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Oil States International Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from the line of Bill Herbert of Simmons. Please proceed.

Bill Herbert - Simmons

Thanks. Good morning.

Bradley Dodson

Good morning.

Cindy Taylor

Good morning Bill.

Bill Herbert - Simmons

With regards to the guidance here, and just kind of drilling down a little bit with regard to the assumptions; taking PTI first, historically, for the past two years, revenues have been going up anywhere from 30% to 40% quarter-on-quarter Q4 to Q1. Order of magnitude, is that the same type of expansion that you are looking for in Q1?

Cindy Taylor

Bradley has given me a thumbs-up. I don't have it front of me. But that sounds --

Bill Herbert - Simmons

Sounds conservative; if Brad gave you a thumbs-up, right?

Cindy Taylor

Well, the key for us there, of course, we are doing it off a larger base

Bill Herbert - Simmons

I understand

Cindy Taylor

And you know, the key for us is -- and I want to remind everybody who might not recall this-- that the winter is certainly impacted, not only by our lodge facilities, which we do focus a lot on in our presentations, but also these large mobile camps.

Bill Herbert - Simmons

Right.

Cindy Taylor

And, the drilling camps. As I acknowledged in my comments, the large mobile camps are doing exceedingly well in support of SAGD drilling operations, as well as pipeline construction, and we're at pretty full utilization currently. The drilling rig count has slowly responded as well; I would say that's the greatest variable there. But we feel very good about those operations, generally speaking.

Bill Herbert - Simmons

Okay. And from the margin standpoint, is there any reason why PTI margins Q1 in '08 won't be at least as good as they were in Q1 of '07?

Cindy Taylor

I don't have Q1 and '07 with me.

Bill Herbert - Simmons

41.8% I think, EBITDA margin.

Cindy Taylor

I am sorry how much were they?

Bill Herbert - Simmons

41.8%, I think.

Bradley Dodson

That's right.

Bill Herbert - Simmons

Yeah. And the only reason I ask, is I guess we had a lot of expense here in the fourth quarter, but we're starting at a much lower level, and below 30s, and do you claw all that back and then some in Q1, or what would keep that from happening?

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