

Latin Vibes

The State of Private Aviation South of the Border

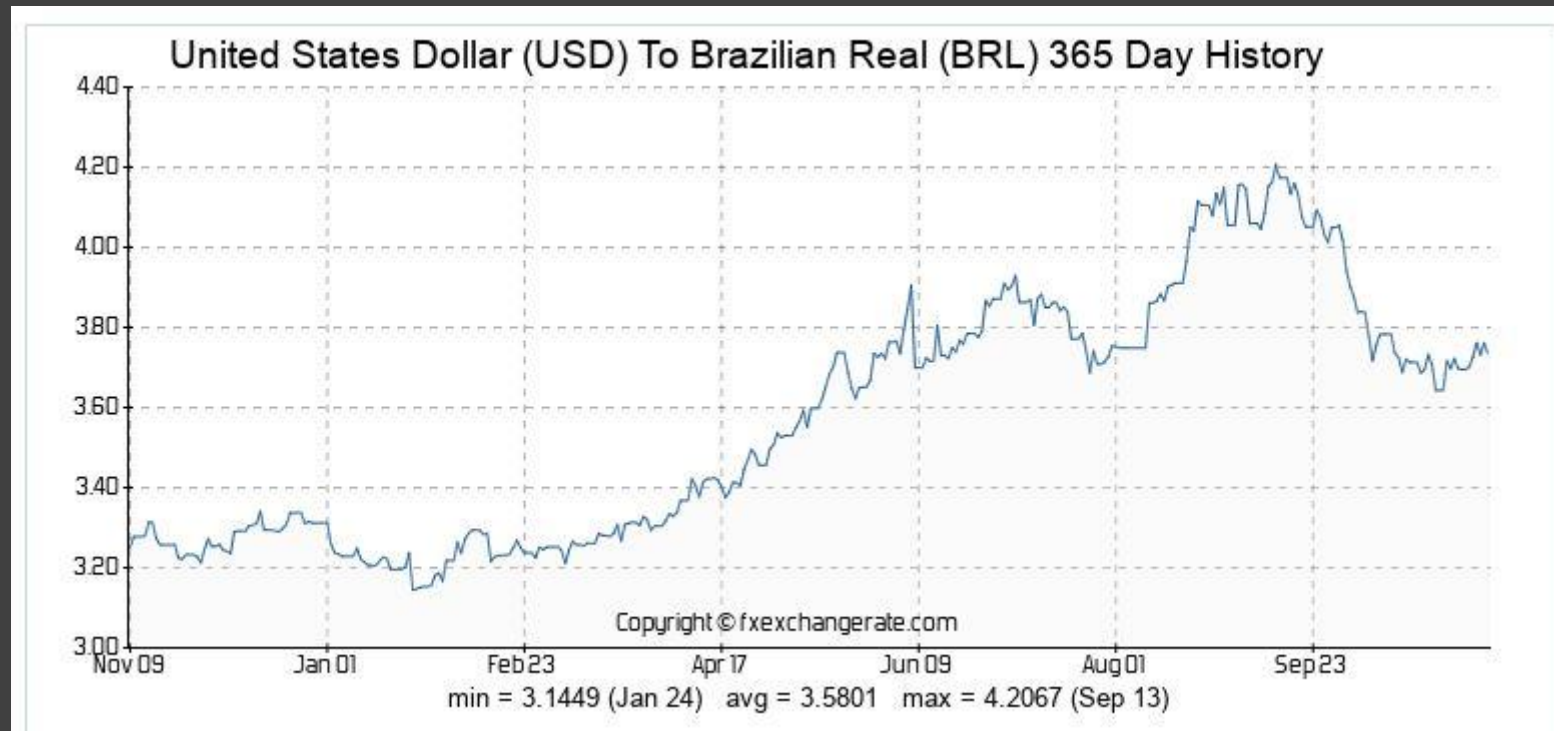


Fact Sheet

- Business Aviation Fleet
 - Brazil – 760 jets
 - Mexico – 870 jets
 - Together, more jets based in these two countries than Canada, Germany, France, England and Australia combined (Jetnet)
- Brazil has 21,978 registered general aviation aircraft
 - 126 airports have commercial air service vs. 550 airports in the U.S.
 - Biz av fleet shrunk in 2016 & 2017 but is growing again
- Brazil GDP: -3.5% in 2016 +1% in 2017 +2.7% in 2018 (est)
- Mexico GDP: +2.9% in 2016 +2.0% in 2017 + 2.1% in 2018 (est)

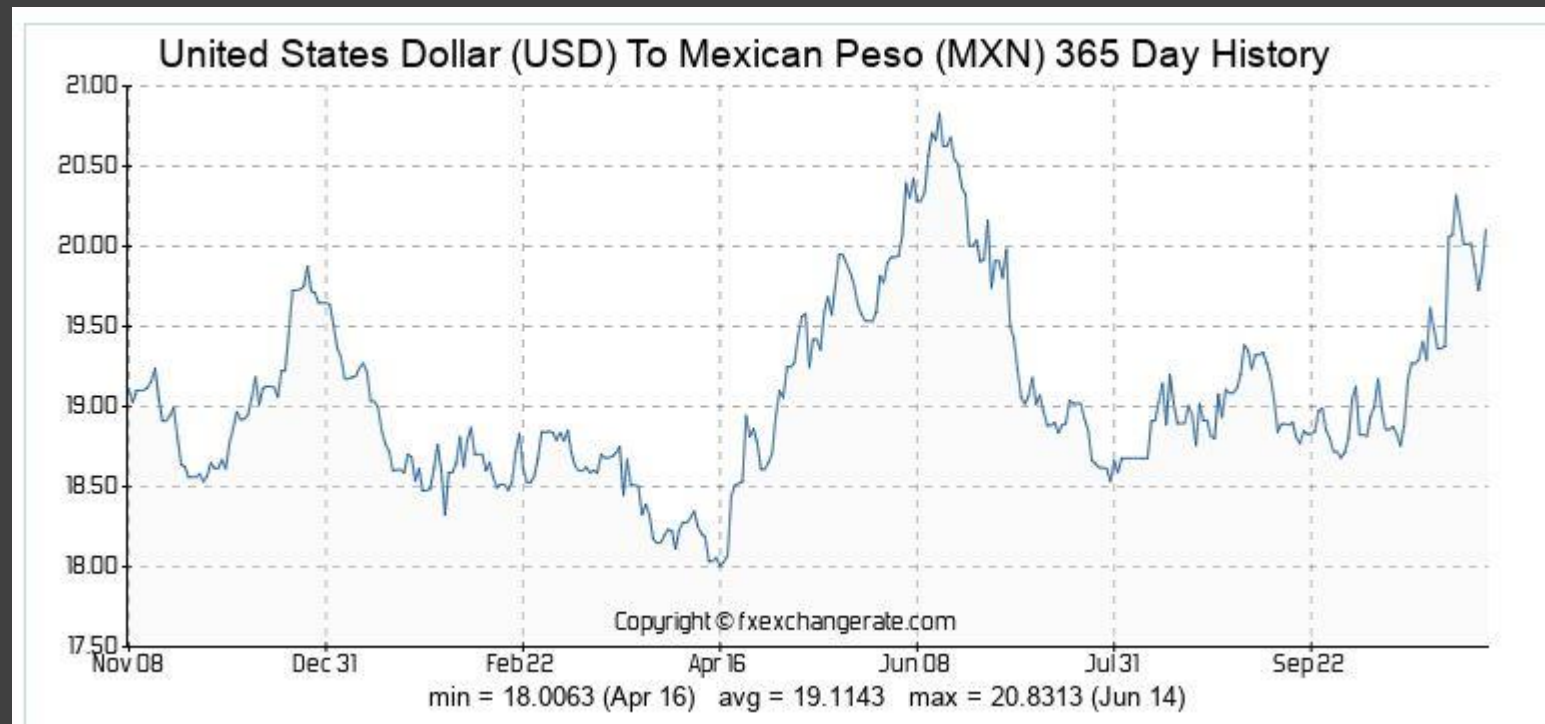
Fact Sheet

- Brazil Real/Dollar – Real has gained 11% in the last 90 days



Fact Sheet

- Mexican Peso/Dollar – Peso has weakened 5% in the last 90 days



Felipe Bonsenso – CAL Law

CAL COSTA, ALBINO
& LASALVIA
ADVOGADOS

The logo for the law firm HFW, consisting of the letters 'HFW' in a stylized, handwritten font, enclosed within a white rectangular box.

Cape Town Convention and Aircraft Protocol



❖ *Contracting States (in force)*

- Argentina
- Aruba*
- Brazil
- Colombia
- Costa Rica
- Cuba
- Mexico
- Panama

❖ *Signature only*

- Chile
- Jamaica
- French Guiana (France)

UNIDROIT – Status Map – Cape Town Convention – Aircraft Protocol (2001) (<https://www.unidroit.org/status-2001capetown-aircraft?id=1773>)

(Disclaimer: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by UNIDROIT. This map is provided solely as a visual aid; due to technical limitations it may not reflect accurately the territorial application of the treaty)

Cape Town Convention and Aircraft Protocol

- ❖ Countries that qualify to OECD Discount
 - Brazil
 - Panama

- ❖ Paraguay
 - Commercial law reform (security interests)
 - Intentions to sign and ratify Cape Town Convention and Aircraft Protocol

Brazil: Cape Town and Aircraft Protocol

- IDERA (Irrevocable Deregistration and Export Request Authorization)
 - Accepted by aviation authority
 - Registered as standard practice
 - Positive precedentes
 - Deregistration of aircraft subject to tax discussions
- Issues for export
 - No regulations passed by tax authorities
- Possible reforms
 - Aviation authority to propose update to regulations

Brazil: what is the future ahead?

- New president
 - More liberal and open economy
 - Possible impact to foreign exchange
 - Less regulations
 - Tax reforms
 - ownership tax for private aircraft?
 - changes to “trading companies” importation benefits?
- Reform of the Aeronautical Code
 - Updates to the 1986 Code
 - No limitation to foreign participation in airlines and air taxis
 - Fraccionational ownership and flight/aircraft sharing

Fabrice Roger - Jetcraft



Mexico: What's next ?

- **New president Andres Manuel Lopez Obrador AK AMLO**
 - Less liberal (Socialist/Communist) focusing on tackling poverty and corruption
 - Possible impact to foreign Exchange (Mexican Pesos to devalue v USD)
 - Probably more taxes and regulations for corporations
 - Starting Dec 1st 2018...
- **Agressive/Hostile vs Aviation and Private Aviation in particular**
 - Cancellation of the new Mexico International Airport (Impacting Overall Business Moral)
 - Willing to sell Presidential aircraft (\$218M Boeing Dreamliner from former Mexican President Pena Nieto)
 - Willing to sell most of the Government/VIP fleet...
- **But Mexico, 2nd Private Aviation Market after USA, is not Venezuela... Mexican Corporations are Strong and resilient so we hope they can balance this new Government.**

Other LATAM countries

- Remember Mexico + Brazil + Venezuela + Argentina = 92% of Jets in LATAM
- Venezuela: Historically 3rd Market in LATAM.
 - Now a Selling Market... Country/Economy/Currency (Bolivar) suffering a lot
- Argentina: Potential, but a major issue in 2018 with Argentinean Pesos...
 - -94% versus USD YTD (from 18.5 jan 1st 2018 to 36 pesos today).
- Colombia: Appetite for medium/small aircrafts. Growing Market (47 Jets and going up, 2% of LATAM Jet Fleet)
- Chile: Potential here with Political and Economical stability, real need for private Aviation (33jets in 2018, 1.4% of LATAM Jet Fleet).

Eduardo Ferreira – 1st Source Bank



- Latam - Where are the bright spots?
 - Brazilian Agricultural Sector: Stable commodity prices in US Dollars and decreasing expenses in Brazilian Reals.
 - Agribusiness withstood the crisis and has been prosperous
 - Bizav is optimistic – hope for greater economic stability following Brazil elections
 - Exhibitors at LABACE increased 20%
- Where is the opportunity?
 - 5,000 communities in Brazil: Airlines and Air Taxi Operators serve only about 300
 - 8 Airports account for 60% of all commercial air travel – need is huge for bizav

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- Should Lenders look South?
 - Not only lenders but all aviation industry
 - LATAM has helped many sustain during global economic downturn
 - Gulfstreams: 200+ in LATAM; 70% G650/G550; 50% in BRA/MEX/VEN
 - Falcon 8X – 4 out of 15 orders went to Brazil
 - G600/Citation Longitude debuted in Brazil at LABACE 2018
 - 1st Brazil registered Hondajet arrived earlier this year; has flown over 100 hrs
 - Fleet: bottomed in 2016; increased by 50+ in 2017
- Issue to consider: Closing cross-border transactions without escrow.

Questions