

CHC Group Ltd.  
Form 10-Q  
March 14, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
 OF 1934

For the Quarterly Period Ended January 31, 2014

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-36261

CHC Group Ltd.  
(Exact name of registrant as specified in its charter)

Luxembourg 98-0587405  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

190 Elgin Avenue  
George Town  
Grand Cayman, KY1-9005  
Cayman Islands  
(Address of principal executive offices, zip code)  
(604) 276-7500  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of January 31, 2014, there were 77,519,484 ordinary shares outstanding.

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 QUARTERLY REPORT ON FORM 10-Q  
 FOR THE QUARTER ENDED  
 January 31, 2014  
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PART I—FINANCIAL INFORMATION

TRADEMARKS

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GLOSSARY

Deepwater	Water depths of approximately 4,500 feet to 7,499 feet.
Embedded equity	Embedded equity, an intangible asset, represents the amount by which the estimated market value of a leased helicopter exceeded the leased helicopter purchase option price at September 16, 2008, the acquisition date of the predecessor of our indirect subsidiary by First Reserve Management, L.P. (or First Reserve). Embedded equity is assessed on an ongoing basis for impairment. Impairment, if any, is recognized in the consolidated statements of operations.
EMS	Emergency medical services.
Heavy helicopter	A category of twin-engine helicopters that requires two pilots, can accommodate 16 to 26 passengers and can operate under instrument flight rules, which allow daytime and nighttime flying in a variety of weather conditions. The greater passenger capacity, larger cabin, longer flight range, and ability to operate in adverse weather conditions make heavy helicopters more suitable than single engine helicopters for offshore support. Heavy helicopters are generally utilized to support the oil and gas sector, construction and forestry industries and SAR and EMS customer requirements.
Average HE count	Our heavy and medium helicopters, including owned and leased, are weighted at 100% and 50%, respectively, to arrive at a single HE count, excluding helicopters that are expected to be retired from the fleet. The average HE count for a period is calculated using a weighed average of the HE count for the beginning and end of each quarter included in that period.
HE Rate	The Heavy Equivalent Rate, or the HE Rate, is the third-party operating revenue from the Helicopter Services segment (excluding reimbursable revenue) divided by a weighted average factor corresponding to the number of heavy and medium helicopters in our fleet.
Long-term contracts	Contracts of three years or longer in duration.
Medium helicopter	A category of twin-engine helicopters that generally requires two pilots, can accommodate eight to 15 passengers and can operate under instrument flight rules, which allow daytime and nighttime flying in a variety of weather conditions. The greater passenger capacity, longer flight range, and ability to operate in adverse weather conditions make medium helicopters more suitable than single engine helicopters for offshore support. Medium helicopters are generally utilized to support the oil and gas sector, construction and forestry industries and SAR and EMS customer bases in certain jurisdictions. Medium helicopters can also be used to support the utility and mining sectors, as well as certain parts of the construction and forestry industries, where transporting a smaller number of passengers or carrying light loads over shorter distances is required.
MRO	Maintenance, repair and overhaul.
New technology	When used herein to classify our helicopters, a category of higher-value, recently produced, more sophisticated and more comfortable helicopters, including Airbus Helicopters (formerly Eurocopter) EC225, EC135, EC145 and EC155; Agusta's AW139; and Sikorsky' S76C+, S76C++ and S92A.
OEM	Original equipment manufacturer.
PBH	

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Power-by-the-hour. A program where a helicopter operator pays a fee per flight hour to an MRO provider as compensation for repair and overhaul components required in order for the helicopter to maintain an airworthy condition.

Rotables

Helicopter parts that can be repaired and reused such that they typically have an expected life approximately equal to the helicopters they support.

SAR

Search and rescue.

Ultra-deepwater

Water depths of approximately 7,500 feet or more.

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## ITEM 1. FINANCIAL STATEMENTS

CHC Group Ltd.

Consolidated Balance Sheets

(Expressed in thousands of United States dollars except share information)

(Unaudited)

	April 30, 2013	January 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$123,801	\$417,145
Receivables, net of allowance for doubtful accounts of \$4.3 million and \$2.6 million, respectively	317,302	267,461
Income taxes receivable	25,871	25,003
Deferred income tax assets	49	79
Inventories (note 5)	105,794	124,564
Prepaid expenses	22,219	28,502
Other assets (note 6)	56,083	49,571
	651,119	912,325
Property and equipment, net (note 3)	1,075,254	1,039,212
Investments	26,896	30,817
Intangible assets (note 7)	197,810	179,746
Goodwill	430,462	424,502
Restricted cash	29,639	22,689
Other assets (note 6)	439,789	547,150
Deferred income tax assets	10,752	10,782
Assets held for sale (note 4)	32,047	32,637
	\$2,893,768	\$3,199,860
Liabilities and Shareholders' Equity		
Current liabilities:		
Payables and accruals	\$420,406	\$375,648
Deferred revenue	27,652	31,855
Income taxes payable	48,073	45,627
Deferred income tax liabilities	618	522
Current facility secured by accounts receivable (note 2)	53,512	46,876
Other liabilities (note 8)	47,791	29,300
Current portion of long-term debt obligations (note 9)	2,138	132,792
	600,190	662,620
Long-term debt obligations (note 9)	1,475,087	1,545,761
Deferred revenue	55,990	79,835
Other liabilities (note 8)	246,455	279,939
Deferred income tax liabilities	10,627	10,168
Total liabilities	2,388,349	2,578,323
Redeemable non-controlling interest (note 2)	(8,262	) (5,612
Capital stock: Par value \$0.0001 (note 11):		)
Authorized: 2,000,000,000		
Issued: 46,519,484 and 77,519,484	5	8
Contributed surplus (notes 11 and 21)	1,696,066	2,007,445
Deficit	(1,092,555	) (1,241,879
		)

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Accumulated other comprehensive loss	(89,835	) (138,425	)
	513,681	627,149	
	\$2,893,768	\$3,199,860	

See accompanying notes to interim consolidated financial statements.

See table in Note 2(a)(i) for certain amounts included in the Consolidated Balance Sheets related to variable interest entities.

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CHC Group Ltd.

Consolidated Statements of Operations

(Expressed in thousands of United States dollars except share information)

(Unaudited)

	Three months ended		Nine months ended	
	January 31, 2013	January 31, 2014	January 31, 2013	January 31, 2014
Revenue	\$441,839	\$453,894	\$1,304,694	\$1,312,197
Operating expenses:				
Direct costs	(355,645	) (378,013	) (1,053,129	) (1,092,913
Earnings from equity accounted investees	850	2,072	2,687	5,990
General and administration costs	(18,729	) (39,182	) (56,299	) (77,839
Depreciation	(28,701	) (35,407	) (84,646	