

DiamondRock Hospitality Co
Form 10-Q
May 08, 2015

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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 March 31, 2015

OR

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

Commission file number 001-32514

DIAMONDROCK HOSPITALITY COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Maryland

20-1180098

(State of Incorporation)

(I.R.S. Employer Identification No.)

3 Bethesda Metro Center, Suite 1500, Bethesda,

20814

Maryland

(Address of Principal Executive Offices)

(Zip Code)

(240) 744-1150

(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 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
(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

The registrant had 200,711,085 shares of its \$0.01 par value common stock outstanding as of May 8, 2015.

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PART I. FINANCIAL INFORMATION

Item I. Financial Statements

DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Property and equipment, net	\$2,816,015	\$2,764,393
Restricted cash	61,817	74,730
Due from hotel managers	88,561	79,827
Favorable lease assets, net	33,338	34,274
Prepaid and other assets	52,040	52,739
Deferred financing costs, net	7,738	8,023
Cash and cash equivalents	87,155	144,365
Total assets	\$3,146,664	\$3,158,351
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage debt	\$ 1,034,660	\$ 1,038,330
Senior unsecured credit facility	—	—
Total debt	1,034,660	1,038,330
Deferred income related to key money, net	21,294	21,561
Unfavorable contract liabilities, net	76,101	76,220
Due to hotel managers	62,636	59,169
Dividends declared and unpaid	25,414	20,922
Accounts payable and accrued expenses	105,872	113,162
Total liabilities	1,325,977	1,329,364
Stockholders' Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 400,000,000 shares authorized; 200,711,085 and 199,964,041 shares issued and outstanding at March 2015 and December 31, 2014, respectively	2,007	2,000
Additional paid-in capital	2,052,091	2,045,755
Accumulated deficit	(233,411) (218,768
Total stockholders' equity	1,820,687	1,828,987
Total liabilities and stockholders' equity	\$3,146,664	\$3,158,351

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

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DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Rooms	\$144,637	\$129,736
Food and beverage	52,333	48,611
Other	11,918	11,737
Total revenues	208,888	190,084
Operating Expenses:		
Rooms	38,464	38,105
Food and beverage	35,547	34,500
Management fees	6,201	5,293
Other hotel expenses	76,505	72,476
Depreciation and amortization	24,337	25,123
Impairment of favorable lease asset	786	—
Hotel acquisition costs	232	—
Corporate expenses	5,410	5,188
Gain on insurance proceeds	—	(663)
Total operating expenses, net	187,482	180,022
Operating profit	21,406	10,062
Interest income	(90)	(1,652)
Interest expense	13,219	14,525
Other income, net	(38)	—
Total other expenses, net	13,091	12,873
Income (loss) before income taxes	8,315	(2,811)
Income tax benefit	2,326	6,848
Net income	\$10,641	\$4,037
Earnings per share:		
Basic and diluted earnings per share	\$0.05	\$0.02

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

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DIAMONDROCK HOSPITALITY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$	