

Exactly the type of mindset – responsiveness – resolve needed right now – across CHC  
 Apparent to all of us:

Sharp, seven-month decline in oil prices is major disrupter for our industry

Oil prices down nearly 60% in past seven months

80% of our revenue – and good portion of our third-party MRO – dependent on O&G customers

Not first time oil prices have dropped steeply – also 1980s, 1990s – and six years ago

Difference in 2008 – industry was on cusp of significant transition to new-technology aircraft

So while demand for flying service declined – revenue actually increased with updated fleets

*No such safety net this time*

Net: in uncharted territory right now – with no certainty about degree – duration – “new” normal

## Customers: Slashing Capex, Disciplined Opex

- Capex actions essentially across the industry
  - E.g., Shell -20%, BG Group -17/33%, Hess -30% (two years)
- Decisions pending on 800 O&G projects, ~\$500B

FT

Oil majors under pressure to curb spending

RIGZONE

Hess Cuts 2014 Capital Budget

WSJ

Statoil to Postpone 2020 Production Target

CREDIT SUISSE 

Rigs Will Be Stacked Next Year

BG GROUP 

Capex Set to decline

Chevron 

Chevron Lowers Capital Expenditure for 2014, Shifts Focus to Shale Gas

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In response, customers significantly cutting back on spending – new examples reported every day

Largest U.S. oil-and-gas producers have cut 2015 capital spending budgets by 20% or more:

Yesterday: Total to reduce group wide capital spending 10%

One analyst said global firms could reduce Capex by another 10% in 2016

Another estimate: investment decisions pending on 800 2015 O&G projects worth \$500B...

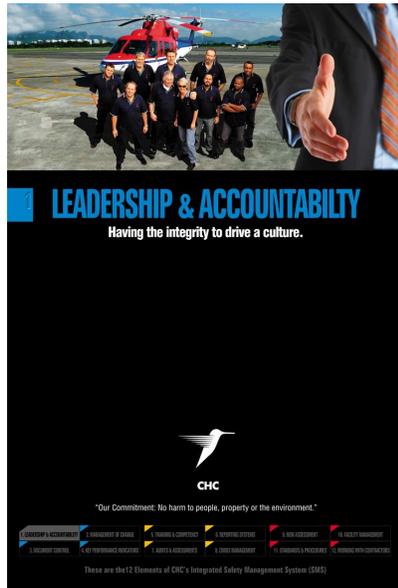
...With potential for \$150B to be put on hold

Effects extending to O&G service providers:

Also yesterday: Baker Hughes, cutting 7,000 employees

Last Friday: Schlumberger – 9,000 more jobs, 7% of global workforce

## Safety: Leadership and Accountability



- We set terms for *culture*
- We lead by *example*
- We take *accountability*
- We empower to *do it right*

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Our SMS for January is Leadership and Accountability

One current concern is a continued increase in our TRIR rate – that is a measure of injuries on the job.

It's something we all need to be especially aware of and help prevent colleagues getting hurt at work.

If you see an unsafe practice call it out and help correct it.

If you see great safety behaviour – call that out as a positive.

## Basis for Leadership Call to Action



- Oil price decline is major disrupter
  - Customers, others significantly cutting back on spending
- In this environment, some pressure on revenue likely
- Need to look closely at our total cost structure
  - Will continue transformation, but need more ideas, actions
- Work underway to solidify view to FY16
  - Revenue, cost analysis not done; more to come

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Major disruption of oil prices – O&G companies – our industry is apparent to all

No surprise – leading to broad, sizeable reductions in spending

Some pressure on our revenue can be expected

So it is our responsibility to look closely at and assess CHC's total cost structure

Transformation has taken us a long way to higher safety – availability – customer satisfaction and will carry us still further

However, new ideas and resolve is also required in this environment

We are working right now to solidify our view to revenue, costs for FY16 – and what that implies

Responsible approach is to assume oil-price weakness for 18 to 24 months – maybe more and to act accordingly

So that we are most flexible and competitive now –and can be ahead of others when demand improves