



Q4 and Full Year 2019 Financial Results

March 4, 2020

Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains forward-looking statements. These statements often include words such as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “project,” “forecast,” “estimates,” “targets,” “projections,” “should,” “could,” “would,” “may,” “might,” “will,” and other similar expressions. Although we believe that these forward-looking statements are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results and our ability to achieve our projected full year 2020 guidance, and therefore actual results might differ materially from those expressed in the forward-looking statements. Factors that might materially affect such forward-looking statements include: the fragmented and highly competitive nature of the drug development services industry; changes in trends in the biopharmaceutical industry; our ability to keep pace with rapid technological changes that could make our services less competitive or obsolete; political, economic and/or regulatory influences and changes; any failure of our backlog to predict or convert into future revenue; the fact that our customers can terminate, delay or reduce the scope of our contracts with them upon short notice or with no notice; the impact of industry, customer and therapeutic area concentration; our ability to accurately price our contracts and manage our costs associated with performance of such contracts; any failures in our information and communication systems, impacting us or our customers, clinical trial participants or employees; any failure to perform services in accordance with contractual requirements, regulatory standards and ethical standards; our ability to recruit, retain and motivate key personnel; our ability to attract suitable investigators or enroll a sufficient number of patients for our customers’ clinical trials; any failure by us to comply with numerous privacy laws; our dependence on third parties for critical goods and support services; our dependence on our technology network, and the impact from upgrades to the network; any violation of laws, including laws governing the conduct of clinical trials or other biopharmaceutical research, and anti-corruption laws; competition between our existing and potential customers and the potential negative impact on our business; our management of business restructuring transactions and the integration of acquisitions; risks related to the drug development services industry that could result in potential liability; any failure of our insurance to cover the potential liabilities associated with the operation of our business and provision of services; our use of biological and hazardous materials, which could result in liability; international or U.S. economic, currency, political and other risks; economic conditions and regulatory changes from the United Kingdom’s exit from the European Union; any inability to adequately protect our intellectual property or the security of our systems and the data stored therein; consolidation amongst our customers, and the potential for rationalization of the combined drug development pipeline, resulting in fewer products in clinical development; any patent or other intellectual property litigation we might be involved in; changes in tax laws, or interpretations of existing tax laws; our investments in third parties; the substantial value of our goodwill and intangible assets, which we might not fully realize, resulting in impairment losses; difficult and volatile conditions in the capital and credit markets and in the overall economy; risks related to our indebtedness; risks related to ownership of our common stock; the significant influence of certain significant stockholders over us; and other factors. We assume no obligation and disclaim any duty to revise or update any forward-looking statements, or make any new forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, including adjusted EBITDA, adjusted net income, adjusted diluted earnings per share, free cash flow, unlevered free cash flow, unlevered free cash flow conversion, net debt, net leverage ratio, adjusted net leverage ratio and segment revenues. Other companies in our industry may calculate such non-GAAP financial measures differently than we do. As a result, these non-GAAP financial measures have limitations as analytical and comparative tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. For a reconciliation of non-GAAP measures used in this presentation to the closest comparable GAAP measure, see the Appendix to this presentation.

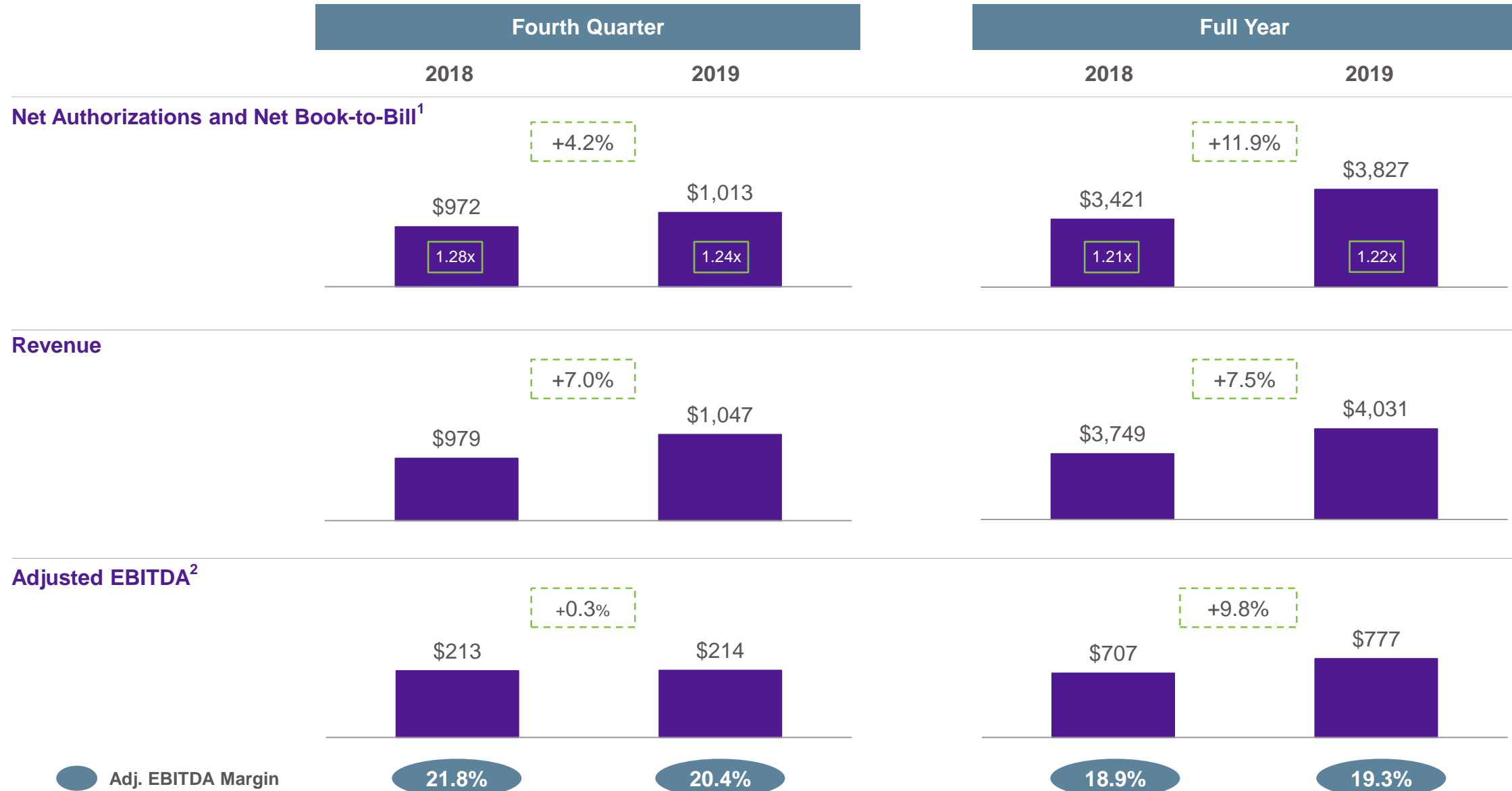
Full Year 2019 & Recent Highlights

\$ in millions, except per share data

- Full year 2019 results were at or above the mid-point of the range as disclosed in the S-1 as part of the IPO marketing process. Notable metrics include:
 - Revenue of \$4,031 million (+7.5% Y/Y) vs. mid-point of \$4,027 million
 - Segment Revenues¹ \$3,144 million (+10.8% Y/Y) vs. mid-point of \$3,140 million
 - Adjusted EBITDA¹ of \$777 million (+9.8% Y/Y) vs. mid-point of \$775 million
 - Net Authorizations of \$3,827 million (+11.9% Y/Y) vs. mid-point of \$3,825 million
 - Ending backlog of \$7,066 million (+11.9% Y/Y) vs. mid-point of \$7,065 million
- In February, completed IPO of 69 million shares at \$27 per share representing the high-end of the marketed range including a full exercise of the greenshoe resulting in net IPO proceeds¹ of \$1,766 million
- Following the IPO, successfully redeemed² the entirety of our \$1,450 million Senior PIK Toggle Notes and received corporate ratings upgrades from both Moody's and S&P:
 - Moody's upgrade to Ba3 (stable) from B2 (stable)
 - S&P upgrade to B+ (positive) from B (stable)
- Reduced net leverage ratio¹ as of 12/31/19 from 6.9x as reported to 4.7x on an adjusted basis had the Company received the net IPO proceeds¹ and effected the redemptions² of the Senior PIK Toggle Notes as of 12/31/19

Q4 & Full Year Results – Consolidated

\$ in millions



Unless otherwise noted, dollars and Y/Y % growth rates are at actual foreign exchange rates
¹ Net authorizations and net book-to-bill exclude the impact of anticipated third-party pass-through and out-of-pocket revenue
² See reconciliation of non-GAAP measures included in Appendix



Q4 & Full Year Results – Revenue

\$ in millions

	Fourth Quarter			Full Year		
	2018	2019	Y/Y %	2018	2019	Y/Y %
Clinical Development Services ¹	\$630	\$658	4.4%	\$2,336	\$2,545	8.9%
Laboratory Services ¹	132	161	22.2%	502	599	19.3%
Segment Revenues¹	\$762	\$819	7.5%	\$2,838	\$3,144	10.8%
Other Revenue ²	217	228	5.3%	911	887	(2.6%)
Revenue	\$979	\$1,047	7.0%	\$3,749	\$4,031	7.5%

Unless otherwise noted, dollars and Y/Y % growth rates are at actual foreign exchange rates

¹ See reconciliation of non-GAAP measures included in Appendix

² Other revenue represents third-party pass-through and out-of-pocket revenue

Q4 & Full Year Results – Profit

\$ in millions, except per share data

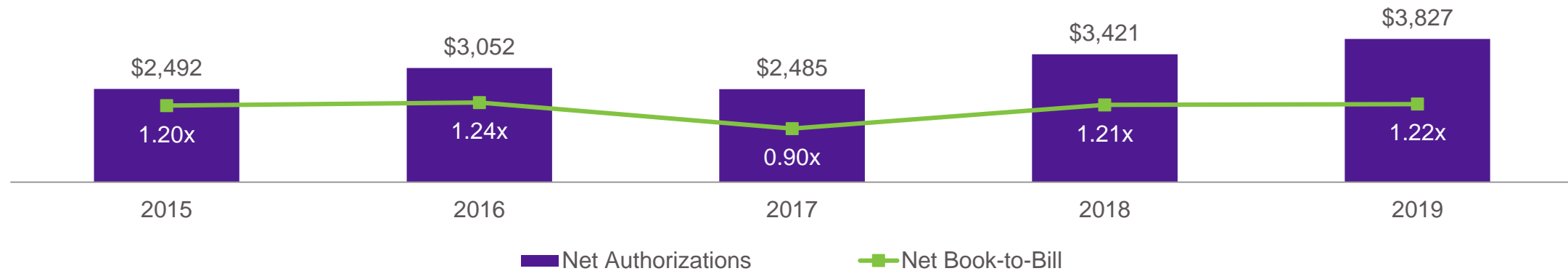
	Fourth Quarter			Full Year		
	2018	2019	Y/Y %	2018	2019	Y/Y %
Adjusted EBITDA ¹	\$213	\$214	0.3%	\$707	\$777	9.8%
Net Income attributable to common stockholders of PPD, Inc.	\$37	\$7	(81.5%)	\$96	\$55	(43.3%)
Diluted Earnings Per Share	\$0.13	\$0.02	(84.6%)	\$0.34	\$0.19	(43.5%)
Adjusted Net Income ¹	\$76	\$92	21.5%	\$258	\$287	11.4%
Adjusted Diluted Earnings per Share ¹	\$0.27	\$0.33	22.2%	\$0.92	\$1.02	10.9%

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¹ See reconciliation of non-GAAP measures included in Appendix

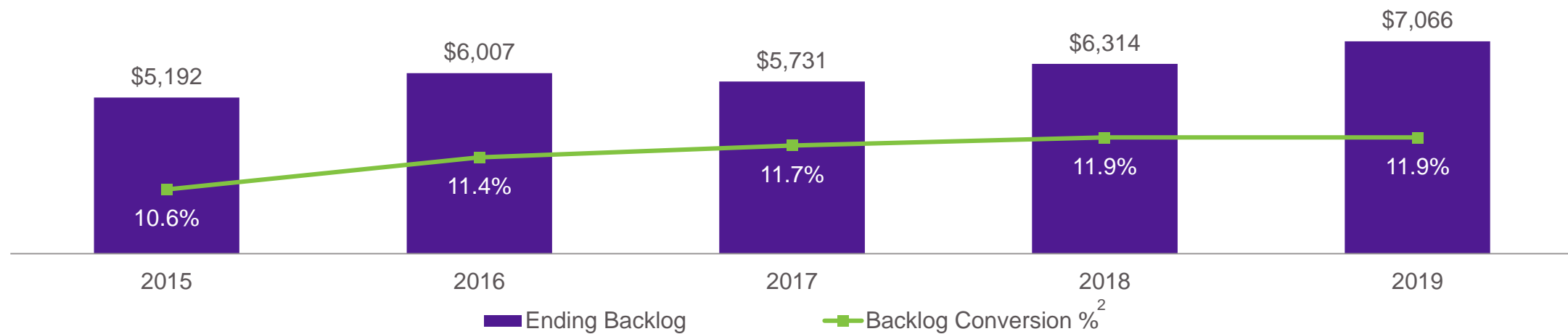
Trended Authorizations and Backlog

\$ in millions

Net Authorizations and Net Book-to-Bill¹



Ending Backlog and Backlog Conversion¹



Unless otherwise noted, dollars and Y/Y % growth rates are at actual foreign exchange rates

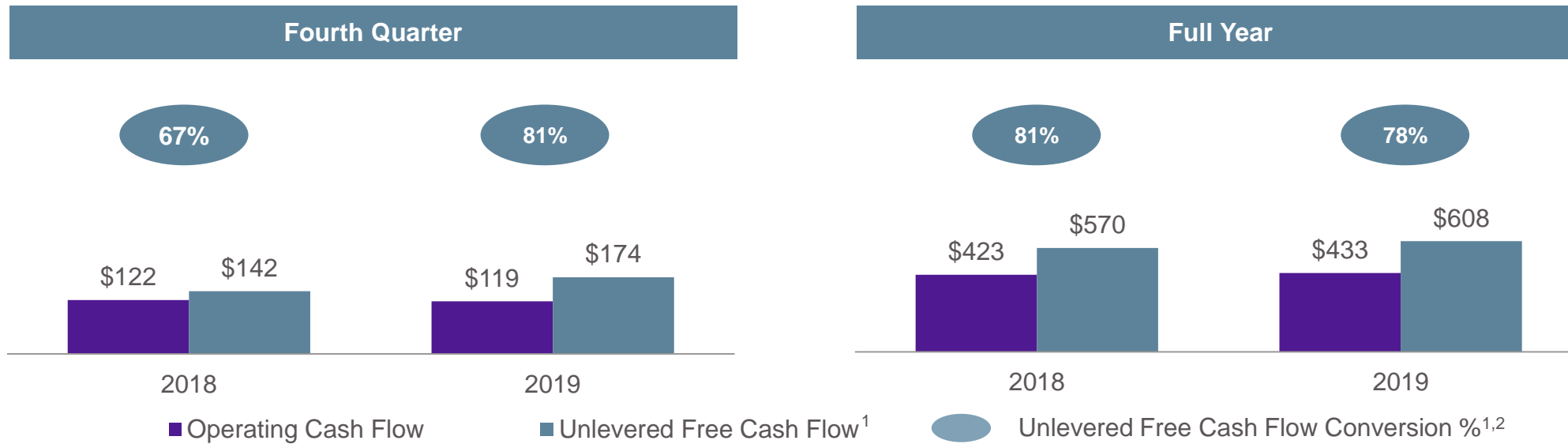
¹ Net authorizations, net book-to-bill, backlog and backlog conversion exclude the impact of anticipated third-party pass-through and out-of-pocket revenue

² Backlog conversion % represents quarterly average conversion % for each period

Cash Flow and Leverage Profile

\$ in millions

Cash Flow and Unlevered Free Cash Flow Conversion^{1,2}



Leverage at December 31, 2019 as Reported¹:

Cash & cash equivalents	\$345
Gross debt	\$5,706
Net debt	\$5,361
Net leverage ratio	6.9x

Leverage at December 31, 2019 as Adjusted^{1,3}:

Cash & cash equivalents	\$632
Gross debt	\$4,256
Net debt	\$3,624
Adjusted net leverage ratio	4.7x

2020 Full Year Guidance

\$ in millions

- PPD is issuing the following guidance ranges for 2020:
 - Revenue of \$4,353 million to \$4,474 million representing year-on-year growth of 8% to 11%
 - Adjusted EBITDA¹ of \$855 million to \$870 million representing year-on-year growth of 10% to 12% on an as reported basis and 8% to 10% on a normalized basis after accounting for the migration of an existing cash based long-term incentive program to a traditional stock-based compensation scheme in 2020³
- Based on the current outlook, the Company expects to deliver in the top-half of the ranges provided
- Guidance reflects an estimated mid single-digit (\$ million) impact to first quarter 2020 revenue and adjusted EBITDA related to the Coronavirus

	Low – High (\$) ²	Low – High (Y/Y %)
Revenue	\$4,353 - \$4,474	8% - 11%
Adjusted EBITDA¹	\$855 - \$870	<u>As Reported</u> 10% - 12% <u>Normalized</u> ³ 8% - 10%

Unless otherwise noted, dollars and Y/Y % growth rates are at actual foreign exchange rates

¹ See reconciliation of non-GAAP measures included in Appendix

² Guidance ranges assume foreign exchange rates as of 2/28/20 for remainder of FY 2020

³ Represents normalized growth if 2020 ranges are compared against 2019 Adj. EBITDA further adjusted by +\$14M assuming such costs in 2019 were related to a stock-based compensation scheme and added back to Adj. EBITDA

Appendix

Adjusted EBITDA and Adjusted EBITDA Margin Reconciliation

\$ in millions

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Net income attributable to common stockholders of PPD, Inc.	\$37	\$7	\$96	\$55
Recapitalization investment portfolio consideration	(23)	10	8	(7)
Net income attributable to noncontrolling interests	1	2	3	5
Net income	\$15	\$18	\$107	\$53
Interest expense, net	66	83	264	312
Provision for (benefit from) income taxes	19	(9)	40	3
Depreciation and amortization	64	67	259	265
Stock-based compensation expense	6	4	18	16
Option holder special bonuses (a)	—	4	—	19
Other (income) expense, net	(29)	24	(22)	27
Goodwill and long-lived asset impairments	30	1	30	1
Sponsor fees and related costs (b)	1	1	4	4
Severance and charges for other cost reduction activities (c)	3	3	8	10
Transaction-related costs (d)	1	10	3	23
Loss (gain) on investments (e)	31	(4)	(16)	19
Other adjustments (f)	6	12	14	26
Adjusted EBITDA	\$213	\$214	\$707	\$777
Revenue	\$979	\$1,047	\$3,749	\$4,031
Adjusted EBITDA Margin	21.8%	20.4%	18.9%	19.3%

Adjusted Net Income and Adjusted Diluted EPS Reconciliation

\$ in millions, except per share data

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Net income	\$15	\$18	\$107	\$53
Amortization of intangible assets	41	41	169	162
Amortization of debt issuance and modification costs and debt discount	3	6	10	18
Amortization of accumulated other comprehensive income on derivatives	(3)	(2)	(5)	(10)
Stock-based compensation expense	6	4	18	16
Option holder special bonuses (a)	—	4	—	19
Other (income) expense, net	(29)	24	(22)	27
Goodwill and long-lived asset impairments	30	1	30	1
Sponsor fees and related costs (b)	1	1	4	4
Severance and charges for other cost reduction activities (c)	3	3	8	10
Transaction-related costs (d)	1	10	3	23
Loss (gain) on investments (e)	31	(4)	(16)	19
Other adjustments (f)	6	12	14	26
Total adjustments	\$91	\$99	\$212	\$315
Tax effect of adjustments (g)	(23)	(26)	(54)	(81)
Other tax adjustments (g)	(7)	—	(7)	—
Adjusted net income	\$76	\$92	\$258	\$287
Diluted weighted average common shares outstanding	279	282	279	281
Adjusted diluted earnings per share	\$0.27	\$0.33	\$0.92	\$1.02

Segment Revenues Reconciliation

\$ in millions

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Clinical Development Services	\$630	\$658	\$2,336	\$2,545
Laboratory Services	132	161	502	599
Other Revenue ¹	217	228	911	887
Revenue	\$979	\$1,047	\$3,749	\$4,031
Less: Other Revenue ¹	217	228	911	887
Segment Revenues	\$762	\$819	\$2,838	\$3,144

Unless otherwise noted, dollars are at actual foreign exchange rates. Some totals may not foot due to rounding.
¹ Other revenue represents third-party pass-through and out-of-pocket revenue.

Cash Flow and Net Leverage Reconciliation

\$ in millions

	Fourth Quarter		Full Year	
	2018	2019	2018	2019
Cash from operating activities	\$122	\$119	\$423	\$433
Less: Cash paid for purchases of property and equipment	41	37	116	126
Free cash flow	\$82	\$83	\$307	\$307
Cash paid for interest	61	91	263	301
Unlevered free cash flow	\$142	\$174	\$570	\$608
Adjusted EBITDA	\$213	\$214	\$707	\$777
Free cash flow conversion %	67%	81%	81%	78%

	Q4'19 Actual	Q4'19 Adjusted ¹
Gross debt	\$5,706	\$4,256
Less: Cash and cash equivalents	345	632
Net debt	\$5,361	\$3,624
Adjusted EBITDA (last twelve months)	\$777	\$777
Net leverage ratio (Net debt / Adjusted EBITDA) (h)	6.9x	4.7x (h)

Unless otherwise noted, dollars are at actual foreign exchange rates. Some totals may not foot due to rounding.
¹ As adjusted assuming receipt of \$1.77 billion in net IPO proceeds and redemption of Senior PIK Toggle Notes as of 12/31/19. For additional details, please see note (h) on slide 15.

Notes to Non-GAAP Reconciliations

- (a) Represents PPD's costs associated with special cash bonuses paid to PPD's option holders.
- (b) Represents management fees incurred under consulting services agreements with certain investment funds of Hellman & Friedman LLC and its affiliates and The Carlyle Group, Inc. and its affiliates. These consulting services agreements terminated upon consummation of our IPO.
- (c) Represents employee separation costs, exit and disposal costs with the full or partial exit of certain leased facilities, costs associated with planned employee reorganizations and other contract termination costs from various cost-reduction activities.
- (d) Represents integration and transaction costs incurred with completed or contemplated acquisitions, costs incurred in connection with our IPO and other transaction costs.
- (e) Represents the fair value accounting gains or losses primarily from our investments in Auvén Therapeutic Holdings, L.P. and in venBio Global Strategic Fund, L.P.
- (f) Other adjustments include amounts that management believes are not representative of our operating performance. These adjustments include implementation costs associated with a new enterprise resource planning application, advisory costs associated with the adoption of new accounting standards and other unusual charges or income.
- (g) Non-GAAP adjustments were tax effected at an estimated blended effective tax rate of 26%, excluding the change in recapitalization investment portfolio consideration, which represents PPD's estimated full year non-GAAP effective tax rate. The non-recurring gain associated with the Tax Cuts and Jobs Act of 2017 was \$7 million for the three months and year ending December 31, 2018 and is reflected as an adjustment as it is not representative of our operating performance.
- (h) As adjusted net debt and net leverage ratio give effect to receipt of the net proceeds from our IPO (which was completed on February 10, 2020) and the use of a portion of such net proceeds to redeem (i) \$550.0 million of aggregate principal amount of 7.625%/8.375% Senior PIK Toggle Notes due 2022 and (ii) \$900.0 million of aggregate principal amount of 7.75%/8.50% Senior PIK Toggle Notes due 2022 issued by a subsidiary of PPD, including payment of the applicable premium and accrued interest thereon (which occurred on February 18, 2020) as if the IPO and such redemption occurred on December 31, 2019.