

HELIX ENERGY SOLUTIONS GROUP INC
Form 10-Q
July 30, 2010

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 June 30, 2010
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 001-32936

HELIX ENERGY SOLUTIONS GROUP, INC.
(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction
of incorporation or organization)

95-3409686
(I.R.S. Employer
Identification No.)

400 North Sam Houston Parkway
East
Suite 400
Houston, Texas
(Address of principal executive
offices)

77060
(Zip Code)

(281) 618-0400
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, 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 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 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 27, 2010, 105,443,450 shares of common stock were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 270,001	\$ 270,673
Accounts receivable —		
Trade, net of allowance for uncollectible accounts of \$419 and \$5,172, respectively	175,240	145,519
Unbilled revenue	17,308	17,854
Costs in excess of billing	11,829	9,305
Other current assets	120,670	122,209
Total current assets	595,048	565,560
Property and equipment	4,454,976	4,352,109
Less — accumulated depreciation	(1,789,416)	(1,488,403)
	2,665,560	2,863,706
Other assets:		
Equity investments	187,694	189,411
Goodwill	76,134	78,643
Other assets, net	82,137	82,213
	\$ 3,606,573	\$ 3,779,533
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 163,975	\$ 155,457
Accrued liabilities	202,154	200,607
Current maturities of long-term debt	11,396	12,424
Total current liabilities	377,525	368,488
Long-term debt	1,347,994	1,348,315
Deferred income taxes	383,652	442,607
Asset retirement obligations	165,799	182,399
Other long-term liabilities	5,109	4,262
Total liabilities	2,280,079	2,346,071
Convertible preferred stock	1,000	6,000
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par, 240,000 shares authorized, 105,681 and 104,281 shares issued, respectively	906,153	907,691
Retained earnings	416,365	519,807

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Accumulated other comprehensive loss	(20,502)	(22,241)
Total controlling interest shareholders' equity	1,302,016	1,405,257
Noncontrolling interests	23,478	22,205
Total equity	1,325,494	1,427,462
	\$ 3,606,573	\$ 3,779,533

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

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HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,	
	2010	2009
Net revenues:		
Contracting services	\$ 196,676	\$ 404,647
Oil and gas	102,586	89,992
	299,262	494,639
Cost of sales:		
Contracting services	140,126	312,502
Oil and gas	94,092	(16,692)
Oil and gas property impairments	159,862	63,073
	394,080	358,883
Gross profit (loss)	(94,818)	135,756
Gain on oil and gas derivative contracts	2,482	4,121
Gain (loss) on sale or acquisition of assets, net	(14)	1,319
Selling and administrative expenses	(24,546)	(39,372)
Income (loss) from operations	(116,896)	101,824
Equity in earnings of investments	1,656	6,264
Gain on sale of Cal Dive common stock	—	59,442
Net interest expense	(20,523)	(15,644)
Other income (expense)	(1,659)	8,176
Income (loss) before income taxes	(137,422)	160,062
Provision (benefit) for income taxes	(52,366)	56,809
Income (loss) from continuing operations	(85,056)	103,253
Discontinued operations, net of tax	(17)	9,836
Net income (loss), including noncontrolling interests	(85,073)	113,089
Less: net income applicable to noncontrolling interests....	(444)	(12,620)
Net income (loss) applicable to Helix	(85,517)	100,469
Preferred stock dividends	(34)	(250)
Net income (loss) applicable to Helix common shareholders	\$ (85,551)	\$ 100,219
Basic earnings (loss) per share of common stock:		
Continuing operations	\$ (0.82)	\$ 0.92
Discontinued operations	—	0.10
Net income (loss) per common share	\$ (0.82)	\$ 1.02
Diluted earnings (loss) per share of common stock:		
Continuing operations	\$ (0.82)	\$ 0.85
Discontinued operations	—	0.09
Net income (loss) per common share	\$ (0.82)	\$ 0.94

Weighted average common shares outstanding:		
Basic	104,125	96,936
Diluted	104,125	105,995

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

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HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (in thousands, except per share amounts)

	Six Months Ended June 30,	
	2010	2009
Net revenues:		
Contracting services	\$ 307,531	\$ 815,441
Oil and gas	193,301	250,173
	500,832	1,065,614
Cost of sales:		
Contracting services	226,374	638,200
Oil and gas	172,446	67,375
Oil and gas property impairments	170,974	63,073
	569,794	768,648
Gross profit (loss)	(68,962)	296,966
Gain on oil and gas derivative contracts	2,482	78,730
Gain on sale or acquisition of assets, net	6,233	1,773
Selling and administrative expenses	(65,047)	(80,725)
Income (loss) from operations	(125,294)	296,744
Equity in earnings of investments	6,711	13,767
Gain on sale of Cal Dive common stock	—	59,442
Net interest expense	(36,158)	(37,611)
Other income (expense)	(7,217)	7,948
Income (loss) before income taxes	(161,958)	340,290
Provision (benefit) for income taxes	(59,927)	121,728
Income (loss) from continuing operations	(102,031)	218,562
Discontinued operations, net of tax	(44)	7,282
Net income (loss), including noncontrolling interests	(102,075)	225,844
Less: net income applicable to noncontrolling interests...	(1,273)	(18,173)
Net income (loss) applicable to Helix	(103,348)	207,671
Preferred stock dividends		