

ISLE OF CAPRI CASINOS INC
Form 10-Q
December 01, 2016

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 October 23, 2016

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 0-20538

ISLE OF CAPRI CASINOS, INC.

Delaware

(State or other jurisdiction of
incorporation or organization)

41-1659606

(I.R.S. Employer
Identification Number)

600 Emerson Road, Suite 300, Saint Louis, Missouri

(Address of principal executive offices)

63141

(Zip Code)

Registrant's telephone number, including area code: **(314) 813-9200**

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 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, or a non-accelerated filer, or a smaller reporting company. See definition 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

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

As of November 30, 2016, the Company had a total of 41,356,919 shares of Common Stock outstanding (which excludes 709,229 shares held by us in treasury).

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	October 23, 2016	April 24, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53,927	\$ 62,126
Restricted cash	22,172	461
Marketable securities	19,023	19,338
Accounts receivable, net	9,677	12,484
Inventory	5,631	5,580
Prepaid expenses and other assets	13,907	10,545
Assets held for sale	138,671	2,361
Total current assets	263,008	112,895
Property and equipment, net	815,532	810,450
Other assets:		
Goodwill	79,776	79,776
Other intangible assets, net	31,819	32,237
Deferred financing costs, net	2,842	3,777
Restricted cash and investments	9,869	9,819
Prepaid deposits and other	4,716	4,996
Deferred income taxes	794	1,144
Long-term assets held for sale		139,130
Total assets	\$ 1,208,356	\$ 1,194,224
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 83	\$ 80
Accounts payable	21,630	27,432
Accrued liabilities:		
Payroll and related	31,992	34,743
Property and other taxes	21,063	18,814
Income tax payable	50	123
Interest	14,485	14,678
Progressive jackpots and slot club awards	14,550	13,705
Deferred proceeds for assets held for sale	22,000	
Other	24,878	20,646
Liabilities related to assets held for sale	8,347	7,326
Total current liabilities	159,078	137,547
Long-term debt, less current maturities and net deferred financing costs	887,399	911,688
Deferred income taxes	21,929	37,902
Other accrued liabilities	17,416	17,557
Other long-term liabilities	13,912	13,912
Stockholders equity:		

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Preferred stock, \$.01 par value; 2,000,000 shares authorized; none issued		
Common stock, \$.01 par value; 60,000,000 shares authorized; shares issued:		
42,066,148 at October 23, 2016 and April 24, 2016	421	421
Class B common stock, \$.01 par value; 3,000,000 shares authorized; none issued		
Additional paid-in capital	239,540	244,472
Retained earnings (deficit)	(121,674)	(152,868)
	118,287	92,025
Treasury stock, 710,846 shares at October 23, 2016 and 1,300,955 at April 24, 2016	(9,665)	(16,407)
Total stockholders equity	108,622	75,618
Total liabilities and stockholders equity	\$ 1,208,356	\$ 1,194,224

See notes to the consolidated financial statements.

ISLE OF CAPRI CASINOS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended		
	October 23, 2016	October 25, 2015	October 23, 2016	October 25, 2015	
Revenues:					
Casino	\$ 209,439	\$ 210,197	\$ 427,420	\$ 428,039	
Rooms	5,897	5,624	11,614	11,235	
Food, beverage, pari-mutuel and other	25,518	26,457	52,484	53,808	
Gross revenues	240,854	242,278	491,518	493,082	
Less promotional allowances	(42,292)	(41,824)	(87,310)	(84,400)	
Net revenues	198,562	200,454	404,208	408,682	
Operating expenses:					
Casino	29,767	30,793	60,768	62,078	
Gaming taxes					W.R. Timken, Jr.:
	53,187	53,503	108,437	108,994(4)	5,160,260
	(5)		Ward J. Timken, Jr.:	5,159,754	

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following o .

Not applicable

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Other persons have the right to receive and, in certain cases, share the right to direct the receipt of the dividends from, and the proceeds from the sale of the Shares identified in this Schedule 13G. All of the trustees share the voting and dispositive power with respect to the 5,097,944 Shares held by the Foundation. All trustees disclaim any beneficial interest in these Shares held by the Foundation.

(i) Ward J. Timken – 547,508 Shares of the securities identified in this Schedule 13G are held by his wife, trusts, or foundations other than the Foundation. He disclaims any beneficial interest in these securities except for 460,000 shares held in trust in which he has an interest as a lifetime income beneficiary.

(ii) Joy A. Timken – 620,802 Shares of the securities identified in this Schedule 13G are held by her husband, trusts, or foundations other than the Foundation. She disclaims any beneficial interest in these securities.

(iii) W.R. Timken, Jr – 62,316 Shares of the securities identified in this Schedule 13G are held by trusts, or foundations other than the Foundation. He disclaims any beneficial interest in these securities.

(iv) Ward J. Timken, Jr. – 61,810 Shares of the securities identified in this Schedule 13G are held by his wife or trusts. He disclaims any beneficial interest in these securities except for 53,000 shares held in trust in which he is a lifetime income beneficiary.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Not applicable

Item 8. Identification and Classification of Members of the Group

This statement is being filed by the Foundation, an Ohio Private Charitable Foundation, and its voting trustees, Ward J. Timken, Joy A. Timken, W.R. Timken, Jr. and Ward J. Timken, Jr. They are voting as a group only with respect to the shares held by the Foundation. All other shares with shared power are reported individually, as detailed in Item 6.

Item 9. Notice of Dissolution of Group

Not applicable

Item Certification
10.

Not applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

The Timken Foundation of Canton

Date: February 12, 2015

By: /s/ Jeffrey A. Halm
Name: Jeffrey A. Halm
Title: Executive Director

The Timken Foundation of Canton

Date: February 12, 2015

By: /s/ Ward J. Timken
Name: Ward J. Timken
Title: Trustee

The Timken Foundation of Canton

Date: February 12, 2015

By: /s/ Joy A. Timken
Name: Joy A. Timken
Title: Trustee

The Timken Foundation of Canton

Date: February 12, 2015

By: /s/ W.R.Timken, Jr.
Name: W.R.Timken, Jr.
Title: Trustee

The Timken Foundation of Canton

Date: February 12, 2015

By: /s/ Ward J. Timken, Jr.
Name: Ward J. Timken, Jr.
Title: Trustee

Footnotes:

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)
