

CHC Group Ltd.
Form 10-K
July 15, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED APRIL 30, 2016
OR

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

For the transition period from _____ to _____
Commission file number: 001-36261

CHC Group Ltd.
(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands 98-0587405
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
190 Elgin Avenue
George Town
Grand Cayman, KY1-9005
Cayman Islands
(Address of principal executive offices, including zip code)
(604) 276-7500
(Registrant's telephone number, including area code)

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

Title of Class	Name of Each Exchange on Which Registered
Ordinary Shares, par value \$0.003	

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

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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 the 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. (Check one):

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

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

The aggregate market value of the voting ordinary shares held by non-affiliates of the registrant, based upon the closing price on the New York Stock Exchange, as of October 31, 2015, was \$11.2 million.

As of July 11, 2016, there were 2,721,592 ordinary shares of the registrant issued and outstanding excluding unvested restricted shares of 958.

DOCUMENT INCORPORATED BY REFERENCE.

Portions of the definitive Proxy Statement for the Registrant's 2016 Annual General Meeting of Shareholders are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. The Proxy Statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days of the Registrant's fiscal year ended April 30, 2016.

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CHC GROUP LTD.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED
April 30, 2016
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INDUSTRY AND MARKET DATA

This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. All statements contained in this Annual Report on Form 10-K, other than statements of historical fact, are forward-looking statements, including statements regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management. In some cases you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” or the negative or plural of these or similar expressions. Factors that could cause our actual results to differ materially from our forward-looking statements include, but are not limited to, the following:

- we filed for protection under Chapter 11 of the United States Bankruptcy Code and are subject to risks and uncertainties;

- operating under Chapter 11 may restrict our ability to pursue our business strategies;

- our employees face considerable uncertainty due to the Chapter 11 proceedings;

- we may suffer from a protracted restructuring;

- our ability to emerge from Chapter 11 and operate profitably thereafter will depend on increasing our revenue, lowering our costs, and obtaining sufficient financing or other capital to operate successfully;

- we have substantial liquidity needs and, due to our current Chapter 11 proceedings, may not be able to obtain any equity or debt financings in the capital market for the foreseeable future;

- we may be subject to claims that will not be discharged in the Chapter 11 proceedings;

- our restructuring efforts through the Chapter 11 proceedings may be expensive, take resources and distract management;

- we are in the process of rejecting and abandoning a significant portion of our helicopter fleet through the Chapter 11 proceedings, which may result in an inability to quickly respond to new opportunities and a significant loss of market share and profit margins;

- our consolidated financial statements have been prepared assuming that we will continue as a going concern, our independent registered public accounting firm has raised substantial doubts about our ability to continue as a going concern, and we have not included any adjustments that might result from the outcome of this uncertainty;

- we have a history of net losses;

- our substantial level of indebtedness, operating lease commitments, purchase and other commitments could materially adversely affect our ability to fulfill our obligations under our debt agreements, our ability to react to changes in our business and our ability to incur additional debt to fund future needs;

- all flights with the aircraft type H225 and AS332 L2 have been temporarily grounded which may cause a material and adverse impact to our financial viability;

• our operations and fleet are reliant on Airbus helicopters;

• operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents;

• if we are unable to mitigate potential losses through a robust safety management and insurance coverage program, our financial condition would be jeopardized in the event of a safety or other hazardous incident;

• failure to maintain standards of acceptable safety performance could have an adverse impact on our ability to attract and retain customers and could adversely impact our reputation, operations and financial performance;

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our operations are largely dependent upon the level of activity in the offshore oil and gas industry;

the oil and gas industries on which we are largely dependent are suffering through a severe downturn, resulting in significant negative impact on demand for our services, and no assurance can be given that the downturn will not continue to be prolonged;

many of the markets in which we operate are highly competitive, and if we are unable to effectively compete, it may result in a loss of market share or a decrease in revenue or profit margins;

we rely on a limited number of large offshore helicopter support contracts with a limited number of customers. If any of these are terminated early or not renewed, our revenues could decline;

negative publicity may adversely impact us;

our fixed operating expenses and long-term contracts with customers could adversely affect our business under certain circumstances;

we depend on a small number of helicopter manufacturers and any safety issues can severely limit our ability to continue operating helicopters already in our fleet;

we depend on a limited number of third-party suppliers for helicopter parts and subcontract services;

restructuring of our operations and organizational structure may lead to significant costs;

our business requires substantial capital expenditures, lease and working capital financing, which we are currently blocked from accessing through the capital markets and banks. Any further deterioration of current industry or business conditions, the capital and banking markets or a prolonged period in Chapter 11 proceedings generally could adversely impact our business, financial condition and results of operations;

we rely on the secondary used helicopter market to dispose of our older helicopters and parts due to our ongoing fleet modernization efforts;

our operations are subject to extensive regulations which could increase our costs and adversely affect us;

our MRO business, Heli-One, could suffer if licenses issued by OEMs and/or governmental authorities are not renewed or we cannot obtain additional licenses;

we derive significant revenue from non-wholly owned variable interest entities. If we are unable to maintain good relations with the other owners of such non-wholly owned entities, our business, financial condition or results of operations could be adversely affected;

our operations may suffer due to political, regulatory, commercial and economic uncertainty;

our business in countries with a history of corruption and transactions with foreign governments increases the compliance risks associated with our international activities;

- we are subject to extensive federal, state, local and foreign environmental, health and safety laws, rules, regulations and ordinances that could have an adverse impact on our business;

- we are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws;

- the offshore helicopter services industry is cyclical;

- we are exposed to foreign currency risks;

- our failure to hedge exposure to fluctuations in foreign currency exchange rates effectively could unfavorably affect our financial performance;

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• we are exposed to credit risks;

- our customers may seek to shift risk to us;

• if oil and gas companies undertake cost reduction methods, there may be an adverse effect on our business;

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

• failure to develop or implement new technologies and disruption to our systems could affect our results of operations;

• we rely 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 affected;

• the loss of key personnel could affect our growth and future success;

• labor problems could adversely affect us;

• if the assets in our defined benefit pension plans are not sufficient to meet the plans' obligations, we could be required to make substantial cash contributions and our liquidity could be adversely affected;

• adverse results of legal proceedings could materially and adversely affect our business, financial condition or results of operations;

• in the event we are or become treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, our U.S. shareholders could be subject to adverse U.S. federal income tax consequences;

• we are controlled by a shareholder group, which might have interests that conflict with ours or the interests of our other shareholders;

• due to our Chapter 11 bankruptcy proceedings, our ordinary shares may have no value and any investment in our shares is highly speculative;

• the market for our ordinary shares historically has experienced significant price and volume fluctuations;

• we have not paid dividends on our ordinary shares historically and may not pay any cash dividends on our ordinary shares or preferred shares for the foreseeable future;

• pursuant to the terms of the preferred shares, which rank senior to our ordinary shares, we are required to pay regular cash dividends or issue shares in respect of amounts accrued as dividends on the preferred shares, and we may be required under certain circumstances to repurchase the preferred shares; we are currently unable to pay such obligations while we are in Chapter 11 proceedings and are likely not to pay any cash dividends for the foreseeable future;

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our preferred shares have rights, preferences and privileges that are not held by, and are preferential to the rights of, holders of our ordinary shares. Such preferential rights could adversely affect our liquidity and financial condition, and may result in the interests of the holders of our preferred shares differing from those of the holders of our ordinary shares;

we are a holding company and, accordingly, are dependent upon distributions from our subsidiaries to generate the funds necessary to meet our financial obligations and pay dividends;

the requirements of being a public company may strain our resources and distract our management;

provisions of our articles of association and Cayman Islands corporate law may discourage or prevent an acquisition of us which could adversely affect the value of our ordinary shares;

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our organizational documents contain a variety of anti-takeover provisions that could delay, deter or prevent a change in control;

shareholder rights under Cayman Islands law may differ materially from shareholder rights in the United States, which could adversely affect the ability of us and our shareholders to protect our and their interests;

as a shareholder, you might have difficulty obtaining or enforcing a judgment against us because we are incorporated under the laws of the Cayman Islands; and

our Major Investors, Clayton, Dubilier & Rice (“CD&R”) and First Reserve Management, L.P. (“First Reserve”), may compete with us, and our articles of association contain a provision that expressly permits our non-employee directors to compete with us.

We caution you that the above list of cautionary statements is not exhaustive and should be considered with the risks described under “Item 1A. Risk Factors” and elsewhere in this Annual Report on Form 10-K. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. We disclaim any intentions or obligations to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

The market data and other statistical information (such as the size of certain markets and our position and the position of our competitors within these markets, oil and gas production and market information) used throughout this Annual Report on Form 10-K are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some market data and statistical information are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. This information may prove to be inaccurate because of the method by which we obtain some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

Unless the context otherwise requires, references in this Annual Report on Form 10-K to “Company,” “CHC,” “we,” “us” and “our” refer to CHC Group Ltd. and its subsidiaries. Our fiscal year ends on April 30, and we refer to fiscal years based on the end of such period (the fiscal year ended April 30, 2016 is referred to as “fiscal 2016”). Certain operational terms used in this Annual Report on Form 10-K are defined under the heading “Glossary.”

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TRADEMARKS

CHC Helicopter and the CHC Helicopter logo are trademarks of CHC Capital (Barbados) Ltd., a wholly owned subsidiary of CHC Group Ltd. All other trademarks and service marks appearing in this Annual Report on Form 10-K are the property of their respective holders. All rights reserved. The absence of a trademark or service mark or logo from this Annual Report on Form 10-K does not constitute a waiver of trademark or other intellectual property rights of CHC Group Ltd., its subsidiaries, affiliates, licensors or any other persons.

GLOSSARY

Deepwater Water depths of approximately 4,500 feet to 7,499 feet.

Embedded equity Embedded equity, an intangible asset, represents the amount by which the estimated market value of a leased helicopter exceeded the leased helicopter purchase option price at September 16, 2008, the acquisition date of the predecessor of our wholly owned subsidiary by First Reserve. Embedded equity is assessed on an ongoing basis for impairment. Impairment, if any, is recognized in the consolidated statements of operations.

EMS Emergency medical services.

Heavy helicopter A category of twin-engine helicopters that requires two pilots, can accommodate 16 to 26 passengers and can operate under instrument flight rules, which allow daytime and night-time flying in a variety of weather conditions. The greater passenger capacity, larger cabin, longer flight range, and ability to operate in adverse weather conditions make heavy helicopters more suitable than single engine helicopters for offshore support. Heavy helicopters are generally utilized to support the oil and gas sector, construction and forestry industries and SAR and EMS customer requirements.

Long-term contracts Contracts of three years or longer in duration.

Medium helicopter A category of twin-engine helicopters that generally requires two pilots, can accommodate eight to 15 passengers and can operate under instrument flight rules, which allow daytime and night-time flying in a variety of weather conditions. The greater passenger capacity, longer flight range, and ability to operate in adverse weather conditions make medium helicopters more suitable than single engine helicopters for offshore support. Medium helicopters are generally utilized to support the oil and gas sector, construction and forestry industries and SAR and EMS customer bases in certain jurisdictions. Medium helicopters can also be used to support the utility and mining sectors, as well as certain parts of the construction and forestry industries, where transporting a smaller number of passengers or carrying light loads over shorter distances is required.

MRO Maintenance, repair and overhaul.

New technology When used herein to classify our helicopters, a category of higher-value, recently produced, more sophisticated and more comfortable helicopters, including Airbus Helicopters H225, H135, H145 and H155; AgustaWestland's AW139; and Sikorsky's S76C++ and S92A.

OEM Original equipment manufacturer.

PBH	Power-by-the-hour. A program where a helicopter operator pays a fee per flight hour to an MRO provider as compensation for repair and overhaul components required in order for the helicopter to maintain an airworthy condition.
Rotables	Helicopter parts that can be repaired and reused such that they typically have an expected life approximately equal to the helicopters they support.
SAR	Search and rescue.
Ultra-deepwater	Water depths of approximately 7,500 feet or more.

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PART I

Item 1. Business

General

Our mission is to provide the highest level of service in the industry. Our helicopters are primarily used to facilitate large, long-distance crew changes on offshore production facilities and drilling rigs. We also provide SAR and EMS to government agencies and our oil and gas customers.

We provide MRO services through our Heli-One business to both our own Helicopter Services segment and to third-party customers. Our MRO capabilities enable us to perform heavy structural repairs, and maintain, overhaul and test helicopters and helicopter components globally across various helicopter types. Our MRO services include complete maintenance outsourcing solutions, parts sales and distribution, engineering services, design services and logistics support.

Voluntary Filing under Chapter 11

On May 5, 2016 (the “Petition Date”), CHC Group Ltd. and a number of its subsidiaries (cumulatively referred to as the “Debtors”) filed voluntary petitions (the “Bankruptcy Petitions” or the “Petitions”) in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”), seeking relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). Pursuant to an order of the Bankruptcy Court, the Bankruptcy Cases are being jointly administered under the caption In re CHC Group Ltd., et al., which we refer to together as the “Bankruptcy Cases”. During the bankruptcy proceedings, we will continue to operate our business as “debtors in possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code, the orders of the Bankruptcy Court, and applicable bankruptcy laws and rules. Additional information about the Bankruptcy Cases, including which entities are Debtors, is available at www.kccllc.net/chc. Neither the foregoing website nor the information contained on the website nor the documents accessible through such website shall be deemed incorporated into, and neither shall form a part of this Annual Report.

The commencement of the Bankruptcy Cases on May 5, 2016 constituted an event of default under the indenture, dated October 4, 2010, that governs the 9.250% Senior Secured Notes Due 2020 (the “senior secured notes”), the indenture, dated May 13, 2013, that governs the 9.375% Senior Notes Due 2021 (the “senior unsecured notes”), our senior secured revolving credit facility, dated as of January 23, 2014 (the “revolving credit facility”) and our asset-based revolving credit facility, dated June 12, 2015 (the “ABL Facility”), which all became immediately due and payable. In addition, as a result of the May 5, 2016 filing of the Petitions by the Debtors in the Bankruptcy Court, all of our helicopter and certain other lease agreements were in default subsequent to April 30, 2016. Any efforts to enforce payments related to these obligations are automatically stayed as a result of the filing of the Petitions and are subject to the applicable provisions of the Bankruptcy Code.

Events Leading to Chapter 11 Filing

Since mid-2014, there has been a severe and prolonged decline in Brent crude oil prices due to a combination of sustained high supply from the Organization of the Petroleum Exporting Countries and from North America, and more recently due to additional supply from Iran as a result of the lifting of sanctions, coupled with weaker demand due to continued economic uncertainty in China, Europe, and the United Kingdom. As the weakness in the price of oil has continued since mid-2014, the length and depth of the decline in oil and gas prices has put severe pressure on the industry. Our oil and gas customers have implemented and continue to implement substantial reductions in their exploration projects and are actively reducing their capital and operating expenditure plans. This continued downward pressure to reduce prices, the volatility in the oil and gas sector generally and the potential impact of such volatility on offshore exploration and production, has had a significant negative impact on the demand for offshore helicopter transportation services. Certain customer contracts permit termination for convenience and certain customers have been able to extract concessions and more favorable contract terms as market competition has intensified. Customers are also making operational changes to reduce costs, such as less frequent worker rotations and changes in service patterns, to increase their productivity. With less demand for flying services, demand for our helicopters and other

helicopters in the primary and secondary markets has declined. During this period, we have recognized significant impairments to the value of our fleet, without any reduction in the carrying costs associated with maintaining our fleet and satisfying our contractual obligations.

As a result, we are facing pricing and margin pressure and a significant reduction in demand for flying services. Due to the terms of our lease arrangements, this has resulted in an increasing number of unproductive helicopters in our fleet but relatively fixed fleet costs. A significant number of these unproductive helicopters are leased and we continued to bear the ongoing cost for many of these leased helicopters during fiscal 2016.

We undertook in fiscal 2015 and 2016 restructuring efforts to improve our operational efficiency in a comprehensive review of our operations, our organizational structure and our fleet, with the goal of reducing operating costs in response to the

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severe downturn in the oil and gas market. In addition, we undertook efforts in fiscal 2014, 2015 and 2016 to enhance our capital structure and reduce our leverage. We made a number of debt repurchases and redemptions of our senior secured and senior unsecured notes during fiscal 2014, 2015 and 2016 and we entered into a new ABL Facility in fiscal 2016 in efforts to reduce fixed interest costs. We also attempted to renegotiate the terms of our helicopter lease facilities, in an effort to reduce our ongoing helicopter lease costs. We announced in our Current Report on Form 8-K, as filed with the SEC on March 3, 2016, that the Company has retained advisors to help us review strategic alternatives for our capital structure to enhance our balance sheet strength and flexibility. We also announced in our Current Report on Form 8-K, as filed with the SEC on April 15, 2016, that the Company decided to not make an interest payment of \$46 million due on April 15, 2016 with respect to our senior secured notes, which granted us a 30-day grace period before the trustee or noteholders holding at least 25% in aggregate principal amount of the notes could elect to accelerate the principal amount of the notes. However, despite these efforts, we have determined that the cost of our capital and leasing structure is no longer sustainable and we are unable to absorb the ongoing and precipitous decline in business demand from the oil and gas industry.

Delisting from the New York Stock Exchange and OTCQX International Market

On February 1, 2016, we received written notice from the New York Stock Exchange (“NYSE”) of its intent to delist the Company’s ordinary shares from the NYSE. The NYSE suspended trading of our ordinary shares effective as of the market close on February 1, 2016, pursuant to NYSE requirements that NYSE-listed companies maintain an average global market capitalization of \$15.0 million or more over a consecutive 30 trading day period. Our ordinary shares were accepted for listing on the OTCQX International Market (“OTCQX”), operated by OTC Markets Group Inc. (“OTC”), and trading in our ordinary shares commenced on the OTCQX under the ticker symbol “HELIF” on February 2, 2016.

Effective on the Petition Date, May 5, 2016, our ordinary shares ceased trading on the OTCQX International Market and began trading on the OTC Pink Marketplace, under the symbol “HELIQ”.

Safety and Regulatory Compliance

We strive to exceed the stringent safety and performance audit standards set by aviation regulatory bodies and our customers. We have established an in-house flight safety group that is responsible for ensuring our compliance with safety standards within our organization and with government regulations and customer requirements, standardizing base operating procedures and educating and training our flight crews with advanced training programs. A key to maintaining our strong safety record is having a highly qualified and experienced workforce. Our pilots average in excess of 3,000 flight hours of experience, and many of them carry endorsements to operate more than one type of helicopter. Our mechanics are highly experienced and receive ongoing training from helicopter manufacturers. Our safety culture is supported by a safety and quality management system which is integral to our business, and is built on a strong culture that gives every team member the authority to identify, report and correct unsafe practices and procedures.

We support industry collaboration on existing and emerging safety systems, tools and initiatives. We host a highly regarded annual international safety summit, attended by our customers, manufacturers, competitors and regulators, which is a manifestation of our commitment to safe operations. In October 2014, we, along with other major operators officially launched the new industry association, HeliOffshore. Through HeliOffshore, we are playing a crucial leadership role in driving safety ever-higher across the rotary-wing industry. HeliOffshore will use cross-industry cooperation as a platform for enhancing the industry’s overall strong safety record by sharing best practices, developing and applying advanced technology, and encouraging common global flight standards. HeliOffshore is a joint initiative with other helicopter operators to further enhance offshore flight safety.

In addition to safety regulations, most of the countries in which we conduct flying operations have laws, with typically complex requirements, that require commercial operators to hold either or both an operating license and an air operator certificate (“AOC”). We believe our track record of safety and experience working with regulators will enhance our ability to obtain needed licenses/certificates as required.

Our Fleet

Helicopters are generally classified as light (3 to 7 passengers), medium (8 to 15 passengers) and heavy (16 to 26 passengers). We believe heavy and medium helicopters are favored by our customers and are best suited for crew change transportation services on oil and gas production facilities and drilling rigs due to their greater range, higher passenger capacity, enhanced passenger safety systems and ability to fly under a broader variety of conditions than light helicopters. In addition, heavy and medium helicopters have twin engines and typically two pilots, making them safer for longer flights. As a result, larger helicopters generally command higher pricing and earn higher margins compared to smaller helicopters.

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We have continued efforts to right-size our fleet to match customer demand. During fiscal 2015, we decided to accelerate our exit from five older technology helicopter types. In fiscal 2015 and 2016, we incurred restructuring costs related to certain leased helicopters which we have permanently ceased use of in operations and which no longer form part of our prospective fleet strategy. Due to the downturn in the oil and gas industry, a significant portion of our fleet has become unproductive. As part of the Bankruptcy Cases, the Debtors have filed motions for the rejection and abandonment of 99 helicopters in our fleet which we believe we will no longer need in the operation of our business. As of July 15, 2016, the Bankruptcy Court had approved 65 helicopter lease rejections.

As of April 30, 2016, our fleet was comprised of the following helicopters, including those helicopters which we have filed motions for rejection and abandonment with the Bankruptcy Court:

Helicopter Type	Number of Helicopters	Cruise Speed (kts)	Approximate Range (nmi)	Passenger Capacity	Maximum Weight (lbs)
Heavy:					
Sikorsky S92A	46	145	400	19	26,500
Airbus Helicopters H225	40	145	400	19	24,250
Airbus Helicopters (AS332 L, L1, and L2)	33	130-140	250-350	17-19	18,000-20,500
Total Heavy	119				
Medium:					
AgustaWestland AW139	43	145	280	12-15	15,000
Sikorsky S76C++	23	145	220	12	11,700
Sikorsky S76C+	20	145	175	12	11,700
Sikorsky S76A++	7	135	130	12	10,800
Bell 412	7	125	135	13	11,900
Airbus Helicopters AS365 Series/H155	5	120-145	80-120	11-13	9,500-10,800
Airbus Helicopters H135/H145	3	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾
Total Medium	108				
Total Helicopters	227				

(i)EMS only.

On April 29, 2016, one of our Airbus H225 helicopters was involved in an accident near the Flesland Airport in Bergen, Norway. Authorities subsequently confirmed fatalities of the 11 passengers and two crew members on board. On June 28, 2016, the Accident Investigation Branch Norway (“AIBN”) released a preliminary report regarding the likely cause of the accident, which is available at <http://www.aibn.no/Aviation/Investigations/16-286>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K. Following the incident, we have suspended all H225 helicopter flights, including SAR and Medevac flights, in line with regulatory authorities and out of respect for our work force and customers, and to evaluate any implications associated with the accident. As with any similar event, this accident could result in legal and regulatory proceedings, liability and/or additional litigation and/or sanctions, which could materially adversely impact our revenue, profitability and/or operations. See “Item 1A. Risk Factors” in our Annual Report on Form 10-K, including “Operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents” and “Item 7. Aviation Safety and Regulatory Developments” for further information.

As at April 30, 2016, we have a total commitment of \$236.8 million for the purchase of new helicopters, for which we have contractual commitments to pay \$170.6 million in fiscal 2017 and \$66.2 million in fiscal 2018. We have additional flexible orders of \$258.3 million which allow us to monitor the market recovery before confirming dates and the type of aircraft for deliveries. Our additional flexible orders can be cancelled with no further payment, subject to periodic forfeitures of deposits paid to date, up to a maximum of \$30.1 million in forfeitures.

Our Operations

We report under two operating segments, Helicopter Services and Heli-One, as well as a Corporate segment that provides general and administration functions.

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Helicopter Services

Our Helicopter Services segment consists of flying operations in the North Sea, the Americas, the Asia Pacific region and the Africa-Euro Asia region, primarily serving our offshore oil and gas customers, in addition to providing SAR and EMS to government agencies and to our oil and gas customers. We conduct our operations across six continents and have a global operations center located in Irving, Texas. The majority of our revenue from oil and gas customers is from contracts tied to our customers' offshore production operations, with a substantial portion related to transporting personnel to and from offshore drilling rigs. Helicopter Services generated approximately 88% to 90% of its revenue for the three years ended April 30, 2016 from oil and gas customers.

We believe our services are critical to our customers as helicopter transportation is a cost-effective, viable means to transport people from land to offshore oil and gas production facilities and drilling rigs. We provide logistics solutions and helicopter transportation to and from production facilities and drilling rigs, and related logistics solutions to manage crew rotation for the many of our offshore oil and gas customers who are required by law and collective labor agreements to change crews every seven to 14 days.

The majority of our customers are major national and independent oil and gas companies. Offshore production platforms generally run at full capacity, irrespective of commodity prices, until the economic end-life of the respective field. Production platforms generally have expected lives of 20 years or more, depending upon the size and characteristics of the field. Our helicopter services business in the oil and gas industry is largely characterized by medium to long-term contracts (i.e., four to five years for production contracts which normally carry extension options of one to five years) though certain of these customer contracts can be cancelled early. Exploration contracts are shorter in duration and are, on average, two to three year contracts. Despite this, we have seen significant reductions in both production and exploration demand due to the significant and prolonged decline in Brent crude oil prices since mid-2014, as our customers have significantly reduced exploration activity and implemented efficiency measures. We are also one of the world's leading commercial providers of SAR and EMS services through our Helicopter Services segment. We have long-term contracts with government agencies and commercial operators in the United Kingdom, the Republic of Ireland and Australia. Our SAR and EMS contracts average eight years in duration. Contracts are generally entered into directly with state and federal governments.

Our operations are global. Approximately half of our Helicopter Services segment's revenue is derived from the North Sea, from our main bases Aberdeen, Scotland and Stavanger, Norway. The Western North Sea region includes the United Kingdom, the Republic of Ireland and the Netherlands, where major oil and gas customers include Total, Apache, Royal Dutch Shell and ENGIE, and where we also have long-term contracts with government agencies and commercial operators in the United Kingdom and in the Republic of Ireland to provide SAR and EMS helicopter services. The Eastern North Sea region is comprised mainly of Norway, where we provide flying services to Statoil and other oil and gas customers. In the Americas, substantially all of our helicopters operate in Brazil, primarily with Petrobras. The Asia Pacific region includes Australia and Southeast Asian countries where we provide helicopter services to the offshore oil and gas industry in Australia, Malaysia, East Timor and other countries from a network of bases throughout the region. As well as oil and gas, the Australia operations also service a number of commercial, military and local government customers with SAR/EMS services. Our Africa-Euro Asia region predominately served oil and gas exploration customers and includes operations in several Africa and Eastern European countries.

Heli-One

Our MRO operations are conducted through our Heli-One business, an independent commercial provider of helicopter support and MRO services. Through Heli-One, we provide quality and cost control for maintenance, repair, and overhaul of our own fleet as well as comprehensive outsourced MRO services to third-party customers. Our comprehensive range of capabilities and broad geographic footprint allow us to offer a full suite of after-market services including engine, airframe and component MRO, logistics support, parts sales and distribution, engineering services, design services and logistics support as individual services, or as part of multi-year complete maintenance outsourcing.

All helicopter airframes, engines and components are required by manufacturers and by government regulations to be serviced and overhauled based on flight hours, cycles or the actual condition of parts. The repair and overhaul process

includes disassembling, cleaning, inspecting, repairing and reassembling engines, components and accessories, and testing complete engines and components. Our Heli-One segment specializes in heavy structural repair, maintenance, overhaul and testing of helicopters and helicopter components in North America and Europe. Heli-One's main MRO competitors are helicopter manufacturers, which are also our main parts suppliers.

Our Heli-One operations have facilities in Delta, British Columbia; Stavanger, Norway; Fort Collins, Colorado and Rzeszow, Poland. We believe our global buying power gives us competitive pricing on all major components. We believe we provide quality, competitively priced support services to civilian and military helicopter operators worldwide.

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For additional information about our business segments, including financial information, see note 26 in the audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K. For a description of certain risks affecting our business and operations, see “Item 1A. Risk Factors” included elsewhere in this Annual Report on Form 10-K.

Customers and Contracts

For the fiscal year ended April 30, 2016, revenue generated by services for the oil and gas industry was approximately 78% of our consolidated revenues. We generated 10% of our consolidated revenues related to EMS/SAR services, with MRO services provided through our Heli-One segment representing the balance of total revenues.

Our key customers include many leading oil and gas companies around the world. The following table sets out our top ten customers based on revenue for our fiscal year ended April 30, 2016 and geographic regions served. The revenues in the table below constitute approximately 69% of our total revenues. Our top three customers for the fiscal year ended April 30, 2016 were Petrobras, Statoil ASA and Royal Dutch Shell plc., each accounting for approximately 15% of our consolidated revenue. No other single customer accounted for more than 10% of our revenues during fiscal 2016.

Company	Geographic regions served by CHC				
	North Sea	Americas	Australia	Asia Pacific	Africa-Euro Asia
Apache Corporation	1	1	1		
Chevron Corporation	1			1	
ConocoPhillips Co.			1	1	
ENGIE (previously GDF)	1				
Irish Coast Guard	1				
Petrobras		1			
Royal Dutch Shell plc.	1	1	1	1	1
Statoil ASA	1	1			
Total S.A.	1				1
Woodside Petroleum Limited			1		

Our current oil and gas customer base is comprised of major, national and independent oil and gas companies. These customers generally enter into multi-year contracts for our services. The majority of our customer contracts provide for revenues based on fixed-monthly charges and hourly flight rates. In addition, our contracts generally require the customer to either provide or to be charged for fuel, which significantly limits our operational exposure to volatility in fuel costs. Our contracts with offshore oil and gas customers are typically for periods of four to five years, and normally carry extension options of one to five years. Despite being multi-year contracts, our helicopter services contracts generally can be cancelled by our customers within a contractually specified notice period.

Our contracts with government agencies for SAR and EMS services average seven years, and we believe government agencies will increasingly seek to outsource these services. Based on our experience, we believe that contracts are awarded based on a number of factors, including technical capability, operational effectiveness, price, strength of relationships, availability of fleet types and other technical mission requirements, quality of customer service and the safety record of the helicopter service provider. We believe that maintaining a strong safety record is imperative for our customers, and that our safety record and safety culture at all levels of our organization are key to maintaining and growing our business.

The largest customer of our Heli-One segment is our Helicopter Services segment. Our Heli-One segment also contracts with third parties including military, coast guard, parapublic and other governmental organizations, and other helicopter operators. Revenues are earned for services provided individually or, in many cases, as part of multi-year, complete maintenance outsourcing agreements.

Competition

We are one of two global helicopter service providers to the offshore oil and gas industry; other competitors are smaller, regional operators. We have a significant market position in most global offshore oil and gas market regions, with the exception of the Gulf of Mexico and Nigeria.

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Insurance

Operation of helicopters involves some degree of risk. Hazards, such as helicopter accidents, collisions and fire are inherent in providing helicopter services. We maintain a flight safety organization that is responsible for ensuring compliance with safety standards within our organization and the requisite proficiency among flight crews. Our safety organization is responsible for training flight crews, conducting regular safety audits and seminars for all flight personnel, and generally ensuring safe operating techniques and standards consistent with government regulations and customer requirements. In addition, aviation regulatory bodies and customers conduct safety audits to ensure that our standards meet their requirements.

We maintain comprehensive aviation hull and liability insurance coverage in amounts and on terms that reflect prudent helicopter operations. This includes engine and spare-parts coverage. The hull policies insure against the physical loss of or damage to our helicopters. In addition we purchase hull war coverage for losses due to terrorism, hijacking, war, expropriation, confiscation and nationalization. We retain the risk of the loss of use or loss of profit from our operations, which is mitigated by the possible use of other helicopters given our fleet size.

In addition, we procure property all risks insurance, automobile liability and general liability insurance and the customary corporate insurances.

Aviation Regulations

Most of the countries in which we conduct flying operations have laws that require us to hold either or both of an operating license and an AOC. Most of these countries also have materiality requirements for the issuance of operating licenses and/or AOCs that require the holder of such license or certificate to be a qualified national of such country. Companies holding such licenses and certificates must typically be both majority owned and effectively controlled, or controlled in fact, by citizens of the issuing state.

The European Union and the European Economic Area

We operate in the European Union (the "EU") and the European Economic Area (the "EEA") with helicopter flying services provided by subsidiaries of EEA Helicopter Operations B.V. ("EHOB"), a company 49.9% owned by us. These subsidiaries operate primarily in the United Kingdom, the Netherlands and the Republic of Ireland (member states of the EU), and Norway (member state of the EEA). To operate helicopters in the EU and EEA, an operator must be licensed by the applicable national Civil Aviation Authority. Under applicable European law, an operator must be "effectively controlled" and "majority owned" by nationals of member states of the EU or the EEA to maintain its license. We believe that the majority shareholder in EHOB is an EU national and therefore these subsidiaries are currently "majority owned" and "effectively controlled" within the meaning of the EU and the EEA licensing requirements. Any change in the national status of the majority shareholder in EHOB or our agreements with the shareholder could affect the licenses of these subsidiaries.

Canada

Our helicopter operations in Canada have been conducted through CHC Helicopters Canada Inc., a company in which we hold a minority interest. That company's flying operations are regulated by Transport Canada and are conducted under that company's AOC. Our ability to conduct our helicopter operating business in Canada is dependent on our ability to maintain our relationship with CHC Helicopters Canada Inc. Our helicopter operations in certain other countries were conducted pursuant to an AOC issued by the Minister of Transport (Canada) under the provisions of the Aeronautics Act (Canada) for which our wholly owned subsidiary held an exemption until June 2016. No exemption permitting helicopter flying operations is currently in effect as of the date of this Annual Report on Form 10-K. We have no operational aircraft under this AOC and aircraft have been re-registered under other AOCs as appropriate to continue flying operations.

Australia

Civil aviation in Australia is governed by the Civil Aviation Act 1988 and regulations made thereunder. To operate an aircraft in Australia, it must be registered with the Australian Civil Aviation Safety Authority ("CASA") and a Certificate of Airworthiness must be obtained, be valid and in effect. The operation of an aircraft for a commercial

purpose into, out of, or within Australian territory can only be undertaken as authorized by an AOC. Our ability to offer our helicopter transportation services in Australia is dependent on maintaining this certificate. Australia does not have a requirement for ownership or control by Australian nationals.

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Brazil

We operate in Brazil through a subsidiary of Brazilian Helicopter Holdings S.A. (“BHH”), a Brazilian company 60% owned by us. To operate helicopters in Brazil, an operator must be licensed by the applicable national Civil Aviation Authority. Under applicable Brazilian law, in order to maintain its license, an operator must be “controlled” by nationals of Brazil and its officers must be Brazilian as well. By “control”, Brazilian aviation legislation refers to a holding of at least 80% of the operator’s voting shares. We believe that the majority holder of voting shares in BHH is a Brazilian national and therefore this subsidiary is currently “controlled” within the meaning of Brazil licensing requirements. Any change in the national status of the majority shareholder in BHH and/or in the nationality of the officers of this subsidiary could affect its Brazilian licenses. Our helicopter operations in Brazil are conducted through Brazilian Helicopter Services Táxi Aéreo S.A. (“BHS”), the above-mentioned subsidiary of BHH. Our flying operations are regulated by the National Agency for Civil Aviation and are conducted under that company’s AOC. Our ability to conduct our helicopter operating business in Brazil is dependent on our ability to maintain this AOC. If we are unable to maintain this AOC, or obtain an alternative AOC, we will be prevented from flying helicopters in Brazil.

Other Countries and Regulations

Our operations in other foreign jurisdictions are regulated to various degrees by the governments of such jurisdictions and must be conducted in compliance with those regulations and, where applicable, in accordance with our air service licenses and AOCs. These regulations may require us to obtain a license to operate in that country, may favor local companies or require operating permits that can only be obtained by locally registered companies and may impose other nationality requirements. In such cases, we partner with local persons, but there is no assurance regarding which foreign governmental regulations may be applicable in the future to our helicopter operations and whether we would be able to comply with them.

The revocation of any of the licenses discussed above or the termination of any of the relationships with local parties discussed above could have a material adverse effect on our business, financial condition and results of operations. We are also subject to regulations imposed by the U.S. Foreign Corrupt Practices Act (the “FCPA”), which generally prohibits us and our intermediaries from making improper payments to foreign officials for the purpose of obtaining or maintaining business. We have established a Compliance & Ethics Hotline Policy and a Compliance Committee, and provide compliance training to our employees to help prevent violations of the FCPA. As a condition of employment, our employees are required to abide by this policy. Our policy also includes thorough due diligence of all third-party intermediaries as well as screening and certification through TRACE International and annual renewal of TRACE certifications by approved intermediaries. Further, we require our vendors and contractors to be contractually bound to abide by our Code of Business Conduct, Ethics & Integrity Policy. Our Internal Audit team includes our Code of Business Conduct, Ethics & Integrity Policy compliance as part of the scope of their audits.

Environmental Matters

We are subject to extensive laws, rules, regulations and ordinances in the various jurisdictions in which we operate relating to pollution and protection of the environment and to human health and safety, including those related to noise, emissions to the air, releases or discharges to soil or water, the use, storage and disposal of petroleum and other regulated materials, and the remediation of contaminated sites. Our operations, including helicopter maintenance and helicopter fueling, involve the use, handling, storage and disposal of materials that may be classified as hazardous to human health and safety and to the environment. Non-compliance with these regulations may result in significant fines or penalties or limitations on our operations. Many of the countries in which we operate have laws that may impose liability for the investigation and cleanup of releases of regulated materials and the remediation of related environmental damage without regard to negligence or fault. These laws may also expose us to liability for the conduct of, or conditions caused by, others, such as historic spills of regulated materials at our facilities, for acts that were in compliance with all applicable environmental laws at the time such acts were performed, and for contamination at third-party sites where substances were sent for off-site treatment or disposal. Additionally, any failure by us to comply with applicable environmental, health and safety or planning laws and regulations may result in governmental authorities or other third parties taking action against our business that could adversely impact our operations and financial condition. We believe we are in substantial compliance with applicable environmental laws

and that ensuring compliance has not, to date, had a material adverse effect upon our financial position. We cannot, however, predict the likelihood of change to these laws or in their enforcement nor the impact that any such change, or any discovery of previously unknown conditions, may have on our costs and financial position. Please see “Item 1A. Risk Factors - Risks Related to Our Business and Industry - We are subject to extensive federal, state, local and foreign environmental, health and safety laws, rules, regulations and ordinances that could have an adverse impact on our business”.

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CHC Scotia Ltd. is subject to an environmental proceeding. On September 30, 2015, the Environment Agency of the United Kingdom issued a notice of civil penalty of approximately £345,000 due to a failure to surrender sufficient allowances equivalent to its emissions, as required by government regulations. CHC Scotia Ltd. appealed the decision on June 22, 2016. A decision on this appeal is anticipated in the next several weeks.

Employees

As of April 30, 2016, we had approximately 3,600 full-time employees. We hire independent contractors on an as needed basis.

Certain of our employees in the UK, Ireland, the Netherlands, Norway, Brazil, Canada and Australia (collectively, approximately 42% of our employees as of April 30, 2016) 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 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.

If our unionized workers engage in a strike, work stoppage or other slowdown, if other employees elect to become unionized, if existing labor agreements are renegotiated, or if 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 1A. Risk Factors - Our employees face considerable uncertainty due to the Chapter 11 proceedings”.

Other Information

We were incorporated as FR Horizon Holding (Cayman) Inc. on July 3, 2008 under the laws of the Cayman Islands. We changed our name by way of special shareholder resolution dated September 12, 2013 to CHC Group Ltd. Our registered office is located at c/o Intertrust Corporate Services (Cayman) Ltd., 190 Elgin Avenue, George Town, Grand Cayman, KYI-9005, Cayman Islands.

We have entered into agreements with Heli-One Canada Inc. and Heli-One American Support, LLC to provide certain management services, subject to authority limits as determined by our board of directors and set out in such agreements. The corporate headquarters of Heli-One Canada Inc.’s offices is located at 4740 Agar Drive, Richmond, British Columbia, V7B 1A3 Canada and its telephone number is (604) 276-7500. The corporate headquarters of our global operations center which houses our chief executive officer, chief financial officer, and general counsel is located at 600 Las Colinas, 10th Floor, Irving, Texas 75039.

Availability of SEC filings and other information

We file electronically with the Securities and Exchange Commission (“SEC”) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. We make available on our website at www.chc.ca, free of charge, through a hyperlink on our website, copies of these reports, as soon as reasonably practicable after electronically filing such reports with, or furnishing them to, the SEC. The information contained in, or that can be accessed through, our website is not part of, and is not incorporated into, this Annual Report on Form 10-K.

You may also read and copy any of the materials that we file with the SEC at the SEC’s Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC’s website address is www.sec.gov.

Item 1A. Risk factors

The risks described below could have a material adverse impact on our financial position, results of operations, liquidity and cash flows. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed below. We are currently under protection of Chapter 11 of the United States Bankruptcy Code and are subject to a number of risks and uncertainties associated with the bankruptcy

proceedings. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider not to be material to our operations. You should not consider this list to be a complete statement of all risks and uncertainties.

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Risks Related to Our Pending Bankruptcy Proceedings

We filed for protection under Chapter 11 of the United States Bankruptcy Code and are subject to risks and uncertainties.

We are subject to a number of risks and uncertainties associated with the filing of voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, which may lead to potential adverse effects on our liquidity, results of operations and business prospects. We cannot make any assurances regarding the outcome of the Chapter 11 proceedings. Risks and uncertainties associated with Chapter 11 proceedings include the following:

- our ability to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 proceedings and the outcomes of Bankruptcy Court rulings in general;
- the length of time that we will operate under the Chapter 11 proceedings and our ability to successfully emerge from Chapter 11;
- our ability to develop and consummate a plan of reorganization with respect to the Chapter 11 proceedings;
- our ability to obtain Bankruptcy Court and creditor approval of our plan of reorganization and the impact of alternative proposals, views and objections of the creditors' committee and other interested parties, which may make it difficult to develop and consummate a plan of reorganization in a timely matter;
- risks associated with third parties seeking and obtaining court approval to (i) terminate or shorten our exclusivity period to propose and confirm a plan of reorganization, (ii) appoint a Chapter 11 trustee, or (iii) convert the Bankruptcy Cases to Chapter 7 liquidation cases;
- risks associated with third-party motions in the Chapter 11 proceedings, which may interfere with our reorganization efforts;
- risks associated with a change of control due to the Chapter 11 proceedings;
- the ability to maintain sufficient liquidity throughout the Chapter 11 proceedings;
- increased costs related to the Bankruptcy filing;
- our ability to manage contracts that are critical to our operation, to obtain and maintain appropriate terms with employees, customers, suppliers and service providers; and
- our ability to maintain existing employees, customers, vendor relationships and expand our customer base.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events, the positions we take in court, or publicity associated with our Chapter 11 proceedings could adversely affect our relationship with our customers, as well as with vendors and our people, which in turn could adversely affect our operations and financial condition, particularly if the Chapter 11 proceedings are protracted. Because of the risks and uncertainties associated with our Chapter 11 proceedings, the ultimate impact of events that occur during these proceedings will have on our business, financial condition and results of operations cannot be accurately predicted or quantified. If any one or more of these risks materializes, it could affect our ability to continue as a going concern.

Operating under Chapter 11 may restrict our ability to pursue our business strategies.

Under Chapter 11, transactions outside the ordinary course of business will be subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond in a timely manner to certain events or take advantage of certain opportunities. We must obtain Bankruptcy Court approval to, among other things:

• engage in certain transactions with our vendors;

• buy or sell assets outside the ordinary course of business;

• consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and

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borrow for our operations, investments or other capital needs or to engage in other business activities that would be in our interest.

Our employees face considerable uncertainty due to the Chapter 11 proceedings.

As a result of the Chapter 11 proceedings, our employees are facing considerable uncertainty. A material erosion of our employees' commitment could have a material adverse effect on our business, particularly if the Chapter 11 proceedings are protracted. Additionally, certain of our named executive officers have employment agreements with an entity that has filed for bankruptcy. Their employment agreements have not been assumed by the Debtors in the Chapter 11 proceedings. The status of their continued employment with us remains uncertain.

We may suffer from a protracted restructuring.

Our future results are dependent upon the timely and successful filing, confirmation and implementation of a plan of reorganization. If the Bankruptcy Cases are protracted, it could adversely affect our operating results, including our relationships with our employees, vendors, strategic partners and customers. If we experience a protracted reorganization, there is a significant risk that the value of our enterprise would be substantially eroded to the detriment of all stakeholders. Additionally, a protracted case will drain liquidity absent additional financing.

Our ability to emerge from Chapter 11 and operate profitably thereafter will depend on increasing our revenue, lowering our costs, and obtaining sufficient financing or other capital to operate successfully.

It is too early in the Chapter 11 process for us to have developed our plan of reorganization. However, for our ultimate plan of reorganization to be effective, we will need to increase our revenue, lower our costs, reduce our liabilities, and obtain and/or demonstrate the sufficiency of financing and/or other capital to operate after emergence.

In order to emerge from and operate successfully after the conclusion of our Chapter 11 proceedings, we will need sufficient financing or other capital resources, some of which may be subject to Bankruptcy Court approval. Depending on numerous factors, many of which are out of our control, such as the state of the domestic and global economy, the credit market's view of our prospects and the oil and gas and related services industries in general, and the general availability of debt and equity capital at the time we conclude the Chapter 11 process, the financing and other capital that we will need may not be available to us, or may only be available on onerous terms and conditions. There is no assurance that we will be successful in obtaining financing or other needed sources of capital to successfully emerge from Chapter 11 and operate the Company. Inability to obtain sufficient financing or other capital may further delay our emergence from bankruptcy and/or limit our alternatives, which could result in our inability to continue as a going concern. Even if such financing or other capital is available, there is no guarantee that we will achieve the desired revenue growth. Finally, we may be subject to a change of control through the Chapter 11 proceedings.

Our business plan contemplates extracting savings by restructuring, renegotiating, and/or rejecting a substantial portion of our debt, lease and other obligations. Nevertheless, following any possible emergence from Chapter 11, we would expect to have significant debt, lease and other obligations. There is no guarantee that we will be able to successfully achieve the desired cost savings or meet our planned continuing obligations. Failure to implement substantial cost savings upon emergence could materially hamper our ability to operate profitably after emergence, and could result in our inability to continue as a going concern.

We have substantial liquidity needs and, due to our current Chapter 11 proceedings, may not be able to obtain any equity or debt financings in the capital markets for the foreseeable future.

We have substantial liquidity needs in the operation of our business and face significant liquidity challenges due to the financial difficulties in the oil and gas industry. Accordingly, we believe that our cash and cash equivalents will remain under pressure during 2016 and thereafter. Because substantially all of our assets are encumbered, we believe it will be difficult to obtain any material amount of additional debt or equity financing during our Chapter 11 proceedings and may be difficult to obtain any such financing thereafter.

A number of other factors, including our financial results in the recent year, our substantial indebtedness, the difficult revenue environment we face, and the financial difficulties experienced in the oil and gas industry, adversely affect the availability and terms of funding that might be available to us during, and upon emergence from, our Chapter 11 proceedings. As a result of these and other factors, there can be no assurances that we will be able to source capital at acceptable rates and on

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acceptable terms, if at all, to fund our current operations and our exit from Chapter 11. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations, both currently and upon emergence from Chapter 11.

We may be subject to claims that will not be discharged in the Chapter 11 proceedings.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arose prior to the filing of our Chapter 11 proceedings (i) will be subject to compromise and/or treatment under the plan of reorganization or (ii) will be discharged in accordance with the Bankruptcy Code and the terms of the plan of reorganization. However, there can be no assurance that the aggregate amount of such claims that are not subject to treatment under the plan of reorganization or that are not discharged will not be material.

Our restructuring efforts through the Chapter 11 proceedings may be expensive, take resources and distract management.

We have engaged the services of financial consultants and legal advisors for our Chapter 11 proceedings. In addition, pursuant to certain agreements, court orders, and applicable Chapter 11 law, we are required to pay for the services of financial consultants and legal advisors for certain of our creditors. These services are expensive and may impact our ability to restructure our organization.

We are in the process of rejecting and abandoning a significant portion of our helicopter fleet through the Chapter 11 proceedings, which may result in an inability to quickly respond to new opportunities and a significant loss of market share and profit margins.

As of April 30, 2016, we maintained a fleet of 227 helicopters of which 65 are owned by us and the remainder is leased from various third-party lessors. In order to decrease the costs of maintaining an expensive fleet, we adopted a fleet reduction plan for which we have filed motions to reject or abandon helicopters during our Chapter 11 proceedings during calendar year 2016. On May 5, 2016, we filed with the Bankruptcy Court our first omnibus motion for entry of an order authorizing us to reject certain equipment leases and subleases covering leases and subleases related to 44 helicopters. On May 27, 2016, we filed with the Bankruptcy Court our second omnibus motion for entry of an order authorizing us to reject certain equipment leases and subleases covering leases and subleases related to 40 helicopters. On June 6, 2016, we filed with the Bankruptcy Court our third omnibus motion for entry of an order authorizing us to reject certain equipment leases and subleases related to three helicopters. On June 8, 2016, we filed with the Bankruptcy Court our first omnibus motion to abandon certain helicopters and reject the equipment leases and subleases related to 13 helicopters. We have withdrawn our request to reject the equipment leases and subleases related to one helicopter and the Bankruptcy Court has approved the rejection of 65 helicopters thus far, with the remaining 21 rejections and 13 abandonments scheduled to be heard at the Bankruptcy Court's August 4, 2016 hearing.

The rejection and return of 86 aircraft as well as the abandonment of 13 aircraft will reduce the size of our fleet significantly and will remove from our fleet almost all H225 helicopters. Given the significant reduction in our fleet size, we will not have as many helicopters in reserve as we have had historically and therefore may not be able to respond as quickly with respect to new opportunities. This reduced flexibility may result in the loss of new opportunities and pressure on the ability to redeploy helicopters in a timely manner, which may result in reduced revenues. In addition, the return of 99 helicopters to the helicopter leasing and financing market may significantly reduce the potential lease rates for new leases as well as the value of helicopters in the market generally. Such reduction in helicopter values may adversely affect the valuation of the new and used helicopters that we own or the

value of the existing purchase contracts we have for new helicopters.

A smaller fleet size might not allow us to compete effectively in the traditional sectors that we service resulting in a loss of market share to our competitors because of the limited number of aircraft that would be available for subleasing. This reduction may also have an adverse impact on profit margins as we may not be able to offset the costs associated with maintaining the fleet.

Our consolidated financial statements have been prepared assuming that we will continue as a going concern, our independent registered public accounting firm has raised substantial doubts about our ability to continue as a going concern, and we have not included any adjustments that might result from the outcome of this uncertainty.

The accompanying consolidated financial statements to this Annual Report on Form 10-K have been prepared assuming that we will continue as a going concern. As discussed in note 2(a) to the financial statements, the Company has recurring net losses, a substantial level of indebtedness and operating lease commitments, experienced a significant decline in consolidated revenues and filed for bankruptcy protection on May 5, 2016. Our independent registered public accountants,

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Ernst & Young LLP, have included an emphasis of matter paragraph in their auditors' report which states certain conditions exist which raise substantial doubt about our ability to continue as a going concern in relation to the foregoing. Our plans in regard to these matters are described in note 2(a). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. See "Report of Independent Registered Public Accounting Firm" included elsewhere in this Annual Report on Form 10-K.

Risks Related to Our Net Losses and Indebtedness

We have a history of net losses.

We have incurred net losses since our acquisition on September 16, 2008 of the entity formerly known as CHC Helicopter Corporation, including losses of approximately \$170.9 million, \$794.8 million and \$437.8 million in the last three fiscal years ended April 30, 2014, 2015 and 2016, respectively. Our net losses since September 16, 2008 have resulted from a number of factors, including non-cash impairments of goodwill and other assets totaling \$1.7 billion and interest charges related to substantial leverage incurred to acquire additional helicopters and grow our business. We may continue to incur net losses in the future and our net losses may increase in the future and we cannot assure you that we will achieve or sustain profitability, or that we will continue to generate sufficient cash flow and liquidity through access to the capital markets to meet our debt and interest obligations as and when they become due.

Our substantial level of indebtedness, operating lease commitments, purchase and other commitments could materially adversely affect our ability to fulfill our obligations under our debt agreements, our ability to react to changes in our business and our ability to incur additional debt to fund future needs.

We have a substantial amount of indebtedness, operating lease commitments, purchase and other commitments. As of April 30, 2016, we had \$1.7 billion of indebtedness, an additional \$1.3 billion of operating lease commitments, as well as \$236.8 million in purchase commitments and \$258.3 million of additional flexible orders for the purchase of aircraft. The terms of certain of our debt instruments and helicopter lease agreements impose operating and financial limitations on us.

As of April 30, 2016, included within our indebtedness was \$1.0 billion of senior secured notes due 2020, \$94.7 million of senior unsecured notes due 2021, \$327.5 million under our revolving credit facility and \$139.0 million under our ABL Facility. As of April 30, 2016, we had cash and cash equivalents of approximately \$266.1 million.

Our substantial debt has had important consequences in the past and may continue to do so in the future. These consequences include:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have relatively less debt; and
- limiting our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures and other purposes.

In addition, because we are currently in Chapter 11 proceedings, we may have to undertake alternative financing plans, such as:

• refinancing or restructuring our debt;

• selling assets;

• reducing or delaying capital investments; or

• seeking to raise additional capital.

However, any alternative financing plans that we undertake will not likely allow us to meet our debt obligations. Our inability to pay off our debt obligations and our inability to obtain alternative financing due to our current Chapter 11 proceedings, could materially and adversely affect our business, financial condition, results of operations or prospects. Additionally, we must obtain Bankruptcy Court approval for these actions, which will place us at a competitive disadvantage and limit our flexibility to react to changes in our business or our industry.

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Risks Related to Our Business and Industry

All flights with the aircraft type H225 and AS332 L2 have been temporarily grounded which may cause a material and adverse impact to our financial viability.

On April 29, 2016, one of our H225 helicopters was involved in a tragic accident in Norway resulting in the loss of life for 11 passengers and two crew members. Immediately after the accident on April 29, 2016, out of respect for passengers and crew members, and in order to evaluate any implications associated with the April 29, 2016 accident, all flights with the aircraft type H225 were temporarily put on hold in the Norwegian and UK sectors. In collaboration with our stakeholders, customers and regulatory authorities, pending further regulatory guidance, we then temporarily put on hold all H225 commercial flights around the world (with the exception of SAR missions).

This incident resulted in the Civil Aviation Authorities in the U.K. and Norway issuing safety directives, requiring operators to suspend all commercial operations, including SAR missions, of the affected aircraft globally for a period of time pending determination of the root cause of the accident. Additionally, the European Aviation Safety Agency issued an Emergency Airworthiness Directive on June 2, 2016, and temporarily grounded H225 and AS332 L2 flights as a precautionary measure, but does permit single ferry flights without passengers to recover aircraft to a suitable maintenance location. On June 28, 2016, the AIBN released a preliminary report which is available at <http://www.aibn.no/Aviation/Investigations/16-286>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K.

We have suspended all H225 and AS332 L2 operations (including those committed to SAR and Medevac) until further feedback is received from the European Aviation Safety Agency. In addition to any loss of property, liability or litigation risks associated with helicopter crashes, our revenue, profitability and margins would decline to the extent the helicopters were voluntarily or mandatorily grounded. We have also suffered costs due to a reduction in various choices of helicopter types and the necessity to retrain our employees how to operate different helicopters due to this accident. There is uncertainty surrounding H225 and AS332 L2 operations in the foreseeable future. Additionally, many of our contracts with our customers require us to provide H225 aircraft to them and we may possibly face legal liability for breach of contract if we are unable to provide these helicopters for safety reasons. A protracted grounding of the H225 and AS332 L2 helicopters will cause us to face significant uncertainty regarding our ability to continue as a going-concern.

Our operations and fleet are reliant on Airbus helicopters.

Our operations and fleet are reliant on Airbus helicopters. This reliance may increase our risk of losses due to any unforeseen safety incidents. Safety incidents involved with any Airbus helicopter will negatively impact our ability to continue operations and will impact a significant amount of our fleet.

Operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents. Hazards, such as adverse weather conditions, darkness, collisions and fire are inherent in the provision of helicopter services and can result in personal injury and loss of life, accidents, reduced number of flight hours, severe damage to and destruction of property and equipment and suspension of operations or grounding of helicopters.

For example, on October 22, 2012, one of our H225 helicopters made a controlled water landing in the North Sea with no injuries to crew or passengers. Given that this was the second such event, the first having occurred to another operator in May 2012, all flights of almost all commercial operators worldwide using the same type of helicopter were

subsequently suspended for the duration of a lengthy investigation and subsequent corrective action from the manufacturer. In addition, on August 23, 2013, one of our AS332 L2 helicopters was involved in a tragic accident in the North Sea, resulting in four fatalities among the 16 passengers and two crew members on board. The U.K. Air Accident Investigation Branch released a final report stating that the cause of the accident was pilot error.

On April 29, 2016, one of our H225 helicopters was involved in a tragic accident in Norway resulting in the loss of life for 11 passengers and two crew members. We voluntarily restricted the use of this model of helicopter worldwide while investigating the cause of the accident. This incident resulted in the Civil Aviation Authorities in the U.K. and Norway issuing safety directives, requiring operators to suspend commercial operations of the affected aircraft globally for a period of time pending determination of the root cause of the accident. On June 28, 2016, the AIBN released a preliminary report which is available at <http://www.aibn.no/Aviation/Investigations/16-286>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this

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Annual Report on Form 10-K. In addition to any loss of property or liability associated with helicopter crashes, our revenue, profitability and margins would decline to the extent any of our helicopters were voluntarily or mandatorily grounded. We have suspended all H225 and AS332 L2 operations (including those committed to SAR and Medevac) until further feedback is received from the European Aviation Safety Agency. While we seek to mitigate the financial impact of such risks and preserve our rights through commercial and other arrangements with all those involved, when available, these mitigation efforts may not be successful or available for all incidents. Our performance, profitability and margins may fluctuate from period to period as a result of such incidents and our mitigation efforts.

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 revenue and might lose customers. In addition, safety issues experienced by a particular model of aircraft could result in customers 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.

If we are unable to mitigate potential losses through a robust safety management and insurance coverage program, our financial condition would be jeopardized in the event of a safety or other hazardous incident.

We attempt to protect ourselves against potential losses through our safety management system and insurance coverage. However, portions of our insurance coverage are subject to deductibles and maximum coverage amounts, and we do not carry insurance against all types of losses. We cannot ensure 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, including potentially, in connection with the AS332 L2 accident that occurred in August 2013 or the H225 accident that occurred in April 2016. Our safety management system may not be effective. In addition, terrorist activity, risk of war, accidents or other events could increase our insurance premiums. Our inability to renew our aviation insurance coverage or the loss, expropriation or confiscation of, or severe damage to, a large number of our helicopters could adversely affect our operations and possibly our financial condition and results of operations. Furthermore, we are not insured for loss of profit, loss of use of our helicopters, business interruption or loss of flight hours. The loss of, or limited availability 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 could have an adverse impact on our ability to attract and retain customers and could adversely impact our reputation, operations and financial performance.

Our customers consider safety and reliability as the two primary attributes when selecting a provider of helicopter transportation services. If we fail to maintain standards of safety and reliability that are satisfactory to our customers, our ability to retain current customers and attract new customers may be adversely affected. Moreover, helicopter crashes or similar disasters of another helicopter operator could impact customer confidence and lead to a reduction in customer contracts or result in the grounding of our helicopters, particularly if such helicopter crash or disaster were due to a safety fault in a type of helicopter used in our fleet. In addition, the loss of any helicopter as a result of an accident could cause significant adverse publicity and the interruption of air services to our customers, which could adversely impact our reputation, operations and financial results. Our helicopters have been involved in accidents in the past, some of which have included loss of life and property damage.

Our operations are largely dependent upon the level of activity in the offshore oil and gas industry.

To varying degrees, activity levels in the oil and gas industry are affected by long-term trends in oil and gas prices. Historically, the prices for oil and gas have been volatile and subject to wide fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond our control, such as:

• actions of the Organization of Petroleum Exporting Countries and other oil producing countries to control prices or change production levels;

• general economic and political conditions, both worldwide and in the regions in which we operate;

• governmental regulation;

• the price and availability of alternative fuels;

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- the policies of various governments regarding the exploration and development of their oil and gas reserves;
- advances in exploration, development and production technology; and
- the effects of hostilities or instability in oil-producing countries or the regions in which they are located.

The extreme volatility in market prices for oil and gas in recent months has adversely affected our business and operations. Even though the price of gas has gone up, this has not been enough to offset our losses. We cannot predict future oil and gas price movements. Any prolonged reduction in oil and gas prices could depress the level of helicopter activity in support of exploration and, to a lesser extent, production activity and, therefore have a material adverse effect on our business, financial condition and results of operations.

The majority of our customers are engaged in oil and gas production, exploration and development. For the fiscal year ended April 30, 2016, revenue generated from oil and gas customers represented approximately 78% of our consolidated revenues. This concentration could impact the overall exposure to credit risk because changes in economic and industry conditions that adversely affect the oil and gas industry could affect the majority of our customers. We generally do not require letters of credit or other collateral to support our trade receivables. Accordingly, a sudden or protracted downturn in the economic condition of the oil and gas industry could adversely impact our ability to collect our receivables and thus impact our business, financial condition or results of operations. No assurance can be given that the recent volatility of oil and gas prices will not continue to adversely affect offshore exploration or production operations, or that our operations will not continue to be adversely effected.

For fiscal 2016, approximately 54% of our consolidated revenue was derived from services provided to customers operating in the North Sea. The North Sea is a mature exploration and production region that has undergone substantial seismic survey and exploration activity for many years. Because a large number of oil and gas properties in this region 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 could decline to the point that such properties are no longer economical to operate, in which case, our services with respect to such properties will no longer be needed. Oil and gas companies might not identify sufficient additional drilling sites to replace those that become depleted or cease to be economically viable. If activity in oil and gas exploration, development and production in 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 this or any other geographic area.

Additionally, an increase in onshore fracking, which generally does not require use of our helicopter 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 oil and gas industries on which we are largely dependent are suffering through a severe downturn, resulting in significant negative impact on demand for our services, and no assurance can be given that the downturn will not continue to be prolonged.

The oil and gas industry, on which we are largely dependent, continues to suffer through a severe downturn, resulting in significant negative impact on demand for our services, and the outlook remains depressed, with continued pricing and volume pressures forecasted. The downturn is proving to be more severe and is lasting longer than previous cycles, and there is no clear line of sight to a recovery. With a continued oversupply in global oil markets and soft demand growth, oil prices have remained depressed in calendar 2016, which has further impacted market sentiment

towards our industry. The effects of this protracted downturn are being seen throughout the oil and gas supply chain. As we navigate through the downturn, no assurances can be given that the downturn will not continue to be prolonged or of a recovery in the near term, which puts significant pressure on our liquidity and cash flows.

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Many of the markets in which we operate are highly competitive, and if we are unable to effectively compete, it may result in a loss of market share or a decrease in revenue or profit margins.

Many of the markets in which we operate are highly competitive, and if we are unable to effectively compete, it could result in a loss of market share or a decrease in revenue or profit margins. Contracting for helicopter services is usually done through a competitive bidding process among those having the necessary equipment and resources.

Factors that affect competition in our industry include price, reliability, safety, professional reputation, helicopter availability, equipment and quality of service. We compete against a number of helicopter operators including the other major global commercial helicopter operator, and other local and regional operators. There can be no assurance that our competitors will not be successful in capturing a share of our present or potential customer base. In addition, many oil and gas companies and government agencies to which we provide services have the financial ability to perform their own helicopter flying operations in-house should they elect to do so.

The main MRO competitors to our Heli-One business are the OEMs of helicopters and helicopter components. As such, our main competitors in this industry are also our main parts suppliers and MRO license providers. A conflict with the OEMs could result in our inability to obtain parts and licenses in a timely manner in required quantities and at competitive prices. In addition, the OEMs hold greater inventory of helicopter components, have more extensive operational experience and significantly greater capital resources. These, in turn, could have a material adverse effect on our business, financial condition or results of operations.

Given that we expect to significantly reduce the size of our fleet, this reduction may make it more difficult for us to compete effectively against our competitors. Any additional reduction to our fleet or any prolonged restriction from flying aircraft types H225 and AS332 L2 will have a significantly material adverse effect on our business and may prolong our exposure to Chapter 11 proceedings.

We rely on a limited number of large offshore helicopter support contracts with a limited number of customers. If any of these are terminated early or not renewed, our revenues could decline.

We rely on a limited number of large offshore helicopter support contracts with a limited number of customers. For fiscal 2016, revenue from Petrobras totaled \$202.9 million, Statoil ASA totaled \$210.3 million and Royal Dutch Shell plc. totaled \$208.8 million, each accounting for approximately 15% of our consolidated revenue. For fiscal 2016, our top ten customers accounted for approximately 69% of our consolidated revenues. Many of our contracts contain clauses that allow for early termination by the customer for convenience, generally without penalty and with limited notice requirements, which, if exercised, could have a material adverse effect on our business, financial condition or results of operations. As a result, you should not place undue reliance on the renewal or current terms of our customer contracts.

Negative publicity may adversely impact us.

Media coverage and public statements that insinuate improper actions by us, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Specifically, accidents involving any aircraft operated by us or another operator could cause substantial adverse publicity affecting us specifically or our industry generally and could lead to the perception that our aircraft are not safe or reliable. In addition, negative publicity about our ability to continue as a going concern may cause us to lose existing or potential new customers.

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 and the morale of our employees, which could make it more difficult for us to compete for future contracts or attract and retain employees or result in the loss of existing and future contracts. The impact of these factors is difficult to predict, but one or more of them could have a material adverse effect on our business, financial condition or results of operations.

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

Our profitability is directly related to demand for our helicopter services. Our services have been significantly restricted due to the grounding of aircraft types H225 and AS332 L2. Because of the significant expenses related to helicopter 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 certain helicopters are not actively servicing customers 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 helicopter manufacturers would have the effect of increasing our fixed expenses, and without a corresponding increase in our revenues, would negatively impact our results of operations. No assurance can be given that our costs will be comparable on a period to period basis, particularly when incidents may impact our helicopters.

Our long-term helicopter services and Heli-One contracts contain pre-determined price escalation terms and conditions. Although supplier costs and other cost increases are passed through to our customers through rate increases where possible, these escalations may not be sufficient to enable us to recoup increased costs in full. In addition, because many 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. In particular, in our Heli-One business, approximately 38%, 40% and 34% of our third-party Heli-One revenue for fiscal 2014, 2015, and 2016, respectively, was derived from PBH contracts, where the customer pays a ratable monthly charge, typically based on the number of hours flown, for all scheduled and un-scheduled maintenance. It can be difficult to correctly estimate the cost of providing maintenance on a PBH basis. 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 customers. In the event that we are unable to do so, the profitability of our customer contracts and our business, financial condition and results of operations could be materially and adversely affected.

We depend on a small number of helicopter manufacturers and any safety issues can severely limit our ability to continue operating helicopters already in our fleet.

We contract with only four manufacturers of heavy and medium helicopters: Airbus Helicopters (formerly Eurocopter), Sikorsky, AgustaWestland and Bell. These manufacturers have limited availability of helicopters, particularly heavy helicopters, and we have limited alternative sources of new helicopters. If we are unable to acquire new helicopters when needed, continue operating helicopters already in our fleet, or purchase helicopters in the secondary markets, our business would be harmed.

If any of the helicopter manufacturers we contract with, or the government bodies that regulate them, identify safety issues with helicopter models we currently operate or that we intend to acquire, we may be unable to operate a portion of our fleet or could experience a delay in acquiring new helicopters, both of which would negatively affect our business. For example, in October 2012, one of our H225 helicopters made a controlled water landing in the North Sea with no injuries to crew or passengers. Almost all flights of all operators using the same type of helicopter were subsequently suspended for the duration of a lengthy investigation and corrective action from the manufacturer. In August 2013, one of our AS332 L2 helicopters was involved in an accident in the North Sea, resulting in four fatalities. The U.K. Air Accidents Investigation Bureau stated in its final report that the cause of the August 2013 accident was pilot error. The AS332 L2 and the H225 are produced by the same manufacturer, and we operate other helicopter types by this manufacturer (as of April 30, 2016, 81 helicopters in total, which total represents approximately 36% of our entire fleet). On April 29, 2016, one of our H225 helicopters was involved in a tragic accident in Norway resulting in the loss of life for 11 passengers and two crew members, see “Risks Related to Our Business and Industry-Operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents.” The European Aviation Safety Agency and the Civil Aviation Authorities in U.K. and Norway have suspended operations of our H225 and AS332 L2 helicopter models. This will adversely impact our business, financial condition and results of operations, until further notice is received from the safety investigations. We may lose revenue and existing or potential new customers due the grounding of these helicopter models.

We depend on a limited number of third-party suppliers for helicopter parts and subcontract services.

We rely on a few key vendors for the supply of parts and subcontract services required to maintain our helicopters. We currently obtain a substantial portion of our helicopter spare parts and components from helicopter manufacturers and maintain supply arrangements with other key suppliers. To the extent that these suppliers also supply parts for helicopters used by the military or other government organizations, parts delivery for our helicopters may be delayed during periods in which there are high levels of military or government operations. Our inability to perform timely maintenance and repairs can

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result in our helicopters being underutilized which could have an adverse impact on our business, financial condition and results of operations. Furthermore, our operations in remote locations, where delivery of these components and parts could take a significant period of time, could experience delays in our ability to maintain and repair our helicopters. While every effort is made to mitigate the impact of any such delays, this may pose a risk to our results of operations. We do not have an alternative source of supply for parts and components supplied by the main helicopter manufacturers. Failure or significant delay by these vendors in providing necessary parts could, in the absence of alternative sources of supply, have a material adverse effect on our business, including the withholding of payments by customers in certain cases. Due to our dependence on helicopter manufacturers for helicopter parts and components, we may also be subject to adverse impacts from unusually high price increases that are greater than overall inflationary trends. We might not be able to increase our contract rates. An unusually high increase in the price of parts or components that cannot be fully passed on to our customers could have a material adverse effect on our business, financial condition or results of operations.

Restructuring of our operations and organizational structure may lead to significant costs.

We are continually reviewing potential changes in our operations and organizational structure in order to enhance our overall competitiveness and viability. Restructuring activities that we have undertaken, and may undertake in the future, can divert significant time and resources, involve substantial costs and may fail to enhance our overall competitiveness and viability as intended, any of which could negatively impact our business. In connection with our current review of our operations and organizational structure with the view towards reducing operating costs, we have recorded \$94.7 million in restructuring expenses for the fiscal year ended April 30, 2016, mostly comprised of return costs on leased helicopters, employee severance and associated termination costs related to the reduction of our workforce and other termination rights. We may incur additional restructuring expenses in the future, particularly in connection with the Chapter 11 proceedings. Our restructuring activities have, and may, in the future, trigger restructuring, impairment and other accounting charges and/or result in a loss on sale of assets. Any of these charges or losses could have a material adverse effect on our business, financial condition or results of operations.

We may also experience labor unions or works' council objections or labor unrest actions (including possible strikes) when we seek to reduce our workforce in Europe and other regions. Many of our operations are located in countries and regions that have extensive employment regulations that we must comply with in order to reduce our workforce, and we may incur significant costs to complete such reductions. Any of those events could have a material adverse effect on our business, financial condition or results of operations.

Our business requires substantial capital expenditures, lease and working capital financing, which we are currently blocked from accessing through the capital markets and banks. Any further deterioration of current industry or business conditions, the capital and banking markets or a prolonged period in Chapter 11 proceedings generally could adversely impact our business, financial condition and results of operations.

As a result of the Chapter 11 proceedings, business and industry conditions, we do not have access to capital markets in order to make substantial capital expenditures including significant ongoing investment in order to purchase or lease new helicopters, refinance existing leases and maintain our existing fleet. We may not be able to raise additional funds through operating lease financing, debt or other financing to execute our strategy and make the capital expenditures required to operate our business successfully. In the event of adverse conditions in our industry, our business, the capital markets generally, or a prolonged exposure to Chapter 11 proceedings, we could face difficulties in securing the amounts required, on commercially favorable terms or in a timely manner. In addition, any such additional capital raised may be significantly dilutive to our existing shareholders and may result in the issuance of securities that have rights, preferences and privileges that are senior to our ordinary shares.

Concerns about a systemic impact of a potential long-term and wide-spread economic recession, increased energy costs, the availability and cost of credit, diminished business and consumer confidence and increased unemployment rates contribute to increased market volatility and diminish expectations for western and emerging economies, including the jurisdictions in which we operate. In particular, the cost of raising money in the credit markets could increase substantially as many lenders and institutional investors, concerned about the stability of the financial

markets generally and about the solvency of counterparties, could increase interest rates, enact tighter lending standards and reduce and, in some cases, cease to provide funding, to borrowers. In addition, financial market instability could leave our creditors unable to meet their obligations to us.

Our current restrictions in accessing capital and bank markets or the availability of lease or other financings may have an impact on our plans or on our flexibility to react to changing economic and business conditions. In addition, our credit facilities and helicopter leases will have maintenance covenants which may need to be renegotiated from time to time, and the

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financial market instability could have an impact on the lenders' or lessors' willingness to renegotiate these covenants on reasonable terms.

We rely on the secondary used helicopter market to dispose of our older helicopters and parts due to our ongoing fleet modernization efforts.

We are dependent upon the secondary used helicopters and parts market to dispose of older models of helicopters as part of our ongoing fleet modernization efforts and any spare helicopter capacity associated with the termination or non-renewal of existing contracts. If we are unable to dispose of our older helicopters and parts due to a lack of demand in the secondary market, our helicopters and parts carrying costs may increase above requirements for our current operations, or we may accept lower selling prices, resulting in losses on disposition. The secondary used helicopter market is currently suffering through a protracted downturn and may limit our ability to dispose of our older helicopters and parts. A failure to dispose of helicopters 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. A prolonged exposure to Chapter 11 proceedings may hamper our ability to access the secondary used helicopter markets and may require the approval of the Bankruptcy Court for any actions outside of the ordinary course of business.

Our operations are subject to extensive regulations which could increase our costs and adversely affect us.

The helicopter industry is regulated by various laws and regulations in the jurisdictions in which we operate. The scope of such regulation includes infrastructure and operational issues relating to helicopters, maintenance, spare parts and route flying rights as well as safety and security requirements. We cannot fully anticipate all changes that might be made to the laws and regulations to which we are subject nor the possible impact of such changes. These changes could subject us to additional costs and restrictions.

We are subject to governmental regulation that limits foreign ownership of aircraft companies. Based on regulations in various jurisdictions in which we operate, our authorizations, licenses and certificates may be suspended or revoked and we may lose our ability to operate within these regions if certain levels of local ownership are not maintained.

Our ability to conduct our business is dependent on our ability to maintain authorizations, licenses and certificates, which in many jurisdictions require us to subcontract with third-parties to obtain required helicopter operating leases.

We are routinely audited to ensure compliance with all flight operation and helicopter maintenance requirements.

There can be no assurance that we will pass all such audits. Our failure to pass such audits or any breach of regulations applicable to us could result in fines, adverse publicity or suspension of our helicopters, all of which could have a material adverse effect on our business, financial condition and results of operations, especially if a regulatory breach were to lead to a helicopter crash or accident. Changes in laws or regulations could have a material adverse impact on our cost of operations or revenues from operations.

If we are unable to maintain required government-issued licenses for our operations or if our ownership in our foreign partners exceeds permitted levels, we will be unable to conduct helicopter operations in the applicable jurisdiction, as outlined below.

The European Union and the European Economic Area

Approximately 45% of our consolidated revenue for fiscal 2016 originated from helicopter flying services provided by subsidiaries of EHOB, a company 49.9% owned by us. These subsidiaries operate primarily in the United Kingdom, the Netherlands and the Republic of Ireland (member states of the European Union, or the EU), and Norway (member state of the EEA). To operate helicopters in the EU and EEA, an operator must be licensed by the applicable national Civil Aviation Authority. Under applicable European law, an operator must be "effectively controlled" and "majority owned" by nationals of member states of the EU or the EEA to maintain its license. We believe that the majority shareholder in EHOB is an EU national and therefore these subsidiaries are currently "majority owned" and "effectively controlled" within the meaning of EU and EEA licensing requirements. Any change in the national status of the majority shareholder in EHOB or our agreements with the shareholder could affect the licenses of these subsidiaries.

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Canada

Our helicopter operations in Canada have been conducted through CHC Helicopters Canada Inc., a company in which we hold a minority interest. Our flying operations are regulated by Transport Canada and are conducted under that company's air operator's certificate, or AOC. Our ability to conduct our helicopter operating business in Canada is dependent on our ability to maintain our relationship with CHC Helicopters Canada Inc. Our helicopter operations in certain other countries were conducted pursuant to an AOC issued by the Minister of Transport (Canada) under the provisions of the Aeronautics Act (Canada) for which our wholly owned subsidiary held pursuant to an exemption until June 2016. No exemption permitting helicopter flying operations is currently in effect as of the date of this Annual Report on Form 10-K. We have no operational aircraft under this AOC and aircraft have been re-registered under other AOCs as appropriate to continue flying operations.

Australia

Civil aviation in Australia is governed by the Civil Aviation Act 1988 and the regulations made thereunder. To operate a helicopter in Australia, it must be registered with the Australian CASA and a Certificate of Airworthiness must be obtained, be valid and be in effect. The operation of a helicopter for a commercial purpose into, out of, or within Australian territory can only be undertaken as authorized by an AOC. Our ability to offer our helicopter transportation services in Australia is dependent on maintaining this certificate. Australia does not have a requirement for ownership or control by Australian nationals.

Brazil

Approximately 16% of our consolidated revenue for fiscal 2016 originated from helicopter flying services provided by a subsidiary of Brazilian Helicopter Holdings S.A., or BHH, a Brazilian company 60% owned by us. This subsidiary operates in Brazil. To operate helicopters in Brazil, an operator must be licensed by the applicable national Civil Aviation Authority. Under applicable Brazilian law, in order to maintain its license, an operator must be "controlled" by nationals of Brazil and its officers must be Brazilian as well. By "control", Brazilian aviation legislation refers to holding of at least 80% of operator's voting shares. We believe that the majority holder of voting shares in BHH is a Brazilian national and therefore this subsidiary is currently "controlled" within the meaning of Brazil licensing requirements. Any change in the national status of the majority shareholder in BHH and/or in the nationality of the officers of this subsidiary could affect the licenses of BHH. Our helicopter operations in Brazil are conducted through BHS - Brazilian Helicopter Services Táxi Aéreo S.A., the above-mentioned subsidiary of BHH. Our flying operations are regulated by the National Agency for Civil Aviation and are conducted under that company's AOC. Our ability to conduct our helicopter operating business in Brazil is dependent on our ability to maintain such AOC. If we are unable to keep such AOC, we will be prevented from performing flying operations in Brazil.

Other Countries and Regulations

Our operations in other jurisdictions are regulated to various degrees by the governments of such jurisdictions and must be conducted in compliance with those regulations and, where applicable, in accordance with our air service licenses and AOC. These regulations may require us to obtain a license to operate in that country, may favor local companies or require operating permits that can only be obtained by locally registered companies and may impose other nationality requirements. In such cases, we partner with local persons, but there is no assurance regarding which foreign governmental regulations may be applicable in the future to our helicopter operations and whether we would be able to comply with them.

The revocation of any of the licenses discussed above or the termination of any of the relationships with local parties discussed above could have a material adverse effect on our business, financial condition and results of operations. Our MRO business, Heli-One, could suffer if licenses issued by OEMs and/or governmental authorities are not renewed or we cannot obtain additional licenses.

Our MRO business, Heli-One, receives a significant portion of its third-party revenue from activities that require licenses from OEMs and governmental authorities. The Heli-One business may require additional licenses to grow. We cannot provide any assurance that we will be able to obtain or maintain such licenses from OEMs and/or governmental authorities on acceptable terms or at all. Furthermore, our MRO business could decline if existing licenses are revoked or cannot be renewed upon the expiration of existing terms.

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We derive significant revenue from non-wholly owned variable interest entities. If we are unable to maintain good relations with the other owners of such non-wholly owned entities, our business, financial condition or results of operations could be adversely affected.

Local aviation regulations require us to operate through non-wholly owned entities with local shareholders. We conduct many of our international operations through entities in which we have a minority investment or through strategic alliances with foreign partners. We derive significant amounts of revenue from these entities. For fiscal 2016 we derived \$868.1 million of revenue, representing 62.8% of our total revenue from variable interest entities owned in part by local shareholders. We depend to some extent upon good relations with our local shareholders to ensure profitable operations. These shareholders may have interests that are not always aligned with ours and they are not generally required to provide any funding that these entities may require. Furthermore, certain shareholders' agreements with local shareholders contain call arrangements which allow the local shareholder to elect to purchase our shares and/or require us to bear all of the losses of these entities. The calls are exercisable in certain circumstances, including liquidation and events of default. In the event shareholder disputes arise or we lose our interest in these entities and/or find other local partners, this could negatively impact our revenues and profit sharing from these entities, and could have a material adverse effect on our business, financial condition or results of operations.

Due to the Debtors filing Petitions with the Bankruptcy Court on May 5, 2016, the controlling shareholder of EHOB, the Class A shareholder, has the right to immediate exercise of the put and call option under the Shareholders' Agreement. These options have been waived until August 8, 2016, subject to certain terms and conditions, but there is no guarantee of continued waiver from the Class A shareholder of these rights. The exercise of the put or call option may significantly impact our financial condition and results of operations. Approximately 45% of our consolidated revenue for fiscal 2016 originated from helicopter flying services provided by subsidiaries of EHOB.

Our operations may suffer due to political, regulatory, commercial and economic uncertainty.

Risks associated with some of our operations include political, regulatory, commercial, social and economic instability, war, terrorism, civil disturbances, pandemic health issues or other events that may limit or disrupt markets, expropriation without fair compensation, requirements to award contracts, concessions or licenses to nationals, international exchange restrictions and currency fluctuations, changing political conditions and monetary policies of foreign governments. Any of these events could materially adversely affect our ability to provide services to our customers. Certain of our helicopter leases and loan agreements impose limitations on our ability, including requiring the prior approval of the lessor or the lender, to locate particular helicopters in certain countries. We cannot provide assurance that these limitations will not affect our ability to allocate resources in the future to meet our operational needs.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the EU. As a result of the referendum, it is expected that the United Kingdom will negotiate the terms of their future relationship with the EU. We face uncertainties regarding how the United Kingdom's access to the EU Single Market and the wider trading, legal, regulatory and labor environments, especially in the United Kingdom and EU, will be impacted by the United Kingdom's vote to exit the EU, including the resulting impact on our business and that of our customers. We are uncertain about the future regulatory implications of the United Kingdom's exit from the EU. There could be increased regulatory complexities that may affect our business and how customers flying in the North Sea region may be impacted. Finally, the United Kingdom's exit may also affect currency exchange rates and adversely impact our revenues leading to additional economic uncertainty.

Our business in countries with a history of corruption and transactions with foreign governments increases the compliance risks associated with our international activities.

Our international operations could expose us to trade and economic sanctions or other restrictions imposed by the United States or other governments or organizations. The U.S. Department of Justice (the "DOJ"), 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 Foreign Corrupt Practices Act (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.

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These laws also prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We have operations, deal with government entities and have contracts in countries known to experience corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or associates that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. Our existing safeguards and procedures might prove to be less than fully effective, and our employees, consultants, sales agents or associates might engage in conduct for which we could be held responsible. Violations of the FCPA could result in severe criminal or civil sanctions, and we could be subject to other liabilities that could negatively affect our business, financial condition or results of operations.

In addition, from time to time, we and our subsidiaries are subject to investigation by various government agencies in the jurisdictions in which we operate. In 2006, we voluntarily disclosed to the U.S. Office of Foreign Asset Control (the "OFAC") that one or more of our subsidiaries, formerly operating as Schreiner Airways might have violated applicable U.S. laws and regulations by re-exporting to Iran, Sudan, and Libya certain helicopters, related parts, map data, operation and maintenance manuals, and helicopter parts for third-party customers. On April 30, 2015, the five year statute of limitations expired on the last such transaction that was disclosed to OFAC. Having not been notified by OFAC or any other agency of the U.S. Government of the intent to pursue any action, the Company now considers the matter closed.

We are subject to extensive federal, state, local and foreign environmental, health and safety laws, rules, regulations and ordinances that could have an adverse impact on our business.

We are subject to extensive federal, state, local and foreign laws, rules, regulations and ordinances relating to pollution and protection of the environment and to human health and safety, including those relating to discharge of noise, emissions to the air, releases or discharges to soil or water, the use, storage and disposal of petroleum and other regulated materials and the remediation of contaminated sites.

Our operations, including helicopter maintenance and helicopter fueling, involve the use, handling, storage and disposal of materials that may be classified as hazardous to human health and safety and to the environment. Laws protecting the environment have become more stringent in recent years and may, in certain circumstances, impose liability for the investigation and cleanup of releases of regulated materials and related environmental damage without regard to negligence or fault. These laws also might expose us to liability for the conduct of, or conditions caused by, others such as historic spills of regulated materials at our facilities, for acts that were in compliance with all applicable laws at the time such acts were performed, and for contamination at third-party sites where substances were sent for off-site treatment or disposal. Additionally, any failure by us to comply with applicable environmental, health and safety or planning laws and regulations could result in governmental authorities or other third parties 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.

In addition, changes in laws or regulations protecting the environment may result in changes in the regulation of the offshore oil and gas industry, which in turn could adversely affect us. We cannot predict the likelihood of change to any of these laws or in their enforcement or the impact that any such change, or any discovery of previously unknown conditions, could have on our costs and financial position.

CHC Scotia Ltd. is subject to an environmental proceeding. On September 30, 2015, the Environment Agency of the United Kingdom issued a notice of civil penalty of approximately £345,000 due to a failure to surrender sufficient allowances equivalent to its emissions, as required by government regulations. CHC Scotia Ltd. appealed the decision on June 22, 2016. A decision on this matter is anticipated in the next several weeks.

We are subject to many different forms of taxation in various jurisdictions throughout the world, which could lead to disagreements with tax authorities regarding the application of tax laws.

We are subject to many different forms of taxation including, but not limited to, income tax, withholding tax, commodity tax and payroll-related taxes. Tax law and administration is extremely complex and often requires us to make subjective determinations. The tax authorities in the various jurisdictions where we conduct business might not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal

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disputes and, ultimately, in the payment of substantial funds to the government authorities of foreign and local jurisdictions where we carry on business or provide goods or services, which could have a material adverse effect on our business, financial condition or results of operations.

Our estimate of tax related assets, liabilities, recoveries and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions, taxable income projections, and the benefits of various restructuring plans. To the extent that such assumptions differ from actual results, we may have to record additional income tax expenses and liabilities.

The offshore helicopter services industry is cyclical.

The offshore helicopter services industry has historically been cyclical and is affected by the volatility of oil and gas price levels. There have been, and may continue to be, 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 offshore services, and periods of low activity intensify price competition in the industry and could result in our aircraft being idle or underutilized for prolonged periods.

We are exposed to foreign currency risks.

Our consolidated financial statements are presented in U.S. dollars. However, a significant portion of our revenue and operating expenses are denominated in currencies consisting primarily of British Pound Sterling, Canadian dollars, Norwegian Kroner, Australian dollars and the Euro, which have experienced significant volatility and change in recent quarters. The functional currencies of many of our subsidiaries are non-U.S. currencies. There can be no assurances that our foreign currency risk management strategies will be effective and that continued foreign currency fluctuations will not adversely affect our results of operations and financial condition.

Our failure to hedge exposure to fluctuations in foreign currency exchange rates effectively could unfavorably affect our financial performance.

We utilized derivative instruments to hedge our exposure to fluctuations in certain foreign currency exchange rates. These instruments may have involved elements of market risk in excess of the amounts recognized in our consolidated financial statements. Further, our financial results from operations of our subsidiaries which incur revenue and operating expenses in currencies other than U.S. dollars may be negatively affected if we fail to execute or if we improperly hedge our exposure to currency fluctuations. Subsequent to April 30, 2016, the derivative instruments which we use to hedge our foreign currency exposure were terminated. As a result, our net results may fluctuate significantly as a result of our currency fluctuations because there are no derivative instruments in place to hedge our foreign currency exposure.

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 customer 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 customers, 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.

Our customers may seek to shift risk to us.

We give to and receive from our customers indemnities relating to damages caused or sustained by us in connection with our operations. Our customers' changing views on risk allocation could cause us to accept greater risk to win new business

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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, our insurance premiums could rise.

If oil and gas companies undertake cost reduction methods, there may be an adverse effect on our business.

Oil and gas companies engaged in the production, exploration and development sector continually seek to implement measures aimed at reducing costs, including the cost of helicopter support operations. For example, oil and gas companies in some circumstances have reduced manning levels on both old and new platforms, rigs and other installations by using new technology to permit unmanned operations, which could increase the length of offshore shifts and reduce the frequency of transportation of employees. The implementation of such measures could reduce the demand for helicopter transportation services and have a material adverse effect on our business, financial condition and results of operations.

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

We receive significant revenue from government agencies in the Republic of Ireland, the United Kingdom and Australia. Any reductions in the budgets of government agencies for spending on helicopter services, implementations of cost savings measures by government agencies, imposed modifications of contract term or delays in collecting receivables owed to us by our government agency customers or loss of contracts 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 customers to (i) terminate contracts for convenience, (ii) reduce, modify or cancel contracts or subcontracts if requirements or budgetary constraints change and/or (iii) terminate contracts or adjust their terms.

Failure to develop or implement new technologies and disruption to our systems could affect our results of operations. Many of the helicopters we operate are characterized by changing technology, introductions and enhancements of models of helicopters and services and shifting customer demands, including technology preferences. Our future long-term 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 customer 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. Any disruption to computers, communication systems or other technical equipment used by us and our fleet could significantly impair our ability to operate our business efficiently and could have a material adverse effect on our business, financial condition or results of operations.

We rely 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 affected.

We rely on information technology networks and systems to process, transmit and store electronic and financial information; to coordinate our business across our global operation bases; and to communicate within our Company and with customers, suppliers, partners and other third-parties. These information technology systems, including the system at our global operations center in Irving, Texas are aging and may be susceptible to damage, disruptions or shutdowns, hardware or software failures, power outages, computer viruses, cyber attacks, telecommunication failures, user errors, lack of support or catastrophic events and we may experience such damages, interruptions, malfunctions or security breaches in the future. Our systems may also be older generations of software which are unable to perform as effectively as, and fail to communicate well with, newer systems. As the development and implementation of our information technology systems continue, we may elect to modify, replace or discontinue certain technology initiatives, which would result in write-downs.

Our information technology systems are becoming increasingly integrated on a global basis, so damages, interruptions, malfunctions or security breaches could result in a more widespread impact. If our business continuity plans do not effectively resolve such issues in a timely manner, we could experience business disruptions which would have a material adverse effect on our business, financial condition and results of operations, as well as on the ability of management to align and optimize technology to implement business strategies.

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In addition, cyber attacks could lead to potential unauthorized access and disclosure of confidential information, and data loss and corruption. There is no assurance that we will not experience these service interruptions or cyber attacks in the future. Additionally, as the frequency, scope and sophistication of cyber attacks continue to grow, we may need to expend additional resources to continue to modify or enhance our protective measures to investigate and remediate any vulnerabilities to cyber attacks. A security breach might also lead to potential claims from third parties or employees.

The loss of key personnel could affect our growth and future success.

Loss of the services of key management personnel at our corporate and regional headquarters without being able to attract personnel of equal ability could have a material adverse effect upon us. Their skills, experience and industry contacts significantly benefit our operations and administration. The failure to attract, retain, and properly motivate the members of our senior management team and other key employees, or to find suitable replacements for them in the event of death, ill health, or their desire to pursue other professional opportunities, could have a negative effect on our operating results.

Our ability to attract and retain qualified pilots, mechanics, technicians and other highly-trained personnel is an important factor in determining our future success. The market for these experienced and highly trained personnel is competitive and may become more competitive. Accordingly, we cannot be assured that we will be successful in our efforts to attract and retain such personnel in the future. If qualified personnel become scarce or difficult to attract or retain in our industry for compensation-related or other reasons, we could experience higher labor, recruiting or training costs in order to attract and retain necessary key personnel.

These risks became heightened due to the pending Chapter 11 proceedings. Our failure to attract and retain qualified personnel could have a material adverse effect on our business, financial condition or results of operations.

Labor problems could adversely affect us.

Certain of our employees in the United Kingdom, Ireland, the Netherlands, Norway, Brazil, Canada and Australia (collectively, approximately 42% of our employees as of April 30, 2016) 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 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.

If our unionized workers engage in a strike, work stoppage or other slowdown, if other employees elect to become unionized, if existing labor agreements are renegotiated, or if 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 or results of operations.

If the assets in our defined benefit pension plans are not sufficient to meet the plans' obligations, we could be required to make substantial cash contributions and our liquidity could be adversely affected.

We sponsor funded and unfunded defined benefit pension plans for our employees principally located in Canada, the United Kingdom and Norway. As of April 30, 2016, there was a \$94.1 million funding deficit related to our various defined benefit pension plans which require ongoing funding by us.

Our estimate of liabilities and expenses for pensions incorporates significant assumptions, including the interest rate used to discount future liabilities and expected long-term rates of return on plan assets. Our pension contributions and expenses, results of operations, liquidity or shareholders' equity in a particular period could be materially adversely affected by market returns that are less than the plans' expected long-term rates of return, a decline in the rate used to discount future liabilities and changes in the currency exchange rates. If the assets of our pension plans do not achieve expected investment returns for a fiscal year, such deficiency may result in increases in pension expense. Changing economic conditions, poor pension investment returns or other factors may require us to make substantial cash contributions to the pension plans in the future, preventing the use of such cash for other purposes and adversely affecting our liquidity.

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 a variety of legal proceedings and claims that arise out of the ordinary conduct of our business.

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Results of legal proceedings cannot be predicted with certainty. Irrespective of its merits, 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.

In the event we are or become treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, our U.S. shareholders could be subject to adverse U.S. federal income tax consequences.

In the event we are or become a PFIC, U.S. Holders (as defined below) of our shares could be subject to adverse U.S. federal income tax consequences. These consequences include the following: (i) if our shares are “marketable stock” for purposes of the PFIC rules and a U.S. Holder makes a mark-to-market election with respect to its shares, the U.S. Holder will be required to include annually in its U.S. federal taxable income an amount reflecting any year-end increase in the value of its shares, (ii) if a U.S. Holder does not make a mark-to-market election, it may incur significant additional U.S. federal income taxes on income resulting from certain distributions on, or any gain from the disposition of, our shares, as such income generally would be allocated over the U.S. Holder’s holding period for its shares and subject to tax at the highest rates of U.S. federal income taxation in effect for such years, with an interest charge then imposed on the deferral of the resulting taxes with respect to such income, and (iii) dividends paid by us would not be eligible for reduced individual rates of U.S. federal income taxation in any year in which we are treated as a PFIC and in any year immediately following a year in which we are treated as a PFIC. In addition, U.S. Holders that own an interest in a PFIC are required to file additional U.S. federal tax information returns under guidance that has yet to be finalized. A U.S. Holder may not make a mark-to-market election with respect to any of our subsidiaries that are PFICs to mitigate the adverse tax consequences applicable under the PFIC rules attributable to any such subsidiary.

The classification of our gross operating income as income from services, which should not be considered passive income for purposes of the PFIC income test, or rents, which could be passive income for that purpose, is a facts and circumstances determination that takes into consideration many factors and the weight that should be given to each factor and is currently subject to significant uncertainty under the U.S. federal income tax law. We believe that our gross operating income should be classified principally as income from services and not from rents, and that, accordingly, we should not be a PFIC under the PFIC income test. Nevertheless, there can be no assurance that the Internal Revenue Service, or IRS, will agree with our conclusion and that the IRS would not successfully challenge our position. Accordingly, there can be no assurance that we are not currently a PFIC and that we will not be a PFIC in the future under the PFIC income test.

The term “U.S. Holder” means a beneficial owner of shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of its source or (4) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

Risks Related to Our Ownership Structure

We are controlled by a shareholder group, which might have interests that conflict with ours or the interests of our other shareholders.

As of April 30, 2016, the Major Investors hold securities representing approximately 49.9% (without taking into account any preferred shares issued or to be issued in respect of amounts accrued as preferred dividends) and 28.1%, respectively, of the voting power of all of our shareholders (subject to certain adjustments, if any). CD&R and First Reserve also have the ability to appoint a majority of our directors and have entered into a voting agreement relating to the election of directors. As a result, the Major Investors (and their assignees) have the ability to determine matters requiring shareholder approval, including without limitation, the election and removal of directors, and business

combinations, changes of control and sales of all or substantially all of our assets.

Circumstances may occur in which the interests of the Major Investors could be in conflict with our interests or the interests of our other shareholders. For example, First Reserve and CD&R are both in the business of making investments in companies and might from time to time in the future acquire interests in businesses that directly or indirectly compete with certain portions of our business or that are suppliers or customers of ours. Further, if First Reserve or CD&R pursue such acquisitions or make further investments in our industry, those acquisitions and investment opportunities might not be available

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to us. So long as the Major Investors continue to directly or indirectly own a significant amount of our equity, even if such amount is less than 50%, the Major Investors, as a group, will continue to be able to influence our decisions. In addition, this concentration of ownership could have the effect of delaying, preventing or deterring a change of control of our Company, could deprive shareholders of an opportunity to receive a premium for their ordinary shares as part of a sale of our Company and might ultimately affect the market price of our ordinary shares.

Risks Related to the Ownership of Our Shares

Due to our Chapter 11 bankruptcy proceedings, our ordinary shares may have no value and any investment in our shares is highly speculative.

Due to our current Chapter 11 bankruptcy proceedings, our ordinary shares may have no value and any investment in our shares is highly speculative. No assurance can be given that shareholders will realize their investment objectives or that we will be able to emerge from bankruptcy and operate profitably in the foreseeable future.

The market for our ordinary shares historically has experienced significant price and volume fluctuations. The market for our ordinary shares historically has experienced and may continue to experience significant price and volume fluctuations similar to those experienced by the broader stock market in recent years. Generally, the fluctuations experienced by the broader stock market have affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our ordinary shares. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our affiliates or our competitors could cause the market price of our ordinary shares to fluctuate substantially.

We have not paid dividends on our ordinary shares historically and may not pay any cash dividends on our ordinary shares or preferred shares for the foreseeable future.

We have not paid cash dividends historically, nor do we expect to pay cash dividends on our ordinary shares or preferred shares in the foreseeable future due to our current Chapter 11 bankruptcy proceedings.

Pursuant to the terms of our preferred shares, which rank senior to our ordinary shares, we are required to pay regular cash dividends or issue shares in respect of amounts accrued as dividends on the preferred shares, and we may be required under certain circumstances to repurchase the preferred shares; we are currently unable to pay such obligations while we are in Chapter 11 proceedings and are likely not to pay any cash dividends for the foreseeable future.

Our preferred shares issued have different dividend rights than our ordinary shares. Holders of preferred shares are entitled to participate ratably in all dividends paid on ordinary shares and, in addition, receive cumulative dividends payable quarterly at a rate of 8.5% per annum. The preferred dividends are payable in cash or satisfied by the issuance of preferred shares to the holders of preferred shares in lieu of cash quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on the first such quarterly date following the issuance of the preferred shares. We will issue preferred shares in respect of amounts of preferred dividends accruing up to November 12, 2016, the second anniversary of the second closing, and amounts of preferred dividends accruing after such anniversary will be either paid in cash or we will issue preferred shares in lieu of cash to the holders of preferred shares at our option, subject to certain conditions. We are currently unable to pay such obligations while we are in Chapter 11 proceedings and are not likely to pay any cash dividends for the foreseeable future. If we fail to make timely dividends or in certain other circumstances, the dividend rate will increase to 11.5% per annum until such time as all accrued but unpaid dividends have been paid in full. In addition, the holders of our preferred shares have certain redemption rights, including upon certain change in control events involving us, which, if exercised, could require us to repurchase all of the outstanding preferred shares at the original purchase price of the preferred shares plus all accrued but unpaid dividends. Our obligations to pay regular dividends to the holders of preferred shares or any required repurchase of the outstanding preferred shares could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of preferred shares could also limit our ability to obtain additional

financing or increase our borrowing costs, which could have an adverse effect on our financial condition.

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Our preferred shares have rights, preferences and privileges that are not held by, and are preferential to the rights of, holders of our ordinary shares. Such preferential rights could adversely affect our liquidity and financial condition, and may result in the interests of the holders of our preferred shares differing from those of the holders of our ordinary shares.

Holders of preferred shares have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to shareholders, before any payment may be made to holders of ordinary shares, an amount equal to the greater of (a) the liquidation value and (b) the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding preferred shares had been converted into ordinary shares immediately prior to such liquidation, dissolution or winding up.

In addition, dividends on the preferred shares accrue and are cumulative, whether or not declared by our board of directors, at the rate of 8.5% per annum on the sum of the original issue price plus all unpaid accrued and accumulated dividends thereon. These preferred dividends are payable in cash or we will issue preferred shares to the holders of preferred shares in lieu of cash quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing on the first such quarterly date following the issuance of the preferred shares. With respect to the preferred dividends accruing up to November 12, 2016, the second anniversary of the second closing, we will issue preferred shares in lieu of paying a dividend in cash, and amounts of preferred dividends accruing after such anniversary will be either paid in cash or we will issue preferred shares in lieu of cash to the holders of preferred shares at our option, subject to certain conditions. If we fail to make timely dividends or in certain other circumstances, the dividend rate will increase to 11.5% per annum until such time as all accrued but unpaid dividends have been paid in full or preferred shares have been issued in lieu thereof. Moreover, if we declare or pay a cash dividend on our ordinary shares, we will be required to declare and pay a dividend on the outstanding preferred shares on a pro rata basis with the ordinary shares determined on an as-converted basis. The holders of our preferred shares are also able to require the redemption of all or any of their preferred shares upon our change of control at a purchase price equal to the liquidation value of such preferred shares.

Holders of preferred shares have the right to vote at all shareholders meetings together with, and as part of one class with, the ordinary shares (on an as-converted basis), provided, however, that the preferred shares of any one holder and its affiliates (together with any votes of such holder and its affiliates in respect of any previously issued ordinary shares upon conversion of preferred shares) do not represent more than 49.9% of the total number of votes. In addition, the prior written consent of the holders of a majority of the preferred shares is required to, among other things, (i) create, or issue additional, equity or convertible securities other than voting or non-voting ordinary shares or (ii) enter into a debt agreement restricting the payment of dividends or a distribution by the issuance of preferred shares or the conversion of preferred shares into ordinary shares.

Our obligations to pay the preferred dividends and other dividends to the holders of our preferred shares on a pro-rata basis with the ordinary shares, and to repurchase any and all of the outstanding preferred shares under certain circumstances, could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of preferred shares could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of our preferred shares and those of our ordinary shares.

We are a holding company and, accordingly, are dependent upon distributions from our subsidiaries to generate the funds necessary to meet our financial obligations and pay dividends.

We are a holding company and have no business operations of our own. We have no independent means of generating revenue. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to pay our expenses and to pay any cash dividends. There can be no assurance that our subsidiaries will generate sufficient cash flow to dividend or distribute funds to us or that applicable laws, their operating documents and contractual restrictions, including negative covenants in our or their debt instruments, will permit such dividends or distributions. Our debt instruments currently restrict the ability of our subsidiaries to pay dividends or make distributions to us.

The requirements of being a public company may strain our resources and distract our management.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain the effectiveness of our disclosure

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controls and procedures and internal controls, we are required to commit significant resources and management oversight. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations. We have incurred and expect to incur significant annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal and administrative personnel, auditing and legal fees and similar expenses.

Provisions of our articles of association and Cayman Islands corporate law may discourage or prevent an acquisition of us which could adversely affect the value of our ordinary shares.

Provisions of our memorandum and articles of association, as amended (or our articles of association), and Cayman Islands law may have the effect of delaying or preventing a change of control or changes in our management. Our articles of association contain provisions that:

permit our board of directors to issue, without any further vote or action by our shareholders, preferred shares in one or more series and, with respect to each series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of such series, and the preferences and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of the series; and

provide for our board of directors to be a classified board.

The foregoing provisions may impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing shareholders.

Our organizational documents contain a variety of anti-takeover provisions that could delay, deter or prevent a change in control.

Various provisions of our organizational documents and Cayman Islands law may delay, deter or prevent a change in control of us that is not approved by our board of directors. These provisions include:

- a classified board of directors;

- a requirement that annual general meetings of shareholders be called by only a majority of the board of directors or by the Chairman of the board of directors or in the case of extraordinary general meetings, by a majority of the board of directors, by the Chairman of the board of directors or by shareholders holding not less than a majority of our shares then outstanding;

- a requirement that shareholder proposals and nominations will be considered only at an extraordinary general meeting convened for such purpose; and

- the authority of the board of directors to issue preferred shares with such terms as the board of directors may determine.

Shareholder rights under Cayman Islands law may differ materially from shareholder rights in the United States, which could adversely affect the ability of us and our shareholders to protect our and their interests.

We are a company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our articles of association, as amended and restated from time to time, by the Companies Law (as revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands, as well as from English common law, the decisions of whose courts are of persuasive authority but are not binding on a court in the Cayman Islands. In particular, some jurisdictions, such as the state of Delaware, have more fully developed and judicially interpreted bodies of corporate laws. Moreover, there are certain types of corporate transactions which may be carried out under the laws of the Cayman Islands pursuant to which dissenting shareholders would not have automatic statutory rights comparable to appraisal rights that might otherwise ordinarily be available to dissenting shareholders of certain U.S. corporations. Historically, there have not been any reported instances of class actions having been successfully brought before the Cayman Islands courts. Such actions are ordinarily available in respect of U.S. corporations in U.S. courts. Finally, Cayman Islands companies might not have standing to initiate shareholder derivative actions before the federal courts of the United States. As a result, our public shareholders could face different considerations in

protecting their interests in actions against our management, directors or controlling shareholder than would shareholders of a corporation

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incorporated in a jurisdiction in the United States, and our ability to protect our interests may be limited if we are harmed in a manner that would otherwise enable us to sue in a United States federal court.

As a shareholder, you might have difficulty obtaining or enforcing a judgment against us because we are incorporated under the laws of the Cayman Islands.

Because we are a Cayman Islands company, there is uncertainty as to whether the Grand Court of the Cayman Islands would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in the Cayman Islands against us predicated upon the securities laws of the United States or any state thereof. Our Major Investors may compete with us, and our articles of association contain a provision that expressly permits our non-employee directors to compete with us.

First Reserve and/or CD&R may compete with us for investments in our business. There is no assurance that any conflicts of interest created by such competition will be resolved in our favor. Moreover, First Reserve and CD&R are both in the business of making investments in companies and might acquire or hold interests in businesses that compete directly or indirectly with us. Our articles of association provide that, to the maximum extent permitted from time to time by Cayman Islands law, we renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered to such person in his or her capacity as a director of the Company, and none of First Reserve or its affiliates, or any director who is not employed by us or any of his or her affiliates, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates. First Reserve and/or CD&R also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities might not be available to us. Our articles of association also provide that any director, officer, committee member or agent of both the Company and a member of First Reserve and its affiliates (or an Identified Person), First Reserve or any non-employee director taking, developing, offering or transferring to another person or entity, any potential transaction, business or investment opportunity that has been renounced by the Company shall not constitute an act or omission committed in bad faith or as the result of active or deliberate dishonesty, and any benefit received, directly or indirectly, by First Reserve, an Identified Person or any non-employee director as the result of any such potential transaction, business or investment opportunity shall not constitute receipt of an improper benefit, or an improper personal benefit, in money, property, services or otherwise.

Our articles of association provide that, to the maximum extent permitted from time to time by Cayman Islands law, each of our non-employee directors (including those designated by First Reserve and CD&R) may: acquire, hold and dispose of ordinary shares for his or her own account or for the account of others, and exercise all of the rights of a shareholder to the same extent and in the same manner as if he or she were not our director; and in his or her personal capacity or in his or her capacity as a director, officer, trustee, shareholder, partner, member, equity owner, manager, advisor or employee of any other person, have business interests and engage in business activities that are similar to ours, compete with us or involve a business opportunity that we could seize and develop. Our articles of association also provide that, to the maximum extent permitted from time to time by Cayman Islands law, in the event that First Reserve or any non-employee director acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our ordinary shares and our ability to satisfy our debt service obligations.

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Item 1B. Unresolved staff comments

None.

Item 2. Properties

The number and types of helicopters which we operate are described in “Item 1. Business” elsewhere in this Annual Report on Form 10-K.

We currently operate through a network of bases on six continents, using facilities that include hangars, supply and service centers, engineering support facilities and offices. In Norway, the United Kingdom, the Netherlands and Australia, we generally own the hangars we use in our helicopter operations, which are located primarily on leased airport land. We typically lease supply and service centers, engineering support facilities and offices from third parties. The principal properties from which we now conduct our operations are as follows. Note that all buildings listed below are on leased land, with the exception of the building located in Den Helder, Netherlands.

Location	Operations	Building Sq. Feet	Buildings
Richmond, British Columbia, Canada	Headquarters of Heli-One Canada Inc.	80,000	Owned
Delta, British Columbia, Canada	Headquarters for Heli-One Segment	240,000	Leased
Aberdeen, Scotland	Headquarters for the Western North Sea region	42,000	Leased
	Terminal Building	25,000	Owned
Stavanger, Norway	Headquarters for the Eastern North Sea region	199,000	Owned
	Headquarters for Heli-One Norway	179,000	Owned
Fort Collins, Colorado	Heli-One American Support, LLC	80,000	Leased
Hoofddorp, Netherlands	Global distribution center in the Africa-Euro Asia region	31,000	Leased
Bergen, Norway	Eastern North Sea; hangar	66,000	Owned
Den Helder, Netherlands	Western North Sea; hangar	56,000	Owned
Perth, Australia	Headquarters for the Asia Pacific region	7,400	Leased
Irving, Texas	CHC Global Operations Center	26,900	Leased
Rzeszow, Poland	Heli-One (Poland)	65,000	Owned
Cabo Frio, Brazil	Brazil; hangar	70,000	Owned
Houston, Texas	CHC Sales Office	7,700	Leased

Additional information about our lease and capital commitments and information about our property and equipment by geographic area can be found in notes 24 and 26 respectively in our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 elsewhere in this Annual Report on Form 10-K.

Item 3. Legal proceedings

One or more of our subsidiaries are, from time to time, named as defendants in lawsuits arising in the ordinary course of our business. Such disputes may involve, for example, breach of contract, employment, wrongful termination and tort claims. We maintain adequate insurance coverage to respond to most claims. We cannot predict the outcome of any such lawsuits with certainty, but we do not expect the outcome of pending or threatened legal matters to have a material adverse impact on our financial condition.

On May 5, 2016, the Company and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under the Bankruptcy Code, see “Item 1. Business - Voluntary Filing under Chapter 11” included elsewhere in this Annual Report on Form 10-K. As a result of the Chapter 11 filings, attempts to prosecute, collect, secure or enforce remedies with respect to pre-petition claims against the Debtors are subject to the automatic stay provisions of Section 362(a) of the Bankruptcy Code, including litigation relating to the entities involved in the Chapter 11 filings.

Notwithstanding the general application of the automatic stay described above, certain foreign governmental authorities, foreign courts and foreign parties may argue that the automatic stay does not apply in their jurisdiction and seek to continue any ongoing litigation.

The two securities class action lawsuits that were previously filed against us were consolidated into a single action, Rudman et al. v. CHC Group et al., which is pending in federal district court for the Southern District of New York. A consolidated amended complaint was filed on November 6, 2015. The amended complaint alleges that we and others failed to

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disclose in our IPO materials that one of our major customers, Petrobras, had suspended payments on certain contracts due to the global stand-down of Airbus H225 aircraft. The amended complaint seeks class treatment and unspecified damages. We have filed a motion to dismiss and are awaiting a hearing date on that motion. We maintain adequate insurance to respond to these complaints. Moreover, we dispute the allegations in the complaints and will vigorously defend against them. At April 30, 2016, it is not possible to determine the ultimate outcome of this matter, or the significance, if any, to our business, financial condition and results of operations.

In addition, from time to time, we are involved in tax and other disputes with various government agencies. The following summarizes certain of these pending disputes:

On May 2, 2008, Brazilian customs authorities seized one of our helicopters (customs value of \$10.0 million) as a result of allegations that we violated Brazilian customs law by failing to ensure our customs agent and the customs agent's third-party shipping company followed approved routing of the helicopter during transport. We secured release of the helicopter and are disputing through court action any claim for penalties associated with the seizure and the alleged violation. We preserved our rights by filing a civil action against our customs agent for any losses that may result. The State Court of São Paulo has ruled that our agent will be responsible for the value of the helicopter if the government's seizure is upheld. That decision is under appeal. At April 30, 2016, it is not possible to determine the ultimate outcome of this matter, or the significance, if any, to our business, financial condition and results of operations.

Our Brazilian subsidiary is disputing claims from the Brazilian tax authorities that it was not entitled to certain credits in 2004 and 2007. The tax authorities are seeking up to \$2.0 million in additional taxes plus interest and penalties. We believe that based on our interpretation of tax legislation and well established aviation industry practice we are in compliance with all applicable tax legislation and plan to defend this claim vigorously. At April 30, 2016, it is not possible to determine the outcome of this matter or the significance, if any, to our business, financial condition and results of operations.

Our Brazilian subsidiary is also disputing assessments from the municipal governments in Macaé and Cabo Frio related to cross-border flights and invoicing. The municipalities are seeking up to \$4.3 million in taxes and penalties. We do not believe the Company is liable for these amounts and will continue to dispute these assessments at the administrative level before the Municipal Tax Secretary in each jurisdiction. At April 30, 2016, it is not possible to determine the outcome of this matter or the significance, if any, to our business, financial condition and results of operations.

In the United Kingdom, the Ministry for Transport is investigating potential wrongdoing involving two ex-employees in conjunction with the SAR-H bid award processes. This arose from our self-reporting potential improprieties by these individuals upon their discovery in 2010. The SAR-H bid process was subsequently cancelled. We will continue to cooperate in all aspects of the investigation. On July 30, 2014, the UK Treasury Solicitors filed a claim for bid recovery costs of £17.8 million (\$26.0 million) against us and other parties involved in our cancelled bid. We dispute the bases for the claim and intend to vigorously defend against it. At April 30, 2016, it is not possible to determine the outcome of this matter, or the significance, if any, to our business, financial condition and results of operations.

Item 4. Mine safety disclosures

Not applicable.

PART II

Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities

Market Information

On July 23, 2015, we received a written notice from the NSYE stating that we were not in compliance with one of the continued listing standards because the average closing price of our ordinary shares was less than \$1.00 per share over a period of 30 consecutive trading days. On December 1, 2015, we announced a plan to implement a reverse share

split, by way of consolidation, whereby all of our ordinary shares of capital stock (issued and unissued), of a nominal or par value of \$0.0001, would be proportionally adjusted to reflect the reverse share split ratio of 30:1 (that is, each 30 shares of stock would be consolidated into one share). The implementation of the reverse share split was approved by our shareholders and by our board of directors in December 2015 and was effective as of the open of trading on the NYSE on December 11, 2015. The primary purpose of the reverse share split was to increase the trading price of our ordinary shares in order to regain compliance with the \$1.00 minimum trading price requirement for continued listing on the NYSE. For additional information regarding the reverse share split, please refer to the Proxy Statement, which is incorporated by reference herein, or our Current Reports on Form 8-K filed with the SEC on December 1, 2015 and December 8, 2015.

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On August 28, 2015, we received another notice from the NYSE stating that we were also not in compliance with a different NYSE continued listing standard because our average global market capitalization over a consecutive 30 trading day period was less than \$50 million and, at the same time, our total shareholders' equity was less than \$50 million. On October 12, 2015, we submitted a plan to the NYSE that articulated steps we planned to take to regain compliance with this listing standard within 18 months. On November 25, 2015, we received notice from the NYSE that our plan had been accepted. However, on February 1, 2016 we received written notice from the NYSE of its intent to delist our ordinary shares, pursuant to NYSE requirements that NYSE-listed companies maintain an average global market capitalization of \$15.0 million or more over a consecutive 30 trading day period. On February 2, 2016, our ordinary shares were accepted for listing on the OTCQX, operated by OTC Markets Group Inc., and trading in our ordinary shares commenced on the OTCQX under the ticker symbol HELIF. Effective on the Petition Date, May 5, 2016, our ordinary shares ceased trading on the OTCQX International Market and began trading on the OTC Pink Marketplace, under the symbol "HELIQ".

As of July 11 2016, there were approximately 90 holders of record of our ordinary shares. Because many of our ordinary shares are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders.

We expect that our existing ordinary shares of the Company will be extinguished upon our emergence from Chapter 11, and existing shareholders will likely not receive consideration in respect of their share interests.

Price Range of Our Ordinary Shares

The following table sets forth the reported high and low sales closing prices of our ordinary shares during each quarter of our last two fiscal years ended April 30, 2015 and April 30, 2016, as quoted on the New York Stock Exchange and OTCQX, as adjusted for the effect of our reverse share split:

	Fiscal Year Ended April 30,			
	2015		2016	
	High	Low	High	Low
First Quarter	\$258.60	\$180.00	\$54.60	\$11.10
Second Quarter	\$213.60	\$148.20	\$27.00	\$8.70
Third Quarter	\$186.00	\$53.40	\$10.20	\$3.95
Fourth Quarter	\$75.30	\$33.30	\$3.67	\$0.75

The foregoing prices reflect inter-dealer prices, without retail mark-up, mark-down or commission.

Dividend Policy

We have never declared or paid any cash dividend on our ordinary shares. We currently intend to retain earnings, if any, to finance the development and growth of our business and do not anticipate paying cash dividends on our ordinary shares in the future. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. The payment of any future dividends is restricted during the Chapter 11 process.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We have not and do not currently intend to retire or repurchase any of our shares other than providing our employees with the option to withhold shares to satisfy tax withholding amounts due from employees upon the vesting of restricted shares in connection with our 2013 Omnibus Incentive Plan, an equity compensation plan that permits us to grant non-qualified stock options, incentive stock options, share appreciation rights, restricted shares, restricted share units, other share based awards and performance compensation awards to certain eligible directors, officers, employees, consultants or advisors of the Company and its affiliates. All values noted below have been adjusted for

the effect of our reverse share split.

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Period	Total Number of Shares Purchased	Weighted-Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Programs (in millions)
May 1, 2014 through April 30, 2015	1,150 ⁽ⁱ⁾	\$51.90 ⁽ⁱⁱ⁾	-	-
May 1, 2015 through April 30, 2016	2,266 ⁽ⁱ⁾	\$4.25 ⁽ⁱⁱ⁾	-	-
Total	3,416	\$20.29	-	-

(i) Consists solely of shares that were withheld to satisfy tax withholding amounts due from employees upon the vesting of previously issued restricted shares.

(ii) The weighted-average price paid per share is the weighted-average of the fair market prices at which we calculated the number of shares withheld to cover tax withholdings for the employees.

Item 6. Selected financial data

The following table shows our selected consolidated financial data for the periods and as of the dates indicated. The consolidated statement of operations for the fiscal years ended April 30, 2014, 2015 and 2016 and the balance sheet data as of April 30, 2015 and 2016 are derived from our audited annual consolidated financial statements and related notes for the respective fiscal periods included elsewhere in this Annual Report on Form 10-K. The consolidated balance sheet data as of April 30, 2012, April 30, 2013 and April 30, 2014 and the consolidated statements of operations for the fiscal years ended April 30, 2012 and April 30, 2013 are derived from our audited annual consolidated financial statements not included in this Annual Report on Form 10-K.

The selected consolidated financial data presented below is qualified in its entirety by reference to, and should be read in conjunction with “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited annual consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

We have prepared the consolidated financial statements assuming that we will continue as a going concern, despite the recurring net losses, substantial level of indebtedness and operating lease commitments, significant decline in consolidated revenues and filing for bankruptcy protection on May 5, 2016 described below. However, our independent registered public accountants Ernst & Young LLP have included an emphasis of matter paragraph in their auditors’ report, which states certain conditions exist which raise substantial doubt about our ability to continue as a going concern in relation to the above. The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty. See “Report of Independent Registered Public Accounting Firm” in our audited annual consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

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	As at and for the fiscal year ended April 30, (in thousands of U.S. dollars)				
	2012	2013	2014	2015	2016
Operating data:					
Revenue	\$1,692,539	\$1,743,847	\$1,764,979	\$1,707,699	\$1,382,489
Direct costs (i)	(1,382,425)	(1,391,837)	(1,460,037)	(1,444,532)	(1,135,576)
Earnings from equity accounted investees	2,844	4,718	7,240	11,069	6,375
General and administration costs	(70,108)	(74,113)	(95,087)	(83,857)	(71,480)
Depreciation	(112,967)	(131,926)	(144,573)	(143,653)	(162,150)
Restructuring expense	(22,511)	(10,976)	—	(80,347)	(94,691)
Asset impairments (ii)	(17,651)	(29,981)	(25,933)	(553,650)	(225,354)
Gain (loss) on disposal of assets	8,169	(15,483)	(6,631)	(13,407)	(2,795)
Operating income (loss)	97,890	94,249	39,958	(600,678)	(303,182)
Financing charges (iii)	(129,778)	(157,311)	(182,503)	(169,475)	(125,098)
Loss from continuing operations before income tax	(31,888)	(63,062)	(142,545)	(770,153)	(428,280)
Income tax expense	(48,225)	(54,452)	(28,374)	(24,607)	(9,506)
Loss from continuing operations	(80,113)	(117,514)	(170,919)	(794,760)	(437,786)
Earnings (loss) from discontinued operations, net of tax	(16,107)	1,025	—	—	—
Net loss	\$(96,220)	\$(116,489)	\$(170,919)	\$(794,760)	\$(437,786)
Net loss attributable to controlling interest	\$(108,642)	\$(119,436)	\$(172,548)	\$(805,151)	\$(440,023)
Net earnings attributable to non-controlling interests	12,422	2,947	1,629	10,391	2,237
Net loss	\$(96,220)	\$(116,489)	\$(170,919)	\$(794,760)	\$(437,786)
Net loss per ordinary share available to common stockholders—basic and diluted:					
Continuing operations	\$(61.42)	\$(77.68)	\$(92.57)	\$(335.02)	\$(180.63)
Discontinued operations	\$(10.69)	\$0.66	\$—	\$—	\$—
Net loss per ordinary share	\$(72.11)	\$(77.02)	\$(92.57)	\$(335.02)	\$(180.63)
Weighted average number of ordinary shares outstanding - basic and diluted	1,506,631	1,550,649	1,863,983	2,690,953	2,717,398
Balance sheet data:					
Cash and cash equivalents	55,639	123,801	302,522	134,297	266,130
Total assets	\$2,717,143	\$2,893,768	\$3,104,327	\$2,251,579	\$2,140,425
Total debt and capital lease obligations (iv)	1,287,080	1,477,225	1,550,262	1,219,279	1,685,420
Total liabilities	\$2,054,558	\$2,388,349	\$2,475,413	\$2,070,282	\$2,437,887
Capital stock	\$5	\$5	\$8	\$8	\$8
Shareholders' equity (deficit)	\$660,910	\$513,681	\$651,492	\$(425,466)	\$(960,296)

Direct costs includes helicopter lease and associated costs as these costs are combined in the consolidated statement (i) of operations, which is included in the audited annual consolidated financial statements included elsewhere in this Annual Report on Form 10-K for the fiscal years ended April 30, 2014, 2015 and 2016.

(ii) Asset impairments includes impairment of assets held for sale, property and equipment, receivables and funded residual value guarantees, intangible assets, goodwill and inventories.

(iii) Financing charges includes interest on long-term debt, foreign exchange gain (loss) and other financing income (charges). Other financing income (charges) includes amortization of deferred financing costs, net gain (loss) on

the fair value of forward contracts and embedded derivative financial instruments, net gain (loss) on debt extinguishment, interest income and expense and the other items set forth in note 15 to our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016, included elsewhere in this Annual Report on Form 10-K.

(iv) Total debt and capital lease obligations includes the net discount on our senior secured notes and excludes a facility secured by accounts receivables. As of April 30, 2016, the facility secured by accounts receivables had a balance of \$22.3 million. See note 3(a)(ii) to our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K.

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Item 7. Management's discussion and analysis of financial condition and results of operations

This management's discussion and analysis of financial condition and results of operations ("MD&A") is intended to provide an understanding of our results of operations, financial condition and where appropriate, factors that may affect future performance. The following discussion of our results of operations and financial condition should be read in conjunction with "Item 6. Selected Financial Data" and our audited annual consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussions include forward-looking statements that involve certain risks and uncertainties, including those identified under "Item 1A. Risk Factors" elsewhere in this Annual Report on Form 10-K. Our actual results could differ materially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements and Other Industry and Market Data" elsewhere in this Annual Report on Form 10-K.

We have prepared the consolidated financial statements assuming that we will continue as a going concern, despite the recurring net losses, substantial level of indebtedness and operating lease commitments, significant decline in consolidated revenues and filing for bankruptcy protection on May 5, 2016 described below. However, our independent registered public accountants Ernst & Young LLP have included an emphasis of matter paragraph in their auditors' report, which states certain conditions exist which raise substantial doubt about our ability to continue as a going concern in relation to the above. The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty. See "Report of Independent Registered Public Accounting Firm" in our audited annual consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Overview of Business

Voluntary Filing under Chapter 11

On the Petition Date, the Debtors filed voluntary petitions in the United States Bankruptcy Court for the Northern District of Texas seeking relief under Chapter 11 of Title 11 of the United States Code. This action was the result of our determination that the cost of our capital and leasing structure is no longer sustainable and we are unable to absorb the ongoing and precipitous decline in business demand from the oil and gas industry. See "Item 1. Business" included elsewhere in this Annual Report on Form 10-K for further information.

Business Overview

We are a global commercial operator of helicopters. Our mission is to provide the highest level of service in the industry.

Our helicopters are primarily used to facilitate large, long-distance crew changes on offshore production facilities and drilling rigs. We also provide search and rescue services, or SAR, and emergency medical services, or EMS, to government agencies and to our oil and gas customers. We maintain a presence in most major offshore oil and gas markets through a network of bases with operations in six continents. We cover this expansive and diverse geography with a fleet of 227 helicopters and the expertise to serve customers in ultra-deepwater and deepwater locations. Our fleet size will be subject to substantial change as we adjust to changing customer demand. As part of the Bankruptcy Cases, the Debtors have filed motions for the rejection and abandonment of 99 helicopters in our fleet which we believe we will no longer need in the operation of our business. As of July 15, 2016, the Bankruptcy Court had approved 65 helicopter lease rejections. To secure and maintain operating certificates in the many jurisdictions in which we provide helicopter services, we must meet stringent and diverse regulatory standards across multiple jurisdictions, and have an established track record in obtaining and maintaining certificates as well as working with regulators and local partners.

For the fiscal year ended April 30, 2016, revenue generated from oil and gas customers was approximately 78% of our consolidated revenues. We generated 10% of our consolidated revenues related to EMS/SAR services, with MRO services provided through our Heli-One segment representing the balance of total revenues. We generate the majority of our oil and gas customer Helicopter Services revenue from contracts tied to our customers' offshore production

operations, which can have long-term transportation requirements. We also provide maintenance, repair and overhaul, or MRO, services through our Heli-One business to both our own Helicopter Services segment and to third-party customers. Our MRO capabilities enable us to perform heavy structural repairs, and maintain, overhaul and test helicopters and helicopter components globally across various helicopter types.

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Segments

We report under two operating segments, as well as a Corporate segment that provides general and administration functions. Our two operating segments are as follows:

Helicopter Services:

Our Helicopter Services segment consists of flying operations in the Eastern North Sea, the Western North Sea, the Americas, the Asia Pacific region and the Africa-Euro Asia region, primarily serving our offshore oil and gas customers and providing SAR and EMS to government agencies and to our oil and gas customers. The Eastern North Sea is comprised mainly of Norway while the Western North Sea includes the United Kingdom, the Republic of Ireland and the Netherlands. The Americas is comprised of Brazil, North American countries and other South American countries. The Asia Pacific region includes Australia and Southeast Asian countries, including East Timor and Malaysia, and the Africa-Euro Asia region includes countries in Africa and Eastern Europe, including Kazakhstan.

Helicopter Services generated approximately 88% to 90% of its revenue for the three years ended April 30, 2016 from oil and gas customers and of this amount, the majority is tied to our customers' offshore production operations, which can have long-term transportation requirements.

Helicopter Services also provides SAR and EMS to government agencies and to our oil and gas customers. SAR and EMS revenue to non-oil and gas customers has historically contributed approximately 10% to 12% of Helicopter Services revenue for the three years ended April 30, 2016.

Heli-One:

Our Heli-One segment includes helicopter maintenance, repair and overhaul facilities in Norway, Poland, Canada and the United States, providing services for our fleet and for our external customer base primarily in Europe, Asia and North America. Although intersegment revenues are eliminated from the presentation of our consolidated financial information, operationally, Heli-One's largest customer is our Helicopter Services segment.

We have historically generated the majority of our third-party Heli-One revenue by providing maintenance, repair and overhaul services to other helicopter operators. Approximately 38%, 40% and 34% of our third-party Heli-One revenue in fiscal 2014, 2015, and 2016, respectively, was derived from "power by the hour" contracts, where the customer pays a ratable monthly charge, typically based on the number of hours flown, for all scheduled and un-scheduled maintenance.

Key Financial and Operating Metrics

We use a number of key financial and operating metrics to measure the performance of our business, including Adjusted EBITDAR, Adjusted EBITDAR excluding special items, Adjusted EBITDAR margin, Adjusted EBITDAR margin excluding special items, and Adjusted net loss. None of Adjusted EBITDAR, Adjusted EBITDAR excluding special items, Adjusted EBITDAR margin, Adjusted EBITDAR margin excluding special items, nor Adjusted net loss is required by, or presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"). These non-GAAP measures are not performance measures under GAAP and should not be considered as alternatives to net earnings (loss) or any other performance or liquidity measures derived in accordance with GAAP. In addition, these measures may not be comparable to similarly titled measures of other companies.

The following table shows our external revenue generated by segment, our Adjusted net loss, our Adjusted EBITDAR excluding special items, our Adjusted EBITDAR margin excluding special items, operating income (loss), and operating margin, for the fiscal years ended April 30, 2014, 2015 and 2016:

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	For the fiscal year ended April 30,		
	2014	2015	2016
Helicopter Services operating revenue	\$1,453,039	\$1,411,901	\$1,133,476
Reimbursable revenue	164,669	145,418	99,649
Helicopter Services total revenue	1,617,708	1,557,319	1,233,125
Heli-One external revenue	147,271	150,380	149,364
Total revenue	\$1,764,979	\$1,707,699	\$1,382,489
Adjusted net loss	\$(96,689)	\$(123,451)	\$(136,051)
Adjusted EBITDAR excluding special items	470,940	461,356	444,113
Adjusted EBITDAR margin excluding special items	29.4	% 29.5	% 34.6
Operating income (loss)	\$39,958	\$(600,678)	\$(303,182)
Operating margin (i)	2.3	% (35.2)%	(21.9)%

(i) Operating margin is calculated as operating income (loss) divided by total revenue.

Adjusted EBITDAR, Adjusted EBITDAR excluding special items, Adjusted EBITDAR margin, Adjusted EBITDAR margin excluding special items, and Adjusted net loss are non-GAAP financial measures. We have chosen to include Adjusted EBITDAR and Adjusted EBITDAR excluding special items, as we consider these to be useful supplemental measures of our financial performance and we use these measures to assist us in allocating available capital resources. Adjusted EBITDAR is defined as earnings before interest, taxes, depreciation, amortization, helicopter lease and associated costs, restructuring expense, asset impairments, gain (loss) on disposal of assets, foreign exchange gain (loss) and other financing income (charges) or total revenue plus earnings from equity accounted investees, less direct costs, excluding helicopter lease and associated costs, and general and administration costs. Adjusted EBITDAR excluding special items excludes corporate transaction and other costs. Adjusted EBITDAR margin is calculated as Adjusted EBITDAR divided by total revenue less reimbursable revenue. Adjusted EBITDAR margin excluding special items is calculated as Adjusted EBITDAR margin excluding special items divided by total revenue less reimbursable revenue. For additional information about our segment revenue and Adjusted EBITDAR, including a reconciliation of these measures to our audited annual consolidated financial statements, see note 26 of our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K.

We have chosen to include Adjusted net loss as it provides us with an understanding of the results from the primary activities of our business by excluding corporate transaction and other costs, restructuring expense, gain (loss) on disposal of assets, asset impairments, net gain (loss) on debt extinguishment, the unrealized gain (loss) on the revaluation of our derivatives and foreign exchange gain (loss), which is primarily driven by the translation of U.S. dollar balances in entities with a non-U.S. dollar functional currency. This measure excludes the net earnings or loss attributable to non-controlling interests. We believe that this measure is a useful supplemental measure as net loss includes these items, and the inclusion of these items may not provide a meaningful indicator of the ongoing operational results of our business. For additional information about our Adjusted net loss, including reconciliation to our audited annual consolidated financial statements, see “—Summary Results of Operations.”

Key Drivers Affecting our Results of Operations

Our results of operations and financial condition are affected by numerous factors, including those described under “Item 1A. Risk Factors” elsewhere in this Annual Report on Form 10-K and those described below:

General level of offshore production and drilling activity. Demand for our services depends primarily upon ongoing offshore hydrocarbon production and the capital spending of oil and gas companies and the level of offshore drilling activity. Higher activity levels can lead to greater utilization of our helicopters by our customers. Because a large portion of our costs are fixed, our Adjusted EBITDAR margins typically improve when more of our helicopters are deployed.

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Impact of fleet mix. Generally, contracts for our helicopter services requiring heavier and newer helicopters provide an opportunity to generate greater profit than lighter and older helicopters. Consequently, our revenue and profit opportunity improves as we upgrade our fleet and enter into new contracts.

Timing of new contracts and our commencement of service under new contracts. Our results of operations in a particular period can be impacted by the timing of the execution of new contracts and our ability to provide services under new contracts.

Outlook

We generate the majority of our total revenue from contracts tied to our oil and gas customers' offshore production operations, which can have long-term transportation requirements. A substantial portion of our oil and gas customer revenue comes from transporting personnel to and from offshore drilling rigs. For the fiscal year ended April 30, 2016, revenue generated from oil and gas customers was approximately 78% of our consolidated revenues, with 10% of our consolidated revenues related to EMS/SAR services and the balance related to MRO services provided through our Heli-One segment.

Since mid-2014, there has been a severe and prolonged decline in Brent crude oil prices due to a combination of sustained high supply from the Organization of the Petroleum Exporting Countries and from North America, and more recently due to additional supply from Iran as a result of the lifting of sanctions, coupled with weaker demand due to continued economic uncertainty in China, Europe, and the United Kingdom. As the weakness in the price of oil has continued since mid-2014, the length and depth of the decline in oil and gas prices has put severe pressure on the industry. Our oil and gas customers continue to implement substantial reductions in their exploration projects and are actively reducing their capital and operating expenditure plans. As our customers are actively managing their costs, we have seen increased pricing pressure on us and the impact of changes in activity levels.

This continued downward pressure to reduce prices and the volatility in the oil and gas sector generally, and the potential impact of such volatility on offshore exploration and production, has had a significant negative impact on the demand for offshore helicopter transportation services. The continued decrease in demand from oil and gas customers has resulted in an increasing number of helicopters in our fleet becoming idle and unproductive. Customers are deferring exploration activities to the future, focusing on shorter life-cycle projects, exiting certain geographies or divesting of certain areas of business and canceling final investment decisions. We have seen this particularly in our Africa-Euro Asia region, as our customers have implemented wide-ranging capital expenditure reduction programs. Revenue in our Africa-Euro Asia region has declined 41% in fiscal 2016 compared to fiscal 2015, primarily as a result of reduced exploration activity. However, we have also experienced reductions in revenues with oil and gas production customers. Though the majority of our revenue is derived from contracts tied to our oil and gas customers' offshore production operations, which is typically less cyclical in nature than the exploration and development business, we have seen operational and other changes implemented by customers to reduce costs. Certain customer contracts permit termination for convenience and certain customers have been able to extract concessions and more favorable contract terms from us as market competition has intensified. Customers are also making operational changes such as less frequent worker rotations and changes in service patterns to increase their productivity. The North Sea, which is a mature oil and gas production region, continues to be our core operating area, with approximately half of Helicopter Services' revenue being derived from this region, which primarily serves oil and gas production customers. Overall revenue in this region has declined by 18% in fiscal 2016 compared to fiscal 2015, in part due to the strengthening of the U.S. dollar relative to the local currencies of our operations, but also due to reductions in customer activity. Brazil, one of our significant operating regions, continues to face internal and macroeconomic headwinds, where locally Petrobras, our largest customer in this region, has announced significant reductions in spending. We have experienced similar revenue reductions and price pressures across our other regions. We believe that helicopter service is the most efficient and often the only viable or permitted form of transportation in many jurisdictions. Though we believe that in the longer term oil platforms are increasingly moving further offshore, and new, larger and more complex platform designs will mean that long-term demand for new technology medium and heavy helicopters will increase, the continued significant economic uncertainty means that this longer-term demand for new technology medium and heavy helicopters has been significantly outweighed by continued cost

reductions across the industry due to uncertainty over future Brent crude prices. Due to this significant prolonged reduction in demand and our capital and leasing structure, we have determined that the cost of our capital is no longer sustainable and we are unable to absorb the ongoing and precipitous decline in business demand from the oil and gas industry. On May 5, 2016, the Debtors filed Petitions seeking relief under the Bankruptcy Code. See “Item 1. Business” included elsewhere in this Annual Report on Form 10-K for further information.

On April 29, 2016, one of our Airbus H225 helicopters was involved in an accident near the Flesland Airport in Bergen, Norway. Pending the outcome of the investigation, we have suspended, together with other operators, flying operations

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of the H225 helicopter. The H225 helicopter is one of two types of heavy, new technology helicopters in our fleet. In the interim, we have substituted Sikorsky S92A and other aircraft types where appropriate to continue to serve our customers' needs. It is too early to determine the extent of the impact of the accident on our results of operations or financial condition based on information currently available. We are complying fully with all regulatory requirements. See “—Aviation Safety and Regulatory Developments” included elsewhere in this Annual Report on Form 10-K for further information.

Our MRO services, operated through our Heli-One business, are dependent on helicopter maintenance demand. This is generally highest during periods of high helicopter service demand where high flying hours result in more frequent maintenance, most of which is required by regulation. Heli-One continues to develop its third-party business for both PBH and non-PBH revenue streams. We continue to seek to expand our customer base, with new business including customers in Japan, the Republic of Korea and Brazil. External revenue for our Heli-One business has remained relatively flat during the fiscal years ended April 30, 2014, 2015 and 2016 despite the significant decline in the oil and gas industry.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the EU. As a result of the referendum, it is expected that the United Kingdom will negotiate the terms of their future relationship with the EU. We face uncertainties regarding how the United Kingdom's access to the EU Single Market and the wider trading, legal, regulatory and labor environments, especially in the United Kingdom and EU, will be impacted by the United Kingdom's vote to exit the EU, including the resulting impact on our business and that of our customers. We are uncertain about the future regulatory implications of the United Kingdom's exit from the EU. There could be increased regulatory complexities that may affect our business and how customers flying in the North Sea region may be impacted. Finally, the United Kingdom's exit may also affect currency exchange rates and adversely impact our revenues leading to additional economic uncertainty.

We conduct our business in various foreign jurisdictions, and as such, our cash flows, revenues and earnings are subject to fluctuations and related risks from changes in foreign currency exchange rates. Our reported results have been negatively impacted as a result of the strengthening of the U.S. dollar against most major currencies compared to fiscal 2015, primarily because approximately half of our Helicopter Services' revenue is derived from the North Sea region and is transacted primarily in the local currencies of that region. Throughout the fiscal year ended 2016, our primary foreign currency exposures were related to the Norwegian Kroner, the Euro, the British Pound Sterling, the Canadian dollar and the Australian dollar.

Aviation Safety and Regulatory Developments

On April 29, 2016, one of our Airbus H225 helicopters was involved in an accident near the Flesland Airport in Bergen, Norway. Authorities subsequently confirmed fatalities of the 11 passengers and two crew members on board. As with any similar event, this accident could result in legal and regulatory proceedings, liability and/or additional litigation and/or sanctions, which could materially adversely impact our revenue, profitability and/or operations. See “Item 1A. Risk Factors” in our Annual Report on Form 10-K, including “Operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents” for further information.

Following the incident, we immediately suspended all H225 helicopter flights, with the exception of those aircraft dedicated to life-saving SAR missions, in line with regulatory authorities in Norway and the UK, and out of respect for our work force and those of our customers, and to evaluate any implications associated with the accident.

Within a week of the accident, the AIBN stated that based on the information available, the H225 helicopter suffered in-flight separation of the main rotor hub from the main gearbox. As a precautionary measure, and while investigations are ongoing, Airbus Helicopters issued Emergency Airworthiness Service Bulletin (“EASB”) 553-A-058 and Revision 1 to EASB 553-A-058, and the European Aviation Safety Agency (“EASA”) issued Emergency Airworthiness Directive (“EAD”) 2016-0089, for additional inspection regimes.

On June 1, 2016, the Norwegian Civil Aviation Authority (“CAA”) issued another Safety and Operational Directive, which confirmed that as a result of the updated preliminary report from the AIBN (published on June 1, 2016) and contact with the UK CAA, it was decided that the scope of their Airbus Helicopters H225 and AS332 L2 Safety Directives would be extended to all operations, including SAR operations. The UK CAA issued a similar Directive on

June 2, 2016. Pending further investigation to determine the root cause of the accident, and development of mitigating measures by Airbus Helicopters, EASA decided, as an additional precautionary measure, to temporarily ground the fleet, but permit single ferry flights without passengers to recover aircraft to a suitable maintenance locations if required. This was communicated via an EAD. On June 28, 2016, the AIBN released another preliminary report regarding the likely cause of the accident, which is available at <http://www.aibn.no/Aviation/Investigations/16-286>. Neither the foregoing website nor the information contained on the website nor

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the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K.

Following the issuance of the EAD, CHC suspended all H225 operations, including those committed to SAR and Medevac. It is too early to determine the extent of the impact of the accident on our results of operations or financial condition based on information currently available. We are complying fully with all regulatory requirements. Previously, the Airbus Helicopters H225 helicopters were suspended following incidents in May 2012 and October 2012 that led to the widespread suspension of all over-water commercial flights involving Airbus Helicopters H225 helicopters. Following extensive investigation by the United Kingdom Air Accident Investigation Branch (“AAIB”), the aircraft manufacturer, independent analysis and the appropriate regulatory Authorities, approved modifications to the helicopters were completed and we commenced in July 2013 the phased re-introduction of our H225 fleet to full service. Full regular service on the Airbus Helicopters H225 fleet was completed during the fourth-quarter of the 2013 calendar year in conjunction with robust interim safety measures. On June 11, 2014, the UK AAIB issued its final report into both of the 2012 events. A full copy of the final report is available at <https://www.gov.uk/aaib-reports/aar-2-2014-g-redw-and-g-chn-10-may-2012>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K. The root cause of the 2012 events were attributed to the bevel gear vertical shaft design. In April 2014, Airbus Helicopters announced that a redesigned vertical gear shaft had been approved by the European Aviation Safety Agency, or EASA. The retrofitting of the redesigned gear shaft was completed on all of our operational H225 aircraft.

On August 23, 2013, one of our Airbus Helicopters AS332 L2 helicopters was involved in an accident near Sumburgh in the Shetland Isles, United Kingdom. Authorities subsequently confirmed four fatalities and multiple injuries among the 16 passengers and two crew members on board. The cause of the accident was subject to full investigations by the UK AAIB and continues to be subject to investigation by Police Scotland. As with any similar event, this accident could result in legal and regulatory proceedings, liability and/or additional litigation and/or sanctions, which could materially adversely impact our revenue, profitability and/or operations. See “Item 1A. Risk Factors” in our Annual Report on Form 10-K, including “Operating helicopters involves a degree of inherent risk and we are exposed to the risk of losses from safety incidents” for further information.

Following the 2013 accident, despite engineering and operating differences between the AS332 L, AS332 L1, AS332 L2 and H225 helicopters, for a limited period, we voluntarily canceled all our flights worldwide on those helicopter types (except for those involved in life-saving missions), out of respect for our work force and those of our customers, and to evaluate any implications associated with the accident.

Within a week of the accident, after consultation with our principal regulators, customers, union representatives and industry groups, and based on findings that there was no evidence to support a continuation of our temporary voluntary suspension and, on recommendations to return to active service all variants of these helicopter types, we resumed commercial passenger flights with all of these helicopter types to and from offshore oil and gas installations worldwide, excluding those in the UK with AS332 L2 helicopters. We resumed AS332 L2 commercial flights in the UK in mid-September 2013. All of these helicopter types were then returned to commercial operations worldwide. On October 18, 2013, the UK AAIB issued a special bulletin about its investigation on the possible causes of the AS332 L2 accident. A full copy of the special bulletin is available at <https://www.gov.uk/aaib-reports>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K. In the special bulletin, the UK AAIB confirmed that the wreckage examination and analysis of recorded data as well as information from interviews of people involved in the accident have not found any evidence of a technical fault that could have been causal to the accident.

On March 15, 2016, the UK AAIB issued its final report on this accident. A full copy of the final report is available at <https://www.gov.uk/aaib-reports/aircraft-accident-report-aar-1-2016-g-wnsb-23-august-2013>. Neither the foregoing website nor the information contained on the website nor the report accessible through such website shall be deemed incorporated into, and neither shall be a part of, this Annual Report on Form 10-K. In the final report, the UK AAIB

did not identify technical fault as causal factors in the accident. The investigation by Police Scotland is ongoing. It is too early to determine the extent of the impact of the accident on our results of operations or financial condition based on information currently available.

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Summary Results of Operations

	For the fiscal year ended April 30, (in thousands of U.S. dollars)		
	2014	2015	2016
Operating revenue	\$1,600,310	\$1,562,281	\$1,282,840
Reimbursable revenue	164,669	145,418	99,649
Total Revenue	1,764,979	1,707,699	1,382,489
Operating Expenses			
Direct costs (i)	(1,232,144)	(1,181,784)	(885,826)
Earnings from equity accounted investees	7,240	11,069	6,375
General and administration costs	(95,087)	(83,857)	(71,480)
Adjusted EBITDAR (ii)	444,988	453,127	431,558
Helicopter lease and associated costs (i)	(227,893)	(262,748)	(249,750)
Depreciation	(144,573)	(143,653)	(162,150)
Restructuring expense	—	(80,347)	(94,691)
Asset impairments	(25,933)	(553,650)	(225,354)
Loss on disposal of assets	(6,631)	(13,407)	(2,795)
Operating income (loss)	39,958	(600,678)	(303,182)
Interest on long-term debt	(153,222)	(126,481)	(116,335)
Foreign exchange loss	(6,028)	(25,153)	(12,402)
Other financing income (charges)	(23,253)	(17,841)	3,639
Loss before income tax	(142,545)	(770,153)	(428,280)
Income tax expense	(28,374)	(24,607)	(9,506)
Net loss	\$(170,919)	\$(794,760)	\$(437,786)
Net earnings (loss) attributable to:			
Controlling interest	\$(172,548)	\$(805,151)	\$(440,023)
Non-controlling interests	1,629	10,391	2,237
Net loss	\$(170,919)	\$(794,760)	\$(437,786)
Non-GAAP Financial Measures:			
Adjusted net loss (v)	\$(96,689)	\$(123,451)	\$(136,051)
Adjusted EBITDAR excluding special items (iii)	470,940	461,356	444,113
Adjusted EBITDAR margin (iv)	27.8	% 29.0	% 33.6
Adjusted EBITDAR margin, excluding special items (iv)	29.4	% 29.5	% 34.6

(i) Direct costs in the information above excludes helicopter lease and associated costs. These costs are combined in the consolidated statements of operations, which are included in the audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K.

(ii) Adjusted EBITDAR is a non-GAAP measure. See “—Key Financial and Operating Metrics” for the definition and discussion of this non-GAAP measure. Additional information about our Adjusted EBITDAR, including a reconciliation of this measure to our audited annual consolidated financial statements is also provided in note 26 of the audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K.

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Adjusted EBITDAR excluding special items is a non-GAAP measure. See “—Key Financial and Operating Metrics” (iii) for the definition and discussion of this non-GAAP measure. A description of the adjustments to and reconciliations of this non-GAAP financial measure to Adjusted EBITDAR is as follows:

	For the fiscal year ended April 30,		
	2014	2015	2016
Adjusted EBITDAR excluding special items	\$470,940	\$461,356	\$444,113
Corporate transaction costs	(25,952)	(8,229)	(12,555)
Adjusted EBITDAR	\$444,988	\$453,127	\$431,558

Adjusted EBITDAR margin and Adjusted EBITDAR margin excluding special items are non-GAAP measures. See “—Key Financial and Operating Metrics” for the definition and discussion of these non-GAAP measures. These (iv) measures are calculated by dividing the respective numerator by total revenues less reimbursable revenue as follows:

	For the fiscal year ended April 30,					
	2014		2015		2016	
Adjusted EBITDAR	\$444,988		\$453,127		\$431,558	
Adjusted EBITDAR excluding special items	470,940		461,356		444,113	
Total revenues less reimbursable revenue	1,600,310		1,562,281		1,282,840	
Adjusted EBITDAR margin	27.8	%	29.0	%	33.6	%
Adjusted EBITDAR margin, excluding special items	29.4	%	29.5	%	34.6	%

Adjusted net loss is a non-GAAP measure. See “—Key Financial and Operating Metrics” for the definition and (v) discussion of this non-GAAP measure. A description of the adjustments to and reconciliations of this non-GAAP financial measure to the most comparable GAAP financial measure is as follows:

	For the fiscal year ended April 30,		
	2014	2015	2016
Adjusted net loss	\$(96,689)	\$(123,451)	\$(136,051)
Corporate transaction and other costs	(25,952)	(8,229)	(12,555)
Restructuring expense	—	(80,347)	(94,691)
Asset impairments	(25,933)	(553,650)	(225,354)
Loss on disposal of assets	(6,631)	(13,407)	(2,795)
Foreign exchange loss	(6,028)	(25,153)	(12,402)
Net gain (loss) on debt extinguishment	(7,668)	(11,340)	17,799
Unrealized gain (loss) on derivatives	(3,647)	10,426	26,026
Net loss attributable to controlling interest	\$(172,548)	\$(805,151)	\$(440,023)

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The Fiscal Year Ended April 30, 2015 Compared to the Fiscal Year Ended April 30, 2016

Consolidated Results Summary

For the fiscal year ended April 30,
(In thousands of U.S. dollars)

	2015	2016	Favorable (Unfavorable)	
			\$ Change	% Change
Helicopter Services (i)	\$1,557,319	\$1,233,125	\$ (324,194)	(20.8)%
Heli-One	150,380	149,364	(1,016)	(0.7)%
Total revenue	\$1,707,699	\$1,382,489	\$ (325,210)	(19.0)%
Direct costs (ii)	(1,181,784)	(885,826)	295,958	25.0 %
Helicopter lease and associated costs	(262,748)	(249,750)	12,998	4.9 %
Total direct costs	\$(1,444,532)	\$(1,135,576)	\$ 308,956	21.4 %
Flying hours	137,760	115,653	(22,107)	(16.0)%
# of helicopters	231	227	(4)	(1.7)%

(i) Includes revenue from the customer reimbursement of fuel costs of \$75.1 million for the fiscal year ended April 30, 2015 and \$50.4 million for the fiscal year ended April 30, 2016.

(ii) Includes \$75.8 million in fuel costs for the fiscal year ended April 30, 2015 and \$51.5 million for the fiscal year ended April 30, 2016.

Consolidated Results of Operations

Revenue

Consolidated revenue decreased by \$325.2 million to \$1.4 billion compared to fiscal 2015, a decrease of 19.0%. Revenue decreased in our Helicopter Services segment by \$324.2 million but was flat in our Heli-One segment compared to fiscal 2015. The changes in external revenue in our two segments are explained below.

Helicopter Services

For the fiscal year ended April 30,
(In thousands of U.S. dollars)

	2015	2016	Favorable (Unfavorable)	
			\$ Change	% Change
Eastern North Sea	\$338,800	\$277,561	\$ (61,239)	(18.1)%
Western North Sea	414,662	341,866	(72,796)	(17.6)%
Americas	299,615	248,149	(51,466)	(17.2)%
Asia Pacific	326,298	260,101	(66,197)	(20.3)%
Africa-Euro Asia	172,303	102,152	(70,151)	(40.7)%
Other	5,641	3,296	(2,345)	(41.6)%
Total	\$1,557,319	\$1,233,125	\$ (324,194)	(20.8)%

The total external revenue for Helicopter Services decreased by \$324.2 million, or 20.8%, compared to fiscal 2015, which included an \$88.3 million decrease related to the impact of foreign exchange in our North Sea and Asia Pacific regions. The U.S. dollar strengthened against most currency groups compared to fiscal 2015, which resulted in a decrease in reported U.S. dollar revenue amounts in these regions, where revenue was transacted primarily in the local currencies of our operations. The significant reduction in global oil prices since mid-2014 has continued to have a negative impact on our results as our customers reduced activity and capital spending, and in particular, reduced oil and gas exploration related activity. This primarily impacted revenues in our Africa-Euro Asia region, which decreased by \$70.2 million compared to fiscal 2015. However, we have seen declines in revenues with both production and exploration customers. The key variances by region were as follows:

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Eastern North Sea. Revenues in the Eastern North Sea decreased by \$61.2 million, or 18.1% compared to fiscal 2015. This was primarily due to the impact of the strengthening U.S. dollar on reported results in this region, which decreased revenue by \$41.6 million compared to fiscal 2015. Operationally, there was a \$31.8 million increase in revenue from new contract wins in the oil and gas sector, primarily from the provision of SAR helicopter flying services to certain oil and gas customers. The increase was offset by a \$51.4 million decrease as a result of a net reduction in activity levels with existing customers, contract completions and lower reimbursable revenue.

Western North Sea. Revenues in the Western North Sea decreased by \$72.8 million, or 17.6% compared to fiscal 2015, which included a \$25.2 million decrease related to the impact of the strengthening U.S. dollar on reported results in this region. There was a \$76.0 million decrease in revenue in the region from contract completions, contract modifications with continuing customers due to changes in customers' helicopter requirements and lower reimbursable revenue, primarily for oil and gas production customers. This was partially offset by a \$28.4 million increase in revenue from new heavy and medium helicopter contract activity in the oil and gas sector.

Americas. Revenues in the Americas decreased by \$51.5 million, or 17.2% compared to fiscal 2015. There was a \$70.5 million decrease in revenue primarily due to contract completions and reduced activity in Brazil, partially offset by new contract wins in Brazil, Suriname and Canada, which resulted in additional revenue of \$19.0 million compared to fiscal 2015.

Asia Pacific. Revenues in Asia Pacific decreased by \$66.2 million, or 20.3% compared to fiscal 2015, which included a \$21.5 million decrease related to the impact of the strengthening U.S. dollar on reported results in this region. Revenue also decreased by \$53.8 million due to completed contracts and reductions in customer activity, mainly in Malaysia, East Timor and Australia. This was partially offset by a \$9.1 million increase in revenue from new contract wins and ad-hoc work for oil and gas customers in Australia.

Africa-Euro Asia. Revenues in Africa-Euro Asia decreased by \$70.2 million, or 40.7% compared to fiscal 2015 primarily due to contract completions and a reduction in ad-hoc work in Tanzania, Nigeria, Equatorial Guinea and Mozambique. The majority of the reduction in revenue was due to helicopter services provided to customers for oil and gas exploration related activity.

Heli-One

Heli-One's external revenue decreased slightly, by \$1.0 million compared to fiscal 2015. This was due primarily to the negative impact of foreign currency translation on our reported results, primarily as a consequence of the strengthening U.S. dollar, of approximately \$12.5 million. In addition, PBH revenue decreased by \$3.7 million due to a lower level of third-party customer flight hours compared to fiscal 2015. This was partially offset by an increase in MRO revenue of \$15.2 million compared to fiscal 2015 due to higher revenues from airframe, engine and component work.

Direct Costs

For the fiscal year ended April 30,

(In thousands of U.S. dollars)

	2015	2016	Favorable (Unfavorable)	
			\$ Change	% Change
Crew costs	\$(413,866)	\$(309,823)	\$ 104,043	25.1 %
Base operations and other costs	(299,422)	(213,223)	86,199	28.8 %
Maintenance costs	(308,739)	(239,167)	69,572	22.5 %
Support costs	(159,757)	(123,613)	36,144	22.6 %
	\$(1,181,784)	\$(885,826)	\$ 295,958	25.0 %

Direct costs, which exclude helicopter lease and associated costs, decreased by \$296.0 million to \$885.8 million compared to fiscal 2015. The decrease in direct costs was a result of both foreign exchange translation, due to the appreciation of the U.S. dollar, and our active management of costs due to changes in customer activity. The primary factors which impacted direct costs were as follows:

Crew costs, which include salaries, benefits, training and recruitment costs, decreased by \$104.0 million to \$309.8 million compared to fiscal 2015. The decrease in crew costs was partially due to the impact of the strengthening U.S.

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dollar, which decreased crew costs by \$37.1 million compared to fiscal 2015. The remaining \$66.9 million decrease was as a result of lower crew requirements due to reduced activity, contract completions and cost saving initiatives, primarily in Brazil, and in our Africa-Euro Asia, Asia Pacific and North Sea regions. Crew costs were incurred only by our Helicopter Services segment.

Base operations and other costs, which include our base operations, reimbursable costs, insurance costs and other external expenses, decreased by \$86.2 million to \$213.2 million compared to fiscal 2015, which included an approximate \$20.2 million decrease related to the impact of the strengthening U.S. dollar. There was a decrease of \$32.7 million in rechargeable costs to customers due to a decrease in fuel prices and lower flying hours compared to fiscal 2015. In addition, contract completions following the closure of bases, primarily in our Africa-Euro Asia and Asia Pacific regions, in addition to cost saving initiatives in Brazil and in our North Sea region, have reduced costs by \$33.3 million compared to fiscal 2015. Base operations and other costs were incurred only by our Helicopter Services segment.

Maintenance costs decreased by \$69.6 million to \$239.2 million compared to fiscal 2015. Maintenance costs decreased by \$22.9 million compared to fiscal 2015 due to the impact of foreign exchange translation, as a result of the strengthening U.S. dollar. Maintenance costs include those related to repairs for owned and leased major components, spares and rotatable and repairable parts, which are recognized when the costs are incurred. Our costs therefore can vary with the timing of the maintenance activity. A portion of our maintenance costs are externally subcontracted on a PBH basis and vary with flight hours. Maintenance costs decreased by \$41.7 million compared to fiscal 2015 due to a combination of reduced activity, fleet optimization initiatives and improved rotatable and fleet maintenance planning, but were also impacted by the timing of maintenance events. In addition, we incurred \$5.0 million in fiscal 2015 related to inspection costs on our H225 fleet until the completion of retrofit of the redesigned gear shaft on our H225 helicopters at the end of fiscal 2015. See “—Aviation Safety and Regulatory Developments” included elsewhere in this Annual Report on Form 10-K for further information.

Support costs decreased by \$36.1 million to \$123.6 million compared to fiscal 2015, due to a combination of foreign exchange translation, reduced headcount and lower levels of consulting and professional fees, driven by our cost saving initiatives and lower activity levels. The majority of support costs are incurred by our Helicopter Services segment, with \$16.1 million related to our Heli-One segment.

Helicopter Lease and Associated Costs

Helicopter lease and associated costs decreased by \$13.0 million to \$249.8 million. The decrease was a result of the lease expense related to helicopters which do not form part of our prospective fleet strategy being included within our restructuring provision in fiscal 2016. 19 helicopters were included in this provision at April 30, 2016. See note 8 of our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K for further information. Helicopter lease costs also decreased compared to fiscal 2015 due to the modification of certain existing operating lease agreements, which resulted in those operating leases being reclassified as capital leases. These reductions in lease expense were partially offset by higher lease costs as result of additional leasing of new technology helicopters in our fleet compared to fiscal 2015.

General and Administration Costs

General and administration costs decreased by \$12.4 million to \$71.5 million compared to fiscal 2015, primarily due to a decrease in the stock-based compensation expense of \$5.7 million and a decrease in salary and other costs of \$10.2 million due to cost saving initiatives and reductions in activity levels, partially offset by an increase in professional and other costs.

Depreciation

Depreciation expense increased by \$18.5 million to \$162.2 million compared to fiscal 2015. We recorded additional depreciation expense of \$11.5 million in fiscal 2016 to the acceleration of depreciation on certain helicopters recognized as capital leases in connection with our restructuring program. The increase in depreciation expense was primarily due to helicopter acquisitions, certain of which were funded through our ABL Facility, additional capital leases, due to the modification of certain existing operating lease agreements, and an increase in the depreciation rates of our rotatable and repairable assets.

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Restructuring Expense

We are undergoing a comprehensive review of our operations, organizational structure and fleet with the view of reducing operating costs. In connection with the ongoing review, we have incurred restructuring expenses of \$94.7 million in fiscal 2016, which have increased by \$14.3 million compared to fiscal 2015. We will incur additional restructuring costs in subsequent periods. These costs were related to lease and other contractual costs on leased helicopters which do not form part of our prospective fleet strategy and employee severance costs and other associated costs, which in fiscal 2016 included costs related to professional advisors assisting us with the Chapter 11 process. See note 8 of our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K for further information.

Asset Impairments

(In thousands of U.S. dollars)	For the fiscal year ended April 30,		Favorable (Unfavorable)	
	2015	2016	\$ Change	% Change
Impairment of property and equipment	\$(128,043)	\$(31,862)	\$96,181	75.1 %
Impairment of assets held for sale	(5,528)	(4,106)	1,422	25.7 %
Impairment of receivables and funded residual value guarantees	(13,409)	(93,398)	(79,989)	(596.5)%
Impairment of intangible assets	(3,134)	(78,083)	(74,949)	n/a
Impairment of goodwill	(403,536)	—	403,536	100.0 %
Impairment of inventories	—	(17,905)	(17,905)	n/a
Total asset impairments	\$(553,650)	\$(225,354)	\$328,296	59.3 %

Asset impairments decreased to \$225.4 million, compared to \$553.7 million in fiscal 2015. See note 4 of our audited annual consolidated financial statements for the fiscal years ended April 30, 2014, 2015 and 2016 included elsewhere in this Annual Report on Form 10-K for further information.

During fiscal 2015, we accelerated our exit from certain older technology helicopter types as we continued with our fleet replacement strategy to better meet our customer demands for newer technology helicopters and to reduce the number of different helicopter types in our fleet. During fiscal 2016, we recorded additional impairment charges of \$31.9 million to write down the carrying value of certain of these older technology helicopter types and related rotatables and impairment charges of \$93.4 million and \$1.3 million to write down the funded residual value guarantees and embedded equity, respectively, as a result of the decline in helicopter values.

During fiscal 2016, we recorded an impairment charge of \$17.9 million to increase our provision for obsolete and excess inventories on certain consumable inventories. This impairment charge resulted from the identification of consumable inventories that were in excess of our requirements. This was driven primarily by the significant and longer than initially expected decline in the price of oil and gas, which impacts our view of future utilization of these parts and resulting changes to our fleet and inventory management strategies. Excess consumable inventories have been measured at estimated market value, based on our experience with sales of surplus consumable inventories and our assessment of resale market conditions.

During fiscal 2016, we also recorded impairment charges of \$76.8 million for indefinite life intangible assets, primarily for trade names and trademarks, which arose due to a deterioration in expected future revenues from operations due to market conditions.

During fiscal 2015, as a result of deteriorating conditions in the oil and gas markets and related service sectors and a decline in our market capitalization, we performed an interim two-step goodwill impairment test and determined that there was no implied fair value of goodwill. A goodwill impairment of \$403.5 million was recorded and finalized in fiscal 2015, which represented the entire goodwill balance.

Loss on Disposal of Assets

Loss on disposal of assets decreased by \$10.6 million to \$2.8 million compared to fiscal 2015, primarily due to a lower level of older technology helicopter third-party sale transactions.

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Interest on Long-Term Debt

Interest on long-term debt obligations decreased by \$10.1 million to \$116.3 million compared to fiscal 2015, primarily due to lower interest costs on both the senior secured notes and the senior unsecured notes due to redemptions and open market repurchases of these notes, partially offset by an increase on interest expense due to amounts withdrawn on the ABL Facility and revolving credit facility and new capital lease obligations in fiscal 2016. See “—Pre-Petition Sources of Liquidity” included elsewhere in this Annual Report on Form 10-K for further information.

Foreign Exchange Loss

Foreign exchange loss decreased by \$12.8 million, primarily due to the relative strengthening of the U.S. dollar against other currency groups compared to fiscal 2015, which caused a loss in both U.S. functional currency entities with foreign denominated net monetary asset positions and in Norwegian and Australian functional currency entities with net liability positions denominated in U.S. dollars.

Other Financing Income (Charges)

(In thousands of U.S. dollars)	For the fiscal year ended April 30,		Favorable (Unfavorable)	
	2015	2016	\$ Change	% Change
Amortization of deferred financing costs	\$(7,464)	\$(7,384)	\$80	1.1 %
Net gain (loss) on debt extinguishment	(11,340)	17,799	29,139	257.0 %
Net loss on fair value of foreign currency forward contracts	(31,746)	(9,833)	21,913	69.0 %
Net gain on fair value of foreign currency embedded derivatives	42,886	6,148	(36,738)	(85.7)%
Amortization of guaranteed residual values	(4,821)	(2,805)	2,016	