

HELIX ENERGY SOLUTIONS GROUP INC  
Form 10-Q  
October 21, 2016

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 September 30, 2016

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 95-3409686  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) Identification No.)

3505 West Sam Houston Parkway North  
Suite 400 77043  
Houston, Texas (Zip Code)  
(Address of principal executive offices)

(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, 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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a 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

As of October 19, 2016, 120,551,780 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)

	September 30, 2016	December 31, 2015
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 482,106	\$ 494,192
Accounts receivable:		
Trade, net of allowance for uncollectible accounts of \$115 and \$350, respectively	75,995	76,287
Unbilled revenue and other	41,570	20,465
Current deferred tax assets	15,706	53,573
Income tax receivable	9,569	—
Other current assets	54,064	39,518
Total current assets	679,010	684,035
Property and equipment	2,655,343	2,544,857
Less accumulated depreciation	(1,005,859 )	(941,848 )
Property and equipment, net	1,649,484	1,603,009
Other assets:		
Equity investments	—	26,200
Goodwill	45,107	45,107
Other assets, net	57,945	41,608
Total assets	\$ 2,431,546	\$ 2,399,959
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 127,733	\$ 65,370
Accrued liabilities	69,904	71,641
Income tax payable	—	2,261
Current maturities of long-term debt	70,905	71,640
Total current liabilities	268,542	210,912
Long-term debt	607,502	677,695
Deferred tax liabilities	173,901	180,974
Other non-current liabilities	44,425	51,415
Total liabilities	1,094,370	1,120,996
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par, 240,000 shares authorized, 120,540 and 106,289 shares issued, respectively	1,045,483	945,565
Retained earnings	377,267	404,299
Accumulated other comprehensive loss	(85,574 )	(70,901 )
Total shareholders' equity	1,337,176	1,278,963
Total liabilities and shareholders' equity	\$ 2,431,546	\$ 2,399,959

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 September 30,	
	2016	2015
Net revenues	\$ 161,245	\$ 182,462
Cost of sales	121,061	150,493
Gross profit	40,184	31,969
Selling, general and administrative expenses	(18,714 )	(13,597 )
Income from operations	21,470	18,372
Equity in losses of investments	(122 )	(251 )
Net interest expense	(6,843 )	(8,713 )
Gain on repurchase of long-term debt	244	—
Other income (expense), net	830	(5 )
Other income (expense) – oil and gas	(468 )	571
Income before income taxes	15,111	9,974
Income tax provision	3,649	94
Net income	\$ 11,462	\$ 9,880
Earnings per share of common stock:		
Basic	\$ 0.10	\$ 0.09
Diluted	\$ 0.10	\$ 0.09
Weighted average common shares outstanding:		
Basic	113,680	105,438
Diluted	113,680	105,438

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)

	Nine Months Ended September 30,	
	2016	2015
Net revenues	\$359,551	\$538,119
Cost of sales	330,639	446,995
Gross profit	28,912	91,124
Selling, general and administrative expenses	(47,493 )	(42,750 )
Income (loss) from operations	(18,581 )	48,374
Equity in losses of investments	(366 )	(553 )
Net interest expense	(25,007 )	(18,018 )
Gain on repurchase of long-term debt	546	—
Other income (expense), net	4,018	(6,197 )
Other income – oil and gas	2,500	4,396
Income (loss) before income taxes	(36,890 )	28,002
Income tax provision (benefit)	(9,858 )	1,115
Net income (loss)	\$(27,032 )	\$26,887
Earnings (loss) per share of common stock:		
Basic	\$(0.25 )	\$0.25
Diluted	\$(0.25 )	\$0.25
Weighted average common shares outstanding:		
Basic	109,135	105,362
Diluted	109,135	105,362

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 CASH FLOWS  
 (UNAUDITED)  
 (in thousands)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$(27,032)	\$26,887
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	84,846	86,333
Amortization of debt issuance costs	6,430	4,117
Share-based compensation	4,351	7,941
Amortization of debt discount	4,655	4,409
Deferred income taxes	(6,726 )	(2,403 )
Equity in losses of investments	366	—
Gain on repurchase of long-term debt	(546 )	—
Unrealized (gain) loss and ineffectiveness on derivative contracts, net	(9,282 )	2,222
Changes in operating assets and liabilities:		
Accounts receivable, net	(27,346 )	(13,326 )
Other current assets	(10,853 )	6,610
Income tax receivable, net of income tax payable	20,576	(12,152 )
Accounts payable and accrued liabilities	(1,794 )	(52,045 )
Other non-current, net	(22,201 )	(19,164 )
Net cash provided by operating activities	15,444	39,429
Cash flows from investing activities:		
Capital expenditures	(79,353 )	(280,523)
Distributions from equity investments, net of earnings	1,200	5,853
Proceeds from sale of equity investment	25,000	—
Proceeds from sale of assets	10,887	7,500
Net cash used in investing activities	(42,266 )	(267,170)
Cash flows from financing activities:		
Proceeds from Nordea Q5000 Loan	—	250,000
Repayment of Nordea Q5000 Loan	(26,786 )	(8,929 )
Repayment of Term Loan	(30,500 )	(15,000 )
Repayment of MARAD Debt	(5,926 )	(5,644 )
Repurchase of Convertible Senior Notes due 2032	(13,400 )	—
Debt issuance costs	(1,230 )	(1,611 )
Net proceeds from issuance of common stock	94,538	—
Repurchase of common stock	(187 )	(1,056 )
Proceeds from issuance of ESPP shares	708	3,484
Net cash provided by financing activities	17,217	221,244