



News Release

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QuintilesIMS Reports Second-Quarter 2017 Results

- **GAAP Revenue \$1,969 million; \$1,971 million before merger-related deferred Revenue adjustment**
- **Adjusted EBITDA \$486 million**
- **GAAP Diluted Earnings per Share \$0.34; Adjusted Diluted Earnings per Share \$1.09**
- **\$2.7 billion of share repurchase completed post-merger, \$378 million completed during the second quarter**
- **Full-year guidance reaffirmed for Revenue and Adjusted EBITDA and raised for Adjusted Diluted EPS**

DANBURY, Conn. & RESEARCH TRIANGLE PARK, N.C. – August 3, 2017 – Quintiles IMS Holdings, Inc. (NYSE:Q), a leading global provider of information, technology solutions and contract research services to the healthcare and life sciences industries, today reported financial results for the quarter ended June 30, 2017. On October 3, 2016, the merger of Quintiles Transnational Holdings Inc. and IMS Health Holdings, Inc. was completed. To aid investors and analysts with year-over-year comparability for the merged business, we are including company financial information that combines the stand-alone Quintiles and IMS Health financial information for revenue and Adjusted EBITDA as if the merger had taken place on January 1, 2016, with conforming adjustments to the current year presentation.

Second-Quarter 2017 Operating Results

Revenue for the second quarter of \$1,969 million increased 1.1 percent on a constant currency basis and was flat on a reported basis, compared to the second quarter of 2016. Under purchase accounting rules, a portion of IMS Health's deferred revenue, which would have otherwise been realized as revenue in future periods, must be eliminated. Excluding this \$2 million of deferred revenue adjustment, and on a combined company basis, revenue for the second quarter increased 1.2 percent on a constant currency basis.

Combined company Commercial Solutions revenue of \$871 million grew 1.9 percent in the second quarter at constant currency and 0.6 percent at actual FX rates. As expected, growth was again partially offset by a decline in the Encore business, a legacy Quintiles provider business. The Encore business was sold after the close of the second quarter of 2017.

Combined company Research & Development Solutions revenue of \$896 million grew 1.7 percent on a constant currency basis and 0.4 percent at actual FX rates. Growth was impacted by a year-over-year decline in the early clinical development business, due to a facility closing in Europe during 2016, as well as weak bookings and high cancellations in the third quarter of 2016.

Combined company Integrated Engagement Services revenue of \$204 million was down 2.1 percent at constant currency and down 3.7 percent reported. Year-over-year comparisons for Integrated Engagement Services were impacted by the acceleration of \$9 million of revenue in the second quarter of 2016 for the modification of a royalty-based sales force arrangement.

Second-quarter 2017 Adjusted EBITDA was \$486 million. GAAP net income was \$75 million and GAAP diluted earnings per share was \$0.34. Adjusted Net Income was \$242 million and Adjusted Diluted Earnings per Share was \$1.09.

“We continue to consistently meet or exceed financial targets,” said Ari Bousbib, chairman and CEO, QuintilesIMS. “Execution of our integration plans is progressing well. The continued development of our Next-Gen offering, combined with strengthened operational discipline, position us well for accelerated growth and margin expansion in 2018 and beyond.”

First-Half 2017 Operating Results

Revenue of \$3,880 million for the first six months of 2017 increased 1.9 percent on a constant currency basis and 0.8 percent reported, compared to the first half of 2016. Excluding \$8 million of merger-related deferred revenue adjustments, and on a combined company basis, revenue for the first six months of 2017 increased 2.2 percent on a constant currency basis and 1.0 percent at actual FX rates, compared with the first half of 2016.

Combined company Commercial Solutions revenue for the first six months of 2017 of \$1,724 million increased 2.1 percent on a constant currency basis and 0.9 percent on a reported basis, compared with the first six months of 2016.

Combined company Research & Development Solutions revenue for the six months ending June 30, 2017 of \$1,762 million grew 2.9 percent on a constant currency basis and 1.7 percent at actual FX rates, compared with the first half of 2016. Research & Development Solutions contracted net new business totaled \$4.03 billion for the 12 months ended June 30, 2017. The last twelve months book-to-bill ratio was 1.14, the last nine months book-to-bill ratio was 1.21, the last six months book-to-bill ratio was 1.24 and the last three months book-to-bill ratio was 1.30. Contracted backlog was \$9.99 billion at June 30, 2017. The company expects approximately \$3.0 billion of this backlog to convert to revenue in the next twelve months.

Combined company Integrated Engagement Services revenue for the first half of 2017 of \$402 million was down 1.2 percent at constant currency and 2.3 percent at actual FX rates, compared with the first half of 2016.

For the first six months of 2017 Adjusted EBITDA was \$953 million. GAAP net income was \$149 million and GAAP diluted earnings per share was \$0.65. Adjusted Net Income was \$480 million and Adjusted Diluted Earnings per Share was \$2.10.

Financial Position

As of June 30, 2017, cash and cash equivalents were \$902 million and the principal amount of debt was \$8,986 million, resulting in net debt of \$8,084 million. At the end of the second quarter of 2017, QuintilesIMS's Gross Leverage Ratio was 4.5 times, and Net Leverage Ratio was 4.1 times trailing 12-month combined company Adjusted EBITDA.

Share Repurchase

During the second quarter of 2017, QuintilesIMS increased its post-merger share repurchase authorization to \$3.5 billion from \$2.5 billion. On May 31, 2017, the company repurchased \$300 million of stock from the company's private equity sponsors and the founder of the legacy Quintiles organization. The company also repurchased \$78 million of its stock in the open market, for a total repurchase of \$378 million during the second quarter. QuintilesIMS had \$853 million of share repurchase authorization remaining at June 30, 2017.

2017 Full-Year and Third-Quarter 2017 Guidance

Full-year 2017 guidance is reaffirmed for revenue of \$8,000 million to \$8,100 million and Adjusted EBITDA of \$2,000 million to \$2,100 million. Full-year 2017 guidance is raised for Adjusted Diluted Earnings per Share to \$4.50 to \$4.65 from \$4.45 to \$4.60.

For the third quarter, QuintilesIMS expects revenue between \$2,000 million and \$2,030 million, Adjusted EBITDA between \$500 million and \$515 million and Adjusted Diluted Earnings per Share between \$1.10 and \$1.15.

This financial guidance assumes current foreign currency exchange rates remain in effect for the remainder of the year. Revenue guidance excludes reimbursed expenses for the Research & Development Solutions business.

Webcast & Conference Call Details

QuintilesIMS will host a conference call at 9:00 a.m. Eastern Time today to discuss its second-quarter 2017 financial results and 2017 guidance. To participate, please dial 1-800-672-8961 in the United States and Canada or +1-312-429-1278 outside the United States approximately 15 minutes before the scheduled start of the call. The conference call and a presentation will be accessible live via webcast on the Investors section of the QuintilesIMS website at <http://ir.quintilesims.com>. An archived replay of the webcast will be available online at <http://ir.quintilesims.com> after 1:00 p.m. Eastern Time today.

About QuintilesIMS

QuintilesIMS (NYSE:Q) is a leading integrated information and technology-enabled healthcare service provider worldwide, dedicated to helping its clients improve their clinical, scientific and commercial results. Formed through the merger of Quintiles Transnational and IMS Health, QuintilesIMS's approximately 50,000 employees conduct operations in more than 100 countries. Companies seeking to improve real-world patient outcomes through treatment innovations, care provision and access can leverage QuintilesIMS's broad range of healthcare information, technology and service solutions to drive new insights and approaches. QuintilesIMS provides solutions that span clinical to commercial, bringing customers a unique opportunity to realize the full potential of innovations and advanced healthcare outcomes.

As a global leader in protecting individual patient privacy, QuintilesIMS uses healthcare data to deliver critical, real-world disease and treatment insights. Through a wide variety of privacy-enhancing technologies and safeguards, QuintilesIMS protects individual privacy while managing information to drive healthcare forward. These insights and execution capabilities help biotech, medical device and pharmaceutical companies, medical researchers, government agencies, payers and other healthcare stakeholders in the development and approval of new therapies, and to identify unmet treatment needs and understand the safety, effectiveness and value of pharmaceutical products in improving overall health outcomes. To learn more, visit www.QuintilesIMS.com.

Cautionary Statements Regarding Forward Looking Statements

This press release 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. 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, that our ability to integrate the legacy IMS Health and Quintiles businesses successfully and to achieve anticipated cost savings and other synergies; the possibility that other anticipated benefits of the proposed transaction will not be realized, including without limitation, anticipated revenues, expenses, earnings and other financial results, and growth and expansion of the combined company's operations, and the anticipated tax treatment; possible disruptions from the combination of IMS Health and Quintiles through a "merger of equals" business combination that could harm our businesses, including current plans and operations; our ability to retain, attract and hire key personnel; potential adverse reactions or changes to relationships with clients, employees, suppliers or other parties resulting from the merger; that most of our contracts may be terminated on short notice, and we may be unable to maintain large client contracts or to enter into new contracts; our financial results may be adversely affected if we underprice our contracts, overrun our cost estimates or fail to receive approval for or experience delays in documenting change orders; imposition of restrictions on our use of data by data suppliers or their refusal to license data to us; failure to meet our productivity objectives; failure to successfully invest in growth opportunities; imposition of restrictions on our current and future activities under data protection and privacy laws; breaches or misuse of our or our outsourcing partners' security or communication systems; hardware and software failures, delays in the operation of our computer and communications systems or the failure to implement system enhancements; consolidation in the industries in which our clients operate; 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 risks associated with operating on a global basis, including fluctuations in the value of foreign currencies relative to the U.S. dollar, and the ability to successfully hedge such risks; general economic conditions in the markets in which we operate, including financial market conditions; 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 quarter 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 release 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.

Note on Non-GAAP Financial Measures

Non-GAAP results, such as Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, and changes on a constant currency basis 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. Definitions and reconciliations of non-GAAP measures to the most directly comparable GAAP measures are provided within the schedules attached to this release. 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 reliable indicator of the underlying operating performance of the business. As a result, 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.

Certain forward-looking guidance measures 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.

Non-GAAP measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to the company, many of which present non-GAAP measures when reporting their results. Non-GAAP measures have limitations as an analytical tool. They are not presentations made in accordance with GAAP, are not measures of financial condition or liquidity and should not be considered as an alternative to profit or loss for the period determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. Non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies. As a result, you should not consider such performance measures in isolation from, or as a substitute analysis for, the company's results of operations as determined in accordance with GAAP.

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Table 1
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share data)
(preliminary and unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 1,969	\$ 1,167	\$ 3,880	\$ 2,275
Reimbursed expenses	406	386	817	768
Total revenues	2,375	1,553	4,697	3,043
Costs of revenue, exclusive of depreciation and amortization	1,154	735	2,266	1,429
Costs of revenue, reimbursed expenses	406	386	817	768
Selling, general and administrative expenses	370	216	750	416
Depreciation and amortization	245	32	477	64
Impairment charges	40	—	40	—
Restructuring costs	9	25	28	28
Merger related costs	—	9	—	9
Income from operations	151	150	319	329
Interest income	(1)	—	(3)	(1)
Interest expense	81	22	156	48
Loss on extinguishment of debt	—	—	3	—
Other expense (income), net	3	(3)	6	2
Income before income taxes and equity in earnings (losses) of unconsolidated affiliates	68	131	157	280
Income tax (benefit) expense	(7)	36	5	79
Income before equity in earnings (losses) of unconsolidated affiliates	75	95	152	201
Equity in earnings (losses) of unconsolidated affiliates	4	(4)	3	(1)
Net income	79	91	155	200
Net income attributable to non-controlling interests	(4)	(5)	(6)	(7)
Net income attributable to Quintiles IMS Holdings, Inc.	\$ 75	\$ 86	\$ 149	\$ 193
Earnings per share attributable to common stockholders:				
Basic	\$ 0.35	\$ 0.73	\$ 0.67	\$ 1.62
Diluted	\$ 0.34	\$ 0.71	\$ 0.65	\$ 1.59
Weighted average common shares outstanding:				
Basic	217.6	119.5	223.8	119.5
Diluted	222.3	121.5	228.6	121.5

Note: Numbers may not add to total due to rounding.

Table 2
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)
(preliminary and unaudited)

ASSETS	June 30, 2017	December 31, 2016
Current assets:		
Cash and cash equivalents	\$ 902	\$ 1,198
Trade accounts receivable and unbilled services, net	1,845	1,707
Prepaid expenses	153	123
Income taxes receivable	41	34
Investments in debt, equity and other securities	43	40
Other current assets and receivables	275	235
Total current assets	<u>3,259</u>	<u>3,337</u>
Property and equipment, net	430	406
Investments in debt, equity and other securities	8	13
Investments in unconsolidated affiliates	62	69
Goodwill	11,258	10,727
Other identifiable intangibles, net	6,493	6,390
Deferred income taxes	94	89
Deposits and other assets	178	177
Total assets	<u>\$ 21,782</u>	<u>\$ 21,208</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,678	\$ 1,743
Unearned income	801	774
Income taxes payable	73	76
Current portion of long-term debt	94	92
Other current liabilities	14	20
Total current liabilities	<u>2,660</u>	<u>2,705</u>
Long-term debt	8,858	7,108
Deferred income taxes	2,069	2,133
Other liabilities	421	402
Total liabilities	<u>14,008</u>	<u>12,348</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital, 400.0 shares authorized at June 30, 2017 and December 31, 2016, \$0.01 par value, 250.7 and 248.3 shares issued at June 30, 2017 and December 31, 2016, respectively	10,721	10,602
Accumulated deficit	(255)	(399)
Treasury stock, at cost, 34.3 and 12.9 shares at June 30, 2017 and December 31, 2016, respectively	(2,694)	(1,000)
Accumulated other comprehensive loss	(233)	(570)
Equity attributable to Quintiles IMS Holdings, Inc.'s stockholders	<u>7,539</u>	<u>8,633</u>
Non-controlling interests	235	227
Total stockholders' equity	<u>7,774</u>	<u>8,860</u>
Total liabilities and stockholders' equity	<u>\$ 21,782</u>	<u>\$ 21,208</u>

Note: Numbers may not add to total due to rounding.

Table 3
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(preliminary and unaudited)

	Six Months Ended	
	June 30,	
	2017	2016
Operating activities:		
Net income	\$ 155	\$ 200
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	477	64
Amortization of debt issuance costs and discount	4	3
Amortization of accumulated other comprehensive loss on terminated interest rate swaps	3	3
Stock-based compensation	53	19
Impairment of goodwill and identifiable intangible assets	40	—
Loss from unconsolidated affiliates	7	6
Benefit from deferred income taxes	(203)	(3)
Excess income tax benefits from stock-based award activities	—	(5)
Changes in operating assets and liabilities:		
Change in accounts receivable, unbilled services and unearned income	(55)	(81)
Change in other operating assets and liabilities	(180)	(53)
Net cash provided by operating activities	<u>301</u>	<u>153</u>
Investing activities:		
Acquisition of property, equipment and software	(178)	(57)
Acquisition of businesses, net of cash acquired	(268)	—
Purchase of trading securities	—	(39)
Proceeds from corporate owned life insurance policies	—	21
Proceeds from sale of cost method investments	—	26
Investments in unconsolidated affiliates, net of payments received	6	(10)
Other	—	(1)
Net cash used in investing activities	<u>(440)</u>	<u>(60)</u>
Financing activities:		
Proceeds from issuance of debt	3,998	—
Payment of debt issuance costs	(23)	—
Repayment of debt and principal payments on capital lease obligations	(2,515)	(25)
Proceeds from revolving credit facility	853	—
Repayment of revolving credit facility	(890)	—
Stock issued under employee stock purchase and option plans	69	15
Repurchase of common stock	(1,694)	(98)
Distributions to non-controlling interest	(5)	—
Excess income tax benefits from stock-based award activities	—	5
Contingent consideration and deferred purchase price payments	(3)	—
Net cash used in financing activities	<u>(210)</u>	<u>(103)</u>
Effect of foreign currency exchange rate changes on cash	53	(12)
Decrease in cash and cash equivalents	(296)	(22)
Cash and cash equivalents at beginning of period	1,198	977
Cash and cash equivalents at end of period	<u>\$ 902</u>	<u>\$ 955</u>

Note: Numbers may not add to total due to rounding.

Table 4
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
NET INCOME TO ADJUSTED EBITDA RECONCILIATION
COMBINED COMPANY AS IF THE MERGER CLOSED 1/1/2016
(in millions)
(preliminary and unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net Income	\$ 75	\$ 111	\$ 149	\$ 261
Provision for (benefit from) income taxes	(7)	44	5	107
Depreciation and amortization	245	120	477	239
Interest expense, net	80	68	153	139
(Income) loss in unconsolidated affiliates	(4)	4	(3)	2
Income from non-controlling interests	4	4	6	6
Deferred revenue purchasing accounting adjustments	2	2	8	3
Stock-based compensation	27	18	53	34
Other expense (income), net	4	(1)	10	7
Loss on extinguishment of debt	—	—	3	—
Impairment charges	40	—	40	—
Restructuring and related charges	9	76	28	95
Acquisition related charges	7	10	18	23
Merger related charges	3	10	5	10
Adjusted EBITDA	\$ 486	\$ 466	\$ 953	\$ 926

Note: Numbers may not add to total due to rounding.

Table 5
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
NET INCOME TO ADJUSTED NET INCOME RECONCILIATION
(in millions, except per share data)
(preliminary and unaudited)

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Net Income	\$ 75	\$ 149
Provision for (benefit from) income taxes	(7)	5
Purchase accounting amortization	183	360
(Income) loss in unconsolidated affiliates	(4)	(3)
Income from non-controlling interests	4	6
Deferred revenue purchasing accounting adjustments	2	8
Stock-based compensation	27	53
Other expense (income), net	4	10
Loss on extinguishment of debt	—	3
Impairment Charges	40	40
Royalty hedge gain/(loss)	3	7
Restructuring and related charges	9	28
Acquisition related charges	7	18
Merger related charges	3	5
Adjusted Pre Tax Income	\$ 347	\$ 689
Adjusted tax expense	(100)	(199)
Income from non-controlling interests	(4)	(6)
Minority interest effect in non-GAAP adjustments ⁽¹⁾	(2)	(5)
Adjusted Net Income	\$ 242	\$ 480
Adjusted earnings per share attributable to common shareholders:		
Basic	\$ 1.11	\$ 2.14
Diluted	\$ 1.09	\$ 2.10
Weighted-average common shares outstanding:		
Basic	217.6	223.8
Diluted	222.3	228.6

⁽¹⁾ Reflects the portion of Q² Solutions' after-tax non-GAAP adjustments attributable to the minority interest partner.

Note: Numbers may not add to total due to rounding.

Table 6
QUINTILES IMS HOLDINGS, INC. AND SUBSIDIARIES
CALCULATION OF GROSS AND NET LEVERAGE RATIOS
AS OF JUNE 30, 2017
(in millions)
(preliminary and unaudited)

Gross Debt as of June 30, 2017	\$	8,986
Net Debt as of June 30, 2017	\$	8,084
Adjusted EBITDA (1) for the twelve months ended June 30, 2017	\$	1,983
Gross Leverage Ratio (Gross Debt/LTM Adjusted EBITDA)		4.5x
Net Leverage Ratio (Net Debt/LTM Adjusted EBITDA)		4.1x

⁽¹⁾ LTM Adjusted EBITDA is for the combined company (assumes merger closed 1/1/2016) and recast to conform with current methodology