Total Renal Care Announces Estimated Fourth Quarter Charges

TORRANCE, Calif., Jan. 19 /PRNewswire/ -- Total Renal Care Holdings, Inc. (NYSE: TRL), the second-largest (and largest independent) worldwide provider of integrated dialysis services, today announced estimates of fourth quarter charges.

As a result of the planned divestiture and discontinuance of all non-continental U.S. operations, an asset impairment loss of between $65 and $85 million is expected to be recorded in the fourth quarter of 1999. In addition, the fourth quarter results will include other asset impairment and valuation losses of between $25 and $40 million associated with facility closures and other facility-related assessments, and a provision for uncollectible accounts receivable of between $55 and $65 million based on current collection experience.

"As a result of these charges and expenses, the Company is out of compliance with certain financial covenants of our credit facilities. We will be working with our lenders to address this matter," stated Marshal D. Salomon, Vice President, Finance.

"We are pleased that our cash collection efforts have improved significantly, with over $390 million of cash collected during the fourth quarter, resulting in a six day reduction in days sales outstanding, before the increased accounts receivable provision. With these collection efforts, Total Renal Care is generating positive cash flow from operations," stated John J. McDonough, TRL's Chief Accounting Officer.

Current projections are for quarterly earnings before interest, taxes, depreciation and amortization to average $62 to $68 million during 2000. This reflects a trend of lower revenue per treatment, higher medical supply and labor costs and ongoing restructuring expenses as well as the exclusion of non-continental U.S. operations.

The Company is still awaiting a ruling from the carrier hearing officer regarding its dispute with Florida Blue Cross/Blue Shield regarding payment for Medicare laboratory services.

"We have a multitude of challenges that we are tackling as a company. This announcement reflects our continuing progress," stated Kent J. Thiry, TRL's Chairman and Chief Executive Officer.

Total Renal Care Holdings, Inc, based in Torrance, California, is the second-largest (and largest independent) worldwide provider of dialysis services for patients suffering from chronic kidney failure. The Company owns and operates kidney dialysis centers and home peritoneal dialysis programs in 33 states, as well as Washington, D.C., Puerto Rico, Guam, Argentina and several European countries. It also provides acute hemodialysis services to inpatients at approximately 320 hospitals. As of November 1, 1999, Total Renal Care operated 574 outpatient dialysis facilities serving approximately 45,500 patients.

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 relating to the large amount and terms of the Company's outstanding debt, (2) risks relating to our failure to build adequate internal systems and controls, and (3) possible changes in Medicare, Medicaid and private reimbursement rates. The forward-looking statements should be considered in light of these risks and uncertainties.

SOURCE Total Renal Care Holdings, Inc.

CONTACT: Richard Lester, Vice President, Investor Relations of Total Renal Care, Inc., 212-794-9348/

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