

TRIAD HOSPITALS INC
Form 10-Q
May 14, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

**(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2003

OR

**() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-29816

Triad Hospitals, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of incorporation or organization)

75-2816101
(I.R.S. Employer Identification No.)

5800 Tennyson Parkway

Plano, Texas
(Address of principal executive offices)

75024
(Zip Code)

(214) 473-7000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock of the latest practical date.

As of April 30, 2003, the number of shares of common stock of Triad Hospitals, Inc. outstanding was 74,996,774.

Part I: Financial Information

Item 1: Financial Statements

TRIAD HOSPITALS, INC.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the periods ended March 31, 2003 and 2002

Unaudited

(Dollars in millions, except per share amounts)

	For the three	
	months ended	
	2003	2002
Revenues	\$ 954.5	\$ 860.9
Salaries and benefits	392.8	353.9
Reimbursable expenses	14.8	16.4
Supplies	145.1	133.5
Other operating expenses	175.4	155.4
Provision for doubtful accounts	76.2	63.6
Depreciation	42.2	39.1
Amortization	1.5	1.8
Interest expense	33.2	33.2
Interest income	(0.6)	(0.4)
ESOP expense	2.1	2.4
Gain on sales of assets	(1.3)	(1.6)
Total operating expenses	881.4	797.3
Income before minority interests, equity in earnings and income tax provision	73.1	63.6
Minority interests in earnings of consolidated entities	(2.4)	(3.3)
Equity in earnings of affiliates	7.2	6.1
Income before income tax provision	77.9	66.4
Income tax provision	(30.6)	(26.0)
Net income	\$ 47.3	\$ 40.4
Income per common share:		
Basic	\$ 0.65	\$ 0.58
Diluted	\$ 0.63	\$ 0.55

See notes to the condensed consolidated financial statements.

TRIAD HOSPITALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

(Dollars in millions)

	March 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56.4	\$ 68.3
Accounts receivable, less allowances for doubtful accounts of \$178.1 at March 31, 2003 and \$174.4 at December 31, 2002	539.4	507.4
Inventories	97.0	95.5
Deferred income taxes	39.4	62.3
Prepaid expenses	45.8	36.6
Other	73.7	74.3
	<u>851.7</u>	<u>844.4</u>
Property and equipment, at cost:		
Land	170.7	171.5
Buildings and improvements	1,344.8	1,340.6
Equipment	1,169.4	1,150.8
Construction in progress	108.1	79.6
	<u>2,793.0</u>	<u>2,742.5</u>
Accumulated depreciation	(826.8)	(787.3)
	<u>1,966.2</u>	<u>1,955.2</u>
Goodwill	1,224.0	1,224.0
Intangible assets, net of accumulated amortization	70.5	72.0
Investment in and advances to affiliates	183.7	179.7
Other	105.7	106.3
	<u>4,401.8</u>	<u>4,381.6</u>
Total assets	\$ 4,401.8	\$ 4,381.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 120.8	\$ 132.5
Accrued salaries	87.1	107.6
Current portion of long-term debt	77.6	73.1
Other current liabilities	139.2	132.0
	<u>424.7</u>	<u>445.2</u>
Long-term debt	1,597.4	1,618.9
Other liabilities	93.9	86.6
Deferred taxes	157.0	151.1
Minority interests in equity of consolidated entities	123.9	125.3
Stockholders' equity:		

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Common stock .01 par value: 120,000,000 shares authorized, 74,996,360 and 74,937,635 shares issued and outstanding at March 31, 2003 and December 31, 2002, respectively	0.8	0.7
Additional paid-in capital	1,885.8	1,883.5
Accumulated other comprehensive loss	(4.2)	(4.0)
Unearned ESOP compensation	(19.8)	(20.7)
Accumulated earnings	142.3	95.0
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Total stockholders' equity	2,004.9	1,954.5
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Total liabilities and stockholders' equity	\$ 4,401.8	\$ 4,381.6
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See notes to the condensed consolidated financial statements.

3

TRIAD HOSPITALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended March 31, 2003 and 2002

Unaudited

(Dollars in millions)

	For the three months ended	
	2003	2002
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Cash flows from operating activities		
Net income	\$ 47.3	\$ 40.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	76.2	63.6
Depreciation and amortization	43.7	40.9
ESOP expense	2.1	2.4
Minority interests	2.4	3.3
Equity in earnings of affiliates	(7.2)	(6.1)
Gain on sales of assets	(1.3)	(1.6)
Deferred income taxes	29.4	26.0
Non-cash interest expense	2.0	1.8
Non-cash stock option expense	0.1	0.1
Increase (decrease) in cash from operating assets and liabilities		
Accounts receivable	(108.2)	(89.2)
Inventories and other assets	(11.5)	(6.9)
Accounts payable and other current liabilities	(25.0)	6.3
Other	6.8	(1.7)
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Net cash provided by operating activities	56.8	79.3
Cash flows from investing activities		
Purchases of property and equipment	(55.5)	(73.0)
Distributions and advances from affiliates	3.2	11.4
Proceeds received on sales of assets	3.7	