



Laboratory Corporation of America(R) Announces 2003 Second Quarter Results

July 22, 2003

Reports EPS of \$0.60; Operating Cash Flow Increases 32 Percent to \$123 Million; Combined Genomic and Esoteric Testing Revenues Increase 34 Percent

BURLINGTON, N.C., July 22 /PRNewswire-FirstCall/ -- Laboratory Corporation of America(R) Holdings (NYSE: LH) (LabCorp(R)) today announced results for the quarter ended June 30, 2003.

Second Quarter Results

Revenues for the quarter were \$743.7 million, an increase of 21.5 percent compared to the same period in 2002. Testing volume, measured by accessions, increased approximately 16.0 percent and price per accession increased approximately 5.5 percent compared to second quarter 2002.

Net income for the quarter increased to \$86.4 million, or \$0.60 per diluted share, compared to 2002 second quarter net income of \$78.5 million, or \$0.55 per diluted share. Earnings before interest, taxes, depreciation and amortization (EBITDA) were \$187.4 million for the quarter, or 25.2 percent of net sales, compared to \$156.4 million, or 25.5 percent of net sales, for the same period in 2002.

During the quarter, the Company repaid \$50 million in borrowings under its revolving line of credit, and repurchased approximately \$53 million of Company stock. Operating cash flow was \$123.2 million and the cash balance at the end of the quarter was \$33.9 million.

"Our financial results, which include solid revenue growth and EBITDA performance, continued to be strong," said Thomas P. Mac Mahon, chairman and chief executive officer. "Cash generation was substantial, debt was further reduced, additional shares of LabCorp stock were repurchased, and our integration and synergy savings objectives for Dynacare and DIANON were achieved. Importantly, our financial performance was enhanced by our successful strategy to increase our genomic and esoteric testing businesses. We anticipate that our August launch of EXACT Sciences' colorectal cancer screening test will further demonstrate the value and significance of this strategy."

Six-Month Results

Revenues for the period were approximately \$1,455.9 million, an increase of 21.1 percent compared to the same period in 2002. Testing volume, measured by accessions, increased approximately 15.0 percent and price per accession increased approximately 6.0 percent, compared to the comparable period in 2002.

Net income for the period increased to \$160.3 million, or \$1.10 per diluted share, compared to 2002 six-month net income of \$144.3 million, or \$1.01 per diluted share. EBITDA was \$353.1 million, or 24.3 percent of net sales, compared to \$294.0 million, or 24.4 percent of net sales, for the same period in 2002.

A live broadcast of LabCorp's quarterly conference call on July 22, 2003 will be available online at www.labcorp.com or at www.streetevents.com beginning at 10:00 a.m. Eastern Time, with an online rebroadcast continuing through August 29, 2003. The live call at 10:00 a.m. is also available in a listen-only mode by dialing 415-908-6208. A telephone replay of the call will be available through July 29, 2003 and can be heard by dialing 800-633-8284 (402-977-9140 for international callers). The access code for the replay is 211-51-445.

The first national clinical laboratory to fully embrace genomic testing, Laboratory Corporation of America(R) Holdings (LabCorp(R)) has been a pioneer in commercializing new diagnostic technologies. As a national laboratory with annual revenues of \$2.5 billion in 2002 and approximately 24,000 employees, the Company offers more than 4,000 clinical tests ranging from routine blood analyses to sophisticated molecular diagnostics. Serving over 200,000 clients nationwide, LabCorp combines its expertise in innovative clinical testing technology with its Centers of Excellence. The Center for Molecular Biology and Pathology, in Research Triangle Park, North Carolina, offers state-of-the-art molecular gene-based testing in infectious disease, oncology and genetics. DIANON Systems, Inc. its Anatomic Pathology Center of Excellence, is a leader in oncology and genetic testing, and National Genetics Institute in Los Angeles is an industry leader in developing novel, highly sensitive polymerase chain reaction (PCR) methods for testing hepatitis C and other blood borne infectious agents. LabCorp's Minneapolis-based ViroMed offers molecular microbial testing using real time PCR platforms, while its Center for Esoteric Testing in Burlington, North Carolina, performs the largest volume of specialty testing in the network. LabCorp's clients include physicians, state and federal government, managed care organizations, hospitals, clinics, pharmaceutical and Fortune 1000 companies, and other clinical laboratories.

Each of the above forward-looking statements is 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 LabCorp's financial results is included in the Company's Form 10-K for the year ended December 31, 2002 and subsequent SEC filings.

LABORATORY CORPORATION OF AMERICA HOLDINGS
Consolidated Statements of Operations
(in millions, except per share data)

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2003	2002	2003	2002
Net sales	\$743.7	\$612.4	\$1,455.9	\$1,202.4
Cost of sales	427.2	336.1	842.9	667.7
Selling, general and administrative	164.1	137.0	327.4	273.9
Amortization of intangibles and other assets	9.5	5.2	18.0	10.3
Operating income	142.9	134.1	267.6	250.5
Other income (expense)	(0.2)	0.2	(0.3)	(0.4)
Investment income	2.4	1.2	4.7	2.0
Interest expense	(10.0)	(4.2)	(21.4)	(8.4)
Income from equity investments	11.3	--	21.1	--
Earnings before income taxes	146.4	131.3	271.7	243.7
Provision for income taxes	60.0	52.8	111.4	99.4
Net earnings	\$86.4	\$78.5	\$160.3	\$144.3
Diluted earnings per common share:				
Net earnings	\$0.60	\$0.55	\$1.10	\$1.01
Weighted average shares outstanding	145.0	143.4	145.7	142.9
EBITDA	\$187.4	\$156.4	\$353.1	\$294.0

LABORATORY CORPORATION OF AMERICA HOLDINGS
Consolidated Balance Sheets
(in millions, except per share data)

(Unaudited)
June 30, December 31,

	2003	2002
Cash and cash equivalents	\$33.9	\$56.4
Accounts receivable, net	444.5	393.0
Property, plant & equipment	368.2	351.2
Intangible assets and goodwill, net	1,834.2	1,217.5
Investments in equity affiliates	481.9	400.6
Other assets	177.7	173.3
	\$3,340.4	\$2,592.0
Total bank debt	\$88.1	\$3.5
Zero coupon-subordinated notes	518.0	512.9
5 1/2% senior note	354.1	--
Other liabilities	639.6	463.9
Shareholders' equity	1,740.6	1,611.7
	\$3,340.4	\$2,592.0

Notes to Financial Tables

(1) EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization, and includes the Company's

proportional share of the underlying EBITDA of the income from equity investments. 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, 2003 and 2002:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Earnings before income taxes	\$146.4	\$131.3	\$271.7	\$243.7
Add:				
Interest expense	10.0	4.2	21.4	8.4
Investment income	(2.4)	(1.2)	(4.7)	(2.0)
Other (income) expense, net	0.2	(0.2)	0.3	0.4
Depreciation	22.8	17.1	44.7	33.2
Amortization	9.5	5.2	18.0	10.3
Equity investments' depreciation and amortization	0.9	--	1.7	--
EBITDA	\$187.4	\$156.4	\$353.1	\$294.0

SOURCE Laboratory Corporation of America Holdings

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CO: Laboratory Corporation of America Holdings

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