JETCRAFT

ANNUAL INDUSTRY OUTLOOK

EXPERT INSIGHTS FROM JETCRAFT

5-YEAR PRE-OWNED BUSINESS AVIATION
MARKET FORECAST 2020 – 2024

CONTENTS

FOREWORD

The impact of Covid-19 has affected nearly every industry and touched many lives. Forecasting the future is certainly more challenging against the backdrop of the current climate. This, however, does not mean that it shouldn't be attempted.

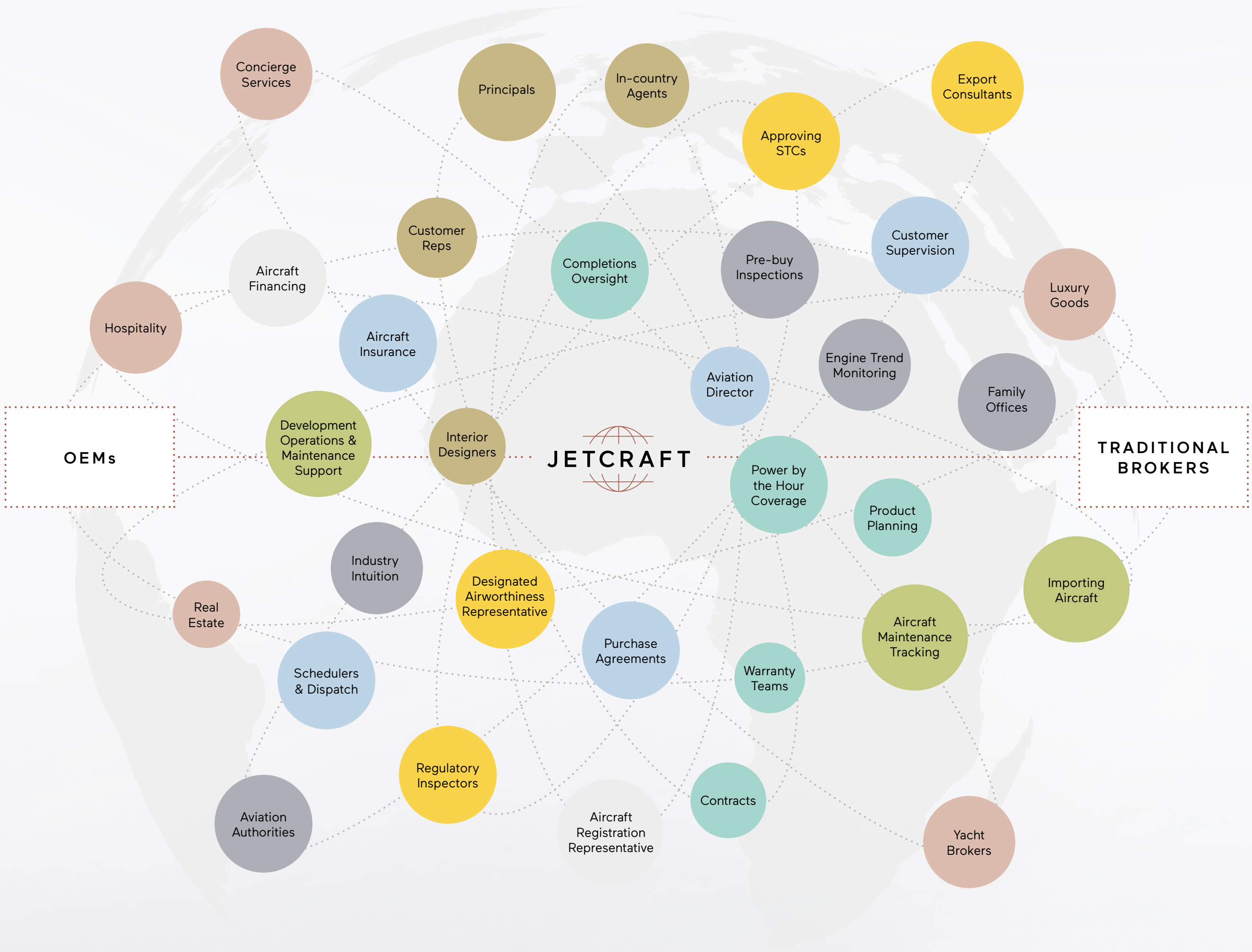
This year, we've opted to focus our predictions solely on the pre-owned market, an area that isn't often included in other industry outlooks and which is a particular strength of ours. Moreover, for the first time, our forecast is enriched by the introduction of trends from our own past transactional data and customer insights.

Our previous forecasts predicted a downturn. Although it has taken place sooner than we thought, we were prepared and, as a result, are in a stronger position than in 2008. Aviation is one of the most dynamic and resilient industries in the world and I'm confident in its post-Covid-19 recovery, particularly with more first-time buyers realizing the value of business aviation.

I would like to take this opportunity to thank all our customers, partners and friends worldwide for your continued support during these unprecedented times. I am proud to present our 5-year Pre-Owned Business Aviation Market Forecast.

JAHID FAZAL-KARIM
Chairman of the Board, Jetcraft

THE JETCRAFT PERSPECTIVE



Our vision spans every aspect of the industry, with nearly 60 years of experience and thousands of transactions completed across a diverse inventory of aircraft makes and models. Due to our unique position, situated between a traditional broker and OEM, Jetcraft possesses a broader viewpoint than most in business aviation, allowing for an unparalleled depth of understanding and analysis of the dynamic drivers of our market.

As the world is changing, we are discovering how our partnerships inside and outside the industry contribute to this unique perspective. Beyond our established industry connections, our unrivaled network includes family offices, high-end real estate, yacht brokers as well as other associates across the luxury goods, concierge and hospitality industries.

From this privileged vantage point comes the strength and confidence to make even more precise and qualified predictions, generating a market outlook that truly advances understanding and anticipation of our industry and the future we face.

EXECUTIVE SUMMARY

10,183 pre-owned transactions representing **$48.8B** in revenue forecast over the next five years

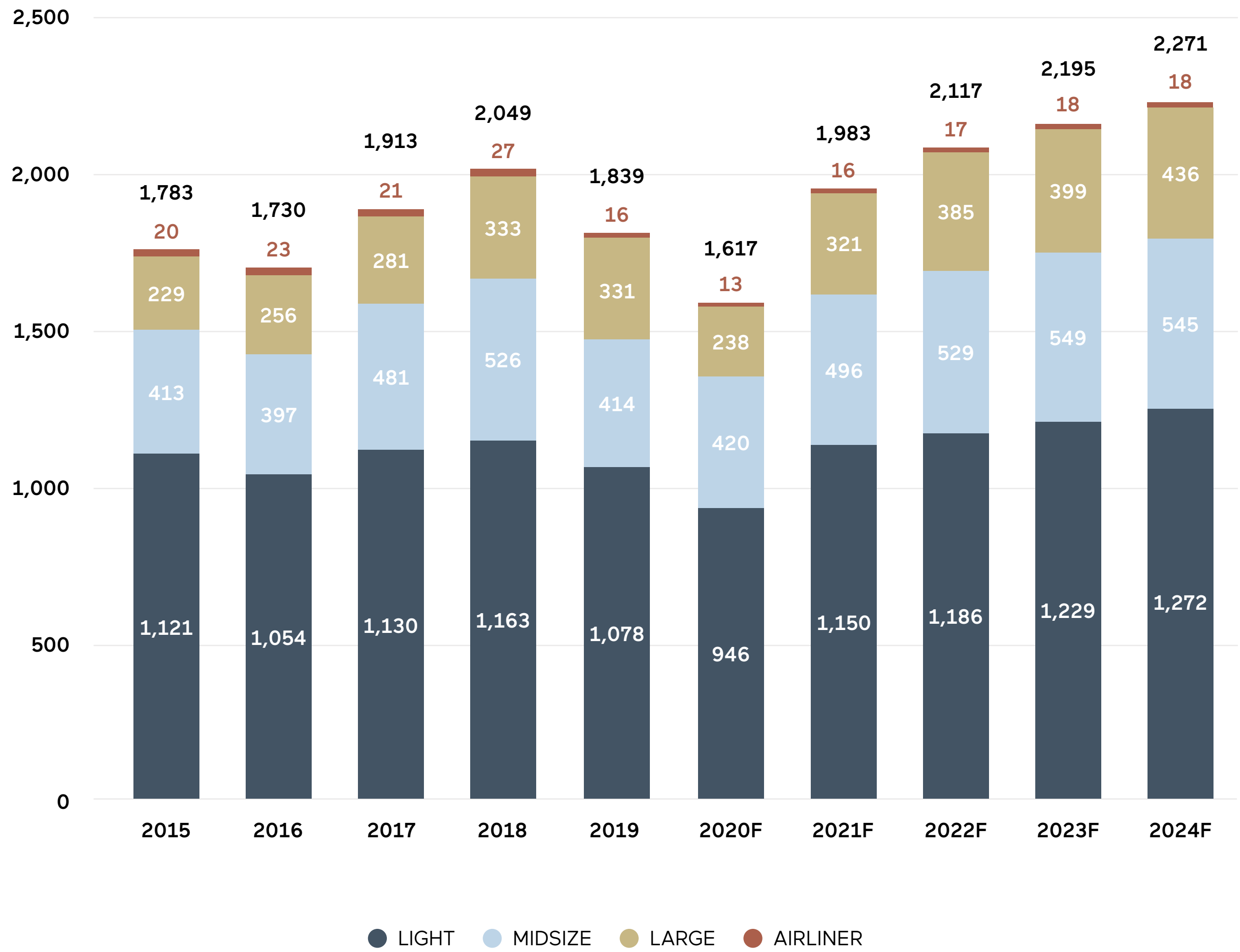
- Pre-owned transaction volume and value will recover to steady growth during the forecast period, reaching 2,271 transactions worth $11.1B annually by 2024
- The number of Large Jet transactions will increase over the next five years, albeit at a slower pace compared to previous years
- The average annual pre-owned transaction value has seen its lowest point in 2020 and will rebound, remaining stable over the next five years
- Future industry growth is solidified by the predicted stability of international trade volume, worldwide UHNWI population growth and new platforms to enhance business aviation accessibility
- Large Jets remain poised for long-term growth due to globalized economies and interest from younger UHNWI buyers

5-YEAR PRE-OWNED BUSINESS AVIATION MARKET FORECAST

PRE-OWNED TRANSACTION VOLUME

9,314
Pre-owned transactions over last five years

10,183
Pre-owned transactions forecast over next five years

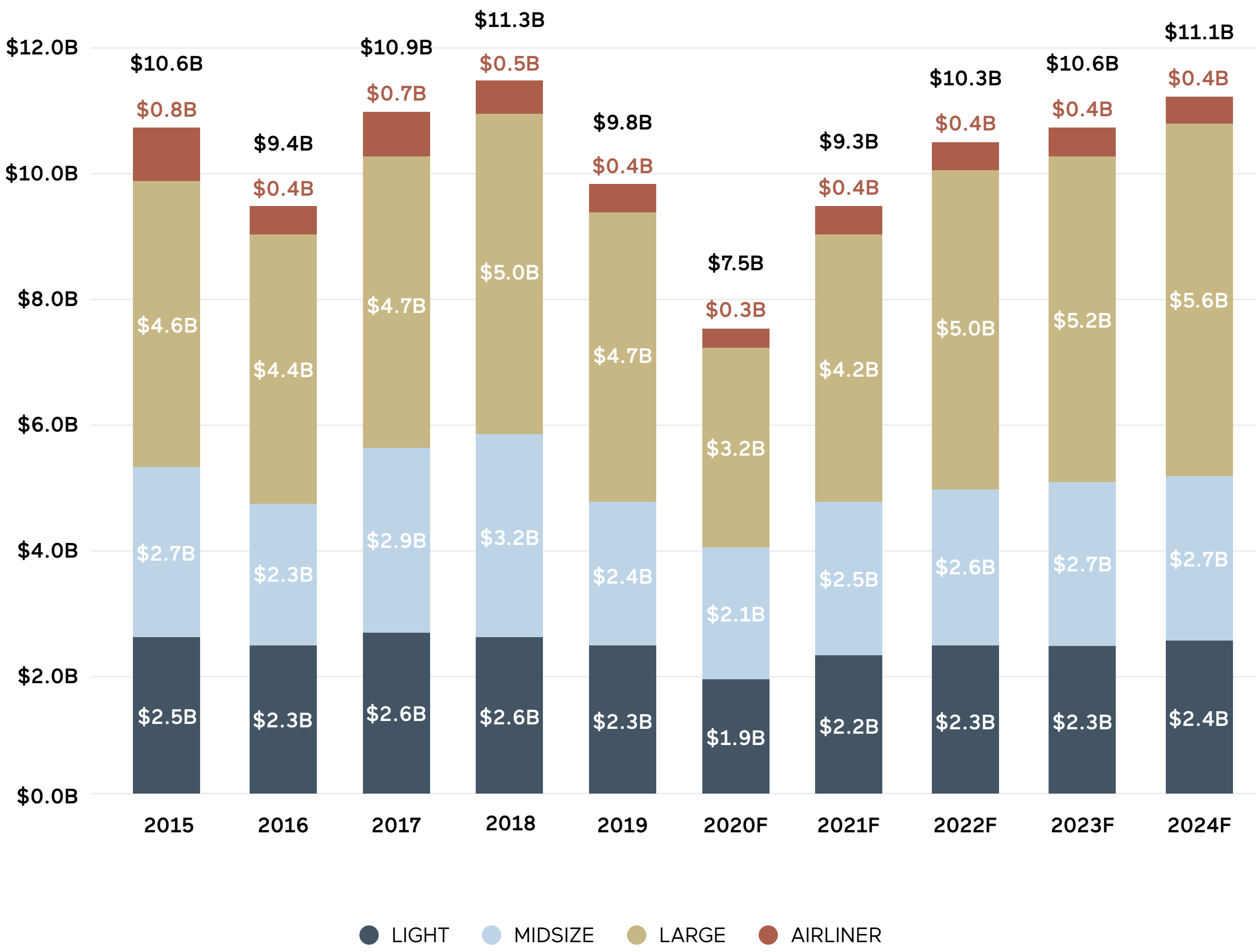


The share of Large Jet transactions will continue to grow, albeit at a slower pace than in previous years.

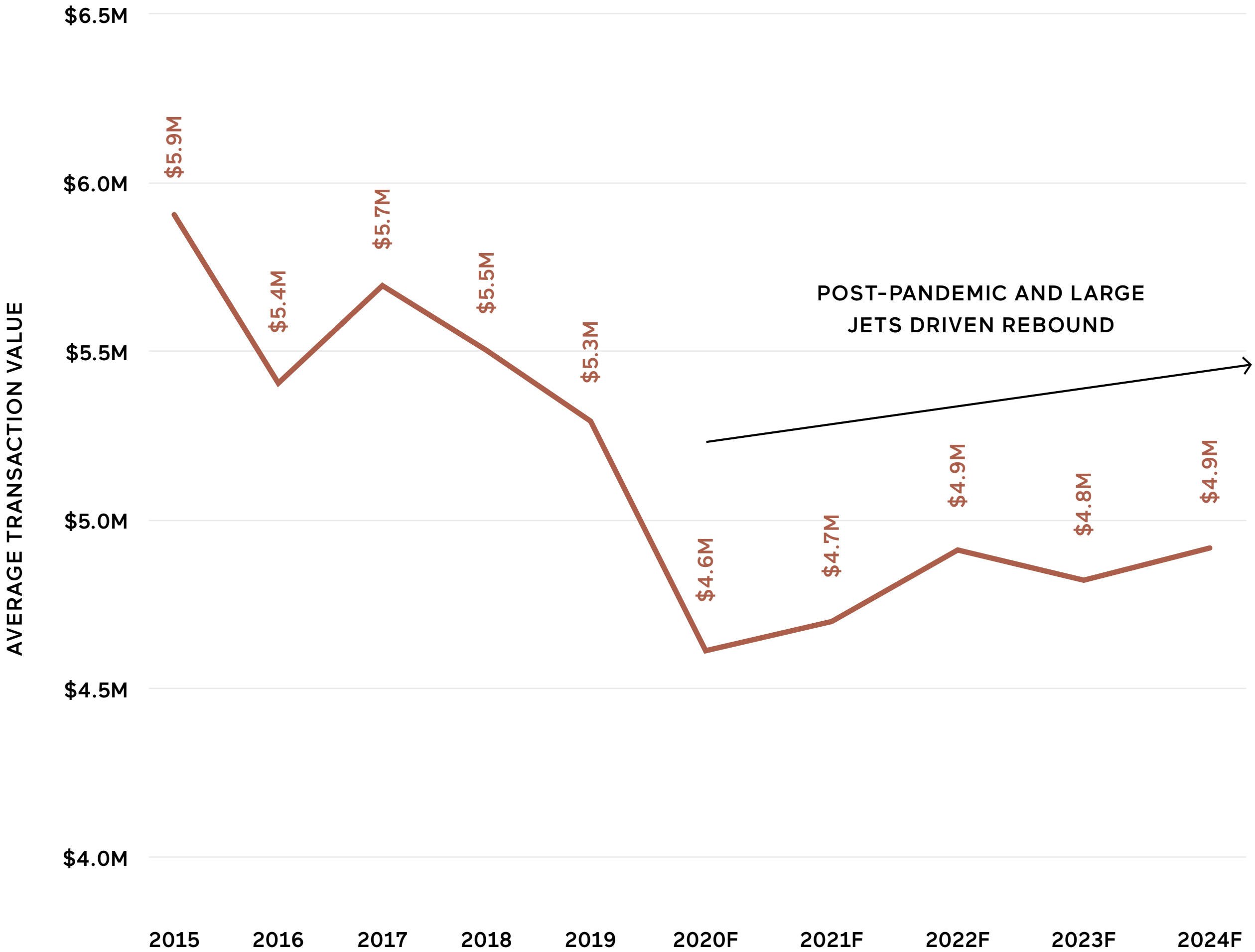
PRE-OWNED TRANSACTION VALUE

$52.0B
Pre-owned revenue over last five years

$48.8B
Pre-owned revenue forecast over next five years



AVERAGE PRE-OWNED TRANSACTION VALUE



Average pre-owned transaction value* was heavily affected by segment shifts and price declines stemming from the Covid-19 pandemic, however, a return to stability is predicted over the forecast period.

*Average pre-owned transaction value (annual pre-owned transaction value/ annual pre-owned transaction volume) should NOT be mistaken for depreciation.

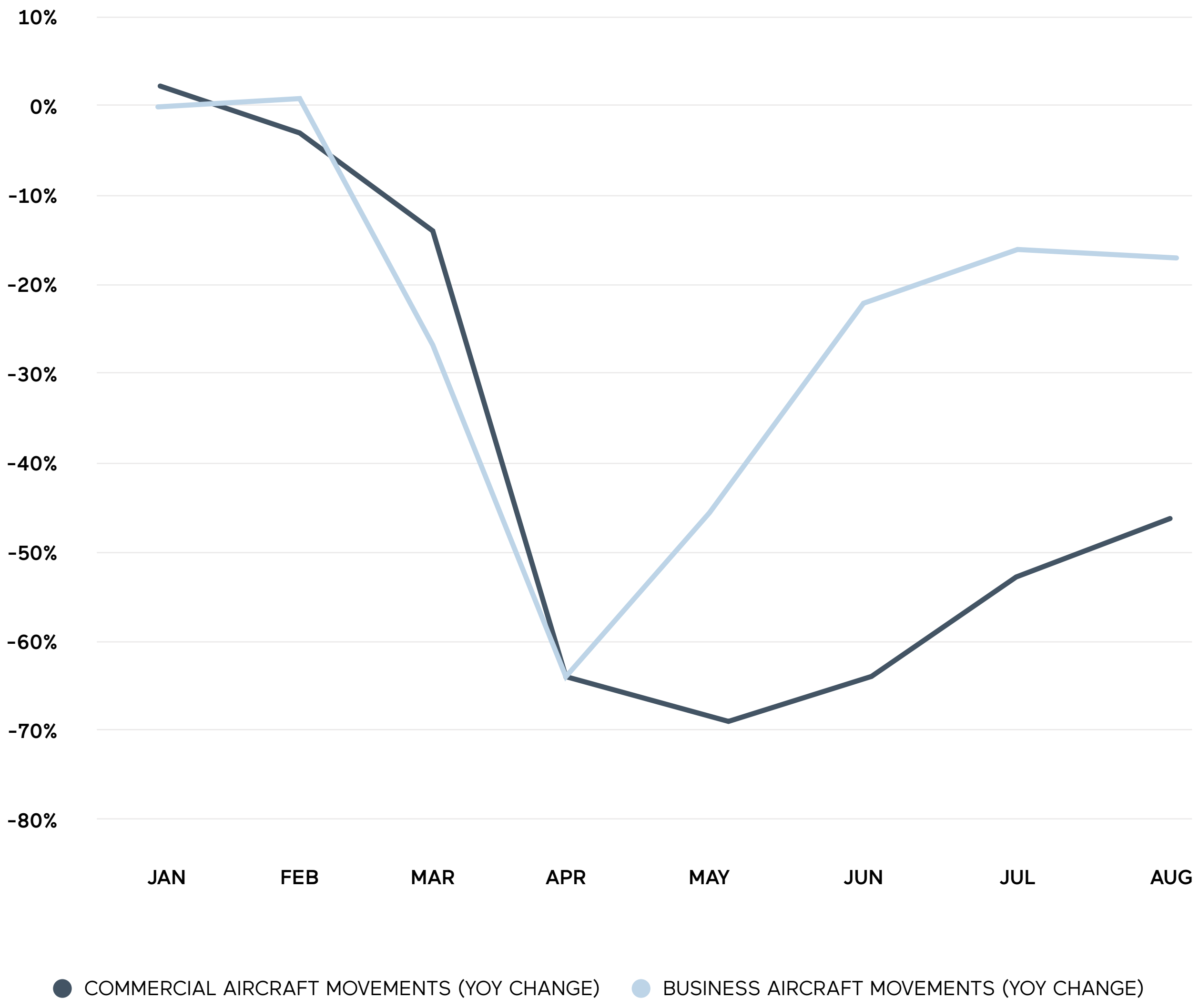
KEY FACTORS AFFECTING THE FORECAST

COVID-19 HAS PROVEN BUSINESS AVIATION'S RESILIENCE

OUTPERFORMING COMMERCIAL AVIATION

Covid-19 has put commercial aviation under heavy strain. Although business aviation activity has also been negatively impacted, the industry has regained momentum quickly since April, while commercial aviation's recovery is much slower. The reduction of commercial aviation activity presents a significant opportunity for business aviation to expand its customer base and secure long-term growth.

2019 - 2020 YOY CHANGE IN AIRCRAFT MOVEMENTS

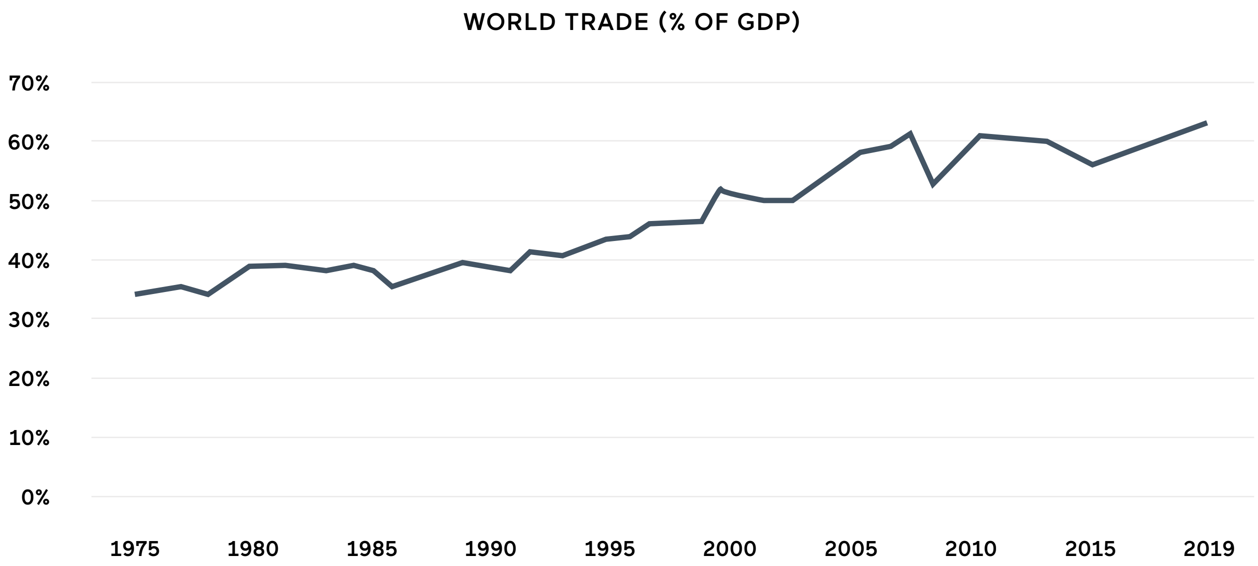


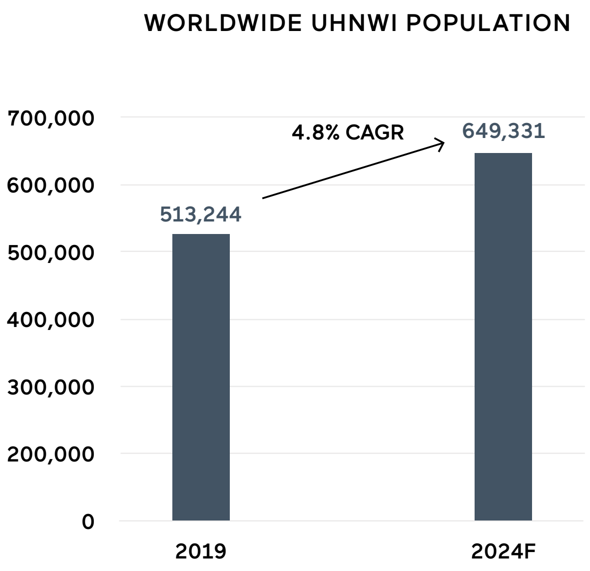
Sources: IATA and FAA

BUSINESS AVIATION FUNDAMENTALS REMAIN STRONG, INDICATING AN INDUSTRY POISED FOR CONTINUED GROWTH

GLOBALIZATION REMAINS

Even with trade wars and the rise of nationalism across the world, international trade has shown resilience over the past decade, underlining the global aspect of our economy and the necessity for international travel. While Covid-19 has temporarily reduced trade activity, the World Trade Organization (WTO) projects trade volume will rebound in 2021.





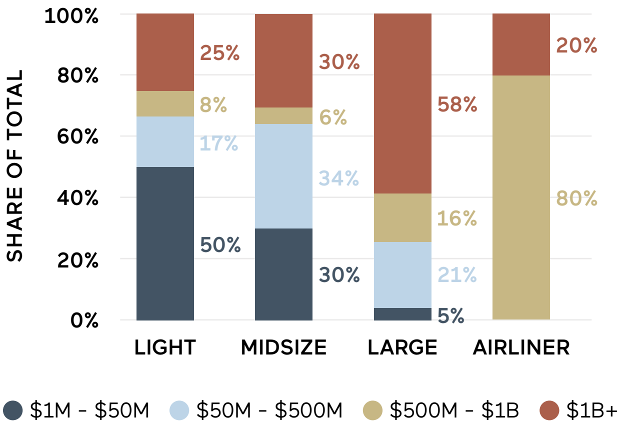
A GROWING POOL OF POTENTIAL BUSINESS JET USERS

The number of UHNWIs is set to grow by almost 5% per annum until 2024. This population is a key driver in business aviation activity, demonstrating strong growth prospects for the industry. Further, the addition of new platforms – building on existing charter, fractional and block hour solutions among others – continue to make business aviation more accessible.

Sources: Knight Frank Wealth Report 2020, PwC, UBS, World Bank and WTO

LARGE JETS REMAIN POISED FOR LONG-TERM GROWTH

2015 - 2019 BUSINESS JET BUYER NET WORTH DISTRIBUTION BY AIRCRAFT SEGMENT (JETCRAFT)



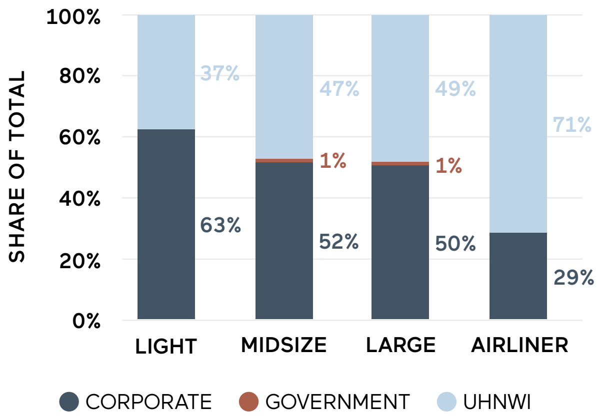
HIGHER NET WORTH BUYERS INVEST IN LARGE JETS

The large aircraft segment has strong potential for growth, particularly considering the increase in UHNWIs predicted over the forecast period. As we see in our Jetcraft transaction data, Large Jet buyers, unsurprisingly, have a higher net worth.

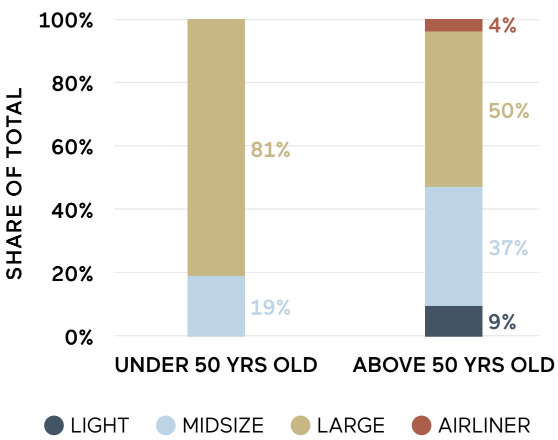
LARGE JETS WILL BENEFIT FROM THE INCREASE IN UHNWIS

Looking at the split between UHNWIs, government and corporate buyers within Jetcraft transaction data over the past five years, UHNWIs represent a higher share of buyers as aircraft size increases. This may be due in part to some corporations avoiding larger jets because of shareholder and public scrutiny.

2015 - 2019 BUSINESS JET BUYER TYPE DISTRIBUTION BY AIRCRAFT SEGMENT (JETCRAFT)



2015 - 2019 BUSINESS AIRCRAFT SEGMENT DISTRIBUTION BY BUYER AGE (JETCRAFT)



LARGE JETS REPRESENT A STRONGER SHARE OF YOUNG BUYERS' PURCHASES

According to Jetcraft transaction data, Large Jets represent a major share of aircraft purchased by buyers under 50. The interest of this younger generation brings long-term potential to this segment. We predict these young, UHNWI, large aircraft buyers will transition to become early adopters in new industry innovations, such as sustainable aviation fuel, supersonic jets and electric aircraft.

Source: Jetcraft Transaction Data

APPENDIX

AIRCRAFT COVERED BY THE FORECAST

LIGHT

Beechcraft Hawker 800XP Series
Beechcraft Hawker 900XP Series
Beechcraft Premier Series

Bombardier Learjet Series

Cessna Citation 500 Series
Cessna Citation 510 Series
Cessna Citation 525 Series
Cessna Citation 550 Series
Cessna Citation 560 Series
Cessna Citation 650 Series

Cirrus SF50 Series

Dassault Falcon 10/20/100 Series

Embraer Phenom 100 Series
Embraer Phenom 300 Series

Honda HondaJet Series

Pilatus PC-24 Series

MIDSIZE

Beechcraft Hawker 4000 Series

Bombardier Challenger 300 Series
Bombardier Challenger 600 Series

Cessna Citation 680 Series
Cessna Citation 700 Series
Cessna Citation 750 Series

Dassault Falcon 2000 Series
Dassault Falcon 50 Series

Embraer Legacy 450 Series
Embraer Legacy 500 Series
Embraer Legacy 600/650 Series
Embraer Praetor 500 Series
Embraer Praetor 600 Series

Gulfstream G100/G150 Series
Gulfstream G200/G280 Series
Gulfstream GII/GIII Series

LARGE

Bombardier Global 5000/5500 Series
Bombardier Global 6000/6500 Series
Bombardier Global 7500/8000 Series
Bombardier Global Express/XRS Series

Dassault Falcon 7X Series
Dassault Falcon 8X Series
Dassault Falcon 900 Series

Gulfstream G300/G400 Series
Gulfstream G350/G450 Series
Gulfstream G500 Series
Gulfstream G550 Series
Gulfstream G650/G650ER Series
Gulfstream GIV/GIV-SP Series
Gulfstream GV Series

AIRLINER

Airbus ACJ Series

Boeing BBJ Series

Bombardier Challenger 850 Series

Embraer Lineage Series

SOURCES

- AircraftPost
- AMSTAT Premier & StatPak
- FAA
- IATA
- International Monetary Fund (IMF)
- Jetcraft Transaction Data
- Knight Frank Wealth Report, 2020
- Organization for Economic Co-operation and Development (OECD)
- PricewaterhouseCoopers (PwC)
- The Union Bank of Switzerland (UBS)
- The World Bank
- VREF Publishing, Inc.
- World Trade Organization (WTO)

SAFE HARBOUR STATEMENT

No representation, guarantee or warranty is given as to the accuracy, completeness or likelihood of achievement or reasonableness of any forecasts, projections or any other forward-looking statements made by or on behalf of Jetcraft. Forecasts, projections and forward-looking statements are, by their nature, subject to significant uncertainties and unpredictable variations in market conditions. The information contained herein should not be construed as advice to purchase or sell aircraft or make any other business decisions. Neither Jetcraft nor its owners, directors, officers, employees, agents, independent contractors or other representatives shall be liable for any loss, expense or cost (including without limitation, any consequential or indirect loss) that you incur directly or indirectly as a result of or in connection with the use of data, information, estimates, projections, forecasts or forward-looking statements contained herein or otherwise provided by Jetcraft.

JETCRAFT.COM