

IQVIA Holdings is the world's largest provider of biopharmaceutical development services and commercial outsourcing services. The company is the result of the 2016 merger of Quintiles Transnational, a contract research organization, and IMS Health, a healthcare data and analytics provider. IQVIA is headquartered in Research Triangle Park, North Carolina.

Analyst's Notes

Analysis by David Toung, June 4, 2025

ARGUS RATING: **BUY**

- BUY on price pullbacks
- IQV is a leader in providing outsourced clinical trial management and commercialization services to the biopharma industry.
- Despite near-term headwinds, we view IQV favorably in providing valued solutions to biotech and pharmaceutical companies in the clinical studies of drugs and for bringing new products to market.
- Given the recent volatility in the market, we are lowering our price target to \$180 from \$245.

INVESTMENT THESIS

Our thesis on BUY-rated IQVIA Holdings Inc. (NYSE: IQV) is premised on the valued services that IQV provides to biopharma industry in the clinical development and commercialization of new therapies. Looking ahead, we expect the company to convert its sizable backlog (\$31.5 billion in 1Q25) into revenue. Based on IQVIA's industry leadership, revenue visibility, recent contract wins, and history of technological innovation, we expect continued growth in the coming quarters. Our target price is \$180.

RECENT DEVELOPMENTS

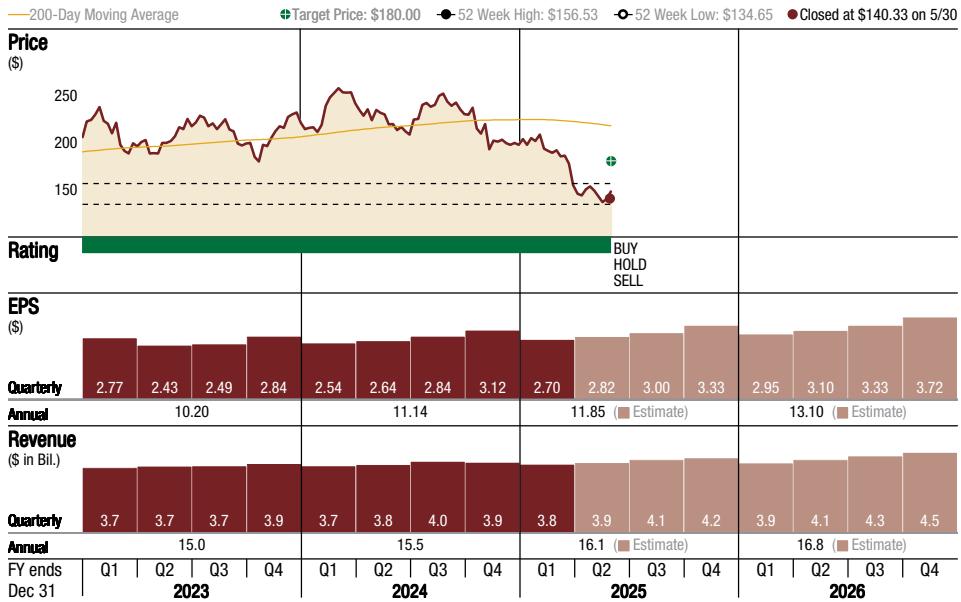
IQV's business that manages clinical trials for biopharma companies has faced near-term headwinds to growth. Customers are taking longer to make decisions to start clinical trials. Funding for emerging biopharma (EBP) companies has deteriorated. The 12-month trailing book-to-bill ratio for 1Q25 in the R&DS segment fell to 1.14 from 1.19 in the prior quarter.

On the other hand, business conditions have strengthened for the Technology and Analytics Solutions (TAS) segment. This business applies data analytics to support launching and marketing of drugs.

Given the need for biopharma companies refill their new drug pipelines, we see these headwinds as short-term. Clinical trials are key components of the process to develop and commercialize new drugs. The biopharma companies typically outsource a portion of the clinical trials management to contract research organizations, such as IQVIA.

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 27% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$147.90
Target Price	\$180.00
52 Week Price Range	\$134.65 to \$252.88
Shares Outstanding	173.00 Million
Dividend	--

Sector Overview

Sector	Healthcare
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	10.80%

Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	70.0%
Return on Equity	34.8%
Net Margin	8.6%
Payout Ratio	--
Current Ratio	0.84
Revenue	\$15.50 Billion
After-Tax Income	\$1.33 Billion

Valuation

Current FY P/E	12.48
Prior FY P/E	13.28
Price/Sales	1.65
Price/Book	4.31
Book Value/Share	\$34.33
Market Capitalization	\$25.59 Billion

Forecasted Growth

1 Year EPS Growth Forecast	6.37%
5 Year EPS Growth Forecast	10.00%

1 Year Dividend Growth Forecast	N/A
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Risk

Beta	0.92
Institutional Ownership	89.17%

Analyst's Notes ...Continued

Within the biopharma industry, there is considerable uncertainty related to policy pronouncements by the administration. The policies relate to tariffs, agency actions, including funding cuts at the National Institute of Health and staff reductions at the FDA, and to drug pricing policies. Several of IQV's clients are slowing or re-evaluating programmatic decisions until there is better visibility.

IQV reported 1Q25 results on May 6. Adjusted EPS was \$2.70, beating the consensus estimate by \$0.07 and increasing 6.3%. GAAP net income was \$249 million or \$1.40 per share, compared to \$288 million or \$1.56 per share a year ago.

Revenue was \$3.829 billion, increasing 2.5% as reported and 3.5% at constant currency.

By segment, R&DS revenue was \$2.102 billion, increasing 1.1% at constant currency. As of March 31, 2025, R&DS contracted backlog, including reimbursed expenses, was \$31.5 billion, increasing 4.6% at constant currency. The company expects \$7.9 billion of this backlog to convert to revenue over the next 12 months.

TAS segment revenue was \$1.546 billion, increasing 7.6% at constant currency. These results reflect clients launching new drugs and executing their commercial plans.

For the IQV enterprise, the adjusted EBITDA margin was 23.1%, flat with a year ago.

IQVIA and NVIDIA recently entered a strategic collaboration to enable IQVIA's Healthcare grade AI to automate and accelerate

workflows in the lifecycle of drug development for IQVIA's customers in the Healthcare and life sciences industries. This collaboration will integrate NVIDIA's AI Foundry platform and services in IQVIA's AI solutions to create custom, domain-specific models and agents for thousands of complex workflows needed in healthcare and life sciences.

We will monitor this collaboration to assess its contribution to revenue.

EARNINGS & GROWTH ANALYSIS

IQV updated its 2025 guidance. Citing favorable changes to the impact of foreign exchange, it increased its revenue guidance to \$16.000 billion to \$16.400 billion, from \$15.725 billion to \$16.125 billion, thus increasing the midpoint of the range by \$275 million.

The guidance for adjusted EBITDA and adjusted EPS is unchanged at \$3,765 million to \$3,885 million, and at \$11.70 to \$12.10. Foreign exchange had no impact on adjusted EBITDA or adjusted EPS.

IQV continues to assume approximately \$100 million of step down in COVID-19 revenue and about 150 basis points of contribution from M&A.

We are reducing our estimates for adjusted EPS to \$11.85 from \$11.95 for 2025 and to \$13.10 from \$13.25 for 2026.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on IQVIA is Medium-High.

Growth & Valuation Analysis

GROWTH ANALYSIS

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	11,359	13,874	14,410	14,984	15,405
COGS	7,500	9,233	9,382	9,745	10,030
Gross Profit	3,859	4,641	5,028	5,239	5,375
SG&A	1,789	1,964	2,071	2,053	1,992
R&D	—	—	—	—	—
Operating Income	783	1,413	1,827	2,061	2,269
Interest Expense	410	369	403	636	623
Pretax Income	373	1,128	1,363	1,459	1,669
Income Taxes	72	163	260	101	301
Tax Rate (%)	19	14	19	7	18
Net Income	279	966	1,091	1,358	1,373
Diluted Shares Outstanding	195	195	191	186	183
EPS	1.43	4.95	5.72	7.29	7.49
Dividend	—	—	—	—	—
GROWTH RATES (%)					
Revenue	2.4	22.1	3.9	4.0	2.8
Operating Income	-8.1	80.5	29.3	12.8	10.1
Net Income	46.1	246.2	12.9	24.5	1.1
EPS	49.0	246.2	15.6	27.4	2.7
Dividend	—	—	—	—	—
Sustainable Growth Rate	2.9	13.1	21.2	20.0	22.0
VALUATION ANALYSIS					
Price: High	\$180.99	\$285.61	\$282.52	\$241.86	\$261.73
Price: Low	\$81.79	\$170.00	\$165.75	\$167.42	\$187.62
Price/Sales: High-Low	3.1 - 1.4	4.0 - 2.4	3.7 - 2.2	3.0 - 2.1	3.1 - 2.2
P/E: High-Low	126.6 - 57.2	57.7 - 34.3	49.4 - 29.0	33.2 - 23.0	34.9 - 25.0
Price/Cash Flow: High-Low	19.7 - 8.9	18.6 - 11.1	22.7 - 13.3	23.1 - 16.0	18.7 - 13.4

Financial & Risk Analysis

FINANCIAL STRENGTH

	2022	2023	2024
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Cash (\$ in Millions)	1,216	1,376	1,702
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Working Capital (\$ in Millions)	-597	-895	-1,128
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Current Ratio	0.89	0.86	0.84
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LT Debt/Equity Ratio (%)	223.1	215.6	214.5
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Total Debt/Equity Ratio (%)	225.7	227.4	233.3
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RATIOS (%)

Gross Profit Margin	34.9	35.0	34.9
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Operating Margin	12.7	13.8	14.7
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Net Margin	7.6	9.1	8.9
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Return On Assets	4.4	5.2	5.1
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Return On Equity	18.5	22.9	22.5
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RISK ANALYSIS

Cash Cycle (days)	—	—	—
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Cash Flow/Cap Ex	3.4	3.3	4.5
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Oper. Income/Int. Exp. (ratio)	4.3	3.2	3.5
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Payout Ratio			
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Analyst's Notes ...Continued

IQVIA does not pay a dividend. Cash flow from operations was \$568 million for the first three months of 2025, compared to \$522 million a year ago. Free cash flow was \$468 million for the three months of 2025, representing 89% of adjusted net income. The company repurchased \$425 million of stock in 1Q25.

MANAGEMENT & RISKS

Ari Bousbib is chairman and CEO. Mr. Bousbib assumed the CEO position in October 2016 following the merger of Quintiles and IMS Health. Ron Bruehlman is the CFO.

Investors in IQV face risks. The company faces competitive risks, as other outsourcing firms will vie for contracts to manage clinical trials. IQVIA's revenue is also affected by funding decisions in clinical trials sponsored by biotech and pharmaceutical companies, and by the timing of regulatory approvals. Revenue growth in the TAS segment depends on the pace of approvals of new drugs and new indications for existing drugs. TAS provides marketing and commercialization services for the launch of new drugs and new indications.

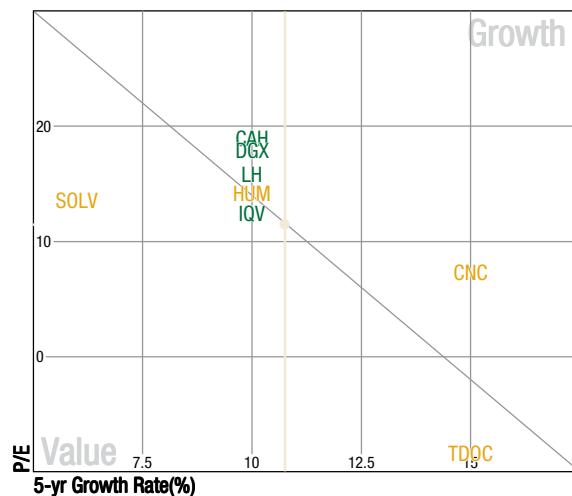
COMPANY DESCRIPTION

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Peer & Industry Analysis

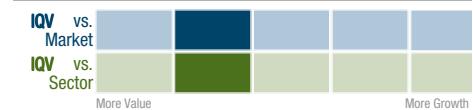
The graphics in this section are designed to allow investors to compare IQV versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how IQV stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how IQV might fit into or modify a diversified portfolio.

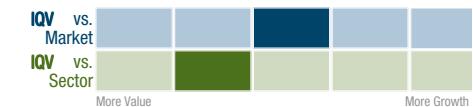


Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current F/Y P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
CAH	Cardinal Health, Inc.	36,773	10.0	19.0	.7	11.9	BUY
HUM	Humana Inc.	27,860	10.0	14.2	1.4	-11.3	Hold
CNC	Centene Corp.	27,338	15.0	7.3	2.0	6.7	Hold
IQV	IQVIA Holdings Inc	25,587	10.0	12.5	8.6	10.5	Buy
LH	Labcorp Holdings Inc.	21,291	10.0	15.8	5.5	9.6	Buy
DGX	Quest Diagnostics, Inc.	19,403	10.0	17.9	8.8	9.8	Buy
SOLV	Solventum Corp	13,000	6.0	13.5	4.6	7.2	Hold
TDOC	Teladoc Health Inc	1,249	15.0	-8.4	-39.7	17.6	Hold
Peer Average		21,563	10.8	11.5	-1.0	7.8	

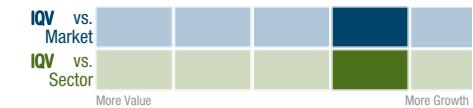
P/E



Price/Sales



Price/Book



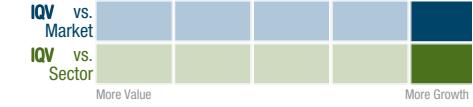
PEG



5 Year Growth



Debt/Capital



About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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