



In the offshore energy sector, newer technology models like the AW139 are growing in popularity.

Lightening the load

Gerrard Cowan takes a look at what's been happening in the offshore energy support market as far as finance and leasing is concerned.

It has been a tough decade for lessors in oil and gas, but there are strong indications of a significant upturn.

RotorHub International asked industry

participants to outline the status of the space and their ambitions for the coming years.

Clark McGinn, Principal at Uplifting

Advice, says that following “an excruciating decade” virtually the entire offshore helicopter fleet is now back on contract as of December 2024. This means that any new offshore energy projects will require brand new helicopters, driving speculative orders from lessors for the first time in 10 years.

“A year ago, if you wanted an AW139 to start on contact, you could phone the three big lessors and have them bid against each other on price,” he says. “Now you’ll have to wait until one comes off lease and then outbid other operators.”

Con Barber, Chief Investment Officer at Macquarie, says the past decade has been transformative for the offshore helicopter leasing market, following a significant downturn after 2014.

“Lessons learned during this challenging period have fostered a more disciplined and strategic approach among established industry stakeholders, including lessors, operators and OEMs,” he notes.

In 2014, there were significant challenges stemming from overcapitalisation and an oversupply of helicopters that coincided with weaker market demand.

As Barber notes, this imbalance caused inefficiencies and substantial financial pressures across the industry, which lasted for several years.

“Over time, the sector has taken decisive steps to address these issues, primarily by retiring older, less efficient assets,” he says. “These efforts have resulted in a more structurally balanced market, with supply more closely aligned to demand, while improved balance sheets have further bolstered the industry’s resilience.”

Shifting demand

Since 2022, Macquarie has made significant investments in offshore energy helicopters, according to Barber, through sale-and-leaseback arrangements, portfolio acquisitions and orderbook transactions.

These have largely focused on advanced, modern helicopters in the medium and super-medium categories,

with Macquarie divesting a large number of legacy models.

“Over the past decade, the offshore energy sector has witnessed significant shifts in the types of helicopters in demand, driven by advancements in technology, enhanced safety features, and more competitive operating economics,” says Barber.

Notably, this includes the growing popularity of newer technology models, particularly the AW139 in the medium segment and the H175 and AW189 in the super-medium segment.

“Looking ahead, emerging models such as the H160 and Bell 525 are set to expand the range of new technology options, further advancing capabilities and supporting the sector’s continued evolution.”

Sébastien Moulin, Chief Commercial Officer at Milestone Aviation, says: “It is no secret that the period from 2015 to early 2021 was a difficult one for the oil and gas industry in general, and in particular helicopter operators and the lessor community.”

There were multiple operator and lessor bankruptcies, Moulin notes, while Milestone itself was forced to redeploy and repurpose a significant number of aircraft that were no longer required in oil and gas.

But since late 2021, Milestone has observed a strong rebound in the sector, with the global oil and gas fleet running at virtually 100 per cent utilisation.

The company is constantly working on multiple transactions in the space, according to Moulin.

“A significant highlight in 2024 for Milestone was reaching 100 per cent utilisation with our fleet of S-92s, particularly when contrasted to late 2019 and early 2020 when we had over 20 S-92s on the ground during the worst of the crisis.”

For Moulin, issues remain with both the OEM and MRO supply chain following the Covid-19 pandemic, while international conflicts are affecting aircraft availability, maintenance lead times and return to service in general.

“Those challenges have an impact on



Milestone has a balanced portfolio across all mission-critical sectors, including EMS, SAR and firefighting, viewing all of them as vital. Pictured, two of the lessor’s Airbus H175 aircraft. Image: Milestone

the global fleet availability and further increased demand for the existing asset base,” he says.

Moulin also highlights the need to replace existing technology aircraft with newer platforms like the H175, H160 and AW189.

“We’re keen to invest in new technology assets. However, we maintain our disciplined approach to portfolio management, prioritising strong contracts and long-term commitments from the end users.”

It is important that lessors are there to finance demand for new technology aircraft, rather than leading the demand, as Moulin notes.

“The global oil and gas fleet of heavy and super-medium aircraft is made of about 300 helicopters, and we expect this fleet to remain relatively stable in terms of number of units.”

Direct leasing

Many of LCI Analytics’ clients wish to transition to the latest rotorcraft types and benefit from lower emissions, reduced operating costs and the latest safety standards, without having these platforms on their balance sheet, according to Nigel Leishman, the lessor’s Chief Commercial Officer.

This makes leasing an optimal solution.

Pointing to recent deals in oil and gas, Leishman says LCI deployed two H175 helicopters to Omni Helicopters in Brazil early in 2024. These are now working for a client that had historically favoured larger “heavy” helicopter types.

In August, the lessor placed two H145 D3 platforms with Santos Limited and Pacific Helicopters. The placement with Santos was LCI’s first direct lease to an end user, supporting liquid natural gas and other energy facilities in Papua New Guinea.

Leishman says: “We are seeing increasing interest from end users, including many energy companies, in direct leasing, whereby they can control the asset and enjoy economic benefits by committing to the longer term with an improved credit profile.”

Pointing to specific markets, Leishman says LCI’s research shows that about 200 rotorcraft are deployed in the US market, with a mixture of single and twin-engine helicopters.

“The US is the global leader in oil production and much of its resurgence has been driven by onshore activity, with new technology unlocking shale oil/gas resources that were previously not economically recoverable.

“Despite the ‘drill baby drill’ rhetoric, we see the US production upside being ultimately limited by geology, not politics.”

In the mix

Elsewhere, there are exciting developments in nearby emerging regions such as Guyana and Suriname.

In Latin America, Leishman says LCI has been supporting several clients in Brazil, while there are also opportunities in Mexico and Argentina.

In Africa, there are exciting projects in the Mediterranean, Gulf of Guinea and further south in Namibia and South Africa.

“Oil and gas provinces in northwest Europe and Asia may be more mature than some of these emerging regions but we have aircraft deployed in both areas and expect to see a long ‘tail’ of activity combined with investment in world-leading carbon sequestration and storage projects,” adds Leishman.

GDHF is a new lessor, having launched in April 2024. Its first H160 is leased by Omni Helicopters and will be operated in Brazil for offshore crew operations, says CEO Michael York, but it is in discussions with multiple operators regarding helicopters for offshore use.

“GDHF’s assessment of the oil and gas market is that it will remain the major constituent of the global energy mix for at least the next two decades,” York says. “This means continued investment in the hydrocarbon space by energy companies.”

Even so, GDHF’s analysis suggests that leased aircraft represent under 30 per cent of the rotary-wing sector,

compared with more than 50 per cent of fixed-wing platforms.

York notes that the company sees this as a source of future leasing opportunities.

He confirms that the company has 50 H160s on order as of December 2024. In the super-medium category, it has 20 H175 (10 firm and 10 optional) and 10 AW189s on order.

“Demand for these modern, efficient aircraft is already high and will continue to rise as legacy platforms are retired,” says York.

Speculative orders

Gustavo Semeraro, Senior Vice President for Business Development at Lobo Leasing, says the company has been recently more focused on such activities as EMS, SAR and firefighting, though it has recently added four helicopters to the fleet it manages that operates in the Brazilian offshore oil and gas sector.

The SVP highlights the speculative orders seen in the previous market upcycle, noting that there is now a healthier balance between demand and availability.

However, he notes that the market could easily place too many speculative orders, “which could lead to the same story all over again”.

Helicopter demand in oil and gas is naturally related to oil prices, Semeraro

notes.

With oil prices justifying continuous investment in exploration and production, he says the positive cycle should be sustained. However, it is well known as a cyclical market.

“This creates an expectation that the current upcycle will revert some time,” says Semeraro. “It could be three or four years ahead, but there are so many unpredictable variables that giving any specific date for a downturn is not useful.”

Meanwhile, wind power is a promising sector of the energy market for the lessors, with about five per cent of Lobo’s managed fleet devoted to the sector – something the company expects to grow.

“Helicopters are gaining popularity every day in the sector, but it is still in the early stages,” says Semeraro.

Rapid expansion

Leishman says LCI has supported offshore wind operations in the North Sea for several years, working in partnership with operators such as HeliService. The company most recently augmented its presence in the area with the lease of an AW139 platform to CHC for use on the Dogger Bank wind farm project.

In 2023, the lessor placed the first ever dedicated offshore wind helicopter in the US as part of a long-term arrangement with HeliService USA.

Leishman adds: “The offshore wind business is expanding at a rapid rate, with increasingly larger projects being developed further from shore. These dynamics work in favour of the rotorcraft operators, which will be able to offer far greater availability, higher speed transfers, much-improved safety outcomes and, in some scenarios, lower costs versus traditional vessel solutions.”

Barber says Macquarie currently has a small number of helicopters employed in offshore wind, but is targeting significant growth in the market.

There are several catalysts that are expected to drive demand for helicopters in the segment.

“Over time, the efficiency and flexibility



LCI deployed two H175s to Omni Helicopters in Brazil early in 2024. Image: LCI



Macquarie has a balanced portfolio strategy, with diversified exposure across multiple sectors, including offshore energy, SAR, utility and EMS. Image: Macquarie

of helicopters compared to alternative crew transfer methods will become increasingly apparent, mirroring the pattern observed in the offshore oil and

gas sector.”

Barber adds that the development of wind farms further from the shore will be a major driver of growth.

Opportunity knocks

Moulin notes that Milestone is currently the largest lessor of helicopters into the wind space, with aircraft on lease in Europe and Asia.

“We certainly see renewables as a genuine business opportunity,” he says. “But not on the same scale as oil and gas for quite some time yet.”

York notes that almost all the lessors, GDHF included, have a mix of wind, EMS, SAR and other sectors in their portfolio, beyond the dominant oil and gas sector.

“Leasing companies are attracted to long term contracts backed by credit-worthy end users,” he says. “These can be national governments, international NGOs or state/regional-based governments. Financing aircraft in the space is highly competitive.”

LCI has always operated a fleet that is balanced across multiple sectors,



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according to Leishman, with EMS the mainstay.

“Less than 30 per cent of our current fleet is engaged in oil and gas operations,” he says. “By comparison, over half is deployed on EMS operations in markets across the globe, from Europe to Australia.”

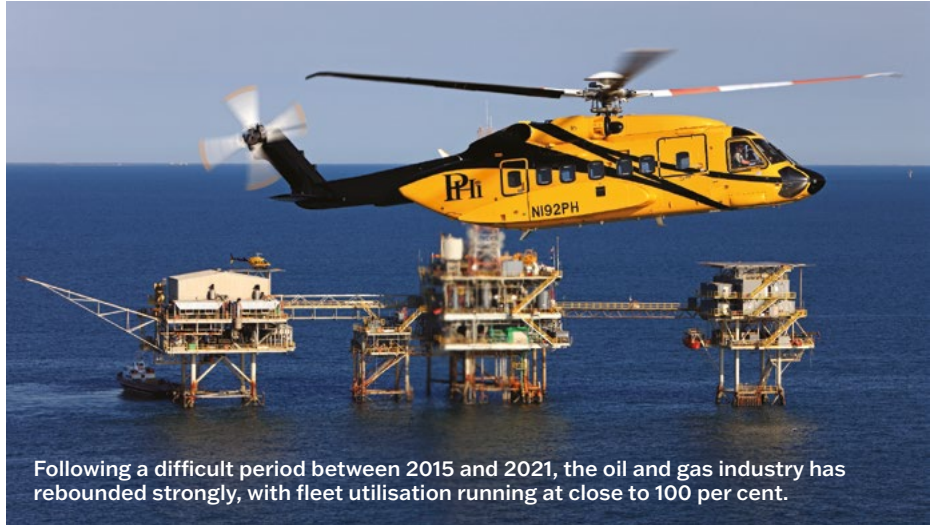
The company recently announced a deal to lease seven new AW169s to Babcock Canada and Ascent Helicopters for EMS operations in British Columbia.

“We foresee significant growth in EMS in North America, Europe and Asia-Pacific in the next few years, much of this driven by the introduction of new generation, more capable helicopters,” says Leishman.

Barber says Macquarie has a balanced portfolio strategy, with diversified exposure across multiple sectors, including offshore energy, SAR, utility and EMS.

The company has completed multiple helicopter conversions over the past few years, thereby demonstrating the flexibility of assets to transition between mission segments – such as from offshore to SAR or EMS.

“This capability enhances the ‘re-marketability’ of these assets and supports their value as desirable and versatile investment opportunities that



Following a difficult period between 2015 and 2021, the oil and gas industry has rebounded strongly, with fleet utilisation running at close to 100 per cent.

can be deployed across multiple industry verticals,” says Barber.

Moulin says Milestone has a balanced portfolio across all mission-critical sectors, including EMS, SAR and firefighting, viewing all of them as vital.

A significant milestone beyond oil and gas was achieved in 2024, when the FAA certified the Helitak FT5000 fire tank for use on the S-92A, granting a supplemental type certificate (STC).

As Moulin notes, sectors such as parapublic tend to be backed by government departments, state authorities and so on, meaning they can be less exposed to market volatility.

“The challenge, on the other hand, is that those assets tend to be very heavily customised, so they can be harder to move on from one lessee to another, versus our oil and gas aircraft.”

Incremental growth

Looking ahead, Moulin says the company expects to see incremental growth in some markets in oil and gas in the coming years, particularly in Brazil and Africa and possibly soon in China.

“Between the decommissioning in certain parts of the world, the investment in new energy, and the modest growth in other countries, we expect oil and gas helicopter demand to stay relatively stable over the next 10 years or so.”

Barber says that to maintain market stability, it is essential that all stakeholders – OEMs, lessors and operators – adopt disciplined investment strategies aligned with the long-term structural demand for modern, efficient helicopters.

“However, the industry faces the threat of oversupply from new entrants seeking to exploit short-term market conditions, potentially disrupting the long-term balance and stability of the market.

“To mitigate this risk, all participants must remain vigilant and committed to sustainable growth strategies that prioritise the sector’s long-term competitive resilience.” ■

Emerging models such as the Airbus H160 (pictured) are set to expand the range of new technology options. Image: Airbus

