



BAUSCH HEALTH COMPANIES INC.

BUILDING
MOMENTUM

BAUSCH Health

2018 ANNUAL REPORT

BAUSCH+Health

BAUSCH HEALTH COMPANIES INC.

Our Vision

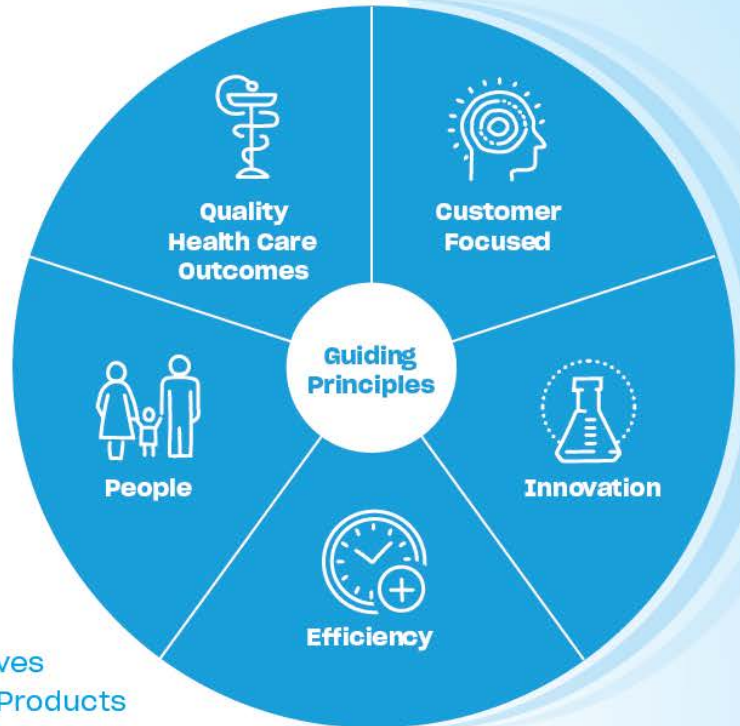
To Be Your Trusted
Health Care Partner

CORE VALUES

- Accountability
- Agility
- Courage
- Integrity
- Teamwork
- Results Orientation

Our Mission

Improving People's Lives
With Our Health Care Products



COMPANY OVERVIEW

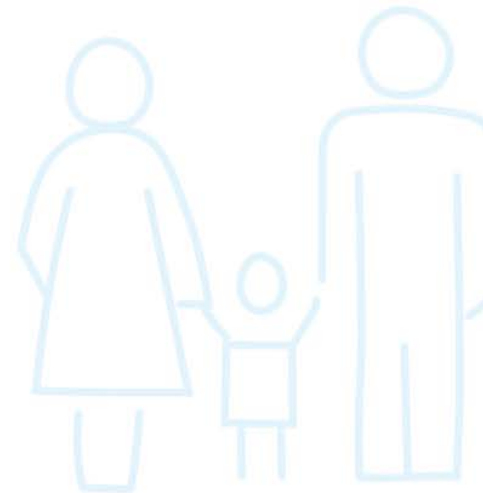
We are a global company whose mission is to improve people's lives with our health care products. We develop, manufacture and market a range of branded, generic and branded generic pharmaceuticals, medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment, and aesthetics devices) and over-the-counter (OTC) products, primarily in the therapeutic areas of eye-health, gastroenterology and dermatology. We are delivering on our commitments as we build an innovative company dedicated to advancing global health. More information can be found at www.bauschhealth.com.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking information and statements, within the meaning of applicable securities laws (collectively, "forward-looking statements"), including, but not limited to, statements regarding the Company's future prospects and performance (including anticipated growth in 2019 and the expected drivers of that growth, and the anticipated 2019 revenue growth for our Significant Seven Products and the expected quantum of such revenue growth), the anticipated impact of the acquisition of certain assets of Synergy Pharmaceuticals Inc. (including Trulance®), the Company's plans to increase investment in R&D and the expected quantum of that increased investment, anticipated product launches and the expected timing of such launches, the anticipated approval for certain of our pipeline products (including DUOBRI™), anticipated timing for the submission of certain of our pipeline products and R&D programs, and anticipated improvements in operational efficiency. 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, and phrases or statements that certain actions, events or results may, could, should or will be achieved, received or taken, or will occur or result, and similar such expressions also identify forward-looking information. These forward-looking statements, including the Company's future performance and growth, 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 to differ materially from those described in the 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 or quarterly report 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, without limitation, the assumption 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 in the circumstances, 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. Bausch Health undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect actual outcomes, unless required by law.

THE BAUSCH FOUNDATION

IMPROVING LIVES AROUND THE WORLD



The Bausch Foundation was established in 2017 to improve the lives of people around the world by providing access to safe, effective medicines and by financially supporting health care education and causes. The Bausch Foundation is a charitable foundation that oversees and directs all of Bausch Health's global charitable giving.

The Bausch Foundation supports initiatives aimed at disease prevention, improving patient outcomes and lives, and education related to our core businesses. Additionally, it supports disaster-recovery efforts and those who need help in the communities where we live and work. Our goal is to direct efforts toward contributions that can be repeatable, gather critical mass and make important benefits within our therapeutic communities.

Since its inception, the Bausch Foundation has contributed millions of dollars' worth of financial and product donations to global charitable health organizations, including:



Fellow Shareholders,

I continue to view Bausch Health as the turnaround opportunity of a lifetime. The Company made considerable progress in 2018, and we are still gaining momentum, which we believe will carry over into 2019 and beyond.

In the past two years, we've completed a number of divestitures to streamline operations, continued to pay down debt, resolved numerous key legacy issues, launched new products and realigned into four reporting segments.

We also changed our name to Bausch Health Companies Inc., which is a logical step in our transformation. We consider Bausch Health to be a new company—one that develops, manufactures and markets a wide range of pharmaceutical, medical device and over-the-counter products, primarily in the therapeutic areas of eye health, gastroenterology and dermatology. The Bausch Health name not only reflects a long-standing dedication to innovation, but also evokes our mission of improving the lives of patients with our health care products.

We see 2019 as a year of growth and a strategic pivot to offense—driven by several important new products, as well as debt paydown and bolt-on opportunities to enhance our core businesses. Looking back at 2018, there were several major factors that contributed to our transformation.

Executing on our core businesses

Our two largest reporting segments continued to drive our performance: Bausch + Lomb/International, which represented approximately 56% of the Company's total revenues in 2018, and Salix, which represented approximately 21% of the Company's total revenues in 2018.

Bausch + Lomb is a fully integrated eye care business, with extensive product portfolios in Vision Care, Surgical, Prescription Ophthalmology and Consumer Health Care. Bausch + Lomb maintains a large global footprint with a major presence in such rapidly growing emerging markets as China, Japan and India. In 2018, our U.S. contact lens business outpaced the industry, with greater than 13% market growth¹. Additionally, PreserVision® and OcuVite® combined are the No. 1 brands and No. 1 drivers of growth in the eye vitamin category.

Growth within our Salix gastroenterology business comes primarily from several key brands. The past year saw impressive revenue growth for XIFAXAN® (22%), RELISTOR® (37%) and APRISO® (13%). XIFAXAN® notably had a marked increase in new prescriptions written by primary care physicians as our 2017 investment into building a primary care sales team has continued to yield strong results.

In March 2019, we acquired certain assets of Synergy Pharmaceuticals Inc., a biopharmaceutical company focused on gastrointestinal therapies. Synergy's flagship product, TRULANCE®, is approved for adults with chronic

idiopathic constipation and irritable bowel syndrome with constipation. The acquisition of the assets of Synergy will enhance our Salix business. We believe TRULANCE® is a natural complement to XIFAXAN® and, with the scale and strength of our sales footprint in GI and primary care, our Salix team will be able to offer physicians and patients multiple treatment options that span the types of irritable bowel syndrome.

The Ortho Dermatologics business continues to stabilize as we remain committed to investing in new dermatology solutions, including a continued focus on psoriasis, an area with a great unmet need. Today in the United States, there are approximately 7.5 million patients suffering from psoriasis, with as many as 260,000 new cases diagnosed each year.

We recently moved Solta Medical, our global aesthetics business, into our Ortho Dermatologics segment, a shift we believe will enable us to better serve both our physician customers and patients. During 2018, Solta delivered exceptional growth compared to 2017.

Launching new products

Innovation remains critical to our future, and we anticipate our R&D investment to grow by approximately 10% in 2019 versus 2018. Our focus on innovation has yielded a wide range of significant launches:

- LUMIFY™ is the only over-the-counter eye drop with low-dose brimonidine for the treatment of eye redness. Since its launch in May 2018, LUMIFY™ has become the number one product in the redness reliever category with an approximately 28% market share²
- In late 2017, we launched VYZULTA®, the first and only FDA-approved nitric oxide-releasing agent to lower intraocular pressure in patients with glaucoma or ocular hypertension. VYZULTA® is now available to a majority of commercial and Part D coverage plans and was approved in Canada in January 2019.
- In September 2018, Bausch + Lomb launched AQUALOX® daily-disposable silicone hydrogel (SiHy) contact lenses in Japan.
- To enhance our Salix business, we have engaged in multiple strategic partnerships that we believe will help drive long-term growth, including LUCEMYRA™ (our co-promotion arrangement with US WorldMeds, LLC), the first and only non-opioid medication indicated for mitigation of opioid withdrawal symptoms; DOPTLET® (our co-promotion arrangement with Dova Pharmaceuticals), the first FDA-approved drug for thrombocytopenia in chronic liver disease patients scheduled to undergo a procedure; and PLENVU® (our license arrangement with Norgine B.V.), a next-generation bowel cleansing preparation for colonoscopies.
- In early 2018, we expanded our launch of SILIQ™, the lowest priced injectable biologic on the market for moderate-to-severe psoriasis.
- Ortho Dermatologics launched BRYHALI™ Lotion, a potent to super-potent corticosteroid for the topical treatment of plaque psoriasis, in November 2018.
- Ortho Dermatologics also launched two acne treatments in 2018: RETIN-A MICRO® (in a new strength) and ALTRENO™.

Additionally, Bausch + Lomb ULTRA® Multifocal for Astigmatism contact lenses are expected to launch in mid-2019, along with an expansion of our Biotrue® ONEday daily disposable lens parameter offerings.

We continue to be strategically focused on our pipeline by investing in innovation to bring new products to market, which in turn will enable us to continue to invest in our future. Some highlights include:

- Loteprednol etabonate ophthalmic gel, 0.38% for ocular inflammation, approved by the FDA in late February 2019;
- DUOBRII™³, a topical lotion for the treatment of plaque psoriasis, for which we expect an FDA decision shortly.
- Four late-stage dermatology candidates to treat acne and atopic dermatitis, including one we anticipate filing in 2019; and
- Multiple clinical programs to expand the use of rifaximin to reach additional patient populations.

Several products I've already mentioned also make up our Significant Seven, which are the key products we believe will collectively achieve more than \$1 billion in annualized peak

resolving litigation, disputes and investigations in some 68 matters in 2018. Some key resolutions include the XIFAXAN® intellectual property litigation, which we believe, preserves market exclusivity until 2028; the Securities and Exchange Commission's legacy investigation of Salix⁴, the Allergan securities litigation; and the outstanding arbitration with Alfasigma S.p.A., which has allowed us to continue our collaboration on new formulations for rifaximin.

In 2018, we also established our Bausch Foundation, with the goal of improving the lives of patients by providing access to safe, effective medicines and financially supporting health care education and causes around the world. You will find additional information about the foundation elsewhere in this report.

In closing, we anticipate further growth and improvements in operational efficiency, none of which would be possible without the contributions of our more than 21,000 talented and dedicated employees worldwide. We are proud that every day, more than 150 million people around the world use a Bausch Health product.

“Quality, innovation and new product launches remain critical to our future. Our investment in R&D reflects our commitment to drive growth through the internal development of new products.”

sales revenue by the end of 2022. The Significant Seven are AQUALOX®, BRYHALI™, DUOBRII™³, LUMIFY™, RELISTOR® (for opioid-induced constipation), SILIQ™ and VYZULTA®. In 2019, revenue generated by the Significant Seven is expected to approximately double compared to 2018.

Resolving legacy issues and repaying our debt

By the end of 2018, we reduced our debt by more than \$7.6 billion since the first quarter of 2016. We executed on repaying more than \$1 billion in debt with cash generated from operations in 2018. In addition to dramatically reducing the amount of our debt, we successfully extended our maturities, which have given us more flexibility to make strategic decisions, such as the capital investment in our Rochester, New York and Waterford, Ireland manufacturing sites to support the anticipated global demand for our SiHy daily contact lenses.

Our legal team continues to make outstanding contributions, achieving dismissals or other positive outcomes in

While there is more work to do, we are now a very different company—a world-class organization well-positioned to return to growth.

I'd like to commend all our employees, and our management team, who are making this transformation possible. Their hard work and commitment is essential to our success.

I also want to take this opportunity to thank our shareholders, who believe in our Company, our strategy and our ability to execute. Thank you for your continued confidence and support.

Sincerely,



Joseph C. Papa
Chairman of the Board and Chief Executive Officer

¹Third party data on file and internal estimates

²Retail Dollar Share for total United States (MULO) for 4 weeks ending Feb. 10, 2019, according to IRI.

³Provisional name

⁴Subject to approval by the U.S. District Court for the Southern District of New York

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.