



Industrials and Energy
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Brandon Resseque



Tidewater Inc
NYSE: TDW



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Tidewater: Riding the Wave

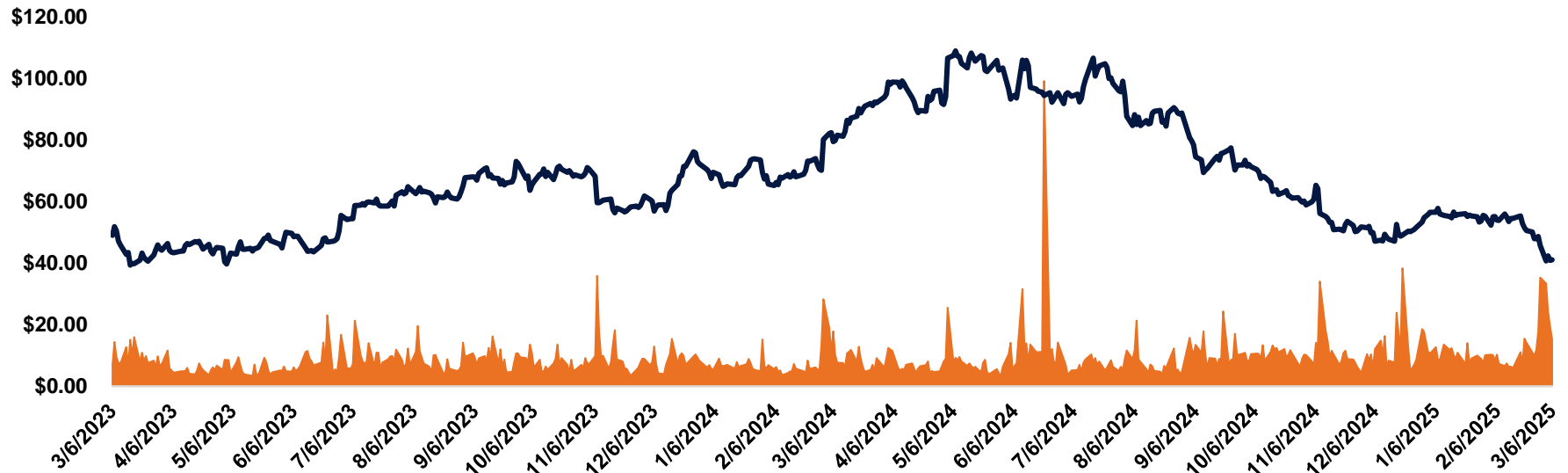


Market Cap	\$2.13B
3/17 Close	\$41.45
Average Volume	1.11M
52 Week Range	\$38.65 – \$111.42
NTM EV/EBITDA	4.82x
Short Interest	11.11%

Recommendation: **LONG** with a **PT of \$69.84**, representing a upside of **68.5%** from 3/17/25 close

Investment Thesis Introduction

1. Forecast for global energy demand are consistently rising as the energy transition begins to slow. Unprecedented demand coupled with historically bearish oil sentiment offers an attractive entry point
2. The Shale Revolution was able to rapidly take share in 2014, but as tier 1 supply becomes scarce and the cost advantage continues to erode, offshore drillers will be able to meet incremental demand with low break-even prices
3. TDW is the strongest OSV operator with the youngest fleet, strong liquidity, a global footprint, and demonstrated operating leverage.
4. Tidewater's position in the offshore value chain as a supplier to all drillers serves as a natural hedge to \$VAL underperforming its peer group



Source: (1) Bloomberg, Market data. (2) CapitalIQ as of March 17, 2025



Industry Overview





Why Don't Oil Tycoons Trust Banks? All the Real Money is Offshore!

Shale Drilling vs. Offshore Drilling



Offshore

- Higher upfront cost
- Greater long-term production and stability
- Supports large-scale energy needs
- Sustained, high-volume output

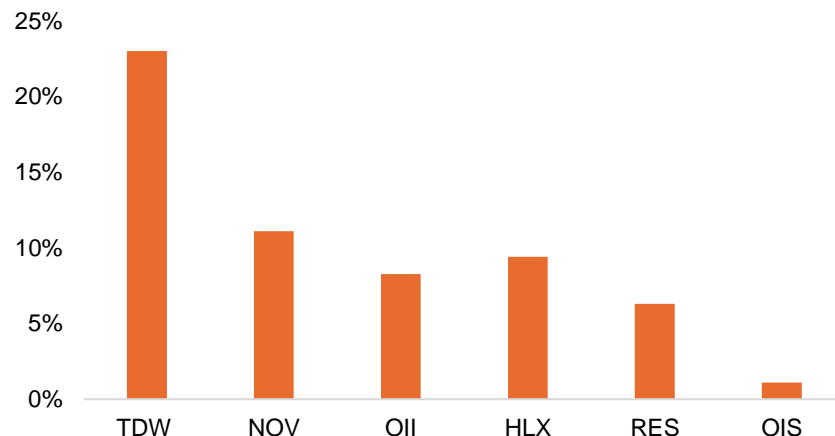
Shale

- Lower initial cost
- Rapid decline rates require constant drilling
- More land disruption, water usage, regulatory hurdles



Shale Executives Overpromised In Economies of Scale

EBIT Margin vs. Comps⁽¹⁾



Worsening Economics Forcing Consolidation

Recent Offshore Chapter 11 Bankruptcy Activity⁽²⁾

Pacific Drilling

Nov '17, '24: \$4.1 B Eliminated

May '17: \$1.6 B Eliminated



TIDEWATER

noble energy

July '20: \$3.4 B Eliminated

May '21: \$7.0 B Eliminated

VALARIS

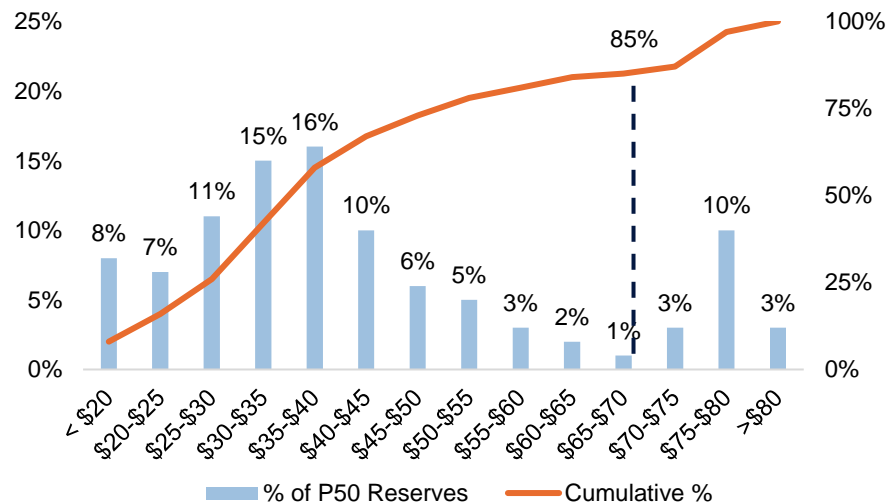
Seadrill

Dec '20: \$3.12 B Eliminated

Approx. \$17 Billion of Debt Eliminated Since 2017

Offshore Production Expected to Play a Larger Role

Offshore Project Breakeven Prices⁽³⁾





OSV's Role In The Offshore Cycle

TDW Position in the Offshore Value Chain

Mobilization Phase

OVS's aid in **discovery** and **deployment** processes of offshore infrastructure



Operational Phase

OVS's transport materials, equipment, and personal to ensure **uninterrupted operations**



OVS's are contracted under **Time Charters (TC)** for long-term usage or **Voyage Charters** for one-off trips



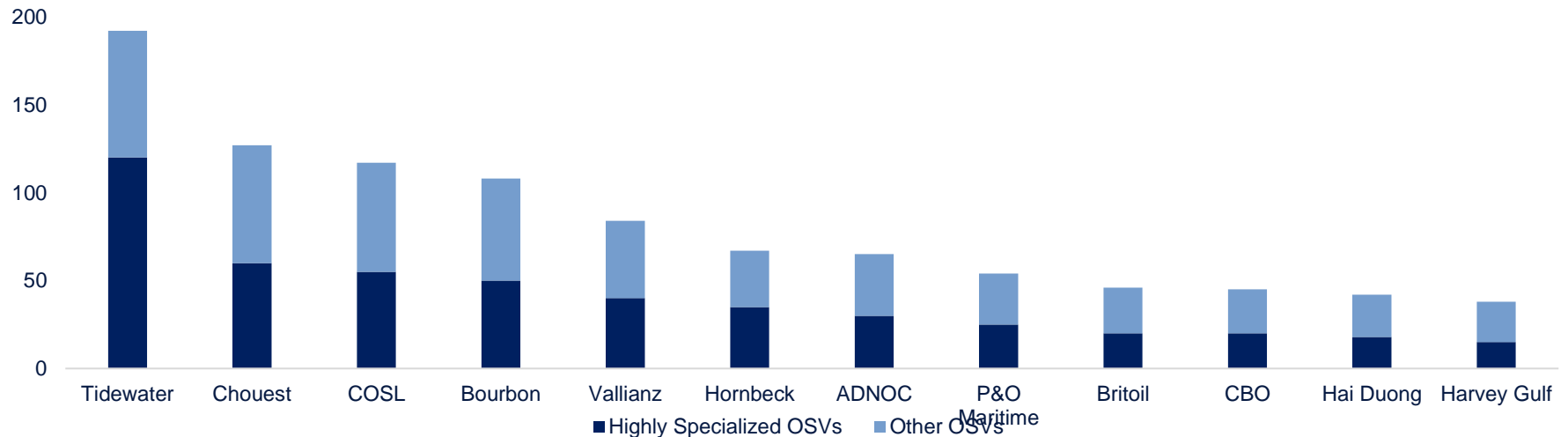
Stacking Phase

OVS's offload personal and supplies and transport rigs to **cold/warm stacking** or to **decommission sites**



The Largest and Most Diversified Player In The Industry

OSV's By Classification⁽²⁾



Source: Company Filings



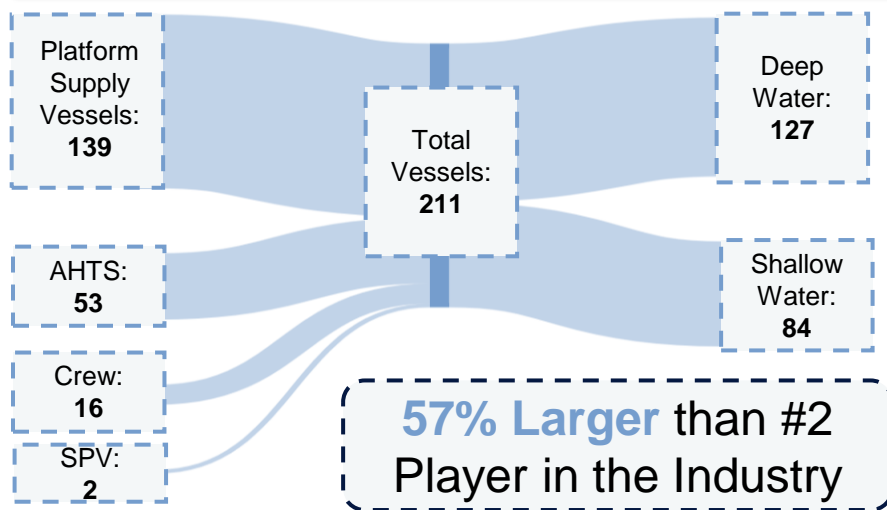
Company Overview



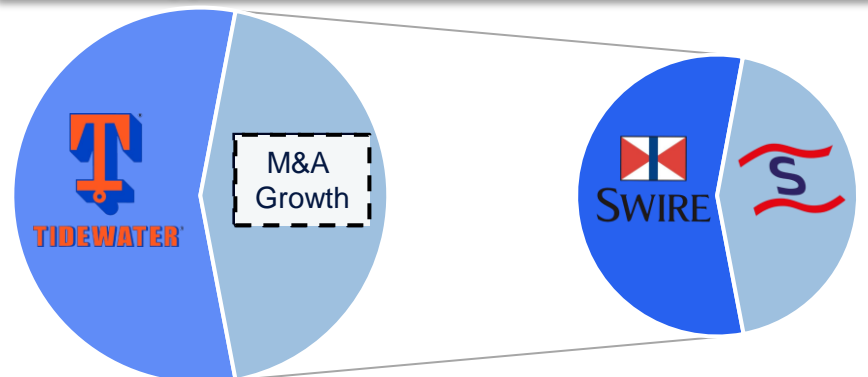
Riding The Wave



Tidewaters Fleet Summary



Opportunistic M&A As A Growth Lever



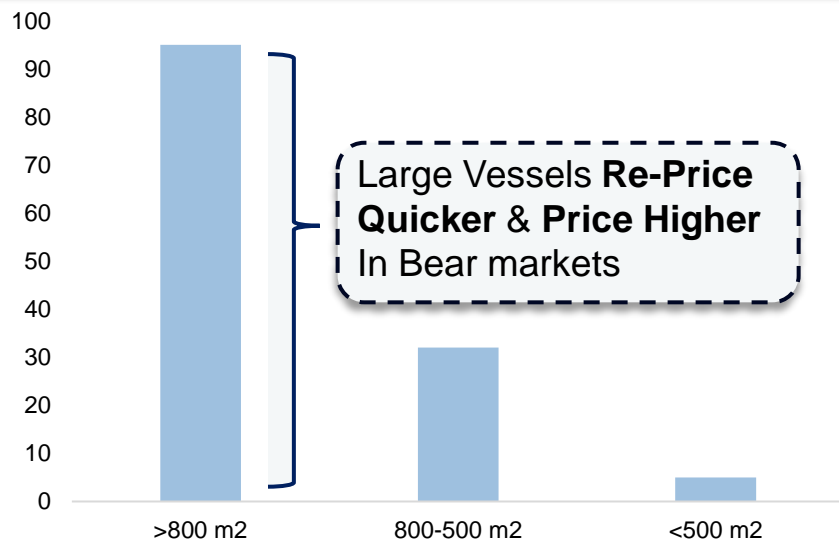
Swire

50 Vessels | \$190M

Solstad

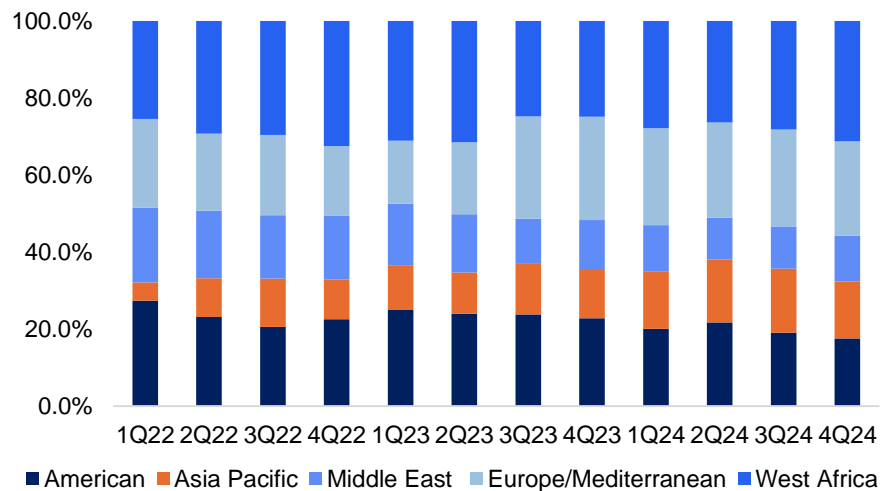
37 Vessels | \$577M

Tidewaters Fleet Summary



Geographic Diversification

Revenue Mix by Region



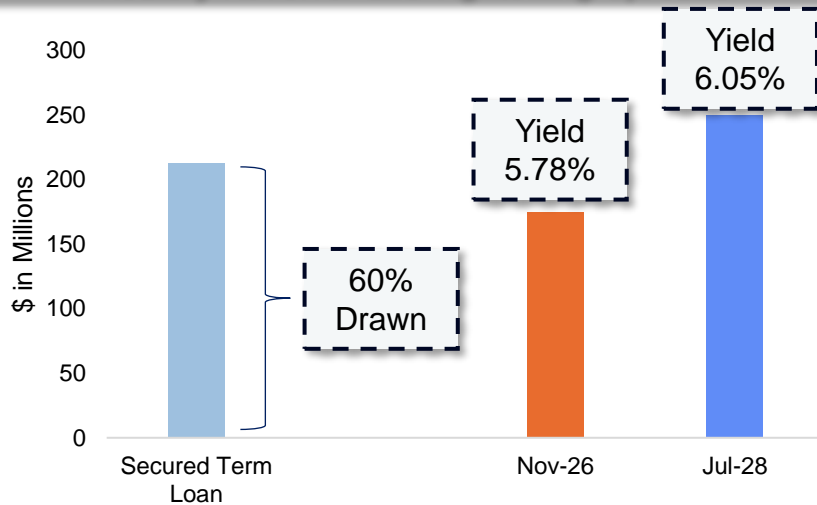
Source: Company Filings.

Culverhouse Investment Management Group— Industrials and Energy Committee

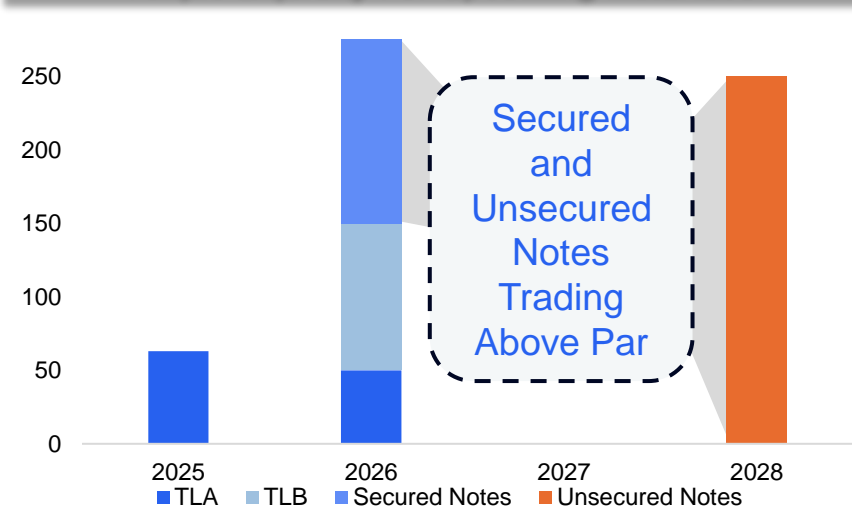


A Healthy Balance Sheet Plus A Young Fleet

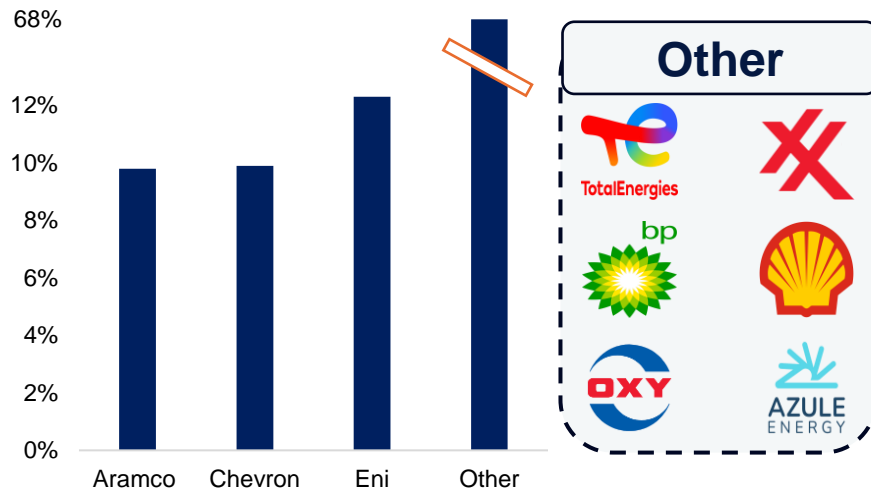
Healthy Revolver and Tightening Spreads



Ample Liquidity For Upcoming Maturities

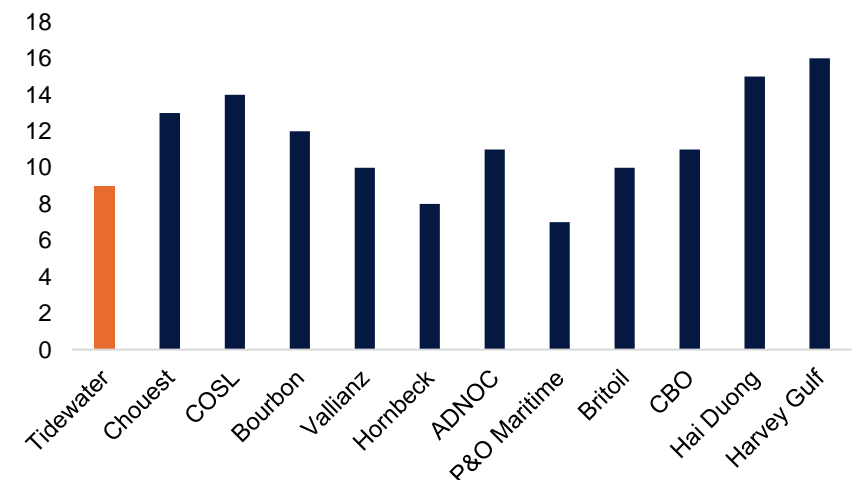


Customer Concentration



Best In Class Fleet

Average Age Of Fleet



Who's Running This Show?



Over 100 Combined Years in the Offshore Business



Quintin Kneen
Chief Executive Officer



Sam Rubio
Chief Financial Officer



David Darling
Chief Operating Officer



Daniel Hudson
VP, General Counsel



Piers Middleton
Chief Commercial Officer



Lee Johnson
Chief Information Officer

Companies Represented:



Incentives Are Aligned

Management Compensation



EBIT Margins



Operating FCF



Revenue Growth



Safety



Plan Objectives



Utilization

Aggressive Share Repurchases⁽¹⁾



Robert Robotti
President and Chief Investment Officer



	12/13/24	12/16/24	12/17/24	3/5/25	3/13/25
Party	Robotti, K. Quintin	Robotti	Robotti	Robotti	Robotti
# Shares	58,726	4,000	2,067	1,770	25,000
Price	\$47.63	\$47.05	\$52.54	\$40.77	\$39.93
Value	\$ 2,797,119	\$188,200	\$108,600	\$72,163	\$998,250

Source: Company Filings. (1) Bloomberg

Culverhouse Investment Management Group— Industrials and Energy Committee



Street View



Consensus Forward Projections



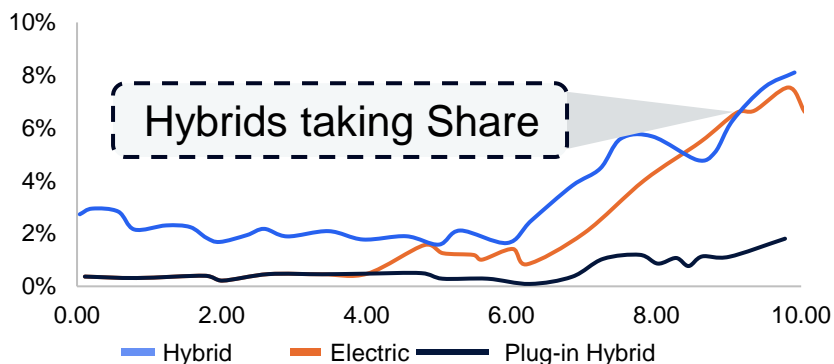
Recent IEA Adjustments Are Far Too Optimistic ⁽¹⁾

IEA Global Oil Balances (mb/d)¹

	2022	2023	1Q24	2Q24	3Q24	4Q24	2024	Jan-25	Feb-25
Global oil balance	0.08	0.2	0.55	0.4	-0.19	-0.22	0.13	1.02	0.18
Observed stock changes									
OECD industry stocks	0.35	-0.01	-0.1	0.86	-0.43	-0.59	-0.07	0.32	-0.21
OECD government stocks	-0.74	-0.02	0.14	0.07	0.1	0.12	0.11	0.04	0.01
Non-OECD crude stocks*	0.27	0.03	-0.23	0.92	-0.32	-0.06	0.11	-1.46	-0.04
Selected non-OECD product stocks**	-0.01	0.03	0.1	-0.15	0.08	-0.22	-0.05	0.01	0.02
Oil on water	0.29	-0.07	0.99	-1.26	-0.03	-0.31	-0.16	-0.22	
Total observed stock changes	0.17	-0.04	0.91	0.44	-0.61	-0.96	-0.06	-1.31	
Unaccounted for balance	-0.09	-0.04	-0.36	-0.05	0.42	0.73	0.19	2.33	

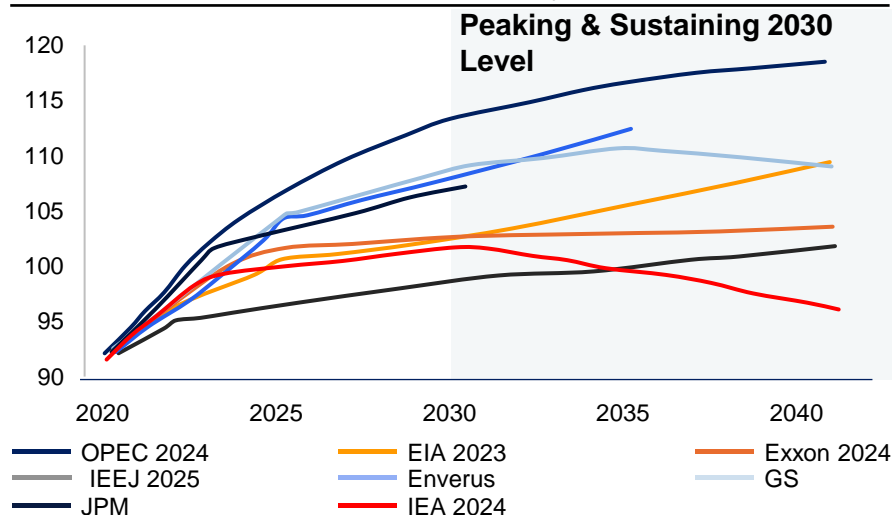
Part of The Peak Demand Narrative⁽²⁾

“IEA’s “baseline” STEPS, however, **based on policies that have not been put into action yet**, shows oil demand declining sharply after 2030”
 - U.S. Senate Committee on Energy and Natural Resources



EIA Is Promoting An Overly Bearish View...⁽³⁾

Global Oil Demand Projections



Source: Company Filings, Bloomberg. (1) IEA (2) U.S. EIA (3) U.S. Senate Committee on Energy and Natural Resources



Investment Thesis

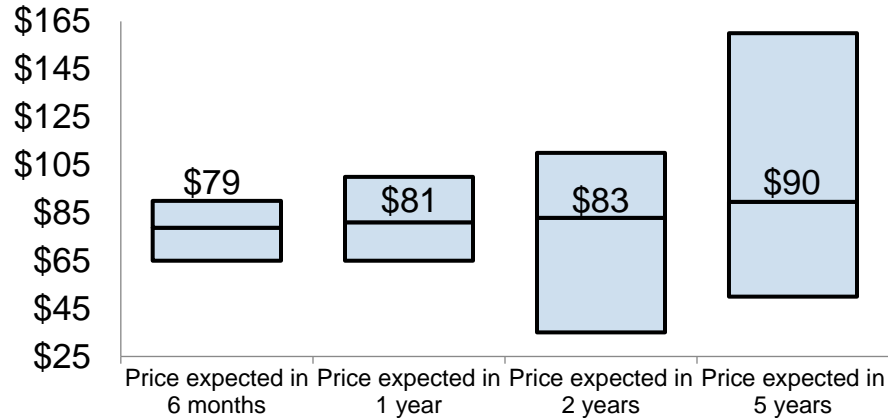




An Overly Optimistic Energy Transition

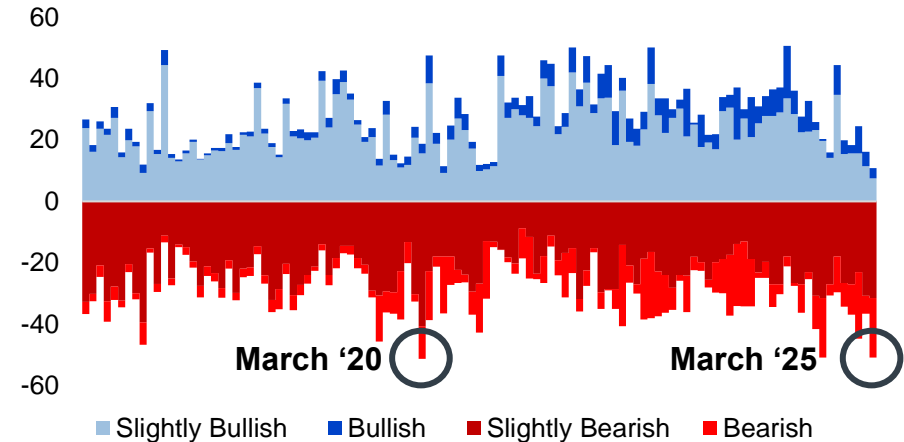
O&G CEO's Predict Rising WTI Prices

O&G CEO Future WTI Price Survey⁽¹⁾



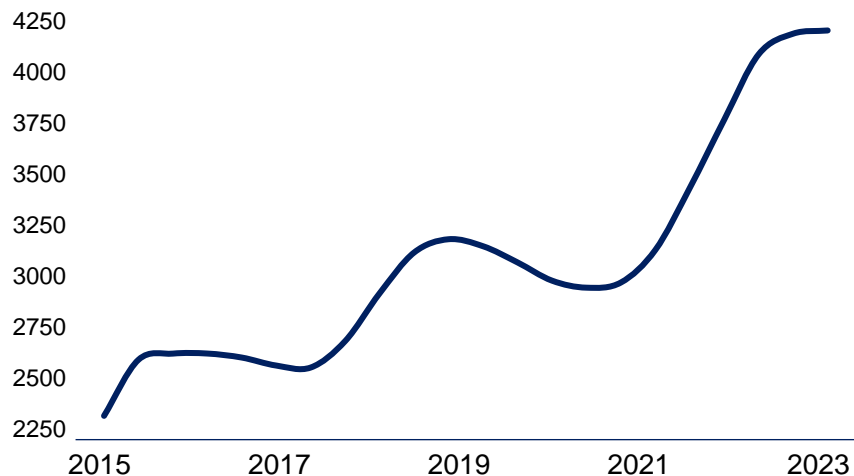
Historically Bearish Oil Market Lacking Fundamentals

Goldman Sachs Oil Sentiment Polling⁽²⁾



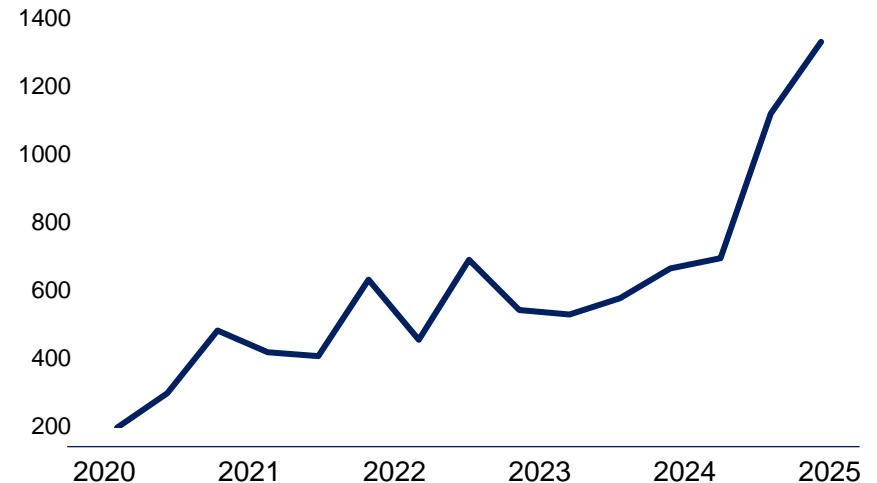
The Energy Transition Is Hitting Speed Bumps...

Carbon Capture Citations / M Tons of Annual CCS Capacity⁽³⁾



...and Executives Are Pumping The Breaks

Quarterly Mentions of Hydrogen Project Delays/ Cancellations⁽⁴⁾



Source: Company Filings. (1) Dallas Fed (2) Goldman Sachs (3,4) JP Morgan Asset & Wealth Management

Culverhouse Investment Management Group— Industrials and Energy Committee

A Canary In The Coal Mine



Shale Economics Are Rapidly Worsening...

Scott Sheffield



PIONEER
NATURAL RESOURCES

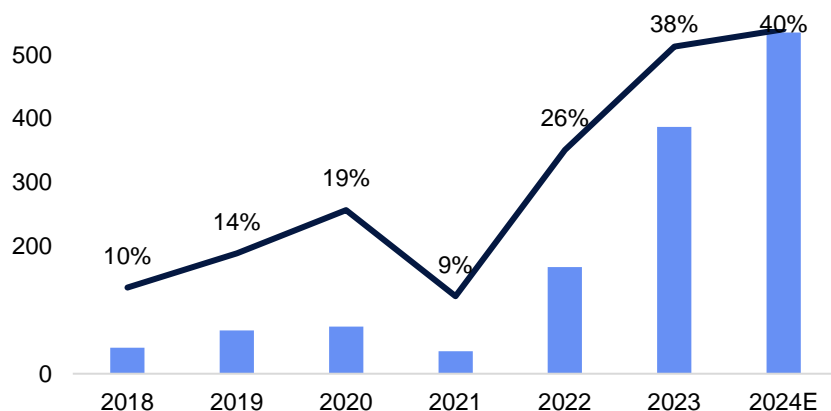
President & CEO

Sold to **ExxonMobil** for \$53B

"One of the main reasons that Pioneer sold was...we were **running out of Tier 1 inventory**. Everybody is running out of Tier 1 inventory. People don't talk about the fact **that we are running out of inventory**"

Margins Trending In The Right Direction...

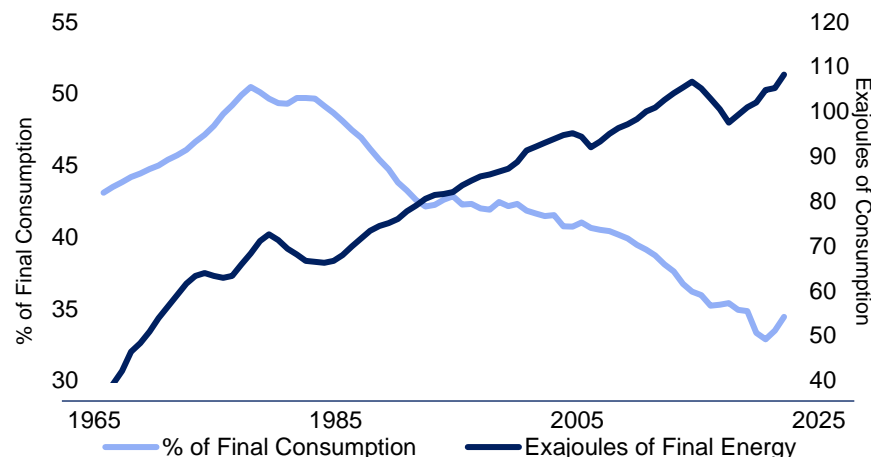
EBITDA (\$M) and EBITDA Margin



Source: Company Filings. (1) IEA

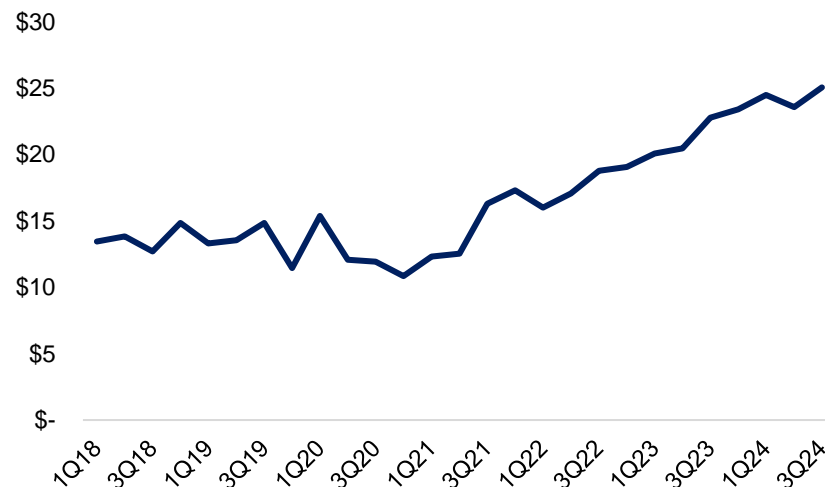
...While Consumption Begins To Rebound

Oil % Of Global Energy Consumption vs. Raw Consumption⁽¹⁾



...As Day Rates Become More Favorable

Historic Day Rate Environment ⁽¹⁾

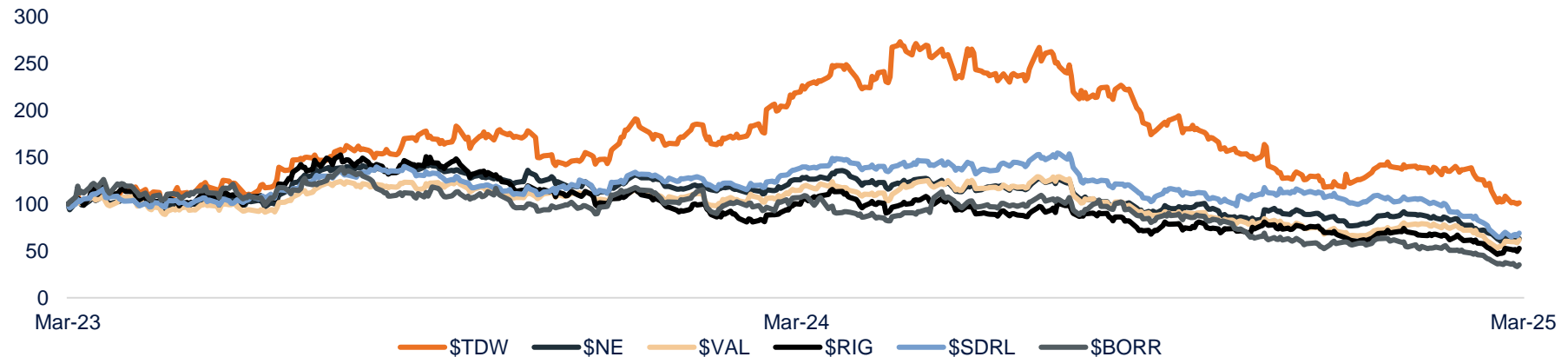




Picks and Shovels Play To Offshore Drilling

OSV's Have Outperformed Drillers

TDW vs. Offshore Drillers Two Year Stock Performance



Continued Constrained Supply Environment

Operating Assumptions

New Build Cost (\$M)	\$65
Assumed Day Rate (\$K/d)	\$44
Opex (\$K/d)	\$10.4
Dry Dock Cost (\$M)	\$2.6
Utilization (%)	90%
WACC	13%
Yrs to Earn Cost of Capital	20

A Safer Play On The Offshore Trade⁽¹⁾

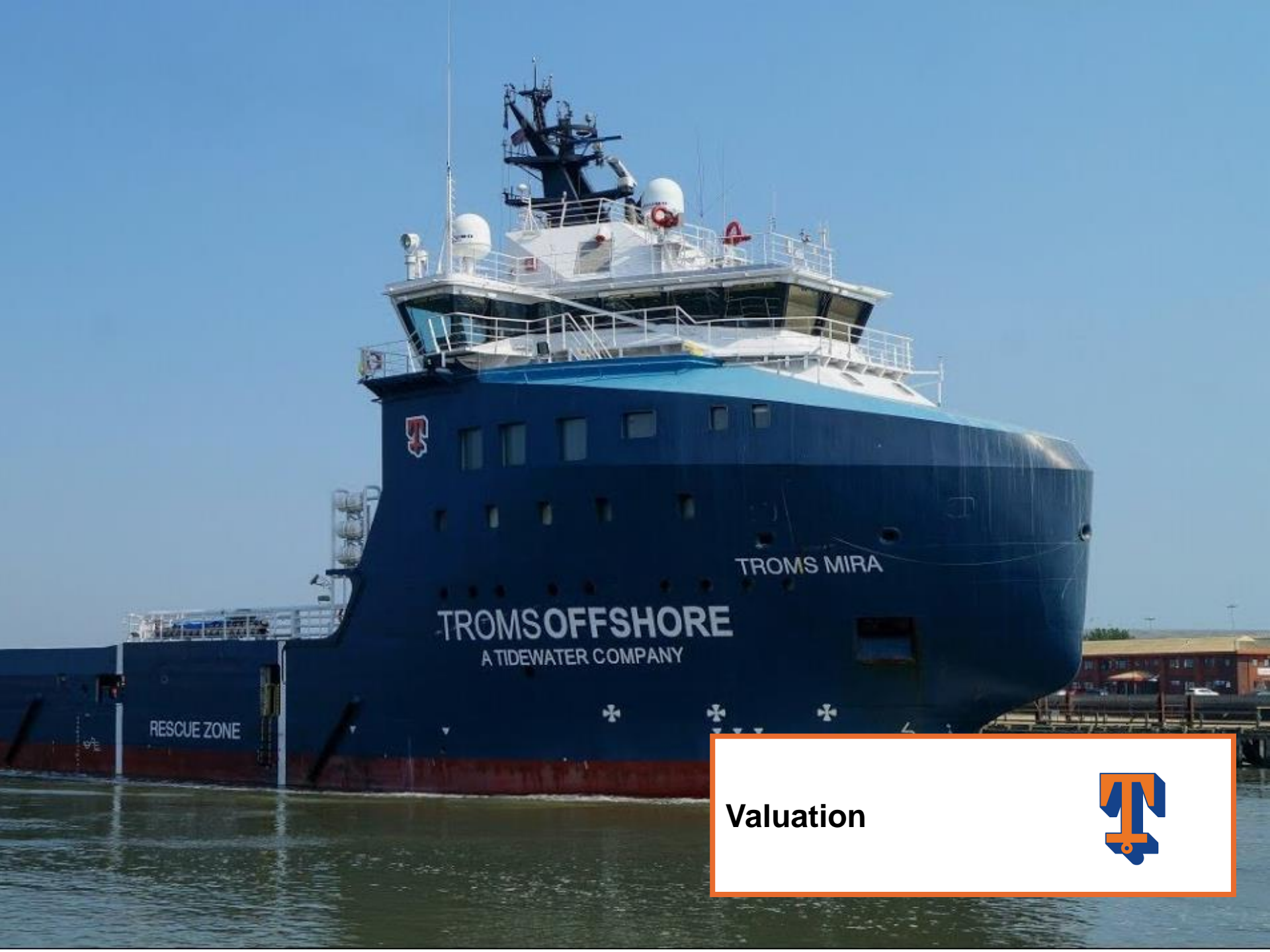
	\$TDW	\$NE	\$VAL	\$RIG	\$SDRL	\$BORR
\$TDW	100%					
\$NE	65%	100%				
\$VAL	68%	83%	100%			
\$RIG	61%	77%	75%	100%		
\$SDRL	60%	72%	74%	65%	100%	
\$BORR	49%	60%	66%	57%	58%	100%

TDW Lower
Correlation

Ability To Ride
Offshore Wave

Moderate Risk
Diversification

Source: Company Filings, Market Data as of March 17, 2025. (1) Bloomberg.



Valuation



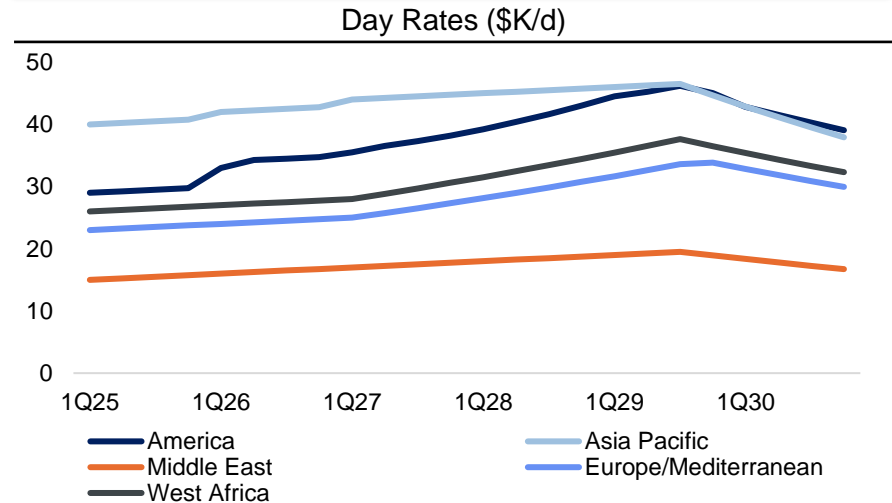


A Free Cash Flow Generating Machine

InE Valuation

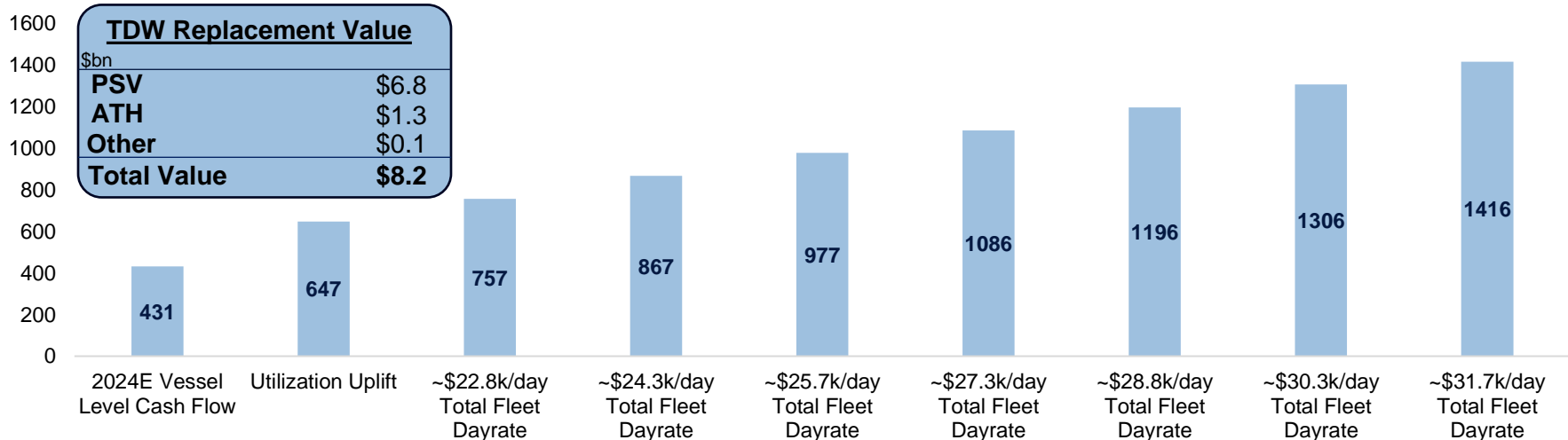
Valuation	
Current EV/FCF Yield	11.86%
Discounted 2029 FCF	525
Yield Off Current EV	22%
InE FCF Mult	7.50x
2029 EV/FCF Yield	13.3%
2029 Implied EV	3,934
Less: Debt	571.7
Less: Preferred/ Other	-
Plus: Cash	324.9
Implied Equity Value	3,687.6
Diluted Shares Outstanding	52.8
Implied Share Price	\$ 69.84
Upside / (Downside)	68.5%
P/V	0.59
Average Day Rate	\$ 36,656

Day Rate Assumptions



Strong Operating Leverage Allows For Rapid Movement To The Upside

Illustrative Vessel-Level Cash Flow generation and Returns at Various Day Rates



Source: Company Filings, InE Estimates



Appendix





Current Day Rate Environment

Leading Edge Day Rates

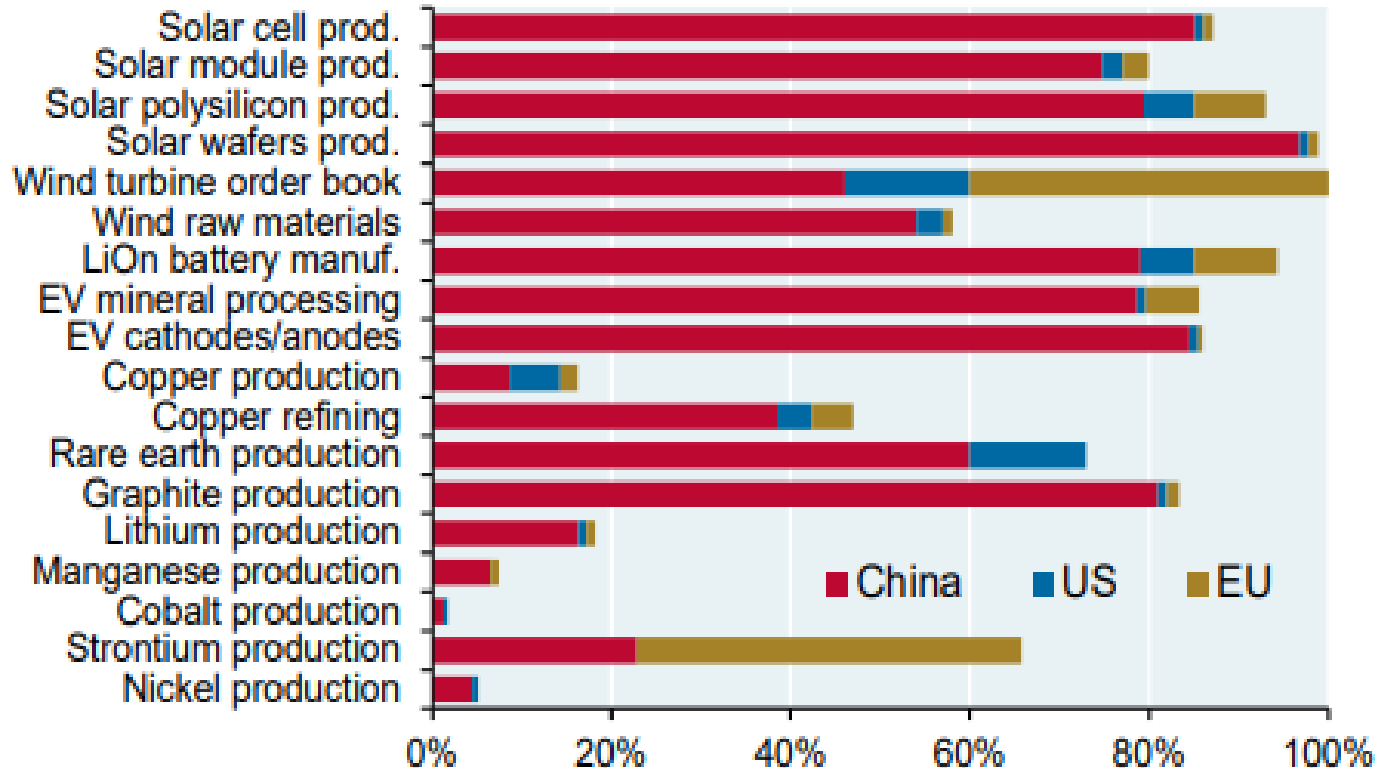
Vessel Class	Q3'24 Tidewater Vessel Count	2022 Day Rate	Q4 2023 Leading Edge Term Contracts	Q1 2024 Leading Edge Term Contracts	Q2 2024 Leading Edge Term Contracts	Q3 2024 Leading Edge Term Contracts
>900m ² PSV	69	\$16,604	\$31,118	\$32,520	\$35,172	\$37,283
700 - 900m ² PSV	49	13,889	34,887	25,712	28,026	35,411
<700m ² PSV	21	10,477	--	--	19,825	16,004
>16k BHP AHTS	11	19,737	37,899	43,115	48,615	--
12 - 16K BHP AHTS	4	11,695	11,268	--	--	--
8 - 12K BHP AHTS	17	11,604	21,347	23,280	25,175	29,210
4 - 8K BHP AHTS	21	6,997	12,000	--	12,470	17,105



Renewables Face Massive Geopolitical Risk

Geographical Operations Summary – Floater Fleet

Many renewable supply chains go through China, for now



Source: Benchmark Mineral Intelligence, BNEF, EC, IEA, S&P, USGS, JPMAM. 2022.



No One Cares...Until They Do

Companies Can Re-Rate Quickly



+ Follow

1.2M Followers



Europe's top money managers start to bring defence stocks in from the cold

Story by Naomi Rovnick, Iain Withers and Simon Jessop • 3d • ⌚ 4 min read



Model Appendix

Industrials and Energy Committee – Valaris Ltd. Pitch



CULVERHOUSE
INVESTMENT MANAGEMENT GROUP

Cover Sheet



Cover Sheet and FCF Walk Down

Calendar ended	21-Dec	22-Dec	23-Dec	24-Jun	25-Dec	26-Dec	27-Dec	28-Dec	29-Dec	30-Dec
Fiscal Year Ended	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
	A	A	A	A	E	E	E	E	E	E
Revenue	361.6	641.4	999.0	1,337.6	1,545.2	1,655.4	1,772.4	1,953.4	2,144.4	2,111.3
Opex	466.0	621.0	827.8	1,034.5	1,102.1	1,113.0	1,129.5	1,181.4	1,236.8	1,217.9
EBIT	(104.5)	20.4	171.2	303.2	443.1	542.4	642.9	772.1	907.6	893.4
Taxes	(21.9)	4.3	36.0	63.7	93.1	113.9	135.0	162.1	190.6	187.6
NOPAT	(82.5)	16.1	135.3	239.5	350.1	428.5	507.9	609.9	717.0	705.7
(+) D&A	114.5	119.2	180.3	242.8	201.2	172.7	149.4	130.4	115.3	103.2
(-) Capex	(9.0)	(16.6)	(31.6)	(27.6)	30.9	33.1	35.4	39.1	42.9	42.2
(-) Change in NWC					(45.7)	(26.0)	(36.3)	(45.7)	(36.6)	26.5
UFCF	41.0	151.9	347.2	509.8	474.7	542.1	585.5	655.6	752.8	793.2
Discounted UFCF					448.4	474.6	475.0	493.0	524.6	512.3
Discount Period					0.75	1.75	2.75	3.75	4.75	5.75
EBITDA										
EBITDA Margin		139.6	351.6	545.9	644.4	715.1	792.3	902.5	1,022.9	996.5
	0.0%	21.8%	35.2%	40.8%	41.7%	43.2%	44.7%	46.2%	47.7%	47.2%