

# Q3 2017 Non-GAAP Reconciliations

November 6, 2017

# Non-GAAP Financial Measures

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This presentation includes the presentation and discussion of certain financial information that differs from what is reported under U.S. GAAP. These non-GAAP financial measures, including, but not limited to, adjusted gross margins, adjusted R&D as % of total revenues, adjusted SG&A as % of total revenues, adjusted earnings from operations, adjusted EPS, adjusted net cash provided by operating activities, and adjusted free cash flow are presented in order to supplement investors' and other readers' understanding and assessment of the financial performance of Mylan. In the Appendix, Mylan has provided reconciliations of such non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures. Investors and other readers are encouraged to review the related U.S. GAAP financial measures and the reconciliations of the non-GAAP measures to their most directly comparable U.S. GAAP measures set forth below, and investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with U.S. GAAP. As discussed below, Mylan is not providing forward looking guidance for U.S. GAAP reported financial measures or a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort.

## 2017 Guidance

Mylan is not providing forward looking guidance for U.S. GAAP reported financial measures or a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, acquisition-related expenses including those related to the Meda Transaction, restructuring expenses, asset impairments, litigation settlements and other contingencies, including changes to contingent consideration and certain other gains or losses. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP reported results for the guidance period.

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Adjusted Net Earnings**

(in millions, except per share amounts)	Three Months Ended September 30				Nine Months Ended September 30			
	2017		2016		2017		2016	
U.S. GAAP net earnings and U.S. GAAP EPS	\$ 88.3	\$ 0.16	\$ (119.8)	\$ (0.23)	\$ 451.7	\$ 0.84	\$ 62.5	\$ 0.12
Purchase accounting related amortization (primarily included in cost of sales) (a)	370.7		427.1		1,074.9		931.8	
Litigation settlements, net (b)	15.2		468.0		52.5		466.4	
Interest expense (primarily related to clean energy investment financing)	5.5		5.5		19.5		18.9	
Accretion of contingent consideration liability and other fair value adjustments (c)	4.9		100.4		(57.6)		120.7	
Clean energy investments pre-tax loss	22.4		23.8		66.4		69.4	
Acquisition related costs (primarily included in SG&A and cost of sales) (d)	15.2		110.5		60.1		346.7	
Restructuring related costs (e)	73.4		24.2		112.7		45.1	
Other special items included in:								
Cost of sales	12.3		12.0		39.2		34.1	
Research and development expense (f)	15.2		22.0		90.1		98.4	
Selling, general and administrative expense	4.0		(2.0)		12.7		0.3	
Other expense, net	(3.3)		(1.4)		1.8		1.3	
Tax effect of the above items and other income tax related items	(34.1)		(343.9)		(244.5)		(490.5)	
Adjusted net earnings and adjusted EPS	<u>\$ 589.7</u>	<u>\$ 1.10</u>	<u>\$ 726.4</u>	<u>\$ 1.38</u>	<u>\$ 1,679.5</u>	<u>\$ 3.13</u>	<u>\$ 1,705.1</u>	<u>\$ 3.31</u>
Weighted average diluted ordinary shares outstanding	<u>537.0</u>		<u>523.6</u>		<u>537.0</u>		<u>515.2</u>	

- (a) The increase in purchase accounting related amortization for the nine month period is due to the amortization expense associated with the intangible assets related to the Topicals Business and Meda acquisitions. The decrease in purchase accounting related amortization for the three month period is primarily related to approximately \$56 million of inventory step-up amortization related to the Topicals Business and Meda acquisitions in the prior year period.
- (b) Litigation settlements, net decrease is due to an accrual for the Medicaid Drug Rebate Settlement in the prior year periods.
- (c) Change to contingent consideration liability is due to a gain recognized for the fair value adjustment of \$88.1 million for the respiratory delivery platform contingent liability included in the nine months ended September 30, 2017. The three and nine months ended September 30, 2016 includes approximately \$90 million related to the Strides Settlement.
- (d) Acquisition related costs incurred in 2016 primarily relate to the acquisition of the Topicals Business (June 2016) and costs related to the Meda acquisition. These costs primarily related to consulting, professional, and legal costs. Acquisition related costs incurred in 2017 consist primarily of integration activities.
- (e) Refer to Note 17 Restructuring included in Item 1 in the Form 10-Q. Of the total amount, approximately \$21.0 million is included in cost of sales, \$1.1 million is included in R&D, and \$51.3 million is included in SG&A for the three months ended September 30, 2017. For the nine months ended September 30, 2017, approximately \$37.3 million is included in cost of sales, \$2.4 million is included in R&D and \$73.0 million is included in SG&A.
- (f) R&D expense for the three months ended September 30, 2017 includes \$8.0 million related to Momenta collaboration expense. For the nine months ended September 30, 2017, R&D expense includes an upfront expense of approximately \$50 million related to a joint development and marketing agreement for a respiratory product, \$22.5 million related to Momenta collaboration expense and other similar smaller agreements. For the nine months ended September 30, 2016, R&D expense includes a \$45 million upfront payment to Momenta and \$15 million of milestone payments to Theravance Biopharma. In addition, included in this amount for the three and nine months ended September 30, 2016 is approximately \$9.0 million and \$22.3 million, respectively, of R&D expense incurred related to the Company's collaboration with Momenta.

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Net Earnings to Adjusted EBITDA**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
U.S. GAAP net earnings	\$ 88.3	\$ (119.8)	\$ 451.7	\$ 62.5
Add adjustments:				
Net contribution attributable to equity method investments	22.4	29.7	77.2	85.5
Income tax provision (benefit)	91.3	(205.5)	124.2	(165.7)
Interest expense	131.8	144.4	406.3	305.0
Depreciation and amortization	443.1	445.9	1,279.8	1,046.4
EBITDA	\$ 776.9	\$ 294.7	\$ 2,339.2	\$ 1,333.7
Add / (deduct) adjustments:				
Share-based compensation expense	22.2	19.2	64.2	71.1
Litigation settlements and other contingencies, net	15.2	558.0	(25.8)	556.4
Restructuring & other special items	109.5	189.0	289.6	504.8
Adjusted EBITDA	\$ 923.8	\$ 1,060.9	\$ 2,667.2	\$ 2,466.0

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Total Revenues by Segment**

	<b>Three Months Ended</b>					
	<b>September 30,</b>					
	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 Currency Impact <sup>(1)</sup></b>	<b>2017 Constant Currency Revenues</b>	<b>Constant Currency % Change <sup>(2)</sup></b>
Third party net sales						
North America <sup>(3)</sup>	\$ 1,172.2	\$ 1,505.5	(22)%	\$ (3.1)	\$ 1,169.1	(22)%
Europe <sup>(3)</sup>	1,040.8	841.2	24%	(45.5)	995.3	18%
Rest of World <sup>(3)</sup>	743.3	682.8	9%	(6.2)	737.1	8%
Total third party net sales <sup>(3)</sup>	<u>2,956.3</u>	<u>3,029.5</u>	(2)%	(54.8)	2,901.5	(4)%
Other third party revenues	<u>30.8</u>	<u>27.6</u>	12%	(0.5)	<u>30.3</u>	10%
Consolidated total revenues	<u>\$ 2,987.1</u>	<u>\$ 3,057.1</u>	(2)%	<u>\$ (55.3)</u>	<u>\$ 2,931.8</u>	(4)%

	<b>Nine Months Ended</b>					
	<b>September 30,</b>					
	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 Currency Impact <sup>(1)</sup></b>	<b>2017 Constant Currency Revenues</b>	<b>Constant Currency % Change <sup>(2)</sup></b>
Third party net sales						
North America <sup>(3)</sup>	\$ 3,666.7	\$ 4,064.5	(10)%	\$ (2.3)	\$ 3,664.4	(10)%
Europe <sup>(3)</sup>	2,887.1	2,026.4	42%	(2.4)	2,884.7	42%
Rest of World <sup>(3)</sup>	2,016.4	1,654.6	22%	(27.0)	1,989.4	20%
Total third party net sales <sup>(3)</sup>	<u>8,570.2</u>	<u>7,745.5</u>	11%	(31.7)	8,538.5	10%
Other third party revenues	<u>98.6</u>	<u>63.6</u>	55%	—	<u>98.6</u>	55%
Consolidated total revenues	<u>\$ 8,668.8</u>	<u>\$ 7,809.1</u>	11%	<u>\$ (31.7)</u>	<u>\$ 8,637.1</u>	11%

(1) Currency impact is shown as unfavorable (favorable).

(2) The constant currency percentage change is derived by translating third party net sales or revenues for the current period at prior year comparative period exchange rates, and in doing so shows the percentage change from 2017 constant currency third party net sales or revenues to the corresponding amount in the prior year.

(3) Effective October 1, 2016, the Company expanded its reportable segments as follows: North America, Europe and Rest of World. As a result, the amounts previously reported under the Specialty segment have been recast to North America and amounts related to Brazil are included in Rest of World for all periods presented.

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Cost of Sales**

<i>(In millions)</i>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP cost of sales</b>	\$ 1,809.0	\$ 1,773.8	\$ 5,180.3	\$ 4,447.1
Deduct:				
Purchase accounting amortization and other related items	(361.4)	(421.5)	(1,054.9)	(914.8)
Acquisition related items	0.2	(8.5)	(1.9)	(39.8)
Restructuring related costs	(21.0)	(9.7)	(37.3)	(13.8)
Other special items	(12.3)	(12.0)	(39.2)	(34.1)
<b>Adjusted cost of sales</b>	\$ 1,414.5	\$ 1,322.1	\$ 4,047.0	\$ 3,444.6
<b>Adjusted gross profit <sup>(a)</sup></b>	\$ 1,572.6	\$ 1,735.0	\$ 4,621.8	\$ 4,364.5
<b>Adjusted gross margin <sup>(a)</sup></b>	<b>53 %</b>	<b>57 %</b>	<b>53 %</b>	<b>56 %</b>

(a) U.S. GAAP gross profit is calculated as total revenues less U.S. GAAP cost of sales. U.S. GAAP gross margin is calculated as U.S. GAAP gross profit divided by total revenues. Adjusted gross profit is calculated as total revenues less adjusted cost of sales. Adjusted gross margin is calculated as adjusted gross profit divided by total revenues.

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**R&D**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP R&amp;D</b>	\$ 182.3	\$ 199.1	\$ 580.9	\$ 632.2
Deduct:				
Acquisition related costs	(0.9)	(0.2)	(1.5)	(0.4)
Restructuring related costs	(1.1)	(0.2)	(2.5)	(0.3)
Other special items	(15.2)	(22.0)	(90.1)	(98.4)
Adjusted R&D	<u>\$ 165.1</u>	<u>\$ 176.7</u>	<u>\$ 486.8</u>	<u>\$ 533.1</u>
Adjusted R&D as % of total revenues	<u>6 %</u>	<u>6 %</u>	<u>6 %</u>	<u>7 %</u>

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**SG&A**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP SG&amp;A</b>	\$ 664.6	\$ 656.9	\$ 1,916.8	\$ 1,787.6
Add/ (deduct):				
Acquisition related costs	(14.6)	(39.7)	(56.1)	(102.4)
Restructuring related costs	(51.4)	(14.3)	(73.0)	(31.0)
Purchase accounting amortization and other related items	(9.0)	—	(14.1)	—
Other special items	(4.0)	2.0	(12.7)	(0.3)
<b>Adjusted SG&amp;A</b>	<b>\$ 585.6</b>	<b>\$ 604.9</b>	<b>\$ 1,760.9</b>	<b>\$ 1,653.9</b>
 Adjusted SG&A as % of total revenues	 20 %	 20 %	 20 %	 21 %



**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Total Operating Expenses**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP total operating expenses</b>	\$ 862.1	\$ 1,414.0	\$ 2,471.9	\$ 2,976.2
Add / (deduct):				
Litigation settlements and other contingencies, net	(15.2)	(558.0)	25.8	(556.4)
R&D adjustments	(17.2)	(22.4)	(94.1)	(99.1)
SG&A adjustments	(79.0)	(52.0)	(155.9)	(133.7)
Adjusted total operating expenses	<u>\$ 750.7</u>	<u>\$ 781.6</u>	<u>\$ 2,247.7</u>	<u>\$ 2,187.0</u>
Adjusted earnings from operations <sup>(a)</sup>	<u>\$ 821.9</u>	<u>\$ 953.4</u>	<u>\$ 2,374.1</u>	<u>\$ 2,177.5</u>

- (a) U.S. GAAP earnings from operations is calculated as U.S. GAAP gross profit less U.S. GAAP total operating expenses. Adjusted earnings from operations is calculated as adjusted gross profit less adjusted total operating expenses.

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Interest Expense**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP interest expense</b>	\$ 131.8	\$ 144.4	\$ 406.3	\$ 305.0
Deduct:				
Interest expense related to clean energy investments	(3.0)	(3.6)	(9.4)	(11.0)
Accretion of contingent consideration liability	(5.1)	(10.4)	(21.1)	(30.7)
Acquisition related costs	—	(19.7)	(0.2)	(45.6)
Other special items	(2.2)	(2.1)	(6.5)	(8.0)
Adjusted interest expense	<u>\$ 121.5</u>	<u>\$ 108.6</u>	<u>\$ 369.1</u>	<u>\$ 209.7</u>

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Other Expense**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP other expense, net</b>	\$ 4.6	\$ 50.2	\$ 34.4	\$ 184.0
(Add)/ deduct:				
Clean energy investments pre-tax loss (a)	(22.4)	(23.8)	(66.4)	(69.4)
Purchase accounting related amortization	—	(5.7)	—	(17.0)
Acquisition related costs	—	(42.3)	(0.8)	(158.5)
Financing related costs	2.8	—	(0.7)	—
Other items	0.2	1.4	(9.8)	(1.3)
Adjusted other income	<u>\$ (14.8)</u>	<u>\$ (20.2)</u>	<u>\$ (43.3)</u>	<u>\$ (62.2)</u>

(a) Adjustment represents exclusion of activity related to Mylan's clean energy investments, the activities of which qualify for income tax credits under section 45 of the Code

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Earnings Before Income Taxes and Income Tax Provision**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP earnings (loss) before income taxes</b>	\$ 179.6	\$ (325.3)	\$ 575.9	\$ (103.2)
Total pre tax non-GAAP adjustments	535.5	1,190.1	1,472.3	2,133.1
Adjusted earnings before income taxes	<u>\$ 715.1</u>	<u>\$ 864.8</u>	<u>\$ 2,048.2</u>	<u>\$ 2,029.9</u>
<b>U.S. GAAP income tax provision (benefit)</b>	\$ 91.3	\$ (205.5)	\$ 124.2	\$ (165.7)
Adjusted tax expense	34.1	343.9	244.5	490.5
Adjusted income tax provision	<u>\$ 125.4</u>	<u>\$ 138.4</u>	<u>\$ 368.7</u>	<u>\$ 324.8</u>
Adjusted effective tax rate	<u>17.5%</u>	<u>16.0%</u>	<u>18.0%</u>	<u>16.0%</u>

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Adjusted Net Cash Provided by Operating Activities**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>U.S. GAAP net cash provided by operating activities</b>	\$ 548.6	\$ 1,200.6	\$ 1,569.3	\$ 1,697.7
Add:				
Restructuring related costs	14.9	—	104.4	—
Financing related expenses	—	—	—	66.9
Corporate contingencies	275.2	—	307.7	—
Acquisition related costs	2.0	36.7	54.3	125.0
R&D expense	22.4	3.2	27.4	63.2
Income tax items	—	—	—	(25.8)
Adjusted net cash provided by operating activities	<u>\$ 863.1</u>	<u>\$ 1,240.5</u>	<u>\$ 2,063.1</u>	<u>\$ 1,927.0</u>
Deduct:				
Capital expenditures	(47.1)	(118.5)	(156.4)	(239.5)
Adjusted free cash flow	<u>\$ 816.0</u>	<u>\$ 1,122.0</u>	<u>\$ 1,906.7</u>	<u>\$ 1,687.5</u>

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**

(Unaudited; in millions)

**Notional Debt to Credit Agreement Adjusted EBITDA Leverage Ratio**

The stated non-GAAP financial measure September 30, 2017 notional debt to twelve months ended September 30, 2017 Credit Agreement Adjusted EBITDA leverage ratio is based on the sum of (i) Mylan's adjusted EBITDA for the quarters ended December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017 and (ii) certain adjustments permitted to be included in Credit Agreement Adjusted EBITDA as of September 30, 2017 pursuant to the Company's revolving credit facility dated as of November 22, 2016 (as amended, supplemented or otherwise modified from time to time), among the Company, certain affiliates and subsidiaries of the Company from time to time party thereto as guarantors, each lender from time to time party thereto and Bank of America, N.A., as administrative agent and the Company's term loan credit facility dated as of November 22, 2016 (as amended, supplemented or otherwise modified from time to time), among the Company, certain affiliates and subsidiaries of the Company from time to time party thereto as guarantors, each lender from time to time party thereto and Goldman Sachs Bank USA, as administrative agent (together, the "Credit Agreements") as compared to Mylan's September 30, 2017 total debt at notional amounts.

	<b>Three Months Ended</b>				<b>Twelve Months</b>
	<b>December 31,</b>	<b>March 31,</b>	<b>June 30,</b>	<b>September 30,</b>	<b>Ended</b>
	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>September 30,</b>
					<b>2017</b>
Mylan N.V. Adjusted EBITDA	\$ 1,211.9	\$ 812.7	\$ 930.9	\$ 923.8	\$ 3,879.3
Add: other adjustments including estimated synergies					197.9
Credit Agreement Adjusted EBITDA					<u>\$ 4,077.2</u>
Reported debt balances:					
Long-term debt, including current portion					\$ 14,715.2
Short-term borrowings					—
Total reported debt balances					<u>\$ 14,715.2</u>
Add / (deduct):					
Net discount on various debt issuances					38.2
Deferred financing fees					79.6
Fair value of hedged debt					(25.3)
Total debt at notional amounts					<u>\$ 14,807.7</u>
Notional debt to Credit Agreement Adjusted EBITDA					
Leverage Ratio					3.6

**Mylan N.V. and Subsidiaries**  
**Reconciliation of Non-GAAP Financial Measures**  
(Unaudited; in millions)  
**Net Earnings to Adjusted EBITDA**

	Three Months Ended			
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017
U.S. GAAP net earnings	\$ 417.5	\$ 66.4	\$ 297.0	\$ 88.3
Add adjustments:				
Net contribution attributable to equity method investments	27.2	33.2	21.7	22.4
Income tax provision (benefit)	(192.6)	5.2	27.7	91.3
Interest expense	149.8	138.2	136.3	131.8
Depreciation and amortization	476.6	415.5	421.2	443.1
EBITDA	\$ 878.5	\$ 658.5	\$ 903.9	\$ 776.9
Add / (deduct) adjustments:				
Share-based compensation expense	17.8	23.1	18.9	22.2
Litigation settlements and other contingencies, net	116.1	9.0	(50.0)	15.2
Restructuring & other special items	199.5	122.1	58.1	109.5
Adjusted EBITDA	\$ 1,211.9	\$ 812.7	\$ 930.9	\$ 923.8

