AIR CANADA

News Release

Air Canada Reports 2019 Annual Results

- Record operating revenues of $19.131 billion
- Operating income of $1.650 billion
- EBITDA of $3.636 billion and EBITDA margin of 19 per cent
- Record unrestricted liquidity of $7.380 billion and leverage ratio of 0.8

MONTREAL, February 18, 2020 – Air Canada today reported 2019 EBITDA(1) (earnings before interest, taxes, depreciation, amortization and impairment) of $3.636 billion compared to 2018 EBITDA of $3.213 billion, an increase of $423 million or 13 per cent. The airline reported operating income of $1.650 billion in 2019 compared to operating income of $1.496 billion in 2018.

“I am very pleased to report strong fourth quarter and full year results for 2019, a year in which we generated record revenues in excess of $19 billion and reached record levels of unrestricted liquidity, despite the loss to Air Canada of approximately 25 per cent of our narrow-body fleet for most of the year following the worldwide grounding of the Boeing 737 MAX. These results underscore the airline’s ability to overcome major challenges as well as the deep commitment of Air Canada’s 37,000 strong team, which took care of our customers under extremely complicated operational circumstances. With this backdrop, I am especially proud that we were able to deliver on the outlook we provided for key financial metrics for the year. Our discipline was rewarded by an 87 per cent return on our shares in 2019, which, when added to our returns over the previous nine years, made Air Canada the top performing stock on the TSX for the past decade with a 3,575 per cent return,” said Calin Rovinescu, President and Chief Executive Officer of Air Canada.

“The agility and consistency that we displayed in 2019 gives me confidence that we will successfully execute on the several key opportunities now before us. This includes the launch of our new loyalty program later this year, which we expect will be the best airline loyalty program in the world. We also look forward to completing our proposed merger with Transat A.T., which was approved by nearly 95 per cent of Transat shareholders last summer and now remains subject to applicable regulatory approvals. This is a wholly Canadian solution that will secure jobs and result in more travel options and benefits for both airlines’ customers and other stakeholders.

“We start 2020 with uncertainty from the on-going Boeing 737 MAX grounding and the constraints it imposes, as well as emerging economic and geopolitical risks and route suspensions resulting from the COVID-19 virus. However, our strong balance sheet, globe-spanning network that diversifies our revenue sources, brand strength as North America’s Best Airline as rated by Skytrax, young fleet, dedicated and talented employees and nimble management team equip us to respond effectively to any challenges that come our way. Our dedicated and professional team is highly motivated to deliver service excellence to our loyal customer base, and I thank both groups for contributing to our strong 2019 results in the face of adversity,” said Mr. Rovinescu.

Full Year 2019 Income Statement Highlights

Air Canada began consolidating Aeroplan's financial results on the date of the acquisition of Aeroplan, January 10, 2019.

In 2019, on a capacity increase of 1.8 per cent, record system passenger revenues of $17.232 billion increased $1.071 billion or 6.6 per cent from 2018. The increase in system passenger revenues was driven by a yield improvement of 4.6 per cent and traffic growth of 1.9 per cent. System yield improved due to the constrained capacity resulting from the grounding of the Boeing 737 MAX aircraft as well as a generally improved pricing environment, mainly in North America. The yield increase also included additional revenues from Aeroplan flight redemptions and other revenues subsequent to the Aeroplan acquisition.

In 2019, operating expenses of $17.481 billion increased $974 million or 6 per cent from 2018. Air Canada's cost per available seat mile (CASM) increased 4.1 per cent from 2018. The airline's adjusted CASM(1) increased 6.1 per cent from 2018. These increases reflected, in large part, the impact of the Boeing 737 MAX aircraft grounding, which resulted in a system ASM increase of 1.8 per cent versus planned system ASM growth of approximately 4.8 per cent, in addition to higher costs associated with replacement aircraft, and on-going operating expenses, including depreciation and pilot wages that continued to be incurred in relation to the Boeing 737 MAX aircraft despite their grounding. Given that the Aeroplan loyalty business was not consolidated in Air Canada's financial results in 2018, for a more meaningful comparison of the cost performance of the on-going airline business, Air Canada's adjusted CASM for the fourth quarter and full year 2019 excludes the operating expenses of Aeroplan. Air Canada estimates that, had it operated the 36 Boeing MAX aircraft as originally planned during 2019, adjusted CASM would have reflected an increase of approximately 2.5 per cent when compared to 2018.

Air Canada's full year 2019 EBITDA margin of 19.0 per cent met the target margin of approximately 19.0 per cent projected in Air Canada's news release dated October 29, 2019. Air Canada estimates that its 2019 EBITDA margin would have been approximately 30 basis points higher at 19.3 per cent, when excluding two fourth quarter one-time items, each of which similarly contributed to this impact: (a) a one-time negative impact on revenue arising from Air Canada's transition, in mid-November, to a new passenger service system, and (b) higher than expected stock-based and other compensation expenses resulting from an increase in Air Canada's share price and from higher accruals in respect of employee profit sharing programs.

Full year 2019 net income amounted to $1.476 billion or $5.44 per diluted share compared to 2018 net income of $37 million or $0.13 per diluted share. The year 2019 included foreign exchange gains of $499 million while 2018 included foreign exchange losses of $578 million. Air Canada recorded a loss on disposal of assets of $188 million in 2018. Air Canada reported adjusted net income(1) of $917 million or $3.37 per diluted share in 2019 compared to adjusted net income of $738 million or $2.67 per diluted share in 2018.

Fourth Quarter 2019 Income Statement Highlights

In the fourth quarter of 2019, Air Canada reported EBITDA of $665 million compared to fourth quarter 2018 EBITDA of $619 million, an increase of $46 million or 7 per cent. As discussed above, the fourth quarter of 2019 was impacted by two one-time items which had the effect of reducing EBITDA by approximately $60 million. The airline reported fourth quarter 2019 operating income of $145 million compared to fourth quarter 2018 operating income of $179 million.

In the fourth quarter of 2019, on a capacity increase of 3.3 per cent, record system passenger revenues of $3.975 billion increased $199 million or 5.3 per cent from the fourth quarter of 2018. The increase in system passenger revenues was driven by traffic growth of 2.9 per cent and a yield improvement of 2.3 per cent. The yield improvement in the fourth quarter of 2019, particularly in North America, was in part due to the constrained capacity resulting from the grounding of the Boeing 737 MAX aircraft. The yield growth also reflected additional revenue from Aeroplan flight redemptions and other revenues.

In the fourth quarter of 2019, operating expenses of $4.284 billion increased $236 million or 6 per cent from the fourth quarter of 2018. Air Canada's CASM increased 2.5 per cent from the fourth quarter of 2018. The airline's adjusted CASM increased 5.5 per cent over the fourth quarter of 2018. These increases reflected, in large part, the impact of the Boeing 737 MAX aircraft grounding which resulted in a system ASM increase of 3.3 per cent versus planned system ASM growth of approximately 4.6 per cent. The grounding also resulted in higher operating costs driven by the factors discussed in "Full Year 2019 Income Statement Highlights" above.

Record fourth quarter 2019 net income amounted to $152 million or $0.56 per diluted share compared to a fourth quarter 2018 net loss of $360 million or $1.33 per diluted share. The fourth quarter of 2019 included foreign exchange gains of $92 million while the fourth quarter of 2018 included foreign exchange losses of $444 million. Air Canada reported adjusted net income(1) of $47 million or $0.17 per diluted share in the fourth quarter of 2019 compared to adjusted net income of $55 million or $0.20 per diluted share in the fourth quarter of 2018.

Financial and Capital Management Highlights

At December 31, 2019, unrestricted liquidity (cash, cash equivalents and short and long-term investments, and undrawn lines of credit) amounted to a record $7.380 billion (December 31, 2018 – $5.725 billion).

At December 31, 2019, net debt of $2.841 billion decreased $2.373 billion from December 31, 2018, reflecting an increase in cash, cash equivalents and short and long-term investment balances of $1.694 billion and a decrease in long-term debt and lease liabilities (including current portion) of $679 million. At December 31, 2019, Air Canada's leverage ratio was 0.8, in line with the leverage ratio not exceeding 1.0 projected in Air Canada's news release dated October 29, 2019. This compares to a leverage ratio of 1.6 at December 31, 2018.

In 2019, net cash flows from operating activities of $5.712 billion increased $2.242 billion from 2018. In 2019, free cash flow[(1)] of $2.075 billion increased $748 million from 2018 and was higher than the free cash flow of between $1.3 billion and $1.5 billion projected in Air Canada's new release dated October 29, 2019. The higher than expected free cash flow was due to a combination of factors, including higher cash from operations, a lower than projected level of capital expenditures due to certain projects being deferred to 2020, and to an initial settlement payment from Boeing as further described below.

For the 12 months ended December 31, 2019, return on invested capital (ROIC[(1)]) was 15.5 per cent, in line with the ROIC of between 15.5 per cent and 16.0 per cent projected in Air Canada's news release dated October 29, 2019. Air Canada's ROIC at December 31, 2019 was significantly higher than Air Canada's weighted average cost of capital of 7.0 per cent.

Air Canada has been in discussions with Boeing and is seeking to settle the terms of an arrangement in relation to the grounding of the Boeing 737 MAX aircraft. Until such time as an arrangement is finalized, information regarding the outstanding purchase commitments for aircraft is subject to change. An initial settlement payment contemplated by the arrangement was made to Air Canada during the fourth quarter of 2019, with any further amounts subject to finalization of the arrangement. The compensation is accounted for as an adjustment to the purchase price of current and future deliveries and will flow through Air Canada's consolidated statement of operations as reduced depreciation expense over the life of the aircraft, and as a reduction to additions to property and equipment on the consolidated statement of cash flow.

Normal Course Issuer Bid

In 2019, Air Canada purchased, for cancellation, a total of 9,082,487 shares at an average cost of $41.64 per share for aggregate consideration of $378 million. At December 31, 2019, a total of 17,877,551 shares remained available for repurchase under Air Canada's issuer bid which is scheduled to expire May 30, 2020.

Outlook

In addition to the Additional Guidance and Major Assumptions noted below, Air Canada's 2020 first quarter and full year outlook in relation to both EBITDA and ASM capacity growth assumes that Air Canada's mainland China and Hong Kong services will be fully recovered by the third quarter of 2020 and that the Boeing 737 MAX aircraft will gradually return to service commencing late in the third quarter of 2020.

First Quarter 2020

As noted above, the Boeing 737 MAX aircraft will not fly during the first quarter of 2020, as compared to 24 Boeing 737 MAX aircraft operating for the majority of the first quarter of 2019. In addition, due to the impact of recent service suspensions to mainland China and from Toronto to Hong Kong, combined with a higher proportion of projected annual operating expense increases in both aircraft maintenance and employee benefits in the first quarter of 2020 (as described below), Air Canada expects first quarter 2020 EBITDA to be approximately $200 million lower than the first quarter of 2019.

Full Year 2020

For the full year 2020, Air Canada projects an EBITDA margin of approximately 19 per cent, which would result in a small increase in EBITDA versus the reported EBITDA of $3.636 billion in 2019.

For the full year 2020, Air Canada expects ASM capacity to increase 1 to 2 per cent when compared to the full year 2019.

Additional Guidance

For the full year 2020:

Aircraft Maintenance Expense

Air Canada expects aircraft maintenance expense to increase by approximately $150 million from the full year 2019, with one-third of the increase expected to be incurred in the first quarter of 2020. The projected increase includes the impact of additional Airbus A330 aircraft in the operating fleet (which are under power-by-the-hour arrangements) and a higher volume of engine maintenance activity year-over-year.

Employee Benefits Expense

Air Canada expects employee benefits expense to increase by approximately $105 million from the full year 2019, with one-third of the increase expected to be incurred in the first quarter of 2020. The projected increase is mainly driven by lower discount rates related to pension and post-employment benefits.

Depreciation and Amortization

Air Canada expects depreciation and amortization expense to increase by approximately $35 million from the full year 2019. The projected increase primarily reflects aircraft acquisitions.

Major Assumptions

In addition to the above assumptions relating to the return to service of Air Canada's Boeing 737 MAX aircraft and the recovery of Air Canada's mainland China and Hong Kong services, Air Canada is making the following assumptions in preparing and making forward-looking statements. As part of its 2020 assumptions, Air Canada assumes:

- Modest Canadian GDP growth for the first quarter and full year 2020.
- That the Canadian dollar will trade, on average, at C$1.33 per U.S. dollar in the first quarter and for full year 2020.
- That the price of jet fuel will average 71 CAD cents per litre in the first quarter and 74 CAD cents for the full year 2020.
- That six of 12 undelivered Boeing 737 MAX aircraft originally scheduled for delivery in 2019 will be delivered in 2020 with the remaining six delivered in 2021, and that 14 undelivered Boeing 737 MAX aircraft originally scheduled for delivery in 2020 will be delivered in 2021.

The assumptions related to the Boeing 737 MAX aircraft and the recovery of the mainland China and Hong Kong businesses also apply to the 2021 financial guidance discussed below.

Investor Day Targets

The financial guidance provided in Air Canada's news release dated February 28, 2019 for 2021 with respect to annual EBITDA margin and annual ROIC, as well as the cumulative free cash flow over the 2019-2021 period, remains in place. The targets are as follows:

- Annual EBITDA margin of 19 to 22 percent
- Annual ROIC of 16 to 20 percent
- Cumulative free cash flow of $4.0 billion to $4.5 billion over the 2019 to 2021 period (As noted above, Air Canada generated free cash flow of $2.075 billion in 2019.)

It is premature to assess what the impact of Air Canada's planned acquisition of Transat A.T. would be, and it is therefore not factored into Air Canada's guidance.

The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and is based on a number of assumptions (including those provided above) and subject to a number of risks. Please see the section below entitled "Caution Regarding Forward-Looking Information".

(1) Non-GAAP Measures

Below is a description of certain non-GAAP financial measures 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. Readers are advised to review the section entitled Non-GAAP Financial Measures in Air Canada's 2019 MD&A for a further discussion of such non-GAAP measures and a reconciliation of such measures to Canadian GAAP.

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

- 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 debt settlements and modifications, gains or losses on disposal of assets, and special items as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful. Air Canada uses adjusted pre-tax income (loss) before interest to determine return on invested capital.

- 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 to other airlines less meaningful.

- Adjusted CASM is used by Air Canada as a means to assess the operating and cost performance of its on-going airline business without the effects of aircraft fuel expense, the cost of ground packages at Air Canada Vacations®, the operating costs of Aeroplan during its initial year of acquisition, and special items as these items may distort the analysis of certain business trends and render comparative analysis 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.

  Excluding aircraft fuel expense, the cost of ground packages at Air Canada Vacations 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.

  Following the completion of Air Canada's acquisition of Aeroplan on January 10, 2019, Air Canada began consolidating Aeroplan's results. Given that the Aeroplan loyalty business was not consolidated in Air Canada's financial results in 2018, for a more meaningful comparison of the cost performance of the on-going airline business, Air Canada's adjusted CASM for 2019 excludes the operating expenses of Aeroplan.

- "Leverage ratio" refers to net debt to trailing 12-month EBITDA leverage ratio and 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 above, 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 to other airlines less meaningful.

- Free cash flow is commonly used in the airline industry and is used by Air Canada as an indicator of the financial strength and performance of its business, indicating the amount of cash Air Canada is able to 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. Free cash flow in 2019 also excludes the one-time proceeds related to the Aeroplan acquisition.

- Return on invested capital (ROIC) is used by Air Canada as a means to assess the efficiency with which it allocates its capital to generate returns. ROIC is based on adjusted pre-tax income (loss), excluding interest expense. Invested capital includes average year-over-year long-term debt, average year-over-year lease obligations, average year-over-year shareholders' equity, net of excess cash. Air Canada defines excess cash as total cash and investments in excess of the minimum cash required to support operations. This measure of liquidity includes cash, cash equivalents, short-term investments, short-term restricted cash and long-term investments. Air Canada uses 20 per cent of trailing 12 months operating revenue as its estimate of the minimum cash required to support on-going business operations. This estimate of minimum cash provides adequate coverage for advance ticket sales and to meet Air Canada's liquidity needs. Air Canada calculates invested capital based on a book value-based method of calculating ROIC, as described above. Refer to the definition of adjusted pre-tax income (loss) for a discussion as to why Air Canada uses adjusted pre-tax income (loss) to assess the overall pre-tax financial performance of its business.

Air Canada's 2019 Consolidated Financial Statements and Notes and its 2019 Management's Discussion and Analysis of Results of Operations and Financial Condition are available on Air Canada's website at **aircanada.com** and will be filed on SEDAR at **www.sedar.com**.

For further information on Air Canada's public disclosure file, including Air Canada's Annual Information Form dated March 25, 2019, consult SEDAR at **www.sedar.com**.

Fourth Quarter Analyst Conference Call

Air Canada will host its quarterly analysts' call today, February 18, 2020 at 08:30 E.T. Calin Rovinescu, President and Chief Executive Officer, Michael Rousseau, Deputy Chief Executive Officer and Chief Financial Officer, and Lucie Guillemette, Executive Vice President and Chief Commercial Officer, will be available for analysts' questions. Immediately following the analysts' Q&A session, Mr. Rousseau and Pierre Houle, Managing Director and Treasurer, will be available to answer questions from term loan B lenders and holders of Air Canada's bonds.

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

Dial 416-340-2219 or 1-800-377-0758

Live audio webcast: **https://edge.media-server.com/mmc/p/h3hedwvi**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, 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 without limitation, our ability to successfully achieve or sustain positive net profitability, economic and geopolitical conditions, the timing and conditions of the return to service of Boeing 737 MAX aircraft in our fleet (including the introduction of those on order and the management of our fleet and operations until their return to service or introduction), industry and market conditions and the demand environment, competition, energy prices, our dependence on technology, our ability to successfully implement appropriate strategic and other important initiatives (including our ability to reduce operating costs), cybersecurity risks, war, terrorist acts, epidemic diseases, our dependence on key suppliers, casualty losses, changes in laws, regulatory developments or proceedings, our ability to successfully launch and operate our new loyalty program, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), interruptions of service, our dependence on regional and other carriers, our ability to preserve and grow our brand, employee and labour relations and costs, our dependence on Star Alliance and joint ventures, limitations due to restrictive covenants, our ability to pay our indebtedness and maintain liquidity, pending and future litigation and actions by third parties, currency exchange, pension plans, our ability to attract and retain required personnel, insurance issues and costs, as well as the factors identified in Air Canada's public disclosure file available at www.sedar.com and, in particular, those identified in section 20 "Risk Factors" of Air Canada's 2019 MD&A. Furthermore, the acquisition of Transat A.T. Inc. is subject to regulatory approvals and certain customary conditions, and there are no assurances that the acquisition will be completed as described in Air Canada's 2019 MD&A or at all. The forward-looking statements contained or incorporated by reference in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise, except as required under applicable securities regulations.

- 30 –

INFORMATION

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HIGHLIGHTS

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

(Canadian dollars in millions, except where indicated)	Fourth Quarter			Full Year		
	2019 (1)	2018	$ Change	2019 (1)	2018	$ Change
Financial Performance Metrics						
Operating revenues	4,429	4,227	202	19,131	18,003	1,128
Operating income	145	179	(34)	1,650	1,496	154
Income (loss) before income taxes	172	(391)	563	1,775	228	1,547
Net income (loss)	152	(360)	512	1,476	37	1,439
Adjusted pre-tax income (2)	66	68	(2)	1,273	1,036	237
Adjusted net income (2)	47	55	(8)	917	738	179
Operating margin %	3.3%	4.2%	(0.9) pp	8.6%	8.3%	0.3 pp
EBITDA (2)	665	619	46	3,636	3,213	423
EBITDA margin % (2)	15.0%	14.6%	0.4 pp	19.0%	17.8%	1.2 pp
Unrestricted liquidity (3)	7,380	5,725	1,655	7,380	5,725	1,655
Net cash flows from operating activities	677	548	129	5,712	3,470	2,242
Free cash flow (2)	426	288	138	2,075	1,327	748
Net debt (2)	2,841	5,214	(2,373)	2,841	5,214	(2,373)
Return on invested capital (“ROIC”) % (2)	15.5%	13.5%	2.0 pp	15.5%	13.5%	2.0 pp
Leverage ratio (2)	0.8	1.6	(0.8)	0.8	1.6	(0.8)
Diluted earnings (loss) per share	$ 0.56	$ (1.33)	$ 1.89	$ 5.44	$ 0.13	$ 5.31
Adjusted earnings per share – diluted (2)	$ 0.17	$ 0.20	$ (0.03)	$ 3.37	$ 2.67	$ 0.70
Operating Statistics (4)			**% Change**			**% Change**
Revenue passenger miles (“RPM”) (millions)	21,403	20,801	2.9	94,113	92,360	1.9
Available seat miles (“ASM”) (millions)	26,431	25,597	3.3	112,814	110,866	1.8
Passenger load factor %	81.0%	81.3%	(0.3) pp	83.4%	83.3%	0.1 pp
Passenger revenue per RPM ("Yield") (cents)	18.6	18.2	2.3	18.3	17.5	4.6
Passenger revenue per ASM ("PRASM") (cents)	15.0	14.7	2.0	15.3	14.6	4.8
Operating revenue per ASM (cents)	16.8	16.5	1.5	17.0	16.2	4.4
Operating expense per ASM ("CASM") (cents)	16.2	15.8	2.5	15.5	14.9	4.1
Adjusted CASM (cents) (2)	11.7	11.1	5.5	10.9	10.3	6.1
Average number of full-time equivalent (“FTE”) employees (thousands) (5)	33.3	30.5	9.2	32.9	29.9	10.1
Aircraft in operating fleet at period-end (6)	403	400	0.8	403	400	0.8
Average fleet utilization (hours per day)	10.1	9.7	3.8	10.6	10.4	2.1
Seats dispatched (thousands)	15,506	15,184	2.1	64,653	63,800	1.3
Aircraft frequencies (thousands)	130.3	137.7	(5.4)	548.5	578.9	(5.3)
Average stage length (miles) (7)	1,705	1,686	1.1	1,745	1,738	0.4
Fuel cost per litre (cents)	75.0	84.3	(11.0)	76.1	80.4	(5.4)
Fuel litres (thousands)	1,349,573	1,293,063	4.4	5,713,924	5,597,232	2.1
Revenue passengers carried (thousands) (8)	12,048	11,909	1.2	51,543	50,904	1.3

(1) *Air Canada began consolidating Aeroplan Inc.'s (formerly, Aimia Canada Inc, "Aeroplan") financial results on January 10, 2019, the date of its acquisition of Aeroplan. Refer to section 14 "Accounting Policies" and section 15 "Critical Accounting Estimates and Judgements" of Air Canada's 2019 MD&A for additional information.*

(2) *Adjusted pre-tax income (loss), adjusted net income (loss), EBITDA (earnings before interest, taxes, depreciation and amortization), EBITDA margin, free cash flow, ROIC, leverage ratio, adjusted earnings (loss) per share – diluted and adjusted CASM are each non-GAAP financial measures and net debt is an additional GAAP measure. Refer to section 22 of Air Canada's 2019 MD&A for descriptions of Air Canada's non-GAAP financial measures and additional GAAP measures.*

(3) *Unrestricted liquidity refers to the sum of cash, cash equivalents and short and long-term investments, and the amount of available credit under Air Canada's revolving credit facilities. At December 31, 2019, unrestricted liquidity was comprised of cash, cash equivalents and short-term investments of $5,889 million, long-term investments of $512 million and undrawn lines of credit of $979 million. At December 31, 2018, unrestricted liquidity was comprised of cash, cash equivalents and short-term investments of $4,707 million and undrawn lines of credit of $1,018 million.*

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

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

(6) *At December 31, 2019, the number of aircraft in Air Canada's operating fleet included 24 Boeing 737 MAX aircraft which are grounded and excluded aircraft under wet lease arrangements. Refer to section 9 "Fleet" of Air Canada's 2019 MD&A for additional information.*

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

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