Quest Diagnostics™

2021 INVESTOR DAY

Poised for Growth in a Post-Pandemic World

Steve Rusckowski

Chairman, CEO and President

Quest Diagnostics™

2021 INVESTOR DAY

SAFE HARBOR DISCLOSURE

The statements in the following presentations which 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, impacts of the COVID-19 pandemic and measures taken in response, 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 regulations, changing relationships with customers, payers, suppliers or strategic partners 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.

The Company continues to believe that the impact of the COVID-19 pandemic on future operating results, cash flows and/or its financial condition will be primarily driven by: the pandemic's severity and duration; healthcare insurer, government and client payer reimbursement rates for COVID-19 molecular tests; the pandemic's impact on the U.S. healthcare system and the U.S. economy; and the timing, scope and effectiveness of federal, state and local governmental responses to the pandemic which are drivers beyond the Company's knowledge and control.

What you'll hear today

Quest's role as the leader in diagnostic information services

Latest perspectives on COVID-19 testing

Drivers of accelerating growth

Long-term outlook beyond 2022

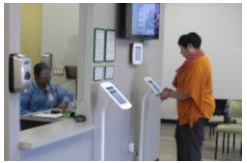
Quest Diagnostics: the leader in Diagnostic Information Services

Leader in rapidly evolving market with unsurpassed focus, scale and innovation

Serves **~50%** of U.S. hospitals and physicians

Serves **1/3** of the U.S. adult population and **~50%** within 3 years

>56B patient data points



6,850+ retail and patient access points

~23,000 phlebotomists, paramedics and health & wellness professionals

~1.8M tests processed per day

$9.4B **2020 REVENUES**

Quest Diagnostics

1

VISION

Empowering
better health with
diagnostic insights

2

2-POINT STRATEGY

Accelerate growth

Drive
operational excellence

3

GOALS

Promote
a healthier world

Build
value

Create
an inspiring workplace

Quest Diagnostics

Quest supports healthcare's Triple Aim by Powering Affordable Care

Continuously innovating through advanced technology and testing solutions

Unmatched quality, speed, and reach to help drive **better outcomes**

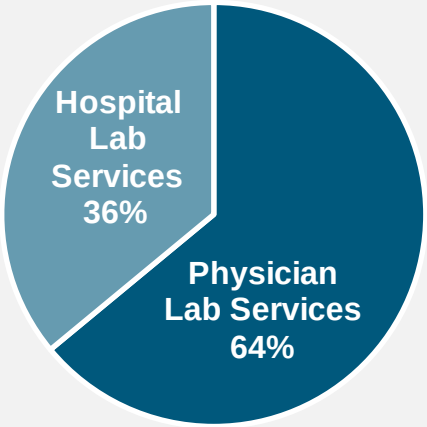
Improving the **customer experience**

Affecting **costs of care** through improved access and strategic partnerships

Quest is gaining share in a large, fragmented market

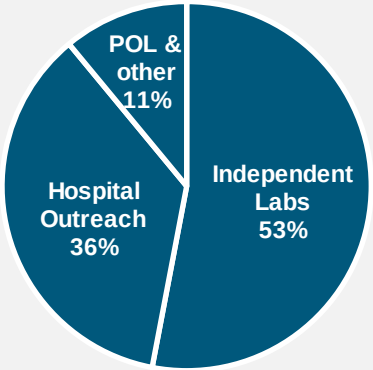
2019 Total U.S. Lab Market

$82B



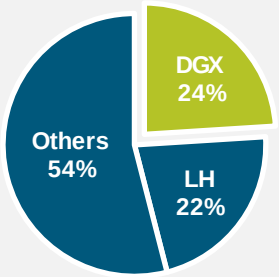
Physician Lab Services Segment

$52B



Independent Lab Segment

$28B



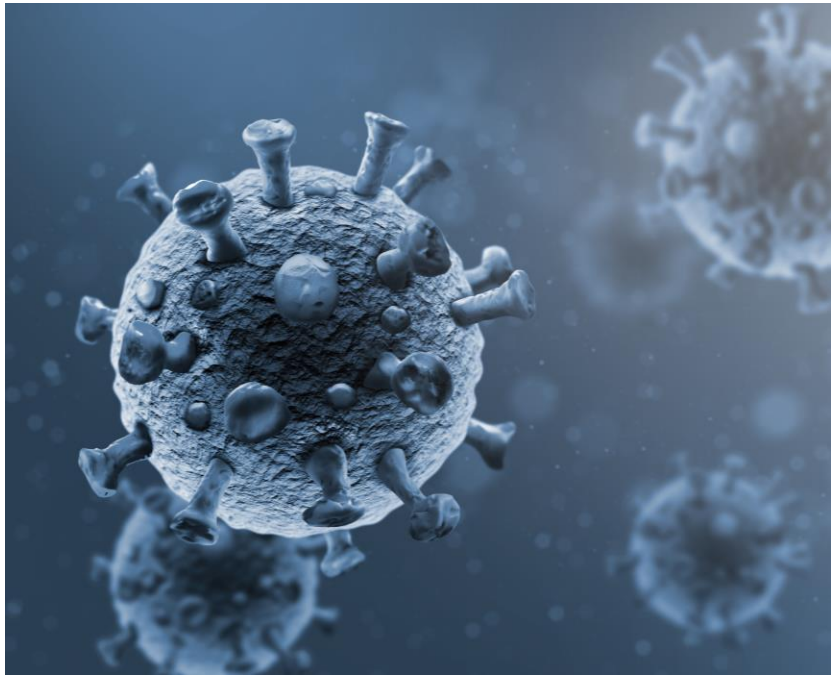
BEYOND 2022, PHYSICIAN LAB SERVICES SEGMENT GROWING **2-3% CAGR**

COVID-19 has made us more agile as a company and enabled us to invest for growth

16 Emergency Use Authorizations

The future of COVID-19 testing

- The virus isn't going away anytime soon
- Test volumes will decrease over time in 2021
- We're moving from primarily clinical uses to increased testing for "Return-to-Life"
- Serology testing could play a role in assessing immune response
- Like influenza, COVID-19 infectious disease testing will be a permanent part of our test menu



COVID-19 has underscored the importance of partnerships

Hackensack Meridian Health

CENTENE Corporation

United Way of New York City

MEMORIAL HERMANN

hc1

CDC Centers for Disease Control and Prevention

FEMA

Walmart

CVS Health

FDA

Key drivers to accelerate growth

Health Plans	Hospital Health Systems	Advanced Diagnostics	Direct-to-Consumer Testing
$1B+ from expanded health plan access	*Increase share in the $50B Health Systems market*	*Accelerate growth to 8% on $1.2B of revenue*	*$250M revenues by 2025*

Grow >2% per year through accretive, strategic acquisitions

Operational excellence enables key growth drivers

L-T 2022-24 CAGR: 4-5% base business revenue growth and 7-9% adj. EPS growth

Note: Based on market projections

We have fundamentally changed our relationship with health plans

NETWORK ACCESS

90% of commercially insured lives

LEAKAGE

Keeping work from leaking outside network labs drives savings to health plans

REDIRECTION

Move work from high-cost labs to Quest

SHARED SAVINGS

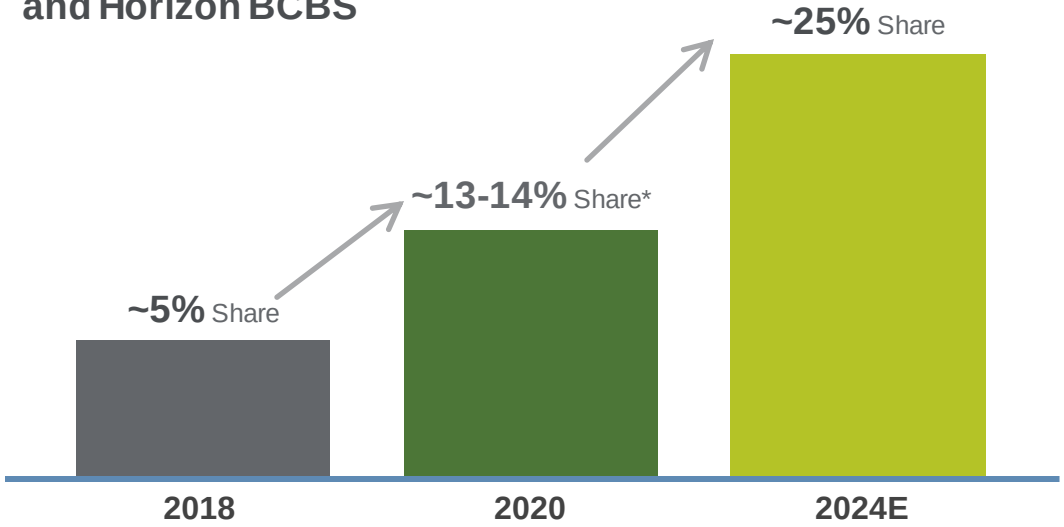
Sharing in savings from value created for health plans

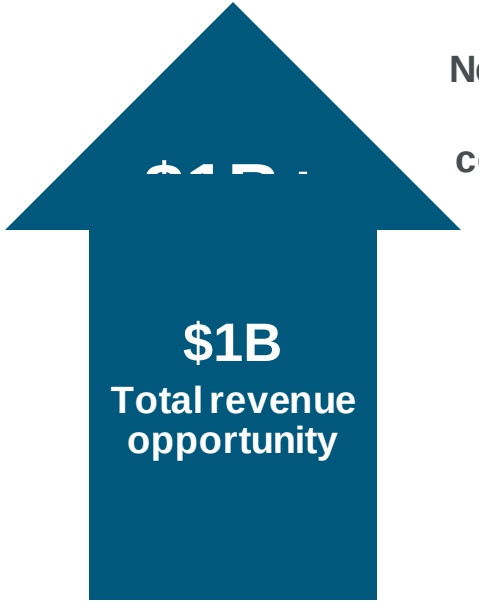
>25% SHARE

Drive toward our fair share of 25%

We've made progress on our march to $1B in revenue from expanded health plan access…and there is much more opportunity ahead

Current and expected share within UnitedHealthcare, Anthem Georgia, and Horizon BCBS



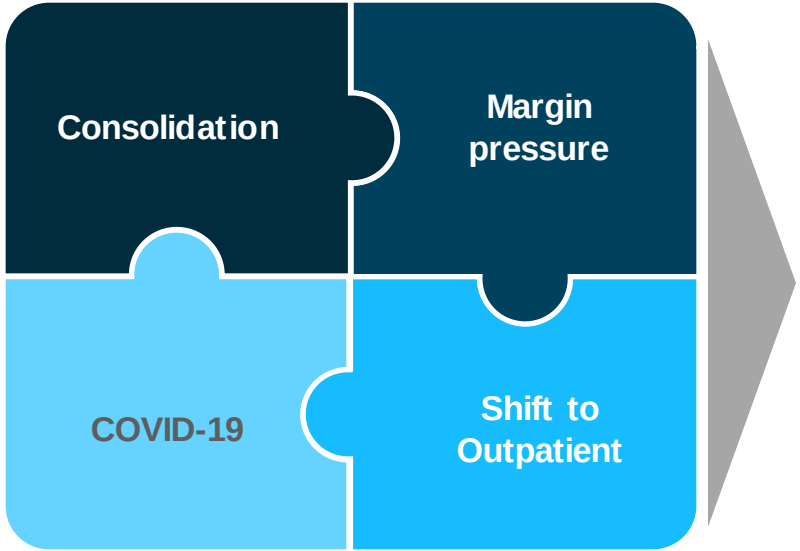


New broader, strategic contract with Anthem

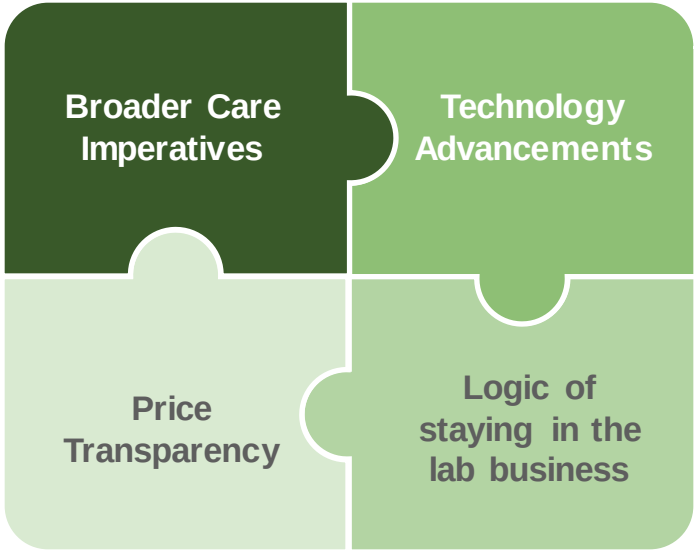
*Note: Excludes COVID-19 testing

We are positioned to grow share in the $50 billion hospital health systems market, and market dynamics favor Quest

A Turbulent Marketplace…



…Impacting Health System Lab Strategies



Source: Fierce Healthcare, NPR

Winning begets winning: Health system C-suites are more open than ever to talking about getting help with their lab strategy

Memorial Hermann is a nationally recognized not-for-profit health system that includes 17 hospitals and more than 300 care delivery sites in the Greater Houston region

- Outreach acquisition, including nearly 30 PSCs and nearly 60 in-office lab service sites, nearly doubling our footprint in the Greater Houston area
- Professional laboratory management (PLS) for Memorial Hermann's hospital stat/rapid labs
- Quest is sole preferred provider of laboratory services for the Memorial Hermann Health Plan

Gaining momentum in our $500 million Professional Lab Services business

2020 Highlights

>$2B of new business over 10 years

7 New Clients

28% CAGR since 2014

$500M Annual revenue run rate

Hackensack Meridian *Health* Case study

The HMH agreement is our largest PLS contract to date, utilizing the full suite of the PLS offering

- 11 HMH lab sites
- 700 laboratory employees transitioned to Quest
- ~30% of the testing volume will be transitioned to Quest Clifton lab
- Standardized supply chain across the entire HMH network
- Lab Stewardship execution will support deal profitability

"…**Our partnership with Quest proved invaluable during this pandemic in assuring quick and accurate test results for our patients and team members.**"

— Robert C. Garrett, CEO of Hackensack Meridian *Health*

Recent innovation will drive faster growth in Advanced Diagnostics

Advanced molecular and genetic testing; $1.2 billion in 2019 revenues, growing 3%

Investing to accelerate growth to the market rate of 8% by 2024

Sequencing innovation reduces cost and increases access to genetic insights

Case study: Innovation in advanced Next Generation Sequencing services plays to our operational strengths

Insights & Services

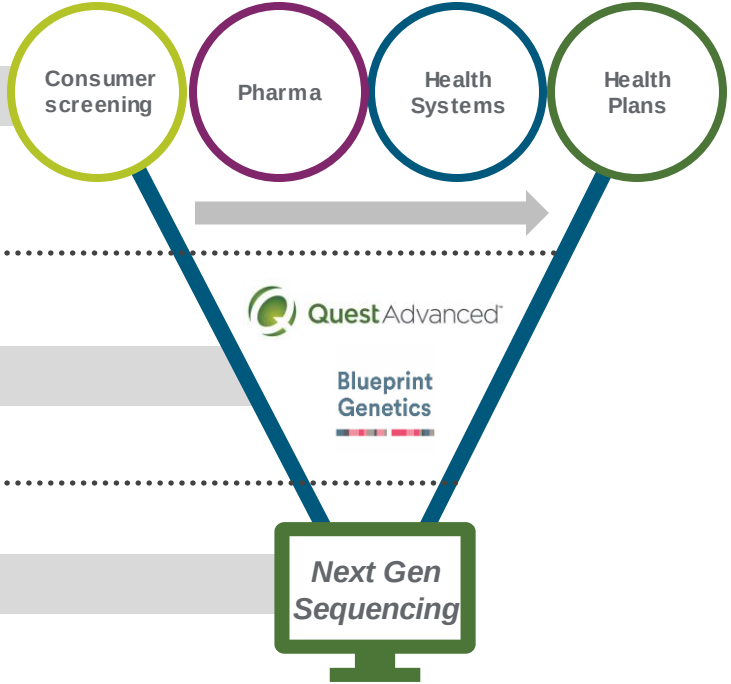
Modular applications providing scale, agility and value across multiple channels

Software

Leveraging combined expertise in variant interpretation, analysis, and clinical reporting capabilities

Hardware

Quest Advanced sequencing platform and process innovation



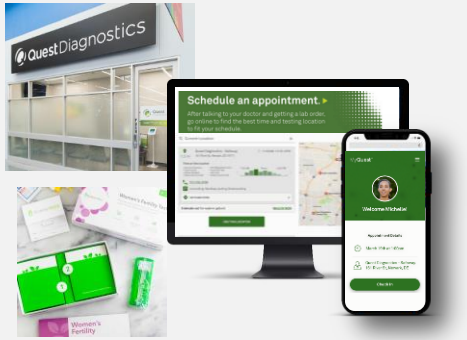
Consumer testing is a $2B opportunity, and we're investing to build a substantial business

Digital Transformation

Consumers bring the same expectations around digital brand engagement to healthcare

Delivery Channels (Retail & Home)

Consumers desire more convenient and accessible channels and locations



Consumer Engagement

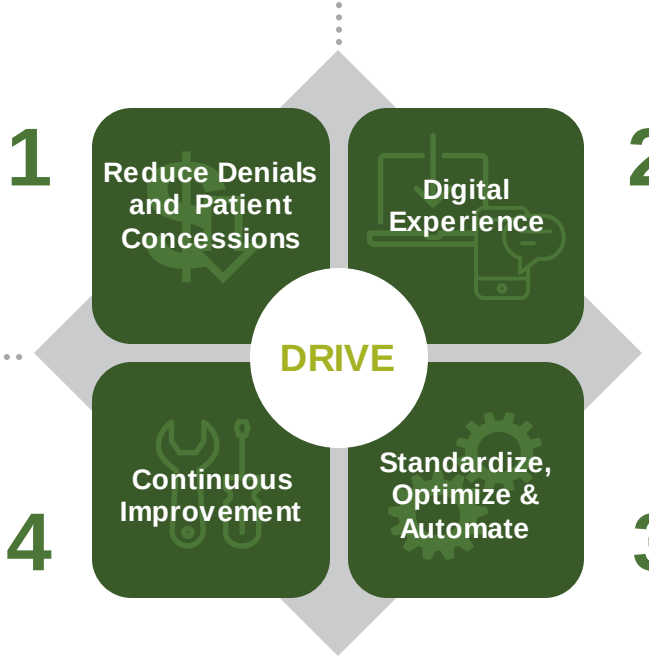
Consumers have increased decision-making power and economic motivation

Our M&A capabilities support growth drivers, enabling >2% revenue CAGR from acquisitions since 2018

	Outreach Lab Purchases	Regional Fold-in	Capabilities
	7 TRANSACTIONS SINCE 2018	5 TRANSACTIONS SINCE 2018	6 TRANSACTIONS SINCE 2018
	MercyHealth MID AMERICA CLINICAL LABORATORIES MACL MEMORIAL HERMANN	BCL BOSTON CLINICAL LABORATORIES Boyce Bynum Pathology Professional Services TRUE HEALTH DIAGNOSTICS	Blueprint Genetics MEDXM Oxford Immunotec
ACQUIRED REVENUE SINCE 2018	**~$265M**	**~$25M**	**~$185M**

Note: Acquired revenue represents revenue realized or expected in the first 12 months post acquisition.

Driving operational excellence enables key growth drivers



~3% targeted savings

ANNUALLY

Key takeaways

COVID-19 testing will continue in 2021 as we move from clinical uses to Return-to-Life

The pandemic made us more agile and allowed us to invest $75M in 2020-21 for growth

Our base business is poised for a full recovery by the end of 2021

Momentum in our key growth drivers positions us to accelerate growth beyond 2022

L-T outlook 2022-24 CAGR: 4-5% base business revenue growth and 7-9% adj. EPS growth

Appendix

Non-GAAP Reconciliations

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Note on Non-GAAP Financial Measures

The non-GAAP measures for (i) adjusted diluted EPS from continuing operations, (ii) free cash flow and (iii) contribution margin are presented because management believes those measures are useful adjuncts to measures under the accounting principles generally accepted in the United States ("GAAP").

As used in this presentation the term (i) "adjusted" refers to non-GAAP measures that exclude special items such as restructuring and integration charges, certain financial impacts resulting from the COVID-19 pandemic, amortization expense, excess tax benefit associated with stock-based compensation, a gain on remeasurement of an equity interest, costs associated with donations, contributions and other financial support through Quest for Health Equity, the company's recently announced initiative with the Quest Diagnostics Foundation to reduce health disparities in underserved communities, the gain on the sale and leaseback of a property, and other items (ii) "free cash flow" refers to operating cash flows less capital expenditures and (iii) "contribution margin" refers to (a) revenues less direct incremental costs related to such revenues, divided by (b) such revenues.

The company has provided compound annual growth rate projections of 7-9% for adjusted diluted EPS and free cash flow, which are non-GAAP measures. The company is unable to present a reconciliation of these non-GAAP measures to the most comparable GAAP measure due to the inherent uncertainty and variability in the nature and amount of special items referenced above.
Non-GAAP 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 following tables reconcile reported GAAP measures to non-GAAP measures.

Adjusted Diluted EPS from Continuing Operations

- The following table reconciles adjusted diluted earnings per share from continuing operations ("Diluted EPS") to reported results under GAAP.

	Twelve months ended December 31,		
	2020	2019	2018
Diluted EPS - as reported	$ 10.47	$ 6.13	$ 5.29
Restructuring and integration charges (a)	0.32	0.42	0.66
COVID-19 impact (b)	0.39	-	-
Gain on remeasurement of equity interest (c)	(0.46)	-	-
Amortization of intangible assets	0.63	0.61	0.57
Other (d)	-	(0.50)	0.01
Certain income tax items (e)	-	-	(0.09)
Excess tax benefits associated with stock-based compensation	(0.17)	(0.10)	(0.13)
Diluted EPS - as adjusted	$ 11.18	$ 6.56	$ 6.31

Adjusted Diluted EPS from Continuing Operations

a) For the twelve months ended December 31, 2020 and 2019, represents costs primarily associated with systems conversions and integration incurred in connection with further restructuring and integrating our business. For the twelve months ended December 31, 2018, represents costs primarily associated with workforce reductions, systems conversions and integration incurred in connection with further restructuring and integrating our business. Income tax impacts were primarily calculated using combined statutory tax rates of 25.5%.

b) For the twelve months ended December 31, 2020, principally includes expense associated with payments to eligible employees to help offset expenses they incurred as a result of COVID-19, incremental costs incurred primarily to protect the health and safety of our employees and customers, and certain asset impairment charges. Income tax impacts were primarily calculated using combined statutory tax rates of 25.5%.

c) For the twelve months ended December 31, 2020, represents a pre-tax gain of $70 million based on the difference between the fair value and the carrying value of an equity interest. On August 1, 2020, we completed the acquisition of the remaining 56% interest in Mid America Clinical Laboratories, LLC ("MACL") from our joint venture partners. As a result of the transaction, we remeasured our previously held minority interest in MACL to fair value and recognized a gain. Income tax expense was calculated based on an effective income tax rate on the transaction of 11.8%, which is lower than the statutory income tax rate due to a permanent difference in the financial reporting and tax basis of goodwill.

d) For the twelve months ended December 31, 2020, includes a gain recognized by an equity method investee to adjust certain of its investments to fair value, which was offset by a loss on retirement of debt, and, to a lesser extent, costs associated with Quest for Health Equity, our recently announced initiative with the Quest Diagnostics Foundation to reduce health disparities in underserved communities. For the twelve months ended December 31, 2019, primarily represents a gain associated with the sale and leaseback of a property, a gain associated with the decrease in the fair value of the contingent consideration accruals associated with previous acquisitions, and a gain associated with proceeds from an insurance claim for hurricane related losses, partially offset by costs incurred related to a data security incident and non-cash asset impairment charges. For the twelve months ended December 31, 2018, primarily represents costs incurred related to certain legal matters and a loss on the sale of a foreign subsidiary, which were partially offset by a gain associated with the decrease in the fair value of the contingent consideration accrual associated with a previous acquisition and proceeds from an insurance claim for hurricane related losses. Income tax impacts were primarily calculated using combined statutory tax rates of 25.5% for 2020, 2019 and 2018. For the gain associated with proceeds from an insurance claim for hurricane related losses in 2019, there was no net income tax expense as we were able to utilize net operating loss carryforwards for which a valuation allowance had previously been established. For the gain in 2019 associated with the decrease in the fair value of the contingent consideration accruals associated with previous acquisitions, there was no net income tax expense related to acquisitions for which the gain was non-taxable.

e) For the twelve months ended December 31, 2018, represents an income tax benefit associated with a change in a tax return accounting method that enabled us to accelerate the deduction of certain expenses on our 2017 tax return at the federal corporate statutory income tax rate in effect during 2017, partially offset by an income tax expense associated with finalizing the impact of the enactment of the Tax Cuts and Jobs Act of 2017.

Free Cash Flow

- The following table reconciles free cash flow to the corresponding measures determined under GAAP.

	Outlook for six months ended June 30, 2021	Twelve months ended December 31,						
		2020	2019	2018	2017	2016	2015	2014
	(dollars in millions)	(dollars in millions)						
Net cash provided by operating activities	$ 800	$ 2,005	$ 1,243	$ 1,200	$ 1,175	$ 1,116	$ 967	$ 944
Less: capital expenditures	(200)	(418)	(400)	(383)	(252)	(293)	(263)	(308)
Free cash flow	$ 600	$ 1,587	$ 843	$ 817	$ 923	$ 823	$ 704	$ 636