

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS FOURTH QUARTER 2004 RESULTS

LAS VEGAS, NV – February 15, 2005 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the fourth quarter ended December 31, 2004. Net revenues for the quarter were \$47.5 million, up \$2.1 million or 4.7 percent from the fourth quarter of 2003. Income from operations was \$5.2 million, up \$5.1 million from the fourth quarter of 2003. Adjusted EBITDA ⁽¹⁾ was \$8.9 million, up \$2.5 million from the fourth quarter of 2003 and a record for any fourth quarter in the Company's history. Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, development and project costs, as shown in the reconciliation to net income (loss) in the tables of this release (See also Notes 1-3 to the Financial Summary Table). The net loss for the quarter was (\$1.5 million) or (\$0.39) per share compared with a net loss of (\$6.7 million) or (\$1.93) per share in the fourth quarter of 2003.

Fourth Quarter 2004 Highlights

- Riviera Las Vegas revenues were up \$1.1 million or 3.4 percent
- Riviera Las Vegas EBITDA was up \$1.6 million or 38.2 percent
- Riviera Black Hawk revenues were up \$995,000 or 8.2 percent
- Riviera Black Hawk EBITDA was up \$789,000 or 24.9 percent
- Riviera Las Vegas occupancy was 89.4 percent compared with 86.5 percent in the fourth quarter of 2003, ADR (Average Daily Rate) increased \$2.15 to \$64.46 and RevPar (Revenue Per Available Room) increased \$3.73 to \$57.60
- The Company has \$19 million in cash plus a \$30 million revolver

Net revenues for the year ended December 31, 2004 were \$201.4 million, up \$11.2 million or 5.9 percent from 2003. Income from operations was \$25.0 million, up \$12.1 million or 93.5 percent from a year ago. Adjusted EBITDA was \$40.0 million, up \$8.5 million or 27.1 percent from 2003 and a record for any year in the Company's history. The net loss for the year ended December 31, 2004 was (\$2.1 million) or (\$0.59) per share compared with a net loss of (\$14.5 million) or (\$4.16) per share in 2003.

Riviera Las Vegas

Robert Vannucci, President of Riviera Las Vegas, said, "Our excellent fourth quarter performance contributed to a very strong year for the Riviera. Net revenues for the quarter increased by \$1.1 million or 3.4 percent compared to the fourth quarter last year. EBITDA increased by \$1.6 million or 38.2 percent. Revenue increases combined with lower marketing expenses and operating costs produced an EBITDA margin of 16.9 percent versus 12.6 percent for the same period last year.

"Gaming revenues for the quarter increased \$200,000 or 1.5 percent, over the same period last year. Cash room revenue increased \$449,000 or 4.8 percent, compared to the fourth quarter last year. Rev Par was \$57.60, an increase of \$3.73 or 6.9 percent over the same period last year. Entertainment revenues increased \$268,000 or 5.6 percent over the same period last year.

"Net revenues for the year increased \$7.0 million or 5.0 percent to \$147.9 million and EBITDA increased \$4.5 million or 19.8 percent to \$27.2 million.

"Our marketing department has been testing new programs which we feel will enable us to efficiently grow our revenues and bottom line going forward. We continue to adapt our operations to market conditions and have capitalized on increased demand for leisure and convention rooms.

"The Las Vegas market continues to show its elasticity and ability to grow. We are anticipating an increase in demand created by the opening of the new Wynn property, the Las Vegas centennial celebrations and our own 50th anniversary celebration in April.

"Riviera Las Vegas is located on 26 acres of prime real estate on the north end of the Las Vegas Strip. We anticipate that our location will benefit from the development of new casinos, hotels and luxury condominiums in the near term. Recent land transactions on or near the Las Vegas Strip are indicators that our land has a fair market value well in excess of its \$21 million recorded book value."

Riviera Black Hawk

Ron Johnson, President of Riviera Black Hawk, said, "The fourth quarter was another record breaking quarter for Riviera Black Hawk. We were able to achieve record fourth quarter results for gaming revenue, total revenue, EBITDA, and market share. Net revenues reached a record \$13.1 million during the quarter. EBITDA for the quarter grew by 24.9 percent to a record \$4.0 million. EBITDA margin increased by 4.0 percentage points to 30.2 percent.

"For the year we were able to achieve all time highs in revenue, EBITDA and EBITDA margin. Net revenue in 2004 was \$53.4 million, up 8.5 percent over 2003. EBITDA reached an all time high of \$16.9 million, up \$3.6 million or 27.1 percent over last year and EBITDA margin was up 4.6 percentage points to 31.6 percent.

"The fourth quarter and entire year benefited from the continued strength and consistency of our marketing programs. We continue to invest our marketing dollars in areas that profitably build slot revenues and market share.

"We are also encouraged that gaming revenue in the Black Hawk/Central City market grew by 4.2 percent in the fourth quarter compared to last year's fourth quarter. For the year, gaming revenues were up 3.5 percent. We are most pleased with December's results. Gaming revenues in Black Hawk were up \$2.5 million or 6.4 percent in December, compared to December 2003, and \$1.4 million or 38 percent in Central City, reflecting the first full month's impact of the new access road to the market. We believe this new road will be instrumental in the growth of the market going forward."

Consolidated Operations

William L. Westerman, Chairman of the Board, said, “We are pleased that the trend of improved financial results continued in the fourth quarter of 2004. It is most significant that adjusted EBITDA increased by 27 percent for the year, with only a 6 percent increase in net revenues. This can be attributed to the increased effectiveness of the Company’s marketing programs and continued stringent cost control measures. In 2004, we paid down our debt by \$3.9 million and we reinvested \$10.6 million of our cash flow in equipment and property improvements to maintain our competitive position. We have reduced our net loss for the year from \$14.5 million in 2003 to \$2.1 million in 2004, which includes development and projects costs of \$1.1 million.

“As we are coming closer to the first call date for our 11 percent bonds on June 15, 2006, it becomes increasingly apparent that a refinancing of our debt at lower interest rates, or other form of recapitalization, should result in a substantial improvement in net income.”

Conference Call Information

In conjunction with the release of fourth quarter 2004 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Standard Time on Tuesday, February 15, 2005. Investors can listen to the call via the Internet at <http://phx.corporate-ir.net/playerlink.zhtml?c=96408&s=wm&e=1014463> or www.theriviera.com, or by dialing 800-500-3170. A rebroadcast of the conference is available beginning at 5 p.m. EST on February 15 through midnight on February 21, by dialing 888-203-1112, code 9543276.

Safe Harbor Statement

The forward-looking statements included in this news release, which reflect management's best judgment based on factors currently known to it, involve risks and uncertainties including the results of our strategic plan to maximize shareholder value, expansion and modernization objectives and timetables, hotel and casino market conditions, financing requirements, interest rates, regulatory approvals and other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission, including the Report on Form 10-K. Actual results may differ materially.

About Riviera Holdings

Riviera Holdings Corporation owns and operates the Riviera Hotel and Casino on the Las Vegas Strip and the Riviera Black Hawk Casino in Black Hawk, Colorado. Riviera’s stock is listed on the American Stock Exchange (“AMEX”) under the symbol RIV. Informal discussions with AMEX staff indicate that the Company may meet the standards of AMEX policy Sec. 1003(a). According to that policy, AMEX will not normally consider suspending dealings in or delisting the securities of a company, which is below the earnings or net worth standards if the Company is in compliance with the following:

- (1) Total value of market capitalization of at least \$50,000,000; or total assets and revenue of \$50,000,000 each in its last fiscal year, or in two of its last three fiscal years; and
- (2) The company has at least 1,000,000 shares publicly held, a market value of publicly held shares of at least \$15,000,000 and at least 400 round lot shareholders.

If the Company’s share price were to fall below approximately \$5.50 (market capitalization for “publicly held shares” of \$15 million) and the Company were eventually delisted from AMEX, the marketability and liquidity of the Company’s stock could be significantly reduced.

— Tables Follow —

Riviera Holdings Corporation and Subsidiaries

Financial Summary

(\$ in 000s except per share amounts)	<u>Three Months Ended December 31</u>				<u>Twelve Months Ended December 31</u>			
	<u>2004</u>	<u>2003</u>	<u>Var</u>	<u>%Var</u>	<u>2004</u>	<u>2003</u>	<u>Var</u>	<u>%Var</u>
Net Revenues:								
Riviera Las Vegas	\$34,374	\$33,257	\$ 1,117	3.4%	\$147,949	\$140,963	\$6,986	5.0%
Riviera Black Hawk	13,105	12,110	995	8.2%	53,401	49,196	4,205	8.5%
Total Net Revenues	47,479	45,367	2,112	4.7%	201,350	190,159	11,191	5.9%
Operating Income:								
Riviera Las Vegas	3,836	1,864	1,972	105.8%	19,271	12,373	6,898	55.8%
Riviera Black Hawk	2,424	1,626	798	49.1%	10,919	7,377	3,542	48.0%
Development and Project Costs	(183)	(2,365)	2,182	-92.3%	(1,193)	(2,365)	1,172	-49.6%
Corporate Expenses	(865)	(1,007)	142	14.1%	(4,038)	(4,485)	447	10.0%
Total Operating Income	5,212	118	5,094	4316.9%	24,959	12,900	12,059	93.5%
Adjusted EBITDA (1):								
Riviera Las Vegas	5,806	4,202	1,604	38.2%	27,158	22,678	4,480	19.8%
Riviera Black Hawk	3,958	3,169	789	24.9%	16,884	13,283	3,601	27.1%
Corporate Expenses	(865)	(1,007)	142	14.1%	(4,038)	(4,485)	447	10.0%
Total Adjusted EBITDA	8,899	6,364	2,535	39.8%	40,004	31,476	8,528	27.1%
Adjusted EBITDA Margins (2):								
Riviera Las Vegas	16.9%	12.6%	4.3%		18.4%	16.1%	2.3%	
Riviera Black Hawk	30.2%	26.2%	4.0%		31.6%	27.0%	4.6%	
Consolidated	18.7%	14.0%	4.7%		19.9%	16.6%	3.3%	
Net income (loss)	\$(1,467)	\$(6,705)	\$5,238		\$(2,086)	\$(14,453)	\$12,367	
EARNINGS (LOSS) PER SHARE DATA:								
Shares used in calculating net income (loss) per basic and fully diluted common share	3,765	3,478	287		3,557	3,474	83	
Net Income (loss) per basic and diluted common share	\$ (0.39)	\$ (1.93)	\$ 1.54		\$ (0.59)	\$ (4.16)	\$ 3.56	

- (1) Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization and development and project costs, as shown in the reconciliation to net income (loss) in the tables of this release. Adjusted EBITDA is presented solely as a supplemental disclosure because management believes that it is 1) a widely used measure of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies by certain investors. Management uses property-level EBITDA (earnings before interest, income taxes, depreciation, amortization and corporate expense) as the primary measure of the Company's business segment properties' performance, including the evaluation of operating personnel. Adjusted EBITDA should not be construed as an alternative to operating income as an indicator of the Company's operating performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as any other measure determined in accordance with generally accepted accounting principles. The Company has significant uses of cash flows, including capital expenditures, interest payments and debt principal repayments, which are not reflected in Adjusted EBITDA. Also, other gaming companies that report Adjusted EBITDA information may calculate Adjusted EBITDA in a different manner than the Company. A reconciliation of Adjusted EBITDA to net income (loss) is included in the financial schedules accompanying this release.
- (2) Adjusted EBITDA margins represent Adjusted EBITDA divided by Net Revenues
- (3) Development and project costs associated with the Missouri casino project totaling \$600,000 were written off during the third quarter of 2004 and \$410,000 of Missouri casino project costs included in corporate expenses in the first two quarters of 2004 were reclassified as development and projects costs in the third quarter.

Riviera Holding Corporation

Reconciliation of Net Income (Loss) to Adjusted EBITDA	Income (Loss)	Income Tax	Interest Income & Expense	Operating Income	Depre- ciation	Development and Project Costs	Manage- ment Fee	Adjusted EBITDA
Fourth Quarter 2004:								
Riviera Las Vegas	\$ 2,487	\$1,322	\$ (27)	\$3,836	\$ 2,481		\$(511)	\$5,806
Riviera Black Hawk	467	-	(1,957)	2,424	1,023		511	\$ 3,958
Corporate	<u>(4,421)</u>	<u>(1,322)</u>	<u>(4,695)</u>	<u>(1,048)</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>(865)</u>
	\$ (1,467)	\$ -	\$ (6,679)	\$ 5,212	\$ 3,504	\$ 183	\$ -	\$ 8,899

Fourth Quarter 2003:

Riviera Las Vegas	\$ 1,154	\$670	\$ (40)	\$1,864	\$ 2,655		\$(317)	\$4,202
Riviera Black Hawk	(394)	-	(2,020)	1,626	1,226		317	3,169
Corporate	<u>(7,465)</u>	<u>(670)</u>	<u>(4,763)</u>	<u>(3,372)</u>	<u>-</u>	<u>2,365</u>	<u>-</u>	<u>(1,007)</u>
	\$(6,705)	\$ -	\$ (6,823)	\$ 118	\$ 3,881	\$ 2,365	\$ -	\$ 6,364

Twelve Months Ended December 31, 2004:

Riviera Las Vegas	\$ 12,385	\$6,670	\$(216)	\$19,271	\$ 9,839		\$(1,952)	\$27,158
Riviera Black Hawk	2,988	-	(7,931)	10,919	4,013		1,952	16,884
Corporate	<u>(17,459)</u>	<u>(6,670)</u>	<u>(18,898)</u>	<u>(5,231)</u>	<u>-</u>	<u>1,193</u>	<u>-</u>	<u>(4,038)</u>
	\$(2,086)	\$ -	\$27,045)	\$24,959	\$ 13,852	\$ 1,193	\$ -	\$40,004

Twelve Months Ended December 31, 2003:

Riviera Las Vegas	\$ 7,725	\$4,480	\$(168)	\$12,373	\$ 11,706		\$(1,401)	\$22,678
Riviera Black Hawk	(792)	-	(8,169)	7,377	4,505		1,401	13,283
Corporate	<u>(21,386)</u>	<u>(4,480)</u>	<u>(19,016)</u>	<u>(6,850)</u>	<u>-</u>	<u>2,365</u>	<u>-</u>	<u>(4,485)</u>
	\$(14,453)	\$ -	\$(27,353)	\$12,900	\$ 16,211	\$ 2,365	\$ -	\$31,476

Balance Sheet Summary

(\$ in 000's)	Dec 31, 2004	Dec 31, 2003
Cash and short term investments	\$18,886	\$19,344
Total current assets	28,933	27,361
Property and equipment, net	177,115	180,293
Total assets	217,536	222,538
Total current liabilities	27,596	29,788
Long-term debt, net of current portion	215,026	215,875
Total shareholders' (deficiency) equity	(29,293)	(30,037)

RIVIERA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ In 000's except per share amounts)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Revenues:				
Casino	\$ 26,284	\$ 25,053	\$ 110,461	\$ 105,736
Rooms	11,036	10,818	46,925	44,312
Food and beverage	7,669	7,475	34,123	32,584
Entertainment	5,041	4,790	20,767	18,641
Other	2,106	1,838	8,243	7,872
Total	<u>52,136</u>	<u>49,974</u>	<u>220,519</u>	<u>209,145</u>
Less promotional allowances	<u>4,657</u>	<u>4,607</u>	<u>19,169</u>	<u>18,986</u>
Net revenues	<u>47,479</u>	<u>45,367</u>	<u>201,350</u>	<u>190,159</u>
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	13,644	13,881	54,530	56,273
Rooms	6,365	5,983	25,987	24,704
Food and beverage	5,546	5,327	23,675	22,220
Entertainment	3,464	3,103	14,066	12,160
Other	642	656	2,836	2,761
Other operating expenses:				
General and administrative	8,919	10,053	40,252	40,565
Development and Project Costs	183	2,365	1,193	2,365
Depreciation and amortization	<u>3,504</u>	<u>3,881</u>	<u>13,852</u>	<u>16,211</u>
Total costs and expenses	<u>42,267</u>	<u>45,249</u>	<u>176,391</u>	<u>177,259</u>
INCOME FROM OPERATIONS	<u>5,212</u>	<u>118</u>	<u>24,959</u>	<u>12,900</u>
OTHER INCOME (EXPENSE):				
Interest expense	(6,697)	(6,832)	(27,079)	(27,380)
Interest income	18	9	34	27
Total other income (expense)	<u>(6,679)</u>	<u>(6,823)</u>	<u>(27,045)</u>	<u>(27,353)</u>
NET INCOME (LOSS)	<u>\$ (1,467)</u>	<u>\$ (6,705)</u>	<u>\$ (2,086)</u>	<u>\$ (14,453)</u>
EARNINGS (LOSS) PER SHARE DATA:				
Shares used in calculating net income (loss) per basic and fully diluted common share	3,765	3,478	3,557	3,474
Net Income (loss) per basic and diluted common share	\$ (0.39)	\$ (1.93)	\$ (0.59)	\$ (4.16)

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