



HORNBECK OFFSHORE

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Hornbeck Offshore Reports Fourth Quarter 2002 Results

02/27/03

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Hornbeck Offshore Services, Inc. announced today that revenues for the quarter ended December 31, 2002 increased 20.7 percent to \$26.2 million compared to \$21.7 million for the same quarter in 2001. Operating income was \$9.5 million or 36.3 percent of revenues for the fourth quarter of 2002, compared to \$8.7 million or 40.1 percent of revenues for the same quarter in 2001. Fourth quarter 2002 net income was \$3.3 million compared to \$0.5 million for the fourth quarter 2001.

The increase in fourth quarter 2002 revenue was primarily the result of the addition of five deepwater offshore supply vessels ("OSVs") that entered the fleet since September 30, 2001. The increase in operating costs and depreciation expense compared to the fourth quarter 2001 was primarily related to the new vessels. The fourth quarter 2001 net income reflects the put warrant accounting methodology that was adopted in the Form S-1 that the Company filed in July 2002 and withdrew in October 2002. The Company had outstanding put warrants during 2001 that required it to report the changes in market value for these warrants as additional interest expense upon the filing of the Company's Form S-1 with the Securities and Exchange Commission.

The Company previously presented this item as a pro forma adjustment to net income in its 2001 Form 10-K in anticipation of the Company filing a Form S-1 during 2002. These warrants were repurchased in October 2001 and therefore did not affect the operating results for 2002. Therefore, the \$2.8 million increase in fourth quarter 2002 net income resulted from a \$3.0 million non-cash charge to interest expense during the fourth quarter 2001 related to the put warrants.

Calendar 2002 Results

For the calendar year 2002, revenues increased 34.6 percent to \$92.6 million from \$68.8 million in calendar 2001. Operating income for 2002 was \$34.3 million, or 37.0 percent of revenues, compared to calendar 2001 operating income of \$27.9 million, or 40.6 percent of revenues. Income before extraordinary items totaled \$11.6 million for 2002, compared to \$9.0 million for the calendar year 2001.

The primary reason for the year-over-year increase in operating income was the increase in the size of the Company's fleet by an average of 3.2 OSVs and 3.7 tank barges during 2002 compared to 2001. Income before extraordinary items for 2002 also increased over 2001 due to a \$3.0 million non-cash charge to interest expense during 2001 related to the previously outstanding put warrants, as discussed above.

Management Discussion

The Company took delivery of five newly constructed, deepwater OSVs on November 6, 2001, February 20, 2002, June 13, 2002, August 11, 2002 and October 20, 2002, respectively, all of which are 240-ft. or 265-ft. class OSVs. The \$4.6 million net increase in fourth quarter 2002 revenue over the prior year quarter was comprised primarily of incremental revenue from these newly constructed vessels. Operating costs and depreciation expense increased by a combined \$3.4 million, primarily related to the incremental quarter-over-quarter contribution of the five new, larger class OSVs.

Todd Hornbeck, President and CEO, stated, "We are pleased to report yet another quarter of strong financial results, despite continuing weak market conditions in our OSV segment and, for most of the fourth quarter, our tug and tank barge segment. We achieved these results primarily due to increased capacity in our OSV fleet over the third quarter. We also finally began to experience the favorable effects of normal winter conditions on the Northeast tank barge market in the latter half of the fourth quarter. In spite of increased winter-related activity, we do not expect a sustainable upward trend in results in either of our business segments until current geopolitical issues are resolved and U.S. economic conditions improve."

Recent Developments

On January 30, 2003, the Company executed a definitive agreement to purchase the T/B Kilchis, an 80,000-barrel double-hulled tank barge, from an unrelated third party for \$7.4 million. The Company expects to incur an additional \$1.5 million in acquisition-related costs. Upon closing, which is expected in early March 2003, the vessel will be renamed the Energy 8001. The vessel is expected to be placed in service in early May 2003.

On January 28, 2003, the Company sold the Energy 5502 to an unrelated third party for \$1.65 million. On December 15, 2002, the Company sold the single-screw tug, the M/V Port Service, to an unrelated third party for \$315,000.

Conference Call

The Company will hold a conference call to discuss its fourth quarter 2002 financial results at 9:00 a.m. (Central Standard Time) today, February 27, 2003. To participate in the call, callers in the United States/Canada can dial toll-free (800) 642-9816 and international callers can dial (706) 679-3206. The conference ID for all callers is 8374033. An archived version of the call will be available for replay beginning at 11:00 a.m. (Central Time) Thursday, February 27, 2003 and ending at midnight Thursday, March 6, 2003. To access the replay, the toll-free number for callers in the United States is (800) 642-1687 while the number for international callers is (706) 645-9291. The conference ID for all callers is 8374033.

Hornbeck Offshore Services, Inc. is a leading provider of marine transportation services through the operation of newly constructed deepwater offshore supply vessels in the Gulf of Mexico and in Trinidad, and ocean-going tugs and tank barges in the northeastern U.S. and in Puerto Rico. Additional Company information is available at its website at www.hornbeckoffshore.com.

Forward-Looking Statements

This news release contains forward-looking statements, including, in particular, statements about Hornbeck Offshore's plans and intentions. These have been based on the Company's current assumptions, expectations and projections about future events. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company can give no assurance that the expectations will prove to be correct.