

## IMS Health



Q2 2014 Earnings Call  
July 24, 2014

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# Legal

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This presentation should be viewed in conjunction with IMS Health's Q2 2014 earnings call

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Please refer to the "Investor Relations" section of IMS Health's website at [www.imshealth.com](http://www.imshealth.com) under the heading "Events & Presentations" to find disclosure and a reconciliation of any non-GAAP financial measures contained herein.

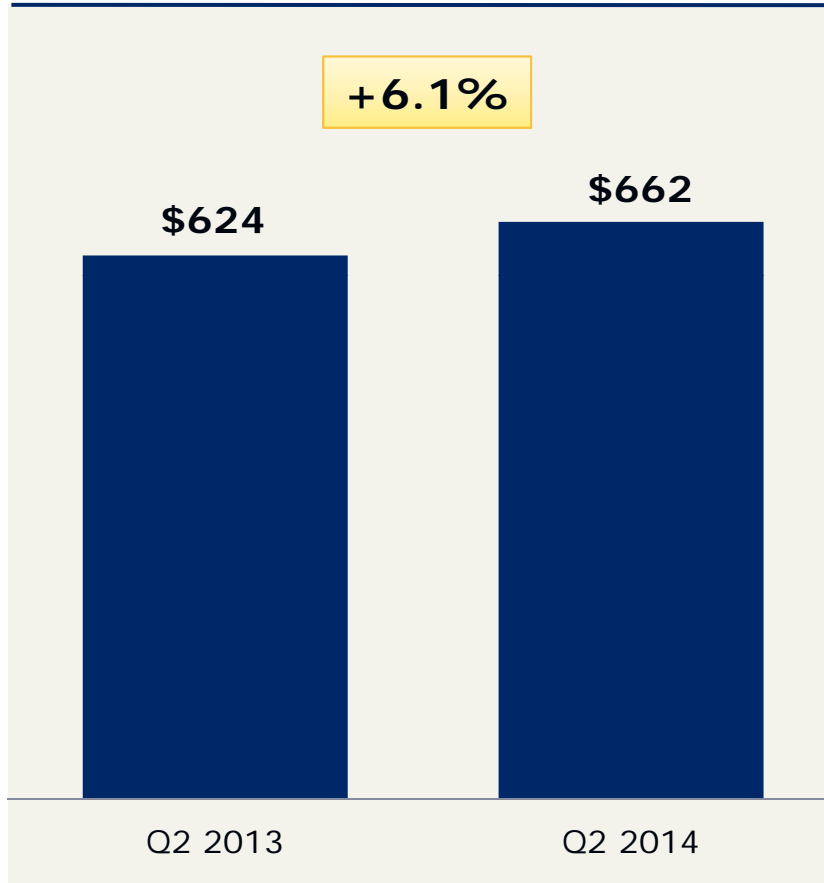
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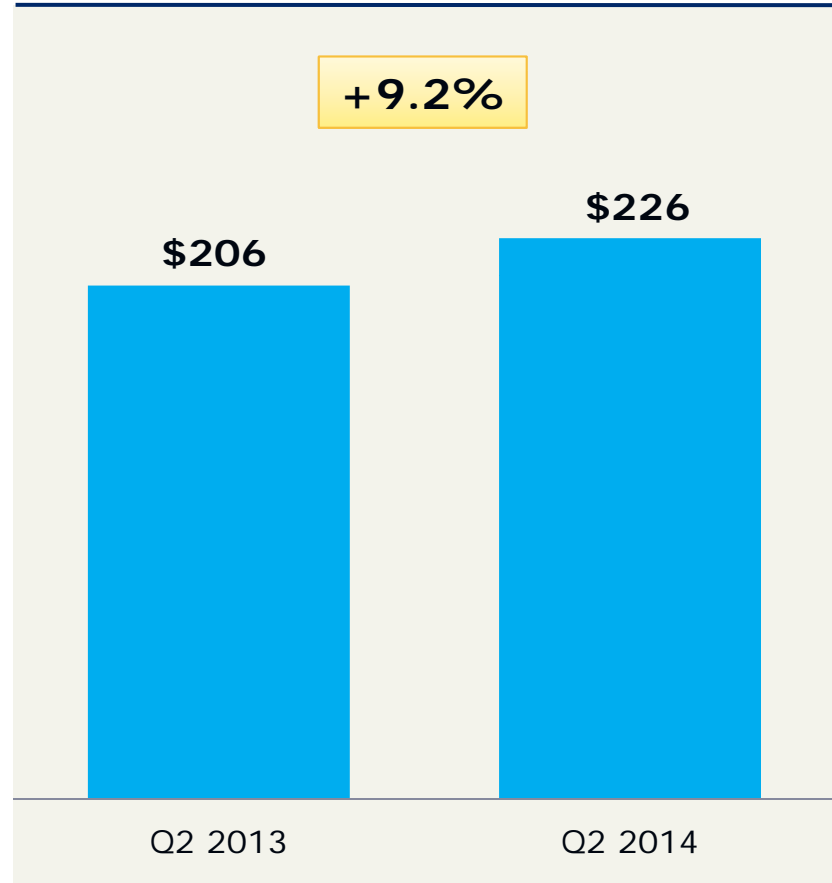
# 2<sup>nd</sup> Quarter Results

\$M

## Revenue



## EBITDA



Dollars are actual foreign exchange rates. EBITDA is "Adjusted EBITDA" as defined in the IMS Health earnings release

# Progress in the Quarter

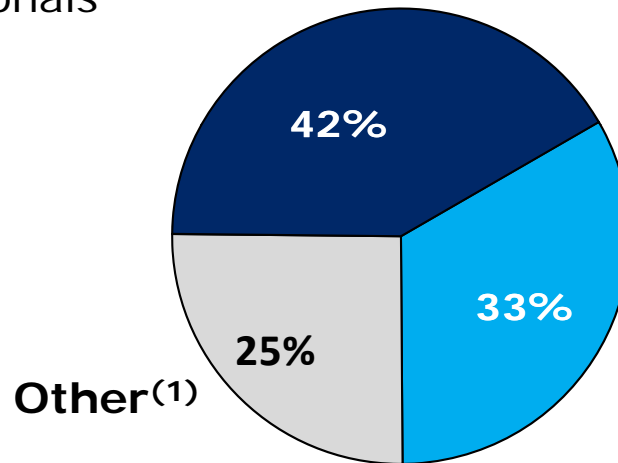
## Cegedim's Information Solutions and CRM Businesses

### Information

- Healthcare Professionals Database
- Market Research

### Technology Services

- CRM SaaS Solutions
- Compliance Applications
- Managed Services
- Analytics



**2013 Financials<sup>(2)</sup>**  
**\$573M Revenue, \$86M Adjusted EBITDA**

(1) Revenue from legacy on-premise CRM, qualitative physician studies, and support services for third-party CRM vendors

(2) Attested IFRS carve-out financials excluding inter-group transactions; USD:EUR foreign exchange rate of 1.35

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

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<u>Offering</u>	<u>2<sup>nd</sup> Quarter</u>		<u>Versus Prior Year</u>		
	\$M	2014	2013	Reported	Constant Currency
<b>Information</b>		\$386	\$379	1.8%	1.2%
<b>Technology Services</b>		<u>\$276</u>	<u>\$245</u>	12.7%	12.0%
<b>Total</b>		<b>\$662</b>	<b>\$624</b>	<b>6.1%</b>	<b>5.4%</b>

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

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<u>Geography</u>	<u>2<sup>nd</sup> Quarter</u>		<u>Versus Prior Year</u>	
\$M	2014	2013	Reported	Constant Currency
<b>Developed Markets</b>	\$543	\$515	5.5%	4.4%
<b>Emerging Markets</b>	<u>\$119</u>	<u>\$109</u>	8.7%	10.1%
<b>Total</b>	<b>\$662</b>	<b>\$624</b>	<b>6.1%</b>	<b>5.4%</b>

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

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\$M	<u>2<sup>nd</sup> Quarter</u>		<u>Versus Prior Year</u>	
	2014	2013	Reported	Constant Currency
<b>Adjusted EBITDA</b>	\$226	\$206	9.2%	9.3%
<b>Adjusted EBITDA margin</b>	34.0%	33.1%	97bps	123 bps

## Special Items - 2<sup>nd</sup> Quarter

\$M	2 <sup>nd</sup> Quarter, 2014
<b>IPO related charges:</b>	
<b>Sponsor monitoring termination</b>	\$72
<b>Non-executive phantom stock compensation</b>	\$30
<b>Make-whole premiums</b>	\$151
<b>Non-cash debt issuance &amp; OID write-offs</b>	\$68
<b>Other charges:</b>	
<b>Devaluation of Venezuelan Bolivar assets &amp; liabilities</b>	\$49
<b>Restructuring and related charges</b>	\$27



## 2<sup>nd</sup> Quarter P&L

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\$M (except per share data)	2014	2013
<b>Net (Loss) / Income</b>	\$(220)	\$8
<b>Adjusted Net Income</b>	\$134	\$96
<b>Diluted (Loss) / Earnings per Share</b>	\$(0.67)	\$0.03
<b>Adjusted Diluted EPS</b>	\$0.39	\$0.33

# Year-to-date Revenue

<u>Offering</u>	<u>Year-to-date</u>		<u>Versus Prior Year</u>		
	\$M	2014	2013	Reported	Constant Currency
<b>Information</b>		\$767	\$757	1.4%	2.0%
<b>Technology Services</b>		<u>\$540</u>	<u>\$480</u>	12.3%	12.2%
<b>Total</b>		<b>\$1,307</b>	<b>\$1,237</b>	<b>5.7%</b>	<b>6.0%</b>

<u>Geography</u>	<u>Year-to-date</u>		<u>Versus Prior Year</u>		
		2014	2013	Reported	Constant Currency
<b>Developed Markets</b>		\$1,075	\$1,024	5.0%	4.8%
<b>Emerging Markets</b>		<u>\$232</u>	<u>\$213</u>	8.8%	11.6%
<b>Total</b>		<b>\$1,307</b>	<b>\$1,237</b>	<b>5.7%</b>	<b>6.0%</b>

Year-to-date represents six months ended June 30, 2014

## Year-to-date P&L

\$M (except per share data)	2014	2013
<b>Adjusted EBITDA</b>	\$443	\$409
<b>Adjusted EBITDA margin</b>	33.9%	33.1%
<b>Net (Loss) / Income</b>	\$(244)	\$20
<b>Adjusted Net Income</b>	\$204	\$172
<b>Diluted (Loss) / Earnings per Share</b>	\$(0.80)	\$0.07
<b>Adjusted Diluted EPS</b>	\$0.65	\$0.60

Year-to-date represents six months ended June 30, 2014

## 2<sup>nd</sup> Quarter Balance Sheet Items & Metrics

\$M	2014	2013
<b>Cash &amp; Cash Equivalents &amp; Short Term Investments</b>	\$266	\$729 <sup>(1)</sup>
<b>Gross Debt <sup>(2)</sup></b>	\$3,996	\$5,027 <sup>(1)</sup>
<b>Net Debt</b>	\$3,730	\$4,298 <sup>(1)</sup>
<b>Gross Leverage Ratio</b>	4.6x	6.1x <sup>(1)</sup>
<b>Cash (Used in) Provided by Operating Activities</b>	\$(126)	\$126
<b>Capital Expenditures and Additions to Deferred Software</b>	\$35	\$28
<b>Unlevered Free Cash Flow</b>	\$189	\$197

(1) As of December 31, 2013

(2) Gross debt excludes \$67M and \$26M of unamortized OID as of December 31, 2013 and June 30, 2014, respectively

## Q&A

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## Appendix: Non-GAAP Financial Measures

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# Net Income to Adjusted EBITDA

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Net (loss) income</b>	<b>\$ (220)</b>	<b>\$ 8</b>	<b>\$ (244)</b>	<b>\$ 20</b>
(Benefit from) provision for income taxes	(139)	9	(152)	14
Other loss (income), net <sup>(1)</sup>	271	6	288	(10)
Interest expense	49	75	138	154
Interest income	—	(1)	(2)	(2)
Depreciation and amortization	115	100	222	205
Deferred revenue purchase accounting adjustments	—	1	2	2
Non-cash stock-based compensation charges	15	2	46	13
Restructuring and related charges	27	2	29	5
Acquisition-related charges	6	2	12	4
Sponsor monitoring termination / fees	72	2	74	4
Non-executive phantom stock compensation	30	—	30	—
<b>Adjusted EBITDA</b>	<b>\$ 226</b>	<b>\$ 206</b>	<b>\$ 443</b>	<b>\$ 409</b>
Depreciation and amortization <sup>(2)</sup>	(31)	(25)	(62)	(55)
Interest expense, net	(49)	(74)	(136)	(152)
Less cash tax (payments)/refunds	(12)	(11)	(41)	(30)
<b>Adjusted Net Income</b>	<b>\$ 134</b>	<b>\$ 96</b>	<b>\$ 204</b>	<b>\$ 172</b>

(1) Includes \$49M FX loss due to the devaluation of Venezuelan Bolivar assets and liabilities, \$151M for make whole premiums, \$68M for the write-off of debt issuance costs and discounts

(2) Excludes amortization related to purchase accounting

# Net Income to Adjusted Net Income & Per Share Data

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Net (Loss) Income</b>	\$ (220)	\$ 8	\$ (244)	\$ 20
(Benefit from) provision for income taxes	(139)	9	(152)	14
Amortization associated with purchase accounting	77	75	153	149
Deferred revenue purchasing accounting adjustments	—	1	2	2
Non-cash stock-based compensation charges	15	2	46	13
Restructuring and related charges <sup>(1)</sup>	34	2	36	5
Acquisition-related charges	6	2	12	5
Sponsor monitoring termination / fees	72	2	74	4
Non-executive phantom stock compensation	30	—	30	—
Other loss, net <sup>(2)</sup>	271	6	288	(10)
<b>Adjusted Pre Tax Income</b>	\$ 146	\$ 107	\$ 245	\$ 202
Less cash tax (payments)/refunds	(12)	(11)	(41)	(30)
<b>Adjusted Net Income</b>	\$ 134	\$ 96	\$ 204	\$ 172
<b>Earnings per Share Attributable to Common Shareholders:</b>				
Basic	\$ 0.41	\$ 0.34	\$ 0.67	\$ 0.61
Diluted	\$ 0.39	\$ 0.33	\$ 0.65	\$ 0.60
<b>Weighted-Average Common Shares Outstanding:</b>				
Basic	329.7	280.0	304.9	280.0
Diluted	339.4	288.9	314.1	288.8

(1) Includes \$7M of accumulated depreciation related to real estate transactions

(2) Includes \$49M FX loss due to the devaluation of Venezuelan Bolivar assets and liabilities, \$151M for make whole premiums, \$68M for the write-off of debt issuance costs and discounts



# Unlevered Free Cash Flow

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Net Cash (Used in) Provided by Operating Activities</b>	\$ (126)	\$ 126	\$ (229)	\$ 124
Capital expenditures	(12)	(10)	(45)	(17)
Additions to computer software	(23)	(18)	(44)	(31)
<b>Free Cash Flow</b>	\$ (161)	\$ 98	\$ (318)	\$ 76
Cash interest payments	68	73	170	140
Cash tax payments	12	11	41	30
Acquisition related charges	6	2	12	4
Sponsor monitoring termination / fees	72	2	74	4
Non-executive phantom stock compensation	30	—	30	—
Debt extinguishment make-whole payments	151	—	151	—
Severance, transaction & other payments	7	15	12	21
FX hedge payments	4	(4)	5	(6)
<b>Unlevered Free Cash Flow</b>	\$ 189	\$ 197	\$ 177	\$ 269

# Gross Leverage Ratio

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**(in millions)**

<b>Gross Debt as of June 30, 2014</b>	<b>\$ 3,996</b>
Adjusted EBITDA for the year ended December 31, 2013	<b>829</b>
Less: Adjusted EBITDA for the six months ended June 30, 2013	<b>(409)</b>
Add: Adjusted EBITDA for the six months ended June 30, 2014	<b>443</b>
<b>Adjusted EBITDA for the twelve months ended June 30, 2014</b>	<b>\$ 863</b>
<b>Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)</b>	<b>4.6x</b>

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END