

LABORATORY CORP OF AMERICA HOLDINGS

Form 8-K

April 22, 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

April 22, 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
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

358 SOUTH MAIN STREET, BURLINGTON, NORTH CAROLINA 27215

(Address of principal executive offices)

336-229-1127

(Registrant's telephone number, including area code)

ITEM 12. Results of Operations and Financial Conditions.

Summary information of the Company dated April 22, 2004.

SIGNATURES

Pursuant to the requirements of the Securities and 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

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(Registrant)

By: /s/ BRADFORD T. SMITH

Bradford T. Smith
Executive Vice President
and Secretary

Date: April 22, 2004

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.

LabCorp's Investment and Performance Fundamentals

- Significant Cash Generator
- EBITDA Percentage of Sales: 25.4% through March 31, 2004
- Strong Balance Sheet
- Investment Grade Credit Ratings

The Clinical Laboratory Testing Market

US Clinical Laboratory testing market is \$34-\$36 billion

- Represents 3% - 4% of all health care spending
- Grew at a CAGR of 5.5% from 1998-2001
- Influences/directs approximately 80% of health care spending
- Role and importance of testing are increasing
- Rapidly evolving technology, emphasis on preventative medicine and aging of population are all driving growth

CLINICAL LABORATORY TESTING

Hospitals	49%
Independent Clinical Labs	39%
Physician Offices	12%

INDEPENDENT CLINICAL LABORATORIES

All others	78%
LabCorp	22%

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

Profile of LabCorp

- A leader in the specialty (esoteric/genomic) testing market and second largest clinical laboratory company in North America
- Conducts testing on more than 340,000 specimens daily and offers more than 4,400 routine and esoteric/genomic tests
- Provides quality lab services to more than 220,000 physicians and other health care providers

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- More than 23,000 employees nationwide

MAP OF PRIMARY TESTING LOCATIONS & PSC's

LabCorp's Strategy

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.

Strategic Approach Connects Two Key Business Areas

1) STRENGTHEN CORE TESTING

- New and Expanded Managed Care Relationships
- Selected Internal Expansion
- Acquire Core Testing Labs

2) EXPAND GENOMIC AND ESOTERIC TESTING

- Internal Development of New, Medically Necessary Tests
- Acquire High-Growth, High-Value Genomic/Esoteric Labs
- License and Partner to Bring New Tests and Technology to Market

Demonstrated Genomic and Esoteric Strategy Execution

INTERNAL -----	ACQUISITION -----	LICENSE/PARTNER -----
CMBP - Cancer - Genetics (Cystic Fibrosis) - Infectious Disease (GENOSURE)	NGI - Infectious Disease: Hepatitis C - PCR Plasma	MYRIAD GENETICS Predictive Tests: - Breast/Ovarian and Colon Cancer - Melanoma - Hypertension
CLINICAL TRIALS - Drug Metabolism	VIROMED - Infectious Disease: HIV, Hepatitis West Nile - Real-time PCR	CORRELOGIC SYSTEMS - Ovarian Cancer CELERA DIAGNOSTICS - Breast and Prostate Cancer - Alzheimer's Disease
	DIANON - Cancer/Anatomic Pathology	EXACT SCIENCES - Colorectal Cancer ATHEROTECH - VAP Cholesterol BIOPREDICTIVE - Liver Fibrosis

First Quarter Operating Results (\$ in millions)

	3/31/03 -----	3/31/04 -----
Revenue	712.2	752.5
Operating Expense	587.5	608.2
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Operating Income	124.7	144.3
	-----	-----
Margin	17.5%	19.2%
EBITDA	165.7	191.1
	-----	-----
Margin	23.3%	25.4%
Bad Debt % to revenue	7.96	6.75%
DSO	55	54

1) For definition of EBITDA and a reconciliation to the most comparable measure under Generally Accepted Accounting Principles, see Company's 1st quarter 2004 earnings release furnished on Form 8-K on April 22, 2004.

2004 First Quarter Financial Achievements

- Diluted EPS of \$0.61*
- EBITDA margin of 25.4%
- Operating cash flow of \$147.6 million
- Increased revenues 5.7% (volume approx. 5.7%; price unchanged)
- Repurchased approximately \$67 million of LabCorp stock

Financial Performance

Price & Volumes: Trends by Payor Type

	2002		2003		YTD Mar 2004	
	PPA	Accessions	PPA	Accessions	PPA	Accessions
	\$	millions	\$	millions	\$	millions
Client (Physicians)	26.27	29.6	27.07	31.7	26.54	8.0
Patient	119.93	2.3	118.48	2.5	119.71	0.7
Third Party	31.87	14.8	34.25	18.1	33.57	4.7
(MC/MD/Insurance)						
Managed Care						
- Capitated	9.28	13.1	9.95	12.9	10.09	3.3
- Fee for service	44.79	19.3	45.68	22.7	45.91	5.9
	-----	-----	-----	-----	-----	-----
Total	30.45	32.4	32.74	35.6	33.01	9.2
	-----	-----	-----	-----	-----	-----
LabCorp Total	\$31.71	79.1	\$33.43	87.9	\$33.43	22.6
	=====	=====	=====	=====	=====	=====

Financial Performance

Revenue Analysis by Business Area

	YTD MAR 2003			
	Revenue \$Million	Accns 000	%Accns to total	PPA \$
	-----	-----	-----	-----
Genomic	67.7	549.2	2.6%	123.36
Identity/Gene Probes	38.1	864.2	4.0%	44.04

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All Genomic	105.8	1,413.4	6.6%	74.86
Other Esoteric	59.5	1,445.5	6.8%	41.12
Histology	45.7	501.1	2.4%	91.25
All Genomic/ Esoteric	211.0	3,360.0	15.8%	62.79
Core	501.2	17,952.1	84.2%	27.92
Total:	712.2	21,312.1	100.0%	33.42

	YTD MAR 2004				04 vs 03
	Revenue \$Million	Accns 000	%Accns to total	PPA \$	PPA Incr/ (Decr)
Genomic	69.4	598.1	2.6%	116.01	(6.0%)
Identity/Gene Probes	40.5	935.4	4.2%	43.34	(1.6%)
All Genomic	109.9	1,533.5	6.8%	71.68	(4.2%)
Other Esoteric	68.2	1,671.6	7.4%	40.78	(0.8%)
Histology	47.1	513.0	2.3%	91.88	0.7%
All Genomic/ Esoteric	225.2	3,718.1	16.5%	60.57	(3.5%)
Core	527.3	18,852.5	83.5%	27.97	0.2%
Total:	752.5	22,570.6	100.0%	33.34	(0.2%)

Cash Investment Strategy

- \$90 to \$100 million in capital expenditures to support strategic growth plan
- \$50 to \$60 million for selected acquisitions (core, esoteric or anatomic pathology labs)
- Share repurchases - new \$250 million stock repurchase program
- Retain flexibility in utilizing remaining cash

Financial Guidance for 2004

- Revenue growth of approximately 5% to 7% compared to 2003, including small acquisitions and/or new contracts
- EBITDA margins of approximately 25% of sales
- EPS in the range of 11% to 13% compared to 2003 EPS
- Free cash flow* of approximately \$440 to \$460 million (net of Cap Ex of approximately \$100 million)**
- Bad debt rate of 6.75%, dropping to 6.25% by year end

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- Net interest expense of approximately \$36 million
- Tax rate of 41%

* Free cash flow is defined as operating cash flow, minus capital expenditures.

** Projected 2004 free cash flow is impacted as compared to 2003, by increased capital expenditures and the benefit in 2003 of one-time income tax credits of approximately \$50 million.

Opportunity for Investors

- Long-term industry trends appear favorable
- Visible growth drivers
- Low P/E relative to market valuations
- Significant free cash flow - multiple opportunities to increase shareholder value
- Strong balance sheet - Investment Grade ratings (S&P, Moody's)
- Solid growth potential driven by genomic strategy

Other Financial Information

March 31, 2004

(\$ in millions)

	Q1 04
Depreciation	\$ 23.0
Amortization	\$ 10.3
Capital expenditures	\$ 20.2
Cash flows from operations	\$ 147.6
Bad debt as a percentage of sales	6.75%
Effective interest rate on debt:	
Zero coupon-subordinated notes	2.00%
5 1/2% Senior Notes (including effect of interest rate swap)	5.38%
Revolving credit facility (weighted average)	1.95%
Days sales outstanding	54