

MCDERMOTT INTERNATIONAL INC  
Form 10-Q  
July 31, 2018

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, 2018

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 No. 001-08430

McDERMOTT INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

REPUBLIC OF PANAMA  
(State or Other Jurisdiction of

Incorporation or Organization)

757 N. Eldridge Parkway

HOUSTON, TEXAS

72-0593134  
(I.R.S. Employer

Identification No.)

77079

Edgar Filing: MCDERMOTT INTERNATIONAL INC - Form 10-Q

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (281) 870-5000

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of the registrant's common stock outstanding at July 27, 2018 was 180,536,768.

TABLE OF CONTENTS

McDERMOTT INTERNATIONAL, INC.

INDEX—FORM 10-Q

	PAGE
<u>PART I—FINANCIAL INFORMATION</u>	1
Item 1—Condensed Consolidated Financial Statements	
<u>Statements of Operations</u>	1
<u>Statements of Comprehensive Income</u>	2
<u>Balance Sheets</u>	3
<u>Statements of Cash Flows</u>	4
<u>Statements of Equity</u>	5
<u>Notes to the Condensed Consolidated Financial Statements</u>	7
Item 2— <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	43
Item 3— <u>Quantitative and Qualitative Disclosures about Market Risk</u>	64
Item 4— <u>Controls and Procedures</u>	65
<u>PART II—OTHER INFORMATION</u>	66
Item 1— <u>Legal Proceedings</u>	66
Item 1A— <u>Risk Factors</u>	66
Item 5— <u>Other Information</u>	83
Item 6— <u>Exhibits</u>	85
<u>SIGNATURES</u>	88

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## PART I: Item 1—FINANCIAL INFORMATION

McDERMOTT INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months		Six Months	
	Ended June		Ended June 30,	
	30,	2017	2018	2017
	(In millions, except per share amounts)			
Revenues	\$1,735	\$789	\$2,343	\$1,308
Costs and Expenses:				
Cost of operations	1,486	650	1,962	1,079
Project related intangibles amortization	12	-	12	-
Total cost of operations	1,498	650	1,974	1,079
Research and development expenses	5	1	5	1
Selling, general and administrative expenses	75	50	124	87
Other intangibles amortization	10	-	10	-
Transaction costs	37	-	40	-
Restructuring and integration costs	63	-	75	-
Other operating expenses (income), net				