

Q1 2018 BUSINESS AVIATION INDEX



INTRODUCTION

The JSSI Business Aviation Index tracks and reports on the global flight activity and utilization of approximately 2,000 business aircraft, including jets, turboprops and helicopters. The report calculates the average flight hours flown per aircraft on a monthly basis and organizes this data into several key categories.

The JSSI Business Aviation Index is broken into four primary categories: Industry, Aircraft Type, Geographical Region and Aircraft Age. The data presented in this report is subject to the core variables in our business.

These variables include, but are not limited to: accurate and timely flight hour reporting; customer addition and attrition; fleet demographic changes, such as fleet size or aircraft class; and any geopolitical events that may inhibit timely or accurate data collection. The JSSI Business Aviation Index has been further expanded to include financial ratings of the same segments in which flight hour activity is categorized. This financial rating methodology has been developed by JSSI and leverages a proprietary method of tracking, reporting and analyzing relevant data.

The data evaluates and determines both the Client Performance Score (CPS) and relevant trends. The *CPS* is a metric for each JSSI contract, derived from two components: 1) the average days to report flight hours, and 2) the average days to pay open invoices—both over a rolling 12-month period.

Trending using performance scores looks back by quarter over the last 12 months. A 12-month trend factor is assigned to indicate the number of aging categories in which a particular contract has either improved, or regressed, during the period.

ABOUT

For nearly 30 years, Jet Support Services, Inc. (JSSI), has been the leading independent provider of maintenance programs to the business aviation industry, covering virtually all makes and models of business aircraft, engines, and APUs.

JSSI provides customers with comprehensive, flexible and affordable financial programs and tools for managing the often unpredictable costs of operating and maintaining nearly all types of turbinepowered aircraft, including business and commercial jets, turboprops and helicopters. JSSI serves customers globally and manages maintenance services through its worldwide infrastructure of certified technical advisors.

JSSI has always been deeply committed to providing clients and the industry with the highest standard of service and excellence. The JSSI team adds further value by developing the most innovative products and services and expanding into new markets. JSSI publishes a quarterly Business Aviation Index to track flight hours and financial performance of business and commercial aircraft by region, industry and cabin type.

Flight hour activity provides powerful and unique insights into the state of the global economy. The information provided in this report could include technical or other mistakes or inaccuracies. JSSI makes no representations regarding the quality, accuracy, completeness or suitability of the materials on this or any other report, and disclaims any duty to keep this information current or accurate.



WELCOME MESSAGE

It is my pleasure to introduce the JSSI Business Aviation Index for the first quarter of 2018.

The end of 2017 saw the highest flight hour activity since the peaks of 2008. While the first quarter of the year often sees a material drop in flight hours, the first quarter of 2018 dropped only 0.3%. This strong start to 2018 is a positive sign and indicator for global markets.

The JSSI Business Aviation Index tracks and reports on the global flight activity and utilization of approximately 2,000 business aircraft. Each report summarizes the average flight hours flown per aircraft on a monthly basis and organizes this data into key categories and nine regions.

We hope that you find the report valuable as you analyze current market conditions and how they impact your business.

Regards,

Neil W. Book President and CEO

If you would like to discuss any of the data points or results in more detail, or would like to use this data in your reports, please contact the corresponding JSSI employee:

Charlie Rubinowicz Product Manager crubinowicz@jetsupport.com

Tom Morton Communications Manager tmorton@jetsupport.com



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24 REGIONAL
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37 OPERATOR TYPE
40 CPS SCORE AND TRENDING



Q1 2018 Results

QoQ Change -0.3% YoY Change 2.9%

YTD Change 2.9%

Q1 2018 Flight Hour Highlights

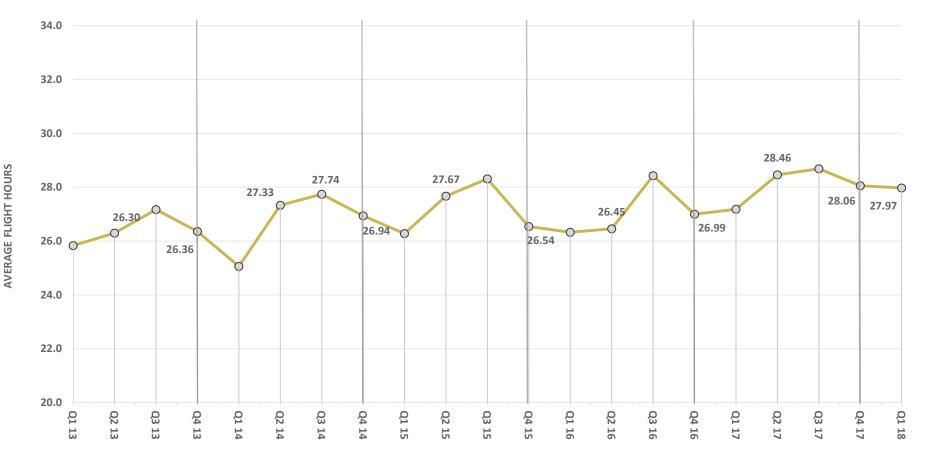




Q1 2018 Average Flight Hours QoQ



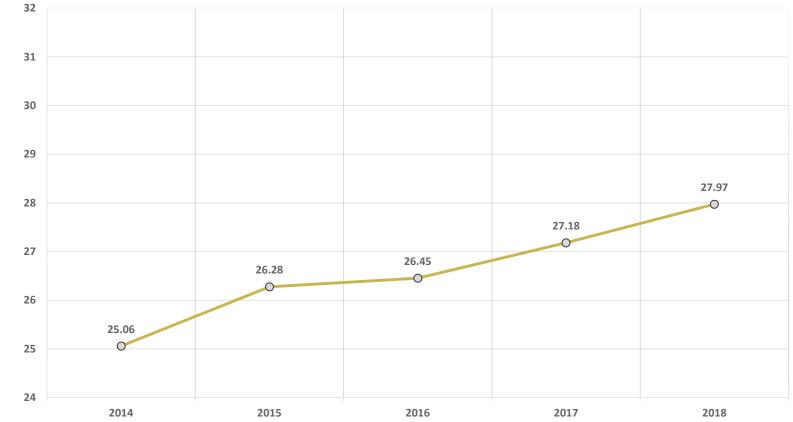
The first quarter of the year typically sees a reduction in flight activity following the previous quarter. Q1 of 2018 continued this trend; however, the marginal 0.3% reduction in flight hour activity from Q4 of 2017 was the smallest flight activity decrease in five years and represented the highest level in any Q1 since 2008.



Q1 2018 Average Flight Hours YoY



Flight activity in Q1 of 2018 continued to grow in comparison to previous years. The minimal reduction in QoQ flight activity was countered by YoY growth of almost 3.0%. This increased Q1 activity suggests a trend of growth and escalation in overall global flight activity.



Q1 2018 Flight Hour Activity by Industry



The JSSI Business Aviation Index tracks nine major industries. The report defines these industries as follows:

Aviation—Companies in this industry include those with a primary purpose to generate revenue through private charter or aviation-related services. It also includes companies with a core focus in aviation manufacturing, design or development.

Business Services—Companies in this industry include marketing and advertising, consulting, legal services, logistics and shipping, human resources, staffing, leasing, security, outsourcing, and facility management.

Construction—Companies in this industry include residential and commercial construction, bridge and roadway construction, excavations, demolitions, and large-scale services supporting the construction industry.

Consumer Goods—Companies that relate to items purchased by individuals and includes companies involved with food production, packaged goods, clothing, beverages, automobiles and electronics.

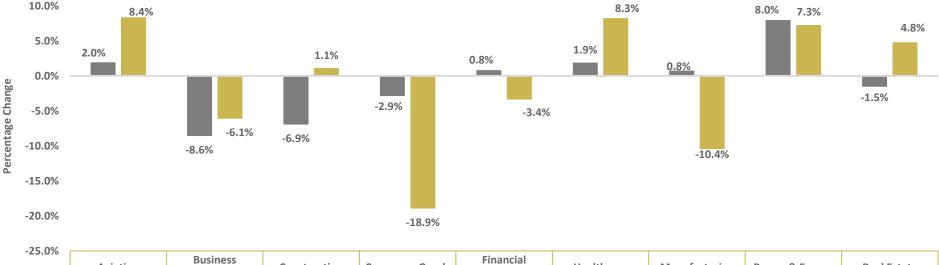
Financial Services—Companies that manage money, such as credit unions, banks, credit-card companies, insurance companies, accountancy companies, consumer-finance companies, stock brokerages, and investment funds.

Healthcare—Companies that provide goods and services that are used to treat patients, including hospitals, pharmaceutical companies, rehabilitation companies, or other service providers directly related to the medical system.

Manufacturing—Companies that engage in the mechanical, physical, or chemical transformation of materials, substances, or components that support the production of a final product.

Power & Energy—Companies that produce coal, oil, natural gas or electricity, as well as other service providers directly related to the creation or development of power and energy.

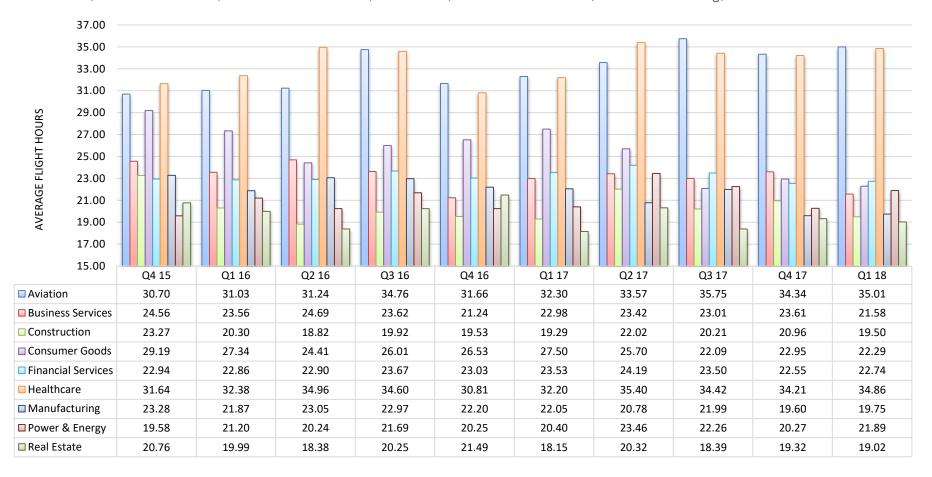
Real Estate—Companies that consist of land and building ownership and companies involved in the buying, selling, or leasing of retail or personal properties.



	Aviation	Business Services	Construction	Consumer Goods	Financial Services	Healthcare	Manufacturing	Power & Energy	Real Estate
QoQ Change	2.0%	-8.6%	-6.9%	-2.9%	0.8%	1.9%	0.8%	8.0%	-1.5%
YoY Change	8.4%	-6.1%	1.1%	-18.9%	-3.4%	8.3%	-10.4%	7.3%	4.8%

Q1 2018 Flight Hour Activity by Industry QoQ

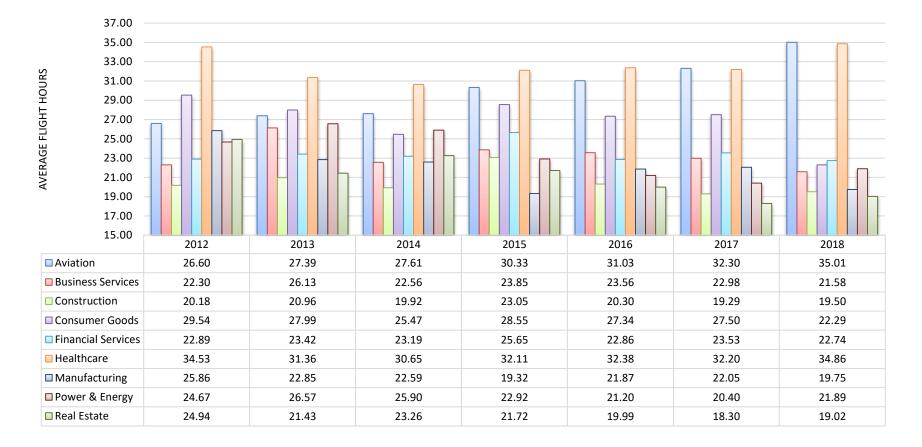
Of the nine industries analyzed within this report, four reported a quarter-over-quarter (QoQ) decrease in flight activity and five reported an increase. The largest QoQ decrease was in the Business Services sector, with an 8.6% reduction in flight hours. Further decreases were seen in Construction, with a 6.9% decrease; Consumer Goods, with a 2.9% decrease; and Real Estate, with a 1.5% decrease. The strongest growth was seen in the Power & Energy sector, with an 8% increase. Increases were also seen in Aviation, with a 2.0% increase; Financial Services, with an 8.0% increase; Healthcare, with a 1.9% increase; and Manufacturing, with a 0.8% increase.



Q1 2018 Flight Hour Activity by Industry YoY



Flight utilization by industry reported significant year-over-year (YoY) increases in Q1 of 2018. The overall 2.9% increase was driven primarily by Aviation, with an 8.4% increase; Power & Energy, with a 7.3% increase; and Healthcare, with an 8.3% increase. The largest decreases in YoY flight activity were seen in the Consumer Goods and Manufacturing industries, which reported reduced flight activity of 18.9% and 10.4% respectively.



Q1 2018 Flight Hour Activity by Industry—Aviation

Last year was one of the most active years for flight activity and the Aviation sector continued its upward trend into Q1 of 2018, with an increase in flight hours of 2.0%. Flight activity was 8.4% higher than the same period last year, indicating a continued overall increase in activity for the Aviation sector.

40.00

38.00

36.00

34.00

32.00

30.00

28.00

26.00

24.00

22.00

AVERAGE FLIGHT HOURS





Q1 2018 Flight Hour Activity by Industry—Business Services



The Business Services sector reported an 8.6% QoQ decrease in utilization. Additionally, this sector reported a utilization decrease of 6.1% YoY. Flight activity in the first quarter of 2018 was at the second lowest level of utilization for this sector since 2008.

30.00

29.00

28.00

27.00

26.00

25.00

24.00

23.00

22.00

21.00

20.00

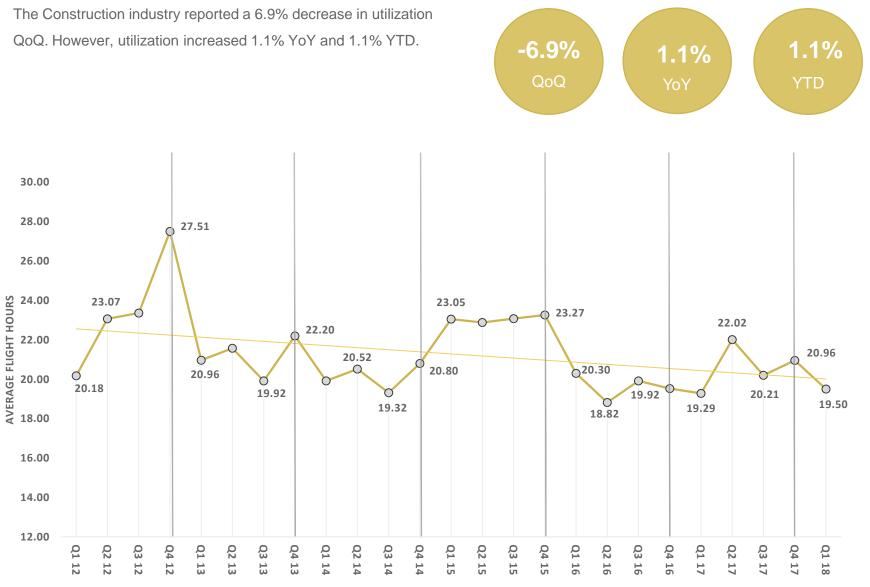
Q1 12

AVERAGE FLIGHT HOURS



Q1 2018 Flight Hour Activity by Industry—Construction

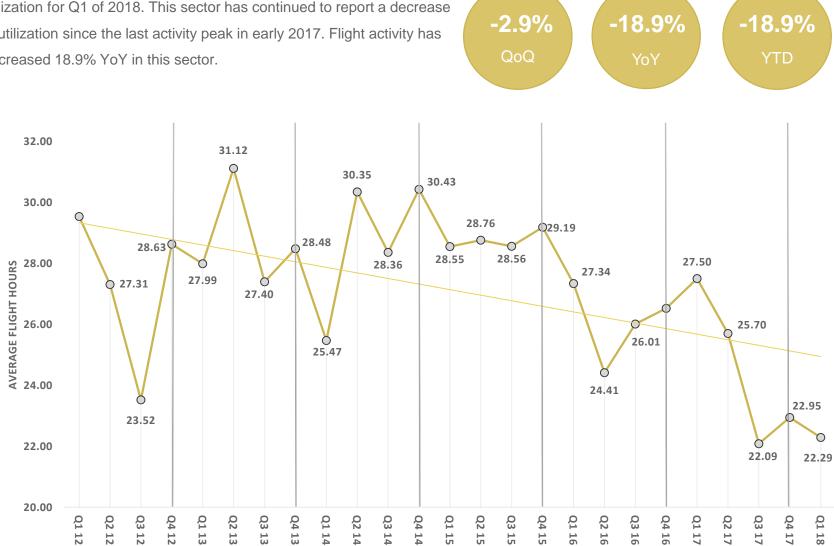




Q1 2018 Flight Hour Activity by Industry—Consumer Goods



The Consumer Goods industry reported a 2.9% QoQ decrease in utilization for Q1 of 2018. This sector has continued to report a decrease in utilization since the last activity peak in early 2017. Flight activity has decreased 18.9% YoY in this sector.

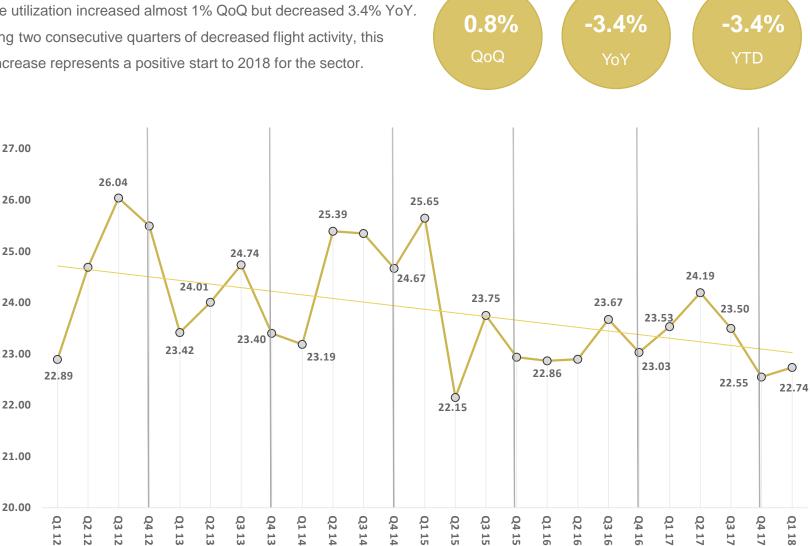


Q1 2018 Flight Hour Activity by Industry—Financial Services



The Financial Services sector reported minimal change in Q1 of 2018. Average utilization increased almost 1% QoQ but decreased 3.4% YoY. Following two consecutive quarters of decreased flight activity, this small increase represents a positive start to 2018 for the sector.

AVERAGE FLIGHT HOURS



Q1 2018 Flight Hour Activity by Industry—Healthcare

JSSI

The Healthcare industry reported utilization increases of 1.9% QoQ and 8.3% YoY. With average flight activity remaining above 34 hours, this industry has now performed better than its historical trend for four consecutive quarters.

AVERAGE FLIGHT HOURS



Q1 2018 Flight Hour Activity by Industry—Manufacturing

The Manufacturing sector reported a QoQ utilization increase, despite overall flight activity remaining low. Utilization increased 0.8% QoQ but decreased 10.5% YoY. For the third time since 2008, average flight hours in Q1 were less than 20 hours.



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Q1 2018 Flight Hour Activity by Industry—Power & Energy

7.3%

7.3%

8.0%

QoQ

The Power & Energy sector began 2018 with an 8.0% QoQ increase in flight hours. This is the third consecutive Q1 where average flight hours increased in this sector. The increase of 7.3% YoY starts this industry off on a positive note for the year ahead.



Q1 2018 Flight Hour Activity by Industry—Real Estate



4.8%

4.8%

-1.5%

QoQ

The Real Estate sector reported mixed results for Q1. Although flight hours decreased 1.5% QoQ, there was an increase of more than 4.5% YoY. Historically, this industry has reported a significant QoQ decrease in utilization in the first quarter of the year.



Q1 2018 Flight Hour Activity by Aircraft Type



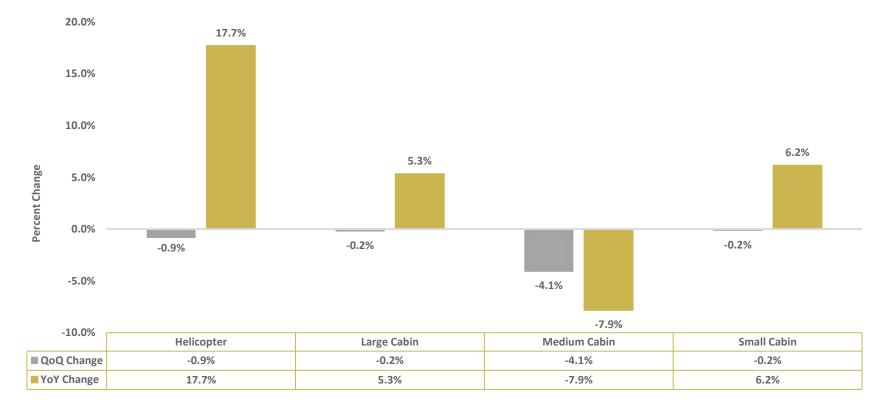
The JSSI Business Aviation Index tracks four major Aircraft Type categories. The report defines these types as follows:

Helicopter—This aircraft type leverages rotors to supply lift and can take off and land vertically. The aircraft's attributes allow it to hover, fly forward and laterally, and operate in areas and regions where fixed-wing aircraft cannot.

Large Cabin—This aircraft type is classified as any aircraft with a maximum take-off weight of 38,000 pounds or greater.

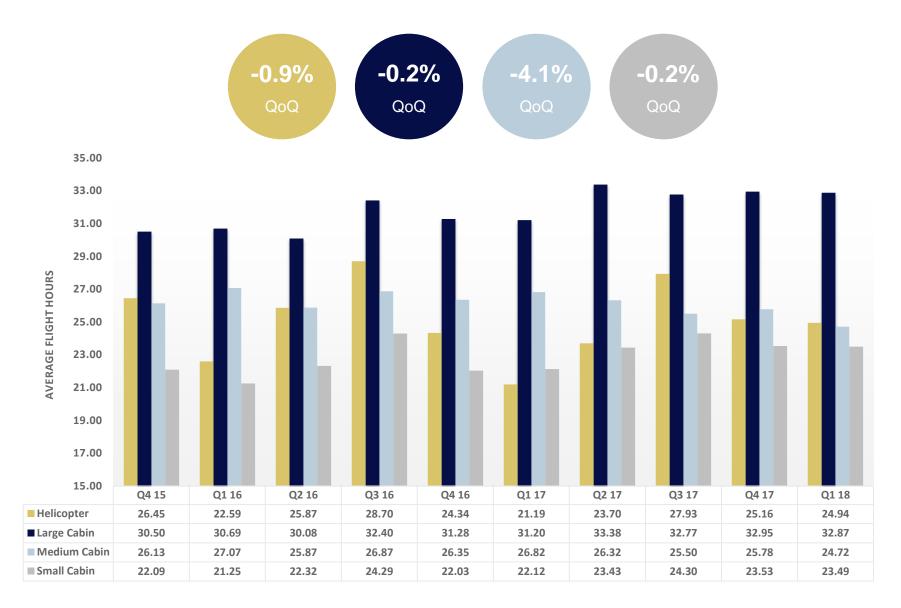
Medium Cabin—This aircraft type is classified as any aircraft with a maximum take-off weight between 20,000–38,000 pounds.

Small Cabin—This aircraft type is classified as any aircraft with a maximum take-off weight below 20,000 pounds.



Q1 2018 Flight Hour Activity by Aircraft Type QoQ





5.3% -7.9% 6.2% 17.7% YoY 40.00 38.00 36.00 34.00 32.87 **AVERAGE FLIGHT HOURS** 31.20 32.00 30.75 30.69 29.37 30.00 28.87 28.00 27.07 26.82 25.29 26.00 24.94 \odot 25.81 6 0 25.14 24.72 24.00 22.59 \odot 22.12 23.49 21.48 \cap 22.00 20.84 \odot 21.25 21.19 20.00 2014 2015 2016 2017 2018 -O-HELICOPTER -O-LARGE CABIN -O-MEDIUM CABIN -O-SMALL CABIN

Q1 2018 Flight Hour Activity by Aircraft Type YoY



Q1 2018 Flight Hour Activity by Region



The JSSI Business Aviation Index tracks seven major regions. The report defines these regions in the following manner:

Africa—This category includes all sub-regions of the African continent, including the Northern, Southern, Eastern and Western sub-regions and surrounding islands of the continent.

Asia-Pacific—This category includes all of the ASEAN countries, East Asia, the Pacific Islands, and the SAARC countries.

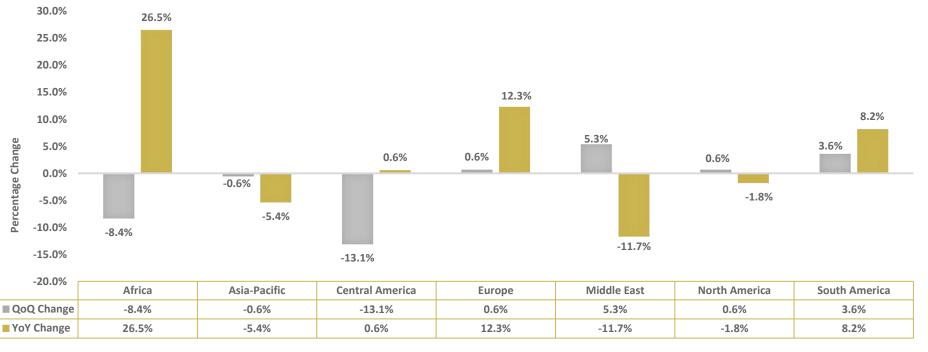
Central America—This category includes the countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Mexico.

Europe—This category includes Eastern, Western, Northern and Southern regions of Europe.

Middle East—This category includes Iran, Asia Minor, Mesopotamia, the Levant and the Arabian Peninsula.

North America—This category includes the United States of America, Canada and surrounding islands and territories.

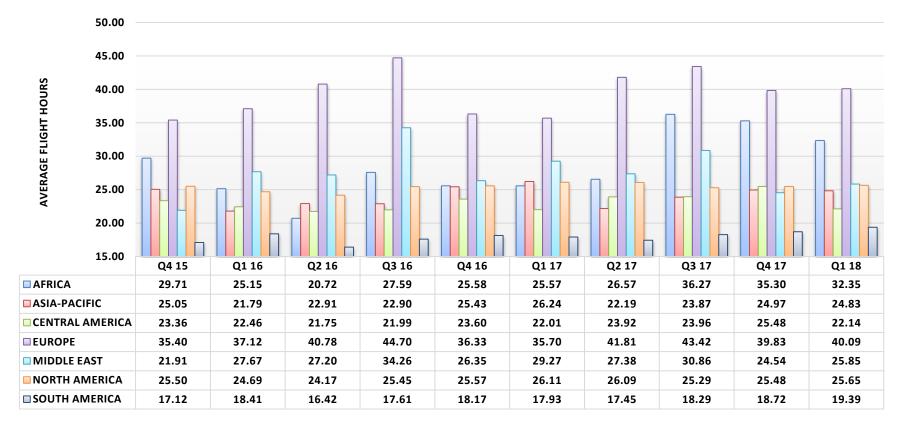
South America—This category includes Venezuela, Columbia, Ecuador, Peru, Bolivia, Paraguay, Brazil, Argentina, Chile, Uruguay and surrounding islands.



Q1 2018 Flight Hour Activity by Region QoQ



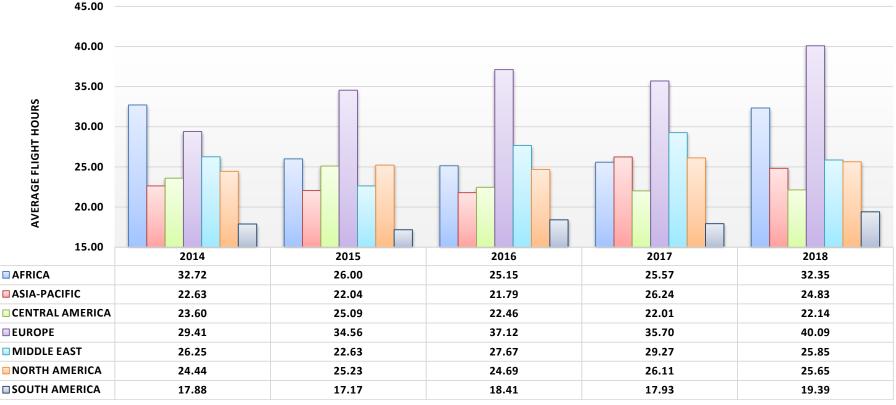
Of the seven regions sampled, three reported a QoQ decrease in utilization and four reported an increase. The largest decrease was reported in Central America, with average utilization dropping 13.1% QoQ. Additional decreases were seen in Africa, with an 8.4% QoQ decrease; and Asia-Pacific, with a 0.6% QoQ decrease. The largest increases were seen in the Middle East, with a 5.3% QoQ increase; and South America, with a 3.6% QoQ increase. The first guarter of the year typically reports utilization decreases following a peak in flight hours in Q4.



Q1 2018 Flight Hour Activity by Region YoY



Regional flight hours showed strong YoY utilization increases in Q1. Of the seven regions sampled, three reported decreases in utilization in comparison to the start of 2017. These decreases were seen in Asia-Pacific, with a 5.4% decrease; the Middle East, with an 11.7% decrease; and North America, with a 1.8% decrease. Of the other four regions, the largest YoY increases were seen in Europe, with a 12.3% increase; Africa, with a 26.5% increase; and South America, with an 8.2% increase.

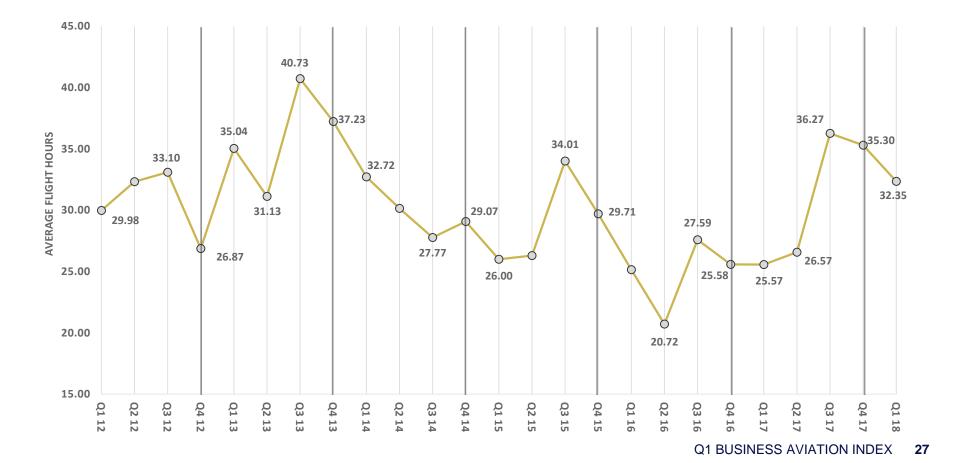


Q1 2018 Flight Hour Activity by Region—Africa



The African region reported mixed results to start 2018. Flight hours at the end of 2017 approached the highest level since 2013. While subsequent QoQ activity decreased by almost 8.5% to start 2018, YoY utilization increased 26.5%.

-8.4% 26.5% 26.5% YTD

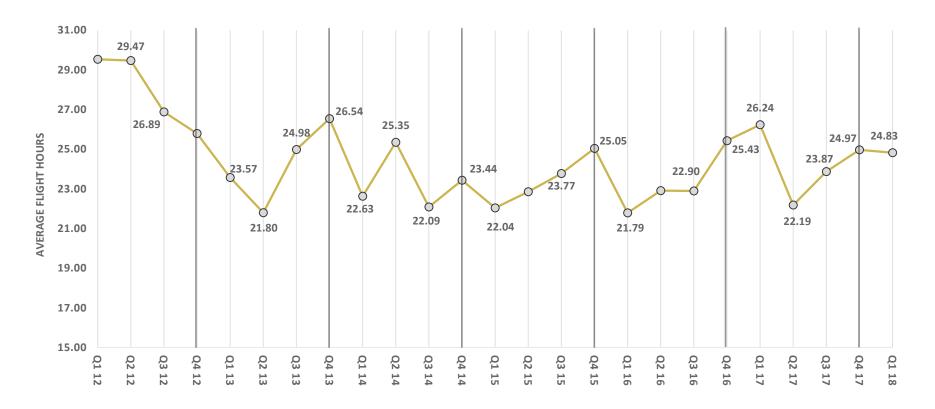


Q1 2018 Flight Hour Activity by Region—Asia-Pacific



The Asia-Pacific region reported an average first quarter of the year, with a marginal QoQ flight activity decrease of 0.6%. Average utilization decreased 5.4% in comparison to the start of 2017.



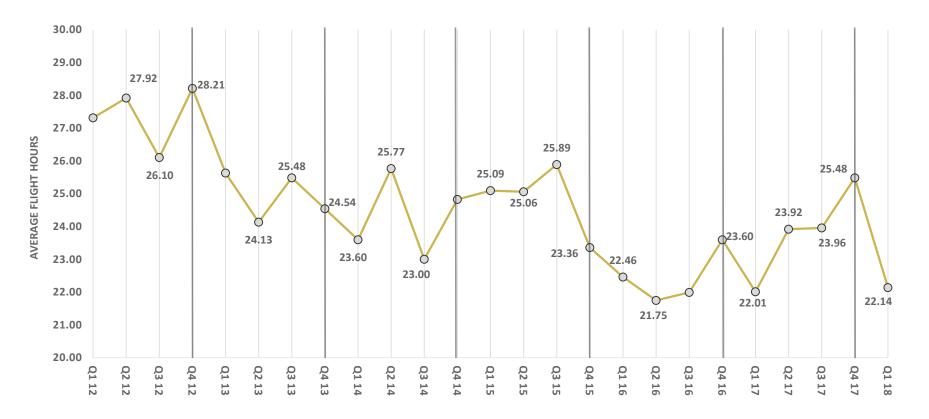


Q1 2018 Flight Hour Activity by Region—Central America



The Central American region reported a 13.1% QoQ decrease in flight activity following Q4 of 2017. This was one of the largest QoQ decreases for any region; however, YoY flight activity was more than 0.5% higher than Q1 of 2017.



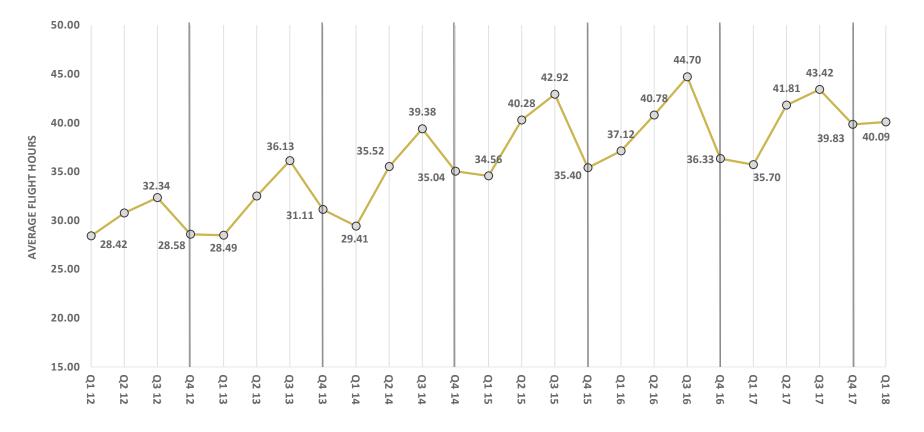


Q1 2018 Flight Hour Activity by Region—Europe

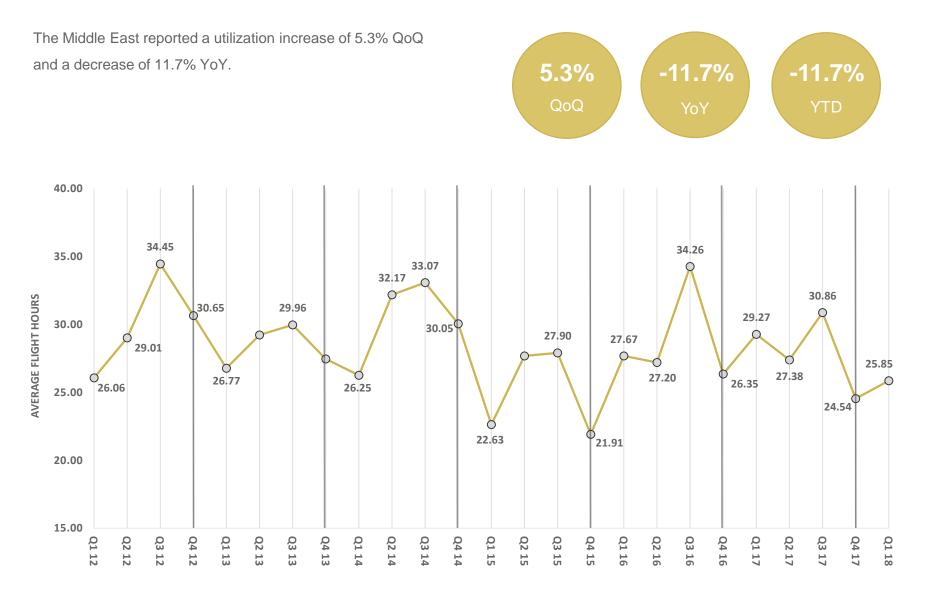


Flight hour activity in Europe followed similar utilization trends to previous first quarters. Flight hours increased marginally QoQ and YoY flight hours continued their upward trend with an increase of 12.3% over Q1 of 2017.





Q1 2018 Flight Hour Activity by Region—Middle East

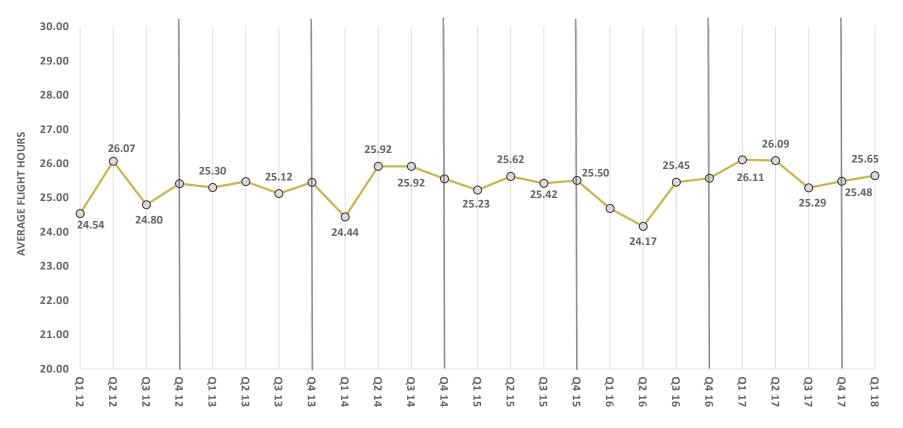


Q1 2018 Flight Hour Activity by Region—North America

Flight activity in North America increased 0.6% QoQ from Q4 of 2017. There was a slight YoY activity decrease of 1.8% compared to the same period in 2017. Flight hours in North America have remained stable with minimal changes reported over the previous five years.



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Q1 2018 Flight Hour Activity by Region—South America



South America reported a strong start to 2018, with increases of 3.6% QoQ and 8.2% YoY. These results continue the upward trend in flight utilization in this region. Flight hours have now increased consistently for three consecutive quarters.

19.95

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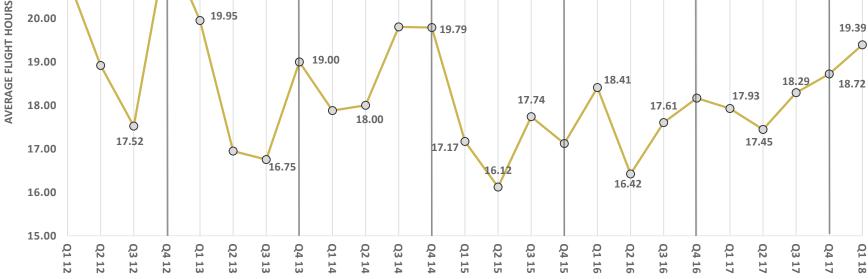
23.00

22.00

20.00

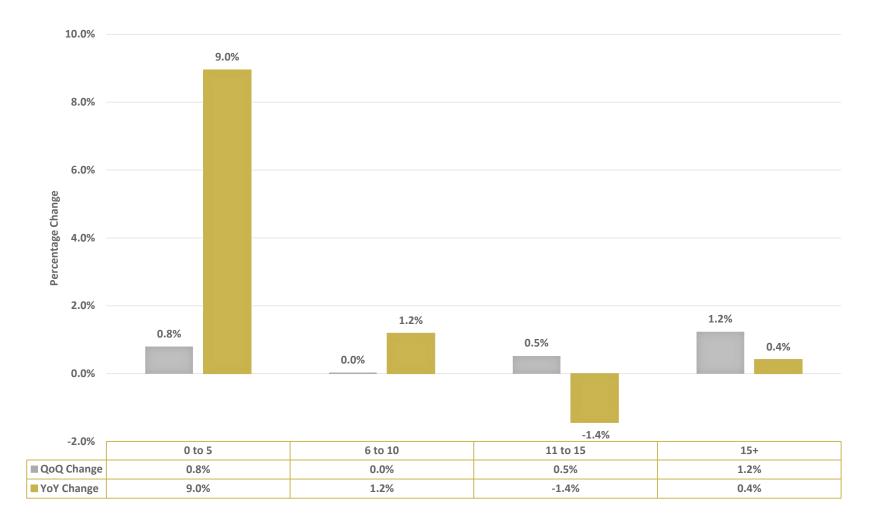
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Q1 2018 Flight Hour Activity by Age

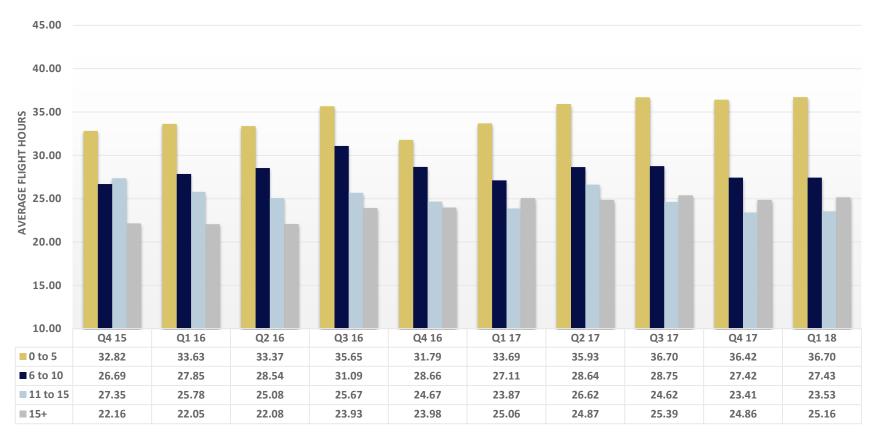




Q1 2018 Flight Hour Activity by Age QoQ

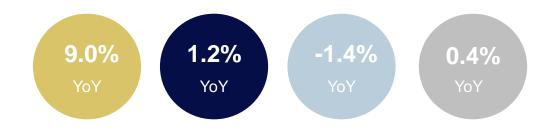


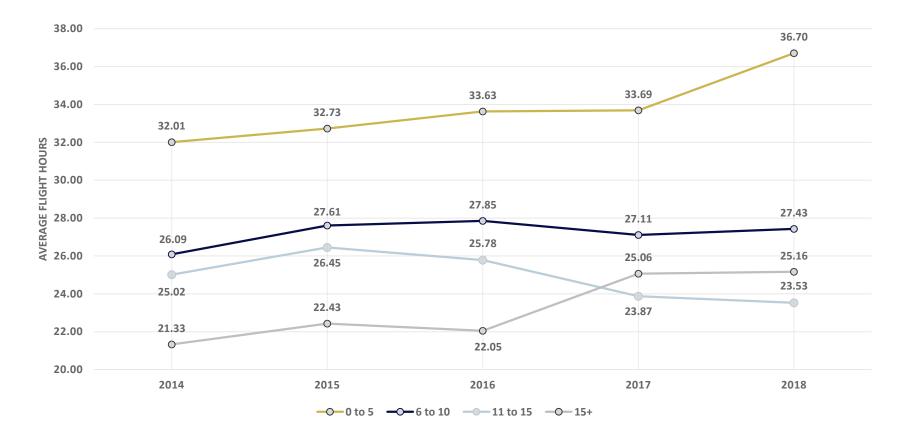




Q1 2018 Flight Hour Activity by Age YoY



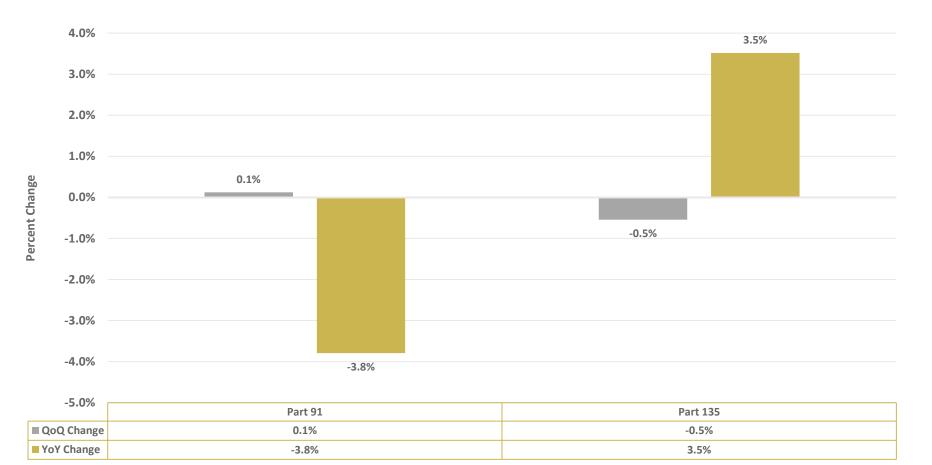




Q1 2018 Flight Hour Activity by Operator Type

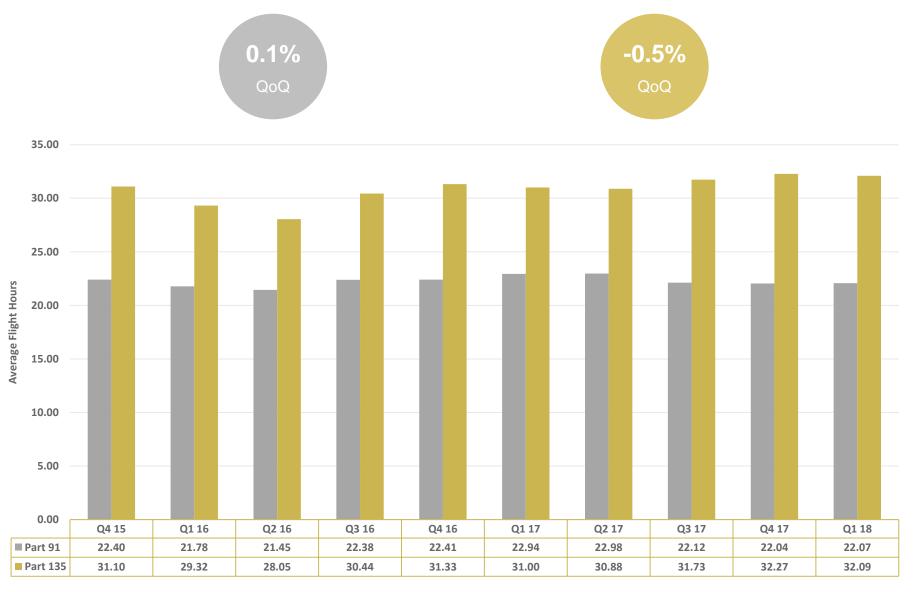


FAR Part 91 operators and FAR Part 135 operators follow regulations defined by the U.S. Federal Aviation Administration (FAA) for operation of aircraft. FAR Part 91 governs the operation of non-commercial aircraft. FAR Part 135 governs certain types of commercial aircraft, such as non-scheduled charter and air-taxi operations.



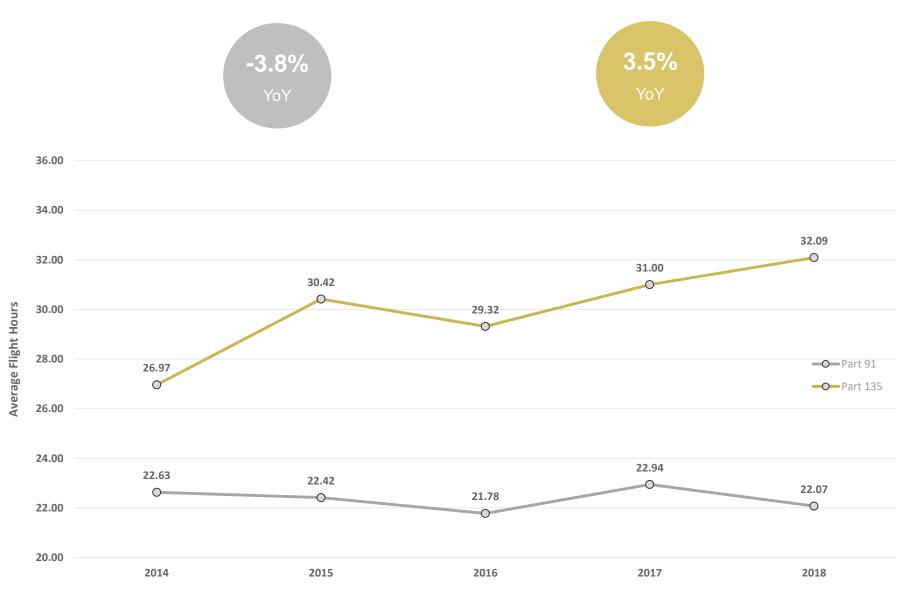
Q1 2018 Flight Hour Activity by Operator Type QoQ





Q1 2018 Flight Hour Activity by Operator Type YoY





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SCORING LEGEND

Performance History	Score Range
Both Report & Pay W/I Terms	800
Report and/or Pay 1–30 Days Late	600–799
Report and/or Pay 31–60 Days Late	450–599
Report and/or Pay 61–90 Days Late	400–449
Report and/or Pay >90 Days Late	51–399
Too New or Incomplete Data	0–4

*12-MONTH TREND LEGEND

+4	Improved by four aging periods	-1	Worse by one aging period
+3	Improved by three aging periods	-2	Worse by two aging periods
+2	Improved by two aging periods	-3	Worse by three aging periods
+1	Improved by one aging period	-4	Worse by four aging periods
FLAT	No significant change	NEW	New rating (<12-month history)

CPS Trending by Industry



	CPS TREND BY INDUSTRY — Q1 2018							
	Q1 2018	Trand*	Q4 2017	3-MONTH CHANGE		Q1 2017	12-MONTH CHANGE	
Industry Average	Score	Trend*	Score	Points	%	Score	Points	%
Advertising	600	FLAT	603	(3)	-0.5%	600	0	0.0%
Agriculture	670	FLAT	674	(4)	-0.6%	678	(8)	-1.2%
Automotive	694	FLAT	621	73	11.7%	679	15	2.3%
Aviation	576	FLAT	591	(14)	-2.4%	591	(15)	-2.5%
Business Services	646	FLAT	659	(13)	-2.0%	607	39	6.5%
Construction	661	FLAT	641	20	3.1%	668	(7)	-1.1%
Consumer Goods	659	FLAT	656	3	0.4%	711	(52)	-7.3%
Education	459	-1	502	(43)	-8.5%	633	(174)	-27.6%
Entertainment, Recreation, and Hobbies	725	FLAT	716	9	1.3%	646	80	12.3%
Financial Services	665	FLAT	671	(6)	-0.8%	657	8	1.2%
Food Manufacturing / Distribution / Services	682	FLAT	694	(11)	-1.6%	684	(1)	-0.2%
General	604	FLAT	617	(13)	-2.1%	612	(7)	-1.2%
Government	697	FLAT	649	48	7.4%	743	(46)	-6.2%
Healthcare	662	FLAT	626	36	5.7%	642	20	3.1%
Law	617	FLAT	637	(20)	-3.1%	645	(28)	-4.4%
Manufacturing	678	FLAT	668	9	1.4%	648	29	4.5%
Membership and Non-Profit Organizations	701	FLAT	700	1	0.1%	740	(39)	-5.3%
Power & Energy	656	FLAT	663	(7)	-1.1%	654	2	0.3%
Property Management and Administration	700	NEW	600	100	16.7%			
Real Estate	643	FLAT	645	(2)	-0.3%	631	12	1.9%
Security, Investigative Services & Products	652	FLAT	717	(65)	-9.1%	688	(36)	-5.3%
Technology	633	FLAT	641	(9)	-1.3%	636	(4)	-0.6%
Transportation	577	-1	712	(135)	-19.0%	636	(59)	-9.3%
Travel and Tourism	532	-1	692	(160)	-23.1%	740	(207)	-28.0%
COMPANY Average	637	FLAT	653	(16)	-2.5%	659	(23)	-3.4%

CPS Trending by Selected Countries

CFS mending by Selected Countries	CPS TREND BY COUNTRY BY QUARTER - Q1 2018							
	Q1 2018	Trend*	Q4 2017 3-MONTH		CHANGE	Q1 2017	12-MONTH	I CHANGE
Country Average	Score	Tienu	Score	Points	%	Score	Points	%
Argentina	632	+1	592	39	6.7%	563	69	12.2%
Australia	630	+1	601	29	4.8%	544	86	15.7%
Austria	600	+1	612	(12)	-2.0%	598	2	0.3%
Belgium	4	NLR	744	(740)	-99.5%	725	(721)	-99.4%
Brazil	593	FLAT	584	10	1.7%	546	47	8.7%
Canada	630	FLAT	639	(9)	-1.4%	646	(16)	-2.5%
Chile	640	FLAT	640	0	0.0%	680	(40)	-5.8%
China	601	+1	637	(36)	-5.7%	459	142	30.9%
France	619	FLAT	707	(87)	-12.4%	635	(16)	-2.5%
Germany	634	FLAT	611	23	3.8%	623	11	1.8%
Greece	402	-2	807	(405)	-50.2%	707	(305)	-43.1%
Guatemala	704	+1	754	(50)	-6.6%	549	155	28.1%
Hong Kong	657	FLAT	581	76	13.0%	651	6	0.9%
Hungary	707	+1	707	0	0.0%	491	216	44.0%
India	565	FLAT	566	(0)	0.0%	488	77	15.9%
Indonesia	395	FLAT	395	0	0.0%	250	145	58.0%
Ireland	462	-1	497	(35)	-7.1%	600	(138)	-23.1%
Italy	514	+2	531	(17)	-3.1%	391	123	31.5%
Luxembourg	670	+1	608	63	10.3%	461	209	45.3%
Mexico	542	FLAT	576	(34)	-5.9%	572	(30)	-5.2%
Могоссо	600	FLAT	700	(100)	-14.3%	700	(100)	-14.3%
Netherlands	683	FLAT	535	149	27.8%	767	(84)	-10.9%
New Zealand	600	+3	600	0	0.0%	348	252	72.4%
Poland	700	FLAT	700	0	0.0%	750	(50)	-6.7%
Portugal	484	+1	500	(16)	-3.1%	430	54	12.6%
Puerto Rico	700	FLAT	600	100	16.7%	700	0	0.0%
Qatar	100	-3	600	(500)	-83.3%	700	(600)	-85.7%
Saudi Arabia	653	FLAT	564	88	15.6%	621	32	5.1%
South Africa	629	FLAT	596	33	5.6%	613	16	2.7%
South Korea	733	FLAT	636	97	15.2%	750	(17)	-2.2%
Spain	700	+1	202	498	246.5%	533	167	31.3%
Switzerland	519	-1	520	(1)	-0.2%	606	(87)	-14.3%
Thailand	704	+3	704	0	0.0%	399	305	76.3%
Uganda	700	FLAT	700	0	0.0%	700	0	0.0%
Ukraine	392	-2	500	(108)	-21.6%	450	(58)	-12.9%
United Arab Emirates	501	FLAT	608	(108)	-17.7%	595	(94)	-15.9%
United Kingdom	663	FLAT	659	4	0.6%	666	(3)	-0.5%
United States	641	FLAT	633	8	1.3%	643	(2)	-0.3%
Venezuela	569	FLAT	544	25	4.6%	515	54	10.5%
COMPANY Average	567	FLAT	588	1	0.2%	606	1	0.2%



	CPS 12-MONTH TREND BY CABIN SIZE — Q1 2018							
		Trend*	Q4 2017	3-MONTH CHANGE		Q1 2017	12-MONTH CHANGE	
Cabin Size Average	Score	Trend	Score Points %		%	Score	Points	%
Large Cabin	616	+1	631	(15)	-2.4%	573	43	7.5%
Medium Cabin	610	FLAT	628	(18)	-2.9%	600	10	1.7%
Small Cabin	643	FLAT	633	10	1.5%	615	28	4.5%
Helicopter	595	FLAT	558	37	6.6%	507	87	17.2%
COMPANY Average		FLAT	613	3	0.5%	574	42	7.3%



FOR MORE INFORMATION

Charlie Rubinowicz | Product Manager crubinowicz@jetsupport.com | +1 312.291.5371



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