



Q4 2020 Earnings Call

February 10, 2021

Legal

This presentation should be viewed in conjunction with IQVIA's Q4 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 first-quarter and full-year 2021 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; our ability to successfully integrate, and achieve expected benefits from, our acquired businesses; and risks and uncertainty associated with providing guidance and forecasts earlier than is our customary practice. 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

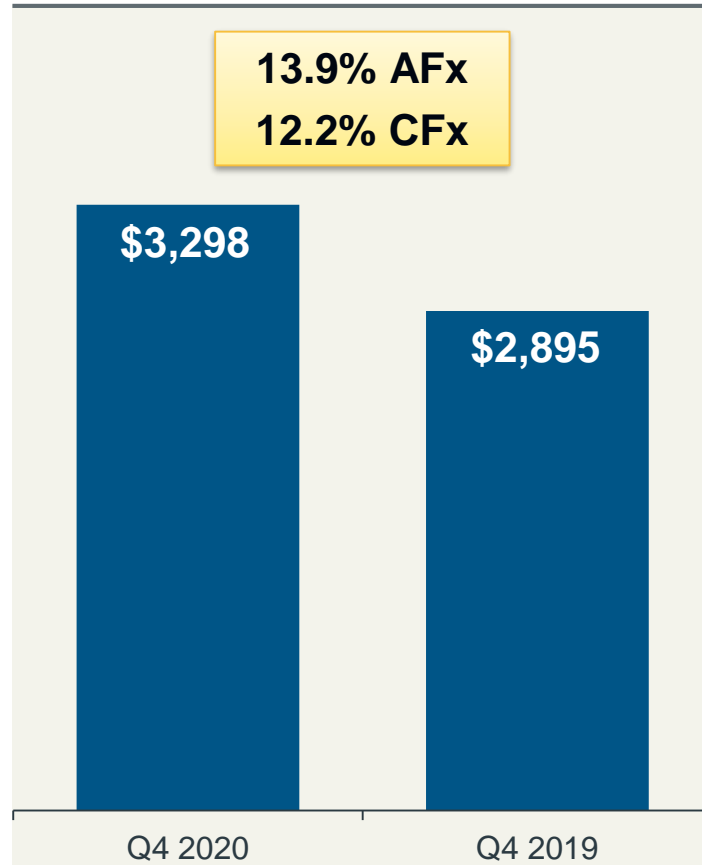
Non-GAAP Information

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 first-quarter and full-year 2021 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.

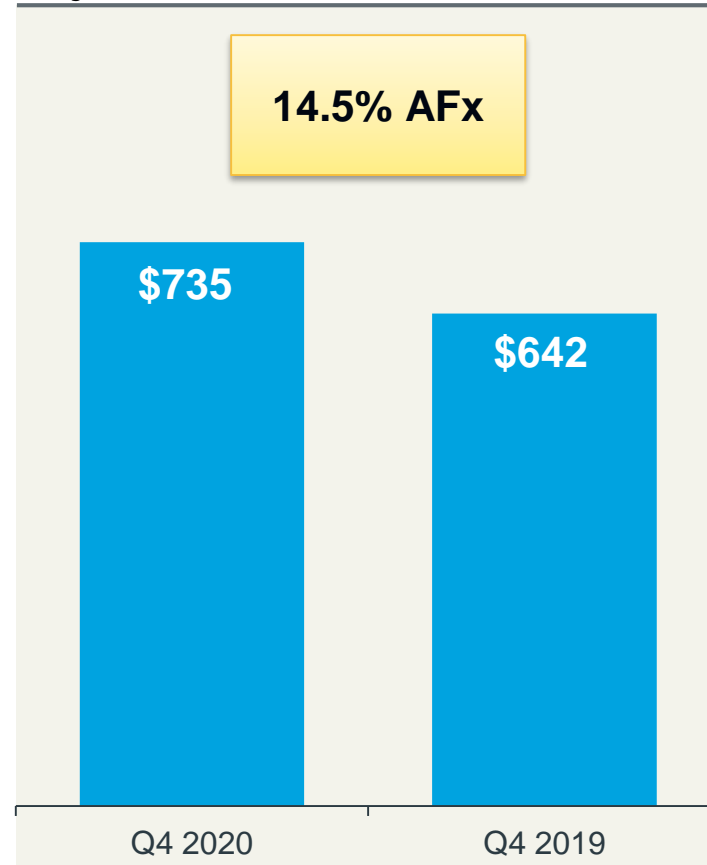
4th Quarter Results

\$M, except per share data

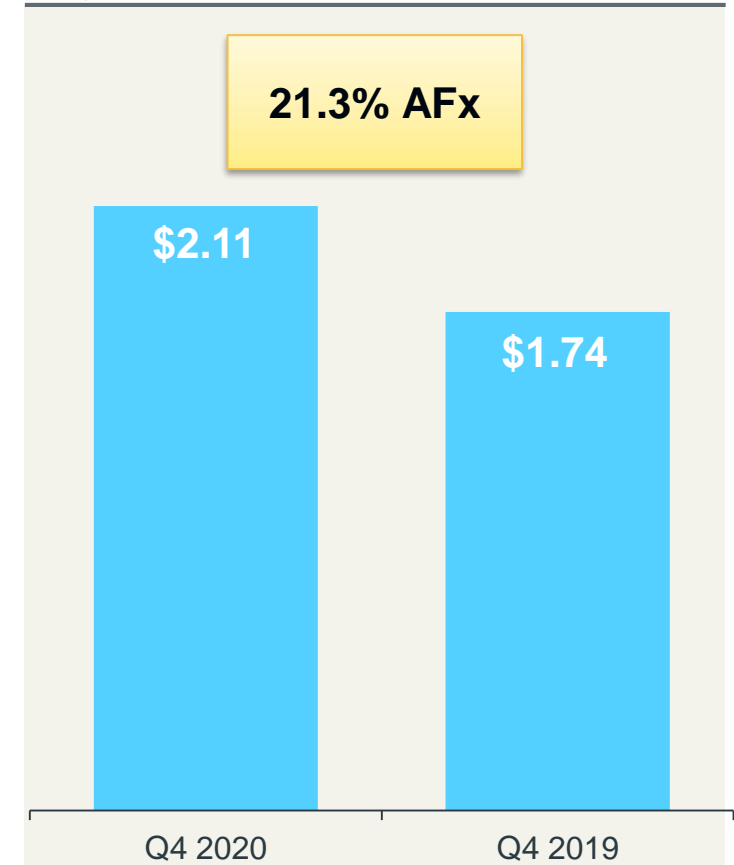
Revenue



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 Revenue

\$M

	Q4				Full Year			
	2020	2019	VPY% AFx	VPY% CFx	2020	2019	VPY% AFx	VPY% CFx
Technology & Analytics Solutions	\$1,425	\$1,214	17.4%	15.1%	\$4,858	\$4,486	8.3%	8.1%
Research & Development Solutions	\$1,684	\$1,471	14.5%	13.2%	\$5,760	\$5,788	(0.5)%	(0.7)%
Contract Sales & Medical Solutions	<u>\$189</u>	<u>\$210</u>	(10.0)%	(11.9)%	<u>\$741</u>	<u>\$814</u>	(9.0)%	(9.2)%
Revenue	\$3,298	\$2,895	13.9%	12.2%	\$11,359	\$11,088	2.4%	2.3%

4th Quarter and Full-Year Profit

\$M, except per share data

	Q4		Full Year	
	2020	2019	2020	2019
Adjusted EBITDA ⁽¹⁾	\$735	\$642	\$2,384	\$2,400
Net Income	\$119	\$16	\$279	\$191
Diluted Earnings per Share	\$0.61	\$0.09	\$1.43	\$0.96
Adjusted Net Income ⁽¹⁾	\$411	\$343	\$1,252	\$1,276
Adjusted Diluted Earnings per Share ⁽¹⁾	\$2.11	\$1.74	\$6.42	\$6.39

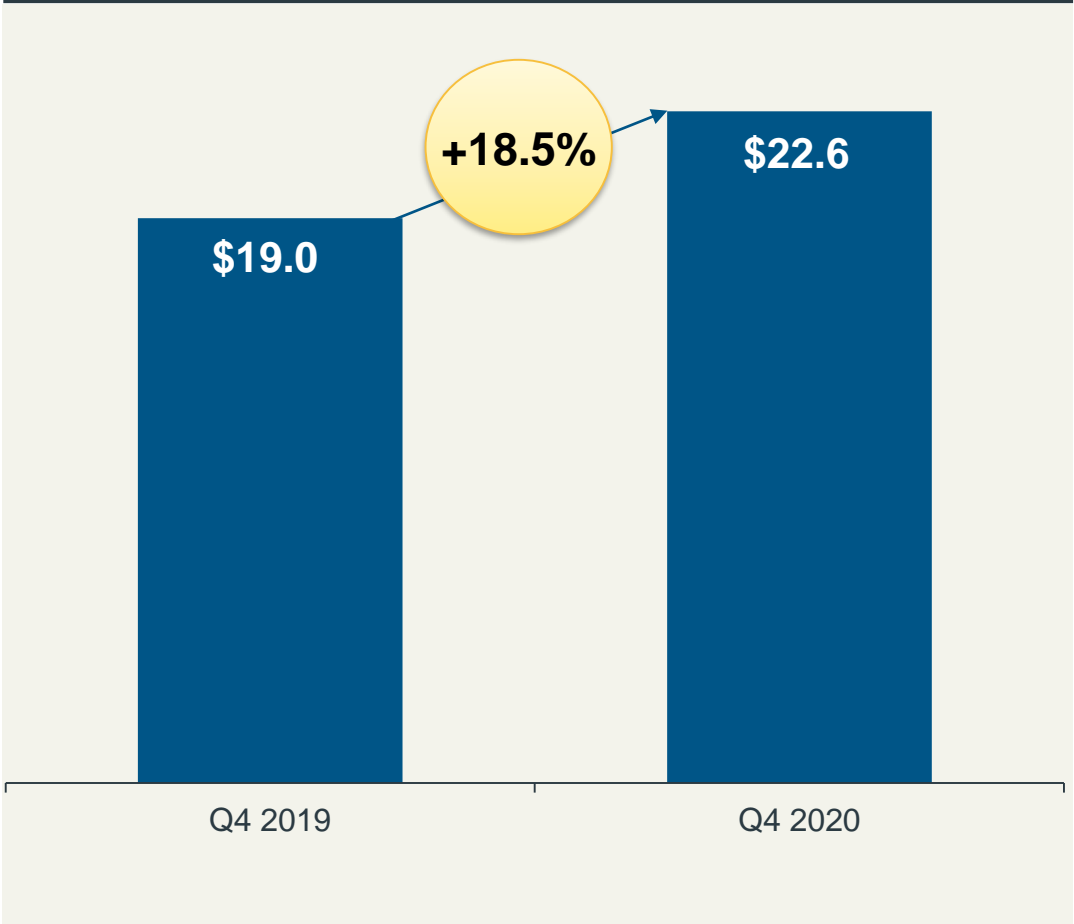
Dollars are at actual foreign exchange rates.

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

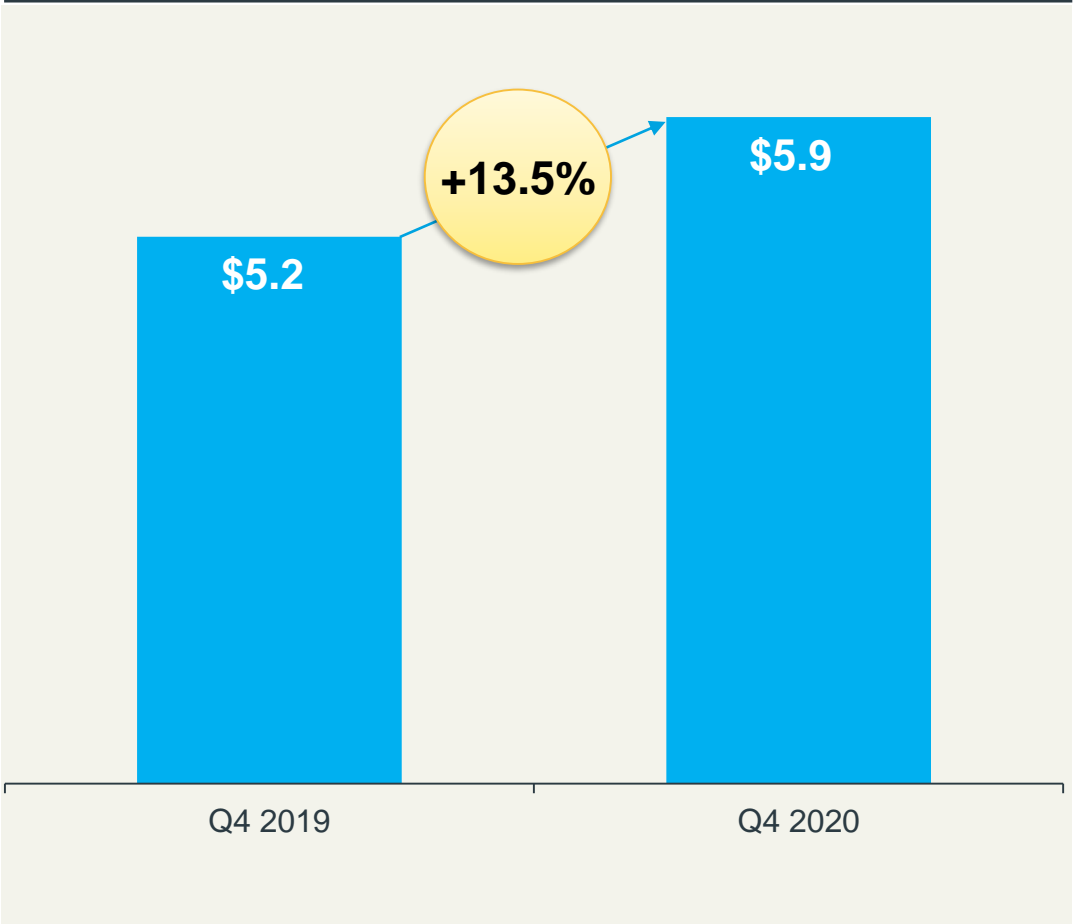
R&D Solutions Backlog and NTM Revenue

\$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	\$1,814
Gross Debt	\$12,533
Net Debt	\$10,719
Gross Leverage Ratio ⁽¹⁾	5.3x
Net Leverage Ratio ⁽¹⁾	4.5x
Net Cash Provided by Operating Activities	\$750
Capital Expenditures	\$176
Free Cash Flow	\$574

Dollars are at actual foreign exchange rates.

(1) Calculated using last twelve months Adjusted EBITDA.

Full-Year 2021 Guidance

\$M, except per share data

	Updated	Prior ⁽¹⁾
Revenue	\$12,550 - \$12,900	\$12,300 - \$12,600
Adjusted EBITDA	\$2,760 - \$2,840	\$2,725 - \$2,800
Adjusted Diluted EPS	\$7.77 - \$8.08	\$7.65 - \$7.95

(1) Provided on Q3 2020 earnings call on October 20, 2020.

Guidance assumes current foreign currency rates remain in effect for the remainder of the year.

Full-Year 2021 Segment Revenue Growth Guidance

VPY%

Technology & Analytics Solutions	9% – 12%
Research & Development Solutions	14% – 17%
Contract Sales & Medical Solutions	~(2)%

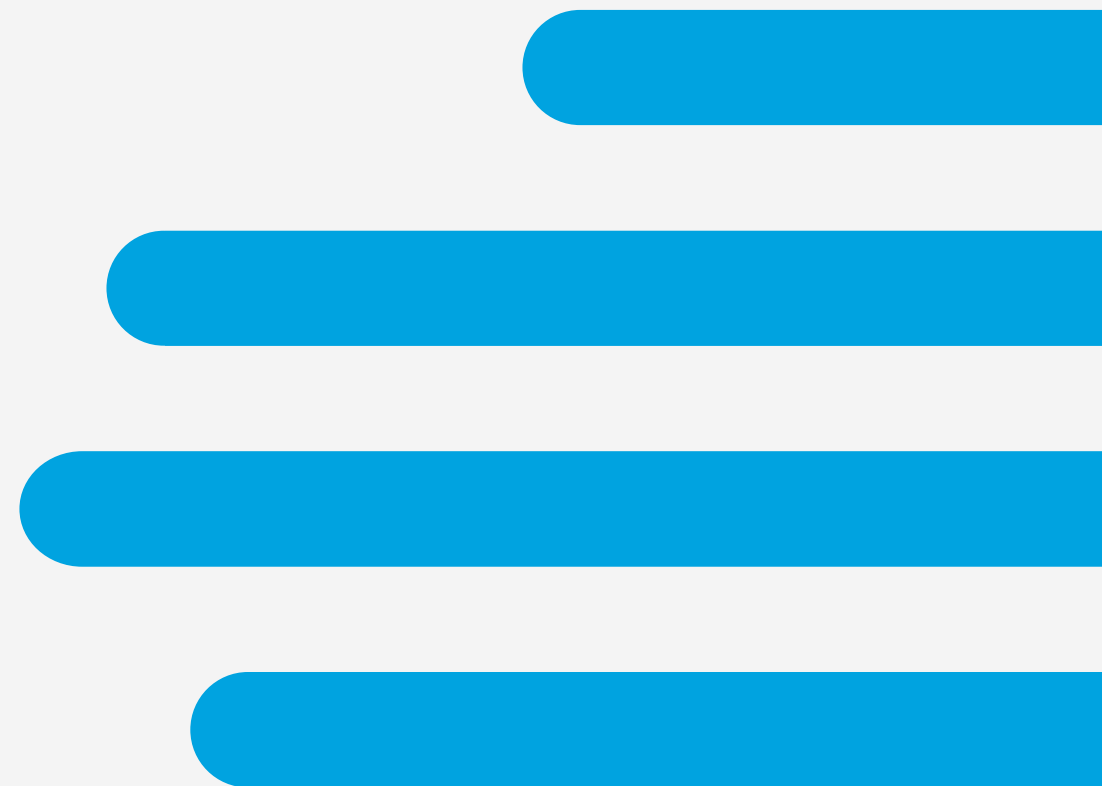
Q1 2021 Guidance

\$M, except per share data

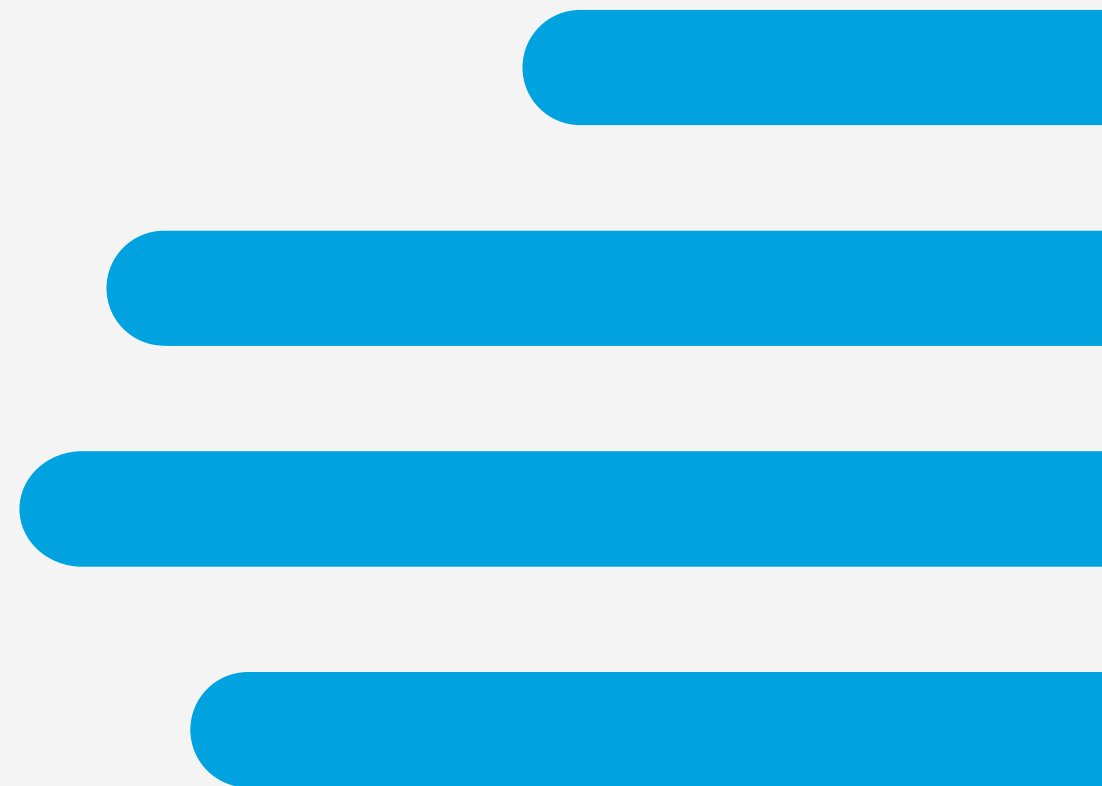
	Guidance	VPY%
Revenue	\$3,150 – \$3,200	14.4% – 16.2%
Adjusted EBITDA	\$660 – \$675	17.4% – 20.1%
Adjusted Diluted EPS	\$1.81 – \$1.87	20.7% – 24.7%

Dollars and growth rates are at actual foreign exchange rates.
Guidance assumes current foreign currency rates remain in effect for the remainder of the first quarter.

Q&A



Appendix



Consolidated Statements of Income

\$M, except per share data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenues	\$ 3,298	\$ 2,895	\$ 11,359	\$ 11,088
Costs of revenue, exclusive of depreciation and amortization	2,172	1,901	7,500	7,300
Selling, general and administrative expenses	491	484	1,789	1,734
Depreciation and amortization	344	314	1,287	1,202
Restructuring costs	2	30	52	75
Income from operations	289	166	731	777
Interest income	(2)	(2)	(6)	(9)
Interest expense	102	109	416	447
Loss on extinguishment of debt	1	—	13	24
Other (income) expense, net	(6)	(37)	(65)	(37)
Income before income taxes and equity in earnings of unconsolidated affiliates	194	96	373	352
Income tax expense	63	68	72	116
Income before equity in earnings of unconsolidated affiliates	131	28	301	236
Equity in (losses) earnings of unconsolidated affiliates	(1)	(8)	7	(9)
Net income	130	20	308	227
Net income attributable to non-controlling interests	(11)	(4)	(29)	(36)
Net income attributable to IQVIA Holdings Inc.	\$ 119	\$ 16	\$ 279	\$ 191
Earnings per share attributable to common stockholders:				
Basic	\$ 0.62	\$ 0.09	\$ 1.46	\$ 0.98
Diluted	\$ 0.61	\$ 0.09	\$ 1.43	\$ 0.96
Weighted average common shares outstanding:				
Basic	191.5	192.6	191.3	195.1
Diluted	195.0	197.1	195.0	199.6

Net Income to Adjusted EBITDA Reconciliation

\$M

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net Income Attributable to IQVIA Holdings Inc.	\$ 119	\$ 16	\$ 279	\$ 191
Provision for income taxes	63	68	72	116
Depreciation and amortization	344	314	1,287	1,202
Interest expense, net	100	107	410	438
Loss (income) in unconsolidated affiliates	1	8	(7)	9
Income from non-controlling interests	11	4	29	36
Deferred revenue purchasing accounting adjustments	—	2	1	10
Stock-based compensation	26	59	95	146
Other expense (income), net	12	(29)	(23)	(6)
Loss on extinguishment of debt	1	—	13	24
Restructuring and related charges	20	32	85	77
Acquisition and integration related charges	38	61	143	157
Adjusted EBITDA	\$ 735	\$ 642	\$ 2,384	\$ 2,400

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,	
	2020	2019	2020	2019
Net Income Attributable to IQVIA Holdings Inc.	\$ 119	\$ 16	\$ 279	\$ 191
Provision for income taxes	63	68	72	116
Purchase accounting amortization ⁽¹⁾	242	238	933	914
Loss (income) in unconsolidated affiliates	1	8	(7)	9
Income from non-controlling interests	11	4	29	36
Deferred revenue purchasing accounting adjustments	—	2	1	10
Stock-based compensation	26	59	95	146
Other expense (income), net	12	(29)	(23)	(6)
Loss on extinguishment of debt	1	—	13	24
Royalty hedge gain	—	—	—	6
Restructuring and related charges	20	32	85	77
Acquisition and integration related charges	38	61	143	157
Adjusted Pre Tax Income	\$ 533	\$ 459	\$ 1,620	\$ 1,680
Adjusted tax expense	(107)	(109)	(330)	(359)
Income from non-controlling interests	(11)	(4)	(29)	(36)
Minority interest effect in non-GAAP adjustments ⁽²⁾	(4)	(3)	(9)	(9)
Adjusted Net Income	\$ 411	\$ 343	\$ 1,252	\$ 1,276
Adjusted earnings per share attributable to common shareholders:				
Basic	\$ 2.15	\$ 1.78	\$ 6.54	\$ 6.54
Diluted	\$ 2.11	\$ 1.74	\$ 6.42	\$ 6.39
Weighted-average common shares outstanding:				
Basic	191.5	192.6	191.3	195.1
Diluted	195.0	197.1	195.0	199.6

(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 December 31, 2020	\$	12,533
Net Debt as of December 31, 2020	\$	10,719
Adjusted EBITDA for the twelve months ended December 31, 2020	\$	2,384
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		5.3x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.5x