## DaVita Inc. Reports 4th Quarter and 2000 Results

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DaVita Inc., today announced results for the quarter and year ended December 31, 2000. Net earnings for the fourth quarter were \$15.3 million or \$0.18 per share. Continental U.S. EBITDA (earnings before interest, taxes, depreciation and amortization) for the fourth quarter was \$79.5 million.

Financial and operating highlights include:

- -- Continental U.S. dialysis revenue per treatment (excluding lab, management fees and other revenue) in the fourth quarter was \$266.51 as compared to \$260.41 in the third quarter, or a 2.3% increase.
- Continental U.S. DSO at quarter end was 73 days, including Florida Medicare laboratory receivables. This represents a 6-day improvement from the end of the third quarter.
- -- The continental U.S. EBITDA margin for the fourth quarter was 21.5% as compared to 21.4% for the third quarter.
- -- Operating cash flow for the three months and year ended December 31, 2000 was \$113 million and \$308 million, respectively.
- -- As of the date of this release our leverage ratio (the ratio of net debt to EBITDA) is 3.0x, down from 5.5x in late 1999.
- -- Total continental U.S. treatments for the fourth quarter were 1,352,277. Non-acquired treatment growth was 3.5%, which included same center treatment growth of 3.4%.
- -- At December 31, 2000 we operated 488 outpatient centers in the continental U.S. serving over 41,000 patients. During the fourth quarter we closed 1 under-performing center, opened 1 de novo center and acquired 8 previously managed centers. Included in our continental patient and facility count are 4,500 patients in 48 centers under management.

"This release marks the end of the first full year of our new company. We did what we said we would do, or more, for each of our stakeholders. I salute the significant clinical, operating and financial accomplishments of our team of 12,000 caregivers. We need to and intend to achieve similar progress in 2001. To do so will require significant investments, which we will make," stated Kent Thiry, Chairman and CEO.

## Other developments:

-- On February 5, 2001, the Company announced that we would voluntarily cooperate with the Civil Division of the United States Attorney's Office for the Eastern District of Pennsylvania in a review of some of the Company's business practices. No legal process has been initiated against the Company, nor are there any allegations of wrongdoing. We cannot predict when this review will be concluded or what the final resolution might be.

This release contains forward-looking statements. Factors which could impact future results include the uncertainties associated with governmental regulation, general economic and other market conditions, and the "risk factors" set forth in the Company's SEC filings, including its Form 10-Q for the quarter ended September 30, 2000. These risks include those relating to (1) possible changes in private and government reimbursement rates, (2) the concentration of profits generated from private indemnity patients, (3) the ongoing payment suspension and review of the Company's Florida laboratory subsidiary by its Medicare carrier and the Department of Justice, (4) the inquiry from the Civil Division of the US Attorney's Office for the Eastern District of Pennsylvania and (5) the Company's ability to maintain contracts with physician medical directors. The forward-looking statements should be considered in light of these risks and uncertainties.

DAVITA INC.

Three months ended Year ended December 31, 2000 December 31, 2000

\$1,486,302 Net operating revenues \$ 372,746 Operating expenses Dialysis and lab facilities 256,407 1,032,153 General and administrative 30,164 123,624 Depreciation and amortization 27,290 111,605 Provision for uncollectible accounts 7,094 39,649 Impairment and valuation losses 142 4,556 Total operating expenses 321,097 1,311,587 Operating income 51,649 174,715

Other income (loss) 1,970 (7,201)Debt expense 22,620 116,637 Minority interests in

income of consolidated

subsidiaries (2,774)(5,942)

Income before income taxes and extraordinary item change in

accounting principle 28.225 44.935 Income tax expense 12,892 27,960 Income before extraordinary item 16,975 15,333

Extraordinary loss related to early extinguishment of debt,

net of tax of \$2,222 (3,490)\$15,333 \$13,485 Net income

Earnings per common share-basic:

Income before extraordinary item \$0.21 Extraordinary loss, net of tax (0.04)\$0.19 \$0.17 Net income

Weighted average number of

common shares outstanding 81,858 81,581

Earnings per common share-assuming

dilution:

Income before extraordinary item \$0.20 \$0.18 Extraordinary loss, net of tax (0.04)\$0.18 \$0.16 Net income

Weighted average number of common

shares and equivalents

outstanding-assuming dilution 85,625 83,157

Supplemental information:

Continental Treatments 1,352,277 5,353,636

Continental EBITDA, pre-impairment

(in 000's) \$281,055 \$79,470

Continental EBITDA margin,

21.5% 19.9% pre-impairment

SOURCE: DaVita Inc.

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