

ATWOOD OCEANICS INC
Form 10-Q
May 05, 2014

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

Form 10-Q

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

FOR QUARTERLY PERIOD ENDED March 31, 2014

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)

TEXAS	74-1611874
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15011 Katy Freeway, Suite 800 Houston, Texas	77094
(Address of principal executive offices)	(Zip Code)
281-749-7800	
(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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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 April 30, 2014:
64,286,000 shares of common stock, \$1.00 par value

Table of Contents

ATWOOD OCEANICS, INC.
 FORM 10-Q
 For the Quarter Ended March 31, 2014
 INDEX

Part I. Financial Information

Item 1.	<u>Unaudited Condensed Consolidated Financial Statements</u>	Page
a)	<u>Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months ended March 31, 2014 and 2013</u>	<u>3</u>
b)	<u>Unaudited Condensed Statements of Comprehensive Income for the Three and Six Months Ended March 31, 2014 and 2013</u>	<u>4</u>
c)	<u>Unaudited Condensed Consolidated Balance Sheets as of March 31, 2014 and September 30, 2013</u>	<u>5</u>
d)	<u>Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity for the Six Months Ended March 31, 2014</u>	<u>6</u>
e)	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2014 and 2013</u>	<u>7</u>
f)	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>8</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>27</u>
Item 4.	<u>Controls and Procedures</u>	<u>28</u>

Part II. Other Information

Item 1.	<u>Legal Proceedings</u>	<u>29</u>
Item 1A.	<u>Risk Factors</u>	<u>29</u>
Item 6.	<u>Exhibits</u>	<u>29</u>
	<u>Signatures</u>	<u>30</u>

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

Atwood Oceanics, Inc. and Subsidiaries

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
REVENUES:				
Contract drilling	\$260,062	\$242,321	\$533,619	\$477,115
Revenues related to reimbursable expenses	13,035	10,840	24,184	21,139
Total revenues	\$273,097	\$253,161	\$557,803	\$498,254
COSTS AND EXPENSES:				
Contract drilling	136,966	98,561	260,128	204,499
Reimbursable expenses	9,188	8,912	17,602	14,890
Depreciation	37,231	28,482	69,775	56,060
General and administrative	15,022	13,268	34,844	30,489
Gain on sale of equipment	(34,443) —	(34,079) —
Other, net	399	(20	(1,602	(13
	164,363	149,203	346,668	305,925
OPERATING INCOME	\$108,734	\$103,958	\$211,135	\$192,329
OTHER INCOME (EXPENSE):				
Interest expense, net of capitalized interest	(11,502) (6,547) (19,713) (10,955
Interest income	51	21	121	145
	(11,451) (6,526) (19,592) (10,810
INCOME BEFORE INCOME TAXES	97,283	97,432	191,543	181,519
PROVISION FOR INCOME TAXES	23,983	11,913	34,846	23,169
NET INCOME	\$73,300	\$85,519	\$156,697	\$158,350
EARNINGS PER COMMON SHARE (NOTE 2):				
Basic	\$1.14	\$1.30	\$2.44	\$2.41
Diluted	\$1.13	\$1.28	\$2.41	\$2.39
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (NOTE 2):				
Basic	64,238	65,733	64,175	65,631
Diluted	65,031	66,589	65,028	66,341

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

Table of Contents

Atwood Oceanics, Inc. and Subsidiaries

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended March 31,