



NATIONAL HELICOPTER SERVICES LIMITED

ADMINISTRATIVE REPORT FISCAL YEAR 2019 - 2020

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Board of Directors

- Larry D. McIntosh - Chairman
- Jennifer Boucaud-Blake
- Hayden Manzano
- Leighton Goodridge
- Roderick Spicer
- Sean Balkissoon
- Dan Martineau

Management Team

- General Manager - Capt. Nicholas Nothnagel
- Director of Operations - Capt. Homer Solomon
- Director of Maintenance - Deodath Dominic Bunraj
- 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 2020	Sep-20	Males	Females	% Females
Operations	32	28	4	13%
Engineering	72	61	11	15%
Administration	38	22	16	42%
Total	142	111	31	22%

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.

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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 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.

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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-MRL	AgustaWestland AW139	Jul-17	2014	Leased

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);
2. Seek new markets regionally - NHSL has done the groundwork and laid 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 was expected to commence helicopter offshore support in October 2019;
3. Refinance loans which was not successful, however GoRTT committed and continues to fund existing debt servicing;
4. Seek Search and Rescue (SAR) contracts with Oil & Gas companies through GoRTT – unsuccessful;

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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) the personnel contracts of five (5) expats were not renewed (ii) optimisation of existing staff is being pursued;
7. All infrastructural works were deferred.

Financial Performance (unaudited)

	FY Sept 2020	FY Sept 2019	Change	
Employees	158	159	(1)	-1%
Flying hours	2,031	2,137	(106)	-5%
	TT\$'000			
Helicopter Revenue	108,797	102,797	6,000	6%
Other income	3,199	7,744	(4,545)	-59%
Direct Aircraft expenses	104,371	97,892	(6,479)	-7%
Admin and Other expenses	23,984	27,735	3,751	14%
Operating (Loss)	(16,359)	(15,086)	(1,273)	-8%
Interest	7,084	9,830	2,746	28%
Taxation	1,012	926	(86)	-9%
Net Loss	(24,455)	(25,842)	1,387	-5%

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.

Local Helicopter revenue decreased \$7.2m (7%) to \$95.6m. But a 4-month contract in Guyana generated \$13.6m and pushed Helicopter Revenue to \$108.8m, 6% greater than in 2019. Other income decreased by \$4.5m (59%) as the support contract with the NOC ended on the absorption of that unit into the TTAG in December 2019.

Direct aircraft expenses increased by \$6.5m (7%). The reversal of lease costs for the aircraft that could not be registered in 2019 was not repeated in 2020 and insurance rates increased due to disasters in the fixed wing aviation industry. Administrative expenses decreased \$3.8m (14%) as cost reduction measures continued.

Operating Loss worsened by \$1.3m to \$16.4m in 2020.

However, Interest decreased by \$2.7m as loan principal decreases such that Net Loss improved by \$1.4m (5%) to \$24.4m in 2020.

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TT\$'000	Sep-20	Sep-19	Change
Non-current Assets	268,031	282,573	
Current Assets ex Cash	159,675	150,852	
Restricted cash	6,426	7,761	(1,335)
Cash	2,479	111	2,368
Total Assets	436,611	441,296	
Share Capital	23,766	23,766	
Capital Contribution	205,048	127,924	77,124
Retained Earnings	(50,509)	(26,054)	(24,455)
Equity	178,306	125,637	
Non-current other liabilities	55,807	55,807	
Current Borrowings	142,049	187,849	
Current other liabilities	60,450	72,004	11,554
	202,498	259,852	
Total Equity and liabilities	436,611	441,296	

The Company was unable to service its debt obligations and 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 balance as Restricted Funds at year end.

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.