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Come Fly With Me

The JETNET iQ Summit returned to the iconic TWA Hotel at New York JFK International Airport on September 13-14, 2023, to very positive reviews. Once again, attendees came from across the industry, representing organizations from manufacturers to service providers, fleet operators to corporate flight departments, financiers to trade organizations, as well as many other corners of business aviation.

The classic Lockheed Constellation, a late 1950s-era 4-engine long range behemoth with the intercontinental passenger capacity of a small regional jet, served as one of several fitting backdrops for conversations about the state and direction of the industry. The easy fly-in / fly-out location of the 12th annual Summit at New York JFK's TWA Hotel complex provided attendees with plenty of examples of how civil aviation and personal flying experiences have evolved from the post-World Wars era to today.

Can it be already 65 years since Frank Sinatra crooned *Come Fly With Me*, a #1 hit on the U.S. charts written and composed by the team of Sammy Cahn and Jimmy Van Heusen? A song about the beginning of the Jet Age, it introduced many would-be travelers to the beauty, romance, and possibilities of a world re-opened – new places, people, experiences, and opportunities. New airports, now-iconic air terminals, and long-range aircraft quickly became gateways to high-speed global travel and commerce in the post-war period.

While TWA faded away after 70 years as an airline in December 2001, industry innovators and entrepreneurs have remained restless in developing infrastructure, products, services, systems, and intriguing business models to serve the insatiable demand for air travel in all its forms.

JETNET iQ Summits are highly regarded as gathering points for industry thought leaders and practitioners. The conversations shared and unique insights exchanged consistently rank amongst the key takeaways for attendees.

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A cross-section of industry leaders focused on the rapidly expanding business aviation sector was well represented in the room at the 2023 JETNET iQ Summit. These included independent thinkers, round-the-clock doers, students, and seasoned industry veterans united by their desire to know more. Front-and-center topics at the 2023 Summit included sustainable aviation, the hunt for talent, and supply chain recovery efforts. Also featured were aircraft owner / operator insights from the latest iQ Surveys and WINGX flight activity reports, aircraft pricing and inventory trends, OEM order and backlog performance, new and pre-owned buyer dynamics, and the ever-popular conversations around the next-generation of aircraft and propulsion systems.

While aircraft have become higher performing, vastly quieter, and remarkably more fuel-efficient over the 65 years since Mr. Sinatra wooed millions of travelers into the skies, the journey to business aviation's bright future is only just beginning. Welcome aboard!



Rollie Vincent
JETNET iQ Creator/Director



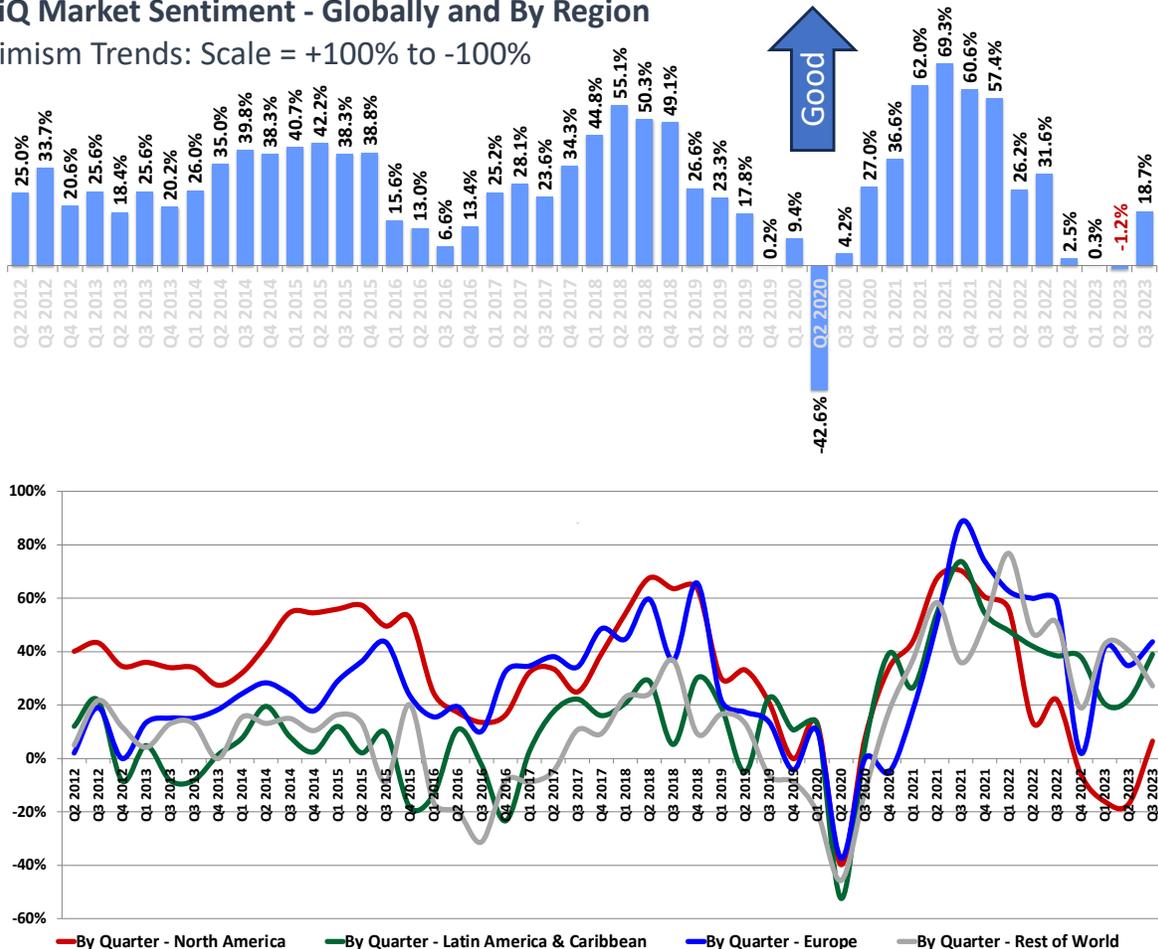
Outlook

What a difference one quarter can make! Our on-going tracker of customer sentiment amongst business aircraft owners / operators bent upwards in Q3 2023, based on results of our in-progress JETNET iQ Survey (with 329 responses to date as of early September 2023). The mood of the market improved in North America, Latin America & Caribbean, and in Europe. Of note has been a more optimistic outlook amongst U.S.-based customers, who have had their recent share of negative macroeconomic economic news. While muted based on quarterly trends evident in our surveys dating back to 2012, the interim Q3 2023 results are noteworthy in that they reflect a reversal in a downward trend that has been apparent in North American results (U.S. and Canada) since Q4 2021.

Regional disparity in sentiment scores continues in Q3 2023, with Europe in the lead followed closely by Latin America & Caribbean. We suspect that U.S. scores likely reflect on-going concerns about higher interest rates and high inflation, the latter represented by the U.S. Consumer Price Index, which peaked at 9.1% on an annualized basis in June 2022. In response, the U.S. Federal Reserve has been adjusting interest rates upward since March 2022. On September 20, 2023, the Federal Open Market Committee (FOMC) elected to hold interest rates steady between 5.25 and 5.5% (a 22-year high), a welcome development. While U.S. inflation remains well above the Fed's 2% annual rate objective, leaders of the U.S. central bank seem satisfied for the time being that they are taking the right steps to prudently manage monetary policy in the world's largest economy.

JETNET iQ Market Sentiment - Globally and By Region

Net Optimism Trends: Scale = +100% to -100%



Source: JETNET iQ

Business Conditions

GDP

The Economist's **GDP growth forecasts** (Sep. 14, 2023) for 2023 are: U.S. +1.8%, Euro Area +0.8%, U.K. +0.3%, Mexico +2.4%, Brazil +2.4%, Canada +1.1%, China +5.2%, Australia +1.6%, and Russia -0.5%



Business jet cycles (take-offs and landings) for Jan.-Aug. 2023 were down by 8% YOY for U.S. Part 91, up by 8% YOY for U.S. Part 91K, down by 7% YOY for U.S. Part 135, and down by 11% for European operations



Dow Jones Index (U.S.) was up 13%,
FTSE 100 (U.K.) was up 7%,
CAC 40 (France) was up 22%, and
DAX 30 (Germany) was up 25%
YOY on Sep. 20, 2023



U.S. Index of Consumer Sentiment was 69.5 in Aug. 2023 vs. 71.6 in Jul. 2023 and 58.2 in Jul. 2022 YOY;
Euro Area Economic Sentiment Indicator was 93.3 in Aug. 2023 vs. 94.5 (revised) in Jul. 2023 and 97.6 in Aug. 2022 YOY



U.S. unemployment rate (seasonally adjusted) was 3.8% in Aug. 2023 representing 6.4 million unemployed people, up 514,000 from Jul. 2023 (3.5%)



U.S. Purchasing Manager Index (Manufacturing PMI) was 46.4 in Jul. 2023 vs. 46.0 in Jun. 2023 and 52.8 in Jul. 2022 YOY;
Euro Area Business Climate Indicator was -0.33 in Aug. 2023 vs. -0.09 in Jul. 2023 and 0.87 in Aug. 2022 YOY



Transactions of pre-owned business aircraft in the first 7 months of 2023 were 1,222 jets and 664 turboprops, down respectively 33% and 31% YOY (JETNET as of Sep. 1, 2023; whole retail transactions only)

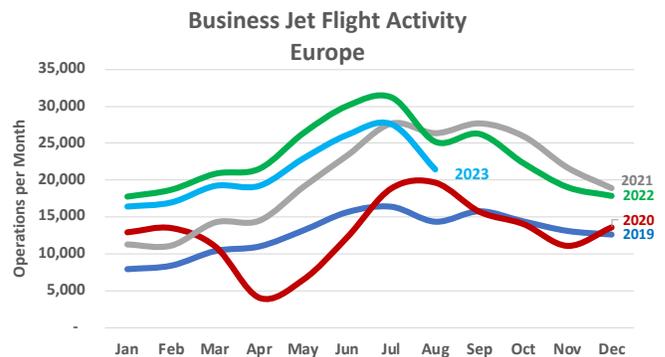
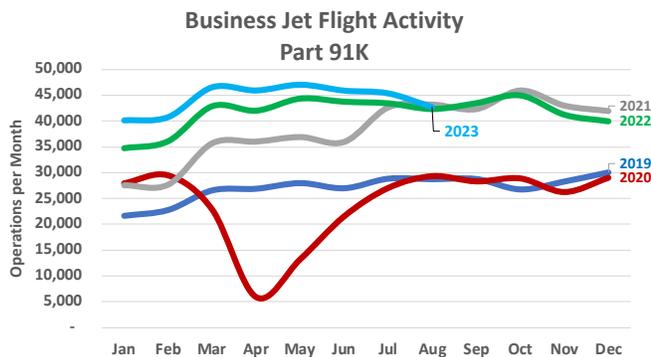
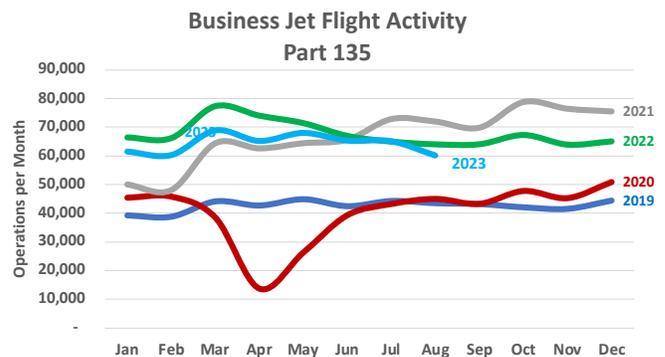
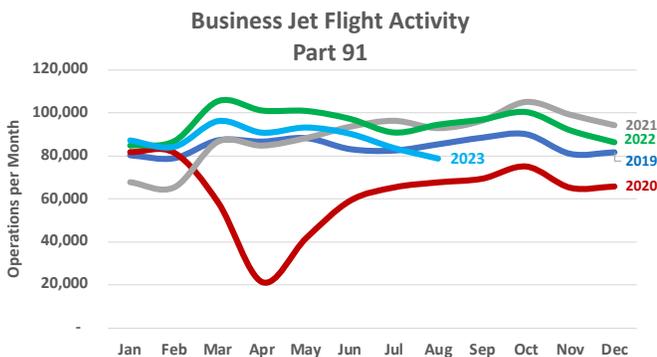


Business aircraft deliveries in 2023 YTD were 377 jets (including Cirrus and Boeing / Airbus single-aisle) and 215 turboprops (Source: JETNET through Sep. 20, 2023)

Business Jet Flight Activity – U.S. and Europe

U.S. fractional program flight activity (so-called Part 91K) has remained strongest amongst the various operational categories, up 8% YOY over the first 8 months of 2023 versus the same period in 2022. Fractional flying was up 13% for Small Jets and 12% for Large Jets YOY, while little changed for the Medium Jet category. In contrast, flight activity for Part 91 (private and corporate flying), Part 135 (on-demand charter), and across all operational and size categories in

Europe was down YOY in the first 8 months of 2023. The enduring strength of fractional program flying has led to recent announcements of orders / options from NetJets, with more likely and expected from this and other fractional programs before year-end and certainly at NBAA-BACE in mid-October 2023.



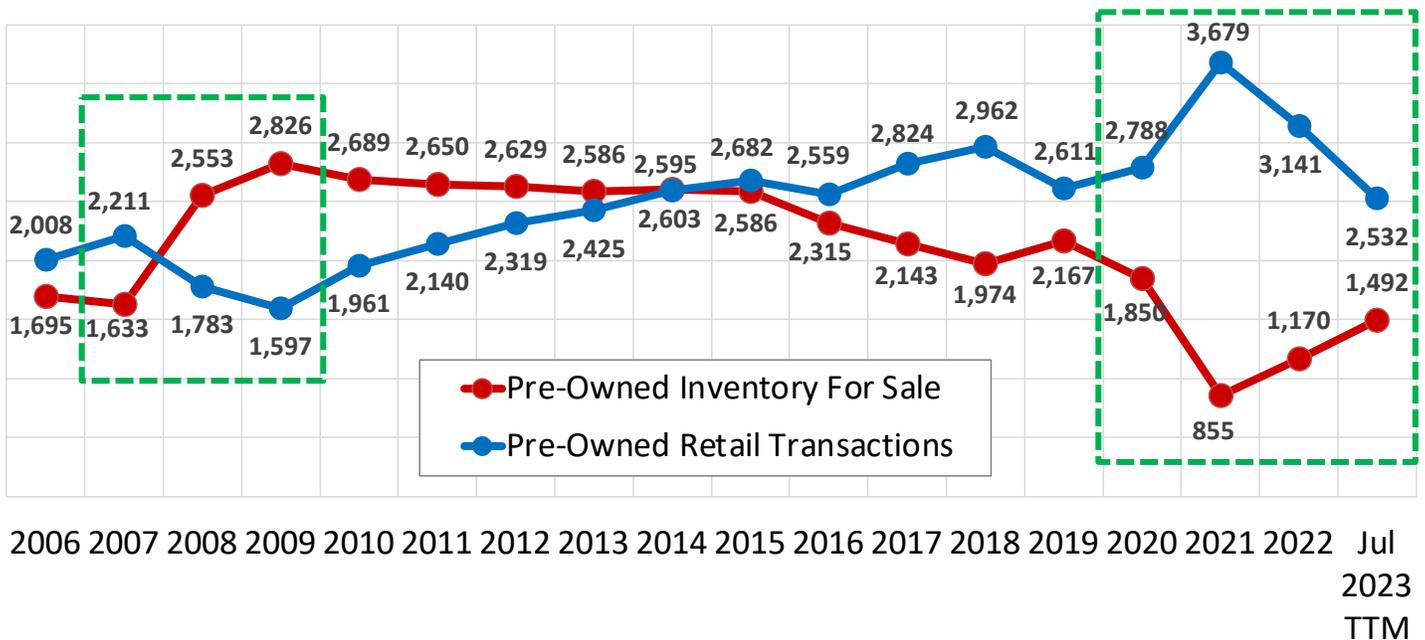
Source: JETNET / JETNET iQ analysis; TTM = Trailing Twelve Months; YOY = Year-over-Year

Pre-Owned Business Jet Market Evolution

After going temporarily silent in early-to-mid 2020, pre-owned business jet markets rebounded sharply in the immediate aftermath of the COVID pandemic outbreak. The Year 2021 represented a new all-time peak in retail transactions, soaring to almost 3,700 deals, up 32% YOY. Although retail sales slipped 15% in 2022 YOY they still represented the 2nd highest result on record in the JETNET database. Transactions through the end of July 2023 have since declined another 19% on a trailing 12-months (TTM) basis, as the post-pandemic fury of activity subsides. Reports of some price softening amongst older and less highly-pedigree models have become apparent, but inventory levels remain tight for the time being. Massive new fractional program order activity at Netjets, so far reflected in options for 250 Praetor and a remarkable 1,500

Citation aircraft over a 10-year period beginning in 2025, suggests that large fleets of well-specified / factory-maintained pre-owned aircraft will continue to flow into the market for years to come.

While 4th quarter surges in deal-making are characteristics of the pre-owned business jet market, a comparison of the 1st seven months of 2023 with the same period last year reveals that pre-owned volumes are down significantly by 33% YOY. Inventory listed as “for sale” on JETNET included 1,492 jets at the end of July 2023, up 28% since the end of 2022. As the market power continues to shift towards a more balanced buyer / seller relationship, retail prices and valuations of aircraft are reacting as expected.



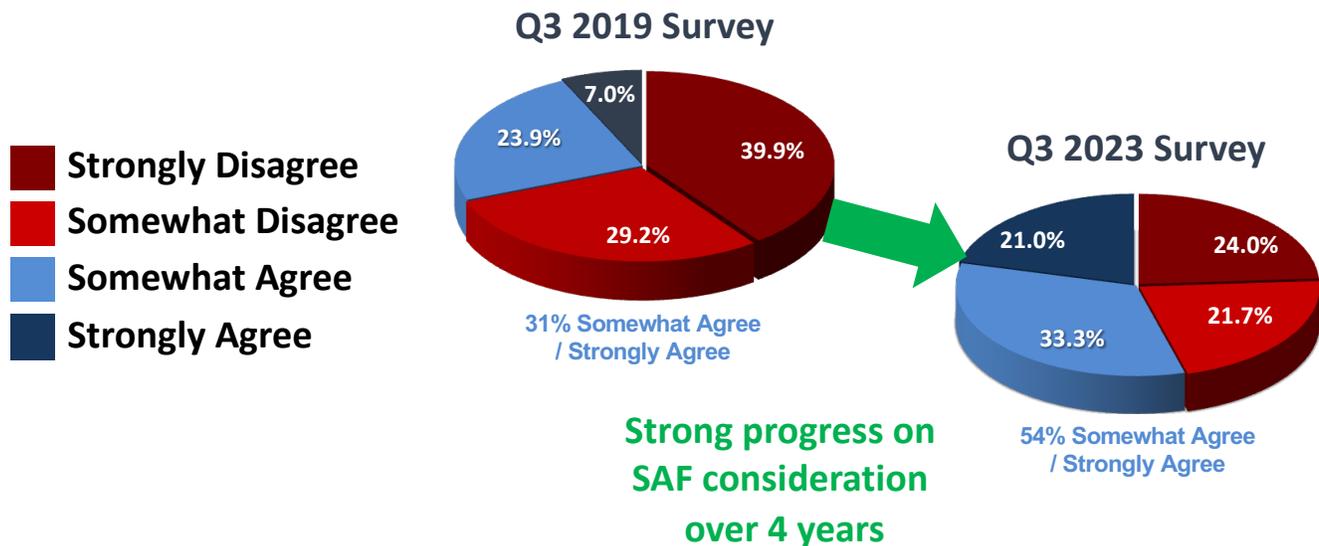
Source: JETNET / JETNET iQ analysis; TTM = Trailing Twelve Months; YOY = Year-over-Year

Likelihood to Consider Sustainable Aviation Fuel (SAF)

While the business aviation industry continues to work towards a Net Zero Carbon future, we have detected important progress in customers' purchase consideration of Sustainable Aviation Fuel (SAF) over the last several years. About 54% of respondents to the Q3 2023 Survey indicated their intention to seriously consider flying with SAF in the

next 24 months, up ~76% from the Q3 2019 Survey. Growing customer awareness of the essential role that SAF will play in supporting the industry's goals of a Net Zero future is no doubt a contributor to these encouraging indications.

"I/we will seriously consider flying with Sustainable Aviation Fuel (SAF) in the next 24 months"



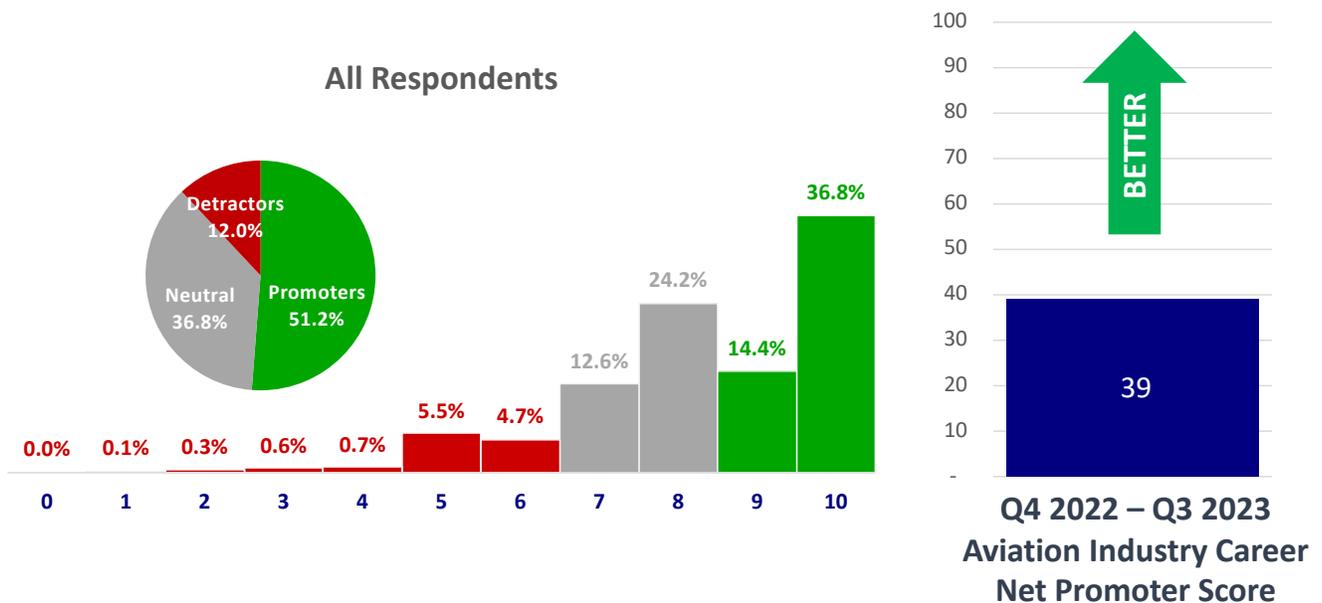
Sources: JETNET iQ Q3 2019 and Q3 2023 Surveys, the latter in progress with n=329 respondents to date through Sept. 8, 2023

Aviation Industry Net Promoter Scores (NPS)

Talent – or more specifically, the lack of talent coming into the industry to meet demand – is a chronic issue facing business aviation leaders. Finding the next generations of talent while retaining key performers in the workforce is a daily challenge in today’s historically tight labor markets. At JETNET iQ, as part of our contribution towards helping industry leaders come to grips with this challenge, we began monitoring the likelihood that survey respondents would recommend a career in aviation to someone seeking career

advice. Encouragingly, the Net Promoter Score (NPS) for the aviation industry as a career has shown some improvement over time and came in at +39 in Q3 2023 based on preliminary results. Discouragingly, about 12% of respondents scored the industry as “6” or less on a 0-to-10 scale, falling into the categorization of “Detractors.” Further research to understand the root causes of this challenge is certainly warranted.

“On a scale of 0-to-10 (where “10” is highest), how likely would you be to recommend a career in aviation?”



Sources: JETNET iQ Q4 2022-Q3 2023 Surveys, the latter in progress with n=329 respondents to date through Sept. 8, 2023

Scenes From 2023 JETNET iQ Summit



JETNET iQ
Summit  **NYC 2023**

JFK TWA Hotel - September 13-14, 2023

Scenes From 2023 JETNET iQ Summit



JFK TWA Hotel - September 13-14, 2023

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 thought-leadership conferences providing unique data, insights and networking opportunities; and
- **JETNET iQ Advisory** 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 is targeted to include ~400-500 respondents in ~50+ countries each quarter, and respondents closely reflect the worldwide distribution of the business jet and turboprop community.

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