

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

MONARCH CASINO & RESORT INC  
Form 8-K  
February 21, 2003

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

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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): February 20, 2003

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

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

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

(775) 825-3355

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(Registrant's telephone number, including area code)

NOT APPLICABLE

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

ITEM 5. Other Events

On February 20, 2003, Monarch Casino & Resort, Inc. (the "Company") issued a press release reporting the Company's financial results for the fourth quarter and year ended December 31, 2002. A copy of the press release is attached hereto as Exhibit 99 and incorporated herein by reference.

ITEM 7. Financial Statements and Exhibits

(c) Exhibits

99 Text of press release dated February 20, 2003.

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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: February 21, 2003

By: /s/ Ben Farahi

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

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Exhibit 99

PRESS RELEASE

MONARCH CASINO & RESORT, INC. REPORTS RECORD  
RESULTS FOR THE FOURTH QUARTER AND FISCAL YEAR ENDED DECEMBER 31, 2002

- Establishes Guidance For 2003 -

RENO, NV-February 20, 2002- Monarch Casino & Resort, Inc. (Nasdaq: MCRI)  
(the "Company") today announced record financial results for the fourth quarter  
and fiscal year ended December 31, 2002.

Financial highlights for the fourth quarter of 2002 compared to the prior  
year period included:

Net income increased 612% to \$1,298,636, or \$0.14 per share (diluted)  
EBITDA(1) increased 32.8% to \$5,293,624  
Casino revenue grew 11.9% to \$17.4 million  
Hotel revenue increased 9.5% to \$4.7 million  
Hotel occupancy improved 3.6% to 89.3%  
Average daily room rate increased by 5.7% to \$51.75

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Net income for the year ended December 31, 2002 was \$8,603,346, or \$0.90 per share (diluted), an increase of 87.0% over \$4,601,764, or \$0.49 per share (diluted), for the year ended December 31, 2001. EBITDA(1) for the year ended December 31, 2002 increased 13.6% to \$27.5 million, from \$24.2 million in the prior year. The Company continued its strategy of utilizing cash flow to reduce debt. Long-term debt, including current maturities, decreased \$12.0 million during 2002 to \$60.3 million at December 31, 2002.

For the full year ended December 31, 2002, hotel occupancy increased to 92.9% from 91.1% the previous year, and the average daily room rate for the full year increased to \$55.29 from \$53.48 for the fiscal year ended December 31, 2001.

John Farahi, Co-Chairman and Chief Executive Officer of Monarch commented, "We are extremely pleased with our performance for the fourth quarter and full year 2002. Our results continue to be driven by a superior location, the commitment of the entire Atlantis team, and our intense focus on the local, tour and travel, and convention markets. We were able to achieve improvements across all areas of our business despite the soft gaming market in Northern Nevada and increased competition from California Indian casinos. We did this by capitalizing on the continued growth of the local Reno area population base, increasing our share of the tour and travel business, and generating additional traffic due to the expanded Reno-Sparks Convention Center."

Farahi continued, "As we enter 2003, we are excited about the vibrancy of the locals market, the opportunity to increase our market share by serving the tour and travel business and the increase in room demand from conventions booked at the Reno-Sparks Convention Center. We believe that these three markets will be the cornerstones of our growth in 2003 and beyond."

The Company also established guidance for the first quarter ending March 31, 2003 and fiscal year ending December 31, 2003. Based on current business trends and the Company's forecast for the remainder of the quarter, EBITDA and

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earnings per share for the first quarter are expected to be approximately \$6.0 - \$6.25 million and \$0.18 - \$0.20, respectively. The Company also expects EBITDA and earnings per share of approximately \$28.6 - \$29.2 million and \$1.05 - \$1.10, respectively, for the year ending December 31, 2003.

The Company will host a conference call at 4:30 P.M. EST to discuss the fourth quarter and 2002 financial results. To listen to the conference call, please dial 800-341-2312 and enter passcode 2739, approximately five minutes prior to the start of the call to register. A replay of the call will be available until February 28, and it can be accessed by dialing 800-756-3819, passcode 002739.

Monarch Casino & Resort, Inc., through a wholly-owned subsidiary, owns and operates the tropically-themed Atlantis Casino Resort in Reno, Nevada. The Atlantis is the closest hotel-casino to and directly across the street from the Reno-Sparks Convention Center which completed a major renovation and expansion to 600,000 square feet of meeting, exhibit and lobby facilities in August, 2002.

The Atlantis features a 51,000 square-foot casino with approximately 37 table games and approximately 1,500 slot and video poker machines, a sports book, keno and a poker room; 980 guest rooms; six restaurants; an 8,000 square-foot family entertainment center; and approximately 25,000 square feet of banquet and meeting space.

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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, (ii) market share of the Company's operations, (iii) the financial benefits that may result from future operations, (iv) the impact on operations of the expanded convention center and (v) focus on key market segments. 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 are included in the Company's Securities and Exchange Commission filings, which are available on the Company's web site.

(1) "EBITDA" consists of income from operations plus 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. We are providing a supplemental schedule reconciling EBITDA to Income from Operations, the most directly comparable GAAP financial measure, following the Condensed Consolidated Statements of Income and Condensed Balance Sheets below.

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

For additional information including artist renditions and photographs, visit Monarch's web site at [monarchcasino.com](http://monarchcasino.com).

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### MONARCH CASINO & RESORT, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues				
Casino.....	\$ 17,396,640	\$ 15,541,656	\$ 70,772,939	\$ 64,907,920
Food and beverage.....	8,444,043	8,061,513	33,646,938	31,960,713
Hotel.....	4,651,613	4,246,581	20,303,439	19,022,188
Other.....	937,107	911,532	3,690,180	3,478,171
	-----	-----	-----	-----
Gross revenues.....	31,429,403	28,761,282	128,413,496	119,368,992
Less promotional allowances.....	(4,468,487)	(3,949,493)	(17,375,926)	(14,853,399)
	-----	-----	-----	-----
Net revenues.....	26,960,916	24,811,789	111,037,570	104,515,593
	-----	-----	-----	-----
Operating expenses				
Casino.....	7,331,529	6,720,965	27,690,033	26,036,133
Food and beverage.....	4,405,311	4,422,984	17,591,945	18,171,412
Hotel.....	1,644,379	1,968,528	6,543,610	7,133,937
Other.....	306,503	317,909	1,254,179	1,300,419
Selling, general and administrative...	7,979,570	7,394,989	30,441,900	27,656,572

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Depreciation and amortization.....	2,599,056	2,546,544	10,320,403	10,085,331
Total operating expenses.....	24,266,348	23,371,919	93,842,070	90,383,804
Income from operations.....	2,694,568	1,439,870	17,195,500	14,131,789
Other expense				
Interest expense, net.....	(811,851)	(1,251,083)	(3,934,363)	(7,243,330)
Stock transaction expense.....	(3,020)	-	(228,020)	-
Total other.....	(814,871)	(1,251,083)	(4,162,383)	(7,243,330)
Income (loss) before income taxes..	1,879,697	188,787	13,033,117	6,888,459
Provision (benefit) for income taxes....	581,061	6,407	4,429,771	2,286,695
Net income (loss).....	\$ 1,298,636	\$ 182,380	\$ 8,603,346	\$ 4,601,764
	=====	=====	=====	=====
INCOME (LOSS) PER SHARE OF COMMON STOCK				
Net income (loss)				
Basic.....	\$ 0.14	\$ 0.02	\$ 0.91	\$ 0.49
Diluted.....	\$ 0.14	\$ 0.02	\$ 0.90	\$ 0.49
Weighted average number of common shares and potential common shares outstanding				
Basic.....	9,473,664	9,436,275	9,457,669	9,436,275
Diluted.....	9,533,751	9,491,323	9,521,353	9,479,830
EBITDA(1) .....	\$ 5,293,624	\$ 3,986,414	\$ 27,515,903	\$ 24,217,120

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## MONARCH CASINO & RESORT, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

	December 31,	
	2002	2001
ASSETS		
Current assets		
Cash.....	\$ 9,961,484	\$ 8,385,743
Receivables, net.....	2,724,726	2,863,939
Federal income tax refund receivable.....	-	770,019
Related party receivables.....	-	4,759
Inventories.....	993,260	976,141
Prepaid expenses.....	1,961,763	1,635,125
Prepaid federal income tax.....	176,321	-

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Deferred income taxes.....	492,457	1,146,058
	-----	-----
Total current assets.....	16,310,011	15,781,784
	-----	-----
Property and equipment		
Land.....	10,339,530	10,339,530
Land improvements.....	3,191,371	3,173,676
Buildings.....	78,955,538	78,955,538
Building improvements.....	6,262,903	4,763,904
Furniture and equipment.....	58,086,570	54,101,471
	-----	-----
	156,835,912	151,334,119
Less accumulated		
depreciation and amortization.....	(55,985,653)	(47,164,026)
	-----	-----
	100,850,259	104,170,093
Construction in progress	-	625,048
	-----	-----
Net property and equipment.....	100,850,259	104,795,141
Other assets, net.....	319,817	486,592
	-----	-----
	\$117,480,087	\$121,063,517
	=====	=====

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## MONARCH CASINO & RESORT, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

	December 31,	
	2002	2001
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt.....	\$ 8,279,095	\$ 8,106,296
Accounts payable.....	6,227,124	6,449,087
Accounts payable construction.....	-	147,481
Accrued expenses.....	6,146,440	5,702,850
	-----	-----
Total current liabilities.....	20,652,659	20,405,714
Long-term debt, less current maturities.....	52,000,000	64,236,548
Deferred income taxes.....	4,526,744	4,990,829

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## 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; 9,436,275 outstanding.....	95,363	95,363
Additional paid-in capital.....	17,381,517	17,241,788
Treasury stock, at cost.....	(202,692)	(329,875)
Retained earnings.....	23,026,496	14,423,150
	-----	-----
Total stockholders' equity.....	40,300,684	31,430,426
	-----	-----
	\$117,480,087	\$121,063,517
	=====	=====

## MONARCH CASINO & RESORT, INC. AND SUBSIDIARY RECONCILIATION OF INCOME FROM OPERATIONS TO EBITDA

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Income from Operations	\$2,694,568	\$1,439,870	\$17,195,500	\$14,131,789
Adjustments:				
Depreciation and Amortization	2,599,056	2,546,544	10,320,403	10,085,331
	-----	-----	-----	-----
EBITDA	\$5,293,624	\$3,986,414	\$27,515,903	\$24,217,120