



# Barclays CEO Energy – Power Conference Bristow Group Inc.

September 7, 2016



# Forward-looking statements

Statements contained in this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. These forward-looking statements include statements regarding earnings guidance and earnings growth, expected contract revenue, capital deployment strategy, operational and capital performance, impact of new contracts, cost reduction initiatives, capex deferral, shareholder return, liquidity, market and industry conditions. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Risks and uncertainties include, without limitation: fluctuations in the demand for our services; fluctuations in worldwide prices of and supply and demand for oil and natural gas; fluctuations in levels of oil and natural gas production, exploration and development activities; the impact of competition; actions by clients and suppliers; the risk of reductions in spending on helicopter services by governmental agencies; changes in tax and other laws and regulations; changes in foreign exchange rates and controls; risks associated with international operations; operating risks inherent in our business, including the possibility of declining safety performance; general economic conditions including the capital and credit markets; our ability to obtain financing; the risk of grounding of segments of our fleet for extended periods of time or indefinitely; our ability to re-deploy our aircraft to regions with greater demand; our ability to acquire additional aircraft and dispose of older aircraft through sales into the aftermarket; the possibility that we do not achieve the anticipated benefit of our fleet investment and Operational Excellence programs; availability of employees with the necessary skills; and political instability, war or acts of terrorism in any of the countries in which we operate. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's annual report on Form 10-K for the fiscal year ended March 31, 2016. Bristow Group Inc. disclaims any intention or obligation to revise any forward-looking statements, including financial estimates, whether as a result of new information, future events or otherwise.

# Bristow is a leader in industrial aviation services for oil and gas, Search and Rescue (SAR) and fixed wing

- BRS stock price<sup>1</sup> \$11.41/share with a market cap ~\$400 million
- 333 aircraft (160 LACE)<sup>2</sup> with ~4,700 employees<sup>3</sup>
- Major markets are Australia, Brazil, Canada, Nigeria, Norway, Trinidad, U.K., U.S. Gulf of Mexico
- Our services are delivered in four regions:
  - Europe Caspian (ECR)
  - Africa (AFR)
  - Asia Pacific (APR)
  - Americas (AMR)
- Europe Caspian includes U.K. SAR and Eastern; Asia Pacific includes Airnorth
- Significant joint ventures in Brazil (Líder) and Canada (Cougar)
- Successful launch of U.K. SAR contract (not tied to oil and gas)

**Bristow transports crews for oil and gas companies and provides search and rescue services for them and governments alike**



# Q1 FY17 operational safety review

- Heightened focus on safety performance is yielding positive results
- Significant improvement in our HSE performance in fixed-wing and SAR operations
- Continued leadership in safety recognized through industry safety awards
- Excellent collaboration through HeliOffshore to address H225 grounding and other industry reliability and resiliency issues



SAR AW139 recently commenced activity in Nigeria

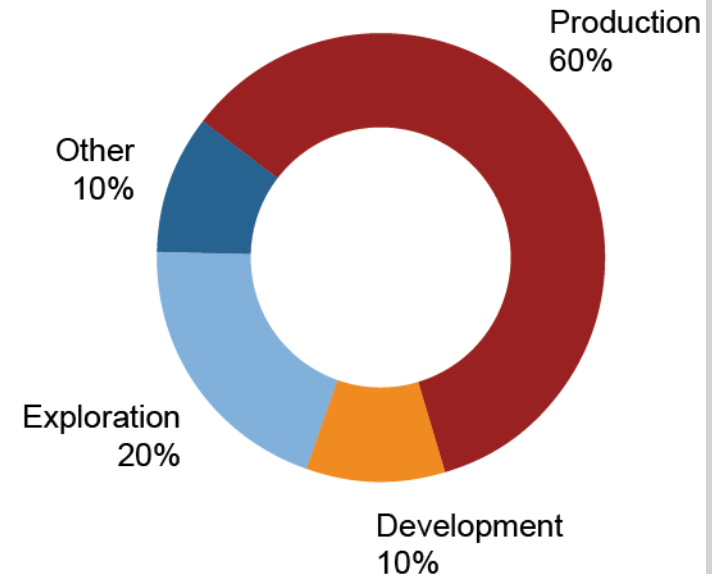


Bristow SAR AW139 supported rescue efforts in Louisiana

# Our logistics services are focused on the production segment of the energy value chain

- Largest share of revenues (~60%) relates to **oil and gas production**
- There are **~8,000 offshore production** installations worldwide — compared with >800 offshore rigs
- **~1,900 helicopters** are servicing the worldwide oil and gas industry
- Bristow revenues are primarily driven by our **clients' operating expenses**

Typical oil and gas revenues by segment



## HELICOPTER TRANSPORTATION SERVICES

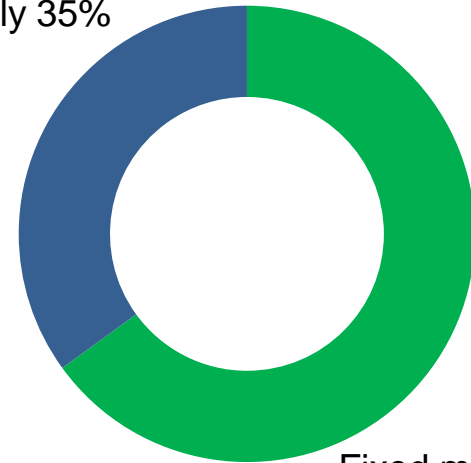


# Bristow's contract structure generates less volatile cash flow than OFS peers

- Two-tiered contract structure includes both:
  - Fixed monthly standing charge to reserve helicopter capacity
  - Variable fees based on hours flown with fuel pass-through
- Bristow oil and gas contracts earn on average 65% of revenue not dependent on utilization
- U.K. SAR contract earns 85% of revenue not dependent on utilization
- Fixed wing revenue is ~60% scheduled service and ~40% charter contracts

## Oil and gas helicopter revenue

Variable hourly 35%



Fixed monthly 65%

# We have made changes to our organization to serve both the near and long term

- We have more operating leverage to this downturn due to our labor cost structure and asset intensity; business conditions deteriorating longer than expected
- We have made significant progress in diversifying, but we are implementing an FY17 action plan to maintain our position as a leader in the market
- Our overall capital costs are high, however much of the non-U.K. SAR capital has been deferred with \$95 million previously announced deferrals complete

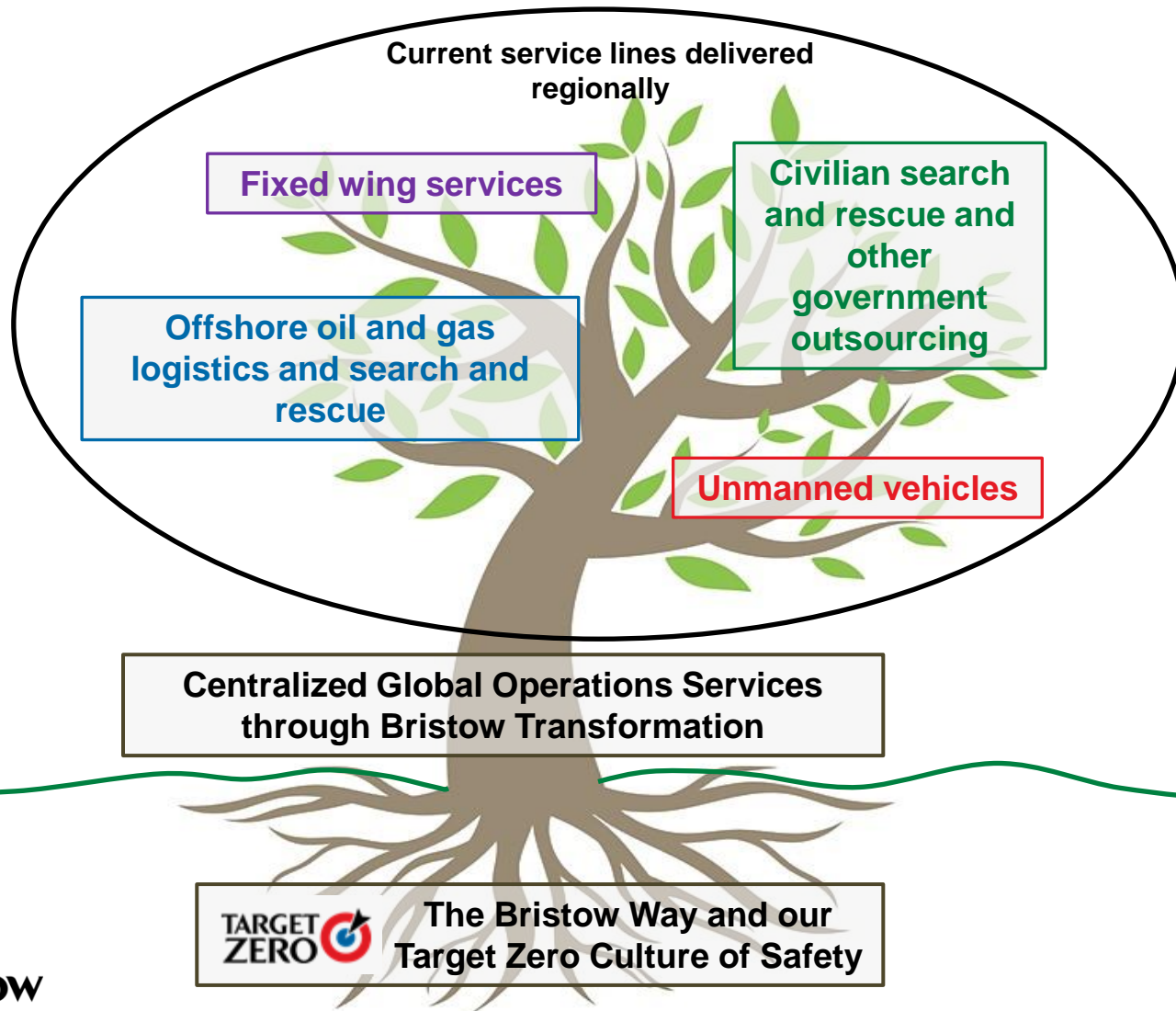
**FY17 action plan is supported by the success of the FY16 initiatives and recent capex deferrals to improve our liquidity and financial flexibility**

The near term: our FY17 action plan is designed to maintain our industry leading position through this downturn...

The FY17 action plan encompasses safety, operational, commercial, and financial efforts:

1. Global safety improvement
2. Cost and efficiency improvement
3. Prudent pursuit of opportunities

...while we continue to create the world's leading industrial aviation company



**Financial highlights**

**Don Miller, SVP and CFO**



# Market overview and outlook

- Bristow operating revenue impacted by 27% drop in year over year oil and gas revenue; down 1% sequentially from Q4
  - Asia Pacific and U.S. GoM markets were challenged by reductions in utilization and completion of contracts
  - We are capitalizing on our global S-92 fleet to service critical needs for new and existing clients worldwide
- The June 2016 quarter oil and gas results are indicative of the next three quarters' expected performance with upside from cost reduction initiatives offset by foreign currency exchange rate depreciation
- Improving our liquidity through:
  - Finalized deferral of ~\$95 million of oil and gas aircraft capex
  - Pursuing prudent financing alternatives to bridge liquidity; SAR assets remain attractive financing sources of capital
- Upside from new contract wins and full U.K. SAR contribution expected to begin to impact results in FY18

# FX headwinds intensify due to Brexit; minimal impact from Nigerian naira in Q1 FY17

- Brexit is not expected to have any operational impact on our North Sea business
- The depreciation of the GBP in late June had limited impact on our Q1 FY17 operating results as the change occurred late in the quarter
- If the USD/GBP rate persists at the June 30 level for the remainder of FY17, the translation of our GBP denominated operating results would decrease adjusted EBITDAR by ~\$15 - 20 million
- Q1 FY17 adjusted EBITDAR was negatively impacted by \$6.3 million of balance sheet FX revaluations, predominately GBP
- The devaluation of the Nigerian naira had a minimal impact on our Q1 FY17 results

# ~\$1.5 billion of unencumbered aircraft assets provides significant value to bridge liquidity

## Self-help

- Capex deferrals (on top of ~\$95 million FY17/18 capex deferral)
- Continued successful cost cutting measures

## Secured financing

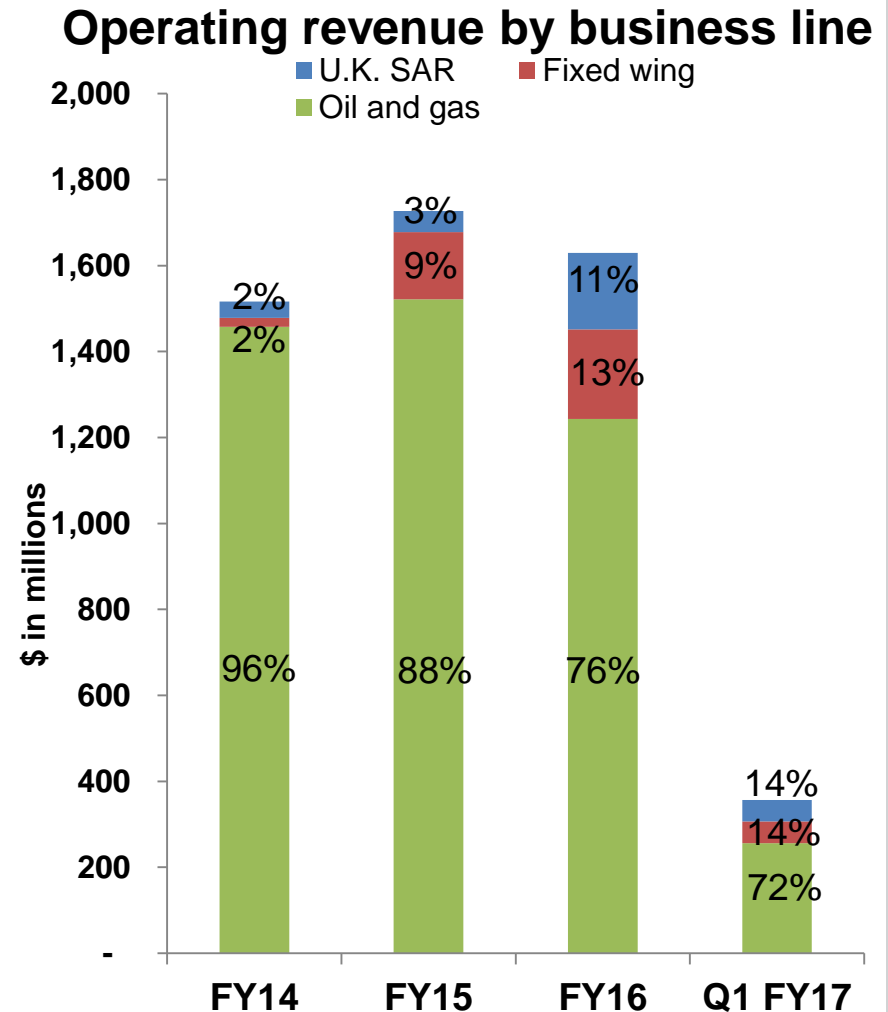
- Equipment and/or other secured financing
- Leveraging inherent long-term helicopter value

## Sale-leaseback

- U.K. SAR aircraft
- Oil and gas aircraft
- U.K. SAR bases and infrastructure

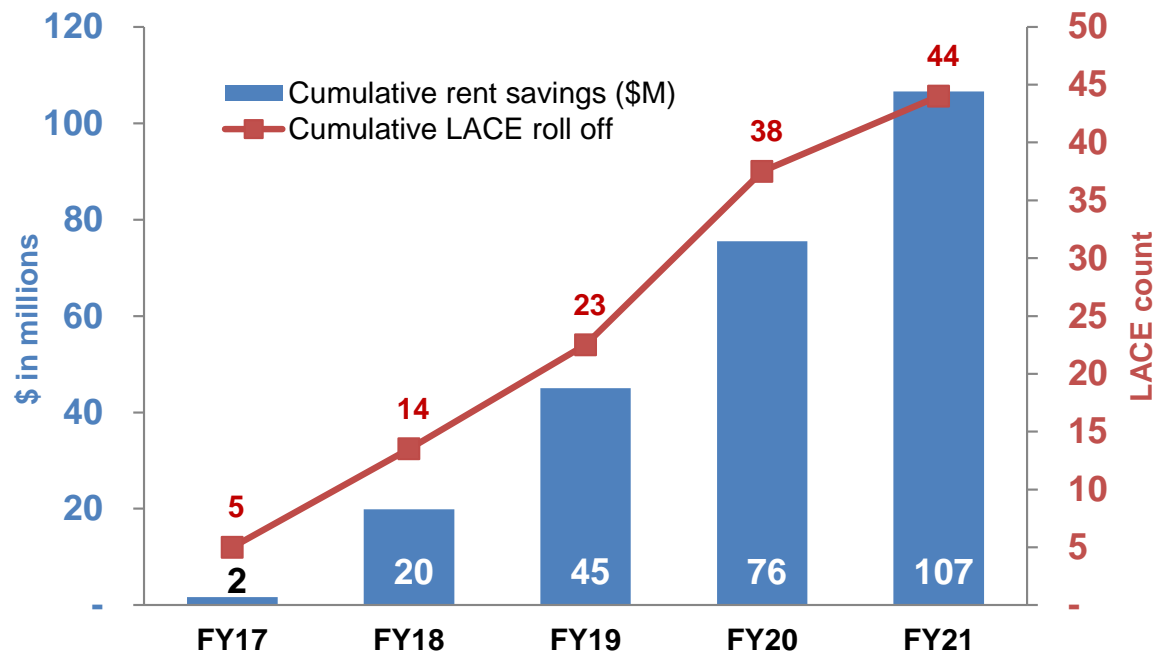
# Oil and gas rotary revenue declines are partially offset by U.K. SAR and fixed wing contribution

- **Oil and gas:**
  - Five LACE renewal for five years in ECR beginning Q1 FY18
  - 1½ LACE for five years in ECR beginning Q3 FY17
  - Two LACE on short term contracts in Norway
  - Ending of several contracts in AMR and APR LACE rate reduction
- **SAR:**
  - U.K. SAR continues to perform as expected with only ~\$115 million of capital spend remaining
  - Providing oil and gas SAR service in Nigeria with one AW139
- **Fixed wing:** addition of new routes in both Airnorth and Eastern



# Flexibility to reduce our leverage and fixed lease costs in future years

- Our mix of new technology owned and leased aircraft gives us the option to return leased aircraft at expiry; reducing annual fixed cash costs while meeting demand with owned fleet and committed orders
- Roll off of lease NPV reduces leverage by ~\$100 million per year assuming no renewals or new leases



# Cash flow, asset values and mission critical nature underpin investment thesis

- Leading global helicopter service provider to the offshore energy industry
- Historical record of safe operations and renewed emphasis on safety culture
- Focus on the production segment of the energy value chain continues to provide more revenue stability compared to other OFS sectors
- U.K. SAR contract not tied to oil and gas is expected to continue to generate significant stable revenue and cash flow
- Fixed wing businesses have helped offset pressure from the oil industry downturn
- Ability to defer capex and further reduce capital needs in support of liquidity enhancing efforts

# We are Bristow



**Bristow**



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