

Edgar Filing: Bristow Group Inc - Form 10-K

Bristow Group Inc
Form 10-K
May 21, 2014
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended March 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 001-31617

Bristow Group Inc.
(Exact name of registrant as specified in its charter)

Delaware 72-0679819
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

2103 City West Blvd., 77042
4thFloor (Zip Code)
Houston, Texas

(Address of principal executive offices)
Registrant's telephone number, including area code: (713) 267-7600

Securities registered pursuant to Section 12(b) of the Act:

| | |
|--------------------------------|---|
| Title of each Class | Name of each exchange on which registered |
| Common Stock (\$.01 par value) | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES NO

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Edgar Filing: Bristow Group Inc - Form 10-K

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

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant, based upon the closing price on the New York Stock Exchange, as of September 30, 2013 was \$2,530,357,785.

The number of shares outstanding of the registrant's Common Stock as of May 16, 2014 was 35,585,384.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's Definitive Proxy Statement, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the Registrant's fiscal year, are incorporated by reference under Part III of this Form 10-K.

Table of Contents

BRISTOW GROUP INC.
INDEX — ANNUAL REPORT (FORM 10-K)

| | Page |
|---|------------|
| <u>Introduction</u> | <u>1</u> |
| <u>Forward-Looking Statements</u> | <u>1</u> |
| <u>PART I</u> | |
| Item 1. <u>Business</u> | <u>15</u> |
| Item 1A. <u>Risk Factors</u> | <u>17</u> |
| Item 1B. <u>Unresolved Staff Comments</u> | <u>31</u> |
| Item 2. <u>Properties</u> | <u>31</u> |
| Item 3. <u>Legal Proceedings</u> | <u>31</u> |
| Item 4. <u>Mine Safety Disclosures</u> | <u>31</u> |
| <u>PART II</u> | |
| Item 5. <u>Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | <u>32</u> |
| Item 6. <u>Selected Financial Data</u> | <u>34</u> |
| Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>68</u> |
| Item 7A. <u>Quantitative and Qualitative Disclosures about Market Risk</u> | <u>68</u> |
| Item 8. <u>Consolidated Financial Statements and Supplementary Data</u> | <u>72</u> |
| Item 9. <u>Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u> | <u>137</u> |
| Item 9A. <u>Controls and Procedures</u> | <u>137</u> |
| Item 9B. <u>Other Information</u> | <u>139</u> |
| <u>PART III</u> | |
| Item 10. <u>Directors, Executive Officers and Corporate Governance</u> | <u>139</u> |
| Item 11. <u>Executive Compensation</u> | <u>139</u> |
| Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | <u>139</u> |
| Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u> | <u>139</u> |
| Item 14. <u>Principal Accounting Fees and Services</u> | <u>139</u> |
| <u>PART IV</u> | |
| Item 15. <u>Exhibits, Financial Statement Schedules</u> | <u>140</u> |
| <u>Signatures</u> | <u>145</u> |

Table of Contents

BRISTOW GROUP INC.

ANNUAL REPORT (FORM 10-K)

INTRODUCTION

This Annual Report on Form 10-K is filed by Bristow Group Inc., which we refer to as Bristow Group or the Company.

We use the pronouns “we”, “our” and “us” and the term “Bristow Group” to refer collectively to Bristow Group and its consolidated subsidiaries and affiliates, unless the context indicates otherwise. We also own interests in other entities that we do not consolidate for financial reporting purposes, which we refer to as unconsolidated affiliates, unless the context indicates otherwise. Bristow Group, Bristow Aviation Holdings Limited (“Bristow Aviation”), our consolidated subsidiaries and affiliates, and the unconsolidated affiliates are each separate corporations, limited liability companies or other legal entities, and our use of the terms “we,” “our” and “us” does not suggest that we have abandoned their separate identities or the legal protections given to them as separate legal entities. Our fiscal year ends March 31, and we refer to fiscal years based on the end of such period. Therefore, the fiscal year ended March 31, 2014 is referred to as “fiscal year 2014”.

We are a Delaware corporation incorporated in 1969. Our executive offices are located at 2103 City West Blvd., 4th Floor, Houston, Texas 77042. Our telephone number is (713) 267-7600.

Our website address is <http://www.bristowgroup.com>. We make our website content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this Annual Report. All of our periodic report filings with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) for fiscal periods ended on or after December 15, 2002 are made available, free of charge, through our website, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and any amendments to these reports. These reports are available through our website as soon as reasonably practicable after we electronically file or furnish such material to the SEC. In addition, the public may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or on the SEC’s Internet website located at <http://www.sec.gov>. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are statements about our future business, strategy, operations, capabilities and results; financial projections; plans and objectives of our management; expected actions by us and by third parties, including our clients, competitors, vendors and regulators; and other matters. Some of the forward-looking statements can be identified by the use of words such as “believes”, “belief”, “expects”, “plans”, “anticipates”, “intends”, “projects”, “estimates”, “may”, “might”, “would”, “could” or other similar words; however, all statements in this Annual Report, other than statements of historical fact or historical financial results are forward-looking statements.

Our forward-looking statements reflect our views and assumptions on the date we are filing this Annual Report regarding future events and operating performance. We believe they are reasonable, but they involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control, that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Accordingly, you should not put undue reliance on any forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- the possibility of political instability, war or acts of terrorism in any of the countries where we operate;
- fluctuations in worldwide prices of and demand for oil and natural gas;
- fluctuations in levels of oil and natural gas exploration and development activities;
- fluctuations in the demand for our services;
- the existence of competitors;
- the existence of operating risks inherent in our business, including the possibility of declining safety performance;

the possibility of changes in tax and other laws and regulations;

the possibility that the major oil companies do not continue to expand internationally;

1

Table of Contents

• the possibility of significant changes in foreign exchange rates and controls;
• general economic conditions including the capital and credit markets;
• the possibility that we may be unable to acquire additional aircraft due to limited availability or unable to exercise aircraft purchase options;
• the possibility that we may be unable to dispose of older aircraft through sales into the aftermarket;
• the possibility that we may be unable to obtain financing or we may be unable to draw on our credit facilities;
• the possibility that segments of our fleet may be grounded for extended periods of time or indefinitely;
• the possibility that we may be unable to re-deploy our aircraft to regions with greater demand;
• the possibility that reductions in spending on helicopter services by governmental agencies could lead to modifications of search and rescue (“SAR”) contract terms or delays in receiving payments; and
• the possibility that we do not achieve the anticipated benefits from the addition of new-technology aircraft to our fleet.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. For a more detailed description of risk factors, please see the risks and uncertainties described under Item 1A. “Risk Factors” included elsewhere in this Annual Report.

All forward-looking statements in this Annual Report are qualified by these cautionary statements and are only made as of the date of this Annual Report. We do not undertake any obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

PART I

Item 1. Business

Overview

We are the leading provider of helicopter services to the worldwide offshore energy industry based on the number of aircraft operated and one of two helicopter service providers to the offshore energy industry with global operations. We have a long history in the helicopter services industry through Bristow Helicopters Ltd. (“Bristow Helicopters”) and Offshore Logistics, Inc., having been founded in 1955 and 1969, respectively. We have major transportation operations in the North Sea, Nigeria and the U.S. Gulf of Mexico, and in most of the other major offshore energy producing regions of the world, including Australia, Brazil, Canada, Russia and Trinidad. We provide private sector SAR services in Australia, Canada, Norway, Russia and Trinidad, and we began providing public sector SAR services in North Scotland on behalf of the Maritime & Coastguard Agency in June 2013. Additionally, in March 2013 we were awarded a new contract to provide public sector SAR services for all of the U.K., which will commence during fiscal year 2016.

We generated 83%, 94% and 92% of our consolidated operating revenue, business unit operating income and business unit adjusted EBITDAR, respectively, from operations outside of the U.S. in fiscal year 2014. Adjusted EBITDAR is calculated by taking our net income and adjusting for interest expense, depreciation and amortization, rent expense (included as components of direct cost and general and administrative expense), provision for income taxes, gain (loss) on disposal of assets and any special items during the reported periods.

We conduct our business in one segment: Helicopter Services. The Helicopter Services segment operations are conducted primarily through five business units:

- Europe,
- West Africa,
- North America,
- Australia, and
- Other International.

We provide helicopter services to a broad base of major integrated, national and independent offshore energy companies. Our clients charter our helicopters primarily to transport personnel between onshore bases and offshore production platforms, drilling rigs and other installations. To a lesser extent, our clients also charter our helicopters to transport time-sensitive equipment to these offshore locations. These clients’ operating expenditures in the production sector are the principle source of our revenue, while their exploration and development capital expenditures provide a lesser portion of our revenue. The clients for SAR services include both the oil and gas industry, where our revenue is primarily dependent on our client’s operating expenditures, and governmental agencies, where our revenue is dependent on a country’s desire to privatize SAR and enter into long-term contracts.

Helicopters are generally classified as small (four to eight passengers), medium (12 to 16 passengers) and large (18 to 25 passengers), each of which serves a different transportation need of the offshore energy industry. Medium and large helicopters, which can fly in a wider variety of operating conditions, over longer distances, at higher speeds and carry larger payloads than small helicopters, are most commonly used for crew changes on large offshore production facilities and drilling rigs. With these enhanced capabilities, medium and large helicopters have historically been preferred in international markets, where the offshore facilities tend to be larger, the drilling locations tend to be more remote and the onshore infrastructure tends to be more limited. Additionally, local governmental regulations in certain international markets require us to operate twin-engine medium and large aircraft in those markets. Global demand for medium and large helicopters is driven by drilling, development and production activity levels in deepwater locations throughout the world, as the medium and large aircraft are able to travel to these deepwater locations. Small helicopters are generally used for shorter routes and to reach production facilities that cannot accommodate medium and large helicopters. Our small helicopters operate primarily over the shallow waters offshore the U.S. Gulf of Mexico and Nigeria. Worldwide there are approximately 8,000 production platforms and 770 offshore rigs. We are able to deploy our aircraft to the regions with the greatest demand, subject to the satisfaction of local governmental regulations. SAR operations utilize medium and large aircraft that are specially configured to conduct these types of

operations in environments around the world. The commercial aircraft in our consolidated fleet are our primary source of revenue. To normalize the consolidated operating revenue of our fleet for the different revenue productivity and cost of our commercial aircraft, we use a common weighted factor that combines large, medium and small aircraft into a combined standardized number of revenue producing commercial aircraft

3

Table of Contents

assets. We call this measure Large AirCRAFT Equivalent (“LACE”). Our commercial large, medium and small aircraft, including owned and leased, are weighted as 100%, 50%, and 25%, respectively, to arrive at a single LACE number, which excludes Bristow Academy aircraft, fixed wing aircraft, affiliate aircraft, aircraft held for sale and aircraft construction in process. We divide our operating revenue from commercial contracts relating to these aircraft, which excludes operating revenue from affiliates and reimbursable revenue, by LACE to develop a LACE rate, which is a standardized rate.

There are also additional markets for helicopter services beyond the offshore energy industry and SAR, including agricultural support, air medical, tourism, firefighting, corporate transportation, traffic monitoring, police and military. The existence of these alternative markets enables us to better manage our helicopter fleet by providing potential purchasers for older aircraft and for our excess aircraft during times of reduced demand in the offshore energy industry. As part of an ongoing process to rationalize and simplify our global fleet of helicopters, we plan to reduce our current fleet, consisting of 28 different fleet and sub-fleet types, to eight fleet types in approximately five years and five fleet types in approximately ten years. During fiscal year 2014, we completed our exit from five fleet types and expect to exit from an additional eight fleet types over the next two fiscal years. As we modernize our fleet, we have recently added two new fleet types, the AgustaWestland AW189 large and S-76D medium aircraft; the first AW189 was delivered in April 2014 and the first three Sikorsky S-76Ds were delivered in the last two quarters of fiscal year 2014. This is the first time in five years that we have introduced a new aircraft fleet type into our fleet. These aircraft and other new technology models will comprise our service offering as we reduce the overall number of aircraft in our fleet in the upcoming years.

We position our business to be the preferred provider of helicopter services by maintaining strong relationships with our clients and providing safe and high-quality service. In order to create further differentiation and add value to our clients, we focus on enhancing our value to our clients through our “Bristow Client Promise” program, which are the initiatives of “Target Zero Accidents,” “Target Zero Downtime” and “Target Zero Complaints.” This program is designed to help our clients better achieve their offshore objectives by providing higher hours of zero-accident flight time with on-time and up-time helicopter transportation service. We maintain close relationships with our clients’ field operations, corporate management and contacts at governmental agencies which we believe help us better anticipate client needs and provide our clients with the right aircraft in the right place at the right time, which in turn allows us to better manage our fleet utilization and capital investment program. By better understanding and delivering on our clients’ needs with our global operations and safety standards, we believe we effectively compete against other helicopter service providers based on aircraft availability, client service, safety and reliability, and not just price. We also leverage our close relationships with our industry peers to establish mutually beneficial operating practices and safety standards industry-wide.

In addition to our primary Helicopter Services operations, we also operate a training business unit, Bristow Academy, and provide technical services to clients in the U.S. and U.K. See “— Bristow Academy” and “— Technical Services” below for further discussion of these operations.

Most countries in which we operate limit foreign ownership of aviation companies. To comply with these regulations and at the same time expand internationally, we have formed or acquired interests in a number of foreign helicopter operators. These investments typically combine a local ownership interest with our experience in providing helicopter services to the offshore energy industry. These arrangements have allowed us to expand operations while diversifying the risks and reducing the capital outlays associated with independent expansion. We lease some of our aircraft to a number of unconsolidated affiliates, which in turn provide helicopter services to clients locally.

In fiscal year 2013, Bristow Helicopters was awarded a new contract with the Department for Transport in the U.K. to provide SAR services for all of the U.K. The SAR services contract has a phased-in transition period beginning in April 2015 and continuing to July 2017 and a contract length of approximately ten years. Under the terms of this contract, Bristow Helicopters has agreed to provide 11 Sikorsky S-92 and 11 AgustaWestland AW189 helicopters that will be located at ten bases across the U.K. Each SAR base will operate either two S-92s or two AW189s. In addition to the ten bases with 20 aircraft, the contract provides for two fully SAR-equipped training aircraft that can be deployed to any base as needed. SAR service not related to the oil and gas industry include previously awarded work involving seven aircraft for U.K. Gap SAR, five aircraft in Ireland, two aircraft in the Dutch Antilles and 18 additional

aircraft for our U.K. SAR contract.

4

Table of Contents

The SAR market is continuing to evolve, and we believe further outsourcing of SAR services to the private sector will continue as it is successfully deployed for governments. We are aware of other opportunities yet to be awarded in the future for up to 16 aircraft in various countries including Australia, Brazil, the Falklands, Libya, the Netherlands and Nigeria.

Since the beginning of fiscal year 2009, we have made strategic investments and acquisitions including investment in new generations of aircraft that are in heavy demand by our clients, expanded or increased investments in new markets, including investments by Bristow Helicopters in Eastern Airways International Limited (“Eastern Airways”) in the U.K. and in Bristow Norway, and our investments in Cougar Helicopters Inc. (“Cougar”) in Canada and Líder TÁxi Aéreo S.A. (“Líder”) in Brazil (giving us access to one of the fastest growing offshore helicopter markets in the world). Also since the beginning of fiscal year 2009, we have raised \$1.4 billion of capital in a mix of debt and equity with both public and private financings, generating gross proceeds of \$177.2 million through the divestiture of non-core businesses (including the sale of 53 small aircraft and related assets operating in the U.S. Gulf of Mexico in fiscal year 2009 and the sale of our 50% interest in each of FBS Limited, FB Heliservices Limited and FB Leasing Limited, collectively referred to as the FB Entities, in fiscal year 2014), generated proceeds of approximately \$315 million through the sale of other aircraft to the helicopter aftermarket and received \$673 million from the sale and leaseback of 34 aircraft during fiscal years 2012, 2013 and 2014. Concurrently, we have invested over \$2.4 billion in capital expenditures to grow our business.

While we plan to continue to be disciplined concerning future capital commitments, we also intend to continue prudently managing our capital structure and liquidity position with external financings as needed. Our strategy will involve funding our short-term liquidity requirements with borrowings under our amended and restated revolving credit and term loan agreement (“Amended and Restated Credit Agreement”), which consists of a \$350 million revolving credit facility (“Revolving Credit Facility”) and a \$250 million term loan (“Term Loan”) (together referred to as our “Credit Facilities”), and funding our long-term financing needs, while maintaining a prudent capital structure, among the following alternatives: a) operating leases, b) bank debt, c) public or private debt and/or equity placements and d) private and export credit agency-supported financings.

Not only have we invested in the Company, we are also committed to returning capital to investors. Since fiscal year 2012, we have repurchased \$113.4 million of shares through our share repurchase program and paid \$86.7 million in dividends to deliver a more balanced return to our shareholders. See Item 7. “Management’s Discussion and Analysis of Financial Condition — Our Strategy — Capital Allocation Strategy” included elsewhere in this Annual Report for further details on our dividends and share buyback program.

Our capital commitments in future periods related to fleet renewal are discussed under Item 7. “Management’s Discussion and Analysis of Financial Condition — Liquidity and Capital Resources — Future Cash Requirements” included elsewhere in this Annual Report and are detailed in the table provided in that section.

Consistent with our growth strategy, we regularly engage in discussions with potential sellers and strategic partners regarding the possible purchase of assets, pursuit of joint ventures or other expansion opportunities that increase our position in existing markets or facilitate expansion into new markets. These potential expansion opportunities consist of both smaller transactions as well as larger transactions that could have a material impact on our financial position, cash flow and results of operations. We cannot predict the likelihood of completing, or the timing of, any such transactions.

Table of Contents

As of March 31, 2014, the aircraft in our fleet, the aircraft which we expect to take delivery of in the future and the aircraft which we have the option to acquire were as follows:

| Type | Number of Aircraft | | | | | | Unconsolidated Affiliates ⁽³⁾ | Maximum Passenger Capacity |
|----------------------------|-------------------------|-------------------|--------------------|------------------------------|----------------------------|--------------------------------|---|----------------------------------|
| | Consolidated Affiliates | | | | | | | |
| | Operating Aircraft | Owned Aircraft | Leased Aircraft | Aircraft Held For Sale | On Order ⁽¹⁾ | Under Option ⁽²⁾ | | |
| Large Helicopters: | | | | | | | | |
| AS332L Super Puma | | 14 | — | 4 | — | — | — | 18 |
| AW 189 | | — | — | — | 17 | 6 | — | 16 |
| EC175 | | — | — | — | 5 | 7 | — | 16 |
| EC225 | | 14 | 6 | — | 3 | 9 | — | 19 |
| Mil Mi-8 | | 7 | — | — | — | — | — | 20 |
| Sikorsky S-61 | | — | — | 2 | — | — | — | 18 |
| Sikorsky S-92 | | 35 | 23 | — | 8 | 12 | 7 | 19 |
| | | 70 | 29 | 6 | 33 | 34 | 7 | |
| Medium Helicopters: | | | | | | | | |
| AW 139 | | 8 | 7 | — | 3 | 5 | 2 | 12 |
| Bell 212 | | — | — | — | — | — | 14 | 12 |
| Bell 412 | | 20 | — | 7 | — | — | 19 | 13 |
| EC155 | | 1 | — | — | — | — | — | 13 |
| Sikorsky S-76 A/A++ | | 4 | — | — | — | — | 5 | 12 |
| Sikorsky S-76 C/C++ | | 41 | 10 | — | — | — | 34 | 12 |
| Sikorsky S-76D | | 3 | — | — | 7 | 16 | — | 12 |
| | | 77 | 17 | 7 | 10 | 21 | 74 | |
| Small Helicopters: | | | | | | | | |
| Bell 206B | | — | 1 | — | — | — | 2 | 4 |
| Bell 206L Series | | 5 | 4 | — | — | — | 6 | 6 |
| Bell 407 | | 35 | — | — | — | — | — | 6 |
| BK-117 | | — | 2 | — | — | — | — | 7 |
| BO-105 | | 1 | — | — | — | — | — | 4 |
| EC135 | | — | — | 2 | — | — | 3 | 6 |
| | | 41 | 7 | 2 | — | — | 11 | |
| Training Aircraft: | | | | | | | | |
| Agusta 109 | | — | — | — | — | — | 1 | 6 |
| AS 350BB | | — | — | — | — | — | 2 | 4 |
| AS 355 | | — | 2 | — | — | — | — | 5 |
| Bell 206B | | 1 | 11 | — | — | — | — | 4 |
| Robinson R22 | | — | 10 | — | — | — | — | 2 |
| Robinson R44 | | — | 7 | — | — | — | — | 4 |
| Sikorsky 300CB/CBi | | 41 | — | 1 | — | — | — | 2 |
| Fixed wing | | 1 | — | — | — | — | — | |
| | | 43 | 30 | 1 | — | — | 3 | |
| Fixed wing ⁽⁴⁾ | | 20 | 13 | — | — | — | 36 | |
| Total | | 251 | 96 | 16 | 43 | 55 | 131 | |

(1) Signed client contracts are currently in place that will utilize 19 of these aircraft. Five aircraft on order expected to enter service between fiscal years 2016 and 2017 are subject to the successful development and certification of the aircraft type. For additional information, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Future Capital Requirements” included elsewhere in this Annual Report.

6

Table of Contents

Represents aircraft which we have the option to acquire. If the options are exercised, the agreements provide that aircraft would be delivered over fiscal years 2016 through 2019. Seven aircraft under options are subject to the successful development and certification of the aircraft type. For additional information, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Future Capital Requirements” included elsewhere in this Annual Report.

(3) Includes 57 helicopters (primarily medium) and 29 fixed wing aircraft owned and managed by Líder, our unconsolidated affiliate in Brazil.

(4) In February 2014, Bristow Helicopters acquired a 60% interest in Eastern Airways. Eastern Airways operates a total of 30 fixed wing aircraft which are included in our Europe business unit.

The following table presents the distribution of our operating revenue for fiscal year 2014 and aircraft as of March 31, 2014 among our business units.

| | Operating Revenue for Fiscal Year 2014 | Aircraft in Consolidated Fleet ⁽¹⁾⁽²⁾ | | | | | | | Unconsolidated Affiliates ⁽³⁾ | Total |
|---------------------|--|--|-------|--------|-------|----------|------------|-------|--|-------|
| | | Helicopters | Small | Medium | Large | Training | Fixed Wing | Total | | |
| Europe | 41 | % — | 8 | 57 | — | 30 | 95 | — | 95 | |
| West Africa | 21 | % 8 | 29 | 7 | — | 3 | 47 | — | 47 | |
| North America | 15 | % 38 | 26 | 12 | — | — | 76 | — | 76 | |
| Australia | 10 | % 2 | 7 | 19 | — | — | 28 | — | 28 | |
| Other International | 9 | % 2 | 31 | 10 | — | — | 43 | 131 | 174 | |
| Corporate and other | 4 | % — | — | — | 74 | — | 74 | — | 74 | |
| Total | 100 | % 50 | 101 | 105 | 74 | 33 | 363 | 131 | 494 | |

(1) Includes 16 aircraft held for sale and 96 leased aircraft as follows:

| | Held for Sale Aircraft in Consolidated Fleet Helicopters | | | | | |
|---------------------|--|--------|-------|----------|------------|-------|
| | Small | Medium | Large | Training | Fixed Wing | Total |
| Europe | — | — | 5 | — | — | 5 |
| West Africa | — | 2 | — | — | — | 2 |
| North America | — | 2 | — | — | — | 2 |
| Australia | — | — | 1 | — | — | 1 |
| Other International | 2 | 3 | — | — | — | 5 |
| Corporate and other | — | — | — | 1 | — | 1 |
| Total | 2 | 7 | 6 | 1 | — | 16 |

| | Leased Aircraft in Consolidated Fleet Helicopters | | | | | |
|---------------------|---|--------|-------|----------|------------|-------|
| | Small | Medium | Large | Training | Fixed Wing | Total |
| Europe | — | 1 | 20 | — | 13 | 34 |
| West Africa | — | 1 | 1 | — | — | 2 |
| North America | 5 | 13 | 4 | — | — | 22 |
| Australia | 2 | 2 | 4 | — | — | 8 |
| Other International | — | — | — | — | — | — |
| Corporate and other | — | — | — | 30 | — | 30 |

Edgar Filing: Bristow Group Inc - Form 10-K

Total 7 17 29 30 13 96

- (2) The average age of our fleet, excluding fixed wing and training aircraft, was 11 years as of March 31, 2014.
- (3) The 131 aircraft operated by our unconsolidated affiliates do not include those aircraft leased from us.

7

Table of Contents

Our historical LACE and LACE rate is as follows:

| | Fiscal Year Ended March 31, | | | | |
|-------------------------|-----------------------------|--------|--------|--------|--------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| LACE | 158 | 158 | 149 | 153 | 159 |
| LACE Rate (in millions) | \$9.34 | \$8.35 | \$7.89 | \$7.15 | \$6.49 |

The following table presents the distribution of LACE aircraft owned and leased, and the percentage of LACE leased as of March 31, 2014. The percentage of LACE leased is calculated by taking the total LACE for leased aircraft divided by the total LACE for all aircraft we operate, including both owned and leased aircraft.

| | LACE | | Percentage of | |
|---------------------|----------------|-----------------|---------------|---|
| | Owned Aircraft | Leased Aircraft | LACE leased | |
| Europe | 36 | 21 | 37 | % |
| West Africa | 21 | 2 | 7 | % |
| North America | 22 | 12 | 35 | % |
| Australia | 17 | 6 | 25 | % |
| Other International | 24 | — | — | % |
| Total | 119 | 39 | 25 | % |

Since February 2012, we have focused on an integrated company-wide project to move towards Operational Excellence through standardization and simplification. Our Operational Excellence effort is an evolution not a revolution, and is in keeping with our promise to clients for continued improvement. These initiatives involve focusing on innovation, simplification and standardization to create a step change in safety and operational performance, while seeking to reduce financial risk and increase performance predictability. Our Operational Excellence initiatives include measured, multi-year changes to many of our assets including information technology infrastructure and overall fleet composition including fleet rationalization and simplification from operating 28 different helicopter types, including sub-types, currently to the expected operation of eight fleet types in approximately five years and five fleet types in approximately ten years. Significant business transformation work is also underway including integrated operations planning and inventory optimization.

Business Unit Operations**Europe**

We operate our Europe business unit from six bases in the U.K. and four bases in Norway. Our Europe operations are managed from our facilities in Aberdeen, Scotland. Based on the number of aircraft operating, we are one of the largest providers of helicopter services in the North Sea, where there are harsh weather conditions and geographically concentrated offshore facilities. The offshore facilities in the Northern North Sea and Norwegian North Sea are large and require frequent crew change flight services. In the Southern North Sea, the facilities are generally smaller with some unmanned platforms requiring shuttle operations to up-man in the morning and down-man in the evening. We deploy the majority of the large aircraft in our consolidated fleet in Europe. Our clients in this business unit are primarily major integrated and independent offshore energy companies. We provide commercial SAR services for a number of oil and gas companies operating in the Norwegian sector of the North Sea. In fiscal year 2013, we started providing SAR services for North Scotland under a contract awarded in fiscal year 2012, using four Sikorsky S-92 helicopters based in the Scottish locations of Stornoway and Sumburgh. As discussed above, in fiscal year 2013, Bristow Helicopters was awarded a new contract to provide SAR services for all of the U.K. This SAR services contract has a phased-in transition period beginning in April 2015 and continuing to July 2017. Our Europe operations are subject to seasonality as drilling activity is lower during the winter months due to harsh weather and shorter days. Bristow Helicopters owns a 60% interest in Eastern Airways, a regional fixed wing operator based in the U.K. Eastern Airways has 708 employees and operations focus on providing both charter and scheduled services targeting U.K. oil and gas transport. Eastern Airways operates 30 fixed wing aircraft. We believe this investment will strengthen Bristow Helicopters' ability to provide a complete suite of point to point transportation services for existing European based passengers, expand helicopter services in certain areas like the Shetland Islands and create a more integrated logistics solution for global clients.

Table of Contents

West Africa

As of March 31, 2014, all of the aircraft in our West Africa business unit operate in Nigeria, where we are the largest provider of helicopter services to the offshore energy industry. We deploy a combination of small, medium and large aircraft in Nigeria and service a client base comprised mostly of major integrated offshore energy companies. We have six operational bases, with the largest bases located in Escravos, Lagos, Port Harcourt and Warri. The marketplace for our services had historically been concentrated predominantly in the oil rich swamp and shallow waters of the Niger Delta area. We increased the LACE in this business unit to 23 as of March 31, 2014 with the addition of 2 LACE during fiscal year 2014. More recently we have been undertaking work further offshore in support of deepwater exploration. Operations in West Africa are subject to seasonality as the Harmattan, a dry and dusty trade wind, blows between the end of November and the middle of March. At times when the heavy amount of dust in the air severely limits visibility, our aircraft are unable to operate.

North America

We operate our North America business unit from six operating facilities in the U.S. Gulf of Mexico and two operating facilities in Alaska. We are one of the largest suppliers of helicopter services in the U.S. Gulf of Mexico. Our clients in this business unit are mostly international, independent and major integrated offshore energy companies. The U.S. Gulf of Mexico is a major offshore energy producing region with approximately 3,300 production platforms and 90 drilling rigs. The shallow water platforms are typically unmanned and are serviced by small aircraft. The deepwater platforms are serviced by medium and large aircraft. Among our strengths in this region, in addition to our operating facilities, are our advanced flight-following systems and our widespread and strategically located offshore fuel stations. Operations in the U.S. Gulf of Mexico are subject to seasonality as the months of December through March typically have more days of harsh weather conditions than the other months of the year. Additionally, during the months of June through November, tropical storms and hurricanes may reduce activity as we are unable to operate in the area of the storm.

While we currently operate in Alaska, we are in the process of exiting the Alaska market. Our principal work in Alaska utilizes six aircraft that provide daily support to the Trans-Alaska pipeline, along with providing small twin engine contract and charter service to onshore and offshore exploration, development and production activities on the North Slope and in the Cook Inlet. Operations in Alaska are subject to seasonality as fall and winter months have fewer hours of daylight and harsh weather conditions limit some offshore energy related activities. We recognize that the current operating environment in the North America business unit is challenging for our fleet mix and we are proactively restructuring our business by exiting the Alaska market with a long-term strategy of operating larger aircraft to service deepwater contracts. We expect our exit from the Alaska market to conclude by August 2014. We own a 40% economic interest in Cougar, the largest offshore energy and SAR helicopter service provider in Atlantic Canada. Cougar has approximately 280 employees and operations are primarily focused on serving the offshore oil and gas industry off Canada's Atlantic coast. We currently lease eight large helicopters and three shore-based facilities to Cougar, including state-of-the-art helicopter passenger, maintenance and SAR facilities located in Newfoundland and Labrador.

Australia

We are the largest provider of helicopter services to the offshore energy industry in Australia, where we have five bases located in Western Australia, three in Victoria, one in Northern Territory and one in Queensland. These operations are managed from our Australian head office facility in Perth, Western Australia. Our operating bases are located in the vicinity of the major offshore energy exploration and production fields in the North West Shelf, Browse and Carnarvon basins of Western Australia and the Bass Straits in Victoria, where our fleet provides helicopter services solely to offshore energy operators. We also provide airport management services on Barrow Island in Western Australia. Our clients in Australia are primarily major integrated offshore energy companies. We provide SAR and medical evacuation services to the oil and gas industry in Australia and engineering support to the Republic of Singapore Air Force's fleet of helicopters at their base in Oakey, Queensland. Additionally, in early fiscal year 2015 we announced that we had won a contract in Australia for three large aircraft operating over 24 months beginning January 2016 operated out of Ceduna in South Australia.

Table of Contents

Other International

We currently conduct our Other International business unit operations in Brazil, Egypt, Malaysia, Mexico, Russia, Tanzania, Trinidad, and Turkmenistan. As of March 31, 2014, we and our unconsolidated affiliates operated a mixture of small, medium, and large aircraft in these markets. While we have a diverse client base in this business unit, a large majority of revenue is generated from monthly fixed charges for long term exploration or production related work. The following is a description of operations in our Other International business unit as of March 31, 2014.

Brazil – We own a 42.5% economic interest in Líder, the largest provider of helicopter and corporate aviation services in Brazil. Líder has five primary operating units: helicopter service, maintenance, chartering, ground handling and aircraft sales, and provides commercial SAR and medical evacuation services to the oil and gas industry. Líder’s fleet includes 57 rotor wing and 29 fixed wing aircraft (including owned and managed aircraft). Líder’s management has introduced large helicopters into their operational portfolio allowing them to gain competence and positioning them for the anticipated growth associated with Brazil’s pre-salt fields. Líder also has a vast network of over 20 bases distributed strategically in Brazil including locations in Macae, Rio de Janeiro, Sao Tome, Urucu and Vitória. We currently lease eight medium and three large aircraft to Líder.

Egypt – We own a 25% interest in Petroleum Air Services (“PAS”), an Egyptian corporation which provides helicopter and fixed wing transportation to the offshore energy industry. Additionally, spare fixed wing capacity is chartered to tourism operators. PAS operates 38 helicopters and seven fixed wing aircraft from multiple locations. The remaining 75% interest in PAS is owned by the Egyptian General Petroleum Corporation.

Malaysia – We lease two aircraft to MHS Aviation Berhad which are operated from a base in Labuan and provide services to an international offshore energy company. In addition, we have a Technical Services Agreement with MHS Aviation Berhad under which we provide a number of supervisory engineers and other technical services as required.

Russia – We operate seven large aircraft from three locations on Sakhalin Island, where we provide helicopter services to international and domestic offshore energy companies and operate a local SAR service.

Tanzania – We lease three medium aircraft, including two oil and gas and one limited SAR aircraft, to an alliance partner in Tanzania which operates out of Julius Nyerere International Airport, Dar es Salaam.

Trinidad – We operate ten medium aircraft that are used to service our clients who are primarily engaged in offshore energy activities. We operate from a base located at Trinidad’s Piarco International Airport. Also, we provide certain engineering, training and operational support services to the Trinidad and Tobago Air Guard.

Other – We operate two aircraft through our 51% interest in Turkmenistan Helicopters Limited, a Turkmenistan corporation that provides helicopter services to an international offshore energy company from a single location.

During fiscal year 2014, we also leased aircraft to a client in Mexico under contracts that have now expired with three aircraft remaining in Mexico as of March 31, 2014. We will no longer be leasing aircraft in Mexico.

Bristow Academy

Bristow Academy is a leading provider of helicopter training services with over 25 years of operating history and training facilities in Titusville, Florida; New Iberia, Louisiana; Carson City, Nevada, and Gloucestershire, England. Bristow Academy trains students from around the world to become helicopter pilots and is approved to provide helicopter flight training at the commercial pilot and flight instructor level by both the U.S. Federal Aviation Administration (the “FAA”) and the European Aviation Safety Authority (“EASA”). Bristow Academy operates 74 aircraft (including 44 owned, 30 leased aircraft) and employs approximately 175 people, including over 55 primary flight instructors. A significant part of Bristow Academy’s operations include military training, which generated approximately 50% of Bristow Academy’s operating revenue for fiscal year 2014.

Technical Services

The technical services portion of our business provides helicopter repair services and production support from facilities located in New Iberia, Louisiana; Redhill, England and Aberdeen, Scotland. While most of this work is performed on our own aircraft, some of these services are performed for third parties.

For additional information about our business units, see Note 12 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report. For a description of certain risks affecting our business and operations, see Item 1A. “Risk Factors” included elsewhere in this Annual Report.

Table of Contents

Clients and Contracts

The principal clients for our helicopter services are major integrated, national and independent offshore energy companies. The following table presents our top ten clients in fiscal year 2014 and their percentage contribution to our consolidated gross revenue during fiscal years 2014, 2013 and 2012 and includes any clients accounting for 10% or more of our consolidated gross revenue during such fiscal years.

| Client Name | Fiscal Year Ended March 31, | | | | |
|-----------------------|-----------------------------|---|------|---|------|
| | 2014 | | 2013 | | 2012 |
| Chevron | 12.9 | % | 13.1 | % | 11.9 |
| ConocoPhillips | 8.8 | % | 7.2 | % | 5.5 |
| IAC ⁽¹⁾ | 7.9 | % | 8.3 | % | 8.1 |
| BP | 6.5 | % | 8.1 | % | 8.2 |
| Statoil | 5.9 | % | 5.6 | % | 4.7 |
| Talisman Energy | 5.5 | % | 3.6 | % | 2.2 |
| Cougar ⁽²⁾ | 3.8 | % | 2.0 | % | 0.4 |
| ENI | 3.7 | % | 4.3 | % | 3.1 |
| Exxon Mobil | 3.3 | % | 3.3 | % | 3.5 |
| Apache | 3.0 | % | 4.0 | % | 4.6 |
| | 61.3 | % | 59.5 | % | 52.2 |

⁽¹⁾ IAC is the Integrated Aviation Consortium in the U.K. North Sea and comprises six major oil companies: BP, CNR International, Fairfield Energy, Petrofac, Shell and TAQA.

⁽²⁾ As discussed above, we own a 40% economic interest in Cougar.

Our helicopter contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. For example, in the Europe business unit, the monthly standing charges generally average approximately 70% of revenue while variable charges generally average approximately 30% of revenue. We also provide services to clients on an “ad hoc” basis, which usually entails a shorter notice period and shorter contract duration. Our charges for ad hoc services are generally based on an hourly rate, or a daily or monthly fixed fee plus additional fees for each hour flown. Generally, our ad hoc services have a higher margin than our other helicopter contracts due to supply and demand dynamics.

Generally, our helicopter contracts are cancelable by the client with a notice period ranging from 30 to 180 days and in some cases up to one year. In the North America business unit, we generally enter into short-term contracts for twelve months or less. Outside of North America, contracts are typically between two and five years in term. These long term contracts generally include escalation provisions allowing annual rate increases, which may be based on a fixed dollar or percentage increase, an increase in an agreed index or our actual substantiated increased costs, which we negotiate to pass along to clients. Cost reimbursements from clients are recorded as reimbursable revenue with the related reimbursed cost recorded as reimbursable expense in our consolidated statements of income.

Additionally, we provide private sector SAR services in Australia, Canada, Norway, Russia and Trinidad, and we began providing public sector SAR services in North Scotland on behalf of the Maritime & Coastguard Agency in June 2013. Generally, SAR services contracts include a monthly standing charge, which averages approximately 85% of the total contract revenue, and a monthly variable charge that covers flying, fuel and ancillary items, which averages approximately 15% of the total contract revenue. For more information regarding the risks associated with the U.K. SAR contract, see “Risk Factors— Our U.K. SAR contract can be terminated and is subject to certain other rights of the U.K. Department for Transport.” See further details on the U.K. SAR award in “— Overview.”

Competition

The helicopter transportation business is highly competitive throughout the world. We compete directly against multiple providers in almost all of our operating regions. We have several significant competitors in the North Sea, Nigeria, the U.S. Gulf of Mexico and Australia, and a number of smaller local competitors in other markets. In one of these markets, Nigeria, we have seen a recent increase in competitive pressure and new regulation that could impact our ability to win future work. Despite the new competition in Nigeria, we believe that it is difficult for additional

significant competitors to enter our industry because it requires considerable capital investment, working capital, a complex system of onshore and offshore bases, personnel and operating experience. However, these requirements can be overcome with the appropriate level of client support and commitment. In addition,

Table of Contents

while not the predominant practice, certain of our clients and potential clients in the offshore energy industry perform their own helicopter services on a limited basis.

In most situations, clients charter aircraft on the basis of competitive bidding. On limited occasions, our clients renew or extend existing contracts without employing a competitive bid process. Contracts are generally awarded based on a number of factors, including price, quality of service, operational experience, record of safety, quality and type of equipment, client relationship and professional reputation. Incumbent operators typically have a competitive advantage in the bidding process based on their relationship with the client, knowledge of the site characteristics and existing facilities to support the operations. Because certain of our clients in the offshore energy industry have the capability to perform their own helicopter services, our ability to increase charter rates may be limited under certain circumstances.

Code of Business Integrity

We have adopted a Code of Business Integrity for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees (our “Code”). Our Code covers topics including, but not limited to, conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, confidentiality, compliance procedures and employee complaint procedures. Our Code is posted on our website, <http://www.bristowgroup.com>, under the “About Us” and “Vision, Mission, Values” caption.

Safety, Industry Hazards and Insurance

Hazards such as severe weather and mechanical failures are inherent in the transportation industry and may result in the loss of equipment and revenue. It is possible that personal injuries and fatalities may occur. We believe our air accident rate per 100,000 flight hours, which has historically been more than ten times lower than the reported global offshore energy production helicopter average data, indicates that we have consistently performed better than the industry average with respect to safety. In fiscal year 2013, an aircraft operated by one of our U.S. subsidiaries was involved in an accident in which the pilot was fatally injured. There were no passengers on board. During fiscal years 2014 and 2012, we had no accidents that resulted in fatalities.

Our well established global safety program called “Target Zero” focuses on improved safety performance, as our safety vision is to have zero accidents, zero harm to people, and zero harm to the environment. The key components are to improve safety culture and individual behaviors and to increase the level of safety reporting by the frontline employees, increase accountability for addressing identified hazards by the operational managers and provide for independent auditing of the operational safety programs. See discussion of Target Zero in “– Overview.”

On February 20, 2014, the U.K. Civil Aviation Authority (“CAA”) issued a report detailing the findings and recommendations from its review of helicopter transport operations serving offshore installations in the U.K. The report, commonly referred to as CAP 1145, contains more than 60 safety actions and recommendations to improve the safety of offshore helicopter transport. Ten of the recommendations are designed to improve the survivability of passengers and crew following a ditching or impact in water.

One safety directive, which is scheduled to go into effect on September 1, 2014, will restrict seating capacity on some aircraft in the North Sea until new breathing systems are available or side floats are installed. Further requirements will be implemented over the next 12 months, including operational restrictions when sea states are above a certain prescribed level, or the flight prohibition of individuals whose size exceeds the dimensions of emergency egress windows.

We believe CAP 1145 will make our industry safer. We are working cooperatively with the CAA, other helicopter operators, and our clients in the North Sea to evaluate and deploy technologies that meet these new safety standards. We remain committed to ensuring that any impact to our operations is managed through our existing safety policies and programs and does not result in an elevated safety risk in the near term. The requirements could present North Sea operators, including us, with significant operational challenges.

We maintain hull and liability insurance which generally insures us against damage to our aircraft and the related liabilities which may be incurred as a result. We also carry insurance for war risk, expropriation and confiscation of the aircraft we use in certain of our international operations. Further, we carry various other liability and property insurance, including workers’ compensation, general liability, employers’ liability, auto liability, and property and casualty coverage. We believe that our insurance program is adequate to cover any claims ultimately incurred related

to property damage and liability events.

12

Table of Contents

Employees

As of March 31, 2014, we employed 4,486 employees. Many of our employees are represented under collective bargaining agreements. Periodically, certain groups of our employees who are not covered by a collective bargaining agreement consider entering into such an agreement. We believe that our relations with our employees are generally satisfactory.

The following table sets forth our main employee groups and status of the collective bargaining agreements:

| Employee Group | Representatives | Status of Agreement | Approximate Number of Employees Covered by Agreement as of March 31, 2014 |
|---|--|--|---|
| U.K. Pilots | British Airline Pilots Association (“BALPA”) | Agreement expired in March 2014. Currently in negotiations. | 280 |
| U.K. Engineers and Staff | Unite | Agreement expired in March 2014. Currently in negotiations. | 520 |
| Bristow Norway Pilots | Norsk Flygerforbund (“NALPA”); new union (“PARAT”) effective April 1, 2010 | Agreement expires in March 2015. | 140 |
| Bristow Norway Engineers | Norsk Helikopteransattes Forbund (“NU of HE”)/BNTF | Local agreement expires in September 2014. National negotiations currently ongoing. | 100 |
| Nigeria Junior and Senior Staff | National Union of Air Transport Employees; Air Transport Services Senior Staff Association of Nigeria | Agreements expired in April 2011. Currently in negotiations. | 70 |
| Nigeria Pilots and Engineers | Nigerian Association of Airline Pilots and Engineers | We recognize this union for representation purposes, but there is no formal commitment to negotiate remuneration. | 150 |
| North America Pilots | Office and Professional Employees International Union (“OPEIU”) | Amendable March 26, 2015. | 200 |
| Gulf of Mexico Mechanics | OPEIU | Negotiations started in May 2013. No agreement in place yet. | 390 |
| Australia Pilots | Australian Federation of Air Pilots | Agreement expires in December 2015. | 120 |
| Australia Engineers and BDI Tradesmen and Staff | Australian Licensed Aircraft Engineers Association (“ALAEA”), Australian Manufacturing Union (“AMWU”) and elected employee representatives | Agreement for BDI tradesmen and staff expires in March 2017. Agreement for Australia engineers expires March 2015. | 190 |

Edgar Filing: Bristow Group Inc - Form 10-K

| | | | |
|------------------------------|-------------------------|---|----|
| Trinidad Mechanics | Fitters/Handlers | Agreements expired in June and May 2013. Currently in negotiations. | 60 |
| Barrow Island Aerodome Staff | Transport Workers Union | Agreements expire in May 2015. | 40 |

Líder, our unconsolidated affiliate in Brazil, employs approximately 2,000 employees and Cougar, our unconsolidated affiliate in Canada, employs approximately 280 employees.

Table of Contents

Governmental Regulation

United States

As a commercial operator of aircraft, our U.S. operations are subject to regulations under the Federal Aviation Act of 1958, as amended, and other laws. We carry persons and property in our helicopters under an Air Taxi Certificate granted by the FAA. The FAA regulates our U.S. flight operations and, in this respect, exercises jurisdiction over personnel, aircraft, ground facilities and certain technical aspects of our operations. The National Transportation Safety Board is authorized to investigate aircraft accidents and to recommend improved safety standards. Our U.S. operations are also subject to the Federal Communications Act of 1934 because we use radio facilities in our operations.

Under the Federal Aviation Act, it is unlawful to operate certain aircraft for hire within the U.S. unless such aircraft are registered with the FAA and the FAA has issued an operating certificate to the operator. As a general rule, aircraft may be registered under the Federal Aviation Act only if the aircraft are owned or controlled by one or more citizens of the U.S. and an operating certificate may be granted only to a citizen of the U.S. For purposes of these requirements, a corporation is deemed to be a citizen of the U.S. only if at least 75% of its voting interests are owned or controlled by U.S. citizens, the president of the company is a U.S. citizen, two-thirds or more of the directors are U.S. citizens and the company is under the actual control of U.S. citizens. If persons other than U.S. citizens should come to own or control more than 25% of our voting interest or if any of the other requirements are not met, we have been advised that our aircraft may be subject to deregistration under the Federal Aviation Act, and we may lose our ability to operate within the U.S. Deregistration of our aircraft for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct certain operations within our North America and Bristow Academy business units. Therefore, our organizational documents currently provide for the automatic suspension of voting rights of shares of our outstanding voting capital stock owned or controlled by non-U.S. citizens, and our right to redeem those shares, to the extent necessary to comply with these requirements. As of March 31, 2014, approximately 2,891,000 shares of our common stock, par value \$.01 per share (“Common Stock”), were held of record by persons with foreign addresses. These shares represented approximately 8% of our total outstanding Common Stock as of March 31, 2014. Our foreign ownership may fluctuate on each trading day because our Common Stock and our 3% convertible Senior Notes due 2038 (“3% Convertible Senior Notes”) are publicly traded. Also, we are subject to the regulations imposed by the U.S. Foreign Corrupt Practices Act, which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business.

Additionally, we are subject to the International Traffic in Arms Regulations (“ITAR”) that control the export and import of defense-related articles and services. ITAR dictates that information and material pertaining to defense and military related technologies may only be shared with U.S. persons or organizations unless authorization from the U.S. State Department is received or a special exemption is used. U.S. persons or organizations may incur heavy fines if they have, without authorization or the use of an exemption, provided foreign persons with access to ITAR-protected defense articles, services or technical data.

United Kingdom

Our operations in the U.K. are subject to the Civil Aviation Act 1982 and other similar English and European Union statutes and regulations. We carry persons and property in our aircraft pursuant to an operating license issued by the Civil Aviation Authority (the “CAA”). The holder of an operating license must meet the ownership and control requirements of Council Regulation 2407/92. To operate under this license, the company through which we conduct operations in the U.K., Bristow Helicopters, must be owned directly or through majority ownership by European Union nationals, and must at all times be effectively controlled by them. To comply with these restrictions, we own only 49% of the ordinary shares of Bristow Aviation, the entity that owns Bristow Helicopters. In addition, we have a put/call agreement with the other two stockholders of Bristow Aviation which grants us the right to buy all of their Bristow Aviation ordinary shares (and grants them the right to require us to buy all of their shares). Under English law, to maintain Bristow Helicopters’ operating license, we would be required to find a qualified European Union owner to acquire any of the Bristow Aviation shares that we have the right or obligation to acquire under the put/call agreement. In addition to our equity investment in Bristow Aviation, we own deferred stock, essentially a

subordinated class of stock with no voting rights, and hold subordinated debt issued by Bristow Aviation.

14

Table of Contents

The CAA regulates our U.K. flight operations and exercises jurisdiction over personnel, aircraft, ground facilities and certain technical aspects of those operations. The CAA often imposes improved safety standards. Under the Licensing of Air Carriers Regulations 1992, it is unlawful to operate certain aircraft for hire within the U.K. unless such aircraft are approved by the CAA. Changes in U.K. or European Union statutes or regulations, administrative requirements or their interpretation may have a material adverse effect on our business or financial condition or on our ability to continue operations in the U.K.

Also, we are subject to the U.K. Bribery Act 2010 ("U.K. Bribery Act") which creates criminal offenses for bribery and failing to prevent bribery.

Additionally, we are subject to the U.K. and E.U. Dual-Use Export Regulations. Dual use goods are products and technologies which have both civilian and military applications. U.K. and E.U. regulations may require export authorization for certain exports of dual use items.

Nigeria

Our operations in Nigeria are subject to the Nigerian Content Development Act 2010, which requires that oil and gas contracts be awarded to a company that is seen or perceived to have more "local content" than a "Foreign" competitor. Additionally, the Nigerian Content Development Act allows the monitoring board to penalize companies that do not meet these local content requirements up to 5% of the value of the contract. Also, the Nigerian Civil Aviation Authority has commenced the re-certification of all operators (aircraft operating companies ("AOCs") and aircraft maintenance organizations ("AMOs")) in accordance with the new Nigerian Civil Aviation Regulations. The regulations require that AOCs and AMOs be separate, independent organizations with independent accountable managers. Accordingly, in order to properly and fully embrace new regulations, we made a number of key changes to our operating model in Nigeria, while maintaining safety as our number one priority at all times. The objectives of these changes being (a) enhancing the level of continued compliance by each of Bristow Helicopters Nigeria Ltd. ("BHNL") and Pan African Airlines Nigeria Ltd. ("PAAN") with local content regulations, (b) providing technical aviation maintenance services through a wholly-owned Bristow Group entity, BGI Aviation Technical Services Nigeria Limited ("BATS"), and (c) each of BHNL, PAAN and BATS committing to continue to apply and use all key Bristow Group standards and policies, including without limitation our Target Zero safety program, our Code of Business Integrity and our Operations Manuals. It is intended that achievement of these objectives should enable us to continue to be a successful and critical part of the Nigerian offshore energy and aviation industries.

Other

Our operations in other markets are subject to local governmental regulations that may limit foreign ownership of aviation companies. Because of these local regulations, we conduct some of our operations through entities in which citizens of such countries own a majority interest and we hold a noncontrolling interest, or under contracts which provide that we operate assets for the local companies and conduct their flight operations. Such contracts are used for our operations in Russia and Turkmenistan. Changes in local laws, regulations or administrative requirements or their interpretation may have a material adverse effect on our business or financial condition or on our ability to continue operations in these areas.

Environmental

Our operations are subject to laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. If we fail to comply with these environmental laws and regulations, administrative, civil and criminal penalties may be imposed, and we may become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. We may also be subject to civil claims arising out of a pollution event. These laws and regulations may expose us to strict, joint and several liability for the conduct of or conditions caused by others or for our own acts even though these actions were in compliance with all applicable laws at the time they were performed. To date, such laws and regulations have not had a material adverse effect on our business, results of operations or financial condition.

Increased public awareness and concern over the environment may result in future changes in the regulation of the offshore energy industry, which in turn could adversely affect us. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment and there can be no assurance as to the effect of such regulation on our operations or on the operations of our clients. We try to anticipate future regulatory

requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the cost of such compliance. We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position or results of operations. We cannot be certain, however, that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material U.S. environmental laws and regulations that relate to our business. We believe that we are in substantial compliance with all of these environmental laws and regulations.

Table of Contents

Under the Comprehensive Environmental Response, Compensation and Liability Act, referred to as CERCLA or the Superfund law, and related state laws and regulations, strict, joint and several liability can be imposed without regard to fault or the legality of the original conduct on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of a contaminated site where a hazardous substance release occurred and any company that transported, disposed of or arranged for the transport or disposal of hazardous substances, even from inactive operations or closed facilities, that have been released into the environment. In addition, neighboring landowners or other third parties may file claims for personal injury, property damage and recovery of response cost. We currently own, lease, or operate properties and facilities that, in some cases, have been used for industrial activities for many years. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA and analogous state statutes. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial activities to prevent future contamination. These laws and regulations may also expose us to liability for our acts that were in compliance with applicable laws at the time the acts were performed. We have been named as a potentially responsible party in connection with certain sites. See further discussion under Item 3. "Legal Proceedings" included elsewhere in this Annual Report.

In addition, since our operations generate wastes, including some hazardous wastes, we may be subject to the provisions of the Resource, Conservation and Recovery Act, or RCRA, and analogous state laws that limit the approved methods of disposal for some types of hazardous and nonhazardous wastes and require owners and operators of facilities that treat, store or dispose of hazardous waste and to clean up releases of hazardous waste constituents into the environment associated with their operations. Some wastes handled by us that currently are exempt from treatment as hazardous wastes may in the future be designated as "hazardous wastes" under RCRA or other applicable statutes. If this were to occur, we would become subject to more rigorous and costly operating and disposal requirements.

The Federal Water Pollution Control Act, also known as the Clean Water Act, and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into state waters or waters of the U.S. The discharge of pollutants into jurisdictional waters is prohibited unless the discharge is permitted by the U.S.

Environmental Protection Agency, also referred to as the EPA, or applicable state agencies. Some of our properties and operations require permits for discharges of wastewater and/or stormwater, and we have a system in place for securing and maintaining these permits. In addition, the Oil Pollution Act of 1990 imposes a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages, including natural resource damages, resulting from such spills in the waters of the U.S. A responsible party includes the owner or operator of a facility. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the cost of removal, remediation, and damages in connection with any unauthorized discharges.

Some of our operations also result in emissions of regulated air pollutants. The Federal Clean Air Act and analogous state laws require permits for facilities that have the potential to emit substances into the atmosphere that could adversely affect environmental quality. Failure to obtain a permit or to comply with permit requirements could result in the imposition of substantial administrative, civil and even criminal penalties.

Our facilities and operations are also governed by laws and regulations relating to worker health and workplace safety, including the Federal Occupational Safety and Health Act, or OSHA. We believe that appropriate precautions are taken to protect our employees and others from harmful exposure to potentially hazardous materials handled and managed at our facilities, and that we operate in substantial compliance with all OSHA or similar regulations.

In addition, we could be affected by future laws or regulations imposed in response to concerns over climate change. Changes in climate change concerns, or in the regulation of such concerns, including greenhouse gas emissions, could subject us to additional costs and restrictions, including compliance costs and increased energy and raw materials costs.

Our operations outside of the U.S. are subject to similar foreign governmental controls relating to protection of the environment. We believe that, to date, our operations outside of the U.S. have been in substantial compliance with existing requirements of these foreign governmental bodies and that such compliance has not had a material adverse effect on our operations. There is no assurance, however, that future expenditures to maintain compliance will not become material.

Table of Contents

Item 1A. Risk Factors

If you hold our securities or are considering an investment in our securities, you should carefully consider the following risks, together with the other information contained in this Annual Report.

Risks Relating to Our Clients and Contracts

The demand for our services is substantially dependent on the level of offshore oil and gas exploration, development and production activity.

We provide helicopter and fixed wing services to companies engaged in offshore oil and gas exploration, development and production activities. As a result, demand for our services, as well as our revenue and our profitability, are substantially dependent on the worldwide levels of activity in offshore oil and gas exploration, development and production. These activity levels are principally affected by trends in, and expectations regarding, oil and gas prices, as well as the capital expenditure budgets of offshore energy companies. We cannot predict future exploration, development and production activity or oil and gas price movements. Historically, the prices for oil and gas and activity levels have been volatile and are subject to factors beyond our control, such as:

- the supply of and demand for oil and gas and market expectations for such supply and demand;
- actions of the Organization of Petroleum Exporting Countries and other oil producing countries to control prices or change production levels;
- general economic conditions, both worldwide and in particular regions;
- governmental regulation;
- the price and availability of alternative fuels;
- weather conditions, including the impact of hurricanes and other weather-related phenomena;
- advances in exploration, development and production technology;
- the policies of various governments regarding exploration and development of their oil and gas reserves; and
- the worldwide political environment, including uncertainty or instability resulting from an escalation or additional outbreak of armed hostilities or other crises in the Middle East, Nigeria or other geographic areas, or further acts of terrorism in the U.K., U.S. or elsewhere.

Additionally, an increase in onshore fracking, which generally does not require use of our services, could have an adverse effect on our operations. If onshore fracking were to meaningfully increase in the international markets in which we operate, and if it were to drive a meaningful increase in the supply of hydrocarbons available to the markets we serve, it could potentially adversely impact the level of activity in our offshore oil and gas markets and the demand for our helicopter services.

The implementation by our clients of cost-saving measures could reduce the demand for our services.

Offshore energy companies are continually seeking to implement measures aimed at greater cost savings, including efforts to improve cost efficiencies with respect to air transportation services. For example, these companies may reduce staffing levels on both old and new installations by using new technology to permit unmanned installations and may reduce the frequency of transportation of employees by increasing the length of shifts offshore. In addition, these companies could initiate their own helicopter, airplane or other transportation alternatives. The continued implementation of these kinds of measures could reduce the demand for our services and have a material adverse effect on our business, financial condition and results of operations.

Our industry is highly competitive and cyclical, with intense price competition.

The helicopter and the fixed wing businesses are highly competitive throughout the world. Chartering of such aircraft is often done on the basis of competitive bidding among those providers having the necessary equipment, operational experience and resources. Factors that affect competition in our industry include price, quality of service, operational experience, record of safety, quality and type of equipment, client relationship and professional reputation.

Table of Contents

Our industry has historically been cyclical and is affected by the volatility of oil and gas price levels. There have been periods of high demand for our services, followed by periods of low demand for our services. Changes in commodity prices can have a significant effect on demand for our services, and periods of low activity intensify price competition in the industry and often result in our aircraft being idle for long periods of time.

We have several significant competitors in the North Sea, Nigeria, the U.S. Gulf of Mexico, Australia, Canada, and Brazil, and a number of smaller local competitors in other markets. Certain of our clients have the capability to perform their own air transportation operations or find new competitors should they elect to do so, which has a limiting effect on our rates.

As a result of significant competition, we must continue to provide safe and efficient service or we will lose market share which could have a material adverse effect on our business, financial condition and results of operations due to the loss of a significant number of our clients or termination of a significant number of our contracts. See further discussion in Item 1. “Business — Competition” included elsewhere in this Annual Report.

We depend on a small number of large offshore energy industry clients for a significant portion of our revenue. We derive a significant amount of our revenue from a small number of offshore energy companies. Our loss of one of these significant clients, if not offset by sales to new or other existing clients, could have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. “Business — Clients and Contracts” included elsewhere in this Annual Report.

Our contracts often can be terminated or downsized by our clients without penalty.

Many of our fixed-term contracts contain provisions permitting early termination by the client at their convenience, generally without penalty, and with limited notice requirements. In addition, many of our contracts permit our clients to decrease the number of aircraft under contract with a corresponding decrease in the fixed monthly payments without penalty. As a result, you should not place undue reliance on the strength of our client contracts or the terms of those contracts.

Our U.K. SAR contract can be terminated and is subject to certain other rights of the U.K. Department for Transport. Our contract with the U.K. Department for Transport (“Dft”) to provide SAR services for all of the U.K. (the “U.K. SAR contract”) allows the Dft to cancel the contract for any reason upon notice and payment of a specified cancellation fee based on the number of bases reduced as a result of the exercise and the timing of the exercise. Additionally, the U.K. SAR contract grants the Dft the option to require us to transfer to the Dft, at termination or expiration, either the lease or the ownership of some or all of the helicopters that service the U.K. SAR contract. The Dft may alternatively require that we or the owner, as the case may be, transfer the lease or ownership of the helicopters to any replacement service provider. If the Dft wishes to transfer ownership it must pay a specified option exercise fee based on the value of the helicopters. If the Dft wishes to transfer the lease it does not have to pay an option exercise fee. We currently lease all of the aircraft that service the U.K. SAR contract. Therefore, although we are entitled to some compensation for termination or early expiration if we are not at fault, termination or early expiration of the U.K. SAR contract would result in a significant loss of expected revenue. Additionally, we do not have the right to transfer the ground facilities supporting the U.K. SAR contract to the replacement service provider. If alternative long-term uses were not identified for these facilities, we could incur recurring fixed expenses for these recently acquired, non-revenue producing assets if we were unable to sell them to a replacement contractor or other party in the event the U.K. SAR contract is terminated.

Our clients may shift risk to us.

We give to and receive from our clients indemnities relating to damages caused or sustained by us in connection with our operations. Our clients’ changing views on risk allocation together with deteriorating market conditions could force us to accept greater risk to win new business, retain renewing business or could result in us losing business if we are not prepared to take such risks. To the extent that we accept such additional risk, and seek to insure against it, if possible, our insurance premiums could rise. If we cannot insure against such risks or otherwise choose not to do so, we could be exposed to catastrophic losses in the event such risks are realized.

We may not be able to obtain client contracts with acceptable terms covering some of our new helicopters, and some of our new helicopters may replace existing helicopters already under contract, which could adversely affect the utilization of our existing fleet.

We have ordered, and have options for, a substantial number of new helicopters. Many of our new helicopters may not be covered by client contracts when they are delivered to us, and we cannot assure you as to when we will be able to utilize these new helicopters or on what terms. To the extent our helicopters are covered by a client contract when they are delivered to us, many of these contracts are for a short term, requiring us to seek renewals more frequently. Alternatively, we expect that some of

18

Table of Contents

our clients may request new helicopters in lieu of our existing helicopters, which could adversely affect the utilization of our existing fleet.

Reductions in spending on helicopter services by government agencies could lead to modifications of SAR contract terms or delays in receiving payments, which could adversely impact our business, financial condition and results of operations.

We have contracts with government agencies in the U.K. and Australia and were recently awarded a contract to provide SAR services for all of the U.K. Any reductions in the budgets of government agencies for spending on helicopter services, implementation of cost saving measures by government agencies, imposed modifications of contract terms or delays in collecting receivables owed to us by our government agency clients could have an adverse effect on our business, financial condition and results of operations.

In addition, there are inherent risks in contracting with government agencies. Applicable laws and regulations in the countries in which we operate may enable our government agency clients to (i) terminate contracts for convenience, (ii) reduce, modify or cancel contracts or subcontracts if requirements or budgetary constraints change, or (iii) terminate contracts or adjust their terms.

Our fixed operating expenses and long-term contracts with clients could adversely affect our business under certain circumstances.

Our profitability is directly related to demand for our services. Because of the significant expenses related to aircraft financing, crew wages and benefits, lease costs, insurance and maintenance programs, a substantial portion of our operating expenses are fixed and must be paid even when aircraft are not actively servicing clients and thereby generating income. A decrease in our revenues could therefore result in a disproportionate decrease in our earnings, as a substantial portion of our operating expenses would remain unchanged. Similarly, the discontinuation of any rebates, discounts or preferential financing terms offered to us by manufacturers, lenders or lessors would have the effect of increasing our fixed expenses, and without a corresponding increase in our revenues, would negatively impact our results of operations.

Our long-term aircraft services contracts contain price escalation terms and conditions. Although supplier costs, fuel costs, labor costs, insurance costs, and other cost increases are typically passed through to our clients through rate increases where possible, these escalations may not be sufficient to enable us to recoup increased costs in full. There can be no assurance that we will be able to estimate costs accurately or recover increased costs by passing these costs on to our clients. We may not be successful in identifying or securing cost escalations for other costs that may escalate during the applicable client contract term. In the event that we are unable to fully recover material costs that escalate during the terms of our client contracts, the profitability of our client contracts and our business, financial condition and results of operations could be materially and adversely affected.

Additionally, cost increases related to our airline scheduled service cannot be passed on to previously purchased air passenger tickets but may be passed on partially or wholly to future purchased tickets if the rates remain competitive to other competing airlines.

Risks Relating to Our Business

Our operations involve a degree of inherent risk that may not be covered by our insurance and may increase our operating costs.

The operation of helicopters and fixed wing aircraft inherently involves a degree of risk. Hazards such as harsh weather and marine conditions, mechanical failures, facility fires and spare parts damage, crashes and collisions are inherent in our business and may result in personal injury, loss of life, damage to property and equipment, suspension or reduction of operations, reduced number of flight hours and the grounding of such aircraft or insufficient ground facilities or spare parts to support operations. In addition to any loss of property or life, our revenues, profitability and margins could be materially affected by an accident or asset damage.

We, or third parties operating our aircraft, may experience accidents or damage to our assets in the future. These risks could endanger the safety of both our own and our clients' personnel, equipment, cargo and other property, as well as the environment. If any of these events were to occur with equipment or other assets that we need to operate or lease to third parties, we could experience loss of revenues, termination of charter contracts, higher insurance rates, and damage to our reputation and client relationships. In addition, to the extent an accident occurs with aircraft we operate

or to assets supporting operations, we could be held liable for resulting damages. For example, in March 2014 one of our hangars in Nigeria experienced a fire, which resulted in damage to the hangar, two helicopters and a substantial portion of the inventory spare parts. Although the hangar, helicopters and inventory were covered by insurance, we incurred deductible and additional insurance premiums as a result of this fire. The lack of sufficient insurance for this incident or the occurrence of another such incident or accident could have a material adverse effect on our operations and financial condition.

Table of Contents

Certain models of aircraft that we operate have also experienced accidents while operated by third parties. For example, on October 22, 2012, an incident occurred with an Airbus Helicopters EC225 Super Puma helicopter operated by another helicopter company, which resulted in a controlled ditching on the North Sea, south of the Shetland Isles, U.K. Following the ditching, all 19 passengers and crew were recovered safely and without injuries. This incident resulted in the CAAs in the U.K. and Norway issuing safety directives in October 2012, requiring operators to suspend operations of the affected aircraft and our cessation of operations a total of 16 large Airbus Helicopters aircraft for a period of time pending determination of the root cause of the gear shaft failure that resulted in the incident. The gear shaft has been redesigned and, in April 2014, Airbus Helicopters advised us that the EASA has certified the new shaft with the expectation that the global oil and gas fleet will have the new shaft installed in the next twelve months. However, in July 2013 the EASA issued an airworthiness directive providing for interim solutions involving minor aircraft modifications and new maintenance/operating procedures for mitigating shaft failure and enhancing early detection which allows the EC225 to safely fly without the new shaft. We commenced return to operational service of our EC225 fleet in the third quarter of fiscal year 2014. We currently operate 20 of these aircraft including 14 owned and six leased aircraft. Nine of the 11 aircraft in the U.K. have returned to service with another two aircraft expected to return to service in the first quarter of fiscal year 2014 which will be fitted with the new shafts. Three aircraft in Norway are currently back in operation. Five aircraft have returned to service in Australia and another aircraft is expected to return to service in June. If other operators experience accidents with aircraft models that we operate or lease, obligating us to take such aircraft out of service until the cause of the accident is rectified, we would lose revenues and might lose clients. In addition, safety issues experienced by a particular model of aircraft could result in clients refusing to use that particular aircraft model or a regulatory body grounding that particular aircraft model. The value of the aircraft model might also be permanently reduced in the market if the model were to be considered less desirable for future service and the inventory for such aircraft may be impaired. We attempt to protect ourselves against these losses and damage by carrying insurance, including hull and liability, general liability, workers' compensation, and property and casualty insurance. Our insurance coverage is subject to deductibles and maximum coverage amounts, and we do not carry insurance against all types of losses, including business interruption. We cannot assure you that our existing coverage will be sufficient to protect against all losses, that we will be able to maintain our existing coverage in the future or that the premiums will not increase substantially, particularly in light of the hangar fire in Nigeria referenced above. In addition, future terrorist activity, risks of war, accidents or other events could increase our insurance premiums. The loss of our liability insurance coverage, inadequate coverage from our liability insurance or substantial increases in future premiums could have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain standards of acceptable safety performance may have an adverse impact on our ability to attract and retain clients and could adversely impact our reputation, operations and financial performance.

Our clients consider safety and reliability as the two primary attributes when selecting a provider of air transportation services. If we fail to maintain standards of safety and reliability that are satisfactory to our clients, our ability to retain current clients and attract new clients may be adversely affected. Accidents or disasters could impact client or passenger confidence in a particular fleet type, us or the air transportation services industry as a whole and could lead to a reduction in client contracts, particularly if such accidents or disasters were due to a safety fault in a type of aircraft used in our fleet. In addition, the loss of aircraft as a result of accidents could cause significant adverse publicity and the interruption of air services to our clients, which could adversely impact our reputation, operations and financial results. Our aircraft have been involved in accidents in the past, some of which have included loss of life and property damage. We may experience similar accidents in the future.

Our operations in our West Africa and Other International business units are subject to additional risks.

During fiscal years 2014, 2013 and 2012, approximately 28%, 28% and 30%, respectively, of our gross revenue was attributable to helicopter services provided to clients operating in our West Africa and Other International business units. Operations in most of these areas are subject to various risks inherent in conducting business in international locations, including:

- political, social and economic instability, including risks of war, general strikes and civil disturbances;
- physical and economic retribution directed at U.S. companies and personnel;

- governmental actions that restrict payments or the movement of funds or result in the deprivation of contract rights;
- violations of our Code;
- adverse tax consequences;
- fluctuations in currency exchange rates, hard currency shortages and controls on currency exchange that affect demand for our services and our profitability;

20

Table of Contents

potential noncompliance with a wide variety of laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”), and similar non-U.S. laws and regulations, including the U.K. Bribery Act and Brazil’s Clean Companies Act (the “BCCA”);

the taking of property without fair compensation; and

the lack of well-developed legal systems in some countries that could make it difficult for us to enforce our contractual rights.

For example, there has been continuing political and social unrest in Nigeria, where we derived 20%, 20% and 19% of our gross revenue during fiscal years 2014, 2013 and 2012, respectively. A change in leadership with the upcoming Nigerian Presidential election in 2015 could cause instability in the area resulting in a lack of demand for our services in Nigeria and safety risks for our operations and our people. In addition, the passage of the Nigerian Petroleum Industry Bill could lead to further uncertainty in demand in the region. Future unrest or legislation in Nigeria or our other operating regions could adversely affect our business, financial condition and results of operations in those regions. We cannot predict whether any of these events will continue to occur in Nigeria or occur elsewhere in the future.

We also have a joint venture operating in Sakhalin that may be negatively impacted by any further civil unrest within, war related to, or sanctions against Russia.

We are highly dependent upon the level of activity in the North Sea and to a lesser extent the U.S. Gulf of Mexico, which are mature exploration and production regions.

In fiscal years 2014, 2013 and 2012 approximately 55%, 54%, and 54%, respectively, of our gross revenue was derived from air transportation services provided to clients operating in the North Sea and the U.S. Gulf of Mexico.

The North Sea and the U.S. Gulf of Mexico are mature exploration and production regions that have undergone substantial seismic survey and exploration activity for many years. Because a large number of oil and gas properties in these regions have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify. Generally, the production from these drilled oil and gas properties is declining. In the future, production may decline to the point that such properties are no longer economic to operate, in which case, our services with respect to such properties will no longer be needed. Oil and gas companies may not identify sufficient additional drilling sites to replace those that become depleted. In addition, the U.S. government’s exercise of authority under the Outer Continental Shelf Lands Act, as amended, to restrict the availability of offshore oil and gas leases together with the U.K. government’s exercise of authority could adversely impact exploration and production activity in the U.S. Gulf of Mexico and the U.K. North Sea, respectively.

If activity in oil and gas exploration, development and production in either the U.S. Gulf of Mexico or the North Sea materially declines, our business, financial condition and results of operations could be materially and adversely affected. We cannot predict the levels of activity in these areas.

Foreign exchange risks and controls may affect our financial position and results of operations.

Through our operations outside the U.S., we are exposed to foreign currency fluctuations and exchange rate risks. As a result, a strong U.S. dollar may increase the local cost of our services that are provided under U.S. dollar-denominated contracts, which may reduce the demand for our services in foreign countries. Generally, we do not enter into hedging transactions to protect against foreign exchange risks related to our gross revenue or operating expense.

Because we maintain our financial statements in U.S. dollars, our financial results are vulnerable to fluctuations in the exchange rate between the U.S. dollar and foreign currencies, such as the British pound sterling, Australian dollar, euro, Nigerian naira and Norwegian kroner. In preparing our financial statements, we must convert all non-U.S. dollar currencies to U.S. dollars. The effect of foreign currency translation is reflected as a component of stockholders’ investment, while foreign currency transaction gains or losses and translation of currency amounts not deemed permanently reinvested are credited or charged to income and reflected in other income (expense), net. Additionally, our earnings from unconsolidated affiliates, net of losses, are affected by the impact of changes in foreign currency exchange rates on the reported results of our unconsolidated affiliates, primarily the impact of changes in the Brazilian real and the U.S. dollar exchange rate on results for our affiliate in Brazil. Changes in exchange rates could cause significant changes in our financial position and results of operations in the future.

We operate in countries with foreign exchange controls including Brazil, Egypt, Malaysia, Nigeria, Russia and Turkmenistan. These controls may limit our ability to repatriate funds from our international operations and unconsolidated affiliates or otherwise convert local currencies into U.S. dollars. These limitations could adversely affect our ability to access cash from these operations.

See further discussion of foreign exchange risks and controls under Item 7A. “Quantitative and Qualitative Disclosure about Market Risk” included elsewhere in this Annual Report.

Table of Contents

Our dependence on a small number of helicopter manufacturers and lessors poses a significant risk to our business and prospects, including our ability to execute our growth strategy.

We contract with a small number of manufacturers and lessors for most of our aircraft expansion replacement and leasing needs. If any of these manufacturers face production delays due to, for example, natural disasters, labor strikes or availability of skilled labor, we may experience a significant delay in the delivery of previously ordered aircraft. During these periods, we may not be able to obtain orders for additional aircraft with acceptable pricing, delivery dates or other terms. Also, we have operating leases for a growing number of our helicopters. The number of companies who provide leasing for helicopters is limited. If any of these leasing companies face financial setbacks, we may experience delays in our ability to lease aircraft. Delivery delays or our inability to obtain acceptable aircraft orders or lease aircraft would adversely affect our revenue and profitability and could jeopardize our ability to meet the demands of our clients and grow our business. Additionally, lack of availability of new aircraft resulting from a backlog in orders could result in an increase in prices for certain types of used helicopters.

If any of the helicopter manufacturers we contract with, the government bodies that regulate them or other parties, identify safety issues with helicopter models we currently operate or that we intend to acquire, we may be required to suspend flight operations, as was done most recently with the EC225 referenced above.

The CAAs in the U.K. and Norway have issued safety directives, which superseded and revoked the safety directive of October 2012 and now permit a return to service of the EC225 aircraft over harsh environments conditional upon compliance with the EASA airworthiness directive. We have commenced the required modifications and are carrying out the required inspections on our EC225 fleet in the U.K., Norway and Australia. See “— Our operations involved a degree of inherent risk that may not be covered by our insurance and may increase our operating costs” for more information. If we are unable to fully resume operations with the EC225, or are forced to suspend operations of different helicopter models, our business, financial condition and results of operations during any period in which flight operations are suspended could be affected.

A shortfall in availability of aircraft components and parts required for maintenance and repairs of our helicopter and fixed wing aircraft and supplier cost increases could adversely affect us.

In connection with the required routine maintenance and repairs performed on our aircraft in order for them to stay fully operational and available for use in our operations, we rely on a few key vendors for the supply and overhaul of components fitted to our aircraft. Those vendors have historically worked at or near full capacity supporting the aircraft production lines and the maintenance requirements of various governments and civilian aircraft operators who may also operate at or near capacity in certain industries, including operators such as us who support the energy industry. Such conditions can result in backlogs in manufacturing schedules and some parts being in limited supply from time to time, which could have an adverse impact upon our ability to maintain and repair our aircraft. To the extent that these suppliers also supply parts for aircraft used by the governments in military operations, parts delivery for our aircraft may be delayed. Our inability to perform timely maintenance and repairs can result in our aircraft being underutilized which could have an adverse impact on our operating results and financial condition. Furthermore, our operations in remote locations, where delivery of these components and parts could take a significant period of time, may also impact our ability to maintain and repair our aircraft. While every effort is made to mitigate such impact, this may pose a risk to our operating results. Additionally, supplier cost increases for critical aircraft components and parts also pose a risk to our operating results. Cost increases for contracted services are passed through to our clients through rate increases where possible, including as a component of contract escalation charges. However, as certain of our contracts are long-term in nature, cost increases may not be adjusted in our contract rates until the contracts are up for renewal.

Additionally, operation of a global fleet of aircraft requires us to carry spare parts inventory across our global operations to perform scheduled and unscheduled maintenance activity. Changes in the aircraft model types of our fleet can result inventory levels in excess of those required to support the fleet over the remaining life of the fleet. Additionally, other parts may become obsolete or dormant given changes in use of parts on aircraft and maintenance needs. These fleet changes or other external factors can result in impairment of inventory balances where we expect that excess, dormant or obsolete inventory will not recover its carrying value through sales to third parties or disposal.

Table of Contents

Our future growth depends significantly on the level of international oil and gas activity and our ability to operate outside of the North Sea and the U.S. Gulf of Mexico.

Our future growth will depend significantly on our ability to expand into markets outside of the North Sea and the U.S. Gulf of Mexico. Expansion of our business depends on our ability to operate in these other regions.

Expansion of our business outside of the North Sea and the U.S. Gulf of Mexico may be adversely affected by:

- local regulations restricting foreign ownership of helicopter operators;
- requirements to award contracts to local operators; and
- the number and location of new drilling concessions granted by foreign governments.

We cannot predict the restrictions or requirements that may be imposed in the countries in which we operate. If we are unable to continue to operate or retain contracts in markets outside of the North Sea and the U.S. Gulf of Mexico, our future business, financial condition and results of operations may be adversely affected, and our operations outside of the North Sea and the U.S. Gulf of Mexico may not grow.

In order to grow our business, we may require additional capital in the future, which may not be available to us.

Our business is capital intensive, and to the extent we do not generate sufficient cash from operations, we will need to raise additional funds through public or private debt or equity financings to execute our growth strategy. Adequate sources of capital funding may not be available when needed, or may not be available on favorable terms. If we raise additional funds by issuing equity or certain types of convertible debt securities, dilution to the holdings of existing stockholders may result. Further, if we raise additional debt financing, we will incur additional interest expense and the terms of such debt may be at less favorable rates than existing debt and could require the pledge of assets as security or subject us to financial and/or operating covenants that affect our ability to conduct our business. If funding is insufficient at any time in the future, we may be unable to acquire additional aircraft, take advantage of business opportunities or respond to competitive pressures, any of which could harm our business, financial condition and results of operations. See discussion of our capital commitments in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Future Cash Requirements” included elsewhere in this Annual Report.

Labor problems could adversely affect us.

Certain of our employees in the U.K., Norway, Nigeria, the U.S. and Australia (collectively, about 52% of our employees) are represented under collective bargaining or union agreements. Any disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers.

Periodically, certain groups of our employees who are not covered under a collective bargaining agreement consider entering into such an agreement. For example, in 2013 our U.S. Gulf of Mexico mechanics elected to unionize and are currently in contract negotiations. Further, if our unionized workers engage in a strike, work stoppage or other slowdown, other employees elect to become unionized, existing labor agreements are renegotiated, or future labor agreements contain terms that are unfavorable to us, we could experience a disruption of our operations or higher ongoing labor costs, which could adversely affect our business, financial condition and results of operations.

See Item 1. “Business — Employees” included elsewhere in this Annual Report for further discussion on the status of collective bargaining or union agreements.

Our failure to attract and retain qualified personnel could have an adverse effect on us.

Loss of the services of key management personnel at our corporate and other international business unit headquarters without being able to attract personnel of equal ability could have a material adverse effect upon us. Further, Title 49 of the Transportation Code and other statutes require our President and two-thirds of our board of directors and other managing officers be U.S. citizens. In February 2014 we announced the retirement of our current President and Chief Executive Officer and the anticipated appointment of our Senior Vice President and Chief Financial Officer to replace him on July 31, 2014. Additionally, in March 2014 our Senior Vice President, Commercial announced his decision to resign from the Company. We are currently recruiting internally and externally for a Senior Vice President, Chief Financial Officer and a Senior Vice President, Business Development and Strategy. Our failure to attract and retain qualified executive personnel or for such executive personnel to work well together or as effective leaders in their respective areas of responsibility could have a material adverse effect on our current business and future growth.

Table of Contents

Our ability to attract and retain qualified pilots, mechanics and other highly-trained personnel is an important factor in determining our future success. For example, many of our clients require pilots with very high levels of flight experience. The market for these experienced and highly-trained personnel is competitive and may become more competitive. Accordingly, we cannot assure you that we will be successful in our efforts to attract and retain such personnel. Some of our pilots, mechanics and other personnel, as well as those of our competitors, are members of the U.K. or U.S. military reserves who have been, or could be, called to active duty. If significant numbers of such personnel are called to active duty, it would reduce the supply of such workers and likely increase our labor costs. Additionally, the addition of new aircraft types to our fleet or a sudden change in demand for a specific aircraft type as happened with the Sikorsky S-92 and Airbus Helicopters AS332 aircraft types in response to the Airbus Helicopters EC225 grounding may require us to retain additional pilots, mechanics and other flight-related personnel. Our failure to attract and retain qualified personnel could have a material adverse effect on our current business and future growth.

Our operations are subject to weather-related and seasonal fluctuations.

Our operations can be impaired by harsh weather conditions. Poor visibility, high wind, heavy precipitation, sand storms and volcanic ash can affect the operation of helicopters and fixed wing aircraft and result in a reduced number of flight hours. A significant portion of our operating revenue is dependent on actual flight hours, and a substantial portion of our direct cost is fixed. Thus, prolonged periods of harsh weather can have a material adverse effect on our business, financial condition and results of operations. In addition, severe weather patterns, including those resulting from climate change, could affect the operation of helicopters and fixed wing aircraft and result in a reduced number of flight hours, which may have a material adverse effect on our business, financial condition or results of operations. The fall and winter months have fewer hours of daylight, particularly in the North Sea and Canada. While some of our aircraft are equipped to fly at night, we generally do not do so. In addition, drilling activity in the North Sea and Canada is lower during the winter months than the rest of the year. Anticipation of harsh weather during this period causes many oil companies to limit activity during the winter months. Consequently, flight hours are generally lower during these periods, typically resulting in a reduction in operating revenue during those months. Accordingly, our reduced ability to operate in harsh weather conditions and darkness may have a material adverse effect on our business, financial condition and results of operations.

The Harmattan, a dry and dusty West African trade wind, blows in Nigeria between the end of November and the middle of March. The heavy amount of dust in the air can severely limit visibility and block the sun for several days, comparable to a heavy fog. We are unable to operate aircraft during these harsh conditions. Consequently, flight hours may be lower during these periods resulting in reduced operating revenue, which may have a material adverse effect on our business, financial condition and results of operations.

In the U.S. Gulf of Mexico, the months of December through March typically have more days of harsh weather conditions than the other months of the year. Heavy fog during those months often limits visibility. In addition, in the Gulf of Mexico, June through November is tropical storm and hurricane season, and in Australia, November through April is cyclone season. When a weather event is about to enter or begins developing in these regions, flight activity may increase because of evacuations of offshore workers. However, during such an event, we are unable to operate in the area of the storm. In addition, as a significant portion of our facilities are located along the coast of these regions, so extreme weather may cause substantial damage to our property in these locations, including helicopters.

Additionally, we incur costs in evacuating our aircraft, personnel and equipment prior to tropical storms, hurricanes and cyclones.

Failure to develop or implement new technologies could affect our results of operations.

Many of the aircraft that we operate are characterized by changing technology, introductions and enhancements of models of aircraft and services and shifting client demands, including technology preferences. Our future growth and financial performance will depend in part upon our ability to develop, market and integrate new services and to accommodate the latest technological advances and client preferences. In addition, the introduction of new technologies or services that compete with our services could result in our revenues decreasing over time. If we are unable to upgrade our operations or fleet with the latest technological advances in a timely manner, or at all, our business, financial condition and results of operations could suffer.

Table of Contents

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted and our business could be negatively impacted.

Our business is increasingly dependent upon information technology networks and systems to process, transmit and store electronic and financial information; to capture knowledge of our business; and to communicate within our company and with clients, suppliers, partners and other stakeholders. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, cyber attacks, telecommunication failures, user errors or catastrophic events. Our information technology systems are becoming increasingly integrated on a global basis, so damage, disruption or shutdown to the system could result in a more widespread impact. If our information technology systems suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience business disruptions, and transaction errors causing a material adverse effect on our business, financial condition and results of operations.

In 2014 and 2015, we plan to implement a new Enterprise Resource Planning (“ERP”) system, SAP, which will replace our existing ERP, IFS. If we are not able to effectively implement SAP, our operations and financial reporting could be negatively affected, including our ability to operate and maintain our aircraft, our ability to manage client and vendor data, and our ability to issue accurate financial statements in a timely manner. In addition, cyber attacks could lead to potential unauthorized access and disclosure of confidential information, data loss, data corruption, communication interruption or other operational disruptions within our business. There is no assurance that we will not experience cyber attacks and suffer losses in the future. Further, as the methods of cyber attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber attacks.

We operate in many international areas through entities that we do not control and are subject to government regulation that limits foreign ownership of aircraft companies in favor of domestic ownership.

We conduct many of our international operations through entities in which we have a noncontrolling investment or through strategic alliances with foreign partners. For example, we have acquired interests in, or in some cases have lease and service agreements with, entities that operate aircraft in Brazil, Canada, Egypt, Nigeria, the U.K., Russia and Turkmenistan. We provide engineering and administrative support to certain of these entities. We derive significant amounts of lease revenue, service revenue, equity earnings and dividend income from these entities. In fiscal years 2014, 2013 and 2012, we received approximately \$92.7 million, \$54.0 million and \$29.4 million, respectively, of revenue from the provision of aircraft and other services to unconsolidated affiliates. Because we do not own a majority interest or maintain voting control of our unconsolidated affiliates, we do not have the ability to control their policies, management or affairs. The interests of persons who control these entities or partners may differ from ours, and may cause such entities to take actions that are not in our best interest. If we are unable to maintain our relationships with our partners in these entities, we could lose our ability to operate in these areas, potentially resulting in a material adverse effect on our business, financial condition and results of operations. Additionally, an operational incident involving one of their entities over which we do not have operational control may nevertheless cause us reputational harm.

In Nigeria, we have seen a recent increase in competitive pressure and the application of local content regulations that could impact our ability to win future work at levels previously anticipated. In order to properly and fully embrace new regulations, we made a number of changes to our operating model in Nigeria, while maintaining safety as our number one priority at all times. The objectives of these changes being (a) enhancing the level of continued compliance by each of BHNL and PAAN with local content regulations, (b) providing technical aviation maintenance services through a wholly-owned Bristow Group entity, BATS, and (c) each of BHNL, PAAN and BATS committing to continue to apply and use all key Bristow Group standards and policies, including without limitation our Target Zero safety program, our Code of Business Integrity and our Operations Manuals. As a result of these changes, our ability to continue to consolidate BHNL and PAAN under the current accounting requirements could change.

We are subject to governmental regulation that limits foreign ownership of aircraft companies in favor of domestic ownership. Based on regulations in various markets in which we operate, our aircraft may be subject to deregistration and we may lose our ability to operate within these countries if certain levels of local ownership are not maintained. Deregistration of our aircraft for any reason, including foreign ownership in excess of permitted levels, would have a material adverse effect on our ability to conduct operations within these markets. We cannot assure you that there will be no changes in aviation laws, regulations or administrative requirements or the interpretations or applications thereof, which could restrict or prohibit our ability to operate in certain regions. Any such restriction or prohibition on our ability to operate may have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. “Business — Governmental Regulation” included elsewhere in this Annual Report.

Table of Contents

We may undertake one or more significant corporate transactions that may not achieve their intended results, may adversely affect our financial condition and our results of operations or result in unforeseeable risks to our business. We continuously evaluate the acquisition or disposition of operating businesses and assets and may in the future undertake one or more significant transactions. Any such acquisitive transaction could be material to our business and could take any number of forms, including mergers, joint ventures and the purchase of equity interests. The consideration for such acquisitive transactions may include, among other things, cash, common stock or equity interests in us or our subsidiaries, or a contribution of equipment to obtain equity interests, and in conjunction with a transaction we might incur additional indebtedness. We also routinely evaluate the benefits of disposing of certain of our assets. Such dispositions could take the form of asset sales, mergers or sales of equity interests.

These transactions may present significant risks such as insufficient revenues to offset liabilities assumed, potential loss of significant revenues and income streams, increased or unexpected expenses, inadequate return of capital, regulatory or compliance issues, the triggering of certain covenants in our debt instruments (including accelerated repayment) and unidentified issues not discovered in due diligence. In addition, such transactions could distract management from current operations. As a result of the risks inherent in such transactions, we cannot guarantee that any such transaction will ultimately result in the realization of its anticipated benefits or that it will not have a material adverse impact on our business, financial condition or results of operations. If we were to complete such an acquisition, disposition, investment or other strategic transaction, we may require additional debt or equity financing that could result in a significant increase in our amount of debt and our debt service obligations or the number of outstanding shares of our common stock, thereby diluting holders of our common stock outstanding prior to such acquisition.

We are subject to tax and other legal compliance risks.

We are subject to a variety of tax and other legal compliance risks. These risks include, among other things, possible liability relating to taxes and compliance with U.S. and foreign export laws such as ITAR and the European Union Dual-Use Export Regulations, competition laws and laws governing improper business practices such as the FCPA, the U.K. Bribery Act and the Brazil Clean Companies Act, a new anti-bribery law that is similar to the FCPA and U.K. Bribery Act. We or one of our business units could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments, other damages (in certain cases, treble damages), or suspension or debarment from government contracts. The U.S. Department of Justice and other federal agencies and authorities have a broad range of civil and criminal penalties at their disposal to impose against corporations and individuals for violations of trading sanctions laws, the FCPA and other federal statutes. Under trading sanctions laws, the government may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries, and modifications to compliance programs, which may increase compliance costs, and could subject us to fines, penalties and other sanctions. If any of the risks described above were to materialize, they could adversely impact our financial condition or results of operations. Independently, our failure to comply with applicable export and trade practice laws could result in civil or criminal penalties and suspension or termination of export privileges. As a global business, we are subject to complex laws and regulations in the U.K., the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time, as may interpretations and other guidance. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Actions taken by agencies empowered to enforce governmental regulations could increase our costs and reduce our ability to operate successfully.

Our operations are regulated by governmental agencies in the various jurisdictions in which we operate. These agencies have jurisdiction over many aspects of our business, including personnel, aircraft and ground facilities. Statutes and regulations in these jurisdictions also subject us to various certification and reporting requirements and inspections regarding safety, training and general regulatory compliance. Other statutes and regulations in these jurisdictions regulate the offshore operations of our clients. The agencies empowered to enforce these statutes and regulations may suspend, curtail or require us to modify our operations. In February 2014 the U.K. Civil Aviation Authority issued the CAP 1145 regulation, which is intended to improve the safety of offshore helicopter operations in

the U.K. The regulation was issued in response to the August 23, 2013 crash of a competitor's Airbus Helicopters AS332L2 Super Puma where four passengers lost their lives. The regulation is in part intended to improve the ability of passengers and crew to survive a ditching, and also addresses pilot training, helidecks, acceptable weather conditions for flying and other safety topics. For example, one requirement scheduled to be in effect September 1, 2014 is that passengers may only occupy seats next to an emergency exit window. The requirements could present North Sea operators, including us, with significant operational challenges. A suspension or substantial curtailment of our operations for any prolonged period, and any substantial modification of our current operations, may have a material adverse effect on our business, financial condition and results of operations. See further discussion in Item 1. "Business — Government Regulation" and "Business - Environmental" included elsewhere in this Annual Report.

Table of Contents

Changes in effective tax rates, taxation of our foreign subsidiaries or adverse outcomes resulting from examination of our tax returns could adversely affect our business, financial condition and results of operations.

Our future effective tax rates could be adversely affected by changes in tax laws, both domestically and internationally, or the interpretation or application thereof. From time to time, the U.S. Congress and foreign, state and local governments consider legislation that could increase our effective tax rate or the effective tax rates of our consolidated affiliates. For example, our unconsolidated affiliate in Brazil was a party to tax litigation related to taxes assessed on foreign earnings over a period of time dating back to 2005. Through an amnesty program, in November 2013, they made a payment for the years from 2005 to 2012 and recorded significant tax charges, impacting their results and our earnings from this investment. See discussion of these taxes and amnesty program and payment under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Outlook — Selected Regional Perspectives” included elsewhere in this Annual Report. We cannot determine whether, or in what form, legislation will ultimately be enacted or what the impact of any such legislation would be on our profitability. If these or other changes to tax laws are enacted, our profitability could be negatively impacted.

Our future effective tax rates could also be adversely affected by changes in the valuation of our deferred tax assets and liabilities, changes in the mix of earnings in countries with differing statutory tax rates, the ultimate repatriation of earnings from foreign subsidiaries to the U.S., or by changes in tax treaties, regulations, accounting principles or interpretations thereof in one or more countries in which we operate. In addition, we are subject to the potential examination of our income tax returns by the Internal Revenue Service and other tax authorities where we file tax returns. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that such examinations will not have a material adverse effect on our business, financial condition and results of operations.

Environmental regulations and liabilities may increase our costs and adversely affect us.

Our operations are subject to U.S. federal, state and local, and foreign environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage, recycling and disposal of toxic and hazardous wastes. The nature of the business of operating and maintaining aircraft requires that we use, store and dispose of materials that are subject to environmental regulation. Environmental laws and regulations change frequently, which makes it impossible for us to predict their cost or impact on our future operations. Liabilities associated with environmental matters could have a material adverse effect on our business, financial condition and results of operations. We could be exposed to strict, joint and several liability for cleanup costs, natural resource damages and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Additionally, any failure by us to comply with applicable environmental laws and regulations may result in governmental authorities taking action against our business that could adversely impact our operations and financial condition, including the:

- issuance of administrative, civil and criminal penalties;
- denial or revocation of permits or other authorizations;
- imposition of limitations on our operations; and
- performance of site investigatory, remedial or other corrective actions.

Changes in environmental laws or regulations, including laws relating to greenhouse emissions or other climate change concerns, could require us to devote capital or other resources to comply with those laws and regulations. These changes could also subject us to additional costs and restrictions, including increased fuel costs. For additional information see Item 1. “Business - Environmental” and Item 3. “Legal Proceedings” included elsewhere in this Annual Report.

Our failure to dispose of aircraft through sales into the aftermarket could adversely affect us.

The management of our global aircraft fleet involves a careful evaluation of the expected demand for our services across global markets, including the type of aircraft needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more medium and large aircraft and newer technology aircraft may be required. As older aircraft models come off of current contracts and are replaced by new aircraft, our management evaluates our future needs for these aircraft models and ultimately the ability to recover our remaining investments in these aircraft through sales into the aftermarket. We depreciate our aircraft over their expected useful life to the

expected salvage value to be received for the aircraft at the end of that life; however, depending on the market for aircraft we may record gains or losses on aircraft sales. In certain instances where a cash return can be made on newer aircraft in excess of the expected return available through the provision of our services, we may sell newer aircraft. The number of aircraft sales and the amount of gains and losses recorded on these sales is unpredictable. A failure to dispose of aircraft and parts in the secondary market could impair our ability to operate our fleet efficiently and service existing contracts or win new mandates and could have a material adverse effect on our business, financial condition or results of operations.

Table of Contents

Adverse results of legal proceedings could materially and adversely affect our business, financial condition or results of operations.

We are subject to and may in the future be subject to legal proceedings and claims that arise out of the ordinary conduct of our business. Results of legal proceedings cannot be predicted with certainty. Irrespective of merit, litigation may be both lengthy and disruptive to our operations and could cause significant expenditure and diversion of management attention. We may be faced with significant monetary damages or injunctive relief against us that could materially adversely affect a portion of our business operations or materially and adversely affect our business, financial condition or results of operations should we fail to prevail in certain matters.

We are exposed to credit risks.

We are exposed to credit risk on our financial investments, which depends on the ability of our counterparties to fulfill their obligations to us. We manage credit risk by entering into arrangements with established counterparties and through the establishment of credit policies and limits, which are applied in the selection of counterparties.

Credit risk on financial instruments arises from the potential for counterparties to default on their contractual obligations and is limited to those contracts on which we would incur a loss in replacing the instrument. We limit our credit risk by dealing only with counterparties that possess investment grade credit ratings and monitor our concentration risk with counterparties on an ongoing basis. The carrying amount of financial assets represents the maximum credit exposure for financial assets.

Credit risk arises on our trade receivables from the unexpected loss in cash and earnings when a client cannot meet its obligation to us or when the value of security provided declines. To mitigate trade credit risk, we have developed credit policies that include the review, approval and monitoring of new clients, annual credit evaluations and credit limits. There can be no assurance that our risk mitigation strategies will be effective and that credit risk will not adversely affect our financial condition and results of operations.

Negative publicity may adversely impact us.

Media coverage and public statements that insinuate improper actions by us, our unconsolidated affiliates, or other companies in our industry regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation, the morale of our employees and the willingness of the passengers to fly on our aircraft and those of our competitors, which could adversely affect our business, financial condition or results of operations.

Regulations limit foreign ownership of our company, which could reduce the price of our common stock and cause owners of our common stock who are not U.S. persons to lose their voting rights.

Our restated certificate of incorporation provides that persons or entities that are not “citizens of the U.S.” (as defined in the Federal Aviation Act of 1958) shall not collectively own or control more than 25% of the voting power of our outstanding capital stock (the “Permitted Foreign Ownership Percentage”) and that, if at any time persons that are not citizens of the U.S. nevertheless collectively own or control more than the Permitted Foreign Ownership Percentage, the voting rights of shares owned by stockholders who are not citizens of the U.S. shall automatically be suspended, in the reverse chronological order of the dates and times of registry of such shares in the Company’s stock records, until the voting rights of a sufficient number thereof shall have been suspended so that the number of shares owned by stockholders who are not citizens of the U.S. that continues to have voting rights equals the greatest whole number that is less than or equal to the Permitted Foreign Ownership Percentage. Shares held by persons who are not citizens of the U.S. may lose their associated voting rights and be redeemed as a result of these provisions. These restrictions may also have a material adverse impact on the liquidity or market value of our common stock because holders may be unable to transfer our common stock to persons who are not citizens of the U.S.

If we do not restrict the amount of foreign ownership of our common stock, we may fail to remain a U.S. citizen, might lose our status as a U.S. air carrier and be prohibited from operating aircraft in the U.S., which would adversely impact our business, financial condition and results of operations.

Since we hold the status of a U.S. air carrier under the regulations of both the U.S. DOT and the FAA and we engage in the operating and dry-leasing of aircraft in the U.S., we are subject to regulations pursuant to Title 49 of the Transportation Code (“Transportation Code”) and other statutes (collectively, “Aviation Acts”). The Transportation Code

requires that Certificates to engage in air transportation be held only by citizens of the U.S. as that term is defined in the relevant section of the Transportation Code. That section requires: (i) that our president and two-thirds of our board of directors and other managing officers be U.S. citizens; (ii) that at least 75% of our outstanding voting stock be owned by U.S. citizens; and (iii) that we must be under the actual

Table of Contents

control of U.S. citizens. Further, our aircraft operating in the U.S. must generally be registered in the U.S. In order to register such aircraft under the Aviation Acts, we must be owned or controlled by U.S. citizens. Although our restated certificate of incorporation and amended and restated by-laws contain provisions intended to ensure compliance with the provisions of the Aviation Acts, a failure to maintain compliance could result in the loss of our air carrier status and thereby adversely affect our business, financial condition and results of operations and we would be prohibited from both operating as an air carrier and operating aircraft in the U.S. during any period in which we did not comply with these regulations.

Risks Related to Our Level of Indebtedness

Our level of indebtedness could adversely affect our ability to obtain financing, impair our ability to fulfill our obligations under our indebtedness and limit our ability to adjust to changing market conditions.

As of March 31, 2014, we had approximately \$841.3 million of outstanding indebtedness. In addition, we had \$325.5 million of availability for borrowings under our Credit Facilities as of March 31, 2014, subject to our maintenance of financial covenants and other conditions. Although the agreements governing our Credit Facilities and the indenture governing our 6 ¼% Senior Notes due 2022 (“6 ¼% Senior Notes”) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and we could incur substantial additional indebtedness.

Our level of indebtedness may have important consequences to our business, including:

- impairing our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes;

- requiring us to dedicate a substantial portion of our cash flow to the payment of principal and interest on our indebtedness, which reduces the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes or to repurchase our notes upon a change of control;

- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including our borrowings under our Credit Facilities;

- increasing the possibility of an event of default under the financial and other covenants contained in our debt instruments; and

- limiting our ability to adjust to rapidly changing market conditions, reducing our ability to withstand competitive pressures and making us more vulnerable to a downturn in general economic conditions or our business than our competitors with less debt.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to refinance all or a portion of our existing debt or obtain additional financing. There is no assurance that any such refinancing would be possible or that any additional financing could be obtained. Our inability to obtain such refinancing or financing may have a material adverse effect on us.

Failure to comply with covenants contained in certain of our lease agreements could limit our ability to maintain our leased aircraft fleet and could adversely affect our business.

We have a significant amount of financial leverage from fixed obligations, including aircraft leases, leases of airport property and other facilities, and other material cash obligations. In addition, we have substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft. The terms of our aircraft lease agreements contain covenants that impose operating and financial limitations on us. Such lease agreements limit, among other things, our ability to utilize aircraft in certain jurisdictions and/or to sublease aircraft, and may contain restrictions upon a change of control. A breach of lease covenants could result in an obligation to repay amounts outstanding under the lease, including rent and a stated value amount per aircraft. If such an event occurs, we may not be able to pay all amounts due under the leases or to refinance such leases on terms satisfactory to us or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Table of Contents

To service our indebtedness and lease obligations we will continue to require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to make scheduled payments of principal or interest with respect to our indebtedness and lease obligations will depend on our ability to generate cash and on our financial results. Our ability to generate cash depends on the demand for our services, which is subject to levels of activity in offshore oil and gas exploration, development and production, general economic conditions, the ability of our affiliates to generate and distribute cash flows, and financial, competitive, regulatory and other factors affecting our operations, many of which are beyond our control. We cannot assure you that our operations will generate sufficient cash flow or that future borrowings will be available to us under our Credit Facilities or otherwise in an amount sufficient to enable us to pay our indebtedness or lease obligations or to fund our other liquidity needs.

Covenants in our debt agreements may restrict the manner in which we can operate our business.

Our Credit Facilities and the indenture governing the 6 ¼% Senior Notes limit, among other things, our ability and the ability of our restricted subsidiaries to:

- borrow money or issue guarantees;
- pay dividends, redeem capital stock or make other restricted payments;
- incur liens to secure indebtedness;
- make certain investments;
- sell certain assets;
- enter into transactions with our affiliates; or
- merge with another person or sell substantially all of our assets.

If we fail to comply with these and other covenants, we would be in default under our Credit Facilities and the indenture governing the 6 ¼% Senior Notes, and the principal and accrued interest on our outstanding indebtedness may become due and payable. In addition, our Credit Facilities contain, and our future indebtedness agreements may contain, additional affirmative and negative covenants.

As a result, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be considered beneficial to us. Our Credit Facilities also require, and our future credit facilities may require, us to maintain specified financial ratios and satisfy certain financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests in the future. The breach of any of these covenants could result in a default under our Credit Facilities. Upon the occurrence of an event of default under our existing or future credit facilities, the lenders could elect to declare all amounts outstanding under such credit facilities, including accrued interest or other obligations, to be immediately due and payable. There can be no assurance that our assets would be sufficient to repay in full all of our indebtedness.

The instruments governing certain of our indebtedness, including our Credit Facilities and the indentures governing the 3% Convertible Senior Notes and the 6 ¼% Senior Notes, contain cross-default provisions. Under these provisions, a default under one instrument governing our indebtedness may constitute a default under our other instruments of indebtedness.

Table of Contents

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The number and types of aircraft we operate are described in Item 1. “Business — Overview” above. In addition, we lease various office and operating facilities worldwide, including facilities at the Acadiana Regional Airport in New Iberia, Louisiana, the Redhill Aerodrome near London, England, the Aberdeen Airport, Scotland and along the U.S. Gulf of Mexico, and numerous residential locations near our operating bases or the bases of our affiliates in the U.K., Norway, Australia, Russia, Nigeria, Canada and Trinidad primarily for housing pilots and staff supporting those operations. We also lease office space in two buildings in Houston, Texas, which we use as our Corporate and Other International business unit headquarters. Eastern Airways owns a majority controlling stake in the Humberside Airport in Kirmington, United Kingdom. Additionally, we have multiple properties in Titusville, Florida, where the largest campus of our Bristow Academy business unit is located. These facilities are generally suitable for our operations and can be replaced with other available facilities if necessary.

Additional information about our properties can be found in Note 8 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report (under the captions “Aircraft Purchase Contracts” and “Operating Leases”). A detail of our long-lived assets by geographic area as of March 31, 2014 and 2013 can be found in Note 12 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Item 3. Legal Proceedings

Nigerian Litigation

In November 2005, two of our consolidated foreign affiliates were named in a lawsuit filed with the High Court of Lagos State, Nigeria by Mr. Benneth Osita Onwubalili and his affiliated company, Kensit Nigeria Limited, which allegedly acted as agents of our affiliates in Nigeria. The claimants allege that an agreement between the parties was terminated without justification and seek damages of \$16.3 million. We responded to this claim in early 2006. There has been minimal activity on this claim since then.

Environmental Contingencies

The EPA has in the past notified us that we are a potential responsible party, or PRP, at three former waste disposal facilities that are on the National Priorities List of contaminated sites. Under the Superfund law, persons who are identified as PRPs may be subject to strict, joint and several liability for the costs of cleaning up environmental contamination resulting from releases of hazardous substances at National Priorities List sites. Although we have not yet obtained a formal release of liability from the EPA with respect to any of the sites, we believe that our potential liability in connection with these sites is not likely to have a material adverse effect on our business, financial condition or results of operations.

Other Matters

Although infrequent, aircraft accidents have occurred in the past, and the related losses and liability claims have been covered by insurance subject to a deductible. We also are a defendant in certain claims and litigation arising out of operations in the normal course of business. In the opinion of management, uninsured losses, if any, will not be material to our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

None.

Table of Contents

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol "BRS." The following table shows the range of prices for our Common Stock during each quarter of our last two fiscal years.

| | Fiscal Year Ended March 31, | | | |
|----------------|-----------------------------|---------|---------|---------|
| | 2014 | | 2013 | |
| | High | Low | High | Low |
| First Quarter | \$69.05 | \$59.21 | \$50.14 | \$37.92 |
| Second Quarter | 73.97 | 64.94 | 52.54 | 40.38 |
| Third Quarter | 85.70 | 72.48 | 54.97 | 48.10 |
| Fourth Quarter | 79.70 | 64.10 | 67.13 | 53.57 |

On May 16, 2014, the last reported sale price of our Common Stock on the NYSE was \$74.03 per share. As of May 16, 2014, there were 384 holders of record of our Common Stock.

We paid quarterly dividends of \$0.25 per share during each quarter of fiscal year 2014 and \$0.20 per share during each quarter of fiscal year 2013. On May 16, 2014, our board of directors approved a dividend of \$0.32 per share of Common Stock, payable on June 19, 2014 to shareholders of record on June 5, 2014. During fiscal years 2014 and 2013, we paid dividends totaling \$36.3 million and \$28.7 million, respectively, to our shareholders. The declaration of future dividends is at the discretion of our board of directors and subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law, and our debt instruments.

The following table shows the repurchases of equity securities during the three months ended March 31, 2014:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Program ⁽¹⁾ | Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ |
|--------------------------------------|----------------------------------|------------------------------|---|---|
| January 1, 2014 - January 31, 2014 | 230,490 | \$73.53 | 230,490 | \$66,507,424 |
| February 1, 2014 - February 28, 2014 | 351,401 | \$71.86 | 351,401 | \$74,748,975 |
| March 1, 2014 - March 31, 2014 | 246,674 | \$76.69 | 246,674 | \$55,830,976 |

⁽¹⁾ On November 2, 2011, our board of directors authorized the expenditure of up to \$100 million to repurchase shares of our Common Stock 12 months from that date, of which \$25.1 million was spent. On November 2, 2012, our board of directors extended the date to repurchase shares of our Common Stock by 12 months and increased the remaining repurchase amount to \$100 million of which \$1.2 million was spent. On November 5, 2013, our board of directors extended the date to repurchase up to \$100 million of shares of our Common Stock by another 12 months. During the three months ended December 31, 2013, we spent \$16.5 million to repurchase 215,310 shares of our Common Stock. During January 2014, we spent an additional \$17.0 million to repurchase another 230,490 shares of our Common Stock. In February 2014, our board of directors increased the remaining repurchase amount to \$100 million through November 5, 2014. During February and March 2014, we spent an additional \$44.2 million to repurchase another 598,075 shares of our Common Stock. Subsequently, from April 1, 2014 through May 16, 2014, we spent another \$9.4 million to repurchase 125,983 additional shares of our Common Stock. As of May 16, 2014, we had \$46.5 million of remaining repurchase authority. The timing and method of any repurchases under the program will depend on a variety of factors, is subject to our results of operations, financial condition, cash requirements, and other factors and restrictions under applicable law and our debt instruments, and may be suspended or discontinued at any time. The timing and method of any repurchases under the program will depend on a variety of factors, is subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law and our debt instruments, and may be suspended or discontinued at any time.

Table of Contents

The following graph compares the cumulative 5-year total shareholder return on our Common Stock relative to the cumulative total returns of the S&P 500 index, the PHLX Oil Service Sector index and the Simmons Offshore Transportation Services Group. We have included the Simmons Offshore Transportation Services Group as management reviews this data internally and believes that this comparison is most representative to our peer group. The graph assumes that the value of the investment in our Common Stock and in each of the indices (including reinvestment of dividends) was \$100 on March 31, 2009 and tracks it through March 31, 2014.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Bristow Group Inc., the S&P 500 Index, the PHLX Oil Service Sector Index, and the Simmons Offshore Transportation Services Group

*\$100 invested on 3/31/09 in stock or index, including reinvestment of dividends.

Fiscal year ending March 31.

Copyright© 2014 S&P, a division of The McGraw-Hill Companies Inc. All rights reserved.

| | March 31, 2009 | March 31, 2010 | March 31, 2011 | March 31, 2012 | March 31, 2013 | March 31, 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Bristow Group Inc. | 100.00 | 176.06 | 220.72 | 225.77 | 317.13 | 368.34 |
| S&P 500 Index | 100.00 | 149.77 | 173.20 | 187.99 | 214.24 | 261.06 |
| PHLX Oil Service Sector Index | 100.00 | 163.11 | 236.64 | 183.70 | 195.76 | 246.15 |
| Simmons Offshore Transportation Services Group | 100.00 | 147.86 | 194.15 | 184.73 | 191.93 | 221.42 |

Table of Contents

Item 6. Selected Financial Data

The following table contains our selected historical consolidated financial data. You should read this table along with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Consolidated Financial Statements and the related notes thereto, all of which are included elsewhere in this Annual Report.

| | Fiscal Year Ended March 31, | | | | |
|--|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 ⁽¹⁾ | 2013 ⁽²⁾ | 2012 ⁽³⁾ | 2011 ⁽⁴⁾ | 2010 ⁽⁵⁾ |
| | (In thousands, except per share data) | | | | |
| Statement of Income Data: ⁽⁶⁾ | | | | | |
| Gross revenue | \$1,669,582 | \$1,508,473 | \$1,341,803 | \$1,232,808 | \$1,167,756 |
| Net income attributable to Bristow Group | \$186,737 | \$130,102 | \$63,530 | \$132,315 | \$112,014 |
| Basic earnings per common share | \$5.15 | \$3.61 | \$1.76 | \$3.67 | \$3.23 |
| Diluted earnings per common share | \$5.09 | \$3.57 | \$1.73 | \$3.60 | \$3.10 |
| Cash dividends declared per share | \$1.00 | \$0.80 | \$0.60 | \$— | \$— |
| | March 31, | | | | |
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | (In thousands) | | | | |
| Balance Sheet Data: ⁽⁶⁾ | | | | | |
| Total assets | \$3,398,257 | \$2,950,692 | \$2,740,363 | \$2,675,354 | \$2,494,620 |
| Long-term obligations ⁽⁷⁾ | \$841,302 | \$787,269 | \$757,245 | \$718,836 | \$728,163 |

Results for fiscal year 2014 include a gain on the sale of the FB Entities of \$103.9 million (\$67.9 million, net of tax), \$12.7 million (\$8.3 million net of tax) in charges related to the cancellation of a potential financing, a \$12.7 million (\$10.1 million, net of tax) write-down of inventory spare parts to the lower of cost or market value and \$13.6 million (\$8.8 million, net of tax) in lower earnings from Líder resulting primarily from a tax amnesty payment Líder made to the Brazilian government. Additional discussion of these items and other significant items in fiscal year 2014 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2014 Compared to Fiscal Year 2013” included elsewhere in this Annual Report.

Results for fiscal year 2013 include a gain on disposal of assets of \$8.1 million (\$6.4 million, net of tax) and the retirement of our 7 ½% Senior Notes (redemption premium and write-off of deferred financing costs) of \$14.9 million (\$11.4 million, net of tax). Additional discussion of these items and other significant items in fiscal year 2013 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2014 Compared to Fiscal Year 2013” included elsewhere in this Annual Report.

Results for fiscal year 2012 include a loss on disposal of assets of \$31.7 million (\$26.0 million, net of tax) and a \$25.9 million (\$18.5 million, net of tax) write-down of inventory spare parts to lower of cost or market value. Additional discussion of these items and other significant items in fiscal year 2012 is included under Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Overview of Operating Results — Fiscal Year 2013 Compared to Fiscal Year 2012” included elsewhere in this Annual Report.

Results for fiscal year 2011 include additional depreciation expense of \$5.3 million (\$3.4 million, net of tax) as a result of the impairment of previously capitalized internal software costs as the related project was abandoned, \$2.3 million (\$1.5 million, net of tax) redemption premium (included in other income (expense), net) and the non-cash write-off of \$2.4 million (\$1.6 million, net of tax) of unamortized debt issuance costs (included in interest expense) related to the early retirement of the 6 1/8% Senior Notes and a reduction in the provision of income taxes of \$17.7 million related to adjustments to deferred tax liabilities that were no longer required as a result of restructuring during fiscal year 2011.

Results for fiscal year 2010 include \$3.6 million (\$2.3 million, net of tax) of bad debt allowance recorded for accounts receivable due from our unconsolidated affiliate in Mexico, \$2.5 million (\$1.6 million, net of tax)

reduction in a bad debt allowance on accounts receivable due from a client in Kazakhstan, \$3.3 million (\$2.9 million, net of tax) from a reduction in depreciation expense for errors in calculation of depreciation on certain aircraft in prior fiscal years, \$2.0 million (\$1.3 million, net of tax) from a reduction in expense in Australia upon resolution of local tax matters, \$4.9 million (\$3.2 million, net of tax) increase in compensation costs associated with the departure of three of the Company's officers and \$2.6 million, net of tax, in gains resulting from hedging gains from the termination of forward contracts on euro-denominated aircraft purchase commitments.

Results of operations and financial position of companies that we have acquired have been included beginning on the respective dates of acquisition and include Eastern Airways (February 2014) and Rotorwing Leasing Resources, L.L.C. ("RLR") (July 2011). Amounts also include our investment in Líder (May 2009) and Cougar (October 2012). On July 14, 2013, we sold our 50% interest in the FB Entities.

(7) Includes long-term debt, current maturities of long-term debt and a capital lease obligation.

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with "Forward-Looking Statements," Item 1A. "Risk Factors" and our Consolidated Financial Statements for fiscal years 2014, 2013 and 2012, and the related notes thereto, all of which are included elsewhere in this Annual Report.

Executive Overview

This Executive Overview only includes what management considers to be the most important information and analysis for evaluating our financial condition and operating performance. It provides the context for the discussion and analysis of the financial information that follows and does not disclose every item impacting our financial condition and operating performance.

See discussion of our business and the operations within our Helicopter Services Segment under Part I. Item 1. "Business — Overview" included elsewhere in this Annual Report.

Our Strategy

Our goal is to strengthen our position as the leading helicopter services provider to the offshore energy industry and for civilian SAR. We intend to employ the following well defined business/commercial and capital allocation strategies to achieve this goal:

Business/Commercial Strategy

Be the preferred provider of helicopter services. We position our business to be the preferred provider of helicopter services by maintaining strong relationships with our clients and providing safe and high-quality service. In order to create further differentiation and add value to our clients, we focus on enhancing our value to our clients through key components of our "Operational Excellence" initiative and our "Bristow Client Promise" program, which are the initiatives of "Target Zero Accidents," "Target Zero Downtime" and "Target Zero Complaints." This program is designed to help our clients better achieve their offshore objectives by providing higher hours of zero-accident flight time with on-time and up-time helicopter transportation service. We maintain close relationships with our clients' field operations, corporate management and contacts at governmental agencies which we believe help us better anticipate client needs and provide our clients with the right aircraft in the right place at the right time, which in turn allows us to better manage our fleet utilization and capital investment program. By better understanding and delivering on our clients' needs with our global operations and safety standards, we believe we effectively compete against other helicopter service providers based on aircraft availability, client service, safety and reliability, and not just price. We also leverage our close relationships with our industry peers to establish mutually beneficial operating practices and safety standards industry-wide.

Grow our business while managing our assets. We plan to continue to grow our business globally and increase our revenue and profitability over time, while managing through cyclical downturns in the energy industry or governmental spending reductions or modifications. We conduct flight operations in most major oil and gas producing regions of the world, and through our strong relationships with our existing clients, we are aware of future business opportunities in the markets we currently serve that would allow us to grow through new contracts. Additionally, new opportunities may result in growth through acquisitions, participation with existing unconsolidated affiliates, investing in new companies, or creating partnerships and alliances with existing industry participants. We are also actively managing our aircraft fleet with the expressed goal of continually renewing the fleet with newer technology aircraft, while also reducing the number of fleet types we operate. We expect that a reduction in the number of fleet types we operate will allow us to realize operating, maintenance and supply chain efficiencies across a more standardized global fleet of aircraft.

Execute on Operational Excellence Initiatives. We continue to execute on operational excellence initiatives, with the goal of improving our service delivery and overall value to our clients. We define our objective of ongoing improvement as reaching across four strategic areas: clients, execution, people and growth. We strive for the highest standards in safety performance, mission execution, people management and financial discipline. To continue building client confidence, we have created the role of Service Delivery Manager in each of our business units. We have also appointed a number of global account and business development executives to support our drive to deliver operational excellence to our clients. We are also working to improve operational performance by creating global

supply chain and fleet management groups. We are in the process of further standardizing, simplifying and integrating our business processes across our global operations so we can better provide more consistent and high quality service delivery. We are investing in two new technology platforms, eFlight and a new Enterprise Resource Planning platform, to support flight operations and activities such as finance, supply chain and maintenance. The expected benefits of these efforts include fewer process steps, decreased cost, better maintenance turnaround, minimization of aircraft downtime, faster billing and collections, reduced inventory levels and lower risk exposure, which should lead to improved margins, asset turnover, cash flow and

Table of Contents

Bristow Value Added (“BVA”). We expect the technology execution portion of operational excellence to reduce risk and reinforce our long term 10-15% adjusted diluted earnings per share growth through BVA and earnings per share accretion.

Capital Allocation Strategy

Our capital allocation strategy is based on three principles as follows:

Prudent balance sheet management. Throughout our corporate and business unit management, we proactively manage our capital allocation plan with a focus on achieving business growth and improving rates of return, within the dictates of prudent balance sheet management. In addition to cash flow generated from operations, we intend to maintain adequate liquidity and manage our capital structure relative to our commitments with external financings when necessary and through the use of operating leases for 30-35% of our Large AirCRAFT Equivalent (“LACE”). As of March 31, 2014, aircraft under operating leases accounted for 25% of our LACE. Our adjusted debt to total equity ratio and total liquidity were 76.4% and \$529.9 million, respectively, as of March 31, 2014 compared to 75.6% and \$415.0 million, respectively, as of March 31, 2013. Adjusted debt includes the net present value of operating leases totaling \$411.6 million and \$301.9 million, respectively, letters of credit, bank guarantees and financial guarantees totaling \$2.7 million and \$2.6 million, respectively, and the unfunded pension liability of \$86.8 million and \$126.6 million, respectively, as of March 31, 2014 and 2013.

Highest return of BVA. Our internal financial management framework, called BVA, focuses on the returns we deliver across our organization. BVA is computed by subtracting a capital charge for the use of gross invested capital from after tax operating cash flow. Our goal is to achieve strong improvements in BVA over time by (1) improving the returns we earn throughout our organization via operational excellence initiatives and capital efficiency improvements as well as through better pricing based on the differentiated value we deliver to clients via the Bristow Client Promise program; (2) deploying more capital into commercial opportunities where management believes we can deliver strong returns and when we believe it will benefit the Company and our shareholders, including making strategic acquisitions or strategic equity investments; and (3) withdrawing capital from areas where returns are deemed inadequate and unable to be sufficiently improved. When appropriate, we may divest parts of the Company. Improvements in BVA are the primary financial measure in our management incentive plan, which is designed to align the interests of management with shareholders.

Table of Contents

Balanced shareholder return. We believe our liquidity position and cash flows from operations will be adequate to finance operating and maintenance expenditures, so we have matched our capital deployment alternatives for the current business environment to deliver a more balanced return to our shareholders. On May 16, 2014, our board of directors approved a dividend of \$0.32 per share, our thirteenth consecutive quarterly dividend. On August 1, 2013, our board of directors approved a dividend policy with a goal of an annualized quarterly dividend payout ratio of 20-30% of forward adjusted earnings per share, although actual dividend payments are at the discretion of the board of directors and may not meet this ratio. Also, our board of directors has authorized the expenditure of up to \$133.4 million to repurchase shares of Common Stock between November 5, 2013 and November 4, 2014. As of May 16, 2014, we had repurchased 1,721,462 shares of our Common Stock for a total of \$113.3 million. For additional information on our repurchases of Common Stock, see “Share Repurchases” in Note 11 to the financial statements elsewhere in this Annual Report. The timing and method of any repurchases under the program will depend on a variety of factors, is subject to our results of operations, financial condition, cash requirements and other factors and restrictions under applicable law and our debt instruments, and may be suspended or discontinued at any time.

Market Outlook

Our core business is providing helicopter services to the worldwide oil and gas industry. Our global operations and critical mass of helicopters provide us with geographic and client diversity which helps mitigate risks associated with a single market or client.

The business environment during calendar year 2013 and early 2014 has remained positive, despite short-term challenges. We are currently continuing to experience significant demand for medium and large helicopters. Based on our current contract level and discussions with our clients about their needs for aircraft related to their oil and gas production and exploration plans, we anticipate the demand for aircraft services will continue at a high level for the near term although in certain markets such as Australia we have seen a technical delay in clients’ equipment resulting in a delay for our services start dates. Further, based on the projects already under development by our clients in the markets in which we currently operate, we anticipate global demand for our services will continue to grow.

The SAR market is continuing to evolve and we believe further outsourcing of civilian SAR services to the private sector will continue as it is successfully deployed for governments. The clients for SAR services include both the oil and gas industry where our revenue is primarily dependent on our client’s operating expenditures as discussed above and governmental agencies where our revenue is dependent on a country’s desire to privatize SAR and enter into long-term contracts. SAR services opportunities not related to the oil and gas industry include: previously awarded work involving seven aircraft for our U.K. Gap SAR contract, five aircraft in Ireland, two aircraft in the Dutch Antilles and 18 additional aircraft for our U.K. SAR contract. We are also aware of other opportunities yet to be awarded in the future for up to 16 aircraft in various countries including Australia, Brazil, the Falklands, Libya, the Netherlands and Nigeria. See discussion of the U.K. Gap SAR and U.K. SAR contracts under “Recent Events” below. We continue to seek ways to operate more efficiently and work with our clients to improve the efficiency of their operations within our “Operational Excellence” initiative and “Bristow Client Promise” program. These efficiency gains, combined with strong demand, should lead to expansion of our business in some of our core markets.

Recent Events

Eastern Airways acquisition — On February 6, 2014, Bristow Helicopters Limited (“Bristow Helicopters”) acquired a 60% interest in the privately owned Eastern Airways International Limited (“Eastern Airways”) for cash of £27 million (\$44 million) with possible earn out consideration of up to £6 million (\$10 million) to be paid over a three year period based on the achievement of specified financial performance thresholds. In addition, Bristow Helicopters entered into agreements with the other stockholders of Eastern Airways that grant Bristow Helicopters the right to buy all of their Eastern Airways shares (and grant them the right after seven years to require Bristow Helicopters to buy all of their shares) and include transfer restrictions and other customary provisions. Eastern Airways is a regional fixed wing operator based at Humberside Airport located in North Lincolnshire, England with both charter and scheduled services targeting U.K. oil and gas industry transport. We believe this investment will strengthen Bristow Helicopters’ ability to provide a complete suite of point to point transportation services for existing European based passengers, expand helicopter services in certain areas like the Shetland Islands and create a more integrated logistics solution for

global clients.

The acquisition of Eastern Airways is accounted for under the purchase method and the results are consolidated from the date of acquisition in the Europe business unit.

We expect this acquisition will contribute approximately \$160 million in operating revenue and \$25 million of adjusted EBITDAR on an annual basis.

37

Table of Contents

Retirement of President and Chief Executive Officer — On February 3, 2014, we announced that William E. Chiles will resign as President and Chief Executive Officer of the Company and that Jonathan E. Baliff has been appointed President and Chief Executive Officer to succeed Mr. Chiles effective immediately following the resignation of Mr. Chiles as an officer of the Company on or about July 31, 2014. For further details of the terms of Mr. Chiles Retirement and Consulting Agreement, dated January 30, 2014, see Note 10 in the “Notes to the Consolidated Financial Statements” included elsewhere in this Annual Report. Compensation to be paid to Mr. Chiles under this agreement impacted our financial results for fiscal year 2014 and will impact our financial results for fiscal years 2015-2017.

Sale of unconsolidated affiliate in the U.K. — On July 14, 2013, we sold our 50% interest in each of FBS Limited, FB Heliservices Limited and FB Leasing Limited, collectively referred to as the FB Entities, for £74 million, or \$112.2 million. The FB Entities are U.K. corporations that own and operate a total of 64 aircraft and principally provide pilot training, maintenance and support services to the British military. We recorded a pre-tax gain on sale of unconsolidated affiliate of \$103.9 million during fiscal year 2014 on our consolidated statement of income.

Award of U.K SAR contract — On March 26, 2013, Bristow Helicopters was awarded the U.K. SAR contract with the DfT to provide SAR services for all of the U.K. The U.K. SAR contract has a phased-in transition period beginning in April 2015 and continuing to July 2017 and a contract length of approximately ten years. Under the terms of the U.K. SAR contract, Bristow Helicopters will provide 11 Sikorsky S-92 and 11 AgustaWestland AW189 helicopters that will be located at ten bases across the U.K. Each SAR base will operate either two S-92s or two AW189s. In addition to the ten bases with 20 aircraft, two fully SAR-equipped training aircraft will be available to be deployed to any base as needed. Four of the aircraft that will operate at two bases under the U.K. SAR contract commenced operations under an interim SAR contract with the DfT (“U.K. Gap SAR”) during June and July 2013, and will transition to the U.K. SAR contract in fiscal year 2018. We expect the U.K. SAR contract to generate operating revenue, adjusted EBITDAR and BVA of approximately \$2.5 billion, \$1.1 billion and \$300 million, respectively, over the contract term with anticipated capital requirements of approximately \$825 million.

Aircraft incidents and fleet changes — On October 22, 2012, an incident occurred with an Airbus Helicopters EC225 Super Puma helicopter operated by another helicopter company, which resulted in a controlled ditching of the aircraft on the North Sea, south of the Shetland Isles, U.K. Following the ditching, all 19 passengers and crew were recovered safely and without injuries.

This incident resulted in the CAAs in the U.K. and Norway issuing safety directives in October 2012, requiring operators to suspend operations of the affected aircraft and our cessation of operations of a total of 16 large Airbus Helicopters aircraft for a period of time pending determination of the root cause of the gear shaft failure that resulted in the incident. The gear shaft has been redesigned and, in April 2014, Airbus Helicopters advised us that the European Aviation Safety Authority (the “EASA”) has certified the new shaft with the expectation that the global oil and gas fleet will have the new shaft installed in the next twelve months. However, in July 2013 the EASA issued an airworthiness directive providing for interim solutions involving minor aircraft modifications and new maintenance/operating procedures for mitigating shaft failure and enhancing early detection which allows the EC225 to safely fly without the new shaft. We commenced return to operational service of our EC225 fleet in the third quarter of fiscal year 2014. We currently operate 20 of these aircraft including 14 owned and six leased. Nine of the 11 aircraft in the U.K. have returned to service with another two aircraft expected to return to service in the first quarter of fiscal year 2014 which will be fitted with the new shafts. Three aircraft in Norway are currently back in operation. Five aircraft have returned to service in Australia and another aircraft is expected to return to service in June. Until the fleet is again fully operational and under commercial arrangements similar to before the operational suspension, this situation could have a material adverse effect on our future business, financial condition and results of operations.

On August 23, 2013, an AS332L2, operated by a competitor, ditched near Sumburgh Airport in the U.K. resulting in the loss of four lives. To date, the investigation has not found any evidence of a technical fault and the ongoing work by the U.K. Air Accidents Investigation Branch continues to focus on the operational aspects of the flight.

Table of Contents

Following the August 2013 accident and in conjunction with two other helicopter operators in the U.K., we have established a Joint Operator's Review ("JOR") of Safety to review current processes, procedures and equipment in order to identify best practice in the offshore helicopter industry, with a view to further enhancing safety for our clients and crew. Bristow Helicopters also separately participated in a United Kingdom Parliamentary Inquiry on helicopter safety (the "Inquiry") which commenced November 6, 2013 with written submissions made on December 20, 2013 and oral hearings held January 27, 2014. We expect an official Inquiry report to be issued in the coming months.

On February 20, 2014, the U.K. Civil Aviation Authority issued a report detailing the findings and recommendations from its review of helicopter transport operations serving offshore installations in the U.K. The report, commonly referred to as CAP 1145, contains more than 60 safety actions and recommendations to improve the safety of offshore helicopter transport. Ten of the recommendations are designed to improve the survivability of passengers and crew following a ditching or impact in water.

One safety directive, which is scheduled to go into effect on September 1, 2014, will restrict seating capacity on some aircraft in the North Sea until new breathing systems are available or side floats are installed. Further requirements will be implemented over the next 12 months, including operational restrictions when sea states are above a certain prescribed level, or the flight prohibition of individuals whose size exceeds the dimensions of emergency egress windows.

We believe CAP 1145 will make our industry safer. We are cooperating with the CAA, the JOR, and our clients in the North Sea to evaluate and deploy technologies that meet these new safety standards. We remain committed to ensuring that any impact to our operations is managed through our existing safety policies and programs and does not result in an elevated safety risk in the near term. The requirements could present North Sea operators, including us, with significant operational challenges.

The management of our global aircraft fleet involves a careful evaluation of the expected demand for helicopter services across global energy markets, including the type of aircraft needed to meet this demand. As offshore oil and gas drilling and production globally moves to deeper water, more medium and large aircraft and newer technology aircraft may be required. As older aircraft models come off of current contracts and are replaced by new aircraft, our management evaluates our future needs for these aircraft models and ultimately the ability to recover our remaining investments in these aircraft through sales into the aftermarket. We depreciate our aircraft over their expected useful life to the expected salvage value to be received for the aircraft at the end of that life; however, depending on the market for aircraft or changes in the expected future use of aircraft within our fleet, we may record gains or losses on aircraft sales, impairment charges for aircraft operating or held for sale or accelerate depreciation on aircraft used in our operations. In certain instances where a cash return can be made on newer aircraft in excess of the expected return available through the provision of helicopter services, we may sell newer aircraft. The number of aircraft sales and the amount of gains and losses recorded on these sales is unpredictable. While aircraft sales are common in our business and are reflected in our operating results, gains and losses on aircraft sales may result in our operating results not reflecting the ordinary operating performance of our primary business, which is providing helicopter services to our clients. The gains and losses on aircraft sales and impairment charges are not included in the calculation of adjusted EBITDAR, adjusted earnings per share or gross cash flows for purposes of calculating BVA.

As part of an ongoing process to rationalize and simplify our global fleet of helicopters, we plan to reduce our current fleet, consisting of 28 different fleet and sub-fleet types, to eight fleet types in approximately five years and five fleet types in approximately ten years. During fiscal year 2014, we completed our exit from five fleet types and expect to exit from an additional eight fleet types over the next two fiscal years. As we modernize our fleet, we have recently added two new fleet types, the AgustaWestland AW189 large and Sikorsky S-76D medium aircraft; the first AW189 was delivered in April 2014 and the first three S-76Ds were delivered in the last two quarters of fiscal year 2014. This is the first time in five years that we have introduced a new aircraft fleet type into our fleet. These aircraft and other new technology models will comprise our service offering as we reduce the overall number of aircraft in our fleet in the upcoming years.

The limited availability of some new aircraft models and the need throughout the industry to retire many of the older aircraft in the worldwide fleet is a driver for our industry. Currently manufacturers have some available aircraft; however, there are also some constraints on supply of new large aircraft. These constraints are further complicated by

the October 22, 2012 incident and actions taken related to the EC225 helicopters discussed above.

39

Table of Contents

Selected Regional Perspectives

In fiscal year 2014, we announced that we won a number of significant long term client contracts, including a new contract in Tanzania which represents our first significant entry into East Africa. This contract is for a minimum of 27 months with two one-year extension options. In Norway, a contract with a major client was renewed starting January 2014 through December 2018, with an option for seven years. This follows four other contracts with three different clients in Europe, each with more than five years' duration. In the U.S. Gulf of Mexico, we were awarded one of our longest contracts, starting in April 2014 for a minimum of three years with two one-year extension options.

Additionally, in early fiscal year 2015 we announced that we had won a contract in Australia for three large aircraft operating out of Ceduna in South Australia over 24 months beginning in January 2016. These contracts will utilize a total of twelve large and three medium aircraft that are expected to generate up to \$850 million in revenue. Six of the twelve aircraft are new Sikorsky S-92s. This contract work, with higher pricing and improved terms, is expected to continue to commence through fiscal year 2015.

In July 2012, we announced that we secured several major new multi-year contracts for the provision of a total of 20 large aircraft that are expected to generate in excess of \$2 billion in revenue in Europe, Australia and Brazil. This contract work, with higher pricing and improved terms, is expected to continue to commence through fiscal year 2015. Included in the July 2012 announcement discussed above is an award by INPEX Corporation ("INPEX") of a ten-year contract for up to six large helicopters to support drilling, development and production operations on the Ichthys Project in Australia. INPEX also has an option to add a long-term SAR aircraft. This new contract began in the fourth quarter of fiscal year 2014 and reinforces our long term commitment to the Australian market.

Brazil continues to represent a significant part of our positive growth outlook. The ongoing growth in the pre-salt deepwater fields in Brazil will necessitate investment in infrastructure and associated services, particularly the addition of more offshore drilling rigs and production platforms. Aircraft being procured in this market tend to be newer and more sophisticated which is aligned with both our "Client Promise" and Líder's "Decolar" service differentiation programs. Continuing the fleet growth plan, Petrobras is expected to release new tenders for multiple medium and large aircraft expected to commence in the second half of calendar year 2014 and early calendar year 2015. In addition, recent new licensing rounds have been very well attended and several international oil companies have gained new blocks which will result in additional aircraft demand beyond the Petrobras requirements. Líder also has significant business in the general aviation sector and recently announced that it has secured a new position as the exclusive dealer for Bombardier jet aircraft sales in Brazil. This is expected to add to Líder's aircraft sales business and supplement Líder's Beechcraft turboprop dealership position.

Líder, along with its direct and indirect subsidiaries, were parties to tax litigation involving a tax assessment for taxes calculated in 2005, 2006 and 2007, related to profits of its foreign subsidiaries. Additionally, Líder received tax assessments for the period from 2008 through 2010 and expected to receive tax assessments for 2011 and 2012 related to the same tax issue. On October 9, 2013, a new law went into effect in Brazil, establishing amnesty conditions targeting companies that have tax liabilities under the tax laws in question similar to Líder. Under the amnesty, companies could settle any tax liabilities related to the profits of foreign subsidiaries incurred through December 31, 2012 by making payment in full for amounts levied or entering into an installment payment plan by November 29, 2013. Acceptance of this amnesty offer would result in the complete forgiveness of any late payment penalties, other fines, interest and legal charges in the case of full payment and a partial reduction in late payment penalties, other fines, interest and legal charges relating to outstanding taxes levied that may be paid in an installment plan. As a condition to accepting the amnesty offer, companies would withdraw from all administrative and judicial cases filed challenging the levying of the above-mentioned taxes.

In November 2013, under this amnesty law, Líder made a payment of 62.7 million Brazilian reais (\$27.0 million) for the period from 2005 through 2012. The total amount due for payment in full according to the amnesty law was 93.3 million Brazilian reais (\$40.2 million), but was reduced by existing tax assets for prior tax losses of 30.6 million Brazilian reais (\$13.2 million).

Table of Contents

We were indemnified by the other Líder shareholders for the portion of this tax assessed for the period prior to our investment in Líder in May 2009. The indemnity payment to us of \$2.5 million was paid during the three months ended March 31, 2014 and resulted in an increase in earnings from unconsolidated affiliates during the three months ended March 31, 2014. The total impact on our earnings from unconsolidated affiliates during fiscal year 2014 related to these taxes for Líder was \$13.6 million, net of the indemnity payment.

As expected, Líder's operations performed better during fiscal year 2014 as new aircraft began operating, as evidenced by improved earnings from unconsolidated affiliates when excluding the aforementioned tax charges. However, currency fluctuations continue to make it difficult to predict the earnings from our Líder investment. Earnings from unconsolidated affiliates, net of losses, on our consolidated statements of income, is included in calculating adjusted EBITDAR and adjusted net income.

As discussed in “Item 1A. Risk Factors” included elsewhere in this Annual Report, we are subject to competition and the political environment in the countries where we operate. In Nigeria, we have seen a recent increase in competitive pressure and the application of local content regulations that could impact our ability to win future work at levels previously anticipated. In order to properly and fully embrace new regulations, we have made a number of key changes to our operating model in Nigeria, while maintaining safety as our number one priority at all times. The objectives of these changes being (a) enhancing the level of continued compliance by each of Bristow Helicopters Nigeria Ltd. (“BHNL”) and Pan African Airlines Nigeria Ltd. (“PAAN”) with local content regulations, (b) providing technical aviation maintenance services through a wholly-owned Bristow Group entity, BGI Aviation Technical Services Nigeria Limited (“BATS”), and (c) each of BHNL, PAAN and BATS committing to continue to apply and use all key Bristow Group standards and policies, including without limitation our Target Zero safety program, our Code of Business Integrity and our Operations Manuals. As a result of these changes, our ability to continue to consolidate BHNL and PAAN under the current accounting requirements could change.

We recognize that the current operating environment in the North America business unit is challenging for our fleet mix and we are proactively restructuring our business by exiting the Alaska market with a long-term strategy of operating larger aircraft to service deepwater client contracts. During fiscal year 2014, we recorded \$3.4 million in costs associated with the restructuring of our North America business unit which related primarily to employee severance and retention costs. We expect our exit from the Alaska market to conclude by August 2014 and we expect to incur approximately \$1.3 million in additional costs related mostly to severance and retention through August 2014 as we complete our obligations under current contracts.

We conduct business in various foreign countries, and as such, our cash flows and earnings are subject to fluctuations and related risks from changes in foreign currency exchange rates. During fiscal year 2014, our primary foreign currency exposure was related to the euro, the British pound sterling, the Australian dollar, the Nigerian naira and the Brazilian real. For details on this exposure and the related impact on our results of operations, see “Item 7A.

Quantitative and Qualitative Disclosures about Market Risk” and Note 1 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Table of Contents

Overview of Operating Results

The following table presents our operating results and other statement of income information for the applicable periods:

| | Fiscal Years Ended | | Favorable (Unfavorable) | | | |
|--|--|--------------|----------------------------|--------|-------|----|
| | March 31, 2014 | 2013 | | | | |
| | (In thousands, except per share amounts, percentages and flight hours) | | | | | |
| Gross revenue: | | | | | | |
| Operating revenue | \$ 1,516,326 | \$ 1,344,015 | \$ 172,311 | 12.8 | % | |
| Reimbursable revenue | 153,256 | 164,458 | (11,202) | (6.8 |)% | |
| Total gross revenue | 1,669,582 | 1,508,473 | 161,109 | 10.7 | % | |
| Operating expense: | | | | | | |
| Direct cost | 1,041,575 | 900,378 | (141,197) | (15.7 |)% | |
| Reimbursable expense | 144,557 | 157,416 | 12,859 | 8.2 | % | |
| Impairment of inventories | 12,669 | — | (12,669) | * | | |
| Depreciation and amortization | 95,977 | 96,284 | 307 | 0.3 | % | |
| General and administrative | 199,814 | 163,389 | (36,425) | (22.3 |)% | |
| | 1,494,592 | 1,317,467 | (177,125) | (13.4 |)% | |
| Gain (loss) on disposal of assets | (722) | 8,068 | (8,790) | * | | |
| Earnings from unconsolidated affiliates, net of losses | 12,709 | 25,070 | (12,361) | (49.3 |)% | |
| Operating income | 186,977 | 224,144 | (37,167) | (16.6 |)% | |
| Interest expense, net | (43,218) | (41,658) | (1,560) | (3.7 |)% | |
| Extinguishment of debt | — | (14,932) | 14,932 | * | | |
| Gain on sale of unconsolidated affiliate | 103,924 | — | 103,924 | * | | |
| Other income (expense), net | (2,692) | (877) | (1,815) | (207.0 |)% | |
| Income before provision for income taxes | 244,991 | 166,677 | 78,314 | 47.0 | % | |
| Provision for income taxes | (57,212) | (35,002) | (22,210) | (63.5 |)% | |
| Net income | 187,779 | 131,675 | 56,104 | 42.6 | % | |
| Net income attributable to noncontrolling interests | (1,042) | (1,573) | 531 | 33.8 | % | |
| Net income attributable to Bristow Group | \$ 186,737 | \$ 130,102 | \$ 56,635 | 43.5 | % | |
| Diluted earnings per common share | \$ 5.09 | \$ 3.57 | \$ 1.52 | 42.6 | % | |
| Operating margin ⁽¹⁾ | 12.3 | % 16.7 | % (4.4 |)% | (26.3 |)% |
| Flight hours ⁽²⁾ | 195,400 | 207,149 | (11,749) | (5.7 |)% | |
| Non-GAAP financial measures: ⁽³⁾ | | | | | | |
| Adjusted operating income | \$ 233,459 | \$ 217,348 | \$ 16,111 | 7.4 | % | |
| Adjusted operating margin ⁽¹⁾ | 15.4 | % 16.2 | % (0.8 |)% | (4.9 |)% |
| Adjusted EBITDAR | \$ 433,656 | \$ 380,966 | \$ 52,690 | 13.8 | % | |
| Adjusted EBITDAR margin ⁽¹⁾ | 28.6 | % 28.3 | % 0.3 | % 1.1 | % | |
| Adjusted net income | \$ 163,176 | \$ 137,846 | \$ 25,330 | 18.4 | % | |

Edgar Filing: Bristow Group Inc - Form 10-K

| | | | | | |
|-------------------------------------|--------|--------|--------|------|---|
| Adjusted diluted earnings per share | \$4.45 | \$3.78 | \$0.67 | 17.7 | % |
|-------------------------------------|--------|--------|--------|------|---|

42

Table of Contents

| | Fiscal Years Ended | | Favorable (Unfavorable) | | |
|--|--------------------|-------------|----------------------------|---------|---|
| | March 31, 2013 | 2012 | | | |
| (In thousands, except per share amounts, percentages and flight hours) | | | | | |
| Gross revenue: | | | | | |
| Operating revenue | \$1,344,015 | \$1,199,227 | \$144,788 | 12.1 | % |
| Reimbursable revenue | 164,458 | 142,576 | 21,882 | 15.3 | % |
| Total gross revenue | 1,508,473 | 1,341,803 | 166,670 | 12.4 | % |
| Operating expense: | | | | | |
| Direct cost | 900,378 | 810,728 | (89,650) | (11.1) | % |
| Reimbursable expense | 157,416 | 136,922 | (20,494) | (15.0) | % |
| Impairment of inventories | — | 25,919 | 25,919 | * | |
| Depreciation and amortization | 96,284 | 96,144 | (140) | (0.1) | % |
| General and administrative | 163,389 | 135,333 | (28,056) | (20.7) | % |
| | 1,317,467 | 1,205,046 | (112,421) | (9.3) | % |
| Gain (loss) on disposal of assets | 8,068 | (31,670) | 39,738 | * | |
| Earnings from unconsolidated affiliates, net of losses | 25,070 | 10,679 | 14,391 | 134.8 | % |
| Operating income | 224,144 | 115,766 | 108,378 | 93.6 | % |
| Interest expense, net | (41,658) | (37,570) | (4,088) | (10.9) | % |
| Extinguishment of debt | (14,932) | — | (14,932) | * | |
| Other income (expense), net | (877) | 1,246 | (2,123) | * | |
| Income before provision for income taxes | 166,677 | 79,442 | 87,235 | 109.8 | % |
| Provision for income taxes | (35,002) | (14,201) | (20,801) | (146.5) | % |
| Net income | 131,675 | 65,241 | 66,434 | 101.8 | % |
| Net income attributable to noncontrolling interests | (1,573) | (1,711) | 138 | 8.1 | % |
| Net income attributable to Bristow Group | \$130,102 | \$63,530 | \$66,572 | 104.8 | % |
| Diluted earnings per common share | \$3.57 | \$1.73 | \$1.84 | 106.4 | % |
| Operating margin ⁽¹⁾ | 16.7 | % 9.7 | % 7.0 | % 72.2 | % |
| Flight hours ⁽²⁾ | 207,149 | 209,010 | (1,861) | (0.9) | % |
| Non-GAAP financial measures: ⁽³⁾ | | | | | |
| Adjusted operating income | \$217,348 | \$180,864 | \$36,484 | 20.2 | % |
| Adjusted operating income margin ⁽¹⁾ | 16.2 | % 15.1 | % 1.1 | % 7.3 | % |
| Adjusted EBITDAR | \$380,966 | \$319,488 | \$61,478 | 19.2 | % |
| Adjusted EBITDAR margin ⁽¹⁾ | 28.3 | % 26.6 | % 1.7 | % 6.4 | % |
| Adjusted net income | \$137,846 | \$114,641 | \$23,205 | 20.2 | % |
| Adjusted diluted earnings per share | \$3.78 | \$3.12 | \$0.66 | 21.2 | % |

* percentage change not meaningful

(1)

Operating margin is calculated as operating income divided by operating revenue. Adjusted operating margin is calculated as adjusted operating income divided by operating revenue. Adjusted EBITDAR margin is calculated as adjusted EBITDAR divided by operating revenue.

Table of Contents

(2) Excludes flight hours from Bristow Academy and unconsolidated affiliates.

These financial measures have not been prepared in accordance with generally accepted accounting principles (“GAAP”) and have not been audited or reviewed by our independent auditor. These financial measures are therefore considered non-GAAP financial measures. Adjusted EBITDAR is calculated by taking our net income and adjusting for interest expense, depreciation and amortization, rent expense (included as components of direct cost and general and administrative expense), provision for income taxes, gain (loss) on disposal of assets and any

(3) special items during the reported periods. See further discussion of our use of the adjusted EBITDAR metric below. Adjusted operating income, adjusted net income and adjusted diluted earnings per share are each adjusted for gain (loss) on disposal of assets and any special items during the reported periods. As discussed below, management believes these non-GAAP financial measures provide meaningful supplemental information regarding our results of operations. A description of the adjustments to and reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures is as follows:

| | Fiscal Year Ended March 31, | | |
|---|--|-----------|-----------|
| | 2014 | 2013 | 2012 |
| | (In thousands, except per share amounts) | | |
| Adjusted operating income | \$233,459 | \$217,348 | \$180,864 |
| Gain (loss) on disposal of assets | (722 |) 8,068 | (31,670 |
| Special items ⁽ⁱ⁾ | (45,760 |) (1,272 |) (33,428 |
| Operating income | \$186,977 | \$224,144 | \$115,766 |
| Adjusted EBITDAR | \$433,656 | \$380,966 | \$319,488 |
| Gain (loss) on disposal of assets | (722 |) 8,068 | (31,670 |
| Special items ⁽ⁱ⁾ | 58,740 | (16,204 |) (28,061 |
| Depreciation and amortization | (95,977 |) (96,284 |) (96,144 |
| Rent expense | (105,769 |) (67,423 |) (46,041 |
| Interest expense | (44,938 |) (42,446 |) (38,130 |
| Provision for income taxes | (57,211 |) (35,002 |) (14,201 |
| Net income | \$187,779 | \$131,675 | \$65,241 |
| Adjusted net income | \$163,176 | \$137,846 | \$114,641 |
| Gain (loss) on disposal of assets ⁽ⁱⁱ⁾ | (574 |) 6,373 | (26,008 |
| Special items ^{(i) (ii)} | 24,135 | (14,117 |) (25,103 |
| Net income attributable to Bristow Group | \$186,737 | \$130,102 | \$63,530 |
| Adjusted diluted earnings per share | \$4.45 | \$3.78 | \$3.12 |
| Gain (loss) on disposal of assets ⁽ⁱⁱ⁾ | (0.02 |) 0.17 | (0.71 |
| Special items ^{(i) (ii)} | 0.66 | (0.39 |) (0.68 |
| Diluted earnings per share | 5.09 | 3.57 | 1.73 |

(i) See information about special items during fiscal years ended March 31, 2014, 2013 and 2012 under “Fiscal Year 2014 Compared to Fiscal Year 2013” and “Fiscal Year 2013 Compared to Fiscal Year 2012” below.

(ii) These amounts are presented after applying the appropriate tax effect to each item and dividing by the weighted average shares outstanding during the related period to calculate the earnings per share impact.

Management believes that adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share (collectively, the “Non-GAAP measures”) provide relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by our management in assessing both consolidated and business unit performance.

Table of Contents

Adjusted operating income provides us with an understanding of the results from the primary operations of our business by excluding asset disposition effects and special items that do not reflect the ordinary earnings of our operations. We believe that this measure is a useful supplemental measure because operating income includes asset disposition effects and special items, and inclusion of these items does not reflect the ongoing operational earnings of our business.

Adjusted EBITDAR provides us with an understanding of one aspect of earnings before the impact of investing and financing transactions and income taxes. Additionally, we believe that adjusted EBITDAR provides us with a useful supplemental measure of our operational performance by excluding the financing decisions we make regarding aircraft purchases or leasing. Adjusted EBITDAR should not be considered a measure of discretionary cash available to us for investing in the growth of our business.

Adjusted net income and adjusted diluted earnings per share present our consolidated results excluding asset dispositions and special items that do not reflect the ordinary earnings of our operations. We believe that these measures are useful supplemental measures because net income and diluted earnings per share include asset disposition effects and special items, and inclusion of these items does not reflect the ongoing operational earnings of our business.

The Non-GAAP measures are not calculated or presented in accordance with GAAP and other companies in our industry may calculate these measures differently than we do. As a result, these financial measures have limitations as analytical and comparative tools and you should not consider these measures in isolation, or as a substitute for analysis of our results as reported under GAAP. In calculating these financial measures, we make certain adjustments that are based on assumptions and estimates that may prove to be inaccurate. In addition, in evaluating these financial measures, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation. Our presentation of the Non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or special items.

Adjusted EBITDAR has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results reported under GAAP. Some of the limitations are:

- Adjusted EBITDAR does not reflect our current or future cash requirements for capital expenditures;
- Adjusted EBITDAR does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDAR does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debts;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDAR does not reflect any cash requirements for such replacements; and

- Other companies in our industry may calculate adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure.

Table of Contents

The following presents business unit adjusted EBITDAR and adjusted EBITDAR margin discussed in “Business Unit Operating Results”, and consolidated adjusted EBITDAR and adjusted EBITDAR margin, for fiscal years 2014, 2013 and 2012 (in thousands, except percentages):

| | Fiscal Year Ended March 31, | | | |
|--------------------------------------|-----------------------------|-----------|-----------|---|
| | 2014 | 2013 | 2012 | |
| Europe | \$216,283 | \$181,475 | \$147,870 | |
| West Africa | 101,175 | 88,780 | 86,158 | |
| North America | 73,528 | 57,864 | 30,609 | |
| Australia | 29,111 | 43,001 | 36,026 | |
| Other International | 63,778 | 61,495 | 55,960 | |
| Corporate and other | (50,219) | (51,649) | (37,135) | |
| Consolidated adjusted EBITDAR | \$433,656 | \$380,966 | \$319,488 | |
| Europe | 34.7 | % 36.2 | % 32.9 | % |
| West Africa | 32.1 | % 31.5 | % 35.0 | % |
| North America | 32.1 | % 25.7 | % 17.3 | % |
| Australia | 19.6 | % 27.1 | % 24.3 | % |
| Other International | 47.7 | % 46.6 | % 39.5 | % |
| Consolidated adjusted EBITDAR margin | 28.6 | % 28.3 | % 26.6 | % |

Fiscal Year 2014 Compared to Fiscal Year 2013

For fiscal year 2014, we reported operating income of \$187.0 million, net income of \$186.7 million and diluted earnings per share of \$5.09 compared to operating income of \$224.1 million, net income of \$130.1 million and diluted earnings per share of \$3.57 for fiscal year 2013. The results for fiscal year 2014 included special items, which on a combined basis decreased our operating income by \$45.8 million and, increased our net income by \$24.1 million and increased diluted earnings per share by \$0.66. The special items include:

- A \$103.9 million gain on the sale of an unconsolidated affiliate,
- \$12.7 million in charges related to the cancellation of a potential financing,
- \$12.7 million in inventory impairment charges,
- \$13.6 million in lower earnings from Líder resulting primarily from a tax amnesty payment Líder made to the Brazilian government,

Restructuring costs including \$3.4 million for the restructuring of our North America business unit, \$2.1 million in compensation expense related to severance costs as a result of the termination of a contract in the Southern North Sea and \$2.6 million tax impact of an internal reorganization,

- A \$0.6 million impairment charge related to goodwill in Mexico,
- An \$8.6 million increase in insurance expense due to a hangar fire in Nigeria, and
- \$4.8 million in expense related to CEO succession and officer separation costs.

Excluding these special items and gain (loss) on disposal of assets, adjusted operating income, adjusted net income and diluted earnings per share were \$233.5 million, \$163.2 million and \$4.45, respectively, for fiscal year 2014 compared to \$217.3 million, \$137.8 million and \$3.78, respectively, for fiscal year 2013.

Adjusted EBITDAR, which excludes the same special items and gain (loss) on disposal of assets, was \$433.7 million in fiscal year 2014 compared to \$381.0 million in fiscal year 2013, a 13.8% increase. Adjusted EBITDAR margin improved slightly from 28.3% in fiscal year 2013 to 28.6% in fiscal year 2014 with a 10.7% increase in gross revenue.

Table of Contents

The improvement in adjusted EBITDAR margin was driven primarily by strong revenue growth in our Europe and West Africa business units, and in Canada. Adjusted EBITDAR margin improved at a lower rate than revenue over fiscal year 2013 primarily due to:

A decrease in operating revenue of \$10.1 million in our Australia business unit primarily resulting from the ending of short-term contracts, while overall maintenance expense remained flat and labor costs increased in anticipation of new contract start-ups later in fiscal year 2014 and fiscal year 2015;

Additional maintenance expense of \$24.2 million and labor costs of \$27.6 million in our Europe business unit in fiscal year 2014, primarily due to the addition of Eastern Airways beginning in February 2014, start of the U.K. Gap SAR contract in June and July 2013, the return to service of EC225 aircraft and support of the previously idle AS332L aircraft we returned to service after we had ceased operating the EC225 aircraft in October 2012 in this market;

An increase in labor costs in our West Africa business unit of \$7.8 million resulting from annual salary increases; and
 An unfavorable impact of foreign currency exchange rates which resulted in a decrease to adjusted EBITDAR of \$4.2 million.

With the exception of our Australia and Other International business units, adjusted EBITDAR improved as operating revenue continued to grow in most regions. Additionally, operating income, net income and diluted earnings per share, on an unadjusted and adjusted basis, were impacted by a \$38.3 million increase in rent expense (\$37.2 million increase included in direct costs and \$1.2 million increase included in general and administrative expense) over fiscal year 2013 as we increased the number of aircraft within our leased fleet. Additionally, adjusted EBITDAR margins for our Europe and Australia business units improved during the fourth quarter of fiscal year 2014 as we were able to recover \$12.4 million in maintenance expense credits from our original equipment manufacturers as settlements for aircraft performance issues and reimbursement for transportation costs.

Gross revenue increased 10.7%, or \$161.1 million, to \$1.7 billion for fiscal year 2014 from \$1.5 billion for fiscal year 2013 driven primarily by the addition of new contracts with improved pricing and improvements in flight activity in our Europe (\$99.5 million) and West Africa (\$32.7 million) business units, the addition of eight aircraft operating in Canada beginning in October 2012 that contributed \$35.6 million (\$16.4 million in North America and \$19.2 million in Corporate and other) and the acquisition of Eastern Airways that contributed \$21.2 million, partially offset by the \$10.1 million decrease in operating revenue in our Australia business unit due to the end of short-term contracts, a \$12.6 million decline in operating revenue from our U.S. Gulf of Mexico and Alaska operations in our North America business unit due to a decline in activity in small aircraft and a \$11.2 million decrease in reimbursable revenue (primarily in Australia). Additionally, an unfavorable impact from changes in foreign currency rates decreased gross revenue by \$15.9 million (primarily in Australia). Included in the gross revenue increase was an increase in operating revenue from affiliates primarily due to the addition of eight aircraft operating in Canada in October 2012 previously discussed.

Direct costs increased 15.7%, or \$141.2 million, to \$1.0 billion for fiscal year 2014 from \$900.4 million for fiscal year 2013 driven primarily by a \$38.0 million increase in maintenance expense, a \$36.6 million increase in salaries and benefits, a \$37.2 million increase in rent expense, an \$8.1 million increase in insurance expense and a \$4.5 million increase in training expense. The increase in insurance expense in fiscal year 2014 is due to a fire in Nigeria which resulted in an increase in insurance premiums across all of our business units. The increase in training expense is due to training in advance of the addition of new aircraft types into certain markets.

Reimbursable expense declined 8.2%, or \$12.9 million, to \$144.6 million in fiscal year 2014 from \$157.4 million in fiscal year 2013 primarily due to a decline in our Australia business unit.

Depreciation and amortization decreased 0.3%, or \$0.3 million, to \$96.0 million for fiscal year 2014 from \$96.3 million for fiscal year 2013. Although we have added aircraft to our fleet, we have increased the number of aircraft through operating leases including the sale and leaseback of 14 aircraft during fiscal year 2014. Additionally, we recorded \$0.6 million for the impairment of goodwill related to Mexico as all of the contracts in Mexico have expired. General and administrative expense increased 22.3%, or \$36.4 million, to \$199.8 million for fiscal year 2014 from \$163.4 million for fiscal year 2013 primarily due to an overall increase in compensation, information technology expenses, professional fees, travel, training and staff recruitment. Additionally, we recorded \$1.9 million in expense related to CEO succession and \$2.9 million for officer separation.

Table of Contents

Earnings from unconsolidated affiliates, net of losses, decreased \$12.4 million to \$12.7 million for fiscal year 2014 from \$25.1 million in fiscal year 2013. The decrease in earnings from unconsolidated affiliates, net of losses, primarily resulted from lower earnings of \$11.9 million from our investment in Líder in Brazil and a decrease of \$7.3 million in earnings due to the sale of our investment in the FB Entities, partially offset by an increase of \$4.0 million of dividends received from our cost method investment in Egypt. During fiscal year 2014, we recorded \$13.6 million of lower earnings from Líder due to additional tax charges resulting primarily from a tax amnesty payment Líder made to the government in Brazil. For further details on this tax amnesty payment, see “Executive Overview — Market Outlook” included elsewhere in this Annual Report. In addition, there was a \$4.4 million increase in the core operating earnings of Líder primarily due to additional aircraft on contract and better cost management in fiscal year 2014. Additionally, in fiscal year 2013, earnings from unconsolidated affiliates were increased by \$2.8 million as a result of the correction of a calculation error related to foreign currency derivative transactions impacting our earnings from Líder.

Additional items impacting our results included impairment of inventories, gain (loss) on disposal of assets, interest expense, net, extinguishment of debt other income (expense, net) and income tax expense, which are discussed further in “— Business Unit Operating Results — Fiscal Year 2014 Compared to Fiscal Year 2013.”

As discussed above, our results for fiscal year 2014 were impacted by a number of special items, which on a combined basis decreased our operating income by \$45.8 million, increased our net income by \$24.1 million and increased diluted earnings per share by \$0.66. In fiscal year 2013, special items that impacted our results included an additional inventory allowance, the correction of the calculation error related to Líder, severance costs in the Southern North Sea, the reversal of direct cost for sale of AS332Ls that ultimately did not execute, the 7 ½% Senior Notes retirement (the redemption premium and write-off of deferred financing costs) and write-off of deferred financing fees for the 364-Day Term Loan. The items noted in fiscal years 2014 and 2013 have been identified as special items as they are not considered by management to be part of our ongoing operations when assessing and measuring the operational and financial performance of the organization. The impact of these items on our adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share is as follows:

| | Fiscal Year Ended March 31, 2014 | | | |
|--|--|---------------------|------------------------|---|
| | Adjusted Operating Income | Adjusted EBITDAR | Adjusted Net Income | Adjusted Diluted Earnings Per Share |
| | (In thousands, except per share amounts) | | | |
| Gain on sale of unconsolidated affiliate | \$— | \$103,924 | \$67,897 | \$1.85 |
| Cancellation of potential financing | — | — | (8,276) | (0.23) |
| Impairment of inventories | (12,669) | (12,669) | (10,071) | (0.27) |
| Restructuring items | (5,521) | (5,521) | (6,466) | (0.18) |
| Líder taxes | (13,587) | (13,587) | (8,832) | (0.24) |
| Mexico goodwill impairment | (576) | — | (374) | (0.01) |
| Nigeria fire | (8,569) | (8,569) | (6,598) | (0.18) |
| CEO succession and officer separation | (4,838) | (4,838) | (3,145) | (0.09) |
| Total special items | \$(45,760) | \$58,740 | \$24,135 | 0.66 |

| | Fiscal Year Ended March 31, 2013 | | | |
|---------------------|--|---------------------|------------------------|---|
| | Adjusted Operating Income | Adjusted EBITDAR | Adjusted Net Income | Adjusted Diluted Earnings Per Share |
| | (In thousands, except per share amounts) | | | |
| Inventory allowance | \$(2,838) | \$(2,838) | \$(2,242) | \$(0.06) |
| Líder correction | 2,784 | 2,784 | 1,809 | 0.05 |

Edgar Filing: Bristow Group Inc - Form 10-K

| | | | | | |
|---|----------|-------------|-------------|---------|---|
| Severance costs for termination of a contract | (2,162 |) (2,162 |) (1,708 |) (0.05 |) |
| AS332L sale cost reversal | 944 | 944 | 746 | 0.02 |) |
| Retirement of 7 1/2% Senior Notes | — | (14,932 |) (11,377 |) (0.31 |) |
| 364-Day Term Loan financing fees | — | — | (1,345 |) (0.04 |) |
| Total special items | \$(1,272 |) \$(16,204 |) \$(14,117 |) (0.39 |) |

48

Table of Contents

Fiscal Year 2013 Compared to Fiscal Year 2012

For fiscal year 2013, we reported operating income of \$224.1 million, net income of \$130.1 million and diluted earnings per share of \$3.57 compared to operating income of \$115.8 million, net income of \$63.5 million and diluted earnings per share of \$1.73 for fiscal year 2012. The results for fiscal year 2013 included the special items discussed above, which had a combined negative impact of \$0.39 on diluted earnings per share. Excluding these special items and gain on disposal of assets, adjusted operating income, adjusted net income and diluted earnings per share were \$217.3 million, \$137.8 million and \$3.78, respectively, for fiscal year 2013. Excluding the special items described below and loss on disposal of assets, adjusted operating income, adjusted net income and diluted earnings per share were \$180.9 million, \$114.6 million and \$3.12, respectively, for fiscal year 2012.

Adjusted EBITDAR, which excludes the same special items and gain (loss) on disposal of assets in both periods, was \$381.0 million for fiscal year 2013 compared to \$319.5 million for fiscal year 2012. Adjusted EBITDAR margin increased from 26.6% in fiscal year 2012 to 28.3% in fiscal year 2013 driven by strong revenue performance and the increase in earnings from unconsolidated affiliates (excluding the calculation error) in fiscal year 2013, partially offset by the increases in salaries and benefits, general and administrative expense, allowance for doubtful accounts and rent expense discussed below.

With the exception of West Africa, adjusted EBITDAR improved as operating revenue continued to grow in most regions. Additionally, operating income, net income and diluted earnings per share on an unadjusted and adjusted basis were impacted by a \$21.4 million increase in rent expense (\$22.3 million increase included in direct costs and \$0.9 million decrease included in general and administrative expense) over fiscal year 2012 as we increased the number of aircraft within our leased fleet.

Gross revenue increased 12.4%, or \$166.7 million, to \$1.5 billion for fiscal year 2013 from \$1.3 billion for fiscal year 2012 driven primarily by the addition of new contracts and improvements in pricing in Europe (\$52.1 million), West Africa (\$35.8 million), the U.S. Gulf of Mexico (\$32.3 million) and Australia (\$10.5 million), the addition of eight aircraft operating in Canada beginning in October 2012 that contributed \$28.1 million in operating revenue (\$16.4 million in North America and \$11.7 million in Corporate and other) and an increase in reimbursable revenue of \$21.9 million (primarily Europe, West Africa and Australia), partially offset by a decrease in operating revenue in our Other International business unit of \$9.4 million as a result of the end of short-term contracts and a decline in activity in certain markets, and an unfavorable impact from changes in foreign currency exchange rates that decreased gross revenue by \$12.9 million (primarily in Europe).

Direct costs increased 11.1%, or \$89.7 million, to \$900.4 million for fiscal year 2013 from \$810.7 million for fiscal year 2012 driven primarily by a \$34.7 million increase in salaries and benefits, a \$27.6 million increase in maintenance expense, a \$22.3 million increase in rent expense, a \$3.1 million increase in travel expense, a \$2.6 million increase in freight expense, a \$2.5 million increase in fuel expense and a \$1.6 million increase in training cost, partially offset by a \$2.6 million decrease in insurance expense.

Reimbursable expense increased 15.0%, or \$20.5 million, to \$157.4 million in fiscal year 2013 from \$136.9 million in fiscal year primarily due to an increase in our Australia (\$12.3 million) and Europe (\$6.9 million) business units.

Depreciation and amortization remained fairly flat increasing by 0.1%, or \$0.1 million, to \$96.3 million for fiscal year 2013 from \$96.1 million for fiscal year 2012.

General and administrative expense increased 20.7%, or \$28.1 million, to \$163.4 million for fiscal year 2013 from \$135.3 million for fiscal year 2012 primarily due to an overall increase in compensation, information technology expenses, repairs and maintenance expense, taxes and travel.

Table of Contents

Earnings from unconsolidated affiliates, net of losses, increased \$14.4 million to \$25.1 million for fiscal year 2013 from \$10.7 million in fiscal year 2012. The increase in earnings from unconsolidated affiliates, net of losses, primarily resulting from improvements in Líder in Brazil of \$18.0 million (reflected in our Other International business unit) due to an increase in aircraft on contract, partially offset by decrease in earnings from our investment in the FB entities of \$0.5 million, decrease in dividends received from our cost method investment PAS of \$2.0 million and loss of \$0.7 million from our investment in Cougar. \$4.2 million of the improvement resulted from the impact of changes in foreign currency exchange rates as the value of the Brazilian real has fluctuated significantly relative to the value of the U.S. dollar, from an average of 0.5921 Brazilian real to U.S. dollar in fiscal year 2012 to 0.4985 Brazilian real to U.S. dollar in fiscal year 2013. Additionally, \$2.8 million of the increase in Líder earnings is the result of the correction of a calculation error related to foreign currency derivative transactions.

Additional items impacting our results included impairment of inventories, gain (loss) on disposal of assets, interest expense, net, extinguishment of debt other income (expense, net) and income tax expense, which are discussed further in “— Business Unit Operating Results — Fiscal Year 2013 Compared to Fiscal Year 2012.”

In fiscal year 2012, special items that impacted our results included the write-down of inventory spare parts to lower of cost or market value as management made the determination to operate certain types of aircraft for a shorter period than originally anticipated, an impairment charge recorded in depreciation and amortization expense resulting in the abandonment of certain assets located in Creole, Louisiana and used in our North America business unit as we ceased operations from that location, an impairment charge for two medium aircraft, which management intends to sell prior to the previously estimated useful life of the aircraft, recorded in depreciation and amortization expense resulting from the review of our operational fleet, direct costs associated with the sale of 11 AS332L aircraft and tax expense related to dividend inclusion as a result of internal realignment, partially offset by a reduction in tax expense from a change from deduction of foreign taxes paid to use of the taxes paid as credits to offset U.S. tax liabilities and a benefit from the release of a tax reserve in a foreign jurisdiction due to a favorable response to a ruling request. The impact of these items on our adjusted operating income, adjusted EBITDAR, adjusted net income and adjusted diluted earnings per share is as follows:

| | Fiscal Year Ended | | | |
|---|--|-------------|-------------|------------------|
| | March 31, 2012 | | | |
| | Adjusted | Adjusted | Adjusted | Adjusted |
| | Operating | EBITDAR | Net Income | Diluted Earnings |
| | Income | | | Per Share |
| | (In thousands, except per share amounts) | | | |
| Impairment of inventories | \$(25,919) | \$(25,919) | \$(18,514) | \$(0.50) |
| Impairment of aircraft | (2,690) | — | (2,661) | (0.07) |
| Impairment of assets in Creole, Louisiana | (2,677) | — | (1,740) | (0.05) |
| AS332L sale costs | (2,142) | (2,142) | (1,393) | (0.04) |
| Tax items | — | — | (795) | (0.02) |
| Total special items | \$(33,428) | \$(28,061) | \$(25,103) | (0.68) |

Table of Contents

Business Unit Operating Results

The following tables set forth certain operating information for the business units comprising our Helicopter Services segment. Intercompany lease revenue and expense are eliminated from our segment reporting, and depreciation expense of aircraft is presented in the segment that operates the aircraft.

Fiscal Year 2014 Compared to Fiscal Year 2013

Set forth below is a discussion of operations of our business units. Our consolidated results are discussed under “Results of Operations” above.

Europe

| | Fiscal Year Ended | | Favorable | | |
|--|------------------------------------|-----------|---------------|-----------|----|
| | March 31, | | (Unfavorable) | | |
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$622,684 | \$501,923 | \$120,761 | 24.1 | % |
| Reimbursable revenue | \$117,632 | \$117,622 | \$10 | — | % |
| Earnings from unconsolidated affiliates, net of losses | \$4,446 | \$10,708 | \$(6,262) | (58.5) |)% |
| Operating income | \$114,729 | \$111,785 | \$2,944 | 2.6 | % |
| Operating margin | 18.4 | % 22.3 | % (3.9) |)% (17.5) |)% |
| Adjusted EBITDAR | \$216,283 | \$181,475 | \$34,808 | 19.2 | % |
| Adjusted EBITDAR margin | 34.7 | % 36.2 | % (1.5) |)% (4.1) |)% |

The operations of our Europe business unit have expanded since fiscal year 2013 with the net addition of seven large aircraft. These additional aircraft, as well as an overall increase in activity with existing clients and under new contracts primarily in the Northern North Sea in the U.K. and Norway resulted in \$79.3 million of increased operating revenue and were the primary contributors to the revenue growth in Europe in fiscal year 2014. Additionally, during June and July 2013 we began operating the U.K. Gap SAR contract at two bases resulting in \$37.7 million of operating revenue in fiscal year 2014. Bristow Helicopters acquired a 60% interest in Eastern Airways in February 2014, which contributed \$21.2 million to the increase in operating revenue and contributed \$4.2 million in adjusted EBITDAR in fiscal year 2014. These increases were partially offset by the loss of a contract in the Southern North Sea during fiscal year 2013 resulting in an \$18.8 million decrease in operating revenue.

Despite the revenue growth in fiscal year 2014 driving an increase in operating income and adjusted EBITDAR, operating margin decreased primarily due to an increase in rental expense of \$27.1 million and a decrease in earnings from unconsolidated affiliates, net of losses, of \$6.3 million. Other expenses also increased as a result of activity levels and timing of maintenance activities, including maintenance expense (\$24.2 million) and salaries (\$27.6 million). An increase in insurance expense in fiscal year 2014 of \$4.6 million, primarily resulting from an increase in premiums across all business units due to a fire in Nigeria, also impacted operating income and operating margin. During fiscal year 2014, we incurred \$2.1 million in severance costs as a result of the termination of a contract in the Southern North Sea. During fiscal year 2013, we incurred \$2.2 million in severance costs related to the termination of a separate contract in the Southern North Sea.

On July 14, 2013, we sold our 50% interest in the FB Entities which were accounted for under the equity method and included in our Europe business unit operating results. The FB Entities generated \$3.2 million and \$10.5 million of both operating income and adjusted EBITDAR for fiscal years 2014 and 2013, respectively.

Adjusted EBITDAR improved by \$34.8 million, or 19.2%, in fiscal year 2014 while adjusted EBITDAR margin declined to 34.7% from 36.2% in fiscal year 2013. Adjusted EBITDAR excludes the impact of the increase in the number of aircraft on lease and reflects the overall growth in this business unit in terms of new contracts, increased pricing and utilization. The decrease in adjusted EBITDAR margin was driven primarily by higher maintenance and salary costs incurred as we return the EC225 aircraft to service, a decrease in earnings from unconsolidated affiliates, net of losses, due to the sale of our interest in the FB Entities, and an unfavorable impact of foreign exchange rates. Adjusted EBITDAR margin improved during the fourth quarter of fiscal year 2014 as we were able to recover \$8.5 million in credits for maintenance expense from our original equipment manufacturers as settlements for aircraft

performance issues and reimbursement for transportation costs. We expect our results in Europe to continue to be strong in future periods and for operating margin and adjusted EBITDAR margin to improve as a result of additional new contracts commencing and possible major contract awards. However, we are currently unable to determine the impact that could result from new rules proposed by the U.K. CAA as discussed under “Market Outlook — Recent Events” above.

Table of Contents

West Africa

| | Fiscal Year Ended | | Favorable | | |
|-------------------------|------------------------------------|-----------|---------------|-------|----|
| | March 31, 2014 | 2013 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$314,829 | \$282,150 | \$32,679 | 11.6 | % |
| Reimbursable revenue | \$13,964 | \$14,783 | \$(819) | (5.5) |)% |
| Operating income | \$80,053 | \$70,315 | \$9,738 | 13.8 | % |
| Operating margin | 25.4 | % 24.9 | % 0.5 | % 2.0 | % |
| Adjusted EBITDAR | \$101,175 | \$88,780 | \$12,395 | 14.0 | % |
| Adjusted EBITDAR margin | 32.1 | % 31.5 | % 0.6 | % 1.9 | % |

Operating revenue in West Africa increased primarily due to \$18.9 million from improved pricing and \$25.6 million from increased ad hoc flying and increased activity, partially offset by a \$15.6 million decline in activity in certain contracts.

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin increased in fiscal year 2014 due to the increase in revenue, partially offset by an increase in salaries and benefits of \$7.8 million, aircraft maintenance expense of \$4.4 million, freight of \$2.5 million, base repairs and maintenance of \$1.8 million and value added taxes of \$1.6 million. Additionally impacting operating income and operating margin was an increase in insurance expense in fiscal year 2014 of \$1.2 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria.

As previously discussed, we have seen recent changes in the West Africa market as a result of new competitors entering this market. Additionally, increasingly active trade unions, changing regulations and the changing political environment have made and are expected to continue to make our operating results from Nigeria unpredictable.

North America

| | Fiscal Year Ended | | Favorable | | |
|--|------------------------------------|-----------|---------------|--------|---|
| | March 31, 2014 | 2013 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$229,064 | \$225,248 | \$3,816 | 1.7 | % |
| Reimbursable revenue | \$1,276 | \$1,149 | \$127 | 11.1 | % |
| Earnings from unconsolidated affiliates, net of losses | \$1,053 | \$(736) | \$1,789 | * | |
| Operating income | \$32,255 | \$27,538 | \$4,717 | 17.1 | % |
| Operating margin | 14.1 | % 12.2 | % 1.9 | % 15.6 | % |
| Adjusted EBITDAR | \$73,528 | \$57,864 | \$15,664 | 27.1 | % |
| Adjusted EBITDAR margin | 32.1 | % 25.7 | % 6.4 | % 24.9 | % |

* percentage change not meaningful

In early October 2012, we acquired eight large aircraft that are operated by Cougar in Canada, which resulted in a \$16.4 million increase in operating revenue in fiscal year 2014. Also, an increase of medium and large aircraft on contract in the U.S. Gulf of Mexico resulted in an increase of \$10.0 million of operating revenue in fiscal year 2014. These increases were partially offset by a decline in the number of small aircraft on contract in the U.S Gulf of Mexico which reduced operating revenue by \$19.0 million, a decrease in revenue in Alaska of \$2.0 million and a decrease in fuel recharges of \$1.6 million in fiscal year 2014.

During fiscal year 2014, we recorded \$3.4 million in costs associated with the restructuring of this business unit and planned closure of our Alaska operations, which related primarily to employee severance costs and is excluded from adjusted EBITDAR and adjusted EBITDAR margin. During fiscal year 2013, we recorded a bad debt allowance of \$4.9 million for accounts receivable from ATP that were no longer considered probable of collection due to their filing for bankruptcy. Excluding this allowance, operating margin and adjusted EBITDAR margin for fiscal year 2013

would have been 14.4% and 27.8%, respectively. The increase in operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin is due to the addition of aircraft operating in Canada beginning in October 2012, improvements in earnings from our unconsolidated affiliate in Canada, Cougar, and the lower level of bad debt expense, partially offset by decline in the number of small aircraft on contract in the U.S. Gulf of Mexico and Alaska in fiscal year 2014. Additionally impacting operating income and operating margin was an increase

Table of Contents

in insurance expense in fiscal year 2014 of \$1.2 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria.

We recognize that the current operating environment in the North America business unit is challenging for our fleet mix and we are proactively restructuring our business by exiting the Alaska market with a long-term strategy of operating larger aircraft to service deepwater client contracts. During fiscal year 2014, we sold 28 small aircraft that had been operating in this business unit.

Australia

| | Fiscal Year Ended | | Favorable | | |
|-------------------------|------------------------------------|-----------|---------------|-----------|---|
| | March 31, | | (Unfavorable) | | |
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$148,731 | \$158,803 | \$(10,072) | (6.3) | % |
| Reimbursable revenue | \$19,693 | \$27,949 | \$(8,256) | (29.5) | % |
| Operating income | \$5,523 | \$25,283 | \$(19,760) | (78.2) | % |
| Operating margin | 3.7 | % 15.9 | % (12.2) | % (76.7) | % |
| Adjusted EBITDAR | \$29,111 | \$43,001 | \$(13,890) | (32.3) | % |
| Adjusted EBITDAR margin | 19.6 | % 27.1 | % (7.5) | % (27.7) | % |

Operating revenue for Australia declined due to the impact of certain short-term contracts ending of \$38.4 million and the negative impact of foreign currency exchange rate changes of \$13.8 million, partially offset by an increase of \$40.9 million from new contracts and ad hoc work. Additionally, reimbursable revenue decreased \$8.3 million in fiscal year 2014 due to timing of work, change in client mix and impact of changes in foreign currency exchange rates. Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin declined primarily due to the ending of certain short-term contracts discussed above and an increase in salaries of \$5.2 million. During fiscal year 2014, we incurred costs, including salaries and benefits, depreciation, insurance, training and lease costs in anticipation of contracts that started during the fourth quarter of fiscal year 2014 and in fiscal year 2015, including the INPEX contract. Additionally impacting operating income and operating margin was an increase in insurance expense in fiscal year 2014 of \$1.1 million primarily resulting from an increase in premiums across all business units due to a fire in Nigeria. Results in Australia were impacted by additional salary and maintenance costs associated with the EC225 return to service. Adjusted EBITDAR margin improved during the fourth quarter of fiscal year 2014 as we were able to recover \$3.6 million in credits for maintenance expense from our original equipment manufacturers as settlements for aircraft performance issues and reimbursement for transportation costs. For further details about the INPEX contract award and the EC225 return to service, see "Executive Overview – Market Outlook."

Other International

| | Fiscal Year Ended | | Favorable | | |
|--|------------------------------------|-----------|---------------|-----------|---|
| | March 31, | | (Unfavorable) | | |
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$133,794 | \$132,088 | \$1,706 | 1.3 | % |
| Reimbursable revenue | \$227 | \$574 | \$(347) | (60.5) | % |
| Earnings from unconsolidated affiliates, net of losses | \$7,210 | \$15,098 | \$(7,888) | (52.2) | % |
| Operating income | \$33,769 | \$45,201 | \$(11,432) | (25.3) | % |
| Operating margin | 25.2 | % 34.2 | % (9.0) | % (26.3) | % |
| Adjusted EBITDAR | \$63,778 | \$61,495 | \$2,283 | 3.7 | % |
| Adjusted EBITDAR margin | 47.7 | % 46.6 | % 1.1 | % 2.4 | % |

Operating revenue for Other International increased slightly in fiscal year 2014 due to increased activity in Trinidad (\$8.3 million) and Brazil (\$3.6 million) and start-up of a contract in Tanzania (\$5.4 million), partially offset by the end of short-term contracts in Guyana (\$2.8 million) and a decline in aircraft on contract in Malaysia (\$11.0 million) and Mexico (\$2.0 million).

Operating income and operating margin decreased primarily due to a decrease of \$7.9 million in earnings from unconsolidated affiliates, net of losses, and a decline in aircraft on contract in Malaysia and Mexico, partially offset by increased activity in Brazil and start-up of operations in Tanzania.

Earnings from unconsolidated affiliates, net of losses, decreased primarily due to a decrease in earnings from our investment in Líder of \$11.9 million. During fiscal year 2014, we recorded \$13.6 million in reduced earnings from Líder for additional tax

Table of Contents

expense resulting primarily from a tax amnesty payment Líder made to the government of Brazil. Additionally, we received \$4.0 million in dividends from our cost method investment in Egypt during fiscal year 2014. See further discussion about our investment in Líder and the Brazil market in “Executive Overview - Market Outlook” and “- Fiscal Year 2014 compared to Fiscal Year 2013.” Adjusted EBITDAR and adjusted EBITDAR margin exclude \$13.6 million in lower earnings from Líder resulting from this tax amnesty payment.

Adjusted EBITDAR and adjusted EBITDAR margin improved primarily due to increased activity in Brazil and start-up of operations in Tanzania and higher earnings from unconsolidated affiliates, partially offset by the decrease in aircraft on contract in Malaysia and Mexico.

Corporate and Other

| | Fiscal Year Ended March 31, | | Favorable (Unfavorable) | | |
|----------------------|------------------------------------|------------|----------------------------|--------|----|
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$71,679 | \$46,140 | \$25,539 | 55.4 | % |
| Reimbursable revenue | \$464 | \$2,381 | \$(1,917) | (80.5) |)% |
| Operating loss | \$(78,630) | \$(64,046) | \$(14,584) | (22.8) |)% |
| Adjusted EBITDAR | \$(50,219) | \$(51,649) | \$1,430 | 2.8 | % |

Corporate and other includes our Bristow Academy business unit, technical services business and corporate costs that have not been allocated to other business units.

Operating revenue increased primarily due to the addition of support fees for new helicopters operating in Canada of \$19.2 million and an increase in operating revenue at Bristow Academy of \$3.6 million resulting from an increase in military training.

Corporate operating expense primarily represents costs of our corporate office and other general and administrative costs not allocated to our business units. Operating loss increased primarily due to an increase in professional fees, information technology expense and incentive compensation during fiscal year 2014, partially offset by the increase in operating revenue. In fiscal year 2014, we recorded an impairment of inventory of \$12.7 million related primarily to spare parts held for a medium aircraft model where we have decided to remove this model from our fleet over the next two fiscal years. Additionally, we recorded \$1.9 million in expense related to CEO succession and \$2.9 million for officer separation. The impairment of inventory, CEO succession and officer separation are excluded from adjusted EBITDAR.

During fiscal year 2014, approximately 86 pilots graduated from Bristow Academy. We hired 22 graduates as instructors at Bristow Academy and 59 graduates as pilots (mostly former instructors) into our other business units.

Gain (loss) on disposal of assets decreased \$8.8 million to a loss of \$0.7 million for fiscal year 2014 from a gain of \$8.1 million for fiscal year 2013. The loss on disposal of assets in fiscal year 2014 included a gain of \$6.1 million from the sale of 46 aircraft and other equipment, partially offset by impairment charges totaling \$6.8 million related to 11 held for sale aircraft. During fiscal year 2013, the gain on disposal of assets included a gain of \$1.0 million from the sale of 16 aircraft and other equipment, \$2.8 million in insurance recoveries and the reversal of \$8.7 million of previously recorded impairment charges for four aircraft reclassified from held for sale to aircraft and equipment, partially offset by impairment charges totaling \$4.4 million related to 10 held for sale aircraft.

Table of Contents

Interest Expense, Net

| | Fiscal Year Ended | | Favorable | | |
|-------------------------------|------------------------------------|-------------|---------------|-------|----|
| | March 31, | | (Unfavorable) | | |
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Interest income | \$ 1,720 | \$ 788 | \$ 932 | 118.3 | % |
| Interest expense | (40,243) | (37,839) | (2,404) | (6.4 |)% |
| Amortization of debt discount | (3,708) | (3,597) | (111) | (3.1 |)% |
| Amortization of debt fees | (15,091) | (7,604) | (7,487) | (98.5 |)% |
| Capitalized interest | 14,104 | 6,594 | 7,510 | 113.9 | % |
| Interest expense, net | \$(43,218) | \$(41,658) | \$(1,560) | (3.7 |)% |

The increase in interest expense, net in fiscal year 2014 is primarily due to an increase in borrowings on our Revolving Credit Facility. Additionally, fiscal year 2014 includes the write-off of \$12.7 million of deferred financing fees related to a potential financing in connection with our bid to provide SAR services in the U.K. During fiscal year 2014, we increased our borrowing capacity on our Revolving Credit Facility from \$200 million to \$350 million and cancelled the potential financing. Partially offsetting the increased interest expense was an increase in capitalized interest due to an increase in average construction in progress in fiscal year 2014. During fiscal year 2013, interest expense, net included the write-off of deferred financing fees related to our 7 ½% Senior Notes and 364-Day Term Loan totaling \$4.7 million.

Extinguishment of debt

Extinguishment of debt includes \$14.9 million in premium and fees as a result of the tender offer for and early redemption of the 7 ½% Senior Notes during fiscal year 2013.

Gain on Sale of Unconsolidated Affiliate

Gain on sale of unconsolidated affiliate includes \$103.9 million in pre-tax gains related to the sale of the FB Entities during fiscal year 2014. See discussion of the FB Entities sale under “Executive Overview — Market Outlook” included elsewhere in this Annual Report.

Other Income (Expense), Net

| | Fiscal Year Ended | | Favorable | | |
|-----------------------------|------------------------------------|------------|---------------|--------|----|
| | March 31, | | (Unfavorable) | | |
| | 2014 | 2013 | | | |
| | (In thousands, except percentages) | | | | |
| Foreign currency losses | \$(3,684) | \$(1,126) | \$(2,558) | (227.2 |)% |
| Other | 992 | 249 | 743 | * | |
| Other income (expense), net | \$(2,692) | \$(877) | \$(1,815) | * | |

*percentage change not meaningful

Other income (expense), net decreased primarily due to an increase in foreign currency losses, partially offset by a gain of \$1.1 million on the sale of intellectual property during fiscal year 2014.

Table of Contents

Taxes

| | Fiscal Year Ended | | Favorable (Unfavorable) | | | |
|--|------------------------------------|-----------|----------------------------|----|-------|----|
| | March 31, 2014 | 2013 | | | | |
| | (In thousands, except percentages) | | | | | |
| Effective tax rate | 23.4 | % 21.0 | % (2.4 |)% | (11.4 |)% |
| Net foreign tax on non-U.S. earnings | \$28,847 | \$23,999 | \$(4,848 |) | (20.2 |)% |
| Benefit of foreign earnings indefinitely reinvested abroad | (46,354 |) (47,288 |) (934 |) | (2.0 |)% |
| (Benefit) expense from change in tax contingency | (1,522 |) 187 | 1,709 | | * | |
| Dividend inclusion as a result of internal realignment | 2,625 | — | (2,625 |) | * | |
| Foreign statutory rate reduction | (2,944 |) — | 2,944 | | * | |
| Benefit from foreign tax credits | (12,752 |) (9,127 |) 3,625 | | 39.7 | % |
| Valuation allowance | 4,532 | — | (4,532 |) | * | |

* percentage change not meaningful

Our effective income tax rate for fiscal year 2014 reflects \$36.6 million of tax expense for the sale of the FB entities, \$4.5 million of tax expense for an increase in valuation allowance and \$2.6 million of tax expense related to an internal reorganization, partially offset by a \$4.8 million benefit due to changes in our deferred taxes as a result of the Líder tax amnesty payment and a \$2.9 million benefit due to the revaluation of our deferred taxes as a result of the enactment of a tax rate reduction in the U.K. Excluding these items, our effective tax rate was 13.7% for fiscal year 2014.

Our effective tax rate for the fiscal year 2014 and 2013 were reduced by the permanent investment outside the U.S. of foreign earnings, upon which no U.S. tax has been provided, and by the amount of our foreign source income and our ability to realize foreign tax credits. Our effective tax rate for fiscal year 2013 includes a benefit due to revaluation of our deferred taxes as a result of the enactment of tax rate reductions in the U.K. effective April 1, 2012 and 2013. This revaluation benefit was offset by income tax expense related to other discrete items for fiscal year 2013.

Noncontrolling Interest

Noncontrolling interest expense for fiscal year 2014 was \$1.0 million compared to \$1.6 million for fiscal year 2013. The decrease in noncontrolling interest expense is primarily due to a decrease in net income from our operations in Russia. See Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Fiscal Year 2013 Compared to Fiscal Year 2012

Set forth below is a discussion of operations of our business units. Our consolidated results are discussed under “Results of Operations” above.

Europe

| | Fiscal Year Ended | | Favorable (Unfavorable) | | | |
|--|------------------------------------|-----------|----------------------------|---|------|----|
| | March 31, 2013 | 2012 | | | | |
| | (In thousands, except percentages) | | | | | |
| Operating revenue | \$501,923 | \$449,854 | \$52,069 | | 11.6 | % |
| Reimbursable revenue | \$117,622 | \$109,843 | \$7,779 | | 7.1 | % |
| Earnings from unconsolidated affiliates, net of losses | \$10,708 | \$11,627 | \$(919 |) | (7.9 |)% |
| Operating income | \$111,785 | \$94,277 | \$17,508 | | 18.6 | % |
| Operating margin | 22.3 | % 21.0 | % 1.3 | % | 6.2 | % |
| Adjusted EBITDAR | \$181,475 | \$147,870 | \$33,605 | | 22.7 | % |
| Adjusted EBITDAR margin | 36.2 | % 32.9 | % 3.3 | % | 10.0 | % |

The operations of our Europe business unit expanded during fiscal year 2013 with the addition of 12 large aircraft. These new aircraft, as well as an overall increase in activity with existing clients and from new contracts primarily in the Northern North Sea, resulted in increased operating revenue in the U.K. totaling \$38.1 million and Norway totaling \$47.6 million, and were the primary contributors to the revenue growth in Europe in fiscal year 2013. Additionally, gross revenue was positively impacted by

Table of Contents

an increase in reimbursable revenue of \$7.8 million. These increases were partially offset by the impact of changes in exchange rates that decreased gross revenue by \$9.6 million and the loss of a contract in the Southern North Sea that resulted in a \$21.3 million decrease in revenue.

Despite the revenue growth in fiscal year 2013, operating margin increased only slightly due to a \$16.2 million increase in rent expense primarily resulting from the execution of operating leases for 14 large aircraft in this market in late fiscal year 2012 and fiscal year 2013 and the incurrence of \$2.2 million in severance costs related to the termination of a contract in the Southern North Sea.

Adjusted EBITDAR improved by \$33.6 million, or 22.7%, in fiscal year 2013 and adjusted EBITDAR margin improved to 36.2% in fiscal year 2013 from 32.9% in fiscal year 2012. Adjusted EBITDAR excludes the impact of the increase in the number of aircraft on lease and severance costs incurred in fiscal year 2013, and reflects the overall growth in this business unit in terms of new contracts, increased pricing and utilization.

West Africa

| | Fiscal Year Ended | | Favorable | | |
|-------------------------|------------------------------------|-----------|---------------|-----------|----|
| | March 31, 2013 | 2012 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$282,150 | \$246,349 | \$35,801 | 14.5 | % |
| Reimbursable revenue | \$14,783 | \$11,909 | \$2,874 | 24.1 | % |
| Operating income | \$70,315 | \$63,768 | \$6,547 | 10.3 | % |
| Operating margin | 24.9 | % 25.9 | % (1.0) |)% (3.9) |)% |
| Adjusted EBITDAR | \$88,780 | \$86,158 | \$2,622 | 3.0 | % |
| Adjusted EBITDAR margin | 31.5 | % 35.0 | % (3.5) |)% (10.0) |)% |

We continued to experience strong levels of activity in fiscal year 2013 in West Africa with a 4% increase in flight hours over fiscal year 2012. Operating revenue in West Africa increased primarily due to the increase in flight hours from new contracts and ad hoc work resulting in a \$16.4 million increase in revenue and increased pricing resulting in a \$20.5 million increase in revenue. Additionally, gross revenue was positively impacted by an increase in reimbursable revenue of \$2.9 million. These increases were partially offset by the impact of the loss of contracts totaling \$2.7 million.

The revenue increase translated into improvements in operating income and adjusted EBITDAR during fiscal year 2013, while operating margin and adjusted EBITDAR margin declined due to an increase in salary costs of \$15.5 million and maintenance expense of \$14.9 million. Salary costs increased primarily due to an increase in activity and headcount during fiscal year 2013. Maintenance expense increased primarily due to aircraft undergoing major maintenance during the second and third quarters of fiscal year 2013.

North America

| | Fiscal Year Ended | | Favorable | | |
|--|------------------------------------|-----------|---------------|---------|----|
| | March 31, 2013 | 2012 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$225,248 | \$176,545 | \$48,703 | 27.6 | % |
| Reimbursable revenue | \$1,149 | \$1,272 | \$(123) | (9.7) |)% |
| Earnings from unconsolidated affiliates, net of losses | \$(736) | \$— | \$(736) | * | |
| Operating income | \$27,538 | \$8,378 | \$19,160 | 228.7 | % |
| Operating margin | 12.2 | % 4.7 | % 7.5 | % 159.6 | % |
| Adjusted EBITDAR | \$57,864 | \$30,609 | \$27,255 | 89.0 | % |
| Adjusted EBITDAR margin | 25.7 | % 17.3 | % 8.4 | % 48.6 | % |

We had new contracts and more activity with medium and large aircraft in our operations in the U.S. Gulf of Mexico during fiscal year 2013. This shift toward larger, more profitable aircraft, as well as increased pricing, led to an increase in operating revenue in fiscal year 2013 of \$46.0 million despite no significant change in overall flight hours.

Additionally, during fiscal year 2013 we acquired eight aircraft operating in Canada which resulted in an increase in revenue of \$16.4 million. Operating revenue was also positively impacted by the continuing gradual recovery from the impact of permitting delays from new regulations in the U.S. Gulf of Mexico. These increases were partially offset by the impact of the end of short-term contracts totaling \$13.5 million.

Table of Contents

During fiscal year 2013, we recorded a bad debt allowance of \$4.9 million for accounts receivable from ATP due to its filing for bankruptcy. Excluding this allowance, operating margin and adjusted EBITDAR margin for fiscal year 2013 would have been 14.4% and 27.8%, respectively.

Earnings from unconsolidated affiliates, net includes a loss from our investment in Cougar of \$0.7 million for the period beginning October 2012.

During fiscal year 2012, we recorded an impairment charge of \$2.7 million resulting from the abandonment of certain assets located in Creole, Louisiana and used in our U.S. Gulf of Mexico operations as we ceased operations from that location. This impairment charge is included in depreciation and amortization expense on the consolidated statements of income.

The revenue increase, combined with success by our management team in containing costs in this market, translated into significant improvements in operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin in fiscal year 2013. Adjusted EBITDAR and adjusted EBITDAR margin excludes the impact of the impairment charge in fiscal year 2012 as this was designated a special item.

Australia

| | Fiscal Year Ended | | Favorable | | |
|-------------------------|------------------------------------|------------|---------------|--------|---|
| | March 31, 2013 | 2012 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$ 158,803 | \$ 148,268 | \$ 10,535 | 7.1 | % |
| Reimbursable revenue | \$ 27,949 | \$ 14,921 | \$ 13,028 | 87.3 | % |
| Operating income | \$ 25,283 | \$ 19,840 | \$ 5,443 | 27.4 | % |
| Operating margin | 15.9 | % 13.4 | % 2.5 | % 18.7 | % |
| Adjusted EBITDAR | \$ 43,001 | \$ 36,026 | \$ 6,975 | 19.4 | % |
| Adjusted EBITDAR margin | 27.1 | % 24.3 | % 2.8 | % 11.5 | % |

Operating revenue for Australia increased from the addition of new contracts and an increase in activity resulting in an increase in revenue of \$49.2 million. Additionally, reimbursable revenue increased \$13.0 million in fiscal year 2013. These increases were partially offset by the impact of reduced activity and contract cessations totaling \$37.5 million and an unfavorable impact from changes in exchange rates that decreased gross revenue by \$1.6 million.

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin improved mostly due to the increase in revenue while operating expense remained mostly flat, with the exception of an increase in maintenance expense of \$4.8 million and an increase in lease costs of \$3.0 million. Lease costs are excluded from the calculation of adjusted EBITDAR and adjusted EBITDAR margin. In fiscal year 2012, we were incurring costs, including salaries and benefits, depreciation and insurance for contracts that started during the second half of fiscal year 2012, primarily in the fourth quarter.

Other International

| | Fiscal Year Ended | | Favorable | | |
|--|------------------------------------|------------|---------------|---------|---|
| | March 31, 2013 | 2012 | (Unfavorable) | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$ 132,088 | \$ 141,504 | \$ (9,416) | (6.7) | % |
| Reimbursable revenue | \$ 574 | \$ 4,089 | \$ (3,515) | (86.0) | % |
| Earnings from unconsolidated affiliates, net of losses | \$ 15,098 | \$ (956) | \$ 16,054 | * | |
| Operating income | \$ 45,201 | \$ 36,343 | \$ 8,858 | 24.4 | % |
| Operating margin | 34.2 | % 25.7 | % 8.5 | % 33.1 | % |
| Adjusted EBITDAR | \$ 61,495 | \$ 55,960 | \$ 5,535 | 9.9 | % |
| Adjusted EBITDAR margin | 46.6 | % 39.5 | % 7.1 | % 18.0 | % |

Operating revenue for Other International decreased due to the end of short-term contracts in Guyana (\$7.6 million), the Baltic Sea (\$5.6 million), Ghana (\$1.7 million), Bangladesh (\$1.8 million) and Equatorial Guinea (\$1.0 million)

and a decline in aircraft on contract in Mexico (\$2.7 million) and Malaysia (\$0.9 million), partially offset by the benefit of a change in the mix of aircraft fleet types on contract in Trinidad (\$4.5 million), and increased activity in Brazil (\$4.0 million) and Russia (\$3.0 million).

Operating income, operating margin, adjusted EBITDAR and adjusted EBITDAR margin increased primarily due to a \$16.1 million increase in earnings from unconsolidated affiliates, net of losses, partially offset by an increase in operating costs in

58

Table of Contents

Trinidad, a reduction in activity in Mexico and Malaysia and the end of short-term contracts in Guyana, the Baltic Sea, Ghana and Equatorial Guinea.

Earnings from unconsolidated affiliates, net of losses, increased due to an increase in earnings from our investment in Líder to \$14.8 million in fiscal year 2013 from a loss of \$3.3 million during fiscal year 2012. For additional discussions on our investment in Líder, see “– Fiscal Year 2013 compared to Fiscal Year 2012.”

Corporate and Other

| | Fiscal Year Ended | | Favorable | | |
|----------------------|------------------------------------|-------------|---------------|-------|----|
| | March 31, | | (Unfavorable) | | |
| | 2013 | 2012 | | | |
| | (In thousands, except percentages) | | | | |
| Operating revenue | \$46,140 | \$38,447 | \$7,693 | 20.0 | % |
| Reimbursable revenue | \$2,381 | \$542 | \$1,839 | * | |
| Operating loss | \$(64,046) | \$(75,170) | \$11,124 | 14.8 | % |
| Adjusted EBITDAR | \$(51,649) | \$(37,135) | \$(14,514) | (39.1 |)% |

Corporate and other includes our Bristow Academy business unit, technical services business and corporate costs that have not been allocated to other business units.

Operating revenue increased primarily due to the addition of support fees for new helicopters operating in Canada of \$11.7 million, partially offset by a decrease in revenue at Bristow Academy of \$3.4 million resulting from a decrease in military training.

Corporate operating expense primarily represents costs of our corporate office and other general and administrative costs not allocated to our business units. Operating loss decreased primarily due to a \$25.9 million write-down of inventory spare parts to lower of cost or market in fiscal year 2012. This was partially offset by an increase in salaries and incentive compensation of \$9.6 million, including an additional \$5.1 million of expense related to our performance cash compensation plan for senior management due to improved stock price performance in fiscal year 2013. Adjusted EBITDAR, which excludes the \$25.9 million write-down of inventory spare parts in fiscal year 2012, decreased due to the increase in salaries and incentive compensation.

Gain (loss) on disposal of assets

Gain (loss) on disposal of assets increased \$39.7 million, to a gain of \$8.1 million, for fiscal year 2013 from a loss of \$31.7 million for fiscal year 2012. During fiscal year 2013, the gain on disposal of assets included a gain of \$1.0 million from the sale of 15 aircraft and other equipment, \$2.8 million in insurance recoveries and the reversal of \$8.7 million of previously recorded impairment charges for four aircraft reclassified from held for sale to aircraft and equipment, partially offset by impairment charges totaling \$4.4 million related to 10 held for sale aircraft. During fiscal year 2012, the loss on disposal of assets included \$26.3 million in impairment charges to reduce the carrying value of 19 aircraft held for sale, \$3.3 million in losses on the disposal of 29 aircraft and other equipment, \$1.1 million for the disposal of the fixed wing aircraft damaged in an incident upon landing, and \$1.0 million for inventory sold in Mexico.

Interest Expense, Net

| | Fiscal Year Ended | | Favorable | | |
|-------------------------------|------------------------------------|-------------|---------------|--------|----|
| | March 31, | | (Unfavorable) | | |
| | 2013 | 2012 | | | |
| | (In thousands, except percentages) | | | | |
| Interest income | \$788 | \$560 | \$228 | 40.7 | % |
| Interest expense | (37,839) | (37,950) | 111 | 0.3 | % |
| Amortization of debt discount | (3,597) | (3,380) | (217) | (6.4 |)% |
| Amortization of debt fees | (7,604) | (1,766) | (5,838) | (330.6 |)% |
| Capitalized interest | 6,594 | 4,966 | 1,628 | 32.8 | % |
| Interest expense, net | \$(41,658) | \$(37,570) | \$(4,088) | (10.9 |)% |

Interest expense, net increased due to the write-off of deferred financing fees related to our 7 ½% Senior Notes and 364-Day Credit Agreement which provided for the \$225 million term loan (the “364-Day Term Loan”) totaling \$4.7 million, partially offset by lower average borrowings on our Revolving Credit Facility in fiscal year 2013 and an increase in capitalized interest.

Table of Contents

Extinguishment of Debt

Extinguishment of debt includes \$14.9 million in redemption premium and fees as a result of the early redemption of the 7 ½% Senior Notes during fiscal year 2013.

Other Income (Expense), Net

| | Fiscal Year Ended | | Favorable | |
|---------------------------------|------------------------------------|----------|---------------|-----------|
| | March 31, 2013 | 2012 | (Unfavorable) | |
| | (In thousands, except percentages) | | | |
| Foreign currency (losses) gains | \$ (1,126) | \$ 379 | \$ (1,505) | * |
| Other | 249 | 867 | (618) | (71.3)% |
| Other income (expense), net | \$ (877) | \$ 1,246 | \$ (2,123) | (170.4)% |

* percentage change not meaningful

Other income (expense), net decreased due to foreign currency losses in fiscal year 2013 compared to foreign currency gains in fiscal year 2012, primarily resulting from fluctuations in exchange rates.

Taxes

| | Fiscal Year Ended | | Favorable | |
|--|------------------------------------|-----------|---------------|----------|
| | March 31, 2013 | 2012 | (Unfavorable) | |
| | (In thousands, except percentages) | | | |
| Effective tax rate | 21.0 % | 17.9 % | (3.1)% | (17.3)% |
| Net foreign tax on non-U.S. earnings | \$23,999 | \$16,231 | \$ (7,768) | (47.9)% |
| Benefit of foreign earnings indefinitely reinvested abroad | (47,288) | (20,852) | 26,436 | 126.8 % |
| (Benefit) expense from change in tax contingency | 187 | (10,190) | (10,377) | * |
| Dividend inclusion as a result of internal realignment | — | 13,222 | 13,222 | * |
| Benefit from change to foreign tax credits | — | (11,992) | (11,992) | * |
| Release of deferred tax liability due to restructuring | (9,127) | — | 9,127 | * |

* percentage change not meaningful

Our effective tax rate for fiscal years 2013 and 2012 was reduced by the permanent investment outside the U.S. of foreign earnings, upon which no U.S. tax has been provided, and by the amount of our foreign source income and our ability to realize foreign tax credits.

Noncontrolling Interest

Noncontrolling interest expense for fiscal year 2013 was \$1.6 million compared to \$1.7 million for fiscal year 2012. See Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Table of Contents

Liquidity and Capital Resources

Cash Flows

Operating Activities

Net cash provided by operating activities totaled \$232.1 million, \$266.8 million and \$231.3 million during fiscal years 2014, 2013 and 2012, respectively. Changes in non-cash working capital generated \$19.9 million, \$21.1 million and \$13.7 million in cash flows during fiscal years 2014, 2013 and 2012, respectively. During fiscal years 2014 and 2012, equity earnings from unconsolidated affiliates were \$1.6 million and \$5.5 million below dividends received, respectively, and during fiscal year 2013, equity earnings from unconsolidated affiliates was \$9.2 million in excess of dividends received. During fiscal years 2014, 2013 and 2012, we pre-funded fiscal years 2015, 2014 and 2013 employer contributions for our U.K. pension plans, resulting in decreases in operating cash flow of \$20.8 million, \$19.0 million and \$16.6 million, respectively. The decrease in net cash flows provided by operating activities during fiscal year 2014 compared to fiscal year 2013 is primarily due to an increase in income tax paid of \$35.0 million primarily due to the sale of the FB Entities, as well as approximately \$10 million in cash payments related to the U.K. SAR contract award and annual compensation payments. Also, in fiscal year 2013, we paid \$12.7 million in fees related to a potential financing in connection with our bid to provide SAR services in the U.K. In April 2013, we increased our borrowing capacity on our Revolving Credit Facility from \$200 million to \$350 million and cancelled the potential financing.

Investing Activities

Cash flows used in investing activities were \$266.3 million, \$307.8 million and \$88.8 million for fiscal years 2014, 2013 and 2012, respectively, primarily for capital expenditures as follows:

| | Fiscal Year Ended March 31, | | |
|--------------------------------------|-----------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| Number of aircraft delivered: | | | |
| Medium | 10 | 2 | 1 |
| Large | 11 | 17 | 9 |
| Fixed wing | — | — | 1 |
| Total aircraft | 21 | 19 | 11 |
| Capital expenditures (in thousands): | | | |
| Aircraft and related equipment | \$563,724 | \$504,329 | \$304,484 |
| Other | 64,889 | 67,096 | 21,936 |
| Total capital expenditures | \$628,613 | \$571,425 | \$326,420 |

In addition to these capital expenditures, investing cash flows were impacted by the following items during the last three fiscal years:

Fiscal Year 2014 — During fiscal year 2014, we received proceeds of \$43.6 million primarily from the sale or disposal of 32 aircraft and certain other equipment and received \$246.4 million for the sale of 14 aircraft which we subsequently leased back. Additionally, we sold our 50% interest in the FB Entities for \$112.2 million. Bristow Helicopters acquired a 60% interest in Eastern Airways for \$39.9 million, net of cash received.

Fiscal Year 2013 — During fiscal year 2013, we received proceeds of \$59.0 million primarily from the sale or disposal of 16 aircraft and certain other equipment and \$255.8 million for the sale of 11 large aircraft which we subsequently leased back. Also, we paid \$255.5 million (including \$5.5 million for transaction costs) for the investment in certain aircraft, facilities and inventory used by Cougar in its operations and 40 Class B shares in Cougar. Of this \$255.5 million amount, \$190.9 million was for aircraft and facilities included in the table above, \$13.4 million was for inventory and other current assets included in operating cash flows and \$51.2 million was for our investment in Class B shares of Cougar. For further details, see Note 3 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Fiscal Year 2012 — During fiscal year 2012, we received \$58.2 million in proceeds from the disposal of 29 aircraft and certain other equipment. Also, we received \$10.4 million in insurance recoveries and \$171.2 million for the sale of nine existing and in-construction aircraft that we subsequently leased back. Additionally, we invested \$2.4 million of

transaction costs related to Cougar.

61

Table of Contents

Financing Activities

We generated cash from financing activities of \$10.2 million and \$4.3 million during fiscal years 2014 and 2012, respectively, and used cash in financing activities of \$13.0 million during fiscal year 2013.

During fiscal year 2014, we received \$528.6 million from borrowings on our Revolving Credit Facility and \$15.4 million in proceeds from the issuance of Common Stock issued upon exercise of stock options. During fiscal year 2014, cash was used for the repayment of debt totaling \$512.5 million, payment of deferred financing fees totaling \$15.5 million, payment of dividends on our Common Stock totaling \$36.3 million and repurchase of our Common Stock totaling \$77.7 million. Additionally, during fiscal year 2014, we received \$106.1 million for progress payments we had made on aircraft under construction and assigned any future payments due on these construction agreements to the purchaser and we paid \$6.0 million for Cougar first year earn-out as Cougar achieved agreed performance targets. During fiscal year 2013, we received \$225.0 million from borrowings under our 364-Day Credit Agreement, \$450.0 million in proceeds from the issuance of our 6 ¼% Senior Notes and \$15.3 million in proceeds from the issuance of our Common Stock upon exercise of stock options. We used \$663.9 million for the repayment of debt and debt redemption premiums (including \$364.9 million for early redemption of our 7 ½% Senior Notes and \$225.0 million for the repayment of our 364-Day Credit Facility), \$28.7 million for payment of dividends on our Common Stock, \$10.3 million for debt issuance costs and \$1.2 million for the repurchase of our Common Stock.

During fiscal year 2012, we received \$109.3 million from borrowings on our Revolving Credit Facility, \$50.0 million from our Term Loan and \$5.3 million from Common Stock issued upon exercise of stock options. We used \$113.4 million for the repayment of debt and \$0.3 million for the acquisition of 1% of RLR. Additionally, we paid dividends on our Common Stock totaling \$21.6 million and used \$25.1 million for repurchase of our Common Stock.

Future Cash Requirements

Debt Obligations

Total debt as of March 31, 2014 was \$841.3 million, of which \$14.2 million was classified as current. Our significant debt maturities relate to our \$450 million 6 ¼% Senior Notes, \$250 million Term Loan and \$115 million 3% Convertible Senior Notes, which mature in calendar years 2022, 2019 and 2038 (with the first put date for the Convertible Senior Notes in calendar year 2015), respectively.

See further discussion of outstanding debt as of March 31, 2014 and our debt issuances and our debt redemptions in Note 5 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Pension Obligations

As of March 31, 2014, we had recorded on our balance sheet a \$86.8 million pension liability related to the Bristow Helicopters Limited, Bristow International Aviation (Guernsey) Limited and Bristow Norway pension plans. The liability represents the excess of the present value of the defined benefit pension plan liabilities over the fair value of plan assets that existed at that date. The minimum funding rules of the U.K. require the employer to agree to a funding plan with the plans’ trustee (the “Trustee”) for securing that the pension plan has sufficient and appropriate assets to meet its technical provisions liabilities. In addition, where there is a shortfall in assets against this measure, we are required to make scheduled contributions in amounts sufficient to bring the plan up to 100% funded as quickly as can be reasonably afforded. We pre-funded the employer deficit recovery contributions for the main U.K. pension plan for fiscal years 2015, 2014 and 2013 in fiscal years 2014, 2013 and 2012 in the amount of £12.5 million (\$20.8 million), £12.5 million (\$19.0 million), and £10.4 million (\$16.6 million), respectively. Under U.K. legislation, an actuarial valuation must be carried out at least once every three years with interim reports for intervening years. The next tri-annual valuation, effective April 1, 2013, is currently in the latter stages of completion. The Bristow Norway pension plan will require contributions of approximately NOK 166.7 million (\$27.8 million) in total for fiscal years 2015 through 2024. See further discussion of our pension plans in Note 10 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

Contractual Obligations, Commercial Commitments and Off Balance Sheet Arrangements

We have various contractual obligations which are recorded as liabilities in our consolidated financial statements.

Other items, such as certain purchase commitments, interest payments and other executory contracts are not recognized as liabilities in our consolidated financial statements but are included in the table below. For example, we are contractually committed to make certain minimum lease payments for the use of property and equipment under

operating lease agreements.

62

Table of Contents

The following tables summarize our significant contractual obligations and other commercial commitments on an undiscounted basis as of March 31, 2014 and the future periods in which such obligations are expected to be settled in cash. In addition, the table reflects the timing of principal and interest payments on outstanding borrowings as of March 31, 2014. Additional details regarding these obligations are provided in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

| | Payments Due by Period | | | | |
|--|------------------------|------------------------------|----------------|--------------------|-------------|
| | Total | Fiscal Year Ending March 31, | | | |
| | 2015 | 2016 - 2017 | 2018 - 2019 | 2020 and beyond | |
| (In thousands) | | | | | |
| Contractual obligations: | | | | | |
| Long-term debt and short-term borrowings: | | | | | |
| Principal ⁽¹⁾ | \$846,960 | \$14,207 | \$41,897 | \$56,814 | \$734,042 |
| Interest ⁽²⁾ | 428,786 | 38,565 | 75,435 | 131,271 | 183,515 |
| Aircraft operating leases ⁽³⁾ | 420,701 | 94,796 | 171,309 | 110,220 | 44,376 |
| Other operating leases ⁽⁴⁾ | 74,706 | 9,482 | 14,386 | 10,939 | 39,899 |
| Pension obligations ⁽⁵⁾ | 181,189 | 29,143 | 59,250 | 39,780 | 53,016 |
| Aircraft purchase obligations ⁽⁶⁾ | 707,477 | 480,459 | 227,018 | — | — |
| Other purchase obligations ⁽⁷⁾ | 55,042 | 55,019 | 23 | — | — |
| Total contractual cash obligations | \$2,714,861 | \$721,671 | \$589,318 | \$349,025 | \$1,054,847 |
| Other commercial commitments: | | | | | |
| Letters of credit | \$2,720 | \$1,312 | \$1,408 | \$— | \$— |
| Contingent consideration ⁽⁸⁾ | 44,004 | 8,000 | 32,669 | 3,335 | — |
| Other commitments ⁽⁹⁾ | 46,000 | 46,000 | — | — | — |
| Total commercial commitments | \$92,724 | \$55,312 | \$34,077 | \$3,335 | \$— |

(1) Excludes unamortized discount of \$5.1 million and \$0.6 million on the 3% Convertible Senior Notes and Term Loan, respectively.

(2) Interest payments for variable interest debt are based on interest rates as of March 31, 2014.

(3) Represents separate operating leases for aircraft. During fiscal year 2014, we entered into 14 new aircraft operating leases from sale leasebacks. For further details, see Note 4 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

(4) Represents minimum rental payments required under non-aircraft operating leases that have initial or remaining non-cancelable lease terms in excess of one year.

(5) Represents expected funding for pension benefits in future periods. These amounts are undiscounted and are based on the expectation that the U.K. and Norway pensions will be fully funded in approximately four and three years, respectively. As of March 31, 2014, we had recorded on our balance sheet an \$86.8 million pension liability associated with these obligations. The timing of the funding is dependent on actuarial valuations and resulting negotiations with the plan trustees.

(6) For further details on our aircraft purchase obligations, see Note 8 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report.

(7) Other purchase obligations primarily represent unfilled purchase orders for aircraft parts and commitments associated with upgrading facilities at our bases and non-cancelable power-by-the-hour commitments.

(8) The Cougar purchase agreement includes a potential earn-out of \$40 million payable over three years based on Cougar achieving certain agreed performance targets. During fiscal year 2014, the first year earn-out payment of \$6.0 million was paid as Cougar achieved agreed performance targets. The fair value of the earn-out is \$31.3 million as of March 31, 2014 and is included in other accrued liabilities and other liabilities and deferred credits on our consolidated balance sheet. See Notes 3 and 6 in the “Notes to Consolidated Financial Statements” included

elsewhere in this Annual Report. The Eastern Airways purchase agreement includes a potential earn-out of £6 million (\$10 million) over a three year period. The earn-out consideration will be included as general and administrative expense in our consolidated statements of income as earned.

(9) In connection with the Bristow Norway acquisition in fiscal year 2011, we granted the former partner in this joint venture an option that if exercised would require us to acquire up to five aircraft at fair value upon the expiration of the lease terms for such aircraft. One of the options was exercised in December 2009 and two of the options expired. The remaining aircraft leases expire in June and August 2014.

Table of Contents

Financial Condition and Sources of Liquidity

The following table summarizes our capital structure and sources of liquidity as of March 31, 2014 and 2013 (in thousands):

| | March 31, 2014 | 2013 | |
|--|-------------------|-------------|---|
| Capital structure: | | | |
| 6 ¼% Senior Notes due 2022 | \$450,000 | \$450,000 | |
| Term Loan | 226,604 | 230,625 | |
| 3% Convertible Senior Notes due 2038 | 109,904 | 106,196 | |
| Revolving Credit Facility | 24,000 | — | |
| Eastern Airways debt | 29,911 | — | |
| Other debt | 883 | 448 | |
| Total debt | 841,302 | 787,269 | |
| Stockholders' investment | 1,756,586 | 1,610,957 | |
| Total capital | \$2,597,888 | \$2,398,226 | |
| Liquidity: | | | |
| Cash | \$204,341 | \$215,623 | |
| Undrawn borrowing capacity on Revolving Credit Facility ⁽¹⁾ | 325,515 | 199,365 | |
| Total liquidity | \$529,856 | \$414,988 | |
| Adjusted debt to equity ratio ⁽²⁾ | 76.4 | % 75.6 | % |

⁽¹⁾ Letters of credit in the amount of \$0.5 million and \$0.6 million were outstanding as of March 31, 2014 and 2013, respectively.

Adjusted debt includes the net present value of operating leases totaling \$411.6 million and \$301.9 million, respectively, letters of credit, bank guarantees and financial guarantees totaling \$2.7 million and \$2.6 million,

⁽²⁾ respectively, and the unfunded pension liability totaling \$86.8 million and \$126.6 million, respectively, as of March 31, 2014 and 2013. Adjusted debt to equity ratio is a non-GAAP financial measure that management believes provides meaningful supplemental information regarding our financial position.

We actively manage our liquidity through generation of cash from operations while assessing our funding needs on an ongoing basis. While we have generated significant cash from operations, our principal source of liquidity over the past several years has been financing cash flows. The significant factors that affect our overall liquidity include capital expenditure commitments, pension funding, operating leases, adequacy of bank lines of credit and our ability to attract long-term capital on satisfactory terms.

We expect that our cash on deposit as of March 31, 2014 of \$204.3 million, cash flow from operations and proceeds from aircraft sales, as well as available borrowing capacity under our Revolving Credit Facility, will be sufficient to satisfy our capital commitments, including our remaining aircraft purchase commitments to service our oil and gas clients and remaining anticipated capital requirements in connection with our U.K. SAR contract of \$1.0 billion as of March 31, 2014. The available borrowing capacity under our Revolving Credit Facility was of \$325.5 million as of March 31, 2014. While we plan to continue to be disciplined concerning future capital commitments, we also intend to continue managing our capital structure and liquidity position with external financings as needed. Our strategy will involve funding our short-term liquidity requirements with borrowings under our Revolving Credit Facility and funding our long-term financing needs, while maintaining a prudent capital structure, among the following alternatives: operating leases, bank debt, private and public debt and/or equity offerings and export credit agency-supported financings.

Exposure to Currency Fluctuations

See our discussion of the impact of market risk, including our exposure to currency fluctuations, on our financial position and results of operations discussed under Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" included elsewhere in this Annual Report.

Table of Contents

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, whereas, in other circumstances, generally accepted accounting principles require us to make estimates, judgments and assumptions that we believe are reasonable based upon information available. We base our estimates and judgments on historical experience, professional advice and various other sources that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies, as discussed in Note 1 in the “Notes to Consolidated Financial Statements” included elsewhere in this Annual Report, the following involve a higher degree of judgment and complexity. Our management has discussed the development and selection of critical accounting policies and estimates with the Audit Committee of our board of directors and the Audit Committee has reviewed our disclosure.

Taxes

Our annual tax provision is based on expected taxable income, statutory rates and tax planning opportunities available to us in the various jurisdictions in which we operate. The determination and evaluation of our annual tax provision and tax positions involves the interpretation of the tax laws in the various jurisdictions in which we operate and requires significant judgment and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of income, deductions and tax credits. Changes in tax laws, regulations, agreements, tax treaties and foreign currency exchange restrictions or our level of operations or profitability in each jurisdiction would impact our tax liability in any given year. We also operate in many jurisdictions where the tax laws relating to the offshore oil service industry are not well developed. While our annual tax provision is based on the best information available at the time, a number of years may elapse before the ultimate tax liabilities in the various jurisdictions are determined.

We recognize foreign tax credits available to us to offset the U.S. income taxes due on income earned from foreign sources. These credits are limited by the total income tax on the U.S. income tax return as well as by the ratio of foreign source income in each statutory category to total income. In estimating the amount of foreign tax credits that are realizable, we estimate future taxable income in each statutory category. These estimates are subject to change based on changes in the market conditions in each statutory category and the timing of certain deductions available to us in each statutory category. We periodically reassess these estimates and record changes to the amount of realizable foreign tax credits based on these revised estimates. Changes to the amount of realizable foreign tax credits can be significant given any material change to our estimates on which the realizability of foreign tax credits is based.

We maintain reserves for estimated income tax exposures in jurisdictions of operation. The expenses reported for these taxes, including our annual tax provision, include the effect of reserve provisions and changes to reserves that we consider appropriate, as well as related interest. Tax exposure items primarily include potential challenges to intercompany pricing, disposition transactions and the applicability or rate of various withholding taxes. These exposures are resolved primarily through the settlement of audits within these tax jurisdictions or by judicial means, but can also be affected by changes in applicable tax law or other factors, which could cause us to conclude that a revision of past estimates is appropriate. We believe that an appropriate liability has been established for estimated exposures. However, actual results may differ materially from these estimates. We review these liabilities quarterly. During fiscal years 2014 and 2012, we had net reversals of reserves for estimated tax exposures of \$1.5 million and \$10.2 million, respectively, and during fiscal year 2013 we had net accruals of reserves for estimated tax exposures of \$0.1 million. We recognize interest and penalties accrued related to unrecognized tax benefits as a component of our provision for income taxes. As of March 31, 2014 and 2013, we had \$0.2 million and \$1.7 million, respectively, of unrecognized tax benefits, all of which would have an impact on our effective tax rate, if recognized.

We do not believe it is possible to reasonably estimate the potential effect of changes to the assumptions and estimates identified because the resulting change to our tax liability, if any, is dependent on numerous factors which cannot be reasonably estimated. These include, among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; and the potential for changes in the tax paid to one country to either

produce, or fail to produce, an offsetting tax change in other countries. Our experience has been that the estimates and assumptions we have used to provide for future tax assessments have proven to be appropriate. However, past experience is only a guide and the potential exists that the tax resulting from the resolution of current and potential future tax controversies may differ materially from the amounts accrued.

Judgment is required in determining whether deferred tax assets will be realized in full or in part. When it is estimated to be more-likely-than-not that all or some portion of specific deferred tax assets, such as foreign tax credit carryovers or net operating loss carry forwards, will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that are estimated to not be realizable. As of March 31, 2014, we have established deferred tax assets for foreign taxes we expect to

Table of Contents

be realizable. Our ability to realize the benefit of our deferred tax assets requires that we achieve certain future earnings levels prior to the expiration of our foreign tax credit carryforwards. In the event that our earnings performance projections or future financial conditions do not indicate that we will be able to benefit from our deferred tax assets, valuation allowances would be established following the “more likely than not” criteria. We periodically evaluate our ability to utilize our deferred tax assets and, in accordance with accounting guidance related to accounting for income taxes, will record any resulting adjustments that may be required to deferred income tax expense in the period for which an existing estimate changes. If our facts or financial results were to change, thereby impacting the likelihood of establishing and then realizing the deferred tax assets, judgment would have to be applied to determine changes to the amount of the valuation allowance in any given period. Such changes could result in either a decrease or an increase in our provision for income taxes, depending on whether the change in judgment resulted in an increase or a decrease to the valuation allowance. We continually evaluate strategies that could allow for the future utilization of our deferred tax assets.

We have not provided for U.S. deferred taxes on the unremitted earnings of certain foreign subsidiaries as of March 31, 2014 that are indefinitely reinvested abroad of \$679.3 million. Should we make a distribution from the unremitted earnings of these subsidiaries, we could be required to record additional taxes. At the current time, a determination of the amount of unrecognized deferred tax liability is not practical.

We have not provided for deferred taxes in circumstances where we expect that, due to the structure of operations and applicable law, the operations in such jurisdictions will not give rise to future tax consequences. Should our expectations change regarding the expected future tax consequences, we may be required to record additional deferred taxes that could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Property and Equipment

Our net property and equipment represents 67% percent of our total assets as of March 31, 2014. We determine the carrying value of these assets based on our property and equipment accounting policies, which incorporate our estimates, assumptions, and judgments relative to capitalized costs, useful lives and salvage values of our assets. Our property and equipment accounting policies are also designed to depreciate our assets over their estimated useful lives. The assumptions and judgments we use in determining the estimated useful lives and residual values of our aircraft reflect both historical experience and expectations regarding future operations, utilization and performance of our assets. The use of different estimates, assumptions and judgments in the establishment of property and equipment accounting policies, especially those involving the useful lives and residual values of our aircraft, would likely result in materially different net book values of our assets and results of operations.

Useful lives of aircraft and residual values are difficult to estimate due to a variety of factors, including changes in operating conditions or environment, the introduction of technological advances in aviation equipment, changes in market or economic conditions including changes in demand for certain types of aircraft and changes in laws or regulations affecting the aviation or offshore oil and gas industry. We evaluate the remaining useful lives of our aircraft when certain events occur that directly impact our assessment of the remaining useful lives of the aircraft. Our consideration of ultimate residual value takes into account current expectations of fair market value and the expected time to ultimate disposal. The determination of the ultimate value to be received upon sale depends largely upon the condition of the aircraft and the flight time left on the aircraft and major components until the next major maintenance check is required. The future value also depends on the aftermarket that exists as of that date, which can differ substantially over time.

We review our property and equipment for impairment when events or changes in circumstances indicate that the carrying value of such assets or asset groups may be impaired or when reclassifications are made between property and equipment and assets held for sale.

Asset impairment evaluations are based on estimated undiscounted cash flows for the assets being evaluated. If the sum of the expected future cash flows is less than the carrying amount of the asset, we would be required to recognize an impairment loss. When determining fair value, we utilize various assumptions, including projections of future cash flows. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause fair value to be less than the carrying amounts. In such event, we would then be required to record a

corresponding charge, which would reduce our earnings. We continue to evaluate our estimates and assumptions and believe that our assumptions, which include an estimate of future cash flows based upon the anticipated performance of the underlying business units, are appropriate.

Table of Contents

Supply and demand are the key drivers of aircraft idle time and our ability to contract our aircraft at economical rates. During periods of oversupply, it is not uncommon for us to have aircraft idled for extended periods of time, which could be an indication that an asset group may be impaired. In most instances our aircraft could be used interchangeably. In addition, our aircraft are generally equipped to operate throughout the world. Because our aircraft are mobile, we may move aircraft from a weak geographic market to a stronger geographic market if an adequate opportunity arises to do so. As such, our aircraft are considered to be interchangeable within classes or asset groups and accordingly, our impairment evaluation is made by asset group. Additionally, our management periodically makes strategic decisions related to our fleet that involve the possible removal of all or a substantial portion of specific aircraft types from our fleet, at which time these aircraft are reclassified to held for sale and subsequently sold or otherwise disposed of.

Additionally, certain aircraft that are still operating where management has made the decision to sell or abandon the aircraft at a fixed date are reviewed for potential impairment individually and an analysis completed to determine whether depreciation needs to be accelerated or additional depreciation recorded for an expected reduction in residual value at the planned disposal date. For those aircraft still being depreciated, we consider whether any change is required to the estimated residual values and/or to the remaining lives. For those aircraft no longer being depreciated, we consider whether our current expectation of residual value is lower than the carrying value.

An impairment loss is recorded in the period in which it is determined that the aggregate carrying amount of assets within an asset group is not recoverable. This requires us to make judgments regarding long-term forecasts of future revenue and cost related to the assets subject to review. In turn, these forecasts are uncertain in that they require assumptions about demand for our services, future market conditions and technological developments. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period. Given the nature of these evaluations and their application to specific asset groups and specific times, it is not possible to reasonably quantify the impact of changes in these assumptions.

Pension Benefits

Pension obligations are actuarially determined and are affected by assumptions including discount rates, compensation increases and employee turnover rates. The recognition of these obligations through the statement of income is also affected by assumptions about expected returns on plan assets. We evaluate our assumptions periodically and make adjustments to these assumptions and the recorded liabilities as necessary.

Three of the most critical assumptions are the expected long-term rate of return on plan assets, the assumed discount rate and the mortality rate. We evaluate our assumptions regarding the estimated long-term rate of return on plan assets based on historical experience and future expectations on investment returns, which are calculated by our third-party investment advisor utilizing the asset allocation classes held by the plan's portfolios. We utilize a British pound sterling denominated AA corporate bond index as a basis for determining the discount rate for our U.K. plans and NOK-denominated corporate bonds available in Norway that are credit-rated as AA or AAA as a basis for determining the discount rate for our Norway plan. We base mortality rates utilized on actuarial research on these rates, which are adjusted to allow for expected mortality within our industry segment and, where available, individual plan experience data. Changes in these and other assumptions used in the actuarial computations could impact our projected benefit obligations, pension liabilities, pension expense and other comprehensive income. We base our determination of pension expense on a fair value valuation of assets and an amortization approach for assessed gains and losses that reduces year-to-year volatility. This approach recognizes investment and other actuarial gains or losses over the average remaining lifetime of the plan members. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets.

Allowance for Doubtful Accounts

We establish allowances for doubtful accounts on a case-by-case basis when we believe the payment of amounts owed to us is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience, changes in our client's financial position and restrictions placed on the conversion of local currency to U.S. dollars, as well as disputes with clients regarding the application of contract provisions to our services.

We derive a significant portion of our revenue from services to major integrated oil and gas companies and government-owned or government-controlled oil and gas companies. Our receivables are concentrated in certain oil-producing countries. We generally do not require collateral or other security to support client receivables. If the financial condition of our clients was to deteriorate or their access to freely-convertible currency was restricted, resulting in impairment of their ability to make the required payments, additional allowances may be required.

67

Table of Contents

Inventory Allowance

We maintain inventory that primarily consists of spare parts to service our aircraft. We establish an allowance to distribute the cost of spare parts expected to be on hand at the end of a fleet's life over the service lives of the related equipment, taking into account the estimated salvage value of the parts. Also, we periodically review the condition and continuing usefulness of the parts to determine whether the realizable value of this inventory is lower than its book value. Parts related to aircraft types that our management has determined will no longer be included in our fleet or will be substantially reduced in our fleet in future periods are specifically reviewed. If our valuation of these parts is significantly lower than the book value of the parts, an additional provision may be required.

Contingent Liabilities

We establish reserves for estimated loss contingencies when we believe a loss is probable and the amount of the loss can be reasonably estimated. Our contingent liability reserves relate primarily to potential tax assessments, litigation, personal injury claims and environmental liabilities. Income for each reporting period includes revisions to contingent liability reserves resulting from different facts or information which becomes known or circumstances which change and affect our previous assumptions with respect to the likelihood or amount of loss. Such revisions are based on information which becomes known or circumstances that change after the reporting date for the previous period through the reporting date of the current period. Reserves for contingent liabilities are based upon our assumptions and estimates regarding the probable outcome of the matter. Should the outcome differ from our assumptions and estimates or other events result in a material adjustment to the accrued estimated reserves, revisions to the estimated reserves for contingent liabilities would be required to be recognized.

Goodwill Impairment

We perform a test for impairment of our goodwill annually as of March 31 and whenever events or circumstances indicate impairment may have occurred. We first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount and if a quantitative assessment should be performed. An entity may also bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. Because our business is cyclical in nature, goodwill could be significantly impaired depending on when the assessment is performed in the business cycle. The qualitative factors considered during our assessment include the capital markets environment, global economic conditions, the demand for helicopter services, the necessity for training of new pilots (Bristow Academy only), changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in the prior year's quantitative testing and other factors. The fair value of our reporting units is based on a blend of estimated discounted cash flows, publicly traded company multiples and acquisition multiples and involve the use of a discounted cash flow model utilizing estimated future earnings and cash flows and our weighted-average cost of capital. Publicly traded company multiples and acquisition multiples are derived from information on traded shares and analysis of recent acquisitions in the marketplace, respectively, for companies with operations similar to ours. Changes in the assumptions used in the fair value calculation could result in an estimated reporting unit fair value that is below the carrying value, which may give rise to an impairment of goodwill.

Recent Accounting Pronouncements

See Note 1 in the "Notes to Consolidated Financial Statements" included elsewhere in this Annual Report for discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are subject to certain market risks arising from the use of financial instruments in the ordinary course of business. This risk arises primarily as a result of potential changes in the fair market value of financial instruments that would result from adverse fluctuations in foreign currency exchange rates, credit risk and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ. See the notes to our consolidated financial statements included in Item 8 of this Annual Report for a description of our accounting policies and other information related to these financial instruments.

Table of Contents

Foreign Currency Risk

Through our foreign operations, we are exposed to currency fluctuations and exchange rate risks. The majority of our revenue and expense from our North Sea operations are in British pound sterling. Approximately 27% of our gross revenue for fiscal year 2014 was translated for financial reporting purposes from British pound sterling into U.S. dollars. In addition, some of our contracts to provide services internationally provide for payment in foreign currencies. Our foreign exchange rate risk is even greater when our revenue is denominated in a currency different from the associated costs. We attempt to minimize our foreign exchange rate exposure by contracting the majority of our services other than our North Sea operations in U.S. dollars. As a result, a strong U.S. dollar may increase the local cost of our services that are provided under U.S. dollar denominated contracts, which may reduce the demand for our services in certain foreign countries. Except as described below, we do not enter into hedging transactions to protect against foreign exchange risks related to our revenue.

Throughout fiscal years 2014, 2013 and 2012, our primary foreign currency exposure has been to the British pound sterling, the euro, the Australian dollar and the Nigerian naira. The value of these currencies has fluctuated relative to the U.S. dollar as indicated in the following table:

| | Fiscal Years Ended | | |
|--|--------------------|--------|--------|
| | March 31, | | |
| | 2014 | 2013 | 2012 |
| One British pound sterling into U.S. dollars | | | |
| High | 1.68 | 1.63 | 1.66 |
| Average | 1.59 | 1.58 | 1.59 |
| Low | 1.48 | 1.49 | 1.53 |
| At period-end | 1.67 | 1.52 | 1.60 |
| One euro into U.S. dollars | | | |
| High | 1.39 | 1.37 | 1.49 |
| Average | 1.34 | 1.29 | 1.38 |
| Low | 1.28 | 1.21 | 1.27 |
| At period-end | 1.38 | 1.28 | 1.33 |
| One Australian dollar into U.S. dollars | | | |
| High | 1.07 | 1.06 | 1.10 |
| Average | 0.93 | 1.03 | 1.04 |
| Low | 0.87 | 0.97 | 0.94 |
| At period-end | 0.93 | 1.04 | 1.04 |
| One Nigerian naira into U.S. dollars | | | |
| High | 0.0065 | 0.0065 | 0.0068 |
| Average | 0.0063 | 0.0064 | 0.0064 |
| Low | 0.0061 | 0.0061 | 0.0061 |
| At period-end | 0.0061 | 0.0064 | 0.0064 |

Source: Bank of England and Oanda.com

Table of Contents

Our earnings from unconsolidated affiliates are also affected by the impact of changes in foreign currency exchange rates on the reported results of our unconsolidated affiliates. Earnings from unconsolidated affiliates were decreased by \$3.9 million, \$3.9 million and \$8.1 million during fiscal years 2014, 2013 and 2012, respectively, as a result of the impact of changes in foreign currency exchange rates on the results of our unconsolidated affiliates, primarily the impact of changes in the Brazilian real and the U.S. dollar exchange rate on results for our affiliate in Brazil. The value of the Brazilian real has fluctuated relative to the U.S. dollar as indicated in the following table:

| | Fiscal Years Ended | | |
|--------------------------------------|--------------------|--------|--------|
| | March 31, | | |
| | 2014 | 2013 | 2012 |
| One Brazilian real into U.S. dollars | | | |
| High | 0.5123 | 0.5488 | 0.6511 |
| Average | 0.4471 | 0.4985 | 0.5921 |
| Low | 0.4093 | 0.4685 | 0.5304 |
| At period-end | 0.4432 | 0.4953 | 0.5490 |

Source: Oanda.com

A hypothetical 10% strengthening or weakening in the average U.S. dollar relative to other currencies would have affected our revenue, operating expense and income before provision for income taxes for fiscal year 2014 as follows:

| | British pound sterling | Euro | Australian dollar | Nigerian Naira |
|--|------------------------------|---------|----------------------|-------------------|
| Revenue | 3.8 | % 0.2 | % 1.1 | % 0.1 |
| Operating expense | 2.7 | % 0.6 | % 1.2 | % 0.8 |
| Income before provision for income taxes | 5.9 | % (1.1) | % 0.5 | % (2.2) |

The effect of the hypothetical change in exchange rates ignores the effect this movement may have on other variables, including competitive risk. If it were possible to quantify this competitive impact, the results would probably be different from the sensitivity effects shown above. In addition, all currencies may not uniformly strengthen or weaken relative to the U.S. dollar. In reality, some currencies may weaken while others may strengthen.

In the past three fiscal years, our stockholders' investment has increased by \$11.8 million as a result of translation adjustments. Changes in exchange rates could cause significant changes in our financial position and results of operations in the future.

As a result of the changes in exchange rates, we recorded foreign currency losses of \$3.7 million and \$1.1 million during fiscal years 2014 and 2013, respectively, and foreign currency gains of \$0.4 million during fiscal year 2012. We estimate that the fluctuation of these currencies versus the prior fiscal year had the following effect on our financial condition and results of operations, net of the effect of the derivative contracts discussed below (in thousands):

| | Fiscal Year Ended March 31, 2014 |
|--|--|
| Revenue | \$ (15,859) |
| Operating expense | 13,964 |
| Earnings from unconsolidated affiliates, net of losses | 72 |
| Non-operating expense | (2,401) |
| Income before provision for income taxes | (4,224) |
| Provision from income taxes | 970 |
| Net income | (3,254) |
| Cumulative translation adjustment | 18,729 |
| Total stockholders' investment | \$ 15,475 |

A hypothetical 10% decrease in the value of the foreign currencies in which our business is denominated relative to the U.S. dollar as of March 31, 2014 would result in a \$21.2 million decrease in the fair value of our net monetary assets denominated in currencies other than U.S. dollars.

Table of Contents**Credit Risk**

The market for our services and products is primarily the offshore oil and gas industry, and our clients consist primarily of major integrated, international and independent oil and gas producers. We perform ongoing credit evaluations of our clients and have not historically required material collateral. We maintain allowances for potential credit losses.

Cash equivalents, which consist of funds invested in highly-liquid debt instruments with original maturities of 90 days or less, are held by major banks or investment firms, and we believe that credit risk in these instruments is minimal. We also manage our credit risk by not entering into complex financial transactions or those with a perceived high level of credit risk.

For more information on the impact of the global market conditions see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview — Market Outlook” and Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financial Condition and Sources of Liquidity” included elsewhere in this Annual Report.

Interest Rate Risk

As of March 31, 2014, we had \$841.3 million of debt outstanding, of which \$256.5 million carried a variable rate of interest. The market value of our fixed rate debt fluctuates with changes in interest rates. The fair value of our financial instruments has been estimated in accordance with the accounting standard regarding fair value. The fair value of our fixed rate long-term debt is estimated based on quoted market prices. The carrying and fair values of our long-term debt, including the current portion, were as follows (in thousands):

| | March 31, | | 2013 | |
|-----------------------------|----------------|------------|----------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| 6 ¼% Senior Notes | \$450,000 | \$477,000 | \$450,000 | \$484,875 |
| Term Loan | 226,604 | 226,604 | 230,625 | 230,625 |
| 3% Convertible Senior Notes | 109,904 | 142,382 | 106,196 | 131,819 |
| Revolving Credit Facility | 24,000 | 24,000 | — | — |
| Eastern Airways debt | 29,911 | 29,911 | — | — |
| Other debt | 883 | 883 | 448 | 448 |
| | \$841,302 | \$900,780 | \$787,269 | \$847,767 |

If prevailing market interest rates had been 1% higher as of March 31, 2014, and all other factors affecting our debt remained the same, the fair value of the 6 ¼% Senior Notes and the 3% Convertible Senior Notes would have decreased by \$53.4 million or 8.6%. Under comparable sensitivity analysis as of March 31, 2013, the fair value of the 6 ¼% Senior Notes and 3% Convertible Senior Notes would have decreased by \$55.1 million or 8.9%.

Table of Contents

Item 8. Consolidated Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Bristow Group Inc.:

We have audited the accompanying consolidated balance sheets of Bristow Group Inc. (“the Company”) and subsidiaries as of March 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders’ investment, and cash flows for each of the years in the three-year period ended March 31, 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bristow Group Inc. and subsidiaries as of March 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of March 31, 2014, based on criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 21, 2014 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG LLP

Houston, Texas

May 21, 2014

Table of ContentsBRISTOW GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

| | Fiscal Year Ended March 31, | | |
|--|--|--------------|--------------|
| | 2014 | 2013 | 2012 |
| | (In thousands, except per share amounts) | | |
| Gross revenue: | | | |
| Operating revenue from non-affiliates | \$ 1,423,653 | \$ 1,290,284 | \$ 1,170,299 |
| Operating revenue from affiliates | 92,673 | 53,731 | 28,928 |
| Reimbursable revenue from non-affiliates | 153,180 | 164,184 | 142,088 |
| Reimbursable revenue from affiliates | 76 | 274 | 488 |
| | 1,669,582 | 1,508,473 | 1,341,803 |
| Operating expense: | | | |
| Direct cost | 1,041,575 | 900,378 | 810,728 |
| Reimbursable expense | 144,557 | 157,416 | 136,922 |
| Impairment of inventories | 12,669 | — | 25,919 |
| Depreciation and amortization | 95,977 | 96,284 | 96,144 |
| General and administrative | 199,814 | 163,389 | 135,333 |
| | 1,494,592 | 1,317,467 | 1,205,046 |
| Gain (loss) on disposal of assets | (722) | 8,068 | (31,670) |
| Earnings from unconsolidated affiliates, net of losses | 12,709 | 25,070 | 10,679 |
| Operating income | 186,977 | 224,144 | 115,766 |
| Interest income | 1,720 | 788 | 560 |
| Interest expense | (44,938) | (42,446) | (38,130) |
| Extinguishment of debt | — | (14,932) | — |
| Gain on sale of unconsolidated affiliate | 103,924 | — | — |
| Other income (expense), net | (2,692) | (877) | 1,246 |
| Income before provision for income taxes | 244,991 | 166,677 | 79,442 |
| Provision for income taxes | (57,212) | (35,002) | (14,201) |
| Net income | 187,779 | 131,675 | 65,241 |
| Net income attributable to noncontrolling interests | (1,042) | (1,573) | (1,711) |
| Net income attributable to Bristow Group | \$ 186,737 | \$ 130,102 | \$ 63,530 |
| Earnings per common share: | | | |
| Basic | \$5.15 | \$3.61 | \$1.76 |
| Diluted | \$5.09 | \$3.57 | \$1.73 |
| Cash dividends declared per common share | \$1.00 | \$0.80 | \$0.60 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of ContentsBRISTOW GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Fiscal Year Ended March 31, | | |
|--|-----------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Net income | \$187,779 | \$131,675 | \$65,241 |
| Other comprehensive income: | | | |
| Currency translation adjustments | 18,729 | (11,982) | 905 |
| Pension liability adjustment, net of tax (benefit) provision of \$(10.4) million, \$10.0 million and \$3.4 million, respectively | 23,367 | (28,462) | (27,877) |
| Unrealized loss on cash flow hedges, net of tax benefit of zero, zero and \$1.5 million, respectively | — | — | (2,150) |
| Total comprehensive income | 229,875 | 91,231 | 36,119 |
| Net income attributable to noncontrolling interests | (1,042) | (1,573) | (1,711) |
| Currency translation adjustments attributable to noncontrolling interests | 1,081 | — | — |
| Total comprehensive income attributable to noncontrolling interests | 39 | (1,573) | (1,711) |
| Total comprehensive income attributable to Bristow Group | \$229,914 | \$89,658 | \$34,408 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of ContentsBRISTOW GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | March 31, | |
|--|----------------|-------------|
| | 2014 | 2013 |
| | (In thousands) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$204,341 | \$215,623 |
| Accounts receivable from non-affiliates | 292,650 | 254,520 |
| Accounts receivable from affiliates | 4,793 | 8,261 |
| Inventories | 137,463 | 153,969 |
| Assets held for sale | 29,276 | 8,290 |
| Prepaid expenses and other current assets | 53,084 | 35,095 |
| Total current assets | 721,607 | 675,758 |
| Investment in unconsolidated affiliates | 262,615 | 272,123 |
| Property and equipment – at cost: | | |
| Land and buildings | 145,973 | 108,593 |
| Aircraft and equipment | 2,646,150 | 2,306,054 |
| | 2,792,123 | 2,414,647 |
| Less – Accumulated depreciation and amortization | (523,372) | (493,575) |
| | 2,268,751 | 1,921,072 |
| Goodwill | 56,680 | 28,897 |
| Other assets | 88,604 | 52,842 |
| Total assets | \$3,398,257 | \$2,950,692 |
| LIABILITIES AND STOCKHOLDERS' INVESTMENT | | |
| Current liabilities: | | |
| Accounts payable | \$89,818 | \$69,821 |
| Accrued wages, benefits and related taxes | 71,192 | 56,084 |
| Income taxes payable | 13,588 | 11,659 |
| Other accrued taxes | 9,302 | 7,938 |
| Deferred revenue | 31,157 | 21,646 |
| Accrued maintenance and repairs | 17,249 | 15,391 |
| Accrued interest | 16,157 | 14,249 |
| Other accrued liabilities | 45,853 | 20,714 |
| Deferred taxes | 12,372 | — |
| Short-term borrowings and current maturities of long-term debt | 14,207 | 22,323 |
| Deferred sale leaseback advance | 136,930 | — |
| Total current liabilities | 457,825 | 239,825 |
| Long-term debt, less current maturities | 827,095 | 764,946 |
| Accrued pension liabilities | 86,823 | 126,647 |
| Other liabilities and deferred credits | 78,126 | 57,196 |
| Deferred taxes | 169,519 | 151,121 |
| Commitments and contingencies (Note 8) | | |
| Temporary equity | 22,283 | — |
| Stockholders' investment: | | |
| Common stock, \$.01 par value, authorized 90,000,000; outstanding: 35,708,469 and 36,150,639 shares (exclusive of 1,291,441 and 1,291,741 treasury shares, respectively) | 373 | 367 |
| Additional paid-in capital | 762,813 | 731,883 |

Edgar Filing: Bristow Group Inc - Form 10-K

| | | |
|---|-------------|-------------|
| Retained earnings | 1,245,220 | 1,094,803 |
| Accumulated other comprehensive loss | (156,506) | (199,683) |
| Treasury shares, at cost (1,595,479 and 551,604 shares, respectively) | (103,965) | (26,304) |
| Total Bristow Group stockholders' investment | 1,747,935 | 1,601,066 |
| Noncontrolling interests | 8,651 | 9,891 |
| Total stockholders' investment | 1,756,586 | 1,610,957 |
| Total liabilities and stockholders' investment | \$3,398,257 | \$2,950,692 |

The accompanying notes are an integral part of these consolidated financial statements.

75

Table of ContentsBRISTOW GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Fiscal Year Ended March 31, | | |
|---|-----------------------------|------------|-----------|
| | 2014 | 2013 | 2012 |
| | (In thousands) | | |
| Cash flows from operating activities: | | | |
| Net income | \$ 187,779 | \$ 131,675 | \$ 65,241 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 95,977 | 96,284 | 96,144 |
| Deferred income taxes | 5,465 | (8,587) | (16,288) |
| Write-off of deferred financing fees | 12,733 | 4,642 | — |
| Discount amortization on long-term debt | 3,708 | 3,597 | 3,380 |
| (Gain) loss on disposal of assets | 722 | (8,068) | 31,670 |
| Gain on sale of unconsolidated affiliate | (103,924) | — | — |
| Impairment of inventories | 12,669 | — | 25,919 |
| Extinguishment of debt | — | 14,932 | — |
| Stock-based compensation | 15,433 | 11,869 | 11,510 |
| Equity in earnings from unconsolidated affiliates less than (in excess of) dividends received | 1,629 | (9,244) | 5,486 |
| Tax benefit related to stock-based compensation | (5,723) | (500) | (354) |
| Increase (decrease) in cash resulting from changes in: | | | |
| Accounts receivable | 3,647 | (2,739) | (12,847) |
| Inventories | 12,824 | (1,340) | 7,364 |
| Prepaid expenses and other assets | (3,149) | (39,269) | 1,926 |
| Accounts payable | (5,154) | 25,654 | 2,675 |
| Accrued liabilities | 11,697 | 38,790 | 14,607 |
| Other liabilities and deferred credits | (14,239) | 9,068 | (5,086) |
| Net cash provided by operating activities | 232,094 | 266,764 | 231,347 |
| Cash flows from investing activities: | | | |
| Capital expenditures | (628,613) | (571,425) | (326,420) |
| Deposits on assets held for sale | — | — | 200 |
| Acquisitions, net of cash received | (39,850) | — | — |
| Proceeds from sale of unconsolidated affiliate | 112,210 | — | — |
| Proceeds from asset dispositions | 289,951 | 314,847 | 239,843 |
| Investment in unconsolidated affiliates | — | (51,179) | (2,378) |
| Net cash used in investing activities | (266,302) | (307,757) | (88,755) |
| Cash flows from financing activities: | | | |
| Proceeds from borrowings | 533,064 | 675,449 | 159,993 |
| Payment of contingent consideration | (6,000) | — | — |
| Debt issuance costs | (15,523) | (10,344) | (871) |
| Repayment of debt and debt redemption premiums | (512,492) | (663,921) | (113,419) |
| Proceeds from assignment of aircraft purchase agreements | 106,113 | — | — |
| Partial prepayment of put/call obligation | (57) | (63) | (63) |
| Acquisition of noncontrolling interest | (2,078) | — | (262) |
| Repurchase of common stock | (77,661) | (1,219) | (25,085) |
| Common stock dividends paid | (36,320) | (28,734) | (21,616) |
| Issuance of common stock | 15,398 | 15,289 | 5,293 |
| Tax benefit related to stock-based compensation | 5,723 | 500 | 354 |

Edgar Filing: Bristow Group Inc - Form 10-K

| | | | |
|---|-----------|-----------|-----------|
| Net cash provided by (used in) financing activities | 10,167 | (13,043) | 4,324 |
| Effect of exchange rate changes on cash and cash equivalents | 12,759 | 8,109 | (1,727) |
| Net increase (decrease) in cash and cash equivalents | (11,282) | (45,927) | 145,189 |
| Cash and cash equivalents at beginning of period | 215,623 | 261,550 | 116,361 |
| Cash and cash equivalents at end of period | \$204,341 | \$215,623 | \$261,550 |
| Supplemental disclosure of non-cash investing activities: | | | |
| Aircraft received for payment on accounts receivable | \$— | \$8,300 | \$— |
| Contingent liability for investment in unconsolidated affiliate | \$— | \$34,245 | \$— |
| Deferred sale leaseback advance | \$60,194 | \$— | \$— |

The accompanying notes are an integral part of these consolidated financial statements.

Table of ContentsBRISTOW GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

(In thousands, except share amounts)

| | Total Bristow Group Stockholders' Investment | | | | | | | |
|--|--|-----------------------------|----------------------------------|----------------------|--|-------------------|----------------------------------|--------------------------------------|
| | Common Stock | Common Stock (Shares) | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income Loss | Treasury Stock | Non- Controlling Interests | Total Stockholders' Investment |
| March 31, 2011 | \$363 | 36,311,143 | \$689,795 | \$951,660 | \$ (130,117) | \$— | \$ 7,074 | \$ 1,518,775 |
| Issuance of common stock | — | 220,679 | 13,833 | — | — | — | — | 13,833 |
| Correction of historical shares outstanding | — | (249,610) | — | — | — | — | — | — |
| Acquisition of noncontrolling interest | — | — | — | (139) | — | — | (100) | (239) |
| Repurchases of common stock | — | (526,895) | — | — | — | (25,085) | — | (25,085) |
| Common stock dividends | — | — | — | (21,616) | — | — | — | (21,616) |
| Currency translation adjustments | — | — | — | — | — | — | 37 | 37 |
| Net income | — | — | — | 63,530 | — | — | 1,711 | 65,241 |
| Other comprehensive income | — | — | — | — | (29,122) | — | — | (29,122) |
| March 31, 2012 | 363 | 35,755,317 | 703,628 | 993,435 | (159,239) | (25,085) | 8,722 | 1,521,824 |
| Issuance of common stock | 4 | 420,031 | 28,255 | — | — | — | — | 28,259 |
| Distributions paid to noncontrolling interests | — | — | — | — | — | — | (63) | (63) |
| Repurchases of common stock | — | (24,709) | — | — | — | (1,219) | — | (1,219) |
| Common stock dividends | — | — | — | (28,734) | — | — | — | (28,734) |
| Currency translation adjustments | — | — | — | — | — | — | (341) | (341) |
| Net income | — | — | — | 130,102 | — | — | 1,573 | 131,675 |
| Other comprehensive loss | — | — | — | — | (40,444) | — | — | (40,444) |
| March 31, 2013 | 367 | 36,150,639 | 731,883 | 1,094,803 | (199,683) | (26,304) | 9,891 | 1,610,957 |
| Issuance of common stock | 6 | 601,405 | 33,008 | — | — | — | — | 33,014 |
| Correction of historical shares outstanding | — | 300 | — | — | — | — | — | — |
| Acquisition of noncontrolling | — | — | (2,078) | — | — | — | — | (2,078) |

| | | | | | | | | |
|---|-------|--------------|-----------|-------------|---------------|---------------|----------|--------------|
| interests | | | | | | | | |
| Distributions paid to noncontrolling interests | — | — | — | — | — | — | (57) | (57) |
| Repurchases of common stock | — | (1,043,875) | — | — | — | (77,661) | — | (77,661) |
| Common stock dividends | — | — | — | (36,320) | — | — | — | (36,320) |
| Currency translation adjustments ⁽¹⁾ | — | — | — | — | — | — | (1,554) | (1,554) |
| Net income ⁽²⁾ | — | — | — | 186,737 | — | — | 371 | 187,108 |
| Other comprehensive income | — | — | — | — | 43,177 | — | — | 43,177 |
| March 31, 2014 | \$373 | 35,708,469 | \$762,813 | \$1,245,220 | \$ (156,506) | \$ (103,965) | \$ 8,651 | \$ 1,756,586 |

⁽¹⁾ Currency translation adjustments attributable to noncontrolling interests excluded \$0.5 million allocable to temporary equity.

⁽²⁾ Net income attributable to noncontrolling interests excluded \$0.7 million allocable to temporary equity.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

BRISTOW GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — OPERATIONS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Bristow Group Inc., a Delaware corporation (together with its consolidated entities, unless the context requires otherwise, “Bristow Group”, the “Company”, “we”, “us”, or “our”), is the leading provider of helicopter services to the worldwide offshore energy industry based on the number of aircraft operated and one of two helicopter service providers to the offshore energy industry with global operations. With a fleet of 494 aircraft as of March 31, 2014, including 131 held by unconsolidated affiliates, Bristow Group and its affiliates conduct major transportation operations in the North Sea, Nigeria and the U.S. Gulf of Mexico, and in most of the other major offshore energy regions of the world, including Australia, Brazil, Canada, Russia and Trinidad. We and our affiliates provide private sector search and rescue (“SAR”) services in Australia, Canada, Norway, Russia and Trinidad, and began providing public sector SAR services in North Scotland on behalf of the Maritime & Coastguard Agency in June 2013. In March 2013, we were awarded a new contract to provide SAR services for all of the U.K. (the “U.K. SAR contract”). Certain of our affiliates also provide charter and scheduled services targeting U.K. oil and gas industry transport, helicopter military training and helicopter flight training.

Basis of Presentation

The consolidated financial statements include the accounts of Bristow Group Inc. and its consolidated entities after elimination of all significant intercompany accounts and transactions. Investments in affiliates in which we have a majority voting interest and entities that meet the criteria of Variable Interest Entities (“VIEs”) of which we are the primary beneficiary are consolidated. See discussion of VIEs in Note 3. We apply the equity method of accounting for investments in entities if we have the ability to exercise significant influence over an entity that (a) does not meet the variable interest entity criteria or (b) meets the variable interest entity criteria, but for which we are not deemed to be the primary beneficiary. We apply the cost method of accounting for investments in other entities if we do not have the ability to exercise significant influence over the unconsolidated affiliate. These investments in private companies are carried at cost and are adjusted only for capital distributions and other-than-temporary declines in value. Dividends from cost method investments are recognized in earnings from unconsolidated affiliates, net of losses, when received. Effective February 6, 2014, we began consolidating Eastern Airways International Limited (“Eastern Airways”). See Note 2 for further details.

Our fiscal year ends March 31, and we refer to fiscal years based on the end of such period. Therefore, the fiscal year ended March 31, 2014 is referred to as fiscal year 2014.

Certain reclassifications of prior period information have been made to conform to the presentation of the current period information. These reclassifications had no effect on net income as previously reported.

Summary of Significant Accounting Policies

Use of Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. Areas where accounting estimates are made by management include:

- Allowances for doubtful accounts;
- Inventory allowances;
- Property and equipment;
- Goodwill, intangible and other long-lived assets;
- Pension benefits;
- Contingent liabilities; and
- Taxes.

Cash and Cash Equivalents — Our cash equivalents include funds invested in highly-liquid debt instruments with original maturities of 90 days or less.

Table of Contents

BRISTOW GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounts Receivable — Trade and other receivables are stated at net realizable value. We grant short-term credit to our clients, primarily major integrated, national and independent oil and gas companies. We establish allowances for doubtful accounts on a case-by-case basis when a determination is made that the required payment is unlikely to occur. In establishing these allowances, we consider a number of factors, including our historical experience, change in our clients' financial position and restrictions placed on the conversion of local currency into U.S. dollars, as well as disputes with clients regarding the application of contract provisions to our services.

The following table is a rollforward of the allowance for doubtful accounts, including affiliates and non-affiliates (in thousands):

| | Fiscal Year Ended March 31, | | |
|------------------------------------|-----------------------------|---------|-------|
| | 2014 | 2013 | 2012 |
| Balance – beginning of fiscal year | \$5,079 | \$243 | \$99 |
| Additional allowances | 87 | 4,887 | 162 |
| Write-offs and collections | (92) | (51) | (18) |
| Balance – end of fiscal year | \$5,074 | \$5,079 | \$243 |

During fiscal year 2013, the allowance for doubtful accounts for non-affiliates was increased by \$4.9 million related to amounts due from ATP Oil and Gas Corporation, a client in the U.S. Gulf of Mexico, due to its filing for bankruptcy.

Inventories — Inventories are stated at the lower of average cost or market value and consist primarily of spare parts. The following table is a rollforward of the allowance related to dormant, obsolete and excess inventory (in thousands):

| | Fiscal Year Ended March 31, | | |
|------------------------------------|-----------------------------|----------|----------|
| | 2014 | 2013 | 2012 |
| Balance – beginning of fiscal year | \$31,504 | \$34,364 | \$16,018 |
| Impairment of inventories | 12,669 | — | 25,919 |
| Additional allowances | 6,807 | 8,479 | 3,124 |
| Inventory disposed and scrapped | (6,096) | (10,053) | (11,331) |
| Foreign currency effects | 2,414 | (1,286) | 634 |
| Balance – end of fiscal year | \$47,298 | \$31,504 | \$34,364 |

During fiscal years 2014 and 2012, we recorded impairment charges of \$12.7 million and \$25.9 million, respectively, to write-down certain spare parts within inventories to market value. These impairment charges resulted from the identification of \$50.5 million and \$48.8 million, respectively, of inventory that is dormant, obsolete or excess based on a review of our future inventory needs completed during fiscal years 2014 and 2012. The fiscal year 2014 impairment charge related primarily to spare parts held for a medium aircraft model where we have decided to remove this model from our fleet over the next two fiscal years. As we had intended to operate this model type longer in certain markets, we have identified excess inventory that will not be used on our aircraft and will therefore need to be sold or otherwise disposed of. The fiscal year 2012 inventory review was driven by a number of changes to our future fleet strategy. The change in fleet strategy resulted from (1) a continued shift in demand for our aircraft to newer technology aircraft types, (2) the introduction of the Bristow Client Promise through which have positioned Bristow Group as the premium service provider of offshore transportation services and (3) the introduction of the new financial metric of Bristow Value Added. The change in demand for our older aircraft accelerated as a result of a renewed focus on safety and reliability across the offshore energy industry after the Macondo oil spill in the U.S. Gulf of Mexico. The change in fleet strategy resulted in the determination that we will operate certain older types of aircraft for a shorter period than originally anticipated and led to the global review of spare parts inventories supporting our fleet. These impairment charges are included on a separate line within operating expense on the consolidated statements of income.

During fiscal year 2014, we wrote off \$11.1 million of inventory destroyed in a fire at our Port Harcourt facility in Nigeria, which is insured and therefore fully offset by a receivable recorded of \$11.1 million for insurance proceeds.

See Note 8 for further details on the fire in Port Harcourt.

Additionally, during fiscal year 2012, we sold inventory in Mexico for a loss of \$1.0 million. This loss is recorded as a reduction in gain (loss) on disposal of assets on the consolidated statement of income.

Table of Contents

BRISTOW GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Prepaid Expenses and Other Current Assets — As of March 31, 2014, prepaid expenses and other current assets included \$5.5 million related to the SAR contracts in the U.K. and a client contract in Norway, which are recoverable under the contracts and will be expensed over the terms of the contracts. As of March 31, 2013, prepaid expenses and other current assets included \$12.7 million in fees related to a potential financing in connection with our bid to provide SAR services in the U.K. In April 2013, we increased our borrowing capacity on our Revolving Credit Facility from \$200 million to \$350 million and cancelled the potential financing. During fiscal year 2014, we included the \$12.7 million as interest expense on our consolidated statement of income.

Property and Equipment — Property and equipment are stated at cost. Property and equipment includes construction in progress, primarily consisting of progress payments on aircraft purchases and facility construction, of \$477.9 million and \$222.8 million as of March 31, 2014 and 2013, respectively. Interest costs applicable to the construction of qualifying assets are capitalized as a component of the cost of such assets.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of aircraft generally range from 5 to 15 years, and the residual value used in calculating depreciation of aircraft generally ranges from 30% to 50% of cost. The estimated useful lives for buildings on owned properties range from 15 to 40 years. Other depreciable assets are depreciated over estimated useful lives ranging from 3 to 15 years, except for leasehold improvements which are depreciated over the lesser of the useful life of the improvement or the lease term (including any period where we have options to renew if it is probable that we will renew the lease). The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and the resulting gains or losses are included in gain (loss) on disposal of assets.

We capitalize betterments and improvements to our aircraft and amortize such costs over the remaining useful lives of the aircraft. Betterments and improvements increase the life or utility of an aircraft.

Goodwill — Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Goodwill has an indefinite useful life and is not amortized, but is assessed for impairment annually as of March 31.

Goodwill totaling \$56.7 million and \$28.9 million as of March 31, 2014 and 2013, respectively, relates to our business units as follows (in thousands):

| | Europe | Bristow Academy | West Africa | Other International | Total |
|------------------------------|-----------|--------------------|----------------|------------------------|-----------|
| March 31, 2012 | \$ 12,554 | \$ 10,260 | \$ 6,254 | \$ 576 | \$ 29,644 |
| Foreign currency translation | (671) | (48) | (28) | — | (747) |
| March 31, 2013 | 11,883 | 10,212 | 6,226 | 576 | 28,897 |
| Foreign currency translation | 1,839 | 90 | (49) | — | 1,880 |
| Eastern Airways acquisition | 26,479 | — | — | — | 26,479 |
| Impairments | — | — | — | (576) | (576) |
| March 31, 2014 | \$40,201 | \$ 10,302 | \$ 6,177 | \$— | \$ 56,680 |

To complete our annual assessment of goodwill impairment, we first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount and if a quantitative assessment should be performed. As of March 31, 2014, we performed a qualitative analysis and concluded it is more likely than not that the fair value of each reporting unit excluding our Other International business unit related to Mexico is not less than the carrying value and, therefore, did not perform a quantitative analysis for all business units with goodwill. Qualitative factors considered during our assessments included the capital markets environment, global economic conditions, the demand for helicopter services, the necessity for training of new pilots (Bristow Academy only), changes in our results of operations, the magnitude of the excess of fair value over the carrying amount of each reporting unit as determined in prior years' quantitative testing and other factors. In addition to the annual assessment, an impairment assessment of goodwill is conducted when events occur or circumstance change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During fiscal year 2014, we impaired our

goodwill in our Other International business unit related to Mexico as all of the contracts in Mexico have expired. As of March 31, 2014, goodwill totaling approximately \$4.8 million is expected to be deductible for tax purposes. For further details on the Eastern Airways acquisition, see Note 2.

Table of Contents

BRISTOW GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Intangible Assets — Intangible assets with finite useful lives are amortized over their respective estimated useful lives to their estimated residual values. Intangible assets by type were as follows (in thousands):

| | Client contracts | Client relationships | Trade name and trademarks | Internally developed software | Licenses | Total |
|------------------------------|--------------------------|-------------------------|---------------------------------|-------------------------------------|----------|------------|
| | Gross Carrying Amount | | | | | |
| March 31, 2012 | \$7,251 | \$1,746 | \$— | \$— | \$840 | \$9,837 |
| Foreign currency translation | (64) | (16) | — | — | (7) | (87) |
| March 31, 2013 | 7,187 | 1,730 | — | — | 833 | 9,750 |
| Foreign currency translation | (58) | (14) | — | — | (6) | (78) |
| Eastern Airways acquisition | — | 10,291 | 5,326 | 1,339 | — | 16,956 |
| March 31, 2014 | \$7,129 | \$12,007 | \$5,326 | \$1,339 | \$827 | \$26,628 |
| | Accumulated Amortization | | | | | |
| March 31, 2012 | \$(4,345) | \$(582) | \$— | \$— | \$(304) | \$(5,231) |
| Amortization expense | (1,317) | (176) | — | — | | |