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Earnings Call

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Presentation

Operator

Hello, and thank you for standing by. My name is Mel, and I will be your conference operator for today. At this time, I would like to welcome everyone to the Tidewater First Quarter 2026 Conference Call. [Operator Instructions] I would now like to turn the call over to Wes Gotcher, [Technical Difficulty] Go ahead.

West P. Gotcher

Senior Vice President of Strategy, Corporate Development & IR

Thank you, Mel. Good morning, everyone, and welcome to Tidewater's First Quarter 2026 Earnings Conference Call. I'm joined on the call this morning by our President and CEO, Quintin Kneen; our Chief Financial Officer, Sam Rubio; and our Chief Operating Officer, Piers Middleton.

During today's call, we'll make certain statements that are forward-looking and referring to our plans and expectations. There are risks, uncertainties and other factors that may cause the company's actual performance to be materially different from that stated or implied by any comments that we're making during today's conference call. Please refer to our most recent Form 10-K and Form 10-Q for additional details on these factors. These documents are available on our website at tdw.com or through the SEC at sec.gov. Information presented on this call speaks only as of today, May 5, 2026.

Therefore, you're advised that any time-sensitive information may no longer be accurate at the time of any replay. Also during the call, we'll present both GAAP and non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures can be found in our earnings release located on our website at tdw.com.

And now with that, I'll turn the call over to Quintin.

Quintin V. Kneen

President, CEO & Director

Thank you, Wes. Good morning, everyone, and welcome to Tidewater's First Quarter 2026 Earnings Conference Call. I'll start the call today with the quarter's highlights and then talk about capital allocation and what we're seeing on vessel supply and demand. Wes will walk through our financial outlook and what we're thinking about for 2026 guidance. Piers will cover the global market and operations, and Sam will close with the consolidated financial results. And each of us will touch on the impact from operation Epic Fury.

Starting with the first quarter, revenue and gross margin were both ahead of what we expected. Revenue was \$326.2 million, driven mainly by higher utilization and stronger day rates. Gross margin was just under 49%, up slightly quarter-over-quarter and over 3 percentage points above our internal plan. Utilization benefited from strong uptime with less downtime for repairs and fewer drydock days than we expected. Overall, I'm really pleased with the operational execution and with the returns we're seeing from the fleet investments we've made over the past few years. Before I get into more detail on the financials, I want to touch on operation at Epic Fury, what it meant for the quarter and what we're watching going forward. As I said on last quarter's call, we haven't seen any disruption to our business at the outset. And we expected that any cost impact, especially insurance and fuel to be immaterial. And so far, that's held to be true. Our vessels in the Middle East continue to operate normally and utilization and revenue in the first quarter and specifically in March, which was the first full month after the operation began, came in above our forecast.

We did see some higher costs, mainly in crew, along with insurance and fuel. The biggest item has been the incremental hazard pay for our crews. Insurance and fuel have been a smaller piece. Sam will share more detail in his remarks. Looking ahead, we're seeing pent-up demand in the region, and we believe activity could rebound above what we expected just a quarter ago once the conflict is resolved. In the first quarter, we generated \$34 million of free cash flow. The step down sequentially was relatively less cash

flow from working capital and relatively higher drydock spend. Just as a reminder, in the fourth quarter, we collected a sizable past due receivable for Pemex, which drove the working capital change. And Q4 is typically our lightest drydock quarter, whereas Q1 is usually our heaviest as we get vessels ready for busier working season as the weather improves, and that drove the drydock change.

Importantly, nothing has changed in how we're thinking about free cash flow for the year, and the first quarter is tracking with our expectations for 2026. As we discussed previously, during the first quarter, we announced our agreement to acquire Wilson & Sons UltraTug Offshore 22 PSVs focused exclusively on the offshore market in Brazil for \$500 million. We've already started the pre-integration work using the playbook we've built through prior acquisitions.

The Wilsons team has been well organized and is highly capable, and we're making good progress getting ready to bring the business onto the Tidewater platform. On approvals, things are moving as expected, and we still anticipate closing by the end of the second quarter.

We did not repurchase any shares in the first quarter because we plan to fund the equity portion of the Wilsons transaction with cash on hand, and we're still waiting for consents to transferring the existing Wilson's debt. We still have \$500 million authorized under the program, which represents about 12% of the shares outstanding as of yesterday's close. Even as we work towards closing and integrating Wilsons, we're still in a good position to look at additional M&A opportunities.

Our balance sheet remains strong, and we continue to expect net leverage to be less than 1x at closing. Liquidity is solid. And after issuing our unsecured notes last summer, we have good visibility into the cost of debt capital if we decide to use it for an acquisition. Our preference is still to use cash, but we'll consider using stock if the right fleet is available at the right value.

With the GulfMark, Swire, Solstad and now Wilson acquisitions, we built a meaningful presence in essentially every major offshore basin. These have largely been newer, higher specification fleets, and they've helped reestablish Tidewater as the leading OSV provider globally. We've also successfully reentered Brazil, which we talked about as a priority market. From here, we'll stay focused on fleets and geographies where our platform gives us an edge and we're bringing additional vessels on board can create outsized value. And we continue to benefit from our scale and high-specification PSVs and anchor handlers, two of the most in-demand vessel classes in the global OSV fleets.

When we look out over the next couple of years, we see the market tightening in late '26 and into '27 and 2028 that should set up for meaningful day rate improvements over that time. If day rates move up the way we expect over the coming years, that will flow through to higher earnings and cash flow generation. If we don't see value-accretive acquisitions, we'll look for other ways to put that excess cash to work. Our share repurchase philosophy hasn't changed. We'll be opportunistic and disciplined. And more broadly, we don't think it makes sense to build and sit on a large cash balance for an extended period.

As we move through to the Wilsons closing and into a period of higher free cash flow, we'll stick with the same capital allocation framework that's core to how we run the business. In practice, that means we'll continue to weigh the relative merits of M&A versus share repurchases. We continue to view buybacks as an attractive way to return capital to shareholders.

Turning to the outlook. While the Middle East conflict is still ongoing, what we've seen so far could be a net positive for the offshore vessel market over time. Energy security became a key theme since the conflict in Ukraine and the Middle East conflict has added another layer, an increased focus on sovereign energy independence, particularly in the Eastern Hemisphere.

So far, at least 500 million barrels of oil have been lost, and there's still no clear sign when recent production losses will be reversed. The longer that goes on, the bigger the need becomes to replace those inventories. And historically, crude prices have had a strong relationship with inventory levels. So continued depletion should provide longer-term price support. Put together, the inventory drawdown and the heightened awareness of geopolitical risk suggests oil prices may have a higher floor than before the Middle East conflict began, which supports additional offshore projects. Stepping back, we think the trend towards offshore development supports a structural improvement in demand for offshore activity and for

offshore vessels. We see this as a long-term dynamic, and it's additive to the demand we've been seeing already.

Recent comments from offshore drillers point to a meaningful increase in fixtures and a high level of drilling unit utilization. We view the expected pickup in offshore drilling as a strong positive for our business. We support a range of offshore applications, but drilling activity typically has been the biggest impact on vessel demand. Offshore vessel activity has been building year-to-date. And as it continues to pick up, the pressure on available supply creates an opportunity for higher utilization and higher day rates.

On the supply side, the global fleet has stayed essentially flat over the past few years. A handful of vessels are expected to deliver late in this year and into early 2027, but we view those additions as relatively small in the context of the overall market. As supply tightens further, we can see a path to day rate increases of roughly \$3,000 to \$4,000 per day per year for the entire fleet, moving the fleet back towards earnings cost of capital.

We're excited about the drilling outlook, but we also expect other drivers of vessel demand, especially production and EPCI-related support to remain strong. Production and EPCI work has stayed robust and helped offset some of the relative drilling softness early in 2026.

Looking ahead, we continue to like the outlook for both, given the strength we're seeing in both Subsea and EPCI backlog as well as continued momentum in FPSO orders. Over the longer term, more drilling in less developed regions should drive additional infrastructure work, which supports sustained demand across these categories.

So we're pleased with how the first quarter came together. While we still have some uncertainty in the Middle East until the conflict is resolved, we're increasingly optimistic about the outlook for the business. We'll stay disciplined on capital and continue to look for value-accretive ways to deploy it, and we expect the opportunity set and our ability to capitalize on it to improve over the next 18 months.

And with that, let me turn it back over to West.

West P. Gotcher

Senior Vice President of Strategy, Corporate Development & IR

Thank you, Quintin. As Quintin mentioned, we did not repurchase any shares during the first quarter due to the pending Wilson's acquisition. At the end of the first quarter, we retained our \$500 million share repurchase authorization. As a reminder, under our outstanding bonds, we are unlimited in our ability to return capital to shareholders, provided our net debt to EBITDA is less than 1.25x pro forma for any share repurchase. Under our revolving credit facility, we are also unlimited in our ability to repurchase shares provided the net debt to EBITDA does not exceed 1x. However, to the extent that we exceed 1x net leverage, we still retain the flexibility to continue returns to shareholders and provide the free cash flow generation is in excess of cumulative returns to shareholders.

We still anticipate to be below 1x net leverage, assuming a June 30 close of the Wilsons acquisition. From a capital allocation perspective, we look to execute share repurchase transactions when suitable M&A targets are not available. We retain the option of evaluating M&A and share repurchases concurrently, but our financial policies and philosophies dictate our relative appetite to pursue both concurrently. Given that the offshore vessel market has stabilized at a healthy level, along with the constructive outlook for offshore vessel activity more broadly, the M&A landscape remains favorable, and we will continue to evaluate additional inorganic opportunities to add to our platform.

Turning to our leading edge day rates. I will reference the data that was posted in our investor materials yesterday. Across the fleet, our weighted average leading-edge day rate for the fleet increased modestly in the first quarter compared to the fourth quarter of 2025. This is the first time since the second quarter of 2025 that our weighted average term contract measure for new contracts has increased.

Our largest class of PSVs saw average day rates increase sequentially, which we find encouraging given the relatively large number of contracts for these vessels and the geographic dispersion of the contracts. During the quarter, we entered into 18 term contracts with an average duration of 13 months with two

specific long-term contracts skewing the average. Excluding these contracts, the average duration of our new contracts during the quarter was 7 months.

Turning to our financial outlook. We are maintaining our full year 2026 revenue guidance of \$1.43 billion to \$1.48 billion and a full year gross margin range of 49% to 51%. Our guidance assumes that we closed the Wilson's acquisition at the end of the second quarter. Our view of the legacy Tidewater annual revenue and gross margin guidance has not changed from our initiation of guidance in November 2025.

The second half expectation for the Wilson's business remains unchanged. We expect our second quarter revenue to be roughly flat with the first quarter, consistent with prior expectations, but expect our gross margin to decline by about 5 percentage points sequentially due to cost increases associated with operation Epic Fury.

However, we are in a position to seek rebuilds for about half of the conflict-related cost increases from our customers related to direct cost increases associated with crew wages, insurance costs and G&A support have not contemplated the recoup of these costs in our guidance. Our forecast assumes a normalization of cost frictions associated with the conflict in the Middle East by the third quarter of 2026.

To the extent the conflict-related cost pressure continues beyond the second quarter, we are similarly privileged to seek rebuilds from our customers on realized direct cost increases. The second quarter guidance does not assume any impact from the Wilson's acquisition. In summary, we are pleased to be able to maintain our full year guidance given the impacts from the conflict in the Middle East with the possibility of recouping a good portion of the cost increase that we are absorbing in our current Q2 guidance.

Our expectation remains that there is a potential for uplift to our full year guidance, depending on the strength of drilling activity picking up towards the end of the year. Looking to the remainder of 2026, first quarter 2026 revenue plus firm backlog and options for the legacy Tidewater fleet represents \$1.1 billion of revenue for the full year, representing approximately 84% of the midpoint of our legacy Tidewater 2026 revenue guidance.

Approximately 69% of remaining available days for 2026 are captured in firm backlog and options. Our full year revenue guidance assumes utilization of approximately 80% for the legacy Tidewater fleet, leaving us with 11% of the capacity to be chartered if the market tightens quicker than we are anticipating.

Our midsized anchor handlers and largest class of PSVs retain the most opportunity for incremental work, followed by our smaller and largest class of anchor handlers and midsized PSVs.

Contract cover is higher in the earlier part of the year with more opportunity available later in the year. The bigger risk to our backlog revenue is unanticipated downtime due to unplanned maintenance and incremental time spent on drydocks.

With that, I'll turn the call over to Piers for an overview of the commercial landscape.

Piers Dayer Middleton

Executive VP & Chief Operating Officer

Thank you, West, and good morning, everyone. This quarter, I will talk a little about what we are seeing in each of our regions as we look out to the rest of the year and into 2026. Overall, the OSV market showed continued signs of improvement throughout the quarter with sentiment starting to pick up in all regions where we operate, even those which have faced some short-term challenges through 2025. Amid rising rig demand and offshore E&P activity, the long-term outlook for the OSV market remains strong with the ongoing upturn in project investment expected to continue to drive additional incremental demand out to 2030. While the continued limitations in the supply of any significant growth in the global OSV fleet will further exacerbate the expected tightness in our market. Working through our various regions and starting with Europe, the North Sea OSV spot market strengthened throughout the quarter. In the PSV sector, spot rates strengthened significantly as the quarter progressed with fixing activity remaining strong, helped by several PSVs leaving the region for warmer climates, a trend we don't see stopping in the short term.

In the AHST (sic) [AHTS] sector, supply constraints continue to drive rates higher with spot rates in the largest classes of AHTS reaching record highs above \$350,000 per day in Norway.

In the Med, we continue to see strong activity. And with our global operating platform, we were able to move two further vessels into the region to meet the increased demand that we mentioned on our last earnings call. Overall, we expect the Med region to be a strong market longer term with several drilling campaigns and EPCI projects commencing in the second half of 2026.

In Africa, even with the busiest drydock schedule in the region, we had a good Q1 with a large increase in utilization across our West African and Angolan fleets, predominantly down to some overruns in drilling campaigns in both Namibia and Congo as well as an uptick in EPCI work in Angola and Mozambique.

Looking ahead, we do expect some slowdown in activity across the region in Q2, but are on track for a big pickup in activity from Q3 onwards, led by renewed drilling and EPCI activity in Nigeria, Namibia, Angola, Congo and Mozambique.

In the Middle East, as Quintin mentioned, we saw little disruption to our vessel activity in the region with all our vessels remaining on hire throughout the quarter. However, we have seen a slowdown in new tendering activity as our customers assess the short-term impact of operation to their plans.

Looking ahead, low tendering activity is expected to persist in the near term due to the elevated risk. And while it is probably too early to predict with any accuracy long-term rate movements in the region, we do expect day rates in the shorter term to be impacted positively on the upside by the lack of any new supply being able to enter the region. While the duration and trajectory of the conflict are still unclear, as Quintin mentioned, the ramifications of the conflict, we believe, will likely have longer-term positive benefits to the OSV industry, both in the Middle East and globally.

In the Americas, as mentioned on our last call, we remain excited with the long-term outlook in Brazil with the recent announcement that SBM agreed contracting terms with Petrobras the construction of two more FPSOs to be deployed offshore Brazil with first production targeted for 2030.

And while there's been some short-term slowdown in OSV tendering activity in the first half of 2026, this is expected to pick back up again after elections are completed in Q4 of this year.

In Mexico, Pemex underlying financial pressures continue to weigh down sentiment. However, we are seeing some uptick in the tendering activity from other oil companies in the country, which bodes well for 2027 and 2028.

Lastly, in Asia Pacific, Taiwan, Indonesia and Australia were the key drivers of demand in the region in the current quarter with several new contracts signed up to support both drilling and EPCI activity that will kick off in Q2 and should all go all the way through into 2027.

Looking further out into 2027, we are also starting to see several of the other NOCs and IOCs in the broader region getting organized to increase drilling activity starting end of 2026, all the way out to 2028, which bodes well for the region going forward.

Overall, we are very pleased with how the market has continued to move in the right direction in Q1, and we fully expect that positive momentum to continue into the second half of the year.

With that, I'll hand it over to Sam. Thank you.

Samuel R. Rubio
Executive VP & CFO

Thank you, Piers, and good morning, everyone. I would now like to take you through our financial results where my discussion will focus on the sequential quarterly comparisons of the first quarter of 2026 compared to the fourth quarter of 2025. For the first quarter, we reported net income of \$6.1 million or \$0.12 per share. We generated \$326.2 million in revenue compared to \$336.8 million in the fourth quarter.

We saw average day rates increase about 1% versus the fourth quarter, but saw a slight decrease in active utilization to 80.6% from 81.7% in Q4. The revenue decline was primarily due to a decrease in operating days as there were two less days in the quarter, coupled with the lower utilization due to higher drydock days. Gross margin in the first quarter was \$159.3 million compared to \$164 million in the fourth quarter.

Gross margin percentage in the first quarter was 48.8%, nicely above our Q1 expectation and slightly ahead of our Q4 margin of 48.7%. The increase in margin versus Q4 was primarily due to the decrease in operating costs. Operating costs for the first quarter were \$166.9 million compared to \$172.7 million in Q4. The decrease in operating costs was due mainly to lower R&M costs and lower other operating expenses in addition to two fewer days in the quarter. While overall cost was lower, we did incur about \$2.3 million of costs due to the Iran conflict, the majority of which was incurred in the Middle East.

Costs directly impacted were higher insurance costs and higher crew wages in the form of hazard pay. And directly, we also saw fuel and travel cost increase due to the increase in the commodity price.

Our EBITDA was \$129.3 million in the first quarter compared to \$143.1 million in the fourth quarter. For the first quarter, total G&A cost was \$33.6 million, which is \$5.4 million lower than Q4. The decrease was mostly due to lower professional fees due to a decrease in M&A transaction costs as well as costs associated with our Q4 internal vessel realignment.

In addition, we saw a decrease in salaries and benefits due to adjustments made to our compensation expense. For 2026, exclusive of additional M&A costs, we expect Tidewater stand-alone G&A costs to be about \$125 million. This includes an estimated \$14 million of noncash stock compensation. Moreover, we expect to incur approximately \$7 million in additional G&A costs in the second half of this year related to the Wilson's acquisition. In the first quarter, we incurred \$36.4 million in deferred drydock costs compared to \$13.9 million in the fourth quarter. Q1 is typically a heavy drydock quarter, and this quarter was no exception as we had 949 drydock days that affected utilization by about 5 percentage points.

Drydock costs for 2026 is expected to be approximately \$122 million. Additionally, we expect to incur approximately \$16 million in drydock costs in the second half of the year related to the Wilson's acquisition.

In Q1, we incurred \$14.9 million in capital expenditures related to vessel modifications and upgrades. For the full year 2026, we expect to incur approximately \$51 million in capital expenditures. This amount includes a planned major upgrade to one of our Norwegian vessels. After this upgrade, our maintenance CapEx is expected to be approximately \$36 million for 2026.

In Q1, we spent \$24.4 million related to two purchase options we have exercised for vessels we have been leasing. This amount is not reflected as CapEx spend, but is instead reflected in the financing section of our cash flow statement in Q1 as payments on finance leases.

In addition, we expect to incur about \$1 million in CapEx spend in the second half of the year related to the Wilson's acquisition. We generated \$34.4 million of free cash flow in Q1 compared to \$151.2 million in Q4. The free cash flow decrease quarter-over-quarter was mainly attributable to higher deferred write-off and CapEx spend in Q1 and large working capital benefit achieved in Q4 due to a significant increase in cash collections that did not repeat in Q1.

In Q1, we sold two vessels for proceeds of \$3.3 million, which is also lower than the Q4 sale proceeds of \$5.3 million. Though the Q1 free cash flow amount was lower than Q4, it was higher than our internal estimate. As a reminder, following our debt refinancing, which was completed in Q3 2025, we only have small debt repayments that are related to the financing of recently constructed smaller crude transport vessels.

We have no payments until 2030 on our new unsecured notes. Following the anticipated close of the Wilson's acquisition, our debt maturity and repayment profile will change to accommodate the newly assumed Wilson's debt. We conduct our business through five operating segments. In the first quarter, consolidated average day rates were 1% higher versus Q4, led by our Europe and Mediterranean day rates improving by 9% and our APAC segment increasing by 7% partially offset by relatively small declines in each of our other regions.

Total revenues were 3% lower compared to the fourth quarter, with decreases in the Americas, Africa and Middle East, partially offset by increases in our APAC and Europe and Mediterranean regions. Regionally, gross margin increased by 4 percentage points in Africa, 3 percentage points in our APAC region and 1 percentage point in the Middle East despite the conflict in Iran.

Our Europe and Mediterranean region saw a decrease of 2 percentage points and the Americas declined by 4 percentage points. The gross margin increase in our African region was primarily due to a 5 percentage point increase in utilization due to fewer idle days, offset by slightly higher repair and drydock days. This is offset somewhat by a decline in average day rates of 4%. Operating costs decreased by 15% due mainly to a decrease of 4 vessels operating in the area and two less operating days in the quarter.

The gross margin increase in the APAC region was due to an increase in utilization due to fewer repair days and 7% day rate increase, partially offset by a small increase in operating costs as we had two vessels transferred into the area.

The increase in the Middle East gross margin was primarily due to a 5% decrease in operating costs. The decrease was primarily due to fewer operating days, lower R&M expense due to fewer [DFR] days, partially offset by higher costs related to the conflict. In the quarter, we did see a small drop in day rates and utilization. Utilization was down slightly quarter-over-quarter, primarily due to higher idle days, partially offset by fewer drydock and repair days.

Our Europe and Mediterranean region gross margin was 2 percentage points lower versus the prior quarter, but 3 percentage points higher than our expectation. Revenue was up 5.5% due to a 9% increase in day rates, partially offset by a 7 percentage point decrease in utilization. We had a heavy drydock schedule in the quarter, and we mobilized vessels into the region, which contributed to the decrease in utilization.

Drydocks represented a 5 percentage point decrease in utilization in Q1 compared to less than 1 percentage point decrease in Q4. The increased revenue was partially offset by higher operating expenses related to higher salaries and travel and supplies and R&M due primarily to an average of four additional vessels operating in the region.

Gross margin in our Americas segment decreased by 4 percentage points due mainly to a 12% -- \$12 million decrease in revenue caused by a 4 percentage point decline in utilization as well as a 3% decrease in average day rates. Utilization was affected by higher drydock and repair days.

The revenue decrease was partially offset by a 10% decrease in operating costs versus Q4. The decrease was primarily due to transferring two vessels out of the region during Q1. As noted in our press release and as Quintin mentioned earlier on the call, we experienced additional operating costs in Q1 related to the impacts from operation Epic Fury.

We estimate ongoing additional crew wages in the form of hazard pay and insurance costs of about \$1.6 million per month. In addition, we can expect approximately \$1.8 million of additional monthly related costs related to fuel and travel expenses due to the higher global commodity prices. The fuel and travel expenses are estimates based on our forecasted activity and current commodity prices. These elevated costs related to the conflict will likely continue into the near future, though it is uncertain how long this geopolitical disruption may last. It is also widely expected that commodities markets will remain elevated beyond the immediate resolution of the conflict.

In a scenario where the conflict extends and remains similar in nature to its current state, we estimate total operating cost increases of between \$10 million and \$11 million per quarter.

We are currently working with our customers for reimbursement of wages and insurance costs provided for under our contracts. But as of now, we have not included this in our guidance.

We look at our Q1 revenue when we look at our Q1 revenue, I'm glad to announce that we did not experience any material reduction due to contract cancellations because of this conflict. As it relates to the Wilson's acquisition, integration meetings is progressing as expected, and we will expect the transaction to close by the end of the second quarter.

We strongly believe that our increased presence in the Brazilian market is an important piece to our global strategy and are excited about our growth there.

In summary, Q1 was another strong quarter for operations -- from an operations and execution standpoint. We exceeded internal expectations for free cash flow, day rate and utilization in what is typically a seasonally slow quarter. Industry fundamentals remain strong.

Our balance sheet is in excellent condition, and we continue to be optimistic about the opportunities that lie ahead for Tidewater.

With that, I'll turn it back over to Quintin.

Quintin V. Kneen

President, CEO & Director

Sam, thank you, Sir. May, we can go ahead and open it up for questions.

Question and Answer

Operator

[Operator Instructions] Question comes from the line of Ben Summers of BTIG.

Ben Summers

So you called out the anchor handler market, anchor handler market being particularly tight in Q1, especially in the North Sea. So I guess I'm kind of curious, is this more of a regional development? Or is this something you're kind of seeing across the global fleet?

Piers Dayer Middleton

Executive VP & Chief Operating Officer

Yes. Ben, it's Piers here. It is basically what's happening in the North Sea where there's a bit more of a spot market, but we're certainly seeing on the larger anchor handling sizes, there's been some consolidation in that market, but there's also -- that's driven some of that tightness. So that's allowed some of our competitors to push the day rates, which helps us as well. So as long as we're all moving in the right direction, that's a positive thing.

Generally, what we see is this -- the spot market in the North Sea tends to drive a lot of the sort of noise elsewhere as well. So we expect that to sort of have a trickle-down effect through the rest of the globe over the next few quarters. But no, it's a positive sign on the largest classes of anchor handlers. If you see that in Norway, it tends to sort of push through down to other regions as well. And that's driven by increased towing of rigs, but also on the subsea construction side, the big anchor handlers are needed for sort of trenching and subsea support work as well. So it sort of plays into what we've been saying about the increase in EPCI work and also exploration starting to pick up again.

Ben Summers

Awesome. Super helpful. And then kind of on the broader picture, talking about the long-term increased focus on energy security. I guess, are there any specific basins here you'd call out as you think being specifically emphasizing this energy security? I know we called out the Middle East, but just kind of as we think across the global fleet, anything to call out here that you think could be specifically impacted by this longer-term trend?

Quintin V. Kneen

President, CEO & Director

Principally the smaller markets in Asia, I believe. I think you're going to see a real strength growing over the next few years in Indonesia and Malaysia. Piers, you may have some other anecdotal information as well.

Piers Dayer Middleton

Executive VP & Chief Operating Officer

I mean I think it's across the board, but I think Quintin is right, it's primarily going to be in Asia. We see a huge amount of demand coming out of that region in terms of where you're expecting and also from that point of view, we're seeing it already actually a little bit in Indonesia as well. So that's going to have a kick into Africa as well in terms of more drilling and putting more supply.

Quintin V. Kneen

President, CEO & Director

I wouldn't be surprised if we see it on the East Coast of Africa. And of course, we've already seen some of the Western Mediterranean pickup in Libya and so forth. So you're starting to see players that haven't been in the market over the past 5 years or 6 years, really reaching out and trying to develop their resources.

Operator

Your next question comes from the line of Josh Jain of Daniel Energy Partners.

Joshua W. Jayne

Daniel Energy Partners, LLC

First one, just pretty constructive outlooks have been outlined from the offshore rig companies surrounding activity over the next 12 months. And I know you're not going to guide sort of '27 drydocks. But I'm just curious, is there any thought in bringing forward any of those when you can? Or is it reasonable to think that the drydock schedule is going to be more friendly as we exit this year into '27 with -- and how are you positioning the company given the expected growth in the deepwater side?

Piers Dayer Middleton

Executive VP & Chief Operating Officer

To bring any drydocks forward. We tend to try and plan out over a 5-year period, so it would help our supply chain and our procurement piece as well. So we have a pretty well set operations on that side and how we look at things. We might move or two depending how projects pan out. But at the moment, we've got a pretty good sight line in terms of where projects are rolling out over the next few years, both for our own technical team, but also for our commercial team in terms of what projects we're seeing in which areas and we try to line up our vessels and drydocks accordingly to that.

Joshua W. Jayne

Daniel Energy Partners, LLC

Okay. And then the other one, [Technical Difficulty] space with the Helix-Hornbeck merger. Does this frame at all how you think about growing your business moving forward with respect to different service offerings? Or does additional M&A look more like Wilson and some of the other things that you've done over the last couple of years?

Quintin V. Kneen

President, CEO & Director

So it doesn't change our view because we always have that expansive view of other service lines. It's certainly a lot easier for us to do things that are in our existing market. To the extent that we do reach out, it would be with a franchise that we feel is already well performing in that particular vertical. But no, it doesn't change anything. Glad to see it. More consolidation is better. I certainly can't consolidate this industry by myself, so more the merrier.

Joshua W. Jayne

Daniel Energy Partners, LLC

And then sorry, if I could sneak in one more. Just given there are a number of rigs that were given multiyear extensions with Petrobras in the last 90 days, how does that frame your discussion for the Wilson acquisition. And I think at the time of the deal, you talked about there were a number of assets that were in the process of being extended. Maybe you could just update us on those and how much -- maybe how much more confident you are today than you were when you did the deal about that market and your thoughts there?

Quintin V. Kneen

President, CEO & Director

Yes, still positive. Obviously, Josh, we just said. I think we go into this year has been an election going on with -- in Brazil. So we've seen a couple of tenders that have been pushed to the right. The understanding from the market is that's because Petrobras wants to sort of make some decisions on longer-term commitments. But I think overall positive. Petrobras is positive. There's also the IOCs are coming out as well in that region. So even moving up the margin as well. So I think overall, we don't see any concerns in terms of future tendering. Maybe there's a bit of movement to the right on some of them. But overall, nothing that concerns at the moment. So overall, it's very positive in terms of what we're seeing on the

rig side. And then the additional FPSOs, as we mentioned, coming as well. So there's a really good long-term story in Brazil that we think we're really well placed to take advantage of once we get the Wilson's acquisition into the business.

Operator

Your next question comes from the line of Jim Rollyson of Raymond James.

James Michael Rollyson

Raymond James & Associates, Inc., Research Division

Detail this quarter. Quintin, I guess, last quarter, you were pretty optimistic about how things were shaping up as we head into late this year, really into next year and beyond. And obviously, that's only gotten better with the oil macro situation that's kind of come out of this Middle East conflict. And it sounds like you're having some customer conversations maybe that have picked up, but I'd love to just kind of hear what you're hearing from folks? Are they already trying to mobilize incremental activity at this stage? And how do you think that translates into the timing of your ability to start pushing day rates up?

Quintin V. Kneen

President, CEO & Director

Well, it's always a bit of a guess. But obviously, the building activity that we're seeing coming from the rig companies, EPCI and subsea contractors gives us a lot of confidence in our ability to push day rates up once the market tightens. But we're a little bit later in the chartering process for those customers. So I think we're not going to be able to demonstrate until later into '26 and into '27.

James Michael Rollyson

Raymond James & Associates, Inc., Research Division

Got it. And then just back to M&A, you obviously got the Wilson deal closed. There's been a couple of other, I guess, chess pieces moved off the board kind of since you announced that deal. And I'm wondering if the shift in the oil macro and just this better environment outlook that we're talking about has changed any of the dynamics of opportunities in terms of customer or target acquisition pricing expectations at this point?

Quintin V. Kneen

President, CEO & Director

I think people are definitely getting more and more confident in the longer-term view of the industry. And so that's helping. And I think people are also beginning to appreciate the importance of consolidation. They see the benefits from the drillers and other subsectors. So I haven't seen any real price movements at this point, but if the industry continues to improve at a steady rate, we'll certainly see that too.

Operator

Your next question comes from the line of Don Crist of Johnson Rice.

Donald Peter Crist

Johnson Rice & Company, L.L.C., Research Division

Sorry if this has already been addressed. I got on the call a bit late. It's a busy morning. But I just wanted to ask about the Far East. Obviously, we're hearing some news reports of energy shortages and things like that. I know you had a bunch of boats working in Malaysia and Indonesia in the past that cut sidelines for other reasons. But could you just -- what's the state of the Indonesia and Malaysia markets right now and your ability to put those big boats back to work? Is that coming sooner rather than later? Or just any thoughts around that?

Piers Dayer Middleton

Executive VP & Chief Operating Officer

Yes. Don, it's Piers here. Yes, the market is pretty close. We don't have a huge -- it's not our biggest market Asia Pacific, but we do have a lot of big boats there, which have all been working in Malaysia, Indonesia and Australia and then up in Taiwan, on that side. So we're very positive as we sort of said earlier, we think with this energy security story, we're only going to continue to see more investment in those countries. I think the governments have been shocked a little bit by what's obviously happened with operation Epic Fury.

So longer term, we're already seeing it, but we expect to see the government really doubling down in terms of pushing their NOCs and also the IOCs that operate in those countries in terms of more investment, looking to do more drilling, exploration and getting production.

So we're busy down there at the moment, and we expect to be -- continue to be busy as well. We've moved one or two ships already into the region this year as well with our operating platform, we're able to do that. So it's a positive story in Asia Pacific for us.

Donald Peter Crist

Johnson Rice & Company, L.L.C., Research Division

Okay. And M&A has been a big topic in the fourth quarter and the first quarter, so you haven't really done any stock buybacks. But Quintin, are you kind of leaning more towards stock buybacks as the M&A story goes to the background more and you're able to actually buy some stock back here? Or you just going to keep that optionality for the future?

Quintin V. Kneen

President, CEO & Director

I actually don't believe that the M&A opportunities are winding down. So yes, obviously, we have no issue returning money to the shareholders and share repurchases is our way to do it. But to the extent that we see more value in acquisitions by getting the right boats at the right price, then I would lean towards that.

Operator

That concludes our Q&A session. I'll now turn the call back over to Quintin Kneen of President and CEO for closing remarks.

Quintin V. Kneen

President, CEO & Director

Thank you again for joining us today. We look forward to updating you again in August. Goodbye.

Operator

This concludes today's conference call. You may now disconnect.

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