

STATION CASINOS INC
Form 10-Q
August 09, 2007

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, 2007**

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 (Check one):

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, 2007
Common stock, \$0.01 par value	57,260,367

STATION CASINOS, INC.

INDEX

Part I.	Financial Information	
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets June 30, 2007 (unaudited) and December 31, 2006</u>	3
	<u>Condensed Consolidated Statements of Operations (unaudited) Three and six months ended June 30, 2007 and 2006</u>	4
	<u>Condensed Consolidated Statements of Cash Flows (unaudited) Six months ended June 30, 2007 and 2006</u>	5
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	38
<u>Item 4.</u>	<u>Controls and Procedures</u>	39
Part II.	Other Information	
<u>Item 1.</u>	<u>Legal Proceedings</u>	40
<u>Item 1A.</u>	<u>Risk Factors</u>	42
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	42
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	42
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	42
<u>Item 5.</u>	<u>Other Information</u>	42
<u>Item 6.</u>	<u>Exhibits</u>	42
<u>Signature</u>		43

Part 1. Financial Information**Item 1. Financial Statements**

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

	June 30, 2007 (unaudited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,149	\$ 116,898
Receivables, net	36,313	40,762
Inventories	11,354	9,676
Prepaid gaming tax	25,167	21,519
Prepaid expenses	17,371	12,696
Total current assets	195,354	201,551
Property and equipment, net	2,696,436	2,586,473
Goodwill	154,498	154,498
Land held for development	231,351	214,374
Investments in joint ventures	151,054	253,577
Native American development costs	192,011	181,153
Other assets, net	124,698	125,070
Total assets	\$ 3,745,402	\$ 3,716,696
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Current portion of long-term debt	\$ 580	\$ 341
Accounts payable	16,676	19,558
Construction contracts payable	49,070	58,318
Accrued expenses and other current liabilities	190,684	173,689
Total current liabilities	257,010	251,906
Long-term debt, less current portion	3,331,401	3,468,487
Due to unconsolidated affiliate	100,000	
Deferred income tax, net	112,923	109,788
Distributions in excess of contributions and income of investment in joint venture	41,739	
Other long-term liabilities, net	69,526	73,373
Total liabilities	3,912,599	3,903,554
Commitments and contingencies		
Stockholders' deficit:		
Common stock, par value \$0.01; authorized 135,000,000 shares; 80,553,077 and 80,507,427 shares issued	593	593
Treasury stock, 23,276,927 and 23,245,751 shares, at cost	(1,042,498)	(1,039,804)
Additional paid-in capital	595,920	582,739
Accumulated other comprehensive loss	(6,271)	(10,782)
Retained earnings	285,059	280,396
Total stockholders' deficit	(167,197)	(186,858)
Total liabilities and stockholders' deficit	\$ 3,745,402	\$ 3,716,696

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,	
	2007	2006	2007	2006
Operating revenues:				
Casino	\$ 256,459	\$ 245,137	\$ 521,154	\$ 461,360
Food and beverage	62,865	56,276	124,428	95,147
Room	28,556	21,619	59,304	38,640
Other	19,515	17,862	36,943	31,834
Management fees	23,614	23,984	48,442	49,884
Gross revenues	391,009	364,878	790,271	676,865
Promotional allowances	(28,113)	(23,087)	(54,937)	(42,604)
Net revenues	362,896	341,791	735,334	634,261
Operating costs and expenses:				
Casino	96,982	86,949	192,282	161,129
Food and beverage	43,992	41,423	87,054	67,999
Room	9,130	7,839	18,546	13,383
Other	7,493	6,820	13,720	11,403
Selling, general and administrative	60,896	58,157	122,824	102,780
Corporate	17,403	16,472	38,713	32,759
Development	1,893	2,549	4,152	4,681
Depreciation and amortization	39,975	31,363	80,197	57,027
Preopening	1,009	13,566	1,013	27,688
(Gain) loss on asset disposals, net	(1,693)	65	(1,739)	(778)
Management agreement/lease termination	3,800		3,800	500
	280,880	265,203	560,562	478,571
Operating income	82,016	76,588	174,772	155,690
Earnings from joint ventures	9,353	9,917	20,869	21,840
Operating income and earnings from joint ventures	91,369	86,505	195,641	177,530
Other expense:				
Interest expense, net	(57,263)	(41,345)	(113,793)	(65,161)
Interest and other expense from joint ventures	(6,955)	(1,480)	(12,853)	(3,048)
	(64,218)	(42,825)	(126,646)	(68,209)
Income before income taxes	27,151	43,680	68,995	109,321
Income tax provision	(12,078)	(16,887)	(30,872)	(41,406)
Net income	\$ 15,073	\$ 26,793	\$ 38,123	\$ 67,915
Earnings per common share:				
Basic	\$ 0.28	\$ 0.46	\$ 0.70	\$ 1.10
Diluted	\$ 0.27	\$ 0.44	\$ 0.68	\$ 1.07
Weighted average common shares outstanding:				
Basic	54,523	58,851	54,454	61,463
Diluted	56,543	60,921	56,419	63,458
Dividends paid per common share	\$ 0.29	\$ 0.25	\$ 0.58	\$ 0.50

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,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 38,123	\$ 67,915
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,197	57,027
Excess tax benefit from exercise of stock options	(1,289)	(1,618)