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ROWAN COMPANIES INC
Form 8-K
April 17, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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 16, 2003

ROWAN COMPANIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION)

1-5491
(COMMISSION FILE NUMBER)

75-0759420
(IRS EMPLOYER IDENTIFICATION NO.)

2800 POST OAK BOULEVARD
SUITE 5450
HOUSTON, TEXAS 77056-6127
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE, INCLUDING ZIP CODE)

(713) 621-7800
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit Number	Exhibit Description
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Press release of Rowan Companies, Inc. dated April 16, 2003

ITEM 9. REGULATION FD DISCLOSURE (INFORMATION PROVIDED UNDER ITEM 12 - RESULTS OF OPERATIONS AND FINANCIAL CONDITION).

The following information is disclosed pursuant to Item 12 - Results of Operations and Financial Condition. It is being furnished under Item 9 of this Form 8-K in accordance with the interim guidance provided in SEC Release No. 33-8216.

On April 16, 2003, Rowan Companies, Inc. issued a press release announcing its results for the first quarter of 2003. The press release is attached as Exhibit 99.

SIGNATURES

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

ROWAN COMPANIES, INC.

By: /s/ E. E. THIELE

E. E. Thiele,
Senior Vice President - Administration
and Finance and Principal Financial Officer

Dated: April 17, 2003

INDEX TO EXHIBITS

EXHIBIT DESCRIPTION

Exhibit Number -----	Exhibit Description -----
99	Press release of Rowan Companies, Inc. dated April 16, 2003

EXHIBIT 99

ROWAN COMPANIES, INC.

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NEWS RELEASE

2800 POST OAK BOULEVARD, SUITE 5450
HOUSTON, TEXAS 77056 (713) 621-7800

FOR IMMEDIATE RELEASE

April 16, 2003

HOUSTON, TEXAS -- ROWAN REPORTS FIRST QUARTER FINANCIAL RESULTS.

For the three months ended March 31, 2003, the Company incurred a net loss of \$17.2 million, or \$.18 per share, on revenues of \$131.4 million, compared to net income of \$87.7 million, or \$.92 per share, on revenues of \$137.8 million in the first quarter of 2002. First quarter 2002 results included net proceeds from the settlement of the Gorilla V contract dispute, which increased net income by approximately \$102 million, or \$1.07 per share. Excluding the effects of the settlement, the Company's first quarter 2002 results would have been a net loss of approximately \$14 million, or \$.15 per share.

Rowan's Gulf of Mexico rig utilization was 90% during the first quarter of 2003, versus 93% in the fourth quarter of 2002 and 83% in the year-earlier period, and our average Gulf of Mexico day rate of \$34,700 decreased by \$800, or 2%, from the fourth quarter of 2002, but was up by \$5,400, or 18%, from the year-earlier period. Land rig utilization was 66% during the first quarter of 2003, versus 68% in the fourth quarter of 2002 and 58% in the year-earlier period, and our average land rig day rate of \$9,800 increased by \$300, or 3%, from the fourth quarter of 2002, but was down by \$900, or 8%, from the year-earlier period.

Bob Palmer, Chairman and Chief Executive Officer, commented, "For the past year, as energy prices have gyrated, we have cautioned that our business outlook was uncertain. Industry rig utilization responded to this uncertainty, thus day rates have remained depressed. Rowan's financial results for the first quarter were our worst in eight years.

"In spite of \$5.00 natural gas, the jack-up rig count in the Gulf of Mexico is languishing around 90. True, Rowan's jack-up utilization in the Gulf of Mexico held at 94% during the first quarter, and is at 100% at the moment, but our average jack-up rates declined by almost \$1,000 per day from the fourth quarter. The principal reason for Rowan's poor financial results for the first quarter, however, was our inability to contract Gorillas V and VII, a problem that we now believe to be resolved.

"We now believe that more favorable business conditions are on the horizon. First, Rowan's rigs are concentrated offshore in the Gulf of Mexico or onshore along the Gulf Coast, and most are drilling for natural gas. Second, the Minerals Management Service's proposed rule granting royalty relief to existing offshore leases for shelf wells drilled below 15,000 feet should prove of benefit to Rowan. Third, Gorilla VII's minimum 18-month drilling/production assignment in the North Sea begins June 1st. In addition, after a long wait, we believe Gorilla V soon will commence an up to three well assignment offshore eastern Canada. These two events should increase our revenues by almost \$300,000 per day, or around \$9 million per month.

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"Thus, we are optimistic that second quarter 2003 will witness a dramatic turn in our efforts to return to profitability."

Rowan Companies, Inc. is a major provider of international and domestic offshore contract drilling and aviation services. The Company also operates a mini-steel mill, a manufacturing facility that produces heavy equipment for the mining, timber and transportation industries, and a drilling products division that has designed or built about one-third of all mobile offshore jack-up

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drilling rigs, including all 22 operated by the Company. The Company's stock is traded on the New York Stock Exchange and the Pacific Stock Exchange. Common Stock trading symbol: RDC. Contact: William C. Provine, Vice-President - Investor Relations, 713-960-7575. Website: www.rowancompanies.com

This report contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements as to the expectations, beliefs and future expected financial performance of the Company that are based on current expectations and are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected by the Company. Among the factors that could cause actual results to differ materially include oil and natural gas prices, the level of offshore expenditures by energy companies, energy demand, the general economy, including inflation, weather conditions in the Company's principal operating areas and environmental and other laws and regulations. Other relevant factors have been disclosed in the Company's filings with the U. S. Securities and Exchange Commission.

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ROWAN COMPANIES, INC. CONDENSED CONSOLIDATED BALANCE SHEET Unaudited (Dollars In Thousands)

	MARCH 31	
	2003	2002
	----	----
ASSETS		
Cash and short-term investments	\$ 115,013	\$ 260,687
Accounts receivable	98,069	107,634
Inventories	179,710	149,451
Other current assets	35,412	5,619
Total current assets	428,204	523,391
Property, plant and equipment - net	1,616,098	1,464,392
Other assets	17,829	18,478
TOTAL	\$ 2,062,131	\$ 2,006,261
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current maturities of long-term debt	\$ 47,285	\$ 42,458
Other current liabilities	72,990	105,085
Total current liabilities	120,275	147,543
Long-term debt	520,365	453,782
Other liabilities	305,562	202,032
Stockholders' equity	1,115,929	1,202,904
TOTAL	\$ 2,062,131	\$ 2,006,261

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CONSOLIDATED STATEMENT OF OPERATIONS
Unaudited (Dollars In Thousands Except Per Share Amounts)

	FOR THE THREE MONTHS ENDED MARCH 31	
	2003	2002
	----	----
REVENUES:		
Drilling services	\$ 77,886	\$ 77,624
Manufacturing sales and services	29,040	31,635
Aviation services	24,429	28,546
TOTAL	131,355	137,805
COSTS AND EXPENSES:		
Drilling services	77,510	75,444
Manufacturing sales and services	26,626	29,546
Aviation services	23,434	27,847
Depreciation and amortization	20,310	18,248
General and administrative	6,505	6,395
TOTAL	154,385	157,480
INCOME (LOSS) FROM OPERATIONS	(23,030)	(19,675)
OTHER INCOME (EXPENSE):		
Net proceeds from Gorilla V settlement		157,125
Interest expense	(4,859)	(4,981)
Less interest capitalized	1,098	1,618
Interest income	522	1,138
Other - net	120	102
OTHER INCOME (EXPENSE) - NET	(3,119)	155,002
INCOME (LOSS) BEFORE INCOME TAXES	(26,149)	135,327
Provision (credit) for income taxes	(8,967)	47,650
NET INCOME (LOSS)	\$ (17,182)	\$ 87,677
NET INCOME (LOSS) PER COMMON SHARE:		
Basic	\$ (.18)	\$.93
Diluted	\$ (.18)	\$.92
DILUTED SHARES	93,617	95,250

(CONTINUED)

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ROWAN COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited (In Thousands)

FOR THE THREE MONTHS

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	ENDED	MARCH	31

	2003		2002
	----		----
CASH PROVIDED BY (USED IN):			
Operations:			
Net income (loss)	\$ (17,182)		\$ 87,677
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Depreciation and amortization	20,310		18,248
Deferred income taxes	(8,636)		10,428
Other - net	4,903		4,899
Net changes in current assets and liabilities	(8,839)		(47,737)
Net changes in other noncurrent assets and liabilities	(403)		(193)
Net cash provided by (used in) operations	(9,847)		73,322
Investing activities:			
Capital expenditures	(69,975)		(62,850)
Proceeds from disposals of property, plant and equipment	3,576		101
Net cash used in investing activities	(66,399)		(62,749)
Financing activities:			
Proceeds from borrowings	25,852		28,802
Repayments of borrowings	(13,504)		(13,504)
Payments to acquire treasury stock			(2,308)
Proceeds from stock option and convertible debenture plans	155		135
Net cash provided by financing activities	12,503		13,125
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,743)		23,698
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	178,756		236,989
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 115,013		\$ 260,687