Total Renal Care Reports 3rd Quarter and 9 Months Earnings

TORRANCE, Calif., Nov. 10 /PRNewswire/ -- Total Renal Care Holdings, Inc. (NYSE: TRL), the second-largest (and largest independent) worldwide provider of integrated dialysis services, today announced revenues, earnings and earnings per share for the third quarter and nine months ended September 30, 1999.

On a normalized basis, before the unusual items described below, the Company's revenues were $371 million for the third quarter and $1,087 million for the nine months. Normalized net income and earnings per share were $11.4 million and $0.14 for the third quarter, respectively.

The Company recognized $17.1 million in aggregate unusual items in the third quarter:

-- An $8.0 million charge to accounts receivable relating to the Minnesota Laboratory that includes a $4.1 million increase to the allowance for doubtful accounts and a $3.9 million increase in contractual allowances.

-- $3.6 million for severance and related payments for departed senior executives, for certain employees in the Company's Argentina operations and certain costs for a retention program for current employees.

-- A $3.3 million charge relating to the now-divested corporate jet, including $2.6 million of non-cash costs recognized as "other gains (losses)" on the income statement.

-- A $1.1 million charge arising from obtaining the amendments and waiver from our bank syndicate in August 1999.

-- An additional $1.1 million relating to closing of a dialysis facility as well as a settlement of an old Renal Treatment Centers lawsuit.

Kent J. Thiry, who joined the Company as Chairman of the Board and CEO on October 18, said, "We are now focused on a total review and evaluation of the company, in order to restore its value for shareholders while preserving its strength in the marketplace. We continue to work through the infrastructure and financial challenges that were created by the historical rapid growth of the Company and plan to complete this comprehensive review prior to releasing our year-end 1999 financial statements. In addition, we have retained Donaldson, Lufkin & Jenrette to advise the Company on refinancing options, which include raising capital. We are also separately exploring the sale of selected assets outside the continental United States, in order to pay down some of our debt."

George B. DeHuff, III, TRL's President and Chief Operating Officer, said, "The charges taken during the quarter include certain unusual expenses arising from our continuing review of all our billing and accounting systems as well as our expense structure. Our ongoing review of the accounts receivable, reserves and billing and collection practices will include but not be limited to our Tacoma billing office, Florida laboratory and international operations, during the fourth quarter. We will complete this review prior to releasing our year-end 1999 financial statements and it may result in increased allowances. Our collection efforts continue to be strong in Berwyn and we have seen improvement through the third quarter and during October in the Tacoma billing office."

During the third quarter of 1999, the Company slowed its acquisition program and has added approximately 600 patients and 9 dialysis centers, including approximately 550 patients in 8 domestic facilities and approximately 50 patients in 1 center internationally. The Company does not plan to complete any acquisitions during the fourth quarter of 1999 and into early 2000 except for one small transaction that it is contractually obligated to complete.

Additionally, the Company has opened 20 new owned or managed facilities in 1999 and expects to complete approximately 5 additional facilities by the end of this year. The Company's same-store treatment growth for the third quarter was 7.0% and was 6.5% for the nine months of 1999. The Company's Days Sales Outstanding for the third quarter were 115 days, which is flat in relation to second quarter.

The Company also announced that its lenders have agreed to a waiver of certain covenants in its credit facilities with which the Company would not have been in compliance.

	Quarter End Sept. 30, 1998	Quarter End Dec. 31, 1998	Year End Dec. 31, 1998
Treatments	1,284,000	1,342,000	4,912,000

Patients	36,400	39,500	39,500	
Centers	477	508	508	
Normalized Revenue/Treatment	$248	$253	$245	

	Quarter End March 31, 1999	Quarter End June 30, 1999	Quarter End Sept. 30, 1999
Treatments	1,391,000	1,467,000	1,510,000
Patients	42,100	44,000	45,000
Centers	541	564	569
Normalized Revenue/Treatment	$253	$248	$246

Total Renal Care Holdings, Inc, based in Torrance, California, is the second-largest (and largest independent) worldwide provider of integrated dialysis services for patients suffering from chronic kidney failure. The Company owns and operates high-quality, free-standing kidney dialysis centers and home peritoneal dialysis programs in 34 states, as well as Washington, D.C., Puerto Rico, Guam, Argentina and several European countries. It also provides high quality acute hemodialysis services to inpatients at approximately 320 hospitals. As of October 15, 1999, Total Renal Care operated 570 outpatient dialysis facilities serving approximately 45,000 patients, including more than 4,000 patients in 51 centers under Total Renal Care management. Total Renal Care also operates ESRD laboratory and pharmacy facilities, as well as vascular access management, transplant services and ESRD clinical research programs.

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding potential strengthening of operations and financial performance and involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the uncertainties associated with governmental regulation, general economic and other market conditions, and the "risk factors" set forth in the Company's filings with the Securities and Exchange Commission, including but not limited to (1) the risks inherent in the Company's growth strategy, (2) possible changes in Medicare and Medicaid reimbursement rates, (3) dependence on physician referrals, (4) risks associated with operations outside the United States, and (5) the amount of leverage the Company has obligations to pay. The forward-looking statements should be considered in light of these risks and uncertainties.

TOTAL RENAL CARE HOLDINGS, INC.
NORMALIZED INCOME STATEMENT
ADJUSTED FOR UNUSUAL ITEMS

THREE MONTHS ENDED SEPTEMBER 30, 1999
(in 000's, except EPS data)

	Actual	Adjustments	Normalized
Net operating revenues	$366,968	$3,900 (a)	$370,868
Operating expenses:			
Facilities	250,765	(857)(b)	249,908
General and administrative	32,725	(4,069)(c)	28,656
Provision for doubtful accounts	17,002	(4,100)(a)	12,902
Depreciation & amortization	29,175		29,175
Total operating expenses	329,667		320,641
Operating income	37,301		50,227
Interest expense	(28,862)	434 (d)	(28,428)
Other financing costs	(629)	629 (e)	0
Interest income	1,241		1,241
Other gains (losses)	(3,320)	3,152 (f)	(168)
Pre-tax income	5,731		22,872
Income taxes	2,285		9,900
Minority interest	1,586		1,586
Net income	1,860		11,386

Earnings per share	$0.02	$0.14
Shares outstanding	81,561	81,561

(a) $3,900 increase in contractual allowances relating to revenues at the Company's Minneapolis Laboratory and a $4,100 increase in provision for doubtful accounts relating to the Minnesota Laboratory.
(b) Employee severance costs associated with the restructuring of the Company's Argentina operations.
(c) Includes $1,719 of executive severance, $729 in cash expense associated with the now divested corporate jet, $540 for RTC litigation settlement, and $1,081 for employee retention program costs, primarily for stock option amendments, of which $955 was a non-cash charge.

(d) $434 of penalty interest expense in connection with the August waiver.

(e) $629 for expense related to August bank credit amendments.

(f) Includes a $2,577 non-cash loss on the disposition of the corporate jet and $575 in costs associated with the closing of a dialysis facility.

TOTAL RENAL CARE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Three months and Nine months ended September 30, 1999 and 1998

	Three Months	
	1999	1998
STATEMENTS OF INCOME		
Net operating revenues	$366,968,000	$318,585,000
Operating expenses:		
Facilities	250,765,000	200,925,000
General and administrative	32,725,000	18,274,000
Provision for doubtful accounts	17,002,000	8,997,000
Depreciation and amortization	29,175,000	24,205,000
Write-off of investments and loans	--	--
Merger and related costs	--	--
Total operating expenses	329,667,000	252,401,000
Operating income	37,301,000	66,184,000
Interest expense, net of capitalized interest	(28,862,000)	(19,805,000)
Other financing costs	(629,000)	--
Interest income and other	1,241,000	963,000
Other gains (losses)	(3,320,000)	--
Income before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	5,731,000	47,342,000
Income taxes	2,285,000	18,102,000
Income before minority interests, extraordinary item and cumulative effect of change in accounting principle	3,446,000	29,240,000
Minority interests in income of consolidated subsidiaries	1,586,000	1,859,000
Income (loss) before extraordinary item and		

cumulative effect of change in accounting principle	1,860,000	27,381,000
Extraordinary loss, net of tax of $ 7,668,000	--	--
Cumulative effect of change in accounting principle, net of tax of $4,300,000	--	--
Net income (loss)	$1,860,000	$27,381,000
Earnings (loss) per common share:		
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	$ 0.02	$0.34
Extraordinary loss, net of tax		
Cumulative effect of change in accounting principle, net of tax		
Net income (loss)	$0.02	$0.34
Weighted average number of common shares outstanding	81,165,000	80,858,000
Earnings (loss) per common share-assuming dilution:		
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	$0.02	$ 0.33
Extraordinary loss, net of tax		
Cumulative effect of change in accounting principle, net of tax		
Net income (loss)	$0.02	$0.33
Weighted average number of common shares and equivalents outstanding -- assuming dilution	81,561,000	87,052,000

	Nine Months	
	1999	1998
STATEMENTS OF INCOME		
Net operating revenues	$1,072,405,000	$865,684,000
Operating expenses:		
Facilities	734,528,000	551,244,000
General and administrative	86,003,000	52,789,000
Provision for doubtful accounts	63,187,000	23,539,000
Depreciation and amortization	83,592,000	66,604,000
Write-off of investments and loans	16,600,000	--
Merger and related costs	--	79,435,000
Total operating expenses	983,910,000	773,611,000
Operating income	88,495,000	92,073,000
Interest expense, net of capitalized interest	(75,999,000)	(50,866,000)
Other financing costs	(629,000)	(9,823,000)

Interest income and other	4,505,000	3,627,000
Other gains (losses)	(3,520,000)	--
Income before income taxes, minority interests, extraordinary item and cumulative effect of change in accounting principle	12,852,000	35,011,000
Income taxes	5,608,000	31,062,000
Income before minority interests, extraordinary item and cumulative effect of change in accounting principle of change in accounting principle	7,244,000	3,949,000
Minority interests in income of consolidated subsidiaries	6,425,000	4,817,000
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	819,000	(868,000)
Extraordinary loss, net of tax of $ 7,668,000	--	12,744,000
Cumulative effect of change in accounting principle, net of tax of $4,300,000	--	6,896,000
Net income (loss)	$819,000	$ (20,508,000)
Earnings (loss) per common share:		
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	$ 0.01	$(0.01)
Extraordinary loss, net of tax		(0.16)
Cumulative effect of change in accounting principle, net of tax		(0.09)
Net income (loss)	$0.01	$(0.26)
Weighted average number of common shares outstanding	81,148,000	79,982,000
Earnings (loss) per common share-assuming dilution:		
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	$0.01	$(0.01)
Extraordinary loss, net of tax		(0.16)
Cumulative effect of change in accounting principle, net of tax		(0.09)
Net income (loss)	$0.01	(0.26)
Weighted average number of common shares and equivalents outstanding - assuming dilution	81,600,000	79,982,000

SOURCE Total Renal Care Holdings, Inc.

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