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The Best Days of My Life

Canadian rocker Bryan Adams sang about the best of times in his *Summer of '69* hit released on the *Reckless* album in 1984. And what a summer it was, as people around the world marveled at TV images of the first two humans on the Moon and 450,000 other revelers frolicked in the muds of Max Yasgur's dairy farm. Although few other than band members likely arrived in upstate New York by private aircraft, at least some Woodstock attendees may remember these as the best days of their lives – of course that is if they recall much at all.

While entertainment and sports always rank high amongst many people's passion investments, private aircraft surely cannot be far behind. Demand for professionally-managed flight services – including whole aircraft management, fractional ownership, membership, jet cards and charter – has accelerated through the COVID-19 crisis and continues unabated. While commercial airline services remain constrained, particularly outside the big airline hubs, the benefits of private aircraft operations are more apparent now than ever – personalized service, "know my crew" peace-of-mind, scheduling flexibility, avoidance of lineups and security hassles, on/off convenience, direct accessibility into smaller airports, productivity, comfort, time-savings, and the highest standards of safety, security, and sanitation. And unlike rock 'n roll concerts, the list goes on and on....

"...Demand for professionally-managed flight services.....has accelerated through the COVID-19 crisis and continues unabated."

This issue of JETNET iQ PULSE is sponsored by Airshare. Founded more than 20 years ago in Wichita and today serving customers from the crossroads of the U.S., Airshare has been spreading its wings and expanding its fleet to include both Phenom and Challenger jets. Airshare offers fractional shares, jet cards, charter, aircraft management, and MRO services. Amongst Airshare's unique selling propositions is a business model in which fractional customers have access to their airplane and crew by the day, for as many hours as they need. With so many opportunities emerging in our post-COVID world, companies like Airshare are already navigating the skies for their customers seeking to create better days ahead.

Please plan to join us in New York at our 10th JETNET iQ Summit. Our fly-in / fly-out venue at the 1960's retro TWA Hotel at JFK Airport is the place to be on Sept. 15-16 as industry leaders gather to discuss why our best days are ahead of us:

www.jetnet.com/summit

Rollie Vincent
JETNET iQ Creator/Director



This issue of JETNET iQ PULSE is sponsored by:



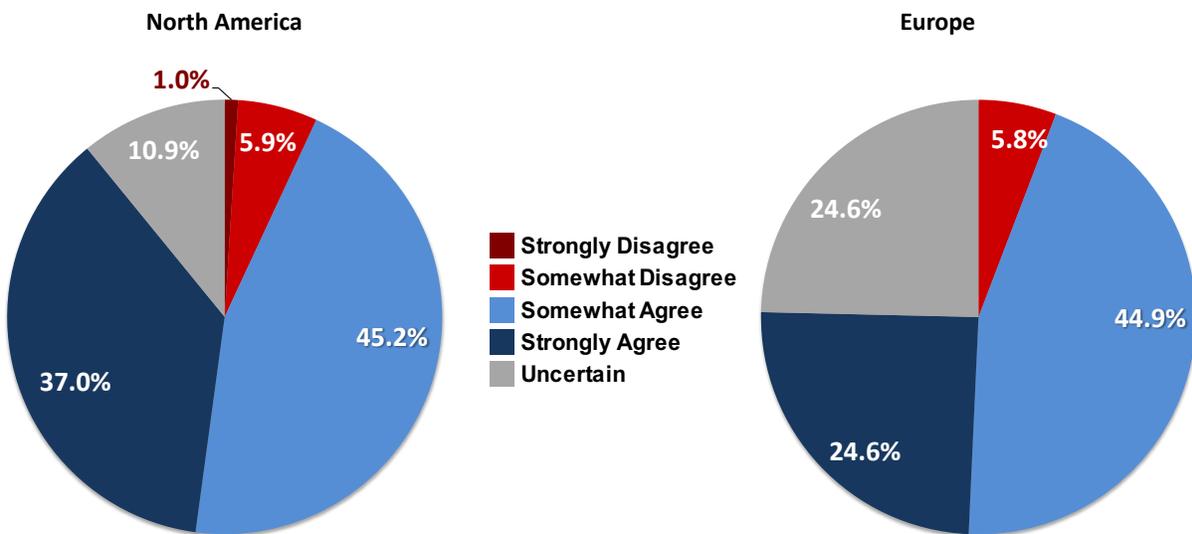
Outlook

With a sharp V-shaped recovery evident across many corners of the business aviation industry, we are certainly living through interesting times. Cases in point: Despite the COVID-19 pandemic and a global recession in 2020, we see evidence of firm pricing and the lowest ever levels of % for-sale bizjet inventory. Fractional and charter flight cycles this year have already surpassed the high levels of 2019. Respondents

to the Q2 2021 JETNET iQ Survey from North America and Europe strongly believe that the recent surges in fractional and charter flying will continue (see charts below). While we await specifics from the upcoming financial reports of the various aircraft manufacturers, we expect they will highlight fresh fleet orders, particularly from fractional providers.



Q2 2021 JETNET iQ Survey (in progress): By Region



Source: JETNET iQ Q2 2021 Survey (in progress);
n = 480 total respondents from all regions of the world (~96% complete towards target of 500+ respondents)



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*Based on customer's allocation of days with a maximum 14-hour crew duty day.

Business Conditions

GDP



The Economist's **GDP growth forecasts** for 2021 are: U.S. +6.0%, Euro Area +4.3%, U.K. +5.8%, Mexico +5.9%, Brazil +4.8%, Canada +5.4%, China +8.5%, Russia +3.2%, and Australia +4.4%



Business jet cycles (take-offs and landings) in May 2021 were up by 74% YOY for U.S. Part 91, up by 284% YOY for U.S. Part 91K, up by 161% YOY for U.S. Part 135, and up by 193% at European airports



Dow Jones Index (U.S.) was up 38%,
FTSE 100 (U.K.) was up 15%,
CAC 40 (France) was up 35%, and
DAX 30 (Germany) was up 29%
YOY from June 26, 2020 to June 25, 2021



U.S. Index of **Consumer Sentiment** was 85.5 in June 2021 vs. 82.9 in May 2021 and 78.1 in June 2020 YOY;
Euro Area **Economic Sentiment Indicator** was 114.5 in May 2021, versus 110.5 in Apr. 2021 and 70.2 in May 2020



U.S. unemployment rate (seasonally adjusted) was 5.8% in May 2021 representing ~9.3 million people, down 496K from April 2021 (6.1%)



U.S. **Purchasing Manager Index** (Manufacturing PMI) was 61.2 in May 2021, versus 43.1 in May 2020;
Euro Area **Business Climate Indicator** was 1.50 in May 2021, versus -2.38 in May 2020



Transactions of pre-owned business aircraft in Jan.-May 2021 were 1,117 jets and 584 turboprops, up 45% and up 35% YOY (JETNET as of June 28, 2021)



Business aircraft deliveries in 2021 YTD are 211 jets (including Cirrus, Boeing, Airbus) and 96 turboprops (JETNET as of June 28, 2021)

We're Back in Time...



...and in Person ; the JETNET iQ Summit returns with new life, new ideas and a new location at the neo-retro, super swanky TWA Hotel located at the JFK Airport. Reconnect with colleagues, business leaders and old friends in this exciting new space, where the past meets the future. Come and celebrate our 10th iQ Summit...*back in time*. Visit jetnet.com/summit for more info.

JETNET iQ Summit

TWA Hotel at JFK | Sept. 15-16th, 2021



Network
Hob-nob over cocktails with all the right people.

Experience
Dazzling speakers from across the industry.

Inspire
Brainstorm with the biggest brains in BizAv.

Convenient
A single flight from almost anywhere.

Business Jet Utilization – U.S. Part 91K

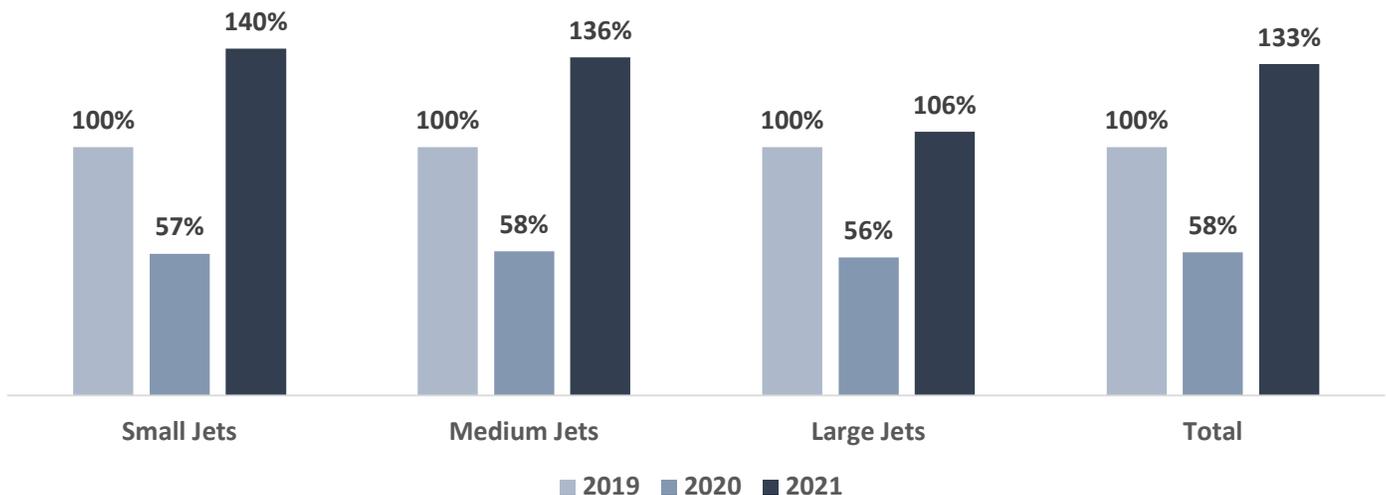
January-June 27, 2021 vs. Same Period in 2019 and 2020

Flight activity amongst the various U.S. fractional business jet programs has rebounded smartly through the first half of 2021. Using H1 2019 as a reference point, overall Part 91K flight cycles are up 33% vs. H1 2019 after dropping sharply last year. The recovery in utilization as measured by total flight cycles (one takeoff and landing) is being led by the Small Jet and Medium Jet segments, which are up 40% and 36% respectively over 2019 (see chart below). These aircraft classes are no doubt particularly well suited to meet most customer missions, particularly while COVID-19 travel restrictions and quarantine requirements suppress international flying. While the Large Jet segment has been slowest to recover, an analysis of flight tracking data through the 1st half of 2021 indicates that flight cycles now exceed H1 2019 levels.

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Part 91K Flight Activity
% change over 2019



Source: JETNET / JETNET iQ; for definitions of the various business jet size categories, please see the Appendix

Oh Canada! – Fleet Details

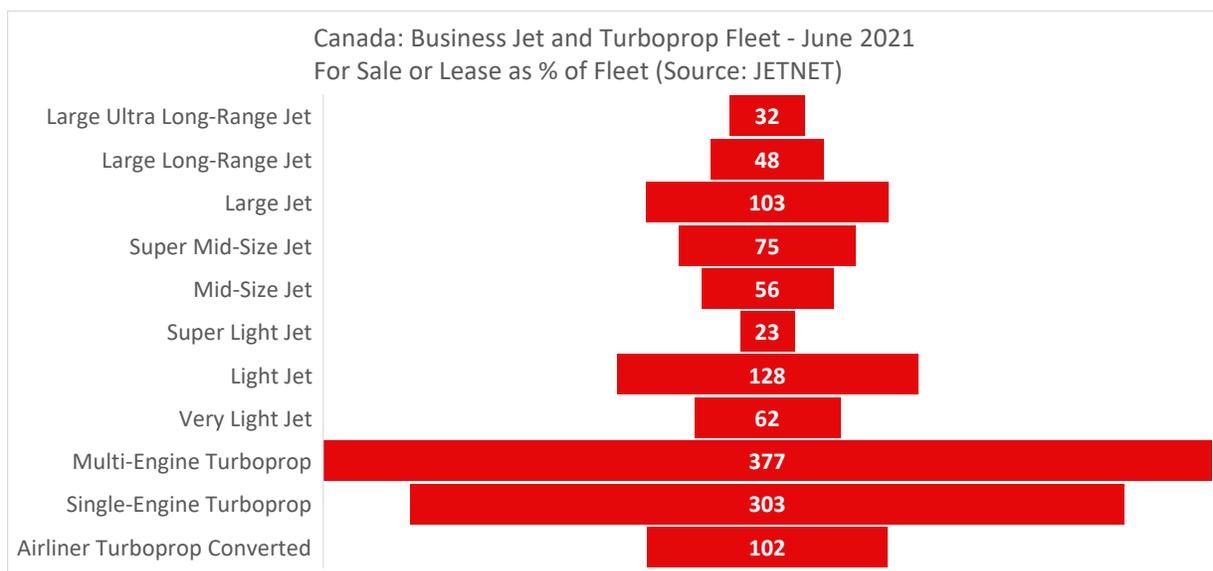
Business Jet and Turboprop Mix by Size Category – June 2021

In areas as diverse as rock ‘n roll, winter sports, civil aviation, and aerospace, Canada consistently punches above its weight class. Leaders across the spectrum of aviation technologies and services – in flight operations, air traffic control and navigation, MRO, FBO, flight simulator manufacturing, pilot and AMT training, regional and business aircraft design and production, helicopters, and turbine aero-engines – the puck literally stops here.

Ranking 4th in the world behind only the U.S., Brazil, and Mexico, Canada has a mature and growing fleet of more than 1,300 fixed-wing turbine business aircraft. Regionally, Ontario, Alberta, Quebec, and British Columbia are home base for almost 80% of the Canadian fleet.

Turboprops account for sixty percent of the Canadian fleet, the highest turboprop-to-jet mix amongst the top countries where business aircraft are based and reflecting the inherent value of these go-anywhere-in-all-conditions aircraft. Pratt & Whitney Canada’s near-iconic PT-6 engine powers the vast majority of the world’s business turboprop fleet, and consistently ranks high amongst Canada’s leading technology exports.

The country – 154 years young on July 1, 2021 – has a long way to grow in the years ahead, with aviation and aerospace positioned to continue being major contributors to the national economy, which is forecast to grow by 5.4% in 2021.



Source: JETNET / JETNET IQ

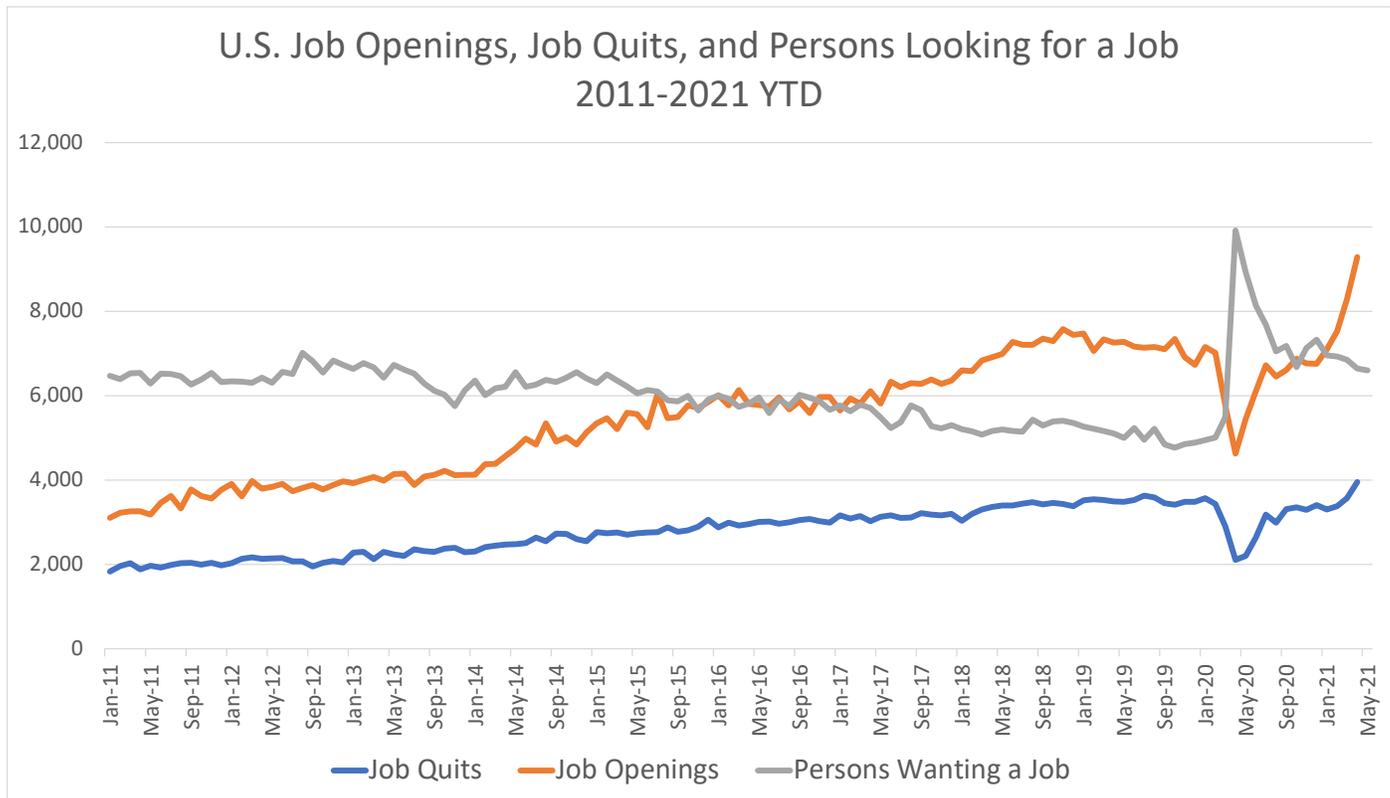
Great Talent Competition

The Defining Battle of the Decade?

As business aviation leaders continue to re-engineer their organizations for a post-COVID world, a familiar challenge has re-emerged, based on an analysis of the latest job reports from the U.S. Bureau of Labor Statistics. The Great Talent Squeeze, a characteristic of the pre-COVID U.S. labor market, is back in full force, with job openings spiking well above the volume of people who say that they are actively looking for work. At the same time, job quits (voluntary resignations) in April 2021 were up 101% YOY and up 28% over pre-COVID April 2019 levels.

While these data reflect the overall labor market and not necessarily the individual situations faced by business aviation employers, the writing is on the wall. Getting back to

the levels of business that the industry was at pre-COVID will require deft management, flexible thinking, and additional investment. Top-of-mind considerations include openness to work / life balance and work-from-anywhere arrangements, additional diversity in all its forms, and more generous pay / benefits packages. While business aviation organizations have so far fared objectively better than other industries like commercial aircraft production and the airlines, we believe that a full rebound in these sectors over the next couple of years should be factored into today's strategic business plans. Competition for great talent could be the defining battle of this decade as organizations bid *adieu* to the last of the Baby Boomer and Woodstock generations.



Source: U.S. Bureau of Labor Statistics

Talent Recruitment and Retention: Watch This Space

One of The Defining Battles of the Decade?

Just prior to the COVID-19 pandemic, pilot and maintenance technician recruitment, compensation, and retention were significant issues across the business aviation industry. Pressured by fast-growing airline traffic growth, and the near-permanent allure of flying and working on large civil aircraft, talent – or more specifically the challenges of recruiting and retaining people – were front-and-center topics in many organizations around the business aviation industry.

Three and a half years ago, more than half of the respondents to our Q4 2017 JETNET iQ Survey indicated that were finding it difficult to recruit and retain pilots with the desired credentials. While our in-progress Q2 2021 Survey suggests that those pressures may have subsided (see charts below), we suspect that proportionately fewer

companies are recruiting today, especially amongst private Part 91-type operators which have yet to experience a full rebound in utilization.

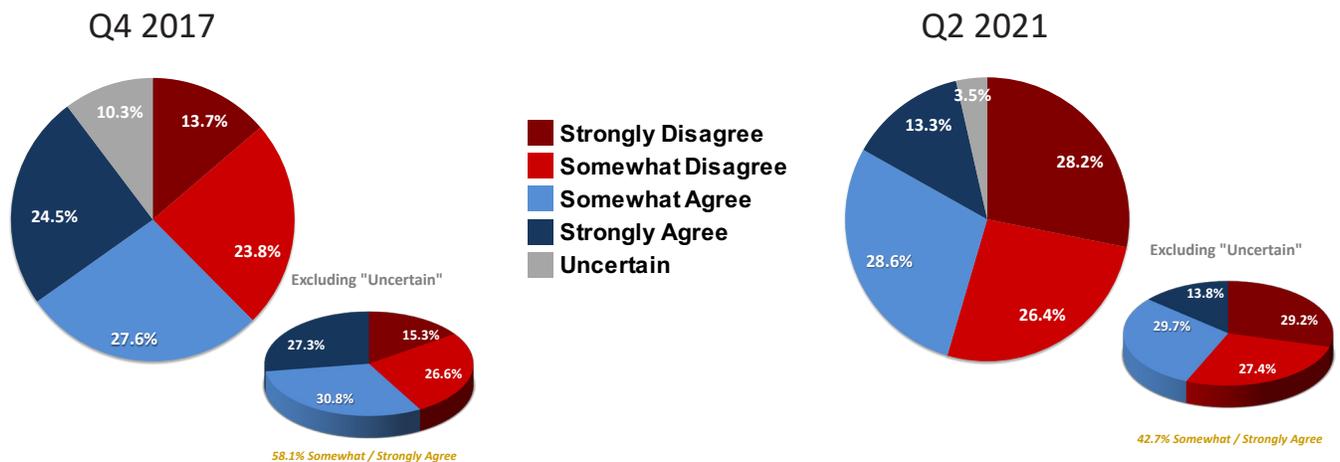
Talent recruitment, retention, and workplace diversity are critical topics that will be the subject of the upcoming 2021 JETNET iQ Summit on September 15-16. To find out more information and/or to register, please go to:

www.jetnet.com/summit



Pilot Recruitment and Retention Q4 2017 vs. Q2 2021 JETNET iQ Surveys

We have had difficulty recruiting and retaining pilots with the desired credentials



Source: JETNET iQ Q4 2017 and Q2 2021 Surveys (the latter in progress);
Q4 2017: 502 respondents; Q2 2021: n = 480 respondents to date (~96% complete towards target of 500+ respondents)

About JETNET iQ

JETNET iQ is a business aviation market research, analysis and forecasting service consisting of three main elements:

- **JETNET iQ Reports** are the definitive analytical reference for business aviation, incorporating quarterly state-of-the-industry analyses, owner / operator surveys, and detailed delivery and fleet forecasts;
- **JETNET iQ Summits** are annual industry conferences providing unique data, insights and networking opportunities; and
- **JETNET iQ Consulting** provides customized research and analysis for clients on a project-by-project basis.

JETNET iQ Reports are available in various formats on a subscription basis, and are published regularly by JETNET LLC, 101 First Street, Utica, NY 13501 - **currently offered at 11 different levels**. JETNET iQ is a partnership between JETNET LLC of Utica, New York and Rolland Vincent Associates, LLC, of Plano, Texas.

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Since late 2010, JETNET has conducted quarterly surveys of the worldwide community of business aircraft owners and operators in order to gauge customer sentiment, brand perceptions, aircraft purchase, selling, and utilization expectations, and other factors. JETNET iQ Global Business Aviation Surveys are password-protected and by invitation-only. Potential respondents are drawn randomly from the JETNET worldwide database of business jet and business turboprop owners and operators; they are initially contacted by telephone and/or e-mail by JETNET's team of multilingual researchers. Target respondents include chief pilots, directors of aviation, and senior management. Each survey includes at least 500 respondents in 50 or more countries each quarter, and respondents closely reflect the worldwide distribution of the business jet and turboprop community.

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Appendix

Data sources:

Real GDP growth forecasts (2021): The Economist – June 26, 2021

<https://www.economist.com/economic-and-financial-indicators/2021/06/26/economic-data-commodities-and-markets>

Stock Markets:

Dow Jones Industrial Average: <http://ca.spindices.com/indices/equity/dow-jones-industrial-average>

London Stock Exchange (FTSE 100): <https://www.londonstockexchange.com/indices/ftse-100>

Euronext Paris (CAC 40): <https://live.euronext.com/en/product/indices/FR0003500008-XPAR>

Frankfurt Stock Exchange (DAX 30): <https://www.boerse-frankfurt.de/indices/dax?mic=XETR>

Initial Unemployment Claims: Bureau of Labor Statistics (U.S.); <https://www.dol.gov/ui/data.pdf>; “SA” = seasonally adjusted

Unemployment: Bureau of Labor Statistics (U.S.); <https://www.bls.gov/news.release/pdf/empsit.pdf>

Consumer Confidence: University of Michigan Survey of Consumers (U.S.); <http://www.sca.isr.umich.edu>

European Commission (Euro Area) – Economic Sentiment Indicator; https://ec.europa.eu/info/sites/info/files/full_bcs_2021_06_en.pdf

Business Confidence: U.S. ISM Manufacturing PMI (U.S.)

<https://www.ismworld.org/globalassets/pub/research-and-surveys/rob/pmi/rob202105pmi.pdf>

Eurostat (Euro Area); <https://ec.europa.eu/eurostat/databrowser/view/teibs010/default/table?lang=en>

https://ec.europa.eu/eurostat/databrowser/view/ei_bsci_m_r2/default/table?lang=en

Business aircraft fleet, deliveries, transactions, days-on-market (DOM), utilization: JETNET; GAMA

Survey results: JETNET iQ Global Business Aviation Surveys (Quarterly)

Photo credits: Page 1: Airshare / Simon Kuo; Page 6: Airshare; Page 7 LHS: Jazz Aviation LP; Middle: Vaughn Ridley – AFP News; RHS: Pilatus Aircraft; All other photos / images:

Rolland Vincent Associates, LLC / JETNET iQ

Definitions and Abbreviations:

For the purposes of these Reports, business aircraft may be classified into 4 primary categories, reflecting propulsion, price, performance, and weight class differences. These categories are: Turboprops (Single-Engine Turboprops - SETP and Multi-Engine Turboprops - METP), Small Jets (Personal Jets, Very Light Jets, Light Jets), Medium Jets (Super-Light Jet, Mid-Size Jet, Super Mid-Size Jet), and Large Jets (Large Jet, Large Long-Range Jet, Large Ultra Long-Range Jet, Airline Business Jet). The “Personal Jet” category includes single-engine turboprop-powered models, today represented by the Cirrus Vision Jet.

B&G: Business & General Aviation
EIS: Entry in Service
FBO: Fixed Base Operator (private air terminal)
FTSE: Financial Times Stock Exchange (London)
GAMA: General Aviation Manufacturers Association
GDP: Gross Domestic Product

HNWI: High Net Worth Individual
MTOW: Maximum Takeoff Weight
NGO: Non-Governmental Organization
OEM: Original Equipment Manufacturer
QOQ: Quarter over Quarter
QTD: Quarter to Date

S&P: Standard & Poor's
TTM: Trailing Twelve Months
WHO: World Health Organization
YOY: Year over Year
YTD: Year to Date

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