



AIR CANADA INVESTOR DAY

March 30, 2022

A STAR ALLIANCE MEMBER 



AIR CANADA



Welcome

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Air Canada's public communications may include forward-looking statements within the meaning of applicable securities laws. These statements may involve, but are not limited to, comments relating to preliminary results, guidance, strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, are based on assumptions, are subject to important risks and uncertainties and cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including the factors identified in this annual general meeting and in Air Canada's public disclosure file available at www.sedar.com. The forward-looking statements discussed and presented during this annual general meeting represent Air Canada's expectations as of the date of this annual general meeting (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.





Rise Higher

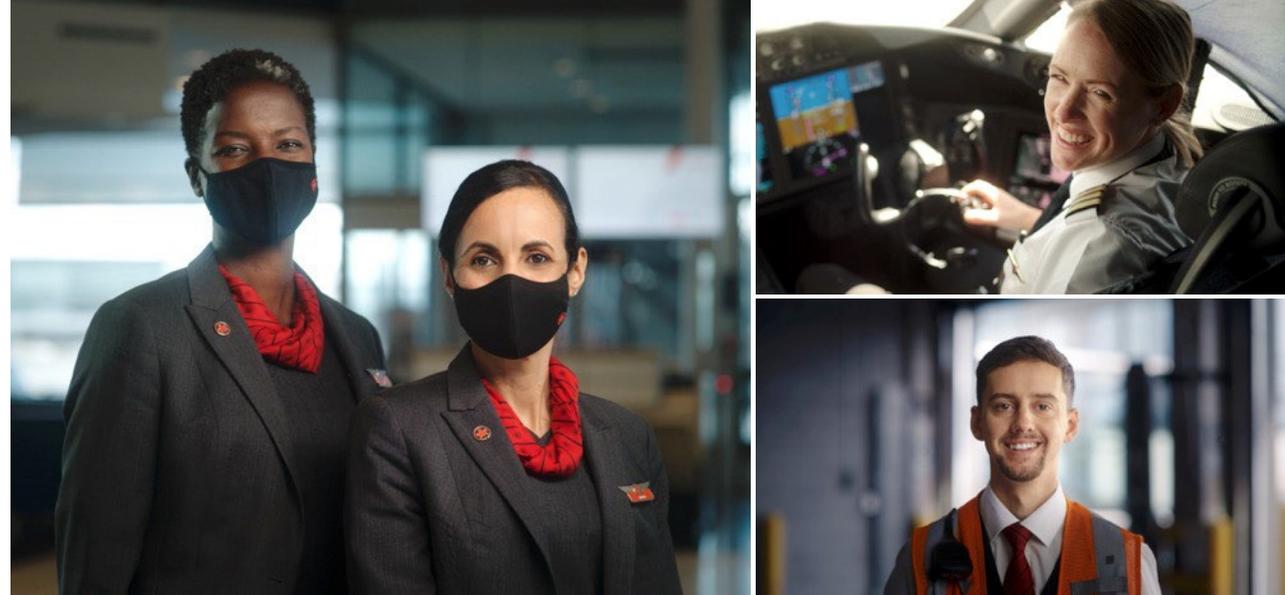
Post COVID-19 world

- Airlines rebuilding
- Customers have a choice
- Greater expectations from investors



Our people

**Best in class to drive
our strategy**



**Best Airline Staff in Canada
and North America**





Rise Higher



Fund Our Future.

We rise higher by building a more profitable, sustainable business.



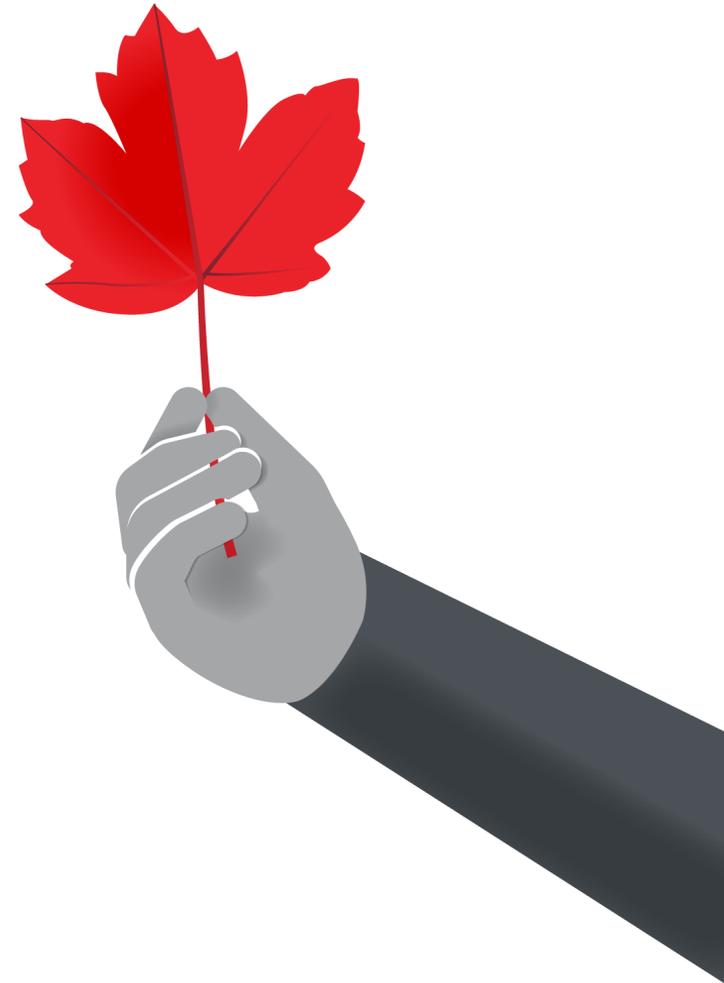
Reach New Frontiers.

We rise higher by growing our network and driving new revenue.



Elevate Our Customers.

We rise higher by becoming our customers' favourite choice.

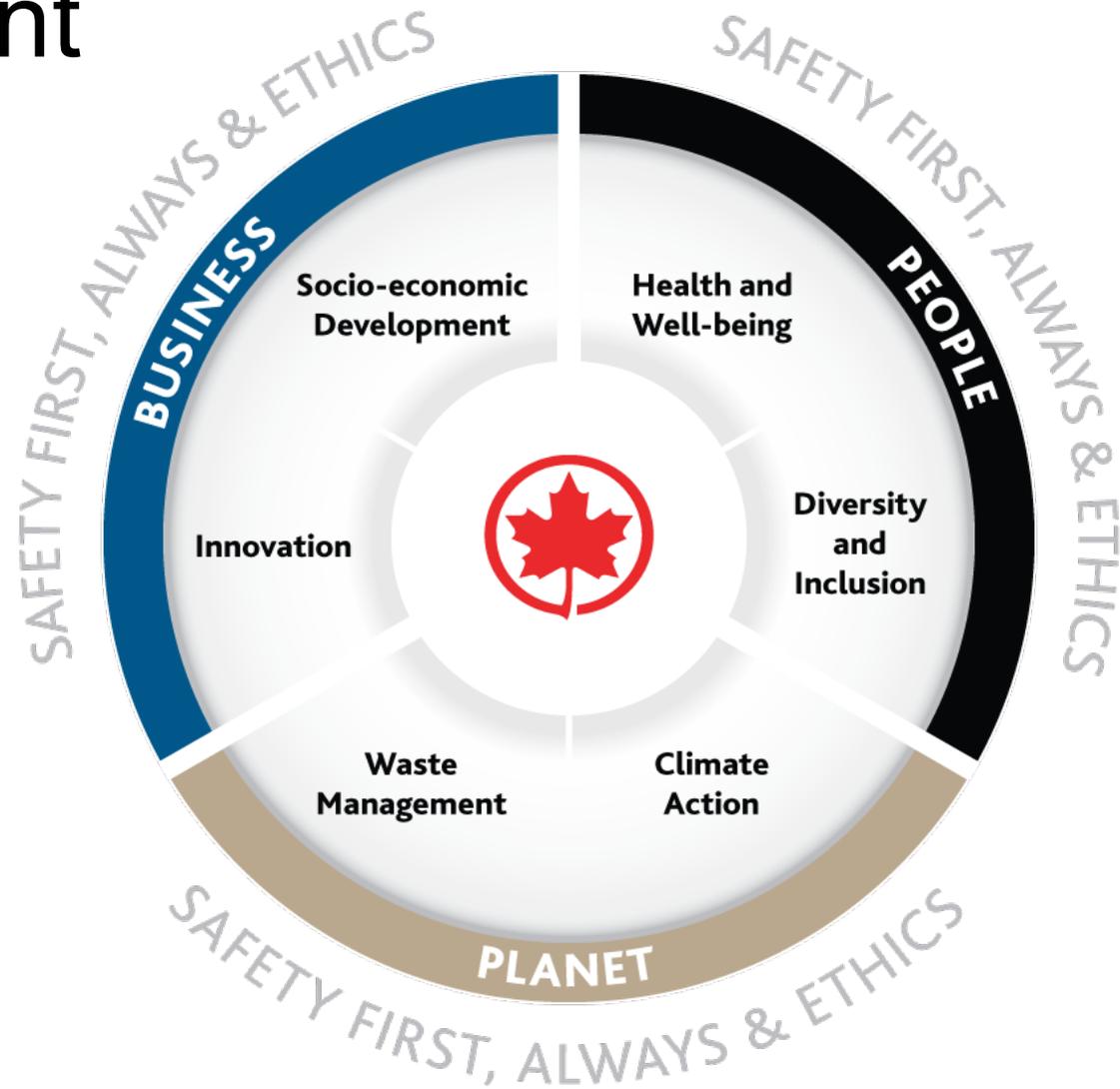


Lift Each Other Up.

We rise higher by caring for each other while playing an impactful role in society.



Commitment to ESG



26 Airbus A321XLR on order



Air Canada's Climate Action Plan



**NET ZERO
2050**

20%
GHG REDUCTION
from
air operations by 2030 compared to our 2019 baseline

30%
GHG REDUCTION
from
ground operations by 2030 compared to our 2019 baseline

\$50M
INVESTMENT
in **sustainable aviation fuels (SAF)**, as well as in carbon reductions and removals



Governance and Diversity

BY 2025

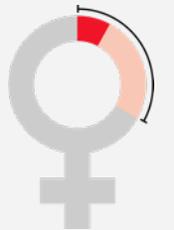


40% women directors

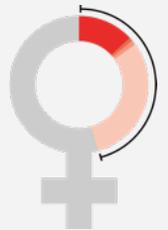


3.5% black leaders

CURRENT



33% are women
8% are visible minority



OUT OF 255 SENIOR LEADERS

36% are women
16% are visible minority





FONDATION
AIR CANADA
FOUNDATION

Supported
162
CANADIAN
CHARITIES
FOCUSED ON
CHILDREN

DONATED
CLOSE TO
\$580,000

DONATED
NEARLY
11 million
Aeroplan
points





**Canadian Olympic
Committee partner
since 1988**





Thank you
Merci



Our Flight Path

A commercial strategy based on 6 pillars

Achieve Air Canada's Global Champion Strategy by defending historical leadership and investing in emerging markets opportunities



Defend our domestic leadership



Expand our global network

Deliver consistent and friction-free customer hospitality



Capitalize on leisure expertise



Diversify non-ticket revenue streams



... with sustainability as a key driver of our decisions

Air Canada embarks in the recovery with a very solid commercial foundation

Strong foundation to prepare for the future

YVR YYZ YUL

FOUR GLOBAL HUBS

STRONG NETWORK



PARTNERSHIPS



CONTINUED FLEET RENEWAL

COMPETITIVE PRODUCT



BEST-IN-CLASS LOYALTY PROGRAM



amadeus PROS

SUPERIOR REVENUE MANAGEMENT PRACTICES

TRANSFORMATIONAL GROWTH PLAN



TRANSFORMED CHANNELS AND DIGITAL



HIGH ESG STANDARDS



AIR CANADA VACATIONS

IN-HOUSE MARGIN EXPANSION

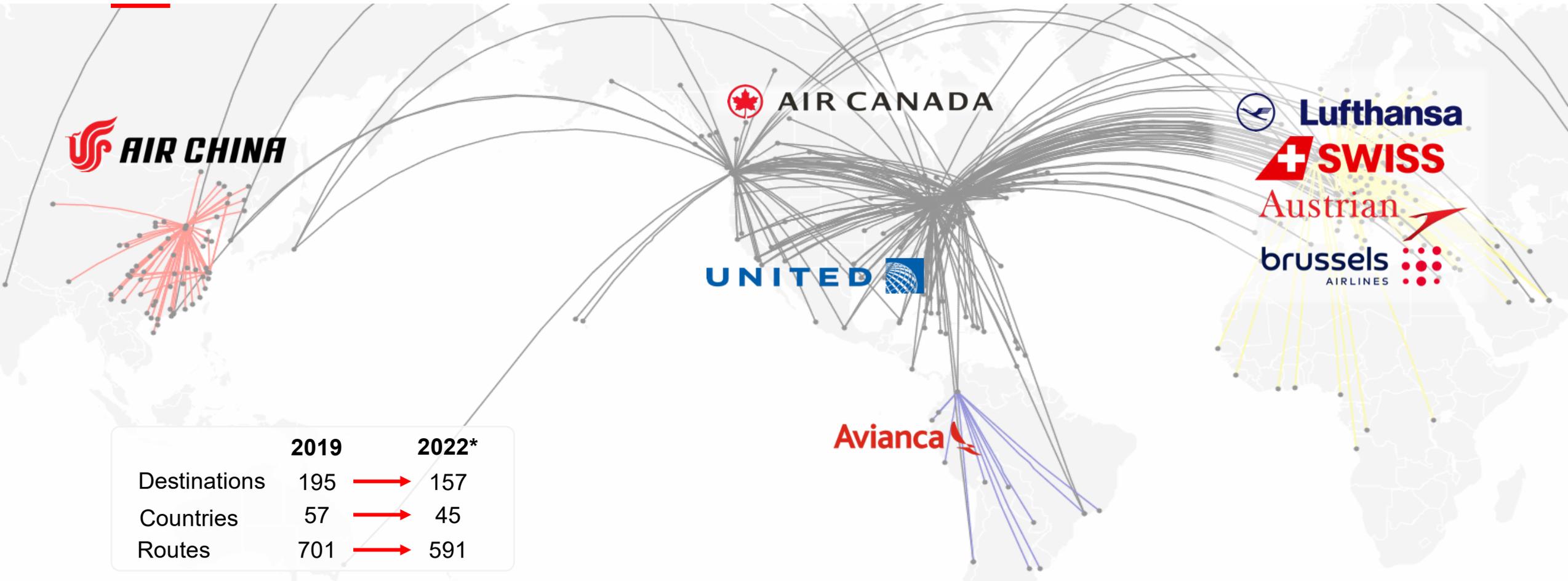
EFFICIENT NARROW-BODY LEISURE OPERATOR



Enables reaching new frontiers and elevating the customer experience



Air Canada in 2022: a highly competitive global network with strong partners



Air Canada's Flight Path



Air Canada Rouge relaunching a competitive leisure operator

~40 aircraft narrow-body only



Focus on **leisure North-America** markets



CASM competitive operator



Reduced seasonality and higher seat density



Leverage **Air Canada Vacations** expertise



Efficient deployment focused in the **East**



Favorable **revenue differential** vs. ULCC



Leveraging Air Canada Rouge to strengthen our position in leisure markets



LEAVE LESS Travel Program

HELP ACHIEVE YOUR CORPORATE SUSTAINABILITY GOALS

Supporting sustainability targets.

ATTRACT NEW CLIENTS AND RETAIN EXISTING ONES

More and more customers are factoring sustainability into their purchasing decisions.

SATISFY STAKEHOLDER DESIRE FOR SUSTAINABILITY

Customers, investors and shareholders are increasingly demanding sustainable business strategies.

BE AT THE FOREFRONT OF CHANGE

Air Canada is the first airline in Canada to offer Sustainable Aviation Fuels to its corporate customers.



Be part of something extraordinary



Our product is the best in North America

We successfully reintroduced our award-winning products and services, leveraging technology and partnerships



Maple Leaf Lounges



YYZ Signature ground experience



Concierge services



On-board amenities



Strategically investing into our future product



Best in class ground experience

- ✓ Biometrics
- ✓ Chauffeur Service expansion
- ✓ SFO Maple Leaf Lounge



Consistent, yet personalized on-board experience

- ✓ Lie-flat Signature product
- ✓ Enhanced Economy service
- ✓ Mobile and IFE meal ordering



Designed and delivered with environmental and social focus

- ✓ Ongoing transition to sustainable products
- ✓ Waste reduction
- ✓ Impact on society



Distribution: core to our customer experience

OBJECTIVES

Maximizing revenues while delivering superior customer service

- 1 Generate **additional revenue** from **enhanced product experience**
- 2 **Reclaim control** of our product distribution
- 3 **Customer centricity**: first and foremost

CHOICES FOR CUSTOMERS, BETTER MARGINS FOR THE TRADE AND REVENUES FOR THE AIRLINE



CUSTOMER

Ability to shop in **channel of choice** with **consistent offer, experience** and excellent **customer support**



TRADE

Access to complete product set, with right tools and technology to **service customers and generate a more sustainable business**



AIRLINE

Cost effective channels that display our product properly, **provide us richer data to serve customers with care and class**

ENABLERS: WHY WE WILL SUCCEED?



Flexibility built in our **GDS agreements**



Robust IT platforms: strong foundations for high value solutions



NDC solution allows to distribute a reliable product and service in any channel



What's next: reaching new frontiers



Fleet renewal

Air Canada's new fleet is a strong foundation for profitability expansion



Expanding our network

Air Canada's hubs offer numerous growth opportunities globally



Leverage our JV and partnerships

Seek additional global partnerships to facilitate recovery



Expand cargo contribution

Dedicated fleet to further diversify Air Canada's revenues



Improve customer experience

Align service and performance with customers expectations



Deepen engagement with customers

- Acquire, engage and help customers travel more and travel better
- Get customers to do "one more thing"

Make it easier to do business with us

Empower our customers with intuitive self-service tools to help them navigate their journey

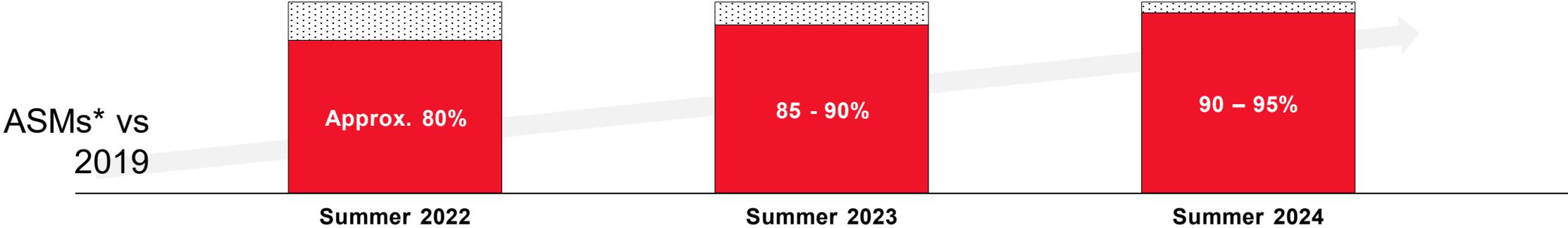


Advanced revenue management practices

Optimize our revenue practices to adapt to each customer needs



Air Canada well positioned to capitalize on the recovery



Domestic

Lead Domestic network leveraging strong demand rebound



VFR

Canada's strong multicultural population on full display



Leisure

Leisure demand to exceed 2019 levels by 2023



Business

Corporate to 75-80% of 2019 by 2023

* Assumptions related to ASM projections

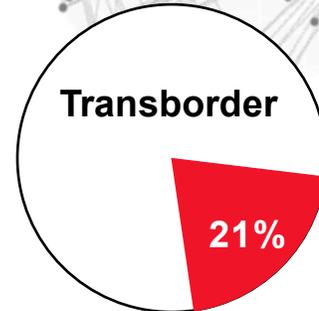
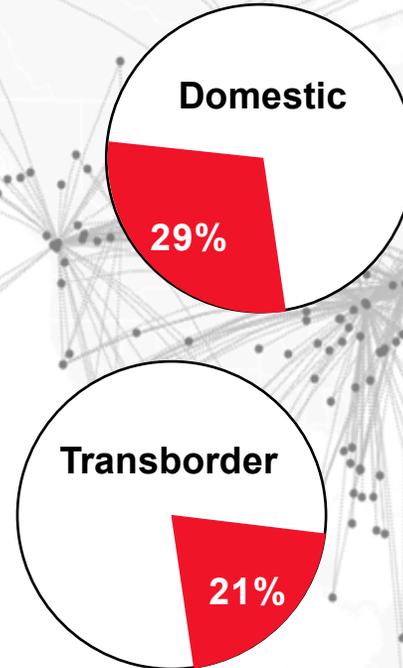
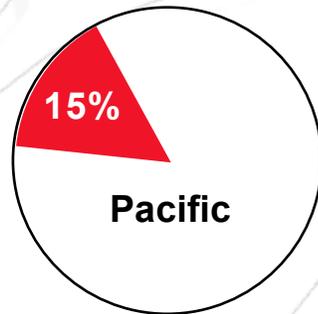




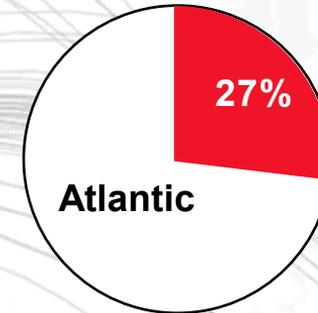
Reaching New Frontiers

Air Canada network diversification

2019 – Revenue breakdown per market



LATAM = 8%



Includes India

+ Non-passenger revenue streams



Air Canada's global network diversification is a major competitive advantage



*Statistics based on selling schedule for Aug. 2022 vs. flown August 2019 (source: Diio)

Global hubs as key competitive advantages



Toronto:	global hub	115 destinations
29 domestic	43 US	43 international



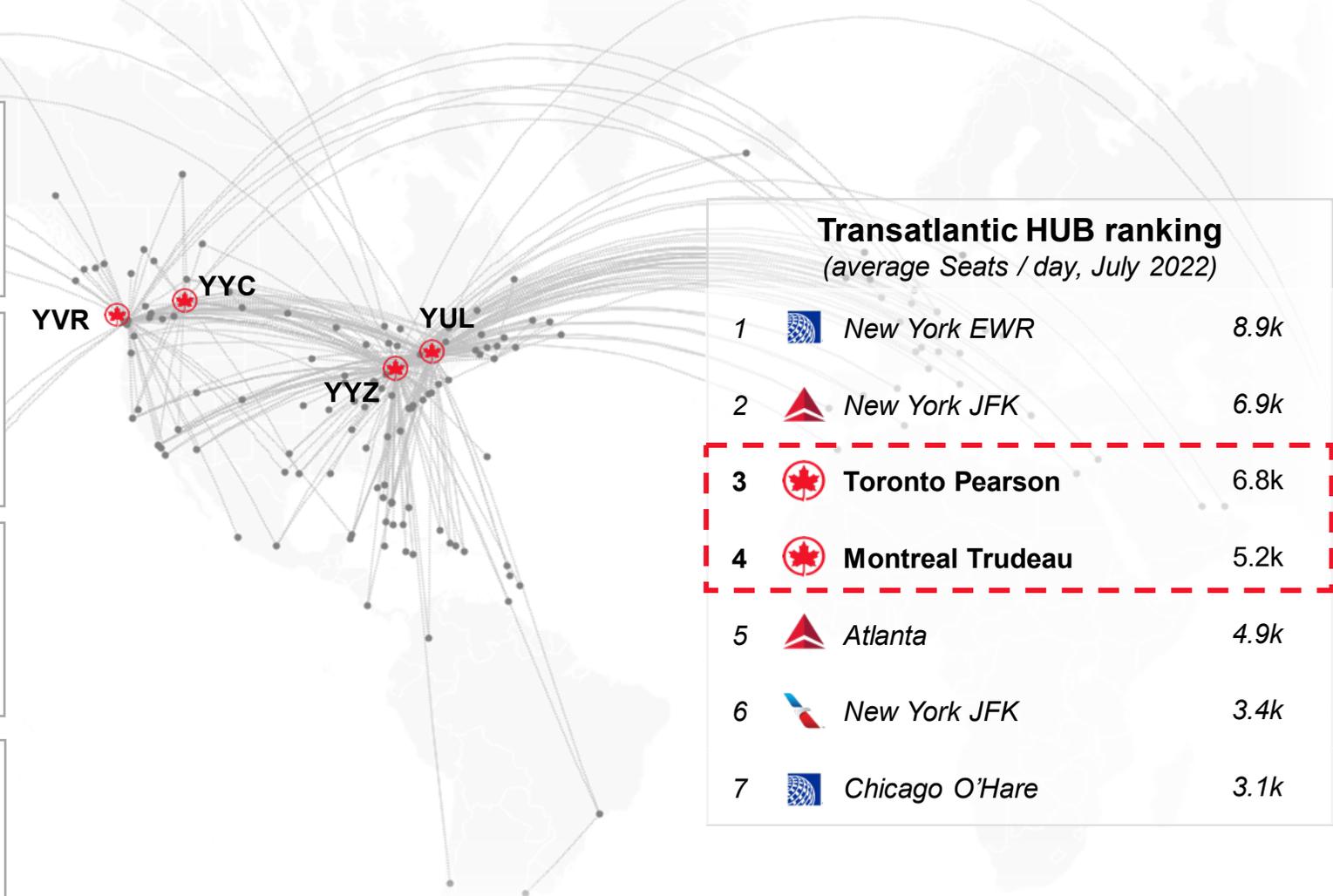
Vancouver:	pacific gateway	55 destinations
26 domestic	20 US	9 international



Montreal:	transatlantic	86 destinations
25 domestic	29 US	30 international



Calgary:	Mid-continent	26 destinations
19 domestic	5 US	2 international

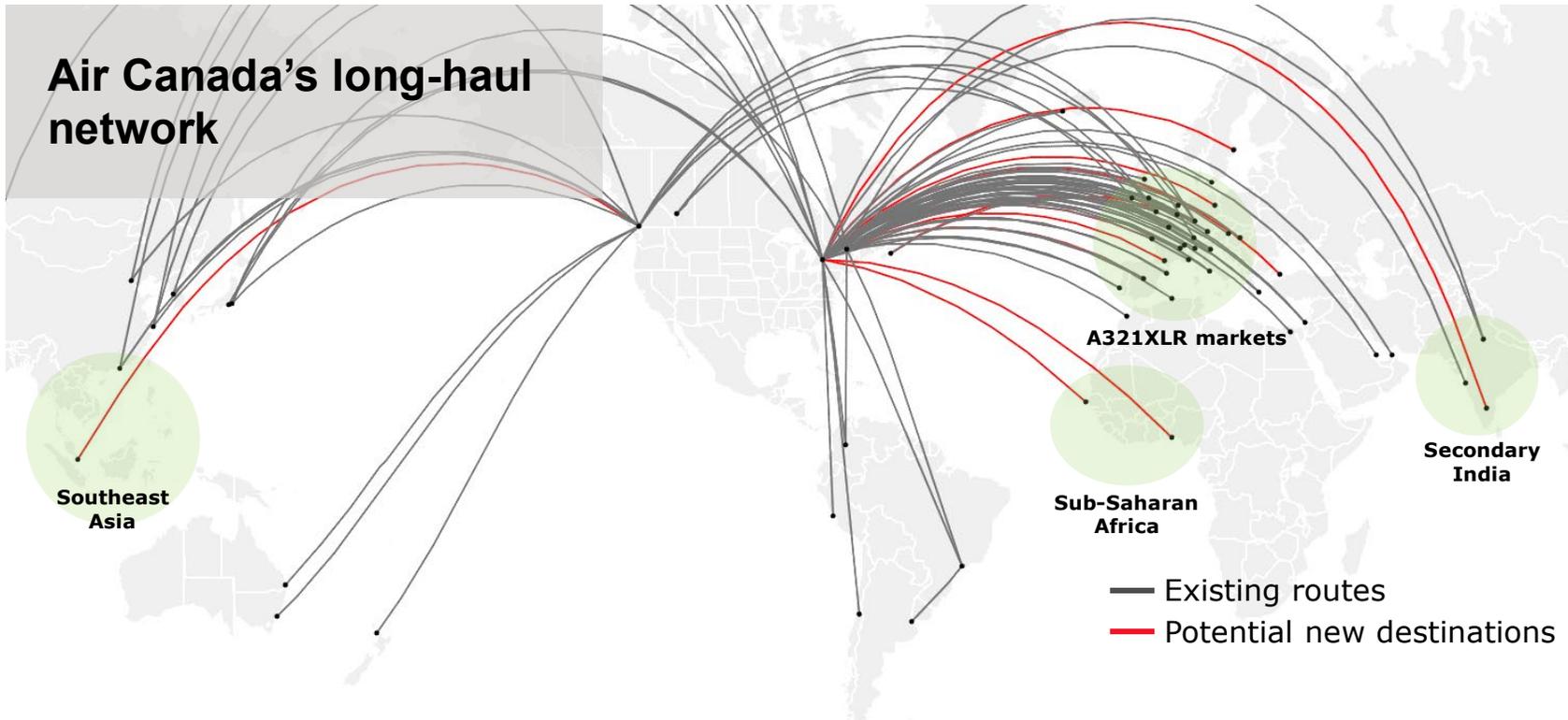


1	New York EWR	8.9k
2	New York JFK	6.9k
3	Toronto Pearson	6.8k
4	Montreal Trudeau	5.2k
5	Atlanta	4.9k
6	New York JFK	3.4k
7	Chicago O'Hare	3.1k

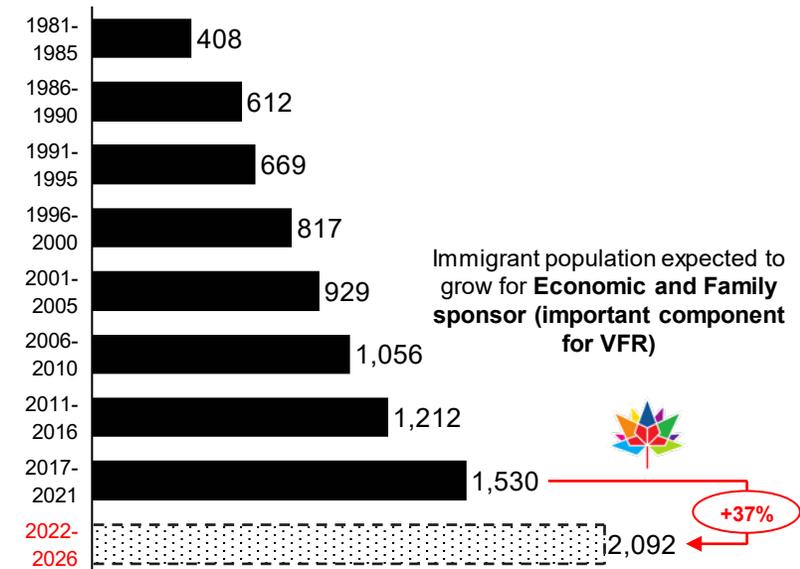


*Seats per carrier (Source diio, August 2022 to Europe, Africa, Middle East)

Market opportunity: Canada's changing demographics



Projection of immigration to Canada (000's)



Opportunities arising and Air Canada has the tools to succeed



Evolving to a simpler, efficient and sustainable fleet



Key Enablers

- ✓ Efficient cabin configuration
- ✓ Unit cost competitiveness
- ✓ Simplification
-  Supporting Climate Action Plan goals



Highly efficient cabin configuration

Unit cost competitive

Ability to pivot to VFR markets

Seizing cargo opportunities

A321XLR



A220



A321/A320



737 MAX



A32X family



A321XLR versatility: transcontinental and transatlantic

MAX and A220's lower carbon footprint

Competitive unit cost and trip cost

Rouge narrow-body operator

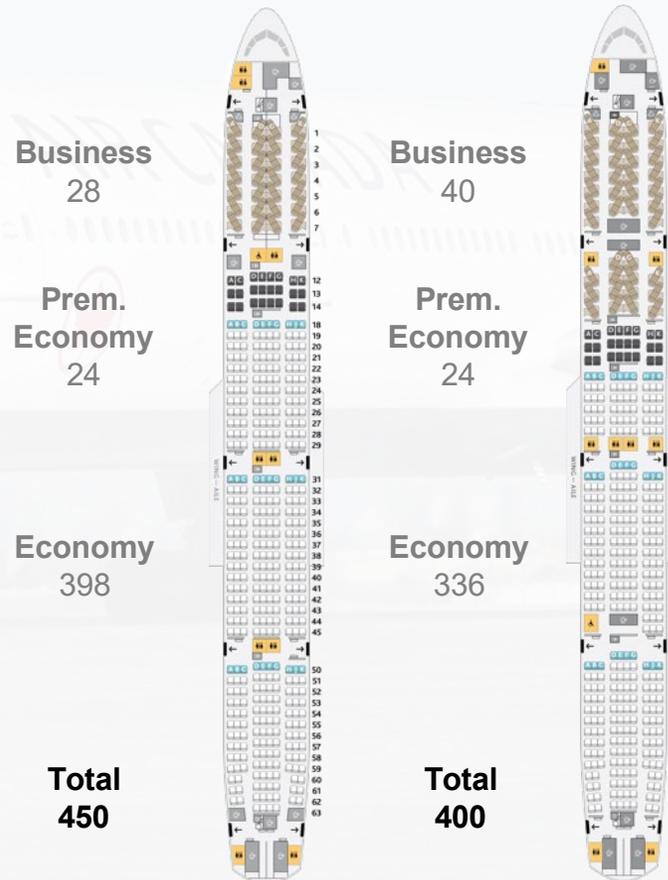


Air Canada suited to compete in a strong leisure and VFR environment

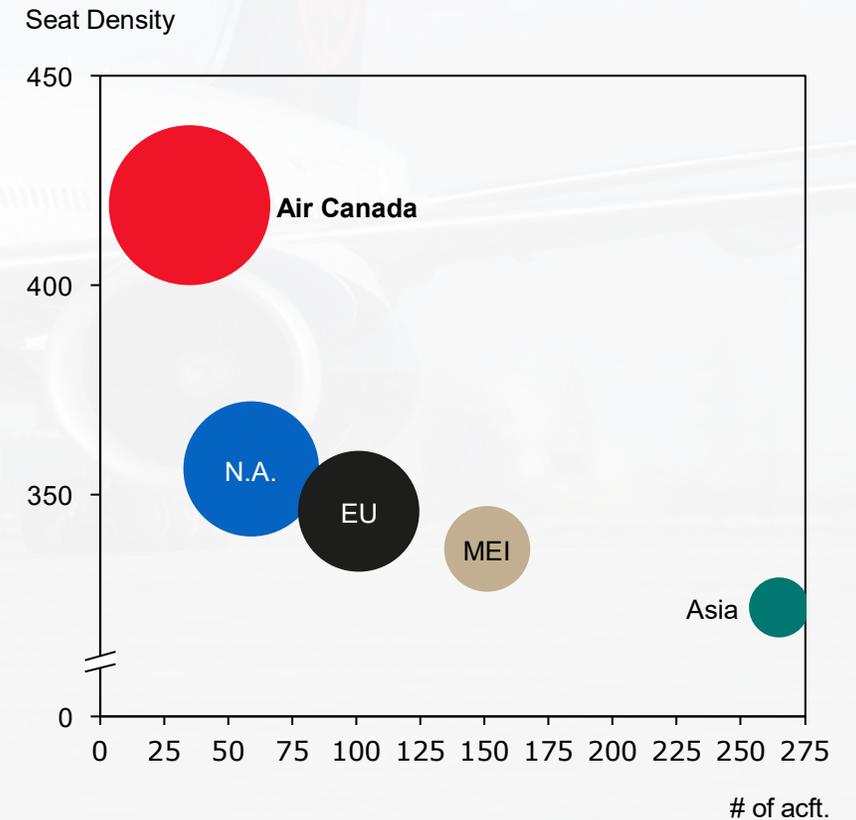
Air Canada has one of the most competitive cabin configurations

- ✓ Allowed to pivot quickly to Leisure and VFR markets
- ✓ Less vulnerable to decline in Premium traffic
- ✓ High CASM competitiveness

Boeing 777-300ER



Average Seat Density on B777-300ER by Region



A321XLR provides tremendous flexibility

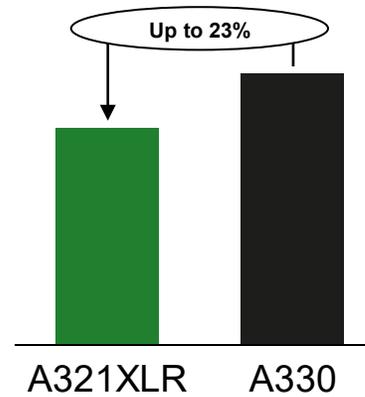


Possible deployments

Fuel burn per seat



Europe

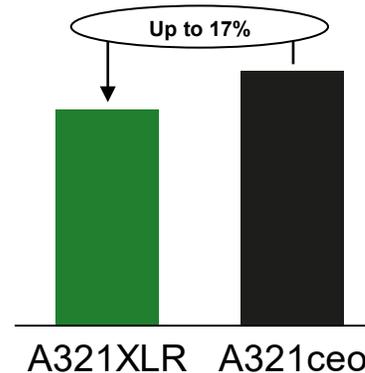


Year-round service while reducing seasonality

Well suited for smaller international markets
Lyon, Toulouse, Madrid, Manchester

Competitive tool against emerging transatlantic competition

North-America



Free up wide-body aircraft on premium transcontinental routes

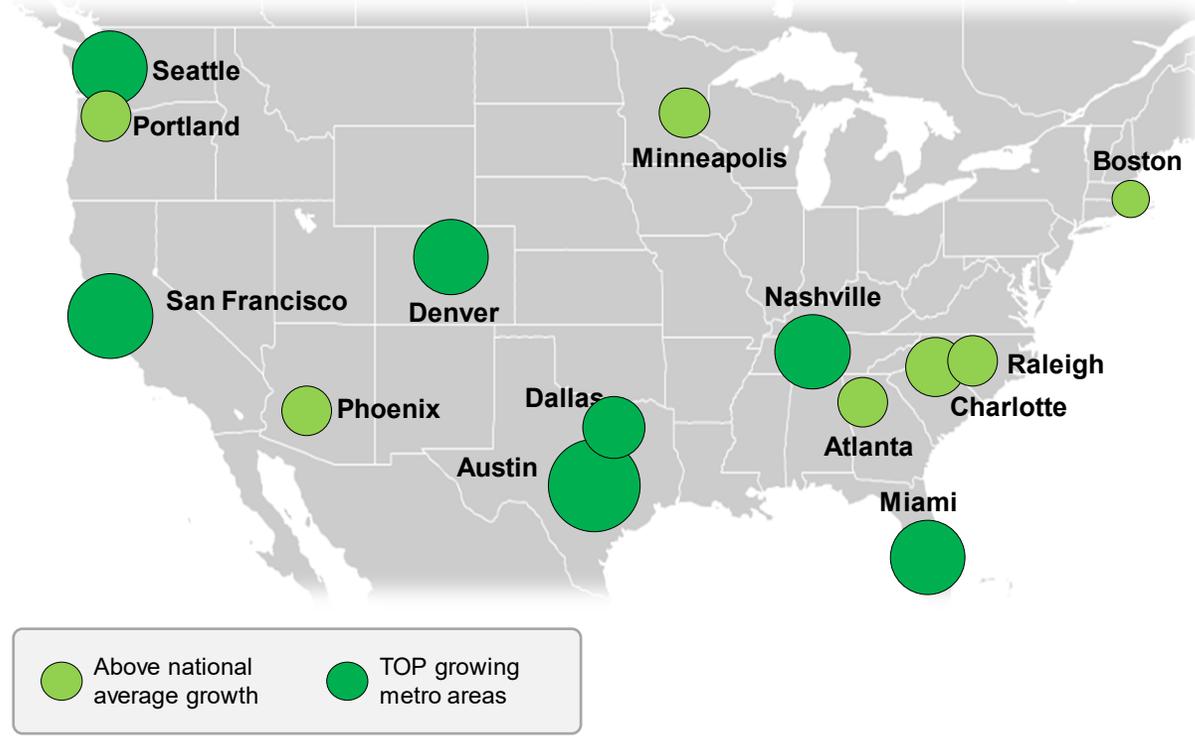
Grow network breadth and scope with more routes and frequency

Expanding Signature service with lie-flat business seat

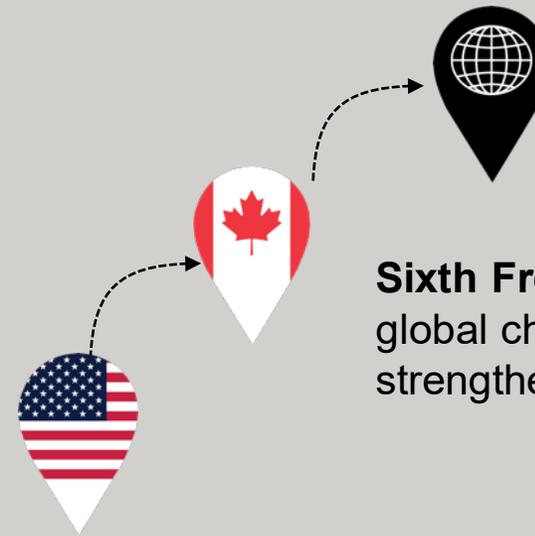
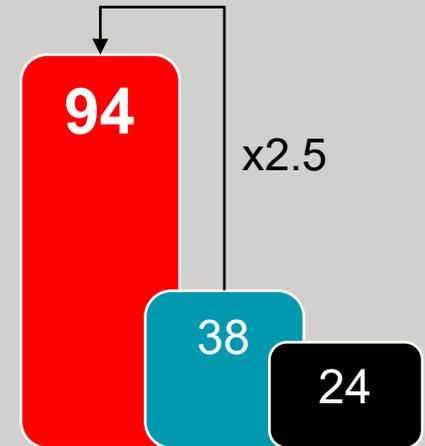


Expanding our leadership on Transborder

Focusing our growth on fast growing markets in the United States



In Summer 2022, Air Canada will serve **94 transborder routes**, 2.5 times more than its closest competitor



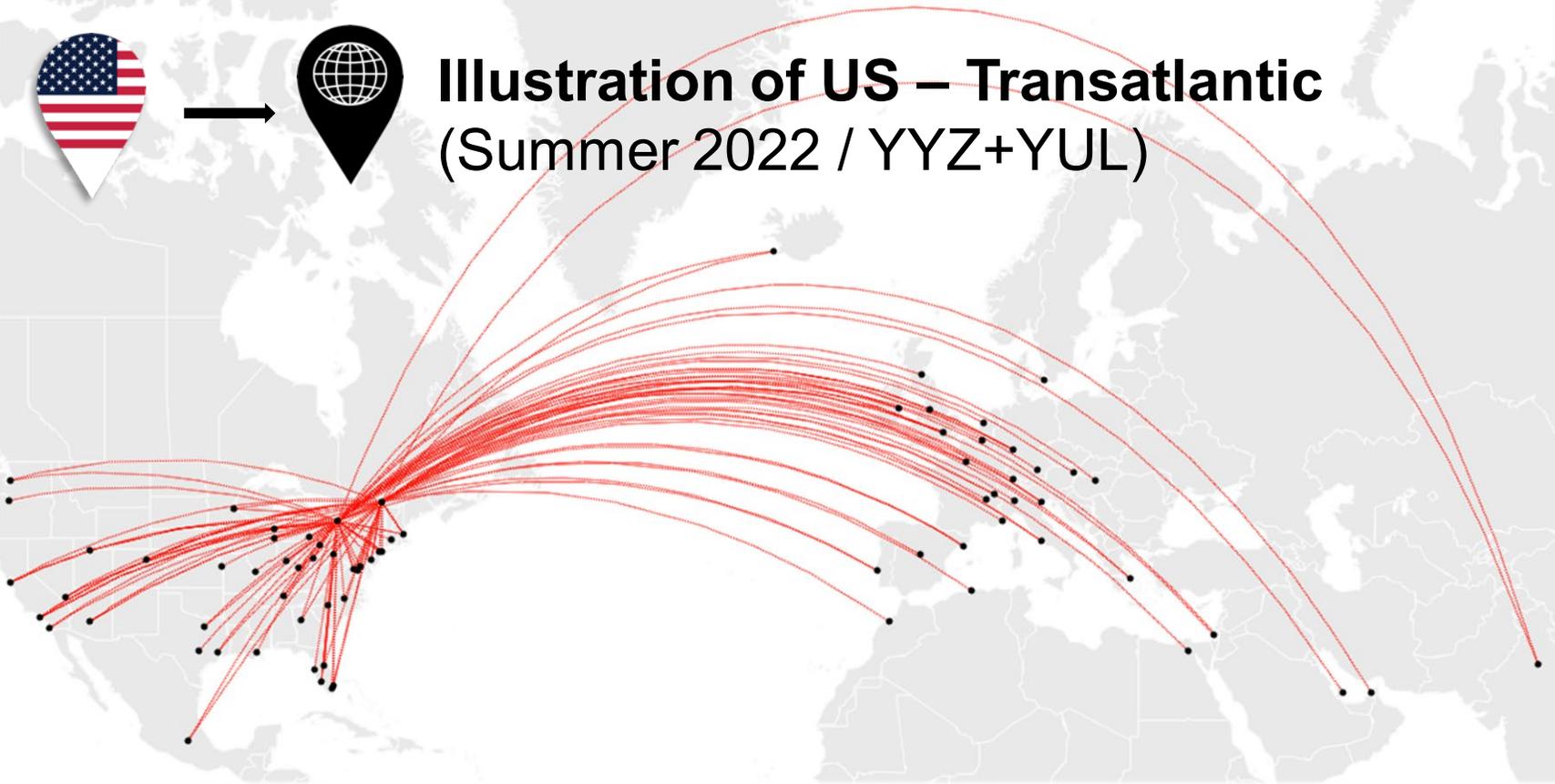
Sixth Freedom traffic supports our global champion strategy and strengthen our transborder leadership



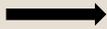
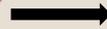
Sixth-Freedom: a fantastic growth opportunity



Illustration of US – Transatlantic
(Summer 2022 / YYZ+YUL)



Major demand “reserve” for Air Canada



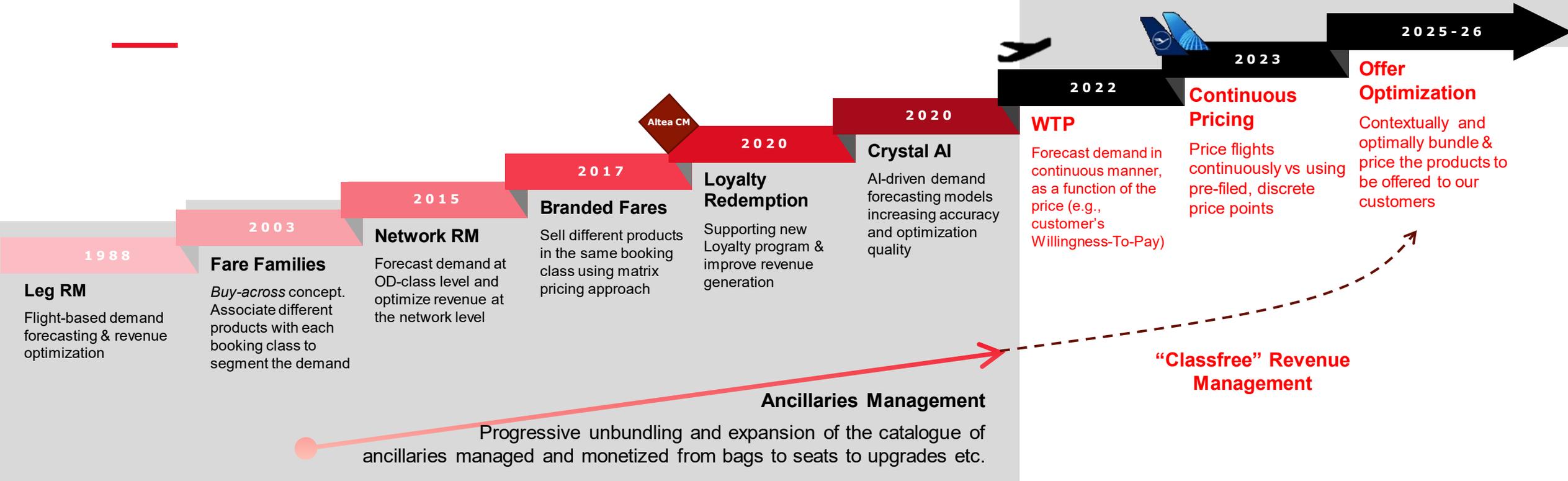
Connecting **1000+**
city pairs on US
Transatlantic



**Transatlantic refers to Europe, Middle-East and India.
**Calculated using 2019 Summer peak traffic figures.*

Maximizing our assets: leveraging innovation to bring revenue generation to the next level

Unlocking new revenues implies distancing ourselves from booking classes and embracing being a true retailer to monetize appealing & relevant products and customer experiences.





Thank you
Merci

aircanada.com



Elevating Customer Loyalty with Aeroplan

Loyalty Agenda

1 Evaluating the transformation

- Recap of our vision
- Customer response to the redesign
- Financial growth to-date



2 Growing Aeroplan as a business

- Expand the member base
- Grow & premiumize the cards portfolio
- Drive deeper program engagement



3 Enabling Air Canada's objectives

- Power leisure & VFR growth
- Increase trip & ticket yield
- Enable self-service tools





Evaluating the transformation

The pandemic rendered our transformation goal yet more relevant

**“Earn our way into
consumers’ lives everyday”**



***Build Trust and
Confidence***

Intuitive ecosystem rooted in
fairness and common sense



***Make Rewards
Rewarding***

Best in market rewards, network
and global reach



***Recognize and
Differentiate***

Active engagement, attainable
benefits and recognition

Customers: overwhelmingly positive response to the new program

1

Build Trust and Confidence

+34%

Member impression

2

Make Rewards Rewarding

+21%

Value per point

3

Recognize and Differentiate

+31%

Elite population growth

4

Everyday Relevance

+5

New strategic partnerships

Shareholders: withstood the pandemic and already expanding value

1

Grow membership
by 40% by 2024

1.2M

39%

New
members

Aeroplan
share
of flyers

2

Design and build for a
digital-first program

60%+

-32%

Web
conversion
improvement

Average
handling
time

3

Introduce new,
high-margin products

19%

27%

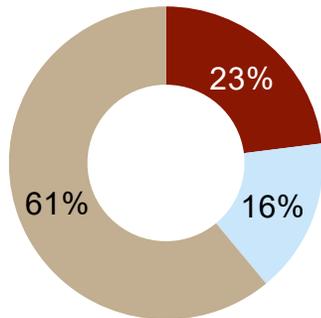
Branded fare
redemption
upsells

Higher margin
payment
choices

Air Canada and Aeroplan: the multiplier effect demonstrated

Air Canada is great for Aeroplan...

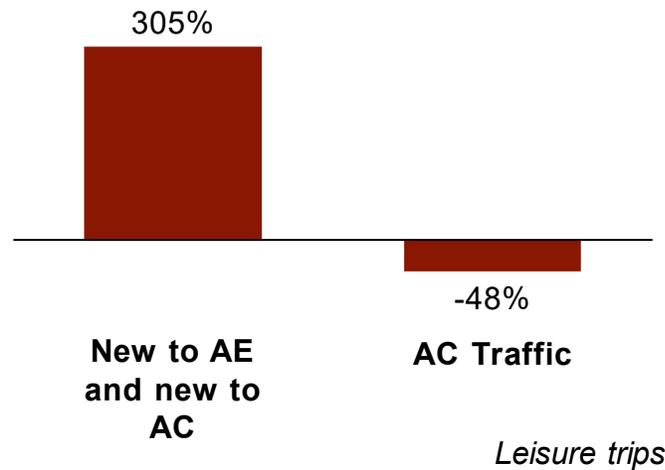
Travel journey enrollment accelerates acquisition



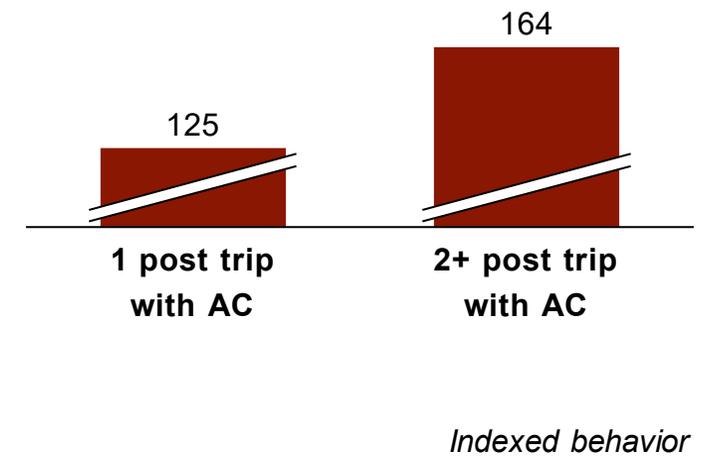
■ Booking Flow
■ Check-in Flow
■ Others

...and Aeroplan is great for Air Canada

Aeroplan is acquiring new leisure customers for Air Canada
(2021 vs. 2019)



New members acquired through travel journey more likely to re-engage





Growing Aeroplan as a business

Aeroplan as a business: diversifying revenues and improving profitability

1

Add everyday partners to drive activation & engagement



LCBO



2

Launch Canada's leading Travel rewards for breadth & relevance

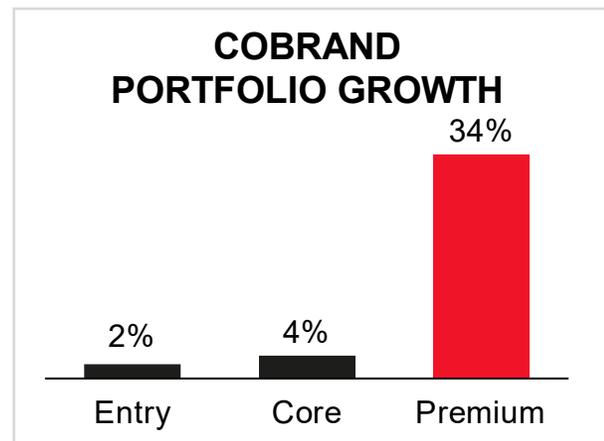
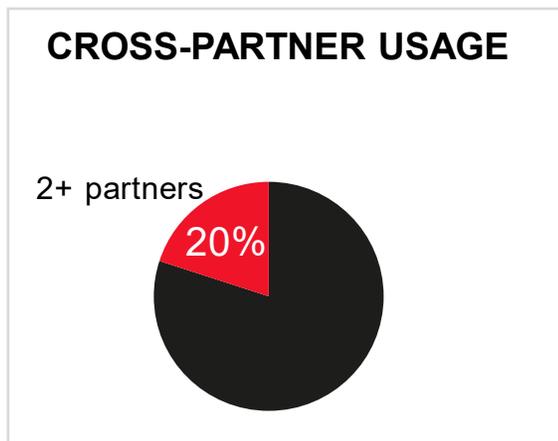
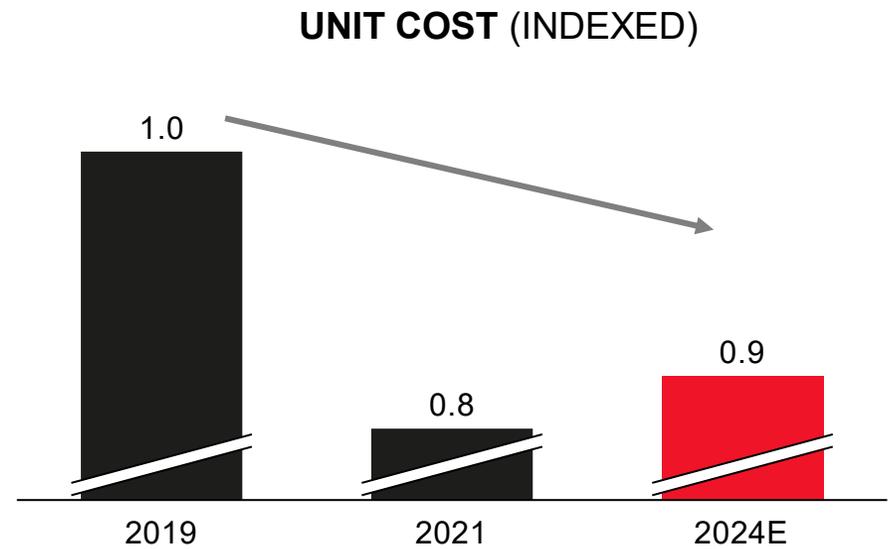
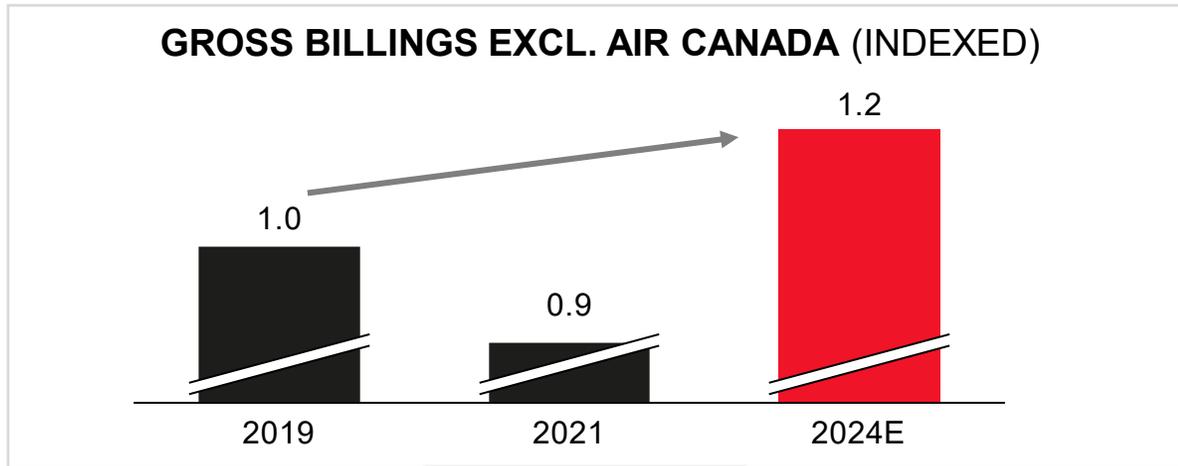


3

Further optimize rewards pricing to improve profitability

1. Unprecedented depth and richness of data
2. State-of-the-art pricing capabilities
3. Responsive tech stack

Aeroplan as a business: diversifying revenues and improving profitability



Key drivers:

- Reward product mix
- Flight reward cost per point
- New non-air offerings



Enabling Air Canada's objectives

Untapped opportunity for Aeroplan to support Air Canada objectives

AC FOCUS AREAS AND OPPORTUNITIES FOR AEROPLAN

Leisure Customers

Increase relevance to deepen engagement

Trip Yield

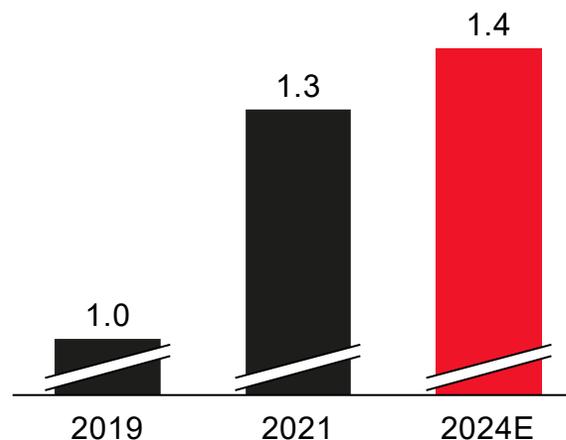
Incent higher margin bookings and ancillary purchases

Customer Experience

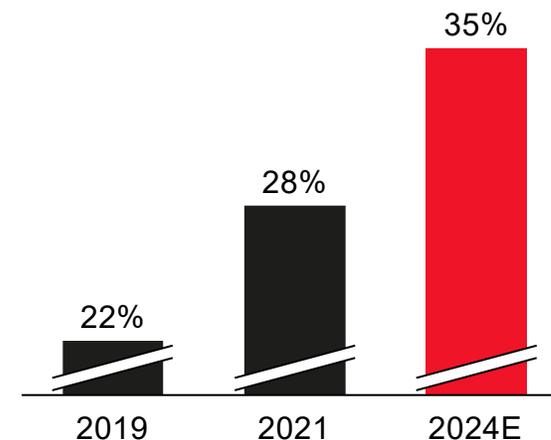
Empower customer via self-serve tools

DRIVING AIR CANADA YIELD INCREASE

Yield on reward tickets



Leisure flyer attach rate



LEVERAGING KEY AEROPLAN ASSETS



Status Program



Customer Data



Points



New Tech Stack

Airline points accrual & status qualification are decades-old constructs

Spend-based accrual

1. Drive high margin behavior
2. Maintain competitiveness in North America
3. Allocate **2X** more to targeted campaigns

Elite qualification redesign

1. Catering to business and leisure travelers
2. True value recognition
3. Driving more demand to Air Canada

SQM
Status Qualifying Miles
Earned as a percentage of the distance you fly, based on a minimum distance of 250 miles.

SQS
Status Qualifying Segments
Earned for each flight segment.

SQD
Status Qualifying Dollars
Earned for eligible spend based on your ticket.

Accelerate your journey to status!
You can earn Status Qualifying Miles (SQM) and Status Qualifying Segments (SQS) just by spending daily on your eligible Aeroplan credit card. [Learn more.](#)

New Aeroplan tech stack enables modern marketing for Air Canada

1. Increased marketing consents
2. Engagement, behavioral and attitudinal data
3. Martech tools and capabilities



1. Expanded reach to merchandize products
2. Sophisticated modeling, segmentation and targeting
3. Personalized, real-time communications

Domestic summer travel campaign



Jump-start your summer travel plans. For a limited time, earn extra Aeroplan points on all Air Canada® flights within Canada for travel from June 1 to September 6, 2021. Book with peace of mind knowing that if your travel plans change, there's no change fee.

Be sure to use the **one-click registration** button to get this offer.

Hurry, offer ends May 25, 2021.



On Standard Economy, Economy Flex, comfort and Latitude base fares.

On Business and Premium Economy base fares.

One-click registration

5.1% lift in bookings **400%** ROI on points investment

Self-service expansion will reduce customer friction, help control costs

Event-based notifications: providing right information, time and channel

1. Ensuring smooth journey
2. Addressing unforeseen events
3. Opportunities beyond customer service

Additional self-service abilities: enabling convenience and control

1. Changes and refunds
2. eBank and Online meal order
3. Complex itineraries reservation

Example: Flight change

Change Flight Close X

You can make changes to any of the fields below. If you leave the following fields as is, you can search for different flights on the selected days.

Change departing flight

Change return flight Remove

Find nearby airports

• Eligible flights can be changed up to 2 hours prior to departure time.
• Flight change will be available for departing from August 15th to August 30th.

[Find New Flights](#)

Change Flight Close X

You can make changes to any of the fields below. If you leave the following fields as is, you can search for different flights on the selected days.

Change departing flight

Find nearby airports

[+ Add flight](#)

• Eligible flights can be changed up to 2 hours prior to departure time.
• Flight change will be available for departing from August 15th to August 30th.

[Find New Flights](#)

A person wearing a red jacket and dark pants stands on a large, mossy rock in the foreground, looking up at a massive, multi-tiered waterfall cascading down a steep, moss-covered cliff. The water is captured in a long-exposure style, appearing as soft, white curtains. The surrounding environment is lush and green, with dense vegetation on the cliffside.

Elevating
Our Customers
with Aeroplan

We're still in the early innings of exploiting Aeroplan

1

**Program investments
have served us well**

- Regaining consumer trust
- Improving member experience
- Recognizing and rewarding



2

**Clear opportunities to drive
growth for years to come**

- More members
- Deeper engagement
- Optimized redemptions



3

**Untapped potential to support
Air Canada's core business**

- Evolved value proposition
- Highly relevant communications
- Intuitive, cost-efficient servicing





Thank you
Merci



The Accelerated Growth of Air Canada Cargo

Agenda – The Accelerated Growth of Air Canada Cargo

- 1 Air Canada Cargo's Evolution**
- 2 Cargo Network and Fleet Advantage**
- 3 The Freighter Value Proposition**
- 4 Unlocking Future Growth through Investment**
- 5 More than a Traditional Cargo Airline**



Air Canada Cargo's Evolution

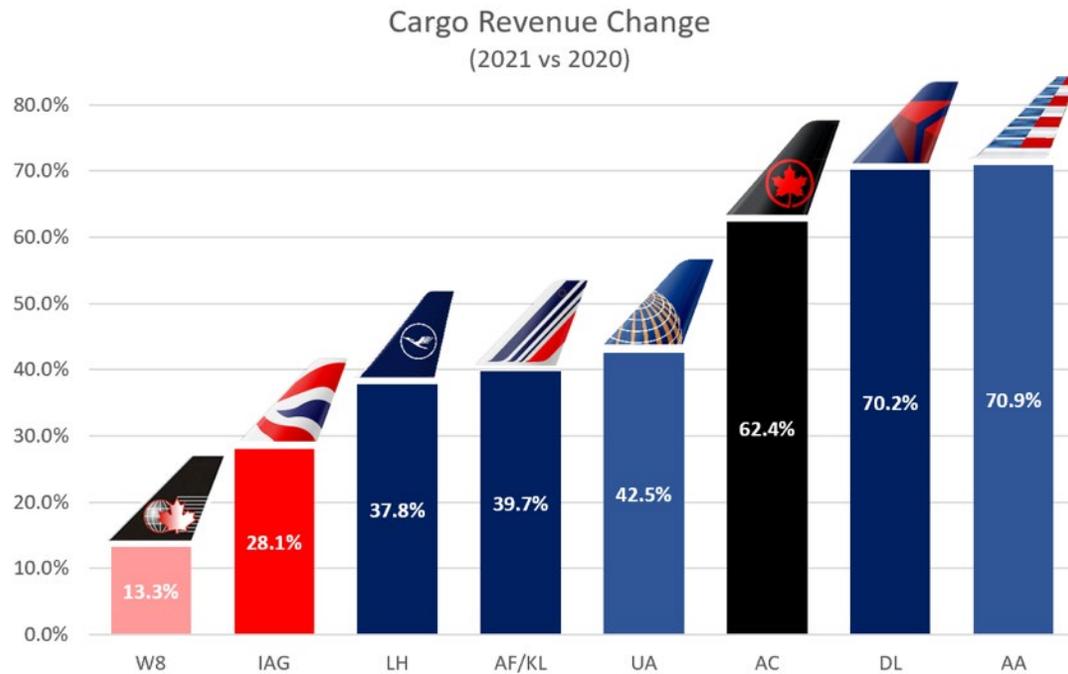
Creative deployment of assets driving rapid growth

2019 – 2021 CARGO FIGURES BY FLEET TYPE				
Values	SERVICE	2019	2020	2021
Frequencies	Cargo Only		4 K	10 K
	Passenger	461 K	165 K	160 K
	Freighter			32
Weight (Kgs)	Cargo Only		85 M	229 M
	Passenger	450 M	220 M	198 M
	Freighter			1 M
Total Frequencies		461 K	169 K	170 K
Total Weight (Kgs)		450 M	305 M	429 M
Total Revenues		\$ 717 M	\$ 920 M	\$ 1,495 M

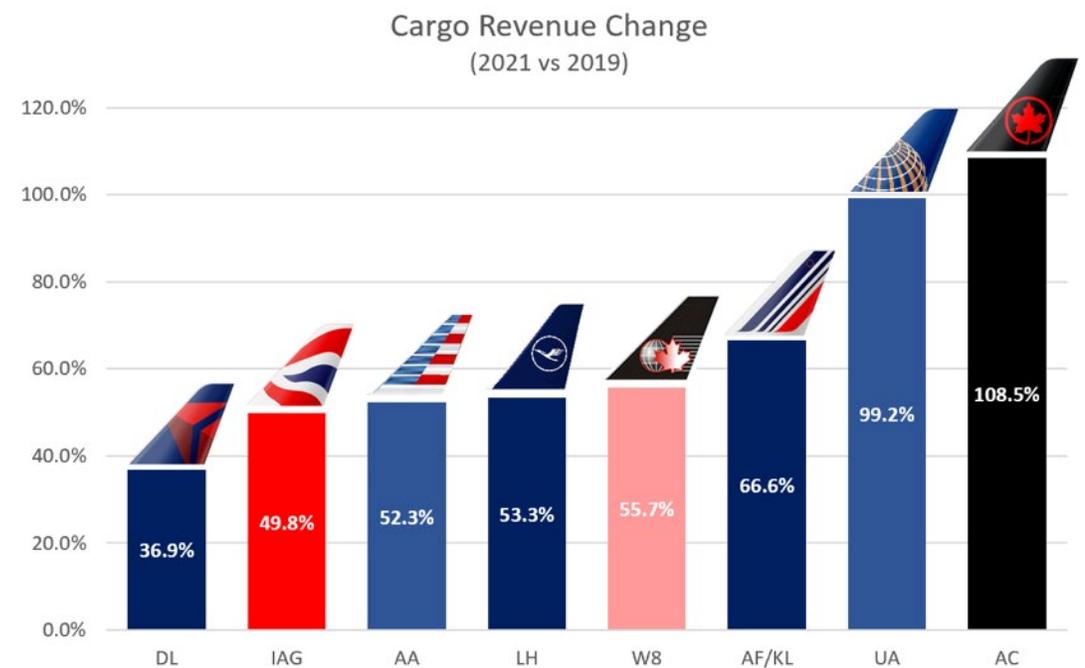


Delivering Market Leading Performance

Strong Year Over Year Performance...

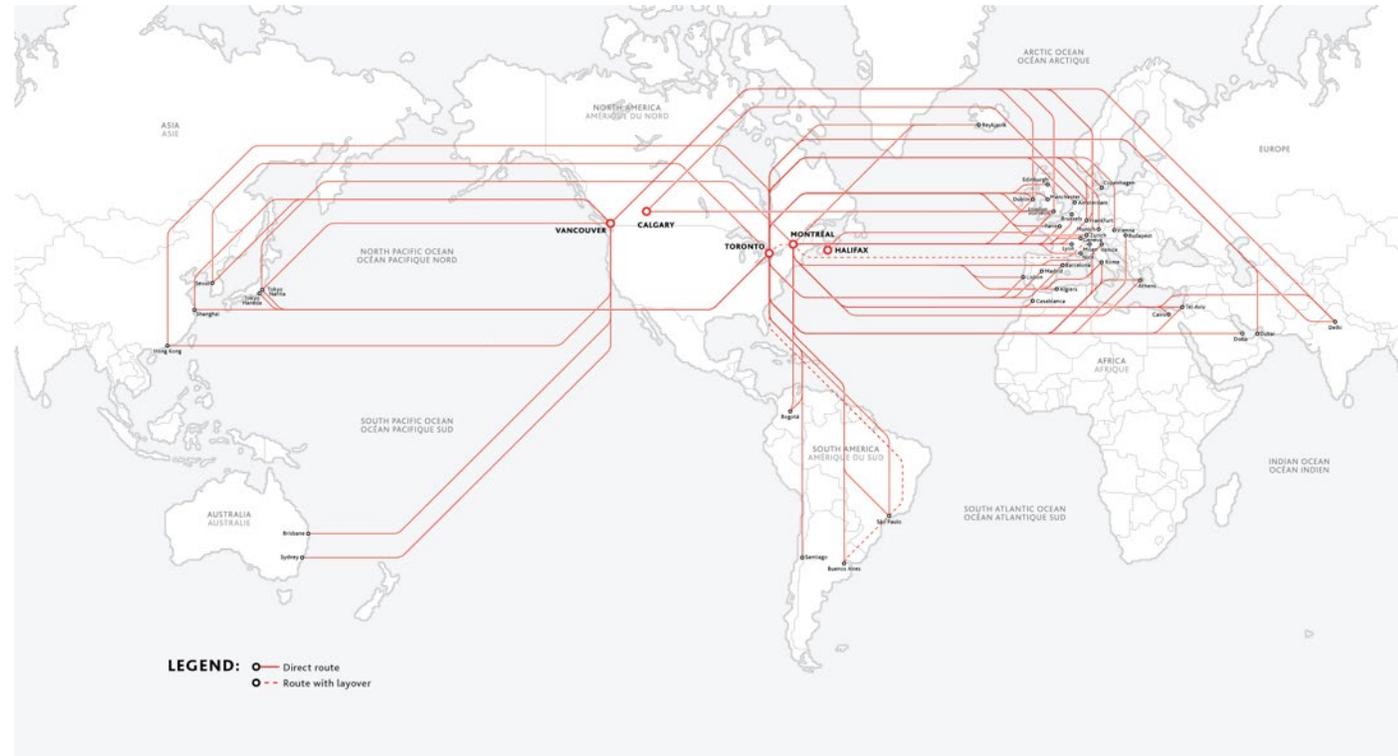


... and a top performer vs. pre-covid



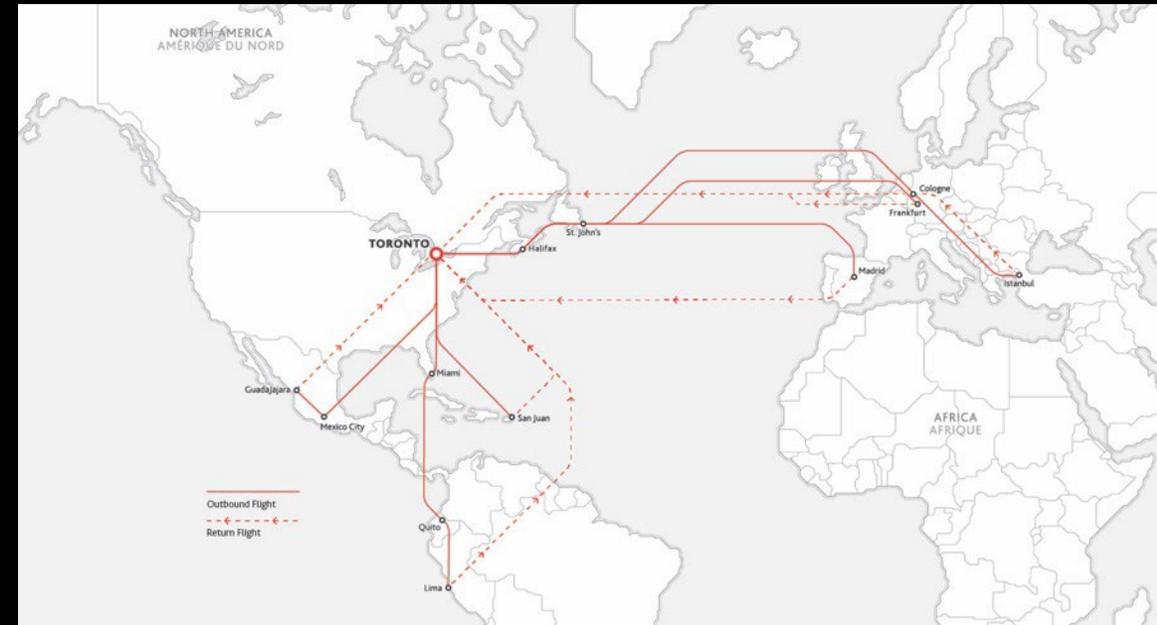
Air Canada's Cargo Network and Fleet Advantage

- Only major combination carrier with cargo hubs strategically located in North America
- Serving 34% of global air trade within 10.5 hours
- Favourable transit conditions



The Freighter Value Proposition

- Uncouples cargo's dependence on passenger flying
- Maximizes revenue generation on key trade lanes



Spring Freighter Schedule effective 01May



Unlocking Future Growth Through Investment

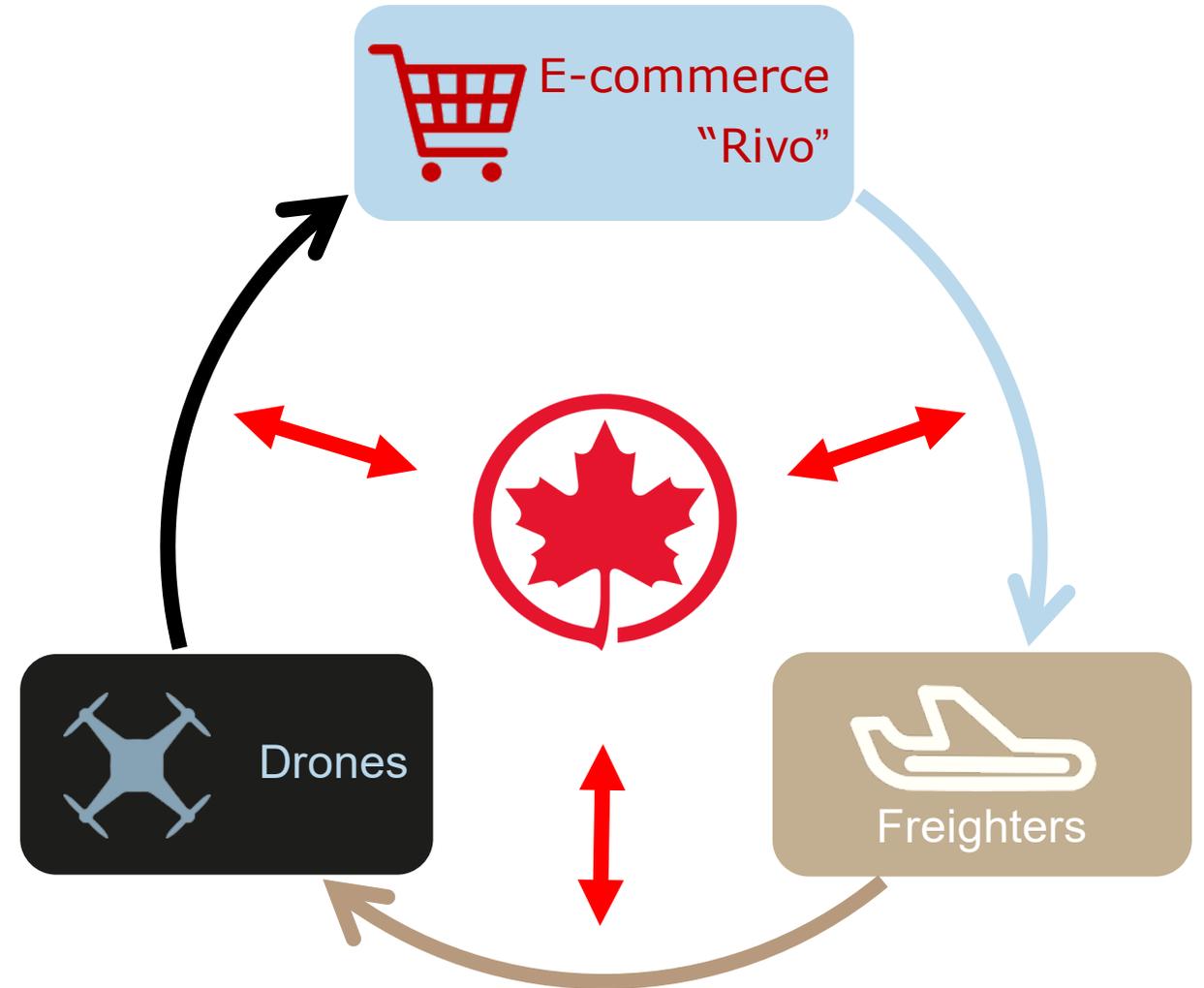
- Infrastructure investment critical to meet growth expectations
- Digitalization a core branch priority



More than a Traditional Cargo Carrier

Air Canada Cargo is evolving into a multi-channel logistics service provider.

- **MAINTAIN** strong cost discipline
- **BUILD** efficient hubs using AI, process engineering and quality control
- **CREATE** processes that make our employees' jobs easier
- **FOCUS** on customer centric solutions for clients
- **LEVERAGE** our network, providing unparalleled connectivity





Thank you
Merci

aircanada.com



BREAK



**Raising the Customer Experience and
Operational Excellence**



Elevating the Customer Experience (ECX)

Solidify Air Canada's position as "Best Airline in North America"

- ECX will be the catalyst to build on our progress and to focus on enhancing the Customer Experience

4 Key Pillars

1) Strategy and Roadmap



2) On Time Performance



3) Disruption Handling



4) Engaging our Employees



ECX: Strategy & Roadmap



CURRENT STATE

Product-driven strategy
focused on **premium**
travellers

OUR GOAL

Complement our product strategy with a
transformative service strategy that positions
Air Canada as a true **global champion** in CX



ECX: On Time Performance



A reliable operation that delivers on what is promised to the customer

- OTP drives customer satisfaction
- Effective OTP management has widespread commercial, operational and financial implications



ECX: Disruption Handling

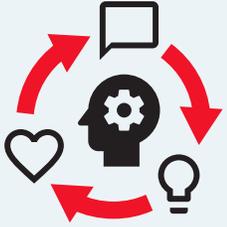


18:39	✖	AC 365	Cancelled	
12:45	🔥	BW 230	Arrived	12:30
15:20	✖	AC 833	On Time	
12:40	✖	AC 174	Delayed	13:00
13:40	✖	AC 122	Delayed	14:00
15:40	✖	AC 110	Delayed	15:50
16:50	✖	WG 510	On Time	
17:45	✖	AC 1255	Delayed	18:00

- Understand that uncontrollable disruption will happen but that we will be **great at dealing with it**
- **Anticipate** disruption and our customers' needs during disruption
- **Empower** our customers and employees alike with timely and accurate information they can act on
- Provide a **customized and positive** customer experience during disruption



ECX: Engaging our Employees



- **Employees are Air Canada's greatest asset**
- Proper and effective **employee engagement** is critical to the success of ECX
- **Elevating the employee journey** to support excellence in Customer Service
- **Transforming our corporate culture** into one that fosters employee engagement, loyalty and pride





How will ECX elevate Air Canada

Placing customers at the centre of everything we do

- Operational efficiencies driving **cost reduction**
- Default **airline of choice** for all customers and known as an innovator in CX
- Transform our **culture** to be more customer and human centric
- Inspiring our employees to **Win as One Air Canada**

BIOMETRICS

Biometrics are unique unchangeable physical / behavioral characteristics used to digitally identify an individual which can be used to enable a contactless airport experience to deliver a seamless passenger journey

Benefits of Biometrics



Reduce demand on frontline staff

By eliminating transactional work at check-in counter, lounge and gate



Improve the customer airport experience

By reducing the need for person-to-person contact, waiting in queues and avoiding congestion

After successfully completing proof of concept trials of biometrics, work is underway to implement an AC biometrics platform that can be leveraged at multiple airports



* Implemented at select airports

INVESTING IN KEY OPERATING SYSTEMS

Technologically advanced Airline Operations systems and updated/streamlined business processes will enable collaboration, data driven decisions and an engaged mobile workforce while reducing the technical debt and operating costs for the airline

Benefits of Ops Modernization



Improve the customer experience
Equip AC with tools & processes to better serve customers



Access real-time & accurate data
Reduce reaction times & improve decision making



Enable a mobile workforce
Enhance communication & info sharing



Improve efficiency & effectiveness
Through automation & optimization capabilities

Ops Modernization program will be implemented incrementally, will consider all available options and will capture all available opportunities for improvement



CONTACT CENTRE TECHNOLOGY INVESTMENTS

A unified worldwide enterprise network leveraging leading technologies will result in operational efficiencies and will elevate the customer and employee experience and sentiment

Benefits of Contact Centre Modernization



Unified view of a customer across all individual journey moments, from booking to destination, to ongoing service



Proactive & seamless support experiences available on demand



Improve engagement, experience & efficiency through leveraging technologies such as voice recognition and artificial intelligence, while automating manual tasks

Starting later this year, customers will experience an enriched level of service enabling Air Canada to nurture customer loyalty, maximize customer value and enhance customer advocacy



Resource Planning

Flexible Work Sharing



- Work sharing agreements during COVID averted large furloughs and protected recovery resilience
- Ability to quickly go from 55% to 90% flying hours
- Accelerated retirement of senior pilots

Simulators



- Key to keeping pilots qualified during periods of reduced flying
- Access outside Canada complex during Covid restrictions
- Agreement with CAE provided back up to Air Canada's 13 simulators to prevent future disruptions

Pilot Hiring



- Canada has robust training schools in place to handle pilot requirements
- Canada produces more pilots per capita than most countries in the world
- Air Canada is well positioned to benefit from progression from within the Canadian industry

Recruitment



- Recognition the labour market has changed post COVID
- Recruitment repositioned internally as a priority corporate strategy
- Agility in adjusting work contracts, training and onboarding programs, and recruitment activities

Longer-Term Opportunities

Improve Tracking Capabilities



- Leverage tracking sensors to monitor asset location, usage, status, etc.
- Improve utilization efficiency and better support operations
- Tracking sensors could also be used to track customer baggage and contribute to lower PAWOBs

Equip Staff with Tools to Better Serve Customers



- Equip airport personnel and flight crews with more mobile devices
- Enable more flexible use of work applications
- Improve real time access to live information
- Improve communication and better service customers

Embrace New Ways to Deliver Training



- Leverage Extended Reality technology
- Improve the quality and outcome of training effort
- Marketing efforts can also benefit

Leverage Virtual Agents to Address Demand at Airports



- Pool of remote virtual agents to service multiple airports
- Based on need and volumes, helping to better balance work
- Reduce pressure on customer facing staff
- Improve the customer experience





Thank you
Merci



Leveraging AI and Driving Business Transformation

Agenda – Leveraging AI and Driving Business Transformation

- 1 Leveraging AI to Enable Business Transformation**
- 2 AI : Value Delivered-to-Date & Benefits**
- 3 AI: Going Live in 2022**
- 4 AI: 2022/2023**
- 5 AI: Unfolding future opportunities**



Leveraging AI to Enable Business Transformation

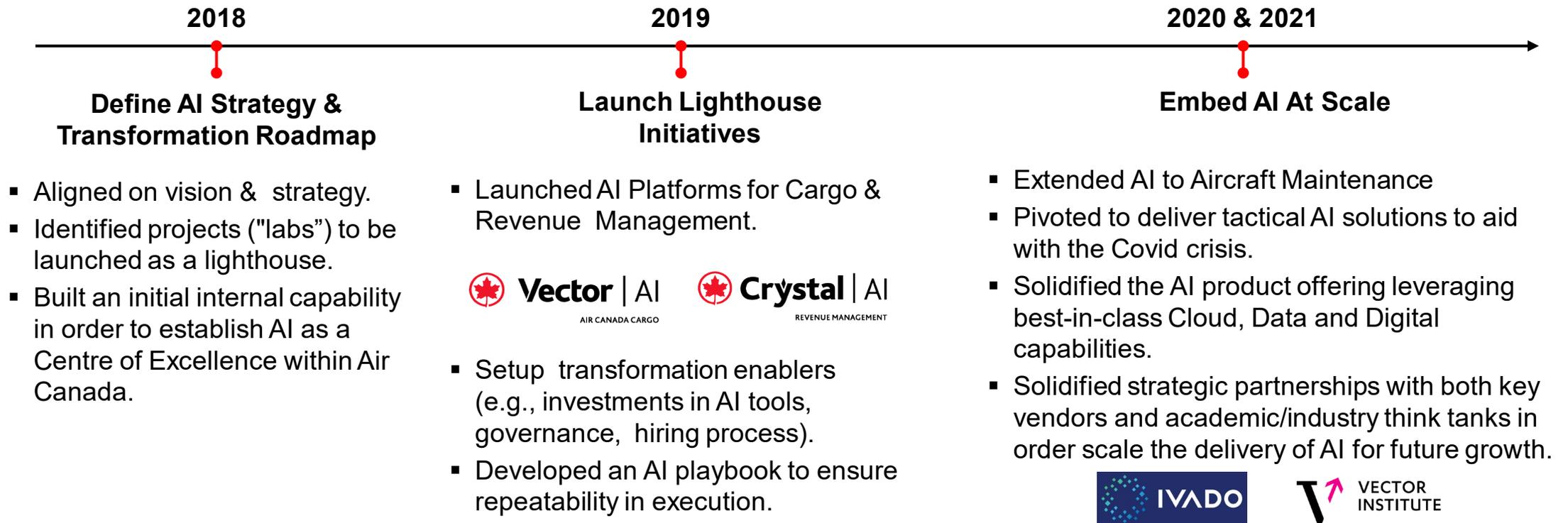
Artificial Intelligence (AI) is machine intelligence that mimics human cognitive functions such as learning and problem solving; an AI system can make assumptions, test, and learn autonomously

AI Techniques			
Machine Learning	Deep Learning	Simulation	Optimization
A major approach of AI, learning from Data & experiences to identify patterns and make predictions.	Class of machine learning algorithms using multiple layers to progressively extract higher-level features from raw input.	Approximate imitation of the operation of a process or a system	Setting decision values in a way such that the best option or path is presented.



Leveraging AI to Enable Business Transformation

The AI journey at Air Canada to-date.



AI: Value Delivered-to-Date & Benefits



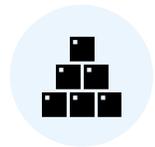
HUMAN RESOURCES

Proof of vaccination

Live date: Q3 2021

Purpose: Validates the authenticity of proof of vaccination forms submitted by Air Canada staff to ensure the safety to both our employees and customers

Benefits: The solution allows for automated processing



CARGO

Capacity Prediction

Live date: Q1 2020

Purpose: Predicts available cargo capacity on a passenger flight based on historical no-shows and late bookings in order to maximize utilization

 **Benefits:** \$\$\$



REVENUE MANAGEMENT

Demand Forecasting

Live date: Q3 2020

Purpose: Predicts Passenger Demand and suggest influences to Demand Managers within the Revenue Management team

 **Benefits:** \$\$

Demand Recovery

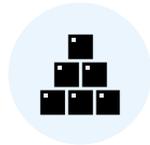
Live date: Q3 2020

Purpose: Predicts Demand Recovery & the tracking of network flight forecast accuracy. Supports the calibration of existing systems using a variety of signals including virus evolution; travel restrictions & quarantines, observed booking trends, travel searches trend, vaccinations/hospitalization trends

 **Benefits:** The solution has played an integral part in Air Canada's recovery planning



AI: Going Live in 2022



CARGO Acceptance Process

Planned completion date: Q1 2022

Purpose : The AI models help reduce the errors during the freight acceptance process and improve the pallet build-up planning through a better forecast of the shipment characteristics thus avoiding revenue leakage

 **Planned Benefits: \$\$**

Spot Rate

Planned completion date : Q2 2022

Purpose : Machine Learning models guiding the sales organization to offer the 'right' rate to the customers. Customer insights in one view saving time to the salesperson to help in their decision making

 **Planned Benefits: \$\$**

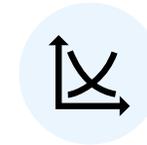


MAINTENANCE Cost Optimizer

Planned completion date: Q3 2022

Purpose: An optimization solution that does "What-if" scenarios based on the network schedules to determine the most cost-effective maintenance schedules for the AC Fleet

 **Planned Benefits: \$\$\$**



REVENUE MANAGEMENT Revenue Protection

Planned completion date: Q2 2022

Purpose: Detect and flag fraudulent bookings (those purposely manipulated in order to receive a lower class & more favorable fare) and trigger the cancellation process via our reservation system (PSS)

 **Planned Benefits: \$\$**

Show-Up Prediction

Planned completion date: Q2 2022

Purpose: Increase the accuracy of predicting passenger no shows in order to minimize spoilage (i.e., lost revenue) and denied boarding

 **Planned Benefits: \$\$**



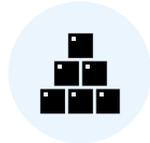
AI : 2022/2023



Revenue increase



CASM reduction



CARGO

Routing Optimization

Planned completion date: Q3 2023

Purpose: A daily look at shipments that should be arriving, as well as those already in a station in order to reoptimize the routing to free up future capacity for other revenue opportunities



Planned Benefits: \$\$



MAINTENANCE

Scheduling Assistant

Planned completion date: Q4 2023

Purpose: Optimizes maintenance tasks based on aircraft location, work priority and predicted failures



Planned Benefits : \$\$\$



NETWORK PLANNING

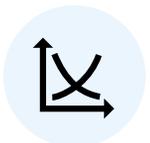
On-Time-Performance (OTP) Schedule Optimizer

Planned completion date: Q3 2023

Purpose: Model expected delays, misconnections and associated costs given a future schedule, using OTP analytics and analysis of misconnections of passengers and crew. The tool will be able to upload schedule options and provide associated costs & operational risks for these options



Planned Benefits: \$\$\$



REVENUE MANAGEMENT

Offer Optimization Lab I

Planned completion date: Q4 2023

Purpose: Improve offers shown to clients & improve total revenue by working on ancillary Willingness-To-Pay (WTP) estimation, ancillary and brand price optimization



Planned Benefits: \$\$\$\$



AI: Unfolding future opportunities



Commercial



CARGO

- ✓ **Optimization of ULD Build-Up**
Recommend the optimal build up of the flight in order to optimize the volume utilization for ULDs
- ✓ **Optimization of segregation capacity**
Create models to segregate capacity and create capacity buckets to drive optimal revenue mix



NETWORK PLANNING

- ✓ **Econometric Passenger Forecast**
Predict demand on a 5-year horizon taking into consideration future socio-economic & demographic indicators



REVENUE MANAGEMENT

- ✓ **Offer Optimization Lab II**
Improve offers shown to clients by adding contextualization to the upcoming PROS Willingness To Pay forecaster and continuous pricing modules

Operations



AIRPORTS

- ✓ **Dynamic IRROPS and turn optimizer**
Based on delay predictions, provide activity-level recovery recommendations for each step of the turn process
- ✓ **High-risk bags prediction**
 - 1) Predict root cause (ex. connections) and optimizing segregation
 - 2) predict baggage volumes to reduce weight/ bulk outs



SYSTEM OPERATIONS CONTROL (SOC)

- ✓ **IRROPS recovery tool**
Based on delay prediction and propagation models, build a tool to suggest best recovery options



MAINTENANCE

- ✓ **Predictive Maintenance**
Predict failures of key components using defect clustering and utilizing aircraft telemetric data
- ✓ **Inventory Planner**
Ensure spare parts are available while minimizing working capital



Summary

- Investments made to-date in AI have delivered value.
- New projects are integral components of larger initiatives to improve CASM; increase revenues and enhance Customer Experience.
- Exciting additional opportunities across Air Canada that can further enable business transformation.





Thank you
Merci



Long-Term Growth Trajectory

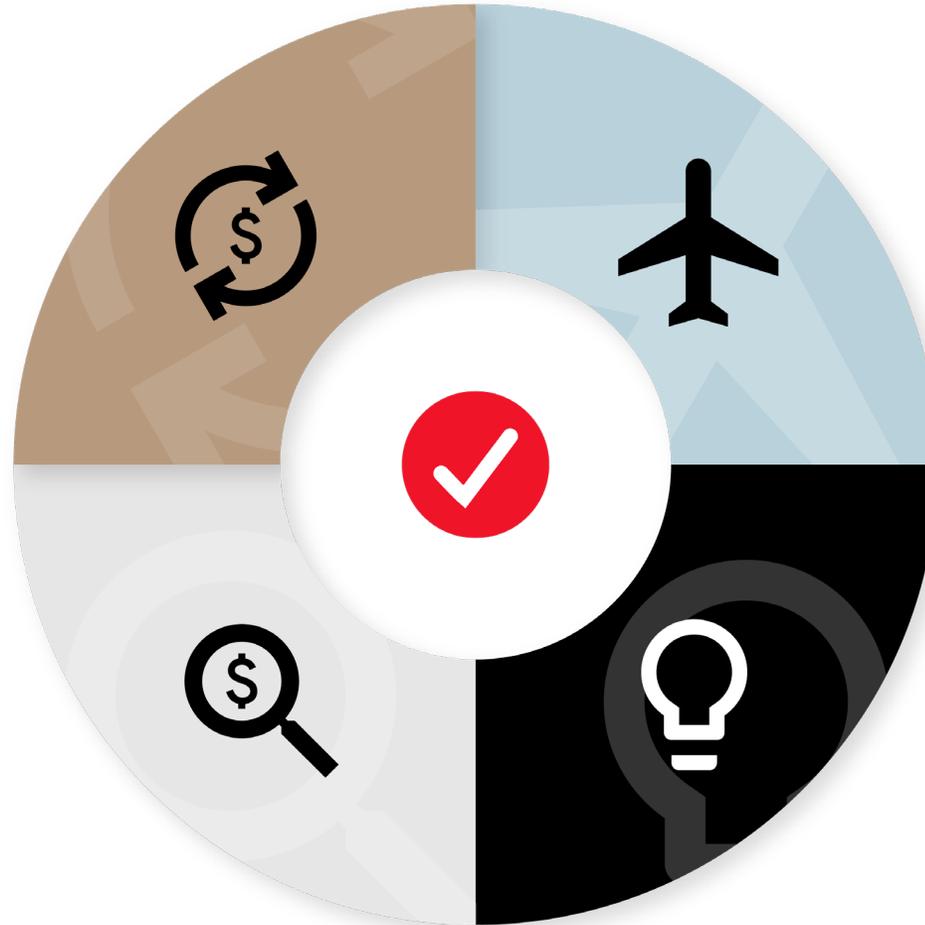
Accomplishments during COVID

Liquidity

- Unrestricted liquidity* levels in excess of \$10B

Continued cost transformation

- ~ \$1 billion in permanent cost reductions



Fleet restructuring

- Permanent retirement of certain older aircraft
- Restructured CPA fleet

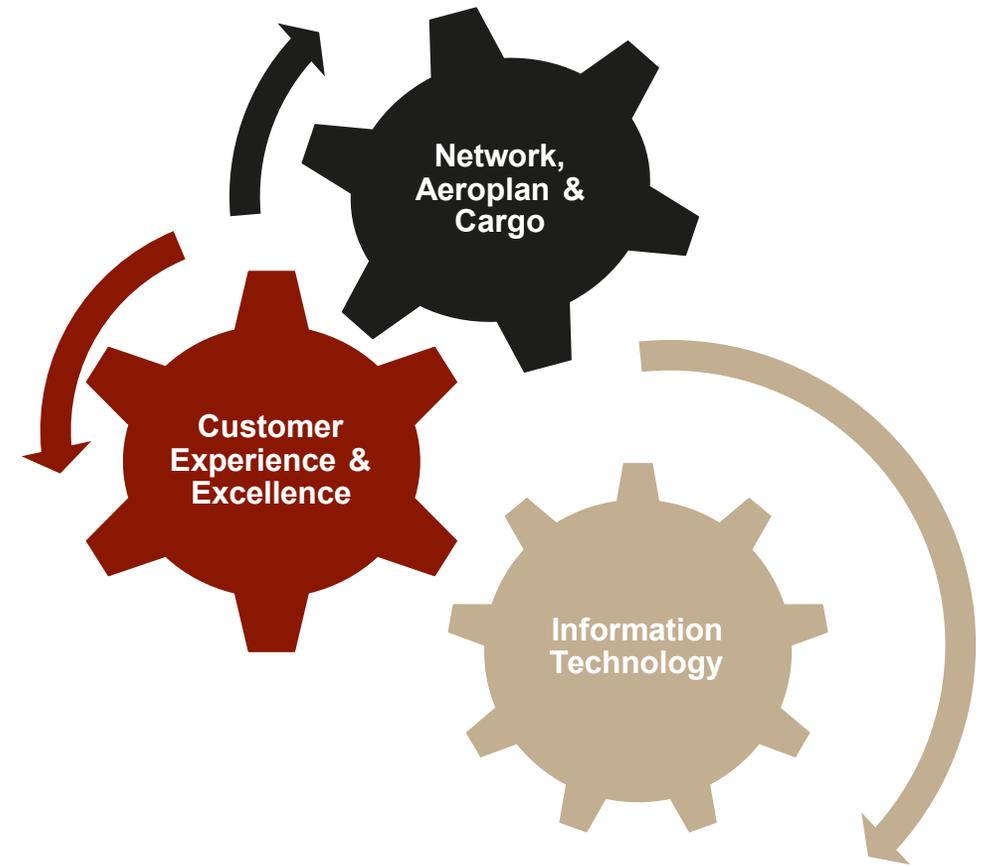
Strategic investments continued

- Successful launch of the new Aeroplan program
- Cargo freighters
- Strategic fleet investments
- Investments in technology

*Unrestricted liquidity is a supplementary financial measure and refers to the sum of cash, cash equivalents and short and long-term investments, and the amounts available under Air Canada's credit facilities.

Leverage Competitive Advantages for Growth

- Streamlined, modern, fuel efficient and versatile fleet
- Reaching New Frontiers
- Elevating Customer Loyalty with Aeroplan
- The Accelerated Growth of Air Canada Cargo
- Raising the Customer Experience and Operational Excellence
- Leveraging AI and Driving Business Transformation
- Talented People, and Award-Winning Culture



Fund our Future – Key Finance Priorities

**Margin and cost
performance**



**Investing for efficiency
and growth**

**Capital allocation
discipline**



Fleet Transformation



Boeing 737 MAX

40



Airbus A220

45



Airbus A321XLR

26

Narrow-body fleet transformation has been ongoing, and will continue with new-build deliveries, including the XLR

- Once deliveries are complete, narrowbody fleet fuel efficiency expected to improve by up to 25% as compared to 2019 (System fuel efficiency improvement of 11%)

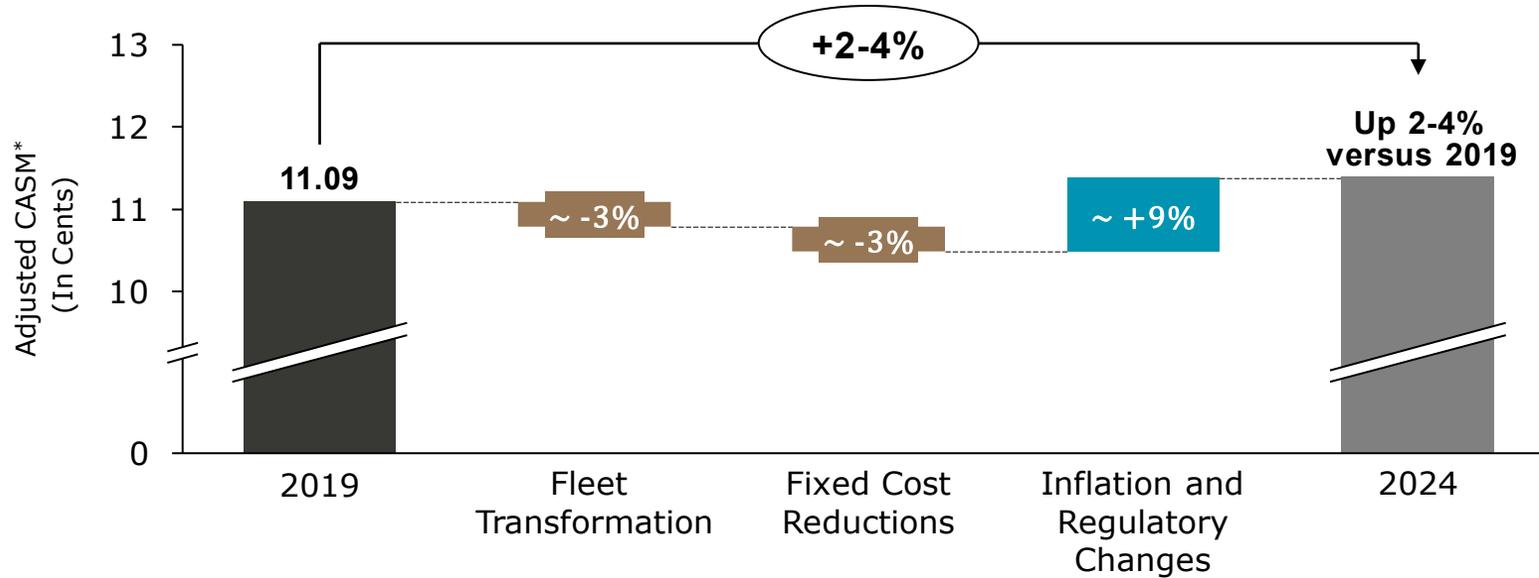
*EBITDA is a non-GAAP financial measure that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on EBITDA, including a quantitative reconciliation to the most comparable GAAP financial measure, refer to the tables accompanying this presentation.



*The Boeing 737 MAX, Airbus A220s and Airbus A321XLR, once deliveries are complete are expected to contribute an additional **15% in EBITDA**



Cost Transformation



Cost transformation expected to enable return to near 2019 adjusted CASM level despite inflationary headwinds

*Adjusted CASM, is a non-GAAP financial ratio that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on Adjusted CASM, including a quantitative reconciliation to the most comparable GAAP financial ratio, refer to the Non-GAAP Measures section accompanying this presentation.



Key Finance Priorities: Margin

While staying vigilant on costs,
expectation of a return to strong
EBITDA margin* of 19%
by 2024, and in
excess of 20%
once narrowbody fleet restructuring
is complete.

*EBITDA margin, is a non-GAAP financial ratio that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on EBITDA margin, please refer to the Non-GAAP Measures section of this presentation.



Key Finance Priorities: Strategic Investments

Near-term targets: 2022-2024



- Overall capital expenditures constrained to stabilize and subsequently reduce leverage ratio
- Aircraft capital committed to complete the Boeing 737 MAX, Airbus A220, Airbus A321XLR, and 3 Boeing 787 orders, plus freighter and other aircraft reconfigurations

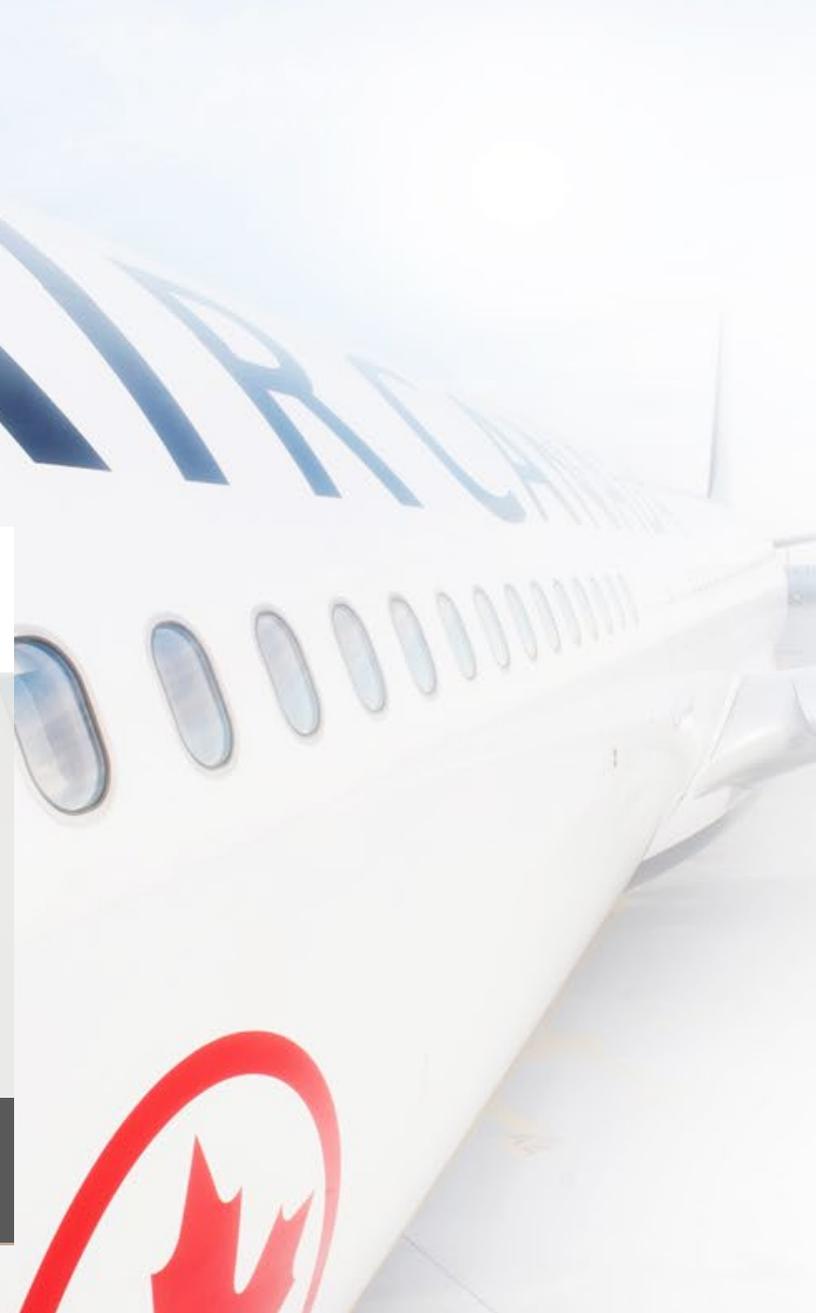
**Investment of
about \$1.5B per year**

Forecast: 2025 and beyond



- Aircraft capital increases for future fleet renewal and growth
- Capital expenditures continues at elevated investment rate given Technology and Cargo investments

**Investment of roughly
\$2.0B per year**



Key Finance Priorities: Capital Allocation Strategy *(over forecast period)*

- Leverage ratio*
 - Expected to return to 2019 levels of ~ 1.0 by 2024 (return to near-investment grade levels)
- Maintain strong liquidity levels to manage risk
 - Minimum cash level updated to \$5.0 billion, including available undrawn credit facilities
- Capital allocation prioritized to investments and reducing net debt
 - Purchasing majority of future deliveries with excess cash



*Leverage ratio, is a non-GAAP financial ratio that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on leverage ratio, please refer to the Non-GAAP Measures section of this presentation.



Fuel Risk can be Managed

- Fuel price uncertainty poses a risk
- With a younger and diversified fleet along with artificial intelligence, revenue management analytics & tools, along with our ancillary revenue streams, we are well positioned to manage the challenges of the rising fuel costs
- Cargo revenue and foreign exchange traditionally offer natural offsets to rising fuel



Investor Day 2022 Guidance

2022 Guidance	
Capacity (ASM)	Approximately 75% of 2019
Adjusted CASM*	Increase of 13% to 15% vs. 2019
Annual EBITDA Margin*	8% - 11%

2022 assumptions: Jet fuel price of \$1.10 per litre, USD/CAD FX rate of 1.27

*Non-GAAP measures. Please refer to Non-GAAP Financial Measures portion of the presentation



Investor Day 2024 Targets

2024 Targets	
Annual EBITDA margin*	Return to 2019 level by full year 2024 (EBITDA margin of ~19%)
Return on invested capital ¹	~ 15%
Cumulative free cash flow ²	Approximately \$3.5B for 2022-2024
Leverage ratio*	Approaching 1.0 by year-end 2024
Capacity	Within 95% of 2019
Adjusted CASM*	+2 to 4% versus 2019

¹ Return on invested capital ("ROIC"), is a non-GAAP financial ratio that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on ROIC, please refer to the Non-GAAP Measures section of this presentation.

² Free cash flow, is a non-GAAP financial measure that is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. For additional information on free cash flow, including a quantitative reconciliation to the most comparable GAAP financial measure, refer to the tables accompanying this presentation.

*Non-GAAP measures. Please refer to Non-GAAP Financial Measures portion of the presentation



Summary

- Well positioned for success coming out of pandemic
- Focus on three key priorities:
 - Margin and cost performance
 - Investing for efficiency and growth
 - Disciplined capital allocation
- Fuel a risk, but can be managed
- Three-year guidance: a return to pre-pandemic levels of profitability by 2024





Thank you
Merci



Appendix

Assumptions Relating to Targets

- 2022 Assumptions:
 - USD/CAD foreign exchange rate of C\$1.27
 - Jet fuel price of C\$1.10 per litre
- 2023-2024 Assumptions:
 - The USD/CAD foreign exchange rate is estimated to be C\$1.30
 - Air Canada expects to be able to manage jet fuel price volatility within a reasonable range above the prices that existed prior to the impact of the Ukraine-Russia conflict crisis
 - Moderate Canadian GDP annual growth



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.



Non-GAAP Financial Measures

EBITDA

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. Air Canada excludes special items from EBITDA as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

EBITDA Margin

EBITDA margin (EBITDA as a percentage of operating revenue) is commonly used in the airline industry and is used by Air Canada as 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.



Non-GAAP Financial Measures

EBITDA is reconciled to GAAP operating income (loss) as follows:

(Canadian dollars in millions, except where indicated)

	2019	2020	2021
GAAP operating income (loss)	\$ 1,650	\$ (3,776)	\$ (3,049)
Add back:			
Depreciation and amortization	1,986	1,849	1,616
EBITDA (including special items)	\$ 3,636	\$ (1,927)	\$ (1,433)
Remove:			
Special Items	-	(116)	(31)
EBITDA (excluding special items)	\$ 3,636	\$ (2,043)	\$ (1,464)
Total operating revenues	\$ 19,131	\$ 5,833	\$ 6,400
Operating margin (%)	8.6%	(64.7)%	(47.6)%
EBITDA margin (%)	19.0%	(35.0)%	(22.9)%



Non-GAAP Financial Measures

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 one-time proceeds related to the acquisition of Aeroplan in 2019 were also excluded from Air Canada's calculation of free cash flow.

Free cash flow reconciles to GAAP net cash flows (used in) operating activities as follows:

(Canadian dollars in millions)	2019	2020	2021
Net cash flows from (used in) operating activities	\$ 5,712	\$ (2,353)	\$ (1,563)
Additions to property, equipment, and intangible assets, net of proceeds from sale and leaseback transactions	(2,025)	(717)	(1,062)
One-time proceeds related to the acquisition of Aeroplan	(1,612)	-	-
Free cash flow	\$ 2,075	\$ (3,070)	\$ (2,625)



Non-GAAP Financial Measures

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, freighter costs, and special items as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

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 business, may not incur. Air Canada introduced one Boeing 767 dedicated freighter to its fleet in December 2021 and expects to have a fleet of eight Boeing 767 dedicated freighters in the next 12-18 months. Prior to 2021, Air Canada did not incur any costs related to the operation of dedicated freighter aircraft. 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.



Non-GAAP Financial Measures

Adjusted CASM (cont'd)

Excluding aircraft fuel expense, the cost of ground packages at Air Canada Vacations, dedicated freighter expenses and special items from operating expenses generally allows for a more meaningful analysis of Air Canada's operating expense performance and a more meaningful comparison to that of other airlines.

Adjusted CASM is reconciled to GAAP operating expense as follows:

(Canadian dollars in millions, except where indicated)

	2019	2020	2021
GAAP operating expense	\$ 17,481	\$ 9,609	\$ 9,449
Adjusted for:			
Aircraft fuel	(4,347)	(1,322)	(1,576)
Ground package costs	(627)	(250)	(120)
Special items	-	116	31
Freighter costs	-	-	(1)
Operating expense, adjusted for the above-noted items	\$ 12,507	8,153	7,783
ASMs (millions)	112,814	37,703	33,384
Adjusted CASM (cents)	¢ 11.09	¢ 21.62	¢ 23.31



Non-GAAP Financial Measures

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

Net debt to trailing 12-month 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 EBITDA (excluding special items). As mentioned previously, Air Canada excludes special items from EBITDA results (which are used to determine leverage ratio) as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.

(Canadian dollars in millions, except where indicated)

	2019	2020	2021
EBITDA (excluding special items)	\$ 3,636	\$ (2,043)	\$ (1,464)
Total long-term debt and lease liabilities	8,024	11,201	15,511
Current portion of long-term debt and lease liabilities	1,218	1,788	1,012
Total long-term debt and lease liabilities (including current portion)	\$ 9,242	\$ 12,989	\$ 16,523
Remove:			
Cash, cash equivalents and short and long-term investments	6,401	8,013	9,403
Net debt	\$ 2,841	\$ 4,976	\$ 7,120
Leverage ratio	0.8x	(2.4)x	(4.9)x



Non-GAAP Financial Measures

Return on Invested Capital

Air Canada uses return on invested capital (“ROIC”) as a means to assess the efficiency with which it allocates its capital to generate returns. ROIC is calculated as the ratio between adjusted pre-tax income (loss), excluding interest expense, and invested capital. Invested capital includes average year-over-year long-term debt and lease obligations, average year-over-year shareholders’ equity, and the embedded derivative on Air Canada’s convertible notes. In 2020, Air Canada issued convertible unsecured notes. Air Canada has the option to deliver cash or a combination of cash and shares on the conversion date in lieu of shares, giving rise to an embedded derivative that is included as part of the definition of capital. Air Canada calculates invested capital on a book value-based method when calculating ROIC. Due to the low book value of equity given the impact of the COVID-19 pandemic, excess cash is no longer removed from the calculation of invested capital.

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 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 disposal of assets, gains or losses on debt settlements and modifications, and special items as these items may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful.



Non-GAAP Financial Measures

Return on invested capital is reconciled to GAAP income before income taxes as follows:

(Canadian dollars in millions, except where indicated)

	2019	2020	2021
Income (loss) before income taxes	\$ 1,775	\$ (4,853)	\$ (3,981)
Adjusted for:			
Special items	-	(116)	(31)
(Gain) loss foreign exchange	(499)	293	52
Net financing expense relating to employee benefits	39	27	8
(Gain) loss on financial instruments recorded at fair value	(23)	242	55
(Gain) loss on debt settlements and modifications	(6)	-	129
Gain on sale and leaseback of assets	-	(18)	-
Gain on disposal of assets	(13)	-	-
Adjusted pre-tax income (loss)	\$ 1,273	\$ (4,425)	\$ (3,768)
Adjusted for:			
Interest expense	515	656	749
Adjusted pre-tax income (loss) before interest expense	\$ 1,788	\$ (3,769)	\$ (3,019)
Average long-term debt and lease liabilities (including current portion)	9,582	11,116	14,756
Embedded derivative on convertible notes	-	534	579
Average shareholder equity	3,839	3,058	862
Invested capital	\$ 13,421	\$ 14,708	\$ 16,197
Return on invested capital	13.3%	(25.6)%	(18.6)%





OUR ESG VALUE PROPOSITION

Arielle Meloul and Marc Barbeau