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Pride International Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Thank you. The question-and-answer session will be conducted electronically. [Operator Instructions].

We will take our first question from Mike Urban of Deutsche Bank.

Michael Urban - Deutsche Bank

Thanks. Good morning.

Louis A. Raspino - President and Chief Executive Officer

Good morning.

Michael Urban - Deutsche Bank

Louis, you addressed industry consolidation and presumably in light of rig global, its primarily corporate consolidation. What might affect growth overall specific to Pride; obviously you have taken some steps down that path with one new build in one acquisition. Presumably, things go well you exercise an option. Assuming you have those three rigs beyond that, what would you say is your limit or how far do you want to go in excess of that in terms of your ability to finance that to manage it to, to handle all those projects?

Louis A. Raspino - President and Chief Executive Officer

Well Michael, it's hard to define a limit to that without knowing what opportunities. Obviously, asset opportunities, we are going to have some capital structure limitations, although we could do quickly. I think the merger of the two largest competitors in our field here shows that, huge steps can be taken with huge strategic things that happen at the same time along with it. So, what I am trying to signal here is we are continuing to be active in our pursuit of growth opportunities ever so small and ever so large. We have taken small steps; we have taken medium sized steps. And we will continue to look at all facets of growth. For all the reasons that I gave above why scale is important and why I think it is strategically important for the industry to continue to consolidate.

Michael Urban - Deutsche Bank

So, nothing preordain that would preclude you from doing an additional deal or additional new boat of opportunity over there?

Louis A. Raspino - President and Chief Executive Officer

No, there is nothing that's preordain that would prevent us from doing that. Obviously a lot of our flexibility depends on what happens with the Latin American divestiture. I mean, if we end up receiving cash for that that provides one level of financial flexibility. If we end up spending it all for example that provides another level of financial flexibility. So, it's highly contingent upon what happens with our asset rationalization programs.

Michael Urban - Deutsche Bank

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