

HORNBECK OFFSHORE SERVICES INC /LA
Form 10-Q
August 09, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **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**

For the transition period from _____ to _____

Commission file number 001-32108

Hornbeck Offshore Services, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

72-1375844
(I.R.S. Employer
Identification Number)

103 NORTHPARK BOULEVARD, SUITE 300

COVINGTON, LA 70433

(Address of Principal Executive Offices) (Zip Code)

(985) 727-2000

(Registrant's 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 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 (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, 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

Non-accelerated filer

Accelerated filer

Smaller reporting company

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

The total number of shares of common stock, par value \$.01 per share, outstanding as of July 31, 2013 was 36,025,027.

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2013

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Table of Contents**PART 1 FINANCIAL INFORMATION****Item 1 Financial Statements****HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data)**

	June 30, 2013	December 31, 2012
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 636,174	\$ 576,678
Accounts receivable, net of allowance for doubtful accounts of \$2,881 and \$3,028, respectively	109,316	103,265
Deferred tax assets, net	43,880	28,720
Other current assets	20,763	22,846
Total current assets	810,133	731,509
Property, plant and equipment, net	2,018,432	1,812,110
Deferred charges, net	79,128	74,835
Other assets	12,813	13,277
Total assets	\$ 2,920,506	\$ 2,631,731
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 43,259	\$ 48,286
Accrued interest	13,706	14,790
Accrued payroll and benefits	15,660	13,748
Deferred revenue	21,419	19,425
Current portion of long-term debt, net of original issue discount of \$4,517 and \$11,093, respectively	245,483	238,907
Other accrued liabilities	13,416	8,349
Total current liabilities	352,943	343,505
Long-term debt, net of original issue discount of \$65,403 and \$74,470, respectively	1,059,597	850,530
Deferred tax liabilities, net	297,550	270,478
Other liabilities	2,820	1,373
Total liabilities	1,712,910	1,465,886
Stockholders equity:		
Preferred stock: \$0.01 par value; 5,000 shares authorized; no shares issued and outstanding		
Common stock: \$0.01 par value; 100,000 shares authorized; 36,016 and 35,479 shares issued and outstanding, respectively	360	355
Additional paid-in-capital	717,738	705,658
Retained earnings	490,079	460,090
Accumulated other comprehensive loss	(581)	(258)
Total stockholders equity	1,207,596	1,165,845

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Total liabilities and stockholders' equity	\$ 2,920,506	\$ 2,631,731
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The accompanying notes are an integral part of these consolidated statements.

Table of Contents**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Revenues	\$ 154,323	\$ 131,645	\$ 301,839	\$ 251,618
Costs and expenses:				
Operating expenses	65,899	63,456	129,264	122,665
Depreciation	15,413	15,171	30,723	30,253
Amortization	8,628	7,107	16,184	13,024
General and administrative expenses	13,819	12,081	27,698	23,207
	103,759	97,815	203,869	189,149
Gain (loss) on sale of assets	1,599	(11)	1,599	(3)
Operating income	52,163	33,819	99,569	62,466
Other income (expense):				
Loss on early extinguishment of debt	(1,457)	(855)	(25,776)	(6,048)
Interest income	668	461	1,245	1,014
Interest expense	(13,242)	(14,342)	(26,964)	(28,274)
Other income (expense), net	93	224	(14)	329
	(13,938)	(14,512)	(51,509)	(32,979)
Income before income taxes	38,225	19,307	48,060	29,487
Income tax expense	14,395	7,293	18,071	11,166
Net income	\$ 23,830	\$ 12,014	\$ 29,989	\$ 18,321
Basic earnings per common share	\$ 0.66	\$ 0.34	\$ 0.84	\$ 0.52
Diluted earnings per common share	\$ 0.65	\$ 0.33	\$ 0.82	\$ 0.51
Weighted average basic shares outstanding	35,864	35,308	35,742	35,222
Weighted average diluted shares outstanding	36,499	36,050	36,425	36,029

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

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013 (Unaudited)	2012	2013 (Unaudited)	2012
Net income	\$ 23,830	\$ 12,014	\$ 29,989	\$ 18,321
Other comprehensive income, net of tax:				
Foreign currency translation loss	(435)	(477)	(323)	(97)
Total comprehensive income	\$ 23,395	\$ 11,537	\$ 29,666	\$ 18,224

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

Table of Contents**HORNBECK OFFSHORE SERVICES, INC AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Six Months Ended June 30,	
	2013	2012
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 29,989	\$ 18,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	30,723	30,253
Amortization	16,184	13,024
Stock-based compensation expense	6,444	4,435
Loss on early extinguishment of debt	25,776	6,048
Provision for bad debts	(147)	430
Deferred tax expense	11,559	10,723
Amortization of deferred financing costs	9,735	7,608
(Gain) loss on sale of assets	(1,599)	3
Changes in operating assets and liabilities:		
Accounts receivable	(5,653)	(21,128)
Other receivables and current assets	4,289	(2,241)
Deferred drydocking charges	(18,726)	(19,745)
Accounts payable	(156)	4,749
Accrued liabilities and other liabilities	2,140	1,585
Accrued interest	(1,083)	5,023
Net cash provided by operating activities	109,475	59,088
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for OSV newbuild program #5	(222,591)	(80,793)
Net proceeds from sale of assets	17,536	1,332
Vessel capital expenditures	(28,384)	(9,728)
Non-vessel capital expenditures	(2,938)	(994)
Net cash used in investing activities	(236,377)	(90,183)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Tax benefit from share-based payments	4,757	
Repayment of senior notes		