

## Labcorp (LH)

**\$251.81** (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$270.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

Neutral

(Since: 09/18/23)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**4-Sell**

Zacks Style Scores:

VGM: B

Value: B

Growth: C

Momentum: A

## Summary

Labcorp is expanding across high-growth specialty areas, including oncology and women's health, where science, clinical demands and innovation are accelerating. Acquisitions and strategic partnerships are poised to drive continued profitable growth. With Cell and gene therapy being a growing focus of biopharma pipelines, Labcorp is working to strengthen its position as a trusted partner in this field. Additionally, it leverages AI and technology to drive margin efficiency and enhance customer experience. Favorable solvency and consistent shareholder return through buybacks and dividends also bode well for the stock. Yet, ongoing macroeconomic volatilities and adverse currency impacts pose risks for the company's operations. Labcorp operates in a fiercely competitive market, which can weigh on its financial results.

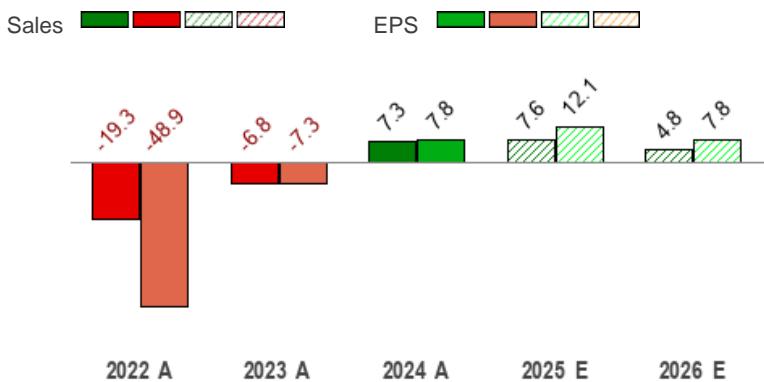
## Price, Consensus & Surprise<sup>(1)</sup>



## Data Overview

52 Week High-Low	<b>\$293.72 - \$209.38</b>
20 Day Average Volume (sh)	<b>547,473</b>
Market Cap	<b>\$21.1 B</b>
YTD Price Change	<b>1.5%</b>
Beta	<b>1.00</b>
Dividend / Div Yld	<b>\$2.88 / 1.1%</b>
Industry	<b>Medical Services</b>
Zacks Industry Rank	<b>Bottom 24% (186 out of 244)</b>

## Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



## Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					14,663 E
2025	3,345 A	3,527 A	3,564 A	3,732 E	13,992 E
2024	3,177 A	3,221 A	3,282 A	3,329 A	13,009 A

## EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					17.60 E
2025	3.84 A	4.35 A	4.18 A	4.53 E	16.33 E
2024	3.68 A	3.94 A	3.50 A	3.45 A	14.57 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 12/26/2025.

## Overview

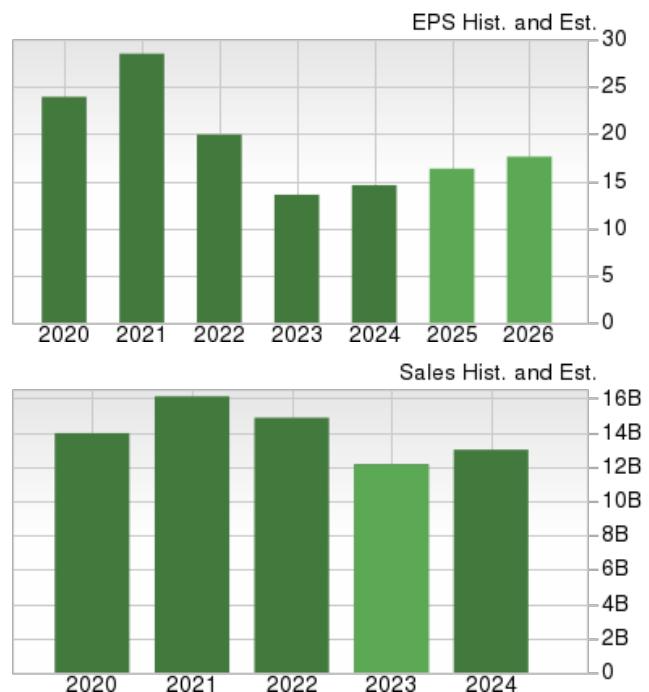
Headquartered in Burlington, NC, Labcorp Holdings, Inc. or Labcorp, is a leading healthcare diagnostics company, providing comprehensive clinical laboratory services and end-to-end drug development support. In 2015, Labcorp acquired NJ based Covance, a drug development services company providing a wide range of early stage and late-stage product development services on a worldwide basis primarily to the pharmaceutical and biotechnology industries.

In May 2024, Labcorp completed its new public holding company recognition structure. The new parent company, Labcorp Holdings Inc., replaced Laboratory Corporation of America Holdings (LCAH) as the publicly traded entity. Subsequently, LCAH became the wholly owned subsidiary of Labcorp Holdings Inc.

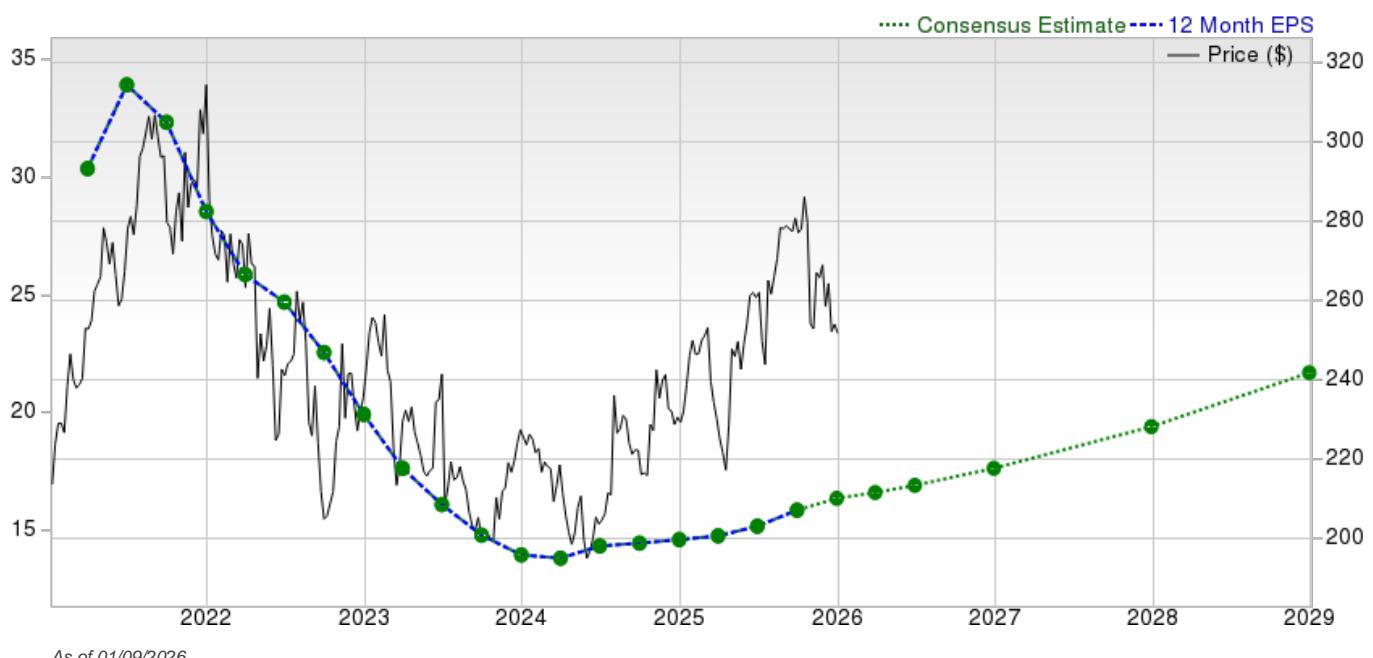
Post the spin-off of Fortrea on Jun 30, 2023, Labcorp reports its laboratory service business under two segments —

**Diagnostics Laboratories (Dx)** comprised 78% of the company's revenues in 2024, up 7.7% from 2023. The segment offers a comprehensive menu of frequently requested core testing and specialty testing through an integrated network of primary and specialty laboratories across the United States and Canada.

**Biopharma Laboratory Services ("BLS")** (22% of net sales, up 5.3%): This includes the remaining operations of the previously reported Drug Development segment. Biopharma laboratory services consist of two businesses — the Central Laboratories business, which represents about 70% of the segment's revenues, and Early Development Research Laboratories, smaller in proportion but a leader in the market.



As of 01/09/2026



As of 01/09/2026

## Reasons To Buy:

▲ **Targeted Development in High-Growth Areas:** Labcorp continues to expand its business in specialty testing areas such as oncology, women's health, autoimmune disease, and neurology, which are expected to grow up to 3 times faster than other therapeutic areas. In the third quarter of 2025, the company strengthened its oncology and genetic testing portfolio by extending OmniSeq INSIGHT to evaluate ovarian tumors for homologous recombination deficiency (HRD). PGDx elio tissue complete became the first test of its kind to receive CE marking under the European Union's In Vitro Diagnostic Regulation. As a commercial partner, Labcorp will expand access to Geneoscropy's new FDA-approved, simplified at-home collection method for the ColoSense colorectal cancer screening test. Further, Labcorp expanded access to the Invitae genetic tests through Epic Aura, enabling streamlined ordering and results delivery for Epic customers.

Labcorp expanded its neurology capabilities with two new Alzheimer's tests for specialty and primary care settings. In addition, the Labcorp OnDemand channel maintained strong momentum, having launched several consumer-initiated tests during the quarter, including tests for lead exposure, ApoB for heart health and a panel for healthy aging. Another launch, the Labcorp Whole Health Solutions, supports the growing needs of functional medicine, integrative medicine and primary care providers in delivering holistic care.

▲ **BLS Expansion Continues:** This segment is benefiting from collaborations with leading pharmaceutical and biotechnology companies working on potential antivirals, treatments, and vaccines. In the third quarter of 2025, the segment grew 8.3% year over year, driven by a 7% growth in Central Laboratories. The business has added digital pathology capabilities, including advanced image scanning and AI-powered solutions to provide analysis on large data sets instantly. For the full year, Labcorp expects BLS revenues to increase 5.7% to 7.1% over 2024.

Further, the company continues to solidify itself as a trusted partner in the fast-growing field of cell and gene therapy (CGT) development. In August, Labcorp announced the expansion of its laboratory in Madison, WI, increasing its preclinical testing capacity to quickly advance CGT, from discovery to investigational new drug application and clinical trial application. The company has already established itself as a key partner to biopharma in CDx, supporting the international expansion of specialized diagnostics. As its pipeline grows, the company aims to leverage its scientific leadership in new markets through a unique set of capabilities, including a global central laboratory footprint and deep customer relationships in diagnostics and biopharma laboratory services. In 2024, Labcorp bolstered its global molecular bioanalytical capacity by opening a new facility in Greenfield, IN.

▲ **Strategic Acquisitions and Partnerships to Drive Growth:** In recent years, Labcorp has built a significant number of strategic relationships with health systems and regional/local laboratories, expanding its patient and provider network, and strengthening its presence in key markets. In the third quarter, the company invested \$268 million in acquisitions and partnerships, with acquisitions contributing 2.2% to top-line growth. Labcorp signed agreements to acquire select assets of Laboratory Alliance of Central New York and Empire City Laboratories, as well as with Crouse Health to manage their inpatient labs. Labcorp also completed the acquisition of select oncology and clinical testing assets from BioReference Health, a wholly owned subsidiary of OPKO Health.

In July, Labcorp agreed to acquire select assets of the ambulatory outreach laboratory services of Community Health Systems, one of the largest health care companies in the United States, across 13 states. The transaction is expected to close by the year-end. This year, Labcorp also extended its long-term agreement with UHealth, the University of Miami Health System and acquisition of key clinical and anatomic pathology assets from Incyte Diagnostics in the Pacific Northwest. The Invitae acquisition in 2024 extended Labcorp's capabilities in genetic testing solutions for oncology and select rare diseases.

▲ **Focus on Operational Efficiency:** Labcorp is focused on enhancing customer and employee experiences and leveraging technology to drive ongoing operational and process efficiencies. In 2021, the company launched its business process improvement initiative, LaunchPad, which achieved the targeted savings of \$350 million by the end of 2024. Labcorp continues to focus on driving about \$100-\$125 million in annual savings under this initiative, through facility and workforce optimization, technology upgrades, acquisition integration, and process redesign.

The company also implemented other operational efficiencies in order to improve margins, such as the Labcorp Diagnostic Assistant — a digital solution integrated into electronic health records that supports providers with real-time access to comprehensive laboratory data, insights and self-service capabilities. Labcorp launched eClaim Assist, a next-generation digital platform that streamlines patient claim information updates and responses, reducing time and enhancing efficiency. In the third quarter, it launched Labcorp Test Finder, a generative AI tool developed with Amazon Web Services, to improve test selection for providers and health systems.

▲ **Solvency, Buybacks, and Dividends:** Labcorp boasts a sound financial health, ending the third quarter of 2025 with cash and cash equivalents of \$598.1 million and \$500 million in short-term debt. Long-term debt was \$5.08 billion, almost consistent with second-quarter levels. The company had a times interest earned ratio of 5.3%, consistent with the previous quarter.

Labcorp also returns capital to shareholders through its share repurchase program and dividends. During the quarter, it paid \$59.9 million in dividends and bought back \$25 million of stock.

Labcorp benefits from the solid execution of its strategic priorities. Investment in targeted high-growth areas should continue the momentum.

## Reasons To Sell:

▼ **Macroeconomic Risks:** Labcorp's operations are heavily dependent on the demand for diagnostic testing and drug development services from patients, physicians, hospitals, medical device companies, and others. In recent times, volatilities in global economic conditions, including inflation, have significantly reduced the demand for these services, affecting the customers' ability to pay and, consequently, the profitability of the company. Added to this, the escalation of the present geopolitical tensions and retaliatory tariffs is putting pressure on the supply chain and services, increasing the prices of offerings. In the third quarter of 2025, the cost of revenues went up 6.8% year over year.

▼ **Exposed to Currency Headwind:** Labcorp's huge exposure in international markets makes it vulnerable to currency fluctuations. With the recent upward trend observed in the value of the U.S. dollar, further acceleration expected by analysts in this value will cause the company's revenues to face a tough situation overseas.

▼ **Competitive Landscape:** The commercial laboratory business is fiercely competitive in terms of price, service, specialty offerings, and the type and number of commercial laboratories. Both of Labcorp's segments compete against a wide range of businesses, as well as in-house departments of pharmaceutical, biotechnology, medical device and diagnostic companies, and to a lesser extent, selected academic research centers, universities and teaching hospitals. In addition, BLS' services periodically experience periods of increased price competition that may hurt the segment's profitability, consolidated revenues and net earnings. Further, consolidation in the commercial laboratory industry has empowered larger providers to use cost efficiencies from automated testing, leading to greater price competition.

▼ **Reimbursement Cut May Impact Operations:** Changes in governmental and third-party payer regulations had a significant impact on Labcorp's operations. Particularly, in the last couple of years, the company faced several reimbursement issues, hurting its revenues. The company is concerned about the CMS' (Centers for Medicare & Medicaid Services) latest Medicare reimbursement reduction as a result of the implementation of the Protecting Access to Medicare Act (PAMA). Dx has faced reimbursement reductions due to several Congressional acts and regulatory initiatives, including those aimed at controlling healthcare expenses. As per the last update, Congress delayed the implementation of PAMA, removing a potential \$80 million revenue headwind for Labcorp in 2025.

The company faces headwinds from macroeconomic uncertainties, rising debt levels and competitive pressures in the industry.

## Last Earnings Report

### Labcorp Tops Q3 Earnings Estimates

Labcorp Holdings or Labcorp, reported adjusted earnings per share of \$4.18 for the third quarter of 2025. The figure rose 19.4% from the year-ago level.

The adjusted figure excludes the impact of certain amortization expenses and restructuring charges, among others. The bottom line beat the Zacks Consensus Estimate by 1.2%.

On a GAAP basis, earnings per share was \$3.12 compared with \$2.00 in the year-ago period.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 28, 2025
Sales Surprise	-0.01%
EPS Surprise	1.21%
Quarterly EPS	4.18
Annual EPS (TTM)	15.82

### Q3 Revenues

Revenues rose 8.6% year over year to \$3.56 billion. The figure missed the Zacks Consensus Estimate by 0.01%.

The year-over-year increase was driven by organic revenue growth of 6.2%, acquisitions (net of divestitures) of 1.7% and a foreign currency translation gain of 0.7%.

Following the announcement, Labcorp shares edged down 1.5% in the pre-market session today. This fall can be attributed to the company's lowered 2025 revenue guidance.

### Q3 Performance by Segments

The company currently operates under two segments — **Diagnostics Laboratories** and **Biopharma Laboratory Services** (comprised of its Central Laboratories and Early Development Research Laboratories).

For the third quarter, Diagnostics Laboratories reported revenues of \$2.77 billion, reflecting an 8.5% improvement year over year.

On an organic basis, revenues were up 6.3%. The company's total volumes (measured by requisitions) increased 4.7%, as acquisition volumes contributed 1.2% and organic volumes rose 3.5%.

Biopharma Laboratory Services revenues rose 8.3% to \$799.1 million in the third quarter. The year-over-year increase was primarily driven by organic growth of 5.3% and a foreign currency translation gain of 3.0%.

### Labcorp's Margin Performance

The gross margin expanded 121 basis points (bps) to 28.8% in the third quarter despite a 6.8% rise in the cost of revenues.

The adjusted operating income improved 40.8% year over year to \$472.7 million. The adjusted operating margin expanded 303 bps year over year to 13.3% due to a 2.8% decline in SG&A expenses (\$552.4 million).

### Labcorp's Cash Position

Labcorp exited the third quarter with cash and cash equivalents of \$598.1 million compared with \$647.3 million at the end of the second quarter. Long-term debt totaled \$5.08 billion, in line with the second-quarter figure.

Cumulative cash inflow from operating activities at the end of the third quarter was \$1.03 billion compared with \$808.6 million a year ago.

### 2025 Guidance

Labcorp updated 2025 full-year guidance to reflect its third-quarter performance and full-year outlook.

Total revenues for 2025 are now expected to grow in the range of 7.4-8.0% (earlier 7.5-8.6%). Diagnostics Laboratories' revenues are expected to increase in the range of 7.2-7.8% (earlier 7-8%), while Biopharma Laboratory Services' revenues are now forecasted to be between 5.7% and 7.1% (earlier 6.1% and 7.5%).

The Zacks Consensus Estimate for full-year revenues is pegged at \$14.01 billion.

Meanwhile, Labcorp expects full-year adjusted earnings per share to be in the band of \$16.15-\$16.50 (earlier \$16.05-\$16.50). The Zacks Consensus Estimate for the metric is pegged at \$16.30.

## Recent News

### Labcorp to Acquire Parkview Health's Select Assets: Nov. 13, 2025

Labcorp recently entered into a strategic agreement with Parkview Health to acquire select assets of the latter's outreach laboratory services that provides high-quality testing across Indiana and northwest Ohio.

### Labcorp to Offer the Elecsys pTau181 Test: Oct. 23, 2025

Labcorp announced that it would offer the Elecsys pTau181 test, the only blood test cleared by the FDA to aid in the initial assessment for Alzheimer's disease and other causes of cognitive decline in the primary-care setting.

### Labcorp Collaborates With Roche: Sept. 30, 2025

Labcorp recently entered a collaboration with Roche to implement Labcorp's FDA-cleared VENTANA DP 600 and DP 200 slide scanners. Labcorp to leverage Roche's digital pathology technology to expand access, enhance efficiency and support AI integration across anatomic pathology services.

## Valuation

Labcorp shares are down 2.3% over the six-month period and up 10.5% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 6.1% and the Zacks Medical sector is up 13.1% over the six-month period. Over the past year, the Zacks sub-industry is up 6.9% while the sector is up 5.5%.

The S&P 500 index is up 14.9% over the six-month period and up 18.2% in the past year.

The stock is currently trading at 14.5X Forward 12-months earnings, which compares to 16.5X for the Zacks sub-industry, 21.3X for the Zacks sector and 23.5X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.8X and as low as 10.5X, with a 5-year median 14.2X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$270 price target reflects 15.3X forward 12-months earnings.

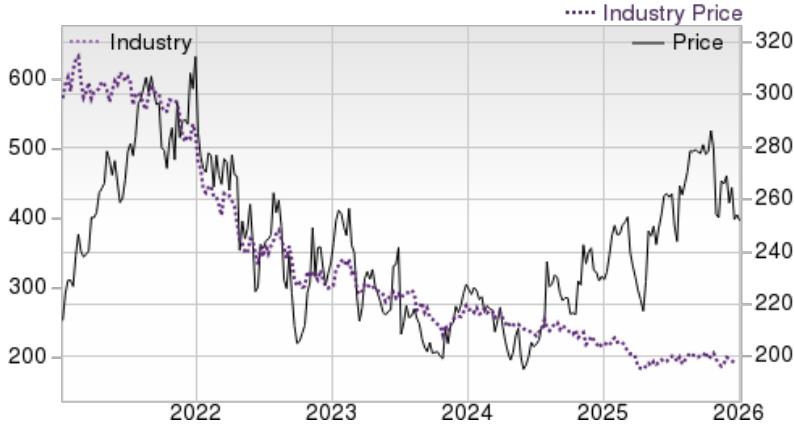
The table below shows summary valuation data for LH.

Valuation Multiples - LH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.47	16.51	21.29	23.54
	5-Year High	17.78	18.78	23.59	23.78
	5-Year Low	10.52	13.21	17.84	15.73
	5-Year Median	14.19	15.44	20.62	21.22
P/S F12M	Current	1.44	0.48	2.16	5.31
	5-Year High	2.09	0.92	3.41	5.50
	5-Year Low	1.19	0.43	2.02	3.82
	5-Year Median	1.47	0.62	2.65	5.04
P/B TTM	Current	2.43	2.05	4.05	8.60
	5-Year High	2.94	3.09	6.09	9.15
	5-Year Low	1.81	1.65	3.58	6.59
	5-Year Median	2.36	2.24	4.53	8.04

As of 12/24/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 24% (186 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Align Technology, Inc. (ALGN)	Neutral	3
Becton, Dickinson and Co. (BDX)	Neutral	3
The Cooper Companies, Inc. (COO)	Neutral	2
Quest Diagnostics Inc. (DGX)	Neutral	2
Henry Schein, Inc. (HSIC)	Neutral	3
Thermo Fisher Scientific, Inc. (TMO)	Neutral	3
West Pharmaceutical Services, Inc. (WST)	Neutral	3
DENTSPLY SIRONA Inc. (XRAY)	Underperform	5

## Industry Comparison<sup>(1)</sup> Industry: Medical Services

	LH	X Industry	S&P 500	BDX	DGX	HSIC
<b>Zacks Recommendation (Long Term)</b>	Neutral	-	-	Neutral	Neutral	Neutral
<b>Zacks Rank (Short Term)</b>	4	-	-	3	2	3
<b>VGM Score</b>	B	-	-	C	A	C
Market Cap	21.11 B	424.02 M	40.73 B	58.46 B	19.77 B	9.30 B
# of Analysts	8	3	22	8	9	9
Dividend Yield	1.13%	0.00%	1.37%	2.05%	1.80%	0.00%
<b>Value Score</b>	B	-	-	B	B	A
Cash/Price	0.03	0.15	0.04	0.02	0.02	0.02
EV/EBITDA	14.17	4.47	15.01	15.18	13.11	11.88
PEG Ratio	1.90	1.93	2.04	2.27	2.26	2.35
Price/Book (P/B)	2.43	2.07	3.44	2.32	2.71	2.31
Price/Cash Flow (P/CF)	11.37	11.20	15.54	8.89	13.16	10.78
P/E (F1)	18.85	15.32	18.81	13.82	17.14	14.99
Price/Sales (P/S)	1.53	1.20	3.07	2.68	1.82	0.72
Earnings Yield	6.91%	4.01%	5.30%	7.24%	5.83%	6.67%
Debt/Equity	0.59	0.09	0.57	0.69	0.71	0.54
Cash Flow (\$/share)	22.40	0.18	8.98	23.08	13.51	7.33
<b>Growth Score</b>	C	-	-	C	B	D
Hist. EPS Growth (3-5 yrs)	-17.21%	-3.44%	8.24%	2.58%	-10.95%	4.82%
Proj. EPS Growth (F1/F0)	-7.28%	14.70%	9.21%	3.13%	9.63%	3.59%
Curr. Cash Flow Growth	8.55%	0.53%	7.00%	8.27%	4.61%	5.30%
Hist. Cash Flow Growth (3-5 yrs)	2.04%	7.22%	7.49%	5.32%	4.12%	5.22%
Current Ratio	1.55	1.65	1.19	1.11	1.13	1.40
Debt/Capital	37.25%	26.14%	38.14%	40.97%	41.86%	42.96%
Net Margin	6.21%	-1.25%	12.77%	7.68%	8.91%	3.02%
Return on Equity	15.85%	-6.66%	17.03%	16.42%	15.47%	14.76%
Sales/Assets	0.76	0.76	0.53	0.40	0.68	1.21
Proj. Sales Growth (F1/F0)	-6.80%	5.60%	5.30%	2.80%	11.10%	3.20%
<b>Momentum Score</b>	A	-	-	D	C	F
Daily Price Chg	0.37%	0.00%	0.01%	1.22%	-0.22%	1.10%
1 Week Price Chg	-0.88%	-0.45%	1.11%	-0.71%	-1.22%	0.91%
4 Week Price Chg	-3.80%	1.09%	0.30%	2.37%	-2.11%	3.62%
12 Week Price Chg	-10.24%	0.00%	4.41%	10.75%	-4.86%	27.36%
52 Week Price Chg	8.69%	-4.31%	16.95%	-12.48%	15.39%	11.17%
20 Day Average Volume	547,473	345,283	2,445,854	1,808,088	796,904	993,530
(F1) EPS Est 1 week change	-0.08%	0.00%	0.00%	0.00%	0.00%	-0.06%
(F1) EPS Est 4 week change	-0.16%	0.00%	0.00%	0.00%	0.00%	-0.06%
(F1) EPS Est 12 week change	-1.82%	0.00%	0.47%	0.40%	-0.29%	0.96%
(Q1) EPS Est Mthly Chg	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	A
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

### Disclosures

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