



Q1 2020 Earnings Call

April 28, 2020

Legal

This presentation should be viewed in conjunction with IQVIA's Q1 2020 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 2020 and second 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,” “forecast,” “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: business disruptions caused by natural disasters, pandemics such as the COVID-19 (coronavirus) outbreak, international conflicts or other disruptions outside of our control; our ability to accurately model or forecast the spread and/or containment of COVID-19, among other sources of business interruption; 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; the market for our services may not grow as we expect; we may be unable to successfully develop and market new services or enter new markets; 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; 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; hardware and software failures, delays in the operation of our computer and communications systems or the failure to implement system enhancements; 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; government regulators or our customers may limit the scope of prescription or withdraw products from the market, and government regulators may impose new regulatory requirements or may adopt new regulations affecting the biopharmaceutical industry; 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, 2019, 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.

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.

Legal

Non-GAAP Information and Estimated COVID-19 Impact

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. Our full-year and second-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 estimates for future periods are based in part on a number of assumptions outside the Company’s control. Normal business activities have been substantially disrupted by the COVID-19 outbreak. These business disruptions include various restrictions and limitations on our ability to perform on-site monitoring, execution of change orders, delivery of offerings that rely on face to face interaction or in person gatherings, sale of information offerings, analytics and consulting projects. The unfavorable impact on R&DS revenue attributable to COVID-19 is largely due to operational disruption of clinical research sites, which impacts patient recruitment and patient study participation, and limitations on our ability to travel and access clinical research sites. These site access restrictions and impact on clinical trial conduct by the sites have a direct impact on our ability to perform our services and cause delays relative to pre-COVID-19 timelines. In our TAS business, certain offerings that rely on face-to-face interactions or are dependent on in-person gatherings, events or are expected to experience significant disruption, and where we are unable to execute on our commitments due to COVID-19, we are not able to recognize the associated revenue in the period. Similarly, the portion of our Real World business that requires site monitoring activity will be impacted by site closures, with a reduction in associated revenue.

Organizational priorities

Safety First

- No international travel, essential domestic travel only
- 95% of employees working remotely with adequate VPN
- PPE for field based employees

Help Clients Plan For/Manage Outbreak

- AI forecasting tools to track disease progression
- Helping governments and healthcare systems manage capacity
- Using analytics to monitor supply chain

Mitigating Disruption to Clinical Trials

- Accessing patients and HCP's remotely
 - Remote monitoring
 - Virtual trials enabled by StudyHub
 - Televisits

Development of Treatments/Vaccines

- 36 awards for treatments and vaccines
- Supporting efforts in Americas, EMEA and Asia
- Trial matching platform
- IQVIA CARE registry

Operational Impact Summary

	R&DS	TAS	CSMS
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Client Delivery

(+) Data collections and related activities largely on track	(+) Data network access, extraction and processing fully operational	(+) Customers reluctant in the short term to modify commercial footprint on recovery expectations
(+) Remote monitoring replacing on-site visits where possible	(+) Information license and subscription deliveries largely on track	(+) Use of e-detailing and remote visits
(-) ~20% of global sites are currently accessible for on site monitoring visits	(+) Analytics and consulting deliveries largely transitioned to remote working	(-) Decline in sales rep visits and access to HCPs
(-) Delayed new trial startup activity and patient recruitment	(-) Disruption to businesses that rely on face-to-face interaction	(-) Physician attention focused on COVID-19
	(-) Disruption to site monitoring in Real World Evidence	

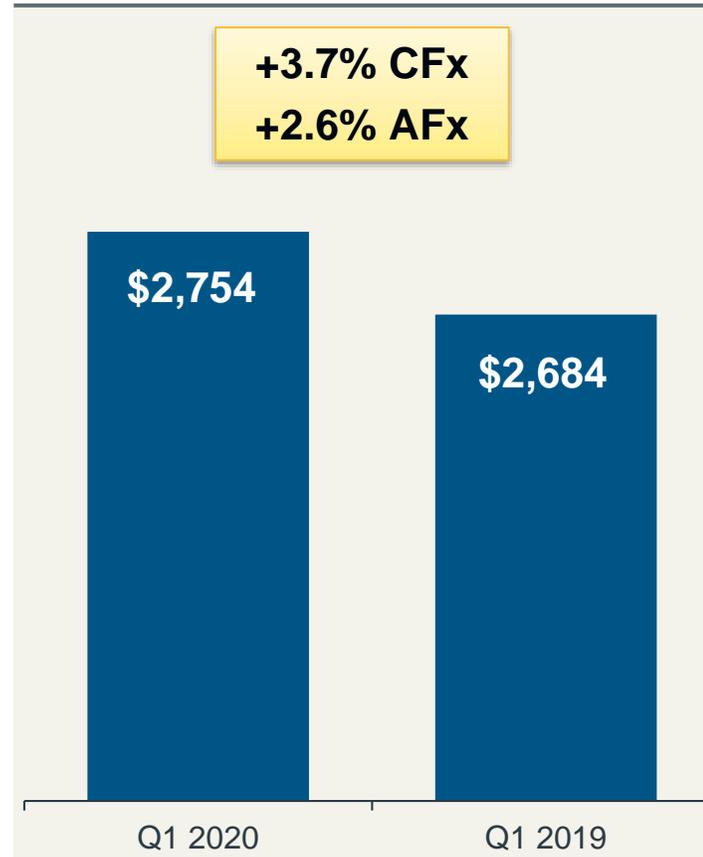
Business Development

(+) Strong new business wins and RFP flow	(+) Strong demand for analytics and technology	(-) New business challenging due to delayed decisions
(+) No COVID-19 related cancellations to date	(-) New business challenging in some projects due to delayed decisions	(-) Sharply diminished RFP flow

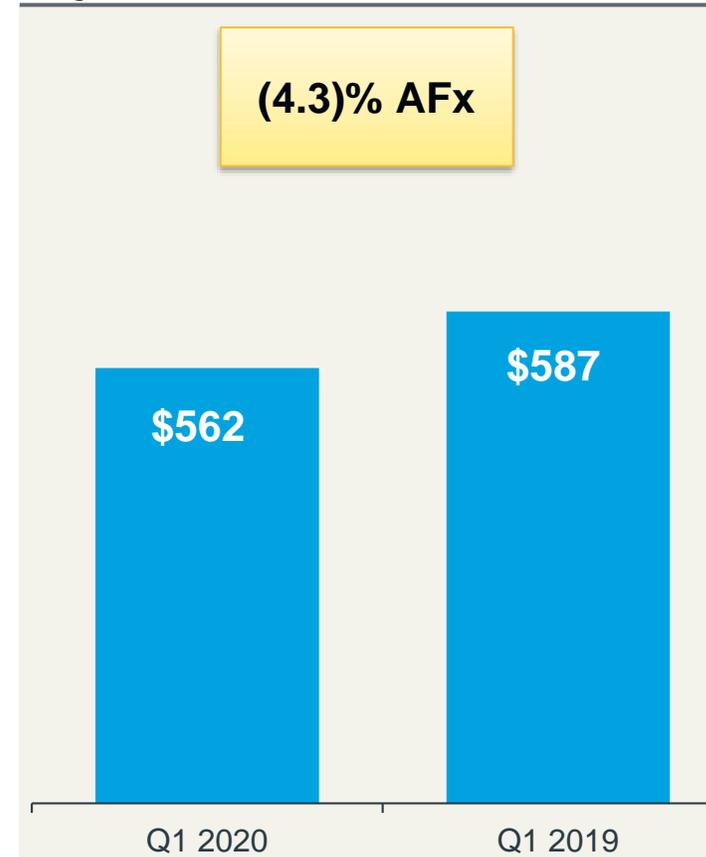
1st Quarter Results

\$M, except per share data

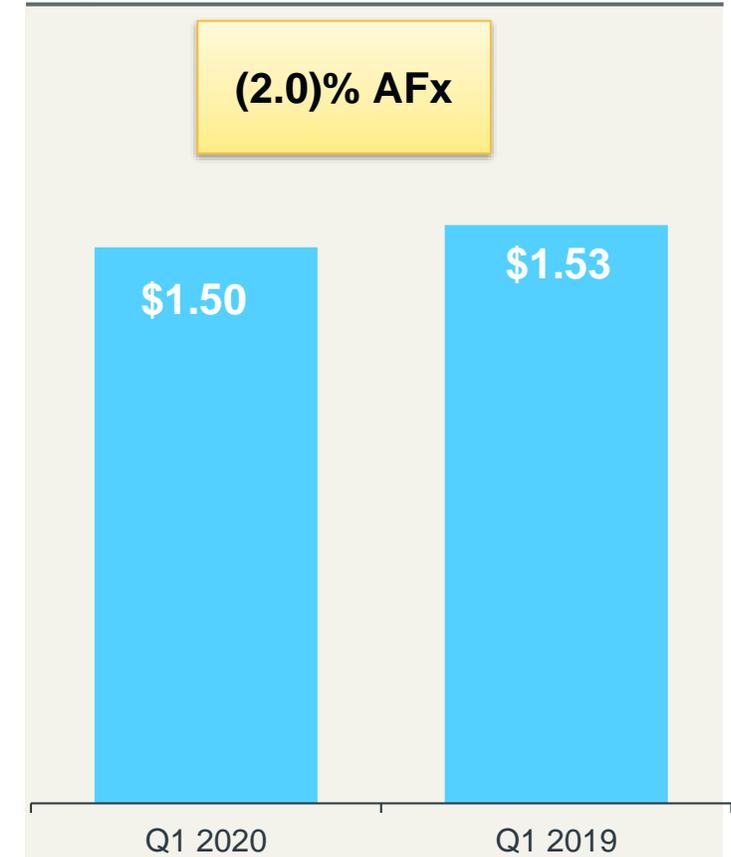
Revenue



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.

1st Quarter Revenue

\$M

	2020	2019	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$ 1,117	\$1,075	3.9%	5.5%
Research & Development Solutions	\$ 1,441	\$1,416	1.8%	2.4%
Contract Sales & Medical Solutions	<u>\$ 196</u>	<u>\$193</u>	1.6%	2.6%
Total Revenue	\$ 2,754	\$2,684	2.6%	3.7%

1st Quarter Profit

\$M, except per share data

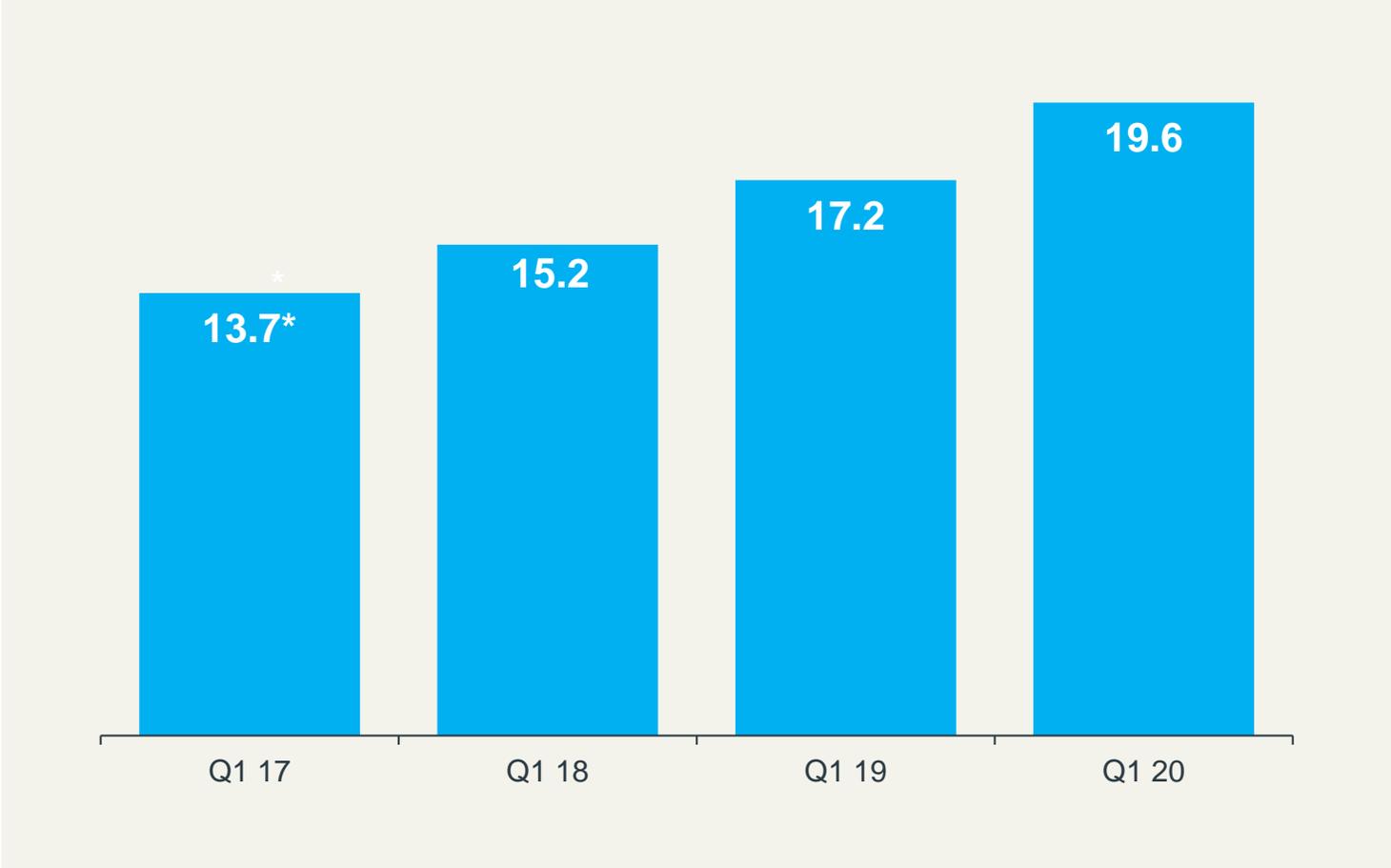
	2020	2019
Adjusted EBITDA ⁽¹⁾	\$562	\$587
Net Income	\$82	\$58
Diluted Earnings per Share	\$0.42	\$0.29
Adjusted Net Income ⁽¹⁾	\$294	\$309
Adjusted Diluted Earnings per Share ⁽¹⁾	\$1.50	\$1.53

Dollars are at actual foreign exchange rates.

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

R&D Solutions Backlog

\$B as of March 31



* Estimated to reflect adoption of ASC 606

1st Quarter Balance Sheet and Cash Flow Items and Metrics

\$M

Cash & Cash Equivalents	\$927
Gross Debt	\$12,033
Net Debt	\$11,106
Gross Leverage Ratio ⁽¹⁾	5.1x
Net Leverage Ratio ⁽¹⁾	4.7x
Net Cash Provided by Operating Activities	\$163
Capital Expenditures	\$141
Free Cash Flow	\$22

Dollars are at actual foreign exchange rates.

(1) Calculated using last twelve months Adjusted EBITDA.

Strong liquidity

Debt Maintenance Covenants	Requirement	Actual at 3/31/2020
Senior Secured Net Leverage	$\leq 4.00x$	2.17x
Interest Coverage	$\geq 3.50x$	5.92x

\$1.4 billion of capacity on \$1.5 billion revolver as of March 31, 2020

Well laddered debt maturities, with first maturity (TLA and revolver) due 2023

China case study

- Jan 23 - lockdown of Hubei
- Feb 12 - new cases reach peak
- Mar 17 - no new domestic cases
- Mar 18 - Hubei reopens except for Wuhan
- **~80% of R&DS sites inaccessible**

- Schools in 3 of 26 provinces reopen
- ~90% manufacturing opened outside Hubei, ~50% in Hubei
- Pharma recovered to >80% original capacity
- Nearly 70% of service industry recovered
- **~40% of R&DS sites inaccessible at end of March**

- Most schools outside Hubei re-opened
- **100% of hospitals and research sites outside Hubei to resume normal services**

- Hubei schools re-open
- **70% of Hubei hospitals and research sites to resume normal services**

January – March

March

April – May

June – July

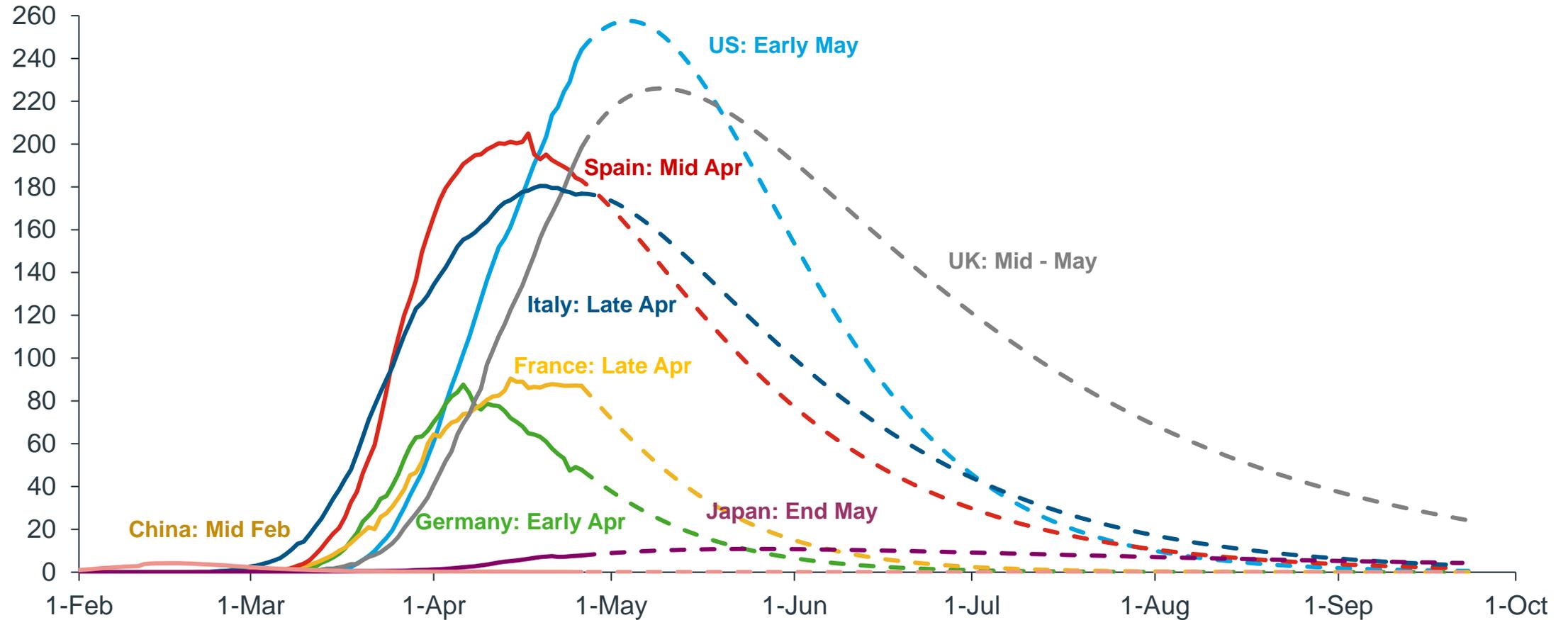
8 week public health emergency

Return to normalcy outside of Hubei

Hubei return to normalcy

Proprietary model predicts virus peaks

Number of predicted active* COVID-19 Cases per 100k population



Information based on the use of forecasting models, data sourced from others and technology are subject to variability based on, among other things, assumptions, interpretation and judgment. As with any attempt to estimate future events, forecasts and related information are subject to certain risks and uncertainties, and are not to be considered guarantees of any particular outcome. This content is for informational purposes only, you should not construe any such information or other material as investment, financial, or other advice. Copyright © 2020 IQVIA. All rights reserved.

Full-Year 2020 Guidance

\$M, except per share data

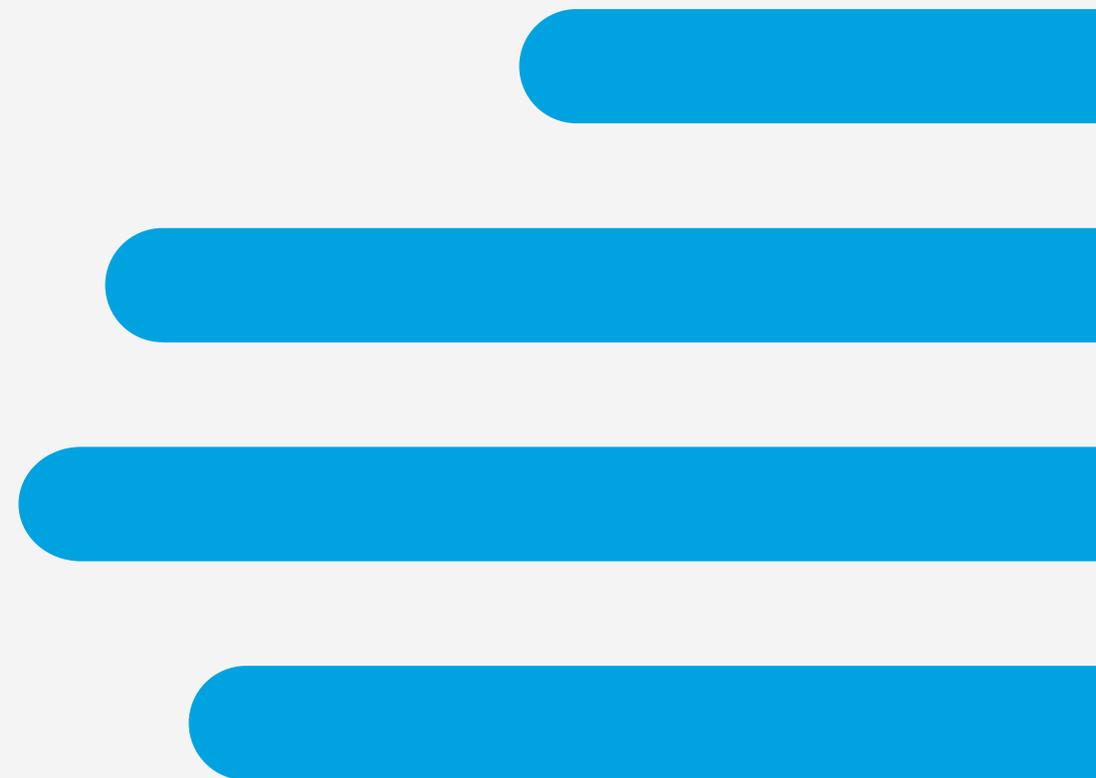
Revenue	\$10,600 - \$10,925
Adjusted EBITDA	\$2,200 - \$2,300
Adjusted Diluted EPS	\$5.75 - \$6.10

Q2 2020 Guidance

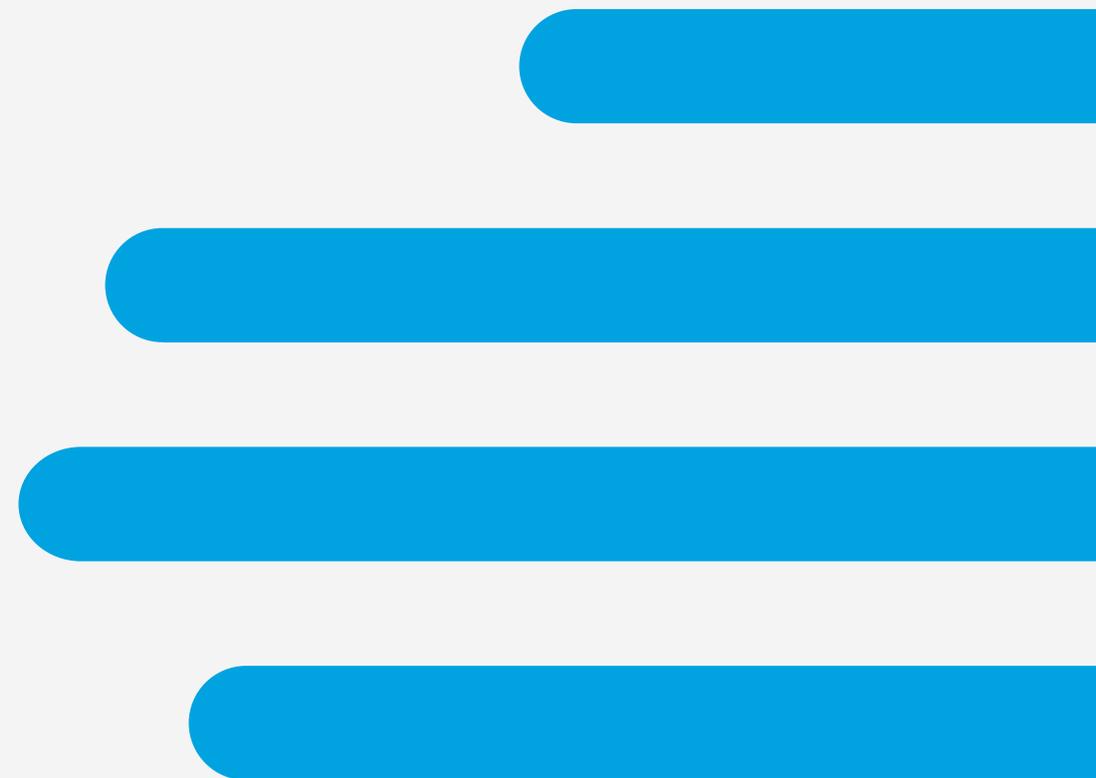
\$M, except per share data

Revenue	\$2,365 - \$2,440
Adjusted EBITDA	\$445 - \$470
Adjusted Diluted EPS	\$1.00 - \$1.09

Q&A



Appendix



Net Income to Adjusted EBITDA Reconciliation

\$M

	Three Months Ended March 31,	
	2020	2019
Net Income Attributable to IQVIA Holdings Inc.	\$ 82	\$ 58
Provision for income taxes	17	41
Depreciation and amortization	316	295
Interest expense, net	104	108
(Income) loss in unconsolidated affiliates	(6)	1
Income from non-controlling interests	9	9
Deferred revenue purchasing accounting adjustments	—	3
Stock-based compensation	—	26
Other (income) expense, net	(15)	6
Restructuring and related charges	15	12
Acquisition and integration related charges	40	28
Adjusted EBITDA	\$ 562	\$ 587

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

\$M, except per share data

	Three Months Ended March 31,	
	2020	2019
Net Income attributable to IQVIA Holdings, Inc.	\$ 82	\$ 58
Provision for income taxes	17	41
Purchase accounting amortization ⁽¹⁾	239	225
(Income) loss in unconsolidated affiliates	(6)	1
Income from non-controlling interests	9	9
Deferred revenue purchasing accounting adjustments	—	3
Stock-based compensation	—	26
Other (income) expense, net	(15)	6
Royalty hedge gain	—	3
Restructuring and related charges	15	12
Acquisition and integration related charges	40	28
Adjusted Pre Tax Income	\$ 381	\$ 412
Adjusted tax expense	(78)	(92)
Income from non-controlling interests	(9)	(9)
Minority interest effect in non-GAAP adjustments ⁽²⁾	—	(2)
Adjusted Net Income	\$ 294	\$ 309
Adjusted earnings per share attributable to common stockholders:		
Basic	\$ 1.53	\$ 1.57
Diluted	\$ 1.50	\$ 1.53
Weighted average common shares outstanding:		
Basic	191.6	197.0
Diluted	195.7	201.7

(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

(in millions)

Gross Debt, net of Original Issue Discount, as of March 31, 2020	\$	12,033
Net Debt as of March 31, 2020	\$	11,106
Adjusted EBITDA for the twelve months ended March 31, 2020	\$	2,375
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		5.1x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.7x