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Up Where We Belong

Unlikely English-American duet Joe Cocker and Jennifer Warnes hit it big in 1982 with their Grammy, Golden Globe and Academy Award winning *Up Where We Belong*. Released in conjunction with the blockbuster film *An Officer and a Gentleman*, the relatively low-cost production soared, generating ROI that would delight any C-suite executive, regardless of industry.

While naval aviator-meets-local-factory-worker may sound like a fairy tale storyline, countless similar narratives are part of the ongoing fabric of the aviation and aerospace industry. Crossover benefits from military to civil aviation – and vice-versa – have driven a myriad of technological innovations in our industry, and by all accounts it seems that we have only just begun. But that is another story – and song title.

“Crossover benefits from military to civil aviation – and vice-versa – have driven a myriad of technological innovations in our industry...”

This issue of JETNET iQ PULSE is sponsored by Rolls-Royce. With origins as far back as 1904, the British aero-engine and power systems company commands a premium position at the top of the business aviation segment. Despite the broad-based challenges of COVID-19, the company is investing in the future, with R&D spending representing an impressive 9% of revenue in 2020. The company’s latest engines – from the Pearl family – have been selected to power most of the next-generation of large cabin business jets in development or recently certified, and position Rolls-Royce to be a major player for years to come at the pinnacle of the business jet market. With core competencies spanning military, commercial, and business aviation and a keen focus on emerging sustainability and electric power segments, Rolls-Royce is well positioned to serve the blue – and the green – skies of today and tomorrow.

Design meets technology at our fly-in / fly-out JETNET iQ Summit at the TWA Hotel at JFK Airport – join the top leaders in business aviation up where you belong on Sept. 15-16:

www.jetnet.com/summit

Rollie Vincent
JETNET iQ Creator/Director



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Outlook

The mood of the market as measured by our proprietary JETNET iQ Market Sentiment Index has gyrated up, down, and now up again, reaching a new 10+year peak in Q2 2021.

The JETNET iQ Market Sentiment Indicator gauges business aircraft owner / operator reactions to the question: “How would you describe the current market conditions for business aviation?” The Sentiment Indicator – with a range of -100% for worst possible to +100% for best

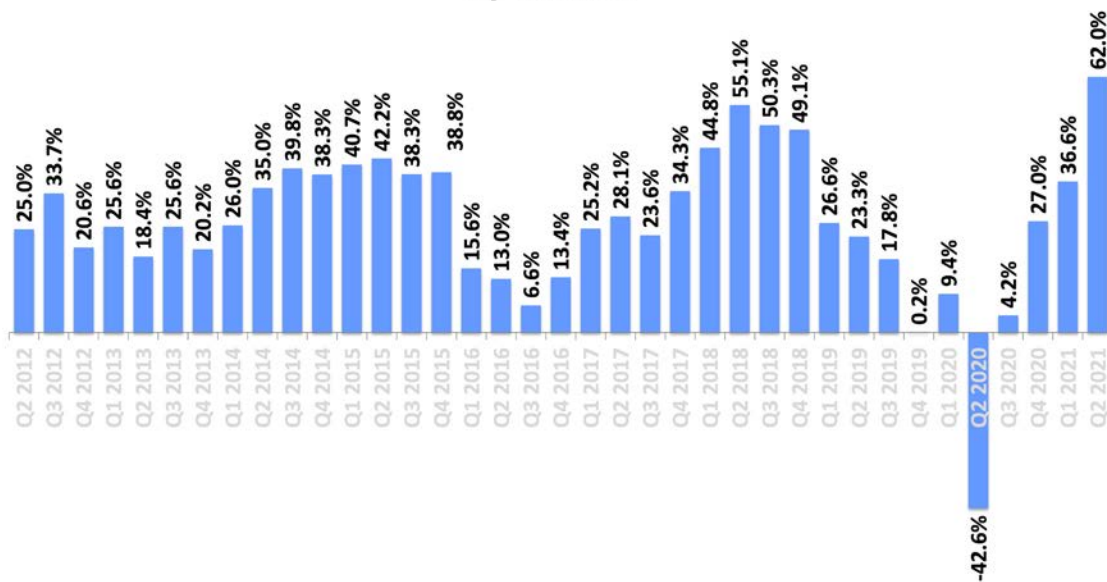
possible conditions – reached +62% on a worldwide basis, up sharply from -43% as recently as Q2 2020.

While results vary considerably by region, there is a broad and growing consensus that current market conditions have improved, supporting our decision to recently increase our 10-year forecast of demand for new business jets.



JETNET iQ Market Sentiment

Overall Worldwide Net Optimism
by Quarter



Source: JETNET iQ Global Business Aviation Surveys of owners / operators of fixed-wing turbine-powered business aircraft



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Business Conditions

GDP



The Economist's **GDP growth forecasts** for 2021 are: U.S. +6.0%, Euro Area +4.4%, 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 June 2021 were up by 37% YOY for U.S. Part 91, up by 129% YOY for U.S. Part 91K, up by 76% YOY for U.S. Part 135, and up by 91% at European airports



Dow Jones Index (U.S.) was up 31%,
FTSE 100 (U.K.) was up 15%,
CAC 40 (France) was up 31%, and
DAX 30 (Germany) was up 24%
YOY from July 14, 2020 to July 12, 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 117.9 in June 2021, versus 114.5 in May 2021 and 70.2 in June 2020



U.S. unemployment rate (seasonally adjusted) was 5.9% in June 2021 representing ~9.5 million people, up 168K from May 2021 (5.8%)



U.S. **Purchasing Manager Index** (Manufacturing PMI) was 60.6 in June 2021, versus 52.6 in June 2020;
Euro Area **Business Climate Indicator** was 1.71 in June 2021, versus -2.25 in June 2020



Transactions of pre-owned business aircraft in Jan.-May 2021 were 1,167 jets and 588 turboprops, up 52% and up 33% YOY (JETNET as of July 1, 2021)



Business aircraft deliveries in 2021 YTD are 222 jets (including Cirrus, Boeing, Airbus) and 107 turboprops (JETNET as of July 12, 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



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Hob-nob over cocktails with all the right people.

 **Experience**
Dazzling speakers from across the industry.

 **Inspire**
Brainstorm with the biggest brains in BizAv.

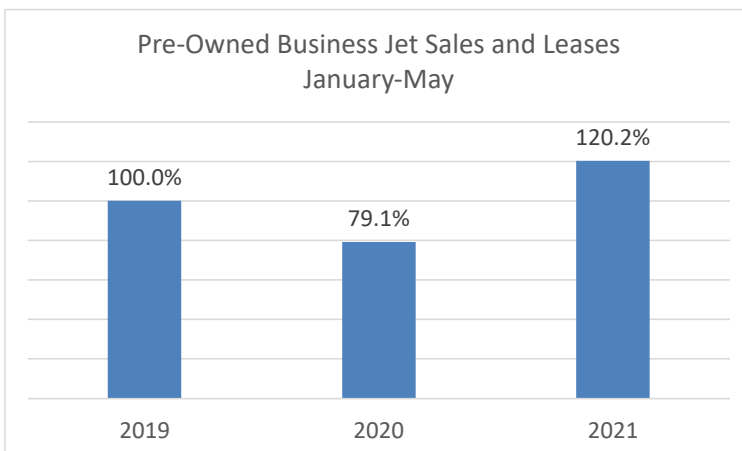
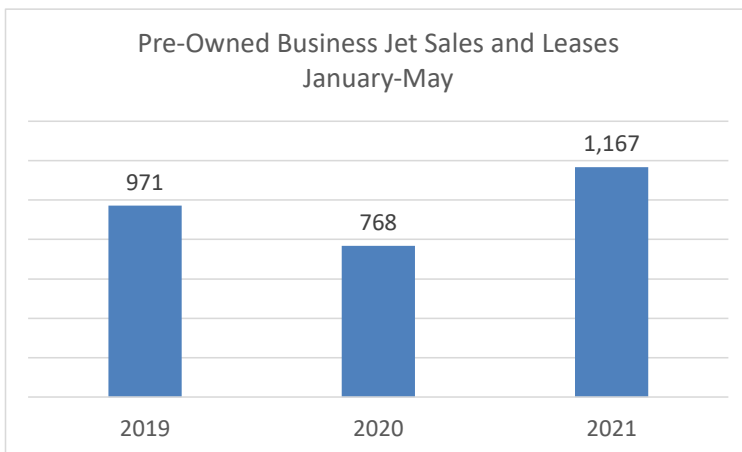
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Pre-Owned Business Jet Sales and Leases

January-May 2021 vs. Same Period in 2019 and 2020

Worldwide retail sales and leases of pre-owned business jets in the first 5 months of 2021 were up 20% over the same period in 2019 and 52% over 2020, based on JETNET databases updated through July 1, 2021. This rebound in demand is particularly impressive given tight inventory conditions, with few low-time jets available for sale. On July 12, 2021, JETNET records indicated that there were only 1,374

jets listed as for sale or lease in its database, only 99 of which delivered new since the beginning of 2016. These nearly-new aircraft represent just 7% of the available inventory for sale worldwide. Buyers with specific requirements – for example, an N-registered late-model Gulfstream G650/650ER or Global 6000 – will be disappointed to find that there are no such aircraft on today's market.



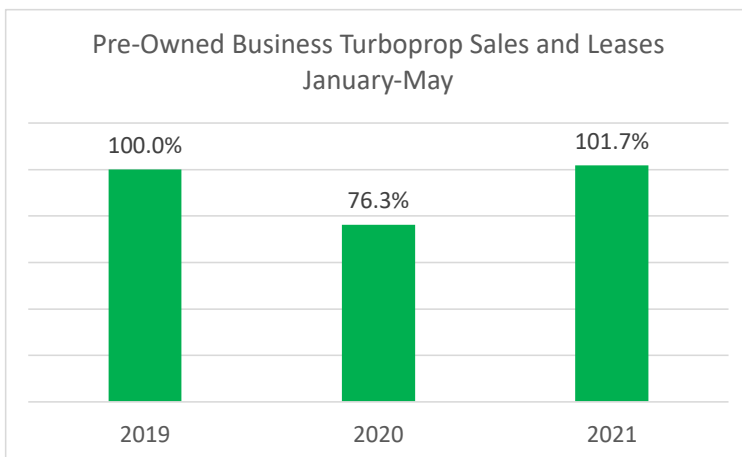
Source: JETNET / JETNET IQ

Pre-Owned Business Turboprop Sales and Leases

January-May 31, 2021 vs. Same Period in 2019 and 2020

Pre-owned business turboprop sales rebounded to 2019 levels in the first 5 months of 2021, based on the latest JETNET databases. Retail sale and lease transactions of whole aircraft averaged ~118 aircraft per month from January through May 2021, about half the number of business jets sold and leased in the same period. As of July 12, 2021 there were a little more than 800 turboprops for sale or lease on the pre-owned market, of which just 64 aircraft (representing about 8% of

the fleet) were delivered new since the beginning of 2016. For prospective buyers seeking to purchase a 2016 model year or newer Pilatus PC-12 NG on the U.S. register, there were none available on July 12; with 274 in-service King Air 250 aircraft on July 12, 2021, JETNET records suggest there is currently zero availability of this popular model regardless of age or country of registration. Tight market? No – that is an understatement.



Source: JETNET / JETNET IQ

Customer Expectations for Aircraft Utilization

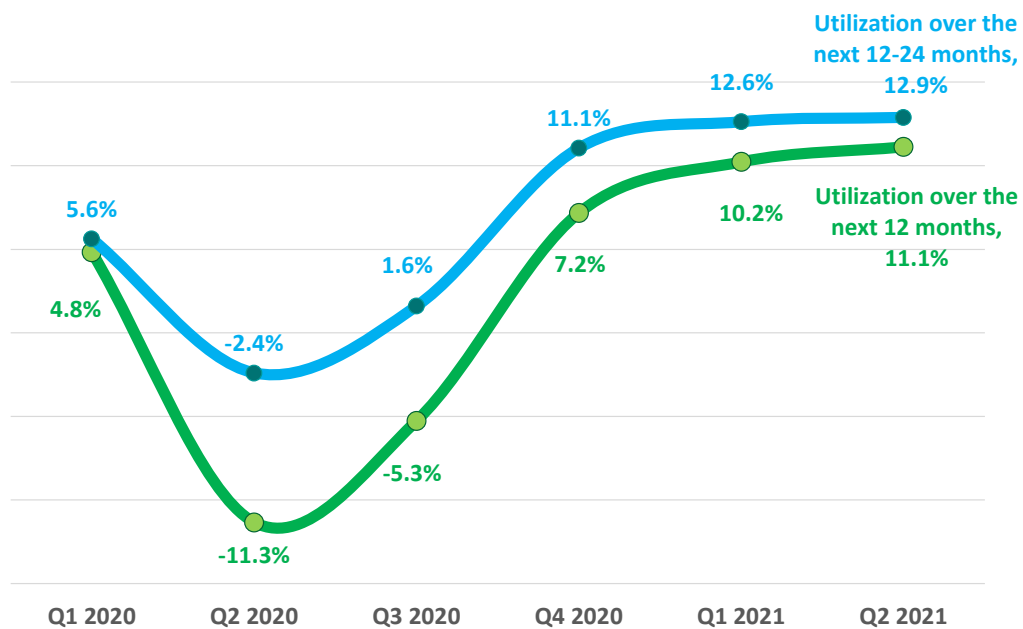
Next 12 Months and Next 12-24 Months

A recurring question in our surveys of business aircraft owners / operators focuses on their expectations for aircraft utilization compared to the previous 12 months of operation. Globally, Q2 2021 survey respondents across all operational categories expect to fly ~11% more hours in the next 12

months than they flew in the prior year, up from ~10% in Q1 2021. Utilization expectations likely reflect domestic flight operations, as border restrictions and quarantine requirements continue to weigh heavily on decisions to travel internationally.



JETNET iQ Business Aircraft Utilization Expectations



Source: JETNET iQ Global Business Aviation Surveys of owners / operators of fixed-wing turbine-powered business aircraft

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 – July 10, 2021

<https://www.economist.com/economic-and-financial-indicators/2021/07/10/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/empisit.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/rob202107pmi.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: TWA Hotel at JFK Airport; Page 2 and Page 6 Top: Gulfstream Aerospace Corporation; Page 6 Bottom: Bombardier; Page 7 Top: Textron Aviation;

Page 7 Bottom: African Aerial Safaris; Page 8 Signature Flight Support; 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&GA: 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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