

Koil Energy Solutions (KLNG:OTC)

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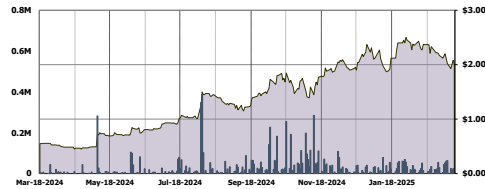
All figures in USD unless otherwise stated

Koil Energy Solutions Inc.	KLNG:OTC
Share Price	\$2.00
Average Daily Volume (K)	32.8
Shares Outstanding (M)	12.4
Market Cap (\$M)	\$24.8
Cash (\$M)	\$3.1
Debt (\$M)	\$6.3
Enterprise Value (\$M)	\$27.9

FYE Dec 31	2022A	2023A	LTM
Sales (\$M)	\$13.0	\$15.3	\$20.8
Sales Growth (YoY %)	(25%)	18%	39%
Gross Margin (%)	49%	38%	39%
EBITDA (\$M)	(\$1.0)	(\$1.0)	\$1.7
EBITDA Margin (%)	(8%)	(6%)	8%
Net Income (\$M)	(\$2.9)	(\$1.6)	\$1.2

Valuation	2022A	2023A	LTM
EV/EBITDA	N/A	N/A	16.2x
P/E	N/A	N/A	20.6x
EV/Sales	2.2x	1.8x	1.3x

Please refer to the applicable disclosures on the back page  
Source: Atrium Research, CapitalIQ, Company Documents



KOIL is a leading energy services company offering subsea equipment and support services to the world's energy and offshore industries. Founded in 1997, the Houston-based company is comprised of world-class experts in engineering and manufacturing who provide innovative solutions to complex customer challenges. KOIL's highly experienced team can support subsea engineering, installation, manufacturing, commissioning, and maintenance projects located anywhere in the world.

What you need to know:

- Koil Energy provides innovative subsea energy services for offshore oil and gas projects.
- The Company has accelerating growth with 39% LTM revenue growth.
- The revenue growth has translated to KLNG reaching profitability, with an 8% EBITDA margin over the LTM vs. (6%) in 2023.
- Koil has high insider ownership with its management team and board owning 18% while its retired founder owns 20%.
- Watch clips of the interview [here](#).

Company Overview

Koil Energy Solutions is a Houston-based provider of innovative subsea energy services, specializing in engineering, manufacturing, and project management for offshore oil and gas developments. The Company offers a range of products and services, including subsea distribution systems, flexible piping solutions, and specialized engineering support. With decades of industry experience, Koil Energy plays a crucial role in enhancing the efficiency and reliability of deepwater energy infrastructure, supporting major operators and service companies.

As the energy landscape evolves, Koil Energy has positioned itself to capitalize on the growing demand for advanced subsea technologies and sustainable offshore solutions. The Company continues to invest in research and development to enhance its product offerings and expand its capabilities in emerging markets. By leveraging its technical expertise and strong industry relationships, Koil Energy remains a key player in the subsea sector, committed to delivering high-quality, cost-effective solutions that meet the demands of a dynamic global energy market.

Investment Thesis

**Accelerating Revenue Growth.** KLNG has been posting solid growth over the last year (+39% LTM revenue growth) driven by a ~2x increase in fixed-price contracts, high production throughput, and high capacity of deployment tools.

**Defined Growth Roadmap.** For 2025, KNG aims to focus on strategic industry partnerships, cross-selling, and expanding in favourable international markets. As for 2026, KLNG aims to target new clients seeking integrated solutions, expand into offshore renewables markets, and establish presence in key subsea basins.

**Reaching Profitability.** The increased revenue growth has led to margin expansion via operating leverage, with the Company generating 15% adjusted EBITDA margins in Q3 YTD compared to negative figures last year.

**Management.** KLNG is led by President & CEO Erik Wiik who joined in April 2024. Mr. Wiik previously served as President of ReAdapt, an engineering consultancy with expertise in subsea technology, and various other roles in the sector. Management and directors own 18% while KLNG's retired founder owns 20%.

**Valuation.** KLNG trades at 16.2x LTM EBITDA which will decrease on 2025E.

Conference Takeaways

- Recent changes to management, who are now focused on growing the Company's services segment as well as their product segment.
- Management has highlighted growing the services segment can help reduce lumpiness in revenue from the product segment.
- Looking to potentially diversify revenue outside of the oil and gas business reducing cyclicity from being heavily tied to the marine O&G industry.