

OVERSEAS SHIPHOLDING GROUP INC
Form 10-Q
November 05, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended SEPTEMBER 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 1-6479-1

OVERSEAS SHIPHOLDING GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation
or organization)

13-2637623
(IRS Employer Identification No.)

666 Third Avenue, New York, New York
(Address of principal executive offices)

10017
(Zip Code)

(212) 953-4100
Registrant's telephone number, including area code

No Change
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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 the definitions of "accelerated filer", "large 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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Shares outstanding as of November 3, 2010 – 30,421,941

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
DOLLARS IN THOUSANDS

	September 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 350,653	\$ 474,690
Short-term investments	—	50,000
Voyage receivables, including unbilled of \$107,975 and \$113,694	135,273	146,311
Other receivables, including federal income taxes recoverable	121,660	100,140
Inventories, prepaid expenses and other current assets	63,315	46,225
Total Current Assets	670,901	817,366
Capital Construction Fund	—	40,698
Restricted cash	—	7,945
Vessels and other property, including construction in progress of \$632,246 and \$859,307 less accumulated depreciation of \$728,930 and \$674,457	3,017,821	2,942,233
Vessels held for sale	3,738	—
Deferred drydock expenditures, net	47,566	58,535
Total Vessels, Deferred Drydock and Other Property	3,069,125	3,000,768
Investments in Affiliated Companies	281,962	189,315
Intangible Assets, less accumulated amortization of \$37,398 and \$22,743	84,433	99,088
Goodwill	9,589	9,589
Other Assets	83,636	43,672
Total Assets	\$ 4,199,646	\$ 4,208,441
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 165,840	\$ 149,891
Current installments of long-term debt	44,607	33,202
Total Current Liabilities	210,447	183,093
Long-term Debt	1,820,275	1,813,289
Deferred Gain on Sale and Leaseback of Vessels	50,659	82,500
Deferred Federal Income Taxes (\$197,233 and \$205,295) and Other Liabilities	261,332	261,704
Total Liabilities	2,342,713	2,340,586
Equity:		
Overseas Shipholding Group, Inc.'s Equity	1,856,933	1,867,855
Total Equity	1,856,933	1,867,855
Total Liabilities and Equity	\$ 4,199,646	\$ 4,208,441

See notes to condensed consolidated financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Shipping Revenues:				
Pool revenues, including \$15,235, \$19,036, \$54,302 and \$83,717 received from companies accounted for by the equity method	\$ 81,497	\$ 78,352	\$ 301,089	\$ 320,195
Time and bareboat charter revenues	71,707	79,289	205,083	250,632
Voyage charter revenues	106,724	85,935	307,413	280,209
	259,928	243,576	813,585	851,036
Operating Expenses:				
Voyage expenses	51,370	36,278	143,504	102,564
Vessel expenses	64,009	66,673	195,745	210,151
Charter hire expenses	91,068	93,505	270,313	309,442
Depreciation and amortization	42,195	40,977	127,333	129,748
General and administrative	25,085	28,313	76,393	84,720
Severance and relocation costs	—	—	—	2,317
Shipyard contract termination costs	—	(5,141)	(627)	27,074
(Gain)/loss on disposal of vessels and other assets, net of impairments	1,722	(830)	29,273	(128,125)
Total Operating Expenses	275,449	259,775	841,934	737,891
Income/(Loss) from Vessel Operations	(15,521)	(16,199)	(28,349)	113,145
Equity in Income/(Loss) of Affiliated Companies	(165)	2,480	(5,508)	6,068
Operating Income/(Loss)	(15,686)	(13,719)	(33,857)	119,213
Other Income	155	873	494	1,354
	(15,531)	(12,846)	(33,363)	120,567
Interest Expense	17,739	10,933	49,225	33,208
Income/(Loss) before Federal Income Taxes	(33,270)	(23,779)	(82,588)	87,359
Credit for Federal Income Taxes	1,516	1,850	3,624	6,153
Net Income/(Loss)	(31,754)	(21,929)	(78,964)	93,512
Less: Net (Income)/Loss Attributable to the Noncontrolling Interest	—	2,305	—	(180)
Net Income/(Loss) Attributable to Overseas Shipholding Group, Inc.	\$ (31,754)	\$ (19,624)	\$ (78,964)	\$ 93,332
Weighted Average Number of Common Shares Outstanding:				
Basic	30,146,783	26,864,527	29,276,685	26,863,817
Diluted	30,146,783	26,864,527	29,276,685	26,871,110
Per Share Amounts:				
	\$ (1.06)	\$ (0.73)	\$ (2.71)	\$ 3.47

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Basic net income/(loss) attributable to Overseas

Shipholding Group, Inc. common stockholders

Diluted net income/(loss) attributable to Overseas

Shipholding Group, Inc. common stockholders	\$	(1.06)	\$	(0.73)	\$	(2.71)	\$	3.47
Cash dividends declared	\$	0.44	\$	0.44	\$	1.75	\$	1.75

See notes to condensed consolidated financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
DOLLARS IN THOUSANDS
(UNAUDITED)

	Nine Months Ended September 30,	
	2010	2009
Cash Flows from Operating Activities:		
Net income/(loss)	\$ (78,964)	\$ 93,512
Items included in net income/(loss) not affecting cash flows:		
Depreciation and amortization	127,333	129,748
Loss on write-down of vessels and intangible assets	28,783	12,500
Amortization of deferred gain on sale and leasebacks	(31,841)	(34,336)
Compensation relating to restricted stock and stock option grants	8,678	9,969
Credit for deferred federal income taxes	(4,644)	(7,000)
Unrealized gains on forward freight agreements and bunker swaps	(237)	(1,200)
Undistributed earnings of affiliated companies	14,991	8,894
Other – net	6,066	7,273
Items included in net income/(loss) related to investing and financing activities:		
Loss on sale or write-down of securities – net	783	3,290
Loss/(gain) on disposal of vessels – net	490	(140,625)
Payments for drydocking	(14,078)	(24,590)
Changes in operating assets and liabilities	(22,021)	148,633
Net cash provided by operating activities	35,339	206,068
Cash Flows from Investing Activities:		
Short-term investments	—	(50,000)
Disposal of short-term investments	50,000	—
Proceeds from sales of investments	190	159
Expenditures for vessels	(240,230)	(362,548)
Withdrawals from Capital Construction Fund	40,726	8,265
Proceeds from disposal of vessels	5,252	301,182
Expenditures for other property	(1,968)	(3,093)
(Investments in and advances to)/Distributions from affiliated companies – net	(152,155)	8,822
Shipyard contract termination payments	(1,973)	(20,476)
Other – net	1,556	2,120
Net cash used in investing activities	(298,602)	(115,569)
Cash Flows from Financing Activities:		
Issuance of common stock, net of issuance costs	158,266	—