



International Bureau of Aviation
Minimising Risk - Maximising Opportunity

Business Jet Asset Report 2013

Executive Summary





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IBA's Business Jet Asset Report

Since its inception in 1988, IBA has regularly been involved with professional advice on business aircraft as well as general aviation and helicopters. Post 9/11 like many others in the industry IBA saw an increase in demand for its business aviation related services; however IBA has seen a surge in demand for professional advice on Business Jet aircraft in the last five years.

Much of the demand for IBA's Business Jet aircraft services has stemmed from banks, other financial institutions and those representing High Net Worth Individuals (HNWIs), all seeking regular valuation updates, often accompanied by a physical inspection, records review and transaction support.

Market volatility, the need for independent market intelligence relative to this specific class of assets, and an inherent client demand, have motivated IBA to produce this Business Jet report.

The report concentrates on factory Original Equipment Manufacturer (OEM) built Business Jet aircraft, excluding turboprops and converted aircraft. Although there are no formal industry categorisations, IBA have recognised current industry convention and used the classifications of;

- **Twin Engine Very Light Jets or VLJ**
- **Light / Small**
- **Medium / Mid**
- **Super Mid-Size**
- **Heavy**
- **Large / Ultra Long Range**

Purposes and benefits of the Report...

The provision and analysis of trading market and corresponding valuation data will benefit those parties involved with investment decisions for Business Jets. Additional benefits are readily available for all companies making decisions which are influenced by the future of the Business Jet market, its potential growth and the market driven development opportunities.

Over the next 5 pages or so IBA will provide a taster as to what sort of topics can be covered in the main body report...



Can you visualise 35 miles...

Perhaps one hour's driving at a leisurely pace, or half an hour at a good motorway, autobahn or interstate speed? It also happens to be 14 laps of the Indianapolis Motor Speedway and, it is pretty much the diameter (from London Heathrow across to East London) of the M25 motorway which circles Greater London in its entirety.

Now imagine lining that entire 35 mile road journey with Business Jets, around 3,000 of them, wingtip to wingtip. Those 3,000 aircraft, which represent just the advertised, available for sale inventory at 2009, would stretch the entire length of that journey.

If you prefer the Speedway idea, imagine a car park as big as the entire Indianapolis Motor Speedway (2.5 miles all the way round), and then make it 14 storeys tall, overflowing with Business Jets available for sale.

Maybe that has got you thinking? Perhaps these headlines might too.

2020 Business Jet Fleet Size

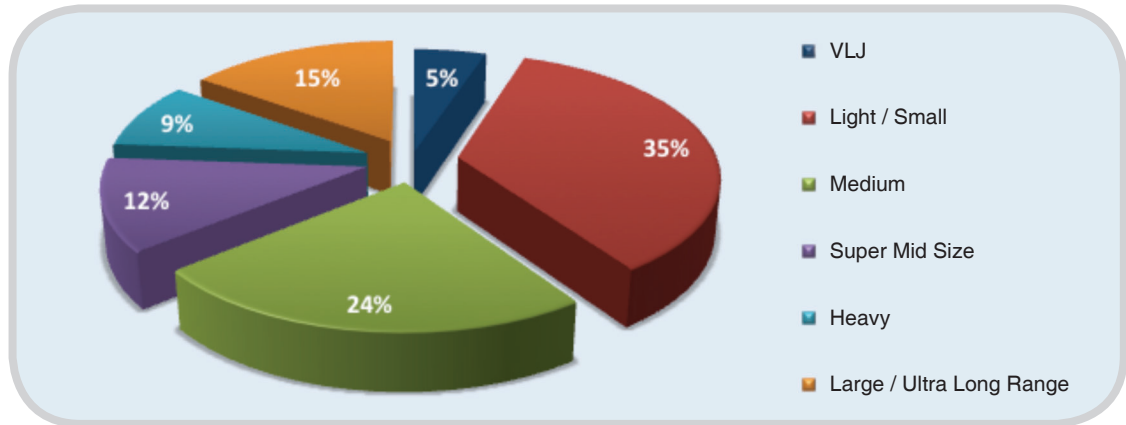
25,125 aircraft

2025 Business Jet Fleet Size

30,750 aircraft

- **2 medium to longer term forecasts are supplied, analysed and discussed in detail.**
- **Quantitative and qualitative analyses regarding each of the 6 asset classifications.**
- **Forecast and opinions as to what will happen in the 4 BRIC business aviation markets.**

Global Fleet Composition 2013

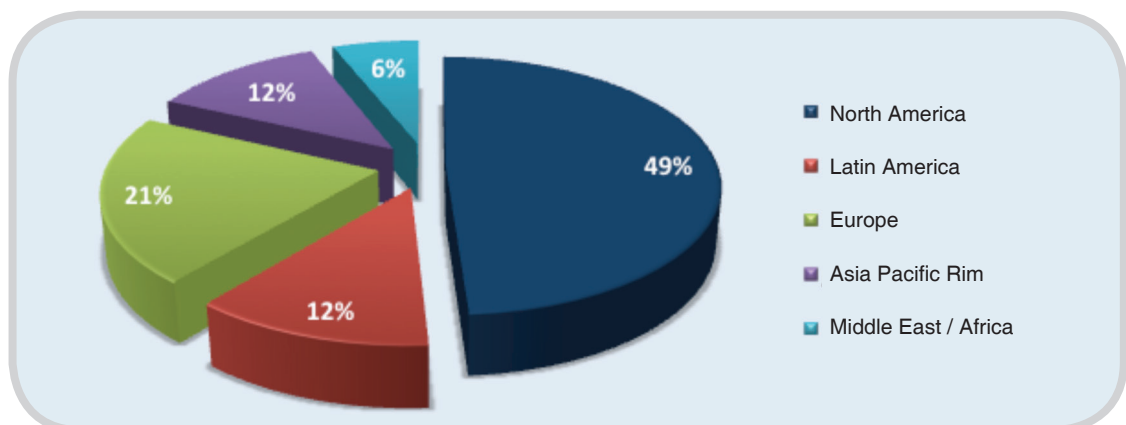


35% v 15%

35%, the largest share, represents the Light/Small jets.

However they tend to cost below USD10m each, when new, so is it those which are most important or should it be the significant 15% share of the Large / Ultra Long Range, which cost over USD50m each when new?

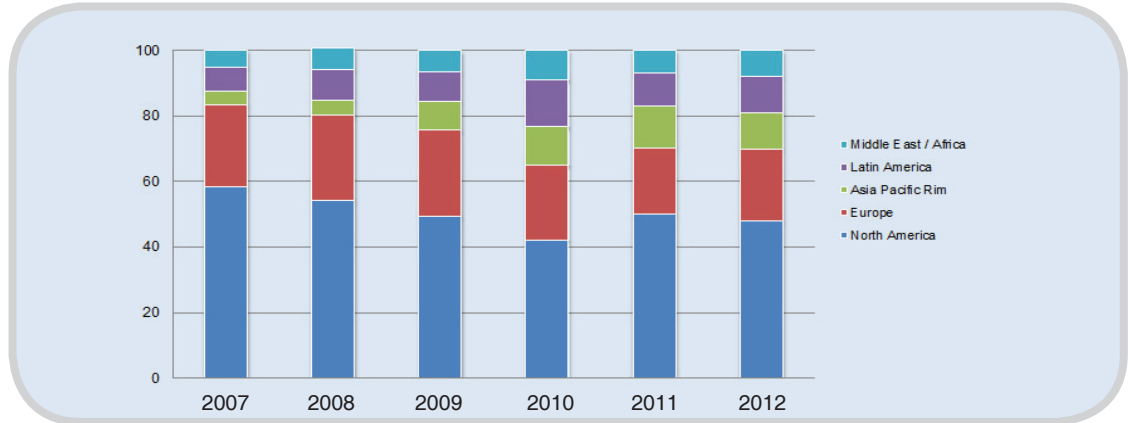
Global Distribution of Business Jets



Growth by 5% or 1%? A difference of over 1500 jets

Geographic demographics are very different today; the traditional North American and European mature markets are still the powerhouses behind business jet ownership. IBA forecasts and analyses, how these trends will further diversify or begin to converge by 2020 and 2025.

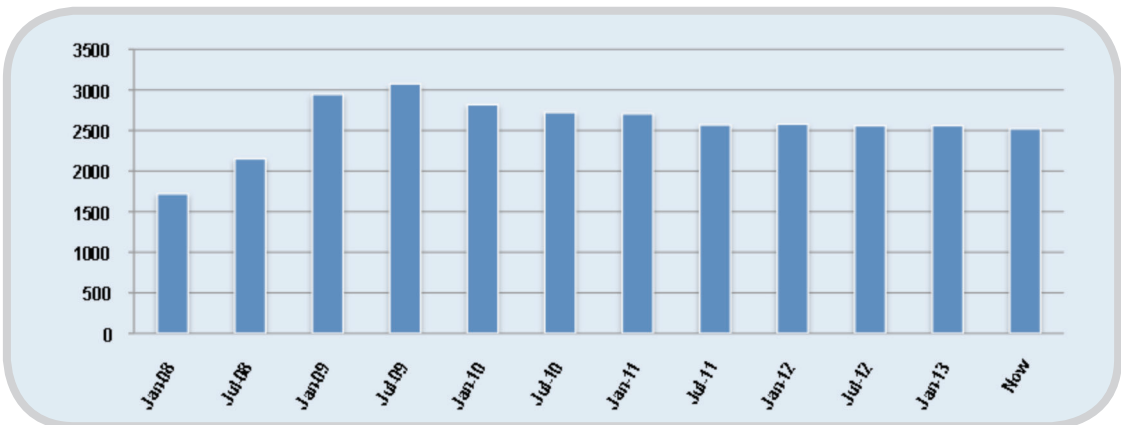
Business Jet Deliveries by Region



Light jets ↓ Medium jets ↔ Heavy jets ↑

Despite the economic pain experienced by the west over recent years, deliveries are starting to creep upward again. Will the European and North American markets learn from the mistakes of the past, and will the OEM's be able to save the emerging markets from making similar mistakes as they develop into more significant players in the business aviation market?

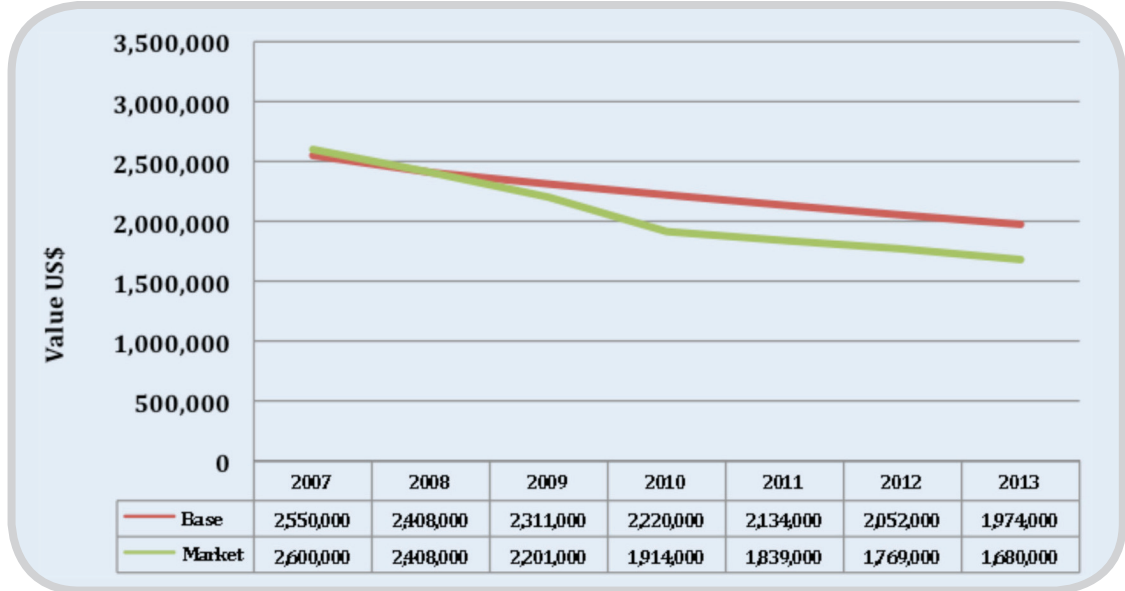
Inventory



Supply is down, but is demand up ?

It doesn't matter how you term it the supply of secondary market business jets is coming down. This will be great news for the values of popular types, but what is happening to the less popular types when the supply and demand transaction trends are analysed for all types?

Values



Less than 15% of the original value?

Values of Business Jets are under pressure are they still outperforming their commercial derivatives or perhaps there are value implications being ignored?

IBA takes a cross section of popular Business Jets from each of the asset size classes and shows how market values and base values have performed during this challenging period.

Cessna Citation Mustang	Strong contributor to VLJ market. Curve fundamentally sound though potentially vulnerable to high oversupply in downturns
Embraer Phenom 100	Strong contributor to VLJ market. Curve fundamentally sound though potentially vulnerable to high oversupply in downturns
HONDAJET HA-420	Embryonic stage and lengthy certification issues. IBA remains cautious on newcomers as there is little track record to go by.
Diamond Aircraft D-Jet	Embryonic stage and lengthy certification issues. IBA remains cautious on newcomers as there is little track record to go by.
Eclipse EA500	Strong contribution to the VLJ market, though past OEM bankruptcies put doubts in the minds of some investors

Business Jet Asset Rating Guide

IBA has provided their unique aircraft rating for over 100 Business Jet models / families that comprise the 6 classifications. In IBA's view, such expert opinion is crucial for stakeholders of that market to determine the risk associated with each asset.



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The Full Report includes:

- Over 100 pages of report and appendices of comprehensive data and analysis.
- Clear and succinct definition of the business jet market and its constituents
- IBA's unique Business Jet Asset Ratings Guide covering all asset classes and over 100 in production and out of production types.
- Comprehensive analysis of the supply and demand balance, measured by deliveries and availability, covered over regular intervals within the past five years.
- Analysis of current, historic, near, medium and long term future development.
- A balance of tables, charts and graphs which quantify the market in detail.
- Market forecast covering the periods 2014, 2020 and 2025.
- Advice on important considerations when protecting aircraft value.
- Managing the business jet, as an asset to maximise the value.
- Real life scenarios and case studies to put advice and opinion into context.
- Value analysis and IBA's opinion to underscore those values.
- Addressing the question of oversupply.
- Sample of Hawker Beechcraft business jet models and potential recent value implications.



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About the Author



Jonathan McDonald

Jonathan joined IBA in July 1999, working in research for the appraisal team, having obtained Higher National Diplomas and BA Honours Degrees in Business Studies and Transport Management at University of Northumbria, Newcastle Upon Tyne.

Holding an ISTAT Appraiser Certification since March 2006, Jonathan has valued well over 1,000 aircraft, both business aviation and commercial aviation.

Having been involved in several liquidation projects alongside some very successful merger and acquisition ventures on IBA's behalf, Jonathan is well placed to conduct forecast activities.

Jonathan has focussed on business aviation since 2007, working with IBA's clients on many asset management regimes, supporting their transactions and their portfolio growth.

Ordering the report

For all orders or queries, please contact Ben Jacques via ben.jacques@ibagroup.com or call +44 (0)1372 224488.

Report in full, with data tables – GBP 1,500

For further information about IBA Group Ltd, please visit www.ibagroup.com