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ROWAN COMPANIES INC  
Form 8-K  
October 15, 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): OCTOBER 15, 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  
-----

99            Press release of Rowan Companies, Inc. dated October 15, 2003

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

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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 October 15, 2003, Rowan Companies, Inc. issued a press release announcing its results for the third 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: October 15, 2003

INDEX TO EXHIBITS

EXHIBIT DESCRIPTION

Exhibit Number -----	Exhibit Description -----
99	Press release of Rowan Companies, Inc. dated October 15, 2003

EXHIBIT 99

NEWS RELEASE

ROWAN COMPANIES, INC.  
2800 POST OAK BOULEVARD, SUITE 5450

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HOUSTON, TEXAS 77056 (713) 621-7800

FOR IMMEDIATE RELEASE

October 15, 2003

HOUSTON, TEXAS -- ROWAN REPORTS IMPROVED OPERATING RESULTS.

For the three months ended September 30, 2003, Rowan Companies, Inc. (RDC-NYSE) generated net income of \$11.6 million, or \$.12 per share, on revenues of \$193.9 million, compared to a net loss of \$6.6 million, or \$.07 per share, on revenues of \$158.1 million in the second quarter of 2003, and net income of \$10.2 million, or \$.11 per share, on revenues of \$184.2 million in the third quarter of 2002.

Rowan's offshore rig utilization was 94% during the third quarter of 2003, versus 88% in the second quarter and 93% in the year-earlier period, and our average offshore day rate of \$49,100 increased by \$9,700, or 25%, from the second quarter and by \$7,200, or 17%, from the year-earlier period. Land rig utilization was 72% during the third quarter of 2003, versus 76% in the year-earlier period, and our average land rig day rate of \$11,000 increased by \$300, or 3%, from the second quarter and by \$1,400, or 15%, from the year-earlier period.

Bob Palmer, Chairman of the Board, commented, "We are pleased to return to profitability, but were disappointed with our third quarter performance. Unanticipated downtime in our Gulf of Mexico fleet hindered our drilling operations and our manufacturing and aviation financial results were less than we anticipated. Our longer-term outlook, however, remains highly favorable.

"We believe that foreign drilling markets will continue to attract competitive rigs, further tightening the Gulf of Mexico jack-up market. We are witnessing increasing opportunities abroad for our own harsh environment equipment. We expect that our average Gulf of Mexico jack-up day rates, which increased by 10% in the third quarter, will continue improving during the fourth quarter, and our fleet utilization will again increase. Of course, our optimism is based upon oil and natural gas prices sufficiently high enough to encourage exploration and development drilling by our customers. The prospects for our manufacturing operations are improving as backlog more than doubled during the third quarter to just over \$45 million, which is a five-year high."

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 drilling rigs, including all 23 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](http://www.rowancompanies.com)

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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 (In Thousands)

	SEPTEMBER 30	
	2003	2002
	----	----
ASSETS		
Cash and short-term investments	\$ 50,014	\$ 168,294
Accounts receivable	120,066	130,412
Inventories	199,920	158,161
Other current assets	65,446	8,726
	-----	-----
Total current assets	435,446	465,593
Property, plant and equipment - net	1,686,716	1,538,008
Other assets	19,326	18,418
	-----	-----
TOTAL	\$ 2,141,488	\$ 2,022,019
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current maturities of long-term debt	\$ 52,809	\$ 42,458
Other current liabilities	91,065	76,434
	-----	-----
Total current liabilities	143,874	118,892
Long-term debt	552,110	494,848
Other liabilities	317,172	232,409
Stockholders' equity	1,128,332	1,175,870
	-----	-----
TOTAL	\$ 2,141,488	\$ 2,022,019
	=====	=====

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

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
REVENUES:				
Drilling services	\$ 124,582	\$ 108,483	\$ 297,606	\$ 265,450
Manufacturing sales and services	27,067	28,754	86,738	92,340
Aviation services	42,234	46,916	98,994	112,666
	-----	-----	-----	-----
Total	193,883	184,153	483,338	470,456
	-----	-----	-----	-----

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COSTS AND EXPENSES:				
Drilling services	86,162	79,091	242,793	229,162
Manufacturing sales and services	25,199	26,852	80,518	86,896
Aviation services	33,327	32,005	86,697	89,681
Depreciation and amortization	21,740	20,330	62,973	57,332
General and administrative	6,126	6,434	19,420	19,251
	-----	-----	-----	-----
Total	172,554	164,712	492,401	482,322
	-----	-----	-----	-----
INCOME (LOSS) FROM OPERATIONS	21,329	19,441	(9,063)	(11,866)
	-----	-----	-----	-----
OTHER INCOME (EXPENSE):				
Net proceeds from Gorilla V settlement				157,125
Interest expense	(5,213)	(5,255)	(14,869)	(15,479)
Less interest capitalized	1,004	846	3,457	3,980
Interest income	139	945	1,023	3,267
Other - net	38	48	417	433
	-----	-----	-----	-----
Other income (expense) - net	(4,032)	(3,416)	(9,972)	149,326
	-----	-----	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	17,297	16,025	(19,035)	137,460
Provision (credit) for income taxes	5,710	5,861	(6,816)	48,358
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 11,587	\$ 10,164	\$ (12,219)	\$ 89,102
	=====	=====	=====	=====
NET INCOME (LOSS) PER COMMON SHARE:				
Basic	\$ .12	\$ .11	\$ (.13)	\$ .95
	=====	=====	=====	=====
Diluted	\$ .12	\$ .11	\$ (.13)	\$ .93
	=====	=====	=====	=====
DILUTED SHARES	95,877	95,177	93,738	95,433
	=====	=====	=====	=====

(CONTINUED)

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

	FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2003	2002
	----	----
CASH PROVIDED BY (USED IN):		
Operations:		
Net income (loss)	\$ (12,219)	\$ 89,102
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations:		
Depreciation and amortization	62,973	57,332

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Deferred income taxes	(6,727)	44,286
Other - net	(1,585)	5,341
Net changes in current assets and liabilities	(45,202)	(115,329)
Net changes in other noncurrent assets and liabilities	(1,124)	(218)
	-----	-----
Net cash provided by (used in) operations	(3,884)	80,514
	-----	-----
Investing activities:		
Property, plant and equipment additions	(184,711)	(176,581)
Proceeds from disposals of property, plant and equipment	6,360	4,387
	-----	-----
Net cash used in investing activities	(178,351)	(172,194)
	-----	-----
Financing activities:		
Proceeds from borrowings	84,350	91,097
Repayments of borrowings	(34,733)	(34,733)
Proceeds from stock option and convertible debenture plans	3,876	2,188
Payment of cash dividends		(23,511)
Payments to acquire treasury stock		(12,056)
	-----	-----
Net cash provided by financing activities	53,493	22,985
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(128,742)	(68,695)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	178,756	236,989
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 50,014	\$ 168,294
	=====	=====