



**FIRST QUARTER 2020
SUPPLEMENTAL FINANCIAL INFORMATION**

APRIL 29, 2020

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation of Laboratory Corporation of America Holdings (the “Company”) contains forward-looking statements, including, but not limited to, statements with respect to expectations for 2020 and the related assumptions, the impact of various factors on operating and financial results, including the projected impact of the COVID-19 pandemic on the Company’s businesses, operating results, cash flows and/or financial condition, statements relating to our responses to and the expected future impacts of the COVID-19 pandemic, on our business more generally as well as on general economic, business, and market conditions, future business strategies, expected savings and synergies (including from the LaunchPad initiative and from acquisitions), and the 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, the impact of the COVID-19 pandemic and its impact on our business and financial condition and on general economic, business, and market conditions, our ability (or inability) to execute on our plans to respond to the COVID-19 pandemic, competitive actions and other unforeseen changes and general uncertainties in the marketplace, changes in government regulations, including healthcare reform, customer purchasing decisions, including changes in payer regulations or policies, other adverse actions of governmental and third-party payers, changes in testing guidelines or recommendations, federal, state, and local government responses to the COVID-19 pandemic, the effect of public opinion on the Company’s reputation, adverse results in material litigation matters, the impact of changes in tax laws and regulations, failure to maintain or develop customer relationships, our ability to develop or acquire new products and adapt to technological changes, failure in information technology, systems or data security, adverse weather conditions, the number of revenue days in a financial period, employee relations, personnel costs, and 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 our 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 presentation 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.

USE OF ESTIMATED COVID-19 IMPACT AND ADJUSTED MEASURES

The Company has provided in this presentation the Company's estimates for the net impact from COVID-19 on the Company's revenue, operating income, operating margin, adjusted EPS, and Diagnostics' volume. These estimates were determined using methodologies and assumptions that vary depending on the specific segment and situation. For LabCorp Diagnostics, estimates are based on comparisons to daily historical volume run rates prior to COVID-19. For Covance Drug Development, estimates are based on multiple factors including, but not limited to, discussions with clients/partners of measures that may delay clinical trial progress and the associated testing, volume reductions and location-specific actions to ensure worker safety in our facilities, the impact of remote versus in-person activities and services, and supply chain delays. The Company believes these estimates are useful to investors as an additional data point to consider in evaluating the Company's operational performance in the quarter. It is the Company's expectation that it will not be able to break-out the impact from COVID-19 in future quarters.

The Company has provided in this presentation "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, adjusted EBITDA, 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 provide 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 this presentation.

FIRST QUARTER CONSOLIDATED RESULTS

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	<u>1Q20</u>	<u>1Q19</u>	<u>% Change</u>
Revenue	\$2,823.8	\$2,791.2	1.2% ⁽²⁾
Adjusted Operating Income ⁽¹⁾	\$365.9	\$411.4	(11.1%)
<i>Adjusted Operating Margin</i>	<i>12.9%</i>	<i>14.7%</i>	<i>(190 bps)</i>
Adjusted EPS ⁽¹⁾	\$2.37	\$2.62	(9.5%)
Operating Cash Flow	\$203.8	\$165.8	22.9%
Less: Capital Expenditures	<u>(\$106.6)</u>	<u>(\$94.2)</u>	(13.2%)
Free Cash Flow	\$97.2	\$71.6	35.8%

(1) Adjusted operating income and Adjusted EPS exclude amortization, restructuring charges, special items, and impairments. See reconciliation of non-GAAP Financial Measures on slides 12 – 14.

(2) The increase in revenue was due to acquisitions of 3.4%, partially offset by the disposition of a business of 0.5% and lower organic revenue of 1.8%. The lower organic revenue includes the estimated negative impact from COVID-19 of 4.9% (which includes a \$17 million increase in accounts receivable reserves as a result of the pandemic) and lower Medicare and Medicaid pricing as a result of PAMA of 0.7%.

FIRST QUARTER PRO FORMA SEGMENT RESULTS

(DOLLARS IN MILLIONS)

	<u>1Q20</u>	<u>1Q19</u>	<u>% Change</u>
Revenue			
LabCorp Diagnostics ⁽¹⁾	\$1,702.0	\$1,722.0	(1.2%)
Covance Drug Development	\$1,143.8	\$1,074.7	6.4 %
Total Revenue ⁽²⁾	\$2,823.8	\$2,791.2	1.2 %
Adjusted Operating Income ⁽³⁾			
LabCorp Diagnostics	\$254.2	\$310.4	(18.1%)
<i>Adjusted Operating Margin</i>	<i>14.9%</i>	<i>18.0%</i>	<i>(310 bps)</i>
Covance Drug Development	\$150.8	\$138.0	9.3%
<i>Adjusted Operating Margin</i>	<i>13.2%</i>	<i>12.8%</i>	<i>30 bps</i>
Unallocated Corporate Expense	(\$39.1)	(\$37.0)	(5.7%)
Total Adjusted Operating Income	\$365.9	\$411.4	(11.1%)
<i>Total Adjusted Operating Margin</i>	<i>12.9%</i>	<i>14.7%</i>	<i>(190 bps)</i>

(1) LabCorp Diagnostics' results exclude the increase in accounts receivable reserves associated with increased collection risk resulting from the COVID-19 pandemic.

(2) The consolidated revenue is presented net of intersegment transaction eliminations and other amounts not used in determining segment performance.

(3) Adjusted operating income excludes amortization, restructuring charges, special items, and impairments. See Reconciliation of Non-GAAP Financial Measures on slides 12 – 14.

FIRST QUARTER RESULTS: ESTIMATED NET IMPACT OF COVID-19 PANDEMIC⁽¹⁾

	<u>Reported Growth Rates</u>	<u>Estimated Net COVID-19 Impact</u>	<u>Estimated Growth Rates Excluding COVID-19⁽²⁾</u>
LabCorp Enterprise			
Total Revenue	1.2%	(4.9%)	6.1%
Organic Revenue	(1.8%)	(4.9%)	3.1%
Adjusted Operating Income	(11.1%)	(17.6%)	6.5%
Adjusted Operating Margin	(190 bps)	(200 bps)	20 bps
Adjusted EPS	(9.5%)	(21.0%)	11.5%
LabCorp Diagnostics			
Total Revenue ⁽³⁾	(1.2%)	(5.4%)	4.3%
Organic Revenue ⁽³⁾	(2.9%)	(5.4%)	2.6%
Total Volume	(4.4%)	(7.3%)	2.8%
Organic Volume	(6.1%)	(7.3%)	1.2%
Adjusted Operating Income	(18.1%)	(20.1%)	2.0%
Adjusted Operating Margin	(310 bps)	(280 bps)	(30 bps)
Covance Drug Development			
Total Revenue	6.4%	(2.5%)	8.9%
Organic Revenue	1.6%	(2.5%)	4.1%
Adjusted Operating Income	9.3%	(8.8%)	18.0%
Adjusted Operating Margin	30 bps	(80 bps)	120 bps

(1) Estimated impact from COVID-19 pandemic is a net impact. See additional details regarding COVID-19 estimates on slide 2.

(2) Does not foot due to rounding.

(3) Excludes the increase in accounts receivable reserves associated with increased collection risk resulting from the COVID-19 Pandemic.

SELECT FINANCIAL METRICS

(DOLLARS IN MILLIONS)

	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>1Q20</u>
Total Depreciation	\$78.3	\$77.5	\$80.6	\$85.1	\$82.1
Total Amortization ⁽¹⁾	\$57.1	\$60.2	\$61.7	\$64.2	\$62.3
Total Adjusted EBITDA ⁽²⁾	\$493.1	\$527.6	\$513.6	\$509.5	\$449.3
Total Debt to Last Twelve Months Adjusted EBITDA ⁽²⁾	3.0x	3.4x	3.3x	3.1x	3.2x
Total Net Debt to Last Twelve Months Adjusted EBITDA ^{(2) (3)}	2.9x	3.2x	3.2x	2.9x	3.0x

(1) Excludes amortization of deferred financing fees.

(2) Adjusted EBITDA excludes restructuring charges and special items. See reconciliation on slide 11.

(3) Net debt equals total debt less cash and cash equivalents.

COVANCE DRUG DEVELOPMENT: SELECT FINANCIAL METRICS⁽¹⁾

Trailing Twelve Month (TTM) Results

	Net Orders	Net Book-to-Bill
TTM Ending March 31, 2020	\$5.8 billion	1.26x
TTM Ending December 31, 2019	\$5.9 billion	1.29x
TTM Ending September 30, 2019	\$5.7 billion	1.28x
TTM Ending June 30, 2019	\$5.5 billion	1.26x
TTM Ending March 31, 2019	\$5.3 billion	1.24x

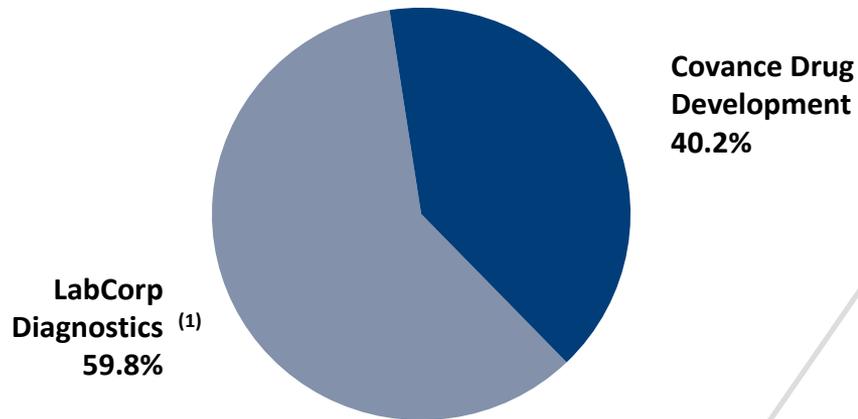
	Backlog	Estimated revenue expected to convert from backlog in the next twelve months
As of March 31, 2020	\$11.3 billion	\$3.9 billion
As of December 31, 2019	\$11.3 billion	\$4.2 billion
As of September 30, 2019	\$10.7 billion	\$4.2 billion
As of June 30, 2019 ⁽²⁾	\$10.3 billion	\$4.1 billion
As of March 31, 2019	\$9.9 billion	\$3.9 billion

(1) Results shown include the impact from cancellations and foreign currency translation.

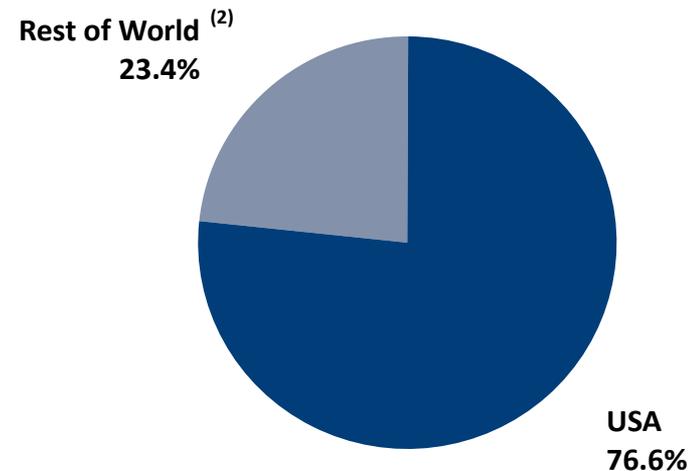
(2) Included backlog from the Envigo transaction of approximately \$190 million.

FIRST QUARTER 2020 REVENUE DISTRIBUTION

Segment Distribution



Geographic Distribution



(1) The LabCorp Diagnostics revenue used for the segment distribution calculation excludes the \$17 million increase in accounts receivable reserves associated with increased collection risk resulting from the COVID-19 pandemic.

(2) Revenues recognized in over 30 currencies; the largest foreign currency accounts for less than 10% of total revenue.

FIRST QUARTER 2020 FOREIGN EXCHANGE IMPACT TO REVENUE⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>Dollars</u>	<u>Year over Year % Growth</u>
<u>Consolidated</u>		
Revenue, as Reported	\$2,824	1.2%
Foreign Exchange Impact	\$1	—%
Revenue, Constant Currency	\$2,825	1.2%
<u>LabCorp Diagnostics</u>		
Revenue, as Reported	\$1,702	(1.2%)
Foreign Exchange Impact	\$—	—%
Revenue, Constant Currency	\$1,702	(1.2%)
<u>Covance Drug Development</u>		
Revenue, as Reported	\$1,144	6.4%
Foreign Exchange Impact	\$1	0.1%
Revenue, Constant Currency	\$1,144	6.5%

(1) Does not foot due to rounding.

SUPPLEMENTAL INFORMATION ON LABCORP'S CURRENT OPERATING ENVIRONMENT

COVID-19 Related Impacts / Challenges

- **LabCorp Diagnostics**
 - Demand for testing declined 50% to 55% versus the Company's normal daily levels at the end of Q1.
 - Volume reduction in the base business appears to have stabilized and COVID-19 testing capacity continues to increase.
- **Covance Drug Development**
 - Customer-initiated trial delays in response to the social distancing measures in place globally.
 - Reductions in trial site access in certain countries.
 - Interruptions in the supply chain that can temporarily delay study activity.

Some Actions LabCorp is Taking to Mitigate COVID-19 Challenges

- Significantly increasing capacity for its Serological Antibody tests as well as its Molecular COVID-19 tests (which include its at-home test kit offering).
- Supporting COVID-19 development projects and leveraging its decentralized and virtual trial capabilities.
- Delaying certain capital expenditures (expect to spend less in 2020 than in 2019).
- Temporarily suspending the share repurchase program and applying a heightened threshold to acquisition activity.
- Utilizing available stimulus / CARES Act benefits including deferral of payroll taxes, CMS stimulus to providers, and suspension of Medicare sequestration.
- Implementing some temporary workforce actions including furloughs; delaying hiring; reducing temporary and contract workers; and suspending discretionary merit adjustments and 401(k) plan contributions.

Information on LabCorp's Liquidity

- Expect to deliver solid free cash flow in 2020.
- Has investment grade debt ratings.
- As of March 31, 2020:
 - \$324 million of cash on hand.
 - \$924 million accessible under its revolving credit facility.
 - 3.2x gross debt to last twelve months EBITDA
- Numerous options for repaying or refinancing its only debt due in 2020 (\$412 million of notes maturing in November).
- Expect to stay within its 4.0x gross debt to last twelve months EBITDA debt covenant; in discussions with banks to amend debt leverage covenant in order to increase financial flexibility.

Days in 2020 Versus 2019⁽¹⁾⁽²⁾					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue Day Variance	+ 0.5 Day	—	+ 0.5 Day	—	+ 1.0 Day
Payroll Day Variance	+ 1.0 Day	—	—	—	+ 1.0 Day

(1) Year-over-year variances in Revenue Days and Payroll Days predominantly only impact the LabCorp Diagnostics Segment.

(2) Day variances are rounded to the nearest quarter day.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – ADJUSTED EBITDA

(DOLLARS IN MILLIONS)

	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>1Q20</u>
Operating Income	\$318.2	\$335.7	\$339.9	\$336.4	(\$192.6)
Add:					
Restructuring and other special charges	20.6	13.6	14.2	6.2	25.4
Other special charges ⁽¹⁾	15.5	37.4	14.7	15.2	470.8
Depreciation	78.3	77.5	80.6	85.1	82.1
Amortization	57.1	60.2	61.7	64.2	62.3
Equity method income, net	3.0	2.5	2.4	1.9	(6.6)
EBITDA adjustments to equity method income, net	0.4	0.7	0.1	0.5	7.9
Adjusted EBITDA	<u>\$493.1</u>	<u>\$527.6</u>	<u>\$513.6</u>	<u>\$509.5</u>	<u>\$449.3</u>

(1) Other special charges as disclosed by the Company in its quarterly earnings releases.

RECONCILIATION OF NON-GAAP INCOME STATEMENT

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	GAAP		Non-GAAP	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2020	2019	2020	2019
Revenues	\$ 2,823.8	\$ 2,791.2	\$ 2,823.8	\$ 2,791.2
Cost of revenues	2,095.8	2,001.5	2,091.3	2,001.5
Adjustments impacting revenues			17.0	
Gross profit	728.0	789.7	749.5	789.7
Selling, general and administrative expenses	395.5	393.8	383.6	378.3
Amortization of intangibles and other assets	62.3	57.1		
Goodwill and other asset impairments	437.4	0.0		
Restructuring and other charges	25.4	20.6		
Operating income (loss)	(192.6)	318.2	365.9	411.4
Other income (expense):				
Interest expense	(55.0)	(56.7)	(55.0)	(56.7)
Equity method income (loss), net	(6.6)	3.0	0.5	3.0
Investment income	2.6	0.6	2.6	0.6
Other, net	(16.1)	(10.4)	(3.0)	(4.2)
Earnings (loss) before income taxes	(267.7)	254.7	311.0	354.1
Provision for income taxes	49.2	68.8	78.6	93.1
Net earnings (loss)	(316.9)	185.9	232.4	261.0
Less: Net earnings attributable to the noncontrolling interest	(0.3)	(0.3)	(0.3)	(0.3)
Net earnings (loss) attributable to Laboratory Corporation of America Holdings	\$ (317.2)	\$ 185.6	\$ 232.1	\$ 260.7
Diluted earnings (loss) per common share	\$ (3.27)	\$ 1.86	\$ 2.37	\$ 2.62
Weighted average diluted shares outstanding	97.2	99.5	97.9	99.5

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31,	
	2020	2019
<u>Adjusted Operating Income</u>		
Operating Income	\$ (192.6)	\$ 318.2
Amortization of intangibles and other assets ^(a)	62.3	57.1
Restructuring and other charges ^(b)	25.4	20.6
Acquisition and disposition-related costs ^(c)	8.4	11.1
LaunchPad system implementation costs ^(d)	0.9	2.4
Executive transition expenses ^(e)	2.8	1.4
COVID-19 related costs ^(f)	21.9	—
Goodwill and other asset impairments ^(g)	437.4	—
Other	(0.6)	0.6
Adjusted operating income	<u>\$ 365.9</u>	<u>\$ 411.4</u>
Adjustments impacting revenues ^(h)	17.0	—
Adjusted operating margin	12.9%	14.7%
<u>Adjusted Net Income</u>		
Net Income	\$ (317.2)	\$ 185.6
Impact of adjustments to operating income	558.5	93.2
Losses on venture fund investments, net ⁽ⁱ⁾	20.2	6.2
Income tax impact of adjustments ^(j)	(29.4)	(24.3)
Adjusted net income	<u>\$ 232.1</u>	<u>\$ 260.7</u>
Weighted average diluted shares outstanding	97.9	99.5
Adjusted net income per share	\$ 2.37	\$ 2.62

(1) Footnotes associated with Reconciliation of Non-GAAP Financial Measures are presented on slide 14.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – FOOTNOTES

- (a) Amortization of intangible assets acquired as part of business acquisitions.
- (b) Restructuring and other charges represent amounts incurred in connection with the elimination of redundant positions within the organization in connection with our LaunchPad initiatives and acquisitions or dispositions of businesses by the Company.
- (c) Acquisition and disposition-related costs include due-diligence legal and advisory fees, retention bonuses and other integration and disposition related activities in connection with contemplated and completed transactions.
- (d) LaunchPad system implementation costs include non-capitalized costs associated with the implementation of a system as part of the LaunchPad business process improvement initiative.
- (e) Represents executive transition expenses related to various management reorganizations.
- (f) Costs related to incremental operating expenses and receivables reserves incurred as a result of the COVID-19 pandemic.
- (g) During the first quarter of 2020, the Company determined that certain goodwill and long-lived assets were impaired and that an additional valuation allowance on a note receivable from a business divestiture was necessary to reflect an increase in the collection risk. These charges were triggered by the current economic conditions as a result of the COVID-19 pandemic.
- (h) The Company estimates that, as a result of increases in unemployment and the potential financial difficulties of medical practices from the impact of the COVID-19 pandemic, receivable reserves needed to be increased in the LabCorp Diagnostics segment.
- (i) The Company makes venture fund investments in companies or investment funds developing promising technology related to its operations. The Company recorded net gains and losses for the quarter related to several distributions from venture funds, increases in the market value of investments, and impairments of other investments due to the underlying performance of the investments.
- (j) Income tax impact of adjustments calculated based on the tax rate applicable to each item.