Remarks from Michael Rousseau

President and Chief Executive Officer, Air Canada

Air Canada Annual Meeting of Shareholders

March 28, 2022

Introdruction

Thank you Vagn, and good morning everyone. Thank you for taking time to join us today. Welcome everyone.

The past year has been challenging for all of us for many reasons primarily COVID. And the environment has become more troubling in other ways, with the war in Ukraine, which is causing extreme hardship for the Ukrainian people and creating global uncertainty.

We at Air Canada stand in solidarity with the people of the Ukraine. We will do whatever we can to assist, such as the humanitarian cargo flight we operated to Poland earlier this month in partnership with non-profit aid groups.

And we will find other ways to help more, such as by transporting those who may wish to come to Canada. We, like everyone, hope and pray for an end to the war and that peace is restored in Ukraine as soon as possible.

As far as your company is concerned, we are encouraged by the fact 2021 ended on a positive note.

All around, there are signs of a strengthening recovery.

Throughout the year we recalled employees, restarted or added new routes, and took delivery of new aircraft. We launched new initiatives that will add meaningfully to Air Canada's equity value over the long term.

In reviewing the past year's performance, it is the trend rather than the actual results that are more indicative of the future. With this in mind, I would like to highlight some key numbers.

Although we had a net loss of $3.6 billion for 2021, this was an improvement of more than $1 billion versus our 2020 results.

Our EBITDA improved to negative $1.4 billion from negative $2 billion, a 30% change. Throughout the year, our EBITDA strengthened in each quarter and turned positive in the fourth quarter for the first time in seven quarters.

Total operating revenue rose to $6.4 billion from $5.8 billion in the prior year. This is more impressive when you consider that COVID did not impact the first few months of 2020.

And, if you look specifically at the fourth quarter, it is apparent the recovery is accelerating. Our total operating revenues were $2.7 billion, more than three times that of the fourth quarter of 2020.

On the other side of the equation are costs.

During the year, total operating expenses fell $160 million to $9.4 billion. And we achieved this despite a nearly 20% increase in fuel expenses.

We took a disciplined approach. This included structural changes to lower our breakeven point – such as our revised capacity agreement with Jazz. These changes will continue to benefit us long after the pandemic and set us up for greater profitability in the future.

Cost control is always a top priority, but with rising fuel prices it is taking on even greater importance. I can assure you that we have a range of initiatives to offset the impact of these increases.

Already, with our fleet renewal program and the removal of 79 older aircraft, our modernized fleet puts us in a stronger position to manage the higher cost of fuel than many of our competitors.

A final important number is our liquidity. We ended the year with almost $10.4 billion in unrestricted liquidity, which is about 30% more than at the start of 2021.

This ensures we will have more than adequate resources through the tail end of the pandemic. But, even more, it positions us to better compete by providing the resources to invest in our business with the objective of growth.

For example, throughout the pandemic we have carried on with our fleet renewal, most recently with the announcement we are acquiring 26 Airbus A321XLR aircraft with options for 14 more beyond that.

As well, we are investing to diversify our revenue, such as we are doing with Air Canada Cargo.

Although historically a small part of our business, cargo’s annual revenue hit a record $1.5 billion in 2021. That is more than double what it generated in 2019, before the pandemic.

Based on this success, we are converting eight Boeing 767s into dedicated freighters, the first of which arrived late in 2021.

This new cargo fleet gives us a low-cost entry in the freighter business, where tight capacity and rising e-commerce demand are expanding margins. The opportunities we see are such that we are now evaluating adding additional freighters over the next several years.

In anticipation of cargo’s ongoing growth, we completed the upgrade of our Toronto-Pearson cargo facility this month. It has greater cold-chain capability for shipments such as pharmaceuticals.

Another source of future revenue and growth is Aeroplan. We invested heavily in this attractive space because it is major competitive advantage for us that no other Canadian carrier can match.

We have yet to experience the full potential of our transformed loyalty program. But it is steadily growing despite COVID, with gross billings in December surpassing those of 2019.

Redemptions are increasing and members are embracing the improved value and greater certainty on flight rewards. We have popular partners, such as Uber and Starbucks. And the program is further supported by strong credit card partnerships with TD, CIBC, American Express and Visa in Canada, and, in the U.S., where the potential membership base is vastly larger, Chase and Mastercard.

One outcome of our large liquidity position is that we were able to terminate the unused credit facilities available to us under the Government of Canada financial package. Related to this, we also repurchased and cancelled the warrants we issued to the government, which avoids the dilution in of our equity value.

At this point, we are evaluating options for our excess cash. This includes deleveraging, but there are several ways to achieve this effect, some of which will also further expand our capabilities, such as paying cash for new aircraft.

That said, we have always been conservative. We typically like to hold probably a little more than expected cash on the balance sheet. This approach has served us very well as our liquidity position entering the pandemic was key to managing COVID so effectively.

As the recovery regains strength, and people return to travel, we are now busy preparing for the summer ahead. Last month, we unveiled our summer schedule, which goes a long way to restoring our pre-pandemic network. And, although the Ukraine war is adding a level of uncertainty, our network expansion is a very positive sign of renewal and recovery.

This summer we will restore 34 international routes and restart another 41 routes, plus seven new ones, in North America. We plan to fly 90% of our pre-pandemic, North American capacity this summer.

We are working hard to prepare. Most importantly – and the thing I am most pleased about – is that we have recalled more than 10,000 employees over the past year, so we are staffed to deliver the schedule.

I thank and am very proud of our employees, who were recognized globally in 2021 by major awards. This included the Skytrax World Airline Awards, where we won awards for Best Airline Employees in Canada and Best in North America.

To maintain our accelerating momentum and to promote greater employee engagement we recently launched an internal program called Rise Higher. It will motivate us, guide our decision-making, and unify us as we rebuild and prepare to compete in a changed world.

Rise Higher is an evolution of our strategy that made us a Global Champion, with four priorities of revenue growth and cost control, international expansion, employee engagement and customer service. It is both a goal and a roadmap, with customer service as its focal point.

The industry in Canada is changing. We are seeing new entrants in the market and incumbent carriers who are evolving, looking to become full-service airlines like Air Canada. And we know there will be more competition from foreign carriers.

In this environment superior customer service will be the distinguishing feature. Already, no airline in Canada, and few around the world, can come close to the on-board product we offer. Now, we must consistently provide a superior total product offering that leverages our culture, committed and engaged employees, and new and existing technology.

One final initiative – one of prime importance to customers, shareholders, employees and other stakeholders – is our commitment to ESG in terms of diversity, bilingualism, supporting communities and the environment. Air Canada has always been a leader and has a very solid track record in all these areas.

For example, and we took an aggressive step in

2021 when we committed to achieve net zero emissions by 2050.

We have backed this up with firm interim targets so stakeholders can see our progress and hold us accountable. We are making investments in areas such as alternative fuel to enable us to achieve our goal as quickly as possible. We have entered unique partnerships to develop alternative fuels and are exploring carbon capture technologies and other means to reduce our footprint.

By way of conclusion then, your company is firmly fixed on the future. And it is a future that is very bright as our industry recovers from the pandemic and the world establishes a new normal – a normal that we are extremely well-prepared to compete in, however it unfolds.

Our finances and brand are strong. Our fleet and network are in place. We possess the right tools to not only deliver, but also to elevate our customer service purpose. And we have the best employees and management team to bring all these attributes together.

I thank our shareholders and our Board of Directors for their unwavering support over these difficult two years. And I look forward very much to reporting back to you on a successful year at our next Annual Meeting in 2023.

Thank you.