

OVERSEAS SHIPHOLDING GROUP INC
Form 10-Q
August 10, 2015

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, 2015

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 1-6479-1

OVERSEAS SHIPHOLDING GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

13-2637623
(IRS Employer Identification No.)

1301 Avenue of the Americas, New York, New York 10019
(Address of principal executive offices) (Zip Code)

(212) 953-4100
Registrant's telephone
number, including area
code

No Change
Former
name, former

address and
former fiscal
year,
if changed
since last
report

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date. The number of shares outstanding of each of the issuer's classes of common stock as of August 4, 2015: Class A common stock, par value \$0.01— 311,862,628 shares; Class B common stock, par value \$0.01— 6,885,317 shares. Excluded from these amounts are penny warrants, which were outstanding as of August 4, 2015, for the purchase of 208,650,374 shares of Class A common stock and 1,032,983 shares of Class B common stock.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

DOLLARS IN THOUSANDS

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 646,265	\$ 389,226
Restricted cash	22,245	53,085
Voyage receivables, including unbilled of \$77,395 and \$85,094	87,671	101,513
Income tax recoverable	56,199	55,856
Other receivables	6,747	8,293
Inventories, prepaid expenses and other current assets	25,068	24,290
Deferred income taxes	5,312	5,312
Total Current Assets	849,507	637,575
Restricted cash - non current	-	70,093
Vessels and other property, less accumulated depreciation of \$679,170 and \$625,322	2,150,185	2,213,217
Deferred drydock expenditures, net	74,524	62,413
Total Vessels, Deferred Drydock and Other Property	2,224,709	2,275,630
Investments in and advances to affiliated companies	348,188	334,863
Intangible assets, less accumulated amortization of \$39,483 and \$37,183	52,517	54,817
Other assets	68,653	63,513
Total Assets	\$ 3,543,574	\$ 3,436,491
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 97,757	\$ 96,066
Income taxes payable	1,537	906
Current installments of long-term debt	58,314	12,314
Total Current Liabilities	157,608	109,286
Reserve for uncertain tax positions	37,004	34,520
Long-term debt	1,604,344	1,656,353
Deferred income taxes	285,154	283,277
Other liabilities	66,498	66,968
Total Liabilities	2,150,608	2,150,404
Equity:		
Common stock	3,187	3,158
Paid-in additional capital	1,508,286	1,507,334
Accumulated deficit	(39,686)	(141,025)

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	1,471,787	1,369,467
Accumulated other comprehensive loss	(78,821)	(83,380)
Total Equity	1,392,966	1,286,087
Total Liabilities and Equity	\$3,543,574	\$ 3,436,491

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Shipping Revenues:				
Pool revenues, including \$13,303, \$15,386, \$27,127 and \$37,223 received from companies accounted for by the equity method	\$90,591	\$28,410	\$169,360	\$73,477
Time and bareboat charter revenues	109,754	96,609	217,696	191,737
Voyage charter revenues	45,142	116,758	91,973	269,009
	245,487	241,777	479,029	534,223
Operating Expenses:				
Voyage expenses	10,284	70,129	22,184	148,022
Vessel expenses	68,279	66,726	137,518	133,397
Charter hire expenses	31,127	39,983	63,025	85,465
Depreciation and amortization	37,869	37,385	74,988	75,330
General and administrative	17,471	19,485	36,753	43,910
Technical management transition costs	-	1,638	40	1,832
Severance and relocation costs	-	7,964	5	14,647
Gain on disposal of vessels and other property	-	(4)	(1,073)	(1,481)
Total Operating Expenses	165,030	243,306	333,440	501,122
Income/(loss) from vessel operations	80,457	(1,529)	145,589	33,101
Equity in income of affiliated companies	11,830	9,637	24,242	18,131
Operating income	92,287	8,108	169,831	51,232
Other income	48	145	121	279
Income before interest expense, reorganization items and income taxes	92,335	8,253	169,952	51,511
Interest expense	(28,931)	(174,511)	(57,500)	(174,634)
Income/(loss) before reorganization items and income taxes	63,404	(166,258)	112,452	(123,123)
Reorganization items, net	(1,437)	(86,123)	(4,924)	(115,379)
Income/(loss) before income taxes	61,967	(252,381)	107,528	(238,502)
Income tax (provision)/benefit	(3,529)	50,414	(6,189)	49,085
Net Income/(loss)	\$58,438	\$(201,967)	\$101,339	\$(189,417)

Weighted Average Number of Common Shares

Outstanding:

Basic - Class A	520,604,924	-	520,594,320	-
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Diluted - Class A	520,811,125	-	520,699,222	-
Basic and Diluted - Class B and Common Stock	7,922,800	30,546,423	7,923,866	30,531,493
Per Share Amounts:				
Basic net income/(loss) - Class A and Class B	\$0.11	\$-	\$0.19	\$-
Diluted net income/(loss) - Class A and Class B	\$0.11	\$-	\$0.19	\$-
Basic and diluted net income/(loss) - Common Stock	\$0	\$(6.61) \$0	\$(6.20)

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

DOLLARS IN THOUSANDS

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net Income/(Loss)	\$58,438	\$(201,967)	\$101,339	\$(189,417)
Other Comprehensive Income/(Loss), net of tax:				
Net change in unrealized losses on cash flow hedges	8,413	(1,939)	4,837	(3,717)
Defined benefit pension and other postretirement benefit plans:				
Net change in unrecognized prior service costs	15	12	5	17
Net change in unrecognized actuarial losses	(789)	(252)	(283)	(361)
Other Comprehensive Income/(Loss), net of tax	7,639	(2,179)	4,559	(4,061)
Comprehensive Income/(Loss)	\$66,077	\$(204,146)	\$105,898	\$(193,478)

See notes to condensed consolidated financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

DOLLARS IN THOUSANDS

(UNAUDITED)

	Six Months Ended	
	June 30,	
	2015	2014
Cash Flow from Operating Activities		
Net income/(loss)	\$101,339	\$(189,417)
Items included in net income/(loss) not affecting cash flows:		
Depreciation and amortization	74,988	75,330
Amortization of debt discount and other deferred financing costs	5,119	-
Compensation relating to restricted stock and stock option grants	981	517
Deferred income tax provision/(benefit)	2,269	(44,903)
Undistributed earnings of affiliated companies	(19,056)	(14,633)
Deferred payment obligations on charters-in	590	1,940
Contractual post-petition interest accrued on liabilities subject to compromise	-	174,476
Reorganization items, non-cash	812	64,469
Other-net	549	1,377
Items included in net income/(loss) related to investing and financing activities:		
Gain on disposal of vessels and other property - net	(1,073)	(1,481)
Payments for drydocking	(25,394)	(15,712)
Bankruptcy claim payments	(3,436)	-
Deferred financing costs paid for loan modification	(6,187)	-
Changes in operating assets and liabilities	8,120	13,067
Net cash provided by operating activities	139,621	65,030
Cash Flows from Investing Activities:		
Change in restricted cash	100,933	-
Expenditures for vessels	(440)	(15,721)
Proceeds from disposal of vessels and other property	7,757	7,594
Expenditures for other property	(69)	(216)
Investments in and advances to affiliated companies	(1,506)	-
Repayments of advances from affiliated companies	17,000	-
Other - net	-	185
Net cash provided by/(used in) investing activities	123,675	(8,158)
Cash Flows from Financing Activities		
Purchases of treasury stock	-	(162)
Payments on debt, including adequate protection payments	(6,257)	(5,307)
Deferred financing costs paid for issuance of debt	-	(8,425)
Net cash used in financing activities	(6,257)	(13,894)
Net increase in cash and cash equivalents	257,039	42,978

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Cash and cash equivalents at beginning of year	389,226	601,927
Cash and cash equivalents at end of period	\$646,265	\$644,905

See notes to condensed consolidated financial statements

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OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT)

DOLLARS IN THOUSANDS

(UNAUDITED)

	Common Stock*	Paid-in Additional Capital**	(Accumulated Deficit)/ Retained Earnings	Treasury Stock Shares	Amount	Accumulated Other Comprehensive Loss***	Total
Balance at January 1, 2015	\$ 3,158	\$ 1,507,334	\$ (141,025)	-	\$ -	\$ (83,380)	\$ 1,286,087
Net income			101,339				101,339
Other comprehensive income						4,559	4,559
Issuance of restricted stock awards	3	(3)					-
Compensation related Class A options granted	-	160					160
Compensation related to Class A restricted stock awards	-	821					821
Conversion of warrants to common stock	26	(26)					