

# HOLOGIC<sup>®</sup>



## Building a Sustainable Growth Company

November 2017

# 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.

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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 current period operating results 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

Turnaround strategies and results

Key products

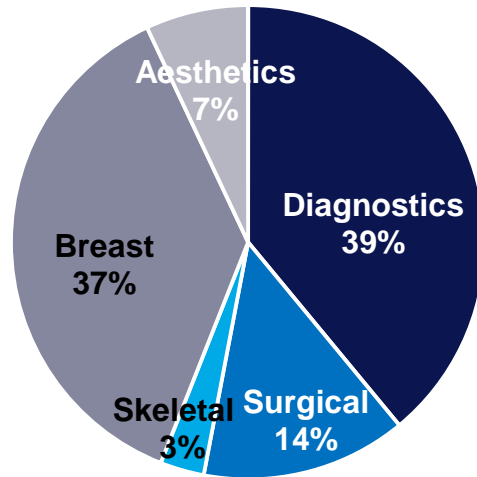
The next chapter

Financials and conclusion

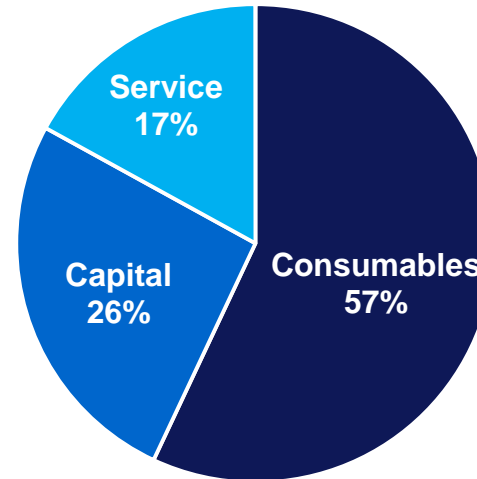
# Hologic Today

- Innovative medical technology company primarily focused on improving women's health and well-being through early detection and treatment

Divisional Revenue FY17



Types of Revenue FY17



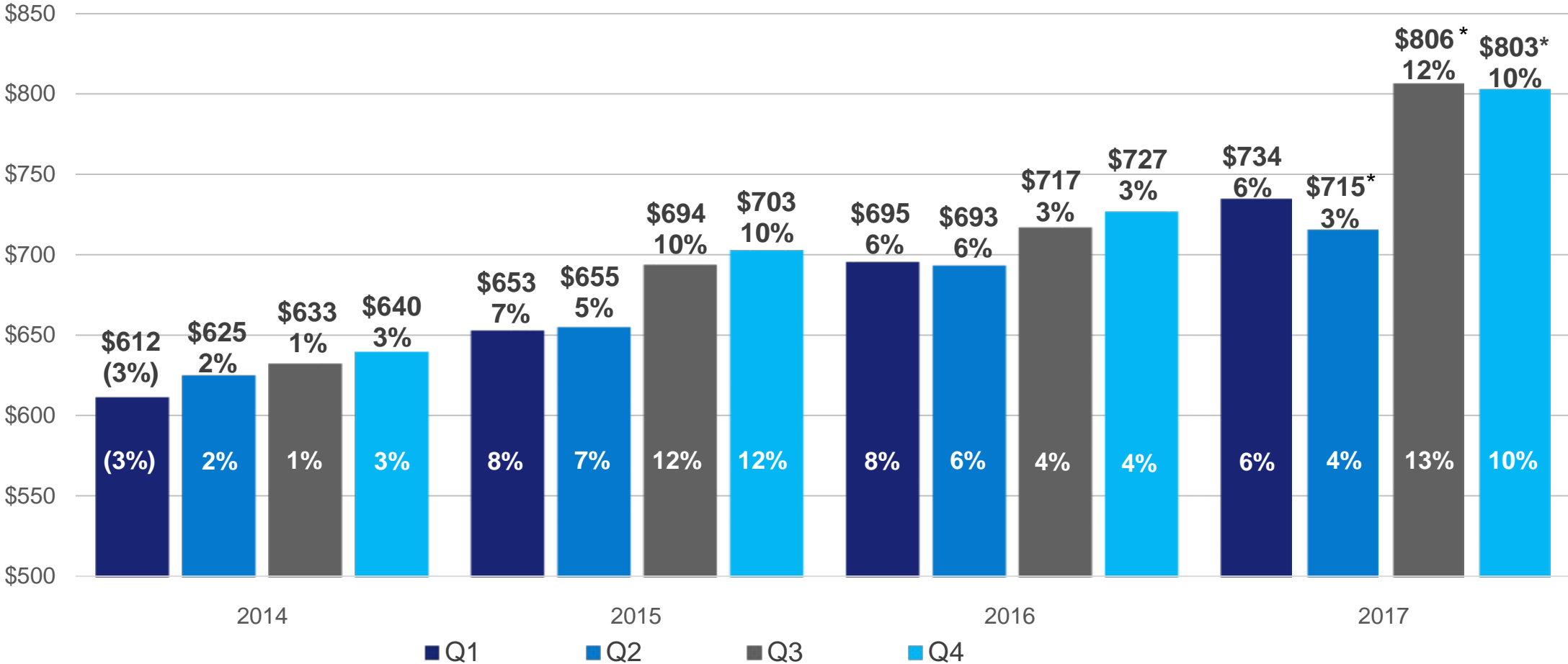
- Management leading transition from turnaround to sustainable growth
  - FY17 revenue +8.0% (base business +4.4%\*, 4.7% CC\*\*) to \$3,059
    - » FY17 EPS +3.6% (base business +15.7%\*) to \$2.03
  - US commercial execution plus revitalized R&D, international expansion, capital deployment

\* Base business excludes the divested blood screening and acquired Cynosure businesses.

\*\* Constant currency.

# From Turnaround to Sustainable Growth

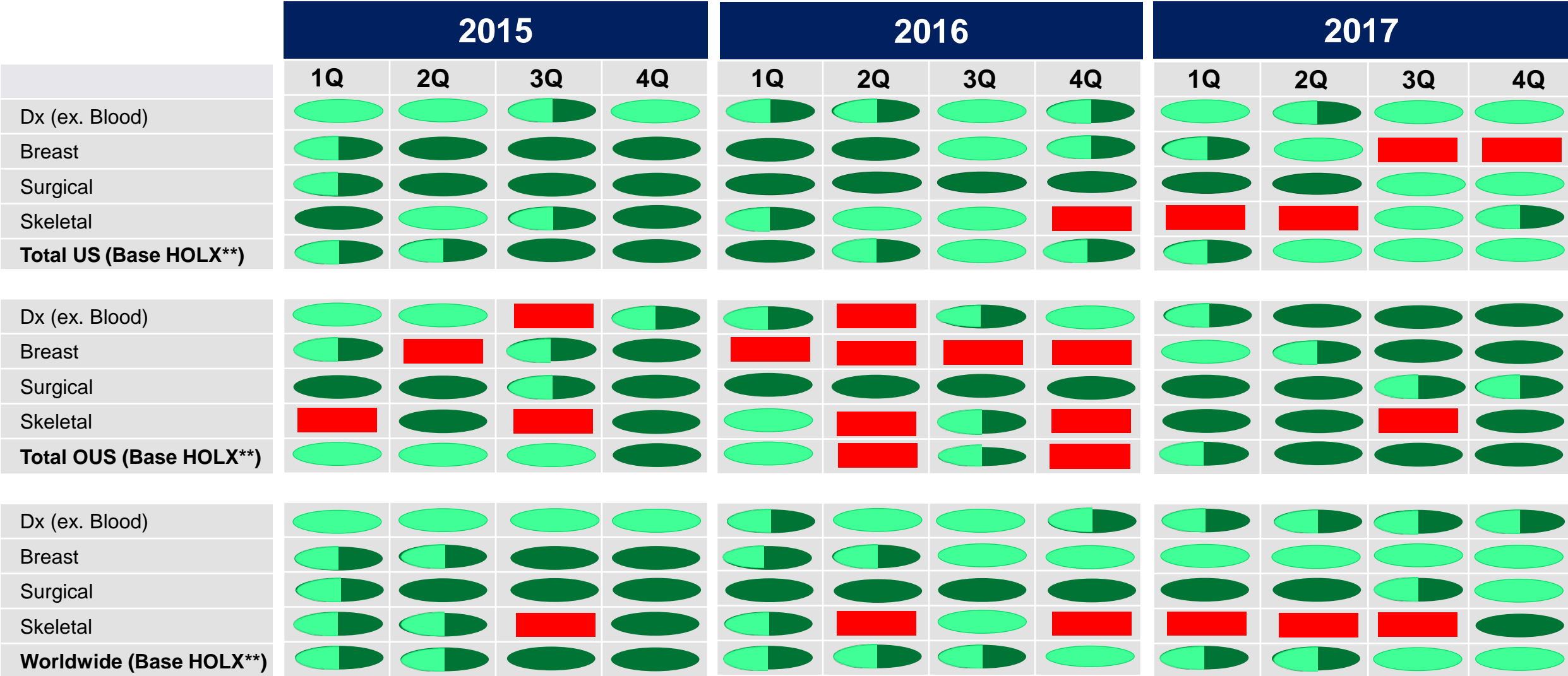
Consistent quarterly sales growth



Note: numbers above bars are total GAAP revenue growth as reported with the exception of 4Q FY14, which excludes ~\$20 million one-time contribution from restructuring of Roka license. Percentage changes versus prior years. Percentages in bars are constant currency.

\* Q2 through Q4 FY17 results include contributions from the acquired Cynosure and divested blood screening businesses. Excluding these, constant currency revenues grew 5.4%, 3.1%, and 4.4% in Q2, Q3 and Q4, respectively.

# Delivering Broad, Deep Quarterly Sales Growth\*



\* Constant currency revenue change  
 \*\* Base HOLX excludes divested blood screening and acquired Cynosure businesses

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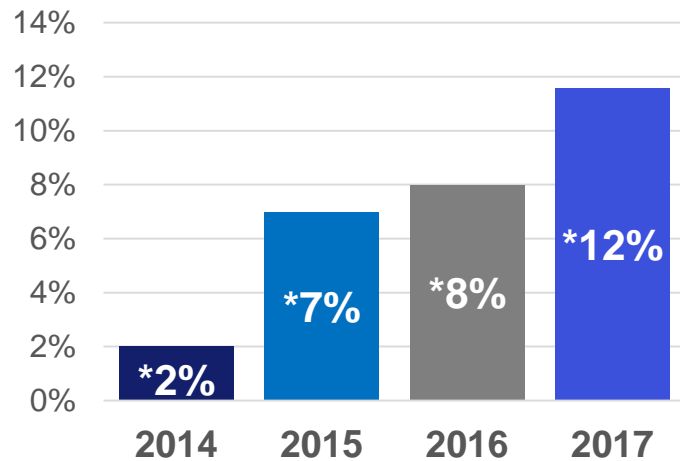
# Strengthened Management and Added Capabilities

Position	Joined	Experience
CEO	2013	30+ years – Stryker, Pharmacia, J&J, P&G
COO	2014	20+ years – J&J, P&G
CFO	2014	20+ years – J&J
President, Breast & Skeletal	2014	30+ years – B&L, Covidien, J&J, P&G
President, Diagnostics	2014	25+ years – J&J
*Chief Supply Chain Officer	2014	40+ years – Boston Scientific, Bard, J&J
*VP, Treasurer	2014	25+ years – BJ's Wholesale Club, Staples
VP, IR	2014	20+ years – Gen-Probe, Merck, Baxter
SVP, HR	2015	15+ years – ANN, Inc
GC	2015	30+ years – Covidien, Asst. US Attorney
*Chief Procurement Officer	2015	20+ years – Boston Scientific, Genzyme
VP, Tax	2016	15+ years – Covidien, private practice
President, Surgical	2017	14 years – HOLX, ResMed, Stryker
President, Cynosure	2017	15+ years – HOLX, Stryker

\* New capabilities

# Maximized Growth Drivers

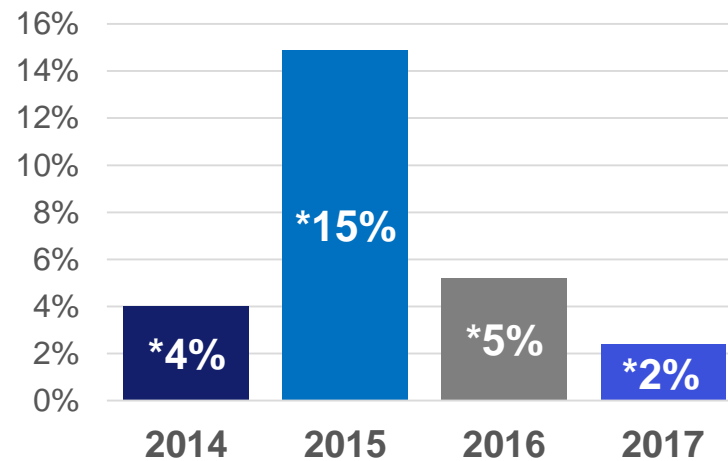
## Molecular Sales<sup>^</sup>



## PANTHER<sup>®</sup>

- Best-in-class automation and workflow
- Growing assay menu and utilization

## Breast Health Sales

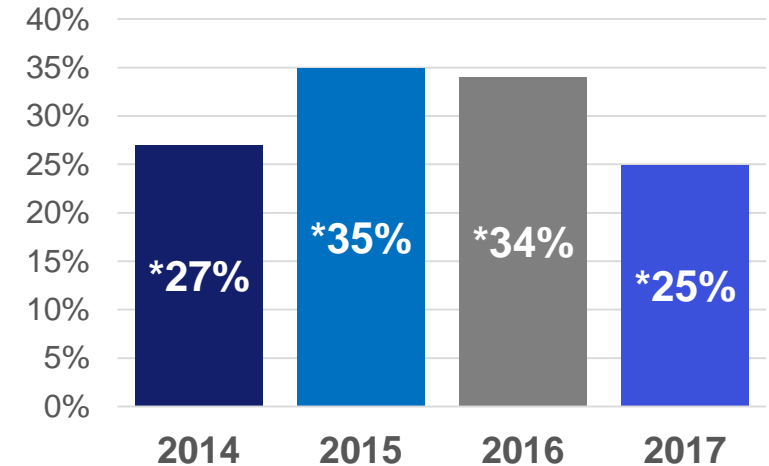


## genius<sup>™</sup>

3D MAMMOGRAPHY

- Innovative technology addresses limits of conventional mammography
- DTC marketing campaign
- New systems extend leadership

## MyoSure Sales



## MyoSure<sup>®</sup>

- Hysteroscopic tissue removal of fibroids, polyps
- Product line extensions expanding market

<sup>^</sup> Excluding divested Lifecodes business in FY13 and ~\$20 million one-time contribution from restructuring of Roka license in FY14.

\* Constant currency growth.

# Significant Opportunity for Continued Genius™ Growth

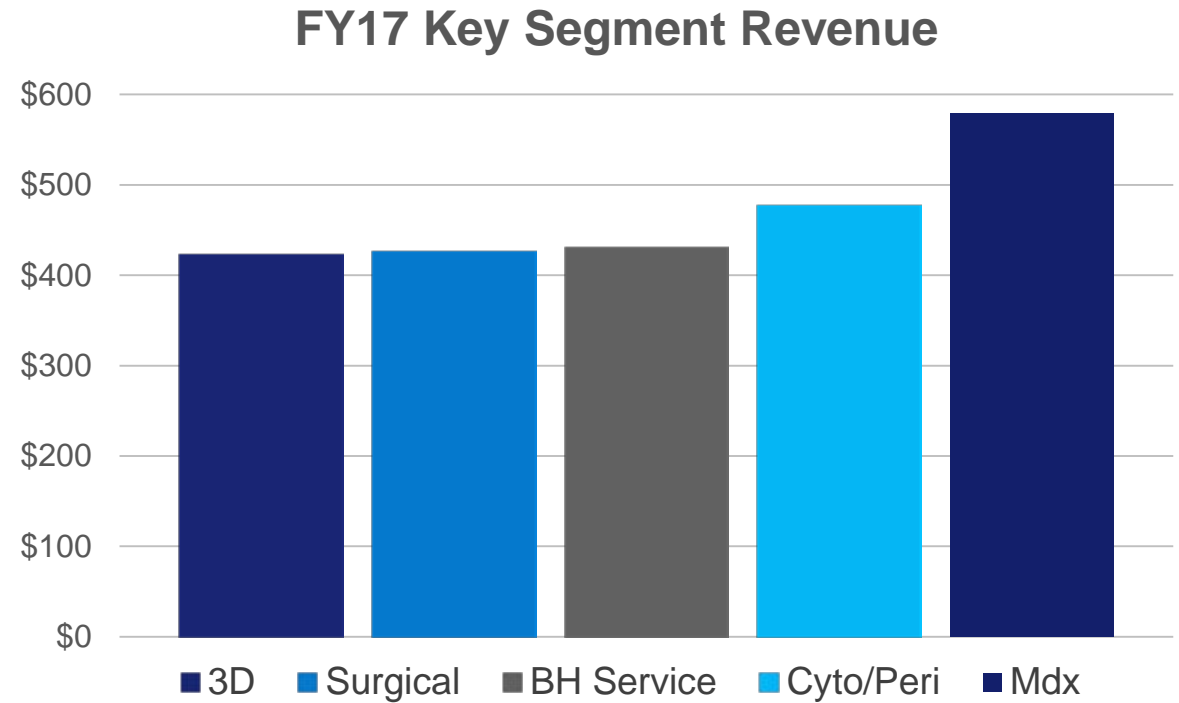
- U.S. market leader with >60% share\*
  - Gaining market share
  - Product advantages include superiority claim, density claim, faster scan time
  - Customers ranked Hologic highest in all 11 measures in KLAS study\*\*
- Significant U.S. market penetration still ahead as market upgrades to 3D
  - More than 85% of women now have incremental insurance coverage
  - Nearly half of Hologic systems still 2D
  - Two new systems extend leadership position, help better segment market
- Nascent international opportunity
  - Strong performance last three quarters

\* Hologic estimate for the US market on a unit basis in 2017.

\*\* Women's Imaging. Are the New Technologies Delivering Promised Benefits? August 2015. Performance Report." © 2015 KLAS Enterprises, LLC. All rights reserved. [www.KLASresearch.com](http://www.KLASresearch.com).

# Value of a Diversified Portfolio

	Growth Drivers
2015	US 3D, Surgical
2016	Surgical, Molecular
2017	US Molecular, Breast Health Service, International



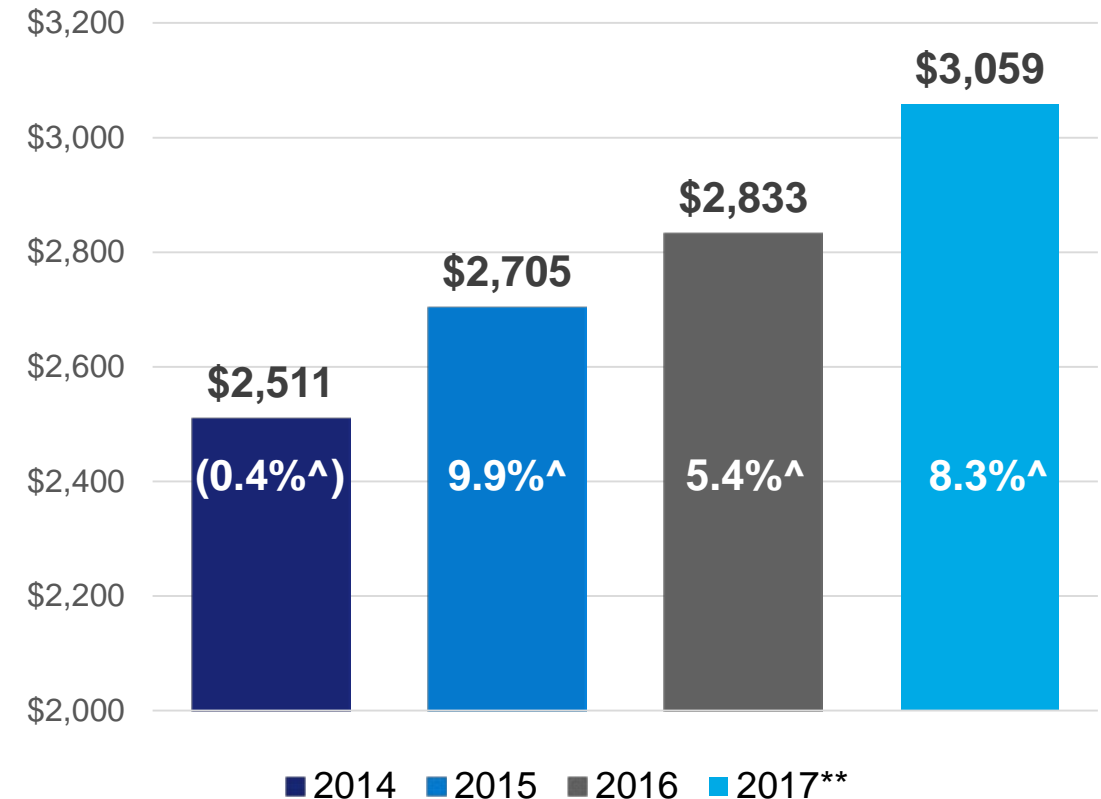
# Healthy Organic Revenue Growth

- Excellent commercial execution in the US

US Revenue Growth*	
2014	0.2%
2015	9.5%
2016	8.7%
2017**	6.2%

- Large opportunities remain internationally
- New products just beginning to contribute

Total Revenue\*



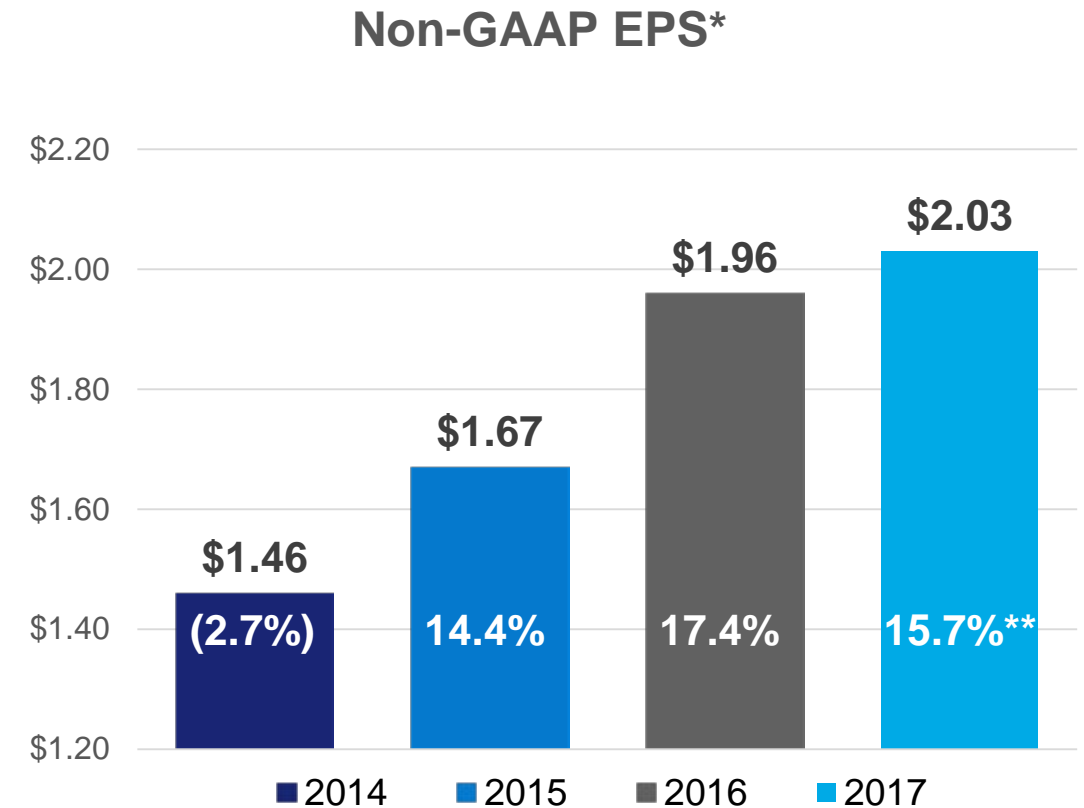
\* Total non-GAAP revenue growth in millions. As reported with the exception of FY14, which excludes ~\$20 million one-time revenue contribution from restructuring of Roka license.

\*\* FY'17 results include partial year contributions from the divested blood screening business and the acquired Cynosure business.

^ Constant currency growth.

# Better Bottom-Line Growth

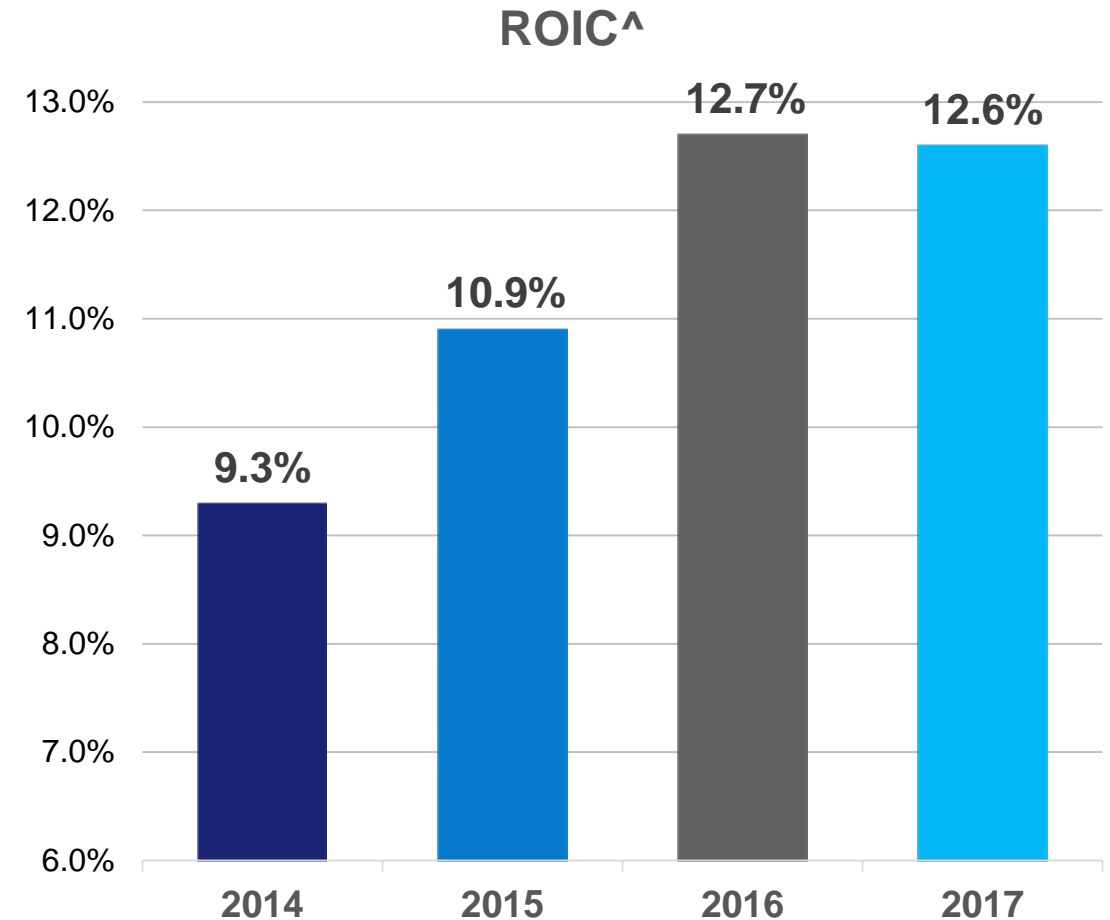
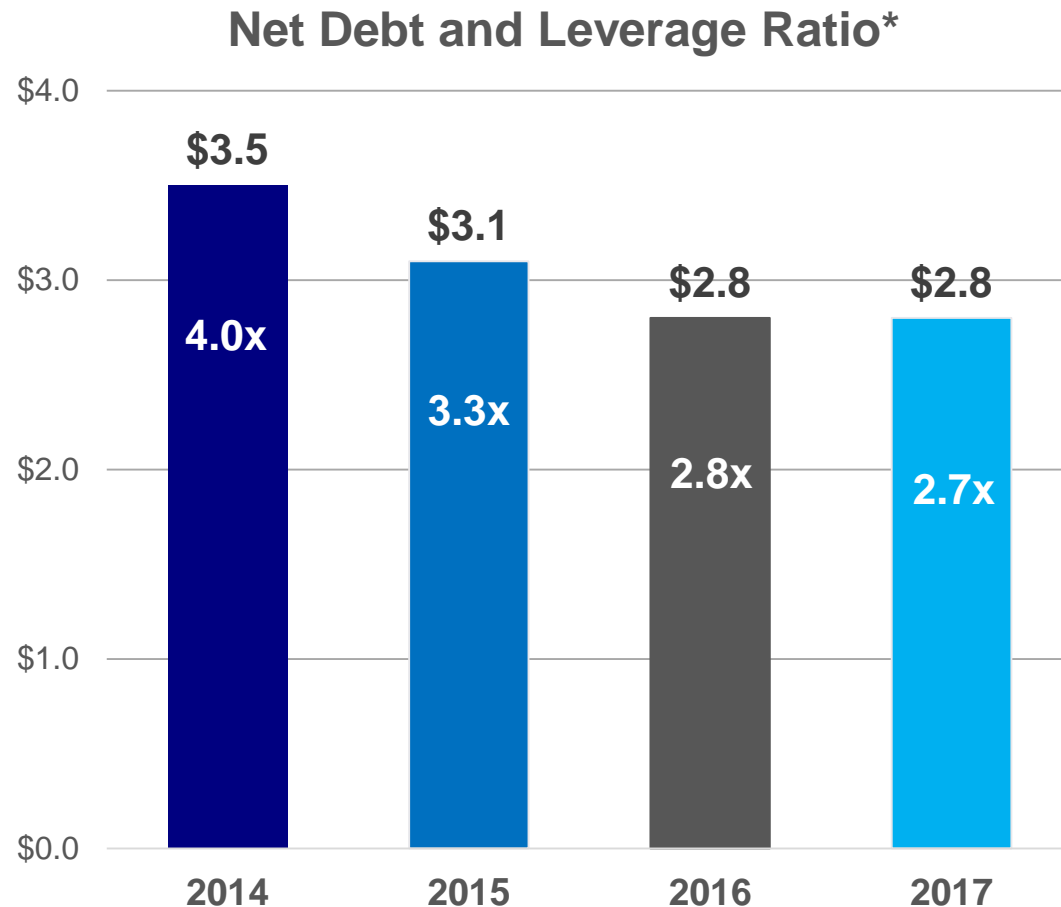
- EPS growing faster than revenue
- Top-line growth and operational efficiencies supplemented with:
  - Lower tax rate
  - Convertible note retirement
  - Opportunistic share repurchases



\* Non-GAAP EPS as reported with the exception of FY14, which excludes ~\$0.05 one-time contribution from restructuring of Roka license.

\*\*Growth on base business, excluding contributions from the divested blood screening business and the acquired Cynosure business.

# Stronger Balance Sheet and Better ROIC



\* Net debt is total debt minus cash at year end; leverage ratio is principal debt minus cash at year end to TTM adjusted EBITDA.  
^ ROIC on a TTM basis, defined as adjusted net operating profit after tax divided by the sum of average net debt and stockholders' equity as of the beginning and end of the period.

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# Cytology and Perinatal



- Market-leading liquid-based cytology
- Pap + HPV together (co-testing) maximizes cervical cancer detection versus HPV alone



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

- Walkaway automation for efficient workflow
- Chain-of-custody verification for each sample



## Fetal Fibronectin Testing

- Most powerful predictor of preterm birth <32 weeks

# Molecular Diagnostics

## 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



# Breast Imaging



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

- 41% increase in detection of invasive breast cancers
- 29% increase in detection of all breast cancers
- 15% decrease in recall rate



**Affirm**<sup>™</sup> PRONE

- Superior biopsy imaging using Genius 3D technology
- Vastly improved workflow results in faster procedures, enhanced patient experience

# Cynosure in Non-Invasive Body Contouring

## SculpSure®

- Only FDA-cleared hyperthermic laser for non-invasive lipolysis
- ~1,400 unit placements at end of Q2FY17
- Market size > \$1 billion
  - Low penetration among both core and non-core physicians
- Future priorities
  - 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



# Cynosure in Women's Health

## MonaLisa Touch™

- Fractional CO2 laser
  - Genitourinary Symptoms of Menopause (GSM)
  - Vaginal problems following a hysterectomy or breast cancer treatments
- In the US, more than 30 million women experience GSM
- At end of Q2FY17, ~700 unit placements out of an estimated 16,000 women's health-focused practices
- Future priorities
  - Hologic OB/GYN salesforce to generate leads
  - Expand clinical support



# GYN Surgical



## *NovaSure*

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



## *MyoSure*

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

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# Blood Screening Sale Strengthened Company ...

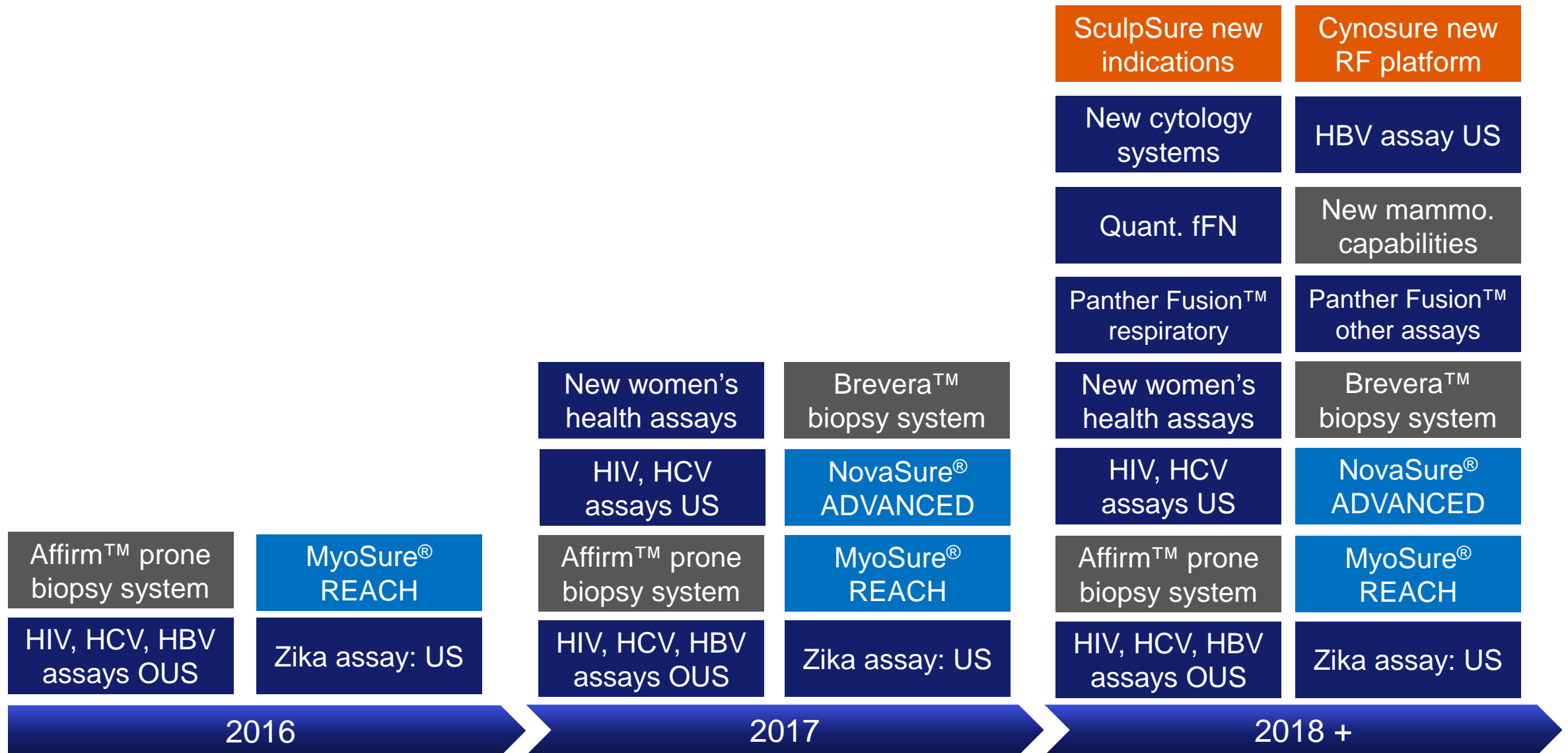
- Divested our share of blood screening business to long-time partner Grifols for gross proceeds of \$1.85 billion in cash
  - Intellectual property, employees, manufacturing facility
- Rationale
  - Excellent value for assets
  - Jointly managed, HOLX didn't control commercial channel
  - Highly profitable, but declining
- Strengthens building of sustainable growth company
  - Accelerates top- and bottom-line growth rates
  - Improves balance sheet and financial flexibility

# ... And Cynosure Provides New Growth Opportunity

- Acquired Cynosure, leader in medical aesthetic systems and technologies, for \$66/share, or enterprise value of \$1.4 billion.
  - Adjacent market of \$2+ billion with expected double-digit growth
    - » Non-invasive body contouring is fastest growing segment
    - » Additional opportunities in skin revitalization, women's health
  - Complements Hologic's strong position in OB/GYN channel
    - » 60% of Cynosure's business is outside traditional dermatologists and plastic surgeons
    - » Broadens R&D portfolio and expands into emerging technologies
  - Accelerates top- and bottom-line growth rates
  - Delivers compelling financial benefits
    - » Immediately accretive to Hologic's non-GAAP EPS
    - » High-single-digit ROIC by year five
    - » Transaction fully funded with cash on hand



# Building Innovation Pipelines in All Businesses



# Key New Products in Breast Health

- Revitalized pipeline to leverage customer insight, growing Genius 3D installed base
- Affirm™ prone biopsy system
  - Launched end of FY16
  - Superior images, streamlined workflow, easier breast access, enhanced patient comfort
- Brevera™ biopsy system
  - Launched at fiscal year-end
  - Integrates tissue acquisition, real-time imaging, post-biopsy handling
- 3D Performance™ and 3Dimensions™ systems
  - Enable better market segmentation
  - Extend leadership position

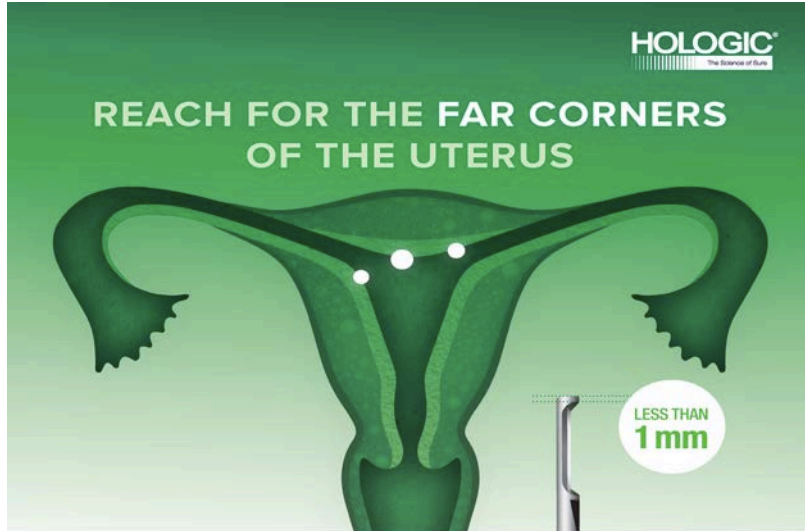


# Key New Products in Diagnostics

- Viral load assays on Panther
  - HIV, HCV, HBV launched in Europe
  - HIV, HCV approved in US
  - Full menu nearly doubles addressable assay market
- Panther Fusion
  - Provides PCR chemistry and new assay format
    - » Enables consolidation of broad menu on single instrument
- Multiple other assays and platforms in development
  - Molecular, cytology and perinatal



# Key New Products in Surgical



- MyoSure® REACH
  - Launched globally in 2016
  - Line extension that enables tissue removal in hard-to-reach areas of the uterus
  - Expands market



- NovaSure® ADVANCED
  - Launched globally in first half FY17
  - Next-gen global endometrial ablation system with smaller diameter to improve patient comfort, physician ease-of-use
  - Solidifies market leadership position

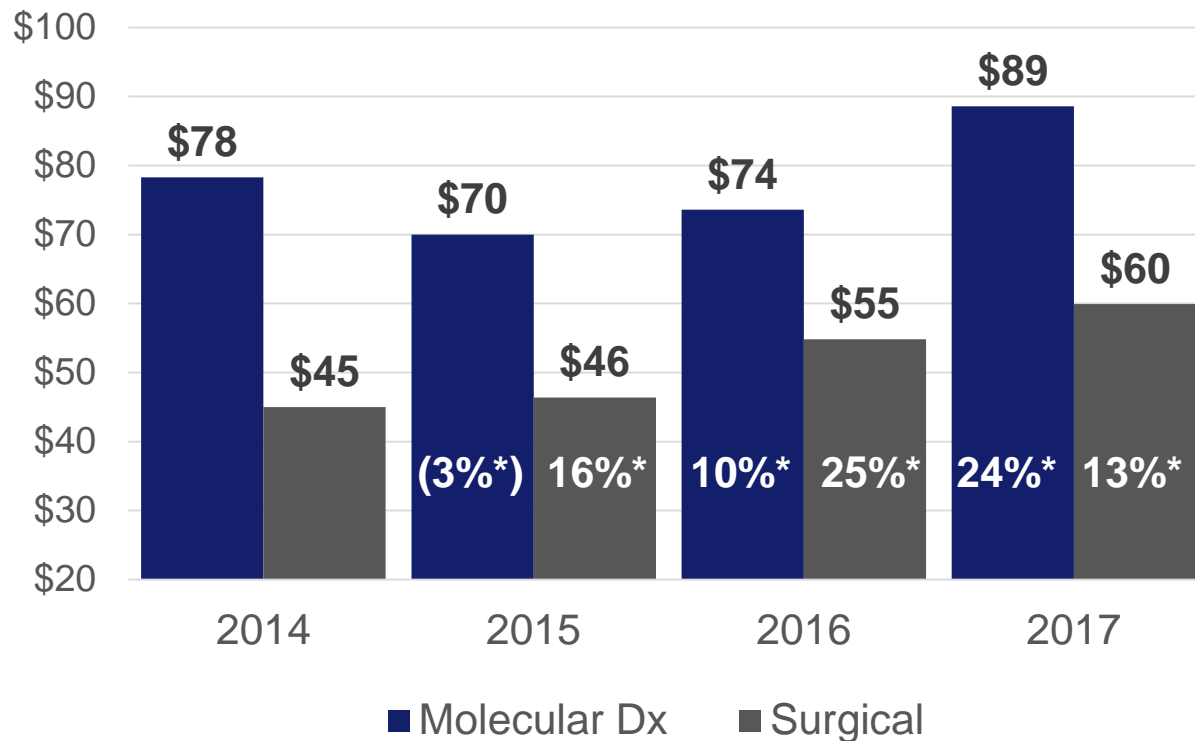
# Key New Products in Medical Aesthetics

- Capitalize on Cynosure's global leadership in energy-based medical aesthetic and women's health treatments
- Additional indications for SculpSure
  - Back, bra fat, inner/outer thighs and submental recently approved
  - Potential for skin tightening longer-term
- New radio-frequency platform
  - Multiple large-market applications
  - Clearance expected in FY18
- International approvals for PicoSure

# International Growth Opportunity

- Strong FY17 performance
  - 11.3% growth\*

International Mdx and Surgical Sales



\* Constant currency growth.

- Relatively low shares in large markets:
  - Mammography
    - » More than 24,000 units in focus markets
    - » Hologic share less than half of US level
    - » Optimize distributor network, relationships
    - » Encouraging progress in Breast Imaging: 1H'16 (7%\*) to 2H'17 +17%\*
  - Cytology
    - » 170 million Pap tests in focus markets
      - Only ~40% share of 30 million liquid Paps
      - Plus 140 million conventional Paps
    - » And long-term opportunity to increase screening



# Capital Deployment Priorities

- Continue to reduce convertible debt
  - \$447 million principal outstanding
  - Opportunity for open-market purchases
  - Remaining two tranches can be called in December of 2017 and March of 2018
- Tuck-in M&A
  - Accretive to revenue, EPS growth rates
  - Attractive ROIC
  - Primary focus on leveraging existing sales channels
- Opportunistic share repurchases
  - \$300 million board authorization remaining

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# Revenue Highlights 4Q17

Non-GAAP			
Revenue (\$M)	4Q17	Reported $\Delta$ vs. 4Q16	CC $\Delta$ vs. 4Q16
<b>Diagnostics*</b>	\$291.7	(6.5%)	(7.0%)
<b>Breast Health</b>	\$300.9	2.9%	2.4%
<b>Medical Aesthetics</b>	\$81.4	-	-
<b>GYN Surgical</b>	\$104.7	3.2%	2.7%
<b>Skeletal Health</b>	\$24.2	14.2%	12.9%
<b>Total Revenue</b>	\$802.9	10.5%	9.9%
<b><i>Total Revenue ex. Blood, Medical Aesthetics</i></b>	<b><i>\$703.5</i></b>	<b><i>5.0%</i></b>	<b><i>4.4%</i></b>
<b>US</b>	\$613.0	6.1%	6.1%
<b>OUS</b>	\$189.9	27.5%	24.7%

\* Includes contributions from divested blood screening business. Excluding blood, Diagnostics sales increased 7.2% on a reported basis, or 6.6% in constant currency.

# Financial Overview 4Q17

Non-GAAP		
\$M, except EPS	4Q17*	Δ vs. 4Q16
Revenues	\$802.9	10.5%
<i>Revenues ex. Blood, Medical Aesthetics</i>	\$703.5	5.0%
Gross Margin	64.1%	(160 bps)
Operating Expenses	\$275.8	17.1%
Operating Margin	29.8%	(350 bps)
Net Income	\$143.2	(1.7%)
Diluted EPS	\$0.50	(3.8%)
EBITDA	\$262.7	(0.5%)

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

# 2018 Financial Guidance

Full Year (Non-GAAP*)				1Q (Non-GAAP*)		
	2018 Guidance	Reported vs. 2017	CC vs. 2017	1Q18 Guidance	Reported vs. 1Q17	CC vs. 1Q17
<b>Revenues</b>	\$3,200 – \$3,280 million	4.6 – 7.2%	4.0 – 6.6%	\$775 – \$790 million	5.5 – 7.6%	4.7 – 6.7%
<b>Diluted EPS</b>	\$2.10 – \$2.15	3.4 – 5.9%		\$0.48 – \$0.50	(7.7) – (3.8%)	

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:

	2016					2017				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Revenue</b>	\$60.7	\$62.2	\$55.9	\$56.6	\$235.4	\$65.2	\$38.3	\$19.0	\$18.0	\$140.5
<b>EPS</b>	\$0.10	\$0.10	\$0.09	\$0.09	\$0.37	\$0.10	\$0.04	\$0.01	\$0.01	\$0.16

\*Guidance provided by press release on 11/08/17. Presentation here is not, and should not be construed as, re-affirmation of guidance. Guidance assumes diluted shares outstanding of about 284 million for the full year and an annual effective tax rate of approximately 31%.

# A Bright Future Ahead

- We've accomplished a lot in a short amount of time
  - Strengthened management
  - Stabilized mature businesses in the US
  - Maximized domestic growth drivers
  - Increased efficiency
- Leading to solid top-line and excellent bottom-line growth
- But we still have significant runway ahead of us
  - R&D pipeline
  - International expansion
  - Capital deployment
- As we build a sustainable growth company
  - With tremendous earnings power and cash generation capabilities

# HOLOGIC<sup>®</sup>



## From Turnaround to Sustainable Growth

For more information:

Michael Watts, VP of IR

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# Financial Appendix



# Overview of Hologic's Debt after October Refinancing

- Senior term loan
  - \$1.5 billion in annual payments over the next five years:
    - » \$37.5 (FY'18), \$75 (FY'19), \$75 (FY'20), \$112.5 (FY'21) and \$150 million (FY'22)
    - » LIBOR + 1.50%
  - Revolving credit facility (\$1.5 billion undrawn)
- 2% convertible notes
  - \$447 million at end of 4Q, down from \$1.32 billion
  - \$202.0 million (2013 notes) due 2043
    - » Strike price of \$38.59 callable in December 2017
    - » 0% cash coupon; accretion 4% (\$41 million accretion)
  - \$245.3 million (2012 notes) due 2042
    - » Strike price of \$31.18 callable in March 2018
- \$1 billion senior notes due 2022
  - 5.25% interest
- \$350 million senior notes due 2025
  - 4.375% interest
- \$200 million accounts receivable securitization program

# 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>	

# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share		
	Three Months Ended	
	September 30, 2017	September 24, 2016
<b>GROSS PROFIT</b>		
GAAP gross profit	\$417.9	\$406.1
Adjustments:		
Amortization of intangible assets	79.2	71.2
Incremental depreciation expense	0.2	0.4
Integration/consolidation costs	0.1	-
Fair value write-up of acquired inventory	17.4	-
Non-GAAP gross profit	\$514.8	\$477.7
<b>GROSS MARGIN PERCENTAGE</b>		
GAAP gross margin percentage	52.0%	55.9%
Impact of adjustments above	12.1%	9.8%
Non-GAAP gross margin percentage	64.1%	65.7%
<b>OPERATING EXPENSES</b>		
GAAP operating expenses	\$308.5	\$259.0
Adjustments:		
Amortization of intangible assets	(15.2)	(22.4)
Incremental depreciation expense	(2.9)	(0.7)
Transaction expense	(0.5)	-
Non-income tax charge	(6.7)	-
Integration/consolidation costs	(4.9)	(0.2)
Restructuring and divestiture charges	(2.5)	(2.9)
Gain on sale of businesses	-	-
Other	-	2.7
Non-GAAP operating expenses	\$275.8	\$235.5
<b>OPERATING MARGIN</b>		
GAAP income from operations	\$109.4	\$147.1
Adjustments to gross profit as detailed above	96.9	71.6
Adjustments to operating expenses as detailed above	32.7	23.5
Non-GAAP income from operations	\$239.0	\$242.2

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# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share

	Three Months Ended	
	September 30, 2017	September 24, 2016
<b>OPERATING INCOME MARGIN</b>		
GAAP operating margin percentage	13.6%	20.2%
Impact of adjustments above	16.2%	13.1%
Non-GAAP operating margin percentage	<b>29.8%</b>	<b>33.3%</b>
<b>INTEREST EXPENSE</b>		
GAAP interest expense	\$36.1	\$37.9
Adjustments: Non-cash interest expense relating to convertible notes	(3.4)	(5.0)
Interest expense relating to Cynosure dissenting shareholders	1.5	-
Non-GAAP interest expense	<b>\$34.2</b>	<b>\$32.9</b>
<b>PRE-TAX INCOME</b>		
GAAP pre-tax earnings	\$72.4	\$107.6
Adjustments to pre-tax earnings as detailed above	131.5	100.1
Debt extinguishment loss	0.6	0.8
Gain on sale of investments	(2.0)	-
Equity investment impairment charge	-	1.1
Unrealized loss on forward foreign currency contracts	3.6	1.6
Non-GAAP pre-tax income	<b>\$206.1</b>	<b>\$211.2</b>
<b>NET INCOME</b>		
GAAP net income	\$82.7	\$92.2
Adjustments to GAAP net income as detailed above	133.7	103.6
Income tax effect of reconciling items <sup>2</sup>	(73.2)	(50.1)
Non-GAAP net income	<b>\$143.2</b>	<b>\$145.7</b>
<b>EARNINGS PER SHARE</b>		
GAAP earnings per share – Diluted	\$0.29	\$0.33
Adjustments to net earnings (as detailed below)	0.21	0.19
Non-GAAP earnings per share – Diluted <sup>1</sup>	<b>\$0.50</b>	<b>\$0.52</b>
<b>ADJUSTED EBITDA</b>		
Non-GAAP net income	\$143.2	\$145.7
Interest expense, net, not adjusted above	33.7	32.8
Provision for income taxes	62.9	65.5
Depreciation expense, not adjusted above	22.9	19.9
Adjusted EBITDA	<b>\$262.7</b>	<b>\$263.9</b>

<sup>1</sup>Non-GAAP earnings per share was calculated based on 284,741 and 282,494 weighted average diluted shares outstanding for the three 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		
	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 INCOME MARGIN</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		
	Years Ended	
	September 24, 2016	September 26, 2015
<b>GROSS PROFIT</b>		
GAAP gross profit	\$1,563.3	\$1,432.7
Adjustments:		
Amortization of intangible assets	\$293.4	\$299.7
Incremental depreciation expense	1.8	3.0
Integration/consolidation costs	-	0.5
Non-GAAP gross profit	<b>\$1,858.5</b>	<b>\$1735.9</b>
<b>GROSS MARGIN PERCENTAGE</b>		
GAAP gross margin percentage	55.2%	53.0%
Impact of adjustments above	10.4%	11.2%
Non-GAAP gross margin percentage	<b>65.6%</b>	<b>64.2%</b>
<b>OPERATING EXPENSES</b>		
GAAP operating expenses	\$1,014.7	\$977.6
Adjustments:		
Amortization of intangible assets	(89.7)	(110.2)
Incremental depreciation expense	(3.3)	(3.2)
Integration/consolidation costs	(0.9)	(0.1)
Restructuring and divestiture charges	(10.5)	(28.5)
Other	(3.3)	(0.1)
Non-GAAP operating expenses	<b>\$907.0</b>	<b>\$835.5</b>
<b>OPERATING MARGIN</b>		
GAAP income from operations	\$548.6	\$455.1
Adjustments to gross profit as detailed above	295.2	303.2
Adjustments to operating expenses as detailed above	107.7	142.1
Non-GAAP income from operations	<b>\$951.5</b>	<b>\$900.4</b>

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# Reconciliation of GAAP to Non-GAAP (unaudited)

\$s in millions, except earnings per share

	Years Ended	
	September 24, 2016	September 26, 2015
<b>OPERATING MARGIN PERCENTAGE</b>		
GAAP operating margin percentage	19.4%	16.8%
Impact of adjustments above	14.2%	16.5%
Non-GAAP operating margin percentage	<b>33.6%</b>	<b>33.3%</b>
<b>INTEREST EXPENSE</b>		
GAAP interest expense	\$155.3	\$205.5
Adjustments: Non-cash interest expense relating to convertible notes	(22.3)	(34.9)
Debt transaction costs	-	(9.3)
Non-GAAP interest expense	<b>\$133.0</b>	<b>\$161.3</b>
<b>PRE-TAX INCOME</b>		
GAAP pre-tax earnings (loss)	\$415.3	\$177.2
Adjustments to pre-tax earnings as detailed above	425.2	489.4
Debt extinguishment loss	5.3	62.7
Gain on sale of available-for-sale marketable security	(25.1)	-
Equity investment impairment charges	1.1	7.8
Unrealized gains on forward foreign currency contracts	1.1	-
Non-GAAP pre-tax income	<b>\$822.9</b>	<b>\$737.1</b>
<b>NET INCOME</b>		
GAAP net income	\$330.8	\$131.6
Adjustments to GAAP net income (loss) as detailed above	407.6	560.0
Income tax effect of reconciling items <sup>2</sup>	(176.8)	(206.9)
Non-GAAP net income	<b>\$561.6</b>	<b>\$484.7</b>
<b>EARNINGS PER SHARE</b>		
GAAP earnings per share – Diluted	\$1.16	\$0.45
Adjustments to net earnings (loss) (as detailed below)	0.80	1.22
Non-GAAP earnings per share – Diluted <sup>1</sup>	<b>\$1.96</b>	<b>\$1.67</b>
<b>ADJUSTED EBITDA</b>		
Non-GAAP net income	\$561.6	\$484.7
Interest expense, net, not adjusted above	132.3	160.0
Provision for income taxes	261.3	252.5
Depreciation expense, not adjusted above	77.1	75.1
Adjusted EBITDA	<b>\$1,032.3</b>	<b>\$972.3</b>

<sup>1</sup>Non-GAAP earnings per share was calculated based on 286,156 and 289,537 weighted average diluted shares outstanding for the years ended September 24, 2016 and September 26, 2015 respectively.

<sup>2</sup>To reflect an annual effective tax rate of 32.75% on a non-GAAP basis for fiscal 2016 and 34.25% on a non-GAAP basis for fiscal 2015.