

Helicopter Operators

Selected Public Companies

March 20, 2015

Overview

This report was prepared by Cogency Group Partners Inc. It provides some basic information on 6 public helicopter operators. The selection was limited to a small number of US and Canadian companies. The table below includes a broad range of information¹

Name	Fleet				Revenue	EBITDA	Market Cap	TEV	TEV/EBITDA	Dividend	Investment Returns		
	Own	Lease	Other	Total							2013	2014	YTD
Air Methods Corporation	280	111	57	448	\$1,005	\$248	\$1,934	\$2,567	10.4	–	58%	(24%)	11%
Bristow Group Inc.	234	102	9	345	\$1,878	\$312	\$1,974	\$2,792	8.9	2.3%	40%	(12%)	(14%)
CHC Group Ltd.	n/a	n/a	n/a	233	\$1,779	\$275	\$105	\$1,347	4.9	–	–	(67%)	(61%)
ERA Group Inc.	148	4	14	166	\$331	\$83	\$438	\$747	9.0	–	51%	(31%)	2%
HNZ Group Inc.	102	18	16	136	\$208	\$35	\$259	\$259	7.5	5.6%	(0%)	(4%)	(4%)
PHI, Inc.	219	25	21	265	\$836	\$174	\$457	\$900	5.2	–	12%	(0%)	(18%)

Air Methods is based in Englewood, Colorado. It is one of the largest emergency medical service (EMS) providers in the US. 85% of revenue is EMS. Most of the balance is helicopter tourism. Air Methods has been a consolidator of regional EMS and tourism operators-1997-Mercy Air Services (California), 2000-ARCH Air Medical (Missouri), 2002-Rocky Mountain Helicopters (Utah), 2007-CJ Systems Aviation (Florida), 2011-Omniflight (Georgia), 2012-Sundance Helicopters (Nevada) and 2013-Blue Hawaiian. Since 2002 Aaron Todd has been CEO. He was formerly CFO. From 2010 to 2014 stock appreciated 600%. 10 institutional investors currently hold 58% of the shares.

Bristow is based in Houston, Texas. It is the largest player in the international offshore oil & gas market. Only Bristow and CHC are global players. After 5 years of solid market growth, Bristow and CHC now face a market downturn and increased competition. Until recently market growth has accommodated many new local operators. Some of these companies were established to comply with local ownership requirements. They are often managed by ex-Bristow and ex-CHC personnel. They are sometimes financed by well-known helicopter leasing companies. New competition is also expected from other operators like HNZ. Bristow's exposure to the North Sea and Nigeria are current issues. Jonathan Baliff has been CEO since July 2014. He was formerly CFO and is ex-Credit Suisse and USAF. 10 institutional investors currently hold 60% of the shares.

¹The information is based on share prices at March 20, 2015 and disclosure documents available at that date. The dollar amounts are millions and a mix of US and Canadian dollars. Revenue and EBITDA are a mix of 2014 actuals and Cogency estimates of annualized amounts.

Helicopter Operators cont'd

CHC's corporate headquarters are Delta, BC, although senior leadership is based in Austin, Texas. It is the other global player in the offshore oil & gas business. In 1976 Craig Dobbin started what would become CHC (Canadian Holding Company) in St. John's. In 1980 he combined a number of regional players including Okanagan Helicopters to create Canadian Helicopters. Over time CHC established an international business that was eventually larger than the domestic onshore business. In 2000 CHC sold Canadian Helicopters, the domestic onshore business, for \$128.5 million in a management buyout. In 2010 First Reserve, a private equity firm, took CHC Group private in a \$3.7 billion transaction. In January 2014 CHC completed a \$500 million IPO. It was still over leveraged. Common shares have lost 87% since the IPO. Waypoint Leasing has been significant financial partner. In Q4 2014 Clayton, Dubilier & Rice LLC ("CDR"), a private equity firm, completed a \$600 million preferred share investment to reduce debt. CDR is now the largest stakeholder. In February 2015 GE executive Karl Fessenden was hired as CEO.

ERA is based in Houston, Texas. It was established in 1948. In 2013 it was spun out of SEACOR Holdings Inc. by way of a dividend and was listed on the NYSE. 70% of revenues are from oil & gas activities and 85% of revenues are earned in North America. 14% of revenue is now coming from dry leasing. Christopher Bradshaw has been CEO since December 2014. He was formerly CFO and is ex-Morgan Stanley & UBS. 7 institutional investors hold 50% of the shares.

HNZ has operated from both Edmonton and Les Cedres, Quebec since the management buyout of Canadian Helicopters from CHC Group. CEO Don Wall is located in Edmonton and CFO Robert Lafleur and COO Sylvain Sequin are located in Les Cedres. The buyout in 2000 was partially financed by Fonds de solidarité des travailleurs du Québec (F.T.Q.) ("FTQ"). In 2005 a \$100 million IPO for Canadian Helicopters Income Fund was completed. In 2008 a conversion to Canadian Helicopters Group Inc. was completed. In 2011 the company acquired the assets of Helicopters (N.Z.) Limited including the shares of Helicopters Australia Pty Ltd. In 2012 the public company changed its name to HNZ, although the Canadian Helicopters brand continues in the domestic market. Recent history includes careful external growth, a reluctance to borrow and cyclically depressed earnings. Don Wall is a highly regarded. HNZ has targeted offshore oil & gas for its growth. Management has advised 2015 will be difficult and that the dividend is "sacred". Ownership includes FTQ-18.9%, Sentry Investments Inc.-17.6%, GCIC Ltd.-17.2% & Don Wall-3.6%.

PHI is based in Lafayette, Louisiana. PHI (formerly Petroleum Helicopters Inc.) was established in 1949. 62% of revenues are from oil & gas, mostly in the Gulf of Mexico and 36% from EMS in 18 states. International activity is limited to West Africa (3 aircraft) and the Middle East (5 aircraft). The company was publicly listed years ago, but is public in name only. The stock rarely trades. Al A. Gonsoulin is Chairman and CEO. He has been Chairman since September 2001, when he acquired a controlling interest in PHI. He was previously President of Sea Mar, a division of Nabors. He has been CEO since 2004. He's a legend. He holds 19% of the shares including 70% of the voting shares. West Face owns the majority of the non-voting shares representing approximately 40% of the company.

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