Total Renal Care Reports 1st Quarter Earnings

TORRANCE, Calif., May 10 / PRNewswire/ -- Total Renal Care Holdings, Inc. (NYSE: TRL), today announced results for the quarter ended March 31, 2000. Revenues for the quarter were \$372 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) were \$68 million and net income was \$3.8 million, or \$0.05 per share.

"I am pleased to report that the first quarter earnings results are in line with our projections," said Richard Whitney, the Company's CFO. "Our cash collections continue to be strong with \$389 million of cash being collected in the first quarter, resulting in a nine day reduction in days sales outstanding (DSO) for our continuing operations. Additionally, operating cash flow was \$61 million for the quarter and our cash balance increased by \$42 million to \$150 million at March 31, 2000."

Quarterly financial highlights include:

- Consolidated revenues for the quarter ended March 31, 2000 were \$372 million, included in the consolidated results were non-continental
 U.S. revenues of \$33 million. The Company previously announced the pending divestiture of its non-continental U.S. assets. Revenues
 from continental U.S. activities were \$339 million for the quarter.
- Continental U.S. dialysis revenue per treatment was \$247.01 as compared to \$244.50 in the fourth quarter, or a 1% increase.
- Total continental U.S. treatments for the quarter were 1,318,000. Non-acquired treatment growth was 6.2%, which included same center treatment growth of 5%.
- Continental U.S. DSO as of quarter end was 83 days. This represents a nine-day improvement and was driven entirely by our improved cash collection efforts. Excluding the suspended Florida Medicare laboratory receivables of \$34 million, DSO was 75 days.
- Net cash provided by operations was \$61 million in the quarter, which included a net decrease of \$24 million in accounts receivable, a tax refund of \$22 million, and a reduction in accounts payable and current liabilities of approximately \$24 million. Routine capital asset purchases and growth capital expenditures were approximately \$17 million.
- The Company reduced its outstanding debt obligations by approximately \$15 million with the proceeds (cash and \$3 million of debt assumption) from the sale of assets in the continental U.S. Net debt (total debt minus cash) was reduced by approximately \$58 million to \$1.29 billion at the end of the quarter.
- At March 31, 2000 we operated 484 outpatient centers in the continental U.S. serving 40,000 patients. Dating the quarter, we opened 5 de novo dialysis facilities, added 1 managed unit, sold 3 centers and closed 7 under-performing centers. Included in our continental facility count are 4,200 patients in 52 centers under management. We also provide acute hemodialysis services to inpatients at 317 continental U.S. hospitals.

"We achieved strong improvement in the first quarter. Doing so required great effort. On behalf of our shareholders I want to thank the TRC team," said Kent Thiry, Chairman and CEO.

TOTAL RENAL CARE HOLDINGS, INC. CONSOLIDATED BALANCE SHEETS (in thousands, except per share data)

March 31, December 31, 2000 1999

ASSETS

Cash and cash equivalents \$ 150,377 \$ 107,981 Accounts receivable, less allowance or \$70,489 and \$67,315 366,100 390,329 Inventories 24,665 32,916 36,734 32,082 Other current assets Income tax receivable 19,667 45,645 Deferred income taxes 46,958 45,795 Total current assets 644,501 654,748 Property and equipment, net 284,693 285,449 Intangible assets, net 1,045,457 1,069,672 Investments in third-party dialysis businesses 37,350 35,552 5.234 Deferred taxes 6.553

Other long-term assets 2,751 4,744 \$2,019,986 \$2,056,718

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable 99,445 121,561

Accrued compensation and benefits 47,386 47,647

Other liabilities 75,140 77,141

Current portion of long-term debt 23,904 26,585

Long-term debt potentially callable

under covenant provisions 1,413,737 1,425,610

Total current liabilities 1,659,612 1,698,544

Long-term debt, less \$1,413,737

and \$1,425,610 potentially

callable classified

as current 5,027 5,696
Other long-term liabilities 3,289 3,497
Minority interests 20,852 22,577

Shareholders' equity

Preferred stock (\$0.001 par

value; 5,000,000 shares

authorized; none issued or outstanding)

Common stock (\$0.001 par value,

195,000,000 shares authorized;

81,398,088 and 81,193,011 shares

issued and outstanding) 81 81 Additional paid-in capital 426,944 426,025

Notes receivable from

shareholders (156) (192)

Accumulated other comprehensive

loss (4,718) (4,718)

Accumulated deficit (90,945) (94,792)

Total shareholders' equity 331,206 326,404

\$2,019,986 \$2,056,718

TOTAL RENAL CARE HOLDINGS, INC. CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

Three months ended March 31

2000 1999

Net operating revenues \$372,113 \$352,244

Operating expenses

Dialysis and lab facilities 259,298 229,640

General and administrative 31,921 23,608

Depreciation and amortization 27,718 26,390

Provision for uncollectible

accounts 12,859 10,478

Total operating expenses 331,796 290,116

Operating income 40,317 62,128

Other income 1,395 1,330

Debt expense 33,165 23,303

Minority interests in income of

consolidated subsidiaries (998) (2,318)
Income before income taxes 7,549 37,837

 Income tax expense
 3,702
 14,630

 Net income
 \$3,847
 \$23,207

 Earning per common share
 \$ 0.05
 \$ 0.29

assuming dilution \$ 0.05 \$0.28

Owned Centers 516 500

Treatments 1,519,000 1,391,000

SUPPLEMENTAL FINANCIAL INFORMATION

TOTAL RENAL CARE HOLDINGS, INC.

Continental U.S. Business Statement of Operating Income and Earnings before Interest, Taxes,

Depreciation and Amortization

Three Months Ended March 31, 2000 (in thousands)

Net operating revenues \$ 339,308

Operating expenses

Dialysis and lab facilities 234,704

General and administrative 30,085

Depreciation and amortization 24,387

Provision for uncollectible accounts 11,980

Total operating expenses 301,156

Operating income \$ 38,152

Earnings before interest, taxes,

depreciation and amortization \$ 62,539

Owned Center 432
Treatments 1,318,000
Revenue per treatment (excludes lab, pharmacy and other) \$247.01

SOURCE Total Renal Care Holdings, Inc.

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