



ICON Q4 2023 and FY 2023 Results Period Ended December 31, 2023

Dr. Steve Cutler, CEO
Brendan Brennan, CFO
Kate Haven, VP Investor Relations



Forward Looking Statement

Statements included in this presentation which are not historical facts are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (the “PSLRA”). Forward-looking statements include statements regarding our financial guidance and outlook, and may be identified by the use of future tense or other forward looking words such as “believe”, “expect”, “anticipate”, “should”, “may”, “strategy”, or other variations or comparable terminology. The forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, our results could be materially adversely affected. The risks and uncertainties include, but are not limited to, dependence on the pharmaceutical industry and certain clients, the need to regularly win projects and then to execute them efficiently and correctly, the challenges presented by rapid growth, competition and the continuing consolidation of the industry, the dependence on certain key executives, changes in the regulatory environment and other factors identified in the Company’s SEC reports, including the Form 20-F filed on February 24, 2023 and any future filings with the SEC. The Company has no obligation under the PSLRA to update any forward looking statements and does not intend to do so.

This presentation includes selected non-GAAP financial measures including, but not limited to, adjusted EBITDA and adjusted earnings per share. For a presentation of the most directly comparable GAAP financial measures, please refer to the press release section titled “Condensed Consolidated Statement of Operations”. Please also refer to the Appendix of this presentation for reconciliations of Non-GAAP financial measures contained herein to the most directly comparable GAAP financial measures. While non-GAAP financial measures are not superior to or a substitute for the comparable GAAP measures, we believe certain non-GAAP information is more useful to investors for historical comparison purposes.

The full-year 2024 guidance adjusted earnings per share measures are provided on a non-GAAP basis without a reconciliation to the most directly comparable GAAP measure because the company is unable to predict with a reasonable degree of certainty certain items contained in the GAAP measures without unreasonable efforts. For the same reasons, the company is unable to address the probable significance of the unavailable information.

The information contained in this presentation is being provided for your convenience and information only. This information is accurate as of the date of its initial presentation. If you plan to use this information for any purpose, verification of its continued accuracy is your responsibility. ICON assumes no duty to update or revise the information contained in this presentation.

The world's leading CRO, powered by healthcare intelligence



ICON's **leading service offering** positions us well for further penetration across the market



Positive underlying CRO market dynamics with biotech market stabilizing



Recent success with strategic partnership opportunities

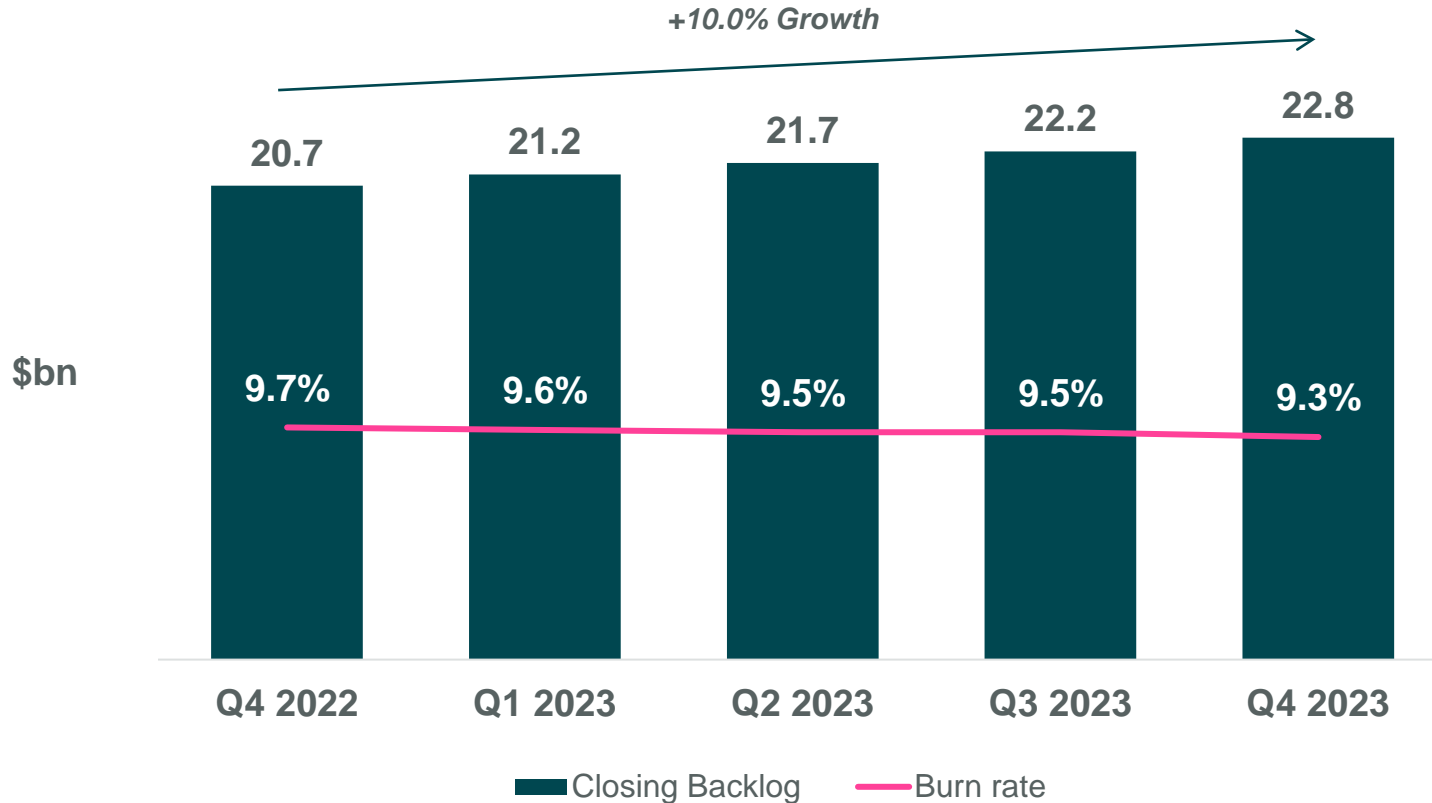


Optimize capital deployment through **increased M&A and potential share repurchase**

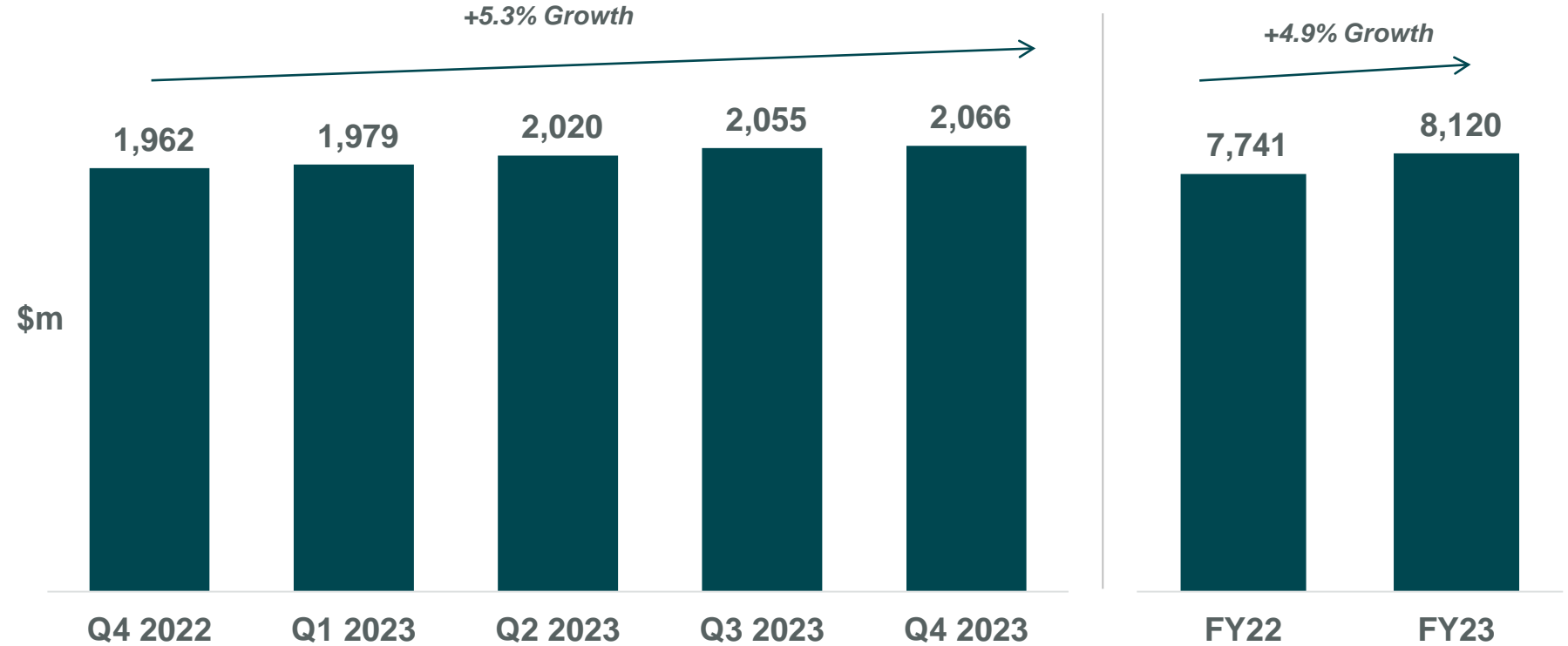


Upgraded debt profile to investment grade allowing for refinancing of debt

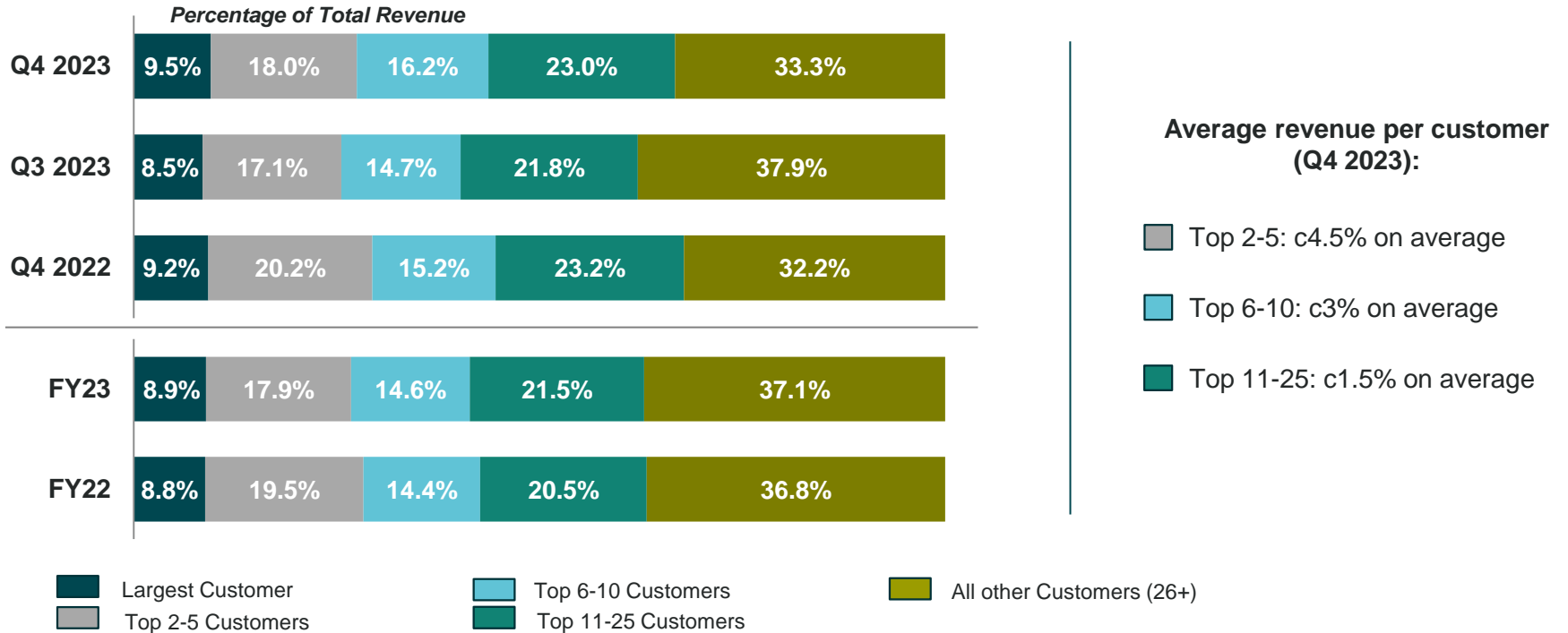
Backlog Metrics



Revenue

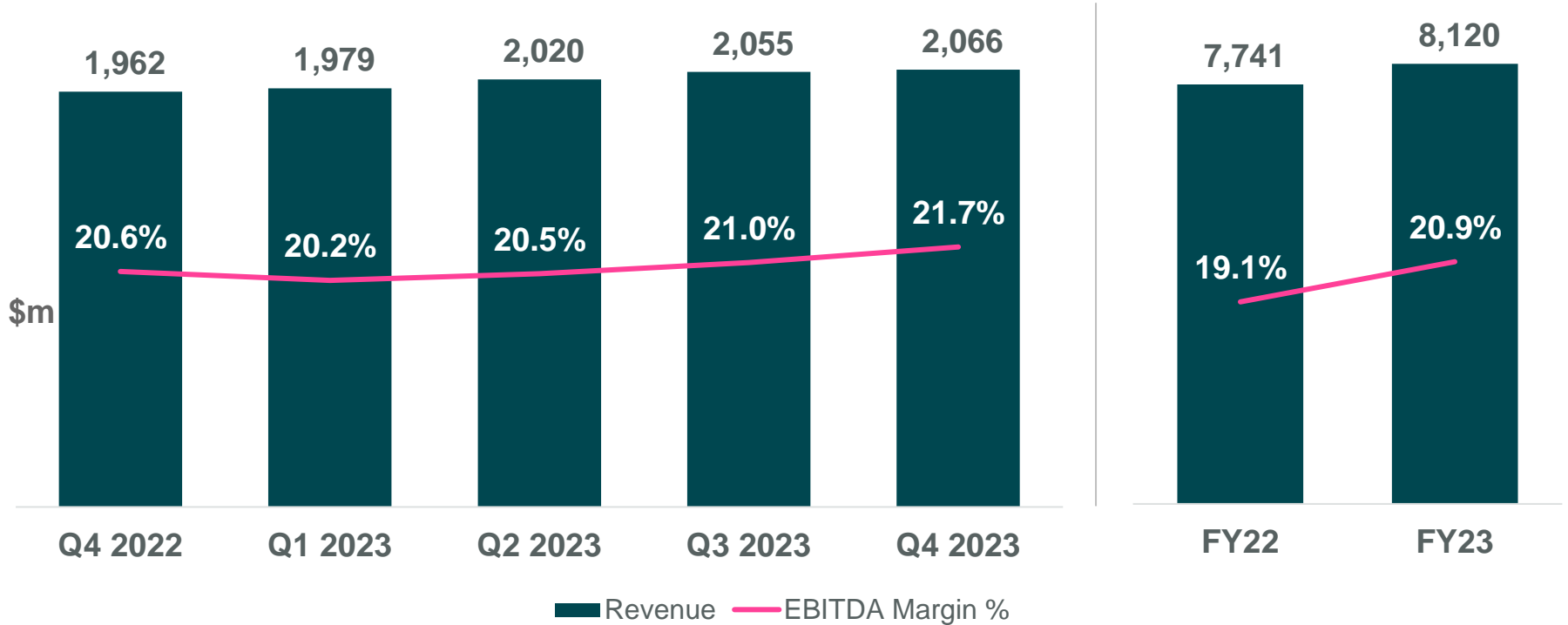


Customer Concentration & Diversification



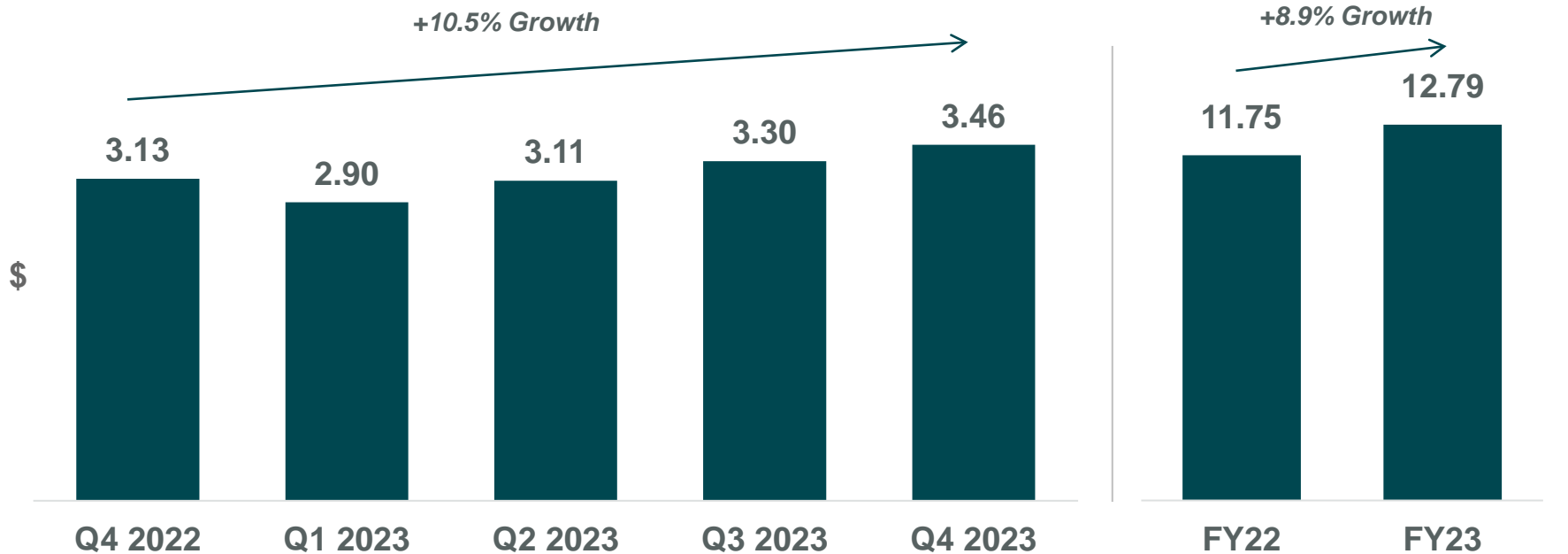
- Customer profile is well-balanced, diversified across customer segments and service offerings
- No particular concentration risk given average revenue contribution per customer

Adjusted EBITDA Margin



Notes: All values exclude amortization, stock compensation, restructuring, FX and transaction-related / integration-related costs
Adjusted EBITDA Margin is a non-GAAP financial measure. Refer to "Forward Looking Statement" at the beginning of this presentation for a discussion of our non-GAAP financial measures

Adjusted Earnings per Share attributable to the Group



Notes: All values exclude amortization, stock compensation, restructuring, FX and transaction-related / integration-related costs
Adjusted earnings per share is a non-GAAP financial measure. Refer to "Forward Looking Statement" at the beginning of this presentation for a discussion of our non-GAAP financial measures

Balance Sheet

\$m (unless otherwise stated)	Q4 2023 31-Dec-23	Q3 2023 30-Sep-23	Q4 2022 31-Dec-22
Cash and Cash Equivalents + Available for Sale Investments	380.1	315.0	290.5
Total Debt	(3,775.6)	(4,041.7)	(4,654.2)
Net (Debt) / Cash	(3,395.5)	(3,726.7)	(4,363.7)
Net Debt / TTM Adj EBITDA Ratio *	2.0x	2.3x	2.9x
DSO (days)	47	49	54

* TTM Adjusted EBITDA to 30 September 2023 and 31 December 2022 includes synergies. TTM Adjusted EBITDA to 31 December 2023 does not include synergies as the \$150 million synergy target was achieved in TTM to 31 December 2023

Cash Flow

Quarterly Cash Flow (\$m)	Q4 2023	Q3 2023	Q4 2022
Cash from Operating Activities	440.1	341.5	(59.4)
Capital Expenditure	(52.7)	(29.1)	(57.0)
Free Cash Flow*	387.4	312.4	(116.4)

Full Year Cash Flow (\$m)	FY 2023	FY 2022
Cash from Operating Activities	1,161.0	563.3
Capital Expenditure	(140.7)	(142.2)
Free Cash Flow*	1,020.3	421.1

* Excludes purchases of subsidiary undertakings

2024 Financial Guidance & Outlook

	FY2023	FY2024 Guidance	<i>% increase</i> (FY2024 Guidance vs. FY2023 Actuals)
Revenue	\$8,120.2m	\$8,400m - \$8,800m	3.4% - 8.4%
Adjusted EPS*	\$12.79	\$14.50 - \$15.30	13.4% - 19.6%

Key Assumptions for FY2024 Guidance

- Effective tax rate of 16.5%
- Excludes share repurchase activity
- Excludes additional M&A
- Free Cash Flow target of c\$1.1bn
- Adjusted EBITDA* margin expansion of c50bps over FY2023
- Total interest expense in the range of \$200-230m
- Total capital expenditure spend in the range of \$150-200m

*Adjusted EBITDA and adjusted EPS exclude amortization, stock compensation, restructuring, FX and transaction-related / integration-related costs

Note: Adjusted EBITDA and adjusted EPS are non-GAAP financial measures. Refer to "Forward Looking Statement" at the beginning of this presentation for a discussion of our non-GAAP financial measures



Appendices

Reconciliation of Non-GAAP Measures (Adjusted EBITDA)

<i>\$m except share and per share data</i>	2022					2023				
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Adjusted EBITDA										
Net income	112.0	115.7	160.2	117.4	505.3	116.7	115.6	163.7	216.4	612.3
Share of losses from equity method investments	0.8	0.9	1.0	0.5	3.1	0.4	-	-	-	0.4
Income tax expense	13.3	14.3	21.0	10.9	59.4	14.3	9.6	18.0	(30.2)	11.7
Net interest expense	44.3	46.9	61.6	74.6	227.4	85.5	84.3	82.6	79.3	331.7
Depreciation and amortization	141.4	144.0	141.9	142.2	569.5	145.1	145.1	146.0	149.7	586.0
Stock-based compensation expense ^(a)	19.2	18.9	16.7	15.0	69.9	14.8	16.6	16.5	7.8	55.7
Foreign currency losses/(gains), net ^(b)	(6.6)	(17.8)	(36.9)	35.4	(26.0)	1.3	0.9	(4.7)	15.4	12.9
Restructuring ^(c)	4.2	22.5	6.2	(1.7)	31.1	9.7	35.7	-	-	45.4
Transaction and integration related costs ^(d)	12.1	8.9	8.0	10.7	39.7	11.4	12.7	10.4	9.7	44.2
Oncacare (gain) ^(f)	-	-	-	-	-	-	(6.2)	-	-	(6.2)
Adjusted EBITDA	340.6	354.3	379.6	405.0	1,479.5	399.1	414.2	432.5	448.2	1,694.1
<i>Adjusted EBITDA Margin %</i>	<i>17.9%</i>	<i>18.3%</i>	<i>19.5%</i>	<i>20.6%</i>	<i>19.1%</i>	<i>20.2%</i>	<i>20.5%</i>	<i>21.0%</i>	<i>21.7%</i>	<i>20.9%</i>

Reconciliation of Non-GAAP Measures (Adjusted Net Income & Adjusted EPS)

\$m except share and per share data	2022					2023				
	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Adjusted net income and adjusted diluted net income per Ordinary Share										
Net Income	112.0	115.7	160.2	117.4	505.3	116.7	115.6	163.7	216.4	612.3
Income tax expense	13.3	14.3	21.0	10.9	59.4	14.3	9.6	18.0	(30.2)	11.7
Amortization	114.8	118.3	115.0	115.0	463.1	114.7	114.6	114.6	116.0	459.9
Stock-based compensation expense ^(a)	19.2	18.9	16.7	15.0	69.9	14.8	16.6	16.5	7.8	55.7
Foreign currency losses/ (gains), net ^(b)	(6.6)	(17.8)	(36.9)	35.4	(26.0)	1.3	0.9	(4.7)	15.4	12.9
Restructuring ^(c)	4.2	22.5	6.2	(1.7)	31.1	9.7	35.7	-	-	45.4
Transaction and integration related costs ^(d)	12.1	8.9	8.0	10.7	39.7	11.4	12.7	10.4	9.7	44.2
Transaction-related financing costs ^(e)	5.8	3.5	4.4	4.2	17.8	4.5	3.4	4.6	3.9	16.4
Oncacare (gain) ^(f)	-	-	-	-	-	-	(6.2)	-	-	(6.2)
Adjusted tax expense ^(g)	(46.7)	(48.5)	(47.3)	(49.2)	(191.7)	(47.5)	(46.0)	(49.1)	(51.5)	(194.2)
Adjusted net income	228.0	235.8	247.2	257.7	968.7	239.8	256.9	273.9	287.5	1,058.2
Diluted weighted average number of Ordinary Shares outstanding	82,613,098	82,312,946	82,493,211	82,452,097	82,468,363	82,605,659	82,627,933	82,972,888	83,112,757	82,717,640
Adjusted diluted net income per Ordinary Share	2.76	2.86	3.00	3.13	11.75	2.90	3.11	3.30	3.46	12.79

Q4 2023 & FY 2023 Adjusted Net Income Reconciliation

\$m except share and per share data	Q4 2023			FY 2023		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenue	2,066.2	-	2,066.2	8,120.2	-	8,120.2
Costs and expenses:						
Direct costs (excluding depreciation and amortization) ^(a)	1,445.7	(7.9)	1,437.9	5,719.9	(26.6)	5,693.4
Selling, general and administrative ^{(a),(b),(f)}	195.6	(15.4)	180.2	768.6	(35.8)	732.7
Depreciation and amortization	149.7	(116.0)	33.7	586.0	(459.9)	126.1
Transaction and integration related ^(d)	9.7	(9.7)	-	44.2	(44.2)	-
Restructuring ^(c)	-	-	-	45.4	(45.4)	-
Total costs and expenses	1,800.7	(148.9)	1,651.8	7,164.0	(611.8)	6,552.2
Income from operations	265.6	148.9	414.4	956.2	611.8	1,568.0
Net interest expense ^(e)	(79.3)	3.9	(75.4)	(331.7)	16.4	(315.3)
Income before income tax expense	186.3	152.8	339.0	624.5	628.2	1,252.7
Income tax expense ^(g)	30.2	(81.7)	(51.5)	(11.7)	(182.4)	(194.2)
Income before share of losses from equity method investments	216.4	71.1	287.5	612.7	445.8	1,058.6
Share of losses from equity method investments	-	-	-	(0.4)	-	(0.4)
Net Income	216.4	71.1	287.5	612.3	445.8	1,058.2
Diluted weighted average number of Ordinary Shares outstanding	83,112,757		83,112,757	82,717,640		82,717,640
Net income per Ordinary Share	2.60		3.46	7.40		12.79

Reconciliation of Non-GAAP Measures Notes

- a) Stock-based compensation expense represents the amount of recurring expense related to the Company's equity compensation programs (inclusive of employer related taxes).
- b) Foreign currency losses / (gains), net relates to gains or losses that arise in connection with the revaluation or settlement of non-US dollar denominated assets and liabilities. We exclude these gains and losses from adjusted EBITDA and adjusted net income because fluctuations from period- to- period do not necessarily correspond to changes in our operating results.
- c) Restructuring relates to charges incurred in connection with the company's realignments of its workforce, with the elimination of redundant positions as well as reviewing its global office footprint and optimizing its locations to best fit the requirements of the company.
- d) Transaction and integration related costs include expenses/credits associated with our acquisitions and any other costs incurred directly related to the integration of these acquisitions.
- e) Transaction-related financing costs includes costs incurred in connection with changes to our long-term debt and amortization of financing fees. We exclude these costs from Adjusted EBITDA and Adjusted Net Income because they result from financing decisions rather than from decisions made related to our ongoing operations.
- f) On April 20, 2023, the Company completed the purchase of the majority investor's 51% majority voting share capital of Oncacare Limited ("Oncacare"). This gave rise to an acquisition-related gain of \$6.2 million. This gain was excluded from adjusted EBITDA and adjusted net income.
- g) Represents the tax effect of adjusted pre-tax income at our estimated effective tax rate.

ICON



[ICONplc.com](https://www.ICONplc.com)

© 2024 ICON. All rights reserved.