

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Baker Hughes Incorporated Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jim Crandell – Barclays Capital

Jim Crandell – Barclays Capital

In 2008 you took a relatively cautious approach, you weren't willing to bid on some of the big IPM contracts to the extent your competitors have. With a lot of business forthcoming with Pemex in Mexico and given what's happening in the business would you expect that to have a more aggressive stance in this business in 2009?

Chad Deaton

We would look in each market and determine whether we wanted to participate in that area. Obviously the two other Chicontepec tenders are coming up soon or the ATG tenders. We will participate in that. We don't want them for what they went last time. If we can get them and make money on them then yes we'll tender them. We're also looking at Algeria, other parts of Latin America where we have won several of these projects. We'll take a look at each one of them, if they make some sense and we think we can make money then yes we'll take them on.

Jim Crandell – Barclays Capital

If we look at the business from a product perspective and look at the drilling and evaluation, \$200 million of pick up year to year in revenues with I believe operating income being slightly lower is that mostly a North American phenomenon?

Peter Ragauss

It is mainly a North American phenomenon. If we look year over year, full year over full year, that's right.

Jim Crandell – Barclays Capital

How about quarter to quarter?

Peter Ragauss

Q4 over Q4 its both North America and rest of world, probably rest of world has a little bit less, North America probably had a little less decline. If you get in the detail, the rest of world it was all in Europe/Africa/Russia/Caspian.

Operator

Your next question comes from Bill Herbert - Simmons & Company

Bill Herbert - Simmons & Company

Given your prophecy here of North America being down 25% to 30% on average year over year and international down 10%, difficult question to answer but do you hazard a guess as to the evolution from current to trough margins in 2009, lower for sure but I guess by how much?

Chad Deaton

On rig count?

Bill Herbert - Simmons & Company

Based upon what you're prophesying for rig count the margin evolution for your business. In other words, current margins compressed by how much do you think order of magnitude as we progress lower 25% to 30% on average year over year in North America and 10% internationally?

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.