



Air Canada – Investor Overview

First Quarter 2025

May 8, 2025

Caution Regarding Forward-Looking Information

Air Canada's public communications may include forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions, including statements relating to Air Canada's intention to undertake the Proposed Offer and the terms and conditions thereof (including the maximum dollar value of Shares that Air Canada may purchase under the Proposed Offer, the structure of the Proposed Offer including a modified Dutch auction procedure and the Proposed Offer not being conditional upon any minimum number of Shares being tendered), the timing for determination of the pricing, launch and completion of the Proposed Offer and Air Canada's intention to fund the Proposed Offer with cash on hand. Forward-looking statements are identified using terms and phrases such as "preliminary"; "anticipate"; "believe"; "could"; "estimate"; "expect"; "intend"; "may"; "plan"; "predict"; "project"; "will"; "would"; and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions including those described herein and are subject to important risks and uncertainties, which are amplified in the current environment. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic conditions, statements or actions by governments and uncertainty relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting impacts on the Canadian, North American and global economies and travel demand, geopolitical conditions such as the military conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, Air Canada's dependence on technology, cybersecurity risks, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), employee and labour relations and costs, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay its indebtedness and maintain or increase liquidity, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star Alliance® and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.ca and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2024 MD&A and in section 14 "Risk Factors" of Air Canada's First Quarter 2025 MD&A.

Air Canada has and continues to establish targets, make commitments and assess the impact regarding climate change, and related initiatives, plans and proposals that Air Canada and other stakeholders (including government, regulatory and other bodies) are pursuing in relation to climate change and carbon emissions. The achievement of our commitments and targets depends on many factors, including the combined actions of governments, industry, suppliers and other stakeholders and actors, as well as the development and implementation of new technologies. In particular, our 2030 carbon emission-related targets and our related 2050 aspiration are ambitious and heavily dependent on new technologies, renewable energies and the availability of a sufficient supply of sustainable aviation fuels (SAF), which continues to present serious challenges. In addition, Air Canada has incurred, and expects to continue to incur, costs to achieve its goal of net-zero carbon emissions and to comply with environmental sustainability legislation and regulation and other standards and accords. The precise nature of future binding or non-binding legislation, regulation, standards and accords, on which local and international stakeholders are increasingly focusing, cannot be predicted with any degree of certainty, nor can their financial, operational or other impact. There can be no assurance of the extent to which any of our climate goals will be achieved or that any future investments that we make in furtherance of achieving our climate goals will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. Moreover, future events could lead Air Canada to prioritize other nearer-term interests over progressing toward our current climate goals based on business strategy, economic, regulatory and social factors, and potential pressure from investors, activist groups or other stakeholders. If we are unable to meet or properly report on our progress toward achieving our climate change goals and commitments, we could face adverse publicity and reactions from investors, customers, advocacy groups or other stakeholders, which could result in reputational harm or other adverse effects to Air Canada.

The forward-looking statements contained or incorporated by reference in this presentation represent Air Canada's expectations as of the date of this presentation (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required under applicable securities regulations.





Q1 2025

Highlights of our financial results

See our full financial results at
Air Canada's Investor Relations
website: aircanada.com/investors

Welcomed revenue
passengers

10.4M

-3.4%

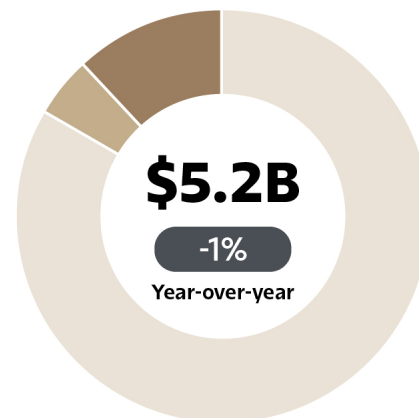
Year-over-year



-0.4% Year-over-year

Capacity - ASM
(Available Seat Miles)

Total operating revenues



\$4.3B

Passenger

\$250M

Cargo

\$615M

Other

TRASM (Total Revenue per ASM) 21.4 cents

CASM (Cost per ASM) 21.9 cents

Adjusted CASM* 15.3 cents

-\$108M

Operating loss

-\$119M

Year-over-year

\$387M

Adjusted EBITDA*

-\$66M

Year-over-year

-\$0.40

Diluted loss per share

-\$0.18

Year-over-year

-\$0.45

Adjusted diluted loss
per share*

-\$0.18

Year-over-year

1.3x

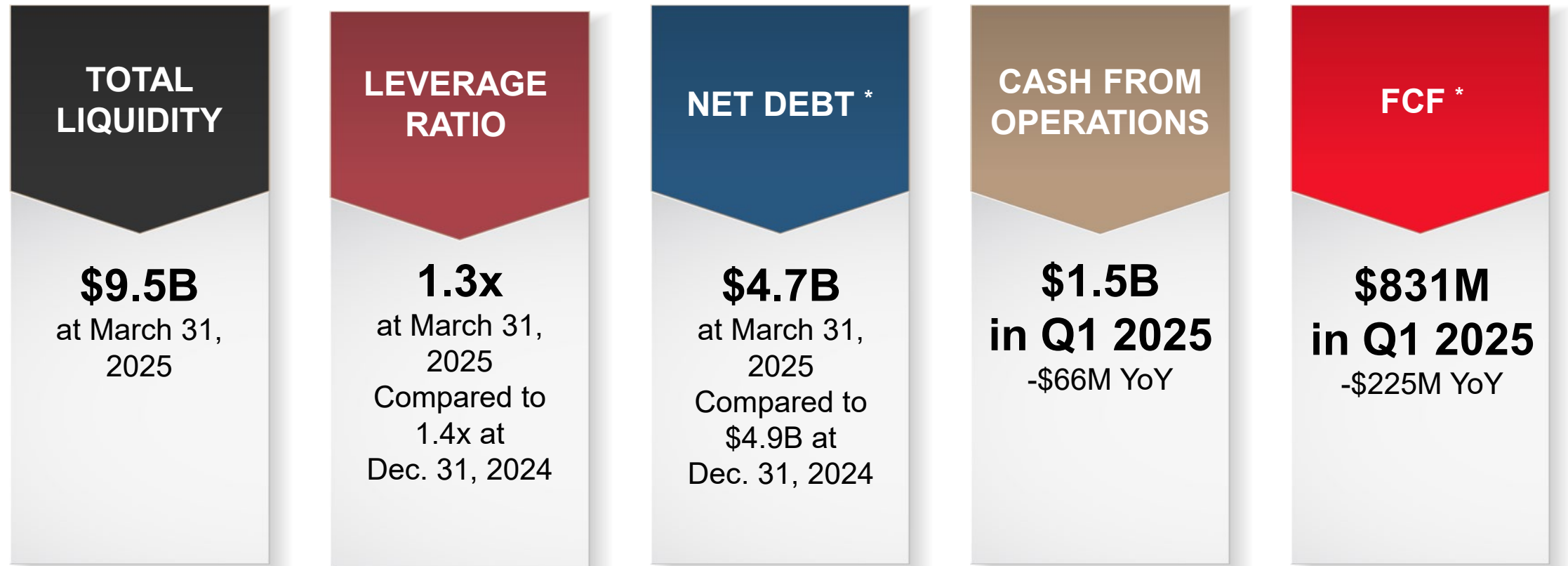
Leverage ratio* at March 31, 2025

*Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is a non-GAAP financial measure. Adjusted CASM, adjusted diluted earnings (loss) per share and leverage ratio are non-GAAP financial ratios. These are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results. Please refer the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.



AIR CANADA

Maintaining a strong and resilient balance sheet



* Net debt is a capital management measure and a key component of the capital managed by Air Canada and provides management with a measure of its net indebtedness. Free cash flow (FCF) is a non-GAAP financial measure used by Air Canada as an indicator of the financial strength and performance of its business, indicating how much cash it can generate from operations after capital expenditures. These measures are not recognized for financial statement presentation under GAAP, do not have a standardized meaning, may not be comparable to similar measures presented by other entities and should not be considered a substitute for, or superior to, GAAP results. Please refer the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.



Q1 2025 Highlights

Diverse network and offering

Revenues from sixth freedom and premium cabins grew 12% and 2% YoY, respectively.

Proactive capacity management in Transborder.

Advance ticket sales

Grew \$1B from end of 2024 ahead of peak travel season and aligned with expectations.

Operational performance

Continued momentum with improvements in on-time performance, baggage delivery and customer satisfaction.

Disciplined capital allocation

Purchased and cancelled over 15 million shares in the quarter, completing the normal course issuer bid announced in November 2024.



Our strong foundation



Balance sheet and liquidity management



Fleet



Global network



Brand



Leading products and services



Air Canada Rouge and Air Canada Vacations



Air Canada Cargo



Technology



People



Aeroplan



Key industry awards

2025 Freddie Awards

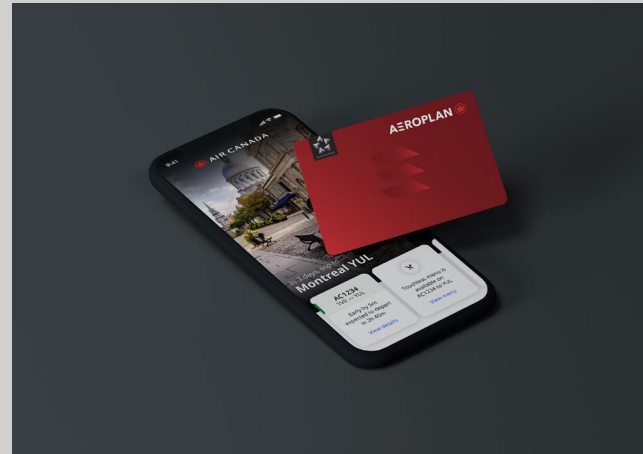
- ✓ Best Program of the Year (Airline)
- ✓ Best Elite Program (Airline)
- ✓ Best Promotion (Airline)

2025 Airline Passenger Experience Association Awards

- ✓ Five Star Global Airline Award

2024 Skytrax World Airline Awards

- ✓ World's Best Business Class Airline Lounge Catering (Toronto Air Canada Signature Suite)
- ✓ Best Cabin Crew in Canada
- ✓ Most Family Friendly Airline in North America
- ✓ Best Premium Economy Class Onboard Catering in North America
- ✓ Cleanest Airline in North America



Air Canada's Leadership

Experienced and dedicated to drive long-term value



Michael Rousseau
President and Chief
Executive Officer



Marc Barbeau
EVP, Chief Legal Officer
and Corporate Secretary



John Di Bert
EVP and Chief Financial
Officer



Mark Galardo
EVP, Chief Commercial
Officer and President,
Cargo



Craig Landry
EVP & Chief
Innovation Officer
and President of
Aeroplan



Arielle Meloul-Wechsler
EVP, Chief Human Resources
Officer and Public Affairs



Mark Nasr
EVP & Chief Operations
Officer



Kevin O'Connor
SVP, Global Airports &
Operations Control



Murray Strom
SVP, Flight Operations
and Maintenance



Key Management Actions in 2025

Diverse network and offering

Disciplined and agile capacity management.
Expansion on LATAM schedule to capitalize on point-to-point, transatlantic 6th freedom demand and cargo opportunities.

Cost management

Well on track to achieve \$150M cost reduction program in 2025.

Strong balance sheet

Focus on preserving the strength of our balance sheet.

Disciplined capital allocation

Planned settlement of the convertible notes in cash at maturity.
Announced intention to launch substantial issuer bid (SIB) to purchase and cancel up to \$500 million of shares.



Updated 2025 guidance*



Capacity

1% to 3%
increase versus
2024

Previously 3% to 5%
increase versus 2024



Adjusted CASM

Between 14.25¢
and 14.50¢

Unchanged



Adjusted EBITDA

Between \$3.2B
and \$3.6B

Previously between \$3.4B
and \$3.8B



Free Cash Flow

Breakeven
+/- \$200M

Unchanged

*As communicated in Air Canada's news release dated May 8, 2025. Air Canada made assumptions in providing its guidance—including a marginal increase of Canadian GDP growth for 2025 (previously moderate growth). Air Canada continues to assume that the Canadian dollar will trade, on average, at C\$1.40 per U.S. dollar for the full year 2025. Air Canada also assumes that the price of jet fuel will average C\$0.88 (previously C\$0.95) per litre for the full year 2025.

Air Canada's guidance constitutes forward-looking information within the meaning of applicable securities laws and is subject to important risks and uncertainties, including in relation to the potential impact of statements or actions by governments relating to the imposition of (or threats to impose) tariffs on exports or imports, and related consequences. Please see the discussion above under Caution Regarding Forward-looking Information.



Strong value creation*

A unique value creation opportunity – 2030 aspiration

- ✓ >\$30B revenues by 2030, Accelerated revenue growth 7-8% p.a.
- ✓ 18-20% adj. EBITDA margin. Margin expansion of 300bps+ returning to pre-pandemic highs.
- ✓ ~5% FCF margin. <12% CAPEX investment levels. Structural FCF margin of ~5%
- ✓ Shareholder returns. <300M fully diluted shares outstanding. Deploying >\$2B to shareholder returns.

Performance culture, disciplined management and superior balance sheet enhance risk / reward proposition

*As communicated in Air Canada's February 13, 2025 news release. Please see the discussion above under Caution Regarding Forward-looking Information.





Thank you



Appendix

Glossary

Aeroplan – Refers to Aeroplan Inc. or the Aeroplan program.

Available seat miles or ASMs – Refers to a measure of passenger capacity calculated by multiplying the total number of seats available for passengers by the miles flown.

CASM – Refers to operating expense per ASM.

Passenger load factor – Refers to a measure of passenger capacity utilization derived by expressing Revenue Passenger Miles as a percentage of ASMs.

Passenger revenue per available seat mile or PRASM – Refers to average passenger revenue per ASM.

Revenue passenger carried – Refers to the International Air Transport Association's definition of passenger carried whereby passengers are counted on a flight number basis rather than by journey/itinerary or by leg.

Revenue passenger miles or RPMs – Refers to a measure of passenger traffic calculated by multiplying the total number of revenue passengers carried by the miles they are carried.

Total operating revenues per available seat mile or TRASM – Refers to average total operating revenues per ASM.

Yield – Refers to average passenger revenue per RPM.



Non-GAAP Financial Measures

Below is a description of certain non-GAAP financial measures and ratios used by Air Canada to provide readers with additional information on its financial and operating performance. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results. The non-GAAP financial measures or ratios described in this section typically have exclusions or adjustments that include one or more of the following characteristics, such as being highly variable, difficult to project, unusual in nature, significant to the results of a particular period or not indicative of past or future operating results. These items are excluded because the company believes these may distort the analysis of certain business trends and render comparative analysis across periods less meaningful and their exclusion generally allows for a more meaningful analysis of Air Canada's operating expense performance and may allow for a more meaningful comparison to other airlines.

Air Canada excludes the effect of impairment of assets, if any, when calculating adjusted CASM, adjusted EBITDA, adjusted EBITDA margin, adjusted pre-tax income (loss) and adjusted net income (loss) as it may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.



Non-GAAP Financial Measures (Cont'd)

Adjusted Cost per Available Seat Mile

Air Canada uses adjusted CASM to assess the operating and cost performance of its ongoing airline business without the effects of aircraft fuel expense, the cost of ground packages at Air Canada Vacations, freighter costs and other items discussed above. These items may distort the analysis of certain business trends and render comparative analysis across periods less meaningful and their exclusion generally allows for a more meaningful analysis of Air Canada's operating expense performance and may allow for a more meaningful comparison to that of other airlines.

In calculating adjusted CASM, aircraft fuel expense is excluded from operating expense results as it fluctuates widely depending on many factors, including international market conditions, geopolitical events, jet fuel refining costs and Canada/U.S. currency exchange rates. Air Canada also incurs expenses related to ground packages at Air Canada Vacations which some airlines, without comparable tour operator businesses, may not incur. In addition, these costs do not generate ASMs and therefore excluding these costs from operating expense results provides for a more meaningful comparison across periods when such costs may vary.

Air Canada also incurs expenses related to the operation of freighter aircraft which some airlines, without comparable cargo businesses, may not incur. Air Canada had six Boeing 767 dedicated freighter aircraft in service as at March 31, 2025, and eight as at March 31, 2024. These costs do not generate ASMs and therefore excluding these costs from operating expense results provides for a more meaningful comparison of the passenger airline business across periods.

Adjusted CASM is reconciled to GAAP operating expense as follows:

(Canadian dollars in millions, except where indicated)				
	2025		First Quarter 2024	
				Change
Operating expense – GAAP	\$	5,304	\$	5,215 \$ 89
Adjusted for:				
Aircraft fuel		(1,186)		(1,254) 68
Ground package costs		(373)		(335) (38)
Freighter costs (excluding fuel)		(42)		(35) (7)
Operating expense, adjusted for the above-noted items	\$	3,703	\$	3,591 \$ 112
ASMs (millions)		24,240		24,337 (0.4)%
Adjusted CASM (cents)	¢	15.27	¢	14.76 ¢ 0.51



Non-GAAP Financial Measures (Cont'd)

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and impairment) and adjusted EBITDA margin (adjusted EBITDA as a percentage of operating revenues) are commonly used in the airline industry and are used by Air Canada as a means to view operating results and the related margin before interest, taxes, depreciation, amortization and impairment and other items discussed above. These items can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

Adjusted EBITDA and adjusted EBITDA margin are reconciled to GAAP operating income (loss) as follows:

(Canadian dollars in millions, except where indicated)		First Quarter		
	2025	2024	Change	
Operating income (loss) – GAAP	\$ (108)	\$ 11	\$ (119)	
Add back:				
Depreciation, amortization and impairment	495	442	53	
Adjusted EBITDA	\$ 387	\$ 453	\$ (66)	
Operating revenues	\$ 5,196	\$ 5,226	\$ (30)	
Operating margin (%)	(2.1)	0.2	(2.3) pp	
Adjusted EBITDA margin (%)	7.4	8.7	(1.3) pp	



Non-GAAP Financial Measures (Cont'd)

Adjusted Net Income (loss) and Adjusted Earnings (Loss) per Share – Diluted

Air Canada uses adjusted net income (loss) and adjusted earnings (loss) per share – diluted as a means to assess the overall financial performance of its business without the after-tax effects of foreign exchange gains or losses, net financing expense relating to employee benefits, gains or losses on financial instruments recorded at fair value, gains or losses on sale and leaseback of assets, gains or losses on debt settlements and modifications, gains or losses on disposal of assets and other items discussed above. These items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

Adjusted net income (loss) and adjusted earnings (loss) per share are reconciled to GAAP net income as follows:

(Canadian dollars in millions)		First Quarter		
	2025	2024	\$ Change	
Net loss – GAAP	\$ (102)	\$ (81)	\$ (21)	
Adjusted for:				
Foreign exchange (gain) loss	11	(59)	70	
Net interest relating to employee benefits	(5)	(5)	-	
Gain on financial instruments recorded at fair value	(54)	(11)	(43)	
Loss on debt settlements	-	46	(46)	
Income tax, including for the above reconciling items	-	14	(14)	
Adjusted net loss	\$ (150)	\$ (96)	\$ (54)	
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	330	358	(28)	
Adjusted loss per share – diluted	\$ (0.45)	\$ (0.27)	\$ (0.18)	



Non-GAAP Financial Measures (Cont'd)

Free Cash Flow

Air Canada uses free cash flow as an indicator of the financial strength and performance of its business, indicating the amount of cash Air Canada can generate from operations and after capital expenditures. Free cash flow is calculated as net cash flows from operating activities minus additions to property, equipment, and intangible assets, and is net of proceeds from sale and leaseback transactions.

The table below reconciles free cash flow to net cash flows from (used in) operating activities for the periods indicated.

(Canadian dollars in millions)		First Quarter		
	2025	2024	\$ Change	
Net cash flows from operating activities	\$ 1,526	\$ 1,592	\$	(66)
Additions to property, equipment, and intangible assets	(695)	(536)		(159)
Free cash flow	\$ 831	\$ 1,056	\$	(225)



Non-GAAP Financial Measures (Cont'd)

Net Debt

Net debt is a capital management measure and a key component of the capital managed by Air Canada and provides management with a measure of its net indebtedness.

Net Debt to Trailing 12-Month Adjusted EBITDA (Leverage Ratio)

Net debt to trailing 12-month adjusted EBITDA ratio (also referred to as “leverage ratio”) is commonly used in the airline industry and is used by Air Canada as a means to measure financial leverage. Leverage ratio is calculated by dividing net debt by trailing 12-month adjusted EBITDA.

The table below reconciles leverage ratio to Air Canada’s net debt balances as at the dates indicated.

(Canadian dollars in millions)	March 31, 2025		December 31, 2024		Change
Total long-term debt and lease liabilities	\$	10,710	\$	10,915	\$ (205)
Current portion of long-term debt and lease liabilities		2,016		1,755	261
Total long-term debt and lease liabilities (including current portion)		12,726		12,670	56
Less cash, cash equivalents and short and long-term investments		(8,061)		(7,752)	(309)
Net debt	\$	4,665	\$	4,918	\$ (253)
Adjusted EBITDA (trailing 12 months)	\$	3,520		3,586	(66)
Net debt to adjusted EBITDA ratio		1.3		1.4	(0.1)

