



AIR CANADA

A STAR ALLIANCE MEMBER
MEMBRE DU RÉSEAU STAR ALLIANCE



New
frontiers

Nouveaux
horizons

Hello/Bonjour

VALÉRIE DURAND

Head of Investor Relations and
Corporate Sustainability

December 17, 2024

 **AIR CANADA**



Caution regarding forward-looking information

The presentations and related discussions at Air Canada's investor day include forward-looking statements within the meaning of applicable securities laws. These include statements relating to Air Canada's 2024 preliminary results, 2024 outlook, 2025 outlook and Air Canada's long-term targets. 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 Air Canada's Investor Day news release dated December 17, 2024, section 18 "Risk Factors" of Air Canada's 2023 MD&A and section 14 "Risk Factors" of Air Canada's Third Quarter 2024 MD&A.

Furthermore, all 2024 figures reported in these presentations are preliminary estimates. Air Canada's 2024 annual audited consolidated financial statements and notes are not yet complete and results for the full year 2024 may vary from these preliminary estimates upon completion of closing procedures and finalization of the audited consolidated financial statements.

The forward-looking statements contained or incorporated by reference in these presentations represent Air Canada's expectations as of the date of these presentations (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.

Non-GAAP measures

The presentations and related discussions at Air Canada's investor day include references to non-GAAP measures which are used by Air Canada to provide readers with additional information on its financial and operating performance. These measures include adjusted CASM, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings per share, adjusted net income, net cash flows from operating activities as a percentage of adjusted EBITDA, free cash flow, free cash flow margin, free cash flow per share, leverage ratio, additions to property and equipment and intangible assets as a percentage of revenues and return on invested capital.

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 measures described in these presentations 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 a more meaningful comparison to other airlines.

Refer to Air Canada's public disclosure file available at www.sedarplus.ca and, in particular Air Canada's Third Quarter news release dated November 1, 2024, and sections 16 and 20 (Non-GAAP Financial Measures) respectively of Air Canada's Third Quarter 2024 MD&A and 2023 MD&A (which sections are incorporated by reference herein) for an explanation of the composition of certain of Air Canada's non-GAAP financial measures and non-GAAP ratios referred to in the presentations and for a reconciliation to the most comparable GAAP financial measure.



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Value creation delivered through Air Canada's transformation

MICHAEL ROUSSEAU

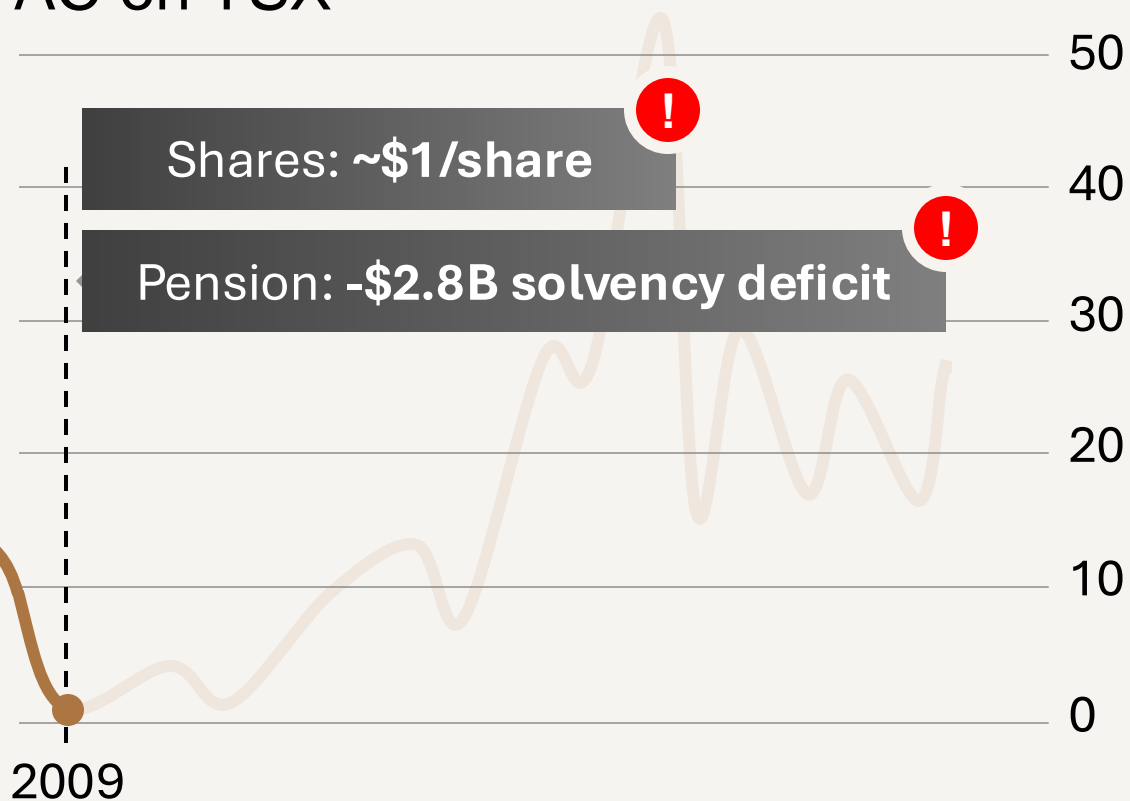
President and Chief Executive
Officer

December 17, 2024



2009: The beginning of a journey

AC on TSX



Stabilize the company



Fleet in need of renewal



Underutilized hubs

Next: Our transformation begins

AC on TSX



4 priorities set



Revenue growth



Cost control

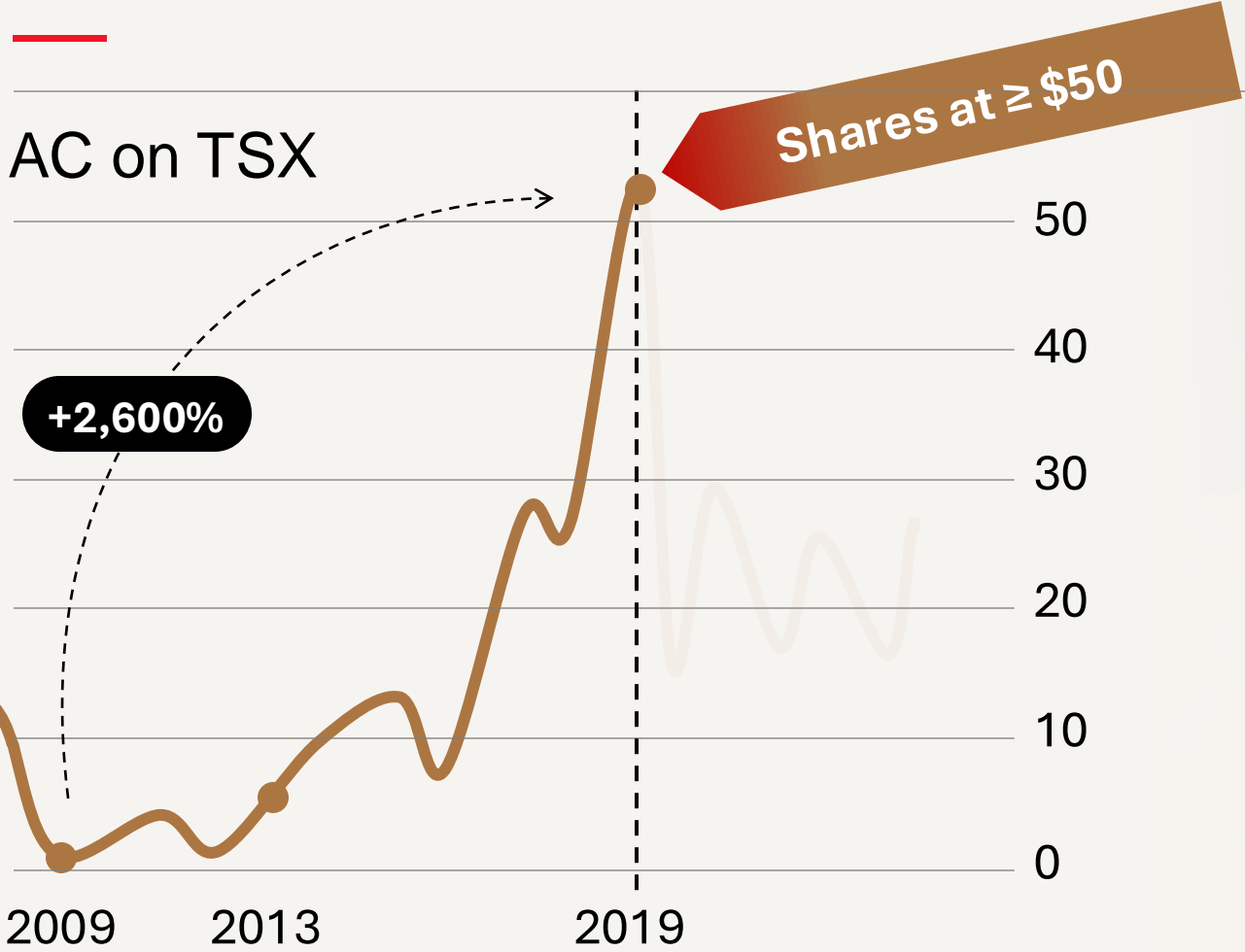


Network expansion



Employee and customer engagement

Result: We delivered on our priorities... and more



Achievements



Operating revenue
\$19.1B



7% CAGR



Diluted EPS of \$3.37

Fleet and Network

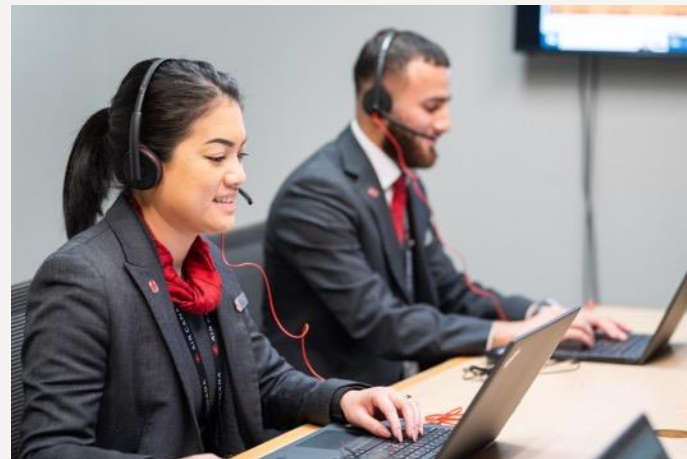


Product



The only Four-Star international network carrier in North America

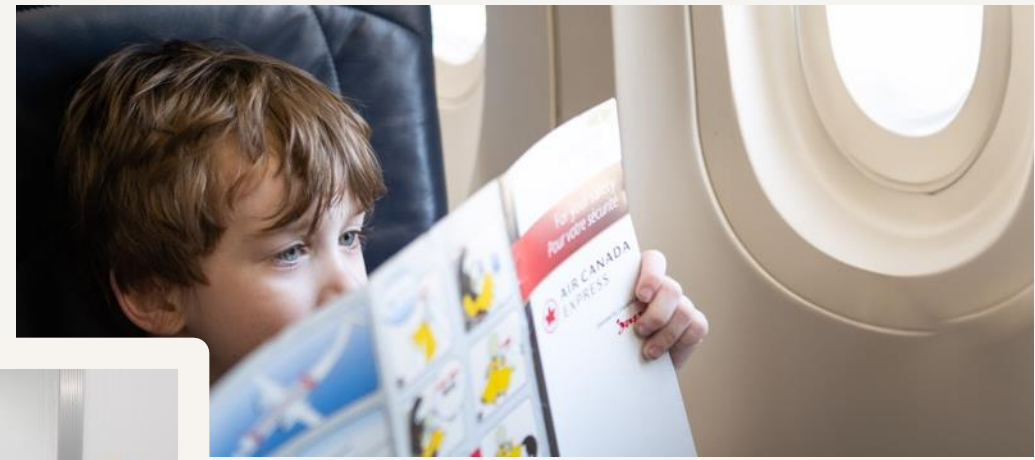
Technology



Loyalty



Social licence to operate



19D
TAP ANYWHERE TO START
APPUYEZ N'IMPORTE OÙ POUR COMMENCER



FRANKFURT, GERMANY

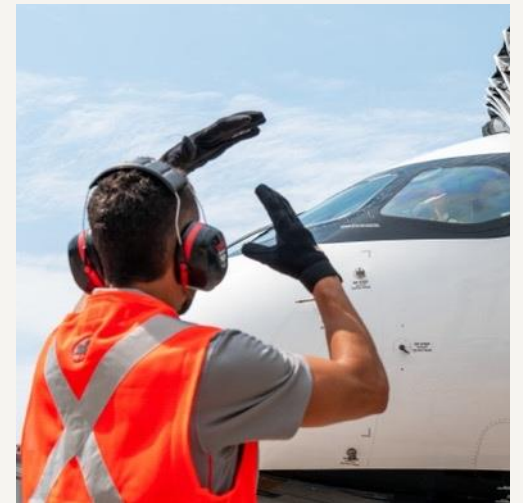
We're working to stop the illegal trafficking of wildlife like the chimpanzee. Learn more: aircanada.com/preservingwildlife

Nous travaillons à stopper le trafic illégal d'espèces sauvages telles que le chimpanzé. Pour en savoir plus : aircanada.com/protogerencesauvages

Customer Service



People



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



Air Canada: A critical driver of the Canadian economy

We forge essential connections



Direct

Air Canada's operations

Indirect

Supplying and supporting businesses

Induced

Employees participating in economy

Extended

Air service facilitating: Tourism, Trade, etc.



\$70B
total economic output



260,000 jobs



Our vision toward 2030

>\$30B

revenue +7-8% p.a.

18-20%

adjusted EBITDA margin

~5%

free cash flow margin





AIR CANADA

Thank you
Merci





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Air Canada – Investment thesis 2024 – 2030

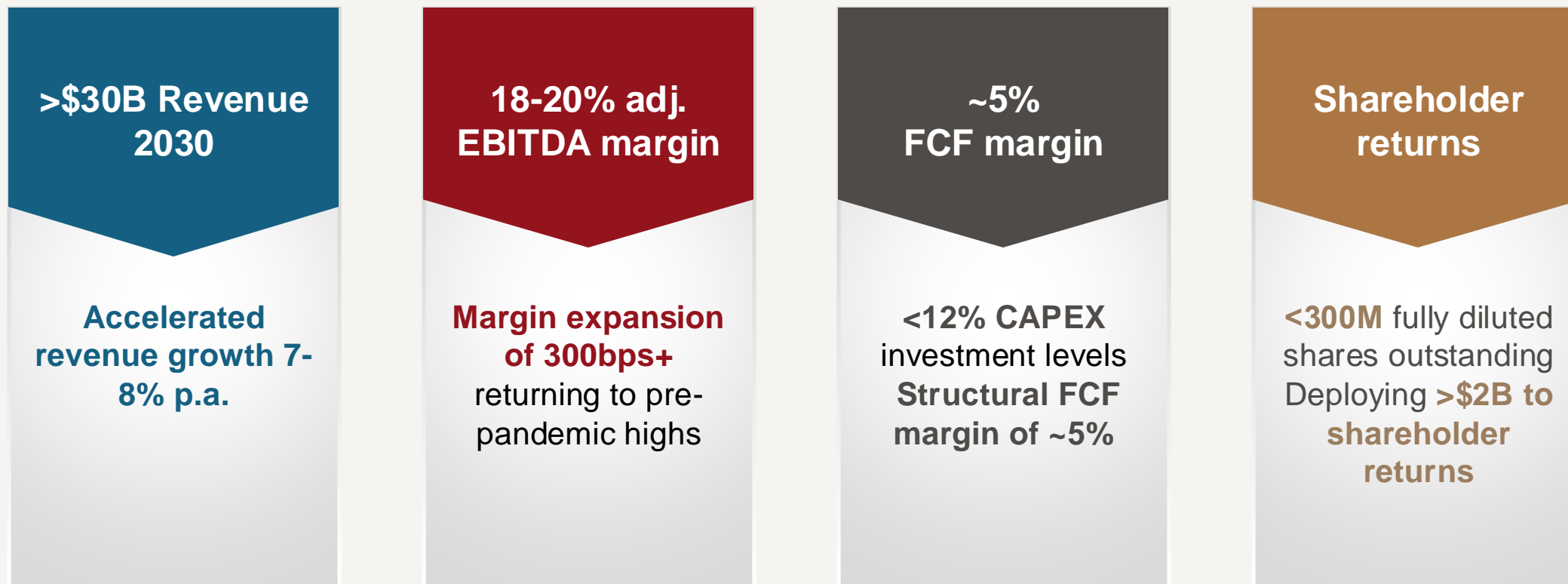
JOHN DI BERT

Executive Vice President
and Chief Financial Officer

December 17, 2024



A unique value creation opportunity – 2030 aspiration¹



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

2030 Aspirations – Value creation levers

>\$30B Revenue 2030

Strong capacity growth at 5-6% p.a. and supported by system recovery

>1 p.p. U.S. 6th Freedom market share expansion

Canadian demographics fuelling growth to international markets

RM and premium cabin solidify yield growth

18-20% adj. EBITDA margin

Network scale and optimization drives >100bps margin expansion

Modern fleet additions deliver 15-20% fuel and maintenance efficiency

~3%+ CAGR labour productivity increase enabled by tech, operational excellence and innovation

~5% FCF margin

~90% of adjusted EBITDA cash conversion

<12% CAPEX as a share of revenue

Shareholder returns

~5% FCF margin and ≥12% ROIC

>15% liquidity¹ and <2x target leverage

Exceptional resilience and rapidly available liquidity

<300M fully diluted shares outstanding by 2028

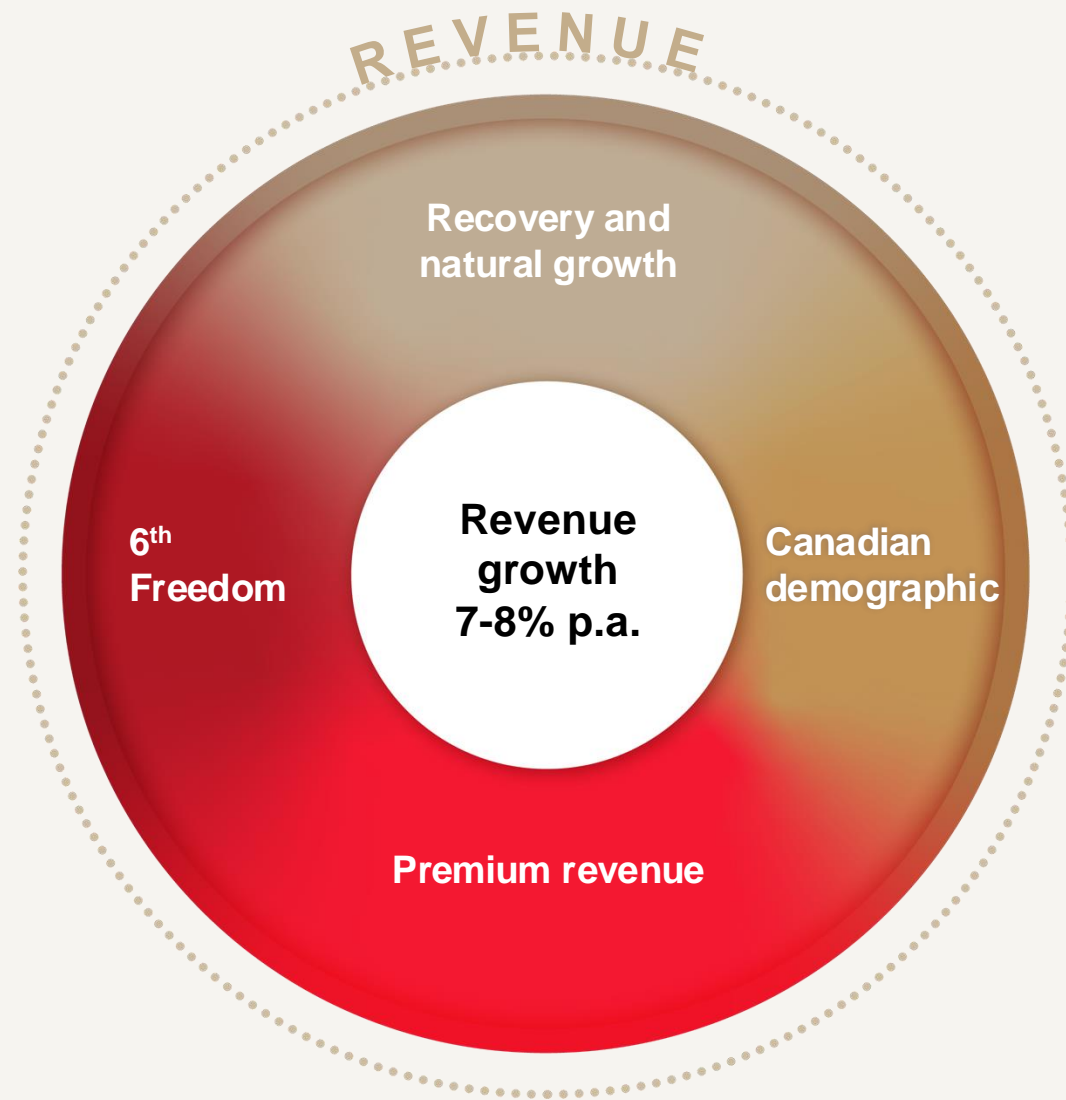
Path toward the 2030 vision

2024 Preliminary results and 2028 Objectives¹

	2024 FY Preliminary results	2028 Objectives
Revenue \$B	~22B	~30B
Adjusted EBITDA margin	~16%	≥17%
Cash flow from operations % of adjusted EBITDA	>90%	~90%
CAPEX % of revenue	~12%	≤12%
FCF margin % of revenue	4-5%	~5%

Targeting ~\$30B revenue by 2028¹

Capturing our *'right to win'* and revenue optimization opportunities



Revenue enhancement toolkit

Revenue innovation

Aeroplan

Cargo

Air Canada Vacations

Partnerships

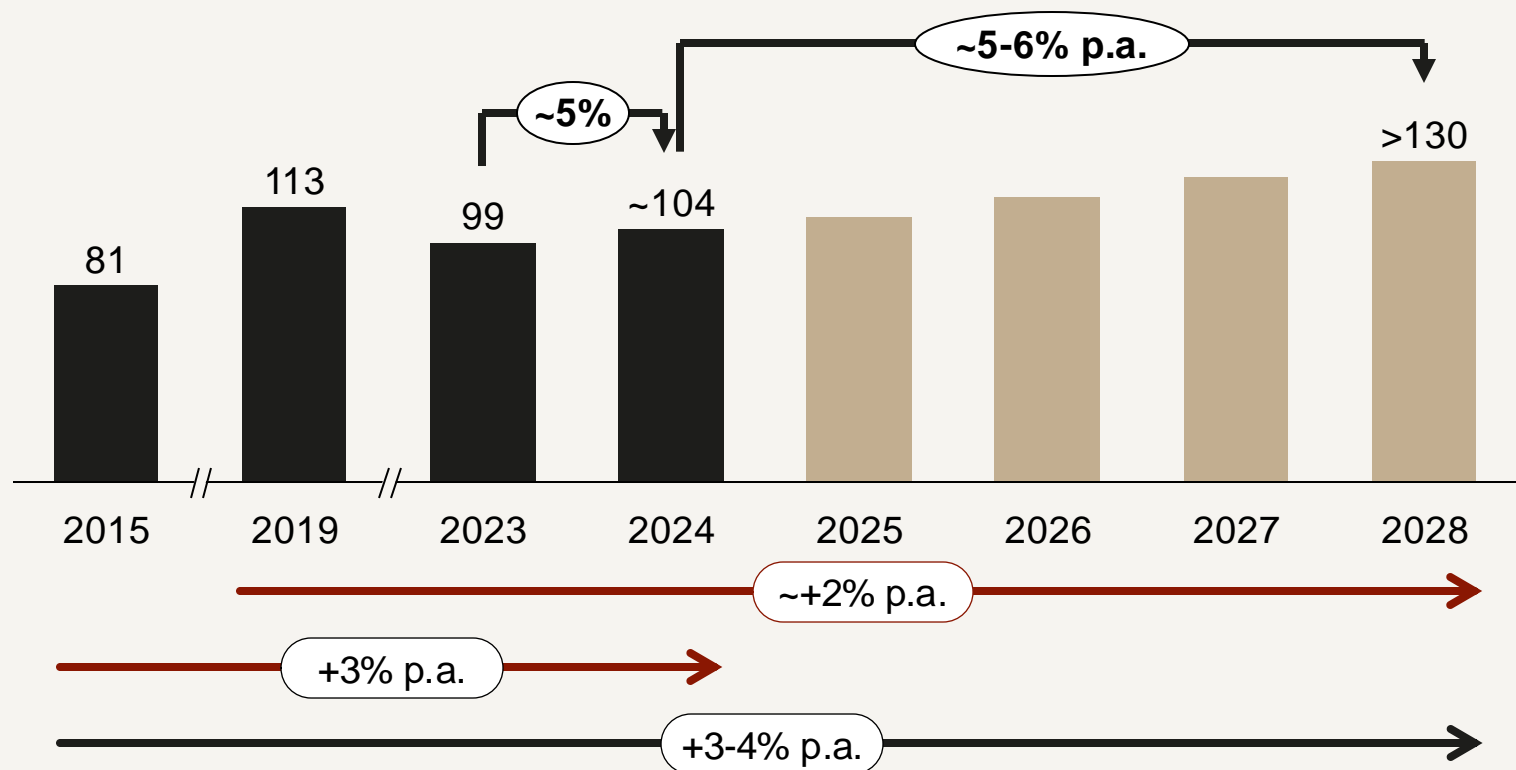
Product



Revenue levers deep dive: 2024 – 2028 projected ASM growth of ~5-6% p.a.

Historical and targeted ASM

Billions of ASMs by year



Maintaining growth trajectory in line with the past decade

Air Canada capacity growth supported by 'right to win'



GDP growth and system recovery

Driven by natural passenger growth and volume share restoration in key Canadian non-hub markets



US 6th freedom expansion

Capture fair share of U.S.-International traffic



Increase international flows

Expand capacity to fast growth markets with strong ties to Canada's diverse population



Revenue levers deep dive: Growth driven by AC's competitive advantages

Canadian demographic

Canada's diversity is a proven driver of international demand

~11% p.a.

PAX demand growth between Canada and India ('16-'23)

6th Freedom

Favorable geographic and structural advantages

~80%

Of addressable U.S.–International market can efficiently connect through our hubs¹

Premium revenue

Well-positioned in the premium segment²

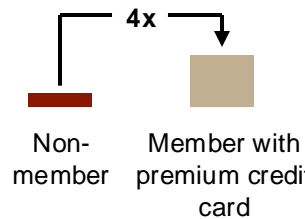
25%+

Additional premium seating ASM by 2028

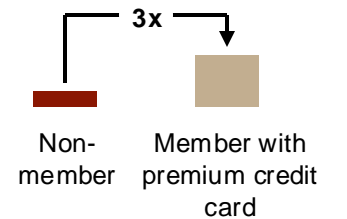
Revenue enhancement toolkit

Revenue through Aeroplan Members³

Average fare by customer type, \$



Number of bookings by customer type, #



¹ International market defined as transatlantic and transpacific; Efficiency defined as within 7% circuity of the non-stop option

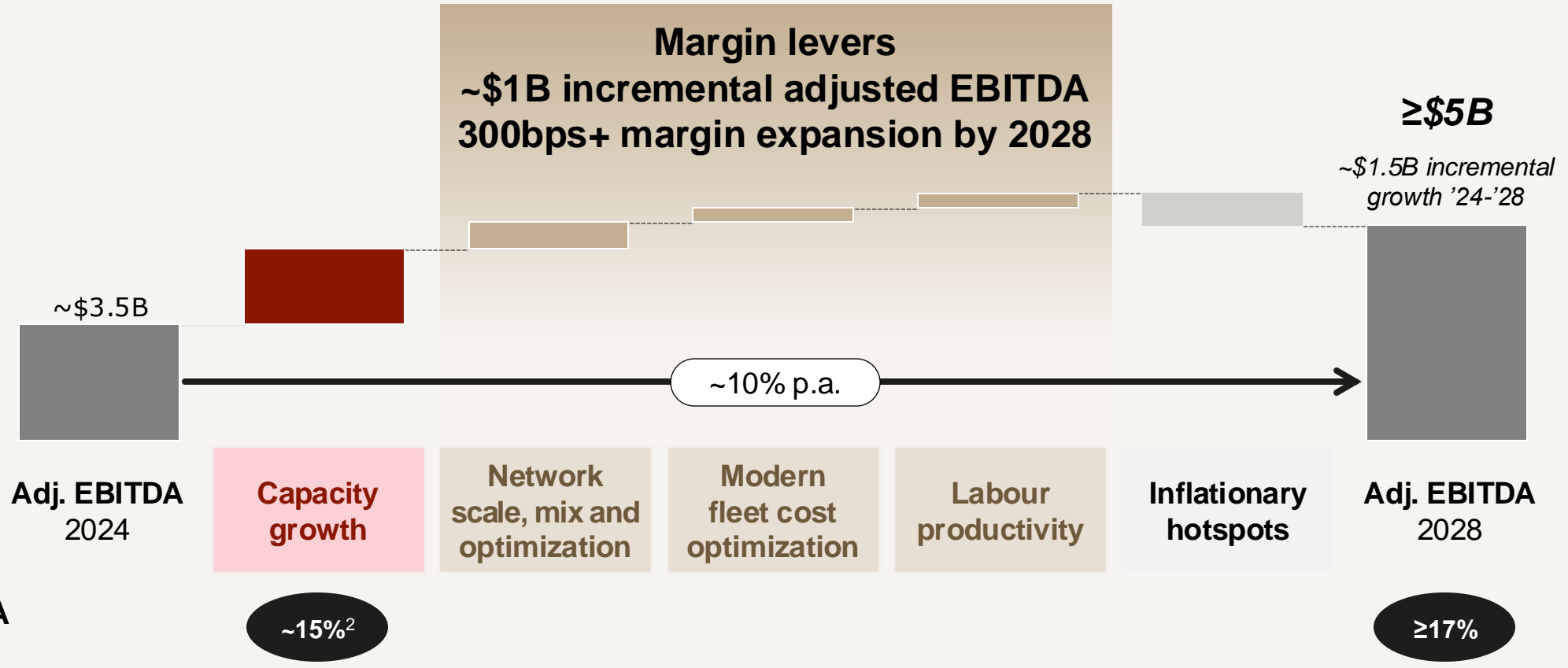
² Includes business class, premium economy and preferred seating capacity growth

³ Average fare and number of booking data based on bookings created between November 2023 and October 2024. Member and non-member share of Air Canada spend data from January 1, 2023, to December 31, 2023.

Targeting $\geq \$5B$ adjusted EBITDA and $\geq 17\%$ adjusted EBITDA margin by 2028¹

EBITDA growth driven by additional capacity and margin expansion

\$B



Adj. EBITDA margin, %

1. As communicated in Air Canada's news release dated December 17, 2024
2. Conservative adjusted EBITDA margin assumption (below 16% 2024 FY Expectations)¹

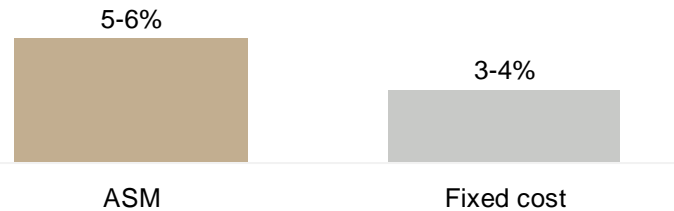


Margin levers deep dive: levers drive ~\$1B of adjusted EBITDA and 300bps+ of margin expansion

Network scale efficiency (Non-FTE)

Fixed cost dilution via growth

ASM growth versus fixed cost, 2024-28 CAGR, %



Network optimization

Competitive economics through fleet efficiency

~15%

of capacity growth achieved through efficiencies (e.g., upgauging, utilization)

Modern fleet

Fuel and maintenance cost reduction from new aircraft

~15-20%

Lower fuel and maintenance costs across capacity additions from new platforms
787-10 / A321XLR / A220

Labour productivity

End-to-end operational excellence

**~3%+
p.a.**

From operational excellence and productivity initiatives
2028 vs. 2024

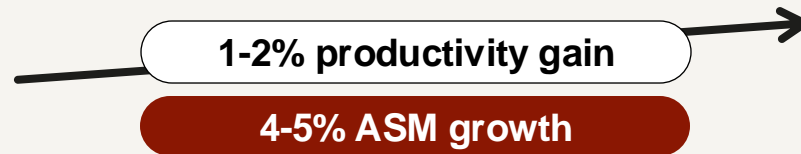
Margin levers deep dive: Strategic investments drive multi-year productivity

- + Tailwinds
- Headwinds

Productivity gains, %

2024 - H1 2026

Restoring the network and stabilizing ops training and fleet “entry into service” readiness requirements

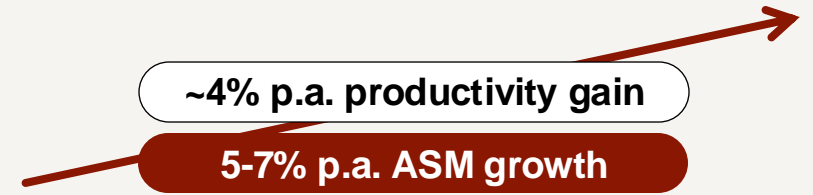


Productivity drivers:

Network schedule / fleet mix	-
Labour productivity	+
Technology enablement	+
Business process excellence	-

H2 2026 - 2028+

Network expansion and operations maturity technology enablement



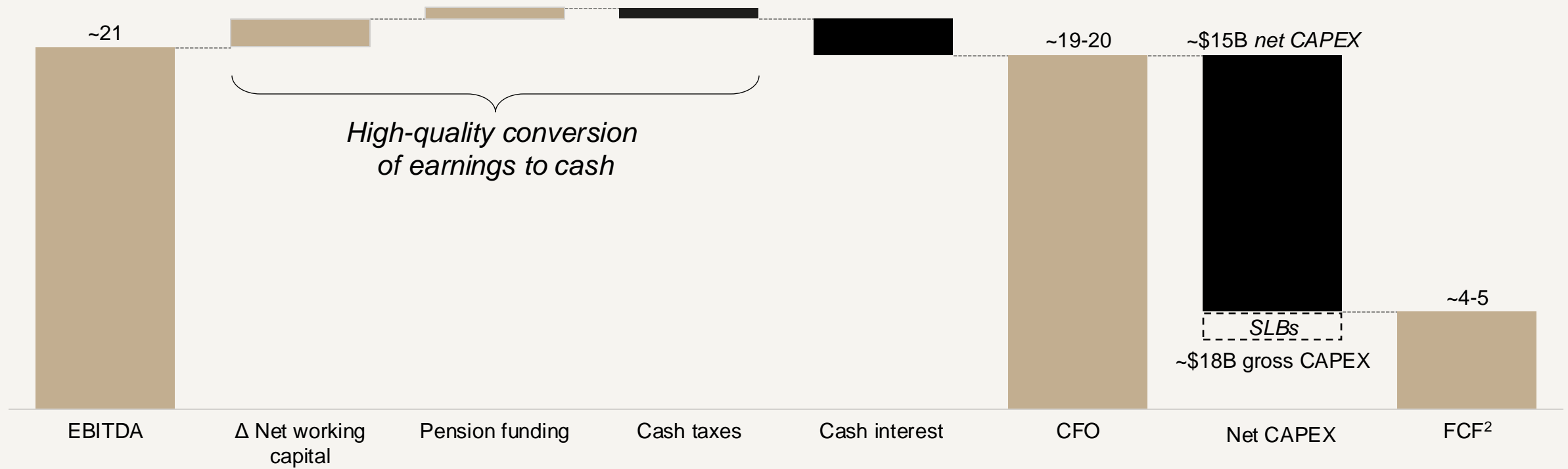
	+	+
	+	+
	+	+
		+

Targeting ~\$4-5B in cumulative FCF over 5 years ('24-'28)¹

Cumulative free cash flow

\$B (2024-2028 inclusive)

5-year \$20B cumulative cashflow from operations (CFO)



1. As communicated in Air Canada's news release dated December 17, 2024
 2. Does not factor in scheduled capital lease obligation payments

Strategic investment cycle underway – modernized fleet and technology backbone deliver capacity and efficiency

>\$2B

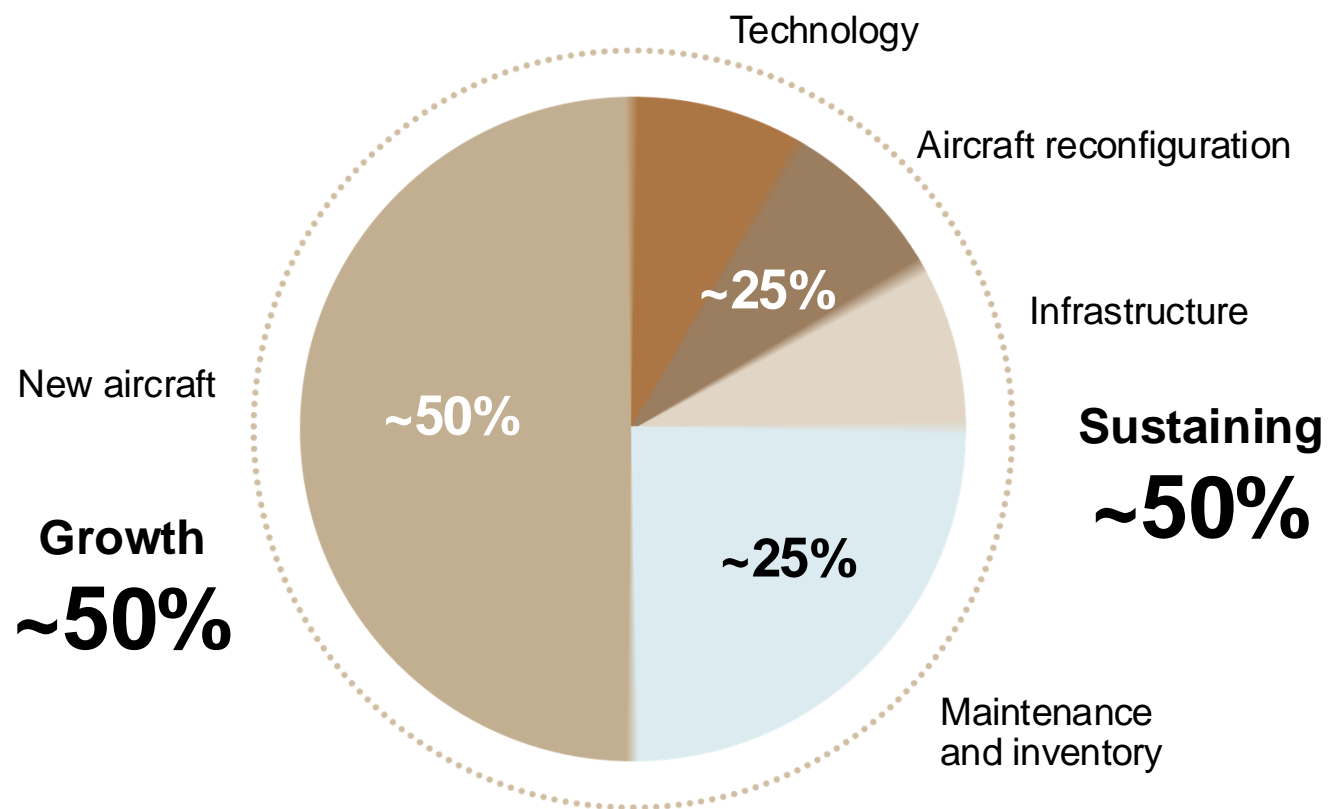
Incremental annual gross run-rate adjusted EBITDA contribution

Driven by airline investments

Capital investments

2024-2028 (inclusive), %

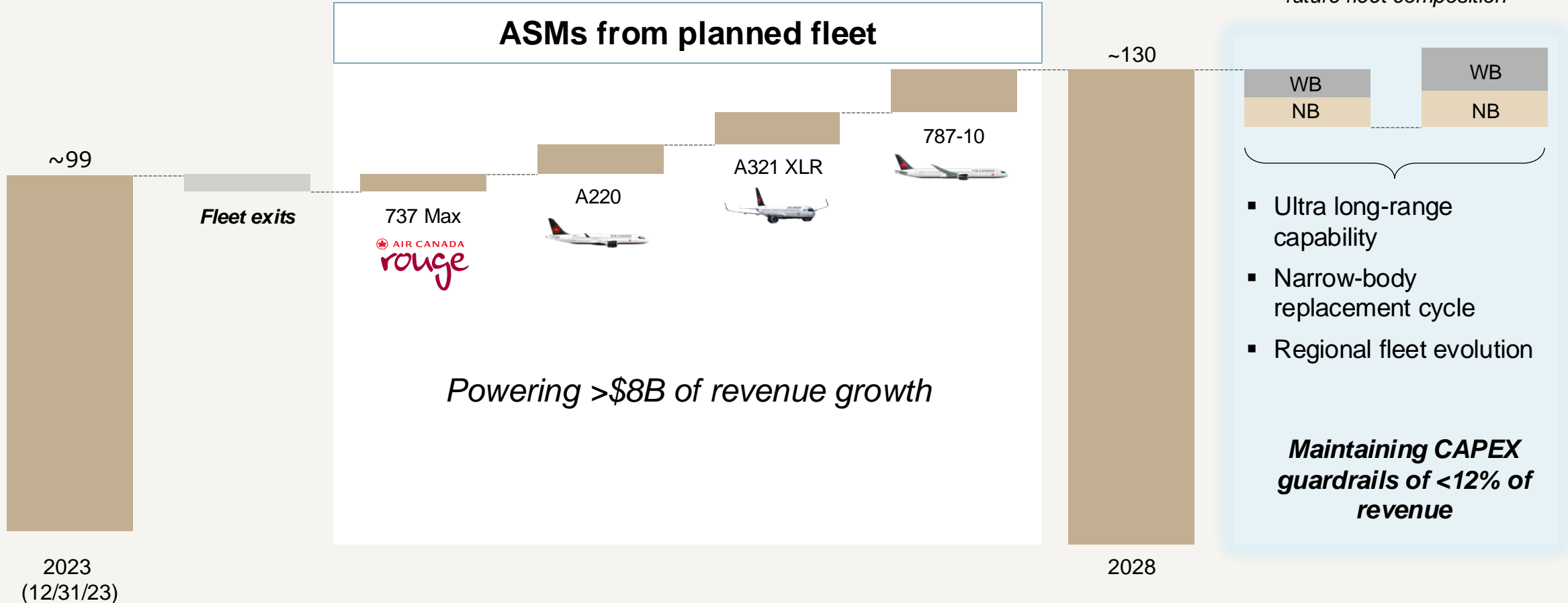
~\$18B



CAPEX deep dive: Comprehensive fleet strategy 2024-2028

ASM capacity¹

Billions



2023
(12/31/23)

2028

CAPEX deep dive: Our fleet plan is flexible, enabling growth and resilience

Capacity flexibility scenarios

2028 targeted; billions of ASMs

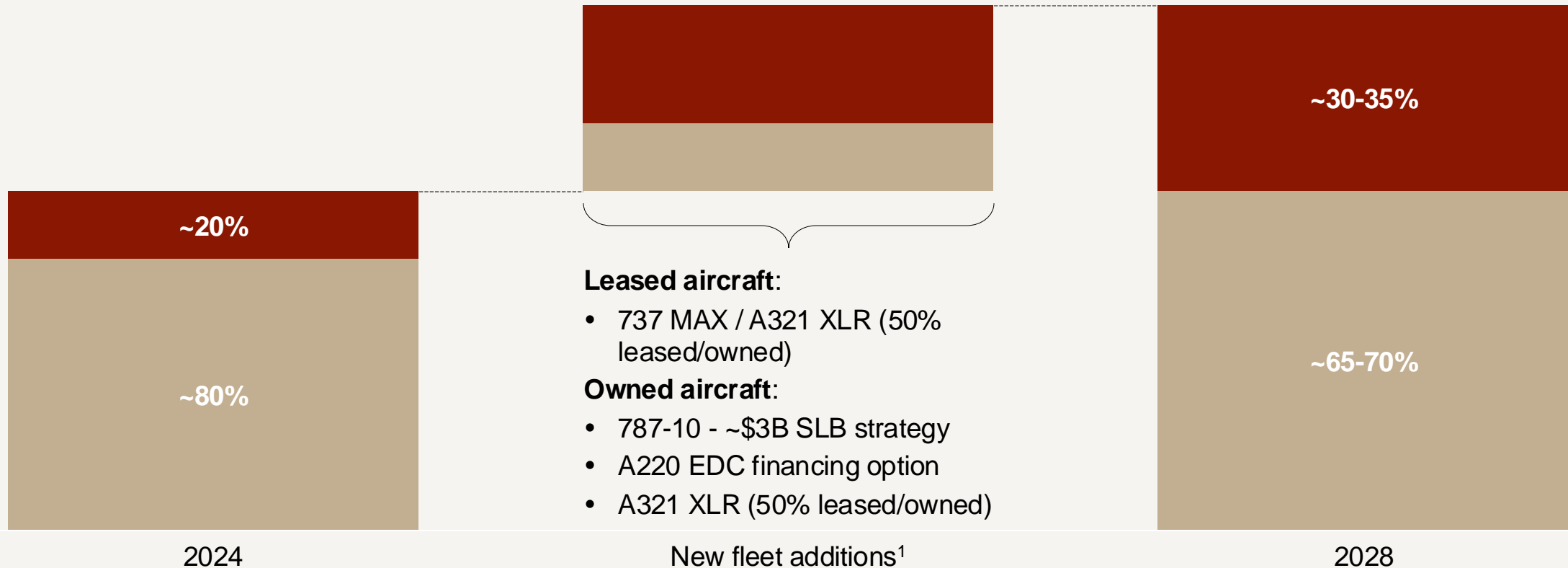


CAPEX deep dive: Optimizing fleet equity toward ~65-70% ownership through strategic SLB transactions

Fleet ownership by NBV

%

■ Leased ■ Owned



CAPEX deep dive: Technology portfolio investments

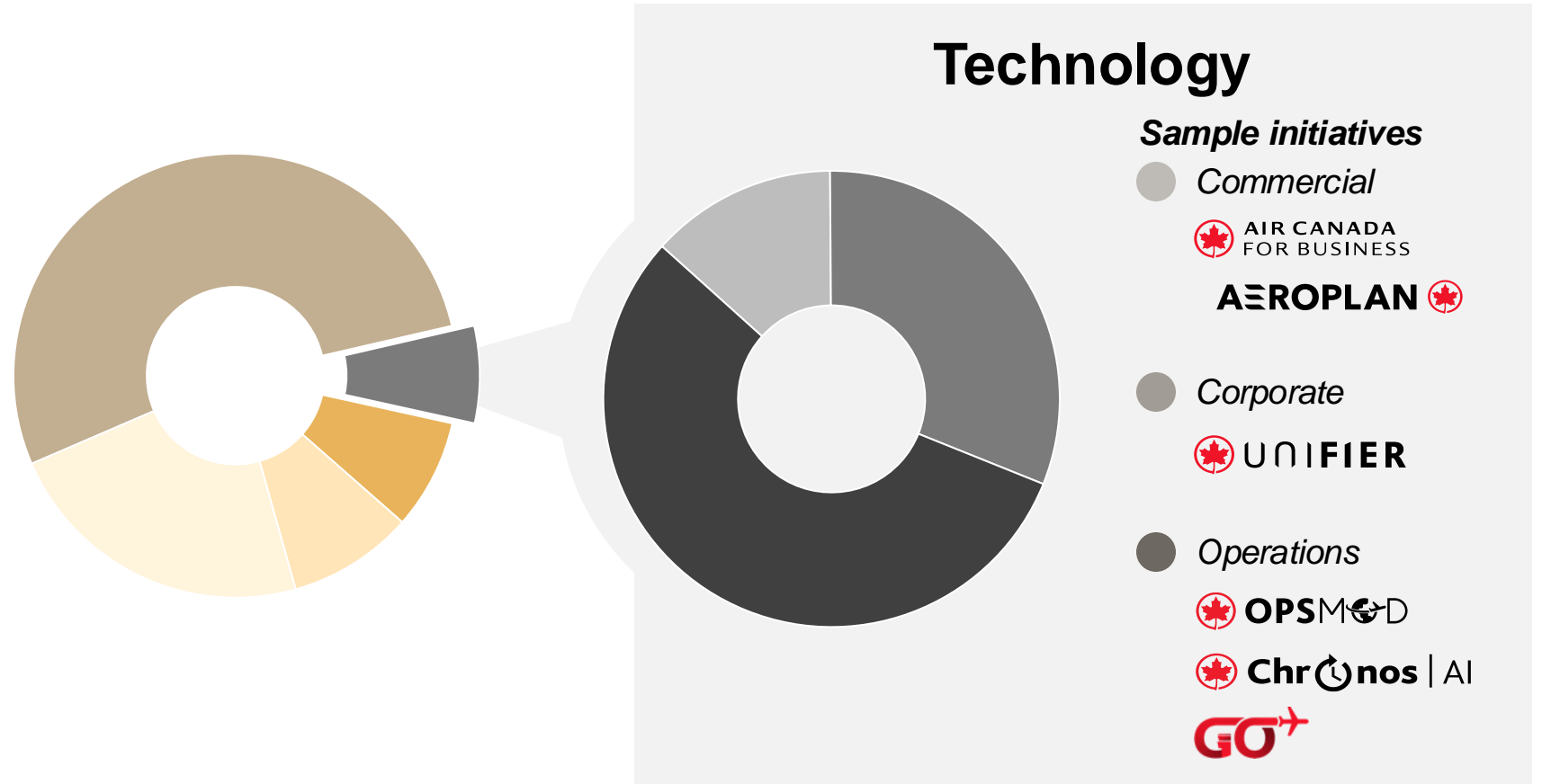
~1%

of revenue

*Annual capital investments to
modernize our technology
backbone*

Capital investments

2024-2028 (inclusive), \$B



Driving business processes and operational excellence



CAPEX deep dive: Enhancing customer experience with aircraft reconfiguration and consolidation

'24-'28 fleet improvements

>\$1B

Of fleet enhancement
investments

~100%

Of aircraft with modern
cabins and CX
enhancements



Fleet-wide Wi-Fi



**Enhanced cabin
storage**



**Modern and
comfortable seating**

Balance Sheet strategy

- Exceptional resilience and rapidly available liquidity
- Reliable FCF generation
- Stable gross debt
- Low leverage and investment grade-like credit quality and cost

2028 Liquidity, FCF, debt management & capital allocation target

Resilient liquidity

>15% of revenue
on-hand
>\$10B accessible

Reliable FCF generation

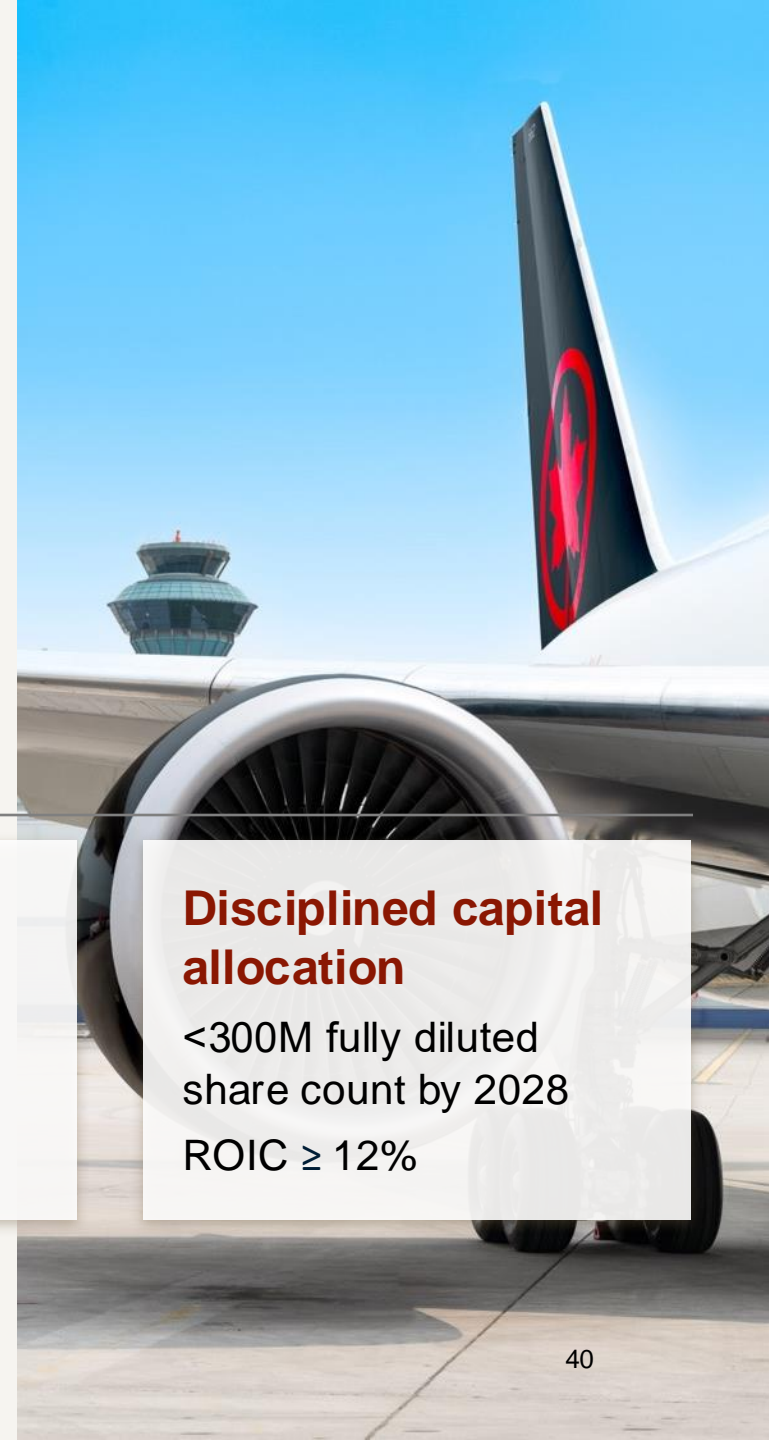
~5% FCF margin

Responsible debt management

<2x leverage ratio

Disciplined capital allocation

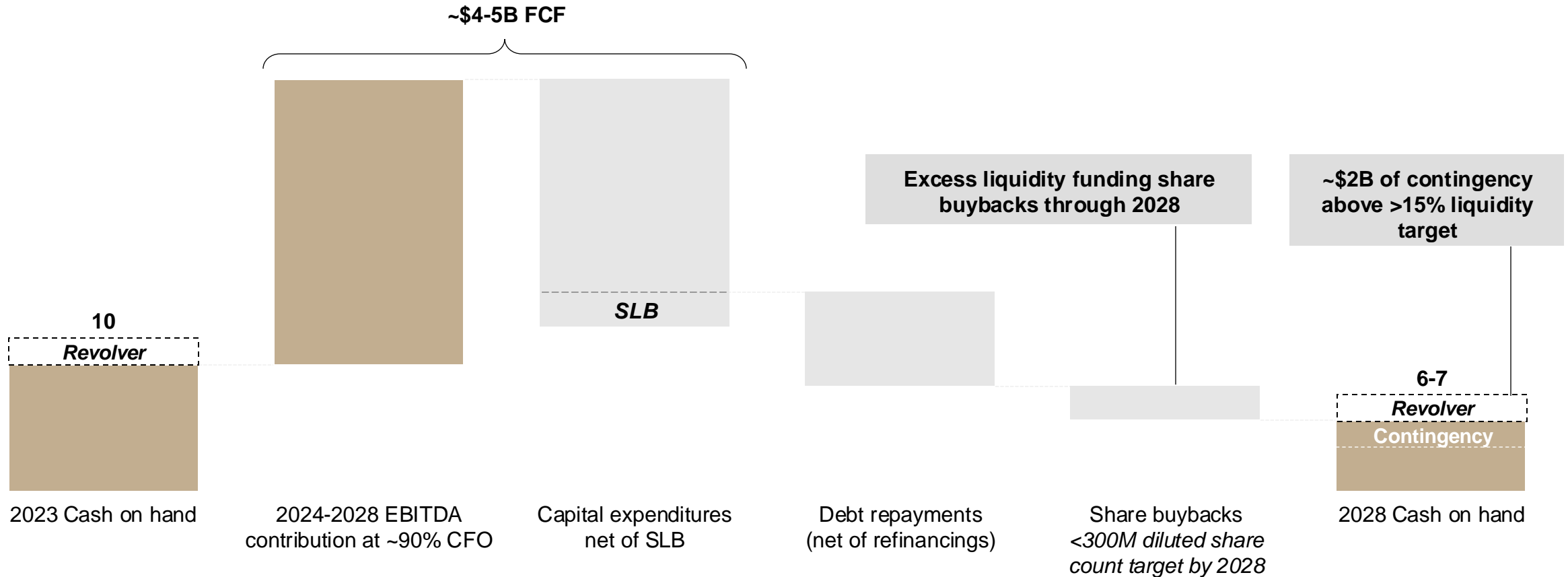
<300M fully diluted
share count by 2028
ROIC \geq 12%



Minimum liquidity maintained above 15% of revenue

Liquidity management

\$B



Exceptional resiliency via significant and rapid access to additional liquidity

Total incremental access to liquidity

\$B (2024)

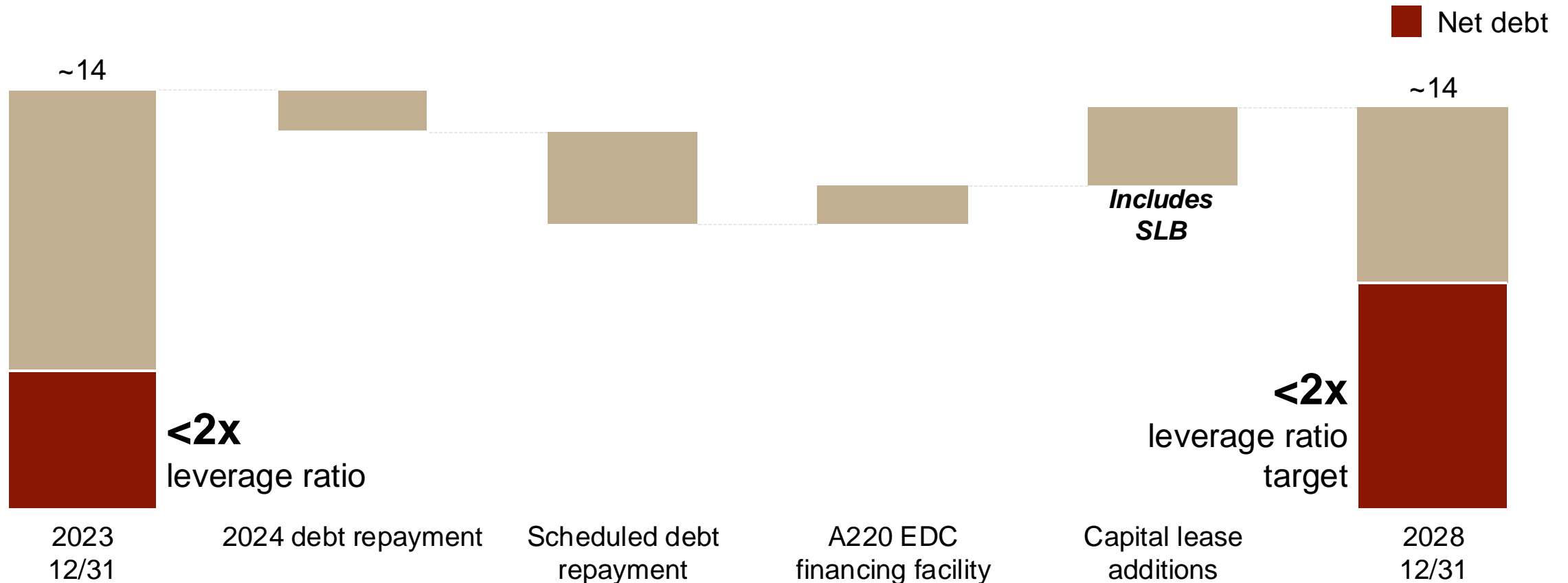


**Access to ~\$15B
in liquidity**

Disciplined gross debt management, net leverage target <2x

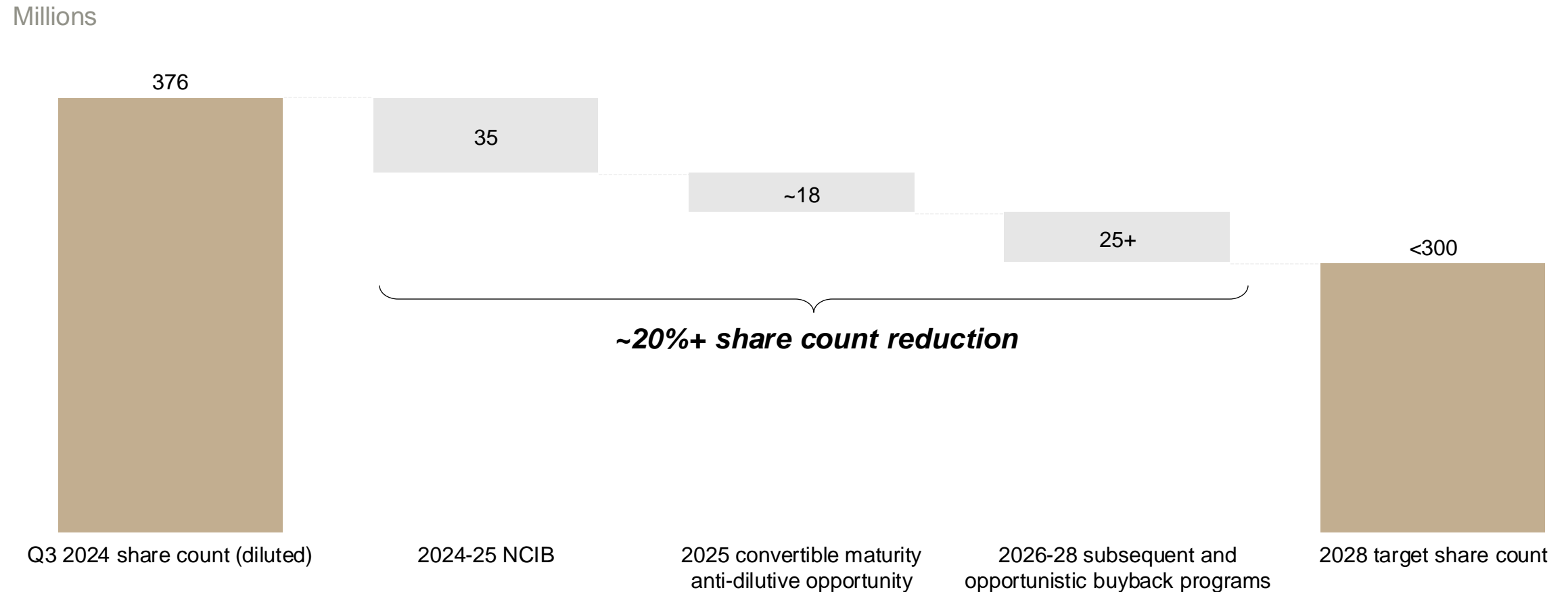
Gross debt 2023-2028

\$B



Shareholder returns philosophy – Execute strategic airline investments and reward shareholders concurrently

Target share count roadmap

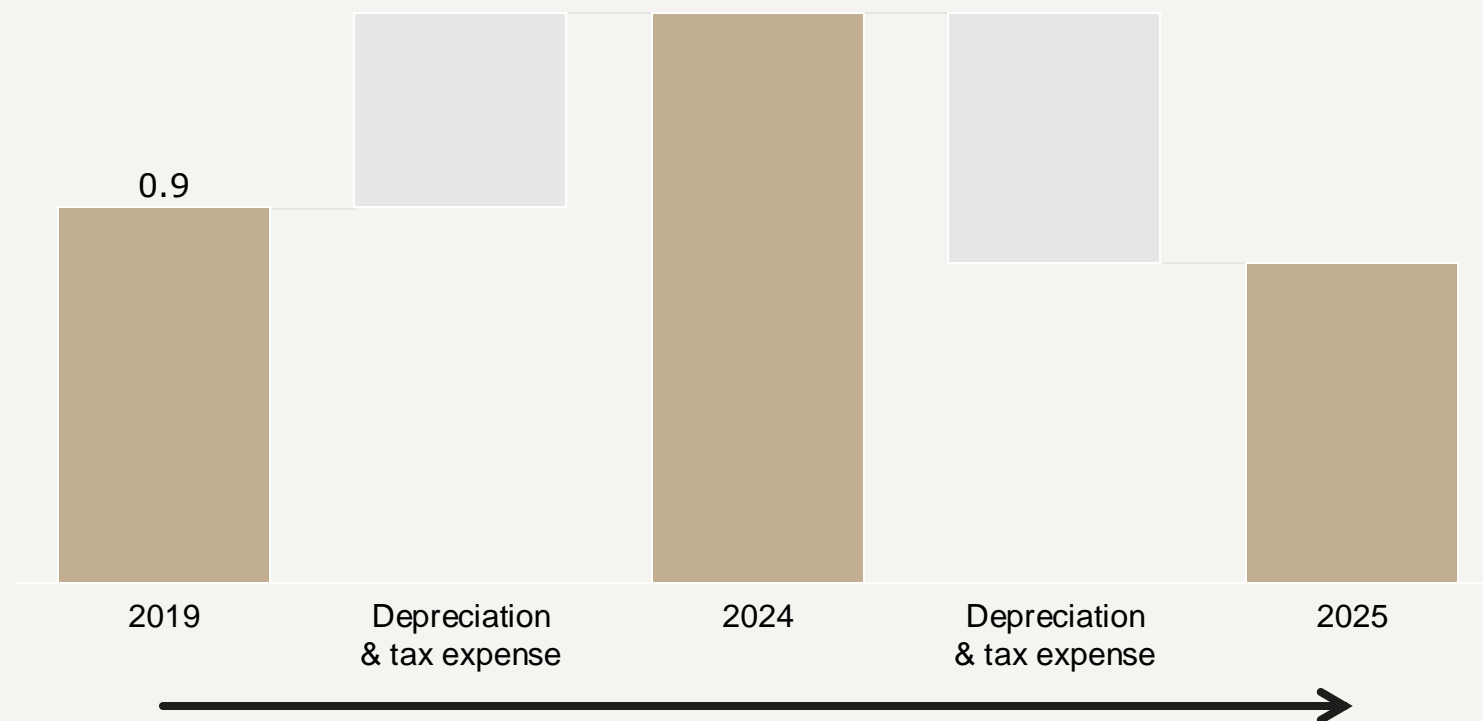


2019-2025 Adjusted net income bridge – Normalizing EPS in 2025

Illustration purposes only, does not represent guidance

Adjusted Net Income

\$B (2019-2025), illustrative evolution



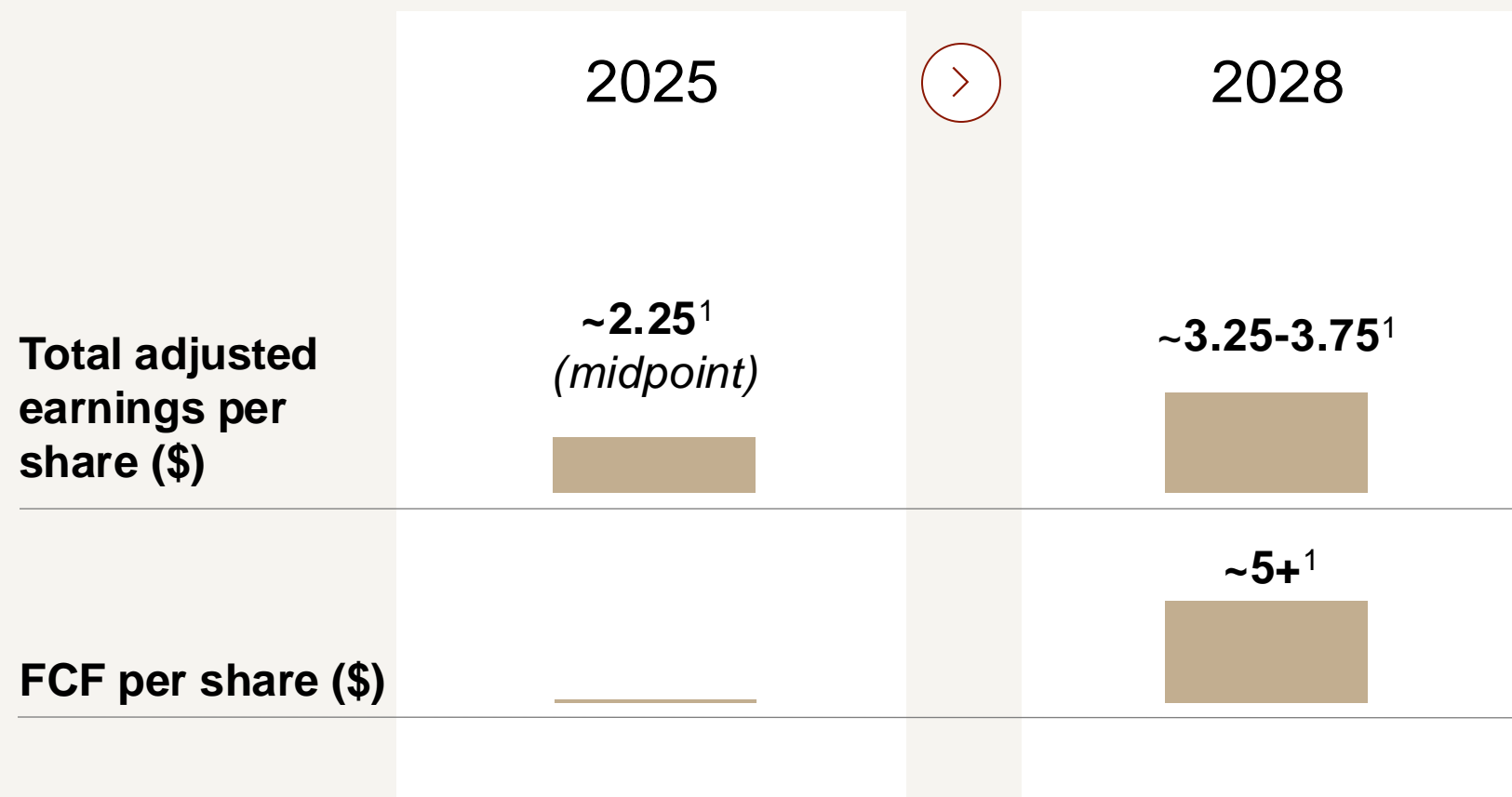
Post-pandemic normalization of adjusted net income

Recognition of income tax assets on balance sheet in Q3 2024 results in a non-cash income tax expense in 2025

Fleet growth strategy drives higher depreciation expense (~\$200M per year) throughout plan period

Creates an EPS reset in 2025

Value creation plan execution targeting to deliver ~15% adjusted EPS CAGR and ~\$5+ cashflow per share by 2028



Stronger and more competitive **foundation**

Right to win opportunity in key markets

Strong path to **margin expansion**

Performance management culture

Value creation for shareholders

2024 & 2025 Guidance¹

		2024 ● →	2025 ● →
Guidance	Adj. EBITDA	~\$3.5B	\$3.4B - \$3.8B
	Adj. CASM	~2% YoY	14.25 ¢ - 14.50 ¢
	ASMs	~5% YoY	+3 - 5% YoY
	FCF ²	Not guided	Break even +/- \$200M
Assumptions	FX, USD/CAD	1.36	1.40
	Fuel, \$/l	1.00	0.95
	GDP	Moderate	Moderate

Delivering on **our commitments** and communicating progress

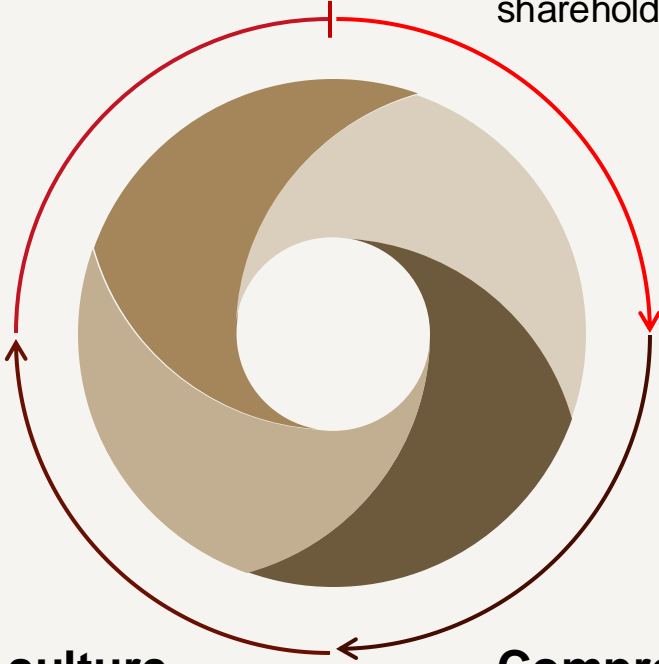


Investor dialogue

Maintaining continuous communication on strategic progress

Air Canada's vision

Leveraging our competitive strengths to drive profitable growth concurrent with shareholder returns



Performance culture focused on execution

Performance management driven by clear metrics and accountability

Comprehensive strategic plan

Integrates network, fleet, financial and operational strategies



AIR CANADA

Thank you
Merci






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New
frontiers

Nouveaux
horizons

A low-angle, upward-looking shot of an Air Canada aircraft in flight against a bright blue sky with scattered white clouds. The aircraft's dark fuselage and engines are prominent, with the red maple leaf logo visible on the side of the fuselage and on the engine nacelles.

Accelerating revenue growth *Capturing our 'Right to win'*

MARK GALARDO

Executive Vice President, Revenue &
Network Planning, and President, Cargo

December 17, 2024

 **AIR CANADA**

Air Canada's New Frontiers: Continued evolution from flag carrier to global airline

~\$30B

revenue
by 2028
+7-8% p.a.

+5-6%

p.a. capacity
growth to 2028
~130B ASMs



New Frontiers **builds** off the strongest foundations in Air Canada's history

A leading network, guided by our right to win



A global carrier, leveraging our unique hub geography



A modern fleet streamlined for success



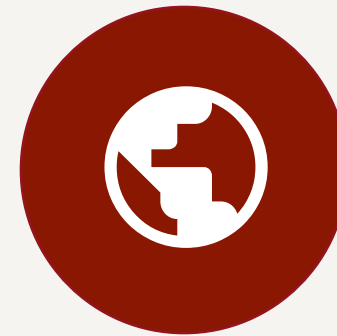
New Frontiers capitalizes on growing opportunities within Air Canada's right to win



**Diverse and growing
Canadian demand**



**Catch up to 2019
levels**



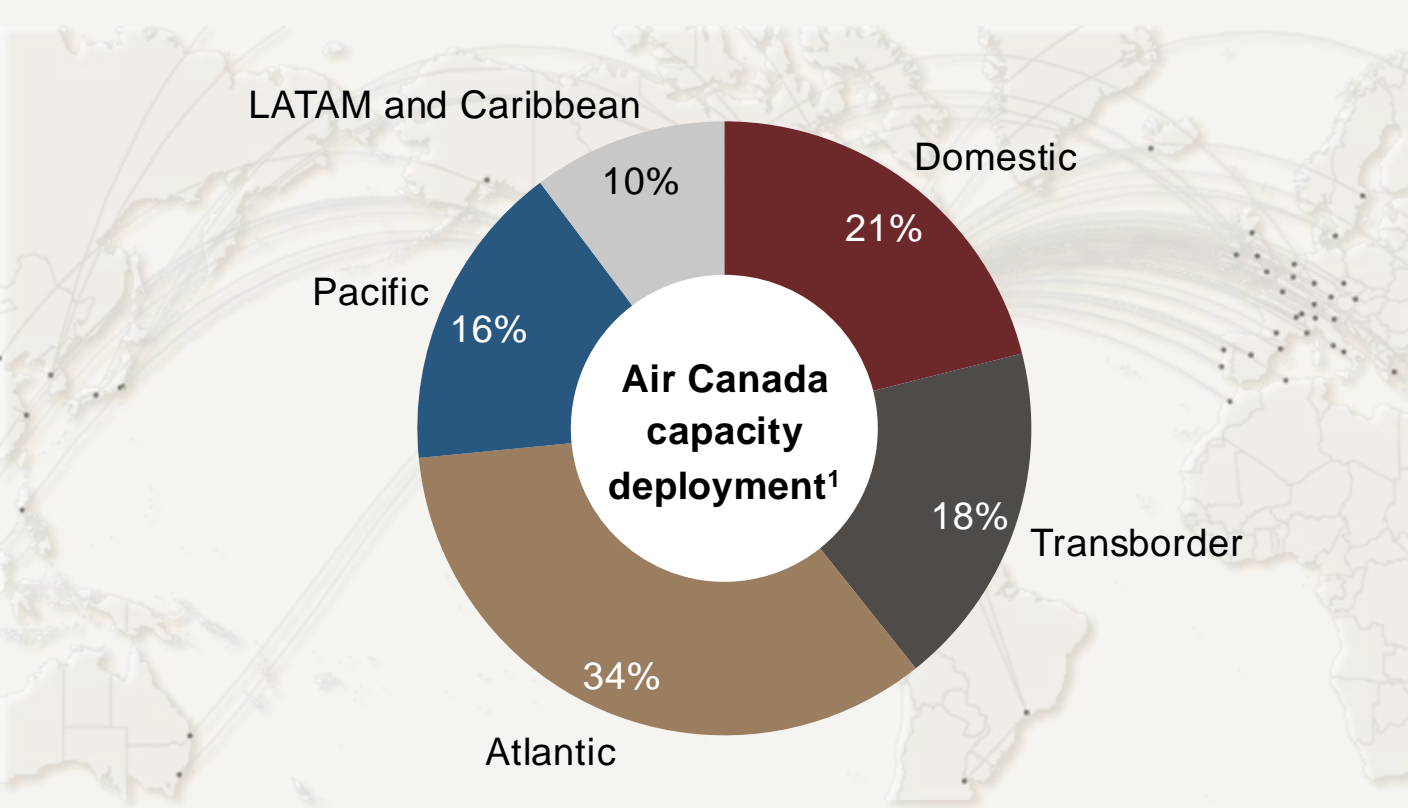
**Fully leverage
6th freedom opportunity**

Strong foundations

The building blocks for success



Air Canada has a diversified and comprehensive network

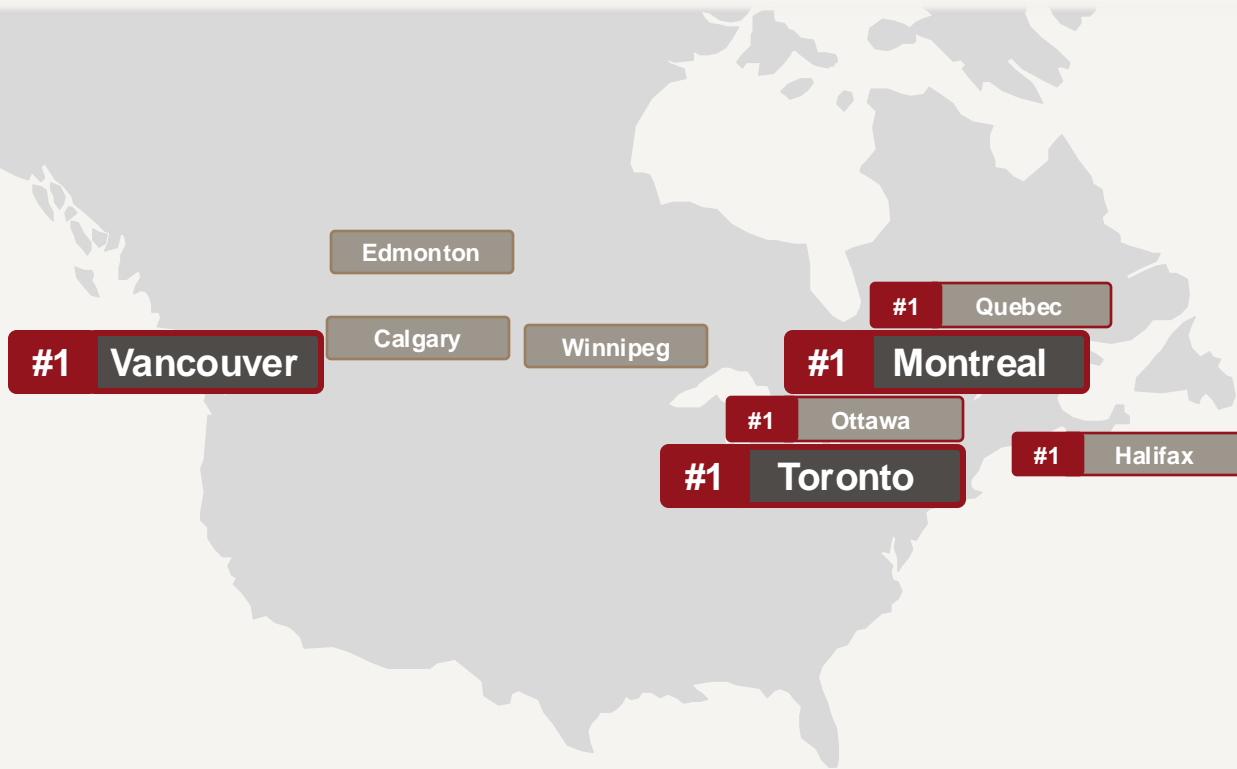


Air Canada's revenue diversity provides flexibility to adapt to changing conditions

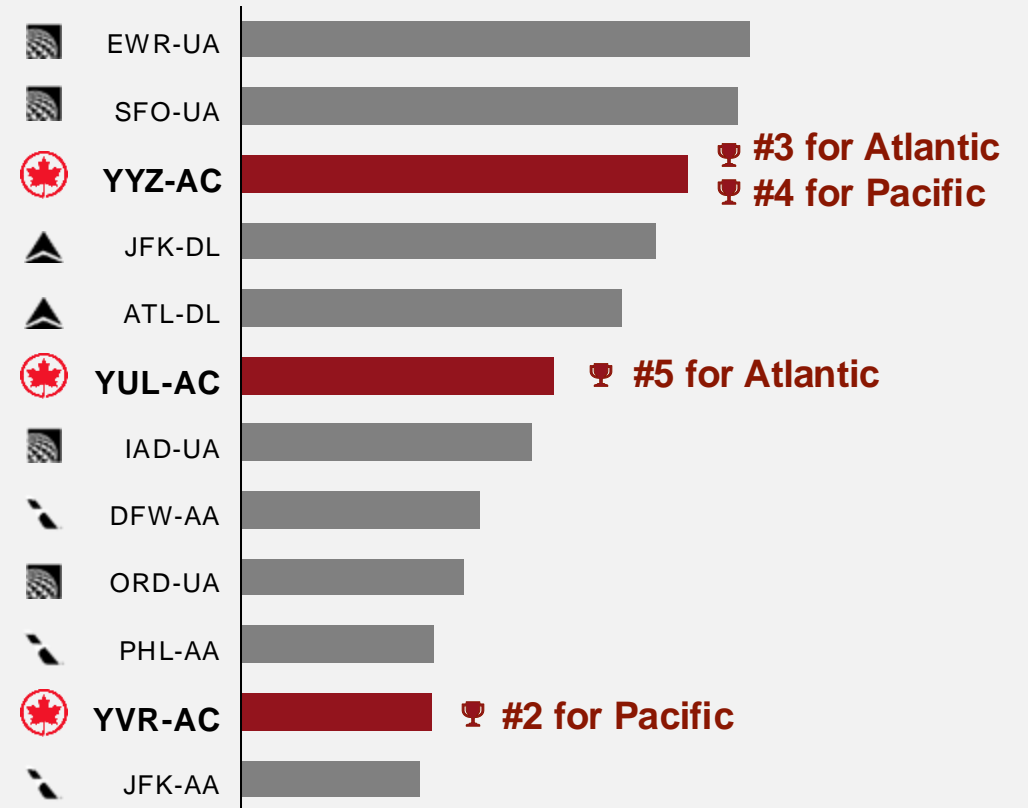
1. Based on October 1, 2023, to September 30, 2024 ASMs on scheduled passenger service | Note: Map is July 2025 route network map | Source: Cirium Diiio, Air Canada analysis

Air Canada's well-positioned hubs are some of North America's leading international gateways¹

Air Canada's market presence across Canada
Ranked by 2024 departing seats per city






North America hubs to the Atlantic and Pacific
2024 average daily seats

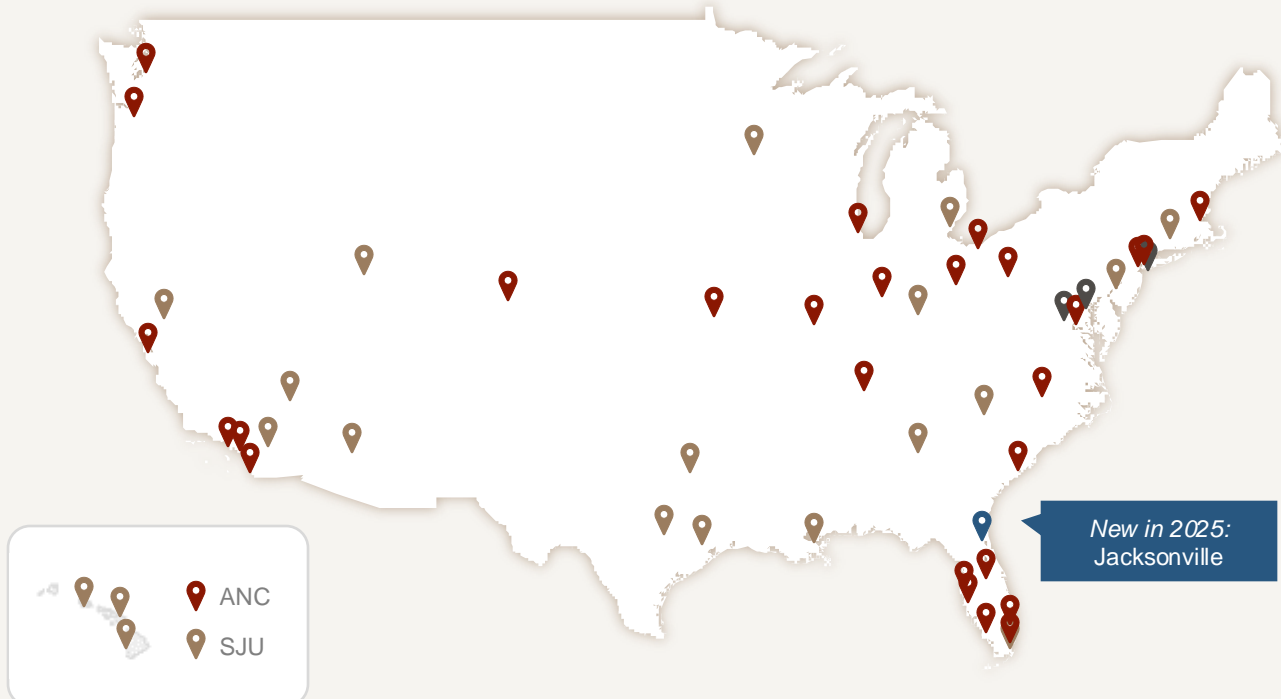


1. Internal Air Canada estimate for 2024 | Note: 2024 seats based on selling the week of Nov. 18, 2024 | Source: Cirium Diio, StatsCan census, Air Canada analysis

Air Canada benefits from a comprehensive presence in the United States, targeting 60+ destinations

Air Canada rank relative to foreign carriers at U.S. airports
2024 seats for Air Canada's U.S. airports

-  Largest or only foreign carrier **28 airports**
-  Top 2-5 foreign carrier **21 airports**
-  Other U.S. markets **3 airports**



Source: Cirium Diio, Air Canada internal data



Air Canada's smaller current fleet is more efficient and competitive, providing a strong base for future growth

Air Canada passenger fleet evolution

- Retired older aircraft (e.g., 767s, E90s)
- Modernized with new generation (e.g., A220s)
- Rouge as a narrow-body operator
- Simplified and smaller regional fleet

403










aircraft on
Dec. 31, 2019

347

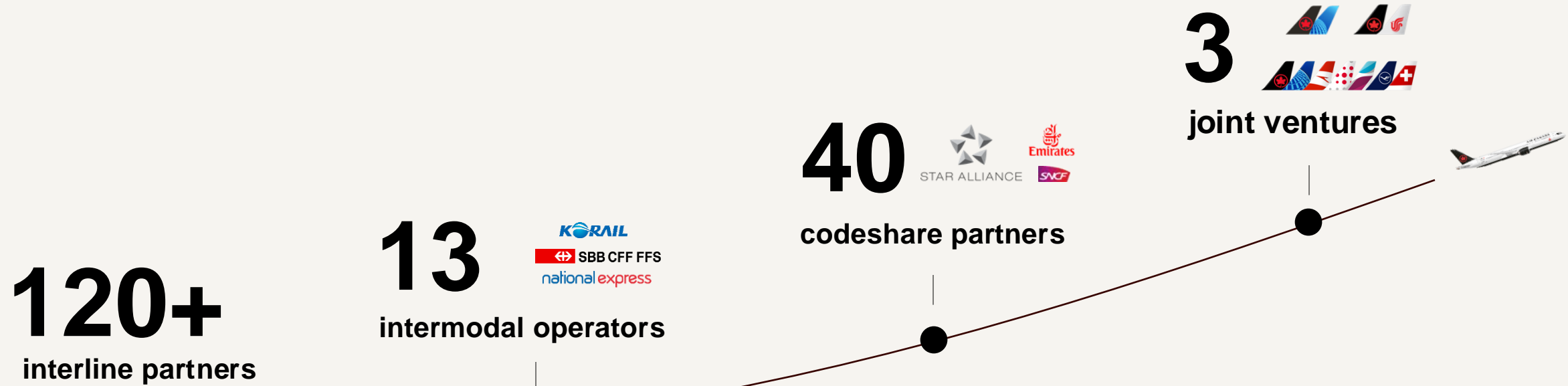
aircraft on
Sept. 30, 2024

Note: 2024 excludes 15 AC Express Mitsubishi CRJ-200 aircraft that are in long-term storage and 6 Boeing 767-300 freighters

2028 fleet guiding vision

AIR CANADA		777
		787
		A330
		A321
		A220
AIR CANADA <i>rouge</i>		737 MAX
AIR CANADA EXPRESS		E75
		CR9
		Q400

Air Canada's partnership portfolio enables over 20% of passenger revenue



Note: Excludes re-protection-only intermodal operators and may include some overlap between categories (e.g., SNCF both codeshare and intermodal)

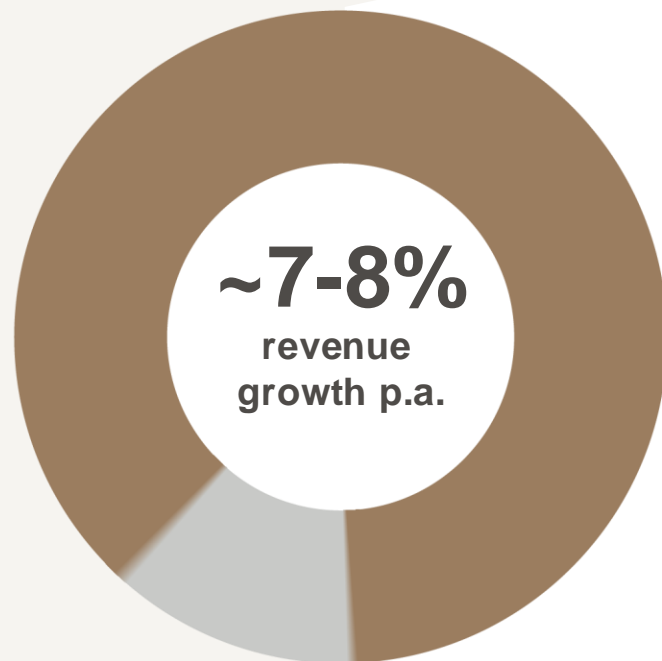
To New Frontiers

Growing revenue from right-to-win opportunities



Targeting ~\$30B revenue by 2028

Capturing our right-to-win opportunities



Other revenue

Passenger revenue growth drivers



Diverse and growing Canadian demand



Catch up to 2019 levels



Take advantage of growing premium



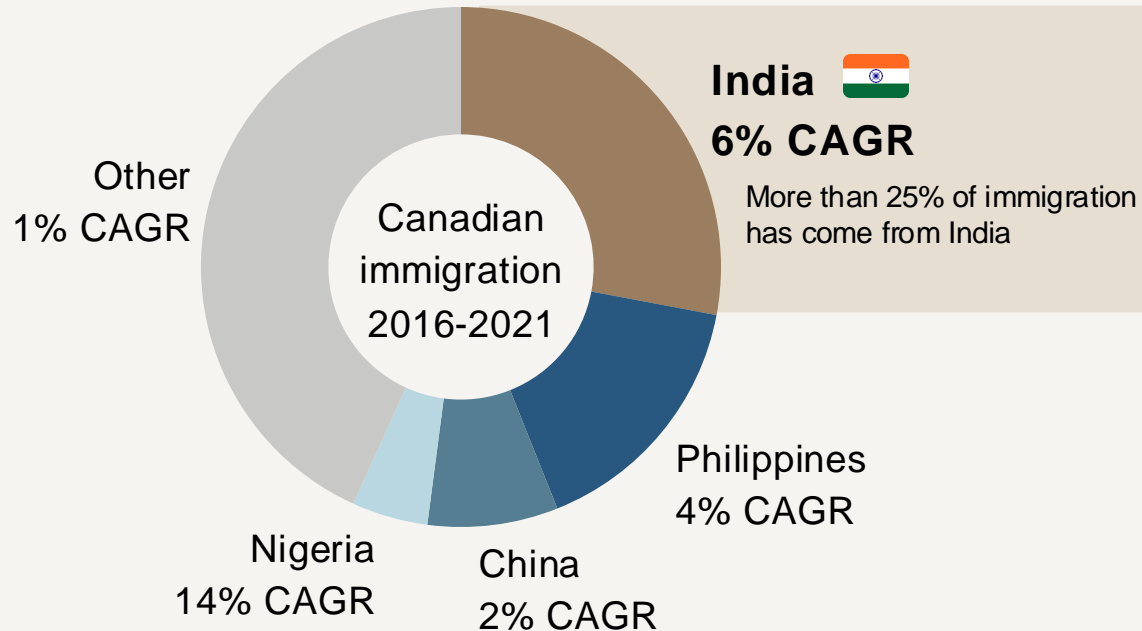
Fully leverage 6th freedom opportunity

* As communicated in Air Canada's news release dated December 17, 2024

Canadian demographic diversity is a proven driver of demand growth

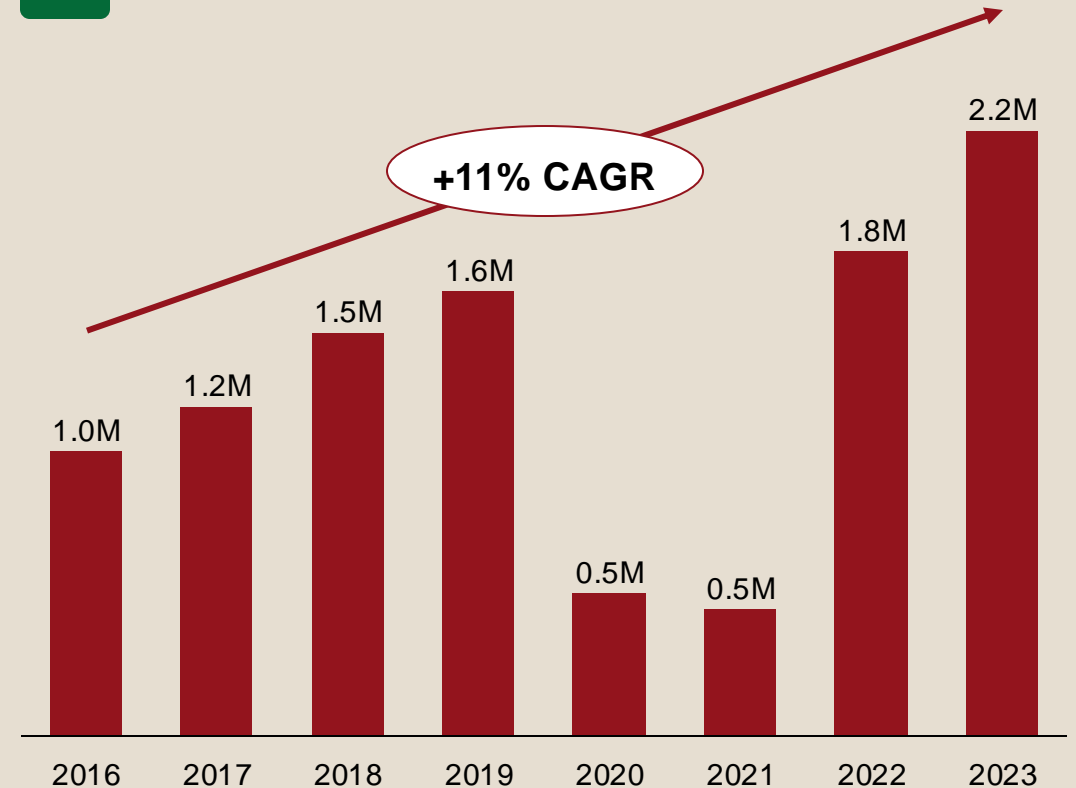
Key sources of new demographics to Canada

Change between 2016 and 2021 census data by place of birth



Canada and India demand has doubled and is poised for more growth

2016-2023: annual industry passengers between countries



Source: Statistics Canada 2016 Census of Population (released 2017); Statistics Canada 2021 Census of Population (released 2023), 2024 Annual Report to Parliament on Immigration, IATA DDS bi-directional total passengers, Air Canada analysis

Air Canada offers the shortest flight paths for 6th freedom customers

Air Canada's geographic advantage
Illustrative examples for the U.S. market

80%

of the addressable U.S.-International market can efficiently connect through our hubs¹

Air Canada's 6th freedom ambitions



2.0%

6th freedom U.S. market share







~\$900M

additional revenue opportunity²

1. Defined as within 7% circuity of the non-stop option; 2. In 2024 dollars | Source: IATA DDS 2023 data, Air Canada analysis





Air Canada's complementary hubs can effectively address 6th freedom demand

YYZ Toronto
Our global hub

	+0 miles via YYZ	
Detroit	↔	Barcelona
	+11 miles via YYZ	
Philadelphia	↔	Osaka





~122k daily passengers could efficiently connect

YUL Montreal
Our transatlantic hub

	+0 miles via YUL	
Cincinnati	↔	Athens
	+0 miles via YUL	
St. Louis	↔	Madrid

~189k daily passengers could efficiently connect

YVR Vancouver
Our transpacific hub

	+5 miles via YVR	
Austin	↔	Seoul
	+53 miles via YVR	
Miami	↔	Manila

~55k daily passengers could efficiently connect

Notes: Addressable market based on 80% coverage on shortest path defined as within 7% circuity of the non-stop option | Source: IATA DDS 2023 data, Air Canada analysis

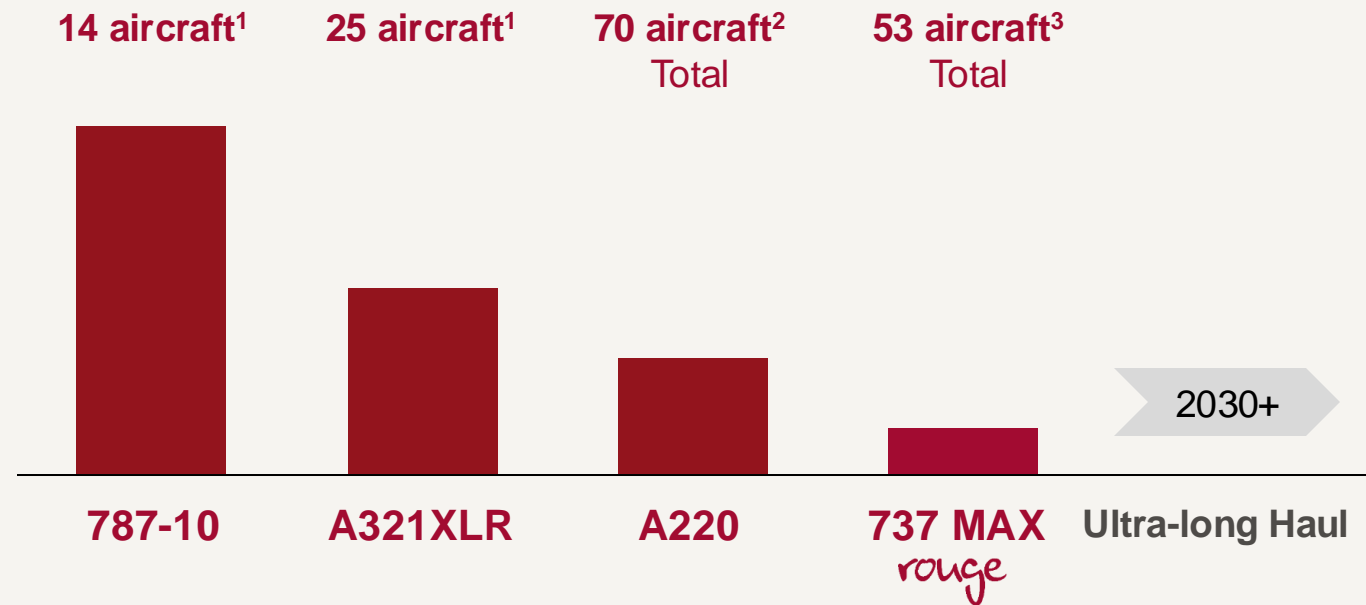
Delivering New Frontiers

Unlocking our right-to-win opportunities



Fleet is at the core of New Frontiers value creation

Anticipated EBITDA increase associated with fleet additions
2024 to 2028



Fleet strategy is at the heart of the >\$2B gross EBITDA growth

1. Refers to expected in fleet by Dec. 31, 2028, per capacity plans; 2. Consists of 33 in fleet with some exercise of purchase rights; 3. Consists of 41 aircraft in fleet and 12 additional | Source: Air Canada analysis

Key customer impacts



Unlocks more destinations



Enables better service to existing destinations



Supports an enhanced experience

Boeing 787-10 supports **enhanced premium and improved cargo** performance

Key value drivers



More premium seats

30% more business class vs. an A330



More cargo potential

~25% more than an A330



10% CASM reduction¹

vs. an A330

Potential deployment possibilities




1. Represents variable CASM, excluding ownership/depreciation costs based on forecasted 2028 environment | Source: Air Canada analysis

A321XLR has unique capabilities that support margin enhancement

Key value drivers

 **12% better RASM**
than existing A321ceos

 **~30% lower fuel burn**
than existing A321ceos

 **New opportunities**
within long and thin markets

 **Improved schedule**
with frequency increases or less seasonality

Source: Air Canada analysis

Potential deployment possibilities



A220s is the right aircraft for 6th freedom growth and improved regional market performance

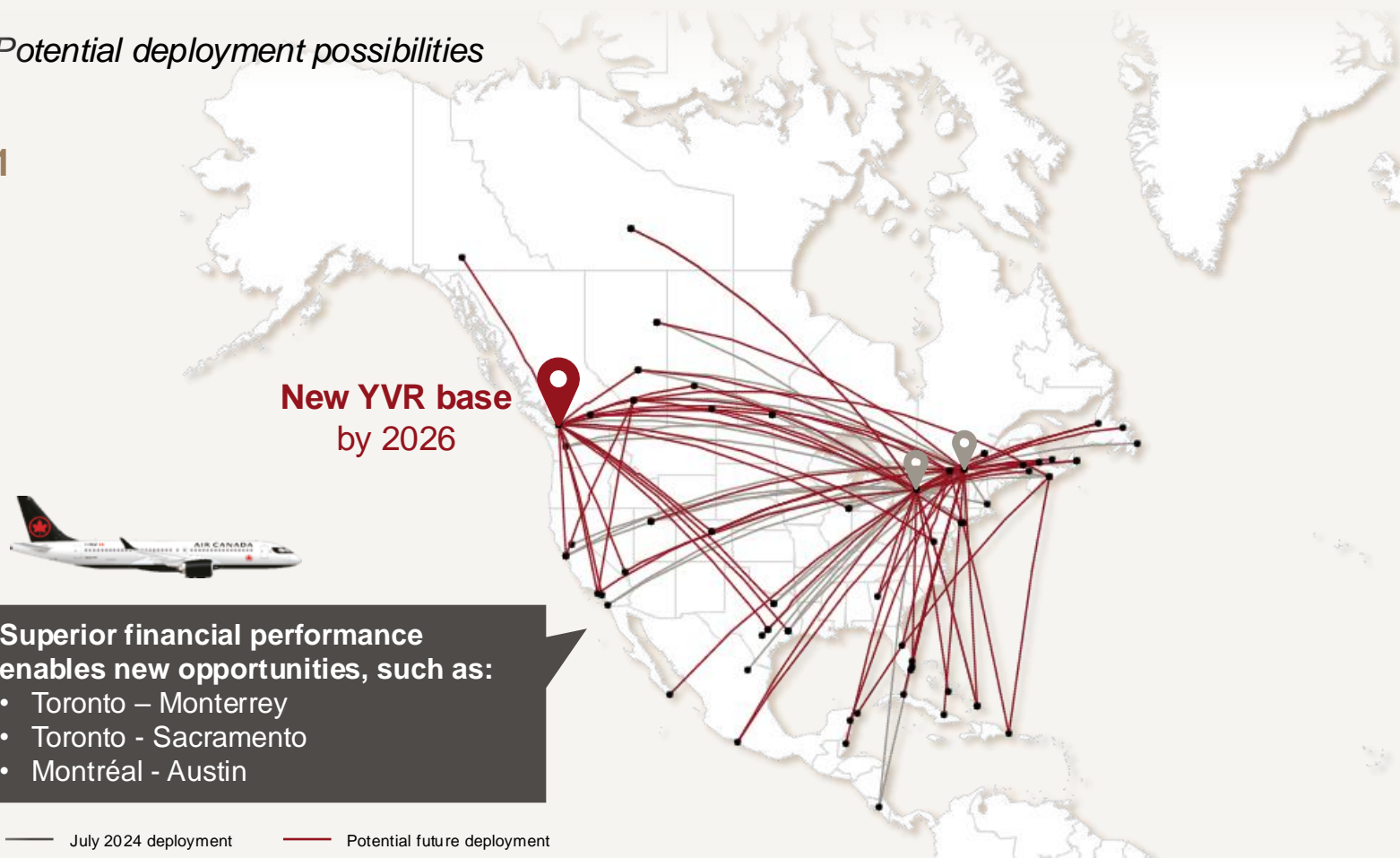
Key value drivers

 **24% CASM reduction¹**
vs. Regional

 **Facilitates growth**
for 6th freedom and regional upgauge

 **Better product**
on board for our customers


Potential deployment possibilities




1. Represents variable CASM, excluding ownership/depreciation costs based on forecasted 2028 environment | Source: Cirium Dii, Air Canada analysis

Boeing 737 MAX at Rouge enhances leisure competitiveness

Key value drivers

 **~20% lower CASM¹**
than existing A320-based fleet

 **New West Coast base**
to provide coast-to-coast coverage

 **More destinations**
enabled by more capable aircraft

 **Optimized product**
providing consistent seating

1. Represents variable CASM, excluding ownership/depreciation costs based on forecasted 2028 environment | Source: Cirium Dii, Air Canada analysis

Potential deployment possibilities



Many viable **international growth opportunities available** for Air Canada

Potential international growth opportunities



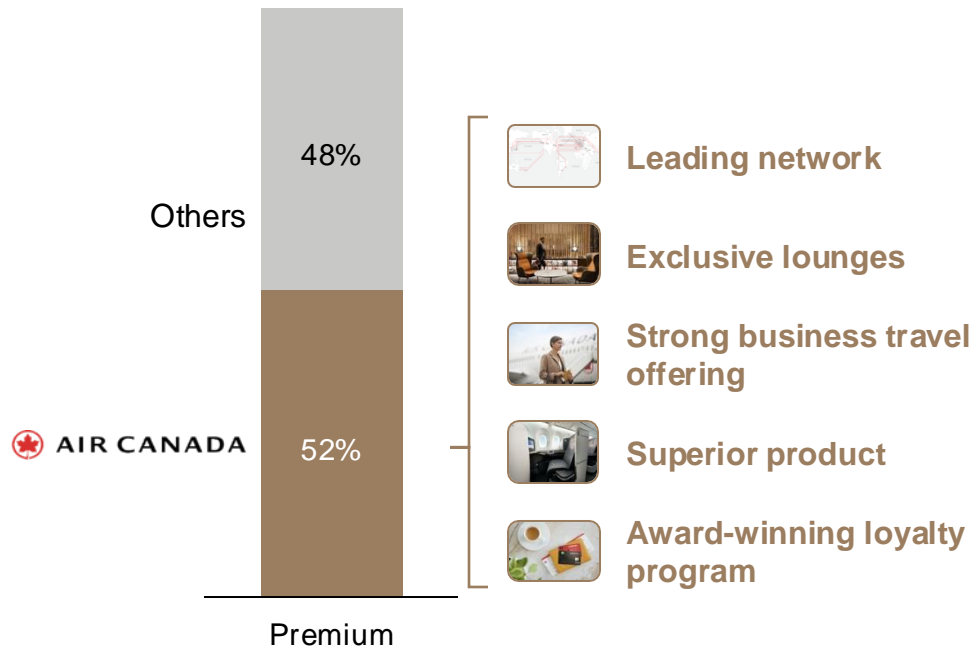
New in 2025:
Manila

Note: Opportunities displayed are illustrative and subject to a robust financial and operational assessment

Air Canada is well-positioned in the lucrative premium segment

Air Canada is **Canada's premium travel leader...**

Canada premium capacity share
2024; based on departing seats



...and our premium capacity will continue to grow over the next four years



+24%

business
ASMs by 2028



+20%

premium economy
ASMs by 2028

Additional levers
under evaluation
to enable more
premium capacity
(e.g., LOPA)

Premium demand is expected to continue growing, supporting New Frontiers revenue tailwinds

Note: Premium includes First, Business and Premium Economy, with capacity statistics on the basis of premium ASMs | Source: Cirium Diio as at Nov 4, 2024, Air Canada internal data

Air Canada is expecting further rebound in business travel



Embrace technology for corporates

Self-serve travel buyer portal by 2026



Capitalize on a compelling SME offer

1,000+ new accounts since mid-Sept. 2024



Leverage network enhancements

13% more same-day options¹

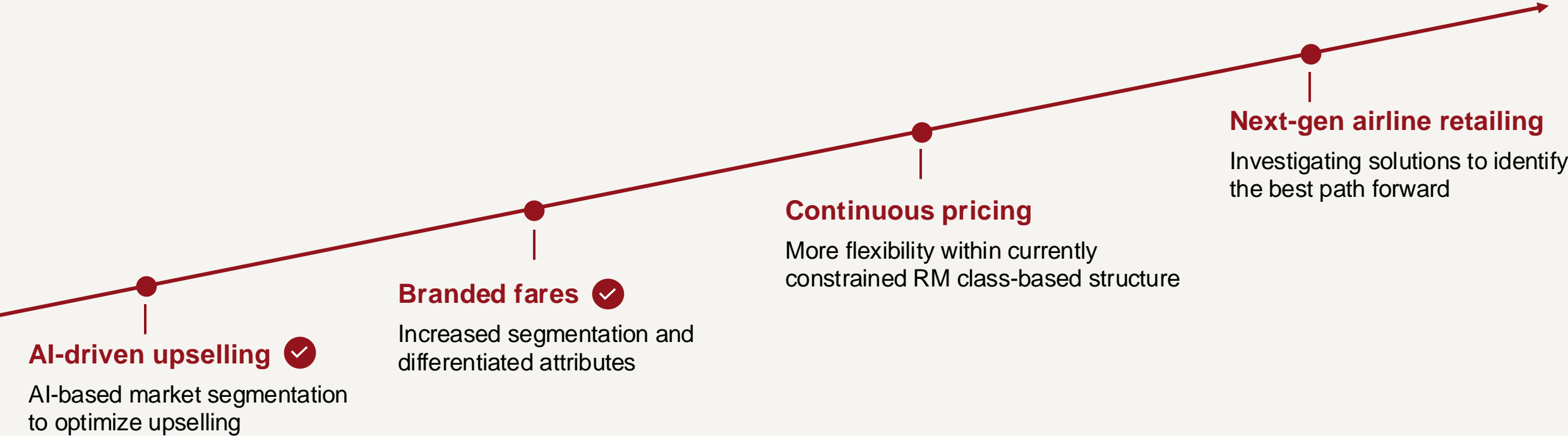
Today

2028

1. 2025 vs. 2023 Air Canada schedule | Source: Air Canada analysis

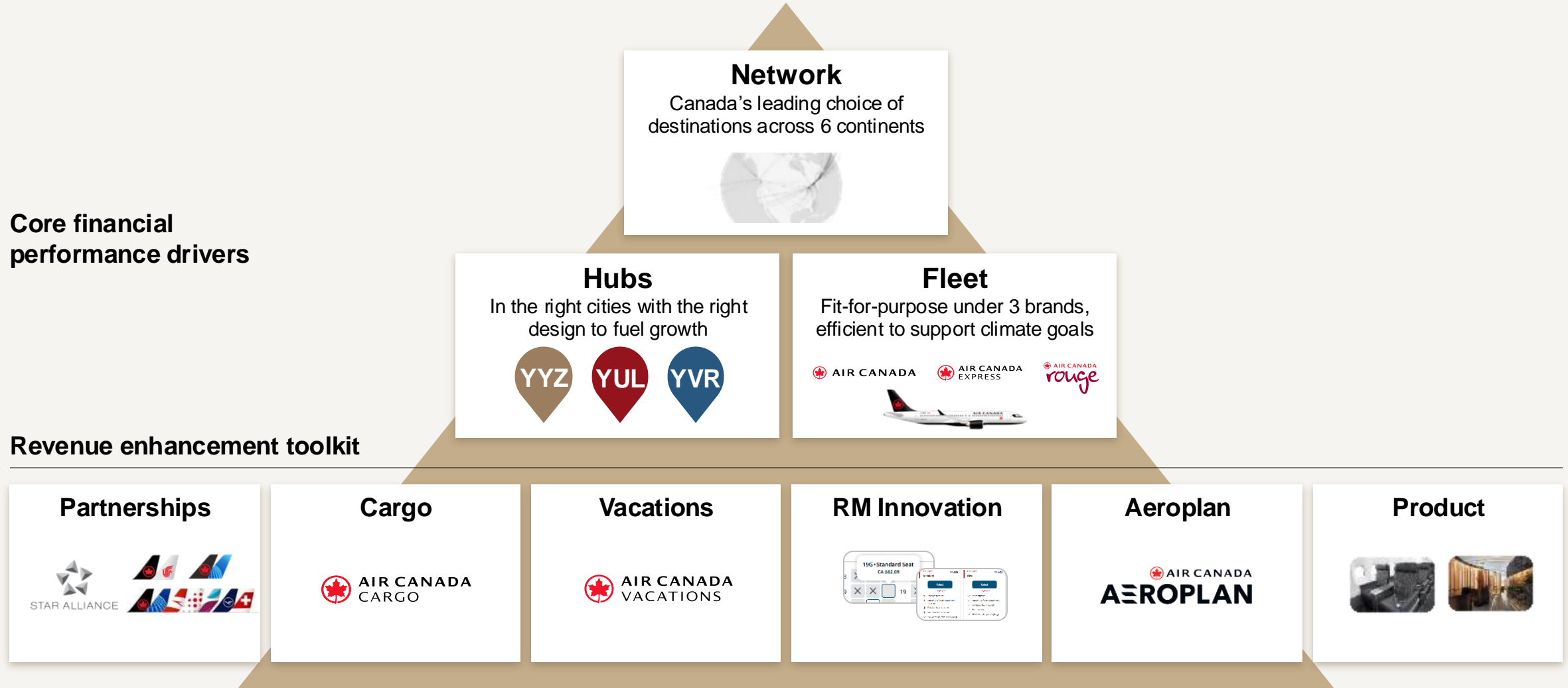


Revenue management innovation will drive yield growth



Air Canada will continue to innovate in revenue management by leveraging modern capabilities to support our New Frontiers objectives

Air Canada is well-equipped for New Frontiers growth





AIR CANADA

Thank you
Merci



Break

 **AIR CANADA**



Agenda

Section	Speaker	Time
Value creation delivered through Air Canada's transformation	MICHAEL ROUSSEAU	9 a.m. – 9:15 a.m.
Air Canada Investment thesis 2024 – 2030: <i>Reaching New Frontiers</i>	JOHN DI BERT	9:15 a.m. – 10 a.m.
Accelerating revenue growth: <i>Capturing our 'Right to win'</i>	MARK GALARDO	10 a.m. – 10:30 a.m.
BREAK		10:30 a.m. – 10:45 a.m.
Delivering transformative value	MARK NASR	10:45 a.m. – 11:15 a.m.
Operational excellence drives margin expansion	CRAIG LANDRY	11:15 a.m. – 11:30 a.m.
Performance culture committed to execution	ARIELLE MELOUL-WECHSLER	11:30 a.m. – 11:45 a.m.
Strategic growth concurrent with shareholder returns	MICHAEL ROUSSEAU	11:45 a.m. – 12 p.m.
Questions & Answers – Lunch		12 p.m. – 1 p.m.



AIR CANADA

A STAR ALLIANCE MEMBER
MEMBRE DU RÉSEAU STAR ALLIANCE



New
frontiers

Nouveaux
horizons

Delivering Transformative Value

MARK NASR

Executive Vice President,
Marketing & Digital;
President, Aeroplan

December 17, 2024



Key levers for supporting revenue diversification, customer experience and margin expansion



Loyalty



Product



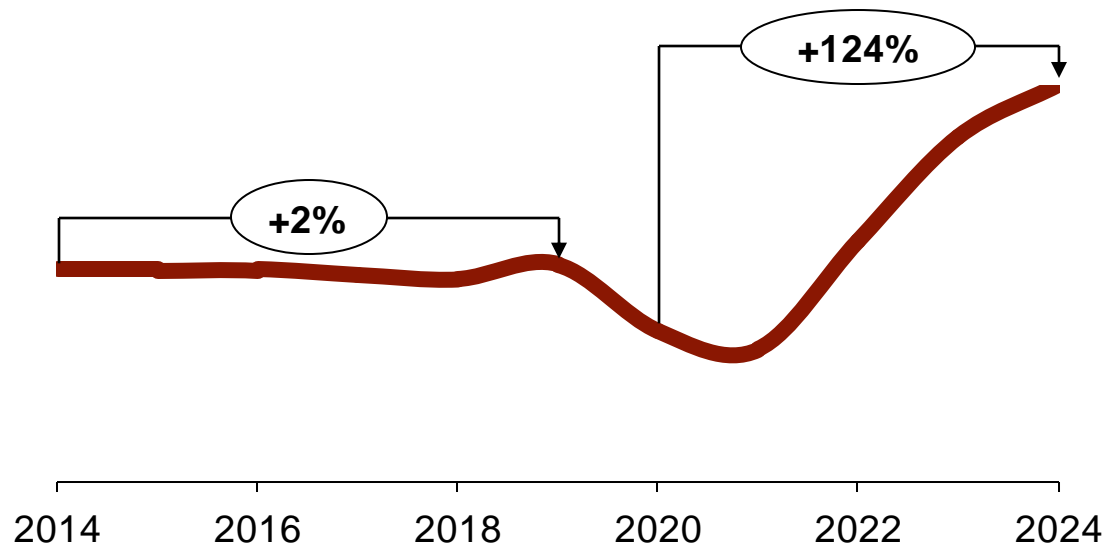
**IT, Data &
Digital**

Loyalty



Since program relaunch in 2020, Aeroplan has grown significantly, fuelled by a younger, more engaged membership

Active members



"Active member" based on accumulation or redemption activity within past 18-months



2019 vs. 2024:

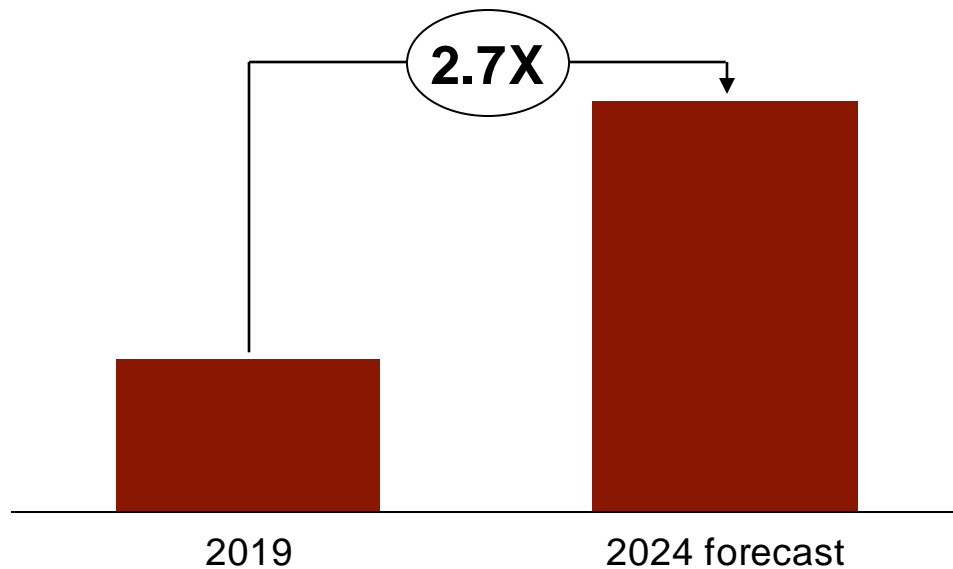
2X proportion of member base aged 18-24

65% faster to first redemption

50% increase in cobrand purchase volume

Investment in international markets has supported growth of the program and diversification from Canada

Gross billings from points issued by international activity

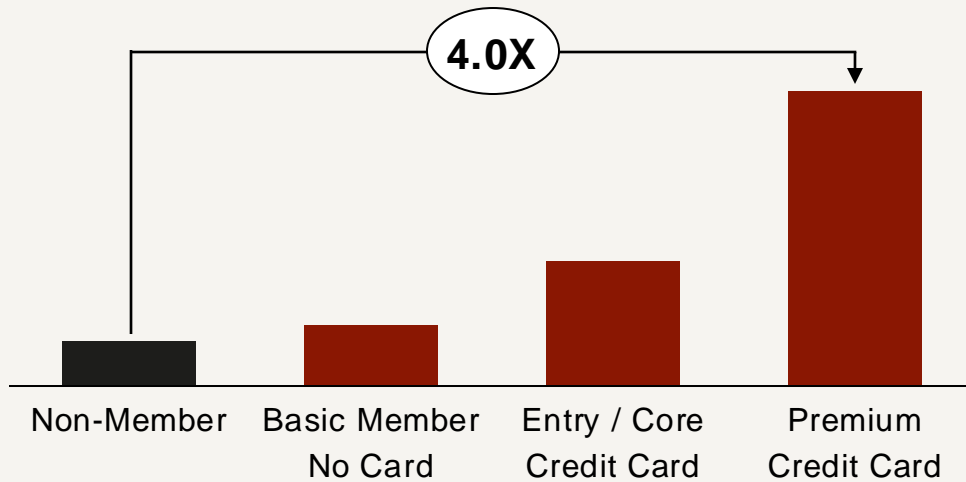


Partnerships with the best banks in the world, including all 3 major networks

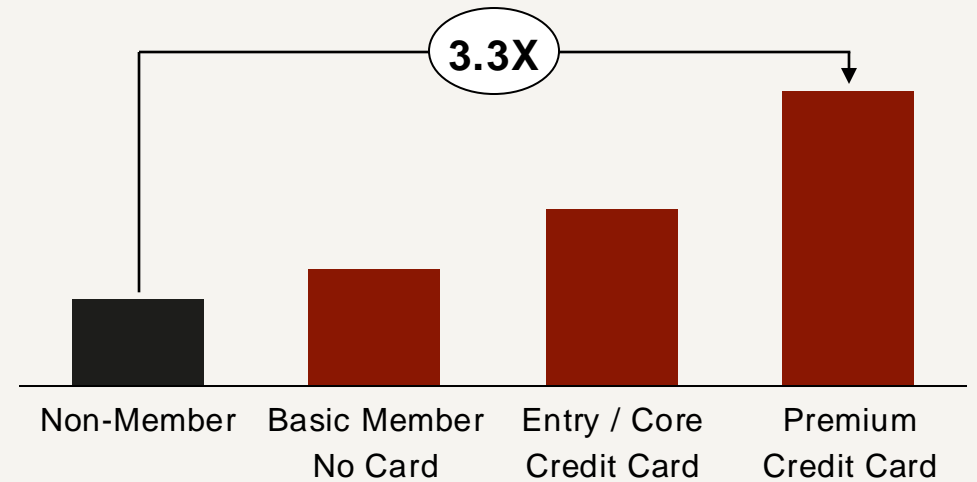


Aeroplan Members fly more often and spend more with Air Canada – this accelerates after cobrand acquisition

AVG. ANNUAL REVENUE BY CUSTOMER TYPE



NUMBER OF TRIPS BY CUSTOMER TYPE



Share of total Air Canada spend in Premium Cabin

Customer Type	Share of Spend
Non-Member	7%
Member	17%

The Aeroplan Flywheel

AEROPLAN 

+21% credit card acquisition after retail linking

+70% retail earn after credit card acquisition

+42% points earned post-flight redemption



 **AIR CANADA**

+43% increase in flight bookings after becoming a member

+26% flight revenue after card acquisition

+60% flight revenue post-card upgrade

We are pursuing 4 focus areas to improve the program and further accelerate growth

1

**OPTIMIZE FOR
INCREMENTALITY**



2

**NEXT GENERATION
PARTNERSHIPS**



3

**GROW
REDEMPTIONS**



4

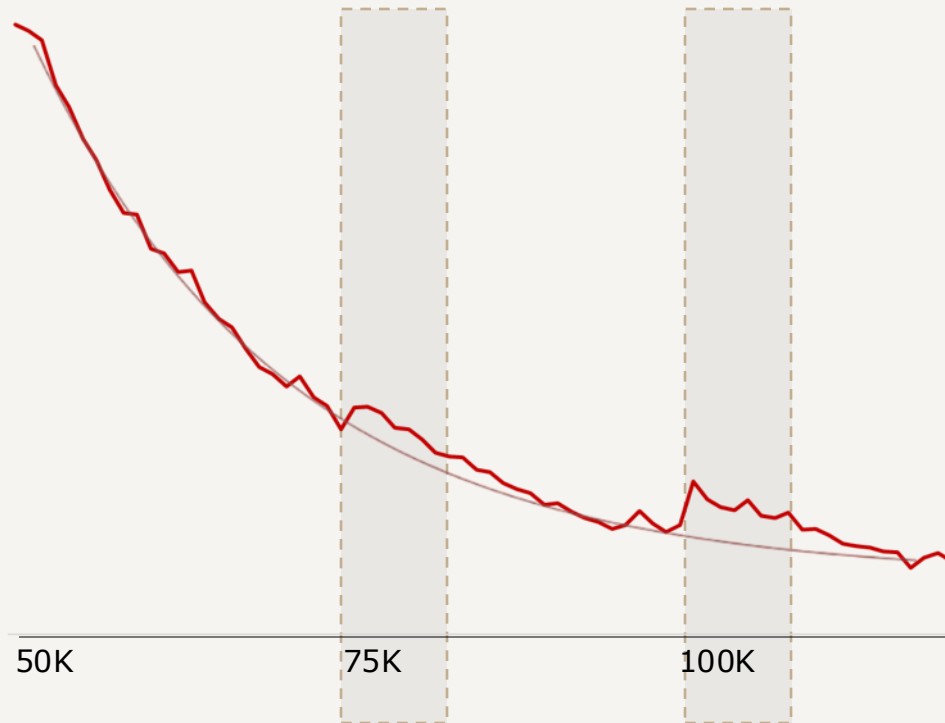
**MONETIZE
ADJACENCIES**





Optimizing core program design to drive airline profitability and passenger revenue incrementality

End of year Status Qualifying Miles (SQM) balance distribution



Opportunities to drive profitable customer behaviour

Points accrual on Air Canada

Elite status qualification

Removing member friction

First phase of partnership strategy nearly complete



Next phase of partner strategy is targeted, employing a novel approach to complement existing categories



High potential segments



Day of travel



Innovators & disruption

Significant opportunities to improve redemption proposition, while also expanding margin



**Additional
inventory
from airline
partners**



**Seamless
redemptions
for everyday
purchases**



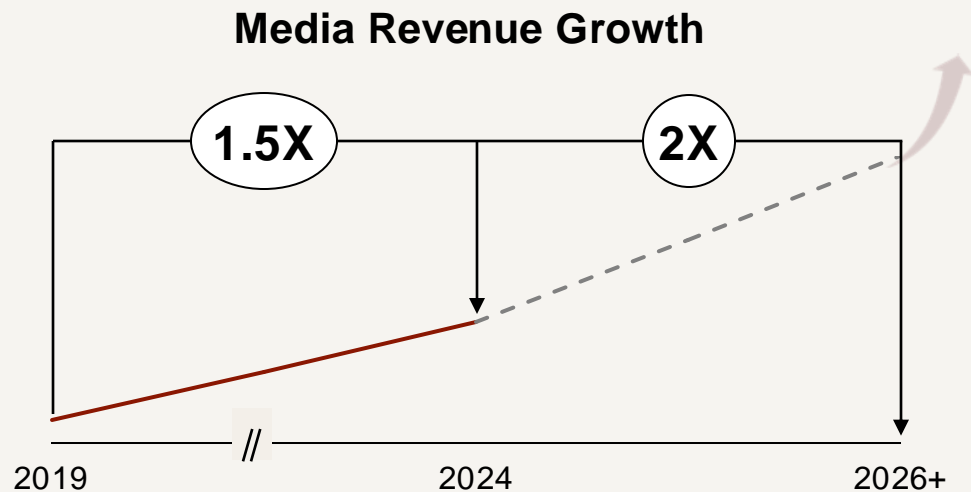
**Expanded
hotel, car
and vacation
package
content**



**Leverage
industry
leadership in
redemption
science**

We will leverage the Aeroplan platform to participate in natural adjacencies and unlock new revenue streams

Loyalty-Adjacent Monetization



- Growth to date driven by early-stage optimization and insourcing efforts
- New insight-driven business model with upgraded technology will maximize revenue from our media properties

Dining and Lifestyle Opportunities



- The leading dining and lifestyle assets in the country
- Leverage existing sponsorships and selectively invest in additional assets to further engage our best customers and grow premium credit card portfolio

Transformation delivered: structural volume growth and margin expansion

2024 vs. 2019

1.9X

3rd-party remuneration

2.0X

Operating margin contribution

2028 vs. 2024

1.5X

3rd-party remuneration forecast growth

3rd-party remuneration based on 3rd-party gross billings, credit card benefit fees and other program access fees



Product



Product investments are focused on increasing ticket yield and driving high-margin ancillaries



Premium product leadership



Flight ancillary revenues



Loyalty

4 main areas of product investment that support customer satisfaction and yield growth

Lounges



Cabins



Wi-Fi



Food & Beverage



Lounges are a key premium competitive advantage

Most popular premium product

2X customers visit the lounge than fly business class¹

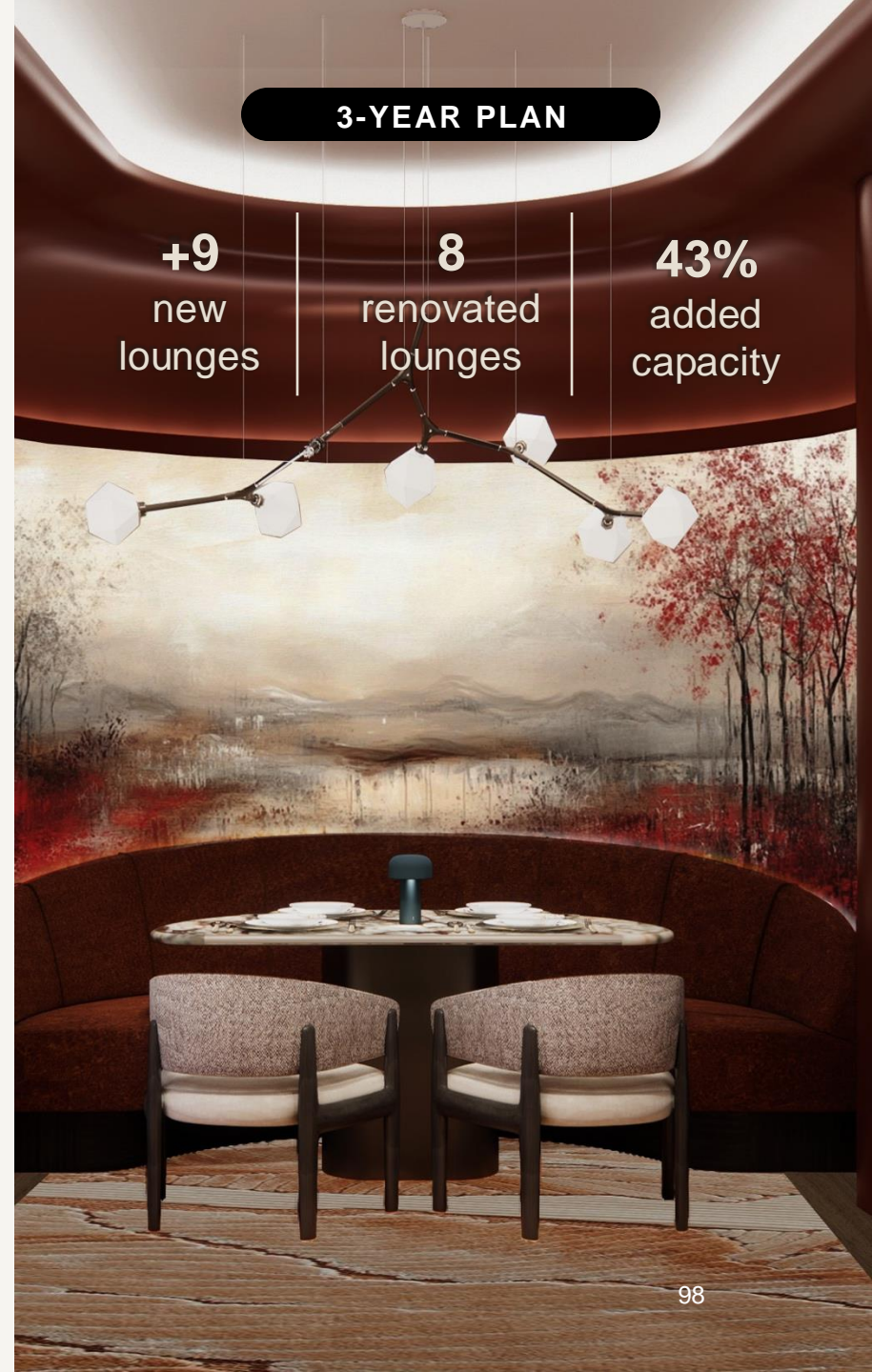
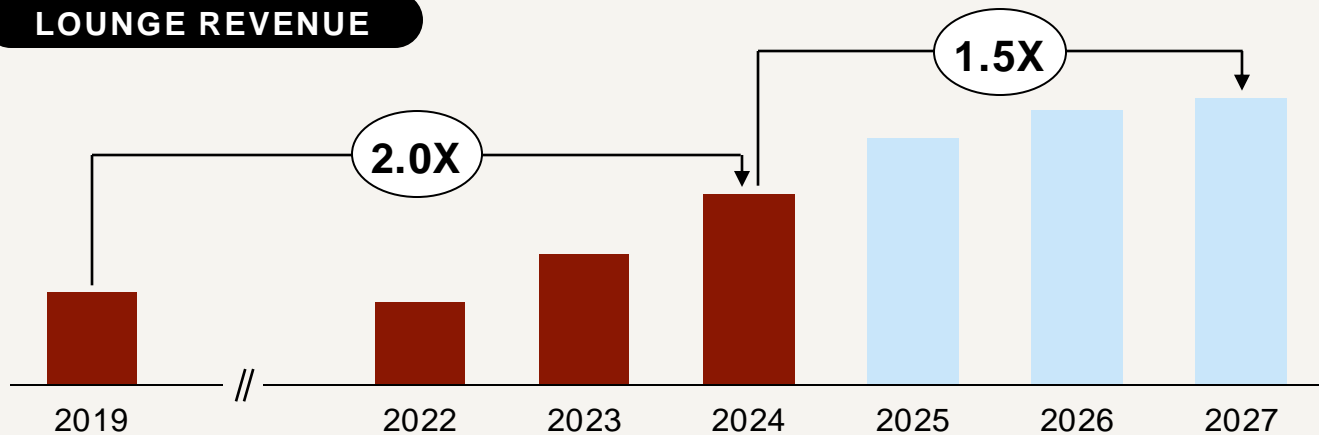
Visitors generate higher revenues

20% higher spend per booking by lounge visitors

Valued premium credit card benefit

3X premium cardholders since lounge eligibility

LOUNGE REVENUE



3-YEAR PLAN

+9
new
lounges

8
renovated
lounges

43%
added
capacity

Air Canada is focused on maximizing premium capacity while maintaining cost efficient density

BUSINESS



24% higher ASM
by 2028

PREMIUM ECONOMY



20% higher ASM
by 2028

PREFERRED SEATS



136% higher ASM
by 2028

New LOPAs reflect our focus on premium revenue

BOEING 787-10 LAYOUT

+40%

Business cabin seats

+33%

Premium Economy seats

+117%

Preferred seats

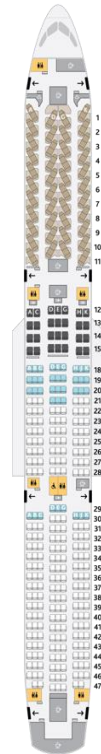
+11%

Overall capacity

787-9



787-10



777-300ER

+300%
Preferred seats compared to current layout



A220

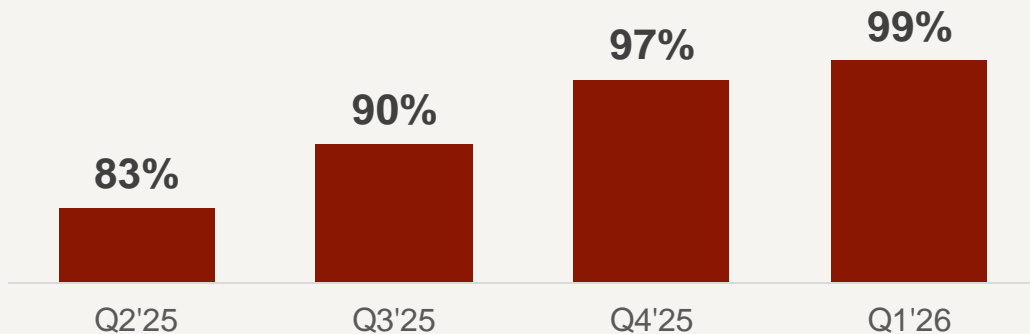
+67%
Preferred seats compared to E175

New *Glowing Hearted* design standard will elevate the customer experience throughout the entire journey

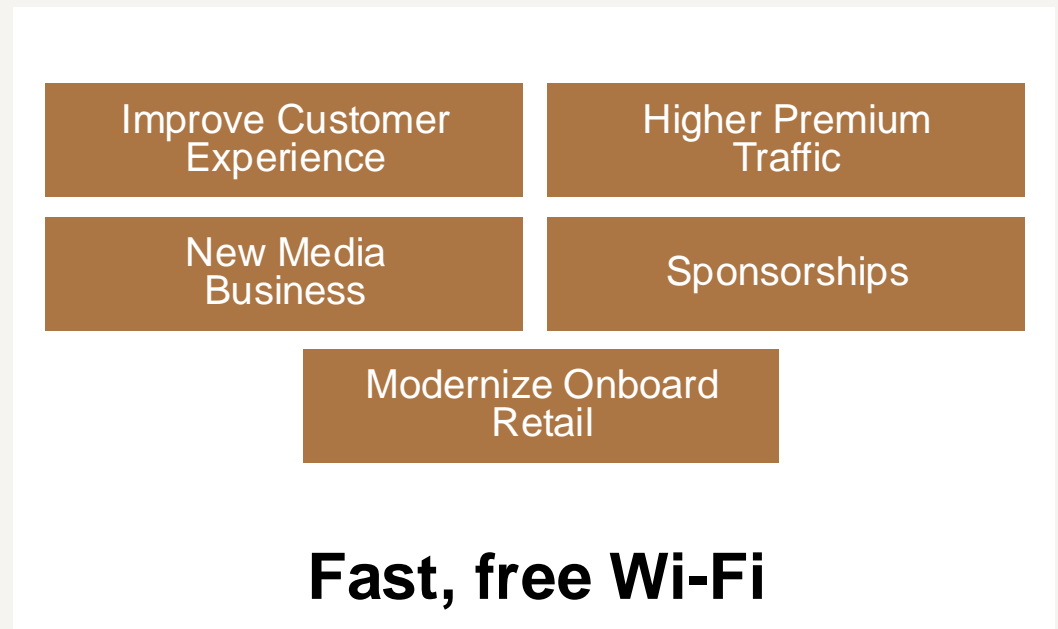


Fast, free Wi-Fi will be ubiquitous across the Air Canada fleet by 2026

Availability of fast, free Wi-Fi across the AC fleet



Fast, free Wi-Fi is a key enabler for revenue growth and improved onboard experience



Upgraded Food and Beverage offering is a key element supporting improved NPS







+32%

Higher revenue per transaction vs. 2019

+27

Economy Class NPS lift¹

Best-in-class product enabling Air Canada's right to win

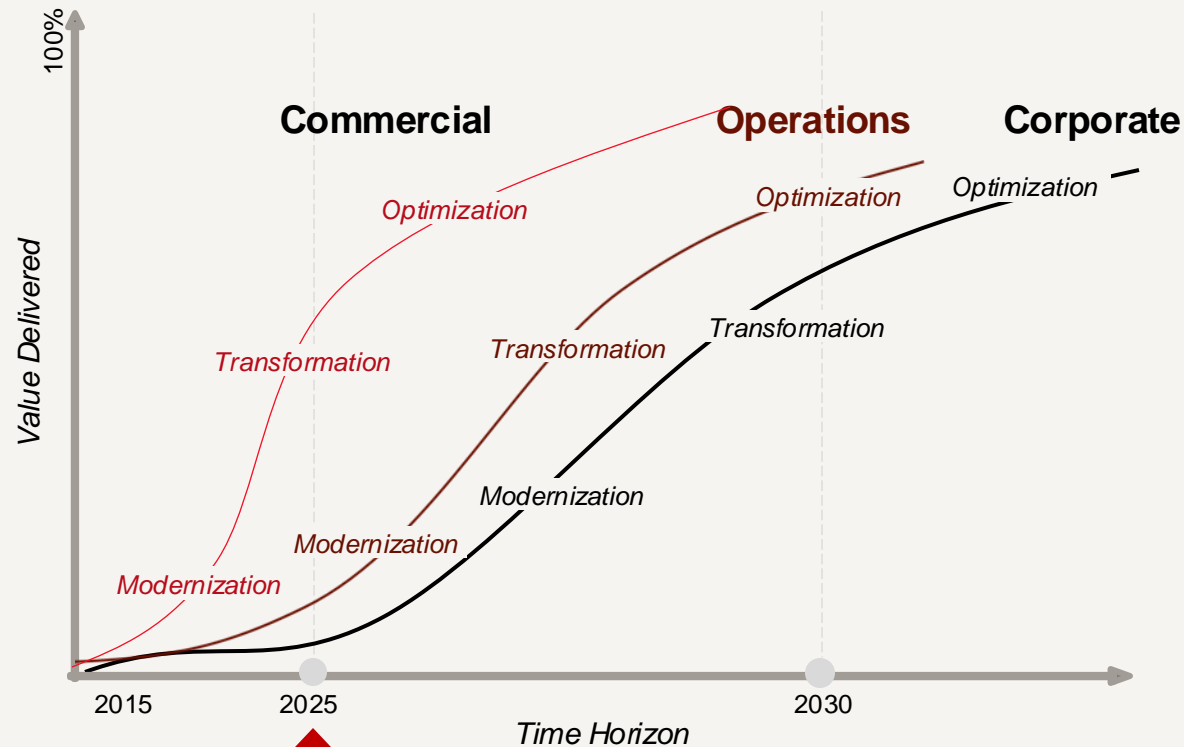
PRODUCT	 Lounges	 Cabins	 Wi-Fi	 Food & Beverage
DESIRED OUTCOME	<ul style="list-style-type: none"> • Expand lounge network in key markets • Increase capacity at existing lounges • Upgrade lounge product 	<ul style="list-style-type: none"> • Increase premium seating capacity • New layouts to optimize revenue • Update cabins to reflect new standard 	<ul style="list-style-type: none"> • Ubiquitous fast, free Wi-Fi • Capable technologies • Capture media opportunities 	<ul style="list-style-type: none"> • Modernize Bistro program & onboard retail • Increase willingness to pay • Improve NPS

IT, Data and Digital



Air Canada is enjoying the benefits of expanded tech investments; however, there is more to come...

Business transformation will require technology modernization across all remaining parts of our business



2015-2019

Transformational projects:

- Origin – Destination revenue management system
- New passenger service system with modernized website and app

2020-2024

Foundational initiatives

for next stage of growth:

- Aeroplan relaunch
- New distribution capability and channels transformation
- Continuous pricing

Step-change improvement to productivity, quality and decision support for our operations

Objectives

- Build on operations stability gains
- Become more operationally reliable
- Engage employees & drive up sentiment
- Surpass pre-COVID satisfaction levels
- Control costs & improve productivity

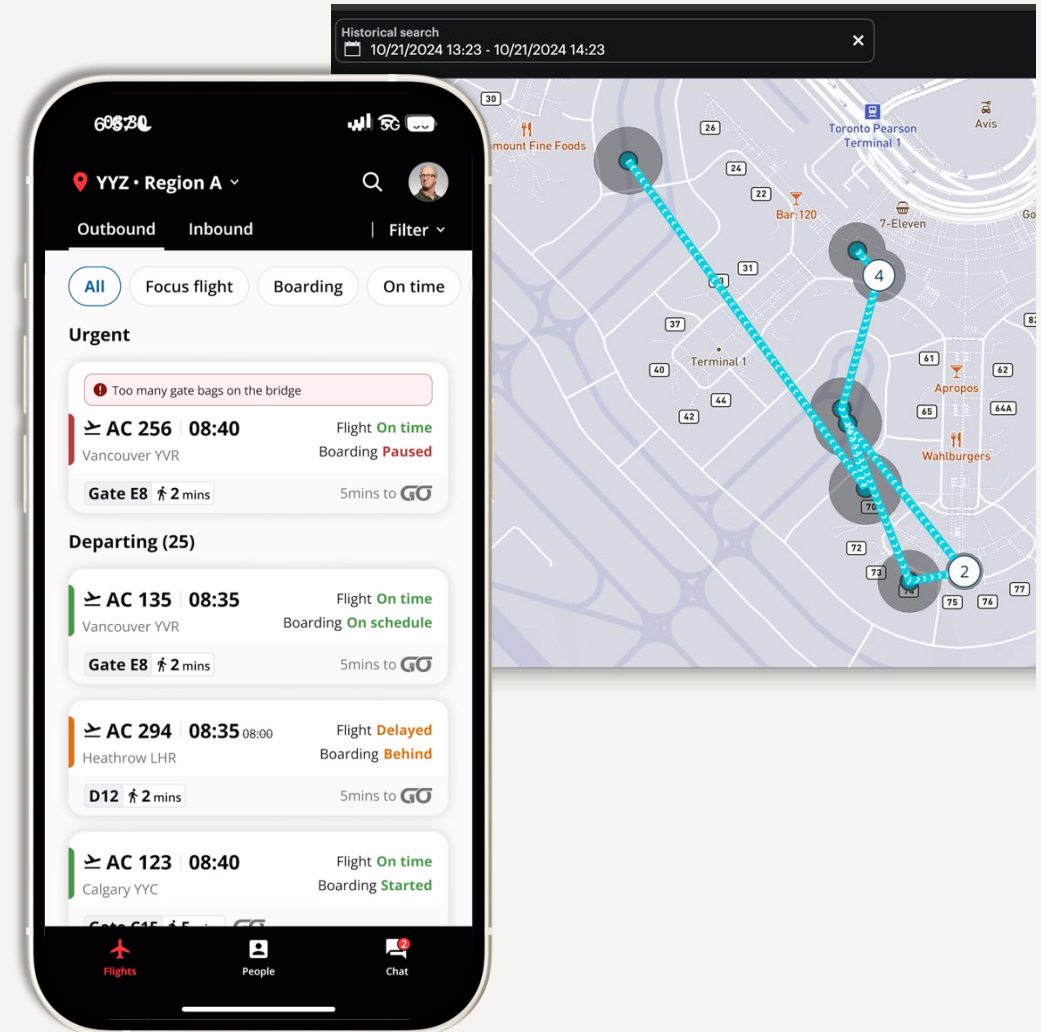
Key Initiatives

Revamp Customer
Disruption & Recovery

New Crew
Management System

Digitize Workforce with
Employee Mobility

Digital Twins



Complementing operations, we have the capacity and expertise to deliver additional commercial value, while replatforming legacy Corporate technologies

Objectives

- Drive margins across the airline
- Complete distribution transformation
- Implement new retail capabilities
- Grow Aeroplan, improve value proposition
- Create and grow new ancillary businesses

Key Initiatives

New Distribution Capability

Continuous Pricing

NextGen Retailing: Offer & Order

Aeroplan Redemptions & Partnerships

Corporate

- Significantly improve employee experience
- Transform for easier, more efficient processes
- Drive back-office automation and productivity
- Optimize fuel spend
- Enable better decision-making with new data

AI Fuel Purchase & Inventory System

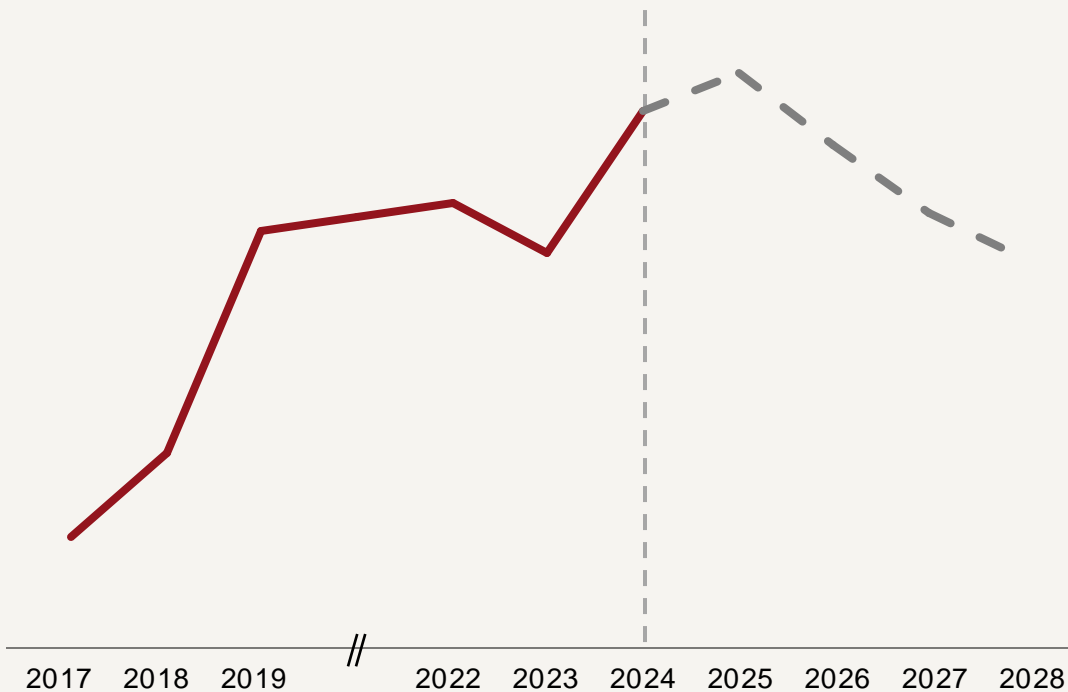
Employee Travel System

Modernized ERP / Finance System

Replace HRIS & Evolve HR Ecosystem

We have identified specific cost transformation opportunities in the IT, Data & Digital domains

Air Canada technology spend¹, % of revenue



Opportunity Themes

- 1** Optimize resources
- 2** Complete cloud transition and modernize core infrastructure
- 3** Pursue deeper partnerships with select high value providers

~1% of revenue invested annually in IT, Data & Digital modernization, research and development



2024-2028

Operations

~3%
CAGR

Productivity
improvement

Commercial

~7-8%
p.a.

Revenue
growth

Customer

+13
pts

NPS
improvement

Building on our demonstrated success to reach New Frontiers



Cementing Aeroplan's competitive advantage and further accelerating its growth by improving value for both members and partners



Investing to grow our **premium product leadership position** and further differentiate ourselves from competitors



Investing in the right IT, Data & Digital capabilities that **deliver step-change productivity and efficiency improvements** while advancing our commercial capabilities



AIR CANADA

Thank you
Merci





AIR CANADA

A STAR ALLIANCE MEMBER
MEMBRE DU RÉSEAU STAR ALLIANCE



New
frontiers

Nouveaux
horizons

Operational Excellence drives margin expansion

CRAIG LANDRY

Executive Vice President and
Chief Operations Officer

December 17, 2024

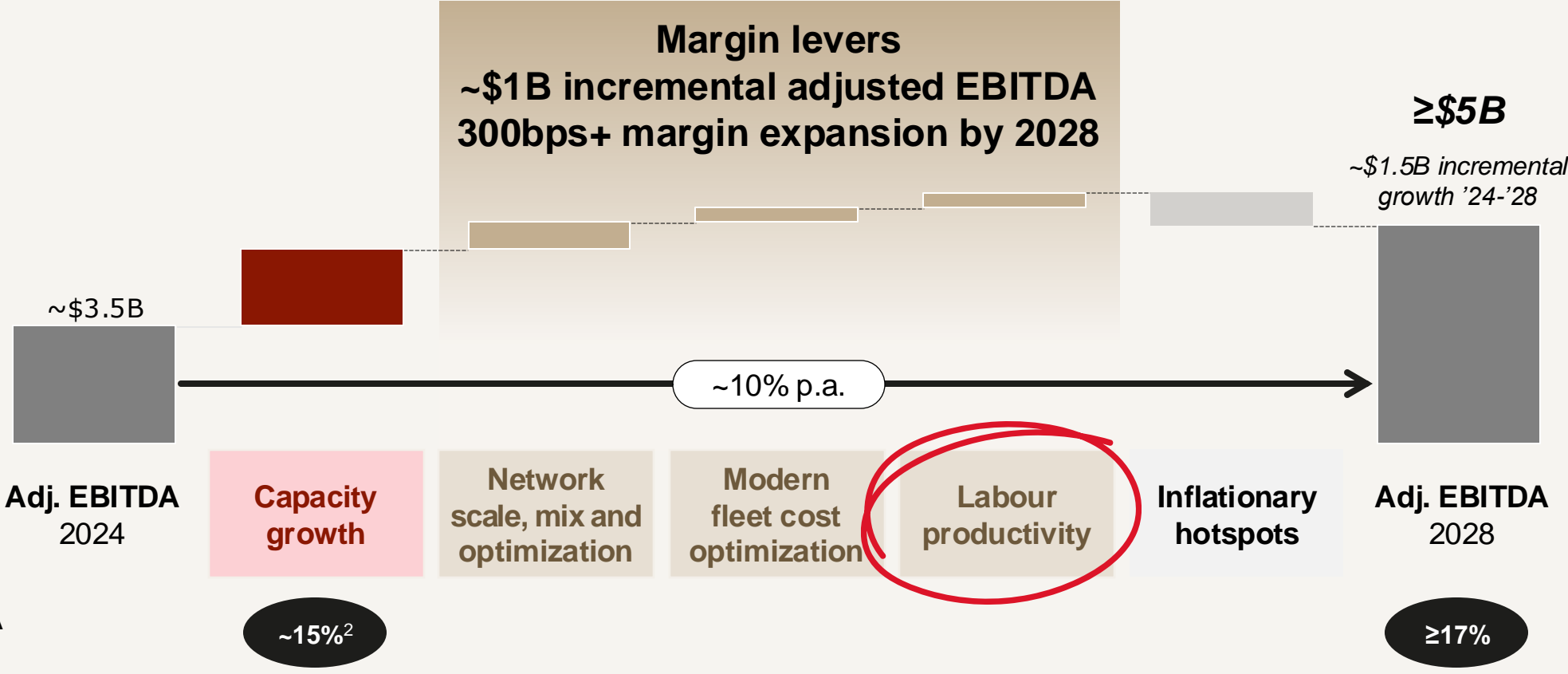
 **AIR CANADA**



Targeting $\geq \$5B$ adjusted EBITDA and $\geq 17\%$ adjusted EBITDA margin by 2028¹

EBITDA growth driven by additional capacity and margin expansion

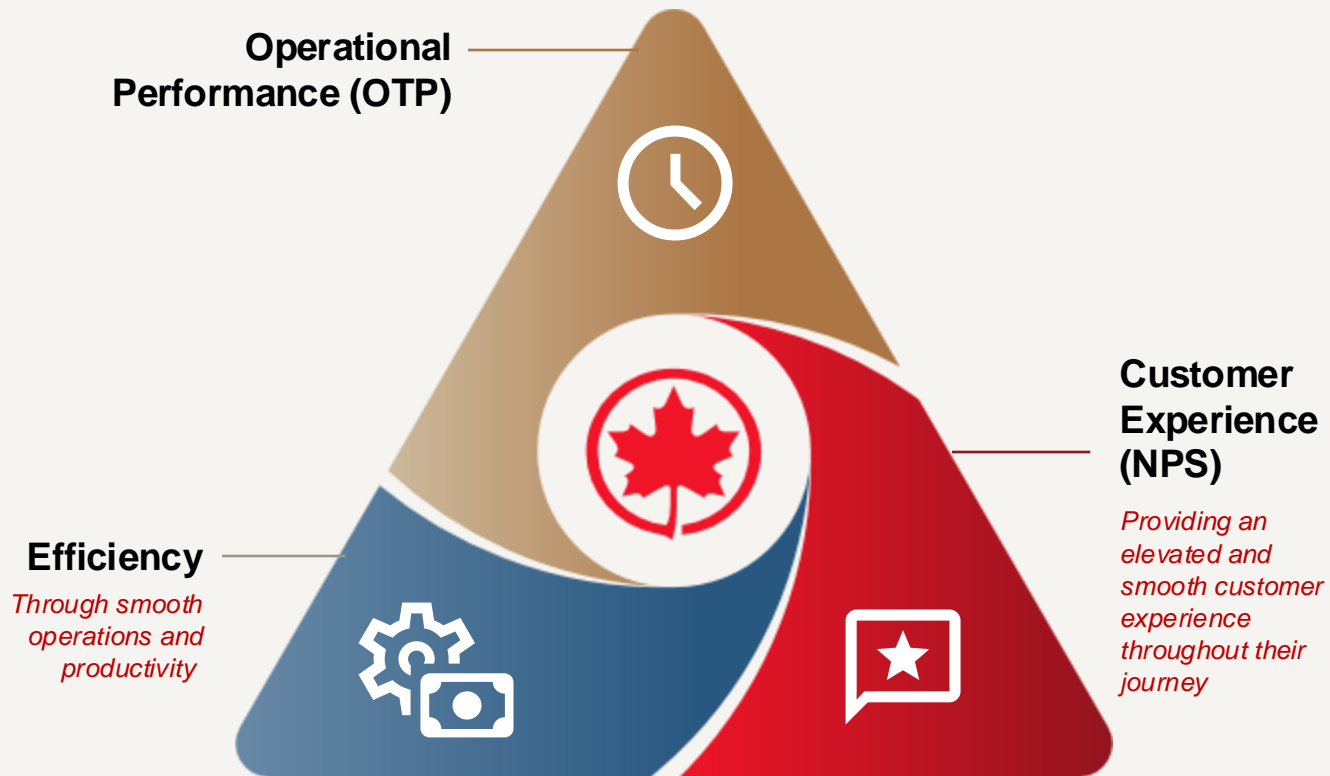
\$B



Adj. EBITDA margin, %

1. As communicated in Air Canada's news release dated December 17, 2024
2. Conservative adjusted EBITDA margin assumption (below 16% 2024 FY Expectations)¹

We continue to make smart investments that balance 3 core objectives, enabling growth for Air Canada



We already have a proven track record of driving improvements in our core objectives over recent years, seeing to date:



On-Time Performance
+17 percentage points
Improvement vs. 2022



Customer Satisfaction
+11 point improvement
NPS vs. 2023



Efficiency – Productivity
+13 %
Improvement vs. 2022

Based on 2024 projections

Operational Performance (OTP)



On-Time Performance

We have a proven track record of improving on-time performance



A@14

Arrive on time!

2022	2023	2024
54	63	71

Achieved through strategic investments in:

Chronos | AI

AI-driven Schedule optimization balancing commercial and operational parameters to create the optimal schedule

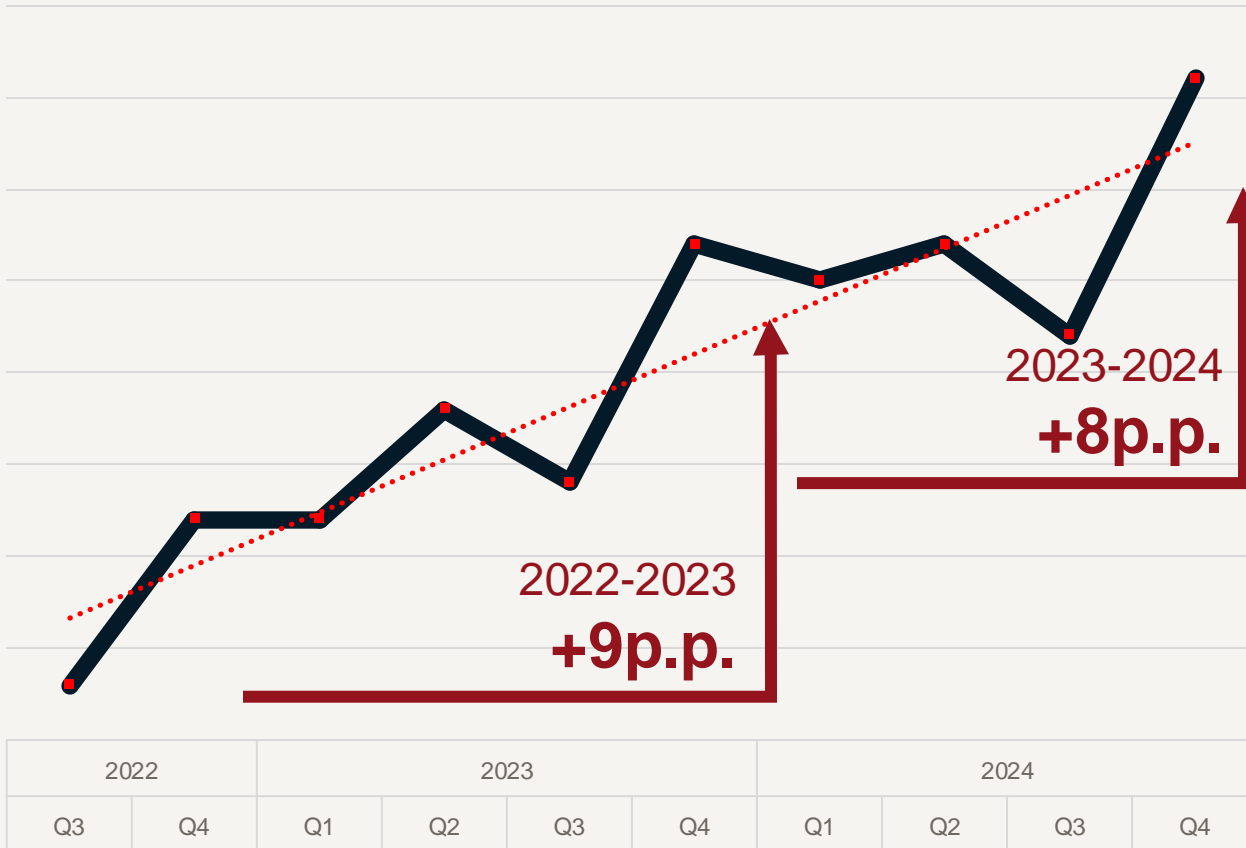
OPSMOD

Technology transformation in Operational systems such as AI-driven slot optimization to manage on-the-day decision-making

Technology enhancements through customer channels addressing Carry-On Baggage and Documentation related-delays



Frontline colleague-rallying metrics to focus all team members on achieving OTP



On-Time Performance

And a clear path that continues building OTP

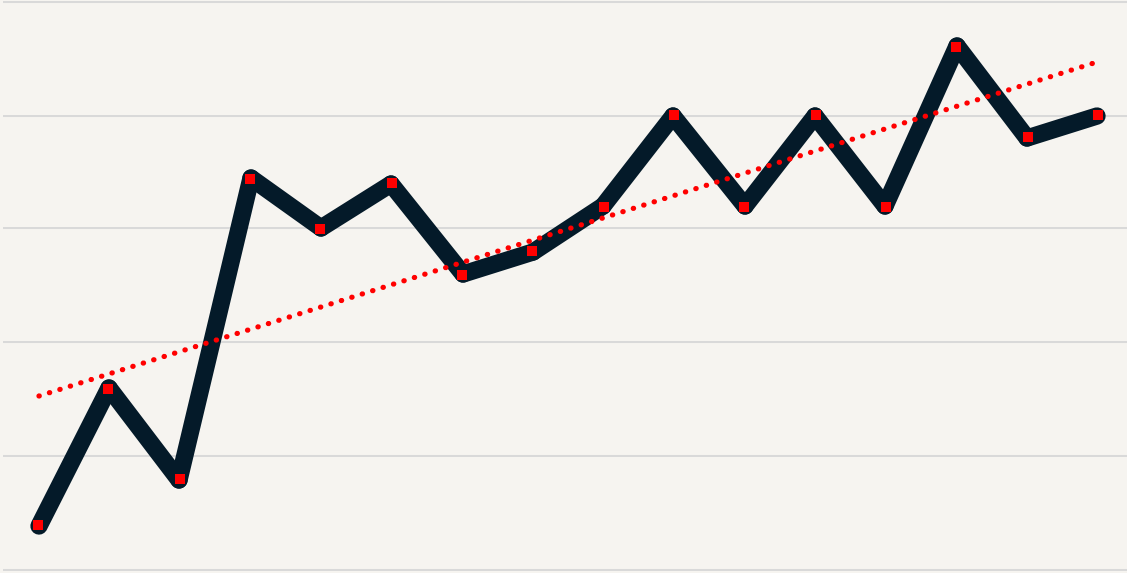


A@14

Arrive on time!

Improvement over time





Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2023				2024				2025				2026			
+9p.p.				+8p.p.				+2p.p.				+2p.p.			
<i>Actual</i>				<i>Projected</i>				<i>Target</i>				<i>Target</i>			



A data-led **integrated planning** approach with modifications to:

- Turnaround times
- Schedule peaks
- Minimum connecting times
- Gate assignments
- Maintenance downtime



Younger fleet with improved dispatched reliability and optimized cabin designs, such as more carry-on baggage capacity



Leveraging **mobility and operational AI** to improve turnaround performance at our airports worldwide

Operational performance (OTP) delivers strong financial benefits



A@14
Arrive on time!

Contributing to EBITDA margin expansion toward 2028



Reduced disruption-related costs and improved customer satisfaction



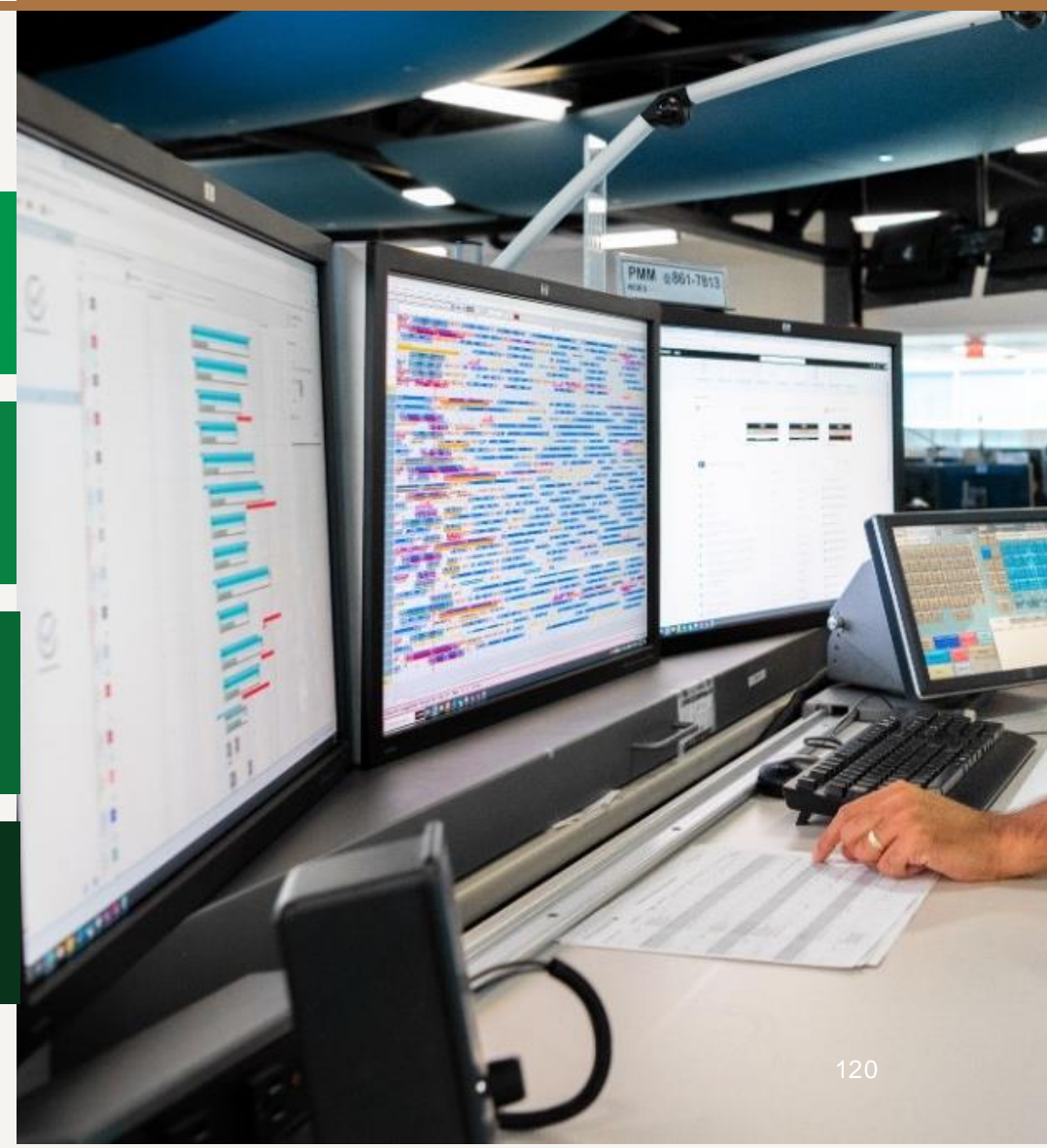
Improved workforce efficiency and supplier cost reductions



RASM benefits from connecting customer high yield revenue strategy and competitive minimum connection times



Increased fleet utilization allowing more ASM production and lower CASM



Customer Experience (NPS)

Providing an elevated and smooth customer experience throughout their journey



Customer Satisfaction



NPS

Customer Satisfaction

We launched our Elevating the Customer Experience (ECX) transformation program in 2022.

ECX is key to our commercial strategy to unlock our right to win in new markets and 6th freedom opportunities.

+10 pts

NPS improvement
2024 vs. 2023

+12 pts

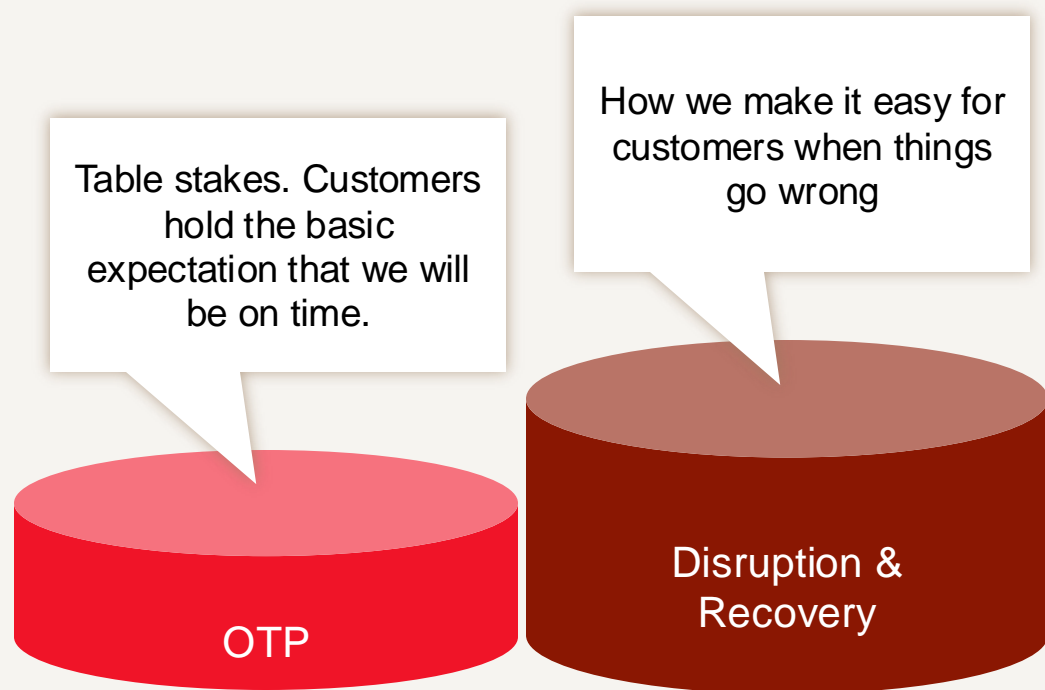
Connecting customer
CSAT improvement

+13 pts

Further improvement
planned by 2028

Customer Satisfaction

We are focused on reducing detractors



NPS

Customer Satisfaction

Successfully implemented initiatives include:

Full suite of customer-facing tools:

Customer notifications | Baggage tracking
Self-service options | Automated bebooking

Digitization for disrupted customers:

Automated meal vouchers | Digital self-service hotel options | Digital transportation vouchers

Seamless connections on AC and our partners:

Atlantic joint venture hub connection process
Star Alliance connections centres
Aligned customer handling and digital solutions

STAR ALLIANCE 

Atlantic Joint
Venture
All together more



Customer Satisfaction

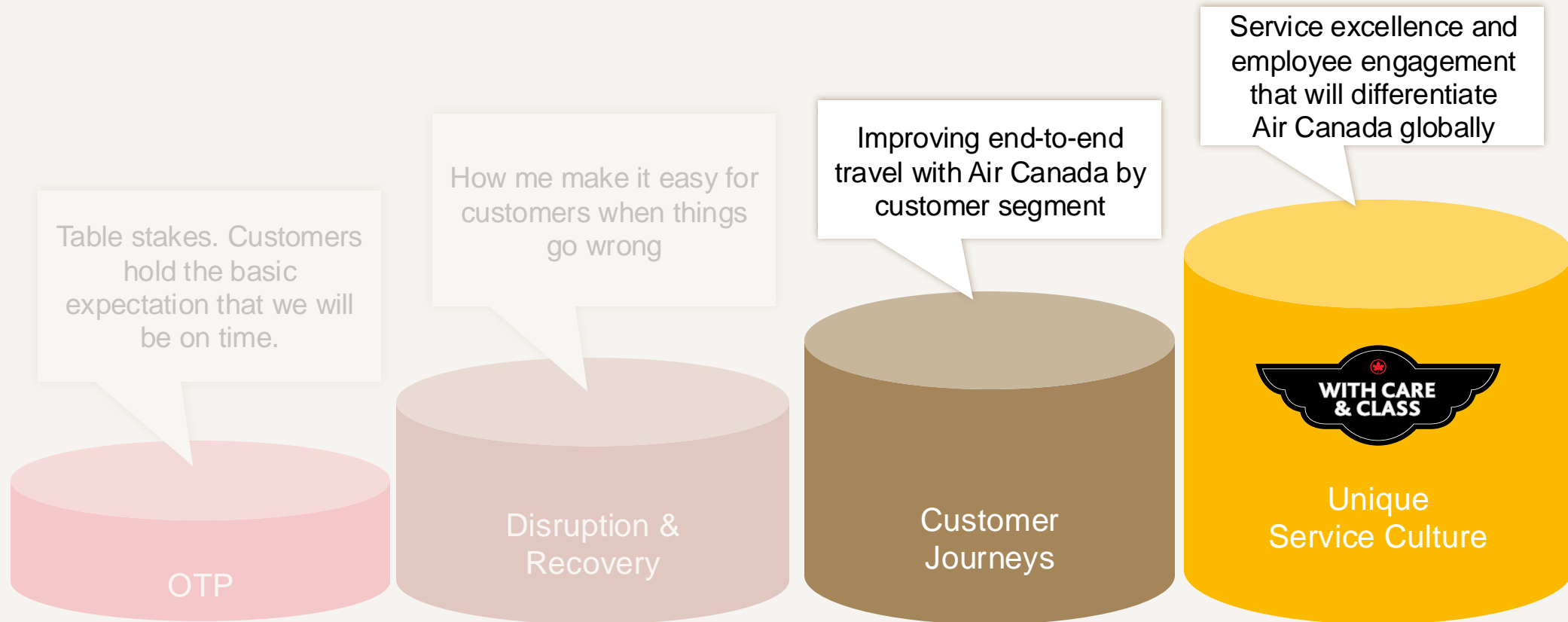


NPS

Customer Satisfaction

We are focused on reducing detractors

And improving promoters of Air Canada





NPS

Customer Satisfaction



Share the best of Canada – at home and around the world

Care & Class creates service differentiation for Air Canada driving customer attraction and retention in Canada and around the world at a yield premium



Making it easy

We are committing to making travel easy for our customers, and great service easy for our colleagues to deliver.



Do what you feel is right, we trust you

Empowered frontline colleagues who can deliver intuitive customer service in the moment.



Unique service culture

We ensure our service feels uniquely yet consistently “Air Canada,” enshrined in bringing the best of Canada to the world.

Efficiency

Through smooth operations and productivity



Efficiency

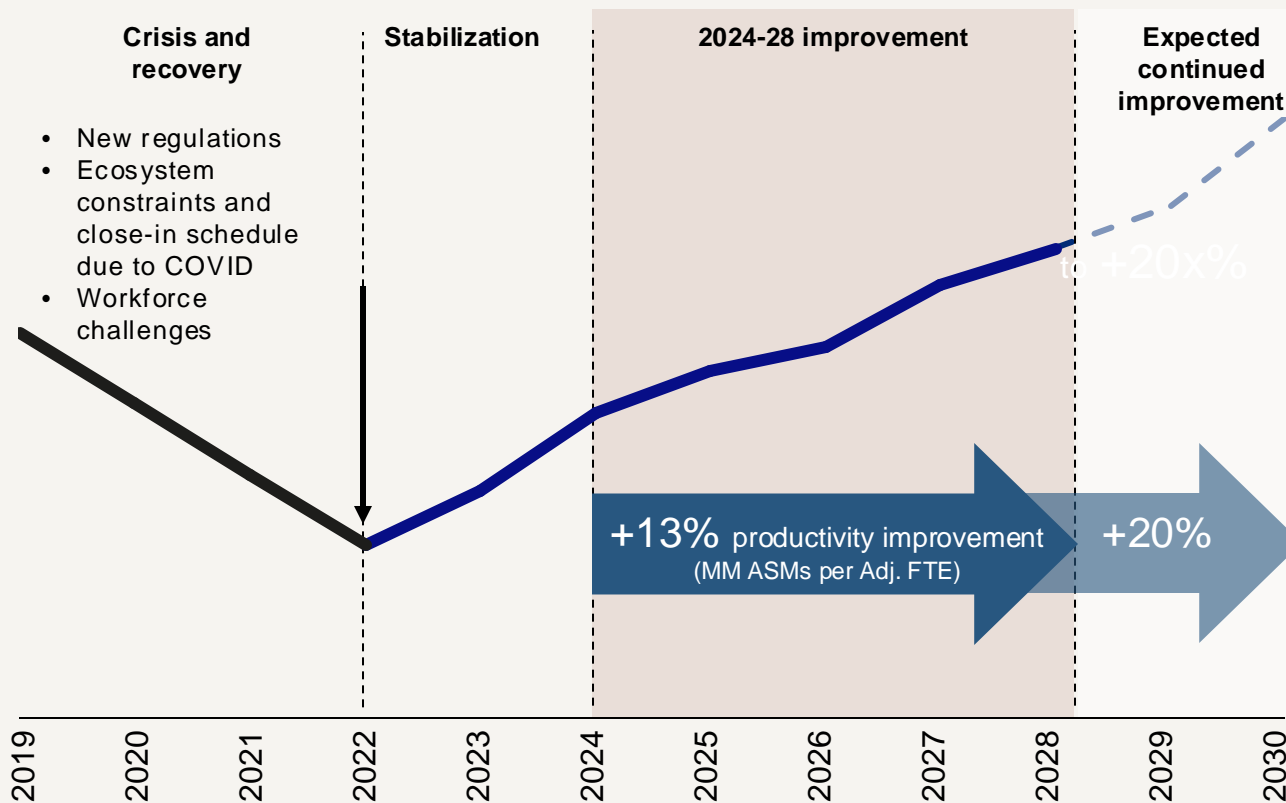


Efficiency Productivity

From 2024-28
~3%+ CAGR
productivity improvement

Productivity profile, frontline operations

MM ASMs per Adj. FTE, estimated



3 components of efficiency (CAGR):

<p>>1%</p> <p>efficiency from initiatives</p>	<ul style="list-style-type: none"> • Initiatives focused on improving labour productivity
<p><1%</p> <p>efficiency from operational performance</p>	<ul style="list-style-type: none"> • Reduced labour hours driven by improved OTP
<p>>1%</p> <p>efficiency from schedule and fleet</p>	<ul style="list-style-type: none"> • More efficient departure mix (e.g., larger gauge)

Efficiency

Increased long-haul flying mix

Our new fleet and network plans enable a lower CASM by reducing fixed labour costs exposure associated with turnarounds with only a modest increase in variable costs.

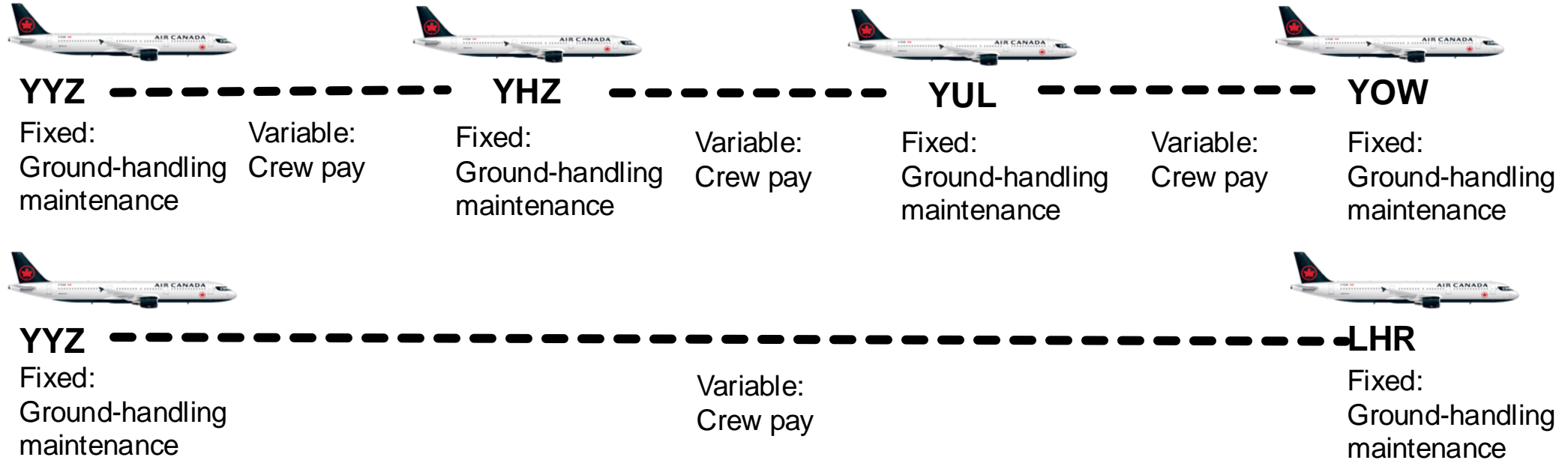


Efficiency

Productivity



Labor utilisation
12 Hour period for an A321



Efficiency

Maintenance technology and modern fleet



Efficiency
Productivity

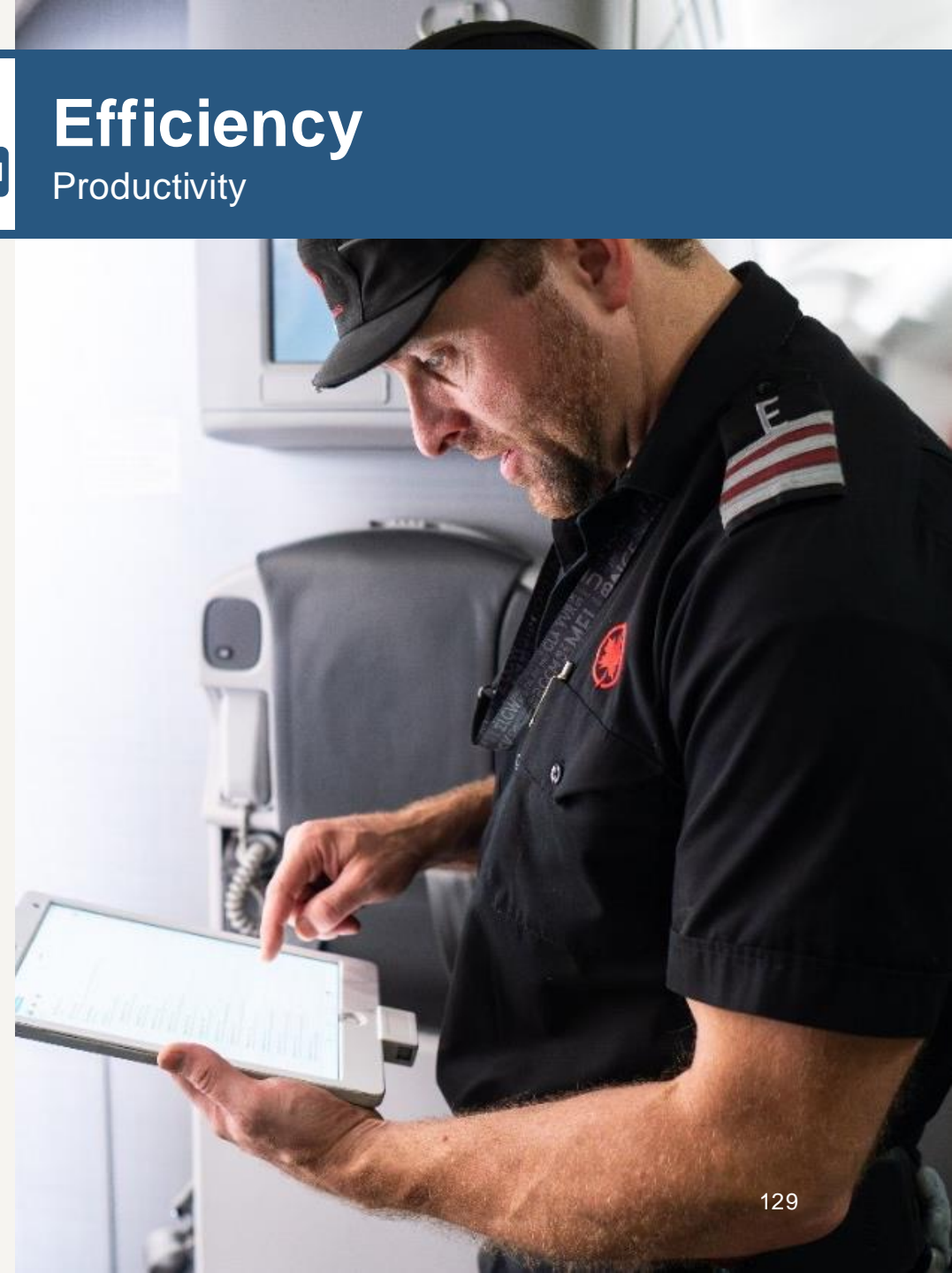
Optimus | AI

MAINTENANCE

- Predictive maintenance powered by in-house AI
- Better scheduling of parts, tools and mechanics
- Reduces unproductive maintenance time and AOG events



- Modern maintenance practices reducing task time and aircraft downtime such as drone inspection technology



Efficiency

Partnering on robotics and automation

Airport baggage handling

Partnering with our main airports as they plan to upgrade their infrastructure to install industry-leading autonomous baggage handling systems

Autonomous vehicles

AIRPORT ✦ AÉROPORT

Trialing partial and fully autonomous ground support equipment, which improves performance, improves safety and increases efficiency of our operations



Efficiency

Productivity



Efficiency

Leveraging self-service and AI-augmented channels

Customer handling



Leverage new functionality, such as generative AI and chat-based functionality, to drive efficiency and customer satisfaction.

Customer self-service: Mobile app and online

Over 80% of customers are utilizing online services for their travel.

Continuously developing new functionality including baggage recovery, rebooking and day of travel information.

Customer self-service: Airports

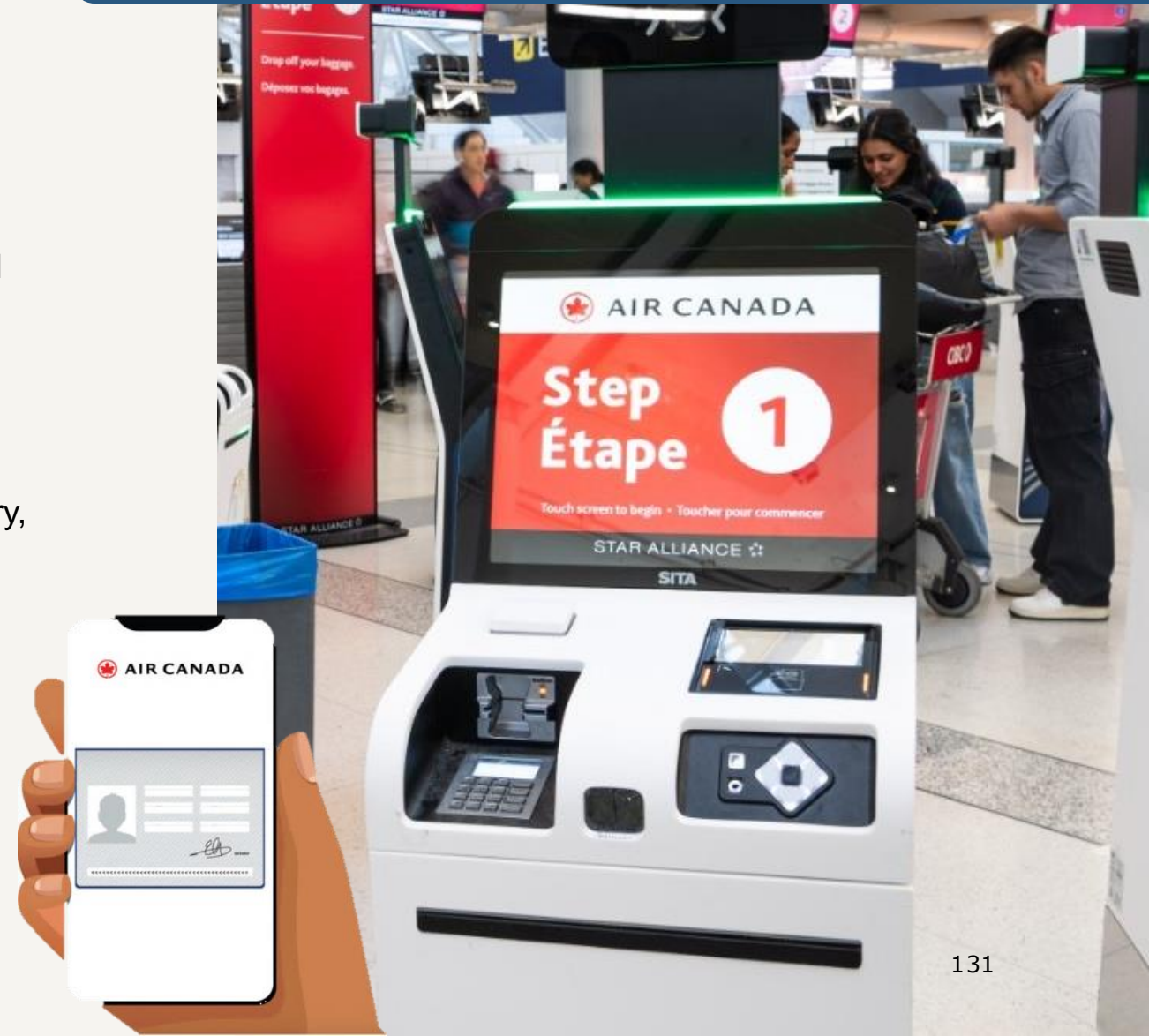
Over the next 4 years we plan to improve self-service bag drop by 30%.

A leader in Canada as we continue to roll out digital identification boarding.



Efficiency

Productivity



Efficiency

Elevating roles for our colleagues

Our colleagues play a critical role in our business plan and success story



Efficiency

Productivity

By leveraging automation, robotics and leveraging self-service technology we will elevate the roles of our frontline colleagues, unlocking:

Improved availability
for high-touch
customer service

Greater
empowerment to
improve customer
experience

Greater flexibility
through upskilling
driving efficiency

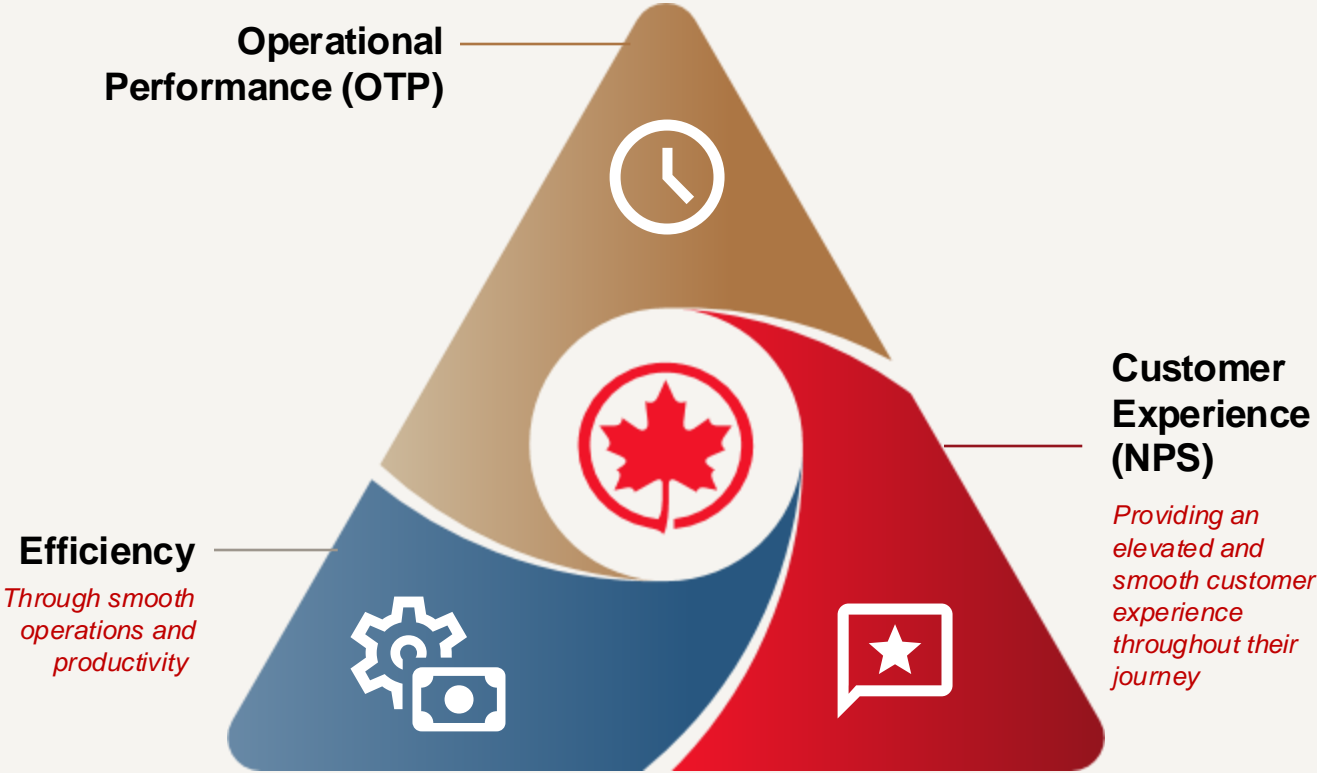
Build further attraction
and retention

Engaged
workforce


We have a comprehensive range of initiatives underway that aim to elevate our employees driving further business efficiency benefits and operational performance



Smart investments that balance 3 core objectives to reach New Frontiers



We already have a proven track record of driving improvements in our core objectives, over recent years, seeing to date:

	On-Time Performance + 4 percentage points 2026 vs. 2024
	Customer Satisfaction + 12 NPS improvement 2028 vs. 2024
	Efficiency – Productivity + 13 % 2028 vs. 2024

Comparison based on 2024 projections



AIR CANADA

Thank you
Merci





AIR CANADA

A STAR ALLIANCE MEMBER
MEMBRE DU RÉSEAU STAR ALLIANCE



New
frontiers

Nouveaux
horizons

Performance culture committed to execution

ARIELLE MELOUL-WECHSLER
Executive Vice President,
Chief Human Resources Officer
and Public Affairs

December 17, 2024

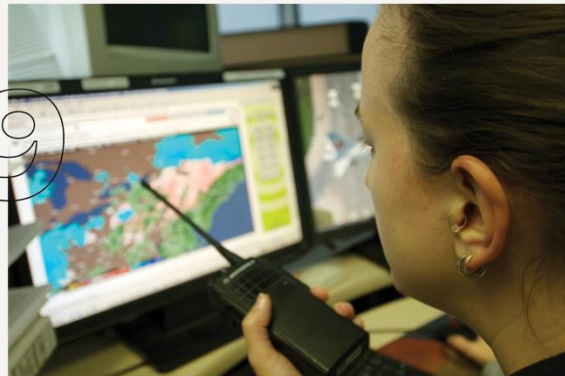


Building a culture of trust, resiliency and leadership for the future

2017



2009



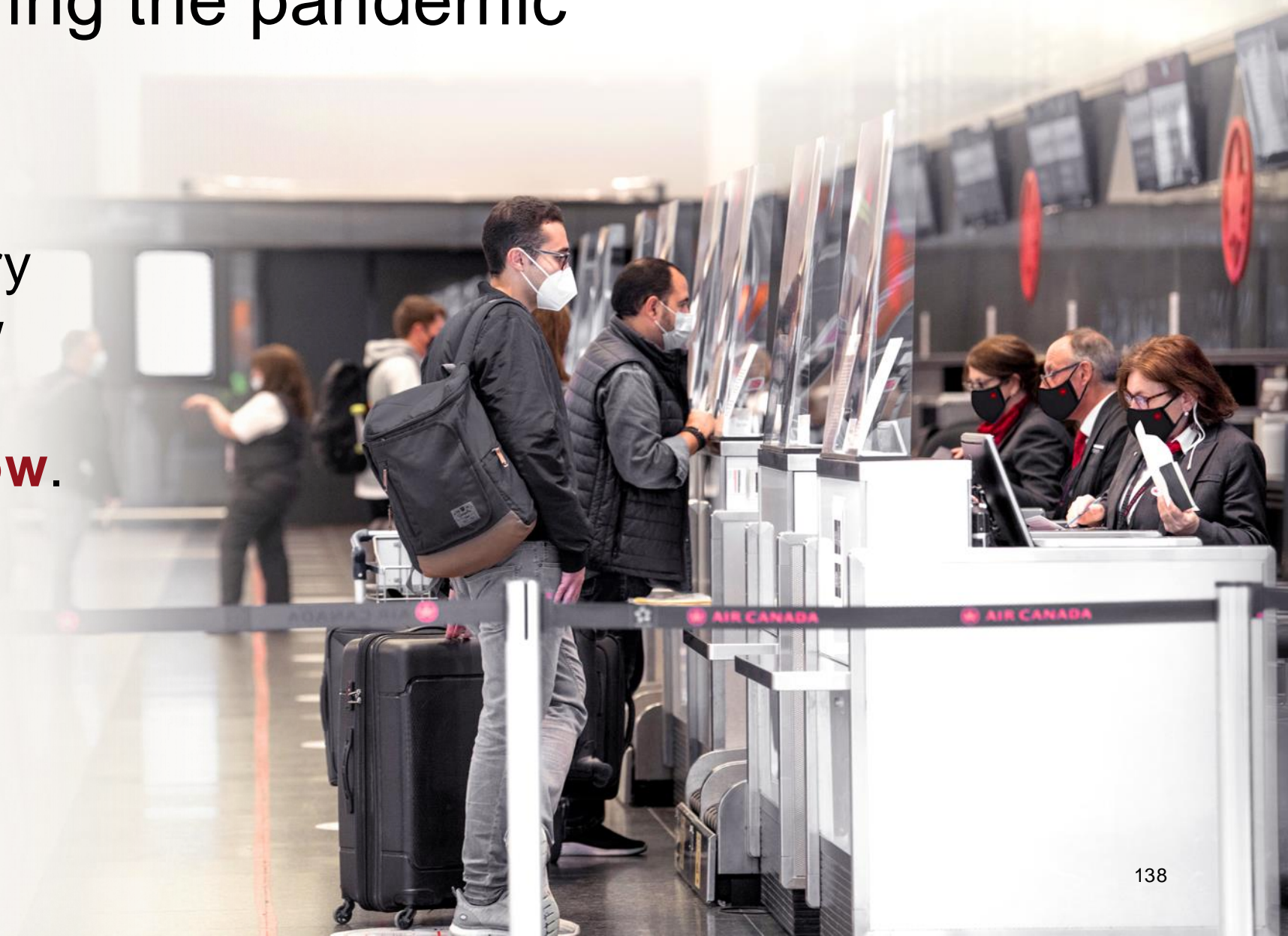
2012



2024

Leadership during the pandemic

We made necessary decisions, we knew we **had** to, but we chose to control **how**.



Maintained communication and trust by providing access to employee communication channels in real time



Rebuilding our workforce

We mounted one of the largest recruitment efforts in our history.

**More than
10,000**
employees recalled
in 2021

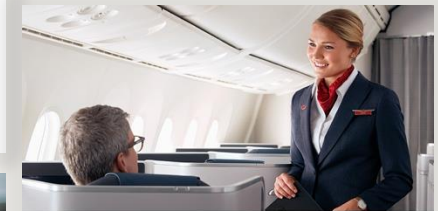


WALK-IN INTERVIEWS ENTREVUES SUR PLACE

January 23 | January 30 | February 6
5PM – 8PM
Air Canada Headquarters
Building 2, Employee entrance

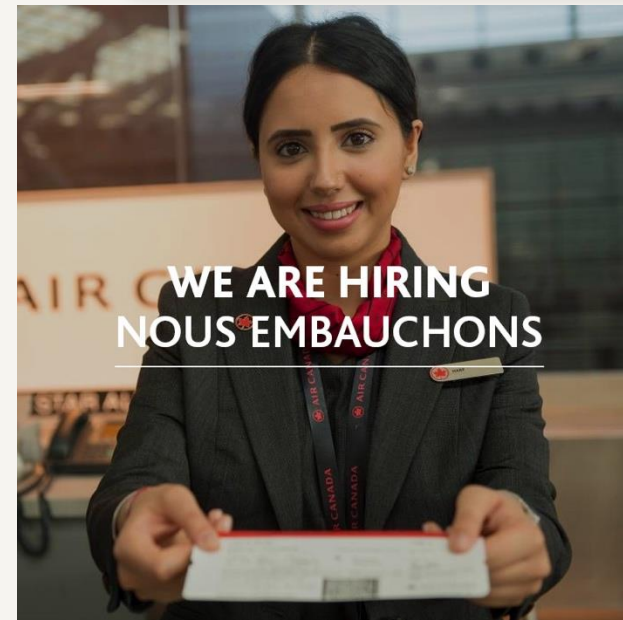


WE ARE HIRING
NOUS EMBAUCHONS

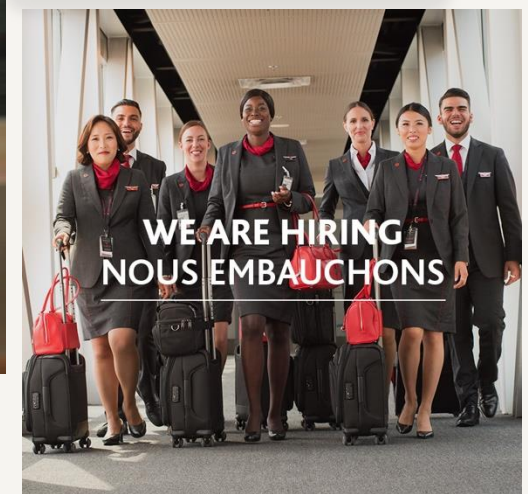


OPEN HOUSE PORTES OUVERTES

February 1, 2020
10AM – 6PM
Sheraton Montreal Airport Hotel
555 Boul. McMillan, Montreal



WE ARE HIRING
NOUS EMBAUCHONS



WE ARE HIRING
NOUS EMBAUCHONS

Dramatic shift in workforce composition

We are now managing four generations in the workforce.



Continued evolution of culture



Empowerment



Performance



Trust



A strong leadership team propels an empowered workforce



Elevating leadership



A resilient leadership bench = a resilient workforce

We are strengthening a deep, resilient leadership bench, building on resiliency in our workforce.



Ensuring we have the broadest pool of talent



We listen

Remaining connected to the pulse of our employees is a priority.



Prioritizing health and wellness



Health



Wellness



Safety



Excellence



A strong culture



We see results on tangible measures

Voluntary turnover numbers:

4.46%

Air Canada
(Jan. 1 - Oct. 31, 2024)

9.2%

Transportation
industry average
(2023)



Celebrating excellence

857



Pasquale Altomare
JF Beaudoin • Adlen Bourafa • Kelly Chase
Deo Chhetri • Andrea Cleven • Loretta Cluney
Nelson Cruz-Letty • D'Agostino • Véronique Darche
Caroline Dietrich • Yves Frédéric • Balkar Singh Gill
Charamane Gray • Gabriela Guerrero • Janet Hay
Franco Iacovella • Jonas Israel • Ali Jaber • Asif Khattak
Chris Koroneos • Zoe Koulouris • Mario Labrecque
Dominic Larsen-Lafond • Pat Layos • Denise Leckie • Susan Lee
David Losset Choulet • Rami Mahmoud • André Marchand
Julio Mares • Melene Mattu • Janet Mclean-Yapp • Sarah Mercure
Khalil Mesk • Kapa Olondris • Lee O'Riley • Halima Ouati
Eric Palmer • Hye Karerj Park • Mark Phillips • Stéphane Picard
Daniele Picinilli • Michael Pietrasz • Debora Policano • Stefan Ragheb
Kaleb Ramkalawan • Peter Ratcliffe • Rhenee Reyes • Misael Ricardo (Ricky)
Jennifer Scenna • Kym Shwaluke • Carlos Silvestre • Andrew Stanton
John Stefanopoulos • Yatin Suri • Ahmed Syed • Jack Szeto • Victoria Tassone
Arash Tehrani • Christian F. Tremblay • Cameron Troock • Nikki Tsimiklis
Ekky Tuntisukchaikul • Franca Vallabh • Paul Wujtow
Carla Wylie • Shu Xu • Jordan Zehr

FÉLICITÉ

Prix d'excellence

C-FVNB 

Success relies on a high-performance culture



Trust



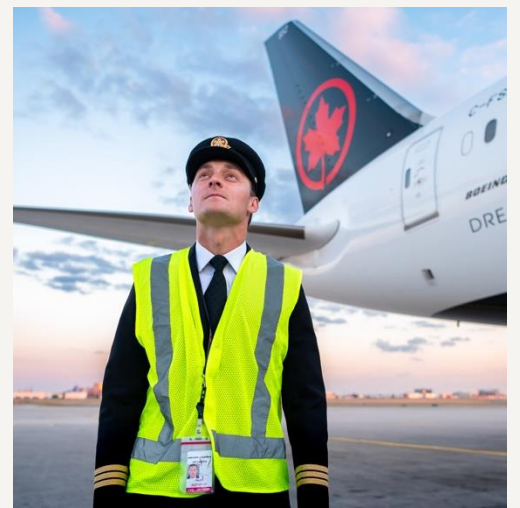
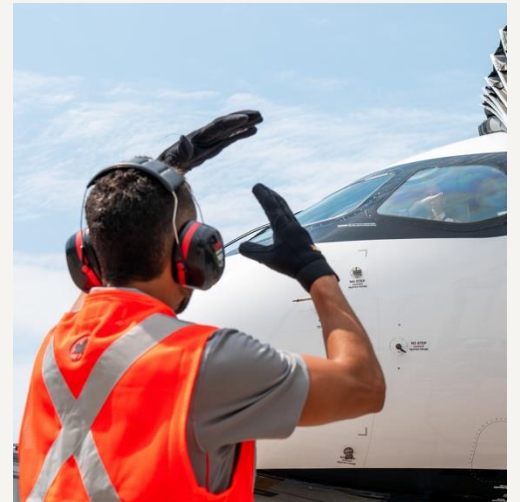
Resiliency



Leadership development



Performance culture committed to execution





AIR CANADA

Thank you
Merci





AIR CANADA

A STAR ALLIANCE MEMBER
MEMBRE DU RÉSEAU STAR ALLIANCE



New
frontiers

Nouveaux
horizons

Strategic growth concurrent with shareholder returns

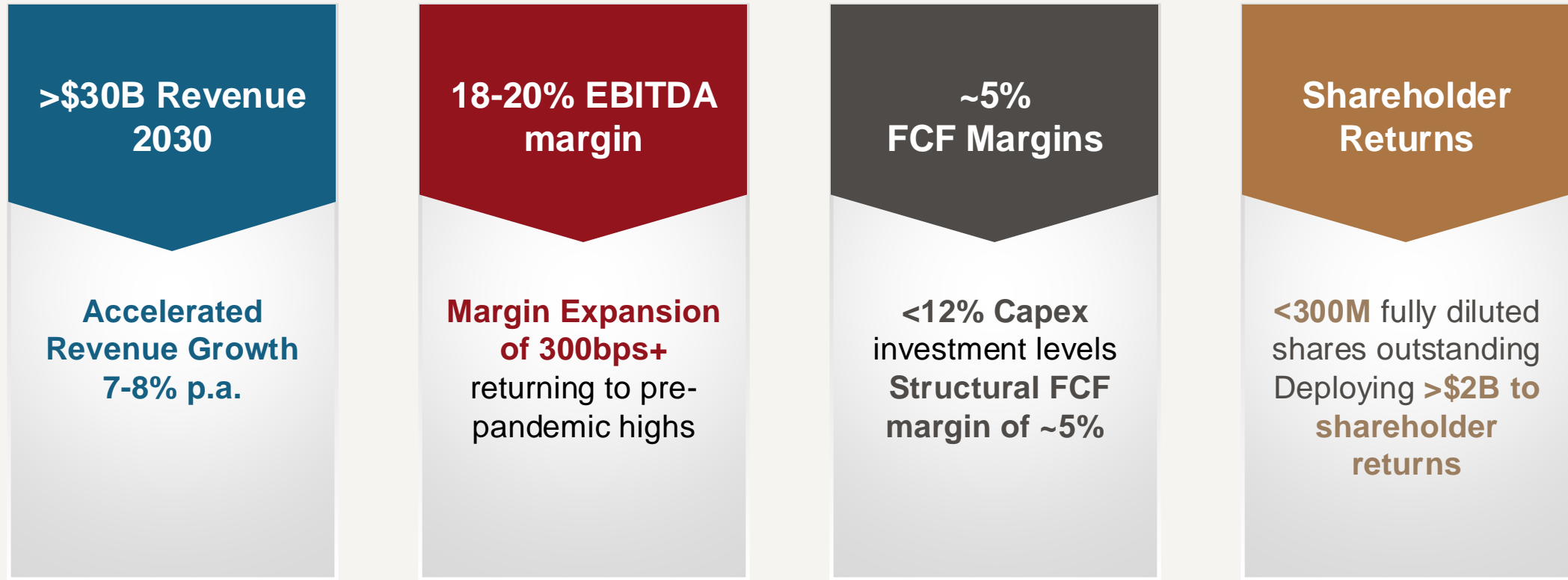
MICHAEL ROUSSEAU

President and Chief Executive
Officer

December 17, 2024



A compelling value creation opportunity – 2030 aspiration



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

A compelling value creation plan = shareholder return





AIR CANADA

Thank you
Merci



Panel discussion and Q&A

December 17, 2024





AIR CANADA

Thank you
Merci

