



U.S. *ph*YSICAL THERAPY, INC.

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FOR IMMEDIATE RELEASE

U.S. Physical Therapy Announces First Quarter 2003 Financial Results

Houston, TX, April 30, 2003 – U.S. Physical Therapy, Inc. (NasdaqNM: USPH), a national operator of outpatient clinics, today reported results for the first quarter ended March 31, 2003.

First Quarter 2003 vs. First Quarter 2002

- Net revenues rose 12 percent to \$25 million from \$22.2 million primarily due to a 12 percent increase in patient visits to 265,000, and a \$0.86 increase in patient revenues per visit to \$92.24.
- Net income declined 14 percent to \$1.8 million from \$2.1 million.
- Earnings per share decreased 6 percent to \$0.15 per fully diluted share from \$0.16 per fully diluted share.
- Clinic operating costs were 71 percent of net revenues compared to 68 percent in the prior year quarter.
- Corporate office costs as a percentage of net revenues were 12.7 percent compared to 11.3 percent in the prior year quarter.
- Same store sales related to clinics opened more than one year increased 2.8 percent for the quarter on an increase in same store visits of 1.7 percent.

“We are pleased to announce that we completed 13 clinics in the first quarter of which 11 were seeing patients at quarter-end and we are well on target to open 40-45 new clinics this year,” commented Roy Spradlin, the Company’s Chairman, President and Chief Executive Officer. “Recently, we have begun to see more opportunities

to open additional new clinics, and we are exploring ways to accelerate new clinic development, which could have a positive impact on future earnings. Three clinics were closed during the quarter.”

“Our numbers were impacted this quarter due to bad weather in the Northeast and the rest of the country as well as the state of the national economy. The visits from our clinics over three years old are down slightly from the first quarter last year, and our new clinics are ramping up somewhat slower than expected due to weather and the economy. Although total patient visits were up 12 percent from last year’s first quarter, our average daily patient visits per clinic declined to 20.5 from 22.9, due in part to opening 33 clinics in the last seven months. Now that we are moving into the spring and early summer months, we are beginning to see an increase in clinic visits.”

Spradlin continued, “Our balance sheet continues to be strong with cash increasing to \$10.1 million at March 31 from \$7.6 million at year-end, with a current ratio of 6.9 and very little debt.”

“Because of the results of our first quarter, factors outlined in our Form 10-K and continuing uncertainties in the economy, our original guidance of 17% to 22% growth in earnings per share that we provided in February appears overoptimistic at this time. While we believe that earnings per share growth for the year will be positive, we think it could be as low as 10% or as high as 17%.”

U.S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on Wednesday, April 30 to discuss first quarter results. Interested parties may participate in the call by dialing (888) 694-4676 or (973) 935-8511 approximately 10 minutes before the call is scheduled to begin. To listen to the live call, please go to the Company's website at www.usphysicaltherapy.com at least 15 minutes early to register, download and install any necessary audio software. The conference call will be archived and can be accessed for approximately 90 days at this website.

This press release contains forward-looking statements (often using words such as "believes," "expects," "intends," "plans," "appear," "should" and similar words), which involve numerous risks and uncertainties. Included among such statements are those relating to opening of new clinics, availability of personnel and reimbursement environment. The forward-looking statements are based on the Company's current views and assumptions, and the Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain risks, uncertainties, and factors, which include, but are not limited to:

- general economic, business, and regulatory conditions;
- competition;
- federal and state regulations;
- availability, terms, and use of capital;
- availability of skilled physical therapists to become partners of the Company; and
- weather.

Please see the Company's filings with the Securities and Exchange Commission for more information on these factors. Management undertakes no obligation to update any forward-looking statement, whether as the result of actual results, changes in assumptions, new information, future events, or otherwise.

About U.S. Physical Therapy, Inc.

Founded in 1990, U.S. Physical Therapy, Inc. operates 212 outpatient physical and/or occupational therapy clinics in 34 states and manages five PT facilities for third parties. The Company's clinics provide post-operative care for a variety of orthopedic-related disorders and sports-related injuries, treatment for neurologically-related injuries, rehabilitation of injured workers and preventative care. In addition to owning and operating clinics, the Company manages several physical therapy facilities for third parties, including physician groups. Named for three

consecutive years in Forbes Magazine's Best 200 Small Companies List, U.S. Physical Therapy is included on the Russell 2000 and Russell 3000 Indexes.

More information is available at www.usphysicaltherapy.com.

The forward-looking statements in this news release relating to management's expectations and beliefs are based on preliminary information and management assumptions. Such forward-looking statements are subject to a wide range of risks and uncertainties that could cause results to differ in material respects, including those relating to revenue and earnings expectations, acquisitions, reimbursement rates and coverage, state and national regulatory compliance, the Company's maintenance of above-average quality of its services and products and competitive pressures. Further information regarding factors that could affect the Company's results is included in the Company's filings with the Securities and Exchange Commission.

(See Attached Tables)

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

| | Three Months Ended | |
|---|---------------------------|--------------------|
| | March 31, | |
| | <u>2003</u> | <u>2002</u> |
| Net patient revenues | \$ 24,483 | \$ 21,636 |
| Management contract revenues | 477 | 588 |
| Other revenues | <u>46</u> | <u>26</u> |
| Net revenues | 25,006 | 22,250 |
| | | |
| Clinic operating costs | 17,753 | 15,174 |
| Corporate office costs | <u>3,178</u> | <u>2,505</u> |
| | | |
| Operating income before non-operating expenses | 4,075 | 4,571 |
| Interest expense | 46 | 59 |
| Minority interests in subsidiary limited partnerships | <u>1,145</u> | <u>1,159</u> |
| Income before income taxes | 2,884 | 3,353 |
| Provision for income taxes | <u>1,097</u> | <u>1,277</u> |
| Net income | <u>\$ 1,787</u> | <u>\$ 2,076</u> |
| | | |
| Basic earnings per common share (Note 1) | <u>\$.16</u> | <u>\$.19</u> |
| Diluted earnings per common share (Note 1) | <u>\$.15</u> | <u>\$.16</u> |

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U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

Note 1: The following table sets forth the computation of basic and diluted earnings per share:

| | Three Months Ended | |
|--|---------------------------|--------------------|
| | March 31, | |
| | <u>2003</u> | <u>2002</u> |
| Numerator: | | |
| Net income | \$ 1,787 | \$ 2,076 |
| Numerator for basic earnings per share | \$ 1,787 | \$ 2,076 |
| Effect of dilutive securities: | | |
| Interest on convertible subordinated notes payable | <u>31</u> | <u>39</u> |
| Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions | <u>\$ 1,818</u> | <u>\$ 2,115</u> |
| Denominator: | | |
| Denominator for basic earnings per share --- weighted-average shares | 10,907 | 10,654 |
| Effect of dilutive securities: | | |
| Stock options | 824 | 1,626 |
| Convertible subordinated notes payable | <u>700</u> | <u>900</u> |
| Dilutive potential common shares | <u>1,524</u> | <u>2,526</u> |
| Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions | <u>12,431</u> | <u>13,180</u> |
| Basic earnings per common share | <u>\$.16</u> | <u>\$.19</u> |
| Diluted earnings per common share | <u>\$.15</u> | <u>\$.16</u> |

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
 (in thousands, except share amounts)

| | <u>March 31,</u> <u>2003</u> (unaudited) | <u>December 31,</u> <u>2002</u> |
|--|--|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,134 | \$ 7,610 |
| Patient accounts receivable, less allowance for doubtful accounts of \$4,255 and \$4,327, respectively | 13,635 | 13,235 |
| Accounts receivable - other | 573 | 443 |
| Other current assets | <u>1,513</u> | <u>1,795</u> |
| Total current assets | 25,855 | 23,083 |
| Fixed assets: | | |
| Furniture and equipment | 18,384 | 17,796 |
| Leasehold improvements | <u>9,893</u> | <u>9,310</u> |
| | 28,277 | 27,106 |
| Less accumulated depreciation and amortization | <u>17,330</u> | <u>16,693</u> |
| | 10,947 | 10,413 |
| Goodwill, net of amortization of \$335 and \$335, respectively | 5,590 | 5,590 |
| Other assets, net of amortization of \$430 and \$505, respectively | <u>2,003</u> | <u>1,947</u> |
| | <u>\$ 44,395</u> | <u>\$ 41,033</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable - trade | \$ 576 | \$ 624 |
| Accrued expenses | 3,144 | 2,188 |
| Estimated third-party payor (Medicare) settlements | 33 | 33 |
| Notes payable | <u>4</u> | <u>4</u> |
| Total current liabilities | 3,757 | 2,849 |
| Notes payable – long-term portion | 16 | 17 |
| Other long-term liabilities | 295 | 273 |
| Convertible subordinated notes payable | 2,333 | 2,333 |
| Minority interests in subsidiary limited partnerships | 3,317 | 3,024 |
| Commitments and contingencies | --- | --- |
| Shareholders' equity: | | |
| Preferred stock, \$.01 par value, 500,000 shares authorized, -0- shares outstanding | --- | --- |
| Common stock, \$.01 par value, 20,000,000 shares authorized, 11,877,873 and 11,818,711 shares issued at March 31, 2003 and December 31, 2002, respectively | 119 | 118 |
| Additional paid-in capital | 23,685 | 23,313 |
| Retained earnings | 23,395 | 21,608 |
| Treasury stock at cost, 947,100 and 945,300 shares held at March 31, 2003 and December 31, 2002, respectively | <u>(12,522)</u> | <u>(12,502)</u> |
| Total shareholders' equity | <u>34,677</u> | <u>32,537</u> |
| | <u>\$ 44,395</u> | <u>\$ 41,033</u> |

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONDENSED STATEMENTS OF CASH FLOWS
 (Unaudited - In thousands)

| | Three Months Ended | |
|---|---------------------------|---------------------|
| | March 31, | |
| | <u>2003</u> | <u>2002</u> |
| Operating activities | | |
| Net income | \$ 1,787 | \$ 2,076 |
| Depreciation and amortization | 841 | 699 |
| Minority interest in earnings | 1,145 | 1,159 |
| Distributions to minority investors | (852) | (1,045) |
| Provision for doubtful accounts | 338 | 431 |
| Tax benefit from exercise of options | 171 | 2,024 |
| Other | (34) | 67 |
| Changes in working capital | <u>288</u> | <u>(2,469)</u> |
| Net cash provided by operating activities | 3,684 | 2,942 |
| Investing activities | | |
| Purchase of fixed assets | (1,470) | (1,004) |
| Purchase of intangibles | - | (459) |
| Other | <u>129</u> | <u>-</u> |
| Net cash used in investing activities | (1,341) | (1,463) |
| Financing activities | | |
| Payment of notes payable | (1) | (697) |
| Repurchase common stock | (20) | - |
| Proceeds from exercise of stock options | <u>202</u> | <u>1,364</u> |
| Net cash provided by financing activities | 181 | 667 |
| Change in cash and cash equivalents | <u>\$ 2,524</u> | <u>\$ 2,146</u> |

Note 2: Certain reclassifications have been made in the prior year period to conform to the current year presentation.