

Oceaneering announces record first quarter earnings due to growth in ROV and Ins

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Oceaneering International, Inc. today reported record first quarter earnings for the period ended March 31, 2008. On revenue of \$436 million, Oceaneering generated net income of \$41.3 million, or \$0.74 per share. During the corresponding period in 2007, Oceaneering reported revenue of \$344 million and net income of \$33.2 million, or \$0.60 per share. Year-over-year, quarterly earnings increased nearly 25% due to growth in ROV and Inspection operating profits.

Sequentially, quarterly earnings declined due to a lower operating income performance by Subsea Projects. This was primarily attributable to a customary seasonal decline in demand for shallow water diving and deepwater vessel project services.

T. Jay Collins, President and Chief Executive Officer, stated, "We are delighted with our record first quarter earnings, which were at the high end of our guidance range. We continue to believe we will achieve record earnings for the fifth consecutive year on the strength of increasing demand for our services and products to support deepwater and subsea completion activity.

Our ROV business achieved record operating income. Year-over-year, operating income increased over 50%. We improved our average revenue per day-on-hire and increased our days on hire as we grew our ROV fleet. During the quarter we put two new vehicles into service to meet growing market demand. At the end of March 2008 we had 212 ROVs in our fleet, compared to 193 ROVs a year ago.

Subsea Products operating income for the quarter was comparable to the first quarter of 2007 on an increase in revenue. The operating income margin was lower due to a different mix of specialty products and a lower profit contribution from our Multiflex umbilical operation. During the quarter we acquired, for approximately \$45 million, a rental provider of specialized subsea dredging and excavation equipment to expand our ROV tooling suite. At quarter-end our backlog was \$353 million, up slightly from December 31, 2007.

Subsea Projects operating income, as expected, declined year-over-year. This was attributable to expenses incurred this quarter in drydocking two of our vessels and a \$3.5 million gain on the sale of an ROV support vessel in the first quarter of 2007. "Inspection operating income more than doubled over the first quarter of 2007. This was due to our success in securing new contracts and improving pricing, which resulted in increased sales at higher margins.

In summary, we had a great first quarter and anticipate achieving higher EPS during the remaining quarters of this year. For the balance of 2008 we do not expect to maintain the exceptional ROV operating income margin achieved in the first quarter and we continue to project a significant increase in specialty product sales and Multiflex umbilical plant throughput.

Our overall business outlook for 2008 remains excellent as we continue to forecast record EPS in the range of \$3.50 to \$3.80. During the first quarter our ROV business achieved results better than we had anticipated and Subsea Products performed below our expectation. As a result, we are raising our ROV operating income growth range to \$30 million to \$40 million, from \$25 million to \$35 million, and lowering our Subsea Products operating income growth range to \$25 million to \$35 million, from \$30 million to \$40 million. For the second quarter of 2008 we are forecasting EPS of \$0.86 to \$0.94, including an expected \$2.0 million pre-tax gain on the sale of the production barge San Jacinto.

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."

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