

Edgar Filing: Helmerich & Payne, Inc. - Form 10-Q

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

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

CLASS
Common Stock, \$0.10 par value

OUTSTANDING AT July 31, 2016
108,066,141

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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(in thousands, except share and per share amounts)

ITEM 1. FINANCIAL STATEMENTS

	June 30, 2016	September 30, 2015 (as adjusted)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 907,032	\$ 729,384
Short-term investments	49,565	45,543
Accounts receivable, less reserve of \$1,828 at June 30, 2016 and \$6,181 at September 30, 2015	351,317	445,948
Inventories	128,885	128,541
Deferred income taxes		17,206
Prepaid expenses and other	79,021	64,475
Assets held for sale	21,772	
Current assets of discontinued operations	80	8,097
Total current assets	1,537,672	1,439,194
Investments	99,898	104,354
Property, plant and equipment, net	5,306,434	5,563,170
Other assets	32,515	40,524
Total assets	\$ 6,976,519	\$ 7,147,242
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt due within one year less unamortized debt issuance costs	\$ 39,234	\$ 39,094
Accounts payable	92,692	108,169
Accrued liabilities	194,645	197,557
Current liabilities of discontinued operations	38	3,377
Total current liabilities	326,609	348,197
Noncurrent liabilities:		
Long-term debt less unamortized discount and debt issuance costs	493,150	492,443
Deferred income taxes	1,358,093	1,295,916
Other	93,221	110,120
Noncurrent liabilities of discontinued operations	3,984	4,720
Total noncurrent liabilities	1,948,448	1,903,199
Shareholders' equity:	11,138	11,099

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Common stock, \$.10 par value, 160,000,000 shares authorized, 111,383,982 shares and 110,987,546 shares issued as of June 30, 2016 and September 30, 2015, respectively and 108,063,579 shares and 107,767,915 shares outstanding as of June 30, 2016 and September 30, 2015, respectively

Preferred stock, no par value, 1,000,000 shares authorized, no shares issued

Additional paid-in capital	442,883	420,141
Retained earnings	4,438,748	4,648,346
Accumulated other comprehensive loss	(3,156)	(1,377)
Treasury stock, at cost	(188,151)	(182,363)
Total shareholders' equity	4,701,462	4,895,846
Total liabilities and shareholders' equity	\$ 6,976,519	\$ 7,147,242

The accompanying notes are an integral part of these statements.

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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015 (as adjusted)	2016	2015 (as adjusted)
Operating revenues:				
Drilling U.S. Land	\$ 285,028	\$ 494,615	\$ 1,004,116	\$ 2,103,125
Drilling Offshore	30,492	57,071	106,697	189,386
Drilling International Land	47,983	106,551	171,529	304,262
Other	2,983	3,208	10,182	11,129
	366,486	661,445	1,292,524	2,607,902
Operating costs and other:				
Operating costs, excluding depreciation	186,146	350,640	684,401	1,377,202
Depreciation	138,690	144,965	422,336	433,445
Asset impairment charge	6,250		6,250	
General and administrative	46,496	29,253	112,381	96,984
Research and development	2,707	3,329	7,941	12,344
Income from asset sales	(547)	(1,791)	(7,820)	(8,819)
	379,742	526,396	1,225,489	1,911,156
Operating income (loss) from continuing operations	(13,256)	135,049	67,035	696,746
Other income (expense):				
Interest and dividend income	778	1,588	2,310	4,447
Interest expense	(6,407)	(6,136)	(16,652)	(9,326)
Other	534	(281)	926	88
	(5,095)	(4,829)	(13,416)	(4,791)
Income (loss) from continuing operations before income taxes	(18,351)	130,220	53,619	691,955
Income tax provision	2,842	39,321	33,740	243,891
Income (loss) from continuing operations	(21,193)	90,899	19,879	448,064
Income (loss) from discontinued operations				
before income taxes	2,193	(27)	2,241	(118)
Income tax provision	2,200		6,113	(77)
Loss from discontinued operations	(7)	(27)	(3,872)	(41)
NET INCOME (LOSS)	\$ (21,200)	\$ 90,872	\$ 16,007	\$ 448,023
Basic earnings per common share:				
Income (loss) from continuing operations	\$ (0.20)	\$ 0.84	\$ 0.18	\$ 4.13
Loss from discontinued operations			(0.04)	
Net income (loss)	\$ (0.20)	\$ 0.84	\$ 0.14	\$ 4.13

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Diluted earnings per common share:						
Income (loss) from continuing operations	\$	(0.20)	\$	0.83	\$	4.10
Loss from discontinued operations				(0.04)		
Net income (loss)	\$	(0.20)	\$	0.83	\$	4.10
Weighted average shares outstanding:						
Basic		108,047		107,652		107,759
Diluted		108,047		108,469		108,571
Dividends declared per common share	\$	0.7000	\$	0.6875	\$	2.0625

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)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015 (as adjusted)	2016	2015 (as adjusted)
Net income (loss)	\$ (21,200)	\$ 90,872	\$ 16,007	\$ 448,023
Other comprehensive income (loss), net of income taxes:				
Unrealized appreciation (depreciation) on securities, net of income taxes of \$6.1 million and (\$1.7) million at June 30, 2016 and (\$2.1) million and (\$29.5) million at June 30, 2015	9,744	(3,307)	(2,719)	(46,754)
Minimum pension liability adjustments, net of income taxes of \$0.1 million and \$0.5 million at June 30, 2016 and \$0.1 million and \$0.3 million at June 30, 2015	314	197	940	590
Other comprehensive income (loss)	10,058	(3,110)	(1,779)	(46,164)
Comprehensive income (loss)	\$ (11,142)	\$ 87,762	\$ 14,228	\$ 401,859

The accompanying notes are an integral part of these statements.

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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Nine Months Ended June 30,	
	2016	2015 (as adjusted)
OPERATING ACTIVITIES:		
Net income	\$ 16,007	\$ 448,023
Adjustment for loss from discontinued operations	3,872	41
Income from continuing operations	19,879	448,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	422,336	433,445
Asset impairment charge	6,250	
Amortization of debt discount and debt issuance costs	879	485
Recovery of bad debt	(3,067)	
Stock-based compensation	19,661	19,120
Pension settlement charge	3,343	1,200
Other	255	
Income from asset sales	(7,820)	(8,819)
Deferred income tax expense	77,886	145,986
Change in assets and liabilities:		
Accounts receivable	97,698	229,837
Inventories	(344)	(22,026)
Prepaid expenses and other	(6,537)	(30,362)
Accounts payable	(13,643)	(41,134)
Accrued liabilities	14,632	(64,975)
Deferred income taxes	2,673	317
Other noncurrent liabilities	(18,741)	40,459
Net cash provided by operating activities from continuing operations	615,340	1,151,597
Net cash provided by (used in) operating activities from discontinued operations	70	(41)
Net cash provided by operating activities	615,410	1,151,556
INVESTING ACTIVITIES:		
Capital expenditures	(219,549)	(971,602)
Purchase of short-term investments	(36,958)	
Proceeds from sales of short-term investments	32,681	
Proceeds from asset sales	12,804	17,757
Net cash used in investing activities	(211,022)	(953,845)
FINANCING ACTIVITIES:		
Proceeds from senior notes, net of discount		497,125
Debt issuance costs	(32)	(5,202)
Net increase in bank overdraft		10,824
Proceeds on short-term debt		1,002
Payments on short-term debt		(1,002)
Dividends paid	(224,040)	(223,827)
Repurchase of common stock		(59,654)
Exercise of stock options, net of tax withholding	483	(609)

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Tax withholdings related to net share settlements of restricted stock	(3,912)	(5,104)
Excess tax benefit from stock-based compensation	761	2,969
Net cash provided by (used in) financing activities	(226,740)	216,522
Net increase in cash and cash equivalents	177,648	414,233
Cash and cash equivalents, beginning of period	729,384	360,307
Cash and cash equivalents, end of period	\$ 907,032	\$ 774,540

The accompanying notes are an integral part of these statements.

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HELMERICH & PAYNE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS EQUITY

NINE MONTHS ENDED JUNE 30, 2016

(Unaudited)

(in thousands, except per share amounts)

	Common Stock		Additional	Retained	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-In	Earnings	Other	Shares	Amount	Shareholders
			Capital		Comprehensive			Equity
					Income			
Balance, September 30, 2015, as adjusted	110,987	\$ 11,099	\$ 420,141	\$ 4,648,346	\$ (1,377)			