



# **TransUnion Second Quarter 2020 Earnings**

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Todd Cello, CFO



# Forward-Looking Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of TransUnion's management and are subject to significant risks and uncertainties. Actual results may differ materially from those described in the forward-looking statements. Factors that could cause TransUnion's actual results to differ materially from those described in the forward-looking statements, including the effects of the COVID-19 pandemic and the timing of the recovery from the COVID-19 pandemic, can be found in TransUnion's Annual Report on Form 10-K for the year ended December 31, 2019, as modified in any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, which are filed with the Securities and Exchange Commission and are available on TransUnion's website ([www.transunion.com/tru](http://www.transunion.com/tru)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). TransUnion undertakes no obligation to update the forward-looking statements to reflect the impact of events or circumstances that may arise after the date of the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements.

## Non-GAAP Financial Information

This investor presentation includes certain non-GAAP measures that are more fully described in Exhibit 99.1, "Non-GAAP Financial Measures," of our Current Report on Form 8-K filed on July 28, 2020. These financial measures should be reviewed in conjunction with the relevant GAAP financial measures and are not presented as alternative measures of GAAP. Other companies in our industry may define or calculate these measures differently than we do, limiting their usefulness as comparative measures. Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures are presented in the tables of Exhibit 99.1 of our Current Report on Form 8-K filed on July 28, 2020. The Company is also providing a scenario-based outlook in this investor presentation for the third quarter 2020. We are unable to provide a reconciliation between the potential financial outcomes for the non-GAAP measures of Adjusted Revenue, Adjusted EBITDA, Adjusted EPS and Adjusted Tax Rate provided in the scenario-based outlook to the GAAP measures of revenue, net income attributable to TransUnion, earnings per share and the tax rate without unreasonable efforts due to the unavailability of reliable estimates for certain items included in our outlook. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.

- Focus on the welfare of our associates, customers, consumers and communities
- Continue to work from home globally
- Appreciate the selfless and tireless work of healthcare professionals, first responders and other essential workers
- Embrace the opportunity to foster greater diversity and inclusion for all associates





- 1 Second quarter 2020 overview**
- 2 Current business trends**
- 3 Strategic long-term investments**
- 4 Detailed financial performance**
- 5 Scenario-based outlook**

# Second Quarter 2020 Overview



Delivered revenue, Adjusted EBITDA and Adjusted Diluted EPS **solidly in our upside case scenario**



Benefitted as our associates, customers and consumers transitioned to a **work from home** and **socially distanced** reality



Experienced **generally positive trends since April**; re-openings and government stimulus added momentum to the recovery



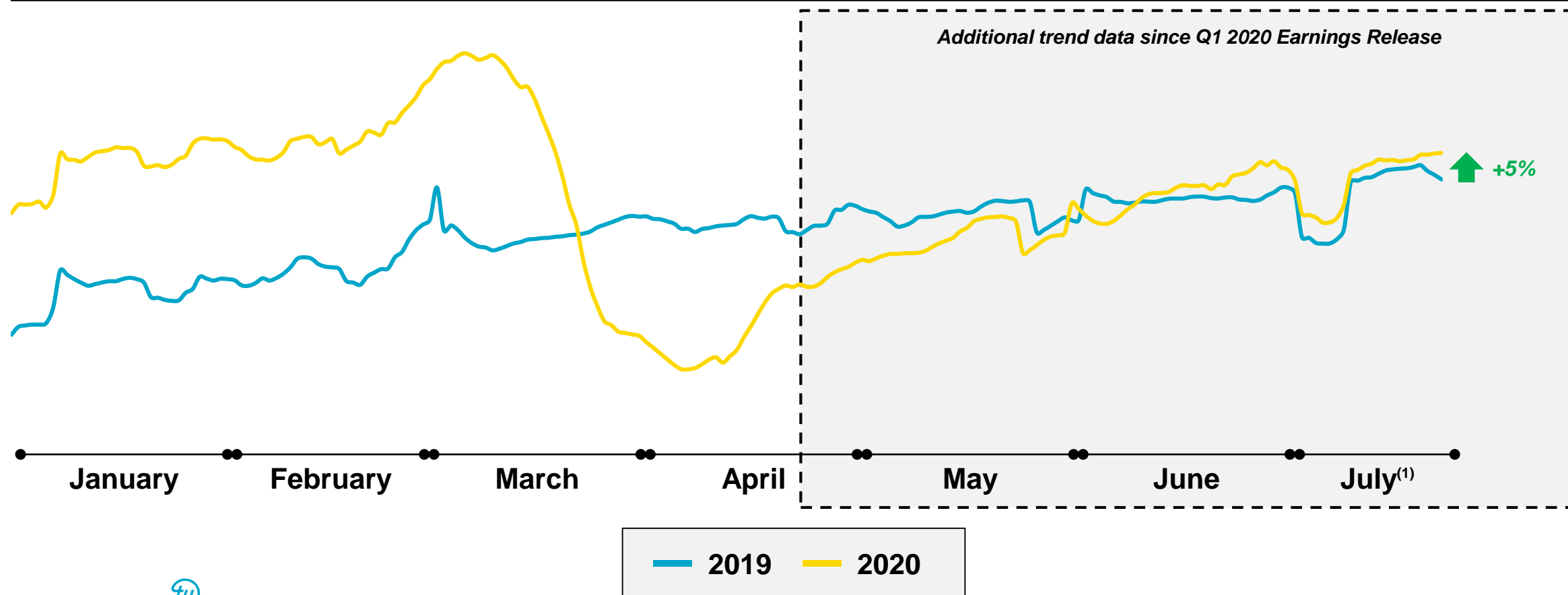
**Supported our customers** with insights and thought leadership, re-designed and new products, and customized campaigns

# U.S. Markets – Financial Services Trend

## Online Credit Report Unit Volumes



### Total U.S. Markets Financial Services Volume

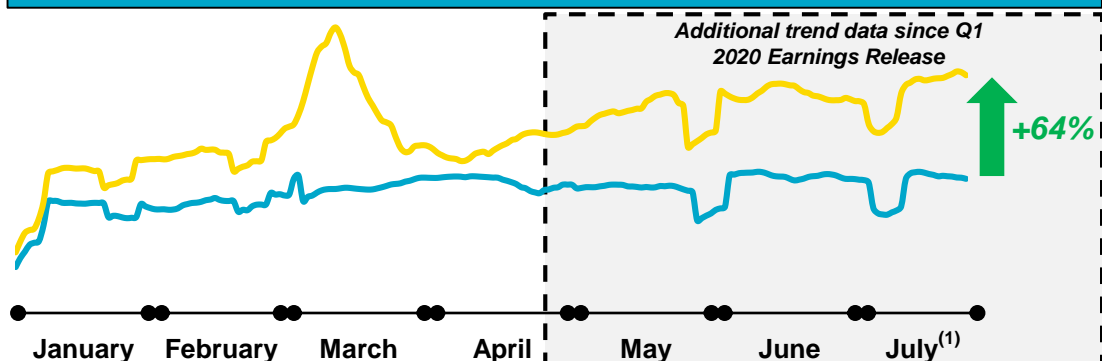


# U.S. Markets – Financial Services End-Market Trends

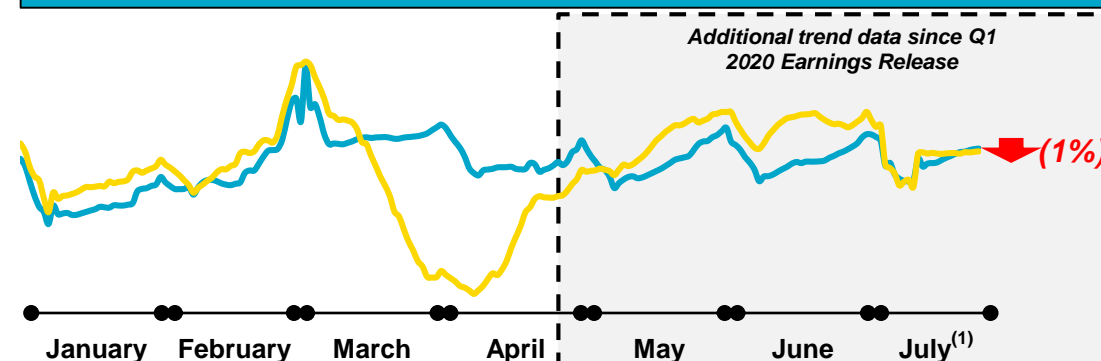
## Online Credit Report Unit Volumes



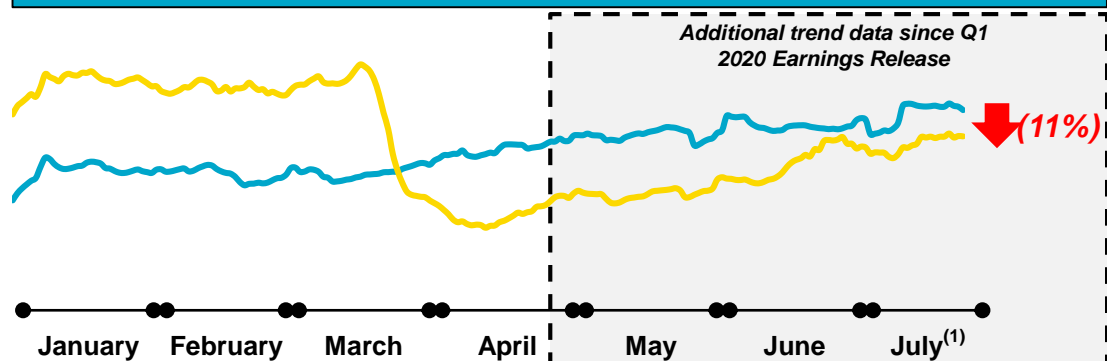
### Mortgage



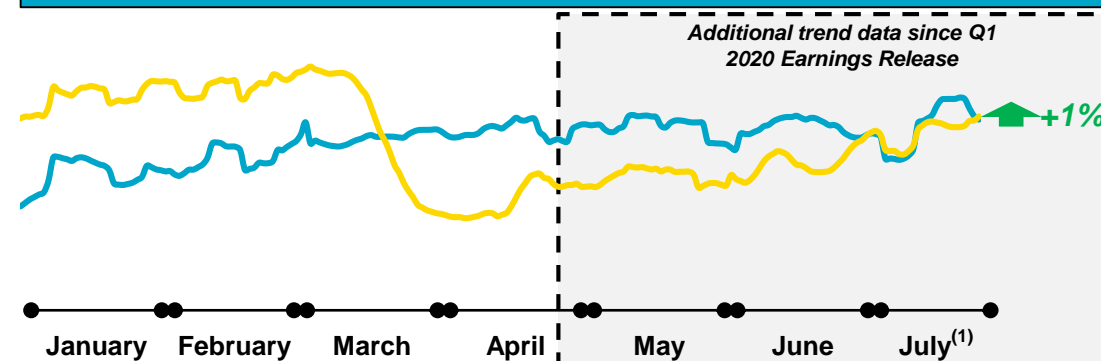
### Auto



### Consumer Lending



### Card and Banking



# Healthcare Vertical Trends



## Our solutions reduce provider risk and increase cash flow

- **Front-end solutions:** insurance eligibility checks, identity screens and payment estimation
  - *Sharp volume declines early in Q2 as patients and providers delayed or cancelled elective and preventive care*
  - *Partially offset from SaaS pricing model for our payment estimation solution, volume floors and pricing minimums for other solutions*
- **Back-end solutions:** identify opportunities for reimbursement
  - *Potential that back-end recovery volumes may decline in 2H 2020 due to curtailment in elective and preventative care*





# Insurance Vertical Trends



**Provide insurers with marketing and underwriting solutions, analytics and investigative tools for claims**

- **Delivered low-single-digit revenue decline as insurers:**
  - *Improved digital experience for consumers*
  - *Recognized an increased need for fraud mitigation tools*
  - *Focused on realizing efficiencies*
- **Focused on selling our Risk Verification Product to combat fraud; highlighted cost-reduction benefits of DriverRisk**
- **Expect our Insurance vertical to continue to post solid results due to favorable market position and strong contract signings**

# Other U.S. Markets Vertical Trends

	Vertical	What We Do	Current Trends	TransUnion Outlook
	<b>Public Sector</b>	Background screening and fraud mitigation solutions	Government agencies largely continue to operate unabated	Expect continued strong performance
	<b>Collections</b>	Critical data for third-party collections	Volume declines due to collections hiatus, forbearance programs and government stimulus	Expect industry to recover in first half of 2021
	<b>Tenant and Employment</b>	Help property owners and employers make informed decisions	<i>Tenant:</i> recovered relatively quickly after initially sharp decline <i>Employment:</i> weak trends given increased unemployment	<i>Tenant:</i> expect trends to persist <i>Employment:</i> expect modest recovery as economies slowly re-open
	<b>Telco</b>	Credit checks for plans and devices	Significant decline in April followed by faster-than-expected recovery	Expect trends to persist

# Consumer Interactive Trends

Consumers recognize value of credit and identity protection, credit monitoring and related financial education tools

- **Direct channel:**

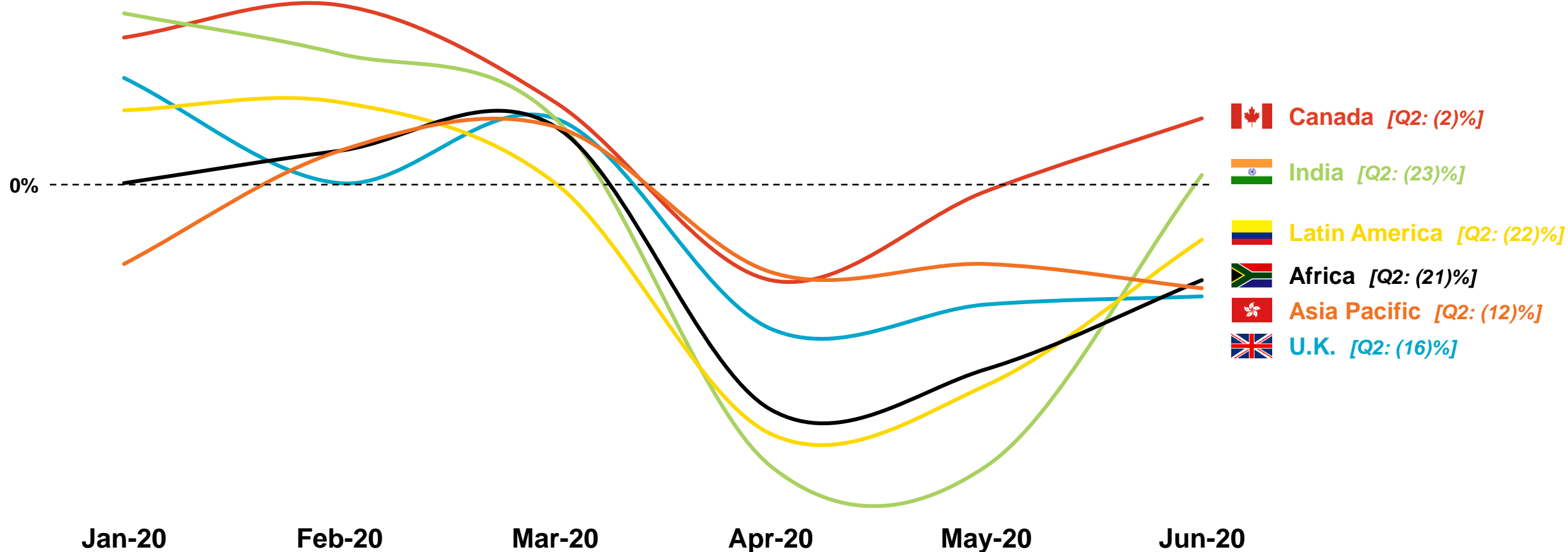
- *Good performance behind continued successful marketing to consumers focused on their credit health*

- **Indirect channel:**







- *Indirect partners curtailing marketing programs, resulting in a decline in subscribers; if trends persist, expect larger headwind in 2H 2020*
- *Meaningful discussion with potential new partners*

# International Year-to-Date Trends

Year-over-Year Constant Currency Adj. Revenue Growth / (Decline)



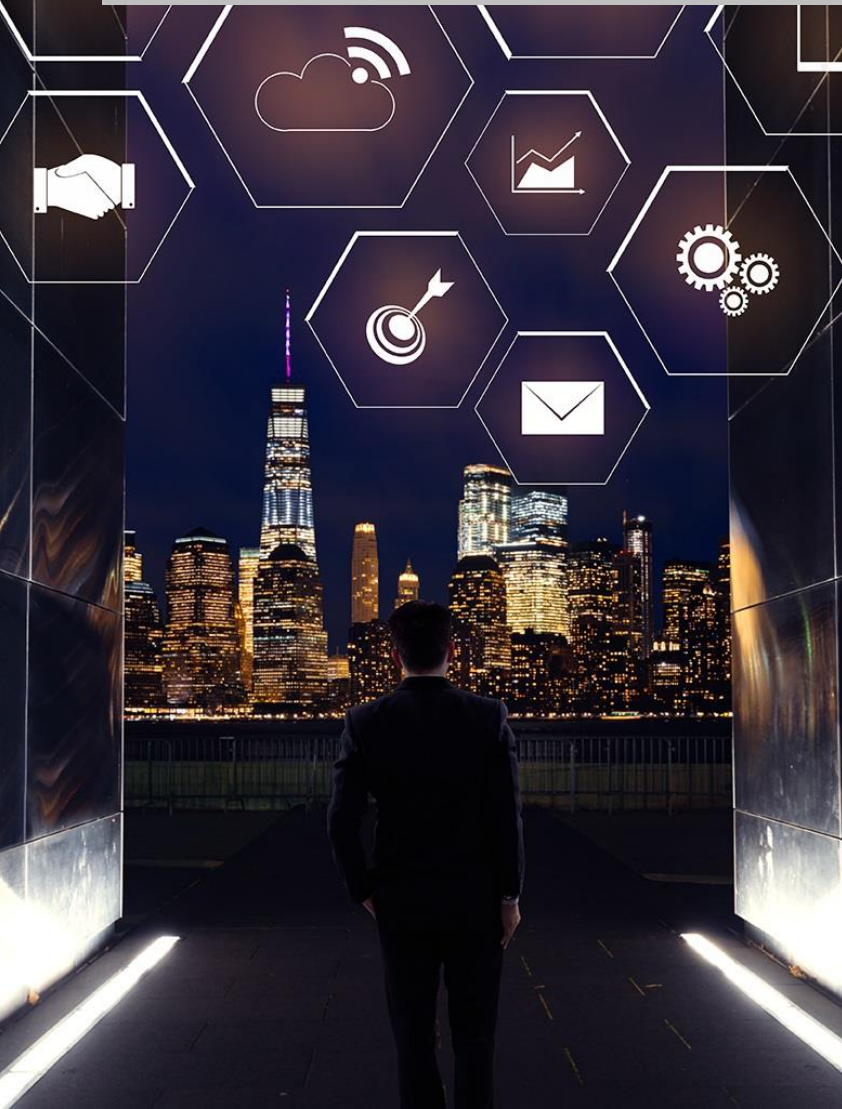
# International Trends

	Country or Region	Revenue Contribution	Portfolio Diversification (Beyond Financial Services)	Current Trends
	<b>U.K.</b>	7% of Total TU (31% of International)	Fraud solutions, government, gaming, affordability suite	Markets under stress; strong fraud solution volumes
	<b>Canada</b>	4% of Total TU (17% of International)	Fraud solutions, DTC offerings, insurance and government verticals	Weak lending markets; offset partially through TU-specific strategies
	<b>India</b>	4% of Total TU (17% of International)	Analytics and decisioning, fraud solutions, DTC offerings, commercial credit	Dramatic drop in April with progressive improvement in May/June
	<b>Latin America</b>	4% of Total TU (17% of International)	Data analytics business (Brazil)	Limited recovery other than Colombia
	<b>Africa</b>	2% of Total TU (10% of International)	Diversified portfolio with leading positions in retail, auto information, insurance	Continue to see fits and starts of recovery in South Africa
	<b>Asia Pacific</b>	2% of Total TU (9% of International)	Portfolio and risk management, fraud solutions, DTC offerings	<i>Hong Kong</i> : largely re-opened <i>Philippines</i> : severe lockdowns continue

# Global Solutions Will Improve Our Ability to Aggressively and Strategically Develop and Diffuse Innovation Globally

- Built a series of solution-focused teams populated with talented associates with deep product and market knowledge
- Hired global fraud leader and quickly standardized three of four existing fraud solutions
- Accelerated launch of existing products, including CreditVision Acute Relief

## Global Operations Allows Us to Expand Our Core Capabilities, Enhancing the Customer Experience and Driving Greater Efficiencies



- **Global Procurement**: leverage and build on existing spend discipline while creating consistent global standards
- **Global Capability Centers (GCC)**: replicate success of first GCC in Chennai, India to reduce technology costs and improve capabilities
  - *Chennai GCC recently named 40<sup>th</sup> “Best Company to Work For” out of 1,000+ companies*
- **Process Optimization**: further enhance the customer experience

The background of the slide features a perspective view of a data center aisle. The aisle is lined with server racks on both sides, and the floor is made of reflective tiles that create a grid pattern. The lighting is blue and futuristic, with light rays emanating from the center of the aisle, creating a sense of depth and technology.

## Project Rise is Our Accelerated Technology Initiative to Ensure that We Are Even More Effective, Efficient, Secure, Reliable, and Performant

- Identified a series of critical, global applications that will be deployed in early 2021 with others to follow
- Streamlining and rationalizing our application ecosystem
- Remain confident in our timeline and the benefits of our Project Rise investment



## Consolidated Q2 2020 Highlights

	Year-over-Year Change
<b>Adjusted Revenue</b>	<b>(4)%</b>
Constant Currency Adjusted Revenue	(3)%
Organic Adjusted Revenue	(5)%
Organic Constant Currency Adjusted Revenue	(3)%
<b>Adjusted EBITDA</b>	<b>(8)%</b>
Constant Currency Adjusted EBITDA	(7)%
Organic Constant Currency Adjusted EBITDA	(7)%
<b>Adjusted Diluted EPS</b>	<b>(4)%</b>

*Note: For additional information, refer to the “Non-GAAP Financial Information” section on slide 2.*

# U.S. Markets Q2 2020 Year-over-Year Financial Highlights

	Reported	FX Impact	Inorganic Impact	Organic Constant Currency
<b>Adjusted Revenue</b>	<b>(0)%</b>	—	—	<b>(0)%</b>
Financial Services	4%	—	—	4%
Emerging Verticals	(5)%	—	(0)%	(6)%
<b>Adjusted EBITDA</b>	<b>(2)%</b>	—	—	<b>(2)%</b>

*Note: Rows may not foot due to rounding. For additional information, refer to the “Non-GAAP Financial Information” section on slide 2.*

# International Q2 2020 Year-over-Year Financial Highlights

	Reported	FX Impact	Inorganic Impact	Organic Constant Currency	Organic CC ex. Recipero Disposition
<b>Adjusted Revenue</b>	<b>(22)%</b>	<b>+6%</b>	<b>—</b>	<b>(16)%</b>	<b>(15)%</b>
Canada	(5)%	+3%	—	(2)%	—
Latin America	(34)%	+13%	—	(22)%	—
U.K.	(19)%	+3%	—	(16)%	(13)%
Africa	(36)%	+15%	—	(21)%	—
India	(29)%	+7%	—	(23)%	—
Asia Pacific	(10)%	(1)%	—	(12)%	—
<b>Adjusted EBITDA</b>	<b>(37)%</b>	<b>+5%</b>	<b>—</b>	<b>(32)%</b>	<b>—</b>

Note: Rows may not foot due to rounding. For additional information, refer to the “Non-GAAP Financial Information” section on slide 2.

# Consumer Interactive Q2 2020 Year-over-Year Financial Highlights

	Reported	FX Impact	Inorganic Impact	Organic Constant Currency
Adjusted Revenue	4%	—	—	4%
Adjusted EBITDA	4%	—	—	4%

*Note: For additional information, refer to the “Non-GAAP Financial Information” section on slide 2.*

# Strong Liquidity Position and Commitment to Prudently Manage our Balance Sheet



## Liquidity

$$\begin{array}{rcl} + & \$432\text{M} & \text{Cash on hand} \\ & \$300\text{M} & \text{Undrawn revolver capacity} \\ \hline & \$732\text{M} & \text{Total liquidity} \end{array}$$

- Significant cash build in Q2, resulting in highest amount on hand since our IPO
- Cash collections remain essentially in-line with pre-COVID-19 trends

## Leverage

$$\begin{array}{rcl} \div & \$3.20\text{B} & \text{Total net debt} \\ & \$1.06\text{B} & \text{TTM Adjusted EBITDA} \\ \hline & 3.0\text{x} & \text{Reported net leverage ratio} \end{array}$$

- Slight reduction in leverage from 3.1x at Q1
- Meaningful portion of debt hedged (~70%)
- No debt maturities until the end of 2024

# Suspending Full Year 2020 Guidance

- Given the ongoing and considerable uncertainty about the impact of COVID-19 across all our geographic and vertical markets, we continue to believe that it is prudent to suspend full year 2020 guidance.
- We will continue to assess this decision, and intend to reinstate full year guidance at the appropriate time once we have sufficient visibility.

# Third Quarter 2020 Scenario-based Outlook

Market Assumptions	Potential Financial Outcome	Balance Sheet Implications
<b>Base Case</b>  <i>Current trends continue through September 2020</i>	<ul style="list-style-type: none"> <li>• <b>Adjusted Revenue:</b> decline 0% to 5%               <ul style="list-style-type: none"> <li>– Includes 1 point of FX headwind</li> <li>– <u>U.S. Markets:</u> flat to low-single-digits percent growth</li> <li>– <u>International:</u> low-teens percent decline</li> <li>– <u>Consumer Interactive:</u> low-single-digits percent decline</li> </ul> </li> <li>• <b>Adjusted EBITDA:</b> decline 6% to 12%               <ul style="list-style-type: none"> <li>– Includes 1 point of FX headwind</li> </ul> </li> <li>• <b>Adjusted EPS:</b> decline less than Adjusted EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>• Cash builds assuming no debt prepayment or M&amp;A</li> <li>• Leverage remains fairly stable</li> </ul>

# Third Quarter 2020 Scenario-based Outlook

	Market Assumptions	Potential Financial Outcome	Balance Sheet Implications
<b>Upside Case</b>	<i>Meaningful improvement in current trends throughout Q3</i>	<ul style="list-style-type: none"> <li>• <b>Adjusted Revenue:</b> growth</li> <li>• <b>Adjusted EBITDA:</b> better than 6% decline and could grow</li> <li>• <b>Adjusted EPS:</b> decline less than Adjusted EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>• Cash builds fairly significantly assuming no debt prepayment or M&amp;A</li> <li>• Leverage decreases slightly</li> </ul>
<b>Downside Case</b>	<i>Meaningful deterioration in current trends throughout Q3</i>	<ul style="list-style-type: none"> <li>• <b>Adjusted Revenue:</b> greater than 5% decline</li> <li>• <b>Adjusted EBITDA:</b> greater than 12% decline</li> <li>• <b>Adjusted EPS:</b> decline in line with Adjusted EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>• Cash would not build as it does in other two scenarios</li> <li>• Leverage increases slightly but expected to remain below 3.5x</li> </ul>



# Full Year 2020 Outlook – Other Items

## Prior Outlook

*(provided with Q4 2019 earnings)*

Adj. Tax Rate: 25.5%<sup>(1)</sup>

Total D&A: ~\$375M

- D&A ex. step-up and subsequent M&A: ~\$180M

Net Interest Exp.: ~\$140M

CapEx: ~8% of revenue

## Updated Outlook

Adj. Tax Rate: 23% – 25%

Total D&A: ~\$360M

- D&A ex. step-up and subsequent M&A: ~\$170M

Net Interest Exp.: ~\$125M

CapEx: ~8% of revenue

*(though lower than Q4 outlook on an absolute dollar spend basis)*

(1) Expected full-year 2020 GAAP effective tax rate of 22.6% plus the elimination of excess tax benefits for share-based compensation and other items of 2.9%.

Note: For additional information, refer to the “Non-GAAP Financial Information” section on slide 2.

- Continuing to execute plans to proactively address and weather the current crisis environment
- Investing to position TransUnion for continued best-in-class growth
- Prioritizing welfare of associates and broader communities





**Q&A**