ACRUX DDS

Forward-Looking Statements

This presentation contains forward-looking information and statements, within the meaning of applicable securities laws (collectively, “forward-looking statements”), including, but not limited to, statements regarding Valeant's future prospects and performance (including the Company’s updated 2017 full-year guidance), the expected date for the completion of the redemption of certain of the Company’s senior notes and the anticipated impact of such redemption, the Company’s expectations with respect to debt reduction and paydown (including the Company’s ability to exceed its commitment to pay down $5 billion in debt from divestitures proceeds and free cash flow by February 2018), the anticipated timing of the closing of the divestitures of the iNova Pharmaceuticals and Obagi Medical Products businesses, the timing and number of expected product launches and the anticipated revenues from new and recent product launches, the anticipated submission, approval and launch dates for certain of our pipeline products and R&D programs, the anticipated timing of receipt of clinical and pre-clinical results or data for certain of our pipeline products and R&D programs, the anticipated timing of the loss of exclusivity of certain of our products and the expected impact of such loss of exclusivity on our financial condition, and the Company’s mission (and the elements thereof) and the Company’s plans, commitments and expectations for 2017. Forward-looking statements may generally be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "will," "believes," "estimates," "potential," "target," or "continue" and variations or similar expressions. These forward-looking statements, including the Company’s updated full-year guidance, are based upon the current expectations and beliefs of management and are provided for the purpose of providing additional information about such expectations and beliefs and readers are cautioned that these statements may not be appropriate for other purposes. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those described in these forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties discussed in the Company's most recent annual and quarterly reports and detailed from time to time in the Company's other filings with the Securities and Exchange Commission and the Canadian Securities Administrators, which risks and uncertainties are incorporated herein by reference. In addition, certain material factors and assumptions have been applied in making these forward-looking statements (including the Company’s 2017 full-year guidance), including that the risks and uncertainties outlined above will not cause actual results or events to differ materially from those described in these forward-looking statements, and additional information regarding certain of these material factors and assumptions may also be found in the Company’s filings described above. The Company believes that the material factors and assumptions reflected in these forward-looking statements are reasonable, but readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes, unless required by law.

The guidance in this presentation is only effective as of the date given, August 8, 2017, and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

Non-GAAP Information

Recent Assessment of Financial Performance Measures | Use of Non-GAAP Generally

Recently, the Company's new management team undertook an evaluation of how it would measure the financial performance of the Company going forward. In evaluating its financial performance measures, the Company considered its recent changes to its strategy (which included a transition away from growth by acquisition with a greater focus on R&D activity, strengthening of the balance sheet through the paydown of debt and rationalization of the product portfolio through divestitures of non-core assets) and sought to identify performance measures that best reflect the Company's current business operations, strategy and goals. As a result of that evaluation, new management identified the following primary financial performance measures for the Company: GAAP Revenues (measure for both guidance and actual results), GAAP Net Income (measure for actual results), Adjusted EBITDA (non-GAAP) (measure for both guidance and actual results) and GAAP Cash Flow from Operations (measure for actual results). These measures were selected as the Company believes that these measures most appropriately reflect how the Company measures the business internally and sets operational goals and incentives. For example, the Company believes that Adjusted EBITDA (non-GAAP) focuses management on the Company's underlying operational results and business performance, while GAAP Revenue focuses management on the overall growth of the business.

In addition, in connection with this evaluation of financial performance measures, the Company assessed the methodology with which it was calculating non-GAAP measures and made updates where it deemed appropriate to better reflect the underlying business. For example, commencing with the first quarter of 2017, Adjusted EBITDA (non-GAAP) no longer includes adjustments for Foreign exchange gain/loss arising from intercompany transactions.

The Company began to use these new non-GAAP measures, and the new methodologies used to calculate these non-GAAP measures, commencing with the first quarter of 2017. For the purposes of the Company's actual results for the first half and second quarter of 2016, the Company has calculated and presented the non-GAAP measures using the historic methodologies in place as of the applicable historic dates; however, the Company has also provided a reconciliation that calculates the non-GAAP measures using the new methodologies, to allow investors and readers to evaluate the non-GAAP measures (such as Adjusted EBITDA) on the same basis for the periods presented.

Non-GAAP Information

Recent Assessment of Financial Performance Measures

Use of Non-GAAP Generally

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses certain non-GAAP financial measures including (i) Adjusted EBITDA, (ii) Adjusted EBITA, (iii) Adjusted EBITA Margin, (iv) Adjusted Operating Income, (v) Adjusted Gross Profit, (vi) Adjusted Gross Margin, (vii) Adjusted Selling A&P, (viii) Adjusted G&A, (ix) Adjusted SG&A, (x) Adjusted R&D, (xi) Total Adjusted Operating Expense, (xii) Adjusted Net Income, (xiii) Organic Growth and (xiv) Organic Change. These measures do not have any standardized meaning under GAAP and other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Accordingly, our non-GAAP financial measures may not be comparable to similar non-GAAP measures. We caution investors not to place undue reliance on such non-GAAP measures, but instead to consider them with the most directly comparable GAAP measures. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation. They should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

The reconciliations of these historic non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the appendix hereto. However, for guidance purposes, the Company does not provide reconciliations of projected Adjusted EBITDA (non-GAAP) to projected GAAP net income (loss), due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations. In periods where significant acquisitions or divestitures are not expected, the Company believes it might have a basis for forecasting the GAAP equivalent for certain costs, such as amortization, that would otherwise be treated as a non-GAAP adjustment to calculate projected G net income (loss). However, because other deductions (e.g., restructurin gain or loss on extinguishment of debt and litigation and other matters) u to calculate projected net income (loss) may vary significantly based on a events, the Company is not able to forecast on a GAAP basis with reaso certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amounts of these deduction may be material and, therefore, could result in GAAP net income (loss) b materially different from (including materially less than) projected Adjuste EBITDA (non-GAAP).

Management uses these non-GAAP measures as key metrics in the evaluation of Company performance and the consolidated financial resul and, in part, in the determination of cash bonuses for its executive office The Company believes these non-GAAP measures are useful to investor their assessment of our operating performance and the valuation of our Company. In addition, these non-GAAP measures address questions the Company routinely receives from analysts and investors and, in order to assure that all investors have access to similar data, the Company has determined that it is appropriate to make this data available to all investo However, non-GAAP financial measures are not prepared in accordance GAAP, as they exclude certain items as described herein. Therefore, the information is not necessarily comparable to other companies and shoul considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.


Today's
Topics
1.
Opening Remarks &
2Q17 Progress Highlights
2.
2Q17 Financial Results
3.
FY2017 Guidance
4.
Segment Highlights &
2017 Catalysts

DOCKET ALARM

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