

TIDEWATER INC  
Form 10-Q  
February 05, 2014

**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, 2013**

**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**  
*(State of incorporation)*

**72-0487776**  
*(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 days. Yes  No

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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

49,639,691 shares of Tidewater Inc. common stock \$.10 par value per share were outstanding on January 24, 2014. Registrant has no other class of common stock outstanding.

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**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, 2013	March 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 114,146	40,569
Trade and other receivables, net	615,060	393,438
Marine operating supplies	55,711	62,348
Other current assets	18,994	11,735
Total current assets	803,911	508,090
Investments in, at equity, and advances to unconsolidated companies	60,099	46,047
Properties and equipment:		
Vessels and related equipment	4,465,661	4,250,169
Other properties and equipment	65,739	83,779
	4,531,400	4,333,948
Less accumulated depreciation and amortization	984,924	1,144,129
Net properties and equipment	3,546,476	3,189,819
Goodwill	283,699	297,822
Other assets	153,260	126,277
Total assets	\$ 4,847,445	4,168,055
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 95,247	63,602
Accrued expenses	186,473	159,086
Accrued property and liability losses	3,772	4,133
Other current liabilities	53,677	39,808
Total current liabilities	339,169	266,629
Long-term debt	1,464,018	1,000,000
Deferred income taxes	189,182	189,763
Accrued property and liability losses	8,884	10,833
Other liabilities and deferred credits	206,204	139,074
Commitments and Contingencies (Note 8)		
Stockholders equity:		
Common stock of \$0.10 par value, 125,000,000 shares authorized, issued 49,621,004 shares at December 31, 2013 and 49,485,832 shares at March 31, 2013	4,962	4,949
Additional paid-in capital	138,095	119,975

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Retained earnings	2,513,380	2,453,973
Accumulated other comprehensive loss	(16,449)	(17,141)
Total stockholders' equity	2,639,988	2,561,756
Total liabilities and stockholders' equity	\$ 4,847,445	4,168,055

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 December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
<b>Revenues:</b>				
Vessel revenues	\$ 360,713	305,043	1,056,011	904,959
Other operating revenues	4,535	4,423	11,259	10,873
	365,248	309,466	1,067,270	915,832
<b>Costs and expenses:</b>				
Vessel operating costs	197,679	176,924	589,156	510,912
Costs of other operating revenues	4,097	4,176	10,157	9,284
General and administrative	45,723	46,339	142,241	128,870
Vessel operating leases	5,757	3,971	13,759	12,866
Depreciation and amortization	42,391	37,181	124,555	109,012
Gain on asset dispositions, net	(7,170)	(99)	(9,359)	(2,770)
Goodwill impairment	56,283	---	56,283	---
	344,760	268,492	926,792	768,174
Operating income	20,488	40,974	140,478	147,658
<b>Other income (expenses):</b>				
Foreign exchange gain (loss)	1,341	52	4,269	(1,170)
Equity in net earnings of unconsolidated companies	2,671	2,639	10,872	8,359
Interest income and other, net	137	936	1,415	2,783
Loss on early extinguishment of debt	---	---	(4,144)	---
Interest and other debt costs	(12,250)	(7,183)	(31,081)	(21,918)
	(8,101)	(3,556)	(18,669)	(11,946)
Earnings before income taxes	12,387	37,418	121,809	135,712
Income tax expense	(196)	7,471	24,971	31,553
Net earnings	\$ 12,583	29,947	96,838	104,159
<b>Basic earnings per common share</b>				
Basic earnings per common share	\$ 0.25	0.61	1.96	2.10
<b>Diluted earnings per common share</b>				
Diluted earnings per common share	\$ 0.25	0.61	1.95	2.09
<b>Weighted average common shares outstanding</b>				
Weighted average common shares outstanding	49,347,448	49,162,547	49,302,971	49,585,930
Dilutive effect of stock options and restricted stock	482,818	221,738	436,758	220,669
Adjusted weighted average common shares	49,830,266	49,384,285	49,739,729	49,806,599
<b>Cash dividends declared per common share</b>				
Cash dividends declared per common share	\$ 0.25	0.25	0.75	0.75

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



**TIDEWATER INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(In thousands)

	Quarter Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Net earnings	\$ 12,583	29,947	96,838	104,159
Other comprehensive income/(loss):				
Unrealized gains/(losses) on available for sale securities net of tax of \$218, \$(190), \$185 and \$(300)	405	(353)	343	(558)
Amortization of loss on derivative contract net of tax of \$62, \$63, \$188 and \$188	116	117	349	350
Change in supplemental executive retirement plan pension liability	---	3,355	---	3,355
Total comprehensive income	\$ 13,104	33,066	97,530	107,306

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,	
	2013	2012
<b>Operating activities:</b>		
Net earnings	\$ 96,838	104,159
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	124,555	109,012
Benefit for deferred income taxes	(18,300)	(8,682)
Gain on asset dispositions, net	(9,359)	(2,770)
Goodwill impairment	56,283	---
Equity in earnings of unconsolidated companies, less dividends	(12,072)	(9,287)
Compensation expense - stock-based	15,130	15,061
Excess tax benefit on stock options exercised	(433)	(74)
Changes in assets and liabilities, net:		
Trade and other receivables	(223,549)	(49,412)
Marine operating supplies	7,396	(7,401)
Other current assets	(6,007)	(2,485)
Accounts payable	11,320	12,943
Accrued expenses	27,210	9,535
Accrued property and liability losses	(288)	(280)
Other current liabilities	4,286	3,896
Other liabilities and deferred credits	(1,270)	(2,084)
Other, net	(1,911)	10,580
<b>Net cash provided by operating activities</b>	<b>69,829</b>	<b>182,711</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of assets	46,006	18,620
Proceeds from sale/leaseback of assets	207,435	---
Additions to properties and equipment	(397,458)	(326,648)
Payments for acquisition, net of cash acquired	(127,737)	---
Other	(2,462)	(788)
<b>Net cash used in investing activities</b>	<b>(274,216)</b>	<b>(308,816)</b>
<b>Cash flows from financing activities:</b>		
Debt issuance costs	(4,404)	