

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): April 22, 2004

HELMERICH & PAYNE, INC.

(Exact name of Registrant as Specified in Charter)

Delaware	1-4221	73-0679879
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)
1437 South Boulder Avenue, Tulsa, Oklahoma		74119
(Address of Principal Executive Offices)		(Zip Code)
	(918) 742-5531	
	(Registrant's telephone number, including area code)	
	N/A	
	(Former name or former address, if changed since last report)	

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ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 22, 2004, Helmerich & Payne, Inc. (“Registrant”) issued a press release announcing its financial results for its second quarter ended March 31, 2004. A copy of the press release is attached as Exhibit 99 to this Report on Form 8-K. This information is being furnished pursuant to Item 12 of Form 8-K and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly authorized the undersigned to sign this report on its behalf.

HELMERICH & PAYNE, INC.

By: /s/ Steven R. Mackey

Name: Steven R. Mackey

Title: Vice President

Dated: April 22, 2004

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99	Helmerich & Payne, Inc. earnings press release dated April 22, 2004

April 22, 2004

HELMERICH & PAYNE, INC. ANNOUNCES SECOND QUARTER RESULTS

Helmerich & Payne, Inc. reported net income of \$6,048,000 (\$0.12 per diluted share) from revenues of \$151,186,000 for its second fiscal quarter ended March 31, 2004, compared with net income of \$2,574,000 (\$0.05 per diluted share) from revenues of \$126,320,000 during last year's second fiscal quarter ended March 31, 2003. Net income for this year's second quarter includes \$4,337,000 (\$0.09 per share) of after-tax gains from the sale of portfolio securities. There were no material gains from portfolio sales in last year's second quarter.

Although net income for the Company was up compared with both last year's second quarter and this year's first quarter, total operating profit from the Company's core contract drilling operations was down from both comparative periods. The primary reasons for the decline were a \$1.4 million currency devaluation loss in Venezuela (previously announced February 13, 2004), reduced profitability in the Company's offshore platform rig segment, and higher depreciation expenses due to four additional FlexRigs® brought into service during the first and second quarter. The decline from the previous quarter was further accentuated by decreases in rig activity and profitability in the Company's operations in Colombia and Ecuador, and the higher effective income tax rate caused by the tax treatment of the devaluation loss in Venezuela.

U.S. Land

U.S. land rig utilization for this year's second quarter increased to 86%, from 81% the previous quarter and 80% for last year's second quarter. Cash margins per rig day for the second quarter, (\$3,270 per day) were down from the previous quarter (\$3,499), but up from last year's second quarter (\$3,038). (See accompanying segment data for complete statistics for all business segments.) Operating profit declined sequentially due to the reduction in operating margin and an \$857,000 increase in depreciation expense, even though total revenue days increased by over 7% to 6,758 days in the second quarter.

U. S. Offshore Platform

Operating profit for the U.S. offshore platform rig segment fell slightly sequentially, but was down by roughly 50% compared to last year's second quarter. During this year's second quarter, rig utilization for the Company's 12 rigs was the same as in the previous quarter (42%) but was down from the 50% recorded during last year's second quarter. Since last year's second quarter, one rig has been stacked and two rigs that were working on full dayrate were changed to standby status with reduced cash margins. A sixth H&P rig commenced operations in early April, bringing utilization to 50% and adding the potential for modest improvement next quarter.

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International

International rig utilization was generally flat with the previous quarter at slightly over 50%, compared with 41% during last year's second quarter. As mentioned above, segment operating profit was down sequentially due to a currency devaluation loss in Venezuela and declines in activity in Colombia and Ecuador.

Company President and C.E.O., Hans Helmerich commented; "The improvement in activity levels continues to materialize very slowly. This is particularly true for our two most challenging segments, the offshore platform and international operations, which together constitute a third of our rig fleet. We share the hope of many in the industry that while the pace of improvement has been frustrating, the unfolding up cycle will be longer in duration than previous cycles."

Helmerich & Payne, Inc. (HP/NYSE) is a contract drilling company that owns 88 U.S. land rigs, 12 U.S. platform rigs located in the Gulf of Mexico, 30 rigs located in South America, one rig in Hungary and one rig in Chad, for a total of 132 rigs. The Company currently operates 50 H&P-designed FlexRigs®.

Helmerich & Payne, Inc.'s conference call/webcast, scheduled for this afternoon, is at <http://www.firstcallevts.com/service/ajwz403832488gf12.html> and will begin at 3:30 ET (2:30 CT). If you are unable to participate during the live webcast, the call will be archived for 60 days on the website listed above as well as on H&P's website at www.hpinc.com.

The information to be disclosed in the conference call and webcast shall include forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks and uncertainties, as disclosed by H&P from time to time in its filings with the Securities and Exchange Commission. As a result of these factors, H&P's actual results may differ materially from those indicated or implied by such forward-looking statements.

Contact: Doug Fears
(918) 588-5208

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HELMERICH & PAYNE, INC.
Unaudited
 (in thousands, except per share data)

CONSOLIDATED STATEMENTS OF INCOME	Three Months Ended			Six Months Ended	
	Dec. 31 2003	2004	March 31 2003	2004	March 31 2003
REVENUES					
Operating revenues	\$134,870	\$143,463	\$125,459	\$278,333	\$237,963
Income from investments	4,024	7,723	861	11,747	1,670
	138,894	151,186	126,320	290,080	239,633
COSTS AND EXPENSES					
Direct operating costs	93,527	104,660	87,353	198,187	168,409
Depreciation	22,268	23,402	19,943	45,670	38,179
General and administrative	9,102	9,789	11,536	18,891	22,516
Interest	3,222	3,112	3,032	6,334	5,802
	128,119	140,963	121,864	269,082	234,906
Income before income taxes and equity in income (loss) of affiliates	10,775	10,223	4,456	20,998	4,727
Provision for income taxes	4,526	4,484	1,915	9,010	2,032
Equity in income (loss) of affiliates net of income taxes	(620)	309	33	(311)	486
	\$ 5,629	\$ 6,048	\$ 2,574	\$ 11,677	\$ 3,181
NET INCOME					
Earnings per common share:					
Basic	\$ 0.11	\$ 0.12	\$ 0.05	\$ 0.23	\$ 0.06
Diluted	\$ 0.11	\$ 0.12	\$ 0.05	\$ 0.23	\$ 0.06
Average common shares outstanding:					
Basic	50,154	50,263	50,023	50,209	50,001
Diluted	50,667	50,903	50,539	50,784	50,503
	(more)				

HELMERICH & PAYNE, INC.
Unaudited
(in thousands)

CONSOLIDATED CONDENSED BALANCE SHEETS	3/31/04	9/30/03
ASSETS		
Cash and cash equivalents	\$ 30,558	\$ 38,189
Other current assets	182,303	159,342
Total current assets	212,861	197,531
Investments	173,195	158,770
Net property, plant, and equipment	1,063,923	1,058,205
Other assets	1,021	1,329
TOTAL ASSETS	\$1,451,000	\$1,415,835
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	\$ 76,033	\$ 88,618
Total noncurrent liabilities	237,975	209,966
Long-term notes payable	200,000	200,000
Total shareholders' equity	936,992	917,251
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,451,000	\$1,415,835

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS	Six Months Ended March 31	
	2004	2003
	(Amounts in thousands)	
OPERATING ACTIVITIES:		
Net Income	\$ 11,677	\$ 3,181
Depreciation	45,670	38,179
Changes in assets and liabilities	(12,047)	(1,159)
Gain on sale of assets	(8,672)	(827)
Other	545	(294)
Net cash provided by operating activities	<u>37,173</u>	<u>39,080</u>
INVESTING ACTIVITIES:		
Capital expenditures	(52,657)	(137,803)
Proceeds from sale of assets	16,940	2,732
Net cash used in investing activities	<u>(35,717)</u>	<u>(135,071)</u>
FINANCING ACTIVITIES:		
Net proceeds (payments) from notes payable	(5,000)	100,000
Dividends paid	(8,050)	(8,004)
Proceeds from exercise of stock options	3,963	360
Net cash (used in) provided by financing activities	<u>(9,087)</u>	<u>92,356</u>
Net decrease in cash and cash equivalents	<u>(7,631)</u>	<u>(3,635)</u>
Cash and cash equivalents, beginning of period	<u>38,189</u>	<u>46,883</u>
Cash and cash equivalents, end of period	<u>\$ 30,558</u>	<u>\$ 43,248</u>

(more)

SEGMENT REPORTING

	Three Months Ended			Six Months Ended	
	Dec. 31	March 31		March 31	
	2003	2004	2003	2004	2003
(Amounts in thousands, except operating statistics)					
US LAND OPERATIONS					
Revenues	\$75,468	\$83,045	\$65,412	\$158,513	\$124,450
Direct operating expenses	53,490	60,943	49,136	114,433	94,992
General and administrative expense	1,925	1,867	2,148	3,792	5,485
Depreciation	13,063	13,920	10,484	26,983	19,434
Operating profit	\$ 6,990	\$ 6,315	\$ 3,644	\$ 13,305	4,539
Activity days	6,280	6,758	5,357	13,038	10,372
Average rig revenue per day	\$11,340	\$11,302	\$11,428	\$ 11,320	\$ 11,377
Average rig expense per day	\$ 7,841	\$ 8,032	\$ 8,390	\$ 7,940	\$ 8,536
Average rig margin per day	\$ 3,499	\$ 3,270	\$ 3,038	\$ 3,380	\$ 2,841
Rig utilization	81%	86%	80%	83%	80%
US OFFSHORE OPERATIONS					
Revenues	\$20,865	\$18,901	\$28,079	\$ 39,766	\$ 55,790
Direct operating expenses	12,722	10,997	15,420	23,719	31,519
General and administrative expense	729	767	849	1,496	1,588
Depreciation	3,039	3,031	3,187	6,070	6,329
Operating profit	\$ 4,375	\$ 4,106	\$ 8,623	\$ 8,481	\$ 16,354
Activity days	460	455	540	915	1,112
Average rig revenue per day	\$32,790	\$29,276	\$38,146	\$ 31,042	\$ 37,084
Average rig expense per day	\$17,584	\$14,481	\$17,794	\$ 16,041	\$ 17,824
Average rig margin per day	\$15,206	\$14,795	\$20,352	\$ 15,001	\$ 19,260
Rig utilization	42%	42%	50%	42%	51%
(more)					

SEGMENT REPORTING

	Three Months Ended			Six Months Ended	
	Dec. 31 2003	March 31 2004	March 31 2003	March 31 2004	March 31 2003
(Amounts in thousands)					
INTERNATIONAL OPERATIONS					
Revenues	\$36,144	\$39,277	\$29,451	\$75,421	\$52,975
Direct operating expenses	26,672	32,056	22,257	58,728	40,752
General and administrative expense	628	561	964	1,189	1,682
Depreciation	5,021	5,139	4,982	10,160	9,885
Operating profit	\$ 3,823	\$ 1,521	\$ 1,248	\$ 5,344	\$ 656
Activity days	1,534	1,473	1,205	3,007	2,196
Average rig revenue per day	\$19,208	\$21,826	\$19,439	\$20,490	\$19,092
Average rig expense per day	\$13,399	\$16,645	\$14,146	\$14,988	\$14,447
Average rig margin per day	\$ 5,809	\$ 5,181	\$ 5,293	\$ 5,502	\$ 4,645
Rig utilization	53%	51%	41%	52%	37%

Per day calculations for international operations exclude gains and losses from translation of foreign currency transactions.

Operating statistics exclude the effects of offshore platform management contracts, 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:

US Land Operations	\$4,252	\$6,666	\$4,193	\$10,918	\$6,453
US Offshore Operations	\$1,601	\$1,551	\$2,584	\$ 3,152	\$4,590
International Operations	\$3,261	\$3,510	\$2,748	\$ 6,771	\$4,468

REAL ESTATE

Revenues	\$2,393	\$2,240	\$2,517	\$ 4,633	\$4,748
Direct operating expenses	613	632	494	1,245	924
Depreciation	524	561	663	1,085	1,298
Operating profit	\$1,256	\$1,047	\$1,360	\$ 2,303	\$2,526

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SEGMENT REPORTING

The following table reconciles segment operating profit per the information above to income before income taxes and equity in income of affiliates as reported on the Consolidated Condensed Statements of Income (in thousands).

	Three Months Ended			Six Months Ended	
	Dec. 31 2003	2004	March 31 2003	2004	March 31 2003
Operating Profit					
US Land	\$ 6,990	\$ 6,315	\$ 3,644	\$ 13,305	\$ 4,539
US Offshore	4,375	4,106	8,623	8,481	16,354
International	3,823	1,521	1,248	5,344	656
Real Estate	1,256	1,047	1,360	2,303	2,526
Segment operating profits	\$16,444	\$12,989	\$ 14,875	\$ 29,433	\$ 24,075
Unallocated amounts:					
Income from investments	4,024	7,723	861	11,747	1,670
Corporate general & administrative	(5,820)	(6,594)	(7,575)	(12,414)	(13,761)
Interest expense	(3,222)	(3,112)	(3,032)	(6,334)	(5,802)
Other depreciation	(621)	(751)	(627)	(1,372)	(1,233)
Other expense	(30)	(32)	(46)	(62)	(222)
Total unallocated amounts	(5,669)	(2,766)	(10,419)	(8,435)	(19,348)
Income before income taxes and equity in income (loss) of affiliates	\$10,775	\$10,223	\$ 4,456	\$ 20,998	\$ 4,727

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