

HORNBECK OFFSHORE SERVICES INC /LA

Form 10-Q

August 06, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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 001-32108

Hornbeck Offshore Services, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

72-1375844
(I.R.S. Employer
Identification Number)

103 NORTHPARK BOULEVARD, SUITE 300

COVINGTON, LA 70433

(Address of Principal Executive Offices) (Zip Code)

(985) 727-2000

(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 (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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

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

The total number of shares of common stock, par value \$.01 per share, outstanding as of July 31, 2012 was 35,384,685.

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

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Table of Contents**PART 1 FINANCIAL INFORMATION****Item 1 Financial Statements****HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data)**

	June 30, 2012	December 31, 2011 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 391,590	\$ 356,849
Accounts receivable, net of allowance for doubtful accounts of \$1,683 and \$1,253, respectively	106,907	85,629
Deferred tax assets, net	20,285	3,221
Other current assets	25,075	22,866
Total current assets	543,857	468,565
Property, plant and equipment, net	1,676,510	1,605,785
Deferred charges, net	63,312	47,781
Other assets	13,741	14,215
Total assets	\$ 2,297,420	\$ 2,136,346
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 56,823	\$ 36,708
Accrued interest	13,978	8,955
Accrued payroll and benefits	12,837	12,781
Deferred revenue	3,399	1,774
Other accrued liabilities	11,682	7,131
Total current liabilities	98,719	67,349
Long-term debt, net of original issue discount of \$22,619 and \$29,352, respectively	852,381	770,648
Deferred tax liabilities, net	251,466	223,678
Other liabilities	1,174	1,683
Total liabilities	1,203,740	1,063,358
Stockholders' equity:		
Preferred stock: \$0.01 par value; 5,000 shares authorized; no shares issued and outstanding		
Common stock: \$0.01 par value; 100,000 shares authorized; 35,348 and 35,013 shares issued and outstanding, respectively	353	350
Additional paid-in-capital	652,109	649,644
Retained earnings	441,394	423,073
Accumulated other comprehensive income (loss)	(176)	(79)
Total stockholders' equity	1,093,680	1,072,988

Total liabilities and stockholders equity	\$ 2,297,420	\$ 2,136,346
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The accompanying notes are an integral part of these consolidated statements.

Table of Contents**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Unaudited)		(Unaudited)	
Revenues	\$ 131,645	\$ 80,817	\$ 251,618	\$ 153,084
Costs and expenses:				
Operating expenses	63,456	48,414	122,665	90,036
Depreciation	15,171	15,320	30,253	30,529
Amortization	7,107	4,773	13,024	10,165
General and administrative expenses	12,081	8,497	23,207	18,361
	97,815	77,004	189,149	149,091
Gain (loss) on sale of assets	(11)		(3)	559
Operating income	33,819	3,813	62,466	4,552
Other income (expense):				
Loss on early extinguishment of debt	(855)		(6,048)	
Interest income	461	240	1,014	419
Interest expense	(14,342)	(14,998)	(28,274)	(29,914)
Other income (expense), net	224	81	329	77
	(14,512)	(14,677)	(32,979)	(29,418)
Income (loss) before income taxes	19,307	(10,864)	29,487	(24,866)
Income tax expense (benefit)	7,293	(3,839)	11,166	(8,805)
Net income (loss)	\$ 12,014	\$ (7,025)	\$ 18,321	\$ (16,061)
Basic earnings (loss) per common share	\$ 0.34	\$ (0.26)	\$ 0.52	\$ (0.60)
Diluted earnings (loss) per common share	\$ 0.33	\$ (0.26)	\$ 0.51	\$ (0.60)
Weighted average basic shares outstanding	35,308	26,875	35,222	26,799
Weighted average diluted shares outstanding	36,050	26,875	36,029	26,799

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

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012 (Unaudited)	2011	2012 (Unaudited)	2011
Net income (loss)	\$ 12,014	\$ (7,025)	\$ 18,321	\$ (16,061)
Other comprehensive income, net of tax:				
Foreign currency translation gain (loss)	(477)	(13)	(97)	4
Total comprehensive income (loss)	11,537	(7,038)	18,224	(16,057)

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

Table of Contents**HORNBECK OFFSHORE SERVICES, INC AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Six Months Ended June 30,	
	2012	2011
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 18,321	\$ (16,061)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	30,253	30,529
Amortization	13,024	10,165
Stock-based compensation expense	4,435	3,926
Loss on early extinguishment of debt	6,048	
Provision for bad debts	430	1,268
Deferred tax expense (benefit)	10,723	(7,575)
Amortization of deferred financing costs	8,325	8,015
(Gain) loss on sale of assets	3	(559)
Changes in operating assets and liabilities:		
Accounts receivable	(21,128)	3,096
Other receivables and current assets	(2,241)	(3,396)
Deferred drydocking charges	(19,745)	(10,380)
Accounts payable	4,749	3,489
Accrued liabilities and other liabilities	1,627	(780)
Accrued interest	5,023	(4)
Net cash provided by operating activities	59,847	21,733
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for OSV newbuild program #5	(81,510)	
Net proceeds from sale of assets	1,332	2,055
Vessel capital expenditures	(9,728)	(12,194)
Non-vessel capital expenditures	(994)	(698)
Net cash used in investing activities	(90,900)	(10,837)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Tax benefit (shortfall) from share-based payments	(42)	(1,976)
Repayment of senior notes	(300,000)	