

CHOICE HOTELS INTERNATIONAL INC /DE
Form 10-Q
August 09, 2013
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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 June 30, 2013
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NO. 001-13393

CHOICE HOTELS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	52-1209792 (I.R.S. Employer Identification No.)
1 CHOICE HOTELS CIRCLE, SUITE 400 ROCKVILLE, MD 20850 (Address of principal executive offices) (Zip Code)	
(301) 592-5000 (Registrant's telephone number, including area code)	

(Former name, former address and former fiscal year, if changed since last report)

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, 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. 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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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

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CLASS	SHARES OUSTANDING AT JUNE 30, 2013
Common Stock, Par Value \$0.01 per share	58,535,024

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED, IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
REVENUES:				
Royalty fees	\$68,379	\$66,064	\$118,115	\$113,917
Initial franchise and relicensing fees	4,416	3,178	8,193	5,706
Procurement services	7,546	6,836	11,496	10,151
Marketing and reservation	99,645	94,633	176,085	165,562
Hotel operations	1,334	1,224	2,290	2,202
Other	2,258	1,686	4,271	5,252
Total revenues	183,578	173,621	320,450	302,790
OPERATING EXPENSES:				
Selling, general and administrative	30,180	24,554	57,096	48,903
Depreciation and amortization	2,520	1,977	4,695	3,994
Marketing and reservation	99,645	94,633	176,085	165,562
Hotel operations	911	867	1,786	1,676
Total operating expenses	133,256	122,031	239,662	220,135
Operating income	50,322	51,590	80,788	82,655
OTHER INCOME AND EXPENSES, NET:				
Interest expense	10,807	3,540	21,577	6,657
Interest income	(659)	(394)	(1,303)	(731)
Other (gains) and losses	147	377	(563)	(1,626)
Equity in net (income) loss of affiliates	(60)	128	81	183
Total other income and expenses, net	10,235	3,651	19,792	4,483
Income before income taxes	40,087	47,939	60,996	78,172
Income taxes	11,853	16,077	17,239	26,313
Net income	\$28,234	\$31,862	\$43,757	\$51,859
Basic earnings per share	\$0.48	\$0.55	\$0.75	\$0.89
Diluted earnings per share	\$0.48	\$0.55	\$0.74	\$0.89

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

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CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED, IN THOUSANDS)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net income	\$28,234	\$31,862		