

ATWOOD OCEANICS INC
Form 10-Q
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One) Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 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 1-13167

ATWOOD OCEANICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Texas

74-1611874

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

15011 Katy Freeway, Suite 800, Houston, Texas

77094

(Address of Principal Executive Offices including Zip Code)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (281) 749-7800

N/A

(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 (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 Accelerated filer Non-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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 27, 2015, there were 64,645,000 shares of common stock, \$1.00 par value per share, outstanding.

ATWOOD OCEANICS, INC.
 FORM 10-Q
 FOR THE QUARTER ENDED MARCH 31, 2015
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ATWOOD OCEANICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
REVENUES:				
Contract drilling	\$338,621	\$260,062	\$675,382	\$533,619
Revenues related to reimbursable expenses	11,766	13,035	26,731	24,184
Total revenues	350,387	273,097	702,113	557,803
COSTS AND EXPENSES:				
Contract drilling	131,124	136,966	267,589	260,128
Reimbursable expenses	8,661	9,188	20,568	17,602
Depreciation	42,528	37,231	87,103	69,775
General and administrative	14,737	15,022	32,146	34,844
Asset impairment	—	—	60,777	—
(Gain) loss on sale of assets	5,529	(32,442)	15,335	(34,079)
Other, net	—	(1,602)	—	(1,602)
	202,579	164,363	483,518	346,668
OPERATING INCOME	147,808	108,734	218,595	211,135
OTHER INCOME (EXPENSE):				
Interest expense, net of capitalized interest	(12,847)	(11,502)	(28,351)	(19,713)
Interest income	15	51	72	121
	(12,832)	(11,451)	(28,279)	(19,592)
INCOME BEFORE INCOME TAXES	134,976	97,283	190,316	191,543
PROVISION FOR INCOME TAXES	12,307	23,983	21,429	34,846
NET INCOME	\$122,669	\$73,300	\$168,887	\$156,697
EARNINGS PER COMMON SHARE (NOTE 2):				
Basic	\$1.90	\$1.14	\$2.62	\$2.44
Diluted	\$1.89	\$1.13	\$2.60	\$2.41
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (NOTE 2):				
Basic	64,620	64,238	64,513	64,175
Diluted	65,048	65,031	65,031	65,028

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

ATWOOD OCEANICS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

(In thousands)	Three Months Ended March 31,		Six Months Ended March 31,		
	2015	2014	2015	2014	
Net income	\$122,669	\$73,300	\$168,887	\$156,697	
Other comprehensive gains (losses):					
Derivative financial instruments:					
Unrealized holding gains (losses)	1,892	(580) 2,957	(1,324)
Gains/(losses) reclassified to net income	(227) 539	(267) 921	
Total other comprehensive income (loss)	1,665	(41) 2,690	(403)
Comprehensive income	\$124,334	\$73,259	\$171,577	\$156,294	

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

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ATWOOD OCEANICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)	March 31, 2015 (Unaudited)	September 30, 2014
ASSETS		
Cash	\$90,234	\$80,080
Accounts receivable	226,695	242,684
Income tax receivable	9,864	6,260
Inventories of materials and supplies	134,415	132,368
Prepaid expenses, deferred costs and other current assets	28,069	36,415
Total current assets	489,277	497,807
Property and equipment, net	4,010,691	3,967,028
Other receivables	11,831	11,831
Deferred income taxes	166	589
Deferred costs and other assets	24,317	29,973
Total assets	\$4,536,282	\$4,507,228
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$106,150	\$94,315
Accrued liabilities	20,194	19,158
Dividends payable	16,161	16,090
Short-term debt	—	11,885
Interest payable	8,424	8,099
Income tax payable	13,924	14,234
Deferred credits and other liabilities	4,145	3,596
Total current liabilities	168,998	167,377
Long-term debt	1,606,542	1,742,122
Deferred income taxes	822	783
Deferred credits	4,532	4,100
Other	37,439	37,322
Total long-term liabilities	1,649,335	1,784,327
Commitments and contingencies (Note 8)		
Preferred stock, no par value, 1,000 shares authorized, none outstanding	—	—
Common stock, \$1.00 par value, 180,000 shares authorized with 64,644 issued and outstanding at March 31, 2015 and 180,000 shares authorized and 64,362 shares issued and outstanding at September 30, 2014	64,644	64,362
Paid-in capital	208,264	201,464
Retained earnings	2,438,790	2,286,137
Accumulated other comprehensive income	6,251	3,561
Total shareholders' equity	2,717,949	2,555,524
Total liabilities and shareholders' equity	\$4,536,282	\$4,507,228

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

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ATWOOD OCEANICS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 (UNAUDITED)

(In thousands)	Common Stock		Paid-in	Retained	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income	Equity
September 30, 2014	64,362	\$64,362	\$201,464	\$2,286,137	\$ 3,561	\$2,555,524
Net income	—	—	—	168,887	—	168,887
Other comprehensive income	—	—	—	—	2,690	2,690
Dividends declared	—	—	—	(16,234)	—	(16,234)
Vesting of restricted stock awards	222	222	(2,177)	—	—	(1,955)
Exercise of employee stock options	60	60	858	—	—	918
Stock option and restricted stock award compensation expense	—	—	8,119	—	—	8,119
March 31, 2015	64,644	\$64,644	\$208,264	\$2,438,790	\$ 6,251	\$2,717,949

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

ATWOOD OCEANICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)

Cash flows from operating activities:

Six Months Ended March 31,
2015 2014