LABCORP HOLDINGS INC.

Second Quarter 2026 financial results update webcast prepared remarks

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Good morning and welcome to Labcorp's second quarter 2026 financial results webcast. With me today are Adam Schechter, our Chairman and Chief Executive Officer, and Julia Wang, our Executive Vice President and Chief Financial Officer.

This morning, in the “events” section of the Labcorp Investor Relations website at ir.labcorp.com, we posted both our press release and a supplemental financial presentation with additional information on our business and operations. We will also host a replay of this webcast on the IR website for one year.

On today’s webcast, we will focus on our adjusted, non-GAAP, results for the second quarter of 2026, our capital allocation strategy, and our updated financial guidance for the full year 2026. Our GAAP results and a reconciliation of the non-GAAP financial measures to the most comparable GAAP financial measures are available in today’s earnings release and the supplemental financial presentation. Please see the “Use of Adjusted Measures” section in the supplemental presentation for more information regarding our use of non-GAAP financial measures. In today’s remarks, the term “organic growth” excludes the impact from acquisitions, divestitures, and currency, as well as other strategic actions taken in the Early Development business.

Our remarks will also include forward-looking statements, including, but not limited to, statements about our updated 2026 financial guidance and the assumptions underlying that guidance; the expected impact of various factors on our business, operating and financial results, cash flows and financial condition; global economic and market conditions; our future business strategies; the expected savings, benefits, and synergies from acquisitions, strategic actions, and partnerships; and our potential opportunities for future growth.

Each of these forward-looking statements is subject to change based upon various factors, many of which are beyond our control. More information is included in our most recent annual report on Form 10-K and subsequent quarterly reports on Forms 10-Q and in the company's other filings with the SEC. We have no obligation to provide any updates to these forward-looking statements, even if our expectations change.

Now, I'll turn the call over to Labcorp’s Chairman and CEO, Adam Schechter. Adam?

Adam Schechter, Chairman and Chief Executive Officer

Thank you, Dewey, and good morning, everyone. We appreciate you joining us today to review our second quarter 2026 results. Labcorp delivered another very strong quarter driven by solid revenue growth, margin expansion, and progress across our strategic priorities.

Our Diagnostics and Biopharma Laboratory Services businesses both performed well, advancing strategic initiatives and expanding technological capabilities that continue to drive growth. Key accomplishments include broadening our specialty test portfolio; expanding partnerships with leading health systems, biopharmaceutical clients, and regional and local laboratories; continuing to grow our consumer business; and increasing the use of advanced technologies across the company.

Turning to our enterprise financials for the second quarter:

- Revenue grew 6% to $3.7 billion;
- Margins improved 70 basis points to 15.8%;
- Adjusted earnings per share grew 15% to $4.99; and
- Free cash flow was $314 million.

Moving to our segments:

- Diagnostics revenue increased 5.5% to $2.9 billion;
- Biopharma Laboratory Services revenue increased 6.5%, to $836 million driven by strength in Central Laboratories; and
- Our BLS book-to-bill was 1.14 in the quarter and 1.03 in the trailing twelve months.

Julia will review our updated increased guidance in just a moment.

Our results reflect the progress we've made across each of our strategic priorities, beginning with strengthening our Leadership in specialty testing across oncology, neurology, autoimmune disease, and women's health. Collectively in the first half of the year, these specialty areas delivered double-digit revenue growth and helped us to win new health system and provider customers. Laboratory testing plays a critical role in both drug development and patient care, supporting earlier detection, diagnosis, therapy selection, and ongoing disease monitoring, all of which support better health outcomes while enabling more informed clinical decision-making.

In our Labcorp Oncology business, we expanded our portfolio across lung, colorectal, and prostate cancer, adding innovative screening, diagnostic, and companion diagnostic testing solutions:

- We launched ColoSense® nationwide, the first FDA-approved, RNA-based colorectal cancer screening test with an at-home collection. With Medicare and expanding commercial payer coverage, this test increases patient access to screening and enables earlier detection; and

- We entered into a clinical trial collaboration with Fox Chase Cancer Center to evaluate Labcorp's Plasma Detect Genome MRD in patients at risk of early-stage non-small cell lung cancer re-occurrence.

- We expanded nationwide access to Roche's FDA-approved companion diagnostic for people living with prostate cancer who may now be eligible for combination treatment with AstraZeneca's targeted therapy; and

- We added an advanced DPYD genotyping test to our portfolio that helps identify patients at risk for severe treatment-related toxicity from certain chemotherapies.

Beyond our priority specialty areas, we continue to advance testing solutions across a broad range of important health conditions:

- We signed an agreement to broaden nationwide access to myOLARIS-KTdx, a first-of-its-kind non-invasive test that supports surveillance of graft injury, including rejection, following a kidney transplant.

- For patients at risk of liver disease, Labcorp's blood-based test, NASHnext™, secured Medicare coverage beginning in mid-August, expanding access for more patients and enabling earlier detection of MASH.

- Additionally, new peer-reviewed research demonstrated the potential of Labcorp’s advanced, non-invasive blood-based diagnostic tools, including MVX and NIS2+, to improve risk assessment and to provide earlier identification of patients at risk for liver disease progression.

Moving now to the strategic priority of being a partner of choice for health systems and regional and local laboratories, these partnerships play an important role in providing health systems and providers greater access to our high-quality, cost-effective laboratory services, to our scientific expertise and to our broad testing portfolio including specialty diagnostics.

In the quarter, we completed:

- The acquisition of select outreach laboratory services from Parkview Health in Indiana and Ohio;

- The acquisition of Tribal Diagnostics, a clinical laboratory serving communities in Oklahoma and Texas; and

- Once again, we were recently awarded a Department of Defense contract to provide laboratory testing for service members and their families across military hospitals worldwide.

We continue to have a very robust pipeline of deals to support our long-term growth strategy, and we look forward to sharing more of those moving forward.

Turning to the Consumer Health space, our consumer business continued to deliver strong double-digit growth, driven by increasing demand for consumer-initiated testing, innovative offerings, and compelling digital experiences.

And with the recent announcement of our Marker by Labcorp Genetic Health Panel through Labcorp OnDemand, consumers will be able to get biomarker and genetic testing and insights from a single, trusted source. We also launched Canada's first at-home, self-collection test to measure women’s fertility-related hormones and men’s testosterone levels.

Additionally, our recently launched AI-powered app, MyLabcorp, has already begun to be downloaded by millions of consumers. The app allows patients to schedule appointments, to view their test results, and to gain deeper insights into their health using AI.

These differentiated innovations, combined with our leading science, are creating personalized experiences that consumers can trust.

We continue to make strong progress on the strategic priority of shaping our future through technology and innovation to improve the customer experience, to enhance productivity, and to transform our business.

In the quarter:

- We broadened our collaboration with Epic which will make Labcorp's 6,500-plus diagnostic tests available on Epic's Aura platform. This collaboration will make it easier for healthcare providers using Epic Aura to access Labcorp's tests, including genetics, oncology, and other advanced diagnostics.

- We also enhanced the experience at Labcorp's Patient Service Centers, through expanded appointment availability, streamlined scheduling, and proactive rescheduling reminders and assistance.

These are just a few examples of how we are advancing our strategic priorities and serving our customers.

Our results this quarter and progress against our strategy were made possible by our teams who carry out our mission each and every day. Their impact was recognized by *TIME*, where we were honored to be named again as one of the World's Most Impactful Companies. We were also included on *The Wall Street Journal's* Best Companies for the Future list, recognizing our commitment to innovation with long-term value creation, and positive impact.

With that, I will turn the call over to Julia to discuss our financial results in more detail.

Julia Wang, EVP and Chief Financial Officer

Thank you, Adam. Our second quarter results reflect strong momentum and continued execution of our strategy. Enterprise revenue grew 5.8% versus the prior year. Enterprise adjusted operating margin expanded 70 basis points to 15.8%, primarily driven by organic revenue growth. Adjusted earnings per share grew 14.9% and we generated $314 million in free cash flow.

We also remained active on capital deployment. We invested $226 million in acquisitions, repurchased $354 million of shares, and paid $59 million in dividends. Following the retirement of $500 million in senior notes in the second quarter, we had $142 million in cash and $5.9 billion in total debt at the end of the quarter. In July, our Board of Directors approved an increase of $1 billion in the company's share repurchase authorization, bringing the total authorization outstanding to $1.4 billion.

Moving to more details on the quarter, enterprise revenue was $3.7 billion, up 5.8% from the second quarter of 2025. Organic revenue growth was 4.2%. Net acquisitions contributed 1.2% growth. Foreign currency translation contributed 0.4%.

Adjusted operating income was $589 million, or 15.8% of revenue, compared to $532 million, or 15.1% of revenue last year.

The adjusted tax rate was 23%, in line with last year. We continue to expect our full-year adjusted tax rate to be approximately 23%.

Adjusted EPS was $4.99, up 14.9% from last year.

Free Cash Flow was $314 million, compared to $543 million last year. The difference was primarily due to working capital timing and planned increases in capital expenditures. We continue to expect free cash flow in the range of $1.24 billion to $1.36 billion for full year 2026.

Turning to our segments, Diagnostics segment delivered another strong quarter. Revenue was $2.9 billion, up 5.5% compared to the prior year. Volume growth contributed 3.0% and price/mix contributed 2.5%.

We delivered organic revenue growth of 3.6%, consisting of 1.8% volume growth and 1.8% favorable price/mix, which was largely driven by higher tests per accession. Revenue from acquisitions contributed 1.9%, consisting of 1.3% volume growth and 0.6% favorable price/mix.

Diagnostics segment adjusted operating income was $523 million, or 18.0% of segment revenue, compared to $483 million, or 17.6% of revenue last year. Adjusted operating margin expanded 50 basis points due to organic growth and operating efficiencies.

BLS segment revenue was $836 million, up 6.5% compared to last year. Organic constant currency revenue growth was 6.2%, as a 1.8% benefit from foreign currency translation was partially offset by a 1.4% impact from our Early Development strategic actions.

Within the BLS segment, on an organic constant currency basis, Central Lab Services delivered strong revenue growth of 7.6% and Early Development grew 2.7%.

BLS segment adjusted operating income was $142 million, or 17.0% of revenue, compared to $123 million, or 15.7% of revenue last year. Adjusted operating margin expanded 130 basis points, driven by organic growth and operating efficiencies from the strategic actions we have taken in Early Development. All strategic actions have been announced and are largely complete.

Our BLS segment ended the quarter with a backlog of $8.7 billion. We expect approximately $2.7 billion to convert into revenue over the next 12 months. Quarterly book-to-bill was strong at 1.14, bringing trailing twelve-month book-to-bill to 1.03.

Turning to our full-year 2026 guidance, we are raising the midpoint of our enterprise revenue range and our adjusted EPS range by $42 million and 30 cents, respectively.

Enterprise revenue is expected to grow 5.4% to 6.3%, which represents a 30 basis point increase at the midpoint. The guidance continues to include a 40 basis point benefit from foreign currency translation.

Diagnostics segment revenue is expected to grow 5.3% to 6.0%. This is a 20-basis point increase at the midpoint. We continue to expect the majority of growth to be driven by organic performance.

BLS segment revenue is expected to grow 5.5% to 6.5%. We have raised the midpoint of our BLS revenue guidance by 140 basis points, driven by continued strength in Central Labs and a more favorable outlook for Early Development. The guidance continues to include a 150-basis point tailwind from foreign currency translation.

For the full year, on an organic constant currency basis, we continue to expect Central Labs revenue to grow in the mid-single digits. We now expect Early Development revenue to grow in the low single digits.

We continue to expect enterprise margin expansion, with margins improving in both Diagnostics and BLS in 2026 versus 2025. Consistent with our prior expectations, BLS margin is expected to expand more than Diagnostics. This reflects continued strong top-line growth in Central Labs and the benefits from the strategic actions in Early Development. At the enterprise level, we continue to benefit from our Launchpad initiative, which remains on track.

Our adjusted EPS guidance range is $18.10 to $18.55, with an implied growth rate at the midpoint of more than 11%. Compared to prior guidance, we have narrowed the range and raised the midpoint by 30 cents.

Our free cash flow guidance range remains $1.24 billion to $1.36 billion. We continue to expect capital expenditures to be approximately 4% of revenue.

Our full-year guidance assumes foreign exchange rates as of June 30, 2026. The guidance also reflects our current capital allocation assumptions, including the use of free cash flow for acquisitions, share repurchases, and dividends.

We remain focused on delivering profitable growth and strong free cash flow to generate long-term shareholder value. Now, I will turn the call back to Adam for closing remarks.

Adam Schechter, Chairman and CEO

Thank you, Julia. Let me close with a few takeaways:

- First, we delivered another strong quarter of financial performance, including solid revenue growth, significant margin expansion, and double-digit adjusted EPS growth;
- Second, we strengthened our leadership in specialty testing and announced several important partnerships with health systems; and
- Third, we are leveraging technology and AI to create differentiated customer experiences, to enhance productivity, and to transform our business.

All of this has led to us increasing our full-year revenue and EPS guidance. Looking ahead, we remain confident in our long-term growth trajectory. We are executing with discipline, investing in areas of significant opportunity, and remain well positioned to deliver sustainable growth and long-term value to both customers and shareholders.

Operator, we will now take questions.

USE OF ADJUSTED MEASURES

The company has provided in transcript "adjusted" financial information that has not been prepared in accordance with GAAP, including adjusted net income, adjusted EPS (or adjusted net income per share), adjusted operating income, adjusted operating margin, free cash flow, and certain segment information. The company believes these adjusted measures are useful to investors as a supplement to, but not as a substitute for, GAAP measures, in evaluating the company's operational performance. The company further believes that the use of these non-GAAP financial measures provides an additional tool for investors in evaluating operating results and trends, and growth and shareholder returns, as well as in comparing the company's financial results with the financial results of other companies. However, the company notes that these adjusted measures may be different from and not directly comparable to the measures presented by other companies. Reconciliations of these non-GAAP measures to the most comparable GAAP measures and an identification of the components that comprise "special items" used for certain adjusted financial information are included in the tables accompanying the company's July 30, 2026 financial results press release and accompanying supplemental financial information available at https://ir.labcorp.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This transcript contains forward-looking statements, including, but not limited to, statements with respect to (i) the estimated 2026 guidance and related assumptions, (ii) the impact of various factors on operating and financial results, including global economic and market conditions on the company's businesses, operating results, cash flows and/or financial condition, (iii) future business strategies, (iv) expected savings, synergies and other benefits to the company, customers or patients from acquisitions and other transactions and partnerships, and (v) opportunities for future growth.

Each of the forward-looking statements is subject to change based on various important factors, many of which are beyond the company's control, including without limitation: (i) the failure to receive tax-free treatment with respect to the spin-off of the company's former Clinical Development and Commercialization Services business for U.S. federal income purposes; (ii) the impact of spin-off related items; (iii) personnel costs and potential difficulties with employee relations and retention; (iv) the trading price of the company's stock, competitive actions and other unforeseen changes and general uncertainties in the marketplace; (v) the impact of changes to existing or adoption of new laws and regulations applicable to the company, including healthcare reform, or changes to the interpretation and application of such laws and regulations; (vi) customer purchasing decisions, including changes in payer regulations or policies; (vii) adverse actions of governmental and third-party payers; (viii) changes in testing guidelines or recommendations; (ix) the impact of global geopolitical events; (x) the effect of public opinion on the company's reputation; (xi) adverse results in material litigation matters; (xii) failure to maintain or develop customer relationships; (xiii) the company's ability to develop or acquire new products and adapt to technological changes; (xiv) failure of the company's information technology, systems, or data security; (xv) the impact of potential losses under repurchase agreements; (xvi) adverse weather conditions; (xvii) the number of revenue days in a financial period; (xviii) inflation; (xix) increased competition; and (xx) the effect of exchange rate fluctuations. These factors, in some cases, have affected and in the future (together with other factors) could affect the company's ability to implement the company's business strategy, and actual results could differ materially from those suggested by these forward-looking statements. As a result, readers are cautioned not to place undue reliance on any of the forward- looking statements.

The company has no obligation to provide any updates to these forward-looking statements even if its expectations change. All forward-looking statements are expressly qualified in their entirety by this cautionary statement. Further information on potential factors, risks and uncertainties that could affect operating and financial results is included in the company's most recent Annual Report on Form 10-K and subsequent Forms 10-Q, including in each case under the heading RISK FACTORS, and in the company's other filings with the SEC. The information in this transcript should be read in conjunction with a review of the company's filings with the SEC including the information in the company's most recent Annual Report on Form 10-K, and subsequent Forms 10-Q, under the heading "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS".