

Valeant Pharmaceuticals International, Inc.

Q3 2015 Financial Results
October 19, 2015

Forward-looking Statements

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Certain statements made in this presentation may constitute forward-looking statements, including, but not limited to, statements regarding marketing efforts, portfolio expansion, debt reduction, future acquisitions and dispositions, share repurchases, future price increases and the mix of volume and price with respect to future growth, the relative mix of the components of our future business, expectations with respect to litigation and government investigations, expected future performance, including guidance with respect to revenue, Cash EPS, adjusted cash flow from operations and organic growth, future inventory levels, and expectations with respect to the timing of and outcome of development programs, regulatory approvals and commercial plans with respect to product candidates. Forward-looking statements may generally be identified by the use of the words “anticipates,” “expects,” “intends,” “plans,” “should,” “could,” “would,” “may,” “will,” “believes,” “estimates,” “potential,” “target,” or “continue” and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks and uncertainties discussed in the Company's most recent annual or quarterly report and detailed from time to time in Valeant's other filings with the Securities and Exchange Commission and the Canadian Securities Administrators, which factors are incorporated herein by reference. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Valeant undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes.

Non-GAAP Information

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), the company uses non-GAAP financial measures that exclude certain items, such as amortization of inventory step-up, amortization of alliance product assets & property, plant and equipment step up, stock-based compensation step-up, contingent consideration fair value adjustments, restructuring, integration, acquisition-related and other costs, In-process research and development, impairments and other charges, ("IPR&D"), legal settlements outside the ordinary course of business, the impact of currency fluctuations, amortization including intangible asset impairments and other non-cash charges, amortization and write-down of deferred financing costs, debt discounts and ASC 470-20 (FSP APB 14-1) interest, loss on extinguishment of debt, (gain) loss on assets sold/held for sale/impairment, net, (gain) loss on investments, net, and adjusts tax expense to cash taxes. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. By disclosing non-GAAP financial measures, management intends to provide investors with a meaningful, consistent comparison of the company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP. Therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Note 1: The guidance in this presentation is only effective as of the date given, October 19, 2015, and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

Q3 2015 Highlights

- **Exceeded top line and bottom line Q3 guidance; 5th consecutive quarter of >10% organic growth**
 - Includes negative FX impact of \$172M revenues and \$0.13 Cash EPS
 - Continued outperformance of U.S. businesses, particularly dermatology and contact lens
 - Strong organic growth in China (23%), South Korea (15%), and Mexico (10%)
- **Continued strong Salix performance**
 - IBS-D indication for Xifaxan (including DTC campaign)
 - Salix inventories reduced to 8-10 weeks
- **Addyi launched 10/17**
- **Four deals closed in October**
 - Brodalumab
 - Sprout
 - Synergetics
 - Amoun (expected to close today)
- **Strong cash flow from operations**
 - GAAP cash flow from operations \$737M
 - 90% cash conversion

Q3 2015 Financial Results

	Q3 2015	Q3 2014	Y/Y%	Adjusted Y/Y% ^(a)
Total Revenue	\$2.8 B (guidance \$2.6 – 2.8B)	\$2.1 B	36%	44%
Cash EPS	\$2.74 (guidance \$2.60 – 2.70)	\$2.11	30%	36%
GAAP Cash Flow from Operations	\$737M	\$619M	19%	26%
Adjusted Cash Flow from Operations	\$865M	\$771M	12%	18%

a) Negative FX Y/Y Impact: Revenue \$172M, Cash EPS \$0.13

Q3 2015 Organic Growth

Same Store Sales – Y/Y growth rates for businesses that have been owned for one year or more

	<u>Q3 2015</u>	<u>YTD 2015</u>
Total U.S.	22%	27%
Total Developed	16%	19%
Total Emerging Markets	3%	5%
Total Company	13%	15%

Pro Forma – Y/Y growth rates for entire business, including businesses that have been acquired within the last year

	<u>Q3 2015</u>	<u>YTD 2015</u>
Total U.S.	26%	27%
Total Developed	21%	21%
Total Emerging Markets	4%	5%
Total Company	17%	17%

Q3 2015 Top 30 Brands (1/3)

(\$M)

	Product	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
1)	Xifaxan	-	-	-	148	220
2)	Jublia	13	53	62	102	106
3)	Wellbutrin XL*	80	82	68	67	92
4)	SofLens*	95	89	81	84	84
5)	Xenazine	56	52	57	66	73
6)	Provence	-	-	30	74	69
7)	Solodyn	54	61	57	65	66
8)	Ocuvite / Preservision*	62	62	60	59	57
9)	ReNu*	59	60	53	59	54
10)	Glumetza	-	-	-	26	53

Top 30 represent 54% of total company revenue

- Sales depressed on 12 of top 30 products due to FX impact

Q3 2015 Top 30 Brands (2/3)

(\$M)

	Product	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
11)	Isuprel	-	-	72	49	50
12)	Uceris Tablets	-	-	-	24	46
13)	Lotemax*	35	47	43	53	44
14)	PureVision*	48	49	44	44	42
15)	Arestin	30	38	32	52	35
16)	Nitropress	-	-	62	64	35
17)	Apriso	-	-	-	31	35
18)	Retin A Franchise	9	17	16	19	32
19)	Elidel*	22	31	26	31	32
20)	Biotrue MPS*	26	25	28	29	31

Top 30 represent 54% of total company revenue

* Sales depressed on 12 of top 30 products due to FX impact

Q3 2015 Top 30 Brands (3/3)

(\$M)

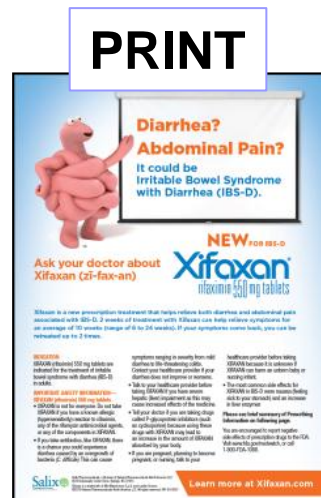
	Product	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
21)	MoviPrep	-	-	-	21	28
22)	Cuprimine	11	11	8	8	27
23)	Cerave*	21	27	30	30	26
24)	Carac	14	42	26	18	23
25)	BioTrue ONEday*	15	15	17	22	22
26)	Ofloxacin Otic	1	1	1	6	21
27)	Ziana	17	23	26	20	20
28)	Artelac*	25	23	19	24	20
29)	Clindagel	5	7	5	10	19
30)	Akreos Advanced Optics*	22	24	20	24	19

Top 30 represent 54% of total company revenue

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Salix Update

- Xifaxan TRx's up **15%** Q3'15 vs Q2'15, **25%** Q3'15 vs Q3'14
- Uceris TRx's up **20%** Q3'15 vs Q3'14, Relistor TRx's up **36%** Q3'15 vs Q3'14, Apriso TRx's up **7%** Q3'15 vs Q3'14, Ruconest TRx's up **29%** sequentially Q2 to Q3
- Inventories reduced to 8-10 weeks; expect to reach our target of 4-6 weeks by end of year
- Xifaxan Integrated Professional and Consumer Campaign Launched October 5th



Sprout Update

- Addyi launched in U.S. on 10/17
- 148 reps in the field
- 8 Medical Science Liaisons (MSLs) hired
- Launching with prescribing information, submitting marketing materials to the Office of Prescription Drug Promotion (OPDP)
- No plans for direct to consumer (DTC) advertising at this time
- Cindy Whitehead has stayed on as CEO of Sprout



Cindy Whitehead

Selected Emerging Market Performance

Country	Q3 Revenue \$, millions	Y/Y Same Store Sales Growth %
China	~85	23
Russia	~50	~0
Brazil/Argentina	~35	~0

China Continues to Outperform

- Our China business is primarily a contact lens, solutions, and OTC eye drop market – all consumer pay
- Our products are priced for the middle class
- We have the leading market share position in contact lenses (contact lens as a category is growing 3% and we are gaining share by growing >20%)
- ~90% of products sold in China are manufactured outside China
- We are expanding our portfolio into aesthetics and skin care

Financial Summary

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Total Revenue	\$2,056M	\$2,280M	\$2,191M	\$2,732M	\$2,787
Cost of Goods Sold (% of product sales)	26%	24%	25%	23%	22%
SG&A (% of total revenue)	24%	23%	26%	25%	24%
R&D Expense	\$59M	\$59M	\$56M	\$81M	\$102M
Operating Margin (% of total revenue) (excluding amortization)	47%	50%	47%	49%	50%
Cash EPS (Reported)	\$2.11	\$2.58	\$2.36	\$2.56	\$2.74
GAAP Cash Flow from Operations	\$619M	\$816M	\$491M	\$411M	\$737M
Adjusted Cash Flow from Operations	\$771M	\$624M	\$708M	\$773M	\$865M
Fully Diluted Share Count	341M	342M	343M	351M	351M

Cash Flow (Q1 2014 to Q3 2015)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GAAP cash flow from operations	484	376	619	816*	491	411	737
Adjusted cash flow from operations	636	500	771	624	708	773	865
Adjusted earnings	600	651	719	881	809	897	961
Cash conversion	106%	77%	107%	71%	88%	86%	90%

*Q4 2014 included a one-time \$287M gain from the sale of Allergan shares

Salix Inventory and Drawdown

	Actual Q2	Actual Q3	Estimated Q4
Net Sales (including IBS-D)	\$313M	\$461M	~\$600M
Inventory Reduction	\$141M	\$98M	~\$100M
Net Sales Adj. for Inventory Reduction	\$454M	\$559M	~\$700M
Beginning Months on Hand	4 - 5	3 - 3.5	2 - 2.5
Ending Months on Hand	3 - 3.5	2 - 2.5	1 - 1.5

- **Expect to reach ~4-6 weeks target by year end**
- **Increasing full year Salix net sales estimate from \$1.20B to ~\$1.35B**

Balance Sheet Update

- **Liquidity position at end of Q3**
 - \$1.5B undrawn revolver
 - \$1.4B of cash
- **Cash and revolver to fund transactions closed in October**
- **Free cash flow will be used for a combination of debt paydown and general corporate purposes**
 - Committed to debt paydown beyond the mandatory amortizations required by term loans
- **We remain committed to getting net leverage to <4.0x adjusted pro forma EBITDA by the end of 2016**

Increasing 2015 Q4 and Full Year Guidance

	Previous Q4 2015	New Q4 2015	Previous full year	New full year 2015
Revenues	\$3.2 - \$3.4B	\$3.25 - \$3.45B	\$10.7 - \$11.1B	\$11.0 - \$11.2B
Cash EPS	\$3.98 - \$4.18 per share	\$4.00 - \$4.20 per share	\$11.50 - \$11.80 per share	\$11.67 - \$11.87 per share
Adj. Cash Flow from Operations	NA	NA	>\$3.2B	>\$3.35B

- Organic growth of ~10% (same store) expected Q4
- We expect to achieve double-digit organic growth in 2016
- We are reaffirming our expectations to exceed \$7.5B EBITDA in 2016
- We will provide 2016 guidance on Jan 7, 2016

Reflections on our Strategy (1/2)

- Our mission remains the same – we will always put patients and physicians first, while taking our responsibility for our employees and the communities we work in very seriously
- We will remain shareholder friendly – we know who our owners are, we listen to them, and work hard for them every day
- Our focus will remain on:
 - High growth markets: therapeutics areas and geographies
 - Durable assets
 - Concentrated specialist populations
 - Segments where physician education matters
 - Consumer pay/commercial insurance reimbursement
 - Remaining diversified where no one product or small set of products disproportionately impacts our earnings
- As our portfolio has shifted over time to newer, higher growth assets, pricing will become a less important part of our growth
- Given the evolution of our product mix, it is likely that we will pursue far fewer, if any, transactions that are focused on mispriced products
- Our Neuro & Other segment is comprised of more than 50 products -- primarily tail assets from acquisitions. Because we expect Neuro & Other will represent only ~10% of our business going forward, it is not core to our business or strategy and we have considered and are considering a spinoff/sale of the entire segment

Reflections on our Strategy (2/2)

- Due to our success in R&D – especially in the areas of dermatology, contact lenses, surgical, and OTC products – internal R&D will become more of an area of focus
- If our stock price remains at current levels, share repurchases will be seriously considered
- Our strategy will remain agile and flexible in response to an ever-changing world

Questions from Investors

1. How much of Valeant's organic growth comes from price vs. volume (looking back and looking forward)?
2. What is your approach to U.S. drug distribution?
3. How does Valeant work with specialty pharmacies and what is Valeant's relationship with Philidor?
4. Why did Valeant's General Counsel send a letter inquiring about the \$69M owed to Valeant by R&O pharmacy?
5. How does Valeant ensure patients have access to its products?
6. What is the status of recent government inquiries and how do you manage compliance, legal, and regulatory matters?

1. How much of Valeant's organic growth comes from price vs. volume (looking back and looking forward)?

2015 Valeant Price Volume Growth

	2015 % of business %	Q3 2015		2015 YTD	
		Unit volume growth %	Net realized price change %	Unit volume growth %	Net realized price change %
Ex-U.S.	39	4	(2)	4	(1)
U.S. Contact lens, Surgical, Consumer, Solta, Obagi	14	4	(2)	3	2
U.S. Branded Pharmaceuticals	43	19	15	17	24
U.S. Generics	4	(9)	5	(10)	6
Total	100	8.2	4.4	8	8

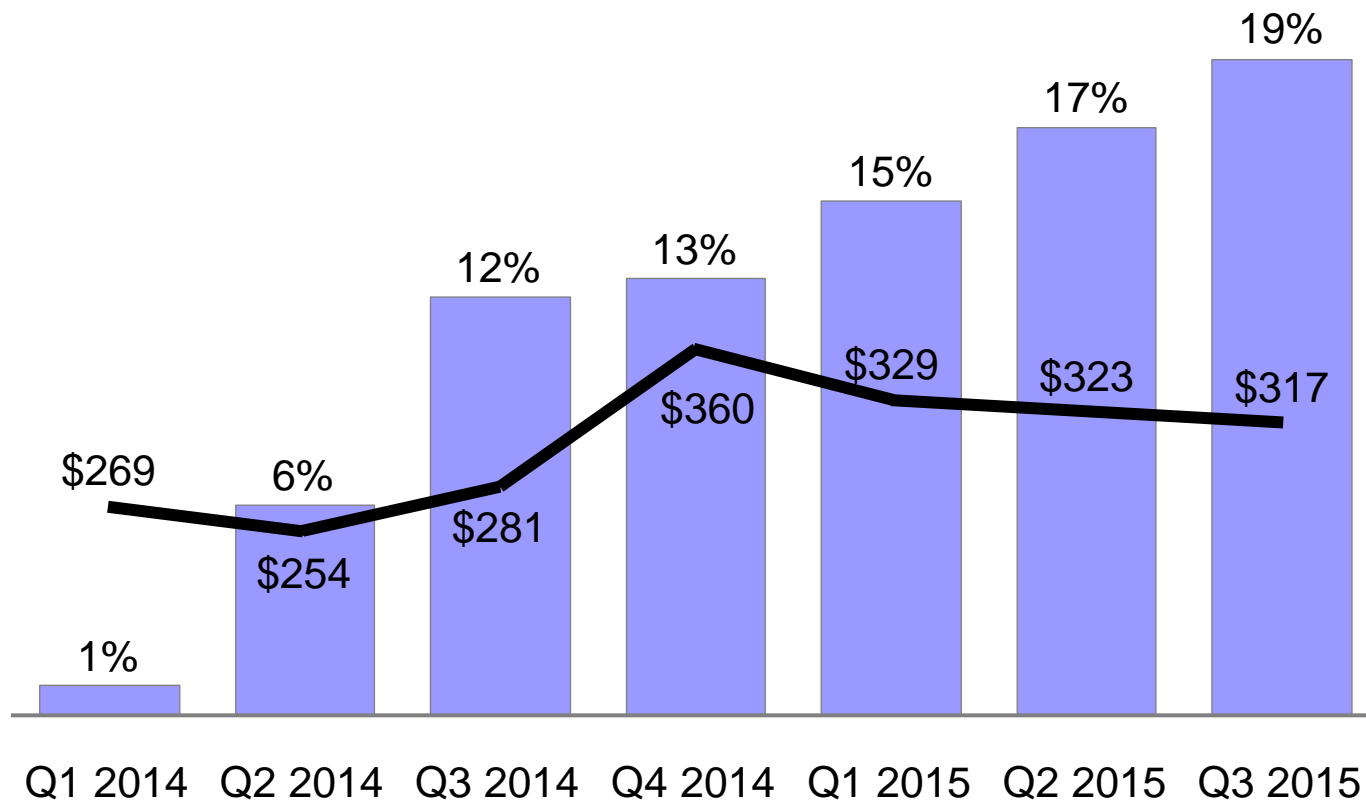
Price Volume for U.S. Branded Rx Portfolio Over Time

	<u>2014</u>	<u>2015 YTD</u>	<u>2015 Q3</u>
Organic growth	20%	41%	34%
From Rx volume	8%	17%	19%
From net realized price	12%	24%	15%

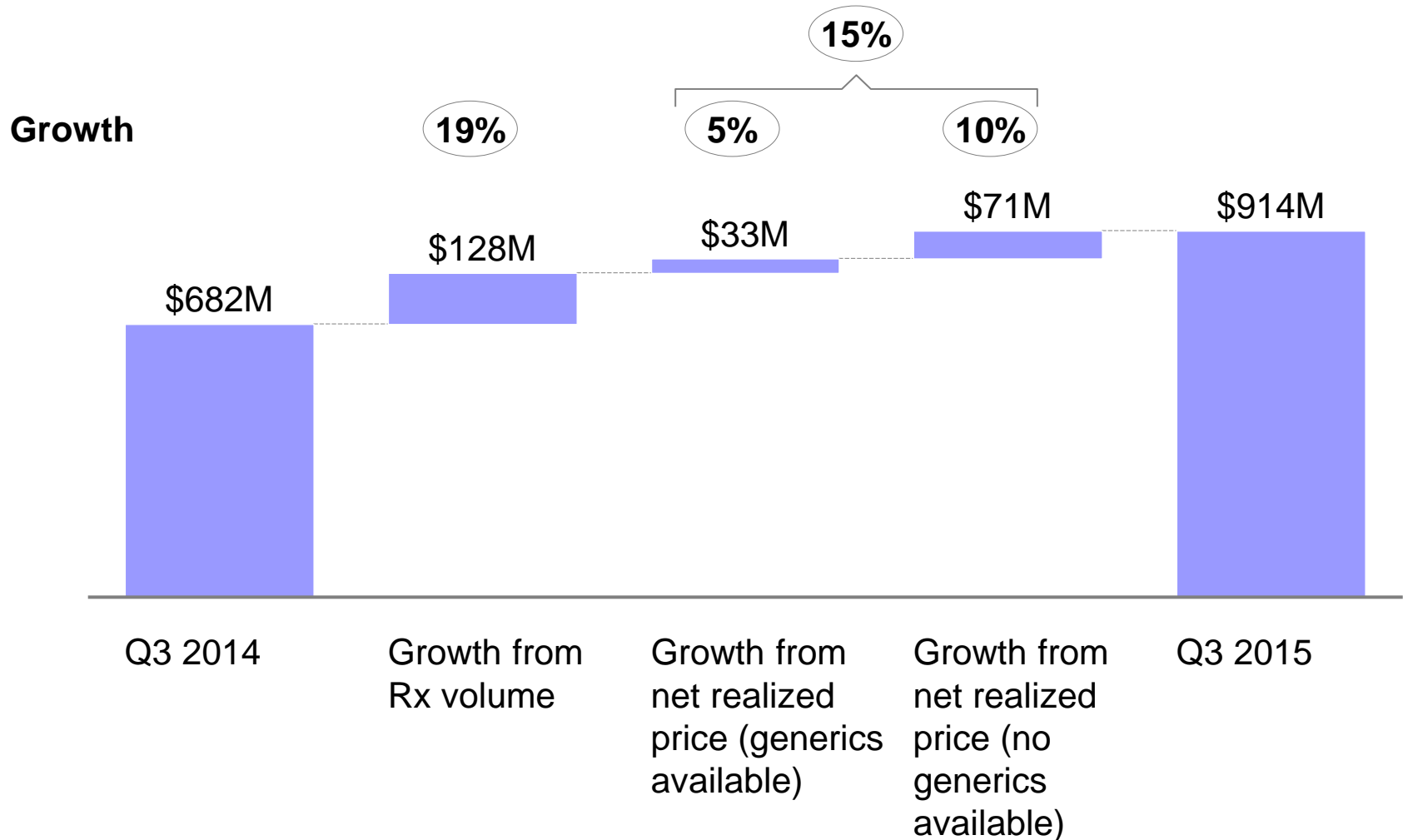
U.S. Branded Rx Over Time

YOY growth in prescriptions, %

— Avg. net realized price per script



2015 Q3 U.S. Branded Rx Revenue – Components of Growth



2015 YTD Price Actions for Top 10 U.S. Dermatology Products

	Gross pricing action %	Net realized price %
1 Jublia®	19.8	2.1
2 Solodyn®	9.9	0.7
3 Elidel®	9.9	3.2
4 Ziana®	9.9	2.5
5 Acanya®	9.0	2.4
6 Onexton®	9.0	2.3
7 Zyclara®	15.0	1.7
8 RAM .08®	19.3	2.2
9 Atralin®	61.0	0.8
10 Targretin® Caps	0.0	0.0
Weighted average	14.0	1.7

Revenue from these products represents ~62% of our U.S. Dermatology business

Note: Reflects all price actions since January 1, 2015

2015 YTD Price Actions for Top 10 U.S. Ophthalmology Rx Products

	Gross pricing action %	Net realized price %
1 Lotemax Gel	10.0	4.6
2 Prolensa	10.0	9.4
3 Alrex	10.0	9.1
4 Besivance	10.0	2.0
5 Zylet	10.0	8.7
6 Istalol	10.0	10.0
7 Bepreve	10.0	9.2
8 Zirgan	10.0	10.0
9 Timoptic in Ocudose	10.0	10.0
10 Vitrase	10.0	9.3
Weighted average	10.0	7.1

Revenue from these products represents ~86% of our U.S. Ophthalmology Rx business

Note: Reflects all price actions since January 1, 2015

Price/Volume for Neuro & Other

YTD Volume decline	(7)%
YTD Net realized price	30%
% of Neuro revenue with generic alternatives in market	61%
% of 2016 U.S. business	~10%

Clarifying Valeant Price Increases – The Facts

	<u>Recent Deutsche Bank report</u>	<u>Actual U.S. Branded Pharma</u>
Total products in portfolio	69	156
Number of products with price increases	56	85
Share of portfolio	81%	54%
Average WAC increase*	66%	36%
Average net realized increase	n/a	24%

* Unweighted (total WAC increases ÷ total # products)

Note: Reflects all price actions between January 1, 2015 – September 29, 2015

Source: 2015 Industry Update Drug pricing perspectives: Page 7 Figure 11

Deutsche Bank Markets Research, Deutsche Bank Securities Inc.

29 September 2015, Gregg Gilbert

Price vs. Volume Disclosure Comparison

Products covered	Type/level of disclosure	# of top 15 Pharma companies	Valeant's disclosure
Full portfolio	Quantitative	4	✓ <i>current</i>
	Qualitative	1	✓ <i>historic</i>
Selective products	Quantitative	6	
	Qualitative	4	

Valeant's Evolving Portfolio

	2015 % of business %	2016 % of business %
Ex-U.S.	39	~30
U.S. Contact lens, Surgical, Consumer, Solta, Obagi	14	~15
U.S. Generics	4	~5
U.S. Branded Pharmaceuticals	27	~40
U.S. Neuro	16	~10
Total	100	100

2. What is your approach to U.S. drug distribution?

Valeant's U.S. Drug Distribution Strategy

- Our drugs are available to all patients
- Over 90% of our U.S. pharmaceutical products are available through the big 3 distributors
- Our distribution is not designed to restrict access to our products

3. How does Valeant work with specialty pharmacies and what is Valeant's relationship with Philidor?

Specialty Pharmacy (1/2)

- We have viewed our relationship with Philidor and our other specialty pharmacies as proprietary and as one of our competitive advantages
- Similar to many pharmaceutical companies in the U.S., an increasing percentage of our revenue is coming from products dispensed through multiple specialty pharmacies
- We find specialty pharmacies improve patients' access to medicines at an affordable price and help ensure physicians are able to prescribe the medications they believe most appropriate for their patients
- In almost all cases, our inventory with specialty pharmacies and the title for our medicines only transfer to the pharmacy when the actual prescription is filled – this significantly reduces our distribution fees and product returns. Less than 5% of our U.S. channel inventory sits in the specialty pharmacy channel
- Philidor, one of our specialty pharmacy partners, provides prescription services to patients across the country, and provides administrative services for our co-pay cards and is a dispensary that fills prescriptions. We have a contractual relationship with Philidor and late last year we purchased an option to acquire Philidor

Specialty Pharmacy (2/2)

- Based on a VIE (variable interest entity) assessment in accordance with ASC 810, we consolidate the financials of Philidor. Inventory held at Philidor remains on Valeant's books and is not included in the specialty pharmacy channel inventory
- For many of our dermatology products, many of our specialty pharmacies, including Philidor, dispense Valeant medications before adjudication of the reimbursement may be finalized. Patients get their medicines more quickly and Valeant takes the risk for non-reimbursement
- We understand that Philidor:
 - Provides services under our programs for commercially insured and cash-paying claims only. Any claim that would be reimbursed in whole or in part by government insurance is not eligible for our co-pay subsidy programs
 - Does not restrict prescriptions it fills to any particular manufacturers (including Valeant)
 - Dispenses generic products as specified in patient's prescription or as requested by patient

4. Why did Valeant's General Counsel send a letter inquiring about the \$69M owed to Valeant by R&O pharmacy?

Why did Valeant Send a Letter to R&O Pharmacy?

- R&O is in one of the specialty pharmacies in our network
- Valeant shipped approximately \$69 million at WAC, approximately \$25 million in net revenue to Valeant
- R&O sold a substantial amount of Valeant product. Any products R&O dispensed to patients were recognized as our revenues and are reflected in our receivables. Any products still held by R&O are reflected in our inventory
- R&O is improperly holding significant amounts it received from payers



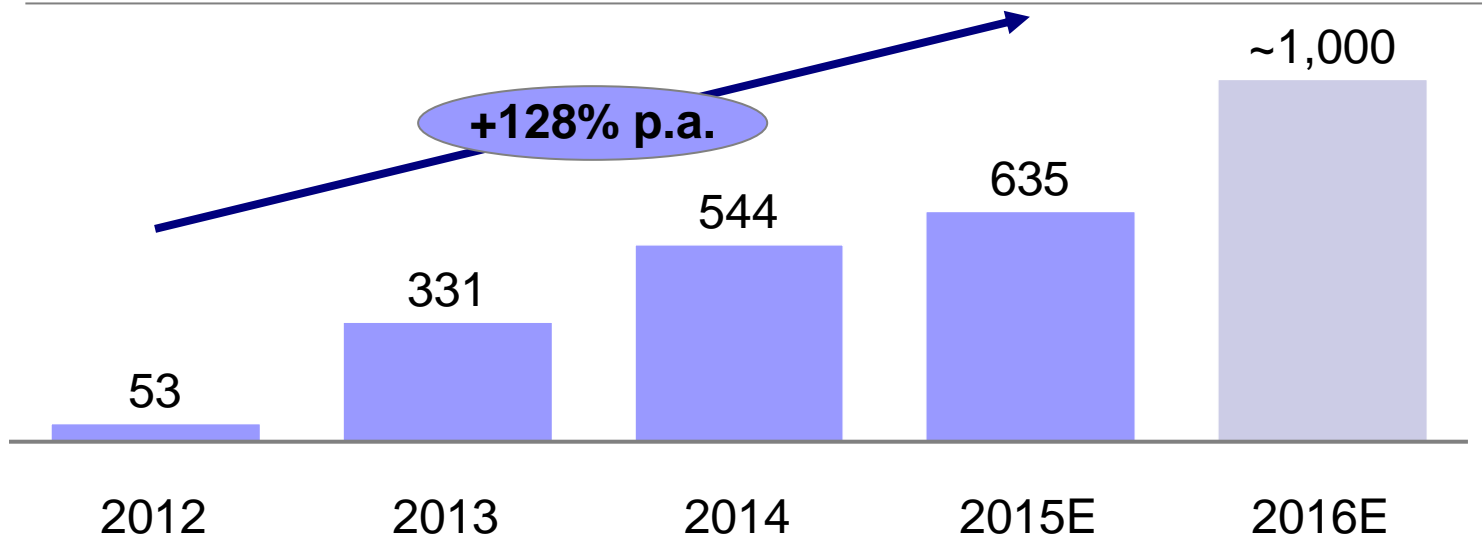
5. How does Valeant ensure patients have access to its products?

Valeant's Patient Access

- Our patient assistance programs are administered by a reputable third party (inVentiv)
- We fund foundations with multiple donors – and the foundations determine their eligibility requirements
- Eligibility for our commercial access programs is limited to patients not covered by government programs

Total spend on patient assistance programs

\$, millions



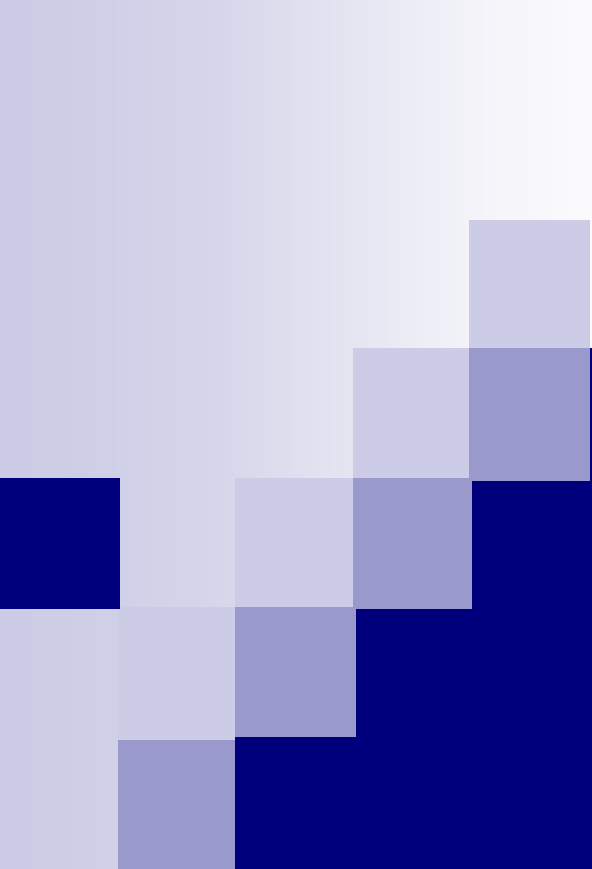
6. What is the status of recent government inquiries and how do you manage compliance, legal, and regulatory matters?

Recent Government Inquiries

- On October 14, 2015, we responded to a letter from Senator Claire McCaskill (Democrat-Missouri)
- The letter addressed the history of Nitropress and Isuprel, the reimbursement process for hospital procedures involving Nitropress and Isuprel, the analysis and reasons underlying Valeant's pricing decisions, and Valeant's programs designed to improve patient access, among other topics
- We are beginning outreach to hospitals where the impact of a price change was significantly greater than the average
- We received a subpoena from the U.S. Attorney's Office for the District of Massachusetts and a subpoena from the U.S. Attorney's Office for the Southern District of New York
- We intend to cooperate with the investigations

Approach to Compliance & Legal

- Valeant's compliance program is consistent with Office of the Inspector General's (OIG) guidance on the operation of an effective compliance program
 - Recently concluded 5-year Corporate Integrity Agreement, which required that we have (1) written policies and procedures and systems in place consistent with OIG guidance on the operation of an effective compliance program, (2) significant training related to these policies and procedures and all applicable laws, (3) a functioning compliance committee and appropriate oversight of our compliance function, (4) an annual audit by an independent review organization to review our systems, policies and procedures as well as our transfers of value to healthcare providers and sample and sales call activity
 - We filed 5 annual reports with OIG which included the reports of the Independent Review Organization (Navigant). Our fifth and final report was filed in early 2015
- In connection with the B+L acquisition, we assumed compliance commitments made to the Department of Justice for the B+L business
 - Includes requirements to effectively maintain a compliance program consistent with the OIG Guidance on an Effective Compliance Program
 - Requires that we certify compliance annually to the Department of Justice, which has been made.



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