

Presentation for CJI-Miami

November 13, 2018

2019 Market Forecast

Brian Proctor



2018 vs. 2019

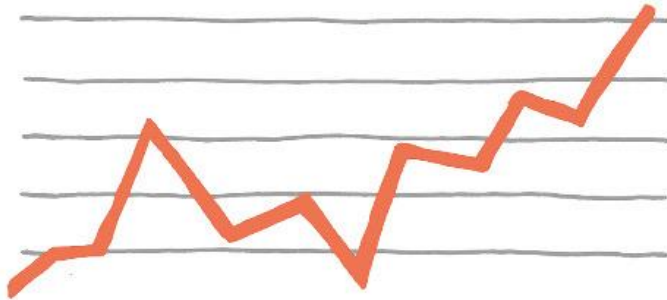
- If 2018 was characterized by:
 - “It has never been a better time to buy”
- What will 2019 be characterized by:
 - “?”



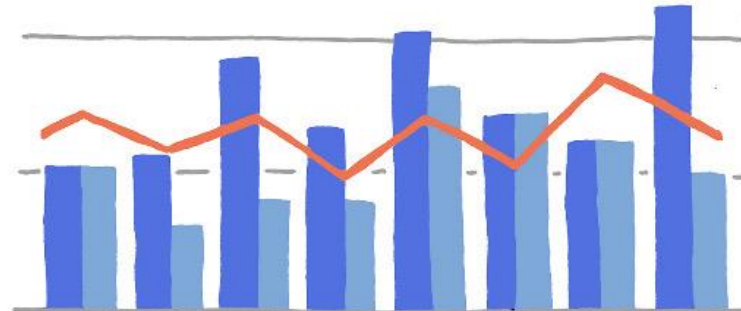
Dazzling Metrics

THE MARKETING DASHBOARD

TOM
FISH
BURNE



VANITY METRIC THAT HAS NOTHING TO DO WITH SALES



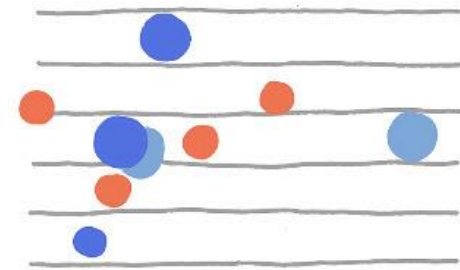
GRAPH THAT DOESN'T MATCH ANY OTHER DEPARTMENT'S NUMBERS



CHART THAT HASN'T BEEN UPDATED LATELY



A REALLY PRETTY MAP



NO IDEA WHAT THIS IS OR WHAT TO DO WITH IT

Crystal Ball

- Key Trends
- Important Questions



Trend: Increased M&A

- Consolidation
- Buyers: Cash on sidelines looking for opportunities
- Low, but increasing, interest rates
- Sellers: Relatively strong multiples
- Transitioning principals



Announcements

- #1
- Corporate Jet Investor will be acquired Q1 2019
- Alasdair plans to take some time off
- Next year in Miami:



© Stone Chown

Announcements Continued

- #2
- Textron to acquire Aerion
- First time photo release of the Textron Super-sonic Business Jet (TSSBJ):



Trend: Wheels Up Marketing

- After years of marginal marketing, Kenny has finally figured it out
- True to the business plan, they are bringing business jets to the masses
- You may have seen the ad with Costco

• Clear Motion Index 120Hz
Item 9554230
*Costco Concierge Services
technical support and second-
year warranty included.*

TCL Roku TV

COSTCO.COM ONLY

\$15,999⁹⁹ YOUR COST LIMIT 10

Wheels Up Private Aviation Membership

- \$3,500 Costco Cash Card
- \$5,000 Flight credit

Item 1612445

Cash

COSTCO.COM ONLY

\$50 OFF LIMIT 5

Acer ET322QR 31.5" Curved Full HD Monitor

- 1920 x 1080 Resolution
- Two 2W speakers

Trend: Wheels Up Marketing

- After years of marginal marketing, Kenny has finally figured it out
- True to the business plan, they are bringing business jets to the masses
- You may have seen the ad with Costco
- A new level in marketing



| Important Questions

Can the market keep its momentum?

Is now the time to be selling new aircraft?



Market Momentum

- Pros

- Tax Reform
- Preowned & New Pricing

- Cons

- Available Inventory
 - Bifurcated markets
- MRO Availability
- Strong Dollar
- Increasing infrastructure costs
 - Maintenance costs
 - Crew compensation



Market Momentum

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Market Momentum

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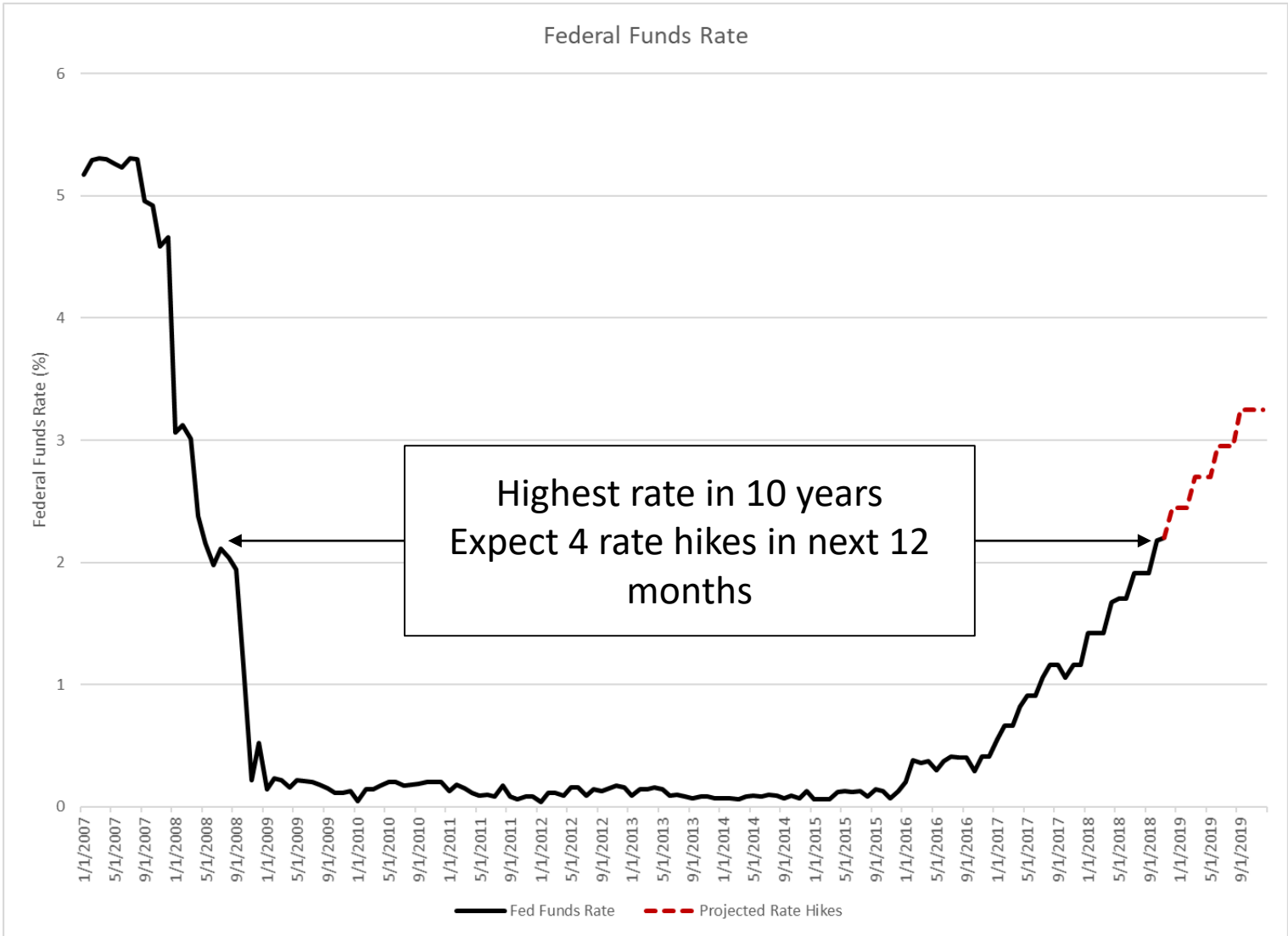
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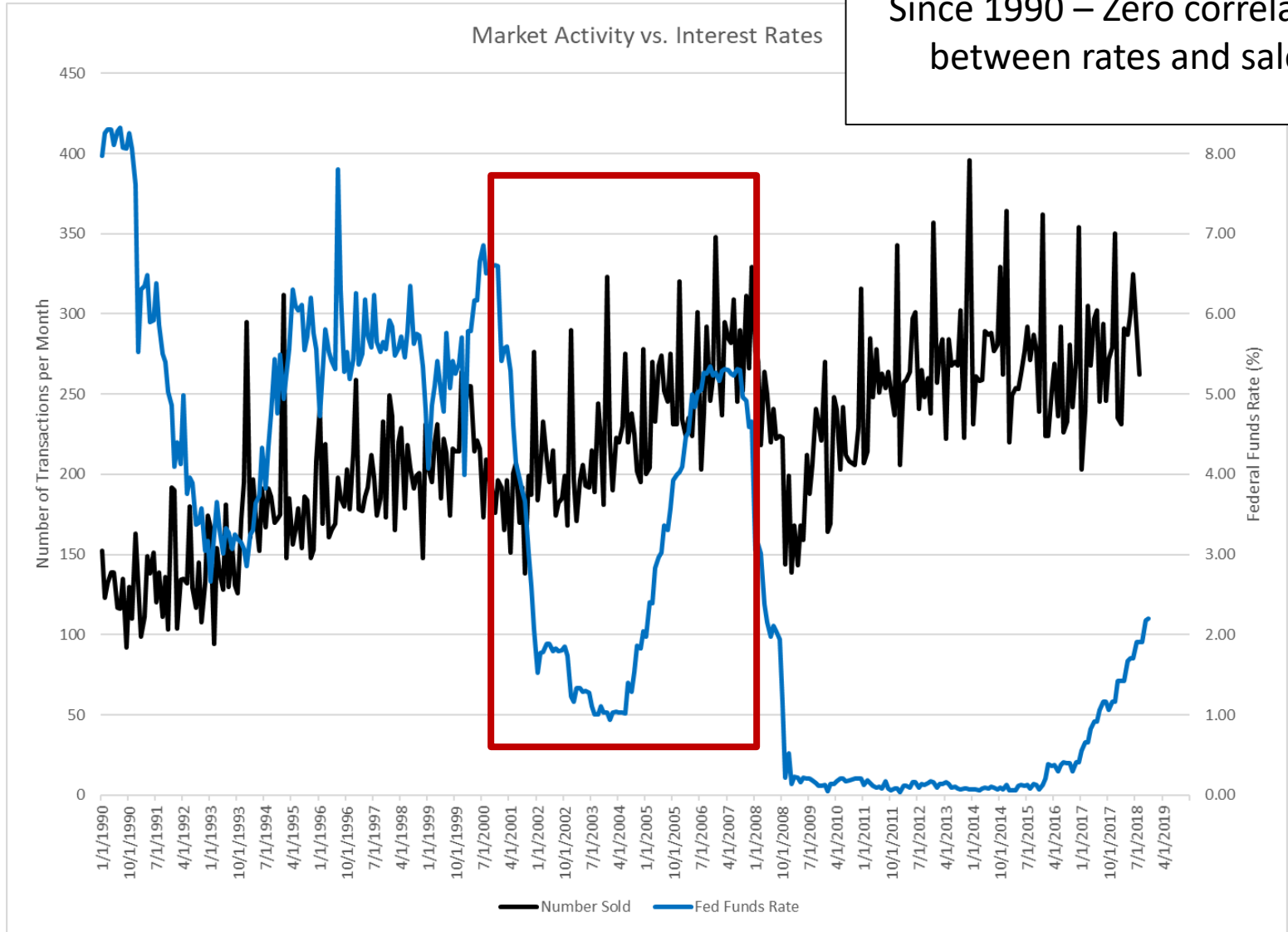


Interest Rates



Interest Rates

Since 1990 – Zero correlation between rates and sales



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More headwinds than tailwinds in 2019

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Modest price recovery, but lower transaction volume

OEM Outlook

- US Market
 - Pent-up demand exists
 - Limited turn-key, preowned inventory will point buyers towards new
 - Anecdotally, we've all had buyers who started the process thinking preowned, and then converted to new orders
- International Market
 - Strong dollar will impact international sales
- New entrants (Global 7500, G600/500, Praetor 600/500) will generate activity
- Preowned to New spread will remain large

2019 year to build backlog, work on margin later

| Summary

- 2019
 - More headwinds than tailwinds
 - Modest price recovery, but lower transaction volume
 - OEM focus on backlog
- Winners:
 - MROs
 - Alasdair

Questions

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Thank you!

