TIDEWATER INC
Form 10-K
February 28, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file number: 1-6311

Tidewater Inc.

(Exact name of registrant as specified in its charter)

Delaware	72-0487776
(State of incorporation)	(I.R.S. Employer Identification No.)
6002 Rogerdale Road, Suite 600	
Houston, Texas	77072
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (713) 470-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.001	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $754,530,649 based on the closing sales price as reported on the New York Stock Exchange of $28.93.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of February 15, 2019, 37,169,016 shares of the registrant's common stock, $0.001 par value per share, were outstanding. Registrant has no other class of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

TIDEWATER INC.

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENT

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this Annual Report on Form 10-K and the information incorporated herein by reference contain certain forward-looking statements which reflect our current view with respect to future events and future financial performance. Forward-looking statements are all statements other than statements of historical fact. All such forward-looking statements are subject to risks and uncertainties, and our future results of operations could differ materially from our historical results or current expectations reflected by such forward-looking statements. Some of these risks are discussed in this Annual Report on Form 10-K including in Item 1A. “Risk Factors” and include, without limitation, the risk that the cost savings and any other synergies from the business combination with GulfMark Offshore, Inc. (the “business combination”) may not be fully realized or may take longer to realize than expected; disruptions from the business combination making it more difficult to maintain relationships with customers, employees or suppliers; the possibility of litigation related to the business combination; the diversion of management’s time from day-to-day operations due to the business combination; incurrence of substantial transaction-related costs associated with the business combination; the possibility of unanticipated costs being incurred to effectuate the integration; new accounting policies and our consolidation activities; fluctuations in worldwide energy demand and oil and natural gas prices, and continuing depressed levels of oil and natural gas prices without a clear indication of if, or when, prices will recover to a level to support renewed offshore exploration activities; fleet additions by competitors and industry overcapacity; our limited capital resources available to replenish our asset base, including through acquisitions or vessel construction, and to fund our capital expenditure needs; uncertainty of global financial market conditions and potential constraints in accessing capital or credit if and when needed with favorable terms, if at all; changes in decisions and capital spending by customers in the energy industry and the industry expectations for offshore exploration, field development and production; consolidation of our customer base; loss of a major customer; changing customer demands for vessel specifications, which may make some of our older vessels technologically obsolete for certain customer projects or in certain markets; rapid technological changes; delays and other problems associated with vessel construction and maintenance; the continued availability of qualified personnel and our ability to attract and retain them; the operating risks normally incident to our lines of business, including the potential impact of liquidated counterparties; our ability to comply with covenants in our indentures and other debt instruments; acts of terrorism and piracy; the impact of potential information technology, cybersecurity or data security breaches; integration of acquired businesses and entry into new lines of business; disagreements with our joint venture partners; significant weather conditions; unsettled political conditions, war, civil unrest and governmental actions, such as expropriation or enforcement of customs or other laws that are not well developed or consistently enforced; the risks associated with our international operations, including local content, local currency or similar requirements especially in higher political risk countries where we operate; interest rate and foreign currency fluctuations; labor changes proposed by international conventions; increased regulatory burdens and oversight; changes in laws governing the taxation of foreign source income; retention of skilled workers; enforcement of laws related to the environment, labor and foreign corrupt practices; the effects of asserted and unasserted claims and the extent of available insurance coverage; and the resolution of pending legal proceedings.

Forward-looking statements, which can generally be identified by the use of such terminology as “may,” “can,” “potential,” “expect,” “project,” “target,” “anticipate,” “estimate,” “forecast,” “believe,” “think,” “could,” “continue,” “intend,” “seek,” “pl expressions contained in this Annual Report on Form 10-K, are not guarantees or assurances of future performance or events. Any forward-looking statements are based on our assessment of current industry, financial and economic information, which by its nature is dynamic and subject to rapid and possibly abrupt changes, which we may or may not be able to control. Further, we may make changes to our business plans that could or will affect our results. While management believes that these forward-looking statements are reasonable when made, there can be no assurance that future developments that affect us will be those that we anticipate and have identified. The forward-looking statements should be considered in the context of the risk factors listed above and discussed in greater detail elsewhere in this Annual Report on Form 10-K. Investors and prospective investors are cautioned not to rely unduly on such forward-looking statements, which speak only as of the date hereof. Management disclaims any obligation to update or revise any forward-looking statements contained herein to reflect new information, future events or developments.

In certain places in this Annual Report on Form 10-K, we may refer to reports published by third parties that purport to describe trends or developments in energy production and drilling and exploration activity and we specifically disclaim any responsibility for the accuracy and completeness of such information and have undertaken no steps to update or independently verify such information.

PART I

This section highlights information that is discussed in more detail in the remainder of the document.

ITEM 1. BUSINESS

Tidewater Inc., a Delaware corporation that is a listed company on the New York Stock Exchange under the symbol “TDW”, provides offshore marine support and transportation services to the global offshore energy industry through the operation of a diversified fleet of marine service vessels. We were incorporated in 1956 and conduct our operations through wholly-owned United States (U.S.) and international subsidiaries, as well as through joint ventures in which Tidewater has either majority or occasionally non-controlling interests (generally where required to satisfy local ownership or local content requirements). Unless otherwise required by the context, the terms “we”, “us”, “our” and “the company” as used herein refer to Tidewater Inc. and its consolidated subsidiaries and predecessors.

On July 31, 2017, Tidewater successfully emerged from Chapter 11 bankruptcy proceedings and adopted fresh-start accounting. Refer to Notes (4) and (5) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our Chapter 11 bankruptcy and emergence and the adoption of fresh-start accounting.

About Tidewater

Our vessels and associated vessel services provide support for all phases of offshore oil and natural gas exploration, field development and production. These services include towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic and subsea support; and a variety of specialized services such as pipe and cable laying. In addition, we have one of the broadest geographic operating footprints in the offshore vessel industry.

Our principal customers are large, international oil and natural gas exploration, field development and production companies (IOCs); select independent exploration and production (E&P) companies; foreign government-owned or government-controlled organizations and other related companies that explore for, develop and produce oil and natural gas (NOCs); drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, diving companies and well stimulation companies.

Our offshore support vessel fleet consists primarily of company owned vessels some of which are operated under joint ventures, as well as vessels that have been stacked or withdrawn from service. At December 31, 2018, we owned 257 vessels (excluding five joint venture vessels, but including 92 stacked vessels) available to serve the global energy industry. Please refer to Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding our stacked vessels.

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore support vessel fleet. Our business activity is largely dependent on offshore exploration, field development and production activity by our customers. Our customers' business activity, in turn, is dependent on actual and expected crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost (and relative cost) of finding, developing and producing reserves.

Depending on vessel capabilities and availability, our vessels operate in the shallow, intermediate and deepwater offshore markets. Deepwater oil and gas development typically involves significant capital investment and multi-year development plans. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects can be costly relative to other onshore and offshore exploration and development. As a result, the sustained low levels of crude oil prices over the past few years has caused, and may continue to cause, many E&P companies to restrain their level of capital expenditures in regards to deepwater projects.

Revenues are derived primarily from vessel time charter or similar contracts that are generally from three months to several years in duration, and, to a lesser extent, from vessel time charter contracts on a "spot" basis, which is a short-term (one day to three months) agreement to provide offshore marine services to a customer for a specific short-term job. The base rate of hire for a term contract is generally a fixed rate, though some charter arrangements allow us to recover specific additional costs.

Business Combination

On November 15, 2018 (the "Merger Date"), we completed our acquisition of GulfMark Offshore, Inc. ("GulfMark") pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated July 15, 2018 (the "business combination"). The business combination was effected through a two-step reverse merger, pursuant to which (i) Gorgon Acquisition Corp., a Delaware corporation and wholly-owned subsidiary, merged with and into GulfMark, with GulfMark continuing as the surviving corporation and a wholly-owned subsidiary (the "First Merger") and then, immediately afterwards, (ii) GulfMark merged with and into Gorgon NewCo, LLC, a Delaware limited liability company and wholly-owned subsidiary ("Gorgon"), with Gorgon continuing as the surviving entity and a direct, wholly-owned subsidiary. GulfMark's results are included in our consolidated results beginning on the Merger Date. Refer to Note (2) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our merger with GulfMark. Upon consummation, the transaction taken as a whole included the issuance of new common stock and additional common stock warrants and the use of GulfMark and Tidewater cash to repay the GulfMark indebtedness as described below.

Upon consummation, GulfMark shareholders received 1.10 (the "Exchange Ratio") shares of Tidewater common stock in exchange for each share of GulfMark owned. Outstanding GulfMark Creditor Warrants ("GLF Creditor Warrants") and GulfMark Equity Warrants ("GLF Equity Warrants") were assumed from GulfMark with each warrant becoming exercisable for 1.10 shares of Tidewater common stock on substantially the same terms and conditions as provided in the warrant agreements governing the GLF Creditor Warrants and the GLF Equity Warrants. All outstanding GulfMark restricted stock units (awards granted to GulfMark directors and management prior to the merger) were converted into substantially similar awards to acquire Tidewater common stock with the number of restricted stock units being adjusted by the Exchange Ratio. The fair value of the Tidewater common stock and warrants issued as part of the consideration paid for GulfMark was determined based on the closing price of Tidewater's common stock on the New York Stock Exchange on November 14, 2018. Immediately following the completion of the business combination, the former Tidewater stockholders and GulfMark stockholders owned 74% and 26% of the combined company, respectively. In addition, at consummation, we utilized $28.0 million of cash from GulfMark and $72.0 million of cash on hand to repay the $100 million outstanding balance of GulfMark's Term Loan Facility. This business combination transaction, as a whole, resulted in a total purchase consideration of $385.5 million.

Refer to Note (2) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our business combination.

Explanatory Note Regarding the Change in Fiscal Year End

Refer to Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our change in fiscal year end.

Offices and Facilities

Our worldwide headquarters and principal executive offices are located at 6002 Rogerdale Road, Suite 600, Houston, Texas 77072, and our telephone number is (713) 470-5300. Our U.S. marine operations are based in Amelia, Louisiana and Houston, Texas. We conduct our international operations through facilities and offices located in over 30 countries. Our principal international offices and/or warehouse facilities, most of which are leased, are located in Rio de Janeiro and Macae, Brazil; Ciudad Del Carmen, Mexico; Port of Spain and Chaguaramus, Trinidad; Aberdeen, Scotland; Amsterdam, Holland; Cairo, Egypt; Luanda and Cabinda, Angola; Lagos and Onne Port, Nigeria; Douala, Cameroon; Singapore; Al Khobar, Kingdom of Saudi Arabia; Dubai, United Arab Emirates; and Oslo, Sandnes and Tromso, Norway. Our operations generally do not require highly specialized facilities, and suitable facilities are generally available on a leased basis as required.

Our Global Vessel Fleet

We operate one of the largest fleets of offshore support vessels among our competitors in the industry. The average age of our 257 owned vessels (excluding joint-venture vessels) at December 31, 2018 was approximately 9.6 years. The average age of our 165 active vessels (owned vessels less stacked vessels) at December 31, 2018 was 8.7 years. Of our 257 vessels, 137 are deepwater platform supply vessels (PSVs) or deepwater anchor handling towing supply (AHTS) vessels, and 91 vessels are non-deepwater towing-supply vessels, which include both smaller PSVs and smaller AHTS vessels that primarily serve the jack-up and other non-deepwater drilling markets. Included within our “other” vessel class are 29 vessels that are primarily crew boats and offshore tugs.

The “Vessel Count, Dispositions, Acquisitions and Construction Programs” section of Item 7 in this Annual Report on Form 10-K also contains a table comparing the actual December 31, 2018 vessel count and the average number of vessels by class and geographic distribution during the twelve month periods ended December 31, 2018 and 2017.

Our Vessel Classifications

Our vessels routinely move from one geographic region and reporting segment to another, and from one operating area to another operating area within the geographic regions and reporting segments. We disclose our vessel statistical information, including revenue, utilization and average day rates, by vessel class. Discussed below are our three major vessel classes along with a description of the type of vessels categorized in each vessel class and the services the respective vessels typically perform. Tables comparing the average size of our vessel fleet by class and geographic distribution for the last three fiscal years are included in Item 7 of this Annual Report on Form 10-K.

Deepwater Vessels

Deepwater vessels, in the aggregate, are generally our largest contributor to consolidated vessel revenue and vessel operating margin. Included in this vessel class are large PSVs (typically longer than 230-feet and/or with greater than 2,800 tons in dead weight cargo carrying capacity) and large, higher-horsepower AHTS vessels (generally greater than 10,000 horsepower). These vessels are generally chartered to customers for use in transporting supplies and equipment from shore bases to deepwater and intermediate water depth offshore drilling rigs and production platforms and for otherwise supporting intermediate and deepwater drilling, production, construction and maintenance operations. Deepwater PSVs generally have large cargo carrying capacities, both below deck (liquid mud tanks and dry bulk tanks) and above deck. Deepwater AHTS vessels are equipped to tow drilling rigs and other marine equipment, as well as to set anchors for the positioning and mooring of drilling rigs that generally do not have dynamic positioning capabilities. Many of our deepwater PSVs and AHTS vessels are outfitted with dynamic positioning capabilities, which allow the vessels to maintain an absolute or relative position when mooring to an offshore installation, rig or another vessel is deemed unsafe, impractical or undesirable. Many of our deepwater vessels also have oil recovery, firefighting, standby rescue and/or other specialized equipment. Our customers have high standards in regards to safety and other operational competencies and capabilities, in part to meet the regulatory standards that continue to be more stringent.

Our deepwater class of vessel also includes specialty vessels that can support offshore well stimulation, construction work, subsea services and/or serve as remote accommodation facilities. These vessels are generally available for routine supply and towing services, but are also outfitted, and primarily intended, for specialty services. For example, these vessels can be equipped with a variety of lifting and deployment systems, including large capacity cranes, winches or reel systems.

Towing-Supply Vessels

Included in this class are non-deepwater AHTS vessels with horsepower below 10,000 BHP, and non-deepwater PSVs that are generally less than 230 feet in length. The vessels in this class perform the same respective functions and services as deepwater AHTS vessels and deepwater PSVs except towing-supply vessels are generally chartered to customers for use in intermediate and shallow waters.

Other Vessels

Our “Other” vessels include crew boats, utility vessels and offshore tugs. Crew boats and utility vessels are chartered to customers for use in transporting personnel and supplies from shore bases to offshore drilling rigs, platforms and other installations. These vessels are also often equipped for oil field security missions in markets where piracy, kidnapping or other potential violence presents a concern. Offshore tugs are used to tow floating drilling rigs and barges; to assist in the docking of tankers; and to assist pipe laying, cable laying and construction barges.

Revenue Contribution by Major Classes of Vessels

Revenues from vessel operations were derived from the following classes of vessels in the following percentages:

	Successor		Predecessor	
	Twelve Months Ended December 31, 2018	Period from August 1, 2017 through December 31, 2017	Period from April 1, 2017 through July 31, 2017	Twelve Months Ended March 31, 2017
Deepwater	57.2 %	48.9 %	44.1 %	50.1 %
Towing-supply	36.5 %	43.3 %	49.9 %	43.0 %
Other	6.3 %	7.8 %	6.0 %	6.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

Customers and Contracting

Our operations are dependent upon the levels of activity in offshore crude oil and natural gas exploration, field development and production throughout the world, which are affected by trends in global crude oil and natural gas pricing, including expectations of future commodity pricing, which are ultimately influenced by the supply and demand relationship for these natural resources. The activity levels of our customers are also influenced by the cost (and relative cost) of exploring for and producing crude oil and natural gas offshore, which can be affected by environmental regulations, technological advances that affect energy production and consumption, significant weather conditions, the ability of our customers to raise capital, and local and international economic and political environments, including government mandated moratoriums.

Our primary source of revenue is derived from time charter contracts on our vessels on a rate per day of service basis; therefore, vessel revenues are recognized on a daily basis throughout the contract period.

The following table discloses our customers that accounted for 10% or more of total revenues:

	Successor		Predecessor	
	Twelve Months Ended December 31, 2018	Period from August 1, 2017 through December 31, 2017	Period from April 1, 2017 through July 31, 2017	Twelve Months Ended March 31, 2017
Chevron Corporation (A)	15.0 %	17.4 %	17.5 %	15.3 %

Saudi Aramco	8.3	%	10.1	%	11.7	%	9.6	%
Freeport McMoRan (B)	—		—		—		14.2	%

(A) 86%, 79%, 78% and 78% percent of revenue generated by Chevron for the twelve months ended December 31, 2018, the periods from August 1, 2017 through December 31, 2017 (Successor), April 1, 2017 through July 31, 2017 (Predecessor) and the twelve months ended March 31, 2017, respectively, relates to activity in Angola. Please refer to Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our Sonatide joint venture.

(B) A significant portion of this customer's revenue for the twelve months ended March 31, 2017 was the result of the early termination of a long-term vessel charter contract.

While it is normal for our customer base to change over time as our vessel time charter contracts turn over, the unexpected loss of any of these significant customers could, at least in the short term, have a material adverse effect on our vessel utilization and our results of operations. Our five and ten largest customers accounted for approximately 58% and 68% of our total revenues for the twelve months ended December 31, 2018, respectively.

Competition

We have numerous mid-size and large competitors. The principal competitive factors for the offshore vessel service industry are the suitability and availability of vessels and related equipment, price and quality of service. In addition, the ability to demonstrate a strong safety record and attract and retain qualified and skilled personnel are also important competitive factors. We have numerous competitors in all areas in which we operate around the world, and the business environment in all of these markets is highly competitive.

Our diverse, mobile asset base and the wide geographic distribution of our assets generally enable us to respond relatively quickly to changes in market conditions and to provide a broad range of vessel services to customers around the world. We believe that size, age, diversity and geographic distribution of a vessel operator's fleet, economies of scale and experience level in the many areas of the world are competitive advantages in our industry. In the Americas region, we benefit from the provisions of the Jones Act, which limits vessels that can operate in the U.S. Gulf of Mexico to those with U.S. ownership. Also, in certain foreign countries, preferences given to vessels owned by local companies may be mandated by local law or by national oil companies. We have attempted to mitigate some of the impact of such preferences through affiliations with local companies.

Increases in worldwide vessel capacity generally have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity as has been the case since late calendar 2014 when oil prices began to trend lower.

Sonatide Joint Venture

We previously disclosed the significant financial and operational challenges that we confront with respect to operations in Angola, as well as steps that we have taken to address or mitigate those risks. Most of our attention has been focused in three areas: (i) reducing the net receivable balance due from Sonatide, our Angolan joint venture with Sonangol, for vessel services; (ii) reducing the foreign currency risk created by virtue of provisions of Angolan law that require that payment for a portion of the services provided by Sonatide be paid in Angolan kwanza; and (iii) optimizing opportunities, consistent with Angolan law, for services provided by us to be paid for directly in U.S. dollars.

Refer to Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on the Sonatide joint venture.

International Labour Organization's Maritime Labour Convention

The International Labour Organization's Maritime Labour Convention, 2006 (the "Convention") mandates globally, among other things, seafarer living and working conditions (accommodations, wages, conditions of employment, health and other benefits) aboard ships that are engaged in commercial activities. Since its initial entry into force on August 20, 2013, 90 countries have now ratified the Convention.

We maintain certification of our vessels to Convention requirements based on the dates of enforcement by countries in which we operate, perform maintenance and repairs at shipyards, or make port calls during ocean voyages. Additionally, where possible, we continue to work with identified flag states to seek substantial equivalencies to comparable national and industry laws that meet the intent of the Convention and allow us to standardize operational protocols among our fleet.

Government Regulation

We are subject to various United States federal, state and local statutes and regulations governing the ownership, operation and maintenance of our vessels. Our U.S. flagged vessels are subject to the jurisdiction of the United States Coast Guard, the United States Customs and Border Protection, and the United States Maritime Administration. We are also subject to international laws and conventions and the laws of international jurisdictions where we operate.

Under the citizenship provisions of the Merchant Marine Act of 1920 and the Shipping Act, 1916, as amended, the rules and regulations promulgated thereunder (collectively, the "Jones Act"), we would not be permitted to engage in the U.S. coastwise trade if more than 25% of our outstanding stock were owned by non-U.S. citizens as defined by the Jones Act. For a company engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) we must be organized under the laws of the United States or of a state, territory or possession thereof, (ii) each of the chief executive officer and the chairman of the Board of Directors of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. citizens and (iv) at least 75% of the interest in such company must be owned by U.S. citizens. We have a dual stock certificate system to protect against non-U.S. citizens owning more than 25% of our common stock. In addition, our charter provides us with certain remedies with respect to any transfer or purported transfer of shares of our common stock that would result in the ownership by non-U.S. citizens of more than 24% of our common stock. At the time of our emergence from bankruptcy on July 31, 2017, approximately 22% of our outstanding common stock was owned by non-US citizens. Based on information supplied to us by our transfer agent, less than 24% of our outstanding common stock was owned by non-U.S. citizens as of December 31, 2018.

Our vessel operations in the U.S. GOM are considered to be coastwise trade. United States law requires that vessels engaged in the U.S. coastwise trade must be built in the U.S. and registered under U.S. flag. In addition, once a U.S. built vessel is registered under a non-U.S. flag, it cannot thereafter engage in U.S. coastwise trade. Therefore, our non-U.S. flagged vessels must operate outside of the U.S. coastwise trade zone. Of the total 257 vessels that we owned or operated at December 31, 2018, 225 vessels were registered under flags other than the United States and 32 vessels were registered under the U.S. flag.

All of our offshore vessels are subject to either United States or international safety and classification standards or sometimes both. U.S. flagged deepwater PSVs, deepwater AHTS vessels, towing-supply vessels, and crewboats are required to undergo periodic inspections generally twice within every five year period pursuant to U.S. Coast Guard regulations. Vessels registered under flags other than the United States are subject to similar regulations and are governed by the laws of the applicable international jurisdictions and the rules and requirements of various classification societies, such as the American Bureau of Shipping.

We are in compliance with the International Ship and Port Facility Security (ISPS) Code, an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988), and further mandated in the Maritime Transportation and Security Act of 2002 to align United States regulations with those of SOLAS and the ISPS Code. Under the ISPS Code, we perform worldwide security assessments, risk analyses, and develops vessel and required port facility security plans to enhance safe and secure vessel and facility operations. Additionally, we have developed security annexes for those U.S. flag vessels that transit or work in waters designated as high risk by the United States Coast Guard pursuant to the latest revision of Marsec Directive 104-6.

Environmental Compliance

During the ordinary course of business, our operations are subject to a wide variety of environmental laws and regulations that govern the discharge of oil and pollutants into navigable waters. Violations of these laws may result in civil and criminal penalties, fines, injunctions and other sanctions. Compliance with the existing governmental regulations that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment has not had, nor is expected to have, a material effect on us. Environmental laws and regulations are subject to change, however, and may impose increasingly strict requirements, and, as such, we cannot estimate the ultimate cost of complying with such potential changes to environmental laws and regulations.

We are also involved in various legal proceedings that relate to asbestos and other environmental matters. The amount of ultimate liability, if any, with respect to these proceedings is not expected to have a material adverse effect on our financial position, results of operations, or cash flows. We are proactive in establishing policies and operating procedures for safeguarding the environment against any hazardous materials aboard our vessels and at shore-based locations.

Whenever possible, hazardous materials are maintained or transferred in confined areas in an attempt to ensure containment, if accidents were to occur. In addition, we have established operating policies that are intended to increase awareness of actions that may harm the environment.

Safety

We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Tidewater's principal operations occur in offshore waters where the workplace environment presents many safety challenges. Management communicates frequently with company personnel to promote safety and instill safe work habits through the use of company media directed at, and regular training of, both our seamen and shore-based personnel. Personnel and resources are dedicated to ensure safe operations and regulatory compliance. Our Director of Health, Safety, Environment and Security (HSES) Management is involved in numerous proactive efforts to prevent accidents and injuries from occurring. The HSES Director also reviews all incidents that occur, focusing on lessons that can be learned from such incidents and opportunities to incorporate such lessons into our on-going safety-related training. In addition, we employ safety personnel to be responsible for administering our safety programs and fostering our safety culture. Our position is that each of our employees is a safety supervisor, who has the authority and the obligation to stop any operation that they deem to be unsafe.

Risk Management

The operation of any marine vessel involves an inherent risk of marine losses (including physical damage to the vessel) attributable to adverse sea and weather conditions, mechanical failure, and collisions. In addition, the nature of our operations exposes us to the potential risks of damage to and loss of drilling rigs and production facilities, hostile activities attributable to war, sabotage, piracy and terrorism, as well as business interruption due to political action or inaction, including nationalization of assets by foreign governments. Any such event may lead to a reduction in revenues or increased costs. Our vessels are generally insured for their estimated market value against damage or loss, including war, acts of terrorism, and pollution risks, but we do not directly or fully insure for business interruption. We also carry workers' compensation, maritime employer's liability, director and officer liability, general liability (including third party pollution) and other insurance customary in the industry.

We seek to secure appropriate insurance coverage at competitive rates, in part, by maintaining self-insurance up to certain individual and aggregate loss limits. We carefully monitor claims and actively participate in claims estimates and adjustments. Estimated costs of self-insured claims, which include estimates for incurred but unreported claims, are accrued as liabilities on our balance sheet.

The continued threat of terrorist activity and other acts of war or hostility have significantly increased the risk of political, economic and social instability in some of the geographic areas in which we operate. It is possible that further acts of terrorism may be directed against the United States domestically or abroad, and such acts of terrorism could be directed against properties and personnel of U.S. headquartered companies such as ours. The resulting economic, political and social uncertainties, including the potential for future terrorist acts and war, could cause the premiums charged for the insurance coverage to increase. We currently maintain war risk coverage on our entire fleet.

We believe that our insurance coverage is adequate. We have not experienced a loss in excess of insurance policy limits; however, there is no assurance that our liability coverage will be adequate to cover claims that may arise. While we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate. For further discussion of our risks see "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

Seasonality

Our global vessel fleet generally has its highest utilization rates in the warmer months when the weather is more favorable for offshore exploration, field development and construction work. Hurricanes, cyclones, the monsoon season, and other severe weather can negatively or positively impact vessel operations. In particular, our U.S. GOM operations can be impacted by the Atlantic hurricane season from the months of June through November, when offshore exploration, field development and construction work tends to slow or halt in an effort to mitigate potential losses and damage that may occur to the offshore oil and gas infrastructure should a hurricane enter the area. However, demand for offshore marine vessels typically increases in the U.S. GOM in connection with repair and remediation work that follows any hurricane damage to offshore crude oil and natural gas infrastructure. Our vessels that operate offshore India in Southeast Asia and in the Western Pacific are impacted by the monsoon season, which occurs across the region from November to April. Vessels that operate in the North Sea can be impacted by a seasonal slowdown in the winter months, generally from November to March. Although hurricanes, cyclones, monsoons and other severe weather can have a seasonal impact on operations, our business volume is more dependent on crude oil and natural gas pricing, global supply of crude oil and natural gas, and demand for our offshore support vessels and other services than on any seasonal variation.

Employees

As of December 31, 2018, we had approximately 5,500 employees worldwide, which includes approximately 880 employees added in connection with the business combination with GulfMark. We are not a party to any union contract in the United States but through several subsidiaries are subject to union agreements covering local nationals in several countries other than the United States. In the past, we have been the subject of a union organizing campaign for the U.S. GOM employees by maritime labor unions. If the employees in the U.S. GOM were to unionize, our flexibility in managing industry changes in the domestic market could be adversely affected.

Available Information

We make available free of charge, on or through our website (www.tdw.com), our Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). The SEC maintains a website that contains our reports, proxy and information statements, and our other SEC filings. The address of the SEC's website is www.sec.gov. Information appearing on our website is not part of any report that we file with the SEC.

We have adopted a Code of Business Conduct and Ethics (Code), which is applicable to our directors, chief executive officer, chief financial officer, principal accounting officer, and other officers and employees on matters of business conduct and ethics, including compliance standards and procedures. The Code is publicly available on our website at www.tdw.com. We will make timely disclosure by a Current Report on Form 8-K and on our website of any change to, or waiver from, the Code for our chief executive officer, chief financial officer and principal accounting officer. Any changes or waivers to the Code will be maintained on our website for at least 12 months. A copy of the Code is also available in print to any stockholder upon written request addressed to Tidewater Inc., 6002 Rogerdale Road, Suite 600, Houston, Texas, 77072.

ITEM 1A. RISK FACTORS

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Annual Report on Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from those anticipated, projected or assumed in the forward-looking statements. Any of these factors, in whole or in part, could materially and adversely affect our business, prospects, financial condition, results of operations, stock price and cash flows. These could also be affected by additional factors that apply to all companies generally which are not specifically mentioned below.

Risks Relating to Our Business

The prices for oil and natural gas affect the level of capital spending by our customers. A substantial or an extended decline in oil and natural gas prices could result in lower capital spending by our customers.

Prices for crude oil and natural gas are highly volatile and extremely sensitive to the respective supply/demand relationship for crude oil and natural gas. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. Many factors affect the supply of and demand for crude oil and natural gas and, therefore, influence prices of these commodities, including:

- domestic and foreign supply of oil and natural gas, including increased availability of non-traditional energy resources such as shale oil and natural gas
- prices, and expectations about future prices, of oil and natural gas
- domestic and worldwide economic conditions, and the resulting global demand for oil and natural gas

12

- the price and quantity of imports of foreign oil and natural gas including the ability of OPEC to set and maintain production levels for oil, and decisions by OPEC to change production levels

- sanctions imposed by the U.S., the European Union (“E.U.”), or other governments against oil producing countries;

- the cost of exploring for, developing, producing and delivering oil and natural gas

- the level of excess production capacity, available pipeline, storage and other transportation capacity

- lead times associated with acquiring equipment and products and availability of qualified personnel

- the expected rates of decline in production from existing and prospective wells

- the discovery rates of new oil and natural gas reserves

- federal, state and local regulation of (i) exploration and drilling activities, (ii) equipment, material, supplies or services that we furnish and (iii) oil and natural gas exports

  - public pressure on, and legislative and regulatory interest within, federal, state and local governments to stop, significantly limit or regulate hydraulic fracturing (fracking) activities

  - weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area and severe winter weather that can interfere with oil and natural gas development and production operations

- political and economic instability and social unrest in oil and natural gas producing countries

- advances in exploration, development and production technologies or in technologies affecting energy consumption (such as fracking)

- the price and availability of alternative fuel and energy sources

- technological advances affecting energy consumption;

- uncertainty in capital and commodities markets and

- changes in the value of the U.S. dollar relative to other global currencies.

Demand for our products and services depends substantially on capital spending by our customers for the exploration, development and production of oil and natural gas reserves. A prolonged material downturn in crude oil and natural gas prices and/or perceptions of long-term lower commodity prices can negatively impact the development plans of exploration and production (E&P) companies and result in a significant decline in demand for offshore support services resulting in project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. Moreover, declining or continuing depressed oil and natural gas prices may result in negative pressures on:

- our customer's capital spending and spending on our services;
- our charter rates and/or utilization rates;
- our results of operations, cash flows and financial condition;
- the fair market value of our vessels;
- our ability to refinance, maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and make acquisitions or capital expenditures, and the cost of that capital and

- the collectability of our receivables.

Moreover, higher commodity prices will not necessarily translate into increased demand for offshore support services or sustained higher pricing for offshore support vessel services, in part because customer demand is based on future commodity price expectations and not solely on current prices. Additionally, increased commodity demand may in the future be satisfied by land-based energy resource production and any increased demand for offshore support vessel services can be more than offset by an increased supply of offshore support vessels resulting from the construction of additional offshore support vessels.

Crude oil pricing volatility has increased in recent years as crude oil has emerged as a widely-traded financial asset class. To the extent speculative trading of crude oil causes excessive crude oil pricing volatility, our results of operations could potentially be negatively impacted if such price volatility affects spending and investment decisions of offshore exploration, development and production companies.

We derive a significant amount of revenue from a relatively small number of customers.

For the fiscal year ended December 31, 2018, periods from August 1, 2017 through December 31, 2017 (Successor), April 1, 2017 through July 31, 2017 (Predecessor), and the twelve months ended March 31, 2017 (Predecessor), the five largest customers accounted for, in the aggregate, approximately 41%, 45%, 48% and 53%, respectively, of our total revenues, while the 10 largest customers accounted for, in the aggregate, approximately 58%, 64%, 69% and 75%, respectively, of our total revenues. While it is normal for our customer base to change over time as our time charter contracts expire and are replaced, our results of operations, financial condition and cash flows could be materially adversely affected if the customer base contracts, or one or more of these customers were to decide to interrupt or curtail their activities, in general, or their activities with us, terminate their contracts with us, fail to renew existing contracts, and/or refuse to award new contracts.

Our customer base has undergone consolidation, and additional consolidation is possible.

Oil and natural gas companies and other energy companies and energy services companies have undergone consolidation, and additional consolidation is possible. Consolidation reduces the number of customers for our equipment, and may negatively affect exploration, development and production activity as consolidated companies focus, at least initially, on increasing efficiency and reducing costs and may delay or abandon exploration activity with less promise. Such activity could adversely affect demand for our offshore services.

The high level of competition on the offshore marine service industry could negatively impact pricing for our services.

We operate in a highly competitive industry, which could depress charter and utilization rates and adversely affect our financial performance. We compete for business with our competitors on the basis of price; reputation for quality service; quality, suitability and technical capabilities of our vessels; availability of vessels; safety and efficiency; cost of mobilizing vessels from one market to a different market; and national flag preference. In addition, competition in international markets may be adversely affected by regulations requiring, among other things, local construction, flagging, ownership or control of vessels, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors.

The rise in production of unconventional crude oil and natural gas resources could increase supply without a commensurate growth in demand which would negatively impact oil and natural gas prices.

The rise in production of unconventional crude oil and natural gas resources in North America and the commissioning of a number of new large Liquefied Natural Gas (LNG) export facilities around the world have contributed to an over-supplied natural gas market. Production from unconventional resources has increased as drilling efficiencies have improved, lowering the costs of extraction. There has also been a buildup of crude oil inventories in the U.S. in part due to the increased development of unconventional crude oil resources. Prolonged increases in the worldwide supply of crude oil and natural gas, whether from conventional or unconventional sources, without a commensurate growth in demand for crude oil and natural gas will likely continue to weigh crude oil and natural gas prices. A prolonged period of low crude oil and natural gas prices would likely have a negative impact on development plans of exploration and production companies, which in turn, may result in a decrease in demand for our offshore support vessel services.

Uncertain economic conditions may lead our customers to postpone capital spending.

Uncertainty about future global economic market conditions makes it challenging to forecast operating results and to make decisions about future investments. The success of our business is both directly and indirectly dependent upon conditions in the global financial and credit markets that are outside of our control and difficult to predict. Uncertain economic conditions may lead our customers to postpone capital spending in response to tighter credit markets and reductions in our customers' income or asset values. Similarly, when lenders and institutional investors reduce, and in some cases, cease to provide funding to corporate and other industrial borrowers, the liquidity and financial condition of our company and our customers can be adversely impacted. These factors may also adversely affect our liquidity and financial condition. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers and economic sanctions or other restrictions imposed by the U.S. or other countries, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts, security operations, and seaborne refugee issues) can have a material negative effect on our business, revenues and profitability.

An increase in vessel supply without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition.

Over the past decade, the combination of historically high commodity prices and technological advances resulted in significant growth in deepwater exploration, field development and production. During this time, construction of offshore vessels increased significantly in order to meet projected requirements of customers and potential customers. Excess offshore support vessel capacity usually exerts downward pressure on charter day rates. Excess capacity can occur when newly constructed vessels enter the worldwide offshore support vessel market and also when vessels migrate between markets. A discussion about our vessel fleet and vessel construction programs appears in the "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of Item 7 in this Annual Report on Form 10-K.

An increase in vessel capacity without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition, which may have the effect of lowering charter rates and utilization rates, which, in turn, would result in lower revenues.

In addition, the provisions of U.S. shipping laws restricting engagement of U.S. coastwise trade to vessels controlled by U.S. citizens may from time to time be circumvented by foreign competitors that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. A repeal, suspension or significant modification of U.S. shipping laws, or the administrative erosion of their benefits, permitting vessels that are either foreign-flagged, foreign-built, foreign-owned, foreign-controlled or foreign-operated to engage in the U.S. coastwise trade, could also result in excess vessel capacity and increased competition, especially for our vessels that operate in North America.

We operate in various regions throughout the world and are exposed to many risks inherent in doing business in countries other than the U.S.

We operate in various regions throughout the world and are exposed to many risks inherent in doing business in countries other than the U.S., subjecting us to complex and frequently changing laws and regulations. Our customary risks of operating internationally include political, social and economic instability within the host country; possible vessel seizures or expropriation of assets and other governmental actions by the host country, including trade or economic sanctions and enforcement of customs, immigration or other laws that are not well developed or consistently enforced; foreign government regulations that favor or require the awarding of contracts to local competitors; an inability to recruit, retain or obtain work visas for workers of international operations; deprivation of contract rights; difficulties or delays in collecting customer and other accounts receivable; changing taxation policies; fluctuations in currency exchange rates; foreign currency revaluations and devaluations; restrictions on converting foreign currencies into U.S. dollars; expatriating customer and other payments made in jurisdictions outside of the U.S.; civil unrest, acts of terrorism, war or other armed conflict; and import/export quotas and restrictions or other trade barriers, most of which are beyond our control. See Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. We have substantial operations in Brazil, Mexico, the North Sea, Norway, Southeast Asia, Saudi Arabia, Angola, Nigeria and throughout the west coast of Africa, which generate a large portion of our revenue, where we are exposed to the risks described above.

War, sabotage, piracy, kidnappings and terrorism or any similar risk may put our personnel at risk and adversely affect our operations in unpredictable ways, including changes in the insurance markets, disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, refineries, electric generation, transmission and distribution facilities, offshore rigs and vessels, and communications infrastructures, could be direct targets of, or indirect casualties of, an act of piracy, sabotage or terrorism. War or risk of war or any such attack may also have an adverse effect on the economy, which could adversely affect activity in offshore oil and natural gas exploration, development and production and the demand for our services. Insurance coverage can be difficult to obtain in areas of pirate and terrorist attacks resulting in increased costs that could continue to increase. We periodically evaluate the need to maintain this insurance coverage as it applies to our fleet. Instability in the financial markets as a result of war, sabotage, piracy, and terrorism could also adversely affect our ability to raise capital and could also adversely affect the oil, natural gas and power industries and restrict their future growth. The increase in the level of these criminal or terrorist acts over the last several years has been well-publicized. As a marine services company that operates in offshore, coastal or tidal waters in challenging areas, we are particularly vulnerable to these kinds of unlawful activities. Although we take what we consider to be prudent measures to protect our personnel and assets in markets that present these risks, including solicitation of advice from third-party experts, we have confronted these kinds of incidents in the past, and there can be no assurance we will not be subjected to them in the future.

We are subject to complex and frequently changing laws and regulation, including those involving anti-slavery and other human rights law, labor laws and regulations relating to the protection of certain information that we collect and maintain about our employees, clients, and other third parties. Among these laws is the United Kingdom (“U.K.”) Modern Slavery Act of 2015, the U.K. Bribery Act, and the European Union General Data Protection Regulation (the “GDPR”), which took effect in May 2018. The failure to comply with these laws or regulations could subject us to significant litigation, monetary damages, regulatory enforcement actions, or fines in one or more jurisdictions.

We may not be able to generate sufficient cash flow to meet our debt service and other obligations.

Our ability to make payments on our indebtedness and to fund our operations depends on our ability to generate cash in the future. This, to a large extent, is subject to conditions in the oil and natural gas industry, including commodity prices, demand for our services and the prices we are able to charge for our services, general economic and financial conditions, competition in the markets in which we operate, the impact of legislative and regulatory actions on how we conduct our business and other factors, all of which are beyond our control.

Lower levels of offshore exploration and development activity and spending by our customers globally directly and significantly impacted our financial performance, financial condition and financial outlook.

Restrictive covenants in our Indenture and our amended and restated Troms credit agreement may restrict our ability to raise capital and pursue our business strategies.

The Indenture and the amended and restated Troms credit agreement contain certain restrictive covenants, including restrictions on the incurrence of debt and liens and our ability to make investments and restricted payments. These covenants limit our ability, among other things, to:

- incur additional indebtedness;
- incur liens;
- enter into sale and lease back transactions;
- make certain investments;
- make certain capital expenditures;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; and
- pay dividends or make other distributions or repurchase or redeem our stock.

The Indenture and the amended and restated Troms credit agreement also require us to comply with certain financial covenants, including maintenance of minimum liquidity and, commencing June 30, 2019, compliance with a minimum consolidated interest coverage ratio. We may be unable to meet these financial covenants or comply with these restrictive covenants, which could result in a default under our Indenture or the amended and restated Troms credit agreement. If a default occurs and is continuing, the Trustee or noteholders holding at least 25% of the aggregate principal amount of then outstanding notes under the Indenture and the lenders under the amended and restated Troms credit agreement may elect to declare all borrowings thereunder outstanding, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay our indebtedness when due or declared due, the noteholders and the lenders under the amended and restated Troms credit agreement will also have the right to foreclose on the collateral pledged to them, including the vessels, to secure the indebtedness. If such indebtedness were to be accelerated, our assets may not be sufficient to repay in full our secured indebtedness. Please refer to Note (9) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information on the Indenture and amended and restated Troms credit agreement.

As a result of the restrictive covenants under the Indenture and the amended and restated Troms credit agreement, we may be prevented from taking advantage of business opportunities. In addition, the restrictions contained in the Indenture and the amended and restated Troms credit agreement, including a substantial make whole premium in the Indenture, may also limit our ability to plan for or react to market conditions, meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, refinance, enter into acquisitions, execute our business strategy, make capital expenditures, effectively compete with companies that are not similarly restricted or engage in other business activities that would be in our interest. In the future, we may also incur additional debt obligations that might subject us to additional and different restrictive covenants that could further affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements, or that we will be able to refinance our debt on acceptable terms or at all.

The amount of our debt, including secured debt, and the restrictive covenants in our Indenture and the amended and restated Troms credit agreement could have significant consequences for our operations and future prospects.

As of December 31, 2018, we had approximately $439 million of debt. Our level of indebtedness, and the restrictive covenants contained in the agreements governing our debt, could have important consequences for our operations, including:

- making it more difficult for us to satisfy our obligations under the agreements governing our indebtedness and increasing the risk that we may default on our debt obligations;

- requiring us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;

- requiring that we pledge substantial collateral, including vessels which may limit flexibility in operating our business and restrict our ability to sell assets;

- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, debt service requirements, general corporate purposes and other activities;

- limiting management’s flexibility in operating our business;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- diminishing our ability to successfully withstand a further downturn in our business or further worsening of macroeconomic conditions;

- placing us at a competitive disadvantage against less leveraged competitors; and

- limiting our ability to invest in new vessels and to make other capital expenditures.

We may not be able to obtain debt financing if and when needed with favorable terms, if at all.

If commodity prices remain depressed or decline or if E&P companies continue to de-prioritize investments in offshore exploration, development and production, there could be a general outflow of credit and capital from the energy and energy services sectors and/or offshore focused energy and energy service companies, as well as further efforts by lenders to reduce their loan exposure to the energy sector, impose increased lending standards for the energy and energy services sectors, increase borrowing costs and collateral requirements or refuse to extend new credit or amend existing credit facilities in the energy and energy services sectors. These potential negative consequences may be exacerbated by the pressure exerted on financial institutions by bank regulatory agencies to respond quickly and decisively to credit risk that develops in distressed industries. All of these factors may complicate the ability of borrowers to achieve a favorable outcome in negotiating solutions to even marginally stressed credits.

These factors could limit our ability to access debt markets, including for the purpose of refinancing or replacing our existing debt, cause us to refinance at increased interest rates, issue debt or enter into bank credit agreements with less favorable terms and conditions, which debt may require additional collateral and contain more restrictive terms, negatively impact current and prospective customers' willingness to transact business with us, or impose additional insurance, guarantee and collateral requirements, all of which result in higher borrowing costs and may limit our long- and short-term financial flexibility.

As the markets recover, we change our marketing strategies or for other reasons, we may be required to incur higher than expected costs to return previously stacked vessels to active service.

Stacked vessels are not maintained with the same diligence as our marketed fleet. Depending on the length of time the vessels are stacked, we may incur costs beyond normal drydock costs to return these vessels to active service. These costs are difficult to estimate and may be substantial.

Maintaining our current fleet size and configuration and acquiring vessels required for additional future growth require significant capital.

Expenditures required for the repair, certification and maintenance of a vessel typically increase with vessel age. These expenditures may increase to a level at which they are not economically justifiable and, therefore, to maintain our current fleet size we may seek to construct or acquire additional vessels. Also, customers may prefer modern vessels over older vessels, especially in weaker markets. The cost of adding a new vessel to our fleet can be substantial.

While we expect our cash on hand, cash flow from operations and available borrowings under our long-term debt arrangement to be adequate to fund our future potential purchases of additional vessels, our ability to pay these amounts is dependent upon the success of our operations. We can give no assurance that we will have sufficient capital resources to build or acquire the vessels required to expand or to maintain our current fleet size and vessel configuration.

We may not be able to renew or replace expiring contracts for our vessels.

We have a number of charters that will expire in 2019. Our ability to renew or replace expiring contracts or obtain new contracts, and the terms of any such contracts, will depend on various factors, including market conditions and the specific needs of our customers. Given the highly competitive and historically cyclical nature of our industry, we may not be able to renew or replace the contracts or we may be required to renew or replace expiring contracts or obtain new contracts at rates that are below, and potentially substantially below, existing day rates, or that have terms that are less favorable to us than our existing contracts, or we may be unable to secure contracts for these vessels. This could have a material adverse effect on our financial condition, results of operations and cash flows.

The early termination of contracts on our vessels could have an adverse effect on our operations and our backlog may not be converted to actual operating results for any future period.

Most of the long-term contracts for our vessels and all contracts with governmental entities and national oil companies contain early termination options in favor of the customer, in some cases permitting termination for any reason. Although some of these contracts have early termination remedies in our favor or other provisions designed to discourage the customers from exercising such options, we cannot assure you that our customers would not choose to exercise their termination rights in spite of such remedies or the threat of litigation with us. Moreover, most of the contracts for our vessels have a term of one year or less and can be terminated with 90 days or less notice. Unless such vessels can be placed under contract with other customers, any termination could temporarily disrupt our business or otherwise adversely affect our financial condition and results of operations. We might not be able to replace such business or replace it on economically equivalent terms. In those circumstances, the amount of backlog could be reduced and the conversion of backlog into revenue could be impaired. Additionally, because of depressed commodity prices, adverse changes in credit markets, economic downturns, changes in priorities or strategy or other factors beyond our control, a customer may no longer want or need a vessel that is currently under contract or may be able to obtain a comparable vessel at a lower rate. For these reasons, customers may seek to renegotiate the terms of our existing contracts, terminate our contracts without justification or repudiate or otherwise fail to perform their obligations under our contracts. In any case, an early termination of a contract may result in our vessel being idle for an extended period of time. Each of these results could have a material adverse effect on our financial condition, results of operations and cash flows.

We may record additional losses or impairment charges related to our vessels.

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and we also perform a review of our stacked vessels not expected to return to active service whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. We have recorded impairment charges of $61.1 million, $16.8 million, $184.7 million and $484.7 million, during the fiscal year ended December 31, 2018, the period from August 1, 2017 through December 31, 2017 (Successor), the period from April 1, 2017 through July 31, 2017 (Predecessor) and the twelve-month period ended March 31, 2017 (Predecessor), respectively. In the event that offshore E&P industry conditions further deteriorate, or persist at current levels, we could be subject to additional vessel impairments in future periods. An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions we may take an impairment loss in the future. Additionally, there can be no assurance that we will not have to take additional impairment charges in the future if the currently depressed market conditions persist.

We may not be able to sell vessels to improve our cash flow and liquidity because we may be unable to locate buyers with access to financing or to complete any sales on acceptable terms or within a reasonable timeframe.

We may seek to sell some of our vessels to provide liquidity and improve our cash flow. However, given the current downturn in the oil and natural gas industry, there may not be sufficient activity in the market to sell our vessels and we may not be able to identify buyers with access to financing or to complete any such sales. Even if we are able to locate appropriate buyers for our vessels, any sales may occur on significantly less favorable terms than the terms that might be available in a more liquid market or at other times in the business cycle.

There are uncertainties in identifying and integrating acquisitions and mergers.

Although acquisitions have historically been an element of our business strategy, we cannot assure investors that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We may be required to use our cash, issue equity securities, or incur substantial indebtedness to finance future acquisitions or mergers. Any of these options could reduce our profitability and harm our business or only be available to us on unfavorable terms, if at all.

Such additional debt service requirements may impose a significant burden on our results of operations and financial condition, and any equity issuance could have a dilutive impact on our stockholders. We cannot be certain that we will be able to successfully consolidate the operations and assets of any acquired business with our own business. Acquisitions may not perform as expected when the transaction was consummated and may be dilutive to our overall operating results. In addition, valuations supporting our acquisitions and strategic investments could change rapidly given the current global economic climate. We could determine that such valuations have experienced impairments or other-than-temporary declines in fair value which could adversely impact our financial results. Moreover, our management may not be able to effectively manage a substantially larger business or successfully operate a new line of business.

We may not be able to successfully enter or grow a new line of business.

Historically, our operations and acquisitions focused primarily on offshore marine vessel services for the oil and natural gas industry. Entry into, or further development of, lines of business in which we have not historically operated may expose us to business and operational risks that are different from those we have experienced historically. Our management may not be able to effectively manage these additional risks or implement successful business strategies in new lines of business. Additionally, our competitors in these lines of business may possess substantially greater operational knowledge, resources and experience.

We may have disruptions or disagreements with our foreign joint venture partners, which could lead to an unwinding of the joint venture.

We operate in several foreign areas through joint ventures with local companies, in some cases as a result of local laws requiring local company ownership. While the joint venture partner may provide local knowledge and experience, entering into joint ventures often requires us to surrender a measure of control over the assets and operations devoted to the joint venture, and occasions may arise when we do not agree with the business goals and objectives of our joint venture partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the relationship could disrupt our operations, put assets dedicated to the joint venture at risk, or affect the continuity of our business. If we are unable to resolve issues with a joint venture partner, we may decide to terminate the joint venture and either locate a different partner and continue to work in the area or seek opportunities for our assets in another market. The unwinding of an existing joint venture could prove to be difficult or time-consuming, and the loss of revenue related to the termination or unwinding of a joint venture and costs related to the sourcing of a new partner or the mobilization of assets to another market could adversely affect our financial condition, results of operations or cash flows. Please refer to Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our Sonatide joint venture in Angola and our joint venture in Nigeria, respectively.

Our international operations expose us to currency devaluation and fluctuation risk.

As a global company, our international operations are exposed to foreign currency exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses is incurred in local currencies and we are at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. In some instances, we receive payments in currencies that are not easily traded and may be illiquid. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. Gains and losses from the revaluation of our monetary assets and liabilities denominated in currencies other than the U.S. dollar are included in our consolidated statements of operations. Foreign currency fluctuations may cause the U.S. dollar value of our non-U.S. results of operations and net assets to vary with exchange rate fluctuations. This could have a negative impact on our results of operations and financial position. In addition, fluctuations in currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations.

To minimize the financial impact of these items, we attempt to contract a significant majority of our services in U.S. dollars and, when feasible, we attempt to not maintain large, non-U.S. dollar-denominated cash balances. In addition, we attempt to minimize the financial impact of these risks by matching the currency of our operating costs with the currency of revenue streams when considered appropriate. We monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

As of December 31, 2018, Sonatide maintained the equivalent of approximately $20 million of Angolan kwanza-denominated deposits in Angolan banks, largely related to customer receipts that had not yet been converted to U.S. dollars, expatriated and then remitted to us. A devaluation in the Angolan kwanza relative to the U.S. dollar would result in foreign exchange losses for Sonatide to the extent the Angolan kwanza-denominated asset balances were in excess of kwanza-denominated liabilities. Under the current joint venture structure, we would bear 49% of any potential losses.

Our insurance coverage and contractual indemnity protections may not be sufficient to protect us under all circumstances or against all risks.

Our operations are subject to the hazards inherent in the offshore oilfield business. These include blowouts, explosions, fires, collisions, capsizings, sinkings, groundings and severe weather conditions. Some of these events could be the result of (or exacerbated by) mechanical failure or navigation or operational errors. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment (including to the property and equipment of third parties), pollution or environmental damage and suspension of operations, increased costs and loss of business. Damages arising from such occurrences may result in lawsuits alleging large claims, and we may incur substantial liabilities or losses as a result of these hazards.

We carry what we consider to be prudent levels of liability insurance, and our vessels are generally insured for their estimated market value against damage or loss, including war, terrorism acts and pollution risks. While we maintain insurance protection and seek to obtain indemnity agreements from our customers requiring the customers to hold us harmless from some of these risks, our insurance and contractual indemnity protection may not be sufficient or effective to protect us under all circumstances or against all risks. Our insurance coverages are subject to deductibles and certain exclusions. We do not directly or fully insure for business interruption. The occurrence of a significant event not fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to us could have a material and adverse effect on our results of operations and financial condition. Additionally, while we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate.

In addition, our contracts are individually negotiated, and the levels of indemnity and allocation of liabilities in them can vary from contract to contract depending on market conditions, particular customer requirements and other factors existing at the time a contract is negotiated. Additionally, the enforceability of indemnification provisions in our contracts may be limited or prohibited by applicable law or may not be enforced by courts having jurisdiction, and we could be held liable for substantial losses or damages and for fines and penalties imposed by regulatory authorities. The law with respect to the enforceability of indemnities varies from jurisdiction to jurisdiction. Current or future litigation in particular jurisdictions, whether or not we are a party, may impact the interpretation and enforceability of indemnification provisions in our contracts. There can be no assurance that our contracts with our customers, suppliers and subcontractors will fully protect us against all hazards and risks inherent in our operations. There can also be no assurance that those parties with contractual obligations to indemnify us will be financially able to do so or will otherwise honor their contractual obligations.

With our extensive international operations, we are subject to certain compliance risks under the Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar worldwide anti-bribery laws.

Our global operations require us to comply with a number of complex U.S. and international laws and regulations, including those involving anti-bribery and, anti-corruption. The U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions, including the United Kingdom Bribery Act, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or obtaining an improper business benefit. We have adopted proactive procedures to promote compliance with the FCPA, but we may be held liable for actions taken by local partners or agents even though these partners or agents may themselves not be subject to the FCPA. Any determination that we have violated the FCPA (or any other applicable anti-bribery laws in countries in which we do business) could have a material adverse effect on our business and business reputation, as well as our results of operations, and cash flows. We operate in many parts of the world where governmental corruption is present and, in certain circumstances, strict compliance with anti bribery laws may conflict with local customs and practices and impact our business. Although we have programs in place covering compliance with anti bribery legislation, any failure to comply with the FCPA or other anti bribery legislation could subject us to civil and criminal penalties or other fines or sanctions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of drilling rigs or other assets, which could have a material adverse impact on our business, financial condition and results of operation.

The U.K.’s referendum to exit from the E.U. will have uncertain effects and could adversely impact our business, results of operations and financial condition.

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as Brexit). The terms of Brexit and the resulting U.K./E.U. relationship are uncertain for companies doing business both in the U.K. and the overall global economy. In addition, our business and operations may be impacted by any subsequent E.U. member withdrawals and a vote in Scotland to seek independence from the U.K. Risks related to Brexit that we may encounter include:

- adverse impact on macroeconomic growth and oil and natural gas demand;

- continued volatility in currencies including the British pound and USD that may impact our financial results;
- reduced demand for our services in the U.K. and globally;
- increased costs of doing business in the U.K. and in the North Sea;
- increased regulatory costs and challenges for operating our business in the North Sea;
- volatile capital and debt markets, and access to other sources of capital;
- risks related to our global tax structure and the tax treaties upon which we rely;
- legal and regulatory uncertainty and potentially divergent treaties, laws and regulations between the E.U. and U.K.
- business uncertainty and instability resulting from prolonged political negotiations; and
- uncertain stability of the E.U. and global economy if other countries exit the E.U.

There may be changes to, complex and developing laws and regulations to which we are subject that would increase our cost of compliance and operational risk.

Our operations are subject to many complex and burdensome laws and regulations. Stringent federal, state, local and foreign laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the U.S. Coast Guard, the U.S. Customs and Border Protection, and their foreign equivalents; as well as to standards imposed by private industry organizations such as the American Bureau of Shipping, the Oil Companies International Marine Forum, and the International Marine Contractors Association.

Further, many of the countries in which we operate have laws, regulations and enforcement systems that are less well developed than the laws, regulations and enforcement systems of the U.S., and the requirements of these systems are not always readily discernible even to experienced and proactive participants. These countries' laws can be unclear, and, the application and enforcement of these laws and regulations can be unpredictable and subject to frequent change or reinterpretation. Sometimes governments may apply such changes or reinterpretations with retroactive effect, and may impose associated taxes, fees, fines or penalties based on that reinterpretation or retroactive effect. While we endeavor to comply with applicable laws and regulations, our compliance efforts might not always be wholly successful, and failure to comply may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers or third party agents. Moreover, these laws and regulations could be changed or be interpreted in new, unexpected ways that substantially increase costs that we may not be able to pass along to our customers. Any changes in laws, regulations or standards imposing additional requirements or restrictions could adversely affect our financial condition, results of operations or cash flows.

We operate in the U.S. and globally, and changes in tax laws could adversely affect our financial results.

We operate in the U.S. and globally through various subsidiaries which are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we conduct our business, including laws or policies directed toward companies organized in jurisdictions with low tax rates. Changes in applicable tax laws and regulations could adversely affect our financial results. We determine our income tax expense based on our interpretation of the applicable tax laws and regulations in effect in each jurisdiction for the period during which we operate and earn income. A material change in the tax laws, tax treaties, regulations or accounting principles, or interpretation thereof, in one or more countries in which we conduct business, or in which we are incorporated or a resident of, could result in a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. In addition, our overall effective tax rate could be adversely and suddenly affected by lower than anticipated earnings in countries with lower statutory rates and higher than anticipated earnings in countries with higher statutory rates, or by changes in the valuation of our deferred tax assets and liabilities. Moreover, our worldwide operations may change in the future such that the mix of our income and losses recognized in the various jurisdictions could change. Any such changes could reduce our ability to utilize tax benefits, such as foreign tax credits, and could result in an increase in our effective tax rate and tax expense.

The majority of our revenues and net income are generated by our operations outside of the U.S. Our effective tax rate has historically averaged approximately 30% until recent years where the decline of the oil and natural gas market significantly impacted our operations and overall effective tax rate. The effective tax rate for the current year is negative due to our full valuation allowance position in the U.S. and foreign taxes paid in local jurisdictions compared to our significant net operating loss.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The changes included in the Tax Act were broad and complex. The final transition impacts of the Tax Act did not materially differ from the estimates provided in the financial results for the year ended December 31, 2017. We continue to monitor the impact of the Tax Act on our ongoing operations. The impact of the Tax Act on our financial position in future periods could be adversely impacted by, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. Additionally, longstanding international tax norms that determine each country’s jurisdiction to tax cross-border international trade are evolving as a result of the Base Erosion and Profit Shifting reporting requirements (“BEPS") recommended by the G8, G20 and Organization for Economic Cooperation and Development ("OECD").] As these and other tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results.

In addition, our income tax returns are subject to review and examination by the U.S. Internal Revenue Service and other tax authorities where tax returns are filed. We routinely evaluate the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure or intercompany transfer pricing policies, or if the terms of certain income tax treaties were to be interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase, and our financial condition and results of operations could be materially and adversely affected.

Any changes in environmental regulations could increase the cost of energy and future production of oil and natural gas.

Our operations are subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws and regulations may require installation of costly equipment, increased manning or operational changes. Some environmental laws impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

A variety of regulatory developments, proposals and requirements have been introduced (and in some cases enacted) in the U.S. and various other countries that are focused on restricting the emission of carbon dioxide, methane and other gases. Notwithstanding the current downturn in the oil industry punctuated by lessened demand and lower oil prices, any such regulations could ultimately result in the increased cost of energy as well as environmental and other costs, and capital expenditures could be necessary to comply with the limitations. These developments may have an adverse effect on future production and demand for hydrocarbons such as crude oil and natural gas in areas of the world where our customers operate and thus adversely affect future demand for our offshore support vessels and other assets, which are highly dependent on the level of activity in offshore oil and natural gas exploration, development and production markets. In addition, the increased regulation of environmental emissions may create greater incentives for the use of alternative energy sources. Unless and until regulations are implemented and their effects are known, we cannot reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. However, any long term material adverse effect on the crude oil and natural gas industry may adversely affect our financial condition, results of operations and cash flows.

Adoption of climate change and greenhouse gas restrictions could increase the cost of energy and future production of oil and natural gas.

Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our customer's products more expensive and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas, any of which may reduce demand for our services.

We may be subject to additional unionization efforts, new collective bargaining agreements or work stoppages.

In locations in which we are required to do so, including in the U.K., Norway, Nigeria, and the U.S. (collectively, about 30% of our employees), we have union workers, subject to collective bargaining agreements, that are periodically in negotiation. These negotiations could result in higher personnel expenses, other increased costs, or increased operational restrictions. Disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers. Further, efforts have been made from time to time to unionize other portions of our workforce, including our U.S. GOM employees. Additional unionization efforts, new collective bargaining agreements or work stoppages could materially increase our costs and operating restrictions, disrupt our operations, reduce our revenues, adversely affect our business, financial condition and results of operations, or limit our flexibility.

Our participation in industry-wide, multi-employer, defined benefit pension plans expose it to potential future losses.

Certain of our subsidiaries are participating employers in two industry-wide, multi-employer defined benefit pension plans in the U.K., the U.K. Merchant Navy Officers Pension Fund ("MNOPF") and the U.K. Merchant Navy Ratings Pension Fund ("MNRPF"). Among other risks associated with multi-employer plans, contributions and unfunded obligations of the multi-employer plan are shared by the plan participants. As a result, we may inherit unfunded obligations if other plan participants withdraw from the plan or cease to participate, and in the event that we withdraw from participation in one or both of these plans, we may be required to pay the plan an amount based on our allocable share of the underfunded status of the plan. Depending on the results of future actuarial valuations, it is possible that the plans could experience further deficits that will require funding from us, which would negatively impact our financial position, results of operations and cash flows.

Certain of our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Certain of our employees are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws preempt state workers' compensation laws and permit these employees and their representatives to pursue actions against employers for job-related incidents in federal courts based on tort theories. Because we are not generally protected by the damage limits imposed by state workers' compensation statutes for these types of claims, we may have greater exposure for any claims made by these employees.

A failure in our financial or operational systems, or those of third parties, may adversely affect our financial results.

Our business is dependent upon our financial and operational systems to process transactions, store confidential records and conduct vessel operations. If any of our financial, operational, or other systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee or other third party causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems (including those on board our vessels) may further increase the risk that operational system flaws, employee or other tampering or manipulation of those systems will result in losses that are difficult to detect.

Cybersecurity attacks on any of our facilities, or those of third parties, may result in potential liability or reputational damage or otherwise adversely affect our business.

Many of our business and operational processes are heavily dependent on traditional and emerging technology systems to conduct day-to-day operations (including vessel operations), improve safety and efficiency and lower costs. We use computerized systems to help run our financial and operations sectors, and this may subject our business to increased risks. Cybersecurity incidents are increasing in frequency and magnitude. These incidents may include, but are not limited to, installation of malicious software, phishing, credential attacks, unauthorized access to data and other advanced and sophisticated cybersecurity breaches and threats, including threats that increasingly target critical operations technologies and process control networks. Any cybersecurity attacks that affect our facilities or operations, our customers or any financial data could have a material adverse effect on our business. In addition, cyber-attacks on our customer and employee data may result in a financial loss and may negatively impact our reputation. Third-party systems on which we rely could also suffer such attacks or operational system failures. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our business, operations and financial results.

Risks Related to Our Securities

Our common stock is subject to restriction on foreign ownership and possible required divestiture by non-U.S. Citizen stockholders.

Certain of our operations are conducted in the U.S. coastwise trade and are governed by the U.S. federal law commonly known as the Jones Act. The Jones Act restricts waterborne transportation of goods and passengers between points in the U.S. to vessels owned and controlled by “U.S. Citizens” as defined thereunder (which we refer to as U.S. Citizens). We could lose the privilege of owning and operating vessels in the Jones Act trade if non-U.S. Citizens were to own or control, in the aggregate, more than 25% of our common stock. Such loss could have a material adverse effect on our results of operations.

Our Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws authorize our Board of Directors to establish with respect to any class or series of our capital stock certain rules, policies and procedures, including procedures with respect to the transfer of shares, to ensure compliance with the Jones Act. In order to provide a reasonable margin for compliance with the Jones Act, our Board of Directors has determined that, all non-U.S. citizens in the aggregate may own up to 24% of the outstanding shares of common stock and any individual non-U.S. Citizen may own up to 4.9% of the outstanding shares of common stock.

As of December 31, 2018, less than 24% of our outstanding common stock was owned by non-U.S. Citizens. At and during such time that the permitted limit of ownership by non-U.S. Citizens is reached with respect to shares of common stock, as applicable, we will be unable to issue any further shares of such class of common stock or approve transfers of such class of common stock to non-U.S. Citizens. Any purported transfer of our common stock in violation of these ownership provisions will be ineffective to transfer the common stock or any voting, dividend or other rights associated with such common stock. The existence and enforcement of these requirements could have an adverse impact on the liquidity or market value of our equity securities in the event that U.S. Citizens were unable to transfer our shares to non-U.S. Citizens. Furthermore, under certain circumstances, this ownership requirement could discourage, delay or prevent a change of control.

The market price of our securities is subject to volatility.

Upon emergence from the Chapter 11 proceeding, our old common stock was canceled and we issued new common stock. The market price of our common stock could be subject to wide fluctuations in response to, and the level of trading that develops with our common stock may be affected by, numerous factors beyond our control such as, our limited trading history subsequent to our emergence from bankruptcy, on occasion our securities are thinly traded, the lack of comparable historical financial information due to our adoption of fresh start accounting, actual or anticipated variations in our operating results and cash flow, business conditions in our markets and the general state of the securities markets and the market for energy-related stocks, as well as general economic and market conditions and other factors that may affect our future results, including those described in this Annual Report on Form 10-K.

Because we currently have no plans to pay cash dividends or other distributions on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We currently do not expect to pay any cash dividends or other distributions on our common stock in the foreseeable future. Any future determination to pay cash dividends or other distributions on our common stock will be at the sole discretion of our Board of Directors and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends thereafter at any time. The Board of Directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, agreements governing any existing and future indebtedness we or our subsidiaries may incur and other contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders, and such other factors as the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume cash more quickly than we anticipate potentially impairing our ability to make capital expenditures to maintain our fleet and other assets in suitable operating condition. If our cash flows from operating activities are not sufficient to fund capital expenditures, we would be required to further reduce these expenditures or to fund capital expenditures through debt or equity issuances or through alternative financing plans or selling assets. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. Our ability to raise debt or equity capital or to refinance or restructure existing debt arrangements will depend on the condition of the capital markets and our financial condition at such time, among other things. Any limitations in our ability to finance future capital expenditures may limit our ability to respond to changes in customer preferences, technological change and other market conditions, which may diminish our competitive position within our sector.

If we issue additional equity securities, existing stockholders will experience dilution. Our Amended and Restated Certificate of Incorporation permits our Board of Directors to issue preferred stock which could have rights and preferences senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our security holders bear the risk of our future securities offerings reducing the market price of our common stock or other securities, diluting their interest or being subject to rights and preferences senior to their own.

If securities analysts do not publish research or reports about our business or if they downgrade or provide negative outlook on our securities or our industry, the price of our securities and our trading volume could decline.

The trading markets for our securities rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade or provide negative outlook on our securities or our industry or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our securities could decline. If one or more of these analysts ceases coverage of our business or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause the price or trading volume of our securities to decline.

Anti-takeover provisions and limitations on foreign ownership in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things:

- the ability of our Board of Directors to issue, and determine the rights, powers and preferences of, one or more series of preferred stock;

- advance notice for nominations of directors by stockholders and for stockholders to present matters for consideration at our annual meetings;

- limitations on convening special stockholder meetings;

- the prohibition on stockholders to act by written consent;

- supermajority vote of stockholders to amend certain provisions of the certificate of incorporation;

- limitations on expanding the size of the Board of Directors;

- the availability for issuance of additional shares of common stock; and

- restrictions on the ability of any natural person or entity that does not satisfy the citizenship requirements of the U.S. maritime laws to own, in the aggregate, more than 24% of the outstanding shares of our common stock.

These anti-takeover provisions and foreign ownership limitations could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock and other securities. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

The exercise of all or any number of outstanding warrants or the issuance of stock-based awards may dilute your holding of shares of our common stock.

We have a significant number of securities providing for the right to purchase of our common stock. Investors could be subject to increased dilution upon the exercise of our New Creditor Warrants and GLF Creditor Warrants for a nominal exercise price subject to Jones Act-related foreign ownership restrictions, and the exercise of our Series A Warrants, Series B Warrants and GLF Equity Warrants. During 2017, we issued 18,456,186 shares of common stock in the reorganized company, 2,432,432 Series A Warrants with a strike price of $57.06 per warrant, 2,629,657 Series B Warrants with a strike price of $62.28 per warrant and 11,543,814 New Creditor Warrants. In connection with the business combination, on November 15, 2018, we issued 8,464,290 shares of our common stock in exchange for shares of GulfMark common stock that were outstanding immediately prior to the closing of the business combination, and reserved 4,359,285 shares of our common stock for the future exercise of GLF Creditor Warrants, GLF Equity Warrants and future vesting of GulfMark's stock awards outstanding. As of December 31, 2018, we had 2,220,857 shares of common stock issuable upon the exercise of the New Creditor Warrants, with an exercise price of $0.001 per share; and 2,189,709 shares of common stock issuable upon the exercise of GLF Creditor Warrants. We also have up to 2,432,432, 2,629,657 and 861,310 shares of common stock issuable upon the exercise of the outstanding Series A Warrants, Series B Warrants and GLF Equity Warrants with exercise prices of $57.06, $62.28 and $100, respectively.

Unexercised Series A Warrants and Series B Warrants will expire on July 31, 2023. Unexercised GLF Equity Warrants expire on November 14, 2024. Unexercised New Creditor Warrants expire on July 31, 2042 and unexercised GLF Creditor Warrants expire on November 14, 2042.

Additionally, a total of 3,048,877 and 924,351 shares of common stock were reserved for issuance under the 2017 Stock Incentive Plan and Legacy GulfMark Stock Incentive Plan as equity-based awards to employees, directors and certain other persons. As of December 31, 2018, 1,512,025 of restricted stock units have been granted under the 2017 Stock Incentive Plan and 209,782 of restricted stock units have been granted under the Legacy GulfMark Stock Incentive Plan, all of which are subject to vesting requirements. The exercise of equity awards, including any restricted stock units that we may grant in the future, and the exercise of warrants and the subsequent sale of shares of common stock issued thereby, could have an adverse effect on the market for our common stock, including the price that an investor could obtain for their shares. Investors may experience dilution in the value of their investment upon the exercise of the warrants and any equity awards that may be granted or issued pursuant to the 2017 Stock Incentive Plan and the Legacy GulfMark Stock Incentive Plan.

There may be a limited trading market for our New Creditor Warrants and GLF Creditor Warrants, and you may have difficulty trading and obtaining quotations for New Creditor Warrants.

While there are unsolicited quotes for our New Creditor Warrants on the OTC Pink Market, there is no market maker for this security on the OTC Pink Market, and there can be no assurance that an active trading market will develop. While the GLF Creditor Warrants trade on OTC QX market, there has been limited trading volume since the business combination. The lack of an active market may impair your ability to sell your New Creditor Warrants or GLF Creditor Warrants at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your New Creditor Warrants or GLF Creditor Warrants. As a result, you may find it difficult to dispose of, or to obtain accurate quotations of the price of, our New Creditor Warrants or GLF Creditor Warrants. This severely limits the liquidity of our New Creditor Warrants and the GLF Creditor Warrants, and will likely reduce the market price of our New Creditor Warrants and the GLF Creditor Warrants.

There is no guarantee that the Series A Warrants, Series B Warrants and GLF Equity Warrants issued by us or assumed by us will become in the money, and unexercised warrants may expire with limited or no value. Further, the terms of such warrants may be amended.

As long as our stock price is below the strike price of each of the Series A Warrants, Series B Warrants and GLF Equity Warrants, ($57.06 per share for Series A Warrants, $62.28 per share for Series B Warrants and $100 per share for the GLF Equity Warrants), these warrants will have limited economic value, and they may expire with limited or no value. In addition, the warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least a certain percentage of the then-outstanding warrants originally issued to make any change that adversely affects the interests of the holders. Any material amendment to the terms of the warrant in a manner adverse to a holder would require holders of at least a certain percentage of the then outstanding warrants, but less than all holders, approve of such amendment.

We may not be able to maintain a listing of our common stock, Series A Warrants, Series B Warrants and GLF Equity Warrants on the NYSE or NYSE American.

We must meet certain financial and liquidity criteria to maintain the listing of our securities on the NYSE or NYSE American, as applicable. If we fail to meet any of the NYSE or NYSE American's continued listing standards, our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may be delisted. A delisting of our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may materially impair our stockholders' and warrantholders' ability to buy and sell our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants and could have an adverse effect on the market price of, and the efficiency of, the trading market for these securities. A delisting of our common stock, Series A Warrants, Series B Warrants or GLF Equity Warrants could significantly impair our ability to raise capital.

Risks Related to Our Recent Business Combination

We recently combined our business with GulfMark Offshore, Inc. (the “business combination”) resulting in the composition of our stockholder base and our Board of Directors changing.

Upon our business combination with GulfMark, the composition of our stockholder base and our Board of Directors changed. Our Board now consists of ten directors, with a non-executive Chairman of the Board, two of whom have previously served on the Board of Directors of GulfMark. The current directors have different backgrounds, experiences and perspectives and, thus, may have different views on the issues that will determine our future. There is no guarantee that the current Board will pursue, or will pursue in the same manner, our strategic plans in the same manner as our prior Board of Directors. As a result, our future strategy and plans may differ materially from those of the past.

We may have difficulty attracting, motivating and retaining executives and other personnel in light of the business combination.

The success of our business depends on key personnel. Uncertainty about the effect of the business combination and changes we may make to the organizational structure to adjust to changing circumstances of employees may impair our ability to attract and retain key personnel, including key GulfMark employees. If executives, managers or other key personnel resign, retire or are terminated or their service is otherwise interrupted, we may not be able to replace them in a timely manner and we could experience significant declines in productivity. These uncertainties could affect our relationship with customers, vendors and other parties. Accordingly, no assurance can be given that the combined company will be able to attract, retain and motivate key personnel to the same extent as in the past.

We may be unable to integrate successfully our business with GulfMark’s business and realize the anticipated benefits of the business combination.

The business combination combined two companies that previously operated as independent public companies. The combined company will be required to devote significant management attention and resources to integrating our business practices and operations and GulfMark. In addition, we have incurred transaction-related and restructuring costs in connection with the business combination and will continue to incur such costs in connection with our integration of the businesses and GulfMark. These expenses could, particularly in the near term, reduce the cost synergies that we achieve from the elimination of duplicative expenses and the realization of economies of scale and cost synergies related to the integration of the businesses following the completion of the business combination, and accordingly, any net synergies may not be achieved in the near term or at all. These integration expenses may result in us taking significant charges against earnings following the completion of the business combination. Potential difficulties we may encounter in the integration process include the following:

- combining the companies' corporate functions, operations, procedures and systems;

- integrating the companies' administrative and information technology infrastructures including systems on information management, purchasing, accounting and finance, specifically the move from the legacy Tidewater system (Peoplesoft) to GulfMark's system (SAP), sales, billing, payroll and benefits, administration systems and regulatory compliance;

- determining whether and how to address possible differences in corporate cultures and management philosophies;

- combining the businesses of Tidewater and GulfMark in a manner that permits us to achieve the synergies anticipated to result from the business combination in the time frame currently anticipated, if at all, or incurring unexpected costs to realize such synergies;

- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality products and services;

- complexities associated with managing the larger, more complex, combined company;

- loss of key personnel;

- the disruption of, or the loss of momentum in ongoing business or inconsistencies in standards, controls, procedures or policies;

- maintaining existing agreements with customers, suppliers, talent and vendors and avoiding delays in entering into new agreements with prospective customers, suppliers, talent and vendors;

- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the business combination; and

- performance shortfalls as a result of the diversion of management's attention caused by completing the business combination and integrating GulfMark's businesses.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information on Properties is contained in Item 1 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of our material legal proceedings, including "Arbitral Award for the Taking of our Venezuelan Operations" see Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Market Prices

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "TDW." At February 15, 2019, there were 729 record holders of our common stock, based on the record holder list maintained by our stock transfer agent.

Issuer Repurchases of Equity Securities

No shares were repurchased during the twelve months ended December 31, 2018, the period from August 1, 2017 through December 31, 2017, the period from April 1, 2017 through July 31, 2017, and the twelve months ended March 31, 2017.

Dividends

There were no dividends declared during the twelve months ended December 31, 2018, the period from August 1, 2017 through December 31, 2017, the period from April 1, 2017 through July 31, 2017, and the twelve months ended March 31, 2017.

Performance Graph

The following graph and table compare the cumulative total return to our stockholders on our common stock beginning with the commencement of trading upon our emergence from chapter 11 bankruptcy on July 31, 2017 through December 31, 2018, relative to the cumulative total returns of the Oil Service Sector Index (OSX), Russell 2000 Stock Index and the Value Line Oil Services Index. The analysis assumes the investment of $100 on August 1, 2017, at closing prices on July 31, 2017, and the reinvestment of dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year.

Indexed returns

Company name/Index	(Successor) August 1, 2017	September 31, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Tidewater Inc.	100	125	98	114	116	125	77
OSX Index	100	112	113	104	119	112	58
Russell 2000	100	132	113	115	128	132	103
Value Line Oil Services	100	134	125	121	138	132	70

Investors are cautioned against drawing conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance.

The above graph is being furnished pursuant to the Securities and Exchange Commission rules. It will not be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth a summary of selected financial data for each of the last five fiscal years. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(In thousands, except per share amounts)

	(Successor)		(Predecessor)			
	Fiscal Year Ended Dec. 31, '2018 (A)	Period from Aug. 1, 2017 through Dec. 31, 2017	Period from Apr. 1, 2017 through Jul. 31, 2017	Fiscal Year Ended Mar. 31, 2017 (C)	Fiscal Year Ended Mar. 31, 2016	Fiscal Year Ended Mar. 31, 2015 (E)
Statement of Earnings Data :						
Revenues:						
Vessel revenues	$ 397,206	171,884	146,597	583,816	955,400	1,468,358
Other operating revenues	9,314	6,869	4,772	17,795	23,662	27,159
	$ 406,520	178,753	151,369	601,611	979,062	1,495,517
Gain on asset dispositions, net	$ 10,624	6,616	3,561	24,099	26,037	23,796
Asset impairments	$ 61,132	16,777	184,748	484,727	117,311	14,525
Goodwill Impairment	$ —	—	—	—	—	283,699
Loss on early extinguishment of debt	$ 8,119	—	—	—	—	—
Reorganization items	$ —	4,299	1,396,905	—	—	—
Restructuring charge	$ —	—	—	—	7,586	4,052
Operating loss (B)	$ (107,497)	(23,873)	(244,048)	(577,853)	(69,524)	(37,181)
Net loss	$ (171,517)	(39,266)	(1,646,909)	(660,118)	(160,183)	(65,190)
Basic and diluted loss per common share	$ (6.45)	(1.82)	(34.95)	(14.02)	(3.41)	(1.34)
Cash dividends declared per common share	$	—	—	—	0.75	1.00
Balance Sheet Data (at end of period):						
Cash, restricted cash and cash equivalents	$ 397,744	453,335	683,673	706,404	678,438	78,568
Total assets	$ 1,827,739	1,759,595	3,898,084	4,204,114	4,997,208	4,748,766
Current maturities of long-term debt	$ 8,568	5,103	10,409	2,034,124	2,045,516	10,181
Long-term debt (D)	$ 430,436	443,057	80,233	—	—	1,516,900
Total stockholders' equity	$ 1,143,836	1,019,729	1,123,964	1,634,918	2,299,520	2,474,488
Cash Flow Data:						
Net cash provided by (used in) operating activities	$ 3,941	(35,546)	(21,587)	29,821	253,360	358,713

Net cash provided by (used in) investing activities	$ 68,530	22,908	5,179	14,863	(134,996)	(231,418)
Net cash (used in) provided by financing activities	$ (128,062)	(94,893)	(129,130)	(16,718)	481,506	(109,086)

(A) Refer to Note (2) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for information related to our business combination of GulfMark.

(B) Operating loss for the periods from April 1, 2017 through July 31, 2017 (Predecessor) and the fiscal year ended March 31, 2017 include $6.7 million and $29.0 million of expenses related to debt renegotiations.

(C) Fiscal 2017 vessel revenues include $39.1 million of revenue related to early cancellation of a long-term vessel charter contract and fiscal 2017 operating loss includes $29 million of expenses related to debt renegotiations.

(D) Deferred debt issue costs of $6.7 million and $7.4 million related to fiscal years 2016 and 2015, respectively, have been reclassified to conform with the current year presentation as a result of the adoption of ASU 2015-03.

(E) During fiscal 2015, we recorded a $23.8 million ($23.8 million after-tax, or $0.51 per common share) non-cash adjustment related to the valuation of deferred tax assets.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results of operations could differ materially from our historical results or those anticipated in our forward-looking statements as a result of certain factors, including those set forth under “Risk Factors” in Item 1A and elsewhere in this Annual Report on Form 10-K. With respect to this section, the cautionary language applicable to such forward-looking statements described under “Forward-Looking Statements” found before Item 1 of this Annual Report on Form 10-K is incorporated by reference into this Item 7.

Due to the change in fiscal year end, we present our discussion and analysis which summarizes the significant factors affecting our consolidated operating results, financial condition, liquidity and capital resources below based on comparisons of the results for the twelve months ended December 31, 2018 compared to the twelve months ended December 31, 2017, as well as a comparison of the results of the nine month period ended December 31, 2017 compared to nine months ended December 31, 2016. Upon emergence from Chapter 11 bankruptcy, we adopted fresh-start accounting in accordance with provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification No. 852, "Reorganizations" (ASC 852), which resulted in our becoming a new entity for financial reporting purposes on July 31, 2017 (the “Effective Date”). Upon the adoption of fresh-start accounting, our assets and liabilities were recorded at their fair values as of July 31, 2017. As a result of the adoption of fresh-start accounting, our consolidated financial statements subsequent to July 31, 2017 are not comparable to our consolidated financial statements on and prior to July 31, 2017. Refer to Note (4), "Fresh-start Accounting," for further details on the impact of fresh-start accounting on our consolidated financial statements. References to "Successor" or "Successor Company" relate to the financial position and results of operations of the reorganized company subsequent to July 31, 2017. References to "Predecessor" or "Predecessor Company" relate to our financial position and results of operations through July 31, 2017.

Fiscal year ended December 31, 2018 Business Highlights and Key Focus

The offshore vessel industry continues to be challenging due to the sustained lower levels of crude oil pricing, which results in lower customer spending, and particularly lower spending on capital projects, and the continued oversupply of vessels in all of our operating regions. During the year ended December 31, 2018, our primary focus was to complete the business combination with GulfMark Offshore, Inc. (GulfMark) and to continue implementing cost saving measures.

Refer to Note (2) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details of our business combination with GulfMark.

At December 31, 2018, we had 257 owned or chartered vessels (excluding joint-venture vessels but including 65 vessels acquired through our business combination with GulfMark). The average age of 257 owned vessels at

December 31, 2018 was 9.6 years and the average age of our 165 active vessels (owned vessels less stacked vessels) at December 31, 2018 was 8.7 years.

Revenues earned for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $406.5 million, $178.8 million and $312.1 million, respectively. Revenues have generally decreased as compared to the combined periods of the prior year primarily as a result of the prolonged industry downturn which has led to lower day rates and the operation of a smaller active vessel fleet as demand for offshore supply vessel services has decreased. These revenue decreases were partially offset by $12.7 million of additional revenue which was earned by GulfMark vessels which were acquired by us through the business combination on November 15, 2018.

As a result of lower demand for our vessels as compared to the prior year, we have reduced vessel operating costs and especially crew, fuel, lube and supplies and other vessel costs. Such vessel operating costs for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $269.6 million, $120.5 million and $197.3 million, respectively. Subsequent to July 31, 2017, and in connection with the application of fresh start accounting, we implemented a new planned major maintenance policy requiring the costs of drydockings and surveys associated with regulatory compliance to be deferred and amortized. Such costs were expensed in the period incurred under the accounting policy of the Predecessor. Vessel operating costs for the year ended December 31, 2018 also includes $9.6 million of costs related to the

GulfMark vessel fleet which was acquired on November 15, 2018.

Depreciation expense for the year ended December 31, 2018, five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $58.3 million, $20.3 million and $85.0 million, respectively. Depreciation expense for Successor periods is substantially lower than that of Predecessor periods as a result of the application of fresh-start accounting upon emergence from bankruptcy, which significantly reduced the carrying value of properties and equipment. Depreciation expense for the year ended December 31, 2018 also includes $4.5 million of depreciation related to the GulfMark vessel fleet and other assets which were acquired on November 15, 2018. In addition, we have sold, scrapped or otherwise disposed of 38 vessels since December 31, 2017.

General and administrative expenses for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $110.0 million, $46.6 million and $83.6 million, respectively. Included in general and administrative expenses for the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $23.4 million of Chapter 11 restructuring related professional services costs. General and administrative expenses for the year ended December 31, 2018, have decreased as compared to the comparable prior twelve months primarily as a result of our continuing efforts to reduce overhead costs due to the downturn in the offshore services market and lower restructuring related professional fees. General and administrative expenses for the year ended December 31, 2018, includes (i) $9.0 million professional services expenses related to the GulfMark business combination, (ii) $6.4 million of incremental general and administrative expenses related to the acquired GulfMark entities (includes $2.9 million related to the abandonment of office leases in St. Rose, Louisiana and Houston, Texas, and $1.0 million of severance), (iii) $2.6 million of expenses related to the abandonment of office leases in New Orleans, Louisiana; and Aberdeen, Scotland; and (iv) $1.2 million of severance and similar expenses related to integrating the Tidewater and GulfMark operations subsequent to the Merger Date.

Asset impairments for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $61.1 million, $16.8 million and $249.6 million, respectively. As of our emergence from Chapter 11 bankruptcy on July 31, 2017, we adopted fresh-start accounting and significantly reduced the carrying values of our vessels and other long-lived assets.

Interest and other debt expenses for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $30.4 million, $13.0 million and $32.2 million, respectively. The filing of our bankruptcy petition on May 17, 2017 (the “Petition Date”) resulted in the cessation of the accrual of interest expense on our term loan, revolver and senior notes as of the Petition Date through the Effective Date. Interest and other debt costs since August 1, 2017 reflect our post-restructuring capital structure which includes debt of $439.0 million at December 31, 2018.

Our outstanding receivable from Sonatide related to our work in Angola was reduced by approximately $121 million to approximately $109 million during the year ended December 31, 2018 (Successor). This includes an impairment of approximately $20 million recognized during the year ended December 31, 2018 (Successor). Our outstanding payable to Sonatide (including commissions payable) decreased by approximately $70 million to approximately $29 million during the same period. As a result, our outstanding receivable from Sonatide, net of our outstanding payable to Sonatide was reduced by approximately $51 million during the year ended December 31, 2018 (Successor). Sonatide has had some success in obtaining contracts that allow for a portion of services provided in Angola to be paid in U.S. dollars, has successfully initiated some conversions of kwanza into U.S. dollars and has also successfully reduced the due from affiliates and due to affiliates balances via agreed netting transactions between us and Sonatide. For additional disclosure regarding the Sonatide Joint Venture, refer to the Sonatide Joint Venture disclosure in Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Industry Conditions and Outlook

Our business is directly impacted by the level of activity in worldwide offshore oil and natural gas exploration, development and production, which in turn is influenced by trends in oil and natural gas prices. In addition, oil and natural gas prices are affected by a host of geopolitical and economic forces, including the fundamental principles of supply and demand. In particular, the oil price is significantly influenced by actions of the Organization of Petroleum Exporting Countries, or OPEC. Beginning in late 2014, the oil and gas industry experienced a significant decline in the price of oil causing an industry-wide downturn that continues into 2019. Beginning in late 2014, oil prices declined significantly from early year levels of over $100 per barrel. Prices continued to decline throughout 2015 and into 2016, reaching a low of less than $30 per barrel in the first quarter of 2016. Prices began to recover over the remainder of 2016, increasing to over $50 per barrel by year end. Prices are subject to significant uncertainty and continue to be volatile, declining again in early 2017, recovering to over $60 per barrel in January 2018 and then declining again to below $50 per barrel by late

2018. In early 2019, prices have moved up again but remain below $60 per barrel for West Texas Intermediate and slightly above $60 per barrel for Brent Crude. The downturn of the last few years coupled with volatility in pricing has significantly impacted the operational plans for exploration and production companies, resulting in reduced expenditures for exploration and production activities, and consequently has adversely affected the drilling and support service industry. The ongoing and sustained decline in the price of oil that began in 2014 has materially and adversely affected our results of operations. These lower commodity prices have negatively impacted our revenues, earnings and cash flows, and further sustained low oil and natural gas prices could have a material adverse effect on our liquidity.

Deepwater activity is a significant segment of the global offshore crude oil and natural gas markets, and a significant component of our business. Development typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the participating exploration, field development and production companies using relatively conservative crude oil and natural gas pricing assumptions. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects can be more costly relative to other onshore and offshore exploration and development. As a result, generally depressed crude oil prices have caused, and may continue to cause, many of our customers and potential customers to reevaluate their future capital expenditures in regards to deepwater projects.

Principal Factors That Drive Our Results

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore marine vessel fleet. As is the case with the numerous other vessel operators in our industry, our business activity is largely dependent on the level of exploration, field development and production activity of our customers. Our customers' business activity, in turn, is dependent on crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce reserves.

Our revenues in all segments are driven primarily by our fleet size, vessel utilization and day rates. Because a sizeable portion of our operating and depreciation costs do not change proportionally with changes in revenue, our operating profit is largely dependent on revenue levels.

Operating costs consist primarily of crew costs, repair and maintenance costs, insurance costs and loss reserves, fuel, lube oil and supplies costs and other vessel operating costs. Fleet size, fleet composition, geographic areas of operation, supply and demand for marine personnel, and local labor requirements are the major factors which affect overall crew costs in all segments. In addition, our newer, more technologically sophisticated PSVs and AHTS vessels generally require a greater number of specially trained, more highly compensated fleet personnel than our older, smaller and less sophisticated vessels. Crew costs may increase if competition for skilled personnel intensifies, though a weaker offshore energy market should somewhat mitigate any potential inflation of crew costs.

Concurrent with emergence from Chapter 11 bankruptcy, the Successor adopted a new policy for the recognition of the costs of planned major maintenance activities incurred to ensure compliance with applicable regulations and maintain certifications for vessels with classification societies. These costs include drydocking and survey costs necessary to maintain certifications and generally occur twice in every five year period. These recertification costs are typically incurred while the vessel is in drydock and may be incurred concurrent with other vessel maintenance and improvement activities. Costs related to the recertification of vessels are deferred and amortized over 30 months on a straight-line basis. Maintenance costs incurred at the time of the recertification drydocking that are not related to the recertification of the vessel are expensed as incurred. Costs related to vessel improvements that either extend the vessel's useful life or increase the vessel's functionality are capitalized and depreciated. Our previous policy (Predecessor) was to expense vessel recertification costs in the period incurred.

Insurance and loss reserves costs are dependent on a variety of factors, including our safety record and pricing in the insurance markets, and can fluctuate over time. Our vessels are generally insured for up to their estimated fair market value in order to cover damage or loss resulting from marine casualties, adverse weather conditions, mechanical failure, collisions, and property losses to the vessel. We also purchase coverage for potential liabilities stemming from third-party losses with limits that we believe are reasonable for our operations, but do not generally purchase business interruption insurance or similar coverage. Insurance limits are reviewed annually, and third-party coverage is purchased based on the expected scope of ongoing operations and the cost of third-party coverage.

Fuel and lube costs can also fluctuate in any given period depending on the number and distance of vessel mobilizations, the number of active vessels off charter, drydockings, and changes in fuel prices. We also incur vessel operating costs that are aggregated as "other" vessel operating costs. These costs consist of brokers' commissions, including commissions paid to unconsolidated joint venture companies, training costs and other miscellaneous costs. Brokers' commissions are incurred primarily in our non-United States operations where brokers sometimes assist in obtaining work. Brokers generally are paid a percentage of day rates and, accordingly, commissions paid to brokers generally fluctuate in accordance with vessel revenue. Other costs include, but are not limited to, satellite communication fees, agent fees, port fees, canal transit fees, vessel certification fees, temporary vessel importation fees and any fines or penalties.

Results of Operations

We manage and measure our business performance primarily based on four distinct geographic operating segments: Americas, Middle East/Asia Pacific, Europe/Mediterranean Sea and West Africa. The following tables compare vessel revenues and vessel operating costs for our owned and operated vessel fleet, and the related percentage of vessel revenue. The Successor periods reflect the deferral and amortization of drydocking and survey costs while Predecessor periods expense such costs as incurred.

.

	Successor		Successor		Predecessor	
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel revenues:						
Americas	$118,534	30 %	45,784	27 %	121,380	40 %
Middle East/Asia Pacific	80,195	20 %	39,845	23 %	62,991	21 %
Europe/Mediterranean Sea	56,263	14 %	19,895	12 %	25,631	8 %
West Africa	142,214	36 %	66,360	39 %	93,499	31 %
Total vessel revenues	$397,206	100%	171,884	100%	303,501	100%
Vessel operating costs:						
Crew costs	$153,340	39 %	64,854	38 %	98,482	32 %
Repair and maintenance	33,721	8 %	14,082	8 %	40,112	13 %
Insurance and loss reserves	51	0 %	4,625	3 %	2,183	1 %
Fuel, lube and supplies	34,489	9 %	16,390	9 %	21,558	7 %
Other	47,979	12 %	20,551	12 %	34,948	12 %
Total vessel operating costs	$269,580	68 %	120,502	70 %	197,283	65 %

	Successor	Predecessor	
	Period from August 1, 2017 through	Period from April 1, 2017 through	Nine month period ended December 31, 2016

(In thousands)	December 31, 2017	%	July 31, 2017	%	(unaudited)	%
Vessel revenues:						
Americas	$45,784	27 %	40,848	28 %	159,310	37 %
Middle East/Asia Pacific	39,845	23 %	36,313	25 %	87,940	21 %
Europe/Mediterranean Sea	19,895	12 %	15,465	11 %	32,502	8 %
West Africa	66,360	39 %	53,971	37 %	147,159	34 %
Total vessel revenues	$171,884	100%	146,597	100%	426,911	100%
Vessel operating costs:						
Crew costs	$64,854	38 %	56,653	39 %	148,642	35 %
Repair and maintenance	14,082	8 %	23,040	16 %	43,183	10 %
Insurance and loss reserves	4,625	3 %	3,949	3 %	11,775	2 %
Fuel, lube and supplies	16,390	9 %	12,279	8 %	28,730	7 %
Other	20,551	12 %	20,517	14 %	45,996	11 %
Total vessel operating costs	$120,502	70 %	116,438	80 %	278,326	65 %

36

The following tables present vessel operating costs by segment, the related segment vessel operating costs as a percentage of segment vessel revenues, total vessel operating costs and the related total vessel operating costs as a percentage of total vessel revenues.

	Successor				Predecessor	
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel operating costs:						
Americas:						
Crew costs	$48,016	40 %	19,592	43 %	34,469	28 %
Repair and maintenance	8,267	7 %	3,530	8 %	11,633	10 %
Insurance and loss reserves	(44)	<1 %	1,192	2 %	615	1 %
Fuel, lube and supplies	7,840	7 %	4,588	10 %	8,051	7 %
Other	7,506	6 %	3,092	7 %	8,745	7 %
	71,585	60 %	31,994	70 %	63,513	53 %
Middle East/Asia Pacific:						
Crew costs	$33,487	42 %	14,628	36 %	22,428	36 %
Repair and maintenance	7,294	9 %	4,302	11 %	9,560	15 %
Insurance and loss reserves	(72)	(<1 %)	1,147	3 %	200	<1 %
Fuel, lube and supplies	8,357	10 %	3,921	10 %	4,539	7 %
Other	9,471	12 %	4,724	12 %	7,236	11 %
	58,537	73 %	28,722	72 %	43,963	69 %
Europe/Mediterranean Sea:						
Crew costs	$25,681	46 %	9,468	48 %	12,660	49 %
Repair and maintenance	7,747	14 %	2,109	11 %	5,242	20 %
Insurance and loss reserves	854	2 %	431	2 %	739	3 %
Fuel, lube and supplies	5,434	10 %	1,617	8 %	2,964	12 %
Other	6,911	11 %	2,618	13 %	3,832	15 %
	46,627	83 %	16,243	82 %	25,437	99 %
West Africa:						
Crew costs	$46,156	32 %	21,166	31 %	28,925	31 %
Repair and maintenance	10,413	7 %	4,141	6 %	13,677	15 %
Insurance and loss reserves	(687)	(<1 %)	1,855	3 %	629	1 %
Fuel, lube and supplies	12,858	9 %	6,264	9 %	6,004	6 %
Other	24,091	17 %	10,117	15 %	15,135	16 %
	92,831	65 %	43,543	66 %	64,370	69 %
Total vessel operating costs	269,580	68 %	120,502	70 %	197,283	65 %

(In thousands)	Successor Period from August 1, 2017 through December 31, 2017	%	Predecessor Period from April 1, 2017 through July 31, 2017	%	Nine month period ended December 31, 2016 (unaudited)	%
Vessel operating costs:						
Americas:						
Crew costs	$19,592	43%	18,707	46 %	53,917	34%
Repair and maintenance	3,530	8 %	8,747	21 %	17,360	11%
Insurance and loss reserves	1,192	2 %	1,134	3 %	3,755	2 %
Fuel, lube and supplies	4,588	10%	4,154	10 %	9,738	6 %
Other	3,092	7 %	5,191	13 %	9,014	6 %
	31,994	70%	37,933	93 %	93,784	59%
Middle East/Asia Pacific:						
Crew costs	$14,628	36%	12,934	36 %	29,593	34%
Repair and maintenance	4,302	11%	3,255	9 %	11,254	13%
Insurance and loss reserves	1,147	3 %	931	2 %	3,288	4 %
Fuel, lube and supplies	3,921	10%	1,996	5 %	5,892	6 %
Other	4,724	12%	3,884	11 %	10,471	12%
	28,722	72%	23,000	63 %	60,498	69%
Europe/Mediterranean Sea:						
Crew costs	$9,468	48%	7,733	50 %	16,930	52%
Repair and maintenance	2,109	11%	3,982	26 %	2,883	9 %
Insurance and loss reserves	431	2 %	513	3 %	759	2 %
Fuel, lube and supplies	1,617	8 %	1,864	12 %	3,345	10%
Other	2,618	13%	2,437	16 %	3,951	13%
	16,243	82%	16,529	107%	27,868	86%
West Africa:						
Crew costs	$21,166	31%	17,279	32 %	48,202	33%
Repair and maintenance	4,141	6 %	7,056	13 %	11,687	8 %
Insurance and loss reserves	1,855	3 %	1,371	2 %	3,973	3 %
Fuel, lube and supplies	6,264	9 %	4,265	8 %	9,755	7 %
Other	10,117	15%	9,005	17 %	22,559	14%
	43,543	66%	38,976	72 %	96,176	65%
Total vessel operating costs	$120,502	70%	116,438	80 %	278,326	65%

The following tables present vessel operations general and administrative expenses by segment, the related segment vessel operations general and administrative expenses as a percentage of segment vessel revenues, total vessel operations general and administrative expenses and the related total vessel operations general and administrative expenses as a percentage of total vessel revenues.

	Successor				Predecessor	
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel operations general and administrative expenses:						
Americas (A)	$22,042	19%	9,622	21%	14,081	12%
Middle East/Asia Pacific	14,205	18%	5,956	15%	8,159	13%
Europe/Mediterranean Sea (B)	7,610	14%	1,907	10%	2,981	12%
West Africa	25,529	18%	13,675	21%	18,105	19%
Total vessel operations general and administrative expenses	$69,386	17%	31,160	18%	43,326	14%

(A) Included in Americas general and administrative expenses for the twelve months ended December 31, 2018 are $0.6 million of lease exit charges related to the consolidation of shore-based operations.

(B) Included in Europe/Mediterranean Sea general and administrative expenses for the twelve months ended December 31, 2018 are $1.7 million of lease exit charges related to the consolidation of shore-based operations in Aberdeen, Scotland.

Successor	Predecessor	
Period from August 1, 2017 through December 31, 2017	Period from April 1, 2017 through July 31, 2017	Nine month period ended December 31, 2016 (unaudited)

(In thousands)		%		%		%
Vessel operations general and administrative expenses:						
Americas	$9,622	21%	7,670	19%	19,876	12%
Middle East/Asia Pacific	5,956	15%	4,780	13%	14,238	16%
Europe/Mediterranean Sea	1,907	10%	1,613	10%	4,287	13%
West Africa	13,675	21%	9,818	18%	30,460	21%
Total vessel operations general and administrative expenses	$31,160	18%	23,881	16%	68,861	16%

39

The following tables present vessel operating leases by segment, the related segment vessel operating leases as a percentage of segment vessel revenues, total vessel operating leases and the related total vessel operating leases as a percentage of total vessel revenues.

	Successor				Predecessor	
	Twelve Months Ended December 31, 2018	Period from August 1, 2017 through December 31, 2017			Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel operating leases:						
Americas	$—	—		0%	10,475	9%
Europe/Mediterranean Sea	—	447		2%	1,375	5%
West Africa	—	768		1%	2,757	3%
Total vessel operating leases	$—	1,215		1%	14,607	5%

	Successor Period from August 1, 2017 through December 31, 2017		Predecessor Period from April 1, 2017 through July 31, 2017		Nine month period ended December 31, 2016 (unaudited)	
(In thousands)		%		%		%
Vessel operating leases:						
Americas	$—	—	3,849	9%	19,878	12%
Europe/Mediterranean Sea	447	2%	943	6%	—	—
West Africa	768	1%	1,373	3%	5,445	4 %
Total vessel operating leases	$1,215	1%	6,165	4%	25,323	6 %

The following tables present vessel depreciation expense by segments, the related segment vessel depreciation expense as a percentage of segment vessel revenues, total vessel depreciation expense and the related total vessel depreciation expense as a percentage of total vessel revenues.

	Successor Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Predecessor Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)				%		%
Vessel depreciation expense:						
Americas	$16,047	14%	5,767	13%	25,242	21%
Middle East/Asia Pacific	11,871	15%	4,716	12%	18,466	29%
Europe/Mediterranean Sea	11,385	20%	2,794	14%	15,621	61%
West Africa	16,612	12%	6,067	9 %	22,447	24%
Total vessel depreciation expense	$55,915	14%	19,344	11%	81,776	27%

	Successor Period from August 1, 2017 through December 31, 2017		Predecessor Period from April 1, 2017 through July 31, 2017		Nine month period ended December 31, 2016 (unaudited)	
(In thousands)		%		%		%
Vessel depreciation expense:						
Americas	$5,767	13%	13,945	34%	37,517	24%
Middle East/Asia Pacific	4,716	12%	9,967	27%	32,350	37%
Europe/Mediterranean Sea	2,794	14%	9,060	59%	19,977	61%
West Africa	6,067	9 %	12,632	23%	34,388	23%
Total vessel depreciation expense	$19,344	11%	45,604	31%	124,232	29%

The following tables compare operating income and other components of earnings before income taxes, and its related percentage of total revenues.

	Successor				Predecessor	
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel operating profit (loss):						
Americas (A)	$8,860	2 %	(1,599)	(1 %)	8,069	3 %
Middle East/Asia Pacific	(4,417)	(1 %)	451	<1 %	(7,597)	(2 %)
Europe/Mediterranean Sea (B)	(9,359)	(2 %)	(1,497)	(1 %)	(19,783)	(6 %)
West Africa	7,240	2 %	2,308	1 %	(14,180)	(5 %)
	2,324	1 %	(337)	(<1%)	(33,491)	(10 %)
Other operating profit	3,742	1 %	1,614	1 %	651	<1 %
	6,066	2 %	1,277	1 %	(32,840)	(10 %)
Corporate expenses (C)	(42,972)	(11%)	(14,989)	(8 %)	(40,567)	(13 %)
Gain on asset dispositions, net	10,624	3 %	6,616	3 %	9,625	3 %
Impairment of due from affiliate	(20,083)	(5 %)	—	—	—	—
Long-lived asset impairments	(61,132)	(15%)	(16,777)	(9 %)	(249,606)	(80 %)
Operating loss	(107,497)	(25%)	(23,873)	(13%)	(313,388)	(100%)
Foreign exchange gain (loss)	106	<1 %	(407)	(<1%)	(2,516)	(<1 %)
Equity in net earnings (loss) of unconsolidated companies	(18,864)	(5 %)	2,130	1 %	7,627	2 %
Interest income and other, net	11,294	3 %	2,771	1 %	3,974	1 %
Reorganization items	—	—	(4,299)	(3 %)	(1,396,905)	(448%)
Loss on early extinguishment of debt	(8,119)	(2 %)	—	—	—	—
Interest and other debt costs	(30,439)	(7 %)	(13,009)	(7 %)	(32,188)	(10 %)
Loss before income taxes	$(153,519)	(37%)	(36,687)	(21%)	(1,733,396)	(555%)

(A) Included in Americas segment operating profit for the twelve months ended December 31, 2018 are $0.6 million of lease exit charges related to the consolidation of shore-based operations. Included in Americas vessel operating profit for the period from January 1, 2017 through July 31, 2017 (Predecessor), is $39.1 million of revenue related to the early cancellation of a long-term vessel charter contract.

(B) Included in Europe/Mediterranean Sea operating loss for the twelve months ended December 31, 2018 are $1.7 million of lease exit charges related to the consolidation of shore based operations in Aberdeen, Scotland.

(C)

Included in corporate expenses for the twelve month period ended December 31, 2018 (Successor), are (i) $9.0 million professional services expenses related to the GulfMark business combination, (ii) $3.4 million of incremental general and administrative expenses related to the GulfMark entities (which includes $2.3 million of expenses related to the abandonment of office lease in Houston, Texas), (iii) $0.9 million of expenses related to the abandonment of office lease in New Orleans, Louisiana to consolidate corporate operations and (iv) $1.2 million of post-business combination restructuring costs related to employee severance. Included in corporate general and administrative expenses for the period from January 1, 2017 through July 31, 2017 (Predecessor), are restructuring-related professional services costs of $23.4 million.

(In thousands)	Successor Period from August 1, 2017 through December 31, 2017	%	Predecessor Period from April 1, 2017 through July 31, 2017	%	Nine month period ended December 31, 2016 (unaudited)	%
Vessel operating profit (loss):						
Americas	$(1,599)	(1%)	(22,549)	(15%)	(11,745)	(3%)
Middle East/Asia Pacific	451	<1%	(1,434)	(1%)	(19,146)	(4%)
Europe/Mediterranean Sea	(1,497)	(1%)	(12,680)	(8%)	(19,631)	(5%)
West Africa	2,308	1%	(8,828)	(6%)	(19,309)	(4%)
	(337)	(<1%)	(45,491)	(30%)	(69,831)	(16%)
Other operating profit (loss)	1,614	1%	876	1%	(1,323)	(<1%)
	1,277	1%	(44,615)	(29%)	(71,154)	(16%)
Corporate expenses (A)	(14,989)	(8%)	(18,246)	(12%)	(35,524)	(8%)
Gain on asset dispositions, net	6,616	3%	3,561	2%	18,035	4%
Long-lived asset impairments	(16,777)	(9%)	(184,748)	(122%)	(419,870)	(95%)
Operating loss	(23,873)	(13%)	(244,048)	(161%)	(508,513)	(115%)
Foreign exchange loss	(407)	(<1%)	(3,181)	(2%)	(2,302)	(1%)
Equity in net earnings of unconsolidated companies	2,130	1%	4,786	3%	2,869	<1%
Interest income and other, net	2,771	1%	2,384	2%	3,605	1%
Reorganization items	(4,299)	(3%)	(1,396,905)	(923%)	—	—
Interest and other debt costs	(13,009)	(7%)	(11,179)	(8%)	(54,018)	(12%)
Loss before income taxes	$(36,687)	(21%)	(1,648,143)	(1,089%)	(558,359)	(127%)

(A) Restructuring-related professional services costs for the five month period from August 1, 2017 through December 31, 2017 (Successor) are included in reorganization items. Corporate general and administrative expenses for the four month period from April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) includes $6.7 million and $12.2 million, respectively, of restructuring-related costs.

Twelve Months Ended December 31, 2018 and 2017

Americas Segment Operations. Vessel revenues earned in the Americas segment for the year ended December 31, 2018, five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $118.5 million, $45.8 million and $121.4 million, respectively. Included in Americas vessel revenue for the period from January 1, 2017 through July 31, 2017 (Predecessor), is $39.1 million of revenue related to the early cancellation of a long-term vessel charter contract.

Further reductions in Americas segment utilization and average day rates have caused decreases in revenue and are primarily the result of a significant industry downturn which occurred during the latter half of calendar 2014 and has continued through December 31, 2018. Americas segment vessel revenues for the year ended December 31, 2018 also includes $4.0 million of revenues related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

Operating profit (loss) for the Americas segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $8.9 million, ($1.6) million and $8.1 million, respectively.

Americas segment vessel operating costs for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $71.6 million, $32 million and $63.5 million, respectively. Overall vessel operating costs have decreased in the current period primarily due to the reduction in repair and maintenance costs and crew costs, reflecting the decline in operating activity in the segment in the current year and the adoption of a new accounting policy for drydocking costs.

Subsequent to July 31, 2017, we implemented a new planned major maintenance policy requiring the costs of drydockings and surveys associated with regulatory compliance to be deferred and amortized. Americas segment vessel operating costs for the year ended December 31, 2018 also includes $3.8 million of costs related to the GulfMark vessel fleet which was acquired on November 15, 2018.

The Americas segment did not incur any vessel operating lease expense for the year ended December 31, 2018 or the five month period of August 1, 2017 through December 31, 2017 (Successor). Vessel operating lease expense for the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $10.5 million. The reduction in vessel operating lease expense in the successor periods compared to the predecessor period primarily was the result of the termination of lease contracts in conjunction with our Plan of Reorganization.

Americas segment depreciation expense for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $16.0 million, $5.8 million and $25.2 million, respectively. Depreciation expense has decreased significantly as compared to the prior year primarily due to the substantial reduction in vessel carrying values recognized at July 31, 2017 resulting from the application of fresh-start accounting. Americas segment depreciation expense for the year ended December 31, 2018 also includes $1.4 million of depreciation related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

Americas segment general and administrative expenses for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $22.0 million, $9.6 million and $14.1 million, respectively. General and administrative expenses have decreased as compared to the prior year primarily as a result of cost reduction initiatives that we have undertaken as a result of the significant industry downturn which occurred over the latter half of calendar 2014 and has continued through December 31, 2018. Americas segment general and administrative expenses for the year ended December 31, 2018 also include $1.6 million related to GulfMark's Americas operations, which were acquired on November 15, 2018.

Middle East/Asia Pacific Segment Operations. Vessel revenues earned in the Middle East/Asia Pacific segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $80.2 million, $39.8 million and $63 million, respectively. Reductions in revenue in the current year as compared to the prior twelve month period is primarily related to reductions to average day rates. Middle East/Asia Pacific segment vessel revenue for the year ended December 31, 2018 also includes $0.7 million related to the GulfMark vessel fleet which was acquired on November 15, 2018.

Operating profit for the Middle East/Asia Pacific segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were ($4.4) million, $0.5 million and ($7.6) million, respectively.

Vessel operating costs in the Middle East/Asia Pacific segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $58.5 million, $28.7 million and $44.0 million, respectively. Overall vessel operating costs have decreased in the current period as compared to the prior year primarily due to the reduction in crew costs reflecting the overall decline in operating activity within the segment. Decreases to repairs and maintenance costs are primarily the result of a new planned major maintenance policy we implemented subsequent to July 31, 2017, and in connection with the application of fresh start accounting, requiring the costs of drydockings and surveys associated with regulatory compliance to be deferred and amortized. Middle East/Asia Pacific segment vessel operating costs for the year ended December 31, 2018 also includes $0.7 million of costs related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

Depreciation expense for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $11.9 million, $4.7 million and $18.5 million, respectively. Depreciation expense has decreased significantly as compared to the prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting. Middle East/Asia Pacific segment depreciation expense for the year ended December 31, 2018 also includes $0.3 million of depreciation related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

General and administrative expenses for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $14.2 million, $6.0 million and $8.2 million, respectively. Middle East/Asia Pacific segment general and administrative expenses for the year ended December 31, 2018 also include $0.1 million related to GulfMark's Americas operations, which were acquired on November 15, 2018.

Europe/Mediterranean Sea Segment Operations. Vessel revenues earned in the Europe/Mediterranean Sea segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $56.3 million, $19.9 million and $25.6 million, respectively. The segment has experienced an increase in revenues primarily resulting from higher utilization, higher average day rates and more vessels working in the area which has driven an overall increase in revenues as compared to the comparable periods of the prior year. Europe/Mediterranean Sea segment vessel revenue for the year ended December 31, 2018 also includes $7.7 million related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

Operating losses for the Europe/Mediterranean Sea segment for the year ended December 31, 2018, five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $9.4 million, $1.5 million and $19.8 million, respectively.

Vessel operating costs for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $46.6 million, $16.2 million and $25.4 million, respectively. Europe/Mediterranean Sea segment vessel operating costs for the year ended December 31, 2018 also includes $5.1 million related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

The Europe/Mediterranean Sea segment did not incur any vessel operating lease expense for the year ended December 31, 2018. Vessel operating lease expense for the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $0.4 million and $1.4 million, respectively. The reduction in vessel operating lease expense in the successor periods compared to the predecessor period primarily was the result of the termination of lease contracts in conjunction with the Plan.

Depreciation expense for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $11.4 million, $2.8 million and $15.6 million, respectively. Depreciation expense has decreased significantly as compared to the prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting. Europe/Mediterranean Sea segment depreciation expense for the year ended December 31, 2018 also includes $2.7 million of depreciation related to the GulfMark vessel fleet, which was acquired on November 15, 2018.

General and administrative expenses for the year ended December 31, 2018, five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $7.6 million, $1.9 million and $3.0 million, respectively. General and administrative expenses have increased as compared to prior year primarily as a result of the recognition of exit costs associated with a long-term lease for one of our shore-based locations and $1.2 million of costs associated with GulfMark’s North Sea operations, which were acquired on November 15, 2018.

West Africa Segment Operations. Vessel revenues earned in the West Africa segment for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $142.2 million, $66.4 million and $93.5 million, respectively.

West Africa segment average day rates and the number of active vessels has decreased which has resulted in reductions to revenues as compared to the prior year due primarily to the significant industry downturn which occurred over the latter half of calendar 2014 and which has continued through December 31, 2018.

Operating profit for the West Africa segment for the year ended December 31, 2018 (Successor) and the five month period of August 1, 2017 through December 31, 2017 (Successor) was $7.2 million and $2.3 million, respectively. Operating loss for the seven month period from January 1, 2017 through July 31, 2017 (Predecessor) was $14.2 million.

Vessel operating costs for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $92.8 million, $43.5 million and $64.4 million, respectively. Overall vessel operating costs have decreased in the current period as compared to the prior year primarily due to the reduction in crew costs, insurance costs and other vessel costs reflecting the overall decline in operating activity within the segment. Decreases to repairs and maintenance costs are primarily the result of a new planned major maintenance policy we implemented subsequent to July 31, 2017, and in connection with the application of fresh start accounting, requiring the costs of drydockings and surveys associated with regulatory compliance to be deferred and amortized.

The West Africa segment did not incur any vessel operating lease expense for the year ended December 31, 2018. Vessel operating lease expense for the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $0.8 million and $2.8 million, respectively. The reduction in vessel operating lease expense in the successor periods compared to the predecessor period primarily was the result of the termination of lease contracts in conjunction with the Plan.

Depreciation expense for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) was $16.6 million, $6.1 million and $22.4 million, respectively. Depreciation expense has decreased significantly as compared to the prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting.

General and administrative expenses for the year ended December 31, 2018, the five month period of August 1, 2017 through December 31, 2017 (Successor) and the seven month period of January 1, 2017 through July 31, 2017 (Predecessor) were $25.5 million, $13.7 million and $18.1 million, respectively. Reduction in general and administrative expenses is the result of our continuing efforts to reduce overhead costs.

Other Items.

Asset Impairments. The table below summarizes the number of vessels impaired and the amount of impairment incurred.

	Successor		Predecessor
	Twelve Months	Period from August 1, 2017	Period from January 1, 2017 through

(In thousands, except vessel counts)	Ended December 31, 2018	through December 31, 2017	July 31, 2017 (unaudited)
Number of vessels impaired during the period	56	5	97
Amount of impairment incurred (A)	$61,132	16,777	249,606

(A) The twelve months ended December 31, 2018 and the period August 1, 2017 through December 31, 2017 (Successor) included $3.4 million and $2.3 million, respectively, of impairments related to inventory and other non-vessel assets.

As of our emergence from Chapter 11 bankruptcy on July 31, 2017 we significantly reduced the carrying values of its vessels and other assets. Refer to Note (7) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our impairment of our due from affiliates balance.

Insurance and Loss Reserves. Insurance and loss reserves expense for the year ended December 31, 2018 reflect decreases in premiums and claims as a result of lower levels of vessel activity.

Gains on Asset Dispositions, Net. During the year ended December 31, 2018 (Successor), we recognized net gains of $10.6 million, related to the sale of 38 vessels and other assets.

During the five month period from August 1, 2017 through December 31, 2017 (Successor), we recognized net gains of $7.1 million related to the sale of eight ROVs which was partially offset by $0.5 million of net losses related to the disposal of 11 vessels and other assets.

Included in gain on asset dispositions, net for the period from January 1, 2017 through July 31, 2017 (Predecessor), were $8.9 million of deferred gains from sale leaseback transactions and $0.8 million related to the sale of nine vessels. All remaining deferred gains related to our sale leaseback vessels were recognized as reorganization items in the quarter ended June 30, 2017 (Predecessor) due to our rejection of all 16 sale leaseback agreements during the Chapter 11 proceedings.

Foreign Exchange Gains and Losses. During the year ended December 31, 2018, we recognized a net foreign exchange gain of $0.1 million. The foreign exchange gains were primarily the result of the revaluation of our Norwegian kroner-denominated debt to our U.S. dollar reporting currency, partially offset by foreign exchange losses resulting from the revaluation of balances denominated in other non-U.S. currencies, primarily Brazilian reais.

During the twelve months ended December 31, 2018, the exchange rate of the Angolan kwanza versus the U.S. dollar devalued from a ratio of approximately 168 to 1 to a ratio of approximately 309 to 1, or approximately 84%. A devaluation in the Angolan kwanza relative to the U.S. dollar resulted in foreign exchange losses for Sonatide to the extent the Angolan kwanza-denominated asset balances were in excess of kwanza-denominated liabilities, 49% of which would be borne by us. However, since June 30, 2018, our investment balance in Sonatide was reduced to zero as a result of the accumulated losses in excess of our investment balance, thus, losses from Sonatide’s operations after June 30, 2018 have not been recognized.

During the five month period from August 1, 2017 through December 31, 2017 (Successor) and the seven month period from January 1, 2017 through July 31, 2017 (Predecessor), we recognized foreign exchange losses of $0.4 million and $2.5 million, respectively. These foreign exchange losses were primarily the result of the revaluation of our Norwegian kroner-denominated debt to our U.S. dollar reporting currency.

Nine Months Ended December 31, 2017 and 2016

Americas Segment Operations. Vessel revenues earned in the Americas segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $45.8 million, $40.8 million and $159.3 million, respectively.

Further reductions in Americas segment utilization and average day rates caused decreases in revenue and are primarily the result of a significant industry downturn which occurred during the latter half of calendar 2014 and has continued through December 31, 2017.

Operating loss for the Americas segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) was $1.6 million, $22.5 million and $11.7 million, respectively.

Vessel operating costs for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $32 million, $37.9 million and $93.8 million, respectively. Overall vessel operating costs decreased in the 2017 periods as compared to the nine months ended December 31, 2016 primarily due to the reduction in crew costs, reflecting the decline in operating activity in the segment in the current year. Subsequent to July 31, 2017, we implemented a new planned major maintenance policy requiring the costs of drydockings and surveys associated with regulatory compliance to be deferred and amortized.

The Americas segment did not incur any vessel operating lease expense for the five month period of August 1, 2017 through December 31, 2017 (Successor). Vessel operating lease expense for the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) was $3.8 million and $19.9 million, respectively. The reduction in vessel operating lease expense in the successor period compared to prior year primarily was the result of the termination of lease contracts in conjunction with the Plan.

Depreciation expense for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $5.8 million, $13.9 million and $37.5 million, respectively. Depreciation expense has decreased significantly as compared to prior year primarily due to the substantial reduction in vessel carrying values recognized at July 31, 2017 resulting from the application of fresh-start accounting.

General and administrative expenses for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $9.6 million, $7.7 million and $19.9 million, respectively. General and administrative expenses decreased as compared to prior year primarily as a result of cost reduction initiatives that we have undertaken as a result of the significant industry downturn which occurred over the latter half of calendar 2014 and continued through December 31, 2017.

Middle East/Asia Pacific Segment Operations. Vessel revenues earned in the Middle East/Asia Pacific segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $39.8 million, $36.3 million and $87.9 million, respectively. Although the segment experienced a modest increase in utilization for, reductions to average day rates caused an overall decrease in revenues as compared to the comparable nine month period of the prior year.

Operating profit for the Middle East/Asia Pacific segment for the five month period of August 1, 2017 through December 31, 2017 (Successor) was $0.5 million. Operating loss for the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $1.4 million and $19.1 million, respectively.

Vessel operating costs for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $28.7 million, $23 million and $60.5 million, respectively.

Depreciation expense for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $4.7 million, $10 million and $32.4 million, respectively. Depreciation expense decreased significantly as compared to prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting.

General and administrative expenses for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $6 million, $4.8 million and $14.2 million, respectively. General and administrative expenses decreased as compared to prior year primarily as a result of cost reduction initiatives that we undertook as a result of the significant industry downturn which occurred over the latter half of calendar 2014 and continued through December 31, 2017.

Europe/Mediterranean Sea Segment Operations. Vessel revenues earned in the Europe/Mediterranean Sea segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $19.9 million, $15.5 million and $32.5 million, respectively. The segment experienced an increase in revenues primarily resulting from higher utilization and more vessels working in the area which drove an overall increase in revenues as compared to the comparable nine month period of the prior year.

Operating losses for the Europe/Mediterranean Sea segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $1.5 million, $12.7 million and $19.6 million, respectively.

Vessel operating costs for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $16.2 million, $16.5 million and $27.9 million, respectively.

Depreciation expense for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $2.8 million, $9.1 million and $20 million, respectively. Depreciation expense decreased significantly as compared to prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting.

General and administrative expenses for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $1.9 million, $1.6 million and $4.3 million, respectively. General and administrative expenses decreased as compared to prior year primarily as a result of cost reduction initiatives that we undertook as a result of the significant industry downturn which occurred over the latter half of calendar 2014 and continued through December 31, 2017.

West Africa Segment Operations. Vessel revenues earned in the West Africa segment for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $66.4 million, $54 million and $147.2 million, respectively.

West Africa segment average day rates and the number of active vessels has decreased which resulted in reductions to revenues as compared to prior year primarily to the significant industry downturn which occurred over the latter half of calendar 2014 and continued through December 31, 2017.

Operating profit for the West Africa segment for the five month period of August 1, 2017 through December 31, 2017 (Successor) was $2.3 million. Operating losses for the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended September 30, 2016 (Predecessor) were $8.8 million and $19.3 million, respectively.

Vessel operating costs for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $43.5 million, $39 million and $96.2 million, respectively. Included in the period April 1, 2017 through July 31, 2017 (Predecessor) were higher levels of repair and maintenance due to increased drydockings.

Vessel operating lease expense for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $0.8 million, $1.4 million and $5.4 million, respectively. Vessel operating lease expense decreased as compared to prior year primarily as a result of the termination of lease contracts in conjunction with the Plan.

Depreciation expense for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $6.1 million, $12.6 million and $34.4 million, respectively. Depreciation expense decreased significantly as compared to prior year primarily due to the substantial reduction in vessel carrying values at July 31, 2017 resulting from the application of fresh-start accounting.

General and administrative expenses for the five month period of August 1, 2017 through December 31, 2017 (Successor), the four month period of April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor) were $13.7 million, $9.8 million and $30.5 million, respectively. General and administrative expenses decreased as compared to prior year primarily as a result of cost reduction initiatives that we

undertook as a result of the significant industry downturn which occurred over the latter half of calendar 2014 and has continued through
December 31, 2017.

Other Items.

Asset Impairments. The table below summarizes the number of vessels and ROVs impaired and the amount of impairment incurred.

(In thousands, except vessel counts)	Successor Period from August 1, 2017 through December 31, 2017	Predecessor Period from April 1, 2017 through July 31, 2017	Nine month period ended December 31, 2016 (unaudited)
Number of vessels impaired during the period	5	79	115
Number of ROVs impaired during the period	—	—	8
Amount of impairment incurred (A)	$ 16,777	184,748	419,870

(A) The period from August 1, 2017 through December 31, 2017 and the nine month period ended December 31, 2016 included $2.3 million and $1.6 million, respectively, of impairments related to inventory and other non-vessel assets.

As of our emergence from Chapter 11 bankruptcy on July 31, 2017 we significantly reduced the carrying values of it vessels and other assets.

Insurance and Loss Reserves. Insurance and loss reserves expense was $4.6 million during the five month period from August 1, 2017 through December 31, 2017 (Successor), $3.9 million during the four month period from April 1, 2017 through July 31, 2017 (Predecessor) and $11.8 million during the nine months ended December 31, 2016 (Predecessor). Insurance and loss reserves expense in the current year reflect decreases in premiums and claims as a result of lower levels of vessel activity.

Gains on Asset Dispositions, Net. During the five month period from August 1, 2017 through December 31, 2017 (Successor), we recognized net gains of $7.1 million related to the sale of eight ROVs which was partially offset by $0.5 million of net losses related to the disposal of 11 vessels and other assets. Included in gain on asset dispositions, net for the four month period from April 1, 2017 through July 31, 2017 (Predecessor), was $0.5 million related to the sale of seven vessels and we recognized deferred gains related to sale leaseback transactions of $3 million. During the nine months ended December 31, 2016 (Predecessor), we recognized deferred gains related to sale leaseback transactions of $17.5 million and net gains of $0.5 million related to the disposal of ten vessels and other assets.

All remaining deferred gains related to our sale leaseback vessels were recognized as reorganization items in the quarter ended June 30, 2017 (Predecessor) due to our rejection of all 16 sale leaseback agreements during the Chapter 11 proceedings.

Foreign Exchange Losses. During the five month period from August 1, 2017 through December 31, 2017 (Successor), the four month period from April 1, 2017 through July 31, 2017 (Predecessor) and the nine months ended December 31, 2016 (Predecessor), we recognized foreign exchange losses of $0.4 million, $3.2 million and $2.3 million, respectively. These foreign exchange losses were primarily the result of the revaluation of our Norwegian kroner-denominated debt to our U.S. dollar reporting currency.

Interest and Other Debt Costs. Interest and other debt costs for the five month period from August 1, 2017 through December 31, 2017 (Successor) was $13 million and reflects interest expense on the Secured Notes and Troms Offshore debt as well as the amortization of premiums and discounts associated with the respective loans in connection with fresh-start accounting valuations. Interest and other debt costs for the four month period from April 1, 2017 through July 31, 2017 (Predecessor) was $11.2 million and reflects interest expense on the Predecessor company’s term loan, revolver and senior notes through the Petition Date and Troms debt for the entire period. The filing of our bankruptcy petition on May 17, 2017 resulted in the cessation of the accrual of interest on our term loan, revolving line of credit and senior notes through our Effective Date of July 31, 2017. Had the term loan, revolving line of credit and senior notes not been compromised by the Plan, interest expense for the period from April 1, 2017 through the Effective Date of July 31, 2017 (Predecessor) would have been approximately $27 million. Interest and other debt costs for the nine months ended December 31, 2016 (Predecessor) was $54 million and reflects interest expense on the Predecessor company’s term loan, revolver, senior notes and Troms debt.

Reorganization Items. We incurred reorganization charges of $4.3 million and $1.4 billion for the five month period of August 1, 2017 through December 31, 2017 (Successor) and the four month period of April 1, 2017 through July

31, 2017 (Predecessor), respectively. Successor reorganization items included the cost of delivering vessels operating under sale leaseback agreements to the lessors and bankruptcy related professional fees. Predecessor reorganization items included (i) fresh-start adjustments of $1.8 billion to record the values of assets and liabilities on our books at their fair values, (ii) $316.5 million related to the settlement of liabilities associated with sale leaseback claims and make-whole claims on our debt, partially offset by deferred gains recognized on sale leaseback transactions and other items and (iii) professional fees of $28 million incurred subsequent to the Petition Date. Offsetting these reorganization charges is a gain on settlement of liabilities subject to compromise of $767.6 million.

Vessel Class Revenue and Statistics by Segment

Vessel utilization is determined primarily by market conditions and to a lesser extent by major repairs and maintenance and drydocking requirements. Vessel day rates are determined by the demand created largely through the level of offshore exploration, field development and production spending by energy companies relative to the supply of offshore support vessels. Specifications of available equipment and the scope of service provided may also influence vessel day rates. Vessel utilization rates are calculated by dividing the number of days a vessel works during a reporting period by the number of days the vessel is available to work in the reporting period. As such, stacked vessels depress utilization rates because stacked vessels are considered available to work, and as such, are included in the calculation of utilization rates. Average day rates are calculated by dividing the revenue a vessel earns during a reporting period by the number of days the vessel worked in the reporting period.

Vessel utilization and average day rates are calculated on all vessels in service (which includes stacked vessels and vessels undergoing major repairs and maintenance and/or in drydock) but do not include vessels owned by joint ventures (five vessels at December 31, 2018). The following tables compare revenues, days-based utilization percentages and average day rates by vessel class and in total:

REVENUE BY VESSEL CLASS (in thousands):	Successor Twelve months Ended Dec. 31, 2018	Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Jan. 1, 2017 through Jul. 31, 2017	Successor Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Apr. 1, 2017 through Jul. 31, 2017	Nine months Ended Dec. 31, 2016
Americas fleet:						
Deepwater	$79,791	26,860	84,448	26,860	21,617	108,503
Towing-supply	29,106	13,835	29,759	13,835	15,021	41,823
Other	9,637	5,089	7,173	5,089	4,210	8,984
Total	$118,534	45,784	121,380	45,784	40,848	159,310
Middle East/Asia Pacific fleet:						
Deepwater	$35,479	14,792	22,801	14,792	13,368	26,093
Towing-supply	44,722	25,053	40,190	25,053	22,945	61,847
Other	(6)	—	—	—	—	—
Total	$80,195	39,845	62,991	39,845	36,313	87,940
Europe/Mediterranean Sea fleet:						
Deepwater	$53,133	18,204	21,473	18,204	11,620	29,639
Towing-supply	3,130	1,691	4,167	1,691	3,845	2,337
Other	—	—	(9)	—	—	526
Total	$56,263	19,895	25,631	19,895	15,465	32,502
West Africa fleet:						
Deepwater	$58,640	24,131	31,306	24,131	18,126	49,703
Towing-supply	68,072	33,806	53,769	33,806	31,297	77,601

Other	15,502	8,423	8,424	8,423	4,548	19,855
Total	$142,214	66,360	93,499	66,360	53,971	147,159
Worldwide fleet:						
Deepwater	$227,043	83,987	160,028	83,987	64,731	213,938
Towing-supply	145,030	74,385	127,885	74,385	73,108	183,608
Other	25,133	13,512	15,588	13,512	8,758	29,365
Total	$397,206	171,884	303,501	171,884	146,597	426,911

51

UTILIZATION:	Successor Twelve months Ended Dec. 31, 2018	Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Jan. 1, 2017 through Jul. 31, 2017	Successor Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Apr. 1, 2017 through Jul. 31, 2017	Nine months Ended Dec. 31, 2016
Americas fleet:						
Deepwater	49.4 %	27.6	25.3	27.6	22.0	37.4
Towing-supply	39.5	37.5	38.8	37.5	36.5	38.7
Other	45.8	54.0	47.2	54.0	48.4	39.8
Total	46.1 %	33.7	31.9	33.7	29.4	38.1
Middle East/Asia Pacific fleet:						
Deepwater	58.6 %	47.4	48.8	47.4	51.1	33.2
Towing-supply	56.0	57.4	55.9	57.4	57.2	56.6
Total	57.0 %	53.7	52.7	53.7	54.3	48.5
Europe/Mediterranean Sea fleet:						
Deepwater	70.0 %	70.8	61.7	70.8	62.3	54.0
Towing-supply	34.4	32.2	51.6	32.2	69.5	47.8
Other	—	—	—	—	—	28.4
Total	64.3 %	61.1	54.6	61.1	59.1	51.1
West Africa fleet:						
Deepwater	58.2 %	51.0	46.1	51.0	44.8	42.3
Towing-supply	45.0	45.7	46.7	45.7	48.1	45.4
Other	46.2	46.7	33.2	46.7	33.5	45.0
Total	49.6 %	47.5	41.7	47.5	42.1	44.5
Worldwide fleet:						
Deepwater	58.3 %	45.7	41.1	45.7	40.0	40.4
Towing-supply	47.7	48.4	49.1	48.4	50.7	48.6
Other	46.2	47.0	33.4	47.0	33.9	42.4
Total	52.2 %	47.1	43.1	47.1	43.5	44.3

AVERAGE DAY RATES:	Successor Twelve months Ended Dec. 31, 2018	Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Jan. 1, 2017 through Jul. 31, 2017	Successor Period from Aug. 1, 2017 through Dec. 31, 2017	Predecessor Period from Apr. 1, 2017 through Jul. 31, 2017	Nine months Ended Dec. 31, 2016
Americas fleet:						
Deepwater	15,761	18,787	38,454	18,787	19,656	25,334

Towing-supply	12,338	14,213	16,893	14,213	16,075	16,558
Other	9,154	8,872	8,957	8,872	8,914	9,559
Total	13,987	15,381	25,507	15,381	16,297	20,560
Middle East/Asia Pacific fleet:						
Deepwater	8,998	9,779	9,893	9,779	9,870	13,384
Towing-supply	6,604	7,012	7,735	7,012	7,518	8,652
Total	7,482	7,835	8,398	7,835	8,441	9,666
Europe/Mediterranean Sea fleet:						
Deepwater	9,959	9,594	9,457	9,594	8,894	11,414
Towing-supply	6,227	7,059	7,280	7,059	7,352	8,886
Other	—	—	—	—	—	3,366
Total	9,637	9,310	9,015	9,310	8,453	10,777
West Africa fleet:						
Deepwater	10,113	11,616	13,536	11,616	13,744	17,558
Towing-supply	12,993	13,078	14,135	13,078	14,109	15,060
Other	3,501	3,800	3,431	3,800	3,258	4,457
Total	9,196	9,646	10,908	9,646	10,941	11,831
Worldwide fleet:						
Deepwater	11,274	12,142	17,616	12,142	12,743	18,348
Towing-supply	9,751	10,092	11,284	10,092	10,867	12,167
Other	4,583	4,842	4,788	4,842	4,688	5,290
Total	9,809	10,064	12,820	10,064	10,720	13,216

Vessel Count, Dispositions, Acquisitions and Construction Programs

The following tables compare the average number of vessels by class and geographic distribution and the actual vessel count:

	Successor			Predecessor
	Actual Vessel Count at December 31, 2018	Average Number of Vessels During The Twelve Months Ended December 31, 2018	Average Number of Vessels During Period from August 1, 2017 through December 31, 2017	Average Number of Vessels During Period from January 1, 2017 through July 31, 2017 (unaudited)
Americas fleet:				
Deepwater	39	28	34	41
Towing-supply	28	17	17	22
Other	7	6	7	8
Total	74	51	58	71
Stacked vessels	(35)	(22)	(32)	(35)
Active vessels	39	29	26	36
Middle East/Asia Pacific fleet:				
Deepwater	24	19	21	22
Towing-supply	28	33	41	44
Other	—	—	—	1
Total	52	52	62	67
Stacked vessels	(12)	(12)	(21)	(25)
Active vessels	40	40	41	42
Europe/Mediterranean Sea fleet:				
Deepwater	44	21	17	17
Towing-supply	4	4	4	5
Other	—	—	1	2
Total	48	25	22	24
Stacked vessels	(16)	(6)	(5)	(7)
Active vessels	32	19	17	17
West Africa fleet:				
Deepwater	30	27	27	24
Towing-supply	31	32	37	38
Other	22	26	31	35
Total	83	85	95	97

Stacked vessels	(29)	(31)	(37)	(44)
Active vessels	54	54	58	53
Worldwide fleet:				
Deepwater	137	95	99	104
Towing-supply	91	86	99	109
Other	29	32	39	46
Total	257	213	237	259
Stacked vessels	(92)	(71)	(95)	(111)
Active vessels	165	142	142	148
Total active	165	142	142	148
Total stacked	92	71	95	111
Total joint venture and other vessels	5	7	8	8
Total	262	220	245	267

53

	Successor		Predecessor	
	Actual Vessel Count at December 31, 2017	Average Number of Vessels During Period from August 1, 2017 through December 31, 2017	Average Number of Vessels During Period from April 1, 2017 through July 31, 2017	Average Number of Vessels During Nine month period ended December 31, 2016
Americas fleet:				
Deepwater	32	34	41	42
Towing-supply	16	17	21	24
Other	6	7	8	8
Total	54	58	70	74
Stacked vessels	(27)	(32)	(37)	(33)
Active vessels	27	26	33	41
Middle East/Asia Pacific fleet:				
Deepwater	20	21	22	22
Towing-supply	37	41	44	45
Other	—	—	1	1
Total	57	62	67	68
Stacked vessels	(16)	(21)	(25)	(26)
Active vessels	41	41	42	42
Europe/Mediterranean Sea fleet:				
Deepwater	18	17	17	18
Towing-supply	4	4	6	2
Other	—	1	2	2
Total	22	22	25	22
Stacked vessels	(6)	(5)	(6)	(7)
Active vessels	16	17	19	15
West Africa fleet:				
Deepwater	27	27	24	24
Towing-supply	36	37	38	41
Other	31	31	34	36
Total	94	95	96	101
Stacked vessels	(40)	(37)	(42)	(35)
Active vessels	54	58	54	66
Worldwide fleet:				
Deepwater	97	99	104	106
Towing-supply	93	99	109	112
Other	37	39	45	47

Total	227	237	258	265
Stacked vessels	(89)	(95)	(110)	(101)
Active vessels	138	142	148	164
Total active	138	142	148	164
Total stacked	89	95	110	101
Total joint venture and other vessels	8	8	8	8
Total	235	245	266	273

Owned or chartered vessels include stacked vessels. We consider a vessel to be stacked if the vessel crew is furloughed or substantially reduced and limited maintenance is being performed on the vessel. We reduce operating costs by stacking vessels when management does not foresee opportunities to profitably or strategically operate the vessels in the near future. Vessels are stacked when market conditions warrant and they are no longer considered stacked when they are returned to active service, sold or otherwise disposed. When economically practical marketing opportunities arise, the stacked vessels can be returned to active service by performing any necessary maintenance on the vessel and either rehiring or returning fleet personnel to operate the vessel. Although not currently fulfilling charters, stacked vessels are considered to be in service and are included in the calculation of our utilization statistics.

Included in the actual vessel counts as of December 31, 2018, are 65 total vessels acquired through our business combination with GulfMark. These vessels are also included in our average vessel count for the twelve months ended December 31, 2018, from the date of the business combination, November 15, 2018.

We had 92, 89, 109 and 116 stacked vessels at December 31, 2018 (Successor), December 31, 2017 (Successor), July 31, 2017 (Predecessor) and December 31, 2016 (Predecessor), respectively. Stacked vessels at December 31, 2018 (Successor) include 33 stacked vessels acquired through the business combination with GulfMark.

Vessel Dispositions

We seek opportunities to sell and/or scrap our older vessels when market conditions warrant and opportunities arise. The majority of our vessels are sold to buyers who do not compete with us in the offshore energy industry. The number of vessels disposed by vessel type and segment are as follows:

	Successor		Predecessor
	Twelve Months Ended December 31, 2018	Period from August 1, 2017 through December 31, 2017	Period from January 1, 2017 through July 31, 2017 (unaudited)
Number of vessels disposed by vessel type: (A)			
Deepwater PSVs	11	—	—
Towing-supply vessels	18	6	2
Other	9	5	3
Total	38	11	5
Number of vessels disposed by segment:			
Americas	10	2	2
Middle East/Asia Pacific	11	7	—
Europe/Mediterranean Sea	—	2	—
West Africa	17	—	3
Total	38	11	5

	Successor	Predecessor	
	Period from August 1, 2017 through December 31, 2017	Period from April 1, 2017 through July 31, 2017	Nine month period ended December 31, 2016 (unaudited)
Number of vessels disposed by vessel type: (A)			
Deepwater PSVs	—	—	1
Towing-supply vessels	6	2	8
Other	5	5	1
Total	11	7	10
Number of vessels disposed by segment:			

Americas	2	2	9
Middle East/Asia Pacific	7	—	—
Europe/Mediterranean Sea	2	—	—
West Africa	—	5	1
Total	11	7	10

(A) Vessel dispositions exclude the return of 16 leased vessels to their respective owners in connection with the Plan.

Vessel Deliveries

Twelve Month Period Ended December 31, 2018. We acquired two 260-foot, 3,500 deadweight ton (DWT) of cargo carrying capacity, deepwater platform supply vessels (PSV) for a total cost of $10.1 million in the twelve months ended December 31, 2018. We also took delivery of one 300-foot, 5,400 DWT of cargo carrying capacity, deepwater PSV which was constructed at a domestic shipyard for a total cost of $53.9 million. In conjunction with our bankruptcy emergence and application of fresh-start accounting as of July 31, 2017, this vessel under construction was recorded at its estimated fair value of $7 million. The final payment of $4.1 million was made upon delivery in 2018.

Twelve Month Period Ended December 31, 2017. We took delivery of one 300-foot, 5,400 DWT of cargo carrying capacity, deepwater PSV, which was constructed at a domestic shipyard for a total cost of $53.2 million. In conjunction with our bankruptcy emergence and application of fresh-start accounting as of July 31, 2017, this vessel under construction was recorded at its estimated fair value of $7 million. The final payment of $4.3 million was made upon delivery in 2017.

Nine Month Period Ended December 31, 2016. We took delivery of three newly-built deepwater PSVs. One 310-foot, 6,100 DWT of cargo carrying capacity, deepwater PSV was constructed at a domestic shipyard for a total cost of $52.3 million. In conjunction with our bankruptcy emergence and application of fresh-start accounting as of July 31, 2017, this vessel was recorded at its estimated fair value of $14.3 million. Two 262-foot, 4,400 DWT of cargo carrying capacity, deepwater PSVs were constructed at an international shipyard for a total aggregate cost of $34.9 million. In conjunction with our bankruptcy emergence and application of fresh-start accounting as of July 31, 2017, these vessels were recorded at an estimated fair value of $14.2 million.

General and Administrative Expenses

Consolidated general and administrative expenses and its related percentage of total revenues consist of the following components:

	Successor				Predecessor	
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Personnel	$57,940	14%	$29,314	16%	34,228	11%
Office and property	12,336	3 %	5,735	3 %	9,139	3 %
Sales and marketing	3,002	1 %	881	<1%	1,530	1 %
Professional services	22,737	5 %	6,351	4 %	30,950	10%
Other	6,312	2 %	4,338	3 %	7,712	3 %
Restructuring charges (A)	7,696	2 %	—	—	—	—
	$110,023	27%	$46,619	26%	83,559	28%

(A) Restructuring charges for the twelve months ended December 31, 2018 includes $2.2 million and $5.5 million of post-business combination personnel costs for severance and similar charges and office and property costs related to the exit of leased offices, respectively.

	Successor Period from August 1, 2017 through December 31, 2017		Predecessor Period from April 1, 2017 through July 31, 2017		Nine month period ended December 31, 2016 (unaudited)	
(In thousands)		%		%		%

Personnel	$29,314	16 %	20,919	14 %	54,493	12 %
Office and property	5,735	3 %	5,109	3 %	12,912	3 %
Sales and marketing	881	<1 %	844	1 %	3,116	1 %
Professional services	6,351	4 %	10,757	7 %	24,618	6 %
Other	4,338	3 %	4,203	3 %	9,013	2 %
	$46,619	26 %	41,832	28 %	104,152	24 %

Segment and corporate general and administrative expenses and the related percentage of total general and administrative expenses were as follows:

	Successor		Predecessor			
	Twelve Months Ended December 31, 2018		Period from August 1, 2017 through December 31, 2017		Period from January 1, 2017 through July 31, 2017 (unaudited)	
(In thousands)		%		%		%
Vessel operations	$66,081	60 %	$31,160	67 %	43,326	52 %
Other operating activities	22	<1 %	636	1 %	934	1 %
Corporate	36,224	33 %	14,823	32 %	39,299	47 %
Restructuring charges (B)	7,696	7 %	—	—	—	—
	$110,023	100%	$46,619	100%	83,559	100%

(B) Restructuring charges for the twelve months ended December 31, 2018 include vessel operations costs and corporate costs $3.4 million and $4.3 million, respectively, of post-business combination severance and similar costs and costs related to the exit of leased offices.

	Successor		Predecessor			
	Period from August 1, 2017 through December 31, 2017		Period from April 1, 2017 through July 31, 2017		Nine month period ended December 31, 2016 (unaudited)	
(In thousands)		%		%		%
Vessel operations	$31,160	67 %	23,881	57 %	68,861	66 %
Other operating activities	636	1 %	409	1 %	1,659	2 %
Corporate	14,823	32 %	17,542	42 %	33,632	32 %
	$46,619	100%	41,832	100%	104,152	100%

General and administrative expenses for the year ended December 31, 2018 have decreased as compared to the comparable prior twelve months primarily as a result of our continuing efforts to reduce overhead costs due to the downturn in the offshore services market and lower Chapter 11 related professional fees. General and administrative expenses for the year ended December 31, 2018, however, does include (i) $9.0 million professional services expenses related to the GulfMark business combination, (ii) $6.4 million of incremental general and administrative expenses related to the acquired GulfMark entities (includes $2.9 million related to the abandonment of office leases in St. Rose, Louisiana and Houston, Texas, and $1.0 million of severance which have been identified as restructuring charges), (iii) $2.6 million of expenses related to the abandonment of office leases in New Orleans, Louisiana; and Aberdeen, Scotland; and (iv) $1.2 million of severance of employees related to the post combination restructuring which have been identified as restructuring charges.

During the twelve months ended December 31, 2017, we continued our efforts to reduce overhead costs due to the downturn in the offshore oil services market. Such efforts have included wage and headcount reductions, shore-based office consolidations and reductions in compensation and benefits for shore-based staff. These cost reductions have been partially offset by an increase in restructuring-related professional services expenses which are classified as corporate general and administrative expenses up until our Petition Date of May 17, 2017. During the four month period from April 1, 2017 through July 31, 2017 (Predecessor), we recognized $6.7 million of restructuring-related professional services expenses, prior to the Petition Date, as general and administrative expenses. During the nine months ended December 31, 2016 (Predecessor), we recognized $12.2 million of restructuring-related professional services expenses as general and administrative expenses.

During the five month period from August 1, 2017 through December 31, 2017 (Successor) and the four month period from April 1, 2017 through July 31, 2017 (Predecessor), we recognized $2.7 million and $28 million, respectively, of restructuring-related professional services expenses as reorganization items.

Liquidity, Capital Resources and Other Matters

Reorganization of Tidewater

Refer to Note (4) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our Chapter 11 bankruptcy and emergence.

Availability of Cash

At December 31, 2018, we had $397.7 million in cash and cash equivalents (including restricted cash), of which $107.5 million was held by foreign subsidiaries, the majority of which is available to us without adverse tax consequences. Included in foreign subsidiary cash are balances held in U.S. dollars and foreign currencies that await repatriation due to various currency conversion and repatriation constraints, partner and tax related matters, prior to the cash being made available for remittance to our domestic accounts. We currently intend that earnings by foreign subsidiaries will be indefinitely reinvested in foreign jurisdictions in order to fund strategic initiatives (such as investment, expansion and acquisitions), fund working capital requirements and repay debt (both third-party and intercompany) of our foreign subsidiaries in the normal course of business. Moreover, we do not currently intend to repatriate earnings of our foreign subsidiaries to the United States because cash generated from our domestic businesses and the repayment of intercompany liabilities from foreign subsidiaries are currently deemed to be sufficient to fund the cash needs of our operations in the United States.

Our objective in financing our business is to maintain and preserve adequate financial resources and sufficient levels of liquidity. We do not have a revolving credit facility. Cash and cash equivalents and future net cash provided by operating activities provide us, in our opinion, with sufficient liquidity to meet our liquidity requirements.

Indebtedness

Refer to Note (9) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our indebtedness.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Share Repurchases

Please refer to Note (13) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Dividends

Please refer to Note (13) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Operating Activities

Net cash provided by or used in operating activities for any period will fluctuate according to the level of business activity for the applicable period.

Net cash provided by (used in) operating activities is as follows:

	Successor		Predecessor
(In thousands)	Twelve Months Ended December 31, 2018	Period from August 1, 2017 through December 31, 2017	Period from January 1, 2017 through July 31, 2017 (unaudited)
Net loss	$(171,771)		