

HORNBECK OFFSHORE SERVICES INC /LA
Form 10-Q
May 07, 2012
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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 March 31, 2012

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 April 30, 2012 was 35,307,581.

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2012

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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)**

	March 31, 2012	December 31, 2011
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 452,615	\$ 356,849
Accounts receivable, net of allowance for doubtful accounts of \$1,267 and \$1,253, respectively	91,182	85,629
Other current assets	26,799	26,087
Total current assets	570,596	468,565
Property, plant and equipment, net	1,635,691	1,605,785
Deferred charges, net	57,780	47,781
Other assets	13,985	14,215
Total assets	\$ 2,278,052	\$ 2,136,346
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 40,502	\$ 36,708
Accrued interest	5,461	8,955
Accrued payroll and benefits	8,233	12,781
Deferred revenue	3,309	1,774
Current portion of long-term debt, net of original issue discount of \$29	47,766	
Other accrued liabilities	16,641	7,131
Total current liabilities	121,912	67,349
Long-term debt, net of original issue discount of \$25,907 and \$29,352, respectively	849,093	770,648
Deferred tax liabilities, net	226,288	223,678
Other liabilities	1,488	1,683
Total liabilities	1,198,781	1,063,358
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; 35,296 and 35,013 shares issued and outstanding, respectively	353	350
Additional paid-in-capital	649,237	649,644
Retained earnings	429,380	423,073
Accumulated other comprehensive income (loss)	301	(79)
Total stockholders' equity	1,079,271	1,072,988

Total liabilities and stockholders equity	\$ 2,278,052	\$ 2,136,346
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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 March 31,	
	2012	2011
	(Unaudited)	
Revenues	\$ 119,973	\$ 72,267
Costs and expenses:		
Operating expenses	59,209	41,622
Depreciation	15,082	15,209
Amortization	5,917	5,392
General and administrative expenses	11,126	9,864
	91,334	72,087
Gain on sale of assets	8	559
Operating income	28,647	739
Other income (expense):		
Loss on early extinguishment of debt	(5,193)	
Interest income	553	179
Interest expense	(13,932)	(14,916)
Other income (expense), net	105	(4)
	(18,467)	(14,741)
Income (loss) before income taxes	10,180	(14,002)
Income tax expense (benefit)	3,873	(4,966)
Net income (loss)	\$ 6,307	\$ (9,036)
Basic earnings (loss) per common share	\$ 0.18	\$ (0.34)
Diluted earnings (loss) per common share	\$ 0.18	\$ (0.34)
Weighted average basic shares outstanding	35,132	26,719
Weighted average diluted shares outstanding	36,009	26,719

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 March 31, 2012 2011 (Unaudited)	
Net income (loss)	\$ 6,307	\$ (9,036)
Other comprehensive income, net of tax:		
Foreign currency translation gain (loss)	380	17
 Total comprehensive income (loss)	 \$ 6,687	 \$ (9,019)

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)**

	Three Months Ended March 31,	
	2012	2011
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 6,307	\$ (9,036)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	15,082	15,209
Amortization	5,917	5,392
Stock-based compensation expense	2,250	2,201
Loss on early extinguishment of debt	5,193	
Provision for bad debts	14	1,848
Deferred tax expense (benefit)	3,727	(5,050)
Amortization of deferred financing costs	4,136	3,959
Gain on sale of assets	(8)	(559)
Changes in operating assets and liabilities:		
Accounts receivable	(5,567)	8,460
Other receivables and current assets	(1,857)	(6,023)
Deferred drydocking charges	(8,159)	(5,202)
Accounts payable	539	2,726
Accrued liabilities and other liabilities	2,354	853
Accrued interest	(3,492)	603
Net cash provided by operating activities	26,436	15,381
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for OSV newbuild program #5	(38,508)	
Net proceeds from sale of assets	8	2,055
Vessel capital expenditures	(5,864)	(7,598)
Non-vessel capital expenditures	(501)	(357)
Net cash used in investing activities	(44,865)	(5,900)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of senior notes	(252,205)	
Proceeds from the issuance of senior notes	375,000	
Redemption premium on the retirement of debt	(3,204)	
Payments for public offerings of common stock	(179)	
Deferred financing costs	(6,861)	(455)
Net cash proceeds from other shares issued	1,264	497
Net cash provided by financing activities	113,815	42
Effects of exchange rate changes on cash	380	17
Net increase in cash and cash equivalents	95,766	9,540
Cash and cash equivalents at beginning of period	356,849	126,966
Cash and cash equivalents at end of period	\$ 452,615	\$ 136,506

SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:

Cash paid for interest	\$ 14,756	\$ 10,318
Cash paid for income taxes	\$ 532	\$ 376

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

Table of Contents**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS****1. Basis of Presentation**

The accompanying unaudited consolidated financial statements do not include certain information and footnote disclosures required by United States generally accepted accounting principles, or GAAP. The interim financial statements and notes are presented as permitted by instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements have been included and consist only of normal recurring items. The unaudited quarterly financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K of Hornbeck Offshore Services, Inc. (together with its subsidiaries, the Company) for the year ended December 31, 2011. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

The consolidated balance sheet at December 31, 2011 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

2. Earnings (Loss) Per Share

Basic earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year plus the effect of dilutive stock options and restricted stock unit awards. Weighted average number of common shares outstanding was calculated by using the sum of the shares determined on a daily basis divided by the number of days in the period. The table below reconciles the Company's earnings (loss) per share (in thousands, except for per share data):

	Three Months Ended March 31,	
	2012	2011
Net income (loss)	\$ 6,307	\$ (9,036)
Weighted average number of shares of common stock outstanding	35,132	26,719
Add: Net effect of dilutive stock options, unvested restricted stock or stock related to convertible debt (1)(2)(3)	877	
Adjusted weighted average number of shares of common stock outstanding	36,009	26,719
Earnings per common share:		