IMS Health & Quintiles are now IQVIA™

Q4 2017 Earnings Call

February 14, 2018

Legal

This presentation should be viewed in conjunction with IQVIA's Q4 2017 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, 2016, 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. 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. In addition, 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, merger and transaction related expenses, restructuring and related charges, share-based compensation and other items not reflective of the company's ongoing operations.

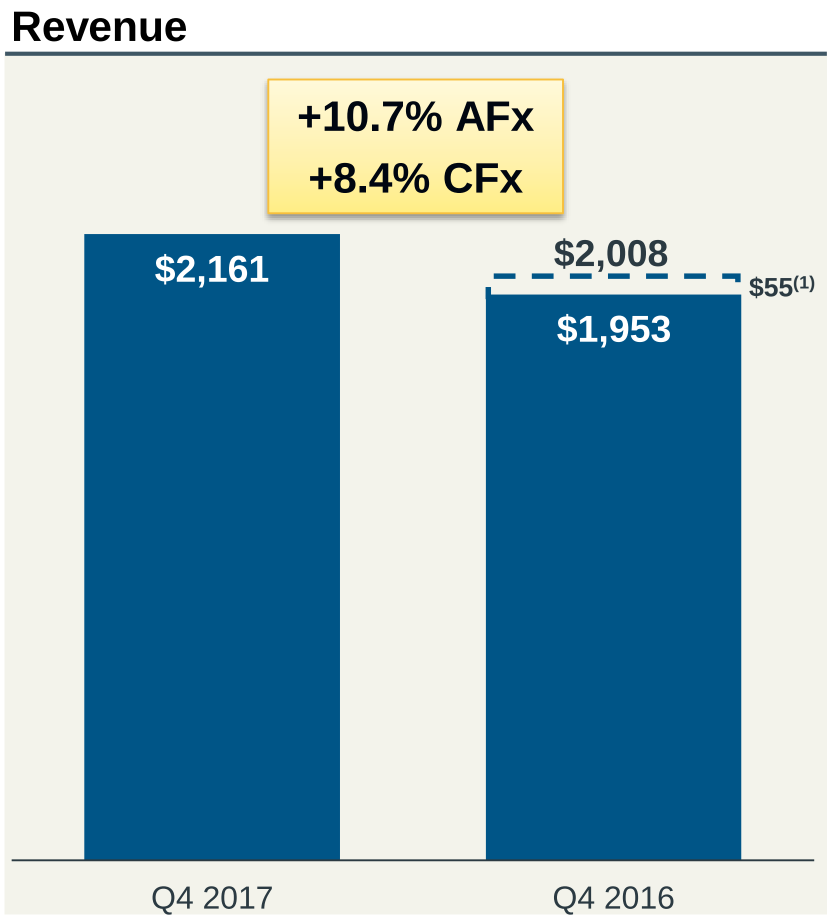
Past Performance

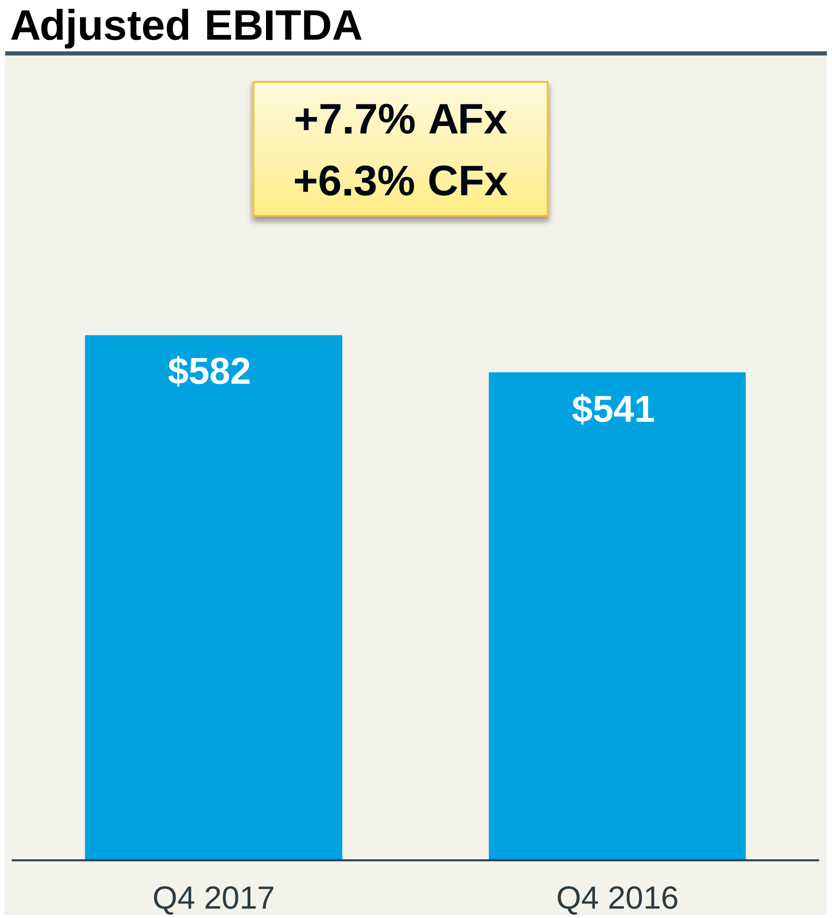
In all cases where historical results are presented or past performance is described, we note that past performance is not a reliable indicator of future results and performance.

Trademarks

4th Quarter Results

$M





Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency. Revenue does not include reimbursed expense revenue.
See calculation of “Adjusted EBITDA” in the appendix.
(1) GAAP Revenue reduced by $55 million due to deferred revenue adjustment from merger.

4th Quarter Revenue

$M

	2017	2016	VPY% AFx	VPY% CFx
Commercial Solutions	$1,027	$927	10.6%	7.8%
R&D Solutions	$947	$887	6.6%	5.0%
Integrated Engagement Services	$187	$194	(3.3)%	(4.7)%
Revenue	**$2,161**	**$2,008**	**7.7%**	**5.5%**
Deferred Revenue Adjustment (DRA) (1)	-	*$(55)*	-	-
Revenue with DRA	*$2,161*	*$1,953*	*10.7%*	*8.4%*

Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency. Revenue does not include reimbursed expense revenue.
Numbers may not add up to total due to rounding.
(1) Deferred revenue adjustment only impacts the Commercial Solutions segment.

4th Quarter 2017 Profit

$M, except per share data

Adjusted EBITDA (1)	$582
Adjusted EBITDA Margin	26.9%
Net Income (2)	$1,076
Diluted Earnings per Share (2)	$5.02
Adjusted Net Income (1)	$300
Adjusted Diluted Earnings per Share (1)	$1.40

Dollars are at actual foreign exchange rates.

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

(2) GAAP Net Income and GAAP Diluted Earnings per Share include a provisional benefit of $977 million, or $4.56 per share, as a result of the reduction of net deferred tax liabilities in the U.S. related to the Tax Cuts and Jobs Act enacted in 2017.

Full-Year Revenue

$M

	Assumes Merger Closed 1/1/16				Standalone		
	2017	**2016**	**VPY% AFx**	**VPY% CFx**	**2016 (2)**	**VPY% AFx**	**VPY% CFx**
Commercial Solutions	$3,638	$3,485	4.4%	4.0%	$1,144	218.1%	215.9%
R&D Solutions	$3,647	$3,494	4.3%	4.4%	$3,478	4.9%	4.9%
Integrated Engagement Services	$783	$804	(2.6)%	(2.0)%	$797	(1.8)%	(1.1)%
Revenue	**$8,068**	**$7,783**	**3.7%**	**3.5%**	**$5,419**	**48.9%**	**48.7%**
Deferred Revenue Adjustment (DRA) (1)	*$(8)*	*$(55)*	-	-	*$(55)*	-	-
Revenue with DRA	*$8,060*	*$7,728*	*4.3%*	*4.2%*	*$5,364*	*50.3%*	*49.9%*

Dollars are at actual foreign exchange rates. AFx is actual currency, CFx is constant currency. Revenue does not include reimbursed expense revenue.
Numbers may not add to total due to rounding.
(1) Deferred revenue adjustment only impacts the Commercial Solutions segment.
(2) Legacy Quintiles segments have been conformed to current year classification.

Net New Business and Backlog on a Contracted Basis

$B

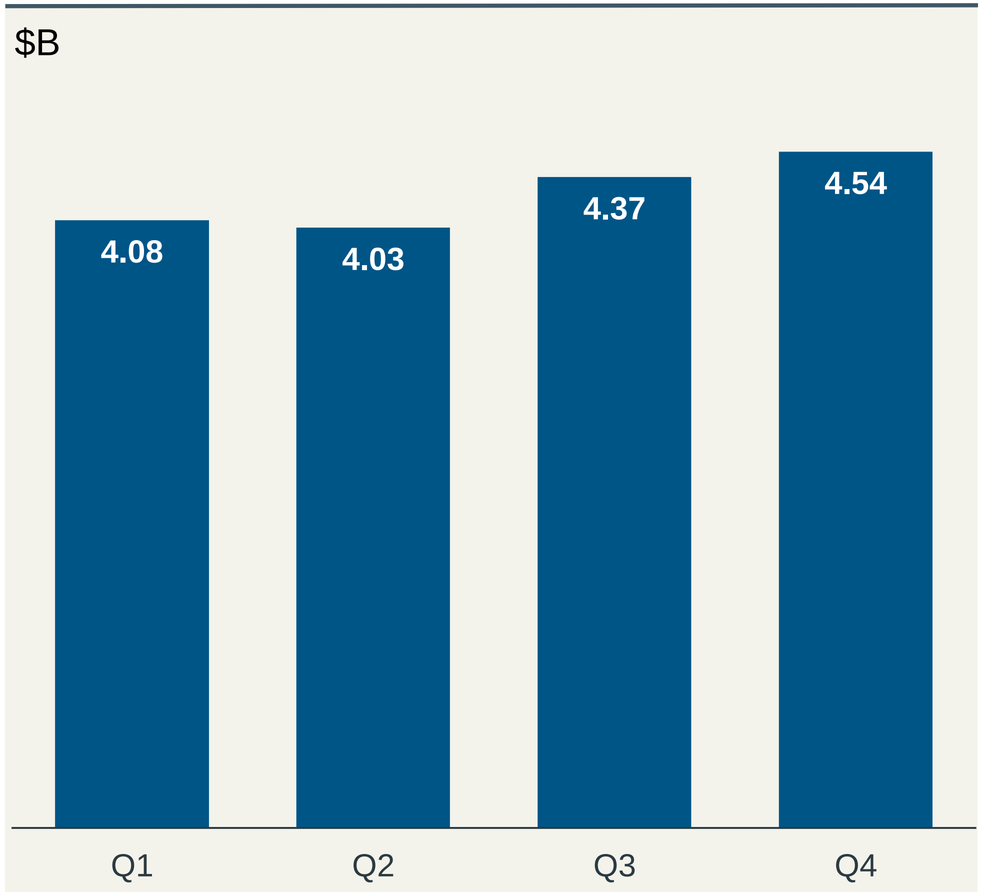
LTM Net New Business	$4.54
LTM Book-to-Bill	1.24x
LTM Backlog Coverage (1)	2.89x
Backlog as of 12/31/2017	$10.54

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

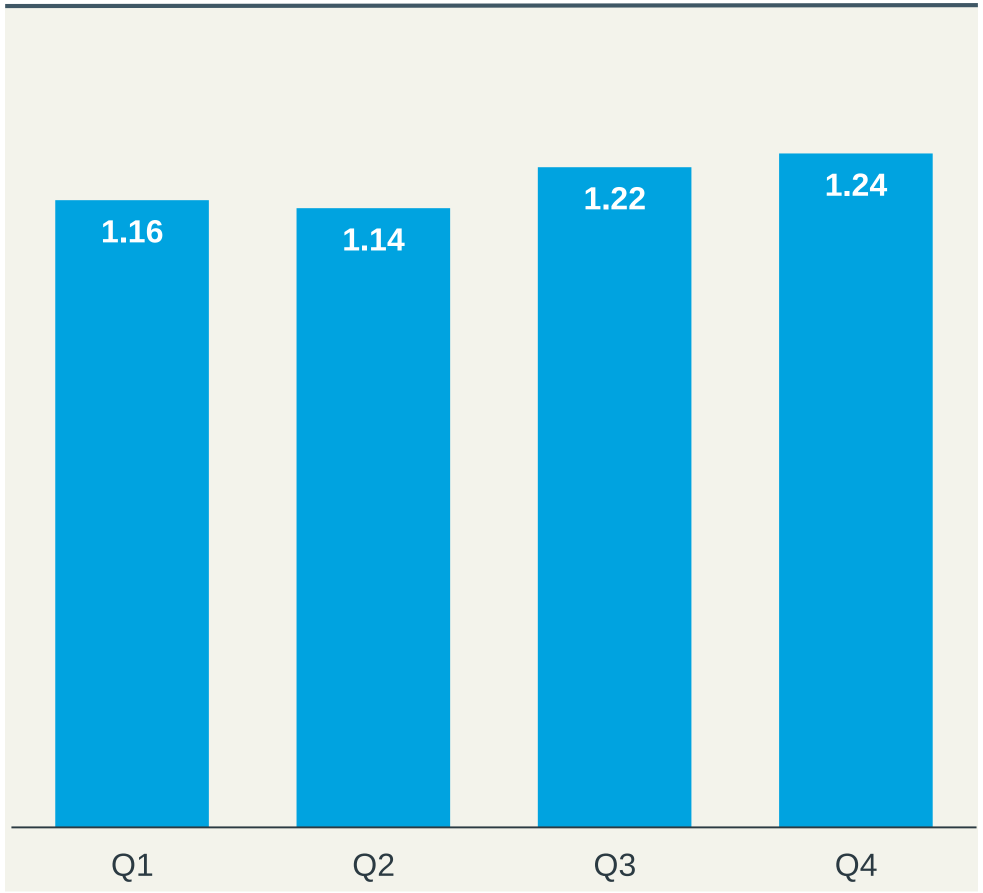
(1) Backlog coverage is defined as R&D Solutions backlog at the end of the current quarter divided by R&D Solutions trailing twelve months revenue.

2017 Net New Business and Book-to-Bill

LTM Contracted Net New Business



LTM Contracted Book-to-Bill



More than $5 Billion of gross new business awards in 2017

Full-Year 2017 Profit

$M, except per share data

Adjusted EBITDA (1)	$2,047
Adjusted EBITDA Margin	25.4%
Net Income (2)	$1,309
Diluted Earnings per Share (2)	$5.88
Adjusted Net Income (1)	$1,039
Adjusted Diluted Earnings per Share (1)	$4.67

Dollars are at actual foreign exchange rates.

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

(2) GAAP Net Income and GAAP Diluted Earnings per Share include a provisional benefit of $977 million, or $4.39 per share, as a result of the reduction of net deferred tax liabilities in the U.S. related to the Tax Cuts and Jobs Act enacted in 2017.

4th Quarter 2017 Balance Sheet Items and Metrics

$M

Cash & Cash Equivalents	$959
Debt	$10,225
Gross Leverage Ratio (1)	5.0x
Net Leverage Ratio (1)	4.5x
Net Cash Provided by Operating Activities	$233
Capital Expenditures	$(102)
Free Cash Flow	$131

Dollars are at actual foreign exchange rates.
(1) Calculated using full year 2017 Adjusted EBITDA.

Accounting Standard ASC 606

Effective January 1, 2018

✓

Revenue recognition based on percentage of completion

- Total project costs estimated on a regular basis
- Revenue recognized based on project costs incurred as a percentage of total estimated project costs

✓

Services revenue and reimbursed expense revenue to be treated consistently

- Reimbursed expenses to be included in percentage of completion calculation
- Revenue to be presented as one line on the income statement

2017 Recast for Accounting Standard ASC 606

$M

	Full-Year 2017 Reported	Full-Year 2017 Recast
Commercial Solutions	$3,630	$3,682
R&D Solutions	$3,647	$5,105
Integrated Engagement Services	$783	$915
Revenue	**$8,060**	**$9,702**
Adjusted EBITDA	**$2,047**	**$2,010**
Adjusted Diluted EPS	**$4.67**	**$4.55**

Dollars are at actual foreign exchange rates.
2017 recast financials are preliminary and will be finalized during the first quarter of 2018. Recast amounts are therefore subject to change.

Full-Year 2018 Guidance Before Recast

$M, except per share data

	2017 Reported	2018 Guidance	VPY%
Revenue	$8,060	$8,450 - $8,650	4.8% - 7.3%
Adjusted EBITDA	$2,047	$2,190 - $2,260	7.0% - 10.4%
Adjusted Diluted EPS	$4.67	$5.35 - $5.60	14.5% - 19.8%

Dollars are at actual foreign exchange rates.
Guidance assumes current exchange rates remain unchanged to the end of the year.

Full-Year 2018 Guidance

$M, except per share data

	2017 Recast	2018 Guidance	VPY%
Revenue	$9,702	$10,000 - $10,200	3.1% - 5.1%
Adjusted EBITDA	$2,010	$2,150 - $2,220	7.0% - 10.4%
Adjusted Diluted EPS	$4.55	$5.20 - $5.45	14.3% - 19.9%
Adjusted Book Tax rate (1)	-	~24%	-
Adjusted Cash Tax rate (1)	-	~17%	-

Dollars are at actual foreign exchange rates.
2018 guidance is based on a preliminary recast of 2017 financials, inclusive of the adoption of ASC 606 “Revenue from Contracts with Customers”, which will be finalized during the first quarter of 2018. Recast amounts are therefore subject to change.
Guidance assumes current exchange rates remain unchanged 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.

Q1 2018 Guidance

$M, except per share data

Revenue	**$2,420 - $2,470**
Adjusted EBITDA	**$520 - $540**
Adjusted Diluted EPS	**$1.23 - $1.30**

Dollars are at actual foreign exchange rates.
Guidance assumes current exchange rates remain unchanged to the end of the first quarter.

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Q&A

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Appendix

Net Income to Adjusted EBITDA

$M, Combined Company as if Merger Closed 1/1/2016

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net Income (Net Loss)	**$ 1,076**	**$ (178)**	**$ 1,309**	**$ 236**
(Benefit from) provision for income taxes	(992)	227	(987)	385
Depreciation and amortization	278	190	1,011	551
Interest expense, net	95	70	339	281
(Income) loss in unconsolidated affiliates	(3)	3	(10)	4
Income from non-controlling interests	8	3	19	15
Deferred revenue purchasing accounting adjustments	5	55	15	60
Stock-based compensation	24	24	106	82
Other expense (income), net	22	(11)	37	2
(Gain) loss on extinguishment of debt	(2)	31	19	31
Impairment charges	—	—	40	28
Restructuring and related charges	25	43	63	147
Acquisition related charges	17	9	44	38
Integration related costs	29	75	42	96
Adjusted EBITDA	**$ 582**	**$ 541**	**$ 2,047**	**$ 1,956**

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 December 31, 2017		Twelve Months Ended December 31, 2017
Net Income	**$**	**1,076**	**$**	**1,309**
Benefit from income taxes		(992)		(987)
Purchase accounting amortization		217		770
Income in unconsolidated affiliates		(3)		(10)
Income from non-controlling interests		8		19
Deferred revenue purchasing accounting adjustments		5		15
Stock-based compensation		24		106
Other expense, net		22		37
(Gain) loss on extinguishment of debt		(2)		19
Impairment charges		—		40
Royalty hedge gain		—		8
Restructuring and related charges		25		63
Acquisition related charges		17		44
Integration related costs		29		42
Adjusted Pre Tax Income	**$**	**426**	**$**	**1,475**
Adjusted tax expense		(114)		(406)
Income from non-controlling interests		(8)		(19)
Minority interest effect in non-GAAP adjustments (1)		(4)		(11)
Adjusted Net Income	**$**	**300**	**$**	**1,039**
Adjusted earnings per share attributable to common shareholders:				
Basic	$	1.43	$	4.77
Diluted	$	1.40	$	4.67
Weighted-average common shares outstanding:				
Basic		209.3		217.8
Diluted		214.2		222.6

Numbers may not add to total due to rounding.

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

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Leverage Ratios

$M

Gross Debt, net of Original Isue Discount, as of December 31, 2017	$	**10,225**
Net Debt as of December 31, 2017	$	**9,266**
Adjusted EBITDA for the twelve months ended December 31, 2017	$	**2,047**
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		**5.0x**
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		**4.5x**