

SEITEL INC
Form 10-Q
May 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2012

OR

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

Commission File Number: 001-10165

SEITEL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

76-0025431

(I.R.S. Employer Identification No.)

10811 S. Westview Circle Drive

Building C, Suite 100

Houston, Texas

(Address of principal executive offices)

77043

(Zip Code)

(713) 881-8900

(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 (§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 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. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer

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 May 9, 2012, there were 100 shares of the Company's common stock outstanding, par value \$.001 per share.

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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

SEITEL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	(Unaudited) March 31, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$63,415	\$74,894
Receivables		
Trade, net of allowance for doubtful accounts of \$1,044 and \$1,043, respectively	52,015	51,306
Notes and other, net of allowance for doubtful accounts of \$1,501	3,985	4,322
Due from Seitel Holdings, Inc.	865	861
Seismic data library, net of accumulated amortization of \$793,513 and \$751,980, respectively	149,454	120,694
Property and equipment, net of accumulated depreciation and amortization of \$12,464 and \$11,882, respectively	4,847	5,039
Investment in marketable securities	347	262
Prepaid expenses, deferred charges and other	10,284	10,244
Intangible assets, net of accumulated amortization of \$31,143 and \$29,378, respectively	25,465	26,814
Goodwill	207,598	205,838
Deferred income taxes	56	56
TOTAL ASSETS	\$518,331	\$500,330
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	\$59,420	\$60,550
Income taxes payable	2,401	1,464
Debt		
Senior Notes	275,000	275,000
Notes payable	79	95
Obligations under capital leases	3,176	3,161
Deferred revenue	48,575	48,845
Deferred income taxes	2,420	1,375
TOTAL LIABILITIES	391,071	390,490
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER'S EQUITY		
Common stock, par value \$.001 per share; 100 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011	—	—
Additional paid-in capital	398,084	398,011
Retained deficit	(294,479)	(309,185)
Accumulated other comprehensive income	23,655	21,014
TOTAL STOCKHOLDER'S EQUITY	127,260	109,840
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$518,331	\$500,330

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SEITEL, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
 (In thousands)

	Three Months Ended March 31,	
	2012	2011
REVENUE	\$72,547	\$59,496
EXPENSES:		
Depreciation and amortization	39,384	42,414
Cost of sales	97	16
Selling, general and administrative	8,092	7,565
	47,573	49,995
INCOME FROM OPERATIONS	24,974	9,501
Interest expense, net	(7,219)	(10,159)
Foreign currency exchange gains	411	232
Gain on sale of marketable securities	—	1,487
Other income	81	49
Income before income taxes	18,247	1,110
Provision for income taxes	3,541	599
NET INCOME	\$14,706	\$511

The accompanying notes are an integral part of these condensed consolidated financial statements.

SEITEL, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
 (In thousands)

	Three Months Ended March 31,	
	2012	2011
Net income	\$14,706	\$511
Unrealized gain on securities held as available for sale, net of tax:		
Unrealized net holding gain arising during the period	85	823
Less: Reclassification adjustment for realized gains included in earnings	—	(1,487)
Foreign currency translation adjustments	2,556	3,291
Comprehensive income	\$17,347	\$3,138

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SEITEL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY (Unaudited)

(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income
	Shares	Amount			
Balance, December 31, 2011	100				