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TETRA Technologies, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)Your first question comes from Jim Rollison - Raymond James.

James Rollison – Raymond James

I guess you would look sequentially, Geoff, at Well Abandonment Decommission business, obviously weather, barring any hurricane-type interruption, should be considerably better on average than second quarter. Maybe thoughts on what magnitude of increase you're hoping to see on revenues and kind of as it relates to that.

You've also seen sometimes a shift in what type of work you're doing when the weather gets better and that's impact on margins that it might have.

Stuart M. Brightman

Without getting too specific, I think we're definitely poised in the third quarter to show improvement from the second quarter. As Geoff said, we saw that in June. That was our best month. July, we haven't closed it yet but the indications are that utilization and some of the things we expected are being firmed up and expect that to continue through the rest of the quarter. So I think we'll see both the revenue and earnings up lift.

You know, we had shown some data back in April as we looked at the third quarter and I think we're going to be directionally similar to that in the Well Abandonment business.

In terms of the types of contracts, as we get into the third quarter, typically the weather portion of the contracts is probably more favorable to us and we've seen that in the business that we've already executed and the business that we have back-logged, so again, I think that's part of the rationale why we'll see those earnings improvements in the third quarter as well.

Geoffrey M. Hertel

I'll give a little color on that as well. As you know, we lost money in the first quarter. We essentially broke even in the first month of the second quarter. We did much better in May, however, not anything as well as we did in June. So one would presume that if we could do anything approaching three Junes, we would be significantly better than we were in the second quarter in that division.

James Rollison – Raymond James

On the fluids side of the business, historically you've had a really good second quarter in terms of revenues and that usually falls off in the third quarter. Is that kind of a seasonal pattern we would expect to see again this year?

Geoffrey M. Hertel

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