

Helmerich & Payne, Inc. Announces Third Quarter Earnings

July 26, 2013

TULSA, Okla., July 26, 2013 (GLOBE NEWSWIRE) -- Helmerich & Payne, Inc. (NYSE:HP) reported income from continuing operations of \$250,978,000 (\$2.32 per diluted share) from operating revenues of \$840,197,000 for its third fiscal quarter ended June 30, 2013, compared to income from continuing operations of \$149,943,000 (\$1.38 per diluted share) from operating revenues of \$819,785,000 during last year's third fiscal quarter, and income from continuing operations of \$151,067,000 (\$1.39 per diluted share) from operating revenues of \$838,309,000 during the second fiscal quarter of 2013. Included in this year's third fiscal quarter income from continuing operations were \$0.86 per share of after-tax gains related to the sale of investment securities and \$0.02 per share of after-tax gains related to the sale of used drilling equipment. Last year's third fiscal quarter income from continuing operations included \$0.01 per share of after-tax gains related to the sale of used drilling equipment, and this year's second fiscal quarter income from continuing operations included \$0.03 per share of after-tax gains related to the sale of used drilling equipment. Net income for the third fiscal quarter of 2013 was \$266,159,000 (\$2.46 per diluted share), compared to net income of \$149,925,000 (\$1.38 per diluted share) during last year's third fiscal quarter, and net income of \$151,080,000 (\$1.39 per diluted share) during this year's second fiscal quarter.

For the nine months ended June 30, 2013, the Company reported income from continuing operations of \$561,656,000 (\$5.19 per diluted share) from operating revenues of \$2,523,078,000, compared with income from continuing operations of \$424,003,000 (\$3.88 per diluted share) from operating revenues of \$2,322,355,000 during the nine months ended June 30, 2012. Included in income from continuing operations for the first nine months of fiscal 2013 were \$0.91 per share of after-tax gains from the sale of investment securities and \$0.08 per share of after-tax gains from the sale of used drilling equipment. Income from continuing operations for the first nine months of fiscal 2012 included \$0.08 per share of after-tax gains from the sale of used drilling equipment. Net income for the first nine months of fiscal 2013 was \$576,842,000 (\$5.33 per diluted share), compared to net income of \$423,930,000 (\$3.88 per diluted share) during the first nine months of fiscal 2012.

Chairman and CEO Hans Helmerich commented, "In light of the challenging rig market, we are pleased with the strong quarterly results corresponding to our drilling operations. Also during the most recent quarter, the Board approved a significant increase in dividends paid to shareholders. After doubling the dividend at the end of last year, in June the dividend was increased again from \$0.15 to \$0.50 per share per quarter. We are confident that our strong capital structure allows us to pursue growth opportunities and, at the same time, return meaningful cash to shareholders. Relatedly, we previously announced that the Company had sold 4,000,000 shares of Atwood, representing one-half of our position at a substantial gain. That sale fit well with our stated intention to rationalize our equity over a period of time. That said, we have no immediate plans for further sales at this time. So far this year, E&P spending has been disciplined in the general anticipation that oil prices would trend lower. Instead, prices have moved well above \$100 per barrel and may well drive an increase in levels of FlexRig^{®*} demand. We are in excellent position to quickly respond to improving market conditions and continue to expect the rig fleet replacement cycle to provide H&P with growth opportunities. Our focus will remain on helping customers

reduce their total well costs through applied innovations and productivity improvements, while at the same time delivering attractive returns to our shareholders."

Segment operating income for U.S. land operations was \$236,388,000 for the third fiscal quarter of 2013, compared with \$235,684,000 for last year's third fiscal quarter and \$225,998,000 for this year's second fiscal quarter. The sequential increase in segment operating income (as compared to the immediately preceding quarter) was primarily attributable to a three percent increase in quarterly revenue days. Also as compared to this year's second fiscal quarter, the average rig revenue per day for the segment decreased by \$95 to \$28,160 and the average rig expense per day declined by \$339 to \$12,746. Consequently, the average rig margin per day sequentially increased by \$244 to \$15,414 during this year's third fiscal quarter. Rig utilization for the segment was 83% for this year's third fiscal quarter, compared with 82% for this year's second fiscal quarter. At June 30, 2013, the Company's U.S. land segment had 246 active rigs (including 157 under term contracts) and 54 idle rigs (excluding two conventional rigs that were decommissioned at the end of the third fiscal quarter).

Segment operating income for the Company's offshore operations was \$14,122,000 for the third fiscal quarter of 2013, compared with \$7,720,000 for last year's third fiscal quarter and \$13,650,000 for this year's second fiscal quarter. The sequential increase in segment operating income was primarily attributable to a higher rig margin per day, which averaged \$25,108 during this year's third fiscal quarter, compared to \$24,838 during this year's second fiscal quarter.

The Company's international land segment operating income was \$8,458,000 for this year's third fiscal quarter, compared with \$6,275,000 for last year's third fiscal quarter and \$13,169,000 for this year's second fiscal quarter. The sequential decline in segment operating income was primarily attributable to early termination compensation equivalent to approximately \$2,600 per day that only benefited the second fiscal quarter. Consequently, the average rig margin per day decreased to \$8,591 during the third fiscal quarter of 2013 from \$11,053 during the second fiscal quarter. The number of revenue days for the third fiscal quarter sequentially increased by approximately five percent to 2,132.

Helmerich & Payne, Inc. is primarily a contract drilling company. As of July 26, 2013, the Company's existing fleet included 300 land rigs in the U.S., 29 international land rigs and nine offshore platform rigs. Included in the Company's global fleet of 329 land rigs are 300 H&P-designed and operated FlexRigs.

Helmerich & Payne, Inc.'s conference call/webcast is scheduled to begin this morning at 11:00 a.m. ET (10:00 a.m. CT) and can be accessed at <http://www.hpinc.com> under Investors. If you are unable to participate during the live webcast, the call will be archived on H&P's website indicated above for at least one year.

This release includes "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and such statements are based on current expectations and assumptions that are subject to risks and uncertainties. All statements other than statements of historical facts included in this release, including, without limitation, statements regarding the registrant's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. For information regarding risks and uncertainties associated with the Company's business, please refer to the "Risk Factors" and "Management's Discussion & Analysis of Results of Operations and Financial Condition" sections of the Company's SEC filings, including but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. As a result of these factors, Helmerich & Payne, Inc.'s actual results may differ materially from those indicated or implied by such forward-looking

statements. We undertake no duty to update or revise our forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.

*FlexRig® is a registered trademark of Helmerich & Payne, Inc.

HELMERICH & PAYNE, INC.

Unaudited

(in thousands, except per share data)

| | Three Months Ended | | | Nine Months Ended | |
|---|--------------------|----------------|----------------|-------------------|----------------|
| | March 31 | June 30 | | June 30 | |
| CONSOLIDATED STATEMENTS OF INCOME | 2013 | 2013 | 2012 | 2013 | 2012 |
| Operating Revenues: | | | | | |
| Drilling – U.S. Land | \$ 685,710 | \$ 695,816 | \$ 706,786 | \$ 2,077,556 | \$ 1,983,369 |
| Drilling – Offshore | 55,605 | 53,859 | 41,617 | 167,182 | 135,830 |
| Drilling – International Land | 94,092 | 86,978 | 67,482 | 268,337 | 192,305 |
| Other | 2,902 | 3,544 | 3,900 | 10,003 | 10,851 |
| | 838,309 | 840,197 | 819,785 | 2,523,078 | 2,322,355 |
| Operating costs and expenses: | | | | | |
| Operating costs, excluding depreciation | 461,737 | 450,990 | 463,935 | 1,379,598 | 1,303,175 |
| Depreciation | 112,433 | 117,790 | 95,182 | 336,822 | 272,404 |
| General and administrative | 32,836 | 31,090 | 25,576 | 96,347 | 79,544 |
| Research and development | 3,696 | 4,373 | 4,299 | 11,422 | 11,378 |
| Income from asset sales | (5,313) | (4,006) | (1,862) | (14,538) | (14,365) |
| | 605,389 | 600,237 | 587,130 | 1,809,651 | 1,652,136 |
| Operating income | 232,920 | 239,960 | 232,655 | 713,427 | 670,219 |
| Other income (expense): | | | | | |
| Interest and dividend income | 315 | 341 | 329 | 1,082 | 1,021 |
| Interest expense | (1,186) | (2,091) | (2,411) | (4,585) | (7,293) |
| Gain on sale of investment securities | -- | 153,369 | -- | 162,121 | -- |
| Other | 103 | (1,214) | 309 | (3,195) | 288 |
| | (768) | 150,405 | (1,773) | 155,423 | (5,984) |

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Income from continuing operations before income taxes | 232,152 | 390,365 | 230,882 | 868,850 | 664,235 |
| Income tax provision | 81,085 | 139,387 | 80,939 | 307,194 | 240,232 |
| Income from continuing operations | 151,067 | 250,978 | 149,943 | 561,656 | 424,003 |
| Income (loss) from discontinued operations, before income taxes | (472) | 15,181 | (18) | 14,701 | (154) |
| Income tax provision | (485) | -- | -- | (485) | (81) |
| Income (loss) from discontinued operations | 13 | 15,181 | (18) | 15,186 | (73) |
| NET INCOME | \$ 151,080 | \$ 266,159 | \$ 149,925 | \$ 576,842 | \$ 423,930 |
| Basic earnings per common share: | | | | | |
| Income from continuing operations | \$ 1.41 | \$ 2.35 | \$ 1.40 | \$ 5.26 | \$ 3.94 |
| Income from discontinued operations | \$ -- | 0.14 | \$ -- | \$ 0.14 | \$ -- |
| Net income | \$ 1.41 | \$ 2.49 | \$ 1.40 | \$ 5.40 | \$ 3.94 |
| Diluted earnings per common share: | | | | | |
| Income from continuing operations | \$ 1.39 | \$ 2.32 | \$ 1.38 | \$ 5.19 | \$ 3.88 |
| Income from discontinued operations | \$ -- | \$ 0.14 | \$ -- | \$ 0.14 | \$ -- |
| Net income | \$ 1.39 | \$ 2.46 | \$ 1.38 | \$ 5.33 | \$ 3.88 |
| Weighted average shares outstanding: | | | | | |
| Basic | 106,326 | 106,430 | 107,016 | 106,206 | 107,196 |
| Diluted | 107,786 | 107,826 | 108,425 | 107,717 | 108,798 |

HELMERICH & PAYNE, INC.

Unaudited

(in thousands)

| | June 30 | September 30 |
|--|----------------|---------------------|
| CONSOLIDATED CONDENSED BALANCE SHEETS | 2013 | 2012 |

ASSETS

| | | |
|---|------------|-----------|
| Cash and cash equivalents | \$ 480,480 | \$ 96,095 |
| Other current assets | 795,550 | 791,514 |
| Current assets of discontinued operations | 4,460 | 7,619 |

| | | |
|------------------------------------|--------------------|--------------------|
| Total current assets | 1,280,490 | 895,228 |
| Investments | 287,634 | 451,144 |
| Net property, plant, and equipment | 4,613,301 | 4,351,571 |
| Other assets | 16,186 | 23,142 |
| TOTAL ASSETS | \$6,197,611 | \$5,721,085 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|------------|------------|
| Current liabilities | \$ 428,885 | \$ 376,035 |
| Current liabilities of discontinued operations | 3,969 | 5,129 |
| Total current liabilities | 432,854 | 381,164 |
| Non-current liabilities | 1,274,242 | 1,307,433 |
| Non-current liabilities of discontinued operations | 491 | 2,490 |
| Long-term notes payable | 195,000 | 195,000 |
| Total shareholders' equity | 4,295,024 | 3,834,998 |

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$6,197,611 \$5,721,085

HELMERICH & PAYNE, INC.

Unaudited

(in thousands)

| | Nine Months Ended June 30 | |
|--|--|----------------|
| CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS | 2013 | 2012 |
| OPERATING ACTIVITIES: | | |
| Net income | \$ 576,842 | \$ 423,930 |
| Adjustment for (income) loss from discontinued operations | (15,186) | 73 |
| Income from continuing operations | 561,656 | 424,003 |
| Depreciation | 336,822 | 272,404 |
| Changes in assets and liabilities | 17,230 | (82,428) |
| Gain on sale of assets and investment securities | (176,659) | (14,365) |
| Other | 22,408 | 13,437 |
| Net cash provided by operating activities from continuing operations | 761,457 | 613,051 |
| Net cash provided by (used in) operating activities from discontinued operations | 186 | (73) |
| Net cash provided by operating activities | 761,643 | 612,978 |

INVESTING ACTIVITIES:

| | | |
|--|------------------|------------------|
| Capital expenditures | (618,550) | (774,243) |
| Proceeds from sale of assets and investment securities | 253,950 | 31,838 |
| Net cash used in investing activities from continuing operations | (364,600) | (742,405) |
| Net cash provided by investing activities from discontinued operations | 15,000 | -- |
| Net cash used in investing activities | (349,600) | (742,405) |

FINANCING ACTIVITIES:

| | | |
|---|-------------------|-------------------|
| Repurchase of common stock | -- | (71,404) |
| Dividends paid | (39,519) | (22,620) |
| Exercise of stock options | 6,118 | 2,374 |
| Tax withholdings related to net share settlements of restricted stock | (1,677) | (1,514) |
| Increase in bank overdraft | -- | 3,955 |
| Excess tax benefit from stock-based compensation | 7,420 | 3,256 |
| Net cash used in financing activities | (27,658) | (85,953) |
| Net increase (decrease) in cash and cash equivalents | 384,385 | (215,380) |
| Cash and cash equivalents, beginning of period | 96,095 | 364,246 |
| Cash and cash equivalents, end of period | \$ 480,480 | \$ 148,866 |

SEGMENT REPORTING

| Three Months Ended | | | Nine Months Ended | |
|---------------------------|----------------|--|--------------------------|--|
| March 31 | June 30 | | June 30 | |

| | | | | |
|-------------|-------------|-------------|-------------|-------------|
| 2013 | 2013 | 2012 | 2013 | 2012 |
|-------------|-------------|-------------|-------------|-------------|

(in thousands, except days and per day amounts)

U.S. LAND OPERATIONS

| | | | | | |
|------------------------------------|-----------|-----------|-----------|-------------|--------------|
| Revenues | \$685,710 | \$695,816 | \$706,786 | \$2,077,556 | \$ 1,983,369 |
| Direct operating expenses | 354,170 | 348,850 | 382,418 | 1,064,088 | 1,057,622 |
| General and administrative expense | 9,057 | 9,284 | 7,227 | 27,662 | 22,720 |
| Depreciation | 96,485 | 101,294 | 81,457 | 289,032 | 232,678 |
| Segment operating income | \$225,998 | \$236,388 | \$235,684 | \$696,774 | \$ 670,349 |
| Revenue days | 21,847 | 22,510 | 21,977 | 66,100 | 64,389 |
| Average rig revenue per day | \$ 28,255 | \$ 28,160 | \$ 28,096 | \$ 28,152 | \$ 27,537 |
| Average rig expense per day | \$ 13,085 | \$ 12,746 | \$ 13,337 | \$ 12,821 | \$ 13,160 |
| Average rig margin per day | \$ 15,170 | \$ 15,414 | \$ 14,759 | \$ 15,331 | \$ 14,377 |
| Rig utilization | 82% | 83% | 89% | 82% | 90% |

OFFSHORE OPERATIONS

| | | | | | |
|------------------------------------|-----------|-----------|-----------|------------|------------|
| Revenues | \$ 55,605 | \$ 53,859 | \$ 41,617 | \$ 167,182 | \$ 135,830 |
| Direct operating expenses | 36,106 | 33,961 | 28,972 | 107,274 | 90,646 |
| General and administrative expense | 2,159 | 2,214 | 1,725 | 6,608 | 5,412 |
| Depreciation | 3,690 | 3,562 | 3,200 | 10,522 | 10,030 |
| Segment operating income | \$ 13,650 | \$ 14,122 | \$ 7,720 | \$ 42,778 | \$ 29,742 |
| Revenue days | 720 | 728 | 606 | 2,184 | 1,930 |
| Average rig revenue per day | \$ 60,536 | \$ 61,380 | \$ 49,539 | \$ 61,289 | \$ 51,013 |
| Average rig expense per day | \$ 35,698 | \$ 36,272 | \$ 32,638 | \$ 36,043 | \$ 31,020 |
| Average rig margin per day | \$ 24,838 | \$ 25,108 | \$ 16,901 | \$ 25,246 | \$ 19,993 |
| Rig utilization | 89% | 89% | 74% | 89% | 77% |

INTERNATIONAL LAND OPERATIONS

| | | | | | |
|------------------------------------|-----------|-----------|-----------|------------|------------|
| Revenues | \$ 94,092 | \$ 86,978 | \$ 67,482 | \$ 268,337 | \$ 192,305 |
| Direct operating expenses | 71,692 | 68,310 | 52,495 | 208,641 | 154,296 |
| General and administrative expense | 910 | 976 | 939 | 2,925 | 2,512 |
| Depreciation | 8,321 | 9,234 | 7,773 | 26,033 | 22,257 |
| Segment operating income | \$ 13,169 | \$ 8,458 | \$ 6,275 | \$ 30,738 | \$ 13,240 |
| Revenue days | 2,023 | 2,132 | 1,852 | 6,392 | 5,342 |
| Average rig revenue per day | \$ 40,677 | \$ 35,955 | \$ 33,362 | \$ 37,294 | \$ 31,974 |
| Average rig expense per day | \$ 29,624 | \$ 27,364 | \$ 25,658 | \$ 27,991 | \$ 24,775 |
| Average rig margin per day | \$ 11,053 | \$ 8,591 | \$ 7,704 | \$ 9,303 | \$ 7,199 |
| Rig utilization | 78% | 80% | 77% | 81% | 77% |

Operating statistics exclude the effects of offshore platform management contracts, gains and losses from translation of foreign currency transactions, and do not include reimbursements of "out-of-pocket" expenses in revenue per day, expense per day and margin calculations.

Reimbursed amounts were as follows:

| | | | | | |
|-------------------------------|-----------|-----------|-----------|------------|------------|
| U.S. Land Operations | \$ 68,421 | \$ 61,944 | \$ 89,313 | \$ 216,724 | \$ 210,294 |
| Offshore Operations | \$ 6,130 | \$ 4,045 | \$ 3,550 | \$ 16,434 | \$ 13,615 |
| International Land Operations | \$ 11,804 | \$ 10,323 | \$ 5,696 | \$ 29,955 | \$ 21,499 |

Segment operating income for all segments is a non-GAAP financial measure of the Company's performance, as it excludes general and administrative expenses, corporate depreciation, income from asset sales and other corporate income and expense. The Company considers segment

operating income to be an important supplemental measure of operating performance for presenting trends in the Company's core businesses. This measure is used by the Company to facilitate period-to-period comparisons in operating performance of the Company's reportable segments in the aggregate by eliminating items that affect comparability between periods. The Company believes that segment operating income is useful to investors because it provides a means to evaluate the operating performance of the segments and the Company on an ongoing basis using criteria that are used by our internal decision makers. Additionally, it highlights operating trends and aids analytical comparisons. However, segment operating income has limitations and should not be used as an alternative to operating income or loss, a performance measure determined in accordance with GAAP, as it excludes certain costs that may affect the Company's operating performance in future periods.

The following table reconciles operating income per the information above to income from continuing operations before income taxes as reported on the Consolidated Statements of Income (in thousands).

| | Three Months Ended | | | Nine Months Ended | |
|--|--------------------|------------------|------------------|-------------------|------------------|
| | March 31 | June 30 | | June 30 | |
| | 2013 | 2013 | 2012 | 2013 | 2012 |
| Operating income | | | | | |
| U.S. Land | \$225,998 | \$236,388 | \$235,684 | \$696,774 | \$670,349 |
| Offshore | 13,650 | 14,122 | 7,720 | 42,778 | 29,742 |
| International Land | 13,169 | 8,458 | 6,275 | 30,738 | 13,240 |
| Other | (2,539) | (2,464) | (2,161) | (6,638) | (5,782) |
| Segment operating income | \$250,278 | \$256,504 | \$247,518 | \$763,652 | \$707,549 |
| Corporate general and administrative | (20,710) | (18,616) | (15,685) | (59,152) | (48,900) |
| Other depreciation | (3,307) | (3,096) | (2,041) | (9,337) | (5,265) |
| Inter-segment elimination | 1,346 | 1,162 | 1,001 | 3,726 | 2,470 |
| Income from asset sales | 5,313 | 4,006 | 1,862 | 14,538 | 14,365 |
| Operating income | \$232,920 | \$239,960 | \$232,655 | \$713,427 | \$670,219 |
| Other income (expense): | | | | | |
| Interest and dividend income | 315 | 341 | 329 | 1,082 | 1,021 |
| Interest expense | (1,186) | (2,091) | (2,411) | (4,585) | (7,293) |
| Gain on sale of investment securities | -- | 153,369 | -- | 162,121 | -- |
| Other | 103 | (1,214) | 309 | (3,195) | 288 |
| Total other income (expense) | (768) | 150,405 | (1,773) | 155,423 | (5,984) |
| Income from continuing operations before income taxes | \$232,152 | \$390,365 | \$230,882 | \$868,850 | \$664,235 |

CONTACT: Investor Relations
investor.relations@hpinc.com
(918) 588-5207



Source: Helmerich & Payne, Incorporated