



Q4 2019 Earnings Call

February 12, 2020

Legal

This presentation should be viewed in conjunction with IQVIA's Q4 2019 earnings call

Safe Harbor Statement for Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, our full-year and first quarter 2020 guidance. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” similar expressions, and variations or negatives of these words. Actual results may differ materially from our expectations due to a number of factors, including, but not limited to, the following: most of our contracts may be terminated on short notice, and we may lose or experience delays with large client contracts or be unable to enter into new contracts; imposition of restrictions on our use of data by data suppliers or their refusal to license data to us; any failure by us to comply with contractual, regulatory or ethical requirements under our contracts, including current or changes to data protection and privacy laws; breaches or misuse of our or our outsourcing partners' security or communications systems; hardware and software failures, delays in the operation of our computer and communications systems or the failure to implement system enhancements; failure to meet our productivity or business transformation objectives; failure to successfully invest in growth opportunities; our ability to protect our intellectual property rights and our susceptibility to claims by others that we are infringing on their intellectual property rights; the expiration or inability to acquire third party licenses for technology or intellectual property; any failure by us to accurately and timely price and formulate cost estimates for contracts, or to document change orders; the rate at which our backlog converts to revenue; our ability to acquire, develop and implement technology necessary for our business; consolidation in the industries in which our clients operate; risks related to client or therapeutic concentration; the risks associated with operating on a global basis, including currency or exchange rate fluctuations and legal compliance, including anti-corruption laws; risks related to changes in accounting standards; general economic conditions in the markets in which we operate, including financial market conditions and risks related to sales to government entities; the impact of changes in tax laws and regulations; and our ability to successfully integrate, and achieve expected benefits from, our acquired businesses. For a further discussion of the risks relating to the combined company's business, see the “Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2018, filed with the Securities and Exchange Commission (the “SEC”) as such factors may be amended or updated from time to time in our subsequent periodic and other filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in our filings with the SEC. We assume no obligation to update any such forward-looking statement after the date of this presentation, whether as a result of new information, future developments or otherwise.

Non-GAAP Information

This presentation includes information based on financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), such as Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted Earnings per Share. Non-GAAP financial measures are presented only as a supplement to the company's financial statements based on GAAP. Non-GAAP financial information is provided to enhance understanding of the company's financial performance, but none of these non-GAAP financial measures are recognized terms under GAAP, and non-GAAP measures should not be considered in isolation from, or as a substitute analysis for, the company's results of operations as determined in accordance with GAAP. The company uses non-GAAP measures in its operational and financial decision making, and believes that it is useful to exclude certain items in order to focus on what it regards to be a more meaningful indicator of the underlying operating performance of the business. For example, the company excludes all the amortization of intangible assets associated with acquired customer relationships and backlog, databases, non-compete agreements and trademarks, trade names and other from non-GAAP expense and income measures as such amounts can be significantly impacted by the timing and size of acquisitions. Although we exclude amortization of acquired intangible assets from our non-GAAP expenses, we believe that it is important for investors to understand that revenue generated from such intangibles is included within revenue in determining net income attributable to IQVIA Holdings Inc. Internal management reports feature non-GAAP measures which are also used to prepare strategic plans and annual budgets and review management compensation. The company also believes that investors may find non-GAAP financial measures useful for the same reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures. The non-GAAP financial measures are not presented in accordance with GAAP. Please refer to the appendix of this presentation for reconciliations of non-GAAP financial measures contained herein to the most directly comparable GAAP measures. Or full-year and first quarter 2020 guidance measures (other than revenue) are provided on a non-GAAP basis because the company is unable to reasonably predict certain items contained in the GAAP measures. Such items include, but are not limited to, acquisition and integration related expenses, restructuring and related charges, stock-based compensation and other items not reflective of the company's ongoing operations.

The Company excludes all the amortization of intangible assets associated with acquired customer relationships and backlog, databases, non-compete agreements and trademarks, trade names and other from non-GAAP expense and income measures as such amounts can be significantly impacted by the timing and size of acquisitions. Although we exclude amortization of acquired intangible assets from our non-GAAP expenses, we believe that it is important for investors to understand that revenue generated from such intangibles is included within revenue in determining net income attributable to IQVIA Holdings Inc.

Past Performance

In all cases where historical results are presented or past performance is described, we note that past performance is not a reliable indicator of future results and performance.

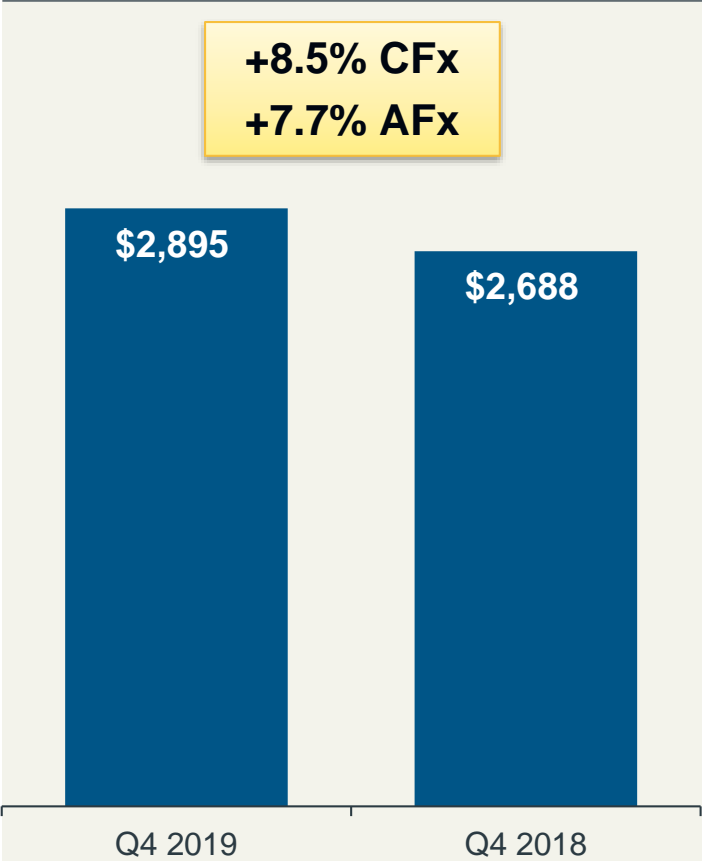
Trademarks

All trademarks or service marks are the property of IQVIA or their respective owners. Solely for convenience, the trademarks, service marks and trade names are referenced without the ®, (sm) and (TM) symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these marks.

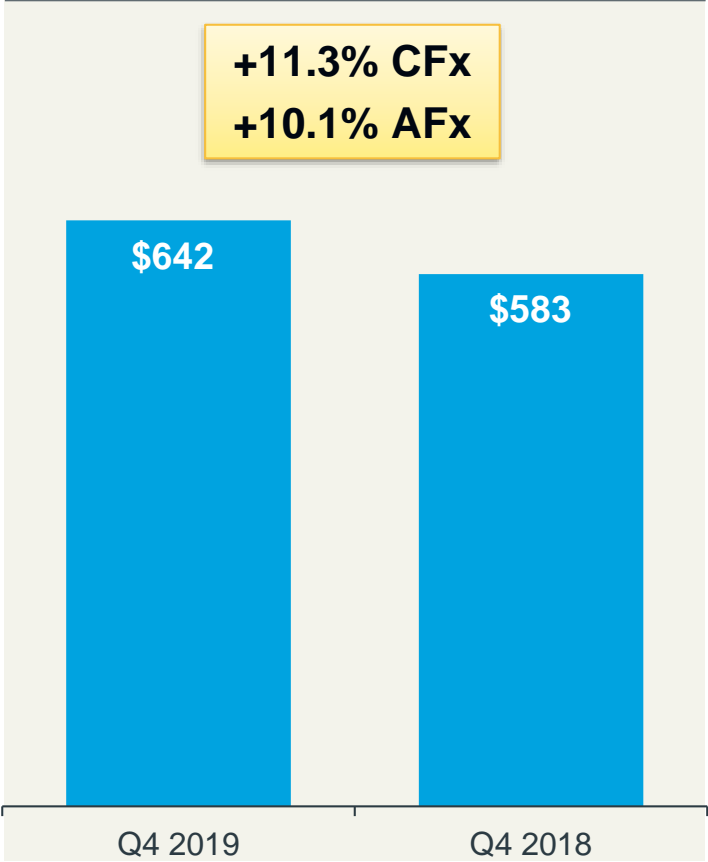
4th Quarter Results

\$M, except per share data

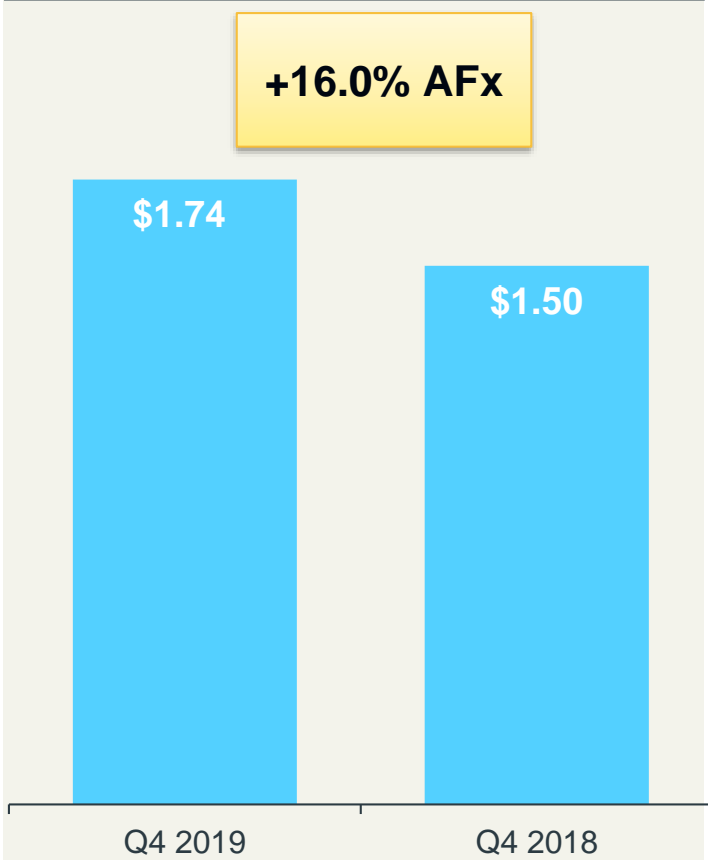
Revenue



Adjusted EBITDA⁽¹⁾



Adjusted Diluted EPS⁽¹⁾



Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency.

(1) See reconciliation of non-GAAP items in the Appendix.

4th Quarter and Full Year 2019 Revenue

\$M

	Q4				FY 2019			
	2019	2018	VPY% AFx	VPY% CFx	2019	2018	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$1,214	\$1,127	7.7%	9.0%	\$4,486	\$4,137	8.4%	10.7%
Research & Development Solutions	\$1,471	\$1,368	7.5%	8.1%	\$5,788	\$5,465	5.9%	6.9%
Contract Sales & Medical Solutions	<u>\$210</u>	<u>\$193</u>	8.8%	8.3%	<u>\$814</u>	<u>\$810</u>	0.5%	1.6%
Revenue	\$2,895	\$2,688	7.7%	8.5%	\$11,088	\$ 10,412	6.5%	8.0%

4th Quarter and Full Year 2019 Profit

\$M, except per share data

	Q4		FY 2019	
	2019	2018	2019	2018
Adjusted EBITDA ⁽¹⁾	\$642	\$583	\$2,400	\$2,224
Net Income	\$16	\$69	\$191	\$259
Diluted Earnings per Share	\$0.09	\$0.34	\$0.96	\$1.24
Adjusted Net Income ⁽¹⁾	\$343	\$307	\$1,276	\$1,156
Adjusted Diluted Earnings per Share ⁽¹⁾	\$1.74	\$1.50	\$6.39	\$5.55

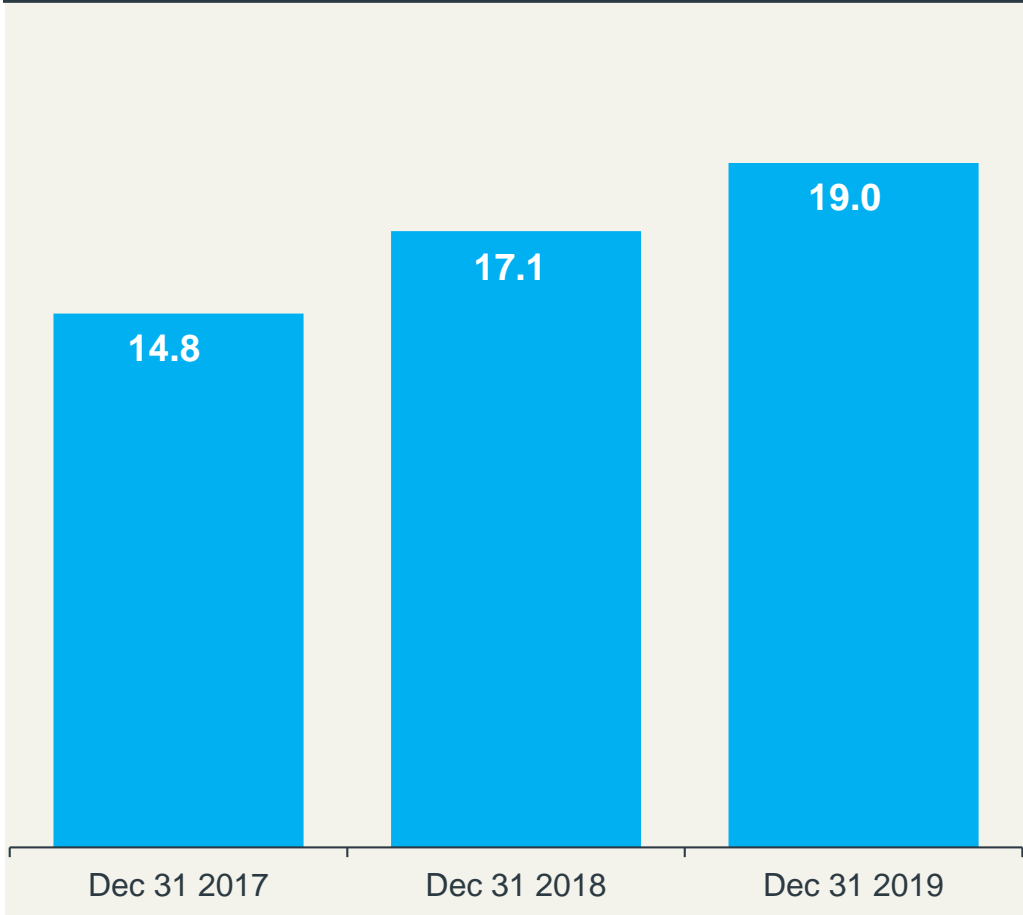
Dollars are at actual foreign exchange rates.

(1) See reconciliations of non-GAAP items in Appendix.

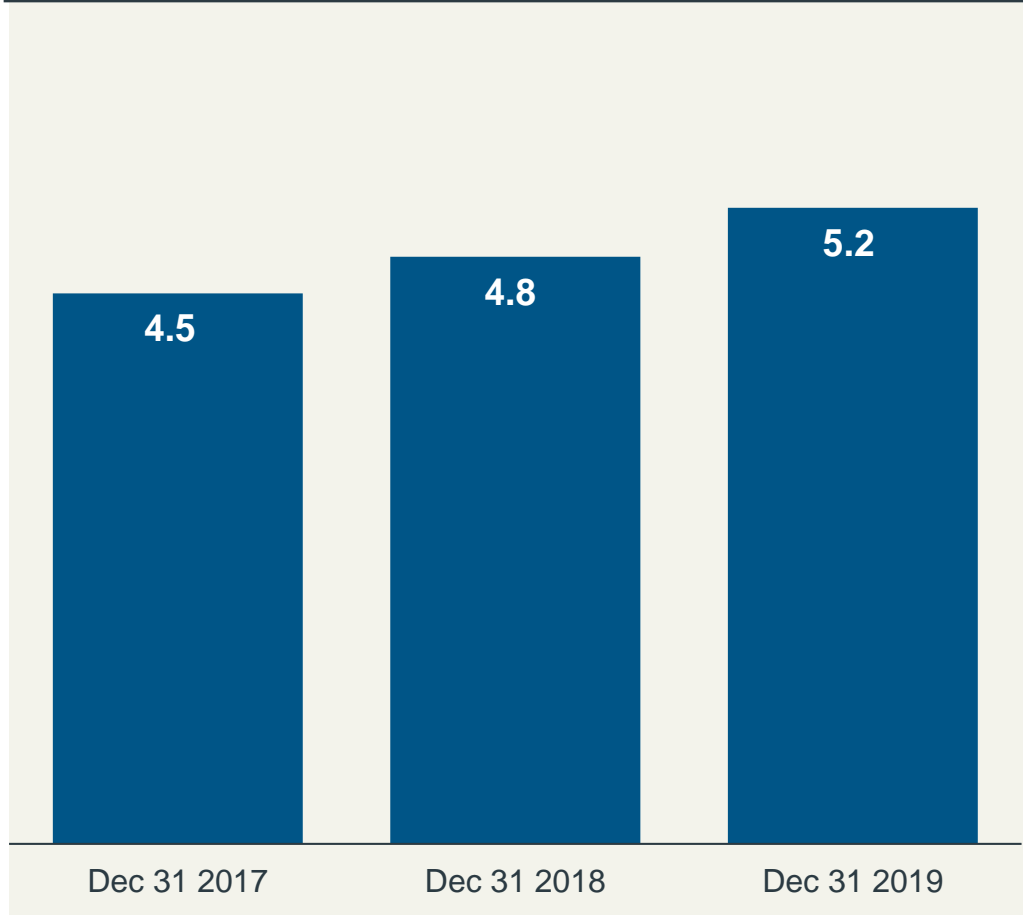
R&D Solutions Backlog and NTM Revenue

\$B

Backlog



Next Twelve Months Revenue



Dollars are at actual foreign exchange rates. NTM: Next twelve months.

4th Quarter Balance Sheet and Cash Flow Items and Metrics

\$M

Cash & Cash Equivalents	\$837
Gross Debt	\$11,645
Net Debt	\$10,808
Gross Leverage Ratio ⁽¹⁾	4.9x
Net Leverage Ratio ⁽¹⁾	4.5x
Net Cash Provided by Operating Activities	\$583
Capital Expenditures	\$137
Free Cash Flow	\$446

Dollars are at actual foreign exchange rates.

(1) Calculated using last twelve months Adjusted EBITDA.

Full Year 2020 Guidance

\$M, except per share data

Revenue <i>VPY%</i>	\$11,775 - \$12,000 <i>6.2% - 8.2%</i>
Adjusted EBITDA <i>VPY%</i>	\$2,565 - \$2,620 <i>6.9% - 9.2%</i>
Adjusted Diluted EPS <i>VPY%</i>	\$7.15 - \$7.35 <i>11.9% - 15.0%</i>
Adjusted Book Tax rate ⁽¹⁾	20% - 21%
Adjusted Cash Tax rate ⁽¹⁾	~15%

Dollars are at actual foreign exchange rates.

Guidance assumes current exchange rates remain unchanged from February 7, 2020 to the end of the year.

(1) Adjusted Book Tax Rate is defined as adjusted book tax divided by adjusted pre-tax income; Adjusted Cash Tax Rate is defined as cash taxes divided by adjusted pre-tax income.

Full Year 2020 Segment Revenue Guidance

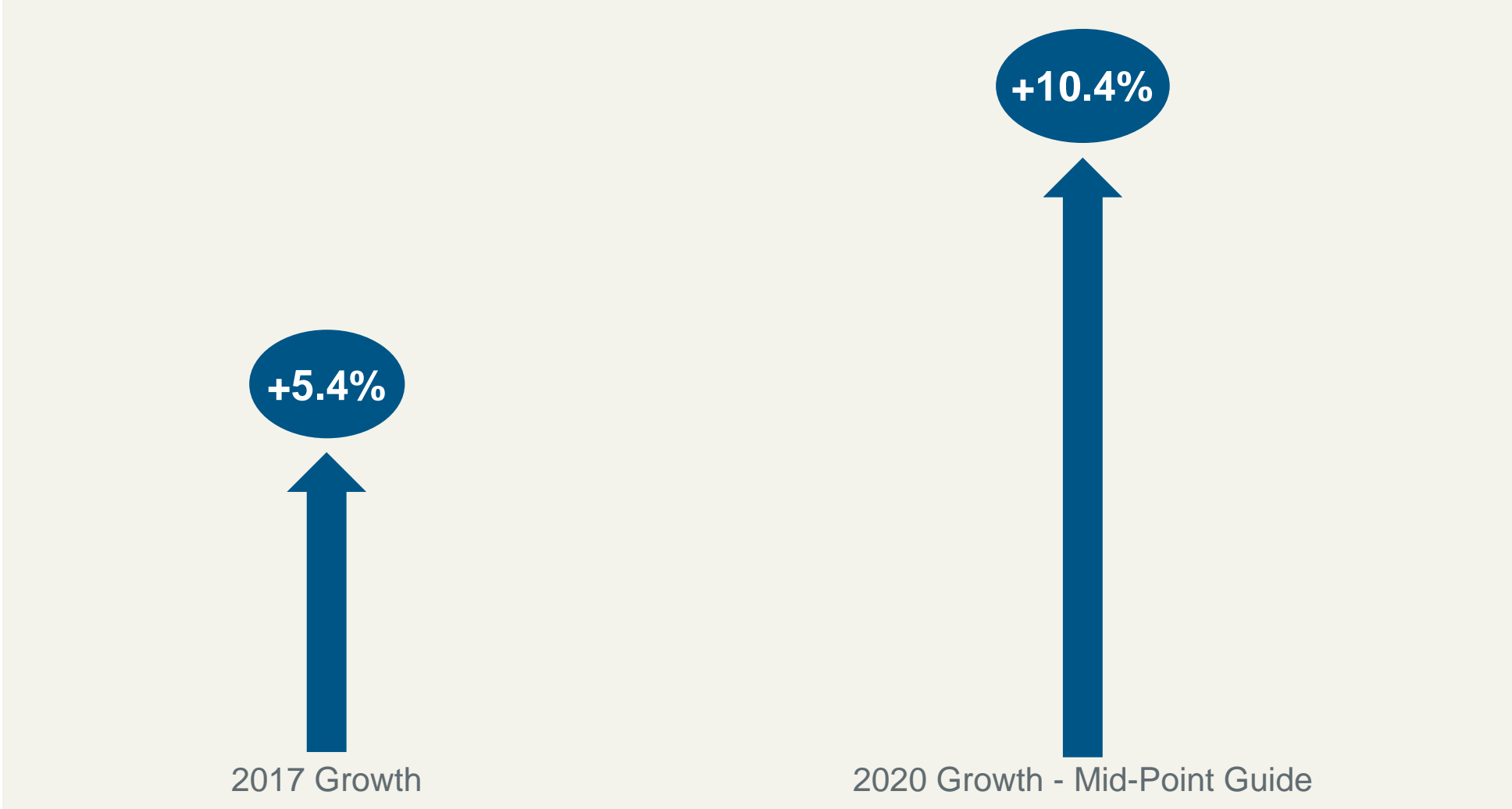
\$M

	2020	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$4,775 - \$4,860	6.4% - 8.3%	7.2% - 9.1%
Research & Development Solutions	\$6,185 - \$6,325	6.9% - 9.3%	7.2% - 9.6%
<i>Research & Development Solutions</i>		8.9% - 11.3%	9.2% - 11.6%
<i>Services Growth</i>			
Contract Sales & Medical Solutions	<u>~\$815</u>	<u>~0.1%</u>	<u>~0.7%</u>
Revenue	\$11,775 - \$12,000	6.2% - 8.2%	6.7% - 8.7%

Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency.
Guidance assumes current exchange rates remain unchanged from February 7, 2020 to the end of the year.

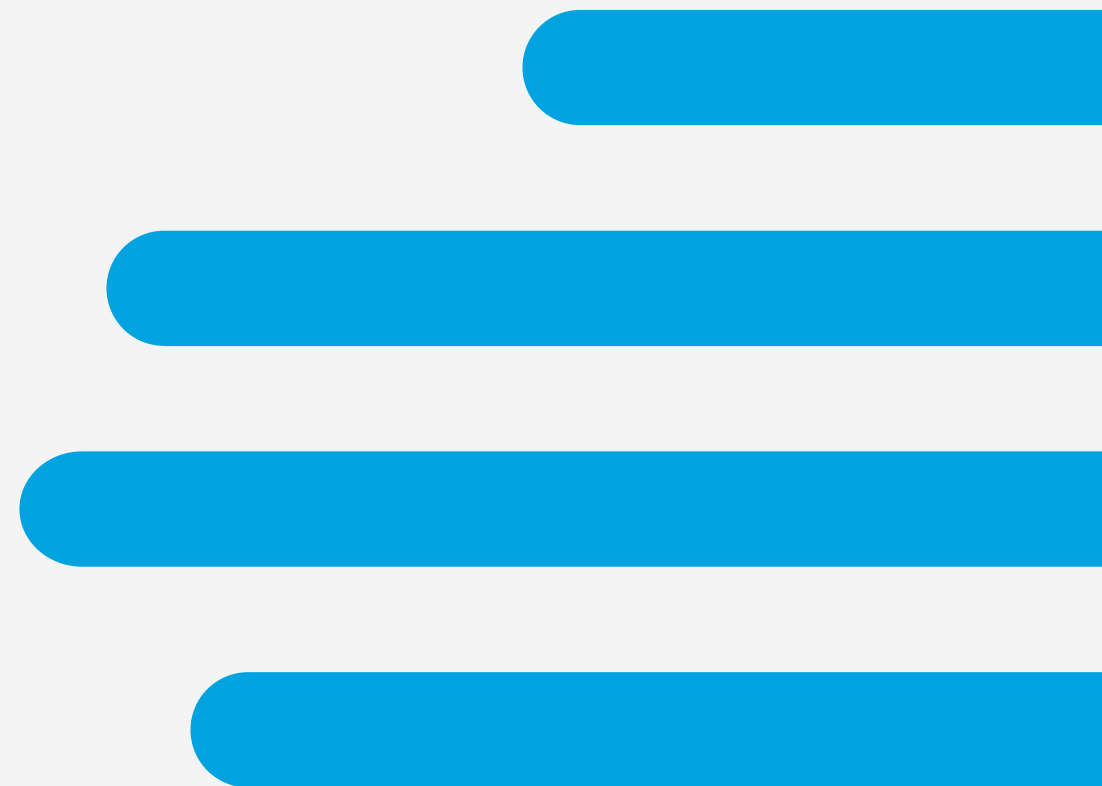
R&D Solutions Services Revenue Growth Acceleration

CFx VPY %

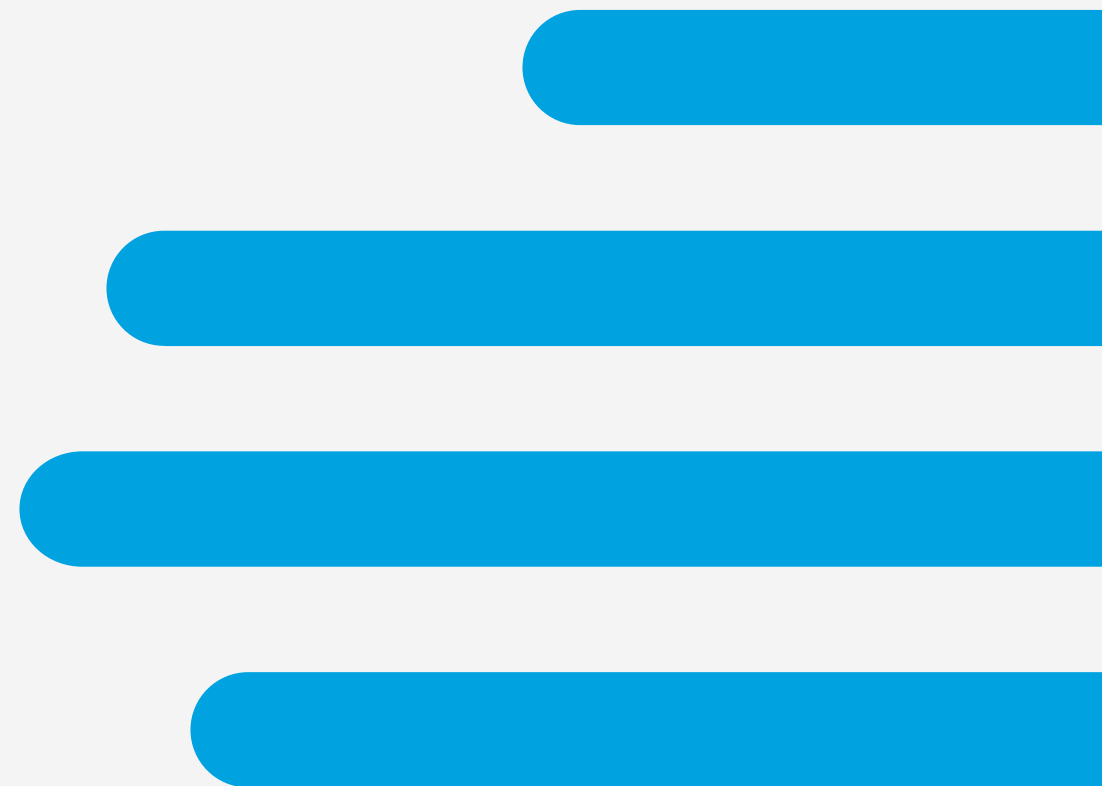


CFx is constant currency.

Q&A



Appendix



Net Income to Adjusted EBITDA Reconciliation

\$M

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Income Attributable to IQVIA Holdings Inc.	\$ 16	\$ 69	\$ 191	\$ 259
Provision for income taxes	68	30	116	59
Depreciation and amortization	314	294	1,202	1,141
Interest expense, net	107	103	438	406
Loss (income) in unconsolidated affiliates	8	(2)	9	(15)
Income from non-controlling interests	4	7	36	25
Deferred revenue purchasing accounting adjustments	2	1	10	7
Stock-based compensation	59	35	146	113
Other (income) expense, net	(29)	—	(6)	27
Loss on extinguishment of debt	—	—	24	2
Restructuring and related charges	32	2	77	68
Acquisition related charges	19	12	56	50
Integration related costs	42	32	101	82
Adjusted EBITDA	\$ 642	\$ 583	\$ 2,400	\$ 2,224

Net Income to Adj. Net Income and Per Share Data Reconciliation

\$M, except per share data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Income Attributable to IQVIA Holdings Inc.	\$ 16	\$ 69	\$ 191	\$ 259
Provision for income taxes	68	30	116	59
Purchase accounting amortization ⁽¹⁾	238	212	914	863
Loss (income) in unconsolidated affiliates	8	(2)	9	(15)
Income from non-controlling interests	4	7	36	25
Deferred revenue purchasing accounting adjustments	2	1	10	7
Stock-based compensation	59	35	146	113
Other (income) expense, net	(29)	—	(6)	27
Loss on extinguishment of debt	—	—	24	2
Royalty hedge gain	—	2	6	—
Restructuring and related charges	32	2	77	68
Acquisition related charges	19	12	56	50
Integration related costs	42	32	101	82
Adjusted Pre Tax Income	\$ 459	\$ 400	\$ 1,680	\$ 1,540
Adjusted tax expense	(109)	(84)	(359)	(350)
Income from non-controlling interests	(4)	(7)	(36)	(25)
Minority interest effect in non-GAAP adjustments ⁽²⁾	(3)	(2)	(9)	(9)
Adjusted Net Income	\$ 343	\$ 307	\$ 1,276	\$ 1,156
Adjusted earnings per share attributable to common stockholders:				
Basic	\$ 1.78	\$ 1.54	\$ 6.54	\$ 5.68
Diluted	\$ 1.74	\$ 1.50	\$ 6.39	\$ 5.55
Weighted-average common shares outstanding:				
Basic	192.6	199.5	195.1	203.7
Diluted	197.1	204.1	199.6	208.2

(1) Reflects all the amortization of acquired intangible assets.

(2) Reflects the portion of Q2 Solutions' after-tax non-GAAP adjustments attributable to the minority interest partner.

Leverage Ratios

\$M

Gross Debt, net of Original Issue Discount, as of December 31, 2019	\$	11,645
Net Debt as of December 31, 2019	\$	10,808
Adjusted EBITDA for the year ended December 31, 2019	\$	2,400
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		4.9x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.5x