

Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

MONARCH CASINO & RESORT INC

Form 8-K

July 27, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

-----  
FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 26, 2004

MONARCH CASINO & RESORT, INC.  
(Exact name of registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation)	0-22088 (Commission File Number)	88-0300760 (I.R.S. Employer Identification No.)
---	--	---

1175 W. Moana Lane, Suite 200 Reno, NEVADA (Address of Principal Executive Offices)	89509 (Zip Code)
---	---------------------

(775)825-3355

-----  
(Registrant's telephone number, including area code)

NOT APPLICABLE

-----  
(Former name or former address, if changed since last report)

ITEM 12. Results of Operations and Financial Condition

On July 26, 2004, Monarch Casino & Resort, Inc. (the "Company") issued a press release reporting the Company's financial results for the second quarter ended June 30, 2004. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

ITEM 7. Financial Statements and Exhibits

(c) EXHIBITS

99.1 Text of press release dated July 26, 2004.

-2-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MONARCH CASINO & RESORT, INC.

Date: July 27, 2004

By: /s/ Ben Farahi

-----  
Name: Ben Farahi  
Title: Chief Financial Officer,  
Treasurer and Secretary

-3-

Exhibit 99.1

PRESS RELEASE

MONARCH CASINO & RESORT, INC. ANNOUNCES ALL-TIME RECORDS  
FOR SECOND QUARTER ENDED JUNE 30, 2004  
- EPS BEATS 2003 RECORD SECOND QUARTER BY \$0.21 -

RENO, NV?July 26, 2004? Monarch Casino & Resort, Inc. (Nasdaq: MCRI) (the "Company") continued its formidable run of positive growth today when it announced an all-time Company record for the quarter ended June 30, 2004. The Company?s net income, earnings per share, EBITDA (1), casino revenue, hotel revenue, and net revenue during the 2004 second quarter shattered all such previous quarterly results.

## Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

The Company generated net income of \$4,352,013, or \$0.46 per diluted share, in the second quarter ended June 30, 2004, an 86.7% improvement over net income of \$2,331,109, or \$0.25 per diluted share, in the second quarter of 2003. EBITDA (1) for the second quarter was \$9,528,821, or 37.5% better than the \$6,927,868 EBITDA (1) from the second quarter last year.

Second quarter 2004 casino revenue of \$20,944,838 beat last year's second quarter record of \$18,614,452 by 12.5%. The improvement in casino revenue was attributable to overall increases in the volume of play at the Company's Atlantis Casino Resort in Reno, combined with slightly higher hold percentages in all casino areas. Hotel revenue was \$6,434,299 in the second quarter ended June 30, 2004, a 16.8% improvement over last year's \$5,507,037 second quarter hotel revenue. This improvement was mainly due to an increase in the average daily room rate and was supported by an increase in the occupancy at the hotel. Second quarter food and beverage revenue grew 8.1% to \$9,440,893 from \$8,736,201 achieved in last year's second quarter.

The significant increases in casino, hotel and food and beverage revenues contributed to an 11.6% increase in gross revenues during the second quarter, which, combined with an increase in promotional allowances of only 5.9%, led to a 12.5% improvement in net revenue during the 2004 second quarter over the 2003 second quarter. Operating expenses in the quarter ended June 30, 2004, increased only 3.9% as compared to the quarter ended June 30, 2003, resulting in a 63.7% increase in income from operations. Interest expense decreased by 14.3% over last year's second quarter as a direct result of lower outstanding indebtedness, and, as of February 20, 2004, Monarch ceased incurring any stockholder guarantee fees, as its new credit facility does not require the personal guarantees of the Company's principal stockholders.

John Farahi, Monarch's Chief Executive Officer and Co-Chairman explained: "Our all-time record numbers during this second quarter clearly reflect on our property as one of the premier casino resorts in northern Nevada. Our entire team has worked very hard to deliver a superior product in a tight market and all team members are to be congratulated. We have welcomed and accommodated a growing clientele to the Atlantis while successfully managing our expenses. I am especially proud of the flow through resulting in improved margins in almost every department. The resulting improvement to cash flow has been partially re-invested into the property by way of capital improvements in order to continuously offer a competitive product. We have also taken advantage of this increased cash flow to aggressively pay down our debt." During the three months ended June 30, 2004, the Company reduced outstanding debt by approximately \$6.6 million.

-4-

Monarch Casino & Resort, Inc., through its wholly-owned subsidiary, owns and operates the tropically-themed Atlantis Casino Resort in Reno, Nevada. The Atlantis is the closest hotel-casino to and is directly across the street from the Reno-Sparks Convention Center. The Atlantis is recognizable due to its Sky Terrace, a unique structure rising approximately 55 feet from street level and spanning 160 feet across the street with no intermediate support pillars. The Sky Terrace connects the Atlantis to a 16-acre parcel of land owned by the Company, that is compliant with all casino zoning requirements and is suitable and available for future expansion of the Atlantis facilities and is currently being used by the Company as additional paved parking for the Atlantis. The existing Atlantis site offers almost 1,000 guest rooms in three contiguous high-rise hotel towers and a motor lodge. The tropically-themed Atlantis features approximately 51,000 square feet of high-energy casino space with 37 table games and approximately 1,450 slot and video poker machines, a sports

## Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

book, Keno and a poker room, and offers a variety of dining choices in the form of nine high-quality food outlets.

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 which are subject to change, including, but not limited to, comments relating to (i) future operating performance and (ii) the financial benefits that may result from future operations. The actual results may differ materially from those described in any forward-looking statements. Additional information concerning potential factors that could affect the Company's financial results is included in the Company's Securities and Exchange Commission filings, which are available on the Company's web site.

Contacts: Ben Farahi at (775) 825-3355 or benfarahi@monarchcasino.com  
 Karl G. Brokmann at (775) 825-3355 or kbrokmann@monarchcasino.com

For additional information including artist renditions and photographs, visit Monarch's web site at monarchcasino.com.

(1) "EBITDA" consists of net income plus provision for income taxes, other expenses (income), and depreciation and amortization. EBITDA should not be construed as an alternative to operating income (as determined in accordance with generally accepted accounting principles) as an indicator of the Company's operating performance, or as an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) as a measure of liquidity. This item enables comparison of the Company's performance with the performance of other companies that report EBITDA, although some companies do not calculate this measure in the same manner and therefore, the measure as presented, may not be comparable to similarly titled measures presented by other companies.

-5-

### MONARCH CASINO & RESORT, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues				
Casino.....	\$ 20,944,838	\$ 18,614,452	\$ 40,847,689	\$ 36,354,157
Food and beverage.....	9,440,893	8,736,201	18,266,716	16,947,609

Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

Hotel.....	6,434,299	5,507,037	11,952,604	10,223,215
Other.....	945,812	989,068	1,808,842	1,871,813
	-----	-----	-----	-----
Gross revenues.....	37,765,842	33,846,758	72,875,851	65,396,794
Less promotional allowances.....	(5,051,841)	(4,771,688)	(9,675,872)	(9,156,796)
	-----	-----	-----	-----
Net revenues.....	32,714,001	29,075,070	63,199,979	56,239,998
	-----	-----	-----	-----
Operating expenses				
Casino.....	7,666,678	7,358,723	15,107,349	14,484,826
Food and beverage.....	4,817,753	4,475,173	9,209,475	8,598,911
Hotel.....	1,988,888	1,738,320	4,056,875	3,384,299
Other.....	376,191	308,676	694,654	613,242
Selling, general and administrative.....	8,335,670	8,266,310	16,855,076	16,115,494
Depreciation and amortization.....	2,636,131	2,716,420	5,639,490	5,316,829
	-----	-----	-----	-----
Total operating expenses.....	25,821,311	24,863,622	51,562,919	48,513,601
	-----	-----	-----	-----
Income from operations.....	6,892,690	4,211,448	11,637,060	7,726,397
	-----	-----	-----	-----
Other expenses				
Interest expense.....	(361,677)	(422,203)	(791,638)	(872,083)
Stockholder guarantee fee expense..	-	(260,936)	(136,164)	(542,278)
	-----	-----	-----	-----
Total other expenses.....	(361,677)	(683,139)	(927,802)	(1,414,361)
	-----	-----	-----	-----
Income before income taxes.....	6,531,013	3,528,309	10,709,258	6,312,036
Provision for income taxes.....	2,179,000	1,197,200	3,599,000	2,143,000
	-----	-----	-----	-----
Net income.....	\$ 4,352,013	\$ 2,331,109	\$ 7,110,258	\$ 4,169,036
	=====	=====	=====	=====
Earnings per share of common stock				
Net income				
Basic.....	\$ 0.46	\$ 0.25	\$ 0.76	\$ 0.44
Diluted.....	\$ 0.46	\$ 0.25	\$ 0.76	\$ 0.44
Weighted average number of common shares and potential common shares outstanding				
Basic.....	9,372,603	9,331,877	9,358,670	9,399,716
Diluted.....	9,399,580	9,361,060	9,390,727	9,431,942

# Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

## MONARCH CASINO & RESORT, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2004	December 31, 2003
	----- (Unaudited)	-----
<b>ASSETS</b>		
Current assets		
Cash.....	\$ 10,530,729	\$ 9,711,310
Receivables, net.....	3,058,752	2,818,727
Federal income tax refund receivable.....	-	756,698
Inventories.....	1,168,302	1,245,967
Prepaid expenses.....	2,271,708	2,234,773
Deferred income taxes.....	542,457	542,457
	-----	-----
Total current assets.....	17,571,948	17,309,932
	-----	-----
Property and equipment		
Land.....	10,339,530	10,339,530
Land improvements.....	3,226,913	3,226,913
Buildings.....	78,955,538	78,955,538
Building improvements.....	7,060,680	6,304,642
Furniture and equipment.....	64,116,953	63,230,354
	-----	-----
	163,699,614	162,056,977
Less accumulated depreciation and amortization..	(65,527,631)	(63,618,047)
	-----	-----
Net property and equipment.....	98,171,983	98,438,930
	-----	-----
Other assets, net.....	452,456	128,263
	-----	-----
Total assets.....	\$ 116,196,387	\$ 115,877,125
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of long-term debt.....	\$ 1,585,304	\$ 6,059,591
Accounts payable.....	7,212,867	8,407,887
Accrued expenses.....	6,531,616	6,707,257
Federal income taxes payable.....	1,643,461	-
	-----	-----
Total current liabilities.....	16,973,248	21,174,735
Long-term debt, less current maturities.....	38,275,000	41,125,000
Deferred income taxes.....	4,933,427	4,854,587
Commitments and contingencies.....		
Stockholders' equity		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued.....	-	-
Common stock, \$.01 par value, 30,000,000 shares authorized; 9,536,275 issued; 9,329,830 outstanding at 03/31/2003, 9,474,830 outstanding at 12/31/2002.....	95,363	95,363
Additional paid-in capital.....	17,345,057	17,432,635
Treasury stock, 206,445 shares at 03/31/2003, 61,445 shares		

Edgar Filing: MONARCH CASINO & RESORT INC - Form 8-K

at 12/31/2002, at cost.....	(1,168,385)	(1,437,614)
Retained earnings.....	39,742,677	32,632,419
	-----	-----
Total stockholders' equity.....	56,014,712	48,722,803
	-----	-----
Total liabilities and stockholders' equity...	\$ 116,196,387	\$ 115,877,125
	=====	=====

-7-

MONARCH CASINO & RESORT, INC.  
RECONCILIATION OF NET INCOME TO EBITDA (1)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004 (unaudited)	2003 (unaudited)	2004 (unaudited)	2003 (unaudited)
	-----	-----	-----	-----
Net income.....	\$4,352,013	\$2,331,109	\$ 7,110,258	\$4,169,036
Adjustments:				
Provision for income taxes.....	2,179,000	1,197,200	3,599,000	2,143,000
Stockholder guarantee fee expense	-	260,936	136,164	542,278
Interest expense.....	361,677	422,203	791,638	872,083
Depreciation and amortization....	2,636,131	2,716,420	5,639,490	5,316,829
	-----	-----	-----	-----
EBITDA (1)	\$9,528,821	\$6,927,868	\$17,276,550	\$13,043,226
	=====	=====	=====	=====



