

ERA GROUP INC.
 Form 10-Q
 May 01, 2018
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018 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 1-35701
 Era Group Inc.
 (Exact Name of Registrant as Specified in Its Charter)

Delaware	72-1455213
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

818 Town & Country Blvd., Suite 200
 Houston, Texas 77024
 (Address of Principal Executive Offices) (Zip Code)
 713-369-4700
 (Registrant's Telephone Number, Including Area Code)

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 (§232.405 of this chapter) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		(Do not check if a smaller reporting company)		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The total number of shares of common stock, par value \$0.01 per share, outstanding as of April 27, 2018 was 21,688,376. The Registrant has no other class of common stock outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ERA GROUP INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except share amounts)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents (including \$1,768 and \$1,699 from VIEs in 2018 and 2017, respectively)	\$ 16,553	\$ 13,583
Receivables:		
Trade, operating, net of allowance for doubtful accounts of \$1,058 and \$1,196 in 2018 and 2017, respectively (including \$6,109 and \$5,854 from VIEs in 2018 and 2017, respectively)	34,447	33,840
Trade, dry-leasing	4,253	5,124
Tax receivables (including \$3,465 and \$2,828 from VIEs in 2018 and 2017, respectively)	3,466	2,829
Other (including \$939 and \$257 from VIEs in 2018 and 2017, respectively)	4,168	1,623
Inventories, net (including \$32 and \$39 from VIEs in 2018 and 2017, respectively)	20,830	21,112
Prepaid expenses (including \$66 and \$40 from VIEs in 2018 and 2017, respectively)	2,804	1,203
Escrow deposits	—	3,250
Total current assets	86,521	82,564
Property and equipment (including \$977 and \$1,951 from VIEs in 2018 and 2017, respectively)	949,064	972,942
Accumulated depreciation (including \$283 and \$487 from VIEs in 2018 and 2017, respectively)	(297,341)	(299,028)
Property and equipment, net	651,723	673,914
Equity investments and advances	30,445	30,056
Intangible assets	1,118	1,122
Other assets (including \$71 and \$61 from VIEs in 2018 and 2017, respectively)	4,798	4,441
Total assets	\$ 774,605	\$ 792,097
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses (including \$2,100 and \$1,807 from VIEs in 2018 and 2017, respectively)	\$ 11,084	\$ 16,421
Accrued wages and benefits (including \$1,629 and \$1,397 from VIEs in 2018 and 2017, respectively)	6,530	8,264
Accrued interest	3,485	606
Accrued income taxes	46	28
Accrued other taxes (including \$481 and \$600 from VIEs in 2018 and 2017, respectively)	1,856	1,810
Accrued contingencies (including \$892 and \$858 from VIEs in 2018 and 2017, respectively)	892	859
Current portion of long-term debt (including \$772 and \$1,073 from VIEs in 2018 and 2017, respectively)	2,296	2,736
Other current liabilities (including \$8 and \$8 from VIEs in 2018 and 2017, respectively)	3,166	1,720
Total current liabilities	29,355	32,444
Long-term debt (including \$467 and \$1,903 from VIEs in 2018 and 2017, respectively)	188,470	202,174
Deferred income taxes	105,865	106,598

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Other liabilities	1,596	1,434
Total liabilities	325,286	342,650
Commitments and contingencies (see Note 8)		
Redeemable noncontrolling interest	3,603	3,766
Equity:		
Common stock, \$0.01 par value, 60,000,000 shares authorized; 21,688,959 and 21,319,150 outstanding in 2018 and 2017, respectively, exclusive of treasury shares	219	215
Additional paid-in capital	445,174	443,944
Retained earnings	3,169	4,363
Treasury shares, at cost, 215,141 and 215,141 shares in 2018 and 2017, respectively	(2,951)	(2,951)
Accumulated other comprehensive income, net of tax	105	110
Total equity	445,716	445,681
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$774,605	\$ 792,097

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ERA GROUP INC.
 CONDENSED CONSOLIDATED
 STATEMENTS OF OPERATIONS
 (unaudited, in thousands, except share and per
 share amounts)

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Operating revenues	\$54,750	\$51,134
Dry-leasing revenues	2,572	3,393
Total revenues	57,322	54,527
Costs and expenses:		
Operating	37,660	37,757
Administrative and general	12,071	10,381
Depreciation and amortization	10,354	