



# JETNET iQ *Snap!*

## *Q3 2012 Summary Report*

Prepared for:  
JETNET iQ Global Business Survey Respondents

*JETNET iQ Snap!: 3<sup>rd</sup> Quarter 2012 - Private & Confidential*

## **Thank You, Merci, Obrigado, Muchas Gracias, תודה, Danke, ありがとう, Grazie, شكرا, спасибо, 謝謝**

Thank you for participating in our quarterly JETNET iQ Global Business Aviation Surveys. Your opinions and inputs are vital to the many people in the industry tasked with designing and developing aircraft, providing aviation services on the ground and in the air, financing / selling / and buying aircraft, and creating the operational framework for safe and efficient flight.

JETNET has been a trusted source of aviation market intelligence since 1988. From humble beginnings in Utica, NY, we have built one of the finest research teams and business aviation databases in the industry. Our people are professional and dedicated, and our data products and services are unique and innovative. We are committed to continuous improvement as

we provide you with unprecedented global coverage, data connectability, and market insights wherever you are.

We look forward to seeing you at two important upcoming events: 1) NBAA (Oct. 30-Nov. 1, 2012) in Orlando, FL at Booth #5099, where we will be featuring our latest products and services; and 2) JETNET iQ's next Global Business Aviation Summit (June 4-5, 2013) in New York City. For more information, please see [www.jetnetiq.com](http://www.jetnetiq.com). Thank you for participating in our quarterly survey - we hope this JETNET iQ *Snap!* Report helps you take your business to a higher altitude.

*Vincent Esposito*  
*President, JETNET LLC*

## Navigating by JETNET iQ

JETNET iQ *Snap!* is one of the ways we would like to say thanks for the time and opinions you provide us when participating in our quarterly JETNET iQ Global Business Aviation Surveys. With seemingly endless demands on your time, we appreciate your help and want to provide you something back in return. In the attached pages you will find some of the latest market intelligence that we have collected and analyzed. Our goal is to be a resource to identify and work the issues that matter to the business aviation community. As an industry leader and aviation professional, you make a difference by participating in these surveys, providing us with objective and subjective perspectives into the state of the worldwide business aviation industry.

JETNET iQ *Snap!* reflects the collaborative insights of you, our respondents, and our JETNET iQ research team. Collectively,

we have extensive experience in business aviation, from executive offices and boardrooms, to the office cubicles, factory floors, design centers, situation rooms, cockpits, service hangars and flight lines of the industry. Much like a magnifying glass concentrates light and energy, JETNET iQ draws from a diverse set of intelligence sources to bring the power of this experience into sharp focus.

Since early 2011, our JETNET iQ research team has been reaching out to you – fixed-wing turbine aircraft owners and operators - with our quarterly JETNET iQ Global Business Aviation Surveys. We hope that this latest issue of JETNET iQ *Snap!* is useful and insightful to you.

*Rollie Vincent*  
*JETNET iQ Creator/Director*  
*rollie@jetnet.com*

# JETNET

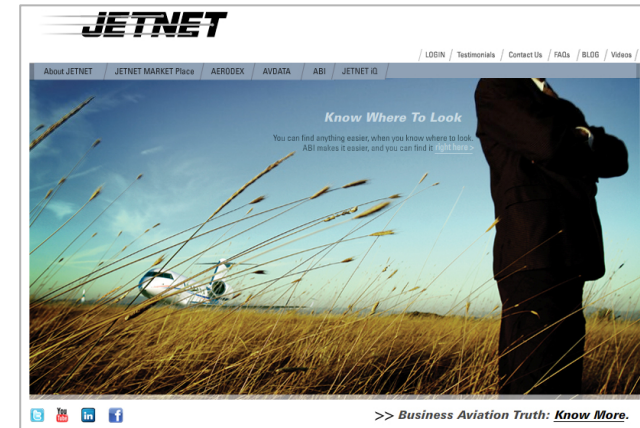
- Founded in 1988
- Privately-owned family business
- Headquarters in Utica, NY
- 70 employees (43 in research)
- Daily contact with aircraft owners and operators globally



**JETNET: Worldwide leader in aviation market intelligence**

# JETNET

- Main products:
  - JETNET iQ
  - JETNET Evolution / Evolution Mobile
  - AERODEX
  - Aviation Business Index (ABI)
  - AvData
  - JETNET CRM
  - Helidex
  - Rotodex
  - BigPlanes - Commercial Airliner Database
  - Sales Price Index (SPI)
- Data coverage:
  - 60,000 business aircraft (fixed and rotary wing)
  - 50,000 commercial aircraft



**JETNET: Tracking more than 110,000 aircraft worldwide**

# JETNET iQ


- *Intelligence....quarterly*
- Focus: Business aviation research & forecasting
- Main features
  - Surveys – of aircraft owners and operators
  - Reports – of current and forecast market conditions
  - Summits – of industry thought leaders

# JETNET iQ Surveys

- Turbine business aircraft owners and operators
- Quarterly
- Global
- On-line
- Multilingual
- Password-protected
- Password-linked

JETNET iQ GLOBAL BUSINESS AVIATION SURVEY - Q1 2012 English

WELCOME



WELCOME!

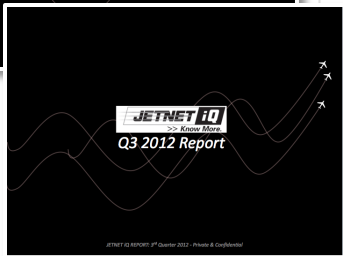
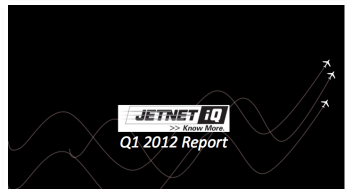
Thank you for agreeing to participate in this survey sponsored by JETNET LLC, the world's leading provider of business aviation market intelligence.

The objective of this survey is to monitor business aviation market sentiment on a quarterly basis. As an aviation professional, your insights are critical to product and service development that will better meet your evolving needs.

All responses will be **STRICTLY CONFIDENTIAL**. Survey results will be aggregated for analysis purposes. The information you provide will **NOT** be used in any way to directly market to you or your organization.

Please enter the **PASSWORD** that was provided to you in the space below:

# JETNET iQ Reports



### The Economy

There are 4 main drivers of demand for business aviation:

- Economic expansion
- Corporate profits and wealth
- Value of time
- Convenience and value vs. alternatives

There are large differences in business jet penetration rates across world regions. North America (USA and Canada) has about 29% of the world's GDP but 64% of the world's jet fleet. Fleets in the other two major economic regions of the world - Europe and Asia - are growing rapidly.

In the United States, where more than 60% of the business jet fleet is based, real GDP growth is strongly correlated with the growth of the U.S. business jet fleet (correlation: 0.95).

December 31, 2011 JETNET iQ REPORT: 4<sup>th</sup> Quarter 2011 - Private & Confidential 27

### Pre-Owned Business Jet Inventory

Pre-owned business jet inventory, measured as the % of the current fleet listed for sale, spiked sharply in 2009 and is beginning to show signs of stabilization. Pre-recession jet inventory levels in 2006-2007 ranged from 11-12% on average, lower for newer and larger models.

Date	%
Jan. 1, 2006	12.5%
Jan. 1, 2007	12.2%
Jan. 1, 2008	11.2%
Jan. 1, 2009	16.2%
Jan. 1, 2010	14.0%
Jan. 1, 2011	14.8%
Jan. 1, 2012	13.8%

December 31, 2011 JETNET iQ REPORT: 4<sup>th</sup> Quarter 2011 - Private & Confidential 89

### New Aircraft Purchase Intentions By Region

December 31, 2011 JETNET iQ REPORT: 4<sup>th</sup> Quarter 2011 - Private & Confidential 210

### Pre-Owned Aircraft Selling Intentions

Combined Results of Q1 2011 through Q4 2011 JETNET iQ Surveys

Pre-owned Aircraft Purchase Intentions (61-100% likely)

Region	Turboprops	Small Jets	Medium jets	Large Jets
North America	106	65	65	69
Europe	15	5	7	4
Latin America & Caribbean	69	29	61	23
Asia Pacific	14	8	5	8
Africa	5	3	6	8
Middle East	0	0	0	7
Former Soviet Union	0	0	0	1

December 31, 2011 JETNET iQ REPORT: 4<sup>th</sup> Quarter 2011 - Private & Confidential 268

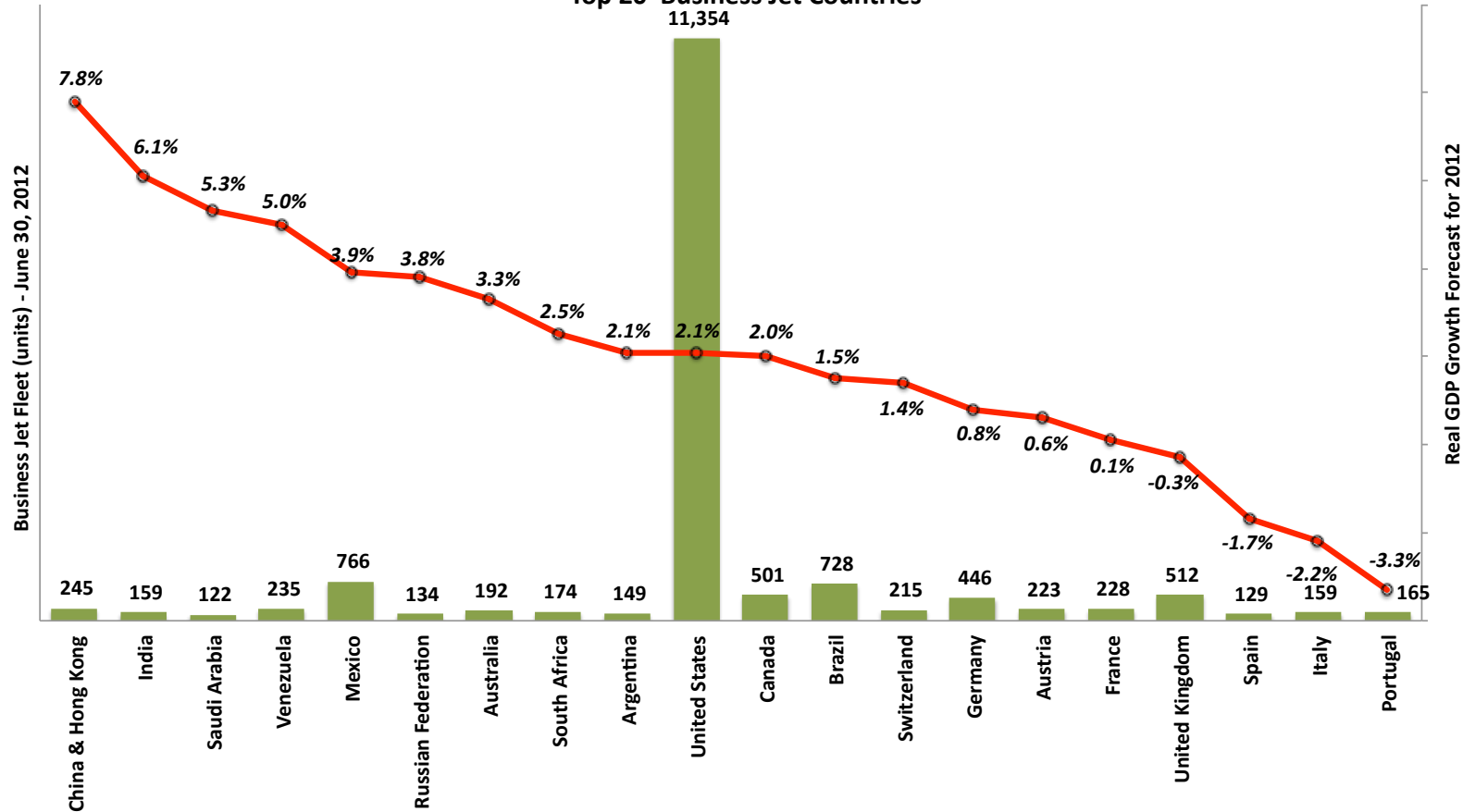
## JETNET iQ Summits

- Thought leadership and networking conferences
- Next Summit:
  - June 4-5, 2013 - New York City
  - <http://www.jetnetiq.com/summit.shtml>



# The Economy

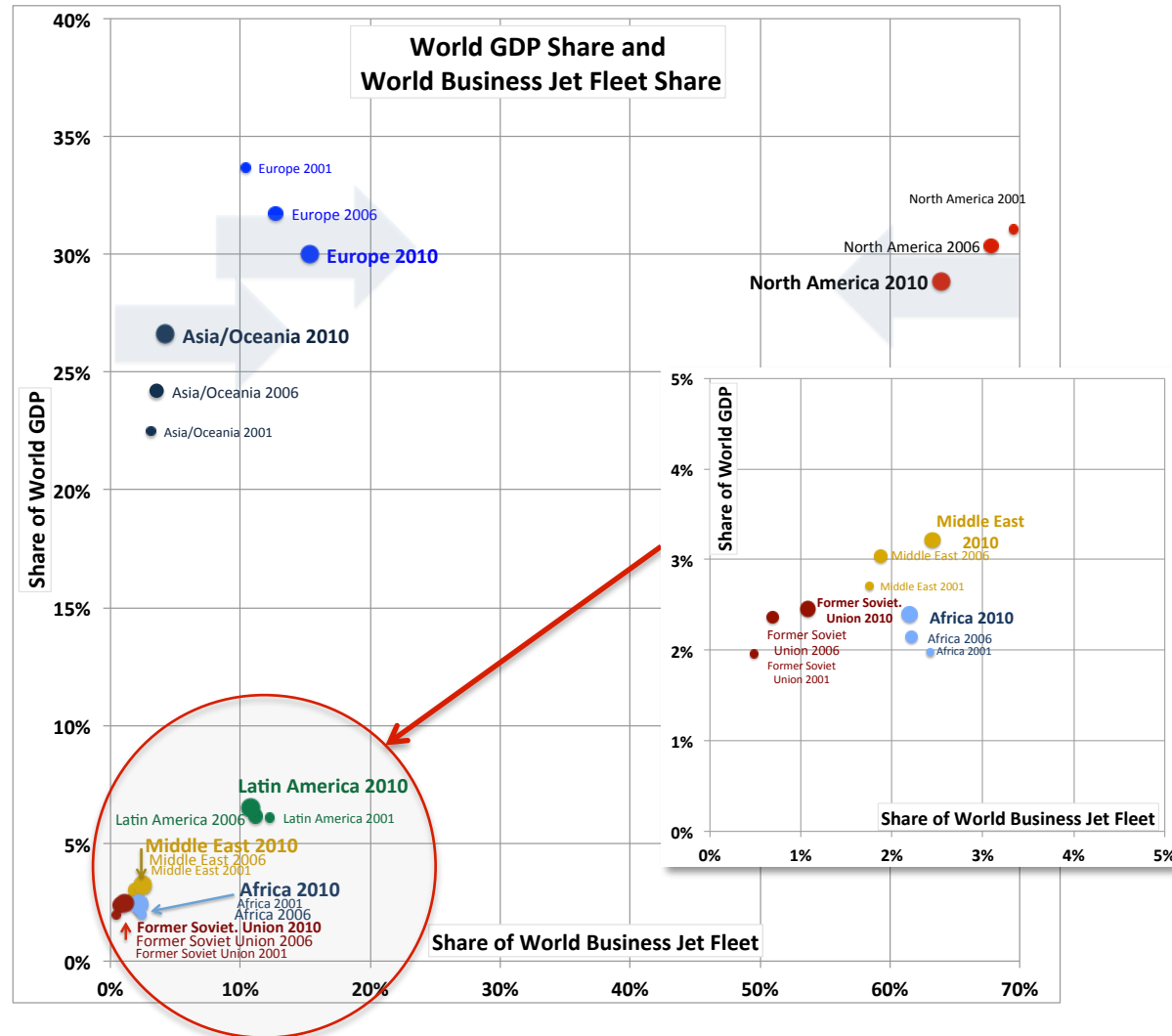
2012 GDP Forecasts vs. Business Jet Fleet for the 'Top 20' Business Jet Countries



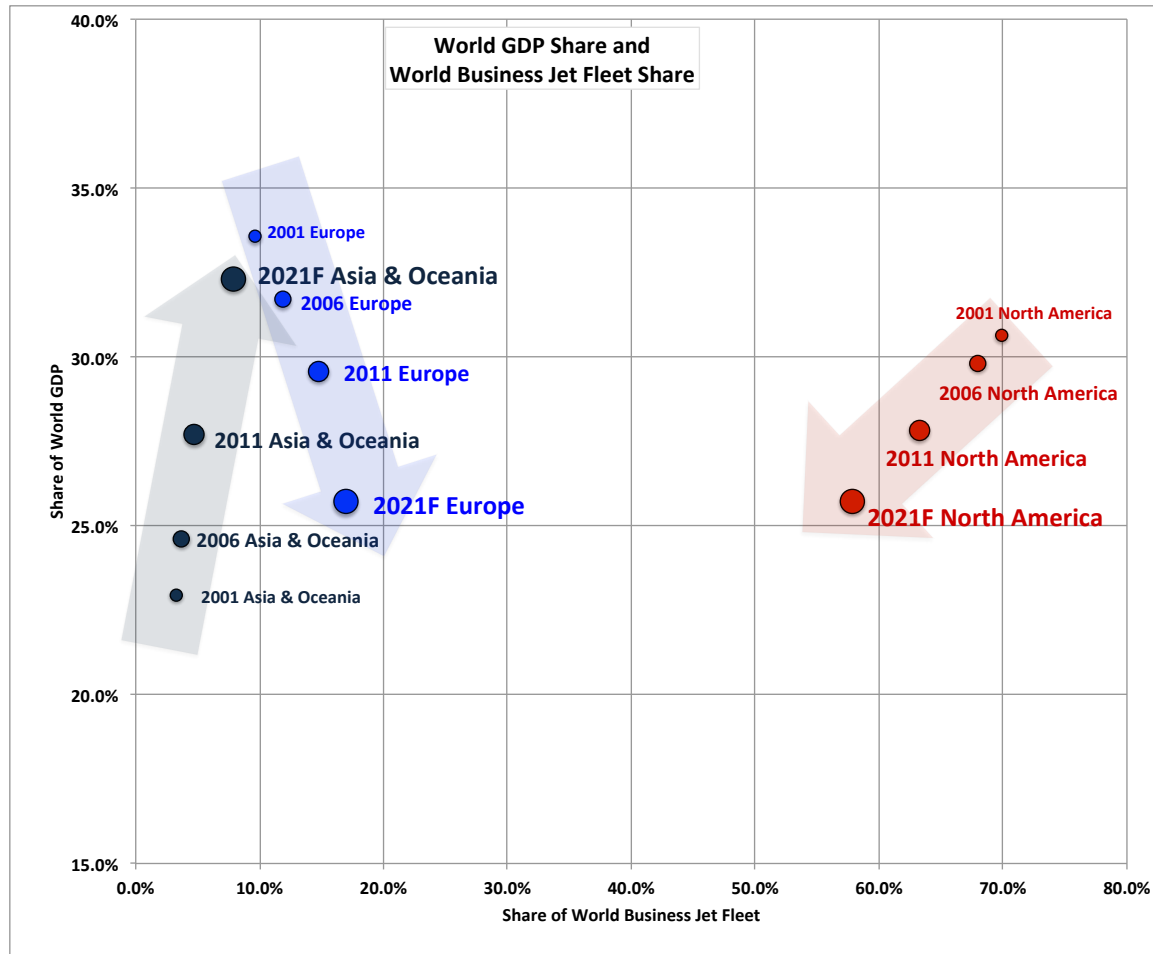
The "Top 20" business aviation countries have widely divergent economic outlooks

Economic forecasts as of Sept. 22, 2012; Source: EIU

# The Economy



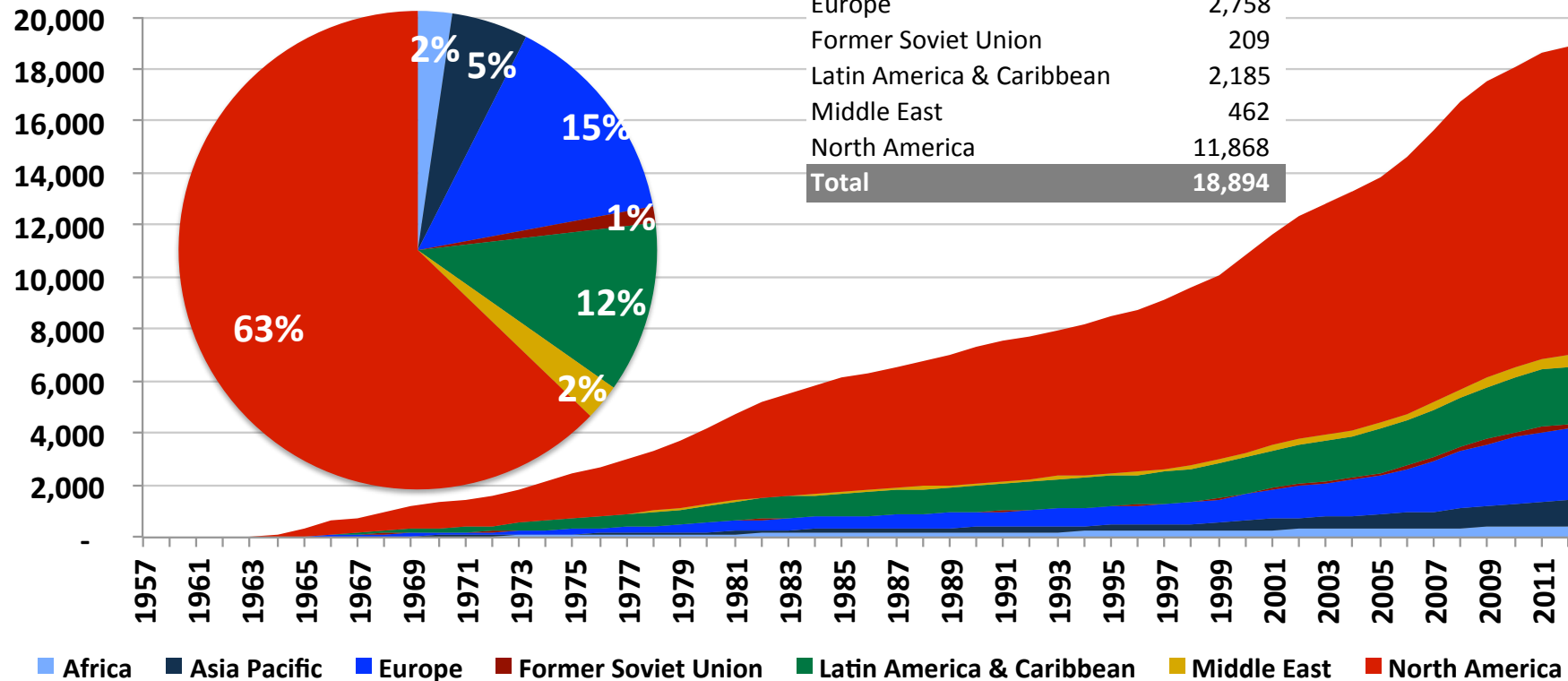
# Regional Shares of GDP and Fleet



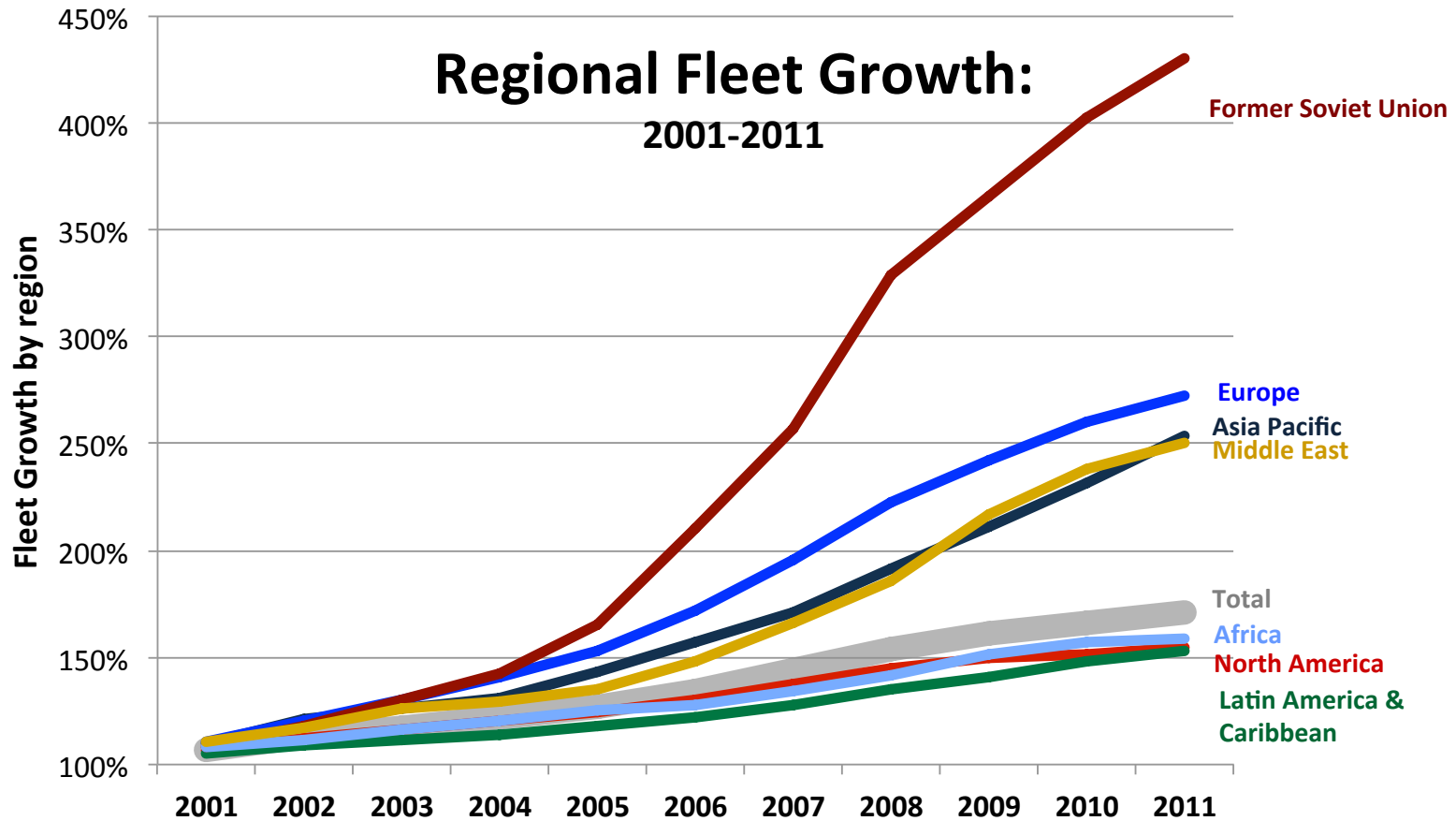
North America, Europe, & Asia Pacific – similarly sized economies, very different fleets

# Business Jet Fleet by Region

Business Jet Fleet as of Sept 30 2012	
By Region	Total Fleet
Africa	436
Asia Pacific	976
Europe	2,758
Former Soviet Union	209
Latin America & Caribbean	2,185
Middle East	462
North America	11,868
<b>Total</b>	<b>18,894</b>



# Business Jet Fleet by Region



# Business Jet Fleet by Manufacturer

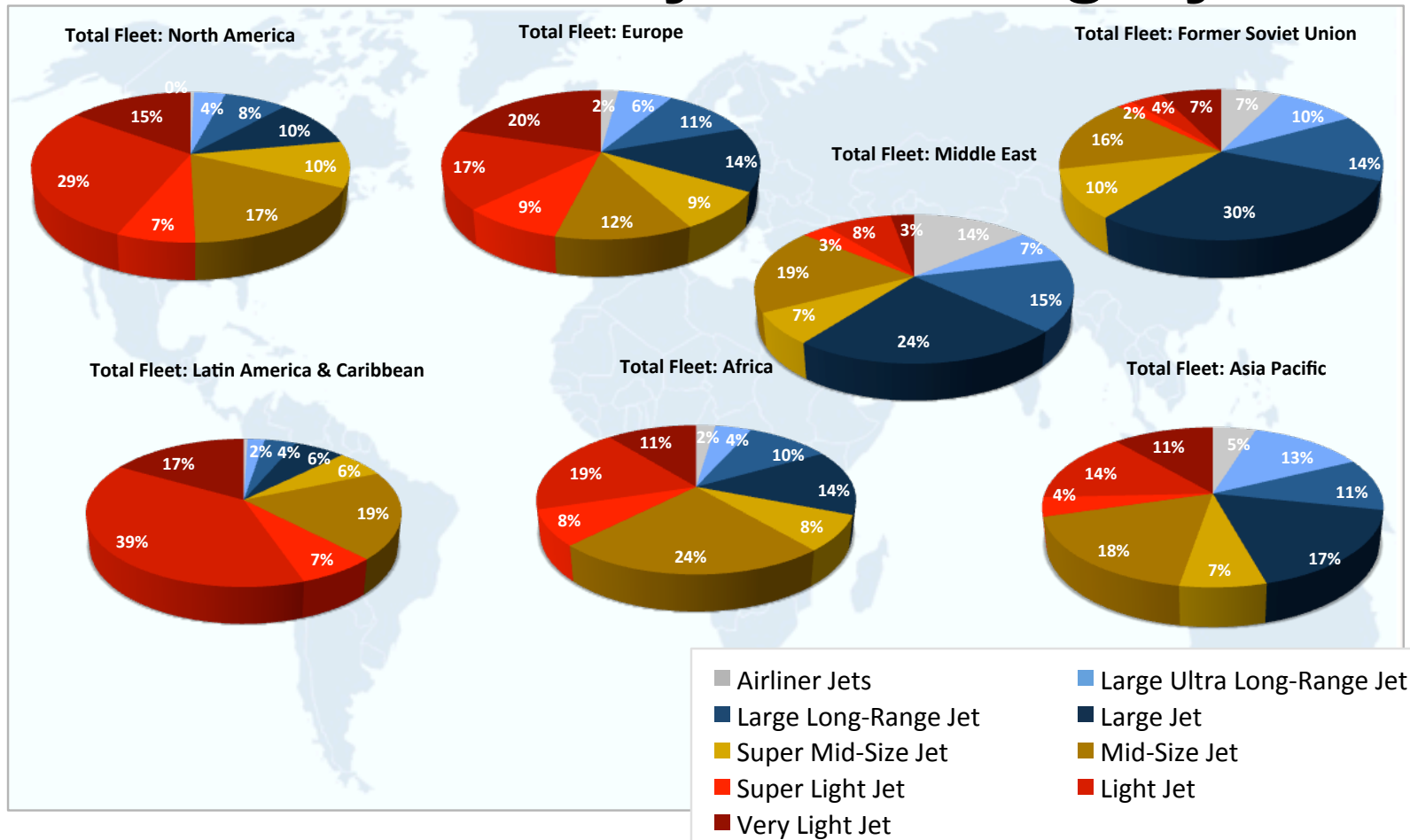
<b>NORTH AMERICA</b>		<b>Fleet as of</b>		<b>EUROPE</b>		<b>Fleet as of</b>		<b>FORMER SOVIET UNION</b>		<b>Fleet as of</b>	
<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>
Bombardier	2,543	Bombardier	588	Bombardier	68	Bombardier	93	Bombardier	235	Bombardier	74
Cessna Citation	4,152	Cessna Citation	1,001	Cessna Citation	18	Cessna Citation	57	Cessna Citation	206	Cessna Citation	102
Dassault Falcon	1,170	Dassault Falcon	483	Dassault Falcon	34	Dassault Falcon	55	Dassault Falcon	62	Dassault Falcon	59
Embraer	226	Embraer	102	Embraer	16	Embraer	36	Embraer	43	Embraer	18
Gulfstream	1,532	Gulfstream	182	Gulfstream	18	Gulfstream	81	Gulfstream	181	Gulfstream	53
Hawker Beechcraft	1,507	Hawker Beechcraft	286	Hawker Beechcraft	35	Hawker Beechcraft	72	Hawker Beechcraft	156	Hawker Beechcraft	104
Other	738	Other	116	Other	20	Other	68	Other	93	Other	26
<b>Total</b>	<b>11,868</b>	<b>Total</b>	<b>2,758</b>	<b>Total</b>	<b>209</b>	<b>Total</b>	<b>462</b>	<b>Total</b>	<b>976</b>	<b>Total</b>	<b>436</b>

<b>LATIN AMERICA &amp; CARIB</b>		<b>Fleet as of</b>		<b>AFRICA</b>		<b>Fleet as of</b>		<b>ASIA PACIFIC</b>		<b>Fleet as of</b>	
<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>	<b>OEM</b>	<b>Sept 30 2012</b>
Bombardier	537	Bombardier	74	Bombardier	235	Bombardier	74	Bombardier	235	Bombardier	74
Cessna Citation	730	Cessna Citation	102	Cessna Citation	206	Cessna Citation	102	Cessna Citation	206	Cessna Citation	102
Dassault Falcon	139	Dassault Falcon	59	Dassault Falcon	62	Dassault Falcon	59	Dassault Falcon	62	Dassault Falcon	59
Embraer	123	Embraer	18	Embraer	43	Embraer	18	Embraer	43	Embraer	18
Gulfstream	155	Gulfstream	53	Gulfstream	181	Gulfstream	53	Gulfstream	181	Gulfstream	53
Hawker Beechcraft	338	Hawker Beechcraft	104	Hawker Beechcraft	156	Hawker Beechcraft	104	Hawker Beechcraft	156	Hawker Beechcraft	104
Other	163	Other	26	Other	93	Other	26	Other	93	Other	26
<b>Total</b>	<b>2,185</b>	<b>Total</b>	<b>436</b>	<b>Total</b>	<b>976</b>	<b>Total</b>	<b>436</b>	<b>Total</b>	<b>976</b>	<b>Total</b>	<b>436</b>

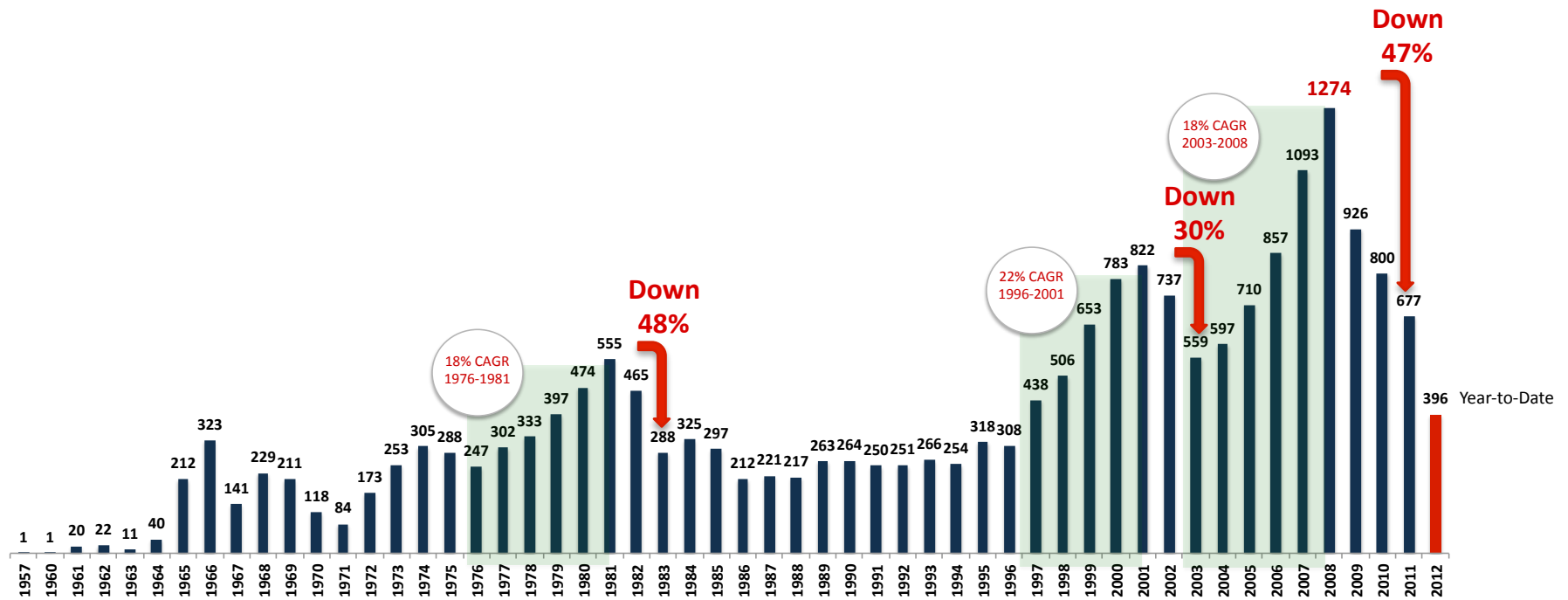
**World fleet was 18,894 jets on Sept. 30, 2012, representing 91% of jets ever delivered**

# Business Jet Fleet by Size Category



**There is a large regional variation in the mix of jet size categories in the fleet**

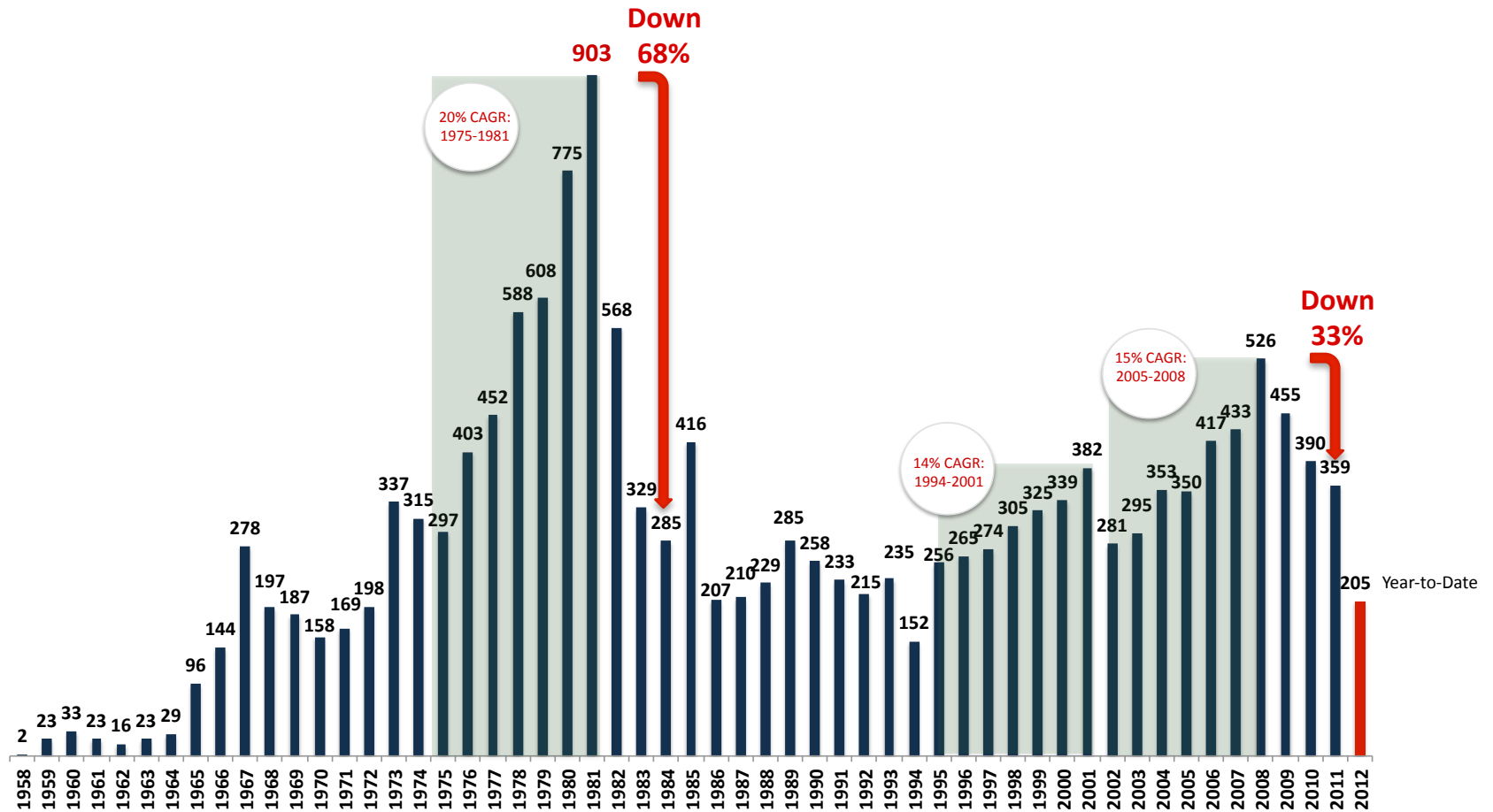
# Business Jet Deliveries (units)



The 2009-2011 new jet delivery downturn was similar in amplitude to that of 1982-83

Note: Latest year includes year-to-date deliveries in JETNET database

# Business Turboprop Deliveries (units)

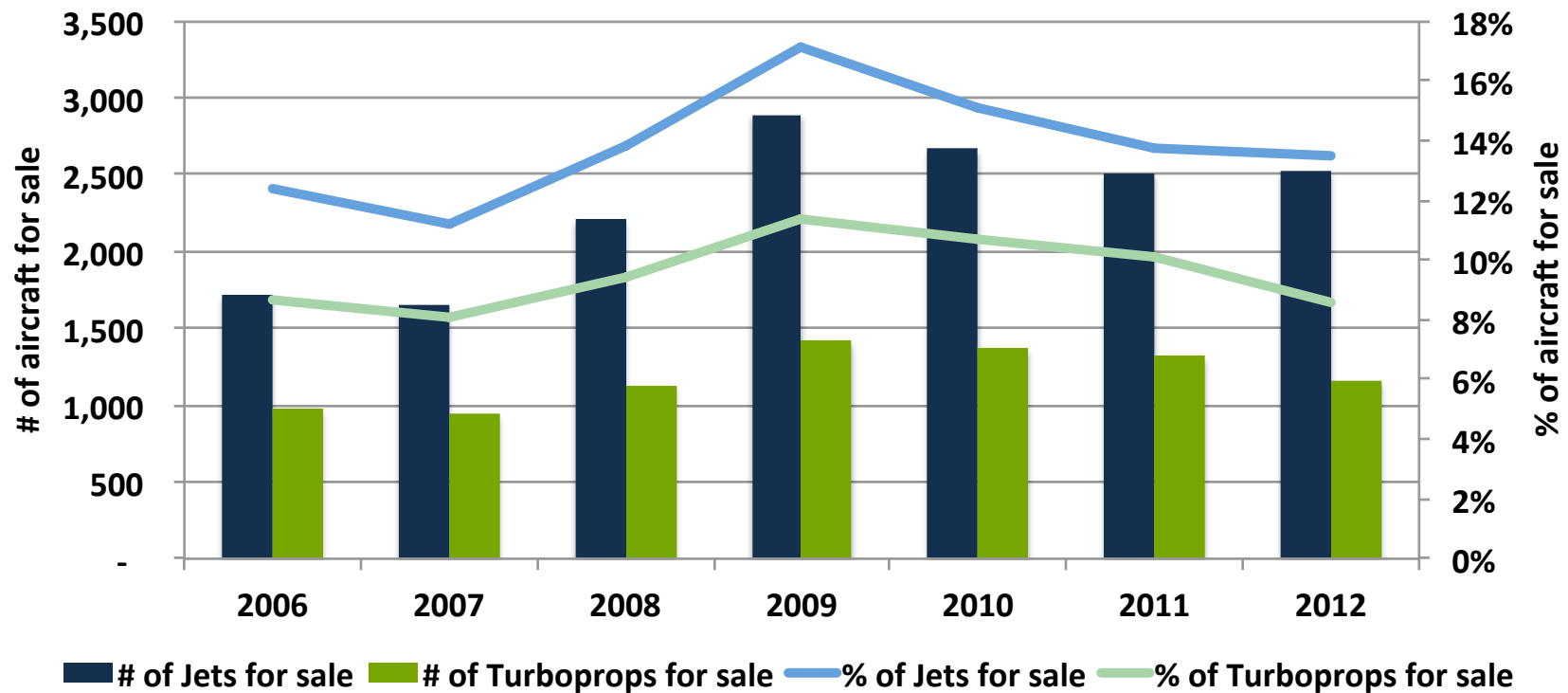


Turboprop delivery swings have been less severe than for jets for almost 20 years

Note: Latest year includes year-to-date deliveries in JETNET database

# Pre-Owned Business Aircraft Inventory

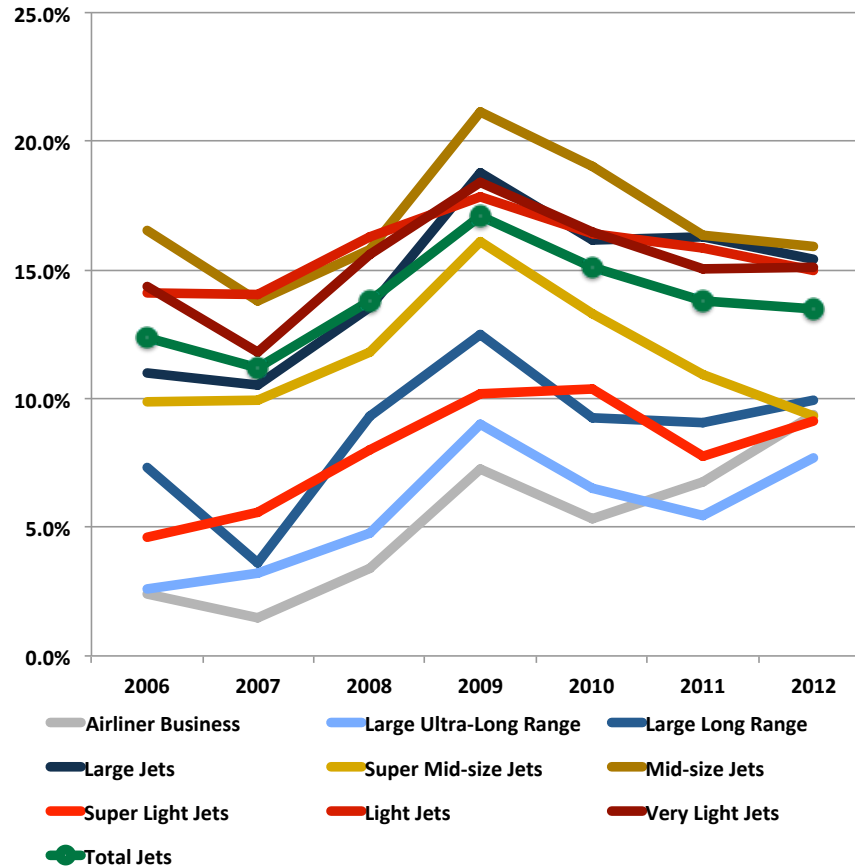
Business Jets and Turboprops for sale  
Oct 2006 - Oct 2012



The percentage of pre-owned jets for sale is still about 2% points above 2007 levels

# Pre-Owned Business Jet Inventory

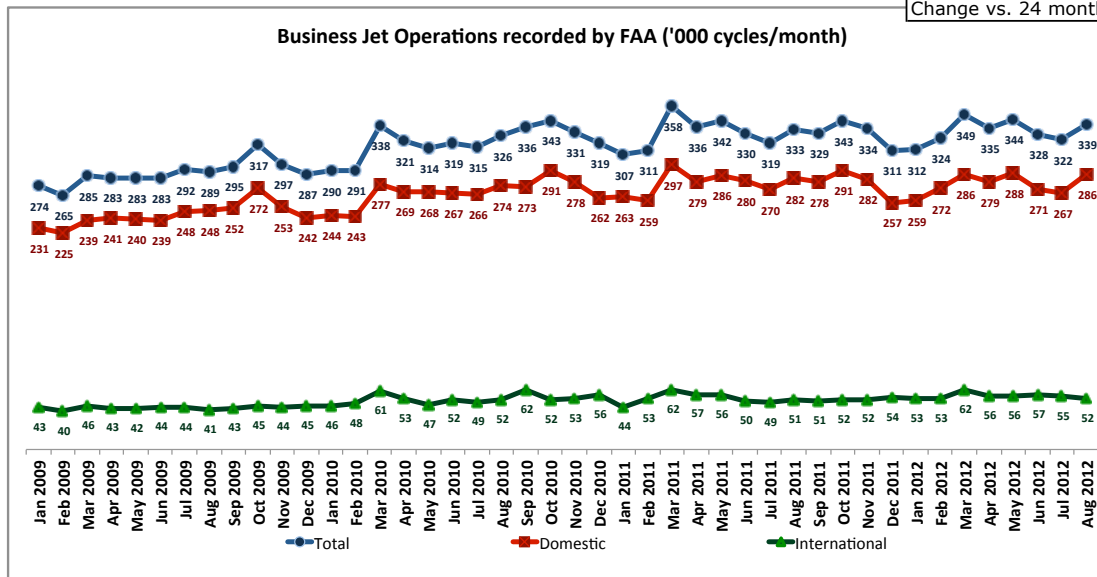
Aircraft for sale as a % of total



The percentage of pre-owned jets for sale has yet to return to pre-2008 levels

# U.S. Business Jet Utilization

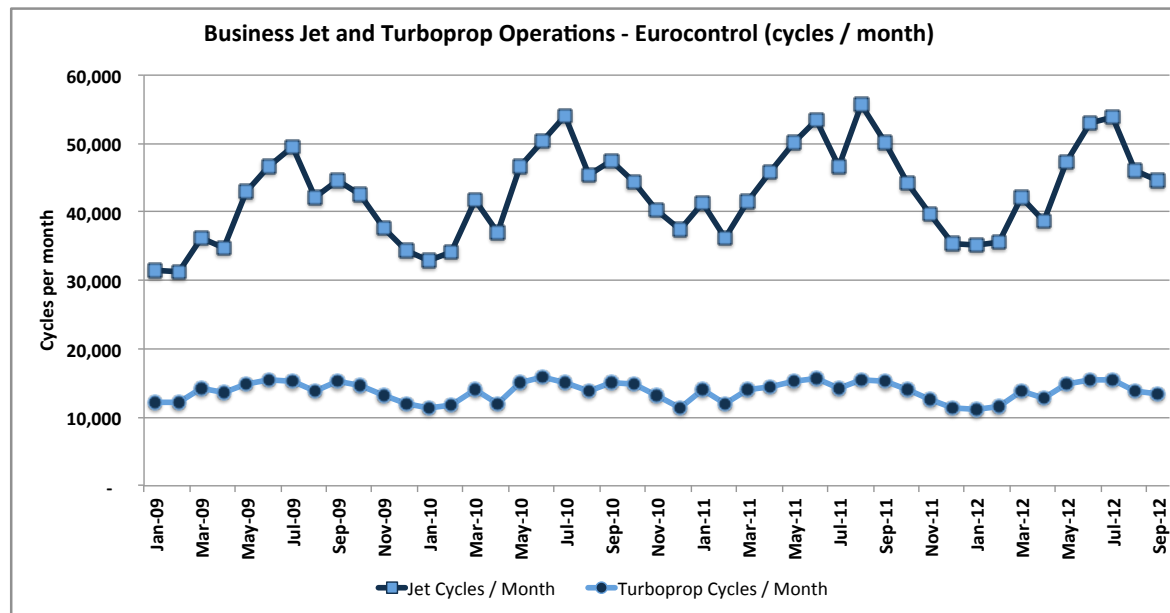
FAA BUSINESS JET OPERATIONS - AUG 2012		Trailing 12 Months
TOTAL CYCLES		
Total Cycles	338,812	3,970,250
Change vs. prior month	5.1%	0.1%
Change vs. prior year	1.7%	0.1%
Change vs. 24 months ago	3.9%	7.0%
DOMESTIC CYCLES		
Total Domestic Cycles	286,362	3,316,770
Change vs. prior month	7.2%	0.1%
Change vs. prior year	1.5%	-0.1%
Change vs. 24 months ago	4.4%	6.1%
INTERNATIONAL CYCLES		
Total International Cycles	52,450	653,480
Change vs. prior month	-4.8%	0.2%
Change vs. prior year	2.5%	1.2%
Change vs. 24 months ago	1.2%	11.8%



U.S. utilization: total business jet cycles are essentially unchanged year-over-year

# European Business Aircraft Utilization

EUROCONTROL BUSINESS JET & TURBOPROP OPERATIONS - SEPT 2012		Trailing 12 Months
<b>BUSINESS JETS (EXCLUDING AIRLINERS)</b>		
Total Cycles	44,538	515,383
Change vs. prior month	-3.2%	-1.1%
Change vs. prior year	-11.1%	-5.1%
Change vs. 24 months ago	-6.4%	2.2%
<b>TURBOPROPS</b>		
Total Cycles	13,416	160,749
Change vs. prior month	-3.2%	-1.1%
Change vs. prior year	-12.2%	-5.4%
Change vs. 24 months ago	-11.6%	-2.0%




European utilization: total cycles are down more than 5% year-over-year

# JETNET iQ Quarterly Surveys

- Multilingual owner / operator surveys
  - Utilization patterns and expectations
  - Brand perceptions
  - Purchase criteria / inhibitors
  - Purchase / selling intentions
  - New product preferences
  - Special topics of interest (examples)
    - New products
    - The environment
    - China, etc.

JETNET iQ GLOBAL BUSINESS AVIATION SURVEY - Q1 2012 English

WELCOME



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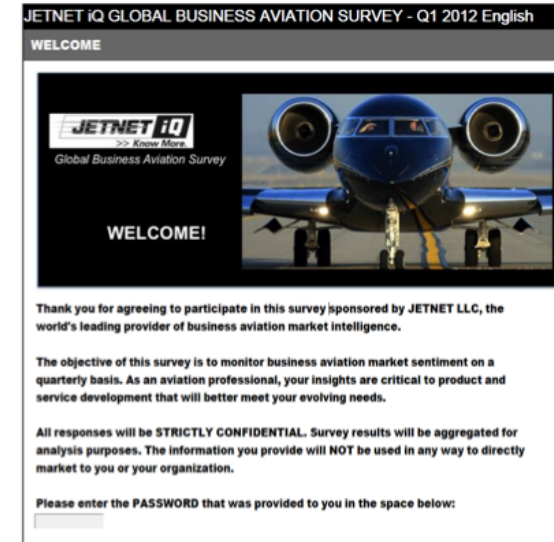
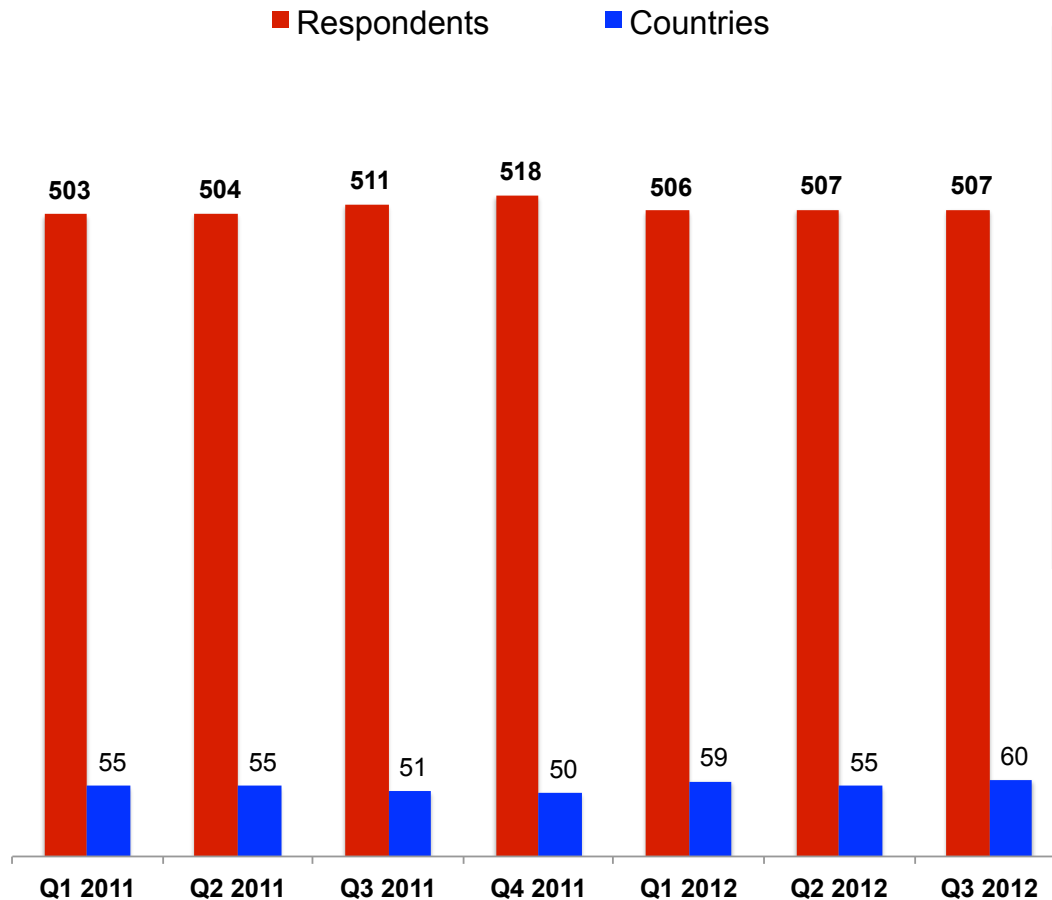
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JETNET iQ Surveys: Quarterly, multilingual, worldwide

## JETNET iQ Survey Respondents

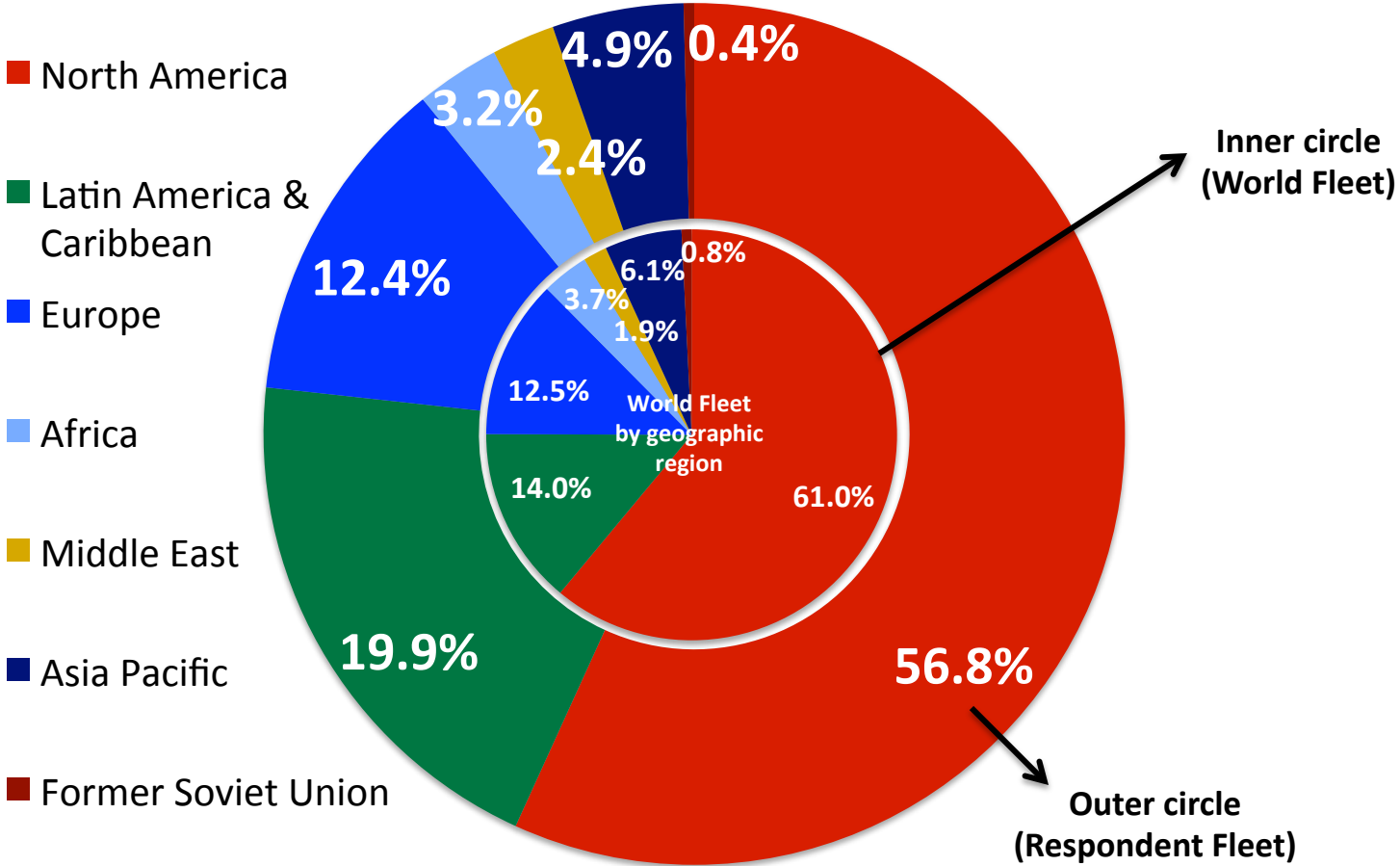


JETNET iQ Surveys: Since Q1 2011, >3,500 respondents from 100+ countries

# Survey Respondents' Location

By Aircraft Base Location

Q3 2012 Survey

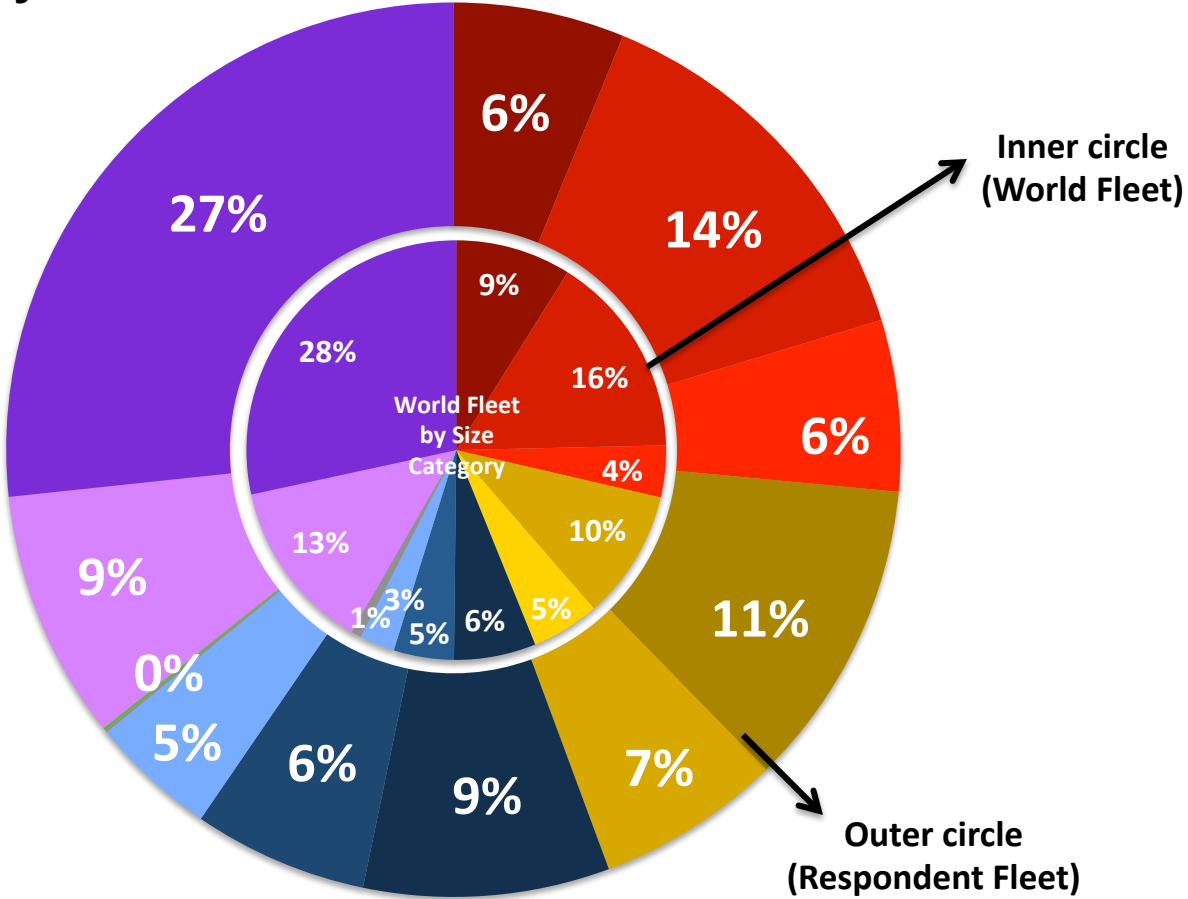


# Survey Respondents' Fleet

## By Aircraft Size Category

Q3 2012 Survey

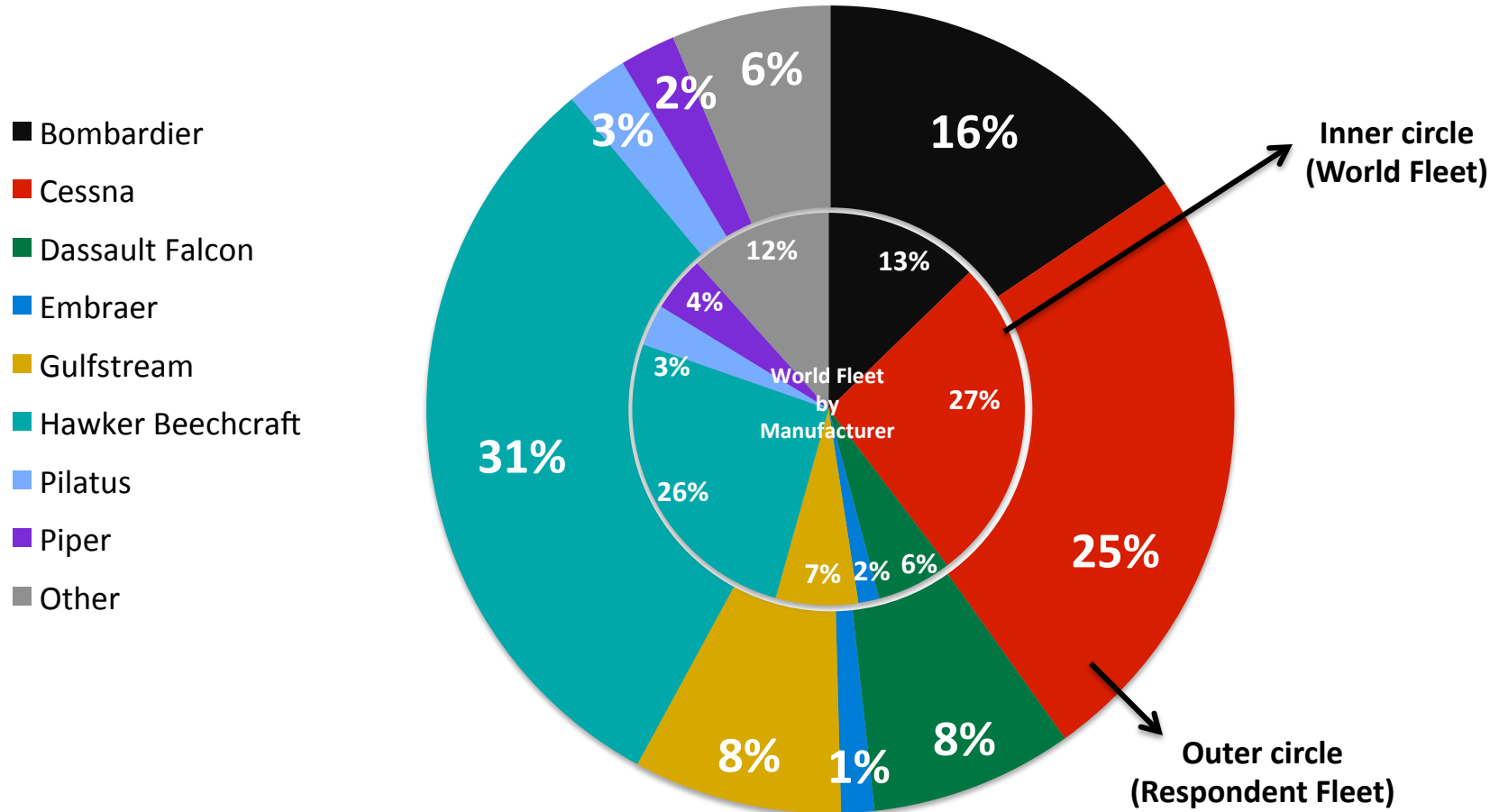
- Very Light Jet
- Light Jet
- Super Light Jet
- Mid-Size Jet
- Super Mid-Size Jet
- Large Jet
- Large Long-Range Jet
- Large Ultra Long-Range Jet
- Airline Business Jet
- Airliner Jet Converted
- Single-Engine Turbo-Prop
- Multi-Engine Turbo-Prop



# Survey Respondents' Fleet

By Aircraft Manufacturer

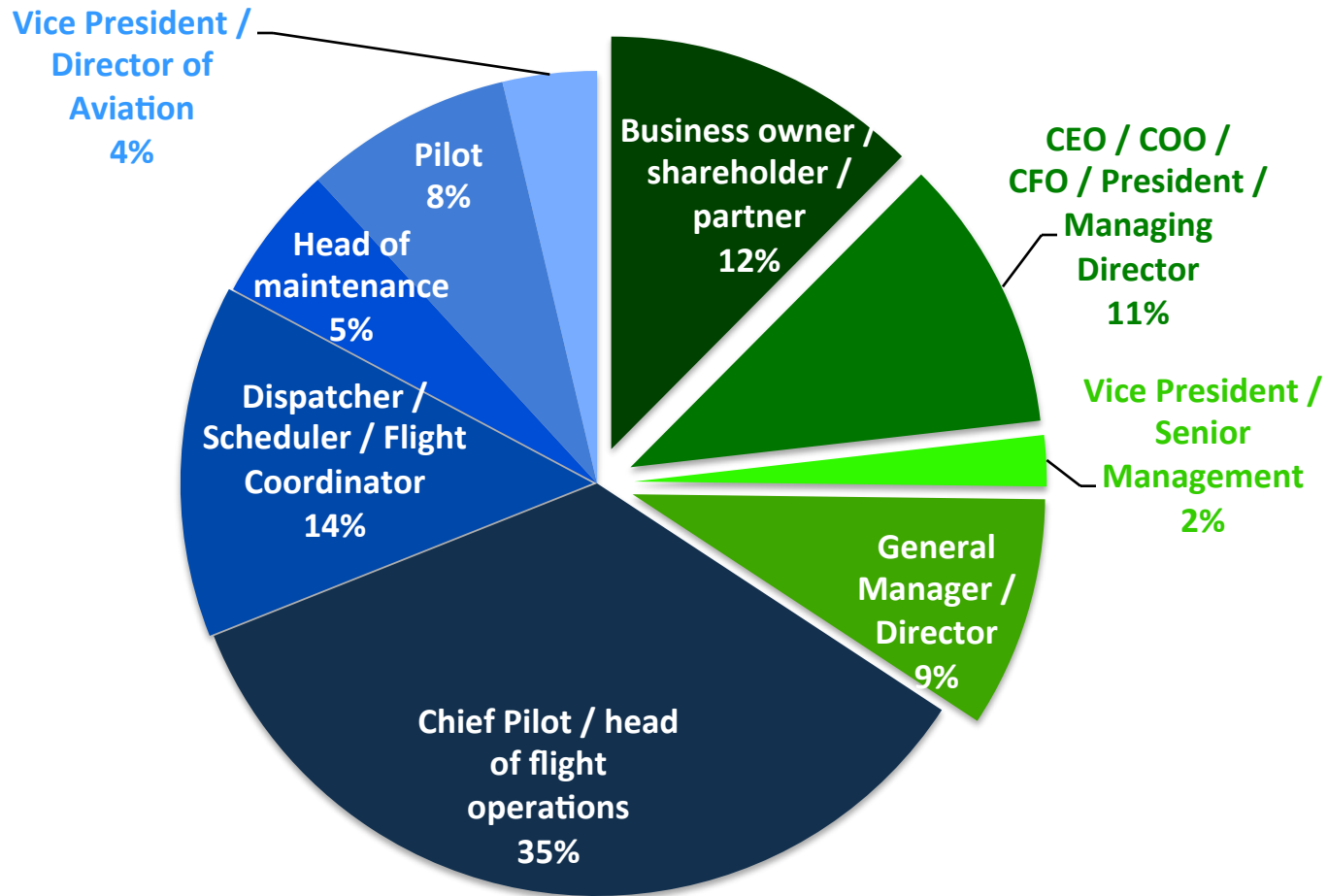
Q3 2012 Survey



# Survey Respondents' Roles

By Job Title

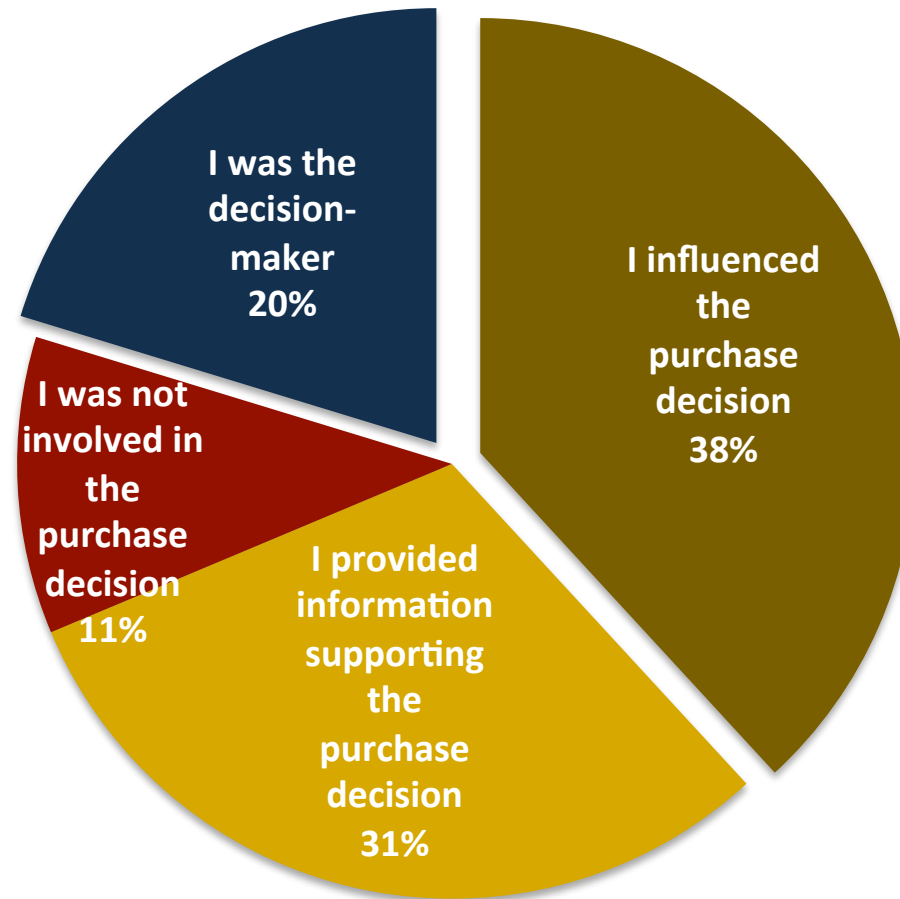
Q3 2012 Survey



# Survey Respondents' Roles

By Involvement in Last Fixed-Wing Turbine Aircraft Purchase

Q3 2012 Survey

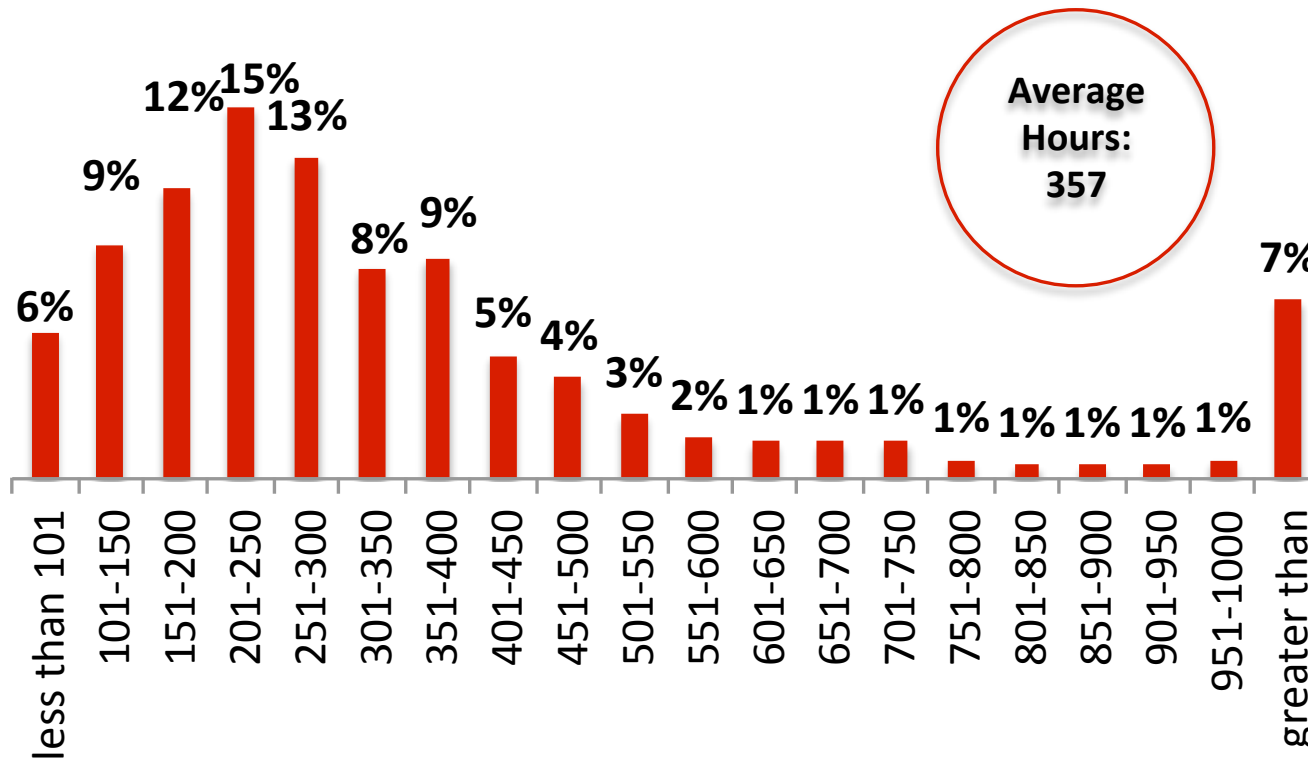


# Survey Respondents' Flight Operations

By Average Utilization per Aircraft in Prior 12 Months

Q3 2012 Survey

## Annual Flight Hours per aircraft



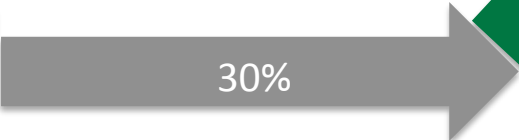
# Survey Respondents' Sentiment

Current Market Sentiment

Q3 2012 Survey

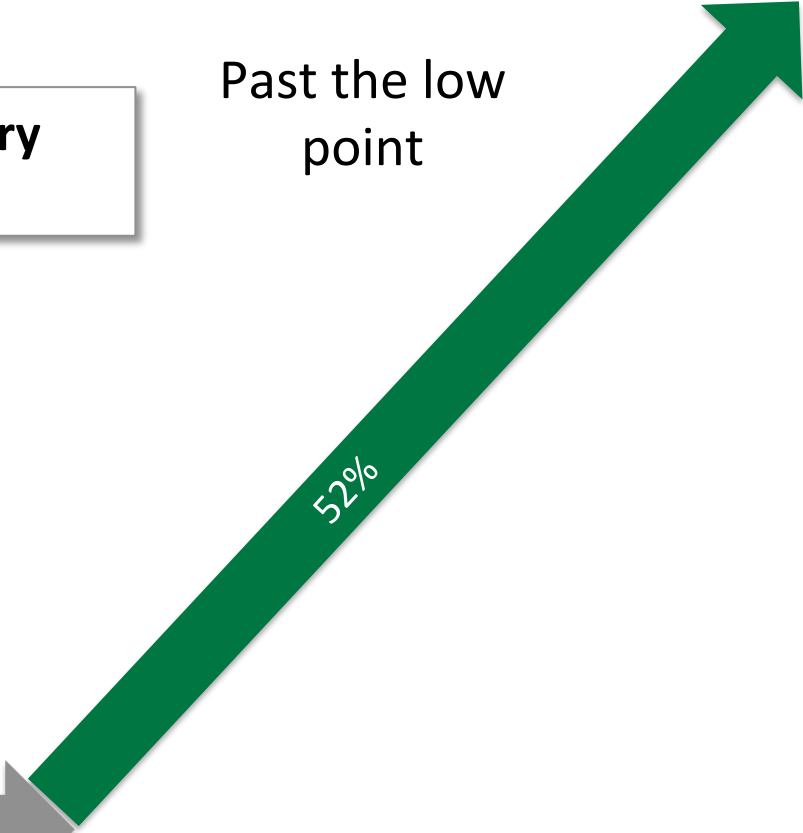
**Where is the Business Aviation Industry  
In the Current Business Cycle?**

Not yet  
reached the  
low point



At the low point

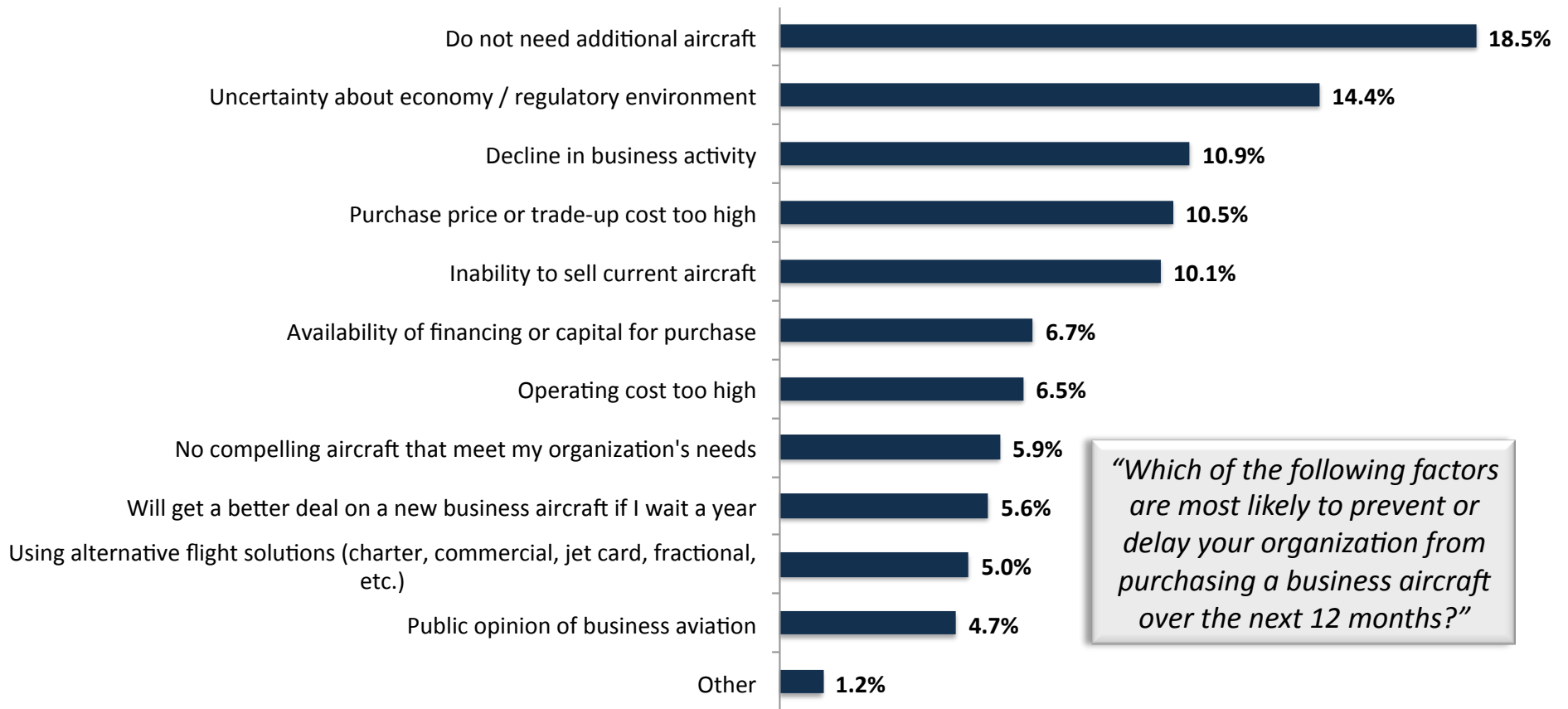
Past the low  
point



# Aircraft Purchase Inhibitors

“Top 3” Inhibitors – Weighted Average

Q3 2012 Survey

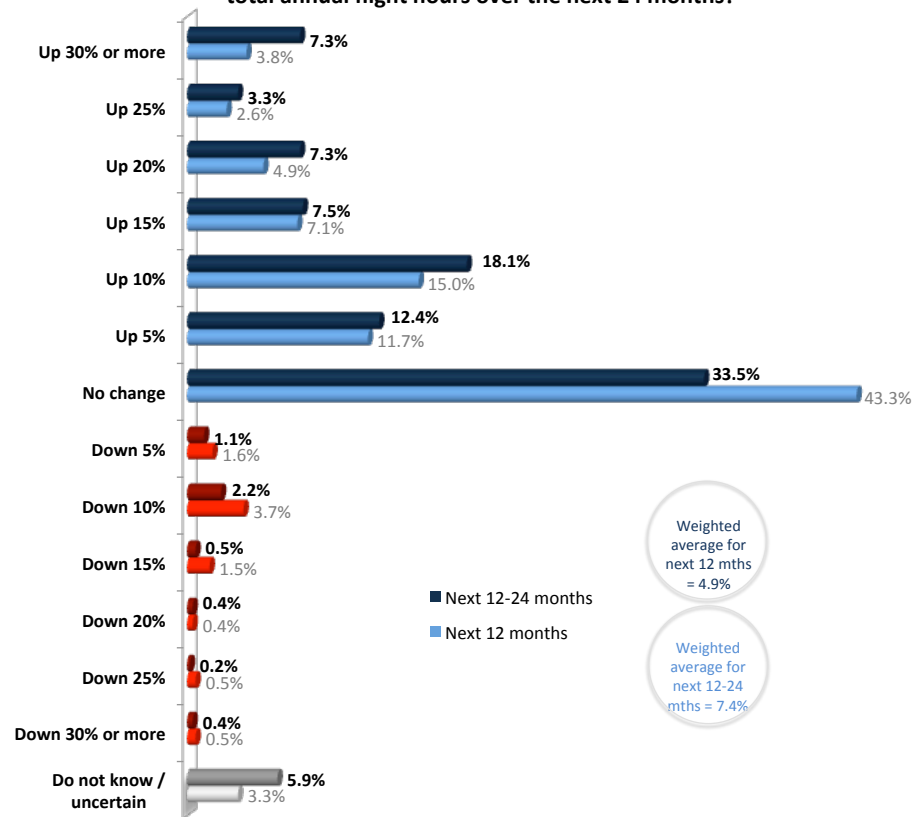


*“Which of the following factors are most likely to prevent or delay your organization from purchasing a business aircraft over the next 12 months?”*

# Aircraft Utilization

## Next 12 and 12-24 Months versus Prior 12 Months

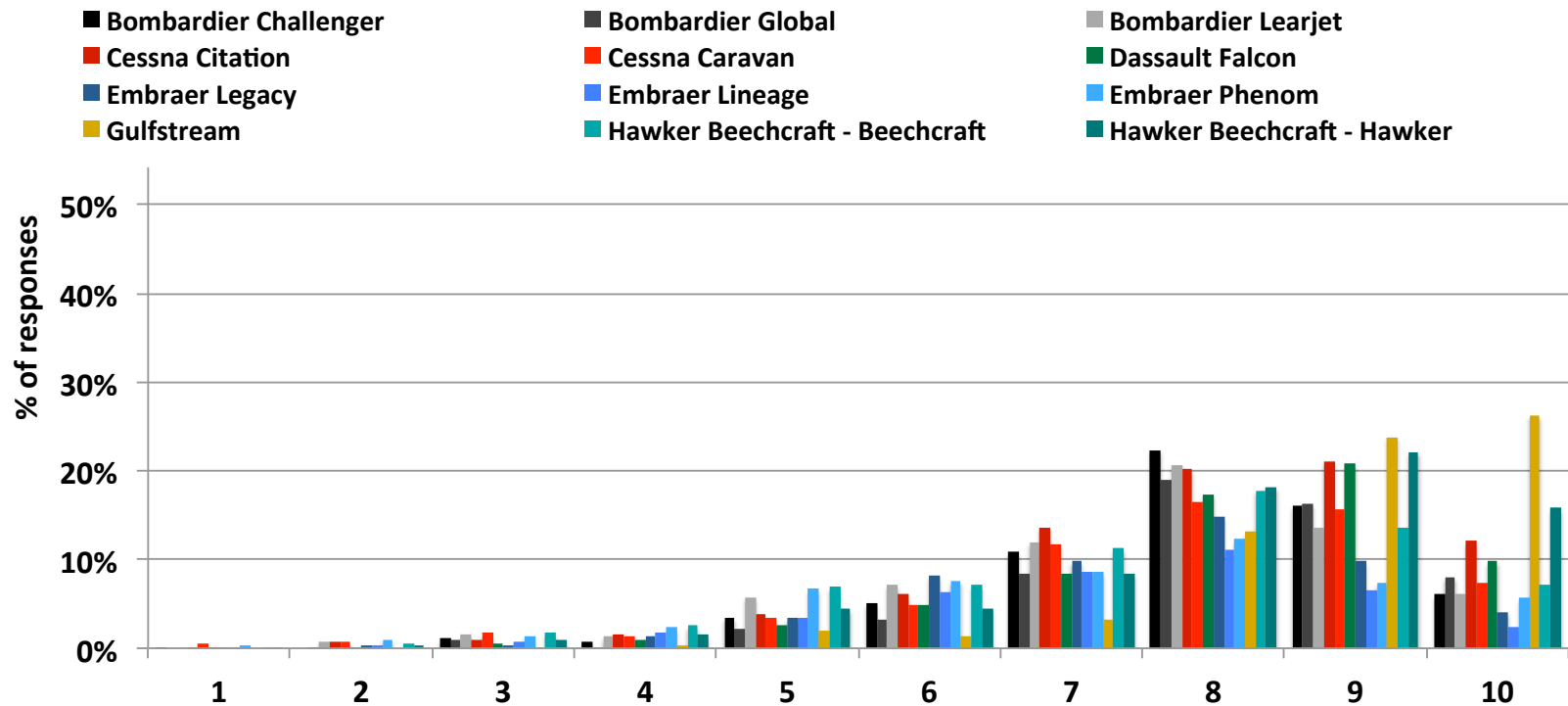
Compared with your past 12 months, what changes do you expect in your total annual flight hours over the next 24 months?



**Respondents expect to fly 5% more hours in the next 12 months vs. prior 12 months**

# Brand Reputations

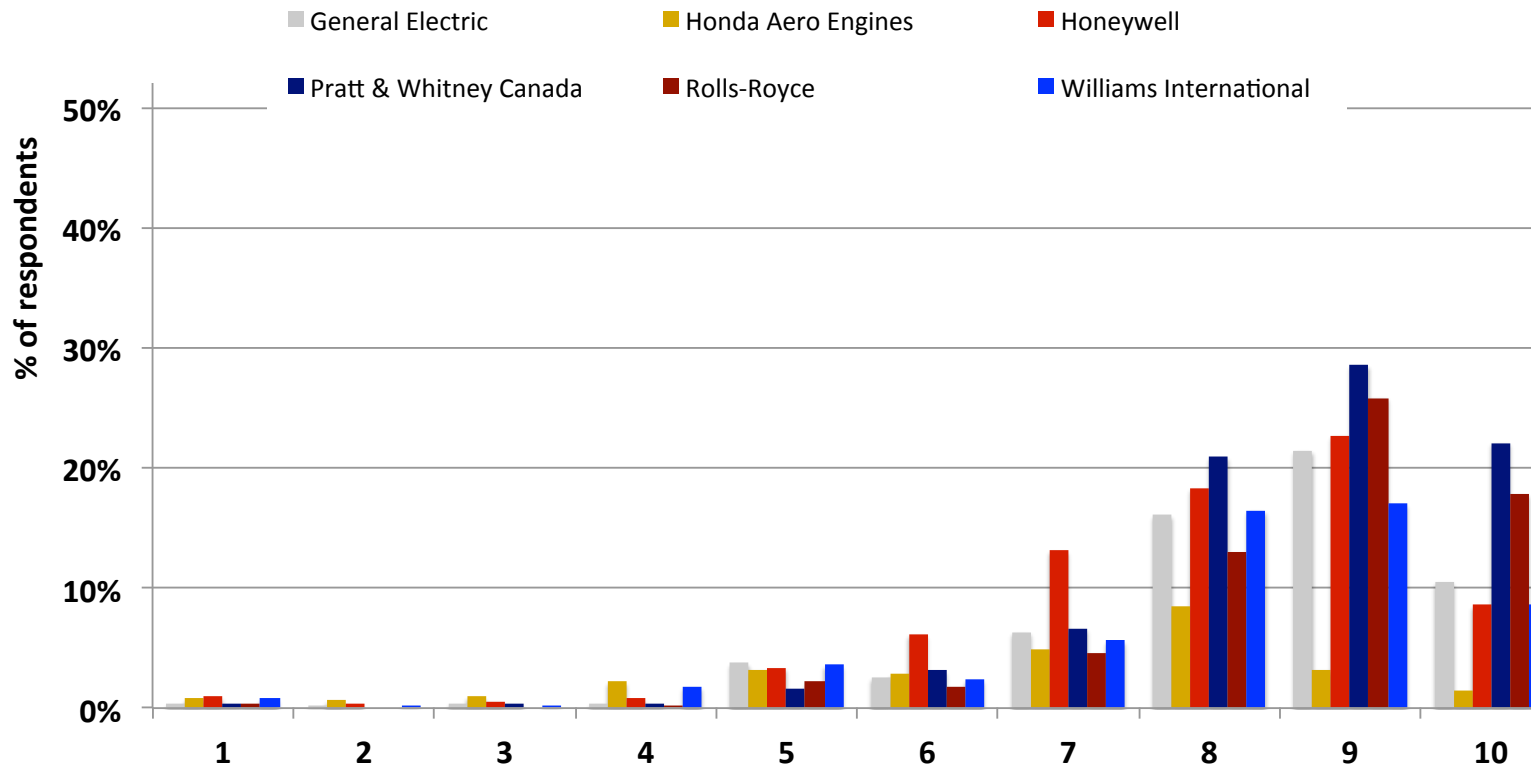
Aircraft Manufacturers on a 1-10 Scale, where “10” = Highest



Gulfstream is the leading brand amongst aircraft manufacturers

# Brand Reputations

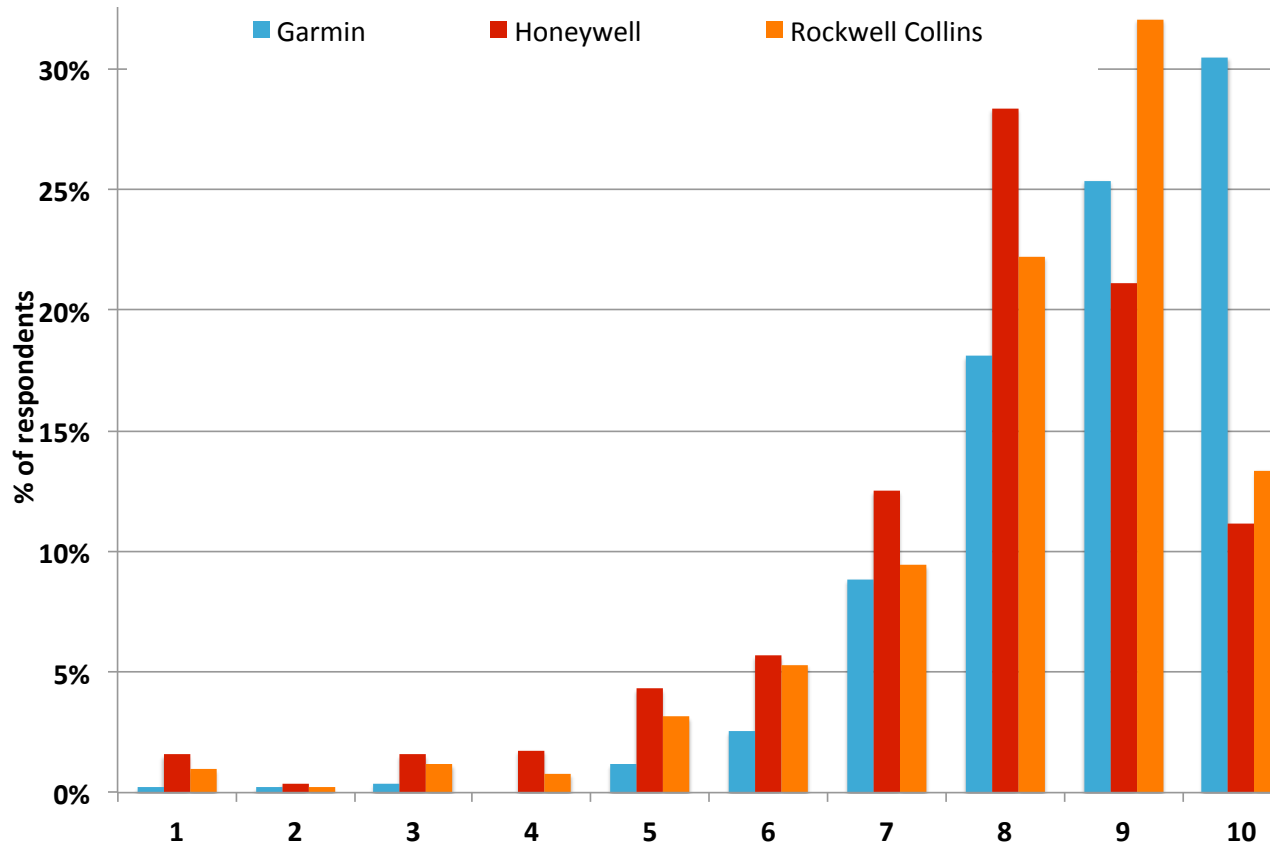
Jet Engine Manufacturers on a 1-10 Scale, where “10” = Highest



**Pratt & Whitney Canada & Rolls-Royce are the top-rated jet engine manufacturer brands**

# Brand Reputations

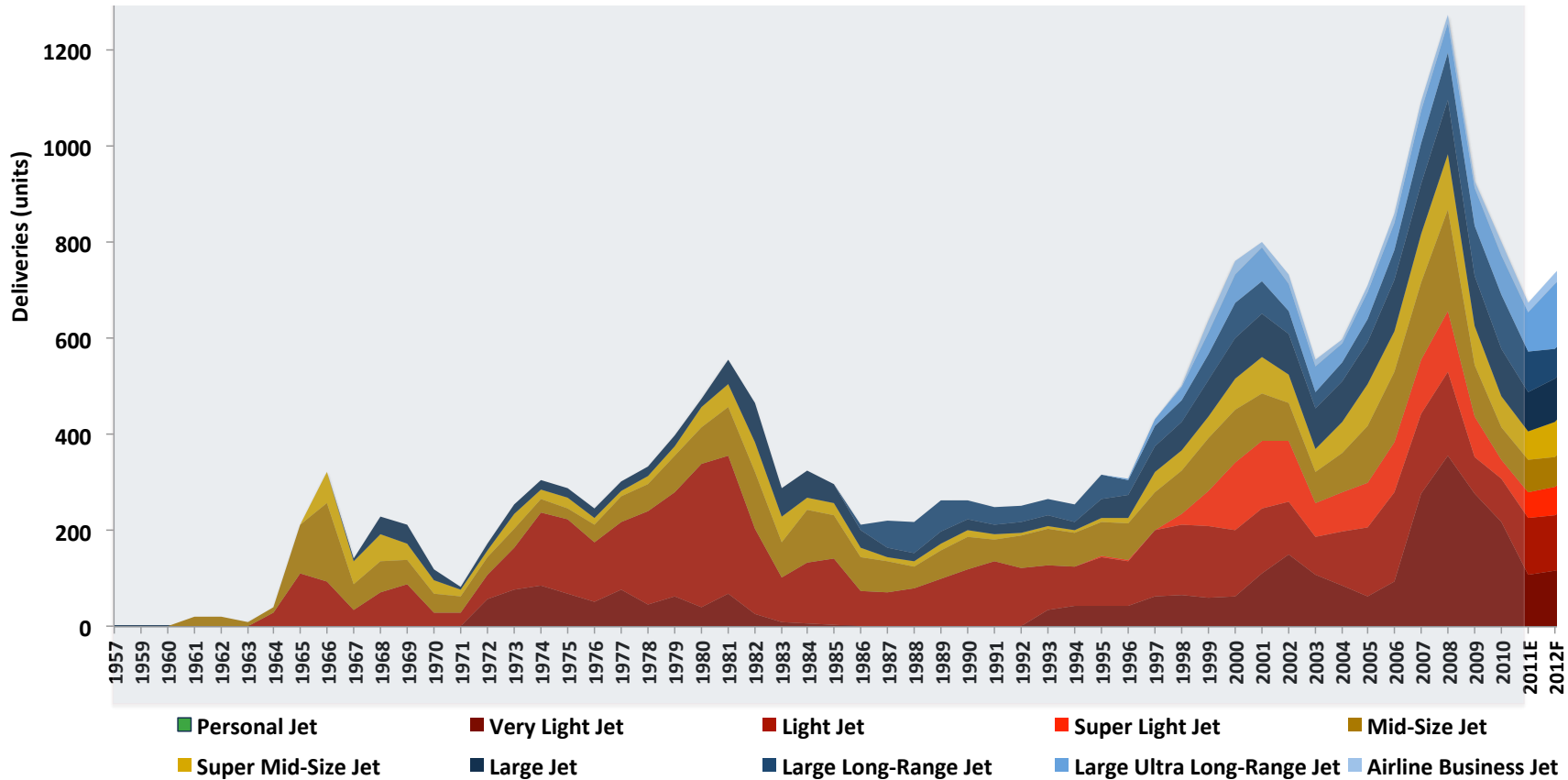
Avionics Manufacturers on a 1-10 Scale, where “10” = Highest



Garmin is the top-rated avionics brand, followed by Rockwell Collins

# Business Jet Deliveries

## History and 2012 Forecast



**JETNET iQ 2012 business jet delivery forecast is 718 units, up 6.5% over 2011**

## About JETNET iQ

Launched in January 2011, JETNET iQ is a forecasting and premium advisory service for the business aviation market, designed to help customers “Know More”. Available on an annual subscription basis, JETNET iQ has 3 main elements:

- 1) JETNET iQ REPORTS are the definitive analytical reference for the business aviation industry, incorporating state-of-the-industry analyses, proprietary aircraft owner/operator surveys, and detailed 10-year delivery and fleet forecasts, updated quarterly.
- 2) JETNET iQ SUMMITS provide fast-paced thought-provoking insights into the state of the industry, and unique networking opportunities.
- 3) JETNET iQ CONSULTING serves the needs of members with customized research and analysis requirements on a project-by-project basis.

For more information on JETNET iQ, log on to [www.jetnetiq.com](http://www.jetnetiq.com) or contact Rolland Vincent, JETNET iQ Creator/Director at 1-972-439-2069 or [rollie@jetnet.com](mailto:rollie@jetnet.com).

## **About JETNET**

Since 1988, JETNET has delivered the most comprehensive and reliable business aircraft research to its exclusive clientele of aviation professionals worldwide. JETNET is the ultimate source for information and intelligence on the worldwide business, commercial, and helicopter aircraft fleet and marketplace, comprised of some 100,000 airframes. Headquartered in its state-of-the-art facility in Utica, NY, JETNET offers comprehensive user-friendly aircraft data via real-time internet access or regular updates.

For more information on JETNET LLC log on to [jetnet.com](http://jetnet.com) or contact Paul Cardarelli, JETNET Director of Sales and Marketing, at 800-553-8638 (USA) or [paul@jetnet.com](mailto:paul@jetnet.com); International inquiries, contact Karim Derbala, JETNET Exclusive Agent, EMEA, at 41.0.43.243.7056 or [karim@jetnet.com](mailto:karim@jetnet.com)