



JET 
MATCH

2Q2024 MARKET REPORT



4TH EDITION, AUG 2024

INDUSTRY REMARKS

"Statistics are like bikinis. What they reveal is suggestive, but what they conceal is vital."

— Aaron Levenstein

Yearly comparison - Business Jets

Inventories are growing rapidly, and asking prices are falling. In 2Q2024, the inventory of jets for sale increased 25% over the same period in 2023, while asking prices dropped 7%. The number of days on the market remained virtually unchanged. The result is a 19% increase in the number of transactions: buyers seem excited about more attractive deals.

Quarterly comparison

It is also important to compare the 2Q2024 with the 1Q2024. There, we found that the inventory for sale increased by 8%, and the days on the market jumped 27%. Even so, transactions jumped 44%. Remember that the resales recorded in a given quarter reflect a past event, and this lag can mean two, three, or even more months. It is the time between the moment the buyer and seller shake hands and the execution of the purchase agreement.

Large&ULR

Focusing on the Large Cabin&ULR segment, the current inventory of 450 jets is 24.6% higher than in 2Q2023, days on the market rose 31%, and asking prices dropped 22.2% - a steeper decline than the one verified in the general jet market. Compared to 1Q2024, inventory rose 5.6%, days on the market grew 7.4%, and prices inched down 0.14%. Transactions skyrocketed 33% against 2Q2024 and 32% against 1Q2024.

OEMs

Manufacturers are also seeing growth, with new deliveries up 11.2% from 2Q2023 to 2Q2024. All four companies - General Dynamics, Bombardier, Dassault, and Embraer - posted positive financial results, reflecting the continued strength of the business aviation sector.

INDUSTRY REMARKS



Market trend

Looking at the charts above, we can see that the general market is moving toward increasing inventory and decreasing prices. Some models - particularly in the large cabin and ULR segment - are suffering more from the increase in inventory (154% between January 2023 and July 2024) and days on the market while prices are falling (a 14% drop during the same period). However, these are all signs of an active market - just look at the quarterly and annual growth in transactions. In short, we have a market trend toward positive stability and a healthy activity level. There is a rule of thumb in executive aviation that says that the market is healthy when overall jet inventory is below the level of 10% - we are now witnessing a level of 7.8%. Individually, the most demanded models are keeping their inventory for sale below 5%. Healthy indeed.

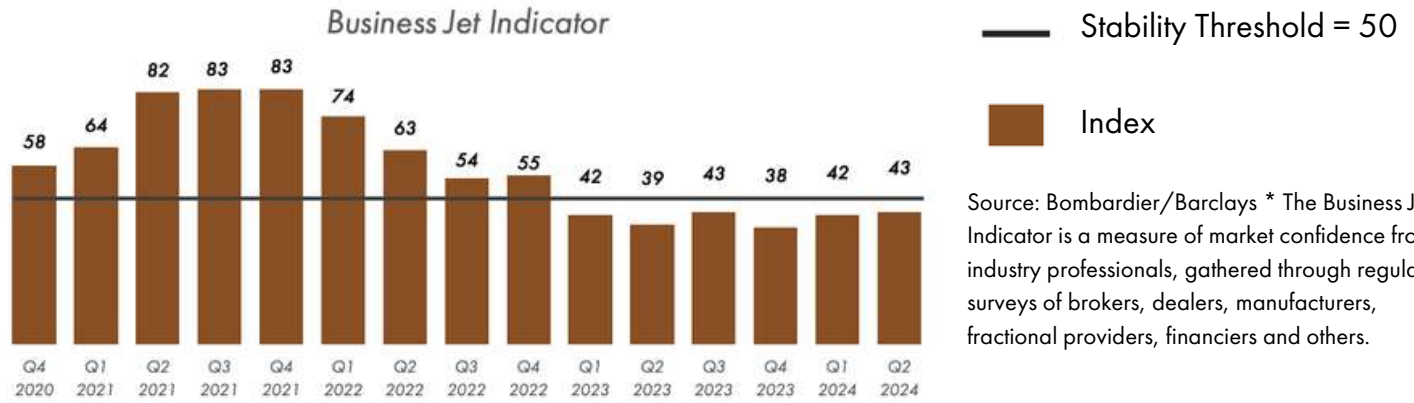
Wars and election

Geopolitical instability and uncertainty surrounding the U.S. election are factors that typically affect this market and need to be monitored closely. It's difficult to make any predictions at this point because we've noticed that buyer behavior has changed a lot since the pandemic.

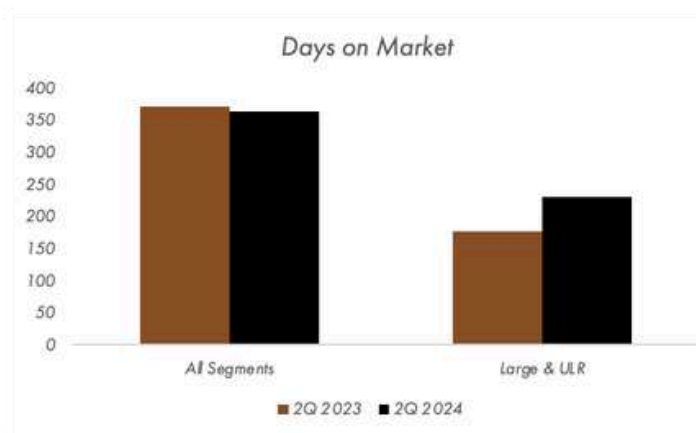
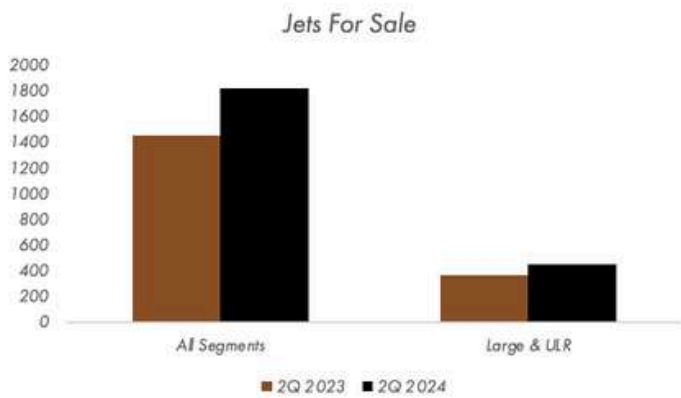
Luiz Sandler, founder

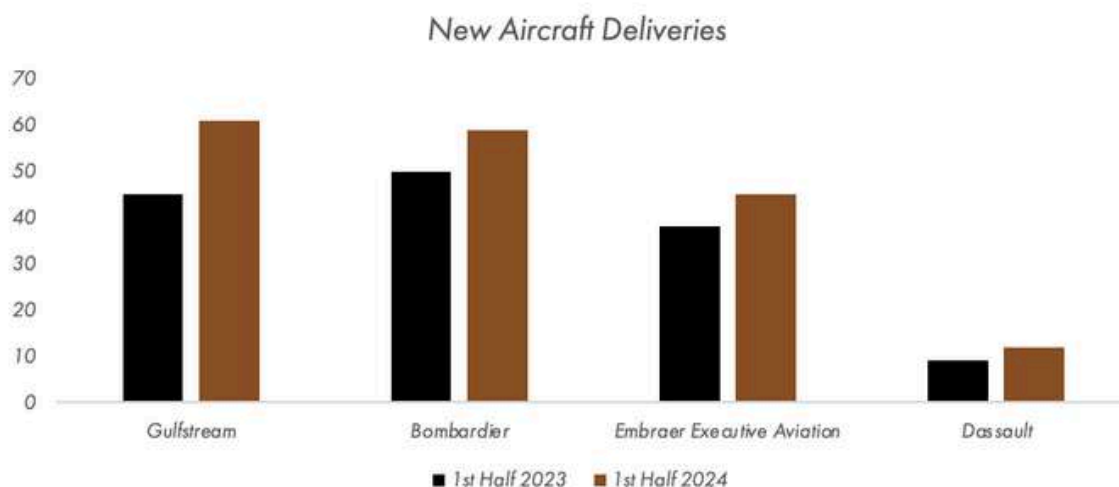
INDICATORS

The Barclays Business Jet Indicator remained below the stability threshold of 50 points during the second quarter. However, we have noticed a new small uptake from the previous quarter, a slight improvement.



PRE-OWNED MARKET





MANUFACTURERS' RESULTS

Gulfstream®

General Dynamics (Gulfstream's Parent Company)

- Reported 2024 net earnings of US\$950 million (+21% over 2Q2023) on revenue of US\$11.9 billion (+18% over 2Q2023). Diluted EPS (Earnings Per Share) was \$3.26 (+20% over 2Q2023).
- The company generated a free cash flow of US\$613 million during the second quarter (which represents 67% of net earnings).
- Company-wide book-to-bill was 0.8-to-1, and the backlog reached US\$91.3 billion.

Aerospace Division (includes jet aviation and services)

- The division received US\$2.7 billion in new orders during the quarter (an 8% increase from 2Q2023), and its backlog grew 2.5% to \$20 billion.
- Revenue was US\$2.9 billion, a 51% increase versus 2Q2023.
- The book-to-bill ratio was 0.9-to-1 during the last quarter.
- Operating margins fell from 12.1% in 2Q2023 to 10.9%. According to Bernstein Research, the "slight miss was attributed to 4 G700 business jets that slipped from Q2 into Q3 - pre-delivery testing and minor certificates held up the deliveries." The research company believes this is a short-term issue for the company.

Gulfstream

- Gulfstream delivered 37 aircraft in the quarter, 31 of which were large-cabin aircraft. This compares with 24 aircraft delivered in the year-ago quarter, of which 18 were large-cabin.



Bombardier

Bombardier

- Net income increased to \$111 million in 2Q2024 from \$80 million in 2Q2023, while revenues increased 29% to \$2.2 billion. Diluted earnings per share (EPS) were \$0.12 compared to \$0.03 in 2Q2023.
- The company generated negative free cash flow of \$86 million in the first quarter, an improvement from negative \$222 million in 2Q2023.
- Book-to-bill for the entire company was 1-to-1, and backlog grew 5% to \$14.9 billion.
- The company made 39 deliveries in 2Q2024 (compared to 29 in 2Q2023).
- The company remains on track to deliver 150 aircraft this year (versus 138 jets in 2023).
- According to Corporate Jet Investor, "Bombardier is still committed to the entry into service of the Global 8000 in the fourth quarter of 2025".



EMBRAER

Embraer

- The Company recorded revenues of \$1.49 billion in 2Q2024, an increase of 67% compared to the same period in 2023. Adjusted net income was \$80.4 million, an improvement from negative \$12.8 million in 2Q2023.
- The company generated negative free cash flow of \$215 million in the second quarter "due to working capital requirements to support the higher number of deliveries in the second half of 2024," Embraer said.
- The company's total order backlog grew 20% between 2Q2023 and 2Q2024 to US\$21.1 billion. Embraer delivered 47 jets in the first quarter, an 88% increase over the same period in 2023.

Executive Aviation

- The Division generated net revenues of US\$ 335.5 billion in the second quarter, a decrease of 11% compared to the same period last year.
- 27 executive jets were delivered during the quarter, compared to 18 in 1Q24. Backlog remained stable at \$4.6 billion. The company reported a book-to-bill ratio of



Dassault Aviation*

- Consolidated net income for the 1st half of 2024 was €476 million, compared with €362 million in the 1st half of 2023. Diluted EPS (Earnings Per Share) was €6.06, an increase from US\$4.403 from the 1st half of 2023.
- Falcon book-to-bill was 2.02-to-1, and backlog rose to €4.758 billion as of June 30, 2024, compared with EUR 4.646 billion as of December 31, 2023. During the first half of 2024, 11 orders were recorded (versus 12 during 1H23), and 12 Falcons were delivered, against 9 during the same period last year.
- CEO Eric Trappier stated that deliveries in 2024 remain under pressure. According to the company:
 - "Our chains are exposed to many shortages at all stages of production
 - Suppliers face financial difficulties and capacity shortages
 - Companies of all sizes, particularly in aerostructures, are affected
 - Risks of new supplier inefficiencies weigh on the business
 - This situation also affects our customer support"
- According to Trappier, "The war is still at our doors in Ukraine. It is still in the Middle East, which is creating this tension, and therefore this war economy that was willed by the French President of the Republic, and we are part of it. We are prioritizing the production of Rafale in France and for the armed forces for export. There were elections in Europe and in France. And today there is an idea of this government. We don't know what's going to happen. There's a lot of uncertainty, a lot of concern. We're waiting for the coming weeks. The elections in the United States are disturbed by the fact that President Biden has decided not to represent himself. And here again, there'll be a lot of things happening in the coming months."

* Please note that the company only publishes semester results, and not quarterly as other manufacturers.