



# Barclays CEO Energy-Power Conference



September 2019



## Cautionary Statement Regarding Forward-Looking Statements

This presentation contains “forward-looking statements.” Forward-looking statements give the Company’s current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project,” or “continue,” or other similar words. These statements are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and reflect management’s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. The Company’s actual results may vary materially from those anticipated in forward-looking statements. The Company cautions investors not to place undue reliance on any forward-looking statements.

Such risks, uncertainties and other important factors include, among others, the Company’s dependence on, and the cyclical and volatile nature of, offshore oil and gas exploration, development and production activity, and the impact of general economic conditions and fluctuations in worldwide prices of and demand for oil and natural gas on such activity levels; the Company’s reliance on a limited number of customers and the reduction of its customer base resulting from bankruptcies or consolidation; risks that the Company’s customers reduce or cancel contracted services or tender processes or obtain comparable services through other forms of transportation; dependence on U.S. government agency contracts that are subject to budget appropriations; cost savings initiatives implemented by the Company’s customers; risks inherent in operating helicopters; the Company’s ability to maintain an acceptable safety record and level of reliability; the impact of increased U.S. and foreign government regulation and legislation, including potential government implemented moratoriums on drilling activities; the impact of a grounding of all or a portion of the Company’s fleet for extended periods of time or indefinitely on the Company’s business, including its operations and ability to service customers, results of operations or financial condition and/or the market value of the affected helicopter(s); the Company’s ability to successfully expand into other geographic and aviation service markets; risks associated with political instability, governmental action, war, acts of terrorism, trade policies and changes in the economic condition in any foreign country where the Company does business, which may result in expropriation, nationalization, confiscation or deprivation of the Company’s assets or result in claims of a force majeure situation; the impact of declines in the global economy and financial markets; the impact of fluctuations in foreign currency exchange rates on the Company’s asset values and cost to purchase helicopters, spare parts and related services; risks related to investing in new lines of aviation service without realizing the expected benefits; risks of engaging in competitive processes or expending significant resources for strategic opportunities, with no guaranty of recoupment; the Company’s reliance on a small number of helicopter manufacturers and suppliers; the Company’s ongoing need to replace aging helicopters; the Company’s reliance on the secondary helicopter market to dispose of used helicopters and parts; the Company’s reliance on information technology and potential harm from cyber-security incidents; the impact of allocation of risk between the Company and its customers; the liability, legal fees and costs in connection with providing emergency response services; adverse weather conditions and seasonality; risks associated with the Company’s debt structure; the Company’s counterparty credit risk exposure; the impact of operational and financial difficulties of the Company’s joint ventures and partners and the risks associated with identifying and securing joint venture partners when needed; conflict with the other owners of the Company’s non-wholly owned subsidiaries and other equity investees; adverse results of legal proceedings, significant increases in costs; the Company’s ability to obtain insurance coverage and the adequacy and availability of such coverage; the possibility of labor problems; the attraction and retention of qualified personnel; restrictions on the amount of foreign ownership of the Company’s common stock; and various other risk factors described from time to time in the Company’s Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission. It is not possible to predict or identify all such factors. Consequently, the foregoing should not be considered a complete discussion of all potential risks or uncertainties. Forward-looking statements speak only as of the date of the document in which they are made. Era Group disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in Era Group’s expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.



## Non-GAAP Financial Measures Reconciliation

This presentation includes EBITDA and Adjusted EBITDA as supplemental measures of the Company's operating performance. EBITDA is defined as Earnings before Interest (includes interest income and interest expense), Taxes, Depreciation and Amortization. Adjusted EBITDA is defined as EBITDA further adjusted for special items that occurred during the reporting period. Neither EBITDA nor Adjusted EBITDA is a recognized term under generally accepted accounting principles in the U.S. ("GAAP"). Accordingly, they should not be used as an indicator of, or an alternative to, net income as a measure of operating performance. In addition, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow available for discretionary use, as they do not take into account certain cash requirements, such as debt service requirements. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, nor as a substitute for analysis of the Company's results as reported under GAAP. Because the definitions of EBITDA and Adjusted EBITDA (or similar measures) may vary among companies and industries, they may not be comparable to other similarly titled measures used by other companies. The Company also presents net debt, which is a non-GAAP measure, defined as total principal balance on borrowings less cash and cash equivalents, including escrow balances. Each of these non-GAAP measures has limitations and therefore should not be used in isolation or as a substitute for the amounts reported in accordance with GAAP.

A reconciliation of EBITDA, Adjusted EBITDA, Adjusted EBITDA further adjusted to exclude gains on asset dispositions, and net debt is included in this presentation.

Free Cash Flow represents our net cash provided by operating activities plus proceeds from disposition of property and equipment, less expenditures related to purchases of property and equipment. Adjusted Free Cash Flow is Free Cash Flow adjusted to exclude professional services fees paid in respect of litigation settled in the third quarter of 2018 and the proceeds on settlement of that litigation. Management believes that the use of Adjusted Free Cash Flow is meaningful as it measures the Company's ability to generate cash from its business after excluding cash payments for special items. Management uses this information as an analytical indicator to assess the Company's liquidity and performance. However, investors should note numerous methods may exist for calculating a company's free cash flow. As a result, the method used by management to calculate Adjusted Free Cash Flow may differ from the methods used by other companies to calculate their free cash flow.

Reconciliations of the foregoing non-GAAP financial measures to the most comparable GAAP financial measures are included in the appendix hereto.



## Safety Note

- Safety is Era's most important core value and our highest operational priority
- Achieved our goals of **ZERO** air accidents and **ZERO** recordable workplace incidents in FY2018 and YTD 2019
  - **ZERO** air accidents in trailing three year period
  - Over 700 consecutive days without a recordable workplace incident
- Robust safety management system (SMS)
  - With third-party accreditation resulting from numerous internal and external audits
- Era's fleet is configured with the latest safety equipment
- Era is one of the founding members of HeliOffshore, an industry association focused on safety, now with more than 115 members from all regions of the world





## Why Invest in Era?

**Differentiated  
Strategy**

**Diverse and  
Technologically  
Advanced Fleet**

**Offshore Recovery  
Underway**

**Financial  
Strength**

**Free Cash Flow  
Generation**

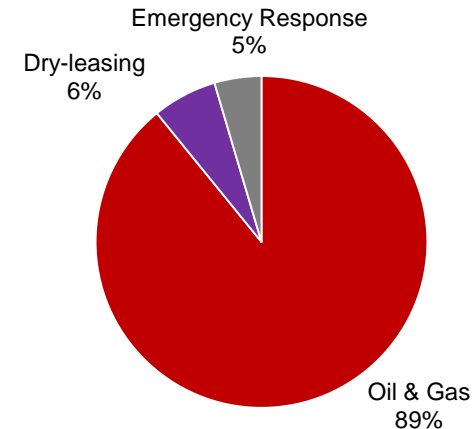




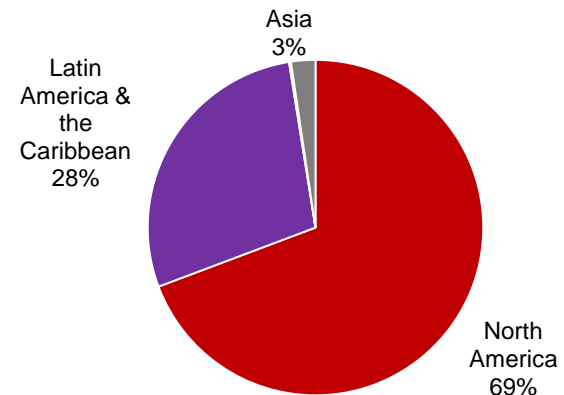
## Company Snapshot

- Founded in Alaska in 1948, Era is the longest-serving helicopter transport company in the U.S.
- Diverse and well-equipped fleet of 105 helicopters<sup>(1)</sup>
- Differentiated strategy as manager of pool of assets / capital
  - Operate, lease or sell
- Asset ownership strategy focused on returns over the full life of the asset, including residual value
  - Own 100% of helicopters
- 653 employees, including 194 pilots and 167 mechanics<sup>(1)</sup>
- Era management has proven track record of protecting shareholder value and generating positive cash flow
  - Successfully managing through industry challenges

June 2019 LTM Revenue by LOS

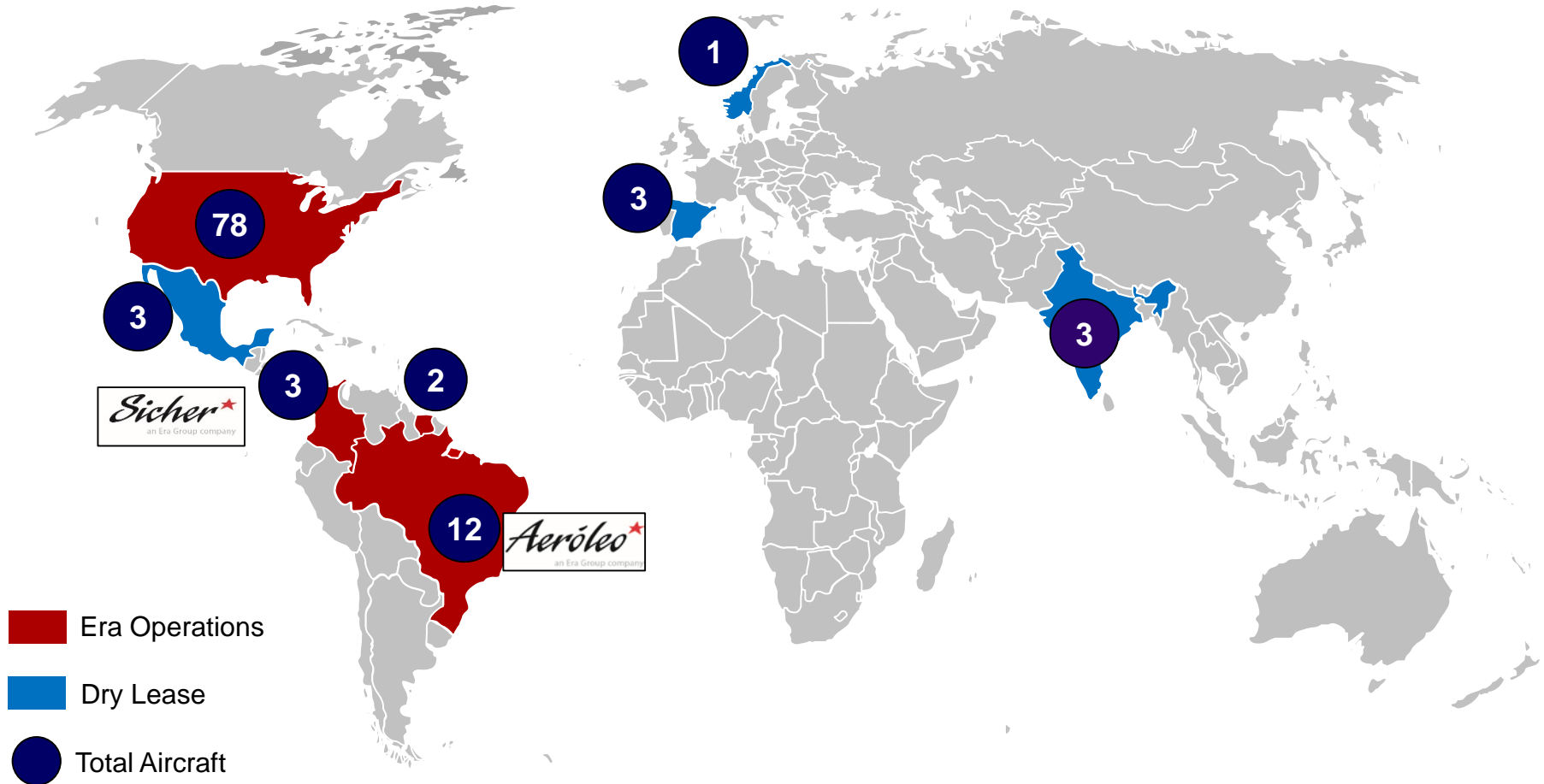


June 2019 LTM Revenue by Location



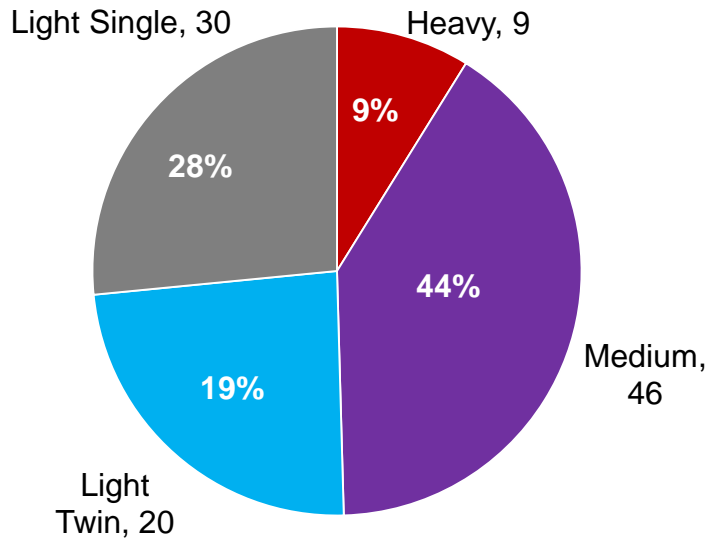
(1) As of 7/31/2019

## Areas of Operation

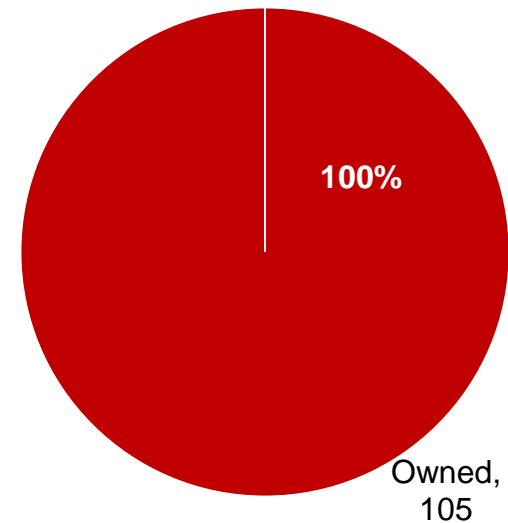


## Fleet Snapshot

Fleet by Type



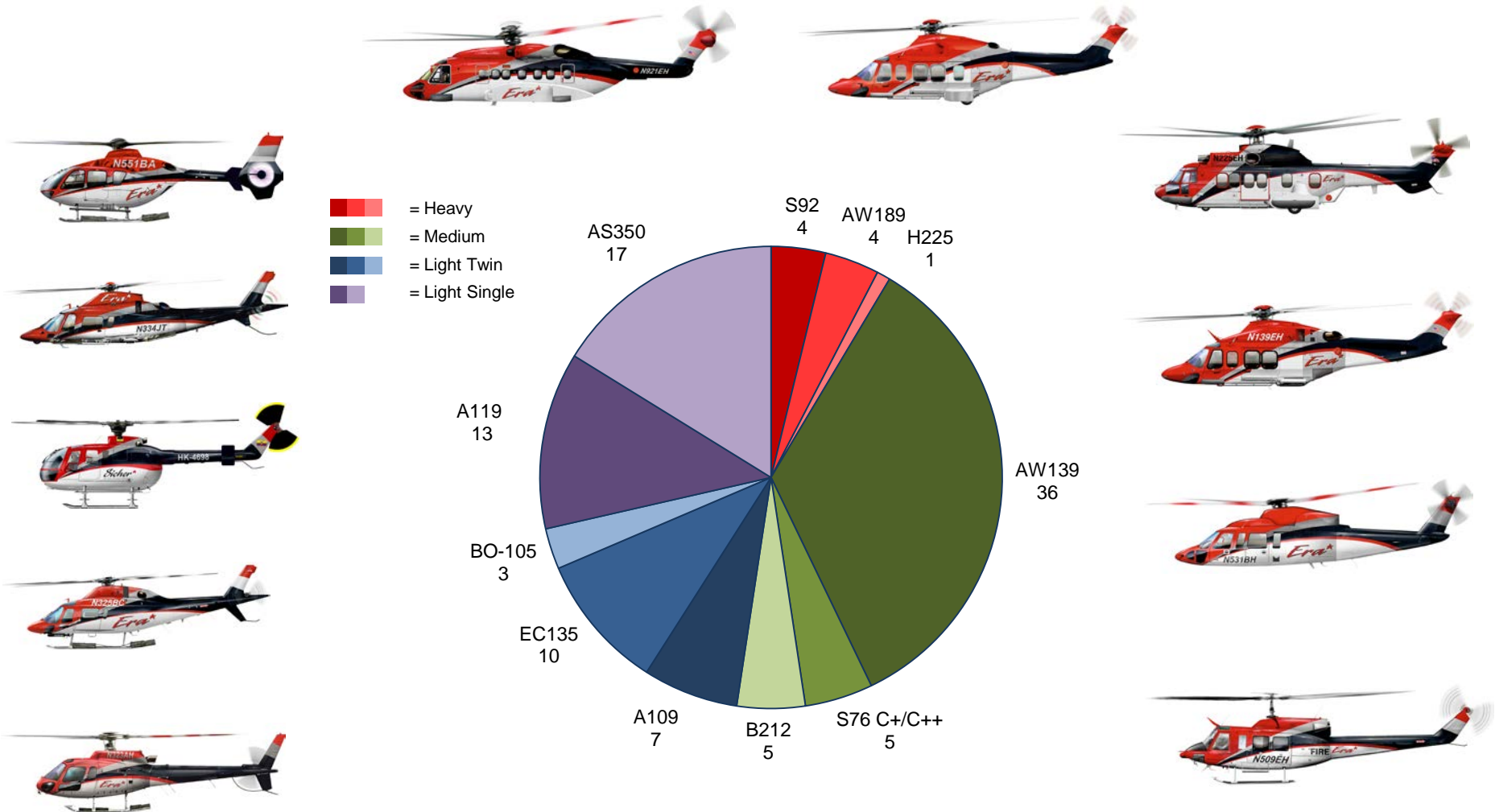
Fleet by Ownership



- On a dollar-weighted NBV basis:
  - Heavy and medium helicopters represent 87% of fleet value
  - Average age of the fleet is 7 years
- Own and control 100% of helicopters



## Diverse & Technologically Advanced Fleet

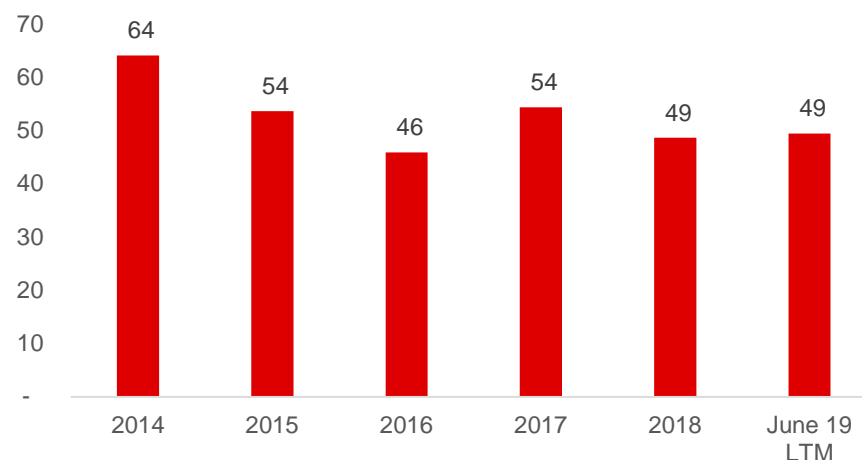




## Proven Track Record as Asset Manager

- We have consistently sold helicopters at a premium to book value
- Since 2004, Era has disposed of 145 aircraft for an aggregate gain of \$85 million
- Repair and maintenance costs are fully expensed, as we do not capitalize aircraft maintenance expenditures

### Repair and Maintenance (\$mm)



### Historical Gains on Helicopter Sales

(\$000s)	2012	2013	2014	2015	2016	2017	2018	Total
# of Aircraft Sold	6	15	3	20	9	3	21	77
Sale Proceeds	\$3,435	\$68,165	\$6,950	\$35,784	\$25,377	\$5,870	\$43,441	\$189,022
Book Value at Sale	1,268	50,247	931	31,081	22,821	4,462	41,169	\$151,979
Gain on Sale	\$2,167	\$17,918	\$6,019	\$4,703	\$2,557	\$1,408	\$2,272	\$37,043



## Financial Strength

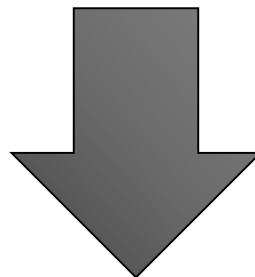
**Strong Balance Sheet**  
(incl. ~\$90 Million Cash)

**Limited Debt Maturities**  
prior to 2022

**Efficient Cost Structure**

**Manageable Fixed**  
**Charge Obligations**

**No Firm Capital**  
**Commitments**



**Free Cash Flow**

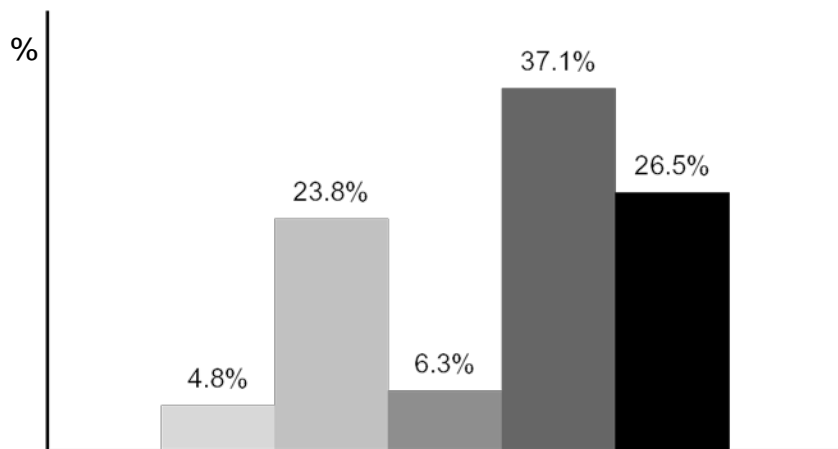
***LTM Adjusted Free Cash Flow was ~\$12 million<sup>(1)</sup>***



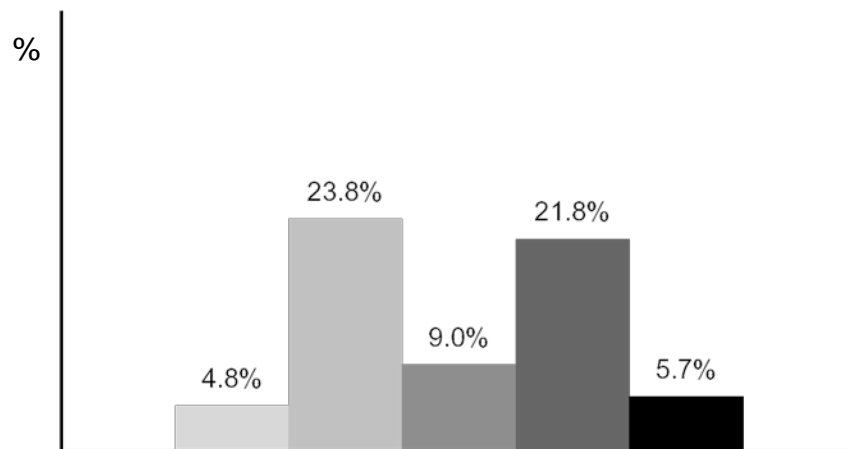
## Free Cash Flow Profile and Capital Allocation Update

- Era generated \$12 million of free cash flow in the last twelve months ended June 30, 2019
  - Continues track record of positive free cash flow since 2015
- From June 1 through July 26, 2019, the Company repurchased approximately 1.0 million ERA shares for gross consideration of \$7.6 million
  - Average purchase price of \$7.72 per share
  - Represents approximately 5% of the previously outstanding unrestricted ERA shares
- During Q2 2019, the Company repurchased \$0.7 million of its 7.75% senior unsecured notes at par

Free Cash Flow Yield<sup>(1)</sup>



Adjusted Free Cash Flow Yield<sup>(1)</sup>



2015 2016 2017 2018 LTM

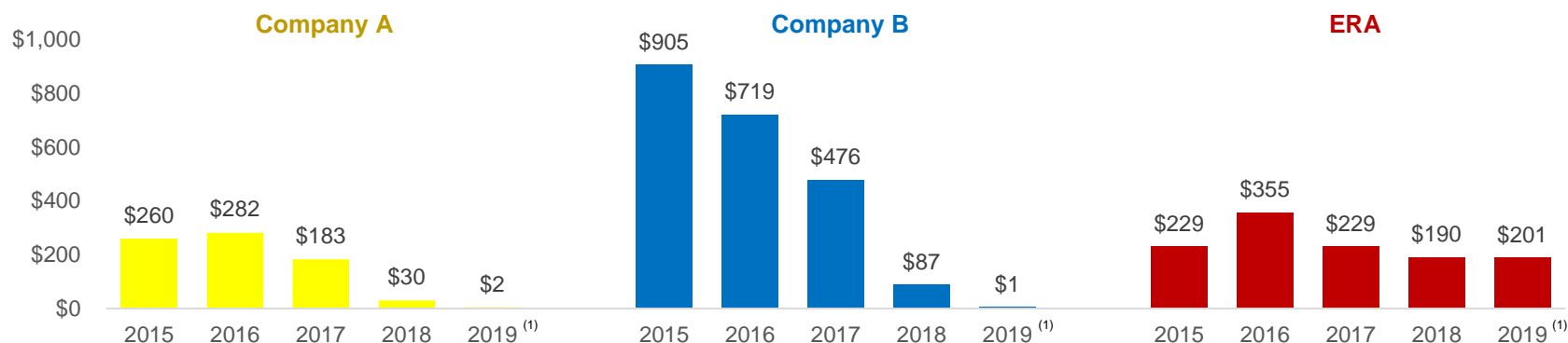
(1) Yield calculated as percentage of equity market capitalization on August 29, 2019. See page 15 for calculations of Free Cash Flow and Adjusted Free Cash Flow



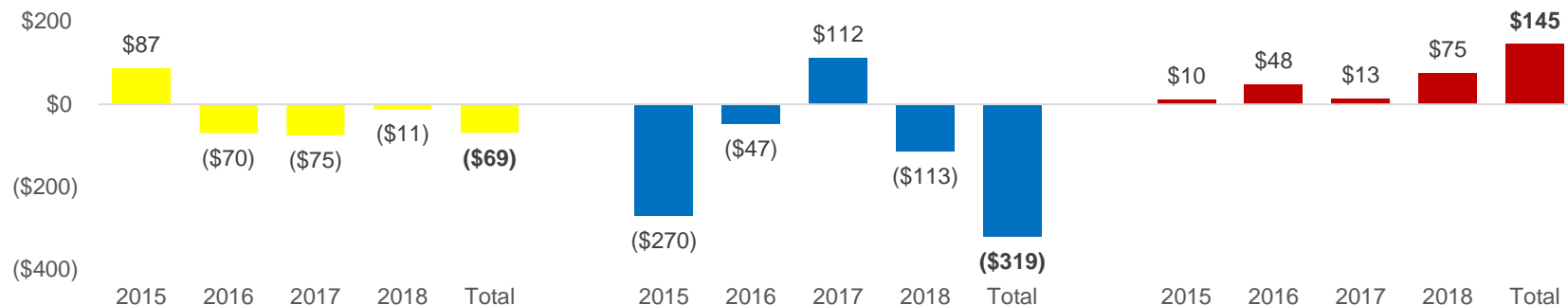
## Demonstrated Track Record

*During a time in which Era's closest competitors witnessed significant negative cash flows and resulting financial distress, the Era management team aggressively managed its cost structure, maintained financial discipline and generated positive cash flow throughout the industry downturn – all while improving the Company's safety performance and delivering the efficient and reliable service that customers value*

### Equity Market Capitalization<sup>(1)</sup> (\$mm)



### Free Cash Flow Generation<sup>(2)</sup> (\$mm)



Notes:

(1) 2019 data as of August 29, 2019. All other years as of December 31<sup>st</sup> of the respective year

(2) Free Cash Flow defined as cash flow from operating activities less capital expenditures, net of proceeds from asset dispositions





# Appendix





# Fleet Overview



	Helicopters	Average Age
<i>Heavy:</i>		
S92	4	3
H225	1	11
AW189	4	3
Total Heavy	9	
<i>Medium:</i>		
AW139	36	9
S76 C+/C++	5	13
B212	5	40
Total Medium	46	
<i>Light – twin engine:</i>		
A109	7	13
EC135	10	11
BO-105	3	30
Total Light – twin engine	20	
<i>Light – single engine:</i>		
A119	13	13
AS350	17	21
Total Light – single engine	30	
<b>Total Helicopters</b>	<b>105</b>	<b>14</b>



## Reconciliation of Free Cash Flow and Free Cash Flow Yields

(\$000s)	2015	2016	2017	2018	LTM
Net cash provided by operating activities	\$ 44,456	\$ 58,504	\$ 20,096	\$ 54,354	\$ 59,066
Plus: Proceeds from disposition of property and equipment	25,328	28,609	9,392	29,590	93
Less: Purchases of property and equipment	(60,050)	(39,200)	(16,770)	(9,216)	(5,838)
Free cash flow	\$ 9,734	\$ 47,913	\$ 12,718	\$ 74,728	\$ 53,321
Plus: Non-routine litigation expenses	-	-	5,473	11,182	180
Less: Litigation settlement proceeds	-	-	-	(42,000)	(42,000)
Adjusted free cash flow	\$ 9,734	\$ 47,913	\$ 18,191	\$ 43,910	\$ 11,501
Free cash flow yield	4.8%	23.8%	6.3%	37.1%	26.5%
Adjusted free cash flow yield	4.8%	23.8%	9.0%	21.8%	5.7%
ERA equity market capitalization ( <i>in \$mm; as of 8/29/2019</i> )	\$ 201				



# Reconciliation of Non-GAAP Financial Measures

## Quarterly Historical EBITDA and Adjusted EBITDA

<i>(US\$ in thousands)</i>		30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Net Income (Loss)	\$	(10,516)	31,279	(5,948)	(6,085)	4,874
Depreciation		10,116	9,541	9,530	9,450	9,520
Interest Income		(346)	(732)	(818)	(752)	(934)
Interest Expense		3,521	3,549	3,485	3,461	3,432
Income Tax (Benefit)		(2,574)	7,861	(1,609)	(1,588)	1,394
EBITDA	\$	201	51,498	4,640	4,486	18,286
Special Items		6,477	(42,285)	362	975	(10,328)
Adjusted EBITDA	\$	6,678	9,213	5,002	5,461	7,958
(Gains) Losses on Asset Dispositions, Net		1,997	148	694	124	68
Adjusted EBITDA Excluding Gains	\$	8,675	9,361	5,696	5,585	8,026

- Adjusted EBITDA reflects special items:

- Equity earnings (losses) of \$10.9 million, \$(1.0) million, \$0.6 million, \$0.5 million and \$0.7 million, in Q2 2019, Q1 2019, Q4 2018, Q3 2018 and Q2 2018, respectively;
- A \$0.6 million loss on the sale of corporate securities and a less than \$0.1 million loss on the extinguishment of debt in Q2 2019;
- Non-routine litigation expenses related to the H225 helicopters of \$0.2 million and \$7.1 million in Q3 2018 and Q2 2018, respectively;
- Pre-tax impairment charges of \$1.0 million related to the impairment of the Company's H225 model helicopters in Q4 2018; and
- Litigation settlement proceeds of \$42.0 million in Q3 2018