

Conference operator: Welcome to the Quest Diagnostics Third Quarter 2026 conference call. At the request of the company, this call is being recorded. The entire contents of the call, including the presentation and question and answer session that will follow, are the copyrighted property of Quest Diagnostics with all rights reserved. Any redistribution, retransmission or rebroadcast of this call in any form without the written consent of Quest Diagnostics is strictly prohibited. Now I'd like to introduce Damini Chokshi, Vice President of Investor Relations, for Quest Diagnostics. Go ahead, please.

Damini: Thank you and good morning. I am joined by Jim Davis, our Chairman, Chief Executive Officer and President, and Sam Samad, our Chief Financial Officer. During this call, we may make forward-looking statements and will discuss non-GAAP measures. We provide a reconciliation of non-GAAP measures to comparable GAAP measures in the tables to our earnings press release. Actual results may differ materially from those projected. Risks and uncertainties that may affect Quest Diagnostics' future results include, but are not limited to, those described in our most recent Annual Report on Form 10-K and subsequently filed quarterly reports on Form 10-Q and Current Reports on Form 8-K.

For this call, references to reported EPS refer to reported diluted EPS and references to adjusted EPS refer to adjusted diluted EPS. Growth rates associated with our long-term outlook projections, including consolidated revenue growth, revenue growth from acquisitions, organic revenue growth and adjusted earnings growth are compound annual growth rates.

Now, here's Jim.

Jim Davis: Thanks, Damini, and welcome everyone to this morning's call.

I'm excited to discuss our strong performance in the third quarter and how our strategy to connect people and providers to innovative testing and actionable insights is illuminating paths for better health and generating shareholder value.

We grew revenues 10% and adjusted earnings per share over 15% in the quarter, on continued strength across our physician, hospital and consumer channels, complemented by productivity gains from automation and AI. Our robust organic revenue growth demonstrates that our solutions are fulfilling the expanding clinical care needs of an aging population as well as the increasing number of people focused on prevention and wellness. With these growth trends and our strong performance, we are again raising our guidance for revenues and earnings per share for the full year.

Now, I'll provide more detail on how we executed our strategy across our key customer channels and operations during the quarter.

Quest operates at the center of healthcare. We deliver solutions that make testing simpler and smarter for our core clinical customers – physicians and hospitals – as well as for our customers in the higher growth areas of consumer health, life sciences and data analytics.

In the **Physician channel**, we delivered high single-digit revenue growth in the third quarter, on strong commercial execution and broad demand across our test portfolio. We also continued to grow in geographies where we've expanded our access in recent years through health plan collaborations and outreach acquisitions.

We are excited about our collaboration with Fresenius Medical Care and opportunities to serve new customers based on our growing kidney diagnostics expertise. In addition, we are taking steps to serve the growing nephrology call point and were recently named the primary national lab provider for pre-dialysis chronic kidney disease testing for a kidney care organization.

In the **Hospital channel**, we grew revenues by double digits during the quarter on strong volume from Co-Lab Solutions with Corewell Health in Michigan. Reference testing revenues grew in the mid-single digits.

As a preferred strategic partner, Quest provides a range of solutions to help hospitals address continuing financial, workforce and other pressures. From reference and Co-Lab arrangements to outreach acquisitions, we improve quality, innovation and efficiency. Our role serving half of the nation's hospitals each year continues to fuel a robust pipeline of potential Co-Lab collaborations and outreach acquisitions. During the quarter, we finalized a definitive agreement to acquire select outreach assets from a long-time Co-Lab customer, a leading health system in the Northeastern U.S. We expect to close this transaction later in the year.

In the **Consumer Health channel**, we continued to generate robust growth as we delivered solutions that enable people to own their health. We are excited to announce the ability for iPhone and iPad users to order labs directly from the Apple Health app, which we see as a continuation of our strategy to deliver innovative solutions that will fulfill the growing interest in preventive health and wellness. Users of the Apple Health app will be able to seamlessly purchase, schedule and receive test results for over 50 biomarkers, including APOB and LP(a), all within the app. The panel also includes biometric measurements, such as blood pressure and weight, at the same time blood is

drawn at one of our 2,000 patient service centers. The offering will unlock greater health insights, based on both biomarker and biometric data, and we look forward to the full launch of this service later this year.

At Quest, we often say that wellness is not the absence of sickness; it's health that is proactive, personal and connected. Through questhealth.com and our many collaborations, we are making wellness possible for more people. We expect our growth rate across Consumer Health to exceed 30% for the full year.

Turning now to **Advanced Diagnostics**, we continue to focus on delivering innovative tests in five key clinical areas: advanced cardiometabolic and endocrine, autoimmune, brain health, oncology, and women's and reproductive health. During the quarter, we grew revenues by double digits for key tests across several of these areas, including in advanced cardiometabolic, hormone and Alzheimer's disease.

As we approach Alzheimer's Disease Awareness Month in November, I'd like to share our view of this fast-changing area of dementia care. Many diseases today are highly preventable, thanks largely to diagnostic innovations enabling early diagnosis. We envision a future where Alzheimer's is also a preventable disease, and primary care physicians, guided by blood-based tests, diagnose and even treat the disease, at a much earlier stage.

We also believe our multi-biomarker approach can improve clinical evaluation of Alzheimer's disease and other dementias. Over the summer, we announced that we will soon add the FDA-cleared Roche pTau217 test to our portfolio. We also launched a new AD-Detect panel with APOE, amyloid beta and pTau217, as these biomarkers provide different, but complementary information to improve accuracy. For instance, pTau217 can falsely elevate with some comorbidities, so a physician may need to refer to amyloid beta to confirm a true positive for Alzheimer's. Blood testing for this highly complex disease is in the early phases of development, and we look forward to adding significant new biomarkers to our portfolio to support earlier diagnosis and treatment.

In women's health, we recently formed the first industry collaboration with Waters Corporation focused on providing access to the Onclarity™ Self-Collection Kit through clinical, health plan and consumer health channels, including patient service centers, in the United States. This new collaboration builds on our experience providing HPV self-collection options for cervical cancer screening with a new, convenient at-home option. We expect to introduce the Waters innovation to clinicians, health plans and consumers of questhealth.com next year.

I'd like to turn now to **Operational Excellence**. We remain on track to deliver 3% in annual cost savings and productivity improvements through our Invigorate program.

Automation and AI continue to be major drivers of improvements in quality, productivity and efficiencies. As one example, specimen aliquoting involves splitting specimens into small portions prior to testing. The process traditionally requires several human touch points, raising the risk of errors that can slow down the whole testing process. During the quarter, we extended an automated aliquoting solution to three drug monitoring labs to enhance quality and efficiency. Today, 10 of our labs use an automated aliquoting solution, and we plan to extend these capabilities to other labs.

We also recently began to use AI at our Clifton, NJ lab to scan water for signs of microbes and other impurities as part of our dialysis water testing services. The solution improves quality as well as efficiency because it automatically releases specimens with negative findings, so our medical team has more time to concentrate on positive or questionable cases.

Lastly, Project Nova, our initiative to enhance the experiences of healthcare providers and patients, recently advanced from the design phase to the solutions-build phase, and we are on schedule to begin to deploy Epic solutions in our first lab in the fall of 2027.

Our strong third quarter reflects the critical role lab insights play in our nation's healthcare. Before I turn it over to Sam for details on our performance and guidance, I want to share our perspective on the 2027 preliminary rate setting process under PAMA and steps we are taking to support passage of the RESULTS Act.

Since PAMA was passed into law in 2014 we have been concerned about flaws in the data collection process. After six years of PAMA delays by Congress, labs were required for a second time to provide their data in 2026. We remain deeply concerned that the data collection process this year was also flawed and the resulting preliminary rate cuts for 2027 are excessive.

With ACLA, we continue to advocate for passage of the bipartisan, bicameral RESULTS Act to permanently reform PAMA to ensure the data used to set rates properly reflects the market. Over 135 cosponsors in Congress share our concerns about PAMA and our commitment to RESULTS. We have been told by our Champions on the Hill to expect the CBO to score the legislation by mid-November. Securing a score is an important milestone as the sponsors work toward potentially including the RESULTS Act in any year-end package. RESULTS is the innovative reform our industry and patients need, and we are calling on Congress to enact this important legislation by year's end.

THIRD QUARTER 2026 EARNINGS RESULTS
Prepared Remarks, October 22, 2026



Now, I'll now turn it over to Sam for more details on our performance and guidance before sharing some final thoughts about the quarter. Sam?

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Sam Samad: Thanks, Jim.

As Jim shared, we delivered a strong third quarter, with consolidated revenues of \$3.1 billion, up 10.0% versus the prior year.

Revenues for Diagnostic Information Services were up 10.2% compared to the prior year, and 10.1% organically, reflecting continued strong growth in our physician, hospital and consumer channels.

Total volume, measured by the number of requisitions, increased 14.5% versus the third quarter of 2025, with organic volume up 14.4%. Our Corewell Health and Fresenius Medical Care relationships contributed 9.5% to volume in the quarter. Excluding these two relationships, volumes grew by 5.0%.

As anticipated, total revenue per requisition was down 4.2% versus the prior year, due to the Corewell and Fresenius business mix. Adjusting for that business mix, revenue per requisition was up by 1.7% versus prior year, driven primarily by an increased number of tests per requisition. Unit price reimbursement remained generally flat, consistent with our expectations.

Reported operating income in the third quarter was \$479 million, or 15.5% of revenues, compared to \$386 million, or 13.7% of revenues last year.

On an adjusted basis, operating income was \$517 million, or 16.7% of revenues, compared to \$458 million, or 16.3% of revenues last year. The 40 basis point improvement versus prior year was driven by organic revenue growth, partially offset by wage increases and the business mix impact from Corewell and Fresenius.

Reported EPS in the quarter was \$2.78 compared to \$2.16 a year ago. Adjusted EPS was \$3.00, versus \$2.60 in the prior year, an increase of 15.4%. This increase was largely driven by strong organic operating performance.

Cash from operations was \$1.49 billion year-to-date versus \$1.42 billion in the prior year. This year-over-year increase is the result of higher operating income in the current year, partially offset by timing of net working capital and prior year favorability associated with a one-time CARES Act tax credit.

Turning now to our updated full year 2026 guidance.

With our strong performance and continued momentum across our business, we are raising and narrowing our full year revenue and EPS estimates.

We now expect:

- Revenues to be between \$12.065 billion and \$12.105 billion, reflecting a growth rate of 9.3% to 9.7%.
- Reported EPS to be in a range of \$10.21 to \$10.31 and adjusted EPS in a range of \$11.25 to \$11.35.
- Cash from operations to be approximately \$1.9 billion, and
- Capital expenditures to be approximately \$550 million.

Our 2026 full year guidance reflects the following considerations:

- The revenue guide does not include any contribution from prospective M&A, other than what we have announced to date.
- Nova expense expectations remain consistent for the full year, at an EPS impact of \$0.25, with approximately 70% of these expenses to be incurred in the second half of this year.
- Operating margin is expected to expand versus prior year.
- Share count is expected to be slightly below 2025.
- Adjusted effective tax rate is expected to be consistent with 2025, and
- Interest expense is now expected to be lower than 2025.

Looking ahead, while we will provide 2027 and longer-term guidance at a later time, I want to offer a few comments on the potential impact of PAMA.

The PAMA impact for 2027 is estimated at approximately 1% of total company revenues, consistent with our previous commentary. The cumulative impact is expected to be less than 1.3% of total revenues for years 2027 through 2029. We intend to offset some of this anticipated headwind.

Consistent with prior years, we will provide 2027 guidance in the context of our fourth quarter and full year earnings results early next year. We also look forward to sharing our long-term outlook, along with updates on our growth strategies, at our 2027 Investor Day on March 25th at the New York Stock Exchange. We will provide additional information on this event over the coming weeks.

With that, I will now turn it back to Jim.

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Jim Davis: Thanks, Sam.

In summary, during the quarter:

- We delivered robust revenue and earnings growth on sustained demand from physicians, hospitals and consumers, complemented by productivity gains from AI and automation.
- Revenues grew by 10% and adjusted EPS grew by over 15%, demonstrating continued broad demand for our innovations and insights.
- With our strong business performance and growth momentum, we are raising our revenue and EPS guidance for the full year.

I want to close by thanking my Quest colleagues for their commitment and care to delivering diagnostic insights to create a healthier world, one life at a time.

Damini Chokshi: Thank you, Jim. Now we'd be happy to take your questions.
Operator?

Operator: Thank you. We will now open it up to questions. At the request of the Company, we ask that you please limit yourself to one question. If you have additional questions, we ask that you please fall back in the queue.

[AFTER QUESTIONS END]

Jim Davis: Thanks again for joining our call today. We appreciate your continued support. Have a good day, everybody.

Operator: Thank you for participating in the Quest Diagnostics Third Quarter 2026 conference call. A transcript of prepared remarks on this call will be posted later today on the Quest Diagnostics website at www.QuestDiagnostics.com.

A replay of the call may be accessed online at www.QuestDiagnostics.com/investor or, from approximately 10:30 a.m. Eastern Time on October 22, 2026 until midnight Eastern Time on November 5, 2026, by phone at 866-388-5361 for domestic callers or 203-369-0416 for international callers. Anyone listening to the call is encouraged to read our periodic reports, on file with the Securities and Exchange Commission, including the discussion of risk factors and historical results of operations and financial condition in those reports.

THIRD QUARTER 2026 EARNINGS RESULTS
Prepared Remarks, October 22, 2026



Goodbye.