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## Helix Energy Solutions Group, Inc. - A Financial Statement Analysis and Valuation Report

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Helix Energy Solutions Group, Inc.  
A Financial Statement Analysis and Valuation Report

A Project Presented to  
the Graduate Faculty of  
Minnesota State University Moorhead

by

Hannah M Nelson

In Partial Fulfillment of the  
Requirements for the Degree of  
Master of Science in  
Accounting and Finance

May 2020

Moorhead, Minnesota

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## **EXECUTIVE SUMMARY**

For the purposes of this financial statement analysis and valuation report, I have selected two companies; Helix Energy Solutions Group, Inc., referenced as 'MAIN company', and Key Energy Services, Inc., referenced as 'BENCHMARK' company. Both companies operate within the Oil and Gas Services industry.

Throughout my research I found a major event that significantly affected the financials of the companies I previously listed. On October 24, 2016, BENCHMARK company and certain domestic subsidiaries filed voluntary petitions for reorganization under the United State Bankruptcy Code, pursuant to a prepackaged plan of reorganization.

By completing this financial statement analysis and valuation report I have come to a recommendation regarding how a current investor should handle their Helix Energy Solutions Group, Inc. stock. In my opinion, the stock price listed on 12/31/2018 of \$6.14 is undervalued. Therefore, I would recommend the investor to buy stock in Helix Energy Solutions Group, Inc., ticker symbol HLX.

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## INTRODUCTION

The goal of this project is to combine the knowledge I have acquired from all previous coursework to conduct a financial statement analysis and valuation report, under the supervision of an advisor. To conduct this project, I have selected two companies within the Oil and Gas Field Services industry, Helix Energy Solutions Group, Inc. as my MAIN company and Key Energy Services Inc. as my BENCHMARK company.

When selecting these companies, both had to pass certain criteria. The criteria include the following; MAIN company must be a public company that is either headquarter or incorporated in the Midwest region and be listed on the Russell 2000 Index, and BENCHMARK company must have the same primary four-digit Standard Industrial Classification Code as MAIN company, and if possible, MAIN and BENCHMARK should have similar historical annual sales. By using a number of accounting and financial measures, industry characteristics, and historical financial performance, I am able to make comparisons and assumptions, with regards to the companies previously mentioned, to ultimately provide an investment recommendation for MAIN company.

## INDUSTRY CHARACTERISTICS

Helix Energy Solutions Group, Inc. operates within the Oil and Gas Field Services, Not Elsewhere Classified industry, Standard Industrial Classification Code 1389. Establishments in this industry primarily engage in performing oil and gas field services, for others on a contract or fee basis. Services included are excavating slush pits and cellars; gradings and building of foundations at well locations; well surveying; running, cutting, and pulling casings tubes, and rods; cementing wells; shooting wells; perforating well casings; acidizing and chemically treating wells; and cleaning out, bailing, and swabbing wells.

Main players within the industry include Halliburton Company and Schlumberger Ltd, both of which operate in more than 100 countries and generate thirteen billion plus in sales each year. The barriers to entry in the oil and gas sector are extremely strong and include high resource ownership, high startup costs, patents and copyrights in association with proprietary technology, government and environmental regulations, and high fixed operating costs. The Oil and Gas Field Services industry depends on the Oil and Gas industry, which has always been volatile and specifically as of late due to uncertainties over future economic growth, government policies and the rate of development and diffusion of newer technologies.

Challenges the industry is facing such as commodity price fluctuations, uncertainty about the future of fossil fuels and increasingly combative trade negotiations around the world are altering traditional supply and demand fundamentals, providing a foggy industry outlook. The combination of these challenges foreshadows the industry moving away from a cyclical growth model, that is sensitive to the business cycle, towards seeking more



incremental value from ongoing and new operations. In turn, this change will affect investor expectations for returns.

Using industry analysis strategic tools like Porter's Five Forces Model are valuable in analyzing the industry's attractiveness and likely profitability. The five forces that make up the competitive environment, and which can erode profitability are competitive rivalry, supplier power, buyer power, threat of substitution and threat of new entry. The Oil and Gas Field Services industry is highly competitive. While price is a factor, the ability to access specialized vessels, attract and retain skilled personnel, and demonstrate a good safety record is also important to competing in the industry. This competition does take toll on the overall long-term profitability of the organizations within this industry.

Most of the Oil and Gas Field Services industry buy their raw material from numerous suppliers. Powerful suppliers use their negotiating power to extract higher prices from the firms in Oil and Gas Field Services. The overall impact of higher supplier bargaining power is that it lowers the overall profitability of Oil and Gas Field Services. As for buyer power, buyers are often demanding the best offerings available by paying the minimum price as possible. Buyers of this industry include major and independent oil and gas producers and suppliers, pipeline transmission companies, alternative (renewable) energy companies and offshore engineering and construction firms, and the buyer's demand is driven by oil and gas prices.

The profitability of individual companies depends on technical expertise and efficiency of operations. Large companies can offer a broad range of services, while small firms can compete effectively by specializing in a particular type of service or geographic area. As for the threat of substitution, by being service oriented rather than just product

oriented, and by understanding the core need of the customer rather than what the customer is buying the industry is able to lower the threat.

The Oil and Gas Field Services industry has a low threat of new entry due to its entry barriers of high startup costs and patents and copyrights in association with technology, government and environmental regulations. The threat of new entry will remain low as long as the industry is innovating new products and services, building economies of scale so that it can lower the fixed cost per unit and building capacities and spending money on research and development. New entrants are less likely to enter a dynamic industry where the established players keep defining the standards regularly.

### **FIRM CHARACTERISTICS**

Helix Energy Solutions Group Inc is an international offshore energy services company that provides specialty services to the offshore energy industry. The company has three business segments: well intervention, which includes vessels and equipment used to perform well intervention services primarily in the U.S. Gulf of Mexico, Brazil, the North Sea and West Africa; robotics, which includes remotely operated vehicles (ROVs), trenchers and ROVDrills designed to complement offshore construction and well intervention services; and production facilities, which includes the Helix Producer I, a floating production vessel, the Helix Fast Response System, and its ownership interest in Independence Hub, LLC.

Because the company provides services primarily in deep water in the U.S. Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions they are subject to numerous laws and regulations, including international treaties, flag state requirements, environmental laws and regulations, requirements for obtaining operating and navigation licenses, local content requirements, and other national, state and local laws and regulations

in force in the jurisdictions in which vessels and other assets operate or are registered, all of which can significantly affect the ownership and operation of vessels and other assets.

The key executives of the company are Chairman, William Transier, President and Chief Executive Officer, Owen Kratz, Executive Vice President and Chief Financial Officer, Erik Staffeldt, Executive Vice President and Chief Operating Officer, Scotty Sparks, and Senior Vice President, General Counsel and Corporate Secretary, Ken Neikirk. Their salaries are as follows; Kratz; \$700,000, Staffeldt; \$440,000, Sparks; \$460,000 and Neikirk; \$360,000 (Transier; not listed).

The principal competitors in the well intervention business include Island Offshore Subsea AS, Wild Well Control, Oceaneering International, Inc., Expro Group and international drilling contractors. The principal competitors in the robotics business include C-Innovation, LLC, DeepOcean Group, DOF Subsea Group, Fugro N.V. and Oceaneering International, Inc.

### **Firm Strategy**

Helix Energy Solutions Group, Inc. has a focus on their well intervention and robotics businesses. According to the Form 10-K Annual Report, the company believes that focusing on these services will deliver favorable long-term financial returns. From time to time, the firm will make strategic investments that expand service capabilities or add capacity to existing services in key operating regions. Chartering newer vessels with additional capabilities, such as the three Grand Canyon vessels, should enable the robotics business to better serve the needs of customers.

From a longer-term perspective the firm expects to benefit from a fixed fee agreement for the Helix Producer I, a dynamically positioned floating production vessel

that processes production from the Phoenix field for the field operator until at least June 1, 2023. In January 2015, Helix, OneSubsea LLC, OneSubsea B.V., Schlumberger Technology Corporation, Schlumberger B.V. and Schlumberger Oilfield Holdings Ltd. entered into a Strategic Alliance Agreement and related agreements for the parties' strategic alliance to design, develop, manufacture, promote, market and sell on a global basis integrated equipment and services for subsea well intervention. The alliance leverages the parties' capabilities to provide a unique, fully integrated offering to clients, combining marine support with well access and control technologies.

Helix Energy Solutions Group, Inc. and OneSubsea jointly developed a 15,000 working p.s.i. (pounds per square foot) intervention riser system, each owning a 50% interest. This system was completed and placed into service in January 2018. The total investment in the system was approximately \$17 million. In October 2016, the firm and OneSubsea launched the development of the first Riserless Open-water Abandonment Module ("ROAM") for an estimated cost of approximately \$6 million for 50% interest. At December 31, 2018, total investment in the ROAM was \$5.6 million. The ROAM is expected to be available in 2019.

This strategy is based on the following factors: (1) the need to extend the life of subsea wells is significant to the commercial viability of the wells as plug and abandonment costs are considered; (2) current services offer commercially viable alternatives for reducing the finding and development costs of reserves as compared to new drilling as well as extending and enhancing the commercial life of subsea wells; and (3) in past cycles, well intervention and workover have been some of the first activities to recover, and in a prolonged market downturn are important to the commercial viability of deep water wells.

## **FIRM FINANCIAL STATEMENTS ANALYSIS**

### **Industry Financial Factors**

With Helix Energy Solutions Group, Inc being within the Oil and Gas Field Services industry, the company's services are substantially dependent upon the condition of the oil and gas industry, and in particular, the willingness of oil and gas companies to make capital and other expenditures for offshore exploration, development, drilling and production operations.

Therefore, relevant industry financial factors would include worldwide economic activity and general economic and business conditions, supply and demand for oil and natural gas, political and economic uncertainty and geopolitical unrest, actions taken by the Organization of Petroleum Exporting Countries ("OPEC"), the availability and discovery rate of new oil and natural gas reserves in offshore areas, the exploration and production of onshore shale oil and natural gas, the cost of offshore exploration for and production and transportation of oil and natural gas, the level of excess production capacity, the ability of oil and gas companies to generate funds or otherwise obtain external capital for capital projects and production operations, the sale and expiration dates of offshore leases in the United States and overseas, technological advances affecting energy exploration, production, transportation and consumption, potential acceleration of the development of alternative fuels, shifts in end-customer preferences toward fuel efficiency and the use of natural gas, weather conditions and natural disasters, environmental and other governmental regulations and tax laws, regulations and policies.

### **Historical Comparisons**

Listed below is Table 1, which lists the annual sales, gross profit and operating income (in thousands) for MAIN company, Helix Energy Solutions Group, Inc. over the

past five years. As shown, sales had a slight decrease from 2015 to 2016, but has steadily been climbing since. Gross profit shows a similar pattern with a more aggressive incline. After commencing operations for Petrobras, a well intervention service, in 2017, both the Siem Helix 1 and Siem Helix 2 vessels achieved a full year of operations with high utilization in 2018.

Additionally, in 2018 a third of robotics revenues were derived from offshore renewables work involving seabed trenching (increased from prior years), and the company expects the growing demand for services from the renewable energy industry to continue. During the 2018 accounting period, gross profit increased by 96% as compared to 2017 reflecting improvements in Well Intervention and Robotics segments. In 2017, gross profit increased by 34% as compared to 2016. The gross profit related to Well Intervention segment increased by 147% in 2017 as compared to 2016, primarily reflecting higher revenues in the North Sea region.

Total net revenues decreased by 30% in 2016 as compared to 2015. In general, decreased revenues for 2016 reflect both reduced opportunities for work and the acceptance of work at reduced rates for some assets in light of the continuation of the industry-wide downturn as a result of the substantial decline in oil prices since late 2014. The average annual compound growth rate for sales is 8.40%, which appears to be an achievable goal for MAIN company to strive for.

Table 1. MAIN Historical Sales Growth, Gross Profit &amp; Operating Income.

| <b>Year</b> | <b>Sales (in thousands USD)</b> | <b>Gross Profit (in thousands USD)</b> | <b>Operating Income (in thousands USD)</b> |
|-------------|---------------------------------|--|--|
| 2018        | 739,818                         | 121,684                                | 51,543                                     |
| 2017        | 581,383                         | 62,166                                 | (1,130)                                    |
| 2016        | 487,582                         | 46,516                                 | 63,235                                     |
| 2015        | 695,802                         | (233,774)                              | 307,360                                    |
| 2014        | 1,107,156                       | 344,036                                | 261,756                                    |

Listed below is Table 2, which states the annual sales, gross profit and operating income for BENCHMARK company, Key Energy Services, Inc. over the past five years. Revenues for the year ended December 31, 2018 increased \$85.5 million, or 19.6%, to \$521.7 million from \$436.2 million for the year ended December 31, 2017, due to an increase in spending from customers as they react to improving commodity prices and the company's ability to increase prices for our services. Direct operating expenses increased \$74.1 million for the year ended December 31, 2018, compared to \$332.3 million for the year ended December 31, 2017. This increase is primarily a result of an increase in employee compensation costs, fuel expense and repair and maintenance expense, due to an increase in activity levels.

Revenues for the combined year ended December 31, 2016 decreased \$375.1 million to \$417.3 million from \$792.3 million for the year ended December 31, 2015, due to lower spending from customers as a result of lower oil prices. These market conditions resulted in reduced customer activity and a reduction in the price received for services. The period from January 1 to December 15, 2016 are distinct reporting periods as a result of the company's emergence from bankruptcy on December 15, 2016.

When discussing BENCHMARK company's financials throughout this paper, references in results of operations to the change and the percentage change combine the

Successor Company and Predecessor Company results for the year ended December 31, 2016 in order to provide some comparability of such information to the year ended December 31, 2015. Revenues for the year ended December 31, 2014 decreased \$164.3 million to \$1.4 billion from \$1.6 billion for the year ended December 31, 2013, primarily due to overall lower activity in the U.S. as a result of competitive pressure and reduced customer activity. BENCHMARK company did not have cost of goods sold, therefore gross profit is equal to sales. The average annual compound growth rate for sales is 22.30%, which compared to MAIN company is much higher, but less likely to be achieved year after year.

Table 2. BENCHMARK Historical Sales Growth, Gross Profit & Operating Income.

| <b>Year</b> | <b>Sales (in thousands USD)</b> | <b>Gross Profit (in thousands USD)</b> | <b>Operating Income (in thousands USD)</b> |
|-------------|---------------------------------|--|--|
| 2018        | 521,695                         | 521,695                                | (58,966)                                   |
| 2017        | 436,165                         | 436,165                                | (96,180)                                   |
| 2016        | 17,830                          | 17,830                                 | (8,848)                                    |
| 2015        | 792,326                         | 792,326                                | (1,027,309)                                |
| 2014        | 1,427,336                       | 1,427,336                              | (203,875)                                  |

### ***Operating Income & Net Income Growth***

With regards to MAIN company, the average annual compound growth rate for operating income is 38.40%, while the average annual compound growth rate for net income is 46.89%. Comparing BENCHMARK company to MAIN company, the average annual compound growth rate for operating income is 28.16%, and the average annual compound growth rate for net income is 15.00%. Helix Energy Solutions Group, Inc. not only had higher growth rates, but for a majority the company maintained a positive operating income and net income, unlike their competitor, Key Energy Services, Inc. The material disparities between operating income and net income growth include loan interest,



taxes, unusual or one-time expenses and events such as lawsuits, bankruptcy or equipment purchases and unusual or one-time payments for items such as the sale of assets.

Table 3. MAIN Operating Income & Net Income Growth

| <b>Year</b> | <b>Operating Income (in thousands USD)</b> | <b>Net Income (in thousands USD)</b> |
|-------------|--|--------------------------------------|
| 2018        | 51,543                                     | 28,598                               |
| 2017        | (1,130)                                    | 30,052                               |
| 2016        | 63,235                                     | (81,445)                             |
| 2015        | 307,360                                    | (376,980)                            |
| 2014        | 261,756                                    | 195,550                              |

Table 4. BENCHMARK Operating Income & Net Income Growth

| <b>Year</b> | <b>Operating Income (in thousands USD)</b> | <b>Net Income (in thousands USD)</b> |
|-------------|--|--------------------------------------|
| 2018        | (58,966)                                   | (88,796)                             |
| 2017        | (96,180)                                   | (120,589)                            |
| 2016        | (8,848)                                    | (10,244)                             |
| 2015        | (1,027,309)                                | (917,701)                            |
| 2014        | (203,875)                                  | (178,628)                            |

### ***Earnings & Stock Price Performance***

On December 31, 2018 the market value per share for MAIN company, Helix Energy Solutions Group, Inc., was \$6.14. As listed above, net income for the period was \$28,598,000 and the end of period shares outstanding was 148,203,000 shares. Therefore, the earnings per share for 2018 was approximately \$0.19. Going one step further, the calculated price to earnings ratio for the period was \$31.82. This company is listed as a small cap company on the Russell 2000 Index, and according to Sibilis Research, Helix Energy Solutions Group, Inc. was performing right under the Russell 2000 Index which had a price to earnings ratio of \$40.17 during the 2018 period.

On December 31, 2018 the market value per share for BENCHMARK company, Key Energy Solutions, Inc., was \$0.10. As listed above, net income for the period was

-\$88,796,000 and the end of period shares outstanding was 10,363,198 shares. Therefore, the earnings per share for 2018 was approximately -\$4.36. Going one step further, the calculated price to earnings ratio for the period was -\$0.02.

Because the price to earnings ratio is considered high, investors are expecting higher earnings on their investments. Typically, companies in very stable, mature industries that have more moderate growth potential have lower price per earnings ratios than companies in relatively young, quick-growing industries with strong future possibilities. Thus, the norm for companies within the Oil and Gas Field Services industry would be to have a moderately high price per earnings ratio.

Ultimately, with a higher price per earnings ratio, Helix Energy Solutions Group, Inc. is expected to grow revenues and earnings much more quickly in the future. Thus, commanding a high price today for the higher future earnings.

### ***Cash Conversion Cycle***

With regards to MAIN company, the annual cash conversion cycle for the five-year period is as follows; 2018: 27 days, 2017: 33 days, 2016: 34 days, 2015: 25 days and 2014: 4 days. Helix Energy Solutions Group, Inc. did not have any inventory to account for, therefore when calculating days in the cash conversion cycle the formula was payable days subtracted from receivable days.

With regards to BENCHMARK company, the annual cash conversion cycle for the five-year period is as follows: 2018: 53 days, 2017: 59 days, 2016: 1,464 days, 2015: n/a and 2014: 35 days. Key Energy Services, Inc. did not have cost of goods sold, therefore when calculating days in the cash conversion cycle the formula was simply equal to receivable days. Accounting policies that affect MAIN and BENCHMARK company's

cash conversion cycle include accounts and note receivable and allowance for uncollectible accounts and revenue recognition.

By comparing figures from the cash conversion cycle, working capital management for MAIN company is much more efficient than that of BENCHMARK. Helix Energy Solutions Group, Inc. was much more effective in being able to continue its operations and satisfy both maturing short-term debt and upcoming operational expenses. In 2016, BENCHMARK company filed voluntary petitions for reorganization under the United State Bankruptcy Code. One of the factors leading to this result was most likely poor working capital management. After filing for bankruptcy in 2016, the company's cash conversion cycle shows improvement, however, still not as efficient as MAIN company.

#### ***Fixed Asset Base***

During the 2018 and 2017 periods, MAIN company has had a fixed asset base around 2.7 billion. Amongst the fixed assets are; vessels, well enhancers, Seawell, ROVs, trenchers and ROVDrills. During the 2018 and 2017 periods, BENCHMARK company has had a fixed asset base around 440 million. Amongst these fixed assets are; well services rigs and components, oilfield trucks, vehicles and related equipment, fishing and rental tools, coiled tubing units and equipment, tubulars and pressure control equipment, disposal wells, furniture and equipment and buildings and improvements.

The average sales to fixed asset ratio for the five-year period for MAIN company is 0.37, and the average sales to fixed asset ratio for the five-year period for BENCHMARK company is 1.22. In this case, BENCHMARK company had a much higher sales to fixed asset ratio average. Thus, Key Energy Services, Inc was more resourceful in using its fixed assets to general sales revenue than Helix Energy Solutions Group, Inc.

### *Critical Accounting Policies*

The most critical accounting policies for MAIN company include property plant and equipment and income taxes. The company reviews property and equipment for impairment indicators at least quarterly or whenever changes in facts and circumstances indicate that the carrying amount of the asset or asset group may not be recoverable.

The company bases the evaluation on impairment indicators such as the nature of the asset, the future economic benefits of the asset, historical and estimated future profitability measures, and other external market conditions of factors that may be present. If impairment indicators suggest that the carrying amount of an asset may not be recoverable, it must be determined whether an impairment has occurred by estimating undiscounted cash flows of the asset to the asset's carrying value. Impairment is recognized for the difference between the asset's carrying value and its estimated fair value.

The review of property and equipment for impairment indicators, the determination of the appropriate asset groups at which to evaluate impairment, the projection of future cash flows of property and equipment, and the estimated fair value of any property and equipment that may be deemed unrecoverable involve significant judgment and estimation on the part of management.

As for income taxes, MAIN company conducts business in numerous countries and earns income in various jurisdictions. Taxes have been provided based upon the tax laws and rates in those jurisdictions. The provision of income taxes involves the interpretation of various laws and regulations, and changes in those laws and in our operations and/or legal structure could impact our income tax liabilities. Furthermore, tax filings are subject to regular audits and examination by the local taxing authorities.

It is the company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. MAIN company records deferred taxes based on the differences between financial reporting and the tax basis of assets and liabilities. The carrying value of deferred tax assets are based on estimates, judgments, and assumptions regarding future operating results and taxable income.

### *Capital Structure*

When discussing capital structure, MAIN company uses approximately thirty percent of its assets as debt to finance its overall operations and growth, leaving seventy percent to be financed by equity. The debt to equity ratio for MAIN company is 0.40. Usually, a company that is heavily financed by debt has a more aggressive capital structure and therefore poses greater risk to investors. In this case, the company is more heavily financed by equity which allows outside investors to take partial ownership in the company. Equity is more expensive than debt, especially when interest rates are low. However, unlike debt, equity does not need to be paid back.

On the other hand, BENCHMARK company has a much lower debt to equity ratio of 0.19, which is less than half of MAIN company. This makes BENCHMARK company more of a risk to investors, but, overall, companies benefit from debt because of its tax advantages such as interest payments made as a result of borrowing funds may be tax deductible. Debt also allows a company or business to retain ownership, unlike equity. Because BENCHMARK company filed for bankruptcy within the last five accounting

periods, it would be expected that the company would rely on more debt than equity for financing, which is very different compared to MAIN company.

### ***Shareholder Distributions***

At the end of the 2018 accounting period, Helix Energy Solutions Group, Inc. had 342 registered shareholders and approximately 21,100 beneficial shareholders of common stock. MAIN company has not declared or paid cash dividends on common stock in the past nor do intend to pay cash dividends in the foreseeable future. The company currently intends to retain earnings, if any, for the future operation and growth of the business.

The shareholder breakdown of MAIN company are as follows; mutual fund holders: 60.36%, other institutional: 34.69% and individual stakeholders: 12.74%. During the 2018 period, MAIN company had a return on equity of 1.80% and 2.11% during the 2017 period. For the accounting periods two years prior to 2017, return on equity was negative, which compared to BENCHMARK company, was very similar as Key Energy Services, Inc. has had a negative return on equity on all recent financial statements.

Similar to MAIN company, BENCHMARK company does not anticipate to pay cash dividends or other distributions with respect to shares of common stock in the foreseeable future, and cannot assure that such dividends or other distributions will be paid at any time in the future or at all.

### ***Cash Operating, Investing and Financing Sources***

Current requirements for cash primarily reflect the need to fund capital spending for current lines of business and to service debt. Historically, MAIN company has funded the capital program with cash flows from operations, borrowings under credit facilities, and project financing, along with other debt and equity alternatives. Total cash flows from

operating activities increased by \$145.1 million in 2018 as compared to 2017 primarily reflecting improvements in operations, collection of accounts receivable and reductions in interest payments.

Table 5. MAIN Data from Consolidated Statements of Cash Flows

|             | <b>Cash provided by (used in):</b> | <b>Operating Activities (in thousands USD)</b> | <b>Investing Activities (in thousands USD)</b> | <b>Financing Activities (in thousands USD)</b> |
|-------------|------------------------------------|--|--|--|
| <b>2018</b> |                                    | 196,744  | (136,014)                                      | (46,186)                                       |
| <b>2017</b> |                                    | 51,638   | (211,127)                                      | 77,482   |
| <b>2016</b> |                                    | 38,714   | (147,110)                                      | (25,524)                                       |

Total cash flows from operating activities increased by \$12.9 million in 2017 as compared to 2016 primarily reflecting changes in working capital. As for investing activities, capital expenditures represent cash paid principally for the acquisition, construction, upgrade, modification and refurbishment of long-lived property and equipment such as dynamically positioned vessels, topside equipment and subsea systems.

The primary use cash flows associated with investing activities from the 2016 accounting period to the 2018 accounting period was allocated to MAIN company's well intervention. Cash flows from financing activities consist primarily of proceeds from debt and equity transactions and repayments of long-term debt. In 2018, the company repaid approximately \$166 million of indebtedness using cash and the net proceeds from the issuance in March 2018 of \$125 million of the 2023 Notes.

Cash inflows from financing activities in 2017 included the net proceeds of approximately \$220 million received from underwritten public equity offering in January 2017, offset in part by debt repayments in 2017. As a further response to the industry-wide spending reductions, MAIN company continues to remain focused on maintaining a strong

balance sheet and adequate liquidity. Thus, in my opinion, concerning overall cash management, Helix Energy Solutions Group, Inc. has shown to have adequate cash inflows and outflows during the most recent account periods.

Comparing cash management of MAIN company to BENCHMARK company using the table below, the company does not have adequate cash inflows given the outflows during those specific periods.

Table 6. BENCHMARK Data from Consolidated Statements of Cash Flows

|             | <b>Cash provided by (used in):</b> | <b>Operating Activities (in thousands USD)</b> | <b>Investing Activities (in thousands USD)</b> | <b>Financing Activities (in thousands USD)</b> |
|-------------|------------------------------------|--|--|--|
| <b>2018</b> |                                    | (1,845)  | (22,132)                                       | (2,777)  |
| <b>2017</b> |                                    | (51,367)                                       | (16,913)                                       | (3,547)  |
| <b>2016</b> |                                    | (138,449)                                      | 6,293  | 43,451   |

### ***Financial Statement Analysis Findings***

In conclusion of my financial statement analysis I now will discuss my findings. Helix Energy Solutions Group, Inc. has proven to be profitable in accounting periods when demand for their services is present. They depend largely on the Oil and Gas industry, which is extremely volatile, but have been able to remain, as a majority, consistent and show opportunity for growth in the future.

As of December 31, 2018, Helix Energy Solutions Group, Inc. was exposed to market risk in two areas; interest rates and foreign currency exchange rates. At the end of the accounting period for 2018, \$158.7 million of the company's outstanding debt was subject to floating rates. The interest rate applicable to the variable rate debt may continue to rise, thereby increasing interest expense and related cash outlay.



In June 2015, the company entered into various interest rate swap contracts to fix the interest rate on a portion of our Nordea Q5000 Loan. These swap contracts, which are settled monthly, began in June 2015 and extend through April 2020. As of December 31, 2018, \$93.8 million of the Nordea Q5000 Loan was hedged, and debt subject to variable rates after considering hedging activities was \$64.9 million.

The impact of interest rate risk is estimated using a hypothetical increase in interest rates of 100 basis points for the variable rate long-term debt that is not hedged. Based on this hypothetical assumption, the company would have incurred an additional \$0.9 million in interest expense for the year ended December 31, 2018.

Foreign currency exchange rate risk occurred because the company operates in various regions around the world and conducts a portion of business in currencies other than the U.S. dollar. As such, earnings are impacted by movements in foreign currency exchange rates when transactions are denominated in currencies other than the functional currency of the relevant Helix entity, or the functional currency of subsidiaries is not the U.S. dollar.

In order to mitigate the effects of exchange rate risk in areas outside the United States, the company generally pays a portion of expenses in local currencies to partially offset revenues that are denominated in the same local currencies. In addition, a substantial portion of contracts provide for collections from customers in U.S. dollars.

Gross profit margin has been steadily increasing over the past four accounting periods, and in 2018 was extremely strong at 16.45%. There is not much to compare here to BENCHMARK company, as their profitability has shown to be negative in the most recent accounting periods and filed for bankruptcy in 2016.

Working capital management for MAIN company is also much more efficient than that of BENCHMARK. Helix Energy Solutions Group, Inc. was much more effective in being able to continue its operations and satisfy both maturing short-term debt and upcoming operational expenses. As for fixed asset management, both MAIN and BENCHMARK companies have shown that a majority of their operating income comes from the services provided by their fixed assets, therefore a great deal of the companies' expenses go into maintenance and repairs and purchasing of this equipment.

In this case, BENCHMARK company had a much higher sales to fixed asset ratio average and was more resourceful in using its fixed assets to general sales revenue than Helix Energy Solutions Group, Inc. With regards to capital structure, MAIN company is more heavily financed by equity which allows outside investors to take partial ownership in the company, and BENCHMARK company is more heavily financed by debt. BENCHMARK company is more of a risk to investors, but, overall, companies benefit from debt because of its tax advantages such as interest payments made as a result of borrowing funds may be tax deductible.

As for cash management, Helix Energy Solutions Group, Inc. blew its competitor out of the water. MAIN company demonstrated to produce adequate cash inflows from operating activities given outflows of financing activities during the analyzed accounting periods. Throughout the analyzed accounting periods, it has been MAIN company's focused to maintain a strong balance sheet and adequate liquidity. The company has had a strong current ratio near or above 2.0 over the most recent accounting periods, which must be much stronger than BENCHMARK company yielded.

Overall, it was difficult to compare MAIN company to a competitor, which in multiple ways, proved to be going downhill quickly before filing for bankruptcy in 2016. Though BENCHMARK company may not have been as strong as a company, I believe Helix Energy Solutions Group, Inc. proven themselves to be a small, specialized company with the ability and potential to be an attractive company for the right investor.

### **VALUATION**

To complete the valuation section of this report, I have used the Capital Asset Pricing Model (CAPM). The CAPM is apart of a larger body of economic theory known as Capital Market Theory, which describes how investors should behave in selecting common stocks for investment portfolios under a given set of assumptions. The CAPM is a finance model used for asset and firm valuation using beta, risk free rate, and equity risk premium.

I obtained beta from Yahoo Finance as this is firm specific, the risk-free rate of return by using the average annual rate of a 10-year treasury bond (4.85%) and the return on a market portfolio by using the average annual return from 1928-2019 of the S&P 500 (9.92%). I was able to find the equity risk premium by taking the risk-free rate of return combined with the return on a market portfolio. To solve for the default risk premium, I had to calculate the company's debt rating by using the interest coverage ratio, return on equity ratio and the debt to MVIC ratio. Based on my analysis of the three ratios, a long-term debt rating of AA was given.

### **Sales Growth**

Historically (in the most five most recent accounting periods), Helix Energy Solutions Group, Inc. has had an average annual sales growth rate of -5.1%. However, in

the most recent accounting period, 2018, the company had an annual sales growth rate of 27.3%. Sales had a slight decrease from 2015 to 2016 but has steadily been climbing since.

In general, decreased revenues leading into 2016 reflect both reduced opportunities for work and the acceptance of work at reduced rates for some assets in light of the continuation of the industry-wide downturn as a result of the substantial decline in oil prices since late 2014. This explains the rapid decline of sales in 2014 and 2015.

From my valuation calculations, the projected ratio assuming a constant trend line through the historical ratios, is 55.4% and sales for 2023 are projected to reach \$1,054,909,000. If the demand for oil and gas remains fairly consistent, I strongly believe this trend to be accurate.

#### ***Annual Forecasted Free Cash Flows***

Annual forecasted free cash flows are calculated in my valuation by taking the projected investment in operating capital subtracted from the projected NOPAT adjusted for extraordinary income. The forecasted free cash flow for 2019 is projected to drop below zero, but quickly spring back to almost four times the free cash flow reported on the 2018 financials.

It is important that the annual forecasted free cash flows is increasing and remaining consistence as it allows a company to pursue opportunities that enhance shareholder value. Without cash, it's tough to develop new products, make acquisitions, and reduce debt. If these investments earn a high return, the strategy has the potential to pay off in the long run.

### ***Terminal Value Calculation***

Perhaps one of the most important factors in the valuation process is the terminal value calculation. The value of operations can first be found by adding the project free cash flow and the value of operations for the following year. This will then be divided by one plus the weighted average cost of capital, which will be discussed in the following paragraph.

Next, the total value of the firm can be calculated by adding the value of operations adjust for half-year convention to the value of investments. To solve for the estimated price per share at the end of the fiscal year the value of equity must be divided by the number of shares. In the most recent year, 2018, the price per share, at the end of the fiscal year was calculated to be \$8.26. The future estimated value of the firm in 2023 is calculated to be \$2,170,019,000.

### ***WACC Derivation***

There are many factors that come into play when estimating the weighted average cost of capital. The factors include the cost of equity, cost of debt, market value of the firm's equity, market value of the firm's debt, total market value of the firm's financing, percentage of financing that is equity, percentage of financing that is debt and corporate tax rate.

In my valuation, the estimated weighted average cost of capital for Helix Energy Solutions Group, Inc. was 8.74%. This means that the company is expected to pay, on average, 8.74% to all its security holders to finance its assets and is an investor's opportunity cost of taking on the risk of investing money in a company.

***Valuation Conclusion***

To conclude my thoughts with regards to the valuation of MAIN company, I believe there to be great opportunity for steady growth in sales and effective use of the company's fixed assets to produce these sales. As mentioned previously, Helix Energy Solutions Group, Inc. is a small, specialized company with the ability and potential to be an attractive company for the right investor.

**STOCK RECOMMENDATION**

In conclusion to this analysis and valuation report, I will state my stock recommendation to a current stockholder. As of the most recent, complete and available financial statements, historical data I have gathered and results of my valuation report, I believe the stock to be undervalued. In December of 2018, the stock was priced at \$6.14 per share on Yahoo Finance. Through the valuation process, I calculated the estimated stock price for December 31, 2018 to be valued at \$8.26. Therefore, I would recommend an investor to purchase stock in Helix Energy Solutions Group, Inc.

**APPENDIX A: SUMMARIZED HISTORICAL FINANCIAL STATEMENTS**

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HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (in thousands)

|  | December 31, |             |
|--|--------------|-------------|
|  | 2018         | 2017        |
| <b>ASSETS</b>  |              |             |
| Current assets:  |              |             |
| Cash and cash equivalents  | \$279,459    | \$266,592   |
| Accounts receivable:   |              |             |
| Trade, net of allowance for uncollectible accounts of \$0 and \$2,752, respectively              | 67,932       | 113,336     |
| Unbilled and other   | 51,943       | 29,947      |
| Other current assets   | 51,594       | 41,768      |
| Total current assets   | 450,928      | 451,643     |
| Property and equipment   | 2,785,778    | 2,695,772   |
| Less accumulated depreciation  | (959,033 )   | (889,783 )  |
| Property and equipment, net  | 1,826,745    | 1,805,989   |
| Other assets, net  | 70,057       | 105,205     |
| Total assets   | \$2,347,730  | \$2,362,837 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |              |             |
| Current liabilities:   |              |             |
| Accounts payable   | \$54,813     | \$81,299    |
| Accrued liabilities  | 85,594       | 71,680      |
| Income tax payable   | 3,829        | 2,799       |
| Current maturities of long-term debt   | 47,252       | 109,861     |
| Total current liabilities  | 191,488      | 265,639     |
| Long-term debt   | 393,063      | 385,766     |
| Deferred tax liabilities   | 105,862      | 103,349     |
| Other non-current liabilities  | 39,538       | 40,690      |
| Total liabilities  | 729,951      | 795,444     |
| Shareholders' equity:  |              |             |
| Common stock, no par, 240,000 shares authorized, 148,203 and 147,740 shares issued, respectively | 1,308,709    | 1,284,274   |
| Retained earnings  | 383,034      | 352,906     |
| Accumulated other comprehensive loss   | (73,964 )    | (69,787 )   |
| Total shareholders' equity   | 1,617,779    | 1,567,393   |
| Total liabilities and shareholders' equity   | \$2,347,730  | \$2,362,837 |

The accompanying notes are an integral part of these consolidated financial statements.



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HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (in thousands, except per share amounts)

|  | Year Ended December 31, |           |             |
|--|-------------------------|-----------|-------------|
|  | 2018                    | 2017      | 2016        |
| Net revenues                                 | \$739,818               | \$581,383 | \$487,582   |
| Cost of sales                                | 618,134                 | 519,217   | 441,066     |
| Gross profit                                 | 121,684                 | 62,166    | 46,516      |
| Goodwill impairment                          | —                       | —         | (45,107 )   |
| Gain (loss) on disposition of assets, net    | 146                     | (39 )     | 1,290       |
| Selling, general and administrative expenses | (70,287 )               | (63,257 ) | (65,934 )   |
| Income (loss) from operations                | 51,543                  | (1,130 )  | (63,235 )   |
| Equity in losses of investment               | (3,918 )                | (2,368 )  | (2,166 )    |
| Net interest expense                         | (13,751 )               | (18,778 ) | (31,239 )   |
| Loss on extinguishment of long-term debt     | (1,183 )                | (397 )    | (3,540 )    |
| Other income (expense), net                  | (6,324 )                | (1,434 )  | 3,510       |
| Other income – oil and gas                   | 4,631                   | 3,735     | 2,755       |
| Income (loss) before income taxes            | 30,998                  | (20,372 ) | (93,915 )   |
| Income tax provision (benefit)               | 2,400                   | (50,424 ) | (12,470 )   |
| Net income (loss)                            | \$28,598                | \$30,052  | \$(81,445 ) |
| Earnings (loss) per share of common stock:   |                         |           |             |
| Basic  | \$0.19                  | \$0.20    | \$(0.73 )   |
| Diluted                                      | \$0.19                  | \$0.20    | \$(0.73 )   |
| Weighted average common shares outstanding:  |                         |           |             |
| Basic  | 146,702                 | 145,295   | 111,612     |
| Diluted                                      | 146,830                 | 145,300   | 111,612     |

The accompanying notes are an integral part of these consolidated financial statements.

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HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (in thousands)

|  | Year Ended December 31, |           |            |
|--|-------------------------|-----------|------------|
|  | 2018                    | 2017      | 2016       |
| Cash flows from operating activities:  |                         |           |            |
| Net income (loss)  | \$28,598                | \$30,052  | \$(81,445) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                         |           |            |
| Depreciation and amortization  | 110,522                 | 108,745   | 114,187    |
| Non-cash goodwill impairment   | —                       | —         | 45,107     |
| Amortization of debt discounts   | 5,735                   | 4,688     | 5,905      |
| Amortization of debt issuance costs  | 3,592                   | 6,154     | 7,733      |
| Share-based compensation   | 9,925                   | 10,877    | 5,862      |
| Deferred income taxes  | (2,430)                 | (54,585)  | 14,849     |
| Equity in losses of investment   | 3,918                   | 2,368     | 2,166      |
| (Gain) loss on disposition of assets, net  | (146)                   | 39        | (1,290)    |
| Loss on extinguishment of long-term debt   | 1,183                   | 397       | 3,540      |
| Unrealized (gains) losses and ineffectiveness on derivative contracts, net               | (2,324)                 | (4,423)   | (8,800)    |
| Changes in operating assets and liabilities:   |                         |           |            |
| Accounts receivable, net   | 20,920                  | (28,424)  | (22,437)   |
| Other current assets   | (9,904)                 | (15,680)  | (2,386)    |
| Income tax payable   | 964                     | 3,949     | (4,571)    |
| Accounts payable and accrued liabilities   | (352)                   | 33,381    | (630)      |
| Other non-current, net   | 26,543                  | (45,900)  | (39,076)   |
| Net cash provided by operating activities  | 196,744                 | 51,638    | 38,714     |
| Cash flows from investing activities:  |                         |           |            |
| Capital expenditures   | (137,083)               | (231,127) | (186,487)  |
| Distributions from equity investment   | —                       | —         | 1,200      |
| Proceeds from sale of equity investment  | —                       | —         | 25,000     |
| Proceeds from sale of assets   | 25                      | 10,000    | 13,177     |
| Other  | 1,044                   | —         | —          |
| Net cash used in investing activities  | (136,014)               | (221,127) | (147,110)  |
| Cash flows from financing activities:  |                         |           |            |
| Issuance of convertible senior notes   | 125,000                 | —         | 125,000    |
| Repurchase of convertible senior notes   | (60,365)                | —         | (138,401)  |
| Proceeds from term loan  | —                       | 100,000   | —          |
| Repayment of term loans  | (63,807)                | (194,758) | (62,742)   |
| Repayment of Nordea Q5000 Loan   | (35,714)                | (35,715)  | (35,714)   |
| Repayment of MARAD Debt  | (6,532)                 | (6,222)   | (5,926)    |
| Debt issuance costs  | (3,867)                 | (3,717)   | (4,655)    |
| Net proceeds from issuance of common stock   | —                       | 219,504   | 96,547     |
| Payments related to tax withholding for share-based compensation                         | (1,407)                 | (2,042)   | (341)      |
| Proceeds from issuance of ESPP shares  | 506                     | 432       | 708        |
| Net cash provided by (used in) financing activities                                      | (46,186)                | 77,482    | (25,524)   |
| Effect of exchange rate changes on cash and cash equivalents                             | (1,677)                 | 1,952     | (3,625)    |
| Net increase (decrease) in cash and cash equivalents                                     | 12,867                  | (90,055)  | (137,545)  |
| Cash and cash equivalents:   |                         |           |            |
| Balance, beginning of year   | 266,592                 | 356,647   | 494,192    |
| Balance, end of year   | \$279,459               | \$266,592 | \$356,647  |

The accompanying notes are an integral part of these consolidated financial statements.

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Key Energy Services, Inc. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share amounts)

|  | December 31,     |                  |
|--|------------------|------------------|
|  | 2018             | 2017             |
| <b>ASSETS</b>  |                  |                  |
| Current assets:  |                  |                  |
| Cash and cash equivalents  | \$50,311         | \$73,065         |
| Restricted cash  | —                | 4,000            |
| Accounts receivable, net of allowance for doubtful accounts of \$1,056 and \$875                     | 74,253           | 69,319           |
| Inventories  | 15,861           | 20,942           |
| Other current assets   | 18,073           | 19,477           |
| Total current assets   | 158,498          | 186,803          |
| Property and equipment, gross  | 439,043          | 413,127          |
| Accumulated depreciation   | (163,333 )       | (85,813 )        |
| Property and equipment, net  | 275,710          | 327,314          |
| Intangible assets, net   | 404              | 462              |
| Other assets   | 8,562            | 14,542           |
| <b>TOTAL ASSETS</b>  | <b>\$443,174</b> | <b>\$529,121</b> |
| <b>LIABILITIES AND EQUITY</b>  |                  |                  |
| Current liabilities:   |                  |                  |
| Accounts payable   | \$13,587         | \$13,697         |
| Other current liabilities  | 87,377           | 87,579           |
| Current portion of long-term debt  | 2,500            | 2,500            |
| Total current liabilities  | 103,464          | 103,776          |
| Long-term debt   | 241,079          | 243,103          |
| Workers' compensation, vehicular and health insurance liabilities                                    | 24,775           | 25,393           |
| Other non-current liabilities  | 28,336           | 28,166           |
| Commitments and contingencies  |                  |                  |
| Equity:  |                  |                  |
| Preferred stock, \$0.01 par value; 10,000,000 authorized and one share issued and outstanding        | —                | —                |
| Common stock, \$0.01 par value; 100,000,000 shares authorized, 20,363,198 and 20,217,641 outstanding | 204              | 202              |
| Additional paid-in capital   | 264,945          | 259,314          |
| Retained earnings deficit  | (219,629 )       | (130,833 )       |
| Total equity   | 45,520           | 128,683          |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>\$443,174</b> | <b>\$529,121</b> |
| See the accompanying notes which are an integral part of these consolidated financial statements     |                  |                  |

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Key Energy Services, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except per share amounts)

|  | Successor                             |                                       | Period<br>from<br>December<br>16, 2016<br>through<br>December<br>31, 2016 | Predecessor<br>Period from<br>January 1,<br>2016<br>through<br>December<br>15, 2016 |
|--|---------------------------------------|---------------------------------------|---|---|
|  | Year<br>Ended<br>December<br>31, 2018 | Year<br>Ended<br>December<br>31, 2017 |   |   |
| REVENUES                                     | \$521,695                             | \$436,165                             | \$17,830  | \$399,423   |
| COSTS AND EXPENSES:                          |                                       |                                       |   |   |
| Direct operating expenses                    | 406,396                               | 332,332                               | 16,603  | 362,825   |
| Depreciation and amortization expense        | 82,639                                | 84,542                                | 3,574   | 131,296   |
| General and administrative expenses          | 91,626                                | 115,284                               | 6,501   | 163,257   |
| Impairment expense                           | —                                     | 187                                   | —   | 44,646  |
| Operating loss                               | (58,966 )                             | (96,180 )                             | (8,848 )  | (302,601 )  |
| Reorganization items, net                    | —                                     | 1,501                                 | —   | (245,571 )  |
| Interest expense, net of amounts capitalized | 34,163                                | 31,797                                | 1,364   | 74,320  |
| Other (income) loss, net                     | (2,354 )                              | (7,187 )                              | 32  | (2,443 )  |
| Loss before income taxes                     | (90,775 )                             | (122,291 )                            | (10,244 )   | (128,907 )  |
| Income tax (expense) benefit                 | 1,979                                 | 1,702                                 | —   | (2,829 )  |
| NET LOSS                                     | \$(88,796 )                           | \$(120,589 )                          | \$(10,244 )   | \$(131,736 )  |
| Loss per share:                              |                                       |                                       |   |   |
| Basic and diluted                            | \$ (4.38 )                            | \$ (6.00 )                            | \$ (0.51 )  | \$ (0.82 )  |
| Weighted Average Shares Outstanding:         |                                       |                                       |   |   |
| Basic and diluted                            | 20,250                                | 20,105                                | 20,090  | 160,587   |

See the accompanying notes which are an integral part of these consolidated financial statements

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Key Energy Services, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

|  | Successor                    |                              | Predecessor  |
|--|------------------------------|------------------------------|--|
|  | Year Ended December 31, 2018 | Year Ended December 31, 2017 | Period from December 16, 2016 through December 31, 2016<br>Period from January 1, 2016 through December 15, 2016 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                              |                              |  |
| Net loss   | \$(88,796)                   | \$(120,589)                  | \$(10,244 ) \$ (131,736 )  |
| Adjustments to reconcile net loss to net cash used in operating activities:                      |                              |                              |  |
| Depreciation and amortization expense  | 82,639                       | 84,542                       | 3,574 131,296  |
| Impairment expense   | —                            | 187                          | — 44,646   |
| Bad debt expense   | 286                          | 1,420                        | 168 2,532  |
| Accretion of asset retirement obligations  | 164                          | 221                          | 34 570   |
| Loss from equity method investments  | —                            | 560                          | — 466  |
| Amortization and write-off of deferred financing costs and premium on debt                       | 476                          | 476                          | 17 4,414   |
| Deferred income tax expense (benefit)  | —                            | (35 )                        | — 787  |
| (Gain) loss on disposal of assets, net   | (9,618 )                     | (27,583 )                    | (12 ) 4,707  |
| Share-based compensation   | 5,910                        | 7,591                        | — 5,740  |
| Reorganization items, non-cash   | —                            | —                            | — (261,806 )   |
| Changes in working capital:  |                              |                              |  |
| Accounts receivable  | (5,220 )                     | 669                          | 855 41,574   |
| Other current assets   | 6,486                        | 7,764                        | 607 52,010   |
| Accounts payable and accrued liabilities   | (564 )                       | (13,017 )                    | 3,729 (135,557 )   |
| Share-based compensation liability awards  | 253                          | —                            | — (227 )   |
| Other assets and liabilities   | 6,139                        | 6,427                        | 855 102,135  |
| Net cash used in operating activities  | (1,845 )                     | (51,367 )                    | (417 ) (138,449 )  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                              |                              |  |
| Capital expenditures   | (37,535 )                    | (16,079 )                    | (375 ) (8,481 )  |
| Proceeds from sale of assets   | 15,403                       | 32,992                       | 124 15,025   |
| Net cash provided by (used in) investing activities  | (22,132 )                    | 16,913                       | (251 ) 6,544   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                              |                              |  |
| Repayments of long-term debt   | (2,500 )                     | (2,500 )                     | — (313,424 )   |
| Proceeds from long-term debt   | —                            | —                            | — 250,000  |
| Proceeds from stock rights offering  | —                            | —                            | — 109,082  |
| Payment of deferred financing costs  | —                            | (350 )                       | — (2,040 )   |
| Repurchases of common stock  | (280 )                       | (697 )                       | — (167 )   |
| Proceeds from exercise warrants  | 3                            | —                            | — —  |
| Net cash provided by (used in) financing activities  | (2,777 )                     | (3,547 )                     | — 43,451   |
| Effect of changes in exchange rates on cash  | —                            | (146 )                       | — (20 )  |
| Net decrease in cash, cash equivalents and restricted cash                                       | (26,754 )                    | (38,147 )                    | (668 ) (88,474 )   |
| Cash, cash equivalents, and restricted cash, beginning of period                                 | 77,065                       | 115,212                      | 115,880 204,354  |
| Cash, cash equivalents, and restricted cash, end of period                                       | \$50,311                     | \$77,065                     | \$ 115,212 \$ 115,880  |
| See the accompanying notes which are an integral part of these consolidated financial statements |                              |                              |  |

FinSAS Version 2003051213

Company:

Analyst:

Most Recent Year Available:

Years Available for:

Income Statement (1-5)

5

Balance Sheet (1-5)

5

**Vertical Analysis**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

| INCOME STATEMENT                                    | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|---------|---------|---------|---------|---------|
| Net Sales   | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Less: Cost of Goods Sold                            | 83.55%  | 89.31%  | 90.46%  | 133.60% | 68.93%  |
| Gross Profit  | 16.45%  | 10.69%  | 9.54%   | -33.60% | 31.07%  |
| Other Operating Revenue                             | 0.02%   | -0.01%  | -8.99%  | -2.34%  | 0.92%   |
| Less: Operating Expenses                            | 9.50%   | 10.88%  | 13.52%  | 8.23%   | 8.36%   |
| Operating Income                                    | 6.97%   | -0.19%  | -12.97% | -44.17% | 23.64%  |
| Less: Interest Expense<br>(no capitalized interest) | 4.41%   | 6.58%   | 9.25%   | 5.75%   | 2.99%   |
| Other Income (Expenses)                             | 2.16%   | 3.68%   | 3.40%   | -0.93%  | 2.98%   |
| Unusual or Infreq. Item;<br>Gain (Loss)             | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Equity in Earnings of Assoc.;<br>Profit (Loss)      | -0.53%  | -0.41%  | -0.44%  | -17.87% | 0.08%   |
| Income before Taxes                                 | 4.19%   | -3.50%  | -19.26% | -68.72% | 23.71%  |
| Less:Taxes Related to Operations                    | 0.32%   | -8.67%  | -2.56%  | -14.54% | 6.05%   |
| N.I. before Min. Ern.                               | 3.87%   | 5.17%   | -16.70% | -54.18% | 17.66%  |
| Minority Share of Earnings (Loss)                   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| N.I. before Nonrecurring Items                      | 3.87%   | 5.17%   | -16.70% | -54.18% | 17.66%  |

|                                |       |       |         |         |        |
|--------------------------------|-------|-------|---------|---------|--------|
| Oper. of Discontinued Segment; |       |       |         |         |        |
| Income (Loss)                  | 0.00% | 0.00% | 0.00%   | 0.00%   | 0.00%  |
| Disposal of Discont. Segment;  |       |       |         |         |        |
| Gain (Loss)                    | 0.00% | 0.00% | 0.00%   | 0.00%   | 0.00%  |
| Extraordinary Item;            |       |       |         |         |        |
| Gain (Loss)                    | 0.00% | 0.00% | 0.00%   | 0.00%   | 0.00%  |
| Cum. Effect of Acct Change;    |       |       |         |         |        |
| Gain (Loss)                    | 0.00% | 0.00% | 0.00%   | 0.00%   | 0.00%  |
|                                | ----- | ----- | -----   | -----   | -----  |
| Net Income (Loss)              | 3.87% | 5.17% | -16.70% | -54.18% | 17.66% |
|                                | ===== | ===== | =====   | =====   | =====  |

| BALANCE SHEET   | 2018           | 2017           | 2016           | 2015           | 2014           |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS</b>   |                |                |                |                |                |
| Current Assets:   |                |                |                |                |                |
| Cash  | 11.90%         | 11.28%         | 15.87%         | 20.49%         | 17.64%         |
| Marketable Securities   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Gross Receivables   | 5.11%          | 6.18%          | 5.07%          | 4.02%          | 5.11%          |
| Less: Allowance for Bad Debts                                     | 0.00%          | 0.12%          | 0.08%          | 0.01%          | 0.18%          |
| Net Trade Receivables   | 5.11%          | 6.06%          | 4.99%          | 4.01%          | 4.93%          |
| Inventories   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Prepaid Expenses  | 0.44%          | 0.43%          | 0.00%          | 0.00%          | 0.00%          |
| Other Current Assets  | 1.76%          | 1.34%          | 2.40%          | 3.86%          | 3.13%          |
| <b>Total Current Assets</b>                                       | <b>19.21%</b>  | <b>19.11%</b>  | <b>23.27%</b>  | <b>28.36%</b>  | <b>25.71%</b>  |
| Long-Term Assets:   |                |                |                |                |                |
| Net Tangible (Fixed) Assets (other than construction in progress) | 77.81%         | 76.43%         | 73.50%         | 66.46%         | 64.26%         |
| Construction in Progress  | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Intangible Assets   | 0.00%          | 0.00%          | 0.00%          | 0.03%          | 0.03%          |
| Investments   | 0.00%          | 0.00%          | 0.00%          | 1.09%          | 5.54%          |
| Other Nonoperating Assets   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Other Operating Assets  | 2.98%          | 4.45%          | 3.23%          | 4.06%          | 4.47%          |
| <b>Total Long-Term Assets</b>                                     | <b>80.79%</b>  | <b>80.89%</b>  | <b>76.73%</b>  | <b>71.64%</b>  | <b>74.29%</b>  |
| <b>Total Assets</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |
| <b>LIABILITIES AND EQUITY</b>                                     |                |                |                |                |                |
| Current Liabilities:  |                |                |                |                |                |
| Accounts Payable  | 2.33%          | 3.44%          | 2.68%          | 2.71%          | 3.09%          |
| Short Term Loans  | 3.81%          | 3.15%          | 2.61%          | 3.06%          | 4.22%          |
| Current Maturity of L.t. Debt                                     | 2.01%          | 4.65%          | 3.01%          | 2.97%          | 1.04%          |
| Other Current Liabilities   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| <b>Total Current Liabilities</b>                                  | <b>8.16%</b>   | <b>11.24%</b>  | <b>8.30%</b>   | <b>8.74%</b>   | <b>8.35%</b>   |
| Long-Term Liabilities:  |                |                |                |                |                |
| Long-term Debt  | 16.74%         | 16.33%         | 24.85%         | 28.59%         | 19.37%         |
| Reserves  | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Deferred Liabilities  | 4.51%          | 4.37%          | 7.45%          | 7.50%          | 9.64%          |
| Minority Interest   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Redeemable Preferred  | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |



|                               |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|
| Other Long-term Liabilities   | 1.68%   | 1.72%   | 2.36%   | 2.13%   | 1.41%   |
|                               | -----   | -----   | -----   | -----   | -----   |
| Total Long-term Liabilities   | 22.94%  | 22.42%  | 34.66%  | 38.23%  | 30.42%  |
| Total Liabilities             | 31.09%  | 33.66%  | 42.95%  | 46.97%  | 38.78%  |
| Shareholders' Equity:         |         |         |         |         |         |
| Preferred Equity              | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Common Equity-incl. Ret. Ern. | 68.91%  | 66.34%  | 57.05%  | 53.03%  | 61.22%  |
|                               | -----   | -----   | -----   | -----   | -----   |
| Total Equity                  | 68.91%  | 66.34%  | 57.05%  | 53.03%  | 61.22%  |
| Total Liabilities and Equity  | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
|                               | =====   | =====   | =====   | =====   | =====   |

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**Horizontal Analysis**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

| INCOME STATEMENT                                    | 2018     | 2017     | 2016     | 2015       | 2014    |
|---|----------|----------|----------|------------|---------|
| Net Sales   | 66.82%   | 52.51%   | 44.04%   | 62.85%     | 100.00% |
| Less: Cost of Goods Sold                            | 81.00%   | 68.04%   | 57.80%   | 121.81%    | 100.00% |
| Gross Profit  | 35.37%   | 18.07%   | 13.52%   | -67.95%    | 100.00% |
| Other Operating Revenue                             | 1.43%    | -0.38%   | -427.90% | -159.25%   | 100.00% |
| Less: Operating Expenses                            | 75.97%   | 68.37%   | 71.26%   | 61.91%     | 100.00% |
| Operating Income                                    | 19.69%   | -0.43%   | -24.16%  | -117.42%   | 100.00% |
| Less: Interest Expense<br>(no capitalized interest) | 98.65%   | 115.76%  | 136.43%  | 121.05%    | 100.00% |
| Other Income (Expenses)                             | 48.53%   | 64.95%   | 50.37%   | -19.55%    | 100.00% |
| Unusual or Infreq. Item;<br>Gain (Loss)             | #N/A     | #N/A     | #N/A     | #N/A       | #N/A    |
| Equity in Earnings of Assoc. ;<br>Profit (Loss)     | -445.73% | -269.40% | -246.42% | -14146.19% | 100.00% |
| Income before Taxes                                 | 11.81%   | -7.76%   | -35.77%  | -182.15%   | 100.00% |
| Less:Taxes Related to Operations                    | 3.58%    | -75.29%  | -18.62%  | -151.10%   | 100.00% |
| N.I. before Min. Ern.                               | 14.62%   | 15.37%   | -41.65%  | -192.78%   | 100.00% |
| Minority Share of Earnings (Loss)                   | #N/A     | #N/A     | #N/A     | #N/A       | #N/A    |

|   |        |        |         |          |         |
|---|--------|--------|---------|----------|---------|
| N.I. before Nonrecurring Items                  | 14.62% | 15.37% | -41.65% | -192.78% | 100.00% |
| Oper. of Discontinued Segment;<br>Income (Loss) | #N/A   | #N/A   | #N/A    | #N/A     | #N/A    |
| Disposal of Discont. Segment;<br>Gain (Loss)    | #N/A   | #N/A   | #N/A    | #N/A     | #N/A    |
| Extraordinary Item;<br>Gain (Loss)              | #N/A   | #N/A   | #N/A    | #N/A     | #N/A    |
| Cum. Effect of Acct Change;<br>Gain (Loss)      | #N/A   | #N/A   | #N/A    | #N/A     | #N/A    |
| Net Income (Loss)                               | 14.62% | 15.37% | -41.65% | -192.78% | 100.00% |

| BALANCE SHEET   | 2018          | 2017           | 2016          | 2015          | 2014           |
|---|---------------|----------------|---------------|---------------|----------------|
| <b>ASSETS</b>   |               |                |               |               |                |
| <b>Current Assets:</b>  |               |                |               |               |                |
| Cash  | 58.65%        | 55.95%         | 74.85%        | 103.71%       | 100.00%        |
| Marketable Securities   | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| Gross Receivables   | 86.87%        | 105.82%        | 82.56%        | 70.34%        | 100.00%        |
| Less: Allowance for Bad Debts                                     | 0.00%         | 58.12%         | 37.55%        | 7.39%         | 100.00%        |
| Net Trade Receivables   | 89.95%        | 107.52%        | 84.16%        | 72.58%        | 100.00%        |
| Inventories   | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| Prepaid Expenses  | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| Other Current Assets  | 48.85%        | 37.47%         | 63.87%        | 110.18%       | 100.00%        |
| <b>Total Current Assets</b>                                       | <b>64.95%</b> | <b>65.05%</b>  | <b>75.30%</b> | <b>98.53%</b> | <b>100.00%</b> |
| <b>Long-Term Assets:</b>  |               |                |               |               |                |
| Net Tangible (Fixed) Assets (other than construction in progress) | 105.26%       | 104.07%        | 95.17%        | 92.37%        | 100.00%        |
| Construction in Progress  | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| Intangible Assets   | 0.00%         | 0.00%          | 0.00%         | 112.21%       | 100.00%        |
| Investments   | 0.00%         | 0.00%          | 0.00%         | 17.51%        | 100.00%        |
| Other Nonoperating Assets   | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| Other Operating Assets  | 58.03%        | 87.15%         | 60.10%        | 81.12%        | 100.00%        |
| <b>Total Long-Term Assets</b>                                     | <b>94.54%</b> | <b>95.25%</b>  | <b>85.93%</b> | <b>86.12%</b> | <b>100.00%</b> |
| <b>Total Assets</b>   | <b>86.93%</b> | <b>87.49%</b>  | <b>83.20%</b> | <b>89.31%</b> | <b>100.00%</b> |
| <b>LIABILITIES AND EQUITY</b>                                     |               |                |               |               |                |
| <b>Current Liabilities:</b>                                       |               |                |               |               |                |
| Accounts Payable  | 65.72%        | 97.48%         | 72.19%        | 78.38%        | 100.00%        |
| Short Term Loans  | 78.40%        | 65.29%         | 51.39%        | 64.79%        | 100.00%        |
| Current Maturity of L.t. Debt                                     | 167.89%       | 390.35%        | 240.09%       | 254.55%       | 100.00%        |
| Other Current Liabilities   | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |
| <b>Total Current Liabilities</b>                                  | <b>84.87%</b> | <b>117.74%</b> | <b>82.62%</b> | <b>93.48%</b> | <b>100.00%</b> |
| <b>Long-Term Liabilities:</b>                                     |               |                |               |               |                |
| Long-term Debt  | 75.12%        | 73.73%         | 106.72%       | 131.81%       | 100.00%        |
| Reserves  | #N/A          | #N/A           | #N/A          | #N/A          | #N/A           |

|                               |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|
| Deferred Liabilities          | 40.67%  | 39.71%  | 64.30%  | 69.53%  | 100.00% |
| Minority Interest             | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Redeemable Preferred          | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Other Long-term Liabilities   | 103.75% | 106.78% | 139.04% | 134.92% | 100.00% |
| -----                         |         |         |         |         |         |
| Total Long-term Liabilities   | 65.54%  | 64.48%  | 94.78%  | 112.23% | 100.00% |
| Total Liabilities             | 69.70%  | 75.96%  | 92.16%  | 108.19% | 100.00% |
| Shareholders' Equity:         |         |         |         |         |         |
| Preferred Equity              | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Common Equity-incl. Ret. Ern. | 97.84%  | 94.79%  | 77.52%  | 77.35%  | 100.00% |
| -----                         |         |         |         |         |         |
| Total Equity                  | 97.84%  | 94.79%  | 77.52%  | 77.35%  | 100.00% |
| Total Liabilities and Equity  | 86.93%  | 87.49%  | 83.20%  | 89.31%  | 100.00% |
| =====                         |         |         |         |         |         |

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Company:

Analyst:

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**Ratios - average**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

| LIQUIDITY                        | 2018    | 2017    | 2016    | 2015    | 2014    |
|----------------------------------|---------|---------|---------|---------|---------|
| Days' Sales in Receivables       | 59.14   | 91.68   | 85.29   | 50.92   | 45.50   |
| Accounts Receivable Turnover     | 5.56    | 4.47    | 4.62    | 5.92    |         |
| A/R Turnover in Days             | 65.60   | 81.61   | 78.98   | 61.66   |         |
| Days' Sales in Inventory         | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Inventory Turnover               | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |         |
| Inventory Turnover in Days       | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |         |
| Operating Cycle                  | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |         |
| Working Capital                  | 259,440 | 186,004 | 336,387 | 473,123 | 468,660 |
| Current Ratio                    | 2.35    | 1.70    | 2.80    | 3.24    | 3.08    |
| Acid Test                        | 2.09    | 1.54    | 2.52    | 2.80    | 2.70    |
| Cash Ratio                       | 1.46    | 1.00    | 1.91    | 2.34    | 2.11    |
| Sales to Working Capital         | 3.32    | 2.23    | 1.20    | 1.48    |         |
| Cash Flow/Cur. Mat. of Debt & NP | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| LONG-TERM DEBT-PAYING ABILITY    | 2018    | 2017    | 2016    | 2015    | 2014    |
| Times Interest Earned            | 1.40    | 0.37    | #N/A    | #N/A    | 6.78    |
| Fixed Charge Coverage            | 1.40    | 0.37    | #N/A    | #N/A    | 6.78    |
| Debt Ratio                       | 31.09%  | 33.66%  | 42.95%  | 46.97%  | 38.78%  |
| Debt/Equity                      | 45.12%  | 50.75%  | 75.29%  | 88.59%  | 63.33%  |
| Debt to Tangible Net Worth       | 45.12%  | 50.75%  | 75.29%  | 88.64%  | 63.36%  |
| Cash Flow/Total Debt             | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |

| PROFITABILITY                   | 2018    | 2017    | 2016    | 2015    | 2014    |
|---------------------------------|---------|---------|---------|---------|---------|
| Net Profit Margin               | 4.40%   | 5.58%   | #N/A    | #N/A    | 17.58%  |
| Total Asset Turnover            | 0.31    | 0.25    | 0.21    | 0.27    |         |
| Return on Assets                | 1.21%   | 1.30%   | #N/A    | #N/A    |         |
| Operating Income Margin         | 6.97%   | #N/A    | #N/A    | #N/A    | 23.64%  |
| Operating Asset Turnover        | 0.31    | 0.25    | 0.21    | 0.28    |         |
| Return on Operating Assets      | 2.19%   | #N/A    | #N/A    | #N/A    |         |
| Sales to Fixed Assets           | 0.41    | 0.34    | 0.30    | 0.42    |         |
| Return on Investment            | 2.88%   | 3.29%   | #N/A    | #N/A    |         |
| Return on Total Equity          | 1.80%   | 2.11%   | #N/A    | #N/A    |         |
| Return on Common Equity         | 1.80%   | 2.11%   | #N/A    | #N/A    |         |
| Gross Profit Margin             | 16.45%  | 10.69%  | 9.54%   | #N/A    | 31.07%  |
| INVESTOR ANALYSIS               | 2018    | 2017    | 2016    | 2015    | 2014    |
| Degree of Financial Leverage    | 1.93    | #N/A    | #N/A    | #N/A    | 1.13    |
| Earnings per Share              | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Price/Earnings Ratio            | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Percentage of Earnings Retained | 100.00% | 100.00% | #N/A    | #N/A    | 100.00% |
| Dividend Payout                 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Dividend Yield                  |         |         |         |         |         |
| Book Value per Share            | 10.92   | 10.61   | 10.63   | 12.03   | 15.66   |
| Materiality of Options          |         |         |         |         |         |
| Oper. Cash Flow per Share       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Oper. Cash Flow/Cash Dividends  |         |         |         |         |         |
| Year-end Market Price           |         |         |         |         |         |

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Company:

Analyst:

Most Recent Year Available:

Years Available for:

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**Ratios - ending**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

\* EOY values instead of averages

| LIQUIDITY                        | 2018    | 2017    | 2016    | 2015    | 2014    |
|----------------------------------|---------|---------|---------|---------|---------|
| Days' Sales in Receivables       | 59.14   | 91.68   | 85.29   | 50.92   | 45.50   |
| * Accounts Receivable Turnover   | 6.17    | 3.98    | 4.28    | 7.17    | 8.02    |
| * A/R Turnover in Days           | 59.14   | 91.68   | 85.29   | 50.92   | 45.50   |
| Days' Sales in Inventory         | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| * Inventory Turnover             | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| * Inventory Turnover in Days     | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| * Operating Cycle                | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Working Capital                  | 259,440 | 186,004 | 336,387 | 473,123 | 468,660 |
| Current Ratio                    | 2.35    | 1.70    | 2.80    | 3.24    | 3.08    |
| Acid Test                        | 2.09    | 1.54    | 2.52    | 2.80    | 2.70    |
| Cash Ratio                       | 1.46    | 1.00    | 1.91    | 2.34    | 2.11    |
| * Sales to Working Capital       | 2.85    | 3.13    | 1.45    | 1.47    | 2.36    |
| Cash Flow/Cur. Mat. of Debt & NP | -       | -       | -       | -       | -       |

| LONG-TERM DEBT-PAYING ABILITY | 2018   | 2017   | 2016   | 2015   | 2014   |
|-------------------------------|--------|--------|--------|--------|--------|
| Times Interest Earned         | 1.40   | 0.37   | #N/A   | #N/A   | 6.78   |
| Fixed Charge Coverage         | 1.40   | 0.37   | #N/A   | #N/A   | 6.78   |
| Debt Ratio                    | 31.09% | 33.66% | 42.95% | 46.97% | 38.78% |
| Debt/Equity                   | 45.12% | 50.75% | 75.29% | 88.59% | 63.33% |
| Debt to Tangible Net Worth    | 45.12% | 50.75% | 75.29% | 88.64% | 63.36% |
| Cash Flow/Total Debt          | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |



| PROFITABILITY                   | 2018    | 2017    | 2016    | 2015    | 2014    |
|---------------------------------|---------|---------|---------|---------|---------|
| Net Profit Margin               | 4.40%   | 5.58%   | #N/A    | #N/A    | 17.58%  |
| * Total Asset Turnover          | 0.32    | 0.25    | 0.22    | 0.29    | 0.41    |
| * Return on Assets              | 1.22%   | 1.27%   | #N/A    | #N/A    | 7.24%   |
| Operating Income Margin         | 6.97%   | #N/A    | #N/A    | #N/A    | 23.64%  |
| * Operating Asset Turnover      | 0.32    | 0.25    | 0.22    | 0.29    | 0.43    |
| * Return on Operating Assets    | 2.20%   | #N/A    | #N/A    | #N/A    | 10.26%  |
| * Sales to Fixed Assets         | 0.40    | 0.32    | 0.30    | 0.43    | 0.64    |
| * Return on Investment          | 2.84%   | 3.26%   | #N/A    | #N/A    | 9.24%   |
| * Return on Total Equity        | 1.77%   | 1.92%   | #N/A    | #N/A    | 11.83%  |
| * Return on Common Equity       | 1.77%   | 1.92%   | #N/A    | #N/A    | 11.83%  |
| Gross Profit Margin             | 16.45%  | 10.69%  | 9.54%   | #N/A    | 31.07%  |
| INVESTOR ANALYSIS               | 2018    | 2017    | 2016    | 2015    | 2014    |
| Degree of Financial Leverage    | 1.93    | #N/A    | #N/A    | #N/A    | 1.13    |
| Earnings per Share              | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Price/Earnings Ratio            | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Percentage of Earnings Retained | 100.00% | 100.00% | #N/A    | #N/A    | 100.00% |
| Dividend Payout                 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Dividend Yield                  |         |         |         |         |         |
| Book Value per Share            | 10.92   | 10.61   | 10.63   | 12.03   | 15.66   |
| Materiality of Options          |         |         |         |         |         |
| Oper. Cash Flow per Share       | -       | -       | -       | -       | -       |
| Oper. Cash Flow/Cash Dividends  |         |         |         |         |         |
| Year-end Market Price           |         |         |         |         |         |

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Company:

Analyst:

Most Recent Year Available:

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**Vertical Analysis**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

| INCOME STATEMENT                                    | 2018    | 2017    | 2016    | 2015     | 2014    |
|---|---------|---------|---------|----------|---------|
| Net Sales   | 100.00% | 100.00% | 100.00% | 100.00%  | 100.00% |
| Less: Cost of Goods Sold                            | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Gross Profit  | 100.00% | 100.00% | 100.00% | 100.00%  | 100.00% |
| Other Operating Revenue                             | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Less: Operating Expenses                            | 111.30% | 122.05% | 149.62% | 229.66%  | 114.28% |
| Operating Income                                    | -11.30% | -22.05% | -49.62% | -129.66% | -14.28% |
| Less: Interest Expense<br>(no capitalized interest) | 6.55%   | 7.29%   | 7.65%   | 9.32%    | 3.80%   |
| Other Income (Expenses)                             | 0.45%   | 1.30%   | -0.18%  | -1.19%   | -0.07%  |
| Unusual or Infreq. Item;<br>Gain (Loss)             | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Equity in Earnings of Assoc. ;<br>Profit (Loss)     | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Income before Taxes                                 | -17.40% | -28.04% | -57.45% | -140.16% | -18.15% |
| Less:Taxes Related to Operations                    | -0.38%  | -0.39%  | 0.00%   | -24.34%  | -5.64%  |
| N.I. before Min. Ern.                               | -17.02% | -27.65% | -57.45% | -115.82% | -12.51% |
| Minority Share of Earnings (Loss)                   | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| N.I. before Nonrecurring Items                      | -17.02% | -27.65% | -57.45% | -115.82% | -12.51% |

|                                |         |         |         |          |         |
|--------------------------------|---------|---------|---------|----------|---------|
| Oper. of Discontinued Segment; |         |         |         |          |         |
| Income (Loss)                  | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Disposal of Discont. Segment;  |         |         |         |          |         |
| Gain (Loss)                    | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Extraordinary Item;            |         |         |         |          |         |
| Gain (Loss)                    | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
| Cum. Effect of Acct Change;    |         |         |         |          |         |
| Gain (Loss)                    | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%   |
|                                | -----   | -----   | -----   | -----    | -----   |
| Net Income (Loss)              | -17.02% | -27.65% | -57.45% | -115.82% | -12.51% |
|                                | =====   | =====   | =====   | =====    | =====   |

| BALANCE SHEET   | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|---------|---------|---------|---------|---------|
| <b>ASSETS</b>   |         |         |         |         |         |
| Current Assets:   |         |         |         |         |         |
| Cash  | 11.35%  | 14.56%  | 17.51%  | #DIV/0! | 15.39%  |
| Marketable Securities   | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Gross Receivables   | 16.99%  | 13.27%  | 10.87%  | #DIV/0! | 10.31%  |
| Less: Allowance for Bad Debts                                     | 0.24%   | 0.17%   | 0.03%   | #DIV/0! | 1.58%   |
| Net Trade Receivables   | 16.75%  | 13.10%  | 10.84%  | #DIV/0! | 8.74%   |
| Inventories   | 3.58%   | 3.96%   | 3.38%   | #DIV/0! | 2.21%   |
| Prepaid Expenses  | 2.53%   | 1.81%   | 1.56%   | #DIV/0! | 1.75%   |
| Other Current Assets  | 1.55%   | 1.87%   | 2.35%   | #DIV/0! | 3.57%   |
| Total Current Assets  | 35.76%  | 35.30%  | 35.65%  | #DIV/0! | 31.66%  |
| Long-Term Assets:   |         |         |         |         |         |
| Net Tangible (Fixed) Assets (other than construction in progress) | 60.60%  | 60.48%  | 60.95%  | #DIV/0! | 65.77%  |
| Construction in Progress  | 1.61%   | 1.38%   | 0.62%   | #DIV/0! | 0.51%   |
| Intangible Assets   | 0.09%   | 0.09%   | 0.08%   | #DIV/0! | 0.00%   |
| Investments   | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | #REF!   |
| Other Nonoperating Assets   | 1.93%   | 2.75%   | 2.70%   | #DIV/0! | 1.62%   |
| Other Operating Assets  | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Total Long-Term Assets  | 64.24%  | 64.70%  | 64.35%  | #DIV/0! | 68.34%  |
| Total Assets  | 100.00% | 100.00% | 100.00% | #DIV/0! | 100.00% |
| <b>LIABILITIES AND EQUITY</b>                                     |         |         |         |         |         |
| Current Liabilities:  |         |         |         |         |         |
| Accounts Payable  | 3.07%   | 2.59%   | 1.57%   | #DIV/0! | 2.32%   |
| Short Term Loans  | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Current Maturity of L.t. Debt                                     | 0.56%   | 0.47%   | 0.38%   | #DIV/0! | 0.24%   |
| Other Current Liabilities   | 19.72%  | 16.55%  | 15.80%  | #DIV/0! | 9.08%   |
| Total Current Liabilities   | 23.35%  | 19.61%  | 17.75%  | #DIV/0! | 11.63%  |
| Long-Term Liabilities:  |         |         |         |         |         |
| Long-term Debt  | 54.40%  | 45.94%  | 37.31%  | #DIV/0! | 72.43%  |
| Reserves  | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Deferred Liabilities  | 0.00%   | 0.00%   | 0.01%   | #DIV/0! | 1.07%   |
| Minority Interest   | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Redeemable Preferred  | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |

|                               |         |         |         |         |         |
|-------------------------------|---------|---------|---------|---------|---------|
| Other Long-term Liabilities   | 11.98%  | 10.12%  | 8.06%   | #DIV/0! | 4.30%   |
|                               | -----   | -----   | -----   | -----   | -----   |
| Total Long-term Liabilities   | 66.38%  | 56.07%  | 45.38%  | #DIV/0! | 77.80%  |
| Total Liabilities             | 89.73%  | 75.68%  | 63.13%  | #DIV/0! | 89.43%  |
| Shareholders' Equity:         |         |         |         |         |         |
| Preferred Equity              | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |
| Common Equity-incl. Ret. Ern. | 10.27%  | 24.32%  | 36.87%  | #DIV/0! | 10.57%  |
|                               | -----   | -----   | -----   | -----   | -----   |
| Total Equity                  | 10.27%  | 24.32%  | 36.87%  | #DIV/0! | 10.57%  |
| Total Liabilities and Equity  | 100.00% | 100.00% | 100.00% | #DIV/0! | 100.00% |
| =====                         | =====   | =====   | =====   | =====   | =====   |

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Company:

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**Horizontal Analysis**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

| INCOME STATEMENT                                    | 2018     | 2017     | 2016  | 2015    | 2014    |
|---|----------|----------|-------|---------|---------|
| Net Sales   | 36.55%   | 30.56%   | 1.25% | 55.51%  | 100.00% |
| Less: Cost of Goods Sold                            | #N/A     | #N/A     | #N/A  | #N/A    | #N/A    |
| Gross Profit  | 36.55%   | 30.56%   | 1.25% | 55.51%  | 100.00% |
| Other Operating Revenue                             | #N/A     | #N/A     | #N/A  | #N/A    | #N/A    |
| Less: Operating Expenses                            | 35.60%   | 32.63%   | 1.64% | 111.55% | 100.00% |
| Operating Income                                    | 28.92%   | 47.18%   | 4.34% | 503.89% | 100.00% |
| Less: Interest Expense<br>(no capitalized interest) | 63.00%   | 58.64%   | 2.52% | 136.18% | 100.00% |
| Other Income (Expenses)                             | -233.30% | -563.53% | 3.17% | 931.02% | 100.00% |
| Unusual or Infreq. Item;<br>Gain (Loss)             | #N/A     | #N/A     | #N/A  | #N/A    | #N/A    |
| Equity in Earnings of Assoc. ;<br>Profit (Loss)     | #N/A     | #N/A     | #N/A  | #N/A    | #N/A    |
| Income before Taxes                                 | 35.03%   | 47.20%   | 3.95% | 428.60% | 100.00% |
| Less:Taxes Related to Operations                    | 2.46%    | 2.11%    | 0.00% | 239.61% | 100.00% |
| N.I. before Min. Ern.                               | 49.71%   | 67.51%   | 5.73% | 513.75% | 100.00% |
| Minority Share of Earnings (Loss)                   | #N/A     | #N/A     | #N/A  | #N/A    | #N/A    |

|   |        |        |       |         |         |
|---|--------|--------|-------|---------|---------|
| N.I. before Nonrecurring Items                  | 49.71% | 67.51% | 5.73% | 513.75% | 100.00% |
| Oper. of Discontinued Segment;<br>Income (Loss) | #N/A   | #N/A   | #N/A  | #N/A    | #N/A    |
| Disposal of Discont. Segment;<br>Gain (Loss)    | #N/A   | #N/A   | #N/A  | #N/A    | #N/A    |
| Extraordinary Item;<br>Gain (Loss)              | #N/A   | #N/A   | #N/A  | #N/A    | #N/A    |
| Cum. Effect of Acct Change;<br>Gain (Loss)      | #N/A   | #N/A   | #N/A  | #N/A    | #N/A    |
| Net Income (Loss)                               | 49.71% | 67.51% | 5.73% | 513.75% | 100.00% |

| BALANCE SHEET   | 2018          | 2017          | 2016          | 2015         | 2014           |
|---|---------------|---------------|---------------|--------------|----------------|
| <b>ASSETS</b>   |               |               |               |              |                |
| <b>Current Assets:</b>  |               |               |               |              |                |
| Cash  | 24.62%        | 37.71%        | 56.38%        | 0.00%        | 100.00%        |
| Marketable Securities   | #N/A          | #N/A          | #N/A          | #N/A         | #N/A           |
| Gross Receivables   | 55.01%        | 51.27%        | 52.22%        | 0.00%        | 100.00%        |
| Less: Allowance for Bad Debts                                     | 5.05%         | 4.18%         | 0.80%         | 0.00%        | 100.00%        |
| Net Trade Receivables   | 64.02%        | 59.76%        | 61.49%        | 0.00%        | 100.00%        |
| Inventories   | 53.96%        | 71.24%        | 75.76%        | 0.00%        | 100.00%        |
| Prepaid Expenses  | 48.13%        | 41.22%        | 44.19%        | 0.00%        | 100.00%        |
| Other Current Assets  | 14.49%        | 20.84%        | 32.64%        | 0.00%        | 100.00%        |
| <b>Total Current Assets</b>                                       | <b>37.70%</b> | <b>44.43%</b> | <b>55.79%</b> | <b>0.00%</b> | <b>100.00%</b> |
| <b>Long-Term Assets:</b>  |               |               |               |              |                |
| Net Tangible (Fixed) Assets (other than construction in progress) | 30.75%        | 36.64%        | 45.92%        | 0.00%        | 100.00%        |
| Construction in Progress  | 106.68%       | 109.04%       | 61.11%        | 0.00%        | 100.00%        |
| Intangible Assets   | #N/A          | #N/A          | #N/A          | #N/A         | #N/A           |
| Investments   | #REF!         | #REF!         | #REF!         | #REF!        | #REF!          |
| Other Nonoperating Assets   | 39.90%        | 67.77%        | 82.68%        | 0.00%        | 100.00%        |
| Other Operating Assets  | #N/A          | #N/A          | #N/A          | #N/A         | #N/A           |
| <b>Total Long-Term Assets</b>                                     | <b>31.37%</b> | <b>37.73%</b> | <b>46.66%</b> | <b>0.00%</b> | <b>100.00%</b> |
| <b>Total Assets</b>   | <b>33.38%</b> | <b>39.85%</b> | <b>49.55%</b> | <b>0.00%</b> | <b>100.00%</b> |
| <b>LIABILITIES AND EQUITY</b>                                     |               |               |               |              |                |
| <b>Current Liabilities:</b>                                       |               |               |               |              |                |
| Accounts Payable  | 44.20%        | 44.56%        | 33.69%        | 0.00%        | 100.00%        |
| Short Term Loans  | #N/A          | #N/A          | #N/A          | #N/A         | #N/A           |
| Current Maturity of L.t. Debt                                     | 79.37%        | 79.37%        | 79.37%        | 0.00%        | 100.00%        |
| Other Current Liabilities   | 72.46%        | 72.62%        | 86.19%        | 0.00%        | 100.00%        |
| <b>Total Current Liabilities</b>                                  | <b>66.97%</b> | <b>67.18%</b> | <b>75.60%</b> | <b>0.00%</b> | <b>100.00%</b> |
| <b>Long-Term Liabilities:</b>                                     |               |               |               |              |                |
| Long-term Debt  | 25.07%        | 25.28%        | 25.53%        | 0.00%        | 100.00%        |
| Reserves  | #N/A          | #N/A          | #N/A          | #N/A         | #N/A           |



|                               |        |        |         |       |         |
|-------------------------------|--------|--------|---------|-------|---------|
| Deferred Liabilities          | 0.00%  | 0.00%  | 0.25%   | 0.00% | 100.00% |
| Minority Interest             | #N/A   | #N/A   | #N/A    | #N/A  | #N/A    |
| Redeemable Preferred          | #N/A   | #N/A   | #N/A    | #N/A  | #N/A    |
| Other Long-term Liabilities   | 93.06% | 93.84% | 92.96%  | 0.00% | 100.00% |
| -----                         |        |        |         |       |         |
| Total Long-term Liabilities   | 28.48% | 28.72% | 28.90%  | 0.00% | 100.00% |
| Total Liabilities             | 33.49% | 33.72% | 34.98%  | 0.00% | 100.00% |
| Shareholders' Equity:         |        |        |         |       |         |
| Preferred Equity              | #N/A   | #N/A   | #N/A    | #N/A  | #N/A    |
| Common Equity-incl. Ret. Ern. | 32.45% | 91.73% | 172.94% | 0.00% | 100.00% |
| -----                         |        |        |         |       |         |
| Total Equity                  | 32.45% | 91.73% | 172.94% | 0.00% | 100.00% |
| Total Liabilities and Equity  | 33.38% | 39.85% | 49.55%  | 0.00% | 100.00% |
| =====                         |        |        |         |       |         |

FinSAS Version 2003051213

Company:

Analyst:

Most Recent Year Available:

Years Available for:

Income Statement (1-5)

Balance Sheet (1-5)

**Ratios - average**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

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| LIQUIDITY                        | 2018    | 2017    | 2016    | 2015    | 2014    |
|----------------------------------|---------|---------|---------|---------|---------|
| Days' Sales in Receivables       | 52.69   | 58.74   | 1463.58 | 0.00    | 35.01   |
| Accounts Receivable Turnover     | 7.17    | 6.16    | 0.50    | 11.57   |         |
| A/R Turnover in Days             | 50.90   | 59.29   | 731.79  | 31.53   |         |
| Days' Sales in Inventory         | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Inventory Turnover               | 0.00    | 0.00    | 0.00    | 0.00    |         |
| Inventory Turnover in Days       | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |         |
| Operating Cycle                  | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |         |
| Working Capital                  | 55,034  | 83,027  | 117,775 | -       | 265,943 |
| Current Ratio                    | 1.53    | 1.80    | 2.01    | #DIV/0! | 2.72    |
| Acid Test                        | 1.20    | 1.41    | 1.60    | #DIV/0! | 2.07    |
| Cash Ratio                       | 0.49    | 0.74    | 0.99    | #DIV/0! | 1.32    |
| Sales to Working Capital         | 7.56    | 4.34    | 0.30    | 5.96    |         |
| Cash Flow/Cur. Mat. of Debt & NP | 0.00    | 0.00    | 0.00    | #DIV/0! | 0.00    |
| LONG-TERM DEBT-PAYING ABILITY    | 2018    | 2017    | 2016    | 2015    | 2014    |
| Times Interest Earned            | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Fixed Charge Coverage            | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Debt Ratio                       | 89.73%  | 75.68%  | 63.13%  | #DIV/0! | 89.43%  |
| Debt/Equity                      | 873.58% | 311.18% | 171.20% | #DIV/0! | 846.47% |
| Debt to Tangible Net Worth       | 881.40% | 312.30% | 171.57% | #DIV/0! | 846.47% |
| Cash Flow/Total Debt             | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |

| PROFITABILITY                   | 2018    | 2017    | 2016    | 2015    | 2014    |
|---------------------------------|---------|---------|---------|---------|---------|
| Net Profit Margin               | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Total Asset Turnover            | 1.07    | 0.73    | 0.05    | 1.19    |         |
| Return on Assets                | #N/A    | #N/A    | #N/A    | #N/A    |         |
| Operating Income Margin         | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Operating Asset Turnover        | 1.12    | 0.76    | 0.06    | 1.22    |         |
| Return on Operating Assets      | #N/A    | #N/A    | #N/A    | #N/A    |         |
| Sales to Fixed Assets           | 1.77    | 1.21    | 0.09    | 1.81    |         |
| Return on Investment            | #N/A    | #N/A    | #N/A    | #N/A    |         |
| Return on Total Equity          | #N/A    | #N/A    | #N/A    | #N/A    |         |
| Return on Common Equity         | #N/A    | #N/A    | #N/A    | #N/A    |         |
| Gross Profit Margin             | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| INVESTOR ANALYSIS               | 2018    | 2017    | 2016    | 2015    | 2014    |
| Degree of Financial Leverage    | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Earnings per Share              | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Price/Earnings Ratio            | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Percentage of Earnings Retained | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Dividend Payout                 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Dividend Yield                  |         |         |         |         |         |
| Book Value per Share            | 2.24    | 6.36    | 12.07   | 0.00    | 0.91    |
| Materiality of Options          |         |         |         |         |         |
| Oper. Cash Flow per Share       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Oper. Cash Flow/Cash Dividends  |         |         |         |         |         |
| Year-end Market Price           |         |         |         |         |         |

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Company:

Analyst:

Most Recent Year Available:

Years Available for:

Income Statement (1-5)

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Balance Sheet (1-5)

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**Ratios - ending**

**Helix Energy Solutions Group Inc (NYS: HLX)**

**Hannah**

**2018**

\* EOY values instead of averages

| LIQUIDITY                        | 2018    | 2017    | 2016    | 2015    | 2014    |
|----------------------------------|---------|---------|---------|---------|---------|
| Days' Sales in Receivables       | 52.69   | 58.74   | 1463.58 | 0.00    | 35.01   |
| * Accounts Receivable Turnover   | 6.93    | 6.21    | 0.25    | #DIV/0! | 10.43   |
| * A/R Turnover in Days           | 52.69   | 58.74   | 1463.58 | #DIV/0! | 35.01   |
| Days' Sales in Inventory         | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| * Inventory Turnover             | 0.00    | 0.00    | 0.00    | #DIV/0! | 0.00    |
| * Inventory Turnover in Days     | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| * Operating Cycle                | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Working Capital                  | 55,034  | 83,027  | 117,775 | -       | 265,943 |
| Current Ratio                    | 1.53    | 1.80    | 2.01    | #DIV/0! | 2.72    |
| Acid Test                        | 1.20    | 1.41    | 1.60    | #DIV/0! | 2.07    |
| Cash Ratio                       | 0.49    | 0.74    | 0.99    | #DIV/0! | 1.32    |
| * Sales to Working Capital       | 9.48    | 5.25    | 0.15    | #DIV/0! | 5.37    |
| Cash Flow/Cur. Mat. of Debt & NP | -       | -       | -       | #DIV/0! | -       |

| LONG-TERM DEBT-PAYING ABILITY | 2018    | 2017    | 2016    | 2015    | 2014    |
|-------------------------------|---------|---------|---------|---------|---------|
| Times Interest Earned         | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Fixed Charge Coverage         | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Debt Ratio                    | 89.73%  | 75.68%  | 63.13%  | #DIV/0! | 89.43%  |
| Debt/Equity                   | 873.58% | 311.18% | 171.20% | #DIV/0! | 846.47% |
| Debt to Tangible Net Worth    | 881.40% | 312.30% | 171.57% | #DIV/0! | 846.47% |
| Cash Flow/Total Debt          | 0.00%   | 0.00%   | 0.00%   | #DIV/0! | 0.00%   |

| PROFITABILITY                   | 2018    | 2017    | 2016    | 2015    | 2014    |
|---------------------------------|---------|---------|---------|---------|---------|
| Net Profit Margin               | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| * Total Asset Turnover          | 1.18    | 0.82    | 0.03    | #DIV/0! | 1.07    |
| * Return on Assets              | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Operating Income Margin         | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| * Operating Asset Turnover      | 1.22    | 0.86    | 0.03    | #DIV/0! | 1.10    |
| * Return on Operating Assets    | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| * Sales to Fixed Assets         | 1.94    | 1.36    | 0.04    | #DIV/0! | 1.63    |
| * Return on Investment          | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| * Return on Total Equity        | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| * Return on Common Equity       | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Gross Profit Margin             | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| INVESTOR ANALYSIS               | 2018    | 2017    | 2016    | 2015    | 2014    |
| Degree of Financial Leverage    | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Earnings per Share              | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Price/Earnings Ratio            | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Percentage of Earnings Retained | #N/A    | #N/A    | #N/A    | #N/A    | #N/A    |
| Dividend Payout                 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Dividend Yield                  |         |         |         |         |         |
| Book Value per Share            | 2.24    | 6.36    | 12.07   | -       | 0.91    |
| Materiality of Options          |         |         |         |         |         |
| Oper. Cash Flow per Share       | -       | -       | -       | -       | -       |
| Oper. Cash Flow/Cash Dividends  |         |         |         |         |         |
| Year-end Market Price           |         |         |         |         |         |

**APPENDIX B: VALUATION ASSUMPTIONS, SPREADSHEETS, AND  
CALCULATION**

|    | A   | B                 | C                 | D                 | E                 | F                 |
|----|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1  | <b>Comprehensive Statements</b>   |                   |                   |                   |                   |                   |
| 2  | <b>For all yellow cells, fill in links to the Actual Worksheet or other inputs.</b> |                   |                   |                   |                   |                   |
| 3  | <b>HELIX ENERGY SOLUTIONS GROUP INC</b>   | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b> |
| 4  | <b>Income Statement</b>   |                   |                   |                   |                   |                   |
| 5  | Total net revenues  | 739,818.0         | 581,383.0         | 487,582.0         | 695,802.0         | 1,107,156.0       |
| 6  | Cost of goods sold expense  | 618,134.0         | 519,217.0         | 441,066.0         | 929,576.0         | 763,120.0         |
| 7  | Cost of services or operations expense  |                   |                   |                   |                   |                   |
| 8  | Depreciation expense (for tangible assets, if reported separately)                  |                   |                   |                   |                   |                   |
| 9  | Amortization expense (for goodwill and Intangible, if reported separately)          |                   |                   |                   |                   |                   |
| 10 | Depreciation and amortization expense (if reported combined)                        | -                 | -                 | 45,107.0          | 16,399.0          | -                 |
| 11 | Research & development expense  | -                 | -                 | -                 | -                 | -                 |
| 12 | Sales & marketing expenses (if not included in SGA)                                 |                   |                   |                   |                   |                   |
| 13 | General & administrative expenses (if not included in SGA)                          |                   |                   |                   |                   |                   |
| 14 | Selling, gen. & admin. expense [if reported as a single item]                       | 70,287.0          | 63,257.0          | 65,934.0          | 57,279.0          | 92,520.0          |
| 15 | Minority interest expense (if shown as pre-tax operating expense)                   |                   |                   |                   |                   |                   |
| 16 | Merger and restructuring costs  |                   |                   |                   |                   |                   |
| 17 | Asset impairment losses or write-downs  |                   |                   |                   |                   |                   |
| 18 | Extraordinary charges or expenses (if shown on pre-tax basis)                       |                   |                   |                   |                   |                   |
| 19 | Extraordinary credit or income (if shown on a pre-tax basis)                        |                   |                   |                   |                   |                   |
| 20 | Other operating expenses (Income)   | 2,876.0           | (1,904.0)         | (2,725.0)         | 19,551.0          | (17,745.0)        |
| 21 | Interest expense (Income)   | 13,751.0          | 18,778.0          | 31,239.0          | 26,914.0          | 17,859.0          |
| 22 | Interest capitalized  |                   |                   |                   |                   |                   |
| 23 | Interest income   |                   |                   |                   |                   |                   |
| 24 | Reserve expense (income) (increase in reserves is expense, decrease is income)      |                   |                   |                   |                   |                   |
| 25 | Investment income (Expense) (if shown on pre-tax basis)                             |                   |                   |                   |                   |                   |
| 26 | Gain (loss) on sale of assets or discontinued operation (if shown on pre-tax basis) | 146.0             | (39.0)            | 1,290.0           | 92.0              | 10,240.0          |
| 27 | Remitted income (Expense) or equity earnings (Losses) in affiliates                 |                   |                   |                   |                   |                   |
| 28 | Unremitted income (Expense) or equity earnings (Losses) in affiliates               |                   |                   |                   |                   |                   |
| 29 | Minority interest expense (if shown as pre-tax nonoperating expense)                |                   |                   |                   |                   |                   |
| 30 | Losses on equity investees and other (if shown on pre-tax basis)                    | 3,918.0           | 2,368.0           | 2,166.0           | 124,345.0         | (879.0)           |
| 31 | Other nonoperating income (Expense) (if shown on pre-tax basis)                     | -                 | -                 | -                 | -                 | -                 |
| 32 | Special nonrecurring items income (Expense) (if shown on pre-tax basis)             |                   |                   |                   |                   |                   |
| 33 | Provision for income tax expense (Rebate)   | 2,400.0           | (50,424.0)        | (12,470.0)        | (101,190.0)       | 66,971.0          |
| 34 | Minority interest expense (if shown on after-tax basis)                             | -                 | -                 | -                 | -                 | -                 |
| 35 | Equity in earnings expense (if shown on after-tax basis)                            |                   |                   |                   |                   |                   |
| 36 | Extraordinary items (if shown on after-tax basis)                                   |                   |                   |                   |                   |                   |
| 37 | Discontinued operations (if shown on after-tax basis)                               |                   |                   |                   |                   |                   |
| 38 | Extraordinary items and discontinued operations (if shown on after-tax basis)       | -                 | -                 | -                 | -                 | -                 |
| 39 | Investment gains (Losses) (if shown on after-tax basis)                             | -                 | -                 | -                 | -                 | -                 |
| 40 | All other income (Losses) (if shown on after-tax basis)                             | -                 | -                 | -                 | -                 | -                 |
| 41 | Cumulative effect of accounting changes   |                   |                   |                   |                   |                   |
| 42 | <b>Net income from Actual Sheet</b>   | 28,598.0          | 30,052.0          | (81,445.0)        | (376,980.0)       | 195,550.0         |
| 43 | <b>Calculated net income from Comprehensive Sheet</b>                               | 28,598.0          | 30,052.0          | (81,445.0)        | (376,980.0)       | 195,550.0         |
| 44 | <b>Are if calculated net income is consistent with Actual sheet</b>                 | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         |
| 45 |   |                   |                   |                   |                   |                   |
| 46 |   |                   |                   |                   |                   |                   |
| 47 | <b>Balance Sheet</b>  |                   |                   |                   |                   |                   |
| 48 | <b>Assets</b>   |                   |                   |                   |                   |                   |
| 49 | Cash and equivalents  | 279,459.0         | 266,592.0         | 356,647.0         | 494,192.0         | 476,492.0         |
| 50 | Marketable securities   | -                 | -                 | -                 | -                 | -                 |
| 51 | Notes receivable  | -                 | -                 | -                 | -                 | -                 |
| 52 | Short-term investments or investment securities                                     |                   |                   |                   |                   |                   |

|     | A   | B                  | C                  | D                  | E                  | F                  |
|-----|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 3   | <b>HELIX ENERGY SOLUTIONS GROUP INC</b>                                   | <b>12/31/2018</b>  | <b>12/31/2017</b>  | <b>12/31/2016</b>  | <b>12/31/2015</b>  | <b>12/31/2014</b>  |
| 53  | Accounts receivable   | 119,875.0          | 143,283.0          | 112,153.0          | 96,721.0           | 133,266.0          |
| 54  | Tax refund receivable   |                    |                    |                    |                    |                    |
| 55  | Progress payments   |                    |                    |                    |                    |                    |
| 56  | Prepaid expenses  |                    |                    |                    |                    |                    |
| 57  | Current deferred tax asset  |                    |                    |                    |                    |                    |
| 58  | Inventories   | -                  | -                  | -                  | -                  | -                  |
| 59  | Other nonoperating current assets   |                    |                    |                    |                    |                    |
| 60  | Other operating current assets  | 51,594.0           | 41,768.0           | 53,982.0           | 93,122.0           | 84,515.0           |
| 61  | <b>Total current assets</b>   | <b>450,928</b>     | <b>451,643</b>     | <b>522,782</b>     | <b>684,035</b>     | <b>694,273</b>     |
| 62  |   |                    |                    |                    |                    |                    |
| 63  | Long-term receivables   |                    |                    |                    |                    |                    |
| 64  | Investments in unconsolidated subsidiaries                                |                    |                    |                    |                    |                    |
| 65  | Other investments   |                    |                    |                    |                    |                    |
| 66  | Net property, plant, & equip (PPE)  | 1,826,745.0        | 1,805,989.0        | 1,651,610.0        | 1,603,009.0        | 1,735,384.0        |
| 67  | Goodwill (if shown separately)  |                    |                    |                    |                    |                    |
| 68  | Intangibles (if shown separately)   | -                  | -                  | -                  | 781.0              | 696.0              |
| 69  | Cost in excess of fair value of net assets acquired also called goodwill) |                    |                    |                    |                    |                    |
| 70  | Goodwill and intangibles (if shown combined)                              |                    |                    |                    |                    |                    |
| 71  | Deferred tax asset (Long-term)  |                    |                    |                    |                    |                    |
| 72  | Long-term notes receivable  |                    |                    |                    |                    |                    |
| 73  | Other operating long-term assets  | -                  | -                  | -                  | -                  | -                  |
| 74  | Deferred charges  | -                  | -                  | -                  | -                  | -                  |
| 75  | Deposits  | 70,057.0           | 105,205.0          | 72,549.0           | 124,127.0          | 270,345.0          |
| 76  | Investments & advances to subsidiaries                                    | -                  | -                  | -                  | -                  | -                  |
| 77  | Other nonoperating long-term assets                                       |                    |                    |                    |                    |                    |
| 78  | <b>Total assets from Actual Sheet</b>                                     | <b>2,347,730.0</b> | <b>2,362,837.0</b> | <b>2,246,941.0</b> | <b>2,411,952.0</b> | <b>2,700,698.0</b> |
| 79  | <b>Calculated total assets from Comprehensive Sheet</b>                   | <b>2,347,730.0</b> | <b>2,362,837.0</b> | <b>2,246,941.0</b> | <b>2,411,952.0</b> | <b>2,700,698.0</b> |
| 80  | <b>Check to see if total assets consistent with Actual sheet</b>          | <b>OK</b>          | <b>OK</b>          | <b>OK</b>          | <b>OK</b>          | <b>OK</b>          |
| 81  |   |                    |                    |                    |                    |                    |
| 82  | <b>Liabilities and Equity</b>   |                    |                    |                    |                    |                    |
| 83  | Notes payable   | -                  | -                  | -                  | -                  | -                  |
| 84  | Current portion of long-term debt   | 47,252.0           | 109,861.0          | 67,571.0           | 71,640.0           | 28,144.0           |
| 85  | Current portion of capitalized leases                                     | -                  | -                  | -                  | -                  | -                  |
| 86  | All other short-term debt   |                    |                    |                    |                    |                    |
| 87  | Accounts payable  | 54,813.0           | 81,299.0           | 60,210.0           | 65,370.0           | 83,403.0           |
| 88  | Short-term unearned revenue   |                    |                    |                    |                    |                    |
| 89  | Interest payable (or accrued interest)                                    |                    |                    |                    |                    |                    |
| 90  | Dividends payable   |                    |                    |                    |                    |                    |
| 91  | Short-term deferred taxes   |                    |                    |                    |                    |                    |
| 92  | Taxes payable or accrued taxes  | -                  | -                  | -                  | -                  | -                  |
| 93  | Accrued wages or salary   |                    |                    |                    |                    |                    |
| 94  | Other accrued expenses or accruals  | -                  | -                  | -                  | -                  | -                  |
| 95  | Other nonoperating current liabilities                                    |                    |                    |                    |                    |                    |
| 96  | Other operating current liabilities                                       | 89,423.0           | 74,479.0           | 58,614.0           | 73,902.0           | 114,066.0          |
| 97  | <b>Total current liabilities</b>  | <b>191,488</b>     | <b>265,639</b>     | <b>186,395</b>     | <b>210,912</b>     | <b>225,613</b>     |
| 98  |   |                    |                    |                    |                    |                    |
| 99  | Non-current portion of long-term debt                                     | 393,063.0          | 385,766.0          | 558,396.0          | 689,688.0          | 523,228.0          |
| 100 | Mortgages   | -                  | -                  | -                  | -                  | -                  |
| 101 | Non-current portion of capitalized leases                                 | -                  | -                  | -                  | -                  | -                  |
| 102 | Convertible debt  | -                  | -                  | -                  | -                  | -                  |
| 103 | Any other long-term debt  |                    |                    |                    |                    |                    |
| 104 | Provision for risks and charges   |                    |                    |                    |                    |                    |
| 105 | Reserve accounts  |                    |                    |                    |                    |                    |



|     | A  | B                 | C                 | D                 | E                 | F                 |
|-----|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| 3   | <b>HELIX ENERGY SOLUTIONS GROUP INC</b>  | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b> |
| 106 | Deferred tax liability in untaxed reserves   |                   |                   |                   |                   |                   |
| 107 | Deferred income taxes (Long-term)  | 105,862.0         | 103,349.0         | 167,351.0         | 180,974.0         | 260,275.0         |
| 108 | Deferred income  |                   |                   |                   |                   |                   |
| 109 | Long-term unearned revenue   |                   |                   |                   |                   |                   |
| 110 | Restructuring obligations  |                   |                   |                   |                   |                   |
| 111 | Commitments and contingencies  |                   |                   |                   |                   |                   |
| 112 | Other long-term liabilities  | 39,538.0          | 40,690.0          | 52,985.0          | 51,415.0          | 38,108.0          |
| 113 | Retirement, pension, and health insurance related liabilities  |                   |                   |                   |                   |                   |
| 114 | Minority interest  | -                 | -                 | -                 | -                 | -                 |
| 115 | Nonequity reserves   |                   |                   |                   |                   |                   |
| 116 | Preferred stock  |                   |                   |                   |                   |                   |
| 117 | Common stock (at par)  | 1,617,779.0       | 1,567,393.0       | 1,281,814.0       | 1,278,963.0       | 1,653,474.0       |
| 118 | Common stock capital surplus or paid-in-capital  |                   |                   |                   |                   |                   |
| 119 | Revaluation of reserves  |                   |                   |                   |                   |                   |
| 120 | Other appropriated reserves  |                   |                   |                   |                   |                   |
| 121 | Unappropriated (free) reserves   |                   |                   |                   |                   |                   |
| 122 | Retained earnings  |                   |                   |                   |                   |                   |
| 123 | Equity in untaxed reserves   |                   |                   |                   |                   |                   |
| 124 | ESOP guarantees  |                   |                   |                   |                   |                   |
| 125 | Treasury stock   |                   |                   |                   |                   |                   |
| 126 | Common stock warrants and stock options  |                   |                   |                   |                   |                   |
| 127 | Other equity   |                   |                   |                   |                   |                   |
| 128 | Unrealized gain (loss) on marketable securities  |                   |                   |                   |                   |                   |
| 129 | Accumulated other comprehensive income or cumulative other adj.                                      |                   |                   |                   |                   |                   |
| 130 | Unrealized gain (loss) on foreign exchange   |                   |                   |                   |                   |                   |
| 131 | Cumulative foreign currency translations   |                   |                   |                   |                   |                   |
| 132 | <b>Total shareholder equity from Actual Sheet</b>  | 1,617,779.0       | 1,567,393.0       | 1,281,814.0       | 1,278,963.0       | 1,653,474.0       |
| 133 | <b>lated total shareholder equity from Comprehensive Sheet</b>                                       | 1,617,779.0       | 1,567,393.0       | 1,281,814.0       | 1,278,963.0       | 1,653,474.0       |
| 134 | <b>Check if shareholder total eq. is consistent with Actual sheets</b>                               | OK                | OK                | OK                | OK                | OK                |
| 135 |  |                   |                   |                   |                   |                   |
| 136 | <b>Total Liabilities and Equity from Actual Sheet</b>  | 2,347,730.0       | 2,362,837.0       | 2,246,941.0       | 2,411,952.0       | 2,700,698.0       |
| 137 | <b>ed Total Liabilities and Equity from Comprehensive Sheet</b>                                      | 2,347,730.0       | 2,362,837.0       | 2,246,941.0       | 2,411,952.0       | 2,700,698.0       |
| 138 | <b>if Total Liab. &amp; Eq. consistent with Comprehensive sheet</b>                                  | OK                | OK                | OK                | OK                | OK                |
| 139 |  |                   |                   |                   |                   |                   |
| 140 | <b>Check for balancing of statements</b>   | <b>Balances</b>   | <b>Balances</b>   | <b>Balances</b>   | <b>Balances</b>   | <b>Balances</b>   |
| 141 |  |                   |                   |                   |                   |                   |
| 142 | <b>Required Items: You must supply these inputs in the yellow cells, unless they are truly zero.</b> |                   |                   |                   |                   |                   |
| 143 |  |                   |                   |                   |                   |                   |
| 144 | <b>Required Items from Statement of Cash Flows</b>   |                   |                   |                   |                   |                   |
| 145 | Preferred dividends paid   | -                 | -                 | -                 | -                 | -                 |
| 146 | Common dividends paid  | -                 | -                 | -                 | -                 | -                 |
| 147 | Depreciation of PPE and tangible Assets  | 119,849.0         | 119,587.0         | 172,932.0         | 493,431.0         | 119,811.0         |
| 148 | Amortization of goodwill and intangibles   | -                 | -                 | -                 | -                 | -                 |
| 149 |  |                   |                   |                   |                   |                   |
| 150 | <b>Required Items from Footnotes or Annual Report</b>  |                   |                   |                   |                   |                   |
| 151 | Number of shares outstanding   | 148,203.0         | 147,740.0         | 120,630.0         | 106,289.0         | 105,586.0         |
| 152 |  |                   |                   |                   |                   |                   |
| 153 | <b>Required Items from Financial Statements or User's Judgment</b>                                   |                   |                   |                   |                   |                   |
| 154 | Assumed marginal tax rate  | 7.7%              | 247.5%            | 13.3%             | 21.2%             | 25.5%             |
| 155 |  |                   |                   |                   |                   |                   |

|     | A   | B                 | C                 | D                 | E                 | F                  |
|-----|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| 3   | <b>HELIX ENERGY SOLUTIONS GROUP INC</b>   | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b>  |
|     | <b>Optional Items for Special Accounting</b>  |                   |                   |                   |                   |                    |
|     | <b>Adjustments: If you choose to make any of the special accounting adjustments described in the Chapter 10 Appendix, then you must supply these inputs in the yellow cells; otherwise, just leave them as the default values already here.</b> |                   |                   |                   |                   |                    |
| 156 |   |                   |                   |                   |                   |                    |
| 157 |   |                   |                   |                   |                   |                    |
| 158 | LIFO reserve (from Footnotes of Annual Report)  | -                 | -                 | -                 | -                 | -                  |
| 159 | Interest rate on pension liabilities  | 0%                | 0%                | 0%                | 0%                | 0%                 |
| 160 | Interest rate on operating leases   | 0%                | 0%                | 0%                | 0%                | 0%                 |
| 161 | Capitalized value of operating leases   | -                 | -                 | -                 | -                 | -                  |
| 162 | Stock options (Warrants)  | -                 | -                 | -                 | -                 | -                  |
| 163 | Capitalized operating costs   | -                 | -                 | -                 | -                 | -                  |
| 164 | Special goodwill impairment or accounting change  | -                 | -                 | -                 | -                 | -                  |
| 165 |   |                   |                   |                   |                   |                    |
|     | <b>Statement of Cash Flows (Calculated from the Income Sheet and Balance Sheets shown above.</b>  |                   |                   |                   |                   |                    |
| 166 |   |                   |                   |                   |                   |                    |
| 167 | <b>Operating Activities</b>   |                   |                   |                   |                   |                    |
| 168 | Net income  | 28,598.0          | 30,052.0          | (81,445.0)        | (376,980.0)       | 195,550.0          |
| 169 | Adjustments for reconciliation of RE account  | (28,598)          | (30,052)          | 81,445            | 376,980           | (195,550)          |
| 170 | Depreciation and amortization   | 119,849.0         | 119,587.0         | 172,932.0         | 493,431.0         | 119,811.0          |
| 171 | Change in deferred tax  | 2,513             | (64,002)          | (13,623)          | (79,301)          | 260,275            |
| 172 | Change in operating current assets  | 13,582.0          | (18,916.0)        | 23,708.0          | 27,938.0          | (217,781.0)        |
| 173 | Change in operating current liabilities   | (11,542)          | 36,954            | (20,448)          | (58,197)          | 197,469            |
| 174 | <b>Net cash from operating activities</b>   | <b>124,402</b>    | <b>73,623</b>     | <b>162,569</b>    | <b>383,871</b>    | <b>359,774</b>     |
| 175 |   |                   |                   |                   |                   |                    |
| 176 | <b>Investing Activities</b>   |                   |                   |                   |                   |                    |
| 177 | Investment in PPE   | (140,605)         | (273,966)         | (221,533)         | (361,056)         | (1,855,195)        |
| 178 | Investment in other long-term oper. ass.  | -                 | -                 | 781               | (85)              | (696)              |
| 179 | <b>Net cash from investing activities</b>   | <b>(140,605)</b>  | <b>(273,966)</b>  | <b>(220,752)</b>  | <b>(361,141)</b>  | <b>(1,855,891)</b> |
| 180 |   |                   |                   |                   |                   |                    |
| 181 | <b>Financing Activities</b>   |                   |                   |                   |                   |                    |
| 182 | Changes in short-term investments   | -                 | -                 | -                 | -                 | -                  |
| 183 | Changes in long-term investments  | 35,148            | (32,656)          | 51,578            | 146,218           | (270,345)          |
| 184 | Changes in all short-term debt  | (62,609)          | 42,290            | (4,069)           | 43,496            | 28,144             |
| 185 | Changes in all long-term debt   | 7,297             | (172,630)         | (131,292)         | 166,460           | 523,228            |
| 186 | Changes in all other long-term liabilities  | (1,152)           | (12,295)          | 1,570             | 13,307            | 38,108             |
| 187 | Change in preferred stock   | -                 | -                 | -                 | -                 | -                  |
| 188 | Change in Par + PIC   | 50,386            | 285,579           | 2,851             | (374,511)         | 1,653,474          |
| 189 | Change in common stock warrants and stock options   | -                 | -                 | -                 | -                 | -                  |
| 190 | Change in treasury and cumulative adjustments   | -                 | -                 | -                 | -                 | -                  |
| 191 | Preferred dividends   | -                 | -                 | -                 | -                 | -                  |
| 192 | Common dividends  | -                 | -                 | -                 | -                 | -                  |
| 193 | <b>Net cash from financing activities</b>   | <b>29,070</b>     | <b>110,288</b>    | <b>(79,362)</b>   | <b>(5,030)</b>    | <b>1,972,609</b>   |
| 194 |   |                   |                   |                   |                   |                    |
| 195 | <b>Net cash flow</b>  | <b>12,867</b>     | <b>(90,055)</b>   | <b>(137,545)</b>  | <b>17,700</b>     | <b>476,492</b>     |
| 196 | Starting cash from balance sheet  | 266,592           | 356,647           | 494,192           | 476,492           | -                  |
| 197 | Ending cash   | 279,459           | 266,592           | 356,647           | 494,192           | 476,492            |

|     | A  | B                 | C                 | D                 | E                 | F                 |
|-----|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| 3   | <b>HELIX ENERGY SOLUTIONS GROUP INC</b>                                      | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
| 198 | <a href="#">click to see if ending cash is consistent with balance sheet</a> | OK                | OK                | OK                | OK                | OK                |

# Cost of Capital

**Enter inputs in yellow cells.**

**Key Output of Valuation:**

**Inputs to Estimate WACC**

Input

**Enter Current Market Value for Equity**

Current stock price \$6.14

Number of shares common stock outstanding 148,203

Market value of common stock \$909,966

**Enter Current Market Value for Long-Term Debt**

Estimated value of long-term debt \$393,063

**Enter Current Market Value for Short-Term Debt**

Estimated value of short-term debt \$47,252

**Enter Current Market Value for Preferred Stock**

Estimated value of preferred stock \$0

**Estimate Percent of Firm that will be Financed by Long-term Deb**

Current percent of firm financed with long-term debt 29.11%

Target percent financed with long-term debt= 52%

**Estimate Percent of Firm that will be Financed by Preferred Stock**

Current percent of firm financed with preferred stock 0.00%

Target percent financed with preferred stock = 0.00%

**Estimate Percent of Firm that will be Financed by Short-term Debt**

Current percent of firm financed with short-term debt 3.50%

Target percent financed with short-term debt = -11.89%

### Estimate Cost of Equity

|                       |               |
|-----------------------|---------------|
| Beta=                 | 1.38          |
| Risk-free rate=       | 4.85%         |
| Market risk premium = | 5.07%         |
| Cost of equity=       | <b>11.85%</b> |

### Estimate Cost of Long-term Debt

|                                   |       |
|-----------------------------------|-------|
| Bond rating for company's debt    | Aa3   |
| Spread for bond rating            | 0.67% |
| Tax rate=                         | 26.0% |
| Cost of long-term debt=           | 5.52% |
| After-tax cost of long-term debt= | 4.08% |

### Inputs to Estimate Cost of Preferred Stock

|  |       |
|--|-------|
| Yield on preferred stock                                 | 0.00% |
| Current coupon rate (preferred dividend/preferred stock) | 0.00% |
| Cost of preferred stock =                                | 0.00% |

### Inputs to Estimate Cost of Short-term Debt

|                                   |       |
|-----------------------------------|-------|
| Prime rate                        | 5.52% |
| Adjustment to prime               | 0.00% |
| Cost of short-term debt           | 5.52% |
| After-tax cost of short-term debt | 4.08% |

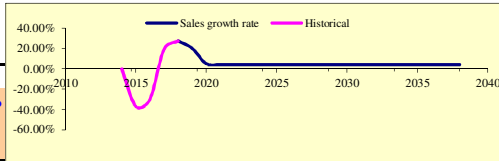
|                       |              |
|-----------------------|--------------|
| <b>Estimated WACC</b> | <b>8.74%</b> |
|-----------------------|--------------|

**Inputs for Projections and Valuation**

**Enter inputs in yellow cells.**

**Key Output of Valuation:**

|                                |   |          |
|--------------------------------|---|----------|
| Projected ROIC at horizon      | = | 11.5%    |
| Estimated price for 12/31/2018 | = | \$ 8.26  |
| Estimated price for 12/31/2023 | = | \$ 12.98 |



**Inputs** 2019 2020 2021 2022 2023

Number of years historical data analyzed

**Historical Values for Ratios Used to Project**

| Financial Statements  | Average | Trend   | Most Recent | Starting rate | Long Term rate | Time until long term (years) | Fade Rate | graph       | 2019   | 2020   | 2021   | 2022   | 2023   |
|---|---------|---------|-------------|---------------|----------------|------------------------------|-----------|-------------|--------|--------|--------|--------|--------|
| <b>Ratios to calculate operating profit</b>                           |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Sales growth rate   | -5.1%   | 55.4%   | 27.3%       | 20.0%         | 4.2%           | 6                            | 3.00      | ● Sales g   | 20.0%  | 5.0%   | 4.2%   | 4.2%   | 4.2%   |
| COGS / Sales  | 64.7%   | 71.4%   | 67.4%       | 67.4%         | 67.0%          | 10                           | 0.00      | ○ CGS       | 67.4%  | 67.3%  | 67.3%  | 67.2%  | 67.2%  |
| SGA / Sales   | 10.2%   | 12.0%   | 9.9%        | 9.9%          | 21.0800%       | 10                           | 0.10      | ○ SGA       | 9.9%   | 11.6%  | 13.1%  | 14.5%  | 15.7%  |
| Depreciation / Net PPE  | 12.3%   | 4.8%    | 6.6%        | 6.6%          | 6.6%           | 10                           | 0.10      | ○ Depr      | 6.6%   | 6.6%   | 6.6%   | 6.6%   | 6.6%   |
| <b>Ratios to calculate operating capital</b>                          |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Cash / Sales  | 54.2%   | 43.5%   | 37.8%       | 1.0%          | 0.5%           | 10                           | 0.10      | ○ Cash      | 1.0%   | 0.9%   | 0.9%   | 0.8%   | 0.7%   |
| Inventory/ Sales  | 0.0%    | 0.0%    | 0.0%        | 0.0%          | 14.0%          | 10                           | 0.10      | ○ Invty     | 0.0%   | 2.1%   | 4.0%   | 5.7%   | 7.3%   |
| Accts. rec. / Sales   | 18.0%   | 23.7%   | 16.2%       | 16.2%         | 16.2%          | 10                           | 0.10      | ○ AcctRec   | 16.2%  | 16.2%  | 16.2%  | 16.2%  | 16.2%  |
| Other short term operating assets/Sales                               | 10.6%   | 3.5%    | 7.0%        | 7.0%          | 7.0%           | 10                           | 0.10      | ○ Othr STA  | 7.0%   | 7.0%   | 7.0%   | 7.0%   | 7.0%   |
| Net PPE / Sales   | 256.7%  | 334.9%  | 246.9%      | 246.9%        | 29.0%          | 10                           | 0.10      | ○ Net PPE   | 246.9% | 214.1% | 184.4% | 157.6% | 133.3% |
| Other long-term op. A. / Sales  | 17.0%   | 8.0%    | 9.5%        | 9.5%          | 9.5%           | 10                           | 0.10      | ○ Othr LTA  | 9.5%   | 9.5%   | 9.5%   | 9.5%   | 9.5%   |
| Accts. pay. / Sales   | 10.1%   | 11.4%   | 7.4%        | 7.4%          | 7.4%           | 10                           | 0.10      | ○ Acct Pay  | 7.4%   | 7.4%   | 7.4%   | 7.4%   | 7.4%   |
| Accruals / Sales  | 0.0%    | 0.0%    | 0.0%        | 0.0%          | 0.0%           | 10                           | 0.10      | ○ Accruals  | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other current liabilities / Sales                                     | 11.6%   | 13.3%   | 12.1%       | 12.1%         | 12.1%          | 10                           | 0.10      | ○ Othr CL   | 12.1%  | 12.1%  | 12.1%  | 12.1%  | 12.1%  |
| <b>Ratios to calculate operating taxes</b>                            |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Deferred taxes/Net PPE  | 9.6%    | 2.4%    | 5.8%        | 5.8%          | 5.8%           | 10                           | 0.10      | ○ Def Tax   | 5.8%   | 5.8%   | 5.8%   | 5.8%   | 5.8%   |
| Average tax rate (Taxes/EBT)  | 63.0%   | 120.3%  | 7.7%        | 38.6%         | 38.6%          | 10                           | 0.10      | ○ Avg Tax   | 38.6%  | 38.6%  | 38.6%  | 38.6%  | 38.6%  |
| Marginal tax rate   | 63.0%   | 120.3%  | 7.7%        | 38.6%         | 38.6%          | 10                           | 0.10      | ○ Marg Tax  | 38.6%  | 38.6%  | 38.6%  | 38.6%  | 38.6%  |
| <b>Dividend and debt ratios</b>                                       |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Dividend policy: growth rate  | #N/A    | #VALUE! | #N/A        | 24.00%        | 4.20%          | 20                           | -0.30     | ○ Div g     | 24.0%  | 24.0%  | 24.0%  | 23.9%  | 23.9%  |
| Long-term debt / market value of firm                                 | #N/A    | #N/A    | 29.11%      | 1.9355%       | 51.89%         | 15                           | 0.10      | ○ LTD/MV    | 1.9%   | 8.1%   | 13.6%  | 18.6%  | 23.1%  |
| Preferred stock / market value of firm                                | #N/A    | #N/A    | #N/A        | 0.00%         | 0.00%          | 1                            | 0.00      | ○ PFS/MV    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Coupon rate on preferred stock  | #N/A    | #N/A    | #N/A        | 0.00%         | 0.00%          | 1                            | 0.00      | ○ PFS Cpn   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Permanent component of short-term debt / market value of firm         | #N/A    | #N/A    | #N/A        | 3.50%         | -11.89%        | 1                            | 0.00      | ○ Perm STD  | 3.5%   | -11.9% | -11.9% | -11.9% | -11.9% |
| <b>Ratios to calculate rest of income statement and balance sheet</b> |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Nonop. inc. / Sales   | -3.83%  | 1.04%   | -0.53%      | -0.53%        | -0.53%         | 10                           | 0.10      | ○ N-OP Inc  | -0.53% | -0.53% | -0.53% | -0.53% | -0.53% |
| Extr. inc. / Sales  | 0.19%   | -0.21%  | 0.02%       | 0.02%         | 0.02%          | 10                           | 0.10      | ○ Ex Inc    | 0.02%  | 0.02%  | 0.02%  | 0.02%  | 0.02%  |
| Long-term investments / Sales   | 0.00%   | 0.00%   | 0.00%       | 0.00%         | 0.00%          | 10                           | 0.10      | ○ LT Inv    | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| Other long-term liab. / Sales   | 6.81%   | 7.83%   | 5.34%       | 5.34%         | 5.34%          | 10                           | 0.10      | ○ Othr LT L | 5.34%  | 5.34%  | 5.34%  | 5.34%  | 5.34%  |
| <b>Interest rates</b>   |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Interest rate on cash   |         |         |             | 0.00%         | 0.00%          | 10                           | 0.10      | ○ Cash Int  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| Interest rate on short-term invest.                                   |         |         |             | 1.30%         | 5.00%          | 10                           | 0.10      | ○ STInv Int | 1.30%  | 1.86%  | 2.36%  | 2.82%  | 3.23%  |
| Interest rate on all current debt                                     |         |         |             | 4.25%         | 4.25%          | 10                           | 0.10      | ○ Cur D Int | 4.25%  | 4.25%  | 4.25%  | 4.25%  | 4.25%  |
| Interest rate on long-term debt                                       |         |         |             | 5.375%        | 5.52%          | 3                            | -1.00     | ○ LT D Int  | 5.38%  | 5.39%  | 5.42%  | 5.52%  | 5.52%  |
| <b>Cost of Capital and L-T ROIC</b>                                   |         |         |             |               |                |                              |           |             |        |        |        |        |        |
| Weighted Average Cost of Capital (WACC)                               |         |         |             | 8.74%         |                |                              |           |             |        |        |        |        |        |
| Long-term return on invested capital                                  |         |         |             | 10.00%        |                |                              |           |             |        |        |        |        |        |

Target valuation date 12/31/2023

## Projections and Valuation

|   |            |   |    |       |
|---|------------|---|----|-------|
| Estimated price for most recent fiscal year | 12/31/2018 | = | \$ | 8.26  |
| Estimated price for target date             | 12/31/2023 | = | \$ | 12.98 |

|   | Most Recent<br>12/31/18 | Projected<br>12/31/19 | Projected<br>12/31/20 | Projected<br>12/31/21 | Projected<br>12/31/22 | Projected<br>12/31/23 |
|---|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Income Statement (\$ Thousands)</b>          |                         |                       |                       |                       |                       |                       |
| Sales   | \$ 739,818              | \$ 887,782            | \$ 932,052            | \$ 971,563            | \$ 1,012,388          | \$ 1,054,909          |
| Costs of goods sold (COGS)                      | 498,285                 | 597,942               | 627,431               | 653,686               | 680,797               | 709,019               |
| Sales, general and administrative expense (SGA) | 73,163                  | 87,796                | 107,876               | 127,259               | 146,571               | 165,893               |
| Depreciation                                    | 119,849                 | 143,819               | 130,929               | 117,558               | 104,657               | 92,232                |
| Operating profit                                | \$ 48,521               | \$ 58,225             | \$ 65,816             | \$ 73,060             | \$ 80,363             | \$ 87,765             |
| Interest expense                                | 13,751                  | 23,135                | 21,954                | 15,383                | 8,147                 | 9,138                 |
| Interest income                                 | 0                       | 0                     | 0                     | 0                     | 0                     | 6,588                 |
| Nonoperating income (Expense)                   | (3,918)                 | (4,702)               | (4,936)               | (5,145)               | (5,362)               | (5,587)               |
| Earnings before taxes (EBT)                     | \$ 30,852               | \$ 30,388             | \$ 38,926             | \$ 52,531             | \$ 66,854             | \$ 79,629             |
| Tax expense                                     | 2,389                   | 11,730                | 15,026                | 20,277                | 25,806                | 30,737                |
| Net income before extraordinary items           | \$ 28,463               | \$ 18,658             | \$ 23,901             | \$ 32,254             | \$ 41,048             | \$ 48,892             |
| After-tax extraordinary income (Expense)        | 135                     | 162                   | 170                   | 177                   | 184                   | 192                   |
| <b>Net income (NI)</b>                          | <b>\$ 28,598</b>        | <b>\$ 18,820</b>      | <b>\$ 24,070</b>      | <b>\$ 32,431</b>      | <b>\$ 41,233</b>      | <b>\$ 49,084</b>      |
| Dividends-- preferred                           | \$ 0                    | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  |
| Dividends-- common                              | \$ 0                    | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  | \$ 0                  |
| Additions to RE                                 | \$ 28,598               | \$ 18,820             | \$ 24,070             | \$ 32,431             | \$ 41,233             | \$ 49,084             |
| <b>Balance Sheets (\$ Thousands)</b>            |                         |                       |                       |                       |                       |                       |
|   | 12/31/18                | 12/31/19              | 12/31/20              | 12/31/21              | 12/31/22              | 12/31/23              |
| <b>Assets</b>                                   |                         |                       |                       |                       |                       |                       |
| Cash  | \$ 279,459              | \$ 8,878              | \$ 8,619              | \$ 8,323              | \$ 8,048              | \$ 7,798              |
| Inventory                                       | 0                       | 0                     | 19,644                | 39,005                | 58,114                | 77,026                |
| Accounts receivable                             | 119,875                 | 143,850               | 151,023               | 157,425               | 164,040               | 170,930               |
| Other short-term operating assets               | 51,594                  | 61,913                | 65,000                | 67,756                | 70,603                | 73,568                |
| Short-term investments                          | 0                       | 0                     | 0                     | 0                     | 203,992               | 481,742               |
| <b>Total current assets</b>                     | <b>\$ 450,928</b>       | <b>\$ 214,641</b>     | <b>\$ 244,287</b>     | <b>\$ 272,509</b>     | <b>\$ 504,797</b>     | <b>\$ 811,064</b>     |
| Net plant, property, & equipment (PPE)          | 1,826,745               | 2,192,094             | 1,995,632             | 1,791,826             | 1,595,194             | 1,405,812             |
| Other long-term operating assets                | 70,057                  | 84,068                | 88,261                | 92,002                | 95,868                | 99,895                |
| Long-term investments                           | 0                       | 0                     | 0                     | 0                     | 0                     | 0                     |
| <b>Total Assets</b>                             | <b>\$ 2,347,730</b>     | <b>\$ 2,490,803</b>   | <b>\$ 2,328,179</b>   | <b>\$ 2,156,337</b>   | <b>\$ 2,195,859</b>   | <b>\$ 2,316,771</b>   |
| <b>Liabilities and Equity</b>                   |                         |                       |                       |                       |                       |                       |
| Accounts payable (AP)                           | \$ 54,813               | \$ 65,776             | \$ 69,056             | \$ 71,983             | \$ 75,008             | \$ 78,158             |

|  |                     |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Accruals   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Other operating current liabilities                | 89,423              | 107,308             | 112,659             | 117,434             | 122,369             | 127,509             |
| All short-term debt                                | 47,252              | 469,609             | 169,587             | (128,397)           | (208,342)           | (200,736)           |
| <b>Total current liabilities</b>                   | <b>\$ 191,488</b>   | <b>\$ 642,692</b>   | <b>\$ 351,301</b>   | <b>\$ 61,021</b>    | <b>\$ (10,965)</b>  | <b>\$ 4,930</b>     |
| Long-term debt                                     | 393,063             | 37,032              | 150,748             | 246,455             | 325,943             | 390,577             |
| Deferred taxes                                     | 105,862             | 127,034             | 115,649             | 103,838             | 92,443              | 81,468              |
| Preferred stock                                    | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Other long-term liabilities                        | 39,538              | 47,446              | 49,812              | 51,923              | 54,105              | 56,377              |
| <b>Total liabilities</b>                           | <b>\$ 729,951</b>   | <b>\$ 854,204</b>   | <b>\$ 667,510</b>   | <b>\$ 463,237</b>   | <b>\$ 461,526</b>   | <b>\$ 533,353</b>   |
| Par plus PIC Less treasury (and other adjustments) | 1,822,004           | 1,822,004           | 1,822,004           | 1,822,004           | 1,822,004           | 1,822,004           |
| Retained earnings (RE)                             | (204,225)           | (185,405)           | (161,335)           | (128,904)           | (87,671)            | (38,587)            |
| <b>Total common equity</b>                         | <b>\$ 1,617,779</b> | <b>\$ 1,636,599</b> | <b>\$ 1,660,669</b> | <b>\$ 1,693,100</b> | <b>\$ 1,734,333</b> | <b>\$ 1,783,417</b> |
| <b>Total liabilities and equity</b>                | <b>\$ 2,347,730</b> | <b>\$ 2,490,803</b> | <b>\$ 2,328,179</b> | <b>\$ 2,156,337</b> | <b>\$ 2,195,859</b> | <b>\$ 2,316,771</b> |

### Info for making the sheets balance

|                             |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Specified assets            | 2,490,803      | 2,328,179      | 2,156,337      | 1,991,867      | 1,835,029      |
| Specified liabilities       | 2,088,150      | 1,936,064      | 2,069,133      | 2,195,859      | 2,316,771      |
| Net required financing      | 402,653        | 392,116        | 87,204         | (203,992)      | (481,742)      |
| Current debt                | 402,653        | 392,116        | 87,204         | 0              | 0              |
| Short-term investments      | 0              | 0              | 0              | 203,992        | 481,742        |
| <b>Balance check: TA-TL</b> | <b>Balance</b> | <b>Balance</b> | <b>Balance</b> | <b>Balance</b> | <b>Balance</b> |

### Valuation

#### **Calculating Projected FCF**

|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Marginal tax rate                           | 7.7%      | 38.6%     | 38.6%     | 38.6%     | 38.6%     | 38.6%     |
| Reported income tax expense                 | 2,389     | 11,730    | 15,026    | 20,277    | 25,806    | 30,737    |
| Taxes reported but not paid                 | 2,513     | 21,172    | (11,385)  | (11,811)  | (11,395)  | (10,975)  |
| Actual taxes paid                           | (124)     | (9,443)   | 26,411    | 32,088    | 37,201    | 41,712    |
| Plus tax saved due to net interest expenses | 1,065     | 8,930     | 8,474     | 5,938     | 3,145     | 984       |
| Minus tax paid on non-operating income      | (303)     | (1,815)   | (1,905)   | (1,986)   | (2,070)   | (2,156)   |
| Tax on operating income                     | 1,244     | 1,303     | 36,790    | 40,012    | 42,415    | 44,852    |
| Net operating profit after taxes (NOPAT)    | 47,277    | 56,923    | 29,026    | 33,048    | 37,948    | 42,913    |
| NOPAT adjusted for extraordinary income     | 47,412    | 57,084    | 29,196    | 33,225    | 38,132    | 43,105    |
| Operating current assets                    | 450,928   | 214,641   | 244,287   | 272,509   | 300,805   | 329,322   |
| Operating current liabilities               | 144,236   | 173,083   | 181,714   | 189,417   | 197,377   | 205,667   |
| Net operating working capital               | 306,692   | 41,557    | 62,572    | 83,091    | 103,429   | 123,656   |
| Operating long term capital                 | 1,896,802 | 2,276,162 | 2,083,893 | 1,883,828 | 1,691,062 | 1,505,707 |



|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating capital (adjusted for any special asset impairment of acc | 2,203,494 | 2,317,720 | 2,146,465 | 1,966,920 | 1,794,490 | 1,629,362 |
| Investment in operating capital                                     | (3,565)   | 114,226   | (171,255) | (179,545) | (172,429) | (165,128) |
| Free cash flow (including extraordinary income)                     | 50,977    | (57,142)  | 200,450   | 212,770   | 210,561   | 208,233   |

### Calculating Projected ROIC

|                                 |      |      |      |      |      |      |
|---------------------------------|------|------|------|------|------|------|
| ROIC (NOPAT/ Beginning capital) | 2.1% | 2.6% | 1.3% | 1.5% | 1.9% | 2.4% |
|---------------------------------|------|------|------|------|------|------|

### Projected Growth Rates

|                             |  |         |         |       |       |       |
|-----------------------------|--|---------|---------|-------|-------|-------|
| Growth in Sales             |  | 20.0%   | 5.0%    | 4.2%  | 4.2%  | 4.2%  |
| Growth in NOPAT             |  | 20.4%   | -48.9%  | 13.8% | 14.8% | 13.0% |
| Growth in operating capital |  | 5.2%    | -7.4%   | -8.4% | -8.8% | -9.2% |
| Growth in FCF               |  | -212.1% | -450.8% | 6.1%  | -1.0% | -1.1% |

### Calculating Value

|  |                |                |                 |                 |                 |                 |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| WACC   | 8.74%          | 8.74%          | 8.74%           | 8.74%           | 8.74%           | 8.74%           |
| Assumed long-term return on invested capital                           |                |                |                 |                 |                 |                 |
| Horizon value  |                |                |                 |                 |                 |                 |
| Value of operations  | 1,634,762      | 1,834,812      | 1,794,759       | 1,738,885       | 1,680,334       | 1,618,994       |
| Value of operations adjusted for half-year convention                  | 1,704,719      | 1,913,331      | 1,871,563       | 1,813,298       | 1,752,242       | 1,688,277       |
| Value of investments   | 0              | 0              | 0               | 0               | 203,992         | 481,742         |
| Total value of firm  | 1,704,719      | 1,913,331      | 1,871,563       | 1,813,298       | 1,956,234       | 2,170,019       |
| Value of all debt, preferred stock, and other nonoperating liabilities | 479,853        | 554,086        | 370,146         | 169,981         | 171,706         | 246,218         |
| Value of equity  | 1,224,866      | 1,359,244      | 1,501,417       | 1,643,317       | 1,784,528       | 1,923,800       |
| Number of shares   | 148,203        | 148,203        | 148,203         | 148,203         | 148,203         | 148,203         |
| <b>Estimated price per share, end of fiscal year</b>                   | <b>\$ 8.26</b> | <b>\$ 9.17</b> | <b>\$ 10.13</b> | <b>\$ 11.09</b> | <b>\$ 12.04</b> | <b>\$ 12.98</b> |

### Price per share on target date

|   |            |
|---|------------|
| Most recent actual fiscal year end  | 12/31/2018 |
| Target valuation date   | 12/31/2023 |
| Most recent fiscal year-end prior to target date                                  | 12/31/2023 |
| Number of days from target to fiscal year-end prior to target                     | 0.00       |
| Value of operations on target date  | 1,688,277  |
| Value of investments on target date   | 481,742    |
| Total value of firm on target date  | 2,170,019  |
| Value of debt, preferred stock, and other nonoperating liabilities on target date | 246,218    |
| Value of equity on target date  | 1,923,800  |
| Number of shares on target date   | 148,203    |

Price per share, target date \$ 12.98

### Selected Projected Ratios and Other Data

|                                    |           |           |           |           |           |           |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Projected economic profit (EP)     | 47,412    | (135,542) | (173,417) | (154,417) | (133,814) | (113,768) |
| Projected market value added (MVA) | (498,775) | (404,389) | (274,902) | (153,622) | (42,248)  | 58,915    |
| Price/earnings ratio (P/E ratio)   | 42.8      | 72.2      | 62.4      | 50.7      | 43.3      | 39.2      |
| Market to book ratio               | 0.8       | 0.8       | 0.9       | 1.0       | 1.0       | 1.1       |
| Value/EBITDA ratio                 | 10.1      | 9.5       | 9.5       | 9.5       | 10.6      | 12.1      |
| Value/Sales ratio                  | 2.3       | 2.2       | 2.0       | 1.9       | 1.9       | 2.1       |
| Times-interest-earned ratio        | 3.5       | 2.5       | 3.0       | 4.7       | 9.9       | 34.4      |
| Long-term debt/value of operations |           | 1.9%      | 8.1%      | 13.6%     | 18.6%     | 23.1%     |

### Statement of Cash Flows

#### Operating Activities

|   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net income                                  | \$ 28,598         | \$ 18,820         | \$ 24,070         | \$ 32,431         | \$ 41,233         | \$ 49,084         |
| Depreciation                                | 119,849           | 143,819           | 130,929           | 117,558           | 104,657           | 92,232            |
| Change in deferred tax                      | 2,513             | 21,172            | (11,385)          | (11,811)          | (11,395)          | (10,975)          |
| Change in inventory                         | 0                 | 0                 | (19,644)          | (19,361)          | (19,109)          | (18,912)          |
| Change in accounts receivable               | 23,408            | (23,975)          | (7,173)           | (6,402)           | (6,615)           | (6,890)           |
| Change in other short-term operating assets | (9,826)           | (10,319)          | (3,087)           | (2,755)           | (2,847)           | (2,965)           |
| Change in accounts payable                  | (26,486)          | 10,963            | 3,280             | 2,927             | 3,025             | 3,150             |
| Change in accruals                          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Change in other current liabilities         | 14,944            | 17,885            | 5,351             | 4,776             | 4,935             | 5,140             |
| <b>Net cash from operating activities</b>   | <b>\$ 153,000</b> | <b>\$ 178,365</b> | <b>\$ 122,341</b> | <b>\$ 117,363</b> | <b>\$ 113,884</b> | <b>\$ 109,865</b> |

#### Investing Activities

|   |                     |                     |                  |                  |                  |                  |
|---|---------------------|---------------------|------------------|------------------|------------------|------------------|
| Investment in PPE                         | \$ (140,605)        | \$ (509,168)        | \$ 65,532        | \$ 86,248        | \$ 91,975        | \$ 97,149        |
| Investment in other long-term oper. ass.  | 35,148              | (14,011)            | (4,192)          | (3,742)          | (3,866)          | (4,027)          |
| <b>Net cash from investing activities</b> | <b>\$ (105,457)</b> | <b>\$ (523,179)</b> | <b>\$ 61,340</b> | <b>\$ 82,506</b> | <b>\$ 88,109</b> | <b>\$ 93,123</b> |

#### Financing Activities

|                                       |          |           |           |           |              |              |
|---------------------------------------|----------|-----------|-----------|-----------|--------------|--------------|
| Change in short-term investments      | \$ 0     | \$ 0      | \$ 0      | \$ 0      | \$ (203,992) | \$ (277,750) |
| Change in long-term investments       | 0        | 0         | 0         | 0         | 0            | 0            |
| Change in short-term debt             | (62,609) | 422,357   | (300,022) | (297,984) | (79,945)     | 7,605        |
| Change in long-term debt              | 7,297    | (356,031) | 113,716   | 95,707    | 79,488       | 64,634       |
| Preferred dividends                   | 0        | 0         | 0         | 0         | 0            | 0            |
| Change in preferred stock             | 0        | 0         | 0         | 0         | 0            | 0            |
| Change in other long-term liabilities | (1,152)  | 7,908     | 2,366     | 2,112     | 2,182        | 2,272        |
| Change in common stock (Par + PIC)    | 21,788   | 0         | 0         | 0         | 0            | 0            |
| Common dividends                      | 0        | 0         | 0         | 0         | 0            | 0            |

|   |    |                |    |                |    |              |    |              |    |              |    |              |
|---|----|----------------|----|----------------|----|--------------|----|--------------|----|--------------|----|--------------|
| <b>Net cash from financing activities</b> | \$ | (34,676)       | \$ | 74,233         | \$ | (183,940)    | \$ | (200,165)    | \$ | (202,267)    | \$ | (203,237)    |
| <b>Net cash flow</b>                      | \$ | 12,867         | \$ | (270,581)      | \$ | (259)        | \$ | (296)        | \$ | (274)        | \$ | (250)        |
| Starting cash                             |    | <u>266,592</u> |    | <u>279,459</u> |    | <u>8,878</u> |    | <u>8,619</u> |    | <u>8,323</u> |    | <u>8,048</u> |
| Ending cash                               | \$ | <u>279,459</u> | \$ | <u>8,878</u>   | \$ | <u>8,619</u> | \$ | <u>8,323</u> | \$ | <u>8,048</u> | \$ | <u>7,798</u> |

| <b>HELIX ENERGY SOLUTIONS</b>   |   |              |              |              |              |                |
|---|---|--------------|--------------|--------------|--------------|----------------|
| <b>Analysis of Historical Financial Statements</b><br>Enter inputs in yellow cells for comparative analysis.<br><br>Click "buttons" in column B to change graph.<br><br>Number of years of historical data you want to analyze (3 to 10 years). |   | 12/31/18     | 12/31/17     | 12/31/16     | 12/31/15     | 12/31/14       |
|   |   | 2018         | 2017         | 2016         | 2015         | 2014           |
| <b>Historical Free Cash Flow (FCF)</b>  |   |              |              |              |              |                |
| Assumed marginal tax rate   |   | 8%           | 248%         | 13%          | 21%          | 26%            |
| Reported income tax expense   |   | 2,389        | (50,327)     | (12,641)     | (101,209)    | 64,359         |
| Taxes reported but not paid   |   | 2,513        | (64,002)     | (13,623)     | (79,301)     | 260,275        |
| Actual taxes paid   |   | (124)        | 13,675       | 982          | (21,908)     | (195,916)      |
| Plus tax saved due to net interest expenses   |   | 1,065        | 46,479       | 4,148        | 5,696        | 4,556          |
| Minus tax paid on non-operating income  |   | (303)        | (5,861)      | (288)        | (26,314)     | 224            |
| Tax on operating income   |   | 1,244        | 66,014       | 5,417        | 10,101       | (191,585)      |
| Net operating profit after taxes (NOPAT)  |   | 47,277       | (65,201)     | (67,217)     | (337,104)    | 460,846        |
| NOPAT/Sales   | <input type="radio"/> NOPAT/Sales       | 6.4%         | -11.2%       | -13.8%       | -48.4%       | 41.6%          |
| NOPAT adjusted for extraordinary income   |   | 47,412       | (65,144)     | (66,099)     | (337,031)    | 468,473        |
| Operating current assets  |   | 450,928      | 451,643      | 522,782      | 684,035      | 694,273        |
| Operating current liabilities   |   | 144,236      | 155,778      | 118,824      | 139,272      | 197,469        |
| Net operating working capital   |   | 306,692      | 295,865      | 403,958      | 544,763      | 496,804        |
| Operating long term capital   |   | 1,896,802    | 1,911,194    | 1,724,159    | 1,727,917    | 2,006,425      |
| Operating capital (adjusted for any special asset impairment of accounting changes)   |   | 2,203,494    | 2,207,059    | 2,128,117    | 2,272,680    | 2,503,229      |
| Operating capital/Sales   | <input type="radio"/> Op. Capital/Sales | 297.8%       | 379.6%       | 436.5%       | 326.6%       | 226.1%         |
| Investment in operating capital   |   | (3,565)      | 78,942       | (144,563)    | (230,549)    | 2,503,229      |
| Free cash flow from ongoing operations  | <input type="radio"/> FCF               | 50,842       | (144,143)    | 77,346       | (106,555)    | (2,042,383)    |
| Free cash flow (including extraordinary income)   |   | \$ 50,977    | \$ (144,086) | \$ 78,464    | \$ (106,482) | \$ (2,034,756) |
| <b>Historical Return on Invested Capital</b>  |   |              |              |              |              |                |
| ROIC (NOPAT/ Beginning capital)   | <input type="radio"/> ROIC              | 2.1%         | -3.1%        | -3.0%        | -13.5%       | #DIV/0!        |
| <b>Historical Economic Profit</b>   |   |              |              |              |              |                |
| Historical weighted average costs of capital  |   | 8.0%         | 9.0%         | 10.0%        | 10.0%        | 10.0%          |
| Economic profit   | <input type="radio"/> Econ. Prof.       | \$ (129,153) | \$ (256,674) | \$ (293,367) | \$ (587,354) | \$ 468,473     |

| <b>Traditional Ratio Analysis: Fill in yellow cells with ratios for industry or for closest competitor for most recent year.</b> |  | <b>Graph</b> | <b>Most Recent Industry or Competitor</b> | <b>Company's Historical Average</b> | <b>Trend</b>       | <b>Most Recent</b> |         |         |         |         |
|--|--|--------------|---|-------------------------------------|--------------------|--------------------|---------|---------|---------|---------|
| Payout ratio   | <input type="radio"/> Payout Ratio       |              | 11.49%                                    | 0.0%                                | 0.0%               | 0.0%               | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Annual sales growth rate   | <input checked="" type="radio"/> Sales g |              | 9.46%                                     | -5.1%                               | 55.4%              | 27.3%              | 19.2%   | -29.9%  | -37.2%  | #DIV/0! |
| Quick ratio  | <input type="radio"/> Quick Ratio        |              | 0.48                                      | 2.64                                | 1.74               | 2.35               | 1.70    | 2.80    | 3.24    | 3.08    |
| Current ratio  | <input type="radio"/> Current Ratio      |              | 1.42                                      | 2.64                                | 1.74               | 2.35               | 1.70    | 2.80    | 3.24    | 3.08    |
| LT debt to equity  | <input type="radio"/> L-TD/E             |              | 0.19                                      | 0.36                                | 0.22               | 0.24               | 0.25    | 0.44    | 0.54    | 0.32    |
| Total debt to equity   | <input type="radio"/> Tot D/E            |              | 0.19                                      | 0.40                                | 0.28               | 0.27               | 0.32    | 0.49    | 0.60    | 0.33    |
| Interest coverage (Times-interest-earned)  | <input type="radio"/> Int. Cov.          |              | 14.35                                     | 0.90                                | -2.37              | 3.53               | 0.04    | -1.98   | -12.15  | 15.08   |
| Gross margin   | <input type="radio"/> Gross Margin       |              | 31.66%                                    | 35.3%                               | 28.6%              | 32.6%              | 31.3%   | 35.8%   | 35.0%   | 41.9%   |
| EBITD margin   | <input type="radio"/> EBITD Margin       |              | 10.71%                                    | 25.1%                               | 16.7%              | 22.8%              | 20.7%   | 22.8%   | 23.9%   | 35.1%   |
| Operating margin   | <input type="radio"/> Op. Margin         |              | 9.67%                                     | -5.7%                               | -2.2%              | 6.6%               | 0.1%    | -12.7%  | -47.0%  | 24.3%   |
| Pre-tax margin   | <input type="radio"/> Pre-Tax Mgn.       |              | 9.69%                                     | -13.0%                              | -4.6%              | 4.2%               | -3.5%   | -19.5%  | -68.7%  | 22.8%   |
| Net profit margin  | <input type="radio"/> Net Profit Mgn.    |              | 6.06%                                     | -8.8%                               | 0.7%               | 3.9%               | 5.2%    | -16.7%  | -54.2%  | 17.7%   |
| Return on assets   | <input type="radio"/> ROA                |              | 11.01%                                    | -1.9%                               | -0.4%              | 1.2%               | 1.3%    | -3.6%   | -15.6%  | 7.2%    |
| Receivable turnover  | <input type="radio"/> Rec. TO            |              | 46.73                                     | 6.02                                | 3.79               | 6.17               | 4.06    | 4.35    | 7.19    | 8.31    |
| Inventory turnover   | <input type="radio"/> Inv. TO            |              | 4.80                                      | #DIV/0!                             | #VALUE!            | #DIV/0!            | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Asset turnover   | <input type="radio"/> Asset TO           |              | 1.82                                      | 0.30                                | 0.23               | 0.32               | 0.25    | 0.22    | 0.29    | 0.41    |
| <b>Historical Values for Ratios Used to Project Financial Statements</b>   |  |              | <b>Most Recent Industry or Competitor</b> | <b>Average</b>                      | <b>Trend</b>       | <b>Most Recent</b> |         |         |         |         |
| <b>Ratios to calculate operating profit</b>  |  |              |   |                                     |                    |                    |         |         |         |         |
| Sales growth rate  | <input type="radio"/> Sales g            |              | 9.5%                                      | -5.1%                               | 55.4%              | 27.3%              | 19.2%   | -29.9%  | -37.2%  | #DIV/0! |
| COGS / Sales   | <input type="radio"/> CGS %              |              | #N/A                                      | 64.7%                               | 71.4%              | 67.4%              | 68.7%   | 64.2%   | 65.0%   | 58.1%   |
| SGA / Sales  | <input type="radio"/> SGA %              |              | #N/A                                      | 10.2%                               | 12.0%              | 9.9%               | 10.6%   | 13.0%   | 11.0%   | 6.8%    |
| Depreciation / Net PPE   | <input type="radio"/> Depr % PPE         |              | #N/A                                      | 12.3%                               | 4.8%               | 6.6%               | 6.6%    | 10.5%   | 30.8%   | 6.9%    |
| <b>Ratios to calculate operating capital</b>   |  |              | <b>Competitor Average</b>                 | <b>Trend</b>                        | <b>Most Recent</b> |                    |         |         |         |         |
| Cash / Sales   | <input type="radio"/> Cash %             |              | #N/A                                      | 54.2%                               | 43.5%              | 37.8%              | 45.9%   | 73.1%   | 71.0%   | 43.0%   |
| Inventory/ Sales   | <input type="radio"/> Inv. %             |              | 20.8%                                     | 0.0%                                | 0.0%               | 0.0%               | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Accts. rec. / Sales  | <input type="radio"/> Acct. Rec. %       |              | 2.1%                                      | 18.0%                               | 23.7%              | 16.2%              | 24.6%   | 23.0%   | 13.9%   | 12.0%   |
| Other short term operating assets/Sales  | <input type="radio"/> Oth. ST OA %       |              | #N/A                                      | 10.6%                               | 3.5%               | 7.0%               | 5.6%    | 9.3%    | 19.1%   | 12.1%   |
| Net PPE / Sales  | <input type="radio"/> Net PPE %          |              | #N/A                                      | 256.7%                              | 334.9%             | 246.9%             | 310.6%  | 338.7%  | 230.4%  | 156.7%  |
| Other long-term op. A. / Sales   | <input type="radio"/> Other LT A%        |              | #N/A                                      | 17.0%                               | 8.0%               | 9.5%               | 18.1%   | 14.9%   | 18.0%   | 24.5%   |
| Accts. pay./ Sales   | <input type="radio"/> Acct. Pay %        |              | #N/A                                      | 10.1%                               | 11.4%              | 7.4%               | 14.0%   | 12.3%   | 9.4%    | 7.5%    |
| Accruals / Sales   | <input type="radio"/> Accruals %         |              | #N/A                                      | 0.0%                                | 0.0%               | 0.0%               | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Other current liabilities / Sales  | <input type="radio"/> Other CL %         |              | #N/A                                      | 11.6%                               | 13.3%              | 12.1%              | 12.8%   | 12.0%   | 10.6%   | 10.3%   |
| <b>Ratios to calculate operating taxes</b>   |  |              | <b>Competitor Average</b>                 | <b>Trend</b>                        | <b>Most Recent</b> |                    |         |         |         |         |
| Deferred taxes/Net PPE   | <input type="radio"/> Def. Taxes %       |              | #N/A                                      | 9.6%                                | 2.4%               | 5.8%               | 5.7%    | 10.1%   | 11.3%   | 15.0%   |
| Average tax rate (Taxes/EBT)   | <input type="radio"/> Avg. Tax rate      |              | #N/A                                      | 63.0%                               | 120.3%             | 7.7%               | 248%    | 13%     | 21%     | 26%     |

|   |                                       |                   |                |              |                    |        |       |        |      |
|---|---------------------------------------|-------------------|----------------|--------------|--------------------|--------|-------|--------|------|
| Marginal tax rate   | <input type="radio"/> Margn. Tax      | #N/A              | 63.0%          | 120.3%       | 7.7%               | 247.5% | 13%   | 21%    | 26%  |
| <b>Dividend and debt ratios</b>                                       |                                       | <b>Competitor</b> | <b>Average</b> | <b>Trend</b> | <b>Most Recent</b> |        |       |        |      |
| Dividend policy: growth rate  | <input type="radio"/> Div. g          | #N/A              | #N/A           | #VALUE!      | #N/A               | #N/A   | #N/A  | #N/A   | #N/A |
| Long-term debt / market value of firm                                 | <input type="radio"/> LTD/MV Firm     | #N/A              | #N/A           | #N/A         | #N/A               | #N/A   | #N/A  | #N/A   | #N/A |
| Preferred stock / market value of firm                                | <input type="radio"/> Pf. Stk./MV F   | #N/A              | #N/A           | #N/A         | #N/A               | #N/A   | #N/A  | #N/A   | #N/A |
| Coupon rate on preferred stock  | <input type="radio"/> Pf. Stk. Coupon | #N/A              | #N/A           | #N/A         | #N/A               | #N/A   | #N/A  | #N/A   | #N/A |
| Long-term debt / market value of firm                                 | <input type="radio"/> LTD/MV F        | #N/A              | #N/A           | #N/A         | #N/A               | #N/A   | #N/A  | #N/A   | #N/A |
| <b>Ratios to calculate rest of income statement and balance sheet</b> |                                       | <b>Competitor</b> | <b>Average</b> | <b>Trend</b> | <b>Most Recent</b> |        |       |        |      |
| Nonop. inc. / Sales   | <input type="radio"/> Nonop inc %     | #N/A              | -3.8%          | 1.0%         | -0.5%              | -0.4%  | -0.4% | -17.9% | 0.1% |
| Extr. inc. / Sales  | <input type="radio"/> Extr. inc. %    | #N/A              | 0.2%           | -0.2%        | 0.0%               | 0.0%   | 0.2%  | 0.0%   | 0.7% |
| Long-term investments / Sales   | <input type="radio"/> L-T Inv. %      | #N/A              | 0.0%           | 0.0%         | 0.0%               | 0.0%   | 0.0%  | 0.0%   | 0.0% |
| Other long-term liab. / Sales   | <input type="radio"/> Othr L-T Liab.% | #N/A              | 6.8%           | 7.8%         | 5.3%               | 7.0%   | 10.9% | 7.4%   | 3.4% |

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