

# Q2 2018 Earnings Call

July 24, 2018

# Legal

*This presentation should be viewed in conjunction with IQVIA's Q2 2018 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 2018 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: that 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, including the impact of the changes to the revenue recognition 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, 2017, filed with 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](http://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 release, 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 Basic and Diluted Earnings per Share. 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 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 comparable GAAP measures.

Our 2018 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, share-based compensation and other items not reflective of the company's ongoing operations.

## **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.

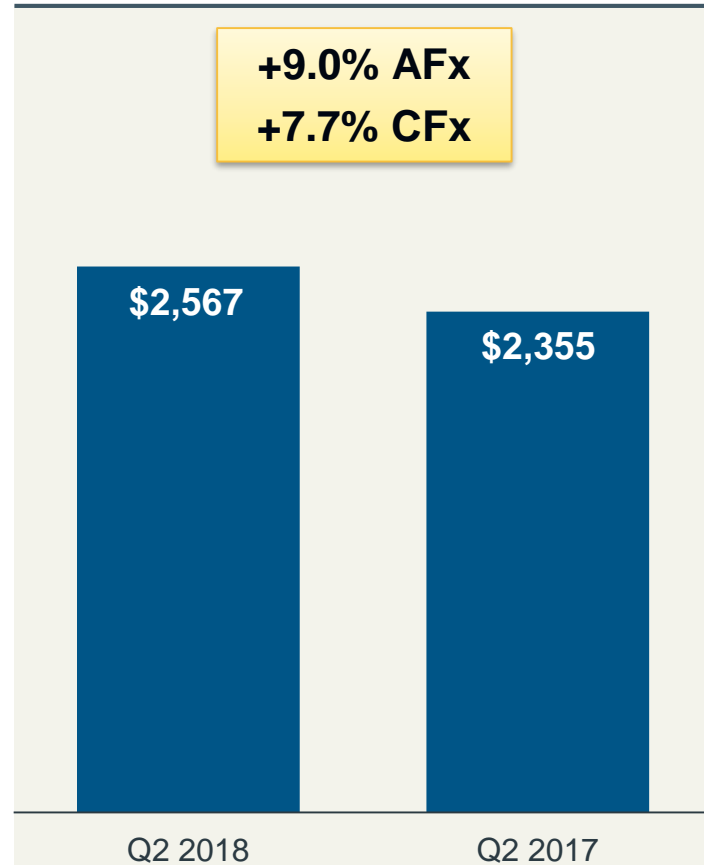
## **Trademarks**

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.

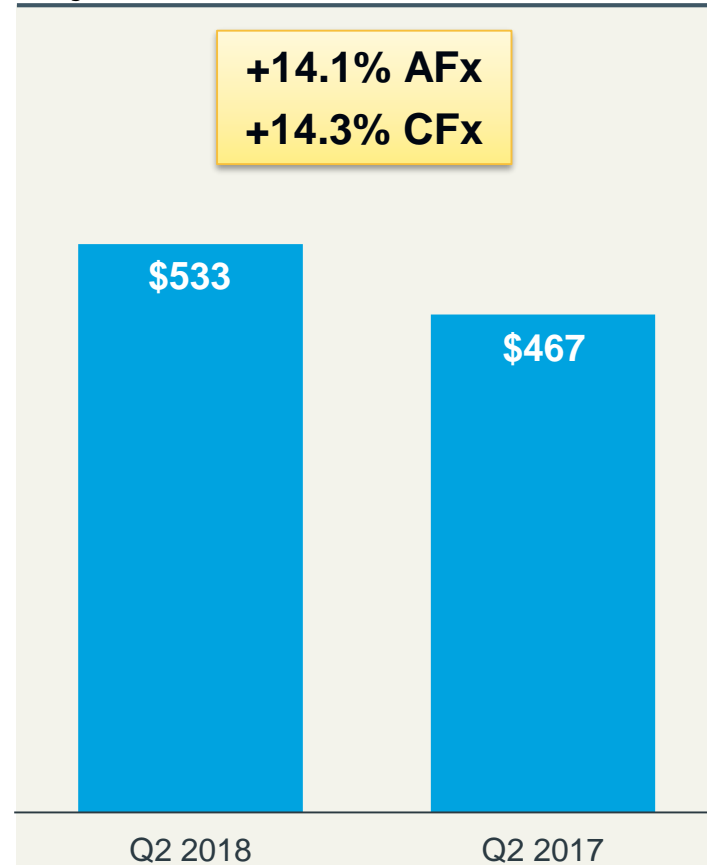
# 2<sup>nd</sup> Quarter Results

*\$M, except per share data*

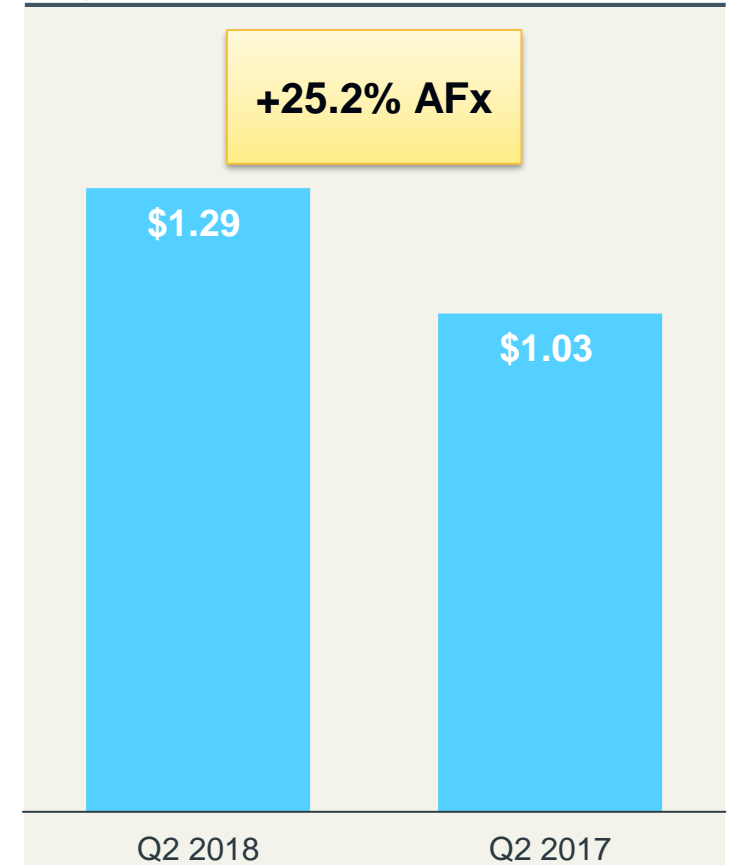
## Revenue



## Adjusted EBITDA



## Adjusted Diluted EPS



Dollars are at actual foreign exchange rates. AFX is actual currency, CFX is constant currency.  
See calculation of Adjusted EBITDA and Adjusted Diluted EPS in the appendix.  
Financials reported under ASC 606 "Revenue from Contracts with Customers". Prior year values recast.

# 2<sup>nd</sup> Quarter Revenue

\$M

	2018	2017	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$1,011	\$885	14.2%	13.1%
Research & Development Solutions	\$1,350	\$1,232	9.6%	8.3%
Contract Sales & Medical Solutions	<u>\$206</u>	<u>\$238</u>	(13.4)%	(15.1)%
<b>Revenue</b>	<b>\$2,567</b>	<b>\$2,355</b>	<b>9.0%</b>	<b>7.7%</b>

Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency.  
Numbers may not add up to total due to rounding.  
Financials reported under ASC 606 "Revenue from Contracts with Customers". Prior year values recast.

# 2<sup>nd</sup> Quarter Profit

*\$M, except per share data*

	2018	2017
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$533	\$467
<b>Net Income</b>	\$61	\$62
<b>Diluted Earnings per Share</b>	\$0.29	\$0.28
<b>Adjusted Net Income <sup>(1)</sup></b>	\$270	\$229
<b>Adjusted Diluted Earnings per Share <sup>(1)</sup></b>	\$1.29	\$1.03

Dollars are at actual foreign exchange rates.

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

Financials reported under ASC 606 "Revenue from Contracts with Customers". Prior year values recast.

# Q2 Year-to-date Revenue

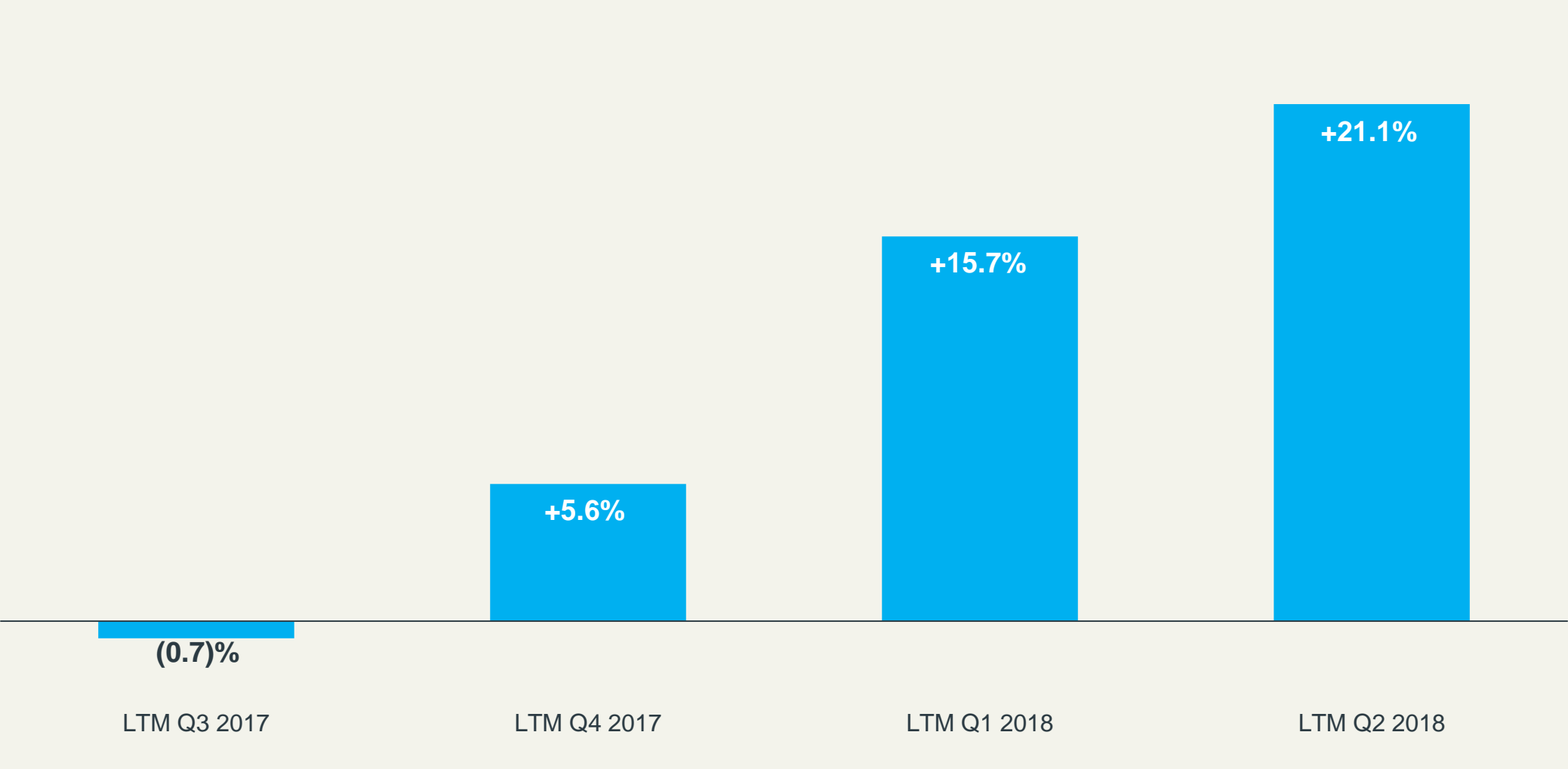
\$M

	2018	2017	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$1,996	\$1,748	14.2%	11.2%
Research & Development Solutions	\$2,715	\$2,495	8.8%	7.0%
Contract Sales & Medical Solutions	<u>\$419</u>	<u>\$472</u>	(11.2)%	(14.0)%
<b>Revenue</b>	<b>\$5,130</b>	<b>\$4,715</b>	<b>8.8%</b>	<b>6.5%</b>

Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency.  
Numbers may not add up to total due to rounding.  
Financials reported under ASC 606 "Revenue from Contracts with Customers". Prior year values recast.

# R&D Solutions LTM Contracted Services<sup>(1)</sup> Net New Business

VPY%



LTM: Last twelve months.

(1) Services Net New Business excludes reimbursed expenses (i.e. pass through).

# R&D Solutions ASC 606 Backlog

*\$B*

<b>Backlog as of 06/30/2018</b>	<b>\$15.73</b>
<b>LTM Backlog Coverage <sup>(1)</sup></b>	<b>2.95x</b>
<b>NTM Backlog Estimated to be Converted to Revenue</b>	<b>~\$4.6</b>

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

(1) Backlog coverage is defined as R&D Solutions backlog at the end of the current quarter divided by R&D Solutions trailing twelve months revenue.



# Q2 Year-to-date Profit

*\$M, except per share data*

	2018	2017
<b>Adjusted EBITDA <sup>(1)</sup></b>	\$1,080	\$971
<b>Net Income</b>	\$130	\$162
<b>Diluted Earnings per Share</b>	\$0.62	\$0.71
<b>Adjusted Net Income <sup>(1)</sup></b>	\$555	\$493
<b>Adjusted Diluted Earnings per Share <sup>(1)</sup></b>	\$2.63	\$2.16

Dollars are at actual foreign exchange rates.

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

Financials reported under ASC 606 "Revenue from Contracts with Customers". Prior year values recast.

# Q2 Balance Sheet and Cash Flow Items and Metrics

\$M

<b>Cash &amp; Cash Equivalents</b>	\$879
<b>Debt</b>	\$10,728
<b>Gross Leverage Ratio <sup>(1)</sup></b>	5.1x
<b>Net Leverage Ratio <sup>(1)</sup></b>	4.6x
<b>Net Cash Provided by Operating Activities</b>	\$311
<b>Capital Expenditures</b>	\$(110)
<b>Free Cash Flow</b>	\$201

Dollars are at actual foreign exchange rates.

(1) Calculated using last twelve months Adjusted EBITDA.

# Full-Year 2018 Guidance

*\$M, except per share data*

	July 24	May 2	February 14
<b>Revenue</b> VPY%	<b>\$10,250 - \$10,400</b> 5.6% - 7.2%	<b>\$10,050 - \$10,250</b> 3.6% - 5.6%	<b>\$10,000 - \$10,200</b> 3.1% - 5.1%
<b>Adjusted EBITDA</b> VPY%	<b>\$2,170 - \$2,230</b> 8.0% - 10.9%	<b>\$2,150 - \$2,220</b> 7.0% - 10.4%	<b>\$2,150 - \$2,220</b> 7.0% - 10.4%
<b>Adjusted Diluted EPS</b> VPY%	<b>\$5.35 - \$5.55</b> 17.6% - 22.0%	<b>\$5.20 - \$5.45</b> 14.3% - 19.9%	<b>\$5.20 - \$5.45</b> 14.3% - 19.9%
<b>Adjusted Book Tax rate <sup>(1)</sup></b>	<b>~23%</b>	<b>~24%</b>	<b>~24%</b>
<b>Adjusted Cash Tax rate <sup>(1)</sup></b>	<b>~17%</b>	<b>~17%</b>	<b>~17%</b>

Dollars are at actual foreign exchange rates.

Guidance assumes current exchange rates remain unchanged to the end of the year.

Guidance based on ASC 606 "Revenue from Contracts with Customers".

(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.

# Q3 2018 Guidance

*\$M, except per share data*

	2017 Recast	2018 Guidance	VPY%
<b>Revenue</b>	<b>\$2,466</b>	<b>\$2,550 - \$2,600</b>	<b>3.4% - 5.4%</b>
<b>Adjusted EBITDA</b>	<b>\$513</b>	<b>\$540 - \$560</b>	<b>5.3% - 9.2%</b>
<b>Adjusted Diluted EPS</b>	<b>\$1.19</b>	<b>\$1.35 - \$1.42</b>	<b>13.4% - 19.3%</b>

Dollars are at actual foreign exchange rates.

Guidance assumes current exchange rates remain unchanged to the end of the third quarter.

Guidance based on ASC 606 "Revenue from Contracts with Customers".



# Q&A

# Appendix

# Net Income to Adjusted EBITDA

\$M

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Net Income</b>	\$ 61	\$ 62	\$ 130	\$ 162
Provision for income taxes	24	(14)	43	10
Depreciation and amortization	282	245	564	477
Interest expense, net	106	80	200	153
(Income) loss in unconsolidated affiliates	(4)	(4)	(11)	(3)
Income from non-controlling interests	7	4	11	6
Deferred revenue purchasing accounting adjustments	2	2	3	8
Stock-based compensation	26	27	47	53
Other (income) expense, net	(21)	5	(9)	10
Loss on extinguishment of debt	2	—	2	3
Impairment charges	—	40	—	40
Restructuring and related charges	17	9	43	28
Acquisition related charges	14	7	26	18
Integration related costs	17	3	31	5
<b>Adjusted EBITDA</b>	<b>\$ 533</b>	<b>\$ 467</b>	<b>\$ 1,080</b>	<b>\$ 971</b>

Numbers may not add to total due to rounding.

# Net Income to Adjusted Net Income and Per Share Data

*\$M, except per share data*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Net Income</b>	\$ 61	\$ 62	\$ 130	\$ 162
Provision for income taxes	24	(14)	43	10
Purchase accounting amortization	217	183	435	360
(Income) loss in unconsolidated affiliates	(4)	(4)	(11)	(3)
Income from non-controlling interests	7	4	11	6
Deferred revenue purchasing accounting adjustments	2	2	3	8
Stock-based compensation	26	27	47	53
Other (income) expense, net	(21)	5	(9)	10
Loss on extinguishment of debt	2	—	2	3
Impairment charges	—	40	—	40
Royalty hedge (gain) loss	(1)	3	(5)	7
Restructuring and related charges	17	9	43	28
Acquisition related charges	14	7	26	18
Integration related costs	17	3	31	5
<b>Adjusted Pre Tax Income</b>	\$ 361	\$ 327	\$ 746	\$ 707
Adjusted tax expense	(82)	(92)	(175)	(203)
Income from non-controlling interests	(7)	(4)	(11)	(6)
Minority interest effect in non-GAAP adjustments <sup>(1)</sup>	(2)	(2)	(5)	(5)
<b>Adjusted Net Income</b>	\$ 270	\$ 229	\$ 555	\$ 493
<b>Adjusted earnings per share attributable to common shareholders:</b>				
Basic	\$ 1.31	\$ 1.05	\$ 2.69	\$ 2.20
Diluted	\$ 1.29	\$ 1.03	\$ 2.63	\$ 2.16
<b>Weighted-average common shares outstanding:</b>				
Basic	205.7	217.6	206.6	223.8
Diluted	209.9	222.3	210.9	228.6

Numbers may not add to total due to rounding.

(1) Reflects the portion of Q<sup>2</sup> Solutions' after-tax non-GAAP adjustments attributable to the minority interest partner.



# Leverage Ratios

\$M

Gross Debt, net of Original Issue Discount, as of June 30, 2018	\$	10,728
Net Debt as of June 30, 2018	\$	9,849
Adjusted EBITDA for the twelve months ended June 30, 2018	\$	2,119
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		5.1x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.6x