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Cavanaugh's Hospitality Corporation Announces Record First Quarter Results

SPOKANE, WA - Cavanaugh's Hospitality Corporation (NYSE:CVH) today reported record results for the first quarter ending March 31, 1998. The company reported a first quarter net loss of (\$87) thousand, or (\$.01) per share compared to a net loss of (\$345) thousand, or (\$.05) per share for the same period a year ago, a 74.8% improvement. EBITDA (earnings before interest, income taxes, depreciation and amortization) a traditional measure of hotel company earnings, rose \$1.3 million, or 52%, from \$2.5 million in the first quarter of 1997 to \$3.8 million in the first quarter of 1998. Comparable hotel RevPAR (Revenue Per Available Room) increased \$5.05, or 17.2%, from \$29.37 to \$34.42. "These results beat our expectations for the quarter," said Donald K. Barbieri, Cavanaugh's Chairman, President and CEO, "and the contributions to profit were at record levels from every division of the Company."

Total Revenues for the Company rose \$4.1 million, or 39.0%, from \$10.5 million in the first quarter of 1997 to \$14.6 million for the comparable period in 1998. Hotel room sales increased 56.8% from \$4.4 million to \$6.9 million. Cavanaugh's added Cavanaugh's on the Falls in Idaho Falls and Cavanaugh's Templin's Resort in Post Falls, Idaho as well as The Ridpath, A Cavanaugh's Hotel, during the first quarter of 1998. Food and beverage sales for the quarter rose \$1.3 million, or 44.2%, during the quarter. Other revenue centers in the Hotel & Restaurant Division grew 27.3% to \$782 thousand. Commented Barbieri, "The first quarter of fiscal year is our lowest revenue quarter of the year and we are extremely pleased with the ability of the Company to grow both the sales and bottom line earnings during this period. We see great opportunity to grow room, food and beverage sales in our newly acquired hotels as we implement Cavanaugh's standards and increase the rotation of business through our Northwest cities. We are well positioned to grow our earnings during the busy quarters ahead of us. In addition, we are adding hotel rooms in Portland, Oregon, with the opening of Cavanaugh's Hillsboro Hotel today and we will open The Outlaw, A Cavanaugh's Hotel, in Kalispell, Montana, in June, 1998. Additional hotels in the Northwest are currently being studied for acquisition." The Company reported an increase in revenues from its Entertainment, Management and Services, and Rental Operations, of 6.2% to \$2.8 million for the quarter. "While revenue growth in our other divisions will not keep pace with our hotel growth," said Barbieri, "I am pleased with their contributions to earnings and services provided to our rapidly growing hotel division. Our total reservations generated by our toll free Call Center increased 20%, and the Call Center reservation bookings increased 33% from \$3.8 million to \$5.0 million giving us great confidence in future months' revenues."

After the end of the quarter, on April 3, 1998, Cavanaugh's Hospitality Corporation began trading on the New York Stock Exchange and closed its sale of 5,951,250 shares on April 8, 1998, resulting in a net to the Corporation after underwriter fees, of \$83 million. Interest expenses for the Corporation in the first quarter totaled \$2.7 million and non cash items of depreciation and amortization totaled \$1.4 million.

Cavanaugh's Hospitality Corporation serves the Northwest with 2712 full service hotel rooms in 13 hotels, including the two acquisitions, 31 restaurants and lounges and 134,500 square feet of meeting space. In addition, CVH provides entertainment services through G&B Select-A-Seat, a 20 outlet computerized ticket company, and G&B Presents, a Broadway and special event presenting company. CVH also manages 3.1 million square feet of third party property management and owns 590,000 square feet of office and retail space.

With the exception of historical information, the matters discussed in this news release include "forward looking statements" within the meaning of the federal securities laws and are qualified by cautionary statements contained herein and in CVH's filings with the Securities and Exchange Commission. All financial numbers are subject to auditors review. SOURCE Cavanaugh's Hospitality Corporation.