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Rollie Vincent
JETNET iQ Creator/Director



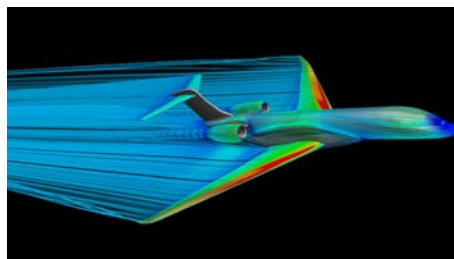
La Vie en Rose

While Lady Gaga, Bing Crosby, Louis Armstrong, and countless others have covered the song more recently, who can ever forget the chanteuse Édith Piaf and her *La vie en rose*? An immediate classic when it emerged in the aftermath and amongst the ashes of World War II, the song touched many with its message of hope springing out of despair. As the business aviation industry and our economies emerge from the devastations of COVID-19, what more opportune time than right now to look forward to better days and brighter skies ahead?

While some geographic regions and industry subsegments are still not sensing recovery from COVID-induced downturns, numerous indicators that we track reflect elements of a strong industry rebound, with robust customer sentiment and nothing short of spectacular levels of pre-owned aircraft sales at the end of last year and hints of an acceleration in new aircraft orders as we begin the 6th calendar month of 2021.

“...numerous indicators that we track reflect elements of a strong industry rebound, with robust customer sentiment and nothing short of spectacular levels of pre-owned aircraft sales...”

Dassault Aviation’s May 6 announcement of the ultra long-range \$75M Falcon 10X, a second all-new cabin cross section in development at the French manufacturer with twin 18,000+ lbf Rolls-Royce Pearl engines, positions the company as a *tour de force* at the top of the business jet pyramid.



Almost simultaneously, the unexpected demise of the Aerion AS2 opens market space for OEMs like Bombardier, Dassault, and Gulfstream, all of whom have been investing heavily to compete for the business of the industry’s most deep-pocketed customers.

It is hard to believe that only 8 weeks ago we made the decision to host our 10th JETNET iQ Summit in New York City. Our confidence that the timing was right for a return to in-person events has been rewarded by our strongest-ever podium lineup of speakers and panelists, and event registrations that are well ahead of all previous years. Remarkably, our Summit ballroom at the TWA Hotel at JFK is rapidly filling up and we now expect to sell out all available seats - a good problem to have and one that few of us ever anticipated. While there is still time to register, we suggest that you do so without delay at:

www.jetnet.com/summit

This issue of JETNET iQ PULSE is sponsored by Dassault Aviation (DA). A company with deep technical expertise supported by a dual civil/military aerospace focus, DA has developed an enviable reputation for advanced cockpit technology, aerodynamic efficiency, composite design elegance and purity, and more recently a refreshing focus on creating top-of-the-line living and working spaces in the sky, with interiors worthy of Paris’ VIII^e *arrondissement*.

With intense competition in most segments of the business aircraft market, customers will continue to find many things to like as they consider how and where to invest in the ultimate aviation experience.

This issue of JETNET iQ PULSE is sponsored by:



Outlook

Early indications from the Q2 2021 JETNET iQ Survey of business aircraft owners and operators suggest that the mood of the market has fully rebounded from its low point in Q2 2020 (see chart below). With ~72% of targeted responses gathered to date as of the beginning of June 2021, our JETNET iQ Market Sentiment Indicator – with a range of -100% for worst possible to +100% for best possible conditions - is hovering near +60% on a worldwide basis, up sharply from a recent

low point of -43% in Q2 2020. While still preliminary, Q2 2021 results are already the highest we have recorded in almost 10 years of asking customers a simple question: “How would you describe the current market conditions for business aviation?” These and numerous other indicators we track have given us confidence to significantly raise our 10-year forecast of demand for new business jets.

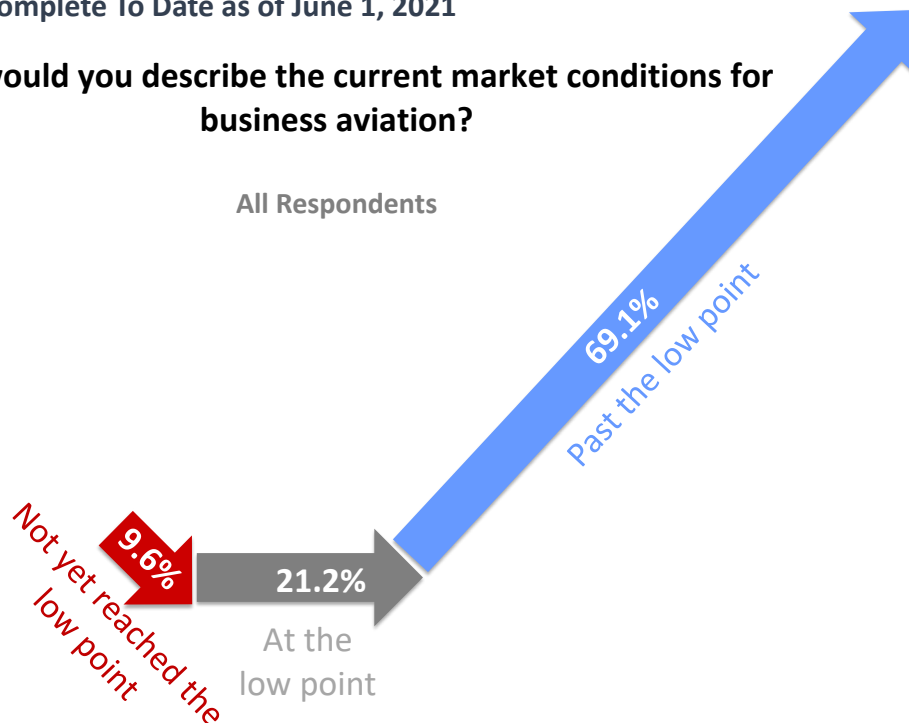


JETNET iQ Market Sentiment – Q2 2021

Survey in Progress; ~72% Complete To Date as of June 1, 2021

How would you describe the current market conditions for business aviation?

All Respondents



Source: JETNET iQ Q2 2021 Global Business Aviation Survey (n = 358 responses to date; target number of responses is 500+)

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Business Conditions

GDP



The Economist's **GDP growth forecasts** for 2021 are: U.S. +6.0%, Euro Area +4.1%, U.K. +5.3%, Mexico +5.7%, Brazil +3.2%, Canada +5.4%, China +8.5%, Russia +3.2%, and Australia +3.4%



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 34%,
FTSE 100 (U.K.) was up 14%,
CAC 40 (France) was up 33%, and
DAX 30 (Germany) was up 29%
YOY from June 2, 2020 to June 1, 2021



U.S. Index of **Consumer Sentiment** was 82.9 in May 2021, versus 88.3 in Apr. 2021 and 72.3 in May 2020 YOY;
Euro Area **Economic Sentiment Indicator** was 114.5 in May 2021, versus 110.3 in Apr. 2021 and 70.2 in May 2020



U.S. unemployment rate (seasonally adjusted) was 6.1% in Apr. 2021 representing ~9.2 million people, up 266K from March 2021 (6.0%)



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.-Apr. 2021 were 858 jets and 477 turboprops, up 32% and up 33% YOY; days-on-market in April 2021 were 255 days for jets (vs. 384 YOY) and 236 days for turboprops (vs. 312 YOY) (JETNET as of June 1, 2021)



Business aircraft deliveries in 2021 YTD are 179 jets (including Cirrus, Boeing, Airbus) and 76 turboprops (JETNET as of June 1, 2021)

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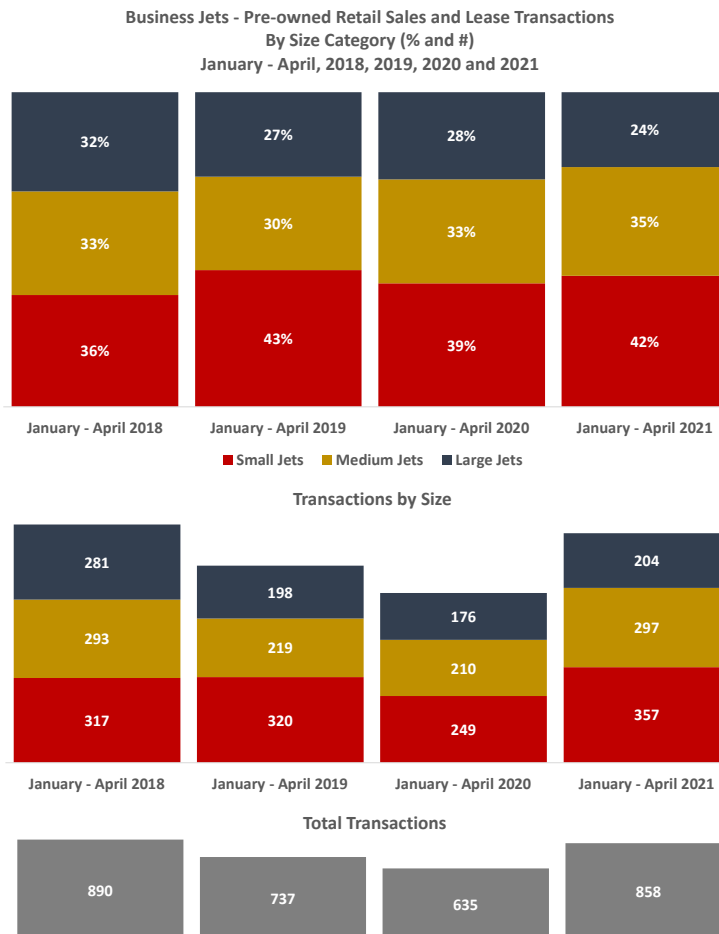
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Pre-Owned Jet Transactions

By Size Category: January – April 2018 / 2019 / 2020 / 2021

JETNET databases updated through June 1, 2021 have recorded 858 pre-owned jet retail sales and leases in the first 4 months of this year, up 32% over COVID-impacted 2020 levels, and up 16% over 2019. Recovery has been most noticeable in the Small and Medium Jet size categories, a pattern we also

find when we analyze aircraft utilization data. We believe that it is unreasonable to expect the Large Jet category to fully recover until international border and quarantine restrictions are eased and customers can once again take full advantage of the long-range capabilities of this class of aircraft.



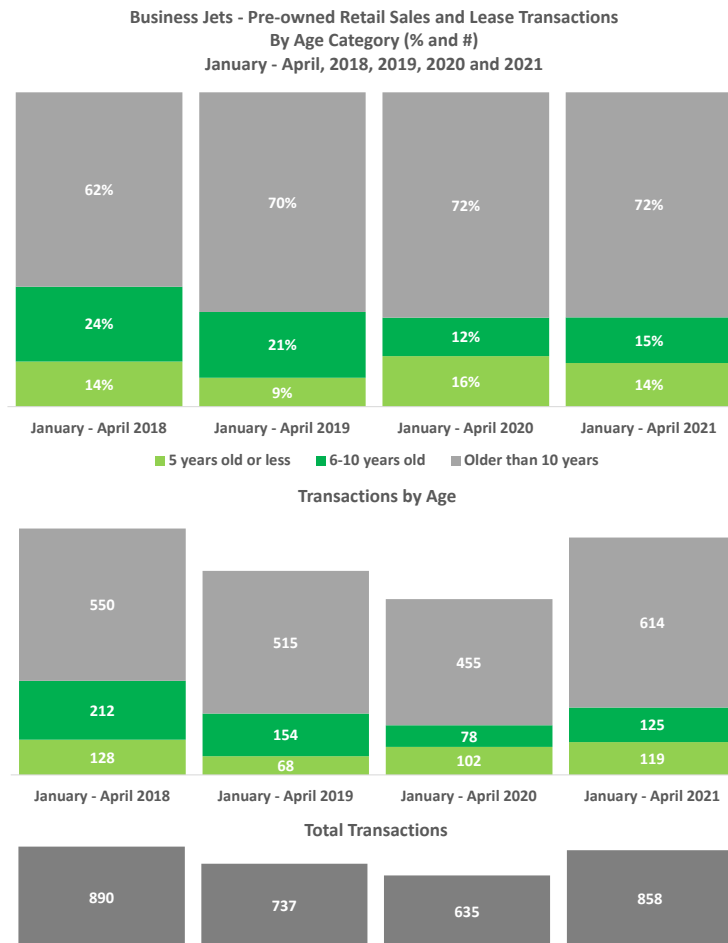
Source: JETNET / JETNET iQ; includes whole aircraft retail sales and leases to end users; for aircraft size category definitions, please see the Appendix

Pre-Owned Jet Transactions

By Age Category: January – April 2018 / 2019 / 2020 / 2021

The age mix of pre-owned jet sales and leases in the first 4 months of 2021 is little changed YOY, with the youngest and highest priced inventory – aircraft aged 5 years or less – accounting for 14% of all sales and leases. Jets older than

10 years represented 72% of all pre-owned sales and leases in January-April 2021, unchanged year-over-year but up from 62% as recently as the same period in 2018.



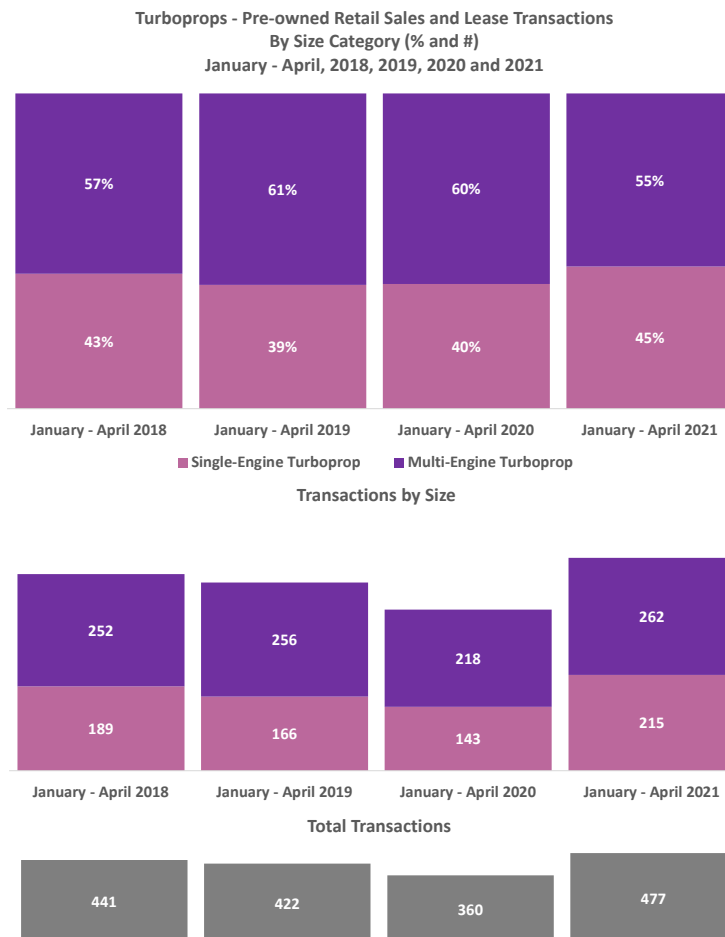
Source: JETNET / JETNET iQ; includes whole aircraft retail sales and leases to end users; for aircraft size category definitions, please see the Appendix

Pre-Owned Turboprop Transactions

By Size Category: January – April 2018 / 2019 / 2020 / 2021

Pre-owned sales and leases of business turboprops dropped about 15% from January-April 2019 to the same period in 2020 but have since fully rebounded. Turboprop transactions in the first 4 months of 2021 were up by almost 1/3rd YOY, and up by 13% over the same period in 2019. Retail sales and

leases of pre-owned single-engine turboprops were up an impressive 50% in January-April 2021 YOY, and up 30% over the same period in 2019, a strong performance for a category of aircraft that is known to retain its residual value as well or better than any other market segment.



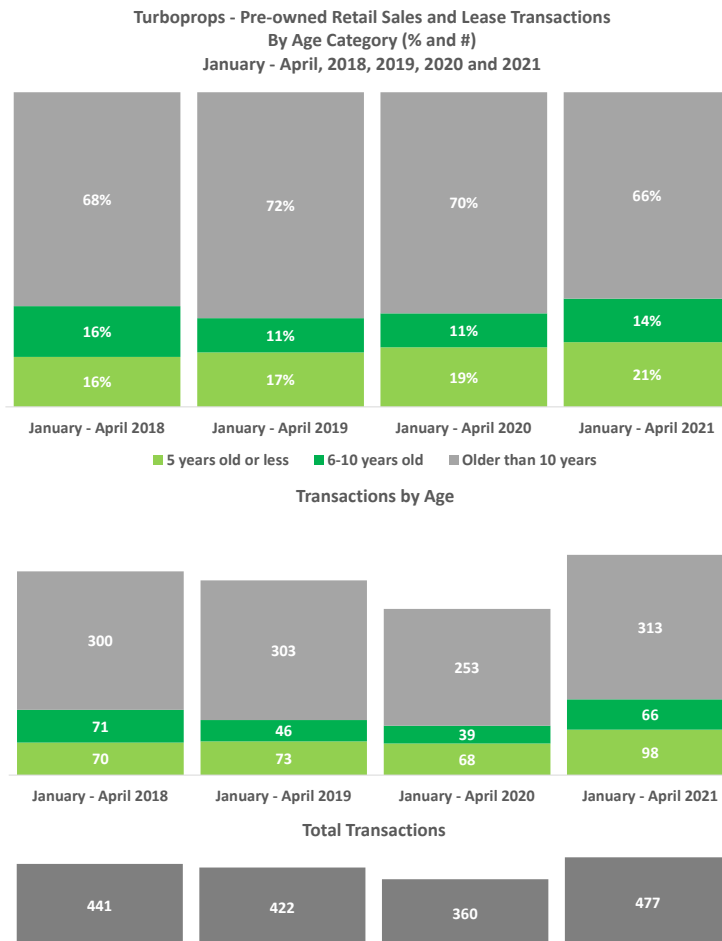
Source: JETNET / JETNET iQ; includes whole aircraft retail sales and leases to end users; for aircraft size category definitions, please see the Appendix

Pre-Owned Turboprop Transactions

By Age Category: January – April 2018 / 2019 / 2020 / 2021

Twenty-one percent of pre-owned turboprop transactions in January-April 2021 were for aircraft aged 5 years or less, up from 17% in the same period in 2019. With just 5.7% of the worldwide turboprop fleet available for sale on June 1, 2021, there were fewer than 70 on-market business turboprops listed on JETNET that were originally delivered new in 2016 or later. Buyers seeking a 2016-era Pilatus PC-12 NG have exactly one aircraft to choose from worldwide; others looking for a 2016-build King Air 250 will simply have to keep looking as there were none available in the JETNET database. Tight

market conditions today for both pre-owned business jets and turboprops are completely different from those in the immediate aftermath of the 2008/2009 Global Financial Crisis, when inventory spiked upwards and stayed high for several years, prices collapsed, and buyer confidence was diminished. While we acknowledge the harsh realities of our COVID-impacted societies, business aviation has fared demonstrably better than many other industries, with bluer skies ahead.



Source: JETNET / JETNET iQ; includes whole aircraft retail sales and leases to end users; for aircraft size category definitions, please see the Appendix

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 – May 29, 2021

<https://www.economist.com/economic-and-financial-indicators/2021/05/29/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_02_en.pdf

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

<https://www.ismworld.org/globalassets/pub/research-and-surveys/rob/pmi/rob202103pmi.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)

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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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