

RPC INC
Form 10-Q/A
August 15, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 1

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2013

Commission File No. 1-8726

RPC, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

58-1550825
(I.R.S. Employer Identification Number)

2801 Buford Highway, Suite 520, Atlanta, Georgia 30329
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code -- (404) 321-2140

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 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 (Do not check if a smaller reporting company) 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

As of July 19, 2013, RPC, Inc. had 219,356,447 shares of common stock outstanding.

EXPLANATORY NOTE

This amendment to our quarterly report on Form 10-Q is filed solely to correct a scrivener's error appearing in Exhibit 32.1 of our quarterly report, Certification of Periodic Financial Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, which incorrectly referenced the period ended March 31, 2013 rather than June 30, 2013. None of the other information previously disclosed in such quarterly report is modified by this amendment.

RPC, INC. AND SUBSIDIARIES
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RPC, INC. AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2013 AND DECEMBER 31, 2012
(In thousands)
(Unaudited)

	June 30, 2013	December 31, 2012 (Note 1)
ASSETS		
Cash and cash equivalents	\$ 10,259	\$ 14,163
Accounts receivable, net	380,951	387,530
Inventories	134,170	140,867
Deferred income taxes	7,662	5,777
Income taxes receivable	-	4,234
Prepaid expenses	8,056	10,762
Other current assets	5,294	4,494
Total current assets	546,392	567,827
Property, plant and equipment, net	739,624	756,326
Goodwill	24,093	24,093
Other assets	18,873	18,917
Total assets	\$ 1,328,982	\$ 1,367,163
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 108,286	\$ 109,846
Accrued payroll and related expenses	28,800	32,053
Accrued insurance expenses	6,321	6,152
Accrued state, local and other taxes	7,932	7,326
Income taxes payable	10,111	6,428
Other accrued expenses	1,098	2,706
Total current liabilities	162,548	164,511
Long-term accrued insurance expenses	11,005	10,400
Notes payable to banks	67,200	107,000
Long-term pension liabilities	27,066	26,543
Deferred income taxes	141,382	155,007
Other long-term liabilities	2,634	4,470
Total liabilities	411,835	467,931
Common stock	21,936	22,014
Retained earnings	909,867	891,464
Accumulated other comprehensive loss	(14,656)	(14,246)
Total stockholders' equity	917,147	899,232
Total liabilities and stockholders' equity	\$ 1,328,982	\$ 1,367,163

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

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RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(In thousands except per share data)

(Unaudited)

	Three months ended June		Six months ended June	
	2013	30, 2012	2013	30, 2012
Revenues	\$457,566	\$500,106	\$883,387	\$1,002,663
Cost of revenues	287,578	281,279	555,805	555,078
Selling, general and administrative expenses	47,611	43,115	92,525	88,042
Depreciation and amortization	52,767	53,950	105,588	105,520
Loss on disposition of assets, net	1,757	1,904	4,397	3,308
Operating profit	67,853	119,858	125,072	250,715
Interest expense	(942)	(650)	(1,282)	(1,246)
Interest income	60	4	65	9
Other (expense) income, net	(191)	(880)	364	40
Income before income taxes	66,780	118,332	124,219	249,518
Income tax provision	26,364	46,072	48,727	96,503
Net income	\$40,416	\$72,260	\$75,492	\$153,015
Earnings per share				
Basic	\$0.19	\$0.34	\$0.35	\$0.71
Diluted	\$0.19	\$0.33	\$0.35	\$0.71
Dividends per share	\$0.10	\$0.08	\$0.20	\$0.16
Weighted Average shares outstanding				
Basic	215,883	214,893	216,039	215,241
Diluted	216,695	216,127	217,190	216,780

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

RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(In thousands)

(Unaudited)

	Three months ended June		Six months ended June	
	2013	30, 2012	2013	30, 2012
Net income	\$40,416	\$72,260	\$75,492	\$153,015
Other comprehensive income (loss), net of taxes:				
Pension adjustment	124	106	248	212
Foreign currency translation	(383) (119) (627) (18
Unrealized gain (loss) on securities and reclassification adjustments	30	(116) (31) (121
Comprehensive income	\$40,187	\$72,131	\$75,082	\$153,088

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

RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013

(In thousands)

(Unaudited)

	Common Stock		Capital in	Retained	Accumulated	Total
	Shares	Amount	Excess of	Earnings	Other	
			Par Value		Loss	
Balance, December 31, 2012	220,144	\$22,014	\$—	\$891,464	(\$ 14,246)	\$899,232
Stock issued for stock incentive plans, net	756	76	4,175	—	—	4,251
Stock purchased and retired	(1,544)	(154)	(7,372)	(13,059)	—	(20,585)
Net income	—	—	—	75,492	—	75,492
Pension adjustment, net of taxes	—	—	—	—	248	248
Foreign currency translation	—	—	—	—	(627)	(627)
Unrealized loss on securities, net of taxes	—	—	—	—	(31)	(31)
Dividends declared	—	—	—	(44,030)	—	(44,030)
Excess tax benefits for share-based payments	—	—	3,197	—	—	3,197
Balance, June 30, 2013	219,356	\$21,936	\$—	\$909,867	(\$ 14,656)	\$917,147

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

RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(In thousands)

(Unaudited)

	Six months ended June 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$75,492	\$153,015
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash charges	107,056	105,121
Stock-based compensation expense	4,251	3,902
Loss on disposition of assets, net	4,397	3,308
Deferred income tax (benefit) provision	(15,635)	6,931
Excess tax benefits for share-based payments	(3,197)	(2,172)
(Increase) decrease in assets:		
Accounts receivable	6,416	47,766
Income taxes receivable	7,431	12,449
Inventories	6,276	(18,621)
Prepaid expenses	2,706	2,478
Other current assets	(964)	(6,864)
Other non-current assets	26	(3,661)
Increase (decrease) in liabilities:		
Accounts payable	7,090	8,399
Income taxes payable	3,683	(7,840)
Accrued payroll and related expenses	(3,253)	(1,524)
Accrued insurance expenses	169	(281)
Accrued state, local and other taxes	606	3,368
Other accrued expenses	(1,586)	(1,056)
Pension liabilities	915	(2,148)
Long-term accrued insurance expenses	605	230
Other long-term liabilities	(1,836)	(666)
Net cash provided by operating activities	200,648	302,134
INVESTING ACTIVITIES		
Capital expenditures	(108,490)	(204,202)
Proceeds from sale of assets	5,158	7,999
Net cash used for investing activities	(103,332)	(196,203)
FINANCING ACTIVITIES		
Payment of dividends	(44,030)	(35,083)
Borrowings from notes payable to banks	350,500	450,850
Repayments of notes payable to banks	(390,300)	(492,150)
Excess tax benefits for share-based payments	3,197	2,172

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Cash paid for common stock purchased and retired	(20,587)	(30,024)
Proceeds received upon exercise of stock options	—	167
Net cash used for financing activities	(101,220)	(104,068)
Net (decrease) increase in cash and cash equivalents	(3,904)	1,863
Cash and cash equivalents at beginning of period	14,163	7,393
Cash and cash equivalents at end of period	\$10,259	\$9,256
Supplemental cash flows disclosure:		
Interest paid, net of amounts capitalized	\$406	\$978
Income taxes paid, net	\$53,298	\$84,965
Supplemental disclosure of noncash investing activities:		
Capital expenditures included in accounts payable	\$15,793	\$18,272

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

RPC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The accompanying unaudited consolidated financial statements include the accounts of RPC, Inc. and its wholly-owned subsidiaries (“RPC” or the “Company”) and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These consolidated financial statements have been prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, “Consolidation” and Rule 3A-02(a) of Regulation S-X. In accordance with ASC Topic 810 and Rule 3A-02 (a) of Regulation S-X, the Company’s policy is to consolidate all subsidiaries and investees where it has voting control.

In the opinion of management, all adjustments (all of which consisted of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.

The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2012.

A group that includes the Company’s Chairman of the Board, R. Randall Rollins, and his brother Gary W. Rollins, who is also a director of the Company, and certain companies under their control, controls in excess of fifty percent of the Company’s voting power.

2. REVENUES

RPC’s revenues are generated principally from providing services and the related equipment. Revenues are recognized when the services are rendered and collectability is reasonably assured. Revenues from services and equipment are based on fixed or determinable priced purchase orders or contracts with the customer and do not include the right of return. Rates for services and equipment are priced on a per day, per unit of measure, per man hour or similar basis. Sales tax charged to customers is presented on a net basis within the consolidated statement of operations and excluded from revenues.

3. RECENT ACCOUNTING PRONOUNCEMENTS

During 2013, the Financial Accounting Standards Board (FASB) issued the following applicable Accounting Standards Updates (ASU):

Recently Adopted Accounting Pronouncements:

Accounting Standards Update 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The amendments in this ASU do not change the current requirements for reporting net income or other comprehensive income in financial statements. All of the information that this ASU requires already is required to be disclosed elsewhere in the financial statements under U.S. GAAP. In addition, an entity is required to present (either on the face of the statement where net income is presented or in the notes) the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income - but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The Company adopted these provisions in the second quarter of 2013 and has included the required additional disclosures in the accompanying financial statements and notes.

RPC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENT