

Edgar Filing: RPC INC - Form 8-K

RPC INC  
Form 8-K  
April 26, 2006

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

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

Date of Report (Date of earliest event reported): April 26, 2006

RPC, INC.  
(Exact name of registrant as specified in its charter)

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|   |                          |                                      |
|---|--------------------------|--------------------------------------|
| Delaware  | 1-8726                   | 58-1550825                           |
| (State or Other Jurisdiction<br>of Incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |

2170 Piedmont Road, NE, Atlanta, Georgia 30324  
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (404) 321-2140

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition.

On April 26, 2006, RPC, Inc. issued a press release entitled "RPC, Inc. Reports 2006 First Quarter Financial Results," that announced the financial results for the first quarter ended March 31, 2006.

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Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99 - Press Release dated April 26, 2006

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, RPC, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RPC, Inc.

Date: April 26, 2006

/s/ BEN M. PALMER

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Ben M. Palmer  
Vice President,  
Chief Financial Officer and Treasurer

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|                                    | Three Months Ended March 31 |           |
|------------------------------------|-----------------------------|-----------|
|                                    | 2006                        | 2005      |
|                                    | -----                       |           |
|                                    | (in thousands)              |           |
| Revenues:                          |                             |           |
| Technical services                 | \$ 114,761                  | \$ 77,958 |
| Support services                   | 21,263                      | 14,355    |
| Other                              | 0                           | 17        |
| -----                              | -----                       | -----     |
| Total revenues                     | \$ 136,024                  | \$ 92,330 |
| -----                              | -----                       | -----     |
| Operating Profit:                  |                             |           |
| Technical services                 | \$ 36,239                   | \$ 14,788 |
| Support services                   | 5,191                       | 2,171     |
| Other                              | 0                           | (165)     |
| Corporate expenses                 | (2,945)                     | (2,561)   |
| Gain on disposition of assets, net | 1,032                       | 626       |
| -----                              | -----                       | -----     |
| Total operating profit             | \$ 39,517                   | \$ 14,859 |
| -----                              | -----                       | -----     |
| Other income, net                  | 261                         | 1,270     |
| Interest income, net               | 153                         | 92        |
| -----                              | -----                       | -----     |
| Income before income taxes         | \$ 39,931                   | \$ 16,221 |
| =====                              | =====                       | =====     |

RPC INCORPORATED AND SUBSIDIARIES

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 CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands except per share data)  
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| Periods ended March 31, (Unaudited)          | First Quarter |          |                     |
|--|---------------|----------|---------------------|
|  | 2006          | 2005     | % BETTER<br>(WORSE) |
| REVENUES                                     | \$136,024     | \$92,330 | 47.3%               |
| COSTS AND EXPENSES:                          |               |          |                     |
| Cost of services rendered and goods sold     | 65,751        | 50,411   | (30.4)              |
| Selling, general and administrative expenses | 21,083        | 18,406   | (14.5)              |
| Depreciation and amortization                | 10,705        | 9,280    | (15.4)              |
| Gain on disposition of assets, net           | (1,032)       | (626)    | 64.9                |
| -----  |               |          |                     |
| Operating profit                             | 39,517        | 14,859   | 165.9               |
| Interest income, net                         | 153           | 92       | 66.3                |
| Other income, net                            | 261           | 1,270    | (79.4)              |
| -----  |               |          |                     |
| Income before income taxes                   | 39,931        | 16,221   | 146.2               |
| Income tax provision                         | 15,031        | 6,294    | (138.8)             |
| -----  |               |          |                     |
| NET INCOME                                   | \$ 24,900     | \$ 9,927 | 150.8%              |
| =====  |               |          |                     |
| EARNINGS PER SHARE                           |               |          |                     |
| Basic  | \$ 0.39       | \$ 0.15  | 160.0%              |
| =====  |               |          |                     |
| Diluted                                      | \$ 0.38       | \$ 0.15  | 153.3%              |
| =====  |               |          |                     |
| AVERAGE SHARES OUTSTANDING                   |               |          |                     |
| Basic  | 63,354        | 63,920   |                     |
| =====  |               |          |                     |
| Diluted                                      | 65,831        | 66,049   |                     |
| =====  |               |          |                     |

RPC INCORPORATED AND SUBSIDIARIES

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 CONSOLIDATED BALANCE SHEETS  
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| At March 31, (Unaudited)                  | (In thousands) |            |
|---|----------------|------------|
|   | 2006           | 2005       |
| ASSETS                                    |                |            |
| Cash and cash equivalents                 | \$ 7,386       | \$ 22,272  |
| Accounts receivable, net                  | 116,165        | 79,805     |
| Inventories                               | 15,090         | 11,565     |
| Deferred income taxes                     | 4,273          | 5,151      |
| Income taxes receivable                   | --             | 286        |
| Prepaid expenses and other current assets | 3,542          | 3,462      |
| -----                                     |                |            |
| Total current assets                      | 146,456        | 122,541    |
| -----                                     |                |            |
| Property, plant and equipment, net        | 156,159        | 117,941    |
| Goodwill                                  | 24,093         | 20,468     |
| Other assets                              | 4,254          | 3,162      |
| -----                                     |                |            |
| Total assets                              | \$ 330,962     | \$ 264,112 |

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| LIABILITIES AND STOCKHOLDERS' EQUITY              |                   |                   |
|---|-------------------|-------------------|
| Accounts payable                                  | \$ 31,066         | \$ 23,804         |
| Accrued payroll and related expenses              | 9,872             | 7,645             |
| Accrued insurance expenses                        | 3,606             | 3,844             |
| Accrued state, local and other taxes              | 1,781             | 1,581             |
| Income taxes payable                              | 2,393             | --                |
| Current portion of long-term debt                 | --                | 2,000             |
| Other accrued expenses                            | 503               | 5,086             |
| <b>Total current liabilities</b>                  | <b>49,221</b>     | <b>43,960</b>     |
| Accrued insurance expenses                        | 6,479             | 6,294             |
| Pension liabilities                               | 11,798            | 10,527            |
| Deferred income taxes                             | 7,777             | 11,467            |
| Other long-term liabilities                       | 789               | 1,372             |
| <b>Total liabilities</b>                          | <b>76,064</b>     | <b>73,620</b>     |
| Common stock                                      | 6,480             | 6,521             |
| Capital in excess of par value                    | 14,584            | 28,668            |
| Retained earnings                                 | 241,637           | 168,411           |
| Deferred compensation                             | --                | (6,335)           |
| Accumulated other comprehensive loss              | (7,803)           | (6,773)           |
| <b>Total stockholders' equity</b>                 | <b>254,898</b>    | <b>190,492</b>    |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 330,962</b> | <b>\$ 264,112</b> |

Certain prior year balances have been reclassified to conform with current year presentation.

RPC INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| Three months ended March 31, (Unaudited)              | (In thousands) |              |
|---|----------------|--------------|
|   | 2006           | 2005         |
| <b>Operating Activities:</b>                          |                |              |
| Net income  | \$ 24,900      | \$ 9,927     |
| Depreciation, amortization and other non-cash charges | 11,405         | 9,621        |
| Other net changes in operating activities             | (14,020)       | (10,428)     |
| <b>Net cash provided by operating activities</b>      | <b>22,285</b>  | <b>9,120</b> |

Investing Activities:

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|  |          |           |
|--|----------|-----------|
| Capital expenditures                             | (25,970) | (13,318)  |
| Other investing activities                       | 1,357    | 947       |
| -----  |          |           |
| Net cash used for investing activities           | (24,613) | (12,371)  |
| -----  |          |           |
| Financing Activities:                            |          |           |
| Payment of dividends                             | (3,170)  | (1,704)   |
| Payments on debt                                 | --       | (2,800)   |
| Cash paid for common stock purchased and retired | (1,110)  | (73)      |
| Other financing activities                       | 1,185    | 464       |
| -----  |          |           |
| Net cash used for financing activities           | (3,095)  | (4,113)   |
| -----  |          |           |
| Net (decrease) in cash and cash equivalents      | (5,423)  | (7,364)   |
| Cash and cash equivalents at beginning of period | 12,809   | 29,636    |
| -----  |          |           |
| Cash and cash equivalents at end of period       | \$ 7,386 | \$ 22,272 |
| =====  |          |           |