

EVENT: FLINT ENERGY SERVICES LIMITED  
FOURTH QUARTER AND YEAR END 2008  
EARNINGS CONFERENCE CALL  
TIME: 11H00 E.T.  
REFERENCE: CNW GROUP  
LENGTH: APPROXIMATELY 68 MINUTES  
DATE: MARCH 13, 2009

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OPERATOR: Good morning, ladies and gentlemen and thank you for standing by. Welcome to the Flint Energy Services Limited Annual and Fourth Quarter Operating Results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press the star, followed by zero for Operator assistance at any time. I would like to remind everyone this conference call is being recorded on Friday, March 13, 2009 at 11:00 a.m. Eastern Time.

I will now turn the conference over to Mr. Bill Lingard, President and Chief Executive Officer. Please go ahead, sir.

BILL LINGARD (President and CEO, Flint Energy Services Limited): Thank you, Yvonne, and good morning everyone. I will start a little differently today and ask that we take a moment to extend our thoughts and hopes to the 16 oil field workers currently lost and their families and loved ones. I worked on the East Coast offshore for the first two years of my career, flying often on those helicopters. I truly hope there are more survivors to this tragic event.

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I'm here with Paul Boechler, our Chief Financial Officer, and Guy Cocquyt, our Director of Investor Relations. We're here this morning to talk about our fourth quarter 2008 and year end financial and operating results. I'll briefly summarize the fourth quarter and year end operating environment, then Paul will provide an overview of the fourth quarter, year end financial results. I will then have some closing comments about the outlook followed with the question and answer period. Approximately one hour after this call, a playback will be available by telephone and over the Internet. For those details on how to listen to the replay, please check our website, [flintenergy.com](http://flintenergy.com).

During the course of this conference call, we may provide forward-looking information concerning the Company's projected operating results for 2009, anticipated capital expenditure trends and activity levels in the oil and gas industry. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of risks, uncertainties, and other factors affecting the Company's business, as well as the oil and gas industry in general. These risks, uncertainties and other factors are described under the heading Risk Factors in the Company's annual information form for the year ended December 31<sup>st</sup>, 2008, and other documents filed with Canadian provincial security

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authorities and are available to the public on the [sedar.com](http://sedar.com) website. Unless otherwise indicated, all financial information in this call is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

We released our 2008 fourth quarter and year end results after the market closed yesterday, and we will comment on the quarter, assuming you've had an opportunity to look at those results. The first thing I need to talk about is our decision to write off all of Flint's remaining goodwill and intangible assets in the fourth quarter. This decision was prompted by a dramatic reduction in our market capitalization and the erosion and net present value of our business' operations due to deteriorating market conditions. As a result, the company recorded an additional impairment during the fourth quarter of 252 million, bringing the total for the year to 442.6 million.

The decision, which eliminated all of the remaining goodwill and intangible assets from the balance sheet, is in compliance with new accounting pronouncements and helps us prepare for our upcoming IFRS conversion.

The goodwill impairment aside, we had a good fourth quarter and overall very good year, setting new records for revenue and EBITDA.

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Fourth quarter revenues were 678 million, up 46 percent over last year, and were the highest quarterly revenues posted by the company, helping us reach 2.3 billion in annual revenues, an impressive 27 percent increase over 2007. All of our operating segments contributed to the strong top line revenue growth.

We had good operating results from both our United States and Canadian operations in spite of the market uncertainties, which continued to unfold during the quarter. Canadian full year revenues in 2008 were 1.8 billion, up 32 percent with oil sands construction and maintenance activities along with production services fueling this impressive growth. Flint's US revenues in 2008 were \$519 million, up 15 percent over last year. Continued growth in our US production services revenues did not get the same boost from exchange rate as it did in 2007, with all of the growth coming from hard work, increasing operations and field service activities throughout 2008.

We recorded company EBITDA of \$57 million for the first quarter and a record 197 million for the year with most of our segments seeing increases in both quarter four and full year EBITDA 2008.

Overall fourth quarter and year end results were encouraging, both in revenue increases and adjusted net earnings. Before impairment

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charges, our earnings for the quarter were 22.1 million, up 12.5 million from Q4 2007 and for the year, 69 million, up 37.2 percent from 2007, and exceeding recent market expectation.

I'll now go into more detail on each of our segments. First, production services. This is our largest segment, comprised of field services related to ongoing oil and gas activities across North America. Our production services division saw revenues of 302 million in Q4 and revenues of 1.1 billion for the year. This was a result of strong growth in operations in the United States during the year. Production services contributed 38 million to quarterly EBITDA and 112 million to annual EBITDA in 2008. In the fourth quarter we were well positioned with good customers and experienced stronger activity levels for production services in most areas of our Canadian operations. Eastern and Southern Alberta was slower than expected, while Northeast BC and Northern Alberta got busier later in the year. And activity levels in Central Alberta met our expectations.

United States production services experienced very strong revenue and operating results in 2008 with a 48 percent increase in revenue over the fourth quarter of last year. With our offices placed across most active US basins, Flint continues to get additional work and attract new

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customers in the US. Again we saw continued strong activity levels in Colorado, Central and East Texas and Wyoming and have also seen increased activities in the Marsala (phon) shale in the Appalachian region and the Haynesville Shale in Louisiana.

Facility infrastructure was our second largest segment in 2008, providing major facility project development services in the oil sands region of Northeastern Alberta. Facility infrastructure again exceeded expectations with 194 million in quarterly revenue and 582 million in revenues for the year, contributing 7.4 million in EBITDA for the quarter and 42 million in EBITDA for the year. This strong revenue growth was a result of continued work on the Albion sands (inaudible) treatment project and multiple contracts with Suncor Energy for fire bank. Also late in 2008 we added StatoilHydro's Leismer demonstration project to our backlog. Our oil sands construction backlog at the end of 2008 stood at 800 million. This included modular fabrication at our facilities in Sherwood Park, Alberta and Field Construction at project locations near Fort McMurray, Alberta.

In the fourth quarter we reached peak manpower approximately 2,900 workers, which have since been scaled back due to the delay in the completion of Suncor's Firebag 3 project, announced in mid-January.

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We're still winding down work on Firebag 3 and completing work on Suncor's sulphur recovery unit.

We've been able to redeploy some of our skilled employees to other active projects. We are continuing our activities on the Albion Sand and Leismer projects. As a result of the reduced activity on oil sands construction, Flint will be able to improve labor productivity and control cost, which we can pass along to our customers to help them reign in their overall project costs in the near term while maintaining our margins in this division in 2009.

Plant, maintenance and other is our third largest segment and is made up of over 50 percent ownership of FT services and our share of Northern Joint Ventures, including SRP North Ventures, operating from Norman Wells and McKenzie Valley Construction, operating our of Anuvic (phon). During the fourth quarter FT services was awarded additional maintenance contract work at CRL Horizon project and turnaround management services at Shell's Scotford complex. FT services now has approximately 1,200 employees, providing maintenance services under multiyear agreements in Fort McMurray, Edmonton and Sarnia areas. This segment contributed 88 million in revenues for the fourth quarter and in excess of 300 million to our revenues in 2008. Increased revenues were

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generated from a major turnaround at Suncor's oil sands operations in the second quarter and additional contract work at CRL's Horizon project. SRP North Ventures and McKenzie Valley Construction also contributed to the revenue improvements. The division contributed 5.5 million to EBITDA for the quarter and 20 million for the year. This segment really underscores our strategy of build it, then maintain it, where for a very modest investment in capital, we're seeing substantive increases in revenue and EBITDA to the company. We are very pleased with the success of this division.

Our next segment is tubular management and manufacturing. This segment's revenues for the fourth quarter were 40 million and 195 million for the year, up for the quarter and flat with 2007 for the year. The Canadian tubular management portion of the division increased revenues in the production tubing inspection and repair services as our customers increased oil production activities in 2008, while drill pipe inspection and repair activities were flat in 2008. Global poly systems or polyethylene pipe manufacturing operations continued to be negatively impacted by the reduction in shallow gas and coal bed methane drilling, with lower demand for the polyethylene pipe used extensively in these applications.

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Our US based manufacturing revenues were up during the quarter but down for the year as a result of weather related production delays earlier in the year and a change in product mix in 2008 towards larger, higher cost and lower volume production runs. This division contributed 4.5 million in EBITDA in the quarter and 19 million for the year, down from 2007 due to the higher cost and an inventory write down in Canada and changes in product mix in the United States.

Our final segment is oil-fuel transportation. This division posted revenues of \$40 million in the quarter and 158 million for the year, as we continued to see price pressure throughout the fourth quarter due to weaker demand in rig moving and the increased competitive pressures. Overall well drilling activity was down 9 percent in 2008 and this continued to weigh on the division's results. We made additional changes to operations to reduce cost and right size this business, which I will go into shortly when I discuss restructuring.

Specialized module moving, which is included in this segment, recorded improved heavy hauling revenues for the fourth quarter and for the year, but still below our expectations due to delays in a number of oil sands projects.

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Now I will discuss our operational integration and restructuring. In late 2008 we made some organizational changes to our operating and reporting segments, starting in the first quarter 2009. The key changes were the incorporation of tubular management and manufacturing segment into production services. Additionally, the fluid hauling and pressure and back services business was transferred from production services and combined with oil field transportation into the renamed Oil Field Services division. The reorganization was undertaken to reduce costs through further reductions in duplicate locations, elimination of redundant management and administrative positions and to create operational synergies. For example, by putting all of our rolling assets together, we're able to rationalize and reduce our repair and maintenance centers, reduce supplies and parts inventories and share personnel, such as drivers and mechanics. By combining tubular management and manufacturing with production services, we will benefit by similar reductions in duplicate facilities and administrative personnel and by providing our people with the ability to further integrate and more efficiently cross sell our diverse services to essentially the same customers. We have provided resegmented annual information for 2008 and 2007 in our MD&A and we

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will provide further resegmentation information for each quarter as we move through 2009.

I'd now like to turn things over to Paul Boechler, our Chief Financial Officer, to go into more details of the results for the fourth quarter and full year 2008.

PAUL BOECHLER (Chief Financial Officer, Flint Energy Services Limited): Thank you, Bill. Revenues for the three months ended December 31, 2008 were 678 million, up 213 million or 46 percent from 465 million in Q4 2007. The increase in quarterly revenue included 73 million from facilities infrastructure, 71 million from production services and 48 million from plant, maintenance and other. In production services, the increased revenues were split 34.9 million from Canada and 35.6 million from the United States. Similarly, tubular management and manufacturing increased revenues were split 6.7 million from Canada and 6.6 million from the US.

Production services revenue for the quarter were 301.9 million compared to 231.4 million for the same period last year. Facility infrastructure business segment revenues for the quarter were 193.5 million compared to 120 million to the same period last year. Oil field transportation revenues were 40.1 million for the quarter compared to 31.8.

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Tubular management and manufacturing revenues were 55.2 million compared to 41.9 million. And plant, maintenance and other revenues were 87.5 million compared to 39.4.

Our overall geographic revenue split for the quarter remained fairly constant at 79 percent Canadian and 21 percent US. Annual revenues were 2.3 billion, up 497 million from 1.8 billion in 2007. The increase in annual revenues came from increases in plant, maintenance and other of 246 million, facility infrastructure of 159 million, production services of 67 million, 20 million from oil field transportation and 5.3 million from tubular management and manufacturing.

Production services annual revenue were 1.2 billion compared to 1 billion last year. The Canadian share of this segment's revenues were 668 million, flat with 672 million in 2007, while the US share of revenue was 404 million, up from 21 percent from 332 million last year. Facility infrastructure's annual revenues were 582 million, up 38 percent from 423 million last year. Plant, maintenance and others annual revenues were 303 million, up from 57 million last year. And tubular management and manufacturing revenues were 196 million, up from 190 million in 2007. Canadian revenues from the tubular management division were 83 million, up 14 percent from 73 million last year, while US revenues from JW

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Williams were 113 million, down 4 percent from last year. Oil field transportation revenues were 157.5 million, up 20.8 million from 136 million in 2007.

Overall gross margins for the fourth quarter decreased slightly to 15.1 percent from 15.7 percent last year. The majority of the impact on Q4 margins were 8.2 percent gross margin for the quarter in the tubular management and manufacturing division. In our Canadian production services division gross margins were 19.1 percent, up from 18.3 percent in the comparable period. US production services gross margin increased 4.5 percent to 24.7 percent as a result of improved execution in the field and strong natural gas drilling in the US. Infrastructure gross margins were 8.2 percent, down from 8.7 percent during the fourth quarter of 2007. The decrease in fourth quarter margins was due to the final cost reconciliations on the (inaudible) Long Lake project, resulting in a non-recovery of approximately \$7 million. This project was the largest in the company's history at just over \$770 million.

For the full year 2008 overall gross margins were 15.7 percent, down 2.9 percent from 18.6 in 2007. Production services gross margins were 19.4 percent, down from 20.3 percent. Facility infrastructure's gross margins were 11.8 percent, down from 12.7. Plant, maintenance and other

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margins were 7.4 compared to 11 percent last year. Tubular management and manufacturing margins were 19.6 percent compared to 26.9 percent last year. And oil field transportation gross margins were 16.1 percent, down from 17.3 percent last year.

General and administrative expenses in the fourth quarter were up 6.7 million over the fourth quarter of 2007 and up 3.4 million compared to the third quarter of this year. As a percentage of revenues, general and administrative expenses decreased to 6.7 percent in the fourth quarter from 8.3 percent during the similar quarter of 2007.

Full year SG&A expenses were 166 million, up 3.5 million compared to 2007. Full year SG&A was 7.2 percent of revenue, down 1.8 percent compared to 9 percent of revenues in 2007.

EBITDA for the quarter was 57.3 million, an increase of 67 percent from 34.3 million in Q4 2007. EBITDA margins increased to 8.5 percent from 7.4 percent in Q4. The year over year increase in EBITDA was primarily the result of higher margins in production services. EBITDA for the year was 196.6 million, up 12 percent from 175 million in 2007. EBITDA margins for 2008 were 8.5 percent, down 1.2 percent from 9.7 percent in 2007. The largest contributors to this reduction were the increase in revenue in plant, maintenance and other, which is contracted at

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lower margins and compression in EBITDA margins in our tubular management and manufacturing division.

Production services contributed 112 million to annual EBITDA with 66 million from Canada and 46 million from the US, compared to 104 million in 2007 with 68 million and 36 million respectively from Canada and the US. Production services EBITDA margins were 10.5 percent compared to 10.4 percent in 2007.

Facility infrastructure's annual EBITDA was 42 million compared to 31 million in 2007. EBITDA margins for the division were 7.2 percent compared to 7.3 percent last year.

Plant, maintenance and other contributed 20 million EBITDA compared to 4.3 million in 2007 with 2008 EBITDA margin of 6.5 percent compared to 7.5 percent last year.

Tubular management and manufacturing contributed 19 million to EBITDA, down 13.5 million from 32.6 million in 2007. The fourth quarter included a \$1.8 million inventory write down in this division to reflect raw material evaluations as lower oil prices reduced the cost of our resin supply. The division's EBITDA margins were 9.7 percent, down from 17.1 percent in 2007.

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Oil field transportation's EBITDA was 3.7 million, up from 3 million in 2007. Depreciation of property, plant and equipment was 16.2 million during the fourth quarter 2008, flat with the fourth quarter of 2007. While amortization of intangible expenses was 0.4 million compared to 2.2 million in Q4 2007. Annual depreciation of property, plant and equipment remained constant with 2007 at just over \$62 million. And amortization was 7.1 million compared to 9.7 million in 2007.

As Bill discussed in his opening comments, we in expensed (phon) an additional 268 million of impairment charges on the remaining goodwill, intangible and certain long lived assets carried on our balance sheet. During the fourth quarter of 2008 there were severe disruptions in the credit markets and reductions in global economic activity which has significant adverse impact on stock markets and oil and gas related commodity prices, both of which contributed to a significant decline in our company's stock price and corresponding market capitalization.

For most of the fourth quarter our market capitalization value was significantly below the recorded net book value of our balance sheet, including goodwill. As a result of the current market capitalization of the company, Flint recorded an additional impairment charge for the fourth quarter of 246 million, bringing the total goodwill impairment charge to 402

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million for the year. The related future tax liability was reduced by 20 million. In addition the company concluded that the fair value of intangible and certain long lived assets was left in the carrying values. The company recorded additional impairment charges of 6.1 million during the fourth quarter on intangible assets and recognized an impairment charge of 16.3 million related to the long lived assets. These were partially offset by reductions in future tax liabilities of 12.4 million during the year.

For the full year ended December 31, 2008 total goodwill, intangible assets and long lived asset impairment charges were recorded at 458.9 million, offset by a reduction in the related future tax liability of 32.4 million. Consequently the company has reduced the balance of goodwill and intangible assets on its balance sheet at the end of December to nil.

Interest expense for the three month period ended December 31 decreased by 3.3 million from Q4 2007 and sequentially by 2.9 million from Q3 2008 due to 98 million in debt reductions during the quarter. Interest expense for the full year was 21 million down 8.6 million from 29.6 million in 2007. Part of this reduction was the 5.5 million related to the pull (phon) back tax settlement in the second quarter of 2008.

Income taxes for the quarter were a recovery of 9.4 million compared to a recovery of 2.7 million during the fourth quarter of 2007, the

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result of reductions to future income tax liabilities on impairment charges taken in the quarter. Income taxes for the full year were 0.6 million compared to 19.3 million in 2007.

Adjusted net earnings for the quarter, which exclude after tax impairment charges were 22.1 million compared to 9.6 million in Q4 2007 or \$0.47 per fully diluted common shares compared to \$0.20 per fully diluted common share in Q4 2007. Annual earnings excluding the impairment charge were 69 million, up 18.7 million from 50.3 million in 2007 or \$1.45 per fully diluted common share compared to \$1.05 per share in 2007. The net loss for the fourth quarter after the impairment charges was 224 million or \$4.78 per fully diluted share. Net loss for the year including after tax impairment charges of 426 million was 357.3 million or \$7.53 per common share.

Funds provided by operations before change in non-cash working capital were 43.3 million compared with 14.6 million for Q4 last year and for the full year funds provided by operations before changes in non-cash working capital were 143.8 million, up from 102 million in 2007. At December 31 Flint had working capital of 313 million compared to 324 million as of December 31, 2007 and down from 417 million in Q3 2008. This is a result of improved balance sheet management and corresponding

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reduction in debt. Net capital expenditures for the year were 37.7 million compared to 79.5 million in 2007. Better asset management allows for increased revenues on pure owned assets and rationalization of underperforming or vintage equipment.

Long term debt, including the current portion, decreased by 58 million to 310.5 million at December 31 from 368.5 million at December 31, 2007. Primarily as a result of improved billing and collection practices resulting in improved cash flow. At December 31 Flint had 47.4 million fully diluted class A voting common shares compared to 47.9 million fully diluted shares last year.

With that, I will turn things over to Bill to provide the outlook for 2009.

BILL LINGARD: Thanks, Paul. In Canada, Q1 2009 drilling activity looks like it will be down close to 28 percent from Q1 2008. And last week we've seen drilling activity fall by 50 percent compared to this time last year. This drop in Canadian activity will have a negative impact on both the utilization and EBITDA of our two early cycle businesses, rig moving and tubular management operations. Forecasts are calling for 12,500-13,500 wells drilled in 2009, down 26 percent from 2008 drilling activity. Recent reports have suggested capital spending will be down 25 percent as well. Oil sands spending, which reached 19 billion in 2008 is now

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expected to drop to 13 billion in 2009. Similarly, US activity is down 19 percent in the first quarter and recent forecasts have suggested activity in spending could drop by as much as 25-35 percent compared to 2008. This will impact our US operations.

While these forecasts are pretty negative, they're based upon recent trends in commodity prices and we believe that while prices will be weak for the near term, anyone who has been in this business knows it's cyclical and prices are expected to recover. Meanwhile, Flint will experience pressure on revenues and margins in this cycle of the business and we have taken steps and will continue to take steps to remain competitive, reducing operating and fixed costs and cleaning up our balance sheet. Capital expenditures, which we managed carefully in 2008 will be kept to a minimum in 2009 and discretionary expenditures are being monitored very closely.

Because only a portion of our revenues are levered to the early cycle drilling activities, we do not expect our core midstream production services business to be hit as hard in the coming slowdown. A bright spot remains in our oil sands construction segment with continuing work on Albion sands, Suncor Sulphur Recovery and new work on the StatoilHydro contract. We expect our Suncor Firebag work to resume once crude oil

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prices recover, especially as fuel, field, labor and other inputs are dropping when compared to the last few years. Our maintenance services business should remain strong as these activities are supporting ongoing oil production. For now we'll be focused on executing our oil sands construction backlog and closely managing overheads and costs across our businesses.

That concludes our presentation today. With the assistance of Yvonne, our Operator, we would open the floor for your questions.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question and answer session. If you have a question, please press the star, followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speaker phone before pressing any keys.

Your first question comes from Roy Ma of Blackmont Capital. Please go ahead.

ROY MA: Hey, good morning, guys.

BILL LINGARD: Morning, Roy.

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ROY MA: Just, now I know you went through it in, briefly, but I just want to dig into the (inaudible) infrastructure Q4 margin. Impressive volume, but why such low margins?

PAUL BOECHLER: Roy, the single biggest impact on the infrastructure margins for the fourth quarter was the non-recovery of some of the costs from the completion of the reconciliation of the Long Lake project. It was the largest project we had ever worked on. We worked on it for three years and in the finalized, realized reconciliations and truing up of amounts, there were some costs that were not recovered and that 7 million reduced our margins significantly.

ROY MA: So all 7 million was in Q4?

PAUL BOECHLER: Yes.

ROY MA: Okay. So now if we could move on to production services, those were very strong results. Could you maybe break it down in terms of maybe by areas? That was a very big region, and I know there's lots of different geography and operations, just kind of take us through where the strength come from and what we can look forward to, you know I guess in the current quarter relative to that quarter?

PAUL BOECHLER: Well in Q4 as you know we had started doing some of the work as Bill had said earlier, the northern areas of Alberta got

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busier and into Northeastern BC as well as our US operations stayed very strong in the fourth quarter throughout all of our Texas operations and Colorado. You know so we didn't see an immediate slowdown at all from some of the concerns that were arising on the reduction and drilling activity in the fourth quarter. We started into 2009 continuing to be fairly busy in a number of these areas. We're finding there are additional projects and some quite interesting things that we're bidding on and talking to our customers about, but we are seeing some slowdown in some of the more regular type works from the related slowdown in gas drilling.

BILL LINGARD: So Roy, I'll continue on with that. In certain areas we did have more activity level than we expected, certainly that Northeast BC, there are lots of opportunities coming at us now and we captured some in Northeast BC during the fourth quarter and in certain areas of the United States, in the Vernal, Utah area we picked up quite a bit of business and the fluid hauling side that was in production services and over in oil field services was quite busy there. We've you know added units and built capacity so it comes from a few places, but still in the US the unconventional place and to be keeping us quite busy because of the activity levels. Still the Barnett Shale has been quite busy for us, the, we've

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done a little bit of work at the Fayetteville Shale, the Haynesville Shale as well, so...

ROY MA: Is it fair to say that there's wells dealt where, from the record drilling that was taking place in the US and in the mid to early part of 2008, that there is inventory of those wells that's just flowing into your pipeline of work?

BILL LINGARD: Yes, that's a very good statement. And we continue to see that in the first months of 2009, so...

ROY MA: Okay. Just on plant and asset maintenance, is that a number that we can expect to see at least as a base type of volume that we can trend for the sequential quarters, because I mean it was a surprise, it seemed strong and you know Q4 I thought would fall off a little bit for you guys in that business. Could you just maybe give us an idea what we can expect to see?

BILL LINGARD: I think yes we do have good visibility on the ongoing projects. You know those revenues were, without even starting up any turnaround services for Shell at (inaudible) and it did now include the full quarter of the Sarnia activities, so you're seeing that in there as well. So yes it's a pretty good baseline and you can expect similar in upcoming quarters for 2009.

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ROY MA: Okay. Just touching on the oil field transportation and before your resegmentation, it surprised me in terms of how you know it continued to be weak. I thought you would have a decent October and November, albeit that we know December slowed down in terms of rig activities in Canada. Can you maybe give us, you know in terms of market share, data in terms of what happened in the quarter?

PAUL BOECHLER: Well I think throughout the fourth quarter the fact that the drilling activity in Western Canada was lower and slower over the previous year, we did not see the decline in our market share. We didn't see a lot of significant pricing pressure until later into the end of the year and into 2009, so the biggest part of it is the fact that the volumes are really still quite low in that division for everyone in that industry and our impact to the utilization of equipment.

BILL LINGARD: And I would add to that Roy that the market share, we kind of measure every rig move and we know who's doing every rig move so we can measure. We actually gained a little bit of market share in Q4, not much but a little bit, so we're moving more than our share. One of the impacts is with deeper wells and wells in certain types of areas like Northeast BC or Northern Alberta, there's quite a bit less rig moving, and we saw overall a lot less rig moving in Q4.

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ROY MA: Okay. And now you speak to pricing pressure. Are we right now going into a period, as you are right now finishing Q1, you are now going back to discounting, to levels that I know you've increased your price book such that your price increase is in danger I guess of being erased?

BILL LINGARD: Remember we did the price increase when the fuel costs went way up last summer and fall and we've held to those pricing and we have given some discounts off those, but generally we've held. What we're seeing now in the market out there is particularly some of the smaller oil field transportation companies getting pretty aggressive with pricing and we've chose not to get that aggressive, and I think what we're seeing here going into breakup and what we'll see for the summer '09 is us discounting somewhere in the 10-15 percent off our book rates. I think, you know I've seen some of our customers, competitors again going 20 or 25 percent. We worked hard to get them up there, we just don't want to go there and you know later in 2009 maybe we'll get forced into it, but we're certainly going to continue to protect our margins on the jobs we're doing as much as we can. So we certainly don't think we're going to go there.

ROY MA: Okay. My final question, can you tell us what your bad debt provision was this quarter and how did that trend compare with Q3?

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PAUL BOECHLER: Actually there's a, noted on our financial statement we had real most significant increases in our bad debt or bad debt allowances during the fourth quarter. In fact the improvement in our debt net comes from a lot of effort with respect to our accounts receivable and that and we did not find that we had any increase in trend at all to this point.

ROY MA: Okay. Well thanks very much. Great quarter guys.

BILL LINGARD: Thank you.

OPERATOR: Your next question comes from Brian Purdy of National Bank Financial. Please go ahead.

BRIAN PURDY: Hi guys, congratulations on a pretty good quarter. I was wondering if I could ask you about what you saw in terms of foreign exchange impacts in Q4. Obviously there's a pretty big change in the US dollar and I'm sure that affected your US operations, but it didn't seem to come through too clearly on the financial statements.

PAUL BOECHLER: The biggest impact we had, because we keep our operations self sustaining in the two countries, is we'd get, as your US operations are of course profitable and successful, we get a bit of an uplift in the revenue side and of course right through all of the income statement items by the changes in the dollar. We ended the year kind of closer you

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know to where we started the year with things going up and down, so but in the fourth quarter did benefit up a little bit from our good US operations.

BRIAN PURDY: Okay, is there any, can you quantify it for us at all?

PAUL BOECHLER: Actually I haven't done a specific calculation and it'd be too much of a guess Brian.

BRIAN PURDY: Okay, okay fair enough. I wanted to ask a bit about, you know the facility infrastructure group. I'm just wondering if you guys are seeing much change in the pipeline for oil sands projects. I know there's been quite a few that have sort of come off and been cancelled buy you know we see a few like that indicate they're moving forward. You know what's your general impressions over the last few months from your customers?

BILL LINGARD: Well we are continuing business development opportunities for new potential projects and we have several in the hopper. And you know our feeling is that some of them will go and will be successful at some but just to list of the ones where you know we're talking to clients and we're believing they're going to go forward, Imperial at Pearl, we think it will go forward, we think PetroCanada at Fort Hills will go forward in some form, probably the mine, not the upgrader. We believe that ConocoPhillips will have an expansion at Sermont (phon), which looks

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like it could be something that we'd be well suited for. We believe that the Suncor Firebag phases 4 through 6 will be something that would be in line to win and certainly being Suncor's supplier of choice would be in the front of the line. So those are a few of the opportunities.

BRIAN PURDY: Okay. And then just as a follow up to that, I mean is there a, you know an oil price either in Canadian dollars or US dollars where you think your customers would be more comfortable pushing forward with these types of projects.

BILL LINGARD: That's a tough question, but just I mean, depends on where they are in the cycle. I think for Greenfield you're going to want to see more than \$50 oil. For expansions of current facilities, I think \$50 oil allow you know the customers who already have production to fund growth and spend their cash flow and continue to expand their facilities. So I think it varies a little bit, but I would say the bottom of that threshold is \$50 and you know for new projects you're probably looking at something in the \$75 range maybe, 75.

BRIAN PURDY: And that's in US dollars I guess when you talk there?

BILL LINGARD: Yes, costs have obviously come down and you know we're seeing a lot of our, we're seeing good ability for us to bring

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down the construction and construction management piece of the cost for our clients, so...

BRIAN PURDY: Can you give us an idea of the magnitude of cost decreases that you're seeing? Is it you know 10 percent? I mean obviously they're going to vary by you know materials and labor, but you know maybe give us an idea of some of these different areas and what the magnitudes are?

BILL LINGARD: Yeah, there's a few components to it, and I don't have as much visibility on the steel and materials and so I won't comment on that, but on the pieces I'm familiar with, so the labor costs, the labor productivity, the way we do our work with module construction and construction management field construction, we have been able to, because we gave people a lot of perks to be in Fort McMurray and location whether it was retention, bonuses, uplift to be on-site, LOA's and all those things, we started stripping a lot of that stuff out and we've been able to reduce our cost of labor about 10 percent and then because you have more high quality skill people available and you don't have to bring people from international locations and stuff, you also reduce your cost because of that. So somewhere in the magnitude, with productivity and high grading

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and stuff probably another 10 percent. So something in the range of 15-20 percent savings for the client.

BRIAN PURDY: Okay, great. Just you know in terms of a question on general outlook, obviously you guys have some varied business areas, you know I'm wondering if you can you know give us an idea of maybe your best areas in terms of stability in 2009 and the ones that you think are going to get hit the most. You know I would think plant maintenance would be pretty steady, but you know what are the ones that are taking the biggest hits? Is it rig moving and the global poly stuff or is it something different?

PAUL BOECHLER: Well I think you've got part of that exactly right on. From a production services perspective, things like all of the work we do related to the ongoing production, you know related to maintenance and repairs and wells and cyclic steam areas and then in our oil field services group, the work related to ongoing production such as pressure and vac and fluid holding, those will remain quite steady and do quite well because of course of the existing production. The pressure initially will be as you said on the sites that are directly related to the lower rig count and that's some of our tubular good management and of course our rig hauling. But in the US, we're still seeing a pretty good stream of orders into our

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manufacturing facilities at this point and you know the backlog in work is continuing to support some at least for this next little while.

BILL LINGARD: So on the oil field transportation side the rig moving obviously will have the most impact. That's the most upstream and the most directly related to drilling activity. So that in Canada will have the most impact. On the production services side we've been pleasantly surprised at the number of opportunities coming in the door from our core clients. I know on the business development side in looking at what they see in terms of project potential for 2009, there's something in the magnitude of 500 million in additional projects that they're having the opportunity to enter discussions with the client about Flint winning these things. So there's pretty good deal flow and pretty good project flow still on the production services side.

BRIAN PURDY: Okay, great. And I just wanted to turn to your G&A and I'm sure this is going to be effected a bit by your restructuring efforts. You know through '08 it seems like we saw you know pretty good relationship between your revenues and your G&A. Do you think you're going to be able to you know bring that down quickly enough to match the declines in revenues that are likely to occur here in '09? Is it as a percentage of revenue should be pretty much stable?

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PAUL BOECHLER: I think that there's a bit of a risk of it not declining quite as fast, but that's going to be partially due to some choices we're making this year in the restructuring, the expansion of our ERP system, conversion of, the completion of some of the conversion of some of our acquisitions and getting them completely onto our systems and processes. So we're doing a major computer conversions to our ERP's this year. I think as a percentage of revenue, we will work really hard with some of the initiatives we've taken in terms of you know reductions in salaries, cost reductions and things that we're working on to try and keep that down. But I think we probably won't track quite as quickly because of some of the sustainability projects that we have to ensure that we're coming through this fundamentally as strong as we can be to go forward.

BILL LINGARD: On the infrastructure side of that, you know we tend not to have a lot of SG&A on the infrastructure piece, but for some of our senior construction management people, normally you know if we thought Suncor wasn't going to go ahead or something we may actually have to lay a bunch of those senior construction, but we'd rather protect the asset, and so we're making them take additional unpaid vacation leave rather than actually cutting the cord, so, we're trying to do the right thing to protect our capacity as well. But it shouldn't creep up too much, to answer your

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question. I mean the goal is to try and maintain our SG&A as a percentage of revenue. As Paul says we might see a little bit of creep, but we're definitely very focused on cost control. The three pronged approach we've been taking here is one, control costs, direct costs as well as SG&A, and we've got lots of cost control initiatives. The second, protect our margins. You know a lot of clients are looking for discounts, but we don't make big margins anyway so we can't give the big discounts they're looking for. So we are protecting our margins. And the third is capture the right opportunities and there are quite a few out there. So keep our business volumes in decent shape.

BRIAN PURDY: Okay, thanks. I appreciate that. I'll jump back in the queue. Thanks.

OPERATOR: Your next question comes from Roger Serin of TD Securities. Please go ahead.

ROGER SERIN: Morning guys. I wonder if I could follow up, you went through a lot of numbers, so I was just trying to make sure I got some of them. The backlog breakout, could you remind me what that was by division?

PAUL BOECHLER: We specifically talked primarily about the backlog in our oil sands construction at December 31. In our other

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divisions we didn't really break it out as so much of that is related to, you know some of the contracts you've seen for our pressure and vac services that we've related and to the MSA's and long terms agreements we have with some of our major clients that provide specific amounts of work over time. Bill, do you have the oil sands ones? The breakout is, you know the vast majority is of course the work on...

BILL LINGARD: Yeah, it's about 350 million with Suncor, this is for the oil sands side alone, about 400 million with Shell and about 50 million today with (inaudible).

ROGER SERIN: Okay, thanks. If you look for then in 2009 from a you know infrastructure division, obviously with the Suncor changes you're going to have a reduction or we are expecting a reduction in revenue; can you give us a bit of a guidance as to what you think revenue could come down with the projects you've got on hand versus say 2008 numbers that are top line revenue?

BILL KINGARD: Yeah. We gave a little bit of color on that when we did the press release and the number is still about the same. We'll be reducing revenues from this year's level between 100-150 million. So, and that's still where we think we are. I mean we are able to accelerate some other things. We expect to get some expansion on some of the other

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projects because we have people available. So you know, but that would put us you know somewhere between 425 and 450 million, or 475 I guess if you do the math exactly.

ROGER SERIN: Okay. Still in that division, so if we add back the \$7 million, we get margins in kind of the 7 percent range, you know which is down maybe a little bit from what we've been expecting. Do you, is that a better run rate number or do you think you might do better than that on your current projects?

PAUL BOECHLER: Well I think that we can do a little bit better than that on projects. I think that the process changes and the things that we've developed over the last couple of years, we're seeing better execution and better management of those projects, especially the Albion Sands and our Suncor projects with our customers. And through our process that we'll see that recognition of the higher level of margins and EBITDA from that group going forward Roger.

ROGER SERIN: Okay, that's it. Thanks very much.

OPERATOR: Your next question comes from Jeff Fetterly of CIBC World Markets. Please go ahead.

JEFF FETTERLY: Morning guys.

PAUL BOECHLER: Morning Jeff.

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BILL LINGARD: Hi Jeff.

JEFF FETTERLY: Facility infrastructure, the 350 million for Suncor, how much of that is far back that has been postponed?

PAUL BOECHLER: Probably about 200-250.

JEFF FETTERLY: So your backlog coming out of 2009 based on the current contract awards will be very modest. Is that correct?

BILL LINGARD: That's correct. That's assuming we don't get any more and that might be a bad assumption.

JEFF FETTERLY: The projects that you've listed earlier, obviously you talked about Statoil as being a potential ramp up on the current demonstration phase, but what else do you think might come through in 2009 barring \$30 oil price?

BILL LINGARD: Well I think the extensions in Suncor would be something that could definitely come through during '09 and either Fort Hills or Curl or Surmont, any of those could come in 2009. Decisions could be made and contracts could be awarded in '09.

JEFF FETTERLY: And they would likely dovetail fairly well with what your current backlog looks like?

BILL LINGARD: Yes, they would. I think construction on any of those would start in 2010 at the right timing for us, yes.

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JEFF FETTERLY: Okay. Transportation side, break it into two pieces, the rig hauling side, from a margin perspective, you've been aggressive in rationalizing capacity and cutting costs for the last 12-18 months. Your margins improved a little bit year over year, but you know despite your revenue lift, still pretty skinny profitability in that business. I guess can you give me some color in Q4 and given the environment in 2009 is there a chance that business even makes any money in 2009?

BILL LINGARD: It will and we did take some hits, some severance costs, some cost of closing facilities and moving equipment and people to other locations, costs of getting out of leases, et cetera. So we did take some cost hits in the quarter and through the year on all of those things. And I think the way you have to look at it going forward Jeff is it's combined now with our pressure vac, fluid hall and all of those things and that oil field services division will be quite profitable and some of those profits will come from rig moving because the cost, our fixed cost of doing the rig moving will come down substantially. I would expect the, by combining those entities, the just pure synergies of the consolidation would take about \$2 million out of our cost.

JEFF FETTERLY: When do you expect to realize that?

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BILL LINGARD: We'd realize it in 2009, that \$2 million in cost reduction.

PAUL BOECHLER: I think Jeff that part of it is also that if you, you know you look at the transportation, you're talking about it for the year 2008, but if you looked at the fundamental changes we put through that group from the beginning of the year to the end of the year is what gives us a little more confidence, because we see a trend changed in what our costs were to keep at least as much of the capacity in that group as we could protect on the fixed cost side. It declined you know several million dollars a month from where it was in the start of the year to what we believe can be our break even point in that group. So we think that those trends, because of the costs incurred in the things we did last year will start to allow us to be, you know to be closer to that making money and closer to doing well in that group even at the lower levels of activity.

JEFF FETTERLY: We've touched on this in the past couple of quarters, do you have a sense as to where that break even point would be either on a revenue basis or on a utilization basis, and utilization wise where were you in Q4?

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BILL LINGARD: Utilization in Q4, I don't have the exact numbers, but it's going to track the utilization of the drilling fleet and in terms of break even, Paul I'll let you...

PAUL BOECHLER: I think that if you took transportation as a standalone without the things we're doing now with combining mechanics and shop space and some of those things, we've probably reduced their break even point to I'm hoping it's going to be below 9 million a month in revenues. When we first acquired that business it was probably close to 14. So we've done a lot of work on that and you know that's not an exact number, Jeff, that's where we look at where the trend is, what we've taken out of fixed costs and what we're seeing from activities. So we think that we've significantly impacted over the last year.

BILL LINGARD: For the combined oil field services group we would expect somewhere in the range of 20 percent gross margins and somewhere in that range 10 percent EBITDA margins.

JEFF FETTERLY: Okay. Let me ask on the other side of the transportation business, the fluid hauling piece that you're moving int. It looks like you had some margin contraction year over year in 2008. Any color you can give us on what was behind that for the full year and what

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are your expectations for that specific business in terms of margin contraction in 2009?

BILL LINGARD: We didn't have margin contraction in the fluid haul business in 2008. It was actually quite steady and it would have had improved margins in '08 over '09.

JEFF FETTERLY: Okay, I'll circle back offline with you.

PAUL BOECHLER: Okay.

OPERATOR: Your next question comes from Dana Benner of Thomas Wiesel Partners. Please go ahead.

DANA BENNER: Good morning, guys.

PAUL BOECHLER: Morning Dana.

DANA BENNER: I just, just a couple of questions. In the plant maintenance and asset side, I think you said you were up to, is it 1,2000 people?

PAUL BOECHLER: Yes.

DANA BENNER: Yeah, just curious to know what you think your capacity is within that group to the extent that there may be other projects out there that you would like or your sizable ones or small ones to bolt on, whether you can handle it, whether it will require a lot of extra people. It's a pretty impressive ramp up in people and in I guess what, 18 months.

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BILL LINGARD: Yeah, we've got a great core management group. We've got some Flint people and some Flat Transfield people put together in the management team of that and I'm very pleased with how this has come together. The supervisory staff has, we've been able to attract some good quality Canadian people at the management ranks, the supervisory ranks, and there are lots of fairly substantial opportunities looking at us right now. And maybe I'll just list some out to tell you what types of things. Certainly, (inaudible) and Long Lake, we are doing portions of the maintenance as Flint. And we're looking at the potential of expanding that and moving it into FT. For Flint we're just kind of providing the manpower. We're a maintenance company that provides the skilled people to have full blown maintenance planning and to do all the management things that FT can do, it would make sense to move it into. So that expansion. We're doing a small amount of work at the Horizon today and they've been very pleased at our efforts and there's potential to expand greatly our maintenance work at Horizon. And we've had some discussions with SynCrude (phon) for additional maintenance work at SynCrude. Also we're still planning to expand to the Denver refinery for Suncor. That's somewhere in the future plans. So we've got quite a few things that we can still see that will have some upcoming growth opportunities and we'll

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definitely capture some of those. And we're looking at opportunities even outside the core oil and gas refining and upgrading and power generation and some of those things we're finding some people, because Transfield has a lot of experience in that from Australia we're finding that we're able to start looking at some opportunities here now that we're established and now that we have this baseload of work and we're up and running and things are you know obviously starting to fill out our management teams and get things the way we need them.

DANA BENNER: So suffice to say then, particularly in a weaker environment where labor is available, should you gain the opportunity to, or should you gain more projects, people presumably would not be an issue.

BILL LINGARD: Yeah, I think the original question was what's our capacity, and we're not limited in this one. We could expand. You know we could expand this business to \$1 billion a year revenue quite easily. It's, because the people are available and you know the maintenance is ongoing and it's got to be done and so it's good, steady business and people are attracted to that type of steady revenue and steady you know commitment for work, a lot of times more so than a construction project

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where it's, they're gone at the end of the project. So yeah it's easy to grow that side of the business, Dana.

DANA BENNER: Just one more question, thinking about your balance sheet and the way that your and other companies can view as a strategic advantage in certain markets, including this one, I wonder if there's a certain segment, I'm thinking production services, where your balance sheet is actually a competitive advantage, you know to the extent that you may be competing against Mom and Pops who got over levered, et cetera, could that explain some of the strong performance in the quarter, or might that explain some gains in market share we might see in the quarters to come?

PAUL BOECHLER: I think there's two parts to that. The first is that I think you're right, our customers are looking for a certainty that the suppliers and services will be there. And I think that's the strength in our balance sheet and the growth we've had in the year is that we demonstrate the ability that we can be there with the resources they need. So you're right, that does impact to some degree customers' choices, especially on project work and longer term relationships. And the second thing, the strength in our balance sheet will do as we go farther into the year is potentially provide us with some opportunities for some of the people who

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maybe are not in as good a shape as us with opportunities for expansion after the sale, after the acquisitions or abilities to grow.

DANA BENNER: Okay guys. That's all I've got. Thank you.

OPERATOR: We have no further questions at this time. Please continue.

BILL LINGARD: Thank you, Yvonne and thanks to everyone for participating in our presentation this morning. We look forward to talking to you again in mid-May with our results for the first quarter 2009. Thanks, everyone.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating and please disconnect your lines.

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