

OVERSEAS SHIPHOLDING GROUP INC
Form 10-Q
May 11, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

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 1-6479-1

OVERSEAS SHIPHOLDING GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

13-2637623
(IRS Employer Identification No.)

1301 Avenue of the Americas, New York, New York 10019
(Address of principal executive offices) (Zip Code)

(212) 953-4100
Registrant's telephone
number, including area
code

No Change
Former
name, former
address and
former fiscal
year,
if changed
since last
report

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date. The number of shares outstanding of each of the issuer's classes of common stock as of May 4, 2015: Class A common stock, par value \$0.01— 310,742,504 shares; Class B common stock, par value \$0.01— 5,814,661 shares. Excluded from these amounts are penny warrants for the purchase of 209,499,270 shares of Class A common stock and 2,103,771 shares of Class B common stock, which were outstanding as of May 4, 2015.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

DOLLARS IN THOUSANDS

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$477,321	\$ 389,226
Restricted cash	118,010	123,178
Voyage receivables, including unbilled of \$70,486 and \$85,094	78,740	101,513
Income tax recoverable	56,324	55,856
Other receivables	6,209	8,293
Inventories, prepaid expenses and other current assets	24,934	24,290
Deferred income taxes	5,312	5,312
Total Current Assets	766,850	707,668
Vessels and other property, less accumulated depreciation of \$650,659 and \$625,322	2,178,627	2,213,217
Deferred drydock expenditures, net	64,995	62,413
Total Vessels, Deferred Drydock and Other Property	2,243,622	2,275,630
Investments in and advances to affiliated companies	331,411	334,863
Intangible assets, less accumulated amortization of \$38,333 and \$37,183	53,667	54,817
Other assets	61,767	63,513
Total Assets	\$3,457,317	\$ 3,436,491
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$78,002	\$ 96,066
Income taxes payable	3,385	906
Current installments of long-term debt	72,314	12,314
Total Current Liabilities	153,701	109,286
Reserve for uncertain tax positions	42,635	34,520
Long-term debt	1,593,298	1,656,353
Deferred income taxes	275,339	283,277
Other liabilities	66,079	66,968
Total Liabilities	2,131,052	2,150,404
Equity:		
Common stock	3,164	3,158
Paid-in additional capital	1,507,685	1,507,334
Accumulated deficit	(98,124)	(141,025)
	1,412,725	1,369,467

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Accumulated other comprehensive loss	(86,460)	(83,380)
Total Equity	1,326,265	1,286,087
Total Liabilities and Equity	\$3,457,317	\$ 3,436,491

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS

(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
Shipping Revenues		
Pool revenues, including \$13,824 and \$21,837 received from companies accounted for by the equity method	\$78,769	\$45,067
Time and bareboat charter revenues	107,942	95,128
Voyage charter revenues	46,831	152,251
	233,542	292,446
Operating Expenses		
Voyage expenses	11,900	77,893
Vessel expenses	69,239	66,671
Charter hire expense	31,898	45,482
Depreciation and amortization	37,119	37,945
General and administrative	19,282	24,425
Technical management transition costs	40	194
Severance and relocation costs	5	6,683
Gain on disposal of vessels and other property	(1,073)	(1,477)
Total operating expenses	168,410	257,816
Income from vessel operations	65,132	34,630
Equity in income of affiliated companies	12,412	8,494
Operating income	77,544	43,124
Other income	73	134
Income before interest expense, reorganization items and income taxes	77,617	43,258
Interest expense	(28,569)	(123)
Income before reorganization items and income taxes	49,048	43,135
Reorganization items, net	(3,487)	(29,256)
Income before income taxes	45,561	13,879
Income tax provision	(2,660)	(1,329)
Net Income	\$42,901	\$12,550
Weighted Average Number of Common Shares Outstanding		
Basic - Class A	520,583,598	-
Diluted - Class A	520,587,201	-
Basic and Diluted - Class B and Common Stock	7,924,944	30,516,394

Per Share Amounts

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Basic net income - Class A and Class B	\$0.08	\$-
Diluted net income - Class A and Class B	\$0.08	\$-
Basic and diluted net income - Common Stock	-	\$0.41

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME DOLLARS IN THOUSANDS

(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
Net Income	\$ 42,901	\$ 12,550
Other Comprehensive (Loss)/Income, net of tax:		
Net change in unrealized losses on cash flow hedges	(3,576)	(1,778)
Defined benefit pension and other postretirement benefit plans:		
Net change in unrecognized prior service costs	(10)	5
Net change in unrecognized actuarial losses	506	(109)
Other Comprehensive Loss, net of tax:	(3,080)	(1,882)
Comprehensive Income	\$ 39,821	\$ 10,668

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

DOLLARS IN THOUSANDS

(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
Cash Flow from Operating Activities		
Net income	\$42,901	\$12,550
Items included in net income not affecting cash flows:		
Depreciation and amortization	37,119	37,945
Amortization of debt discount and other deferred financing costs	2,501	-
Compensation relating to restricted stock and stock option grants	357	542
Deferred income tax provision/(benefit)	(7,622)	8,461
Undistributed earnings of affiliated companies	(9,073)	(4,996)
Reorganization items, non-cash	55	14,259
Other-net	82	567
Items included in net income related to investing and financing activities:		
Gain on disposal of vessels and other property - net	(1,073)	(1,477)
Payments for drydocking	(7,876)	(5,738)
Bankruptcy claim payments	(3,084)	-
Changes in operating assets and liabilities	12,127	(18,055)
Net cash provided by operating activities	66,414	44,058
Cash Flows from Investing Activities:		
Change in restricted cash	5,167	-
Expenditures for vessels	-	(9,510)
Proceeds from disposal of vessels and other property	7,757	7,594
Expenditures for other property	(65)	(54)
Investments in and advances to affiliated companies	(500)	-
Repayments of advances from affiliated companies	12,500	-
Other - net	-	131
Net cash provided by/(used in) investing activities	24,859	(1,839)
Cash Flows from Financing Activities		
Purchases of treasury stock	-	(162)
Payments on debt, including adequate protection payments	(3,178)	(5,307)
Net cash used in financing activities	(3,178)	(5,469)
Net increase in cash and cash equivalents	88,095	36,750
Cash and cash equivalents at beginning of year	389,226	601,927
Cash and cash equivalents at end of period	\$477,321	\$638,677

See notes to condensed consolidated financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT)

DOLLARS IN THOUSANDS

(UNAUDITED)

	Common Stock*	Paid-in Additional Capital**	(Accumulated Deficit)/ Retained Earnings	Treasury Stock Shares	Amount	Accumulated Other Comprehensive Loss***	Total
Balance at January 1, 2015	\$ 3,158	\$ 1,507,334	\$ (141,025)	-	\$-	\$ (83,380)	\$ 1,286,087
Net income			42,901				42,901
Other comprehensive loss						(3,080)	(3,080)
Compensation related Class A options granted		59					59
Compensation related to Class A restricted stock awards		298					298
Conversion of Class B Warrants to Class B Common Stock	6	(6)					-
Balance at March 31, 2015	\$ 3,164	\$ 1,507,685	\$ (98,124)	-	\$-	\$ (86,460)	\$ 1,326,265
Balance at January 1, 2014	\$ 44,291	\$ 413,753	\$ 386,250	13,575,339	\$(835,197)	\$ (69,344)	\$(60,247)
Net income			12,550				12,550
Other comprehensive loss						(1,882)	(1,882)
Forfeitures of restricted stock awards		138		9,847	(138)		-
Compensation related to options granted		95					95
Amortization of restricted stock awards		447					447
Purchases of treasury stock				30,280	(162)		(162)
Balance at March 31, 2014	\$ 44,291	\$ 414,433	\$ 398,800	13,615,466	\$(835,497)	\$ (71,226)	\$(49,199)

*

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Par value \$1 per share; 120,000,000 shares authorized; 44,290,759 shares outstanding as of March 31, 2014, cancelled as of August 5, 2014; Par value \$0.01 per share; 1,000,000,000 Class A shares authorized; 310,726,271 Class A shares outstanding as of March 31, 2015; and Par value \$0.01 per share; 7,926,805 Class B shares authorized; 5,711,847 shares outstanding as of March 31, 2015.

** Includes outstanding warrants issued at \$3.00 per warrant comprised of 210,145,872 Class A warrants and 2,212,204 Class B warrants as of March 31, 2015.

Amounts are net of tax

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Basis of Presentation: