



Lab Corporation of America (NYSE: LH)

Recommendation: BUY

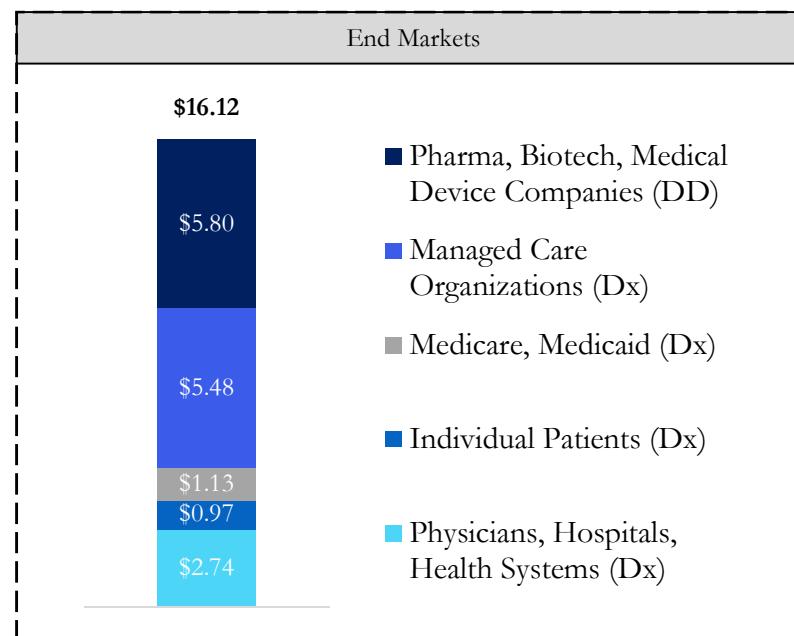
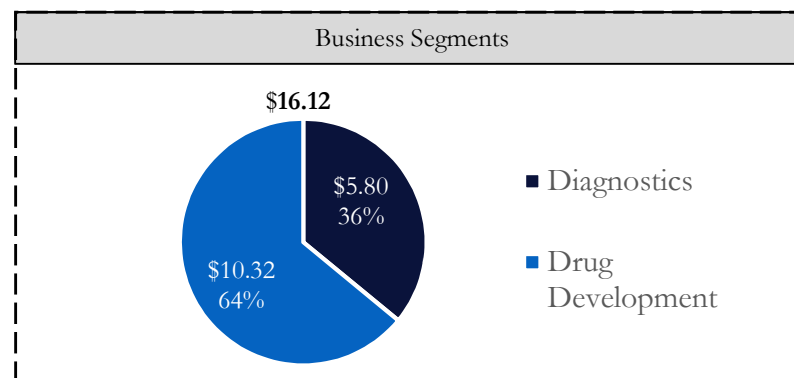
Introduction to LabCorp



Business Overview

- 1 LabCorp delivers a leading diagnostics testing business (Dx) and a rapidly growing drug development business (DD).
- 2 LabCorp's diagnostics business offers an expansive menu of diagnostic tests and facilitates one of the largest national networks of diagnostic testing locations (~2,000). The drug development business provides clinical research services and facilitates trials through one of the largest global networks of clinical research sites (~100 countries).
- 3 LabCorp offers technology-enabled solutions that enable it to store, analyze, and predict trends in the patient data it collects

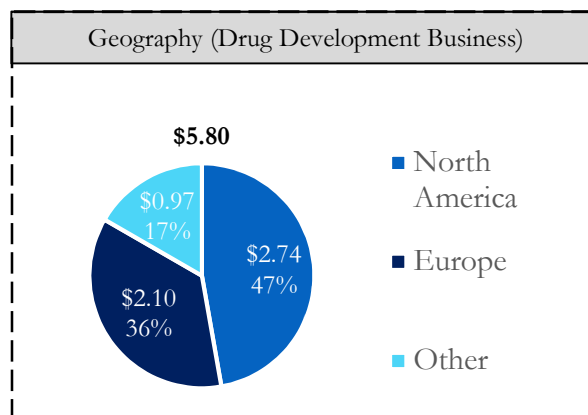
Revenue Segmentation (\$bn)



Key Financials (\$bn)

Total EV	\$29.42
Market Cap	\$24.54
D/E	0.62
EV/EBITDA	6.8x
P/E	10.79
Gross Margin	34.9%
EBITDA Margin	25.1%
EBIT Margin	21.6%

Revenue Segmentation (\$bn)



Introduction to Core Businesses



Diagnostics Business

Service	Key Features
Provides Wide Menu of Diagnostic Tests	Standard: blood, urine, STDs, thyroid, etc. Specialty: oncology, genetics, cardiovascular, etc.
Efficiently Handles Logistics for Processing Results	~2,000 patient service centers for convenient testing, 1-2 day turnaround time to process tests
Aggressively Launches New Tests	Launched 50 new tests in 2021, conducted 700 research studies
Leverages Tech Services for Data Management	Convenient digital platforms for managing patient and client results of tests

Drug Development Business

Services	Key Features
Connect Client R&D Efforts to Clinical Trial Opportunities	Identify promising drug candidates and ensure their safety / readiness for clinical studies
Expansive Global Network of Labs for Clinical Studies	Provide expansive geographic coverage to unlock diverse patient demographics (~100 countries)
Efficient Drug Development Life Cycle Management	Mitigate cost and time delays, leverage digital tools to identify optimal sites and patients for trials

Resilient Revenue Growth in Core Businesses

Revenue (\$bn)	2019A	2020A	2021A	2022E		2022E % Growth	
				Low	High	Low	High
Total Diagnostics	\$7.00	\$9.25	\$10.36	\$8.55	\$9.17	-17.5%	-11.5%
COVID-19 Testing	–	\$2.78	\$2.76	\$0.69	\$1.10	-75.0%	-60.0%
Core Business	\$7.00	\$6.47	\$7.60	\$7.87	\$8.06	3.5%	6.0%
Total Drug Development	\$4.58	\$4.88	\$5.85	\$6.26	\$6.41	7.0%	9.5%
Core Business	\$4.58	\$4.76	\$5.81	\$6.25	\$6.39	7.5%	10.0%
Total LabCorp Enterprise	\$11.55	\$13.98	\$16.12	\$15.07	\$15.88	-6.5%	-1.5%
COVID-19 Testing	–	\$2.78	\$2.76	\$0.69	\$1.10	-75.0%	-60.0%
Core Businesses	\$11.55	\$11.19	\$13.36	\$14.36	\$14.70	7.5%	10.0%

Management Suggests Promising Longer-Term Outlook (2022-2024)

Base Business Organic Rev. Growth (CAGR vs 2021)	Low	High
LabCorp Enterprise	4%	7%
Diagnostics	2.5%	4.5%
Drug Development	7%	10%

M&A Rev. Growth (CAGR vs. 2021)	Low	High
LabCorp Enterprise	2%	3%

Thesis

The market undervalues the combined force of LabCorp's dominant core businesses—diagnostics and drug development. While LabCorp currently trades alongside peers that strictly operate in the diagnostics industry, the company's stock will enjoy significant upside as its rapidly growing drug development business matures.

Rationale

- 1 Industry challenges in drug development fuel demand for LabCorp's unique and undervalued capabilities
- 2 LabCorp is competitively positioned for ambitious M&A expansion into diversified high-growth areas
- 3 The one-of-a-kind combined force of LabCorp's core businesses drives self-reinforcing growth

Price Target:

\$361.62

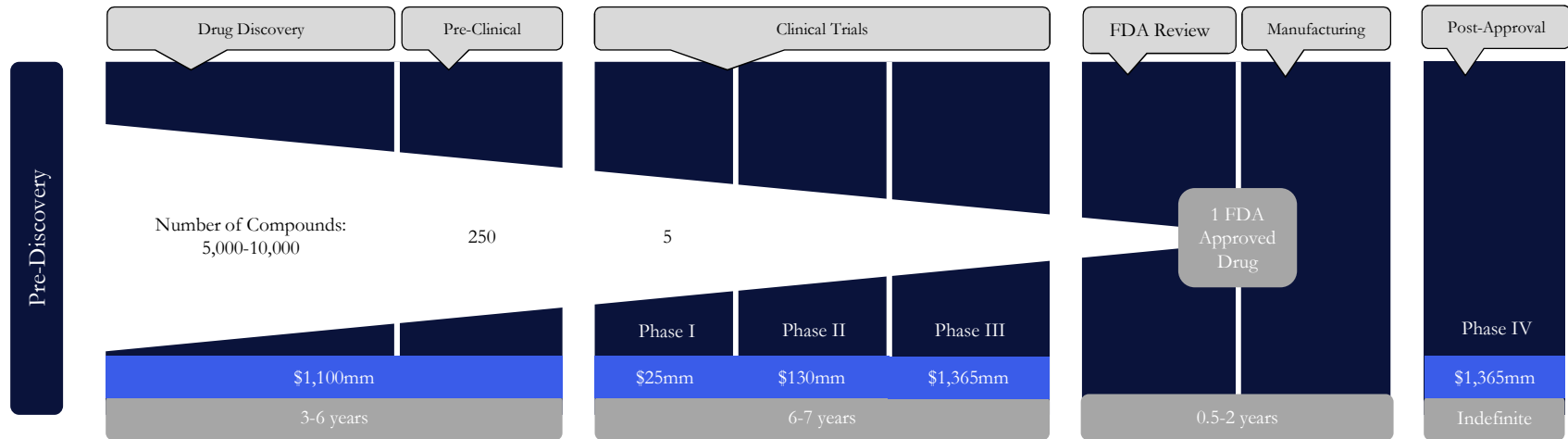
37.3% upside, **BUY**

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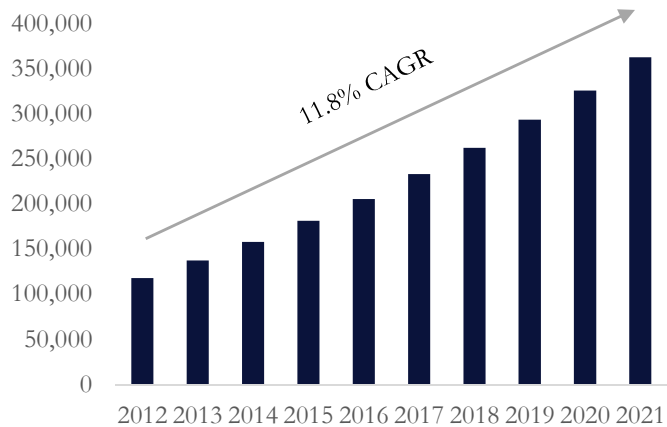
Industry challenges in drug development fuel demand for LabCorp's unique and undervalued capabilities



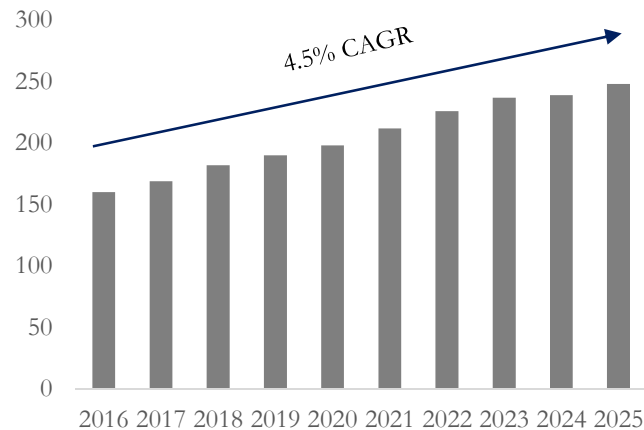
Drug Development Process Overview



Rapidly Growing Number of Registered Clinical Studies



Steadily Growing Pharma R&D Spend



Outsourced Drug Developers Win

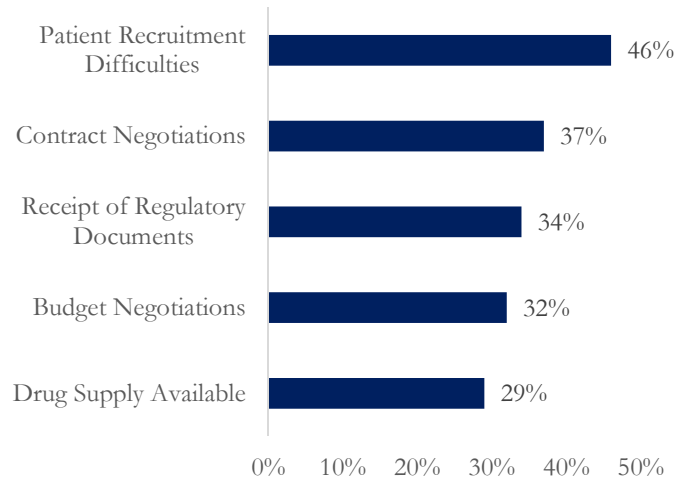
Big pharma and biotech depend on the slim chance that a drug will pass through clinical trials and receive FDA approval. Outsourced drug developers drive business through increased R&D and registered clinical studies. They avoid the downside risk when a drug fails.

1

Industry challenges in drug development fuel demand for LabCorp's unique and undervalued capabilities



Time Delays Afflict Clinical Trial Efficiency



Patient Recruitment is Main Driver in Stagnating Clinical Trial Progress

Trial sponsors are in competition for a limited number of clinicians and sites in specific therapeutic areas to access a finite patient population

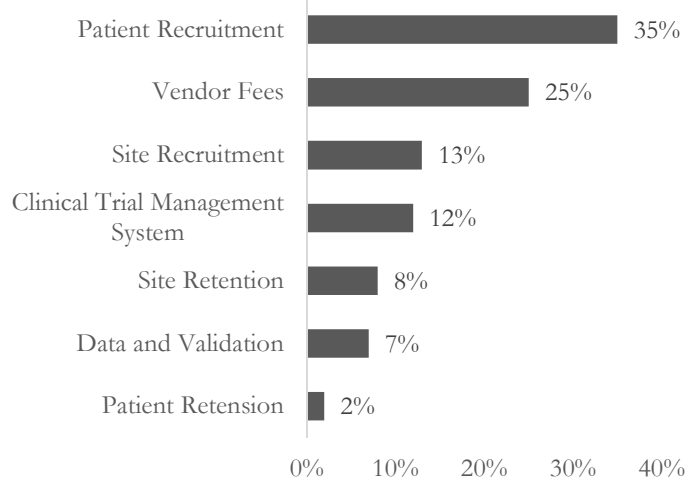
30% of patients drop out over the course of a clinical trial

Clinical Trial Delays are Industry Norm

80% of clinical trials experience delays

It can cost \$600,000 - \$8 million every day a clinical trial is delayed

Unplanned Costs Drag Drug Development Process



Clinical Trial Challenges and Trends That Work in Favor of LabCorp

- 1 Growing trial complexity
- 2 Growing patient recruitment challenges
- 3 Growing time delays and increased costs
- 4 Increased outsourcing of drug development

LabCorp's drug development services relieve challenges that pharma, biomedical, and medical device companies face when developing pipeline drugs

1

Industry challenges in drug development fuel demand for LabCorp's unique and undervalued capabilities



LabCorp's Edge When Addressing Clinical Trial Challenges

- 1 Data from diagnostics business is leveraged to identify potential patients to recruit for drug development business
- 2 LabCorp's leading global footprint enables it to secure contracts for the largest drug development studies
- 3 Expertise gained from the diagnostics business allows LabCorp to offer drug development services across all major therapeutic areas
- 4 LabCorp operates across all drug development stages, enabling it to uniquely provide end-to-end clinical trial execution

Dominant 2021 Track Record of Drug Development Success

82%

LabCorp's drug development business collaborated on 82% of the novel drugs and therapeutic products approved in 2021

63%

LabCorp was involved with the development of 63% of oncology drugs approved in 2021.

*Oncology is the fastest growing therapeutic area in healthcare

LabCorp's P/E Trades in Line with Diagnostics Comps But is Severely Undervalued Against Biggest Drug Development Services Players

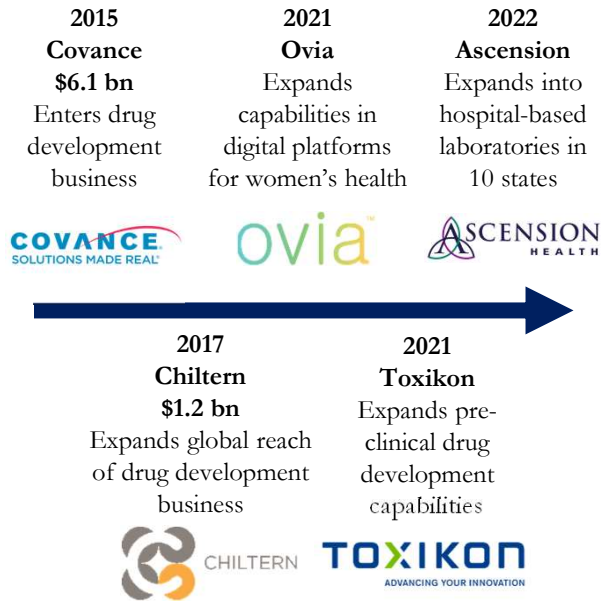
Drug Development Industry Comps	Ticker	# of Countries	Revenue	EBITDA	EV / Revenue		EV / EBITDA		Price / Earnings	
			LTM	LTM	LTM	NTM	LTM	NTM	LTM	NTM
Charles Rivers Laboratories	CRL	19	\$3,540	\$900	4.9x	4.3x	18.8x	16.9x	46.2x	24.8x
ICON Public Limited	ICLR	11	\$5,481	\$849	4.6x	3.2x	27.9x	17.6x	76.7x	21.0x
IQVIA Holdings	IQV	100	\$13,874	\$2,499	4.1x	3.9x	21.3x	17.1x	67.4x	23.7x
Medpace Holdings	MEDP	41	\$1,142	\$220	4.7x	3.8x	21.4x	20.0x	50.2x	28.7x
Syneos Health	SYNH	110	\$5,213	\$648	2.2x	2.1x	15.6x	13.6x	40.5x	16.2x
Diagnostics Industry Comps										
Thermo Fisher Scientific	TMO	NM	\$12,820	\$12,820	6.7x	6.3x	20.1x	22.5x	38.7x	26.3x
Quest Diagnostics	DGX	NM	\$2,854	\$2,854	1.9x	2.2x	6.2x	10.4x	12.4x	15.1x
Sonic Healthcare	SHL	NM	\$1,794	\$1,794	2.2x	2.3x	7.2x	8.5x	13.8x	14.9x
SYNLAB	SYAB	NM	\$1,142	\$1,142	1.4x	1.7x	4.5x	7.0x	6.9x	11.1x
LabCorp	LH	100	\$16,121	\$4,049	2.1x	2.3x	7.1x	8.5x	13.7x	14.9x

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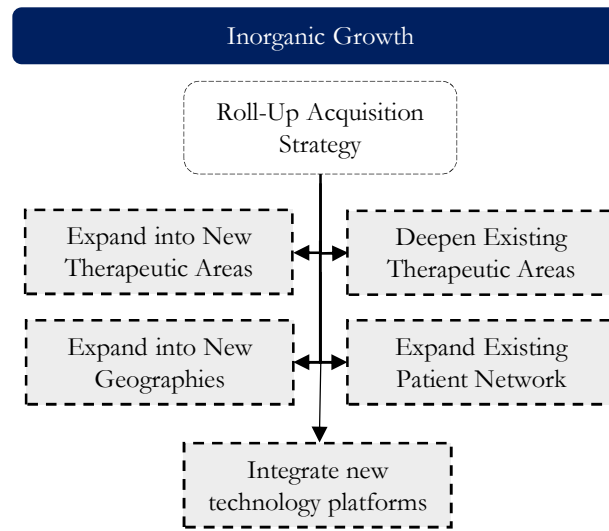
LabCorp is competitively positioned for ambitious M&A expansion into diversified high-growth areas



LabCorp's Steady Appetite for M&A



Industry-Wide M&A Strategy



LabCorp Deepens its Capabilities

Enhanced Value-Add

Expanded patient networks, geographic coverage, and therapeutic area expertise makes LabCorp's capabilities more attractive to big pharma when addressing larger more complex clinical studies

Targeting High-Growth Opportunities

LabCorp is committed to expansion in high-growth therapeutic areas including oncology, Alzheimer's disease, autoimmune disorders, and women's health. LabCorp is already a leader in oncology drug development services.

LabCorp Positioned Against Peers to Have Strong Competitive Positioning for Acquisitions

Drug Development Industry Comps	Ticker	# of Countries	D / E LTM	D / C LTM	D / EBITDA LTM	Cash & Equivalents
Charles Rivers Laboratories	CRL	19	113.9%	53.3%	3.1x	\$241
ICON Public Limited	ICLR	11	70.0%	41.2%	6.3x	\$752
IQVIA Holdings	IQV	100	211.7%	67.9%	4.8x	\$1,366
Medpace Holdings	MEDP	41	15.5%	13.4%	0.6x	\$461
Syneos Health	SYNH	110	90.3%	47.5%	4.2x	\$106
LabCorp	LH	100	61.6%	38.1%	1.5x	\$1,473

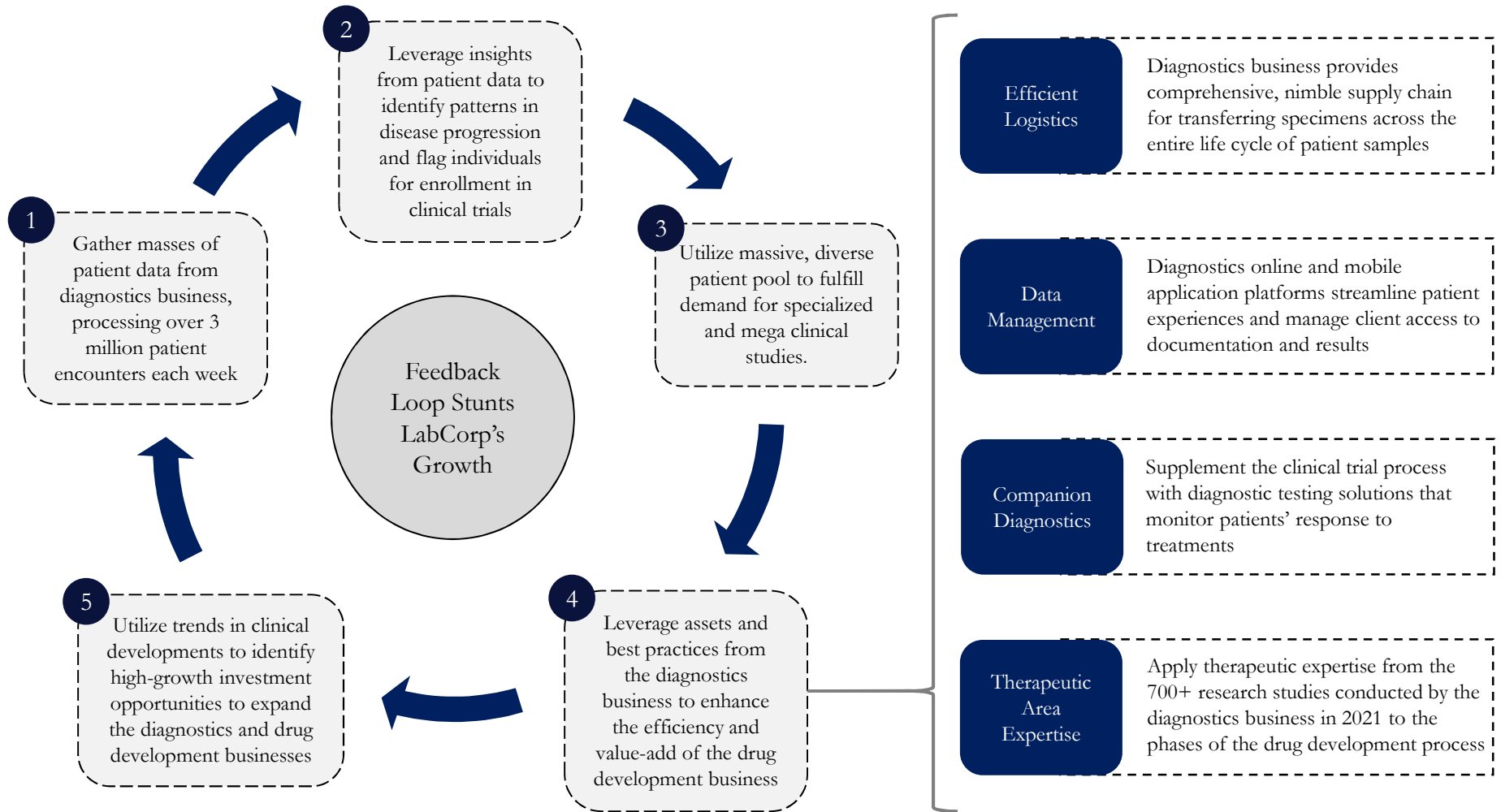
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The one-of-a-kind combined force of LabCorp's core businesses drives self-reinforcing growth



Combined Capabilities of LabCorp's Businesses Promote Feedback Loop of Growth

Maximizing Market Leading Assets



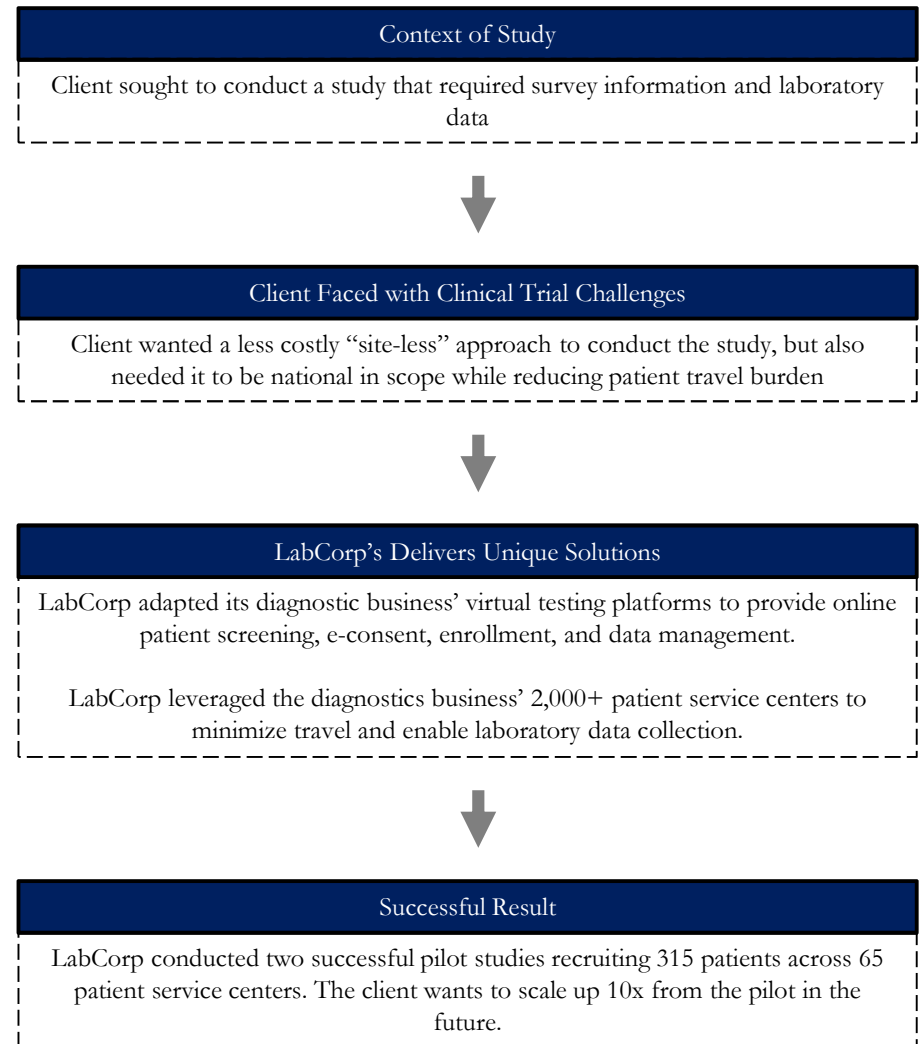
Case Studies: LabCorp in Action



Case 1: Rescuing Patient Enrollment for a Study of a Rare Mutation



Case 2: Providing Virtual Solutions to Studies



Thesis

The market undervalues the combined force of LabCorp's dominant core businesses, diagnostics and drug development. While LabCorp currently trades alongside peers that strictly operate in the diagnostics industry, the company's stock will enjoy significant upside as its rapidly growing drug development business matures.

Rationale

- 1 Industry challenges in drug development fuel demand for LabCorp's unique and undervalued capabilities
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Price Target:

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37.3% upside, **BUY**

Metrics and Drivers



	FYE December 31,				FYE December 31,						
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Diagnostics Revenue Growth %		(0.6%)	30.4%	12.9%	(15.0%)	1.0%	2.0%	2.0%	2.5%	2.5%	2.5%
Base		(0.6%)	30.4%	12.9%	(15.0%)	1.0%	2.0%	2.0%	2.5%	2.5%	2.5%
Bull		(0.6%)	30.4%	12.9%	(11.0%)	2.0%	3.0%	3.0%	3.5%	3.5%	3.5%
Bear		(0.6%)	30.4%	12.9%	(17.0%)	(1.0%)	1.0%	1.0%	0.5%	-	-
Drug Development Revenue Growth %		1.8%	8.7%	16.3%	2.0%	3.0%	5.0%	5.0%	6.0%	6.0%	7.0%
Base		1.8%	8.7%	16.3%	2.0%	3.0%	5.0%	5.0%	6.0%	6.0%	7.0%
Bull		1.8%	8.7%	16.3%	4.0%	5.0%	7.0%	7.0%	8.0%	8.0%	9.0%
Bear		1.8%	8.7%	16.3%	1.0%	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Revenue Growth %		2.0%	21.0%	15.3%	(8.8%)	1.8%	3.2%	3.3%	4.0%	4.0%	4.5%
COGS % of Revenue	72.0%	71.9%	64.6%	65.1%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%
Total COGS % of Revenue	72.0%	71.9%	64.6%	65.1%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%
Gross Margin	28.0%	28.1%	35.4%	34.9%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Base	28.0%	28.1%	35.4%	34.9%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Bull	28.0%	28.1%	35.4%	34.9%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Bear	28.0%	28.1%	35.4%	34.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
SG&A % of Revenue	13.9%	14.1%	12.4%	12.1%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Base	13.9%	14.1%	12.4%	12.1%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Bull	13.9%	14.1%	12.4%	12.1%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
Bear	13.9%	14.1%	12.4%	12.1%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Amortization of Intangibles % of Rev.	2.0%	2.1%	2.0%	2.3%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Base	2.0%	2.1%	2.0%	2.3%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Bull	2.0%	2.1%	2.0%	2.3%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Bear	2.0%	2.1%	2.0%	2.3%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%

Metrics and Drivers (cont.)



	FYE December 31,				FYE December 31,						
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Goodwill & Asset Impairment % of Rev	--	--	3.3%	--	--	--	--	--	--	--	--
Base	--	--	3.3%	--	-	-	-	-	-	-	-
Bull	--	--	3.3%	--	-	-	-	-	-	-	-
Bear	--	--	3.3%	--	-	-	-	-	-	-	-
Restructuring & Other % of Rev.	0.4%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Base	0.4%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Bull	0.4%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Bear	0.4%	0.5%	0.3%	0.3%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Operating Expenses % of Revenue	16.3%	16.6%	17.9%	14.7%	27.6%	27.8%	28.1%	28.5%	28.8%	29.3%	29.8%
EBIT Margin	11.7%	11.5%	17.5%	20.2%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.7%
Income Tax Expense %	29.0%	21.0%	27.1%	22.9%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Base	29.0%	21.0%	27.1%	22.9%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Bull	29.0%	21.0%	27.1%	22.9%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Bear	29.0%	21.0%	27.1%	22.9%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
D&A % of Revenue	4.9%	5.0%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Base	4.9%	5.0%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Bull	4.9%	5.0%	4.5%	4.6%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Bear	4.9%	5.0%	4.5%	4.6%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Capex % of Revenue	3.4%	3.5%	2.7%	2.9%	5.0%	5.0%	4.0%	3.5%	3.5%	3.5%	3.5%
Base	3.4%	3.5%	2.7%	2.9%	5.0%	5.0%	4.0%	3.5%	3.5%	3.5%	3.5%
Bull	3.4%	3.5%	2.7%	2.9%	7.0%	7.0%	6.0%	5.5%	5.5%	5.5%	5.5%
Bear	3.4%	3.5%	2.7%	2.9%	3.0%	3.0%	2.0%	1.5%	1.5%	1.5%	1.5%

Metrics and Drivers (cont.)



	FYE December 31,				FYE December 31,						
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Accounts Receivable % of Revenue	13.0%	13.4%	17.7%	14.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Base	13.0%	13.4%	17.7%	14.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Bull	13.0%	13.4%	17.7%	14.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Bear	13.0%	13.4%	17.7%	14.0%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Unbilled Services % of Revenue	3.5%	4.2%	3.8%	4.4%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Base	3.5%	4.2%	3.8%	4.4%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Bull	3.5%	4.2%	3.8%	4.4%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Bear	3.5%	4.2%	3.8%	4.4%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Inventory % of COGS	2.9%	2.9%	4.7%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Base	2.9%	2.9%	4.7%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Bull	2.9%	2.9%	4.7%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Bear	2.9%	2.9%	4.7%	3.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Other Current Assets % of Revenue	2.7%	3.2%	2.6%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Base	2.7%	3.2%	2.6%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Bull	2.7%	3.2%	2.6%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Bear	2.7%	3.2%	2.6%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Accounts Payable % of COGS	7.8%	7.6%	7.1%	5.9%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Base	7.8%	7.6%	7.1%	5.9%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Bull	7.8%	7.6%	7.1%	5.9%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Bear	7.8%	7.6%	7.1%	5.9%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Accrued Expenses % of COGS	10.7%	11.4%	15.0%	13.4%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Base	10.7%	11.4%	15.0%	13.4%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Bull	10.7%	11.4%	15.0%	13.4%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Bear	10.7%	11.4%	15.0%	13.4%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Deferred Revenue % of Revenue	3.1%	3.9%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Base	3.1%	3.9%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Bull	3.1%	3.9%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Bear	3.1%	3.9%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Net Working Capital % of Revenue	4.8%	5.3%	9.3%	7.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Change in NWC % of Revenue	(0.9%)	0.6%	4.9%	(0.2%)	(2.9%)	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%

Operating Build (Base)



	FYE December 31,				FYE December 31,						
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Diagnostics Revenue	7,020.3	6,976.7	9,100.8	10,275.4	8,734.1	8,821.4	8,997.9	9,177.8	9,407.3	9,642.4	9,883.5
Drug Development Revenue	4,313.1	4,578.1	4,877.7	5,845.5	5,962.4	6,141.3	6,448.3	6,770.8	7,177.0	7,607.6	8,140.2
Total Revenue	\$11,333.4	\$11,554.8	\$13,978.5	\$16,120.9	\$14,696.5	\$14,962.7	\$15,446.2	\$15,948.6	\$16,584.3	\$17,250.1	\$18,023.7
COGS	8,157.0	8,302.3	9,025.7	10,496.6	10,581.5	10,773.2	11,121.3	11,483.0	11,940.7	12,420.1	12,977.0
Total COGS	\$8,157.0	\$8,302.3	\$9,025.7	\$10,496.6	\$10,581.5	\$10,773.2	\$11,121.3	\$11,483.0	\$11,940.7	\$12,420.1	\$12,977.0
Gross Profit	\$3,176.4	\$3,252.5	\$4,952.8	\$5,624.3	\$4,115.0	\$4,189.6	\$4,324.9	\$4,465.6	\$4,643.6	\$4,830.0	\$5,046.6
SG&A	1,570.9	1,624.5	1,729.3	1,952.1	2,057.5	2,094.8	2,162.5	2,232.8	2,321.8	2,415.0	2,523.3
Amortization of Intangibles	231.7	243.2	275.4	369.6	308.6	314.2	324.4	334.9	348.3	362.3	378.5
Goodwill & Asset Impairment	-	-	462.1	-	--	--	--	--	--	--	--
Restructuring & Other	48.1	54.6	40.6	43.1	43.2	43.4	43.5	43.6	43.8	43.9	44.0
Operating Expenses	\$1,850.7	\$1,922.3	\$2,507.4	\$2,364.8	\$2,409.4	\$2,452.4	\$2,530.3	\$2,611.3	\$2,713.8	\$2,821.1	\$2,945.8
EBIT	\$1,325.7	\$1,330.2	\$2,445.4	\$3,259.5	\$1,705.7	\$1,737.2	\$1,794.6	\$1,854.3	\$1,929.8	\$2,008.9	\$2,100.8
Income Tax Expense	384.4	280.0	662.1	747.1	358.2	364.8	376.9	389.4	405.3	421.9	441.2
EBIAT	\$941.3	\$1,050.2	\$1,783.3	\$2,512.4	\$1,347.5	\$1,372.4	\$1,417.7	\$1,464.9	\$1,524.5	\$1,587.0	\$1,659.6
D&A	552.1	577.2	624.7	745.1	690.7	703.2	726.0	749.6	779.5	810.8	847.1
Capex	379.8	400.2	381.7	460.4	734.8	748.1	617.8	558.2	580.4	603.8	630.8
Accounts Receivable	1,467.9	1,543.9	2,479.8	2,261.5	2,131.0	2,169.6	2,239.7	2,312.5	2,404.7	2,501.3	2,613.4
Unbilled Services	394.4	481.4	536.8	716.8	573.2	583.5	602.4	622.0	646.8	672.8	702.9
Inventory	237.3	244.7	423.2	401.4	380.9	387.8	400.4	413.4	429.9	447.1	467.2
Other Current Assets	309.0	373.7	364.8	478.1	426.2	433.9	447.9	462.5	480.9	500.3	522.7
Non-cash Current Assets	\$2,408.6	\$2,643.7	\$3,804.6	\$3,857.8	\$3,511.3	\$3,574.9	\$3,690.4	\$3,810.4	\$3,962.3	\$4,121.4	\$4,306.2
Accounts Payable	634.6	632.3	638.9	621.3	814.8	829.5	856.3	884.2	919.4	956.3	999.2
Accrued Expenses	870.0	942.4	1,357.7	1,404.1	1,333.3	1,357.4	1,401.3	1,446.9	1,504.5	1,564.9	1,635.1
Deferred Revenue	356.4	451.0	506.5	558.5	514.4	523.7	540.6	558.2	580.4	603.8	630.8
Non-debt Current Liabilities	\$1,861.0	\$2,025.7	\$2,503.1	\$2,583.9	\$2,662.4	\$2,710.6	\$2,798.2	\$2,889.2	\$3,004.4	\$3,125.0	\$3,265.2
Net Working Capital	547.6	618.0	1,301.5	1,273.9	848.9	864.2	892.2	921.2	957.9	996.4	1,041.0
Change in NWC	(\$106.4)	\$70.4	\$683.5	(\$27.6)	(\$425.0)	\$15.4	\$27.9	\$29.0	\$36.7	\$38.5	\$44.7

WACC



Capital Structure	
Debt-to-Total Capitalization	18.14%
Equity-to-Total Capitalization	81.86%
Cost of Debt	
Cost of Debt	2.04%
Tax Rate	21.00%
After-tax Cost of Debt	1.61%
Cost of Equity	
Risk-free Rate	3.00%
Market Risk Premium	6.00%
Levered Beta	1.04
Cost of Equity	9.24%
WACC	7.86%

Debt Outstanding	Amount	Interest Rate	% of Total	Weighted
Debt 1	\$650	3.478%	11.9%	0.4%
Debt 2	600	3.052%	11.0%	0.3%
Debt 3	600	3.312%	11.0%	0.4%
Debt 4	1,000	3.205%	18.3%	0.6%
Debt 5	500	3.634%	9.2%	0.3%
Debt 6	400	3.076%	7.3%	0.2%
Debt 7	300	3.069%	5.5%	0.2%
Debt 8	500	3.342%	9.2%	0.3%
Debt 9	900	4.192%	16.5%	0.7%
Total Debt	\$5,450			2.0%
Current Share Price	\$263.33			
Current Shares Outstanding	93.4			
Equity Value	\$24,595.02			
Total Debt	\$5,450			
Total Equity	\$24,595.02			

DCF (Base)



(\$ in millions)	FYE December 31,				FYE December 31,						
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenue	\$11,333.4	\$11,554.8	\$13,978.5	\$16,120.9	\$14,696.5	\$14,962.7	\$15,446.2	\$15,948.6	\$16,584.3	\$17,250.1	\$18,023.7
Revenue Growth	--	2.0%	21.0%	15.3%	(8.8%)	1.8%	3.2%	3.3%	4.0%	4.0%	4.5%
Expenses											
COGS	8,157.0	8,302.3	9,025.7	10,496.6	10,581.5	10,773.2	11,121.3	11,483.0	11,940.7	12,420.1	12,977.0
Gross Profit	\$3,176.4	\$3,252.5	\$4,952.8	\$5,624.3	\$4,115.0	\$4,189.6	\$4,324.9	\$4,465.6	\$4,643.6	\$4,830.0	\$5,046.6
Gross Margin	28.0%	28.1%	35.4%	34.9%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
SG&A	1,570.9	1,624.5	1,729.3	1,952.1	2,057.5	2,094.8	2,162.5	2,232.8	2,321.8	2,415.0	2,523.3
R&D	231.7	243.2	275.4	369.6	308.6	314.2	324.4	334.9	348.3	362.3	378.5
Other Expenses	-	-	462.1	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses	1,850.7	1,922.3	2,507.4	2,364.8	2,409.4	2,452.4	2,530.3	2,611.3	2,713.8	2,821.1	2,945.8
Operating Income (EBIT)	\$1,325.7	\$1,330.2	\$2,445.4	\$3,259.5	\$1,705.7	\$1,737.2	\$1,794.6	\$1,854.3	\$1,929.8	\$2,008.9	\$2,100.8
EBIT Margin	11.7%	11.5%	17.5%	20.2%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.7%
Income Tax Expense (24%)	384.4	280.0	662.1	747.1	358.2	364.8	376.9	389.4	405.3	421.9	441.2
EBIAT	\$941.3	\$1,050.2	\$1,783.3	\$2,512.4	\$1,347.5	\$1,372.4	\$1,417.7	\$1,464.9	\$1,524.5	\$1,587.0	\$1,659.6
Cash Flow											
Plus: D&A	552.1	577.2	624.7	745.1	690.7	703.2	726.0	749.6	779.5	810.8	847.1
Discretionary Cash Flow	1,493.4	1,627.4	2,408.0	3,257.5	2,038.2	2,075.6	2,143.7	2,214.4	2,304.0	2,397.8	2,506.7
Less: Increase in NWC	106.4	(70.4)	(683.5)	27.6	425.0	(15.4)	(27.9)	(29.0)	(36.7)	(38.5)	(44.7)
Less: CapEx	(379.8)	(400.2)	(381.7)	(460.4)	(734.8)	(748.1)	(617.8)	(558.2)	(580.4)	(603.8)	(630.8)
Free Cash Flow	\$1,220.0	\$1,156.8	\$1,342.8	\$2,824.7	\$1,728.4	\$1,312.1	\$1,497.9	\$1,627.2	\$1,686.8	\$1,755.6	\$1,831.2
Free Cash Flow Growth	--	(5.2%)	16.1%	110.4%	(38.8%)	(24.1%)	14.2%	8.6%	3.7%	4.1%	4.3%
Unlevered Free Cash Flow											
WACC	7.86%										
Discount Period					0.5	1.5	2.5	3.5	4.5	5.5	6.5
Discount Factor					0.96	0.89	0.83	0.77	0.71	0.66	0.61
Present Value of Free Cash Flow					\$1,664.3	\$1,171.4	\$1,239.9	\$1,248.8	\$1,200.3	\$1,158.2	\$1,120.1

DCF Outputs (Base)



Exit Multiple Method	
Cumulative Present Value of FCF	\$8,802.9
Terminal Value	
Terminal Year EBITDA	\$2,947.9
Exit Multiple	8.3x
Terminal Value	\$24,467.7
Present Value of Terminal Value	\$14,966.2
<i>% of Enterprise Value</i>	63.0%
Enterprise Value	\$23,769.1
<i>Less: Total Debt</i>	(\$5,450.0)
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$30,539.9
Implied Share Price	\$326.98
Shares Outstanding	93.4

Gordon Growth Method	
Terminal Cash Flow	\$1,831.2
PGR	2.5%
Terminal Value	\$35,046.4
Present Value of Terminal Value	\$21,436.8
<i>% of Enterprise Value</i>	70.9%
Enterprise Value	\$30,239.8
<i>Less: Total Debt</i>	\$5,450.0
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$37,010.6
Implied Share Price	\$396.26
Shares Outstanding	93.4

Method	Weight	Price
Comparable Companies	50%	\$327.0
DCF	50%	\$396.3
Fair Value Estimate		\$361.62

DCF Sensitivity Analysis						
		WACC				
		5.9%	6.9%	7.9%	8.9%	9.9%
EV/EBITDA	6.3x	\$448.36	\$384.23	\$342.31	\$312.27	\$289.37
	7.3x	\$459.26	\$394.48	\$351.97	\$321.36	\$297.93
	8.3x	\$470.16	\$404.74	\$361.62	\$330.45	\$306.50
	9.3x	\$481.07	\$414.99	\$371.27	\$339.54	\$315.06
	10.3x	\$491.97	\$425.25	\$380.92	\$348.63	\$323.63

DCF Outputs (Bull)



Exit Multiple Method	
Cumulative Present Value of FCF	\$9,875.0
Terminal Value	
Terminal Year EBITDA	\$3,988.4
Exit Multiple	8.3x
Terminal Value	\$33,103.9
Present Value of Terminal Value	\$20,248.6
<i>% of Enterprise Value</i>	67.2%
Enterprise Value	\$30,123.6
<i>Less: Total Debt</i>	(\$5,450.0)
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$36,894.4
Implied Share Price	\$395.01
Shares Outstanding	93.4

Gordon Growth Method	
Terminal Cash Flow	\$2,174.8
PGR	2.5%
Terminal Value	\$41,621.5
Present Value of Terminal Value	\$25,458.6
<i>% of Enterprise Value</i>	72.1%
Enterprise Value	\$35,333.6
<i>Less: Total Debt</i>	\$5,450.0
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$42,104.4
Implied Share Price	\$450.80
Shares Outstanding	93.4

Method	Weight	Price
Comparable Companies	50%	\$395.0
DCF	50%	\$450.8
Fair Value Estimate		\$422.91

DCF Sensitivity Analysis						
		WACC				
		5.9%	6.9%	7.9%	8.9%	9.9%
EV/EBITDA	6.3x	\$523.83	\$447.10	\$396.79	\$360.61	\$332.95
	7.3x	\$538.58	\$460.97	\$409.85	\$372.91	\$344.54
	8.3x	\$553.33	\$474.85	\$422.91	\$385.21	\$356.13
	9.3x	\$568.08	\$488.72	\$435.97	\$397.51	\$367.72
	10.3x	\$582.83	\$502.60	\$449.03	\$409.81	\$379.31

DCF Outputs (Bear)



Exit Multiple Method	
Cumulative Present Value of FCF	\$7,736.4
Terminal Value	
Terminal Year EBITDA	\$2,026.0
Exit Multiple	8.3x
Terminal Value	\$16,816.0
Present Value of Terminal Value	\$10,285.8
<i>% of Enterprise Value</i>	57.1%
Enterprise Value	\$18,022.2
<i>Less: Total Debt</i>	(\$5,450.0)
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$24,793.0
Implied Share Price	\$265.45
Shares Outstanding	93.4

Gordon Growth Method	
Terminal Cash Flow	\$1,499.0
PGR	2.5%
Terminal Value	\$28,688.6
Present Value of Terminal Value	\$17,547.9
<i>% of Enterprise Value</i>	69.4%
Enterprise Value	\$25,284.3
<i>Less: Total Debt</i>	\$5,450.0
<i>Plus: Cash & Cash Equivalents</i>	\$1,320.8
Implied Equity Value	\$32,055.1
Implied Share Price	\$343.20
Shares Outstanding	93.4

Method	Weight	Price
Comparable Companies	50%	\$265.4
DCF	50%	\$343.2
Fair Value Estimate		\$304.33

DCF Sensitivity Analysis						
		WACC				
		5.9%	6.9%	7.9%	8.9%	9.9%
EV/EBITDA	6.3x	\$377.07	\$324.99	\$291.06	\$266.82	\$248.40
	7.3x	\$384.56	\$332.03	\$297.69	\$273.07	\$254.29
	8.3x	\$392.05	\$339.08	\$304.33	\$279.31	\$260.17
	9.3x	\$399.55	\$346.13	\$310.96	\$285.56	\$266.06
	10.3x	\$407.04	\$353.18	\$317.59	\$291.81	\$271.95

Comps



Exit Multiple Comps		Market Cap	Enterprise Value	EBITDA	D / E	EV / Revenue		EV / EBITDA		Price / Earnings	
Company	Ticker					LTM	NTM	LTM	NTM	LTM	NTM
Thermo Fisher Scientific	TMO	\$231,719	\$263,765	\$12,820	88.7%	6.7x	6.3x	20.1x	22.5x	38.7x	26.3x
Danaher Corporation	DHR	\$208,819	\$232,783	\$10,336	51.5%	7.9x	7.5x	21.9x	21.5x	43.3x	27.9x
HCA Healthcare	HCA	\$75,731	\$113,333	\$12,531	NM	1.9x	1.9x	8.3x	8.8x	18.8x	13.3x
IQVIA Holdings	IQV	\$45,879	\$57,190	\$2,499	211.7%	4.1x	3.9x	21.3x	17.1x	67.4x	23.7x
Quest Diagnostics	DGX	\$16,285	\$20,304	\$2,854	72.7%	1.9x	2.2x	6.2x	10.4x	12.4x	15.1x
Sonic Healthcare	SHL	\$12,638	\$14,603	\$1,794	49.8%	2.1x	2.3x	7.1x	8.5x	13.7x	14.9x
SYNLAB	SYAB	\$3,932	\$5,699	\$1,142	90.7%	1.4x	1.7x	4.5x	7.0x	6.9x	11.1x
LabCorp	LH	\$24,521	\$29,401	\$4,049	61.6%	2.1x	1.8x	7.0x	6.8x	12.4x	12.5x
	Low	\$3,932	\$5,699	\$1,142	49.8%	1.4x	1.7x	4.5x	7.0x	6.9x	11.1x
	Mean	\$85,000	\$101,097	\$6,282	94.2%	3.7x	3.7x	12.8x	13.7x	28.7x	18.9x
	Median	\$45,879	\$57,190	\$2,854	80.7%	2.1x	2.3x	8.3x	10.4x	18.8x	15.1x
	High	\$231,719	\$263,765	\$12,820	211.7%	7.9x	7.5x	21.9x	22.5x	67.4x	27.9x