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OMNI ENERGY SERVICES CORP. (NASDAQ: OMNI)

Rating: Reiterate Speculative Buy

Share Statistics	
Symbol	OMNI
Last Trade (08/11/05)	$2.38
52-week range	$1.21 - 4.94
Average Volume (3m)	287,220
Market Capitalization	$29.7 Mn
Shares Outstanding	12.5 Mn

Source: Yahoo! Finance

Analyst Summary

While OMNI's continued to demonstrate an up-tick in revenue, with positive profit from operations (EBIT). Indeed, the quarterly loss was essentially related to non-operating activities of discontinued aviation service segment and disposal of the aviation service segment. The off contract timing and permit delays hampered the second quarter's seismic drilling activity, but these delays are resolving themselves during the third quarter. Indeed, its current seismic drilling backlog now exceeds $20 million for projects scheduled to commence during the remainder of the 2005 calendar year and early in the 2006 year. The Company also said that early indications appear to indicate seismic drilling activity will remain strong into the 2006 fiscal year. Commenting on the recent results, "*We are very pleased with this forecasted level of seismic drilling activity for what are normally our slowest work periods. Additionally, early discussions with our customers lead us to believe that the 2006 year will continue to be active for the geophysical industry*," James C. Eckert, OMNI's Chief Executive Officer said.

OMNI also announced that it has received approval from an institutional investor for a $25 million Term B mezzanine loan currently expected to be completed in the third quarter. The proceeds will be used to repay certain debt and provide investment capital for future acquisitions. Completion of the Term B mezzanine loan is subject to the completion of due diligence by the institutional investor, finalization of terms and conditions, negotiation of mutually satisfactory loan agreements, approval by the Company's Board of Directors and secured lenders, and other customary closing conditions.

Further, the Company completed the previously announced sale of its aviation unit to Rotorcraft Leasing Company, L.L.C. for a cash price of $11 million. The proceeds will be used to repay advances under the Company's Term A credit facility, pay the costs and fees associated with the transaction and provide working capital.

Financial highlights

Revenues for the three months ended June 30, 2005 were $9.5 million, a 10% increase over the prior year comparable quarter. This increase in revenue for the three months ended June 30, 2005 was attributable to our June 30, 2004 acquisition of Trussco Inc. which contributed approximately $4.5 million of revenue for the three month period ended June 30, 2005 which was offset by a decrease in seismic drilling of $3.6 million. The decrease in seismic drilling compared to the same period in 2004 was due to the timing of commencement of projects in backlog caused by permitting delays. OMNI's continuing operations for the three months ended June 30, 2005 and 2004 exclude the Company's aviation transportation services segment which has been accounted for as a discontinued operation.

After consideration of certain charges totaling $4.4 million resulting from the disposal and discontinuance of discontinuing operations and the loss on the disposal of the aviation transportation services segment assets and additional charges for a one-time non-cash charge attributable to the beneficial conversion feature of the preferred stock and preferred stock dividends for the three months ended June 30, 2005, OMNI reported a net loss of $5.0 million to common shareholders or $(0.40) per diluted share for the three months ended June 30, 2005 compared to a net loss of $0.9 million or $(0.08) per diluted share for the same period in 2004.

During the three month period ended June 30, 2005, the Company's EBITDA from continuing operations rose to $1.4 million, a 281% improvement over EBITDA of $(0.8) million reported for the comparable three month period ended June 30, 2004. EBITDA, which is a non-GAAP financial measure, is provided herein to assist investors in better understanding the Company's financial performance. See our reconciliation of net income to EBITDA on the last page of this press release including a discussion of why the non-GAAP measure of EBITDA is useful.

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Kipley J. Lytel, CFA, is a senior partner with money management firm Montecito Capital Management. For over three years, Mr. Lytel served as a 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).

Mr. Lytel has over fifteen years of investment finance experience, with expertise in equity valuation, credit analysis, private placements, and buy/sell recommendations. He received his Masters of Business Administration (MBA) 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 holds the Chartered Financial Analyst® designation, is an active member of CFA Institute and the Los Angeles Society of Financial Analysts (LASFA). He served as a grader/senior grader in the CFA® Examination Grading Program for CFA Institute and has been a Regional Expert for CFA Institute's advisory panel on investment management.

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