

May 17, 2004

OMNI ENERGY SERVICES CORP. (OMNI: NASDAQ)

Update: Affirm BUY Rating

Share Statistics	
Symbol	OMNI
Closing Price	\$5.28
High/Low 52 Weeks	\$9.00/\$0.80
Market Capitalization	\$56.3 mn
Shares Outstanding (Diluted)	10.66 mn

Analyst Rating & Rationale

We maintain our BUY rating on Omni Energy Services Corp. ("OMNI" or "The Company"). In the face of adverse weather, shorter work days and permit delays, OMNI reported a first quarter operating profit with impressive revenue and strong cash flow increases in each of the business segments. According to CEO Mr. Eckert, "February was as 'wet' a month as we've experienced in a long time." OMNI's improved first quarter operating results were also partially offset by substantial "start-up" costs associated with the commencement of the Company's aviation contract with W&T Offshore.

The aviation division has commenced the long awaited W&T Offshore contract and OMNI has received certification from the Federal Aviation Administration to increase the aviation load to 'ten (10) or more' passengers. This new approval significantly enhances the Company's aviation revenue base by dramatically extending the services offered. Mr. Eckert affirmed targets, "By coupling our strong operating results with our increased liquidity, we remain confident we will achieve the record levels of profitability and cash flows previously anticipated for 2004. Further, we are well positioned to decrease debt and capitalize on a number of significant strategic business opportunities, which are now presenting themselves for imminent consideration."

Recent Q104 Results (03/32/04)

Omni's revenue increased 85% to \$11.5 million for the three month period ended March 31, 2004 compared to \$6.2 million in the comparable first quarter of the year prior. Cash flow from operations (operating income plus depreciation and amortization) totaled \$1.7 million, a 70% improvement over the \$1.0 million of operating cash flow reported for the same three month period ended March 31, 2003. Including preferred stock dividends of \$0.5 million, OMNI reported a net loss applicable to common and common equivalent shares of (\$0.04) per diluted share for the first quarter of 2004. There were no preferred stock dividends for the same three-month period ended March 31, 2003. The Company previously announced the redemption of all of its Series A Preferred Stock and most of its Series B Preferred Stock.

First Quarter Ended 03/31/04 (\$000)

	<u>2004</u>	<u>2003</u>
Operating Revenue	\$ 11,496	\$ 6,207
Gross Profit	2,006	1,049
Operating Income	529	(11)
Net Income/(loss)	85	(115)
NI/(Loss) Common*	\$ (400)	\$ (115)
EPS (Diluted)	\$ (.04)	\$ (.01)

*After Preferred Dividends \$485 for 3/31/04

Kipley J. Lytel, CFA, is a senior partner with money management firm Montecito Capital Management. For over three years Mr. Lytel served as the lead securities analyst for M.L. Stern & Company. Previously, he performed portfolio management and analyst coverage during his employment with two hedge funds, Pacific Strategic Fund Group and DD Capital Management. His background has been marked by his experience as a Generalist, with analyst coverage spanning numerous industries, including: telecommunications & wireless, health care, retail, consumer products, technology, gaming and energy (E&P). He received his Masters of Business Administration (MBA) with Honors from the Peter F. Drucker School of Management at Claremont Graduate University, where he also received his undergraduate Bachelors of Arts (BA) degree in Economics. Mr. Lytel is a Chartered Financial Analyst (CFA) and an active member of the Association of Investment Management and Research (AIMR) and the Los Angeles Society of Financial Analysts (LASFA).

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