Bifurcated, Torn, And Conflicted

The Business Aircraft Industry's Difficult Recovery

Presentation To The International Trade Commission

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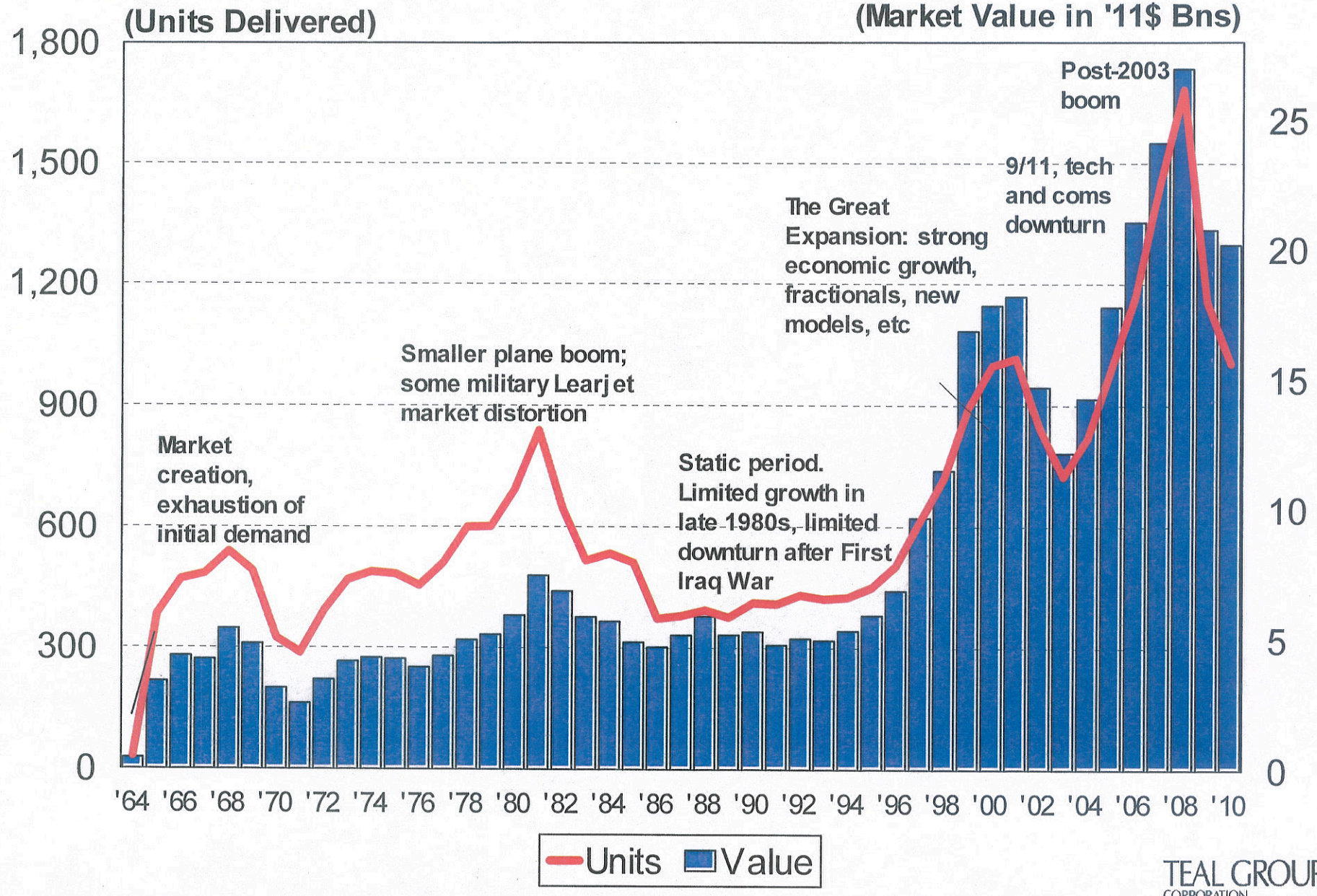
Business Aircraft History (W/Jetliners+RJs+Turboprops)



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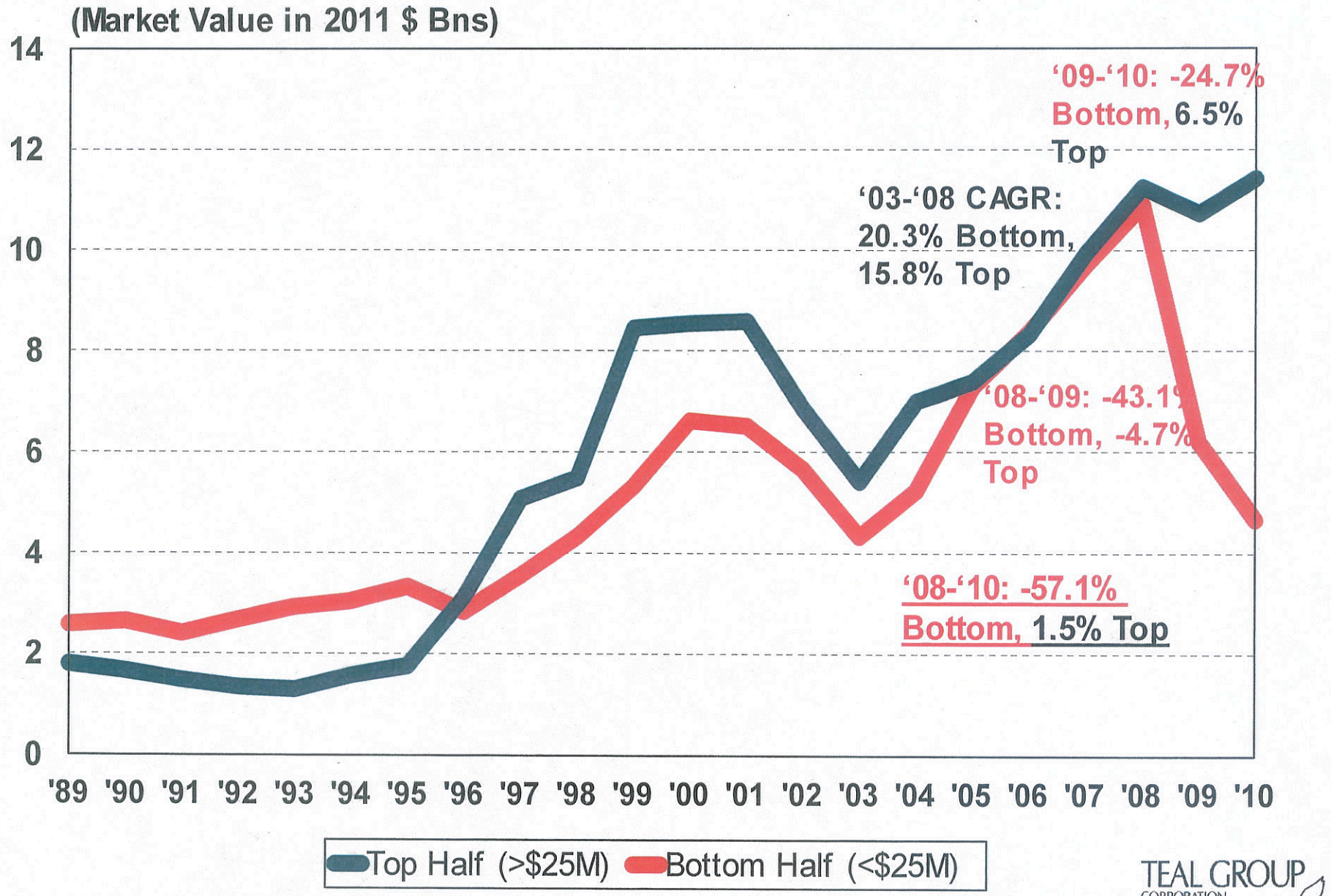
Bottom Half Bizjet Segment V. Top Half



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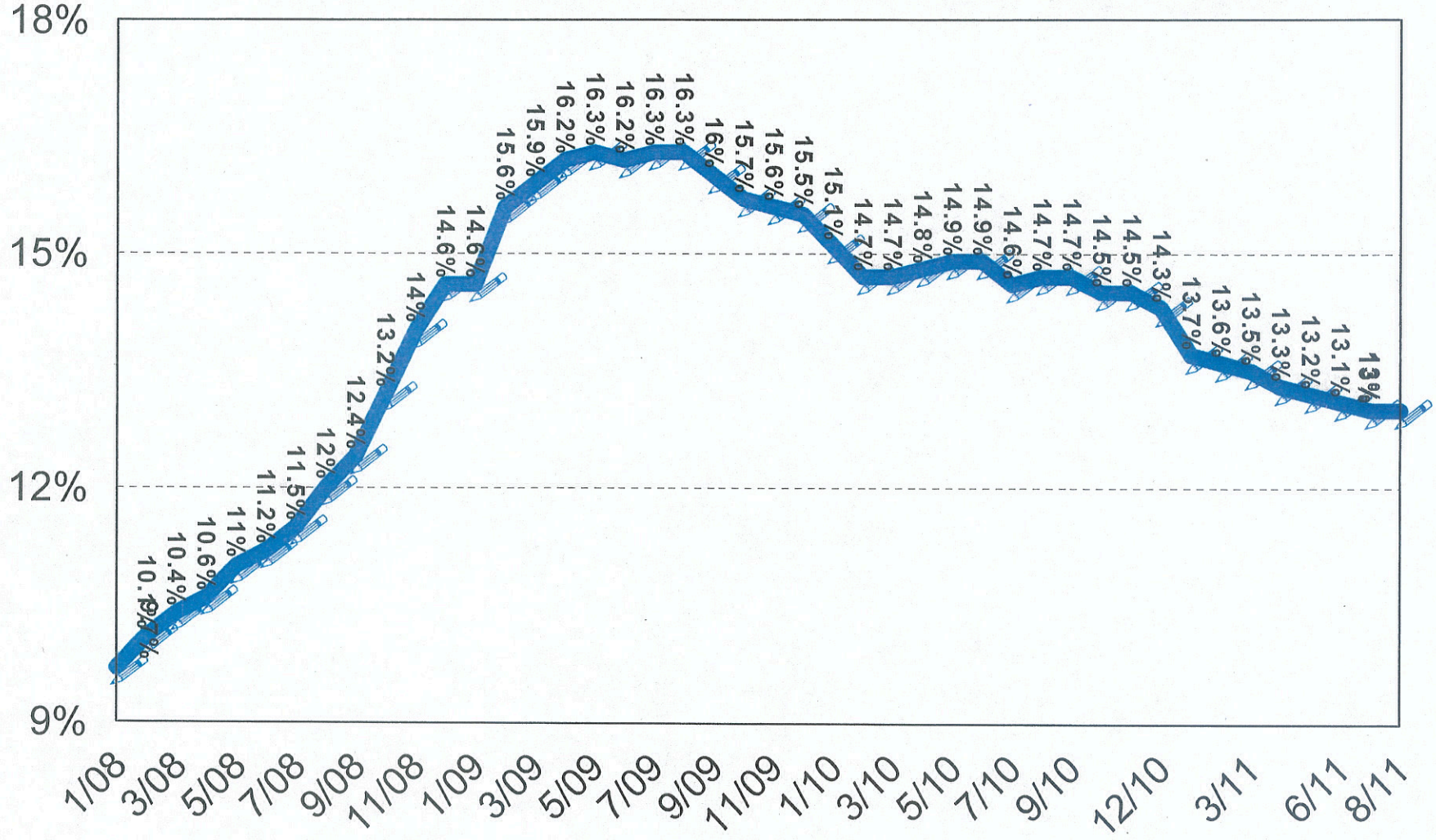
Market Bifurcation: Reasons Why

- Bottom half: business jets costing <$25 m.
- This bifurcation could be due to:
  - Bottom half greater 3rd party finance reliance.
  - Greater bottom half customer sensitivity to economic cycles.
  - More discretionary users in bottom half.
  - Bottom half greater fractional exposure.
  - Top half greater exposure to emerging markets that have stayed intact (Mideast, Asia); bottom half greater exposure to North America.
  - Top half greater exposure to government demand, particularly head-of-state aircraft.

Business Jets For Sale As % Of Total Fleet



Source: AMSTAT

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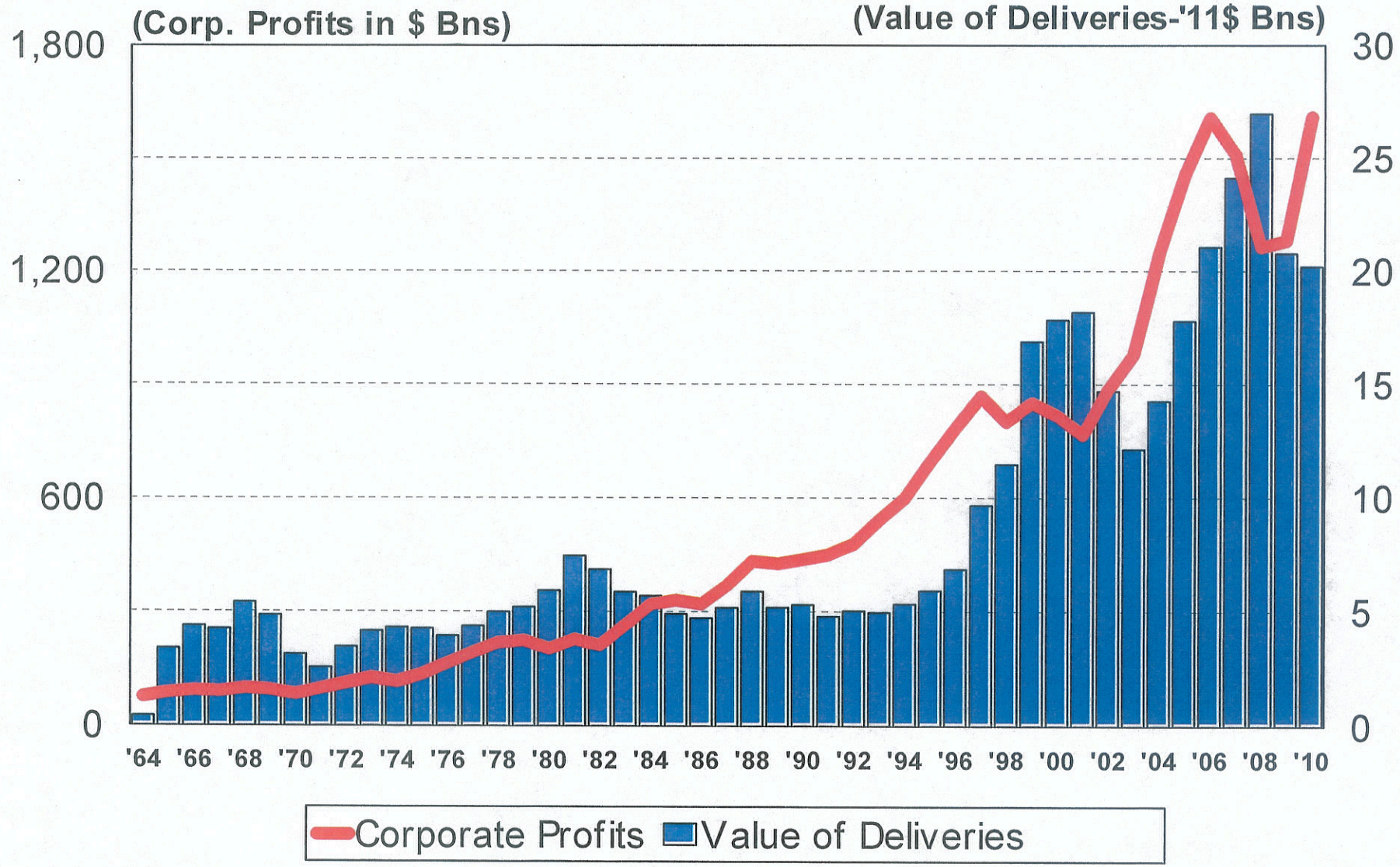
Business Aircraft Deliveries And Corporate Profits



Source: US BEA, Teal Group Research

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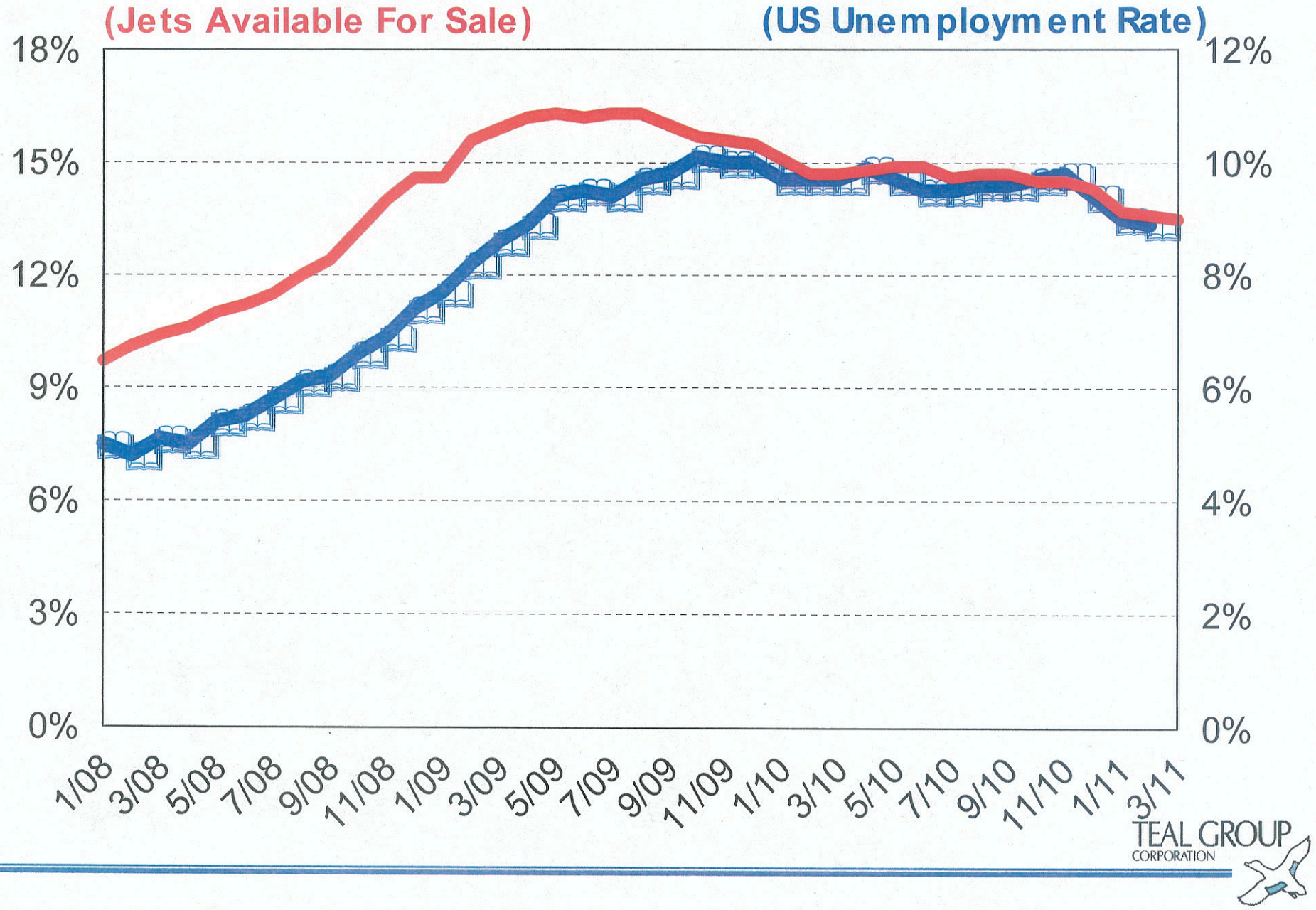
Business Jet Leading Indicators Stabilizing, No OEM Growth Yet

- Strong profits recovery, sluggish spending, residual fear. Key indicators mixed.
- Efficiency, productivity, limited growth.
- Economy moving sideways? W, V, L , √ ?
- This is a three year downturn. 18-24 months after growth resumes before new build growth.
- Good news: utilization/availability free-fall is over.
  - Pricing poor, but that's a lagging indicator.

US Profits ($bns)	2006	2007	2008	09-1Q	09-2Q	09-3Q	09-4Q	10-1Q	10-2Q	10-3Q	10-4Q	11-1Q	11-2Q
Total Corporate	1,608	1,511	1,284	1,175	1,262	1,439	1,572	1,724	1,786	1,833	1,857	1,876	1,934
Manufacturing	**304.5**	**271.3**	**183.7**	**109.2**	**107.4**	**130.8**	**153.4**	**216.2**	**237.3**	**227.2**	**187.2**	**217.6**	**n/a**
Financial	448	345.5	139.9	241.3	395.0	481.2	489.6	479.8	490.6	487.8	520.8	491.5	438.9

Source: US BEA

Available Business Jets V. Available Workers



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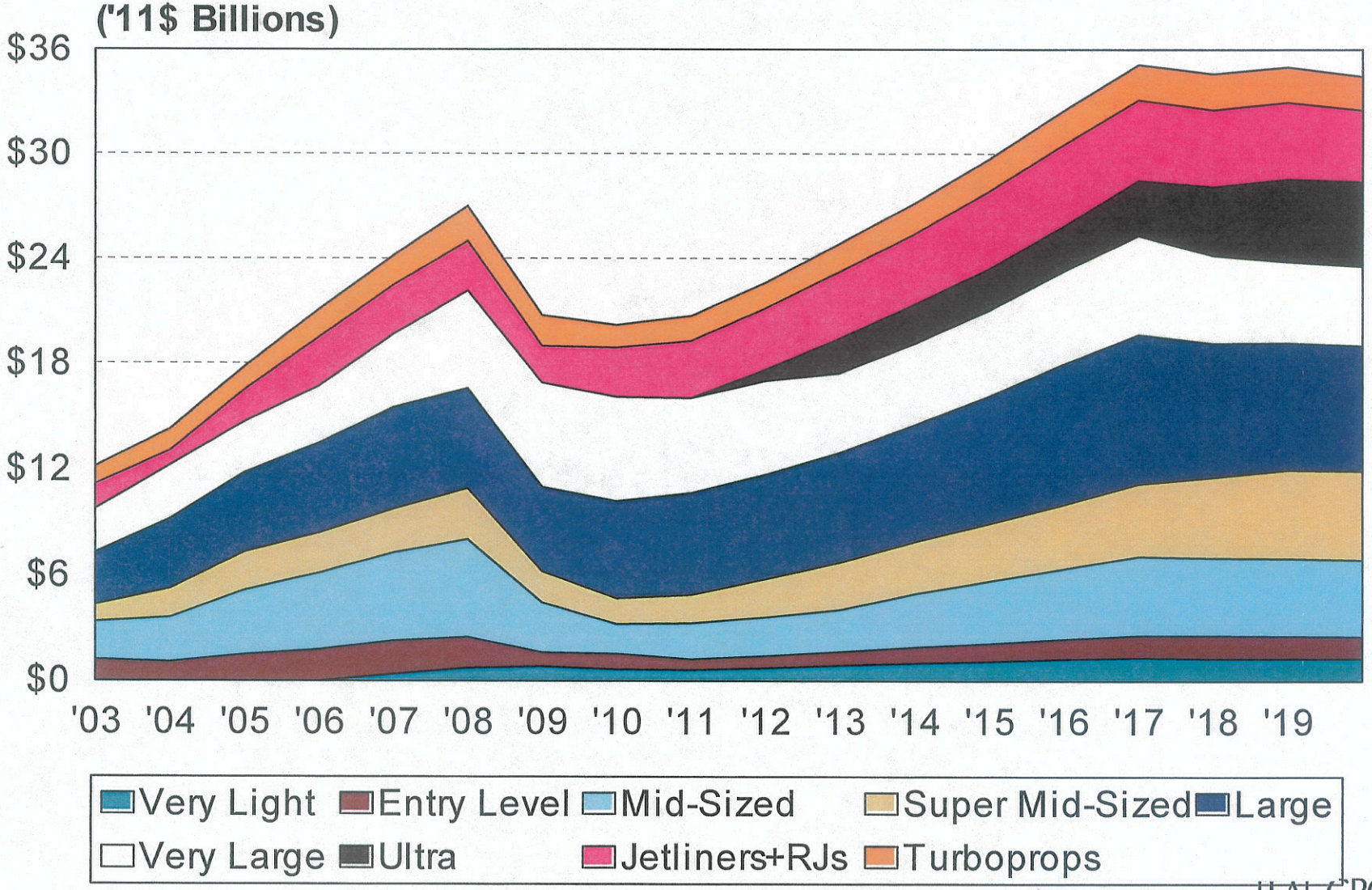
Business Aircraft Market By Class

From Bottom Half/Top Half To Bottom Third/Top Two Thirds



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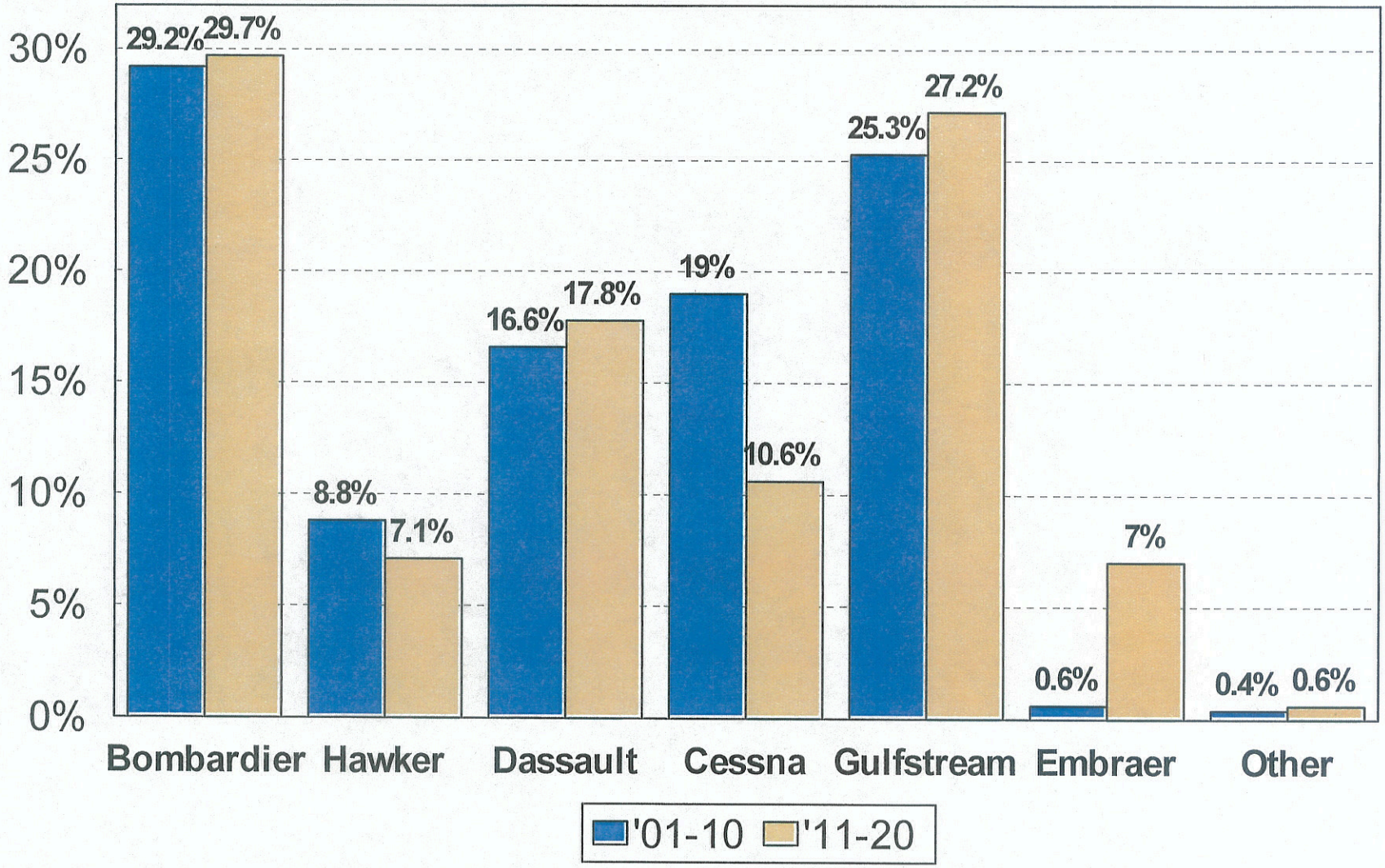
Business Jet Manufacturer Market Shares

By Deliveries Value, 2011-2020 Vs 2001-2010



Excludes jetliners, RJs, turboprops

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