

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

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Total revenue increased \$34 million, or 2.5%, to \$1,415 million for the second quarter and \$63 million, or 2.6%, to \$2,473 million for year-to-date 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 second quarter ended June 13, 2008.

-- Total revenue increased \$34 million, or 2.5%, to \$1,415 million for the second quarter and \$63 million, or 2.6%, to \$2,473 million for year-to-date 2008.

-- Net income increased \$41 million to \$190 million and income from continuing operations increased \$34 million to \$179 million for the second quarter of 2008. For year-to-date 2008, net income decreased \$85 million to \$251 million and income from continuing operations increased \$53 million to \$239 million compared to year-to-date 2007. Earnings per diluted share increased \$.08 to \$.35 for the second quarter and decreased \$.16 to \$.46 for year-to-date 2008.

Net income in 2008 included a net gain of approximately \$10 million, or \$.02 per diluted share, for the second quarter and year-to-date associated with hotel dispositions. By comparison, net income in 2007 included a net loss of approximately \$46 million, or \$.08 per diluted share, for the second quarter associated with the refinancing of debt, and a net gain of \$90 million, or \$.16 per diluted share, for year-to-date 2007 associated with the refinancing of debt and net gains on hotel dispositions.

-- Funds from Operations (FFO) per diluted share increased 16.7% to \$.56 for the second quarter and 14.1% to \$.89 for year-to-date 2008. In 2007, FFO was reduced by \$.08 per diluted share for costs associated with debt refinancings for both the second quarter and year-to-date.

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

-- Net income increased \$45 million to \$199 million for the second quarter and decreased \$86 million to \$262 million for year-to-date 2008.

-- Adjusted EBITDA, which is Earnings before Interest Expense, Income Taxes, Depreciation, Amortization and other items, decreased \$3 million to \$419 million for the second quarter and was \$681 million for both year-to-date 2008 and 2007.

For further detail of certain transactions affecting net income of the Company and Host LP, earnings per diluted share and FFO per diluted share, refer to the "Schedule of Significant Transactions Affecting Earnings per Share and Funds From Operations per Diluted Share" attached to this press release.

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 second quarter of 2008 increased 1.7% when compared to the second quarter of 2007. Year-to-date 2008 comparable hotel RevPAR increased 2.0% when compared to year-to-date 2007. Comparable hotel adjusted operating profit margins decreased 20 basis points and 30 basis points for the second quarter and year-to-date 2008, respectively. For further detail, see "Notes to the Financial Information."

Balance Sheet

As of June 13, 2008, the Company had approximately \$505 million of cash and cash equivalents and \$600 million of available capacity under its credit facility. 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.

Financing Transactions

During the second quarter, the Company entered into a \$210 million term loan under its credit facility. The proceeds from the term loan, which is an expansion of the Company's existing \$600 million credit facility, were used to repay \$100 million outstanding under the revolver portion of the credit facility and for general corporate purposes. The term loan was completed in two phases, with \$165 million closing in April 2008 (as previously announced) and an additional \$45 million, with the same terms, closing in May 2008. The term loan has a maturity date of September 9, 2011 which the Company can extend for one year, subject to certain conditions. The term loan is prepayable without penalty after October 2009 and may be repaid prior to that date for a fee. The term loan bears interest at LIBOR plus 175 basis points (approximately 4.2% at June 13, 2008).

During the quarter, the Company also refinanced the \$208 million, 7.48% mortgage on the Orlando World Center Marriott with a non-amortizing \$300 million mortgage that bears interest at a rate of LIBOR plus 350 basis points (approximately 5.96% at June 13, 2008). The loan has an initial maturity in 2011, plus two, one-year extensions subject to certain conditions. The additional loan proceeds will be used for general corporate purposes.

Stock Repurchase Program

Under its previously announced stock repurchase program, the Company repurchased 2.2 million shares of its common stock valued at approximately \$37 million during the second quarter. Year-to-date, the Company has repurchased 4.35 million shares valued at approximately \$72 million. As of June 13, 2008, the Company has approximately 518.6 million shares of common stock outstanding.

Capital Expenditures

The Company continued to make significant enhancements to its portfolio through an extensive capital expenditure program which included approximately \$160 million and \$310 million of investments for the second quarter and year-to-date 2008, respectively. The Company recently completed the \$81 million repositioning project of the Atlanta Marriott Marquis with the opening of the new 26,000 square foot Atrium Ballroom and the \$4 million construction of an 8,300 square foot meeting space addition at the San Francisco Marriott.

Dispositions

During the second quarter the Company sold the Sheraton Suites Tampa Airport for approximately \$24 million and recorded a gain of approximately \$10 million on the sale.

European Joint Venture

In April 2008, the Company's joint venture in Europe, in which the Company owns a 32.1% interest and serves as the general partner, purchased the 270-room Crowne Plaza Amsterdam City Centre for approximately 72 million euros.

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, the amount of which will be based on the Company's taxable income. Based on the Company's current guidance for 2008, the Company expects that the fourth quarter special dividend will be in the range of \$.15 to \$.20, which would result in a full year dividend of \$.95 to \$1.00.

2008 Outlook

The Company expects comparable hotel RevPAR to decline approximately 4% to 2% for the third quarter, and range from a decrease of 1% to an increase of 1% for the full year. For full year 2008, the Company expects its operating profit margins under GAAP to decrease approximately 300 basis points to 230 basis points and its comparable hotel adjusted operating profit margins to decrease approximately 125 basis points to 75 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 \$.07 to \$.09 for the third quarter and \$.84 to \$.94 for the full year,
- net income should be approximately \$41 million to \$51 million for the third quarter and \$455 million to \$507 million for the full year, and
- FFO per diluted share should be approximately \$.27 to \$.29 for the third quarter and \$1.75 to \$1.85 for the full year.

Host Hotels & Resorts, L.P.

- net income for 2008 should be approximately \$477 million to \$529 million, and
- Adjusted EBITDA for 2008 should be approximately \$1,375 million to \$1,425 million.

About Host Hotels & Resorts

Host Hotels & Resorts, Inc. is an S&P 500 and Fortune 500 company and is the largest lodging real estate investment trust and one of the largest owners of luxury and upper upscale hotels. The Company currently owns 118 properties with approximately 64,000 rooms, and also holds a minority interest in a joint venture that owns 11 hotels in Europe with approximately 3,500 rooms. Guided by a disciplined approach to capital allocation and aggressive asset management, the Company partners with premium brands such as Marriott(R), Ritz-Carlton(R), Westin(R), Sheraton(R), W(R), St. Regis(R), The Luxury Collection(R), Hyatt(R), Fairmont(R), Four Seasons(R), Hilton(R) and Swissotel(R)* in the operation of properties in over 50 major markets worldwide.

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