

Oceaneering Announces First Quarter Earnings

May 6, 2003– Houston, Texas – Oceaneering International, Inc. (NYSE:OII) today reported first quarter earnings for the quarter ended March 31, 2003. On revenues of \$140.7 million, Oceaneering generated net income of \$6.0 million, or \$0.25 per common share. On a comparable basis for the first quarter of 2002, Oceaneering reported revenues of \$138.8 million and net income of \$8.4 million, or \$0.35 per common share.

Due to the acquisition of OIS International Inspection plc (OISI) during the quarter and the resulting increased presence in the Inspection & NDT business, Oceaneering has divided its former Other Services business segment into two segments: Subsea Projects and Inspection & NDT commencing this quarter. Historical financial information reflecting new segments is included in the attached tables, by quarter, for 2001 and 2002.

Summary of Results For the Periods Ended March 31, 2003 and 2002 (in thousands, except per share amounts)

	Three months ended March 31,	
	<u>2003</u>	<u>2002</u>
Revenues	\$140,669	\$138,849
Gross Margin	\$24,163	\$26,010
Income from Operations	\$11,457	\$15,100
Net Income	\$6,035	\$8,364
Diluted Earnings Per Share	\$0.25	\$0.35
Weighted Average Number of Diluted Shares	24,500	24,219

The decline in net income was attributable to a lower profit contribution from Oceaneering's oil and gas-related business activities, reflecting industry market conditions.

John Huff, Chairman and Chief Executive Officer, stated, "Results for the quarter slightly exceeded the Street's expectation and were on the high end of our forecast. This was very encouraging considering the challenging market conditions for oilfield services and products. We are pleased with the fact we continued to have a profit contribution from all of our oilfield business segment operations, even in the perplexing environment of high commodity prices and reduced activity levels.

"Revenue and gross margin for our Inspection & NDT business grew significantly as the result of our acquisition of OISI early in the quarter. The decline in revenue and gross margin from the rest of our oilfield service and product segments came as no surprise for reasons relating to industry market conditions, which are widely known: Remotely Operated Vehicles (ROV) – weak demand for drill support services on floating offshore rigs rated to drill in less than 3,000 feet of water; Subsea Products – umbilical order delays, although backlog did increase to \$31 million at quarter's end; Subsea Projects – Gulf of Mexico subsea project timing issues and an expectation of a reduced 2003 contribution from our diving operations – utilization of our two Ocean Intervention vessels was 51% compared to 91% for the first quarter last year; and Mobile Offshore Production Systems – the lower *Ocean Legend* dayrate that went into effect last May. Subsea Projects gross margin was positively impacted by \$1.9 million of expense estimate changes. Cost contingencies were determined to not be necessary due to a favorable completion of an installation project and the settlement of a personal injury claim.

"Advanced Technologies segment financial results improved due to higher margin contracts and operating efficiencies. Furthermore, we benefited from a lower level of Unallocated Expenses that are related to our incentive and deferred compensation plans; a lower Oceaneering stock price results in less restricted stock expense.

“During the quarter we continued to have strong cash flow. Our capital expenditures were \$38 million, of which \$27 million was spent on the OISI acquisition. In addition to our internal growth and acquisitions, we repurchased 505,000 shares of Oceaneering common stock. Our cash balance at quarter’s end was \$40 million. We remain committed to use our financial strength to make accretive investments, which will expand and augment our existing operations, as well as to continue share repurchases as conditions warrant.

“Our 2003 EPS outlook remains \$1.40 to \$1.60, as we believe the demand for our ROV, Subsea Products, and Subsea Projects business offerings is escalating. We are projecting earnings per share in the range of \$0.33 to \$0.37 for the second quarter.

“Looking further ahead, our preliminary assessment of achieving EPS growth of 15% to 25% in 2004 is unchanged. This is based on our expectations of improving market demand for our services and products, driven by increased floating drilling rig use and subsea completion activity; incremental earnings contribution from additional asset investments; and possible future share repurchases.”

Statements in this press release that express a belief, expectation or intention, as well as those that are not historical fact, are forward looking. The forward-looking statements in this press release include the statements concerning Oceaneering’s intentions with respect to the use of its financial strength, its projected earnings for 2003, its assessment of EPS growth in 2004, and its expectations concerning improving market demand, incremental earnings contribution from additional asset investments, and possible future share repurchases. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are based on current information and expectations of Oceaneering that involve a number of risks, uncertainties, and assumptions. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are: industry conditions, prices of crude oil and natural gas, Oceaneering’s ability to obtain and the timing of new projects, and changes in competitive factors. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. These and other risks are more fully described in Oceaneering’s periodic filings with the Securities and Exchange Commission.

Oceaneering is an advanced applied technology company that provides engineered services and hardware to Customers who operate in marine, space, and other harsh environments. Oceaneering’s services and products are marketed worldwide to oil and gas companies, government agencies, and firms in the telecommunications, aerospace, and marine engineering and construction industries.

For further information, please contact Jack Jurkoshek, Manager Investor Relations, Oceaneering International, Inc., 11911 FM 529, Houston, Texas 77041; Telephone 713-329-4670; Fax 713-329-4653; E-mail to investorrelations@oceaneering.com. A live webcast of the Company’s earnings release conference call, scheduled for May 7, 2003 at 10:00 am central time, can be heard at www.companyboardroom.com (enter ticker OII).

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(\$ in thousands)

	March 31, <u>2003</u> <i>(unaudited)</i>	Dec. 31, <u>2002</u>
ASSETS		
Current Assets (including cash and cash equivalents of \$39,813 and \$66,201)	\$235,672	\$233,070
Net Property and Equipment	325,763	322,390
Other Assets	<u>40,250</u>	<u>34,888</u>
TOTAL ASSETS	<u>\$601,685</u>	<u>\$590,348</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities	\$132,377	\$116,031
Long-Term Debt	111,600	112,800
Other Long-Term Liabilities	48,777	47,652
Shareholders' Equity	<u>308,931</u>	<u>313,865</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$601,685</u>	<u>\$590,348</u>

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(\$ in thousands, except per share amounts)

(unaudited)

	Three Months Ended March 31,	
	<u>2003</u>	<u>2002</u>
Revenues	\$140,669	\$138,849
Cost of Services and Products	<u>116,506</u>	<u>112,839</u>
Gross Margin	24,163	26,010
Selling, General and Administrative Expenses	<u>12,706</u>	<u>10,910</u>
Income from Operations	11,457	15,100
Interest Income	164	69
Interest Expense	(1,920)	(2,327)
Equity Earnings (Losses) of Unconsolidated Affiliates	(136)	363
Other Expense, Net	<u>(280)</u>	<u>(342)</u>
Income before Income Taxes	9,285	12,863
Provision for Income Taxes	<u>(3,250)</u>	<u>(4,499)</u>
Net Income	<u>\$ 6,035</u>	<u>\$ 8,364</u>
Diluted Earnings per Common Share	\$0.25	\$0.35
Weighted Average Number of Common Shares and Equivalents	24,500	24,219

The Condensed Consolidated Balance Sheets and Consolidated Statements of Income should be read in conjunction with the Company's latest Annual Report, Quarterly Report on Form 10-Q and Annual Report on Form 10-K.

SELECTED CASH FLOW INFORMATION

(\$ in thousands)

(unaudited)

	Three Months Ended	
	March 31,	
	<u>2003</u>	<u>2002</u>
Capital Expenditures	\$37,575	\$ 7,168
Depreciation and Amortization	\$13,746	\$12,371

SEGMENT INFORMATION

(\$ in thousands)

(unaudited)

	Three Months Ended		
	March 31,	March 31,	Dec. 31,
	<u>2003</u>	<u>2002</u>	<u>2002</u>
OFFSHORE OIL AND GAS			
Remotely Operated Vehicles			
Revenues	\$ 35,064	\$ 36,022	\$ 37,800
Gross Margin	\$ 8,859	\$ 9,625	\$ 9,019
Gross Margin %	25%	27%	24%
Days Available	11,250	11,250	11,561
Utilization	64%	70%	70%
Subsea Products			
Revenues	\$ 24,041	\$ 32,559	\$ 30,282
Gross Margin	\$ 3,588	\$ 7,000	\$ 7,268
Gross Margin %	15%	21%	24%
Subsea Projects			
Revenues	\$ 12,534	\$ 21,967	\$ 18,697
Gross Margin	\$ 2,291	\$ 4,647	\$ 4,710
Gross Margin %	18%	21%	25%
Mobile Offshore Production Systems			
Revenues	\$ 11,289	\$ 12,227	\$ 10,810
Gross Margin	\$ 4,601	\$ 5,833	\$ 4,651
Gross Margin %	41%	48%	43%
Inspection & NDT			
Revenues	\$ 30,480	\$ 9,176	\$ 11,844
Gross Margin	\$ 3,150	\$ 1,336	\$ 1,428
Gross Margin %	10%	15%	12%
ADVANCED TECHNOLOGIES			
Revenues	\$ 27,261	\$ 26,898	\$ 27,028
Gross Margin	\$ 5,387	\$ 4,467	\$ 4,940
Gross Margin %	20%	17%	18%
UNALLOCATED EXPENSES			
	\$ (3,713)	\$ (6,898)	\$ (5,527)
TOTAL			
Revenues	\$140,669	\$138,849	\$136,461
Gross Margin	\$ 24,163	\$ 26,010	\$ 26,489
Gross Margin %	17%	19%	19%

SEGMENT INFORMATION

2002

(\$ in thousands)

	Three Months Ended (<i>unaudited</i>)				Year Ended
	<u>Mar. 31.</u>	<u>Jun. 30.</u>	<u>Sep. 30.</u>	<u>Dec. 31.</u>	<u>Dec. 31.</u>
OFFSHORE OIL AND GAS					
Remotely Operated Vehicles					
Revenues	\$ 36,022	\$ 37,730	\$ 38,067	\$ 37,800	\$149,619
Gross Margin	\$ 9,625	\$ 10,846	\$ 10,048	\$ 9,019	\$ 39,538
Gross Margin %	27%	29%	26%	24%	26%
Days Available	11,250	11,336	11,438	11,561	45,585
Utilization	70%	70%	65%	70%	69%
 Subsea Products					
Revenues	\$ 32,559	\$ 36,461	\$ 23,925	\$ 30,282	\$123,227
Gross Margin	\$ 7,000	\$ 8,453	\$ 6,699	\$ 7,268	\$ 29,420
Gross Margin %	21%	23%	28%	24%	24%
 Subsea Projects					
Revenues	\$ 21,967	\$ 21,534	\$ 16,511	\$ 18,697	\$ 78,709
Gross Margin	\$ 4,647	\$ 4,319	\$ 2,742	\$ 4,710	\$ 16,418
Gross Margin %	21%	20%	17%	25%	21%
 Mobile Offshore Production Systems					
Revenues	\$ 12,227	\$ 12,474	\$ 13,027	\$ 10,810	\$ 48,538
Gross Margin	\$ 5,833	\$ 4,730	\$ 5,966	\$ 4,651	\$ 21,180
Gross Margin %	48%	38%	46%	43%	44%
 Inspection & NDT					
Revenues	\$ 9,176	\$ 10,881	\$ 12,125	\$ 11,844	\$ 44,026
Gross Margin	\$ 1,336	\$ 1,417	\$ 1,432	\$ 1,428	\$ 5,613
Gross Margin %	15%	13%	12%	12%	13%
 ADVANCED TECHNOLOGIES					
Revenues	\$ 26,898	\$ 22,470	\$ 26,952	\$ 27,028	\$103,348
Gross Margin	\$ 4,467	\$ 4,233	\$ 6,438	\$ 4,940	\$ 20,078
Gross Margin %	17%	19%	24%	18%	19%
 UNALLOCATED EXPENSES	\$ (6,898)	\$ (2,411)	\$ (3,246)	\$ (5,527)	\$(18,082)
 TOTAL					
Revenues	\$138,849	\$141,550	\$130,607	\$136,461	\$547,467
Gross Margin	\$ 26,010	\$ 31,587	\$ 30,079	\$ 26,489	\$114,165
Gross Margin %	19%	22%	23%	19%	21%

SEGMENT INFORMATION

2001

(\$ in thousands)

	Three Months Ended (unaudited)				Year Ended
	<u>Mar. 31.</u>	<u>Jun. 30.</u>	<u>Sep. 30.</u>	<u>Dec. 31.</u>	<u>Dec. 31.</u>
OFFSHORE OIL AND GAS					
Remotely Operated Vehicles					
Revenues	\$ 32,234	\$ 40,584	\$ 39,956	\$ 41,155	\$153,929
Gross Margin	\$ 10,672	\$ 13,822	\$ 12,205	\$ 11,554	\$ 48,253
Gross Margin %	33%	34%	31%	28%	31%
Days Available	10,703	11,156	11,442	11,500	44,801
Utilization	71%	79%	79%	76%	76%
Subsea Products					
Revenues	\$ 22,095	\$ 27,176	\$ 40,333	\$ 36,844	\$126,448
Gross Margin	\$ 3,262	\$ 720	\$ 7,885	\$ 8,434	\$ 20,301
Gross Margin %	15%	3%	20%	23%	16%
Subsea Projects					
Revenues	\$ 14,146	\$ 21,044	\$ 18,904	\$ 17,991	\$ 72,085
Gross Margin	\$ 1,955	\$ 4,320	\$ 1,844	\$ 2,793	\$ 10,912
Gross Margin %	14%	21%	10%	16%	15%
Mobile Offshore Production Systems					
Revenues	\$ 6,979	\$ 11,130	\$ 9,031	\$ 12,014	\$ 39,154
Gross Margin	\$ 2,036	\$ 2,936	\$ 4,258	\$ 3,288	\$ 12,518
Gross Margin %	29%	26%	47%	27%	32%
Inspection & NDT					
Revenues	\$ 5,621	\$ 6,678	\$ 7,932	\$ 9,934	\$ 30,165
Gross Margin	\$ 632	\$ 1,205	\$ 1,567	\$ 1,186	\$ 4,590
Gross Margin %	11%	18%	20%	12%	15%
ADVANCED TECHNOLOGIES					
Revenues	\$ 23,113	\$ 25,593	\$ 26,449	\$ 27,724	\$102,879
Gross Margin	\$ 4,620	\$ 5,503	\$ 5,363	\$ 4,856	\$ 20,342
Gross Margin %	20%	22%	20%	18%	20%
UNALLOCATED EXPENSES					
	\$ (4,080)	\$ (3,658)	\$ (3,062)	\$ (5,785)	\$ (16,585)
TOTAL					
Revenues	\$104,188	\$132,205	\$142,605	\$145,662	\$524,660
Gross Margin	\$ 19,097	\$ 24,848	\$ 30,060	\$ 26,326	\$100,331
Gross Margin %	18%	19%	21%	18%	19%