

RPC INC  
Form 10-Q  
July 31, 2014

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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 the quarterly period ended June 30, 2014

Commission File No. 1-8726

RPC, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

58-1550825

(I.R.S. Employer  
Identification Number)

2801 Buford Highway, Suite 520, Atlanta, Georgia 30329

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code -- (404) 321-2140

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 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

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

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As of July 18, 2014, RPC, Inc. had 218,833,004 shares of common stock outstanding.

RPC, INC. AND SUBSIDIARIES  
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RPC, INC. AND SUBSIDIARIES  
PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS  
AS OF JUNE 30, 2014 AND DECEMBER 31, 2013  
(In thousands)  
(Unaudited)

	June 30, 2014	December 31, 2013 (Note 1)
<b>ASSETS</b>		
Cash and cash equivalents	\$22,164	\$ 8,700
Accounts receivable, net	565,940	437,132
Inventories	138,836	126,604
Deferred income taxes	11,624	14,185
Income taxes receivable	16,874	5,720
Prepaid expenses	6,002	9,143
Other current assets	6,787	3,441
Total current assets	768,227	604,925
Property, plant and equipment, less accumulated depreciation of \$1,156 in 2014 and \$1,069 in 2013	708,598	726,307
Goodwill	32,150	31,861
Other assets	21,886	20,767
Total assets	\$1,530,861	\$ 1,383,860
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$150,894	\$ 119,170
Accrued payroll and related expenses	37,686	36,638
Accrued insurance expenses	6,624	6,072
Accrued state, local and other taxes	8,411	5,002
Income taxes payable	535	-
Other accrued expenses	1,310	1,170
Total current liabilities	205,460	168,052
Long-term accrued insurance expenses	11,412	10,225
Notes payable to banks	131,400	53,300
Long-term pension liabilities	22,867	21,966
Deferred income taxes	127,459	153,176
Other long-term liabilities	10,618	8,439
Total liabilities	509,216	415,158
Common stock	21,883	21,899
Capital in excess of par value	-	-
Retained earnings	1,009,711	956,918
Accumulated other comprehensive loss	(9,949 )	(10,115 )
Total stockholders' equity	1,021,645	968,702

Total liabilities and stockholders' equity	\$1,530,861	\$ 1,383,860
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The accompanying notes are an integral part of these consolidated financial statements.

## RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013  
(In thousands except per share data)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	<b>2014</b>	2013
Revenues	\$ 582,831	\$ 457,566	\$ 1,084,523	\$ 883,387
Cost of revenues (exclusive of items shown below)	374,275	287,578	704,290	555,805
Selling, general and administrative expenses	47,603	47,611	96,311	92,525
Depreciation and amortization	56,517	52,767	112,022	105,588
Loss on disposition of assets, net	1,405	1,757	3,637	4,397
Operating profit	103,031	67,853	168,263	125,072
Interest expense	(49 )	(942 )	(386 )	(1,282 )
Interest income	6	60	10	65
Other income (expense), net	831	(191 )	911	364
Income before income taxes	103,819	66,780	168,798	124,219
Income tax provision	40,536	26,364	66,127	48,727
Net income	\$ 63,283	\$ 40,416	\$ 102,671	\$ 75,492
Earnings per share				
Basic	\$ 0.29	\$ 0.19	\$ 0.48	\$ 0.35
Diluted	\$ 0.29	\$ 0.19	\$ 0.47	\$ 0.35
Dividends per share	\$ 0.105	\$ 0.10	\$ 0.21	\$ 0.20
Weighted average shares outstanding				
Basic	215,224	215,883	215,199	216,039
Diluted	216,238	216,695	216,280	217,190

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

RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013  
 (In thousands)  
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income	\$ 63,283	\$ 40,416	\$ 102,671	\$ 75,492
Other comprehensive income (loss):				
Pension adjustment and reclassification adjustment, net of taxes	84	124	168	248
Foreign currency translation	467	(383)	(4)	(627)
Unrealized gain (loss) on securities, net of taxes	38	30	2	(31)
Comprehensive income	\$ 63,872	\$ 40,187	\$ 102,837	\$ 75,082

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



## RPC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(In thousands)

(Unaudited)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2013	218,986	\$ 21,899	\$ —	\$ 956,918	(\$10,115 )	\$ 968,702
Stock issued for stock incentive plans, net	600	60	4,657	—	—	4,717
Stock purchased and retired	(753 )	(76 )	(9,073 )	(3,995 )	—	(13,144 )
Net income	—	—	—	102,671	—	102,671
Pension adjustment, net of taxes	—	—	—	—	168	168
Foreign currency translation	—	—	—	—	(4 )	(4 )
Unrealized loss on securities, net of taxes	—	—	—	—	2	2
Dividends declared	—	—	—	(45,883 )	—	—