

HELMERICH & PAYNE INC  
Form 10-Q  
February 06, 2015  
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**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: December 31, 2014

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: 1-4221

**HELMERICH & PAYNE, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**73-0679879**  
(I.R.S. Employer I.D. Number)

**1437 South Boulder Avenue, Tulsa, Oklahoma, 74119**

(Address of principal executive office)(Zip Code)

**(918) 742-5531**

(Registrant's telephone number, including area code)

**N/A**

(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 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 small reporting company. See the definitions of large accelerated filer, accelerated filer and small 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"/> (Do not check if a smaller reporting company)	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

**CLASS**  
Common Stock, \$0.10 par value

**OUTSTANDING AT January 31, 2015**  
107,640,834



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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

## HELMERICH &amp; PAYNE, INC. AND SUBSIDIARIES

## CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share amounts)

## ITEM 1. FINANCIAL STATEMENTS

	December 31, 2014	September 30, 2014
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 251,636	\$ 360,909
Accounts receivable, less reserve of \$4,597 at December 31, 2014 and September 30, 2014	734,329	705,214
Inventories	110,773	106,241
Deferred income taxes	15,739	16,519
Prepaid expenses and other	90,118	81,277
Current assets of discontinued operations	7,397	7,206
Total current assets	1,209,992	1,277,366
Investments	165,581	236,644
Property, plant and equipment, net	5,400,016	5,188,544
Other assets	25,930	19,307
Total assets	\$ 6,801,519	\$ 6,721,861
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 168,346	\$ 182,031
Accrued liabilities	234,932	282,278
Short-term debt	1,002	
Long-term debt due within one year	40,000	40,000
Current liabilities of discontinued operations	3,176	3,217
Total current liabilities	447,456	507,526
Noncurrent liabilities:		
Long-term debt	40,000	40,000
Deferred income taxes	1,317,264	1,215,259
Other	71,356	64,110
Noncurrent liabilities of discontinued operations	4,221	3,989
Total noncurrent liabilities	1,432,841	1,323,358
Shareholders' equity:		
Common stock, \$.10 par value, 160,000,000 shares authorized, 110,826,947 shares and 110,508,605 shares issued as of December 31, 2014 and September 30, 2014, respectively and 107,635,334 shares and 108,232,284 shares outstanding as of December 31, 2014 and	11,083	11,051

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September 30, 2014, respectively

Preferred stock, no par value, 1,000,000 shares authorized, no shares issued				
Additional paid-in capital		395,325		383,972
Retained earnings		4,654,349		4,525,797
Accumulated other comprehensive income		41,078		83,126
Treasury stock, at cost		(180,613)		(112,969)
Total shareholders' equity		4,921,222		4,890,977
Total liabilities and shareholders' equity	\$	6,801,519	\$	6,721,861

The accompanying notes are an integral part of these statements.

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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

(in thousands, except per share data)

	<b>Three Months Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Operating revenues:</b>		
Drilling U.S. Land	\$ 890,047	\$ 731,674
Drilling Offshore	69,473	59,054
Drilling International Land	92,885	95,341
Other	4,180	3,083
	1,056,585	889,152
<b>Operating costs and other:</b>		
Operating costs, excluding depreciation	554,243	474,048
Depreciation	137,613	120,237
General and administrative	32,907	32,243
Research and development	4,158	4,257
Income from asset sales	(4,155)	(5,664)
	724,766	625,121
Operating income from continuing operations	331,819	264,031
<b>Other income (expense):</b>		
Interest and dividend income	285	453
Interest expense	(561)	(1,194)
Other	314	(345)
	38	(1,086)
Income from continuing operations before income taxes	331,857	262,945
Income tax provision	128,800	89,763
Income from continuing operations	203,057	173,182
Loss from discontinued operations before income taxes	(15)	
Income tax provision		
Loss from discontinued operations	(15)	
<b>NET INCOME</b>	<b>\$ 203,042</b>	<b>\$ 173,182</b>
<b>Basic earnings per common share:</b>		
Income from continuing operations	\$ 1.87	\$ 1.61
Income from discontinued operations		
Net income	\$ 1.87	\$ 1.61
<b>Diluted earnings per common share:</b>		
Income from continuing operations	\$ 1.85	\$ 1.59

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Income from discontinued operations				
Net income	\$	1.85	\$	1.59
Weighted average shares outstanding:				
Basic		107,973		107,149
Diluted		108,843		108,577
Dividends declared per common share	\$	0.6875	\$	0.6250

The accompanying notes are an integral part of these statements.



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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in thousands, except per share data)

	<b>Three Months Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
Net income	\$ 203,042	\$ 173,182
Other comprehensive income (loss), net of income taxes:		
Unrealized depreciation on securities, net of income taxes of \$26.6 million at December 31, 2014 and \$1.9 million at December 31, 2013	(42,244)	(2,961)
Minimum pension liability adjustments, net of income taxes of (\$0.1) million at December 31, 2014 and December 31, 2013	196	147
Other comprehensive loss	(42,048)	(2,814)
Comprehensive income	\$ 160,994	\$ 170,368

The accompanying notes are an integral part of these statements.

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## HELMERICH &amp; PAYNE, INC. AND SUBSIDIARIES

## CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	<b>Three Months Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 203,042	\$ 173,182
Adjustment for loss from discontinued operations	15	
Income from continuing operations	203,057	173,182
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	137,613	120,237
Stock-based compensation	6,982	7,010
Income from asset sales	(4,155)	(5,664)
Deferred income tax expense	129,548	1,943
Change in assets and liabilities:		
Accounts receivable	(29,115)	(8,820)
Inventories	(4,532)	(8,469)
Prepaid expenses and other	(15,464)	20,003
Accounts payable	(4,373)	(25,701)
Accrued liabilities	(39,352)	38,705
Deferred income taxes	(229)	(1,317)
Other noncurrent liabilities	9,727	(6,251)