted income from operations mentioned previously. 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 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 costs, transaction expenses, stock compensation expense, contingent consideration related to acquisitions, asset impairment charges, debt refinancing expenses, loss on extinguishment of debt, and other income (expense). The Company presents EBITDA because it believes it is a useful metric for investors as it is 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.

The non-GAAP measures noted above are used by management and the Board to evaluate the Company's core operating results as they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the business. Adjusted Net 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 its business, as well as by investors and analysts, to measure the Company's performance. Adjusted EBITDA is also a useful metric for management and investors 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. Investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures included on slides 16-21 in the appendix of this presentation.

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2Q 2015 Highlights
Key Operating Metrics

$M (except per share data)	Second Quarter 2014	Second Quarter 2015	Second Quarter % Change	6 Months Ended June 30th 2014	6 Months Ended June 30th 2015	6 Months Ended June 30th % Change
Net New Business Awards[1]	103.4	295.9	186.3%	384.3	551.4	43.5%
Book-to-Bill	0.5 x	1.3 x		1.0 x	1.3 x	
Book-to-Bill (TTM)	1.3 x	1.3 x		1.3 x	1.3 x	
Adjusted Net Service Revenue	199.0	227.4	14.2%	383.7	438.9	14.4%
Adjusted Income from Operations[2]	30.5	48.8	60.1%	56.2	95.3	69.5%
Adjusted EBITDA[2]	35.5	53.3	49.9%	68.1	104.5	53.4%
Adjusted Net Income[2]	11.1	28.6	156.5%	17.3	54.9	216.9%
Adjusted Diluted EPS[2] ($)	0.21	0.47	123.8%	0.33	0.89	169.7%

$M	June 30 2014	June 30 2015	% Change
Backlog[3]	1,493	1,676	12.3%

1. Net new business awards were negatively impacted by $132M as a result of a cancellation of interrelated programs during the second quarter of 2014 related to scientific concerns our customer had with the viability of the compound under development.
2. Adjusted Income from Operations and Adjusted EBITDA were favorably impacted by $6.2M of non-recurring items in Q1 2015, thus positively impacting the six months ended June 30, 2015. The impact of these items on Adjusted Net Income was $4.0 million, which is net of tax of 36%. The resulting impact on Adjusted Diluted EPS for the six months ended June 30, 2015 was approximately 6 cents per share.
3. Backlog was positively impacted by $13M due to foreign currency fluctuations for the three months ended June 30, 2015, and negatively impacted by $26M and $73M due to foreign currency fluctuations for the six and twelve months ended June 30, 2015, respectively.

For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 16-21 in the appendix of this presentation.

2Q 2015 Income Statement
Adjusted Basis

$M (except per share data)	Second Quarter			6 Months Ended June 30th		
	2014	2015	% Change	2014	2015	% Change
Net Service Revenue	$ 199.0	$ 227.4	14.2%	$ 383.7	$ 438.9	14.4%
Direct Costs	130.3	137.5	5.6%	250.6	262.4	4.7%
Gross Profit	68.8	89.8	30.6%	133.1	176.5	32.6%
Gross Profit Margin	*34.6%*	*39.5%*	*+496 bps*	*34.7%*	*40.2%*	*+553 bps*
Selling, General & Administrative	33.2	36.6	10.0%	65.0	72.0	10.8%
Depreciation	5.0	4.4	(12.0%)	11.9	9.2	(22.8%)
Income from Operations	30.5	48.8	60.1%	56.2	95.3	69.5%
Income from Operations Margin	*15.3%*	*21.5%*	*+615 bps*	*14.7%*	*21.7%*	*+706 bps*
Interest Expense, net	(12.8)	(4.2)	(67.3%)	(28.7)	(9.5)	(67.0%)
Income before Provision for Income Taxes	17.7	44.7	152.5%	27.5	85.8	212.0%
Income Tax Expense	(6.5)	(16.1)	145.6%	(10.2)	(30.9)	203.6%
Net Income	$ 11.1	$ 28.6	156.5%	$ 17.3	$ 54.9	216.9%
Diluted EPS ($)	0.21	0.47	123.8%	0.33	0.89	169.7%
EBITDA	$ 35.5	$ 53.3	49.9%	$ 68.1	$ 104.5	53.4%
EBITDA Margin	*17.9%*	*23.4%*	*+557 bps*	*17.7%*	*23.8%*	*+605 bps*

Note: Due to rounding of specific line items, line item figures may not sum to subtotals.
Non-recurring items in Q1 2015 favorably impacted direct costs and gross profit for the six months ended June 30, 2015 by $5.1M, SG&A by $1.1M, and income from operations and EBITDA by $6.2M. The impact of these items on net income was $4.0 million, which is net of tax of 36%. The resulting impact on diluted EPS for the six months ended June 30, 2015 was approximately 6 cents per share.
For a complete reconciliation of GAAP to Non-GAAP measures for the current and historical periods, please refer to slides 16-21 in the appendix of this presentation.

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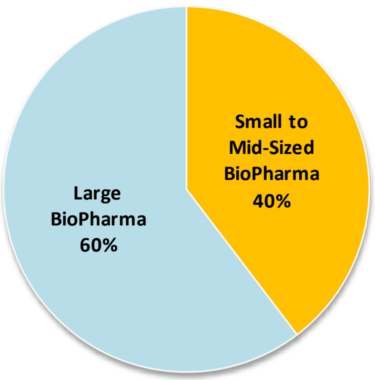
Diversified Customer Base

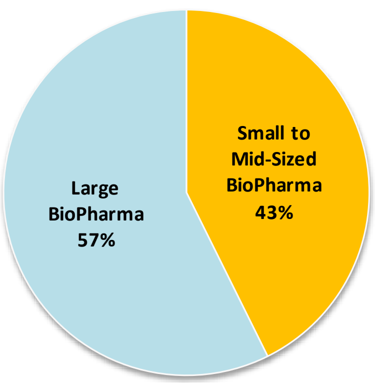
- We have a diversified base of over 300 customers and have performed work for 19 of the largest 20 biopharma companies, as ranked by 2014 sales, since the beginning of 2014.
- 94% of YTD 2015 new business awards were from repeat customers

Customer Profile

YTD Q2 2015 Revenue

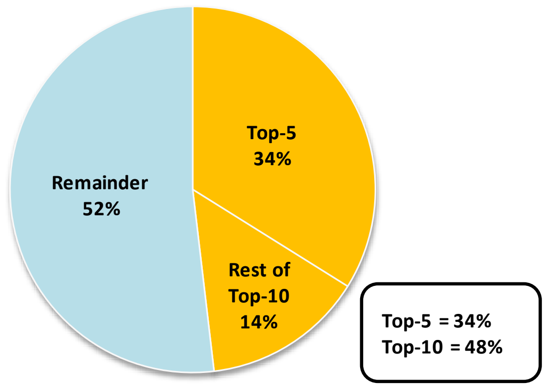


YTD Q2 2014 Revenue

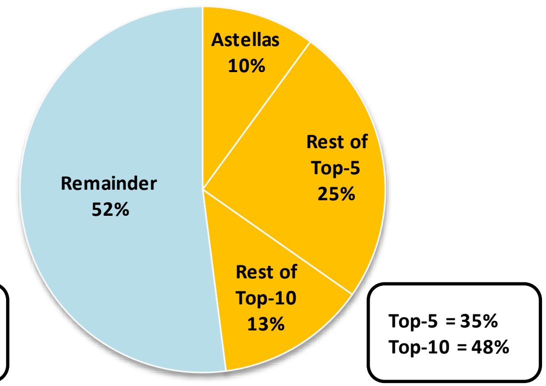


Limited Customer Concentration

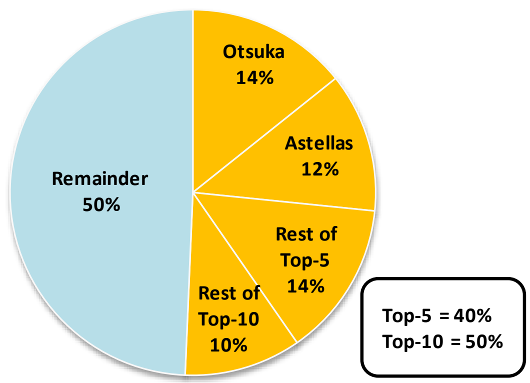
Q2 2015 Revenue



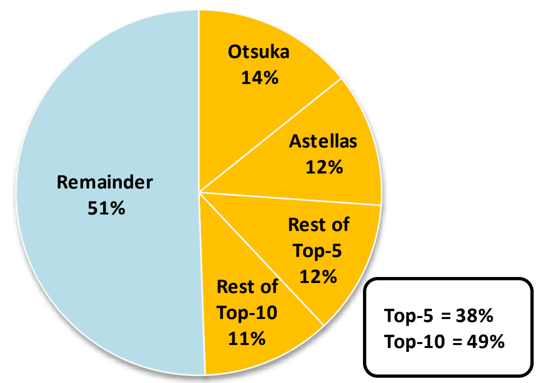
YTD Q2 2015 Revenue



Q2 2014 Revenue

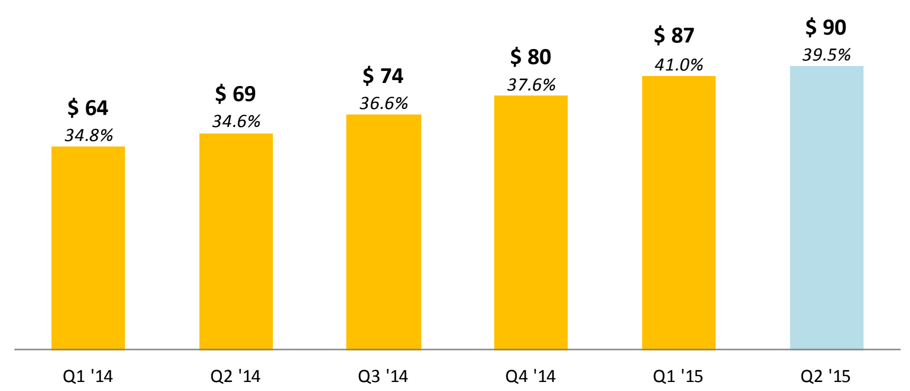


YTD Q2 2014 Revenue

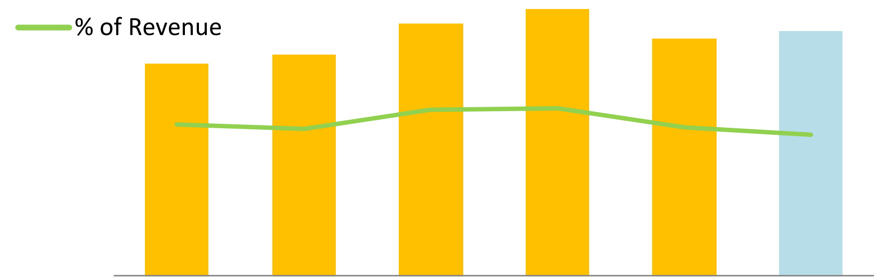


Historical Trends – Margin and SG&A Expenses

Adjusted Gross Profit ($M) *(+ Margin %)* [1,2]

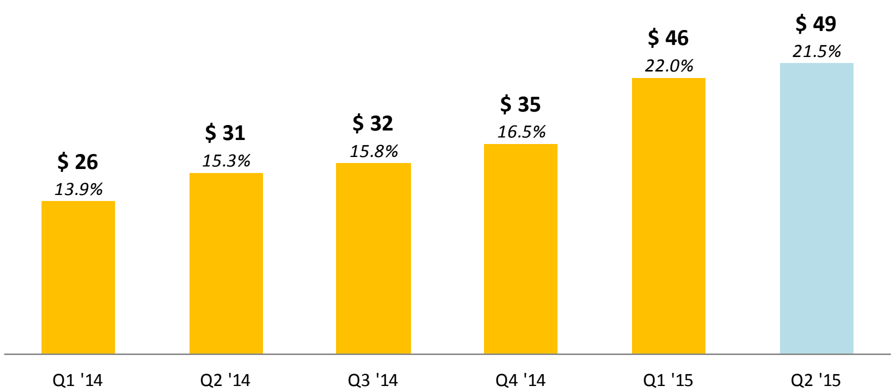


Adjusted SG&A ($M) *(+ % of Revenue)* [1,2]

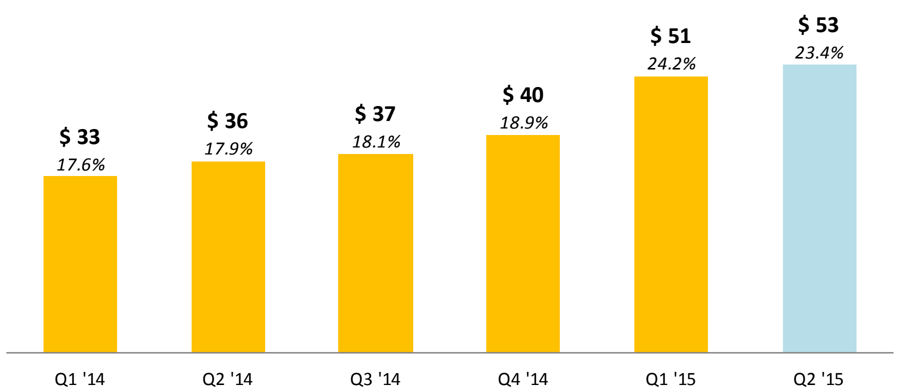


	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15
SG&A $	$ 32	$ 33	$ 38	$ 40	$ 35	$ 37
% of Revenue	17.2%	16.7%	18.5%	18.7%	16.8%	16.1%

Adjusted Income from Operations ($M) *(+ Margin %)* [1,2]



Adjusted EBITDA ($M) *(+ Margin %)* [1,2]



1. Non-recurring items in Q1 2015 favorably impacted Adjusted Gross Profit by $5.1M, Adjusted SG&A by $1.1M, Adjusted Income from Operations by $6.2M, and Adjusted EBITDA by $6.2M.
2. During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between $6.0M and $12.0M. Adjusted Net Service Revenue, Adjusted Gross Profit, Adjusted Income from Operations, and Adjusted EBITDA have been adjusted by $9.0M ($4.5M in both the second and third quarters) in 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 16-21 in the appendix of this presentation.

Cash Flow and Leverage Profile

$M	Second Quarter 2014	Second Quarter 2015	6 Months Ended June 30th 2014	6 Months Ended June 30th 2015
Cash Flow from Operations	49.2	51.6	80.4	95.3
Less: Capital Expenditures	8.3	2.8	12.9	7.7
Free Cash Flow [1]	40.9	48.7	67.5	87.6
Adjusted EBITDA	35.5	53.3	68.1	104.5

$M	June 30 2014	December 31 2014	June 30 2015
Cash	155.5	126.5	98.5
Total Debt	592.5	425.5	475.1
Net Debt	437.0	299.0	376.6
Net Leverage [2]	*3.3 x*	*2.1 x*	*2.1 x*
Total Net DSO [3]	(1.9)	0.3	(5.6)

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

1. Free cash flow represents cash flow from operations less capital expenditures.
2. Net leverage is calculated as Net Debt as of the date presented, divided by trailing twelve month Adjusted EBITDA of $130.9M for 6/30/14, $145.3M for 12/31/14, and $181.6M for 6/30/15.
3. For DSO trend information, please refer to slides 13 and 14 in the appendix of this presentation.

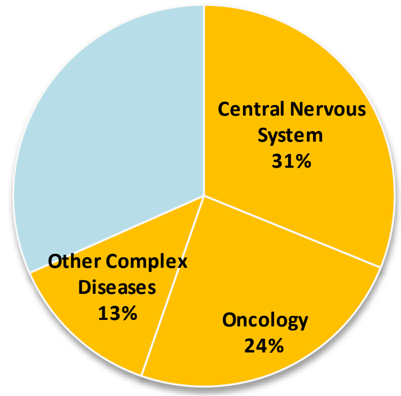
Backlog Should Support Long-Term Growth

Backlog Roll Forward ($M)

	Q1 '15	Q2 '15
Beginning Backlog	$ 1,589	$ 1,595
+ Acquired Backlog	-	-
+ Net Awards	256	296
- Revenue, as reported	(212)	(227)
+ FX Adjustment	(39)	13
Ending Backlog	**$ 1,595**	**$ 1,676**

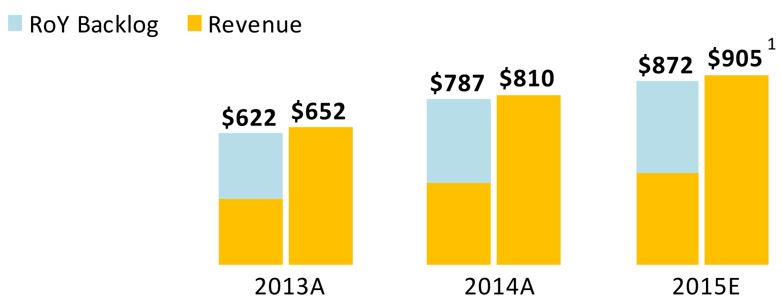
Backlog by Therapeutic Area

As of June 30, 2015



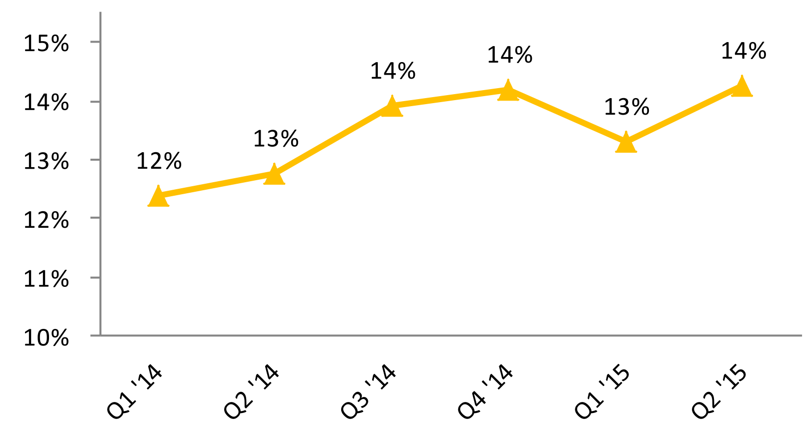
CNS, Oncology, & Other Complex Diseases = 68% of Backlog

Backlog Coverage ($M)



	2013A	2014A	2015E
Backlog as of	6/30/13	6/30/14	6/30/15
Coverage Ratio	95.3%	97.2%	96.3%
YoY Revenue Growth	12.7%	24.1%	11.8%

Backlog Burn Rate[2]



Financials and related key operating metrics have not been adjusted to exclude the $9.0M ($4.5M in both the second and third quarters) of higher-than-normal change order activity for full year 2014.

1. 2015 revenue estimate represents the mid-point of the revised guidance range on page 9 of this presentation.
2. Backlog burn represents current quarter net revenue divided by previous quarter ending backlog.

Full Year 2015 Guidance

	Guidance Issued 5/14/2015		Revised Guidance	
Financial Measurement	**Guidance Range**	**Growth Rate[3]**	**Guidance Range**	**Growth Rate[3]**
Net Service Revenue[1]	$ 880.0 - 905.0M	9.9 - 13.0%	$ 900.0 - 910.0M	12.4 - 13.6%
Adjusted EBITDA	$ 175.0 - 185.0M	20.5 - 27.3%	$ 195.0 - 205.0M	34.2 - 41.1%
Adjusted Net Income	$ 87.5 - 95.0M	96.0 - 112.8%	$ 102.0 - 109.0M	128.5 - 144.1%
Adjusted Diluted EPS[2]	$ 1.45 - 1.57	74.7 - 89.2%	$ 1.69 - 1.80	103.6 - 116.9%
GAAP Diluted EPS	$ 1.15 - 1.31	325.5 - 356.9%	$ 1.44 - 1.60	382.4 - 413.7%

Note: Financial guidance takes into account a number of factors, including current foreign currency exchange rates and our expected tax rates.

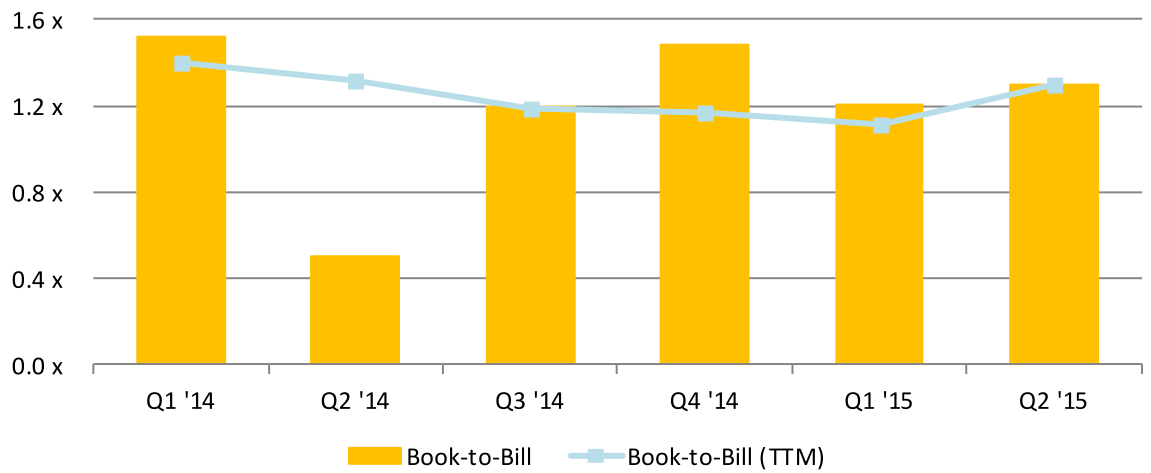
1. Revised guidance for Net Service Revenue includes foreign exchange headwind of approximately $35.5M (a negative impact of approximately 445 basis points) resulting in a constant currency growth rate of approximately 16.8 – 18.1%.
2. Revised guidance for Adjusted Diluted EPS includes the expected nominal negative impact of foreign exchange.
3. 2015 growth rates are based on adjusted 2014 financials, with the exception of GAAP Diluted EPS. 2014 revenue has been adjusted to exclude $9.0M of higher-than-normal change order activity for the full year 2014.

For a complete reconciliation of GAAP to Non-GAAP measures for current and historical periods, please refer to slides 16- 21 in the appendix of this presentation.

Appendix

Book to Bill Trend

Net Book-to-Bill Ratio



Quarterly	Q1 '14	Q2 '14 [1]	Q3 '14	Q4 '14	Q1 '15	Q2 '15
Net New Business Awards ($M)	280.9	103.4	249.3	316.3	255.5	295.9
Net Service Revenue ($M)	184.7	203.5	207.8	213.7	211.5	227.4
Book-to-Bill Ratio	**1.5 x**	**0.5 x**	**1.2 x**	**1.5 x**	**1.2 x**	**1.3 x**

TTM	Q1 '14	Q2 '14 [1]	Q3 '14 [1]	Q4 '14 [1]	Q1 '15 [1]	Q2 '15
Net New Business Awards (TTM) ($M)	959.4	967.3	918.8	949.8	924.4	1,116.9
Net Service Revenue (TTM) ($M)	687.4	731.7	770.4	809.7	836.5	860.4
Book-to-Bill Ratio (TTM)	**1.4 x**	**1.3 x**	**1.2 x**	**1.2 x**	**1.1 x**	**1.3 x**

1. Net new business awards were negatively impacted by $132M as a result of a cancellation of interrelated programs during the second quarter of 2014 related to scientific concerns our customer had with the viability of the compound under development.

Historical Financial Performance Trends
Key Metrics

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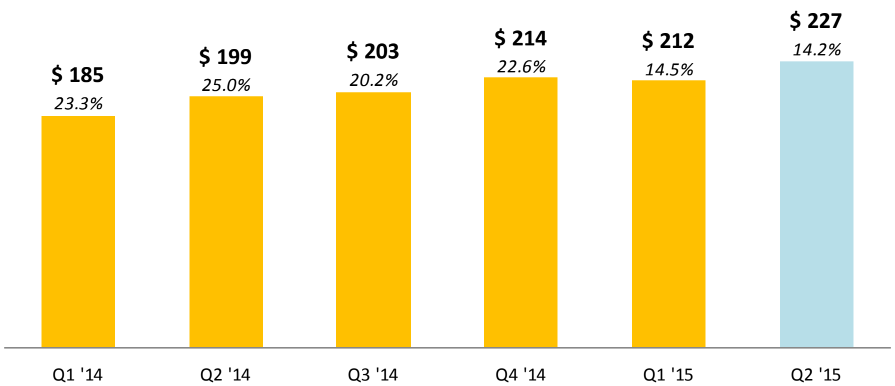
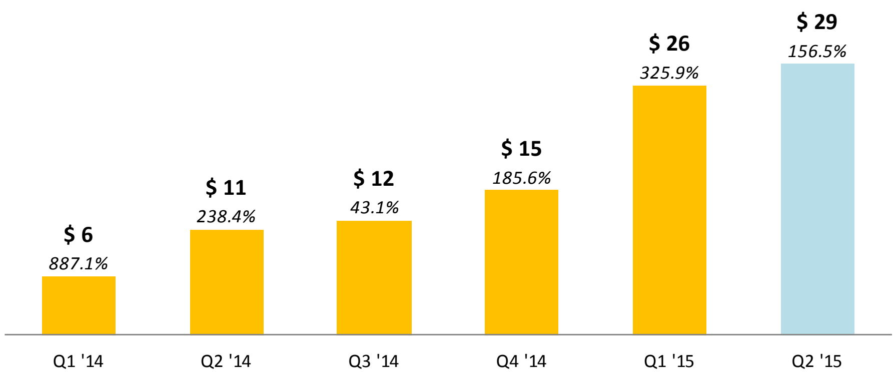
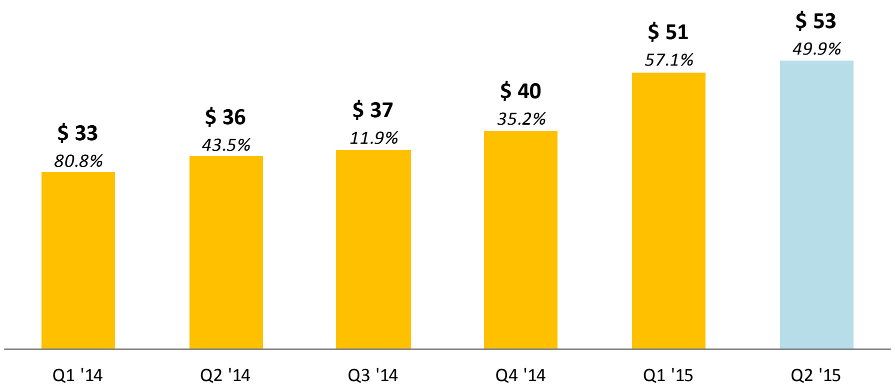
Adjusted Net Service Revenue ($M) *(+ YoY growth)* [2]



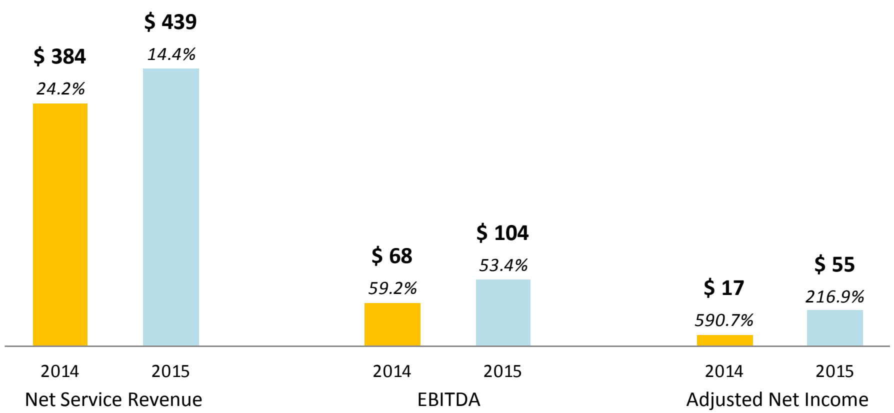
Adjusted Net Income ($M) *(+ YoY growth)* [1,2]



Adjusted EBITDA ($M) *(+ YoY growth)* [1,2]



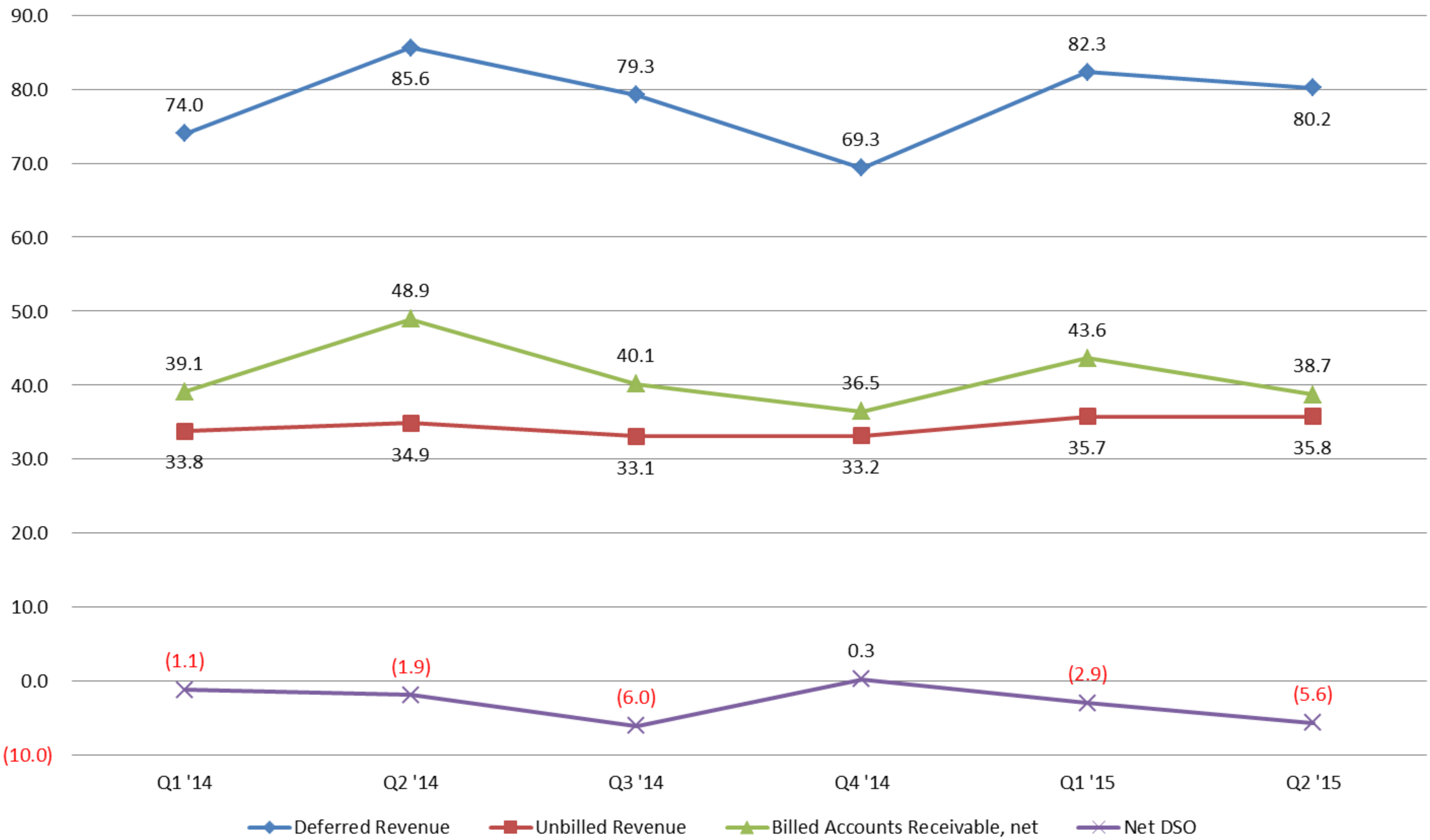
Adjusted Metrics - 6 Months Ended June 30th ($M) *(+ YoY growth)* [1,2]



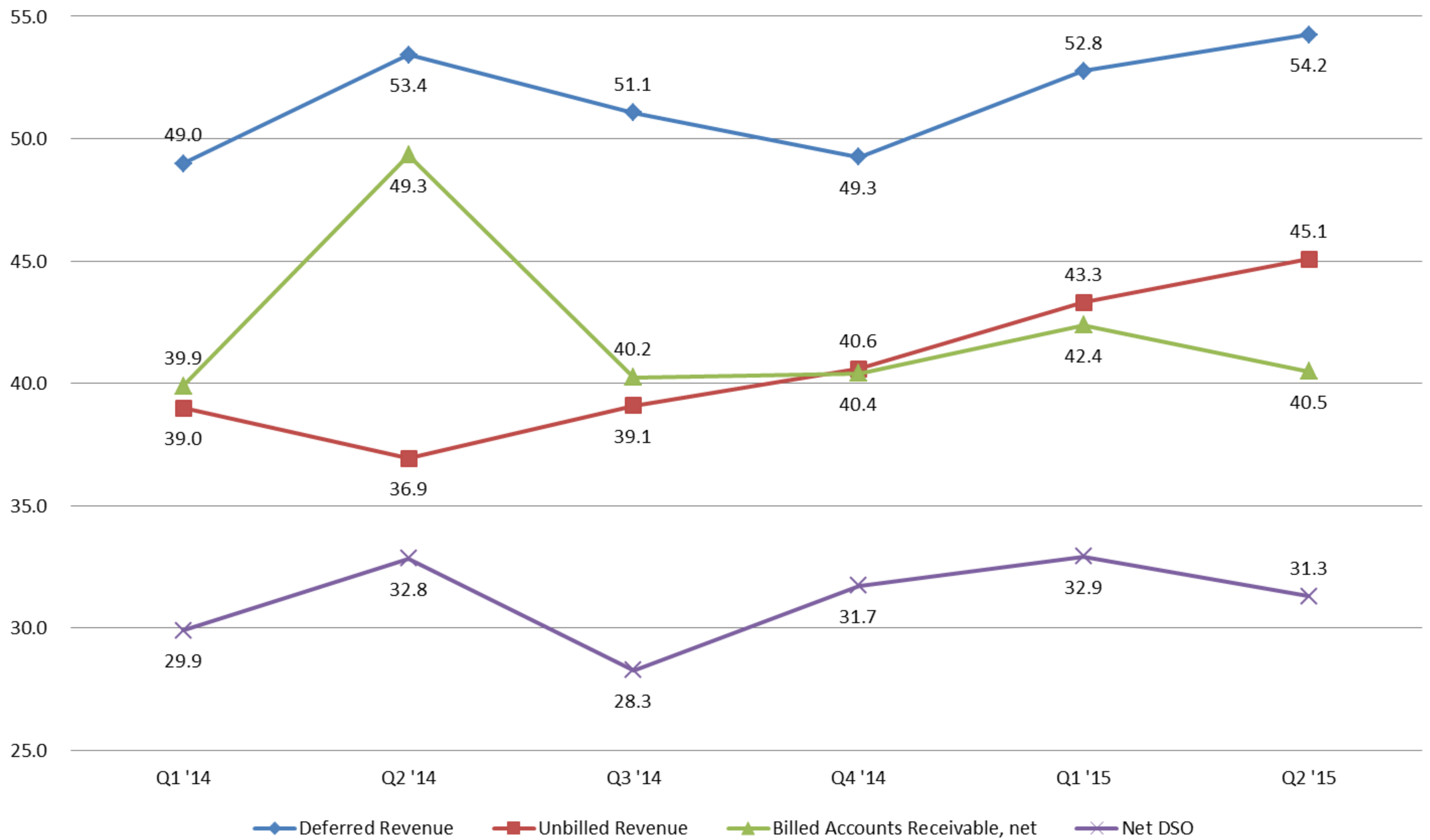
1. Non-recurring items in Q1 2015 favorably impacted Adjusted EBITDA by $6.2M and Adjusted Net Income , net of tax of 36%, by $4.0M.
2. During the second and third quarters of 2014, we experienced higher-than-normal change order activity estimated to be between $6.0M and $12.0M. Both Adjusted Net Service Revenue and Adjusted EBITDA have been adjusted by $9.0M ($4.5M in both the second and third quarters) in 2014 to remove the impact of this higher-than-normal change order activity. Adjusted Net Income, net of tax of 37%, has been adjusted by $5.7M ($2.85 million in both the second and third quarters).

For a complete reconciliation of GAAP to Non-GAAP measures , please refer to slides 16-21 in the appendix of this presentation.

Days Sales Outstanding – Total Revenue



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



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Full Year 2015 Guidance Reconciliation

$M (except per share data)	Adjusted Net Income				Adjusted Diluted Earnings Per Share			
	Low		High		Low		High	
Net income and diluted earnings per share	**$**	**87.0**	**$**	**96.5**	**$**	**1.44**	**$**	**1.60**
Adjustments:								
Amortization [1]		37.8		37.8				
Stock-based compensation expense [1]		6.0		6.0				
Contingent consideration treated as compensation expense [1]		0.5		0.5				
Transaction expenses [1]		1.0		1.0				
Restructuring expenses [1]		3.4		3.4				
Asset impairment charges [1]		3.9		3.9				
Debt extinguishment costs [1]		10.3		10.3				
Other [1]		(5.0)		(5.1)				
Income tax effect of above adjustments [2]		(42.9)		(45.3)				
Adjusted net income and adjusted diluted earnings per share	**$**	**102.0**	**$**	**109.0**	**$**	**1.69**	**$**	**1.80**

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of income tax reduction.
2. Income tax expense is calculated and the adjustments are tax affected at an approximate rate of 36%, which is the midpoint of our range for the expected income tax rate of 35% to 37%. This adjustment also excludes the impact of the valuation allowances recorded against our deferred tax assets and other unusual tax impacts during the period. Historically, we recorded a valuation allowance against some of our deferred tax assets, but we believe that these valuation allowances cause significant fluctuations in our financial results that are not indicative of our underlying financial performance.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended June 2015

Thousands, except per share data	GAAP	Adjustments		Adjusted
	Three Months Ended June 2015			
Net service revenue	$ 227,376			$ 227,376
Reimbursable out-of-pocket expenses	109,916			109,916
Total revenue	337,292	-		337,292
Cost and operating expenses:				
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	-			-
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
Other income (expense), net:				
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	GAAP	Adjustments		Adjusted
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		-		-
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

	Six Months Ended June 2015						
Thousands, except per share data		**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
Cost and operating expenses:							
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
Other income (expense), net:							
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 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 accounted for as compensation expense under GAAP. See Note 3 “Business Combinations” to our consolidated financial statements included in our Q2 2015 Form 10-Q.

c. Restructuring and other costs consist of: (i) severance costs associated with a reduction of workforce in line with the Company’s expectation of future business operations, and (ii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.

d. Represents fees associated with the Company’s May 2015 secondary offering, debt placement and refinancing, and costs incurred in connection with business combinations and potential acquisitions 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 comprised primarily of foreign exchange gains and losses.

h. 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 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. Income taxes have also been adjusted for (i) the income tax effect of the non-GAAP adjustments made to arrive at Adjusted Net Income using the estimated effective tax rate of 36% and (ii) the elimination of a $2.6 million benefit from the release of a reserve for a pre-acquisition uncertain tax position associated with Kendle.

i. Represents loss on extinguishment of debt associated with the 2015 debt refinancing.

Reconciliation of Adjusted Net Income & EBITDA

Three Months Ended June 2014

	Three Months Ended June 2014						
Thousands, except per share data	**GAAP**	**Adjustments**		**Adjusted (w/o CO)**	**Change Order Adj.**		**Adjusted**
Net service revenue	$ 203,540	$ -		$ 203,540	$ (4,500)	a	$ 199,040
Reimbursable out-of-pocket expenses	82,203			82,203			82,203
Total revenue	285,743	-		285,743	(4,500)		281,243
Cost and expenses:							
Direct costs	130,781	(308)	b	130,268			130,268
		(205)	c				
Reimbursable out-of-pocket expenses	82,203			82,203			82,203
Selling, general and administrative	33,962	(585)	b	33,236			33,236
		(141)	d				
Restructuring and other costs	2,417	(2,417)	e	-			-
Transaction expenses	-	-		-			-
Asset impairment charges	17,245	(17,245)	g	-			-
Depreciation and amortization of intangibles	11,263	(6,238)	h	5,025			5,025
Total operating expenses	277,871	(27,139)		250,732	-		250,732
Income (loss) from operations	7,872	27,139		35,011	(4,500)		30,511
Other income (expense), net:							
Interest expense, net	(12,823)			(12,823)			(12,823)
Loss on extinguishment of debt	-			-			-
Other income (expense), net	(337)	337	i	-			-
Total other expense, net	(13,160)	337		(12,823)	-		(12,823)
Income (loss) before provision for income taxes	(5,288)	27,476		22,188	(4,500)		17,688
Income tax (expense) benefit	20,595	(28,805)	j	(8,210)	1,665	j	(6,545)
Net (loss) income	**$ 15,307**	**$ (1,329)**		**$ 13,978**	**$ (2,835)**		**$ 11,143**
Class C common stock dividends	(125)	125		-			-
Redemption of New Class C common stock	-	-		-			-
Net loss attributable to common stockholders	$ 15,182	$ (1,204)		$ 13,978	$ (2,835)		$ 11,143
Diluted net (loss) income per share	$ 0.29			$ 0.27			$ 0.21
Diluted weighted average common shares outstanding	52,185			52,185			52,185
Adjusted EBITDA Reconciliation							
EBITDA	$ 18,798			$ 18,798			$ 18,798
Other income (expense)		337	i	337			337
Restructuring and other costs		2,417	e	2,417			2,417
Share-based compensation and contingent consideration expense		1,098	b, c	1,098			1,098
Debt refinancing expenses				-			-
Transaction expenses				-			-
Montoring and advisory fees		141	d	141			141
Asset impairment charges		17,245	g	17,245			17,245
Loss on extinguishment of debt				-			-
Change order activitiy				-	(4,500)	a	(4,500)
Adjusted EBITDA	**$ 18,798**	**$ 21,238**		**$ 40,036**	**$ (4,500)**		**$ 35,536**

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Reconciliation of Adjusted Net Income & EBITDA
Six Months Ended June 2014

Thousands, except per share data	GAAP	Adjustments		Adjusted (w/o CO)	Change Order Adj.		Adjusted
	Six Months Ended June 2014						
Net service revenue	$ 388,240	$ -		$ 388,240	$ (4,500)	a	$ 383,740
Reimbursable out-of-pocket expenses	164,280			164,280			164,280
Total revenue	552,520	-		552,520	(4,500)		548,020
Cost and expenses:							
Direct costs	251,545	(553)	b	250,634			250,634
		(358)	c				
Reimbursable out-of-pocket expenses	164,280			164,280			164,280
Selling, general and administrative	66,147	(871)	b	64,993			64,993
		(283)	d				
Restructuring and other costs	3,175	(3,175)	e	-			-
Transaction expenses	2,042	(2,042)	f	-			-
Asset impairment charges	17,245	(17,245)	g	-			-
Depreciation and amortization of intangibles	25,634	(13,740)	h	11,894			11,894
Total operating expenses	530,068	(38,267)		491,801	-		491,801
Income (loss) from operations	22,452	38,267		60,719	(4,500)		56,219
Other income (expense), net:							
Interest expense, net	(28,724)			(28,724)			(28,724)
Loss on extinguishment of debt	-			-			-
Other income (expense), net	1,041	(1,041)	i	-			-
Total other expense, net	(27,683)	(1,041)		(28,724)	-		(28,724)
Income (loss) before provision for income taxes	(5,231)	37,226		31,995	(4,500)		27,495
Income tax (expense) benefit	18,986	(30,824)	j	(11,838)	1,665	j	(10,173)
Net (loss) income	**$ 13,755**	**$ 6,402**		**$ 20,157**	**$ (2,835)**		**$ 17,322**
Class C common stock dividends	(250)	250		-			-
Redemption of New Class C common stock	-	-		-			-
Net loss attributable to common stockholders	$ 13,505	$ 6,652		$ 20,157	$ (2,835)		$ 17,322
Diluted net (loss) income per share	$ 0.26			$ 0.39			$ 0.33
Diluted weighted average common shares outstanding	52,066			52,066			52,066
Adjusted EBITDA Reconciliation							
EBITDA	$ 49,127			$ 49,127			$ 49,127
Other income (expense)		(1,041)	i	(1,041)			(1,041)
Restructuring and other costs		3,175	e	3,175			3,175
Share-based compensation and contingent consideration expense		1,782	b, c	1,782			1,782
Debt refinancing expenses				-			-
Transaction expenses		2,042	f	2,042			2,042
Montoring and advisory fees		283	d	283			283
Asset impairment charges		17,245	g	17,245			17,245
Loss on extinguishment of debt				-			-
Change order activitiy				-	(4,500)	a	(4,500)
Adjusted EBITDA	**$ 49,127**	**$ 23,486**		**$ 72,613**	**$ (4,500)**		**$ 68,113**

Reconciliation of Adjusted Net Income & EBITDA
Footnotes for Q2 & YTD 2014

a. Net service revenue for the three and six months ended June 30, 2014 has been adjusted by $4.5 million to remove the impact of the higher-than-normal change order activity.
b. Represents share-based compensation expense related to awards granted under equity incentive plans.
c. Represents contingent consideration expense incurred as a result of acquisitions and accounted for as compensation expense under GAAP. See Note 3 “Business Combinations” to our consolidated financial statements included in the Company’s Q2 2015 Form 10-Q.
d. Represents monitoring and advisory fees paid to affiliates of Avista Capital Partners, L.P. in the periods prior to the initial public offering in November 2014, as well as reimbursements of expenses paid to affiliates of Avista Capital Partners, L.P. and affiliates of Teachers' Private Capital pursuant to the Expense Reimbursement Agreement. These arrangements were terminated upon completion of the Company’s initial public offering.
e. Restructuring and other costs consists of: (i) severance costs associated with a reduction of workforce in line with the Company’s expectation of future business operations, and (ii) lease obligation and termination costs in connection with abandonment and closure of redundant facilities.
f. Represents fees associated with the 2014 debt refinancing and the MEK acquisition.
g. Represents impairment of goodwill and long-lived assets associated with our Phase I Services and Global Consulting reporting units.
h. Represents the amortization of intangible assets primarily for customer relationships and backlog.
i. Represents other income comprised primarily of foreign exchange gains and losses.
j. In 2014, 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 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 its 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. Income taxes have also been adjusted for the income tax effect of the non-GAAP adjustments made to arrive at Adjusted Net Income using the estimated effective tax rate of 37%.