



NATIONAL HELICOPTER SERVICES LIMITED

ADMINISTRATIVE REPORT

FISCAL
YEAR
2018-2019

**NATIONAL HELICOPTER SERVICES LIMITED
ADMINISTRATIVE REPORT FISCAL YEAR 2018 - 2019**

NATIONAL HELICOPTER SERVICES LIMITED

Administrative Report

Fiscal Year to 30th September 2019

Vision

“To Be The Leading Partner For Helicopter Services Wherever We Go.”

Mission

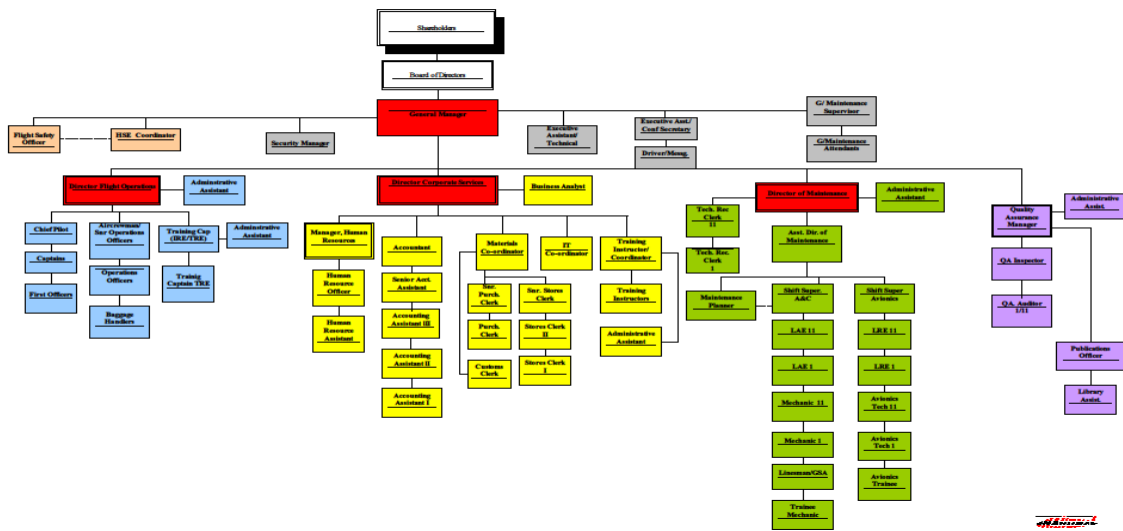
“To Provide First Class Helicopter Transportation, Maintenance and Training Services.”

Company Background

National Helicopter Services Limited (NHSL) formerly the Air Division (Helicopter Unit) of the Ministry of National Security is a joint venture between the Government of Trinidad and Tobago (GOTT) as an 82.3% shareholder, and The National Gas Company of Trinidad and Tobago Limited (NGC) with 17.7% of the issued share capital. The Company was incorporated on October 3rd 1989 and commenced operations on February 1st 1990. It was continued under the Companies Act 1995 pursuant to Section 343 on April 14th, 1998. NHSL was formed for the purpose of providing offshore helicopter services to the oil/gas sector and other commercial entities as well as continuance of services to Government, particularly in an Emergency or Disaster situation.

Company Organisation

NHSL ORGANIZATIONAL CHART



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Board of Directors

- Larry D. McIntosh - Chairman
- Jennifer Boucaud-Blake
- Marcus Ganness
- Hayden Manzano
- Leighton Goodridge
- Roderick Spicer
- Sean Balkissoon – appointed August 2019
- Dan Martineau – appointed August 2019
- Krystel Ramdathsingh – vacated office April 2019

Management Team

- General Manager - Capt. Nicholas Nothnagel
- Director of Operations - Capt. Homer Solomon
- Director of Maintenance (Ag) - Daryl Collins
- Director Corporate Services - Vishwanath Maharajh
- Chief Pilot (Ag) - Capt. Marcel Wharwood
- Human Resources Manager - Ricky Herbert
- Quality Manager - Dexter Benjamin
- Security Manager - Yvan Spicer

Establishment

| FY 2019 | Sep-19 | Males | Females | % Females |
|----------------|------------|------------|-----------|------------|
| Operations | 38 | 33 | 5 | 13% |
| Engineering | 76 | 64 | 12 | 16% |
| Administration | 37 | 22 | 15 | 41% |
| Total | 151 | 119 | 32 | 21% |

Civil Aviation Regulatory Compliance, Safety and Standards

Safety and compliance with Regulations and Standards which reinforce safety is essential to NHSL’s ability to compete in the market and continue in business.

NHSL’s helicopters are registered in Trinidad and Tobago and the Company holds Air Operator’s Certificate No: 03. Operations fall under the jurisdiction of the Trinidad & Tobago Civil Aviation Authority (TTCAA). Records and procedures are audited periodically to ensure compliance with the

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TT Civil Aviation Regulations, that safe standards of maintenance and operations are maintained, and that all directives of the Manufacturers and/or the Regulatory Authorities are complied with.

NHSL is a Gold Standard Member of Basic Aviation Risk Standard (BARS) promoted by the Flight Safety Foundation an international non-profit organization whose sole purpose is to provide impartial, independent, expert safety guidance and resources for the aviation and aerospace industry. The BARS program provides organizations that engage contracted aircraft operators with a standard to assist in the risk-based management of aviation activities. The Company is regularly audited by Oil & Gas clients using BARS.

Technical representatives of Sikorsky Helicopter Corp., Allison Turbine Engines, American Eurocopter Corporation and Turbomeca Engine Corporation provide guidance and review maintenance and flight operations periodically.

NHSL’S Operational Base – Camden Heliport, Couva

NHSL’s main base is situated at Camden, Couva. The base consists of hangar space for up to six (6) helicopters, offices, aircraft spares bonded stores, workshops, classroom, operations & communications centre, etc. All offices/workshops/stores are air-conditioned. There is a large ramp with lighted landing area, 1,500 ft of grassed flyway (reject area), four (4) re-fuelling stations and 81,000 litres of aviation fuel in two (2) independent systems, 2 electrical power standby generators and a 24-hour security presence.

The 2 passenger check-in areas consists of check in counters with electronic scales, passenger seating lounges for up to 35 persons each with WiFi/TV/Cable for entertainment, refreshment centres, baggage search areas and washrooms. Both check-in facilities have a sterile room with TV/DVD for up to 12 passengers to be seated and briefed prior to flight, and a covered outdoor area under a with additional seating for up to 15 persons. NHSL has Baggage X-Ray and walk- through Scanner Systems.

Helicopter Fleet

| | Registration | Type and Model | Acquired | Manufactured | Holding |
|---|--------------|----------------------|----------|--------------|---------|
| 1 | 9Y-MCK | Sikorsky S76C++ | Jul-09 | 2009 | Owned |
| 2 | 9Y-NCN | Sikorsky S76C++ | Mar-11 | 2011 | Owned |
| 3 | 9Y-LAS | Sikorsky S76C++ | Sep-13 | 2013 | Owned |
| 4 | 9Y-AID | Sikorsky S76D | Feb-15 | 2014 | Leased |
| 5 | 9Y-RKD | Sikorsky S76D | Feb-15 | 2014 | Owned |
| 6 | 9Y-MAD | Sikorsky S76D | Feb-15 | 2014 | Owned |
| 7 | 9Y-IHL | Eurocopter EC135 | Jan-17 | 2013 | Leased |
| 8 | 9Y-MRL | AgustaWestland AW139 | Jul-17 | 2014 | Leased |

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Leased EC135 aircraft 9Y-IHL hard landed in May 2019, during an exercise for the TTPS, and was damaged beyond economic repair. The insurers deemed it a total constructive loss and settled the claim with the Owners in February 2020.

Traditionally, Operators owned helicopters that earned revenue through contracts of a few months to a few years. This was changed between 2012 to 2014 by the emergence of global Lessors who bought from Manufacturers and leased to Operators. Operators could now lease helicopters for periods to match contracts, and match and update equipment best suited to the tasking without incurring a long term liability, and the risk of obsolescent aircraft.

Clients

- BHP Billiton (Trinidad) Limited
- EOG Resources Trinidad Limited
- Perenco
- National Operations Center - MNS
- TTAG – preservation maintenance of 4 AW139 helicopters at UCAS Piarco

The Company provides a 24/7 service to the THRA flying critical patients from Tobago to Trinidad and provides support to the TTAG, TTCG, NOC, other agencies of the MNS as well as the ODPM.

Strategic Objectives

To survive the reduction of the market and its own market share, NHSL set 7 strategic targets:

1. To retain existing clients as contracts expired – achieved with the exception of BGTT (SHELL) which was lost in January 2016;
2. Seek new markets regionally – NHSL is doing the groundwork and laying the infrastructure in Guyana in anticipation of providing offshore helicopter support to two (2) oil and gas companies expected to commence exploration in 2018/2019. The Company was granted a Foreign Air Operators Certificate in July 2019 and is expected to commence helicopter offshore support in October 2019;
3. Refinance of loans which was not successful; however GoRTT committed to fund existing debt servicing;
4. Seek Search and Rescue (SAR) contracts with Oil & Gas companies through GoRTT/TTAG – unsuccessful;
5. Secure contracts to support TTAG at Piarco – preservation maintenance has been provided for four (4) AW139 helicopters at TTAG Piarco from November 2017 and is ongoing;
6. Manpower rationalisation – (i)expiring personnel contracts of expats are not being renewed (ii) optimisation of existing staff is being pursued;
7. All infrastructural works were deferred.

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Financial Performance (unaudited)

| | FY Sept 2019 | FY Sept 2018 | Change | |
|---------------------------------|---------------------|---------------------|----------------|------|
| Employees | 159 | 160 | (1) | -1% |
| Flying hours | 2,137 | 2,595 | (458) | -18% |
| | TT\$'000 | | | |
| Helicopter Revenue | 102,797 | 102,405 | 392 | 0% |
| Other income | 7,744 | 6,169 | 1,575 | 26% |
| Direct Aircraft expenses | 97,892 | 115,142 | 17,250 | 15% |
| Admin and Other expenses | <u>27,735</u> | <u>29,122</u> | <u>1,387</u> | 5% |
| Operating Profit/(Loss) | (15,086) | (35,690) | 20,604 | 58% |
| Interest | 9,830 | 11,338 | 1,508 | 13% |
| Legal settlement | - | 46,625 | 46,625 | |
| Taxation | <u>926</u> | <u>(7,144)</u> | <u>(8,070)</u> | 113% |
| Net Loss | <u>(25,842)</u> | <u>(86,509)</u> | <u>60,667</u> | -70% |

Global oil prices were depressed for several years but although the decline was arrested in 2017 and climbed somewhat to US\$65 per barrel in 2018, the presence of idle assets in the global helicopter industry continued. The local market continued to be shared by the two largest helicopter operators in the world and NHSL. Helicopter revenue remained the same as in 2018.

Direct Aircraft expenses decreased by \$17.2m (15%). The accrued lease cost of \$11.5m for the aircraft that could not be registered was reversed and included in Legal Settlement. Spares costs were \$6m lower (15%) due to decreased revenue flight hours. and Administrative costs were reduced by 5%. Consequently, Operating Loss improved by \$20.6m (58%) to \$15.1m.

There was no loss of market value of helicopters as in previous years (\$43.4 m in 2015, \$81.4m in 2016 and \$13.6m in 2017), nor was there any legal settlements (\$46.6m in 2018). As a result, Net Loss of \$86.5m in 2018 decreased by \$60.6m (70%) to a Net Loss of \$25.8m in 2018.

| TT\$'000 | Sep-19 | Sep-18 | Change |
|-------------------------------------|-----------------------|-----------------------|-----------------|
| Non-current Assets | 282,573 | 296,678 | |
| Current Assets ex Cash | 150,852 | 137,690 | |
| Restricted cash | 7,761 | 12,000 | (4,240) |
| Cash | <u>111</u> | <u>3,574</u> | <u>(3,463)</u> |
| Total Assets | <u>441,296</u> | <u>449,942</u> | |
| Share Capital | 23,766 | 23,766 | |
| Capital Contribution | 127,924 | 39,500 | 88,424 |
| Retained Earnings | <u>(26,054)</u> | <u>(212)</u> | <u>(25,842)</u> |
| Equity | <u>125,637</u> | <u>63,054</u> | |
| Non-current other liabilities | <u>55,807</u> | <u>55,454</u> | |
| Current Borrowings | 187,849 | 224,693 | |
| Current other liabilities | <u>72,004</u> | <u>106,741</u> | <u>34,737</u> |
| | <u>259,852</u> | <u>331,434</u> | |
| Total Equity and liabilities | <u>441,296</u> | <u>449,942</u> | |

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Cash balances were fully depleted in 2019. The company was unable to service its debt obligations and had defaulted on its local loans in 2017. This situation was only resolved in late 2018 when the GoRTT provided \$39.5m to fund the outstanding debt obligations and committed to funding the balance as it fell due. NHSL could not source all US\$ funds required to pay the loan instalments leaving a reduced balance as Restricted Funds at year end.

Current other liabilities were reduced by \$34.7m, mainly due to payment of the legal settlement of \$37.125m which was funded by GoRTT.

Statutory audits were delayed by several years as financiers waited on GoRTT's decision to fund the debt obligations and the auditors waited on the financiers' decision whether to foreclose. All loans were classified as current due to the default, even though the formal expiry dates were 3 to 6 years ahead.

FY 2019