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Rigs and Vessels

Offshore helicopter sector takes off after turbulent spell

Rates paid for helicopter services have doubled in the last five years as demand for latest technology, increased offshore exploration and retiring aircraft help boost prices, Michael York, chief executive of GD Helicopter Finance, tells Upstream

Change to new template

GD Helicopter Finance chief executive, Michael York. (Photo: GD HELICOPTER FINANCE)

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A shortage of new aircraft, increased deepwater activity and retirement of some assets are helping drive up global helicopter rates for offshore oil and gas operations, according to the head of a new entrant to the helicopter leasing market.

After a downturn during the 2015-2020 period, overall demand for offshore helicopters is expected to remain steady in the coming years says Michael York, chief executive of Dublin-based GD Helicopter Finance (GDHF).

However, the need for new airframes is set to increase as older units reach the end of their operating life and operators require the most technologically advanced models to transport personnel to their offshore operations.

“The top line summary is the market's very tight at the moment. There is an undersupply of suitable helicopters for oil and gas transportation,” York tells *Upstream* in an interview.

Following a slump in oil prices after 2014, the offshore helicopter industry took about two years to adjust to the price drop by reducing aircraft deliveries and capacity, York explains. A period of low capital expenditure persisted during the Covid pandemic period, during which time aircraft manufacturers prioritised building for other sectors such as military over offshore oil and gas.

Supported by aircraft retirements and repurposing during that period, excess capacity was worked out of the system by 2021 leaving the market finely balanced.

momentum to lease prices, he explains.

“After years of unsustainable low rates paid for helicopter services during the 2015-2020 downturn, in some areas, end user rates for helicopter services have doubled between 2021 and 2025. We now see that end user rates in many areas have increased back to nominal 2013-2014 levels, which is really good for the industry — we're getting back to sustainable rates being paid for helicopter services."

Established in 2024, Dublin-based GDHF entered the market aiming to lease helicopters to search and rescue, emergency medical and onshore utility companies among others. But the offshore oil and gas segment is its primary focus, York says, with the increase in offshore exploration, increasingly in deepwater and ultra-deepwater regions, driving its fleet composition.

A Leonardo AW-189 helicopter. (Photo: LEONARDO SpA AND SUBSIDIARIES)

The company is acquiring predominantly medium and long-range aircraft such as the Airbus H175 and Leonardo AW189 — both of which belong to the super medium class — as well as the medium class Airbus H160 aircraft.

The company currently has €195 million ($211 million) of helicopters in its lease portfolio, a figure it expects to rise to €250 million by the end of 2025, when it will have between 22 and 25 helicopters in its portfolio.

GDHF has 20 H175s and 13 AW189s either contracted or on order and it has 50 H160s on order. Five of these factory order helicopters have already been delivered and are on lease with GDHF customers, York says.

GDHF on Monday announced that it had delivered the second of two AW189 helicopters on lease to Omni Helicopters International (OHI). The AW189s will operate as part of Omni Taxi Aereo's fleet conducting offshore transportation operations in Latin America. In January GDHF delivered an Airbus H175 on lease to operate as part of OHI's fleet.

Replacing metal

Retirement of existing aircraft, particularly the workhorse Sikorsky S-92, is expected to drive demand for new aircraft, according to York.

"If we take the thesis that the effective life of an aircraft in oil and gas is 20 years, we see S-92s retiring from this year onwards, at about the rate of about eight to 10 a year; from 2030 onwards, from about 25 to 30 a year; and the entire fleet will be lifed out of oil and gas by 2035. So, that metal has to be replaced, even in a static zero growth environment."

Operators' insistence that airframe technology adheres to the highest technical standards, such as the International Association of Oil & Gas Producer's (IOGP) Report 690 on recommended practices for offshore helicopters, is also driving demand for new models, he adds.

Airbus Helicopters in January announced that it won a net total of 450 orders in 2024, a 15% increase from 2023. The company delivered 361 helicopters in 2024, which, it said, gave it a preliminary 57% share of the civil and parapublic market.

An Airbus H160 helicopter. (Photo: AIRBUS HELICOPTERS)

Meanwhile, Leonardo in February reported that its helicopter orders increased by 6.4% in value terms in 2024. The company last year delivered 191 helicopters compared with 185 in 2023.

Compared to the era prior to 2015, when oil companies could frequently renegotiate contracts and aggressive bidding by operators drove down helicopter services prices — sometimes to below cost, according to York — more equilibrium in the current market means companies need to think long term and lock in contracts, he suggests.

“We're seeing a better contractual environment, better terms and conditions, more sustainable contracting, longer terms and more of a recognition from the oil companies that the helicopter transport is a fragile capability, and it needs to be carefully contracted in a more strategic partnership environment.”

Global hotspots

More recently, a number of offshore oil companies have announced deals to upgrade or replace their fleets.

Brazilian offshore giant **Petrobras in February awarded five-year contracts** for four AW139 helicopters and one Sikorsky S-92A model helicopter to US-headquartered CHC Helicopter in a deal which industry sources valued at $350 million.

Meanwhile, Equinor, which has used Sikorsky S-92 helicopters for personnel transport and search and rescue services on the Norwegian Continental Shelf, **in January announced that it is diversifying its helicopter fleet**.

The Norwegian company has ordered 15 new helicopters "aimed at reducing reliance on the single model currently in use". The order comprises five AW189s — due to be handed over in 2025 and 2026 — and 10 Bell 525 helicopters arriving from 2026.

CHC Helikopter Service, the Norwegian division of CHC Helicopter, also in January announced that it has entered a $500 million strategic partnership with Aker BP to support its helicopter activity offshore Norway, and Vaar Energi in February revealed that Lufttransport will operate two new Leonardo AW189 helicopters for use on the Norwegian Continental Shelf, entering service in summer 2026.

An Airbus H175 helicopter. (Photo: ERIC RAZ/AIRBUS HELICOPTERS)

"The rewards for the oil companies are for those who team up, be strategic, identify the helicopter lift early, put in place long-term contracts with operators and lessors, and secure the metal for long periods of time that enables them to have surety of helicopter lift for the life of their project, or at least for the foreseeable future," says York.

While York expects good growth in most areas of the world, the offshore hotspots of South America and Africa are areas he identifies as the most active.

"Brazil has been a great growth story for the last couple of years and will continue to be. Namibia has promise as a future growth market. Traditional markets like Norway and Australia are places that still have a big role to play but where we're seeing the influx of aircraft is certainly Brazil — probably the biggest play right now — but also Guyana and Suriname."

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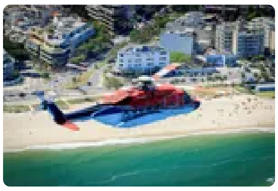

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