

# **NBAA 2013 Market Update**

**October 2013**

**Honeywell**

# Forward Looking Statements

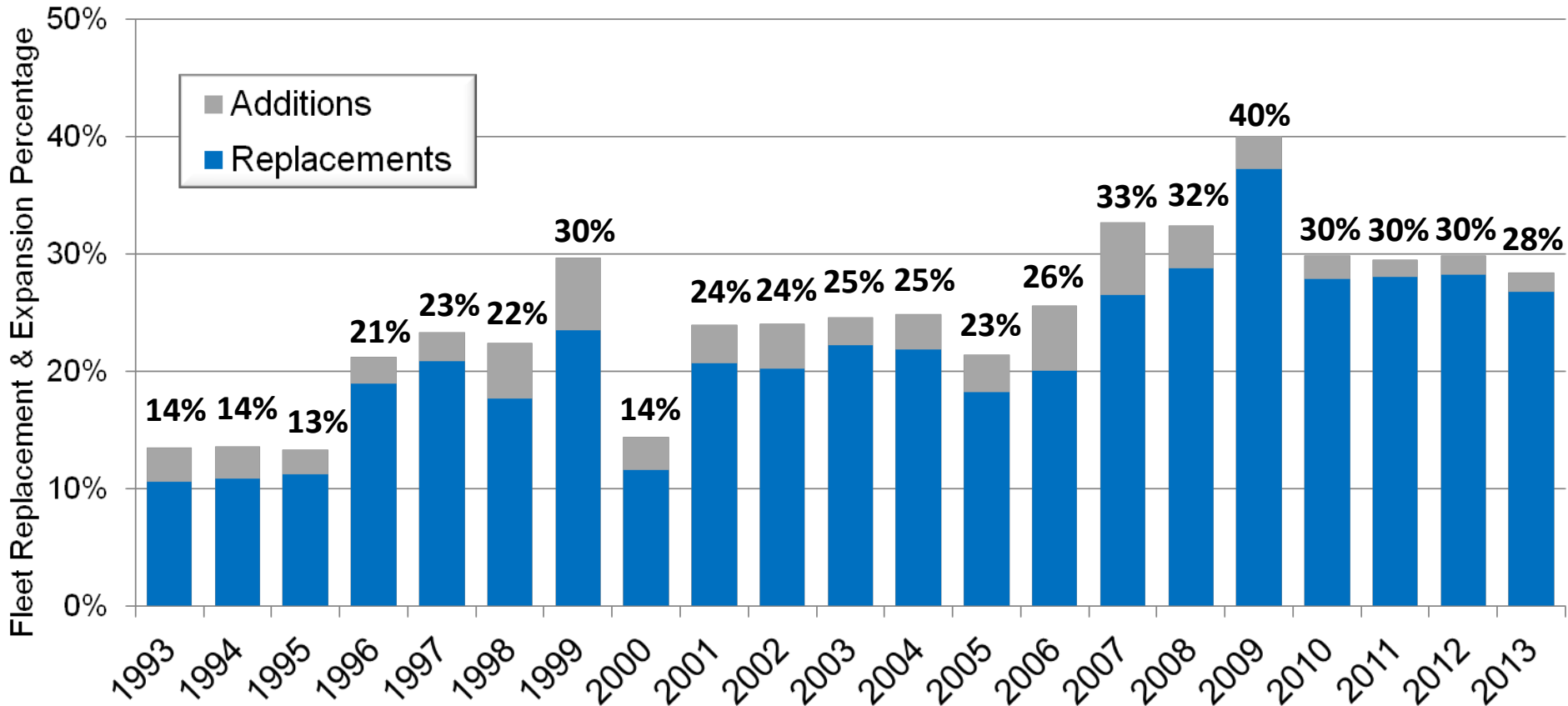
*This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements are based on management’s assumptions and assessments in light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. We identify the principal risks and uncertainties that affect our performance in our Form 10-K and other filings with the Securities and Exchange Commission.*

# 2013 Business Aviation Outlook

- **27<sup>th</sup> Year Of Survey, 22<sup>nd</sup> Public Report Release**
- **1,500 Corporate Flight Departments From Around The World, Operating Nearly 3,000 Business Aircraft**
  - Aircraft Manufacturers And Other Sources
- **Five-year Purchase Plans At +28% vs. 30% In 2012**
  - In Line With Pre-recession Levels
- **North America Demand Gains Share**
- **Modest Delivery Growth In 2014-2015**
  - Current Development Programs Boost Outlook In 2014 And Beyond
- **Long-term Outlook: Moderate Recovery**
  - Up To 9,250 Aircraft Worth Nearly \$260B Projected From 2013-2023

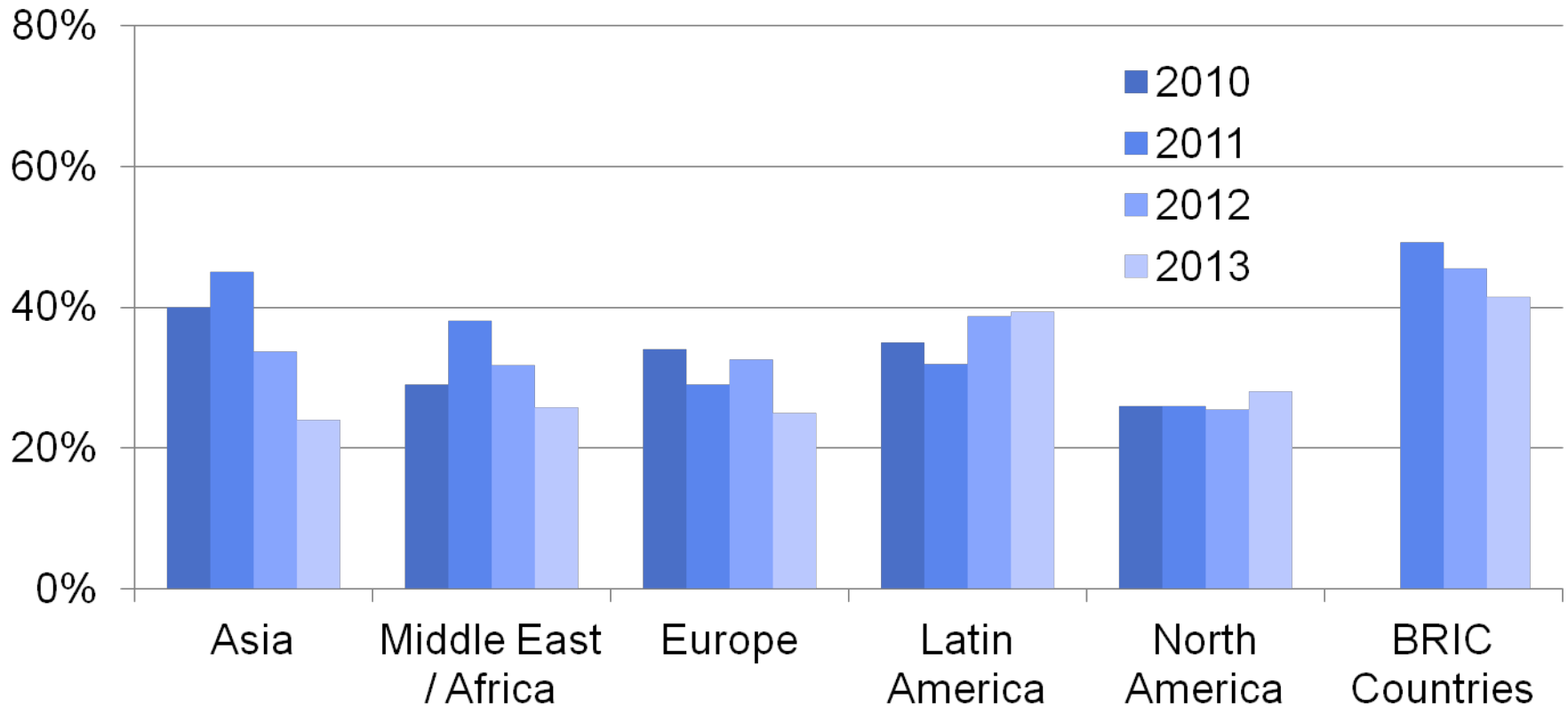


# Five Year Purchase Plans For New Jets



*2013 Purchase Plans Vary Less Than 2 Points At 28% Operators Remain Cautious About Slow Recovery, Uncertainties*

# Purchase Expectations By Region

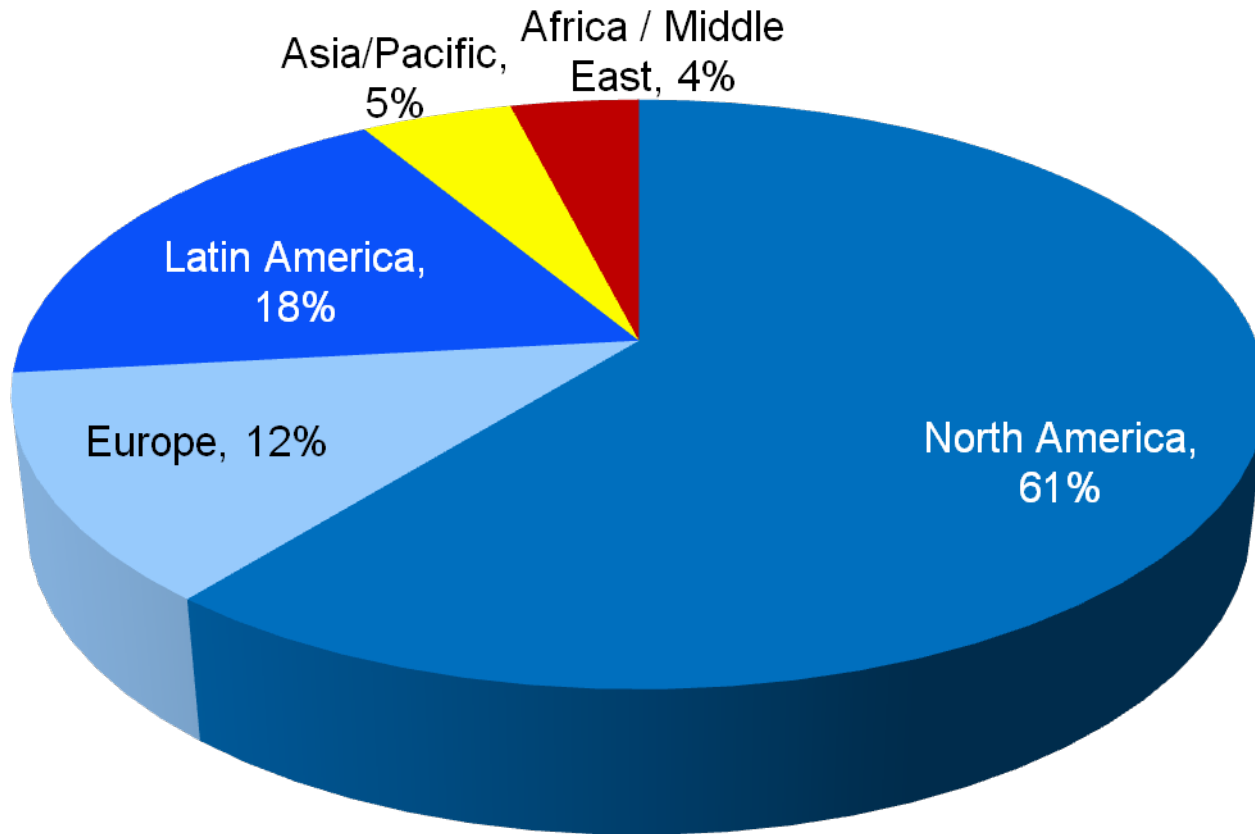


*BRIC Countries Purchase Plans Still World's Highest  
The Americas Offset Softness In Europe, APAC & AME*

# Regional Demand For New Jets In The Next 5 Years

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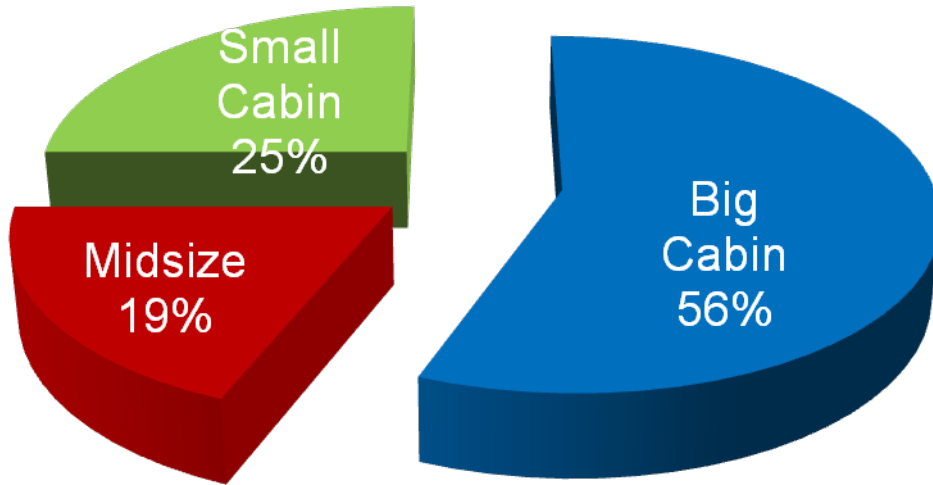
## Traditional Corporate & Charter Operator Base



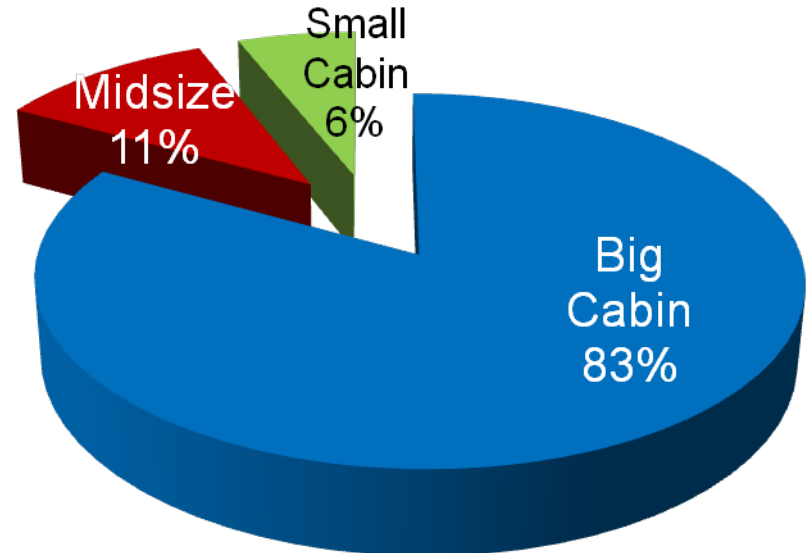
*International Share Of Demand 39%  
BRIC Accounts For 30% Of International Share –  
Or 11% Of World Demand*

# New Jet Purchase Plans By Aircraft Class

## Units



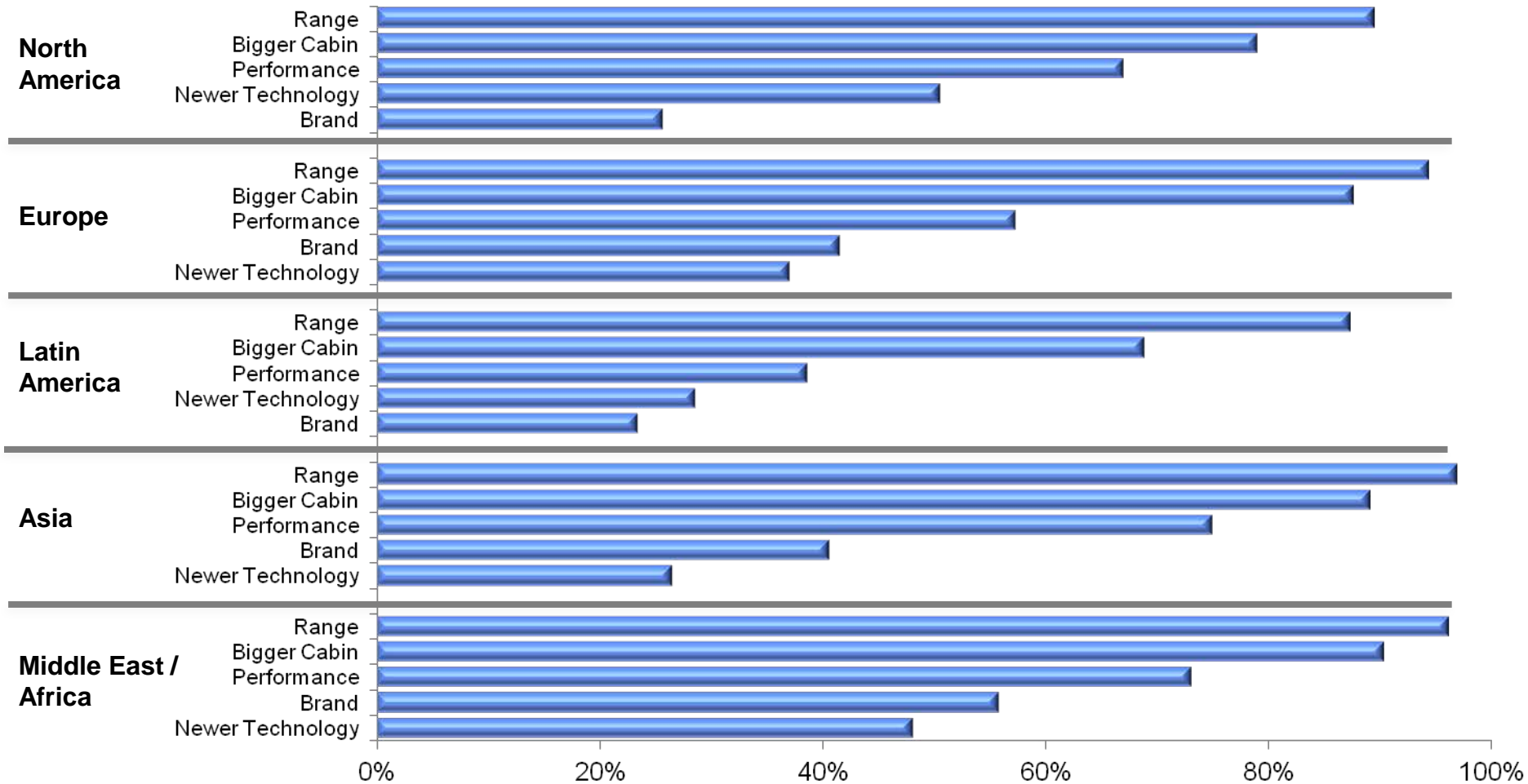
## 2013 Dollars



**Big Cabin = Super Midsize Thru Business Liner Classes**  
**Mid Cabin = Light Medium Thru Medium Classes**  
**Small Cabin = Personal Jets, Very Light, Light Classes**

*Big Cabin Jets Account For 56% Of Unit And 83% Of Dollar Value Purchase Intentions*

# Top Reasons For New Jet Model Choice – 2013 Survey Honeywell



*Range Leads In All Regions – Even Stronger Scores Than 2012  
Cabin And Technology Level Also Important Model Choice Factors*



# Business Aviation Around The World – North America **Honeywell**

- **Today – 66% Of World Fleet – Worlds Largest Fleet**
- **Average Age Of Business Jets – Around 17 Years**
- **<2% Annual Fleet Growth Over The Last 5 Years**
- **Most Balanced Preference For Various Business Jet Types**
  - Large Cabin / Long Range Jets ~50% Of Units, 77% Of Value
  - Small Cabin At ~29%, Largest Share Of Any Region
- **Most Business Aviation Airfields Of Any Region**
- **Expected To Comprise Up To 61% Of Global Demand Over Next 5 Years – Worlds Largest Market (Share May Fall Back Over The Next Few Years If Strong Global Economic Rebound Materializes And Other Regions Experience Forecast Improvement)**
- **Purchase Expectations Up 3 points To 20%**



# Business Aviation Around The World – Europe

- **Today – Just Over 14% Of World Fleet**
- **Average Age Of Business Jets – Just Under 11 Years**
- **5+% Annual Fleet Growth Over The Last 5 Years**
  - Growth Has Slowed Near Term And Is Projected To Slow Further, Fleet Outmigration To Other Regions Offsets Inflow Of New Aircraft
- **Balanced Preference For Various Business Jet Types**
  - Large Cabin / Long Range Jets ~68% Of Units, 90% Of Value
- **Expected To Comprise 12% Of Global Demand Over Next 5 Years**
- **Purchase Expectations Down 8 Points To 25%**
  - Weak Forecast Response Rate In Russia



# Business Aviation Around The World – Latin America **Honeywell**

- **Today – 12% Of World Fleet**
- **Average Age Of Business Jets – ~17 Years**
- **12% Annual Fleet Growth Over The Last 5 Years**
- **More Balanced Preference For Various Business Jet Types – 52% Big Cabin, 81% Of Value**
  - Small Cabin Preference At 26% For Units – Second Largest Regional Share Behind North America
- **Expected To Comprise 18% Of Global Demand Over Next 5 Years**
- **Hotspot – Brazil: High Purchase Plans (#1 Globally), Significant Installed Base**
- **Purchase Expectations Held Steady At 39% – Highest Level Of Any Region**





# Business Aviation Around The World – Asia

- **Today – About 4.5% Of World Fleet**
- **Average Age Of Business Jets – ~11 Years**
- **12% Annual Fleet Growth Over The Last 5 Years**
- **Preference Medium And Large Cabin Business Jet Models**
  - Large Cabin / Long Range Jets ~77+% Of Units, 92% Of Value
  - Range Demands Are Obvious, Shorter Range Applications Emerge As Large Domestic Economies Mature In Region
- **Expected To Comprise 5% Of Global Demand Over Next 5 Years**
- **Hotspots – China: Many First Time Buyers, High Wealth Creation, Global Business Growth**
  - Issues – Airspace Liberalization, Tax & Duties, Airfield & Ramp Side Infrastructure
  - Slower Near Term Growth In India, China
- **Purchase Expectations Dropped 10 Points To 24%**



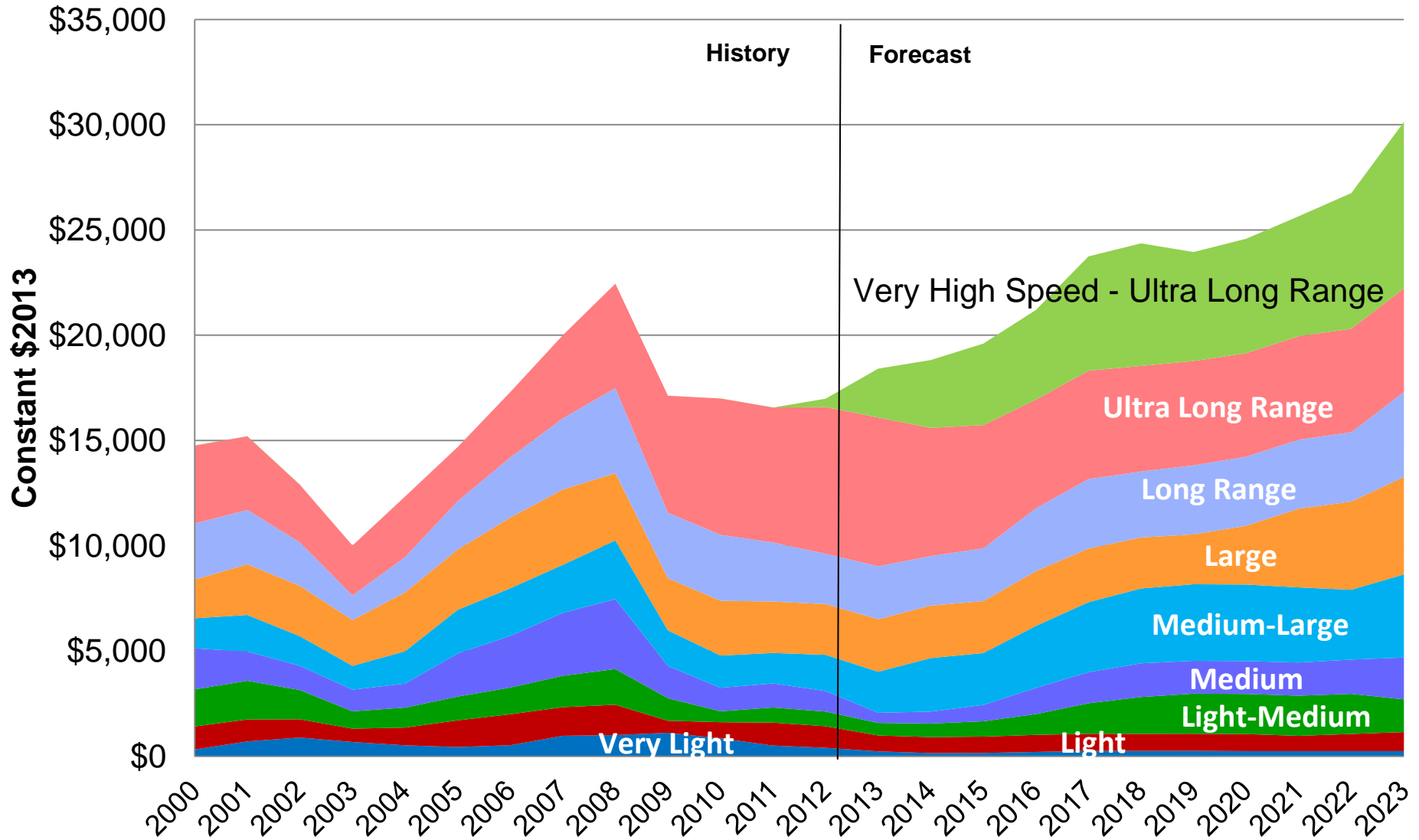
# Business Aviation Around The World – Middle East /Africa

Honeywell

- **Today – 3% To 4% Of World Fleet**
- **Average Age Of Business Jets – Just Over 15 Years**
- **7+% Annual Fleet Growth Over The Last 5 Years**
  - Fleet Growth Project To Slow Slightly As Outmigration Of Aircraft From Region Has Occurred Recently
- **Strong Preference Of Large Cabin / Long Range Jets ~70% Of Units, 88% Of Value**
- **Expected To Contribute 4% Of Global Demand Over Next 5 Years**
- **Purchase Expectations Dropped 7 Points To 25%**

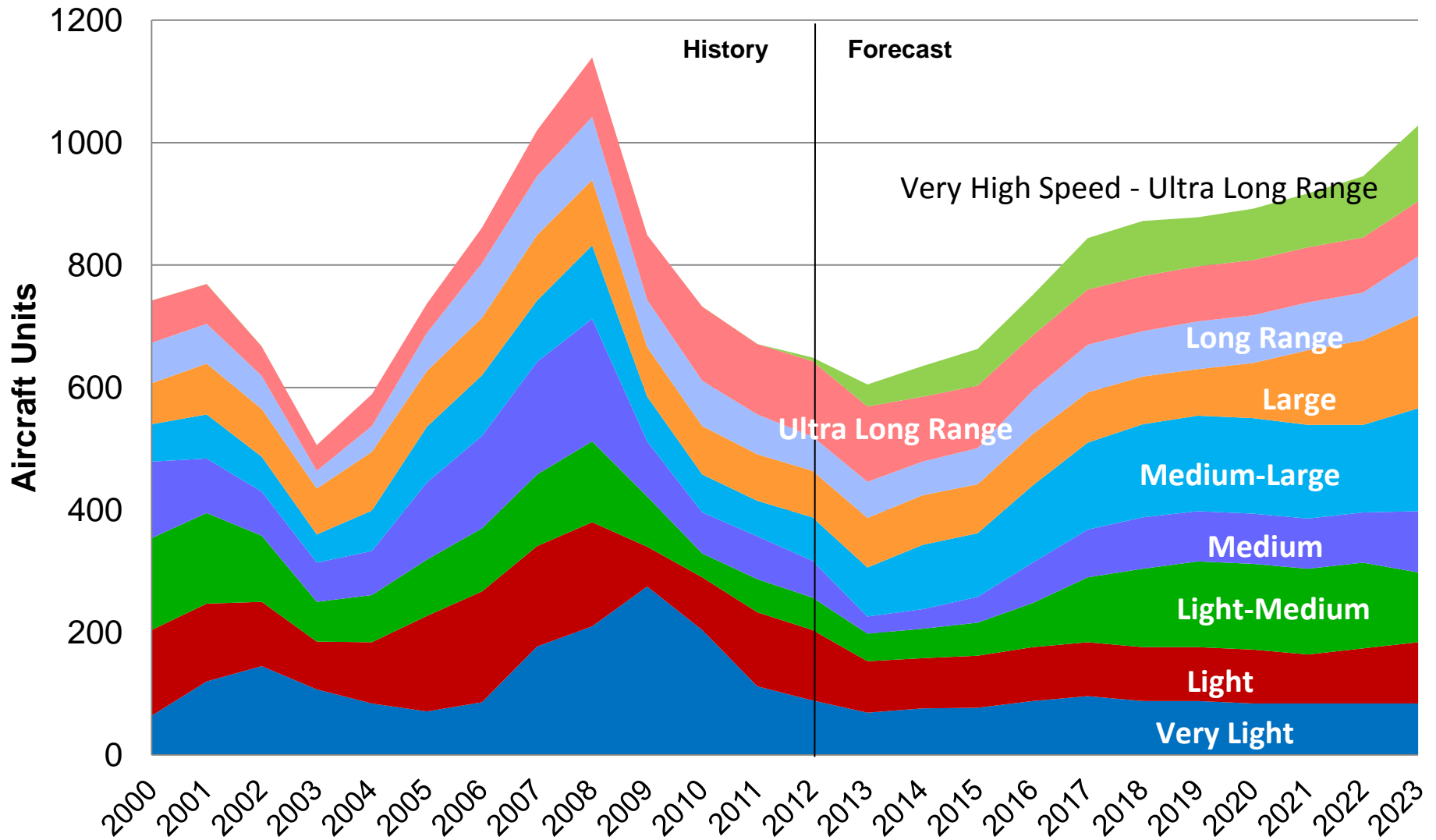


# Business Jet Forecast – Delivery Value



*Nearly \$260B From 2013 – 2023*

# 2013 Business Jet Delivery Forecast In Units Honeywell



*~9,250 Aircraft From 2013 - 2023*

# NBAA 2013 Outlook – Summary

- **2014 Will Post Modest Growth**

- Less Volatility In OEM Rates – Recently Improved Order Levels, And New Program Schedule Recovery
- Large Cabin Class Aircraft Still Faring Better

- **Operator Survey Signals Steady Purchasing Activity In 2013-14**

- Economic Growth Expectations Are Improved – But Uncertainties In The U.S. And Elsewhere Pose A Risk
- International Share Of Demand Slipped Due To Topical Concerns
- Emerging Economies Still Have Highest Purchase Plans
- 2013 Deliveries Down – Supply Side Constraints Drive Softness; Value Of Deliveries Up ~8% In '13
- Modest Recovery In New Aircraft Deliveries In 2014 – Continued Value Of Deliveries Growth Thru 2018

- **Pipeline Of New Models Still Important For Longer Term Growth**

- **Modest Signs Of Recovery In Fleet Utilization**

- U.S. Flight Activity Growth Slightly Positive, European Total Activity Still Down, But Decline Slowing
- International Flight Growth Positive In Both Regions And Above Domestic Rates
- Late Model Used Jet Inventory Has Crept Up Slightly YTD, Overall Used Inventory Has Stabilized

*Operator Survey Supports New Jet Demand Growth In 2014-15  
Operational Levels Turning Positive, Slow Recovery In Mid Term*