

GLOBAL CASH ACCESS HOLDINGS, INC.

FORM 8-K (Current report filing)

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

February 8, 2007
(Date of Earliest Event Reported)

GLOBAL CASH ACCESS HOLDINGS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation)	001-32622 (Commission File Number)	20-0723270 (IRS Employer Identification No.)
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3525 East Post Road, Suite 120

Las Vegas, Nevada (Address of Principal Executive Offices)	89120 (Zip Code)
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(800) 833-7110
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results Of Operations And Financial Condition.

On February 8, 2007, Global Cash Access Holdings, Inc. issued a press release announcing its results of operations for the fourth quarter and full year ended December 31, 2006. A copy of the press release is attached hereto as Exhibit 99.1. This Form 8-K and the attached exhibit are furnished to, but not filed with, the Securities and Exchange Commission. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit No. Document

99.1 Press Release announcing results of operations for the fourth quarter and full year ended December 31, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBAL CASH ACCESS HOLDINGS, INC.

Date: February 8, 2007

By: /s/ Harry C. Hagerty

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Harry C. Hagerty, Chief Financial Officer*

Global Cash Access Announces Fourth Quarter and Full-Year 2006 Financial Results

Revenue of \$141.9 million and Adjusted Diluted Cash EPS of \$0.17 in Q4

Revenue of \$548.1 million and Adjusted Diluted Cash EPS of \$0.64 in 2006

LAS VEGAS--(BUSINESS WIRE)--Feb. 8, 2007--Global Cash Access Holdings, Inc. ("GCA" or the "Company") (NYSE:GCA) today announced preliminary, unaudited financial results for the quarter and year ended December 31, 2006.

Summary Non-GAAP Results

For the quarter ended December 31, 2006, revenues were \$141.9 million, an increase of 23.0% over the \$115.4 million in revenues recorded in the same quarter last year. Adjusted Cash Earnings were \$13.6 million in Q4 2006 as compared to \$11.1 million in Q4 2005, an increase of 21.8%. Adjusted Cash Earnings per diluted share were \$0.17 in Q4 2006 (on 82.0 million diluted shares) as compared to \$0.14 in Q4 2005 (on 81.7 million diluted shares). Adjusted EBITDA was \$27.1 million in Q4 2006, an increase of 13.4% from Adjusted EBITDA of \$23.8 million in the same period in 2005.

"The fourth quarter of 2006 was a strong finish to a great year in which we met the financial, product and new market targets we set for ourselves," commented Kirk Sanford, President and Chief Executive Officer of GCA. "From a financial perspective, we delivered adjusted cash EPS that was right in line with the guidance we gave at the outset of the year. From a product perspective, we doubled the penetration of 3-in-1 enabled redemption kiosks; received approval for EDITH enabling us to serve much of the large Native American gaming market; and launched the Arriva Card with great customer acceptance and utilization. From a new market perspective, we have positioned ourselves to participate in Macau and Pennsylvania in 2007, and we anticipate announcing entry into other new markets in the first half of 2007."

"In 2006, GCA generated significant free cash flow even in the face of capital expenditures that doubled," said Harry Hagerty, GCA's Chief Financial Officer. "We used much of that free cash flow to pay off nearly \$47 million in debt, bringing leverage to 2.6x at year-end. In addition, we refinanced our remaining bank debt at lower rates and with improved flexibility."

Recent Highlights

- Recorded revenue of \$141.9 million, the highest quarterly total ever recorded by the Company.
- Significant increases in key metrics:
 - Same store surcharge revenue up 11.4%
 - Cash advance dollars disbursed up 21.4%
 - ATM transaction volume up 17.9%
- Renewed contract with Foxwoods Resort Casino -- Extended contract with Harrah's Entertainment -- 3-in-1 Enabled QuickJack(TM) Plus Redemption Kiosk installations reached 423 as of December 31, 2006.
- Installed seven EDITH kiosks at Casino Pauma.
- Signed agreement with Galaxy StarWorld, our first customer in Macau.
- Arriva Card rollout continued (statistics as of January 31, 2007):
 - 3,594 accounts
 - \$15.4 million in Arriva Card transaction volume -- Average cash advance transaction amount of \$978 vs. \$628 on non-Arriva cards.

GAAP Quarterly and Year End Results

For the fourth quarter of 2006, total revenues were \$141.9 million, an increase of 23.0% over the fourth quarter of 2005. Operating Income (including non-cash compensation expense) in the fourth quarter of 2006 was \$22.2 million, an increase of 4.3% from the same period in 2005. Net income in the fourth quarter of 2006 was \$5.6 million, up 34.7% from \$4.1 million in the fourth quarter of 2005. Diluted earnings per share were \$0.07 in the fourth quarter of 2006 (on 82.0 million diluted shares) as compared to \$0.05 in the fourth quarter of 2005 (on 81.7 million diluted shares). Included within interest expense in the fourth quarter is the write-off of \$3.4 million of deferred financing costs associated with the Company's senior secured credit facilities. The write-off was triggered by the refinancing entered into in November 2006.

For the year ended December 31, 2006, total revenues were \$548.1 million, an increase of 20.7% over 2005. Operating Income (including non-cash compensation expense) in 2006 was \$85.2 million, an increase of 3.5% from the same period in 2005. Net income in 2006 was \$26.6 million, up 17.8% from \$22.6 million in 2005. Diluted earnings per share were \$0.32 for 2006 (on 81.9 million diluted shares) as compared to \$0.30 for 2005 (on 74.5 million diluted shares).

Fourth Quarter Results of Operations

Total revenues in the fourth quarter of 2006 were \$141.9 million, an increase of 23.0% from revenues of \$115.4 million in the fourth quarter of 2005. Same store revenues for Cash Advance and ATM surcharge increased 11.4% in the fourth quarter of 2006.

The following is a comparison of selected revenue components for the fourth quarter of 2006 to the same period in 2005:

-- Cash advance revenues were up 24.9%, from \$60.0 million to \$75.0 million. Cash disbursed increased 21.4%, from \$1.20 billion to \$1.46 billion. The number of transactions increased 14.8%, from 2.3 million to 2.6 million. The average transaction amount increased from \$524.40 to \$554.37. The average fee increase from 5.00% to 5.14%. Average revenue per transaction increased 8.8% from \$26.22 to \$28.52.

-- ATM revenues increased 20.9%, from \$46.7 million to \$56.5 million. The number of transactions increased 17.9% from 14.9 million to 17.6 million. Cash disbursed was \$3.16 billion compared to \$2.57 billion, an increase of 22.8%. Average revenue per transaction increased 2.6% from \$3.13 to \$3.21.

-- Check services revenues were \$7.3 million, an increase of 16.7%. The face amount of checks warranted increased by 13.4%, from \$289.7 million to \$328.4 million. The number of check warranty transactions grew 7.9%, from 1.14 million to 1.23 million. The average face amount per check warranted grew from \$254.23 to \$267.08, an increase of 5.1%. The average check warranty fee increased from 2.01% to 2.12%. Average check warranty revenue per transaction increased from \$5.11 to \$5.67.

-- Central Credit and other revenues increased 34.2%, from \$2.3 million to \$3.1 million.

Cost of revenues increased 27.8% in the fourth quarter of 2006 to \$100.8 million from \$78.9 million in the fourth quarter of 2005. Commissions, the largest component of cost of revenues, increased 29.3%. Interchange increased 25.3%, driven largely by the increase in cash advance volumes.

Operating expenses in the fourth quarter of 2006 were \$16.5 million. Operating expenses, excluding non-cash compensation expense, were \$14.1 million in the current quarter, an increase of 11.1% from operating expenses of \$12.7 million in the fourth quarter of 2005.

Depreciation and amortization expense declined 5.8% from \$2.6 million in the fourth quarter of 2005 to \$2.4 million in the fourth quarter of 2006.

Interest income was \$0.9 million in the fourth quarter of 2006, an increase of 11.1% from the comparable 2005 period.

Interest expense in the fourth quarter of 2006 was \$10.2 million as compared to \$10.8 million in the fourth quarter of 2005. Interest expense on the Company's borrowings declined \$1.4 million due to the lower level of outstanding indebtedness in the fourth quarter of 2006, offset by higher interest rates on the floating rate portion of that indebtedness. Interest expense on the Company's ATM funds increased 27.9% from \$3.2 million in Q4 2005 to \$4.1 million in Q4 2006, due primarily to increases in the LIBOR rate on which those funds are priced. In the fourth quarter of 2006, we incurred \$3.4 million of write-off of deferred financing costs in connection with the refinancing of our senior secured credit facility. In the 2005 quarter, we incurred \$9.5 million of such expenses in connection with the early retirement of \$82.3 million of the Company's senior subordinated notes.

Income tax expense in the fourth quarter of 2006 was \$3.9 million. The Company's provision in the fourth quarter of 2006 is based on an expected effective rate for all of 2006 of 38.8%. The increase in the expected effective rate for the year resulted from the write-off of the deferred financing costs in the fourth quarter.

Arriva Card

Arriva Card revenues in the fourth quarter of 2006 were \$312 thousand. Cost of revenues and operating expenses for Arriva Card in the quarter were \$1.7 million. Operating loss from Arriva operations was \$1.3 million.

Receivables held by the Company's financing partner were \$9.9 million at December 31, 2006. No receivables had been sold by the financing partner to the Company's Arriva Card subsidiary as of that date.

Balance Sheet

At December 31, 2006, the Company had cash and cash equivalents of \$41.5 million. Settlement receivables were \$137.0 million and settlement liabilities were \$136.1 million.

Total borrowings at December 31, 2006 were \$274.5 million, consisting of \$121.7 million of borrowings under the Company's senior secured credit facilities and \$152.8 million face amount of 8 3/4% senior subordinated notes. During the fourth quarter of 2006, the Company completed a refinancing of the senior secured credit facility and made a \$40.0 million net repayment on the term loan component of its senior secured credit facilities.

The Company made investments in property, equipment and intangible assets of \$3.1 million during the three months ended December 31, 2006, which include ATM and other casino floor equipment as well as purchases of computer and communications hardware and software. The Company made investments in property, equipment and intangible assets of \$2.8 million during the three months ended December 31, 2005, which include purchases of equipment, computer and communications hardware and software.

Financial Guidance

For the full year of fiscal 2007, the Company currently expects revenues in a range of \$641 million to \$652 million and adjusted diluted cash EPS in a range of \$0.75 to \$0.77 per share. This expectation is based on assumed same-store surcharge growth in the range of 9.0% for the year. While recent trends in same store surcharges have been higher, the Company believes it is prudent to forecast the year at levels closer to longer-term historical trends. Also impacting 2007 expectations is an increase in stock-based compensation expense of approximately \$0.02 per share and a forecasted loss from Arriva operations of \$0.02 per share. The Company expects revenue and earnings to be higher in the second half of the year than in the first, as new business commencement - particularly in Pennsylvania and Macau, will be weighted to the second half of the year.

For the first quarter of fiscal 2007, the Company currently expects revenues in a range of \$145 million to \$147 million and adjusted diluted cash EPS of approximately \$0.17.

Full year and first quarter figures are based on an assumption of 83.0 million diluted shares outstanding. The forecast assumes no share repurchases in 2007.

This financial guidance is given as of the date hereof and is based on factors and circumstances known to the Company at this time. Such factors and circumstances may change, and such changes may have an impact on the Company's financial outlook. The Company is under no obligation to update its financial guidance.

Audit of Financial Statements

The audit of the financial statements for the full year 2006 has not been completed. Adjustments to the financial statements presented herein may occur as a result of the audit process. As a result, financial statements included in the Company's Form 10-K for the fiscal year ended December 31, 2006, may differ from those presented herein.

Non-GAAP Financial Information

In order to enhance investor understanding of the underlying trends in our business and to provide for better comparability between periods in different years, the Company is providing adjusted results on a supplemental basis. Adjusted results in the fourth quarter of 2006 exclude \$2.4 million of stock-based compensation expense. In addition, the Company uses certain non-GAAP measures of financial performance. Reconciliations between GAAP measures and non-GAAP measures and between actual results and adjusted results are provided at the end of this press release.

None of EBITDA, Adjusted EBITDA, Adjusted Net Income or Adjusted Cash Earnings is a measure of financial performance under United States generally accepted accounting principles ("GAAP"). Accordingly, none of them should be considered a substitute for net income, operating income or other income or cash flow data prepared in accordance with GAAP. The Company believes that EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Earnings are widely-referenced financial measures in the financial markets. In addition, the Company has identified certain adjustments to its financial results that address income or expenses that the Company believes are unusual or non-recurring in nature. The Company believes that referencing EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Earnings and identifying unusual or non-recurring items is helpful to investors. Reconciliations between GAAP and non-GAAP measures and between actual and adjusted financial results are presented elsewhere in this press release.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements included in this press release, other than statements that are purely historical, are forward-looking statements. Words such as "going forward," "believes," "intends," "expects," "forecasts," "anticipate," "plan," "seek," "estimate" and similar expressions also identify forward-looking statements. Forward-looking statements in this press release include, without limitation all of the assumptions and forecasts given in the section of this release entitled "Financial Guidance."

Our beliefs, expectations, forecasts, objectives, anticipations, intentions and strategies regarding the future, including without limitation those concerning expected operating results, revenues and earnings are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from results contemplated by the forward-looking statements, including but not limited to:

-- our failure to correctly predict increases in revenue due to inaccuracies in our assumptions, our inability to execute on business opportunities or other reasons;

-- our failure to correctly predict future gross margins and operating expenses due to inaccuracies in our assumptions, our inability to control expenses or other reasons;

-- our failure to correctly anticipate our capital spending in 2007, which would affect the level of depreciation expense and the level of cash available for debt repayment;

-- our failure to anticipate other uses of our cash which could prevent us from repaying debt as anticipated;

- our inability to correctly predict the future levels of interest rates;
- changes in income tax rates in the jurisdictions in which we operate;
- challenges by the Internal Revenue Service to the tax step-ups that contribute to the bulk of our deferred tax asset;
- unanticipated changes in the amount of our diluted common shares outstanding; and
- unanticipated expenses or other contingencies incurred in connection with our compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

The forward-looking statements in this press release are subject to additional risks and uncertainties set forth under the heading "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our filings with the Securities and Exchange Commission, including, without limitation, our registration statement on Form S-1 (No. 333-133996), our Annual Report filed on Form 10-K (No. 001-32622) and our quarterly reports on Form 10-Q, and are based on information available to us on the date hereof. We do not intend, and assume no obligation, to update any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release.

About Global Cash Access Holdings, Inc.

Las Vegas-based Global Cash Access Holdings, Inc. is a holding company whose principal asset is the stock of Global Cash Access, Inc., a leading provider of cash access systems and related marketing services to the gaming industry. For more information, please visit the Company's Web site at www.globalcashaccess.com.

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share)

(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
REVENUES:				
Cash advance	\$74,978	\$60,047	\$287,053	\$235,055
ATM	56,484	46,730	221,727	182,291
Check services	7,289	6,245	29,166	26,376
Central Credit and other revenues	3,136	2,337	10,202	10,358
Total revenues	141,887	115,359	548,148	454,080
Cost of revenues	(100,778)	(78,861)	(389,251)	(309,002)
Operating expenses	(16,503)	(12,652)	(63,812)	(50,685)
Amortization	(1,337)	(1,368)	(5,520)	(5,295)
Depreciation	(1,077)	(1,195)	(4,369)	(6,814)
OPERATING INCOME	22,192	21,283	85,196	82,284
INTEREST INCOME (EXPENSE), NET				
Interest income	904	814	3,484	1,815
Interest expense	(10,235)	(10,755)	(42,098)	(44,165)
Loss on early extinguishment of debt	(3,417)	(9,529)	(3,417)	(9,529)
Total interest income (expense), net	(12,748)	(19,470)	(42,031)	(51,879)
INCOME BEFORE INCOME TAX (PROVISION) BENEFIT AND MINORITY OWNERSHIP LOSS	9,444	1,813	43,165	30,405
INCOME TAX (PROVISION) BENEFIT	(3,948)	2,268	(16,739)	(8,032)
INCOME BEFORE MINORITY OWNERSHIP				

LOSS	5,496	4,081	26,426	22,373
MINORITY OWNERSHIP LOSS, net of tax	55	39	183	218
NET INCOME	\$5,551	\$4,120	\$26,609	\$22,591
Earnings per share				
Basic	\$0.07	\$0.05	\$0.33	\$0.49
Diluted	\$0.07	\$0.05	\$0.32	\$0.30
Weighted average number of common shares outstanding				
Basic	81,699	81,405	81,641	45,643
Diluted	82,036	81,705	81,921	74,486

GLOBAL CASH ACCESS HOLDINGS, INC. AND SUBSIDIARIES

Reconciliation of Adjusted Cash Earnings and Adjusted Net Income to Net Income, and Adjusted EBITDA and EBITDA to Net Income

(amounts in thousands)

(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Adjusted EBITDA	\$27,050	\$23,846	\$105,086	\$94,393
Minus:				
Non-cash compensation expense	(2,444)	-	(9,141)	-
Secondary offering costs	-	-	(660)	-
Litigation settlement costs	-	-	(200)	-
EBITDA	\$24,606	\$23,846	\$95,085	\$94,393
Minus:				
Depreciation	(1,077)	(1,195)	(4,369)	(6,814)
Amortization	(1,337)	(1,368)	(5,520)	(5,295)
Interest expense	(10,235)	(10,755)	(42,098)	(44,165)
Loss on early extinguishment of debt	(3,417)	(9,529)	(3,417)	(9,529)
Income tax provision	(3,948)	-	(16,739)	(8,032)
Plus:				
Interest income	904	814	3,484	1,815
Minority ownership loss, net of tax	55	39	183	218
Income tax benefit	-	2,268	-	-
Net Income	\$5,551	\$4,120	\$26,609	\$22,591
Minus:				
Deferred tax asset adjustment	-	(3,047)	-	(3,047)
Plus:				
Non-cash compensation expense, net of tax	1,496	-	5,598	-
Loss on early extinguishment of debt, net of tax	2,093	6,099	2,093	6,099
Secondary offering costs, net of tax	-	-	660	-
Litigation settlement costs, net of tax	-	-	122	-

Adjusted Net Income	\$9,140	\$7,172	\$35,082	\$25,643
Plus:				
Deferred tax amortization related to acquired goodwill	4,432	3,972	17,728	15,888
Adjusted Cash Earnings	\$13,572	\$11,144	\$52,810	\$41,531
Weighted average number of common shares outstanding				
Basic	81,699	81,405	81,641	45,643
Diluted	82,036	81,705	81,921	74,486
Adjusted Cash Earnings per share				
Diluted	0.17	0.14	0.64	0.56

CONTACT: Global Cash Access Holdings, Inc. Harry Hagerty, CFO, 702-262-5003 (Investor Contact) or
Katcher Vaughn & Bailey Communications Stephen A. Horton, 615-248-8202 (Media Contact)