

# HOLOGIC<sup>®</sup>



## Building a Track Record of Sustainable Growth

August 2018

# Safe Harbor Statement

This presentation contains forward-looking information that involves risks and uncertainties, including statements about the Company's plans, objectives, expectations and intentions. Such statements include, without limitation: financial or other information based upon or otherwise incorporating judgments or estimates relating to future performance, events or expectations; the Company's strategies, positioning, resources, capabilities and expectations for future performance; and the Company's outlook and financial and other guidance. These statements are based upon assumptions made by the Company as of the date hereof and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from expectations.

Risks and uncertainties that could adversely affect the Company's business and prospects, and otherwise cause actual results to differ materially from those anticipated, include, without limitation: the ability of the Company to successfully manage leadership and organizational changes, including the ability of the Company to attract, motivate and retain key employees; U.S., European and worldwide economic conditions and related uncertainties; the Company's reliance on third-party reimbursement policies to support the sales and market acceptance of its products, including the possible adverse impact of government regulation and changes in the availability and amount of reimbursement and uncertainties for new products or product enhancements; uncertainties regarding healthcare reform legislation, including associated tax provisions, or budget reduction or other cost containment efforts; changes in guidelines, recommendations and studies published by various organizations that could affect the use of the Company's products; uncertainties inherent in the development of new products and the enhancement of existing products, including FDA approval and/or clearance and other regulatory risks, technical risks, cost overruns and delays; the risk that products may contain undetected errors or defects or otherwise not perform as anticipated; risks associated with strategic alliances and the ability of the Company to realize anticipated benefits of those alliances; risks associated with acquisitions, including, without limitation, the Company's ability to successfully integrate acquired businesses, the risks that the acquired businesses may not operate as effectively and efficiently as expected even if otherwise successfully integrated; the risks that acquisitions may involve unexpected costs or unexpected liabilities; the risks of conducting business internationally, including the effect of exchange rate fluctuations on those operations; manufacturing risks, including the Company's reliance on a single or limited source of supply for key components, and the need to comply with especially high standards for the manufacture of many of its products and risks associated with utilizing third party manufacturers; the Company's ability to predict accurately the demand for its products, and products under development, and to develop strategies to address its markets successfully; the early stage of market development for certain of the Company's products; the Company's leverage risks, including the Company's obligation to meet payment obligations and financial covenants associated with its debt; risks related to the use and protection of intellectual property; expenses, uncertainties and potential liabilities relating to litigation, including, without limitation, commercial, intellectual property, employment and product liability litigation; technical innovations that could render products marketed or under development by the Company obsolete; competition; and the Company's ability to attract and retain qualified personnel.

The risks included above are not exhaustive. Other factors that could adversely affect the company's business and prospects are described in filings made with the SEC. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements presented herein to reflect any change in expectations or any change in events, conditions or circumstances on which any such statements are based.

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# Non-GAAP Financial Measures

Hologic has presented the following non-GAAP financial measures in this presentation: constant currency revenues; non-GAAP gross profit; non-GAAP gross margin; non-GAAP operating expenses; non-GAAP income from operations; non-GAAP operating margin; non-GAAP interest expense; non-GAAP pre-tax income; non-GAAP net margin; non-GAAP net income; non-GAAP diluted EPS; and adjusted EBITDA. Constant currency presentations show reported revenues as if the foreign exchange rates remain the same as those in effect in the comparable prior year period. The Company defines its non-GAAP net income, EPS, and other non-GAAP financial measures to exclude, as applicable: (i) the amortization of intangible assets and impairment of goodwill and intangible assets; (ii) additional depreciation expense from acquired fixed assets and accelerated depreciation related to consolidation and closure of facilities ; (iii) non-cash interest expense related to amortization of the debt discount from the equity conversion option of the convertible notes; (iv) restructuring and divestiture charges and facility closure and consolidation charges; (v) debt extinguishment losses and related transaction costs; (vi) the unrealized (gains) losses on the mark-to-market of forward foreign currency contracts for which the Company has not elected hedge accounting; (vii) litigation settlement charges (benefits); (viii) other-than-temporary impairment losses on investments and realized gains and (losses) resulting from the sale of investments; (ix) other one-time, non-recurring, unusual or infrequent charges, expenses or gains that may not be indicative of the Company's core business results as detailed in our reconciliations of such adjustments; and (x) income taxes related to such adjustments. The Company defines adjusted EBITDA as its non-GAAP net income excluding the impact of net interest expense, income taxes, and depreciation and amortization expense included in its non-GAAP net income. The Company defines ROIC as its non-GAAP net operating profit after tax on a trailing twelve month basis divided by the sum of average net debt and average stockholders' equity as of the beginning and end of the period.

These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. The company's definition of these non-GAAP measures may differ from similarly titled measures used by others.

The non-GAAP financial measures used in this presentation adjust for specified items that can be highly variable or difficult to predict. The Company generally uses these non-GAAP financial measures to facilitate management's financial and operational decision-making, including evaluation of Hologic's historical operating results, comparison to competitors' operating results and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of the company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting Hologic's business.

Because non-GAAP financial measures exclude the effect of items that will increase or decrease the company's reported results of operations, management strongly encourages investors to review the company's consolidated financial statements and publicly filed reports in their entirety. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the tables accompanying this presentation.

# Presentation Outline

## Hologic overview

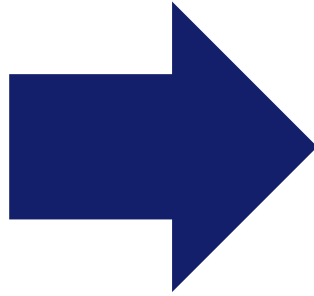
Divisional highlights

Key products

Financials and conclusion

# Hologic Investment Thesis

- Unique leadership positions across range of women's health businesses
  - Mammography
  - Molecular diagnostics
  - Cytology
  - GYN surgical
  - Medical aesthetics
- Significant opportunity for international expansion
- Improving R&D pipeline

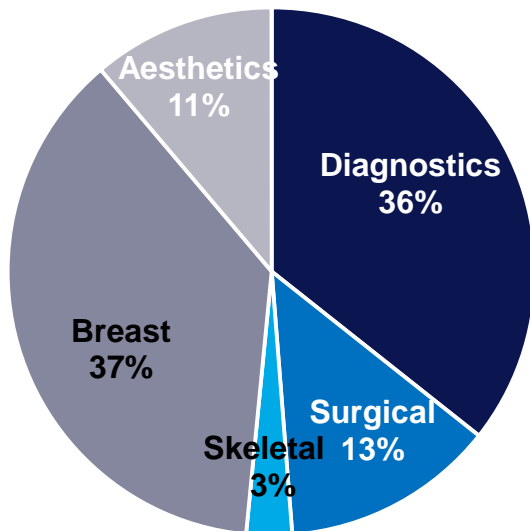


- Building track record of sustainable top- and bottom-line growth
- Strong profit margins
- Strong cash flows, healthy balance sheet and improving ROIC

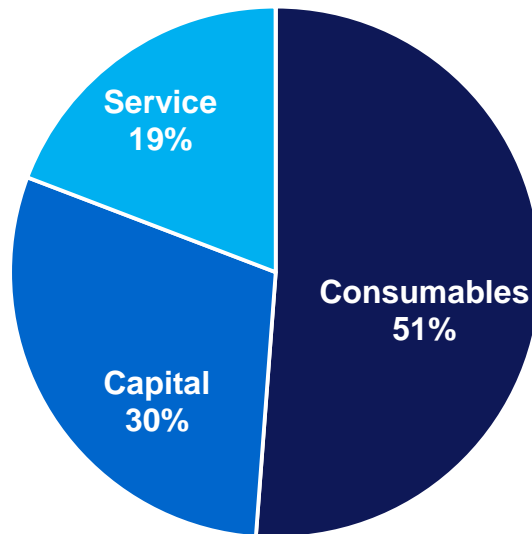
# Hologic Today

- An innovative medical technology company primarily focused on improving women's health and well-being through early detection and treatment
  - FY18 revenue of \$3.205 to \$3.22 billion\*, up 3.9% to 4.4% in constant currency
  - FY18 non-GAAP EPS of \$2.24 to \$2.26\*, up 10.3% to 11.3%

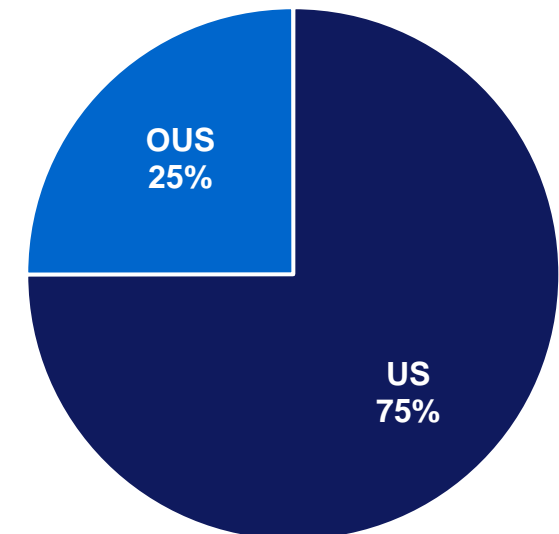
Divisional Revenue 3Q18 YTD



Types of Revenue 3Q18 YTD



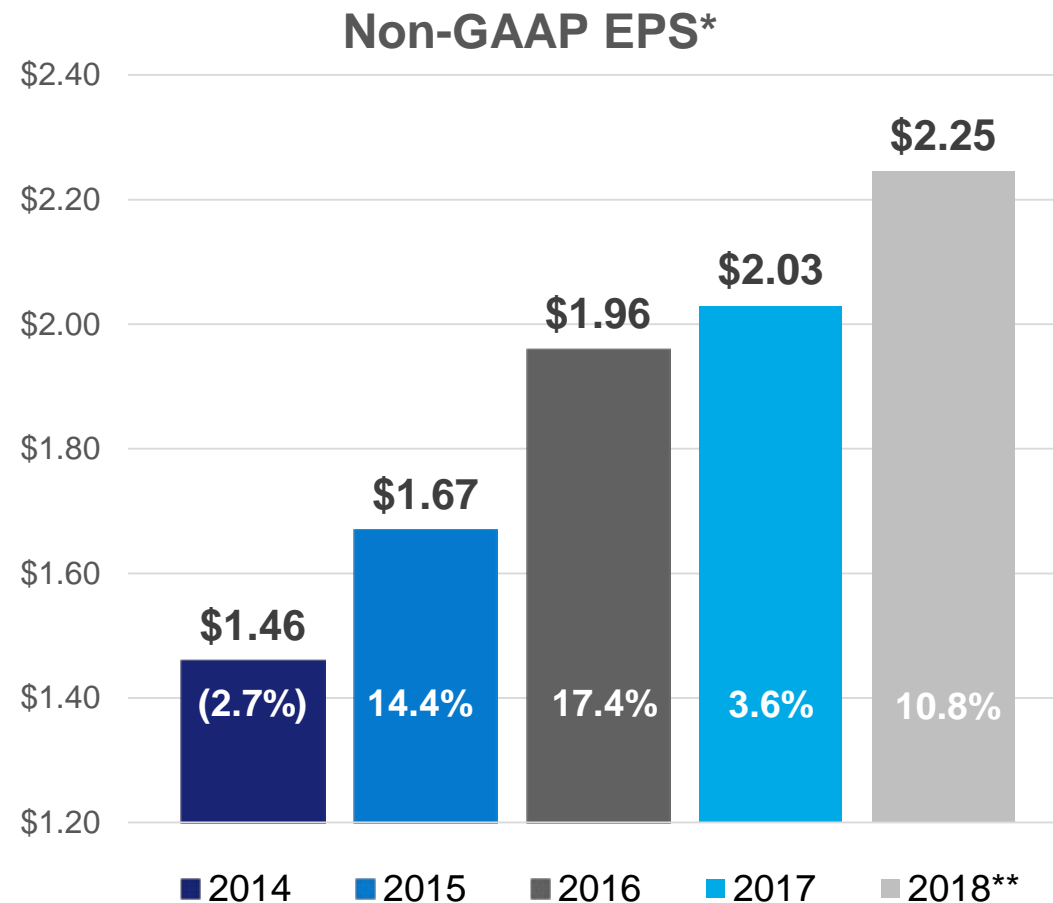
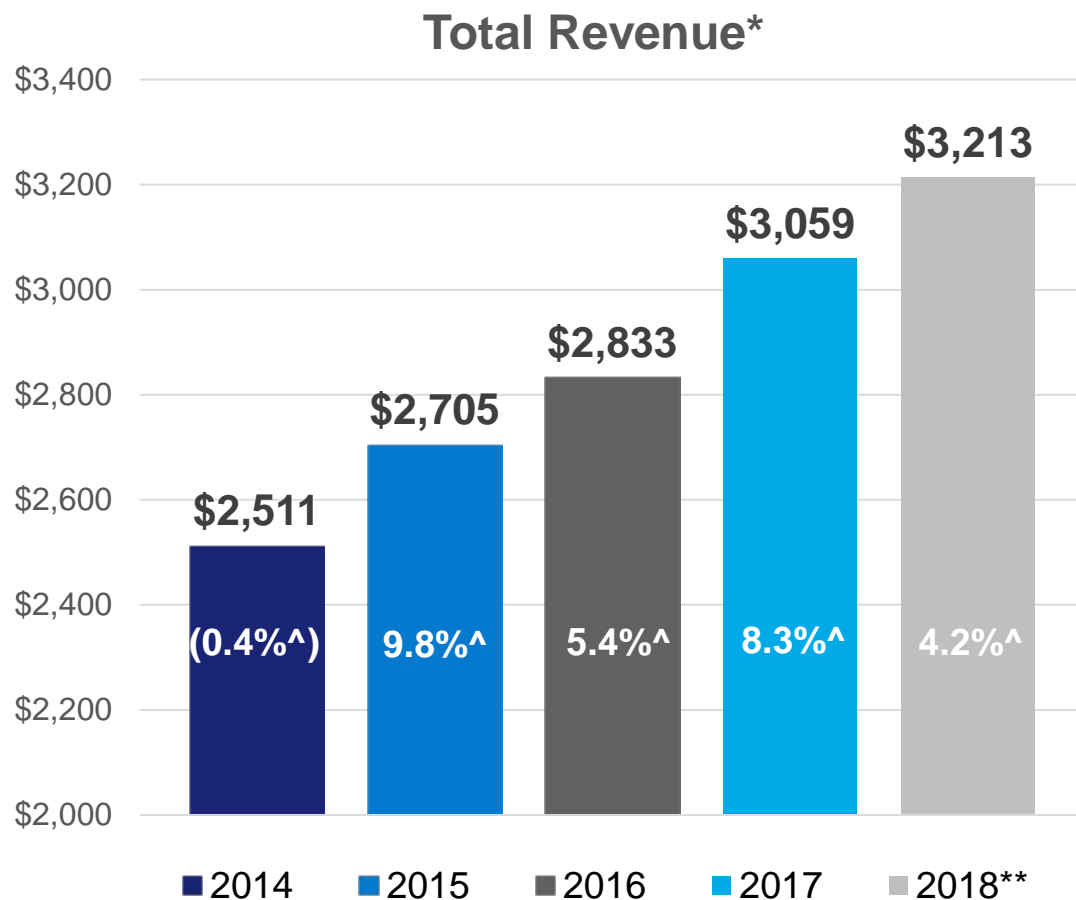
Revenue by Geography 3Q18 YTD



\* Guidance provided by press release on 7/31/18. Presentation here is not, and should not be construed as, re-affirmation of guidance.

# Building a Track Record of Sustainable Growth

- From 2014 to 2018, revenue CAGR of 6.4%\* and EPS of 11.4%\*

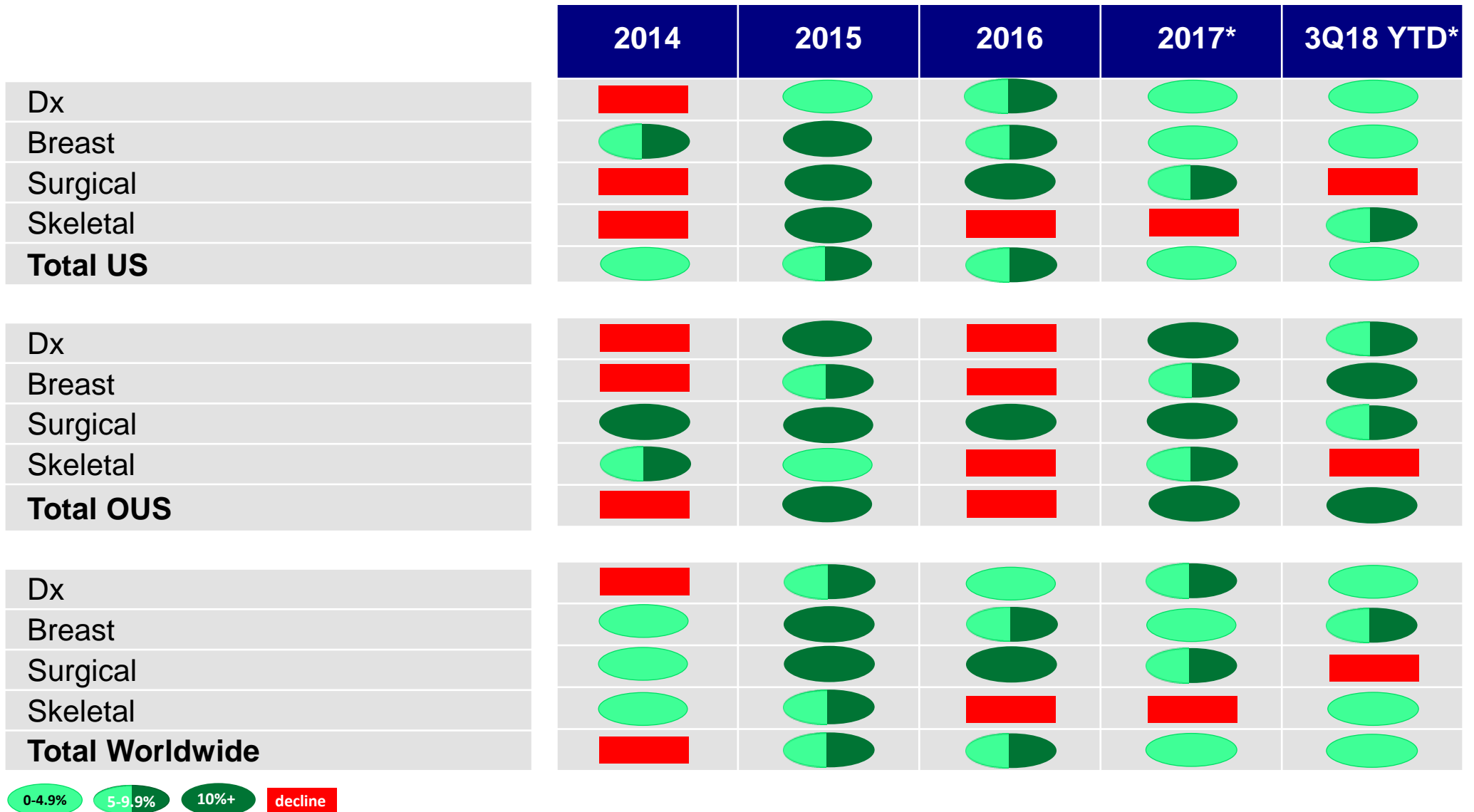


\* Total non-GAAP revenue growth in millions. As reported with the exception of FY14, which excludes ~\$20 million one-time revenue from restructuring of Roka license. Non-GAAP EPS as reported with the exception of FY14, which excludes ~\$0.05 one-time contribution from restructuring of Roka license.

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^ Constant currency growth. FY'17 results include partial year contributions from the divested blood screening business and the acquired Cynosure business, which also affect growth rates.

# Diversified Growth

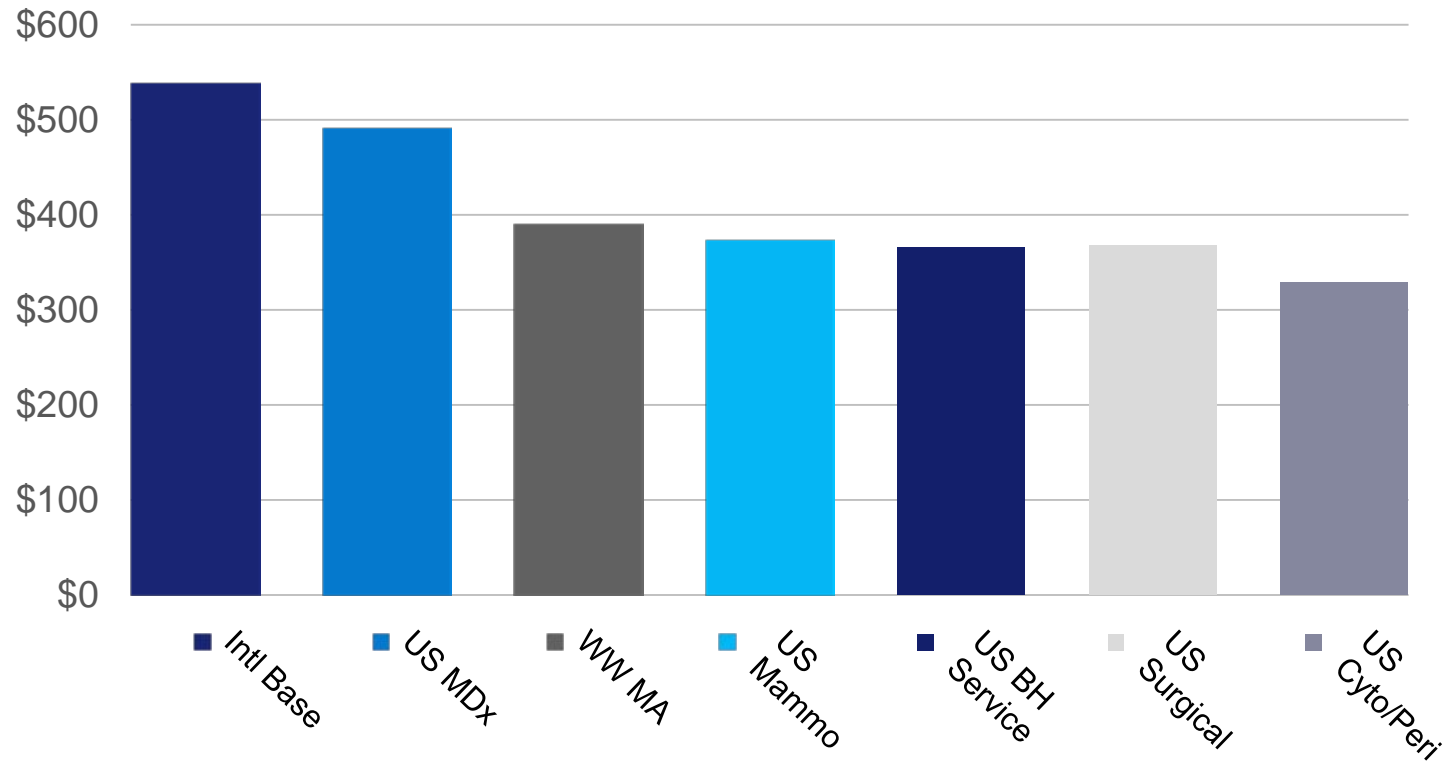


Constant currency revenue change. \* Excludes divested blood screening and acquired Cynosure businesses.



# A Diversified Portfolio

## FY17 Key Segment Revenue\*



\* MA = medical aesthetics. Cyto/Peri = cytology and perinatal. Medical aesthetics represents pro forma Cynosure revenue for the last four quarters ending in September 2017. Cynosure was an independent company for almost two of these quarters.

# Installed Bases Drive Sustainable Competitive Advantage

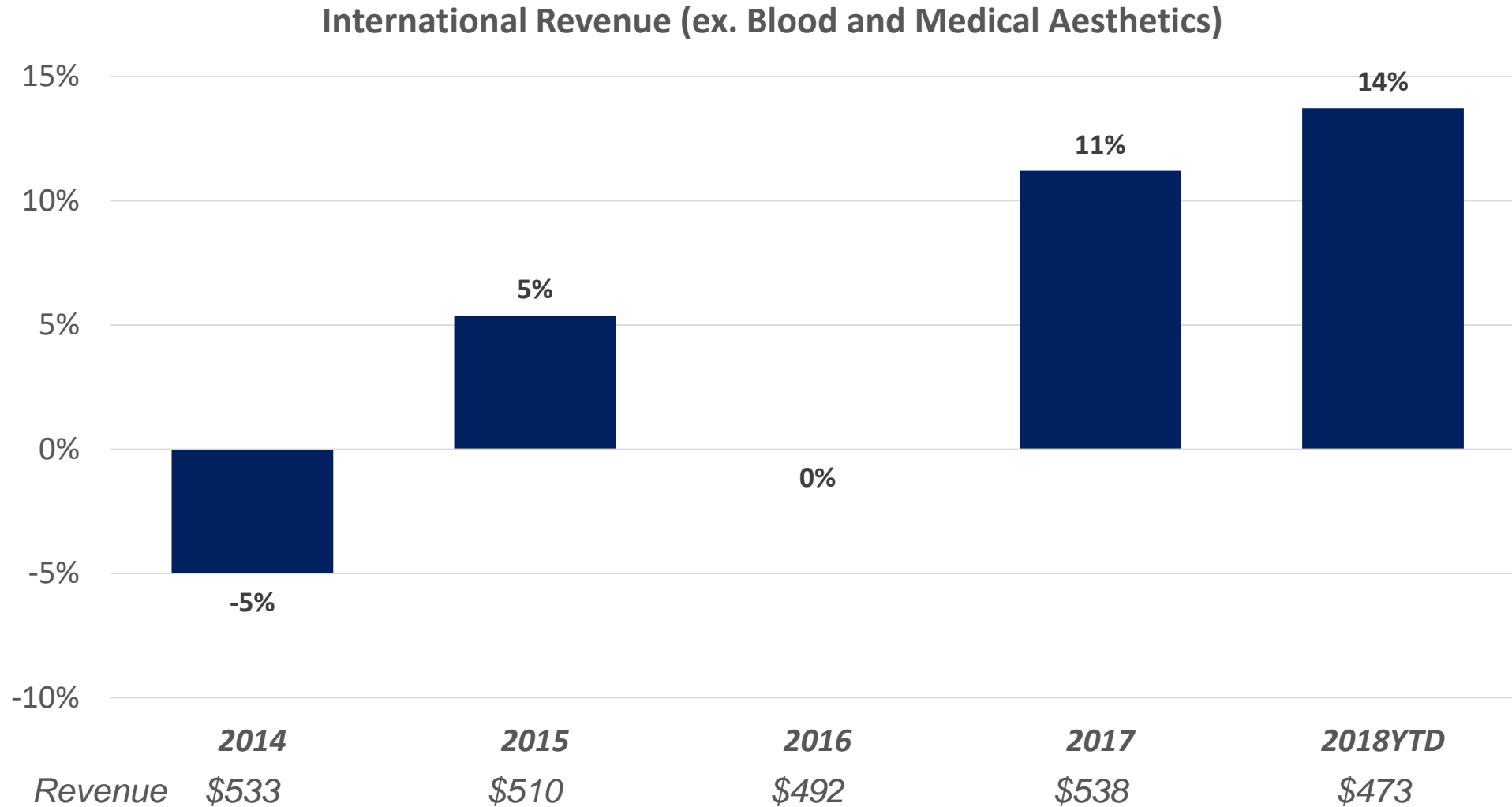
- Market leader with ~4,700 Genius™ 3D units in US\*
- Almost half of US installed base still 2D
- Growing service annuity
- Scalable solutions to segment market
  - Enhancements: Clarity HD™, SmartCurve™, Intelligent 2D™, Quantra™
  - 3D-enabled biopsy solutions



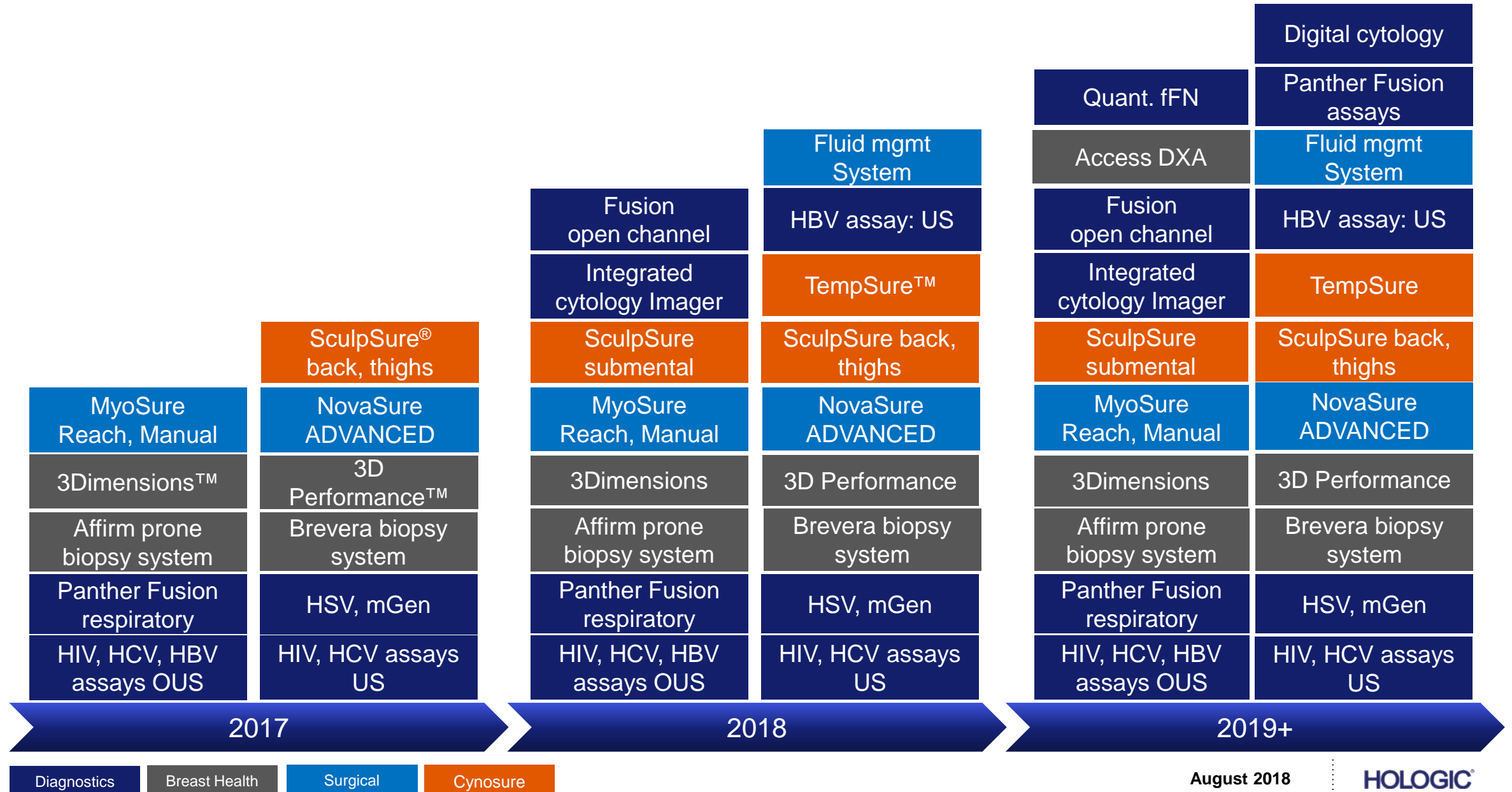
- ~1,300 Panther® Dx units globally\*
- >\$200,000 of annual consumable revenue/Panther
- Growing assay menu: women's health, virals, respiratory, more
- Next-generation Panther Fusion™ launched
- Open channel capabilities
- Opportunity for labs to consolidate testing

\* As of the end of fiscal 2017.

# International Now a Growth Driver



# Improving R&D Pipeline



# Presentation Outline

Hologic overview

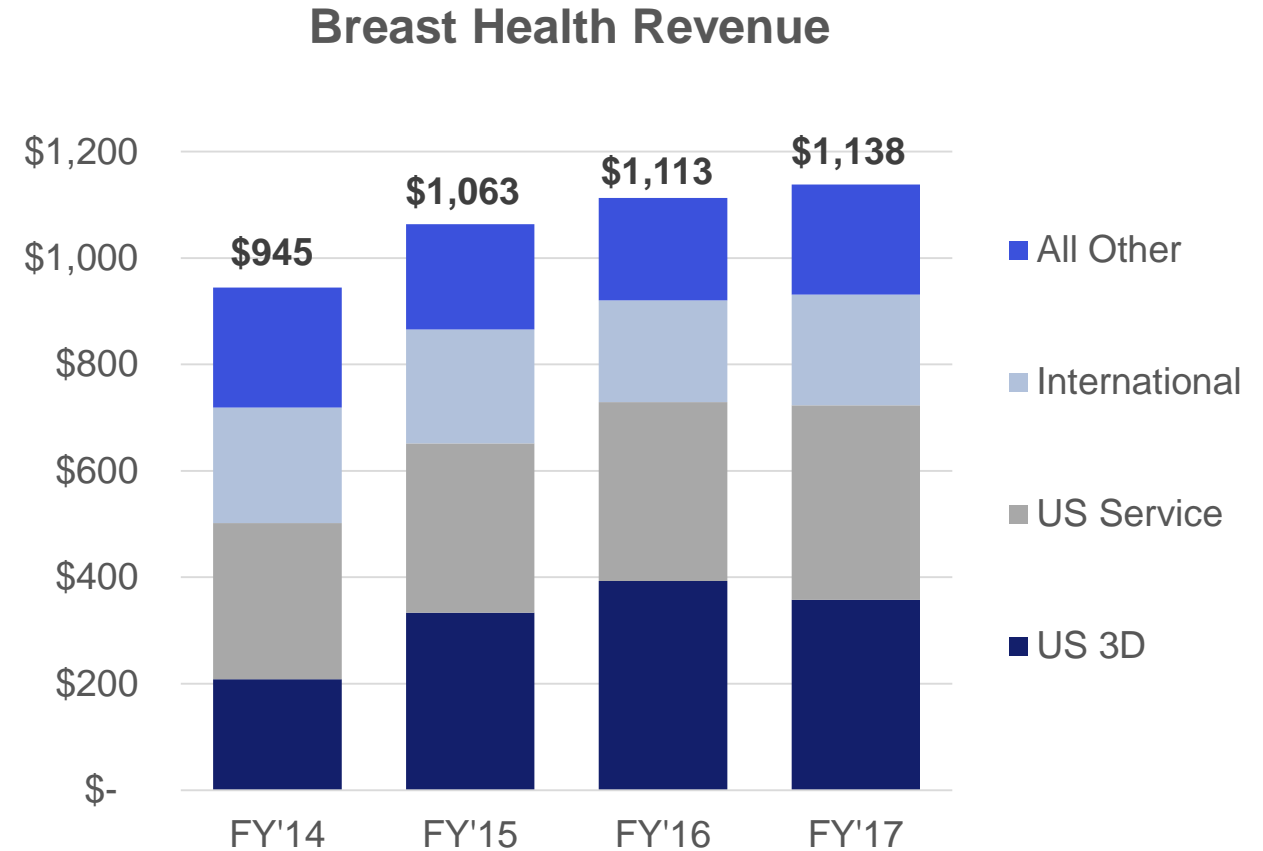
**Divisional highlights**

Key products

Financials and conclusion

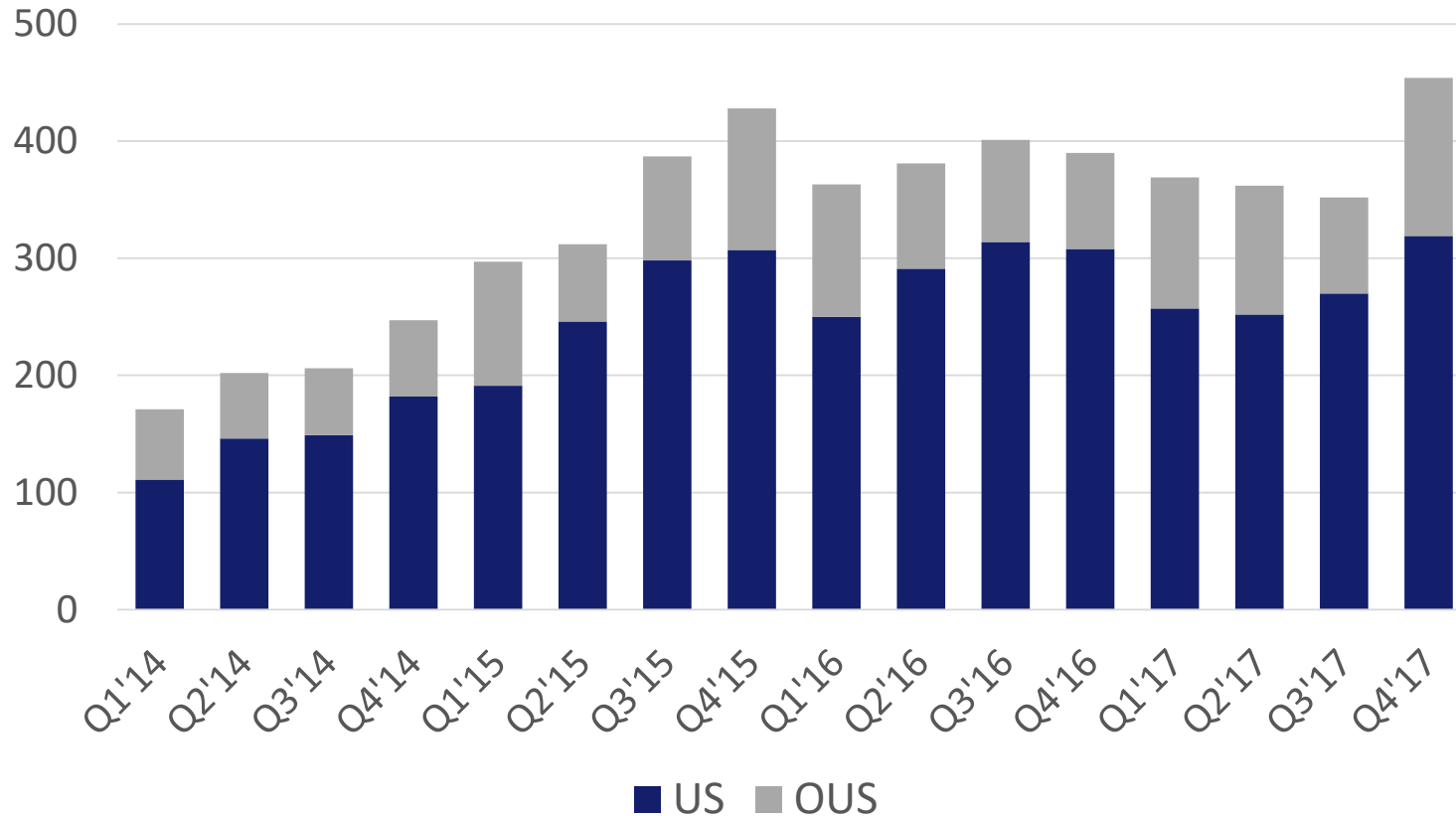
# Breast Health Overview

- Growing portfolio of breast health products built around market-leading Genius 3D mammograms
- U.S. market leader
  - Product superiority with breakthrough claims
- Significant U.S. market penetration still ahead as market converts to 3D
  - Strong insurance coverage
  - Nearly half of Hologic systems still 2D
  - Two new systems extend leadership position and provide upgrade opportunities
- New products: Affirm™ and Brevera®
- Service, international also driving growth



# Broke the Mammography Boom/Bust Cycle

3D Placements

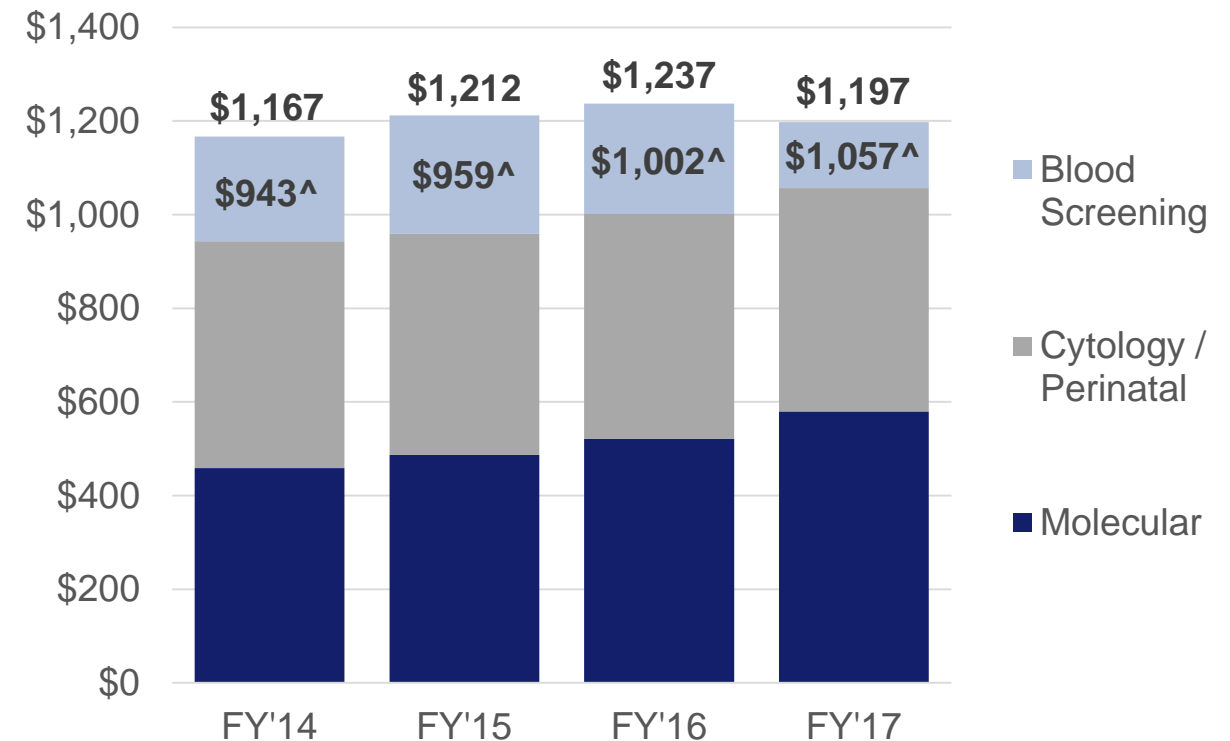


- Emerging growth drivers to supplement US 3D placements:
  - New products
  - Service annuity
  - International

# Diagnostics Overview

- Steady, razor-razor blade business
- Market-leading Panther molecular system
  - Aptima<sup>®</sup>: #1 in CT/NG, HPV, Trich testing in US
- Market-leading ThinPrep<sup>®</sup> liquid cytology franchise
  - Pap + HPV together (co-testing) provides best protection against cervical cancer
- Growth drivers
  - Market expansion
  - New products (Fusion and assays)
  - International

Diagnostics Revenue\*



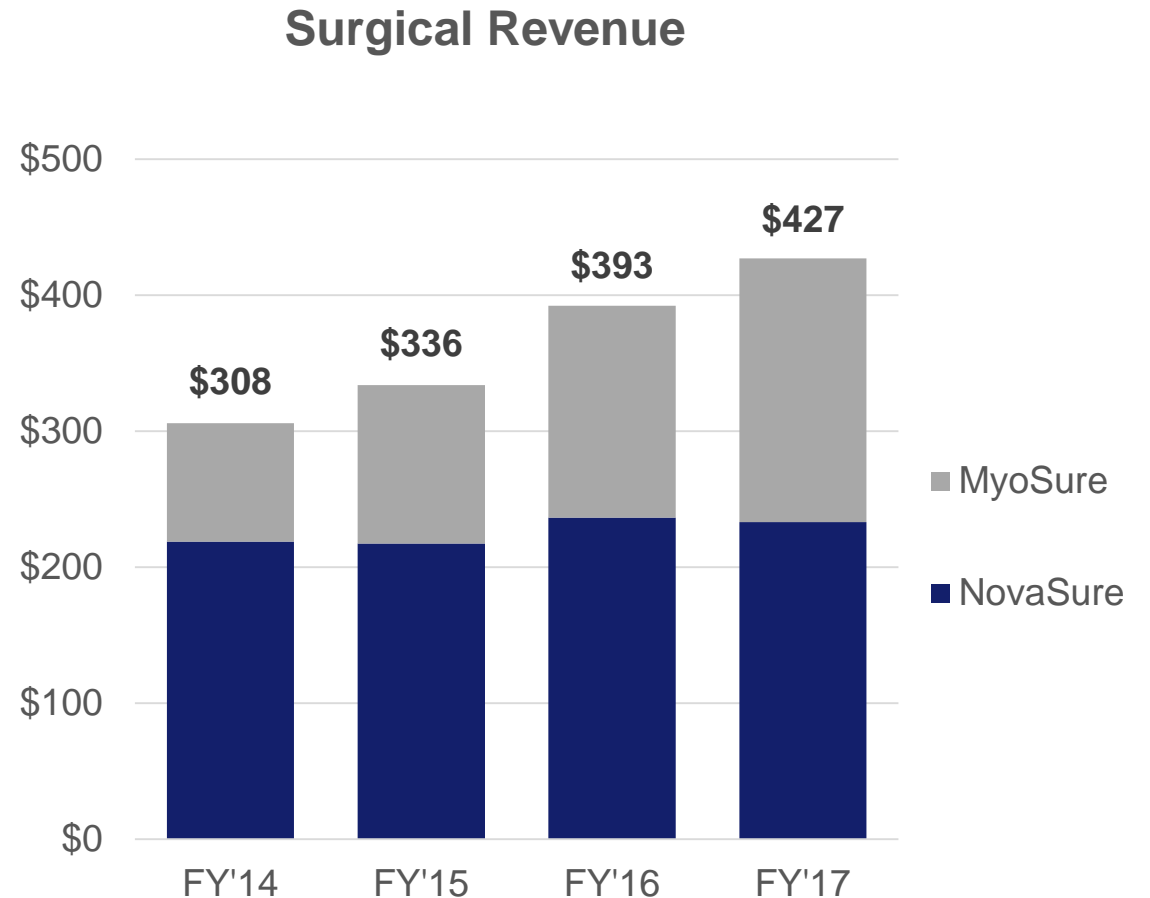
\* As reported with the exception of FY14, which excludes ~\$20 million one-time revenue from restructuring of Roka license.

<sup>^</sup> Diagnostics revenue ex. Blood



# GYN Surgical Overview

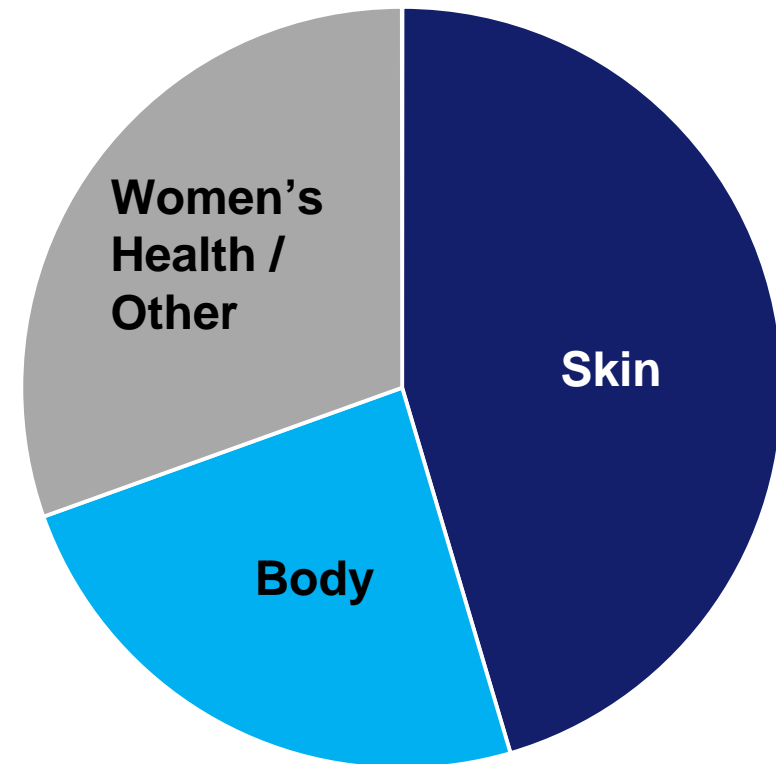
- Market-leading product lines focused on women's health
  - NovaSure® for abnormal uterine bleeding
  - MyoSure® for hysteroscopic tissue removal of fibroids and polyps
- Highly profitable
- Growth drivers
  - New leadership
  - Re-energized sales force
  - Line extensions
  - Market expansion



# Medical Aesthetics Overview

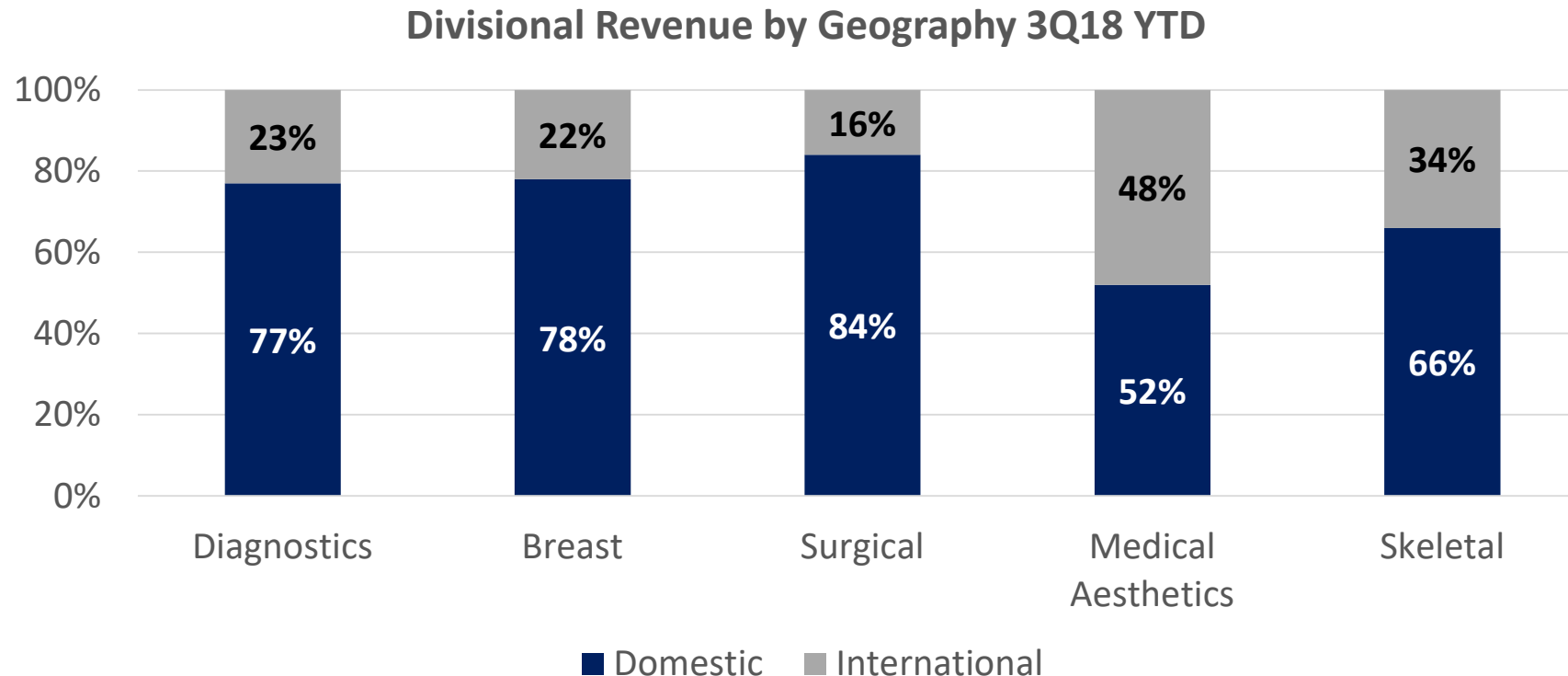
- Cynosure is market leader in rapidly growing medical aesthetics market
  - Broad portfolio of energy-based systems for multiple applications
  - Acquired in March of 2017
- Disappointing start due to US salesforce turnover, but believe business is headed in right direction
- Growth drivers
  - Market tailwinds
  - New, proven leadership
  - Stabilization of US sales force
  - Better commercial execution
  - New products

3Q18 YTD Medical Aesthetics Revenue



# International

- Large markets, low market shares present opportunity
- New leadership, new products, dealer acquisitions
- Businesses significantly under-penetrated today:



# Presentation Outline

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**Key products**

Financials and conclusion

# Key Cytology and Perinatal Products



- Market-leading liquid-based cytology
- More than 650 million tests performed globally
- Pap + HPV together (co-testing) provides best protection against cervical pre-cancer and cancer



## ThinPrep5000<sup>®</sup> Processor and Autoloader System

- Walkaway flexibility in processing
- Continuous access to vials, consumables and processed slides for loading and unloading



## Fetal Fibronectin Testing

- Safe, reliable, noninvasive test that helps determine a pregnant woman's risk of early labor
- Helps reduce unnecessary admissions, shorten hospitalizations, direct care to patients who need it most

# Key Molecular Diagnostics Products

## PANTHER<sup>®</sup>

- Best-in-class automation and workflow
  - Roughly 1,300 Dx units in field globally\*
    - » ~800 Dx units in the U.S.\*
  - #1 in CT/NG, HPV and Trich testing in U.S.
  - Promising growth internationally
- Growing assay menu and utilization
  - Average Panther generated >\$200,000 of revenue in FY17
- Future priorities
  - Maximize placements
  - Drive adoption of full menu, including viral load assays
  - Next-generation Panther Fusion™ launched
  - Build international business



\* At the end of fiscal 2017.

# Key Breast Imaging Products



**genius**<sup>™</sup>  
3D MAMMOGRAPHY

- Only mammogram proven to find 20-65% more invasive breast cancers compared to 2D alone, and FDA-approved as superior for women with dense breasts
- Reduces callbacks by up to 40% compared to 2D alone



**Affirm**<sup>™</sup> PRONE

- Faster, more comfortable procedures with increased automation, superior imaging and 360° breast access
- Creates better experience for patients, providers



**Brevera**<sup>®</sup>  
Breast Biopsy System

- Biopsy efficiency breakthrough
- Combines tissue acquisition, real-time imaging, verification and advanced tissue handling for optimal patient, physician experience

# Cynosure in Non-Invasive Body Contouring

## SculpSure®

- World's first FDA-cleared laser treatment for non-invasive lipolysis of the abdomen, flanks, back, inner and outer thighs, and submental (under the chin) areas
- Safely and effectively eliminates unwanted fat cells, permanently reducing stubborn fat without surgery or downtime
- ~1,400 unit placements at end of Q2FY17
- Market size > \$1 billion
  - Low penetration among both core and non-core physicians
- Future priorities
  - Strengthen brand
  - Continue developing market
  - Maximize submental indication





# Cynosure in Skin Revitalization



- First pico-second laser approved by the FDA
- ~1,000 placements at end of Q2FY17, one million patients treated worldwide
- Clinical versatility
  - Pigmented lesions
  - Acne scars
  - Wrinkles
  - Tattoo removal
- Future priorities
  - Develop skin revitalization market
  - OUS expansion



# Key GYN Surgical Products



## *NovaSure*<sup>®</sup>

- Leading solution for abnormal uterine bleeding
  - #1 share in US
- Future priorities
  - Market expansion
  - NovaSure ADVANCED
  - OUS expansion



## *MyoSure*<sup>®</sup>

- Leading hysteroscopic tissue removal solution for fibroids and polyps
- Future priorities
  - Continue broadening use
  - MyoSure Reach and MANUAL
  - Expand internationally

# Presentation Outline

Hologic overview

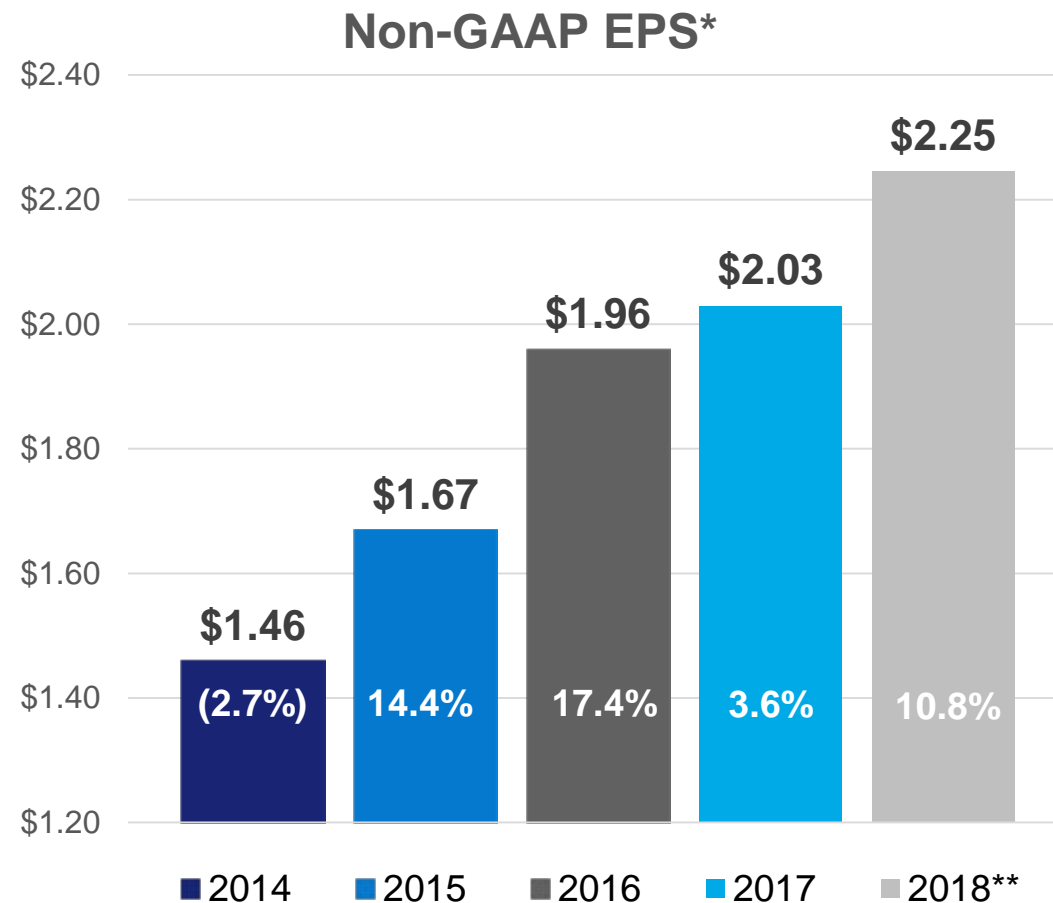
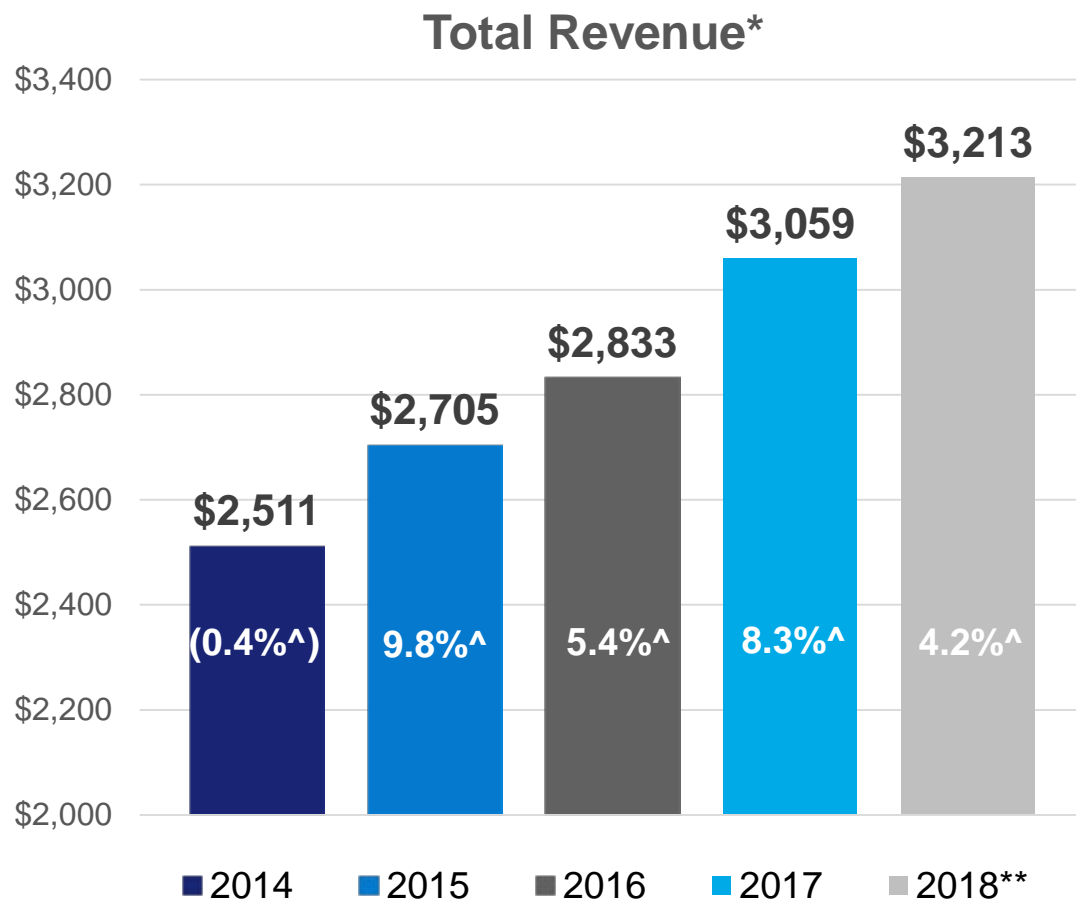
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# Building a Track Record of Sustainable Growth

- From 2014 to 2018, revenue CAGR of 6.4%\* and EPS of 11.4%\*

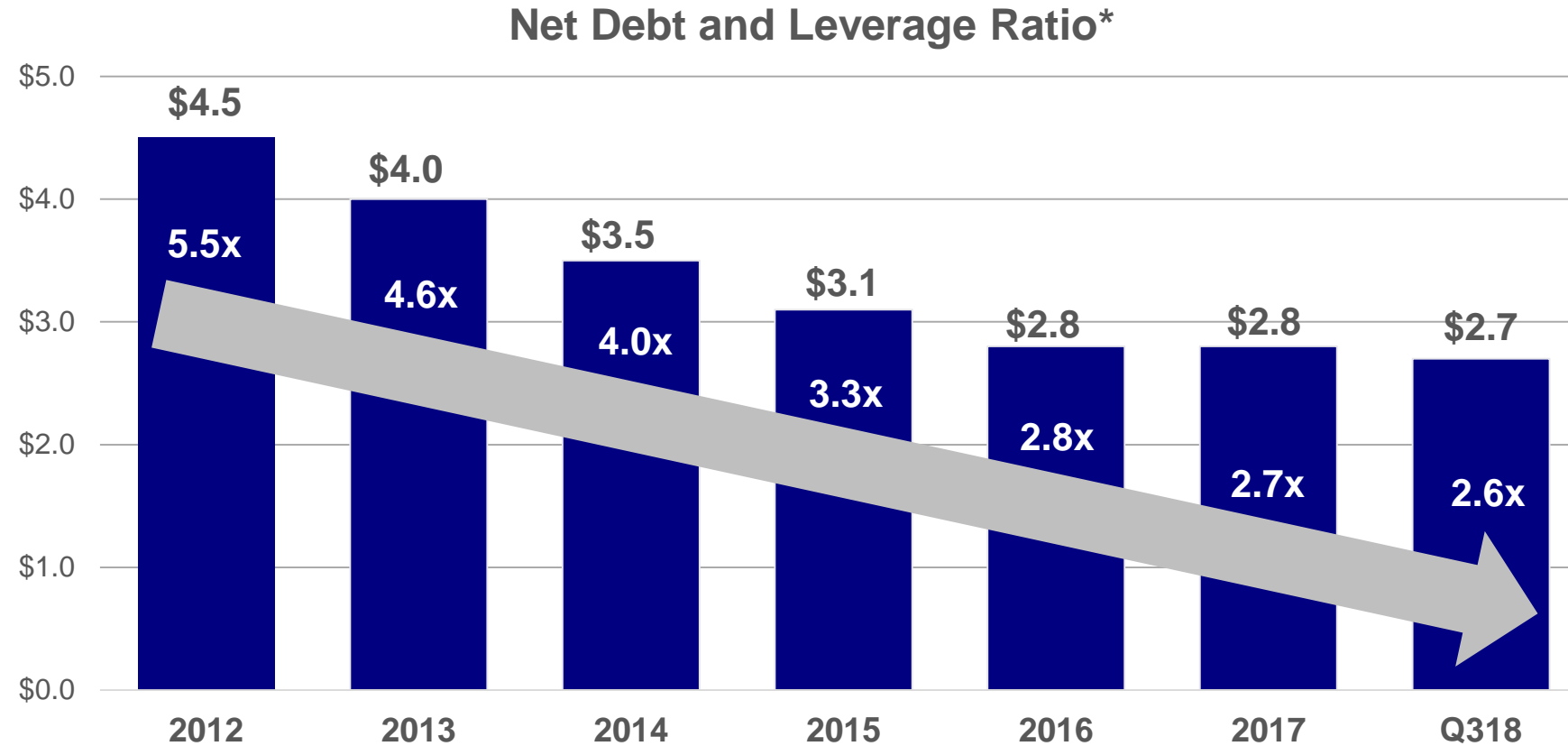


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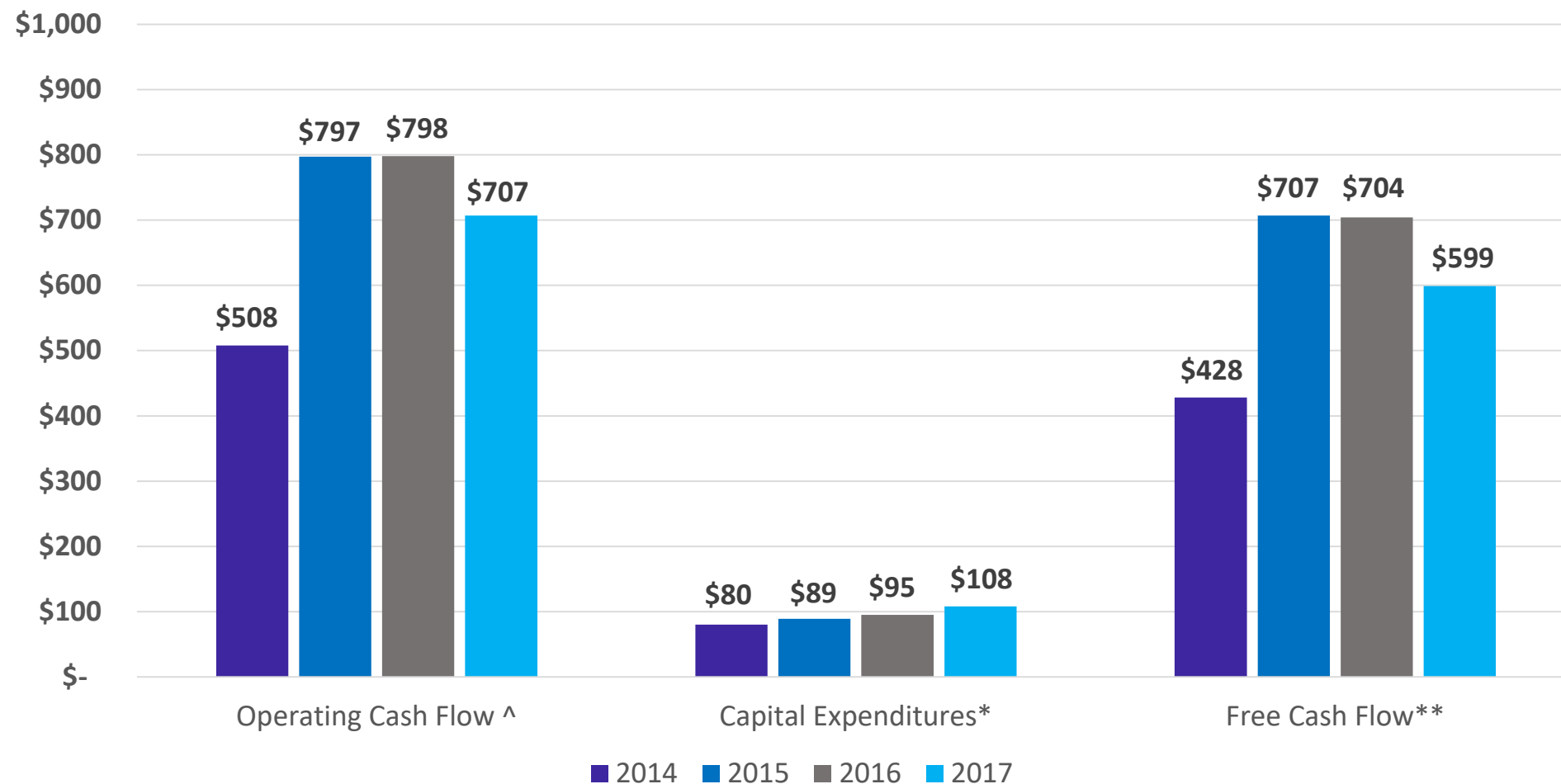
^ Constant currency growth. FY'17 results include partial year contributions from the divested blood screening business and the acquired Cynosure business, which also affect growth rates.

# Strong Balance Sheet



\* Net debt is total debt minus cash; leverage ratio is principal debt minus cash to TTM adjusted EBITDA.

# Strong Cash Flows and Minimal Capex



^ Operating cash flows for FY 2017 are adjusted for the impact of \$649.5 million of tax paid related to the gain on the divestiture of our blood screening business, and \$48.8 million of convertible notes tax recapture.

\* Capital expenditures calculated as the sum of purchase of property and equipment and expenditures due to increase in equipment under customer usage agreements.

\*\* Free cash flow defined as operating cash flows less capital expenditures

# Revenue Highlights 3Q18

Non-GAAP			
Revenue (\$M)	3Q18	Reported $\Delta$ vs. 3Q17	CC $\Delta$ vs. 3Q17
<b>Diagnostics*</b>	\$294.3	3.6%	2.3%
<b>Breast Health</b>	\$307.9	8.5%	7.4%
<b>Medical Aesthetics</b>	\$91.7	(16.7%)	(18.0%)
<b>GYN Surgical</b>	\$107.7	1.1%	0.3%
<b>Skeletal Health</b>	\$22.5	3.2%	2.1%
<b>Total Revenue</b>	\$824.0	2.2%	1.1%
<b><i>Total Revenue ex. Blood, Medical Aesthetics</i></b>	\$805.4	2.3%	1.1%
<b>US</b>	\$616.8	(0.3%)	(0.3%)
<b>OUS</b>	\$207.2	10.5%	5.5%

\* Includes contributions from divested blood screening business. Excluding blood, Diagnostics sales increased 4.0% on a reported basis, or 2.6% in constant currency.

# Financial Overview 3Q18

Non-GAAP		
\$M, except EPS	3Q18*	Δ vs. 3Q17
Revenues	\$824.0	2.2%
<i>Revenues ex. Blood, Medical Aesthetics</i>	\$805.4	2.3%
Gross Margin	62.6%	(50 bps)
Operating Expenses	\$279.0	1.5%
Operating Margin	28.8%	(20 bps)
Net Income	\$159.1	9.7%
Diluted EPS	\$0.58	16.0%
EBITDA	\$261.7	0.4%

\*Includes contributions from divested blood screening business and acquired Cynosure business.



# 2018 Financial Guidance

Full Year (Non-GAAP*)				4Q (Non-GAAP*)		
	2018 Guidance	Reported vs. 2017	CC vs. 2017	4Q18 Guidance	Reported vs. 4Q17	CC vs. 4Q17
<b>Revenues</b>	\$3,205 - \$3,220	4.8% – 5.3%	3.9% – 4.4%	\$800 - \$815	(0.4%) – 1.5%	0.1% – 1.9%
<b>Diluted EPS</b>	\$2.24 – \$2.26	10.3% – 11.3%		\$0.58 – \$0.60	16.0% – 20.0%	

Guidance includes revenue from divested blood screening businesses for part of full year and second quarter results. To assist with “apples to apples” comparisons of Hologic’s ongoing, base business, historical contributions of blood screening to Hologic’s quarterly revenues and EPS are shown below:

	2017					2018		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q4
<b>Revenue</b>	\$65.2	\$38.3	\$19.0	\$18.0	\$140.5	\$12.6	\$11.3	\$18.6
<b>EPS</b>	\$0.10	\$0.04	\$0.01	\$0.01	\$0.16	\$0.01	\$0.01	\$0.01

\* Dollars in millions. Guidance provided by press release on 7/31/18. Presentation here is not, and should not be construed as, re-affirmation of guidance. Guidance assumes diluted shares outstanding of approximately 278 to 279 million for the full year and an annual effective tax rate of approximately 23%.

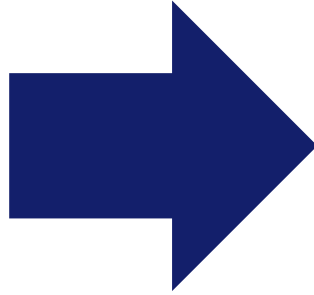
# Capital Deployment Priorities

- Expect free cash flow in mid-\$600 million-range in FY18\*
- Business development
  - Blood divestiture, Cynosure acquisition shifted portfolio toward higher growth segments
  - Tuck-in acquisitions
  - Accretive to revenue, EPS growth rates
  - Attractive ROIC
  - Leveraging existing sales channels
- Opportunistic share repurchases
  - \$500 million board authorization

\* Excluding one-time tax expenses.

# Conclusion: Hologic Investment Thesis

- Unique leadership positions across range of women's health businesses
  - Mammography
  - Molecular diagnostics
  - Cytology
  - GYN surgical
  - Medical aesthetics
- Significant opportunity for international expansion
- Improving R&D pipeline



- Building track record of sustainable top- and bottom-line growth
- Strong profit margins
- Strong cash flows, healthy balance sheet and improving ROIC

# HOLOGIC<sup>®</sup>



## Building a Track Record of Sustainable Growth

For more information:

Michael Watts, VP of IR

[michael.watts@hologic.com](mailto:michael.watts@hologic.com)

# Financial Appendix

# Pro Forma 3Q18 Capitalization

	Amount	Leverage	Coupon	Tranche Rating	Call Date	Price <sup>(1)</sup>	Maturity
Cash & Equivalents	575						
Revolving Facility (\$1,500 million)	240		L + 150	Ba1 / BBB-			10/03/22
Term Loan	1,472		L + 150	Ba1 / BBB-			10/03/22
Securitization program	220		L + 70	NA			04/19/19
<b>Total Secured Debt</b>	<b>1,932</b>	<b>1.87x</b>					
Senior Unsecured Notes - 2025	950		4.375%	Ba3 / BB-	10/15/20	95.6	10/15/25
Senior Unsecured Notes - 2028	400		4.625%	Ba3 / BB-	02/01/23	94.3	02/01/28
<b>Total Guaranteed Debt</b>	<b>3,282</b>	<b>3.18x</b>					
<b>Total Debt</b>	<b>3,282</b>	<b>3.18x</b>					
<i>Net Debt</i>	<i>2,707</i>	<i>2.63x</i>					

LTM Adjusted EBITDA	1,031
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Corporate Rating	Ba2 / BB+
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<sup>(1)</sup> As of 6/30/2018

# Business Segments Revenue Detail (unaudited)

\$s in millions						
	Fiscal Year 2013					
	1Q13 12/29/12	2Q13 3/30/13	3Q13 6/29/13	4Q13 9/28/13	Full Year	% of Revenue
<b>Business Segment Revenues</b>						
Cytology & Perinatal	\$137.0	\$124.9	\$132.2	\$124.8	\$519.0	20.8%
Molecular Diagnostics	126.0	122.2	108.7	113.5	470.4	18.9%
Blood Screening	42.9	49.4	56.5	51.7	200.5	8.0%
<b>Total Diagnostics</b>	<b>\$305.9</b>	<b>\$296.5</b>	<b>\$297.4</b>	<b>\$290.0</b>	<b>\$1,189.8</b>	<b>47.7%</b>
Breast Imaging	\$173.8	\$171.3	\$182.9	\$188.0	\$716.0	28.7%
Interventional Breast Solutions	41.1	42.6	41.4	41.2	166.3	6.7%
Other	5.9	6.2	5.7	5.0	22.8	0.9%
<b>Total Breast Health</b>	<b>\$220.8</b>	<b>\$220.1</b>	<b>\$230.0</b>	<b>\$234.2</b>	<b>\$905.1</b>	<b>36.3%</b>
Surgical	\$80.9	\$73.7	\$75.8	\$76.7	\$307.1	12.3%
Skeletal Health	\$23.7	\$22.4	\$22.9	\$21.2	\$90.2	3.6%
<b>Total Revenues</b>	<b>\$631.4</b>	<b>\$612.7</b>	<b>\$626.1</b>	<b>\$622.1</b>	<b>\$2,492.3</b>	

# Business Segments Revenue Detail (unaudited)

\$s in millions						
	Fiscal Year 2014					
	1Q14 12/28/13	2Q14 3/29/14	3Q14 6/28/14	4Q14 9/27/14	Full Year	% of Revenue
<b>Business Segment Revenues</b>						
Cytology & Perinatal	\$121.6	\$119.4	\$122.7	\$121.0	\$484.7	19.2%
Molecular Diagnostics	112.8	112.5	116.2	137.3*	478.8*	18.9%
Blood Screening	51.3	58.9	54.2	58.9	223.3	8.8%
<b>Total Diagnostics</b>	<b>\$285.7</b>	<b>\$290.8</b>	<b>\$293.1</b>	<b>\$317.2*</b>	<b>\$1,186.8*</b>	<b>46.9%</b>
Breast Imaging	\$178.0	\$189.4	\$192.7	\$196.3	\$756.5	29.9%
Interventional Breast Solutions	42.9	43.2	41.4	41.4	168.8	6.7%
Other	5.6	6.1	3.9	3.8	19.4	0.8%
<b>Total Breast Health</b>	<b>\$226.5</b>	<b>\$238.7</b>	<b>\$238.0</b>	<b>\$241.5</b>	<b>\$944.7</b>	<b>37.3%</b>
Surgical	\$78.9	\$72.0	\$78.5	\$78.5	\$307.8	12.2%
Skeletal Health	\$21.4	\$23.5	\$23.0	\$23.4	\$91.3	3.6%
<b>Total Revenues</b>	<b>\$612.4</b>	<b>\$625.0</b>	<b>\$632.6</b>	<b>\$660.6*</b>	<b>\$2,530.7*</b>	

\* Excluding the \$20.1 million revenue benefit related to an amendment to the Company's license agreement with Roka Bioscience (all of which was in the U.S.), 4Q14 molecular diagnostics revenue would have been \$117.2 million, total diagnostics revenue would have been \$297.1 million, and total revenues would have been \$640.5 million. Similarly, FY14 molecular diagnostics revenue would have been \$458.7 million, total diagnostics revenue would have been \$1,166.7 million, and total revenues would have been \$2,510.6 million.



# Business Segments Revenue Detail (unaudited)

\$s in millions						
	Fiscal Year 2015					
	1Q15 12/27/14	2Q15 3/28/15	3Q15 6/27/15	4Q15 9/26/15	Full Year	% of Revenue
<b>Business Segment Revenues</b>						
Cytology & Perinatal	\$120.1	\$113.3	\$118.1	\$120.8	\$472.2	17.5%
Molecular Diagnostics	119.1	119.7	124.6	123.2	486.6	18.0%
Blood Screening	64.9	63.7	64.2	60.2	253.1	9.4%
<b>Total Diagnostics</b>	<b>\$304.1</b>	<b>\$296.7</b>	<b>\$306.9</b>	<b>\$304.2</b>	<b>1,211.8</b>	<b>44.8%</b>
Breast Imaging	\$197.5	\$211.0	\$234.1	241.6	884.2	32.7%
Interventional Breast Solutions	41.9	42.7	43.3	42.4	170.3	6.3%
Other	2.6	1.8	2.1	2.3	8.9	0.3%
<b>Total Breast Health</b>	<b>\$242.0</b>	<b>\$255.5</b>	<b>\$279.6</b>	<b>\$286.3</b>	<b>\$1,063.4</b>	<b>39.3%</b>
GYN Surgical	\$84.4	\$79.1	\$85.5	86.8	335.8	12.4%
Skeletal Health	\$22.3	\$24.2	\$22.0	25.5	94.0	3.5%
<b>Total Revenues</b>	<b>\$652.8</b>	<b>\$655.5</b>	<b>\$693.9</b>	<b>\$702.8</b>	<b>\$2,705.0</b>	

# Business Segments Revenue Detail (unaudited)

\$s in millions						
	Fiscal Year 2016					
	1Q16 12/26/15	2Q16 3/26/16	3Q16 6/25/16	4Q16 9/24/16	Full Year	% of Revenue
<b>Business Segment Revenues</b>						
Cytology & Perinatal	\$120.4	\$116.1	\$122.2	\$121.0	\$479.7	17.0%
Molecular Diagnostics	129.6	126.1	131.8	134.3	521.8	18.4%
Blood Screening	60.7	62.2	55.9	56.6	235.4	8.3%
<b>Total Diagnostics</b>	<b>\$310.7</b>	<b>\$304.4</b>	<b>\$309.9</b>	<b>\$311.9</b>	<b>\$1,236.9</b>	<b>43.7%</b>
Breast Imaging	\$218.1	\$232.3	\$239.3	\$248.8	\$938.4	33.1%
Interventional Breast Solutions	42.1	41.5	41.3	40.9	165.6	5.9%
Other	2.0	2.0	2.0	2.7	8.7	0.3%
<b>Total Breast Health</b>	<b>\$262.2</b>	<b>\$275.8</b>	<b>\$282.5</b>	<b>\$292.3</b>	<b>\$1,112.8</b>	<b>39.3%</b>
GYN Surgical	\$98.8	\$90.9	\$102.0	\$101.5	\$393.1	13.9%
Skeletal Health	\$23.5	\$22.2	\$23.0	\$21.2	\$89.9	3.1%
<b>Total Revenues</b>	<b>\$695.2</b>	<b>\$693.3</b>	<b>\$717.4</b>	<b>\$726.8</b>	<b>\$2,832.7</b>	

# Business Segments Revenue Detail (unaudited)

\$s in millions						
	Fiscal Year 2017					
	1Q17 12/31/16	2Q17 4/01/17	3Q17 7/01/17	4Q17 9/30/17	Full Year	% of Revenue
<b>Business Segment Revenues</b>						
Cytology & Perinatal	\$120.3	\$115.6	\$121.0	\$120.2	\$477.1	15.6%
Molecular Diagnostics	139.9	142.1	144.1	153.5	579.5	18.9%
Blood Screening	65.2	38.3	19.0	18.0	140.5	4.6%
<b>Total Diagnostics</b>	<b>\$325.4</b>	<b>\$296.0</b>	<b>\$284.1</b>	<b>\$291.7</b>	<b>\$1,197.1</b>	<b>39.1%</b>
Breast Imaging	\$226.7	\$234.0	\$236.5	\$255.5	\$952.6	31.1%
Interventional Breast Solutions	44.6	44.3	45.0	42.3	176.2	5.8%
Other	2.0	2.2	2.2	3.1	9.6	0.3%
<b>Total Breast Health</b>	<b>\$273.3</b>	<b>\$280.5</b>	<b>\$283.7</b>	<b>\$300.9</b>	<b>\$1,138.3</b>	<b>37.2%</b>
Body	-	\$3.6	\$36.7	\$22.2	\$62.4	2.0%
Skin	-	\$6.9	\$45.4	32.6	\$85.0	2.8%
Women's Health / Other	-	\$5.5	\$28.0	26.6	\$60.1	2.0%
<b>Total Medical Aesthetics</b>	<b>-</b>	<b>\$16.0</b>	<b>\$110.0</b>	<b>\$81.4</b>	<b>\$207.5</b>	<b>6.8%</b>
GYN Surgical	\$114.8	\$101.1	\$106.5	\$104.7	\$427.1	14.0%
Skeletal Health	\$20.9	\$21.8	\$21.8	\$24.2	\$88.8	2.9%
<b>Total Revenues</b>	<b>\$734.4</b>	<b>\$715.4</b>	<b>\$806.1</b>	<b>\$802.9</b>	<b>\$3,058.8</b>	

# Business Segments Revenue Detail (unaudited)

\$s in millions					
	Fiscal Year 2018				
	1Q18 12/30/17	2Q18 3/30/18	3Q18 6/30/18	Year to Date	% of Revenue
<b>Business Segment Revenues</b>					
Cytology & Perinatal	\$123.4	\$117.7	\$121.1	\$362.3	15.1%
Molecular Diagnostics	148.6	150.7	154.5	453.8	18.9%
Blood Screening	12.6	11.3	18.6	42.5	1.8%
<b>Total Diagnostics</b>	<b>\$284.6</b>	<b>\$279.7</b>	<b>\$294.3</b>	<b>\$858.6</b>	<b>35.7%</b>
Breast Imaging	\$233.6	\$247.2	\$254.3	\$735.1	30.6%
Interventional Breast Solutions	52.1	49.7	51.0	152.8	6.4%
Other	2.3	3.2	2.6	8.1	0.3%
<b>Total Breast Health</b>	<b>\$288.0</b>	<b>\$300.1</b>	<b>\$307.9</b>	<b>\$896.0</b>	<b>37.3%</b>
Body	\$21.9	\$20.0	\$22.8	\$64.7	2.7%
Skin	\$40.6	40.2	41.2	122.0	5.1%
Women's Health / Other	\$28.8	25.3	27.7	81.9	3.4%
<b>Total Medical Aesthetics</b>	<b>\$91.3</b>	<b>\$85.5</b>	<b>\$91.7</b>	<b>\$268.5</b>	<b>11.2%</b>
GYN Surgical	\$107.5	\$99.4	\$107.7	\$314.6	13.1%
Skeletal Health	\$19.7	\$24.6	\$22.5	\$66.8	2.8%
<b>Total Revenues</b>	<b>\$791.1</b>	<b>\$789.3</b>	<b>\$824.0</b>	<b>\$2,404.4</b>	

# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share		
	Years Ended	
	September 30, 2017	September 24, 2016
<b>GROSS PROFIT</b>		
GAAP gross profit	\$1,621.0	\$1,563.3
Adjustments:		
Amortization of intangible assets	297.1	293.4
Incremental depreciation expense	1.0	1.8
Integration/consolidation costs	0.9	-
Fair value write-up of acquired inventory	39.7	-
Non-GAAP gross profit	\$1,959.7	\$1,858.5
<b>GROSS MARGIN PERCENTAGE</b>		
GAAP gross margin percentage	53.0%	55.2%
Impact of adjustments above	11.1%	10.4%
Non-GAAP gross margin percentage	64.1%	65.6%
<b>OPERATING EXPENSES</b>		
GAAP operating expenses	\$250.8	\$1,014.7
Adjustments:		
Amortization of intangible assets	(62.5)	(89.7)
Incremental depreciation expense	(4.6)	(3.3)
Transaction expense	(23.2)	-
Non-income tax charge	(23.1)	-
Integration/consolidation costs	(18.9)	(0.9)
Restructuring and divestiture charges	(13.3)	(10.5)
Gain on sale of businesses	899.7	-
Other	-	(3.3)
Non-GAAP operating expenses	\$1,004.9	\$907.0
<b>OPERATING MARGIN</b>		
GAAP income from operations	\$1,370.2	\$548.6
Adjustments to gross profit as detailed above	338.7	295.2
Adjustments to operating expenses as detailed above	(754.1)	107.7
Non-GAAP income from operations	\$954.8	\$951.5

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# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share

	Years Ended	
	September 30, 2017	September 24, 2016
<b>OPERATING MARGIN PERCENTAGE</b>		
GAAP operating margin percentage	44.8%	19.4%
Impact of adjustments above	(13.6)%	14.2%
Non-GAAP operating margin percentage	<b>31.2%</b>	<b>33.6%</b>
<b>INTEREST EXPENSE</b>		
GAAP interest expense	\$153.2	\$155.3
Adjustments: Non-cash interest expense relating to convertible notes	(17.9)	(22.3)
Interest expense relating to Cynosure dissenting shareholders	-	-
Non-GAAP interest expense	<b>\$135.3</b>	<b>\$133.0</b>
<b>PRE-TAX INCOME</b>		
GAAP pre-tax earnings	\$1,230.5	\$415.3
Adjustments to pre-tax earnings as detailed above	(397.5)	425.2
Debt extinguishment loss	3.2	5.3
Gain on sale of investments	(5.6)	(25.1)
Equity investment impairment charge	-	1.1
Unrealized loss on forward foreign currency contracts	2.6	1.1
Non-GAAP pre-tax income	<b>\$833.2</b>	<b>\$822.9</b>
<b>NET INCOME</b>		
GAAP net income	\$755.5	\$330.8
Adjustments to GAAP net income as detailed above	(397.3)	407.6
Income tax effect of reconciling items <sup>2</sup>	220.7	(176.8)
Non-GAAP net income	<b>\$578.9</b>	<b>\$561.6</b>
<b>EARNINGS PER SHARE</b>		
GAAP earnings per share – Diluted	\$2.64	\$1.16
Adjustments to net earnings (as detailed below)	(0.61)	0.80
Non-GAAP earnings per share – Diluted <sup>1</sup>	<b>\$2.03</b>	<b>\$1.96</b>
<b>ADJUSTED EBITDA</b>		
Non-GAAP net income	\$578.9	\$561.6
Interest expense, net, not adjusted above	131.5	132.3
Provision for income taxes	254.1	261.3
Depreciation expense, not adjusted above	84.0	77.1
Adjusted EBITDA	<b>\$1,048.5</b>	<b>\$1,032.3</b>

<sup>1</sup>Non-GAAP earnings per share was calculated based on 285,653 and 286,156 weighted average diluted shares outstanding for the twelve months ended September 30, 2017 and September 24, 2016 respectively.

<sup>2</sup>To reflect an annual effective tax rate of 30.50% on a non-GAAP basis for fiscal 2017 and 31.75% on a non-GAAP basis for fiscal 2016.

# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share

	Three Months Ended	
	June 30, 2018	July 1, 2017
<b>GROSS PROFIT</b>		
GAAP gross profit	\$436.0	\$409.6
Adjustments:		
Amortization of intangible assets	79.4	79.1
Incremental depreciation expense	0.2	0.2
Integration/consolidation costs	0.5	0.2
Fair value write-up of acquired inventory	-	19.9
Non-GAAP gross profit	\$516.1	\$509.0
<b>GROSS MARGIN PERCENTAGE</b>		
GAAP gross margin percentage	52.9%	50.8%
Impact of adjustments above	9.7%	12.3%
Non-GAAP gross margin percentage	62.6%	63.1%
<b>OPERATING EXPENSES</b>		
GAAP operating expenses	\$302.9	\$294.6
Adjustments:		
Amortization of intangible assets	(15.3)	(15.2)
Incremental depreciation expense	(1.6)	(0.8)
Transaction expense	(0.6)	(0.7)
Non-income tax (charge) benefit	-	12.4
Integration/consolidation costs	(0.6)	(9.4)
Restructuring and divestiture charges	(5.8)	(6.0)
Impairment of intangible asset	-	-
Impairment of goodwill	-	-
Gain on sale of businesses	-	-
Non-GAAP operating expenses	\$279.0	\$274.9
<b>OPERATING MARGIN</b>		
GAAP income from operations	\$133.1	\$115.0
Adjustments to gross profit as detailed above	80.1	99.4
Adjustments to operating expenses as detailed above	23.9	19.7
Non-GAAP income from operations	\$237.1	\$234.1

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August 2018

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# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share

	Three Months Ended	
	June 30, 2018	July 1, 2017
<b>OPERATING MARGIN PERCENTAGE</b>		
GAAP operating margin percentage	16.2%	14.3%
Impact of adjustments above	12.6%	14.7%
Non-GAAP operating margin percentage	<b>28.8%</b>	<b>29.0%</b>
<b>INTEREST EXPENSE</b>		
GAAP interest expense	\$34.5	\$39.1
Adjustments: Non-cash interest expense relating to convertible notes	-	(4.4)
Interest expense relating to convertible notes	-	(1.5)
Debt transaction costs	-	-
Non-GAAP interest expense	<b>\$34.5</b>	<b>\$33.2</b>
<b>PRE-TAX INCOME</b>		
GAAP pre-tax earnings	\$105.3	\$74.5
Adjustments to pre-tax earnings as detailed above	104.0	125.0
Debt extinguishment loss	-	2.6
Loss on sale of available-for-sale marketable securities	-	-
Unrealized gains on forward foreign currency contracts	(4.7)	3.5
Non-GAAP pre-tax income	<b>\$204.6</b>	<b>\$205.6</b>
<b>NET INCOME</b>		
GAAP net income	\$112.9	\$59.5
Adjustments to GAAP net income as detailed above	99.3	131.1
Discrete impact of tax reform	(27.4)	-
Income tax effect of reconciling items <sup>2</sup>	(25.7)	(45.7)
Non-GAAP net income	<b>\$159.1</b>	<b>\$144.9</b>
<b>EARNINGS PER SHARE</b>		
GAAP earnings per share – Diluted	\$0.41	\$0.21
Adjustments to net earnings (as detailed below)	0.17	0.29
Non-GAAP earnings per share – Diluted <sup>1</sup>	<b>\$0.58</b>	<b>\$0.50</b>
<b>ADJUSTED EBITDA</b>		
Non-GAAP net income	\$159.1	\$144.9
Interest expense, net, not adjusted above	33.0	32.2
Provision for income taxes	45.6	60.6
Depreciation expense, not adjusted above	24.0	23.0
Adjusted EBITDA	<b>\$261.7</b>	<b>\$260.7</b>

<sup>1</sup>Non-GAAP earnings per share was calculated based on 275,569 and 287,638 weighted average diluted shares outstanding for the three months ended June 30, 2018 and July 1, 2017 respectively. <sup>2</sup>To reflect an annual effective tax rate of 22.75% and 31.0% on a non-GAAP basis for fiscal 2018 and 2017, respectively.