

SEITEL INC  
Form 10-Q  
November 07, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

Commission File Number: 001-10165

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SEITEL, INC.  
(Exact name of registrant as specified in its charter)

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Delaware 76-0025431  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

10811 S. Westview Circle Drive  
Building C, Suite 100 77043  
Houston, Texas  
(Address of principal executive offices) (Zip Code)

(713) 881-8900  
(Registrant's telephone number, including area code)

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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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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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

As of November 4, 2013, there were 100 shares of the Company's common stock outstanding, par value \$.001 per share.

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## PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS  
 SEITEL, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands, except share and per share amounts)

	(Unaudited) September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$28,040	\$61,891
Receivables		
Trade, net of allowance for doubtful accounts of \$332 and \$737, respectively	40,894	61,195
Notes and other, net of allowance for doubtful accounts of \$988	2,006	2,143
Due from Seitel Holdings, Inc.	1,127	874
Seismic data library, net of accumulated amortization of \$963,427 and \$889,804, respectively	194,137	180,117
Property and equipment, net of accumulated depreciation and amortization of \$14,469 and \$13,461, respectively	4,072	4,818
Prepaid expenses, deferred charges and other	12,394	10,774
Intangible assets, net of accumulated amortization of \$37,878 and \$34,087, respectively	16,322	20,828
Goodwill	204,740	208,020
Deferred income taxes	84	84
<b>TOTAL ASSETS</b>	<b>\$503,816</b>	<b>\$550,744</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$42,954	\$62,783
Income taxes payable	612	4,134
Debt		
Senior Notes	250,000	275,000
Notes payable	—	29
Obligations under capital leases	2,829	3,113
Deferred revenue	50,677	52,857
Deferred income taxes	2,367	2,470
<b>TOTAL LIABILITIES</b>	<b>349,439</b>	<b>400,386</b>
<b>COMMITMENTS AND CONTINGENCIES (Note G)</b>		
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, par value \$.001 per share; 100 shares authorized, issued and outstanding at September 30, 2013 and December 31, 2012	—	—
Additional paid-in capital	399,455	398,772
Retained deficit	(263,792)	(272,135)
Accumulated other comprehensive income	18,714	23,721
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>154,377</b>	<b>150,358</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$503,816</b>	<b>\$550,744</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.



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## SEITEL, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
REVENUE	\$44,410	\$51,556	\$143,305	\$170,131
EXPENSES:				
Depreciation and amortization	32,085	37,703	89,252	106,924
Cost of sales	188	104	290	352
Selling, general and administrative	5,912	4,845	19,553	20,642
	38,185	42,652	109,095	127,918
INCOME FROM OPERATIONS	6,225	8,904	34,210	42,213
Interest expense, net	(6,202)	(7,266)	(21,655)	(21,738)
Foreign currency exchange gains (losses)	714	1,051	(1,104)	1,036
Loss on early extinguishment of debt	—	—	(1,504)	—
Gain on sale of marketable securities	—	—	—	230
Other income	16	227	17	710
Income before income taxes	753	2,916	9,964	22,451
Provision for income taxes	516	1,787	1,621	5,346
NET INCOME	\$237	\$1,129	\$8,343	\$17,105

The accompanying notes are an integral part of these condensed consolidated financial statements.