

IQVIA

NYSE: IQV
Healthcare Coverage Group
Autumn 2023



Our Team



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Senior | Finance & IS



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Junior | Finance



Daniele Bergamaschi
Senior | Finance & IS



Riley Stam
Senior | Finance



Nicole Kolavennu
Soph. | Finance & ChemE



Nick Anderson
Junior | Business

Agenda

- 1 Overview**
 - 2 Investment Thesis**
 - 3 Valuation**
 - 4 Catalysts**
 - 5 Risks & Mitigations**
 - 6 Conclusion**
- 
- An abstract background graphic consisting of a complex network of thin, light blue lines and dots, resembling a molecular structure or a data visualization, positioned behind the agenda items.

Overview



Company Overview



Largest player in the global contract research organization (CRO) market with a **\$37.99 Billion** Market Capitalization



Provides data, consulting, and R&D services for life sciences



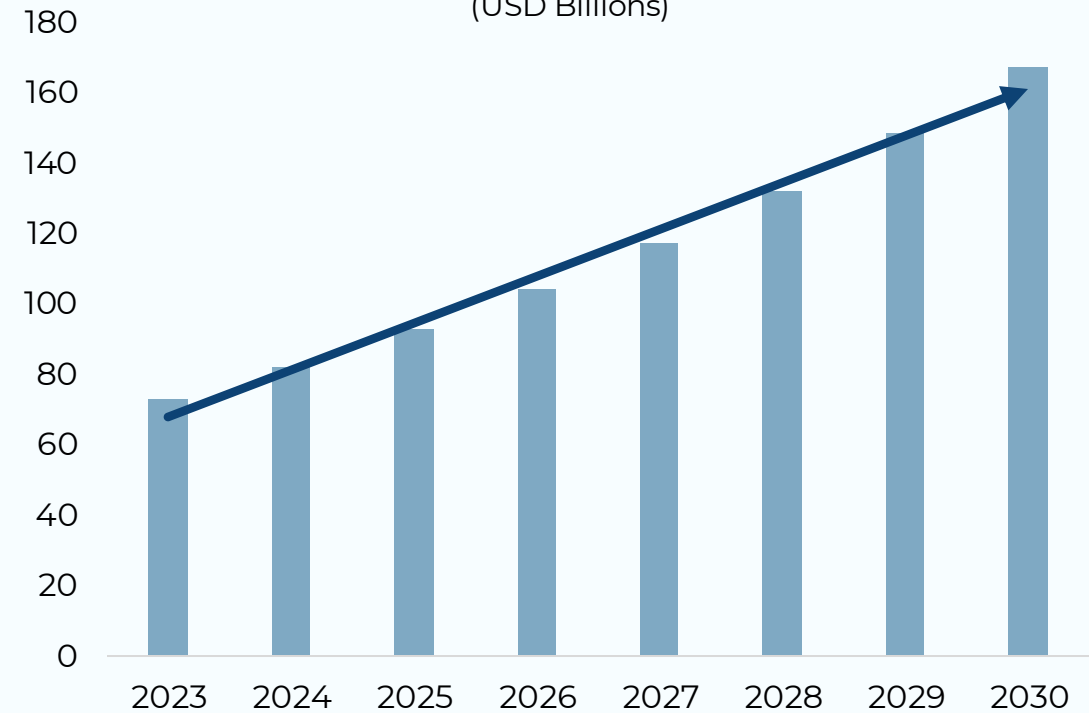
12.4% of global CRO market



Operates in 100 countries with 86,000 employees

CRO Services Market

(USD Billions)



12.1% CAGR



Overview

Investment Thesis

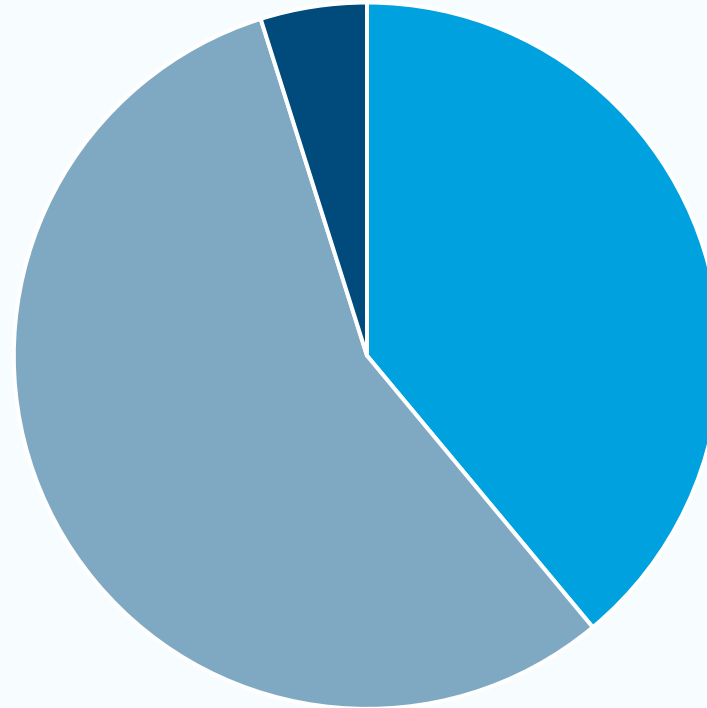
Valuation

Catalysts

Risks & Mitigations

Conclusion

Revenue Breakdown

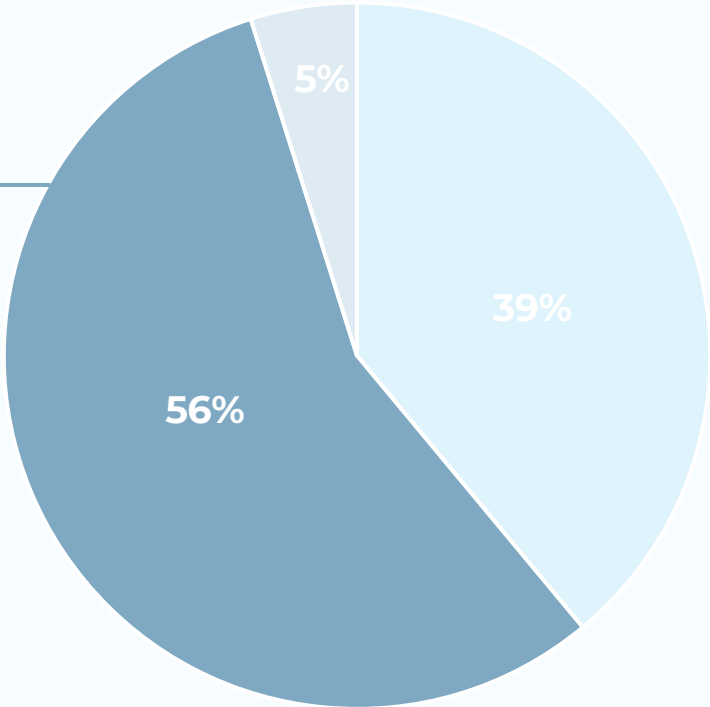


Revenue Breakdown

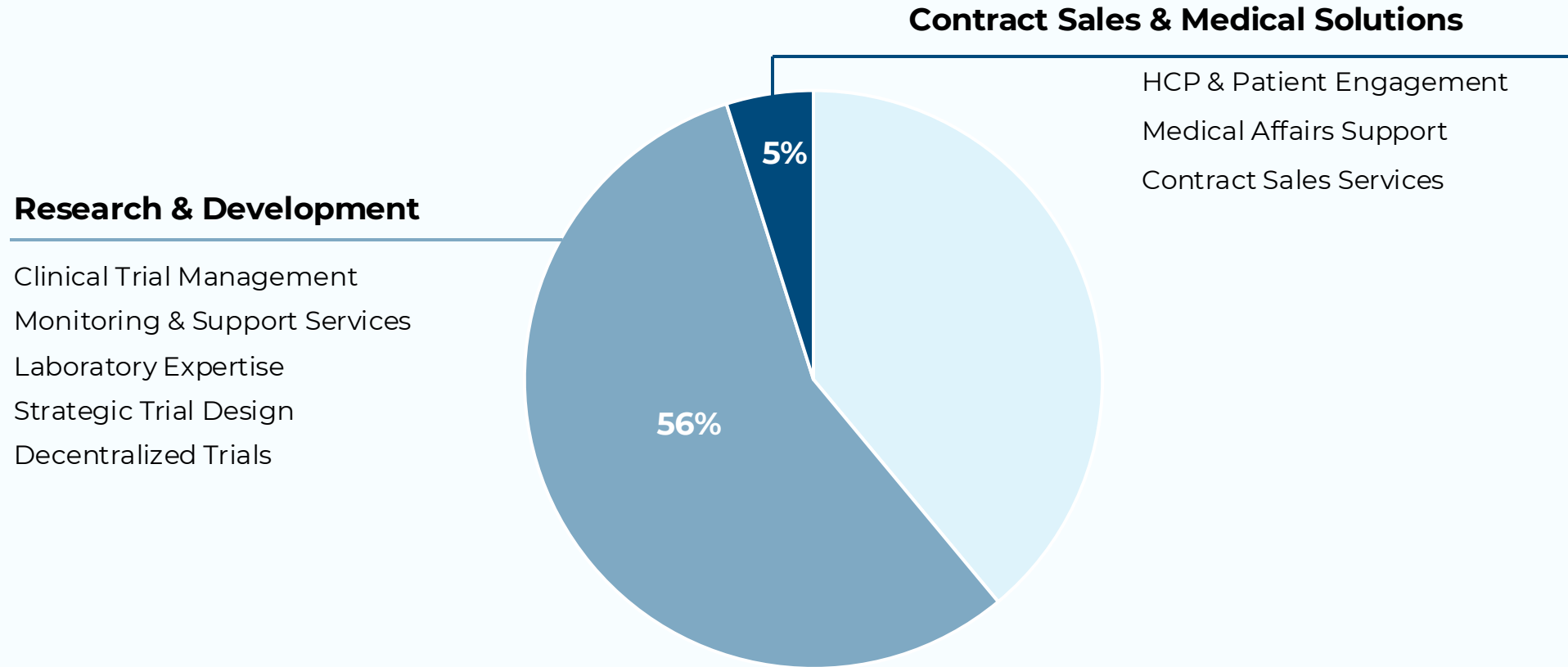


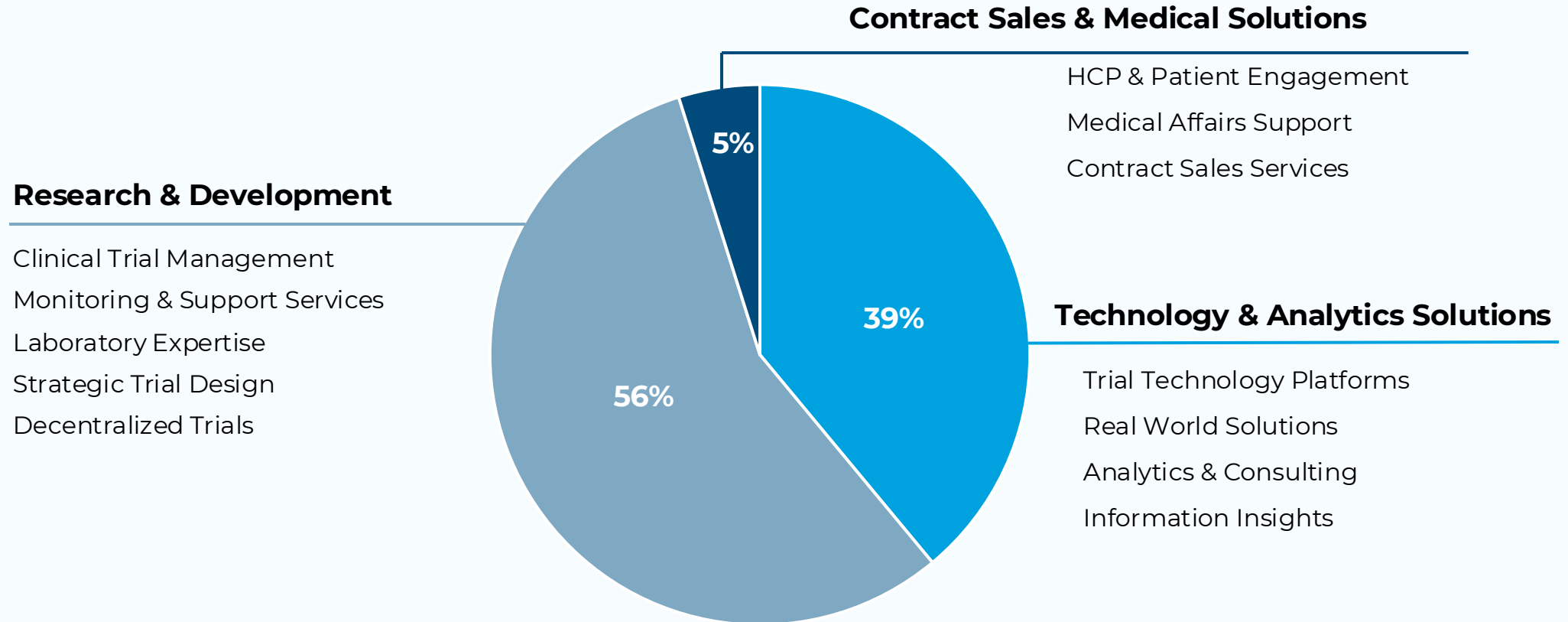
Research & Development

- Clinical Trial Management
- Monitoring & Support Services
- Laboratory Expertise
- Strategic Trial Design
- Decentralized Trials



Revenue Breakdown



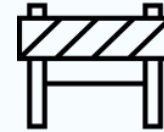


Competitive Landscape



Competitor Comparison

Research and Development



High barrier to entry in biopharmaceutical industry



Biopharmaceutical drug development totaled roughly \$160 billion in 2022



IQVIA's estimated addressable opportunity is approximately \$84 billion

Competitor Comparison

Contract Sales & Medical Solutions

UDG Healthcare plc



Driven by a deep level of data that competitors do not have



EVERSANA™



Allows IQVIA to extract maximum value out of client's operations



CMIC



Sales work continues to build upon IQVIA's vast data network



Overview



Investment Thesis



Valuation



Catalysts



Risks & Mitigations



Conclusion

Technology & Analytical Solutions



Delivers information and insights on over 85% of the world's pharmaceuticals



Reputation unparalleled with a 99% retention rate of its top 1,000 clients



Data capabilities drive competitive advantage for IQV



Investment Thesis



1



Investments in big data and AI to drive efficiencies and competitive differentiation

2



Growing global demand for research and entry into cell & gene therapeutics

3



Attractive strategic partner due to vast repository of medical insights

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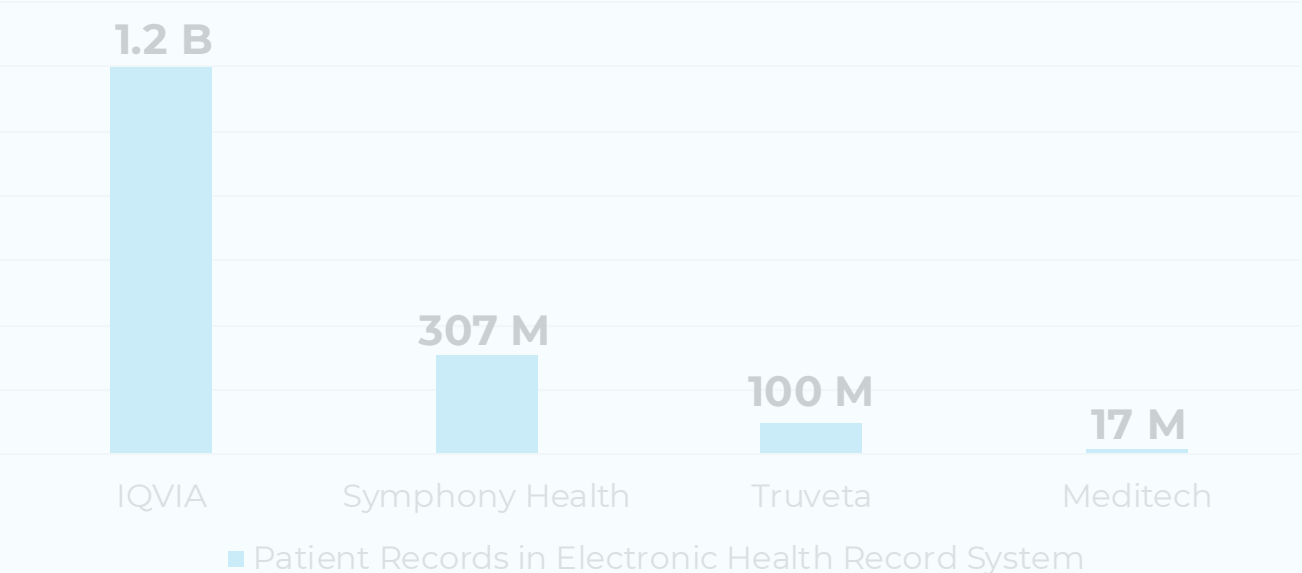


Investment in Big Data



IQVIA is the only healthcare IT company in the world that obtains 1.2 billion de-identified patient records from 50 countries.

Healthcare IT Companies with the Most Patient Records



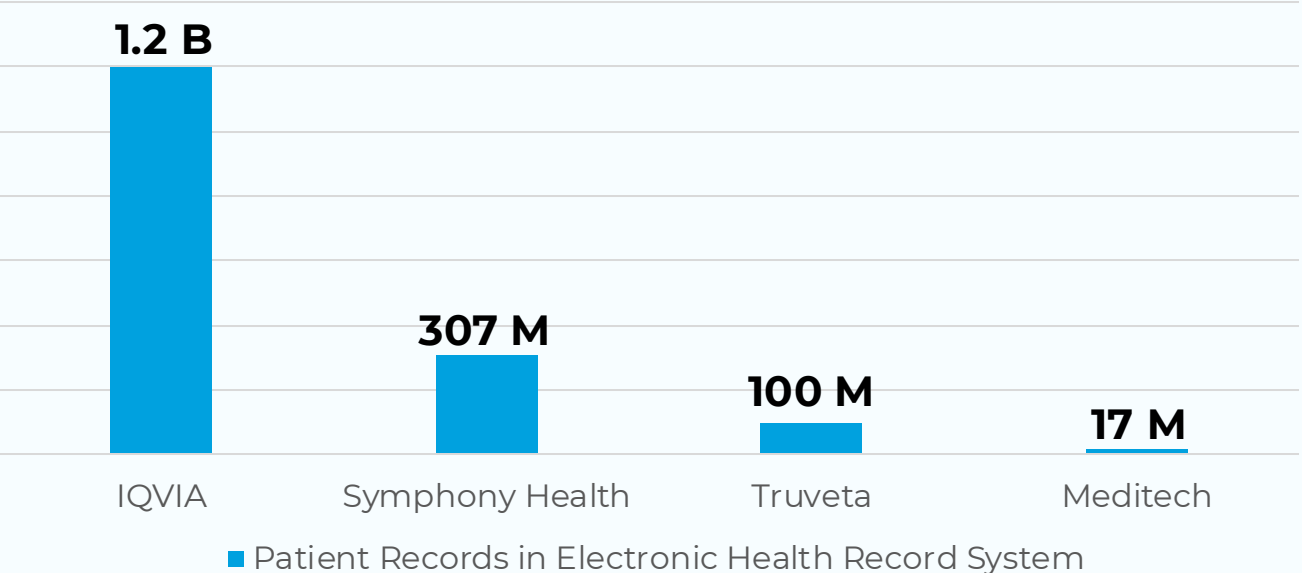
Rank	Company	% of IQVIA's records
1	IQVIA	--
2	Symphony Health	25.6%
3	Truveta	8.3%
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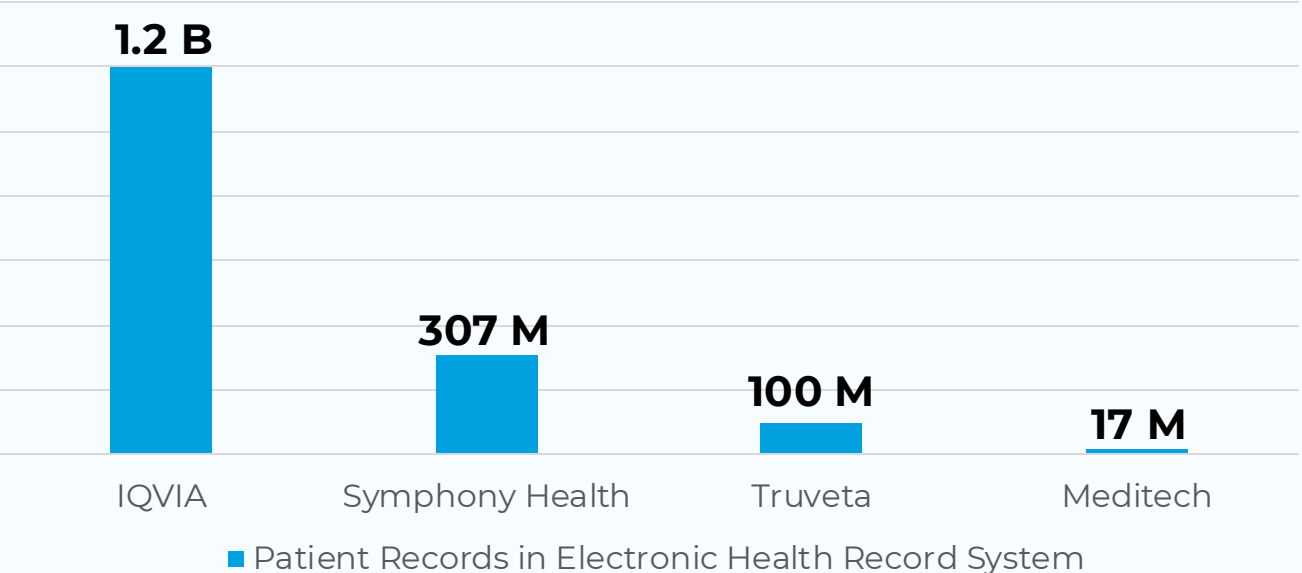
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Data Collection & EHR System



1	Data Collection
2	Cleaning
3	Curation
4	Harmonization
5	De-identification



Complete Electronic Health Records:
- Patient History
- Medical Imaging
- Labs



Unreversible De-identified Data

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Complete Electronic Health Records:
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Unreversible De-identified Data

IQVIA is the sole provider to successfully use an AI, natural language processing solution for medical information.

Documentation Translation
Automation

Robotics Process
Automation

IQVIA's drug labeling automation is predicted to **decrease labeling costs by 10% to 30%.**

Launching this automation into the biopharmaceutical market will allow every company in the industry to decrease its individual drug production costs.

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R&D in Oncology



Access to genomic-clinical data & analytics

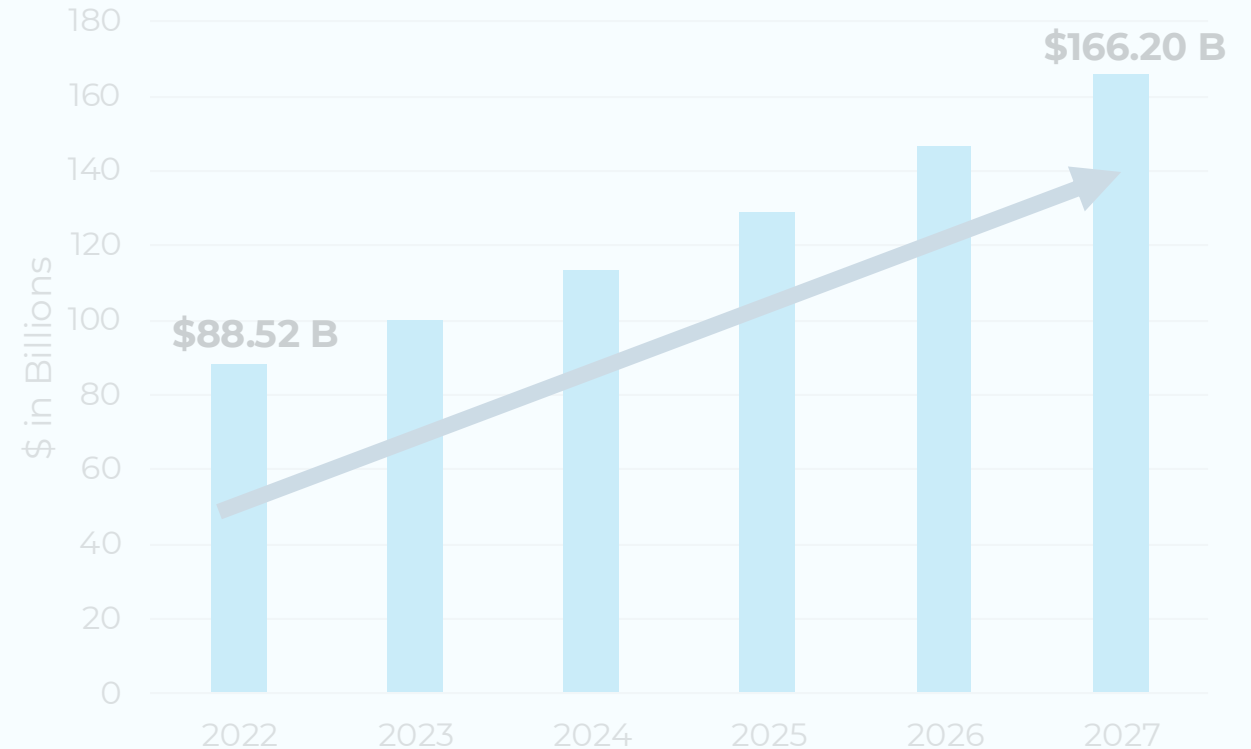


Solutions to track impact of advancements through treatment patterns



Accelerated & accurate cancer drug development

Oncology Market Growth



12.1% CAGR vs. 4.3% CAGR of Total Pharmaceutical Market

R&D in Oncology



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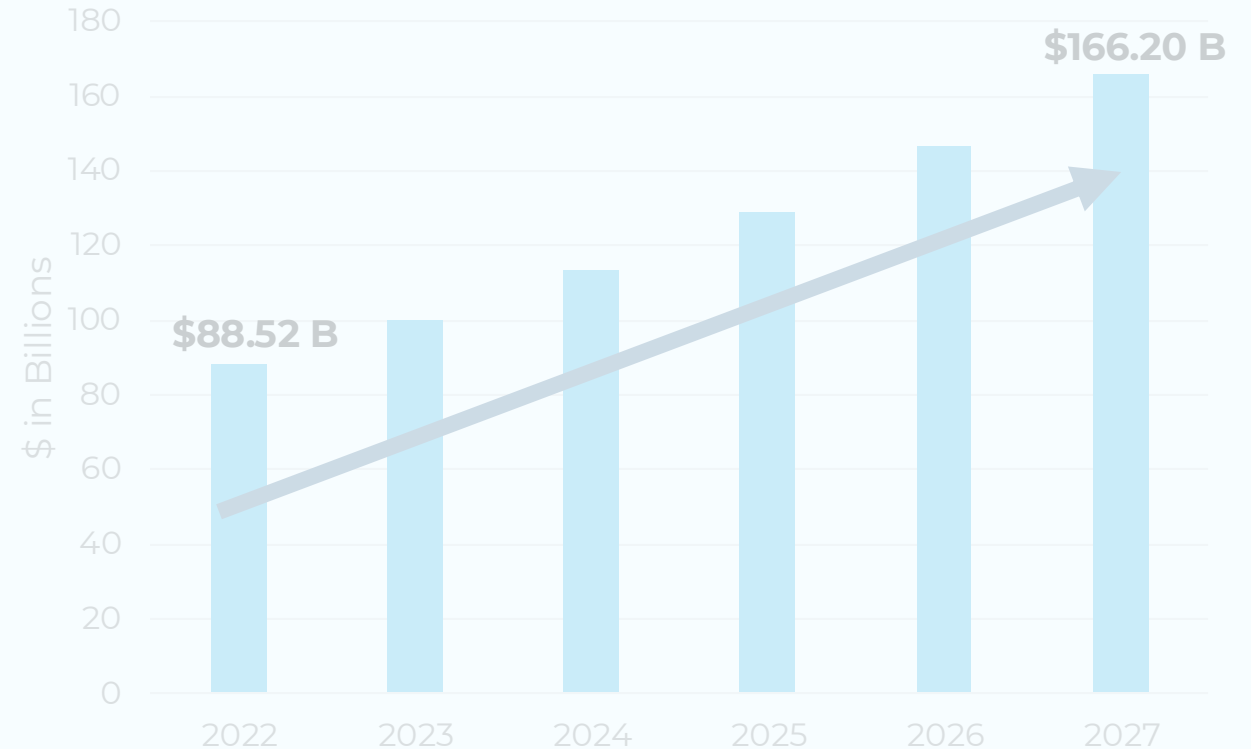


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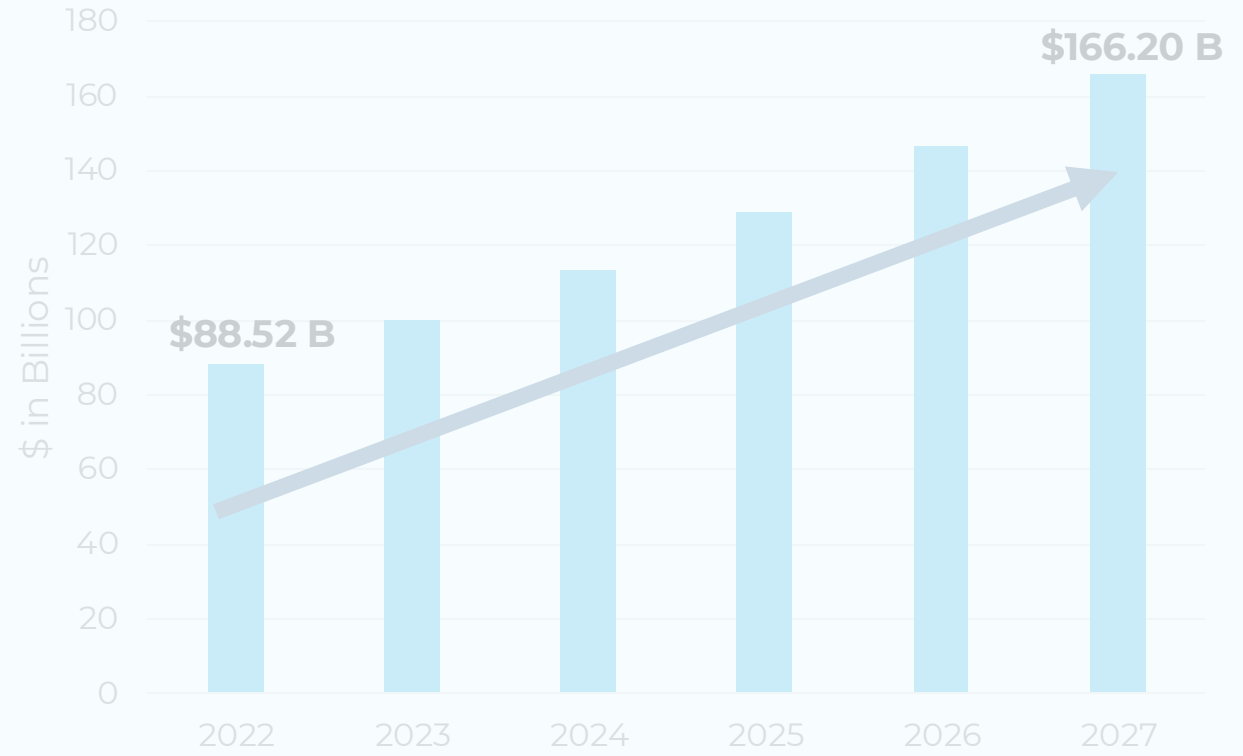


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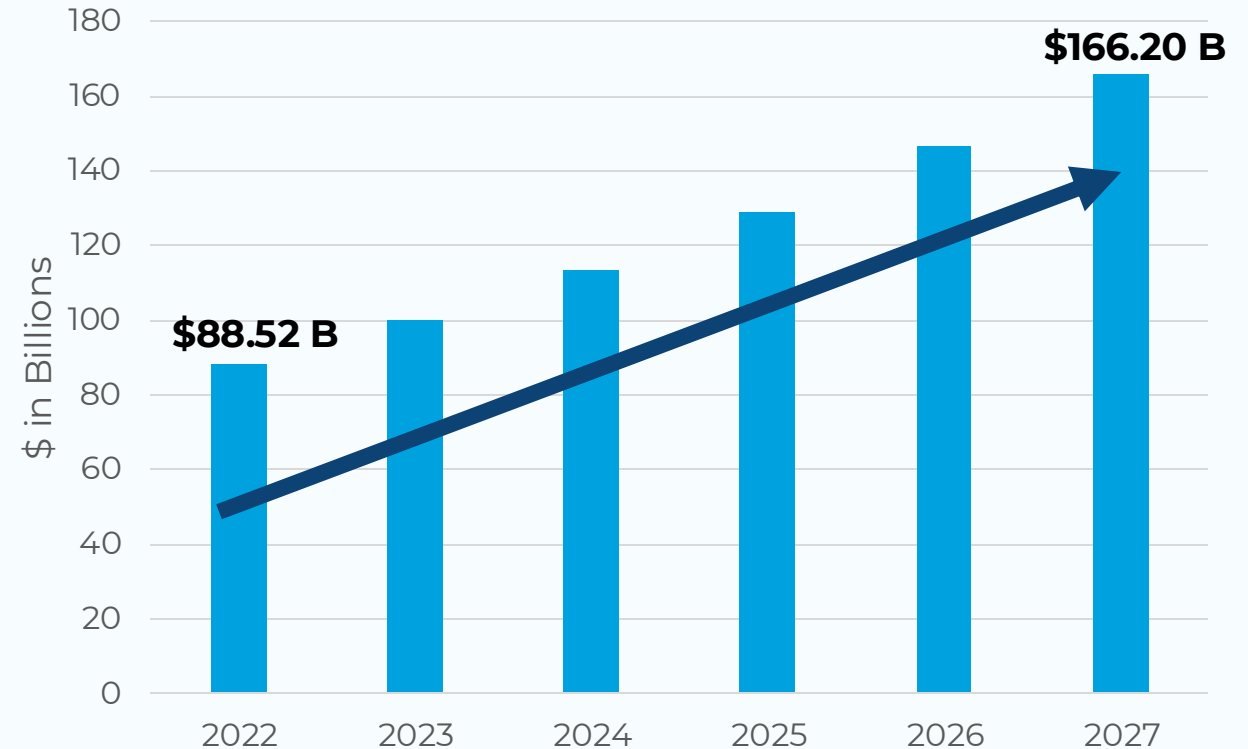


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Growing global demand for research and entry into cell & gene therapeutics

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Attractive strategic partner due to vast repository of medical insights



Gene Therapy is an innovative medical approach that alters cells to treat or prevent disease.

CRISPR-Cas9 System



CRISPR-Cas9 System has a 5% - 60% success rate.

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CRISPR-Cas9 System



Recognition of Target DNA Sequence



Binding & Cutting

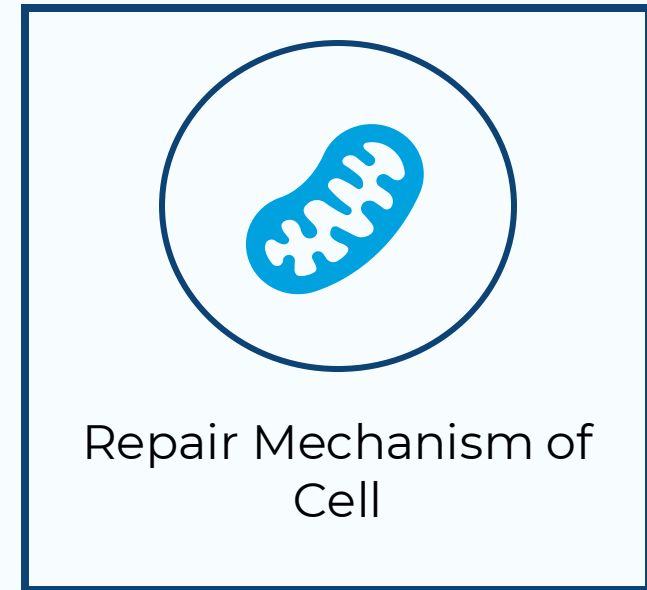
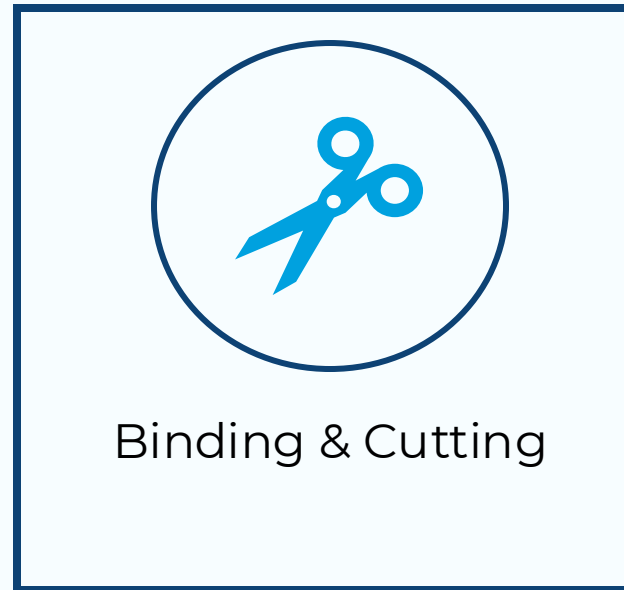


Repair Mechanism of Cell

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Gene Therapy is an innovative medical approach that alters cells to treat or prevent disease.

CRISPR-Cas9 System



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IQVIA's Research:



By 2025, Gene Therapy is anticipated to be in demand for 6.54 million patients.

IQVIA's Research:

~30%
of Trials

**Yield fewer gene
disruptions in the
CRISPR-Cas9
System**

~45%
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**Focus of RNA within
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~10%
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**Efficient large-scale
manufacturing of
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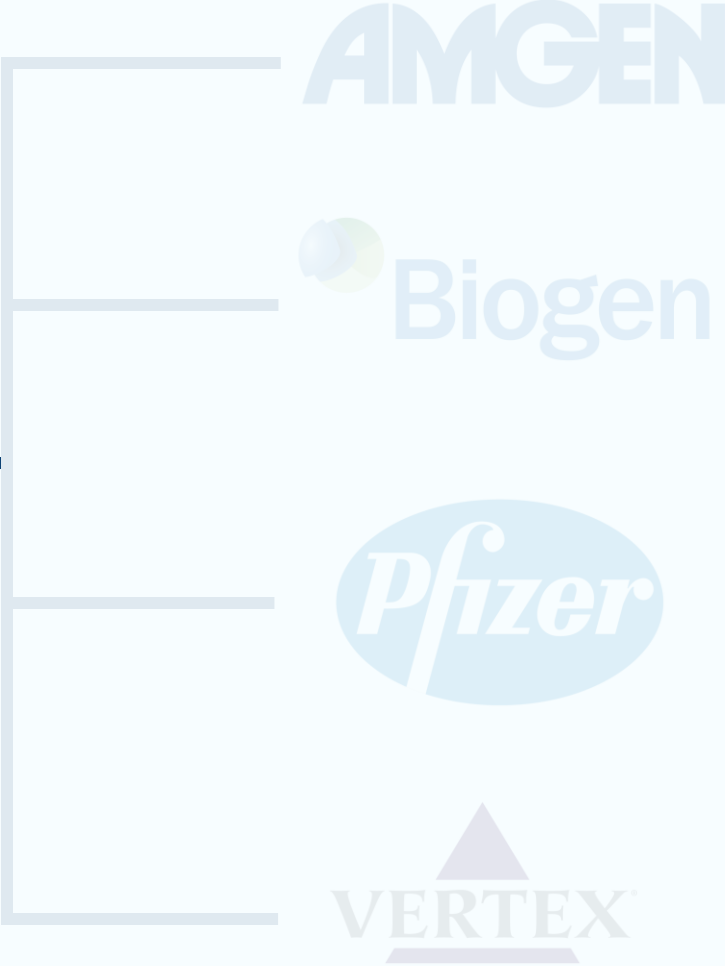
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Key Players & Growth



Provides essential research & data insights



2022-2032 CAGR:
18.3%

2022 Market:
\$15.46 Billion

2032 Market:
\$82.24 Billion

Key Players & Growth



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AMGEN

 **Biogen**

Pfizer

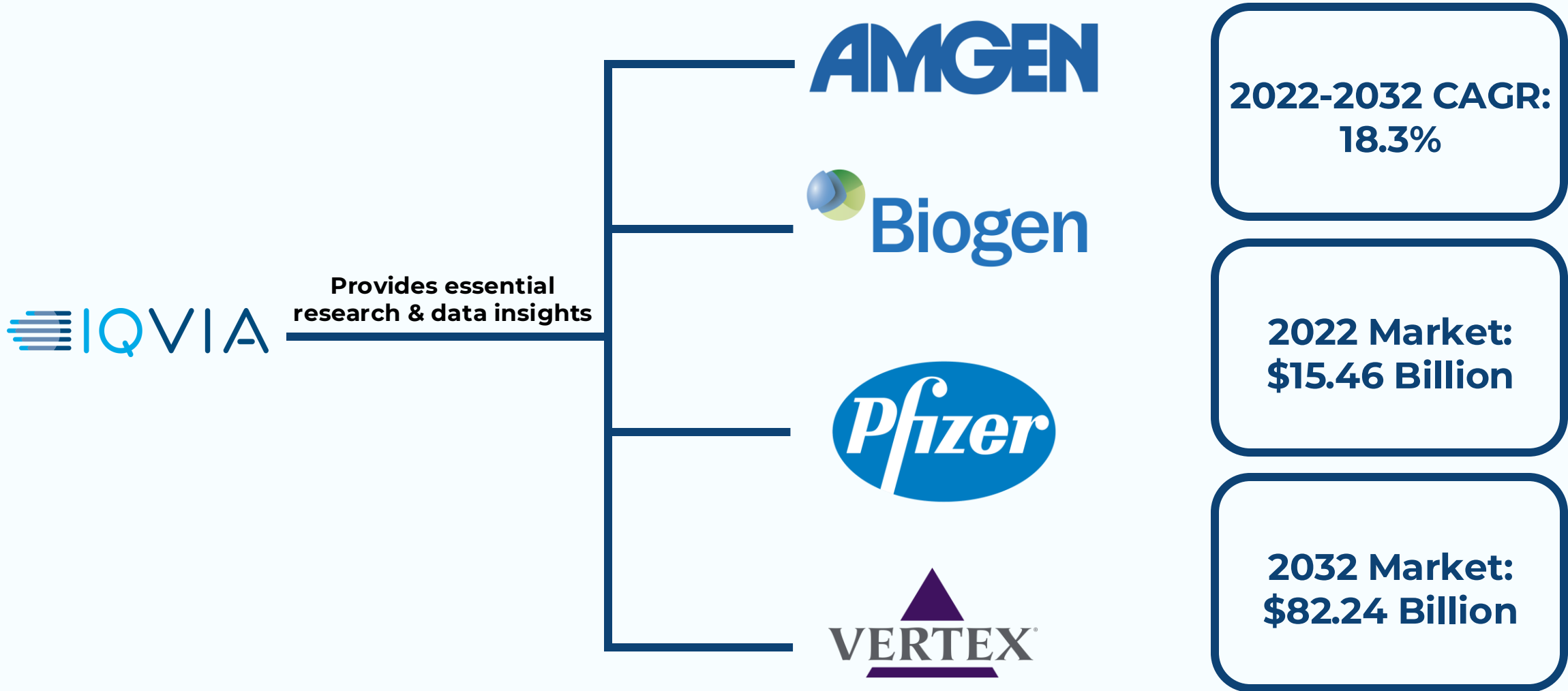

VERTEX

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Future Partnerships



TAS collaboration that will leverage IQVIA's connected intelligence capabilities



R&DS partnership focused on improving global capacity for quick clinical research on vaccines



TAS data analytics contract with a top 10 pharma client that has been buying from a competitor

argenx



4 other undisclosed partnerships with multiple top 20 pharma companies

Along with \$28 Billion in backlog

10

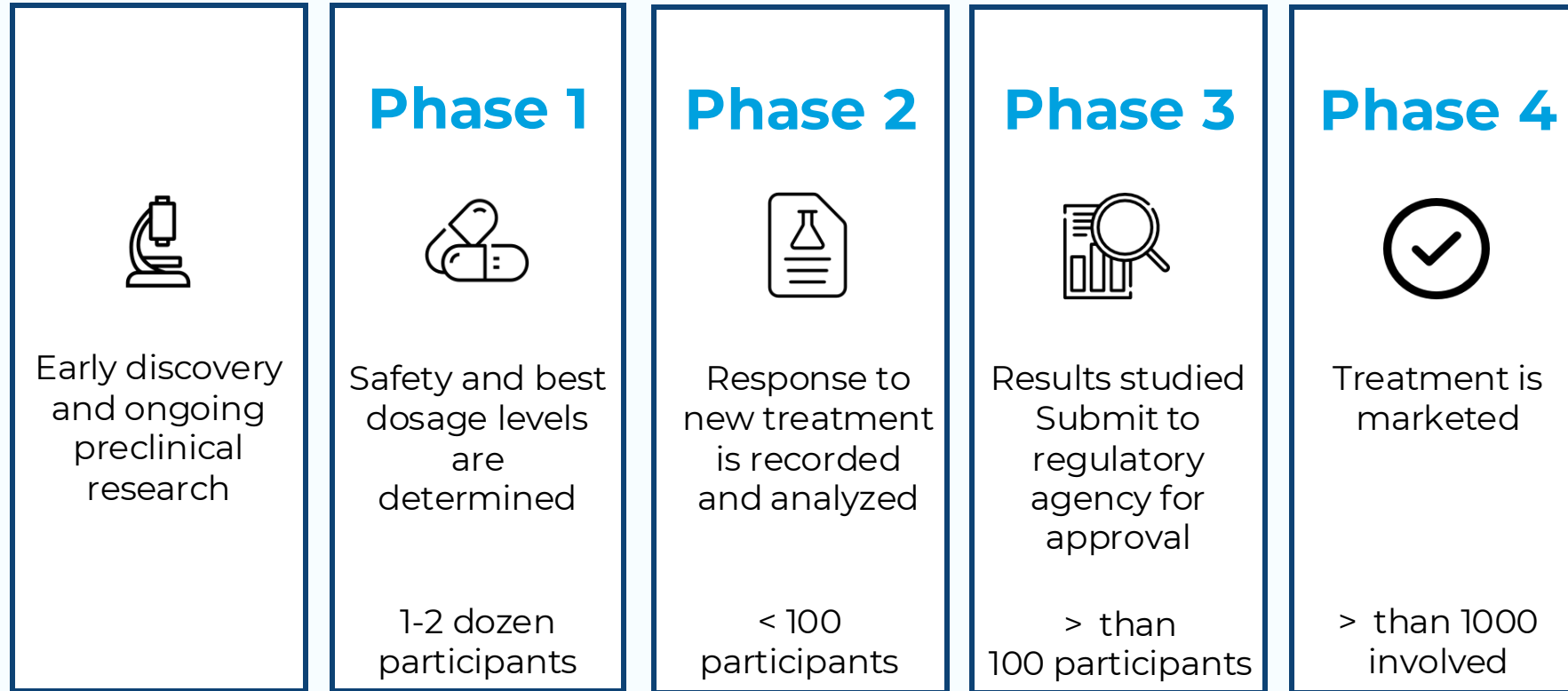


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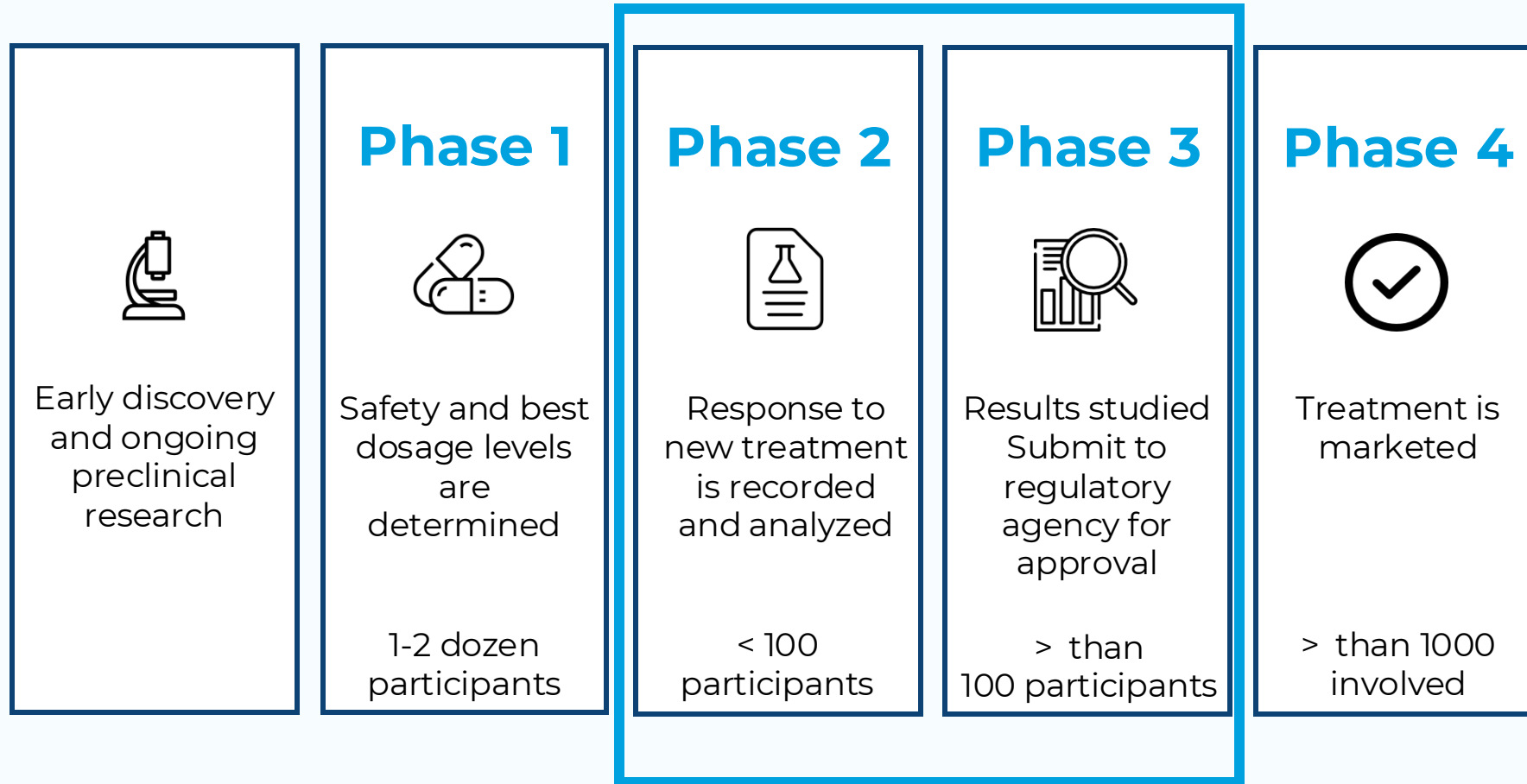
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Drug Development Process



Drug Development Process

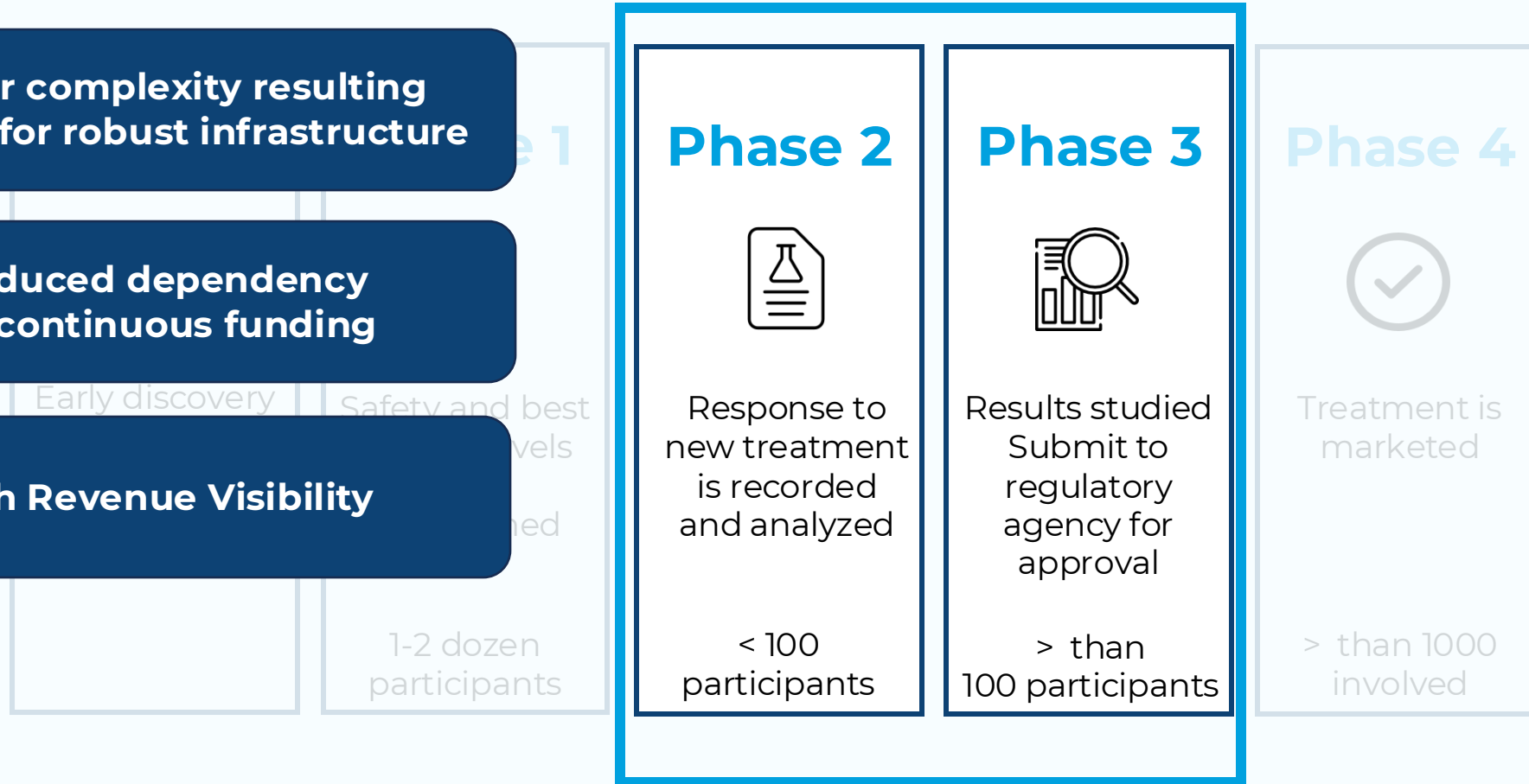


Drug Development Process

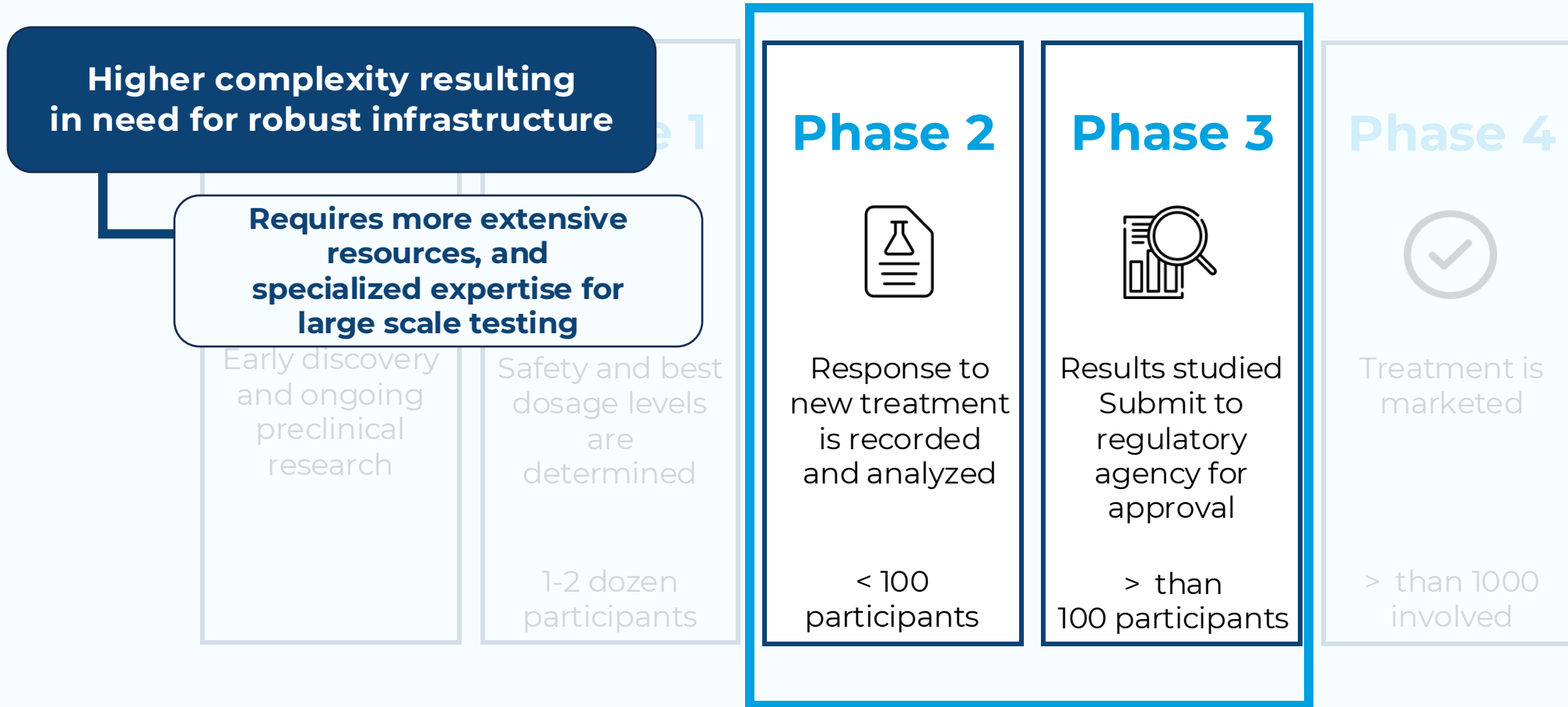
Higher complexity resulting in need for robust infrastructure

Reduced dependency on continuous funding

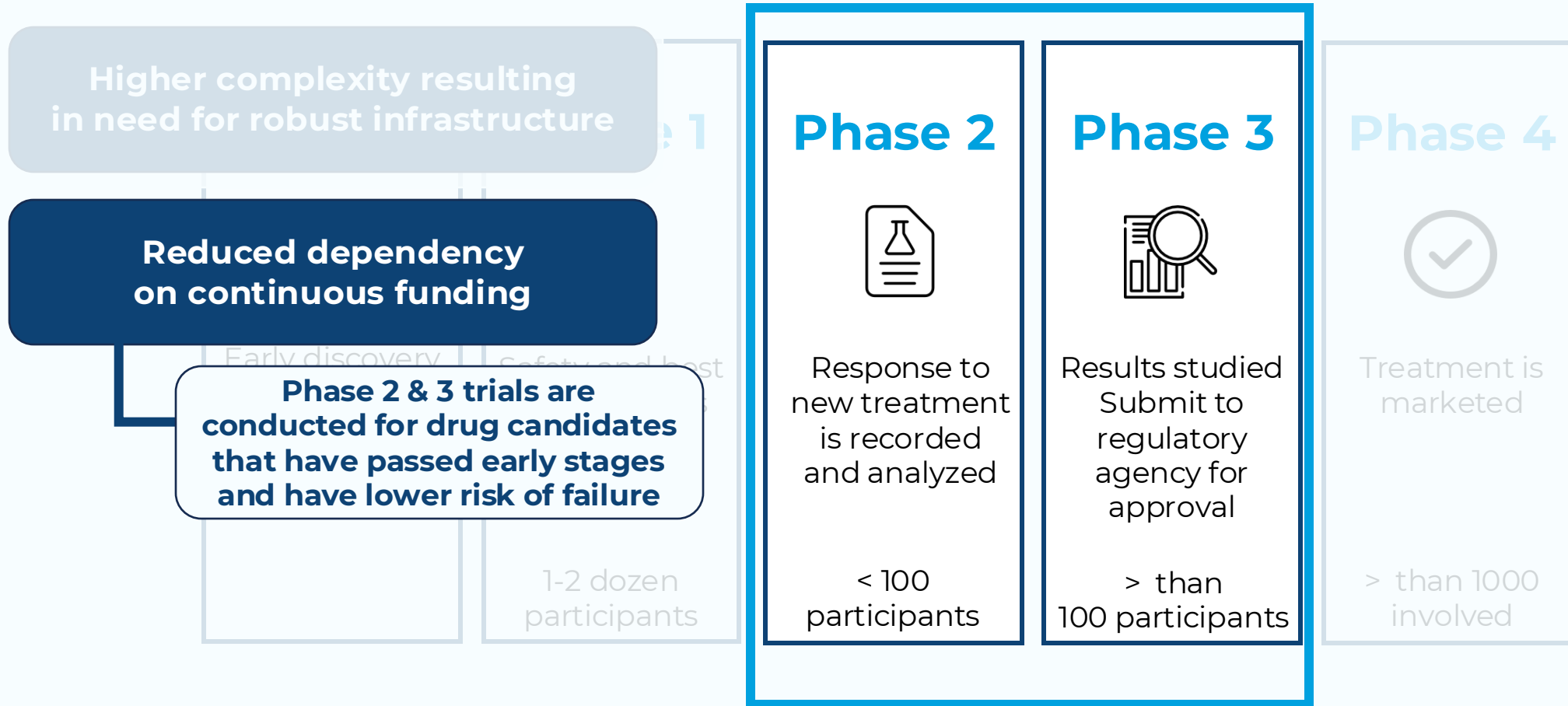
High Revenue Visibility



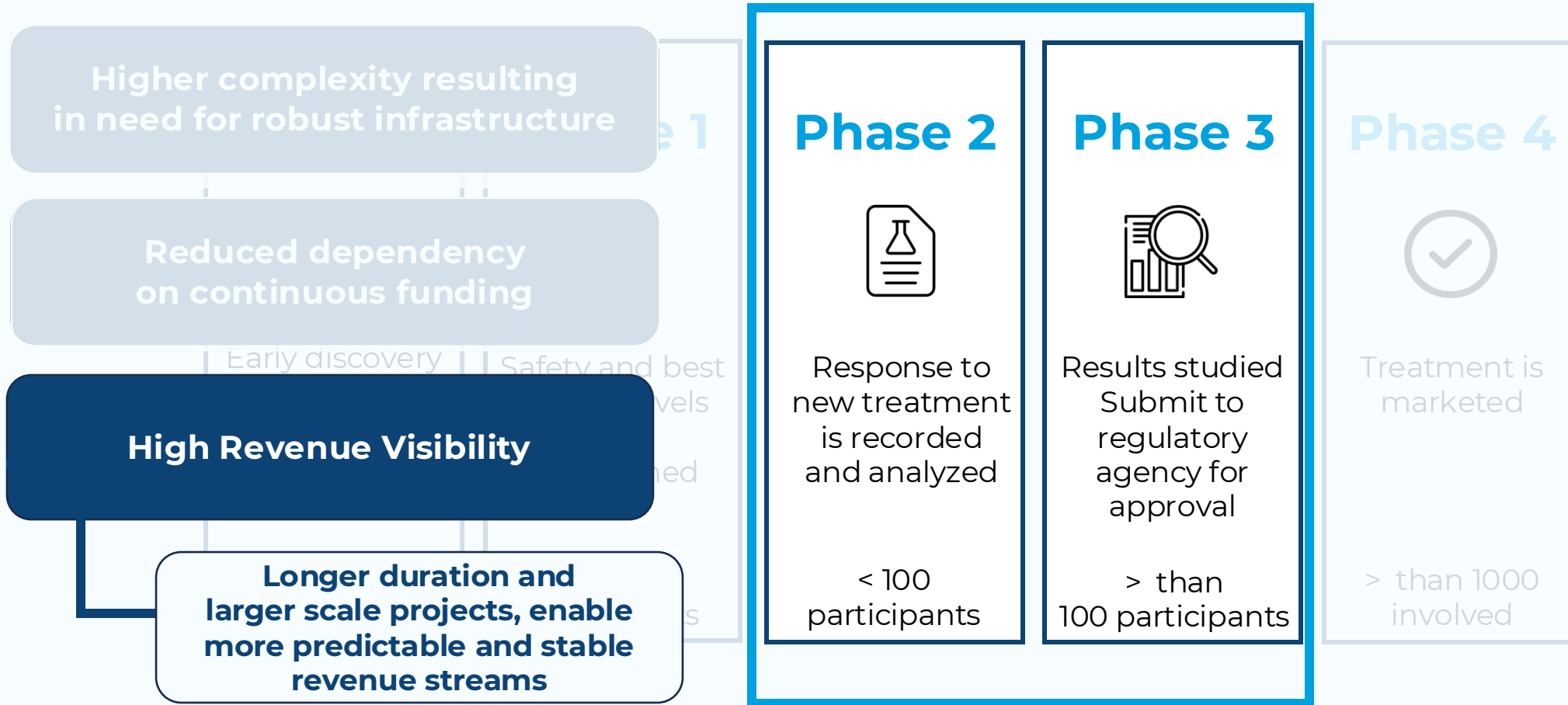
Drug Development Process



Drug Development Process



Drug Development Process



Phase 2 & 3 of Process

Pharma R&D Spending



Top pharma companies reported an **11% Y/Y** increase in R&D expenses in Q3 2023

Clinical Trials Start Trends



Clinical trial starts are up **37% Y/Y** and 15% sequentially after being down 10.1% in 2022

US Novel Drug Approvals



46 novel drug approvals for 2023 compared to 37 for all of 2022 -> **24.3% Y/Y increase**

Phase 2 & 3 of Process

Pharma R&D
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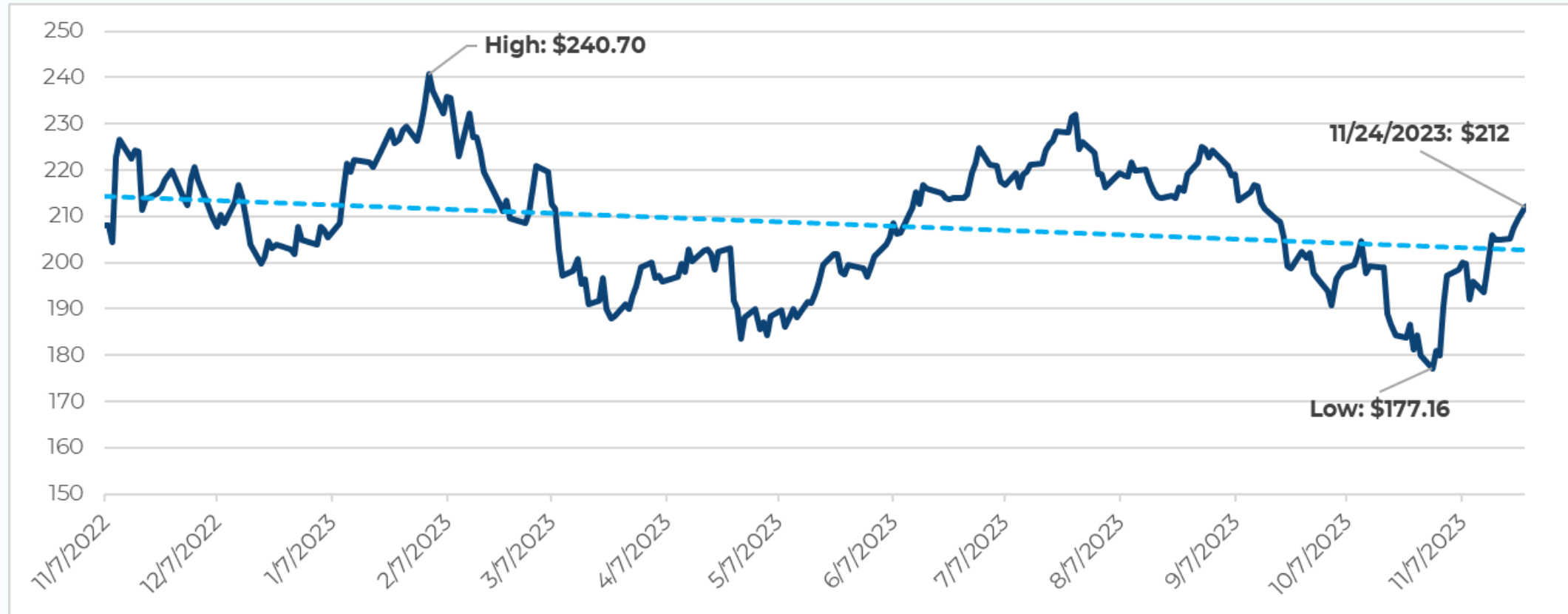


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Financial Valuation



1-Year Price Chart



Comps Analysis

Company	Stock Price	Enterprise Value (B's)	Market Cap (B's)	Valuation Metrics		
				EV/EBIT	EV/EBITDA	P/E
IQVIA HOLDINGS INC (XNYS:IQV)	\$ 210.73	\$51.21	\$38.82	24.6x	17.8x	33.1x
AGILENT TECHNOLOGIES, INC. (XNYS:A)	\$ 125.71	\$38.13	\$36.99	22.5x	18.9x	28.6x
OMNICELL, INC. (XNAS:OMCL)	\$ 34.27	\$1.07	\$1.54	22.5x	13.0x	19.5x
VERADIGM INC. (XNAS:MDRX)	\$ 12.22	\$1.09	\$1.36	8.5x	6.5x	15.8x
ICON PUBLIC LIMITED COMPANY (XNAS:ICLR)	\$ 270.99	\$26.27	\$22.38	25.6x	16.1x	41.6x
CHARLES RIVER LABORATORIES INTERNATIONAL,	\$ 196.83	\$12.90	\$10.10	14.5x	12.9x	19.3x
AVANTOR, INC. (XNYS:AVTR)	\$ 20.10	\$19.10	\$13.74	13.7x	13.3x	34.1x
DANAHER CORPORATION (XNYS:DHR)	\$ 219.87	\$174.50	\$163.61	20.6x	16.9x	24.9x
RI RCM INC. (XNAS:RCM)	\$ 10.61	\$6.19	\$4.54	21.2x	10.2x	29.8x
MEDPACE HOLDINGS, INC. (XNAS:MEDP)	\$ 277.11	\$8.75	\$8.50	26.7x	24.8x	32.1x
VEEVA SYSTEMS INC. (XNYS:VEEV)	\$ 174.83	\$24.56	\$28.37	29.7x	28.7x	37.6x
LABORATORY CORPORATION OF AMERICA HOLDI	\$ 212.44	\$23.78	\$18.06	13.7x	11.2x	15.6x
Average				19.9x	15.7x	27.2x
Median				21.2x	13.3x	28.6x



Share Price Calculation - Gordon Growth

Perpetuity Growth Rate (G)	2.65%
FY 2028E FCF	\$3,710
Terminal Value	\$69,306
PV of Discounted FCF	\$15,437
PV of Terminal Value	\$40,115
TEV	\$55,553
(-) Net Debt	\$12,407
Equity Value	\$43,146
(/) Total Shares Outstanding	182.5
Implied Share Price	\$236.41
<i>Expected Return</i>	<i>12.19%</i>

Current Share Price \$ **210.73**

Share Price Calculation - Exit Multiples

EV/EBITDA Exit Multiple	13.28x
FY 2028E EBITDA	\$7,048
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DCF Analysis

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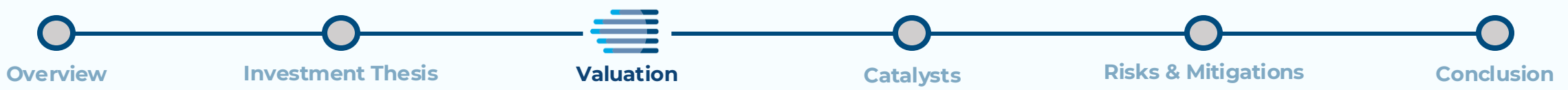
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Target Share Price: \$274.90
Expected Return: 30%

Current Share Price \$ **210.73**

Current Share Price \$ **210.73**



Sensitivity Analysis

Current Share Price

\$210.73

	Conservative	Moderate	Aggressive
Share Price - Gordon Growth	\$229.87	\$236.41	\$244.35
Upside	9.08%	12.19%	15.95%
Share Price - Multiples Method	\$290.40	\$313.37	\$335.26
Upside	37.81%	48.71%	59.10%

- 1. Revenue Growth**
- 2. Entrance Into New High Growth Sectors**
- 3. Operational Efficiency Improvement**



Strong backlog along with TAS Revenue rebound in 2024 and 2025

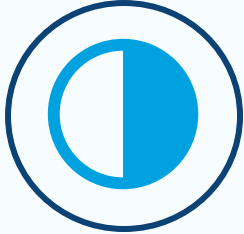
Cell and Gene Therapeutics sector to boost revenue long term and accelerate growth rates

Operational efficiency expected to improve with implementation of AI

Catalysts



Underperformance in TAS



Currently, nearly half of revenues come from Technology and Analytics Solutions (TAS)



The primary target for TAS services are larger companies such as Pfizer



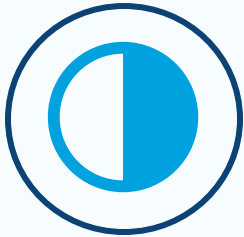
Due to the impact of macroeconomic factors, large clients have been reducing spending on TAS



Resulting in IQVIA repeatedly adjusting expectations downward in 2023

We believe the TAS segment will rebound in the next 12-18 months due to better macro-economic factors. This will reduce the dependency on the research and development segment and help IQV beat expectations as companies begin to spend more on TAS.

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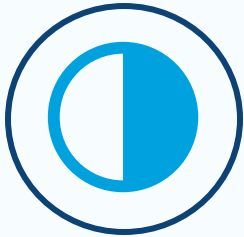
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Risks & Mitigations



Two Major Risks

1



Contract Consolidation

2



Client Relations

Two Major Risks

1



Contract Consolidation

2



Client Relations

Contract Consolidation



Roughly 2,200 merger and acquisition deals occur annually, worldwide



Overlapping services may be deemed unnecessary, leading to revenue loss



Clients of IQVIA who are acquired by firms that are not clients may discontinue services

Mitigation:

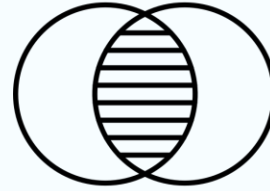
Data: There is no substitute for 1.2 billion patient records

Artificial Intelligence: IQVIA estimates it saves clients 10%-30% on drug labeling costs by leveraging AI

Differentiation: Many similar competitors but few direct competitors



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Mitigation:

Data: There is no substitute for 1.2 billion patient records

Artificial Intelligence: IQVIA estimates it saves clients 10%-30% on drug labeling costs by leveraging AI

Differentiation: Many similar competitors but few direct competitors

Contract Consolidation



Roughly 2,200 merger and acquisition deals occur annually, worldwide



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Two Major Risks

1

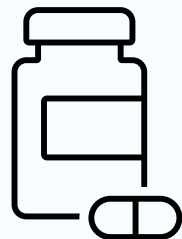


Contract Consolidation

2



Client Relations



IQVIA's relationships with clients who are in competition with each other may impact the extent to which they utilize IQVIA's services.



Companies strive to demonstrate the cost-effectiveness of their drugs while protecting intellectual property, data, and strategies.

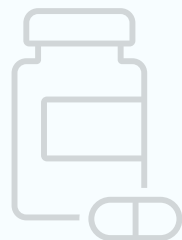
Mitigation:

Strict Confidentiality Measure: Protocols and technologies to safeguard data and ensure confidentiality.

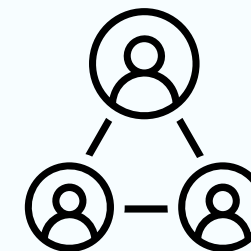
Specialized Teams: Dedicated teams to handle clients in similar niches to prevent overlapping conflicts.

Legal Agreements: Contractual agreements that address conflicts of interest and confidentiality concerns.

Ethical Guidelines: Adhere to strict ethical guidelines to maintain neutrality and fairness.



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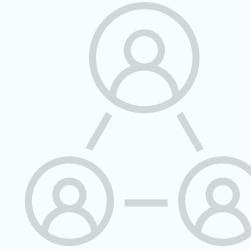
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Conclusion



Final Recommendation: **BUY**

1. Investment in Machine Intelligence
2. Entry into Gene Therapeutics
3. Attractive Strategic Partner

With a target price of **\$274.90** per share and an investment horizon of **12-18 months**, IQV gives a **30%** upside.