

LABORATORY CORP OF AMERICA HOLDINGS
Form 8-K
May 11, 2011

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

May 11, 2011
(Date of earliest event reported)

LABORATORY CORPORATION OF
AMERICA HOLDINGS
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
Incorporation)

1-11353
(Commission File Number)

13-3757370
(I.R.S. Employer Identification No.)

358 South Main Street,
Burlington, North Carolina
(Address of principal executive offices)

27215
(Zip Code)

336-229-1127
(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 communication 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 Regulation FD Disclosure
7.01

Summary information of the Company in connection with its Annual Meeting of Stockholders in Burlington, NC on May 11, 2011.

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

By: /s/ F. SAMUEL EBERTS III
F. Samuel Eberts III
Chief Legal Officer and Secretary

May 11, 2011

May 11, 2011
2011
Annual Meeting
of Stockholders

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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, 2010, and subsequent SEC filings.

Forward Looking Statement

Introduction

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Leading National Lab Provider

- Fastest growing national lab
 - \$55 Billion market
 - Clinical, Anatomic and Genomic Testing
 - Serving clients in all 50 states and Canada
 - Leading clinical trials testing business
-

Mission Statement

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We Will Offer The Highest Quality
Laboratory Testing and Most
Compelling Value to Our
Customers

We Will Execute This Mission
Through Our Five Pillar Strategy

Five Pillar Strategy

Pillar One

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Deploy Cash to Enhance
Footprint and Test Menu
and to Buy Shares

Five Pillar Strategy—Pillar One

Impressive FCF Trend

Free Cash Flow Per Share

- 6-year FCF Per Share CAGR of 16.1%
- FCF Yield ranged from approximately 8% to 10% in 2010

Note: Free Cash Flow Per Share and Free Cash Flow Yield are non-GAAP metrics

FCF Yield range noted above was calculated using trailing twelve month Free Cash Flow, weighted average diluted share

counts and closing stock prices during 2010

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Five Pillar Strategy—Pillar One

Key Uses of Cash

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Key Uses of Cash

- Acquisitions
- Genzyme GeneticsSM*
- Westcliff (LabWest, Inc)
 - DCL
 - Share Repurchase
 - \$337.4 million in 2010
 - \$265.0 million in Q1 of 2011

*GENZYME GENETICSSM and its logo are trademarks of Genzyme Corporation and used by Esoterix Genetic Laboratories, LLC, a wholly owned subsidiary of LabCorp, under license. Esoterix Genetic Laboratories and LabCorp are operated independently from Genzyme Corporation.

Five Pillar Strategy—Pillar One
Genzyme Genetics Acquisition

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Acquisition Rationale

- Creates the premier genetics and oncology business in the industry
 - Builds on our strategy of leadership in personalized medicine
 - Generates revenue opportunities
 - Selling LabCorp’s test menu to Genzyme Genetics accounts
 - Selling Genzyme Genetics’ test menu to LabCorp accounts
 - Genzyme Genetics customer access to LabCorp’s convenient PSC network
 - Expanded use of genetic counselors
 - Creates cost synergies
 - Logistics
 - Specimen collection
 - G&A
 - Facility overlap
-

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Five Pillar Strategy
Pillar Two
Enhance IT Capabilities
To Improve Physician
and Patient Experience

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Five Pillar Strategy
Pillar Three
Continue to Improve
Efficiency to Offer the
Most Compelling Value
in Laboratory Services

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Five Pillar Strategy
Pillar Four
Scientific Innovation At
Appropriate Pricing

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Five Pillar Strategy
Pillar Five
Alternative Delivery
Models

Note: During both the first quarter of 2010 , inclement weather reduced Adjusted EPS by approximately eight cents.

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Fourth Quarter and Full Year 2010 Results

	Three Months Ended			Twelve Months		
	Dec 31,			Ended Dec 31,		
	2010	2009	+ /(-)	2010	2009	+ /(-)
Revenue	\$1,295.40	\$1,165.10	11.2%	\$5,003.90	\$4,694.70	6.6%
Adjusted Operating Income (1)	\$252.40	\$221.90	13.7%	\$1,016.50	\$954.90	6.5%
Adjusted Operating Income Margin (1)	19.5%	19.0%	50 bp	20.3%	20.3%	- bp
Adjusted EPS (1)	\$1.34	\$1.16	15.5%	\$5.55	\$4.89	13.5%
Operating Cash Flow	\$259.20	\$224.70	15.4%	\$883.60	\$862.40	2.5%
Less: Capital Expenditures	(\$32.80)	(\$37.60)	-12.8%	(\$126.10)	(\$114.70)	9.9%
Free Cash Flow	\$226.40	\$187.10	21.0%	\$757.50	\$747.70	1.3%

and...

4th Quarter 2010 Customer Satisfaction levels were the highest in LabCorp history.

(1) Non-GAAP measure

Note: During both the first quarter of 2010 and the first quarter of 2011, inclement weather reduced Adjusted EPS Excluding Amortization by approximately eight cents.

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First Quarter 2011 Results

	Three Months		
	Ended Mar 31,		
	2011	2010	+ / (-)
Revenue	\$ 1,368.4	\$ 1,193.6	14.6%
Adjusted Operating Income ¹	\$ 263.7	\$ 243.5	8.3%
Adjusted Operating Income Margin ¹	19.3%	20.4%	-110 bp
Adjusted EPS Excluding Amortization ¹	\$ 1.52	\$ 1.40	8.6%
Operating Cash Flow	\$ 215.3	\$ 232.0	-7.2%
Less: Capital Expenditures	\$ (29.4)	\$ (24.5)	20.0%
Free Cash Flow	\$ 185.9	\$ 207.5	-10.4%

(1) Non-GAAP measure

Supplemental Financial Information

Laboratory Corporation of America
 Other Financial Information
 FY 2009, FY 2010 and Q1 2011
 (\$ in millions)

	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11
Bad debt as a percentage of sales	5.3%	5.3%	5.3%	5.3%	5.0%	4.8%	4.8%	4.7%	4.7%
Days sales outstanding ¹	52	50	48	44	46	45	44	46	47
A/R coverage (Allow. for Doubtful Accts. / A/R) ²	19.5%	20.6%	21.9%	23.2%	21.7%	20.7%	20.4%	18.5%	19.4%

(1) Excluding the impact from Genzyme Genetics, DSO was 43 days in Q4 of 2010 and 45 days in Q1 of 2011

(2) Excluding the impact from Genzyme Genetics, A/R Coverage was 19.9% in Q4 of 2010 and 20.4% in Q1 of 2011

Stock Performance

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Note: Period measured is from January 2008 2nd - May 2nd, 2011

Source: First Call

Superior Three-Year Return

- LabCorp shares up 31.0%
- S&P Healthcare Index up 1.4%
- S&P 500 Index down 5.9%

-

50.0%

-

40.0%

-

30.0%

-

20.0%

-

10.0%

0.0%

10.0%

20.0%

30.0%

Stock Performance: January 2008

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Present

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S&P 500

S&P 500 Healthcare

Key Points

- Critical position in health care delivery system
 - Attractive market
 - Consistent strategy
- Excellent cash flow deployed to enhance strong competitive position
- IT innovation to improve physician and patient experience
- Most efficient provider delivering greatest value
 - Scientific leadership
 - Alternative delivery models
- Track record of execution and success

Conclusion

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