AIR CANADA

News Release

Air Canada Reports Third Quarter 2024 Financial Results

- Third quarter operating revenues of $6.1 billion decreased 4% year over year.
- Third quarter operating income of $1.040 billion and adjusted EBITDA* of $1.523 billion decreased $375 million and $307 million year over year, respectively.
- Generated cash flows from operating activities of $737 million and free cash flow* of $282 million in the quarter, a year-over-year increase of $329 million and $147 million, respectively.
- Leverage ratio* of 1.0 as at September 30, 2024, compared to 1.1 at end of 2023.
- Normal course issuer bid announced.

MONTREAL, November 1, 2024 – Air Canada today reported its third quarter 2024 financial results.

"Air Canada reported solid results for the third quarter on key metrics, with operating revenues of $6.1 billion and operating income of $1 billion. Adjusted EBITDA of $1.5 billion and our adjusted earnings per share of $2.57 were both ahead of market expectations. We delivered on our ongoing operational improvement program, with quarterly on-time performance rising eight percentage points over the same period in 2023. I thank all our employees for their care and dedication in safely moving nearly 13 million customers in the quarter, including our Olympic and Paralympic athletes to the summer games in Paris," said Michael Rousseau, President and Chief Executive of Air Canada.

"Summer is our peak season and this year our pilot contract negotiations added complexity. We proactively offered options and flexibility to customers, and I am proud that we concluded a mutually beneficial agreement without significant disruption to customers and with a contained revenue impact. I thank our customers for their loyalty and reiterate our promise to keep providing industry-leading products and services to them.

“The demand environment remains favourable. We have adjusted our full year guidance and underlying assumptions to account for the evolution of the fuel price environment and for certain contract-related adjustments. We are delivering on our commitments and are confident in our future. We are now announcing a new share buyback program, addressing some of the dilution experienced from financing decisions necessary during the pandemic, and returning value to shareholders. This additional step, after paying down our debt and funding our growth, is consistent with our capital allocation roadmap and our strategic plan, which we will detail at our Investor Day on December 17, 2024,” said Mr. Rousseau.

Adjusted CASM, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, leverage ratio, net debt, adjusted pre-tax income (loss), adjusted net income (loss), adjusted earnings (loss) per share, and free cash flow are referred to in this news release. Such measures are non-GAAP financial measures, non-GAAP ratios, or supplementary financial 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. Refer to the "Non-GAAP Financial Measures" section of this news release for descriptions of these measures, and for a reconciliation of Air Canada non-GAAP measures used in this news release to the most comparable GAAP financial measure.

Third Quarter 2024 Financial Results

The following is an overview of Air Canada’s results of operations and financial position for the third quarter 2024 compared to the third quarter 2023.

- Operating revenues of $6.106 billion decreased $238 million or 4%, resulting from lower passenger revenues.
- Operated capacity increased 3%, lower than the capacity guidance of 4%-4.5% increase communicated in Air Canada’s news release dated August 7, 2024. This was primarily due to fleet constraints and to adjustments made to the operating schedule.
- Operating expenses of $5.066 billion increased $137 million or 3%. The increase was largely due to higher costs in most line items due to capacity growth and was partially offset by certain contract-related adjustments recorded this quarter.
- Operating income of $1.040 billion, with an operating margin of 17.0%, declined $375 million.
- Adjusted EBITDA of $1.523 billion, with an adjusted EBITDA margin* of 24.9%, declined $307 million.
- Net income of $2.035 billion, which included a favourable tax asset recognition of $1.154 billion, and diluted earnings per share of $5.38 compared to $1.250 billion and $3.08 per diluted share, respectively.
- Adjusted net income* of $969 million and adjusted earnings per diluted share* of $2.57, compared to $1.281 billion and $3.41 per diluted share, respectively.
- Adjusted CASM* of 12.15 cents decreased 0.4%, primarily due to the impact of contract-related adjustments recorded in the third quarter of 2024.
- Net cash flows from operating activities of $737 million increased $329 million.
- Free cash flow* of $282 million increased $147 million.
- Net debt-to-adjusted EBITDA ratio* (leverage ratio) was 1.0 at September 30, 2024, compared to 1.1 at December 31, 2023.

Outlook

For the full year 2024, Air Canada is updating its guidance to account for updated expectations of jet fuel prices and the impact of contract-related cost adjustments. Full year 2024 guidance is as follows:

Metric	2024 Guidance	Prior 2024 Guidance
ASM capacity	Approximately 5% increase versus 2023	5.5% to 6.5% increase versus 2023
Adjusted CASM	Approximately 2% increase versus 2023	2.5% to 3.5% increase versus 2023
Adjusted EBITDA	Approximately $3.5 billion	$3.1 billion to $3.4 billion

Major Assumptions

Air Canada made assumptions in providing its guidance—including moderate Canadian GDP growth for 2024. Air Canada also assumes that the Canadian dollar will trade, on average, at C$1.36 per U.S. dollar for the full year 2024 and that the price of jet fuel will average C$1.00 per litre for the full year 2024.

Normal Course Issuer Bid

Air Canada is also announcing today that the Toronto Stock Exchange ("TSX") has accepted notice of its intention to make a normal course issuer bid ("NCIB") allowing it to purchase for cancellation up to 35,783,842 of its Class A variable voting shares and Class B voting shares (collectively the "Shares") in accordance with the rules of the TSX.

Air Canada believes that purchases of Shares under the NCIB will allow it to address some of the shareholder dilution experienced from financing decisions necessary during the pandemic. Air Canada further believes that the market price of its Shares from time to time may not fully reflect the underlying value of its business and future business prospects. In such circumstances, the purchase of Shares under the NCIB may be an attractive and appropriate use of its available cash, consistent with Air Canada's priority of investing in its growth, maintaining balance sheet strength and generating shareholder value through a balanced capital allocation strategy.

Air Canada is authorized by the TSX to purchase up to 35,783,842 Shares under the NCIB, being about 10% of the public float of its Shares. As at October 22, 2024, the number of outstanding Shares totalled 358,493,006, of which 357,838,424 Shares represented the public float. Purchases under the NCIB are authorized during the period from November 5, 2024 to November 4, 2025. Decisions regarding the amount and timing of purchases of Shares will be based on market conditions, share price and other factors. Air Canada may elect to modify, suspend or discontinue the NCIB at any time.

Purchases will be made through open market transactions on the TSX or Canadian alternative trading systems, if eligible, or such other means as securities regulatory authorities may allow, including block purchases, pre-arranged crosses or exempt offers, as well as private agreements under an issuer bid exemption order issued by a securities regulatory authority. Air Canada will pay the market price at the time of acquisition for any Share purchased, plus brokerage fees, or such other price as may be allowed. Any purchases made under an issuer bid exemption order would be at a discount to the prevailing market price of the Shares or otherwise in accordance with the terms of the order.

Within the past 12 months, Air Canada has not purchased any of its Shares. The average daily trading volume (“ADTV”) of the Shares on the TSX was 2,143,460 Shares for the six-month period ended September 30, 2024. Under TSX rules, Air Canada may accordingly purchase up to 535,865 Shares on the TSX on any trading day, being 25% of the ADTV. Air Canada may also, once weekly, purchase a block of Shares not directly or indirectly owned by insiders, which may exceed such daily limit, in accordance with TSX rules. All Shares purchased pursuant to the NCIB will be cancelled.

Air Canada will enter into an automatic share purchase plan (the “Plan”) with its designated broker to be effective on the commencement date of the NCIB. The Plan will allow for the purchase of Shares at times when Air Canada would ordinarily not be active in the market due to regulatory restrictions, self-imposed blackout periods or otherwise. Purchases by the designated broker made under the Plan, if any, will be based on parameters established by Air Canada in accordance with the rules of the TSX, applicable securities laws and the terms of the Plan. Shares may in Air Canada’s discretion be purchased under the NCIB outside of the self-imposed black-out or other restricted periods in compliance with the rules of the TSX and applicable securities laws.

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. Air Canada did not record charges for impairment of assets in the first nine months of 2024 or in 2023.

A charge of $34 million was recorded in the third quarter of 2024 in other operating expenses related to estimated costs associated with contractual lease obligations. Air Canada excluded this non-recurring expense in computing adjusted CASM, adjusted EBITDA, adjusted pre-tax income and adjusted net income.

Adjusted CASM

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 and freighter costs as 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 September 30, 2024, and six as at September 30, 2023. 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)	**Third Quarter**			**First Nine Months**		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Operating expense – GAAP	**$ 5,066**	**$ 4,929**	**$ 137**	**$ 15,334**	**$ 14,458**	**$ 876**
Adjusted for:						
Aircraft fuel	(1,377)	(1,365)	(12)	(3,964)	(3,927)	(37)
Ground package costs	(102)	(99)	(3)	(574)	(543)	(31)
Freighter costs (excluding fuel)	(40)	(41)	1	(113)	(111)	(2)
Provision for contractual lease obligations	(34)	-	(34)	(34)	-	(34)
Operating expense, adjusted for the above-noted items	**$ 3,513**	**$ 3,424**	**$ 89**	**10,649**	**9,877**	**772**
ASMs (millions)	**28,892**	**28,060**	**3.0%**	**79,432**	**74,573**	**6.5%**
Adjusted CASM (cents)	**¢ 12.15**	**¢ 12.20**	**¢ (0.05)**	**¢ 13.41**	**¢ 13.24**	**¢ 0.17**

EBITDA and Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) is commonly used in the airline industry and is used by Air Canada as a means to view operating results before interest, taxes, depreciation and amortization as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

Adjusted EBITDA margin (adjusted EBITDA as a percentage of operating revenues) is commonly used in the airline industry and is used by Air Canada as a means to measure the operating margin before interest, taxes, depreciation and amortization as these costs 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:

	Third Quarter			First Nine Months		
(Canadian dollars in millions, except where indicated)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Operating income – GAAP	**$ 1,040**	**$ 1,415**	**$ (375)**	**$ 1,517**	**$ 2,200**	**$ (683)**
Add back:						
Depreciation and amortization	449	415	34	1,339	1,261	78
EBITDA	**1,489**	**1,830**	**(341)**	**2,856**	**3,461**	**(605)**
Add back:						
Provision for contractual lease obligations	34	-	34	34	-	34
Adjusted EBITDA	**$ 1,523**	**$ 1,830**	**$ (307)**	**$ 2,890**	**$ 3,461**	**$ (571)**
Operating revenues	**$ 6,106**	**$ 6,344**	**$ (238)**	**$ 16,851**	**$ 16,658**	**$ 193**
Operating margin (%)	**17.0**	**22.3**	**(5.3) pp**	**9.0**	**13.2**	**(4.2) pp**
Adjusted EBITDA margin (%)	**24.9**	**28.8**	**(3.9) pp**	**17.2**	**20.8**	**(3.6) pp**

Adjusted Pre-tax Income (Loss)

Adjusted pre-tax income (loss) is used by Air Canada to assess the overall pre-tax financial performance of its business without the effects of foreign exchange gains or losses, net interest 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 disposal of assets, gains or losses on debt settlements and modifications, as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

Adjusted pre-tax income (loss) is reconciled to GAAP income (loss) before income taxes as follows**:**

	Third Quarter			First Nine Months		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Income before income taxes – GAAP	**$ 897**	**$ 1,317**	**$ (420)**	**$ 1,236**	**$ 2,090**	**$ (854)**
Adjusted for:						
Provision for contractual lease obligations	34	-	34	34	-	34
Foreign exchange (gain) loss	85	61	24	28	(317)	345
Net interest relating to employee benefits	(5)	(6)	1	(16)	(18)	2
Gain on financial instruments recorded at fair value	(26)	(101)	75	(66)	(24)	(42)
Loss on debt settlement	-	7	(7)	46	9	37
Adjusted pre-tax income	**$ 985**	**$ 1,278**	**$ (293)**	**$ 1,262**	**$ 1,740**	**$ (478)**

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 as 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:

	Third Quarter			First Nine Months		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Net income – GAAP	**$ 2,035**	**$ 1,250**	**$ 785**	**$ 2,364**	**$ 2,092**	**$ 272**
Adjusted for:						
Provision for contractual lease obligations	34	-	34	34	-	34
Foreign exchange (gain) loss	85	61	24	28	(317)	345
Net interest relating to employee benefits	(5)	(6)	1	(16)	(18)	2
Gain on financial instruments recorded at fair value	(26)	(101)	75	(66)	(24)	(42)
Loss on debt settlement	-	7	(7)	46	9	37
Income tax, including for the above reconciling items (1)	(1,154)	70	(1,224)	(1,148)	15	(1,163)
Adjusted net income	**$ 969**	**$ 1,281**	**$ (312)**	**$ 1,242**	**$ 1,757**	**$ (515)**
Weighted average number of outstanding shares used in computing diluted income per share (in millions)	376	376	-	376	376	-
Adjusted earnings per share – diluted	**$ 2.57**	**$ 3.41**	**$ (0.84)**	**$ 3.30**	**$ 4.67**	**$ (1.37)**

(1) In the third quarter of 2024, previously unrecognized deferred income tax asset was recognized which included a deferred income tax recovery of $1,154 million recorded in the consolidated statement of operations. This deferred income tax recovery of $1,154 million is removed from the adjusted net income. In 2023, the deferred income tax recovery recorded in other comprehensive income related to remeasurements on employee benefit liabilities was offset by a deferred income tax expense that was recorded through Air Canada's consolidated statement of operations. This expense was removed from adjusted net income.

The table below reflects the share amounts used in the computation of basic and diluted earnings per share on an adjusted earnings per share basis:

(In millions)	Third Quarter		First Nine Months	
	2024	**2023**	**2024**	**2023**
Weighted average number of shares outstanding – basic	**358**	**358**	**358**	**358**
Effect of dilution	18	18	18	18
Weighted average number of shares outstanding – diluted	**376**	**376**	**376**	**376**

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.

	Third Quarter			First Nine Months		
(Canadian dollars in millions)	**2024**	**2023**	**$ Change**	**2024**	**2023**	**$ Change**
Net cash flows from operating activities	**$ 737**	**$ 408**	**$ 329**	**$ 3,253**	**$ 3,335**	**$ (82)**
Additions to property, equipment, and intangible assets	(455)	(273)	(182)	(1,464)	(1,248)	(216)
Free cash flow	**$ 282**	**$ 135**	**$ 147**	**$ 1,789**	**$ 2,087**	**$ (298)**

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)	**September 30, 2024**	**December 31, 2023**	**Change**
Total long-term debt and lease liabilities	$ 10,716	$ 12,996	$ (2,280)
Current portion of long-term debt and lease liabilities	1,652	866	786
Total long-term debt and lease liabilities (including current portion)	**12,368**	**13,862**	**(1,494)**
Less cash, cash equivalents and short- and long-term investments	(8,942)	(9,295)	353
Net debt [(1)]	**$ 3,426**	**$ 4,567**	**$ (1,141)**
Adjusted EBITDA (trailing 12 months)	**$ 3,411**	**3,982**	**(571)**
Net debt to adjusted EBITDA ratio	**1.0**	**1.1**	**(0.1)**

For further information on Air Canada’s public disclosure file, including Air Canada’s 2023 Annual Information Form, dated March 4, 2024, consult SEDAR at www.sedarplus.ca.

Third Quarter 2024 Conference Call

Air Canada will host its quarterly analysts' call today, Friday, November 1, 2024, at 8:00 a.m. ET. Michael Rousseau, President and Chief Executive Officer, John Di Bert, Executive Vice President and Chief Financial Officer, and Mark Galardo, Executive Vice President, Revenue and Network Planning and President, Cargo, will present the results and be available for analysts' questions. Immediately following the analysts' Q&A session, Mr. Di Bert and Pierre Houle, Vice President and Treasurer, will be available to answer questions from term loan B lenders and holders of Air Canada bonds.

Media and the public may access this call on a listen-in basis. Details are as follows:

Webcast:	https://edge.media-server.com/mmc/p/6xarq372
By telephone:	+1-647-932-3411 or 1-800-715-9871 (toll-free)
	Conference ID 5191072
	Please allow 10 minutes to be connected to the conference call.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes 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. 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. 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 as well as 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 2023 MD&A and in section 14 "Risk Factors" of Air Canada's Third Quarter 2024 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 news release represent Air Canada's expectations as of the date of this news release (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.

– 30 –

INFORMATION

Investor Relations:	(514) 422-7849
	investors.investisseurs@aircanada.ca
Internet:	**aircanada.com/investors**

Selected Financial Metrics and Statistics

The financial and operating highlights for Air Canada for the periods indicated are as follows:

(Canadian dollars in millions, except per share data or where indicated)	**Third Quarter**			**First Nine Months**		
Financial Performance Metrics	**2024**	**2023**	**Change $**	**2024**	**2023**	**Change $**
Operating revenues	6,106	6,344	(238)	16,851	16,658	193
Operating income	1,040	1,415	(375)	1,517	2,200	(683)
Operating margin (1) (%)	17.0	22.3	(5.3) pp (8)	9.0	13.2	(4.2) pp
Adjusted EBITDA (2)	1,523	1,830	(307)	2,890	3,461	(571)
Adjusted EBITDA margin (2) (%)	24.9	28.8	(3.9) pp	17.2	20.8	(3.6) pp
Income before income taxes	897	1,317	(420)	1,236	2,090	(854)
Net income	2,035	1,250	785	2,364	2,092	272
Adjusted pre-tax income (2)	985	1,278	(293)	1,262	1,740	(478)
Adjusted net income (2)	969	1,281	(312)	1,242	1,757	(515)
Total liquidity (3)	10,261	9,949	312	10,261	9,949	312
Net cash flows from operating activities	737	408	329	3,253	3,335	(82)
Free cash flow (2)	282	135	147	1,789	2,087	(298)
Net debt (2)	3,426	5,438	(2,012)	3,426	5,438	(2,012)
Diluted earnings per share	5.38	3.08	2.30	6.25	5.55	0.70
Adjusted earnings per share – diluted (2)	2.57	3.41	(0.84)	3.30	4.67	(1.37)
Operating Statistics (4)	**2024**	**2023**	**Change %**	**2024**	**2023**	**Change %**
Revenue passenger miles (RPMs) (millions)	25,101	25,202	(0.4)	68,070	65,397	4.1
Available seat miles (ASMs) (millions)	28,892	28,060	3.0	79,432	74,573	6.5
Passenger load factor %	86.9%	89.8%	(2.9) pp	85.7%	87.7%	(2.0) pp
Passenger revenue per RPM (Yield) (cents)	22.3	23.3	(4.0)	22.1	22.7	(3.0)
Passenger revenue per ASM (PRASM) (cents)	19.4	20.9	(7.2)	18.9	19.9	(5.0)
Operating revenue per ASM (TRASM) (cents)	21.1	22.6	(6.5)	21.2	22.3	(5.0)
Operating expense per ASM (CASM) (cents)	17.5	17.6	(0.2)	19.3	19.4	(0.4)
Adjusted CASM (cents) (2)	12.2	12.2	(0.4)	13.4	13.2	1.2
Average number of full-time-equivalent (FTE) employees (thousands) (5)	37.2	35.9	3.7	37.1	35.4	4.7
Aircraft in operating fleet at period-end	353	354	(0.3)	353	354	(0.3)
Seats dispatched (thousands)	15,258	14,707	3.7	42,950	40,390	6.3
Aircraft frequencies (thousands)	104.5	101.0	3.5	293.4	279.7	4.9
Average stage length (miles) (6)	1,894	1,908	(0.7)	1,849	1,846	0.2
Fuel cost per litre (cents)	98.2	101.9	(3.7)	102.5	109.6	(6.5)
Fuel litres (thousands)	1,399,170	1,342,967	4.2	3,857,355	3,572,766	8.0
Revenue passengers carried (thousands) (7)	12,618	12,635	(0.1)	34,957	33,891	3.1

(1) Operating margin is a supplementary financial measure and is defined as operating income (loss) as a percentage of operating revenues.

(2) Adjusted pre-tax income (loss), adjusted net income (loss), adjusted earnings (loss) per share, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted EBITDA margin, free cash flow, net debt and adjusted CASM are non-GAAP financial measures, capital management measures, non-GAAP ratios or supplementary financial measures. 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. Refer to section "Non-GAAP Financial Measures" of this release for descriptions of Air Canada's non-GAAP financial measures and for a quantitative reconciliation of Air Canada's non-GAAP financial measures to the most comparable GAAP measure.

(3) Total liquidity refers to the sum of cash, cash equivalents, short- and long-term investments, and the amounts available under Air Canada's credit facilities. Total liquidity, as at September 30, 2024, of $10,261 million consisted of $8,942 million in cash, cash equivalents, short- and long-term investments and $1,319 million available under undrawn credit facilities. As at September 30, 2023, total liquidity of $9,949 million consisted of $8,934 million in cash, cash equivalents, short- and long-term investments and $1,015 million available under undrawn credit facilities. Total liquidity also includes funds ($243 million as at September 30, 2024, and $240 million as at September 30, 2023) held in trust by Air Canada Vacations in accordance with regulatory requirements governing advance sales for tour operators.

(4) *Except for the reference to average number of FTE employees, operating statistics in this table include third-party carriers operating under capacity purchase agreements with Air Canada.*

(5) *Reflects FTE employees at Air Canada and its subsidiaries. Excludes FTE employees at third-party carriers operating under capacity purchase agreements with Air Canada.*

(6) *Average stage length is calculated by dividing the total number of available seat miles by the total number of seats dispatched.*

(7) *Revenue passengers are counted on a flight number basis (rather than by journey/itinerary or by leg), which is consistent with the IATA definition of revenue passengers carried.*

(8) *"pp" denotes percentage points and refers to a measure of the arithmetic difference between two percentages.*