



CreditRiskMonitor's warning of McDermott International, Inc.'s ("McDermott") bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at McDermott International, Inc.(OTC: MDRIQ) for more than a year.

The company ultimately filed for bankruptcy on January 21, 2020.

Business Name	2019												2020
	J	F	M	A	M	J	J	A	S	O	N	D	J
McDermott International, Inc.	3	2	2	3	1	2	2	1	1	1	1	1	1

BANKRUPT!

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

*FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS

Crowdsourced CreditRiskMonitor Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

McDermott International, Inc.

757 N Eldridge Pkwy

Phone: (281) 870-5000

Houston, TX 77079-4527 United States

Ticker: MDRIQ

Filed for Bankruptcy on 1/21/2020
Case #20-30336, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)

Latest Financial Statements as of 9/30/2019

Business Summary

McDermott International, Inc. is a provider of engineering, procurement, construction and installation (EPCI) and technology solutions to the energy industry. It operates through five segments: North, Central and South America (NCSA); Europe, Africa, Russia and Caspian (EARC); the Middle East and North Africa (MENA); Asia Pacific (APAC); and Technology. The Company designs and builds infrastructure and technology solutions to transport and transform oil and gas into a variety of products. Its technologies and solutions are utilized for offshore, subsea, power, liquefied natural gas (LNG) and downstream energy projects. Through its segments, the Company offers services that address four end markets: the offshore and subsea; LNG; downstream and power markets.

Employees: 31,900 (as of 12/31/2018)

Incorporated: 8/11/1959

Federal Tax Id: 720593134

Credit Score History

Why are these scores different?

FRISK® Score Analysis

Score/ Index	2019												2020
	J	F	M	A	M	J	J	A	S	O	N	D	J
FRISK® Score*	3	2	2	3	1	2	2	1	1	1	1	1	1
DBT Index	7	6	6	7	7	7	7	7	6	7	7	7	DBT
Z"-Score	-3.31			-3.32				-3.52				-9.17	Z"

*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Market Capitalization has declined by 92% over the last 12 months.
- Total Liabilities are 79 times larger than Market Capitalization.
- Financial stress.

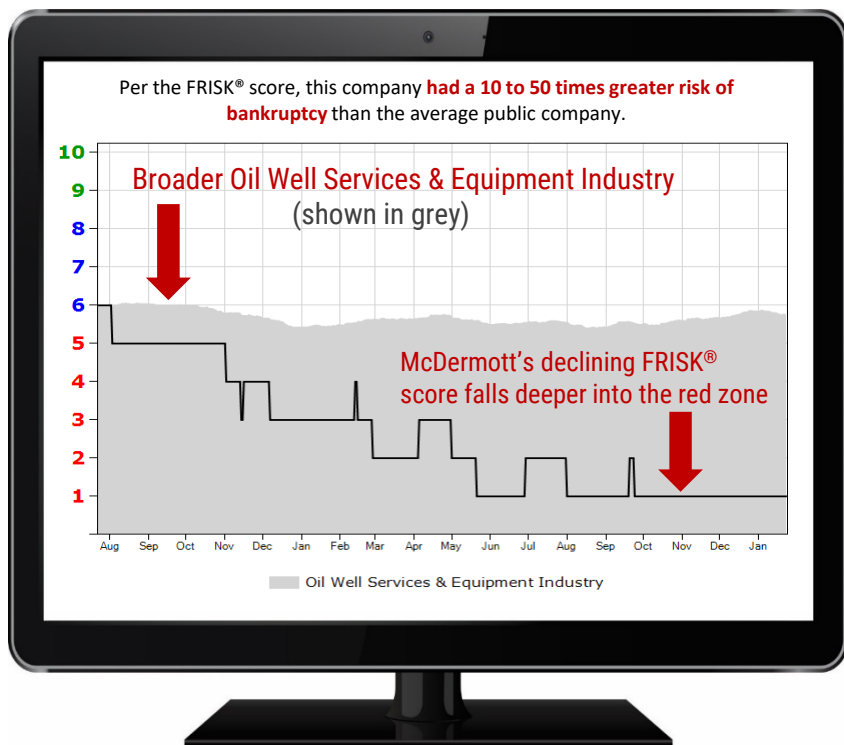
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	WR	Withdrawn	WR	OFF

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil Well Services & Equipment industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	FRISK® score
1	McDermott International, Inc.	United States	1
2	GREENS HOLDINGS LTD	China	2
3	Krasnyi kotel'shchik TKZ OAO	Russian Federation	2
4	Kriogennogo Mashinostroyeniya PAO	Russian Federation	2
5	Rafako SA	Poland	2
6	China Western Power Industrial Co Ltd	China	3
7	Mauria Udyog Ltd	India	3
8	OMZ PAO	Russian Federation	3
9	Penzkhimmash OAO	Russian Federation	3
10	SLOVENSKE ENERGETICKE STROJARNE as	Slovakia	3

FRISK® Stress Index - SIC classification: Fabricated plate work (boiler shops)

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

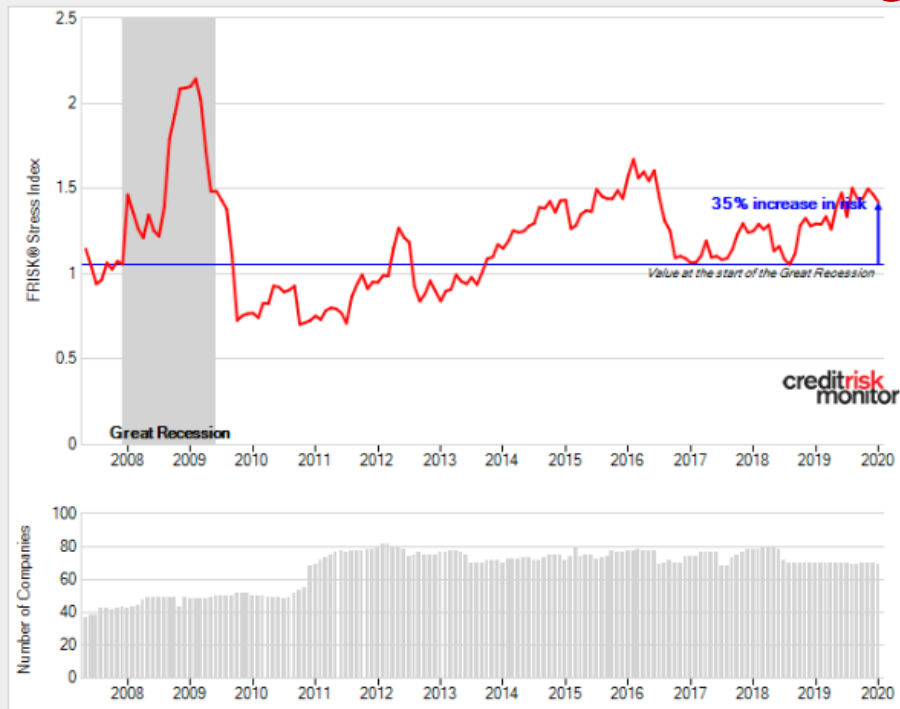
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months 107



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 3443 (fabricated plate work (boiler shops)) has increased 35% since 2007. McDermott was among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

SIC classification: Fabricated plate work (boiler shops) ^x

Calendar Year/Quarter: 2019.3

Businesses in Peer Group: 670	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	213	219	-9.17	-118.46	2.65	24.69
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	2	26	2,121,000	0	218,955	3,334,511
Gross Margin % Of Sales	210	219	-1.79	-98.77	20.99	155.46
Gross Margin % Of Sales -- TTM	205	221	2.68	-2,523.99	19.08	96.74
SGA % Of Sales	17	219	3.54	0.86	12.50	709.02
SGA % Of Sales -- TTM	17	221				
Operating Margin % Of Sales	216	225				
Operating Margin % Of Sales -- TTM	216	227				
EBITDA Margin Of Sales	94	101				
EBITDA Margin Of Sales -- TTM	103	109				
Net Profit Margin % Of Sales	216	225				
Net Profit Margin % Of Sales -- TTM	218	227				
Pre-tax Income % Of Sales	216	225				
Effective Tax Rate	15	221				
Depreciation % Of Prop/Plant/Equipment	37	176				
Capital Expense % Of Prop/Plant/Equipment	51	140				
Interest Coverage	88	98	-15.07	-454.91	7.62	6,109.94
Interest Coverage -- TTM	102	167	-10.26	-403.37	4.25	1,938.71
Liquidity ratios:						
Cash Ratio	169	224	0.08	0.00	0.19	12.20
Quick Ratio	199	221	0.29	0.02	0.73	9.47
Current Ratio	218	224	0.40	0.07	1.37	16.93
Efficiency ratios:						
Accounts Receivable Turnover	94	227				
Days Sales Outstanding	94	225				
% of Inventory Financed by Vendors	3	200	2.1			
% of Inventory Financed by Vendors -- TTM	3	200	2.1			
Inventory Turnover	3	219				
Inventory Turnover -- TTM	3	220				
Days Sales in Inventory	4	214				
Inventory to Working Capital	216	216				
Accounts Payable Turnover	67	207				
Accounts Payable Turnover -- TTM	45	210				
Leverage & debt coverage:						
Total Debt to Equity Ratio	205			0.00	0.50	21.76
Debt to Tangible Equity Ratio	195			0.00	0.53	49.23
Total Debt to Assets Ratio	192	215	0.49	0.00	0.24	2.48
Short-Term Debt % of Total Debt	197	206	100.00	0.09	71.77	100.00
Short-Term Debt % of Working Capital	204	207	-82.33	-9,543.08	24.00	46,974.09
Liabilities to Net Worth Ratio		207		0.05	1.34	92.08
Total Liabilities to Equity Ratio		218		0.05	1.22	40.70
TTM EBITDA to Total Debt	97	101	-0.93	-145.90	0.27	99.59
Net Debt to TTM EBITDA		82		-23.29	1.99	179.35

Rank	Company Name
1	Trention AB
2	Lightbridge Corp
3	Kishin Corporation
4	CN Asia Corporation Berhad
5	Springer SA

Rank	Company Name
1	Worthington Industries, Inc.
2	Forum Energy Technologies Inc
3	NIPPON SHARYO, LTD.
4	Arcosa Inc
5	Yaroslavskiy sudostrot'ny zavod PAO (P)

TTM = trailing 12 months
N/A = Not Available

Green - Ranked in Upper Quartile of Peer Group
White - Ranked in the Middle Two Quartiles of Peer Group
Red - Ranked in Lower Quartile of Peer Group
Orange - Confidential
Grey - Data is Not Available

McDermott demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Net losses in all but one of the last five fiscal quarters

Poor interest coverage ratio & negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Net Sales \$	\$2,121,000	\$2,137,000	\$2,211,000	\$2,073,000	\$2,289,000
% change	-0.75%	-3.35%	6.66%	-9.44%	31.93%
Gross Margin \$	(\$38,000)	\$189,000	\$202,000	(\$124,000)	\$273,000
% change	-120.11%	-6.44%	262.90%	-145.42%	15.19%
% of sales	-1.79%	8.84%	9.14%	-5.98%	11.93%
change as % of incremental sales	n/m	n/m	236.23%	n/m	6.50%
SG&A \$	\$75,000	\$99,000	\$95,000	\$97,000	\$69,000
% change	-24.24%	4.21%	-2.06%	40.58%	-38.39%
% of sales	3.54%	4.63%	4.30%	4.68%	3.01%
change as % of incremental sales	n/m	n/m	-1.45%	n/m	-7.76%
Operating margin \$	(\$1,684,000)	(\$61,000)	\$13,000	(\$2,498,000)	\$129,000
% change	-2,660.66%	-569.23%	100.52%	-2,036.43%	163.27%
% of sales	-79.40%	-2.85%	0.59%	-120.50%	5.64%
change as % of incremental sales	n/m	n/m	1,819.57%	n/m	14.44%
EBITDA \$	(\$1,628,000)	(\$5,000)	\$81,000	(\$2,459,000)	\$237,000
% change	-32,460.00%	-106.17%	103.29%	-1,137.55%	136.47%
% of sales	-76.76%	-0.23%	3.66%	-118.62%	10.35%
change as % of incremental sales	n/m	n/m	1,840.58%	n/m	24.69%
EBIT \$	(\$1,691,000)	(\$66,000)	\$5,000	(\$2,551,000)	\$130,000
% change	-2,462.12%	-1,420.00%	100.20%	-2,062.31%	202.33%
% of sales	-79.73%	-3.09%	0.23%	-123.06%	5.68%
change as % of incremental sales	n/m	n/m	1,852.17%	n/m	15.70%
Pre-tax income \$	(\$1,792,000)	(\$163,000)	(\$78,000)	(\$2,631,000)	\$44,000
% change	-999.39%	-108.97%	97.04%	-6,079.55%	212.82%
% of sales	-84.49%	-7.63%	-3.53%	-126.92%	1.92%
change as % of incremental sales	n/m	n/m	1,850.00%	n/m	14.98%
Net income (loss) \$	(\$1,873,000)	(\$132,000)	(\$56,000)	(\$2,771,000)	\$2,000
% change	-1,318.94%	-135.71%	97.98%	-138,650.00%	-95.74%
% of sales	-88.31%	-6.18%	-2.53%	-133.67%	0.09%
change as % of incremental sales	n/m	n/m	1,967.39%	n/m	-8.12%
Tax expense \$	\$72,000	(\$49,000)	(\$21,000)	\$123,000	\$44,000
Effective tax rate	-4.02%	30.06%	26.92%	-4.68%	100.00%
Depreciation expense \$	\$34,000	\$28,000	\$42,000	\$24,000	\$52,000
% of sales	1.60%	1.31%	1.90%	1.16%	2.27%
% of capital expenses	106.25%	186.67%	233.33%	100.00%	273.68%
% of PP&E, net (annualized)	5.53%	4.58%	7.44%	4.60%	9.91%
Capital expenditures \$	\$32,000	\$15,000	\$18,000	\$24,000	\$19,000
% change	113.33%	-16.67%	-25.00%	26.32%	-22.81%
% of PP&E, net (annualized)	5.21%	2.45%	3.19%	4.60%	3.62%
% of working capital (annualized)	-3.82%	-4.25%	-5.62%	-8.99%	-12.67%
Interest coverage ratio	(15.07)	(0.05)	0.88	(27.02)	2.66
% change	-30,048.20%	-105.68%	103.26%	-1,114.76%	125.84%
Free cash flow \$	(\$146,000)	(\$220,000)	(\$262,000)	(\$309,000)	(\$240,000)
% change	33.64%	16.03%	15.21%	-28.75%	-164.29%
Source:	10-Q 11/4/2019	10-Q 7/29/2019	10-Q 4/29/2019	10-K 2/25/2019	10-Q 10/30/2018

QUARTERLY LEVERAGE RATIOS

Stockholders' equity declines steeply; turns negative

Recurring & significant negative tangible net worth indicated heightened creditor risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Total debt \$	\$4,320,000	\$3,900,000	\$3,673,000	\$3,497,000	\$3,507,000
% change	10.77%	6.18%	5.03%	-0.29%	1.36%
Stockholders' equity \$	(\$1,380,000)	\$537,000	\$675,000	\$823,000	\$3,596,000
% change	-356.98%	-20.44%	-17.98%	-77.11%	0.84%
Total debt to equity ratio	n/a	7.26	5.44	4.25	0.98
% change	n/a	33.47%	28.06%	335.67%	0.52%
Tangible net worth \$	(\$3,505,000)	(\$3,115,000)	(\$2,985,000)	(\$2,840,000)	(\$2,118,000)
% change	-12.52%	-4.36%	-5.11%	-34.09%	-51.39%
Total assets \$	\$8,754,000	\$9,998,000	\$10,029,000	\$9,440,000	\$12,056,000
% change	-12.44%	-0.31%	6.24%	-21.70%	5.50%
Total debt to assets ratio	0.49	0.39	0.37	0.37	0.29
% change	26.51%	6.53%	-1.13%	27.33%	-3.93%
Tangible assets \$	\$6,629,000	\$6,346,000	\$6,369,000	\$5,777,000	\$6,342,000
% change	4.46%	-0.36%	10.25%	-8.91%	-1.87%
Short-term debt \$	\$4,320,000	\$449,000	\$216,000	\$38,000	\$42,000
% change	862.14%	107.87%	468.42%	-9.52%	0.00%
Short-term debt % of total debt	100.00%	11.51%	5.88%	1.09%	1.20%
% change	768.60%	95.77%	441.21%	-9.27%	-1.34%
Short-term debt % of working capital	-82.33%	-31.03%	-15.66%		
% change	-165.34%	-98.10%	-388.04%		
Total liabilities \$	\$10,134,000	\$9,461,000	\$9,354,000		
% change	7.11%	1.14%	8.55%		
Total liabilities to equity ratio	n/a	17.62	13.86		
% change	n/a	27.14%	32.35%		
Total debt to EBITDA ratio (annualized)	n/a	n/a	11.34		
% change	n/a	n/a	n/a		
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/4/2019	7/29/2019	4/29/2019	2/25/2019	10/30/2018

Reclassification of all long-term debt to current was due to going concern doubt

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Negative working capital

Meager cash, quick, & current ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Current assets \$	\$3,486,000	\$3,239,000	\$3,239,000	\$3,033,000	\$3,352,000
% change	7.63%	0.00%	6.79%	-9.52%	-4.80%
% of short-term debt	80.69%	721.38%	1,499.54%	7,981.58%	7,980.95%
Current liabilities \$	\$8,733,000	\$4,686,000	\$4,618,000	\$4,217,000	\$4,304,000
% change	86.36%	1.47%	9.51%	-2.02%	14.19%
Working capital \$	(\$5,247,000)	(\$1,447,000)	(\$1,379,000)	(\$1,184,000)	(\$952,000)
% change	-262.61%	-4.93%	-16.47%	-24.37%	-283.87%
% of sales (annualized)	-61.85%	-16.93%	-15.59%	-14.28%	-10.40%
Cash \$	\$677,000	\$455,000	\$413,000	\$520,000	\$580,000
% change	48.79%	10.17%	-20.58%	-10.34%	-28.75%
% of short-term debt	15.67%	101.34%	191.20%	1,368.42%	1,380.95%
Cash ratio	0.08	0.10	0.09	0.12	0.13
% change	-20.19%	8.61%	-27.49%	-8.53%	-37.59%
Quick assets \$	\$2,529,000	\$2,234,000	\$2,240,000	\$2,001,000	\$2,251,000
% change	13.21%	-0.27%	11.94%	-11.11%	-12.48%
% of short-term debt	58.54%	497.55%	1,037.04%	5,265.79%	5,359.52%
Quick ratio	0.29	0.48	0.49	0.47	0.52
% change	-39.25%	-1.73%	2.23%	-9.27%	-23.36%
Current ratio	0.40	0.69	0.70	0.72	0.78
% change	-42.25%	-1.45%	-2.48%	-7.65%	-16.63%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/4/2019	7/29/2019	4/29/2019	2/25/2019	10/30/2018

Unacceptable rates of return

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Return on equity	-348.79%	-19.56%	-6.80%	-77.06%	0.06%
% change	-1,683.58%	-187.40%	91.17%	-137,457.93%	-97.81%
Return on total assets	-19.98%	-1.32%	-0.58%	-25.78%	0.02%
% change	-1,415.44%	-129.13%	97.77%	-151,755.88%	-97.35%
Return on tangible assets	-28.87%	-2.08%	-0.92%	-45.73%	0.03%
% change	-1,290.50%	-125.17%	97.98%	-146,669.87%	-96.79%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/4/2019	7/29/2019	4/29/2019	2/25/2019	10/30/2018

ANNUAL STATEMENT OF CASH FLOWS

Negative cash from operating activities

Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	12 mos 12/31/2018	12 mos 12/31/2017	12 mos 12/31/2016 Reclassified 12/31/2017	12 mos 12/31/2015 Restated 12/31/2017	12 mos 12/31/2014
Cash Flows from Operating Activities:					
Net income	(\$2,678,000)	\$177,215	\$36,299	(\$8,839)	(\$65,394)
Depreciation/depletion	279,000	100,702	102,677	118,281	93,185
Deferred taxes	21,000	n/a	n/a	n/a	891
Non-cash items	2,297,000	47,323	75,361	97,423	(25,296)
Changes in working capital	10,000	(189,436)	(36,158)	(151,593)	3,574
Total cash from operating activities	(71,000)	135,804	178,179	55,272	6,960
Cash Flows from Investing Activities:					
Capital expenditures	(86,000)	(118,811)	(228,079)	(102,851)	(321,187)
Other investing cash flow items, total	(2,562,000)	53,602	(2,727)	7,279	(87,815)
Total cash from investing activities	(2,648,000)	(65,209)	(230,806)	(95,572)	(409,002)
Cash Flows from Financing Activities:					
Financing cash flow items	(87,000)	(32,804)	(8,730)	(194)	(78,407)
Total cash dividends paid	(3,000)	n/a	n/a	n/a	n/a
Issuance/retirement of stock, net	276,000	(7,204)	(4,022)	(1,038)	(1,380)
Issuance/retirement of debt, net	3,015,000	(234,799)	(103,020)	(26,938)	1,030,341
Total cash from financing activities	3,201,000	(274,807)	(115,772)	(28,170)	950,554
Foreign exchange effects	(45,000)	71	(913)	(2,779)	(1,905)
Net change in cash	437,000	(204,141)	(169,312)	(71,249)	546,607
Net cash-beginning balance	408,000	612,333	781,645	852,894	118,702
Net cash-ending balance	\$845,000	\$408,192	\$612,333	\$781,645	\$665,309
Supplemental Disclosures:					
Cash interest paid	\$212,000	\$49,636	\$46,693	\$40,690	\$28,390
Cash taxes paid, supplemental	\$141,000	\$44,821	\$37,710	\$40,560	\$26,661
Auditor/Opinion:	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified	Deloitte & Touche LLP Unqualified
Source:	10-K 2/25/2019	10-K 2/21/2018	10-K 2/21/2018	10-K 2/21/2018	10-K 3/2/2015

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p>McDermott International, Inc. reported mixed results for the 6/30/19 period end. The company's stock and bonds plunged after it reported a surprise guidance cut for 2019. The falling share price shaved more than \$700 million off McDermott's market capitalization, which fell to ~ \$1 billion.</p>		
7/31/2019	CRMZ News Service	McDermott Bonds, Shares Plunge On Guidance Cut
<p>After its 2019 guidance cut, McDermott announced proactive measures to evaluate opportunities to improve its capital structure and the long-term health of its balance sheet by hiring external advisors. Such a corporate action is a red flag and warranted creditors taking immediate action to reduce their company's risk exposure.</p>		
9/18/2019	CRMZ News Service	McDermott Enlists Turnaround Adviser After Guidance Cut
<p>In its 9/30/19 period end 10-Q filing, McDermott informed that it failed to make an interest payment of ~ \$69 million to holders of the Senior Notes due on November 1, 2019. They also informed that uncertainty associated with their ability to meet their obligations as they become due raised substantial doubt about their ability to continue as a going concern.</p>		
11/4/2019	CRMZ News Service	MCDERMOTT INTERNATIONAL INC: a Form 10-Q has been Filed with the SEC
<p>Despite being offered a retention bonus of \$1 million, McDermott's CFO resigns to "pursue other opportunities" and a new CFO was appointed. Management changes during periods of financial distress are often a red flag to heed.</p>		
11/5/2019	PR Newswire	McDermott Appoints Chris Krummel as Chief Financial Officer
<p>A decrease in McDermott's working capital at the 9/30/2019 period end, to negative \$5 billion from negative \$952 million at the end of last year's same period, increased its reliance on credit facilities for the company's long-term liquidity needs.</p>		
11/6/2019	CRMZ News Service	McDermott International Inc -- updated financials available
<p>McDermott waited to disclose it was being probed by the SEC, over disclosures about projected losses surrounding a liquefied natural gas project, until after obtaining a \$1.7 billion financing package from investors who knew they were investing in a faltering business.</p>		
11/13/2019	CRMZ News Service	McDermott Investors Lent \$1.7 Billion Without Knowing of SEC Probe
<p>The appointment of new board members with insolvency expertise was a sure warning sign of McDermott's bankruptcy filing potential.</p>		
11/26/2019	CRMZ News Service	McDermott Appoints Bankruptcy Vets To Its Board
<p>Although forbearance agreements may provide the breathing space a borrower needs, more often than not, they are a means by which the lender improves its position to the detriment of the borrower.</p>		
12/2/2019	CRMZ News Service	McDermott gets access to financing, reaches forbearance
<p>McDermott received notice from the NYSE that it was no longer in compliance with listing share price minimums and had 180 days to regain compliance. Violation of share price minimums is often a serious sign of financial or managerial trouble.</p>		
12/13/2019	CRMZ News Service	MCDERMOTT INTERNATIONAL INC FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Other Events
<p>A group of lenders engaged in talks to provide a loan of ~\$2 billion to keep McDermott's operations running during its contemplated bankruptcy filing within weeks.</p>		
12/30/2019	CRMZ News Service	Engineering Company McDermott In Bankruptcy Talks With Lenders
<p>McDermott announced a restructuring transaction, through a prepackaged Chapter 11 process financed by a debtor-in-possession ("DIP") financing facility of ~\$3 billion. As a result, a number of decisions McDermott might previously have made alone were now subject to court approval.</p>		
1/21/2020	PR Newswire	McDermott International, Inc. Announces Comprehensive Prepackaged Restructuring Transaction to De-Lever Balance Sheet and Immediately Position Company for Long-Term Growth
<p>McDermott International, Inc. filed for bankruptcy</p>		
1/22/2020	CRMZ News Service	McDermott International Inc: Chapter 11 Petition filed on 1/21/2020

MANAGEMENT DISCUSSION AND ANALYSIS

One key feature of the CreditRiskMonitor service is the ability to quickly access a Company's Management Discussion and Analysis (MD&A) history.

The MD&A represents the thoughts and opinions of management, and provides a forecast of future operations, and therefore these statements can't typically be falsified. According to the Financial Accounting Standards Board (FASB), "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

Sarbanes-Oxley subjects CEOs and CFOs to jail & monetary penalties for certifying misleading or fraudulent reports

McDermott International, Inc.

757 N Eldridge Pkwy

Houston, TX 77079-4527 United States

Ticker: [MDRQ](#)

Overview

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Houston, TX 77079-4527 United States

Filed for Bankruptcy on 1/21/2020

Case #20-30336, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)

Management Discussion and Analysis

For the period ended 9/30/2019

Although we believe that these actions provide an opportunity for us to address our liquidity needs for the next 12 months and will allow us to continue to evaluate potential solutions to our liquidity needs, as described in Note 12, Debt, to the accompanying Financial Statements, the conditions to accessing the full funding and letter of credit availability under the Superpriority Credit Agreement **have not been fully satisfied as of the date of this report**, and we are in the early stages of seeking to obtain certain approvals from third parties that will be necessary to satisfy these conditions. In addition, the lenders may, in their sole discretion, decline to fund any applicable tranche under the Superpriority Credit Agreement, even if all conditions precedent to funding an applicable tranche have been met. **As a result, we are unable to conclude that the satisfaction of those conditions is probable**, as defined under applicable accounting standards. Accordingly, as noted in Note 2, Basis of Presentation and Significant Accounting Policies, to the accompanying Financial Statements, **because we can provide no assurance that we will meet all the conditions to access the additional capital under the Superpriority Credit Agreement or that the lenders will lend the additional capital, and our inability to obtain this capital or execute an alternative solution to our liquidity needs could have a material adverse effect on our security holders, there is a substantial doubt regarding our ability to continue as a going concern.**

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR



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