

World Jetliner Demand

From Record Growth To Uncharted Territory

Presentation To ITB Berlin 2009 Aviation Day

Berlin, Germany

By Richard Aboulafia

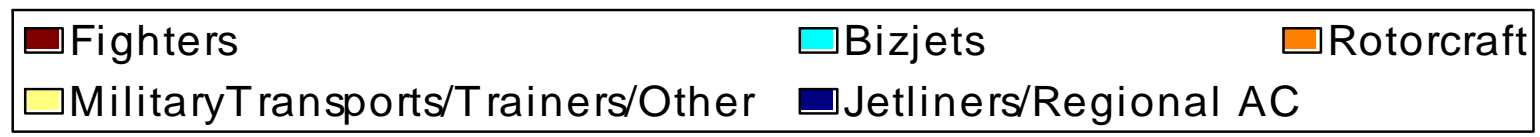
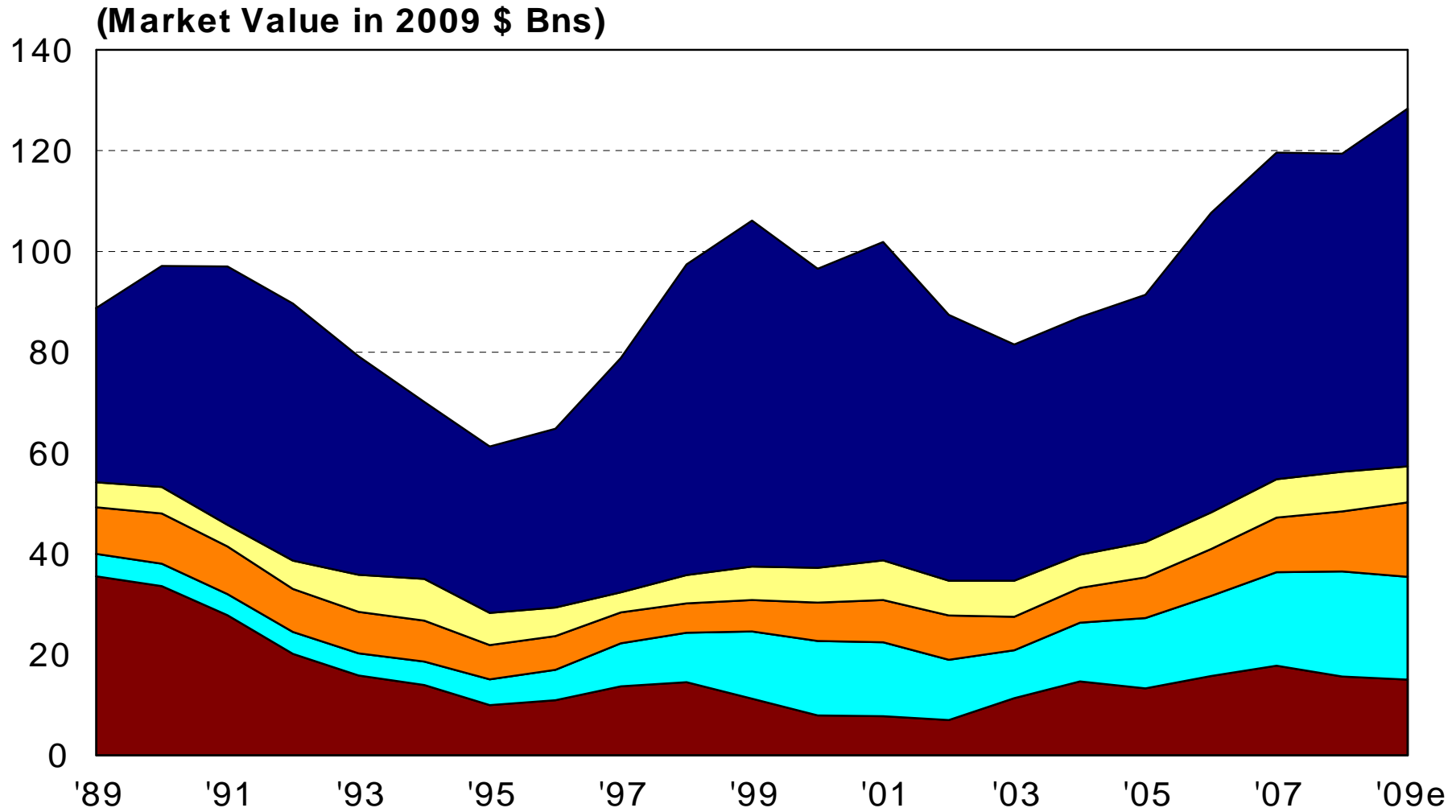
Vice President, Analysis

Teal Group Corporation

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March 2009

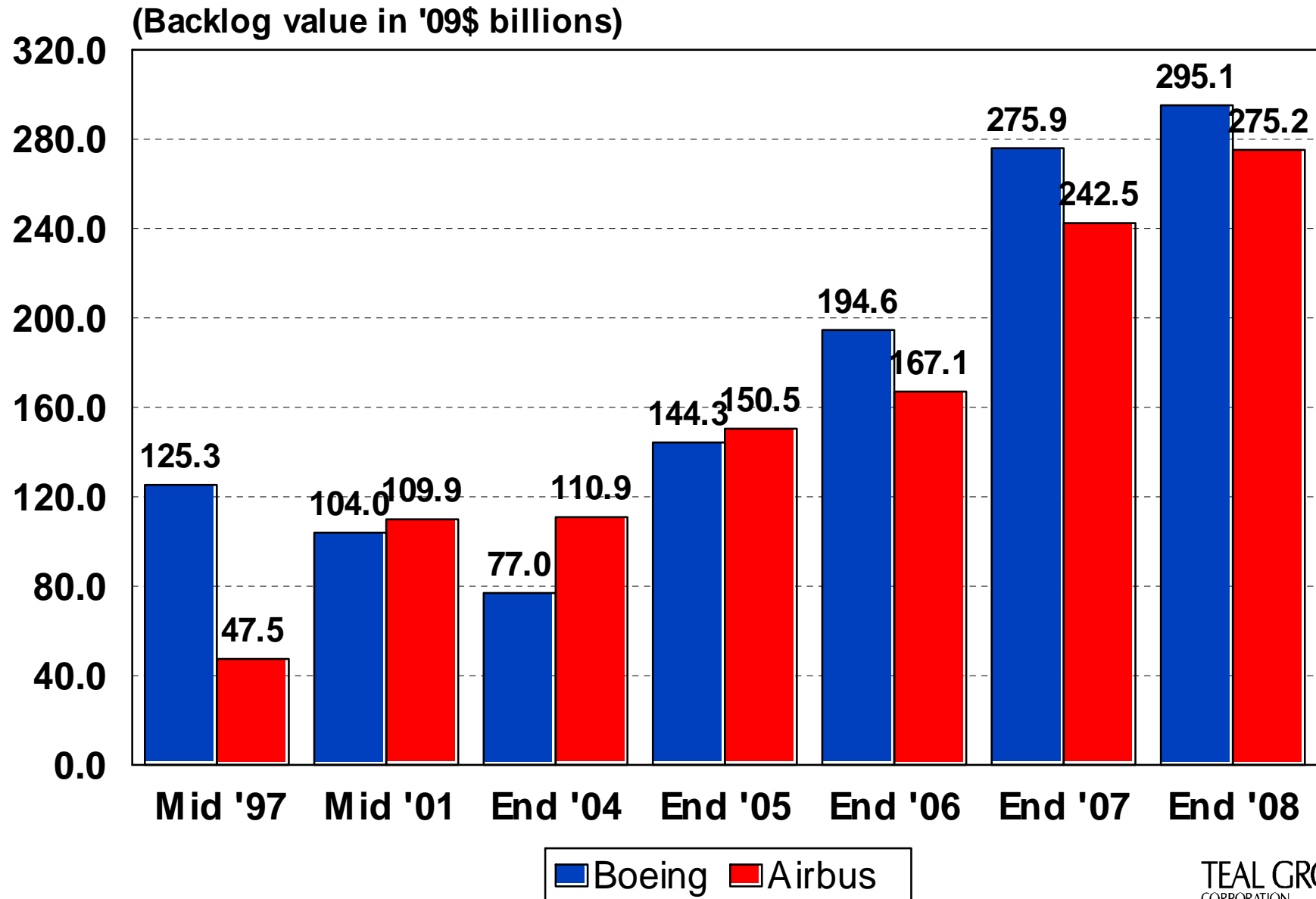
Aviation Markets: The Past 20 Years



What We Did During The Great Boom

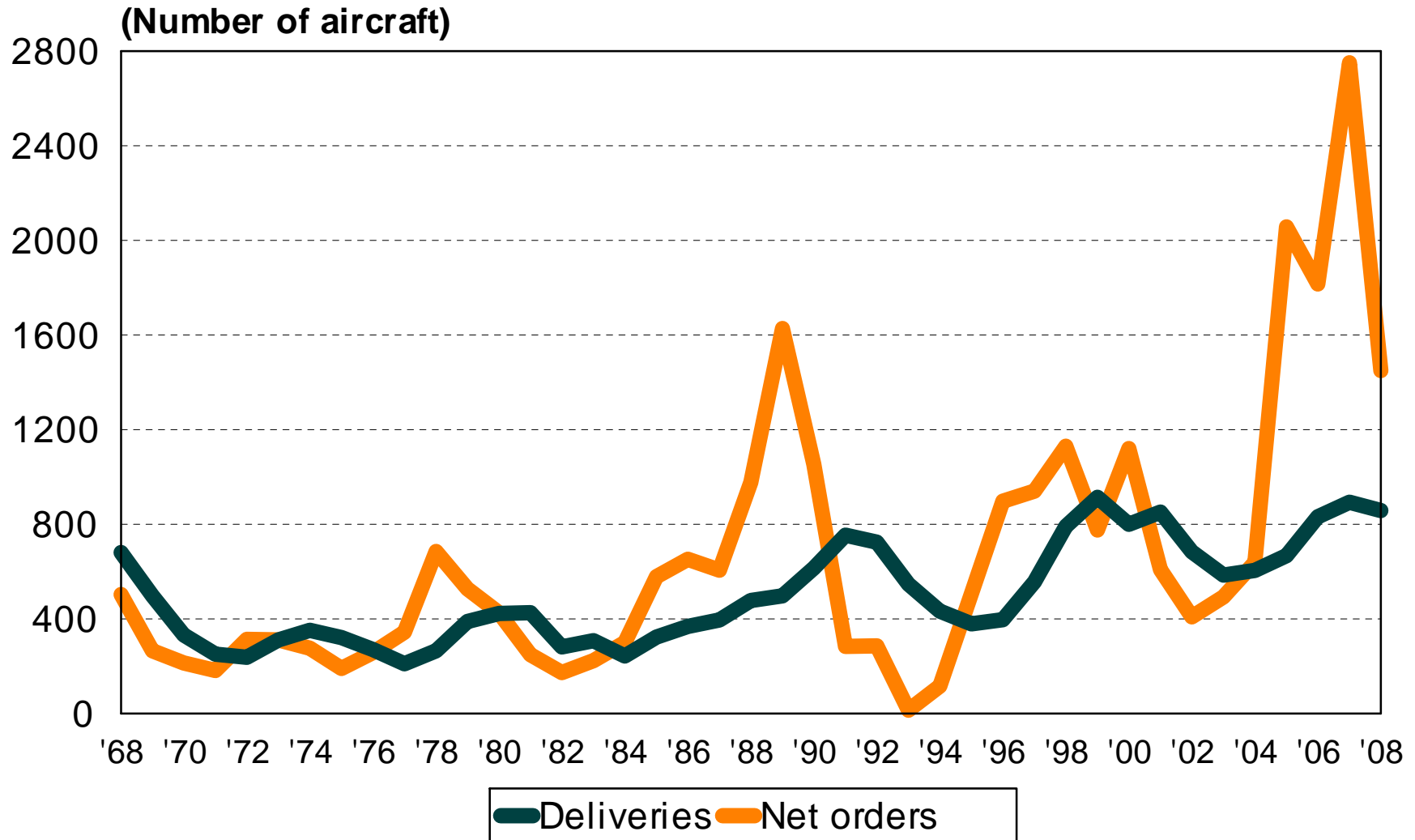
<u>Market</u>	<u>CAGR</u> <u>'03-08</u>	<u>Outlook/Notes</u>
Jetliners	6.8%	Airbus 9.1%, Boeing 4.5%; BA and market would be higher w/o strike
Business AC	17.1%	Market quadrupled '95-'08; will fall first and fastest
Regionals	2%	Anemic. RJs Shrank, props grew
Civil Rotorcraft	14%	Best growth in decades; perhaps ever
Military Rotorcraft	11.5%	Strong US mil. Supplementals. Total rotorcraft: 12.3%
Fighters	6.6%	Big force structure problems
Mil. Trans.	4.3%	Relatively low priority given the mission
Total	7.9%	Best growth in decades.

Comparative Backlog Values



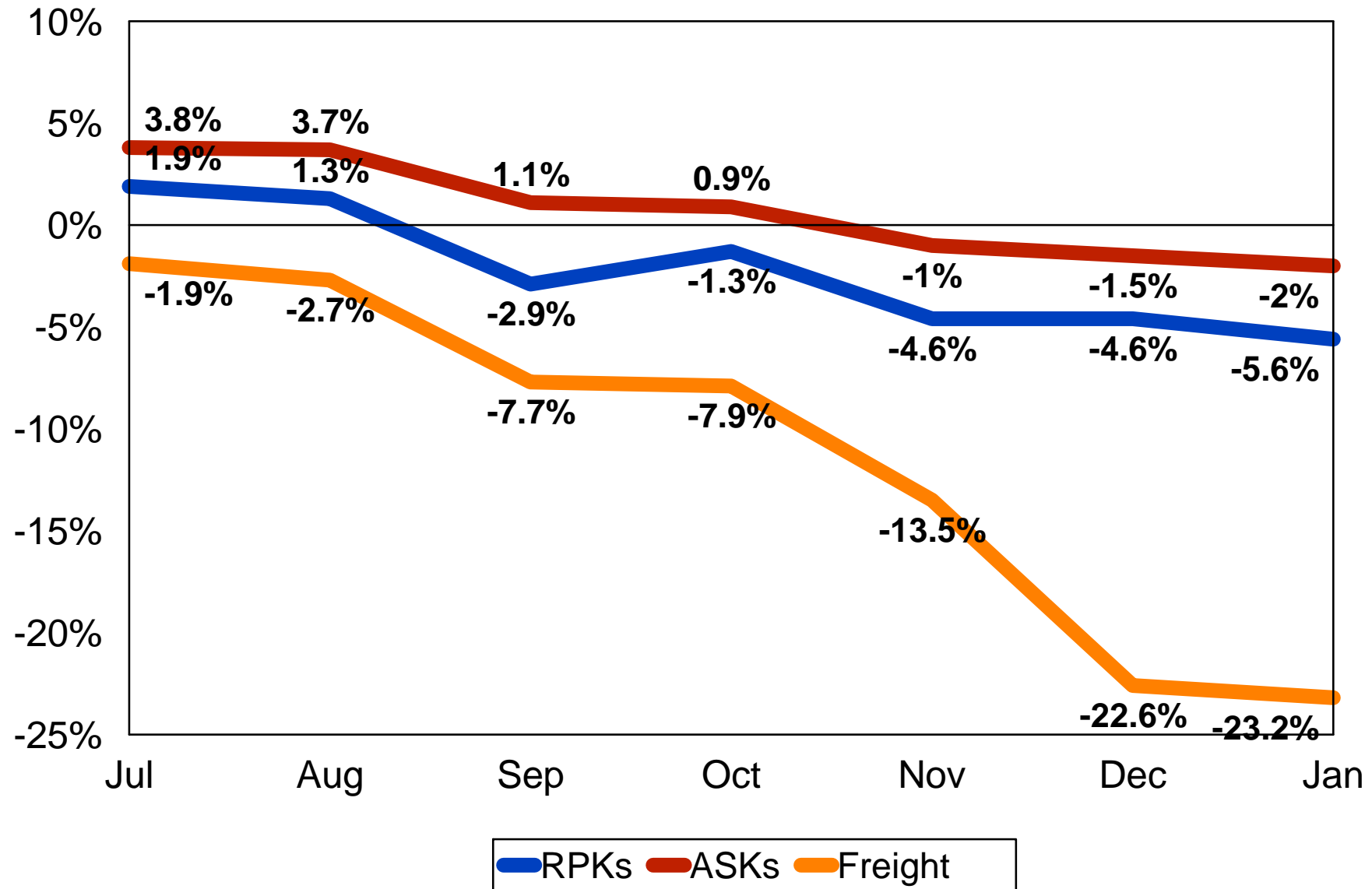
Historical Jetliner Orders And Deliveries

Great Book-To-Bill, But So What?



All Airbus and Boeing aircraft

Y/Y Traffic Still Falling



Source: IATA

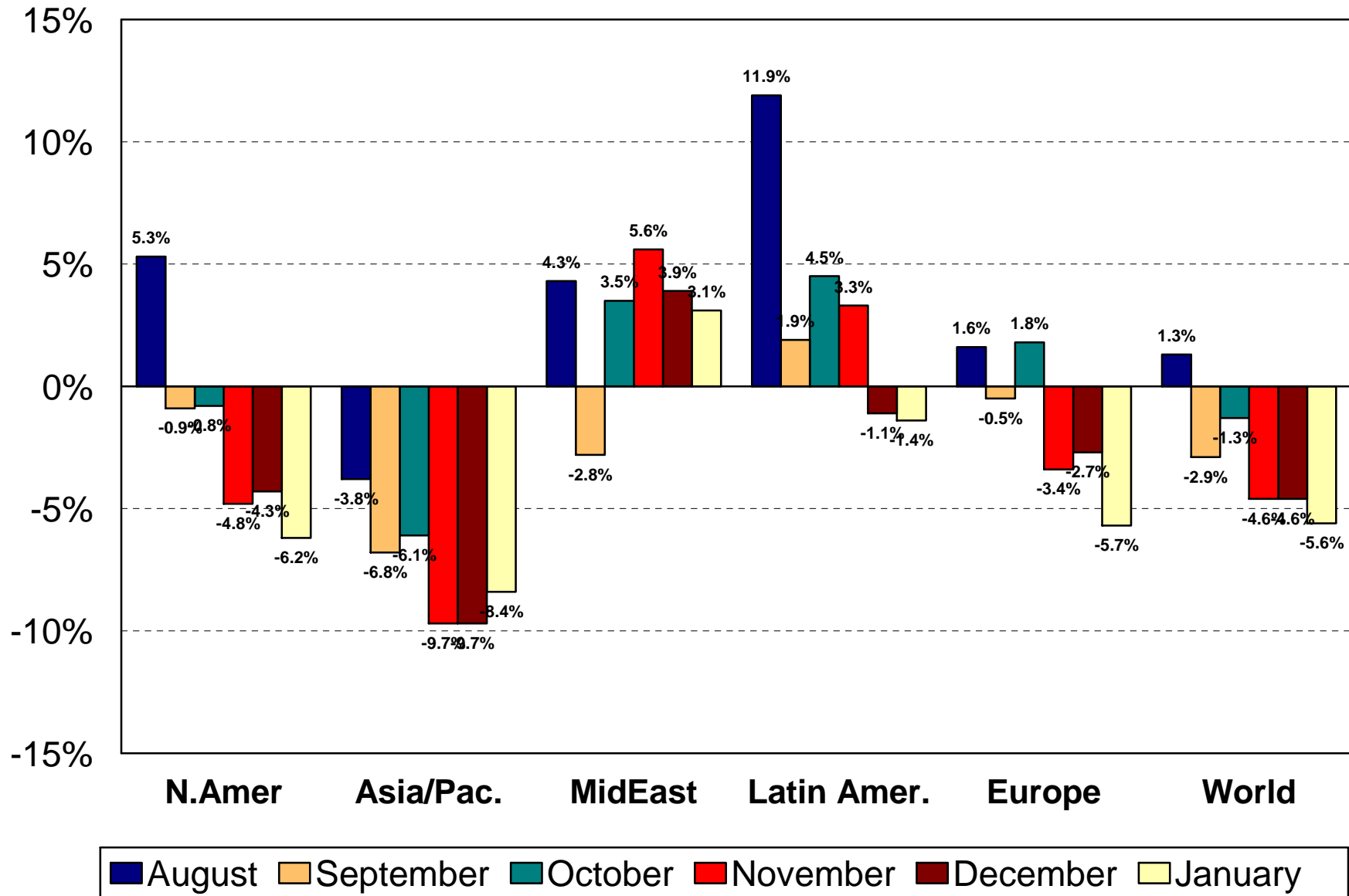
Four Expensive Words: It's Different This Time

- No safe havens.
- Very high volatility in ALL markets (equities, capital, oil, etc.).
- Exogenous yet non-violent shock.
- More than one popped bubble.
- Many “too big to fail” players.
- Clogged credit market—credit cheap, supply broken.
- De-coupling didn't happen; coupling is worse.
- Feedback loop between Main St. and Wall St.
- Impossibly low global growth numbers.
- Popular threat to globalization, market economy.

It's Different This Time For Our Industry, Too

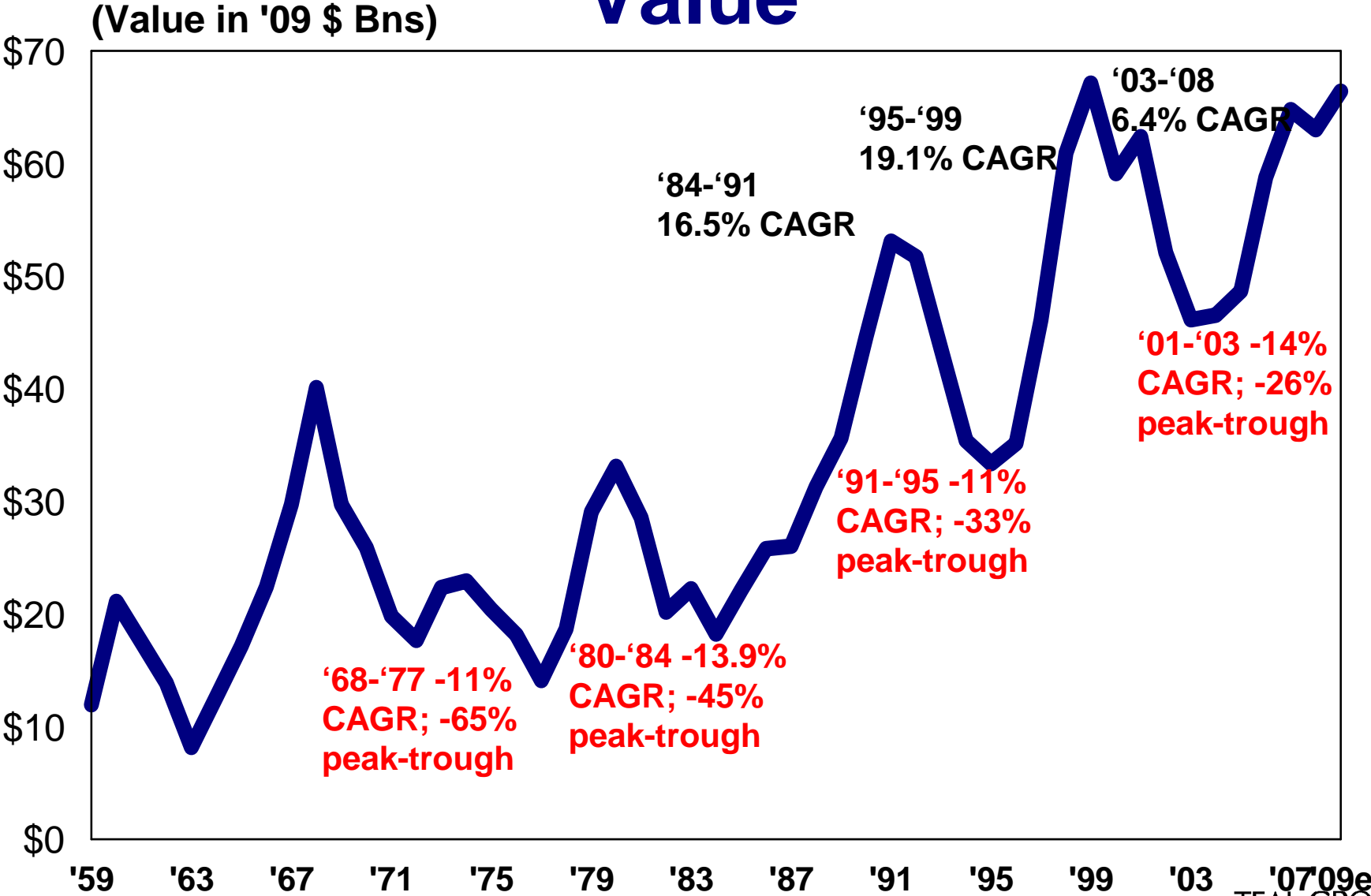
- **Traffic dropping faster than GDP.**
- **Little or no potential stimulant from LCCs, de-regulation/privatization and BRIC.**
- **Premium traffic and cargo dropping faster than back of cabin.**

Y/Y Traffic Changes: No Safe Havens

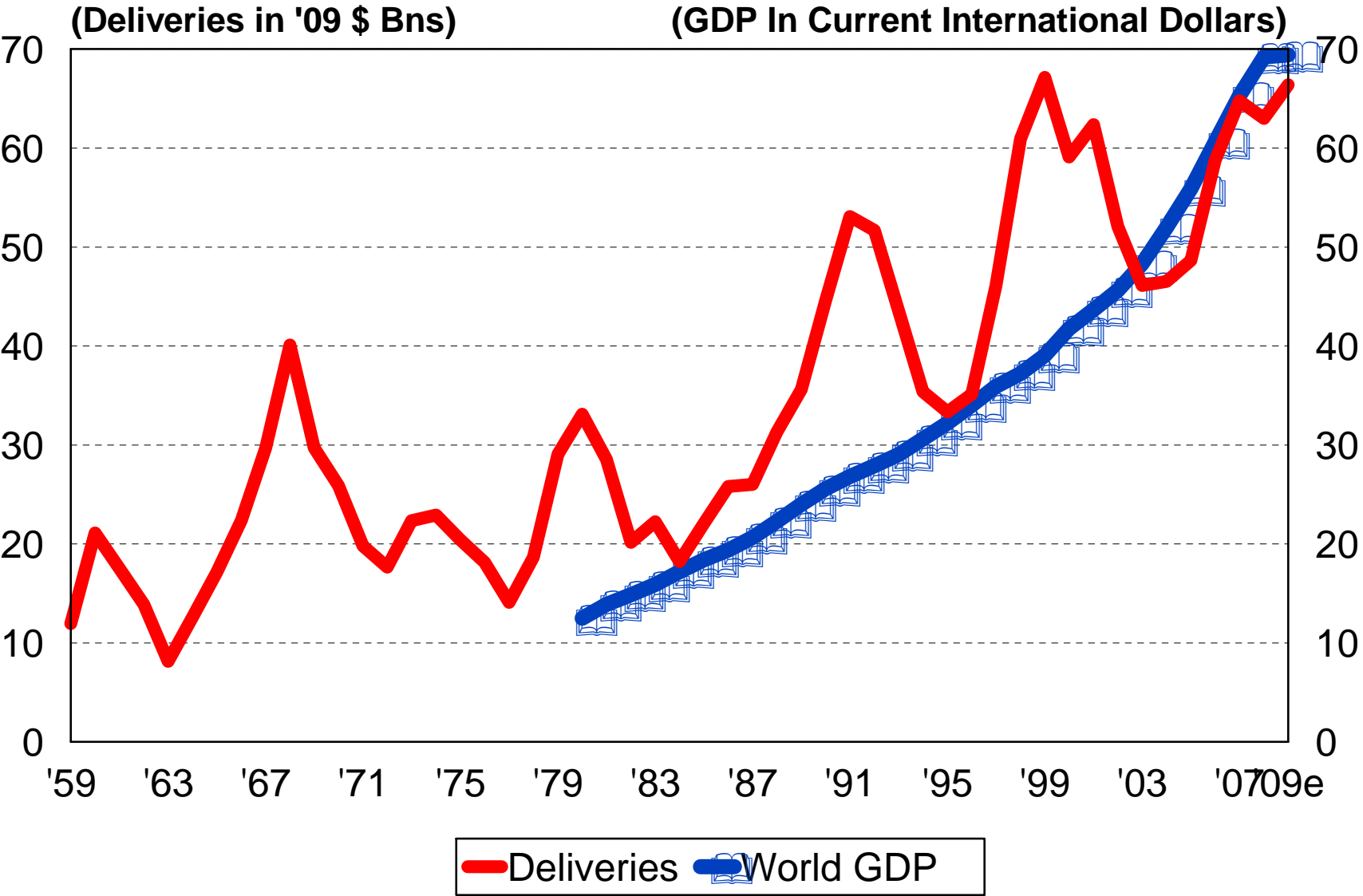


Source: IATA

Commercial Transport Deliveries By Value



Transport Deliveries And World GDP



Source: IMF, Teal Group research



Commercial Jetliners History And Forecast

Record Numbers, But Still A Cyclical Market

