MONOCLE – AERSALE INITIAL BUSINESS COMBINATION
REVISED TRANSACTION ANNOUNCEMENT SCRIPT
SEPTEMBER 2020

Operator:

Good morning everyone and thank you for participating in today's conference call to discuss the revised merger agreement between Monocle Acquisition Corporation and AerSale Corp. An investor presentation is accompanying today's call. Those of you who are participating in the call through the webcast can download this presentation by clicking on the presentation materials widget on your screen; those of you who are dialed in can access the slides at the link provided in today's news release.

On behalf of the Company, I would like to read the Safe Harbor Statement within the meaning of the Private Securities Litigation Reform Act of 1995 that provides important cautions regarding forward-looking statements. Please review the important notices and disclaimers found on Slide 2 of the investor presentation. Today's presentation is for informational purposes only and does not constitute an offer to sell, a solicitation of an offer to buy or a recommendation to purchase any securities of Monocle, Monocle Holdings Inc. or AerSale Corp. Monocle Holdings Inc. intends to file Amendment No. 2 to its previously filed Registration Statement on Form S-4 in order to reflect the revised merger agreement. Investors are urged to read that document in full, when available.

The investor presentation has been prepared to assist interested parties in making their own evaluation of the proposed business combination and for no other purpose. The information contained herein does not purport to be all-inclusive. The presentation includes non-GAAP financial measures such as Adjusted Revenue, Pro Forma Adjusted Revenue, Adjusted EBITDA and Pro Forma Adjusted EBITDA. Non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other GAAP measure of liquidity or financial performance.

I would like to remind everyone that this call will be available for replay starting at 12:30 PM Eastern Time today via the link provided in today's press release. Now, I would like to turn the call over to Eric Zahler, President and Chief Executive Officer of Monocle.

ZAHLER:

Good Morning, and thank you for participating in this call to discuss the revised terms of the business combination between AerSale and Monocle. My name is Eric Zahler, and I am the President and CEO of Monocle. With me this morning are:

- Nicolas Finazzo (Chairman and CEO of AerSale); and
- Martin Garmendia (AerSale CFO).

COVID-19 has affected many companies, some more so than others. AerSale has weathered the current environment in a sound manner given its resilient business model, flexible cost structure, pristine balance sheet and access to liquidity. Also, AerSale benefits from a diverse customer base across market segments – not just the passenger aviation market, **but also** the e-commerce, cargo, and government segments. During this period, the Company focused on both efficiency and innovation; its proprietary products within its Engineered Solutions segment address critical health and safety mandates, which we believe will be an area of increasing focus and growth in both the COVID and post-COVID environment.

The dislocation in the passenger aviation market presents a unique opportunity. AerSale is "purpose-built" to take advantage of this opportunity. AerSale entered 2020 in a net cash position. At June 30th, AerSale was debt free, had ~ $37 million of cash on its balance sheet and an undrawn revolver of $110 million. The business combination between AerSale and Monocle will accelerate AerSale's capacity to harvest the opportunities in front of it.

AerSale management, Leonard Green & Partners and Monocle are pleased to announce the revised terms of our business combination.

(1) First, and foremost, the revised proposal creates a structure that best positions AerSale to succeed in the current environment: a strong capital foundation that maximizes liquidity. We expect that as a result of this transaction, at the closing, AerSale will add approximately $100 million to its balance sheet and remain debt free;

(2) Second, the valuation is particularly attractive in the public capital markets; and

(3) Third, there is a strong alignment of interests among Monocle, Leonard Green, AerSale management and our existing and new shareholders. Leonard Green and the AerSale founders are rolling over the vast majority of their stock, and their continued support of AerSale is an important element to this transaction.

Monocle is more excited about the AerSale opportunity today than when we signed the merger agreement in December 2019.

Turning to **Slide 8:**

Under the terms of this agreement, the transaction will be funded by a combination of Monocle cash held in Trust and Monocle common stock issued to existing AerSale shareholders. Significantly, no debt is required to close the transaction.

- AerSale will receive the first $50 million of cash proceeds from the Trust.
- Proceeds in excess of $50 million will be distributed, 60% to selling AerSale shareholders and 40% to AerSale's balance sheet.

- The transaction contemplates an equity market capitalization of ~ $425 million, and an implied proforma enterprise valuation of ~ 5.5x 2021 forecasted Adjusted EBITDA, a substantial discount to AerSale's public peers.

We anticipate significant liquidity available to AerSale at the close. This will allow AerSale to take advantage of market conditions and provides a solid foundation to accelerate its growth strategy.

We expect to close the business combination by mid-October.

Slide 9 provides an overview of the AerSale business. Nick will provide a more detailed discussion of the company shortly. While there are a number of companies that provide some of the products and services that AerSale provides, Monocle was attracted to the unique AerSale business model that fully integrates the broad scope of its products and services to provide a competitive advantage. This unique business model is one of the key factors that will permit AerSale to take advantage of the current market dislocation in the commercial aftermarket. The nature of this integrated offering is highlighted in the box in the center of **Slide 9.**

Martin will discuss financial performance in detail later, but as you can see, we expect the downturn in 2020 revenue to begin recovering in 2021, as the commercial aviation market continues its recovery. We and AerSale management believe the trough for commercial aviation was in the 2nd quarter of 2020.

Turning to **Slide 10**, you'll see why we believe AerSale represents the best public company opportunity to play the recovery in the commercial aviation market. It gives investors the opportunity to:

- "Buy-in" at the trough in the market;
- Invest in a company with more than enough capital to take advantage of the unparalleled market opportunity;

- Invest alongside a highly experienced management team that has an established track record of being good capital allocators; and
- Invest in a transaction that strongly aligns the interests of all parties.

And now, Nick will provide an overview of the company's business activities beginning on **Slide 12**.

FINAZZO:

Thanks Eric.

Slide 12

Bob Nichols and I have experienced this market dynamic before. This is a great time to invest in the aerospace sector, and in particular – the aftermarket, where we have been doing business for decades. Based on our experience, we believe we're at or at least near the trough. For us, this transaction is a perfect layup for this market. We will close with a strong balance sheet, one that is unlevered with dry powder. The deal with Monocle gives us even further access to capital in the future, and we will continue to be prudent capital allocators. We feel so strongly about this opportunity that Bob and I are rolling over 100% of our equity. I would note too, that Bob and I are also investing additional personal capital into the business in this deal.

We founded AerSale over a decade ago, and our mission was to create a fully integrated aftermarket aviation company that could extract value out of mid-life aircraft and their subcomponents. We're not newbies to this sector, having been in the industry for over three decades, and have worked together at four different companies that are relevant to what we do here at AerSale today. Specifically, we co-founded our last company AeroTurbine, focused primarily on aircraft engines, which we sold and merged into aircraft leasing company AerCap in 2006.

Having learned from our very successful AeroTurbine venture, we knew that to gain a competitive edge in the aftermarket, we would need to perform a number of functions in an integrated fashion that would be complimentary to each business unit. To accomplish this, we created two main operating units: Asset Management Solutions and TechOps (technical operations).

Throughout this presentation, you will hear me frequently mention USM, which is an industry acronym for used serviceable material (aircraft parts). In our Asset Management Solutions group, we supply USM parts, whole aircraft and engines to the marketplace, including hybrid power-by-the-hour highly customized leases of aircraft that garner above-market lease rates. At the end of their leases, these aircraft will become the feedstock for our USM parts business, providing the final revenue stream in our value-extraction methodology.

Throughout this presentation you will also frequently hear me refer to MRO, which is an industry acronym for maintenance, repair and overhaul. Our TechOps group is consists of MRO services and Engineered Solutions. We perform heavy maintenance and passenger-to-cargo conversions on aircraft at our two MRO facilities in Goodyear, AZ and Roswell, NM. In addition, we overhaul landing gear, components and aero structures at our facilities in Rio Rancho, NM, Memphis, TN and Miami, FL. Besides repairing flight equipment, we develop highly specialized products at our Engineered Solutions segment that comply with regulatory mandates and/or enhance the safety of commercial aircraft. I will discuss more about our Engineered Solutions segment in Slide 20.

Because AerSale uniquely performs all of these functions, our customers view us as a one-stop-shop to satisfy their needs, which in turn enables us to cross-sell, achieve higher margins than our competitors, and provide enhanced value to our customers. It has taken us 10 years to build these capabilities, and through constant innovation in our value extraction model, we continue to lead the pack.

Slide 13

Turning to slide 13, the graphs on this page show that the aviation industry has fallen into a deep trough as a result of the coronavirus.

The depth of this trough is much greater than anyone could have anticipated. For AerSale, this trough represents the buying opportunity for mid-technology aircraft that feed our Asset Management Solutions business. We have been waiting a decade for such a downturn, since the financial crisis of 2008.

AerSale is extremely well positioned to profit from the rocketing increase in stored aircraft, with over 500 mostly mid-technology aircraft stored at our facilities in Roswell and Goodyear, and more coming. This anomaly has placed the "mid-life aircraft supermarket in our backyard." Buying aircraft located in Goodyear and Roswell provides us a significant competitive edge, lowering our acquisition, transition, and logistics costs, and decreasing our time-to-market.

Slide 14

Turning to slide 14, these two graphs reflect the "once-in-a-lifetime opportunity" to acquire a substantial amount of attractively priced inventory to feed our multi-dimensional value extraction machine.

The top graph shows that for the first time in over three decades, the number of retirements will significantly exceed the number of new aircraft deliveries. What this means to AerSale is an unprecedented sizable acquisition pipeline.

The chart on the bottom of the page puts this in perspective. The aircraft in the gray-shaded box are mostly mid-technology aircraft across all platforms that AerSale seeks to buy. We estimate our buying opportunity to be in excess of $20 billion dollars. With just a 2% success rate in bidding on this equipment, we can easily achieve the financial targets we have set forth in this presentation. Our historical "win rate" has been approximately 12%. As a result, we expect to be even more demanding and disciplined in our bidding process, resulting in margins that exceed our historical 25% IRR. Throughout our history, AerSale has purchased ~ $1.3 billion of feedstock.

Slide 15

Turning to slide 15, we designed AerSale to make money in all cycles of the aviation industry, but to pounce on cyclical downturns, capitalizing on market dislocations.

The graph at the bottom of the page shows that in a cyclic aviation downturn we are buyers. The last trough for AerSale occurred just after we started the company during the financial market crisis of 2008/9. Within just two years, AerSale would acquire over $200 million in assets. As the industry recovers in a profitable airline environment, depicted as between 2011 and 2019, we monetized those assets. The coronavirus has caused the aviation industry to again fall into a deep trough, opening another investment window for AerSale.

Because of our diverse multi-dimensional value extraction model, our experience tells us exactly which aircraft and engines to purchase, and at what price, to extract maximum returns. This provides us with a disciplined level of conservatism to prosper under the most extreme economic conditions, and further enabling us to pick-and-chose which one-dimensional distressed businesses we can attractively acquire to complement our machine.

Finally, acquiring a substantial inventory of mid-technology aircraft in this downturn provides AerSale with low-cost USM to feed a cost-conscious distressed industry looking to reduce expenses wherever possible, and concurrently motivated to increase safety and the dispatch reliability of their flight equipment by purchasing our engineered solutions products.

Slide 16

Turning to slide 16, the charts on this page depict the enormous opportunity presented to AerSale by the changing pattern of commercial aircraft utilization. As passenger traffic has declined, the significant volume of cargo previously carried in the belly of these aircraft has had to find a new home provided by cargo and e-commerce air traffic. AerSale is addressing this opportunity by acquiring Flight Equipment to support this growing market and by ramping up its existing passenger-to-cargo conversion offerings. In addition, with the dramatic growth in the e-commerce market, AerSale is very well positioned and in active discussions with new customers to expand our freighter conversion capacity to multiple other narrow and wide body aircraft platforms.

Slide 17

The timing of this transaction, providing substantial additional liquidity, couldn't be better for AerSale to capitalize on this market dislocation.

Turning to each of our market sectors:

(1) USM. The quantity of USM that AerSale will acquire will stimulate demand over OEM new parts not solely because of the lower cost, but because of availability. During times of industry expansion, supply of USM is scarce and airlines become frustrated with their inability to meet demand, so they just buy new. AerSale intends to take advantage of the current environment where greater availability of USM at attractive prices will fuel demand by airline operators and lessors looking to reduce operating costs.

(2) Leasing. As airlines begin recovering, they will seek to avoid engine shop visits for as long as possible and will lease green-time engines until supply is no longer available. Again, the current environment will permit AerSale to acquire in-demand engines with substantial green time at attractive prices. AerSale has substantial experience in tailoring highly customized power-by-the-hour type engine leases. This results in greater customer satisfaction and higher margins than other one-

dimensional leasing companies who utilize only a conventional leasing methodology.

(3) MRO. It is no coincidence that we selected our heavy aircraft MRO facilities in dry desert climates. By developing MRO capacity in these locations, we knew that aircraft stored in our backyard would place us at a significant competitive advantage over our peers to acquire aircraft located there. Further, we knew that having substantial storage capacity would give us a steady stream of high margin revenue and an economic hedge during a trough.

(4) Ready to expand. Our extremely disciplined approach enables us to take advantage of this environment, and we will selectively gobble-up our less disciplined and financially strapped one-dimensional competitors.

(5) Financial strength. Our integrated multi-dimensional business model has facilitated our prosperity in every phase of the cyclic aviation market. Our unleveraged balance sheet and the additional liquidity provided by this transaction provides the firepower we need to avail ourselves of this tremendous opportunity. We are expert marksmen in this space, and others cannot replicate what we do solely by raising money.

Slide 18

Turning to slide 18, I should note that AerSale has experienced its greatest growth opportunities, immediately following economic downturns. The lower chart well illustrates this point, where following the last downturn we accelerated capital deployment between 2010 to 2012, amid surplus aircraft acquisitions in the wake of the great recession. As the industry recovered, demand for aircraft peaked, and countless aircraft retirements were postponed. As a result, mid-life aircraft values became significantly “overheated,” and

AerSale employed a disciplined purchasing policy to adhere to a minimum 25% gross margin on acquisitions. Nevertheless, we were able to grow, increasing both top and bottom-line numbers because of our diverse and integrated multichannel business structure.

Fast-forward to today and Covid-19 has dramatically turned the tables, with estimated aircraft retirements now standing at 4,000 aircraft through 2021. AerSale is currently tracking potential mid-life aircraft acquisitions valued in excess of $900mm. In recent months, we have tendered offers for aircraft acquisitions valued in excess of $300 million. This dramatic increase in surplus aircraft, many of which are younger 'in-production' variants, is fueling a never before seen opportunity to purchase significant volumes of the highest demand feedstock. From our experience in previous cycles, we expect to see a number of failures among non-integrated competitors with weak balance sheets, who have been loading up on mid-life assets in the overheated pre-COVID market. Again, adding even greater opportunity to acquire, increased market share, businesses, and talent.

Slide 19 highlights our mid-life aircraft focus.
Initially large fleets of new-technology aircraft are typically delivered to major airlines, and other well-funded operators. These young aircraft are in their "honeymoon" phase, requiring relatively little maintenance. However, as these same aircraft eventually reach their mid-life phase, at approximate 10 years of age, many major operators start replacing these **'now',** 'maintenance intensive' aircraft, with the latest new-technology platforms. Consequently, their displaced mid-life fleets are typically re-deployed among a much broader base of smaller operators. In general, these smaller and less well-funded operators rely much more heavily on 'the out-sourced' products and services that AerSale provides in a sector estimated to generate in excess $70 billion in revenues annually.

The diagram on **Slide 20** highlights the breadth of our integrated business units.

At the top of the chart, we have our TechOps aircraft facilities located Goodyear and Roswell through which we can:

- Return aircraft to service;
- Convert them to freighters;
- Or disassemble them for their engines and USM parts.

These facilities frequently re-certify serviceable engines removed from our aircraft, for re-sale, for lease back into the market, or for prospective use on our own aircraft.

Market intelligence provided by our Asset Management group ensures that "in demand" parts removed from our disassembled aircraft are prioritized for routing through our TechOps component MRO business units. This slide highlights the synergies between AerSale TechOps and AerSale Asset Management to not only identify which components are in demand, but also to identify the best levers for AerSale to realize the highest value and best use for every aircraft, engine and component we touch.

It is our holistic data access in combination with our multi-cycle industry experience that serves to confirm the optimal monetizing strategy for each portfolio asset, while mitigating risk of underperformance.

Slide 21 presents our Engineered Solutions offerings.
At present, we have developed AerSafe, a system that prevents the ignition of fuel vapors in aircraft fuel tanks. As aircraft are in transition, or being retrofitted, we believe we have a significant opportunity to add additional high margin AerSafe revenue to our bottom line for the foreseeable future. We have only one competitor for AerSafe.

Similarly, AerTrak has been developed to meet the needs of air traffic control to follow aircraft equipped with a GPS tracking device, rather than using radar. Transitioning aircraft will also require these devices.

Development of our AerSafe and AerTrak products have been fully expensed, and future sales will incur only minimal material and labor costs associated with sales. As such, we expect to maintain very high margins on our existing products.

Our greatest opportunity lies with AerAware, a wearable heads-up display that enables a pilot to see through adverse weather while viewing necessary flight instrumentation in his visor. We are developing this system for multiple aircraft platforms, and our first Company-owned aircraft fitted with AerAware, a 737NG, has just begun flight testing. This is an exciting development for AerSale, and we expect to receive final FAA certification for this offering before year-end. We have received initial interest from a potential launch customer, a major domestic airline, that could potentially install AerAware on 250 of its 737NGs.

Our forecast included in this presentation is very conservative with the commencement of nominal AerAware kits being sold in the second half of 2021. At present our AerAware product has only one competitor, and we believe our proven system is superior and significantly less expensive. Based on the airline interest we have received, we believe the total addressable market is over 16,000 aircraft, on multiple platforms, and the market opportunity for these three engineered solutions exceeds $10 billion dollars.

Turning to Slide 22.
Each of the capabilities and facilities we have added helps us extract greater value out of the flight equipment we acquire. Our heavy MRO capability at Goodyear and Roswell has grown to be a significant contributor to our bottom line, with almost no upfront investments.

Similarly, our Rio Rancho shop has been repurposed from an aerostructures facility to an FAA-approved landing gear overhaul shop. At the present time there are not enough facilities to satisfy landing gear overhaul demand.

To increase the velocity of our expansion and vertical integration, we have acquired three fully functional businesses since 2018:

(i) **Avborne**, an experienced high-quality component overhaul company located in Miami;

(ii) **Qwest Air Parts**, a best-in-class high-margin provider of airframe USM parts with a strong customer base of freight operators, including an aerostructures shop located in Memphis; and

(iii) **Aircraft Component Technologies**, also a high-margin aerostructures shop located in Miami, with a diverse customer base of passenger, cargo and military/governmental customers.

Slide 23

This slide depicts a sampling of customers that avail themselves of the full suite of goods and services AerSale offers. Of note, 55% of our top 100 customers generated multi-business unit sales in 2019, and we anticipate this percentage to increase over time.

American, United and AerCap have been long-time and are current customers that have utilized our MRO capacity, and purchased our USM, whole engines, or our engineered solutions products.

Slide 24

As I have been mentioning since the beginning of my presentation, we have substantial experience navigating in the aviation aftermarket. It's not just Bob and me. AerSale's tenured executive management team is comprised of industry veterans with experience across all relevant sectors of the aviation aftermarket. Collectively, we have over 25 years average experience, and have managed through every cycle in the modern aviation era. With a strong entrepreneurial culture, we have adapted AerSale to become the fiercest competitor in the space, and as a result, are able to provide our valued customers with cost effective reliable products and services delivered by a team of customer-oriented professionals with long-standing relationships.

Slide 25

I will complete my presentation today by highlighting AerSale's attractive growth opportunities.

As the passenger aviation market recovers, our sector of the industry will continue to experience secular tailwinds, and we are uniquely and timely positioned to benefit from the current trough and cyclic downturn. The opportunity to acquire substantial feedstock will drive growth in all our business units in the foreseeable future.

We continue to build-out our product and service offerings, and our engineered solutions innovations have transformed the company to a level unmatched by any of our peers. Our integrated business model is a giant killer, that provides us the weaponry to compete at every tier, and a barrier to entry that would take a decade or more to replicate.

We are focused on expanding our MRO platform to satisfy growing demand for MRO services, including passenger-to-cargo conversions and landing gear overhaul. Our existing facilities have ample room to scale.

We continue to explore new opportunities to expand our governmental/military sales, focused on supplying products or services to military variants of commercial aircraft using commercial USM and processes.

As we look globally, we will remain disciplined and expand worldwide in select locations to strategically provide MRO services where those services can be bundled with the other services and products we offer. We will do this greenfield, through acquisition or in partnership with reputable MRO's that lack our expertise in dealing with the FAA, and seek our multi-dimensional capacity.

Finally, we have proven our capability to effectively implement an accretive M&A strategy, by acquiring companies that complement our existing business units. This takes discipline. Unlike many of our peers that venture into uncharted waters, we have prudently stayed with what we know, and where we have almost infinite room to expand.

Let me turn it over to Martin, who will discuss are financial performance.

GARMENDIA:

I would like to share how the business has performed and how we expect to monetize on the opportunities ahead of us.

Turning to **Slide 27.**
In the previous three years, we achieved impressive growth of a 22% Compound Annual Growth Rate, CAGR in Pro-Forma Revenue and a 45% CAGR in Pro-Forma Adjusted EBITDA. During this period, we enhanced our TechOps capabilities through the acquisition of facilities with unlimited repair station licenses. Our acquisitions of Qwest and ACT have also allowed us to further grow and expand our business in the cargo, e-commerce, and government markets.

Looking at our projections from our forecasted 2020 results through 2024, we expect to grow Revenue by a 30% CAGR and Adjusted EBITDA by a 34% CAGR. Our forecast assumes that demand for passenger air travel **will not** reach 2019 levels until 2023. Our future growth will be fueled by:

1. Additional opportunities for feedstock that will allow us to effectively compete in USM markets, previously only served by OEM material. This is a $4 billion plus market that will expand as customers aggressively pursue opportunities for low cost, high quality maintenance solutions. USM material provides a cost advantage over OEM material of over 30%;

2. The acquisition of additional flight equipment to meet the anticipated increase in demand from our customers as they look to avoid costly engine shop visits;

3. The expansion of our high margin Engineered Solution products as aircraft are redeployed into new markets, and by the potential of our AerAware product for which we have only included modest sales targets; and

4. The expansion of our existing MRO facilities through new capabilities, such as landing gear, as well as the expansion of customer outreach and emphasis on "cross-selling".

Over the last few years, the revenue split between our Asset Management Solutions (AMS) segment and our TechOps segment has been approximately 70% AMS and 30% TechOps. As we respond to the change in business caused by Covid-19, we expect the split in 2020 to be approximately 50-50 between the two divisions. As the passenger aviation market recovers, we expect both AMS and TechOps to grow, with the business mix reverting to historical norms. This change in mix demonstrates the ability of our diverse offerings to respond effectively to changing market dynamics.

Moving to **Slide 28**
Looking at the current year, we have not been exempt from the impact that Covid-19 has had on the aviation sector. Early in March, as we began to see the impact to our customers in the passenger segment, we realized that actions were needed to address the short-term impacts, while allowing for the flexibility to quickly pursue the opportunities that would follow.

- We cancelled $20M of feedstock opportunities under negotiation at that time.
- We also evaluated our organizational structure and executed measures in March to right size the business through headcount reductions, temporary salary adjustments, and suspension of various other initiatives; this resulted in reduced costs by over $20M on an annualized basis. We remained cash flow positive in the second quarter. With the award of a payroll support grant, we were able to pull back on some of these initiatives and were not required to take further actions. Said another way, had we not received the grant, we would have operated the business differently. As a result, we have the infrastructure in place today to ramp up quickly, and as we

have stated previously – we are seeing stability and growth in our business lines.

The largest impact to our business in 2020, roughly $27M in Gross Profit contribution, will be in the used serviceable material (USM) segment as opportunities to buy feedstock in the first half of this year did not materialize. Demand for existing inventory also declined, as the grounding of a significant portion of the global passenger fleet decreased demand for maintenance and overhaul activity.

Contribution from Aircraft and Engine Management is also projected to decline by $11M as utilization rates on our flight equipment dropped due to the sudden decline in passenger air travel. We worked with our lessees and maintained our fleet of nine (9) aircraft on lease, but negotiated the return of twelve (12) engines to ensure preservation of the green time value of those assets. These prudent measures position us well as the market recovers.

In a testament to the resilience of our model, our TechOps segment benefited from the impacts of the pandemic. The dry desert locations of our heavy MRO facilities in New Mexico and Arizona have allowed us to monetize on the increased demand for aircraft storage. Storage is expected to contribute an additional $8M for the full year. As background, on March 1st 2020, we had 112 aircraft in storage in our facilities; by the end of this year, we expect this number to increase to over 500.

Using Q2 revenue of ~ $46.6 million, our anticipated low point for the year, as a proxy for the remainder of the year, our full year 2020 revenue run rate is ~ $196M. In addition, we have visibility into specific customer activity within our Aircraft & Engine Management segment, committed storage, component MRO, and Engineered Solutions work. As a result, we are confident that we will meet our revised 2020 revenue projections of $197M and corresponding EBITDA of $42M.

Slide 28

Looking beyond 2020, I want to highlight that our customer base is diverse, and we have increasingly been able to "cross-sell" as we provide products and services across numerous channels, not just for passenger aircraft, but also for cargo and defense.

Our 2021 numbers are fundamentally informed, based not only on market research, but also and more importantly - based on customer interaction and feedback. We have 10 years of unique data that gives us a strategic advantage and we benefit from the diversity of our customers across market segments and across geographies.

As before, our forecast assumes that the demand for passenger air travel **will not** reach 2019 levels until 2023. To be conservative, our expectation is the lower asset deployment and inventory turnover rates that we experienced in 2Q 2020 will gradually improve and will not reach pre-COVID levels until 2023.

Our Aircraft and Engine Management segment will experience a marginal decline in 2021 due to the planned retirements of three aircraft from our existing portfolio which will then be "parted out" as USM. Our engine portfolio benefits from the addition of 12 engines being removed from the aircraft going off-lease; as well as from contributions from additional investments. While we expect grounded assets will begin to be redeployed in 2021, our modeling assumptions are building off lower lease and utilization rates, as well as lower asset deployment percentages, than what was realized in 2019. If, as projected by third-party analysts, the available green time from on-ground assets is fully consumed in 2021, this will accelerate our EBITDA generation from these assets.

On the USM side, we are projecting strong opportunities for growth in 2021, with an expected contribution of $22M. As previously noted, the retirement wave created by Covid-19 will provide access to feedstock previously not economically feasible for USM purchases which will increase the market share of USM material. Through 2021, we expect to deploy over $110M in feedstock opportunities that will support these numbers. The current projections, however, have us turning around this inventory at a significantly lower turn rate than our historical 1.5x inventory turnover target. If the overall market recovers faster than expected, or demand from the cargo market increases beyond our expectations, our inventory turns would improve and accelerate the EBITDA generation from these investments. In 2019, we acquired Qwest, an established supplier of USM to cargo and government agencies. The Qwest operations have been seamlessly integrated, further strengthening our supply chain. In addition to the full productivity benefit (which will come in effect in 2021), we have already seen signs of revenue enhancement.

We also expect to have continued contribution from our TechOps division.

(i) We expect **heavy MRO** to be up slightly versus 2020, as this segment will continue to benefit from increased storage demand. The large amount of aircraft at our facilities will also provide upside opportunities for reactivation work, heavy maintenance, and cargo conversion beyond the levels included in the forecast.

(ii) Within our **component MRO** segment, we are working on several customer initiatives focused on the cargo and defense markets which will increase volume and improve absorption rates. We expect the results to yield a $4 million incremental contribution.

(iii) And, as we previously stated, we see tremendous potential for **Engineered Solutions** in the future. Our 2021 expected contribution for AerAware is modest; the demand from our initial target customer would dwarf the 18 kits we are projecting to sell beginning late summer of next year. In addition, our AerSafe product is gaining traction due to its significant cost savings when compared to the OEM installed solution.

Lastly, we project that SG&A and other support costs will increase due to costs needed to support the growth our business.

We are well positioned, have an integrated and differentiated business model, and have a "long-tail" of potential opportunities.

In Slide 29 we will discuss the company's liquidity profile.
As mentioned earlier, one of the most exciting opportunities of the Monocle transaction is the additional liquidity that is being made available to us for deployment during what we expect will be one of the best feedstock acquisition opportunities in decades. The additional liquidity, combined with the company's strong, debt free balance sheet, will also give us the flexibility to pursue M&A opportunities.

By the end of 2024F, we expect that liquidity available for feedstock and other acquisitions will be over $730M, which provides more than enough liquidity to meet the net $400 million feedstock acquisition targeted in the model. As Nick previously stated, $400 million is only 2% of our target market.

Central to our capital deployment strategy is "discipline." Should opportunities present themselves, we will accelerate the deployment of capital, while maintaining discipline. This liquidity gives us the financial ammunition needed to continue to execute our highly disciplined, multi-faceted investment approach, which we believe will allow us to meet or exceed the projections shown.

With that, I will turn it back to Eric.

ZAHLER:

Thanks Martin. Monocle was attracted to AerSale because we were looking for a platform company that would be able to continue growing while expanding its operating margins. As shown on **Slide 30** there are numerous levers for AerSale to create substantial shareholder value:

- margin expansion;
- organic growth; and
- value-added acquisitions.

As you will also note, our goals with AerSale are not modest – as the aviation marketplace recovers, we see a path to a billion dollar company with EBITDA margins in excess of 25%

Despite this attractive growth profile, as shown on **Slide 31,** Monocle is acquiring AerSale at a very attractive valuation, at a substantial discount to its public aerospace peers – a greater than 100% uplift when AerSale's valuation re-rates to the median of its peer group.

Slides 32 and 33 show that AerSale's financial and operational benchmarks, compared to its peer group, are also very attractive, and finally, on **Slide 35,** are illustrative Sources and Uses and Capitalization tables.

In closing, let me note that the AerSale management team is available for further discussion with existing and new investors interested in this unique and exciting way to play the recovery in the aviation sector.