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ROWAN COMPANIES INC  
Form 8-K  
April 17, 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): APRIL 16, 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<br>Number | Exhibit Description |
|-------------------|---------------------|
| -----             | -----               |

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Press release of Rowan Companies, Inc. dated April 16, 2003

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

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 April 16, 2003, Rowan Companies, Inc. issued a press release announcing its results for the first 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: April 17, 2003

INDEX TO EXHIBITS

EXHIBIT DESCRIPTION

| Exhibit<br>Number<br>----- | Exhibit Description<br>-----                                |
|----------------------------|---|
| 99                         | Press release of Rowan Companies, Inc. dated April 16, 2003 |

EXHIBIT 99

ROWAN COMPANIES, INC.

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NEWS RELEASE

2800 POST OAK BOULEVARD, SUITE 5450  
HOUSTON, TEXAS 77056 (713) 621-7800

FOR IMMEDIATE RELEASE

April 16, 2003

HOUSTON, TEXAS -- ROWAN REPORTS FIRST QUARTER FINANCIAL RESULTS.

For the three months ended March 31, 2003, the Company incurred a net loss of \$17.2 million, or \$.18 per share, on revenues of \$131.4 million, compared to net income of \$87.7 million, or \$.92 per share, on revenues of \$137.8 million in the first quarter of 2002. First quarter 2002 results included net proceeds from the settlement of the Gorilla V contract dispute, which increased net income by approximately \$102 million, or \$1.07 per share. Excluding the effects of the settlement, the Company's first quarter 2002 results would have been a net loss of approximately \$14 million, or \$.15 per share.

Rowan's Gulf of Mexico rig utilization was 90% during the first quarter of 2003, versus 93% in the fourth quarter of 2002 and 83% in the year-earlier period, and our average Gulf of Mexico day rate of \$34,700 decreased by \$800, or 2%, from the fourth quarter of 2002, but was up by \$5,400, or 18%, from the year-earlier period. Land rig utilization was 66% during the first quarter of 2003, versus 68% in the fourth quarter of 2002 and 58% in the year-earlier period, and our average land rig day rate of \$9,800 increased by \$300, or 3%, from the fourth quarter of 2002, but was down by \$900, or 8%, from the year-earlier period.

Bob Palmer, Chairman and Chief Executive Officer, commented, "For the past year, as energy prices have gyrated, we have cautioned that our business outlook was uncertain. Industry rig utilization responded to this uncertainty, thus day rates have remained depressed. Rowan's financial results for the first quarter were our worst in eight years.

"In spite of \$5.00 natural gas, the jack-up rig count in the Gulf of Mexico is languishing around 90. True, Rowan's jack-up utilization in the Gulf of Mexico held at 94% during the first quarter, and is at 100% at the moment, but our average jack-up rates declined by almost \$1,000 per day from the fourth quarter. The principal reason for Rowan's poor financial results for the first quarter, however, was our inability to contract Gorillas V and VII, a problem that we now believe to be resolved.

"We now believe that more favorable business conditions are on the horizon. First, Rowan's rigs are concentrated offshore in the Gulf of Mexico or onshore along the Gulf Coast, and most are drilling for natural gas. Second, the Minerals Management Service's proposed rule granting royalty relief to existing offshore leases for shelf wells drilled below 15,000 feet should prove of benefit to Rowan. Third, Gorilla VII's minimum 18-month drilling/production assignment in the North Sea begins June 1st. In addition, after a long wait, we believe Gorilla V soon will commence an up to three well assignment offshore eastern Canada. These two events should increase our revenues by almost \$300,000 per day, or around \$9 million per month.

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"Thus, we are optimistic that second quarter 2003 will witness a dramatic turn in our efforts to return to profitability."

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

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drilling rigs, including all 22 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)

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 (Dollars In Thousands)

|   | MARCH 31     |              |
|---|--------------|--------------|
|   | 2003         | 2002         |
|   | ----         | ----         |
| <b>ASSETS</b>                               |              |              |
| Cash and short-term investments             | \$ 115,013   | \$ 260,687   |
| Accounts receivable                         | 98,069       | 107,634      |
| Inventories                                 | 179,710      | 149,451      |
| Other current assets                        | 35,412       | 5,619        |
| Total current assets                        | 428,204      | 523,391      |
| Property, plant and equipment - net         | 1,616,098    | 1,464,392    |
| Other assets                                | 17,829       | 18,478       |
| TOTAL                                       | \$ 2,062,131 | \$ 2,006,261 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |              |              |
| Current maturities of long-term debt        | \$ 47,285    | \$ 42,458    |
| Other current liabilities                   | 72,990       | 105,085      |
| Total current liabilities                   | 120,275      | 147,543      |
| Long-term debt                              | 520,365      | 453,782      |
| Other liabilities                           | 305,562      | 202,032      |
| Stockholders' equity                        | 1,115,929    | 1,202,904    |
| TOTAL                                       | \$ 2,062,131 | \$ 2,006,261 |

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

|  | FOR THE THREE MONTHS<br>ENDED MARCH 31 |                  |
|--|--|------------------|
|  | 2003                                   | 2002             |
|  | ----                                   | ----             |
| <b>REVENUES:</b>                           |  |                  |
| Drilling services                          | \$ 77,886                              | \$ 77,624        |
| Manufacturing sales and services           | 29,040                                 | 31,635           |
| Aviation services                          | 24,429                                 | 28,546           |
| TOTAL                                      | 131,355                                | 137,805          |
| <b>COSTS AND EXPENSES:</b>                 |  |                  |
| Drilling services                          | 77,510                                 | 75,444           |
| Manufacturing sales and services           | 26,626                                 | 29,546           |
| Aviation services                          | 23,434                                 | 27,847           |
| Depreciation and amortization              | 20,310                                 | 18,248           |
| General and administrative                 | 6,505                                  | 6,395            |
| TOTAL                                      | 154,385                                | 157,480          |
| <b>INCOME (LOSS) FROM OPERATIONS</b>       | <b>(23,030)</b>                        | <b>(19,675)</b>  |
| <b>OTHER INCOME (EXPENSE):</b>             |  |                  |
| Net proceeds from Gorilla V settlement     |  | 157,125          |
| Interest expense                           | (4,859)                                | (4,981)          |
| Less interest capitalized                  | 1,098                                  | 1,618            |
| Interest income                            | 522                                    | 1,138            |
| Other - net                                | 120                                    | 102              |
| OTHER INCOME (EXPENSE) - NET               | (3,119)                                | 155,002          |
| <b>INCOME (LOSS) BEFORE INCOME TAXES</b>   | <b>(26,149)</b>                        | <b>135,327</b>   |
| Provision (credit) for income taxes        | (8,967)                                | 47,650           |
| <b>NET INCOME (LOSS)</b>                   | <b>\$ (17,182)</b>                     | <b>\$ 87,677</b> |
| <b>NET INCOME (LOSS) PER COMMON SHARE:</b> |  |                  |
| Basic                                      | \$ (.18)                               | \$ .93           |
| Diluted                                    | \$ (.18)                               | \$ .92           |
| <b>DILUTED SHARES</b>                      | <b>93,617</b>                          | <b>95,250</b>    |

(CONTINUED)

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

FOR THE THREE MONTHS

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|   | ENDED       | MARCH | 31         |
|---|-------------|-------|------------|
|   | -----       |       |            |
|   | 2003        |       | 2002       |
|   | ----        |       | ----       |
| CASH PROVIDED BY (USED IN):   |             |       |            |
| Operations:   |             |       |            |
| Net income (loss)   | \$ (17,182) |       | \$ 87,677  |
| Adjustments to reconcile net income (loss)<br>to net cash provided by operations: |             |       |            |
| Depreciation and amortization   | 20,310      |       | 18,248     |
| Deferred income taxes   | (8,636)     |       | 10,428     |
| Other - net   | 4,903       |       | 4,899      |
| Net changes in current assets and liabilities                                     | (8,839)     |       | (47,737)   |
| Net changes in other noncurrent assets and liabilities                            | (403)       |       | (193)      |
| Net cash provided by (used in) operations   | (9,847)     |       | 73,322     |
| Investing activities:   |             |       |            |
| Capital expenditures  | (69,975)    |       | (62,850)   |
| Proceeds from disposals of property, plant and equipment                          | 3,576       |       | 101        |
| Net cash used in investing activities   | (66,399)    |       | (62,749)   |
| Financing activities:   |             |       |            |
| Proceeds from borrowings  | 25,852      |       | 28,802     |
| Repayments of borrowings  | (13,504)    |       | (13,504)   |
| Payments to acquire treasury stock  |             |       | (2,308)    |
| Proceeds from stock option and convertible debenture plans                        | 155         |       | 135        |
| Net cash provided by financing activities   | 12,503      |       | 13,125     |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                                  | (63,743)    |       | 23,698     |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD                                    | 178,756     |       | 236,989    |
| CASH AND CASH EQUIVALENTS, END OF PERIOD  | \$ 115,013  |       | \$ 260,687 |