

CENTURY CASINOS INC /CO/
Form 10-Q
August 14, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-22900

CENTURY CASINOS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE84-1271317

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(State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or organization)

455 E Pikes Peak Ave, Suite 210, Colorado Springs, Colorado 80903

(Address of principal executive offices, including zip code)

(719) 527-8300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------|---|---------------------------|
| Large accelerated filer | Accelerated filer | Non-accelerated filer | Smaller reporting company |
| | | (Do not check if a smaller reporting company) | |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

24,381,057 shares of common stock, \$0.01 par value per share, were outstanding as of August 8, 2014.

INDEX

| | | |
|----------------|--|------|
| Part I | FINANCIAL INFORMATION | Page |
| <u>Item 1.</u> | <u>Condensed Consolidated Financial Statements (Unaudited)</u> | 4 |
| | <u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u> | 4 |
| | <u>Condensed Consolidated Statements of Earnings for the Three and Six Months Ended June 30, 2014 and 2013</u> | 6 |
| | <u>Condensed Consolidated Statements of Comprehensive Earnings for the Three and Six Months Ended June 30, 2014 and 2013</u> | 7 |
| | <u>Condensed Consolidated Statements of Shareholders' Equity as of June 30, 2014 and June 30, 2013</u> | 8 |
| | <u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013</u> | 9 |
| | <u>Notes to Condensed Consolidated Financial Statements</u> | 11 |
| <u>Item 2.</u> | Management's Discussion and Analysis of Financial Condition and Results of Operations | 30 |
| <u>Item 3.</u> | Quantitative and Qualitative Disclosures About Market Risk | 50 |
| <u>Item 4.</u> | Controls and Procedures | 50 |
| Part II | OTHER INFORMATION | |
| <u>Item 2.</u> | Unregistered Sales of Equity Securities and Use of Proceeds | 51 |
| <u>Item 6.</u> | Exhibits | 52 |
| | <u>Signatures</u> | 52 |

PART I – FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

| Amounts in thousands, except for share and per share information | June 30, 2014 | December 31, 2013 |
|--|-------------------|----------------------|
| ASSETS | (unaudited) | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 26,496 | \$ 27,348 |
| Receivables, net | 1,399 | 1,205 |
| Prepaid expenses | 1,237 | 2,298 |
| Inventories | 633 | 498 |
| Other current assets | 100 | 115 |
| Current portion of note receivable | 435 | 195 |
| Deferred income taxes | 381 | 231 |
| Restricted cash | 468 | 470 |
| Total Current Assets | 31,149 | 32,360 |
| Property and equipment, net | 134,680 | 132,639 |
| Goodwill | 13,205 | 13,279 |
| Deferred income taxes | 3,670 | 3,634 |
| Casino licenses | 4,731 | 5,236 |
| Trademark | 2,116 | 2,129 |
| Note receivable | 0 | 305 |
| Deposits and other | 646 | 800 |
| Deferred financing costs | 288 | 242 |
| Total Assets | \$ 190,485 | \$ 190,624 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current portion of long-term debt | \$ 5,841 | \$ 4,195 |
| Accounts payable | 2,541 | 2,460 |
| Accrued liabilities | 6,456 | 5,819 |
| Accrued payroll | 4,529 | 4,257 |
| Taxes payable | 3,201 | 4,803 |
| Contingent liability (note 3) | 5,071 | 5,104 |
| Deferred income taxes | 163 | 163 |
| Total Current Liabilities | 27,802 | 26,801 |
| Long-term debt, less current portion | 29,811 | 29,864 |
| Taxes payable and other | 617 | 601 |
| Deferred income taxes | 3,858 | 3,908 |

| | | |
|-------------------------------|--------|--------|
| Total Liabilities | 62,088 | 61,174 |
| Commitments and Contingencies | | |

See notes to condensed consolidated financial statements.

Continued -

4

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (continued)

| Amounts in thousands, except for share and per share information | June 30, 2014 | December 31, 2013 |
|--|------------------|-------------------------|
| Shareholders' Equity: | | |
| Preferred stock; \$0.01 par value; 20,000,000 shares authorized; no shares issued or outstanding | 0 | 0 |
| Common stock; \$0.01 par value; 50,000,000 shares authorized; 24,381,057 and 24,377,761 shares issued and outstanding | 244 | 244 |
| Additional paid-in capital | 75,184 | 75,138 |
| Retained earnings | 45,086 | 44,419 |
| Accumulated other comprehensive earnings | 1,762 | 2,008 |
| Total Century Casinos shareholders' equity | 122,276 | 121,809 |
| Non-controlling interest | 6,121 | 7,641 |
| Total equity | 128,397 | 129,450 |
| Total Liabilities and Shareholders' Equity | \$ 190,485 | \$ 190,624 |

See notes to condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

| Amounts in thousands, except for per share information | For the three months ended June 30, | | For the six months ended June 30, | |
|---|--|-----------|--------------------------------------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| Operating revenue: | | | | |
| Gaming | \$ 29,183 | \$ 26,149 | \$ 55,299 | \$ 41,844 |
| Hotel | 395 | 364 | 795 | 752 |
| Food and beverage | 2,737 | 2,620 | 5,443 | 5,198 |
| Other | 1,160 | 1,110 | 2,855 | 2,342 |
| Gross revenue | 33,475 | 30,243 | 64,392 | 50,136 |
| Less: Promotional allowances | (1,920) | (1,895) | (3,727) | (3,799) |
| Net operating revenue | 31,555 | 28,348 | 60,665 | 46,337 |
| Operating costs and expenses: | | | | |
| Gaming | 16,077 | 13,510 | 31,352 | 20,443 |
| Hotel | 139 | 184 | 289 | 366 |
| Food and beverage | 2,317 | 2,341 | 4,554 | 4,459 |
| General and administrative | 10,740 | 8,403 | 19,395 | 13,826 |
| Depreciation and amortization | 1,960 | 1,795 | 3,770 | 2,986 |
| Total operating costs and expenses | 31,233 | 26,233 | 59,360 | 42,080 |
| (Loss) from equity investment | 0 | (32) | 0 | (128) |
| Earnings from operations | 322 | 2,083 | 1,305 | 4,129 |
| Non-operating income (expense): | | | | |
| Gain on business combination | 0 | 2,074 | 0 | 2,074 |
| Interest income | 47 | 5 | 61 | 11 |
| Interest expense | (697) | (264) | (1,382) | (344) |
| Gain on foreign currency transactions and other | 45 | 161 | 175 | 168 |
| Non-operating (expense) income, net | (605) | 1,976 | (1,146) | 1,909 |
| (Loss) earnings before income taxes | (283) | 4,059 | 159 | 6,038 |
| Income tax provision | 433 | 236 | 648 | 553 |
| Net (loss) earnings | (716) | 3,823 | (489) | 5,485 |
| Net losses (earnings) attributable to non-controlling interests | 872 | (166) | 1,156 | (166) |
| Net earnings attributable to Century Casinos, Inc. shareholders | \$ 156 | \$ 3,657 | \$ 667 | \$ 5,319 |
| Earnings per share: | | | | |
| Basic | \$ 0.01 | \$ 0.15 | \$ 0.03 | \$ 0.22 |
| Diluted | \$ 0.01 | \$ 0.15 | \$ 0.03 | \$ 0.22 |
| Weighted average shares outstanding - basic | 24,381 | 24,128 | 24,380 | 24,128 |
| Weighted average shares outstanding - diluted | 24,420 | 24,209 | 24,389 | 24,183 |

See notes to condensed consolidated financial statements.

6

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)

| Amounts in thousands | For the three months ended June 30, | | For the six months ended June 30, | |
|--|---|----------|--------------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| Net (loss) earnings | \$ (716) | \$ 3,823 | \$ (489) | \$ 5,485 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | 1,489 | (2,238) | (328) | (3,451) |
| Other comprehensive earnings (loss), net of tax: | 1,489 | (2,238) | (328) | (3,451) |
| Comprehensive earnings (loss) | \$ 773 | \$ 1,585 | \$ (817) | \$ 2,034 |
| Comprehensive loss (earnings) attributable to non-controlling interests | 872 | (166) | 1,156 | (166) |
| Foreign currency translation adjustments attributable to non-controlling interests | (26) | 275 | 83 | 275 |
| Comprehensive earnings attributable to Century Casinos shareholders | \$ 1,619 | \$ 1,694 | \$ 422 | \$ 2,143 |

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

CENTURY CASINOS, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY

| Amounts in thousands, except per share information | Common Shares | Common Stock | Additional Paid-in Capital | Accumulated Other Comprehensive Income | Retained Earnings | Treasury Stock Shares | Total Cen Casinos Sharehold Equity |
|--|------------------|-----------------|----------------------------------|---|----------------------|-----------------------------|---|
| BALANCE AT December 31, 2012 | 24,128,114 | \$ 243 | \$ 75,388 | \$ 4,569 | \$ 38,238 | \$ (282) | \$ 118,156 |
| Net earnings | 0 | 0 | 0 | 0 | 5,319 | 0 | 5,319 |
| Foreign currency translation adjustment | 0 | 0 | 0 | (3,451) | 0 | 0 | (3,451) |
| Amortization of stock-based compensation | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| Fair value of non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exercise of stock options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BALANCE AT June 30, 2013 | 24,128,114 | \$ 243 | \$ 75,391 | \$ 1,118 | \$ 43,557 | \$ (282) | \$ 120,027 |
| BALANCE AT December 31, 2013 | 24,377,761 | \$ 244 | \$ 75,138 | \$ 2,008 | \$ 44,419 | \$ 0 | \$ 121,809 |
| Net earnings (loss) | 0 | 0 | 0 | 0 | 667 | 0 | 667 |
| Foreign currency translation adjustment | 0 | 0 | 0 | (246) | 0 | 0 | (246) |
| Amortization of stock-based compensation | 0 | 0 | 43 | 0 | 0 | 0 | 43 |
| Distribution to non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exercise of stock options | 3,296 | 0 | 3 | 0 | 0 | 0 | 3 |
| BALANCE AT June 30, 2014 | 24,381,057 | \$ 244 | \$ 75,184 | \$ 1,762 | \$ 45,086 | \$ 0 | \$ 122,276 |

