

Noble Corp plc
Form 10-Q
May 12, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2014

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: 001-36211

Noble Corporation plc
(Exact name of registrant as specified in its charter)

England and Wales (Registered Number 83549545)
(State or other jurisdiction of

incorporation or organization)

98-0619597
(I.R.S. employer

identification number)

Devonshire House, 1 Mayfair Place, London, England, W1J8AJ
(Address of principal executive offices) (Zip Code)
Registrant's Telephone Number, Including Area Code: +44 20 3300 2300

Commission file number: 001-31306

Noble Corporation

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of

incorporation or organization)

98-0366361
(I.R.S. employer

identification number)

Suite 3D Landmark Square, 64 Earth Close, P.O. Box 31327 George Town, Grand Cayman, Cayman Islands,
KY1-1206

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (345) 938-0293

Indicate by check mark whether each 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 each 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 (§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 each 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. (Check one):

Noble Corporation plc: Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Noble Corporation: Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Number of shares outstanding and trading at April 25, 2014: Noble Corporation plc 254,232,771

Number of shares outstanding at April 25, 2014: Noble Corporation 261,245,693

Noble Corporation, a Cayman Islands company and a wholly owned subsidiary of Noble Corporation plc, a company registered under the laws of England and Wales, meets the conditions set forth in General Instructions H(1) (a) and (b) to Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format contemplated by paragraphs (b) and (c) of General Instruction H(2) of Form 10-Q.

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This combined Quarterly Report on Form 10-Q is separately filed by Noble Corporation plc, a company registered under the laws of England and Wales (Noble-UK), and Noble Corporation, a Cayman Islands company (Noble-Cayman). Information in this filing relating to Noble-Cayman is filed by Noble-UK and separately by Noble-Cayman on its own behalf. Noble-Cayman makes no representation as to information relating to Noble-UK (except as it may relate to Noble-Cayman) or any other affiliate or subsidiary of Noble-UK. Since Noble-Cayman meets the conditions specified in General Instructions H(1)(a) and (b) to Form 10-Q, it is permitted to use the reduced disclosure format for wholly owned subsidiaries of reporting companies as stated in General Instructions H(2). Accordingly, Noble-Cayman has omitted from this report the information called for by Item 3 (Quantitative and Qualitative Disclosures about Market Risk) of Part I of Form 10-Q and the following items of Part II of Form 10-Q: Item 2 (Unregistered Sales of Equity Securities and Use of Proceeds) and Item 3 (Defaults upon Senior Securities).

This report should be read in its entirety as it pertains to each Registrant. Except where indicated, the Consolidated Financial Statements and related Notes are combined. References in this Quarterly Report on Form 10-Q to Noble, the Company, we, us, our and words of similar meaning refer collectively to Noble-UK and its consolidated subsidiaries including Noble-Cayman.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NOBLE CORPORATION PLC AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****(In thousands)****(Unaudited)**

	March 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 114,735	\$ 114,458
Accounts receivable	877,127	949,069
Taxes receivable	135,733	140,269
Prepaid expenses and other current assets	243,941	187,139
Total current assets	1,371,536	1,390,935
Property and equipment, at cost	19,691,578	19,198,767
Accumulated depreciation	(4,866,009)	(4,640,677)
Property and equipment, net	14,825,569	14,558,090
Other assets	247,392	268,932
Total assets	\$ 16,444,497	\$ 16,217,957
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 323,593	\$ 347,214
Accrued payroll and related costs	117,153	151,161
Taxes payable	173,397	125,119
Dividends payable	64,580	128,249
Other current liabilities	215,792	300,172
Total current liabilities	894,515	1,051,915
Long-term debt	5,728,782	5,556,251
Deferred income taxes	221,380	225,455
Other liabilities	317,108	334,308

Total liabilities	7,161,785	7,167,929
Commitments and contingencies		
Shareholders' equity		
Shares; 254,194 and 253,448 shares outstanding	2,542	2,534
Additional paid-in capital	814,868	810,286
Retained earnings	7,815,082	7,591,927
Accumulated other comprehensive loss	(74,446)	(82,164)
Total shareholders' equity	8,558,046	8,322,583
Noncontrolling interests	724,666	727,445
Total equity	9,282,712	9,050,028
Total liabilities and equity	\$ 16,444,497	\$ 16,217,957

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Operating revenues		
Contract drilling services	\$ 1,206,304	\$ 928,737
Reimbursables	36,653	21,174
Labor contract drilling services	8,212	21,054
Other	1	10
	1,251,170	970,975
Operating costs and expenses		
Contract drilling services	561,131	480,126
Reimbursables	30,606	14,922
Labor contract drilling services	6,226	12,249
Depreciation and amortization	245,905	206,156
General and administrative	25,637	25,569
Non-recurring spin-off related costs	12,405	3,962
Gain on contract extinguishment		(1,800)
	881,910	741,184
Operating income	369,260	229,791
Other income (expense)		
Interest expense, net of amount capitalized	(40,392)	(27,301)
Interest income and other, net	(1,190)	(425)
Income before income taxes	327,678	202,065
Income tax provision	(54,436)	(34,352)
Net income	273,242	167,713
Net income attributable to noncontrolling interests	(16,916)	(17,653)
Net income attributable to Noble Corporation	\$ 256,326	\$ 150,060
Net income per share		
Basic	\$ 0.99	\$ 0.59
Diluted	\$ 0.99	\$ 0.59

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2014	2013
Net income	\$ 273,242	\$ 167,713
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	1,009	2,657
Foreign currency forward contracts	5,946	(1,202)
Amortization of deferred pension plan amounts (net of tax provision of \$252 in 2014 and \$730 in 2013)	763	1,642
Other comprehensive income, net	7,718	3,097
Net comprehensive income attributable to noncontrolling interests	(16,916)	(17,653)
Comprehensive income attributable to Noble Corporation	\$ 264,044	\$ 153,157

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 273,242	\$ 167,713
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	245,905	206,156
Deferred income taxes	(3,255)	(2,735)
Amortization of share-based compensation	13,022	10,155
Net change in other assets and liabilities	(23,118)	(178,737)
Net cash from operating activities	505,796	202,552
Cash flows from investing activities		
Capital expenditures	(517,283)	(371,990)
Change in accrued capital expenditures	(43,505)	(66,312)
Net cash from investing activities	(560,788)	(438,302)
Cash flows from financing activities		
Net change in borrowings outstanding on bank credit facilities	422,402	209,680
Repayment of long-term debt	(250,000)	
Dividends paid to noncontrolling interests	(19,695)	
Financing costs on credit facilities	(381)	(1,895)
Dividend payments	(96,840)	(33,335)
Employee stock transactions	(217)	473
Repurchases of employee shares surrendered for taxes		(6,737)
Net cash from financing activities	55,269	168,186
Net change in cash and cash equivalents	277	(67,564)
Cash and cash equivalents, beginning of period	114,458	282,092
Cash and cash equivalents, end of period	\$ 114,735	\$ 214,528

See accompanying notes to the unaudited consolidated financial statements.

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NOBLE CORPORATION PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY

(In thousands)

(Unaudited)

	Shares Balance	Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance at December 31, 2012	253,348	\$ 710,130	\$ 83,531	\$ 7,066,023	\$ (21,069)	\$ (115,449)	\$ 765,124	\$ 8,488,290
Employee related equity activity								
Amortization of share-based compensation			10,155					10,155
Issuance of share-based compensation shares	592	1,663	(1,649)					14
Exercise of stock options	74	207	1,702					1,909
Tax benefit of stock options exercised			(1,450)					(1,450)
Restricted shares forfeited or repurchased for taxes					(6,737)			(6,737)
Net income				150,060			17,653	167,713
Dividends				(306)				(306)
Other comprehensive income, net						3,097		3,097