



Q3 2019 Earnings Call

October 30, 2019

Legal

This presentation should be viewed in conjunction with IQVIA's Q3 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 fourth quarter 2019 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. Management believes that these measures are useful to assess the company’s operating performance trends on a more consistent basis from period to period because they exclude certain non-cash items, certain variable costs and certain other adjustments. 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 fourth quarter 2019 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.

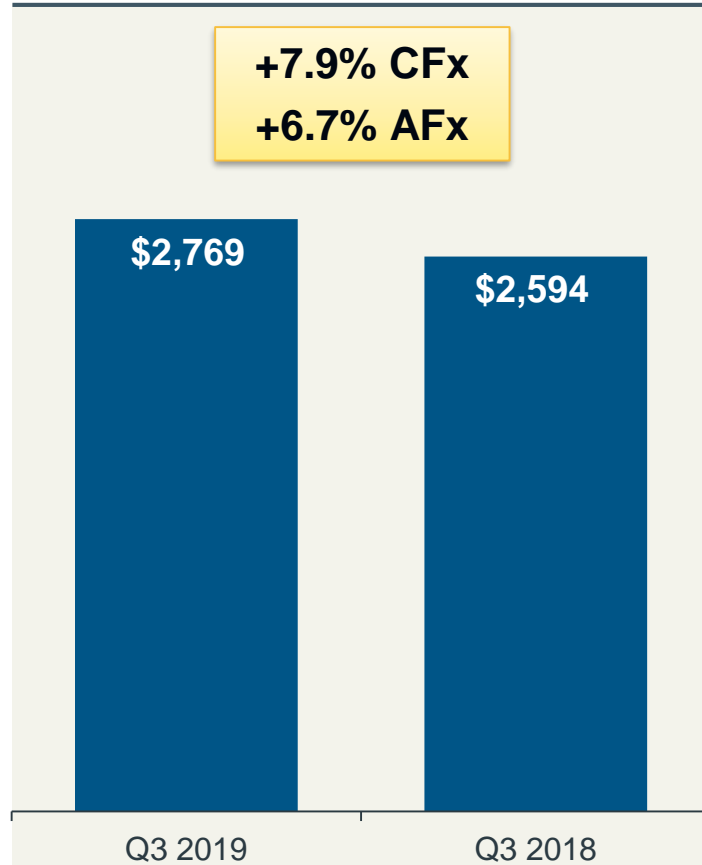
Trademarks

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.

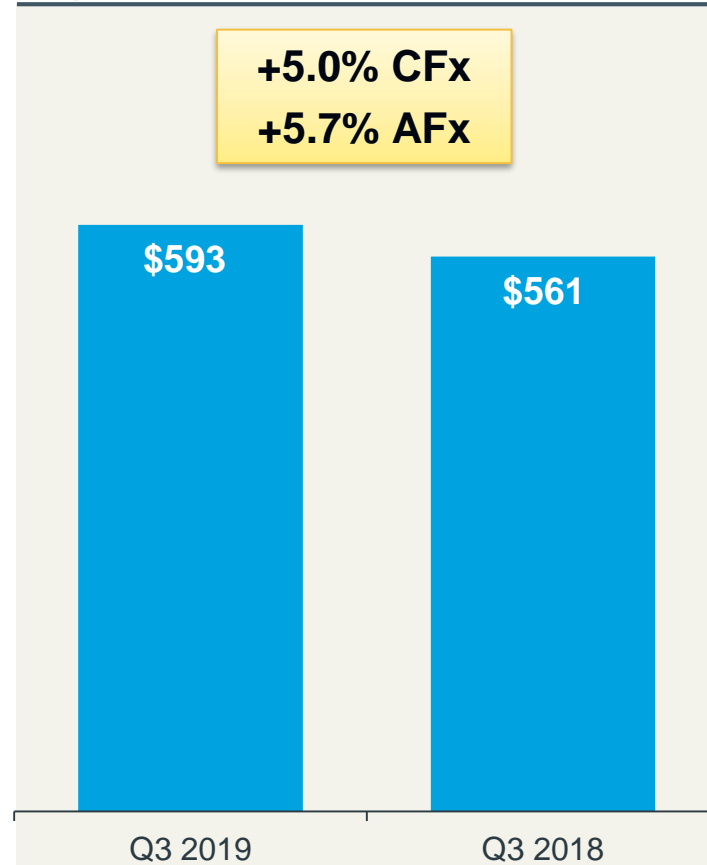
3rd Quarter Results

\$M, except per share data

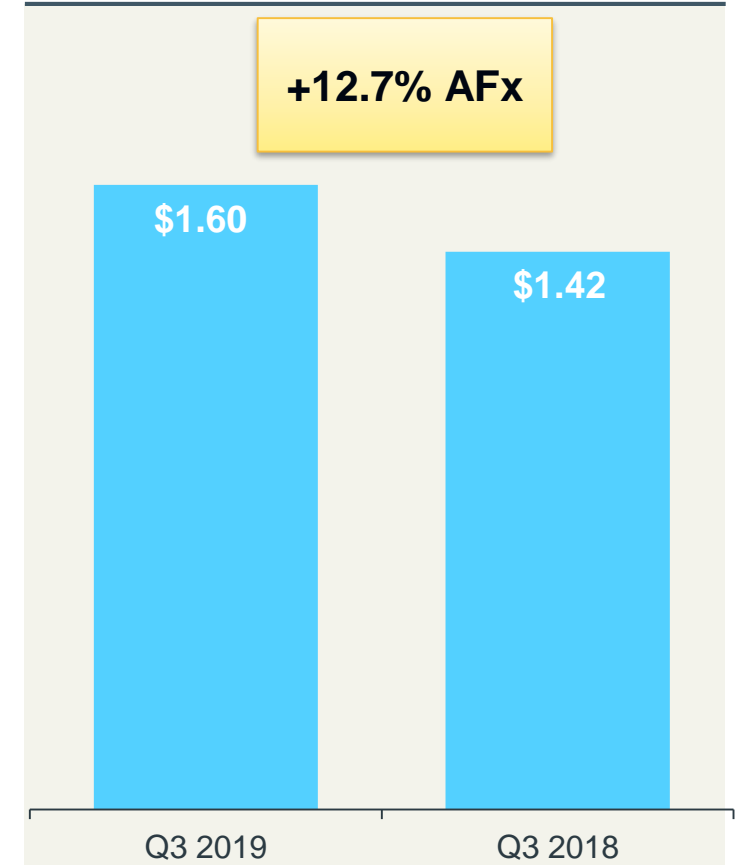
Revenue



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

3rd Quarter and Year-to-Date Revenue

\$M

	Q3				YTD			
	2019	2018	VPY% AFx	VPY% CFx	2019	2018	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$1,095	\$1,014	8.0%	10.0%	\$3,272	\$3,010	8.7%	11.4%
Research & Development Solutions	\$1,466	\$1,382	6.1%	6.8%	\$4,317	\$4,097	5.4%	6.5%
Contract Sales & Medical Solutions	<u>\$208</u>	<u>\$198</u>	5.1%	5.1%	<u>\$604</u>	<u>\$617</u>	(2.1)%	(0.5)%
Revenue	\$2,769	\$2,594	6.7%	7.9%	\$8,193	\$7,724	6.1%	7.9%

3rd Quarter and Year-to-Date Profit

\$M, except per share data

	Q3		YTD	
	2019	2018	2019	2018
Adjusted EBITDA ⁽¹⁾	\$593	\$561	\$1,758	\$1,641
Net Income	\$57	\$60	\$175	\$190
Diluted Earnings per Share	\$0.29	\$0.29	\$0.87	\$0.91
Adjusted Net Income ⁽¹⁾	\$318	\$294	\$933	\$849
Adjusted Diluted Earnings per Share ⁽¹⁾	\$1.60	\$1.42	\$4.65	\$4.05

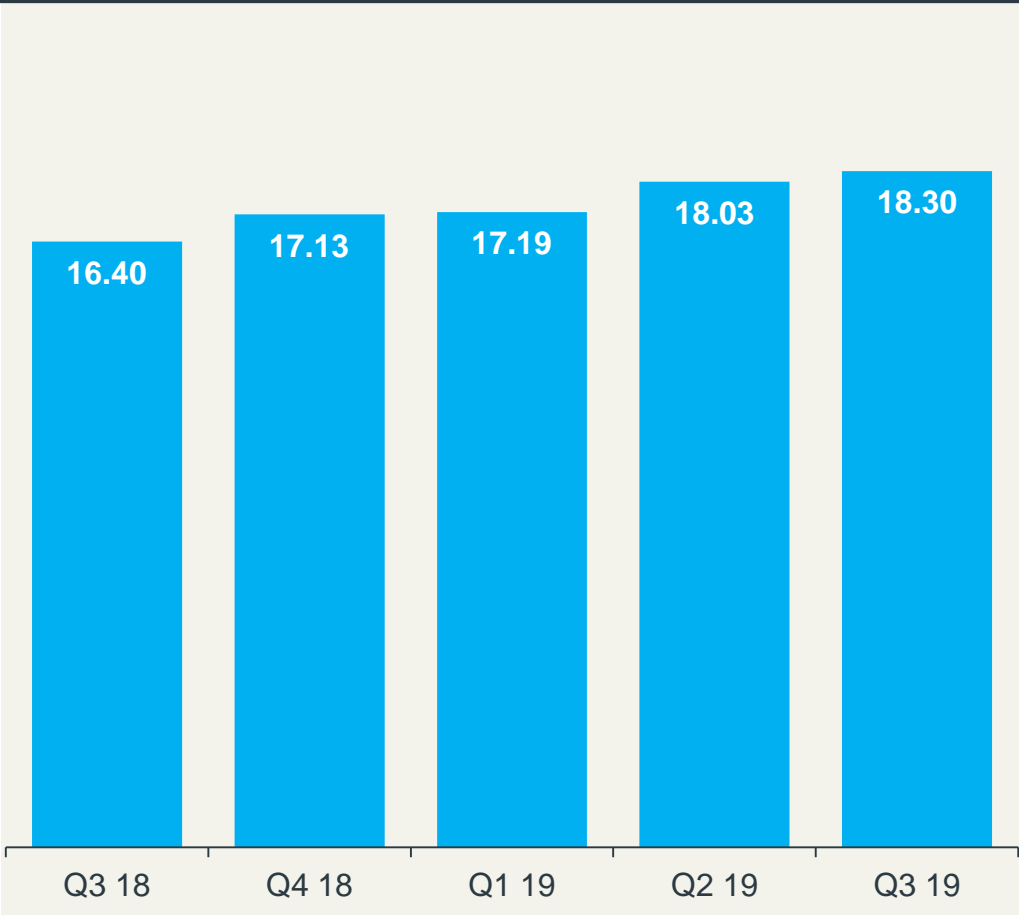
Dollars are at actual foreign exchange rates.

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

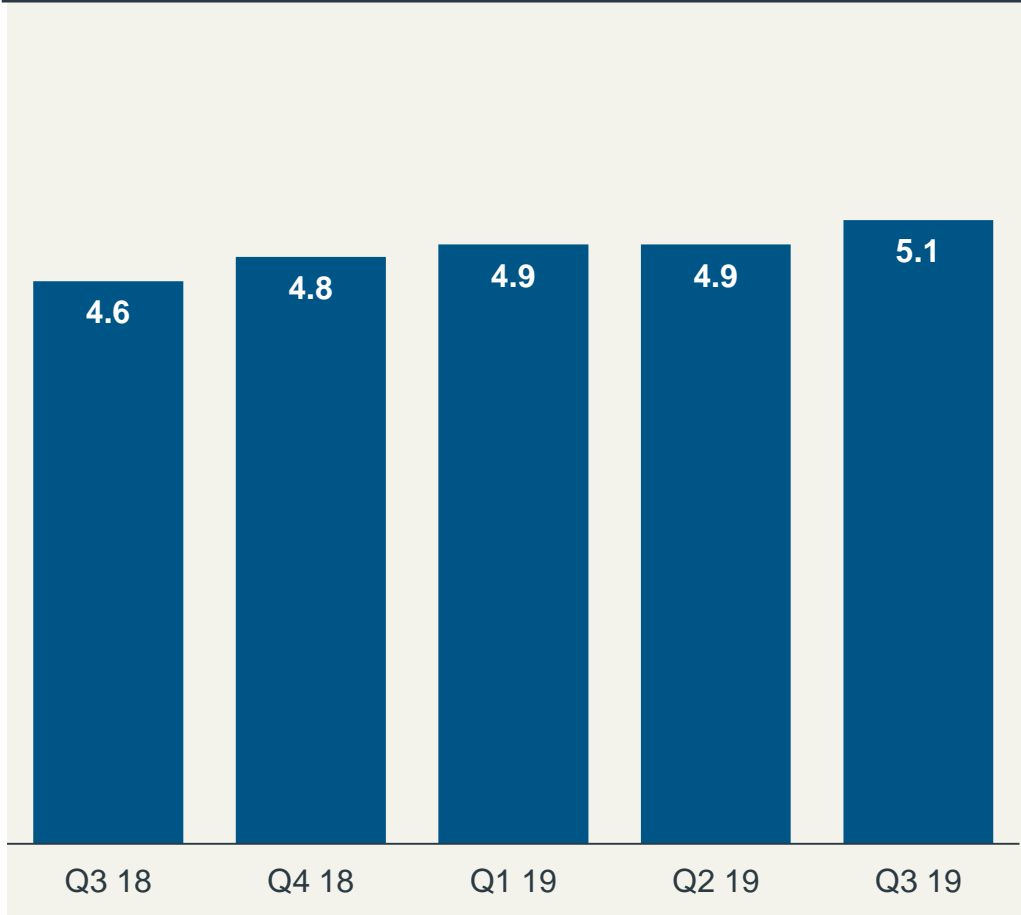
R&D Solutions Backlog and NTM Revenue

\$B

Backlog



Next Twelve Months Revenue



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

3rd Quarter Balance Sheet and Cash Flow Items and Metrics

\$M

Cash & Cash Equivalents	\$863
Gross Debt	\$11,542
Net Debt	\$10,679
Gross Leverage Ratio ⁽¹⁾	4.9x
Net Leverage Ratio ⁽¹⁾	4.6x
Net Cash Provided by Operating Activities	\$330
Capital Expenditures	\$149
Free Cash Flow	\$181

Dollars are at actual foreign exchange rates.

(1) Calculated using last twelve months Adjusted EBITDA.

Full-Year 2019 Revenue Guidance

\$M

	Feb 2019	July 2019	Oct 2019
CFx Revenue Growth	5.8% - 7.9%	6.7% - 8.2%	7.3% - 7.7%
FX Impact	~(110 bps)	~(110 bps)	~(160 bps)
AFx Revenue Growth	4.7% - 6.8%	5.6% - 7.1%	5.6% - 6.1%

Guidance assumes current exchange rates remain unchanged from September 30, 2019 to the end of the year.

Full-Year 2019 Guidance

\$M, except per share data

Revenue <i>VPY%</i>	\$11,000 - \$11,050 <i>5.6% - 6.1%</i>
Adjusted EBITDA <i>VPY%</i>	\$2,393 - \$2,407 <i>7.6% - 8.2%</i>
Adjusted Diluted EPS <i>VPY%</i>	\$6.30 - \$6.40 <i>13.5% - 15.3%</i>
Adjusted Book Tax rate ⁽¹⁾	~22%
Adjusted Cash Tax rate ⁽¹⁾	~15%

Dollars are at actual foreign exchange rates.

Guidance assumes current exchange rates remain unchanged from September 30, 2019 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.

Q4 2019 Guidance

\$M, except per share data

	Guidance	VPY%
Revenue	\$2,807 - \$2,857	4.4% - 6.3%
Adjusted EBITDA	\$635 - \$649	8.9% - 11.3%
Adjusted Diluted EPS	\$1.65 - \$1.75	10.0% - 16.7%

Dollars are at actual foreign exchange rates.

Guidance assumes current exchange rates remain unchanged from September 30, 2019 to the end of the quarter.



Q&A

Appendix

Net Income to Adjusted EBITDA Reconciliation

\$M

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income Attributable to IQVIA Holdings Inc.	\$ 57	\$ 60	\$ 175	\$ 190
(Benefit from) provision for income taxes	(1)	(14)	48	29
Depreciation and amortization	299	283	888	847
Interest expense, net	111	103	331	303
Loss (income) in unconsolidated affiliates	1	(2)	1	(13)
Income from non-controlling interests	12	7	32	18
Deferred revenue purchasing accounting adjustments	3	3	8	6
Stock-based compensation	27	31	87	78
Other expense, net	5	36	23	27
Loss on extinguishment of debt	24	—	24	2
Restructuring and related charges	19	23	45	66
Acquisition related charges	18	12	37	38
Integration related costs	18	19	59	50
Adjusted EBITDA	\$ 593	\$ 561	\$ 1,758	\$ 1,641

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

\$M, except per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income Attributable to IQVIA Holdings Inc.	\$ 57	\$ 60	\$ 175	\$ 190
(Benefit from) provision for income taxes	(1)	(14)	48	29
Purchase accounting amortization ⁽¹⁾	226	216	676	651
Loss (income) in unconsolidated affiliates	1	(2)	1	(13)
Income from non-controlling interests	12	7	32	18
Deferred revenue purchasing accounting adjustments	3	3	8	6
Stock-based compensation	27	31	87	78
Other expense, net	5	36	23	27
Loss on extinguishment of debt	24	—	24	2
Royalty hedge gain (loss)	—	3	6	(2)
Restructuring and related charges	19	23	45	66
Acquisition related charges	18	12	37	38
Integration related costs	18	19	59	50
Adjusted Pre Tax Income	\$ 409	\$ 394	\$ 1,221	\$ 1,140
Adjusted tax expense	(77)	(91)	(250)	(266)
Income from non-controlling interests	(12)	(7)	(32)	(18)
Minority interest effect in non-GAAP adjustments ⁽²⁾	(2)	(2)	(6)	(7)
Adjusted Net Income	\$ 318	\$ 294	\$ 933	\$ 849
Adjusted earnings per share attributable to common stockholders:				
Basic	\$ 1.63	\$ 1.45	\$ 4.76	\$ 4.14
Diluted	\$ 1.60	\$ 1.42	\$ 4.65	\$ 4.05
Weighted-average common shares outstanding:				
Basic	194.5	202.3	195.9	205.2
Diluted	199.0	206.8	200.5	209.6

⁽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 September 30, 2019	\$	11,542
Net Debt as of September 30, 2019	\$	10,679
Adjusted EBITDA for the twelve months ended September 30, 2019	\$	2,341
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		4.9x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.6x