

BY EMAIL

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Re: Completed acquisition by CHC Group LLP of Offshore Helicopter Services UK Limited, Offshore Services Australasia PTY Ltd, and Offshore Helicopter Services Denmark A/S – Response to Provisional Findings

Hi,

I am an employee of CHC and have read the report stating that the Acquisition of Offshore Helicopter Services UK Ltd would bring a substantial loss of competition to the market. I would like some further clarification on the logic behind this conclusion, I will refer to the Summary of provisional findings dated 17 March 2022.

Paragraph 13. States that there were several options available to the Fisher Business, but I do not see any that the report mentions as being viable, based on statements made in the report. Could some realistic and viable options be listed to help understanding of this statement?

Paragraph 14-15. State that Babcock would not have closed the Fisher business prior to the close of the contracts unless another buyer came forward. This does not suggest Babcock would have remained in the business for a sustained period of time and the company could wind down as contracts ended leaving a great deal of uncertainty in the industry. With Babcock clearly wanting out and Fisher Business putting cash into the operation to keep it afloat, how realistic is a longer term continuation of business? An alternative buyer is mentioned but further in the report the likelihood of another buyer coming forward is dismissed.

Paragraph 16. Talks of a reduction in competition creating a worsening of offerings (price or service quality), bearing in mind CHC has had to go through Chapter 11 to remain in the market, as have Bristows, Babcock want rid of a loss-making entity and there are lots of conversations about NHV's financial difficulties, is it reasonable to expect operators to continue to offer low prices without some knock on effect to quality of service?

Paragraph 17. States Fisher were marketing contracts for value, to me that means desperate to sell with no long term plans to stay in the market. Consolidation is inevitable and necessary for all companies involved.

Paragraph 18. States that an important competitive constraint is brought to the market by the four operators when one is already stating it is selling below a reasonable price to get market share to build its apparent value. Is this healthy competition?

Paragraph 19. States the obvious that customers just want a lower price, but then says that one company selling below a true market value is helpful. True for customers but massively detrimental to the providers of a safety critical service.

Paragraph 20. Seems to concede that neither Bristows or NHV have the ability to step up and compete with the merged company. I assume this is due to financial constraints of an overly competitive market.

Paragraph 23. Confirms the financial returns from this market make it one that is not worth investing in for any newcomer.

Paragraph 24. Talks about the decline in the industry and already low margins. Which suggest an unhealthy industry that needs consolidation to retain its viability.

Paragraph 25. Confirms that even with possible increased prices other operators still show no interest in entering the market. Further signs of an industry that needs to change.

Paragraph 26. Again confirms even customers accept that this is not a business they would support. If the current suppliers were making money the customers would be happy to fund another provider, as has happened before, but even they know how bad the market is just now.

In summary, it is reasonable to say that any market consolidation would reduce the competitive offerings to the customers. In reality is this not a reasonable step to take when all of the suppliers are struggling financially in a “race to the bottom” to offer the lowest possible price which, in turn, can only impact on the service provided and, God forbid, the overall safety that these providers offer?

I write this email in the hope that somebody can explain to me how a report can clearly state the industry is in dire financial trouble, with no other investors interested in this sector, yet continue to say further pressure on prices is a good thing. In accepting that the CMA has an obligation to protect competitive practises, I hope the authors of this report accept the responsibility of the potential safety implications of pushing prices further down in a clearly struggling industry.

Yours sincerely,
Andrew Langman