



LABCORP HOLDINGS INC.

First Quarter 2026 financial results update webcast prepared remarks

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Dewey Steadman, SVP Investor Relations

Good morning and welcome to Labcorp's first 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 first 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 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. Good morning, everyone. We appreciate you joining us to review our first quarter 2026 financial results and progress on our growth strategy.

Before we begin, I'd like to officially welcome Dewey Steadman to Labcorp. Dewey joined us in March as Senior Vice President of Investor Relations and is a seasoned investor relations and capital markets leader across healthcare and finance. I'd also like to thank Christin O'Donnell for her leadership of the Investor Relations function, and I wish her well as she takes on a very important senior role in Finance as part of our precision oncology and health systems division, both of which are strategic to our growth.

Turning to our results, we are off to a strong start in 2026 with continued momentum in both our Diagnostics and Central Laboratories businesses, and significant progress across our strategic growth priorities. Our businesses remain strong due to our critical role in improving health and improving lives for people around the world.

Our financial results were strong in the first quarter. At an enterprise level:

- Revenue reached \$3.5 billion, increasing 6%;
- Margins improved more than 30 basis points; and
- Adjusted earnings per share grew 11%.

Looking at our segments:

- Diagnostics revenue increased 5%
- BioPharma Laboratory Services revenue increased 8%, driven by strong growth in Central Labs of 11% or 5% excluding foreign exchange; and
- Our BLS trailing twelve-month book-to-bill remains healthy at 1.04.

In the quarter, we advanced our strategic priorities, starting with being a **partner of choice for health systems and regional and local laboratories**. These partnerships and acquisitions enable us to expand our patient and provider networks, increase access to our broad test portfolio including leading specialty diagnostics, and to drive volume growth.

- We recently announced a nationwide strategic collaboration with Children’s Hospital of Philadelphia to expand access to cutting-edge diagnostics for pediatric patients. By combining CHOP’s renowned pediatric research and clinical expertise with Labcorp’s scientific capabilities and extensive reach with physicians and patients, this partnership will help bring advanced diagnostic tests to more children who need them.
- We also completed our acquisition of select assets of Crouse Health’s Laboratory Alliance of Central New York, a clinical and anatomic pathology laboratory, and we executed an agreement with Crouse Health to manage their inpatient labs.
- We remain on track to close our acquisition of select outreach laboratory services across Indiana and Northwest Ohio from Parkview Health in the very near future.
- We continue to have an active pipeline of hospitals and regional and local laboratory deals to support our long-term growth strategy.

Next, we continue to progress on our strategic priority to **lead in specialty testing across our key focus areas of oncology, women’s health, neurology, and autoimmune disease**. These specialty areas are important growth drivers in both Diagnostics and Central Laboratories, with significant scientific overlap across the businesses. In fact, Labcorp supported the development of more than 85% of new drugs approved by the FDA last year - including in these important specialty areas.

In the Diagnostics business, we expect these specialty areas to grow two to three times faster than the broader diagnostics market. In Neurology, we experienced double-digit growth driven by our market-leading portfolio in Alzheimer’s testing. Oncology also achieved double-digit growth, supported by the launch of several liquid biopsy tests and expanded access to MRD solutions over the past year. Additionally, when providers choose Labcorp for specialty testing, we see them consolidating a greater share of their patients’ testing needs with Labcorp.

As part of our growth in specialty areas:

- We collaborated with Illumina to broaden access to advanced genomic testing in oncology, particularly in community care settings.
- We expanded nationwide access to the first FDA-approved companion diagnostic that helps identify

platinum-resistant ovarian cancer patients, who may benefit from Merck's KEYTRUDA, which can reduce the risk of disease progression and improve overall survival.

In addition to these specialty areas:

- We continue to increase our portfolio with tests that address pressing clinical needs. Recently, we launched the Labcorp Fentanyl Urine Visual Test, an FDA cleared rapid screening test that delivers results in just 10 minutes and assesses possible fentanyl exposure for up to 48 hours.

Moving to Consumer Health where we continue to deliver double-digit growth:

- Labcorp OnDemand launched new tests in the quarter for insulin resistance and pancreatic function. We also introduced unique, customizable men's and women's health tests, enabling consumers to design panels tailored to their needs.
- We are also expanding how consumers engage with Labcorp through MyLabcorp, our secure mobile app launching in May, when it will be available to tens of millions of customers. MyLabcorp brings an individual's test results and health data together with clinical guidance into a personalized experience to help consumers better understand their test results. MyLabcorp's AI assistant will also help simplify appointment scheduling and payments.

Additionally, we continue to make significant progress on our strategic priority to **utilize advanced technologies, including AI and robotics, to enhance customer experiences and to improve operational efficiency and productivity**. Our recent progress includes:

- An expansion of our collaboration with PathAI to deploy an FDA-cleared digital pathology platform across our national anatomic pathology labs and hospital laboratory collaborations. This platform embeds AI into everyday clinical decision-making by enabling pathologists to review and manage cases digitally, improve turnaround times, and increase consistency of results.
- A new AI-powered, real-world data platform being developed in partnership with Amazon Web Services and Datavant to accelerate Alzheimer's research. By combining agentic AI with Labcorp's diagnostic and real-world data, the goal is to improve patient recruitment for clinical trials and ultimately shorten drug development timelines.
- A strategic collaboration with Optum.ai to apply AI capabilities to streamline laboratory operations, improve efficiency and enhance the patient and provider experience, providing clearer insights to patients about their health, test progress, and next steps in care. For physicians, it will help in ordering clinically appropriate tests upfront, reduce administrative delays, and speed patient access to results. This work builds on a more than 20-year strategic relationship between Optum and Labcorp.

This work showcases our culture of innovation and the commitment of our employees. Their impact was recently recognized by *Fortune*, which named Labcorp to their list of Most Innovative Companies for the fourth year in a row – highlighting our track record of scientific, product, and process innovations. We were also recognized as one of the 2026 World's Most Ethical Companies® by Ethisphere, reinforcing our commitment to operate with the highest standards of ethics and integrity.

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

Julia Wang, EVP and Chief Financial Officer

Thank you, Adam. We are off to a strong start in 2026. In the first quarter, enterprise revenue grew 5.8% and enterprise adjusted operating margin expanded more than 30 basis points to 14.4%. The majority of enterprise revenue growth was driven by organic growth in Diagnostics and Central Labs. The increase in adjusted operating margin was primarily driven by organic revenue growth. Adjusted earnings per share grew 10.6% and we generated \$71 million in free cash flow. Additionally, we remained active on capital deployment, investing \$202 million in acquisitions, as well as returning capital to shareholders through \$98 million of share repurchases and \$61 million of dividends. We ended the quarter with \$981 million in cash, \$6.3 billion of total debt, and \$700 million share repurchase authorization outstanding.

Our cash balance and debt position included closing on a \$750 million term loan, pre-funding the retirement of \$500 million senior notes in June of this year.

Moving to the specifics for the quarter, enterprise revenue was \$3.5 billion, up 5.8% from the first quarter of 2025, with 3.1% organic growth, 1.4% growth from net acquisitions, and 1.3% from foreign currency translation.

- Adjusted operating income was \$508 million, or 14.4% of revenue, versus \$469 million, or 14.0% of revenue last year.
- The adjusted tax rate was 21.7%, lower than the 22.5% tax rate last year, driven primarily by benefits associated with equity-based compensation during the quarter. Despite this benefit, we continue to expect our full-year adjusted tax rate to be around 23%.
- Adjusted EPS was \$4.25, up 10.6% from last year.
- Free Cash Flow was \$71 million, compared to a use of cash of \$108 million last year. The increase in free cash flow was primarily due to higher cash earnings. As a reminder, our first quarter is typically our lowest quarter for free cash flow. We continue to expect free cash flow in the range of \$1.24 billion to \$1.36 billion for full year 2026.
- Looking into the segments, Diagnostics Laboratories delivered another strong quarter with 5.0% revenue growth to \$2.8 billion. Within that, we had 2.9% organic growth, 2.0% acquisition-driven growth, and 0.2% contribution from foreign currency translation.
- Total volume growth was 2.5% with 1.1% organic growth and 1.4% acquisition-driven growth. Volume was constrained by the impact from adverse weather, excluding which organic volume growth would have been closer to 2%.
- Price/mix increased 2.6% with organic price/mix contributing 1.8% primarily due to an increase in tests per accession. Acquisitions drove 0.6% and foreign currency translation contributed 0.2%.
- Diagnostics adjusted operating income was \$459 million, or 16.6% of segment revenue, compared to \$428 million, or 16.3% of revenue last year. Adjusted operating margin expanded 30 basis points, primarily driven by organic growth, despite the impact from adverse weather.
- Biopharma Laboratory Services revenue grew to \$781 million, up 8.2% compared to last year, which includes a 5.5% benefit from foreign currency translation. We delivered organic growth of 3.7%, partially offset by our Early Development strategic actions of 1.0%.
- In organic constant currency, Central Labs revenue grew 4.9%, and Early Development revenue grew 0.7%.
- BLS segment adjusted operating income increased to \$121 million, or 15.5% of revenue, compared to \$107 million, or 14.8% of revenue last year. Adjusted Operating margin was up 60 basis points driven by growth in Central Labs. We continue to make progress on our strategic actions in Early Development, which will be largely complete by the end of the second quarter.

- Our BLS segment ended the quarter with a backlog of \$8.6 billion, and we expect approximately \$2.7 billion to convert into revenue over the next 12 months. Our segment quarterly book to bill was 0.94 and is expected to improve sequentially in the second quarter versus the first quarter. Our trailing twelve-month book to bill remains healthy at 1.04.

Turning to our expectations for 2026, our full year guidance assumes foreign exchange rates as of March 31, 2026. The guidance also reflects our current capital allocation assumptions, including the use of free cash flow for acquisitions, share repurchases, and dividends. We are raising the midpoint of the enterprise revenue range by approximately \$30 million and the midpoint of the EPS range by 13 cents.

Looking at revenue:

- We expect enterprise revenue to grow 5.0% to 6.1%. This includes a tailwind from foreign currency translation of approximately 40 basis points.
- We expect Diagnostics segment revenue to grow 5.1% to 5.9%. This guidance assumes the majority of revenue growth comes from organic growth.
- We expect BLS segment revenue to grow 3.8% to 5.4%. This guidance incorporates the actions in Early Development and a tailwind from foreign currency translation of 150 basis points. For the full year, on an organic constant currency basis, we continue to expect Central Labs revenue to grow in the mid-single digits, and for Early Development revenue to be relatively flat, with the second half being stronger than the first half.
- We continue to expect enterprise margin expansion, with margins improving in both Diagnostics and BLS in 2026 versus 2025. BLS margin is expected to expand more than Diagnostics, reflecting continued strong top line growth in Central Labs and operating efficiencies in Early Development as we streamline the business. As an enterprise, we continue to benefit from our Launchpad initiative, which remains on track.
- Our adjusted EPS guidance range is \$17.70 to \$18.35, with an implied growth rate at the midpoint of approximately 10%. As compared to prior guidance, we have narrowed the range and raised the midpoint by 13 cents.
- Our free cash flow guidance range remains \$1.24 billion to \$1.36 billion, weighted toward the second half of the year, and we continue to expect capital expenditures to be approximately 4.0% of revenue as we are investing in a new strategic facility to support long-term growth in our Central Lab Services operations.

We expect to continue delivering profitable growth and strong free cash flow and drive disciplined capital deployment across acquisitions that support our strategy and complement organic growth, while also returning capital to shareholders through share repurchases and dividends. We remain confident in our ability to deliver durable growth and long-term value for our shareholders.

Now I'd like to turn the call back over to Adam for closing remarks.

Adam Schechter, Chairman and CEO

Thank you, Julia.

I am pleased to announce that we will be holding an investor day in New York City on September. We will share more details as we get closer to the day.

In summary, we had a very strong quarter. Our performance is the result of disciplined execution of our strategy, which positions us to deliver long-term sustainable growth, margin expansion and value for our customers and shareholders. Ultimately, our performance is a result of our employees' commitment, compassion, and innovation, which continue to accelerate our mission to improve health and improve lives around the world.

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 April 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".