

Trump Entertainment Resorts Reports Third Quarter 2007 Results

2007-11-01

Taj Mahal and Plaza Post EBITDA Increases

Trump Entertainment Resorts, Inc. (NASDAQ: TRMP) today reported its results for the quarter ended September 30, 2007 and other related news.

In making the announcement, Mark Juliano, Chief Executive Officer of the Company, said, "We are pleased that we were able to achieve stable financial results during the quarter compared to last year despite the challenges the Atlantic City gaming market is currently facing, which led to a 6.2% marketplace decline in gross gaming revenue during the quarter. We are working diligently to further improve our business in this changing marketplace, and we are pleased with the positive results from the Taj Mahal and Plaza resulting from efforts under our strategic operating plan. The Marina has been disproportionately impacted by the increased competition and, as a result, we are currently taking aggressive steps by dedicating additional resources to improve the Marina's performance."

(Dollars in millions, except per share data. Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|-----------------------------|--------------------|---------|-------------------|---------|
| | September 30, | | September 30, | |
| | 2007 | 2006 | 2007 | 2006 |
| Net revenues | \$ 281.1 | \$288.4 | \$759.6 | \$782.1 |
| Income from operations | 39.9 | 41.0 | 72.6 | 83.7 |
| EBITDA (1) | 57.6 | 58.8 | 121.8 | 135.4 |
| Net income (loss) | 6.6 | 5.8 | (15.0) | (8.8) |
| Net income (loss) per share | 0.21 | 0.19 | (0.48) | (0.29) |

Net revenues have been impacted by increased competition from new gaming facilities in Pennsylvania and New York, an aggressive promotional environment in Atlantic City and the partial smoking ban in Atlantic City effective on April 15, 2007. The impact of the government-mandated casino closure in July 2006 also affected operating comparisons between the quarterly and nine month periods ended September 30, 2007 and 2006. As a result of the items mentioned above, net revenues for the quarter ended September 30, 2007 decreased \$7.3 million, or 2.5%, to \$281.1 million due to a decrease in gaming revenue of \$11.5 million, or 3.8% from third quarter 2006 levels. The lower gaming revenues were partially offset by a \$5.0 million, or 5.6%, decrease in promotional allowances.

Income from operations for the third quarter ended September 30, 2007 decreased \$1.1 million to \$39.9 million and EBITDA decreased \$1.2 million to \$57.6 million from third quarter 2006 levels. In addition to the decrease in net revenues, operating income and EBITDA were impacted by the following items:

A favorable settlement with the South Jersey Transportation Authority ("SJTA") for \$1.7 million during September 2006, reflected at Trump Marina,

\$1.6 million decrease in corporate costs to \$6.2 million, and

The impact of the Company's operating initiatives, which are discussed in more detail below.

At the Company's three operating properties, EBITDA:

Increased at Trump Taj Mahal by \$2.0 million, or 5.7%, to \$37.0 million,

Increased at Trump Plaza by \$3.7 million, or 28.0%, to \$16.9 million, and

Decreased at Trump Marina by \$8.6 million, or 46.7% (or \$6.9 million excluding the \$1.7 million SJTA settlement in 2006).

Mr. Juliano commented, "As a Company, I believe we have been successful in implementing our strategic operating plan that focuses on upgrading our facilities, cost containment, maximizing non-gaming cash revenue and attracting more profitable customers through marketing enhancements, such as the TrumpONE program. The positive benefits we have realized from these initiatives strengthen our confidence in our strategy to build additional hotel capacity. Therefore, we believe that we will realize additional value from our strategic operating plan upon opening the new hotel tower at the Taj Mahal next year, which will give us a new platform for marketing and margin growth. Unfortunately, the market-wide decline in revenue that has resulted largely from competition from the Pennsylvania and New York gaming facilities has impacted the effect of these programs on our bottom line in the short-term.

"We continue to look forward to the future growth and development of the marketplace as Atlantic City continues to evolve into a destination resort, which we believe will have a positive effect on our changing business model," Mr. Juliano noted.

The TrumpONE unified casino marketing program continues to receive positive customer acceptance, and the Company began making retail merchandise available for player redemption during the quarter, including at Trump Exchange, the flagship retail store at the Taj Mahal. In addition, a merchandise catalog is scheduled to launch in November 2007. Partially as a result of TrumpONE and the ongoing consolidation of marketing across the Company's properties, total combined

marketing and promotional costs during the quarter decreased by \$8.1 million, or 6.0%, to \$126.5 million. For the nine months ended September 30, 2007, the combined marketing and promotional costs decreased \$16.3 million compared to the same period of 2006, or 4.8%, to \$322.9 million.

Revenue management initiatives continued to produce positive results during the third quarter as, compared to the third quarter of 2006, hotel occupancy improved to 94.9% from 92.7%, revenue per available room ("RevPAR") increased 5.8% to \$90.80 from \$85.84, and cash room revenue increased 33.6%, or \$2.4 million, to \$9.5 million. For the nine months ended September 30, 2007, compared to the same period of 2006, hotel occupancy has improved 2.7% to 88.6%, RevPAR has improved 8.7% to \$81.35, and cash room revenue has improved 38.5% to \$25.8 million.

The capital redevelopment & expansion projects continue at the Taj Mahal, and the approximately \$255 million, 786-room hotel tower construction remains on schedule for a phased opening beginning approximately Labor Day 2008. During the quarter, the casino floor renovation at the Taj Mahal continued, including the closing of the Baccarat pit for refurbishment at the end of the quarter, which is expected to be complete by the end of 2007. At Trump Plaza, the transportation center construction was completed during the third quarter, providing guests with an upgraded facility upon entering the casino through the parking garage.

Cost saving initiatives also continued to produce positive measurable results to the Company's bottom line. Compared to the third quarter of 2006, total payroll and benefit costs decreased \$5.3 million, or 5.6%, to \$89.1 million in the third quarter of 2007. For the nine months ended September 30, 2007, total payroll and benefit costs for the year decreased \$13.7 million, or 4.9%, to \$268.9 million from 2006 levels.

Corporate & Other Expenses

Corporate and other costs were \$6.2 million for the three months ended September 30, 2007 compared to \$7.8 million in the comparable period of 2006. This decrease is due primarily to reductions in development costs of \$1.5 million and lower payroll and related costs of \$0.9 million partially offset by a \$0.6 million increase in professional fees relating to legal and other matters.

Corporate and other costs were \$24.0 million for the nine months ended September 30, 2007 compared to \$24.7 million in the comparable period of 2006. This decrease is primarily due to a \$3.4 million decrease in development expenses and a \$1.3 million decrease in stock-based compensation expense. These decreases were offset by a \$2.2 million increase in professional fees principally resulting from costs associated with the Company's strategic review and a \$0.9 million increase in severance costs.

Capital Structure

The Company reported, as of September 30, 2007, it had cash and cash equivalents of \$89.1 million, excluding \$85.5 million of cash which is restricted to fund the new tower under construction at the Taj Mahal. Total debt increased by \$160.0 million since December 31, 2006 to \$1,567.4 million at September 30, 2007, principally due to borrowings under the Company's delayed draw term loan, which is being used to fund construction of the Taj Mahal tower.

Capital expenditures for the nine months ended September 30, 2007 were approximately \$176 million, consisting of \$31 million in maintenance capital, \$99 million in renovation capital and \$46 million for the Taj Mahal Tower. Capitalized interest in the nine months ended September 30, 2007 was \$2.6 million compared to \$0.5 million during the nine months ended September 30, 2006.

The Company is continuing to review its capital program in order to preserve capital structure flexibility and has modified its previously announced \$250 million renovation capital program to approximately \$190 million. Estimated future capital expenditures related to planned renovation capital projects and the Taj Mahal tower are as follows:

| (Dollars in millions) | Costs Incurred to Date | Quarter Ending | | Approximate Total |
|--------------------------|------------------------|-------------------|------------|-------------------|
| | | December 31, 2007 | Thereafter | |
| Renovation and retheming | \$ 165 | \$ 20 - 25 | \$ 0 - 5 | \$ 190 |
| Taj Mahal tower | 68 | 25 - 30 | 155 - 165 | 255 |

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