

HEALTHSOUTH Reports Record Revenues; Earnings Per Share Up 13% for Third Quarter

PRNewswire
BIRMINGHAM, Ala.

HEALTHSOUTH Corporation announced operating results for the quarter and nine months ended September 30, 2000. For the quarter, HEALTHSOUTH's revenues were \$1.060 billion, an increase of 7% as compared to \$993.3 million for the third quarter of 1999. Net income for the 2000 quarter was \$71.0 million, compared to income before non-recurring expenses of \$66.9 million in the 1999 quarter. Earnings per share (assuming dilution) were \$.18 for the 2000 quarter, consistent with consensus Wall Street estimates, an increase of 13% as compared to income per share before non-recurring expenses (assuming dilution) of \$.16 in the 1999 quarter. For the quarter, the company's earnings before interest, taxes, depreciation and amortization (EBITDA) margin was 27.0%, marking the third consecutive quarter of increase in its EBITDA margin.

For the nine months ended September 30, 2000, HEALTHSOUTH's revenues were \$3.118 billion, compared to \$3.072 billion in the 1999 period. Net income for the 2000 period was \$201.6 million, compared to income before non-recurring expenses of \$290.8 million in the 1999 period. Earnings per share (assuming dilution) for the 2000 period were \$.52, compared to income per share before non-recurring expenses (assuming dilution) of \$.69 for the same period in 1999.

"We are very pleased with the many positive developments we saw in the third quarter," said Richard M. Scrushy, Chairman of the Board and Chief Executive Officer of HEALTHSOUTH. "Record quarterly revenues translated into a 13% increase in earnings per share over the same quarter of last year. We saw strong year-over-year volume growth in all of our product lines, as well as continued positive pricing trends in outpatient and inpatient rehabilitation and outpatient surgery. Our days' sales outstanding continued to decrease, dropping by one-and-a-half days for the quarter. In addition, our \$350 million placement of subordinated debt was well-received by the market. We expect to continue to build on these positive operating and financial trends in the fourth quarter."

HEALTHSOUTH is the nation's largest provider of outpatient surgery, diagnostic imaging and rehabilitative healthcare services, with over 2,000 locations in all 50 states, the United Kingdom, Australia, Puerto Rico and Canada. HEALTHSOUTH can be found on the Web at <http://www.healthsouth.com/>.

HEALTHSOUTH will hold a conference call to discuss its third quarter results at 10:00 a.m. Central Time on Tuesday, October 31. Simultaneously with the conference call, a "webcast" of the call will be available to interested parties at <http://www.streetfusion.com/> and also via an Internet link at <http://www.healthsouth.com/> under the "Investor Relations" section. A replay of the call will be available at the same Internet site addresses for 30 days following the call.

Statements contained in this press release which are not historical facts are forward-looking statements. Without limiting the generality of the preceding statement, all statements in this press release concerning or relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, HEALTHSOUTH, through its senior management, may from time to time make forward-looking public statements concerning the matters described herein. Such forward-looking statements are necessarily estimates reflecting the best judgment of HEALTHSOUTH's senior management based upon current information, involve a number of risks and uncertainties and are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. HEALTHSOUTH's actual results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors, including those identified in this press release and in the public filings made by HEALTHSOUTH with the Securities and Exchange Commission, including HEALTHSOUTH's Annual Report on Form 10-K for the year ended December 31, 1999 and its Quarterly Reports on Form 10-Q, and forward-looking statements contained in this press release or in other public statements of HEALTHSOUTH or its senior management should be considered in light of those factors. There can be no assurance that such factors or other factors will not affect the accuracy of such forward-looking statements.

Summary Operating Results
(unaudited; in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
Revenues	\$ 1,060,457	\$ 993,341	\$ 3,118,115	\$ 3,071,520

Net income	\$ 71,037	\$ (4,330)	\$ 201,579	\$ 219,582
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Weighted average common shares outstanding	385,615	412,874	385,960	415,341
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Weighted average common shares and common equivalent shares outstanding -- assuming dilution	390,033	418,404	391,382	422,622
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Net income per common share	\$ 0.18	\$ (0.01)	\$ 0.52	\$ 0.53
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Net income per common share -- assuming dilution	\$ 0.18	\$ (0.01)	\$ 0.52	\$ 0.52
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ADJUSTMENT TO EXCLUDE
NON-RECURRING EXPENSES IN 1999

Net Income	\$ 71,037	\$ (4,330)	\$ 201,579	\$ 219,582
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Income effect of non-recurring expenses, net of taxes Provision for additional accounts receivable reserves	--	71,240	--	71,240
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Income excluding effects of non-recurring expenses	\$ 71,037	\$ 66,910	\$ 201,579	\$ 290,822
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Weighted average common shares and common equivalent shares outstanding -- assuming dilution	390,033	418,404	391,382	422,622
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Income per common share excluding effects of non-recurring expenses -- assuming dilution	\$ 0.18	\$ 0.16	\$ 0.52	\$ 0.69
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HEALTHSOUTH Corporation and Subsidiaries
Consolidated Statements of Income - Unaudited
Three Months Ended September 30, 2000 and 1999
(In thousands, except per share amounts)

	2000	1999
Revenues	\$1,060,457	\$993,341
Operating unit expenses	711,872	671,060
Corporate general and administrative expenses	37,403	29,352
Provision for doubtful accounts	24,971	138,726(a)
Depreciation and amortization	89,160	94,695
Interest expense	60,261	42,502
Interest income	(2,398)	(2,798)
	921,269	973,537
Income before income taxes and minority interests	139,188	19,804
Provision for income taxes	46,380	(2,826)
	92,808	22,630
Minority interests	(21,771)	(26,960)
Net income	\$71,037	\$(4,330)

Weighted average

common shares outstanding	385,615	412,874
Net income per common share	\$0.18	\$(0.01)
Weighted average		
common shares outstanding		
- assuming dilution	390,033	418,404
Net income per common share		
- assuming dilution:	\$0.18	\$(0.01)

Add-back to income for diluted earnings per share:

Interest and amortization on convertible debt	\$--	\$--
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* The effect of these securities was antidilutive during the period

(a) Includes non-recurring expenses of \$117,752

HEALTHSOUTH Corporation and Subsidiaries
Consolidated Statements of Income - Unaudited
Nine Months Ended September 30, 2000 and 1999
(In thousands, except per share amounts)

	2000	1999
Revenues	\$3,118,115	\$3,071,520
Operating unit expenses	2,106,326	1,965,209
Corporate general and administrative expenses	107,130	85,806
Provision for doubtful accounts	72,482	177,688(a)
Depreciation and amortization	269,100	284,988
Interest expense	161,880	127,024
Interest income	(7,334)	(7,888)
	2,709,584	2,632,827
Income before income taxes and minority interests	408,531	438,693
Provision for income taxes	131,609	143,363
	276,922	295,330
Minority interests	(75,343)	(75,748)
Net income	\$201,579	\$219,582
Weighted average common shares outstanding		
	385,960	415,341
Net income per common share	\$0.52	\$0.53
Weighted average common shares outstanding - assuming dilution		
	391,382	422,622
Net income per common share - assuming dilution:	\$0.52	\$0.52
Add-back to income for diluted earnings per share:		
Interest and amortization on convertible debt	\$--	\$--
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* The effect of these securities was antidilutive during the period

(a) Includes non-recurring expenses of \$117,752

HEALTHSOUTH Corporation and Subsidiaries
Consolidated Statements of Income Before Non-Recurring Expenses - Unaudited
Three Months Ended September 30, 2000 and 1999

(In thousands, except per share amounts)

	2000	1999	
Revenues	\$1,060,457	\$993,341	
Operating unit expenses	711,872	671,060	
Corporate general and administrative expenses	37,403	29,352	
Provision for doubtful accounts	24,971	20,974	
Depreciation and amortization	89,160	94,695	
Interest expense	60,261	42,502	
Interest income	(2,398)	(2,798)	
	921,269	855,785	
Income before income taxes and minority interests	139,188	137,556	
Provision for income taxes	46,380	43,686	
	92,808	93,870	
Minority interests	(21,771)	(26,960)	
Net income	\$71,037	\$66,910	
Weighted average common shares outstanding	385,615	412,874	
Net income per common share	\$0.18	\$0.16	
Weighted average common shares outstanding - assuming dilution	390,033	418,404	
Net income per common share - assuming dilution:	\$0.18	\$0.16	
Add-back to income for diluted earnings per share:			
Interest and amortization on convertible debt	\$--	\$--	
	*	*	

* The effect of these securities was antidilutive during the period

HEALTHSOUTH Corporation and Subsidiaries

Consolidated Statements of Income Before Non-Recurring Expenses - Unaudited

Nine Months Ended September 30, 2000 and 1999
(In thousands, except per share amounts)

	2000	1999	
Revenues	\$3,118,115	\$3,071,520	
Operating unit expenses	2,106,326	1,965,209	
Corporate general and administrative expenses	107,130	85,806	
Provision for doubtful accounts	72,482	59,936	
Depreciation and amortization	269,100	284,988	
Interest expense	161,880	127,024	
Interest income	(7,334)	(7,888)	
	2,709,584	2,515,075	
Income before income taxes and minority interests	408,531	556,445	
Provision for income taxes	131,609	189,875	
	276,922	366,570	
Minority interests	(75,343)	(75,748)	
Net income	\$201,579	\$290,822	
Weighted average common shares outstanding	385,960	415,341	
Net income per common share	\$0.52	\$0.70	
Weighted average common shares outstanding - assuming dilution	391,382	438,123	
Net income per common share - assuming dilution:	\$0.52	\$0.69	

Add-back to income for diluted earnings per share:
Interest and amortization on convertible debt \$ -- \$9,336

* The effect of these securities was antidilutive during the period

HEALTHSOUTH Corporation
Quarterly Statistics (Unaudited)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Outpatient Division					
Total Visits:					
1998	2,037,402	2,193,435	2,349,112	2,414,172	8,994,121
1999	2,431,015	2,533,341	2,590,112	2,589,238	10,143,706
2000	2,659,111	2,703,664	2,625,632		7,988,407
Inpatient Division					
Total Patient Days:					
1998	554,234	564,466	572,863	584,152	2,275,715
1999	614,686	626,262	608,878	621,349	2,471,175
2000	647,575	643,441	668,451		1,959,467
Medical Center Division					
Total Patient Days:					
1998	30,136	30,201	29,039	29,546	118,922
1999	30,537	30,254	27,837	27,621	116,249
2000	32,288	29,626	30,934		92,848
Surgery Center Division					
Total Cases:					
1998	162,220	165,705	209,265	217,937	755,127
1999	215,139	220,699	208,468	218,988	863,294
2000	217,505	220,593	212,647		650,745
Diagnostic Division					
Total Procedures:					
1998	155,730	163,789	176,380	194,942	690,841
1999	200,496	205,909	191,493	198,728	796,626
2000	213,505	221,052	242,647		677,204

CONTACT: Richard M. Scrushy, Chairman & CEO, or Tadd McVay, Senior Vice
President and Treasurer, both of HEALTHSOUTH, 205-967-7116

SOURCE: HEALTHSOUTH Corporation

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President and Treasurer, both of HEALTHSOUTH, 205-967-7116

Website: <http://www.healthsouth.com/>
