

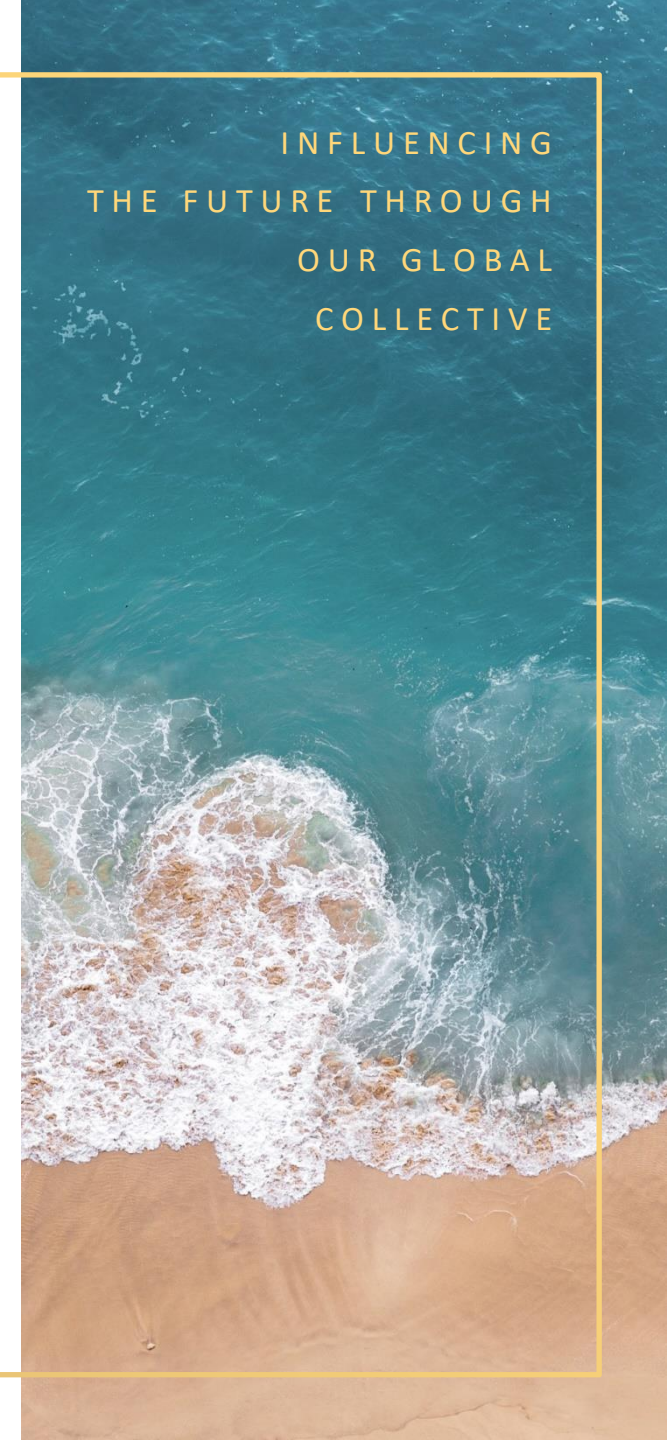
Business Aviation Market Update

Don Spieth

MAY 10th, 2023

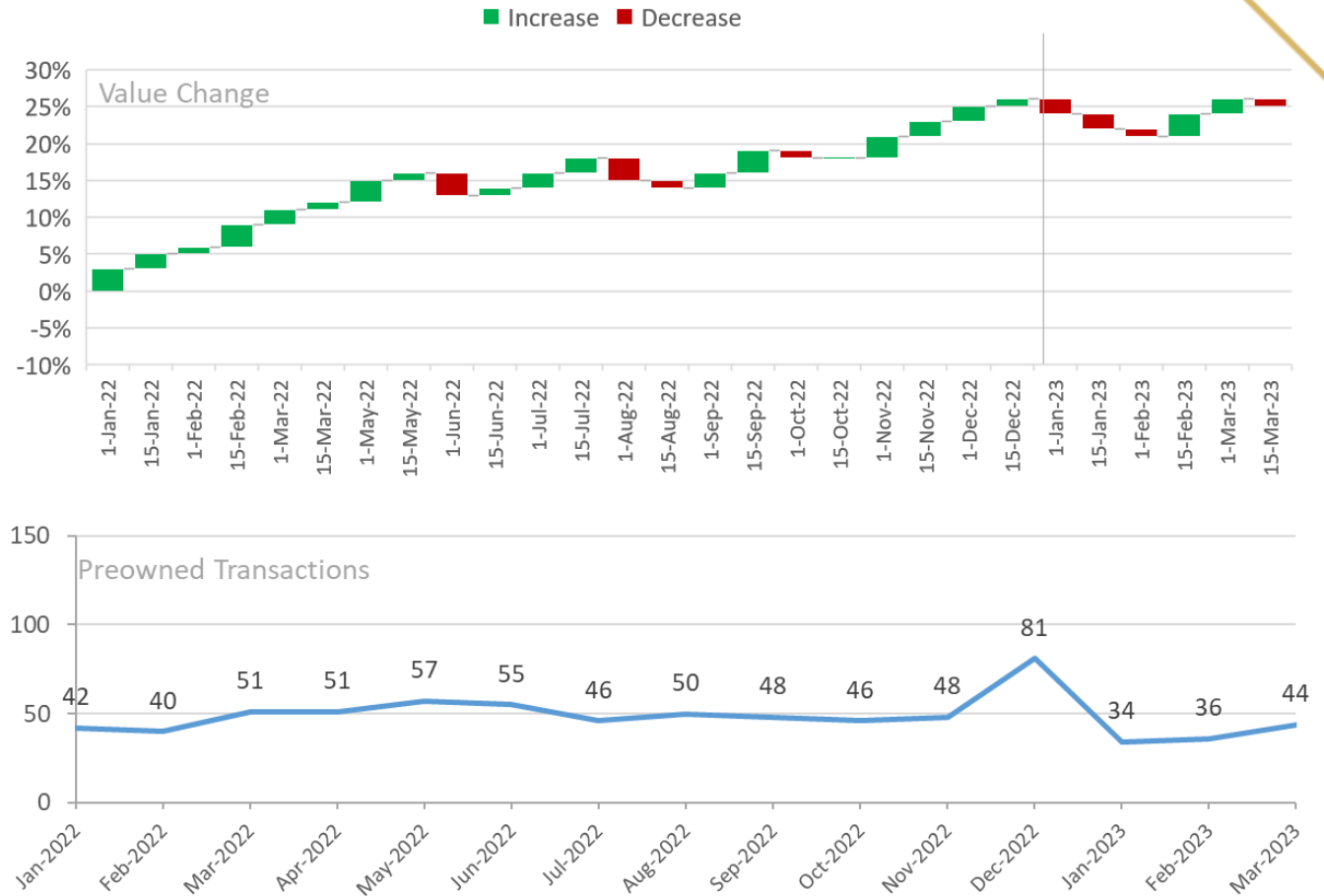


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Heavy Jet – Short Term Median Values Volatile With No Direction

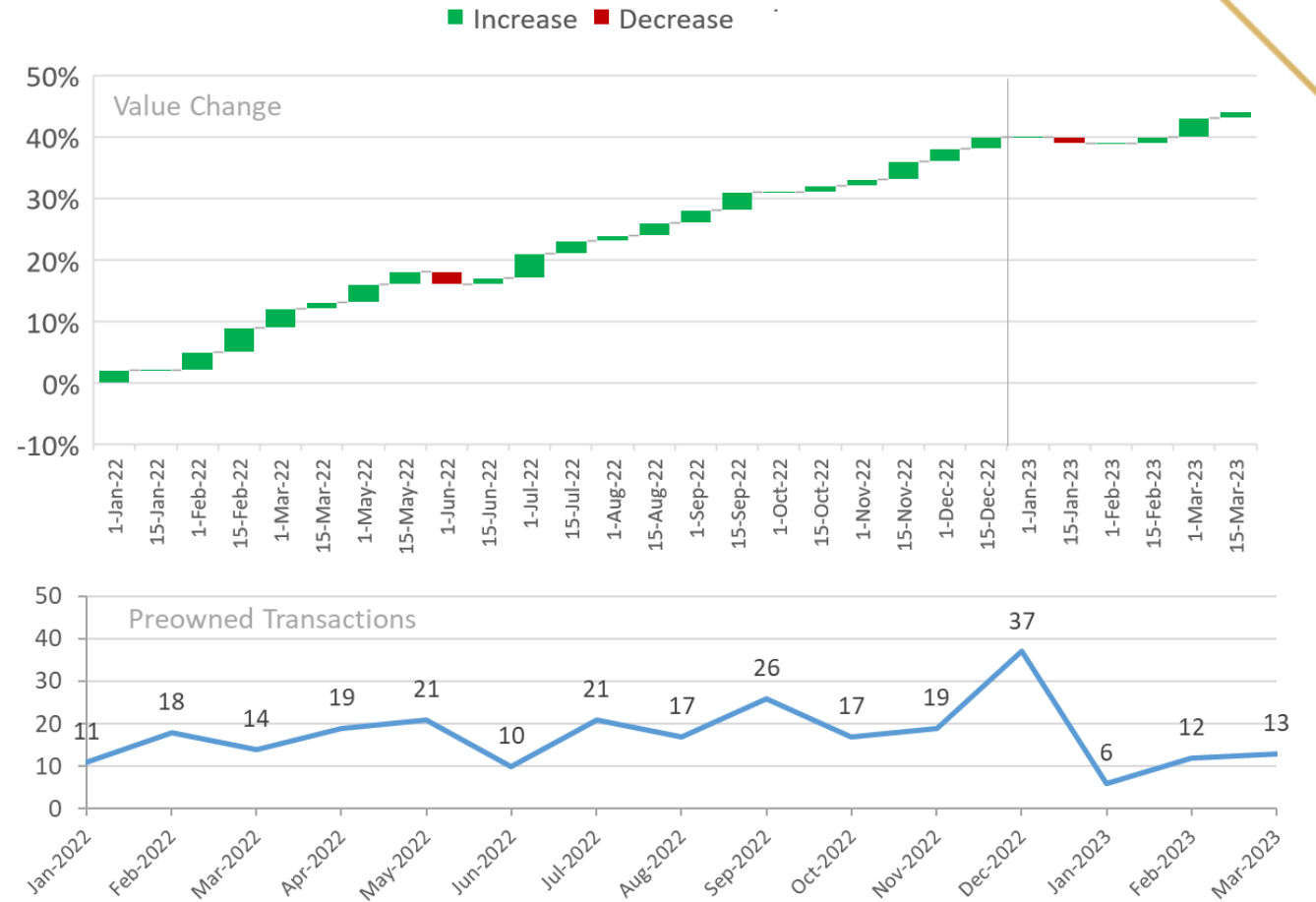
- Over the last 12 months the median value of Heavy Jets has risen 13%. After some significant swings this metric is down 1% YTD.
- The levelling of values has been driven by a slowing of demand with Q1 2023 falling short of Q1 2021 and 2022 (but ahead of Q1 2019 and 2020) and...
- 94% increase in Heavy Jet resale inventory year-over-year and 14% year-to-date – although only 5.3% of the fleet is for sale, compared to a 10-year average of 8.1%.



Note - The lower chart indicates monthly volume of aircraft resale transactions.

Super-Mid Jet - Short Term Median Values Continue To Go Positive

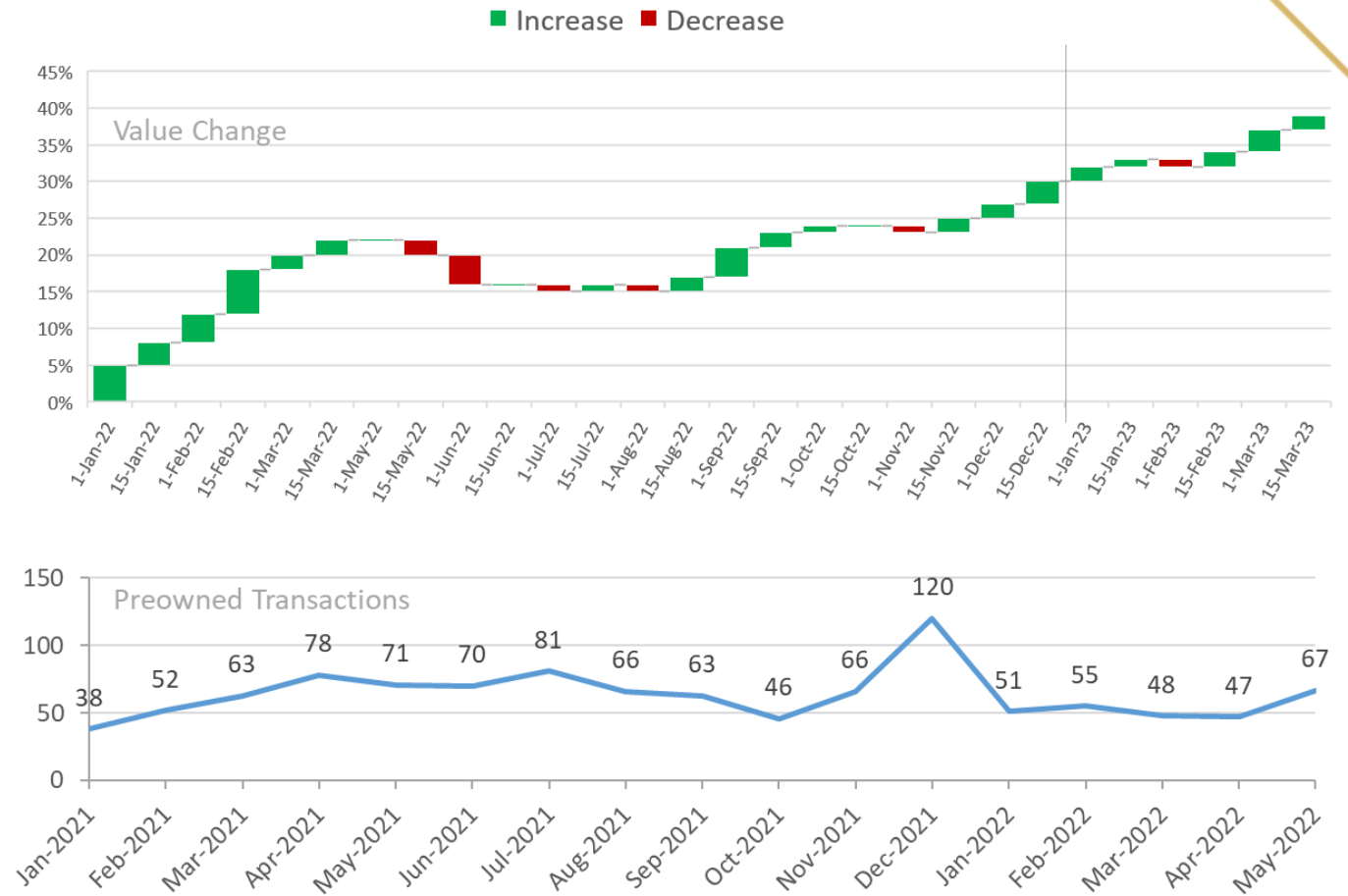
- Over the last 12 months, the median value of Super-Mid Jets has risen 31% and is up 4% YTD.
- The positive direction of values is in large part due to the continued momentum in resale transactions, with Q1 2023 activity down from Q1 2022 but equal to Q1 2021 and higher than Q1 2019 and 2020.
- Preowned inventories are up 151% year-over-year and up 11% year-to-date. 5.1% of the active fleet is for sale versus a 10-year average of 8.1%.



Note - The lower chart indicates monthly volume of aircraft resale transactions.

Medium Jet - Short Term Median Values Continue Slow Increase

- Over the last 12 months, the median value of Medium Jets has risen 17%. This metric is up 9% YTD with some leveling off since mid-March.
- The positive direction of the values metric seems contrary to a slowing of preowned transactions with Q1 2023 levels falling short of every Q1 since 2019. The Medium Jet segment has also seen the greatest decline in Q1 transactions versus Q1 2021 and 2022 of all segments in this report.
- Preowned inventory of Medium Jets is up 57% year-over-year and up 8% year-to-date. 4.9% of the fleet is for sale versus a 10-year average of 7.9%.

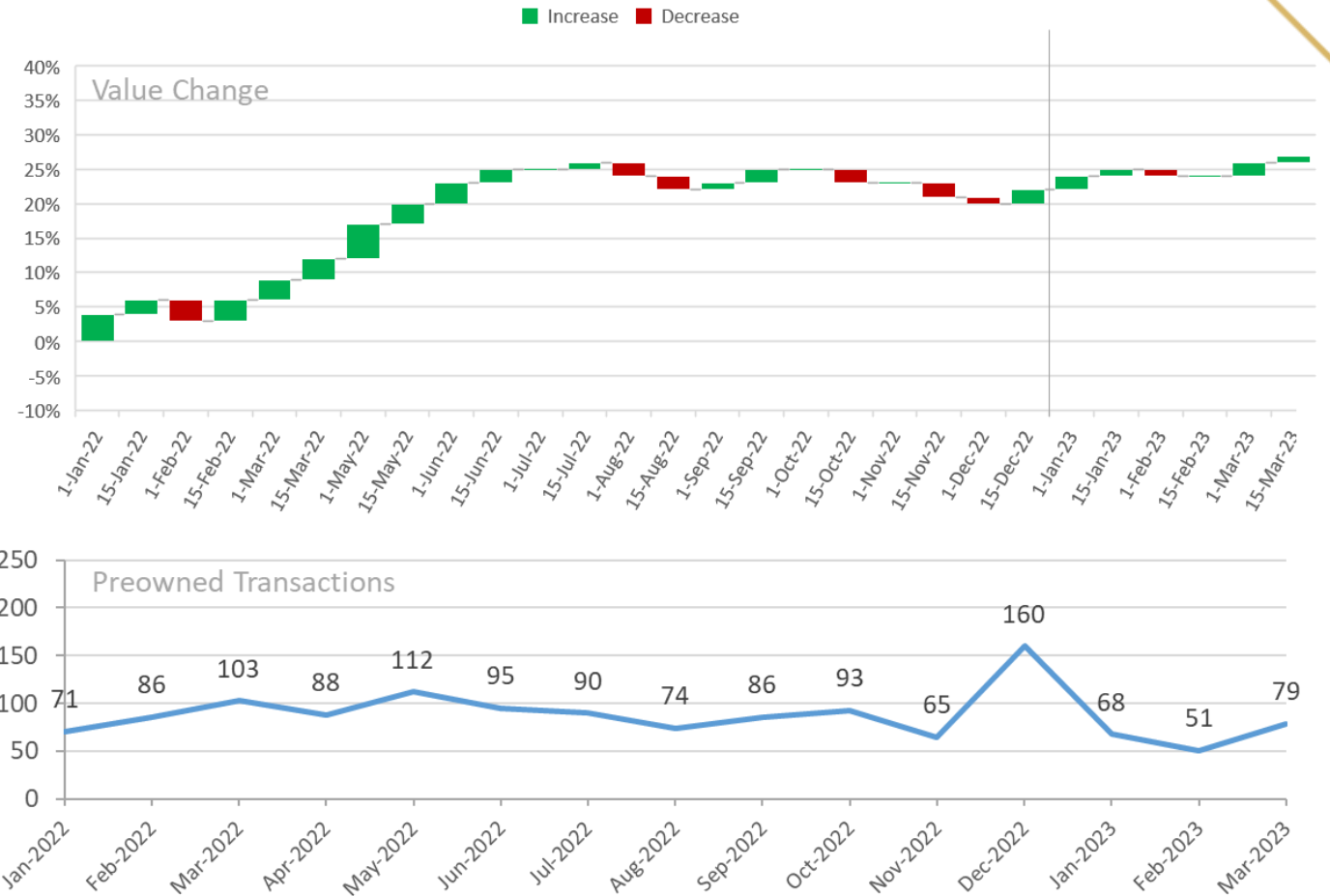


Note - The lower chart indicates monthly volume of aircraft resale transactions.

Light Jet - Short Term Median Values Trend Slightly Up

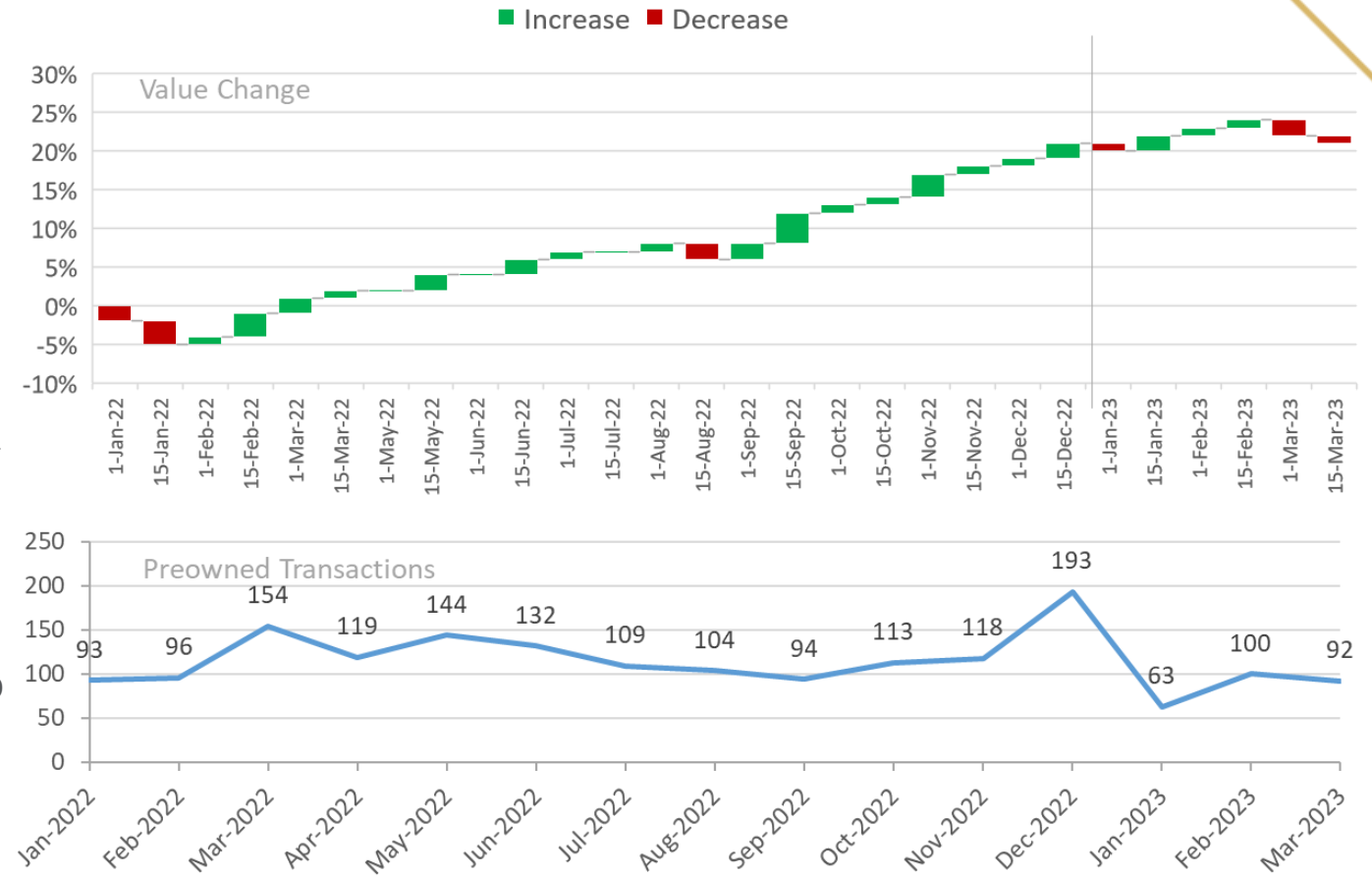
- Over the last 12 months, the median value of Light Jets has risen 15%. This metric is up 5% YTD.
- Although slower the positive direction of values is in large part due to the continued buoyancy in resale retail transactions with Q1 2023 falling short of the super-heated Q1 2021 and 2022 but way ahead of Q1 2019 and 2020.
- The preowned inventory for Light Jets is up 39% year-over-year and up 4% year-to-date. 5.4% of the active fleet is for sale compared to a 10-year average of 10.7%.

Note - The lower chart indicates monthly volume of aircraft resale transactions.



Turboprops - Short Term Median Values Settle Off Its Peak

- Over the last 12 months, the median value of Turboprops has risen 19%. This has flattened in 2023, with a 0% change year-to-date and down 3% since the start of March.
- The downward pressure on values has been driven by less preowned transaction activity with Q1 2023 transactions down 30% compared to Q1 2022 and likely to fall below Q1 2019, 2020 and 2021 levels also.
- Preowned inventory is up 28% year-over-year and up 5% year-to-date. 3.6% of the fleet is for sale compared to a 10-year average of 6.9%.

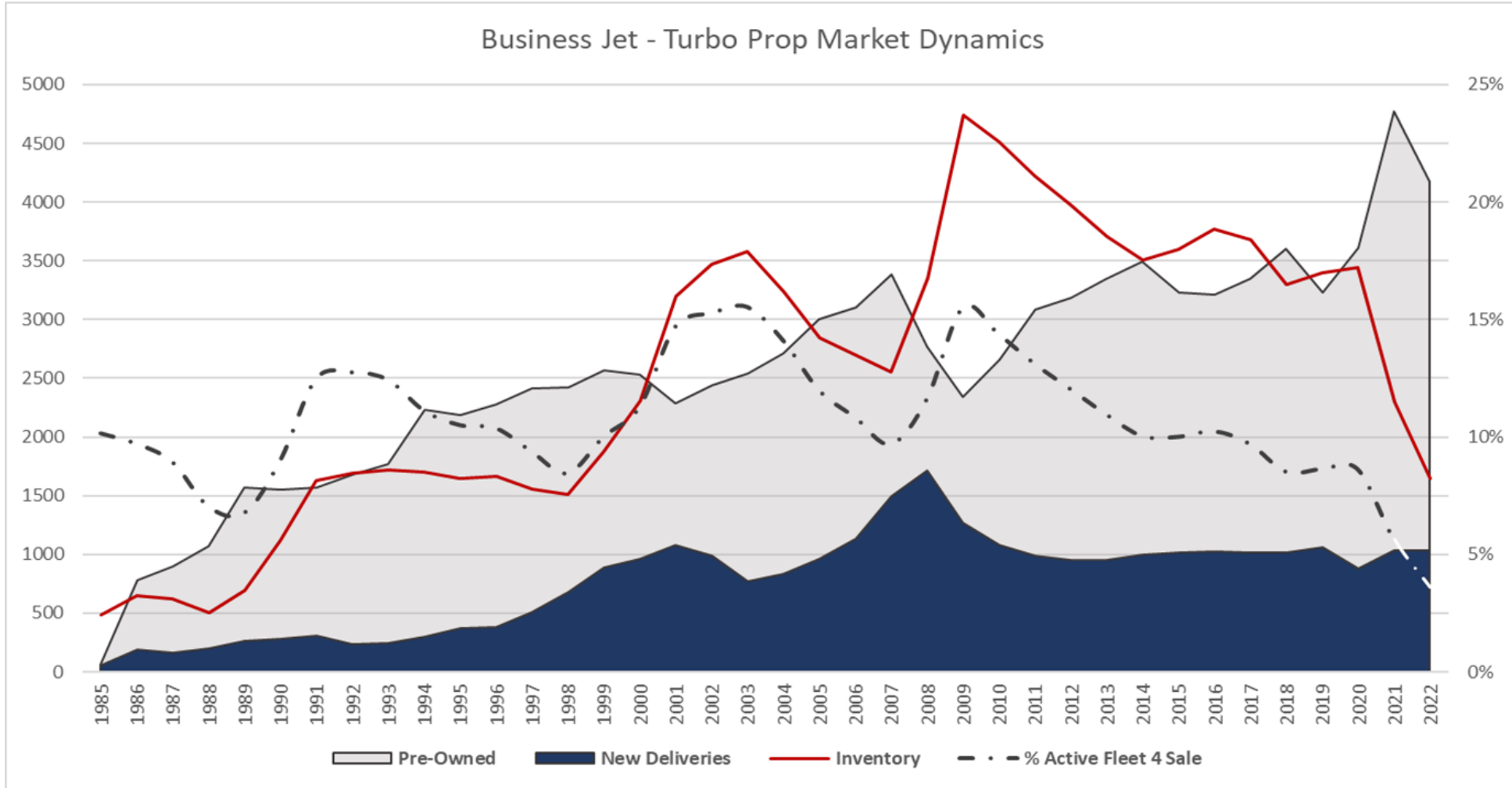


Note - The lower chart indicates monthly volume of aircraft resale transactions.

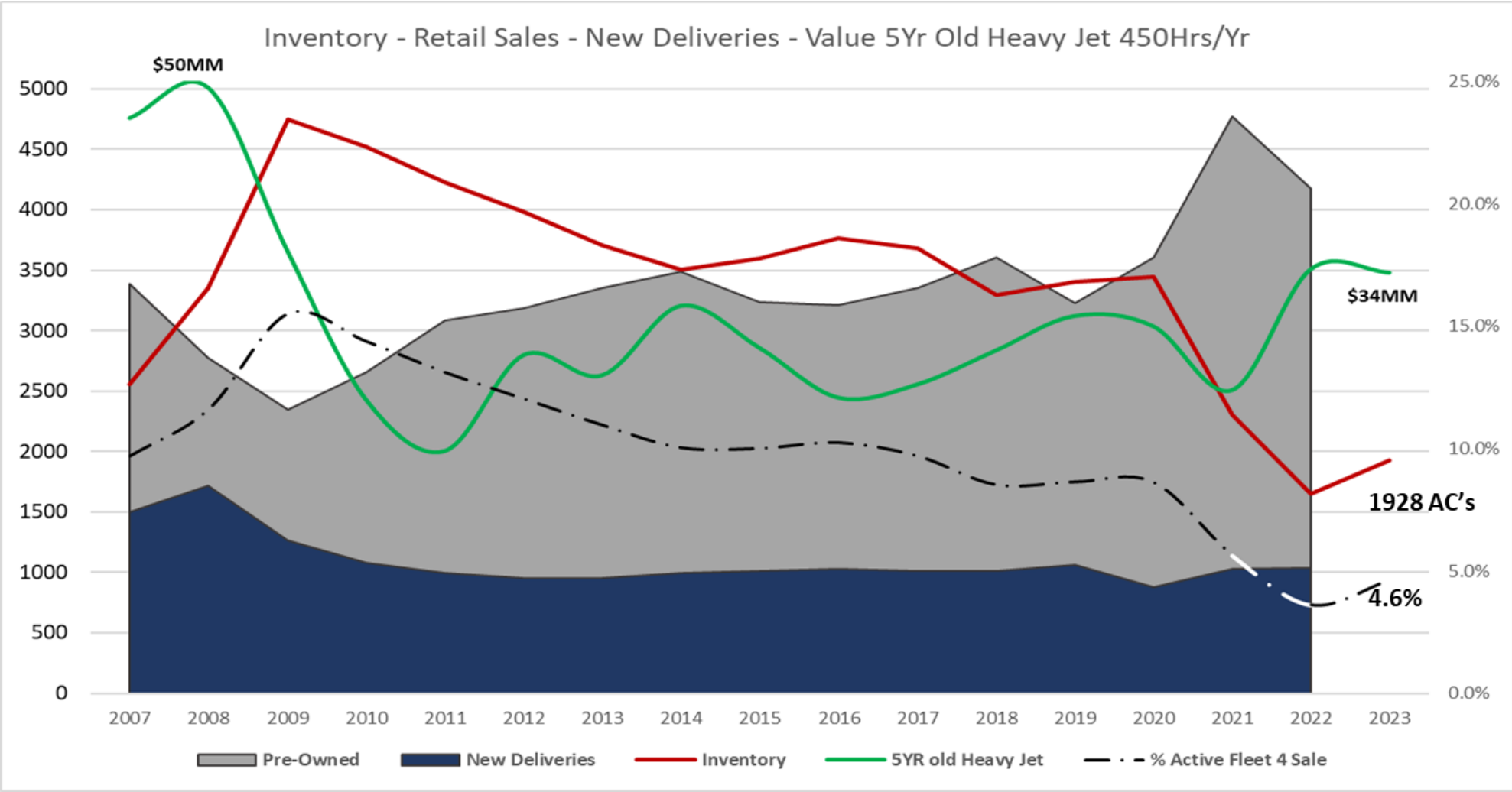
Transactions Slow As Values Hold

Market	12 Month Change in Median Value	YTD Change in Median Value	Resale Retail Transactions Q1 2023 versus Q1 2022	Resale Retail Transactions Q1 2023 vs Q1 2019 (pre-covid benchmark)
Heavy Jet	+13%	-1%	-14%	+5%
Super-Mid Jet	+31%	+4%	-28%	+19%
Medium Jet	+17%	+9%	-43%	-3%
Light Jet	+15%	+5%	-24%	+21%
Turboprop	+19%	0%	-26%	-13%

Historic Cycle of Pre-Owned, New Deliveries, Inventory , and % 4-Sale



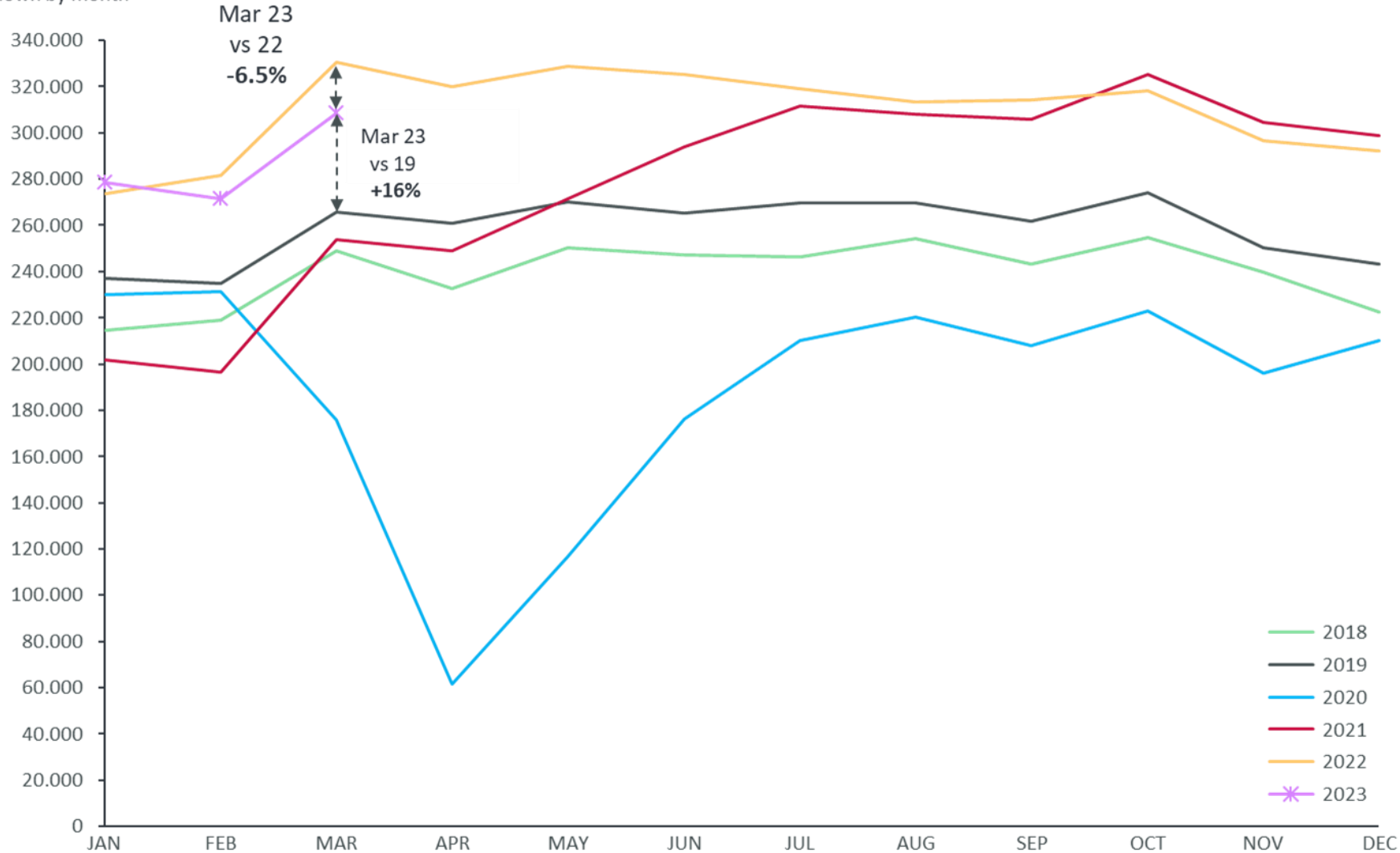
Transactions Slow as Inventory Recovers and Values Settle



Comparing Global Business Jet Traffic in 2018-19-20-21-22

March 2023 -6.5% on March 2022, +24% vs January 2018.

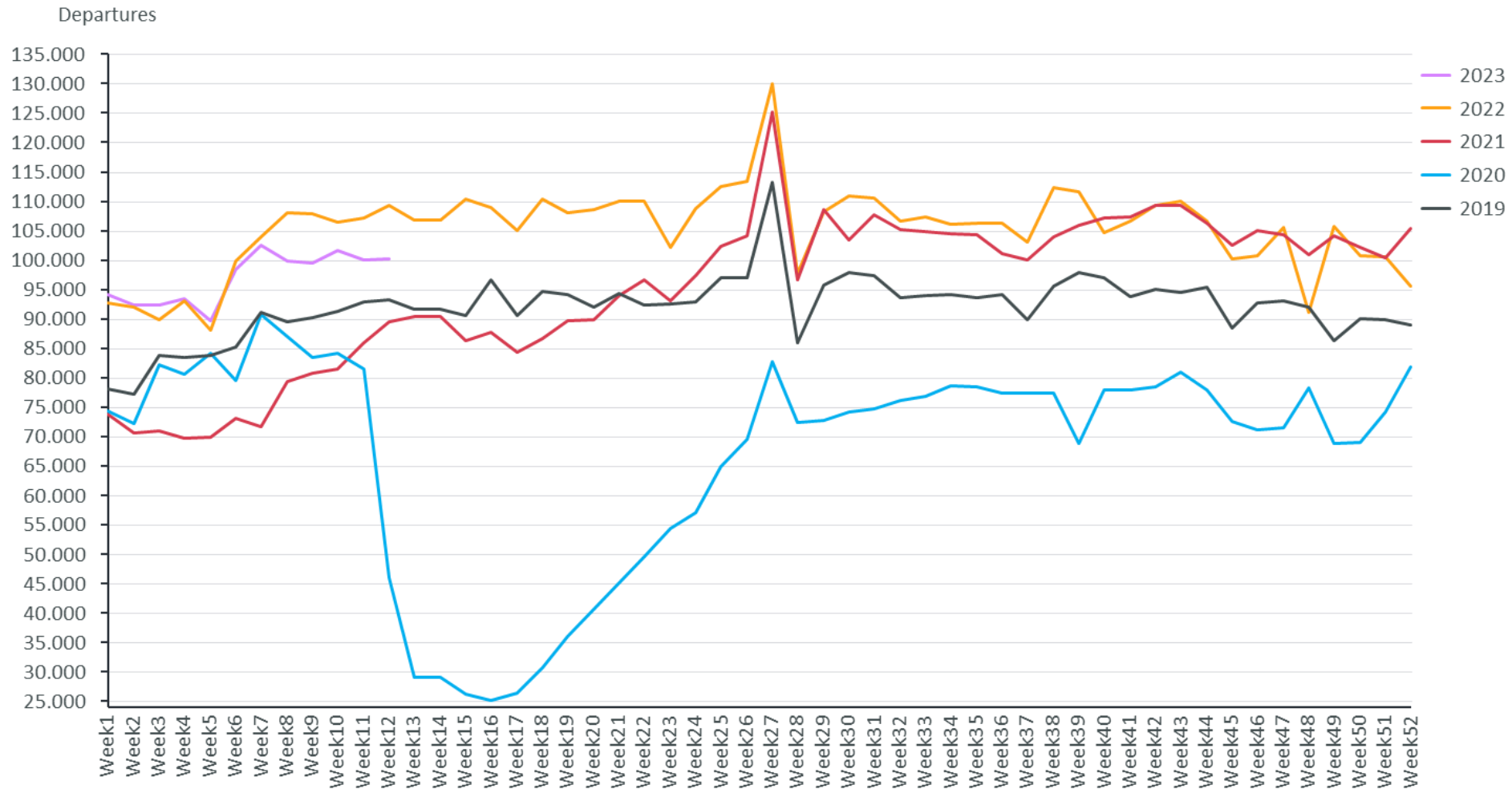
Global bizjet sectors flown by month



Bizjets only: Turboprops excluded
Source: WINGX, ATC, ADSB

Total weekly departures 2023, 2022, 2021, 2020 and 2022

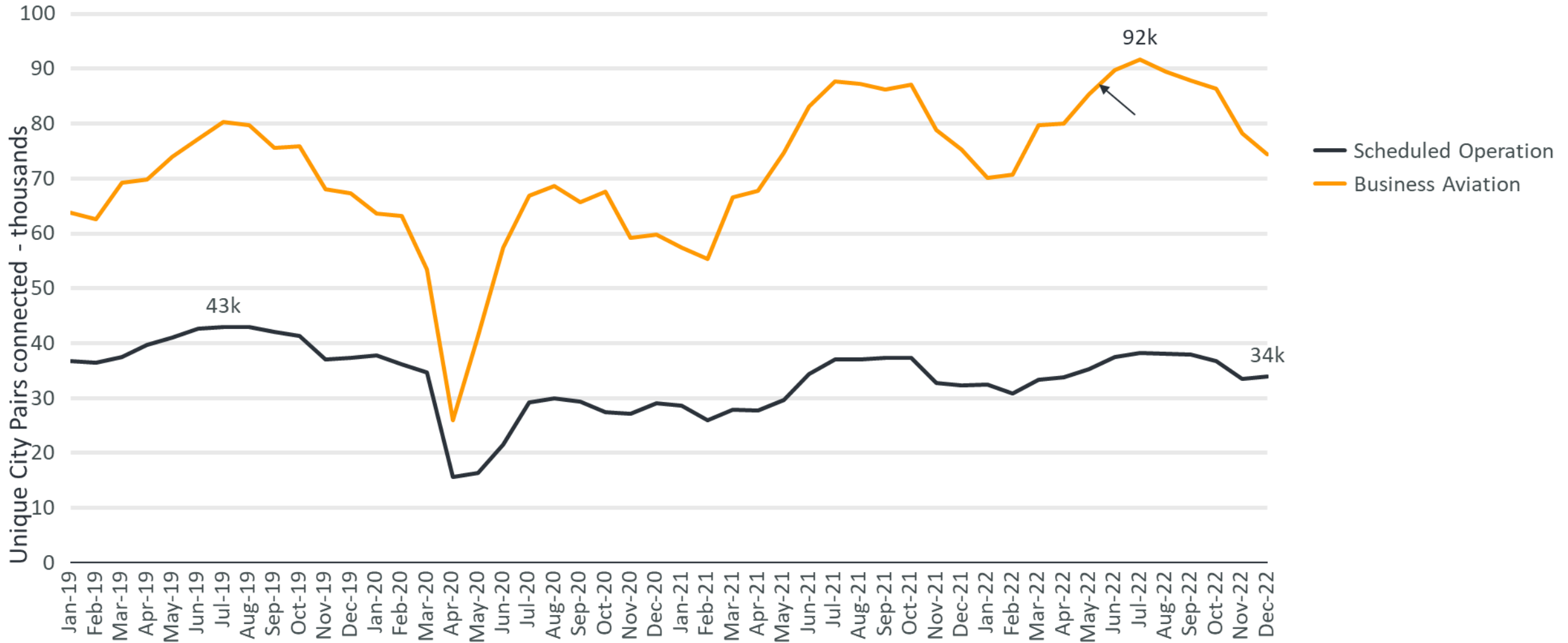
2023 started well but has trailed 2021 as well as 2022 since week 8.



Bizjets & Turboprops
 Period covered = Jan 1st through March 28th

Business aviation in wider context; bizav connectivity advantage has increased

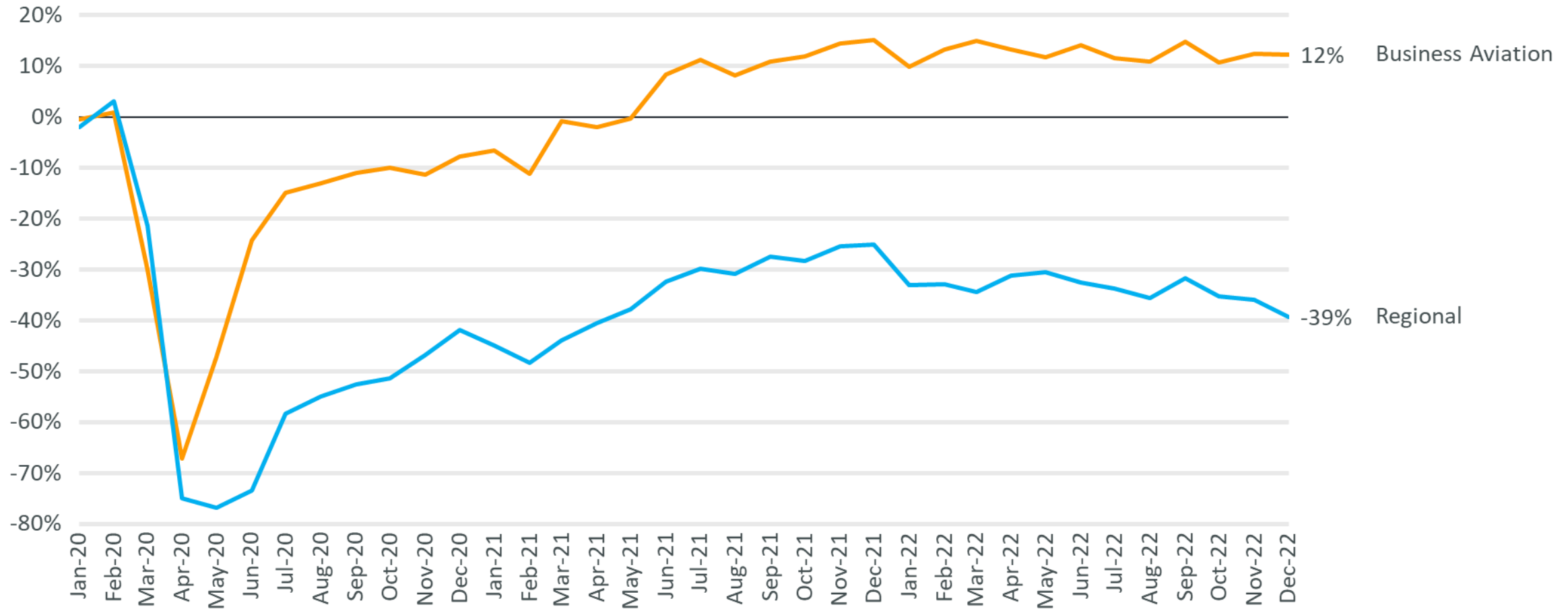
92,000 unique city pairs connected each month



Source: WINGX, ATC, ADSB Business Jets only

Eroded regional airline connections offer bizav strong competitive advantage

% Growth vs 2019 on Regional Network's Flights



Business Jets only | Regional Network includes a selection of 14k City pairs worldwide

Business Jet Market Update

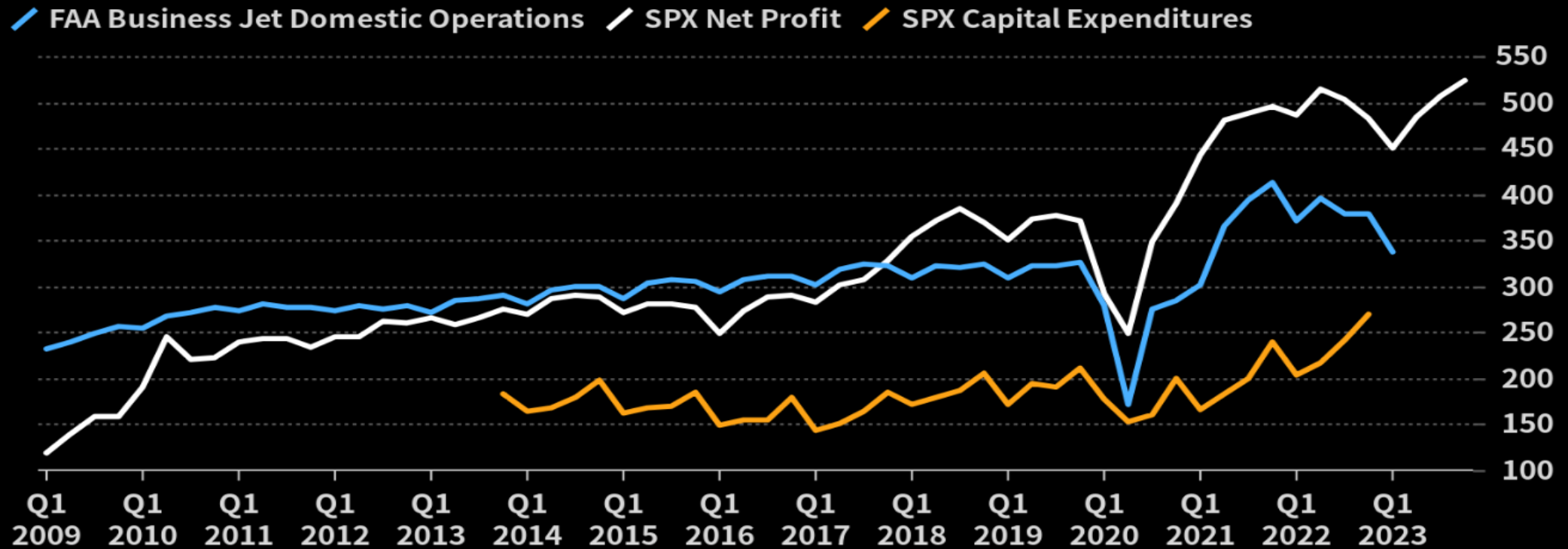
MAY 2023

George Ferguson



FAA Biz-Jet Operations vs S&P 500 Profits, Capex

FAA Biz-Jet Operations vs. S&P 500 Profits, CapEx

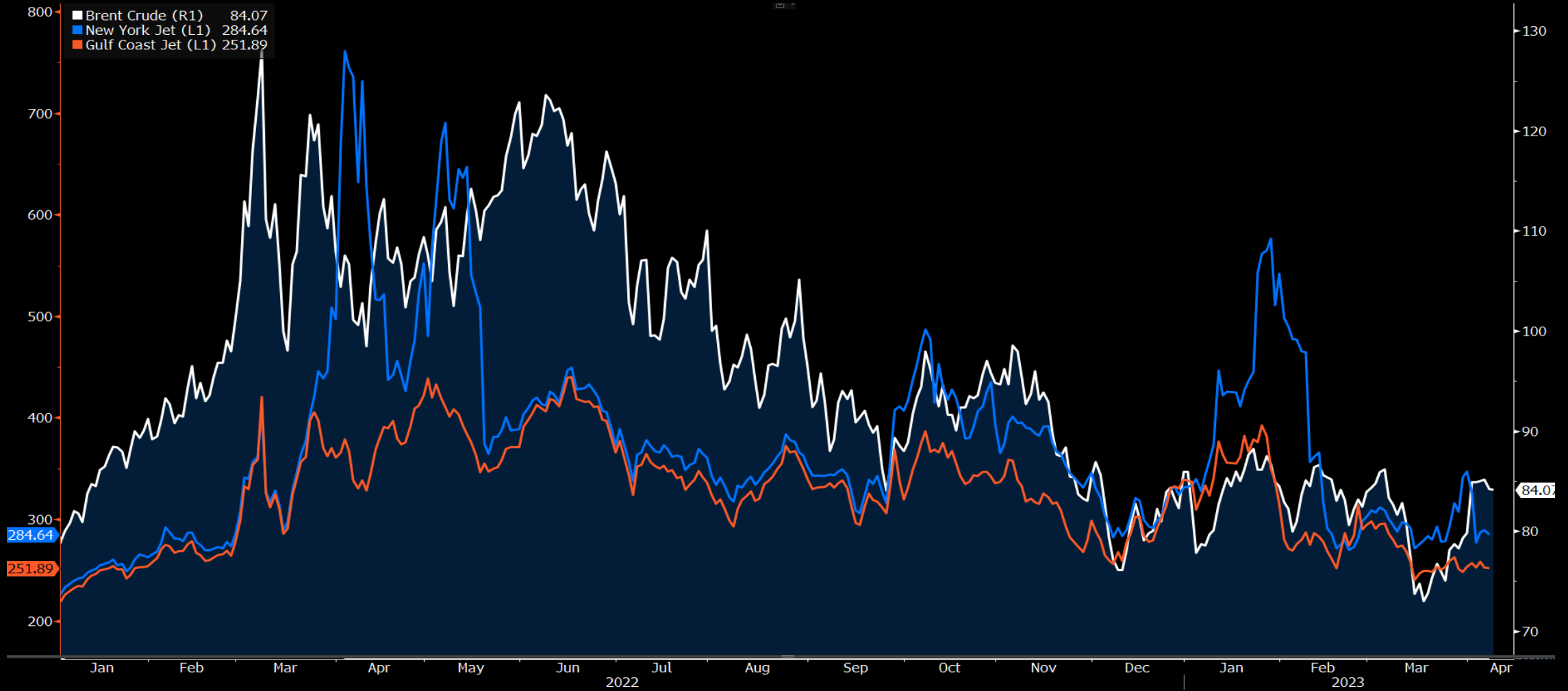


Bloomberg Intelligence

Source: FAA, company reports, consensus data



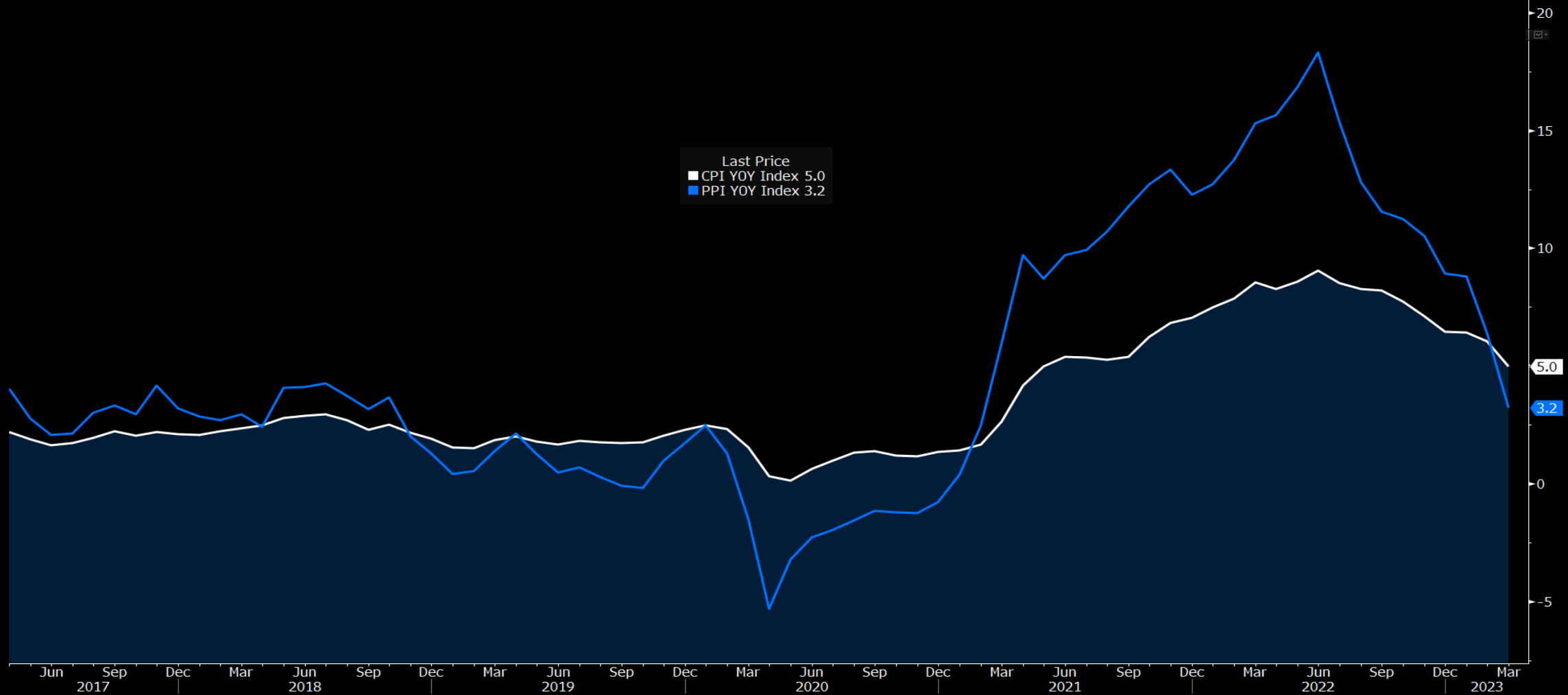
Brent/Jet Below Russia Invasion Prices



Source: Bloomberg Data



CPI and PPI

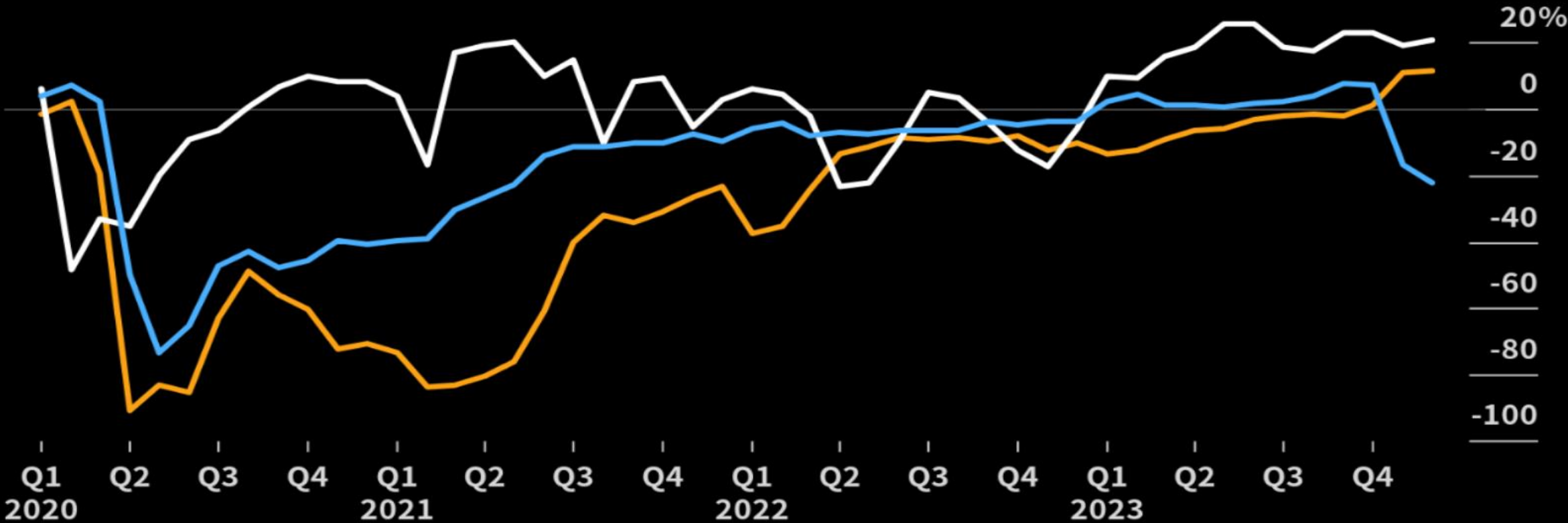


Source: Bloomberg Data



Recovery Trends Slower

US China Europe



Monthly Scheduled Seat Capacity, in %. Diio data as of April 11, 2023.

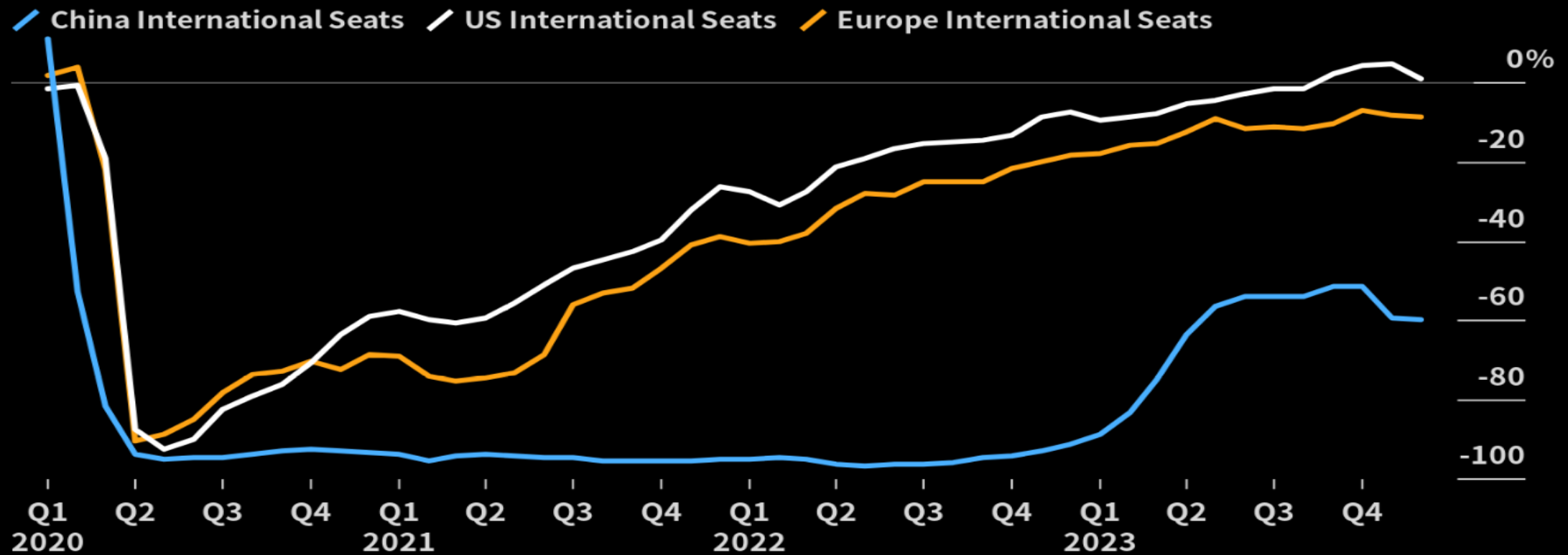
Bloomberg Intelligence **BI**

Source: Diio

BI

Bloomberg Intelligence

China Restrictions Still Drag International Recovery



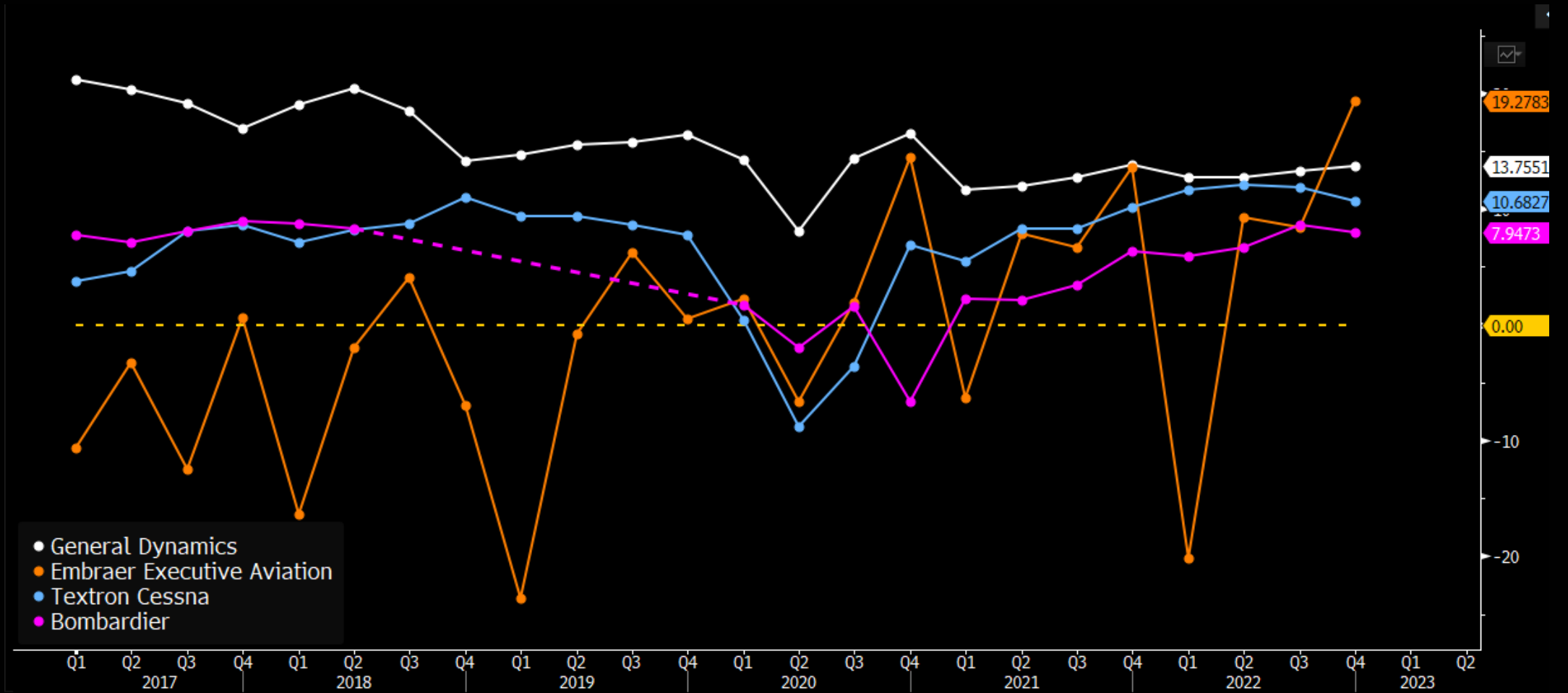
Diio data as of April 11, 2023. Change of scheduled international monthly seat capacity, in %. Europe includes countries part of ECAA and similar.

Bloomberg Intelligence **BI**

Source: Diio



Business Jet Margins Recovering, Upside Capped by Inflation/ Supply Chain



Source: Company Reports, Bloomberg Intelligence

Backlog Rising

Company	Years of Backlog 2022	Years of Backlog 2021	2022 Backlog	2021 Backlog	Backlog Change	2022 Revenue	2021 Revenue	Revenue Change	Currency
Dassault	2.2	1.6	4,690	3,129	49.9%	2,104	1,952	7.8%	EUR
Embraer	3.1	2.6	3,800	2,900	31.0%	1,244	1,130	10.1%	USD
Textron Aviation	1.3	0.9	6,387	4,120	55.0%	5,073	4,566	11.1%	USD
Bombardier	2.2	2.0	14,800	12,200	21.3%	6,853	5,996	14.3%	USD
Gulfstream	2.2	2.0	19,077	15,878	20.1%	8,567	8,135	5.3%	USD

Source: Company Reports, Bloomberg Intelligence

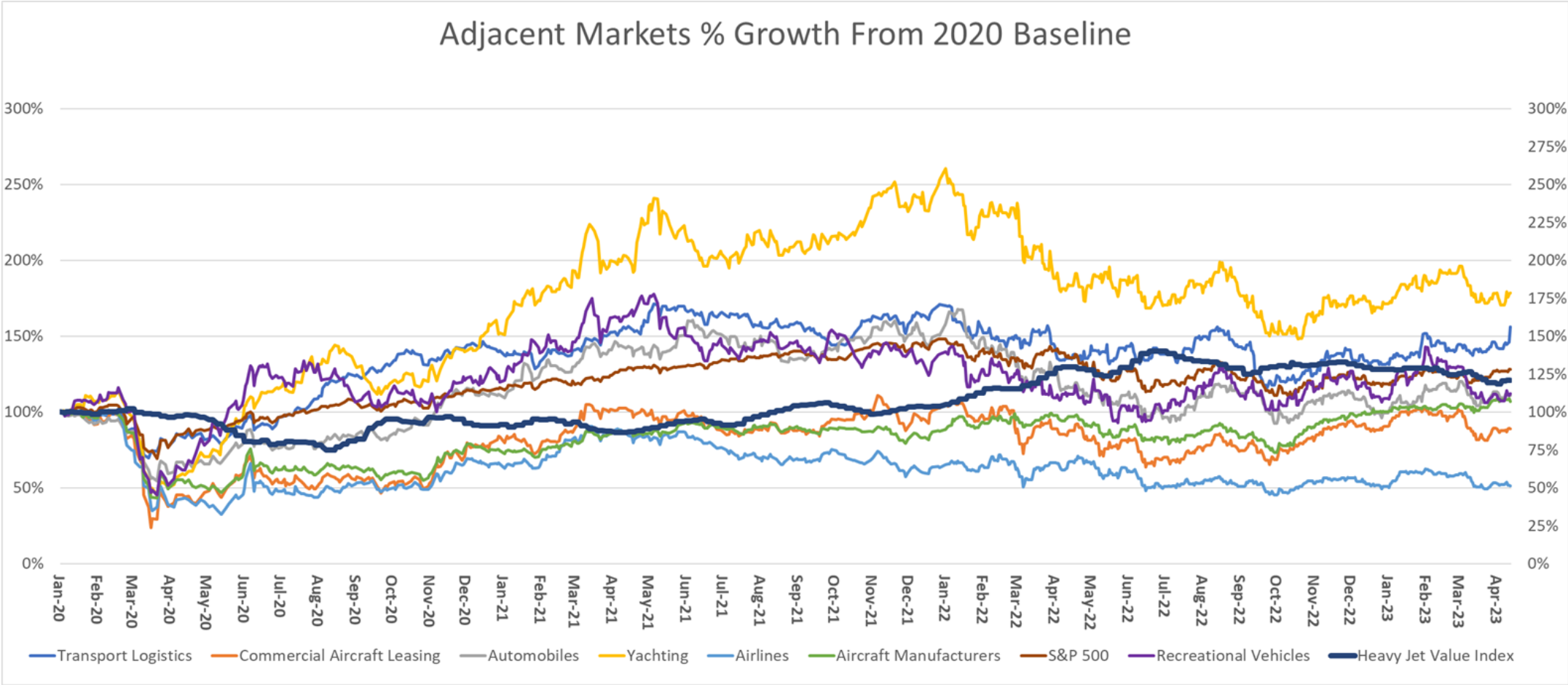
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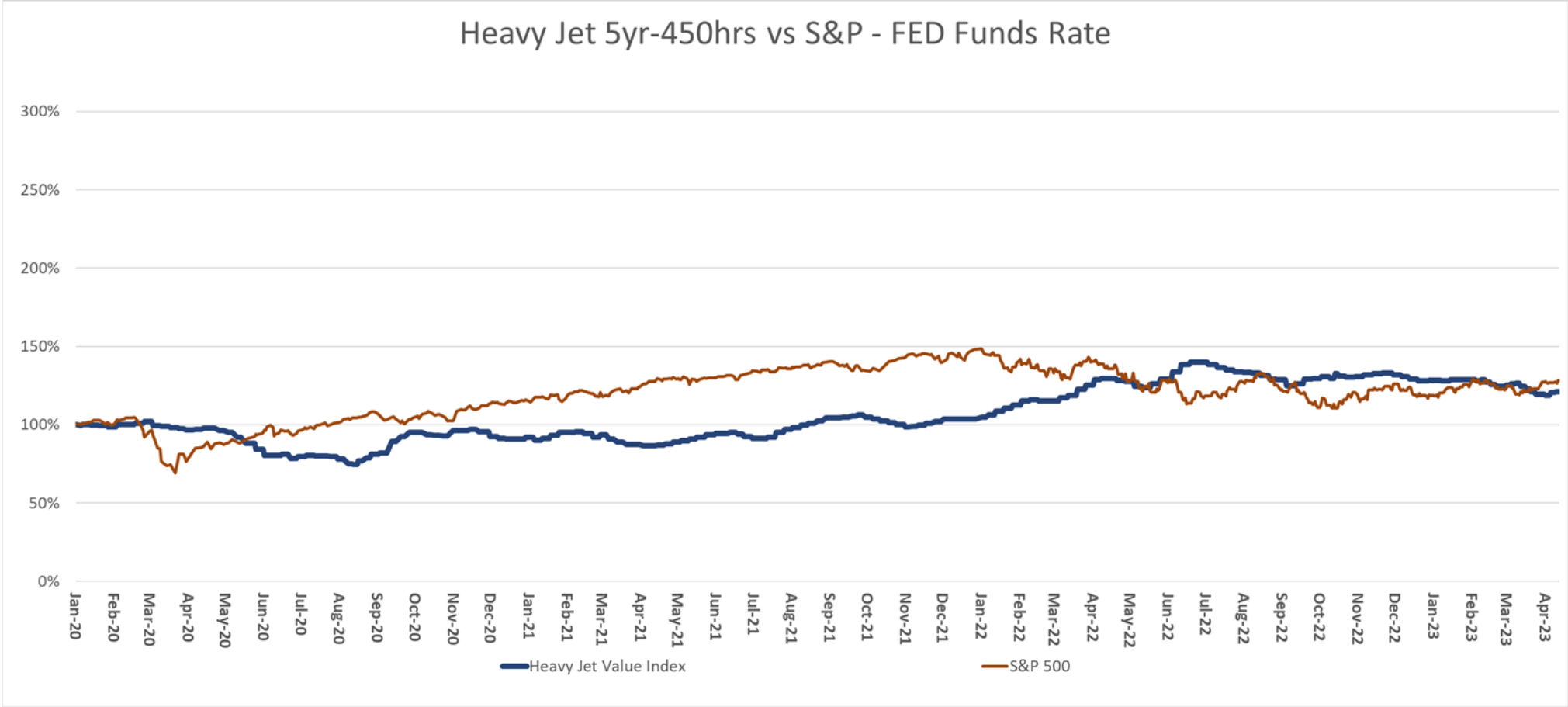
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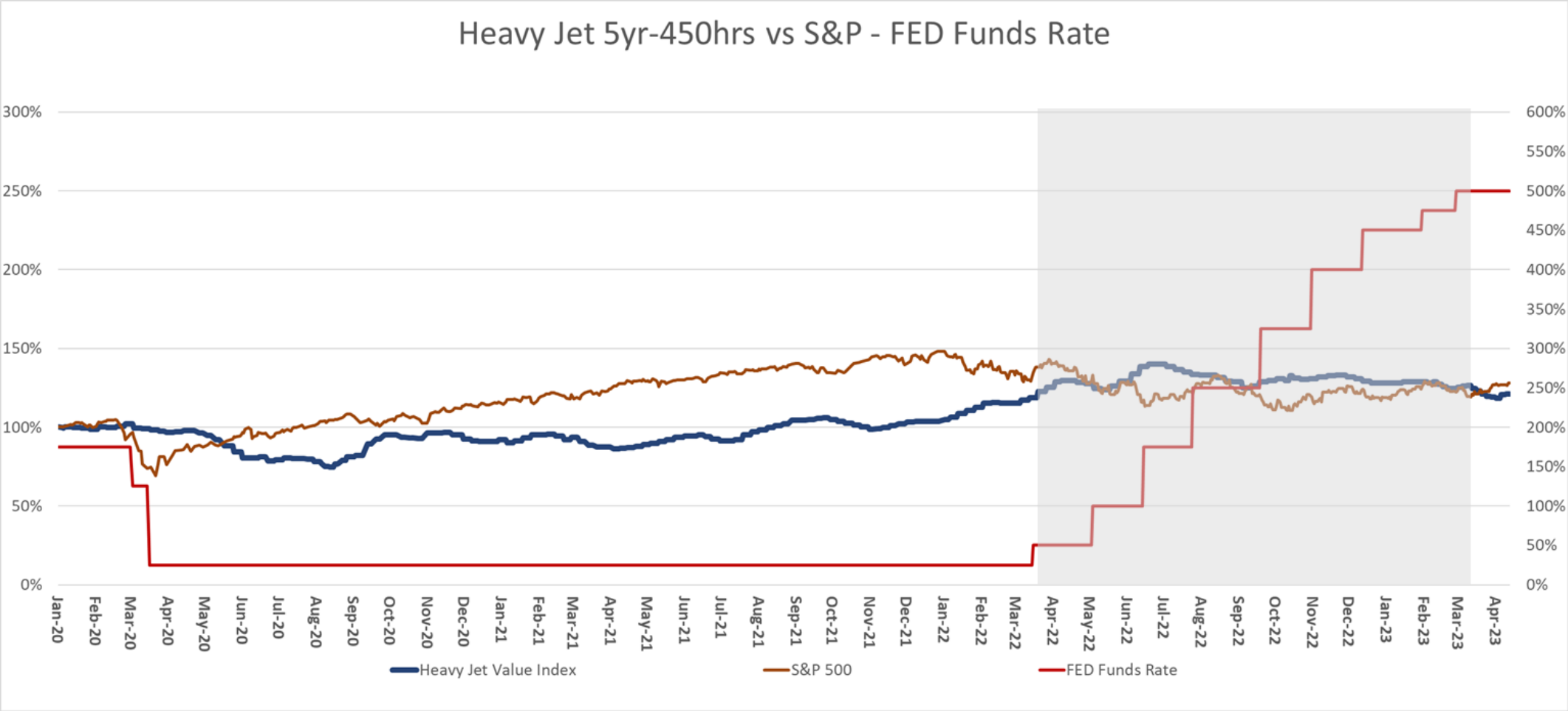
Publicly Traded Indices Adjacent to Heavy Jet Values



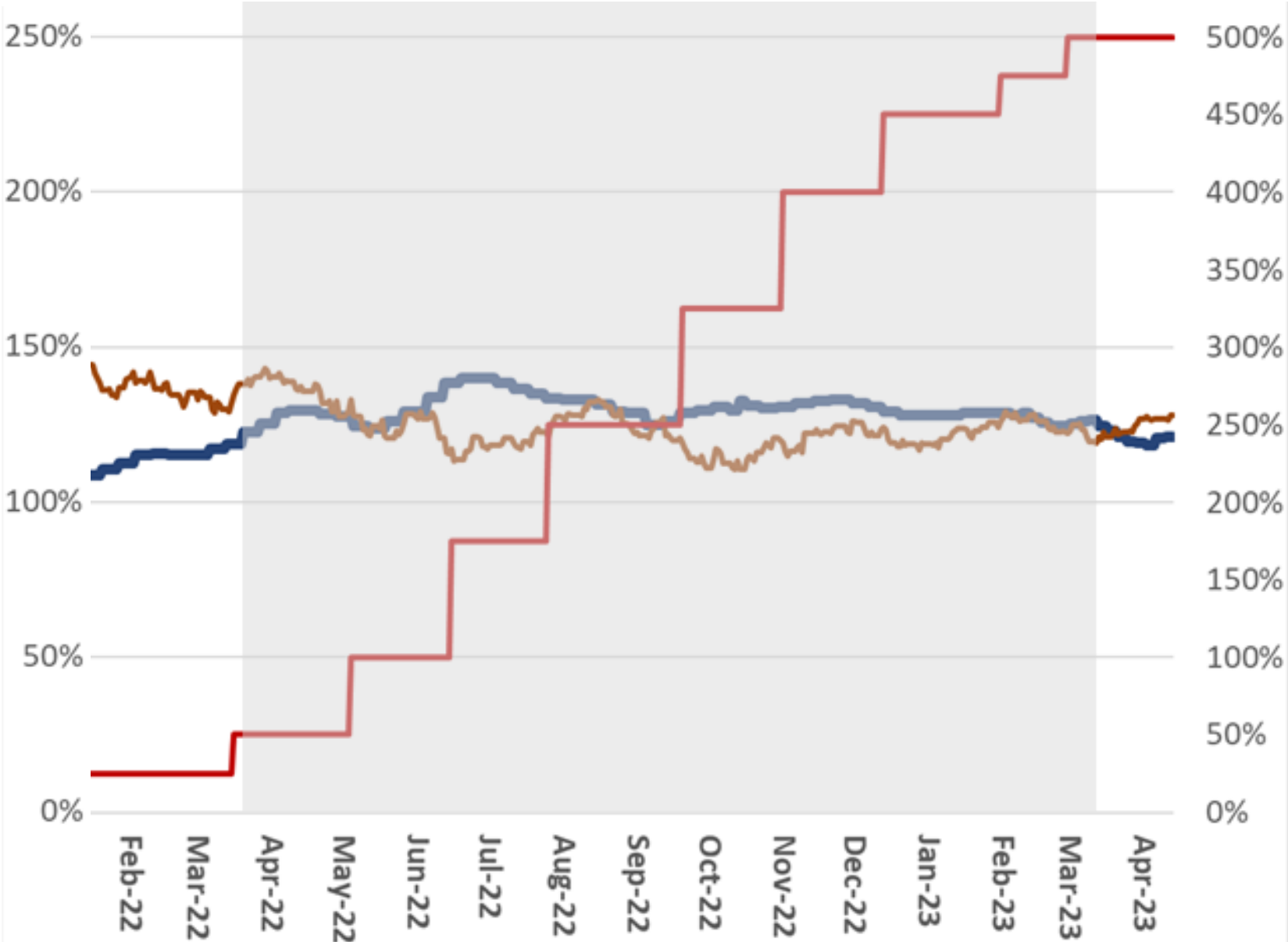
Heavy Jet Values Lag S&P and Steady Amidst Disruption



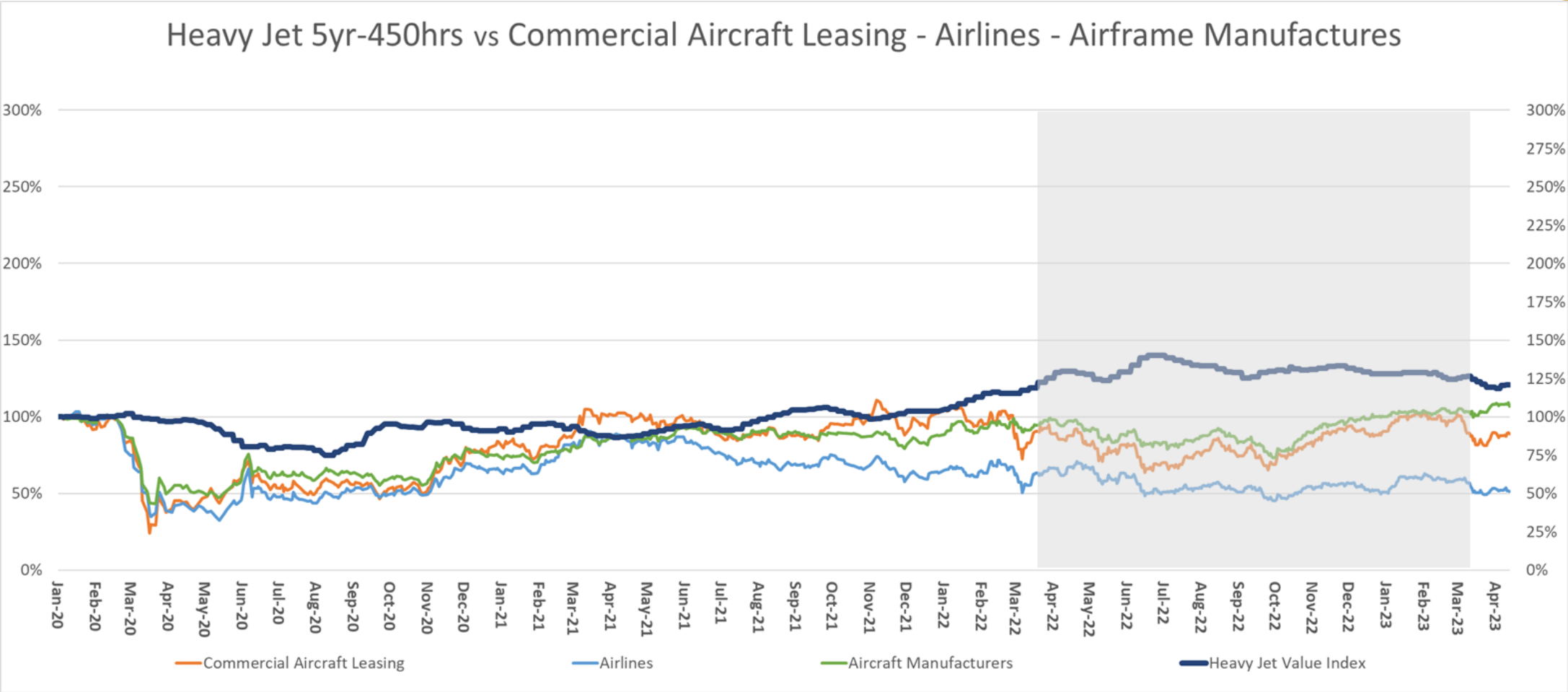
S&P Shows Volatility While Heavy Jet Settles During Hike



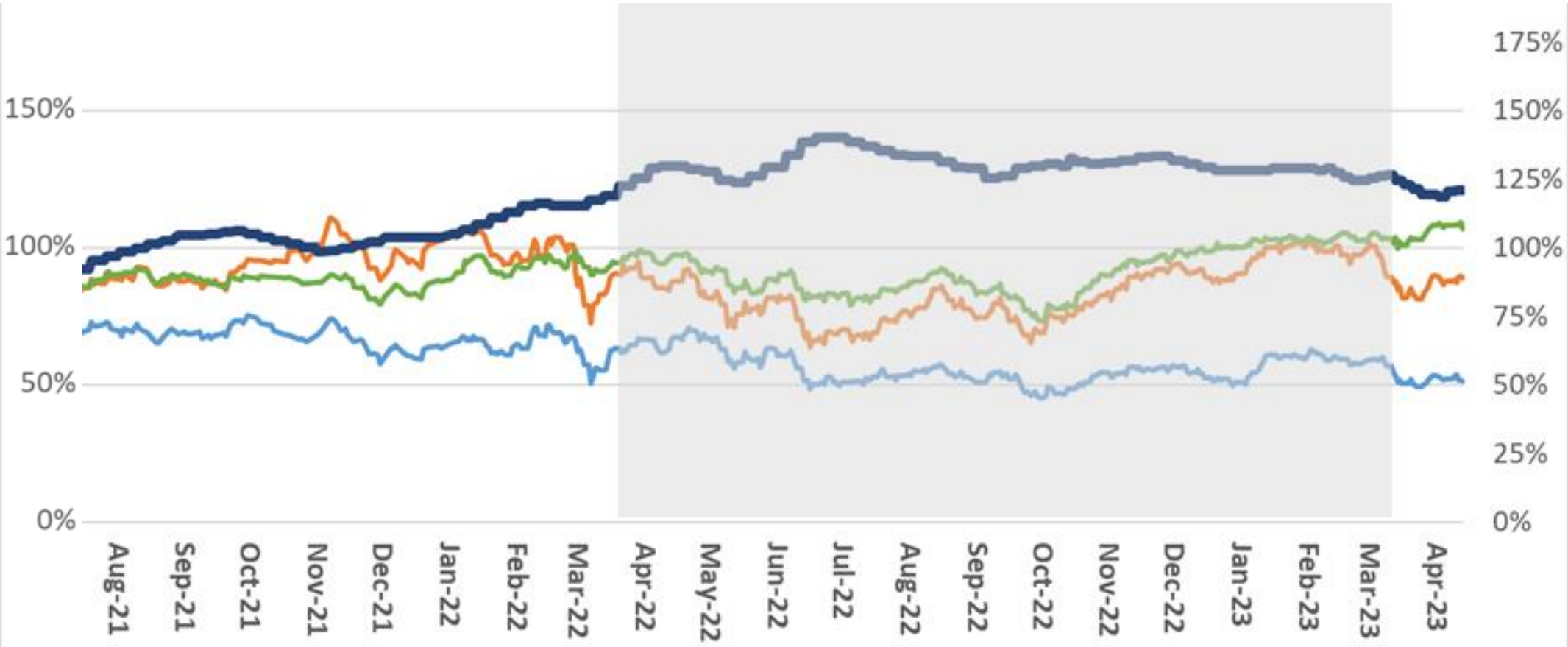
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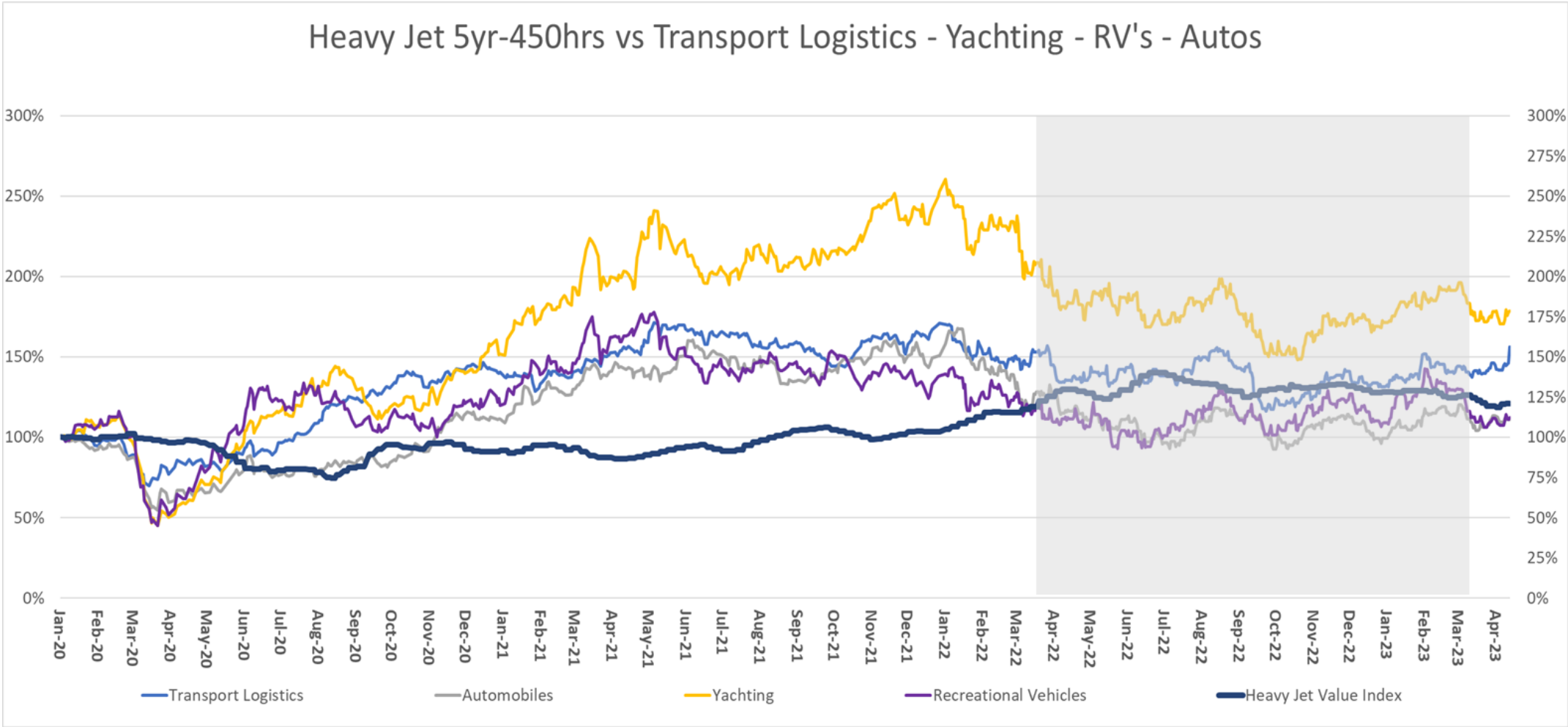
Heavy Jet Climbs, Commercial Falls, Manufacturers Find Support



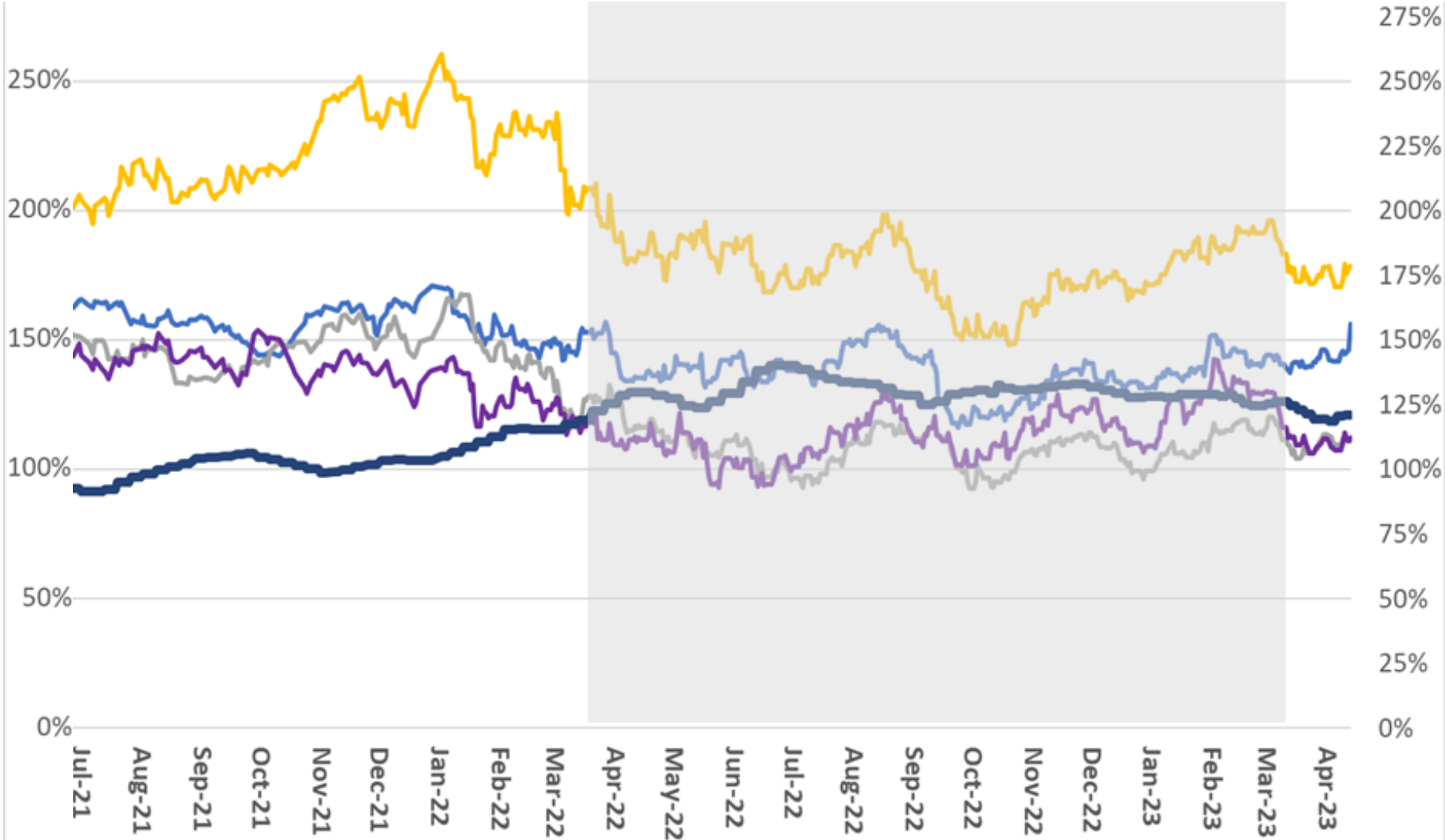
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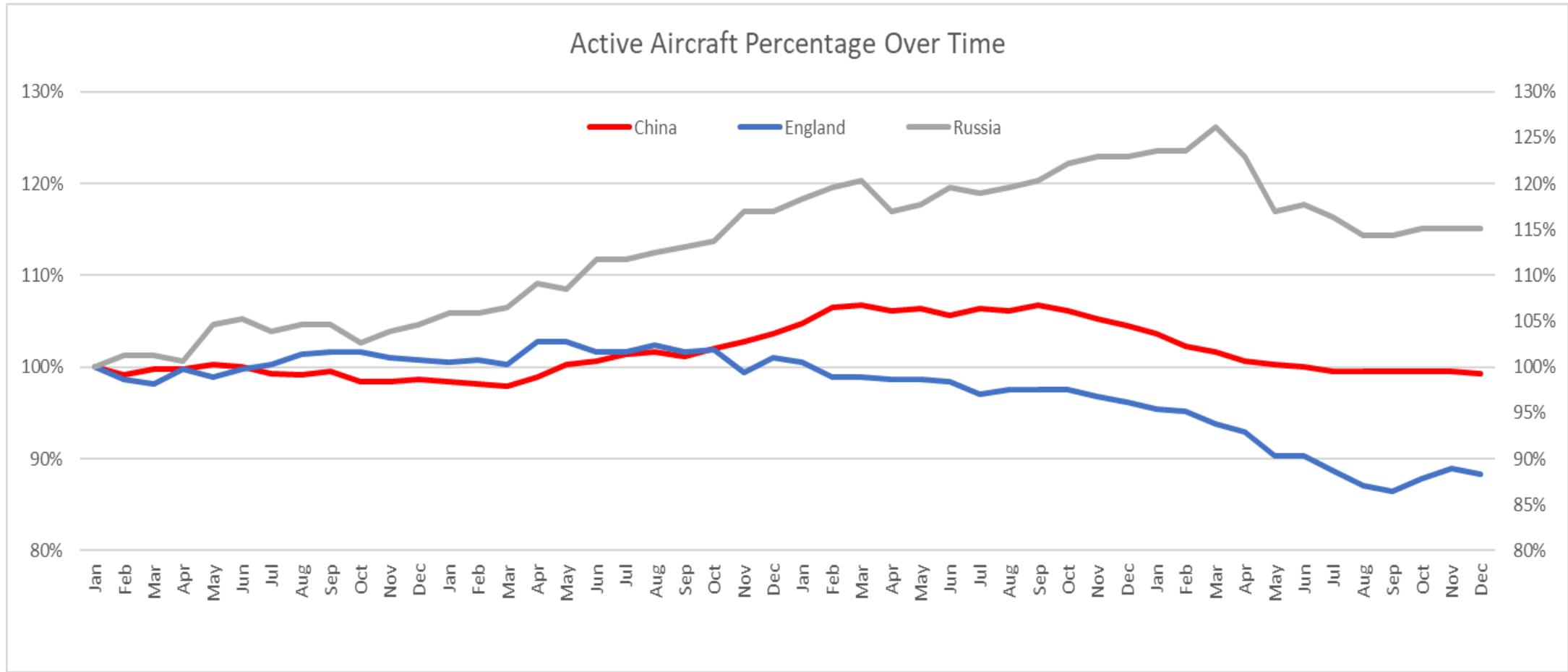
Yachting (HNWI's) is Resilient, RV's & Autos Give Back, Jets Steady



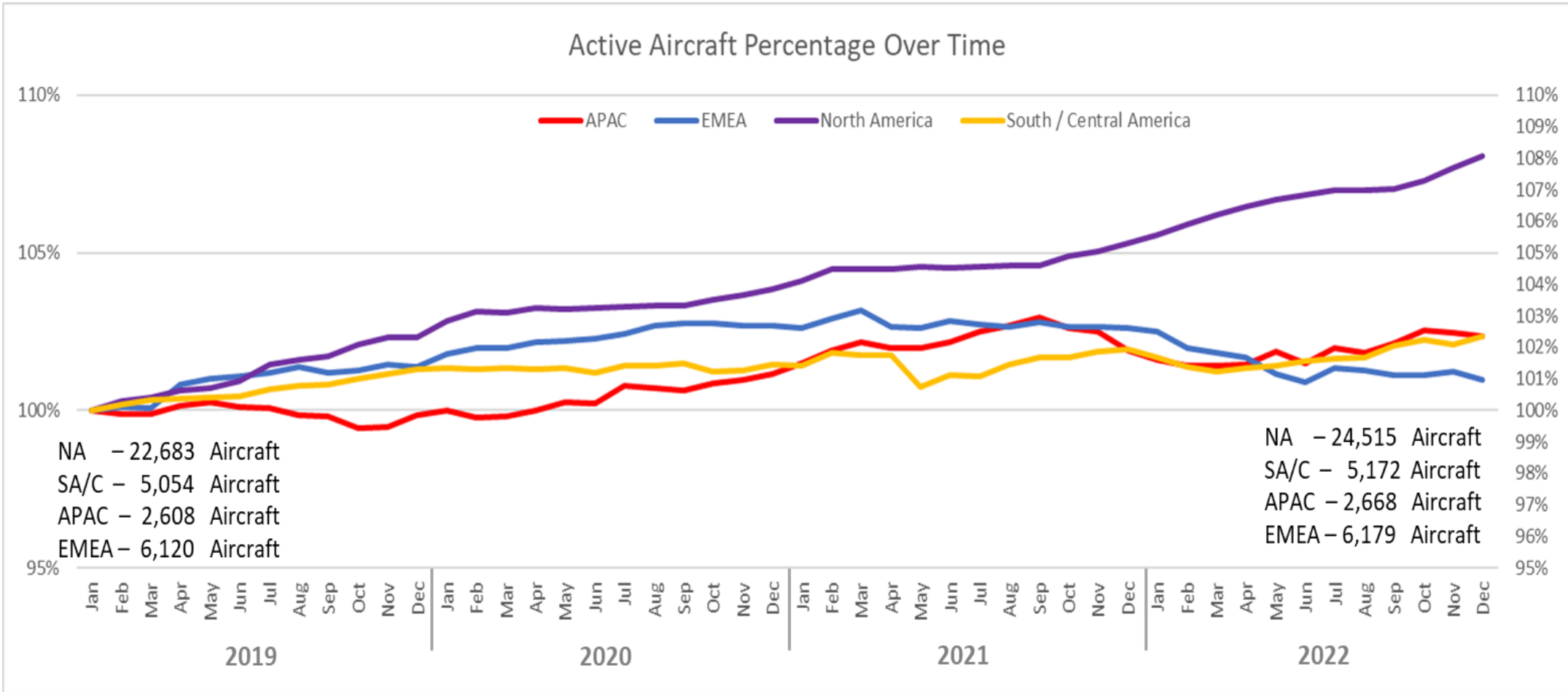
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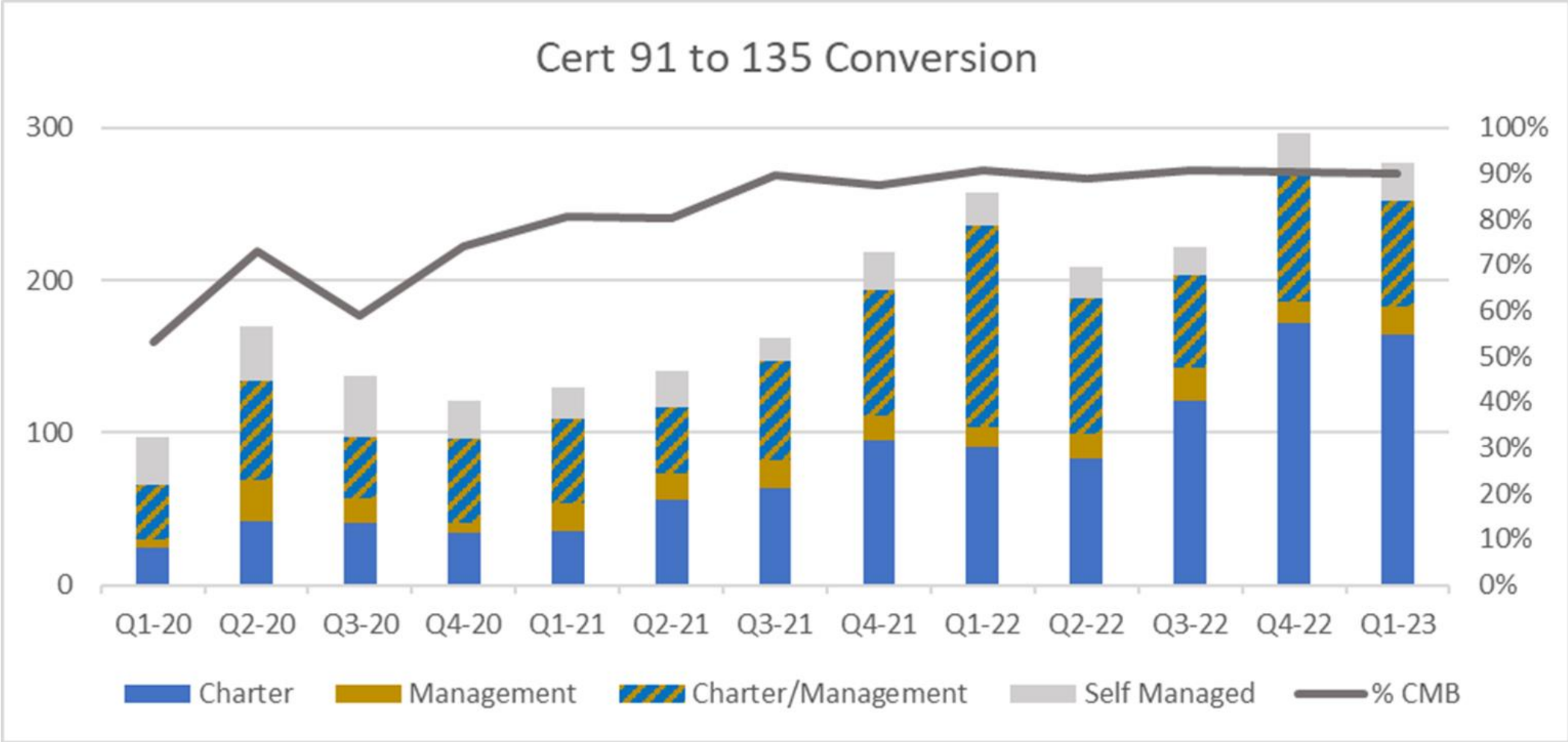
Russian Invasion, UK Economy, China Shutdown - Reduce Active Aircraft



Regional Strength With Sustained Growth Despite Isolated Slowdowns



Charter and Management Companies Continue to Convert to 135



Charter and Management Company Landscape

	2019	2023	% Growth
Number of Companies	39	36	-8%
Owned Aircraft	1693	2145	27%
Extended VIA Management	2105	2815	34%
Aircraft Owned %	80%	76%	-4%

Business Aviation Update Takeaways

What the Data tells Us:

- Current market headwinds dampen Q1 Business Aircraft Transactions off 2022 high, but demand remains stronger than 2019.
- Business travel is seeing a boost as post-pandemic utilization transitions from being driven by leisure to a return to in office work and international markets open.
- Manufacturers continue to build healthy backlog and avoid pricing pressure as supply chain challenges keep them in check.

What to Watch Next:

- How Charter/Business Jet Management companies manage operations as demand surge subsides.
- How quickly aircraft buyers come to terms with a higher cost of money.
- Will regions such as Asian Pacific, EMEA, and South America continue to provide support as U.S. demand come off the boil.

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