May 7, 2009

Oil States Announces First Quarter Earnings of $1.13 per Share

HOUSTON, May 7, 2009 (GLOBE NEWSWIRE) -- Oil States International, Inc. (NYSE:OIS) today reported net income for the quarter ended March 31, 2009 of $56.1 million, or $1.13 per diluted share, compared to $65.5 million, or $1.29 per diluted share, generated in the first quarter of 2008. Oil States recognized year-over-year growth in revenues of 11% and a 10% decline in EBITDA (defined as net income plus interest, taxes, depreciation and amortization) in the first quarter of 2009.(A)

The Company generated $667.1 million of revenues and $113.4 million of EBITDA during the quarter compared to revenue of $601.2 million and EBITDA of $125.8 million in the first quarter of 2008. Consolidated operating income in the first quarter of 2009 was $84.9 million compared to $101.3 million for the corresponding quarter of 2008. Significant year-over-year increases in Tubular Services pricing coupled with increased room capacity supporting oil sands development led to revenue growth in the first quarter of 2009. This growth was partially offset by revenue declines in Well Site Services due to significant year-over-year reductions in North American drilling and completion activity.

The Company recognized an effective tax rate of 31.1% in the first quarter of 2009 compared to 32.6% in the first quarter of 2008. The lower effective tax rate in the first quarter of 2009 was primarily due to increased foreign sourced income which is taxed at lower statutory rates. The results for the first quarters of 2009 and 2008 include $1.6 million and $1.5 million, respectively, of non-cash interest expense related to the accounting for the existing convertible notes under the requirements of APB 14-1. The Company spent $32.7 million in capital expenditures during the first quarter of 2009 primarily related to facility consolidation in the rental tool operations and for the previously announced expansion of the Wapasu Creek Lodge.

BUSINESS SEGMENT RESULTS

(Unless otherwise noted, the following discussion compares the quarterly results from the first quarter of 2009 to the results from the first quarter of 2008.)

Well Site Services

Well Site Services generated revenues of $230.8 million and EBITDA of $73.3 million in the first quarter of 2009 compared to revenues and EBITDA of $265.6 million and $97.6 million, respectively, in the first quarter of 2008, representing year-over-year decreases of 13% and 25%, respectively. The decrease in EBITDA was primarily due to reductions in both activity and margins from the Company's North American drilling and rental tools operations as a result of the 27% year-over-year decrease in the North American rig count.

The accommodations business helped to mitigate the percentage declines in the Well Site Services segment by generating revenues of $141.8 million and EBITDA of $56.7 million, for the first quarter of 2009, compared to revenues and EBITDA of $146.3 million and $60.9 million, respectively, in the first quarter of 2008. Accommodations revenue decreased 3% and EBITDA decreased 7%, primarily due to the weakening of the Canadian dollar and the reduction in traditional Canadian drilling activity, partially offset by additional capacity at the Wapasu Creek Lodge and a $36.0 million year-over-year increase in revenues from third-party accommodation unit manufacturing and installation.

Rental tools generated $71.7 million of revenues and $13.6 million of EBITDA in the first quarter of 2009 compared to revenue of $82.5 million and EBITDA of $25.5 million in the first quarter of 2008. This 13% year-over-year revenue decline was primarily due to lower pricing and significant reductions in drilling and completion activity in both Canada and the U.S. The 47% year-over-year decline in EBITDA was primarily due to reduced revenues coupled with consolidation and severance costs.

Drilling services generated revenues and EBITDA of $17.3 million and $3.0 million in the first quarter of 2009, respectively, compared to $36.8 million of revenues and EBITDA of $11.2 million in the first quarter 2008. The year-over-year decline in revenue and EBITDA of 53% and 73%, respectively, was due to overall reduction in utilization from 74.5% in the first quarter of 2008 to 32.3% in the first quarter of 2009.

Offshore Products

The Offshore Products segment reported revenue and EBITDA of $128.0 million and $23.9 million, respectively, in the first quarter of 2009, compared to $126.9 million of revenues and $24.1 million in EBITDA in the first quarter of 2008. Revenues and EBITDA were essentially flat year-over-year as Offshore Products reported higher contributions related to subsea pipeline products for West Africa and Brazil coupled with higher revenues year-over-year from winch, crane and vessel equipment, partially offset by a reduction in connector product revenue. Backlog totaled $317.8 million at March 31, 2009 which represented a 12% decrease from the $362.1 million reported as of December 31, 2008, as new orders for the first quarter declined by 44% year-over-year.

Tubular Services

Tubular Services generated revenues of $308.3 million and EBITDA of $23.7 million during the first quarter of 2009 compared to revenues of $208.8 million and EBITDA of $10.1 million in the first quarter of 2008. Tubular Services' OCTG shipments decreased 18% to 104,900 tons shipped in the first quarter of 2009, down from 127,100 tons shipped in the first quarter of 2008 as a result of fewer wells drilled in the most recent quarter. However, gross margins improved to 8.7% in the first quarter of 2009 from 6.1% in the first quarter of 2008 due to customer purchase commitments made in the second half of 2008 at higher prices than that realized in the first quarter of 2008. The Company's OCTG inventory level at March 31, 2009 was $369.3 million, a $27.2 million decrease from the December 31, 2008 level of $396.5 million.

"Despite the significant slow down of our U.S.-based services businesses, we reported solid first quarter results," stated Cindy B. Taylor, Oil States' President and Chief Executive Officer. "Our exposure to longer-term projects in both the oil sands region in Canada and the global deepwater infrastructure market allowed us to maintain a reasonable level of profitability despite the severe activity declines in North American drilling and completion oriented service work which accelerated as the quarter progressed. Our liquidity improved during the quarter due to $8.6 million in working capital reductions and $21.2 million collected from Boots and Coots. Our debt to capitalization ratio declined to 23% from 27% at December 31, 2008."

Oil States International, Inc. is a diversified oilfield services company. With locations around the world, Oil States is a leading manufacturer of products for deepwater production facilities and subsea pipelines, and a leading supplier of a broad range of services to the oil and gas industry, including production-related rental tools, work force accommodations and logistics, oil country tubular goods distribution and land drilling services. Oil States is publicly traded on the New York Stock Exchange under the symbol OIS.

For more information on the Company, please visit Oil States International's website at http://www.oilstatesintl.com.

The Oil States International, Inc. logo is available at http://www.globenewswire.com/newsroom/prs/?pkgid=6058

The foregoing contains forward-looking statements within the meaning of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that do not state historical facts and are, therefore, inherently subject to risks and uncertainties. The forward-looking statements included herein are based on current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those forward-looking statements. Such risks and uncertainties include, among other things, risks associated with the general nature of the oilfield service industry and other factors discussed within the "Business" section of the Form 10-K for the year ended December 31, 2008 filed by Oil States with the SEC on February 20, 2009.

Oil States International, Inc.
Unaudited Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues	$667,098	$601,247
Costs and expenses:		
Cost of sales and services	520,209	445,085
Selling, general and administrative expenses	34,646	32,107
Depreciation and amortization expense	28,022	22,728
Other operating income	(676)	(11)
Operating income	84,897	101,338
Interest expense(B)	(4,245)	(6,699)
Interest income	318	922
Equity in earnings of unconsolidated affiliates	460	1,495

Other income	162	361
Income before income taxes	81,592	97,417
Income tax provision	(25,346)	(31,747)
Net income	56,246	65,670
Less: Net income attributable to noncontrolling interest	118	140
Net income attributable to Oil States International, Inc.	$ 56,128	$ 65,530
Net income per share		
Basic	$ 1.13	$ 1.33
Diluted	$ 1.13	$ 1.29
Weighted average number of common shares outstanding		
Basic	49,517	49,422
Diluted	49,664	50,900

Oil States International, Inc.
Unaudited Consolidated Balance Sheets
(in thousands)

	March 31, 2009	December 31, 2008
Assets		(adjusted)(C)
Current assets		
Cash and cash equivalents	$ 40,340	$ 30,199
Accounts receivable, net	415,765	575,982
Inventories, net	575,195	612,488
Prepaid expenses and other current assets	17,625	18,815
Total current assets	1,048,925	1,237,484
Property, plant and equipment, net	692,404	695,338
Goodwill, net	303,931	305,441
Investments in unconsolidated affiliates	6,289	5,899
Other non-current assets	34,737	54,356
Total assets	$ 2,086,286	$ 2,298,518
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 209,112	$ 371,789
Income taxes	16,994	52,546
Current portion of long-term debt	4,940	4,943
Deferred revenue	116,265	105,640
Other current liabilities	687	1,587
Total current liabilities	347,998	536,505
Long-term debt(D)	376,938	449,058
Deferred income taxes	67,223	64,780
Other noncurrent liabilities	12,077	12,634

Total liabilities	804,236	1,062,977
Stockholders' equity		
Common stock	527	526
Additional paid-in capital	456,105	453,733
Retained earnings	957,129	901,001
Accumulated other comprehensive income/ (loss)	(40,230)	(28,409)
Treasury stock	(92,107)	(91,831)
Total stockholder's equity	1,281,424	1,235,020
Noncontrolling interest	626	521
Total equity	1,282,050	1,235,541
Total liabilities and equity	$ 2,086,286	$ 2,298,518

Oil States International, Inc.
Segment Data
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2009	2008
Revenues		
Accommodations	$ 141,831	$ 146,258
Rental tools	71,726	82,492
Drilling and other	17,284	36,804
Well site services	230,841	265,554
Offshore products	127,998	126,922
Tubular services	308,259	208,771
Total revenues	$ 667,098	$ 601,247
EBITDA (A)		
Accommodations	$ 56,717	$ 60,906
Rental tools	13,593	25,466
Drilling and other	2,987	11,220
Well site services	73,297	97,592
Offshore products	23,938	24,129
Tubular services	23,666	10,124
Corporate and eliminations	(7,478)	(6,063)
Total EBITDA	$ 113,423	$ 125,782
Operating income / (loss)		
Accommodations	$ 48,244	$ 52,808
Rental tools	3,644	17,631

Drilling and other	(3,494)	6,053
Well site services	48,394	76,492
Offshore products	21,185	21,446
Tubular services	22,911	9,521
Corporate and eliminations	(7,593)	(6,121)
Total operating income	$ 84,897	$ 101,338

Oil States International, Inc.
Additional Quarterly Segment and Operating Data
(unaudited)

	Three Months Ended March 31,	
	2009	2008
Supplemental operating data		
Land drilling operating statistics		
Average rigs available	36	35
Utilization	32.3%	74.5%
Implied day rate ($ in thousands per day)	$ 16.5	$ 15.5
Implied daily cash margin ($ in thousands per day)	$ 3.5	$ 4.5
Offshore products backlog ($ in millions)	$ 317.8	$ 383.5
Tubular services operating data		
Shipments (tons in thousands)	104.9	127.1
Quarter end inventory ($ in thousands)	$369,329	$190,366

(A) The term EBITDA consists of net income plus interest, taxes, depreciation and amortization. EBITDA is not a measure of financial performance under generally accepted accounting principles. You should not consider it in isolation from or as a substitute for net income or cash flow measures prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity. Additionally, EBITDA may not be comparable to other similarly titled measures of other companies. The Company has included EBITDA as a supplemental disclosure because its management believes that EBITDA provides useful information regarding our ability to service debt and to fund capital expenditures and provides investors a helpful measure for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates. The Company uses EBITDA to compare and to monitor the performance of its business segments to other comparable public companies and as a benchmark for the award of incentive compensation under its annual incentive compensation plan. The following table sets forth a reconciliation of EBITDA to net income, which is the most directly comparable measure of financial performance calculated under generally accepted accounting principles:

Oil States International, Inc.
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands)
(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Net income	$ 56,128	$ 65,530
Income tax expense	25,346	31,747
Depreciation and amortization	28,022	22,728
Interest income	(318)	(922)
Interest expense	4,245	6,699
EBITDA	$ 113,423	$ 125,782

(B) Includes non-cash interest expense related to the adoption of APB 14-1 for the three months ended March 31, 2009 and March 31, 2008 of $1.6 million and $1.5 million, respectively.

(C) Adjusted to reflect the retrospective application of APB 14-1 accounting for existing convertible notes effective and adopted on January 1, 2009.

(D) As of March 31, 2009, the Company had approximately $265.3 million available under its revolving credit facility.

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