



Diamond Offshore Announces Third Quarter 2001 Earnings

October 16, 2001

HOUSTON, Oct 16, 2001 (BUSINESS WIRE) -- Diamond Offshore Drilling Inc. (NYSE:DO) today reported net income for the third quarter of 2001 of \$53.4 million, or \$0.38 per share on a diluted basis, compared to net income for the prior year quarter of \$10.5 million, or \$0.08 per share on a diluted basis. Revenues for the third quarter of 2001 were \$230.6 million compared to revenues of \$157.3 million for the third quarter of 2000.

For the nine months ended Sept. 30, 2001, the Company reported net income before extraordinary items of \$141.7 million, or \$1.02 per share on a diluted basis compared to net income of \$43.6 million, or \$0.32 per share on a diluted basis for the same period in 2000. Revenue for the nine months ended Sept. 30, 2001 were \$663.2 million compared to revenues of \$468.5 million for the first nine months of 2000. Net income after extraordinary items related to the early retirement of debt was \$134.0 million, or \$0.97 per share on a diluted basis, for the nine months ended Sept. 30, 2001.

As of Sept. 30, 2001, there were 132.1 million common shares outstanding. Depending on market conditions, the Company may, from time to time, purchase shares of its outstanding common stock in the open market or otherwise. During the third quarter of 2001, the Company repurchased 1.3 million shares of its common stock at an aggregate cost of \$33.6 million.

Diamond Offshore is a leader in deep water drilling. The Company's fleet of 45 offshore drilling rigs consists of 30 semisubmersibles, 14 jack-ups and one drillship. The fleet operates in the waters of six of the world's seven continents.

As previously announced, Diamond Offshore will provide an online, real-time simulcast and rebroadcast of its 2001 third quarter earnings release conference call. The live broadcast of the Diamond Offshore Drilling Inc. quarterly conference call will be available online at www.diamondoffshore.com on Oct. 16, 2001, beginning at 9:00 a.m. Central Time. The online replay will follow immediately and continue for 5 days after the original call. Please go to the Web site at least 15 minutes before the broadcast to register, download and install any necessary audio software.

Statements in this press release that contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. A discussion of the risk factors that could impact these areas and the Company's overall business and financial performance can be found in the Company's reports filed with the Securities and Exchange Commission. Given these concerns, investors and analysts should not place undue reliance on forward-looking statements.

The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Revenues	\$230,636	\$157,348	\$663,192	\$468,493
Operating expenses:				
Contract drilling	115,726	111,294	338,979	315,000
Depreciation and amortization	43,143	37,008	126,873	110,500
General and administrative	6,054	5,918	19,020	17,853
Total operating expenses	164,923	154,220	484,872	443,353
Operating income	65,713	3,128	178,320	25,140
Other income (expense):				
Gain on sale of assets	83	149	292	14,231
Interest income	13,156	16,703	36,436	35,237
Interest expense	(5,927)	(3,861)	(20,364)	(6,702)
Other, net	6,405	(51)	16,437	(737)

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Income before income tax				
expense and				
extraordinary item	79,430	16,068	211,121	67,169
Income tax expense	(26,003)	(5,591)	(69,384)	(23,567)
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Income before				
extraordinary item	53,427	10,477	141,737	43,602
	-----	-----	-----	-----
Extraordinary item-loss				
on early debt				
extinguishment, less				
applicable income				
tax of \$4,158	--	--	(7,722)	--
	-----	-----	-----	-----
Net income	\$53,427	\$10,477	\$134,015	\$43,602
	=====	=====	=====	=====
Earnings per share:				
Basic				
Income before				
extraordinary item	\$0.40	\$0.08	\$1.06	\$0.32
Extraordinary item	--	--	(0.06)	--
	-----	-----	-----	-----
Net	\$0.40	\$0.08	\$1.00	\$0.32
	=====	=====	=====	=====
Diluted				
Income before				
extraordinary item	\$0.38	\$0.08	\$1.02	\$0.32
Extraordinary item	--	--	(0.05)	--
	-----	-----	-----	-----
Net	\$0.38	\$0.08	\$0.97	\$0.32
	=====	=====	=====	=====
Weighted average shares				
outstanding				
Common shares	132,889	135,469	133,166	135,563
Dilutive potential				
common shares	16,528	--	16,362	9,876
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Total weighted				
average shares				
outstanding	149,417	135,469	149,528	145,439
	=====	=====	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS
(Unaudited)
(In thousands)

	Three Months Ended	
	September 30,	
	-----	-----
	2001	2000
	-----	-----
REVENUES		
High Specification Floaters	\$81,168	\$48,770
Other Semisubmersibles	101,206	74,391
Jack-ups	48,245	31,333
Integrated Services	16	4,889
Other	1	140
Eliminations	--	(2,175)
	-----	-----
Total Revenues	\$230,636	\$157,348
	=====	=====
CONTRACT DRILLING EXPENSE		
High Specification Floaters	\$30,921	\$27,816
Other Semisubmersibles	56,074	49,301
Jack-ups	27,619	27,895

Integrated Services	196	6,044
Other	916	2,413
Eliminations	--	(2,175)
	-----	-----
Total Contract Drilling Expense	\$115,726	\$111,294
	=====	=====
OPERATING INCOME		
High Specification Floaters	\$50,247	\$20,954
Other Semisubmersibles	45,132	25,090
Jack-ups	20,626	3,438
Integrated Services	(180)	(1,155)
Other	(915)	(2,273)
Depreciation and Amortization Expense	(43,143)	(37,008)
General and Administrative Expense	(6,054)	(5,918)
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Total Operating Income	\$65,713	\$3,128
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DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	September 30,	December 31,
	2001	2000
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ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$244,161	\$144,456
Marketable securities	744,915	717,678
Accounts receivable	198,350	153,452
Rig inventory and supplies	40,791	40,698
Prepaid expenses and other	20,287	44,673
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Total current assets	1,248,504	1,100,957
Drilling and other property and equipment, net of accumulated depreciation	1,939,243	1,902,415
Goodwill, net of accumulated amortization	42,464	55,205
Other assets	84,265	20,929
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Total assets	\$3,314,476	\$3,079,506
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$158,709	\$123,013
Long-term debt	927,400	856,559
Deferred tax liability	356,266	316,627
Other liabilities	25,028	15,454
Stockholders' equity	1,847,073	1,767,853
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Total liabilities and stockholders' equity	\$3,314,476	\$3,079,506
	=====	=====

DIAMOND OFFSHORE DRILLING INC. AND SUBSIDIARIES

AVERAGE DAYRATES AND UTILIZATION

Third Quarter 2001		Second Quarter 2001		Third Quarter 2000	
Dayrate	Utili- zation	Dayrate	Utili- zation	Dayrate	Utili- zation

(Dayrate in thousands)

High

Specification

Floater	\$121	91%	\$118	96%	\$95	80%
Other						
Semi-submersibles	\$67	74%	\$65	75%	\$60	59%
Jack-ups	\$45	84%	\$44	85%	\$27	91%

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