

Host Hotels & Resorts, Inc. Total Revenue Increased 2.8% For The First Quarter Of 2008

2008-04-23

Host Hotels & Resorts, Inc. Reports Results of Operations for the First Quarter 2008

Host Hotels & Resorts, Inc. (NYSE:HST), the nation's largest lodging real estate investment trust (REIT), today announced its results of operations for the first quarter ended March 21, 2008.

Total revenue increased \$29 million, or 2.8%, to \$1,058 million for the first quarter of 2008.

Net income decreased \$126 million to \$61 million for the first quarter of 2008, however, income from continuing operations increased \$19 million to \$60 million compared to the first quarter of 2007. The Company did not recognize any gains on dispositions in the first quarter of 2008 compared to a net gain of \$136 million, or \$.26 per diluted share, of such gains in the first quarter of 2007. As a result, earnings per diluted share decreased \$.24 to \$.11 for the first quarter of 2008. For further detail, refer to the "Schedule of Significant Transactions Affecting Earnings per Share" attached to this press release.

Funds from Operations (FFO) per diluted share increased 10% from \$.30 to \$.33 for the first quarter of 2008.

The Company also announced the following first quarter results for Host Hotels & Resorts, L.P., through which it conducts all of its operations and holds 96% of the partnership interests:

Net income decreased \$130 million to \$64 million for the first quarter of 2008. Net income of Host LP was also affected by the recognition of substantial gains on dispositions in the first quarter of 2007-See "Schedule of Significant Transactions Affecting Earnings per Share."

Adjusted EBITDA, which is Earnings before Interest Expense, Income Taxes, Depreciation, Amortization and other items, increased \$3 million to \$262 million for the first quarter of 2008.

Adjusted EBITDA, FFO per diluted share and comparable hotel adjusted operating profit margins (discussed below) are non-GAAP (generally accepted accounting principles) financial measures within the meaning of the rules of the Securities and Exchange Commission (SEC). See the discussion included in this press release for information regarding these non-GAAP financial measures.

Operating Results

Comparable hotel RevPAR for the first quarter of 2008 increased 2.4%, driven by a 4.0% increase in average room rate, while occupancy declined 1.1 percentage points. Comparable hotel adjusted operating profit margins decreased 40 basis points for the quarter. Comparable food and beverage sales increased 3.9% for the first quarter. For further detail, see "Notes to the Financial Information."

Stock Repurchase Program

The Company's Board of Directors authorized a program to repurchase up to \$500 million of common stock. The common stock may be purchased in the open market or through private transactions, dependent upon market conditions. The plan does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at management's discretion. As of March 21, 2008, the Company has repurchased 2.15 million shares valued at approximately \$35 million. The Company has approximately 520.6 million shares outstanding.

Balance Sheet And Financing Transactions

As of March 21, 2008, the Company had approximately \$317 million of cash and cash equivalents. Excluding amounts necessary for working capital, the Company intends to use its available funds for dividend payments, stock repurchases, investments in its portfolio, to acquire new properties or to make debt repayments.

On March 25, 2008, the Company borrowed \$100 million under its Credit Facility. Subsequently, on April 22, 2008, the Company entered into a \$165 million term loan, which is an expansion of the existing \$600 million Credit Facility. The term loan has a maturity date of September 9, 2011 and is prepayable without penalty after 18 months and may be repaid prior to that date for a fee. The term loan bears interest at LIBOR plus 175 basis points, with a LIBOR floor of 2.25%. The proceeds from the term loan were used to repay the \$100 million draw under the Credit Facility and for general corporate purposes. As a result of this transaction, the Company has \$600 million available under the Credit Facility.

Dividend

As previously announced, the Company expects to declare a fixed \$.20 per share common dividend each quarter, as well as a special dividend in the fourth quarter of each year, which based on the Company's current outlook, will be similar to the 2007 level.

2008 Outlook

The Company expects comparable hotel RevPAR to increase approximately 2% to 4% for both the second quarter and the full year. For full year 2008, the Company expects its operating profit margins under GAAP to decrease approximately 150 basis points to 80 basis points and its comparable hotel adjusted operating profit margins will range from a decrease of 25 basis points to an increase of 25 basis points. Based upon this guidance, the Company estimates that full year 2008 guidance for Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. would be as follows:

Host Hotels & Resorts, Inc.

earnings per diluted share should be approximately \$.35 to \$.37 for the second quarter and \$1.00 to \$1.10 for the full year,

net income should be approximately \$190 million to \$201 million for the second quarter and \$544 million to \$598 million for the full year, and

FFO per diluted share should be approximately \$.54 to \$.56 for the second quarter and \$1.88 to \$1.98 for the full year.

Host Hotels & Resorts, L.P.

net income for 2008 should be approximately \$568 million to \$625 million, and

Adjusted EBITDA for 2008 should be approximately \$1,450 million to \$1,505 million.

About Host Hotels & Resorts

Host Hotels & Resorts, Inc. is an S&P 500 and Fortune 500 company that is the largest lodging real estate investment trust and one of the largest owners of luxury and upper upscale hotels. The Company currently owns 119 properties with approximately 64,000 rooms, and also holds a minority interest in a joint venture that owns ten hotels in Europe with approximately 3,200 rooms.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article32209.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html