

avantair®

Avantair, Inc.  
(OTCBB: AAIR)

Steven Santo, CEO

March 2010  
*Roth Capital Partners' 22<sup>nd</sup>  
Annual OC Growth Stock  
Conference*



This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, including, without limitation, statements regarding Avantair's financial position, business strategy, plans, and Avantair's management's objectives and its future operations, and industry conditions, are forward-looking statements. Although Avantair believes that the expectations reflected in such forward-looking statements are reasonable, Avantair can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from Avantair's expectations ("Cautionary Statements") as described in Avantair's public filings include, without limitation, the effect of existing and future laws and governmental regulations, the results of future financing efforts, and the political and economic climate of the United States. All subsequent written and oral forward-looking statements attributable to Avantair, or persons acting on Avantair's behalf, are expressly qualified in their entirety by the Cautionary Statements.

- Sole North American fleet provider of flight hour time cards and fractional shares in the Piaggio Avanti aircraft - the roomiest, quietest, safest and most fuel efficient aircraft with the lowest operating cost in the light jet category
- Compelling secular and economic drivers spurring demand for lower-cost alternatives within the private aviation market
- New innovative Axis Club Membership bridges the gap between the financial commitment of a fractional share and flight hour time cards
- Business model offers path to sustainable profitability



## EXPERIENCED MANAGEMENT TEAM

### **Steven F. Santo**

Chief Executive Officer

*Avantair Founder*

*Former Assistant District Attorney in NY*

*Former Managing Partner, Fields, Silver & Santo*

*Former CEO of Skyline Aviation, aircraft leasing company*

*Pilot for 20 years*

*Over 1,000 flight hours in the Piaggio Avanti*

### **Richard Pytak**

Chief Financial Officer

*Former Treasurer at Gibraltar Industries*

*Former Senior Manager at PricewaterhouseCoopers*

### **Kevin Beitzel**

Chief Operating Officer

*Former Executive VP of Maintenance and Operations*

*Over 20 years experience in aviation industry*

*16 years with US Airways*



**Avantair Fractional Ownership**

**Hourly Operating Cost\*:**

\$2,610  
(1/16th share)

**Program Highlights:**

- One-time acquisition cost; no hourly cost
- Customizable fractional share sizes
- 5-year term
- No restricted travel days
- Expanded Primary Service Area
- Lower operating cost per hour than other fractional programs



**AXIS Club Membership  
By Avantair**

**Hourly Operating Cost\*:**

\$3,725 - \$4,440

**Program Highlights:**

- One-time membership fee
- Tiered membership options to fit customer travel needs
- 3-year term
- No restricted travel days
- Expanded Primary Service Area
- Fractional conversion and upgrade options available



**Edge Time Card**

**Hourly Operating Cost\*:**

\$4,515  
(25 hour card)

**Program Highlights:**

- All inclusive, one-time cost
- 15 or 25 hour cards available
- 12-month term
- Only 10 restricted travel days per year
- Expanded Primary Service Area
- Conversion options available

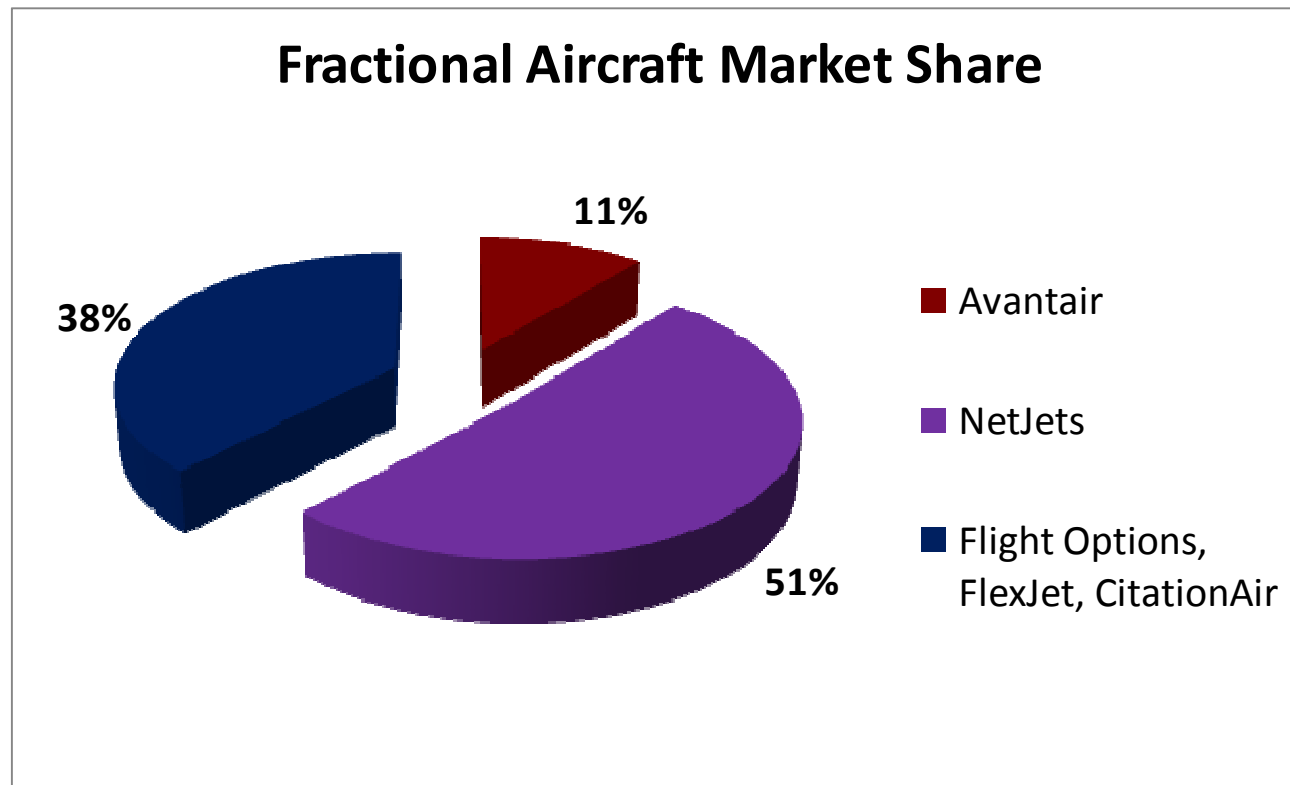
\* Includes FET

## Large Market Opportunity Drivers

- **Fractional Owners/Card Users**
  - Industry wide: 3 fractional share owners in 1986 to 5,593 today<sup>1</sup>
  - Card programs represent a new growth segment for industry
- **Companies/Individuals Seeking Affordable Private Travel Solutions**
  - 2.5 million high net worth individuals in the US with between \$1-\$30 million in investible assets<sup>2</sup>
  - Unfavorable conditions for travelers in commercial aviation market

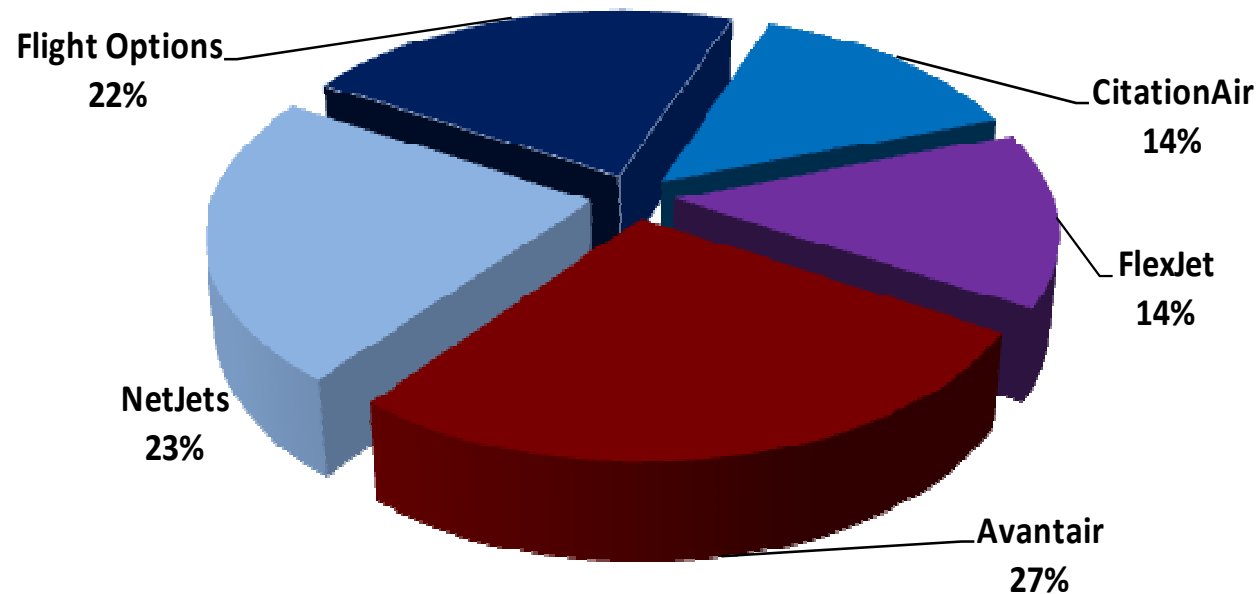
<sup>1</sup> Source: AvData Fractional Aircraft Report, October 2009

<sup>2</sup>Source: Capgemini Consulting Technology Outsourcing/Merrill Lynch Wealth Management, World Wealth Report, June 2009  
(<http://www.ml.com/media/113831.pdf>)



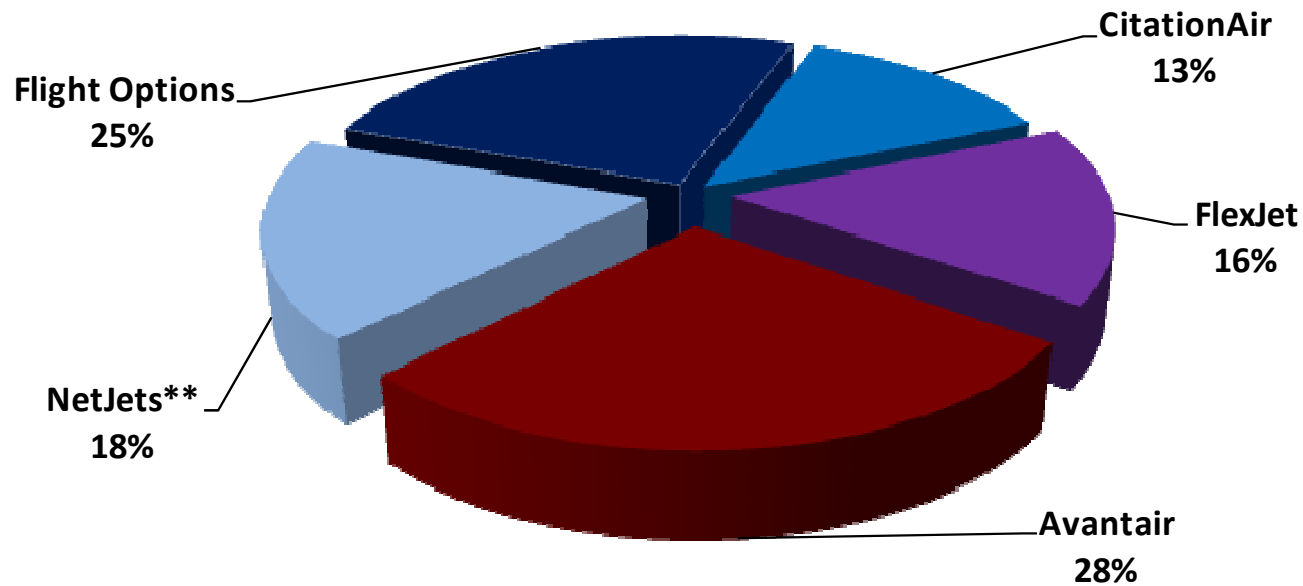
- Five companies have 11.0% or more of the total market for fractional aircraft, based upon the units in operation
- Avantair holds 11% market share

**Market Share by Number of Light-Cabin Owners**



- Avantair has the highest market share of 27% as measured by number of owners in the light-cabin category
- Low hourly cost continues to attract former owners of shares in jets at the competing fractionals to Avantair

**Light Cabin Market Share by Hours Under Management**



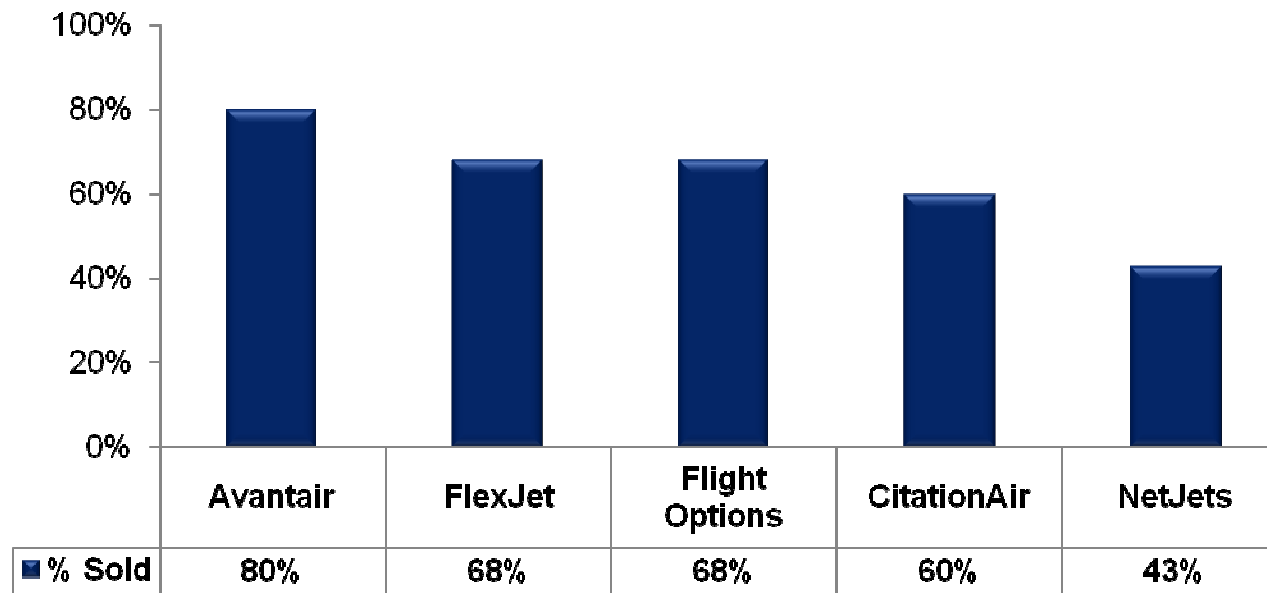
- Based on fractional hours under management in the light-cabin category, Avantair has the highest market share of 28%

Source: AMSTAT November 2009

\*\* NetJets hours under management exclude the hours registered under Marquis Jet Holdings (10,575 hours)

**Avantair's fleet has the highest sold-to-in-service ratio of 80% among the top five fractional players in the light-cabin fleet category**

**Total Light-Cabin Fleet Sold Into Fractionally**



- **Sole fractional share and flight hour card fleet operator of the Piaggio Avanti**
  - Lowest fuel burn and fuel surcharge\*
    - Average of 40% more fuel efficient than comparable jets
    - Average of 35% less carbon emissions than comparable jets
  - Largest cabin in category
  - Short runway capability
- **Substantial leverage in business model**
  - Increase in fleet size reduces operating costs
  - Opportunity for significant margin growth
- **Single type aircraft fleet**
  - Lower maintenance and training costs
  - Fewer parts in inventory
- **Company-owned FBOs**

## Luxurious Private Jet Travel with Minimum Carbon Footprint

- **Standard setting aircraft**
  - First fleet in the industry to offset aircraft carbon emissions
- **Lowest fuel burn and carbon emissions in the industry**
  - Burns average of 40% less fuel than competitors at 450 mph
  - Average of 35% less carbon emissions
  - Lower overall costs
- **TerraPass**
  - Funds US clean energy and greenhouse gas reduction projects
  - Purchased flight TerraPass credits for all new owners
  - Offset over 5.8 million pounds of carbon dioxide

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**PIAGGIO AVANTI  
AIRCRAFT**



- **Fleet Statistics**
  - 55 aircraft in fleet currently
    - 4 new Piaggio Avanti II aircraft added in calendar 4Q09
  - 52 additional Piaggio Avanti aircraft on order through 2013
- **Realize economies of scale due to larger fleet size**
  - Reduces non-revenue repositioning flights and charter costs
  - Leverages existing infrastructure
  - Fixed Base Operations in three key hubs provide operating and maintenance efficiencies and lower fuel costs



As the best value in the private aircraft industry, the Piaggio Avanti offers an unparalleled combination of comfort, speed, performance, safety and efficiency.



# AVANTAIR FRACTIONAL OWNERSHIP

## Year One Operating Cost Comparison

### Aircraft Description:

	Avantair	CitationAir	Flight Options	NetJets	NetJets	Flexjet
Make	Piaggio	Cessna	Embraer	Raytheon	Cessna	Bombardier
Model	Avanti	CJ3	Phenom 300*	Hawker 400XP	Encore	Lear40XR
Acquisition Cost	\$ 425,000	\$ 518,432	\$ 525,000	\$ 425,625	\$ 579,688	\$ 560,000
Share Size	1/16	1/16	1/16	1/16	1/16	1/16
Maximum Hours per Year	50	50	50	50	50	50
<b>Unit Operating Costs:</b>						
Occupied Hourly Rate	\$0	\$4,394	\$1,400	\$1,806	\$1,801	\$1,875
Fuel Surcharge/Hour**	\$223	\$42	\$407	\$526	\$532	\$888
FET (7.5%)	\$724	7.5%	\$438	\$564	\$563	\$586
Monthly Management Fee	\$9,650		\$6,500	\$7,749	\$8,862	\$7,565
<b>Year One Annual Operating Costs:</b>						
Occupied Hourly Cost	\$ -	\$ 219,721	\$ 70,000	\$ 90,300	\$ 90,050	\$ 93,750
Fuel Surcharge Cost	\$ 11,150	\$ 2,100	\$ 20,350	\$ 26,300	\$ 26,600	\$ 44,400
FET (7.5%)	\$ 8,685	\$ -	\$ 5,250	\$ 6,773	\$ 6,754	\$ 7,031
Management Fee	\$ 115,800	\$ -	\$ 78,000	\$ 92,988	\$ 106,344	\$ 90,780
Total Annual Operating Costs	\$ 135,635	\$ 221,821	\$ 173,600	\$ 216,361	\$ 229,748	\$ 235,961
<b>Effective Hourly Rate of Operation</b>	<b>\$ 2,713</b>	<b>\$ 4,436</b>	<b>\$ 3,472</b>	<b>\$ 4,327</b>	<b>\$ 4,595</b>	<b>\$ 4,719</b>
<b>Yearly Cost Savings With Avantair</b>		<b>39%</b>	<b>22%</b>	<b>37%</b>	<b>41%</b>	<b>43%</b>

\* Phenom 300 - pending certification

\*\* Fuel surcharges based on January 2009 averages  
Prices subject to change



LEAD GENERATION + CUSTOMER LOYALTY = SALES

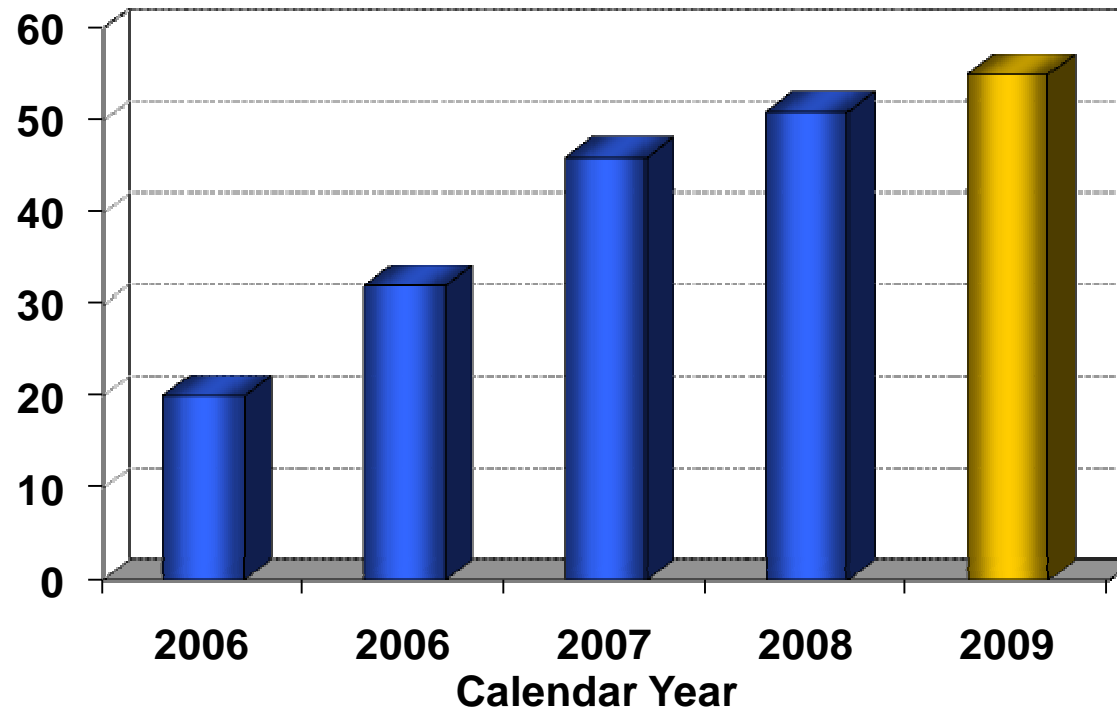
## Substantial marketing leverage generated as growing customer base results in more customer referrals

- ~91% renewal rate among fractional owners in 2QFY10
- ~20% of new customer sales in 2QFY10 were from customers new to private air travel
- Only nationally recognized program operator experiencing flight hour growth across all private aircraft categories\*

***“Part 135 flying was down just 3.5 percent compared with the same month last year, while fractional activity fell 7.7 percent, ARG/US data shows. However, fractional turboprop flying is up 24.4 percent, thanks to fractional provider Avantair.”\****

\* Source: Aviation Research Group US (ARG/US ), October 2009

### Aircraft in Fleet



## **Fleet expansion drives recurring maintenance and management fees**

- \$18.3 million for fiscal second quarter of 2010, up 3.3% year-over-year

## **Leverage opportunities**

- Fewer repositioning flights
- Fewer charters
- Decrease in overall costs of flight operations

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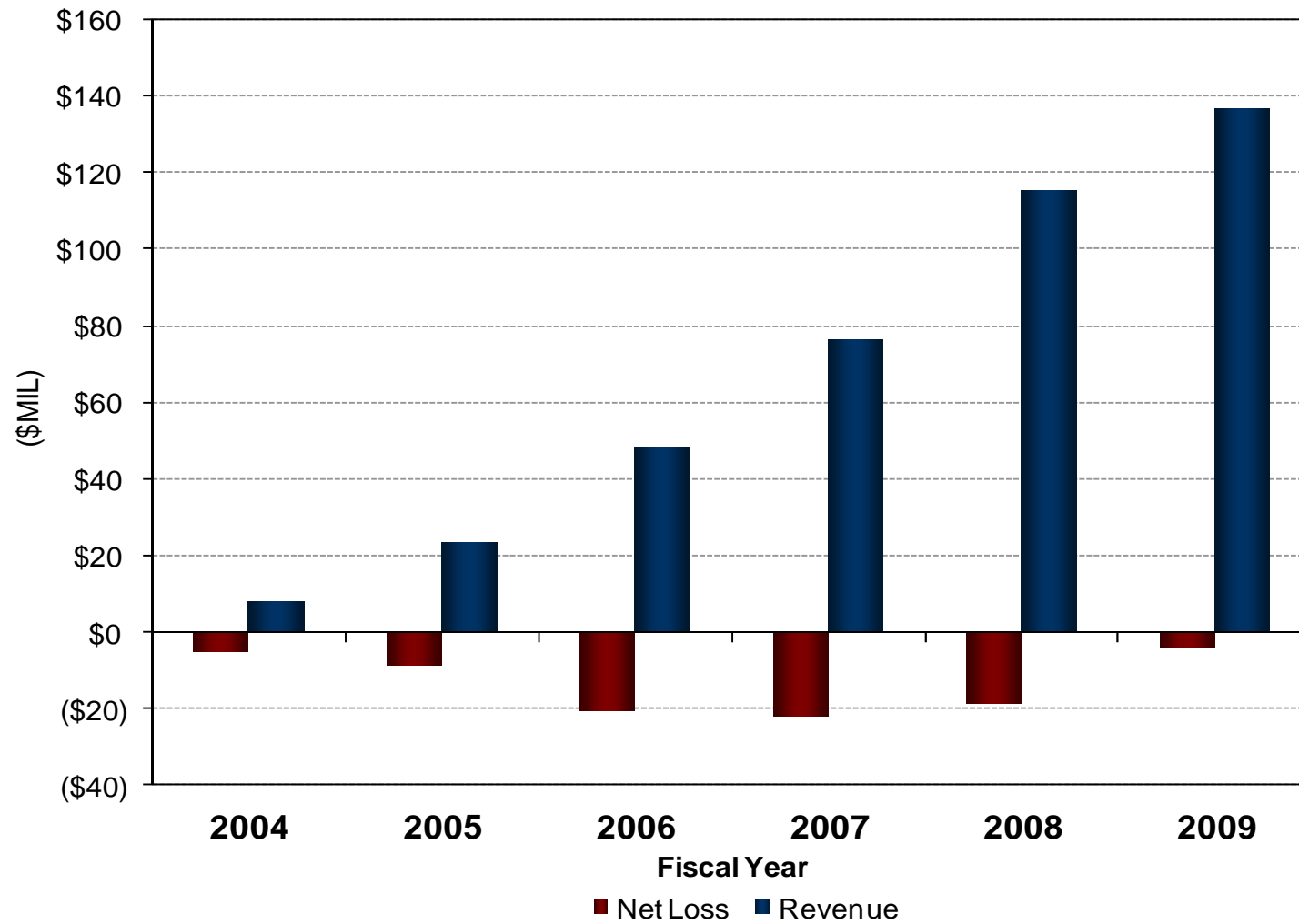


**FINANCIAL  
SECTION**

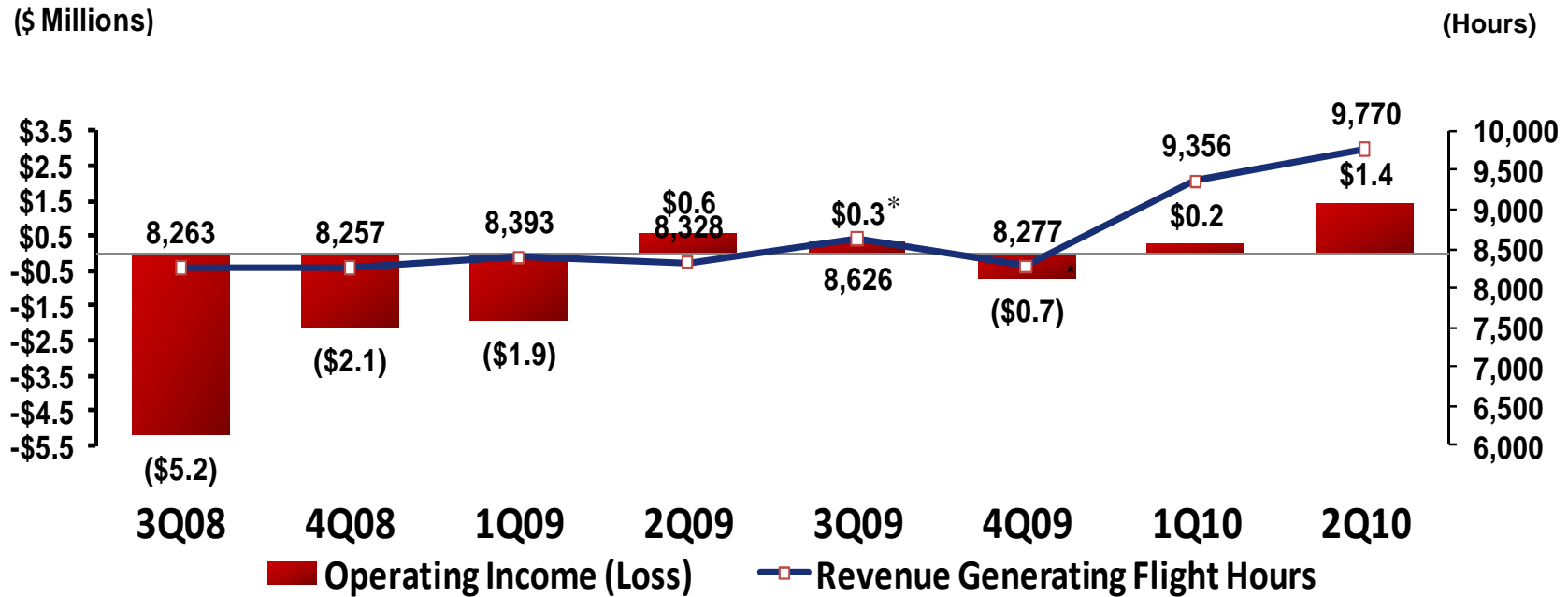




## ANNUAL REVENUE AND OPERATING RESULTS



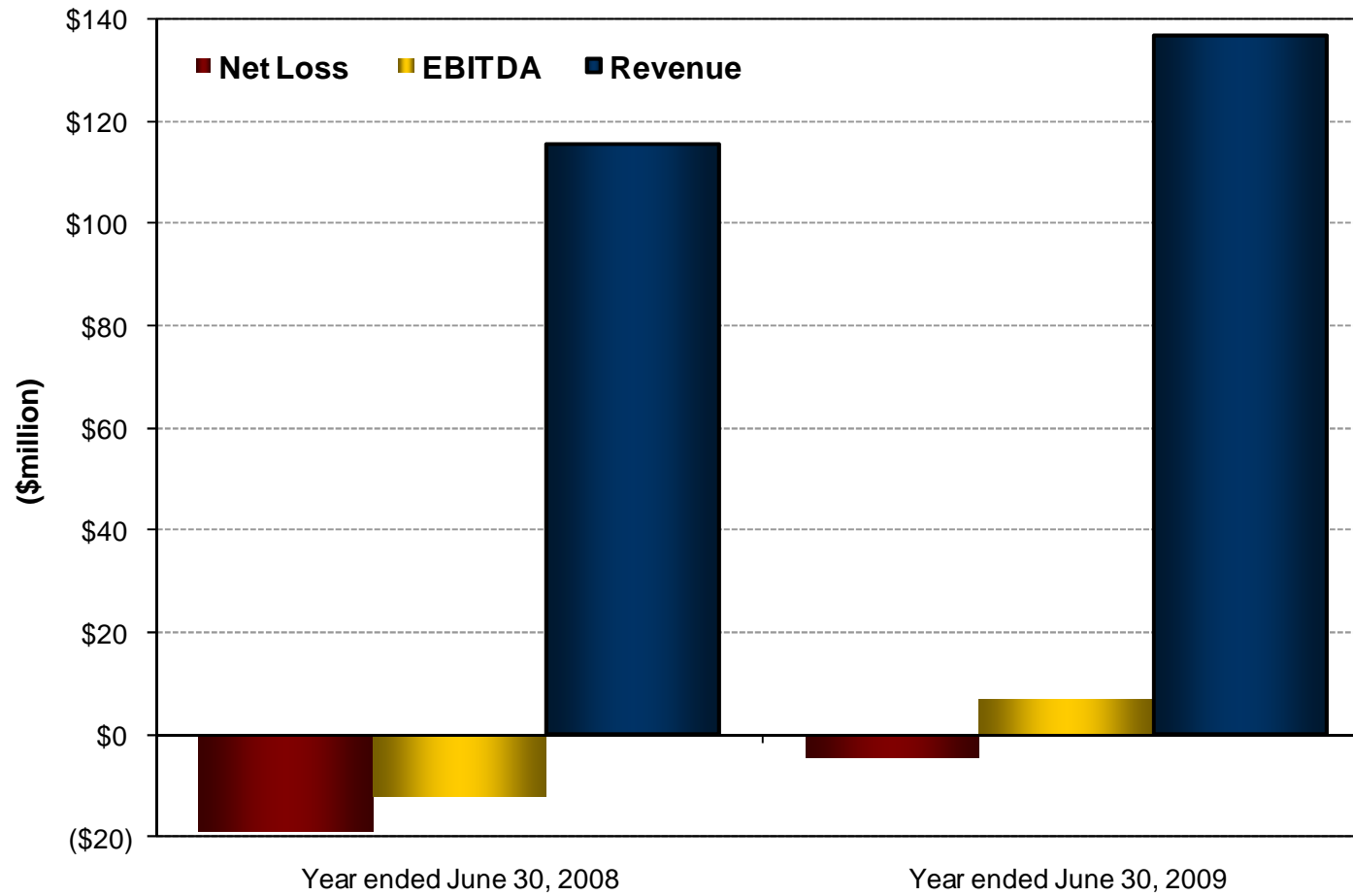
## OPERATING INCOME (LOSS) AND REVENUE GENERATING FLIGHT HOURS FLOWN



\* Excludes a \$2.95 mil nonrecurring credit resulting from the termination of a vendor contract and reimbursement for services not performed.

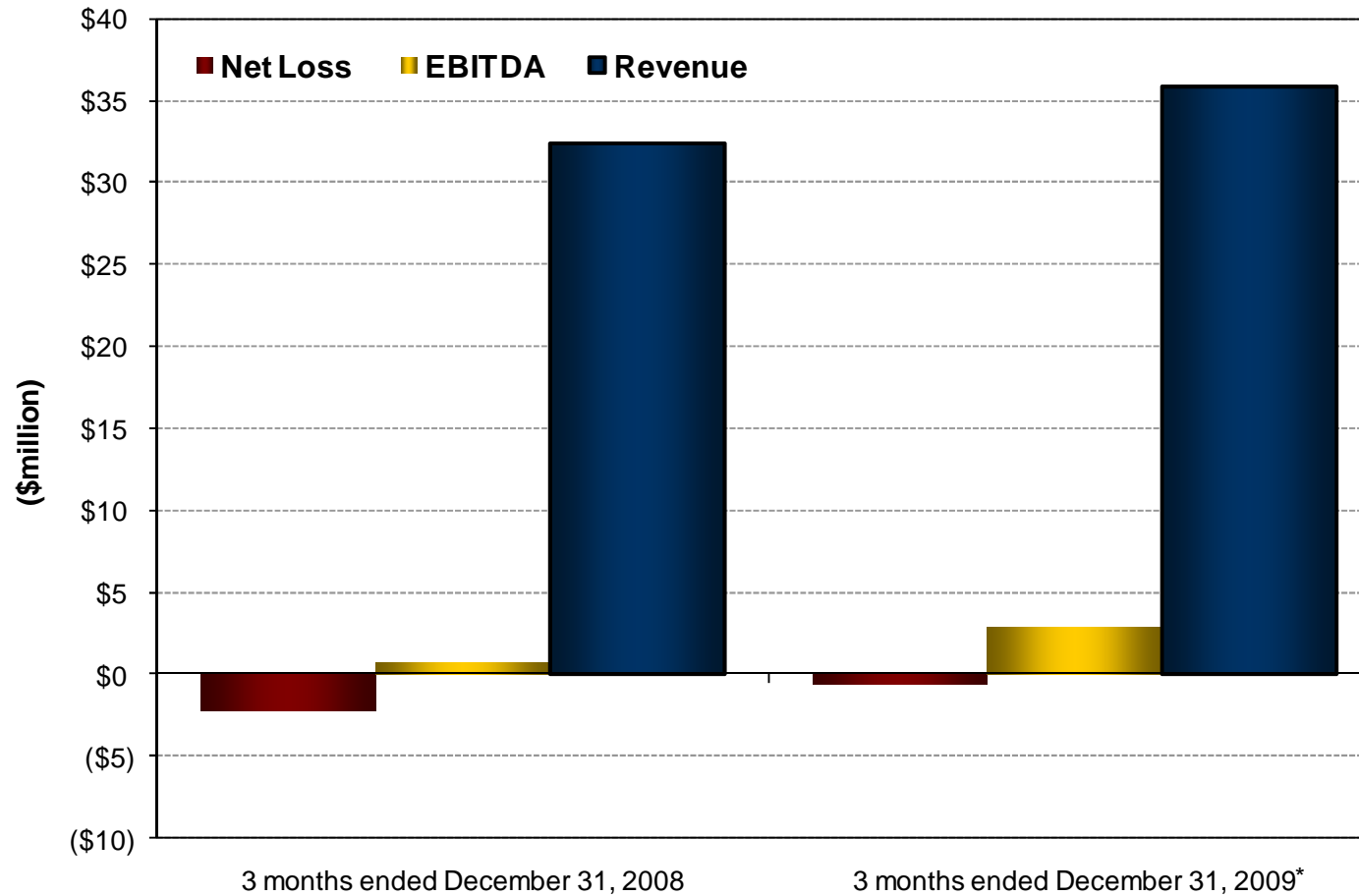


## FISCAL 2008 AND 2009 REVENUE AND OPERATING RESULTS





## SECOND QUARTER FISCAL 2009 AND 2010 REVENUE AND OPERATING RESULTS



\* This information is derived from the unaudited financial statements of Avantair as of and for the three months ended December 31, 2009. Such information is subject to adjustment when audited.

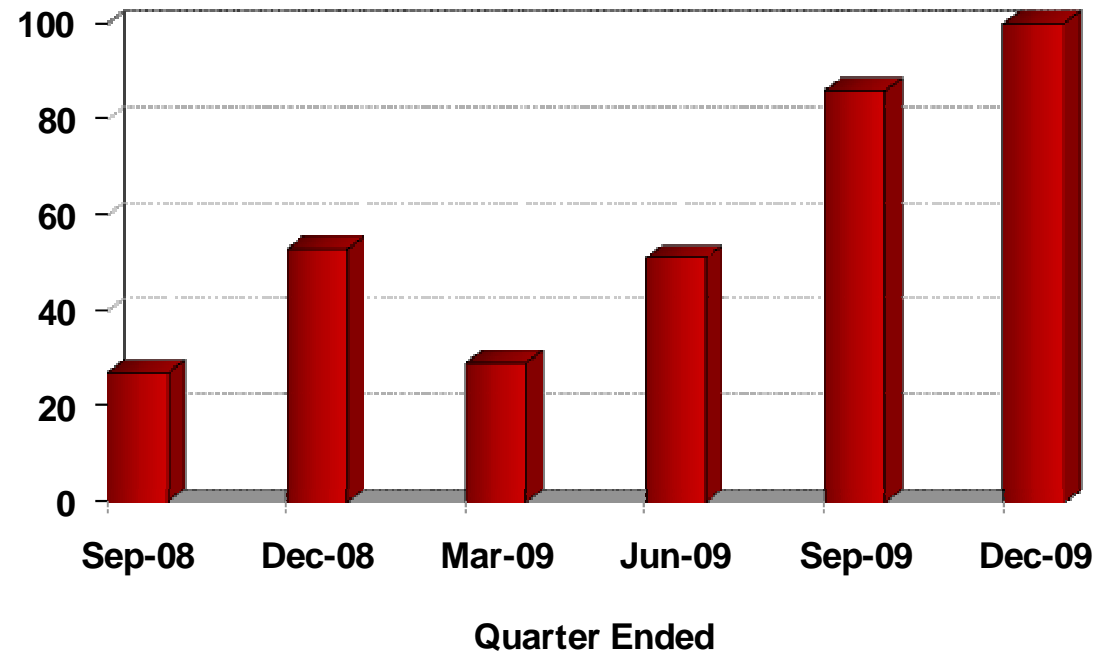
The following reconciles net loss as calculated in conformity with generally accepted accounting principles to earnings before interest, income taxes, depreciation and amortization (EBITDA):

	Three Months Ended December 31,		Twelve Months Ended June 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net Loss:	\$ (182,084)	\$ (1,884,091)	\$ (4,460,921)	\$ (18,882,065)
Add:				
Depreciation and amortization	1,408,874	1,318,256	5,233,250	3,624,710
Interest expense	1,587,319	1,294,899	5,942,221	3,661,227
Subtract:				
Interest and other income	<u>(10,372)</u>	<u>(38,704)</u>	<u>(48,921)</u>	<u>(482,918)</u>
Earnings before interest, income taxes, depreciation and amortization	<u>\$ 2,803,737</u>	<u>\$ 690,360</u>	<u>\$ 6,665,629</u>	<u>\$ (12,079,046)</u>

The Company believes that EBITDA is useful to investors as it excludes certain non-cash expenses that do not directly relate to the operation of aircraft. This measure is a supplement to generally accepted accounting principles (GAAP) used to prepare the Company's financial statements and should not be viewed as a substitute for GAAP measures. In addition, the Company's non-GAAP measure may not be comparable to non-GAAP measures of other companies.

- Total revenues increased YOY and on a sequential quarter basis to \$35.8 million.
- Revenue-generating flight hours flown reached a new quarterly record increasing 4% quarter-over-quarter to 9,770 hours, compared with 9,356 hours for the fiscal first quarter ended September 30, 2009, and increasing 17% YOY compared with 8,328 for the second fiscal quarter ended December 31, 2008.
- Flight hour cards sold for the three months ended September 30, 2009 increased 16% to 100, compared with 86 flight hour cards sold during the fiscal first quarter ended September 30, 2009, and 89% from 53 for the fiscal second quarter ended September 30, 2008.
- EBITDA (results from operations before interest, taxes, depreciation and amortization) of \$2.8 million versus \$690,000 for the second quarter of fiscal 2009.
- Income from operations of \$1.4 million, including an \$850,000 gain on sale of assets, an improvement from the \$628,000 operating loss in the same period a year ago.
- Completed the final tranche of a private placement of common stock for total net cash proceeds of \$8.4 million, for total net proceeds of approximately \$9.9 million.
- Retired approximately \$6.5 million of long- and short-term debt.
- Increased fleet size to 55 aircraft, with four new Piaggio Avanti II aircraft.

### Flight Hour Card Sales



### **Fractional shares:**

- Fractional share sales are paid in cash up front with revenue amortized over 60 months
- Approximately \$1 million gross profit per fractionalized aircraft
- Maintenance and management fees provide recurring monthly revenues
- Growth in fractional shares add incremental monthly fees on growing base

### **AXIS Club Membership:**

- Membership fee is paid in cash up front with revenue amortized over 36 months
- Membership fee may be applied towards the purchase of a fractional share

### **Edge and AXIS Time Cards:**

- Edge and Axis flight hour time card sales are paid in cash up front with revenue recognized when hours are used



- Superior growth rate relative to private aviation market; Avantair continues to gain market share
  - Taking market share from competitors
  - Gaining new customers
- Defensible competitive advantages - Piaggio Avanti is technologically superior to other light jets and is exclusive to Avantair
- Recurring revenue stream via fractional share and Axis membership sales
- Substantial operating leverage inherent to business model, expected to lead to sustainable profitability



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