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, 2000	December 31, 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
Other current assets	36,734	32,082
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
Deferred taxes	5,234	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	$2,056,7l8

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
Earning per common share -		

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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