



Quest Diagnostics

Q1 2025 Performance

Strong revenue growth from acquisitions, enterprise accounts, health plan access, and advanced diagnostics

Q1 2025

Total revenue

\$2.65 billion

↑ **12.1%**^a

Adjusted operating income%^b

15.3%

Adjusted diluted EPS^b

\$2.21 per share

↑ **8.3%**^{a, c}

^a All percentages are based on comparisons to the same period of 2024.

^b This is a non-GAAP financial measure. Please refer to our earnings press release for a reconciliation to the comparable GAAP measure.

^c Reported diluted EPS of \$1.94, up 12.8% over prior year period.

Company overview

Quest is a leader in diagnostic testing insights and information services.

- \$9.87 billion in revenues in 2024
- Serving 50% of US hospitals and physicians
- Over 55,000 Quest and LifeLabs employees

“ In the first quarter, we delivered strong revenue growth of approximately 12%, including nearly 2.5% in organic growth, as demand rebounded in March following weather impacts early in the quarter. Our growth was due to contributions from acquisitions and large enterprise accounts, demand for our advanced diagnostics portfolio, and expanded health plan access. We are reaffirming our revenue and adjusted EPS guidance for the full year 2025.

I want to thank our more than 55,000 Quest and LifeLabs colleagues for their dedication to living the Quest purpose—working together to create a healthier world, one life at a time. ”

—Jim Davis, Chairman, CEO and President

Read our Q1 earnings press release on our [Investor Relations site](#).

Q1 2025 Highlights



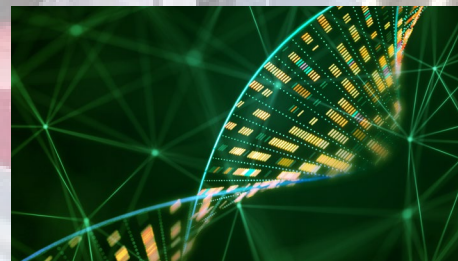
Named as the first independent national lab provider in the Optum Health Preferred Lab Network, representing 85,000 Optum-employed, -contracted, and -affiliated physicians



Formed an agreement with Fresenius Medical Care to provide lab testing for patients in the US who require kidney dialysis



Announced a collaboration with Google Cloud to streamline data management and employ GenAI to personalize customer and employee experiences



Began to receive commercial orders for Haystack MRD™ testing to aid cancer recurrence monitoring



Supplemental Financial Information

Q1 2025

April 22, 2025



Safe harbor disclosure

The statements in this presentation that are not historical facts may be forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations, or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, uncertain and volatile economic conditions, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, the complexity of billing, reimbursement and revenue recognition for clinical laboratory testing, changes in government policies, including related to trade, and regulations, changing relationships with customers, payers, suppliers or strategic partners, acquisitions, and other factors discussed in the company's most recently filed Annual Report on Form 10-K and in any of the company's subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, including those discussed in the "Business," "Risk Factors," "Cautionary Factors that May Affect Future Results." and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of those reports.

Note on non-GAAP financial measures

As used in this presentation the term “reported” refers to measures under accounting principles generally accepted in the United States (“GAAP”). The term “adjusted” refers to non-GAAP operating performance measures that exclude special items such as restructuring and integration charges, amortization expense, excess tax benefits (“ETB”) associated with stock-based compensation, gains and losses associated with changes in the carrying value of our strategic investments, and other items.

Non-GAAP adjusted measures are presented because management believes those measures are useful adjuncts to GAAP results. Non-GAAP adjusted measures should not be considered as an alternative to the corresponding measures determined under GAAP. Management may use these non-GAAP measures to evaluate our performance period over period and relative to competitors, to analyze the underlying trends in our business, to establish operational budgets and forecasts, and for incentive compensation purposes. We believe that these non-GAAP measures are useful to investors and analysts to evaluate our performance period over period and relative to competitors as well as to analyze the underlying trends in our business and to assess our performance. The additional tables below include reconciliations of non-GAAP adjusted measures to GAAP measures.

First quarter 2025 financial results

(dollars in millions, except per share data)	Three Months Ended March 31,		
	2025	2024	Change
Reported			
Net revenues	\$2,652	\$2,366	12.1%
Diagnostic information services revenues	\$2,589	\$2,298	12.7%
Revenue per requisition			0.3%
Requisition volume			12.4%
Organic requisition volume			(0.9%)
Operating income (a)	\$346	\$300	15.4%
Operating income as a percentage of net revenues (a)	13.0%	12.7%	0.3%
Net income attributable to Quest Diagnostics (a)	\$220	\$194	13.2%
Diluted EPS (a)	\$1.94	\$1.72	12.8%
Cash provided by operations	\$314	\$154	103.4%
Capital expenditures	\$117	\$104	11.9%
Adjusted (a)			
Operating income	\$406	\$349	16.3%
Operating income as a percentage of net revenues	15.3%	14.8%	0.5%
Net income attributable to Quest Diagnostics	\$251	\$230	9.0%
Diluted EPS	\$2.21	\$2.04	8.3%

(a) For further details impacting the year-over-year comparisons related to operating income, operating income as a percentage of net revenues, net income attributable to Quest Diagnostics, and diluted EPS, see non-GAAP reconciliations.

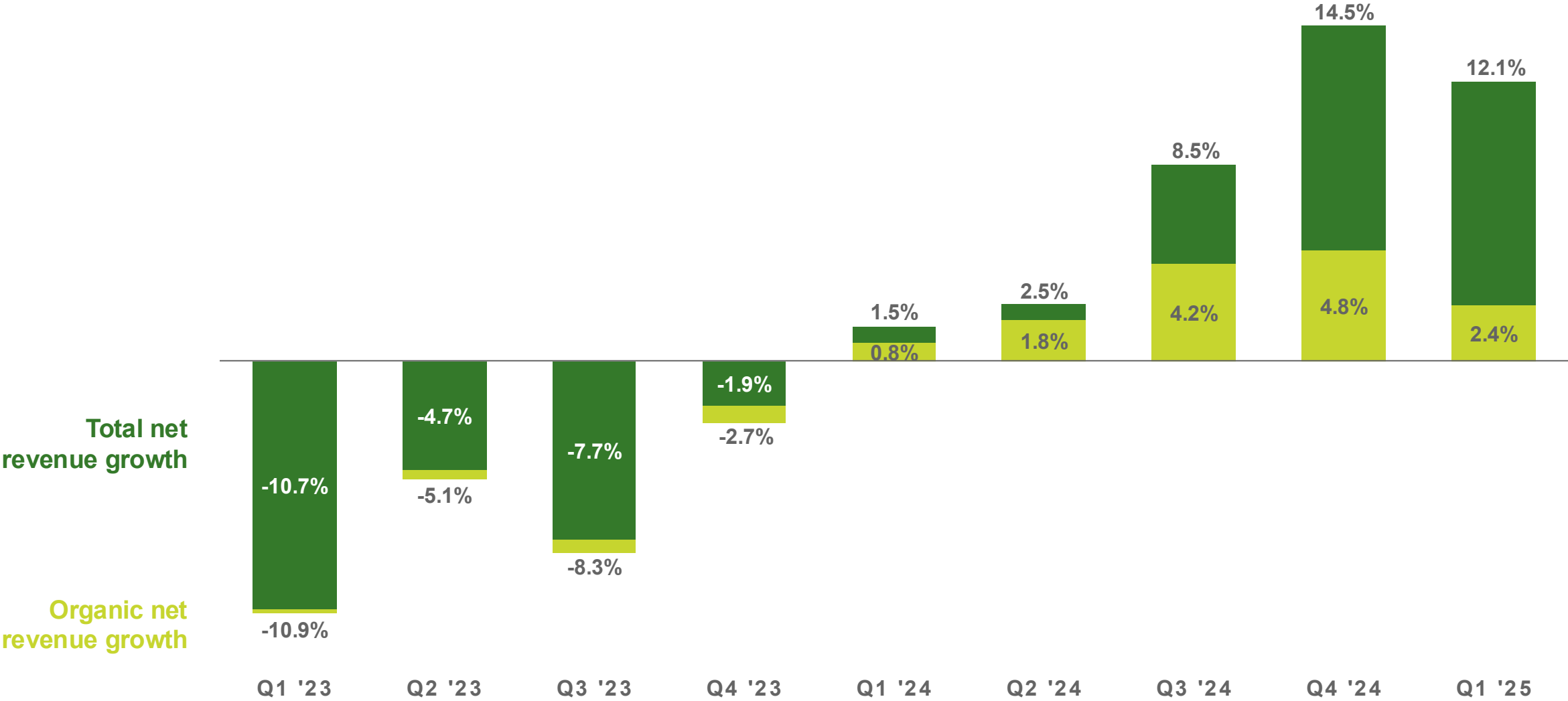
Guidance for full year 2025

	Updated guidance		Prior guidance	
	Low	High	Low	High
Net revenues	\$10.70B	\$10.85B	\$10.70B	\$10.85B
Net revenues increase	8.4%	9.9%	8.4%	9.9%
Reported diluted EPS	\$8.62	\$8.87	\$8.34	\$8.59
Adjusted diluted EPS	\$9.55	\$9.80	\$9.55	\$9.80
Cash provided by operations	Approximately \$1.5B		Approximately \$1.45B	
Capital expenditures	Approximately \$500M		Approximately \$500M	

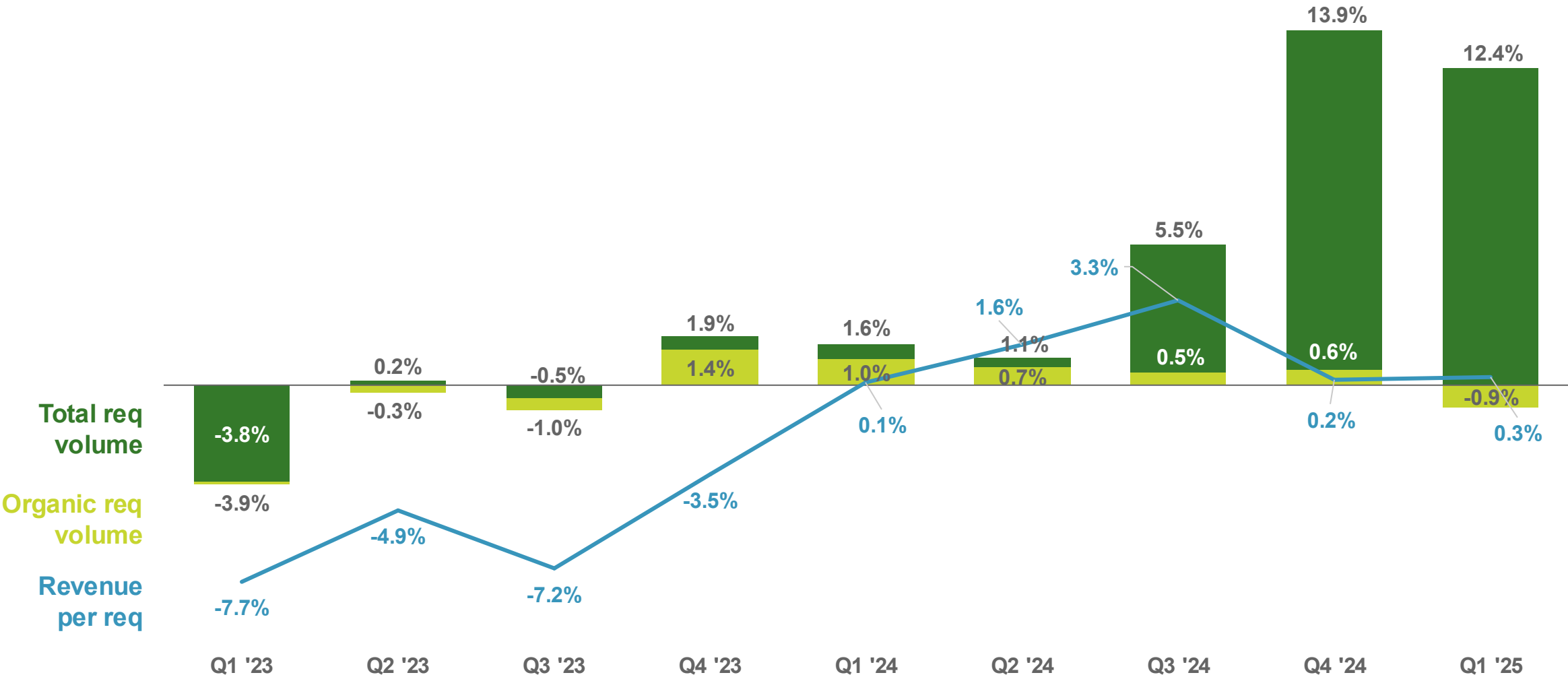
Underlying assumptions for full year 2025 guidance

- Revenue guidance continues to assume approximately 3% organic revenue growth with the remainder coming from the acquisitions completed in 2024 and announced to date. It does not assume any contribution from prospective M&A.
- Haystack Oncology expected to be slightly less dilutive versus the prior year.
- Includes investments in 2025 related to Project Nova, which is expected to modernize our entire order-to-cash process.
- Despite the decision by a federal court to vacate the FDA rule on lab-developed tests, the company intends to continue to make some investments this year to strengthen its regulatory capabilities to serve our growing global and life sciences businesses.
- Operating margin is expected to expand versus the prior year.
- Net interest expense is expected to be approximately \$275M.
- Adjusted tax rate is expected to be approximately 25%.
- Share count for the full year is expected to be approximately 114M diluted shares outstanding.
- Higher operating cash flow guidance primarily reflects a pre-tax gain to be taken in Q2 related to a payroll tax credit under the CARES Act that the company received in April.

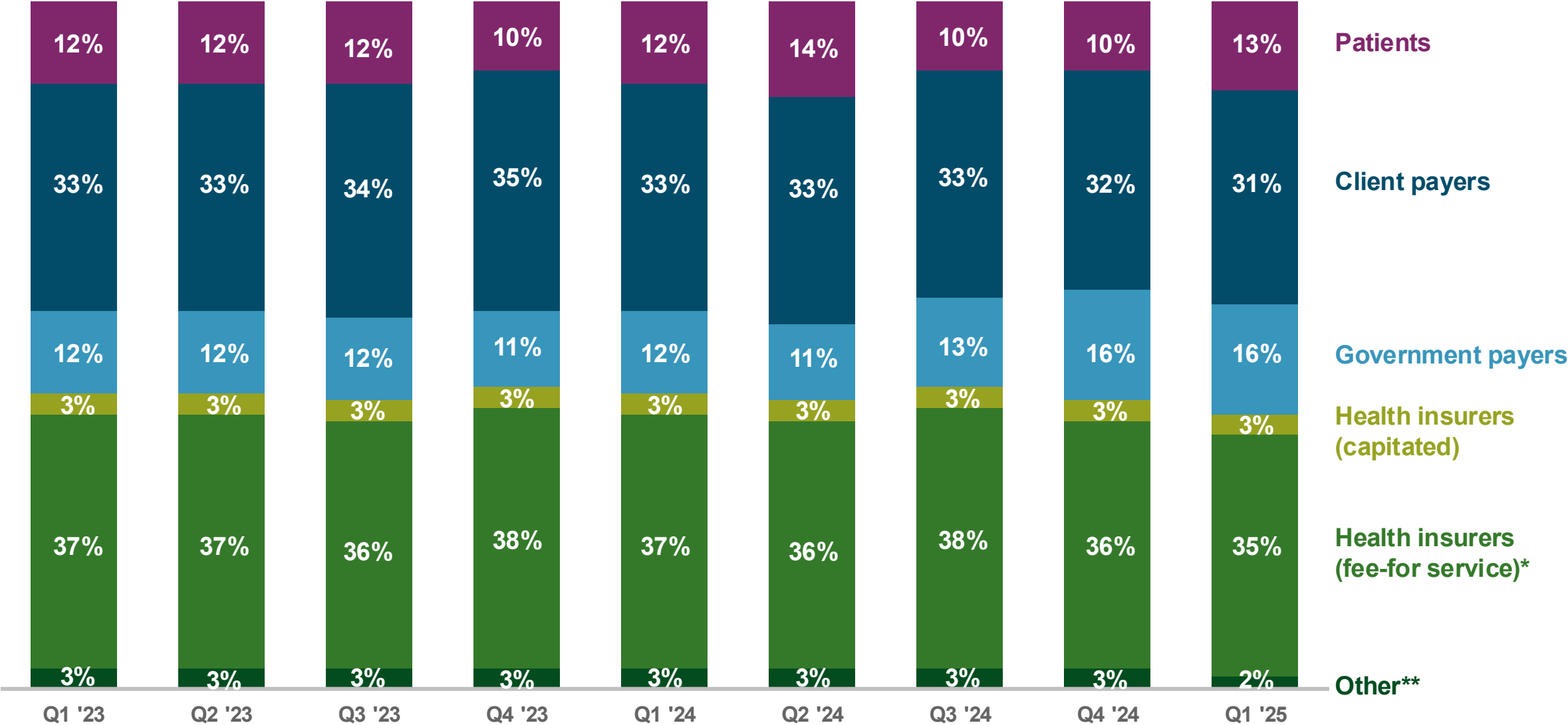
Trended quarterly total and organic net revenue growth



Trended quarterly volume and revenue per requisition metrics



Trended quarterly net revenues by type of payer customer

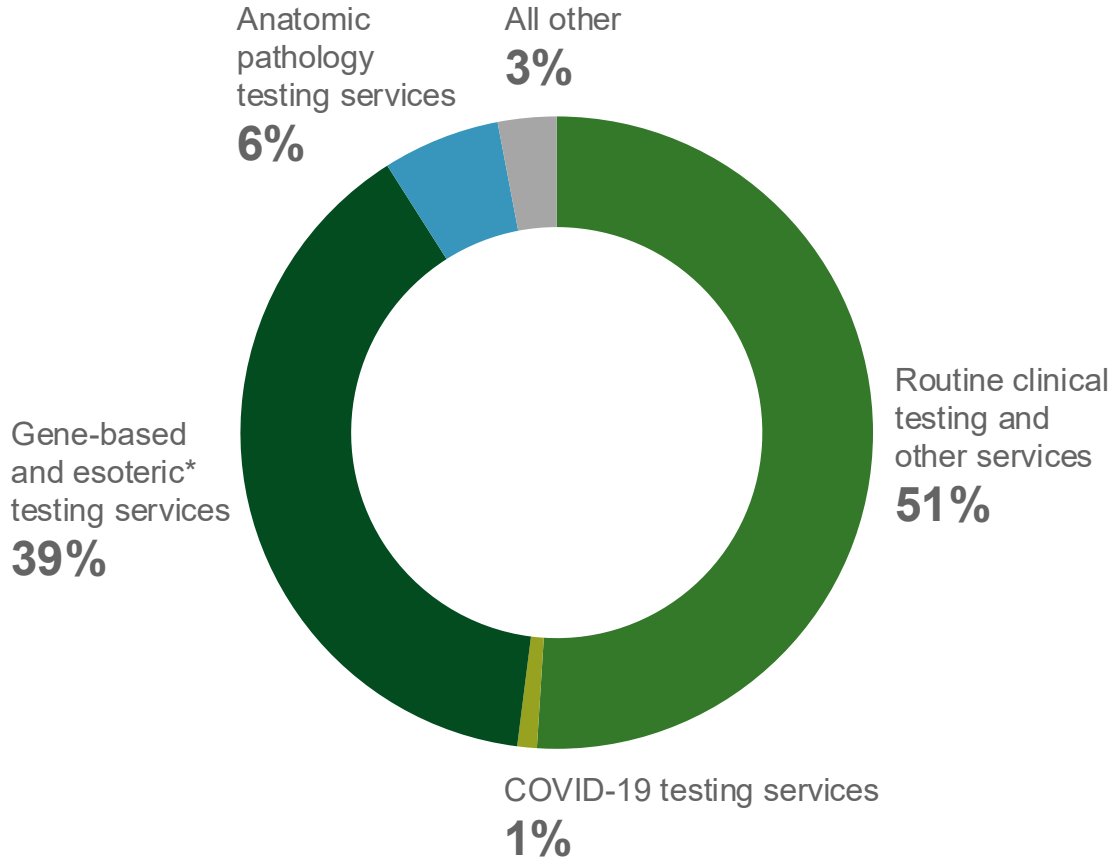
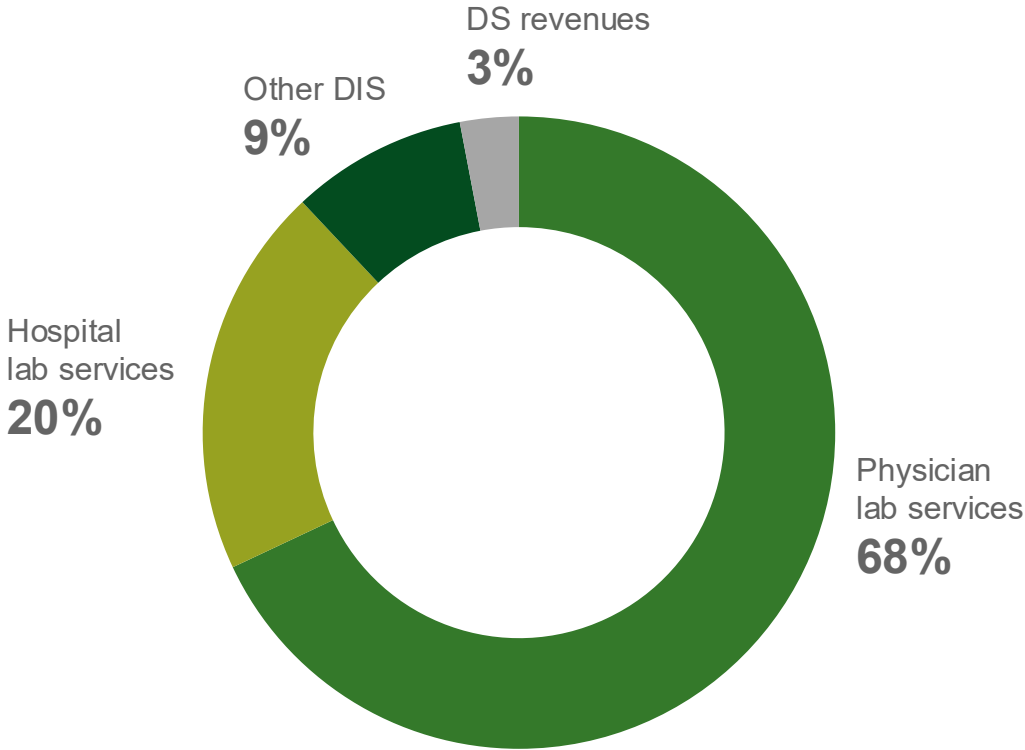


*Includes Medicare Advantage and Managed Medicaid. **DS businesses revenues.

2024 net revenues by customer channel and major service

Customer channel

Major service



*Includes advanced diagnostics

Note: Net revenues by customer channel and major service are provided annually. Data for the last three years can be found in the data tables below.

Data tables

Trended quarterly growth metrics

	2023					2024					2025
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1
Total net revenue growth	(10.7%)	(4.7%)	(7.7%)	(1.9%)	(6.4%)	1.5%	2.5%	8.5%	14.5%	6.7%	12.1%
Organic net revenue growth	(10.9%)	(5.1%)	(8.3%)	(2.7%)	(6.9%)	0.8%	1.8%	4.2%	4.8%	2.9%	2.4%
DIS revenue growth	(11.1%)	(4.9%)	(7.9%)	(2.0%)	(6.6%)	1.7%	2.8%	9.0%	15.1%	7.1%	12.7%
Revenue per requisition	(7.7%)	(4.9%)	(7.2%)	(3.5%)	(5.9%)	0.1%	1.6%	3.3%	0.2%	1.3%	0.3%
Total requisition volume	(3.8%)	0.2%	(0.5%)	1.9%	(0.6%)	1.6%	1.1%	5.5%	13.9%	5.5%	12.4%
Organic requisition volume	(3.9%)	(0.3%)	(1.0%)	1.4%	(1.0%)	1.0%	0.7%	0.5%	0.6%	0.7%	(0.9%)
DS revenue growth	2.3%	1.6%	(0.5%)	(0.7%)	0.7%	(5.0%)	(8.8%)	(7.9%)	(3.5%)	(6.3%)	(7.7%)

Trended quarterly net revenues by type of payer customer

	2023					2024					2025
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Healthcare insurers:											
Fee-for-service	37%	37%	36%	38%	37%	37%	36%	38%	36%	37%	35%
Capitated	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total healthcare insurers	40%	40%	39%	41%	40%	40%	39%	41%	39%	40%	38%
Government payers	12%	12%	12%	11%	11%	12%	11%	13%	16%	13%	16%
Client payers	33%	33%	34%	35%	34%	33%	33%	33%	32%	33%	31%
Patients (a)	12%	12%	12%	10%	12%	12%	14%	10%	10%	11%	13%
Total DIS	97%	97%	97%	97%	97%	97%	97%	97%	97%	97%	98%
DS	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	2%
Net revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(a) Including coinsurance and deductibles.

Trended annual net revenues by customer channel

	2022	2023	2024
Physician lab services	68%	66%	68%
Hospital lab services	18%	21%	20%
Other DIS	11%	10%	9%
Total DIS revenues	97%	97%	97%
DS revenues	3%	3%	3%
Total net revenues	100%	100%	100%

Trended annual net revenues by major service

	2022	2023	2024
Routine clinical testing and other services	44%	51%	51%
COVID-19 testing services	15%	2%	1%
Gene-based and esoteric (including advanced diagnostics) testing services	32%	38%	39%
Anatomic pathology testing services	6%	6%	6%
All other	3%	3%	3%
Net revenues	100%	100%	100%

Notes to Financial Tables

1) The following tables reconcile reported GAAP results to non-GAAP adjusted results:

Three Months Ended March 31, 2025
(dollars in millions, except per share data)

	Operating income	Operating income as a percentage of net revenues	Income tax expense (d)	Equity in earnings of equity method investees, net	Net income attributable to Quest Diagnostics	Diluted EPS
As reported	\$ 346	13.0 %	\$ (59)	\$ 18	\$ 220	\$ 1.94
Restructuring and integration charges (a)	19	0.7	(5)	—	14	0.13
Other charges (b)	2	0.1	—	—	2	0.02
Other gains (c)	—	—	2	(8)	(6)	(0.06)
Amortization expense	39	1.5	(9)	—	30	0.26
ETB	—	—	(9)	—	(9)	(0.08)
As adjusted	\$ 406	15.3 %	\$ (80)	\$ 10	\$ 251	\$ 2.21

Three Months Ended March 31, 2024
(dollars in millions, except per share data)

	Operating income	Operating income as a percentage of net revenues	Income tax expense (d)	Equity in earnings of equity method investees, net of taxes	Net income attributable to Quest Diagnostics	Diluted EPS
As reported	\$ 300	12.7 %	\$ (66)	\$ 8	\$ 194	\$ 1.72
Restructuring and integration charges (a)	17	0.7	(4)	—	13	0.12
Other charges (b)	3	0.2	—	—	3	0.03
Amortization expense	29	1.2	(7)	—	22	0.19
ETB	—	—	(2)	—	(2)	(0.02)
As adjusted	\$ 349	14.8 %	\$ (79)	\$ 8	\$ 230	\$ 2.04

Non-GAAP reconciliations

Non-GAAP reconciliations

- (a) For both the three months ended March 31, 2025 and 2024, the pre-tax impact represents costs primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business. The following table summarizes the pre-tax impact of restructuring and integration charges on our consolidated statements of operations:

	Three Months Ended March 31	
	2025	2024
	(dollars in millions)	
Cost of services	\$ 6	\$ 13
Selling, general and administrative	13	4
Operating income	<u>\$ 19</u>	<u>\$ 17</u>

- (b) For both the three months ended March 31, 2025 and 2024, the pre-tax impact primarily represents a loss associated with the change in the fair value of the contingent consideration accrual associated with previous acquisitions, recorded in other operating expense, net.
- (c) The three months ended March 31, 2025 includes pre-tax gains of \$8 million, recorded in equity in earnings of equity method investees, net of taxes, principally consisting of a non-recurring gain related to a lease.
- (d) For restructuring and integration charges, other gains/charges, and amortization expense, income tax impacts, where recorded, were primarily calculated using combined statutory income tax rates of 25.5% for both 2025 and 2024.

Non-GAAP reconciliations

- 2) The outlook for adjusted diluted EPS represents management's estimates for the full year 2025 before the impact of special items. Further impacts to earnings related to special items may occur throughout 2025. Additionally, the amount of ETB is dependent upon employee stock option exercises and our stock price, which are difficult to predict. The following table reconciles our 2025 outlook for diluted EPS under GAAP to our outlook for adjusted diluted EPS:

	Low	High
Diluted EPS	\$ 8.62	\$ 8.87
Restructuring and integration charges (a)	0.27	0.27
Amortization expense (b)	1.04	1.04
Other charges (c)	0.12	0.12
Other gains (d)	(0.36)	(0.36)
ETB	(0.14)	(0.14)
Adjusted diluted EPS	\$ 9.55	\$ 9.80

- (a) Represents estimated pre-tax charges of \$41 million primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business. Income tax benefits were primarily calculated using a combined statutory income tax rate of 25.5%.
- (b) Represents estimated pre-tax amortization expenses of \$160 million. Income tax benefits were primarily calculated using a combined statutory income tax rate of 25.5%.
- (c) Principally represents estimated pre-tax net losses of \$12 million associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions. No income tax benefits are recorded on the changes associated with the contingent consideration accrual.
- (d) Includes a pre-tax gain of \$46 million related to a payroll tax credit under the Coronavirus Aid, Relief, and Economic Security Act associated with the retention of employees. Also, includes a pre-tax non-recurring gain of \$8 million related to a lease. Income tax impacts on the gains were calculated using a combined statutory income tax rate of 25.5%.