Bausch Health Companies Inc. Announces First-Quarter 2020 Results

May 07, 2020

LAVAL, Quebec, May 7, 2020 /PRNewswire/ --

- **First-Quarter 2020 Financial Results**
  - **Revenues of $2.012 Billion**
  - **GAAP Net Loss of $152 Million**
  - **Adjusted EBITDA (non-GAAP)[1] of $813 Million**
  - **GAAP Cash Generated from Operations of $261 Million**
- **Bausch + Lomb/International Segment Reported Revenue Was Flat, But Grew Organically[1,2] Compared to the First Quarter of 2019, Driven by Growth in the Global Consumer and International Rx Business Units**
- **Salix Segment Reported and Organic Revenues[1,2] Increased by 7% and 4% Respectively, Compared to the First Quarter of 2019**
- **Reported Revenue of XIFAXAN® (rifaximin) Increased by 23% Compared to the First Quarter of 2019**
- **Lowered 2020 Full-Year Revenue and Adjusted EBITDA (Non-GAAP) Guidance Ranges Primarily Due to Impact of COVID-19 Pandemic**

Bausch Health Companies Inc. (NYSE/TSX: BHC) ("Bausch Health" or the "Company" or "we") today announced its first-quarter 2020 financial results.

"As the COVID-19 pandemic began, our priority was to make sure that our employees were safe and that we took the necessary measures to protect our supply chain operations, which have enabled us to continue to fulfill our mission of improving people's lives with our health care products," said Joseph C. Papa, chairman and CEO, Bausch Health. "With these measures in place, we expanded our focus to also support global health care systems, frontline health care workers and the patients in their care, including advancing the science to help find solutions for COVID-19, donating medicines and health care products to assist in the fight against the virus and reinforcing our commitment to patient access."

"While the COVID-19 pandemic has presented significant challenges to our business, Bausch Health has a global, diversified and durable business model, and we believe the Company is well-positioned to return to growth after the impact of the pandemic fades," continued Mr. Papa.

Company Highlights

Executing on Core Businesses and Advancing Pipeline

- The Bausch + Lomb/International segment comprised approximately 55% of the Company's reported revenue in the first quarter of 2020
  - Reported revenue in the Bausch + Lomb/International segment was flat compared to the first quarter of 2019; revenue in this segment grew organically[1,2] by 2% compared to the first quarter of 2019, driven by organic growth[1,2] in the Global Consumer and International Rx business units
  - Delivered 14th consecutive quarter of organic revenue growth[2]

- Published pivotal Phase 3 data in *Ophthalmology* for XIPERE™ (triamcinolone acetonide suprachoroidal injectable suspension), an investigational therapy with a proposed indication of treatment of macular edema associated with uveitis
- Launched expanded parameters for Biotrue® ONEday for Astigmatism daily disposable contact lenses
- Received U.S. 510(k) filing acceptance from the U.S. Food and Drug Administration for the Company's innovative daily disposable silicone hydrogel contact lenses

- The Salix segment comprised approximately 24% of the Company's reported revenue in the first quarter of 2020
  - Reported revenue in the Salix segment increased by 7% compared to the first quarter of 2019; revenue in this segment grew organically[1,2] by 4% compared to the first quarter of 2019
  - Reported revenue of XIFAXAN® (rifaximin) increased by 23% compared to the first quarter of 2019
  - Announced topline results from a Phase 2 study evaluating an investigative soluble solid dispersion (SSD) formulation of immediate release (IR) rifaximin in combination with the current standard of care therapy for the treatment of Overt Hepatic Encephalopathy. In the study, the 40 mg BID of rifaximin SSD IR plus standard of care therapy arm met its primary endpoint with statistically significantly superior results compared to the placebo plus standard of care therapy arm
- The Ortho Dermatologics segment comprised approximately 7% of the Company's reported revenue in the first quarter of 2020
  - Reported revenue in the Global Solta business unit grew by 34% compared to the first quarter of 2019, driven by continued strong demand of Thermage® FLX following launches in the Asia Pacific region
  - Published results from two pivotal Phase 3 studies for ARAZLO™ (tazarotene) Lotion, 0.045%, in the *Journal of Drugs in Dermatology*

Strategic Capital Allocation and Debt Management

- Increased Research and Development (R&D) by approximately 4%, or $5 million, compared to the first quarter of 2019
- Repaid debt by approximately $220 million in the first quarter of 2020 with cash generated from operations
- Bausch Health has no mandatory amortization payments or debt maturities until 2022

Response to COVID-19 Pandemic

When the COVID-19 pandemic emerged, Bausch Health acted quickly to implement guidelines, business continuity plans and workstreams that have enabled the Company to ensure the health and well-being of its employees while remaining focused on supporting customers and patients around the world.

- Bausch Health management implemented actions to protect the health and safety of its employees, including taking every precaution to ensure that those employees who cannot work remotely, such as manufacturing employees, are working in environments that are as safe as possible
- In regions of the world where in-person sales efforts are not viable, sales teams are supporting health care professionals virtually to continue to meet the needs of customers and their patients
- The Company has worked to maintain an uninterrupted availability of its health care products by developing additional site-level biosecurity procedures. Supply chain and manufacturing facilities are operational, and to date, Bausch Health has not had any material COVID-19 related supply disruptions
- Bausch Health's R&D organization quickly worked with health authorities and investigators to protect trial participants and personnel involved in its R&D programs. Clinical trials that started prior to governmental shutdowns remain enrolled and existing patients are progressing, while

new patient enrollments in clinical trials have been temporarily paused due to most trial sites not being able to accept new patients

Bausch Health also sought several opportunities to support the institutions, patients and health care providers fighting the COVID-19 pandemic.

- The Company is pursuing research to determine if its products may offer valuable treatment options, including:
  - Initiating a clinical trial program in Canada evaluating an investigational use of nebulized antiviral VIRAZOLE® (Ribavirin for Inhalation Solution, USP) in combination with standard of care therapy to treat hospitalized adult patients with respiratory distress due to COVID-19
  - Working toward investigative trials in the United States to evaluate XIFAXAN® in combination therapy to potentially address the symptoms of gastrointestinal distress and pulmonary compromise associated with COVID-19 infection. If the trials demonstrate XIFAXAN® is successful in resolving these symptoms or reducing the duration of COVID-19, the Bausch Foundation will donate XIFAXAN® to various hospitals
  - Ramped up manufacturing of chloroquine and azithromycin and donated these products to local hospitals in Italy and Spain
- Along with the Bausch Foundation, Bausch Health has provided needed medical supplies, including:
  - Making available for donation nebulized VIRAZOLE® for compassionate use in Italian hospitals
  - Donating ARTELAC® Splash™ eye drops to local hospitals in Spain to reduce eye irritation and risk of eye infection by alleviating possible symptoms of dry eye among health care providers while wearing protective gear
  - Converting production lines in China and Canada to produce hand sanitizer intended for donation to health care providers, first responders and volunteers
  - Donating Biotrue® ONEday contact lenses to health care providers in Wuhan, China to alleviate reported fogging of eyeglasses while wearing protective gear
- The Bausch Health Patient Assistance Program continues to ensure that eligible U.S. patients in need who lack health insurance coverage for certain Bausch Health prescription medicines are able to access their medicines and has increased its efforts to work with patients and physicians' offices to ensure patients have uninterrupted access to their medicines

First-Quarter 2020 Revenue Performance

Total reported revenues were $2.012 billion for the first quarter of 2020, as compared to $2.016 billion in the first quarter of 2019, a decrease of $4 million. Revenue was negatively impacted by approximately $35 million in the first quarter of 2020 due to the COVID-19 pandemic. Excluding the unfavorable impact of foreign exchange of $18 million, the impact of a 2019 acquisition of $13 million and the impact of divestitures and discontinuations of $7 million, revenue was flat organically[1,2] compared to the first quarter of 2019.

Revenues by segment were as follows:

	Three Months Ended		Change at		
	March 31	Reported	Reported	Constant	Organic
(in millions)	2020	2019	Change	Currency[1]	Change[1,2]

Bausch + Lomb/International	$1,114	$1,118	($4)	0%	1%	2%
Salix	$477	$445	$32	7%	7%	4%
Ortho Dermatologics	$133	$138	($5)	(4%)	(3%)	(3%)
Diversified Products	$288	$315	($27)	(9%)	(9%)	(9%)
Total Revenues	$2,012	$2,016	($4)	0%	1%	0%

Bausch + Lomb/International Segment
Bausch + Lomb/International segment revenues were $1.114 billion for the first quarter of 2020, as compared to $1.118 billion for the first quarter of 2019, a decrease of $4 million. Excluding the impact of foreign exchange of $17 million and the impact of divestitures and discontinuations of $7 million, the Bausch + Lomb/International segment grew organically[1,2] by approximately 2% compared to the first quarter of 2019 due to growth in the Global Consumer and International Rx business units.

Salix Segment
Salix segment revenues were $477 million for the first quarter of 2020, as compared to $445 million for the first quarter of 2019, an increase of $32 million, or 7%. Adjusting for the impact of a 2019 acquisition of $13 million on revenues, the segment grew organically[1,2] by approximately 4% compared to the first quarter of 2019. The increase was primarily driven by XIFAXAN®, which grew 23% compared to the first quarter of 2019, and was partially offset by the loss of exclusivity of products in the segment, primarily APRISO® (mesalamine), which negatively impacted revenues by $40 million.

Ortho Dermatologics Segment
Ortho Dermatologics segment revenues were $133 million for the first quarter of 2020, as compared to $138 million for the first quarter of 2019, a decrease of $5 million, or 4%. The decline was due to lower volumes primarily driven by the loss of exclusivity of products in the segment, primarily SOLODYN® (minocycline HCl), ZOVIRAX® (acyclovir) Cream, 5%, and ELIDEL® (pimecrolimus) Cream, 1%, which negatively impacted revenues by $15 million, and was partially offset by higher revenues in the Global Solta business unit.

Diversified Products Segment
Diversified Products segment revenues were $288 million for the first quarter of 2020, as compared to $315 million for the first quarter of 2019, a decrease of $27 million, or 9%. The decrease was primarily attributable to the previously reported loss of exclusivity for a basket of products.

Operating Results
Operating income was $248 million for the first quarter of 2020, as compared to operating income of $287 million for the first quarter of 2019, a decrease of $39 million. The decrease in operating income was primarily driven by increases in selling, general and administrative

expenses (SG&A), acquisition-related contingent consideration and charges for litigation and other matters included in other expense (income), net partially offset by a decrease in amortization of intangible assets.

Net Loss
Net loss for the first quarter of 2020 was $152 million, as compared to net loss of $52 million for the same period in 2019, an unfavorable change of $100 million. The change was primarily driven by decreases in the benefit from income taxes and by income from operations, as discussed above.

Adjusted net income (non-GAAP)[1] for the first quarter of 2020 was $316 million, as compared to $358 million for the first quarter of 2019, a decrease of $42 million, or 12%.

Cash Generated from Operations
The Company generated $261 million of cash from operations in the first quarter of 2020, as compared to $413 million in the first quarter of 2019, a decrease of $152 million, or 37%. The decrease in cash from operations was primarily attributed to an increase in working capital[4], timing of interest payments and a licensing agreement.

EPS
GAAP Earnings Per Share (EPS) Diluted for the first quarter of 2020 was ($0.43), as compared to ($0.15) for the first quarter of 2019.

Adjusted EBITDA (non-GAAP)[1]
Adjusted EBITDA (non-GAAP)[1] was $813 million for the first quarter of 2020, as compared to $851 million for the first quarter of 2019, a decrease of $38 million, or 4%. The decrease was primarily due to increased SG&A expenses and loss of exclusivity for certain products, coupled with the unfavorable impact of transactional foreign exchange.

2020 Financial Outlook
Bausch Health lowered its revenue and Adjusted EBITDA (non-GAAP) guidance ranges for the full year of 2020, primarily due to the actual and anticipated impacts of the COVID-19 pandemic:

- **Lowered full-year revenue range from $8.65 – $8.85 billion to $7.80 – $8.20 billion**
- **Lowered full-year Adjusted EBITDA (non-GAAP) range from $3.50 – $3.65 billion to $3.15 – $3.35 billion**

Other than with respect to GAAP Revenues, the Company only provides guidance on a non-GAAP basis. The Company does not provide a reconciliation of forward-looking Adjusted EBITDA (non-GAAP) to GAAP net income (loss), due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. 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, which would otherwise be treated as non-GAAP to calculate projected GAAP net income (loss). However, because other deductions (such as restructuring, gain or loss on extinguishment of debt and litigation and other matters) used to calculate projected net income (loss) vary dramatically based on actual events, the Company is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amount of these deductions may be material and, therefore, could result in projected GAAP net income (loss) being materially less than projected Adjusted EBITDA (non-GAAP). The full-year guidance ranges have been lowered primarily due to the actual and anticipated impacts of the COVID-19 pandemic. These impacts have affected the Company's assumptions regarding base performance and growth rates and have also resulted in lower expectations regarding cash generated from operations and the amount of cash that is available for use in the reduction of debt and for bolt-on acquisitions for the current year. Furthermore, the COVID-19 pandemic and its impacts also triggered the Company's reduction of the ranges for its targeted three-year

compound annual growth rate of revenue and Adjusted EBITDA (non-GAAP), which have been reduced from 4%-6% to 3%-5% with respect to revenue growth and from 5%-8% to 4%-7% for Adjusted EBITDA (non-GAAP) growth. These statements represent forward-looking information and may represent a financial outlook, and actual results may vary. Please see the risks and assumptions referred to in the Forward-looking Statements section of this news release.

Additional Highlights

- Bausch Health's cash, cash equivalents and restricted cash were $1.923 billion[5] at March 31, 2020
- The Company's availability under the Revolving Credit Facility was $1.057 billion at March 31, 2020
- Basic weighted average shares outstanding for the quarter were 353.4 million shares. Diluted weighted average shares outstanding for the quarter were 358.6 million shares[6]

Conference Call Details

Date:	Thursday, May 7, 2020
Time:	8:00 a.m. EDT
Webcast:	http://ir.bauschhealth.com/events-and-presentations
Participant Event Dial-in:	+1 (888) 317-6003 (United States)
	+1 (412) 317-6061 (International)
	+1 (866) 284-3684 (Canada)
Participant Passcode:	2149923
Replay Dial-in:	+1 (877) 344-7529 (United States)
	+1 (412) 317-0088 (International)
	+1 (855) 669-9658 (Canada)
Replay Passcode:	10143142 (replay available until May 14, 2020)

About Bausch Health

Bausch Health Companies Inc. (NYSE/TSX: BHC) is a global company whose mission is to improve people's lives with our health care products. We develop, manufacture and market a range of pharmaceutical, medical device and over-the-counter 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 news release contains forward-looking information and statements, within the meaning of

applicable securities laws (collectively, "forward-looking statements"), including, but not limited to, Bausch Health's future prospects and performance, including the Company's 2020 full-year guidance. Forward-looking statements may generally be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "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 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 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. They also include, but are not limited to, risks and uncertainties caused by or relating to the evolving COVID-19 pandemic, and the fear of that pandemic and its potential effects, the severity, duration and future impact of which are highly uncertain and cannot be predicted, and which may have a material adverse impact on the Company, including but not limited to its supply chain, third-party suppliers, project development timelines, employee base, liquidity, stock price, financial condition and costs (which may increase) and revenue and margins (both of which may decrease). In addition, certain material factors and assumptions have been applied in making these forward-looking statements, including, without limitation: assumptions regarding our 2020 full-year guidance with respect to expectations regarding base performance and management's belief regarding the impact of the COVID-19 pandemic and associated responses on such base performance and the operations and financial results of the Company generally, expected currency impact, the expected timing and impact of loss of exclusivity for certain of our products, expectations regarding gross margin, adjusted SG&A expense (non-GAAP) and the Company's ability to continue to manage such expense in the manner anticipated and the anticipated timing and extent of the Company's R&D expense; assumptions respecting our targeted three-year CAGR of revenue growth and Adjusted EBITDA (non-GAAP) growth, including, without limitation, management's belief regarding the impact of the COVID-19 pandemic and associated responses to the operations and financial results of the Company, constant currency and from mid-point of February 2019 guidance (adjusted for current exchange rates); and 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. Management has also made certain assumptions in assessing the anticipated impacts of the COVID-19 pandemic on the Company and its results of operations and financial conditions, including: a potential resurgence of the virus in the second half of 2020 would not see severe social restrictions put in place by local authorities (e.g., shelter at home, closure of non-essential businesses, deferral of elective medical procedures, etc.); global economies will recover as COVID-19 runs its course and social restrictions are eased; largest impact to the Company's businesses seen in the second quarter of 2020 due to stay-at-home orders, office closures, retail closures and deferral of surgical procedures; recovery expected to begin towards the latter part of the second quarter of 2020 and continue into the third and fourth quarters of 2020; expect the Company's businesses to return to pre-COVID-19 levels at different rates, starting as early as the third quarter of 2020 but spread into the fourth quarter of 2020 and beyond (e.g. expectation that the backlog of eye surgeries will not be resolved in 2020); some of the Company's business units (Global Surgical, Ortho Dermatologics and Dentistry) are expected to lag in the recovery, some possibly beyond 2021; and assumes no major interruptions in the Company's supply chain and distribution channels. If any of these assumptions regarding the impacts of the COVID-19 pandemic are

incorrect, our actual results could differ materially from those described in these forward-looking statements.

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 news release or to reflect actual outcomes, unless required by law.

Non-GAAP Information

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 (non-GAAP), (ii) organic growth/change and (iii) constant currency. As discussed below, we also provide Adjusted Net Income (non-GAAP) to provide supplemental information to readers. Management uses these non-GAAP measures as key metrics in the evaluation of the Company's performance and the consolidated financial results and, in part, in the determination of cash bonuses for its executive officers. The Company believes these non-GAAP measures are useful to investors in their assessment of our operating performance and the valuation of the 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 investors.

However, these measures are not prepared in accordance with GAAP nor do they have any standardized meaning under GAAP. In addition, 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 such similarly titled non-GAAP financial measures used by other companies. 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 financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in the tables below. However, as indicated above, for guidance purposes, the Company does not provide reconciliations of projected Adjusted EBITDA (non-GAAP) to projected GAAP net loss, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.

Specific Non-GAAP Measures

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA (non-GAAP) is GAAP net loss attributable to Bausch Health Companies Inc. (its most directly comparable GAAP financial measure) adjusted for interest expense, net, provision for (benefit from) income taxes, depreciation and amortization and certain other items described below. Management believes that Adjusted EBITDA (non-GAAP), along with the GAAP measures used by management, most appropriately reflect how the Company measures the business internally and sets operational goals and incentives. In particular, the Company believes that Adjusted EBITDA (non-GAAP) focuses management on the Company's underlying operational results and business performance. As a result, the Company uses Adjusted EBITDA (non-GAAP) both to assess the actual financial performance of the Company and to forecast future results as part of its guidance. Management believes Adjusted EBITDA (non-GAAP) is a useful measure to

evaluate current performance. Adjusted EBITDA (non-GAAP) is intended to show our unleveraged, pre-tax operating results and therefore reflects our financial performance based on operational factors. In addition, cash bonuses for the Company's executive officers and other key employees are based, in part, on the achievement of certain Adjusted EBITDA (non-GAAP) targets.

Adjusted EBITDA (non-GAAP) is net loss attributable to the Company (its most directly comparable GAAP financial measure) adjusted for interest expense, net, provision for (benefit from) income taxes, depreciation and amortization and the following items:

- Restructuring and integration costs: The Company has incurred restructuring costs as it implemented certain strategies, which involved, among other things, improvements to its infrastructure and operations, internal reorganizations and impacts from the divestiture of assets and businesses. In addition, in connection with its acquisition of certain assets of Synergy Pharmaceuticals Inc. ("Synergy"), the Company has incurred certain severance and integration costs. With regard to infrastructure and operational improvements which the Company has taken to improve efficiencies in the businesses and facilities, these tend to be costs intended to right size the business or organization that fluctuate significantly between periods in amount, size and timing, depending on the improvement project, reorganization or transaction. With regard to the severance and integration costs associated with the acquisition of certain assets of Synergy, these costs are specific to the acquisition itself and provided no benefit to the ongoing operations of the Company. As a result, the Company does not believe that such costs (and their impact) are truly representative of its underlying business. The Company believes that the adjustments of these items provide supplemental information with regard to the sustainability of the Company's operating performance, allow for a comparison of the financial results to historical operations and forward-looking guidance and, as a result, provide useful supplemental information to investors.
- Asset impairments: The Company has excluded the impact of impairments of finite-lived and indefinite-lived intangible assets, as well as impairments of assets held for sale, as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions and divestitures. The Company believes that the adjustments of these items correlate with the sustainability of the Company's operating performance. Although the Company excludes impairments of intangible assets from measuring the performance of the Company and the business, the Company believes that it is important for investors to understand that intangible assets contribute to revenue generation.
- Goodwill impairments: The Company excludes the impact of goodwill impairments. When the Company has made acquisitions where the consideration paid was in excess of the fair value of the net assets acquired, the remaining purchase price is recorded as goodwill. For assets that we developed ourselves, no goodwill is recorded. Goodwill is not amortized but is tested for impairment. In January 2017, new accounting guidance was issued which simplifies the subsequent measurement of an impairment to goodwill. Under the new guidance, which the Company early adopted effective Jan. 1, 2018, the amount of goodwill impairment is measured as the excess of a reporting unit's carrying value over its fair value. Management excludes these charges in measuring the performance of the Company and the business.
- Share-based compensation: The Company has excluded recorded costs relating to share-based compensation. The Company believes that the exclusion of share-based compensation expense assists investors in the comparisons of operating results to peer companies. Share-based compensation expense can vary significantly based on the timing, size and nature of awards granted.
- Acquisition-related costs and adjustments excluding amortization of intangible assets: The Company has excluded the impact of acquisition-related costs and fair value inventory step-up resulting from acquisitions as the amounts and frequency of such costs and adjustments are not consistent and are impacted by the timing and size of its acquisitions. In addition, the Company has excluded the impact of acquisition-related contingent consideration non-cash adjustments due to the inherent uncertainty and volatility associated with such amounts based on changes in

assumptions with respect to fair value estimates, and the amount and frequency of such adjustments is not consistent and is significantly impacted by the timing and size of the Company's acquisitions, as well as the nature of the agreed-upon consideration.

- Loss on extinguishment of debt: The Company has excluded loss on extinguishment of debt as this represents a cost of refinancing our existing debt and is not a reflection of our operations for the period. Further, the amount and frequency of such charges are not consistent and are significantly impacted by the timing and size of debt financing transactions and other factors in the debt market out of management's control.
- Other Non-GAAP charges: The Company has excluded certain other amounts, including legal and other professional fees incurred in connection with recent legal and governmental proceedings, investigations and information requests regarding certain of our legacy distribution, marketing, pricing, disclosure and accounting practices, litigation and other matters, and net gain on sales of assets. The Company has also excluded expenses associated with in-process research and development, as these amounts are inconsistent in amount and frequency and are significantly impacted by the timing, size and nature of acquisitions. Furthermore, as these amounts are associated with research and development acquired, the Company does not believe that they are a representation of the Company's research and development efforts during any given period. The Company has also excluded IT infrastructure investment, that are the result of other, non-comparable events to measure operating performance. These events arise outside of the ordinary course of continuing operations. Given the unique nature of the matters relating to these costs, the Company believes these items are not normal operating expenses. For example, legal settlements and judgments vary significantly, in their nature, size and frequency, and, due to this volatility, the Company believes the costs associated with legal settlements and judgments are not normal operating expenses. In addition, as opposed to more ordinary course matters, the Company considers that each of the recent proceedings, investigations and information requests, given their nature and frequency, are outside of the ordinary course and relate to unique circumstances. The Company believes that the exclusion of such out-of-the-ordinary-course amounts provides supplemental information to assist in the comparison of the financial results of the Company from period to period and, therefore, provides useful supplemental information to investors. However, investors should understand that many of these costs could recur and that companies in our industry often face litigation.

Adjusted Net Income (non-GAAP)

Historically, management has used Adjusted net income (non-GAAP) (the most directly comparable GAAP financial measure for which is GAAP Net loss) for strategic decision making, forecasting future results and evaluating current performance. This non-GAAP measure excludes the impact of certain items (as described below) that may obscure trends in the Company's underlying performance. By disclosing this non-GAAP measure, it is management's intention to provide investors with a meaningful, supplemental comparison of the Company's operating results and trends for the periods presented. It is management's belief that this measure is also useful to investors as such measure allowed investors to evaluate the Company's performance using the same tools that management uses to evaluate past performance and prospects for future performance. Accordingly, it is the Company's belief that adjusted net income (non-GAAP) is useful to investors in their assessment of the Company's operating performance and the valuation of the Company. It is also noted that, in recent periods, our GAAP net income (loss) was significantly lower than our adjusted net income (non-GAAP). Commencing in 2017, management of the Company identified and began using certain new primary financial performance measures to assess the Company's financial performance. However, management still believes that Adjusted net income (non-GAAP) may be useful to investors in their assessment of the Company and its performance.

Adjusted net income (non-GAAP) is net loss attributable to Bausch Health Companies Inc. (its most directly comparable GAAP financial measure) adjusted for restructuring and integration costs, acquired in-process research and development costs, loss on extinguishment of debt, asset

impairments, acquisition-related adjustments, excluding amortization and other non-GAAP charges as these adjustments are described above, and amortization of intangible assets as described below:

- Amortization of intangible assets: The Company has excluded the impact of amortization of intangible assets, as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. The Company believes that the adjustments of these items correlate with the sustainability of the Company's operating performance. Although the Company excludes amortization of intangible assets from its non-GAAP expenses, the Company believes that it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Organic Growth/Change

Organic growth/change, a non-GAAP metric, is defined as a change on a period-over-period basis in revenues on a constant currency basis (if applicable) excluding the impact of recent acquisitions, divestitures and discontinuations (if applicable). Organic growth/change is change in GAAP Revenue (its most directly comparable GAAP financial measure) adjusted for certain items, as further described below, of businesses that have been owned for one or more years. Organic revenue growth/change is impacted by changes in product volumes and price. The price component is made up of two key drivers: (i) changes in product gross selling price and (ii) changes in sales deductions. The Company uses organic growth/change to assess performance of its business units and operating and reportable segments, and the Company in total, without the impact of foreign currency exchange fluctuations and recent acquisitions, divestitures and product discontinuations. The Company believes that such measures are useful to investors as they provide a supplemental period-to-period comparison.

Organic growth/change reflects adjustments for: (i) the impact of period-over-period changes in foreign currency exchange rates on revenues and (ii) the revenues associated with acquisitions, divestitures and discontinuations of businesses divested and/or discontinued. These adjustments are determined as follows:

- Foreign currency exchange rates: Although changes in foreign currency exchange rates are part of our business, they are not within management's control. Changes in foreign currency exchange rates, however, can mask positive or negative trends in the business. The impact for changes in foreign currency exchange rates is determined as the difference in the current period reported revenues at their current period currency exchange rates and the current period reported revenues revalued using the monthly average currency exchange rates during the comparable prior period.
- Acquisitions, divestitures and discontinuations: In order to present period-over-period organic revenue (non-GAAP) growth/change on a comparable basis, revenues associated with acquisitions, divestitures and discontinuations are adjusted to include only revenues from those businesses and assets owned during both periods. Accordingly, organic revenue (non-GAAP) growth/change excludes from the current period, revenues attributable to each acquisition for twelve months subsequent to the day of acquisition, as there are no revenues from those businesses and assets included in the comparable prior period. Organic revenue (non-GAAP) growth/change excludes from the prior period, all revenues attributable to each divestiture and discontinuance during the twelve months prior to the day of divestiture or discontinuance, as there are no revenues from those businesses and assets included in the comparable current period.

Constant Currency

Changes in the relative values of non-U.S. currencies to the U.S. dollar may affect the Company's financial results and financial position. To assist investors in evaluating the Company's performance, we have adjusted for foreign currency effects. Constant currency impact is

determined by comparing 2020 reported amounts adjusted to exclude currency impact, calculated using 2019 monthly average exchange rates, to the actual 2019 reported amounts.

Please also see the reconciliation tables below for further information as to how these non-GAAP measures are calculated for the periods presented.

[1] Please see the tables at the end of this news release for a reconciliation of this and other non-GAAP measures to the nearest comparable GAAP measure.

[2] Organic growth/change, a non-GAAP metric, is defined as a change on a period-over-period basis in revenues on a constant currency basis (if applicable) excluding the impact of recent acquisitions, divestitures and discontinuations.

[3] To assist investors in evaluating the Company's performance, we have adjusted for changes in foreign currency exchange rates. Change at constant currency, a non-GAAP metric, is determined by comparing 2020 reported amounts adjusted to exclude currency impact, calculated using 2019 monthly average exchange rates, to the actual 2019 reported amounts.

[4] Working capital refers to inventory receivables and payables.

[5] Cash, cash equivalents and restricted cash at March 31, 2020 includes remaining net proceeds from the December 2019 bond issuance intended to be used to finance the $1.210 billion pending settlement of the U.S. Securities litigation due in 2020.

[6] Diluted weighted average shares includes the dilutive impact of options and restricted stock units, which are 5,207,000 common shares for the 3 months ended March 31, 2020, and which are excluded when calculating GAAP diluted loss per share because the effect of including the impact would be anti-dilutive.

FINANCIAL TABLES FOLLOW

Bausch Health Companies Inc. **Table 1**

Condensed Consolidated Statements of Operations

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Revenues		

Product sales	$ 1,986	$ 1,989
Other revenues	26	27
	2,012	2,016
Expenses		
Cost of goods sold (excluding amortization and impairments of intangible assets)	505	524
Cost of other revenues	14	13
Selling, general and administrative	633	587
Research and development	122	117
Amortization of intangible assets	436	489
Asset impairments	14	3
Restructuring and integration costs	4	20
Acquisition-related contingent consideration	13	(21)
Other expense (income), net	23	(3)
	1,764	1,729
Operating income	248	287
Interest income	7	4
Interest expense	(396)	(406)
Loss on extinguishment of debt	(24)	(7)
Foreign exchange and other	(13)	—
Loss before benefit from income taxes	(178)	(122)
Benefit from income taxes	26	74
Net loss	(152)	(48)
Net income attributable to noncontrolling interest	—	(4)

Net loss attributable to Bausch Health Companies Inc.	**$ (152)**	**$ (52)**

Bausch Health Companies Inc. **Table 2**

Reconciliation of GAAP Net Loss to Adjusted Net Income (non-GAAP)

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Net loss attributable to Bausch Health Companies Inc.	$ (152)	$ (52)
Non-GAAP adjustments: [(a)]		
Amortization of intangible assets	436	489
Asset impairments	14	3
Restructuring and integration costs	4	20
Acquired in-process research and development costs	1	1
Acquisition-related costs and adjustments (excluding amortization of intangible assets)	13	(12)
Loss on extinguishment of debt	24	7
IT infrastructure investment	7	4
Legal and other professional fees	9	8
Net gain on sale of assets	(1)	(10)
Litigation and other matters	23	2

Other	—	(4)
Tax effect of non-GAAP adjustments	(62)	(98)
Total non-GAAP adjustments	468	410
Adjusted net income attributable to Bausch Health Companies Inc. (non-GAAP)	**$ 316**	**$ 358**

(a) The components of and further details respecting each of these non-GAAP adjustments and the financial statement line item to which each component relates can be found on Table 2a.

Bausch Health Companies Inc. **Table 2a**

Reconciliation of GAAP to Non-GAAP Financial Information

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Cost of goods sold reconciliation:		
GAAP Cost of goods sold (excluding amortization and impairments of intangible assets)	$ 505	$ 524
Fair value inventory step-up resulting from acquisitions [(a)]	—	(1)
Adjusted cost of goods sold (excluding amortization and impairments of intangible assets) (non-GAAP)	$ 505	$ 523
Selling, general and administrative reconciliation:		
GAAP Selling, general and administrative	$ 633	$ 587

IT infrastructure investment [b]	(7)	(4)
Legal and other professional fees [c]	(9)	(8)
Adjusted selling, general and administrative (non-GAAP)	$ 617	$ 575
Amortization of intangible assets reconciliation:		
GAAP Amortization of intangible assets	$ 436	$ 489
Amortization of intangible assets [d]	(436)	(489)
Adjusted amortization of intangible assets (non-GAAP)	$ —	$ —
Restructuring and integration costs reconciliation:		
GAAP Restructuring and integration costs	$ 4	$ 20
Restructuring and integration costs [e]	(4)	(20)
Adjusted restructuring and integration costs (non-GAAP)	$ —	$ —
Asset impairments reconciliation:		
GAAP Asset impairments	$ 14	$ 3
Asset impairments [f]	(14)	(3)
Adjusted asset impairments (non-GAAP)	$ —	$ —
Acquisition-related contingent consideration reconciliation:		
GAAP Acquisition-related contingent consideration	$ 13	$ (21)
Acquisition-related contingent consideration [a]	(13)	21
Adjusted acquisition-related contingent consideration (non-GAAP)	$ —	$ —
Other expense (income), net reconciliation:		
GAAP Other expense (income), net	$ 23	$ (3)
Net gain on sale of assets [g]	1	10
Acquisition-related costs [a]	—	(8)

Litigation and other matters [h]	(23)	(2)
Acquired in-process research and development costs [i]	(1)	(1)
Other [j]	—	4
Adjusted other expense (income) (non-GAAP)	$ —	$ —

Bausch Health Companies Inc. **Table 2a (continued)**

Reconciliation of GAAP to Non-GAAP Financial Information

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Loss on extinguishment of debt reconciliation:		
GAAP Loss on extinguishment of debt	$ (24)	$ (7)
Loss on extinguishment of debt [k]	24	7
Adjusted loss on extinguishment of debt (non-GAAP)	$ —	$ —
Benefit from (provision for) income taxes reconciliation:		
GAAP Benefit from income taxes	$ 26	$ 74
Tax effect of non-GAAP adjustments [l]	(62)	(98)
Adjusted provision for income taxes (non-GAAP)	$ (36)	$ (24)

(a) Represents the three components of the non-GAAP adjustment of "Acquisition-related costs and adjustments (excluding amortization of intangible assets)" (see Table 2).

(b) Represents the sole component of the non-GAAP adjustment of "IT infrastructure investment" (see Table 2).

(c) Represents the sole component of the non-GAAP adjustment of "Legal and other professional fees" (see Table 2). Legal and other professional fees incurred during the three months ended March 31, 2020 and 2019 in connection with recent legal and governmental proceedings, investigations and information requests related to, among other matters, our distribution, marketing, pricing, disclosure and accounting practices.

(d) Represents the sole component of the non-GAAP adjustment of "Amortization of intangible assets" (see Table 2).

(e) Represents the sole component of the non-GAAP adjustment of "Restructuring and integration costs" (see Table 2).

(f) Represents the sole component of the non-GAAP adjustment of "Asset impairments" (see Table 2).

(g) Represents the sole component of the non-GAAP adjustment of "Net gain on sale of assets" (see Table 2).

(h) Represents the sole component of the non-GAAP adjustment of "Litigation and other matters" (see Table 2).

(i) Represents the sole component of the non-GAAP adjustment of "Acquired in-process research and development costs" (see Table 2).

(j) Represents the sole components of the non-GAAP adjustment of "Other" (see Table 2).

(k) Represents the sole component of the non-GAAP adjustment of "Loss on extinguishment of debt" (see Table 2).

(l) Represents the sole component of the non-GAAP adjustment of "Tax effect of non-GAAP adjustments" (see Table 2).

Bausch Health Companies Inc. **Table 2b**

Reconciliation of GAAP Net Loss to Adjusted EBITDA (non-GAAP)

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Three Months Ended

(in millions)	March 31, 2020	March 31, 2019
Net loss attributable to Bausch Health Companies Inc.	**$ (152)**	**$ (52)**
Interest expense, net	389	402
Benefit from income taxes	(26)	(74)
Depreciation and amortization	481	532
EBITDA	**692**	**808**
Adjustments:		
Asset impairments	14	3
Restructuring and integration costs	4	20
Acquisition-related costs and adjustments (excluding amortization of intangible assets)	13	(12)
Loss on extinguishment of debt	24	7
Share-based compensation	27	24
Other adjustments:		
Litigation and other matters	23	2
IT infrastructure investment	7	4
Legal and other professional fees [(a)]	9	8
Net gain on sale of assets	(1)	(10)
Acquired in-process research and development costs	1	1
Other	—	(4)
Adjusted EBITDA (non-GAAP)	**$ 813**	**$ 851**

(a) Legal and other professional fees incurred during the three months ended March 31, 2020 and 2019 in connection with recent legal and governmental proceedings, investigations and information requests related to, among other matters, our distribution, marketing, pricing, disclosure and accounting practices.

Bausch Health Companies Inc.

Organic Growth (non-GAAP) - by Segment

For the Three Months Ended March 31, 2020 and 2019

(unaudited)

	Calculation of Organic Revenue for the Three Months					
	March 31, 2020				Mach 3	
(in millions)	Revenue as Reported	Changes in Exchange Rates [a]	Acquisition	Organic Revenue (Non-GAAP) [b]	Revenue as Reported	Dives a Disconti
Bausch + Lomb/International						
Global Vision Care	$ 193	$ 2	$ —	$ 195	$ 203	$
Global Surgical	153	3	—	156	167	
Global Consumer Products	353	8	—	361	324	
Global Ophtho Rx	132	2	—	134	161	
International Rx	283	2	—	285	263	
Total Bausch + Lomb/International	1,114	17	—	1,131	1,118	
Salix	477	—	(13)	464	445	

Ortho Dermatologics						
Ortho Dermatologics	82	—	—	82	100	
Global Solta	51	1	—	52	38	
Total Ortho Dermatologics	133	1	—	134	138	
Diversified Products						
Neurology and Other	162	—	—	162	186	
Generics	105	—	—	105	104	
Dentistry	21	—	—	21	25	
Total Diversified Products	288	—	—	288	315	
Totals	$ 2,012	$ 18	$ (13)	$ 2,017	$ 2,016	$

(a) The impact for changes in foreign currency exchange rates is determined as the difference in the current period reported revenues at their current period currency exchange rates and the current period reported revenues revalued using the monthly average currency exchange rates during the comparable prior period.

(b) To supplement the financial measures prepared in accordance with GAAP, the Company uses certain non-GAAP financial measures. For additional information about the Company's use of such non-GAAP financial measures, refer to the body of the news release to which these tables are attached. Organic revenue (non-GAAP) for the three months ended March 31, 2020 is calculated as revenue as reported adjusted for: (i) the impact for changes in exchange rates (previously defined in this news release) and (ii) revenues attributable to acquisitions during the twelve months subsequent to the day of acquisition, as there are no revenues from those businesses included in the comparable prior period. Organic revenue (non-GAAP) for the three months ended March 31, 2019 is calculated as revenue as reported less revenues attributable to divestitures and discontinuances during the twelve months prior to the day of divestiture or discontinuance, as there are no revenues from those businesses and assets included in the comparable current period.

Bausch Health Companies Inc. **Table 4**

Other Financial Information

(unaudited)

(in millions)	March 31, 2020	December 31, 2019
Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents[1]	$ 912	$ 3,243
Restricted cash[2]	1,011	1
Cash, cash equivalents and restricted cash	$ 1,923	$ 3,244
Debt Obligations		
Senior Secured Credit Facilities:		
Revolving Credit Facility	$ —	$ —
Term Loan Facilities	4,928	5,025
Senior Secured Notes	5,454	5,451
Senior Unsecured Notes	14,034	15,407
Other	12	12
Total long-term debt and other, net of premiums, discounts and issuance costs	24,428	25,895
Plus: Unamortized premiums, discounts and issuance costs	273	293
Total long-term debt and other	$ 24,701	$ 26,188
Maturities and Mandatory Payments of Debt Obligations		

Remainder of 2020[3]	$ 4	$ 1,240
2021	—	103
2022	1,553	1,553
2023	2,447	2,595
2024	2,303	2,303
2025	10,632	10,632
2026 - 2030	7,762	7,762
Total debt obligations	$ 24,701	$ 26,188

	Three Months Ended March 31,	
	2020	**2019**
Cash provided by operating activities	$ 261	$ 413

[1] As of December 31, 2019, Cash and cash equivalents includes net proceeds from the issuance of: (i) $1,250 million aggregate principal amount of 5.00% Senior Unsecured Notes due January 2028 and (ii) $1,250 million aggregate principal amount of 5.25% Senior Unsecured Notes due January 2030 in a private placement. The proceeds and cash on hand were used to: (i) redeem $1,240 million of 5.875% Senior Unsecured Notes due 2023 on January 16, 2020, (ii) finance the $1,210 million settlement of certain U.S. Securities litigation, subject to court approval and (iii) pay all fees and expenses associated with these transactions.

[2] As of March 31, 2020, Restricted cash includes $1,010 million of payments into an escrow fund under the terms of a settlement agreement regarding certain U.S. Securities Litigation, subject to court approval. These payments will remain in escrow until final approval of the settlement.

[3] On March 30, 2020, the Company entered into a transaction to repurchase $4 million of 5.5% Senior Unsecured Notes due 2023 in the open market, which are reflected as due in 2020 in the table above. This repurchase transaction settled on April 1, 2020.

Investor Contact:	Media Contact:
Arthur Shannon	Lainie Keller
arthur.shannon@bauschhealth.com	lainie.keller@bauschhealth.com
(514) 856-3855	(908) 927-1198
(877) 281-6642 (toll free)	



View original content to download multimedia: http://www.prnewswire.com/news-releases/bausch-health-companies-inc-announces-first-quarter-2020-results-301054536.html

SOURCE Bausch Health Companies Inc.

Investor Inquiries
ir@bauschhealth.com
877-281-6642
514-856-3855 (Canada)

Media inquiries
Corporate.communications@bauschhealth.com
848-264-0934

LEGAL NOTICE PRIVACY POLICY

EMAIL ALERTS EMAIL PAGE RSS FEED

Use of this site signifies your agreement to the Legal Notice and Privacy Policy.
©2026 Bausch Health Companies Inc. All rights reserved. MTB.0230.USA.18 V2.0

CALIFORNIA RESIDENTS: DO NOT SELL MY PERSONAL INFORMATION

Powered by SITECORE