

LABORATORY CORP OF AMERICA HOLDINGS
Form 8-K
December 01, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 30, 2004
(Date of earliest event reported)

**LABORATORY CORPORATION OF
AMERICA HOLDINGS**

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

1-11353

13-3757370

(State or other jurisdiction
of Incorporation)

(Commission
File Number)

(I.R.S.
Employer
Identification
No.)

**358 SOUTH MAIN STREET,
BURLINGTON, NORTH CAROLINA**

27215

336-229-1127

(Address of principal executive offices)

(Zip
Code)

(Registrant's telephone number including area
code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 7.01. Regulation FD Disclosure

Summary information of the Company dated November 30, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Laboratory Corporation of America Holdings
(Registrant)

Date: December 1, 2004

By: /s/Bradford T. Smith
Bradford T. Smith, Executive Vice
President
and Secretary

Thomas P. Mac Mahon
Chairman and Chief Executive Officer

This slide presentation contains forward-looking statements which are subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors. Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect the Company's financial results is included in the Company's Form 10-K for the year ended December 31, 2003, and subsequent filings.

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**The Clinical Laboratory Testing
Market - \$40 billion Annually**

Independent clinical lab share
is \$16 billion

Represents 2% to 3% of all
health care spending

Influences /directs
approximately 80% of health
care spending

Rapidly evolving technology,
emphasis on preventative
medicine and aging of
population are all driving
growth

Has grown at a CAGR of
between 5% and 6%

Source: Company estimates, industry reports and 2003 revenue for LabCorp.

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Profile of LabCorp

A leader in the esoteric and genomic testing market and second-largest clinical laboratory company in North America

Offers more than 4,400 routine and esoteric/genomic tests

Conducts testing on more than 350,000 specimens daily

Provides lab services to more than 220,000 physicians and other health care providers

Approximately 23,000 employees nationwide

4

Primary Testing Locations & PSCs

Primary LabCorp Testing Locations

Patient Service Centers

PR

AK

Corporate Headquarters

Burlington, NC

5

**LabCorp's Investment and
Performance Fundamentals**

History of Strong Financial
Performance

Significant Cash Generator

Industry leading EBITDA margins

Strong Balance Sheet

Investment Grade Credit Ratings

6

Net Sales (in millions)

7

EBITDA Margin

8

EPS

9

Operating Cash Flow (in millions)

10

To **lead** the industry in achieving long-term **growth and profitability** by strengthening our **nationwide core testing** business and expanding our **higher-growth, higher-value esoteric and genomic businesses**.

LabCorp's Strategy

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Strategic Focus Areas

Scientific

Leadership

Managed

Care

Customer

Retention

-Licensing/partnerships

-Cancer

-Specimen tracking

-Call center consolidation

-Report improvement

-Acquisitions

-Appropriate prices

-Reduce leakage

-Value of new lab tests

-Customer connectivity

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Third Quarter Results (in millions, except per share data)

9/30/03

9/30/04

+ / (-)

Revenue

\$752.0

\$781.5

3.9%

EBITDA

\$183.9

\$200.8

9.2%

EBITDA Margin

24.5%

25.7%

120

bp

EPS

\$0.58

\$0.66

13.8%

Bad Debt % of Revenue

7.5%

6.25%

(125)

bp

13

(1) For definition of EBITDA and a reconciliation to the most comparable measure under Generally Accepted Accounting Principles, see Company's 3rd quarter 2004 earnings release furnished on Form 8-K on October 21, 2004.

(2) Q3 '03 results above exclude restructuring and other one-time charges relating to the Company's integration of its DIANON and Dynacare acquisitions.

Nine-Month Results (in millions, except per share data)

9/30/03

9/30/04

+ / (-)

Revenue

\$2,207.9

\$2,318.3

5.0%

EBITDA

\$537.0

\$602.8

12.3%

EBITDA Margin

24.3%

26.0%

170

bp

EPS

\$1.67

\$1.97

18.0%

Bad Debt % of Revenue

7.5%

6.4%

(110)

bp

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(1) For definition of EBITDA and a reconciliation to the most comparable measure under Generally Accepted Accounting Principles, see Company's 3rd quarter 2004 earnings release furnished on Form 8-K on October 21, 2004.

(2) YTD 03 results above exclude restructuring and other one-time charges relating to the Company's integration of its DIANON and Dynacare acquisitions.

Financial Performance

Price & Volumes: Trends by Payor Type

Client (Physicians)

Patient

Third Party

(MC/MD/Insurance)

Managed Care

Capitated

Fee for service

Total

LabCorp Total

2002

PPA

\$

Accessions

millions

26.27

119.93

31.87

9.28

44.79

30.45

\$31.71

29.6

2.3

14.8

13.1
19.3
32.4
79.1
2003
PPA
\$
millions
27.07
118.48
34.25
9.95
45.68
32.74
\$33.43
31.7
2.5
18.1
12.9
22.7
35.6
87.9
Accessions
YTD 2004
PPA
\$

millions

26.54

122.91

34.63

10.17

45.74

33.28

\$33.69

24.8

1.9

14.1

9.8

18.2

28.0

68.8

Accessions

15

Financial Performance

Revenue Analysis by Business Area

YTD SEPT 2003

Revenue

% Accns

Accns

PPA

\$Million

to total

000

\$

Genomic

**Identity/Gene
Probes**

All Genomic

Other Esoteric

Histology

**All Genomic/
Esoteric**

Core

Total

213.6

1,733.8

2.6%

123.21

114.4

328.0

188.4

148.4

664.8

1,543.1

2,207.9

2,628.0

4,631.8

4,615.7

1,619.0

10,596.5

55,451.4

66,047.9

4.0%

6.6%

7.0%

2.4%

16.0%

84.0%

100.0%

43.52

75.20

40.81

91.67

62.74

27.83

33.43

YTD SEPT 2004

Revenue

% Accns

Accns

\$Million

to total

000

221.7

1,888.4

2.8%

117.40

125.0

346.7

221.8

146.0

714.5

1,603.8

2,318.3

2,843.3

4,731.7

5,360.1

1,587.8

11,679.6

57,141.7

68,821.3

4.1%

6.9%

7.8%

2.3%

17.0%

83.0%

100.0%

43.96

73.27

41.38

91.96

61.17

28.07

33.69

PPA

\$

(4.7%)

1.0%

(2.6%)

1.4%

0.3%

(2.5%)

0.9%

0.9%

04 vs 03

PPA

Incr/(Decr)

**Free Cash Flow Investment
Strategy**

Acquisitions

\$250 million stock repurchase program

Retain flexibility in utilizing remaining
cash

17

