Competitive Analysis:
Across the Oil & Gas Services industry HAL is one of the most integrated providers. This allows firms a single solution, which allows for greater well performance and reduced levels of nonproductive times. Major competitors include BHI, SLB, RIG, FCX, NOV, and WFT.

Pros:
• Initiatives to reduce costs and implementation of technology upgrades are helping to support margins.
• HAL poised for continued strong performance outside of North America, India and China now mature enough markets to enter profitably.
• International growth rates have been best in industry.
• Once legal liabilities are resolved, stock could lift.

Risk Factors:
• International margins have been slow to recover.
• Expansion into new territories carries political risk.
• Progress on civil settlement has slowed.

Industry Trends: The Oil Services industry remains in a healthy position of growth as Crude Oil prices remain above $100 and E&P spending and shale drilling continues to improve. The total market is expected to grow 8% in 2013. Drilling and oilfield companies are considered a beta play on commodities.

Investment Thesis: As the Fracking boom of the North American oil and gas industry continues, firms are placing higher emphasis on the amount of rigs drilled, rather than on rig activity levels. These firms are currently using a more intelligent and technology intensive approach, which should bode well for HAL which has already begun converting its fleet under the “Frac of the Future” program. As revenues are maintaining record highs, the best results in this industry are coming from margin improvement. HAL is currently rolling out another initiative “Battle Red,” which is expected to reduce working capital requirements and personnel costs.

Business Summary: Halliburton Co. is one of the world’s largest energy services providers, operating in about 80 countries. Completion and Production division was 61% of’12 sales and 65% of operating income; Drilling and Evaluation division (39%, 35%). Sales outside North America were 44%.