

Non-GAAP Results

Management uses non-GAAP operating income and non-GAAP EPS to evaluate business performance without the impacts of certain non-cash charges and other charges which are not part of our usual operations. We use these non-GAAP measures to assess performance against business objectives, make business decisions, including developing budgets and forecasting future periods. In addition, management's incentive plans include these non-GAAP measures as criteria for achievements. These non-GAAP measures are not in accordance with U.S. GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies. However, we believe these non-GAAP measures provide additional information that enables readers to evaluate our business from the perspective of management. The presentation of this additional information should not be considered a substitute for results prepared in accordance with U.S. GAAP.

The non-GAAP results presented below exclude the impact of non-cash related charges, such as stock-based compensation and amortization of intangible assets. In addition, they exclude discontinued operations and other non-recurring items such as acquisition-related costs and restructuring expenses, as they are not indicative of future performance. The tax effect of our non-GAAP adjustments represents the anticipated annual tax rate applied to each non-GAAP adjustment after consideration of their respective book and tax treatments and effect of adoption of the Tax Act.

Reconciliation of Non-GAAP measure - operating expenses and operating income from continuing operations, excluding certain items (in thousands)

	Years Ended December 31,	
	2019	2018
Gross profit from continuing operations, as reported	\$ 315,652	\$ 365,607
Adjustments to gross profit:		
Stock-based compensation	525	742
Facility expansion and relocation costs	3,891	1,328
Acquisition-related costs	8,290	569
Non-GAAP gross profit	<u>328,358</u>	<u>368,246</u>
Non-GAAP gross margin	41.6%	51.2%
Operating expenses from continuing operations, as reported.	261,264	194,054
Adjustments:		
Amortization of intangible assets	(12,168)	(5,774)
Stock-based compensation	(6,803)	(8,961)
Acquisition-related costs	(12,002)	(1,726)
Facility expansion and relocation costs	(948)	(518)
Restructuring charges	<u>(5,038)</u>	<u>(4,239)</u>
Non-GAAP operating expenses	<u>224,305</u>	<u>172,836</u>
Non-GAAP operating income	<u>\$ 104,053</u>	<u>\$ 195,410</u>
Non-GAAP operating margin.	13.2%	27.2%