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## **NHC Reports Third Quarter Earnings**

MURFREESBORO, Tenn. -- National HealthCare Corporation (NYSE-American: NHC), the nation's oldest publicly traded senior health care company, today announced net income available to common shareholders for the quarter ended September 30, 2017 of \$11,352,000 compared to \$11,110,000 for the quarter ended September 30, 2016, an increase of 2.2%. Excluding the operating losses from the newly constructed skilled nursing facility and two assisted living facilities placed in service in 2017, net income available to common shareholders for the quarter ended September 30, 2017 would have been \$11,824,000.

Net operating revenues for the three months ended September 30, 2017 totaled \$241,985,000 compared to \$231,281,000 for the same three months of 2016, an increase of 4.6%. Net income was \$0.75 per common share basic for the quarter ended September 30, 2017 compared to \$0.73 per common share basic for the quarter ended September 30, 2016, an increase of 2.7%.

### **Forward-Looking Statements**

Statements in this press release that are not historical facts are forward-looking statements. NHC cautions investors that any forward-looking statements made involve risks and uncertainties and are not guarantees of future performance. The risks and uncertainties are detailed from time to time in reports filed by NHC with the S.E.C., including Forms 8-K, 10-Q and 10-K, and include, among others, the following: liabilities and other claims asserted against us and patient care liabilities, as well as the resolution of current litigation; availability of insurance and assets for indemnification; national and local economic conditions; including their effect on the availability and cost of labor, utilities and materials; the effect of government regulations and changes in regulations governing the healthcare industry, including our compliance with such regulations; changes in Medicare and Medicaid payment levels and methodologies and the application of such methodologies by the government and its fiscal intermediaries, the ability of third parties for whom we have guaranteed debt to refinance certain short term debt obligations; and other factors referenced or incorporated by reference in the S.E.C. filings. The risks included here are not exhaustive. All forward-looking statements represent NHC's best judgment as of the date of this release.

### **About NHC**

NHC affiliates operate for themselves and third parties 76 skilled nursing centers with 9,597 beds. NHC affiliates also operate 36 homecare programs, 24 assisted living communities and five independent living communities. NHC's other services include Alzheimer's units, long-term care pharmacies, hospice, a rehabilitation services company, and providing management and accounting services to third parties. Other information about the company can be found on our web site at [www.nhccare.com](http://www.nhccare.com).

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**Consolidated Statements of Income***(in thousands, except share and per share amounts)*

|                                                            | Three Months Ended<br>September 30 |                  | Nine Months Ended<br>September 30 |                  |
|------------------------------------------------------------|------------------------------------|------------------|-----------------------------------|------------------|
|                                                            | 2017                               | 2016             | 2017                              | 2016             |
|                                                            | <i>(unaudited)</i>                 |                  |                                   |                  |
| <b>Revenues:</b>                                           |                                    |                  |                                   |                  |
| Net patient revenues                                       | \$ 230,048                         | \$ 218,647       | \$ 685,854                        | \$ 653,240       |
| Other revenues                                             | 11,937                             | 12,634           | 34,831                            | 35,397           |
| Net operating revenues                                     | <u>241,985</u>                     | <u>231,281</u>   | <u>720,685</u>                    | <u>688,637</u>   |
| <b>Costs and Expenses:</b>                                 |                                    |                  |                                   |                  |
| Salaries, wages and benefits                               | 145,900                            | 140,403          | 426,639                           | 405,491          |
| Other operating                                            | 64,039                             | 58,956           | 190,778                           | 177,571          |
| Facility rent                                              | 10,106                             | 10,314           | 30,273                            | 30,960           |
| Depreciation and amortization                              | 10,833                             | 9,998            | 31,609                            | 28,847           |
| Interest                                                   | 1,322                              | 1,020            | 3,599                             | 2,913            |
| Total costs and expenses                                   | <u>232,200</u>                     | <u>220,691</u>   | <u>682,898</u>                    | <u>645,782</u>   |
| Income Before Non-Operating Income                         | 9,785                              | 10,590           | 37,787                            | 42,855           |
| Non-Operating Income                                       | <u>6,090</u>                       | <u>5,091</u>     | <u>16,047</u>                     | <u>14,789</u>    |
| Income Before Income Taxes                                 | 15,875                             | 15,681           | 53,834                            | 57,644           |
| Income Tax Provision                                       | (4,691)                            | (4,571)          | (19,448)                          | (20,969)         |
| Net Income                                                 | <u>11,184</u>                      | <u>11,110</u>    | <u>34,386</u>                     | <u>36,675</u>    |
| Loss Attributable To Noncontrolling Interest               | 168                                | -                | 349                               | -                |
| Net Income Attributable to National HealthCare Corporation | <u>\$ 11,352</u>                   | <u>\$ 11,110</u> | <u>\$ 34,735</u>                  | <u>\$ 36,675</u> |
| <b>Earnings Per Common Share</b>                           |                                    |                  |                                   |                  |
| Basic                                                      | 0.75                               | \$ 0.73          | \$ 2.29                           | \$ 2.42          |
| Diluted                                                    | 0.75                               | \$ 0.73          | \$ 2.28                           | \$ 2.41          |
| <b>Weighted average common shares outstanding</b>          |                                    |                  |                                   |                  |
| Basic                                                      | 15,195,394                         | 15,198,696       | 15,186,315                        | 15,128,728       |
| Diluted                                                    | 15,220,567                         | 15,222,648       | 15,217,797                        | 15,216,838       |
| Dividends declared per common share                        | \$ 0.48                            | \$ 0.45          | \$ 1.41                           | \$ 1.30          |

**Balance Sheet Data***(in thousands)*

|                                                             | Sept. 30<br>2017   | Dec. 31<br>2016 |
|-------------------------------------------------------------|--------------------|-----------------|
|                                                             | <i>(unaudited)</i> |                 |
| Cash, cash equivalents and marketable securities            | \$ 213,553         | \$ 164,348      |
| Restricted cash, cash equivalents and marketable securities | 176,560            | 188,958         |
| Current assets                                              | 336,096            | 290,857         |
| Property and equipment, net                                 | 552,343            | 559,624         |
| Total assets                                                | 1,110,837          | 1,087,447       |
| Current liabilities                                         | 147,609            | 150,928         |
| Long-term debt                                              | 120,000            | 120,000         |
| NHC Stockholders' equity                                    | 690,868            | 669,611         |

**Selected Operating Statistics**  
(unaudited)

|                         | Three Months Ended<br>September 30 |                  | Nine Months Ended<br>September 30 |                  |
|-------------------------|------------------------------------|------------------|-----------------------------------|------------------|
|                         | 2017                               | 2016             | 2017                              | 2016             |
| <b>Per Diems:</b>       |                                    |                  |                                   |                  |
| Medicare                | \$ 459.63                          | \$ 453.08        | \$ 461.38                         | \$ 449.26        |
| Managed Care            | 402.86                             | 402.45           | 407.16                            | 401.86           |
| Medicaid                | 179.08                             | 174.12           | 177.49                            | 173.92           |
| Private Pay and Other   | 230.73                             | 224.68           | 231.76                            | 224.04           |
| <b>Average Per Diem</b> | <b>\$ 261.35</b>                   | <b>\$ 254.62</b> | <b>\$ 262.69</b>                  | <b>\$ 255.04</b> |
| <b>Patient Days:</b>    |                                    |                  |                                   |                  |
| Medicare                | 117,634                            | 117,503          | 360,285                           | 359,667          |
| Managed Care            | 64,327                             | 54,591           | 186,487                           | 166,293          |
| Medicaid                | 325,886                            | 322,564          | 959,779                           | 958,782          |
| Private Pay and Other   | 183,339                            | 181,175          | 541,827                           | 531,783          |
|                         | 691,186                            | 675,833          | 2,048,378                         | 2,016,525        |