

BOYD GAMING CORP
Form 10-Q
August 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

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: 1-12882

BOYD GAMING CORPORATION

(Exact name of registrant as specified in its charter)

Nevada 88-0242733
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
3883 Howard Hughes Parkway, Ninth Floor, Las Vegas, NV 89169
(Address of principal executive offices) (Zip Code)
(702) 792-7200
(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 (Do not check if a smaller reporting company) 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.

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Class	Outstanding as of July 31, 2015
Common stock, \$0.01 par value	110,940,897

BOYD GAMING CORPORATION
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE PERIOD ENDED JUNE 30, 2015
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PART I. Financial Information

Item 1. Financial Statements (Unaudited)

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data) (Unaudited)	June 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$124,523	\$145,341
Restricted cash	21,486	18,107
Accounts receivable, net	28,728	27,235
Inventories	14,566	15,161
Prepaid expenses and other current assets	41,376	32,944
Income taxes receivable	—	1,243
Deferred income taxes and current tax assets	202	1,919
Total current assets	230,881	241,950
Property and equipment, net	2,240,299	2,286,108
Investment in unconsolidated subsidiary	232,708	222,717
Debt financing costs, net	59,298	56,540
Other assets, net	50,075	52,050
Intangible assets, net	920,902	934,249
Goodwill, net	685,310	685,310
Total assets	\$4,419,473	\$4,478,924
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$27,688	\$29,753
Accounts payable	60,740	85,089
Accrued liabilities	248,331	239,266
Deferred income taxes and other current tax payable	3,458	3,087
Total current liabilities	340,217	357,195
Long-term debt, net of current maturities	3,361,618	3,431,638
Deferred income taxes	154,182	142,263
Other long-term tax liabilities	5,584	28,651
Other liabilities	83,403	81,090
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized; 110,472,839 and 109,277,060 shares outstanding	1,105	1,093
Additional paid-in capital	930,567	922,112
Accumulated deficit	(456,437)	(485,115)
Accumulated other comprehensive income (loss)	(816)	(53)
Total Boyd Gaming Corporation stockholders' equity	474,419	438,037
Noncontrolling interest	50	50
Total stockholders' equity	474,469	438,087
Total liabilities and stockholders' equity	\$4,419,473	\$4,478,924

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data) (Unaudited)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues				
Gaming	\$468,580	\$618,914	\$933,337	\$1,227,671
Food and beverage	77,909	110,353	154,205	216,996
Room	42,332	70,362	81,685	134,742
Other	30,642	41,173	60,327	80,133
Gross revenues	619,463	840,802	1,229,554	1,659,542
Less promotional allowances	59,596	118,268	119,109	228,659
Net revenues	559,867	722,534	1,110,445	1,430,883
Operating costs and expenses				
Gaming	224,686	288,214	451,383	573,388
Food and beverage	42,913	61,196	84,480	118,465
Room	10,682	14,481	20,729	27,651
Other	19,744	30,362	39,390	58,154
Selling, general and administrative	81,013	111,379	162,702	236,058
Maintenance and utilities	26,616	43,023	51,935	86,287
Depreciation and amortization	51,964	65,898	103,906	132,077
Corporate expense	17,352	17,621	37,004	37,541
Preopening expenses	830	1,790	1,335	2,574
Impairments of assets	—	293	1,065	1,926
Asset transactions costs	919	1,859	1,369	2,014
Other operating items, net	54	(561)	) 170	(747)
Total operating costs and expenses	476,773	635,555	955,468	1,275,388
Boyd's share of Borgata's operating income	15,088	—	26,763	—
Operating income	98,182	86,979	181,740	155,495
Other expense (income)				
Interest income	(465)	) (470)	) (936)	) (946)
Interest expense, net of amounts capitalized	57,131	75,296	114,066	150,799
Loss on early extinguishments of debt	30,962	904	31,470	1,058
Other, net	1,270	670	1,888	382
Boyd's share of Borgata's non-operating items, net	9,112	—	16,773	—
Total other expense, net	98,010	76,400	163,261	151,293
Income before income taxes	172	10,579	18,479	4,202
Income taxes benefit (provision)	(6,597)	) (5,241)	) 10,199	(10,089)
Net income (loss)	(6,425)	) 5,338	28,678	(5,887)
Net loss (income) attributable to noncontrolling interest	—	(4,669)	) —	374
Net income (loss) attributable to Boyd Gaming Corporation	\$(6,425)	) \$669	\$28,678	\$(5,513)
Basic net income (loss) per common share	\$(0.06)	) \$0.01	\$0.26	\$(0.05)
Weighted average basic shares outstanding	112,232	109,884	111,841	109,819
Diluted net income (loss) per common share	\$(0.06)) \$0.01	\$0.25	\$(0.05)

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Weighted average diluted shares outstanding	112,232	110,813	112,694	109,819
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BOYD GAMING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands) (Unaudited)	Three Months Ended		Six Months Ended		
	June 30, 2015	2014	June 30, 2015	2014	
Net income (loss)	\$ (6,425	) \$ 5,338	\$ 28,678	\$ (5,887)
Other comprehensive income (loss), net of tax:					
Fair value of adjustments to available-for-sale securities, net of tax	(1,033	) (298	) (763	) 610	
Comprehensive income (loss)	(7,458	) 5,040	27,915	(5,277)
Less: net income (loss) attributable to noncontrolling interest	—	4,669	—	(374)
Comprehensive income (loss) attributable to Boyd Gaming Corporation	\$ (7,458	) \$ 371	\$ 27,915	\$ (4,903)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BOYD GAMING CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Boyd Gaming Corporation Stockholders' Equity					Total
Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net	Noncontrolling Interest	