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PRECISION DRILLING CORP
Form 6-K
February 13, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO SECTION 13A-16 15D-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For February 13, 2003

Commission File Number:

PRECISION DRILLING CORPORATION
(Exact name of registrant as specified in its charter)

4200, 150 - 6TH AVENUE S.W.
CALGARY, ALBERTA
CANADA T2P 3Y7
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

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, thereunto duly authorized.

PRECISION DRILLING CORPORATION

Per: /s/ Jan M. Campbell

Jan M. Campbell
Corporate Secretary

Date: February 13, 2003

Calgary, Alberta, Canada - February 13, 2003

YEAR-END RESULTS - DECEMBER 31, 2002

Precision Drilling Corporation ("Precision" or the "Corporation") today reports results for the year ended December 31, 2002. Revenue for the year decreased 14% to \$1.69 billion while diluted earnings per share decreased to \$1.66 from \$4.03 in 2001. Fourth quarter diluted earnings per share of \$0.16 was in line with previously announced expectations.

The 2001 comparative numbers have been restated to give effect to the retroactive application of the new Canadian accounting standard for foreign exchange gains and losses on translation of US dollar denominated long-term debt. The new standard, which is consistent with US practice, resulted in a decrease in earnings per share of \$0.03 for the twelve-month period ended December 31, 2002 with no effect on the fourth quarter.

Canadian oilfield service activity was lower than expected to begin the fourth quarter but improved significantly during December with the strength continuing into 2003. The US market continued to be weak with drilling activity remaining consistent with the third quarter. Revenue generated in international markets also remained relatively unchanged from the third quarter.

In the Contract Drilling Group, revenue for the fourth quarter was \$190.0 million compared to \$226.7 million in the previous year, a 16% decline. The 10% decline in year over year Canadian drilling activity was accompanied by a similar erosion of pricing. International drilling revenue declined slightly in the fourth quarter of 2002 relative to 2001. Activity in Venezuela was curtailed due to the political unrest in that country, with this decline being largely offset by additional rigs working in Mexico. Both activity and pricing for well servicing also declined by approximately 5%.

The Technology Services Group continued to be burdened by the cost of service delivery and support structures with capacity greater than required for current

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revenue levels, particularly in international markets. Rationalization of operations and capital investment in this segment will be our focus in the months ahead. The company is committed to achieving profitability in all product lines and regions in 2003.

We are very pleased with the continued success of the field test program for the new Revolution(TM) 4 3/4-inch rotary steerable system. The Corporation's new HEL(TM) measurement-while-drilling system is currently being used on jobs in Canada, the US, Mexico and Indonesia. This utilization is proving invaluable in refining the tool's capabilities and reliability. Finally, demand for the Precision EMPulse(TM) electromagnetic measurement-while-drilling system is strong with this technology making increasing contributions to revenue.

Revenue in the Rental and Production segment was down slightly from \$64.1 million in the fourth quarter of 2001 to \$59.5 million in 2002. Declines were experienced in each of the oilfield equipment rental, gas compression packaging and industrial plant maintenance businesses.

Although challenging, 2002 was the Corporation's third best in terms of revenue and fourth best bottom line performance with net earnings of \$91.3 million. Maintenance of our strong balance sheet helps ensure stability and supports future growth. The Corporation is well positioned to capitalize on strong Canadian oilfield services activity levels and is cautiously optimistic of the prospects for improving US and international markets.

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Precision to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include fluctuations in the market for oil and gas and related products and services; competition; political and economic conditions in countries in which Precision does business; the demand for services provided by Precision; changes in laws and regulations, including environmental, to which Precision is subject and other factors, which are described in further detail in Precision's filings with the Securities and Exchange Commission.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

CDN \$000'S, EXCEPT PER SHARE AMOUNTS	THREE MONTHS ENDED DECEMBER 31		TW
	2002	2001	2002
	(Unaudited)	(Unaudited - restated)	
Revenue	\$ 394,252	\$ 455,975	\$ 1,689,150
Expenses:			
Operating	293,081	296,031	1,190,991
General and administrative	39,596	38,219	158,490
Depreciation and amortization	37,330	36,184	141,429

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Research and engineering	9,584	10,006	34,862
Foreign exchange	(56)	1,752	4,357
	379,535	382,192	1,530,129
Operating earnings	14,717	73,783	159,021
Interest	9,060	8,846	35,236
Dividend income	-	-	(39)
Gain on disposal of investments	100	(449)	(900)
Earnings before income taxes, goodwill amortization and non-controlling interest	5,557	65,386	124,724
Income taxes:			
Current	1,207	8,932	69,288
Future	(4,606)	13,917	(36,980)
	(3,399)	22,849	32,308
Earnings before non-controlling interest and goodwill amortization	8,956	42,537	92,416
Non-controlling interest	93	868	1,151
Earnings before goodwill amortization	8,863	41,669	91,265
Goodwill amortization, net of tax	-	7,965	-
Net earnings	8,863	33,704	91,265
Retained earnings, beginning of period	611,221	495,115	528,819
Retained earnings, end of period	\$ 620,084	\$ 528,819	\$ 620,084
Earnings per share before goodwill amortization:			
Basic	\$ 0.16	\$ 0.78	\$ 1.70
Diluted	\$ 0.16	\$ 0.78	\$ 1.66
Earnings per share:			
Basic	\$ 0.16	\$ 0.63	\$ 1.70
Diluted	\$ 0.16	\$ 0.63	\$ 1.66
Common shares outstanding (000's)	54,067	53,176	54,067
Weighted average shares outstanding (000's)	54,006	53,157	53,702
Diluted shares outstanding (000's)	55,121	53,758	54,815

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	DECEMBER 31
CDN \$ 000'S	2002	2001

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(restated)

ASSETS

Current assets:

Cash	\$ 17,315	\$ 13,231
Accounts receivable	443,799	474,528
Income taxes recoverable	7,804	--
Inventory	132,909	111,393
	-----	-----
	601,827	599,152
Property, plant and equipment, net of accumulated depreciation	1,521,444	1,418,609
Intangibles, net of accumulated amortization	72,380	74,004
Goodwill	546,921	545,377
Other assets	17,443	14,216
	-----	-----
	\$2,760,015	\$2,651,358
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank indebtedness	\$ 95,321	\$ 85,384
Accounts payable and accrued liabilities	268,568	253,342
Income taxes payable	--	12,764
Current portion of long-term debt	27,682	31,743
	-----	-----
	391,571	383,233
Long-term debt	514,878	496,200
Future income taxes	318,547	355,078
Non-controlling interest	2,019	868
Shareholders' equity:		
Share capital	912,916	887,160
Retained earnings	620,084	528,819
	-----	-----
	1,533,000	1,415,979
	-----	-----
	\$2,760,015	\$2,651,358
	=====	=====

CONSOLIDATED STATEMENTS OF CASH FLOW

CDN \$000'S, EXCEPT PER SHARE AMOUNTS	THREE MONTHS ENDED DECEMBER 31	
	2002	2001
	(Unaudited)	(Unaudited - restated)
Cash provided by (used in):		
Operations:		
Net earnings	\$ 8,863	\$ 33,704
Items not affecting cash:		

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Depreciation and amortization	37,330	36,184	141
Goodwill amortization	–	7,965	
Gain on disposal of investments	100	(449)	
Future income taxes	(4,606)	13,917	(36)
Non-controlling interest	93	868	1
Amortization of deferred financing costs	323	324	1
Unrealized foreign exchange loss (gain) on long-term debt	(2,052)	771	(2)

Funds provided by operations	40,051	93,284	194
Changes in non-cash working capital balances	(12,333)	46,226	4

	27,718	139,510	199
Investments:			
Business acquisitions, net of cash required	(1,544)	(3,302)	(4)
Purchase of property, plant and equipment	(101,431)	(124,254)	(267)
Purchase of intangibles	(2,049)	89	(4)
Proceeds on sale of property, plant and equipment	6,761	11,678	32
Proceeds on disposal of investments	–	571	1
Investments	(5,525)	972	(5)

	(103,788)	(114,246)	(247)
Financing:			
Increase in long-term debt	84,754	5,116	119
Repayment of long-term debt	(9,836)	(19,917)	(102)
Deferred financing costs	–	–	
Issuance of common shares	3,905	2,060	25
Change in bank indebtedness	(9,554)	708	9

	69,269	(12,033)	52

Increase (decrease) in cash	(6,801)	13,231	4
Cash, beginning of period	24,116	–	13

Cash, end of period	\$ 17,315	\$ 13,231	\$ 17
=====			
Funds provided by operations per share:			
Basic	\$ 0.74	\$ 1.75	\$
Diluted	\$ 0.73	\$ 1.74	\$
=====			

SEGMENT INFORMATION

THREE MONTHS ENDED DECEMBER 31, 2002 CDN \$000'S (UNAUDITED)	CONTRACT DRILLING GROUP	TECHNOLOGY SERVICES GROUP	RENTAL AND PRODUCTION GROUP	CO AN

Revenue	\$ 189,994	\$ 144,611	\$ 59,475	\$
Operating earnings	39,549	(24,864)	6,469	

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Research and engineering	-	9,584	-
Depreciation and amortization	16,216	16,231	3,759
Total assets	1,312,459	1,127,550	240,842
Goodwill	257,531	251,589	37,801
Capital expenditures*	21,152	67,763	7,399

THREE MONTHS ENDED DECEMBER 31, 2001(1) CDN \$000'S (UNAUDITED)	CONTRACT DRILLING GROUP	TECHNOLOGY SERVICES GROUP	RENTAL AND PRODUCTION GROUP	CO AN
Revenue	\$ 226,743	\$ 164,720	\$ 64,076	\$
Operating earnings	70,643	927	9,274	
Research and engineering	-	10,006	-	
Depreciation and amortization	16,207	15,108	3,882	
Total assets	1,367,682	987,061	241,044	
Goodwill	257,531	250,045	37,801	
Capital expenditures*	37,813	79,585	6,568	

TWELVE MONTHS ENDED DECEMBER 31, 2002 CDN \$000'S	CONTRACT DRILLING GROUP	TECHNOLOGY SERVICES GROUP	RENTAL AND PRODUCTION GROUP	CO AN
Revenue	\$ 773,949	\$ 639,367	\$ 274,403	\$
Operating earnings	183,400	(40,646)	43,618	
Research and engineering	-	34,862	-	
Depreciation and amortization	63,045	58,935	15,095	
Total assets	1,312,459	1,127,550	240,842	
Goodwill	257,531	251,589	37,801	
Capital expenditures*	50,686	189,092	22,346	

TWELVE MONTHS ENDED DECEMBER 31, 2001(1) CDN \$000'S	CONTRACT DRILLING GROUP	TECHNOLOGY SERVICES GROUP	RENTAL AND PRODUCTION GROUP	CO AN
Revenue	\$ 1,010,020	\$ 669,439	\$ 271,880	\$
Operating earnings	298,100	60,428	51,678	
Research and engineering	-	32,440	-	
Depreciation and amortization	75,511	51,656	14,934	
Total assets	1,367,682	987,061	241,044	
Goodwill	257,531	250,045	37,801	
Capital expenditures*	122,575	203,547	27,352	

*excludes acquisitions

(1) Certain expenses have been reclassified between segments to more appropriately reflect operating earnings.

CANADIAN DRILLING OPERATING STATISTICS

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FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002				
	PRECISION	INDUSTRY*	MARKET SHARE %	PRECISION
Number of drilling rigs	226	644	35.1	229
Number of operating days (spud to release)	31,363	91,958	34.1	42,810
Wells drilled	6,315	14,920	42.3	6,907
Average days per well	5.0	6.2		6.2
Metres drilled (000's)	6,222	15,708	39.6	7,384
Average meters per day	198	171		172
Average meters per well	985	1,053		1,069
Rig utilization rate (%)	38.3	39.1		51.6

* Excludes non-CAODC rigs.

A conference call to review the year-end results has been scheduled for 12:00 noon MST on Thursday, February 13, 2003. The conference call dial-in number is 1-800-814-4859.

A live webcast will be accessible at www.precisiondrilling.com.

Precision Drilling Corporation is listed on the Toronto Stock Exchange under the ticker symbol PD and on the New York Stock Exchange under the ticker symbol PDS.

FOR FURTHER INFORMATION, PLEASE CONTACT DALE E. TREMBLAY, SENIOR VICE PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER, 4200, 150 6TH AVENUE S.W., CALGARY, ALBERTA, T2P 3Y7, TELEPHONE: (403) 716-4500, FAX: (403) 264-0251; WEBSITE: WWW.PRECISIONDRILLING.COM.