

ATWOOD OCEANICS INC
Form 10-Q
February 06, 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 QUARTERLY PERIOD ENDED DECEMBER 31, 2011

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

COMMISSION FILE NUMBER 1-13167

ATWOOD OCEANICS, INC.

(Exact name of registrant as specified in its charter)

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TEXAS
(State or other jurisdiction of
incorporation or organization)
15835 Park Ten Place Drive
Houston, Texas
(Address of principal executive offices)
281-749-7800
(Registrant's telephone number, including area code)

74-1611874
(I.R.S. Employer
Identification No.)
77084
(Zip 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, and (2) has been subject to such filings 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 31, 2011: 65,181,034 shares of common stock, \$1 par value

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(In thousands, except per share amounts)

| | Three Months Ended December 31, | |
|--|------------------------------------|------------|
| | 2011 | 2010 |
| REVENUES: | | |
| Contract drilling | \$ 184,672 | \$ 146,286 |
| COSTS AND EXPENSES: | | |
| Contract drilling | 78,344 | 58,344 |
| Depreciation | 15,363 | 8,803 |
| General and administrative | 14,094 | 15,664 |
| Other, net | | (61) |
| | 107,801 | 82,750 |
| OPERATING INCOME | 76,871 | 63,536 |
| OTHER INCOME (EXPENSE) | | |
| Interest expense, net of capitalized interest | (603) | (678) |
| Interest income | 86 | 382 |
| Other | 1,577 | |
| | 1,060 | (296) |
| INCOME BEFORE INCOME TAXES | 77,931 | 63,240 |
| PROVISION FOR INCOME TAXES | 12,463 | 10,390 |
| NET INCOME | \$ 65,468 | \$ 52,850 |
| EARNINGS PER COMMON SHARE (NOTE 3): | | |
| Basic | 1.01 | 0.82 |
| Diluted | 1.00 | 0.81 |
| AVERAGE COMMON SHARES OUTSTANDING (NOTE 3): | | |
| Basic | 65,024 | 64,528 |
| Diluted | 65,541 | 65,184 |

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

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ATWOOD OCEANICS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | December 31, 2011 | September 30, 2011 |
|--|----------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 89,923 | \$ 295,002 |
| Accounts receivable | 119,683 | 87,173 |
| Income tax receivable | 3,991 | 5,631 |
| Inventories of materials and supplies | 51,902 | 58,263 |
| Prepaid expenses and deferred costs | 14,701 | 14,862 |
| Total current assets | 280,200 | 460,931 |
| NET PROPERTY AND EQUIPMENT | 2,046,214 | 1,887,321 |
| LONG TERM ASSETS: | | |
| Other receivables | 11,876 | 11,875 |
| Deferred costs and other assets | 15,076 | 15,264 |
| Total long-term assets | 26,952 | 27,139 |
| Total assets | \$ 2,353,366 | \$ 2,375,391 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 35,736 | \$ 113,021 |
| Accrued liabilities | 21,780 | 30,680 |
| Notes payable | | 5,461 |
| Income tax payable | 11,710 | 8,461 |
| Deferred credits | 1,063 | 1,700 |
| Total current liabilities | 70,289 | 159,323 |
| LONG TERM LIABILITIES: | | |
| Long-term debt | 520,000 | 520,000 |
| Deferred income taxes | 9,594 | 9,780 |
| Deferred credits | 7,168 | 7,910 |
| Other | 26,399 | 25,591 |
| Total long-term liabilities | 563,161 | 563,281 |
| COMMITMENTS AND CONTINGENCIES (SEE NOTE 10) | | |
| SHAREHOLDERS EQUITY: | | |
| Preferred stock, no par value; 1,000 shares authorized, none outstanding | | |
| Common stock, \$1 par value, 90,000 shares authorized with 65,152 and 64,960 issued and outstanding at December 31, 2011 and September 30, 2011, respectively | 65,152 | 64,960 |
| Paid-in capital | 146,761 | 145,084 |

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| | | |
|--|---------------------|--------------|
| Retained earnings | 1,509,738 | 1,444,270 |
| Accumulated other comprehensive loss | (1,735) | (1,527) |
| Total shareholders' equity | 1,719,916 | 1,652,787 |
| Total liabilities and shareholders' equity | \$ 2,353,366 | \$ 2,375,391 |

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

Table of Contents**ATWOOD OCEANICS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

| | Three Months Ended December 31, | |
|---|------------------------------------|-------------------|
| | 2011 | 2010 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 65,468 | \$ 52,850 |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: | | |
| Depreciation | 15,363 | 8,803 |
| Amortization of debt issuance costs | 681 | 202 |
| Amortization of deferred items | 393 | 975 |
| Provision for inventory obsolescence | 255 | 195 |
| Deferred income tax benefit | (186) | (206) |
| Share-based compensation expense | 1,790 | 1,501 |
| Other, net | | (61) |
| Changes in assets and liabilities: | | |
| Increase in accounts receivable | (32,511) | (2,946) |
| Decrease in income tax receivable | 1,640 | 8,786 |
| Decrease in inventory | 6,106 | 1,604 |
| Decrease in prepaid expenses | 1,378 | 3,608 |
| Increase in deferred costs and other assets | (1,040) | (6,391) |
| Increase (decrease) in accounts payable | 3,463 | (4,563) |
| Decrease in accrued liabilities | (9,143) | (1,459) |
| Increase in income tax payable | 3,249 | 2,134 |
| Increase in deferred credits and other liabilities | 843 | 20,094 |
| Net cash provided by operating activities | 57,749 | 85,126 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (257,446) | (137,193) |
| Proceeds from sale of assets | | 99 |
| Net cash used by investing activities | (257,446) | (137,094) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from debt | | 70,000 |
| Principal payments on notes payable | (5,461) | |
| Proceeds from exercise of stock options | 79 | 1,654 |
| Net cash provided and used by financing activities | (5,382) | 71,654 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ (205,079) | \$ 19,686 |
| CASH AND CASH EQUIVALENTS, at beginning of period | \$ 295,002 | \$ 180,523 |
| CASH AND CASH EQUIVALENTS, at end of period | \$ 89,923 | \$ 200,209 |
| Non-cash activities | | |
| Increase (decrease) in accounts payable and accrued liabilities related to capital expenditures | \$ (83,190) | \$ 6,592 |

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

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

| (In thousands) | Common Stock Shares | Common Stock Amount | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Stockholders |
|----------------|------------------------|------------------------|--------------------|----------------------|---|-----------------------|
|----------------|------------------------|------------------------|--------------------|----------------------|---|-----------------------|