

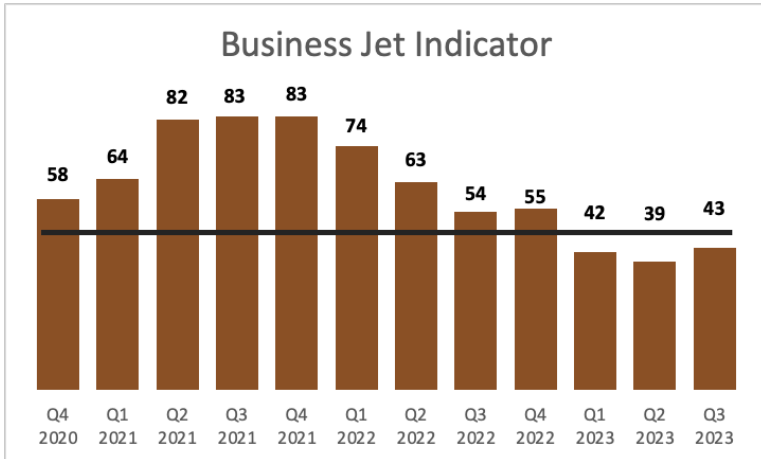


Industry Remarks

- We have witnessed during the last 12 months an increase of new aircraft for sale and a price reduction. The deterioration witnessed seems to come to a halt, and the market points to a stability. However, we must understand 4Q activity, which is traditionally the strongest, to visualize the new scenario and how markets will be impacted by geopolitical instability.
- Pre-owned business jets available for sale rose to 31% during the first nine months of 2023 when compared to the same period in 2022. Preowned transactions fell 19%, and new aircraft deliveries declined 6%. (Source: Amstat)
- Barclays Business Jet Indicator showed industry confidence below the 50-point threshold, settling at 43 in September 2023.

The new Gulfstream G700: Management expects it to pass certification by early-to mid-December. (Photo: Gulfstream)

Indicators

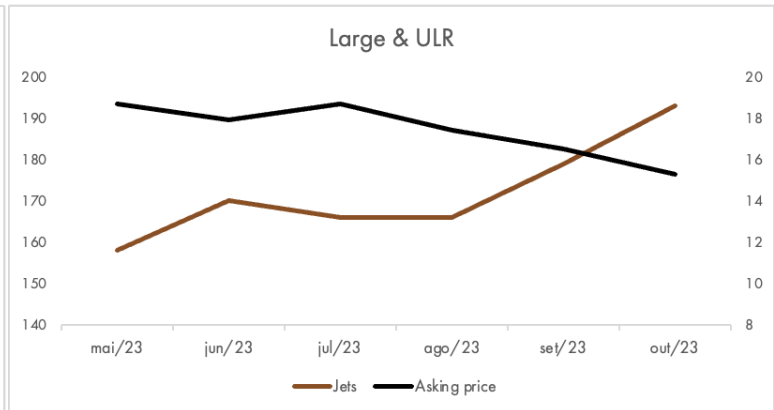
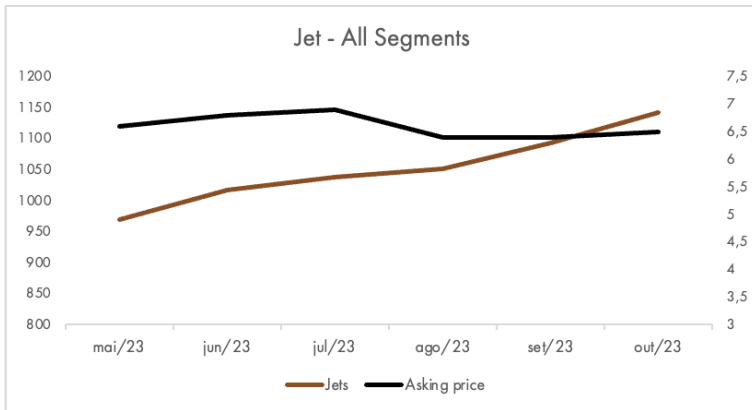


— Stability Threshold = 50

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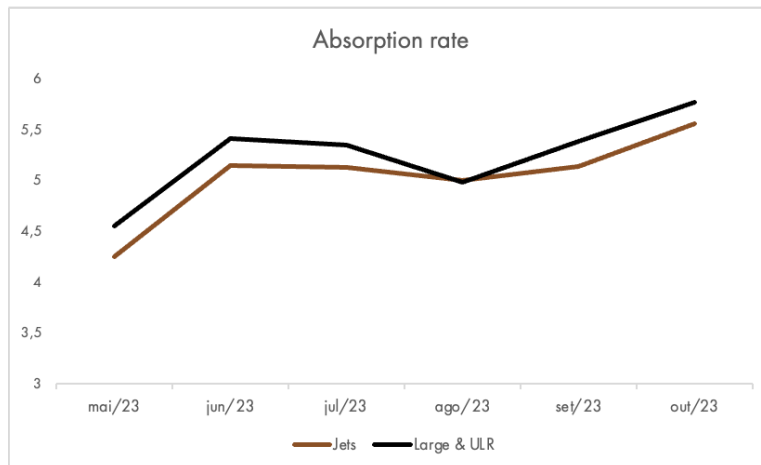
Source: Bombardier/Barclays
 * The Business Jet Indicator is a measure of market confidence from industry professionals, gathered through regular surveys of brokers, dealers, manufacturers, fractional providers, financiers and others.

Secondary Market: Jets for Sale vs Asking Prices



Source: AMSTAT

Secondary Market: Absorption Rate



Source: AMSTAT



	GENERAL DYNAMICS - (AEROSPACE DIVISION)	BOMBARDIER	EMBRAER - EXECUTIVE AVIATION
3Q Revenue (compared to 3Q22) - US\$ Billions	\$ 2.032 (-13.4%)	\$ 1.856 B (+28%)	\$ 0.339 B (+18% Q3'22)
Backlog	\$ 20.06	\$ 14.7 B	\$ 4.3 B
Book-to-Bill Ratio	1.5:1	1:1	1.5:1

General Dynamics (Gulfstream's Parent Company)

- Reported 3Q 2023 net earnings of \$836 million on revenue of \$10.6 billion. Diluted EPS (Earnings Per Share) was \$3.04.
- The company generated free cash flow of \$1.1 billion, or 131% of net earnings.
- Company-wide backlog reached a historic high of \$95.6 billion.

Aerospace Division (includes jet aviation and services)

- Received \$2.9 billion in new orders during the quarter, and backlog grew to \$20.1 billion.
- Revenue was \$2.032 billion, below 3Q22 of \$2.347 billion
- Backlog of \$20.059 billion, above 3Q22 of \$19.052 billion.
- Operating margins were 13.2%, beating consensus estimates.
- Book-to-bill ratio was 1.4x overall and 1.5x for Gulfstream.

Gulfstream

- Delivered 72 units in 2023 until the end of the quarter, 10 units less than during the same period of 2022.
- Expects 40-45 in-service aircraft deliveries by year-end, and potentially 19 more if the G700 passes certification. Management expects G700 to pass certification by early- to mid-December.
- Supply chain issues are causing delays; 10-12 fewer aircraft will be delivered this year than initially forecasted. It says supply chain issues might not dissipate soon.
- Uncertainty in FY2024 G280 deliveries due to conflict in Israel.
- The challenge for Gulfstream is not demand but supply chain delays.



Bombardier

- Bombardier registered a revenue of US\$ 1.9 billion, an increase of 28% against the same period of 2022. The company has delivered 31 aircraft in the quarter (against 25 last year).
- Q3 2023 revenues grew due to higher deliveries and momentum in aftermarket business (\$414 million for the quarter, an 11% year-over-year increase).
- Adjusted EBITDA increased by 36% to \$285 million with a margin of 15.4%. Reported EBIT was \$197 million.
- Positive free cash flow generation of \$80 million. Liquidity stood at \$1.2 billion.
- Backlog: Ended Q3 2023 with a backlog of \$14.7 billion and a book-to-bill ratio of 1:1.

Product Update

- Bombardier confirmed that the Global 8000 aircraft is on track for entry into service in 2025. It has a range of 8,000 nautical miles and a top speed of Mach 0.94.

Additional Insights

- Bombardier is on track to deliver 138 aircraft in 2023, with 56 aircraft delivered this present quarter.
- Despite supply chain pressures, Bombardier is mitigating challenges and keeping delivery projections on track.
- The company has a backlog of US\$ 14.7 billion with an order book average of 18-24 months and 200 order options from large operators.
- Bombardier plans to increase deliveries in 2024 and targets 150 jet deliveries for 2025.

DELIVERIES

	GULFSTREAM	BOMBARDIER	EMBRAER
Q3 2023 (VS Q3 2022)	27 (vs 35)	31 (vs 25)	28
YTD	72 (vs 82)	82 (vs 74)	66 (vs 52 2022)



Embraer

- Revenue rose 29% on the quarter to US\$ 339 million. Year-to-date 2023 revenue grew by 26% compared to the same period in 2022.
- Adjusted EBITDA (without EVE) was US\$ 149 million in Q3.
- Adjusted free cash flow (without EVE) was US\$ 44 million in Q3 2023, indicating strong cash generation expected in Q4 2023 due to higher delivery volumes.
- The company delivered 43 jets during the quarter (15 commercial and 28 executive - 19 light and 9 medium)
- Executive Aviation deliveries grew by 22% with 28 jets delivered.
- The company ended the quarter with a backlog of US\$ 17.8 billion, an increase of US\$ 500 million from the previous quarter.
- Executive Aviation backlog remained stable at US\$ 4.3 billion with a book-to-bill ratio of 1.5:1.
- Embraer also launched the new Phenom 100EX at NBAA, with enhanced interiors and avionics.

How to Interpret the Book-to-Bill Ratio:

The book-to-bill ratio is a valuable metric in industries like aerospace, technology, and manufacturing. It's used to gauge the health of a company by comparing the value of its orders received (bookings) to the value of its products or services billed (revenues) over a specific period, usually a quarter or a year.

Ratio of 1: A book-to-bill ratio of 1 means that the company is billing for as much as it is booking in new orders. This is a stable state and doesn't indicate growth.

Above 1: A ratio greater than 1 indicates that the company is booking more new orders than it can fulfill in the given period, suggesting strong demand and potential for future revenue growth. This is generally seen as a positive sign.

Below 1: A ratio less than 1 suggests that the company is not booking orders as quickly as it is billing them, which could be a warning sign for future revenue contraction.

Factors to Consider:

Cyclical Industries: In industries with long sales cycles, a high book-to-bill ratio might not immediately translate into revenue. It could take time to fulfill these orders.

Supply Chain: A high book-to-bill ratio can be a double-edged sword if the company has supply chain issues. It means there's strong demand, but if the company can't meet that demand, it could lead to customer dissatisfaction.

Economic Indicators: This ratio can also be influenced by broader economic conditions. For example, a low ratio might not necessarily reflect poorly on the company if the entire industry is facing a downturn.