

Gaylord Entertainment Co. Reports Strong Second Quarter Earnings

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Strong Operating Performance Across Business Segments Drives 13.2 Percent Increase in Revenue and 33.7 Percent Increase in Consolidated Cash Flow

Gaylord Entertainment Co. (NYSE: GET) today reported its financial results for the second quarter of 2005.

For the second quarter ended June 30, 2005:

-- Consolidated revenues increased 13.2 percent to \$228.8 million from \$202.1 million in the same period last year. Results were impacted favorably by strong hospitality segment performance.

-- Net loss was \$0.4 million, or a loss of \$0.01 per share, which is an improvement from the prior year's quarter loss of \$22.6 million, or a loss of \$0.57 per share. Net loss in the second quarter 2005 was affected by a \$3.6 million pre-tax net unrealized gain in the value of the company's Viacom stock investment and related derivatives, compared to a pre-tax net unrealized loss of \$25.5 million in the second quarter of 2004.

-- Hospitality segment total revenue grew 15.4 percent to \$147.7 million, compared to \$128.0 million in the prior-year quarter, due to a significant improvement at the Gaylord Texan and overall strong results from both the Gaylord Opryland and the Gaylord Palms.

-- ResortQuest revenue per available room(1) ("RevPAR") increased 3.1 percent to \$80.04 in the second quarter of 2005 compared to the same period last year.

-- Adjusted EBITDA(2) in the second quarter was \$33.7 million compared to \$19.4 million in the prior-year quarter.

-- Consolidated Cash Flow(3) ("CCF") increased 33.7 percent to \$37.3 million in the quarter, compared to \$27.9 million in the prior-year quarter.

"The second quarter represents another outstanding performance for Gaylord Entertainment, driven by robust rate and occupancy from our hospitality segment," said Colin V. Reed, chairman and chief executive officer of Gaylord Entertainment. "In the quarter, we continued our strong momentum in the hospitality segment, generating higher network-wide revenues and strong margin performance at all of our destinations, most notably the Gaylord Texan. Three years of laying the strong foundation for our hospitality brand by demanding the highest standards have come to fruition as reflected by these results. As we invest in and cultivate our ResortQuest subsidiary, we are confident that our shareholders will see comparable results as we extend our brand-building strategy to the vacation rental market."

Segment Operating Results

Hospitality

Key components of the company's hospitality segment performance in the second quarter of 2005 include:

-- Gaylord Hotels Total RevPAR(4) increased 15.1 percent to \$266.08, compared to second quarter 2004; revenue per available room(1) ("RevPAR") increased 9.5 percent to \$115.30, compared to the prior-year quarter.

-- CCF increased 34.0 percent to \$40.6 million for the second quarter of 2005 compared to \$30.3 million for the second quarter of 2004. CCF margins for the hospitality segment increased 3.8 percentage points to 27.5 percent for the second quarter from 23.7 percent in the prior-year quarter.

-- Gaylord Hotels, excluding Gaylord National, booked net definite room nights of 296,000 in the second quarter of 2005, bringing the 2005 year-to-date figure to 460,000. Gaylord National booked 93,000 net definite room nights in the second quarter of 2005, bringing total net definite room nights to 228,000.

"Total RevPAR growth outpaced occupancy growth for the fifth consecutive quarter, demonstrating the strength of our hospitality strategy," said Reed. "Additionally in the second quarter, average daily rate ("ADR") gains outpaced occupancy gains in driving RevPAR growth for the network overall. Taken together, these metrics illustrate our success at attracting high-value customers and driving 'outside the room' revenue. Going forward, we will continue to execute our proven strategy to drive both inside and outside the room revenue through our superior entertainment and dining offerings."

At the property level, Gaylord Palms posted a strong performance this quarter in CCF growth driven by a significant increase in ADR. ADR was up 6.5 percent to \$173.26 compared to \$162.61 in the prior-year quarter. Occupancy was slightly down to 76.5 percent compared to 77.3 percent a year ago. The significant increase in ADR coupled with a marginal occupancy decrease resulted in strong RevPAR growth of 5.5 percent to \$132.60 in the second quarter of 2005 from \$125.71 in the prior-year quarter. A solid increase in food and beverage spending from group attendees drove a 14.3 percent increase in Total RevPAR to \$345.76 in the second quarter of 2005 versus \$302.56 in the prior-year quarter. CCF increased 27.6 percent to \$13.4 million compared to \$10.5 million in the prior-year quarter, resulting in a CCF margin of 30.2 percent, a 3.1 percentage point increase over the second quarter of 2004.

The Gaylord Opryland generated RevPAR of \$108.69 in the second quarter of 2005 versus \$109.03 in the prior-year period, a marginal decrease of 0.3 percent. RevPAR decreased due to an ADR decline of 1.2 percent to \$141.24 in the second quarter of 2005 compared to \$143.00 in the prior-year quarter. Occupancy increased by 0.8 percentage points to 77.0 percent. Total RevPAR grew 6.2 percent to \$226.38 in the second quarter of 2005 compared to \$213.20 in the prior-year quarter, due to an increase in food and beverage and other ancillary revenues. CCF was in line with last year's results at \$15.9 million versus \$16.1 million in the second quarter 2004. CCF margin declined 1.8 percentage points to 26.9 percent in the second quarter of 2005. Gaylord Opryland's financial performance in the second quarter was impacted by the commencement in May 2005 of a multi-year room refurbishment program, which removed 120 rooms from available inventory. This refurbishment program is expected to be completed by December 2007.

For the Gaylord Texan, RevPAR and Total RevPAR increased significantly in the second quarter of 2005 versus the prior-year quarter due to increased occupancy and a better mix of higher quality groups. Occupancy increased 11.7 percentage points in the second quarter of 2005 to 75.7 percent with ADR increasing 18.6 percent from the prior-year period to \$161.01. RevPAR increased 40.2 percent to \$121.84 from \$86.91 in the second quarter of 2004. Total RevPAR at the Gaylord Texan was \$305.34 in the second quarter of 2005, an increase of 32.7 percent from \$230.16 in the prior-year quarter. CCF increased to \$10.7 million from \$3.2 million in the second quarter of 2005, resulting in a CCF margin of 25.5 percent, a 15.4 percentage point increase over the second quarter of 2004.

"Our success with the Texan, as it entered its second year of operation, has further demonstrated the strength of our rotational strategy," said Reed. "In addition, the Gaylord Hotels brand, which represents the highest standards of performance and customer service, continues to strengthen with each new property. This success gives us the confidence to pursue additional opportunities to expand our network of meetings-focused hotels."

"While our same-store advance bookings are lower than the record levels achieved in 2004, we remain on track to accomplish our 1.3 to 1.4 million room night guidance," continued Reed. "Also, construction of the Gaylord National, our Washington, D.C. area hotel, continues to progress with advance bookings exceeding our expectations. Excitement is clearly building among our meeting planners and our customer base for its scheduled opening in the first quarter of 2008."

ResortQuest

ResortQuest second quarter 2005 revenues were \$62.3 million compared to \$57.2 million in second quarter 2004. Second quarter 2005 operating loss was \$1.4 million compared to operating income of \$1.0 million in the second quarter 2004. ResortQuest CCF decreased to \$1.6 million for the period versus \$4.9 million in the second quarter of 2004. Second quarter 2005 results included increased reinvestment in brand-building initiatives, such as technology, marketing and organizational improvements. In addition, the timing of the Easter holiday period, a strong vacation travel period, shifted from the second quarter 2004 to the first quarter 2005 making comparisons less favorable.

"As we have said before, the turnaround of ResortQuest continues to make progress," said Reed. "The second quarter saw the company make substantial investments in human capital, in technology infrastructure, and in marketing initiatives to propel the brand forward."

Second quarter 2005 RevPAR increased to \$80.04, or 3.1 percent over second quarter 2004. ADR increased 8.6 percent to \$162.47 from \$149.59 in the second quarter of 2004, while occupancy decreased 2.6 percentage points to 49.3 percent. ResortQuest had 18,798 units under exclusive management at the end of the second quarter of 2005.

By the end of the second quarter, over 90 percent of ResortQuest units damaged in last summer's Florida hurricanes had been returned to service.

On June 1, 2005, Gaylord Entertainment completed its purchase of the Aston Waikiki Beach Hotel in Honolulu, Hawaii for \$107 million. Simultaneously, Gaylord Entertainment completed the sale of an 80.1 percent interest in the hotel to a private real estate fund managed by DB Real Estate Opportunities Group. ResortQuest will continue to manage the hotel under a new 20-year management agreement, and the company will account for its 19.9 percent ownership interest in the hotel under the equity method of accounting.

"The foundation for the brand is taking shape," continued Reed. "In late 2005 and early 2006, we expect to roll out a newly-designed, industry-leading web site and comprehensive enterprise property management system. Once our technology systems have been fully rolled out and the Total Satisfaction Guarantee implemented throughout the business, we expect this brand to emerge and create significant value for our shareholders."

Opry and Attractions

Opry and Attractions segment revenues increased to \$18.7 million in the second quarter of 2005 compared to \$16.8 million in the second quarter of 2004. Opry and Attractions reported operating income of \$2.2 million for the period compared to an operating loss of \$0.4 million in the second quarter of 2004. CCF improved by 51.1 percent to \$3.2 million in the second quarter 2005 from \$2.1 million in the prior-year quarter. Revenue and CCF gains in the second quarter were due to the Opry's solid financial performance compared to last year. The Opry benefited from an increase in show attendance and from the continued strategy of broadening the reach of the Opry brand through increased sponsorship, licensing and merchandising opportunities.

"We are excited that the Grand Ole Opry is entering its 80th anniversary season. We plan to commemorate this momentous occasion with a celebration in Nashville and by producing an event this November at Carnegie Hall in New York City," said Reed. "We are also taking the Grand Ole Opry signature blend of authentic American music directly to our fans through a summer tour. People will get to experience the timeless nature of the Opry's music in the comfort of their neighborhood music hall. 'An Evening with the Grand Ole Opry' national tour began on May 28, 2005 and will continue into 2006."

Corporate and Other

Corporate and Other operating loss totaled \$10.1 million for the second quarter of 2005, compared to an operating loss of \$11.6 million for the second quarter of 2004. Corporate and Other operating losses in the second quarter 2005 and 2004 included non-cash charges of \$1.1 million and \$1.4 million, respectively. Non-cash charges include items such as depreciation and amortization, and, for the second quarter of 2004, the non-cash portion of the Naming Rights Agreement expense. Corporate and Other CCF improved to a loss of \$8.2 million in the second quarter of 2005 compared to a loss of \$9.4 million in the second quarter of 2004.

Bass Pro Shops

In the second quarter, Bass Pro restated its previously issued historical financial statements to reflect certain non-cash changes, which resulted primarily from a change in the manner in which Bass Pro accounts for its long-term leases. In response to a February 7, 2005 letter issued by the Office of the Chief Accountant of the Securities and Exchange Commission to the American Institute of Certified Public Accountants, a number of companies (including Bass Pro), primarily in the retail industry, have reviewed their lease accounting practices and restated their historical financial statements to conform with generally accepted accounting principles in the U.S. ("GAAP"). Gaylord Entertainment has reflected its share of Bass Pro's restatement as a one-time adjustment to the company's results for the second quarter 2005, which reduced Gaylord's equity in Bass Pro earnings by \$1.7 million. Including this one-time adjustment, Gaylord's equity income from its investment in Bass Pro, for the quarter ended June 30, 2005, was a loss of \$1.7 million.

Bass Pro currently operates 26 stores and has stated that it plans to add 16 stores over the next two years.

Liquidity

At June 30, 2005, the company had long-term debt outstanding (including current portion) of \$583.1 million and unrestricted and restricted cash and short term investments of \$109.2 million. The company also had a \$600 million credit facility which remains undrawn, aside from \$17.7 million in letters of credit that are currently outstanding under the facility.

Outlook

The following outlook is based on current information as of July 28, 2005. The company does not expect to update guidance until next quarter's earnings release. However, the company may update its full business outlook or any portion thereof at any time for any reason.

"We are making significant progress in growing our business, both our hospitality and ResortQuest segments, as we continue to work very hard at laying the foundation of the brands that will create value for years to come," said Reed.

"Our hospitality business continues to benefit from increased occupancy of higher-value customers allowing us to remain on track for another year of solid growth. However, two factors, one planned and one unplanned, continue to affect our ResortQuest business. As we previously noted, we will continue to invest substantially in improving ResortQuest's technology infrastructure and marketing initiatives. On July 10th, Hurricane Dennis hit northwest Florida and affected ResortQuest's operations and customer demand during its peak summer beach season - and also came at a time when the northwest Florida operations were completing the recovery from an unprecedented 2004 hurricane season. The impact of this rare July hurricane (only the second hurricane since 1900 to hit northwest Florida in July) has led us to decide that we should reduce 2005 guidance for consolidated revenues and Consolidated Cash Flow," concluded Reed.

	PRIOR	REVISED
Consolidated Revenue	\$870 - 900 Million	\$860 - 890 Million
Consolidated Cash Flow		
Gaylord Hotels	\$135 - 142 Million	\$135 - 142 Million
ResortQuest	\$20 - 25 Million	\$12 - 20 Million
Opry and Attractions	\$7 - 10 Million	\$7 - 10 Million
Corporate and Other	\$(30 - 35 Million)	\$(30 - 35 Million)
Consolidated CCF	\$132 - 142 Million	\$124 - 137 Million
Gaylord Hotels		
advance bookings	1.3 - 1.4 Million	1.3 - 1.4 Million
Gaylord Hotels RevPAR	7% - 9%	7% - 9%
Gaylord Hotels Total RevPAR	9% - 11%	9% - 11%

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