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TORCH OFFSHORE INC
Form 8-K
May 09, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange
Act of 1934

Date of Report (Date of earliest event reported):
May 9, 2003 (May 9, 2003)

TORCH OFFSHORE, INC.
(Exact Name of Registrant as Specified in its Charter)

000-32855
(Commission File Number)

Delaware 74-2982117
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

401 Whitney Avenue, Suite 400
Gretna, Louisiana 70056-2596
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code:
(504) 367-7030

ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL
INFORMATION AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

The following exhibits are filed herewith:

Exhibit No.	Description
99.1	Torch Offshore, Inc. Press Release, dated May 9, 2003.

ITEM 9. REGULATION FD DISCLOSURE.

On May 9, 2003, Torch Offshore, Inc. (the "Company") issued a press release announcing operating results for the quarter ended March 31, 2003. A copy of this press release is being furnished as an exhibit to this report pursuant to Item 12 of Form 8-K, but is being provided under Item 9 of Form 8-K

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as directed by the Securities and Exchange Commission in Release No. 34-47583.

The Company has presented its EBITDA for the 2003 first quarter in the press release, which is a "non-GAAP" financial measure under Regulation G. The components of EBITDA are computed by using amounts, which are determined in accordance with GAAP. As part of our press release information, we have provided a reconciliation of EBITDA to net income attributable to common stockholders, which is its nearest comparable GAAP financial measure. However, because EBITDA is not based on any standardized methodology prescribed by GAAP, it is not necessarily comparable to similar measures presented by other companies. The Company included EBITDA in the press release because it believes that it uses this measure as an internal benchmark against certain performance objectives and to provide investors and creditors additional information in assessing the Company's business in comparison to industry and other market competitive standards.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TORCH OFFSHORE, INC.

By: /s/ ROBERT E. FULTON

Date: May 9, 2003

Robert E. Fulton
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Torch Offshore, Inc. Press Release, dated May 9, 2003.

EXHIBIT 99.1

NEWS RELEASE

For immediate release	Contact: Bob Fulton(1)504-367-7030
to Analysts, Financial	b.fulton@torchinc.com
Community, Media	Bradley Lowe (1)504-367-7030
	b.lowe@torchinc.com

Torch Offshore Announces 2003 First Quarter Earnings
and Grant of Patent for Pipelay System

New Orleans, Louisiana USA, May 9, 2003

FIRST QUARTER RESULTS

Torch Offshore, Inc. (NASDAQ: TORC) (the "Company") announced today that revenues for the quarter ended March

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31, 2003 were \$17.0 million, an increase of 1.8 percent compared to revenues of \$16.7 million for the first quarter of 2002. Gross profit (revenues less cost of sales) for the first quarter of 2003 was \$3.3 million or 19.3 percent of revenues compared to the first quarter 2002 gross profit of \$4.0 million or 23.8 percent of revenues. First quarter 2003 net income attributable to stockholders was \$0.1 million or \$0.01 per diluted share. The first quarter 2003 results were adversely impacted by \$0.4 million (after tax effect), or \$0.03 per diluted share, due to additional costs related to the termination of the Midnight Hunter charter. Net income attributable to stockholders in the first quarter of 2002 was \$0.6 million or \$0.04 per diluted share.

Lyle G. Stockstill, Torch Offshore, Inc. Chairman and Chief Executive Officer, commented, "The first quarter of 2003 continued to be very competitive in the shallow water pipelay market as our fleet maintained only a 61% utilization rate. Despite the challenges of our market and uncertainties in the world's economies, we were able to maintain a positive bottom line and move forward with our strategy towards the future."

"As for the future of Torch Offshore, we continue to take the appropriate steps toward our strategic goal of entering the deepwater markets of the world. In March 2003, we completed the acquisition of the Midnight Wrangler, a 341-foot DP-2 cable-laying vessel, and currently expect the vessel to enter our fleet in the second quarter of 2003. In addition, the conversion of the Midnight Express, a 520-foot DP-2 offshore construction vessel equipped with our patented pipelay system, continues to progress and should be completed in time for the vessel to enter our active fleet in early 2004."

NOTICE OF PATENT ISSUANCE

Today, the Company announced that, on April 29, 2003, the United States Patent and Trademark Office (PTO) issued to the Company, as assignee, United States patent number 6,554,538 entitled "Reel Type Pipeline Laying Ship and Method." A copy of the patent can be obtained from the Company or downloaded from the PTO's web site, www.uspto.gov. The pipelay system will be installed on the Midnight Express.

CONFERENCE CALL

A conference call will be held at 10:00 a.m. Central Time on Friday, May 9, 2003. To participate by telephone, United States callers can dial (800) 299-7089 and international callers can dial (617) 801-9714 ten to fifteen minutes prior to the starting time. The conference ID for all callers is 133895. The conference call will also be webcast live on the Internet through the Investor Relations page on the Company's web site, www.torchinc.com.

The call will be available for replay beginning at 1:00 p.m. (Central Time) on May 9, 2003 and ending at midnight (Central Time) on Thursday, May 15, 2003. For callers in the United States, the toll-free number for the replay is (888) 286-8010. For international callers, the number is (617) 801-6888. The conference ID for all callers for the replay is 7542513. All individuals listening to the conference call or

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the replay are reminded that all conference call material is copyrighted by Torch Offshore, Inc. and cannot be recorded or rebroadcast without Torch Offshore, Inc.'s express written consent.

Established in 1978, Torch Offshore, Inc. is involved in offshore pipeline installation and subsea construction for the oil and natural gas industry. Torch Offshore, Inc. is expanding beyond its established shallow water niche market in order to serve the industry's worldwide growing needs in the deep waters.

Any statements made in this news release, other than those of historical fact, about an action, event or development, which the Company hopes, expects, believes or anticipates may or will occur in the future, are forward-looking statements under the Private Securities Litigation Act of 1995. The forward-looking statements in this news release include statements about our deepwater operations, the modification and/or conversion timing and cost of the Midnight Wrangler and Midnight Express and the capabilities of the Company's vessels. Such statements are subject to various assumptions, risks and uncertainties, which are specifically described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 filed with the Securities and Exchange Commission, as well as other factors that may not be within the Company's control, including, specifically, oil and natural gas commodity prices, weather conditions and offshore construction activity levels. Although the Company believes its expectations are based on reasonable assumptions, it gives no assurance that the Company's assumptions and projections will prove to be correct. Actual results may differ materially from those projected.

PR 03-008

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TORCH OFFSHORE, INC.
Statements of Operations (Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2003	2002
Revenues	\$17,029	\$16,725
Cost of revenues:		
Cost of sales	13,745	12,746
Depreciation and amortization	1,827	1,930
General and administrative expenses	1,355	1,250
Total cost of revenues	16,927	15,926
Operating income	102	799
Other income (expense):		
Interest expense	--	(35)
Interest income	1	102

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Total other income	1	67
Income before income taxes	103	866
Income tax expense	(36)	(303)
Net income attributable to common stockholders	\$ 67	\$ 563
Net income per common share:		
Basic	\$ 0.01	\$ 0.04
Diluted	\$ 0.01	\$ 0.04
Weighted average shares of common stock outstanding:		
Basic	12,635	12,833
Diluted	12,641	12,833
Other data:		
EBITDA (A), (C)	\$ 1,929	\$ 2,729

(A) The Company calculates EBITDA as earnings before net interest, income taxes, depreciation and amortization. Please see Selected Balance Sheet and Other Information included in this News Release for a reconciliation of EBITDA to net income attributable to common stockholders. EBITDA is presented here to provide additional information about our operations. EBITDA is not a calculation based on generally accepted accounting principles (GAAP) and should not be considered as an alternative to net income, as an indicator of our operating performance or as an alternative to cash flow as a better measure of liquidity. In addition, our EBITDA calculation may not be comparable to similarly titled measures of other companies.

TORCH OFFSHORE, INC.
Selected Balance Sheet and Other Information (Unaudited)
(in thousands, except per share data)

	March 31, 2003	December 31, 2002
Cash and cash equivalents	\$ 800	\$ 327
Working capital	9,923	12,018
Property, net	85,430	67,561
Total assets	113,061	101,904
Receivable line of credit	--	4,271
Long-term debt, less current portion	16,318	46
Stockholders' equity	79,962	79,867
Net book value per common share - end of period (B)	\$ 6.33	\$ 6.32
Common shares - end of period	12,635	12,635

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	Three Months Ended March 31,	
	2003	2002
	-----	-----
EBITDA Reconciliation (C):		
Net income attributable to common stockholders	\$ 67	\$ 563
Income tax expense	36	303
Interest income	(1)	(67)
Depreciation and amortization	1,827	1,930
	-----	-----
EBITDA	\$1,929	\$ 2,729
	=====	=====

(B) The Company calculates net book value per common share as stockholders' equity divided by end of period outstanding common shares.

(C) We have disclosed EBITDA, a non-GAAP measure determined as described in item (A) above, because we use this measure as an internal benchmark against certain performance objectives and to provide investors and creditors additional information in assessing our business in comparison to industry and other market competitive standards.