



# Syneos Health, Inc. (Nasdaq: SYNH)

Q3 2021 Financial Results

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November 3, 2021

# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, including the future impact of the COVID-19 pandemic on our business, financial results and financial condition, anticipated financial results for the full year and fourth quarter 2021, benefit from acquisitions, our sales pipeline, existing backlog and expectations of net awards, trends in cancellations and delays, expected interest rates, expected non-GAAP tax rate, expected DSO, and plans for capital deployment. 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: risks associated with the COVID-19 pandemic; the Company's potential failure to generate a large number of new business awards and the risk of delay, termination, reduction in scope, or failure to go to contract of business awards; the Company's potential failure to convert backlog to revenue; fluctuations in the Company's operating results and effective income tax rate; the impact of potentially underpricing the Company's contracts, overrunning cost estimates, or failing to receive approval for or experiencing delays with documentation of change orders; cyber-security and other risks associated with the Company's information systems infrastructure; changes and costs of compliance with regulations related to data privacy; concentration of the Company's customers or therapeutic areas; the risks associated with doing business internationally; risks related to the impact of the U.K.'s withdrawal from the European Union; challenges by tax authorities of the Company's intercompany transfer pricing policies; the Company's potential failure to successfully increase its market share, grow its business, and execute its growth strategies; the Company's ability to effectively upgrade its information systems; the Company's failure to perform its services in accordance with contractual requirements, regulatory standards, and ethical considerations; risks related to the management of clinical trials; risks related to investments in the Company's customers' businesses or drugs and the Company's related commercial rights strategies; the need to hire, develop, and retain key personnel; the impact of unfavorable economic conditions, including the uncertain international economic environment, changes in exchange rates; effective income tax rate fluctuations; the Company's ability to protect its intellectual property; risks related to the Company's acquisition strategy, including its ability to realize synergies; the Company's relationships with customers who are in competition with each other; any failure to realize the full value of the Company's goodwill and intangible assets; risks related to restructuring; the Company's compliance with anti-corruption and anti-bribery laws; the Company's dependence on third parties; potential employment liability; the Company's ability to utilize net operating loss carryforwards and other tax attributes; downgrades of the Company's credit ratings; competition in the biopharmaceutical services industry; outsourcing trends and changes in aggregate spending and research and development budgets; the impact of, including changes in, government regulations and healthcare reform; the Company's ability to keep pace with rapid technological change; the cost of and the Company's ability to service its substantial indebtedness; other risks related to ownership of the Company's common stock; and other risk factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 as updated by the Company's other SEC filings, copies of which are available free of charge on the Company's website at [investor.synecohalth.com](http://investor.synecohalth.com). The Company 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 U.S. Generally Accepted Accounting Principles ("GAAP"), this presentation contains certain non-GAAP financial measures, including segment adjusted revenue, adjusted net income (including adjusted diluted earnings per share), EBITDA, adjusted EBITDA, adjusted EBITDA margin, and non-GAAP effective tax rate. We also include in this presentation non-GAAP financial measures to illustrate our cash flow and leverage profile, including net debt, net leverage, and free cash flow. We also present revenue growth in constant currency. Constant currency revenue growth is defined as revenue restated at the comparative period's foreign currency exchange rates measured against the comparative period's revenue. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's financial performance that excludes or includes amounts from 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 segment adjusted revenue as segment revenue adjusted to include revenue eliminated as a result of purchase accounting.

The Company defines adjusted net income (including adjusted diluted earnings per share) as net income (including diluted earnings per share) excluding restructuring and other costs; transaction and integration-related expenses; share-based compensation expense; loss on extinguishment of debt; and other income (expense), net. After giving effect to these items, 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, further adjusted to exclude expenses and transactions that the Company believes are not representative of its core operations, namely: restructuring and other costs; transaction and integration-related expenses; share-based compensation expense; other income (expense), net; and loss on extinguishment of debt. 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 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 because 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 income (including adjusted diluted earnings per share) and adjusted EBITDA are used by management and the Board to assess the performance of the Company's business.

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 slide 6 and in the Appendix of this presentation.

# GAAP Financial Results

\$M (except per share data)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Revenue	\$ 1,348.2	\$ 1,099.0	22.7%	\$ 3,839.6	\$ 3,275.8	17.2%
Gross profit	316.3	278.8	13.5%	869.9	725.6	19.9%
<i>Gross profit margin</i>	23.5%	25.4%	-190 bps	22.7%	22.2%	+50 bps
Selling, general and administrative <sup>1</sup>	139.5	118.1	18.2%	421.5	351.9	19.8%
<i>SG&amp;A as a % of revenue</i>	10.3%	10.7%	-40 bps	11.0%	10.7%	+30 bps
Income from operations	113.4	98.8	14.8%	258.1	182.7	41.3%
<i>Operating margin</i>	8.4%	9.0%	-60 bps	6.7%	5.6%	+110 bps
Net income	78.2	63.4	23.4%	158.9	100.9	57.5%
<i>Net income margin</i>	5.8%	5.8%	0 bps	4.1%	3.1%	+100 bps
Earnings per share	\$ 0.75	\$ 0.60	25.0%	\$ 1.51	\$ 0.96	57.3%

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

1. Selling, general and administrative expenses have been recast to include transaction and integration expenses.

# Non-GAAP Financial Results

\$M (except per share data)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Revenue <sup>1</sup>	\$ 1,348.2	\$ 1,099.0	22.7%	\$ 3,839.6	\$ 3,275.8	17.2%
Adjusted EBITDA	202.6	182.8	10.8%	528.4	438.8	20.4%
<i>Adjusted EBITDA margin<sup>2</sup></i>	15.0%	16.6%	-160 bps	13.8%	13.4%	+40 bps
Adjusted diluted EPS	\$ 1.22	\$ 1.04	17.3%	\$ 2.98	\$ 2.30	29.6%

## Highlights:

- \$5.3B of Clinical Solutions TTM net awards and **1.39x TTM book-to-bill**
- \$1.3B of Commercial Solutions TTM net awards and **1.16x TTM book-to-bill**
- Clinical Solutions **net awards growth of 35.0%** and Commercial Solutions **net awards growth of 36.3%**
- Clinical Solutions **backlog growth of 22.3%** and Deployment Solutions **backlog growth of 24.9%**

1. Excluding a \$7.7M and \$49.3M foreign currency benefit during the three and nine months ended September 30, 2021, respectively, revenue growth was 22.0% and 15.7% at constant currency compared to the same periods in the prior year.
2. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue.

For a reconciliation of the presented financial measures, please reference slides 12 – 16 in the Appendix of this presentation.

# Segment Results

Key Operating Metrics: \$M (except ratios)	Clinical Solutions			Commercial Solutions		
	As of September 30,			As of September 30,		
	2021	2020	% Change	2021	2020	% Change
TTM net new business awards	\$ 5,322.2	\$ 4,739.6	12.3%	\$ 1,331.1	\$ 1,152.5	15.5%
TTM book-to-bill ratio	1.39x	1.40x		1.16x	1.04x	
Ending backlog, Clinical Solutions	\$ 11,281.4	\$ 9,222.4	22.3%			
Ending backlog, Deployment Solutions				\$ 732.8	\$ 586.7	24.9%
<b>Financial Results:</b>	<b>Three months ended September 30,</b>			<b>Three months ended September 30,</b>		
<b>\$M</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
Revenue <sup>1</sup>	\$ 1,037.4	\$ 837.2	23.9%	\$ 310.8	\$ 261.8	18.7%
	<b>Nine months ended September 30,</b>			<b>Nine months ended September 30,</b>		
<b>\$M</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>
Revenue <sup>1</sup>	\$ 2,966.5	\$ 2,475.6	19.8%	\$ 873.0	\$ 800.2	9.1%
<b>Revenue drivers:</b>	<ul style="list-style-type: none"> <li>• Full-service portfolio growth, including:               <ul style="list-style-type: none"> <li>• Ramp in larger pharma relationships</li> <li>• Real-World and Late Phase</li> <li>• Higher reimbursable expenses</li> </ul> </li> <li>• Impact from acquisitions</li> </ul>			<ul style="list-style-type: none"> <li>• Strong expansion across core service lines</li> <li>... partially offset by medication adherence divestiture</li> </ul>		

1. Excluding a \$6.8M and \$44.1M foreign currency benefit during the three and nine months ended September 30, 2021, respectively, Clinical Solutions revenue growth was 23.1% and 18.1% at constant currency compared to the same periods in the prior year. Excluding a \$0.9M and \$5.2M foreign currency benefit during the three and nine months ended September 30, 2021, respectively, Commercial Solutions revenue growth was 18.4% and 8.4% at constant currency compared to the same periods in the prior year.

**Note:** Due to rounding of specific line items, line item figures might not sum to subtotals. For a reconciliation of the presented segment financial measures, please reference slides 12 - 16 in the Appendix of this presentation.

# Cash Flow, Leverage Profile, and Capital Management Update

\$M	September 30, 2021	December 31, 2020
Total Debt <sup>1</sup>	\$ 2,954.2	\$ 2,967.2
Less: Cash and Cash Equivalents <sup>2</sup>	122.4	271.9
Net Debt	\$ 2,831.7	\$ 2,695.3
TTM Adjusted EBITDA	\$ 723.1	\$ 633.6
Net Leverage <sup>3</sup>	3.9 x	4.3 x
Net DSO	48.3	44.5

\$M	Q3 2021	Q3 2020
Cash Flow provided by Operations	\$ 48.5	\$ 156.0
Less: Capital Expenditures	7.6	8.4
Free Cash Flow	\$ 40.9	\$ 147.6

## Balanced Approach to Capital Management:

**Goal:** Lower net leverage to 3.5x – 4.0x by December 31, 2021

- \$553.9M of revolving credit capacity available as of September 30, 2021
- Expanded the accounts receivable financing agreement from \$365.0M to \$400.0M on October 13, 2021

**Goal:** Share repurchases evaluated based on current conditions

- No repurchases of common stock during Q3 2021 and \$117.5M repurchases of common stock YTD Q3 2021
- \$182.5M of remaining share repurchase authorization available through the end of 2022, as of September 30, 2021

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

1. Total debt represents the reported long-term debt of \$2,894.3M and finance leases of \$48.2M, and unamortized deferred issuance costs of \$11.7M as of September 30, 2021. Total debt represents the reported long-term debt of \$2,902.1M, finance leases of \$49.0M, and unamortized deferred issuance costs of \$16.2M as of December 31, 2020. For additional details on the Company's long-term debt obligations, please refer to Footnote 4 to the Financial Statements in our Quarterly Report on Form 10-Q for the period ended September 30, 2021.
2. Excludes Restricted Cash of \$0.1M as of September 30, 2021, and \$0.3M as of December 31, 2020.
3. Net leverage is Net Debt divided by TTM Adjusted EBITDA.

# Full Year 2021 Outlook

\$M (except margin, growth rate, and per share data)	Updated Guidance Issued November 3, 2021		Guidance Issued August 9, 2021	
	Guidance Range	Growth Rate	Guidance Range	Growth Rate
Revenue <sup>1</sup>	\$ 5,200 - \$ 5,280	17.8% - 19.6%	\$ 5,180 - \$ 5,300	17.3% - 20.0%
GAAP Net Income	\$ 228.9 - \$ 242.2	18.7% - 25.6%	\$ 206.6 - \$ 222.0	7.2% - 15.2%
<i>Net Income Margin<sup>2</sup></i>	4.4% - 4.6%		4.0% - 4.2%	
GAAP Diluted EPS	\$ 2.18 - \$ 2.30	19.1% - 25.7%	\$ 1.96 - \$ 2.11	7.1% - 15.3%
Adjusted EBITDA	\$ 755.0 - \$ 775.0	19.2% - 22.3%	\$ 750.0 - \$ 780.0	18.4% - 23.1%
<i>Adjusted EBITDA Margin<sup>2</sup></i>	14.5% - 14.7%		14.5% - 14.7%	
Adjusted Diluted EPS <sup>3</sup>	\$ 4.35 - \$ 4.49	27.6% - 31.7%	\$ 4.25 - \$ 4.43	24.6% - 29.9%

**Note:** Financial guidance takes into account a number of factors, including the Company's sales pipeline, existing backlog and expectations of net awards, trends in cancellations and delays, expected interest rates resulting in interest expense of approximately \$80M, expected non-GAAP tax rate of 24.0%, and estimated diluted share count of 105.1 million shares, which will vary by quarter, and excludes any share repurchases subsequent to the third quarter of 2021. In addition, this guidance represents the Company's best efforts to estimate the impact of COVID-19 on its business, recognizing that factors related to COVID-19, including the severity and duration of the pandemic, are outside of the Company's control and, given their uncertain nature, could cause the Company's future operating results to be materially different from the Company's current estimates.

1. Revenue guidance assumes current foreign exchange currency rates. In addition, revenue guidance includes approximately 560 - 580 bps of inorganic growth from acquisitions along with a headwind of approximately 110 bps from dispositions during FY 2020.
2. Net income margin is defined as GAAP net income divided by Revenue. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue.
3. Adjusted Diluted EPS assumes current US tax law remains in effect for FY 2021.

For a reconciliation of the presented Non-GAAP financial measures, please reference slides 17 – 18 in the Appendix of this presentation.

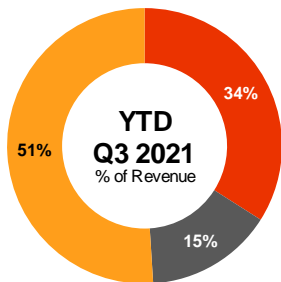
# Appendix

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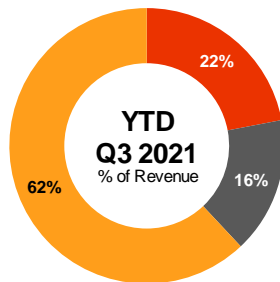


# Diversified Customer Base and Service Offerings

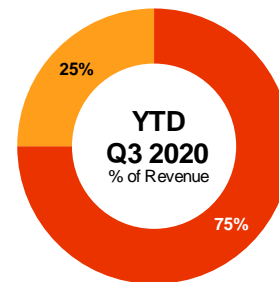
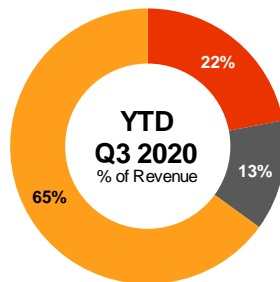
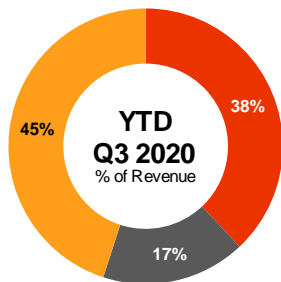
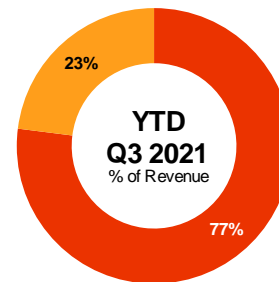
## Customer Profile



## Customer Concentration



## Service Mix



■ Top 20<sup>1</sup> ■ 21-50<sup>1</sup> ■ SMID

■ Top 5<sup>2</sup> ■ 6 - 10<sup>2</sup> ■ Remainder

■ Clinical Solutions ■ Commercial Solutions

1. Top 20 and 21-50 Large Pharma defined by prior year R&D spend from *EvaluatePharma* and excludes medical device companies.  
 2. Top 5 and 6 – 10 Syneos Health customers as defined by percentage of revenue.

# Book-to-Bill and Backlog Burn Rate

## Clinical Solutions

<b>\$M</b>		<b>Q3 20</b>		<b>Q4 20</b>		<b>Q1 21</b>		<b>Q2 21</b>		<b>Q3 21</b>
	TTM Clinical Solutions net new business awards <sup>1</sup>	\$ 4,739.6	\$	4,735.1	\$	4,720.1	\$	4,971.5	\$	5,322.2
	TTM Clinical Solutions adjusted revenue <sup>2</sup>	3,383.9		3,339.5		3,394.9		3,630.2		3,830.4
	<b>TTM Clinical Solutions book-to-bill ratio<sup>3</sup></b>	<b>1.40 x</b>		<b>1.42 x</b>		<b>1.39 x</b>		<b>1.37 x</b>		<b>1.39 x</b>

<b>\$M</b>		<b>Q3 20</b>		<b>Q4 20</b>		<b>Q1 21</b>		<b>Q2 21</b>		<b>Q3 21</b>
	Clinical Solutions revenue	\$ 837.2	\$	863.9	\$	938.0	\$	991.1	\$	1,037.4
	Clinical Solutions beginning backlog	9,023.2		9,222.4		10,270.5		10,509.9		10,966.9
	<b>Clinical Solutions backlog burn rate<sup>4</sup></b>	<b>9.3%</b>		<b>9.4%</b>		<b>9.1%</b>		<b>9.4%</b>		<b>9.5%</b>

## Commercial Solutions

<b>\$M</b>		<b>Q3 20</b>		<b>Q4 20</b>		<b>Q1 21</b>		<b>Q2 21</b>		<b>Q3 21</b>
	TTM Commercial Solutions net new business awards <sup>1</sup>	\$ 1,152.5	\$	1,128.0	\$	1,160.0	\$	1,257.4	\$	1,331.1
	TTM Commercial Solutions revenue	1,106.4		1,076.3		1,066.3		1,100.2		1,149.2
	<b>TTM Commercial Solutions book-to-bill ratio<sup>3</sup></b>	<b>1.04 x</b>		<b>1.05 x</b>		<b>1.09 x</b>		<b>1.14 x</b>		<b>1.16 x</b>

**Note:** Segment revenue, backlog, and net new business awards have been recast to reflect the move of Regulatory and Operations Consulting from Commercial Solutions to Clinical Solutions.

1. We recognize new business awards when we enter into a contract or when we receive a written commitment from the customer selecting us as a service provider. For additional information on new business awards, please refer to Item 2 in our Quarterly Report on Form 10-Q for the three months ended September 30, 2021.
2. For a reconciliation of GAAP revenue by segment to Non-GAAP adjusted revenue by quarter, please reference slide 12 in the Appendix of this presentation.
3. TTM book-to-bill represents TTM net new business awards divided by TTM adjusted revenue or TTM revenue, as applicable.
4. Backlog burn is calculated as the quarterly segment adjusted revenue divided by the respective quarter's beginning backlog.

# Consolidated Statement of Operations

Q1 20 – Q3 21

<b>\$M (except per share data)</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>	<b>FY 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>
Clinical Solutions revenue	\$ 882.5	\$ 755.8	\$ 837.2	\$ 863.9	\$ 3,339.5	\$ 938.0	\$ 991.1	\$ 1,037.4
Commerical Solutions revenue	280.9	257.6	261.8	276.1	1,076.3	270.8	291.5	310.8
<b>Total revenue</b>	<b>\$ 1,163.4</b>	<b>\$ 1,013.4</b>	<b>\$ 1,099.0</b>	<b>\$ 1,140.0</b>	<b>\$ 4,415.8</b>	<b>\$ 1,208.7</b>	<b>\$ 1,282.6</b>	<b>\$ 1,348.2</b>
Direct costs	924.0	805.9	820.2	848.0	3,398.1	945.3	992.6	1,031.9
Selling, general, and administrative	125.5	108.3	118.1	120.8	472.7	137.3	144.7	139.5
Restructuring and other costs	8.7	8.2	6.5	6.0	29.4	7.2	4.0	7.2
Depreciation	17.2	17.3	17.3	18.4	70.2	18.4	18.2	17.7
Amortization	38.9	38.7	38.1	36.4	152.2	39.5	39.6	38.6
<b>Income from operations</b>	<b>\$ 49.0</b>	<b>\$ 35.0</b>	<b>\$ 98.8</b>	<b>\$ 110.5</b>	<b>\$ 293.1</b>	<b>\$ 61.0</b>	<b>\$ 83.7</b>	<b>\$ 113.4</b>
Interest expense, net	26.1	21.6	20.4	22.8	90.9	23.3	22.6	16.8
Loss on extinguishment of debt	-	-	0.3	1.2	1.6	0.6	2.2	-
Other (income) expense, net	(18.9)	5.8	10.6	(0.4)	(3.0)	(9.9)	7.8	(3.8)
<b>(Loss) income before provision for income taxes</b>	<b>\$ 41.8</b>	<b>\$ 7.6</b>	<b>\$ 67.4</b>	<b>\$ 86.9</b>	<b>\$ 203.7</b>	<b>\$ 47.0</b>	<b>\$ 51.0</b>	<b>\$ 100.4</b>
Income tax expense (benefit)	8.2	3.7	4.0	(5.0)	10.9	8.3	9.1	22.2
<b>Net income</b>	<b>\$ 33.6</b>	<b>\$ 3.9</b>	<b>\$ 63.4</b>	<b>\$ 91.9</b>	<b>\$ 192.8</b>	<b>\$ 38.7</b>	<b>\$ 41.9</b>	<b>\$ 78.2</b>
Diluted earnings per share	\$ 0.32	\$ 0.04	\$ 0.60	\$ 0.87	\$ 1.83	\$ 0.37	\$ 0.40	\$ 0.75

# Reconciliation of GAAP Revenue by Segment to Adjusted Revenue by Segment

<b>\$M</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>
Clinical Solutions revenue, as reported	\$ 906.7	\$ 882.5	\$ 755.8	\$ 837.2	\$ 863.9	\$ 938.0	\$ 991.1	\$ 1,037.4
Clinical Solutions deferred revenue adjustment	1.6	-	-	-	-	-	-	-
<b>Clinical Solutions adjusted revenue</b>	<b>\$ 908.3</b>	<b>\$ 882.5</b>	<b>\$ 755.8</b>	<b>\$ 837.2</b>	<b>\$ 863.9</b>	<b>\$ 938.0</b>	<b>\$ 991.1</b>	<b>\$ 1,037.4</b>
<b>TTM Clinical Solutions adjusted revenue</b>				<b>\$ 3,383.9</b>	<b>\$ 3,339.5</b>	<b>\$ 3,394.9</b>	<b>\$ 3,630.2</b>	<b>\$ 3,830.4</b>
Commercial Solutions revenue, as reported	\$ 306.2	\$ 280.9	\$ 257.6	\$ 261.8	\$ 276.1	\$ 270.8	\$ 291.5	\$ 310.8
<b>TTM Commercial Solutions revenue, as reported</b>				<b>\$ 1,106.4</b>	<b>\$ 1,076.3</b>	<b>\$ 1,066.3</b>	<b>\$ 1,100.2</b>	<b>\$ 1,149.2</b>
Revenue, as reported	\$ 1,213.0	\$ 1,163.4	\$ 1,013.4	\$ 1,099.0	\$ 1,140.0	\$ 1,208.7	\$ 1,282.6	\$ 1,348.2
Deferred revenue adjustment (a)	1.6	-	-	-	-	-	-	-
<b>Adjusted revenue</b>	<b>\$ 1,214.5</b>	<b>\$ 1,163.4</b>	<b>\$ 1,013.4</b>	<b>\$ 1,099.0</b>	<b>\$ 1,140.0</b>	<b>\$ 1,208.7</b>	<b>\$ 1,282.6</b>	<b>\$ 1,348.2</b>
<b>TTM Adjusted revenue</b>				<b>\$ 4,490.3</b>	<b>\$ 4,415.8</b>	<b>\$ 4,461.2</b>	<b>\$ 4,730.4</b>	<b>\$ 4,979.6</b>

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

(a) Deferred revenue adjustment represents non-cash adjustments resulting from the revaluation of deferred revenue and the subsequent elimination of revenue in purchase accounting in connection with business combinations.

# Reconciliation of GAAP Net Income to Adjusted Net Income and Adjusted Diluted Earnings Per Share

<b>\$M (except per share data)</b>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income, as reported	\$ 78.2	\$ 63.4	\$ 158.9	\$ 100.9
Amortization (a)	38.6	38.1	117.6	115.7
Restructuring and other costs (b)	7.2	6.5	18.4	23.4
Transaction and integration-related expenses (c)	10.7	7.0	31.1	17.9
Share-based compensation (d)	15.1	15.1	48.9	47.3
Other (income) expense, net (e)	(3.8)	10.6	(5.9)	(2.6)
Loss on extinguishment of debt (f)	-	0.3	2.8	0.3
Income tax adjustment to normalized rate (g)	(18.2)	(30.9)	(59.2)	(60.6)
<b>Adjusted net income</b>	<b>\$ 127.8</b>	<b>\$ 110.2</b>	<b>\$ 312.7</b>	<b>\$ 242.4</b>
Diluted weighted average common shares outstanding	104.8	105.6	105.1	105.5
<b>Adjusted diluted earnings per share</b>	<b>\$ 1.22</b>	<b>\$ 1.04</b>	<b>\$ 2.98</b>	<b>\$ 2.30</b>

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

For a description of all GAAP to Non-GAAP adjustments, please reference slide 16 in the Appendix of this presentation.

# Reconciliation of GAAP Net Income and Net Income Margin to Adjusted EBITDA and Adjusted EBITDA Margin

<b>\$M</b>	Three months ended September 30,				Nine months ended September 30,			
	2021	2020	2021	2020	2021	2020	2021	2020
Net income and net income margin, as reported	\$ 78.2	\$ 63.4	5.8%	5.8%	\$ 158.9	\$ 100.9	4.1%	3.1%
Interest expense, net	16.8	20.4	1.2%	1.9%	62.7	68.1	1.6%	2.1%
Income tax expense	22.2	4.0	1.6%	0.4%	39.6	15.9	1.0%	0.5%
Depreciation	17.7	17.3	1.3%	1.6%	54.3	51.8	1.4%	1.6%
Amortization (a)	38.6	38.1	2.9%	3.5%	117.6	115.7	3.1%	3.5%
<b>EBITDA and EBITDA margin</b>	<b>173.4</b>	<b>143.3</b>	<b>12.9%</b>	<b>13.0%</b>	<b>433.0</b>	<b>352.5</b>	<b>11.3%</b>	<b>10.8%</b>
Restructuring and other costs (b)	7.2	6.5	0.5%	0.6%	18.4	23.4	0.5%	0.7%
Transaction and integration-related expenses (c)	10.7	7.0	0.8%	0.6%	31.1	17.9	0.8%	0.5%
Share-based compensation (d)	15.1	15.1	1.1%	1.4%	48.9	47.3	1.3%	1.4%
Other (income) expense, net (e)	(3.8)	10.6	(0.3%)	1.0%	(5.9)	(2.6)	(0.2%)	(0.1%)
Loss on extinguishment of debt (f)	-	0.3	0.0%	0.0%	2.8	0.3	0.1%	0.0%
<b>Adjusted EBITDA and adjusted EBITDA margin</b>	<b>\$ 202.6</b>	<b>\$ 182.8</b>	<b>15.0%</b>	<b>16.6%</b>	<b>\$ 528.4</b>	<b>\$ 438.8</b>	<b>13.8%</b>	<b>13.4%</b>

**Note:** Due to rounding of specific line items, line item figures might not sum to subtotals. Net income margin is defined as net income divided by revenue. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

For a description of all GAAP to Non-GAAP adjustments, please reference slide 16 in the Appendix of this presentation.

# Reconciliation of GAAP Net Income and Net Income Margin to Adjusted EBITDA and Adjusted EBITDA Margin

<b>\$M</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Net income and net income margin, as reported	\$ 250.8	\$ 192.8	5.0%	4.4%
Interest expense, net	85.4	90.9	1.7%	2.1%
Income tax expense	34.6	10.9	0.7%	0.2%
Depreciation	72.6	70.2	1.5%	1.6%
Amortization (a)	154.0	152.2	3.1%	3.4%
<b>EBITDA and EBITDA margin</b>	<b>597.4</b>	<b>516.9</b>	<b>12.0%</b>	<b>11.7%</b>
Restructuring and other costs (b)	24.4	29.4	0.5%	0.7%
Transaction and integration-related expenses (c)	43.4	30.2	0.9%	0.7%
Share-based compensation (d)	60.1	58.5	1.2%	1.3%
Other (income) expense, net (e)	(6.3)	(3.0)	(0.1%)	(0.1%)
Loss on extinguishment of debt (f)	4.0	1.6	0.1%	0.0%
<b>Adjusted EBITDA and adjusted EBITDA margin</b>	<b>\$ 723.1</b>	<b>\$ 633.6</b>	<b>14.5%</b>	<b>14.3%</b>

**Note:** Due to rounding of specific line items, line item figures might not sum to subtotals. Net income margin is defined as net income divided by revenue. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

For a description of all GAAP to Non-GAAP adjustments, please reference slide 16 in the Appendix of this presentation.

# Reconciliation of GAAP to Non-GAAP Financial Measures

## Footnotes

- a) Represents the amortization of intangible assets associated with acquired backlog, customer relationships, trade names and trademarks, and intellectual property.
- b) Restructuring and other costs consist primarily of severance costs associated with a reduction/optimization of our workforce in line with our expectations of future business operations and termination costs in connection with abandonment and closure of redundant facilities and other lease-related charges.
- c) Represents fees associated with acquisitions, stock repurchases and secondary stock offerings, debt placement and refinancings, and other corporate transactions costs.
- d) Represents non-cash share-based compensation expense related to awards granted under equity incentive plans.
- e) Other (income) expense is comprised primarily of foreign currency exchange gains and losses, other gains and losses related to investments, and contingent consideration on divested businesses.
- f) Loss on extinguishment of debt is associated with debt prepayment and refinancing activities.
- g) Represents the income tax effect of the non-GAAP adjustments made to arrive at adjusted net income using an estimated non-GAAP effective tax rate of approximately 24.0% for the three and nine months ended September 30, 2021 and September 30, 2020. The Company believes the Non-GAAP effective tax rate reflects our future GAAP effective tax rate. These rates have been adjusted to exclude tax impacts related to valuation allowances recorded against deferred tax assets.



# Full Year 2021 Guidance Reconciliation

## Adjusted Net Income and Adjusted Diluted EPS

SM (except per share data)	Updated Guidance Issued November 3, 2021				Guidance Issued August 9, 2021			
	Adjusted Net Income		Adjusted Diluted Earnings Per Share		Adjusted Net Income		Adjusted Diluted Earnings Per Share	
	Low	High	Low	High	Low	High	Low	High
<b>GAAP net income and diluted earnings per share</b>	<b>228.9</b>	<b>242.2</b>	<b>2.18</b>	<b>2.30</b>	<b>206.6</b>	<b>222.0</b>	<b>1.96</b>	<b>2.11</b>
<i>Adjustments:</i>								
Amortization <sup>1</sup>	161.0	161.0	1.53	1.53	158.0	158.0	1.50	1.50
Restructuring and other costs <sup>1</sup>	23.0	23.0	0.22	0.22	25.0	26.0	0.24	0.25
Transaction and integration-related expenses <sup>1</sup>	47.0	48.0	0.45	0.46	43.0	44.0	0.41	0.42
Share-based compensation <sup>1</sup>	64.0	64.0	0.61	0.61	66.0	67.0	0.63	0.64
Other income, net	(5.9)	(5.9)	(0.06)	(0.06)	(2.0)	(2.0)	(0.02)	(0.02)
Loss on extinguishment of debt	2.8	2.8	0.03	0.03	2.8	2.8	0.03	0.03
Income tax effect of above adjustments <sup>2</sup>	(63.2)	(63.1)	(0.60)	(0.60)	(52.6)	(52.0)	(0.50)	(0.49)
<b>Adjusted net income and adjusted diluted earnings per share<sup>3</sup></b>	<b>457.6</b>	<b>472.0</b>	<b>4.35</b>	<b>4.49</b>	<b>446.8</b>	<b>465.8</b>	<b>4.25</b>	<b>4.43</b>

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

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of associated income tax reductions.
2. Income tax expense is calculated and the adjustments are tax-affected at an approximate rate of 24.0%, which represents the Company's estimated full-year non-GAAP effective tax rate.
3. Guidance for Adjusted Diluted EPS is based on an expectation of a fully diluted weighted average share count for 2021 of approximately 105.1 million shares, which will vary by quarter.

# Full Year 2021 Guidance Reconciliation

## Adjusted EBITDA and Adjusted EBITDA Margin

Updated Guidance Issued November 3, 2021

Guidance Issued August 9, 2021

SM	Updated Guidance Issued November 3, 2021				Guidance Issued August 9, 2021			
	Adjusted EBITDA		Adjusted EBITDA Margin <sup>2</sup>		Adjusted EBITDA		Adjusted EBITDA Margin <sup>2</sup>	
	Low	High	Low	High	Low	High	Low	High
<b>GAAP Net income and net income margin</b>	<b>228.9</b>	<b>242.2</b>	<b>4.4%</b>	<b>4.6%</b>	<b>206.6</b>	<b>222.0</b>	<b>4.0%</b>	<b>4.2%</b>
<i>Adjustments:</i>								
Interest expense, net <sup>1</sup>	80.0	80.0	1.5%	1.5%	84.0	87.0	1.6%	1.6%
Income tax expense <sup>1</sup>	81.2	85.9	1.6%	1.6%	88.6	95.2	1.7%	1.8%
Depreciation <sup>1</sup>	73.0	74.0	1.4%	1.4%	78.0	80.0	1.5%	1.5%
Amortization <sup>1</sup>	161.0	161.0	3.1%	3.0%	158.0	158.0	3.1%	3.0%
<b>EBITDA and EBITDA margin</b>	<b>624.1</b>	<b>643.1</b>	<b>12.0%</b>	<b>12.2%</b>	<b>615.2</b>	<b>642.2</b>	<b>11.9%</b>	<b>12.1%</b>
Restructuring and other costs <sup>1</sup>	23.0	23.0	0.4%	0.4%	25.0	26.0	0.5%	0.5%
Transaction and integration-related expenses <sup>1</sup>	47.0	48.0	0.9%	0.9%	43.0	44.0	0.8%	0.8%
Share-based compensation <sup>1</sup>	64.0	64.0	1.2%	1.2%	66.0	67.0	1.3%	1.3%
Other income, net	(5.9)	(5.9)	(0.1%)	(0.1%)	(2.0)	(2.0)	(0.0%)	(0.0%)
Loss on extinguishment of debt	2.8	2.8	0.1%	0.1%	2.8	2.8	0.1%	0.1%
<b>Adjusted EBITDA and adjusted EBITDA margin</b>	<b>755.0</b>	<b>775.0</b>	<b>14.5%</b>	<b>14.7%</b>	<b>750.0</b>	<b>780.0</b>	<b>14.5%</b>	<b>14.7%</b>

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

1. Amounts are estimates with an estimated range of +/- 5% and are presented gross without the benefit of associated income tax reductions.
2. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Revenue.



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