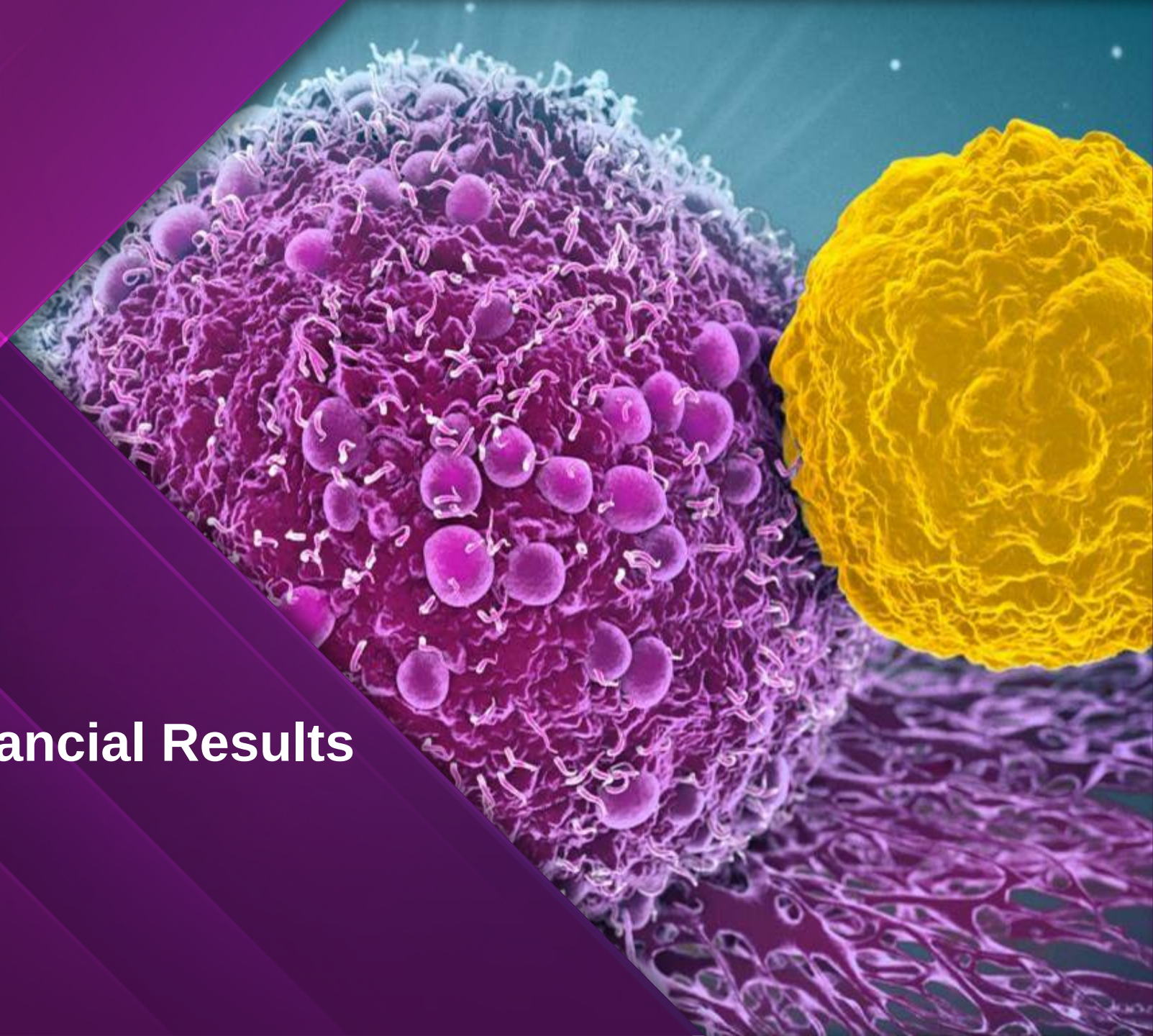
Jazz Pharmaceuticals



# Second Quarter 2019 Financial Results

## August 6, 2019

# Forward-Looking Statements

## "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

This slide deck and the accompanying oral presentation contain forward-looking statements, including, but not limited to, statements related to Jazz Pharmaceuticals' future financial and operating results, including 2019 financial guidance and goals; the company's corporate development efforts; the company's growth strategy and expectations for growth; future product sales and volume; planned sales and marketing and related efforts; future inventory and supply challenges; planned, ongoing and future clinical trials and other product development activities, including clinical trial data read-outs, regulatory events such as the potential approval of the company's MAA for solriamfetol, and additional planned regulatory submissions; ongoing and future product launches, including the recent launch of Sunosi in the U.S. and its anticipated potential launch in the EU; the timing of such events and activities; and other statements that are not historical facts. These forward-looking statements are based on the company's current plans, objectives, estimates, expectations and intentions and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks and uncertainties associated with: maintaining or increasing sales of and revenue from Xyrem; effectively commercializing the company's other products and product candidates; the time-consuming and uncertain regulatory approval process, including the risk that the company's current and planned regulatory submissions, including the solriamfetol MAA and planned JZP-258 NDA, may not be submitted, accepted or approved by applicable regulatory authorities in a timely manner or at all; costly and time-consuming pharmaceutical product development and the uncertainty of clinical success, including risks related to failure or delays in initiating or completing clinical trials; protecting and enhancing the company's intellectual property rights; delays or problems in the supply or manufacture of the company's products and product candidates; the company's ability to maintain rights to its products and product candidates, including Erwinaze; complying with applicable U.S. and non-U.S. regulatory requirements; government investigations and other actions; obtaining and maintaining adequate coverage and reimbursement for the company's products; identifying and acquiring, in-licensing or developing additional products or product candidates, financing these transactions and successfully integrating acquired businesses; the company's ability to realize the anticipated benefits of its collaborations with third parties for the development of product candidates; the ability to achieve expected future financial performance and results and the uncertainty of future tax and other provisions and estimates; and other risks and uncertainties affecting the company, including those described from time to time under the caption "Risk Factors" and elsewhere in Jazz Pharmaceuticals plc's Securities and Exchange Commission filings and reports (Commission File No. 001-33500), including the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and future filings and reports by the company, including the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. Other risks and uncertainties of which the company is not currently aware may also affect the company's forward-looking statements and may cause actual results and the timing of events to differ materially from those anticipated. The forward-looking statements made in this slide deck and the accompanying oral presentation are made only as of the date hereof or as of the dates indicated in the forward-looking statements, even if they are subsequently made available by the company on its website or otherwise. The company undertakes no obligation to update or supplement any forward-looking statements to reflect actual results, new information, future events, changes in its expectations or other circumstances that exist after the date as of which the forward-looking statements were made.

Jazz Pharmaceuticals

# 2Q19 Conference Call

| | |
|---|---|
| **Bruce Cozadd**<br>Chairman and Chief Executive Officer | Overview |
| **Rob Iannone, M.D., M.S.C.E.**<br>Executive Vice President, Research & Development | Research & Development |
| **Matt Young**<br>Executive Vice President and Chief Financial Officer | Financial Update |
| **Dan Swisher**<br>President and Chief Operating Officer | Q&A |
| **Mike Miller**<br>Executive Vice President, U.S. Commercial | Q&A |
| **Allen Yang, MD, PhD**<br>Senior Vice President, Clinical Development | Q&A |
| **Jed Black, MD**<br>Senior Vice President, Sleep and CNS Medicine | Q&A |

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# Growing R&D Pipeline

| PRE-CLINICAL | PHASE 1 | PHASE 2 | PHASE 3 | REGULATORY |
|---|---|---|---|---|
| Oxybate<br>Once Nightly Formulation | Vyxeos + gemtuzumab[3]<br>R/R AML or HMA Failure MDS | Defitelio<br>Prevention of aGvHD | JZP-258<br>Cataplexy & EDS in narcolepsy | Solriamfetol EU<br>EDS in OSA and Narcolepsy |
| CombiPlex<br>Solid tumors candidate | Vyxeos + venetoclax<br>Low Intensity Therapy for first-line, unfit AML (Phase 1b) | Defitelio[4]<br>Treatment of TA-TMA | JZP-258<br>Idiopathic hypersomnia | |
| CombiPlex<br>Hem/Onc exploratory activities | Vyxeos[3]<br>Low Intensity Dosing for higher risk MDS | Defitelio[4]<br>Prevention of CAR-T associated neurotoxicity | Defitelio<br>Prevention of VOD | |
| Recombinant Crisantaspase-HLE[2]<br>ALL/other hematological malignancies | IMGN632[1]<br>CD123+ Hematological malignancies[5] | Vyxeos + venetoclax[3]<br>*de novo* or R/R AML | Vyxeos[6]<br>AML or HR-MDS (AML19) | |
| Recombinant Pegaspargase[1]<br>Hematological malignancies | | Vyxeos[6]<br>HR-MDS | Vyxeos[6]<br>AML or HR-MDS (AML18) | |
| Defitelio<br>Exploratory activities | | Vyxeos[6]<br>R/R AML (COG) | Vyxeos[6]<br>Newly diagnosed adults with standard- and HR-AML | |
| Exosome NRAS candidate[2]<br>Hematological malignancies | | Vyxeos[4,6]<br>Newly diagnosed older adults with HR-AML | Vyxeos[4,6]<br>Newly diagnosed pediatric patients | |
| Exosome STAT3 candidate[2]<br>Hematological malignancies | | Vyxeos + venetoclax[4,6]<br>HR-AML | | |
| Exosome-based candidates[2]<br>Solid tumors/Hematological malignancies | | JZP-458 (recombinant crisantaspase)[4]<br>ALL/LBL (pivotal Phase 2/3) | | |
| Pan-RAF Inhibitor Program<br>RAF & RAS mutant tumors | | | | |

SLEEP/NEUROSCIENCE

HEMATOLOGY/ONCOLOGY

[1] Opt-in opportunity, [2] Partnered collaboration, [3] Jazz & MD Anderson Cancer Center collaboration study, [4] Planned , [5] Including AML and BPDCN, [6] Cooperative group study

# 2Q19, Recent & Upcoming Events

## Sleep

### Xyrem

- Volume growth of 5% in 2Q19 compared to 2Q18
- Average number of active patients increased to 14,700 in 2Q19, up 6% compared to 2Q18
- Commenced promotional efforts for both Xyrem and Sunosi in new U.S. sales territories in July 2019

### JZP-258

- Activated European study sites for Phase 3 IH study
- Phase 3 data to be presented at World Sleep Congress meeting (September 20-25, 2019)
- Expect pre-NDA meeting with FDA in 4Q19
- Goal to submit NDA as early as year-end

### Sunosi

- Completed sales force expansion 2Q19
- Received DEA scheduling decision in June
- Commenced U.S. launch early July
- Expect MAA approval as early as year-end
- Preparing to initiate rolling launch in major EU countries in 2020

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# 2Q19, Recent & Upcoming Events

## Hematology/Oncology

### Vyxeos

- Secured final approved pricing in Italy
- Plan to expand U.S. sales force by 15 reppresentatives
- COG presented positive Phase 1/2 data in younger patients with R/R AML at ASCO
- Activated sites for multiple clinical studies:
  - Phase 1 attenuated dose finding study in higher risk MDS patients (MD Anderson collaboration)
  - Phase 2 cooperative group study in high-risk MDS
  - Phase 3 cooperative group study in adults with newly diagnosed standard- and high-risk AML
- Expect FPI in Phase 1b study evaluating low-dose Vyxeos in combination with venetoclax in first-line unfit AML

### Defitelio

- Approved in Japan
- Phase 3 pVOD study: Update on timing of IA expected later this year
- Expect to complete enrollment in Phase 2 prevention of aGvHD study by year-end
- Expect to activate sites for exploratory Phase 2 study in CAR-T associated neurotoxicity 3Q19
- Expect to activate sites for Phase 2 study for the treatment of TA-TMA late 2019

### JZP-458

- Phase 1 study completed in healthy volunteers, meeting safety and efficacy parameters based on measurement of serum asparaginase activity levels
- Met with FDA and agreed upon single-arm, pivotal Phase 2/3 study design and data required to support BLA
- Plan to activate sites for pivotal Phase 2/3 study later in 2019

# Corporate Development Updates

## Codiak BioSciences, Inc.

- January 2019 - entered into strategic collaboration focused on the research, development and commercialization of exosome therapeutics to treat cancer
  - Therapeutic candidates directed at five targets to be developed using Codiak's engEx™ precision engineering platform
- Novel therapeutic approach with the potential to provide transformational benefit to patients in well-validated but previously undruggable targets

## Redx Pharma plc

- July 2019 - acquired Redx's pan-RAF inhibitor program for the potential treatment of RAF and RAS mutant tumors
- Redx has made significant progress since prior published work and has matured the program to generate candidates with equipotent pan-RAF inhibition

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# 2Q19 Revenue Summary


| In millions, except % (unaudited) | 2Q18 | 1Q19 | 2Q19 | Δ 2Q19 vs 1Q19 | Δ 2Q19 vs 2Q18 |
|---|---|---|---|---|---|
| Xyrem® (sodium oxybate) oral solution | $356 | $368 | $413 | 12% | 16% |
| Erwinaze®/Erwinase® (asparaginase *Erwinia chrysanthemi*) | 59 | 61 | 28 | (55)% | (53)% |
| Defitelio® (defibrotide sodium)/defibrotide | 40 | 42 | 46 | 11% | 14% |
| Vyxeos® (daunorubicin and cytarabine) liposome for injection | 28 | 29 | 31 | 8% | 12% |
| Other | 13 | 4 | 5 | 41% | (60)% |
| **Total Net Product Sales** | **496** | **503** | **523** | **4%** | **6%** |
| Royalties and contract revenues | 4 | 5 | 11 | 121% | 144% |
| **Total Revenues** | **$500** | **$508** | **$534** | **5%** | **7%** |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands.

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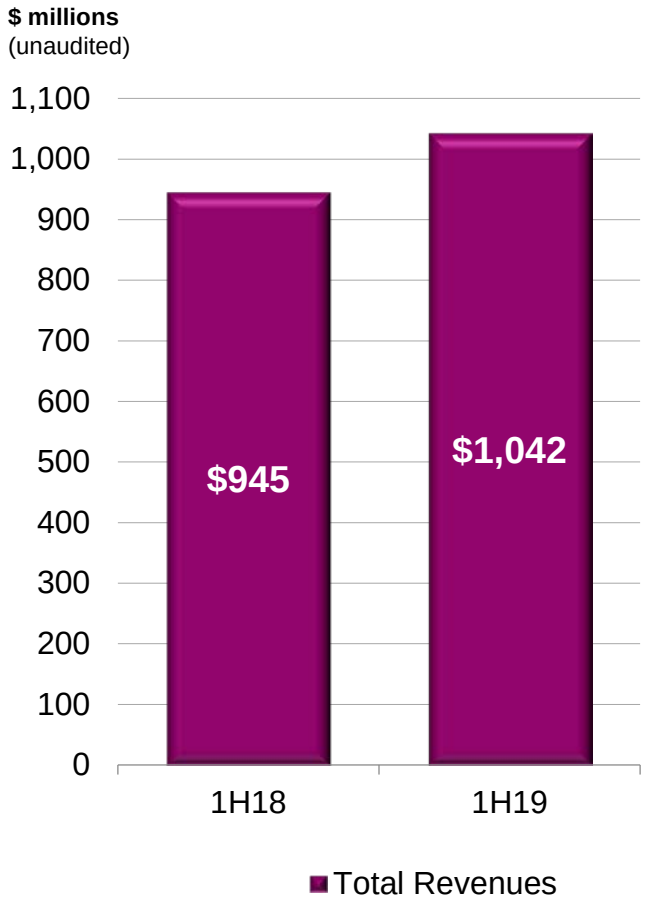
# 1H19 Revenue Summary




| In millions, except % (unaudited) | Six Months Ended | | Δ |
|---|---|---|---|
| | June 30, 2018 | June 30, 2019 | |
| Xyrem | $673 | $782 | 16% |
| Erwinaze/Erwinase | 109 | 89 | (19)% |
| Defitelio | 76 | 88 | 16% |
| Vyxeos | 54 | 60 | 11% |
| Other | 25 | 9 | (65)% |
| **Total Net Product Sales** | **937** | **1,027** | **10%** |
| Royalties and contract revenues | 8 | 16 | 91% |
| **Total Revenues** | **$945** | **$1,042** | **10%** |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands.

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# 2Q19 Key Adjusted Line Items and Other Information[1]

| **Adjusted**<br>**In millions, except %**<br>(unaudited) | **2Q18** | **1Q19** | **2Q19** | **Δ**<br>**2Q19 vs 1Q19** | **Δ**<br>**2Q19 vs 2Q18** |
|---|---|---|---|---|---|
| Gross Margin | 93.4% | 93.7% | 95.0% | 1.3 pp | 1.6 pp |
| SG&A Expense<br>% of Total Revenues | $138<br>27.5% | $148<br>29.0% | $155<br>29.1% | 5%<br>0.1 pp | 13%<br>1.6 pp |
| R&D Expense<br>% of Total Revenues | $51<br>10.3% | $55<br>10.7% | $56<br>10.6% | 3%<br>(0.1) pp | 10%<br>0.3 pp |
| Acquired in-process research and development | -- | -- | $2 | N/A | N/A |
| Operating Income Margin | 55.6% | 54.0% | 55.1% | 1.1 pp | (0.5) pp |
| Effective Tax Rate | 19.0% | 19.8% | 18.2% | (1.6) pp | (0.8) pp |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands.
N/A - Prior period comparison not meaningful.
[1] These financial measures are presented entirely on a non-GAAP adjusted basis. Refer to the Appendix for more details on these non-GAAP adjusted financial measures, the most directly comparable GAAP reported financial measures and the related reconciliations between these financial measures.

Jazz Pharmaceuticals

# 1H19 Key Adjusted Line Items and Other Information[1]

| **Adjusted**<br>**In millions, except %**<br>(unaudited) | **Six Months Ended** | | **Δ** |
|---|---|---|---|
| | **June 30, 2018** | **June 30, 2019** | |
| Gross Margin | 93.0% | 94.4% | 1.4 pp |
| SG&A Expense<br>% of Total Revenues | $270<br>28.5% | $303<br>29.1% | 12%<br>0.6 pp |
| R&D Expense<br>% of Total Revenues | $99<br>10.4% | $111<br>10.7% | 13%<br>0.3 pp |
| Acquired in-process research and development | -- | $2 | N/A |
| Operating Income Margin | 54.1% | 54.5% | 0.4 pp |
| Effective Tax Rate | 18.3% | 19.0% | 0.7 pp |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands.
N/A - Prior period comparison not meaningful.
[1] These financial measures are presented entirely on a non-GAAP adjusted basis. Refer to the Appendix for more details on these non-GAAP adjusted financial measures, the most directly comparable GAAP reported financial measures and the related reconciliations between these financial measures.

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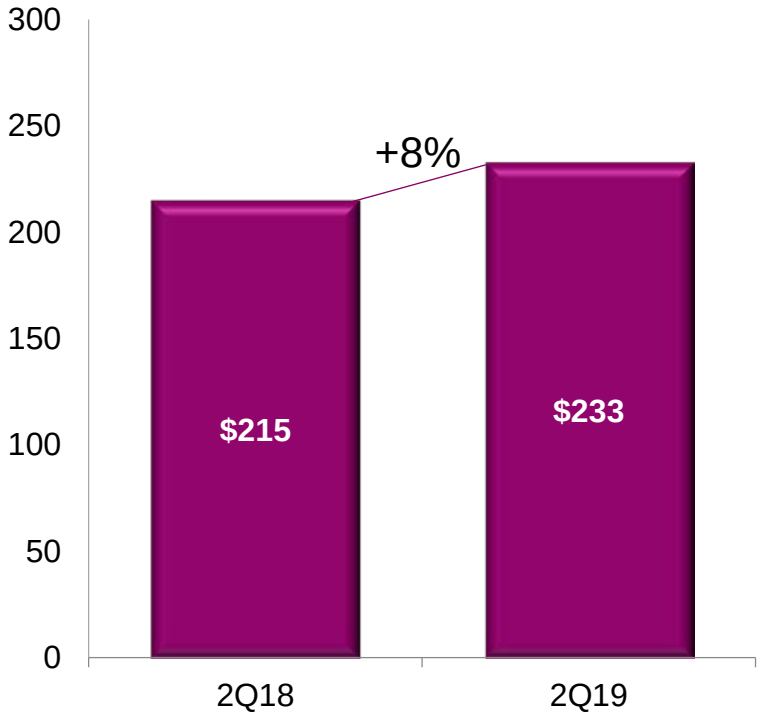
# 2Q19 Financial Performance

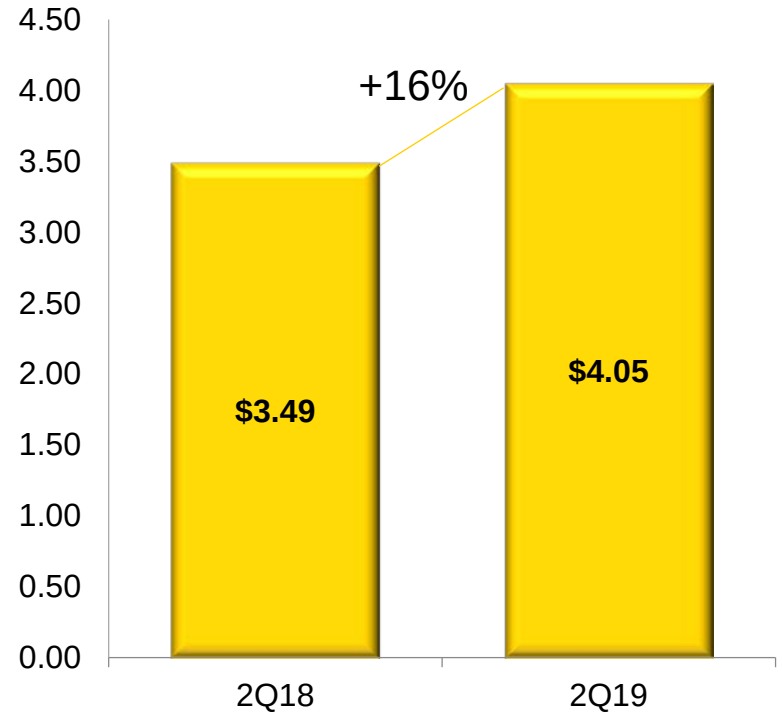
## Adjusted Net Income

**$ millions**
(unaudited)




## Adjusted Net Income Per Diluted Share

**$ per share**
(unaudited)




Refer to the Appendix for reconciliations of GAAP reported to non-GAAP adjusted financial measures.

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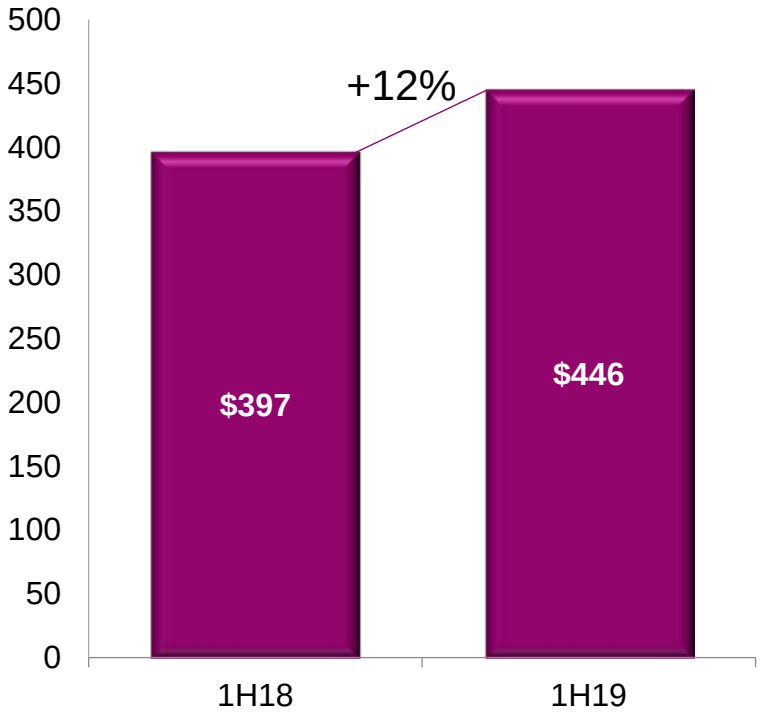
# 1H19 Financial Performance

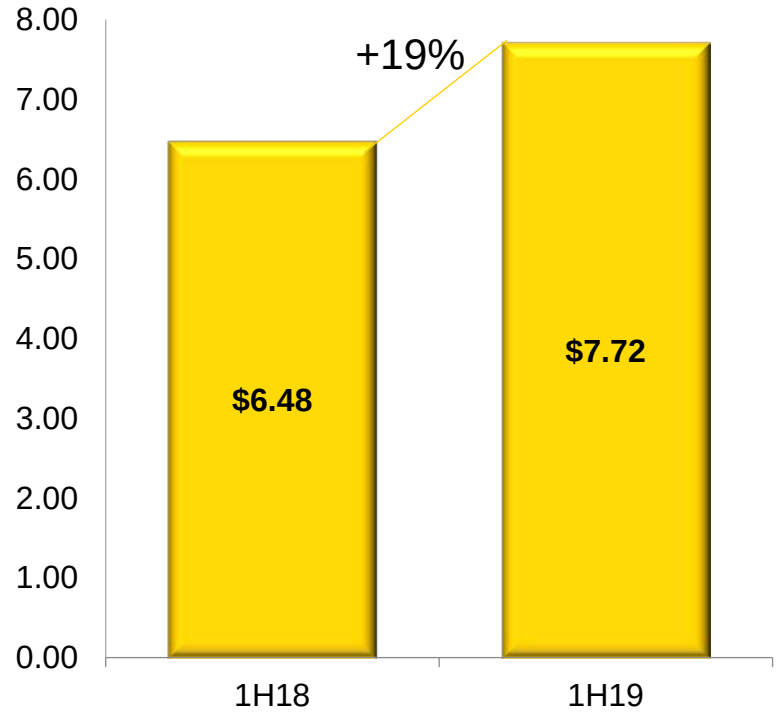
## Adjusted Net Income

**$ millions**
(unaudited)




## Adjusted Net Income Per Diluted Share

**$ per share**
(unaudited)




Refer to the Appendix for reconciliations of GAAP reported to non-GAAP adjusted financial measures.

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# Cash and Debt

| **In millions** (unaudited) | **December 31, 2018** | **June 30, 2019** |
|---|---|---|
| Cash, cash equivalents and investments | $825 | $883 |
| Total long-term debt (principal)[1] | $1,801 | $1,784 |
| Undrawn revolving credit | $1,600 | $1,600 |

| **In millions** (unaudited) | **Six Months Ended June 30,** | |
|---|---|---|
| | **2018** | **2019** |
| Cash flow from operations[2] | $359 | $351 |

[1] The carrying value of the company's total debt, as of December 31, 2018 and June 30, 2019 was $1,596M and $1,601M, respectively. The difference between principal and carrying values, at both dates, related to unamortized debt discount and debt issuance costs.
[2] In the six months ended June 30, 2019, the company paid $58.6 million related to a civil settlement agreement with the U.S. Department of Justice and the Office of the Inspector General.

Jazz Pharmaceuticals

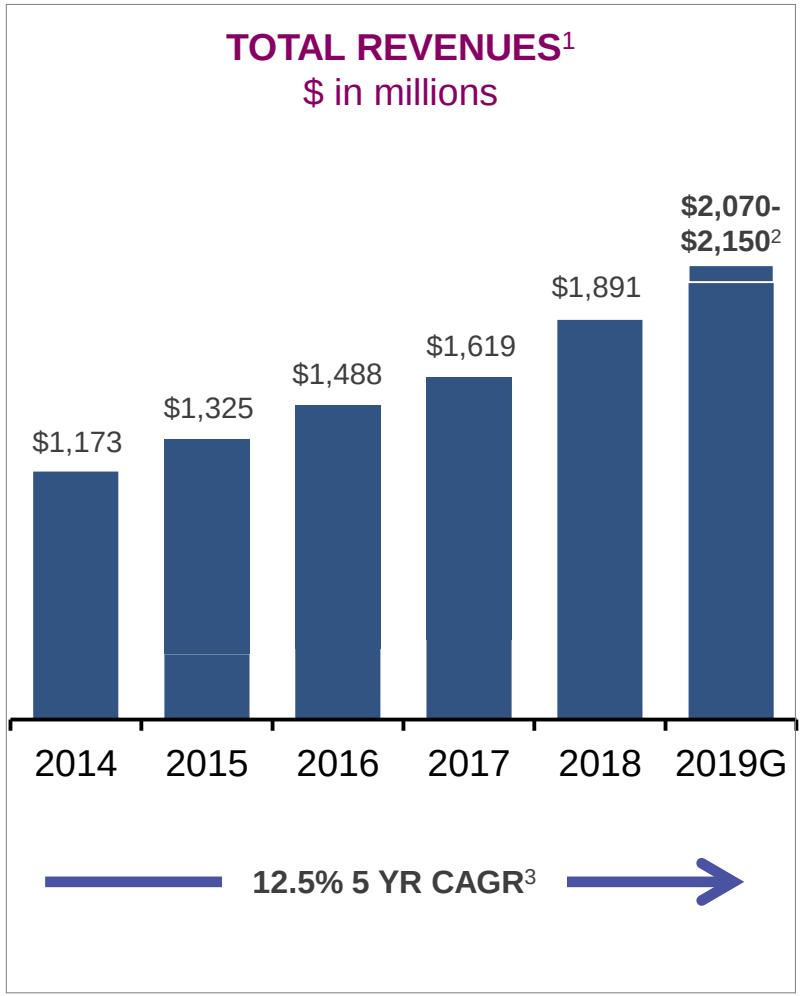
# Share Repurchase Program[1]

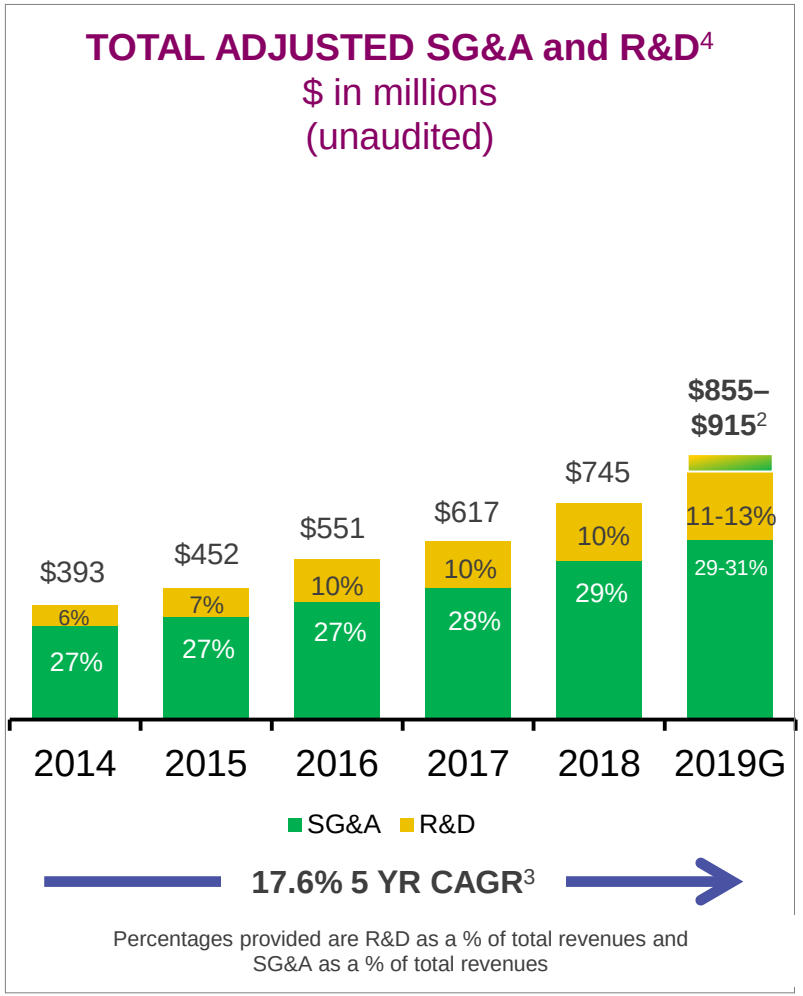
| Share Repurchases | Dollar Amount Repurchased (in millions) | Shares Repurchased | Average Purchase Price Per Share |
|---|---|---|---|
| 2Q19 | $59.9 | 446,563 | $134.07 |
| 1Q19 | $111.2 | 857,988 | $129.66 |
| 2018 | $523.7 | 3,530,409 | $148.33 |
| 2017 | $98.8 | 704,014 | $140.34 |
| 4Q16 | $18.5 | 174,800 | $105.71 |
| **Program Total** | **$812.1** | **5,713,774** | **$142.12** |

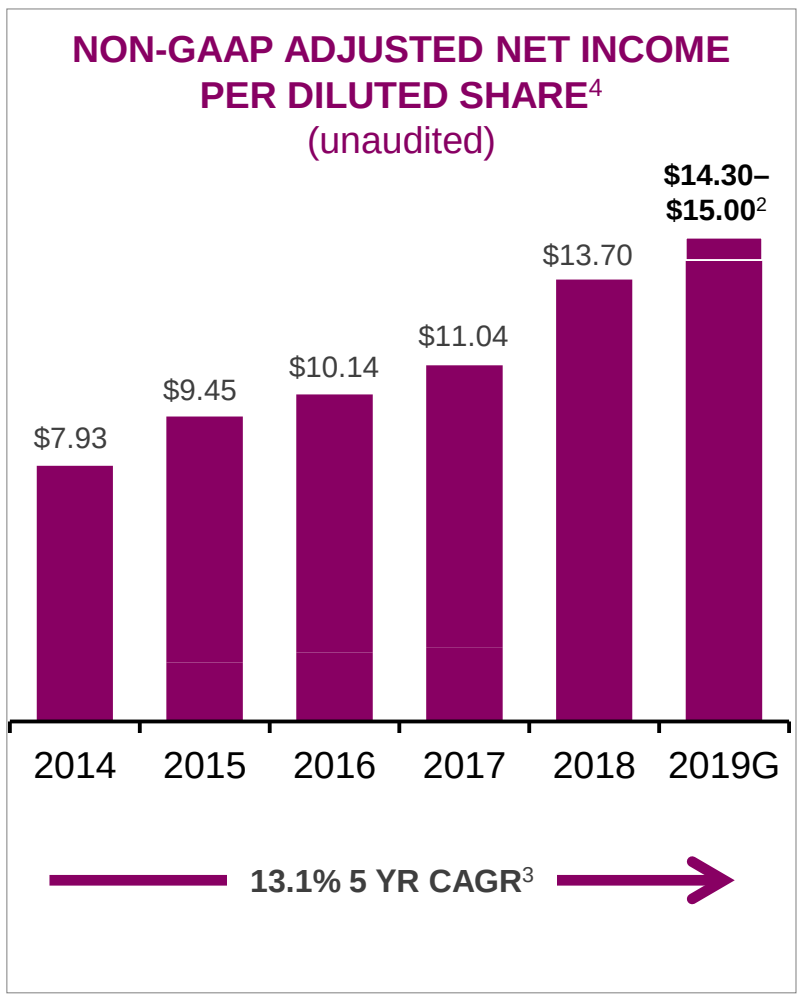
Note: Amounts may not total due to rounding.

[1] Since November 2016, the company's board of directors authorized a new share repurchase program under which the company is authorized to repurchase a number of ordinary shares having an aggregate purchase price of up to $1.02B, exclusive of any brokerage commissions. As of June 30, 2019, the remaining amount authorized under the share repurchase program was $208.0M.

# Strong Top and Bottom Line Growth While Investing for the Future



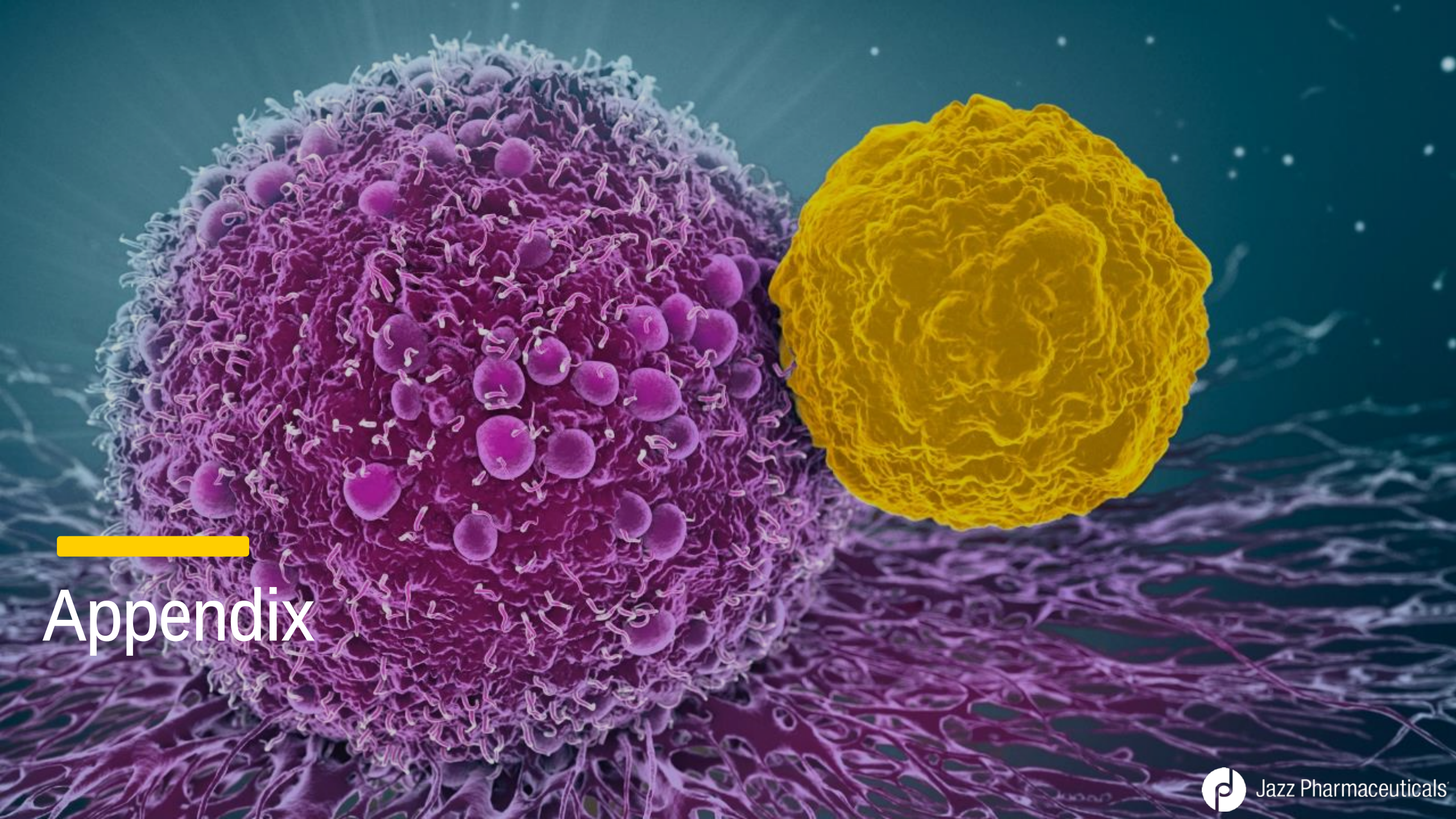

[1] 2014 to 2018 audited. [2] G=Guidance. Guidance provided by Jazz Pharmaceuticals plc on and as of August 6, 2019. [3] CAGR calculations based on mid-point of guidance. [4] Reconciliations of GAAP net income to non-GAAP adjusted net income can be found in the Appendix at the end of this presentation.

Jazz Pharmaceuticals

# 2019 Full-Year Financial Guidance

| In millions, except per share amounts and % | 2019 Current Guidance[1] | 2019 Previous Guidance[2] |
|---|---|---|
| Revenues | $2,070 – $2,150[3] | $2,050 – $2,130 |
| Total Net Product Sales | $2,055 – $2,125[3] | $2,035 – $2,110 |
| Xyrem Net Sales | $1,550 – $1,590 | $1,530 – $1,570 |
| Erwinaze/Erwinase Net Sales | $160 – $195 | $160 – $195 |
| Defitelio/defibrotide Net Sales | $155 – $180 | $155 – $180 |
| Vyxeos Net Sales | $120 – $150 | $120 – $150 |
| GAAP Gross Margin | 94% | 94% |
| Non-GAAP Adjusted Gross Margin | 94%[4,8] | 94% |
| GAAP SG&A Expense | $702 – $740 | $702 – $740 |
| Non-GAAP Adjusted SG&A Expense | $620 – $650[5,8] | $620 – $650 |
| GAAP R&D Expense | $257 – $303 | $257 – $326 |
| GAAP Acquired In-Process Research and Development Expense | $62 | $56 |
| Non-GAAP Adjusted R&D Expense | $235 – $265[6,8] | $235 – $265 |
| GAAP Effective Tax Rate | 0% – 3% | 17% – 21% |
| Non-GAAP Adjusted Effective Tax Rate | 17% – 19%[7,8] | 17% – 19% |
| GAAP Net Income | $540 – $620 | $395 – $495 |
| Non-GAAP Adjusted Net Income | $835 – $875[8] | $835 – $875 |
| GAAP Net Income per Diluted Share | $9.40 – $10.75 | $6.80 – $8.50 |
| Non-GAAP Adjusted Net Income per Diluted Share | $14.30 – $15.00[8] | $14.30 – $15.00 |
| Weighted-Average Ordinary Shares Used in Per Share Calculations | 58 | 58 |

[1] Guidance provided by Jazz Pharmaceuticals plc as of August 6, 2019. [2] Guidance provided by Jazz Pharmaceuticals plc as of May 7, 2019. [3] Includes minimal net sales contribution from Sunosi in the U.S. [4] Excludes $6-$8M of share-based compensation expense from estimated GAAP gross margin. [5] Excludes $82-$90M of share-based compensation expense from estimated GAAP SG&A expenses. [6] Excludes $22-$27M of share-based compensation expense and $0-$11M of milestone payments from estimated GAAP R&D expenses. [7] Excludes the income tax effect of adjustments between GAAP reported and non-GAAP adjusted net income and the income tax benefit related to an intra-entity intellectual property asset transfer. [8] Refer to the Appendix for reconciliations of these non-GAAP adjusted guidance measures to the most directly comparable GAAP measures.



# Appendix

Jazz Pharmaceuticals

# Non-GAAP Financial Measures

To supplement Jazz Pharmaceuticals' financial results and guidance presented in accordance with GAAP, the company uses certain non-GAAP (also referred to as adjusted or non-GAAP adjusted) financial measures in this presentation and the accompanying tables. In particular, the company presents non-GAAP adjusted net income (and the related per share measure) and its line item components, as well as certain non-GAAP adjusted financial measures derived therefrom, including non-GAAP adjusted gross margin percentage, non-GAAP adjusted operating income margin percentage and non-GAAP adjusted effective tax rate. Non-GAAP adjusted net income (and the related per share measure) and its line item components exclude from reported GAAP net income (and the related per share measure) and its line item components certain items, as detailed in the reconciliation tables that follow, and in the case of non-GAAP adjusted net income (and the related per share measure), adjust for the income tax effect of non-GAAP adjustments, the U.S. Tax Cuts and Jobs Act impact and the income tax benefit related to an intra-entity intellectual property asset transfer. In this regard, the components of non-GAAP adjusted net income, including non-GAAP cost of product sales, non-GAAP selling, general and administrative expenses and non-GAAP research and development expenses, are income statement line items prepared on the same basis as, and therefore components of, the overall non-GAAP adjusted net income measure.

The company believes that each of these non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors and analysts. In particular, the company believes that each of these non-GAAP financial measures, when considered together with the company's financial information prepared in accordance with GAAP, can enhance investors' and analysts' ability to meaningfully compare the company's results from period to period and to its forward-looking guidance, and to identify operating trends in the company's business. In addition, these non-GAAP financial measures are regularly used by investors and analysts to model and track the company's financial performance. Jazz Pharmaceuticals' management also regularly uses these non-GAAP financial measures internally to understand, manage and evaluate the company's business and to make operating decisions, and compensation of executives is based in part on certain of these non-GAAP financial measures. Because these non-GAAP financial measures are important internal measurements for Jazz Pharmaceuticals' management, the company also believes that these non-GAAP financial measures are useful to investors and analysts since these measures allow for greater transparency with respect to key financial metrics the company uses in assessing its own operating performance and making operating decisions.

These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures; should be read in conjunction with the company's condensed consolidated financial statements prepared in accordance with GAAP; have no standardized meaning prescribed by GAAP; and are not prepared under any comprehensive set of accounting rules or principles. In addition, from time to time in the future there may be other items that the company may exclude for purposes of its non-GAAP financial measures; and the company has ceased, and may in the future cease, to exclude items that it has historically excluded for purposes of its non-GAAP financial measures. Likewise, the company may determine to modify the nature of its adjustments to arrive at its non-GAAP financial measures. Because of the non-standardized definitions of non-GAAP financial measures, the non-GAAP financial measures as used by Jazz Pharmaceuticals in this presentation and the accompanying tables have limits in their usefulness to investors and may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies.

Jazz Pharmaceuticals

# Reconciliation of GAAP Reported to Non-GAAP Adjusted Net Income

| **In millions, except per share amounts** (unaudited) | **2Q18** | **1Q19** | **2Q19** |
|---|---|---|---|
| GAAP reported net income | $ 92.3 | $ 85.2 | $ 261.9 |
| Intangible asset amortization | 55.0 | 56.9 | 61.6 |
| Share-based compensation expense | 26.3 | 27.6 | 28.3 |
| Impairment charges and disposal costs | 44.0 | -- | -- |
| Upfront and milestone payments | -- | 56.0 | -- |
| Non-cash interest expense | 10.9 | 11.1 | 11.5 |
| Income tax effect of above adjustments | (13.8) | (23.6) | (18.4) |
| Income tax benefit related to intra-entity intellectual property asset transfer | -- | -- | (112.3) |
| Non-GAAP adjusted net income | $ 214.6 | $ 213.2 | $ 232.5 |
| GAAP reported net income per diluted share | $ 1.50 | $ 1.47 | $ 4.56 |
| Non-GAAP adjusted net income per diluted share | $ 3.49 | $ 3.67 | $ 4.05 |
| Weighted-average ordinary shares used in diluted per share calculations | 61.4 | 58.1 | 57.4 |

Note: Amounts may not total due to rounding.

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# Reconciliations of GAAP Reported to Non-GAAP Adjusted Information Certain Line Items and Other Information

| In millions, except per share amounts and % (unaudited) | 2Q18 GAAP Reported | 2Q18 Adjustments | 2Q18 Non-GAAP Adjusted* | 1Q19 GAAP Reported | 1Q19 Adjustments | 1Q19 Non-GAAP Adjusted* | 2Q19 GAAP Reported | 2Q19 Adjustments | 2Q19 Non-GAAP Adjusted* |
|---|---|---|---|---|---|---|---|---|---|
| Product sales, net | **$ 496.1** | $ -- | $ 496.1 | **$ 503.3** | $ -- | $ 503.3 | **$ 523.4** | $ -- | $ 523.4 |
| Total revenues | **500.5** | -- | 500.5 | **508.2** | -- | 508.2 | **534.1** | -- | 534.1 |
| Cost of product sales | **34.7** | (1.8)[a] | 32.9 | **33.5** | (1.7)[a] | 31.8 | **27.7** | (1.7)[a] | 26.0 |
| *% of Product sales, net* | ***7.0%*** | | *6.6%* | ***6.7%*** | | *6.3%* | ***5.3%*** | | *5.0%* |
| *Gross margin[b]* | ***93.0%*** | | *93.4%* | ***93.3%*** | | *93.7%* | ***94.7%*** | | *95.0%* |
| Selling, general and administrative | **158.6** | (20.9)[c] | 137.7 | **167.9** | (20.4)[c] | 147.6 | **176.0** | (20.7)[c] | 155.3 |
| *% of Total revenues* | ***31.7%*** | | *27.5%* | ***33.0%*** | | *29.0%* | ***33.0%*** | | *29.1%* |
| Research and development | **56.1** | (4.7)[d] | 51.4 | **60.1** | (5.5)[d] | 54.6 | **62.4** | (5.9)[d] | 56.5 |
| *% of Total revenues* | ***11.2%*** | | *10.3%* | ***11.8%*** | | *10.7%* | ***11.7%*** | | *10.6%* |
| Intangible asset amortization | **55.0** | (55.0) | -- | **56.9** | (56.9) | -- | **61.6** | (61.6) | -- |
| Acquired in-process research and development | **--** | -- | -- | **56.0** | (56.0) | -- | **2.2** | -- | 2.2 |
| Impairment charges | **42.9** | (42.9) | -- | **--** | -- | -- | **--** | -- | -- |
| *Operating income margin[e]* | ***30.6%*** | | *55.6%* | ***26.3%*** | | *54.0%* | ***38.2%*** | | *55.1%* |
| Interest expense, net | **19.6** | (10.9)[f] | 8.8 | **17.9** | (11.1)[f] | 6.8 | **18.2** | (11.5)[f] | 6.8 |
| Foreign exchange loss | **2.7** | -- | 2.7 | **0.6** | -- | 0.6 | **1.9** | -- | 1.9 |
| Loss on extinguishment and modification of debt | **1.4** | -- | 1.4 | **--** | -- | -- | **--** | -- | -- |
| Income before income tax provision (benefit) and equity in loss of investees | **129.4** | 136.1[g] | 265.6 | **115.2** | 151.6[g] | 266.8 | **184.1** | 101.3[g] | 285.4 |
| Income tax provision (benefit) | **36.5** | 13.8[h] | 50.3 | **29.1** | 23.6[h] | 52.7 | **(78.7)** | 130.7[h] | 52.0 |
| *Effective tax rate[i]* | ***28.2%*** | | *19.0%* | ***25.3%*** | | *19.8%* | ***(42.7)%*** | | *18.2%* |
| Equity in loss of investees | **0.6** | -- | 0.6 | **0.9** | -- | 0.9 | **0.9** | -- | 0.9 |
| Net income | **$ 92.3** | $ 122.3[j] | $ 214.6 | **$ 85.2** | $ 128.0[j] | $ 213.2 | **$ 261.9** | $ (29.4)[j] | $ 232.5 |
| Net income per diluted share | **$ 1.50** | | $ 3.49 | **$ 1.47** | | $ 3.67 | **$ 4.56** | | $ 4.05 |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands. *See “Non-GAAP Financial Measures” on slide 19 and next page for explanation of adjustments.

# Explanation of Adjustments to Above Reconciliation Table

Explanation of Adjustments and Certain Line Items (In millions):

(a) Share-based compensation expense of $1.8, $1.7 and $1.7 for 2Q18, 1Q19 and 2Q19, respectively.
(b) Net of product sales, net and cost of product sales divided by product sales, net.
(c) Share-based compensation expense of $19.8, $20.4 and $20.7 and disposal costs of $1.1, $0 and $0 for 2Q18, 1Q19 and 2Q19, respectively.
(d) Share-based compensation expense of $4.7, $5.5 and $5.9 for 2Q18, 1Q19 and 2Q19, respectively.
(e) Income from operations divided by total revenues.
(f) Non-cash interest expense associated with debt discount and debt issuance costs.
(g) Sum of adjustments (a), (c), (d) and (f), plus the adjustment for intangible asset amortization, acquired in-process research and development and impairment charges, as applicable, for the respective quarter.
(h) Income tax adjustments include the income tax benefit related to intra-entity intellectual property asset transfer of $0, $0 and $112.3 and the income tax effect of adjustments between GAAP reported and non-GAAP adjusted net income of $13.8, $23.6 and $18.4 for 2Q18, 1Q19 and 2Q19, respectively.
(i) Income tax provision (benefit) divided by income before income tax provision (benefit) and equity in loss of investees.
(j) Net of adjustments (g) and (h).

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# Reconciliation of GAAP Reported to Non-GAAP Adjusted Net Income

| **In millions, except per share amounts** (unaudited) | **Six Months Ended June 30,** | |
|---|---|---|
| | **2018** | **2019** |
| GAAP reported net income | $ 138.3 | $ 347.1 |
| Intangible asset amortization | 108.0 | 118.5 |
| Share-based compensation expense | 50.6 | 55.8 |
| Loss contingency | 57.0 | -- |
| Impairment charges and disposal costs | 44.0 | -- |
| Upfront and milestone payments | 11.0 | 56.0 |
| Non-cash interest expense | 21.5 | 22.6 |
| Income tax effect of above adjustments | (33.4) | (42.0) |
| Income tax benefit related to intra-entity intellectual property asset transfer | -- | (112.3) |
| Non-GAAP adjusted net income | $ 397.0 | $ 445.7 |
| GAAP reported net income per diluted share | $ 2.26 | $ 6.01 |
| Non-GAAP adjusted net income per diluted share | $ 6.48 | $ 7.72 |
| Weighted-average ordinary shares used in diluted per share calculations | 61.3 | 57.8 |

Note: Amounts may not total due to rounding.

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# Reconciliations of GAAP Reported to Non-GAAP Adjusted Information Certain Line Items and Other Information

| In millions, except per share amounts and % (unaudited) | Six Months Ended June 30, 2018 GAAP Reported | Adjustments | Non-GAAP Adjusted* | Six Months Ended June 30, 2019 GAAP Reported | Adjustments | Non-GAAP Adjusted* |
|---|---|---|---|---|---|---|
| Product sales, net | **$ 936.9** | $ -- | $ 936.9 | **$1,026.8** | $ -- | $1,026.8 |
| Total revenues | **945.1** | -- | 945.1 | **1,042.3** | -- | 1,042.3 |
| Cost of product sales | **68.6** | (3.5)[a] | 65.1 | **61.2** | (3.4)[a] | 57.8 |
| *% of Product sales, net* | ***7.3%*** | | *7.0%* | ***6.0%*** | | *5.6%* |
| *Gross margin[b]* | ***92.7%*** | | *93.0%* | ***94.0%*** | | *94.4%* |
| Selling, general and administrative | **365.8** | (96.1)[c] | 269.7 | **344.0** | (41.1)[c] | 302.9 |
| *% of Total revenues* | ***38.7%*** | | *28.5%* | ***33.0%*** | | *29.1%* |
| Research and development | **118.8** | (20.1)[d] | 98.7 | **122.5** | (11.4)[d] | 111.1 |
| *% of Total revenues* | ***12.6%*** | | *10.4%* | ***11.8%*** | | *10.7%* |
| Intangible asset amortization | **108.0** | (108.0) | -- | **118.5** | (118.5) | -- |
| Impairment charges | **42.9** | (42.9) | -- | **--** | -- | -- |
| Acquired in-process research and development | **--** | -- | -- | **58.2** | 56.0 | 2.2 |
| *Operating income margin[e]* | ***25.5%*** | | *54.1%* | ***32.4%*** | | *54.5%* |
| Interest expense, net | **40.3** | (21.5)[f] | 18.7 | **36.2** | (22.6)[f] | 13.6 |
| Foreign exchange loss | **4.4** | -- | 4.4 | **2.5** | -- | 2.5 |
| Loss on extinguishment and modification of debt | **1.4** | --- | 1.4 | **--** | -- | -- |
| Income before income tax provision (benefit) and equity in loss of investee | **194.9** | 292.1[g] | 487.0 | **299.3** | 252.9[g] | 522.2 |
| Income tax provision (benefit) | **55.7** | 33.4[h] | 89.0 | **(49.5)** | 154.3[h] | 104.8 |
| *Effective tax rate[i]* | ***28.6%*** | | *18.3%* | ***(16.5)%*** | | *19.0%* |
| Equity in loss of investees | **0.9** | -- | 0.9 | **1.8** | -- | 1.8 |
| Net income | **$ 138.3** | $258.7[j] | $ 397.0 | **$ 347.1** | $98.6[j] | $ 445.7 |
| Net income per diluted share | **$ 2.26** | | $ 6.48 | **$ 6.01** | | $ 7.72 |

Note: Amounts may not total due to rounding. Percentages calculated from amounts in thousands. *See “Non-GAAP Financial Measures” on slide 19 and next page for explanation of adjustments.

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# Explanation of Adjustments to Above Reconciliation Table

Explanation of Adjustments and Certain Line Items (In millions):

(a) Share-based compensation expense of $3.5 and $3.4 for the six months ended June 30, 2018 and June 30, 2019, respectively.
(b) Net of product sales, net and cost of product sales divided by product sales, net.
(c) Share-based compensation expense of $38.0 and $41.1, loss contingency $57.0 and $0 and disposal costs of $1.1 and $0 for the six months ended June 30, 2018 and June 30, 2019, respectively.
(d) Share-based compensation expense of $9.1 and $11.4 and upfront and milestone payments of $11 and $0 for the six months ended June 30, 2018 and June 30, 2019, respectively.
(e) Income from operations divided by total revenues.
(f) Non-cash interest expense associated with debt discount and debt issuance costs.
(g) Sum of adjustments (a), (c), (d) and (f), plus the adjustments for intangible asset amortization, acquired in-process research and development and impairment charges, as applicable, for the respective six-month period.
(h) Income tax adjustments include the income tax benefit related to an intra-entity intellectual property asset transfer of $0 and $112.3 and the income tax effect of adjustments between GAAP reported and non-GAAP adjusted net income of $33.4 and $42.0 for the six months ended June 30, 2018 and 2019, respectively.
(i) Income tax provision (benefit) divided by income before income tax provision (benefit) and equity in loss of investees.
(j) Net of adjustments (g) and (h).

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# Reconciliation of GAAP Reported to Non-GAAP Adjusted Net Income

| In millions, except per share amounts (unaudited) | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| GAAP net income[1] | $ 58.4 | $ 329.5 | $ 396.8 | $ 487.8 | $ 447.1 |
| Intangible asset amortization | 126.6 | 98.2 | 102.0 | 152.1 | 201.5 |
| Share-based compensation expense | 69.6 | 91.6 | 98.8 | 106.9 | 102.4 |
| Loss contingency | -- | -- | -- | -- | 57.0 |
| Impairment charges and disposal costs | 39.4 | 31.5 | -- | -- | 44.0 |
| Upfront and milestone payments | 202.6 | 25.0 | 23.8 | 101.5 | 11.0 |
| Transaction and integration related costs | 28.8 | 18.2 | 13.6 | -- | -- |
| Acquisition accounting inventory fair value step-up adjustments | 10.5 | -- | -- | -- | -- |
| Expenses related to certain legal proceedings and restructuring | 1.9 | 1.6 | 6.1 | 6.0 | -- |
| Non-cash interest expense | 13.7 | 22.7 | 22.1 | 30.0 | 44.0 |
| Loss on extinguishment and modification of debt | -- | 16.8 | 0.6 | -- | -- |
| Income tax effect of above adjustments | (53.8) | (39.6) | (36.7) | (58.8) | (60.9) |
| U.S. Tax Cuts and Jobs Act impact | -- | -- | -- | (148.8) | (7.5) |
| Amount attributable to noncontrolling interests | (1.5) | -- | -- | -- | -- |
| Non-GAAP adjusted net income | $ 496.3 | $ 595.5 | $ 627.2 | $ 676.7 | $ 838.6 |
| GAAP net income per diluted share[1] | $ 0.93 | $ 5.23 | $ 6.41 | $ 7.96 | $ 7.30 |
| Non-GAAP adjusted net income per diluted share | $ 7.93 | $ 9.45 | $ 10.14 | $ 11.04 | $ 13.70 |
| Weighted-average ordinary shares used in diluted per share calculation | 62.6 | 63.0 | 61.9 | 61.3 | 61.2 |

Note: Amounts may not total due to rounding.
[1] 2014 to 2018 audited.

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# Reconciliation of GAAP SG&A and R&D to Non-GAAP Adjusted SG&A and R&D

| In millions, except per share amounts (unaudited) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019G |
|---|---|---|---|---|---|---|
| GAAP SG&A and R&D expense[1] | $ 491.3 | $ 584.4 | $ 665.2 | $ 742.6 | $ 910.1 | $ 959 – $1,043 |
| Share-based compensation expense | (67.3) | (88.0) | (94.3) | (101.1) | (95.8) | (104) – (117) |
| Loss contingency | -- | -- | -- | -- | (57.0) | -- |
| Disposal costs | -- | -- | -- | -- | (1.1) | -- |
| Upfront and milestone payments | -- | (25.0) | -- | (18.5) | (11.0) | (0) – (11) |
| Expenses related to certain legal proceedings and restructuring | (1.9) | (1.1) | (6.0) | (6.0) | -- | -- |
| Transaction and integration related costs | (28.8) | (18.2) | (13.6) | -- | -- | -- |
| Non-GAAP adjusted SG&A and R&D expense | $ 393.3 | $ 452.1 | $ 551.3 | $ 617.0 | $ 745.3 | $ 855 - $915 |

Note: Amounts may not total due to rounding.
[1] 2014 to 2018 audited.
G=Guidance.

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# Reconciliation of GAAP to Non-GAAP Adjusted 2019 Financial Guidance

| **In millions, except per share amounts** (unaudited) | **2019 Current Guidance[1]** | **2019 Previous Guidance[2]** |
|---|---|---|
| GAAP net income | $540 – $620 | $395 – $495 |
| Intangible asset amortization | 240 – 260 | 240 – 260 |
| Share-based compensation expense | 110 – 125 | 110 – 125 |
| Upfront and milestone payments | 56 – 67 | 56 – 90 |
| Non-cash interest expense | 40 – 50 | 40 – 50 |
| Income tax effect of above adjustments | (75) – (95) | (75) – (95) |
| Income tax benefit related to intra-entity intellectual property asset transfer | (112) | -- |
| Non-GAAP adjusted net income | $835 – $875 | $835 – $875 |
| GAAP net income per diluted share | $9.40 – $10.75 | $6.80 – $8.50 |
| Non-GAAP adjusted net income per diluted share | $14.30 – $15.00 | $14.30 – $15.00 |
| Weighted-average ordinary shares used in per share calculations | 58 | 58 |

[1] Guidance provided by Jazz Pharmaceuticals plc as of August 6, 2019.
[2] Guidance provided by Jazz Pharmaceuticals plc as of May 7, 2019.

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# Glossary of Abbreviations

aGvHD = Acute Graft-vs-Host Disease
ALL = Acute Lymphoblastic Leukemia
AML = Acute Myeloid Leukemia
ASCO = American Society of Clinical Oncology
BLA = Biologics License Application
BPDCN = Blastic Plasmacytoid Dendritic Cell Neoplasm
CAGR = Compound Annual Growth Rate
CAR-T = Chimeric Antigen Receptor T-cell Therapy
CNS = Central Nervous System
COG = Children's Oncology Group
DEA = U.S. Drug Enforcement Administration
EDS = Excessive Daytime Sleepiness
EU = European Union
FDA = U.S. Food and Drug Administration
FPI = First Patient In
GAAP = U.S. Generally Accepted Accounting Principles
HLE = Half-Life Extension
HMA = Hypomethylating Agent
HR-AML = High-Risk AML
HR-MDS = High-Risk MDS
IA = Interim Analysis
IH = Idiopathic Hypersomnia
IMGN = ImmunoGen
LBL = Lymphoblastic Lymphoma
MAA = Marketing Authorization Application
MDS = Myelodysplastic Syndrome
NDA = New Drug Application
OSA = Obstructive Sleep Apnea
pVOD = Prevention of Hepatic Veno-occlusive Disease
R&D = Research & Development
R/R = Relapsed/Refractory
SG&A = Selling, General & Administrative
TA-TMA = Transplant Associated Thrombotic Microangiopathy
VOD = Hepatic Veno-occlusive Disease

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