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MONARCH CASINO & RESORT INC

Form 8-K

April 27, 2005

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): April 26, 2005

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 2.02 Results of Operations and Financial Condition

On April 26, 2005, Monarch Casino & Resort, Inc. (the "Company") issued a press release reporting the Company's financial results for the first quarter ended March 31, 2005. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits

(c) EXHIBITS

99.1 Text of press release dated April 26, 2005.

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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: April 27, 2005

By: /s/ Ben Farahi

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

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Exhibit 99.1

PRESS RELEASE

MONARCH CASINO & RESORT, INC. ANNOUNCES ANOTHER RECORD FIRST QUARTER

- NET INCOME BEATS PREVIOUS RECORD BY 39.7% -

RENO, NV-April 26, 2005- Monarch Casino & Resort, Inc. (Nasdaq: MCRI) (the "Company") today announced a record first quarter ended March 31, 2005.

Despite severe adverse weather conditions and a one-time gaming development charge in the amount of approximately \$204,000, the Company achieved net income of \$3.9 million, or \$0.20 per diluted share, for the first

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quarter ended March 31, 2005, a 39.7% improvement from the record \$2.8 million net income, or \$0.15 per diluted share, set during the same period a year earlier. The first quarter 2005 earnings per diluted share is in line with consensus analysts' estimates of \$0.20. Earnings per share for the 2004 first quarter has been adjusted to give consideration to a 2 for 1 common stock split effective March 31, 2005. Record revenues across all the Company's revenue centers contributed to a new first quarter record net revenues of \$31.6 million, which was 3.5% better than the previous record of \$30.5 million set in 2004. The increase in revenues combined with effective cost controls led to across the board margin improvements during the period. Income from operations increased 30.5% year over year and, excluding depreciation and amortization, the Company achieved 44.5% flow through of incremental net revenue to income from operations. The Company reported record first quarter EBITDA (1) of \$8.2 million, a 6.2% improvement over its previous first quarter best EBITDA (1) of \$7.7 million achieved in 2004, and slightly better than the \$8.0 million average estimated by analysts.

"Our business fundamentals at the Atlantis Casino Resort remain strong despite the challenging weather experienced during the first quarter of 2005 and the absence of a bowling tournament this year," said John Farahi, the Company's CEO and Co-Chairman. "Our management team remains focused on cost control while continuing to aggressively pursue new as well as repeat business." he continued.

During the first quarter of 2005, the Company expensed approximately \$204,000 of previously deferred gaming development costs related to a proposed South Reno project and does not expect any significant future costs related to this project. On April 13, 2005 the Reno City Council denied the Company's application for a master plan and zoning change on a parcel of land in South Reno for possible development of a second hotel casino.

Also during the first quarter of 2005, the Company used its free cash flow to continue paying down its outstanding bank debt to \$23.1 million from \$32.4 million at 2004 year end and \$46.4 at March 31, 2004.

Mr. Farahi further commented that "The Atlantis' location in South Reno, amidst the growing local population and close proximity to the Reno-Sparks Convention Center, continues to provide an advantage in a challenging market. We are also doing our part in aggressively updating and renovating our facilities, products and services in order to maintain our status as one of Reno's top resort attractions for locals, visitors and conventioners."

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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 38 table games and approximately 1,450 slot and video poker machines, a sports book, Keno and a poker room, and offers a variety of dining choices in

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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.

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

| | Three Months Ended March 31, | |
|------------------------|---------------------------------|---------------|
| | 2005 | 2004 |
| Revenues | | |
| Casino..... | \$ 20,901,908 | \$ 19,902,851 |
| Food and beverage..... | 9,026,336 | 8,825,823 |
| Hotel..... | 5,588,152 | 5,518,305 |

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| | | |
|--|--------------|--------------|
| Other..... | 1,048,337 | 863,030 |
| | ----- | ----- |
| Gross revenues..... | 36,564,733 | 35,110,009 |
| Less promotional allowances..... | (5,002,031) | (4,624,031) |
| | ----- | ----- |
| Net revenues..... | 31,562,702 | 30,485,978 |
| | ----- | ----- |
| Operating expenses | | |
| Casino..... | 7,534,847 | 7,440,671 |
| Food and beverage..... | 4,437,365 | 4,391,722 |
| Hotel..... | 2,027,873 | 2,067,987 |
| Other..... | 321,646 | 318,463 |
| Selling, general and administrative..... | 8,809,293 | 8,519,406 |
| Gaming development expense..... | 204,398 | - |
| Depreciation and amortization..... | 2,038,200 | 3,003,359 |
| | ----- | ----- |
| Total operating expenses..... | 25,373,622 | 25,741,608 |
| | ----- | ----- |
| Income from operations..... | 6,189,080 | 4,744,370 |
| | ----- | ----- |
| Other expenses | | |
| Interest expense..... | (305,374) | (429,961) |
| Stockholder guarantee fee expense.. | - | (136,164) |
| | ----- | ----- |
| Total other expenses..... | (305,374) | (566,125) |
| | ----- | ----- |
| Income before income taxes..... | 5,883,706 | 4,178,245 |
| Provision for income taxes..... | 2,030,000 | 1,420,000 |
| | ----- | ----- |
| Net income..... | \$ 3,853,706 | \$ 2,758,245 |
| | ===== | ===== |
| Earnings per share of common stock | | |
| Net income | | |
| Basic..... | \$ 0.20 | \$ 0.15 |
| Diluted..... | \$ 0.20 | \$ 0.15 |
| Weighted average number of common shares and potential common shares outstanding | | |
| Basic..... | 18,816,819 | 18,689,472 |
| Diluted..... | 19,403,546 | 18,764,512 |

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MONARCH CASINO & RESORT, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

| | March 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| | ----- (Unaudited) | ----- |
| ASSETS | | |
| Current assets | | |
| Cash..... | \$ 9,308,672 | \$ 11,814,778 |
| Receivables, net..... | 2,414,332 | 2,959,894 |
| Federal income tax refund receivable..... | - | 493,797 |
| Inventories..... | 1,252,778 | 1,452,696 |
| Prepaid expenses..... | 2,535,061 | 2,346,242 |
| Deferred income taxes..... | 1,115,719 | 1,115,719 |
| | ----- | ----- |
| Total current assets..... | 16,626,562 | 20,183,126 |
| | ----- | ----- |
| 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..... | 7,524,680 | 7,524,680 |
| Furniture and equipment..... | 65,561,447 | 65,146,594 |
| Leasehold improvements..... | 1,346,965 | 1,346,965 |
| | ----- | ----- |
| | 166,955,073 | 166,540,220 |
| Less accumulated depreciation and amortization.. | (70,382,468) | (68,791,045) |
| | ----- | ----- |
| Net property and equipment..... | 96,572,605 | 97,749,175 |
| | ----- | ----- |
| Other assets, net..... | 383,746 | 406,620 |
| | ----- | ----- |
| Total assets..... | \$ 113,582,913 | \$ 118,338,921 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current maturities of long-term debt..... | \$ - | \$ - |
| Accounts payable..... | 6,680,008 | 5,747,775 |
| Accrued expenses..... | 6,121,811 | 7,918,299 |
| Federal income taxes payable..... | 1,710,203 | - |
| | ----- | ----- |
| Total current liabilities..... | 14,512,022 | 13,666,074 |
| Long-term debt, less current maturities..... | 23,100,000 | 32,400,000 |
| Deferred income taxes..... | 6,335,505 | 6,509,505 |
| 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; 19,072,550 issued; 18,819,116 outstanding at 03/31/2005, 18,812,448 outstanding at 12/31/2004..... | 95,363 | 95,363 |
| Additional paid-in capital..... | 17,457,149 | 17,463,272 |
| Treasury stock, 253,434 shares at 03/31/2005, 260,102 shares | | |

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| | | |
|---|----------------|----------------|
| at 12/31/2004, at cost..... | (929,691) | (954,152) |
| Retained earnings..... | 53,012,565 | 49,158,859 |
| | ----- | ----- |
| Total stockholders' equity..... | 69,635,386 | 65,763,342 |
| | ----- | ----- |
| Total liabilities and stockholders' equity... | \$ 113,582,913 | \$ 118,338,921 |
| | ===== | ===== |

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

| | Three Months Ended | |
|-----------------------------------|--------------------|-------------|
| | March 31, | |
| | 2005 | 2004 |
| | (unaudited) | (unaudited) |
| | ----- | ----- |
| Net income..... | \$3,853,706 | \$2,758,245 |
| Adjustments: | | |
| Provision for income taxes..... | 2,030,000 | 1,420,000 |
| Stockholder guarantee fee expense | - | 136,164 |
| Interest expense..... | 305,374 | 429,961 |
| Depreciation and amortization.... | 2,038,200 | 3,003,359 |
| | ----- | ----- |
| EBITDA (1) | \$8,227,280 | \$7,747,729 |
| | ===== | ===== |

(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.

