



**Caverton Offshore Support Group Plc
2014 Full Year Results Presentation
April 2015**

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COSG at a glance



Technical Partners



Client Base



2014 – Operational Environment



Divestment of IOC's from onshore and shallow water assets

- In 2014, operations in the domestic oil and gas sector was characterized by a series of divestments from onshore assets by IOC's .
- This culminated the structural shift in the sector to exploration of deeper offshore assets.

Decline in crude oil prices

- Crude oil prices dropped below \$50 per barrel level mid 2014 for the first time since 2009.
- Essentially this has led to delayed capex spend by IOCs due to uncertainties on future cash flow as well as passage of the Petroleum Industry Bill.

Persisting insecurity conditions

- Recurrent production hiccups due to pipeline vandalism and theft continued to be a major issue for production.
- However, collaborative efforts by the Nigerian Navy and NNPC reportedly led to a decline in occurrences in the year.¹

Official Naira devaluation

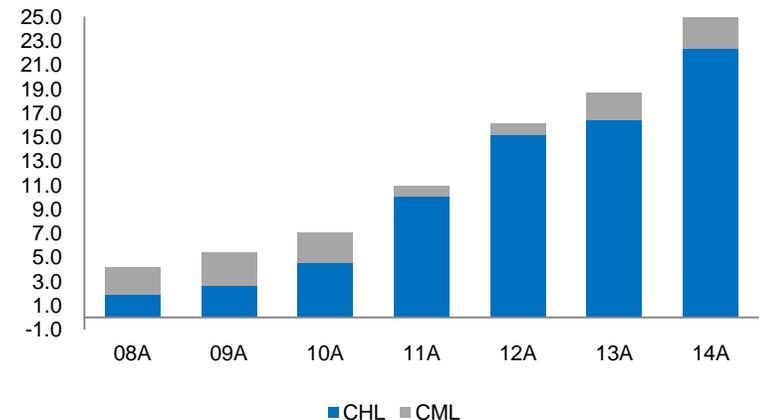
- In Q4 2014, the monetary policy committee (MPC) widened the exchange rate band from +-3% of USD/NGN 155 to +-5% USD/NGN 168.
- The weaker Naira reportedly impacted domestic operators with dollar denominated loans.

COSG - Financial Highlights 2014

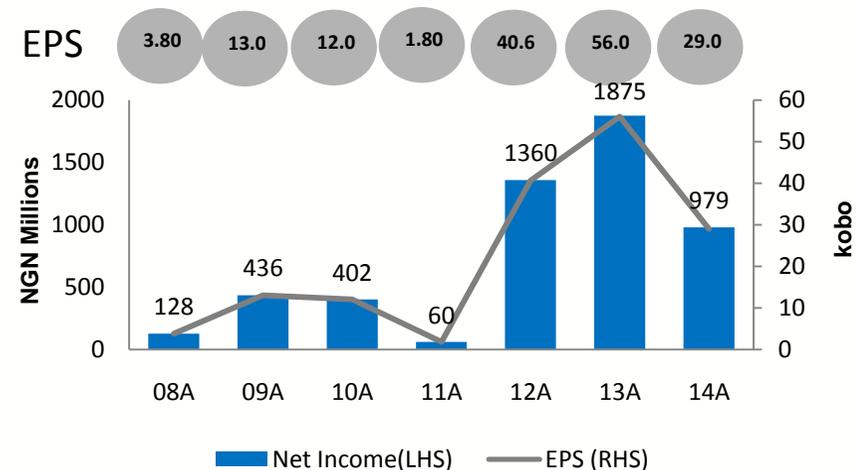


- Group revenue up 33% in 2014 compared to 2013
- Revenue from Helicopter operations came in at N22.3bn accounting for c.90% of group revenues.
- Marine operations recorded a 16% growth in revenue to N2.5bn.
- Gross profit up 47% year on year with gross margin widening 4pps to 44%.
- EBITDA up 2% year on year to N6.09bn; adversely impacted by exchange translation loss of c.N2bn .
- Pre tax profit of N2.7bn; 14% drop from previous year.
- EPS at N0.29; further impacted by a high income tax expense as prior year tax liabilities were fully absorbed in the reporting period.
- Management declared a dividend of N0.10 for 2014.

Revenue



Net Income



Snapshot of Key Figures



	2014	2013	Change
Revenue	24,900.08	18,662.91	33%
EBITDA	6,090.21	5,977.33	2%
<i>EBITDA Margin</i>	<i>24%</i>	<i>32%</i>	
EBIT ⁽¹⁾	4,080.40	4,417.75	-8%
<i>EBIT Margin</i>	<i>16%</i>	<i>24%</i>	
EPS	0.29	0.55	-47%
Net cash generated from operating activities	8,827.29	13,005.35	-32%
Net Debt /EBITDA	2.31	3.11	
Interest Coverage	2.75	1.39	

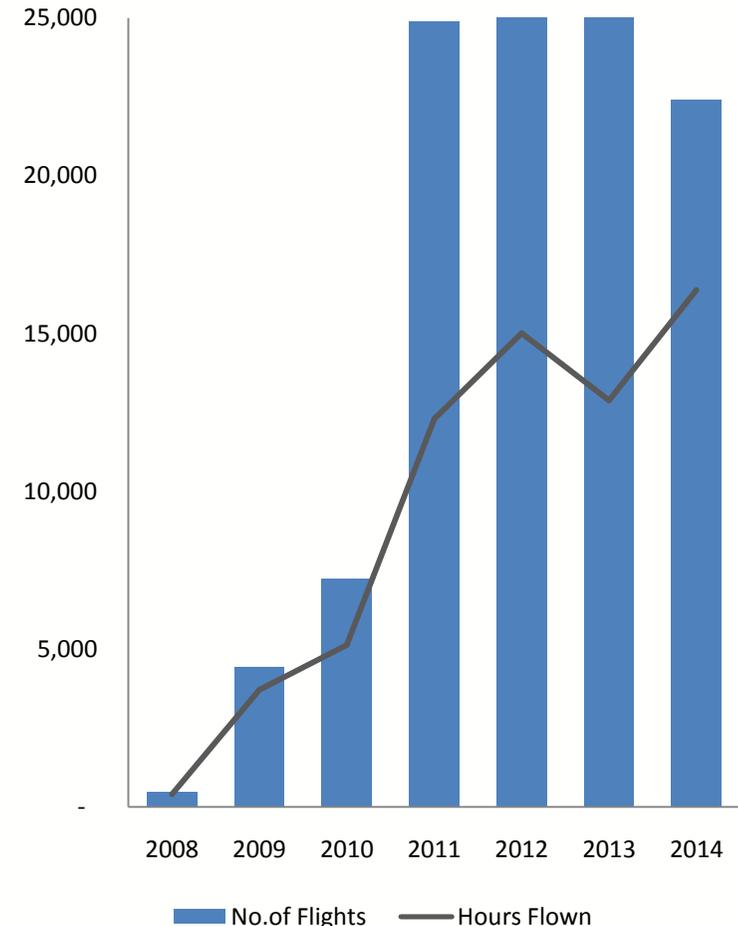
(1) impact of N2.4bn accrued interest written back in 2013 to Caverton Marine

Operational Highlights - 2014



- Strong growth in demand for ad-hoc charter services for both helicopter and marine operations; helicopter charter income rose to N4.6bn from N267mn in 2013.
- Upgrade of aircraft fleet to optimize operational capabilities; signed a helicopter leasing agreement with for a new AW139 aircraft and 1 Bell 412EP to service its ad-hoc charter operations.
- Marine operations was upgraded to the “AA” rating from “C” for the Nigerian Content Development and Monitoring board (NCDMB) classification; this was a significant achievement in 2014 and has since put us in good stead for consideration with IOC tenders.
- Signed technical contract with CAE- a global leader in provision of flight simulators – to operate the first commercial aviation training centre in the SSA region.
- Secured site for the proposed MRO and ATC and embarked on preliminary site clearing activities for the project.
- Continued focus on safety and process improvements led to cost savings; successfully attained our target to reduce operating costs by across the group.
- As part of our relentless quest for safety in the Oil Gas sector , we were awarded the “**Most Safety Conscious Contractor**” by Shell in September, 2014

Flights Statistics





Financial Review

Consolidated Profit & Loss account



N'000	2014	2013	Variance
Revenue	24,900,083	18,662,906	33%
Direct Operating expenses	(13,968,291)	(11,208,740)	25%
Gross Profit	10,931,792	7,454,166	47%
Indirect Operating (Administrative expenses)	(7,217,932)	(5,701,012)	27%
Other operating income	366,535	2,664,604	-86%
Operating Profit	4,080,395	4,417,758	-8%
Finance cost	(1,350,499)	(1,258,904)	7%
Profit before income tax expense	2,729,896	3,158,854	-14%
Income tax expense	(1,750,594)	(1,283,839)	36%
Profit for the period	979,302	1,875,015	-48%

Revenue growth in the period was driven by increased activity in the Ad-hoc helicopter charters division of CHL

Direct costs rising at a slower rate than revenue captures managements' focus to reduce operational costs across the group

Indirect costs includes exchange translation loss of c.N2bln

Increased finance costs due to additional debt in the period

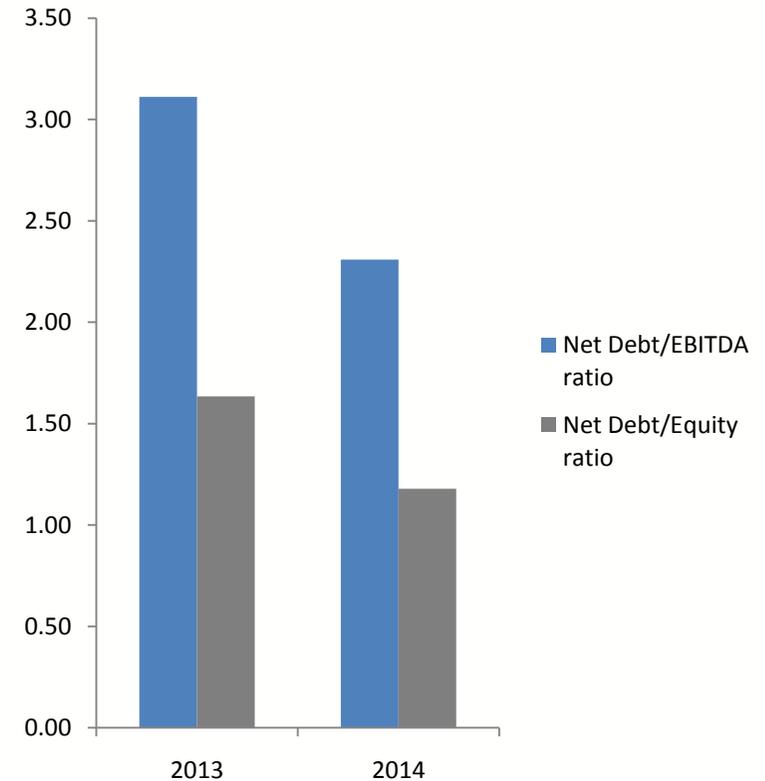
Higher income tax expense due to full absorption of prior year tax liabilities

Capital Structure



Facility Type	Value N'billion	Weighted Average Cost
Dollar Denominated	11,867.46	7.50%
Naira loan	4,004.29	11%
	15,871.75	
Overdraft	332.905	
	16,204.66	
Cash& Cash Equivalents	2,146.55	
Net Debt	14,058.11	

Improving gearing position



- Improving asset performance provides headroom for debt capacity
- 95% of debt outstanding is directly linked to existing contracts with total repayments due by contract termination.
- We expect our debt in the capital structure to reduce to c.65% by FY 2017.
- In discussions with lenders to re-finance some existing loans with funds from the PAIF⁽¹⁾ which has a more favorable interest rate at 7%.

(1) Power Aviation & Intervention Fund



Near Term Strategic Objectives

Fleet Expansion

- Signed another lease contract to deliver 2 brand new helicopters in 2015, one of which will be the first of its kind on the continent.
- Currently in tender for 6 aviation support service contracts that will require up additional aircrafts.
- Also in tender for 3 marine support service contracts that will require up additional vessels.

Revenue Diversification

- Gas Transportation
- Pipeline Surveillance
- Medevac Services
- On track with the development of our aviation training centre (ATC) and Maintenance Repair and Overhaul centre (MRO)
- We expect MRO and ATC to be operational by full year 2017.

New Markets

- Explore additional high growth markets for accretive expansion; markets must offer
 - Attractive regulatory environment
 - Attractive competitive landscape
 - Opportunity for leverage of capabilities, assets and cross market relationships (Congo, Mozambique, Angola, Ghana)



2015 and beyond



- Despite unforeseen macroeconomic challenges in 2014, our impressive operational performance highlights the groups capabilities and upside growth potential.
- In the near to medium term, we are optimistic on oil price recovery and expect stalled investments in the industry to resume.
 - We note that our contracts are fixed and long term so our operations are not directly susceptible to short term volatilities in the market.
- The further devaluation (tacit) of the Naira to N198/\$1 by the CBN in February, 2015 emphasizes the foreign exchange risk evident in the economy.
 - We are hedged from such risks to the extent that our dollar receivables are sufficient to meet our dollar denominated liabilities.
- Our ability to consistently increase our client base and service offering extends our position as the leading indigenous offshore logistics service provider.
 - We expect to sign on up to 5 additional contracts in 2015 across both aviation and marine operations; one of which has already been disclosed (NNPC).
 - Our aim is to increase our fleet with a mixture of owned and leased assets in a structure that will optimize the groups financial capabilities and operational efficiencies.
 - We have identified growth opportunities within the charter segment and plan to leverage our expertise to increase market share within this space.

2015 and beyond (contd.)



- Our top line has grown consistently over the years ; for 2015 we expect a growth rate of 16% -18%, primarily driven by increased activities in the charter segment.
- We continue to focus on reducing our operational costs to offer cost effective solutions to our clients without comprising on safety, thereby increasing shareholder value.
 - Our drive for safety and “aim for zero” motto makes our value proposition very attractive and socially responsible; we have had Zero Accidents and Zero Incidents despite rapid growth in challenging operational environment.
 - Our 2015 EBITDA guidance is 32% -35%
- Within aviation industry, our dedication towards developing the industry in Africa is evident in our planned investment along the value chain; this will position us as the “one stop” service provider for both commercial and non commercial aviation activities.
 - This also complements our cost optimization strategy; with the completion of the ATC & MRO we will achieve cost savings from utilization of our own facilities.
- Overall we are making collaborative efforts across both our aviation and marine operations to offer combined logistics solutions to IOC's and NOC's to support their operations.



Questions?

Appendix – AW139 aircraft



Appendix – Site for the Proposed MRO & ATC



caverton





Appendix - Assets

9 x



AgustaWestland AW139:

- 15 seater; Large passenger cabin
- High speed
- Powered by two pratt & whitney PT6C-67C turboshaft engines

3 x



Bell Helicopters 412 EP:

- 11 seater
- Twin turbine
- Advanced technology design
- For on-site and off-shore logistic services

2 x



DHC6-400 & DHC6-300 Twin Otter:

- Twin engine
- 20-passenger STOL utility aircraft
- 150-300km/hr speed range

3 x



S-76C Sikorsky Series :

- 12 seater
- Technologically advanced; Powerful engines
- High level safety features



Vessel - LIV K

Accommodates up to 42 personnel
 Deadweight of 1380mt
 Vessel is DP 1 and fitted with a FIFI Class 1 System



Lagos Heliport, Victoria Island

Located at centre of business metropolis
 Transit point for business and offshore travelers
 Only licensed heliport in Lagos



Port Harcourt Hangar Facility

Located at NAF Base
 1200sqm
 9 bay hangar with workshops



Lagos Hangar Facility

Located at Murtala Muhammad International Airport
 1250sqm
 Offers specialized maintenance and repair



Appendix – 2015 Tender pipeline

Marine Operations

TENDER STAGE	PROPOSED COMMENCEMENT DATE	TYPE OF VESSEL	DURATION	STATUS
Technical Stage	TBA	2 x Crew Boats	TBA	Ongoing
Technical Stage	Q3, 2015	Platform Supply Vessel(1) + Tug boats	2+5	Ongoing
Technical Stage	Q4, 2015	LPG Carrier	5+2+2+1	ITT received

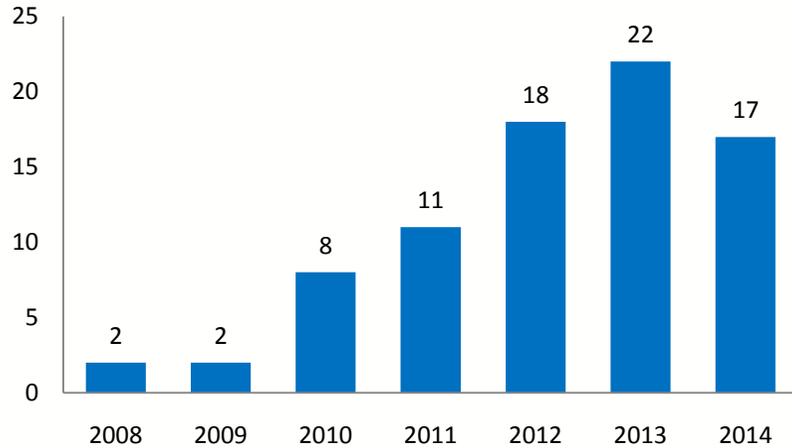
Helicopter Operations

TENDER STAGE	PROPOSED COMMENCEMENT DATE	NO. OF HELICOPTERS	DURATION	TENDER STATUS
Technical Stage	Q4, 2015	Rotary wing (3)	5	Ongoing
Technical Stage	Q4, 2015	Rotary wing (3)	5	Ongoing
Commercial Stage	Q3, 2015	Rotary wing(5)	NS	Submitted
Prequalification Stage	Q3, 2015	Helicopters(2) Fixed wing(1)	NS	Ongoing
Technical /Commercial Proposal	Q4, 2015	Helicopter (1)	NS	Ongoing
Technical Stage	Q3, 2015	Fixed Wing (1-private Jet)	5	Submitted

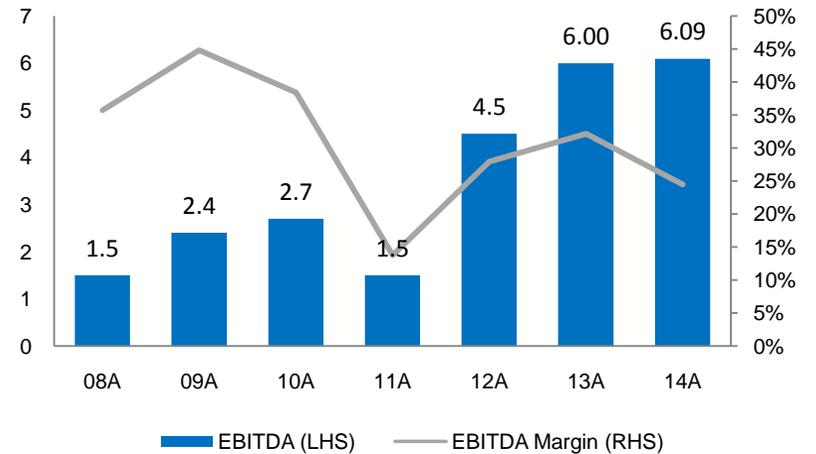


Appendix - Historical Charts

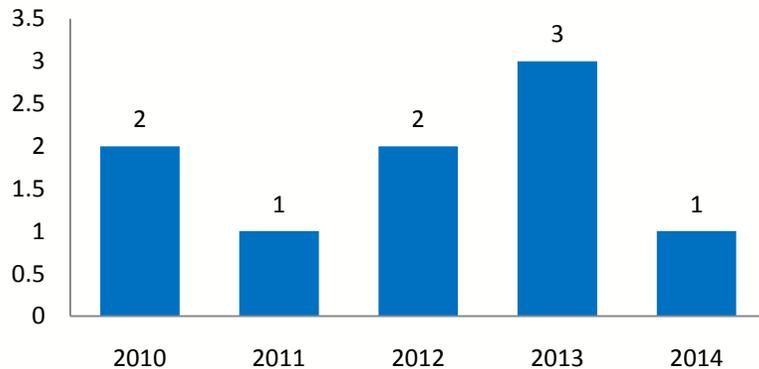
Number of Aircrafts²



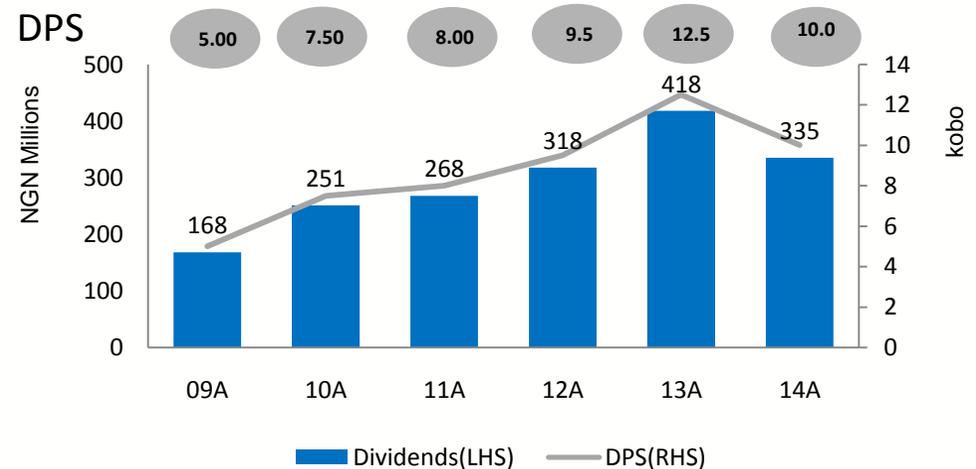
EBITDA & EBITDA Margin



Number of contracts won¹



Dividends



1. Contracts won include 2010: Shell, PPMC; 2011: Total; 2012: Addax, COTCO; 2013: Shell, Total, Nimsa 2014: NNPC
 2. 2012-EC155 helicopters in Shell contract were upgraded to AW139 number includes overlap of 5 EC155's