

TRIAD HOSPITALS INC
Form 10-Q
August 08, 2006

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 June 30, 2006

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)

Delaware
(State or other jurisdiction of
incorporation or organization)

5800 Tennyson Parkway

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

75024

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Plano, Texas
(Address of principal executive offices)

(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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (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 July 31, 2006, the number of shares of common stock of Triad Hospitals, Inc. outstanding was 87,871,914.

Part I: Financial Information**Item 1: Financial Statements****TRIAD HOSPITALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****For the periods ended June 30, 2006 and 2005****Unaudited****(Dollars in millions, except per share amounts)**

	For the three		For the six	
	months ended		months ended	
	2006	2005	2006	2005
Revenues	\$ 1,378.1	\$ 1,167.3	\$ 2,747.3	\$ 2,320.4
Salaries and benefits, including stock compensation expense of \$6.9 and \$13.7 for the three and six months ended June 30, 2006, respectively	553.9	482.9	1,111.4	942.2
Reimbursable expenses	12.3	13.0	26.0	26.6
Supplies	234.5	196.0	471.7	386.1
Other operating expenses	272.3	216.1	525.4	424.8
Provision for doubtful accounts	128.2	90.2	248.9	195.9
Depreciation	55.5	52.0	108.8	99.1
Amortization	2.1	1.5	3.6	3.0
Interest expense	28.9	27.7	57.6	55.1
Interest income	(5.2)	(0.7)	(10.2)	(1.6)
Refinancing transaction costs		8.4		8.4
ESOP expense	3.1	3.9	6.1	7.2
Gain on sales of assets	(0.5)	(0.8)	(0.6)	(0.5)
Total operating expenses	1,285.1	1,090.2	2,548.7	2,146.3
Income from continuing operations before minority interests, equity in earnings and income tax provision	93.0	77.1	198.6	174.1
Minority interests in earnings of consolidated entities	(5.2)	(2.7)	(10.0)	(6.3)
Equity in earnings of unconsolidated affiliates	9.8	9.6	19.8	19.7
Income from continuing operations before income tax provision	97.6	84.0	208.4	187.5
Income tax provision	(37.6)	(32.8)	(80.5)	(72.4)
Income from continuing operations	60.0	51.2	127.9	115.1
Income from discontinued operations, net of tax	0.1	7.7	15.3	10.0
Net income	\$ 60.1	\$ 58.9	\$ 143.2	\$ 125.1
Income per common share:				
Basic:				
Continuing operations	\$ 0.70	\$ 0.64	\$ 1.49	\$ 1.46
Discontinued operations	\$	\$ 0.10	\$ 0.18	\$ 0.13
Net	\$ 0.70	\$ 0.74	\$ 1.67	\$ 1.59

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Diluted:

Continuing operations	\$ 0.69	\$ 0.62	\$ 1.48	\$ 1.43
Discontinued operations	\$	\$ 0.10	\$ 0.17	\$ 0.12
Net	\$ 0.69	\$ 0.72	\$ 1.65	\$ 1.55

See notes to the condensed consolidated financial statements.

TRIAD HOSPITALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

(Dollars in millions)

	June 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 276.0	\$ 310.2
Accounts receivable, less allowances for doubtful accounts of \$338.4 at June 30, 2006 and \$292.8 at December 31, 2005	888.1	800.2
Inventories	140.0	130.0
Deferred income taxes	33.4	31.8
Prepaid expenses	39.1	41.1
Discontinued operations assets		67.6
Other	106.3	93.0
	1,482.9	1,473.9
Property and equipment, at cost:		
Land	198.1	182.3
Buildings and improvements	1,908.2	1,739.3
Equipment	1,590.2	1,449.1
Construction in progress	188.6	226.3
	3,885.1	3,597.0
Accumulated depreciation	(1,115.5)	(1,012.8)
	2,769.6	2,584.2
Goodwill	1,330.0	1,301.6
Intangible assets, net of accumulated amortization	72.4	71.7
Investment in and advances to unconsolidated affiliates	235.4	204.8
Other	107.2	100.7
Total assets	\$ 5,997.5	\$ 5,736.9
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 206.8	\$ 197.5
Accrued salaries	131.3	126.8
Current portion of long-term debt	13.8	7.7
Current income taxes payable	7.1	17.1
Discontinued operations liabilities		3.1
Other current liabilities	183.4	163.1
	542.4	515.3
Long-term debt	1,693.7	1,695.8
Other liabilities	173.3	167.8
Deferred taxes	184.1	201.9
Minority interests in equity of consolidated entities	288.1	228.4
Stockholders' equity:		

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Common stock \$0.01 par value: 120,000,000 shares authorized, 87,822,270 and 86,373,170 shares issued and outstanding at June 30, 2006 and December 31, 2005, respectively	0.9	0.9
Additional paid-in capital	2,374.8	2,331.6
Unearned ESOP compensation	(8.6)	(10.4)
Accumulated other comprehensive loss	(1.6)	(1.6)
Accumulated earnings	750.4	607.2
Total stockholders' equity	3,115.9	2,927.7
Total liabilities and stockholders' equity	\$ 5,997.5	\$ 5,736.9

See notes to the condensed consolidated financial statements.

TRIAD HOSPITALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended June 30, 2006 and 2005

Unaudited

(Dollars in millions)

	For the six	
	months ended	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 143.2	\$ 125.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of tax	(15.3)	(10.0)
Provision for doubtful accounts	248.9	195.9
Depreciation and amortization	112.4	102.1
ESOP expense	6.1	7.2
Minority interests	10.0	6.3
Equity in earnings of unconsolidated affiliates	(19.8)	(19.7)
Gain on sales of assets	(0.6)	(0.5)
Deferred income tax provision (benefit)	(11.7)	4.9
Non-cash interest expense	1.6	2.3
Refinancing transaction costs		8.4
Non-cash stock compensation expense	13.7	0.6
Excess tax benefits on stock compensation	(1.2)	
Increase (decrease) in cash from operating assets and liabilities:		
Accounts receivable	(321.7)	(255.5)
Inventories and other assets	(22.5)	25.6
Accounts payable and other current liabilities	(31.9)	17.6
Other	21.7	16.1
Net cash provided by operating activities	132.9	226.4
Cash flows from investing activities:		
Purchases of property and equipment	(233.4)	(188.6)
Distributions and advances (to) from unconsolidated affiliates, net	(9.6)	12.8
Proceeds received on disposals of assets	102.6	36.5
Acquisitions, net of cash acquired	(49.2)	(155.3)
Other	(0.1)	
Net cash used in investing activities	(189.7)	(294.6)
Cash flows from financing activities:		
Payments of long-term debt	(1.0)	(483.8)
Proceeds from issuance of long-term debt		520.0
Payment of debt issue costs		(6.4)
Proceeds from issuance of common stock	21.9	89.8
Excess tax benefits on stock compensation	1.2	
Contributions from (distributions to) minority partners, net	0.5	(0.7)