

Gaylord Entertainment Co. Reports First Quarter 2008 Results

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Q1 Results in Line with Expectations, Company Reiterates Same-Store Full-Year Guidance for 2008

Gaylord Entertainment Co. (NYSE: GET) today reported its financial results for the first quarter ended March 31, 2008.

For the first quarter ended March 31, 2008:

Consolidated revenue increased 7.1 percent to \$195.2 million in the first quarter of 2008 from \$182.4 million in the same period last year, driven by increases in Average Daily Rate ('ADR') for Gaylord Hotels and strong outside-the-room spend, specifically from banquet revenues at Gaylord Opryland and Gaylord Palms.

Loss from continuing operations was \$6.8 million, or a loss of \$0.17 per share, compared to income from continuing operations of \$0.7 million, or \$0.02 per share, in the prior-year quarter.

Hospitality segment total revenue increased 6.9 percent to \$177.9 million in the first quarter of 2008 compared to \$166.5 million in the prior-year quarter. Gaylord Hotels' revenue per available room1 ('RevPAR') and total revenue per available room2 ('Total RevPAR') increased 3.6 percent and 5.1 percent, respectively, compared to the first quarter of 2007.

Adjusted EBITDA³ was \$14.6 million in the first quarter of 2008 compared to \$30.1 million in the prior-year quarter. The year-over-year decrease in Adjusted EBITDA was primarily due to the \$12.0 million impairment charges associated with the termination of the La Cantera acquisition and the \$15.4 million pre-opening costs associated with the Gaylord National.

Consolidated Cash Flow⁴ ('CCF') increased 22.0 percent to \$45.4 million in the first quarter of 2008 compared to \$37.2 million in the same period last year. CCF in the first quarter of 2007 included the impact of a \$2.9 million charge related to the termination of a tenant lease at Opryland.

'Gaylord Entertainment's financial performance during the first quarter was solid and in line with our expectations. Our differentiated meetings-focused strategy demonstrated its resilience in the first quarter, groups traveled as expected and outside-the-room spending remained robust. This approach led to increased profitability and additional advanced bookings from large groups despite the current economic conditions,' said Colin V. Reed, chairman and chief executive officer of Gaylord Entertainment.

Reed added, 'We remain enthusiastic about the long-term prospects of our business. We continue to achieve success in building strong brand equity and in creating a product that is unmatched in the markets we serve. The solid group demand we saw in the first quarter gives us the confidence that our growth strategy is the right approach to growing and building the business.'

Segment Operating Results

Hospitality

Key components of the Company's hospitality segment performance in the first quarter of 2008 include:

Gaylord Hotels' RevPAR increased 3.6 percent to \$134.34 in the first quarter of 2008 compared to \$129.65 in the prior-year quarter. Gaylord Hotels' Total RevPAR increased 5.1 percent to \$323.64 in the first quarter of 2008 compared to \$307.81 in the first quarter of 2007. The increase in Total RevPAR reflects strong outside-the-room spending levels and solid banquet revenue across the Gaylord network.

Gaylord Hotels' CCF increased 21.5 percent to \$55.8 million in the first quarter of 2008 compared to \$46.0 million in the same period last year. This increase was driven by higher room rates, higher food and beverage profits, and a continued focus on effective cost control. CCF margins for the hospitality segment increased 380 basis points to 31.4 percent, compared to 27.6 percent in the prior-year quarter. The comparisons to the first quarter of last year were impacted by the \$2.9 million charge related to the termination of a tenant lease at Opryland.

Gaylord Hotels' same-store net definite bookings for all future years, excluding Gaylord National, decreased 21.9 percent to 262,875 room nights booked in the first quarter of 2008 compared to the same period in 2007. It should be noted that this quarter's advanced bookings represents the second best first quarter performance on record.

Reed continued, 'Our brand continues to attract high quality customers. The fundamental differences between Gaylord and those with whom we compete - the best in service, the best in accommodations, the best in convention center layout and design - allow us to retain a base of highly loyal customers, command premium rates, maintain strong occupancy levels, secure robust outside-the-room spending, and post consistent growth in CCF. Our newest property, Gaylord National, is a perfect physical example of what we do for our customers. Our STARS are each individually responsible for our continued strength of service as a brand. Their dedication and the exceptional service they provide each and every day create the platform for our financial success.'

At the property level, Gaylord Opryland generated revenue of \$72.6 million in the first quarter of 2008, a 14.6 percent increase compared to the prior-year quarter, largely a result of strong outside-the-room spending levels, solid banquet revenues and increased ADR. First quarter RevPAR increased 9.4 percent to \$119.46 compared to \$109.19 in the same period last year, driven by increased ADR and occupancy levels. Total RevPAR increased 11.9 percent to \$282.52 in the first quarter of 2008 compared to the prior-year quarter reflecting strong outside-the-room spend. As a result, CCF increased 77.8 percent to \$21.4 million, versus \$12.0 million in the year-ago quarter. Prior-year first quarter CCF included a \$2.9 million charge to terminate a lease related to certain food and beverage space at the Gaylord Opryland. CCF margin for the quarter was 29.4 percent, compared to the 19.0 percent CCF margin (including the effect of the \$2.9 million charge) in the prior-year quarter. First quarter 2008 operating statistics reflect 5,171 room nights out of available inventory compared to 8,333 room nights out of available inventory in the first quarter of 2007 due to the Opryland room renovation, which has now been completed.

Gaylord Palms posted revenue of \$55.1 million in the first quarter of 2008, an increase of 4.7 percent compared to \$52.6 million in the prior-year quarter. First quarter RevPAR decreased 0.5 percent to \$173.20 compared to \$174.08 in the same quarter last year due to a slight decrease in ADR, which was partially offset by solid occupancy levels attributed to the impact of the Easter holiday falling in the first quarter of 2008, which helped drive transient occupancy in Orlando. Total RevPAR increased 3.6 percent to \$430.26 driven by an increase in occupancy and the popularity of the new Sora restaurant. CCF increased to \$20.0 million compared to \$18.9 million in the prior-year quarter, resulting in a CCF margin of 36.3 percent, a 30 basis point increase from the prior-year quarter.

Gaylord Texan revenue decreased 0.6 percent to \$48.3 million in the first quarter of 2008, compared to \$48.6 million in the prior-year quarter. RevPAR in the first quarter increased 0.3 percent to \$140.55 due to a 6.0 percent increase in ADR. These results offset a 4.4 percentage point decrease in occupancy which was partially driven by the impact of the Easter holiday falling in the first quarter of 2008. Total RevPAR decreased 1.7 percent to \$351.17 driven by a temporary shift to lower-spend groups. CCF decreased 3.6 percent to \$14.1 million in the first quarter of 2008, versus \$14.6 million in the prior-year quarter, resulting in a 29.1 percent CCF margin, a 90 basis point decrease from the prior-year quarter.

Development Update

Gaylord National in Prince George's County outside of Washington D.C. opened its doors to its first groups on March 28, 2008, although full operational capacity was not achieved until early April due to the delay in construction completion. The company spent an additional \$125.0 million in the first quarter of 2008, bringing total capital expenditures for the hotel to date to \$846.7 million. The Company expects it will receive additional billings as well as proposed change orders from the general contractor for additional costs. The Company intends to vigorously negotiate any such proposed changes with the general contractor to minimize any cost increases. Gaylord National booked an additional 139,450 room nights in the first quarter of 2008, bringing National's cumulative net definite room nights booked to approximately 1.4 million room nights.

'We are delighted with the continued strong demand for Gaylord National, which has become the premier meetings hotel on the East Coast. The property, which is the largest non-gaming convention hotel ever opened in the United States, is truly exceptional,' continued Reed. 'While construction company delays led to an opening that was certainly not up to Gaylord's high standards, thanks to the hard work of our nearly 1,500 STARS at the hotel we are pleased to report that our guests are now enjoying positive customer service experiences. We will continue to perfect the operating model in the coming quarters and update you on our performance as appropriate.'

Additionally, as previously announced in April, the Company terminated its agreement to acquire the La Cantera Resort in San Antonio, Texas. Gaylord took a one-time charge of approximately \$12.0 million as a result of the termination of this transaction.

Reed continued, 'We are mindful of the current market environment and will be opportunistic and disciplined in pursuing projects that are in the best interest of our shareholders. Our expansion strategy remains intact and we continue to move forward with existing projects at Gaylord Opryland and Gaylord Texan.'

Opry and Attractions

Opry and Attractions segment revenue increased 8.0 percent to \$17.1 million in the first quarter of 2008, compared to \$15.8 million in the year-ago quarter. The segment's CCF decreased to \$0.3 million in the first quarter of 2008 from \$0.6 million in the prior-year quarter.

Corporate and Other

Corporate and Other operating loss totaled \$25.5 million in the first quarter of 2008 compared to an operating loss of \$13.0 million in the same period last year. The loss reflects the previously announced \$12.0 million impairment charge related to the termination of the La Cantera transaction. Corporate and Other CCF in the first quarter of 2008 decreased 15.0 percent to a loss of \$10.8 million compared to a loss of \$9.4 million in the same period last year.

Liquidity

As of March 31, 2008, the Company had long-term debt outstanding, including current portion, of \$1,165.5 million and unrestricted and restricted cash of \$17.1 million. \$409.3 million of the Company's \$1.0 billion credit facility remained undrawn at the end of the first quarter of 2008, which included \$10.7 million in letters of credit. The Company also repurchased approximately 656,700 shares of the Company's stock at a cost of approximately \$20 million during the first quarter of 2008. The Company has a share repurchase plan in place with authorization to repurchase up to \$80 million of the Company's stock.

Outlook

The following business performance outlook is based on current information as of May 1, 2008. The Company does not expect to update guidance before next quarter's earnings release. However, the Company may update its full business outlook or any portion thereof at any time for any reason.

'A year ago, we outlined the growth strategies in place for the business going forward. Since then, we have focused on enhancing our industry leadership through expansions of our existing properties, opening Gaylord National, increasing margins through strategic cost management programs, maintaining our high levels of service and our ability to command premium rates, and making certain that occupancy levels remain strong. We are pleased that we have been successful in all of these areas and our hard work has resulted in a stronger and better brand today,' said Reed.

'We are confident that Gaylord National will greatly increase our ability to meet the strong demand for our brand. We are enthusiastic about the long-term potential of the property and though construction delays caused a few bumps upon opening, these issues are now behind us. The feedback we are receiving from meeting planners and guests has been positive and the property is performing well. However, because of these early challenges at the property and their associated costs, we believe that it is most prudent to trim our full-year 2008 CCF guidance for the hotel by \$5 million,' continued Reed.

'Looking ahead, we believe that our core group business and our growth plans will continue to yield significant value for our shareholders and reinforce our standing as the premier hospitality company in the meetings and conventions industry. That said, we are attentive to the current slow down in the broader economy and how decreased discretionary spending creates some risk for the components of our business driven by transient guest levels. This represents only a small portion of our business and is factored into our guidance. Our leading performance indicators remain strong and as such, we are reiterating same-store guidance for the full year 2008,' concluded Reed.

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