

LABORATORY CORP OF AMERICA HOLDINGS
Form 10-Q
May 01, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-11353

LABORATORY CORPORATION OF
AMERICA HOLDINGS

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

13-3757370

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

358 South Main Street,
Burlington, North Carolina

(Address of principal executive offices)

27215

(Zip Code)

(Registrant's telephone number, including area code) 336-229-1127

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller
reporting company)

Accelerated Filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
[] No [X].

The number of shares outstanding of the issuer's common stock is 92.9 million shares, net of treasury stock as of
April 29, 2013.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$185.8	\$466.8
Accounts receivable, net of allowance for doubtful accounts of \$198.4 and \$191.5 at March 31, 2013 and December 31, 2012, respectively	793.8	718.5
Supplies inventories	124.0	121.0
Prepaid expenses and other	67.4	74.6
Deferred income taxes	19.0	10.9
Total current assets	1,190.0	1,391.8
Property, plant and equipment, net	634.6	630.8
Goodwill, net	2,911.6	2,901.7
Intangible assets, net	1,627.5	1,667.7
Joint venture partnerships and equity method investments	86.8	78.1
Other assets, net	118.9	124.9
Total assets	\$6,569.4	\$6,795.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$246.6	\$236.9
Accrued expenses and other	346.0	311.6
Short-term borrowings and current portion of long-term debt	147.9	480.0
Total current liabilities	740.5	1,028.5
Long-term debt, less current portion	2,175.0	2,175.0
Deferred income taxes and other tax liabilities	552.5	546.0
Other liabilities	302.2	307.4
Total liabilities	3,770.2	4,056.9
Commitments and contingent liabilities		
Noncontrolling interest	20.9	20.7
Shareholders' equity:		
Common stock, 92.8 and 93.5 shares outstanding at March 31, 2013 and December 31, 2012, respectively	11.2	11.3
Additional paid-in capital	—	—
Retained earnings	3,667.5	3,588.5
Less common stock held in treasury	(954.2) (951.8
Accumulated other comprehensive income	53.8	69.4
Total shareholders' equity	2,778.3	2,717.4
Total liabilities and shareholders' equity	\$6,569.4	\$6,795.0

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

(unaudited)

	Three Months Ended	
	March 31,	
	2013	2012
Net sales	\$1,440.9	\$1,423.3
Cost of sales	868.7	847.2
Gross profit	572.2	576.1
Selling, general and administrative expenses	283.2	271.2
Amortization of intangibles and other assets	19.5	21.4
Restructuring and other special charges	7.5	(3.6)
Operating income	262.0	287.1
Other income (expenses):		
Interest expense	(24.5)	(21.5)
Equity method income, net	4.3	4.3
Investment income	0.2	0.2
Other, net	(0.6)	(0.5)
Earnings before income taxes	241.4	269.6
Provision for income taxes	93.8	107.6
Net earnings	147.6	162.0
Less: Net earnings attributable to the noncontrolling interest	(0.4)	(0.4)
Net earnings attributable to Laboratory Corporation of America Holdings	\$147.2	\$161.6
Basic earnings per common share	\$1.58	\$1.66
Diluted earnings per common share	\$1.56	\$1.63

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(in millions, except per share data)
(unaudited)

Three Months Ended
March 31,
2013 2012