

STATION CASINOS INC
Form 10-Q
August 09, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2006**

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 **000-21640**

STATION CASINOS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0136443
(I.R.S. Employer
Identification No.)

2411 West Sahara Avenue, Las Vegas, Nevada

(Address of principal executive offices)

89102

(Zip Code)

(702) 367-2411

Registrant's telephone number, including area code

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N/A

(Former name, former address and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2006
Common stock, \$0.01 par value	59,574,745

STATION CASINOS, INC.
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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

STATION CASINOS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

	June 30, 2006 (unaudited)	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,474	\$ 85,552
Receivables, net	47,192	19,604
Inventories	9,421	6,370
Prepaid gaming tax	25,190	17,942
Prepaid expenses	11,952	9,743
Total current assets	184,229	139,211
Property and equipment, net	2,385,991	1,990,584
Goodwill	154,498	154,498
Land held for development	238,495	252,444
Investments in joint ventures	197,788	129,191
Native American development costs	175,126	165,244
Other assets, net	115,449	97,871
Total assets	\$ 3,451,576	\$ 2,929,043
LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 242	\$ 108
Accounts payable	16,069	12,611
Construction contracts payable	133,966	83,151
Accrued expenses and other current liabilities	154,694	132,895
Total current liabilities	304,971	228,765
Long-term debt, less current portion	3,036,261	1,944,220
Deferred income tax, net	106,816	79,015
Other long-term liabilities, net	54,897	46,229
Total liabilities	3,502,945	2,298,229
Commitments and contingencies		
Stockholders (deficit) equity:		
Common stock, par value \$0.01; authorized 135,000,000 shares; 80,468,077 and 79,047,602 shares issued	592	578
Treasury stock, 20,684,019 and 10,521,414 shares, at cost	(896,686)	(159,128)
Additional paid-in capital	567,980	627,352
Deferred compensation restricted stock		(73,599)
Accumulated other comprehensive income	5,584	24
Retained earnings	271,161	235,587
Total stockholders (deficit) equity	(51,369)	630,814
Total liabilities and stockholders (deficit) equity	\$ 3,451,576	\$ 2,929,043

The accompanying notes are an integral part of these condensed consolidated financial statements.

STATION CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Operating revenues:				
Casino	\$ 245,137	\$ 202,896	\$ 461,360	\$ 406,909
Food and beverage	56,276	36,715	95,147	73,552
Room	21,619	15,681	38,640	32,062
Other	17,862	12,867	31,834	24,050
Management fees	23,984	23,626	49,884	46,902
Gross revenues	364,878	291,785	676,865	583,475
Promotional allowances	(23,087)	(17,817)	(42,604)	(36,047)
Net revenues	341,791	273,968	634,261	547,428
Operating costs and expenses:				
Casino	86,949	70,698	161,129	141,426
Food and beverage	41,423	25,982	67,999	51,224
Room	7,839	5,365	13,383	10,567
Other	6,820	4,388	11,403	8,318
Selling, general and administrative	58,157	44,434	102,780	88,373
Corporate expense	16,472	14,072	32,759	28,264
Development expense	2,549	2,091	4,681	4,702
Depreciation and amortization	31,363	25,117	57,027	49,470
Preopening expenses	13,566	1,186	27,688	1,803
Loss (gain) on asset disposals, net	65	301	(778)	214
Lease terminations		3,560	500	11,654
	265,203	197,194	478,571	396,015
Operating income	76,588	76,774	155,690	151,413
Earnings from joint ventures	9,917	8,710	21,840	19,400
Operating income and earnings from joint ventures	86,505	85,484	177,530	170,813
Other expense:				
Interest expense, net	(41,345)	(18,884)	(65,161)	(37,850)
Interest and other expense from joint ventures	(1,480)	(2,142)	(3,048)	(3,826)
Loss on early retirement of debt				(678)
	(42,825)	(21,026)	(68,209)	(42,354)
Income before income taxes	43,680	64,458	109,321	128,459
Income tax provision	(16,887)	(23,849)	(41,406)	(47,210)
Net income	\$ 26,793	\$ 40,609	\$ 67,915	\$ 81,249
Earnings per common share:				
Basic	\$ 0.46	\$ 0.60	\$ 1.10	\$ 1.20
Diluted	\$ 0.44	\$ 0.58	\$ 1.07	\$ 1.17
Weighted average common shares outstanding:				
Basic	58,851	67,902	61,463	67,670
Diluted	60,921	69,469	63,458	69,223
Dividends paid per common share	\$ 0.25	\$ 0.21	\$ 0.50	\$ 0.42

The accompanying notes are an integral part of these condensed consolidated financial statements.

STATION CASINOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(unaudited)

	Six Months Ended	
	June 30,	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 67,915	\$ 81,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,027	49,470
Loss on early retirement of debt		678
Tax benefit from exercise of stock options		17,677
Excess tax benefit from exercise of stock options	(1,618)
Share-based compensation		