

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 07/24/03 for the Period Ending 07/24/03

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

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: JULY 24, 2003

HELMERICH & PAYNE, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

1-4221

73-0679879

(STATE OR OTHER
JURISDICTION OF
INCORPORATION)

(COMMISSION FILE
NUMBER)

(I.R.S. EMPLOYER
IDENTIFICATION
NUMBER)

UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114
(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)

PAGE 1 OF 8 PAGES.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

99.1 Helmerich & Payne, Inc. earnings press release dated July 24, 2003.

ITEM 9. REGULATION FD DISCLOSURE

On July 24, 2003, Helmerich & Payne, Inc. ("Registrant") announced its financial results for its third quarter ended June 30, 2003. A copy of the press release is furnished to the United States Securities and Exchange Commission (the "Commission") with this current report on Form 8-K as an exhibit. The information in this current report is being furnished pursuant to Item 12 under Item 9 of Form 8-K as directed by the Commission in Release No. 33-8216.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HELMERICH & PAYNE, INC.

By: /s/ STEVEN R. MACKEY

Name: Steven R. Mackey

Title: Vice President

Dated: July 24, 2003

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Helmerich & Payne, Inc. earnings press release dated July 24, 2003

EXHIBIT 99.1

July 24, 2003

HELMERICH & PAYNE ANNOUNCES THIRD QUARTER EARNINGS

TULSA, OK. -- Helmerich & Payne, Inc. announced net income of \$8,162,000 (\$0.16 per diluted share) from revenues of \$137,025,000 for the third quarter ended June 30, 2003, compared with net income from continuing operations of \$22,551,000 (\$0.45 per diluted share) from revenues of \$152,049,000 for the third quarter of the prior fiscal year. Net income for the first nine months of this fiscal year totaled \$11,343,000 (\$0.22 per diluted share) from revenues of \$376,658,000, compared with net income from continuing operations of \$48,807,000 (\$0.97 per diluted share) from revenues of \$428,276,000 for the same period last year.

Net income for the three and nine months ended June 30, 2003 includes no material net gain or loss from the sale of portfolio securities. Net income from 2002 includes gains from sales of portfolio securities of \$0.30 per share for the three month and \$0.31 per share for the nine-month periods ended June 30, 2002, respectively. During the third quarter of 2003, the Company sold its entire position in Transocean, Inc. (286,528 shares). The resulting financial loss on that transaction was offset by gains from the sale of several other securities. Total proceeds generated from the sales were \$12.1 million for third quarter 2003.

Last year's net income from the Company's former exploration and production company that was spun off September 30, 2002 is reported as income from discontinued operations of an additional \$0.11 and \$0.12 per diluted share for the three and nine month periods ended June 30, 2002.

Total third quarter net income for the Company was up slightly compared to last year's third quarter after adjusting last year's third quarter income for gains from the sale of portfolio securities. The addition of 25 newly constructed FlexRigs(R)* during the last 12 months helped increase U.S. land rig revenue days and improve land rig revenue and margins, but those improvements were offset by higher depreciation and interest expense compared to last year's third quarter. Both U.S. land and offshore platform rig utilizations were down from last year's third quarter. (See accompanying financials for specific operating statistics.) The Company's international operating profit was up only slightly from last year's third quarter.

Third quarter net income was up for the Company, compared to second quarter 2003 net income, due to increases in U.S. land rig revenue days, average rig revenue per day and profit margin per day. The Company's U.S. platform rig performance was enhanced by the recognition of \$1.5 million of previously deferred revenue during the third quarter of this year, relating to the early termination of a drilling contract on Rig 206 in the Gulf of Mexico. With the release of Rig 206, the Company's total number of active offshore rigs has declined to six.

*FlexRig(R) hereinafter referred to as FlexRig

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Third quarter operating profit for the Company's international operations was up compared to the second quarter of 2003 due to cost reductions in Ecuador, and improved profits in Venezuela. Currently, the Venezuelan government has established a fixed exchange rate of 1,596 Venezuelan bolivars to one U.S. dollar. Although collections of accounts receivable from PDVSA have improved over the last two months, companies such as Helmerich & Payne have been prohibited from converting the Venezuelan bolivar into U.S. dollars. As a result, the Company's exposure to any devaluation that might result from the Venezuelan government removing or changing the fixed exchange rate has increased. If there was a devaluation of 50% (to 2,400 to 1), the resulting expense to the Company for revaluation of its bolivar assets and liabilities would be approximately \$3,900,000. The Company is attempting to receive permission from the Venezuelan government to convert its existing bolivar cash balances into dollars as soon as possible. It is difficult to predict if and when that may occur.

The Company recently signed a contract to move a rig to the central African country of Chad to drill for an international exploration and production company. Operations in Chad are scheduled to commence December 2003. As previously announced, the Company has sent a rig to Hungary which is expected to commence operations August 1.

The Company incurred higher interest expense in the third quarter compared with last year's third quarter due to the placement of \$200,000,000 of intermediate term debt between August and October 2002. General and administrative expenses were approximately \$1.2 million higher than those recorded for last year's third quarter, primarily due to increases in pension, health insurance and associated benefit costs. As disclosed in the Company's July 15, 2003 Form 8K filing, effective October 1, 2003, the Company will no longer allow new participants into its defined benefit pension plan, and through October 1, 2006 will reduce the formula for pension benefit accruals. On October 1, 2006, future accruals for Company pension benefits will cease. Reductions in future general and administrative expenses relating to pension benefits will be dependent upon the performance of the pension fund investments and other assumptions used in actuarial calculations. Had the changes described herein been in effect at the beginning of this year, there would have been an estimated \$3,000,000 of pension expense savings for the Company.

Total depreciation expense for the third quarter was \$21,517,000, compared with \$15,247,000 for last year's third quarter and \$19,943,000 for the second quarter of 2003. The increase was primarily due to the completion of construction of approximately two FlexRigs each month since June of 2002. As announced on June 10, 2003, the Company's Board of Directors approved the construction of an additional seven FlexRigs at the rate of approximately one every 30 to 45 days at an average cost of \$10,750,000 per rig.

Company President and C.E.O., Hans Helmerich commented, "There remains a disconnect between high energy prices and the pace of recovery in the oil patch. While slow to develop, we still believe the long-term challenges, particularly in regard to natural gas, suggest a prolonged upward trend in oilfield activity. To that end, we were pleased to extend

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our FlexRig new build program to include seven additional rigs to be constructed beginning this month with a scheduled completion early 2004. Some improvements are occurring in the Company's international markets, but our offshore platform fleet continues to cope with weak activity levels. We would expect these markets to move up as customers continue to raise their spending budgets."

Helmerich & Payne, Inc. (HP/NYSE) is a contract drilling company that owns 83 U.S. land rigs, 12 U.S. platform rigs located in the Gulf of Mexico, 30 rigs located in South America and one rig in Hungary, or a total of 126 rigs. The Company currently operates 44 H&P-designed FlexRigs and is scheduled to complete the construction of an additional 6 FlexRigs to be put in service by March 2004.

Helmerich & Payne, Inc.'s conference call/webcast is scheduled for this afternoon at 3:30 ET (2:30 CT). Go to [HTTP://WWW.FIRSTCALLEVENTS.COM/SERVICE/AJWZ384784647GF12.HTML](http://WWW.FIRSTCALLEVENTS.COM/SERVICE/AJWZ384784647GF12.HTML). 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 disclosed in this release or to be disclosed in the conference call and webcast may 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) 748-5208

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News Release

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

	Three Months Ended June 30		Nine Months Ended June 30	
	2003	2002	2003	2002
	-----	-----	-----	-----
Consolidated Statements of Income				
REVENUES:				
Operating revenues(A)	\$ 136,553	\$ 126,495	\$ 374,516	\$ 400,296
Income from investments	472	25,554	2,142	27,980
	-----	-----	-----	-----
	137,025	152,049	376,658	428,276
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs(A)	92,258	92,602	269,422	286,251
Depreciation	21,517	15,247	59,696	44,126
General and administrative	5,830	4,591	19,591	15,191
Interest	3,247	(462)	9,049	268
	-----	-----	-----	-----
	122,852	111,978	357,758	345,836
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES				
	14,173	40,071	18,900	82,440
PROVISION FOR INCOME TAXES EQUITY IN INCOME OF AFFILIATES, net of income taxes				
	6,144	18,182	8,176	36,157
	-----	-----	-----	-----
	133	662	619	2,524
INCOME FROM CONTINUING OPERATIONS				
	8,162	22,551	11,343	48,807
INCOME FROM DISCONTINUED OPERATIONS				
	--	5,667	--	5,887
	-----	-----	-----	-----
NET INCOME	\$ 8,162	\$ 28,218	\$ 11,343	\$ 54,694
	=====	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS	\$ 0.16	\$ 0.46	\$ 0.23	\$ 0.98
INCOME FROM DISCONTINUED OPERATIONS	--	0.11	--	0.12
	-----	-----	-----	-----
NET INCOME	\$ 0.16	\$ 0.57	\$ 0.23	\$ 1.10
	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS	\$ 0.16	\$ 0.45	\$ 0.22	\$ 0.97
INCOME FROM DISCONTINUED OPERATIONS	--	0.11	--	0.12
	-----	-----	-----	-----
NET INCOME	\$ 0.16	\$ 0.56	\$ 0.22	\$ 1.09
	=====	=====	=====	=====
Average common shares outstanding:				
Basic	50,045	49,855	50,016	49,793
Diluted	50,681	50,574	50,563	50,306

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HELMERICH & PAYNE, INC.
Unaudited
(in thousands)

	Three Months Ended		Nine Months Ended	
	2003	2002	2003	2002
Financial Results - Lines of Business				
SALES AND OTHER REVENUES(A):				
Contract Drilling - Domestic	\$ 104,632	\$ 90,046	\$ 284,872	\$ 273,432
Contract Drilling - International	29,981	34,260	82,956	120,215
Total Contract Drilling	134,613	124,306	367,828	393,647
Real Estate Division	1,940	2,189	6,688	6,649
Investments Income	472	25,554	2,142	27,980
Total Revenues	\$ 137,025	\$ 152,049	\$ 376,658	\$ 428,276
OPERATING PROFIT:				
Contract Drilling - Domestic	\$ 18,757	\$ 14,360	\$ 39,650	\$ 55,709
Contract Drilling - International	3,884	3,547	4,540	11,840
Total Contract Drilling Division	22,641	17,907	44,190	67,549
Real Estate Division	811	1,340	3,337	4,073
Total Operating Profit	23,452	19,247	47,527	71,622
OTHER	(9,279)	20,824	(28,627)	10,818
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES	\$ 14,173	\$ 40,071	\$ 18,900	\$ 82,440

(A) The Company accounts for reimbursement of "out-of-pocket" expenses in accordance with Emerging Issues Task Force (EITF) No. 01-14, "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred." EITF 01-14 requires that reimbursements received be included in operating revenues and "out-of-pocket" expenses be included in direct costs. Accordingly, such reimbursements and expenses have been appropriately classified, resulting in revenues and operating costs for the three and nine month periods ending June 30, 2002 increasing from previously reported amounts by \$12.3 million and \$32.6 million, respectively. These reclassifications had no impact on net income.

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HELMERICH & PAYNE, INC.
Unaudited
(in thousands)

	6/30/03	09/30/02
	-----	-----
Consolidated Condensed Balance Sheet		
ASSETS		
Cash	\$ 26,973	\$ 46,883
Accounts Receivable	107,459	92,604
Inventories	21,799	22,511
Other current assets	18,661	16,573
	-----	-----
Total current assets	\$ 174,892	\$ 178,751
	-----	-----
Investments	157,764	146,855
Net property, plant, and equipment	1,036,337	897,445
Other assets	31,603	4,262
	-----	-----
TOTAL ASSETS	\$1,400,596	\$1,227,313
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	\$ 83,059	\$ 72,899
Total noncurrent liabilities	205,769	159,244
Long-term debt	200,000	100,000
Total Shareholders' Equity	911,768	895,170
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,400,596	\$1,227,313
	=====	=====

HELMERICH & PAYNE, INC.
OPERATING STATISTICS(B)

	Third Quarter 2003	2002	Second Quarter 2003
	-----	-----	-----
U.S. Land			
Revenue Days	5,912	4,466	5,357
Average Rig Revenue Per Day	\$11,683	\$11,501	\$11,433
Average Rig Margin Per day	\$ 3,767	\$ 3,390	\$ 3,162
Utilization	82%	84%	80%
U.S. Platform			
Revenue Days	592	839	540
Average Rig Revenue Per Day	\$41,068	\$29,136	\$38,139
Average Rig Margin Per Day	\$22,125	\$13,035	\$20,234
Utilization	54%	81%	50%
International			
Revenue Days	1,211	1,403	1,205
Average Rig Revenue Per Day	\$20,205	\$19,911	\$19,356
Average Rig Margin Per Day	\$ 6,238	\$ 6,757	\$ 5,229
Utilization	43%	48%	41%
Total Capital Expenditures	\$63,578	\$76,454	\$68,548

(B) Operating statistics exclude the effects of offshore platform labor contracts, and do not include reimbursements and "out-of-pocket" expenses (see Note A) in revenue per day and margin calculations.

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