

LABORATORY CORP OF AMERICA HOLDINGS  
Form 10-Q  
October 30, 2015  
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 September 30, 2015  
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

13-3757370

(State or other jurisdiction of incorporation or  
organization)

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

358 South Main Street,  
Burlington, North Carolina

27215

(Address of principal executive offices)

(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

Accelerated Filer

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

Smaller reporting company

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

The number of shares outstanding of the issuer's common stock is 101.2 million shares, net of treasury stock as of October 27, 2015.

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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)

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$713.0	\$580.0
Accounts receivable, net of allowance for doubtful accounts of \$234.1 and \$211.6 at September 30, 2015 and December 31, 2014, respectively	1,235.2	815.7
Unbilled services	161.8	—
Inventory	181.6	139.5
Prepaid expenses and other	378.3	157.5
Deferred income taxes	37.2	—
Total current assets	2,707.1	1,692.7
Property, plant and equipment, net	1,806.8	786.5
Goodwill, net	6,068.6	3,099.4
Intangible assets, net	3,561.0	1,475.8
Joint venture partnerships and equity method investments	61.8	92.6
Other assets, net	217.0	154.8
Total assets	\$14,422.3	\$7,301.8
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$445.0	\$282.3
Accrued expenses and other	583.0	341.4
Unearned revenue	141.7	—
Deferred income taxes	—	5.5
Short-term borrowings and current portion of long-term debt	674.7	347.1
Total current liabilities	1,844.4	976.3
Long-term debt, less current portion	6,006.5	2,682.7
Deferred income taxes and other tax liabilities	1,291.3	530.4
Other liabilities	351.1	274.2
Total liabilities	9,493.3	4,463.6
Commitments and contingent liabilities		
Noncontrolling interest	15.5	17.7
Shareholders' equity:		
Common stock, 101.2 and 84.6 shares outstanding at September 30, 2015 and December 31, 2014, respectively	12.0	10.4
Additional paid-in capital	1,937.6	—
Retained earnings	4,108.7	3,786.1
Less common stock held in treasury	(976.3	) (965.5

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Accumulated other comprehensive loss	(168.5	) (10.5	)
Total shareholders' equity	4,913.5	2,820.5	
Total liabilities and shareholders' equity	\$14,422.3	\$7,301.8	

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		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net revenue	\$2,269.9	\$1,551.8	\$6,260.9	\$4,498.9
Reimbursable out-of-pocket expenses	47.4	—	118.7	—
Total revenues	2,317.3	1,551.8	6,379.6	4,498.9
Net cost of revenues	1,507.0	980.6	4,098.2	2,842.3
Reimbursable out-of-pocket expenses	47.4	—	118.7	—
Total cost of revenues	1,554.4	980.6	4,216.9	2,842.3
Gross profit	762.9	571.2	2,162.7	1,656.6
Selling, general and administrative expenses	382.5	305.7	1,217.1	888.5
Amortization of intangibles and other assets	47.1	18.3	126.2	61.3
Restructuring and other special charges	26.4	5.8		