

Noble Corp / Switzerland
Form 10-Q
November 04, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2013

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: 000-53604

NOBLE CORPORATION
(Exact name of registrant as specified in its charter)

Switzerland **98-0619597**
(State or other jurisdiction of **(I.R.S. employer**
incorporation or organization) **identification number)**
Dorfstrasse 19A, Baar, Switzerland 6340

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: 41 (41) 761-65-55

Commission file number: 001-31306

NOBLE CORPORATION

(Exact name of registrant as specified in its charter)

Cayman Islands **98-0366361**
(State or other jurisdiction of **(I.R.S. employer**
incorporation or organization) **identification number)**
Suite 3D, Landmark Square, 64 Earth Close, P.O. Box 31327 Georgetown, Grand Cayman, Cayman Islands,
BWI, KY-1 1206

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (345) 938-0293

Indicate by check mark whether each 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 each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§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 each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Noble-Swiss: Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Noble-Cayman: Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Number of shares outstanding and trading at October 31, 2013: Noble Corporation (Switzerland) 253,407,310

Number of shares outstanding at October 31, 2013: Noble Corporation (Cayman Islands) 261,245,693

Noble Corporation, a Cayman Islands company and a wholly owned subsidiary of Noble Corporation, a Swiss corporation, meets the conditions set forth in General Instructions H(1) (a) and (b) to Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format contemplated by paragraphs (b) and (c) of General Instruction H(2) of Form 10-Q.

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This combined Quarterly Report on Form 10-Q is separately filed by Noble Corporation, a Swiss corporation (Noble-Swiss), and Noble Corporation, a Cayman Islands company (Noble-Cayman). Information in this filing relating to Noble-Cayman is filed by Noble-Swiss and separately by Noble-Cayman on its own behalf. Noble-Cayman makes no representation as to information relating to Noble-Swiss (except as it may relate to Noble-Cayman) or any other affiliate or subsidiary of Noble-Swiss. Since Noble-Cayman meets the conditions specified in General Instructions H(1)(a) and (b) to Form 10-Q, it is permitted to use the reduced disclosure format for wholly owned subsidiaries of reporting companies. Accordingly, Noble-Cayman has omitted from this report the information called for by Item 3 (Quantitative and Qualitative Disclosures about Market Risk) of Part I of Form 10-Q and the following items of Part II of Form 10-Q: Item 2 (Unregistered Sales of Equity Securities and Use of Proceeds) and Item 3 (Defaults upon Senior Securities).

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This report should be read in its entirety as it pertains to each Registrant. Except where indicated, the Consolidated Financial Statements and related Notes are combined. References in this Quarterly Report on Form 10-Q to Noble, the Company, we, us, our and words of similar meaning refer collectively to Noble-Swiss and its consolidated subsidiaries, including Noble-Cayman.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands)****(Unaudited)**

	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 178,370	\$ 282,092
Accounts receivable	865,746	743,673
Taxes receivable	143,635	112,423
Prepaid expenses	52,752	43,962
Other current assets	134,500	123,175
Total current assets	1,375,003	1,305,325
Property and equipment, at cost	18,606,931	16,971,666
Accumulated depreciation	(4,534,474)	(3,945,694)
Property and equipment, net	14,072,457	13,025,972
Other assets	281,871	276,477
Total assets	\$ 15,729,331	\$ 14,607,774
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 318,013	\$ 350,147
Accrued payroll and related costs	137,481	132,728
Taxes payable	134,318	135,257
Dividends payable	192,352	66,369
Other current liabilities	202,422	226,948
Total current liabilities	984,586	911,449
Long-term debt	5,307,838	4,634,375
Deferred income taxes	187,648	226,045
Other liabilities	392,443	347,615

Total liabilities	6,872,515	6,119,484
Commitments and contingencies		
Shareholders' equity		
Shares; 254,165 and 253,348 shares outstanding	712,421	710,130
Treasury shares, at cost; 777 and 589 shares	(28,627)	(21,069)
Additional paid-in capital	117,458	83,531
Retained earnings	7,417,890	7,066,023
Accumulated other comprehensive loss	(110,583)	(115,449)
Total shareholders' equity	8,108,559	7,723,166
Noncontrolling interests	748,257	765,124
Total equity	8,856,816	8,488,290
Total liabilities and equity	\$ 15,729,331	\$ 14,607,774

See accompanying notes to the unaudited consolidated financial statements.

Table of Contents**NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Operating revenues				
Contract drilling services	\$ 1,041,118	\$ 833,212	\$ 2,945,310	\$ 2,427,759
Reimbursables	29,242	28,137	78,676	94,090
Labor contract drilling services	8,493	22,667	43,150	58,538
Other	28	16	105	258
	1,078,881	884,032	3,067,241	2,580,645
Operating costs and expenses				
Contract drilling services	488,250	449,125	1,464,320	1,292,638
Reimbursables	23,671	21,047	61,294	76,618
Labor contract drilling services	8,153	12,991	29,804	34,070
Depreciation and amortization	223,711	195,087	642,456	549,779
General and administrative	33,776	26,858	86,196	75,388
Loss on impairment	3,585		3,585	18,345
Gain on disposal of assets, net	(35,646)		(35,646)	
Gain on contract settlements/extinguishments, net	(45,000)		(46,800)	(33,255)
	700,500	705,108	2,205,209	2,013,583
Operating income	378,381	178,924	862,032	567,062
Other income (expense)				
Interest expense, net of amount capitalized	(23,149)	(25,635)	(75,115)	(56,783)
Interest income and other, net	1,057	1,553	1,587	4,526
Income before income taxes	356,289	154,842	788,504	514,805
Income tax provision	(55,830)	(25,162)	(127,006)	(93,107)
Net income	300,459	129,680	661,498	421,698
Net income attributable to noncontrolling interests	(18,502)	(14,906)	(52,861)	(26,931)
Net income attributable to Noble Corporation	\$ 281,957	\$ 114,774	\$ 608,637	\$ 394,767
Net income per share				
Basic	\$ 1.10	\$ 0.45	\$ 2.37	\$ 1.55

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Diluted

\$ 1.10 \$ 0.45 \$ 2.37 \$ 1.55

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION (NOBLE-SWISS) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net income	\$ 300,459	\$ 129,680	\$ 661,498	\$ 421,698
Other comprehensive income/(loss), net of tax				
Foreign currency translation adjustments	(1,135)	2,033	(658)	(4,994)
Foreign currency forward contracts	5,320		589	3,061
Amortization of deferred pension plan amounts (net of tax provision of \$732 and \$790 for the three months ended September 30, 2013 and 2012, respectively, and \$2,192 and \$2,157 for the nine months ended September 30, 2013 and 2012, respectively)	1,661	1,351	4,935	4,177
Other comprehensive income, net	5,846	3,384	4,866	2,244
Net comprehensive income attributable to noncontrolling interests	(18,502)	(14,906)	(52,861)	(26,931)
Comprehensive income attributable to Noble Corporation	\$ 287,803	\$ 118,158	\$ 613,503	\$ 397,011

See accompanying notes to the unaudited consolidated financial statements.

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	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 661,498	\$ 421,698
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	642,456	549,779
Loss on impairment	3,585	18,345
Gain on disposal of assets, net	(35,646)	
Deferred income taxes	(41,400)	(16,090)
Amortization of share-based compensation	33,471	28,782
Net change in other assets and liabilities	(102,310)	(71,010)
Net cash from operating activities	1,161,654	931,504
Cash flows from investing activities		
Capital expenditures	(1,724,727)	(1,247,139)
Change in accrued capital expenditures	(66,946)	(195,044)
Proceeds from disposal of assets	61,000	
Net cash from investing activities	(1,730,673)	(1,442,183)
Cash flows from financing activities		
Net change in borrowings outstanding on bank credit facilities	973,055	(630,000)
Repayment of long-term debt	(300,000)	
Proceeds from issuance of senior notes, net of debt issuance costs		1,186,636
Dividends paid to joint venture partner	(69,728)	
Contributions from joint venture partner		40,000
Financing costs on credit facilities	(2,432)	(5,014)
Par value reduction/dividend payments	(130,787)	(105,092)
Proceeds from employee stock transactions	2,747	13,853
Repurchases of employee shares surrendered for taxes	(7,558)	(10,433)
Net cash from financing activities	465,297	489,950
Net change in cash and cash equivalents	(103,722)	(20,729)
Cash and cash equivalents, beginning of period	&nb	