

Helix Energy Solutions (NYSE: HLX)

Industry: Oil and Gas Equipment Services

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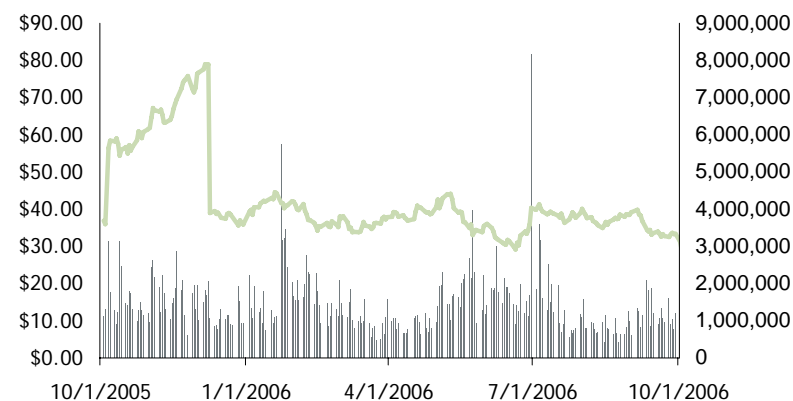
BUSINESS DESCRIPTION

Helix Energy Solutions Group provides alternative solutions for marginal field development, alternative development plans, field life extension, and abandonment to the oil and gas industry worldwide. Its service lines include diving services; shelf and deepwater construction; robotics; well operations; well engineering and subsurface consulting services; platform ownership; and oil and gas production. The company, with its fleet of 33 vessels and 29 remotely operated vehicles and trencher systems, performs various services that support drilling, well completion, intervention, construction, and decommissioning projects involving pipelines, production platforms, risers, and subsea production systems

INVESTMENT THESIS

We believe that Helix Energy Solutions is uniquely positioned to be the recipients of major capital expenditures from cash rich, large cap, integrated oil and gas producers. With their unique proprietary technology, Helix's services will be in heavy demand as current oil and gas fields become depleted and new oil and gas fields become harder to access and exploit. We believe that the affect of oil prices has been over-estimated by the street, and that Helix's recent stock price decline make it a unique value opportunity.

STOCK PRICE PERFORMANCE



FINANCIAL SUMMARY

Results of Operations	FY Ended Dec 31,			
	2003	2004	2005	LTM ⁽¹⁾
Revenue	\$396.3	\$543.4	\$799.5	\$1,070.0
<i>Growth</i>	--	37.1%	47.1%	33.8%
EBIT	56.2	123.0	221.7	0.0
<i>EBIT Margin</i>	14.2%	22.6%	27.7%	0.0%
After-tax Earnings	34.2	82.7	152.6	223.2
<i>Net Margin</i>	8.6%	15.2%	19.1%	20.9%
D&A	9,047.0	9,767.0	10,253.0	0.0
CapEx	93.2	50.1	361.5	0.0
Interest Expense	7.6	5.3	7.6	0.0
EPS Current Sh.	0.0%	0.1%	0.2%	0.2%

Balance Sheet Data

Total Debt	\$444.3
Cash & Equivalents	\$38.3
Net Debt	\$406.0

Credit Statistics

	LTM
Total Debt/EBITDA	--
Net Debt/EBITDA	--
EBITDA/Interest	--

Public Market Overview

Share Price (10/06/06)	\$28.53
<i>52 Week High</i>	\$45.61
<i>52 Week Low</i>	\$26.40
Diluted Shares Outstanding	91,520
Market Value of Equity	\$2611.1
Plus: Net Debt	406.0
Enterprise Value	\$3,017.1

Valuation Multiples

	2003	2004	2005	LTM ⁽¹⁾
EV/Revenue	7.6x	5.6x	3.8x	2.8x
EV/EBITDA	0.3x	0.3x	0.3x	--
EV/EBIT	53.7x	24.5x	13.6x	--

(1) Figures as of xx/xx/2006