DaVita Inc. Reports 1st Quarter 2001 Results

DaVita Inc. , today announced results for the quarter ended March 31, 2001. Net earnings for the first quarter were $21.3 million or $0.24 per share. Continental U.S. EBITDA (earnings before interest, taxes, depreciation and amortization) for the quarter was $86 million. These results exclude first quarter cash recoveries of $16 million associated with accounts receivable reserved in 1999. Net earnings for the quarter, including the $16 million of recoveries, were $30.9 million or $0.35 per share.

Financial and operating highlights include:
-- Continental U.S. dialysis revenue per treatment (excluding lab, management fees and other revenue) in the first quarter was $274.22 as compared to $266.51 in the fourth quarter, or a 2.9% sequential increase.
-- Continental U.S. DSO at quarter end was 71 days. This represents a 2-day improvement from the end of the fourth quarter of 2000.
-- The continental U.S. EBITDA margin for the first quarter was 22.5% as compared to 21.5% for the fourth quarter of 2000.
-- Operating cash flow for the three months ended March 31, 2001 was $58 million, in line with our 2001 forecast of $200-$260 million.
-- Total continental U.S. treatments for the first quarter were 1,366,468. Both non-acquired and same center treatment growth were 4.0%.
-- At March 31, 2001 we operated 486 outpatient centers in the continental U.S. serving 41,000 patients. During the first quarter we closed 1 under-performing center and acquired 13 previously managed centers. Included in our continental patient and center count are 3,300 patients in 34 centers under management.

Other developments:
-- In April the Company completed the sale of $225 million of its 9 1/4% Senior Subordinated Notes. The net proceeds of this offering were used to pay down amounts outstanding under the Company's senior credit facilities. Additionally on May 4, the Company completed a refinancing of its existing senior credit facilities. The new credit facilities include $250 million of term loan borrowings and a revolving credit facility with $150 million of unused availability.

DaVita will hold a conference call to discuss its first quarter 2001 results and revised financial outlook on Monday, May 7, 2001 at noon Pacific time, 3 PM Eastern time. The dial-in number is 800-399-4406. A replay of the conference call will be available on DaVita's official web page, http://www.davita.com/, for the following 90 days.

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-K for the year ended December 31, 2000. These risks include those relating to (1) possible reductions 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 ongoing review by 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.

CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 2001	December 31, 2000
ASSETS		
Cash and cash equivalents	$17,443	$31,207
Accounts receivable, less allowance of $60,790 and $61,619	299,424	290,412
Inventories	45,566	20,641
Other current assets	14,259	10,293
Income taxes receivable		2,830
Deferred income taxes	42,265	42,492

Total current assets	418,957	397,875
Property and equipment, net	242,797	236,659
Intangible assets, net	947,946	921,623
Investments in third-party dialysis businesses	12,203	34,194
Other long-term assets	2,205	1,979
Deferred taxes	1,629	4,302
	$1,625,737	$1,596,632

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable	$77,345	$74,882
Other liabilities	106,781	102,563
Accrued compensation and benefits	72,484	70,406
Current portion of long-term debt	7,580	1,676
Income taxes payable	15,503	
Total current liabilities	279,693	249,527
Long-term debt	932,025	974,006
Other long-term liabilities	4,755	4,855
Minority interests	21,045	18,876
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; 82,943,817 and 82,135,634 shares issued and outstanding)	83	82
Additional paid-in capital	438,509	430,676
Notes receivable from shareholders		(83)
Accumulated deficit	(50,373)	(81,307)
Total shareholders' equity	388,219	349,368
	$1,625,737	$1,596,632

DAVITA INC.

CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands)

	Three months ended March 31, 2001
Net operating revenues	$386,217
Operating expenses:	
Dialysis centers and labs	260,974
General and administrative	31,813
Depreciation and amortization	26,148
Provision for uncollectible accounts	(8,185)
Total operating expenses	310,750
Operating income	75,467
Other income	1,348
Debt expense	19,724
Minority interests in income of consolidated subsidiaries	(2,457)
Income before income taxes	54,634
Income tax expense	23,700
Net income	30,934
Earnings per share-basic	$0.37
Earnings per share-assuming dilution	$0.35
Diluted weighted average and incremental shares	102,200,931
Supplemental information:	
Continental treatments	1,366,468
Continental EBITDA, excluding recoveries	$86 million
Operating cash flow	$58 million
Diluted earnings per share, excluding accounts receivable recoveries	$0.24

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