

Trump Entertainment Resorts Reports Second Quarter 2008 Results

2008-08-07

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Trump Entertainment Resorts, Inc. (NASDAQ: TRMP) reported its results for the three months ended June 30, 2008 and other related news.

In making the announcement, Mark Juliano, Chief Executive Officer of the Company, said, 'The weakened economy - driven by tight credit markets, declines in consumer confidence and rising oil prices - has had a significant impact on the gaming industry across America.

'As a result, our net revenues and those of many of our competitors have been negatively impacted. However, despite these economic pressures, the fundamentals of our business are sound. Today, we are offering a more competitive product than before, and we are continuing to trim costs where appropriate while effectively yielding our hotel inventory to attract and retain the most profitable customers possible.

'We are excited about significantly increasing our hotel capacity with the upcoming debut of the 782-room Chairman Tower at Trump Taj Mahal, and are encouraged by our successful efforts to increase hotel occupancy and revenue per available room. Additionally, we continue to work with Coastal Development LLC regarding the previously announced transaction for the sale of Trump Marina, which we expect to complete in the next six to nine months.'

CONSOLIDATED RESULTS

The results of Trump Marina have been classified as discontinued operations throughout this discussion. The following table outlines the financial results:

	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(In millions, except share and per share data)	(Unaudited)		(Unaudited)	
Net revenues	\$177.9	\$186.8	\$355.2	\$366.8
Income from operations	9.0	9.6	17.3	24.8
EBITDA ⁽¹⁾	22.9	21.9	44.8	48.7
(Loss) from continuing operations	(16.5)	(16.3)	(34.6)	(27.7)
(Loss) income from discontinued operations	(13.3)	2.8	(13.9)	6.1
Net loss	(29.8)	(13.5)	(48.5)	(21.6)
Basic and diluted share data:				
Continuing operations	\$ (0.52)	\$ (0.52)	\$ (1.09)	\$ (0.89)
Discontinued operations	(0.42)	0.09	(0.44)	0.20
Basic and diluted net loss per share	<u>\$ (0.94)</u>	<u>\$ (0.43)</u>	<u>\$ (1.53)</u>	<u>\$ (0.69)</u>

Net revenues were impacted by the general weakening of the economy and the rising price of gasoline, which management believes has exacerbated the effect of competition from regional gaming facilities in Pennsylvania and New York. Primarily as a result of these items, net revenues for the quarter ended June 30, 2008 decreased \$8.9 million, or 4.8%, principally due to a decrease in gaming revenue of \$11.9 million, or 6.3% from second quarter 2007 levels. Income from operations for the quarter ended June 30, 2008 decreased \$0.6 million to \$9.0 million and EBITDA increased \$1.0 million to \$22.9 million from second quarter 2007 levels.

Mr. Juliano continued, 'We have been able to lower our gaming cost of sales through streamlined marketing programs, and are now seeing the results of substantially reduced corporate costs. Additionally, we are now measuring our progress through our continuing operations - Trump Taj Mahal and Trump Plaza - as we believe these will provide the most effective indicators of our future progress.

'Our continuing operations again outpaced the market in slot revenue during the quarter, and have far exceeded the results of our competitors for the year to date period. Results in June, in particular, contributed the largest negative impact on our year-over-year comparison, primarily driven by an unfavorable calendar comparison, as well as lower table hold and less-than-expected slot volume at the Taj Mahal. We are currently taking steps to increase market share and drive additional volume.

'Overall, we are sticking to our plan to drive volume and revenue through this difficult economic period while saving costs wherever possible. As the majority of the changes needed to make our properties more competitive have been made, and with the funding for the completion of the Taj Mahal tower in place, we are closely monitoring capital improvements and other

expenditures during this period of economic uncertainty. We believe that this course of action is the most promising strategy for stabilizing our business in the near-term and producing more favorable financial results in the long-term, particularly through an economic rebound.'

At the Taj Mahal, the 782-room Chairman Tower, remains on schedule and budget. The \$255 million project is expected to begin a phased opening by Labor Day 2008, and be completed by the conclusion of the year. The tower is now accepting reservations from customers through all sales channels, including Internet and phone. Additionally, Il Mulino Italian restaurant is scheduled to open with two dining concepts on the casino level in September.

The announced \$316 million sale of Trump Marina to Coastal Development, LLC continues as scheduled, and the Company announced that all appropriate deadlines have been met by both parties. In connection with the pending sale of Trump Marina, the Company recorded in its loss from discontinued operations an intangible asset impairment charge of \$18.6 million related to Trump Marina trademarks, a goodwill impairment charge of \$2.3 million and \$4.9 million in fees incurred to amend its credit agreement.

The Company's review of strategic options relating to the proceeds from the sale of Trump Marina and other development opportunities continues. Among the options currently under review are investments in Atlantic City, including a potential mixed use development on Steel Pier, gaming opportunities outside of the Atlantic City market and reducing the Company's indebtedness. Additionally, the Company is currently in negotiations with a third party developer to lease commercial space at the Trump Ocean Club Panama, currently under development, and operate an approximately 35,000 square foot casino on the property.

Slot revenue for the Company's continuing operations during the quarter, as reported to the New Jersey Casino Control Commission, decreased by 4.0%, or \$5.0 million, on a year-over-year basis, compared to a 7.8% combined decrease for other Atlantic City gaming operators.

Table revenue for the Company's continuing operations during the quarter, as reported to the New Jersey Casino Control Commission, decreased by 9.3%, or \$6.1 million, on a year-over-year basis, compared to a 0.3% combined increase for the Company's competitors. The Company attributes the decline in table revenue for the quarter primarily to a decrease in table hold at Trump Taj Mahal of 170 basis points.

Revenue management initiatives continued to produce financial results at the Company's continuing operations as, for the quarter, hotel occupancy improved to 91.2% from 89.4%, revenue per available room ('RevPAR') increased 2.5% to \$87.56. Cash room revenue was \$7.4 million, consistent with the prior year quarter.

Cost savings initiatives resulted in payroll savings of \$1.5 million for the quarter at the corporate level compared to the same period of 2007, while property payroll and related costs decreased \$1.0 million following aggressive property-level cost savings programs in 2006 and 2007.

Corporate & Other Expenses

Corporate expenses for the quarter decreased \$4.1 million to \$6.3 million principally due to a \$1.2 million decrease in severance costs, a \$1.5 million reduction in payroll and related costs, a \$0.8 million decrease in professional fees primarily due to costs incurred during 2007 associated with the Company's strategic review. Stock based compensation expense during the quarter decreased \$0.2 million to \$0.8 million.

Capital Structure

The Company reported that as of June 30, 2008 it had cash and cash equivalents of \$81.5 million. Its cash and cash equivalents do not include \$8.3 million in cash included in Trump Marina's assets held for sale and \$2.8 million in restricted cash representing amounts used to secure outstanding letters of credit.

The Company's total debt increased by \$52.5 million since December 31, 2007 to \$1,696.3 million at June 30, 2008. Capital expenditures for the six months ended June 30, 2008 were approximately \$95 million, consisting of \$15 million maintenance capital, \$10 million renovation capital and \$70 million for the Chairman Tower at Trump Taj Mahal. Capitalized interest during the six months ended June 30, 2008 and 2007 was \$5.7 million and \$1.5 million, respectively.

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