

Oceaneering reports record fourth quarter and annual earnings

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Oceaneering International, Inc. today reported record fourth quarter and annual earnings for the periods ended December 31, 2007. Annual earnings increased for the fourth consecutive year. During the fourth quarter of 2007, on revenue of \$481.6 million, Oceaneering generated net income of \$45.5 million, or \$0.81 per share. During the corresponding period in 2006, Oceaneering reported revenue of \$342.4 million and net income of \$29.8 million, or \$0.54 per share. For the year 2007, Oceaneering reported net income of \$180.4 million, or \$3.24 per share, on revenue of \$1.7 billion. Net income for 2006 was \$124.5 million, or \$2.26 per share, on revenue of \$1.3 billion.

Quarterly net income increased \$15.6 million year-over-year and annual net income rose \$55.9 million largely as a result of higher operating income performances from Remotely Operated Vehicles (ROV), Subsea Products, Subsea Projects, and Inspection.

T. Jay Collins, President and Chief Executive Officer, stated, "Results for the fourth quarter and the year were outstanding. We achieved record earnings for the fourth consecutive year. Our earnings growth was driven by our strategic focus on providing services and products to support deepwater and subsea completion activity. Additionally, we benefited from performing Gulf of Mexico hurricane damage projects.

Four of our oilfield businesses achieved record annual operating income performances. These accomplishments were attributable to demand growth within our offshore oilfield service and product markets, the business expansion strategy we have in place, and exceptional operational execution. The market environment was such that we were able to achieve strong utilization of our assets at favorable prices.

ROVs achieved record annual results as our average revenue per day-on-hire surpassed the \$8,750 mark. Operating income rose 30%. Compared to 2006, our average ROV pricing was up 16% and the number of ROV days on hire grew by 12% as we increased our fleet size and utilization rate. "Subsea Products operating income rose over 70% in 2007 on increased sales of our specialty subsea products and umbilicals. Operating margin increased from 15% to a record high 18%. We improved OIE product pricing and manufacturing execution through our continuous improvement initiatives. We also benefited from increased throughput and the resolution of 2006 startup problems at our U.S. umbilical manufacturing plant. At year-end our backlog was \$338 million.

Subsea Projects operating income increased more than 55% on the strength of our increased participation in hurricane damage projects in the GOM. We continued to benefit from excellent pricing and utilization for our vessel and diving assets. Additionally, during the year we profited from adding a second saturation diving system, upgrading one of our deepwater vessels, and chartering two dynamically positioned vessels and a barge.

Inspection achieved record financial results due to increased demand in all of the geographic

markets we serve and our success in selling more value-added services and improving pricing. Operating income grew by over 50%.

During the year we invested approximately \$234 million, including \$122 million to upgrade and increase the size of our ROV fleet and \$66 million to expand our Subsea Products manufacturing and rental service capabilities. These capital investments position Oceaneering for increased profitability in the years ahead. At year-end our debt-to-capitalization was 18% and we remain committed to using our resources to continue our growth strategy.

Our fourth quarter performance included anomalies reported in two of our business segments. Subsea Products operating income margin declined to 14% from the 21% achieved in the third quarter as we had to re-manufacture an umbilical in the U.K., which initially failed to meet specifications. Additionally, margin was eroded by an umbilical job in Brazil, awarded in 2005 but delayed by the customer until 2007. The contract for this job did not contain adequate protection against escalation in raw material costs and the devaluation of the dollar over the longer-than-anticipated contract period. Variation orders to increase the sales price for these jobs have been submitted; however, there can be no assurance that these requests will be approved by the customers. Mobile Offshore Production Systems reported an operating loss as we incurred \$2.8 million of costs to mobilize the Ocean Pensador from the U.S. to Southeast Asia. We moved the tanker to better position it in the market place. It is now closer to several shipyards capable of modifying it, either for us or another company should we choose to sell it.

During 2008 we expect to benefit from our 2006 and 2007 Subsea Products investments, which increased our manufacturing capacity and rental service capabilities. For ROVs, we anticipate continued pricing improvement and expansion of our fleet to meet rising customer demand. Subsea Projects operating income is projected to decline as we foresee decreasing demand for our shallow-water vessel and diving services as hurricane damage projects near completion. Additionally, four of our six company-owned vessels will be temporarily out of service during the year undergoing mandatory regulatory drydock inspections.

We continue to project record EPS for 2008 in the range of \$3.50 to \$3.80. We anticipate the 2008 growth in EPS will be led by operating income improvements in Subsea Products and ROVs. For the first quarter of 2008, we are forecasting EPS of \$0.65 to \$0.75. This is consistent with our historical quarterly earnings percentage distribution, as our first quarter EPS performance has been the lowest quarter in each of the past six years and usually lower than the fourth quarter of the previous year.

Looking beyond 2008, we anticipate demand for our deepwater services and products will continue to rise and, consequently, believe our business prospects for the next several years are excellent."