Helicopter Market Update
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Two minutes on IBA

- **Full service**: Data, leasing platform, asset management, redeliveries, advisory
- **Diversified** talent pool: Creative solutions from a variety of backgrounds
- **Exclusive** data: Unique access to data and intelligence

**SELECTION**
- Target intelligence
- Market entry
- Competitive intelligence

**OPPORTUNITY**
- Key stakeholder DD
- Asset DD & values
- Benchmarking
- Negotiation

**RUNNING THE ASSET**
- Redelivery planning
- Technical support and advisory
- Maintenance reserves and DOCs

**EXIT**
- IDD on prospective buyer
- Sell side advisory
- IPO readiness

**ADDRESSING ISSUES**
- Early warning of concerns
- Litigation & dispute support
- Portfolio analysis & monitoring

**IDENTION**

**AQUISTION**

**BUILDING VALUE**

**4. EXIT**
Helicopter Services [DISPUTES, MARKET ENTRY ETC]

- Helicopter Valuations
- Helicopter Asset Management
- Finance and leasing advise
- Helicopter Ratings
- Helicopter Inspections and reconfiguration oversight
- Operator Audits
- Risk assessment
- Maintenance Reserves calculations
- Lease negotiations – Technical sections review
- Delivery and redelivery oversight
- Helicopter Sales and Remarketing
- Market studies (SAR, offshore, utility, VIP etc.)
- New developments analysis
- Demand and Supply analysis
- Helicopter design and certification advise and oversight
Worldwide Helicopter Fleet

- The largest fleet by number is the light single category - mainly utility helicopters.
- The medium and heavy helicopters fleet is small in comparison but is growing faster than other categories.
- Military fleet is approximately 25% of the market, the remaining 75% presents significant opportunities for lessors, financiers, banks and operators.

![Helicopter Fleet Chart](chart.png)
2015 Helicopter Market

- Overall around 11% drop in deliveries in 2015 (718)
- In 2014 the drop was 21% (804)
- Largest drop in heavy helicopter deliveries as much as 49%
Regional Fleet & Growth

- Unknown: 3%
- Middle East: 2%
- Africa: 5%
- Australia & Oceania: 9%
- Asia: 9%
- Latin America: 10%
- Europe & CIS: 22%
- North America: 41%

Regional Fleet Growth 2009 to Q3 2015
• Utility and OSOG configuration models take up nearly 50% of the on order fleet.

• Latin America, the Middle East and Africa, Asia Pacific all have a relatively large number of helicopters on order compared to the size of their current fleets.
Market Drivers – OSOG: Impact of Oil Price

- Oil Price has been low before, but not for this length of time.
- 91.1% of rigs utilised 1 year ago when price was over $100/b. Current utilisation has only dropped to 77.8%.

Short Term
- Reduction in utilisation means there is excess capacity in the OSOG market
- Drop in demand for OSOG configured helicopters, specially older generation medium/heavy such as AS332, S-76 and AS365

Medium Term
- Some LOIs and MOUs may require a more flexible price.
- Impact on values already seen

Long Term
- Potential for further drop in demand and retirement of older generation helicopters.
- Increase in availability will put some pressure on values of new generation as well
- Possible reduction in flying hours would mean revenue from PBH programmes would be affected.
Market Drivers – Search & Rescue

Key Point – There are 700 SAR helicopters and approximately 30% are above the age of 30

- Shift from Government owned/operated SAR fleet to Privatised SAR operations
- Ageing fleet is one of the main driving factors

- Bristow recently won the contract to operate SAR missions in UK – As a result forces will retire its SAR fleet gradually until 2015/16
- Other countries are likely to follow – to save on fleet replacement costs
- Popular helicopters are S76, S92, EC145, AW139, AW189, Bell 412.
Market Drivers – Light/Medium Twin

Key Point – There are 2,000 EMS, 470 Fire Fighting and 2,800 Law enforcement helicopters

- EC135, AS350, BK117 and Bell 206 are the most popular in the Emergency medical services market
- However, EC145, AW139 and S76 are gaining popularity
- The highest levels of demand for medium twins were thought to be in the Middle East/Africa, Asia and Latin America.
- Apparently between 40% and 50% of all models in the Asia and Middle East/Africa were for medium twins.
- Large number of light/medium twins are in use with Law enforcement agencies (2,800 and growing)
Helicopter Values - Light Single

Light Single Engine Market - Change in Value 2014 >>> 2015
Helicopter Values - Light Twin

Light Twin Engine Market - Change in Value 2014 >>> 2015

- A109A: -5%
- A109E: -6%
- AS-355/NP: -6%
- BO105 DB: -8%
- MD Explorer: -4%
- EC135 P2/T2: -4%
- H135 (EC135 T3/P3): -1%
- Bell 429: -7%
- A109S Grand: -6%
- A109SP Grand New: -7%
- BK117: -10%
- BK117 C1: -6%
- EC145/BK117 CZ: -2%
- H145: -2%

Minimising Risk - Maximising Opportunity
Helicopter Values – Medium / Super Medium

Medium/Super Medium Market - Change in Value 2014 >>> 2015

- AS365 N2: -1%
- AS365 N3: -4%
- H155: 0%
- Bell 212: -10%
- S-76C+: -6%
- S-76C++: -3%
- S-76D: -2%
- Bell 412: -1%
- Bell 412EP: -4%
- AW139: 0%
- Sokol W3-A: 0%
- AS330 Puma: 0%
- H175: 0%
- AW189: 0%
- AS332 L/L1 Super Puma: -25%
Helicopter Values - Heavy

Heavy Helicopters Market - Change in Value 2014 >>> 2015

- S-61: -13%
- AS332L2 Super Puma: -6%
- H225: -4.2%
- Kamov Ka-32: 0%
- S-92A: -4.8%
Asset Types – Why Invest in Helicopters

- The economic useful life of helicopters is approximately 30 years, 5 years more than the commercial passenger aircraft.
- Manufacturers have been able to extend the life to 40 years by introducing upgrades and PBH programmes.
- Values of popular helicopters and helicopters in the medium/heavy category depreciate at a much slower rate.
- Recent trends have shown that values are around 70-80% of the purchase price after 10 years of service.
- Low production rates and disciplined supply ensure value retention in asset, some helicopters have appreciated in value after delivery.

Expected Economic Useful Life = 40 Years
Asset Types – Why Invest in Helicopters

Flexibility – multirole capability
- Oil & Gas
- Utility Work
- Search and Rescue
- Medical Services
- Fire Fighting
- Mining
- Surveillance
- Corporate/VIP
- Coast Guard
- Construction
- Sight Seeing
- Police
Asset Types – Why Invest in Helicopters

• SAR operations will be privatised and need for civil SAR helicopters will increase, finance/leases will be required

• Helicopter contracts are very small proportion of the total Oil rig production costs

• Operating lease market is about 8% of the total market and is predicted to grow

• More lessors are expected to join as smaller operators that require medium/light helicopters are struggling to finance new deliveries

• Helicopter investment offers high liquidity and good returns, as the market is less volatile

• Banks are less likely to finance smaller deals (less than $15 million), which leaves 80% of the market untapped.