

# Morgan Stanley Global Healthcare Conference

*September 8, 2014*



NYSE: Q

# Forward Looking Statements and Use of Non-GAAP Financial Measures

*This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements reflect, among other things, the Company's current expectations and anticipated results of operations, all of which are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements, market trends or industry results to differ materially from those expressed or implied by such forward-looking statements. Therefore, any statements contained herein that are not statements of historical fact may be forward-looking statements and should be evaluated as such. Without limiting the foregoing, the words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "should," "guidance," "targets," "will" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. Actual results may differ materially from the Company's expectations due to a number of factors, including that most of the Company's contracts may be terminated on short notice, the Company may be unable to maintain large customer contracts or to enter into new contracts, the Company may under-price its contracts, overrun its cost estimates, or fail to receive approval for or experience delays in documenting change orders, the historical indications of the relationship of backlog to revenues may not be indicative of their future relationship, the Company is subject to the complex and changing regulatory and international environments in which the Company operates, the Company may be unable to successfully identify, acquire and integrate businesses, the Company's substantial indebtedness, and other risks more fully set forth in the Company's filings with the SEC, including the Company's annual report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on February 13, 2014, as such factors may be amended or updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). The Company assumes no obligation to update any forward-looking statement after the date of this presentation, whether as a result of new information, future developments or otherwise.*

*This presentation includes financial measures not prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Management believes that these non-GAAP financial measures provide useful supplemental information to management and investors regarding the underlying performance of the Company's business operations and are more indicative of core operating results as they exclude certain items whose fluctuations from period-to-period do not necessarily correspond to changes in the core operations of the Company's business. Investors and potential investors are encouraged to review the reconciliations of the non-GAAP financial measures to their most directly comparable GAAP measures attached to this presentation.*

# Enterprise Vision and Strategy

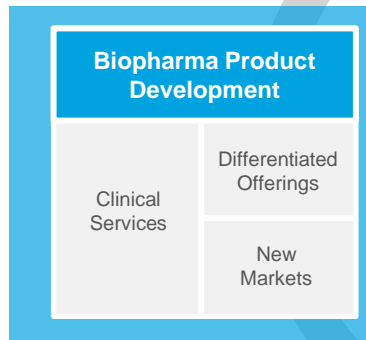
## Quintiles Vision



We bring people and knowledge together for a healthier world

## Our Customer Promise

“ *Improve your probability of success* ”



## Our Strategic Agenda

Profitable growth at above market rates

Lead with investments that leverage our scale and differentiate us (Science, Technology, Global Workforce)

World-class customer relationship management and offerings that provide value to customers

Drive Productivity, Delivery and Quality, and measure our success

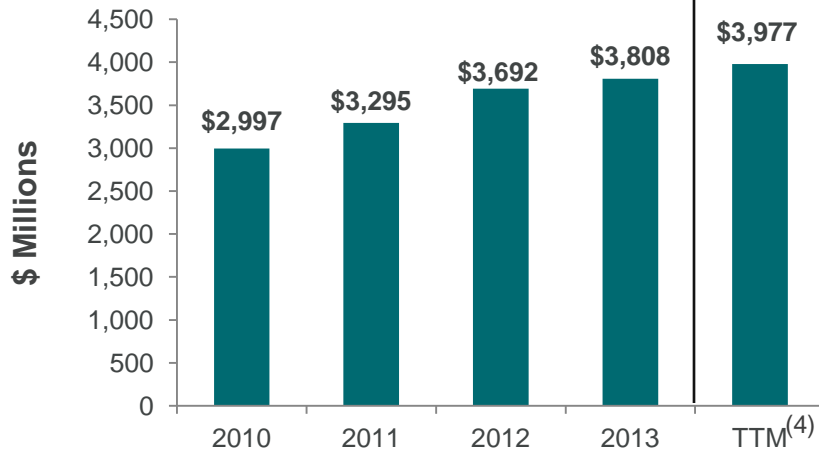
Top-quality leadership development and a high-performance workforce

# Track Record of Profitable Growth and Consistency

Long term Performance Underpinned with a Diversified Customer Portfolio

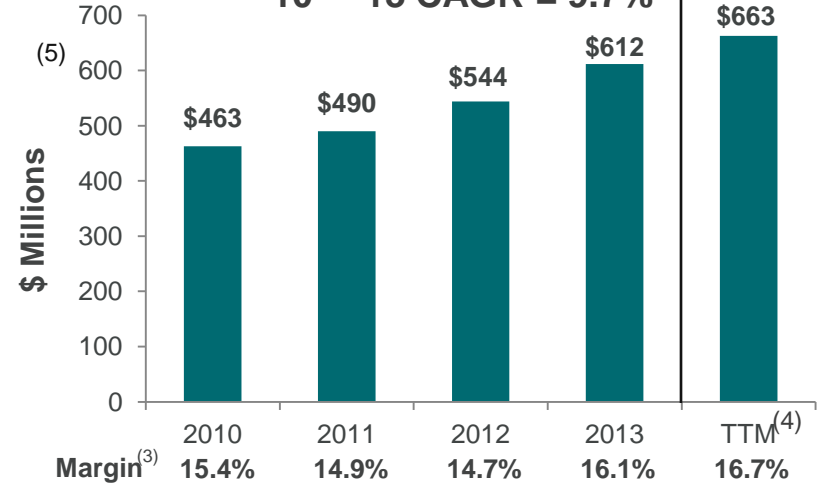
## Adjusted Service Revenues<sup>(1)</sup>

'10 – '13 CAGR = 8.3%



## Adjusted EBITDA<sup>(2)</sup>

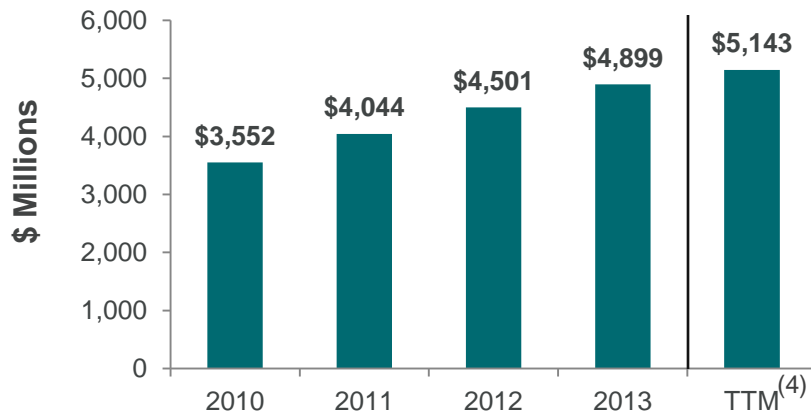
'10 – '13 CAGR = 9.7%



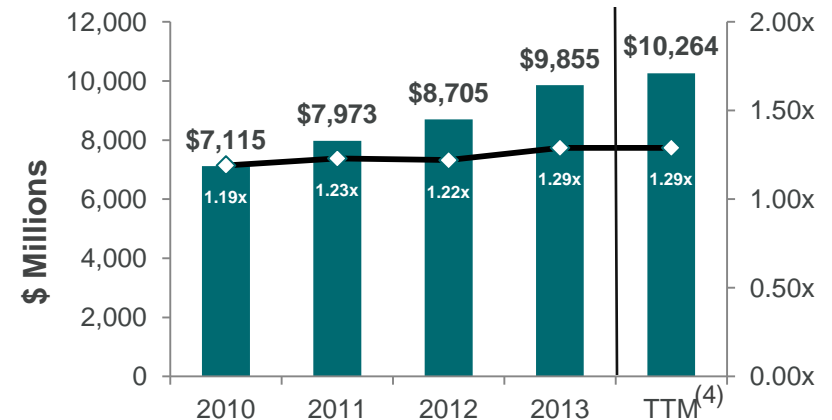
Margin<sup>(3)</sup> 2010 15.4% 2011 14.9% 2012 14.7% 2013 16.1% TTM<sup>(4)</sup> 16.7%

## Net New Business

'10 – '13 CAGR = 11.3%



## Backlog and Book-to-Bill<sup>(1,3)</sup>



(1) See appendix slide 10 for reconciliation of Service Revenues to Adjusted Service Revenues

(2) See slide 11 for reconciliation of Net Income to Adjusted EBITDA

(3) Book-to-bill calculated as NNB divided by Adjusted Service Revenues  
(4) Trailing twelve months ending 6/30/14

# Continued Momentum in 2014

Six Months Ended June 30, 2014

## FINANCIAL HIGHLIGHTS

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**8.5%** Constant Currency Revenue<sup>(1)</sup>  
- 7.6% in Product Development  
- 11.5% in Integrated Healthcare Services

**90 bps** Adjusted Income from Operations margin<sup>(1)</sup> expansion

**46.6%** Adjusted Net Income growth

**35.7%** Diluted Adjusted EPS growth

## OTHER HIGHLIGHTS

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**1.23x** Book-to-bill ratio  
- 1.21x in Product Development  
- 1.29x in Integrated Healthcare Services

**\$10.3bn** Consolidated Backlog

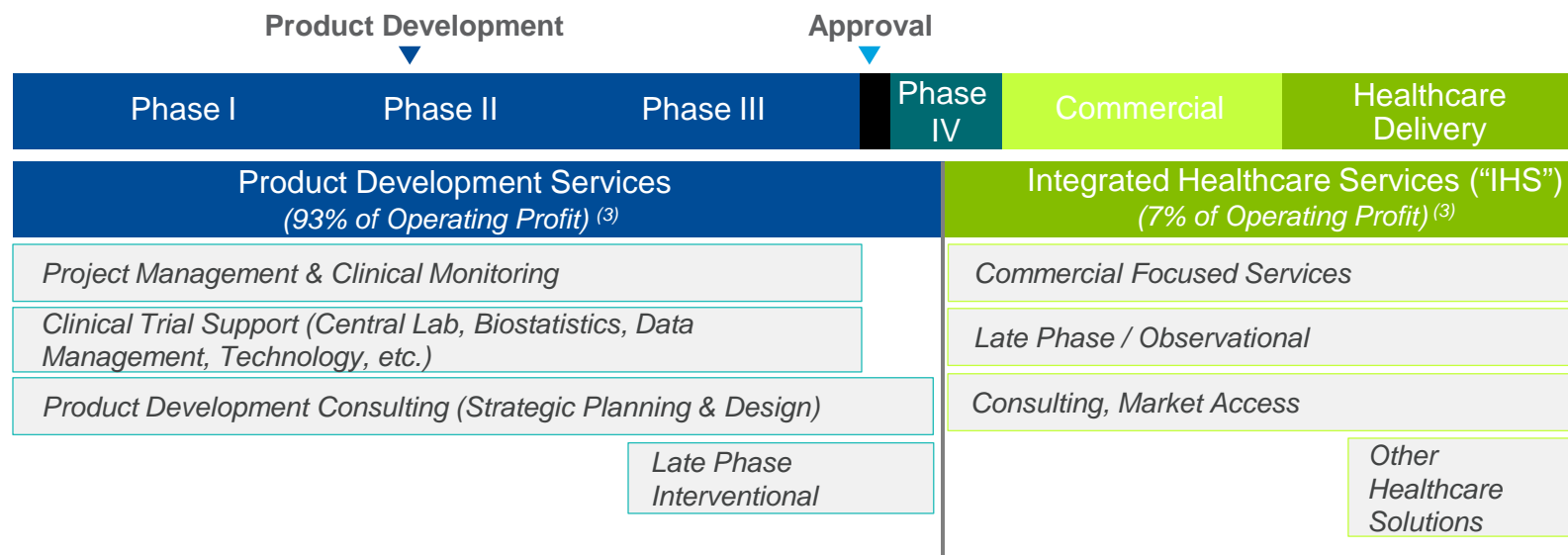
**\$2.5bn** Eight sequential quarters of net new business exceeding \$1.0bn

**\$636mm** Cash and cash equivalents

(1) See appendix slide 13

# Attractive and Growing Market

~\$200bn total market across both segments with increasing outsourcing penetration which drives estimated growth of 5% – 8% per year from 2013 – 2016



## \$93bn Product Development Market<sup>(1)</sup>

- ❖ \$51bn Addressable Phase I-IV Clinical
- ❖ \$19bn Outsourced Phase I-IV Clinical ~37%
- ❖ Outsourced Market penetration is estimated to increase by 200-300 basis points per year approaching 47% outsourced in 2017
- ❖ The central lab market growth rate is estimated at 4.5% - 5% from 2013 – 2016 with an increase in test complexity

## \$94bn<sup>(1,2)</sup> Integrated Healthcare Services Market

- ❖ \$16bn Outsourced ~17%
- ❖ Market penetration is estimated to increase by 150-200 basis points per year
- ❖ Broad customer interest in variabilizing cost
- ❖ New product launches are expected to increase with the recent increase in NMEs; 27 in '13, 39 in '12, and 30 in '11

(1) Based on Company estimates

(2) Includes market access, reimbursement, observational studies, comparative effectiveness research, health economics & outcomes research, and commercial consulting

(3) Segment Income from Operations

# Evolving Biopharma Landscape

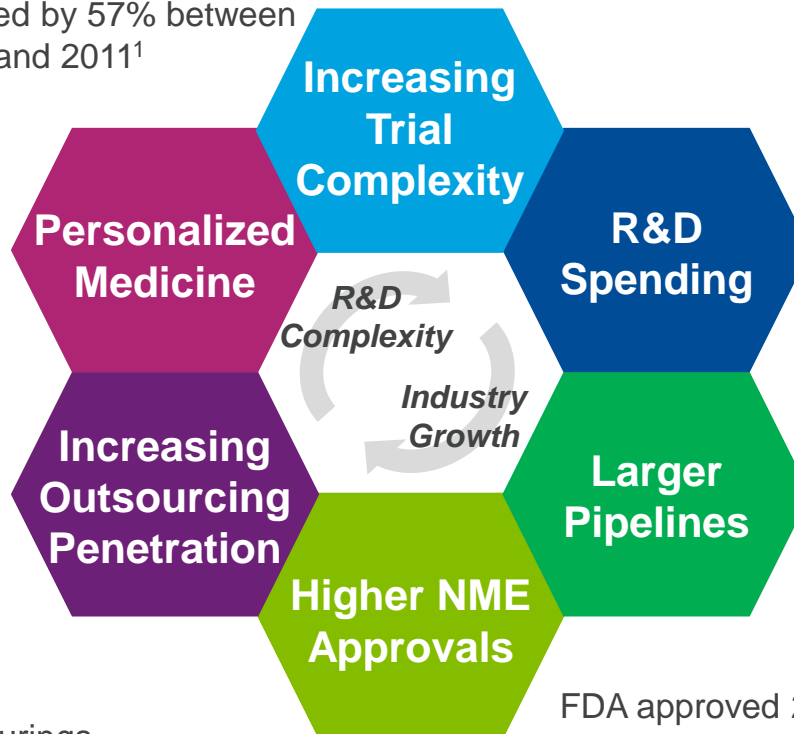
*Growth, inefficiency and complexity play to Quintiles' strength*

The median number of procedures per trial increased by 57% between 2003 and 2011<sup>1</sup>

Over 3,000 ongoing clinical trials involve a biomarker or predictive diagnostic<sup>2</sup>

Outsourcing is increasing by ~2 percentage points each year<sup>3</sup>

Biopharma restructurings



R&D spending grew ~1.5%<sup>4</sup> in 2013 and is forecasted to grow 0%-2% through 2016<sup>3</sup>

4,060<sup>6</sup> drugs in the Phase I-III pipeline in 2013, a 19% increase over 2008

FDA approved 27 NMEs in 2013, 39 in 2012, and 30 in 2011. From 2006-2010, the average number of approvals was 22<sup>5</sup>



<sup>1</sup> M. Allison, Reinventing clinical trials, Nature Biotechnology 30, no 1 (2012): 41-49; Median procedures calculated on a three year basis: 2000-2003 and 2008-2011 .

<sup>2</sup> Decision Resources, November 2013.

<sup>3</sup> Based on Company estimates. <sup>4</sup>EvaluatePharma. <sup>5</sup> [www.fda.gov](http://www.fda.gov). <sup>6</sup>PharmaProjects, January 2014.

# Deep Customer Relationships

*Largest backlog in industry with diversification and sustainability*

**Worked with all top 20 biopharma companies** in each of last 11 years

**All of our top 25 key customers** worked with both Quintiles segments: PD and IHS

**\$100mm+** service revenues from at least 8 customers in each of past 6 years

**~65% of service revenues outside of US**

**~51% of 2013 net new business from outside the Top 20 Pharma**

**< 10%** of revenues from largest customer – diverse customer base

Worked with **over 500** biopharma customers

**C-Level access and relationships**

## Backlog by Top 50 Pharma

**Top 10<sup>1</sup>:**  
37.5%

**11 – 20<sup>1</sup>:**  
13.6%

**21 – 50<sup>1</sup>:**  
24.9%

**50+<sup>1</sup>:**  
24.0%

(1) Backlog as of 6/30/14 by customer based on Pharma Exec's Pharma 50 2014 ranking by 2013 Rx Sales



# The Leader in BioPharma Services

*Why We Win = Enhanced Value for Customers*

- **Clearly differentiated service offerings**
  - > Improving probability of success
  - > Provided services to develop or commercialize top 50 best selling biopharmaceutical and biologic products from 2013
- **Deepest medical and therapeutic, statistical, and quantitative expertise in the industry**
  - > 950 medical doctors and 900 Ph.D.'s
  - > 13 therapeutic centers of excellence
- **Personalized medicine**
  - > Solutions include the integration of biomarkers and genomics, with novel genomic pre-profiling
- **Focused on real-world cost effectiveness**
  - > Portfolio prioritization and market access consulting capabilities

## *Leader of innovative models*

- > Depth and breadth of service offerings enabled the win of 2 sole provider deals in 2013

## *Leader in remote (risk-based) monitoring*

- > 95+ risk-based monitoring trials across 20,000+ sites
- > ~3,200 employees in Global Delivery Network
- > Award winning technology

## *Leader in real-world data*

- > Implemented > 350 patient registries and post approval programs

## *Leader in adaptive trial design*

# Product Development

*Accelerating pipelines using science, technology and global delivery*



- **Core Segment** representing 75% of Consolidated Service Revenues and 93% of Segment Income from Operations<sup>(1)</sup>
- **Market leader in Product Development services**
  - › #1 in Clinical Development / #2 in Central Lab
- **Diversified** customer portfolio across BioPharma segments with tailored segment solutions
- **Integrated** offerings across services and platforms
- **Proactive Business Development**
  - › 1.23<sup>2</sup> book-to-bill ratio - 1.29 trailing twelve month book-to-bill
  - › Strong RFP volumes
  - › Evolution of integrated end to end partnership models
  - › Strong wins across Large, Mid-size and Emerging Pharma



# Integrated Healthcare Services

*Improving the probability of commercial success*



- **IHS Segment** represents 25% of Consolidated Service Revenues and 7% of Segment Income from Operations<sup>(1)</sup>
- **IHS includes market leading solutions**
  - › One of the leading outsourced global contract pharmaceutical sales organization
  - › One of the leading observational services organizations
- **Convergence within Healthcare**
  - › IHS solutions are aligned to capitalize on the evolving convergence of patient, payer and provider, solutions to leverage evidence-based insights into commercial strategies to provide an integrated approach
- **Thought Leadership** in consulting and observational research
- **Three consecutive quarters of strong net new business**

## Integrated Healthcare Services Offerings

### Commercial Services:

- Contract Sales
- Market Entry / Market Exit
- Integrated Channel Management
- Patient Engagement Services
- Market Access & Commercialization Consulting
- Medical Education

### Communications & Engagement Services:

- Digital Patient Services
- Brand & Scientific Communications

### Real-World and Late Phase Research:

- Observational Studies
- Product and Disease Registries
- Comparative Effectiveness Studies

### Other Healthcare Solutions

- Encore

> 120

Launched products in US

> 61mm

De-identified patient records

> 9mm

Patients enrolled in registries

> 680

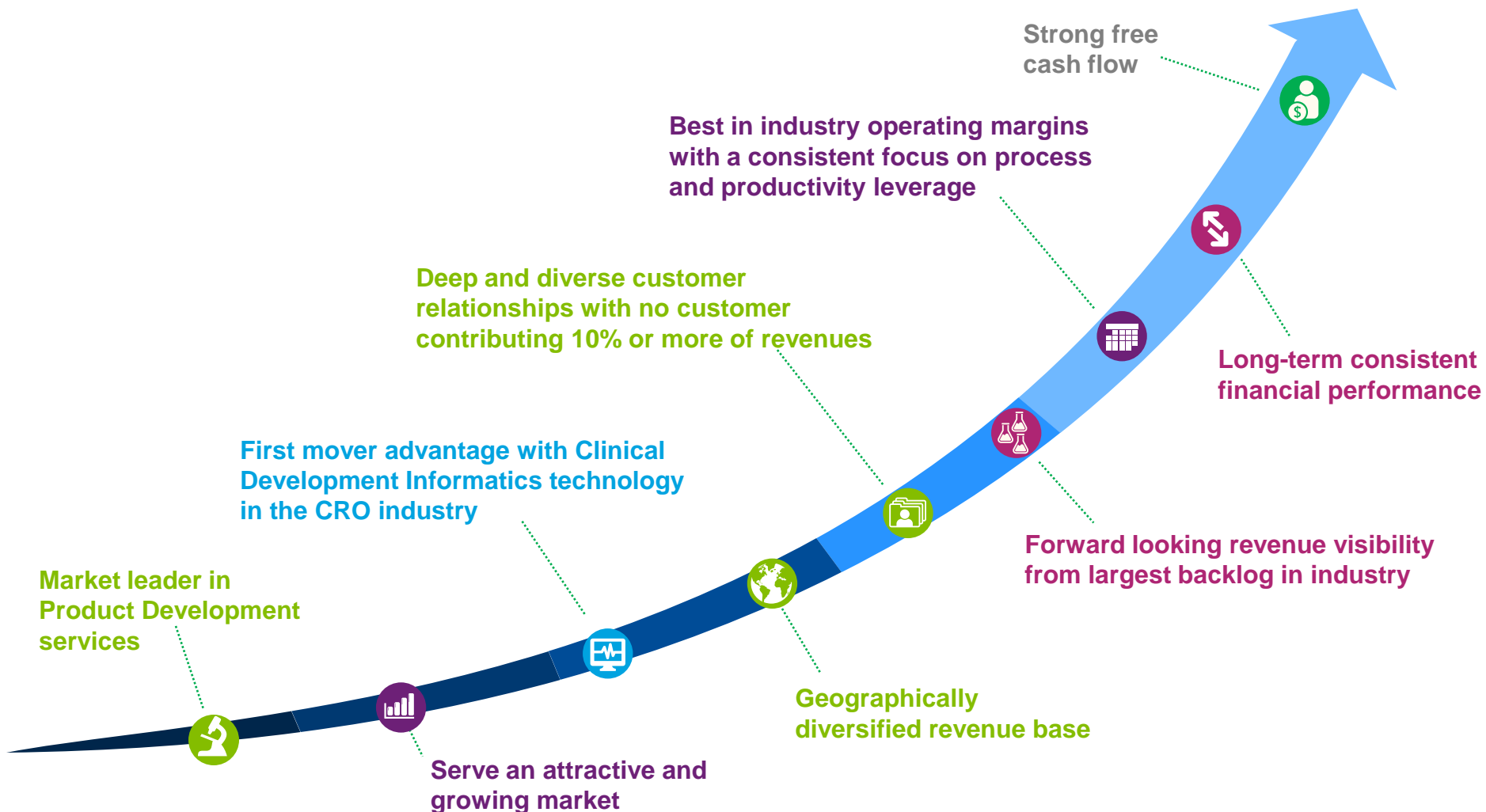
Clinical Educators

~ 100%

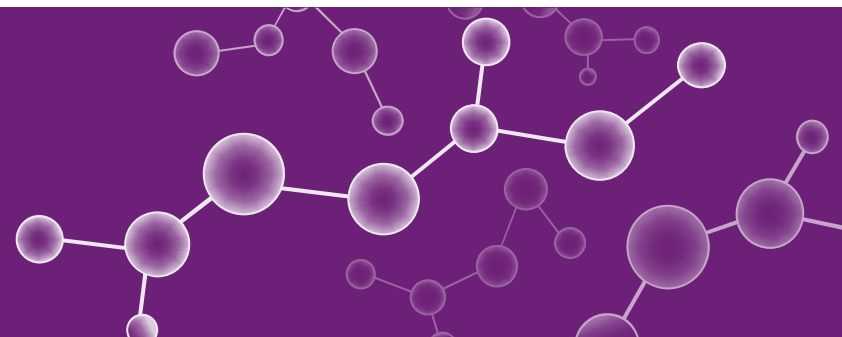
Field based resources trained on compliance programs

# Quintiles

*An Attractive Investment*



# Appendix



# Adjusted Service Revenues Reconciliation

Adjusted Service Revenues Reconciliation						
(In Thousands)	Six Months Ended June 30, 2014	Trailing Twelve Months Ended June 30, 2014	Year Ended December 31			
			2013	2012	2011	2010
<b>Non-GAAP Adjusted Service Revenues:</b>						
GAAP Service Revenues as Reported	\$2,040,764	3,977,431	\$3,808,340	\$3,692,298	\$3,294,966	\$3,060,950
Deconsolidation of PharmaBio	–	–	–	–	–	(64,198)
<b>Adjusted Service Revenues</b>	<b>\$2,040,764</b>	<b>\$3,977,431</b>	<b>\$3,808,340</b>	<b>\$3,692,298</b>	<b>\$3,294,966</b>	<b>\$2,996,752</b>

# Adjusted EBITDA Reconciliation

Adjusted EBITDA Reconciliation						
(In Thousands)	Six Months Ended June 30, 2014	Trailing 12 Months Ended June 30, 2014	Year Ended December 31			
			2013	2012	2011	2010
<b>Non-GAAP Adjusted EBITDA:</b>						
GAAP Net Income as Reported	\$175,324	\$314,842	\$226,027	\$176,631	\$240,327	\$165,255
Interest Expense, Net	47,253	100,135	119,571	131,304	105,126	137,631
Income Tax Expense	69,789	124,806	95,965	93,364	15,105	77,582
Depreciation and Amortization	58,933	116,811	107,504	98,288	92,004	84,217
Restructuring Costs	1,956	11,331	14,071	18,741	22,116	22,928
Impairment Charges	–	–	–	–	12,295	2,844
Incremental Share-based Compensation Expense	–	–	–	13,637	2,553	–
Bonus Paid to Certain Holders of Stock Options	–	–	–	11,308	10,992	–
Management Fees	–	–	27,694	5,309	5,213	5,159
Loss on Extinguishment of Debt	–	3,288	19,831	1,275	46,377	–
Other (Income) Expense, Net	(1,788)	(127)	(185)	(3,572)	9,073	15,647
Equity in Losses (Earnings) from Unconsolidated Affiliates	(8,262)	(8,357)	1,124	(2,567)	(70,757)	(1,110)
Deconsolidation of PharmaBio	–	–	–	–	–	(47,393)
<b>Adjusted EBITDA</b>	<b>\$343,205</b>	<b>\$662,729</b>	<b>\$611,602</b>	<b>\$543,718</b>	<b>\$490,424</b>	<b>\$462,760</b>
<b>% of Adjusted Service Revenues</b>	<b>16.8%</b>	<b>16.7%</b>	<b>16.1%</b>	<b>14.7%</b>	<b>14.9%</b>	<b>15.4%</b>

# Adjusted Net Income Reconciliation

Adjusted Net Income Reconciliation						
(In Thousands)	Year Ended December 31					
	Six Months Ended June 30, 2014	Trailing 12 Months Ended June 30, 2014	2013	2012	2011	2010
<b>Non-GAAP Adjusted Net Income:</b>						
GAAP Net Income as Reported	\$175,324	\$314,842	\$226,027	\$176,631	\$240,327	\$165,255
Net (Income) Loss Attributable to Noncontrolling Interests	(21)	226	564	915	1,445	(4,659)
Restructuring Costs	1,956	11,331	14,071	18,741	22,116	22,928
Impairment Charges	–	–	–	–	12,295	2,844
Incremental Share-based Compensation Expense	–	–	–	13,637	2,553	–
Bonus Paid to Certain Holders of Stock Options	–	–	–	11,308	10,992	–
Management Fees	–	–	27,694	5,309	5,213	5,159
Loss on Extinguishment of Debt	–	3,288	19,831	1,275	46,377	–
Interest Rate Swap Termination Fee	–	–	–	–	11,630	–
Gain on Sale of Business Assets	–	–	–	–	(74,880)	–
Deconsolidation of PharmaBio	–	–	–	–	–	(28,979)
Tax Effect of Non-GAAP Adjustments	(593)	(4,626)	(22,304)	(18,885)	(21,063)	(752)
Other Income tax Adjustments	–	–	3,057	–	(66,000)	–
<b>Adjusted Net Income</b>	<b>\$176,666</b>	<b>\$325,061</b>	<b>\$268,940</b>	<b>\$208,931</b>	<b>\$191,005</b>	<b>\$161,796</b>
<b>% of Adjusted Service Revenues</b>	<b>8.7%</b>	<b>8.2%</b>	<b>7.1%</b>	<b>5.7%</b>	<b>5.8%</b>	<b>5.4%</b>



# Income Statement

## GAAP – Non-GAAP Reconciliation

Three Months Ended June 30 (millions of dollars)	2014			2013		
	Selling, General and Administrative	Income from Operations	Net Income Attributable to Quintiles	Selling, General and Administrative	Income from Operations	Net Income Attributable to Quintiles
<b>As Reported</b>	<b>\$ 219.0</b>	<b>\$ 141.0</b>	<b>\$ 85.1</b>	<b>\$ 228.8</b>	<b>\$ 94.9</b>	<b>\$ 38.5</b>
Adjustments						
Restructuring Costs	-	0.9	0.9	-	2.8	2.8
Management Fees	-	-	-	(26.4)	26.4	26.4
Loss on Extinguishment of Debt	-	-	-	-	-	16.5
Tax Effect of Adjustments	-	-	(0.3)	-	-	(17.1) <sup>1</sup>
Other Income Tax Adjustments <sup>1</sup>	-	-	-	-	-	(4.2)
<b>Adjusted Non-GAAP Basis</b>	<b>\$219.0</b>	<b>\$141.9</b>	<b>\$85.7</b>	<b>\$202.4</b>	<b>\$124.1</b>	<b>\$62.9</b>
<b>% of Service Revenues</b>	<b>21.2%</b>	<b>13.7%</b>	<b>8.3%</b>	<b>21.4%</b>	<b>13.1%</b>	<b>6.7%</b>

Six Months Ended June 30 (millions of dollars)	2014			2013		
	Selling, General and Administrative	Income from Operations	Net Income Attributable to Quintiles	Selling, General and Administrative	Income from Operations	Net Income Attributable to Quintiles
<b>As Reported</b>	<b>\$ 438.3</b>	<b>\$ 282.3</b>	<b>\$ 175.3</b>	<b>\$ 428.1</b>	<b>\$ 210.1</b>	<b>\$ 86.8</b>
Adjustments						
Restructuring Costs	-	2.0	2.0	-	4.7	4.7
Management Fees	-	-	-	(27.7)	27.7	27.7
Loss on Extinguishment of Debt	-	-	-	-	-	16.5
Tax Effect of Adjustments	-	-	(0.6)	-	-	(18.3)
Other Income Tax Adjustments <sup>1</sup>	-	-	-	-	-	3.1
<b>Adjusted Non-GAAP Basis</b>	<b>\$438.3</b>	<b>\$284.3</b>	<b>\$176.7</b>	<b>\$400.4</b>	<b>\$242.5</b>	<b>\$120.5</b>
<b>% of Service Revenues</b>	<b>21.5%</b>	<b>13.9%</b>	<b>8.7%</b>	<b>21.4%</b>	<b>13.0%</b>	<b>6.4%</b>

<sup>1</sup>Represents the Company's change in its permanent reinvestment assertion during 2Q 2013 retroactively applied to 1Q 2013 for the new estimated annual effective income tax rate for 2013.


# Constant Currency Reconciliation

## Service Revenues and Income from Operations

<i>(millions of dollars)</i>	<b>Three Months Ended June 30</b>			<b>Year on Year Growth</b>		
	<b>Actual</b>	<b>Exchange Impact</b>	<b>Constant</b>	<b>Actual</b>	<b>Exchange Impact</b>	<b>Constant</b>
<b>Consolidated</b>						
Service Revenues	\$ 1,035.5	\$ 10.1	\$ 1,025.4	9.7%	1.1%	8.6%
Income from Operations	\$ 141.0	\$ 5.7	\$ 135.3	48.6%	6.0%	42.6%
Adjusted Income from Operations	\$ 141.9	\$ 5.7	\$ 136.2	14.4%	4.5%	9.9%
Adjusted Income from Operations Margin	13.7%		13.3%			
<b>Product Development</b>						
Service Revenues	\$ 781.2	\$ 8.9	\$ 772.3	7.9%	1.2%	6.7%
Income from Operations	\$ 158.4	\$ 6.9	\$ 151.5	16.4%	5.1%	11.3%
Income from Operations Margin	20.3%		19.6%			
<b>Integrated Healthcare Services</b>						
Service Revenues	\$ 254.3	\$ 1.2	\$ 253.1	15.6%	0.5%	15.1%
Income from Operations	\$ 11.7	\$ (1.2)	\$ 12.9	(6.4%)	-10.1%	3.7%
Income from Operations Margin	4.6%		5.1%			

<i>(millions of dollars)</i>	<b>Six Months Ended June 30</b>			<b>Year on Year Growth</b>		
	<b>Actual</b>	<b>Exchange Impact</b>	<b>Constant</b>	<b>Actual</b>	<b>Exchange Impact</b>	<b>Constant</b>
<b>Consolidated</b>						
Service Revenues	\$ 2,040.8	\$ 9.6	\$ 2,031.2	9.0%	0.5%	8.5%
Income from Operations	\$ 282.3	\$ 15.9	\$ 266.4	34.4%	7.6%	26.8%
Adjusted Income from Operations	\$ 284.3	\$ 15.9	\$ 268.4	17.2%	6.5%	10.7%
Adjusted Income from Operations Margin	13.9%		13.2%			
<b>Product Development</b>						
Service Revenues	\$ 1,552.0	\$ 12.6	\$ 1,539.4	8.5%	0.9%	7.6%
Income from Operations	\$ 319.0	\$ 17.9	\$ 301.1	18.7%	6.7%	12.0%
Income from Operations Margin	20.6%		19.6%			
<b>Integrated Healthcare Services</b>						
Service Revenues	\$ 488.8	\$ (3.0)	\$ 491.8	10.8%	-0.7%	11.5%
Income from Operations	\$ 20.7	\$ (2.1)	\$ 22.8	10.1%	-11.1%	21.2%
Income from Operations Margin	4.2%		4.6%			

Service revenues exchange impact equals the current period service revenues at actual rates less the current period service revenues for foreign currency denominated contracts recalculated at the prior period exchange rates, while the exchange rate impacts on expenses equals the current period expenses at actual rates less the current period expenses recalculated at the prior period exchange rates.

 The segment detail presented above excludes general corporate and unallocated expenses and restructuring costs.

# Contractual Revenue Currency Mix and Foreign Exchange Analysis

<i>Consolidated Service Revenues (millions of dollars)</i>						
	<b>USD</b>	<b>Sterling</b>	<b>Euro</b>	<b>Yen</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
<b>2Q '14</b>	\$645.3	\$84.3	\$169.5	\$107.6	\$28.8	\$1,035.5
<i>% of total</i>	63%	8%	16%	10%	3%	100%
<b>2Q '13</b>	\$582.7	\$65.1	\$161.5	\$96.7	\$38.2	\$944.2
<i>% of total</i>	62%	7%	17%	10%	4%	100%
<b>2Q '14 Average Rate</b>		\$1.66	\$1.37	¥102.77		
<b>2Q '13 Average Rate</b>		\$1.54	\$1.31	¥98.75		
<b>% Increase (Decrease)</b>		7.8%	4.9%	(3.9%)		

<i>Consolidated Service Revenues (millions of dollars)</i>						
	<b>USD</b>	<b>Sterling</b>	<b>Euro</b>	<b>Yen</b>	<b>Other<sup>1</sup></b>	<b>Total</b>
<b>YTD 2014</b>	\$1,241.8	\$175.8	\$357.3	\$210.2	\$55.7	\$2,040.8
<i>% of total</i>	60%	9%	18%	10%	3%	100%
<b>YTD 2013</b>	\$1,160.1	\$140.3	\$321.7	\$192.4	\$57.2	\$1,871.7
<i>% of total</i>	62%	7%	17%	10%	4%	100%
<b>YTD '14 Average Rate</b>		\$1.67	\$1.37	¥102.44		
<b>YTD '13 Average Rate</b>		\$1.54	\$1.31	¥95.52		
<b>% Increase (Decrease)</b>		8.1%	4.4%	(6.7%)		

<sup>1</sup> Other includes a mix of more than 40 currencies.