Monarch Casino Reports First Quarter Results and Increase of Stock Repurchase Program

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Monarch Casino & Resort, Inc. (NASDAQ:MCRI), owner of the Atlantis Casino Resort Spa in Reno, Nevada, today announced results for the quarter ended March 31, 2008 and an increase of its stock repurchase program.

The Company reported net revenue of $34.3 million, a 9.3% decline from the $37.8 million reported for the comparative quarter in 2007. The Company announced first quarter 2008 income from operations of $3.3 million, EBITDA(1) of $5.3 million and diluted EPS of 12 cents which represent decreases of 60.2%, 48.8% and 57.1%, respectively, when compared to the prior year's first quarter. These decreases were driven primarily by the decrease in net revenue combined with and increase in selling, general and administrative expense of $1.6 million, or 13.6%, the result of higher marketing and promotional expense, increased bad debt expense and higher legal fees.

Monarch's CEO and Co-Chairman John Farahi commented on the Company's performance:

"This quarter's results reflect the effects of the challenging operating environment we described in last quarter's press release. As in many other areas around the country, the economic slowdown in Reno in the fourth quarter of 2007 accelerated in the first quarter of 2008. Other factors causing negative impact that continued from the fourth quarter were disruption from construction related to our on-going $50 million expansion project and aggressive marketing programs by our competitors. Consistent with the fourth quarter of 2007, we increased marketing and promotional expenditures to attract and retain guests in response to these challenges and incurred greater bad debt expense. We also had higher legal expenses associated with the ongoing and previously disclosed Kerzner litigation. We anticipate that downward pressure on profits will persist as long as we continue to experience the adverse effects of the negative macroeconomic environment, construction disruption, the aggressive marketing programs of our competitors and the legal defense costs associated with the Kerzner lawsuit."

The Company's previously announced $50 million expansion remains on track to open in June of 2008, except for the expanded and upgraded spa facilities which will open in the third quarter of 2008. The Company's previously announced $12.5 million Atlantis Convention Center Skybridge project, which will provide guests with a convenient, traffic-free stroll between the Atlantis and the 500,000 square-foot Reno-Sparks Convention Center in an enclosed, climate controlled environment, is on track to be completed late in the fourth quarter of 2008. Through March 31, 2008, the Company has incurred approximately $32.0 million of the construction costs related to these two projects.

During the quarter, pursuant to previously announced stock repurchase plans authorized by the Board of Directors (the "Board"), the Company repurchased 695,396 shares of the Company's common stock at a weighted average purchase price of $17.12 per share, which increased the number of shares repurchased since August 2007 to 1,250,904. Under the stock repurchase plan authorized by the Board on March 12, 2008, the Company may purchase up to an additional 749,096 shares. On April 22, 2008 the Board increased the number of shares authorized under the repurchase plan by an additional 1,000,000 shares, which increased the number of additional shares authorized to be repurchased as of that date to 1,749,096. Consistent with the previous share repurchase authorizations, the Board gave the Company authority to continue repurchasing its common stock in the open market or in privately negotiated transactions from time to time, in compliance with Rule 10b-18 of the Securities and Exchange Act of 1934, subject to market conditions, applicable legal requirements and other factors. The repurchase plan does not obligate the Company to acquire any particular amount of common stock and the plan may be suspended at any time at the Company's discretion.

To provide the flexibility to execute the share repurchase program should the Company decide to do so, and to provide for other capital needs should they arise, the Company entered into an agreement to amend the Company's existing credit facility on April 14, 2008. The amendment increased the available borrowings under the facility from $5 million to $50 million and extended the maturity date from February 23, 2009 to April 18, 2009.