Conference operator: **Welcome to the Quest Diagnostics Second 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 Dan Haemmerle, Vice President of Finance, for Quest Diagnostics. Go ahead, please.

Dan Haemmerle: 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. Also joining us is Damini Chokshi, our new Head of Investor Relations, who joined Quest Diagnostics last week. 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 is Jim Davis.

Jim Davis: Thanks, Dan, and good morning, everyone. Before we get started, I want to welcome Damini, who brings to Quest a strong record of investor relations and financial management experience from her nearly two decades with Merck. I also want to thank Dan for his leadership over the past few months as we completed the hiring process. Dan will continue to work closely with Damini over the coming weeks as she transitions into this role.

Now, turning to our results…

Our strong performance in the second quarter demonstrates focused execution of our strategy to connect people and providers to innovative testing and actionable insights that illuminate paths for better health.

In the quarter, we grew revenues by over 10%, driven by broad clinical demand from physicians, hospitals and consumers, and increased volume from our collaborations with Corewell Health and Fresenius Medical Care.

We also grew adjusted diluted earnings per share by over 19%. Our implementation of automation and AI across our business is driving continuous improvements in quality and productivity both in, and outside, our labs. We are also using advanced technologies to make it easier for our customers to engage with us and draw greater insights from our lab data.

With our strategic execution and demographic and technological trends driving sustained demand, we are again raising our guidance for the year.

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

Quest Diagnostics operates at the center of healthcare, providing insights to make health more proactive, personal and connected. 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 second quarter, on broad-based demand for our clinical innovations, new customer wins, and increased business with existing customers. We continued to deliver strong growth in several geographies where we have expanded our reach to physicians through increased health plan access and acquisitions in recent years.

We also continued to grow our enterprise accounts, especially in clinical areas where providers value our ability to deliver solutions that serve the growing interest in prevention and wellness.

In addition, our collaboration with Fresenius Medical Care continued to support growth in the quarter. Through this relationship, we have fostered new capabilities for serving nephrologists and other providers caring for the nearly 36 million people in the U.S. with chronic kidney disease. Today, we provide a highly comprehensive kidney testing portfolio, spanning risk assessment to post-transplant monitoring, for providers focused on this growing area of medicine.

In the **Hospital channel**, we grew revenues at a double-digit rate during the quarter, primarily from Co-Lab Solutions with Corewell Health in Michigan. In addition, revenues from reference testing grew versus the first quarter and prior year.

Hospitals continue to contend with workforce, financial and other pressures. As a preferred strategic partner, we empower hospitals to improve quality, expand access to new test innovations, and maximize cost efficiencies and capital allocation. As one example, during the quarter, we formed a new Co-Lab agreement with a non-profit regional health system in California.

Through these deep relationships, we have created a strong pipeline of potential collaborations and acquisitions of hospital outreach as well as independent labs.

In the **Consumer Health channel**, we deliver solutions that enable people to own their health. Wellness is not the absence of sickness; it's health that is proactive, personal and connected. And we're helping to make wellness possible by illuminating early signals of disease and by making it easier for people and partners to link our biomarker insights with biometrics. We expect to continue to expand our own platform and solutions for partners, as interest and investment in preventative health and wellness continues to grow.

During the quarter, questhealth.com continued to generate robust revenue growth and strong demand for existing wellness panels and new services, such as our thyroid test offering. In addition, we continued to attract new partners as a result of our diagnostic innovations, flexible technology integrations and scale.

Our customer channels are also growing as we continue to deliver **Advanced Diagnostics** 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 across several of these areas. These include advanced cardiometabolic tests like APOB and LP(a) as well as liver fibrosis testing, an area poised for additional growth given new treatments for late-stage liver disease. We also continued to drive strong growth for our ANAlyzeR™ solution, which aids the diagnosis of autoimmune disorders.

In brain health, we continued to drive robust double-digit growth across our portfolio of AD-Detect™ blood tests, which includes amyloid beta, ptau and other biomarkers, demonstrating the clinical value of our multi-biomarker approach to dementia care.

In oncology, we achieved key milestones for Haystack MRD® during the quarter. New York State approved the test, placing it among an elite group of solid tumor ctDNA MRD tests to fulfill the state's rigorous quality criteria. This approval allows us to extend our commercial efforts to all 50 states.

We also became the largest reference lab to extend access to cancer tests, such as Haystack MRD, through Flatiron Health's OncoEMR® Molecular Profiling Integration platform. We began a pilot of the solution with American Oncology Network, a leading community oncology organization, and plan to roll it out to Flatiron's 4,700 clinicians and other providers nationwide later this 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. We are also making testing simpler and smarter by investing in AI and automation to improve our operations, services and experiences, both in and outside of our labs.

For instance, in our labs, we recently installed the Hologic Genius Digital Diagnostics System in two more locations following successful implementations at about half a dozen sites over the past year. The system first digitizes a Pap test slide and then uses AI to scan for signs of cervical cancer, helping to improve the quality of the slide review by our medical team. Our front-end specimen processing automation is delivering meaningful gains in productivity, and we look forward to extending the solution to other sites later this year.

Beyond our labs, we recently launched IntelliDraw™, a web-based tool that guides the clinical staff of our physician customers through the process of specimen collection, improving quality and the service experience. In addition, we will be implementing an AI tool at patient service centers this year to cut the time it normally takes to track and order supplies.

Overall, we are pleased with our growth, momentum with customers and strategic execution in the second quarter. I'll now turn it over to Sam for more details on our performance and guidance. Sam?

Sam Samad: Thanks, Jim.

In the second quarter, consolidated revenues were $3.04 billion, up 10.2% versus the prior year. Consolidated organic revenues grew by 10%.

Revenues for Diagnostic Information Services were up 10.3% compared to the prior year, with 10.1% organic growth, reflecting strong growth in our physician, hospital and consumer channels.

Total volume, measured by the number of requisitions, increased 13.1% versus the second quarter of 2025, with organic volume up 13%. Our Corewell Health and Fresenius Medical Care relationships contributed 9% to volume in the quarter. Excluding these two relationships, volumes grew by 4.1%.

As anticipated, total revenue per requisition was down 2.8% versus the prior year, due to the Corewell and Fresenius business mix. Adjusting for that business mix, revenue per requisition was up by 2.9% versus prior year, driven primarily by an increase in the number of tests per requisition. Unit price reimbursement remained flat, consistent with our expectations.

Reported operating income in the second quarter was $459 million, or 15.1% of revenues, compared to $438 million, or 15.9% of revenues last year.

On an adjusted basis, operating income was $502 million, or 16.5% of revenues, compared to $466 million, or 16.9% of revenues last year. The increase in adjusted operating income is largely due to organic revenue growth, partially offset by wage increases.

Operating income as a percent of revenues was impacted by investments in Project Nova and the lower operating margin rate associated with the ramp of the Corewell CoLab business. Operating income was also adversely impacted by higher Supplemental Deferred Compensation expenses. The total of all three drivers amounted to a 70-basis point reduction of operating income as a percent of revenues.

Reported EPS was $2.84 in the quarter compared to $2.47 a year ago. Adjusted EPS was $3.12, versus $2.62 the prior year. The improvement in EPS in the second quarter was largely driven by strong organic operating performance as well as the favorable resolution of various tax contingencies, which contributed $0.10 of EPS in the quarter.

As previously indicated, adjusted EPS grew by 19.1% and, excluding the one-time tax benefit, grew by 15.3%.

Cash from operations was $875 million year-to-date through the second quarter versus $858 million in the prior year. This year-over-year increase is the result of higher operating income in the current year, largely offset by a one-time CARES Act tax credit a year ago.

Turning now to our updated full year 2026 guidance.

With our strong first half performance and continued momentum, we are raising our full year revenue and EPS estimates.

We now expect:

- Revenues to be between $11.95 billion and $12.05 billion, reflecting a growth rate of 8.3% to 9.2%.
- Reported EPS to be in a range of $9.97 to $10.17 and adjusted EPS in a range of $11.05 to $11.25.
- Cash from operations to be approximately $1.8 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.
- Nova expenses are unchanged for the full year, but we anticipate increased spend in the second half of the year compared to prior expectations.
- Higher fuel costs in the second half of 2026 versus prior expectations.
- Operating margin is expected to expand versus the prior year.
- Share count is expected to be slightly below 2025.
- Interest expense to be consistent with 2025, and
- Adjusted effective tax rate is now expected to be consistent with 2025.

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

Jim Davis: Thanks, Sam.

In summary, during the quarter:

- We generated robust top- and bottom-line growth on focused execution of our strategy and sustained demand across physicians, hospitals and consumers.
- Revenues increased by over 10%, almost all from organic revenues, while adjusted diluted EPS grew by over 19%.
- Given our growth momentum and continued interest in our lab insights, we are again raising our guidance for the full year.

As we head into the back half of the year, we remain focused on our strategy to connect people and providers to innovative testing and actionable insights that illuminate paths for better health. I want to close by thanking my colleagues across Quest, who enable those insights with care and commitment every day. 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.

[Q&A]

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 Second 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 July 23, 2026 until midnight Eastern Time on August 6, 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.

Goodbye.