

LABORATORY CORP OF AMERICA HOLDINGS
Form 8-K
July 24, 2008

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

July 24, 2008

(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 July 24, 2008.

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: July 24, 2008

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

8-K Filed July 24, 2008

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Introduction

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, 2007, and subsequent SEC filings.

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**The US Healthcare & Clinical
Laboratory Testing Market**

Source: CMS, Office of the Actuary, G-2, and Company Estimates

Inpatient

Outpatient &

Outreach

3

The Value of Lab Testing

In the past, lab testing was primarily used to diagnose disease. Now, lab testing plays an increasingly large role in the full continuum of healthcare delivery

Source: Deloitte (OAML)

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What is LabCorp

Clinical

Pathology

Anatomic

Pathology

Genomics

Esoteric

Testing

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Our Infrastructure

**1600+ conveniently
located PSCs**

700 MDs & PhDs

6500+ phlebotomists

Lab

Information

System

2600 couriers

1000 sales reps

7 airplanes

Primary testing labs

Esoteric Labs

STAT Labs

Standardized Platforms

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Primary LabCorp Testing Locations*

Esoteric Lab Locations

(CET, CMBP, Dianon, Esoterix, NGI, OTS, US Labs, Viromed)

Our Locations

Patient Service Centers*

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Cancer diagnostics and monitoring

Advanced cardiovascular disease testing

Advancement through acquisitions and licensing

Strategic Focus Areas

Lab data enables better treatment and outcomes

Partner to control high cost leakage

Recognize value of lab services through appropriate pricing

Quality and service driven culture

First-time problem resolution

Continuous enhancements in customer connectivity

Scientific Leadership

Managed Care

Customer Focus

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Revenue Growth Drivers

**Industry
Consolidation**

**Hospital
Opportunity**

**Aging
Population**

-Increased utilization

for older patients

Disease

Management

-Litholink Model

**Companion
Diagnostics**

-ARCA

-Warfarin

**More Esoteric
Testing**

-Cardiovascular Disease

- Cancer

Time

Margin

Potential

LabCorp

Competitive Advantages

Standardized Data

Clinical Trials

Dianon, USLabs, Esoterix,

NGI & Viomed

Industry Forces

Focus on Outcomes and Cost Containment (Medical & Drug)

Increased emphasis on drug efficacy, proper dosage and adverse effects

Advances in science and genomics

**Expansion of
Managed Care
partnerships**

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EBITDA Margin Growth Drivers

3.

Further operational

efficiencies

Increase automation in
pre-analytic processes

Logistics / route structure
optimization

Supply chain
management

Improved patient experience and
data capture

1.

Increased volumes through fixed-cost infrastructure

2.

**Larger number of esoteric tests offered, more
esoteric tests ordered**

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Industry-leading EBITDA margins

Significant free cash flow

Focus on providing value to shareholders

Strategic acquisitions

Organic growth opportunities

Share repurchase

\$359.3 Million available as of 6/30/08

Flexibility for future growth opportunities

**LabCorp's Investment and
Performance Fundamentals**

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Revenue CAGR of 8.5% Diluted EPS CAGR of 18.6%

1.

Excluding the \$0.09 per diluted share impact in 2005 of restructuring and other special charges, and a non-recurring investment loss.

2.

Excluding the \$0.06 per diluted share impact in 2006 of restructuring and other special charges.

3.

Excluding the \$0.25 per diluted share impact in 2007 of restructuring and other special charges.

Five-Year Revenue and EPS Trend

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1.

Includes approximately \$50 million of benefit from one-time tax credits recorded in 2003.

2.

Excluding the impact in 2005 of restructuring and other special charges and a non-recurring investment loss.

3.

Excluding the impact in 2006 and 2007 of restructuring and other special charges

4.

As a result of adopting FASB 123(R) in 2006, the Company recorded incremental stock compensation expense of \$23.3 and \$26.7 in 2006 and 2007, respectively.

Five-Year OCF and EBIDTA Margin Trend

OCF CAGR of 6% EBITDA Margin Growth of 210 bps

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Second Quarter Results
(In millions, except per share data)

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**YTD Second
Quarter Results**
(In millions, except per share data)

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**2008 Second Quarter
Financial Achievements**

Diluted EPS of \$1.24 ⁽¹⁾

EBITDA margin of 26.2% of net sales⁽²⁾

Operating cash flow of \$194.7 million

Increased revenues

10.0% (9.0% volume; 1.0% price)

Excl. Canada 3.6% (1.3% volume, 2.3% price)

**Repurchased approximately \$10.8 million of
LabCorp stock**

(1)

Excludes the \$0.32 per diluted share impact of the restructuring and other special charges record in the second quarter of 2008

(2)

Excludes restructuring and other special charges of \$61.0 million recorded by the Company in the second quarter of 2008

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**2008 YTD Second Quarter
Financial Achievements**

Diluted EPS of \$2.38 ⁽¹⁾

EBITDA margin of 26.1% of net sales⁽²⁾

Operating cash flow of \$371.2 million

Increased revenues

10.2% (8.8% volume; 1.4% price)

Excl. Canada 3.8% (1.4% volume, 2.4% price)

**Repurchased approximately \$66.5 million of
LabCorp stock**

(1)

Excludes the \$0.32 per diluted share impact of the restructuring and other special charges record through the second quarter of 2008

(2)

Excludes restructuring and other special charges of \$61.0 million recorded by the Company through the second quarter of 2008

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Revenue by Payer- US
YTD Q2 2008
(In millions)

Client

\$585.9 (28%)

Patient

\$190.8 (9%)

Managed Care
Capitated

\$88.1 (4%)

Medicare & Medicaid

\$403.6 (19%)

Managed Care
Fee-for-service

\$851.6 (40%)

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Core

\$1391.1 (66%)

Histology (Non-Pap)

\$161.7 (8%)

Other Esoteric

\$245.9 (12%)

Genomic

\$321.2 (15%)

Revenue by Business Area - US

YTD Q2 2008

(In millions)

19

**Revenue Mix- US
by Business Area
(In millions)**

30%

31%

34%

35%

34%

66%

65%

66%

69%

70%

20

Revenue by Payer
YTD Q2 2008
(in millions, except PPA)

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**Revenue Mix by
Business Area YTD Q2 2008
(in millions, except PPA)**

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Financial Guidance - 2008

Excluding the impact of restructuring and other special charges and share repurchase activity after June 30, 2008, guidance for 2008 is:

\$70 million

Net interest of approximately

\$140 million to \$160 million

Capital expenditures of approximately

(Including capital dedicated to the Company's 2010 Plan)

\$750 million to \$770 million

Operating cash flow of approximately

(Excluding any transition payments to UnitedHealthcare)

\$4.54 and \$4.66

Diluted earnings per share of between

25.0% to 25.3%

EBITDA margins of approximately

10.3% to 11.3%

Revenue growth

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Reconciliation of Non-GAAP

Financial Measures

(In millions)

EBITDA represents earnings before interest, income taxes, depreciation and amortization, and includes the Company's proportional share of the underlying EBITDA of the income from joint venture partnerships. The Company uses EBITDA extensively as an internal management performance measure and believes it is a useful, and commonly used measure of financial performance in addition to earnings before taxes and other profitability measurements under generally accepted accounting principles (GAAP). EBITDA is not a measure of financial performance under GAAP. It should not be considered as an alternative to earnings before income taxes (or any other performance measure under GAAP) as a measure of performance or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles earnings before income taxes, representing the most comparable measure under GAAP, to EBITDA for the three- and six-month periods ended June 30, 2008 and 2007:

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**Supplemental Financial
Information**

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