Deutsche Bank
Markets Research

Rating
Buy

North America
United States

Health Care
Contract Research Organizations

Company
Quintiles Transnational

Reuters	Bloomberg	Exchange	Ticker
Q.N	Q US	NYS	Q

Date
18 June 2013

Initiation of Coverage

Price at 17 Jun 2013	43.53
Price target	51.00
52-week range	45.85 - 42.11

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Best in breed: initiate with Buy / $51 price target

Best in breed CRO: initiate "Q" with Buy rating and $51 price target

In an environment characterized by secular tailwinds and increased penetration of CRO outsourcing, we believe Q's operational scale, breadth of service capabilities, and management team experience position it better than any other player in the CRO landscape. Bottom line: we believe Q is a best in breed player in pharma services, and we think Q should be a core large-cap holding for HC services investors. Initiate Buy w/$51 PT (22.5x 2014E EPS of $2.27). Our tgt P/E represents a 15% premium to the peer group's 10-yr fwd P/E avg of 19.5x, justified due to Q's visible backlog and the co's ability to absorb market share gains more profitably than peers due to its scale.

A solid investment case to own Quintiles (Q)

Our positive investment case is underpinned by: (1) Increased end-market demand for CRO services due to a recovery in biopharma R&D, especially in late-stage where Q is a dominant player. (2) A solid fundamental backdrop characterized by the secular trend of accelerated penetration for CRO outsourcing, with larger CROs best positioned to win business. (3) The breadth of Q's service capabilities in the traditional CRO product development market (Q's "PDEV segment"), as well as in the commercialization and consulting services markets (Q's "IHS segment"). (4) A backlog that provides rev visibility and is showing signs of strength, and a less volatile historical book-to-bill ratio, which speaks to Q's stability over R&D cycles. (5) Q's significant operational scale, broad therapeutic expertise and depth of its management team, which positions it uniquely to absorb market share gains more profitably than peers.

DB estimates: we believe Q is capable of growing EPS mid-teens in 2014

DB's model assumes 2013 / 2014 yoy revenue growth of +4% / +9% and adjusted EBITDA growth of +8% / +12%, with 2013 revs of $3.82B impacted ~200 bps from FX ($/Yen) and 2014 revs of $4.16B driven by +8% PDEV and +10% IHS. Our 2013 / 2014 EPS is $1.94 / $2.27, with 2014 yoy EPS growth +16.8%. The biggest upside risks to our estimates could come from higher net new business wins, margin improvements in IHS segment, and strategic M&A.

Valuation and investment risks

Our tgt P/E 22.5x is a premium to peer group 10-year avg. 19.5x due to Q's relative size and scale. Key risks: competition and pricing pressure, volatility of backlog burn-rates and contract changes, ownership concentration/overhang of financial sponsors and founder, higher debt load vs. peers, and FX exposure.

Forecasts And Ratios

Year End Dec 31	2012A	2013E	2014E
FY EPS (USD)	1.77	1.94	2.27
P/E (x)	–	22.4	19.2
Revenue (USDm)	3,692.3	3,821.4	4,156.8

Source: Deutsche Bank estimates, company data

[1] Includes the impact of FAS123R requiring the expensing of stock options.

Model updated:17 June 2013

Running the numbers

North America

United States

Contract Research Organizations

Quintiles Transnational

Reuters: Q.N Bloomberg: Q UN

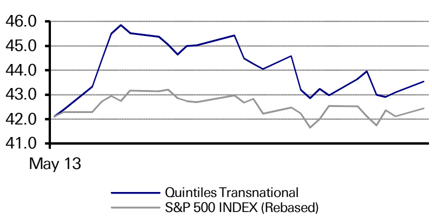
Buy

Price (17 Jun 13)	USD 43.53
Target Price	USD 51.00
52 Week range	USD 42.11 - 45.85
Market Cap (m)	USDm 6
	EURm 4

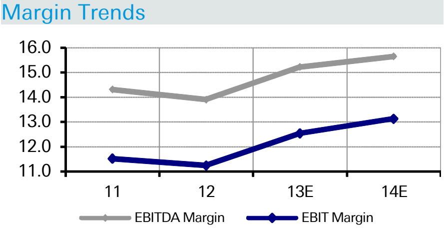
Company Profile

Quintiles is a contract research organization (CRO) and the largest provider of biopharmaceutical development and commercial outsourcing services. The Company has 27,000 employees in approximately 100 countries and has helped develop or commercialize all of the top 50 best selling drugs on the market.

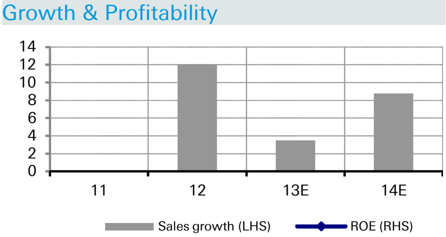
Price Performance



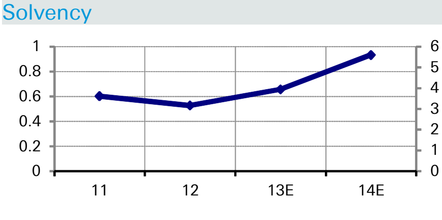
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec	2011	2012	2013E	2014E
Financial Summary				
DB EPS (USD)	1.62	1.77	1.94	2.27
Reported EPS (USD)	2,050.03	1,507.23	1,598.00	2,240.75
DPS (USD)	0.00	0.00	0.00	0.00
BVPS (USD)	-8,221.37	-11,537.27	-5,201.07	-2,705.29
Valuation Metrics				
Price/Sales (x)	nm	nm	0.0	0.0
P/E (DB) (x)	na	na	22.4	19.2
P/E (Reported) (x)	na	na	0.0	0.0
P/BV (x)	nm	nm	nm	nm
FCF yield (%)	na	na	3,817.6	5,532.7
Dividend yield (%)	na	na	0.0	0.0
EV/Sales	nm	nm	0.3	0.2
EV/EBITDA	nm	nm	1.9	1.2
EV/EBIT	nm	nm	2.3	1.5
Income Statement (USDm)				
Sales	3,295	3,692	3,821	4,157
EBITDA	472	513	582	651
EBIT	380	415	479	546
Pre-tax profit	185	267	303	442
Net income	242	178	205	302
Cash Flow (USDm)				
Cash flow from operations	161	336	316	428
Net Capex	-76	-71	-103	-104
Free cash flow	85	264	213	324
Equity raised/(bought back)	-13	-10	500	0
Dividends paid	0	0	0	0
Net inc/(dec) in borrowings	242	431	-384	0
Other investing/financing cash flows	-445	-634	-27	-3
Net cash flow	-130	51	302	321
Change in working capital	*-153*	*10*	*-3*	*25*
Balance Sheet (USDm)				
Cash and cash equivalents	516	568	869	1,190
Property, plant & equipment	186	194	184	183
Goodwill	547	575	572	572
Other assets	1,073	1,162	1,223	1,311
Total assets	2,323	2,499	2,848	3,256
Debt	1,972	2,422	2,040	2,040
Other liabilities	1,321	1,436	1,474	1,581
Total liabilities	3,293	3,858	3,514	3,620
Total shareholders' equity	-970	-1,359	-666	-364
Net debt	*1,456*	*1,854*	*1,170*	*849*
Key Company Metrics				
Sales growth (%)	nm	12.1	3.5	8.8
DB EPS growth (%)	na	9.6	9.6	16.8
Payout ratio (%)	0.0	0.0	0.0	0.0
EBITDA Margin (%)	14.3	13.9	15.2	15.7
EBIT Margin (%)	11.5	11.2	12.5	13.1
ROE (%)	nm	nm	nm	nm
Net debt/equity (%)	nm	nm	nm	nm
Net interest cover (x)	3.6	3.2	3.9	5.6
DuPont Analysis				
EBIT margin (%)	11.5	11.2	12.5	13.1
x Asset turnover (x)	1.4	1.5	1.4	1.4
x Financial cost ratio (x)	0.7	0.7	0.7	0.8
x Tax and other effects (x)	0.9	0.6	0.6	0.7
= ROA (post tax) (%)	10.4	7.4	7.7	9.9
x Financial leverage (x)	-2.4	-2.1	-2.6	-5.9
= ROE (%)	-24.9	-15.2	-20.2	-58.6
annual growth (%)	*na*	*38.8*	*-32.5*	*-189.8*
x NTA/share (avg) (x)	-8,221.4	-9,884.2	-7,907.3	-3,825.7
= Reported EPS	2,050.03	1,507.23	1,598.00	2,240.75
annual growth (%)	*na*	*-26.5*	*6.0*	*40.2*

Source: Company data, Deutsche Bank estimates

Executive summary

Key points

Bottom line: we believe Q is a best in breed player in pharma services, and we think Q should be a core large-cap holding for health care services investors

- We are initiating Quintiles Transnational Holdings, Inc. (Q) with a Buy rating and $51 12-month price target. Bottom line: we believe Q is a best in breed player in pharma services, and we think Q should be a core large-cap holding for health care services investors.

- In an environment characterized by secular tailwinds and increased penetration of CRO outsourcing, we believe Q's operational scale, breadth of service capabilities, and management team experience position it better than any other player in the CRO landscape. Our positive investment case on Q is underpinned by:

  (1) Increased end-market demand for CRO services due to a recovery in biopharma R&D, especially in late-stage where Q is the dominant player.

  (2) A solid fundamental backdrop characterized by the secular trend of accelerated penetration for CRO outsourcing, with larger CROs best positioned to win business due to their ability to offer complete service offerings at a good value to biopharma clients.

  (3) The breadth of Q's service capabilities in the traditional CRO product development market (Q's "PDEV segment"), as well as in the commercialization and consulting services markets (Q's Integrated Healthcare Services or "IHS segment").

  (4) A backlog that provides solid revenue visibility and is showing signs of strength, and a less volatile historical book-to-bill ratio, which speaks to Q's stability over pharma R&D cycles and business cycles.

  (5) Q's significant operational scale, broad therapeutic expertise and depth of its management team, which positions it uniquely to absorb market share gains more profitably than peers. Comparatively, Q's global footprint is unparalleled, in our view.

- DB estimates at a high level. 2013E revenue $3.8B / adj. EBITDA $584M / adj. EPS $1.94 vs. consensus $3.8B / $593M / $1.95, respectively.

Figure 1: Summary of DB estimates for Q ($ in millions, except per share data)

	2010	2011	2012	2013E	2014E
Service Revenue	$2,997	$3,295	$3,692	$3,821	$4,157
YoY % Growth	*2.5%*	*10.0%*	*12.1%*	*3.5%*	*8.8%*
Adjusted EBITDA	$463	$490	$544	$584	$651
YoY % Growth	*-0.3%*	*6.0%*	*10.9%*	*7.4%*	*11.4%*
Adjusted EPS	$1.40	$1.62	$1.77	$1.94	$2.27
YoY % Growth	*N/A*	*N/A*	*N/A*	*9.6%*	*16.8%*

Source: Deutsche Bank and company filings

Valuation framework

We do not assume further multiple expansion for the group over the near-term, particularly given the fact that P/E multiples have already expanded nearly 400 bps over the past two years

We believe Q is a best-in-breed player in the pharma services industry based on its relative size, scale and breadth. From a market cap size perspective, we believe Q's investment profile is another important relative advantage. In our view, these elements should allow Q to sustain a P/E multiple that is at a premium to the peer group's long-term average.

Using next-twelve-month (NTM) consensus estimates, the 10-year peer group average P/E is 19.5x, and the current forward P/E is approximately 22.5x. (Note: Due to business mix comparability, we include CVD, ICLR and PRXL as Q's best peers, thus excluding CRL.) Our valuation framework is based on a 15% premium to this L-T historical peer group average P/E, thus putting our target P/E at 22.5x 2014 EPS or $51 per share. We do not assume further multiple expansion for the group over the near-term, particularly given the fact that P/E multiples have already expanded nearly 400 bps over the past two years due to better earnings visibility from stronger market growth in late-stage development. Furthermore, we believe L-T average P/E is appropriate given other risks that could emerge due to intense competition and potential for increased pricing pressure.

Figure 2: CRO historical P/E multiples

	Consensus P/E for future 12 months						% premium to peers (ex-CRL)			Q Valuation Sensitivity		
	CRL	CVD	ICLR	PRXL	Average	Avg ex. CRL	5%	10%	15%	10%	15%	20%
Current	14.5x	22.1x	20.2x	24.8x	20.4x	22.4x	24.6x	25.8x	26.9x	$56	$58	$61
3 Month	15.0x	22.7x	20.2x	23.1x	20.3x	22.0x	24.2x	25.3x	26.4x	$55	$57	$60
6 Month	14.4x	21.9x	19.8x	21.6x	19.4x	21.1x	23.2x	24.3x	25.3x	$53	$55	$57
1 Year	13.6x	19.7x	19.1x	20.8x	18.3x	19.9x	21.9x	22.9x	23.9x	$50	$52	$54
2 Year	13.1x	18.2x	18.9x	19.3x	17.4x	18.8x	20.7x	21.6x	22.5x	$47	$49	$51
3 Year	13.7x	18.3x	17.8x	18.4x	17.1x	18.2x	20.0x	20.9x	21.8x	$45	$47	$50
4 Year	13.8x	18.5x	17.1x	17.7x	16.8x	17.8x	19.5x	20.4x	21.3x	$44	$46	$48
5 Year	13.7x	18.2x	17.2x	17.0x	16.5x	17.5x	19.2x	20.1x	21.0x	$44	$46	$48
6 Year	14.8x	19.4x	18.5x	18.5x	17.8x	18.8x	20.7x	21.6x	22.5x	$47	$49	$51
7 Year	15.2x	20.0x	19.1x	19.3x	18.4x	19.4x	21.4x	22.3x	23.3x	$48	$51	$53
8 Year	15.6x	20.4x	18.9x	19.8x	18.7x	19.7x	21.7x	22.7x	23.6x	$49	$51	$54
9 Year	16.1x	20.6x	18.5x	19.8x	18.7x	19.6x	21.6x	22.6x	23.5x	$49	$51	$53
10 Year	16.6x	20.4x	18.5x	19.7x	18.8x	19.5x	21.5x	**22.5x**	23.4x	$49	$51	$53

		% premium to peer average P/E:		
	Peer Average	10%	15%	20%
10 yr avg P/E	19.5x	21.5x	22.5x	23.4x
Q implied valuation range	*$44*	*$49*	***$51***	*$53*

**Peer average includes CVD, ICLR, PRXL*

Source: Deutsche Bank and FactSet

In terms of justifying this 15% P/E premium, we believe the best publicly-traded health care services analog for Q might be UNH

In terms of justifying this 15% P/E premium, we believe the best publicly-traded health care services analog for Q might be UnitedHealth Group, Inc. (UNH-$63.80; Hold, covered by DB's Scott Fidel). Similar to Q, UNH has leadership and breadth across many sub-markets and its size is 2x-3x that of the peer group as measured by revenues and market cap. In light of these factors, and consistently good management execution, UNH's P/E has averaged 16%-17% above the peer group in managed care over a long period of time. We believe the 15% premium we assign to Q is fair given its relative size, but offset somewhat by the fact that it has a short history as a public company and maintains high ownership concentration by its founder and financial sponsors.

Figure 3: UNH: a decent health care services analog for justifying a premium P/E for Q over the longer-term

Managed Care Orgs.	Ticker	Forward P/E Current P/E	Forward P/E 5 YR Avg	Forward P/E 10-YR Avg	2012 Revenue ($ MM)	Mkt Cap ($ MM)
UnitedHealth	**UNH**	**11.8x**	**9.7x**	**12.7x**	**$110,618**	**$65,433**
Aetna	AET	10.7x	8.7x	11.0x	$35,545	$20,072
Cigna	CI	10.8x	7.7x	9.9x	$29,119	$19,810
Humana	HUM	9.5x	8.6x	11.4x	$39,126	$12,830
WellPoint	WLP	9.8x	8.4x	11.0x	$60,729	$23,708
Peer Average		**10.2x**	**8.3x**	**10.8x**	**$41,130**	**$19,105**
UNH vs. Peers %		**116%**	**116%**	**117%**	**269%**	**342%**

CRO's	Ticker	2012 Revenue	Mkt Cap ($ MM)	Ent. Value ($ MM)
Quintiles	**Q**	**$3,692**	**$5,560**	**$7,794**
Charles River Labs	CRL	$1,130	$2,050	$2,604
Covance	CVD	$2,172	$4,200	$4,095
Icon PLC	ICLR	$1,115	$2,151	$1,950
PAREXEL Int'l	PRXL	$1,397	$2,641	$2,749
Peer Average		**$1,453**	**$2,760**	**$2,849**
Q vs. Peers %		**254%**	**201%**	**274%**

Source: Deutsche Bank and FactSet

Key investment risks

Important risks for Quintiles and the CRO industry include:

(1) Competition and pricing pressure. The CRO market is highly competitive and the trend is for larger strategic partnership contracts. Larger contracts are creating pricing pressures, which could result in margin pressure.

(2) Backlog, burn-rate and contract changes / terminations. Revenue visibility can change, even if the backlog is large. Some work has a faster "burn-rate" depending on how quickly revenue is realized. Drug development can be unpredictable and starts/stops are common. Contract cancellations or modifications can reduce the backlog. At 12/31/2012, Q's $8.7 billion backlog included $5.6 billion of backlog that will not generate revenue in 2013, based on the company's disclosures.

(3) Overhang of ownership concentration by financial sponsors & founder. Combined, the financial sponsors (Bain, TPG, 3i Corp, Temasek) and founder (Dennis Gillings, CBE, Ph.D.) own ~79% of shares outstanding following the offering.

(4) Debt of ~$2.1 billion (pro forma for IPO). Since 2008, Q has paid $1.5 billion in dividends to the financial sponsors and its founder, including $567M in 2012. The peer group has virtually no debt (CRL is the exception with net leverage of 2.3x).

(5) Foreign currency risk. Translation of and transactions in foreign currencies can affect sales growth. Quintiles has significant (~14%) exposure to Yen-based sales, but the company is naturally hedged with its cost structure in Japan. Cash balances in OUS subsidiaries may remain stranded due to U.S. tax laws.

Investment case for Q

Investment case point #1: end-market demand for CRO services is growing due to a recovery in biopharma R&D, especially in late-stage where Q is the dominant player.

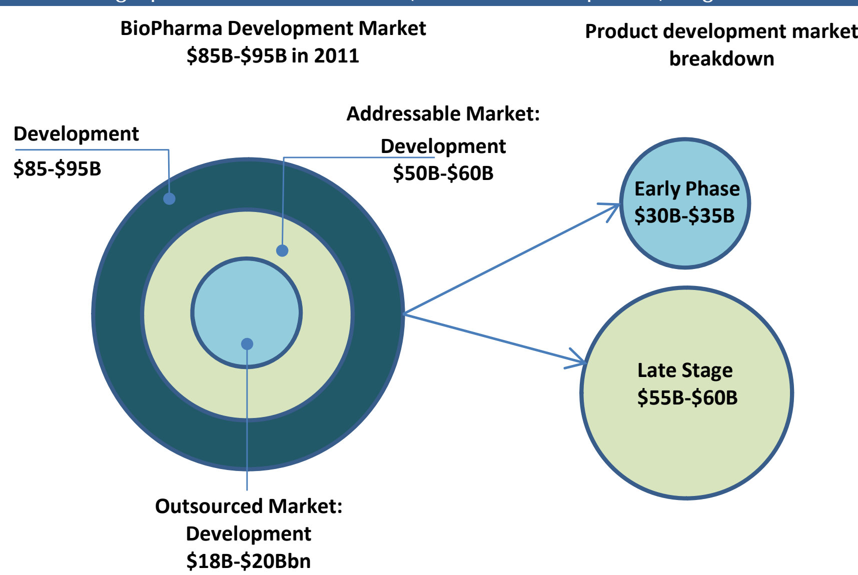
Quintiles is organized into two operating segments: Product Development (PDEV is 75% of 2013E service revenues) and Integrated Healthcare Services (IHS is 25% of 2013E service revenues). The PDEV segment addresses the "D" part of the biopharma R&D market with a full suite of clinical trials support services offerings geared primarily to Phase II-IV clinical trials. The IHS segment addresses the post-launch market with a range of commercialization services, consulting services and outcomes research services; the end customers for IHS can range from biopharma clients to third party payers (managed care and government) to health care systems. We believe the market for PDEV is growing 5%-8% per annum, and the market for IHS is growth 8%-10%, although this market is less well-defined and is evolving rapidly. On a combined basis (PDEV + IHS), we believe Quintiles is capable of growing top-line in the mid-to-upper single digits organically over the mid-to-long-term.

We believe Quintiles is capable of growing top-line in the mid-to-upper single digits organically over the mid-to-long-term

The size of the global biopharma R&D market is approximately $135 billion and is expected to grow 1%-2% over the next five years. The research component of the biopharma R&D market is estimated to be $40 billion to $50 billion, thus putting the development market for biopharma at $85 billion to $95 billion. We believe the early stage portion of the biopharma development market is approximately $30 billion, thus we put the addressable end-market for PDEV (the late stage portion) at approximately $60 billion in size. We believe the outsourced portion of the overall development market is approximately $20 billion and Quintiles enjoys a strong share of this market in the 14%-15% range.

We put the addressable end-market for Q's PDEV segment at approximately $60 billion in size. PDEV accounts for an estimated 75% of 2013E rev

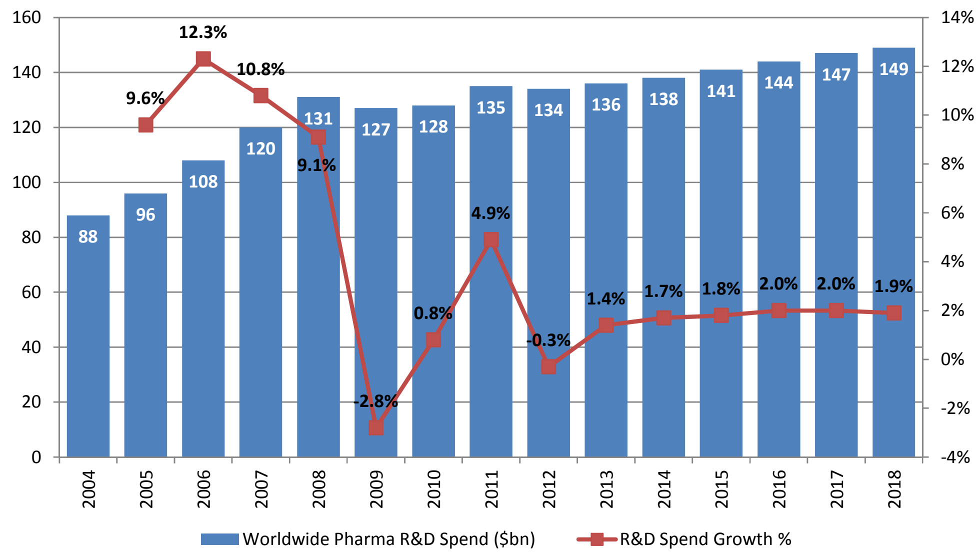
Figure 4: Sizing up the market for PDEV (Product Development) Segment



Source: Deutsche Bank, EvaluatePharma and company filings

Global biopharma R&D spending grew at a 6.5% CAGR from 2004-2010, and is expected to grow at a 1.5% CAGR through 2018, according to EvaluatePharma. R&D spending dropped in 2009-2010 as a result of the financial crisis, and the trend of consolidation of R&D budgets towards higher-probability compounds with the goal of greater R&D productivity ahead of the looming patent cliff. However, a steady recovery in biopharma R&D emerged in 2011 and is expected to continue over the next decade due to: (1) a steady recovery in biopharma pipelines; (2) improved biotech funding in recent years, which should serve as a source of pipeline growth into the future; and (3) a more stable macro-economic environment.

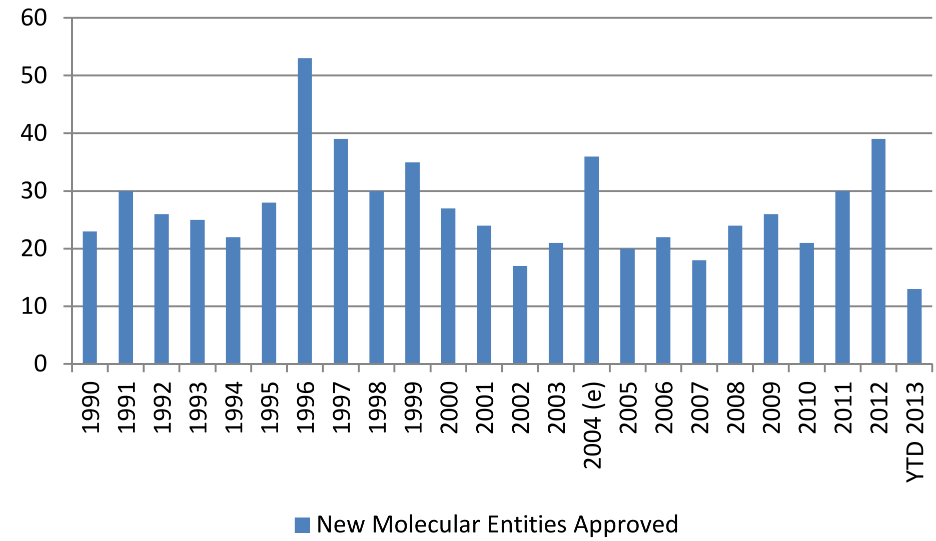
Figure 5: Worldwide biopharma R&D spending, 2004-2018P (in $ billions)



Source: Deutsche Bank, EvaluatePharma

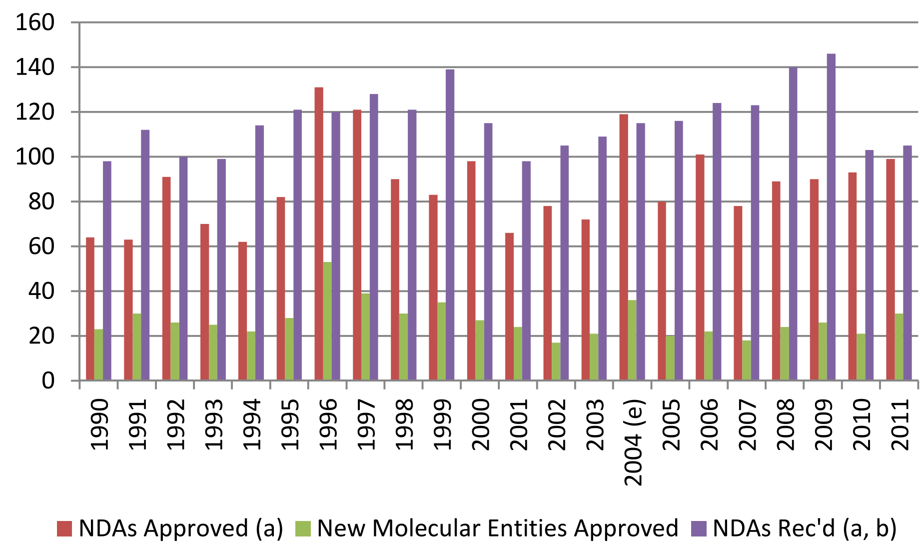
The health of the biopharma development end-market can be traced to empirical data supported by increasing New Molecular Entity (NME) approvals, increasing New Drug Applications (NDAs) filed, and growing biopharma pipelines. The number of NME approvals in the U.S. reached 39 in 2012, which is a level not seen since 1997 according to the FDA site. In addition to these 39 NMEs approved, we note NME approvals for rare orphan drugs reached 13 in 2012 and the number of rare orphan drug approvals has more than doubled since 2006, which is the first year we were able to find this information on the FDA site. NDAs reached a peak in 2009 and appear to have stabilized at 105 in 2011. The cost of failure has led to fewer NDAs since 2009, but we believe higher R&D productivity and pipeline growth should lead to gains in NDAs going forward.

Figure 6: U.S. New Molecular Entity (NME) Approvals, 1990-present



Source: Deutsche Bank. Food and Drug Administration

Figure 7: New Drug Applications (NDAs) approved and received, 1990-2011

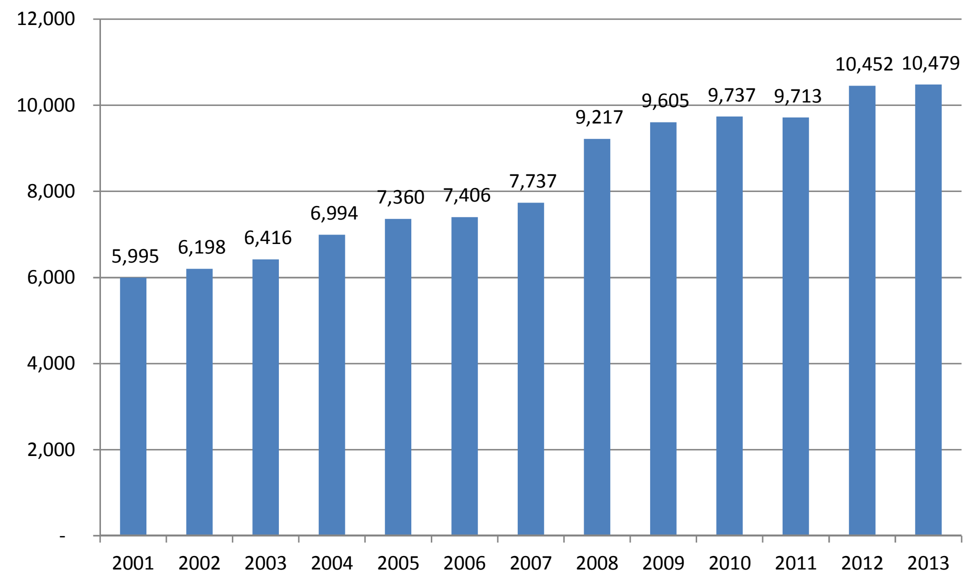


Source: Deutsche Bank. Food and Drug Administration

As of January 2013, there were approximately 10,500 drugs in active development, according to Citeline. Approximately half of the pipeline drug candidates were in pre-clinical development, and the number of pipeline drug candidates in Quintiles primary end-market (Phase II-III) has shown steady growth in recent years while early stage drug candidates have fallen-off slightly.

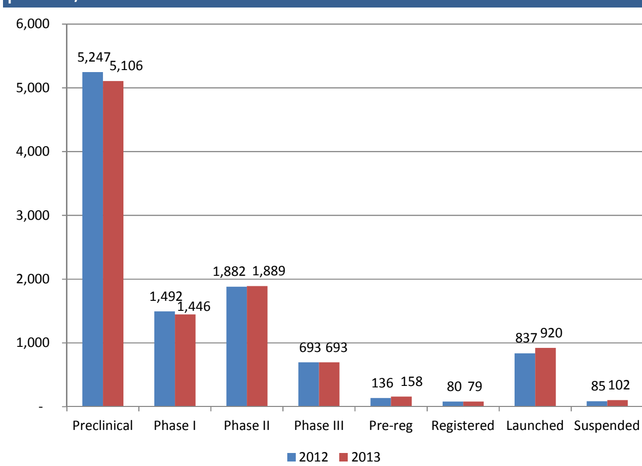
The number of pipeline drug candidates in Quintiles primary end-market (Phase II-III) has shown steady growth in recent years while early stage drug candidates have fallen-off slightly

Figure 8: Total global biopharma R&D pipeline count, 2001-2013



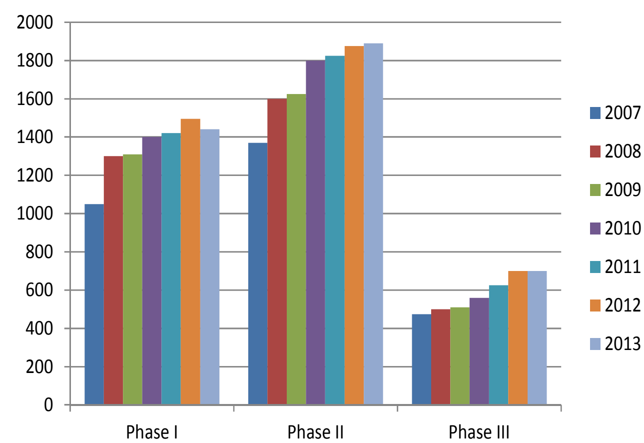
Source: Deutsche Bank and Citeline

Figure 9: Global biopharma R&D pipeline by development phase, 2012-2013



Source: Deutsche Bank and Citeline

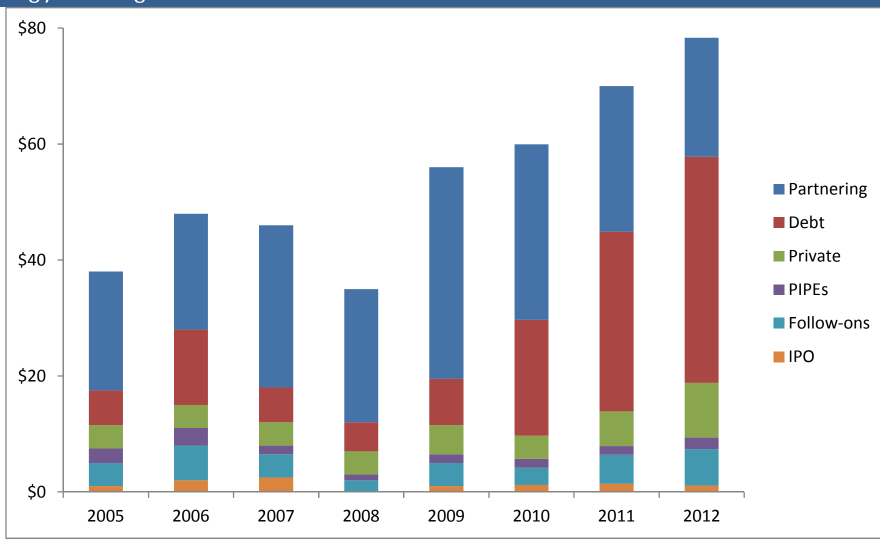
Figure 10: Global biopharma R&D pipeline by clinical phase, 2007-2013



Source: Deutsche Bank and Citeline

Another key driver of clinical trial spending is biotechnology funding, since biotech firm cash on hand is required to cover the high costs of drug development. Biotech funding reached nearly $80 billion in 2012, up significantly from just $60 billion 2010. We believe the overall strength of the public equity markets (BTK index has been the best performing sub-component of health care over the past two years) should provide a good backdrop for continued activity in biotech funding for the foreseeable future.

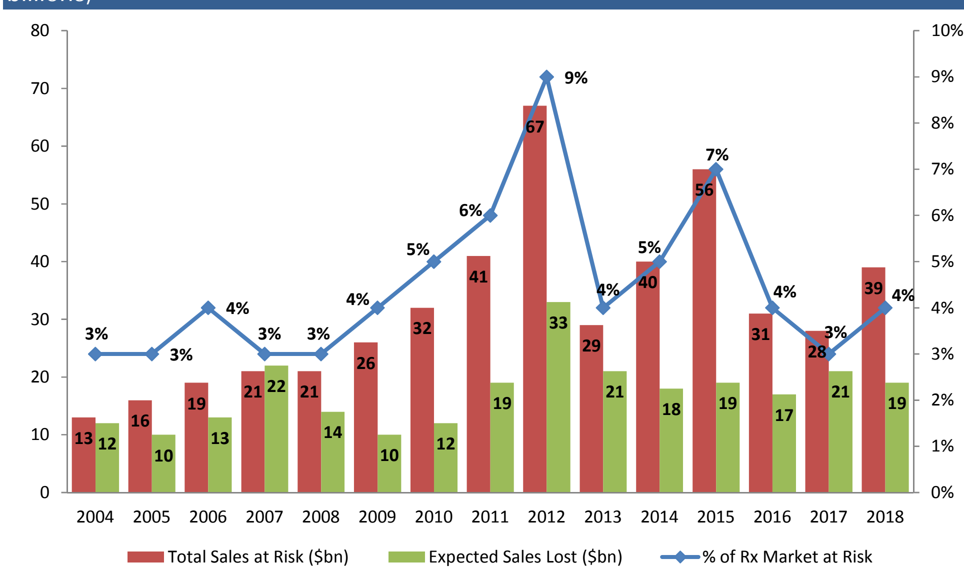
Figure 11: Biotechnology funding trends



Source: Deutsche Bank and BioWorld and Burrill & Co.

The so-called "patent cliff" refers to a large number of blockbuster branded pharmaceuticals that hit patent expiry in 2011-2012, including Pfizer Inc.' Lipitor, Bristol-Myers Squibb Co.'s Plavix, AstraZeneca PLC's Seroquel, Novartis AG's Diovan, Merck & Co.'s Singulair, Forest Laboratories Inc.'s Lexapro and Takeda Pharmaceutical Co.'s Actos. The patent cliffs associated with these drugs and others put nearly $70 billion of sales at risk in 2012 or nearly 9% of worldwide biopharma sales.

Figure 12: Worldwide biopharma sales at risk from patent expiration, 2004-2018 ($ in billions)



Source: Deutsche Bank and EvaluatePharma

Importantly, though, worldwide pharma sales are expected to rebound from this patent cliff. Based on IMS projections, worldwide spending for biopharma products is expected to be in the 3%-6% range through 2015. The recovery in global biopharma sales is important because the industry is at the low-end of the historical relationship of R&D to sales and higher sales growth could spur greater confidence in R&D spend.

Figure 13: Worldwide R&D spending and relationships to WW biopharma sales ($ billions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
Pharma R&D Spend	87.9	96.4	108.2	120	130.9	127.3	128.3	134.6	134.2	136.1	138.4	140.9	143.8	146.7	149.4	
Growth per Year		9.6%	12.3%	10.8%	9.1%	-2.8%	0.8%	4.9%	-0.3%	1.4%	1.7%	1.8%	2.0%	2.0%	1.9%	
WW Prescription (Rx) Sales	455	493	540	594	643	657	676	716	709	732	760	793	827	857	885	
R&D as % of WW Rx Sales	19.3%	19.5%	20.1%	20.2%	20.3%	19.4%	19.0%	18.8%	18.9%	18.6%	18.2%	17.8%	17.4%	17.1%	16.9%	18.8%
Generics	27	32	40	46	53	52	59	65	70	74	78	83	88	92	96	
Rx excl. Generics	428	461	499	548	591	605	616	651	639	659	681	710	739	765	788	
R&D as % of Rx excl. Generics	20.6%	20.9%	21.7%	21.9%	22.2%	21.0%	20.8%	20.7%	21.0%	20.7%	20.3%	19.8%	19.5%	19.2%	19.0%	20.6%

Source: Deutsche Bank and EvaluatePharma

Figure 14: Global spending on medicines

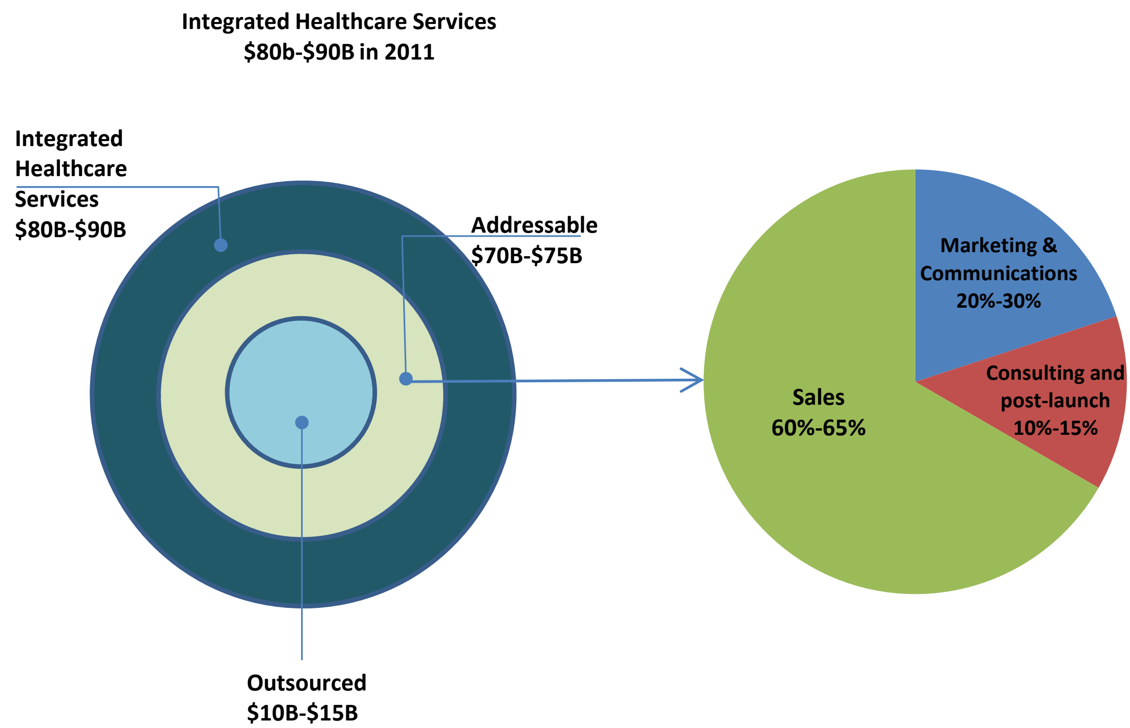
US$ billions	2010	2006-2010 CAGR	2015	2011-2015 CAGR
Global	856.4	6.2%	1065 - 1095	3% - 6%
Developed	587.1	4.2%	630 - 660	1% - 4%
United States	310.6	4.5%	320 - 350	0% -3%
Japan	96.5	2.6%	110 - 140	2% - 5%
EU5	147.4	4.1%	130 - 160	1% - 4%
Germany	40.5	4.1%	38 - 43	1% - 4%
France	38	2.7%	34 - 39	0% - 3%
Italy	26.5	4.5%	24 - 29	1% - 4%
Spain	22.2	6.6%	20 - 25	1% - 4%
United Kingdom	20.2	4.2%	18 - 23	(2%) - 1%
Canada	21.5	6.2%	20 - 25	(2%) - 1%
South Korea	11.1	10.7%	14 - 19	5% - 8%
Pharmerging	150.5	15.8%	285 - 315	13% - 16%
China	41.1	23.9%	115 - 125	19% - 22%
Tier	48.8	15.9%	84 - 89	11% - 14%
Brazil	22.9	14.1%	31 - 36	10% - 13%
India	12.3	15.7%	25 - 30	14% - 17%
Russia	13.6	20.0%	23 - 28	11% - 14%
Tier III	60.6	11.8%	89 - 94	10% - 13%
Rest of World	118.8	7.2%	125 - 155	3% - 6%

Source: Deutsche Bank, IMS

IHS segment. Quintiles Integrated Healthcare Services (IHS) segment offers a variety of services related to the post-approval market. IHS biggest offering is in commercialization services, which includes salesforce recruiting, training/development and deployment, patient education, market access consulting, brand communication and medical education. IHS has a large privately-held competitor in the sales/marketing arena called inVentive Health, which is owned by a private equity group led by Thomas H. Lee Partners, L.P. InVentiv also has a drug development business that was formerly called PharmaNet/i3 before its combination with that group. IHS also offers a variety of other consulting services for biopharma, payer and provider clients in areas such as outcomes and comparative effectiveness research, disease registry and market access.

Based on information from Q's filings, we believe the end-market for IHS' services is sized in the $90 billion area, with the outsourcing component still a relatively small $10 billion to $15 billion market. The largest and fastest-changing area may be commercialization services given the massive salesforce restructuring activity that has been playing out in big pharma over the past several years. Historically, pharmaceutical companies have spent approximately 9%-10% of prescription sales revenue on selling expense, so given the worldwide prescription drug sales forecast by EvaluatePharma of approximately $700 billion, there could be a larger portion of the $60 billion to $70 billion of salesforce spend that, over time, moves into an outsourced market. The other categories of IHS' end-markets are more difficult to size given the fact that the markets are evolving and the players include many niche consulting firms and HCIT vendors.

Figure 15: Sizing up IHS segment's end-markets



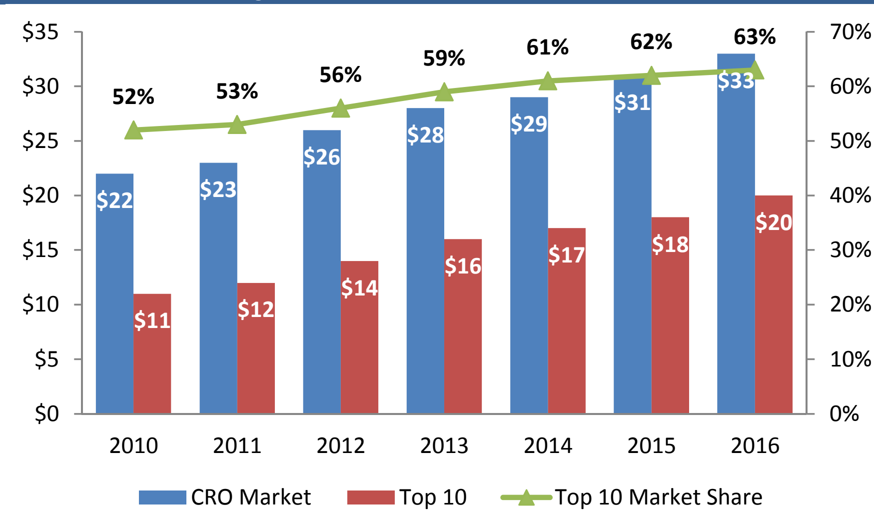
Source: Deutsche Bank, company filings and EvaluatePharma

Investment case point #2: We believe the fundamental backdrop for CROs is characterized by the secular trend of increasing penetration of biopharma R&D outsourcing; larger CROs are best positioned to win business in this environment.

Biopharma companies outsource R&D functions for a variety of reasons, including (1) the complexity of clinical trials and regulatory requirements; (2) the efficiency of using third parties to access regions across the globe for patient recruiting and research site start-up; (3) the need for sophisticated data management and bio-statistical support; (4) access to laboratory and diagnostic infrastructure, and integration of biomarkers and genomics into trials; and (5) therapeutic experience and expertise. Large CROs like Quintiles add value to biopharma by offering these services, and helping reduce to cost and frequency of trial failure.

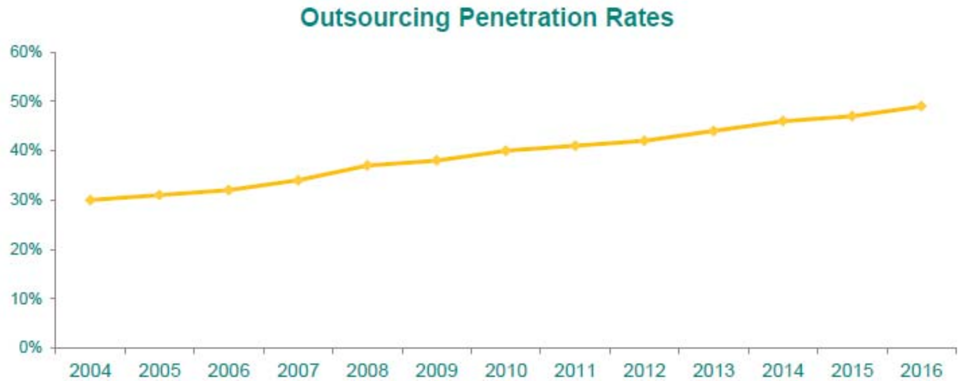
We believe the CRO sector has reached approximately 35% penetration of the outsourcing market for biopharma drug development. CRO penetration is expected to surpass 40% by 2016 – rising 100-150 bps per annum. The top 10 CROs maintain approximately 55%-60% of this outsourced market, and we believe the biggest CROs are positioned to increase the overall share due to the trend of larger, more strategic partnerships between CROs and biopharma clients. The secular growth characteristics of the market can therefore be characterized by increased penetration of outsourcing and increased share gains by the largest CRO providers. As such, we see strong organic tailwinds for top-line growth in the CRO market.

Figure 16: CRO outsourcing trends



Source: Deutsche Bank company reports and Parexel investor presentation

Figure 17: CRO outsourcing penetration rate



Source: Deutsche Bank, company reports and Icon investor presentation

We've developed projections for Quintiles' PDEV segment (late stage development) based on assumptions around end-market size, CRO penetration and top tier CRO market shares. We assume this market is approximately $60 billion in size, of which approximately 35% is outsourced. Based on our outlook for approximately 1.5% R&D growth, 100 bps of outsourcing penetration and approximately 150 bps of share gains amongst the largest CROs, we believe the market growth should be in the 7% range, with growth between 5% to 8% looking very achievable on an organic basis. Our model assumes 5% PDEV growth for 2013 (impacted ~200 bps due to FX) and 8% growth in 2014, with a slight pick-up in growth for 2014 based on improved sales activity among mid-tier biopharma clientele.

Figure 18: DB projections for late stage development spend and outsourcing penetration ($ in billions)

	2012	2013	2014	2015	2016	2017
Late Stage R&D Spend	$58	$59	$60	$60	$61	$62
yoy % growth	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%
Outsourced R&D Spend	$20	$21	$22	$23	$24	$25
Outsourced %	35%	36%	37%	38%	39%	40%
Outsourcing market yoy % growth	2.0%	4.4%	4.3%	4.2%	4.2%	4.1%
Top 10 CRO revenues	$11	$12	$13	$14	$15	$16
Top 10 CROs' share of outsourced market	56%	58%	59%	61%	62%	64%
Top 10 CROs yoy % growth	5.5%	7.2%	7.0%	6.9%	6.8%	6.6%

Source: Deutsche Bank, Thomson Reuter and EvaluatePharma

Our model assumes 43% of R&D spending is on late stage development, and we adapt this assumption from EvaluatePharma and Thomson Reuters R&D survey data. In terms of sensitivities to our assumptions, we note that every 100 bps of additional R&D spending growth or CRO penetration in late stage would be worth approximately $600 million and nearly 300 bps to late stage CRO market growth.

Figure 19: DB sensitivity of late stage development spending ($ in billions)

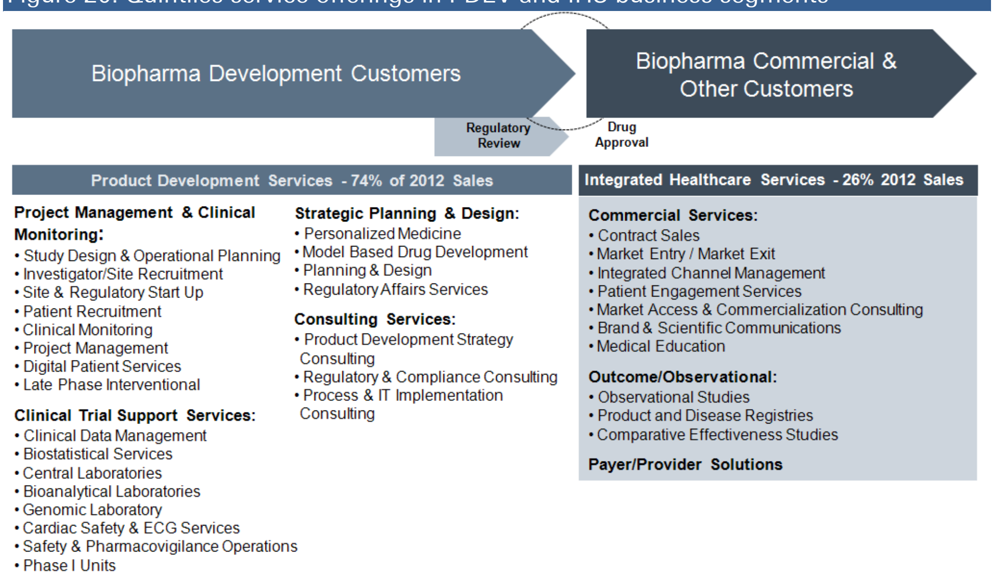
Sensitivity:	2012
Late stage R&D spending	$57.9
100 bps of R&D growth =	$0.6
Late stage CRO market	$20.2
100 bps of R&D growth as % of CRO market	2.9%
100 bps of CRO market penetration =	$0.6
100 bps of CRO penetration growth as % of CRO market	2.9%

Source: Deutsche Bank

Investment case point #3: Quintiles has industry-leading breadth of service capabilities in traditional CRO product development (PDEV segment), as well as in commercialization and consulting services (IHS segment).

Quintiles offers a full suite of services across both of its business segments. Beyond its leading role in clinical development, Q's PDEV segment maintains the number two market position in central lab business. Q supports its PDEV business with a technology platform called Infosario, which has over 30,000 investigative site users (and growing) and allows for real-time tracking of metrics like patient recruitment, adverse events and clinical data. In the IHS segment, we believe Q has a robust set of assets and capabilities in what is a still-evolving marketplace for commercialization services, post-launch outcomes research and market access services.

Figure 20: Quintiles service offerings in PDEV and IHS business segments



Source: Deutsche Bank, company filings and company website

While we do not expect significant strategic M&A to occur in Quintiles' PDEV segment, we believe it is highly likely the company pursues strategic acquisitions within lab area of its PDEV segment and more broadly across the entire IHS segment to further enhance its capabilities in commercialization services and market access services. Several transactions over the past two years illustrate Q's desire to pursue complementary acquisitions, with the addition of nearly $300 million of transactions during 2011 and 2012. We note that the goodwill from the three largest of these transactions (Outcome, Advion and EA) were assigned to the PDEV segment (not IHS). Q expects to complement its total revenue growth by 1% to 2% per year from acquisitions, although we have not built any acquisitions into our forecasts.

Figure 21: Quintiles recent transactions

Target	Description/Rationale	Date	Price
Outcome Sciences	Observational research	October, 2011	$177M
Temas	Market access and regulatory affairs; Italian firm	Announced July, 2011 (completed 2013)	N/A
VCG &A	Commercialization services; market access to MCOs and government payers	October, 2011	$8.7M
Advion BioServices	Added biomarker/bioanalytical lab capabilities	November, 2011	$54.9M
Expression Analysis	Genomic sequencing, bioinformatics	August, 2012	$39.7M

Source: Deutsche Bank, company filings

Investment case point #4: Quintiles maintains a backlog that provides revenue visibility and is showing signs of strength. The company' less volatile historical book-to-bill ratio speaks to its ability to win business consistently over pharma R&D cycles.

Quintiles maintains a sales backlog that has grown steadily over time, but has exhibited signs of strength in recent years. Q's backlog of nearly $9 billion at Q1'2013 is 36% higher than the largest publicly traded CRO peer, Covance. And, Q's backlog is in excess of 200% of forward revenue projections, thus providing decent visibility into future estimates, in our view. We believe Q should be able to sustain backlog growth in the 9%-11% range over the next several years due to good end market demand and Q's leadership position across key market areas in late stage development, as well as the emergence of new market opportunities in the IHS segment.

Figure 22: Quintiles Backlog ($ MMs)

Quintles Transnational	2008	2009	2010	2011	2012	1Q13
Backlog	$5,882	$6,599	$7,153	$7,973	$8,704	$8,992
YoY % Growth	N/A	12.2%	8.4%	11.5%	9.2%	11.2%
Backlog % Fwd Revenue	201%	220%	217%	216%	228%	216%

Source: Deutsche Bank and company filings

Figure 23: Backlog of CRO comps vs. Quintiles ($ MMs)

Backlog comps	2008	2009	2010	2011	2012	1Q13
Icon	$1,748	$1,844	$1,927	$2,300	$2,800	$2,900
YoY % Growth	N/A	5.5%	4.5%	19.4%	21.7%	20.8%
PAREXEL	$2,000	$2,310	$3,000	$3,740	$4,540	$4,500
YoY % Growth	12.5%	15.5%	29.9%	24.7%	21.4%	6.5%
Covance	$4,333	$4,866	$6,194	$6,138	$6,643	$6,608
YoY % Growth	61.5%	12.3%	27.3%	-0.9%	8.2%	5.3%
Peer Group Total	**$8,081**	**$9,020**	**$11,121**	**$12,178**	**$13,983**	**$14,008**
YoY % Growth	**N/A**	**11.6%**	**23.3%**	**9.5%**	**14.8%**	**8.6%**
Quintiles	$5,882	$6,599	$7,153	$7,973	$8,704	$8,992
YoY % Growth	N/A	12.2%	8.4%	11.5%	9.2%	11.2%

Source: Deutsche Bank, Quintiles, PAREXEL, Covance, Icon PLC company filings

Q's backlog has grown as a result of strong new business win activity amidst an environment in which there is an estimated 20%-30% growth in proposal activity. We believe the increased proposal activity is due to biopharma clients increasingly looking to outsource R&D spending and the trend of large and mid-tier biopharma clients consolidating CRO partners. Q's net new business wins increased 11% in 2012 to $4.5 billion and increased over 15% to $1.2 billion in Q1'2013, with PDEV the primary driver of this growth. Q discloses backlog as a representation, at a particular point in time, of future service revenues from work not yet completed or performed under signed contract or written communications. New business in backlog is subject to change order (which can increase or decrease the scope of work) and/or termination. It is important to note that new business in the IHS segment is subject to shorter sales cycles and faster burn-rates, thus making IHS' revenues slightly more difficult to predict.

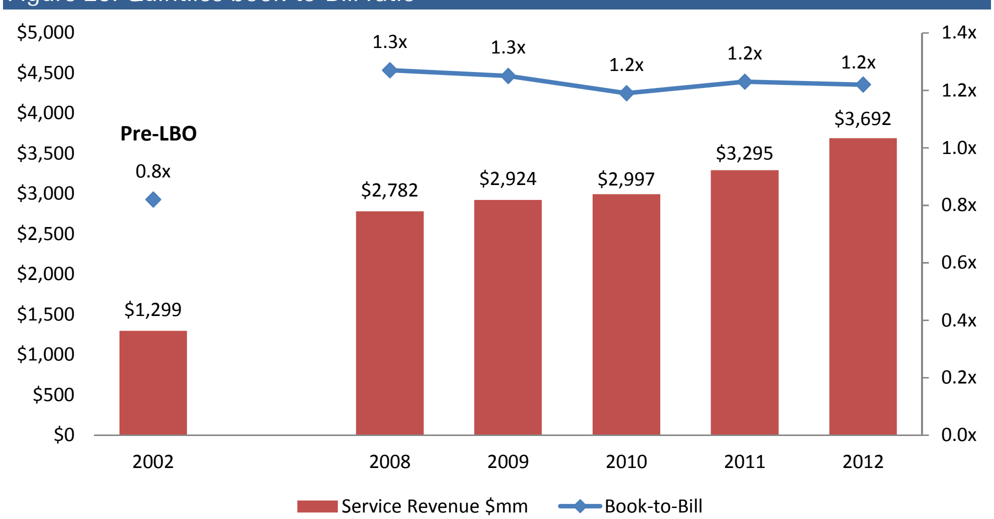
Figure 24: Quintiles net new business wins by segment

Net New Business Wins	2008	2009	2010	2011	2012	1Q13
PAREXEL	$338	$403	$396	$501	$459	$539
YoY % Growth	-24%	19.2%	-1.8%	26.5%	-8.2%	-32.1%
Icon	N/A	$946	$1,077	$1,306	$1,586	$422
YoY % Growth	N/A	N/A	13.8%	21.3%	21.4%	9.6%
Covance	$2,146	$2,371	$2,232	$2,534	$2,875	$716
YoY % Growth	9.1%	10.5%	-5.9%	13.5%	13.5%	1.7%
Peer Group Total	**2,484**	**3,720**	**3,705**	**4,341**	**4,920**	**1,677**
YoY % Growth	N/A	49.8%	-0.4%	17.2%	13.4%	**-10.9%**
Quintiles	$3,519	$3,641	$3,551	$4,044	$4,501	$1,215
YoY % Growth	N/A	3.5%	-2.5%	13.9%	11.3%	15.5%

Source: Deutsche Bank and company filings

Quintiles' book-to-bill ratio has remained steady in recent years despite significant volatility in the market and a service revenue base that is significantly higher than its publicly traded peers. (Book-to-bill ratio is the relationship of net new business wins during a period divided by that period's revenue.) Q's book-to-bill ratio has averaged 1.23x over the past five years and it stood at 1.31x at Q1'2013.

Figure 25: Quintiles book-to-Bill ratio



Source: Deutsche Bank and company filings

We note that some of Q's peers have reported meaningfully higher book-to-bill ratios in recent quarters. While these higher book-to-bill ratios are clearly an indicator of strong future revenue growth, we note that some of this higher growth has come at lower profit margins due to the need to staff-up for so-called "strategic partnerships."

According to its S-1 filing, Q has had at least eight biopharma customers during each of the last five years in which it has earned more than $100 million in service revenues. As such, believe Q already maintains, in earnest, strategic relationships with virtually all of the major biopharma firms.

Figure 26: Major CROs book-to-bill ratios

Book to Bill Ratio	2010 YE	1Q11	2Q11	3Q11	4Q11	2011 YE	1Q12	2Q12	3Q12	4Q12	2012 YE	1Q13
Icon	1.20	1.12	1.33	1.79	1.27	1.38	1.53	1.35	1.59	1.26	1.42	1.33
PAREXEL	1.64	1.44	1.83	1.77	1.50	1.64	2.23	1.53	1.22	1.06	1.51	1.19
Covance	1.16	1.12	1.18	1.10	1.42	1.21	1.33	1.30	1.29	1.37	1.32	1.23
Peer Group Average	1.33	1.23	1.45	1.55	1.40	1.41	1.70	1.39	1.37	1.23	1.42	1.25
Quintiles	**1.19**	**0.98**	**1.35**	**1.18**	**1.38**	**1.23**	**1.18**	**0.95**	**1.14**	**1.59**	**1.22**	**1.31**

Source: Deutsche Bank and company filings

Unlike its publicly-traded peers, Quintiles has been reluctant to issue press releases about major business wins and strategic partnerships/relationships. As mentioned above, we believe Q maintains significant levels of business with virtually all of the major biopharma firms and thus the strategic partnership deals highlighted below are not indicative of exclusive relationships. However, the announcement of these deals indicate two important trends: (1) deeper alignment by key biopharma customers with select CRO partners; and (2) a sign of potentially steeper price competition, given a desire by major CROs to have a bigger share of the "wallet" in these more concentrated strategic relationships.

Figure 27: Major CROs and announced strategic partnerships

PRXL	**Timeline**	**Icon**	**Timeline**
Bristol-Myers Squibb	6/2010: 3 year agreement with PRXL & ICON	Bristol-Myers Squibb	6/2010: 3 year agreement with PRXL & ICON
Eli Lilly	9/2010: focus on APAC region	Pfizer	6/2011: 5 year agreement with PRXL & ICON
GSK	9/2010: partnership with PRXL and PPD	Shire plc	1/2012
Merck	1/2011	*Others:*	
Pfizer	6/2011: 5 year agreement with PRXL & ICON	*Boston Clinical Research Institute*	
ucb	11/2011: partnership with PRXL and PRA Int'l	*University College Dublin*	

Covance	**Timeline**	**CRL**	**Timeline**
Eli Lilly	10/2008: 10-year, $1.6 billion services agreement; 3/2010: expanded to include a 3-year biotech svcs agreement	AstraZeneca	10/2012:
Sanofi	11/2010: 10-year, $2.2 billion agreement	Applied StemCell, Inc.	3/2013
Bayer	5/30/2012	Protagen	10/2011
Takeda Pharmaceuticals	2/2011: both CVD and Quintiles partnered with with Takeda		

Source: Deutsche Bank and company releases

Investment case point #5: Quintiles' significant operational scale, broad therapeutic expertise and depth of its management team, should position it uniquely to absorb market share gains more profitably than peers.

Quintiles has a 30-year history in the CRO industry and has been involved with the development or commercialization of all of the top 50 best selling drugs as of 2011. The scale of its organization is illustrated by the following attributes: (1) over 27,000 employees, including approximately 850 PhDs and approximately 800 medical doctors; (2) operations in approximately 100 countries, including major offices in the U.S., the U.K. South Africa, Japan, India, Singapore, and Spain; and (3) 13 therapeutic centers of excellence, with significant revenue scale across each of the three biggest therapeutic areas in drug development: oncology, cardiovascular disease and central nervous system disorders.

Relative to its peers, Quintiles has significantly more staff across the globe with approximately 10,500 employees in the U.S., 10,000 employees in Europe and Africa and approximately 7,000 employees in the Asia Pacific region. Compared to its largest late-stage peer, Pharmaceutical Product Development LLC (PPD), Q has more than double the staff and locations in double the number of countries.

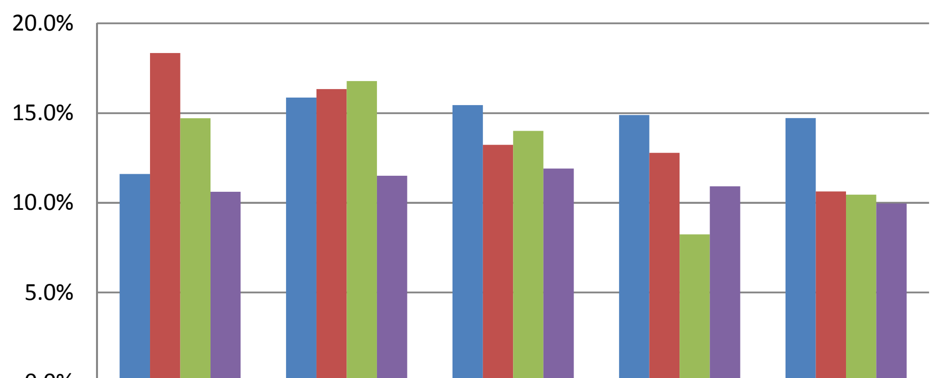
Figure 28: Sizing Q vs. top CRO peers in terms of staff and geographic footprint

Company	Total Employees	Number of Countries Served
Quintiles	27,000	100
PPDI	12,500	46
Covance	11,500	100
Icon	10,000	37
Charles River Labs	7,000	15
WuXi PharmaTech	7,000	2
inVentiv Health	7,000	80
PRA International	5,000	30
Kendle International	5,000	100
MedPace	1,200	40
Patheon	6,000	60
AMRI	1,329	4

Source: Deutsche Bank and company filings/websites

This scale, coupled with a world-class technology platform called Infosario, has allowed Quintiles to optimize its workforce and leverage its cost structure commensurate with the projects that it is working on. As a result, Q's margins are industry leading and the stability of its margins is notable in the context of how its peers' margins have vacillated significantly with large-scale business wins stemming from strategic partnerships.

Figure 29: Adjusted EBITDA margins vs. peers

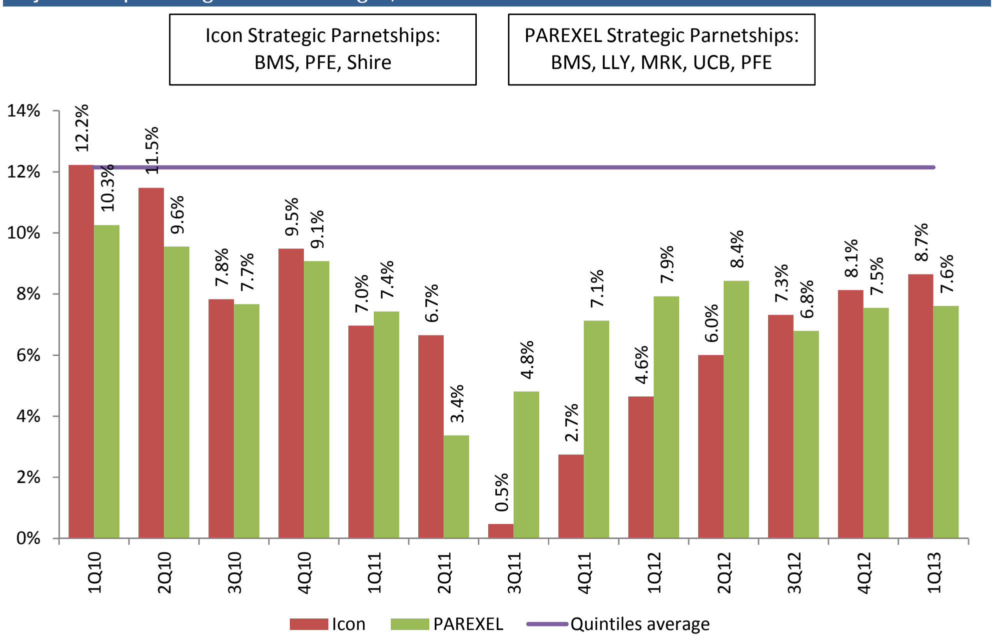


	2008	2009	2010	2011	2012
Q	11.6%	15.9%	15.4%	14.9%	14.7%
CVD	18.3%	16.3%	13.2%	12.8%	10.6%
ICLR	14.7%	16.8%	14.0%	8.2%	10.4%
PRXL	10.6%	11.5%	11.9%	10.9%	10.0%

Source: Deutsche Bank and company reports

In the time period from 2010-2011 when ICLR and PRXL were taking on new business from major strategic partnerships, these companies experienced significant margin disruption. This time period is relevant because the largest of those deals (BMY, PFE and LLY) all started up in mid/late 2010 throughout 2011. The margin disruptions were primarily due to the need to staff-up for the contracts, and thus there was heavier reliance on higher-cost contract labor to start-up some of the project work. While the financial implications of lower margins may have been transient for ICLR and PRXL, we believe it is possible that the reliance on contract labor may have caused some modest levels of service disruption and lower productivity. In comparison, we believe Q's organizational scale is capable of taking on large pieces of business without financial or operational disruptions, and as a result we believe the company could be better positioned to win more business on a profitable basis as the outsourcing trend plays out.

Figure 30: ICLR and PRXL margin disruption from strategic deals (% represents adjusted operating income margin)



Source: Deutsche Bank and company filings

Competitive landscape

Competitive landscape

Competitive landscape. The CRO industry is competitive and fragmented, although rapidly consolidating with the top 10 players accounting for more than 50% of the market. Within the publicly-traded market, there are four main U.S. players Charles River Laboratories International, Inc. (CRL: $43.21-Not Rated), Covance Inc. (CVD: $78.43 – Not Rated), ICON PLC (ICLR: $35.94 – Not Rated), and PAREXEL International Corp. (PRXL: $46.74 – Not Rated), and one sizable Chinese company, WuXi PharmaTech Inc. (WX: $21.11 – Buy, covered by DB's China health care team lead Jack Hu). In addition to these players, there are several privately held players including PPD, INC Research and PRA International. CRL is more of a pure-play in the early stage market, while CVD maintains an early stage presence but its growth has been driven primarily by its late stage product development segment. In CVD's most recent quarter, late stage product development revenues accounted for 59% of total, up from 56% in the prior year. IHS' main competitors include privately held inVentive Health, PDI, Inc. (PDI: $4.24 – Not rated), and several conglomerates that have marketing service divisions. Parexel also has two divisions (Consulting and Medical Communications Services, and Perceptive Informatics) that compete with some of IHS' offerings.

Figure 31: Competitors to Quintiles in PDEV and IHS

Product Development Competitors	Ticker / Private Owner
Covance	CVD
Parexel	PRXL
ICON plc	ICLR
Pharmaceutical Product Development Inc	The Caryle Group/Hellman & Friedman
inVentiv Health, Inc.	Thomas H. Lee Partners
INC Research	Avista Capital Partners/Teachers' Private Capital
PRA International	Genstar Capital

Integrated Health Services Competitors	Ticker / Private Owner
in US:	
inVentiv Health, Inc.	Thomas H. Lee Partners
PDI, Inc.	PDII
ex-US:	
United Drug plc	UDG-GB
inVentiv	Thomas H. Lee Partners
EPS Corporation	4282-JP
Publicis Selling Solutions	PUB-PAR

Source: Deutsche Bank research

Figure 32: Publicly traded CROs financials

Company Name	Ticker	Price	Mkt Cap ($ MM)	Ent. Value ($ MM)	Revenue (2) 2009	2010	2011	2012	2013P	2014P	EBITDA (2) 2009	2010	2011	2012	2013P	2014P
Charles River Labs	CRL	$43.21	$2,084	$2,637	$1,203	$1,133	$1,143	$1,130	$1,171	$1,212	$290	$253	$265	$261	$270	$286
yoy growth					*-10%*	*-6%*	*1%*	*-1%*	*4%*	*4%*	*-19%*	*-13%*	*5%*	*-1%*	*3%*	*6%*
Covance	CVD	$78.43	$4,383	$4,278	$1,963	$2,038	$2,096	$2,172	$2,362	$2,535	$320	$288	$319	$310	$353	$400
yoy growth					*14%*	*4%*	*3%*	*4%*	*9%*	*7%*	*-5%*	*-10%*	*11%*	*-3%*	*14%*	*13%*
ICON plc	ICLR	$35.94	$2,176	$1,975	$888	$900	$946	$1,115	$1,300	$1,419	$149	$126	$78	$116	$163	$187
yoy growth					*3%*	*1%*	*5%*	*18%*	*17%*	*9%*	*17%*	*-15%*	*-38%*	*49%*	*40%*	*15%*
PAREXEL Int'l	PRXL	$46.74	$2,657	$2,765	$1,056	$1,187	$1,260	$1,565	$1,844	$2,032	$148	$174	$138	$185	$231	$275
yoy growth					*0%*	*12%*	*6%*	*24%*	*18%*	*10%*	*6%*	*18%*	*-20%*	*33%*	*25%*	*19%*
Quintiles	Q	$43.53	$5,642	$5,642	$3,011	$3,061	$3,295	$3,692	$3,821	$4,157	$464	$463	$490	$544	$584	$651
yoy growth					*-20%*	*2%*	*8%*	*12%*	*3%*	*9%*	*44%*	*0%*	*6%*	*11%*	*7%*	*11%*
WuXi PharmaTech	WX	$21.11	$1,495	$1,297	$270	$334	$407	$500	$573	$655	$76	$110	$129	$141	$153	$169
yoy growth					*7%*	*24%*	*22%*	*23%*	*15%*	*14%*	*-9%*	*44%*	*17%*	*9%*	*8%*	*11%*
Average yoy % growth / margin					*-1%*	*5%*	*6%*	*11%*	*9%*	*8%*	*5%*	*3%*	*-3%*	*14%*	*14%*	*11%*

Company Name	EPS (2) 2009	2010	2011	2012	2013P	2014P	EBITDA Margin (2) 2009	2010	2011	2012	2013P	2014P
Charles River Labs	$2.38	$1.99	$2.56	$2.74	$2.81	$3.06	24%	22%	23%	23%	23%	24%
yoy growth	*-18%*	*-16%*	*29%*	*7%*	*3%*	*9%*	*-262*	*-177*	*84*	*-5*	*-7*	*56*
Covance	$2.60	$2.15	$2.70	$2.70	$3.13	$3.71	16%	14%	15%	14%	15%	16%
yoy growth	*-14%*	*-17%*	*26%*	*0%*	*16%*	*18%*	*-310*	*-218*	*109*	*-93*	*68*	*82*
ICON plc	$1.53	$1.44	$0.52	$1.00	$1.57	$1.88	17%	14%	8%	10%	13%	13%
yoy growth	*18%*	*-6%*	*-64%*	*92%*	*57%*	*19%*	*207*	*-278*	*-575*	*220*	*209*	*64*
PAREXEL Int'l	$0.63	$1.01	$0.59	$1.27	$1.79	$2.14	14%	15%	11%	12%	13%	14%
yoy growth	*-37%*	*61%*	*-41%*	*114%*	*41%*	*20%*	*84*	*64*	*-363*	*82*	*74*	*99*
Quintiles	NA	NA	NA	NA	$1.94	$2.27	15%	15%	15%	15%	15%	16%
yoy growth	*NA*	*NA*	*NA*	*NA*	*NA*	*17%*	*683*	*-29*	*-25*	*-15*	*55*	*37*
WuXi PharmaTech	$0.78	$1.09	$1.24	$1.40	$1.53	$1.68	28%	33%	32%	28%	27%	26%
yoy growth	*-3%*	*40%*	*14%*	*13%*	*9%*	*10%*	*-500*	*462*	*-127*	*-345*	*-157*	*-82*
Average yoy % growth / margin	*-9%*	*10%*	*-6%*	*38%*	*21%*	*13%*	**16%**	**16%**	**15%**	**15%**	**15%**	**15%**

Source: Deutsche Bank company files, FactSet

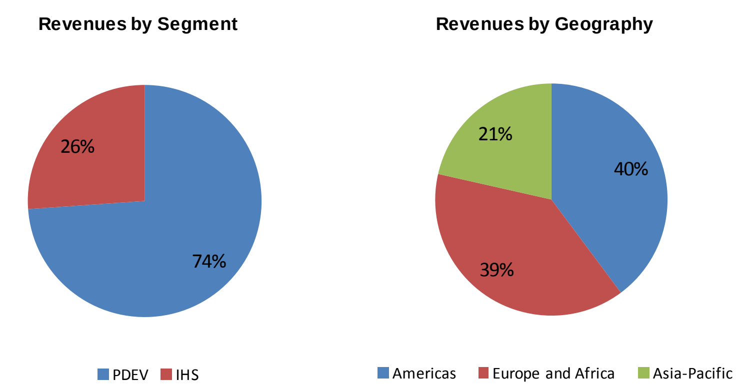
Quintiles Transnational

Company background

Founded in 1982, Quintiles Transnational Holdings Inc (Q) is the largest global provider of biopharmaceutical development and commercial outsourcing services with a network of more than 27,000 employees conducting business in approximately 100 countries. The company has helped to develop or commercialize the top-50 best-selling biopharmaceutical products and top 20 best-selling biologic products on the market today. The company has also helped to develop or commercialize 85% of central nervous system drugs, 76% of oncology drugs, and 72% of cardiovascular drugs across the new molecular entities (NMEs) and new biologic applications (BLAs) approved from 2004 through 2011. Q offers a diverse mix of service offerings, operating across two business segments: Product Development (PDEV), the core CRO segment focused primarily on late stage (Phase II-IV) clinical trials, and Integrated Healthcare Service (IHS), which houses a unique set of services including sales, commercialization, and marketing strategy, outcomes-based research, and payor and provider services. Q's portfolio is also geographically diverse, deriving 40% of revenues in the Americas, 39% in Europe and Africa, and 21% in Asia-Pacific (~14% of which is in Japan).

Figure 33: Q at a glance

Quintiles Transnational Holdings Inc. (Q)
4820 Emperor Boulevard
Durham, NC 27703
www.quintiles.com



Source: Deutsche Bank, Company reports

Financial overview and projections

DB's financial model is pro-forma for Q's recent IPO. At a high level, our model assumes: (1) 2013-2014 service revenue growth of +3.5% (impacted negatively by ~200 bps due to $/Yen changes) and +8.8%; (2) 2013-2014 adjusted EBITDA growth of +7.4% and +11.4%; and (3) 2013-2014 earnings per share growth of +9.6% and +16.8%. Our model assumes PDEV segment revenue growth of +5% in 2013 and +8.3% in 2014. Our model assumes -0.7% revenue change in 2013 and +10.4% in 2014.

Importantly, our model assumes a 32% tax rate, which represents a lower tax rate vs. historical levels due to Quintiles' post-IPO election to treat its foreign earnings as permanently reinvested oversees, thereby eliminating the need to accrue incremental U.S. tax. This change will result in a Q2'2013 true-up of tax rate, bringing Q2 to approximately 20% in an effort to average 2013 at 32%.

Figure 34: Q model highlights ($ in millions)

	FY 2010	FY 2011	FY 2012	FY 2013E	FY 2014E
PDEV segment revenue	$2,222	$2,438	$2,729	$2,865	$3,101
YoY% Growth	*N/A*	*9.7%*	*11.9%*	*5.0%*	*8.3%*
IHS segment revenue	$775	$857	$964	$957	$1,056
YoY% Growth	*N/A*	*10.6%*	*12.4%*	*-0.7%*	*10.4%*
Service revenue	**$2,997**	**$3,295**	**$3,692**	**$3,821**	**$4,157**
YoY% Growth	*2.5%*	*10.0%*	*12.1%*	*3.5%*	*8.8%*
Adjusted EBITDA	**$463**	**$490**	**$544**	**$584**	**$651**
YoY% Growth	*-0.3%*	*6.0%*	*10.9%*	*7.4%*	*11.4%*
% Margin	*15.4%*	*14.9%*	*14.7%*	*15.3%*	*15.7%*
Quintiles Non-GAAP EPS	**$1.40**	**$1.62**	**$1.77**	**$1.94**	**$2.27**
YoY% Growth	*N/A*	*N/A*	*9.6%*	*9.6%*	*16.8%*
Fully diluted shares outstanding	**117.9**	**118.0**	**117.8**	**128.0**	**134.7**

Segment operating income:					
PDEV Income from Operations	$422	$425	$478	$523	$585
% Margin	*19.0%*	*17.4%*	*17.5%*	*18.3%*	*18.9%*
IHS Income from Operations	$37	$58	$61	$50	$65
% Margin	*4.8%*	*6.8%*	*6.3%*	*5.3%*	*6.2%*

Source: Deutsche Bank, Company reports

Balance sheet and capitalization. Q's balance sheet at the end of 1Q:13 consisted of $454 million of unrestricted cash, $2.41 billion of total debt excluding $300 million of additional borrowings under its revolving credit facility, and $1.32 billion shareholders' deficit.

In connection with the IPO of 27.2 million shares at $40 per share, Q offered and sold 13.1 million shares of common stock and its selling shareholders offered and sold 14.1 million shares, including 3.6 million from a green shoe. Q raised net proceeds of approximately $489.8 million after expenses, and with these proceeds it plans to reduce all outstanding amounts under the $306 million Holdings Term Loan, repay $50 million of debt under its credit facilities, and pay a one-time $25 million termination fee associated with its group of private equity owners. Our model contemplates Q's debt repayment, and does not assume any further debt reduction.

Q's leverage on a net-debt-to-adjusted EBITDA basis was 3.5x at March 31, 2013. Pro-forma for the IPO, Q's net leverage will be approximately 2.8x based on our estimates. On a gross leverage basis, the debt reduction should reduce Q's leverage to below the 3.75x level, which triggers a step-down in the cost of its borrowing that represents approximately $10 million of annualized interest expense savings.

Our cash flow model has Quintiles generating $316 million and $428 million of CFFO in 2013 and 2014, respectively, with capex representing $103 million and $104 million in 2013 and 2014, respectively. Capex should remain at 2.5% of revenue over the long-term due to fairly low capital requirements for fixed assets and facilities. This level of

CFFO and capex results in estimated FCF of $212.8 million in 2013 and $324 million in 2014.

Valuation

Our price target is $51, which represents 17% upside to the closing price at June 17, 2013. Our valuation target is based on 22.5x 2014 EPS of $2.27, which is a 15% premium to the CRO sector's 10-year forward (NTM) P/E average of 19.5x. We believe the premium P/E multiple is justified based on Q's relative size and market leadership. Alternatively, our valuation is supported by a DCF-based model which assumes 7% top-line growth for 10-years, 2.5% terminal growth, and a WACC of 8%; this DCF model points to a valuation range between $50 and $55 per share.

Key risks

(1) Competition and pricing pressure. The CRO market is highly competitive and the trend is for larger strategic partnership contracts. Larger contracts are creating pricing pressures, which could result in margin pressure.

(2) Backlog, burn-rate and contract changes / terminations. Revenue visibility can change, even if the backlog is large. Some work has a faster "burn-rate" depending on how quickly revenue is realized. Drug development can be unpredictable and starts/stops are common. Contract cancellations or modifications can reduce the backlog. At 12/31/2012, Q's $8.7 billion backlog included $5.6 billion of backlog that will not generate revenue in 2013, based on the company's disclosures.

(3) Overhang of ownership concentration by financial sponsors & founder. Combined, the financial sponsors (Bain, TPG, 3i Corp, Temasek) and founder (Dennis Gillings, CBE, Ph.D.) own ~79% of shares outstanding following the offering.

Figure 35: Quintiles inside ownership based on common shares outstanding

Quintiles ownership	Pre-IPO	% of common shares	Post-IPO	% of common shares
Dennis B. Gillings	27,681,669	23.9%	27,681,669	21.5%
Bain Capital	26,481,659	22.9%	21,909,308	17.0%
TPG Funds	26,481,658	22.9%	21,909,307	17.0%
Affiliates of 3i	17,497,087	15.1%	14,476,022	11.2%
Temasek Life Sciences	11,271,069	9.7%	9,324,995	7.2%
Directors & Officers:				
John Ratliff	1,055,000	0.9%	1,055,000	0.8%
Michael Mortimer	750,000	0.6%	750,000	0.6%
Derek Winstanly	619,500	0.5%	619,500	0.5%
Kevin Gordon	120,000	0.1%	120,000	0.1%
Others	3,807,748	3.3%	3,807,748	3.0%
Total inside ownership	115,765,390	100.0%	101,653,549	78.9%

Source: Deutsche Bank and company filings

(4) Debt of ~$2.1 billion (pro forma for IPO). Since 2008, Q has paid $1.5 billion in dividends to the financial sponsors and its founder, including $567M in 2012. The peer group has virtually no debt (CRL is the exception with net leverage of 2.3x).

(5) Foreign currency risk. Translation of and transactions in foreign currencies can affect sales growth. Quintiles has significant (~14%) exposure to Yen-based sales, but the company is naturally hedged with its cost structure in Japan. Cash balances in OUS subsidiaries may remain stranded due to U.S. tax laws.

Management overview

Dennis Gillings, CBE, Ph.D.
Executive Chairman

Dr. Gillings was born and educated in the United Kingdom. He began providing statistical consulting and data management services to pharmaceutical clients in 1974 during his tenure as Professor of Biostatistics at the University of North Carolina at Chapel Hill. Dr. Gillings founded Quintiles in 1982, which grew out of his consulting activities with the pharma industry. He took Quintiles public on NASDAQ in 1994 and led its privatization in 2003. Today, Quintiles is the largest global provider of clinical trials and commercial marketing services to the pharma and biotechnology industry.

With more than 30 years of experience in drug development applications and theory, Dr. Gillings has provided expert consultation to numerous companies and health organizations, including the National Cancer Institute, the National Institute for Dental Research and the Institute of Medicine. He has served on several Advisory Boards and Councils including the Cambridge Judge Business School Advisory Board, the Scottish Enterprise Advisory Board and the International Advisory Council in Singapore. He also was the founding Chairman of the Association of Clinical Research Organizations, a Washington-based trade group formed in 2002.

He served for more than 15 years as a professor at the University of North Carolina at Chapel Hill and received the Honorary Degree of Doctor of Science in May 2001.

Tom Pike
Chief Executive Officer

Tom Pike is Chief Executive Officer of Quintiles and serves on its Board of Directors. In this role, Tom is responsible for driving the company's growth as the world's leading provider of biopharmaceutical services. Quintiles delivers services and information that enable its customers to evaluate and demonstrate the safety, efficacy and value of products over the course of their lifecycle. Tom spends much of his time with customers, learning more about the challenges they face and helping them to navigate the complex healthcare environment with greater productivity and predictability.

Tom has concentrated his career in the healthcare and technology industries and he is viewed as a leading expert in the provision of business services within these fields. With 30 years of experience, Tom brings an integrated, patient-centric view of healthcare, spanning pharma, payers, and providers to help customers be successful.

Tom spent 22 years at Accenture, including 15 years in leadership roles, partnering with many of its key clients globally. As managing director of Accenture's North America Health and Products business areas, he successfully grew the portfolio of businesses. This operating unit included pharmaceutical and medical device firms, payers and providers, and drug retailers and distributors. Previously, he was the global chief operating officer for Accenture's Resources operating group which included utilities, energy and other highly regulated industries. In both operating units, he partnered with clients on their growth strategies and initiatives, as well as enabling them to deliver significant operational efficiency improvements.

He earned his bachelor of science in accounting at the University of Delaware.

Kevin Gordon
Chief Financial Officer

Kevin Gordon joined Quintiles in 2010 as Chief Financial Officer (CFO) bringing more than 25 years of experience to the company. He leads Quintiles' global financial organization and financial strategy. In this role, Kevin has responsibility for the financial management of Quintiles and oversight of corporate development and the global information technology organization.

Kevin has implemented strategies that have resulted in improved reporting processes, contributed significant financial benefits, and recapitalized the Company debt providing overall lower cost structure. He has led the organization in driving process improvements which resulted in gains for shareholders and employees.

Prior to Quintiles, Kevin was CFO at Teleflex Incorporated, a global, publicly traded company with $2 billion in revenues and a large presence in the health care markets. Gordon also held senior finance positions with Package Machinery Company and KPMG.

John Ratliff
President and Chief Operating Officer

John Ratliff came to Quintiles in 2004 as Chief Financial Officer and currently serves as President and Chief Operating Officer. John leads Quintiles' Global Services organization. He was appointed to the company's Board of Directors in 2006.

Prior to joining Quintiles, John worked for Acterna, the world's second largest provider of communications test solutions for telecommunications and cable network operators. Before moving to Acterna in 2000, he worked 19 years at IBM, holding several positions of increasing responsibility. His latter positions at IBM included Vice President for Finance and Planning, Latin America, Vice President for Finance and Planning, PC Company, and Assistant Controller.

John received his bachelor's degree in industrial and systems engineering from the Georgia Institute of Technology in Atlanta and his master of business administration degree from Duke University in Durham, North Carolina

Mike Mortimer
Executive Vice President, Human Resources and Corporate Administration

Mike Mortimer is Executive Vice President, Human Resources and Corporate Administration, Quintiles, a position he was appointed to in November, 2007. In this role, Mike is responsible for Quintiles' Corporate Administration Office along with leadership of global operations in Human Resources, Corporate Communications, Legal and Risk Management, Marketing, Real Estate and Facilities and Security.

Mike joined Quintiles in July of 2003 as Executive Vice President, Global Human Resources. He came to Quintiles following 10 years at Charles Schwab Corp., where he was Senior Vice President of Human Resources for the company's international and US domestic retail organizations. Prior to joining Charles Schwab, Mike worked at Sprint in a variety of Human Resources roles.

Derek Winstanly, MBChB
Chief Customer and Governance Officer

Dr. Derek Winstanly joined Quintiles in 1999 as President of Quintiles Japan becoming chairman of Japan and Regional Director for the Asia-Pacific Region in 2002. In September 2010, Quintiles named Dr. Winstanly Chief Customer and Governance Officer for Quintiles, based near Research Triangle Park, North Carolina.

In this global role, Dr. Winstanly works with senior executives of pharmaceutical and biotechnology companies to provide long-term strategic solutions. In addition, Dr. Winstanly is responsible for the office of the Chief Medical and Scientific Officer, Quality Assurance and Business Ethic functions.

Prior to joining Quintiles, Dr. Winstanly worked for Glaxo Wellcome, plc, now GlaxoSmithKline, for 15 years, most recently serving as President of Nippon Wellcome, now GlaxoSmithKline K.K., in Japan.

Source: Company website.

Quintiles model

Figure 36: Q annual model summary

Quintiles Transnational Holdings, Inc.
Fiscal Year Ends December 31
($ in Millions except per share data)

	FY 2010	FY 2011	FY 2012	FY 2013E	FY 2014E
Income statement summary					
Product development (PDEV) segment revenue	$2,222	$2,438	$2,729	$2,865	$3,101
YoY% Growth	N/A	9.7%	11.9%	5.0%	8.3%
Integrated Healthcare Services (IHS) segment revenue	$775	$857	$964	$957	$1,056
YoY% Growth	N/A	10.6%	12.4%	-0.7%	10.4%
Service revenue	**$2,997**	**$3,295**	**$3,692**	**$3,821**	**$4,157**
YoY% Growth	**2.5%**	**10.0%**	**12.1%**	**3.5%**	**8.8%**
Constant Currency Net Revenue	**2,981**	**3,214**	**3,754**	**N/A**	**N/A**
YoY% Growth	**N/A**	**7.8%**	**16.8%**	**N/A**	**N/A**
PDEV contribution margin	N/A	974	1,045	1,111	1,210
% Margin	N/A	40.0%	38.3%	38.8%	39.0%
IHS contribution margin	N/A	168	188	187	208
% Margin	N/A	19.7%	19.5%	19.5%	19.7%
General corporate contribution margin	N/A	(0.4)	(0.0)	(0.1)	0.0
% Margin	N/A	0.0%	0.0%	0.0%	0.0%
Total gross profit contribution	N/A	1,142	1,233	1,297	1,418
Gross margin %	N/A	34.7%	33.4%	34.0%	34.1%
PDEV Income from Operations	422	425	478	523	585
YoY% Growth	N/A	N/A	12.5%	9.5%	11.8%
PDEV segment margin %	19.0%	17.4%	17.5%	18.3%	18.9%
IHS Income from Operations	37	58	61	50	65
YoY% Growth	N/A	N/A	4.0%	-16.7%	28.9%
IHS segment margin %	4.8%	6.8%	6.3%	5.3%	6.2%
General Corporate Income from Operations	N/A	(103)	(123)	(94)	(104)
Income from Operations (before restructuring, impairments, etc.)	**N/A**	**380**	**415**	**479**	**546**
YoY% Growth	N/A	N/A	9.2%	15.4%	13.9%
% Margin	N/A	11.5%	11.2%	12.5%	13.1%
Adjusted EBITDA	**$463**	**$490**	**$544**	**$584**	**$651**
YoY% Growth	-0.3%	6.0%	10.9%	7.4%	11.4%
% Margin	15.4%	14.9%	14.7%	15.3%	15.7%
Quintiles Non-GAAP Net Income	**$165**	**$191**	**$209**	**$250**	**$306**
YoY% Growth	N/A	15.6%	9.4%	19.6%	22.4%
% Margin	5.5%	5.8%	5.7%	6.5%	7.4%
Quintiles Non-GAAP EPS	**$1.40**	**$1.62**	**$1.77**	**$1.94**	**$2.27**
YoY% Growth	N/A	N/A	9.6%	9.6%	16.8%
Weighted average fully diluted sharecount (in millions)	**118.0**	**117.9**	**117.8**	**128.0**	**134.7**
Revenue model summary					
BACKLOG AND ADJUSTED NET ORDERS					
Total Company Net New Business Wins	**$3,552**	**$4,044**	**$4,501**	**$4,728**	**$5,261**
YoY% Growth	**N/A**	**13.9%**	**11.3%**	**5.0%**	**11.3%**
Total Company Book-to-Bill	**1.19x**	**1.23x**	**1.22x**	**1.24x**	**1.27x**
Total Company Backlog	**$7,153**	**$7,973**	**$8,704**	**$9,611**	**$10,716**
YoY% Growth	**N/A**	**11.5%**	**9.2%**	**10.4%**	**11.5%**
Balance sheet summary					
Cash and equivalents	N/A	$516	$568	$869	$1,190
Total debt	N/A	$1,972	$2,422	$2,040	$2,040
Total debt to adjusted EBITDA	*N/A*	*4.0x*	*4.5x*	*3.5x*	*3.1x*
Net debt	N/A	$1,456	$1,854	$1,170	$849
Net debt to adjusted EBITDA	*N/A*	*3.0x*	*3.4x*	*2.0x*	*1.3x*
Accounts receivable, net	N/A	$691	$745	$786	$842
DSOs	*N/A*	*76.5*	*73.7*	*75.1*	*74.0*
Working capital	N/A	$193	$248	$524	$822
Cash flow summary					
Cash flow from operations	N/A	$161	$336	$316	$428
Capital expenditures	N/A	($76)	($71)	($103)	($104)
Capex as % of revenue	*N/A*	*2.3%*	*1.9%*	*2.7%*	*2.5%*
Free cash flow (CFFO - capex)	**N/A**	**$85**	**$264**	**$213**	**$324**
Free cash flow margin	*N/A*	*2.6%*	*7.2%*	*5.6%*	*7.8%*

Source: Deutsche Bank, Company reports

Figure 37: Q income statement

Quintiles Transnational Holdings, Inc.
Consolidated Statement of Income
Fiscal Year Ends December 31
($ in Millions except per share data)

	FY 2010	1Q11	2Q11	3Q11	4Q11	FY 2011	1Q12	2Q12	3Q12	4Q12	FY 2012	1Q13	2Q13E	3Q13E	4Q13E	FY 2013E	1Q14E	2Q14E	3Q14E	4Q14E	FY 2014E
Revenue:																					
Product development (PDEV) segment revenue	$2,221.9	$575.2	$610.1	$603.6	$649.0	$2,437.8	$656.4	$692.1	$677.2	$703.0	$2,728.7	$706.3	$716.3	$717.8	$724.1	$2,864.6	$762.8	$780.8	$775.3	$782.0	$3,100.9
Integrated Healthcare Services (IHS) segment revenue	$774.8	$205.7	$212.4	$215.8	$223.2	$857.1	$231.7	$252.8	$236.4	$242.8	$963.6	$221.1	$230.0	$243.5	$262.2	$956.8	$254.3	$264.5	$261.7	$275.3	$1,055.9
Service revenue	**$2,996.8**	**$780.9**	**$822.5**	**$819.4**	**$872.1**	**$3,295.0**	**$888.0**	**$944.9**	**$913.6**	**$945.8**	**$3,692.3**	**$927.4**	**$946.4**	**$961.3**	**$986.3**	**$3,821.4**	**$1,017.1**	**$1,045.4**	**$1,037.0**	**$1,057.3**	**$4,156.8**
Cost and expenses:																					
PDEV cost of revenue	N/A	$345.7	$368.3	$371.3	$378.6	$1,463.9	$404.3	$428.9	$419.1	$431.0	$1,683.3	$428.9	$441.3	$440.0	$443.5	$1,753.7	$461.3	$479.0	$473.3	$477.0	$1,890.7
IHS cost of revenue	N/A	$167.3	$171.1	$168.4	$181.9	$688.7	$186.3	$199.3	$193.0	$197.5	$776.0	$182.1	$185.8	$192.3	$210.0	$770.2	$204.7	$212.7	$210.2	$220.8	$848.4
General Corporate cost of revenue	N/A	$0.1	$0.1	$0.1	$0.2	$0.4	$0.0	$0.0	$0.0	($0.0)	$0.0	$0.1	$0.0	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0
Cost of revenue	N/A	$513.0	$539.5	$539.8	$560.7	$2,153.0	$590.6	$628.2	$612.1	$628.5	$2,459.4	$611.1	$627.0	$632.4	$653.5	$2,524.0	$666.0	$691.7	$683.5	$697.8	$2,739.0
PDEV SG&A	N/A	$134.5	$139.4	$137.8	$137.6	$549.2	$140.1	$144.1	$136.9	$146.5	$567.5	$144.7	$148.3	$147.2	$147.7	$587.9	$153.6	$158.9	$156.2	$156.8	$625.5
IHS SG&A	N/A	$25.7	$27.4	$25.7	$31.5	$110.2	$31.1	$33.3	$31.0	$31.7	$127.1	$32.8	$33.9	$34.1	$35.4	$136.2	$34.3	$35.7	$35.3	$37.2	$142.5
General Corporate SG&A	N/A	$23.6	$33.9	$22.9	$22.5	$102.8	$34.6	$26.2	$24.9	$37.4	$123.2	$21.8	$23.7	$24.0	$24.7	$94.2	$25.4	$26.1	$25.9	$26.4	$103.9
SG&A **(excludes D&A)**	N/A	$162.4	$178.2	$162.8	$166.9	$670.3	$182.5	$179.8	$167.1	$190.1	$719.5	$174.7	$179.5	$179.2	$182.0	$715.4	$187.0	$194.5	$191.3	$194.2	$767.1
Depreciation and amortization	N/A	$21.3	$22.4	$23.5	$24.7	$92.0	$23.3	$23.7	$25.7	$25.6	$98.3	$24.6	$26.4	$26.0	$25.8	$102.8	$26.3	$26.2	$26.2	$26.2	$104.9
Other expenses (restructuring, management fees, other)	N/A	$1.2	$46.2	$19.6	$13.7	$80.8	($0.3)	$12.3	($0.4)	$8.5	$20.0	$1.9	$45.2	$3.0	$7.0	$57.1	$1.5	$1.5	$1.5	$1.5	$6.0
Total operating expenses	**N/A**	**$698.0**	**$786.4**	**$745.8**	**$765.9**	**$2,996.1**	**$796.0**	**$844.0**	**$804.5**	**$852.6**	**$3,297.1**	**$812.3**	**$878.1**	**$840.7**	**$868.3**	**$3,399.3**	**$880.9**	**$914.0**	**$902.4**	**$919.7**	**$3,617.0**
Income from operations	**N/A**	**$83.0**	**$36.1**	**$73.6**	**$106.2**	**$298.9**	**$92.0**	**$100.9**	**$109.1**	**$93.2**	**$395.2**	**$115.2**	**$68.3**	**$120.7**	**$118.0**	**$422.1**	**$136.2**	**$131.4**	**$134.6**	**$137.6**	**$539.8**
Adjusted EBITDA	**$463**	**$106.8**	**$117.1**	**$120.7**	**$145.9**	**$490.4**	**$129.6**	**$138.2**	**$135.8**	**$140.1**	**$543.7**	**$143.6**	**$139.8**	**$149.7**	**$150.7**	**$583.8**	**$164.1**	**$159.1**	**$162.2**	**$165.3**	**$650.7**
Interest expense, net	N/A	$24.7	$26.7	$26.9	$26.9	$105.1	$28.9	$32.8	$32.7	$36.9	$131.3	$35.6	$35.9	$25.2	$25.0	$121.7	$25.0	$24.6	$24.2	$23.8	$97.5
Other expense (income), net	N/A	$1.5	$11.5	($2.1)	($1.7)	$9.1	($2.4)	($6.2)	$3.9	$1.2	($3.6)	($2.4)	$0.0	$0.0	$0.0	($2.4)	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-tax income (loss)	N/A	$56.8	($2.1)	$48.9	$81.0	$184.7	$65.5	$74.2	$72.6	$55.1	$267.4	$82.0	$32.4	$95.5	$92.9	$302.8	$111.2	$106.8	$110.4	$113.8	$442.2
Income taxes (benefit)	N/A	$22.7	($45.1)	$4.0	$33.4	$15.1	$24.3	$27.6	$21.5	$20.0	$93.4	$32.1	$6.5	$30.6	$29.7	$98.9	$35.6	$34.2	$35.3	$36.4	$141.5
Income from continuing operations	N/A	$34.1	$43.0	$44.9	$47.6	$169.6	$41.2	$46.7	$51.1	$35.1	$174.1	$49.8	$25.9	$64.9	$63.2	$203.9	$75.6	$72.6	$75.1	$77.4	$300.7
Income from unconsolidated affiliates	N/A	($1.6)	($2.1)	($2.2)	$76.6	$70.8	$1.6	$0.3	$0.9	($0.2)	$2.6	($1.7)	$0.5	$0.5	$0.5	($0.2)					
GAAP Net Income	N/A	$32.5	$40.8	$42.8	$124.2	$240.3	$42.8	$47.0	$52.0	$34.8	$176.6	$48.2	$26.4	$65.4	$63.7	$203.7	$75.6	$72.6	$75.1	$77.4	$300.7
Loss from discontinued operations	N/A					$0.0					$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Loss/(income) from Noncontrolling Interest/Minortiy Interests	N/A	$0.2	$0.3	$0.2	$0.7	$1.4	$0.5	$0.2	$0.1	$0.1	$0.9	$0.2	$0.3	$0.3	$0.3	$0.9	$0.3	$0.3	$0.3	$0.3	$1.0
Net income (loss)	**N/A**	**$32.7**	**$41.1**	**$43.0**	**$125.0**	**$241.8**	**$43.3**	**$47.2**	**$52.1**	**$35.0**	**$177.5**	**$48.3**	**$26.7**	**$65.7**	**$64.0**	**$204.6**	**$75.9**	**$72.9**	**$75.3**	**$77.6**	**$301.7**
EPS from Continuing Operations (excluding unusual items)	**N/A**	**$0.29**	**$0.35**	**$0.32**	**$0.65**	**$1.62**	**$0.44**	**$0.47**	**$0.45**	**$0.41**	**$1.77**	**$0.43**	**$0.50**	**$0.51**	**$0.51**	**$1.94**	**$0.57**	**$0.55**	**$0.57**	**$0.58**	**$2.27**
Reported EPS (GAAP basis)	**N/A**	**$0.28**	**$0.35**	**$0.36**	**$1.06**	**$2.05**	**$0.37**	**$0.40**	**$0.44**	**$0.30**	**$1.51**	**$0.41**	**$0.21**	**$0.49**	**$0.48**	**$1.60**	**$0.57**	**$0.54**	**$0.56**	**$0.57**	**$2.24**
Basic shares outstanding	116.418					116.232	115.808			115.7	115.7	115.8									
Diluted shares outstanding	118.0	117.9	117.9	117.9	117.9	117.9	117.6	117.8	117.8	117.8	117.8	118.7	126.4	133.4	133.7	128.0	134.1	134.5	134.9	135.3	134.7
Income statement ratios (as a % of revenue)																					
Cost of revenue (as % of net revenues)	N/A	65.7%	65.6%	65.9%	64.3%	65.3%	66.5%	66.5%	67.0%	66.5%	66.6%	65.9%	66.3%	65.8%	66.3%	66.0%	65.5%	66.2%	65.9%	66.0%	65.9%
General and administrative expense (as % of net revenues)	N/A	20.8%	21.7%	19.9%	19.1%	20.3%	20.6%	19.0%	18.3%	20.1%	19.5%	18.8%	19.0%	18.6%	18.5%	18.7%	18.4%	18.6%	18.4%	18.4%	18.5%
Depreciation and amortization (as % of net revenues)	N/A	2.7%	2.7%	2.9%	2.8%	2.8%	2.6%	2.5%	2.8%	2.7%	2.7%	2.7%	2.8%	2.7%	2.6%	2.7%	2.6%	2.5%	2.5%	2.5%	2.5%
Other expenses (as % of net revenues)	N/A	0.2%	5.6%	2.4%	1.6%	2.5%	0.0%	1.3%	0.0%	0.9%	0.5%	0.2%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.1%
Noncontrolling Interest/Minortiy Interests (as % of net revenues)	N/A	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(Provision) benefit for income taxes	N/A	40.0%	2150.7%	8.2%	41.3%	8.2%	37.0%	37.1%	29.7%	36.3%	34.9%	39.2%	20.0%	32.0%	32.0%	32.7%	32.0%	32.0%	32.0%	32.0%	32.0%

Source: Deutsche Bank, Company reports

Figure 38: Q balance sheet

Quintiles Transnational Holdings, Inc.
Consolidated Balance Sheet
Fiscal Year Ends December 31
($ in Millions except per share data)

	12/31/2011	12/31/2012	3/31/2013	6/30/2013E	9/30/2013E	12/31/2013E	3/31/2014E	6/30/2014E	9/30/2014E	12/31/2014E
ASSETS										
Current assets:										
Cash and cash equivalents	$516.3	$567.7	$454.3	$776.5	$798.0	$869.4	$954.1	$1,034.3	$1,107.7	$1,190.2
Restricted cash	$3.0	$2.8	$3.9	$2.8	$2.9	$3.0	$3.1	$3.1	$3.1	$3.2
Accounts receivable, net	691.0	745.4	$779.3	$754.0	$765.9	$785.8	$810.3	$832.8	$826.2	$842.4
Prepaid expenses and other current assets	155.1	194.1	$202.0	$194.0	$197.1	$202.2	$208.5	$214.3	$212.6	$216.7
Total current assets	1,365.5	1,510.0	$1,439.5	$1,727.4	$1,763.8	$1,860.3	$1,976.0	$2,084.5	$2,149.6	$2,252.5
Property and equipment, net	185.8	194.0	$190.2	$187.4	$185.4	$184.3	$183.4	$183.3	$183.1	$183.4
Deferred income taxes	78.2	37.3	$32.4	$37.9	$38.5	$39.5	$40.7	$41.8	$41.5	$42.3
Investments	33.9	55.1	$57.6	$56.8	$57.7	$59.2	$61.0	$62.7	$62.2	$63.4
Goodwill and other intangibles	547.5	575.2	$571.6	$571.6	$571.6	$571.6	$571.6	$571.6	$571.6	$571.6
Deposits and other assets	112.1	127.5	$135.5	$127.8	$129.8	$133.1	$137.3	$141.1	$140.0	$142.7
Total assets	**$2,322.9**	**$2,499.2**	**$2,426.71**	**$2,708.7**	**$2,746.7**	**$2,848.0**	**$2,970.0**	**$3,085.1**	**$3,147.9**	**$3,255.9**
LIABILITIES AND EQUITY										
Current liabilities:										
Accounts payable and accrued expenses	$686.9	$751.8	$671.4	$747.6	$759.4	$779.2	$803.5	$825.8	$819.2	$835.3
Other expenses	$86.6	$53.9	$61.7	$56.8	$57.7	$59.2	$61.0	$62.7	$62.2	$63.4
Unearned income	$398.5	$456.6	$454.1	$444.8	$451.8	$463.5	$478.0	$491.3	$487.4	$496.9
Short-term debt	$0.0	$0.0	$34.7	$34.7	$34.7	$34.7	$34.7	$34.7	$34.7	$34.7
Total current liabilities	1,172.0	1,262.3	$1,222.0	$1,284.0	$1,303.7	$1,336.6	$1,377.3	$1,414.6	$1,403.6	$1,430.4
Long-term debt, less current premium	1,971.9	2,422.0	$2,354.8	$2,054.8	$2,004.8	$2,004.8	$2,004.8	$2,004.8	$2,004.8	$2,004.8
Deferred tax liabilities	9.9	11.6	$16.0	$9.5	$9.6	$9.9	$10.2	$10.5	$10.4	$10.6
Other liabilities	138.8	162.3	$156.2	$156.2	$158.6	$162.7	$167.8	$172.5	$171.1	$174.5
Total stockholders' equity (includes minortiy interest)	(969.6)	(1,359.0)	($1,322.3)	($795.6)	($729.9)	($666.0)	($590.1)	($517.2)	($441.9)	($364.3)
Total liabilities and member's equity	**$2,322.9**	**$2,499.2**	**$2,426.71**	**$2,708.7**	**$2,746.7**	**$2,848.0**	**$2,970.0**	**$3,085.1**	**$3,147.9**	**$3,255.9**
Balance sheet assumptions:										
A/R-Days sales outstanding	72.9	69.9	74.0	72.5	72.5	72.5	72.5	72.5	72.5	72.5
Restricted Cash (% of revenue)	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Prepaid expenses and other (% of revenue)	17.8%	20.5%	21.8%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
Deferred income taxes (% of revenue)	9.0%	3.9%	3.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Investments (% of revenue)	3.9%	5.8%	6.2%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Deposits and other assets (% of revenue)	12.9%	13.5%	14.6%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Accounts payable and accrued expenses (% of revenue)	78.8%	79.5%	72.4%	79.0%	79.0%	79.0%	79.0%	79.0%	79.0%	79.0%
Other liabilities (% of revenue)	9.9%	5.7%	6.7%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Unearned revenue (% of revenue)	45.7%	48.3%	49.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%
Deferred income tax liability (% of revenue)	1.1%	1.2%	1.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other liabilities (% of revenue)	15.9%	17.2%	16.8%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
Working capital	$193.5	$247.7	$217.5	$443.4	$460.2	$523.7	$598.7	$669.9	$746.0	$822.1
Net debt	$1,455.6	$1,854.3	$1,935.2	$1,313.0	$1,241.5	$1,170.1	$1,085.4	$1,005.3	$931.8	$849.3
Debt to total capitalization	196.7%	227.9%	223.9%	161.5%	155.7%	148.5%	140.7%	134.0%	127.7%	121.7%

Source: Deutsche Bank company reports

Figure 39: Q cash flow statement

Quintiles Transnational Holdings, Inc.
Consolidated Statement of Cash Flow
Fiscal Year Ends December 31
($ in Millions except per share data)

	FY 2011	FY 2012	1Q13	2Q13E	3Q13E	4Q13E	FY 2013E	1Q14E	2Q14E	3Q14E	4Q14E	FY 2014E
Cash flows from operating activities												
Net income (loss)	240.3	176.6	48.2	26.4	65.4	63.7	203.7	75.6	72.6	75.1	77.4	300.7
Adjustments to net income:												
Depreciation and amortization	92.0	98.3	24.6	26.4	26.0	25.8	102.8	26.3	26.2	26.2	26.2	104.9
Amortization of debt issuance costs and discount	30.0	9.2	2.9				2.9					0.0
Stock based compensation	14.1	25.9	4.5	0.0	0.0	0.0	4.5	0.0	0.0	0.0	0.0	0.0
Deferred income taxes	(73.2)	16.6	11.2	(5.5)	(0.6)	(1.0)	4.1	(1.2)	(1.1)	0.3	(0.8)	(2.8)
Other	11.2	(0.9)	1.2				1.2					0.0
Changes in operating assets and liabilities:												
OWC	45.3	31.3		79.3	9.6	16.1	105.0	19.9	18.2	(5.4)	13.1	45.8
Deposits and other assets	0.0	0.0		7.7	(2.0)	(3.4)	2.3	(4.2)	(3.8)	1.1	(2.7)	(9.6)
Unconsolidated affiliates	(70.8)	(2.5)					0.0					0.0
DTLs	40.2	(13.1)		(6.5)	0.1	0.2	(6.1)	0.3	0.3	(0.1)	0.2	0.7
Other assets and liabilities	0.0	0.0	(74.3)	(0.1)	2.5	4.1	(67.8)	5.1	4.7	(1.4)	3.4	11.7
Accounts receivable, unbilled services, and unearned income	(168.2)	(5.8)	(39.7)	16.0	(4.9)	(8.2)	(36.6)	(10.1)	(9.2)	2.7	(6.6)	(23.2)
Net cash provided by (used in) operating activities	161.0	335.7	(21.5)	143.8	96.2	97.4	315.9	111.8	107.8	98.6	110.0	428.2
Cash flows from investing activities:												
Capital expenditures	(75.7)	(71.3)	(30.8)	(23.7)	(24.0)	(24.7)	(103.1)	(25.4)	(26.1)	(25.9)	(26.4)	(103.9)
Restricted cash	19.2	0.2	(1.1)	1.0	(0.0)	(0.1)	(0.2)	(0.1)	(0.1)	0.0	(0.1)	(0.2)
Proceeds from sale of investment	63.8	(17.8)	0.1	0.8	(0.9)	(1.5)	(1.5)	(1.9)	(1.7)	0.5	(1.2)	(4.3)
Acquisition of businesses, net of acquired cash	(232.1)	(43.4)	(4.4)	0.0	0.0	0.0	(4.4)	0.0	0.0	0.0	0.0	0.0
Other, net			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used in investing activities	(224.8)	(132.2)	(36.2)	(21.8)	(25.0)	(26.2)	(109.2)	(27.4)	(27.9)	(25.4)	(27.7)	(108.4)
Cash flows from financing activities:												
Long-term debt, net change	242.2	430.9	(34.3)	(300.0)	(50.0)	0.0	(384.3)	0.0	0.0	0.0	0.0	0.0
Common stock, net change	(13.2)	(9.9)	0.1	500.0	0.0	0.0	500.1	0.0	0.0	0.0	0.0	0.0
Other	(288.3)	(567.9)	0.2	0.3	0.3	0.3	0.9	0.3	0.3	0.3	0.3	1.0
Net cash provided by (used in) financing activities	(59.3090)	(146.9)	(34.0)	200.3	(49.8)	0.3	116.8	0.3	0.3	0.3	0.3	1.0
FX impact	(7.1)	(5.2)	(21.8)	0.0	0.0	0.0	(21.8)	0.0	0.0	0.0	0.0	0.0
Change in cash and cash equivalents	(130.3)	51.4	(113.4)	322.2	21.5	71.4	301.7	84.7	80.2	73.4	82.5	320.8
Cash and cash equivalents at beginning of period	646.6	516.3	567.7	454.3	776.5	798.0	567.7	869.4	954.1	1,034.3	1,107.7	869.4
Cash and cash equivalents at end of period	$516.30	$567.73	$454.3	$776.5	$798.0	$869.4	$869.4	$954.1	$1,034.3	$1,107.7	$1,190.2	$1,190.2

Source: Deutsche Bank company reports

Figure 40: Q revenue model

Quintiles Transnational Holdings, Inc.
Revenue Segment
($ in millions, except per unit figures)

Fiscal Year Ends December 31	FY 2010	1Q11	2Q11	3Q11	4Q11	FY 2011	1Q12	2Q12	3Q12	4Q12	FY 2012	1Q13E	2Q13E	3Q13E	4Q13E	FY 2013E	1Q14E	2Q14E	3Q14E	4Q14E	FY 2014E
Operating segment data:																					
CONSOLIDATED																					
PDEV revenue	$2,221.9	$575.2	$610.1	$603.6	$649.0	$2,437.8	$656.4	$692.1	$677.2	$703.0	$2,728.7	$706.3	$716.3	$717.8	$724.1	$2,864.6	$762.8	$780.8	$775.3	$782.0	$3,100.9
IHS revenue	$774.8	$205.7	$212.4	$215.8	$223.2	$857.1	$231.7	$252.8	$236.4	$242.8	$963.6	$221.1	$230.0	$243.5	$262.2	$956.8	$254.3	$264.5	$261.7	$275.3	$1,055.9
Total service revenue	$2,996.8	$780.9	$822.5	$819.4	$872.1	$3,295.0	$888.0	$944.9	$913.6	$945.8	$3,692.3	$927.4	$946.4	$961.3	$986.3	$3,821.4	$1,017.1	$1,045.4	$1,037.0	$1,057.3	$4,156.8
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*10.0%*	*13.7%*	*14.9%*	*11.5%*	*8.4%*	*12.1%*	*4.4%*	*0.2%*	*5.2%*	*4.3%*	*3.5%*	*9.7%*	*10.5%*	*7.9%*	*7.2%*	*8.8%*
Constant currency net revenue	$2,980.9					$3,214.2					$3,754.0					N/A					N/A
yoy % growth						*7.3%*					*13.9%*					*N/A*					*N/A*
General Corporate cost of revenue	*0.1*	*0.1*	*0.1*	*0.1*	*0.2*	*0.4*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
% of Total service revenue	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0.0%*	*0.0%*	*0.0%*	*0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0%*
General Corporate SG&A (includes D&A)	*86.0*	*23.6*	*33.9*	*22.9*	*22.5*	*102.8*	*34.6*	*26.2*	*24.9*	*37.4*	*123.2*	*21.8*	*23.7*	*24.0*	*24.7*	*94.2*	*25.4*	*26.1*	*25.9*	*26.4*	*103.9*
% of Total service revenue	*2.9%*	*3.0%*	*4.1%*	*2.8%*	*2.6%*	*3.1%*	*3.9%*	*2.8%*	*2.7%*	*4.0%*	*3.3%*	*2.4%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Total Company operating Income (before restructuring, impairments, etc)	$373.5	$84.2	$82.3	$93.3	$119.9	$379.7	$91.7	$113.1	$108.7	$101.6	$415.2	$117.0	$113.5	$123.7	$125.0	$479.2	$137.7	$132.9	$136.1	$139.1	$545.8
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*1.7%*	*8.9%*	*37.4%*	*16.5%*	*-15.2%*	*9.4%*	*27.6%*	*0.3%*	*13.8%*	*23.0%*	*15.4%*	*17.7%*	*17.1%*	*10.0%*	*11.3%*	*13.9%*
Total Company operating Margin	12.5%	10.8%	10.0%	11.4%	13.7%	11.5%	10.3%	12.0%	11.9%	10.7%	11.2%	12.6%	12.0%	12.9%	12.7%	12.5%	13.5%	12.7%	13.1%	13.2%	13.1%
yoy growth in bps	*N/A*	*1,078*	*1,001*	*1,138*	*1,375*	*(94)*	*(46)*	*196*	*52*	*(300)*	*(28)*	*229*	*2*	*97*	*193*	*129*	*92*	*72*	*26*	*48*	*59*
PRODUCT DEVELOPMENT (PDEV)																					
Net revenues	$2,221.9	$575.2	$610.1	$603.6	$649.0	$2,437.8	$656.4	$692.1	$677.2	$703.0	$2,728.7	$706.3	$716.3	$717.8	$724.1	$2,864.6	$762.8	$780.8	$775.3	$782.0	$3,100.9
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*9.7%*	*14.1%*	*13.5%*	*12.2%*	*8.3%*	*11.9%*	*7.6%*	*3.5%*	*6.0%*	*3.0%*	*5.0%*	*8.0%*	*9.0%*	*8.0%*	*8.0%*	*8.3%*
sequential % growth			*6.1%*	*-1.1%*	*7.5%*		*1.1%*	*5.4%*	*-2.2%*	*3.8%*		*0.5%*	*1.4%*	*0.2%*	*0.9%*		*5.3%*	*2.4%*	*-0.7%*	*0.9%*	
Cost of revenue	$1,285.2	$345.7	$368.3	$371.3	$378.6	$1,463.9	$404.3	$428.9	$419.1	$431.0	$1,683.3	$428.9	$441.3	$440.0	$443.5	$1,753.7	$461.3	$479.0	$473.3	$477.0	$1,890.7
% of PDEV segment revenue	*57.8%*	*60.1%*	*60.4%*	*61.5%*	*58.3%*	*60.0%*	*61.6%*	*62.0%*	*61.9%*	*61.3%*	*61.7%*	*60.7%*	*61.6%*	*61.3%*	*61.3%*	*61.2%*	*60.5%*	*61.4%*	*61.1%*	*61.0%*	*61.0%*
% of Total service revenue	*42.9%*	*44.3%*	*44.8%*	*45.3%*	*43.4%*	*44.4%*	*45.5%*	*45.4%*	*45.9%*	*45.6%*	*45.6%*	*46.2%*	*46.6%*	*45.8%*	*45.0%*	*45.9%*	*45.4%*	*45.8%*	*45.6%*	*45.1%*	*45.5%*
SG&A (includes D&A)	$514.5	$134.5	$139.4	$137.8	$137.6	$549.2	$140.1	$144.1	$136.9	$146.5	$567.5	$144.7	*148.3*	*147.2*	*147.7*	*587.9*	*153.6*	*158.9*	*156.2*	*156.8*	*625.5*
% of PDEV segment revenue	*23.2%*	*23.4%*	*22.9%*	*22.8%*	*21.2%*	*22.5%*	*21.3%*	*20.8%*	*20.2%*	*20.8%*	*20.8%*	*20.5%*	*20.7%*	*20.5%*	*20.4%*	*20.5%*	*20.1%*	*20.4%*	*20.2%*	*20.1%*	*20.2%*
% of Total service revenue	*17.2%*	*17.2%*	*16.9%*	*16.8%*	*15.8%*	*16.7%*	*15.8%*	*15.2%*	*15.0%*	*15.5%*	*15.4%*	*15.6%*	*15.7%*	*15.3%*	*15.0%*	*15.4%*	*15.1%*	*15.2%*	*15.1%*	*14.8%*	*15.0%*
Operating Income	$422.2	$95.0	$102.4	$94.5	$132.8	$424.7	$112.0	$119.1	$121.2	$125.5	$477.9	$132.7	$126.8	$130.6	$132.9	$523.0	$147.9	$142.9	$145.8	$148.2	$584.7
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*0.6%*	*17.9%*	*16.4%*	*28.3%*	*-5.5%*	*12.5%*	*18.5%*	*6.4%*	*7.8%*	*5.9%*	*9.5%*	*11.4%*	*12.7%*	*11.6%*	*11.5%*	*11.8%*
Operating Margin	19.0%	16.5%	16.8%	15.7%	20.5%	17.4%	17.1%	17.2%	17.9%	17.8%	17.5%	18.8%	17.7%	18.2%	18.4%	18.3%	19.4%	18.3%	18.8%	19.0%	18.9%
yoy growth in bps	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*(158)*	*54*	*43*	*225*	*(262)*	*9*	*172*	*49*	*30*	*50*	*75*	*60*	*60*	*60*	*60*	*60*
INTEGRATED HEALTHCARE SERVICES (IHS)																					
Net revenues	$774.8	$205.7	$212.4	$215.8	$223.2	$857.1	$231.7	$252.8	$236.4	$242.8	$963.6	$221.1	$230.0	$243.5	$262.2	$956.8	$254.3	$264.5	$261.7	$275.3	$1,055.9
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*10.6%*	*12.6%*	*19.0%*	*9.5%*	*8.8%*	*12.4%*	*-4.6%*	*-9.0%*	*3.0%*	*8.0%*	*-0.7%*	*15.0%*	*15.0%*	*7.5%*	*5.0%*	*10.4%*
Cost of revenue	$639.5	$167.3	$171.1	$168.4	$181.9	$688.7	$186.3	$199.3	$193.0	$197.5	$776.0	$182.1	$185.8	$192.3	$210.0	$770.2	$204.7	$212.7	$210.2	$220.8	$848.4
% of IHS segment revenue	*82.5%*	*81.3%*	*80.6%*	*78.0%*	*81.5%*	*80.3%*	*80.4%*	*78.8%*	*81.7%*	*81.3%*	*80.5%*	*82.4%*	*80.8%*	*79.0%*	*80.1%*	*80.5%*	*80.5%*	*80.4%*	*80.3%*	*80.2%*	*80.3%*
% of Total service revenue	*21.3%*	*21.4%*	*20.8%*	*20.5%*	*20.9%*	*20.9%*	*21.0%*	*21.1%*	*21.1%*	*20.9%*	*21.0%*	*19.6%*	*19.6%*	*20.0%*	*21.3%*	*20.2%*	*20.1%*	*20.3%*	*20.3%*	*20.9%*	*20.4%*
SG&A (includes D&A)	$97.9	$25.7	$27.4	$25.7	$31.5	$110.2	$31.1	$33.3	$31.0	$31.7	$127.1	$32.8	*33.9*	*34.1*	*35.4*	*136.2*	*34.3*	*35.7*	*35.3*	*37.2*	*142.5*
% of IHS segment revenue	*12.6%*	*12.5%*	*12.9%*	*11.9%*	*14.1%*	*12.9%*	*13.4%*	*13.2%*	*13.1%*	*13.1%*	*13.2%*	*14.8%*	*14.8%*	*14.0%*	*13.5%*	*14.2%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*	*13.5%*
% of Total service revenue	*3.3%*	*3.3%*	*3.3%*	*3.1%*	*3.6%*	*3.3%*	*3.5%*	*3.5%*	*3.4%*	*3.4%*	*3.4%*	*3.5%*	*3.6%*	*3.5%*	*3.6%*	*3.6%*	*3.4%*	*3.4%*	*3.4%*	*3.5%*	*3.4%*
Operating Income	$37.4	$12.8	$13.9	$21.8	$9.7	$58.2	$14.3	$20.2	$12.4	$13.6	$60.5	$6.2	$10.4	$17.0	$16.8	$50.4	$15.3	$16.1	$16.2	$17.3	$65.0
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*55.5%*	*12.0%*	*45.5%*	*-43.1%*	*39.4%*	*4.0%*	*-56.5%*	*-48.9%*	*37.7%*	*23.6%*	*-16.7%*	*145.0%*	*55.9%*	*-4.8%*	*3.4%*	*28.9%*
Operating Margin	4.8%	6.2%	6.5%	10.1%	4.4%	6.8%	6.2%	8.0%	5.2%	5.6%	6.3%	2.8%	4.5%	7.0%	6.4%	5.3%	6.0%	6.1%	6.2%	6.3%	6.2%
yoy growth in bps	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*196*	*(3)*	*146*	*(484)*	*123*	*(51)*	*(336)*	*(351)*	*177*	*81*	*(101)*	*318*	*160*	*(80)*	*(10)*	*89*
BACKLOG AND ADJUSTED NET ORDERS																					
Total Company Backlog	**$7,153.3**	**$7,022.3**	**$7,333.3**	**$7,501.9**	**$7,972.9**	**$7,972.9**	**$8,087.7**	**$8,028.1**	**$8,153.2**	**$8,704.5**	**$8,704.5**	**$8,992.0**	**$9,146.6**	**$9,318.3**	**$9,611.5**	**$9,611.5**	**$9,945.8**	**$10,126.5**	**$10,350.9**	**$10,715.9**	**$10,715.9**
yoy % growth	***N/A***	***N/A***	***N/A***	***N/A***	***N/A***	***11.5%***	***15.2%***	***9.5%***	***8.7%***	***9.2%***	***9.2%***	***11.2%***	***13.9%***	***14.3%***	***10.4%***	***10.4%***	***10.6%***	***10.7%***	***11.1%***	***11.5%***	***11.5%***
PDEV gross new business wins	N/A	$633.5	$1,045.3	$890.0	$666.1	$3,234.9	$855.0	$845.2	$944.8	$1,424.6	$4,069.6										
IHS gross new business wins	N/A	$345.7	$278.6	$137.9	$411.4	$1,173.7	$195.0	$242.6	$277.1	$481.3	$1,196.0										
Total Company Gross New Business Wins	N/A	$979.2	$1,324.0	$1,027.9	$1,077.5	$4,408.6	$1,050.0	$1,087.8	$1,222.0	$1,905.9	$5,265.6	$1,365.0	$1,251.0	$1,283.0	$1,429.4	$5,328.4	$1,501.4	$1,376.1	$1,411.4	$1,572.3	$5,861.2
yoy % growth	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*7.2%*	*-17.8%*	*18.9%*	*76.9%*	*19.4%*	*30.0%*	*15.0%*	*5.0%*	*-25.0%*	*1.2%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
PDEV net new business wins	*N/A*	$449.1	*$895.1*	*$862.5*	*$833.7*	*$3,040.4*	$848.8	$745.7	$790.0	$1,085.7	$3,470.2										
		N/A	*N/A*	*N/A*	*N/A*	*N/A*	89.0%	-16.7%	-8.4%	30.2%	14.1%										
IHS net new business wins	*N/A*	$313.6	*$215.7*	*$105.5*	*$368.9*	*$1,003.7*	$202.9	$154.3	$252.4	$421.4	$1,030.9										
		N/A	*N/A*	*N/A*	*N/A*	*N/A*	-35.3%	-28.5%	139.3%	14.2%	2.7%										
Total Company Net New Business Wins	**$3,551.5**	**$762.8**	**$1,110.8**	**$968.0**	**$1,202.6**	**$4,044.1**	**$1,051.7**	**$900.0**	**$1,042.4**	**$1,507.1**	**$4,501.2**	**$1,215.0**	**$1,101.0**	**$1,133.0**	**$1,279.4**	**$4,728.4**	**$1,351.4**	**$1,226.1**	**$1,261.4**	**$1,422.3**	**$5,261.2**
yoy % growth	***N/A***	***N/A***	***N/A***	***N/A***	***N/A***	***13.9%***	***37.9%***	***-19.0%***	***7.7%***	***25.3%***	***11.3%***	***15.5%***	***22.3%***	***8.7%***	***-15.1%***	***5.0%***	***11.2%***	***11.4%***	***11.3%***	***11.2%***	***11.3%***
PDEV Book-to-Bill	N/A	0.78	1.47	1.43	1.28	1.25	1.29	1.08	1.17	1.54	1.27										
IHS Book-to-Bill	N/A	1.52	1.02	0.49	1.65	1.17	0.88	0.61	1.07	1.74	1.07										
Total Company Book-to-Bill	**1.19**	**0.98**	**1.35**	**1.18**	**1.38**	**1.23**	**1.18**	**0.95**	**1.14**	**1.59**	**1.22**	1.31	1.16	1.18	1.30	**1.24**	1.33	1.17	1.22	1.35	**1.27**
PDEV cancellations and contract modifications	N/A	184.4	150.3	27.4	-167.6	194.5	6.2	99.5	154.8	338.9	599.4										
IHS cancellations and contract modifications	N/A	32.1	62.9	32.5	42.5	170.0	-7.9	88.3	24.8	59.9	165.0										
Total Company cancellations and contract modifications	N/A	$216.5	$213.2	$59.9	($125.1)	$364.5	($1.7)	$187.8	$179.5	$398.8	$764.4	$150.0	$150.0	$150.0	$150.0	$600.0	$150.0	$150.0	$150.0	$150.0	$600.0
as % of backlog		*3.1%*	*2.9%*	*0.8%*	*-1.6%*		*0.0%*	*2.3%*	*2.2%*	*4.6%*		*1.7%*	*1.6%*	*1.6%*	*1.6%*		*1.5%*	*1.5%*	*1.4%*	*1.4%*	

Source: Deutsche Bank company reports

Appendix

Stages of drug development

Figure 41: Typical stages of development for approval of new drugs or biologics

	Trial Stage	Time Horizon	Description
Early Stage	**Preclinical Research**	1 - 3.5 years	"In vitro" (test tube) and animal studies must be conducted in accordance with applicable regulations to establish the relative toxicity of the drug over a wide range of doses and to detect any potential to cause birth defects or cancer. If results warrant continuing development of the drug or biologic, the manufacturer will file for an Investigational New Drug Application, or IND, which must become effective by the FDA before starting the proposed clinical studies.
Early Stage	**Phase I**	6 months - 1 year	Consists of basic safety and pharmacology testing in 20 to 80 human subjects, usually healthy volunteers, and includes studies to determine how the drug works, if it is safe, how it is affected by other drugs, where it goes in the body, how long it remains active and how it is broken down and eliminated from the body.
Late Stage	**Phase II**	1 - 2 years	Includes basic efficacy (effectiveness) and dose-range testing in a limited patient population (usually) 100 to 200 patients to help determine the best effective dose, confirm that the drug works as expected, and provide additional safety data. If the Phase II results are satisfactory and no clinical hold is enforced by the FDA, the Sponsor may proceed to Phase III studies.
Late Stage	**Phase IIIa-b**	2 - 3 years	Efficacy and safety studies in hundreds or thousands of patients at many investigational sites (hospitals and clinics). These studies can be placebo-controlled trials, in which the new drug is compared with a "sugar pill", or studies comparing the new drug with one or more drugs with established safety and efficacy profiles in the same therapeutic category. Phase IIIa trials involve testing large numbers of patients, typically several hundred to several thousand persons, to verify efficacy on a large scale as well as safety. Phase IIIa trials are focused on regulatory approval issues and involve numerous sites and generally last two to three years. After the successful completion of Phase IIIa, the sponsor submits a registration dossier containing all pre-clinical, pharmacologic, efficacy, and safety data; information about the product's composition; and the sponsor's plans for producing, packaging and labeling. The regulatory review process can take up to 30 months or longer, depending on the country, type of product and other factors. Phase IIIb trials usually begin after submission of the registration dossier and prior to regulatory approval. These studies, which also involve
Late Stage	***TIND (may span late Phase II, Phase III, and FDA review).***		When results from Phase II or Phase III show special promise in the treatment of a serious condition for which existing therapeutic options are limited or of minimal value, the FDA may allow the Sponsor to make the new drug or biologic available to a larger number of patients through the regulated provision of a Treatment Investigational New Drug, or TIND. Although less scientifically rigorous than a controlled clinical trial, a TIND may enroll and collect a substantial amount of data from tens of thousands of patients.
Late Stage	***NDA or BLA Preparation and Submission.***		Upon completion of Phase III trials, the Sponsor assembles the statistically analyzed data from all phases of development into a single large submission along with the Chemistry and Manufacturing and preclinical data and the proposed labeling into the New Drug Application (NDA), or Biologics License Application (BLA) which today comprises, on average, approximately 100,000 pages.
Late Stage	***FDA Review & Approval of NDA or BLA***	1 - 1.5 years	Data from all phases of development (including a TIND) is scrutinized to confirm that the manufacturer has complied with all applicable regulations and that the drug or biologic is safe and effective for the specific use (or "indication") under study. The FDA may refuse to accept the NDA or BLA if the Sponsor's application has certain administrative or content criteria which do meet FDA standards. The FDA may also deny approval of the drug or biologic product if applicable regulatory requirements are not satisfied.
Late Stage	***Post-Marketing Surveillance and Phase IV Studies.***		Federal regulation requires the Sponsor to collect and periodically report to the FDA additional safety and efficacy data on the drug or biologic for as long as the Sponsor markets it (post-marketing surveillance). If the product is marketed outside the U.S., these reports must include data from all countries in which the drug is sold. Additional studies (Phase IV) may be undertaken after initial approval to find new uses for the drug, to test new dosage formulations, or to confirm selected non-clinical benefits, e.g., increased cost-effectiveness or improved quality of life. Additionally, FDA and other regulatory agencies are requiring Sponsors of marketed drugs or biologics to prepare Risk Management plans which are aimed at assessing areas of product risk and plans for managing such risk should they occur. The FDA Amendment Act of 2007 has imposed additional regulatory requirements on Sponsors which address product safety, to conduct post-marketing surveillance studies and to submit the clinical trial information, including clinical study results of investigational and marketed products, to a databank managed and maintained by the National Institutes of Health. The information is accessible to the public via the worldwide web. This action was taken as a result to increase "public transparency" of Sponsor's clinical studies and respective clinical results.

Source: Deutsche Bank, Icon PLC 20-F, Quintiles Company Website.

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist			
Company	Ticker	Recent price*	Disclosure
Quintiles Transnational	Q.N	43.53 (USD) 17 Jun 13	1,7

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

Important Disclosures Required by U.S. Regulators

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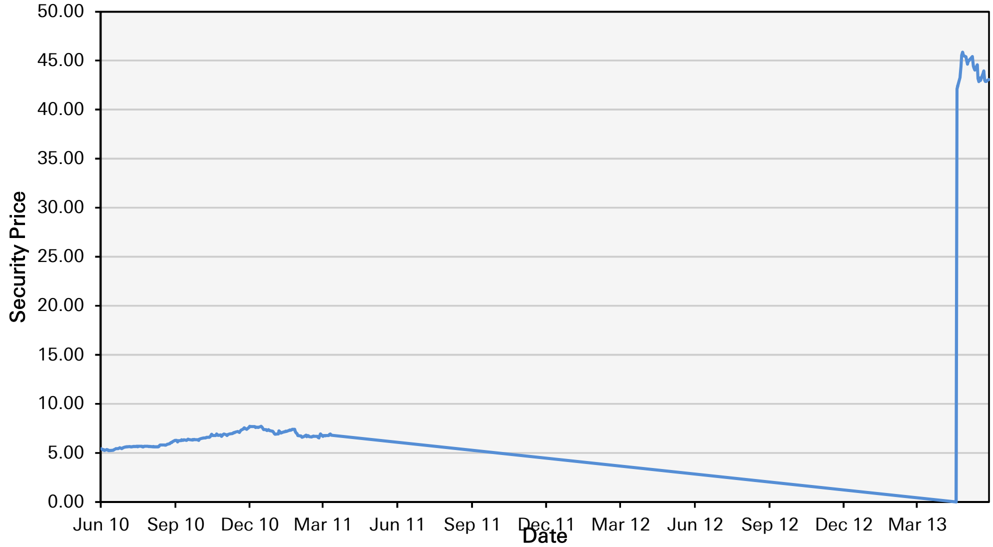
Historical recommendations and target price: Quintiles Transnational (Q.N)

(as of 6/17/2013)



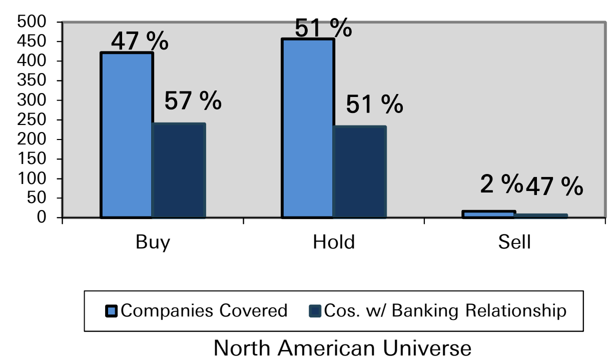
Equity rating key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.
Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:

   Buy: Expected total return (including dividends) of 10% or more over a 12-month period
   Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
   Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Regulatory Disclosures

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