

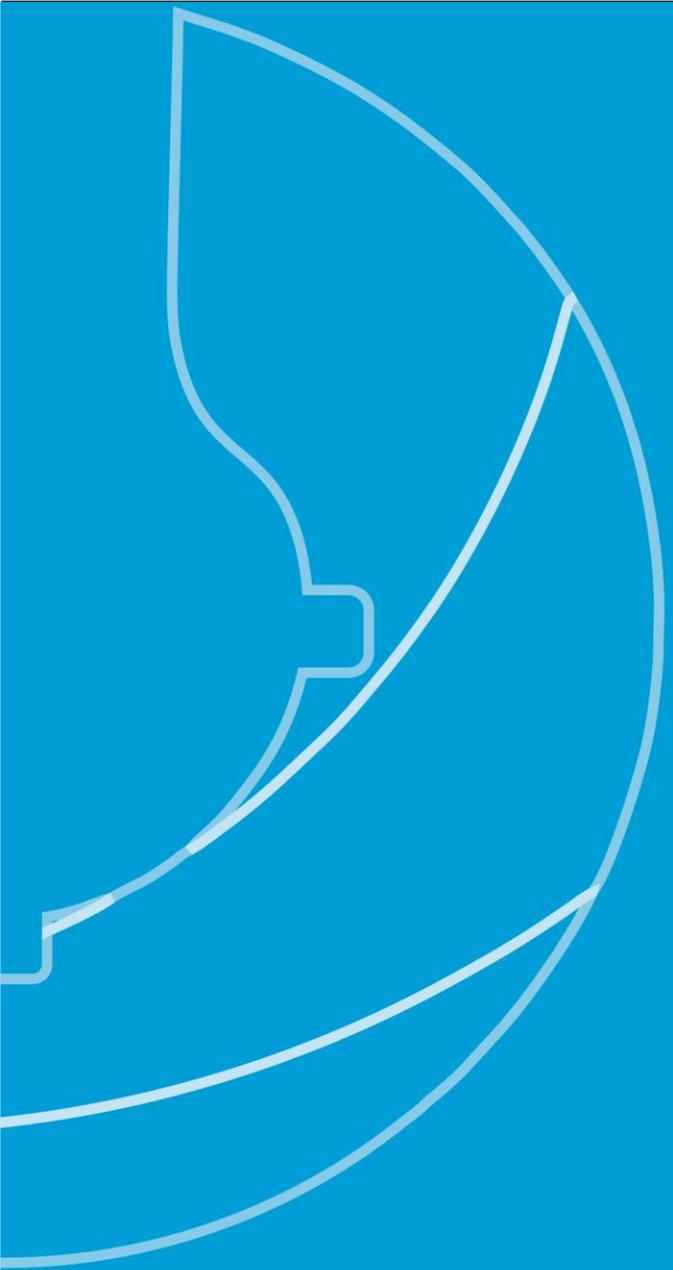


## Half Year Results - Analyst & Investor Presentation

July, 2015

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# Operational Highlights

# New Appointment – Chief Financial Officer



- Effective from 1<sup>st</sup> July, 2015, Mrs Titilola Adigun was appointed as the new Chief Financial Officer following the retirement of Mr.Sam Ileoma from the Position.
- Mrs Titilola Adigun celebrates a decade milestone this year having joined COSG in 2005. She has held several management positions of increasing responsibility within the group such as Company Accountant, Group Internal Auditor, Tax Manager and Deputy CFO.
- She is currently a member of the Chartered Institute of Systems Auditors (CISA), the institute of Internal Auditors, the Institute of Chartered Accountants Nigeria (ICAN) and the Chartered Institute of Taxation of Nigeria.
- Management is confident in her capabilities for the role and have strong convictions that she will bring her wealth of expertise to improve our accounting principles and transparency across the group.

# Key Highlights – H1 2015



- **Strong growth in revenue from contracts in both Helicopter and Marine businesses**

- 38% growth in revenue from Time Charter services in CML vs. H1 2014
- 12% rise in revenue from Airplane contracts in CHL vs. H1 2014

- **Increased clientele base**

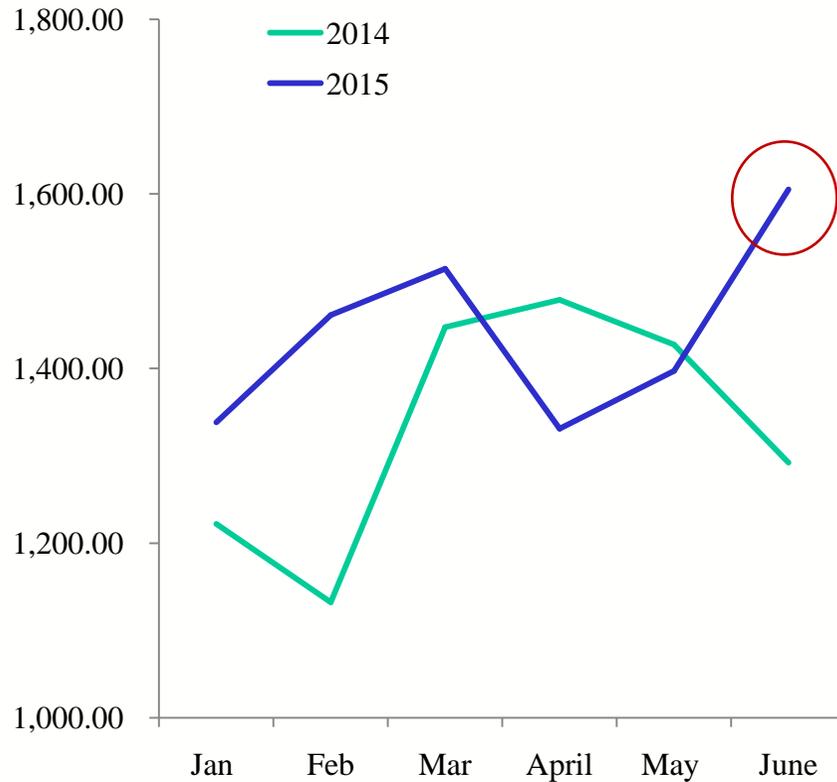
- Signed on three new clients in the period to provide helicopter logistics services.
- A short term contract with CAMAC ; a global energy provider with affiliate company in Nigeria.

- **Progress being made towards reducing our operating expenses**

- In the period, embarked on a project to train our pilots to be type rated on 2 aircraft types to enable more efficient use of our key human asset.

**OUR KEY FOCUS IN 2015 IS OPERATIONAL EFFICIENCY AND CLIENT DIVERSIFICATION AS WE STRIVE TO ALIGN OUR OPERATIONS WITH OUR CLIENTS NEEDS AND PREVAILING BUSINESS ENVIRONMENT**

# H1 2015 – Snapshot of flight hours

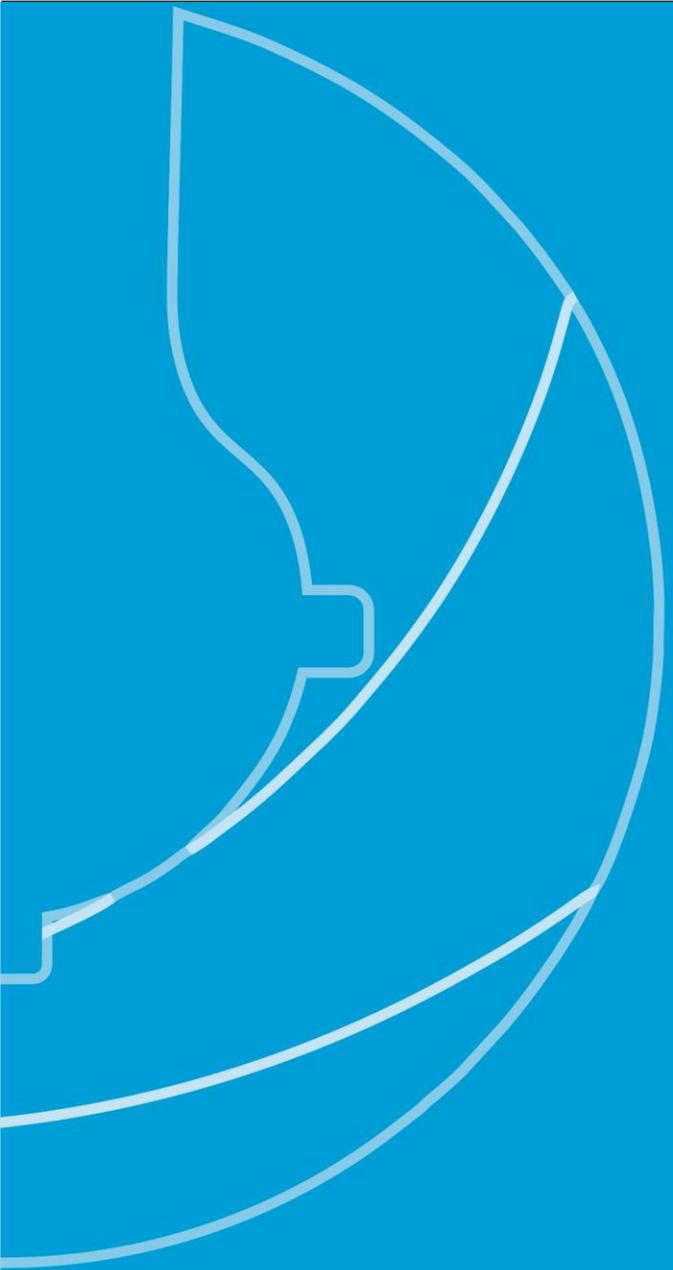


**Spike in flight hours in June is a reflection of our expectation for H2 as we are already experiencing more flight activities**

## ■ Client Diversification and reduction of concentration risk

- We are seeing growing interest from NOC's and clientele from sectors outside the traditional Oil & Gas industry.
- This further strengthens our revenue base whilst also reducing dependence on IOCs.

**8000 hrs in H1 2014  
vs.  
8647 hrs in H1 2015**



## Financial Highlights

# H1 2015 – Financial Highlights



## COSG STATEMENT OF PROFIT AND LOSS

	JUNE 2015	JUNE 2014	
30 JUNE 2015	CONSOLIDATED	CONSOLIDATED	%
	N'000	N'000	CHANGE
Revenue	11,908,293	12,505,018	-5%
Direct Operating Costs	(6,793,977)	(6,024,692)	13%
Administrative expenses	(3,233,006)	(3,296,355)	-2%
Operating Profit	1,881,310	3,183,971	6%
Other Operating Income	104,170	12,645	5447%
Other Non- operating Income	597,233	-	
<b>Earnings before Interest &amp; Tax</b>	<b>2,582,713</b>	<b>3,196,616</b>	<b>-19%</b>
Finance cost	(815,783)	(596,475)	37%
<b>Profit before income tax expense</b>	<b>1,766,930</b>	<b>2,600,141</b>	<b>-32%</b>
Income tax expense	(673,389)	(1,014,264)	-34%
<b>Profit for the year</b>	<b>1,093,541</b>	<b>1,585,877</b>	<b>-31%</b>
<b>Earnings Per Share</b>	<b>0.32</b>	<b>0.47</b>	

- Revenue from helicopter contract up c.12%; a softer ad hoc market in the period muted the overall impact on group numbers.
- Direct operating costs largely due to increased lease payments; recall that 2 new aircraft were leased.
- Improvement in admin expenses as efficiency initiatives across the group start to filter through to the numbers.
- Higher finance costs as some outstanding loans came out of moratorium period.
- EBITDA Margin at c.25% in H1 2015



# Revenue by Segment – H1 2015 vs. H1 2014

H1 2015

- Helicopter Charter
- Helicopter maintenance
- Helicopter/Airplane contract
- Agency Service Income
- Time Charter Services Income

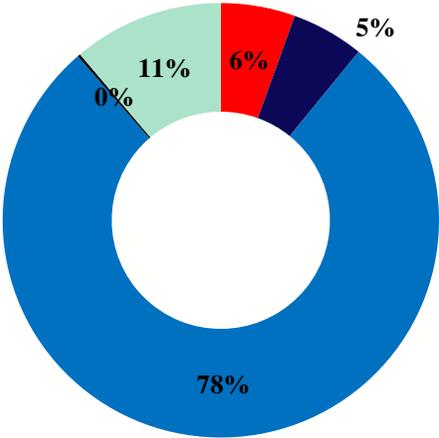
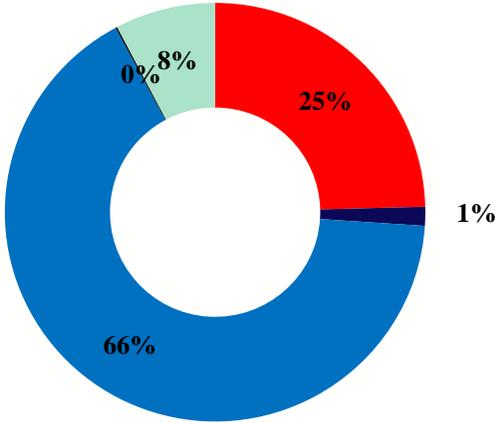


Chart highlights the marked reduction in ad hoc contribution to group revenue ; dropped from 25% to c.6% in H1 2015.

H1 2014

- Helicopter Charter
- Helicopter maintenance
- Helicopter/Airplane contract
- Agency Service Income
- Time Charter Services Income



Despite a slowdown in the charter segment, we see the growth in revenue from contracts as a welcomed development as this provides a basis for a more sustainable business model.

# H1 2015 – Balance Sheet



	JUNE 2015 N'000	DEC 2014 N'000
<b>Assets</b>		
<b>Non current assets</b>		
Property, plant and equipment	15,351,640	18,651,130
Intangible assets	18,296	20,967
Deffered tax assets	124,087	
Goodwill	6,026,909	6,026,909
	21,520,932	24,699,006
<b>Current assets</b>		
Cash and bank	4,929,876	2,146,545
Trade and other receivables	12,198,905	6,985,401
Due from related parties	1,507,729	1,507,729
Prepayments	83,897	75,201
Inventories	1,217,127	1,211,717
	19,937,534	11,926,593
<b>Total assets</b>	41,458,466	36,625,599
<b>Total equity</b>	12,690,088	11,931,598
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	13,093,168	8,282,628
Deferred tax liabilities	597,004	472,917
Other non financial liabilities	3,073,572	3,627,641
	16,763,744	12,383,186
<b>Current liabilities</b>		
Trade and other payables	7,738,105	5,965,435
Due to related parties	77,024	-
Interest-bearing loans and borrowings	1,457,998	4,294,387
Deferred revenue	12,270	12,993
Income tax payable	2,679,888	2,038,000
Provisions	39,349	-
<b>Total liabilities</b>	28,768,378	24,694,001
<b>Total equity and liabilities</b>	41,458,466	36,625,599

**Net Debt / EBITDA of 4.27 vs.  
4.54 (H1 2014).**

**Longer receivable days  
negatively impacting working  
capital position**

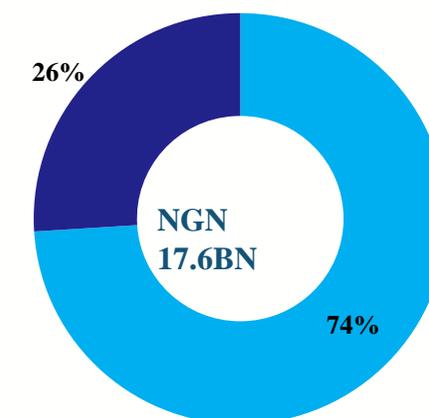
**Net Debt to total capitalisation  
31% vs. 44% (H1 2014)**

# Financial Analysis

CAVERTON SUPPORT OFFSHORE  
GROUP  
STATEMENT OF CASHFLOW  
30 JUNE 2015

	GROUP	
	JUNE 2015	JUNE 2014
	N 000	N 000
Profit before tax	1,588,590	2,600,141
Net cash flows from operating activities	(1,658,879)	541,247
Net cash flows from/(used in) investing activities	2,803,111	(126,506)
Net cash flows from/(used in) financing activities	1,608,059	(813,522)
Net increase/(decrease) in cash and cash equivalents	2,752,291	(398,781)
Cash and cash equivalents at 1 January	1,813,640	1,201,368
Cash and cash equivalents at 31 March 2015	4,565,931	802,587

## Debt Split



■ Dollar denominated loans ■ Naira loans

**Cash flow from operating activities before working capital movements c. N2.1bn**

## Where we are headed

### ■ Organic Growth

- Intensifying efforts in the Oil & Gas space thereby expanding our clientele across both IOC's and NOC's.
- Strong pipeline of tender opportunities as we actively progress through tender stages.
- Shift in oil and gas production deeper offshore is a welcomed growth opportunity for our operations which will directly impact the variable portion of our revenue favourably.

### ■ Sector Diversification

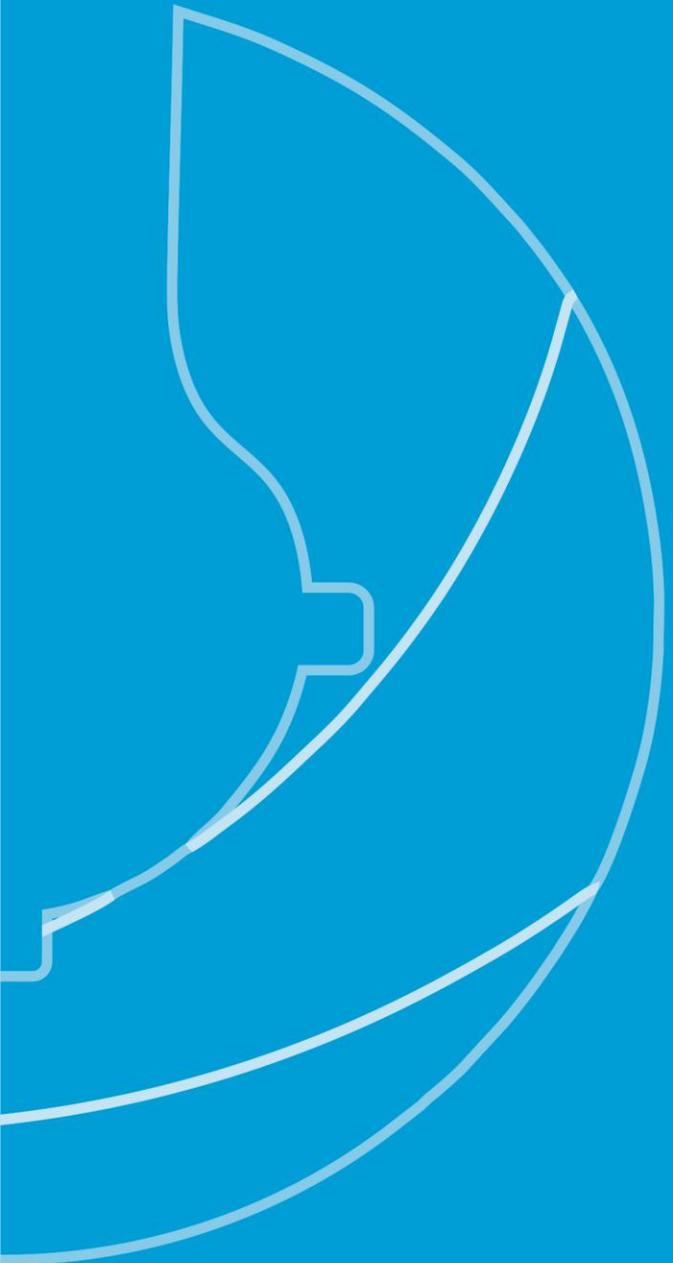
- Outside the traditional O& G space, we have tenders with medical and governmental organisations who require helicopter operations for varied needs such as Medevac and Aerial surveillance activities.

### ■ Geographical Diversification

- Actively exploring opportunities to penetrate other West African markets to offer logistics services. Outside our existing contract in Cameroon, we are pursuing opportunities in Togo and Ghana, where we have successfully passed technical audits for a major IOC.

## Summary Outlook

- We anticipate a pick up in flight activities the second half of the year
  - Albeit slow, improving economic sentiment following the peaceful transition to the new government should drive economic activities in H2.
  - Impact of newer contracts signed in the Q2 is expected to be fully captured in H2 and should be positive for top line growth.
  - A significant portion of our revenues in the oil and gas industry is from production assets which provides stability in the prevailing business environment.
  - As such, we remain confident that we will meet our FY 2015 revenue target of c.16 -18% growth year-on-year.
  
- Expect exchange rates to stabilise by year end despite short term volatilities
  - Whilst we have dollar receivables adequately matched to our expenses, we are conscious of the impact of a further devaluation on our numbers due to translation effects.
  
- Capex plans gaining traction
  - Successfully secured a loan from the Power Aviation and Intervention Fund (PAIF) to part finance the construction of the Maintenance Repair and Overhaul Centre (MRO). The project has since been revived and on course for delivery in 2017.



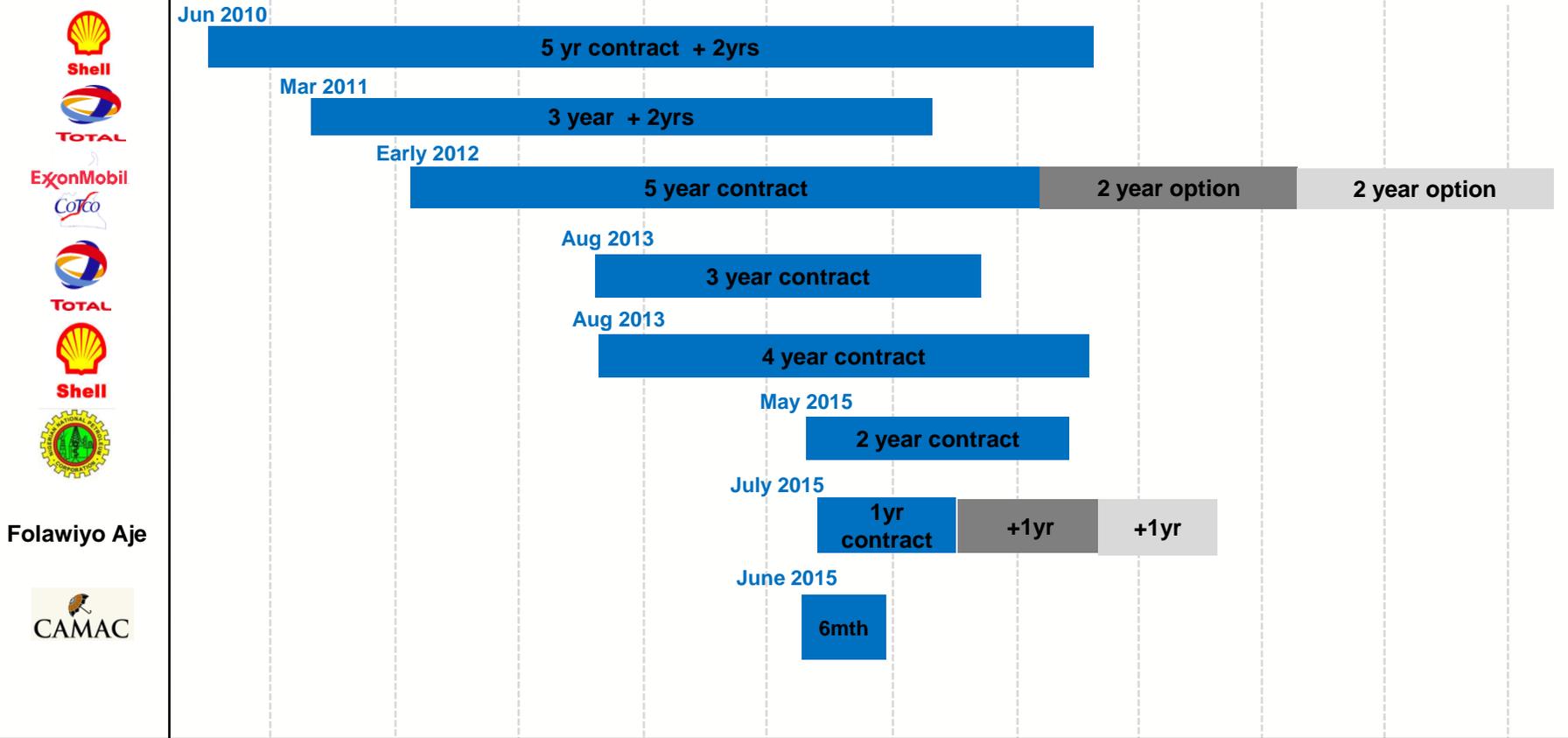
Thank You

Q&A

# Existing Contract Status

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Helicopters



Marine

