# MIM Announces First Quarter Gains, Revenues Up 32%, Net Income Up 400%, EBITDA Up 300%

April 23, 2001 at 12:00 AM EDT

ELMSFORD, N.Y., April 23, 2001 /PRNewswire/ -- MIM Corporation (Nasdaq: MIMS) (CBOE:OQX), a pharmacy benefit management, specialty pharmaceutical and pharmacy fulfillment organization, today reported a 400% increase in net income for the first quarter of 2001 to $3.5 million or $0.17 per diluted share compared to net income of $0.7 million or $0.04 per diluted share for the same quarter last year.

EBITDA for the first quarter increased 300% to $5.2 million compared with $1.3 million for the same period in 2000.

Revenues for the quarter were up 31.7% to $106.0 million compared with $80.5 million for the first quarter a year ago. Commercial PBM and mail order revenues increased $25.5 million over the first quarter of 2000, primarily due to an increase in contracted lives. ADIMA contributed $5.9 million of the additional revenue in the period as well.

In the first quarter, the Company adopted a new method of recording pharmaceutical manufacturers' rebates that are shared with the Company's PBM customers. As a result, the Company has recorded rebates shared with its customers as a reduction of revenue, and the entire amount of rebates billed as a reduction to cost of revenue. Prior to this, the Company recorded only the difference between the rebates billed and the rebates shared with customers as a reduction of cost of revenue. For comparative purposes, the revenue and cost of revenue for first quarter of 2000 have been adjusted to reflect this change.

Richard H. Friedman, Chairman and Chief Executive Officer stated that the quarter exceeded management's expectations. "Our strategy is working. Gains in revenues, net income and EBITDA reflect the success of our PBM growth and entry into the Specialty Pharmaceutical market as a recognized player. Our PBM lives under contract have now reached 5.9 million and Specialty lives have increased to 2,077 from 1,900 at the end of March 2001. We are well positioned to continue this momentum through the year."

Cost of revenue for the three months ended March 31 was $94.4 million, compared with $73.7 for the same period in 2000, an increase of $20.7 million. Cost of revenue increased due to the inclusion of ADIMA's operations and increases in commercial PBM and mail order costs resulting from increased lives under management.

Gross margins were positively impacted by lower utilization on the Company's capitated contracts, additional rebates from prior years that were received in the first quarter of 2001, and the acquisition of ADIMA in August of 2000. ADIMA's gross margins are higher than those historically realized in the Company's PBM and mail order businesses.

Sales, general and administrative expenses were $8.4 million for the first quarter of 2001 compared to $6.2 million for the period a year ago. The $2.2 million increase is a result of the Company's consolidation of ADIMA, increased operating expenses due to the relocation of the mail order facility in 2000 and increased sales and marketing expenses."

We are dedicated to pursuing growth in both the PBM and Specialty businesses," continued Mr. Friedman. "We will leverage each for the benefit of the other and our strong distribution infrastructure will continue to support both businesses. We continue to market to our niche of small and mid-sized managed care organizations, third party administrators, and other commercial groups and look forward to enduring success."

In early 2001, the Company settled its arbitration related to various commercial payment issues with Tennessee Health Partnership ("THP"). A credit to income for excess reserves in the amount of $1.0 million was recorded in the first quarter as a result of the Company's settlement on favorable terms.

In other developments, the Company announced that Ed Sitar, Chief Financial Officer, is leaving to pursue other opportunities. Management has undertaken a search for a strategic replacement and Juliet A. Palmer, Vice President and Controller will oversee financial activities during the interim.

MIM Corporation will host a conference call to discuss the first quarter results. The call is scheduled for Friday, April 27, 2001 at 9:00 AM EST. Investors and other interested parties can dial into the call at 1-800-553- 0329. A replay of the call will be available beginning April 27, at 12:30 PM EST and continuing through May 4, at 11:59 PM EST. The replay may be accessed at any time by dialing 1-800-475-6701 (domestic) or 1-320-365-3844 (international) and entering access code 583019.

MIM Corporation is a pharmacy benefit management, specialty pharmaceutical and pharmacy fulfillment organization that partners with healthcare providers and sponsors to control prescription drug costs. MIM's innovative pharmacy benefit products and services use clinically sound guidelines to ensure cost control and quality care. MIM's specialty pharmaceutical division specializes in serving the chronically ill affected by life threatening diseases. MIM's fulfillment operations specialize in serving individuals that require long- term maintenance medications. MIM's online pharmacy, www.MIMRx.com, develops private label websites to offer affinity groups and healthcare providers innovative, customized, health information services and products on the Internet for their members.

This press release may contain statements which constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the intent, belief or current expectations of the Company, its directors, or its officers with respect to the future operating performance of the Company. Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. Important factors that could cause such differences are described in the Company's periodic filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

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FINANCIAL TABLES FOLLOW

MIM Corporation and Subsidiaries
Consolidated Statements of Income
(In thousands, except per share amounts)

| | For the three months ended March 31, 2001 | 2000 |
|---|---|---|
| Revenue | $106,036 | $80,517 |
| Cost of revenue | 94,400 | 73,706 |
| Gross profit | 11,636 | 6,811 |
| Sales, general & administrative expenses | 8,403 | 6,239 |
| THP settlement | (980) | -- |
| Amortization of intangibles | 519 | 258 |
| Income from operations | 3,694 | 314 |
| Interest income, net | 42 | 411 |
| Income before taxes | 3,736 | 725 |
| Taxes | 253 | -- |
| Net income | $3,483 | $725 |
| | | |
| Earnings before interest, taxes, depreciation and amortization | $5,223 | $1,335 |
| | | |
| Weighted average number of shares outstanding: | | |
| Basic | 20,884 | 18,753 |
| Diluted | 20,980 | 19,425 |
| | | |
| Earnings per share (basic) | $0.17 | $0.04 |
| Earnings per share (diluted) | $0.17 | $0.04 |

MIM Corporation and Subsidiaries
Consolidated Balance Sheets
(000's)

| | March 31, 2001 | December 31, 2000 |
|---|---|---|
| ASSETS | | |
| Current assets | $69,382 | $62,391 |
| Other assets & investments | 1,942 | 2,163 |
| Property and equipment, net | 11,060 | 10,813 |
| Due from affiliates, net | 2,049 | 2,012 |
| Intangible assets, net | 38,779 | 39,023 |
| Total assets | $123,212 | $116,402 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | $79,881 | $73,575 |
| Capital lease obligations, net of current portion | 1,481 | 1,621 |
| Other non current liabilities | 357 | 589 |
| Minority interest | 1,112 | 1,112 |
| | | |
| Stockholders' equity | 40,381 | 39,505 |
| | | |
| Total liabilities and stockholders' equity | $123,212 | $116,402 |

SOURCE MIM Corporation
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