



**THIRD QUARTER 2017
SUPPLEMENTAL FINANCIAL INFORMATION**

8-K FURNISHED OCTOBER 25, 2017

FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace, and adverse actions of governmental and other third-party payers.

Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect the operating and financial results of Laboratory Corporation of America Holdings (the “Company”) is included in the Company’s Form 10-K for the year ended December 31, 2016, 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 Company has no obligation to provide any updates to these forward-looking statements even if its expectations change.

USE OF ADJUSTED MEASURES

The Company has provided in this presentation “adjusted” financial information that has not been prepared in accordance with GAAP, including Adjusted EPS, Adjusted Operating Income, 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 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 are included in the tables accompanying this presentation.

LabCorp Diagnostics

The LabCorp Diagnostics segment includes historical LabCorp business units, excluding its Clinical Trials operations (which are part of the Covance Drug Development segment), and including the Nutritional Chemistry and Food Safety operations acquired as part of the Covance acquisition.

Covance Drug Development

The Covance Drug Development segment includes historical Covance business units, excluding its Nutritional Chemistry and Food Safety operations (which are part of the LabCorp Diagnostics segment), and including the LabCorp Clinical Trials operations.

THIRD QUARTER CONSOLIDATED RESULTS

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	<u>3Q17</u>	<u>3Q16</u>	<u>% Change</u>
Net Revenue	\$2,597.9	\$2,372.7	9.5%
Adjusted Operating Income ^{(1) (2)}	\$446.5	\$404.0	10.5%
<i>Adjusted Operating Margin</i>	17.2%	17.0%	20 bps
Adjusted EPS ^{(1) (2)}	\$2.46	\$2.25	9.3%
Operating Cash Flow	\$350.9	\$249.9	40.4%
Less: Capital Expenditures	<u>(\$75.3)</u>	<u>(\$66.2)</u>	(13.7%)
Free Cash Flow	\$275.6	\$183.7	50.0%

(1) Adjusted Operating Income and Adjusted EPS exclude amortization, restructuring charges and special items

(2) See Reconciliation of non-GAAP Financial Measures on slides 15 – 19

YEAR-TO-DATE CONSOLIDATED RESULTS

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	Nine Months Ended 9/30/17	Nine Months Ended 9/30/16	% Change
Net Revenue	\$7,504.4	\$7,049.9	6.4%
Adjusted Operating Income ^{(1) (2)}	\$1,275.1	\$1,202.4	6.0%
<i>Adjusted Operating Margin</i>	17.0%	17.1%	(10 bps)
Adjusted EPS ^{(1) (2)}	\$7.14	\$6.67	7.0%
Operating Cash Flow	\$895.4	\$727.0	23.2%
Less: Capital Expenditures	<u>(\$216.8)</u>	<u>(\$204.6)</u>	(6.0%)
Free Cash Flow	\$678.6	\$522.4	29.9%

(1) Adjusted Operating Income and Adjusted EPS exclude amortization, restructuring charges and special items

(2) See Reconciliation of non-GAAP Financial Measures on slides 15 – 19

THIRD QUARTER PRO FORMA SEGMENT RESULTS⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>3Q17</u>	<u>3Q16</u>	<u>% Change</u>
Net Revenue			
LabCorp Diagnostics	\$1,837.2	\$1,671.8	9.9%
Covance Drug Development ⁽²⁾	\$761.1	\$701.1	8.6%
Total Net Revenue⁽²⁾	\$2,597.9	\$2,372.7	9.5%
Adjusted Operating Income^{(3) (4)}			
LabCorp Diagnostics	\$373.8	\$341.8	9.4%
<i>Adjusted Operating Margin</i>	<i>20.3%</i>	<i>20.4%</i>	<i>(10 bps)</i>
Covance Drug Development	\$108.9	\$95.5	14.0%
<i>Adjusted Operating Margin</i>	<i>14.3%</i>	<i>13.6%</i>	<i>70 bps</i>
<u>Unallocated Corporate Expense</u>	<u>(\$36.2)</u>	<u>(\$33.3)</u>	<u>(8.7%)</u>
Total Adjusted Operating Income	\$446.5	\$404.0	10.5%
<i>Total Adjusted Operating Margin</i>	<i>17.2%</i>	<i>17.0%</i>	<i>20 bps</i>

(1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations

(2) Covance Drug Development's results exclude the impact from the wind-down of operations relating to a committed minimum volume contract that expired on October 31, 2015

(3) Adjusted Operating Income excludes amortization, restructuring charges and special items

(4) See Reconciliation of non-GAAP Financial Measures on slides 15 – 19

YEAR-TO-DATE PRO FORMA SEGMENT RESULTS⁽¹⁾

(DOLLARS IN MILLIONS)

	Nine Months Ended 9/30/17	Nine Months Ended 9/30/16	% Change
Net Revenue			
LabCorp Diagnostics	\$5,354.2	\$4,922.1	8.8%
Covance Drug Development ⁽²⁾	\$2,151.1	\$2,126.6	1.2%
Total Net Revenue⁽²⁾	\$7,504.4	\$7,048.3	6.5%
Adjusted Operating Income^{(3) (4)}			
LabCorp Diagnostics	\$1,089.8	\$1,005.1	8.4%
<i>Adjusted Operating Margin</i>	<i>20.4%</i>	<i>20.4%</i>	<i>0 bps</i>
Covance Drug Development	\$287.5	\$306.2	(6.1%)
<i>Adjusted Operating Margin</i>	<i>13.4%</i>	<i>14.4%</i>	<i>(100 bps)</i>
Unallocated Corporate Expense	(\$102.2)	(\$108.9)	6.2%
Total Adjusted Operating Income	\$1,275.1	\$1,202.4	6.0%
<i>Total Adjusted Operating Margin</i>	<i>17.0%</i>	<i>17.1%</i>	<i>(10 bps)</i>

(1) The consolidated net revenue and adjusted operating income are presented net of inter-segment transaction eliminations

(2) Covance Drug Development's results exclude the impact from the wind-down of operations relating to a committed minimum volume contract that expired on October 31, 2015

(3) Adjusted Operating Income excludes amortization, restructuring charges and special items

(4) See Reconciliation of non-GAAP Financial Measures on slides 15 – 19

SELECT FINANCIAL METRICS

(DOLLARS IN MILLIONS)

	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>
Total Depreciation	\$77.9	\$79.3	\$78.4	\$73.5	\$76.4
Total Amortization ⁽¹⁾	\$41.1	\$48.8	\$47.6	\$51.4	\$54.6
Total Adjusted EBITDA ⁽²⁾	\$485.0	\$469.3	\$472.2	\$515.7	\$526.4
Total Debt to Last Twelve Months Adjusted EBITDA ^{(2) (3)}	3.3x	3.1x	3.1x	3.2x	3.5x
Total Net Debt to Last Twelve Months Adjusted EBITDA ^{(2) (3) (4)}	3.0x	2.9x	2.9x	3.0x	3.3x

(1) Excludes amortization of deferred financing fees

(2) Adjusted EBITDA excludes restructuring charges and special items. See reconciliation on slide 14

(3) Leverage ratios in the third quarter of 2017 include Chiltern Adjusted EBITDA from the twelve months prior to the relevant period on a pro forma basis

(4) 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 September 30, 2017 ⁽²⁾	\$3.82 billion	1.33x
TTM Ending June 30, 2017	\$3.44 billion	1.23x
TTM Ending March 31, 2017	\$3.24 billion	1.15x
TTM Ending December 31, 2016	\$3.15 billion	1.11x

	Backlog	Estimated revenue expected to convert from backlog in the next twelve months
As of September 30, 2017 ⁽³⁾	\$6.84 billion	\$2.7 billion
As of June 30, 2017	\$5.53 billion	\$2.1 billion
As of March 31, 2017	\$5.19 billion	\$2.1 billion
As of December 31, 2016	\$4.86 billion	\$2.0 billion

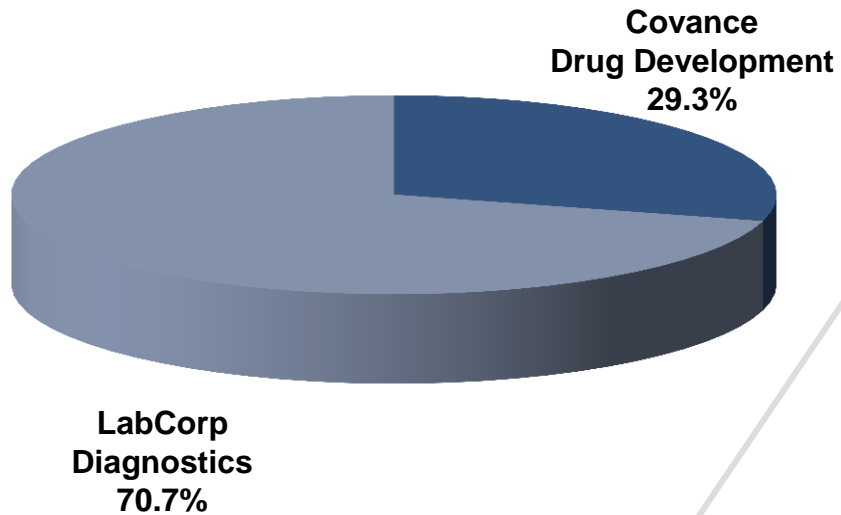
(1) Beginning with the fourth quarter of 2016, the Company began reporting net orders, net book-to-bill and backlog based upon fully-executed contracted awards. The Company believes this methodology is a more conservative and objective practice, providing greater visibility into its revenue conversion from the backlog. Results shown include the impact from cancellations and foreign currency translation.

(2) Includes results from Chiltern following the closing of the acquisition on September 1, 2017

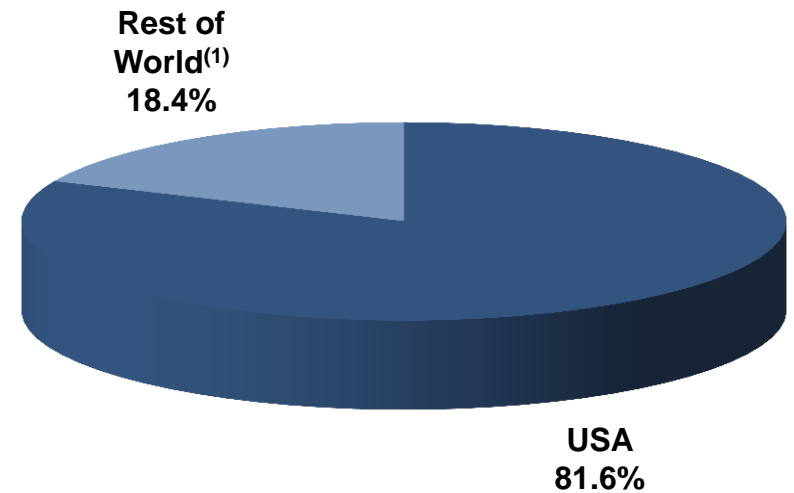
(3) Includes backlog from the acquisition of Chiltern of \$1.0 billion

THIRD QUARTER 2017 NET REVENUE DISTRIBUTION

Segment Distribution



Geographic Distribution



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

THIRD QUARTER 2017 FOREIGN EXCHANGE IMPACT TO NET REVENUE⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>Dollars</u>	<u>Year over Year % Growth</u>
<u>Consolidated</u>		
Net Revenue, as Reported	\$2,598	9.5%
Foreign Exchange Impact	(\$7)	(0.3%)
Net Revenue, Constant Currency	\$2,591	9.2%
<u>LabCorp Diagnostics</u>		
Net Revenue, as Reported	\$1,837	9.9%
Foreign Exchange Impact	(\$3)	(0.2%)
Net Revenue, Constant Currency	\$1,834	9.7%
<u>Covance Drug Development</u>		
Net Revenue, as Reported	\$761	8.6%
Foreign Exchange Impact	(\$4)	(0.6%)
Net Revenue, Constant Currency	\$757	7.9%

(1) Does not tie due to rounding

YEAR-TO-DATE 2017 FOREIGN EXCHANGE IMPACT TO NET REVENUE⁽¹⁾

(DOLLARS IN MILLIONS)

	<u>Dollars</u>	<u>Year over Year % Growth</u>
<u>Consolidated</u>		
Net Revenue, as Reported	\$7,504	6.5%
Foreign Exchange Impact	\$17	0.2%
Net Revenue, Constant Currency	\$7,521	6.7%
<u>LabCorp Diagnostics</u>		
Net Revenue, as Reported	\$5,354	8.8%
Foreign Exchange Impact	\$0	0.0%
Net Revenue, Constant Currency	\$5,354	8.8%
<u>Covance Drug Development</u>		
Net Revenue, as Reported	\$2,151	1.2%
Foreign Exchange Impact	\$16	0.8%
Net Revenue, Constant Currency	\$2,167	1.9%

(1) Does not tie due to rounding

2017 FINANCIAL GUIDANCE

	Prior Guidance (assumes foreign exchange rates effective as of June 30, 2017)	Current Guidance (assumes foreign exchange rates effective as of September 30, 2017)
Total net revenue growth:	5.0% – 6.5% ⁽²⁾	8.0% – 8.5% ⁽³⁾
LabCorp Diagnostics net revenue growth:	7.0% – 8.0%	8.5% – 9.0%
Covance Drug Development net revenue growth:	1.0% – 3.0% ⁽⁴⁾	6.0% – 7.5% ⁽⁵⁾
Adjusted EPS ⁽¹⁾ :	\$9.30 – \$9.65	\$9.40 – \$9.60
Free cash flow:	\$925 Million – \$975 Million	\$970 Million – \$1,010 Million

(1) Excludes the impact from amortization, restructuring charges and special items.

(2) Included the impact from approximately 10 basis points of negative currency

(3) Includes the impact from approximately 10 basis points of negative currency.

(4) Included the impact from approximately 20 basis points of negative currency.

(5) Includes the impact from approximately 10 basis points of negative currency.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – ADJUSTED EBITDA

(DOLLARS IN MILLIONS)

	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>
LabCorp Operating Income	\$324.0	\$323.4	\$332.7	\$336.0	\$341.3
Add:					
Restructuring and other special charges	\$22.8	\$9.8	\$3.9	\$39.1	\$21.6
Other special charges ⁽¹⁾	\$16.1	\$5.8	\$7.1	\$10.8	\$29.0
Depreciation	\$77.9	\$79.3	\$78.4	\$73.5	\$76.4
Amortization	\$41.1	\$48.8	\$47.6	\$51.4	\$54.6
Equity method income, net	\$2.6	\$2.0	\$2.3	\$4.5	\$3.2
Depreciation and amortization of equity method investments	\$0.5	\$0.2	\$0.2	\$0.4	\$0.3
Adjusted EBITDA	\$485.0	\$469.3	\$472.2	\$515.7	\$526.4

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

LABORATORY CORPORATION OF AMERICA HOLDINGS
Reconciliation of Non-GAAP Financial Measures
(in millions, except per share data)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Adjusted Operating Income</u>				
Operating income	\$ 341.3	\$ 324.0	\$ 1,010.0	\$ 989.0
Acquisition-related costs	23.2	7.7	35.6	15.1
Restructuring and other special charges	21.6	22.8	64.6	48.6
Consulting fees and executive transition expenses	3.1	3.4	3.1	7.9
Wind-down of minimum volume contract operations	-	1.3	-	4.0
LaunchPad system implementation costs	2.7	3.7	8.2	7.1
Amortization of intangibles and other assets	54.6	41.1	153.6	130.7
Adjusted operating income	<u>\$ 446.5</u>	<u>\$ 404.0</u>	<u>\$ 1,275.1</u>	<u>\$ 1,202.4</u>
<u>Adjusted EPS</u>				
Diluted earnings per common share	\$ 1.74	\$ 1.71	\$ 5.40	\$ 5.25
Restructuring and special items	0.36	0.27	0.74	0.56
Amortization expense	0.36	0.27	1.00	0.86
Adjusted EPS	<u>\$ 2.46</u>	<u>\$ 2.25</u>	<u>\$ 7.14</u>	<u>\$ 6.67</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

LABORATORY CORPORATION OF AMERICA HOLDINGS
Reconciliation of Non-GAAP Financial Measures
(in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
<u>Free Cash Flow:</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net cash provided by operating activities	\$ 350.9	\$ 249.9	\$ 895.4	\$ 727.0
Less: Capital expenditures	(75.3)	(66.2)	(216.8)	(204.6)
Free cash flow	<u>\$ 275.6</u>	<u>\$ 183.7</u>	<u>\$ 678.6</u>	<u>\$ 522.4</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

1) During the third quarter of 2017, the Company recorded net restructuring and other special charges of \$21.6 million. The charges included \$4.6 million in severance and other personnel costs along with \$12.1 million in costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.9 million, primarily in unused severance reserves. The Company also recognized asset impairment losses of \$5.8 million related to the termination of a software development project within the Covance Drug Development segment and the forgiveness of indebtedness for LabCorp Diagnostics customers in areas heavily impacted by hurricanes experienced during the quarter.

The Company incurred legal and other costs of \$23.2 million primarily relating to the acquisition of Chiltern. The Company also recorded \$3.1 million in consulting and other expenses relating to Covance and Chiltern integration initiatives. In addition, the Company incurred \$2.7 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses).

The after tax impact of these charges decreased net earnings for the quarter ended September 30, 2017, by \$37.2 million and diluted earnings per share by \$0.36 (\$37.2 million divided by 103.7 million shares)

During the first two quarters of 2017, the Company recorded net restructuring and other special charges of \$43.0 million. The charges included \$22.6 million in severance and other personnel costs along with \$5.8 million in costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.5 million, primarily in unused severance reserves. The Company also recognized an asset impairment loss of \$15.1 million related to the termination of a software development project.

The Company incurred legal and other costs of \$6.6 million relating to recent acquisition activity. The Company also recorded \$4.9 million in consulting expenses relating to fees incurred as part of its Covance integration and compensation analysis, along with \$0.9 million in short-term equity retention arrangements relating to the acquisition of Covance. In addition, the Company incurred \$5.5 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses).

The after tax impact of these combined charges decreased net earnings for the nine months ended September 30, 2017, by \$77.0 million and diluted earnings per share by \$0.74 (\$77.0 million divided by 103.9 million shares).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

2) During the third quarter of 2016, the Company recorded net restructuring and special items of \$22.8 million. The charges included \$14.1 million in severance and other personnel costs along with \$9.1 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$0.2 million in unused facility-related costs and \$0.2 million in unused personnel costs.

The Company incurred \$5.9 million in fees and expenses associated with acquisitions completed during the quarter and incurred additional legal and other costs of \$1.3 million relating to the wind-down of its minimum volume contract operations. The Company also recorded \$1.4 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with \$0.5 million in short-term equity retention arrangements relating to the acquisition of Covance, \$3.4 million of accelerated equity and other final compensation relating to executive transition announced during the third quarter, and \$3.7 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses).

In addition, the Company also incurred \$5.6 million of interest expense relating to the early retirement of subsidiary indebtedness acquired as part of its recent acquisition of Sequenom.

The after tax impact of these charges decreased net earnings for the quarter ended September 30, 2016, by \$28.5 million and diluted earnings per share by \$0.27 (\$28.5 million divided by 105.0 million shares).

During the first two quarters of 2016, the Company recorded net restructuring and other special charges of \$25.8 million. The charges included \$9.0 million in severance and other personnel costs along with \$21.6 million in facility-related costs associated with facility closures and general integration initiatives. The Company reversed previously established reserves of \$2.2 million in unused facility-related costs and \$2.6 million in unused severance reserves.

The Company incurred \$1.5 million in fees and expenses associated with completed acquisitions and incurred additional legal and other costs of \$2.7 million relating to the wind-down of its minimum volume contract operations. The Company also recorded \$3.0 million in consulting expenses relating to fees incurred as part of its Covance integration costs and compensation analysis, along with \$1.8 million in short-term equity retention arrangements relating to the acquisition of Covance, \$4.1 million of accelerated equity compensation relating to the announced retirement of a Company executive and \$4.8 million of non-capitalized costs associated with the implementation of a major system as part of its LaunchPad business process improvement initiative (all recorded in selling, general and administrative expenses). In conjunction with certain international legal entity tax structuring, the Company also recorded a one-time tax liability of \$1.1 million.

The after tax impact of these charges decreased net earnings for the nine months ended September 30, 2016, by \$58.1 million and diluted earnings per share by \$0.56 (\$58.1 million divided by 104.2 million shares).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES - FOOTNOTES

3) The Company continues to grow the business through acquisitions and uses Adjusted EPS excluding amortization as a measure of operational performance, growth and shareholder returns. The Company believes adjusting EPS for amortization provides investors with better insight into the operating performance of the business. For the quarters ended September 30, 2017 and 2016, intangible amortization was \$53.7 million and \$41.1 million, respectively (\$36.4 million and \$31.3 million net of tax, respectively) and decreased EPS by \$0.35 (\$36.4 million divided by 103.7 million shares) and \$0.27 (\$28.4 million divided by 105.0 million shares), respectively. For the nine months ended September 30, 2017 and 2016, intangible amortization was \$152.7 million and \$130.7 million, respectively (\$103.6 million and \$89.4 million net of tax, respectively) and decreased EPS by \$1.00 (\$103.6 million divided by 103.9 million shares) and \$0.86 (\$89.4 million divided by 104.2 million shares), respectively.