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Presentation

Operator

Ladies and gentlemen, thank you for joining us, and welcome to the Q2 2026 Revvity Earnings Conference Call. [Operator Instructions]

I will now hand the conference over to Steve Willoughby, SVP, Investor Relations. Steve, please go ahead.

Stephen Barr Willoughby
Senior VP of Investor Relations & Head of ESG

Thank you, operator. Good morning, everyone, and welcome to Revvity's Second Quarter 2026 Earnings Conference Call. On the call with me today are Prahlad Singh, our President and Chief Executive Officer; and Max Krakowiak, our Senior Vice President and Chief Financial Officer.

Before we begin, I'd like to remind you that today's call may include forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from our expectations. Please refer to the safe harbor statements in our earnings release and to our SEC filings for a detailed discussion of these risk factors. We assume no obligation to update these forward-looking statements in the future. Additionally, we will refer to certain non-GAAP financial measures during this call. Reconciliations to the most directly comparable GAAP measures are available in our earnings release.

I'll now turn it over to our President and Chief Executive Officer, Prahlad Singh. Prahlad?

Prahlad R. Singh
CEO, President & Director

Thank you, Steve, and good morning, everyone. I'm pleased to report that Revvity delivered strong results in the second quarter with pro forma organic growth of 3%, resulting in total revenue being above the high end of our expectations.

Our pro forma adjusted earnings per share of $1.41 was well above the high end of our guidance due to better-than-expected underlying operating performance, tax planning timing and the unanticipated contribution of tariff refunds we received in the quarter, which Max will touch on more in a bit.

These results reflect the continued strength and resilience of our Diagnostics franchise, the third consecutive quarter of improving conditions across our pharma and biotech end markets, growing customer demand for tools that enable AI-driven science and the continued momentum of our Signals software business.

Given the stronger performance and our improved optimism for the second half, we are raising our pro forma guidance for organic growth, adjusted operating margin and adjusted EPS for the full year, which Max and I will provide additional detail on in a bit.

Before I provide more detail on the operational progress we are making, I want to share a brief update on the status of the divestiture of our China immunodiagnostics business, which we first announced last quarter. We have now signed a definitive agreement with the buyer on terms consistent with our initial expectations, and we continue to anticipate the transaction closing by the end of 2027.

This divestiture is a deliberate strategic decision as China has represented a structurally more challenging environment for this part of our business of late, and we are confident this transaction allows us to sharpen our focus on the end markets where our differentiated capabilities generate the highest and most durable returns for our shareholders.

While our reported GAAP results will continue to include the contribution from this business until the transaction is completed next year, all of our non-GAAP and organic performance, commentary and guidance are provided on a pro forma basis, which excludes the immunodiagnostics business in China that we have agreed to divest.

Now turning to our end markets. I'm increasingly encouraged by what we continue to see. The gradual improvement in demand from our pharma and biotech customer base that we began to observe in recent quarters continued into the second quarter, and we are now seeing tangible signs of a more constructive spending environment. In particular, we are seeing a definitive and progressively larger increase in orders directly related to AI, reflecting demand from both traditional pharma and biotech customers as well as emerging demand from non-traditional customers that have not historically purchased from us.

These organizations are building AI-driven drug discovery platforms and are seeking capabilities that sit squarely within Revvity's portfolio. That is why we are especially well positioned, because AI may accelerate hypothesis generation, but those hypotheses still need to be tested, validated and advanced through real-world biological data generation, lab-based experimentation and software-enabled collaboration.

Together, this improving demand from existing customers and new demand from customers outside of our historical base contributed to a higher-than-normal level of instrument backlog exiting the second quarter, positioning us very well as we enter the second half of the year.

While we have touched on this over the past several quarters, demand for our high-content screening instruments, particularly our recently introduced new flagship instrument, the Opera Phenix OptIQ, remains extremely robust with continued double-digit growth year-over-year despite more difficult year ago comparisons.

Demand for high-content screening further accelerated during the second quarter with order velocity outpacing near-term production capacity despite dedicating additional resources as the quarter progressed to support customer demand. As a result, while we may have left some further incremental upside on the table in the quarter, it positions us even better as we move into the third quarter and back half of the year.

It is important to note that this build-out by our customers of additional capacity will also result in future improvements in demand for our related high-content screening reagents. Because high content screening is commonly used by customers to both generate new data and to validate existing hypotheses, it plays an increasingly important role in AI-driven discovery workflows, where lab-generated insights can be fed back into AI models over time. This acceleration in high content screening demand is a tangible example of the AI adoption cycle I discussed with you last quarter beginning to play out.

At that time, I described how we expect AI to move from solely being in an infrastructure build-out phase to eventually a value creation phase where the real opportunity comes from generating, validating and translating new biological data. We are now beginning to see that dynamic show up directly in customer behavior as AI enables customers to identify and design more therapeutic compounds and molecules that still need to be tested, screened and validated in the lab. That is where Revvity is especially well positioned, because the need for high-quality biological data, physical validation and integrated scientific workflows plays directly to our core strengths.

This concept where AI models become part of the experimental cycle itself, continuously learning from results, suggesting next steps and compressing the time between hypothesis and insight, but importantly, generating more unique data than ever possible in the past is increasingly being referred to by customers as a Lab-in-the-Loop workflow.

Revvity's instruments and reagents generate the data. Signals One manages and structures it and our recently released Signals AI capabilities and our newly introduced Anthropic MCP connector now allows scientists to close that loop in ways that were simply not possible before.

These examples highlight how Revvity helps power scientific intelligence as we support customers throughout this new discovery process, reinforcing why we are one of the best positioned companies in the entire industry to benefit from the AI-driven transformation of pre-clinical R&D that is only just beginning to take place. Against this backdrop, our Signals software business remains a critical part of how we enable customers to manage and apply scientific data across their workflows.

In the second quarter, Signals performed in line with our expectations against a very difficult year ago comparison with organic revenue declining approximately 20% year-over-year. We continue to expect a return to strong double-digit growth in the second half of the year in our software business as its APV continues to grow in the double digits. As you have seen from our many new product announcements so far this year, the level of innovation in this business is robust and has only begun accelerating.

Our large molecule workflow offering, BioDesign, is now commercially available and beginning to gain traction. Our AI models as a service platform, Synthetica, began rolling out to initial beta customers last month and our novel workflow coordination layer offering, which spans discovery through manufacturing, LabGistics remains on track to be released later this year.

In the meantime, we also recently launched Signals AI, which embeds leading LLM capabilities throughout our Signals platform, allowing users to leverage AI capabilities within the core platform itself where their proprietary data already exists.

In early July, we also announced a new connector with Anthropic, enabling customers to use their data along with other outside programs and data sets directly within Claude and Claude Science itself. These 2 new capabilities are complementary to each other and both expand the functionality of the core Signals platform, while creating greater stickiness, driving increased retention along with adding new consumption-based revenue streams over time.

Finally, just 2 weeks ago, we announced a new initiative called Signals for Startups, which is a new commercial program designed to make our Signals platform accessible to even the smallest of biotechs. This allows these customers to adopt and incorporate our Signals platform with its predefined workflows right from the outset of their corporate journey, so they can more easily scale as their businesses take off.

I look forward to sharing more with you on all the exciting developments occurring within Signals at our upcoming Investor Day on November 13 in New York City.

The strength across our portfolio is also reflected in our Diagnostics business, which again delivered exceptional performance. Overall, Diagnostics grew 11% organically in the quarter, a further step-up from the high single-digit organic growth we saw from the segment in the first quarter. It is important to highlight that this strong performance was broad-based and remains impressive even when excluding the incremental contribution from our Genomics England sequencing contract, which also continues to perform well.

The consistency and durability of this franchise continues to be a defining strength of Revvity's overall business model as both reproductive health and immunodiagnostics performed well, driven by ongoing strength in newborn screening and strong growth in immunodiagnostics outside of China.

Reproductive health again grew in the mid-teens and immunodiagnostics growth outside of China accelerated into the high single digits, despite continued latent TB pressures. As it pertains to our ongoing corporate transformation, I'm proud of the progress we are making with strong execution in a number of areas.

First, the integration of the recently acquired ACD/Labs software business is progressing faster than anticipated with early momentum in synergy realization and product interoperability across the combined offerings.

Second, we continue to drive our ongoing operational efficiency initiatives with implementation well underway. These initiatives will benefit us more here in the second half as well as into next year. We are also doing a good job managing our balance sheet as we generated significant cash in the quarter with exceptional cash flow conversion of our adjusted net income of 117%.

In mid-July, we also paid off a EUR 500 million note we had coming due, which we expect will result in our gross leverage being below 3x by the end of the year and our net leverage approaching 2x overall.

Finally, I'm proud to share that we recently published our 2026 annual Impact Report. This report reflects the meaningful progress Revvity has made across our environmental, social and governance commitments, including continued absolute year-over-year reductions in our emissions, improvement in our internal employee mobility metrics and our first-ever disclosure of our material Scope 3 emissions, which will allow us to have our targets verified by SBTi in the coming months.

The nature of our products inherently enables Revvity to make a meaningful positive contribution to society on a global scale, but we also remain committed to operating, innovating and creating long-term value in a sustainable way, while also providing attractive opportunities for our employees.

As we look ahead to the second half of the year, given the strong diagnostic trends we have seen so far, when combined with what appears to be continuing improvement in pharma and biotech end market conditions, we are now more optimistic compared to 90 days ago. Consequently, we are now expecting total company organic growth this year of 4% to 5%, up from our prior 3% to 4% outlook. We expect to be able to generate adjusted operating margins of approximately 28.7% this year due to the stronger organic growth we now expect for the year, combined with the impact of the tariff refunds we've received, which is being partially offset by incremental reinvestments we are making in our strategic initiatives, supply chain and in our people, which should allow us to capitalize on the end market recovery that we believe is now underway. This all results in our updated full year adjusted EPS outlook to now be in a range of $5.30 to $5.40, which is up $0.10 from our prior guidance.

So in closing, the second quarter reinforced that Revvity is in a strong and increasingly differentiated position. Our Diagnostics business continues to perform extremely well with consistency and resilience. Our Life Science end markets are showing signs of improvement and the investments we've made internally over the last few years are beginning to bear fruit, as we are delivering new innovations to our customers at an accelerating rate.

We are extremely well positioned to deliver over the remainder of the year, while capitalizing on the new opportunities presenting themselves as preclinical science is redefined in the new AI world. I believe that the true potential of Revvity is beginning to be realized and shine through.

With that, I will now turn the call over to Max.

Maxwell Krakowiak
Senior VP & CFO

Thanks, Prahlad, and good morning, everyone. We are clearly seeing improving momentum across the business, which is evident in both our performance in the quarter and our stronger outlook for the full year. Both of our Diagnostic businesses continued to perform extremely well and improving activity from our pharma and biotech customers supported solid Life Sciences performance and increased backlog heading into the second half of the year.

As discussed, it is exciting to see tangible and accelerating signs of demand from customers tied to their increasing data generation needs as AI unlocks new ways to operate preclinical R&D labs. We are increasingly optimistic that not only is Revvity extremely well positioned to capitalize on the fundamental shift in how preclinical R&D is conducted, but also that we are currently only seeing the very initial stages of that transformation.

We continue to execute very well in the quarter from an operational standpoint as evidenced by our margin, earnings and cash flow performance, even when excluding the $16 million of tariff-related refunds we received in the quarter, which drove about half of the adjusted EPS upside, our pro forma adjusted operating margins were still above the 27% assumption in our guidance.

With what appears to be an improvement in end market conditions underway, we have chosen to reinvest about half of this one-time benefit back into our strategic initiatives, supply chain and people to ensure we are well positioned to capitalize on the opportunities we see emerging as we head into the second half of the year and into 2027.

Given the significant actions we've taken over the last few years to mitigate and offset the various pressures we faced without having to resort to passing on material price increases to our customers, we are excited we now have this opportunity to further invest in the business to drive even stronger performance over the longer term, while still being able to deliver upside to our financial commitments for this year.

Finally, it was great to see that we executed a definitive agreement to divest our immunodiagnostics business in China on terms consistent with our initial expectations. With separation planning already well underway, we and the buyer are well positioned to complete the transaction by the end of 2027.

Now turning to the specifics of our second quarter performance. As a reminder, given the pending divestiture of our immunodiagnostics business in China, all of the following commentary and our updated guidance is provided on a pro forma basis, which excludes the impact of this business we expect to divest next year.

Overall, we generated total revenue of $711 million in the quarter, resulting in strong 3% organic growth, which was slightly above the high end of our guidance. FX had an immaterial impact on reported growth and our recent software acquisition, ACD/Labs, contributed approximately 75 basis points to growth, which was in line with our expectations. As it relates to our P&L, we delivered strong operational performance in the quarter, while also benefiting from the impact of tariff refunds.

Overall, our adjusted operating margins were 29.3% in the quarter, well above our 27% outlook. While the majority of this outperformance was driven by the tariff refunds, operationally, our margins also came in better than we had anticipated.

Looking below the line, our adjusted net interest and other expenses were $22 million in the quarter, in line with our expectations. Our adjusted tax rate was 16%, a couple of hundred basis points lower than expected due to the timing of discrete items being realized in the quarter that were previously anticipated to occur in the fourth quarter. This change is just timing related as our full year tax rate outlook of 18% is unchanged. We averaged 111.6 million diluted shares in the quarter as we continue to benefit from our share repurchase activity over the last 12 months.

Following the end of the quarter, in mid-July, we retired the EUR 500 million note we had maturing, which resulted in a meaningful drop in our gross leverage overall. Our pro forma adjusted earnings per share in the quarter was $1.41, which was well above the high end of our guidance due to the stronger top line, better-than-expected underlying margin performance, tax timing and the tariff-related refunds.

To quantify the moving pieces for you, approximately half of the upside in the quarter was from the tariff refunds, roughly 1/3 was from the lower tax rate we saw, which will have an offsetting impact in the fourth quarter, and the remainder was from the combination of stronger revenue and underlying operating margins.

Moving beyond the P&L, we generated robust free cash flow of $184 million in the quarter, resulting in an outstanding 117% conversion of our adjusted net income. On a year-to-date basis, we've now generated nearly $300 million in free cash flow with a conversion rate of 108% of our adjusted net income.

Our balance sheet remains strong as we finished the quarter with a net debt-to-adjusted EBITDA leverage ratio of 2.5x. As mentioned, we retired our Eurobond in July and are still targeting a gross leverage ratio of below 3x as we exit the year.

Following this recent repayment, our outstanding debt stack continues to remain very well positioned as 100% of our long-term debt remains fixed rate with a weighted average interest rate of 2.3% and a weighted average maturity out another 6 years.

I will now provide some commentary on our second quarter business trends, which are also highlighted in the quarterly slide presentation on our Investor Relations website.

Again, these results are on a pro forma basis and exclude our immunodiagnostics business in China and are comparable to the guidance we provided 90 days ago. The 3% growth in total company organic revenue in the quarter was comprised of 11% organic growth in our Diagnostics segment and a 3% organic decline in our Life Sciences segment.

Geographically, Europe continued its double-digit growth. APAC grew in the low single digits, and the Americas experienced a low single-digit decline due to software comps and continued latent TB pressures.

From a segment perspective, Life Sciences generated revenue of $359 million in the quarter. This was down 2% on a reported basis and 3% on an organic basis. From a business perspective, the decline in Life Sciences was driven by the approximately 20% decline in our Signals software business as we had expected due to contract timing and comps from a year ago.

Outside of these comp dynamics, the business continued to perform well as its APV again grew in the double digits and ARR was in the mid-20s. Life Sciences Solutions grew low single digits organically in the quarter with both reagents and instrumentation growing in that range as stronger instrument performance was held back by timing of shipments, which is leading to the stronger backlog we have entering the second half of the year.

From a customer perspective, sales into pharma and biotech declined in mid-single digits due to difficult comp we had in our software business in the quarter. Excluding software, sales into pharma and biotech grew in the low single digits. As software returns to stronger growth in the second half of the year and as more of the instrument orders translate to revenue, we expect to see improved performance from this customer base over the remainder of the year. Sales to academic and government customers were down low single digits year-over-year due to software-related year ago comparisons.

In our Diagnostics segment, we generated $352 million of revenue in the quarter, which was up 12% on a reported basis and 11% on an organic basis. From a business perspective, both our immunodiagnostics and reproductive health businesses performed exceptionally well and grew above our expectations.

Immunodiagnostics grew in the high single digits organically in the quarter with broad-based strength. Reproductive health again grew in the double digits organically as it benefited from another strong quarter in newborn screening and from the incremental contribution from our work with Genomics England.

Now moving to our updated guidance for the year. Again, our updated guidance is on a pro forma basis, excluding the business we are planning to divest as this is the most appropriate way to view the company and its performance going forward.

Overall, many things appear to be moving in the right direction across the business. Right now is our organic growth, operating margins and EPS, all came in solidly above our expectations in the second quarter, even when excluding the impact of the tariff refund.

Given this momentum, we are now more optimistic about our expected performance over the remainder of the year as compared to a quarter ago. We now expect our organic growth for the year to be in the 4% to 5% range, up from our prior 3% to 4% outlook. FX is still expected to contribute approximately 50 basis points for the full year, while the ACD/Labs acquisition is still on track to add another 75 basis points to our revenue growth this year. We expect this to now result in our 2026 pro forma total revenue being in the range of $2.83 billion to $2.86 billion.

We now anticipate our pro forma adjusted operating margins this year to be 28.7%, which is up 30 basis points from our prior guidance. This improved outlook is due to two primary drivers. First, the impact from tariff refunds, partially offset by reinvestments we are making; and second, leverage from our stronger organic growth outlook for the year, of which a portion was realized in the second quarter.

We continue to make good progress on our major cost initiatives and still expect their impact to be realized starting here in the third quarter. As we have already received the majority of the tariff refunds we applied for in the second quarter, any additional refunds we may receive are anticipated to be immaterial to our results overall.

We still anticipate net interest and other expense to be approximately $90 million, and our full year adjusted tax rate assumption also remains unchanged at approximately 18% as the favorability we experienced in the second quarter was timing related and is expected to be offset in the fourth quarter.

We also still expect our diluted average share count to be approximately 112 million. This all results in us now expecting that our adjusted earnings per share this year will be in the range of $5.30 to $5.40, up $0.10 from our prior outlook. This $0.10 increase to our full year adjusted EPS guidance is roughly half from the net impact of tariff refunds, offset by planned reinvestment spending and half from stronger revenue and underlying operating margins compared to our prior outlook as our full year tax rate remains the same.

For the third quarter, we expect our organic growth to be in the 4% to 6% range. Assuming FX rates as of the end of June and the incremental contribution from the ACD/Labs acquisition, this puts our expected revenue for the third quarter in the range of $685 million to $700 million. We continue to look for approximately 29% pro forma adjusted operating margins in the third quarter, which is unchanged from our prior outlook despite some incremental reinvestment spending now being planned.

We expect net interest and other expense to be approximately $23 million and our adjusted tax rate to be 19%. This should all result in our pro forma adjusted EPS in the third quarter to be approximately 24% of our full year outlook.

In closing, we had a strong second quarter with increasing momentum as we head into the second half of the year. It appears that our pharma and biotech customers are beginning to return to more normalized patterns, while increasing AI-related work is creating incremental demand, which did not exist in the past.

Our Diagnostic business performance remains robust and software continues to grow its annualized portfolio value in the double digits with a return to robust organic growth starting this quarter. Our execution on our operational initiatives remain strong and our recent capital deployment and portfolio rationalization actions will benefit us over the longer term.

As Prahlad mentioned, we believe the true potential of what Revvity has become is only now beginning to be realized, while we know that we have a lot of additional opportunity still in front of us.
With that, operator, we would now like to open up the call for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Dan Brennan with TD Cowen.

Daniel Gregory Brennan
TD Cowen, Research Division

Can you hear me all right?

Prahlad R. Singh
CEO, President & Director

Yes.

Daniel Gregory Brennan
TD Cowen, Research Division

Terrific. Great. Maybe first question, I was hoping you can just -- congrats on the quarter, guys. Maybe just unpack the Life Science business in the quarter and the outlook. So you referenced several times this instrument backlog, kind of what can that -- how big is that? What can that contribute? And as we think about the outlook in the back half, you talked a lot about pharma and biotech demand getting better. I'm just wondering how we might think within your new guide, what instruments and reagents do in the back half?

Prahlad R. Singh
CEO, President & Director

Yes. So Dan, let me just give you sort of -- from an order perspective, we definitely started seeing an acceleration in orders as the quarter progressed. I would say starting 3Q from probably the strongest position that we have seen in terms of backlog we've had in the past 3 to 4 years. Obviously, there's been some timing of deliveries that were pushed into 3Q. As you know, we launched OptIQ a few months ago, and it's one of the more complex instruments, and you can't turn these $1 million-plus instruments around quickly.

So from that perspective, on the instrument side, we've had a strong backlog. And -- but also on the reagent side, we've started seeing backlog build due to some larger screening-related orders, which won't get fulfilled until here in 3Q. So I think both of these are great signs though, of what is happening in the market now.

Max, do you want to add anything?

Maxwell Krakowiak
Senior VP & CFO

Yes. I would just say for some of the numbers specifics, if you look at the second quarter performance from a Life Sciences perspective, we had positive growth in both our reagents and platforms business. I think as you look at the full year outlook, we are now anticipating an uptick in our platforms performance for the full year. Previously, we were assuming positive low single-digit growth for our platforms business. But now given the incremental commentary and performance from an orders perspective, we are increasing that to positive mid-single-digit growth for the full year. And so that's really, I would say, our updated second half outlook assumptions.

Daniel Gregory Brennan
TD Cowen, Research Division

And the platforms business, that's the Instrument side or that's the total Life Science Solutions?

Maxwell Krakowiak

Senior VP & CFO

That's the Instrument side. That's correct.

Daniel Gregory Brennan
TD Cowen, Research Division

Got it. Okay. And then maybe just a follow-up, just kind of moving over to Diagnostics, another really strong quarter, like obviously, ImmunoDx is keeping the momentum going. Just could you unpack reproductive health a little bit? I know in the initial guide, it looks like you guys were assuming a decel in the back half of the year on that business, although the results have been really strong. So just kind of in the quarter, how big was GEL? And kind of what do you guys assume in the back half for reproductive health?

Maxwell Krakowiak
Senior VP & CFO

Yes. I would say, again, as you mentioned, Dan, reproductive health continued to perform incredibly well in the quarter. I think it's not only the contribution from Genomics England, but our newborn screening business continues to perform extremely well.

I think as you look at the first half versus second half splits, first half, reproductive health was kind of in a mid-teens organic growth performance. I think as we look at the back half, no real change to our previous assumptions as we did anticipate that slowing down to the low to mid-single digits growth for the second half.

I think it's really a timing of two things. One, you start to pick up the GEL comps year-over-year in the back half. And then two, it was a little bit of a heavier instrument placement cycle in the first half for that business, which obviously bodes well for us in the long term as those platforms or instruments will continue to get utilized over the coming years.

Operator

Your next question comes from the line of Vijay Kumar with Evercore ISI.

Vijay Muniyappa Kumar
Evercore ISI Institutional Equities, Research Division

Prahlad, my first one is on -- related to your comments on orders coming in from non-traditional customers. Could you elaborate on who these customers are? And does it change your LSS outlook in the medium term, just given it feels like something has changed here? And sort of like how do you tie this, right, that optimism versus the second quarter performance when we look at your peers, Life Sciences in general, be it and it looks like you guys had some timing element impacting second quarter. Maybe just square the second quarter performance versus this optimism that you're expressing.

Prahlad R. Singh
CEO, President & Director

Yes. So let me break it down into a couple of pieces here, Vijay. A great question. So I think let me start first on the trend. As we -- in response to Dan's question, as we said, we clearly saw an acceleration in orders as the quarter progressed. And from a backlog perspective, as I mentioned, it's the strongest position we've been in the last 3 to 4 years. Obviously, it's an issue of timing, and it spilled into the 3Q.

But I think the more important question is that, we clearly are seeing a trend, which is a strong indicator of drug candidates that are now coming from -- being created by AI. And as they move into the validation phase, customers are building out the infrastructure that they would require for data generation and for validation of these drug candidates.

In addition to our traditional pharma biotech customers, we are also now seeing orders coming directly tied to this AI data generation during the first quarter, which is now becoming a clear trend. Orders specific from AI customers who are building out these massive data sets, non-profits focused on AI, pharma companies that are directly saying that they are now trying to figure out how this Lab-in-the Loop workflow model works. So there are -- it's not just one avenue that we could point to and saying that this is the strong pipeline, but there are several avenues that are open -- that have opened up for customers wanting to create this data.

Vijay Muniyappa Kumar
Evercore ISI Institutional Equities, Research Division

That's helpful, Prahlad. And Max, maybe one for you on this EPS raise here. And it looks like you just carried forward the tariff refunds, right? Your organic expectations for the year were raised. Why aren't we seeing a little bit stronger fall through to the bottom line?

Maxwell Krakowiak
Senior VP & CFO

Yes, Vijay, so I think as you look at the EPS guidance for the full year, again, we took up $0.10 at the midpoint. That $0.10 raise is half of the net tariff of reinvestments that we are flowing through for the full year. And then the other half is due to the incremental contribution from the higher organic growth for the full year. And I think when you do the math on the incremental margins there, you're right around 40 -- low 40s percentage-wise, which is kind of right in line with our historical average.

Operator

Your next question comes from the line of Michael Ryskin with Bank of America.

Michael Leonidovich Ryskin
BofA Securities, Research Division

Hope you guys can hear me. I want to follow up on the Life Science Solutions performance. The Life Sciences results, especially in reagents, you kind of kept alluding to it grew, it grew. But if software declined 20%, by our math, it kind of comes down to the rest of that segment was maybe a 1% growth number. So I can understand some of the instrument backlog and timing there. But that reagents is kind of of -- we kind of thought there'd be a little bit more acceleration as you go through the year. Just would love if you could discuss that a little bit, whether that's competitive dynamics or if there are any timing effects there, just sort of unpack the performance in the quarter and expectations for reagents through the rest of the year.

Maxwell Krakowiak
Senior VP & CFO

Yes. Mike, look, I think as we look at the reagents performance, I think we remain incredibly encouraged by what we're hearing and seeing from our customers. I think as you look at the progression of our organic growth as we move throughout the year, the reagents business was low single digits here in the first half of this year. And then I think as you look in the third quarter, we expect a similar sort of low single-digit growth performance. But then we do expect a step-up in the performance in the fourth quarter, kind of exiting this year at a mid-single-digit organic growth rate.

Michael Leonidovich Ryskin
BofA Securities, Research Division

Okay. And then maybe I'll ask a follow-up on GEL, Genomics England. You kind of -- I think you made some remarks of performance was good, but results would have been ahead even excluding that. It would just be great to unpack that. What was GEL in the quarter, how that trended? And just any expectations -- updated expectations for the rest of the year?

Maxwell Krakowiak
Senior VP & CFO

Yes. I think when you look at it from a genomic sequencing standpoint, it came in line with expectation in the second quarter, so similar performance to what it was for the first quarter of this year. I think from a full year perspective, we now probably anticipate it being closer to $25-ish million of full year revenue for us. And then we expect it to continue contractually through the first half of this year. And as we have sort of previously discussed, we are in active discussions in terms of expanding that partnership, extending the agreement here from a genomic sequencing standpoint. And I think we'll remain focused in execution of the partnership.

Operator

Your next question comes from the line of Puneet Souda with Leerink.

Puneet Souda
Leerink Partners LLC, Research Division

I'll wrap it in one. First of all, on the backlog, could you outline how much of that is high content analysis, Opera Phenix and related instruments? Obviously, those are the ones that are being utilized in Lab-in-the-Loop workflow and bioFMs and foundation models that are being built out there. Could you maybe just elaborate sort of what's the visibility you have into that order book?

And lastly, on the software side, what gives you the confidence on recovery in the second half? Maybe just talk to us about the integration of Signals with the leading LLMs and other AlphaFold and other programs and other tools that are meaningful in the marketplace today for the scientists?

Prahlad R. Singh
CEO, President & Director

Puneet, a lot to unpack here. Let me at least hopefully, I recall on the starting with the -- on the platform side. We really -- most of what we sell on the instrumentation side are non-commoditized products and instrumentation, which are, as you pointed out, high content screening being the primary one of them.

Now obviously, these are big ticket items, and they are complex to make and they take time. But we have a very good and a strong and robust pipeline on that, as I mentioned, and some of that did spill into 3Q.

In regards to the software side, the second half, the confidence comes from, obviously, the contract renewals, which are up for renewal in the second half. So it's a natural progression of the bumpiness that we see quarter-over-quarter in the organic growth, and that's reflected in our guidance.

And in regards to our partnerships, as you saw, we announced the Connector with Claude. We announced the launch of Signals AI, and we've got LabGistics coming to fore in the second half of the year. So we have a very active pipeline. We continue to try and work with all LLM providers and those that are developing models and put them on the Signals platform because that is the natural place for all of these to reside and to be used by researchers and research scientists for the work that they are doing.

Operator

Your next question comes from the line of Josh Waldman with Cleveland Research. [Operator Instructions]

Joshua Paul Waldman
Cleveland Research Company LLC

Can you hear me?

Stephen Barr Willoughby
Senior VP of Investor Relations & Head of ESG

Yes, we can.

Joshua Paul Waldman
Cleveland Research Company LLC

Prahlad, I wondered if you could comment on -- more on the types of products you're seeing benefits from customer AI investments. And then I guess, do you think this is something that really kind of only impacts instruments? Or are you starting to see reagent pull through? And then I guess, any way to start to frame the potential magnitude of the opportunity? For example, if you look at the magnitude of order growth, on the Opera Phenix, is that a good framework? Are there other kind of ways you're starting to put bookends around the AI infrastructure build-out opportunity for you guys?

Prahlad R. Singh
CEO, President & Director

Yes, Josh. I think the way to look at it is you look at some of our industry peers that went out a few days ago, those that are at the more front end of developing drug candidates, right? As you see the growth coming into them, that sort of builds the pipeline for those drug candidates that will need to go into the validation phase for testing, for looking at the cellular analysis.

And I think with OptIQ, the new NPI that we launched, it's sort of the instrumentation itself gives a whole lot more data in a much shorter period of time. And with using AI, you are able to get a more comprehensive look at the cellular analysis and the performance of these drug candidates as to how viable they are for the therapeutics that they are being looked for.

So from a trend perspective, I think we sort of are right behind what you are seeing from some of the earlier companies that are now seeing that growth phase come in because of AI. And I think that's why I'm saying we are at the very early innings of this growth trajectory that has just started.

Joshua Paul Waldman
Cleveland Research Company LLC

And the reagent component...

Prahlad R. Singh
CEO, President & Director

Sorry, Josh. Just to -- your second part of the question was on the reagents. And the reagents is a follow-up that as soon as these CapEx are put in place, the natural requirement will be for the reagents that will go through these flow-through because without reagents, those instruments are not going to be of any use anyway.

Joshua Paul Waldman
Cleveland Research Company LLC

Got it. Okay. And Prahlad, do you think it's still too early to start to, again, kind of put bookends around how impactful this could be for you guys, I guess, be it either on the instrument side, the initial instrument build-out or the reagent pull-through?

Prahlad R. Singh
CEO, President & Director

Honestly, Josh, I think it's so early, and it is -- the growth spurt is just at the very beginning so that it's very -- going to be very tough even for us to put our arms around it and try to say what the magnitude and scope of it is.

Joshua Paul Waldman
Cleveland Research Company LLC

Yes, makes sense. Okay. Fair enough. And then, Max, I mean, it sounds like pharma/biotech is improving more broadly. I guess, is this something that you guys have factored into your guide? I mean, do you think this hits revenue in '26 or more likely to be a '27 driver?

Maxwell Krakowiak
Senior VP & CFO

Yes, it's a great question. Look, I think maybe I can take a second to just break down the different pieces of the updated full year guide. So if you look at the full year guide for us, we've got 4% to 5% organic growth now overall, which is up 100 basis points from our previous outlook. I think when you look at the different segments, we are anticipating Life Sciences to grow low single digits for the full year and Diagnostics to grow high single digits.

Within the Life Sciences, I already talked through sort of our back half assumptions on Dan's question. But we are anticipating now a stronger performance across both reagents, but also on the instrumentation side of things within Life Sciences. I would say the market assumptions there are still what we're seeing today. That's not anticipating a further acceleration of end market environment. So if this momentum continues to build and improve from today, that's not what is assumed within our guidance on the Life Sciences side.

Operator

Your next question comes from the line of Luke Sergott with Barclays. [Operator Instructions]

Luke England Sergott
Barclays Bank PLC, Research Division

I kind of want to talk about -- more about the software side. And so you continue to build out the software suite and you have all these different applications in different customer bases and end markets. Can you talk a little bit more about the cohesion that you're trying to build in there so that some of these pieces can start talking to each other?

I know it's not going to be a perfect like Microsoft Office suite, because of the way that the industry is structured. But any other type of investment or launches that you guys would come up over the next year that you can have this stuff have greater adoption and more synergy?

Prahlad R. Singh
CEO, President & Director

Luke, I think Signals AI and the Anthropic Connector are actually the start of the complementary capabilities that we are building to sort of expand the functionality and value of the core Signals platform in itself.

For example, Signals AI now allows customers to use leading capabilities of LLMs directly within the Signals environment. And that can be done now without even moving the proprietary pre-clinical data outside of the platform. So I think that's the benefit that the core Signal platforms brings to fore.

And there are many such examples with the connector that allows the leveraging of Claude capabilities within the data sets of the platform. And I think as LabGistics comes to fore, that allows our research scientists to use that, again, as a connector across different workflows that they are working on. So I mean, I could go on and take up all the time, but I think the capabilities that we are building allows for the vision of Signals being the core functionality that one will need to use in the new AI world.

Luke England Sergott
Barclays Bank PLC, Research Division

Great. And then a follow-up there on the AI side. It seems like things are starting to pick up there. We hear a lot about the LLMs. Can you just give us a sense of how many AI customers you guys have right now that are either foundational model or LLM plug-ins, however you want to cut it. But then -- give us a sense of what that pipeline or funnel could looks like so we get some idea how that continues to build.

Maxwell Krakowiak
Senior VP & CFO

No. Luke, I'd say, look, as we mentioned on the previous one, we are at the very beginning of this AI momentum. And I think it would be a little bit too early to call to start sizing up how much opportunities. I think we're incredibly excited about what we're hearing from customers. I think as we've reiterated, we believe Revvity is perfectly positioned to take advantage of this across the instrumentation, reagent and software pieces of our portfolio. And so I think we'll continue to be focused on executing it and delivering for our customers.

Operator

Your next question comes from the line of Jack Meehan with Operon Research.

Jack Meehan
Operon Research, LLC

I wanted to follow up on Josh's questions. And I was just looking for a little bit more commentary around the high-content screening business. So you talked about orders outpacing manufacturing capacity there. I was wondering if you could just flag like what was the growth rate of that business? And what are the plans to expand manufacturing capacity for it?

Maxwell Krakowiak
Senior VP & CFO

Jack, look, I think as we look at the high-content screens, as we mentioned, this is one of the areas that's benefiting the most from the sort of AI drug discovery build-out here. So again, for this quarter, it was double-digit order and organic growth performance for that business.

I think as we look in the future, we expect, again, to continue to have momentum around our high-content screening. I think when you go back and look at some of the areas that we are looking for investments on some of the tariff refunds that we did receive in the second quarter, the capacity build-out relating to both, I would say, the screening instrumentation, but also from a screening reagent standpoint and making sure we're ready to meet the building customer demand is one of the areas we'll look to invest in.

Jack Meehan
Operon Research, LLC

Okay. And then on the Diagnostics side, just as I was looking at the quarter, newborn -- or I'm sorry, reproductive health was clearly better than I was expecting. I understand the GEL dynamics, but can you talk about what you're seeing in terms of newborn screening in terms of birth rates and menu expansion? Like how durable is performance you're seeing there?

Maxwell Krakowiak
Senior VP & CFO

Yes. So look, I think even when you look at things from a newborn screening side, it continued to perform well in the period, grew double digits. As I mentioned in one of the other responses, there was some instrument timing where we did have some additional instrument placements in the first half. But if you even look at just the reagent growth performance on newborn screening and what is still a declining birth rate environment, reagents grew high single digits for our newborn screening business here in the second quarter, which was consistent with its performance in the first quarter of the year as well and a trend that we really expect to continue over the back half of this year.

I think when you look at the drivers of the reagent performance, it's really a combination of, one, again, continued geographic expansion into areas that didn't have screening program; and two, further menu adoption from those countries that are already running screening programs today.

Prahlad R. Singh
CEO, President & Director

And just to add to that, Jack, as Max said earlier, the more of these instruments we place, the more it bodes well for the future of the newborn screening business because they eventually end up using our reagents on those, and that's why the instrument placements happen. And congrats, by the way, for kicking off Operon.

Operator

That is all the time today we have for questions. I will now turn the call back to Steve for closing remarks.

Stephen Barr Willoughby
Senior VP of Investor Relations & Head of ESG
Thank you, Karina, and thank you, everyone, for this morning. I know it's a busy morning. And so we look forward to catching up with you later on today and in the coming days. Take care.