



OMNI ENERGY SERVICES CORP. (NASDAQ: OMNI)

Rating: Reiterate Speculative Buy

Share Statistics	
Symbol	OMNI
Last Trade (11/14/05)	\$2.70
52-week range	\$ 1.21 - 4.98
Average Volume (3m)	1,285,860
Market Capitalization	\$66.2 Mn
Shares Outstanding*	24.5 Mn

**Assumes dilution from current offering*

Source: Yahoo! Finance

Analyst Summary

Given the materially adverse business conditions that severely damaged OMNI's third quarter revenue base as they related to Hurricanes Katrina and Rita, which dealt a significant business interruption blow, the third quarter results (3QFY05) were better than expected. OMNI previously announced approximately \$3.0 million of its third quarter seismic drilling revenues were deferred to future periods as a result of the storms without a corresponding reduction in operating expenses. Additionally, normal offshore environmental operations and the operations at several of the Company's dockside environmental cleaning facilities were curtailed during the latter part of the third quarter as a result of these same hurricanes.

A recent S-1 filing indicates 9.6 million shares to be sold by existing shareholders. However, OMNI will not receive any proceeds from the sale of shares by the selling stockholders. The Company will receive as the exercise price of the 6,550,000 warrants described above up to \$14.2 million, if the selling stockholders exercise all their warrants and assuming that none of the warrants are exercised on a cashless basis. OMNI intends to use the proceeds from the exercise of the warrants to reduce long-term debt and for working capital purposes.

Financial highlights

In spite of these third quarter business interruptions, OMNI reported net income from continuing operations of \$0.1 million (\$0.00 per diluted share) on revenues of \$9.6 million for the three month period ended September 30, 2005. In arriving at net income from continuing operations, the Company recognized an income tax benefit of \$0.5 million in order to bring its deferred tax asset to \$2.0 million. This represents the tax benefit from utilization of its net operating loss carryforwards to offset the income tax effects of expected earnings for the fiscal year ending December 31, 2006.

The third quarter 2005 results compare to a net loss from continuing operations of \$(1.5) million (\$(0.13) per diluted share) on revenues of \$11.3 million for the three month period ended September 30, 2004. During the 2005 third quarter, the Company's EBITDA from continuing operations rose to \$1.1 million, a 74% improvement over EBITDA of \$0.6 million reported for the three month period ended September 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 the reconciliation of net income to EBITDA on the last page of this press release including a discussion of why the Company believes this non-GAAP measure is useful.

After the \$(0.4) million loss relating to the discontinued operations of the Company's former aviation division, the Company reported a net loss of \$(0.3) million for the three month period ended September 30, 2005. OMNI recorded \$0.1 million of costs in connection with preferred stock dividends, resulting in a net loss available to common stockholders for the three months ended September 30, 2005, of \$(0.4) million (\$(0.02) per diluted share).

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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