

HELIX ENERGY SOLUTIONS GROUP INC

Form 10-Q

July 27, 2011

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, 2011
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

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 21, 2011, 105,943,676 shares of common stock were outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	PAGE
Item 1. Financial Statements:	
<u>Condensed Consolidated Balance Sheets – June 30, 2011 (Unaudited) and December 31, 2010</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) – Three months ended June 30, 2011 and 2010</u>	2
<u>Condensed Consolidated Statements of Operations (Unaudited) – Six months ended June 30, 2011 and 2010</u>	3
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) – Six months ended June 30, 2011 and 2010</u>	4
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	5
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	31
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	48
Item 4. <u>Controls and Procedures</u>	- 49
PART II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	- 49
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	49
Item 6. <u>Exhibits</u>	49
<u>Signatures</u>	50
<u>Index to Exhibits</u>	51

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 414,189	\$ 391,085
Accounts receivable —		
Trade, net of allowance for uncollectible accounts of \$4,395 and \$4,527, respectively	212,406	177,293
Unbilled revenue	18,325	33,712
Costs in excess of billing	1,978	15,699
Other current assets	110,334	123,065
Total current assets	757,232	740,854
Property and equipment	4,586,583	4,486,077
Less — accumulated depreciation	(2,111,273)	(1,958,997)
	2,475,310	2,527,080
Other assets:		
Equity investments	188,772	187,031
Goodwill	62,902	62,494
Other assets, net	76,421	74,561
Total assets	\$ 3,560,637	\$ 3,592,020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 148,142	\$ 159,381
Accrued liabilities	190,226	198,237
Current maturities of long-term debt	7,759	10,179
Total current liabilities	346,127	367,797
Long-term debt	1,239,893	1,347,753
Deferred income taxes	431,821	413,639
Asset retirement obligations	166,458	170,410
Other long-term liabilities	5,432	5,777
Total liabilities	2,189,731	2,305,376
Convertible preferred stock	1,000	1,000
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par, 240,000 shares authorized, 105,948 and 105,592 shares issued, respectively	911,393	906,957
Retained earnings	459,875	392,705

Edgar Filing: HELIX ENERGY SOLUTIONS GROUP INC - Form 10-Q

Accumulated other comprehensive loss	(27,956)	(39,058)
Total controlling interest shareholders' equity	1,343,312	1,260,604
Noncontrolling interests	26,594	25,040
Total equity	1,369,906	1,285,644
Total liabilities and shareholders' equity	\$ 3,560,637	\$ 3,592,020

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

Table of Contents

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

	Three Months Ended June 30,	
	2011	2010
Net revenues:		
Contracting services	\$ 165,861	\$ 196,676
Oil and gas	172,458	102,586
	338,319	299,262
Cost of sales:		