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## Q2 2020 Financial Results

August 4, 2020

# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This investor supplement contains forward-looking statements. These statements often include words such as “anticipate,” “expect,” “suggest,” “plan,” “guidance,” “believe,” “intend,” “project,” “outlook,” “forecast,” “estimates,” “targets,” “projections,” “should,” “could,” “would,” “may,” “might,” “will,” and other similar expressions, including forward-looking statements about the impact from the novel coronavirus disease (the “COVID-19 pandemic”). Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results, including the impact from the COVID-19 pandemic, and our ability to achieve our projected financial guidance, and therefore actual results might differ materially from those expressed in these forward-looking statements. Factors that might materially affect such forward-looking statements include: the magnitude, continued duration, geographic reach and ongoing impact on the global economy and capital and credit markets of the COVID-19 pandemic; the current and uncertain future impact from the COVID-19 pandemic on our business, growth, reputation, prospects, financial condition, results of operations (including components of our financial results), cash flows and liquidity; the fragmented and highly competitive nature of the drug development services industry; changes in trends in the biopharmaceutical industry, including decreases in research and development spending and outsourcing; our ability to keep pace with rapid technological changes that could make our services less competitive or obsolete; the U.S. and international healthcare industry is subject to political, economic and/or regulatory influences and changes, such as healthcare reform, all of which could adversely affect both our customers' and our businesses; any failure of our backlog to accurately predict or convert into future revenue; the fact that our customers can terminate, delay or reduce the scope of our contracts with them upon short notice or with no notice; the impact of industry, customer and therapeutic area concentration; our ability to accurately price our contracts and manage our costs associated with performance of such contracts; any failures in our information and communication systems including cybersecurity breaches impacting us or our customers, clinical trial participants or employees; any failure to perform services in accordance with contractual requirements, regulatory standards and ethical standards; our ability to recruit, retain and motivate key personnel, including the loss of any key executive who becomes seriously ill with COVID-19; our ability to access clinical research sites, attract suitable investigators or enroll a sufficient number of patients (including as a result of COVID-19) for our customers' clinical trials; any failure by us to comply with numerous privacy laws; our dependence on third parties for critical goods and support services, including a significant impact from the COVID-19 pandemic on our suppliers; our dependence on our technology network, and the impact from upgrades to the network; any violation of laws, including laws governing the conduct of clinical trials or other biopharmaceutical research, and anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010; competition between our existing and potential customers and the potential negative impact on our business; our management of business restructuring transactions and the integration of acquisitions; risks related to the drug development services industry that could result in potential liability that could affect our business, reputation and financial condition; any failure of our insurance to cover the potential liabilities, including indemnification obligations, associated with the operation of our business and provision of services; our use of biological and hazardous materials, which could violate law or cause injury or death resulting in liability; international or U.S. economic, currency, political and other risks, such as the COVID-19 pandemic; disruptions to our operations by the occurrence of a natural disaster, pandemic (such as the COVID-19 pandemic) or other catastrophic events; economic conditions and regulatory changes relating to the United Kingdom's exit from the European Union; any inability to adequately protect our intellectual property or the security of our systems and the data stored therein; consolidation amongst our customers, and the potential for rationalization of the combined drug development pipeline, resulting in fewer products in clinical development; any patent or other intellectual property litigation we might be involved in; changes in tax laws such as U.S. tax reform, or interpretations of existing tax laws; our investments in third parties, which are illiquid and subject to loss; the substantial value of our goodwill and intangible assets, which we might not fully realize, resulting in impairment losses; difficult and volatile conditions in the capital and credit markets and in the overall economy, including those caused by the COVID-19 pandemic; risks related to our indebtedness; risks related to ownership of our common stock; the significant influence certain stockholders have over us; and other factors beyond our control. These cautionary statements should not be construed by you to be exhaustive and are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted diluted earnings per share, net debt, net leverage ratio, total liquidity, annualized cash interest and cash interest coverage. Other companies in our industry may calculate such non-GAAP financial measures differently than we do. As a result, these non-GAAP financial measures have limitations as analytical and comparative tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. For a reconciliation of certain non-GAAP financial measures used in this presentation to the closest comparable GAAP measure, see the Appendix to this presentation. PPD has not reconciled the forward-looking adjusted EBITDA guidance included in this presentation to the most directly comparable GAAP measure because this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, including, but not limited to, costs related to unplanned acquisitions, incentive compensation (including stock-based compensation), transaction costs, recapitalization portfolio interest consideration, uncertainties caused by the global COVID-19 pandemic and other items not reflective of PPD's ongoing operations, which are potential adjustments to future earnings. PPD expects the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.

## Q2 2020 Highlights

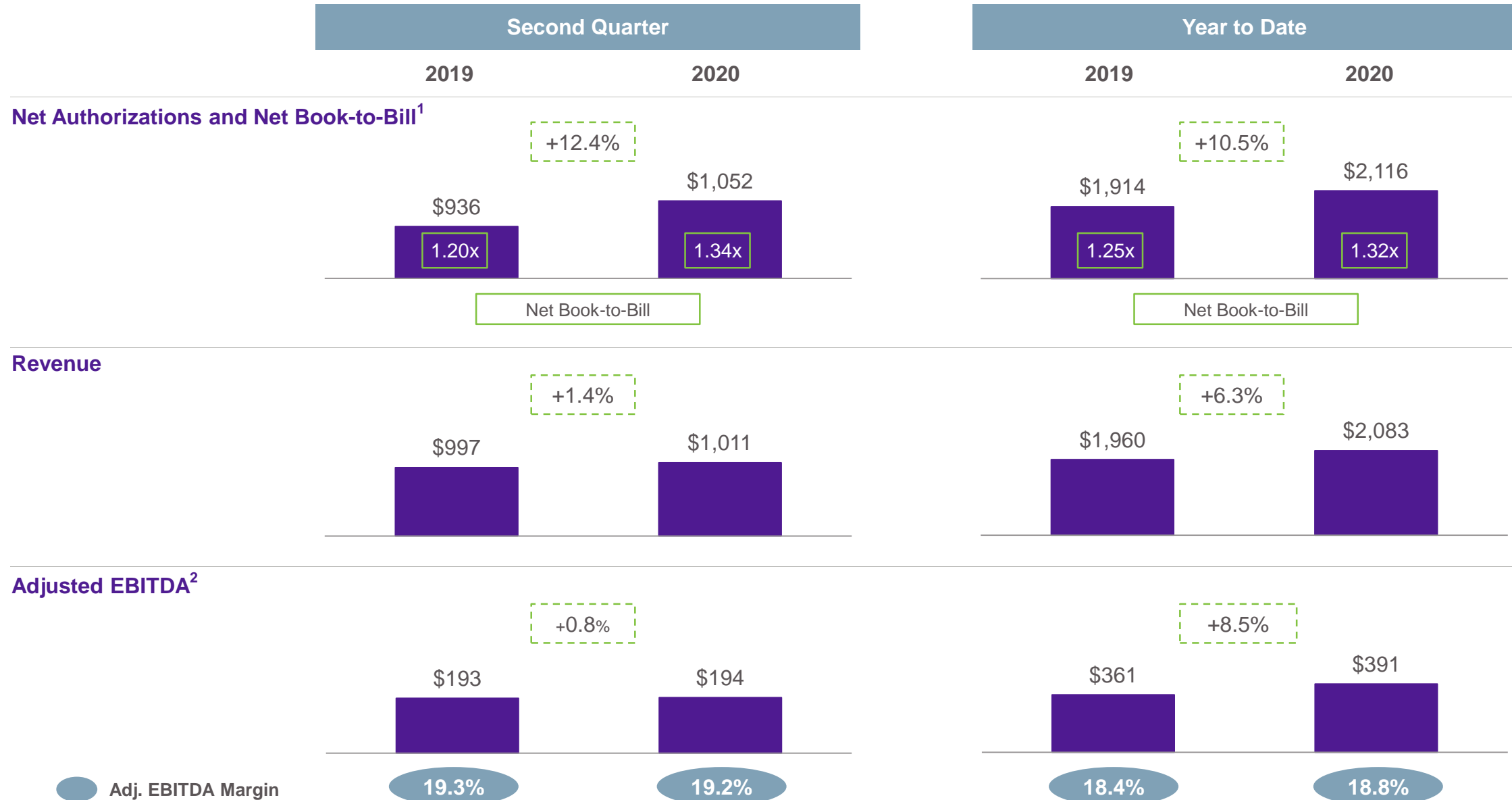
- Second quarter 2020 results were at or above prior year second quarter results. Notable metrics include:
  - Net Authorizations of \$1,052 million (+12.4% Y/Y) vs. Q2'19 of \$936 million on a historical basis
  - Quarterly net book-to-bill of 1.34x; 1.26x for the trailing twelve-month period ended 6/30/20
  - Record ending backlog of \$7,581 million (+13.3% Y/Y) vs. Q2'19 of \$6,692 million on a historical basis
  - Revenue of \$1,011 million (+1.4% Y/Y) vs. Q2'19 of \$997 million
  - Adjusted EBITDA<sup>1</sup> of \$194 million (+0.8% Y/Y) vs. Q2'19 of \$193 million
- Significant and growing portfolio of COVID-19 related vaccines and treatments with over 85 awards to date
- Successfully refinanced our 6.375% Senior Notes due 2023, resulting in a \$19 million reduction in annual cash interest expense and a significant extension of our debt maturity profile
- Robust liquidity position of \$991 million represents the strongest liquidity position in the last 10 years. PPD's liquidity at 6/30/20 is comprised of:
  - Cash and cash equivalents of \$693 million – reflects the use of \$150 million in cash during the quarter to repay the entirety of the outstanding revolver balance
  - Access to \$298 million under the revolver
- Net leverage ratio<sup>1</sup> declined from 4.54x as of 3/31/20 to 4.48x as of 6/30/20 – excluding the use of cash for fees and expenses related to the refinancing transaction, net leverage would have declined to 4.38x<sup>2</sup>

<sup>1</sup> See reconciliation of non-GAAP measures included in Appendix

<sup>2</sup> Cash used for fees and expenses and early settlement of accrued interest that would have otherwise been paid in Q3'20 was \$77 million

# Q2 & YTD 2020 Results – Consolidated

\$ in millions



<sup>1</sup> Net authorizations and net book-to-bill on a historical basis; see Appendix for additional information on the basis for reporting of our backlog and net authorizations

<sup>2</sup> See reconciliation of non-GAAP measures included in Appendix

# Q2 & YTD 2020 Results – Segment Revenue and Operating Income

\$ in millions

	Second Quarter Revenue			Year to Date Revenue		
	2019	2020	Y/Y %	2019	2020	Y/Y %
Clinical Development Services	\$833	\$815	(2.2%)	\$1,643	\$1,686	2.6%
Laboratory Services	163	196	19.9%	318	397	25.1%
<b>Total Revenue</b>	<b>\$997</b>	<b>\$1,011</b>	<b>1.4%</b>	<b>\$1,960</b>	<b>\$2,083</b>	<b>6.3%</b>
	Second Quarter Operating Income			Year to Date Operating Income		
	2019	2020	Y/Y %	2019	2020	Y/Y %
Clinical Development Services	\$205	\$198	(3.3%)	\$385	\$395	2.5%
Laboratory Services	49	58	20.2%	97	124	28.2%
<b>Total Operating Income</b>	<b>\$254</b>	<b>\$257</b>	<b>1.2%</b>	<b>\$482</b>	<b>\$518</b>	<b>7.7%</b>

## Q2 & YTD 2020 Results – Consolidated Profit

\$ in millions, except per share data

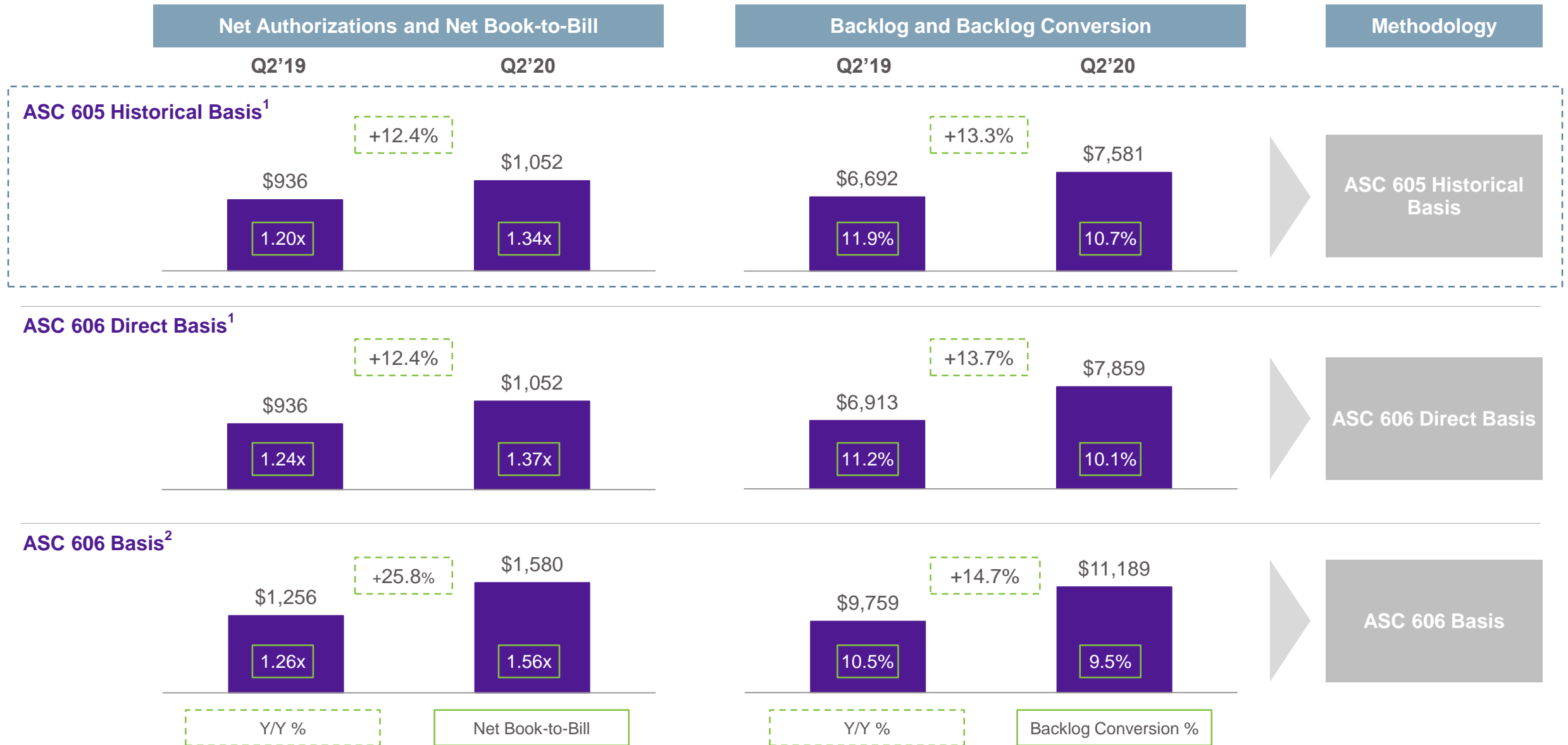
	Second Quarter			Year to Date		
	2019	2020	Y/Y %	2019	2020	Y/Y %
Net income (loss) attributable to common stockholders of PPD, Inc.	\$26	(\$9)	n.m.	\$21	(\$5)	n.m.
Adjusted EBITDA <sup>1,2</sup>	\$193	\$194	0.8% <sup>2</sup>	\$361	\$391	8.5% <sup>2</sup>
Diluted earnings (loss) per share	\$0.09	(\$0.03)	n.m.	\$0.08	(\$0.01)	n.m.
Adjusted net income <sup>1</sup>	\$72	\$87	21.0%	\$128	\$163	28.0%
Adjusted diluted earnings per share <sup>1</sup>	\$0.26	\$0.25	(3.8%)	\$0.46	\$0.49	6.5%

<sup>1</sup> See reconciliation of non-GAAP measures included in Appendix

<sup>2</sup> Normalized Q2'20 adjusted EBITDA growth was (1.5%) reflecting a further +\$4.6 million adjustment to Q2'19; normalized YTD adjusted EBITDA growth was +6.1% reflecting a further +\$8.1 million adjustment to YTD Q2'12; for both periods. These adjustments normalize for a long-term incentive program migrated to a stock-based program in 2020

# Q2 2020 Results – Net Authorizations and Backlog Metrics

\$ in millions



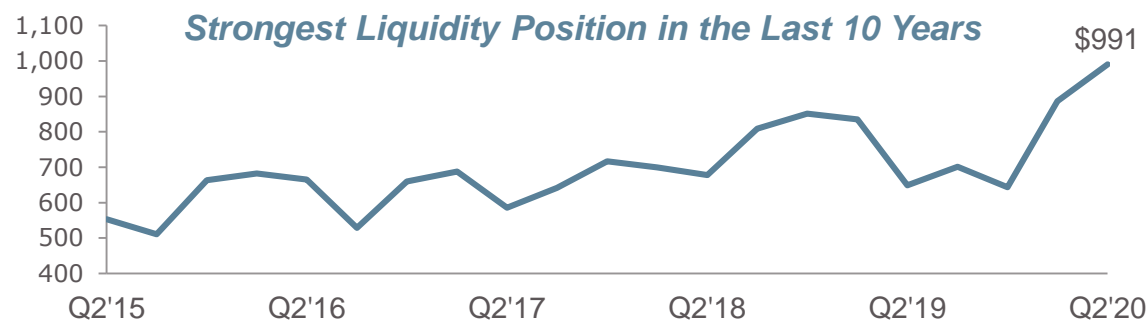
<sup>1</sup> Metrics exclude the impact of anticipated third-party pass-through and out-of-pocket revenue  
<sup>2</sup> Metrics include the impact of anticipated third-party pass-through and out-of-pocket revenue

# Balance Sheet and Cash Flow

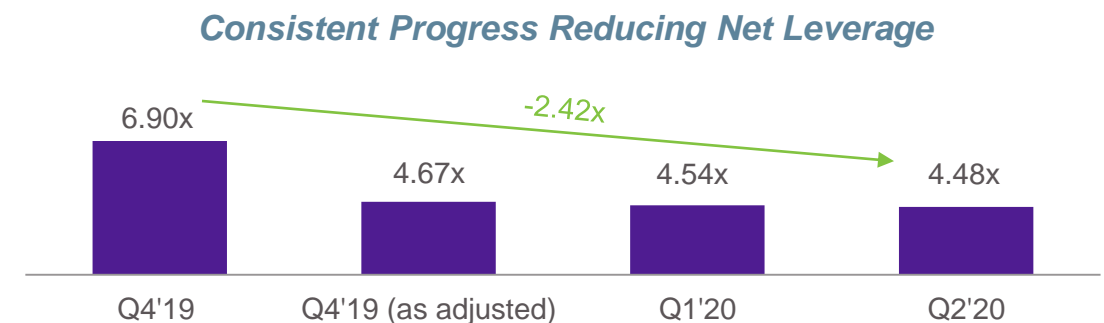
\$ in millions

- Continued improvement in key balance sheet and cash flow metrics during Q2:
  - Total liquidity increased to \$991 million; largest quarter-end liquidity position in the last 10 years
  - Net leverage ratio improved to 4.48x; ex-refinancing costs, net leverage would have declined to 4.38x<sup>5</sup>
  - Stable to improving DSO, accounts receivable and cash receipts metrics

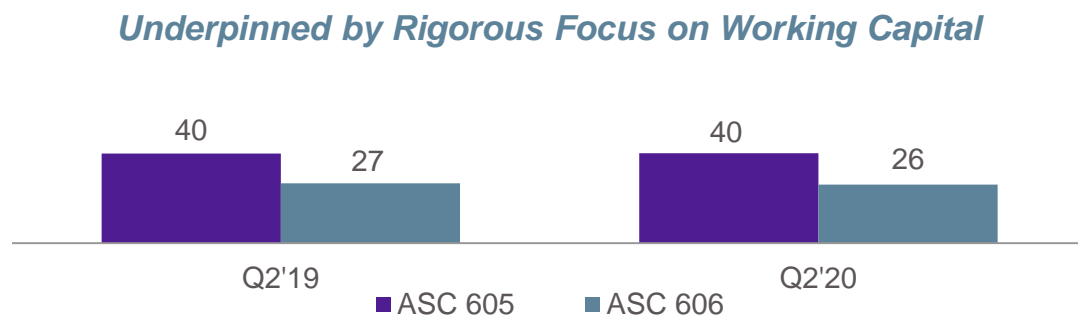
## Total Liquidity<sup>1</sup>



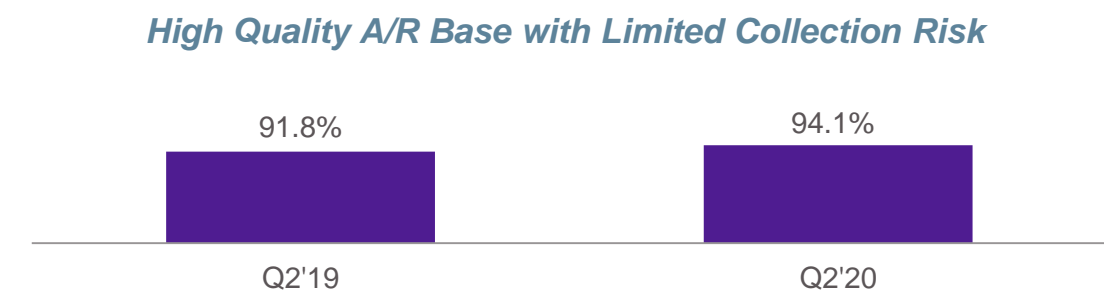
## Net Leverage Ratio<sup>1,2</sup>



## Days Sales Outstanding (DSO)<sup>3</sup>



## A/R Aging (% Current – 30 Days)<sup>4</sup>



<sup>5</sup> Cash used for fees and expenses and early settlement of accrued interest that would have otherwise been paid in Q3'20 was \$77 million

<sup>1</sup> Total liquidity is comprised of cash & cash equivalents plus available revolver capacity  
<sup>2</sup> See reconciliation of non-GAAP measures included in Appendix and per the FY 2019 and Q1 2020 earnings IR investor supplements  
<sup>3</sup> DSO represents accounts receivable plus unbilled services less unearned revenues divided by average gross revenue per day for the quarter  
<sup>4</sup> A/R Aging represents % of outstanding accounts receivable that is within payment terms or within 30 days of payment terms



# Capital Structure and Debt Refinancing

\$ in millions

- Given improving market conditions, during Q2 repaid all of the outstanding \$150 million revolver balance
- Successfully refinanced the 6.375% Senior Notes due 2023 with \$1.2 billion in new Senior Notes including:
  - \$700 million of 5.000% Senior Notes due June 2028
  - \$500 million of 4.625% Senior Notes due June 2025
- Refinancing transaction extends debt portfolio maturities and reduces annualized cash interest by \$19 million

## Capital Structure<sup>1</sup>

	3/31/2020	6/30/2020	Rate	Maturity
Revolving credit facility (RC)	150	—	LIBOR + 3.0%	May-22
Term loan B	3,088	3,080	LIBOR + 2.5%	Aug-22
<b>Total secured debt</b>	<b>\$3,238</b>	<b>\$3,080</b>		
Finance leases	28	27	—	—
Unsecured notes - old	1,125	—	6.375%	Aug-23
Unsecured notes - new	—	700	5.000%	Jun-28
Unsecured notes - new	—	500	4.625%	Jun-25
Other debt	4	—		
<b>Total debt</b>	<b>\$4,395</b>	<b>\$4,308</b>		
Less cash and cash equivalents	(738)	(693)		
<b>Net debt</b>	<b>\$3,657</b>	<b>\$3,614</b>		
TTM adjusted EBITDA	\$806	\$808		
Annualized cash interest	\$186	\$167		
Net leverage ratio	4.54x	4.48x		
Cash interest coverage	4.32x	4.83x		

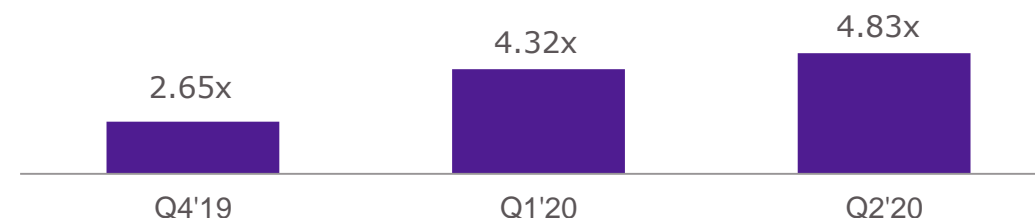
## Weighted Average Debt Maturity<sup>2</sup>

### Progress Extending Debt Portfolio Maturity



## Cash Interest Coverage<sup>1</sup>

### Strong and Growing Cash Interest Coverage



Some totals may not foot due to rounding

<sup>1</sup> See reconciliation of non-GAAP measures included in this table in the Appendix

<sup>2</sup> Weighted average debt maturity is calculated as 3/31/20 for Q1'20 and as of 6/30/20 for Q2'20; excludes revolver, other debt and leases

# Guidance Update

\$ in millions

	Low – High (\$) <sup>1</sup>	Low – High (Y/Y %) <sup>2</sup>
<b>Q3 2020 Revenue</b>	\$1,065 to \$1,085	+4% to +6%
<b>Q3 2020 Adjusted EBITDA<sup>1</sup></b>	\$211 to \$215	+4% to +6% <sup>2</sup>
<b>Q4 2020 Outlook</b>	Should site access, patient enrollment and other key operating metrics continue to improve at the same pace that they have over the last several months, PPD expects year-on-year growth rates for fourth quarter 2020 revenue and adjusted EBITDA to be similar or higher than third quarter 2020	
<b>Net Leverage Outlook</b>	Net leverage to continue to drop to the low 4's by end of 2020 and into the 3's by 2021	

<sup>1</sup> Guidance ranges assume foreign exchange rates as of 6/30/20 through the remainder of the third quarter of 2020  
<sup>2</sup> Represents normalized Q3'20 adjusted EBITDA growth range of +2.5% to +4.4% when compared against Q3'19 adjusted EBITDA further adjusted by +\$3.0 million related to a long-term incentive program migrated to a stock-based program in 2020

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# Appendix

# Backlog and Net Authorizations

Revenue is comprised of direct, third-party pass-through and out-of-pocket revenue from providing services to PPD's customers. Direct revenue represents revenue associated with the direct services provided under contracts with customers. Third-party pass-through and out-of-pocket revenue (collectively, "indirect revenue") represents the reimbursement by customers of third-party pass-through and out-of-pocket costs incurred by PPD under its contracts.

Historically, PPD reported backlog and net authorizations on a basis which excluded indirect revenues and the impact of Accounting Standards Codification ("ASC") 606 ("ASC 606") on direct revenue ("ASC 605 Historical Basis"). During the first quarter of 2020, PPD began to assess backlog and net authorizations on an ASC 606 direct revenue basis ("ASC 606 Direct Basis") and on an ASC 606 total direct and indirect revenue basis ("ASC 606 Basis").

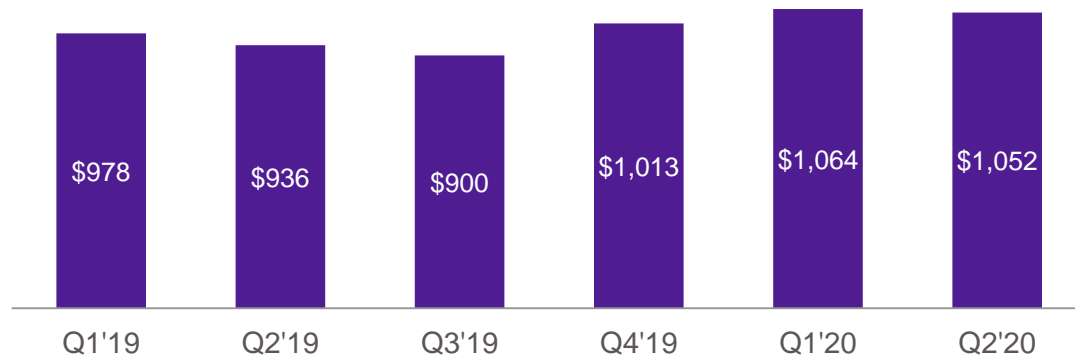
Net authorizations represent new business awards, net of award or contract modifications, contract cancellations, foreign currency fluctuations and other adjustments. Backlog for all periods represents anticipated revenues for work not yet completed or performed (i) under signed contracts, letters of intent and, in some cases, awards that are supported by other forms of written communication and (ii) where there is sufficient or reasonable certainty about the customer's ability and intent to fund and commence the services within six months. Backlog conversion represents the quarterly average of revenues for the period divided by opening backlog for that period. The net book-to-bill ratio represents the amount of net authorizations for the period divided by revenues recognized in that period.

Due to the COVID-19 pandemic, some PPD customers have delayed new studies and/or paused ongoing studies or certain activities in ongoing studies, such as patient recruitment, patient enrollment, site visits and site monitoring. These delays have impacted, and will continue to impact, the timing and extent to which backlog has and will convert to revenue. PPD has not adjusted backlog to remove the backlog associated with these studies as the customers for these studies have not canceled these studies or notified PPD of their intent to cancel these studies. Net authorizations and backlog include new business awards associated with COVID-19.

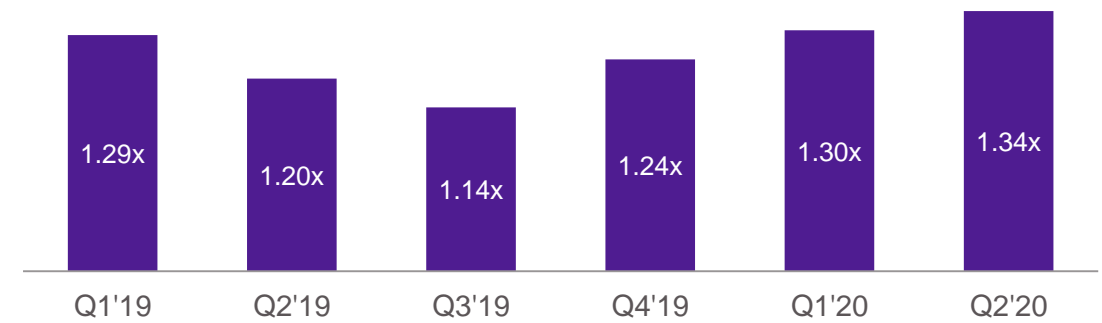
# Net Authorizations and Backlog – ASC 605 Historical Basis<sup>1</sup>

\$ in millions

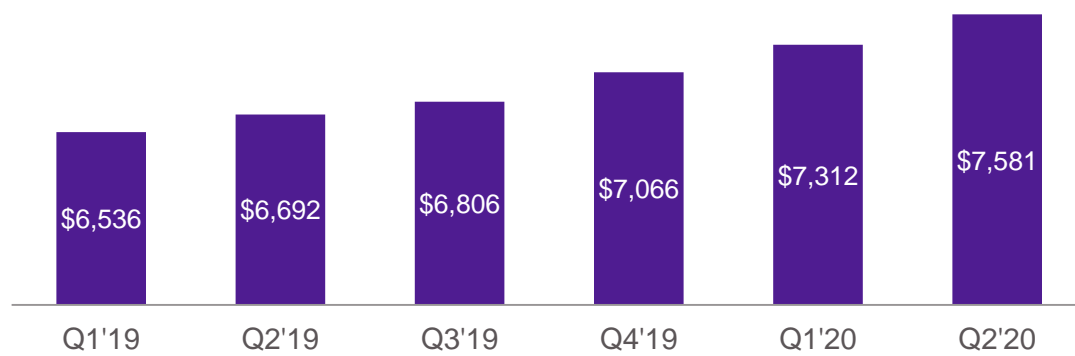
Net Authorizations



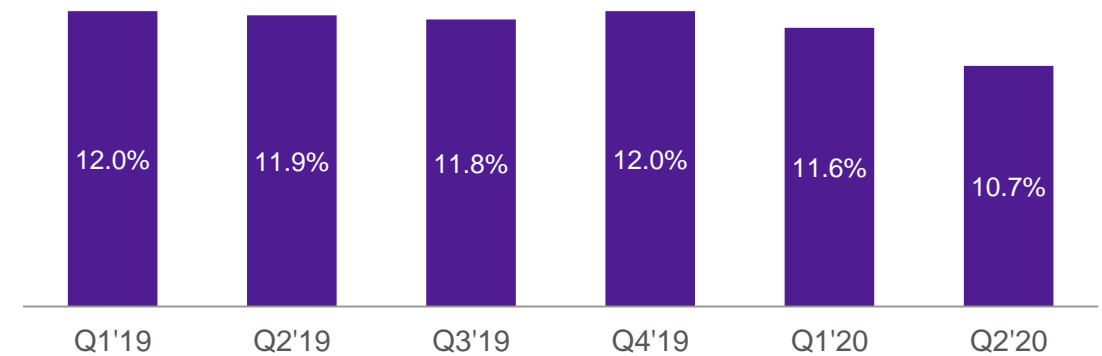
Net Book-to-Bill



Ending backlog



Backlog Conversion

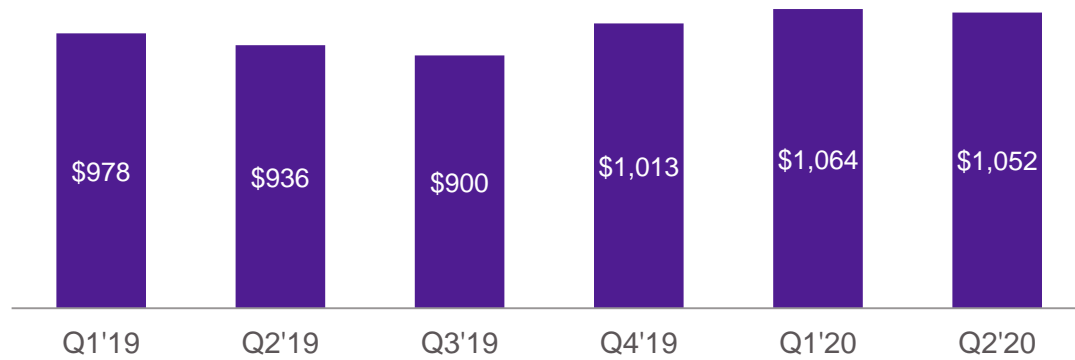


<sup>1</sup> Metrics exclude the impact of anticipated third-party pass-through and out-of-pocket revenue

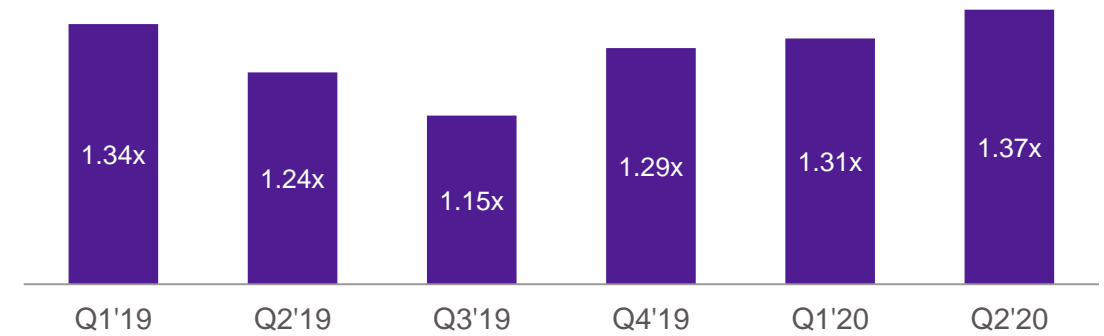
# Net Authorizations and Backlog – ASC 606 Direct Basis<sup>1</sup>

\$ in millions

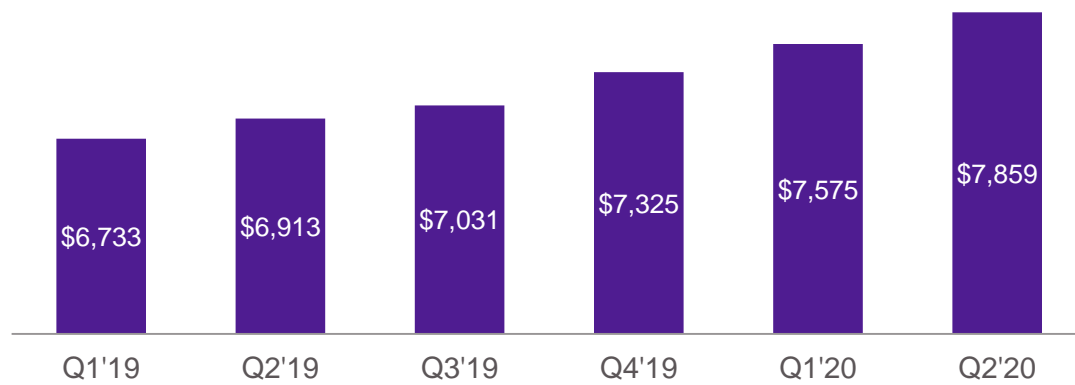
## Net Authorizations



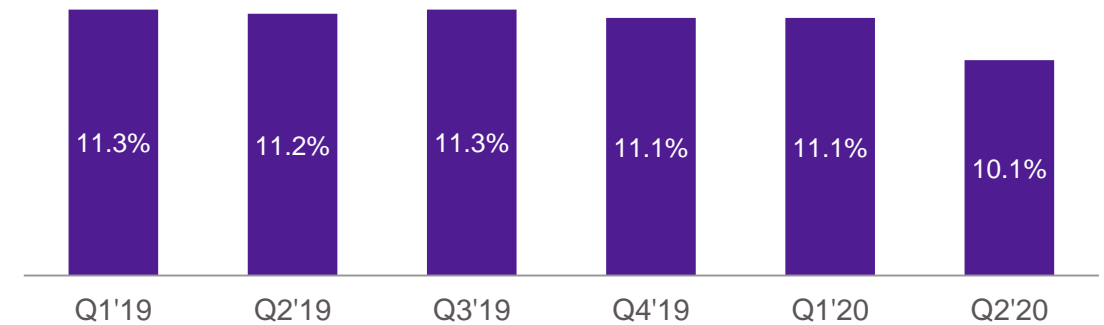
## Net Book-to-Bill



## Ending backlog



## Backlog Conversion

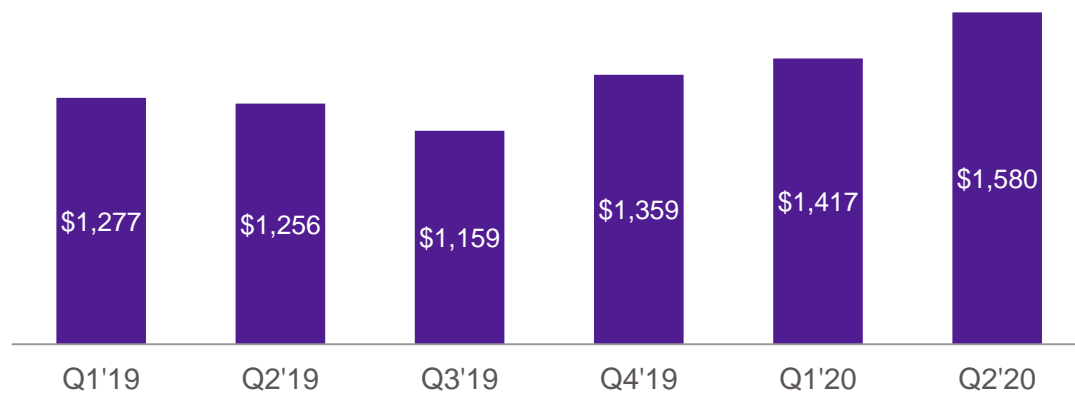


<sup>1</sup> Metrics exclude the impact of anticipated third-party pass-through and out-of-pocket revenue

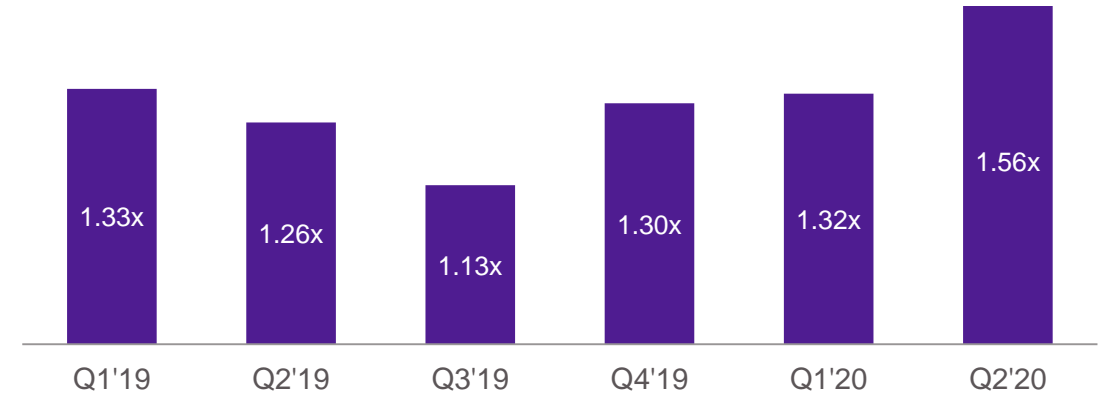
# Net Authorizations and Backlog – ASC 606 Basis<sup>1</sup>

\$ in millions

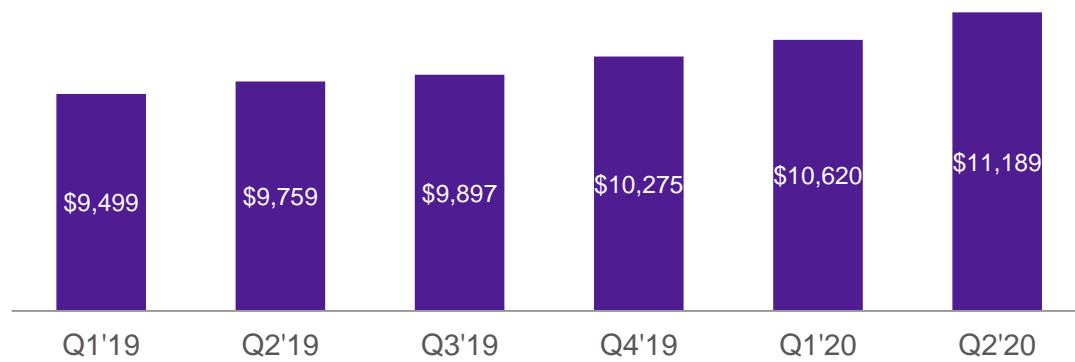
## Net Authorizations



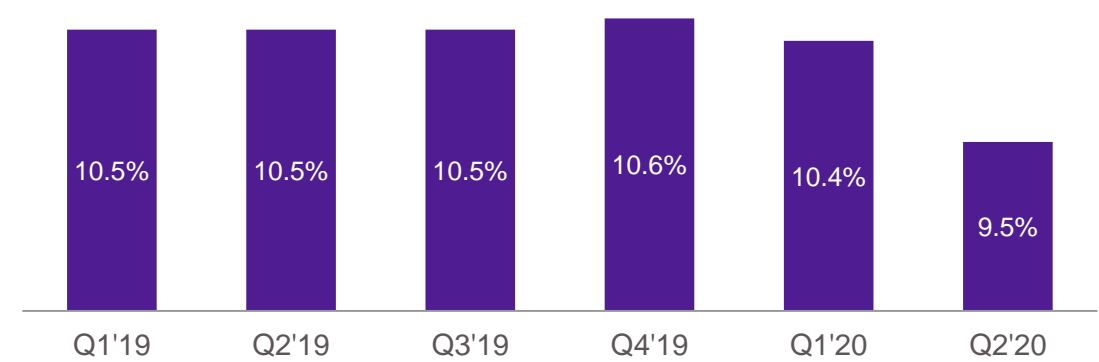
## Net Book-to-Bill



## Ending backlog



## Backlog Conversion



<sup>1</sup> Metrics include the impact of anticipated third-party pass-through and out-of-pocket revenue

# Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation

\$ in millions

	Second Quarter		Year to Date		TTM Q2
	2019	2020	2019	2020	2020
Net income (loss) attributable to common stockholders of PPD, Inc.	\$26	(\$9)	\$21	(\$5)	\$29
Recapitalization investment portfolio consideration	5	71	(6)	51	50
Net income attributable to noncontrolling interests	1	—	2	3	6
<b>Net income</b>	<b>\$32</b>	<b>\$62</b>	<b>\$18</b>	<b>\$49</b>	<b>\$84</b>
Interest expense, net	77	51	143	116	284
Provision for income taxes	7	17	3	10	9
Depreciation and amortization	66	69	131	135	269
Stock-based compensation expense	5	5	9	11	18
Option holder special bonuses (a)	12	2	12	4	11
Other (income) expense, net	(12)	26	12	(3)	12
Goodwill and long-lived asset impairments	—	—	—	—	1
Sponsor fees and related costs (b)	1	—	2	—	2
Severance and charges for other cost reduction activities (c)	3	1	6	2	7
Transaction-related and public company transition costs (d)	5	2	9	6	20
Loss on extinguishments of debt	—	43	—	94	94
(Gain) loss on investments (e)	(6)	(97)	8	(70)	(58)
Other adjustments (f)	4	10	8	37	55
<b>Adjusted EBITDA</b>	<b>\$193</b>	<b>\$194</b>	<b>\$361</b>	<b>\$391</b>	<b>\$808</b>
Revenue	\$997	\$1,011	\$1,960	\$2,083	
<b>Adjusted EBITDA Margin</b>	<b>19.3%</b>	<b>19.2%</b>	<b>18.4%</b>	<b>18.8%</b>	



# Adjusted Net Income and Adjusted Diluted EPS Reconciliation

\$ in millions, except per share data

	Second Quarter		Year to Date	
	2019	2020	2019	2020
<b>Net income</b>	<b>\$32</b>	<b>\$62</b>	<b>\$18</b>	<b>\$49</b>
Amortization of intangible assets	40	39	81	79
Amortization of debt issuance, modification costs and debt discount	4	2	7	6
Amortization of accumulated other comprehensive income on derivatives	(2)	(4)	(5)	(6)
Stock-based compensation expense	5	5	9	11
Option holder special bonuses (a)	12	2	12	4
Other (income) expense, net	(12)	26	12	(3)
Sponsor fees and related costs (b)	1	—	2	—
Severance and charges for other cost reduction activities (c)	3	1	6	2
Transaction-related and public company transition costs (d)	5	2	9	6
Loss on extinguishments of debt	—	43	—	94
(Gain) loss on investments (e)	(6)	(97)	8	(70)
Other adjustments (f)	4	10	8	37
<b>Total adjustments</b>	<b>\$54</b>	<b>\$33</b>	<b>\$148</b>	<b>\$160</b>
Tax effect of adjustments (g)	(14)	(8)	(38)	(41)
Other tax adjustments (g)	—	—	—	(5)
<b>Adjusted net income</b>	<b>\$72</b>	<b>\$87</b>	<b>\$128</b>	<b>\$164</b>
Diluted weighted average common shares outstanding	279	349	279	333
<b>Adjusted diluted earnings per share (h)</b>	<b>\$0.26</b>	<b>\$0.25</b>	<b>\$0.46</b>	<b>\$0.49</b>

# Net Leverage Ratio Reconciliation

\$ in millions

	Full Year 2019		Q1'20	Q2'20
	<i>As Reported</i>	<i>As Adjusted<sup>1</sup></i>		
Gross debt	\$5,706	\$4,256	\$4,395	\$4,308
Less: Cash and cash equivalents	345	626	738	693
<b>Net debt</b>	<b>\$5,361</b>	<b>\$3,630</b>	<b>\$3,657</b>	<b>\$3,614</b>
Adjusted EBITDA (trailing twelve months)	\$777	\$777	\$806	\$808
<b>Net leverage ratio (net debt / TTM adjusted EBITDA)</b>	<b>6.90x</b>	<b>4.67x</b>	<b>4.54x</b>	<b>4.48x</b>

Some totals may not foot due to rounding

<sup>1</sup> As adjusted assuming receipt of \$1.77 billion in net IPO proceeds and redemption of Senior PIK Toggle Notes as of 12/31/19. For additional details, see note (i) in the Notes to Non-GAAP Reconciliations

# Cash Interest Coverage

\$ in millions

	As of December 31, 2019			As of March 31, 2020			As of June 30, 2020		
	Balance	Rate	Interest	Balance	Rate	Interest	Balance	Rate	Interest
Revolving credit facility - undrawn	\$300	0.375%	\$1	\$148	0.375%	\$1	\$300	0.375%	\$1
Revolving credit facility - drawn <sup>1</sup>	—	—	—	150	3.96%	6	—	—	—
Term loan B	3,096	3.5%	108	3,088	3.5%	108	3,080	3.5%	108
Unsecured notes - redeemed Feb '20	550	7.625%	42	—	—	—	—	—	—
Unsecured notes - redeemed Feb '20	900	7.75%	70	—	—	—	—	—	—
Unsecured notes - redeemed May '20	1,125	6.375%	72	1,125	6.375%	72	—	—	—
Unsecured notes - issued May '20	—	—	—	—	—	—	700	5.000%	35
Unsecured notes - issued May '20	—	—	—	—	—	—	500	4.625%	23
Other	6	1.14%	0	4	1.14%	0	—	—	—
<b>Annualized cash interest<sup>2</sup></b>			<b>\$293</b>			<b>\$186</b>			<b>\$167</b>
<b>TTM adjusted EBITDA</b>			<b>\$777</b>			<b>\$806</b>			<b>\$808</b>
<b>Cash interest coverage<sup>2,3</sup></b>			<b>2.65x</b>			<b>4.32x</b>			<b>4.83x</b>

Some totals may not foot due to rounding

<sup>1</sup> March 31, 2020 interest rate based on stated rate of 4.0%

<sup>2</sup> Annualized cash interest based on stated rates, excluding gains or losses on swap values

<sup>3</sup> Cash interest coverage = TTM adjusted EBITDA / annualized cash interest

# Notes to Non-GAAP Reconciliations

- (a) Represents PPD's costs associated with special cash bonuses paid to PPD's option holders.
- (b) Represents management fees incurred under consulting services agreements with certain investment funds of Hellman & Friedman LLC and its affiliates and The Carlyle Group, Inc. and its affiliates. These consulting services agreements terminated upon consummation of PPD's IPO.
- (c) Represents employee separation costs, exit and disposal costs with the full or partial exit of certain leased facilities, costs associated with planned employee reorganizations and other contract termination costs from various cost-reduction activities.
- (d) Represents integration and transaction costs incurred with completed or contemplated acquisitions, costs incurred in connection with PPD's IPO, other transaction costs and costs associated with PPD's public company transition.
- (e) Represents the fair value accounting gains or losses primarily from PPD's investments in Auvex Therapeutics Holdings, L.P. and venBio Global Strategic Fund, L.P.
- (f) Other adjustments include amounts that management believes are not representative of our operating performance. These adjustments include implementation costs associated with a new enterprise resource planning application, one-time costs incurred in 2020 associated with the termination of a long-term incentive program which is being replaced by a traditional stock-based program in 2020, advisory costs associated with the adoption of new accounting standards, one-time costs and income associated with the COVID-19 pandemic and other unusual charges or income.
- (g) Non-GAAP adjustments were tax effected at an estimated blended effective tax rate of 26%, excluding the change in recapitalization investment portfolio consideration. The non-recurring net benefit for the six months ended June 30, 2020 is reflected as an adjustment as it is not representative of PPD's operating performance.
- (h) The effect of certain securities considered anti-dilutive under GAAP, if included, would not change adjusted diluted earnings per share as presented for the three and six months ended June 30, 2020.
- (i) As adjusted net debt and net leverage ratio give effect to receipt of the net proceeds from our IPO (which was completed on February 10, 2020) and the use of a portion of such net proceeds to redeem (i) \$550.0 million of aggregate principal amount of 7.625%/8.375% Senior PIK Toggle Notes due 2022 and (ii) \$900.0 million of aggregate principal amount of 7.75%/8.50% Senior PIK Toggle Notes due 2022 issued by a subsidiary of PPD, including payment of the applicable premium and accrued interest thereon (which occurred on February 18, 2020) as if the IPO and such redemption had occurred on December 31, 2019.