

OMEGA HEALTHCARE INVESTORS INC
Form 10-Q
August 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-11316

OMEGA HEALTHCARE INVESTORS, INC.

(Exact name of Registrant as specified in its charter)

Maryland 38-3041398
(IRS Employer)

(State of incorporation) Identification No.)

200 International Circle, Suite 3500, Hunt
Valley, MD 21030
(Address of principal executive offices)

(410) 427-1700
(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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer reporting company	Accelerated filer	Non-accelerated filer	Smaller
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of July 30, 2015.

Common Stock, \$.10 par value	183,816,001
(Class)	(Number of shares)

OMEGA HEALTHCARE INVESTORS, INC.

FORM 10-Q

June 30, 2015

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PART I – FINANCIAL INFORMATION**Item 1 - Financial Statements****OMEGA HEALTHCARE INVESTORS, INC.****CONSOLIDATED BALANCE SHEETS****(in thousands, except per share amounts)**

	June 30, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
Real estate properties		
Land and buildings	\$6,513,674	\$3,223,785
Less accumulated depreciation	(898,734)	(821,712)
Real estate properties – net	5,614,940	2,402,073
Investments in direct financing leases	571,377	539,232
Mortgage notes receivable	682,255	648,079
	6,868,572	3,589,384
Other investments	82,955	48,952
	6,951,527	3,638,336
Assets held for sale – net	15,903	12,792
Total investments	6,967,430	3,651,128
Cash and cash equivalents	25,154	4,489
Restricted cash	21,545	29,076
Accounts receivable – net	189,037	168,176
Goodwill	543,093	—
Other assets	67,417	68,776
Total assets	\$7,813,676	\$3,921,645
LIABILITIES AND EQUITY		
Revolving line of credit	\$351,000	\$85,000
Term loans	500,000	200,000
Secured borrowings	263,068	251,454
Unsecured borrowings – net	2,333,856	1,842,049
Accrued expenses and other liabilities	271,584	141,815
Deferred income taxes	16,852	—
Total liabilities	3,736,360	2,520,318

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Equity:

Common stock \$.10 par value authorized – 350,000 shares, issued and outstanding – 183,321 shares as of June 30, 2015 and 127,606 as of December 31, 2014	18,332	12,761
Common stock – additional paid-in capital	4,503,180	2,136,234
Cumulative net earnings	1,232,478	1,147,998
Cumulative dividends paid	(2,047,257)	(1,895,666)
Accumulated other comprehensive income	2,839	—
Total stockholders' equity	3,709,572	1,401,327
Noncontrolling interest	367,744	—
Total equity	4,077,316	1,401,327
Total liabilities and equity	\$7,813,676	\$3,921,645

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

Unaudited

(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Revenue				
Rental income	\$163,112	\$96,242	\$264,076	\$192,160
Income from direct financing leases	15,020	14,146	29,366	28,230
Mortgage interest income	17,562	9,923	34,141	19,249
Other investment income – net	2,017	1,489	3,548	3,162
Total operating revenues	197,711	121,800	331,131	242,801
Expenses				
Depreciation and amortization	59,156	31,301	89,766	62,745
General and administrative	10,308	6,297	16,322	12,794
Acquisition costs	47,084	45	51,952	140
Impairment loss on real estate properties	6,916	1,558	12,898	1,558
Provisions for uncollectible mortgages, notes and accounts receivable	(7)	2,761	(9)	2,745
Total operating expenses	123,457	41,962	170,929	79,982
Income before other income and expense	74,254	79,838	160,202	162,819
Other income (expense)				
Interest income	7	17	200	25
Interest expense	(38,248)	(29,447)	(70,607)	(56,528)
Interest – amortization of deferred financing costs	(1,826)	(946)	(3,179)	(1,868)
Interest – refinancing gain (costs)	1,016	(2,645)	(8,361)	(4,685)
Total other expense	(39,051)	(33,021)	(81,947)	(63,056)
Income before gain on assets sold	35,203	46,817	78,255	99,763
Gain on assets sold – net	8,802	-	8,802	2,883
Income from continuing operations before income taxes	44,005	46,817	87,057	102,646
Income taxes	(539)	-	(539)	-
Net income	43,466	46,817	86,518	102,646
Net income attributable to noncontrolling interest	(2,038)	-	(2,038)	-
Net income available to common stockholders	\$41,428	\$46,817	\$84,480	\$102,646
Net income	\$43,466	\$46,817	\$86,518	\$102,646
Other comprehensive income - foreign currency translation	2,839	-	2,839	-

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Total comprehensive income	46,305	46,817	89,357	102,646
Less: comprehensive income attributable to noncontrolling interest	(133)	-	(133)	-
Comprehensive income attributable to common stockholders	\$46,172	\$46,817	\$89,224	\$102,646
Income per common share available to common stockholders:				
Basic:				
Net income available to common stockholders	\$0.23	\$0.37	\$0.53	\$0.82
Diluted:				
Net income	\$0.22	\$0.37	\$0.53	\$0.81
Dividends declared and paid per common share	\$0.18	\$0.50	\$1.07	\$0.99
Weighted-average shares outstanding, basic	182,697	126,474	158,521	125,467
Weighted-average shares outstanding, diluted	194,482	127,436	164,644	126,130

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

(in thousands, except per share amounts)

	Common Stock Par Value	Additional Paid-in Capital	Cumulative Net Earnings	Cumulative Dividends Paid	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Noncontrolling interest	Total Equity
Balance at December 31, 2014 (127,606 common shares)	\$12,761	\$2,136,234	\$ 1,147,998	\$(1,895,666)	\$ —	\$1,401,327	\$ —	\$1,401,327
Amortization of restricted stock	—	4,483	—	—	—	4,483	—	4,483
Vesting of equity compensation plan, net of tax withholdings (261 shares)	26	(7,008)	—	—	—	(6,982)	—	(6,982)
Dividend reinvestment plan (813 shares at an average of \$37.07 per share)	81	30,030	—	—	—	30,111	—	30,111
Value of assumed options in merger/acquisition	—	109,346	—	—	—	109,346	—	109,346
Value of assumed other equity compensation plan in merger/acquisition	—	13,219	—	—	—	13,219	—	13,219
Grant of stock as payment of directors fees (4 shares at an average of \$37.74 per share)	—	137	—	—	—	137	—	137
Deferred compensation directors	—	1,291	—	—	—	1,291	—	1,291
Issuance of common stock (10,925 shares at an average of \$40.32 per share)	1,093	438,943	—	—	—	440,036	—	440,036

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Issuance of common stock – merger – related (43,713 shares)	4,371	1,776,505	—	—	—	1,780,876	—	1,780,876
Common dividends declared (\$1.07 per share)	—	—	—	(151,591)	—	(151,591)	—	(151,591)
OP Units issuance (9,165 units)	—	—	&nb					