



# OFFSHORE CREW TRANSFER

& The Covid-19 Crisis

Helicopter Investor Global  
12<sup>th</sup> May 2020

Steve Robertson, Director

# ABOUT US

Air & Sea Analytics was formed in 2019 by an Energy Sector Economist with a background in commercial & strategic market consulting and research.

We provide timely and reliable measurement of activity in the Heavy, Super-Medium and Medium rotorcraft categories in oil & gas crew transfer. We also track the emerging offshore wind market.

Air & Sea Analytics owns one of the largest private networks of ADS-B receivers worldwide and collates data that is either not-shared by the public ADSB networks or provides additional coverage in areas of interest for helicopter operations.

In addition to regular subscription research products, the business also supports the financial and advisory community with bespoke analysis, used for business planning and transaction purposes.



## Strategic Consulting

- M&A support, financing, commercial due-diligence
- Business review & planning / bespoke forecasting
- Expert witness / dispute arbitration

## Thought Leadership



**S&M IN FOCUS: A Census of the Heavy Helicopter Sector**  
Introduction: Why Focus on the S&M Flight?  
The heavy helicopter sector is a critical component of the offshore energy and industrial sectors, providing essential crew transfer and support services. This report provides a comprehensive analysis of the sector's current state, including market size, key players, and emerging trends. It also offers insights into the challenges and opportunities facing the industry, as well as recommendations for stakeholders.

## Published Research



## Contact Us

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# KEY ISSUES



## MACRO

- Massive oil supply / demand disconnect depressing prices to low levels not seen for decades.
- Cuts in E&P spending will hurt the entire OFS supply chain: fewer projects & less O&M = less crew transfer activity
- 'V shaped' recovery doesn't look like it is going to happen



## MICRO

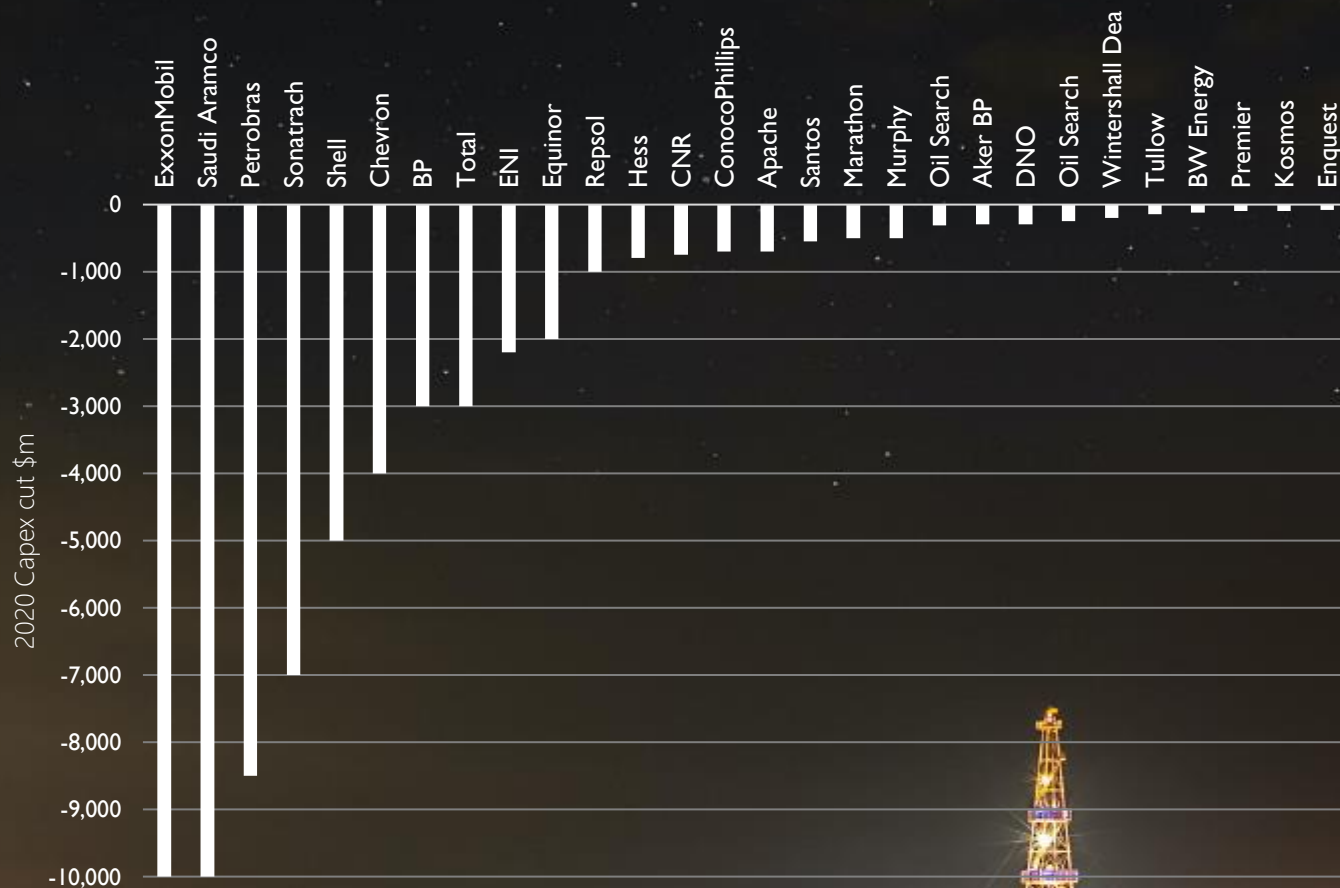
- Reduced manning to reduce risk of infection – fewer flights?
- COVID-19 outbreaks on platforms may halt flights activity altogether for a period
- Decommissioning (or at least CoP) may be brought forward in some circumstances

# OIL PRICE: A WORLD IN LOCKDOWN

 Large proportion of the world's population in lockdown. Oil demand down over 20million bpd in April. OPEC & OPEC+ cuts not sufficient to bridge the gap.



# WHAT CAN OIL COs DO?



## Oil Price:

Cut Capex: (over \$60bn announced)

- Unsanctioned projects
- In-fill drilling programmes

Cut all non-essential Opex

- Non-urgent maintenance/mods
- Well workover activity

## COVID-19:

- Hygiene precautions
- Reduce manning where possible
- Isolate platforms with infections
- Remove seriously-ill staff with purpose-configured rotorcraft
- Reduce transfer frequency

# GLOBAL: CURRENT ACTIVITY (WEEKLY)

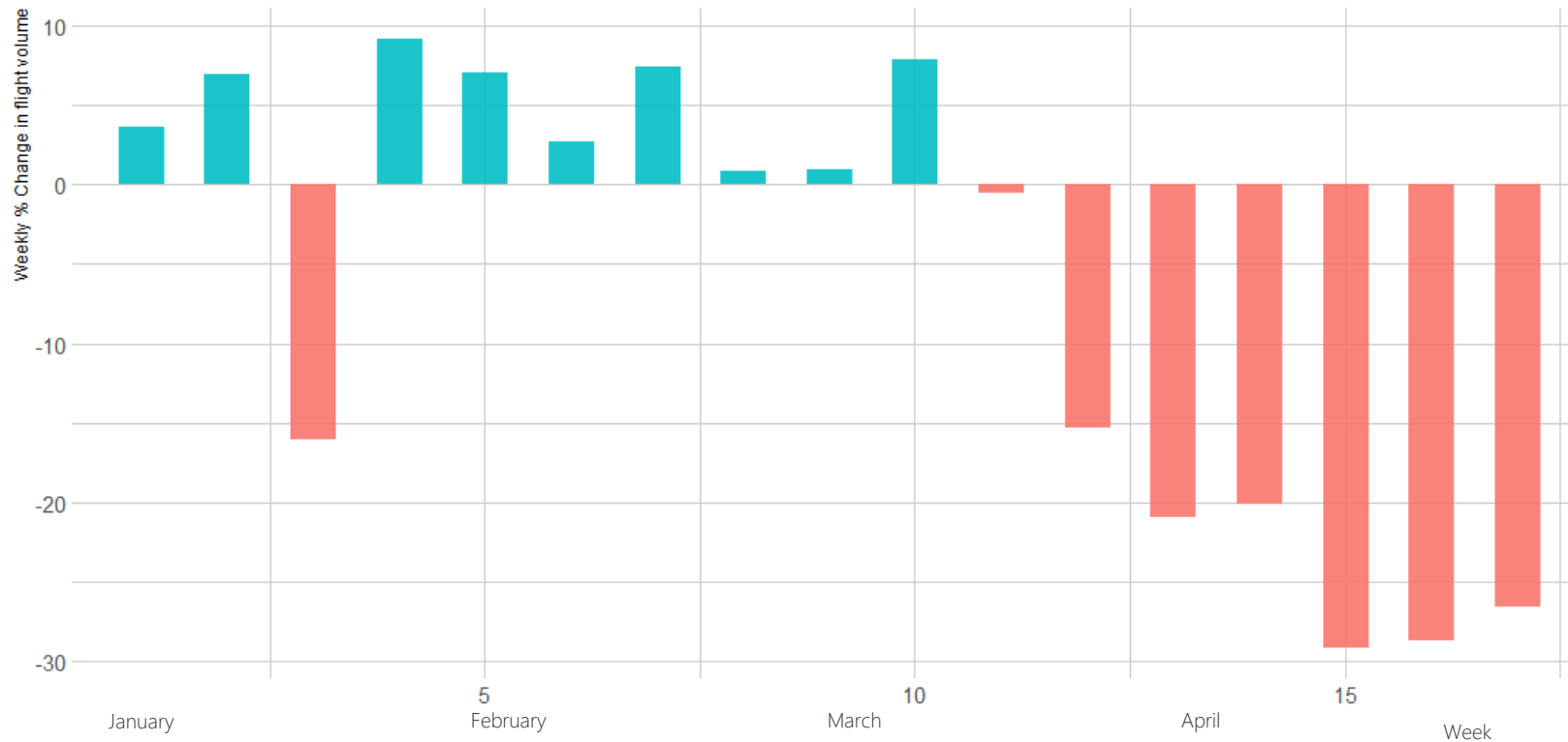


Chart shows percentage change in number of weekly flights 2020 vs 2019 for Heavy & Super-Medium rotorcraft. (to May 1<sup>st</sup>)

Changes in manning in early March caused a slight increase in flight activity.

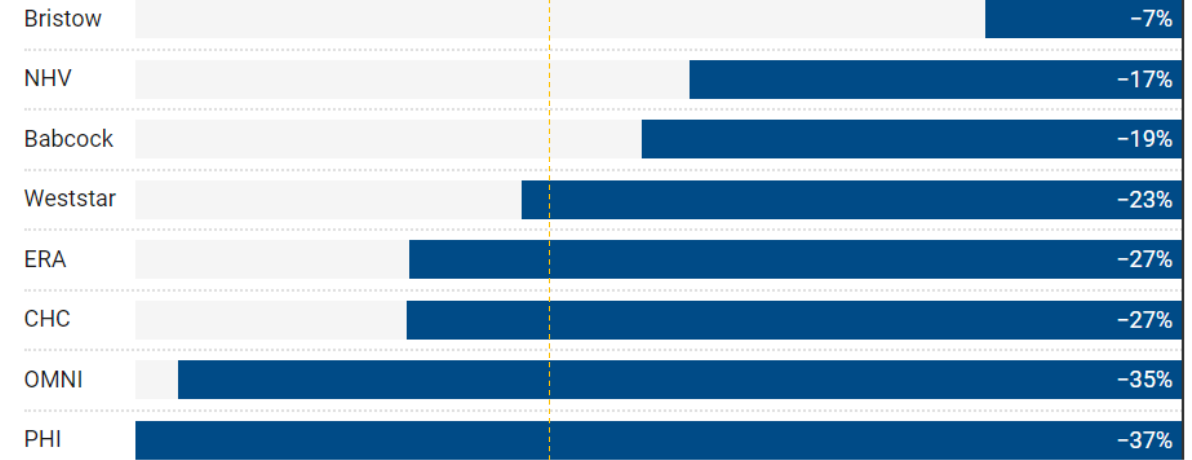
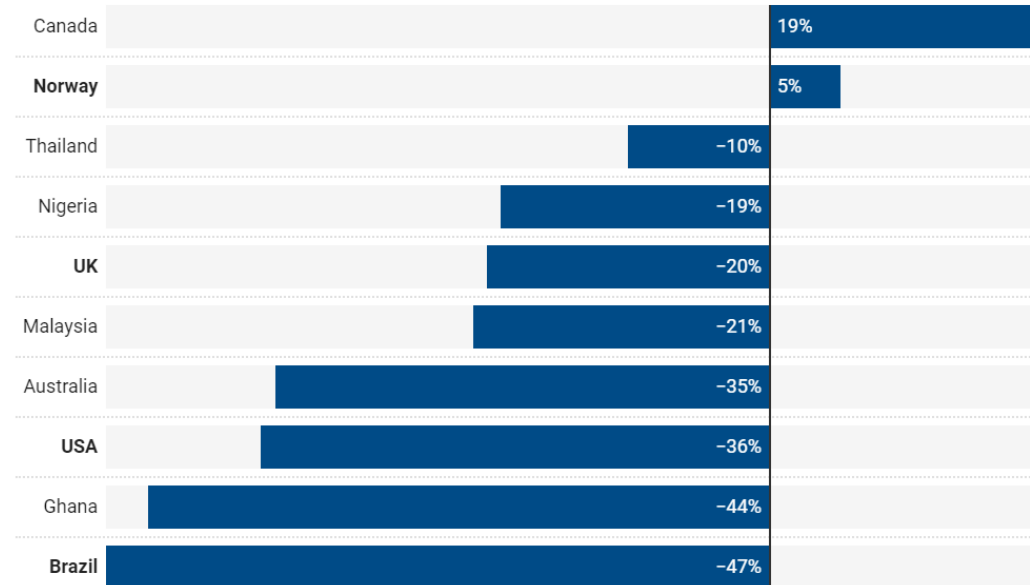
In late March started to see impact with 21% fall in activity.

By late April the global decrease in activity had hit -29%.

But – *huge variation by operator and country.....*

# GLOBAL: CURRENT ACTIVITY

## Heavy & Super-Medium Flights March - April 2020



The change in activity March – April this year is striking for a number of reasons.

- Lockdowns and border closures – can you get your **crew/pax into the country** to operate? (e.g. Ghana)
- Can you **service your aircraft in-country** or does it have to go elsewhere? Can it cross borders in the borders in the process?
- Social distancing measures are **reducing no of passengers per aircraft** – e.g. empty first row/bulkhead seats
- Did some countries get organised earlier? E.g comparing April with Jan, Norway -5% - i.e was already lower in March vs earlier in the year)

# UK COMPETITIVE LANDSCAPE (1)

## BABCOCK

- Last trading update was dismal and CEO pretty much washing his hands of the offshore business...
- Poor contract retention in last 12 months
- Attempts to exit the business have thus far failed
- Potential upside in IAC contract evaporates in current climate

## CHC

- Insist they are well-funded and "on a path to positive cash flow"... (many others say otherwise...)
- More layoffs this year pre-Covid-19 issues
- Good contract retention
- Robust client base primarily consisting of oil majors.
- Ability to use innovative measures to keep fleet flying

## BRISTOW

- Well-positioned global market leader
- Now benefits from a 'Post Chapter 11 balance sheet'
- Group cost savings to come from merger with ERA
- Exposure to Norway is a positive in this market
- Lost IAC to Babcock
- UK SAR contract re-tendering late 2020

## NHV

- Have taken significant market share in UK over the last decade.
- Client base currently consists of smaller oil companies and OFS players
- Mix of field risk (early shut-ins) and client risk.
- Continued contract wins in 2020 (Blackpool + others)
- Premier insist "Significant liquidity" and 30% of 2020 production hedged at \$60/bbl. Opex cost is circa \$20/bbl.



# UK COMPETITIVE LANDSCAPE (2)

## BABCOCK

- CNOOC: Buzzard, COSL Pioneer, Golden Eagle, Maersk Innovator, Scott.
- TOTAL: Dumbarton (Global Producer 3), Alisa, Gryphon, Culzean, Maersk Highlander, Dunbar, Rowan Gorilla V.
- CNR: Ninian Central, Ninian South, Petrojarl Banff\* / Apollo Spirit FSO\*
- ENQUEST: Enquest Producer, Stena Don, Heather, Kraken, Northern Producer.
- SERICA: Bruce
- INEOS: Unity
- TAQA: Harding
- Fairfield: Dunlin

## CHC

- SHELL: Nelson, Shearwater, Clipper, Leman A, Brent, Gannet.
- EQUINOR: Mariner, Noble Lloyd Noble
- CHRYSOAR: Armada, North Everest, Lomond
- NEPTUNE: Cygnus Alpha
- TOTAL: Culzean, West Franklin, Elgin, Rowan Gorilla V, Alwyn, Dunbar.
- FAIRFIELD: Dunlin

## BRISTOW

- BP: ETAP, Clair Ridge, Clair, Andrew.
- CHRYSOAR: Judy, Joanne, Jasmine, Britannia, Kelvin, Saturn
- APACHE: Forties, Beryl
- REPSOL SINOPEC: Blake & Ross (Bleo Holm FPSO), Fulmar, Clyde, Beatrice, Claymore, Tartan, Piper, Saltire, Montrose.
- TAQA: Tern, Cormorant, Brae
- CNR: Ninian
- ENQUEST: Magnus
- PERENCO: Indefatigable 23A, Cleeton, Leman 27A, West Sole Alpha, Ravenspurn North CPP

## NHV

- DANA: Triton FPSO, Western Isles, Chestnut.
- ITHACA: Captain, Alba, Alba North
- PETROFAC: FPF1, Ketch, Schooner
- PREMIER: Catcher, Voyageur Spirit FPSO, Balmoral, Tolmount, Solan.
- TBA (IOC)

# FINAL THOUGHTS

- Until the world goes back to work and oil supply/demand is rebalanced **the oil industry faces an unprecedented period of distress.**
- E&P Cos will be desperate to avoid cutting/halting dividends and will aggressively cut capex and try reduce costs in the OFS supply chain wherever/however possible. Problem is that the OFS supply chain is now very lean – is there anything left to cut? Likely to see failures of OFS cos and potentially E&P cos in the next six months.
- Too much distress for the crew transfer market to take? Will we see a major shake up of the operators and positioning for the 'new normal'?
- **Crisis has proved rotorcraft are as relevant as ever.** Offshore market will be v difficult in near-term but there will be a market to come back to here...