

CENTURY CASINOS INC /CO/
Form 10-Q
November 01, 2016

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 September 30, 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 0-22900

CENTURY CASINOS, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE 84-1271317
(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:

24,444,571 shares of common stock, \$0.01 par value per share, were outstanding as of October 24, 2016.

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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	September 30, 2016	December 31, 2015
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 32,966	\$ 29,366
Receivables, net	3,642	3,279
Prepaid expenses	1,600	997
Inventories	562	529
Deferred income taxes	462	309
Other current assets	80	60
Total Current Assets	39,312	34,540
Property and equipment, net	134,132	131,582
Restricted cash	23,164	0
Goodwill	10,570	10,173
Deferred income taxes	5,035	4,834
Casino licenses	3,271	3,028
Trademarks	1,700	1,654
Cost investment	1,000	1,000
Deposits and other	1,300	272
Total Assets	\$ 219,484	\$ 187,083
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 5,510	\$ 4,123
Accounts payable	1,567	2,692
Accrued liabilities	6,360	5,619
Accrued payroll	4,586	4,162
Taxes payable	4,424	4,371
Contingent liability (note 8)	2,245	2,180
Deferred income taxes	153	153
Total Current Liabilities	24,845	23,300
Long-term debt, net of current portion and deferred financing costs (note 7)	52,846	32,397
Taxes payable and other	667	630
Deferred income taxes	3,273	3,481
Total Liabilities	81,631	59,808
Commitments and Contingencies		

See notes to condensed consolidated financial statements.

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CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (continued)

Amounts in thousands, except for share and per share information	September 30, 2016	December 31, 2015
Equity:	(unaudited)	
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; 24,444,571 and 24,414,083 shares issued and outstanding	244	244
Additional paid-in capital	77,988	77,318
Retained earnings	63,588	57,558
Accumulated other comprehensive earnings	(10,103)	(12,704)
Total Century Casinos, Inc. shareholders' equity	131,717	122,416
Non-controlling interest	6,136	4,859
Total Equity	137,853	127,275
Total Liabilities and Equity	\$ 219,484	\$ 187,083

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 September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
Operating revenue:				
Gaming	\$ 30,554	\$ 29,636	\$ 89,615	\$ 88,285
Hotel	534	476	1,469	1,263
Food and beverage	3,030	3,164	8,950	8,949
Termination of concession agreements	0	0	0	3,365
Other	2,811	2,551	8,839	6,318
Gross revenue	36,929	35,827	108,873	108,180
Less: Promotional allowances	(2,403)	(2,301)	(6,616)	(6,377)
Net operating revenue	34,526	33,526	102,257	101,803
Operating costs and expenses:				
Gaming	14,601	13,284	42,228	42,179
Hotel	143	149	416	416
Food and beverage	2,673	2,698	7,884	7,679
General and administrative	11,141	11,235	33,708	31,728
Depreciation and amortization	2,133	2,078	6,260	5,780
Total operating costs and expenses	30,691	29,444	90,496	87,782
Earnings from operations	3,835	4,082	11,761	14,021
Non-operating income (expense):				
Interest income	18	6	49	21
Interest expense	(667)	(816)	(2,247)	(2,527)
Gain on foreign currency transactions and other	20	240	1,778	1,142
Non-operating income (expense), net	(629)	(570)	(420)	(1,364)
Earnings before income taxes	3,206	3,512	11,341	12,657
Income tax expense	(793)	(373)	(2,378)	(402)
Net earnings	2,413	3,139	8,963	12,255
Net earnings attributable to non-controlling interests	(526)	(411)	(2,933)	(1,085)
Net earnings attributable to Century Casinos, Inc. shareholders	\$ 1,887	\$ 2,728	\$ 6,030	\$ 11,170
Earnings per share attributable to Century Casinos, Inc. shareholders:				
Basic	\$ 0.08	\$ 0.11	\$ 0.25	\$ 0.46
Diluted	\$ 0.08	\$ 0.11	\$ 0.25	\$ 0.46
Weighted average shares outstanding - basic	24,440	24,399	24,452	24,389
Weighted average shares outstanding - diluted	24,675	24,440	24,644	24,430

See notes to condensed consolidated financial statements.

CENTURY CASINOS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

For the	For the
three	nine
months	months
ended	ended
September	September
30,	30,