

## DESK NOTE

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### **Tidewater Inc. (TDW US) – *Buy this undervalued FCF generator with strategic market position before next wave of offshore expansion and oil market upswing***

**Conclusive Summary:** We recommend buying TDW stock at \$50 or below, with a \$81 target implying a 62% upside. As the world's largest operator of offshore support vessels (OSVs), Tidewater benefits from rising offshore exploration and production (E&P) activity and **tight vessel supply**. Its **modern, high-spec fleet**, commanding **premium day rates** and fostering **stronger customer relationships**, drives **robust revenue and cash flow growth**. Recent U.S. government initiatives to **expand offshore drilling areas**, easing **geopolitical tensions** in Ukraine and the Middle East, and **OPEC's implied oil support near \$70/bbl** all serve as **potential immediate catalysts for renewed offshore activity**—and by extension, support TDW's stock performance.

Looking ahead, TDW's high day rates in key regions like the Middle East and Africa should sustain profitability, further supported by **minimal newbuild activity that tightens supply**. By **prioritizing share buybacks over large-scale acquisitions**, Tidewater preserves capital flexibility. With its best-in-class fleet, operational efficiency, and consistent capital returns, TDW stands as a **compelling long-term investment opportunity**.

**Competitive Position:** Tidewater leads the global OSV market, competing with companies like Bourbon Offshore, Edison Chouest, and DOF ASA. Its **primary advantages include the largest and youngest fleet**, higher utilization rates, and a **strong presence in key offshore basins**. Risks include cyclical downturns in offshore drilling and potential regulatory challenges, but Tidewater's advantages and strong balance sheet provide resilience.

**Valuation:** Our forecast assumes a long-term average oil price above \$70/bbl, continued offshore drilling expansion, and stable fleet utilization. Based on these factors, alongside our DCF analysis and market multiples, **we estimate a 12-month blended target price of \$81 and recommend an entry point of \$50 or lower**. All key valuation metrics indicate that TDW stock remains significantly undervalued.

**Ticker:** TDW US

Previous day close price: \$47.84

Price range (52w): \$46.50- \$111.42

Target price (12m): \$81 (62% upside)

Recommendation: **Buy@50**

**Description:** Tidewater Inc. (NYSE: TDW) is a leading provider of offshore support vessels (OSVs) for the global energy industry. The company operates a **fleet of over 200 vessels**, supporting **offshore drilling, production, and wind energy projects** in more than **30 countries**. Tidewater's services include **towing and anchor handling** for mobile offshore drilling units, **transportation of supplies and personnel**, offshore construction, seismic and subsea support. The company's **fleet includes anchor handling towing supply vessels (AHTS), platform supply vessels (PSVs), crew boats, utility vessels, and offshore tugs**. Principal clients **comprise large international integrated oil and gas companies**, mid-sized independent E&P firms, offshore drilling contractors. **Geographic revenue distribution:** **West Africa (27%), North America (24%), Europe (23%), Middle East (13%), Asia-Pacific (12%)**. Incorporated in 1956. Headquartered in Houston, Texas. **Market Capitalization: \$2.6B**. No dividends. Regular buybacks. Remaining buyback program \$34M.

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Multiple (2 year avg.)		Factor	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	6.5	616	4,005	370	3,635	52.3	\$69.48
EV/Sales	3	1,441	4,323	370	3,953	52.3	\$75.55
P/E	13.5	5.0					\$67.92
Avg. Multiple Price							\$70.98
DCF Price							\$91.14
Avg. Multiple & DCF Price							<b>\$81.06</b>

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