Friday January 30th, 2015
Current Price: $0.065

Analyst Opinion

The future of the Company is bleak to say the least, and as the industry begins to slow production staying afloat may not be feasible.

Cal Dive International Inc.
The Company faces serious liquidity issues as the firm delays interest payments of $2.2 million. CDVI approaches the expiration of the 30-day grace period for interest expiring on February 14th, 2015. Barring payment of interest the Company faces the Trustee of the notes potentially declaring the aggregate principal of the Notes, plus all unpaid interest immediately.

Key Ratio Analysis
The Company's ratios are a key indicator to the current health of the firm. With EBIT(MRQ) coming in at (52M), the organization has not been able to turn a profit in several years in a capital intensive industry. CDVI has a debt to equity ratio of 2.464 versus Exxon which clocks in at .12(MRQ). This is an indication that CDVI is too highly leveraged, when compared to other firms.

- **Market Data**

Fiscal Year	December 31
Industry	Oil/Gas Services
Market Cap	$6.188M
Price/Earnings (ttm)	-0.1444
Price/Book (mrq)	.04
Price/Sales (ttm)	N/A
Shares Outstanding	95.2M
Volume (3M)	2.453M

Source: Yahoo Finance &OTC

Cal Dive International Inc. (OTC:CDVI)

Income Statement Snapshot	TTM
Revenue	515.2M
EBITDA	(103.53M)
Net Income/Loss	(85.27M)

Source: OTC Markets

Balance Sheet Snapshot	MRQ
Total Cash	9.575M
Total Cash per Share	0.101
Total Current Debt	391.9M

Source: OTC Markets

CDVI

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As oil prices surged from previous six-year lows rising around 8% on Friday, the implications to the Company are ever present. The rise was fueled by reports that the production of oil is set to fall in 2015 to match the over estimated demand of late 2014. According to a Baker Hughes report the number of rigs in the U.S. declined 7%. This decline serves to force Cal Dive to scale back operations in the coming 2015FY, while attempting to juggle its weakened financial structure. As the production of oil begins to slow to match the demand, Cal Dive faces diminishing revenues as the firms it services begin to tighten their belts.

Source: Baker Hughes Rotary Rig Report
WSJ Report

With rumors of a chapter 11 being prepared in the coming weeks for Cal Dive International a deeper look at the financials of the Company become necessary. The Company is over leveraged with a debt to equity ratio pushing 2.5, this versus the industry average of .39. The Company cannot afford to continue financing its growth with debt as has been done in the past. The cracks can be viewed by recent headlines including being delisted from the NYSE due to failing to meet minimum average share price, to Cal Dive withholding interest payments on its notes in the amount of $2.2 million. Further to this the Company has failed to turn a profit since 2009, and is not operating in an industry responsive to firms with capital issues. Although the Company may be able to avoid a ch.11 filing there are still substantial issues with regards to their capital structure.

Source: Baker Hughes Rotary Rig Report
WSJ Report

Summary & Conclusion

Cal Dive International is operating in one of the most capital-intensive industries, and as the production of oil continues to tumble to stabilize the price the future of Cal Dive is questionable. At a glance we see that Cal Dive is over leveraged in relation to competitors as well as the industry. As Cal Dive struggles to raise capital to finance its existing debts, the direction the Company is heading can easily be foreshadowed. This ranging from being delisted from the NYSE, failing to issue interest payments, and preparation for a potential chapter 11 filing.

The future of the Company is bleak to say the least, and as the industry begins to slow production staying afloat may not be feasible.

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