

Red Rock Resorts Announces Third Quarter 2022 Results

LAS VEGAS, Oct. 27, 2022 /PRNewswire/ -- Red Rock Resorts, Inc. ("Red Rock Resorts," "we" or the "Company") (NASDAQ: RRR) today reported financial results for the third quarter ended September 30, 2022.

Third Quarter Results

Consolidated Operations

Net revenues were \$414.4 million for the third quarter of 2022, effectively flat, from \$414.8 million in the same period of 2021. Net income was \$95.5 million for the third quarter of 2022, a decrease of \$22.5 million, from \$117.9 million in the same period of 2021. Adjusted EBITDA⁽¹⁾ was \$181.9 million for the third quarter of 2022, a decrease of 1.4% or \$2.7 million from \$184.5 million in the same period of 2021.

Las Vegas Operations

Net revenues from Las Vegas operations were \$411.6 million for the third quarter of 2022, a decrease of 0.3%, or \$1.1 million, from \$412.7 million in the same period of 2021. Adjusted EBITDA from Las Vegas operations was \$199.9 million for the third quarter of 2022, a decrease of 0.9% or \$1.7 million, from \$201.7 million in the same period of 2021.

Balance Sheet Highlights

The Company's cash and cash equivalents at September 30, 2022 were \$101.1 million and total principal amount of debt outstanding at the end of the third quarter was \$2.91 billion.

Quarterly Dividend

The Company's Board of Directors has declared a cash dividend of \$0.25 per Class A common share for the fourth quarter of 2022. The dividend will be payable on December 30, 2022 to all stockholders of record as of the close of business on December 15, 2022.

Prior to the payment of such dividend, Station Holdco LLC ("Station Holdco") will make a cash distribution to all unit holders of record, including the Company, of \$0.25 per unit for a total distribution of approximately \$27.0 million, approximately \$15.5 million of which is expected to be distributed to the Company and approximately \$11.5 million of which is expected to be distributed to the other unit holders of record of Station Holdco.

Conference Call Information

The Company will host a conference call today at 4:30 p.m. Eastern Time to discuss its financial results. The conference call will consist of prepared remarks from the Company and include a question and answer session. Those interested in participating in the call should dial (888) 317-6003, or (412) 317-6061 for international callers, approximately 15 minutes before the call start time. Please use the passcode: 5601881. A replay of the call will be available from today through November 3, 2022 at www.redrockresorts.com. A live audio webcast of the call will also be available at www.redrockresorts.com.

Presentation of Financial Information

(1) Adjusted EBITDA is a non-GAAP measure that is presented solely as a supplemental disclosure. We believe that Adjusted EBITDA is a widely used measure of operating performance in our industry and is a principal basis for valuation of gaming companies. We believe that in addition to net income, Adjusted EBITDA is a useful financial performance measurement for assessing our operating performance because it provides information about the performance of our ongoing core operations. Adjusted EBITDA includes net income plus depreciation and amortization, share-based compensation, write-downs and other, net (including gains and losses on asset disposals, demolition costs, severance, preopening, business innovation and technology enhancements, contract termination costs and non-routine items), asset impairment, interest expense, net, loss on extinguishment of debt, provision for income tax and other, which includes losses from assets held for sale. In the third quarter of 2022, we reclassified certain allocated corporate expenses from our Las Vegas Operations segment to Corporate and other. The reclassifications were applied to all periods presented.

Company Information and Forward Looking Statements

Red Rock Resorts is a holding company that owns an indirect equity interest in and manages Station Casinos LLC ("Station Casinos"). Station Casinos is the leading provider of gaming, hospitality and entertainment to the residents of Las Vegas, Nevada. Station Casinos' properties, which are located throughout the Las Vegas valley, are regional entertainment destinations and include hotels as well as various amenities, including numerous restaurants, entertainment venues, movie theaters, bowling and convention/banquet space, as well as traditional casino gaming offerings such as video poker, slot machines, table games, bingo and race and sports wagering. Station Casinos owns and operates Red Rock Casino Resort Spa, Green Valley Ranch Resort Spa Casino, Palace Station Hotel & Casino, Boulder Station Hotel & Casino, Sunset Station Hotel & Casino, Santa Fe Station Hotel & Casino, Wildfire Rancho, Wildfire Boulder, Wildfire Sunset, Wildfire Valley View, Wildfire Anthem and Wildfire Lake Mead. Station Casinos also owns a 50% interest in Barley's Casino & Brewing Company, Wildfire Casino & Lanes and The Greens.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, without limitation, statements regarding our expectations, hopes or intentions regarding the future. These forward looking statements can often be identified by their use of words such as "will", "might", "predict", "continue", "forecast", "expect", "believe", "anticipate", "outlook", "could", "would", "target", "project", "intend", "plan", "seek", "estimate", "pursue", "should", "may" and "assume", or the negative thereof, as well as variations of such words and similar expressions referring to the future. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Certain important factors, including but not limited to, financial market risks, could cause our actual results to differ materially from those expressed in our forward-looking statements. Further information on potential factors which could affect our financial condition, results of operations and business includes, without limitation, the extent and duration of the impact of the COVID-19 pandemic, rising inflation, higher interest rates and increased energy costs on consumer demand and the Company's business, financial results and liquidity; the impact and cost of new operating procedures implemented at the Company's properties in response to the COVID-19 pandemic; the impact of actions that the Company has undertaken to reduce costs and improve efficiencies to mitigate losses as a result of the COVID-19 pandemic; the impact of the COVID-19 pandemic, and resulting unemployment and changes in general economic conditions on discretionary spending and consumer demand; the impact of our substantial indebtedness; the effects of local and national economic, credit and capital market conditions on consumer spending and the economy in general, and on the gaming and hotel industries in particular; the effects of competition, including locations of competitors and operating and market competition; changes in laws, including increased tax rates, regulations or accounting standards, third-party relations and approvals, and decisions of courts, regulators and governmental bodies; risks associated with construction projects, including disruption of our operations, shortages of materials or labor, unexpected costs, unforeseen permitting or regulatory issues and weather; litigation outcomes and judicial actions, including gaming legislative action, referenda and taxation; acts of war or terrorist incidents, natural disasters or civil unrest; risks associated with the collection and retention of data about our customers, employees, suppliers and business partners; and other risks discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and in the Company's other current and periodic reports filed from time to time with the Securities and Exchange Commission. All forward-looking statements in this document are made based on information available to the Company as of the date hereof, and the Company assumes no obligation to update any forward-looking statement.

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Red Rock Resorts, Inc.
Condensed Consolidated Statements of Income
(amounts in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating revenues:				
Casino	\$ 282,386	\$ 288,983	\$ 842,793	\$ 853,133
Food and beverage	69,799	64,794	209,254	176,551
Room	39,062	39,519	120,117	100,613
Other	22,989	21,070	65,492	56,267
Management fees	203	403	660	8,981
Net revenues	414,439	414,769	1,238,316	1,195,545
Operating costs and expenses:				
Casino	69,697	70,985	208,309	204,501
Food and beverage	55,309	51,908	166,371	141,844
Room	13,031	15,122	38,806	40,863
Other	8,455	6,769	23,617	18,102
Selling, general and administrative	91,570	92,602	268,059	255,602
Depreciation and amortization	30,789	34,025	97,311	124,440
Write-downs and other, net	3,862	463	16,087	2,158
Asset impairment	1,026	-	80,018	167,777
	273,739	271,874	898,578	955,287
Operating income	140,700	142,895	339,738	240,258
Earnings from joint ventures	822	774	2,678	2,397
Operating income and earnings from joint ventures	141,522	143,669	342,416	242,655

Other expense:				
Interest expense, net	(34,287)	(25,311)	(89,709)	(78,192)
Loss on extinguishment of debt	-	-	-	(8,140)
Other	-	(68)	-	(448)
	<u>(34,287)</u>	<u>(25,379)</u>	<u>(89,709)</u>	<u>(86,780)</u>
Income before income tax	107,235	118,290	252,707	155,875
Provision for income tax	(11,783)	(354)	(32,572)	(1,152)
Net income	95,452	117,936	220,135	154,723
Less: net income attributable to noncontrolling interests	45,844	46,688	106,433	61,539
Net income attributable to Red Rock Resorts, Inc.	<u>\$ 49,608</u>	<u>\$ 71,248</u>	<u>\$ 113,702</u>	<u>\$ 93,184</u>
Earnings per common share:				
Earnings per share of Class A common stock, basic	\$ 0.86	\$ 1.03	\$ 1.91	\$ 1.33
Earnings per share of Class A common stock, diluted	\$ 0.83	\$ 0.93	\$ 1.87	\$ 1.21
Weighted-average common shares outstanding:				
Basic	57,889	69,042	59,458	69,988
Diluted	103,012	116,436	61,723	117,232
Dividends declared per common share	\$ 0.25	\$ -	\$ 0.75	\$ -

Red Rock Resorts, Inc.
Segment Information and Reconciliation of Net Income to Adjusted EBITDA
(amounts in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net revenues				
Las Vegas operations	\$ 411,560	\$ 412,694	\$ 1,231,401	\$ 1,181,921
Native American management	-	205	-	8,292
Reportable segment net revenues	411,560	412,899	1,231,401	1,190,213
Corporate and other	2,879	1,870	6,915	5,332
Net revenues	<u>\$ 414,439</u>	<u>\$ 414,769</u>	<u>\$ 1,238,316</u>	<u>\$ 1,195,545</u>
Net income	\$ 95,452	\$ 117,936	\$ 220,135	\$ 154,723
Adjustments				
Depreciation and amortization	30,789	34,025	97,311	124,440
Share-based compensation	4,662	3,325	12,799	9,439
Write-downs and other, net	3,862	463	16,087	2,158
Asset impairment	1,026	-	80,018	167,777
Interest expense, net	34,287	25,311	89,709	78,192
Loss on extinguishment of debt	-	-	-	8,140
Provision for income tax	11,783	354	32,572	1,152
Other	-	3,109	846	5,308
Adjusted EBITDA	<u>\$ 181,861</u>	<u>\$ 184,523</u>	<u>\$ 549,477</u>	<u>\$ 551,329</u>
Adjusted EBITDA				
Las Vegas operations	\$ 199,920	\$ 201,652	\$ 605,985	\$ 591,098
Native American management	(120)	205	(3,568)	7,809
Corporate and other	(17,939)	(17,334)	(52,940)	(47,578)
Adjusted EBITDA	<u>\$ 181,861</u>	<u>\$ 184,523</u>	<u>\$ 549,477</u>	<u>\$ 551,329</u>

SOURCE Red Rock Resorts, Inc.

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