

ISLE OF CAPRI CASINOS INC
Form 10-Q
December 04, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 26, 2014

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 0-20538

ISLE OF CAPRI CASINOS, INC.

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Delaware
(State or other jurisdiction of
incorporation or organization)

41-1659606
(I.R.S. Employer
Identification Number)

600 Emerson Road, Suite 300, Saint Louis, Missouri
(Address of principal executive offices)

63141
(Zip Code)

Registrant's telephone number, including area code: **(314) 813-9200**

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of December 1, 2014, the Company had a total of 40,027,800 shares of Common Stock outstanding (which excludes 2,038,348 shares held by us in treasury).

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	October 26, 2014 (unaudited)	April 27, 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 68,794	\$ 69,830
Marketable securities	27,052	27,289
Accounts receivable, net	11,280	12,615
Income taxes receivable	203	73
Deferred income taxes	3,898	4,106
Prepaid expenses and other assets	21,779	18,526
Total current assets	133,006	132,439
Property and equipment, net	935,930	955,604
Other assets:		
Goodwill	108,970	108,970
Other intangible assets, net	54,492	54,911
Deferred financing costs, net	21,200	23,439
Restricted cash and investments	9,149	9,807
Prepaid deposits and other	4,825	4,904
Total assets	\$ 1,267,572	\$ 1,290,074
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Current maturities of long-term debt	\$ 233	\$ 230
Accounts payable	19,813	20,869
Accrued liabilities:		
Payroll and related	37,935	34,700
Property and other taxes	24,750	20,360
Interest	16,658	16,920
Progressive jackpots and slot club awards	16,700	16,306
Other	20,773	18,478
Total current liabilities	136,862	127,863
Long-term debt, less current maturities	1,034,182	1,066,071
Deferred income taxes	37,628	35,870
Other accrued liabilities	18,420	18,495
Other long-term liabilities	22,357	22,391
Stockholders' equity:		
Preferred stock, \$.01 par value; 2,000,000 shares authorized; none issued		
Common stock, \$.01 par value; 60,000,000 shares authorized; shares issued: 42,066,148 at October 26, 2014 and April 27, 2014	421	421
Class B common stock, \$.01 par value; 3,000,000 shares authorized; none issued		
Additional paid-in capital	247,450	247,819

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Retained earnings (deficit)	(205,251)	(201,913)
	42,620	46,327
Treasury stock, 2,033,907 shares at October 26, 2014 and 2,236,971 at April 27, 2014	(24,497)	(26,943)
Total stockholders' equity	18,123	19,384
Total liabilities and stockholders' equity	\$ 1,267,572	\$ 1,290,074

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	October 26, 2014	October 27, 2013	October 26, 2014	October 27, 2013
Revenues:				
Casino	\$ 255,445	\$ 246,508	\$ 510,517	\$ 497,342
Rooms	8,474	8,713	16,786	17,628
Food, beverage, pari-mutuel and other	34,435	32,597	68,558	66,719
Gross revenues	298,354	287,818	595,861	581,689
Less promotional allowances	(59,437)	(56,197)	(115,295)	(112,055)
Net revenues	238,917	231,621	480,566	469,634
Operating expenses:				
Casino	40,275	39,793	80,403	80,061
Gaming taxes	64,403	62,451	128,870	125,129
Rooms	1,849	1,872	3,752	3,773
Food, beverage, pari-mutuel and other	10,674	10,315	22,046	21,117
Marine and facilities	14,488	14,382	29,207	29,001
Marketing and administrative	59,858	59,640	120,219	118,890
Corporate and development	6,735	7,386	15,883	14,084
Litigation accrual reversal		(7,351)		(7,351)
Preopening expense				3,898
Depreciation and amortization	19,610	20,522	39,253	40,324
Total operating expenses	217,892	209,010	439,633	428,926
Operating income	21,025	22,611	40,933	40,708
Interest expense	(21,114)	(15,193)	(42,443)	(37,847)
Interest income	92	84	179	174
Derivative income		168		398
Income (loss) from continuing operations before income taxes				
	3	7,670	(1,331)	3,433
Income tax provision	(1,024)	(1,359)	(2,007)	(2,770)
Income (loss) from continuing operations	(1,021)	6,311	(3,338)	663
Income from discontinued operations, net of income taxes				
		1,726		2,512
Net income (loss)	\$ (1,021)	\$ 8,037	\$ (3,338)	\$ 3,175
Income (loss) per common share-basic:				
Income (loss) from continuing operations	\$ (0.03)	\$ 0.16	\$ (0.08)	\$ 0.02
Income from discontinued operations, net of income taxes		0.04		0.06
Net income (loss)	\$ (0.03)	\$ 0.20	\$ (0.08)	\$ 0.08
Income (loss) per common share-diluted:				
Income (loss) from continuing operations	\$ (0.03)	\$ 0.16	\$ (0.08)	\$ 0.02
Income from discontinued operations, net of income taxes		0.04		0.06
Net income (loss)	\$ (0.03)	\$ 0.20	\$ (0.08)	\$ 0.08
Weighted average basic shares	39,932,856	39,686,217	39,880,379	39,634,573

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Weighted average diluted shares	39,932,856	39,731,192	39,880,379	39,682,644
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See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	October 26, 2014	October 27, 2013	October 26, 2014	October 27, 2013
Net income (loss)	\$ (1,021)	\$ 8,037	\$ (3,338)	\$ 3,175
Other comprehensive income, net of tax:				
Deferred hedge adjustment, net of income tax provision of \$59 and \$149 for the three and six months ended October 27, 2013, respectively		99		247
Comprehensive income (loss)	\$ (1,021)	\$ 8,136	\$ (3,338)	\$ 3,422

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands, except share amounts)

(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Total Stockholders Equity
Balance, April 27, 2014	42,066,148	\$ 421	\$ 247,819	\$ (201,913)	\$ (26,943)	\$ 19,384
Net loss				(3,338)		(3,338)
Issuance of restricted stock from treasury stock, net of forfeitures			(2,446)		2,446	
Stock compensation expense			2,077			2,077
Balance, October 26, 2014	42,066,148					