



# Q4 2023 FINANCIAL RESULTS

FEBRUARY 12, 2024

MEDPACE

# FORWARD LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation, statements regarding our forecasted financial results and the effective tax rate used for non-GAAP adjustment purposes. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “guidance,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” “forecast,” “may,” “could,” “likely,” “anticipate,” “project,” “goal,” “objective,” “potential,” “range,” “estimate,” “preliminary,” “opportunity,” “outlook,” “trend,” “can,” “might,” “drives,” “hope,” “predict” and similar expressions, and variations or negatives of these words. However, the absence of these words does not mean that a statement is not forward-looking.

These forward-looking statements are largely based on management’s current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our financial condition, actual results, performance (including share price performance), or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: the potential loss, delay or non-renewal of our contracts, or the non-payment by customers for services we have performed; the failure to convert backlog to revenue at our present or historical conversion rate(s); the failure to maintain or generate new business awards; fluctuation in our results between fiscal quarters and years; the risks and uncertainties related to disruptions to or reductions in business operations or prospects due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases; decreased operating margins due to increased pricing pressure or other factors; our failure to perform our services in accordance with contractual requirements, government regulations and ethical considerations; the impact of underpricing our contracts, overrunning our cost estimates or failing to receive approval for or experiencing delays with documentation of change orders; our failure to increase our market share, grow our business, successfully execute our growth strategies or manage our growth effectively; the impact of a failure to retain key executives or other personnel or recruit experienced personnel; the risks associated with our information systems infrastructure, including potential cybersecurity breaches and other disruptions which could compromise patient information or our information; adverse results from customer or therapeutic area concentration; the risks associated with doing business internationally, including the effects of tariffs and trade wars; the risks associated with the Foreign Corrupt Practices Act and other anti-corruption laws; future net losses; the impact of changes in tax laws and regulations; our failure to attract suitable investigators and patients to our clinical trials; the liability risks associated with our research and development services, including risks of liability resulting from harm to patients; inadequate insurance coverage for our operations and indemnification obligations; fluctuations in exchange rates; general economic conditions, including inflation, in the markets in which we operate, including financial market conditions; the impact of unfavorable economic conditions, including conditions caused by the uncertain international economic environment and current and future international conflicts; the impact of a natural disaster or other catastrophic event; negative outsourcing trends in the biopharmaceutical industry and a reduction in aggregate expenditures and research and development budgets; our inability to compete effectively with other CROs; the impact of healthcare reform; the impact of consolidation in the biopharmaceutical industry; our failure to comply with federal, state and foreign healthcare laws; the effect of current and proposed laws and regulations regarding the protection of personal data; our potential involvement in costly intellectual property lawsuits; actions by regulatory authorities or customers to limit the scope of indications related to or withdraw an approved drug, biologic or medical device from the market; and the impact of industry-wide reputational harm to CROs. Moreover, we operate in a very competitive and rapidly changing environment in which new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all important factors on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make.

These and other important factors discussed under the caption “Risk Factors” in Item 1A, Part I of our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this presentation. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Any such forward-looking statements represent management’s estimates as of the date of this presentation. We cannot guarantee that any forward-looking statement will be realized. Achievement of anticipated results is subject to substantial risks, uncertainties and inaccurate assumptions. If known or unknown risks or uncertainties materialize or if underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events, developments or circumstances cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this presentation.

## Non-GAAP Financial Measures

Certain financial measures presented in this presentation, such as EBITDA, EBITDA margin, and Free Cash Flow, are not recognized under generally accepted accounting principles in the United States of America, or U.S. GAAP. Management uses EBITDA, EBITDA margin, and Free Cash Flow or comparable metrics as a measurement used in evaluating our operating performance on a consistent basis, as a consideration to assess incentive compensation for our employees, for planning purposes, including the preparation of our internal annual operating budget, and to evaluate the performance and effectiveness of our operational strategies.

We believe that EBITDA and EBITDA margin are useful to provide additional information to investors about certain material non-cash and non-recurring items. While we believe these financial measures are commonly used by investors to evaluate our performance and that of our competitors, because not all companies use identical calculations, this presentation of EBITDA and EBITDA margin may not be comparable to other similarly titled measures of other companies and should not be considered as an alternative to performance measures derived in accordance with U.S. GAAP. EBITDA is calculated as net income (loss) attributable to Medpace Holdings, Inc. before income tax expense, interest expense, net, depreciation and amortization. EBITDA margin is calculated by dividing EBITDA by Revenue, net for each period. Our presentation of EBITDA and EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We utilize Free Cash Flow as a measure of profitability and an assessment of our ability to generate cash. Free Cash Flow is a commonly utilized metric that companies provide to investors, although the calculation of Free Cash Flow may not be comparable to other similarly titled metrics of other companies and should not be considered as an alternative to cash flow measures derived in accordance with U.S. GAAP. We define Free Cash Flow as net cash provided by operating activities, less capital expenditures and the principal portion of payments related to campus leases classified for accounting purposes as deemed landlord liabilities.

EBITDA, EBITDA margin, and Free Cash Flow have important limitations as analytical tools and you should not consider them in isolation, or as a substitute for, analysis of our results as reported under U.S. GAAP. See the condensed consolidated financial statements included elsewhere in this prospectus for our U.S. GAAP results. Additionally, for reconciliations of EBITDA to our closest reported U.S. GAAP measures, refer to the appendix of this presentation.



# Q4 2023 – KEY OPERATING HIGHLIGHTS

(\$ in millions)	Fourth Quarter			Full Year		
	2023	2022	% Change	2023	2022	% Change
Revenue, net	\$ 498.4	\$ 394.1	26.5 %	\$ 1,885.8	\$ 1,460.0	29.2 %
Net New Business Awards	\$ 614.7	\$ 485.1	26.7 %	\$ 2,356.7	\$ 1,829.5	28.8 %
Net Book-to-Bill <sup>(A)</sup>	1.23	1.23	n.m.	1.25	1.25	n.m.
Ending Backlog	\$ 2,813.0	\$ 2,339.6	20.2 %	--	--	--
Backlog Conversion Rate <sup>(B)</sup>	18.5 %	17.6 %	n.m.	18.7 %	17.2 %	n.m.
Headcount	5,870	5,165	13.6 %	--	--	--

A. Net Book-to-Bill: Net New Business Awards divided by Revenue, net.

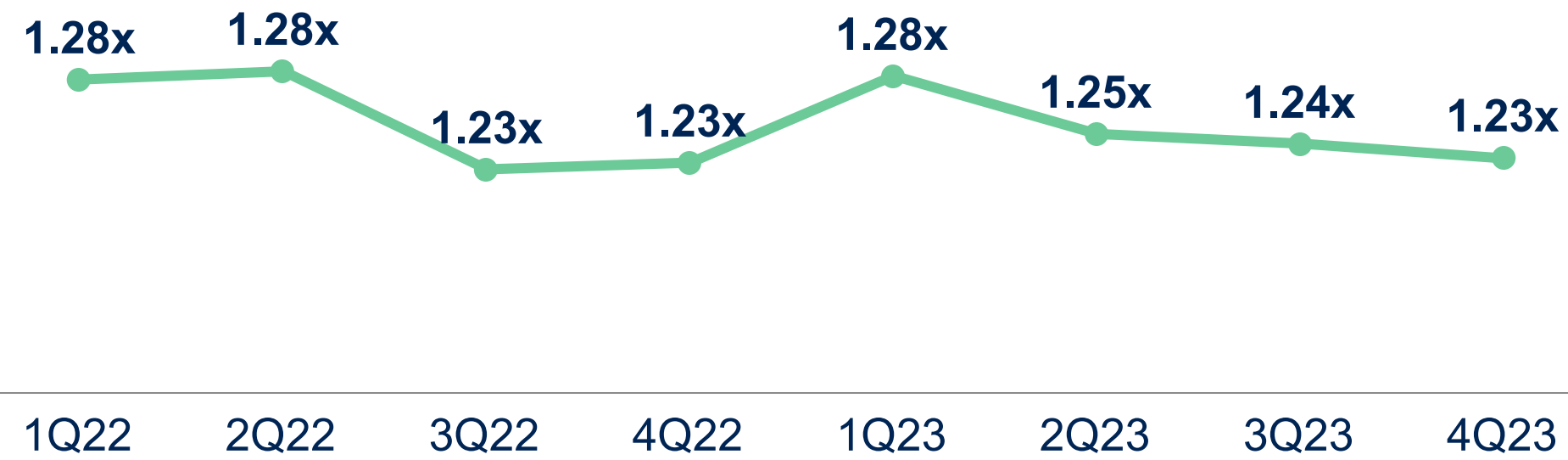
B. Backlog Conversion Rate: Revenue, net, for the quarter divided by beginning backlog. Full year backlog conversion figures represent the average backlog for all quarters.



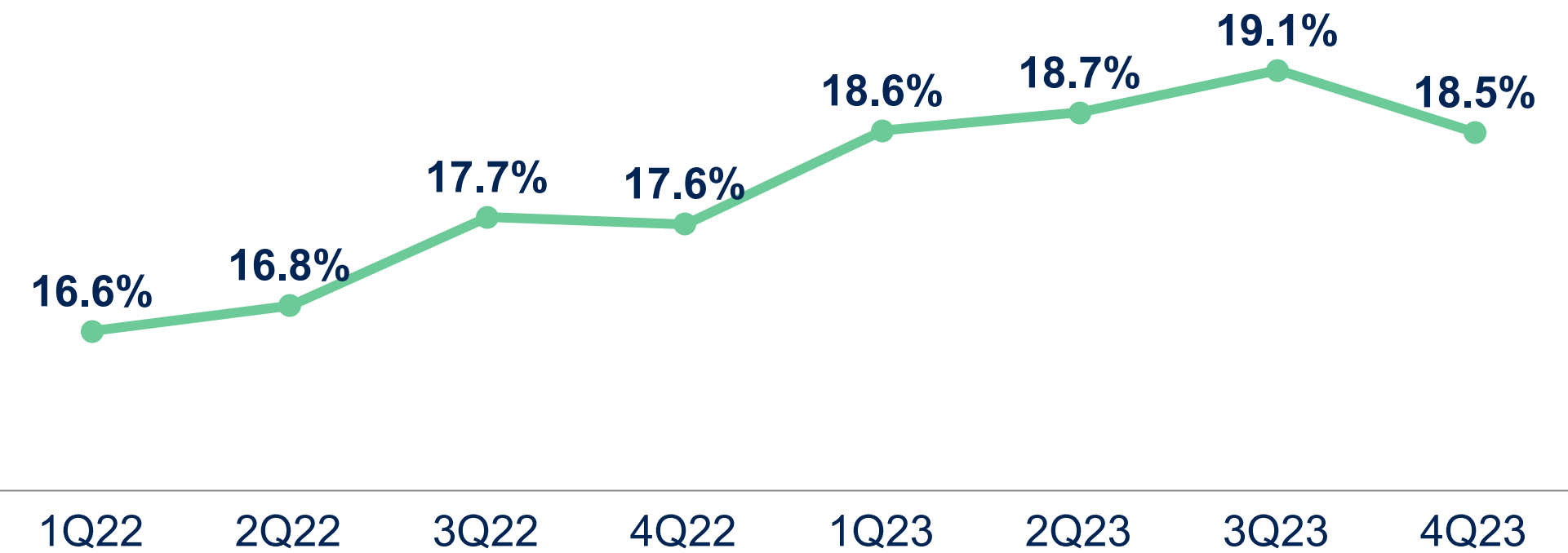


# BACKLOG AND NEW AWARD TRENDS

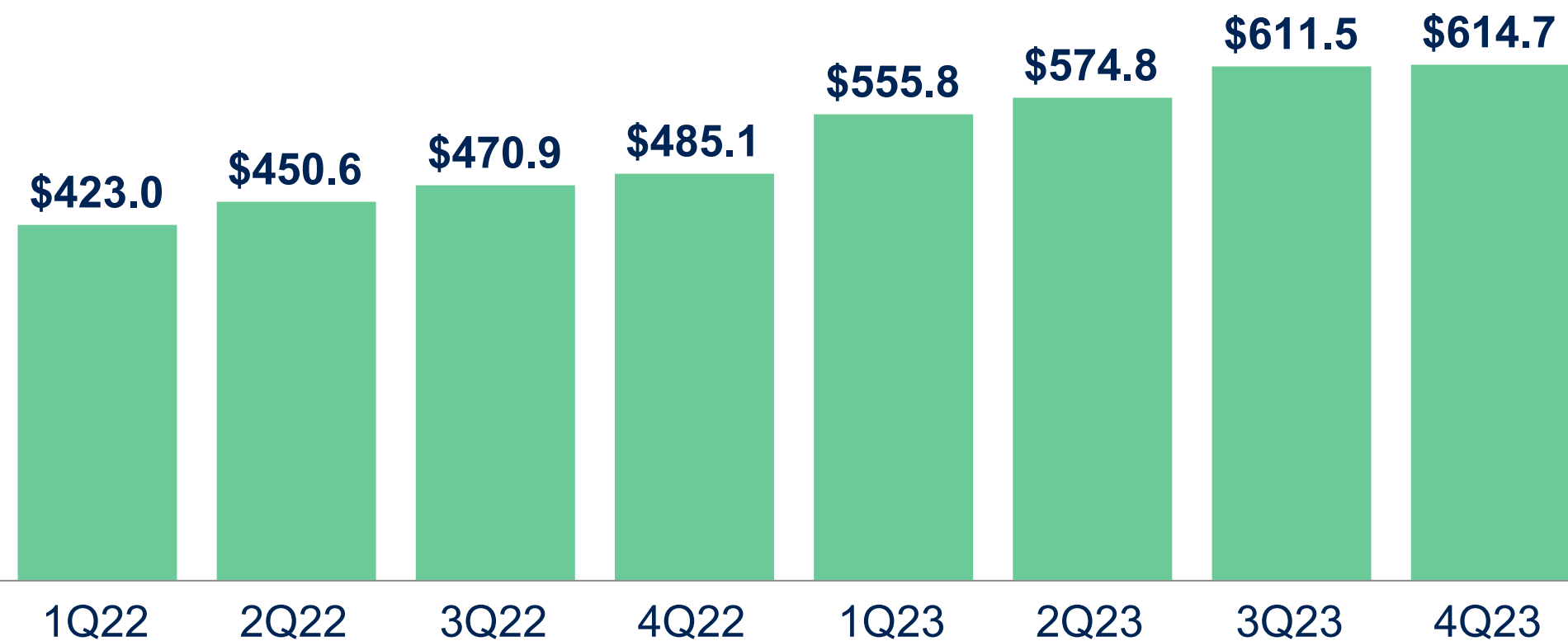
Net Book-to-Bill



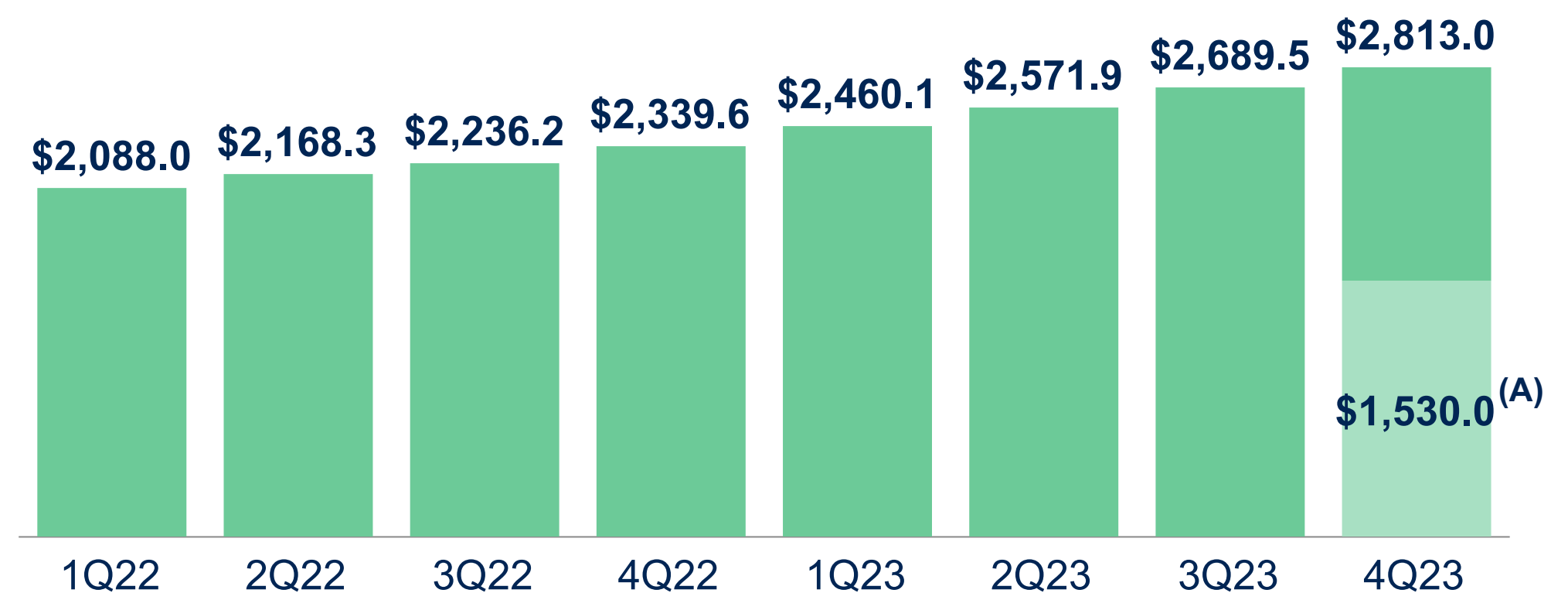
Backlog Conversion Rate



Net New Business Awards



Ending Backlog and Est. NTM Backlog Conversion<sup>(A)</sup>



(\$ in millions)

Represents estimated midpoint of NTM conversion<sup>(A)</sup>

A. Amount of backlog estimated to convert to revenue in the next twelve months.



# Q4 2023 – KEY FINANCIAL HIGHLIGHTS

(\$ in millions, except per share data)

	Fourth Quarter			Full Year		
	2023	2022	% Change <sup>(C)</sup>	2023	2022	% Change <sup>(C)</sup>
Revenue, net	\$ 498.4	\$ 394.1	26.5 %	\$ 1,885.8	\$ 1,460.0	29.2 %
EBITDA <sup>(A)</sup>	\$ 95.8	\$ 80.4	19.2 %	\$ 362.5	\$ 308.1	17.7 %
% Margin	19.2 %	20.4 %	n.m.	19.2 %	21.1 %	n.m.
Net Income	\$ 78.3	\$ 68.7	14.0 %	\$ 282.8	\$ 245.4	15.3 %
Net Income per diluted share <sup>(B)</sup>	\$ 2.46	\$ 2.12	16.0 %	\$ 8.88	\$ 7.28	22.0 %

A. See the appendix for the non-GAAP reconciliation of the EBITDA calculations.

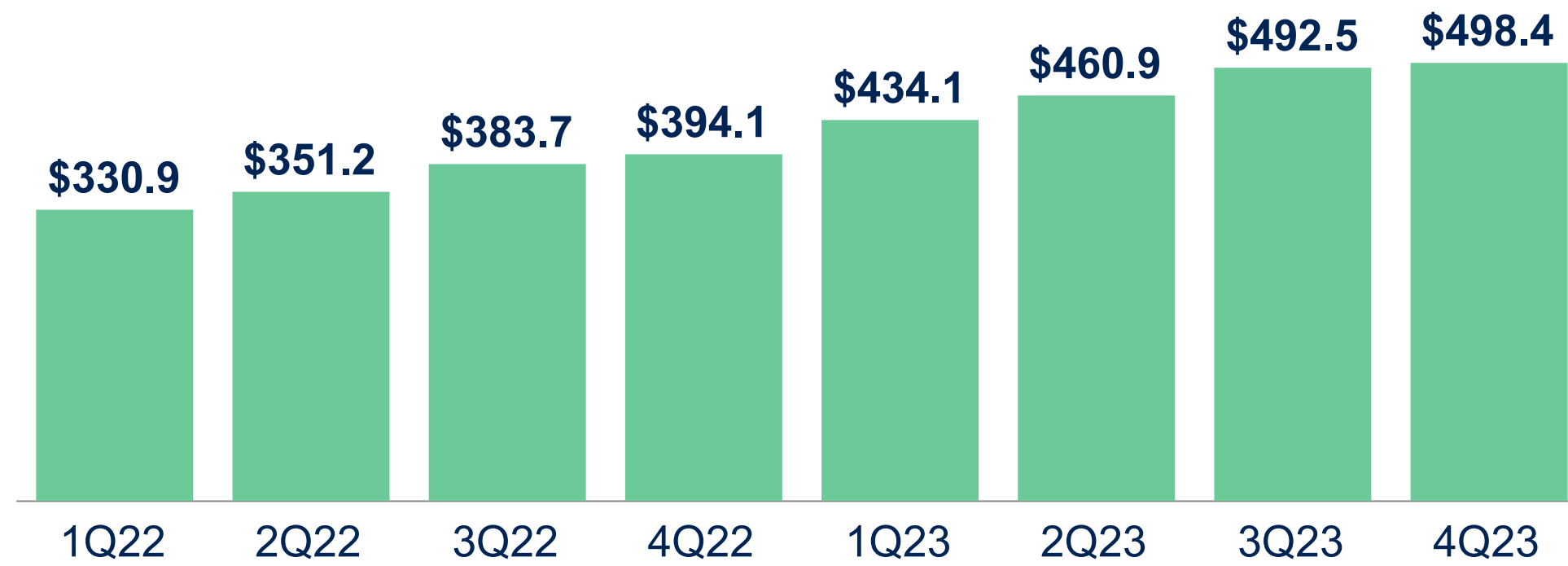
B. Net income per diluted share for 4Q23 and 4Q22 excludes \$0.053 million and \$0.046 million, respectively, in undistributed earnings allocated to RSAs. Net income per diluted share for the full year 2023 and 2022 excludes \$0.191 million and \$0.157 million, respectively, in undistributed earnings allocated to RSAs. Undistributed earnings allocated to RSAs are excluded from Net Income when calculating Net Income per diluted share.

C. On a constant currency basis, in the fourth quarter of 2023, revenue increased 26.0% and EBITDA increased 21.3%.  
On a constant currency basis, for the full year 2023, revenue increased 28.9% and EBITDA increased 18.0%.

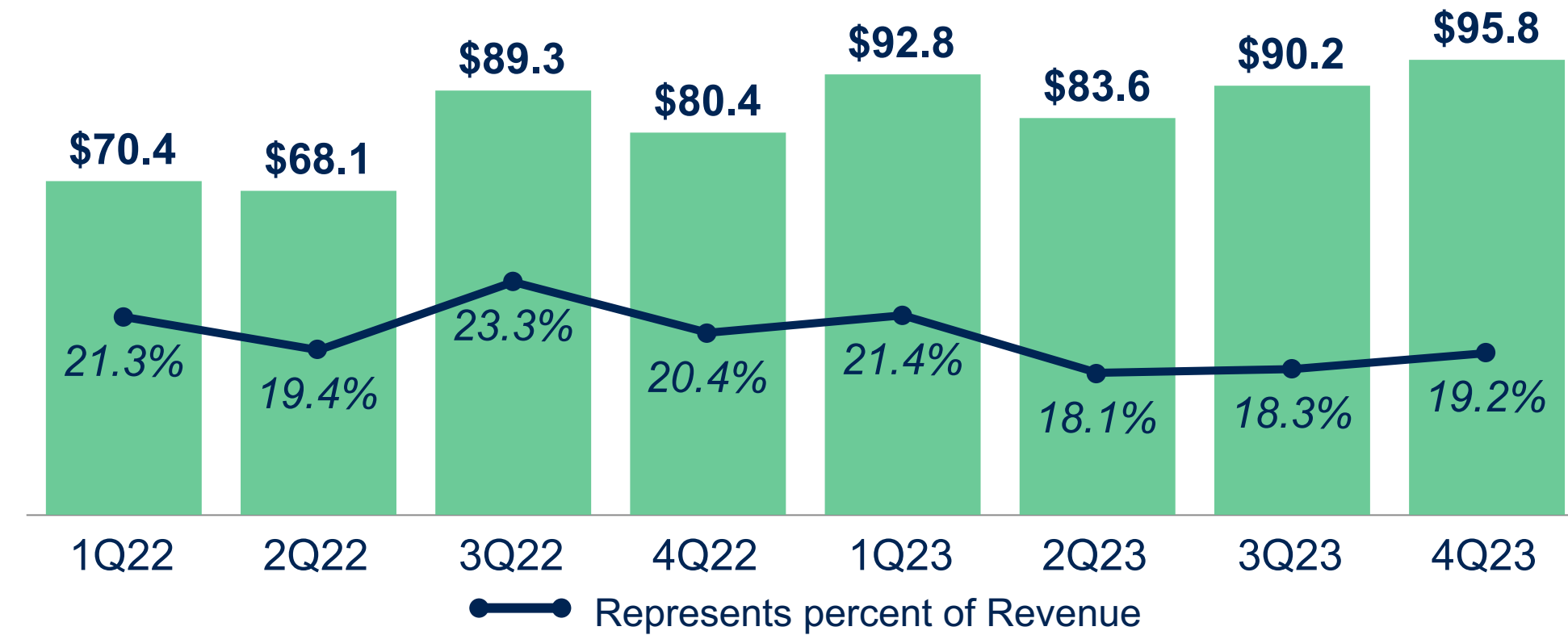


# KEY FINANCIAL TRENDS

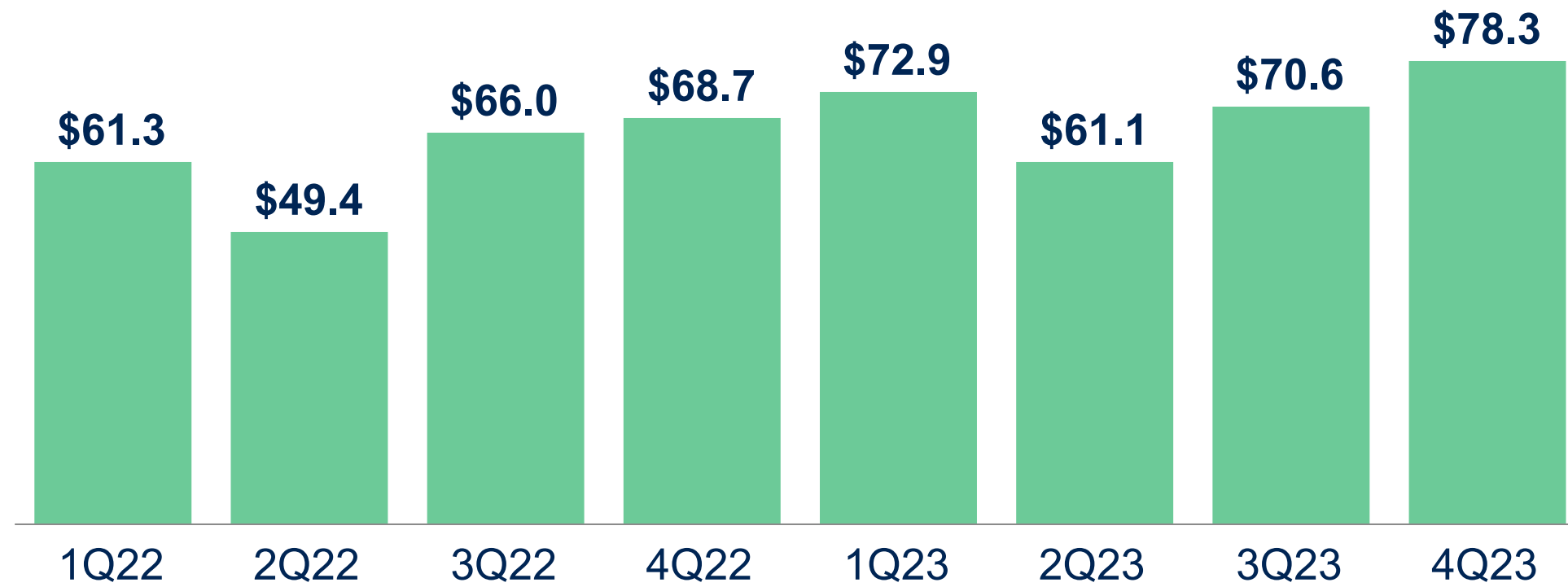
(\$ in millions) **Revenue, net**



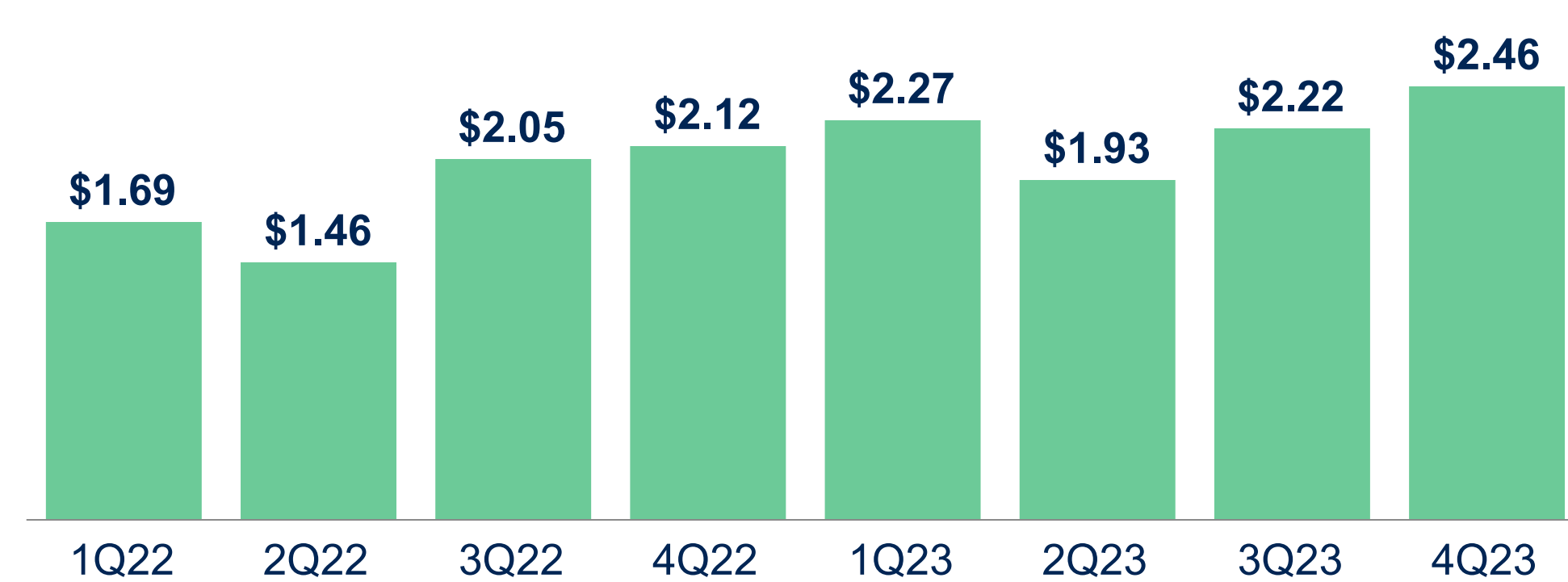
(\$ in millions) **EBITDA<sup>(A)</sup>**



(\$ in millions) **Net Income**



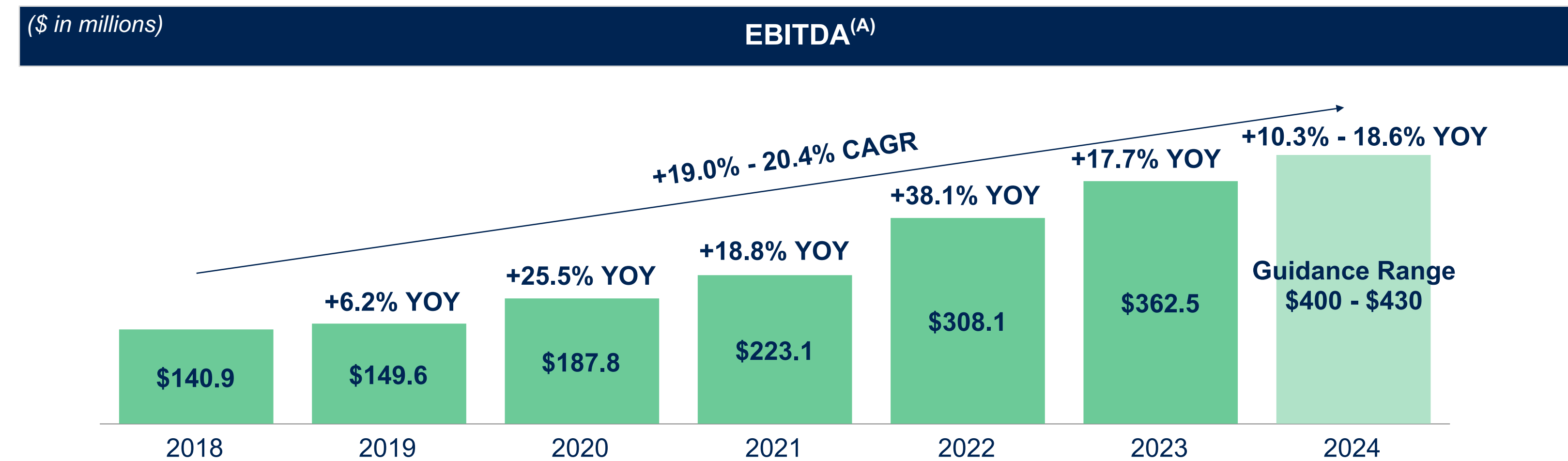
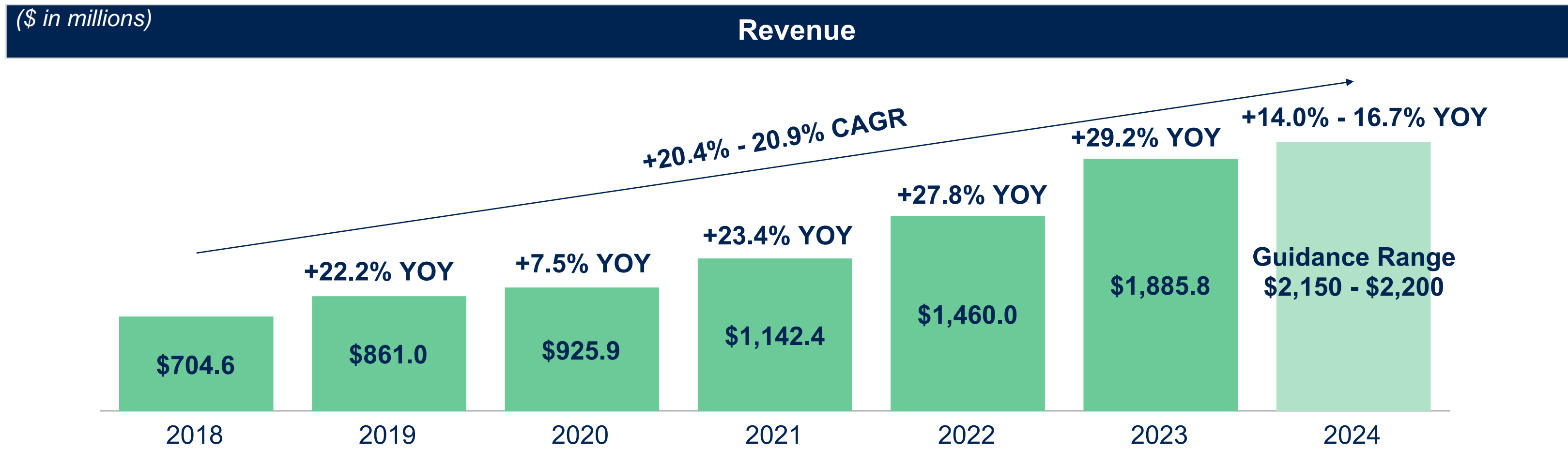
**Net Income per diluted share**



A. See the appendix for the non-GAAP reconciliation of the EBITDA calculations.



# KEY FINANCIAL TRENDS



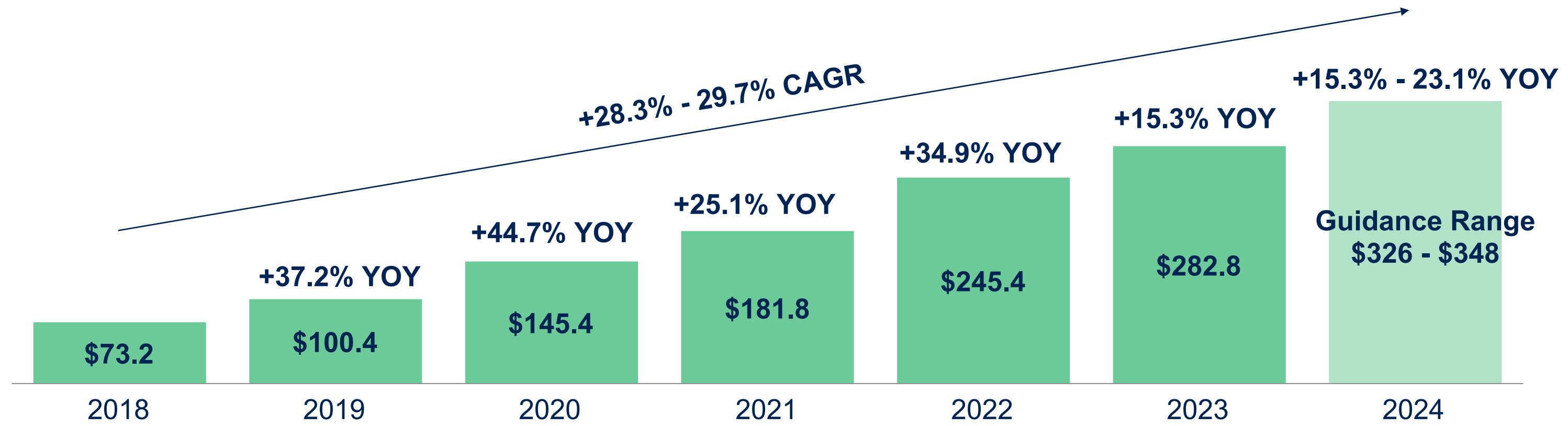
A. See the appendix for the non-GAAP reconciliation of the EBITDA calculations.



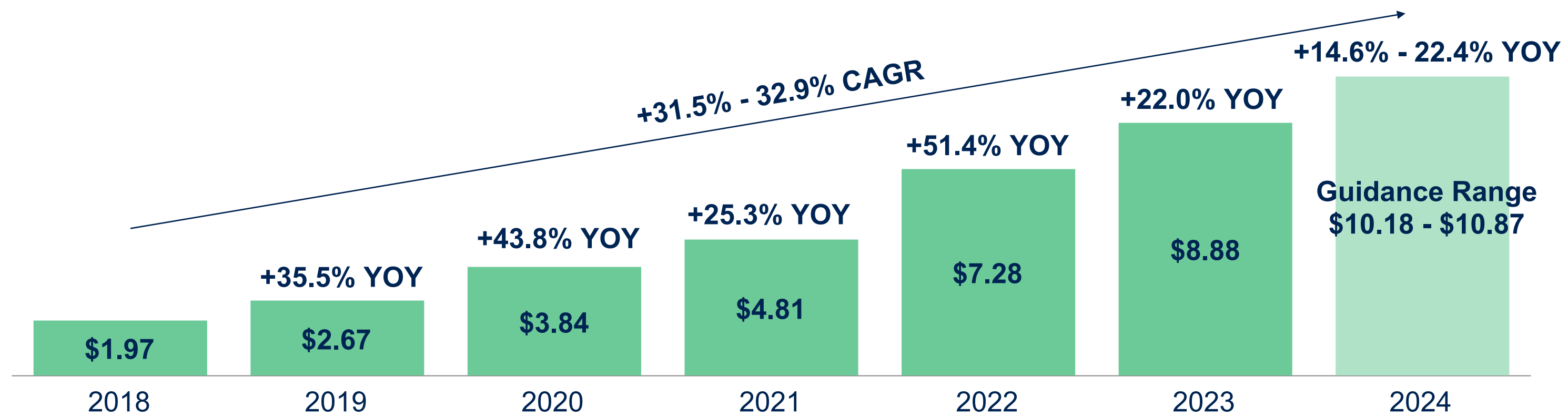
# KEY FINANCIAL TRENDS

(\$ in millions)

## Net Income

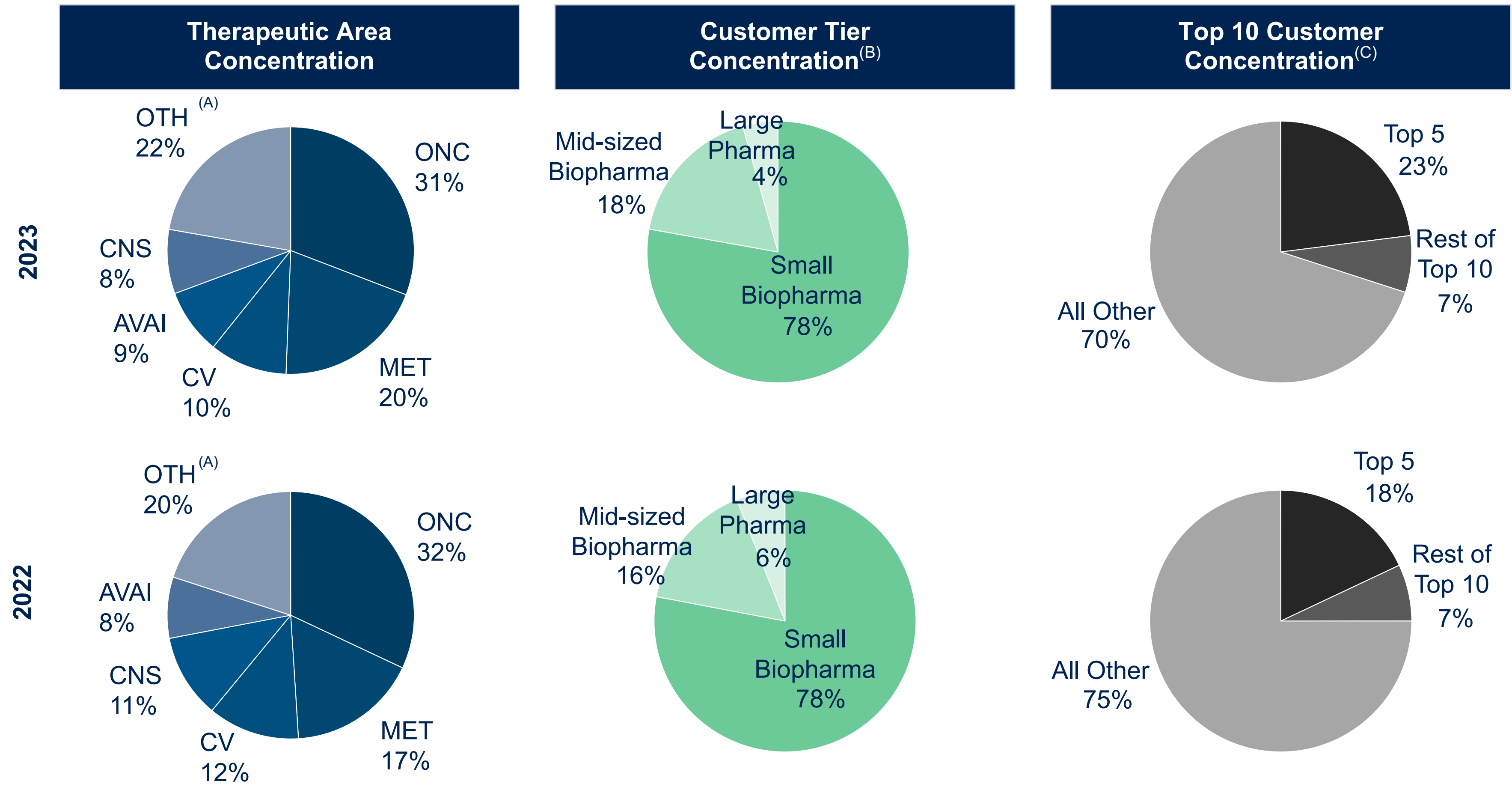


## Net Income per diluted share





# 2023 – REVENUE COMPOSITION



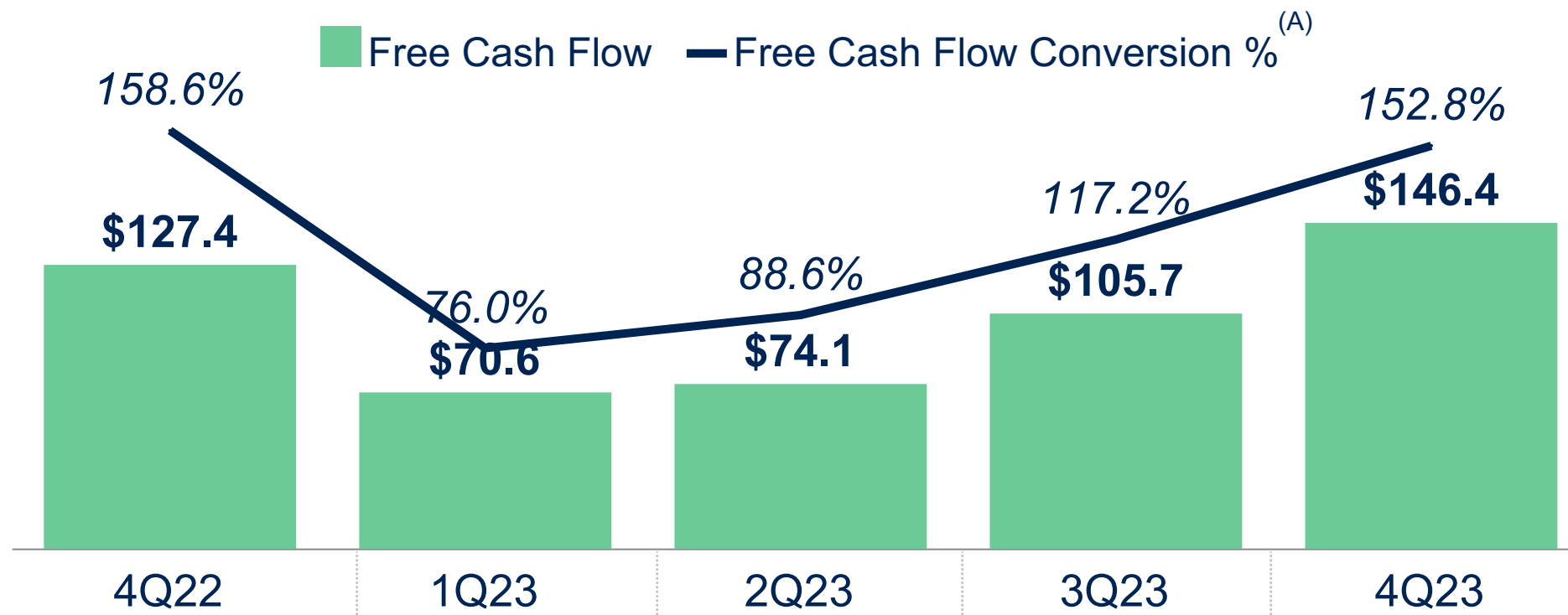
A. Other primarily includes Nephrology, Rheumatology, Musculoskeletal, Dermatology, Gastroenterology, and Ophthalmology therapeutic areas.  
 B. Current period customer tiers classified by Evaluate Ltd. via EvaluatePharma© as well as management analysis. Large Pharma represents the top 20 pharma companies worldwide based on annual sales as of 12/31/22. Mid-sized biopharma represents customers with >\$250M of annual sales. Small Biopharma represents customers with <\$250M of annual sales.  
 C. No single customer represents over 10% of revenue.



# Q4 2023 – CASH POSITION

(\$ in millions)

## Free Cash Flow and Free Cash Flow Conversion<sup>(A)</sup>



Debt <sup>(B)</sup>	\$50.0	\$115.0	\$55.0	—	—
Cash <sup>(C)</sup>	\$28.3	\$46.9	\$39.1	\$95.2	\$245.4
Net Debt (Cash) <sup>(D)</sup>	\$21.7	\$68.1	\$15.9	\$(95.2)	\$(245.4)
Net Leverage <sup>(E)</sup>	0.1x	0.2x	0.0x	n.m.	n.m.
Net DSO <sup>(F)</sup>	(48.9)	(43.2)	(42.6)	(42.2)	(48.3)

A. Free Cash Flow Conversion % is equal to Free Cash Flow divided by EBITDA.

B. Debt is defined as the revolving credit facility balance.

C. Cash is defined as Cash and Cash Equivalents.

D. Net Debt (Cash), a non-GAAP financial measure, is defined as Debt less Cash.

E. Net leverage is defined as Net Debt divided by LTM EBITDA. LTM EBITDA as of 4Q23 was \$362.5 million.

F. Net Days Sales Outstanding (DSO) reflects Revenue, net, and is based on billed and unbilled Accounts receivable, net of Advanced billings, including Reimbursed out-of-pocket revenue and expenses.

Note: Numbers may not sum due to rounding

(\$ in millions)

Free Cash Flow	Fourth Quarter		Full Year	
	2023	2022	2023	2022
Operating Cash Flow (GAAP)	\$ 156.4	\$ 136.7	\$ 433.4	\$ 388.1
Less: CAPEX	10.0	9.2	36.6	36.9
Free Cash Flow (non-GAAP)	\$ 146.4	\$ 127.4	\$ 396.7	\$ 351.2
EBITDA (non-GAAP)	\$ 95.8	\$ 80.4	\$ 362.5	\$ 308.1
Free Cash Flow Conversion % <sup>(A)</sup> (non-GAAP)	152.8 %	158.6 %	109.4 %	114.0 %

(\$ in millions)

Share Repurchases	Fourth Quarter		Full Year	
	2023	2022	2023	2022
Share Repurchases	\$ —	\$ 47.2	\$ 144.0	\$ 847.7



# FULL YEAR 2024 GUIDANCE

	As of February 12, 2024	
	Guidance Range	Growth Rate
Revenue, net	\$2,150.0 - \$2,200.0	14.0% - 16.7%
EBITDA	\$400.0 - \$430.0	10.3% - 18.6%
Net Income	\$326.0 - \$348.0	15.3% - 23.1%
Net Income per diluted share	\$10.18 - \$10.87	14.6% - 22.4%

*Note: See appendix for a detailed reconciliation.*





# APPENDIX



# Q4 2023 – INCOME STATEMENT

(\$ in millions, except per share amounts)	4Q23	% Revenue, net	4Q22	% Revenue, net	4Q23 vs. 4Q22	
					\$ Change	% Change
Revenue, net	\$ 498.4	100.0 %	\$ 394.1	100.0 %	\$ 104.3	26.5 %
Operating Expenses:						
Direct service costs, excluding depreciation and amortization	164.3	33.0 %	140.7	35.7 %	23.6	16.8 %
Reimbursed out-of-pocket expenses	197.3	39.6 %	137.7	34.9 %	59.6	43.3 %
Total direct costs	361.6	72.6 %	278.4	70.6 %	83.2	29.9 %
Selling, general and administrative	42.5	8.5 %	33.4	8.5 %	9.1	27.3 %
Depreciation	6.4	1.3 %	5.1	1.3 %	1.3	26.9 %
Amortization	0.6	0.1 %	0.8	0.2 %	(0.2)	(34.4)%
Total operating expenses	411.1	82.5 %	317.7	80.6 %	93.4	29.4 %
Income from operations	87.3	17.5 %	76.4	19.4 %	10.9	
Other income (expense), net:						
Miscellaneous income (expense), net	1.5	0.3 %	(2.0)	(0.5)%	3.5	
Interest income (expense), net	1.8	0.4 %	(0.8)	(0.2)%	2.6	
Total other income (expense), net	3.4	0.7 %	(2.8)	(0.7)%	6.2	
Income before income taxes	90.7	18.2 %	73.6	18.7 %	17.1	
Income tax provision	12.4	2.5 %	5.0	1.3 %	7.4	
Net income	\$ 78.3	15.7 %	\$ 68.7	17.4 %	\$ 9.6	14.0 %
Basic EPS (GAAP)	\$ 2.55		\$ 2.20		\$ 0.35	15.9 %
Diluted EPS (GAAP)	\$ 2.46		\$ 2.12		\$ 0.34	16.0 %
EBITDA	\$ 95.8		\$ 80.4		\$ 15.4	19.2 %
EBITDA Margin	19.2 %		20.4 %		(1.2)%	

Note: Numbers may not sum due to rounding



# EBITDA RECONCILIATION

(\$ in millions)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Net income as reported (GAAP)	\$ 61.3	\$ 49.4	\$ 66.0	\$ 68.7	\$ 72.9	\$ 61.1	\$ 70.6	\$ 78.3
Income tax provision	4.0	12.6	15.9	5.0	13.1	14.7	12.7	12.4
Interest (income) expense, net	(0.1)	0.5	1.6	0.8	0.9	1.4	0.1	(1.8)
Depreciation	4.3	4.7	5.0	5.1	5.4	6.0	6.3	6.4
Amortization	0.8	0.8	0.8	0.8	0.6	0.6	0.5	0.6
EBITDA (non-GAAP)	<u>\$ 70.4</u>	<u>\$ 68.1</u>	<u>\$ 89.3</u>	<u>\$ 80.4</u>	<u>\$ 92.8</u>	<u>\$ 83.6</u>	<u>\$ 90.2</u>	<u>\$ 95.8</u>
Net income margin (GAAP)	18.5 %	14.1 %	17.2 %	17.4 %	16.8 %	13.3 %	14.3 %	15.7 %
EBITDA margin (non-GAAP)	21.3 %	19.4 %	23.3 %	20.4 %	21.4 %	18.1 %	18.3 %	19.2 %

(\$ in millions)	Full Year 2018	Full Year 2019	Full Year 2020	Full Year 2021	Full Year 2022	Full Year 2023
Net income as reported (GAAP)	\$ 73.2	\$ 100.4	\$ 145.4	\$ 181.8	\$ 245.4	\$ 282.8
Income tax provision	20.8	24.4	23.1	20.0	37.5	52.9
Interest expense (income), net	8.2	1.6	(0.3)	0.1	2.9	0.5
Depreciation	9.2	8.4	11.7	16.0	19.0	24.1
Amortization	29.6	14.8	7.9	5.1	3.4	2.2
EBITDA (non-GAAP)	<u>\$ 140.9</u>	<u>\$ 149.6</u>	<u>\$ 187.8</u>	<u>\$ 223.1</u>	<u>\$ 308.1</u>	<u>\$ 362.5</u>
Net income margin (GAAP)	10.4 %	11.7 %	15.7 %	15.9 %	16.8 %	15.0 %
EBITDA margin (non-GAAP)	20.0 %	17.4 %	20.3 %	19.5 %	21.1 %	19.2 %

Note: Numbers may not sum due to rounding



# FY2024 GUIDANCE RECONCILIATION

(\$ in millions, except per share amounts)

	Net Income		Net Income per diluted share	
	Low	High	Low	High
Net Income and Net Income per diluted share (GAAP)	\$ 326.0	\$ 348.0	\$ 10.18	\$ 10.87
Income tax provision	62.4	70.4		
Interest income, net	(18.4)	(18.4)		
Depreciation	28.6	28.6		
Amortization	1.4	1.4		
EBITDA (non-GAAP)	<u>\$ 400.0</u>	<u>\$ 430.0</u>		

Note: Guidance represents a tax rate for FY2024 in the range of 16.0% to 17.0% and does not reflect the potential impact of any additional share repurchases.

