



FOR IMMEDIATE RELEASE

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**Labcorp Announces 2023 Third Quarter Results
Company Updates Full-Year Guidance**

- Third quarter revenue grew 6.6% versus last year as the Base Business grew 14.0%. Results from Continuing Operations for third quarter versus last year:
 - Revenue: \$3.06 billion versus \$2.87 billion
 - Diluted EPS: \$2.11 versus \$3.06
 - Adjusted EPS: \$3.38 versus \$4.01
 - Free Cash Flow: \$170.6 million versus \$170.2 million
- Full-Year 2023 Guidance from Continuing Operations: Adjusted EPS of \$13.25 to \$13.75 and Free Cash Flow excluding spin-related items of \$0.85 billion to \$0.95 billion
- Advanced hospital and health systems strategy through multiple new agreements
- Launched ATN (Amyloid-Tau-Neurodegeneration) Profile, a new test to accelerate path to diagnosis of Alzheimer's disease

BURLINGTON, N.C., October 26, 2023 – Labcorp (NYSE: LH), a global leader of innovative and comprehensive laboratory services, today announced results for the third quarter ended September 30, 2023, and updated full-year guidance.

"Labcorp delivered strong third quarter results in our Diagnostics Laboratories and Biopharma Laboratory Services businesses," said Adam Schechter, chairman and CEO. "The company has momentum in our health system strategy and is significantly advancing our specialty testing capabilities. We continue to harness science and technology to drive innovation and accelerate growth."

The company continues to advance its hospital and health system strategy by establishing and expanding strategic collaborations to enhance laboratory services for patients and providers. During the quarter Labcorp achieved a number of important milestones:

- Tufts Medicine: Closed the acquisition of the outreach laboratory business and select operating assets, and entered into a separate agreement to manage the hospital laboratories
- Providence Health & Services – Oregon: Closed the acquisition of select outreach laboratory assets
- Legacy Health: Signed an agreement to acquire the outreach laboratory business and manage the hospital laboratories
- Baystate Health: Signed an agreement to acquire the outreach laboratory business and select operating assets

Additionally, in September Labcorp introduced its ATN Profile, a first-of-its-kind blood-based test that combines three well-researched blood biomarkers to identify and assess biological changes associated with Alzheimer’s disease, aiming to accelerate the path to diagnosis and intervention. The ATN Profile is available through physicians for use with patients being evaluated for possible Alzheimer’s disease or other causes of cognitive impairment and supports more informed decision-making and improved personalized patient care.

On September 14, 2023, Labcorp hosted an Investor Day highlighting the company’s go-forward strategy followed by business overviews and a longer-term financial outlook provided by members of the leadership team. A replay of the webcast and supporting materials are available on the Investor Relations section of the Company’s website at <https://ir.labcorp.com>.

On October 12, 2023, the company announced a quarterly cash dividend of \$0.72 per share of common stock, payable on December 12, 2023, to stockholders of record at the close of business on November 8, 2023.

Consolidated Results

Third Quarter Results

Revenue for the quarter was \$3.06 billion, an increase of 6.6% from \$2.87 billion in the third quarter of 2022. The increase was due to organic revenue of 3.7%, acquisitions, net of divestitures, of 2.2%, and foreign currency translation of 0.7%. The 3.7% increase in organic revenue was driven by a 10.1% increase in the company's organic Base Business, partially offset by a (6.3%) decrease in COVID-19 PCR and antibody testing (COVID-19 Testing). Compared to the Base Business last year, Base Business revenue grew 14.0%. Base Business includes Labcorp's operations except for COVID-19 Testing.

Operating income for the quarter was \$252.3 million, or 8.3% of revenue, compared to \$374.0 million, or 13.0%, in the third quarter of 2022. The company recorded amortization, restructuring charges, and special items, which together totaled \$171.6 million in the quarter, compared to \$116.6 million during the same period in 2022. Adjusted operating income (excluding amortization, restructuring charges, and special items) for the quarter was \$423.9 million, or 13.9% of revenue, compared to \$490.6 million, or 17.1%, in the third quarter of 2022. The decrease in operating income was due to a reduction in COVID-19 Testing. The margin decline was due to lower COVID-19 Testing as well as the mix impact from the Ascension lab management agreement.

Net earnings from continuing operations for the quarter were \$183.6 million compared to \$277.3 million in the third quarter of 2022. Diluted EPS from continuing operations were \$2.11 in the quarter compared to \$3.06 during the same period in 2022. Adjusted EPS (excluding amortization, restructuring charges, and special items) were \$3.38 in the quarter compared to \$4.01 in the third quarter of 2022.

Operating cash flow from continuing operations for the quarter was \$275.5 million compared to \$253.0 million in the third quarter of 2022. The increase in operating cash flow was due to higher cash earnings. Capital expenditures totaled \$104.9 million compared to \$82.8 million a year ago. As a result, free cash flow from continuing operations (operating cash flow from continuing operations less capital expenditures) was \$170.6 million compared to \$170.2 million in the third quarter of 2022.

At the end of the quarter, the company's cash balance was \$0.73 billion and total debt was \$5.42 billion, respectively. During the quarter, the company invested \$379.8 million on acquisitions, paid out \$63.9 million in dividends, and used \$1.00 billion for share repurchases that we expect will be completed by year end.

Year-To-Date Results

Revenue was \$9.13 billion, an increase of 2.2% from \$8.93 billion, in the first nine months of 2023. The increase was due to acquisitions, net of divestitures, of 1.8%, organic revenue of 0.3% and favorable foreign currency translation of 0.1%. The 0.3% increase in organic revenue was driven by a 10.0% increase in the company's organic Base Business, partially offset by a (9.6)% decrease in COVID-19 Testing.

Operating income was \$848.4 million, or 9.3% of revenue, compared to \$1,408.0 million, or 15.8%, in the first nine months of 2023. The company recorded amortization, restructuring charges, special items, and impairments, which together totaled \$471.6 million in the first nine months of 2023 compared to \$352.0 million during the same period in 2022. Adjusted operating income (excluding amortization, restructuring charges, special items, and impairments) was \$1,320.0 million, or 14.5% of revenue, compared to \$1,760.0 million, or 19.7%, in the first nine months of 2022. The decrease in operating income was due to a reduction in COVID-19 Testing. The margin decline was due to lower COVID-19 Testing as well as the mix impact from the Ascension lab management agreement.

Net earnings from continuing operations were \$547.2 million compared to \$966.4 million in the first nine months of 2022. Diluted EPS were \$6.19 in the first nine months of 2023 compared to \$10.45 during the same period in 2022. Adjusted EPS (excluding amortization, restructuring charges, special items, and impairments) were \$10.26 in the first nine months of 2023 compared to \$13.57 during the same period in 2022.

Operating cash flow from continuing operations was \$622.7 million compared to \$1,157.6 million in the first nine months of 2022. The decrease in operating cash flow was due to lower COVID-19 Testing earnings, spin-related items and higher working capital, partially offset by increased Base Business earnings. Capital expenditures totaled \$286.4 million compared to \$330.2 million during the same period in 2022. As a result, free cash flow from continuing operations (operating cash flow from continuing operations less capital expenditures) was \$336.3 million compared to \$827.4 million in the first nine months of 2022.

Third Quarter Segment Results

The company's two segments include Diagnostics Laboratories and Biopharma Laboratory Services (comprised of Central Laboratories and Early Development Research Laboratories). The following segment results exclude amortization, restructuring charges, special items, and unallocated corporate expenses.

Diagnostics Laboratories

Revenue for the quarter was \$2.34 billion, an increase of 6.2% from \$2.21 billion in the third quarter of 2022. The increase was due to organic growth of 3.4% and acquisitions of 3.0%, partially offset by foreign currency translation of (0.1%). The 3.4% increase in organic revenue was due to an 11.6% increase in the Base Business, partially offset by a (8.2%) decrease in COVID-19 Testing. Total Base Business growth compared to the Base Business in the prior year was 15.9%. The Ascension lab management agreement contributed approximately 6% of the Base Business growth.

Total volume (measured by requisitions) increased by 2.3% as acquisition volume contributed 3.4%, while organic volume decreased by (1.1%). Organic volume was impacted by a (4.5%) decrease in COVID-19 Testing, partially offset by a 3.4% increase in the Base Business. Price/mix increased by 3.9% due to organic Base Business growth of 8.2%, partially offset by COVID-19 Testing of (3.7%), acquisitions of (0.4%), and currency of (0.1%). Base Business volume increased 7.2% compared to the Base Business last year. Price/mix was up 8.8% in the Base Business compared to the Base Business last year, which includes the benefit of the Ascension lab management agreement.

Adjusted operating income for the quarter was \$386.3 million, or 16.5% of revenue, compared to \$439.8 million, or 19.9%, in the third quarter of 2022. The decrease in adjusted operating income was due to a reduction in COVID-19 Testing, while the margin was also affected by the mix impact from Ascension. Excluding the mix impact from Ascension, Base Business margin was up as the benefit of organic growth and LaunchPad savings were partially offset by higher personnel expense.

Biopharma Laboratory Services

Revenue for the quarter was \$719.1 million, an increase of 7.9% from \$666.4 million in the third quarter of 2022. The increase was primarily due to organic growth of 4.9% and foreign currency translation of 3.3%, partially offset by divestitures of (0.2%).

Adjusted operating income for the quarter was \$109.0 million, or 15.2% of revenue, compared to \$105.0 million, or 15.8%, in the third quarter of 2022. Adjusted operating margin decreased due to stranded costs as a result of the spin of Fortrea, which is timing related. Excluding stranded costs, margins were up as the benefit of top line growth and LaunchPad savings were mostly offset by higher personnel costs.

Net orders and net book-to-bill during the trailing twelve months were \$3.05 billion and 1.12, respectively. Backlog at the end of the quarter was \$7.79 billion, an increase of 7.7% compared to last year. The company expects approximately \$2.41 billion of its backlog to convert into revenue in the next twelve months.

Outlook for 2023

Labcorp is updating 2023 full year guidance to reflect its third quarter performance and full year outlook. The following guidance assumes foreign exchange rates effective as of September 30, 2023, for the remainder of the year. Enterprise level guidance includes the estimated impact from currently anticipated capital allocation, including acquisitions, share repurchases and dividends.

(Dollars in billions, except per share data)

	<u>Results</u>	<i>Previous</i>		<i>Updated</i>	
		<u>2022</u>	<u>2023 Guidance</u>		<u>2023 Guidance</u>
		<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Revenue					
Total Labcorp Enterprise ⁽¹⁾⁽²⁾	\$11.86	1.5%	3.0%	1.9%	2.7%
Base Business ⁽¹⁾⁽²⁾	\$10.72	11.3%	12.6%	11.5%	12.2%
COVID-19 Testing ⁽²⁾	\$1.15	(89.0%)	(85.0%)	(86.0%)	(85.0%)
Total Diagnostics Laboratories ⁽³⁾	\$9.20	0.5%	1.5%	1.5%	2.0%
Base Business	\$8.06	13.2%	14.2%	14.1%	14.6%
COVID-19 Testing	\$1.15	(89.0%)	(85.0%)	(86.0%)	(85.0%)
Total Biopharma Lab Services ⁽⁴⁾	\$2.70	3.0%	4.5%	3.1%	4.0%
Adjusted EPS	\$16.66	\$13.00	\$14.00	\$13.25	\$13.75
Free Cash Flow from Cont. Ops ⁽⁵⁾	\$1.41	\$0.80	\$1.00	\$0.85	\$0.95

(1) 2023 Guidance includes an impact from foreign currency translation of 0.2%

(2) Enterprise level revenue is presented net of intersegment transaction eliminations

(3) 2023 Guidance includes an impact from foreign currency translation of (0.1%)

(4) 2023 Guidance includes an impact from foreign currency translation of 1.3%

(5) Free cash flow from continuing operations excluding spin-related items

Use of Adjusted Measures

The company has provided in this press release and accompanying tables “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 this press release.

The company today is providing an investor relations presentation with additional information on its business and operations, which is available in the investor relations section of the company's website at www.Labcorp.com. Analysts and investors are directed to the website to review this supplemental information.

A conference call discussing Labcorp's quarterly results will be held today at 9:00 a.m. ET and is available by registering at [this link](#), which will provide a dial-in number and unique PIN to access the call. It is recommended that participants join 10 minutes prior to the start of the call, although participants may register and join at any time during the call. A live webcast of Labcorp’s quarterly conference call on October 26, 2023, will be available at the [Labcorp Investor Relations website](#) beginning at 9:00 a.m. ET. This webcast will be archived and accessible through October 12, 2024.

About Labcorp

Labcorp (NYSE: LH) is a global leader of innovative and comprehensive laboratory services that helps doctors, hospitals, pharmaceutical companies, researchers and patients make clear and confident decisions. We provide insights and advance science to improve health and improve lives through our unparalleled diagnostics and drug development laboratory capabilities. The company's more than 60,000 employees serve clients in over 100 countries, worked on over 80% of the new drugs approved by the FDA in 2022 and performed more than 600 million tests for patients around the world. Learn more about us at www.Labcorp.com.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements, including, but not limited to, statements with respect to (i) the estimated 2023 guidance and related assumptions, (ii) the recently completed spin-off of the company's Clinical Development and Commercialization Services business, now Fortrea Holdings Inc., including statements regarding the expected benefits from the spin-off and the company's ability to realize such benefits, the tax treatment of the spin-off, and opportunities for future growth resulting from the spin-off; (iii) 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, as well as general economic and market conditions, (iv) the company's responses to the COVID-19 pandemic, (v) future business strategies, (vi) expected savings and synergies (including from the LaunchPad initiative and from acquisitions and other transactions), and (vii) 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 for U.S. federal income purposes; (ii) potential difficulties with employee retention; (iii) the trading price of the company's stock, competitive actions and other unforeseen changes and general uncertainties in the marketplace; (iv) changes in government regulations, including healthcare reform; (v) customer purchasing decisions, including changes in payer regulations or policies; (vi) other adverse actions of governmental and third-party payers; (vii) changes in testing guidelines or recommendations; (viii) federal, state, and local government responses to the COVID-19 pandemic; (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) the impact of changes in laws and regulations applicable to the company; (xiii) failure to maintain or develop customer relationships; (xiv) the company's ability to develop or acquire new products and adapt to technological changes; (xv) failure in information technology, systems, or data security; (xvi) the impact of potential losses under repurchase agreements; (xvii) adverse weather conditions; (xviii) the number of revenue days in a financial period; (xix) employee relations; (xx) personnel costs; (xxi) inflation; (xxii) increased competition; and (xxiii) 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 press release 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".

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- Tables to Follow -

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 3,056.8	\$ 2,866.8	\$ 9,128.3	\$ 8,934.2
Cost of revenues	2,205.6	1,980.6	6,584.8	6,023.4
Gross profit	851.2	886.2	2,543.5	2,910.8
Selling, general and administrative expenses	525.5	453.2	1,488.5	1,307.6
Amortization of intangibles and other assets	55.7	49.0	160.6	149.0
Goodwill and other asset impairments	10.2	—	15.2	1.2
Restructuring and other charges	7.5	10.0	30.8	45.0
Operating income	252.3	374.0	848.4	1,408.0
Other income (expense):				
Interest expense	(50.3)	(46.3)	(150.8)	(130.7)
Investment income	15.9	3.7	22.6	6.2
Equity method income, net	(0.3)	1.7	(1.5)	6.5
Other, net	21.1	(17.6)	(2.7)	(62.8)
Earnings from continuing operations before income taxes	238.7	315.5	716.0	1,227.2
Provision for income taxes	55.1	38.2	168.8	260.8
Earnings from continuing operations	183.6	277.3	547.2	966.4
Earnings from discontinued operations, net of tax	—	75.9	38.8	237.8
Net earnings	183.6	353.2	586.0	1,204.2
Less: Net earnings attributable to the noncontrolling interest	(0.3)	(0.4)	(0.9)	(1.2)
Net earnings attributable to Laboratory Corporation of America Holdings	<u>\$ 183.3</u>	<u>\$ 352.8</u>	<u>\$ 585.1</u>	<u>\$ 1,203.0</u>
Basic earnings per common share:				
Basic earnings per common share continuing operations	\$ 2.12	\$ 3.07	\$ 6.22	\$ 10.50
Basic earnings per common share discontinued operations	\$ —	\$ 0.84	\$ 0.44	\$ 2.59
Basic earnings per common share	<u>\$ 2.12</u>	<u>\$ 3.91</u>	<u>\$ 6.66</u>	<u>\$ 13.09</u>
Diluted earnings per common share:				
Diluted earnings per common share continuing operations	\$ 2.11	\$ 3.06	\$ 6.19	\$ 10.45
Diluted earnings per common share discontinued operations	\$ —	\$ 0.84	\$ 0.44	\$ 2.57
Diluted earnings per common share	<u>\$ 2.11</u>	<u>\$ 3.90</u>	<u>\$ 6.63</u>	<u>\$ 13.02</u>
Weighted average basic shares outstanding	86.6	90.2	87.9	91.9
Weighted average diluted shares outstanding	87.0	90.7	88.3	92.4

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 727.9	\$ 320.6
Accounts receivable, net	1,957.0	1,785.5
Unbilled services	108.0	211.8
Supplies inventory	461.1	470.6
Prepaid expenses and other	700.2	610.4
Current assets of discontinued operations	—	1,226.1
Total current assets	<u>3,954.2</u>	<u>4,625.0</u>
Property, plant and equipment, net	2,820.5	2,794.1
Goodwill, net	6,331.9	6,123.7
Intangible assets, net	3,275.6	3,123.6
Joint venture partnerships and equity method investments	39.5	65.7
Deferred income taxes	7.7	6.4
Other assets, net	456.6	378.4
Long-term assets of discontinued operations	—	3,038.2
Total assets	<u>\$ 16,886.0</u>	<u>\$ 20,155.1</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 690.6	\$ 852.2
Accrued expenses and other	689.7	787.0
Unearned revenue	360.8	310.6
Short-term operating lease liabilities	162.3	163.8
Short-term finance lease liabilities	6.4	6.0
Short-term borrowings and current portion of long-term debt	991.0	301.3
Current liabilities of discontinued operations	—	657.6
Total current liabilities	<u>2,900.8</u>	<u>3,078.5</u>
Long-term debt, less current portion	4,427.6	5,038.8
Operating lease liabilities	662.4	652.9
Financing lease liabilities	80.2	83.6
Deferred income taxes and other tax liabilities	499.5	543.4
Other liabilities	423.0	401.1
Long-term liabilities of discontinued operations	—	241.3
Total liabilities	<u>8,993.5</u>	<u>10,039.6</u>
Commitments and contingent liabilities		
Noncontrolling interest	19.4	18.9
Shareholders' equity:		
Common stock, 84.9 and 88.2 shares outstanding at September 30, 2023, and December 31, 2022, respectively	7.7	8.1
Additional paid-in capital	4.7	—
Retained earnings	8,069.5	10,581.7
Accumulated other comprehensive loss	(208.8)	(493.2)
Total shareholders' equity	<u>7,873.1</u>	<u>10,096.6</u>
Total liabilities and shareholders' equity	<u>\$ 16,886.0</u>	<u>\$ 20,155.1</u>

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings	\$ 183.6	\$ 353.2	\$ 586.0	\$ 1,204.2
Earnings from discontinued operations, net of tax	—	(75.9)	(38.8)	(237.8)
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	145.9	134.1	430.9	406.8
Stock compensation	34.4	29.5	101.7	93.2
Operating lease right-of-use asset expense	43.4	41.4	128.5	129.0
Goodwill and other asset impairments	10.2	—	15.2	1.2
Deferred income taxes	(34.4)	(20.9)	(18.2)	(44.8)
Other	0.8	(14.5)	3.9	—
Change in assets and liabilities (net of effects of acquisitions and divestitures):				
(Increase) decrease in accounts receivable	(66.0)	(4.8)	(173.6)	59.8
(Increase) decrease in unbilled services	29.3	17.0	103.4	(64.6)
(Increase) decrease in supplies inventory	25.8	(11.8)	9.7	(47.5)
(Increase) decrease in prepaid expenses and other	(44.7)	(35.2)	(74.9)	(52.7)
Increase (decrease) in accounts payable	(28.3)	0.1	(188.6)	112.6
Increase (decrease) in unearned revenue	15.9	(2.0)	50.7	27.6
Decrease in accrued expenses and other	(40.4)	(157.2)	(313.2)	(429.4)
Net cash provided by continuing operating activities	275.5	253.0	622.7	1,157.6
Net cash provided by discontinued operating activities	—	120.8	125.4	144.7
Net cash provided by operating activities	275.5	373.8	748.1	1,302.3
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(104.9)	(82.8)	(286.4)	(330.2)
Proceeds from sale of assets	0.1	0.1	0.3	1.2
Proceeds from sale or distribution of investments	6.7	0.3	6.7	0.7
Proceeds from exit from swaps	—	(0.1)	—	2.9
Investments in equity affiliates	(9.7)	(1.4)	(20.1)	(6.1)
Acquisition of businesses, net of cash acquired	(379.8)	(458.7)	(516.7)	(1,013.6)
Net cash used in continuing investing activities	(487.6)	(542.6)	(816.2)	(1,345.1)
Net cash used in discontinued investing activities	—	(20.7)	(24.7)	(33.8)
Net cash used for investing activities	(487.6)	(563.3)	(840.9)	(1,378.9)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving credit facilities	547.6	—	1,968.5	—
Payments on revolving credit facilities	(458.0)	—	(1,878.9)	—
Net share settlement tax payments from issuance of stock to employees	(0.9)	(7.2)	(39.6)	(44.6)
Net proceeds from issuance of stock to employees	—	31.5	54.4	50.6
Dividends paid	(63.9)	(64.9)	(192.9)	(131.6)
Purchase of common stock	(1,009.0)	(400.0)	(1,009.0)	(800.0)
Other	(3.6)	(11.6)	(15.0)	(24.0)
Net cash used in continuing financing activities	(987.8)	(452.2)	(1,112.5)	(949.6)
Net cash provided by discontinued financing activities	—	—	1,499.7	—
Net cash provided by (used for) financing activities	(987.8)	(452.2)	387.2	(949.6)
Effect of exchange rate changes on cash and cash equivalents	(2.8)	(17.2)	3.5	(36.6)
Net increase (decrease) in cash and cash equivalents	(1,202.7)	(658.9)	297.9	(1,062.8)
Cash and cash equivalents at beginning of period	1,930.6	1,068.8	430.0	1,472.7
Less: Cash and cash equivalents of discontinued operations as of end of period	—	105.0	—	105.0
Cash and cash equivalents at end of period	\$ 727.9	\$ 304.9	\$ 727.9	\$ 304.9

LABORATORY CORPORATION OF AMERICA HOLDINGS
Condensed Combined Non-GAAP Segment Information
(Dollars in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<u>Diagnosics Laboratories</u>				
Revenues	\$ 2,344.7	\$ 2,207.6	\$ 7,068.3	\$ 6,917.1
Adjusted Operating Income	\$ 386.3	\$ 439.8	\$ 1,237.5	\$ 1,638.5
Adjusted Operating Margin	16.5 %	19.9 %	17.5 %	23.7 %
<u>Biopharma Laboratory Services</u>				
Revenues	\$ 719.1	\$ 666.4	\$ 2,079.4	\$ 2,048.5
Adjusted Operating Income	\$ 109.0	\$ 105.0	\$ 287.2	\$ 293.9
Adjusted Operating Margin	15.2 %	15.8 %	13.8 %	14.3 %
<u>Consolidated</u>				
Revenues	\$ 3,056.8	\$ 2,866.8	\$ 9,128.3	\$ 8,934.2
Adjusted Segment Operating Income	\$ 495.3	\$ 544.8	\$ 1,524.7	\$ 1,932.4
Unallocated corporate expense	\$ (71.4)	\$ (54.2)	\$ (204.7)	\$ (172.4)
Consolidated Adjusted Operating Income	\$ 423.9	\$ 490.6	\$ 1,320.0	\$ 1,760.0
Adjusted Operating Margin	13.9 %	17.1 %	14.5 %	19.7 %

The consolidated revenue and adjusted segment operating income are presented net of intersegment transaction eliminations and other amounts not used in determining segment performance. Adjusted operating income and adjusted operating margin are non-GAAP measures. See the subsequent reconciliation of non-GAAP financial measures.

LABORATORY CORPORATION OF AMERICA HOLDINGS

Reconciliation of Non-GAAP Measures

(Dollars in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted Operating Income				
Operating Income	\$ 252.3	\$ 374.0	\$ 848.4	\$ 1,408.0
Amortization of intangibles and other assets ^(a)	55.7	49.0	160.6	149.0
Restructuring and other charges ^(b)	7.5	10.1	30.8	45.1
Acquisition and disposition-related costs ^(c)	10.8	11.6	39.5	31.9
Spin off transaction costs ^(d)	19.8	3.0	71.5	3.0
COVID-19 related costs ^(e)	—	3.8	—	17.2
Asset impairments ^(f)	10.2	—	15.2	1.2
Ukraine/Russia crisis costs ^(g)	—	0.5	—	1.4
Other ^(h)	44.9	13.5	61.8	33.4
TSA Reimbursement ⁽ⁱ⁾	22.7	—	22.7	—
CDCS not included in discontinued operations ^(j)	—	25.1	69.5	69.8
Adjusted operating income	<u>\$ 423.9</u>	<u>\$ 490.6</u>	<u>\$ 1,320.0</u>	<u>\$ 1,760.0</u>
Adjusted Net Income				
Net Income	\$ 183.3	\$ 352.8	\$ 585.1	\$ 1,203.0
Impact of adjustments to operating income	171.6	91.5	402.1	282.1
(Gains) / losses on venture fund investments, net ^(k)	(2.5)	5.7	1.4	11.4
Pension settlement ^(l)	2.9	4.0	10.8	4.0
TSA Reimbursement ⁽ⁱ⁾	(22.7)	—	(22.7)	—
Other	0.8	(1.1)	2.3	(0.3)
Income tax impact of adjustments ^(m)	(39.7)	(49.1)	(109.0)	(113.8)
Earnings from discontinued operations, net of tax ^(j)	—	(75.9)	(38.8)	(237.8)
CDCS not included in discontinued operations ^(j)	—	35.7	74.4	105.5
Adjusted net income	<u>\$ 293.7</u>	<u>\$ 363.6</u>	<u>\$ 905.6</u>	<u>\$ 1,254.1</u>
Weighted average diluted shares outstanding	87.0	90.7	88.3	92.4
Adjusted earnings per share	<u>\$ 3.38</u>	<u>\$ 4.01</u>	<u>\$ 10.26</u>	<u>\$ 13.57</u>

- (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 and facilities within the organization in connection with our LaunchPad initiatives, the Fortrea spin, 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 or disposition related activities.
- (d) The company incurred various costs to prepare for the spin-off of Fortrea and reorganization of the remaining Labcorp business.
- (e) Costs related to incremental operating expenses incurred as a result of the COVID-19 pandemic.
- (f) The company impaired certain technology and intangible assets which are no longer realizable by the business.
- (g) Due to the Russia and Ukraine crisis and economic sanctions, the company incurred incremental costs and determined that certain receivables and long-lived assets related to its Russia and Ukraine operations were impaired.
- (h) Represents various non-operational items including rebranding, strategic review, litigation, and LaunchPad system implementation costs.
- (i) Represents transition services fees charged to Fortrea related to administrative and IT systems support. The costs to provide these services are included in operating income but the service fees are included in other income.
- (j) These adjustments remove the impact of the CDCS business that was distributed to Labcorp shareholders as part of a tax-free spin on June 30, 2023.
- (k) The company makes investments in companies or investment funds developing promising technology related to its operations. The company recorded net gains and losses 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.
- (l) The company incurred a charge related to the US pension plan due to settlement of certain obligations to retired employees.
- (m) Income tax impact of adjustments calculated based on the tax rate applicable to each item.