

Helmerich & Payne, Inc.
Form 10-Q
April 29, 2019
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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 quarterly period ended: March 31, 2019

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: 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

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Delaware 73-0679879
(State or other jurisdiction of (I.R.S. Employer I.D. Number)
incorporation or organization)

1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma, 74119

(Address of principal executive office) (Zip Code)

(918) 742-5531

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Stock (\$0.10 par value)	HP	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

CLASS	OUTSTANDING AT April 19, 2019
Common Stock, \$0.10 par value	109,414,675

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

HELMERICH & PAYNE, INC.

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands except share data and per share amounts)	March 31, 2019	September 30, 2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 243,912	\$ 284,355
Short-term investments	26,118	41,461
Accounts receivable, net of allowance of \$4,395 and \$6,217, respectively	552,737	565,202
Inventories of materials and supplies, net	161,526	158,134
Prepaid expenses and other	63,711	66,398
Total current assets	1,048,004	1,115,550
Investments	60,247	98,696
Property, plant and equipment, net	4,886,948	4,857,382
Other Noncurrent Assets:		
Goodwill	67,902	64,777
Intangible assets, net	70,531	73,207
Other assets	10,930	5,255
Total other noncurrent assets	149,363	143,239
Total assets	\$ 6,144,562	\$ 6,214,867
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 130,721	\$ 132,664
Accrued liabilities	242,986	244,504
Total current liabilities	373,707	377,168
Noncurrent Liabilities:		
Long-term debt	491,227	493,968
Deferred income taxes	861,440	853,136

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Other	84,989	93,606
Noncurrent liabilities - discontinued operations	14,579	14,254
Total noncurrent liabilities	1,452,235	1,454,964
Commitments and Contingencies (Note 14)		
Shareholders' Equity:		
Common stock, \$.10 par value, 160,000,000 shares authorized, 112,080,262 and 112,008,961 shares issued as of March 31, 2019 and September 30, 2018, respectively, and 109,412,425 and 108,993,718 shares outstanding as of March 31, 2019 and September 30, 2018, respectively	11,208	11,201
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	—	—
Additional paid-in capital	493,421	500,393
Retained earnings	3,979,708	4,027,779
Accumulated other comprehensive income (loss)	(12,072)	16,550
Treasury stock, at cost, 2,667,837 shares and 3,015,243 shares as of March 31, 2019 and September 30, 2018, respectively	(153,645)	(173,188)
Total shareholders' equity	4,318,620	4,382,735
Total liabilities and shareholders' equity	\$ 6,144,562	\$ 6,214,867

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

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HELMERICH & PAYNE, INC.

Condensed Consolidated Statements of Operations

(Unaudited)

(in thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	March 31, 2019	2018 As adjusted (Note 2)	March 31, 2019	2018 As adjusted (Note 2)
Operating revenues				
Contract drilling	\$ 717,653	\$ 574,471	\$ 1,455,011	\$ 1,135,540
Other	3,215	3,013	6,455	6,031
	720,868	577,484	1,461,466	1,141,571
Operating costs and expenses				
Contract drilling operating expenses, excluding depreciation and amortization	441,719	384,419	929,312	756,335
Operating expenses applicable to other revenues	1,620	1,137	2,894	2,304
Depreciation and amortization	143,161	145,675	284,620	288,942
Research and development	7,262	4,436	14,281	7,670
Selling, general and administrative	43,506	48,236	98,014	94,695
Gain on sale of assets	(11,546)	(5,255)	(17,090)	(10,820)
	625,722	578,648	1,312,031	1,139,126
Operating income (loss) from continuing operations	95,146	(1,164)	149,435	2,445
Other income (expense)				
Interest and dividend income	2,061	1,847	4,512	3,571
Interest expense	(6,167)	(6,028)	(10,888)	(11,801)
Gain (loss) on investment securities	5,878	—	(36,957)	—
Other	17	(210)	548	231
	1,789	(4,391)	(42,785)	(7,999)
Income (loss) from continuing operations before income taxes	96,935	(5,555)	106,650	(5,554)
Income tax provision (benefit)	25,078	(3,922)	26,429	(504,563)
Income (loss) from continuing operations	71,857	(1,633)	80,221	499,009
Income from discontinued operations before income taxes	2,889	1,263	15,554	744
Income tax provision	13,855	11,509	15,925	11,526
Loss from discontinued operations	(10,966)	(10,246)	(371)	(10,782)
Net income (loss)	\$ 60,891	\$ (11,879)	\$ 79,850	\$ 488,227
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ 0.65	\$ (0.03)	\$ 0.72	\$ 4.55
Loss from discontinued operations	\$ (0.10)	\$ (0.09)	\$ —	\$ (0.10)
Net income (loss)	\$ 0.55	\$ (0.12)	\$ 0.72	\$ 4.45
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ 0.65	\$		