

Transocean Ltd.
Form 10-Q
August 07, 2013

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2013

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 000-53533

TRANSOCEAN LTD.
(Exact name of registrant as specified in its charter)

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Zug, Switzerland
(State or other jurisdiction of
incorporation or organization)

98-0599916
(I.R.S. Employer Identification No.)

10 Chemin de Blandonnet
Vernier, Switzerland
(Address of principal executive
offices)

1214
(Zip Code)

+41 (22) 930-9000
(Registrant's telephone number, including area code)

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 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 (do not check if a smaller reporting company) 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 July 30, 2013, 360,410,783 shares were outstanding.

TRANSOCEAN LTD. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRANSOCEAN LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Operating revenues				
Contract drilling revenues	\$ 2,321	\$ 2,174	\$ 4,466	\$ 4,188
Other revenues	76	155	128	251
	2,397	2,329	4,594	4,439
Costs and expenses				
Operating and maintenance	1,393	2,105	2,768	3,347
Depreciation	286	280	561	565
General and administrative	77	79	144	148
	1,756	2,464	3,473	4,060
Loss on impairment	(37)	—	(37)	(140)
Loss on disposal of assets, net	(2)	(7)	(9)	(10)
Operating income (loss)	602	(142)	1,075	229
Other income (expense), net				
Interest income	11	13	28	28
Interest expense, net of amounts capitalized	(146)	(183)	(303)	(363)
Other, net	(16)	(6)	(17)	(24)
	(151)	(176)	(292)	(359)
Income (loss) from continuing operations before income tax expense	451	(318)	783	(130)
Income tax (benefit) expense	130	(15)	149	19
Income (loss) from continuing operations	321	(303)	634	(149)
Loss from discontinued operations, net of tax	(10)	—	(10)	(136)
Net income (loss)	311	(303)	624	(285)
Net income (loss) attributable to noncontrolling interest	4	1	(4)	9
Net income (loss) attributable to controlling interest	\$ 307	\$ (304)	\$ 628	\$ (294)
Earnings (loss) per share-basic				
Earnings (loss) from continuing operations	\$ 0.87	\$ (0.86)	\$ 1.76	\$ (0.45)

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Loss from discontinued operations	(0.03)	—	(0.03)	(0.39)
Earnings (loss) per share	\$ 0.84	\$ (0.86)	\$ 1.73	\$ (0.84)

Earnings (loss) per share-diluted

Earnings (loss) from continuing operations	\$ 0.87	\$ (0.86)	\$ 1.76	\$ (0.45)
Loss from discontinued operations	(0.03)	—	(0.03)	(0.39)
Earnings (loss) per share	\$ 0.84	\$ (0.86)	\$ 1.73	\$ (0.84)

Weighted-average shares outstanding

Basic	360	353	360	352
Diluted	360	353	360	352

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (In millions)
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net income (loss)	\$ 311	\$ (303)	\$ 624	\$ (285)
Other comprehensive income (loss) before reclassifications				
Components of net periodic benefit costs	83	1	48	(27)
Loss on derivative instruments	—	(3)	(5)	—
Reclassifications to net income				
Components of net periodic benefit costs	13	10	27	23
Loss on derivative instruments	11	6	18	3
Other comprehensive income (loss) before income taxes	107	14	88	(1)
Income taxes related to other comprehensive income (loss)	(1)	1	—	(2)
Other comprehensive income (loss), net of income taxes	106	15	88	(3)
Total comprehensive income (loss)	417	(288)	712	(288)
Total comprehensive income (loss) attributable to noncontrolling interest	4	1	(3)	9
Total comprehensive income (loss) attributable to controlling interest	\$ 413	\$ (289)	\$ 715	\$ (297)

See accompanying notes.

TRANSOCEAN LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In millions, except share data)
 (Unaudited)

	June 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 3,357	\$ 5,134
Accounts receivable, net of allowance for doubtful accounts		
of \$20 at June 30, 2013 and December 31, 2012	2,105	2,200
Materials and supplies, net of allowance for obsolescence		
of \$70 and \$66 at June 30, 2013 and December 31, 2012, respectively	680	610
Assets held for sale	143	179
Deferred income taxes, net	167	142
Other current assets	414	382
Total current assets	6,866	8,647
Property and equipment	27,525	26,967
Less accumulated depreciation	(7,461)	(7,118)
Property and equipment of consolidated variable interest entities, net of accumulated depreciation	992	1,031
Property and equipment, net	21,056	20,880
Goodwill	2,987	2,987
Other assets	1,306	1,741
Total assets	\$ 32,215	\$ 34,255