

TIDEWATER INC
Form 10-Q
February 03, 2016

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 the quarterly period ended December 31, 2015

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: 1-6311

Tidewater Inc.

(Exact name of registrant as specified in its charter)

Delaware 72-0487776
(State of incorporation) (I.R.S. Employer Identification No.)

601 Poydras St., Suite 1500

New Orleans, Louisiana 70130

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (504) 568-1010

Not Applicable

(Former name or former address, if changed since last report)

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 of 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

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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 definition of “large accelerated filer,” “accelerated filer” and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-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

46,969,590 shares of Tidewater Inc. common stock \$.10 par value per share were outstanding on January 22, 2016. Registrant has no other class of common stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TIDEWATER INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and par value data)

	December 31, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$47,980	78,568
Trade and other receivables, net	261,209	303,096
Due from affiliate	336,474	420,365
Marine operating supplies	38,719	49,005
Other current assets	60,819	17,781
Total current assets	745,201	868,815
Investments in, at equity, and advances to unconsolidated companies	45,663	65,844
Properties and equipment:		
Vessels and related equipment	4,681,306	4,717,132
Other properties and equipment	120,969	119,879
	4,802,275	4,837,011
Less accumulated depreciation and amortization	1,194,974	1,090,704
Net properties and equipment	3,607,301	3,746,307
Other assets	82,350	75,196
Total assets	\$4,480,515	4,756,162
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$61,019	54,011
Accrued expenses	96,604	146,255
Due to affiliate	169,943	185,657
Accrued property and liability losses	3,443	3,669
Current portion of long-term debt	9,810	10,181
Other current liabilities	66,253	82,461
Total current liabilities	407,072	482,234
Long-term debt	1,441,924	1,524,295
Deferred income taxes	35,600	23,276
Accrued property and liability losses	9,748	10,534
Other liabilities and deferred credits	210,239	235,108
Commitments and Contingencies (Note 7)		
Equity:		
Common stock of \$0.10 par value, 125,000,000 shares authorized,	4,697	4,703

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issued 46,969,590 shares at December 31, 2015 and 47,029,359		
shares at March 31, 2015		
Additional paid-in capital	168,753	159,940
Retained earnings	2,216,862	2,330,223
Accumulated other comprehensive loss	(20,237)	(20,378)
Total stockholders' equity	2,370,075	2,474,488
Noncontrolling Interests	5,857	6,227
Total equity	2,375,932	2,480,715
Total liabilities and equity	\$4,480,515	4,756,162

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

TIDEWATER INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In thousands, except share and per share data)

	Quarter Ended		Nine Months Ended	
	December 31, 2015	2014	December 31, 2015	2014
Revenues:				
Vessel revenues	\$212,908	378,126	775,352	1,150,588
Other operating revenues	5,283	9,428	19,536	20,167
	218,191	387,554	794,888	1,170,755
Costs and expenses:				
Vessel operating costs	125,094	210,365	462,987	640,428
Costs of other operating revenues	3,778	8,395	15,624	19,616
General and administrative	35,598	46,642	116,837	144,464
Vessel operating leases	8,441	7,165	25,325	20,247
Depreciation and amortization	45,422	43,331	137,058	130,150
Gain on asset dispositions, net	(5,883)	(4,699)	(19,345)	(13,092)
Asset impairments	15,141	6,236	61,771	8,096
Goodwill impairment	—	283,699	—	283,699
Restructuring charge	—	—	7,586	—
	227,591	601,134	807,843	1,233,608
Operating loss	(9,400)	(213,580)	(12,955)	(62,853)
Other income (expenses):				
Foreign exchange gain (loss)	(469)	4,334	(3,758)	8,453
Equity in net earnings (losses) of unconsolidated companies	(1,710)	—	(7,070)	9,104
Interest income and other, net	609	434	1,754	1,555
Interest and other debt costs, net	(13,312)	(12,239)	(39,741)	(37,927)
	(14,882)	(7,471)	(48,815)	(18,815)
Loss before income taxes	(24,282)	(221,051)	(61,770)	(81,668)
Income tax expense (benefit)	(4,679)	(60,070)	16,996	(25,211)
Net Loss	\$(19,603)	(160,981)	(78,766)	(56,457)
Less: Net losses attributable to noncontrolling interests	\$(94)	(287)	(370)	(343)
Net loss attributable to Tidewater Inc.	\$(19,509)	(160,694)	(78,396)	(56,114)
Basic loss per common share	\$(0.42)	(3.31)	(1.67)	(1.14)
Diluted loss per common share	\$(0.42)	(3.31)	(1.67)	(1.14)
Weighted average common shares outstanding	46,943,705	48,481,722	46,956,041	49,213,712
Dilutive effect of stock options and restricted stock	—	—	—	—
Adjusted weighted average common shares	46,943,705	48,481,722	46,956,041	49,213,712

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

TIDEWATER INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Quarter Ended		Nine Months	
	December 31,		Ended	
	2015	2014	2015	2014
Net loss	\$ (19,603)	(160,981)	(78,766)	(56,457)
Other comprehensive income (loss):				
Unrealized gains (losses) on available for sale securities,				
net of tax of \$0, \$(29), \$0 and \$43	212	(54)	(467)	79
Amortization of loss on derivative contract, net of tax of				
\$0, \$62, \$0 and \$188	180	116	538	349
Change in other benefit plan minimum liability, net of tax				
of \$0, \$0, \$0 and \$70	—	—	70	131
Total comprehensive loss	\$ (19,211)	(160,919)	(78,625)	(55,898)

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

TIDEWATER INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Nine Months Ended December 31,	
	2015	2014
Operating activities:		
Net loss	\$(78,766)	(56,457)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	137,058	130,150
Provision (benefit) for deferred income taxes	192	(77,278)
Gain on asset dispositions, net	(19,345)	(13,092)
Asset impairments	61,771	8,096
Goodwill impairment	—	283,699
Equity in earnings (losses) of unconsolidated companies, less dividends	22,087	(1,550)
Compensation expense - stock-based	9,960	16,395
Changes in assets and liabilities, net:		
Trade and other receivables	38,726	(48,876)
Changes in due to/from affiliate, net	68,177	78,881
Marine operating supplies	9,786	1,243
Other current assets	1,711	3,090
Accounts payable	6,862	(29,052)
Accrued expenses	(51,068)	(6,856)
Accrued property and liability losses	(226)	