2015 ANNUAL MEETING OF SHAREHOLDERS

May 12, 2015
Toronto
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Calin Rovinescu
President and Chief Executive Officer

May 12, 2015
Toronto
Claude Taylor
1925-2015
2014 Financial Results
Breakout Year
2014 Financial Results
Adjusted Net Income

$531M
56% Increase
2014 Financial Results
Annual Net Income

$105M

$95M

INCREASE
2014 Financial Results
Total Revenue for the Year

$13.3 B
7% Increase
2014 Financial Results
Record Load Factor

38.5 M Customers
VOTED THE NUMBER ONE AIRLINE IN NORTH AMERICA FIVE YEARS IN A ROW.

AIR CANADA  Your world awaits

MEILLEUR TRANSPORTEUR AÉRIEN EN AMÉRIQUE DU NORD POUR LA 5È ANNEE CONSÉCUTIVE.

AIR CANADA  Tout un monde vous attend
2014 Financial Results
Eliminated Pension Deficit

$660M
Pension Surplus
2014 Financial Results
The Market Noticed

800% Increase since 2009
BEST Q1 IN AIR CANADA HISTORY

- EBITDAR $442 million (tripled over Q1-2014)
- Operating income improved by $262 million
- Expanded operating margin by 820 basis points
- Adjusted net income $122 million vs $132 million net loss in 2014
INTERNATIONAL EXPANSION
IATA estimates

- 3.3 billion people will board aircraft this year
- 7.3 billion people will board aircraft by 2034

2015 CAPACITY GROWTH TARGETED TO INTERNATIONAL MARKETS
INTERNATIONAL EXPANSION
BUILDING ON ASSETS

$9 B
INVESTMENT
INTERNATIONAL EXPANSION CAPACITY

APPROXIMATELY 50% INCREASE SINCE 2009
SUCCESSFUL PARTNERSHIPS
- **Amsterdam:**
  - Population 16 million
  - Airport traffic 52 million

- **Toronto Pearson**
  - Leading North American airport
  - Sixth Freedom traffic
Toronto Pearson has a strategic advantage:
- Proximity to the U.S.
- Approximately 150 million people reside within a 90-minute flight to Toronto
- Air Canada and Star Alliance in one terminal
- Efficient in-transit facilities
- New Union Pearson Express rail service to downtown Toronto
International traffic from Toronto grew 23% in 2014

First quarter 2015, system-wide traffic grew 25% – 30% in Toronto alone
- Connectivity increases GDP
- 12,000 Air Canada jobs in Toronto
- $1 Billion payroll
Total revenue for the year

$502 M

6% INCREASE FROM 2013

Global value of air cargo represents 35% of world trade by value
 CAPITAL EXPENDITURES

$9 B INVESTMENT
Capital Expenditures

$7.1B
Spend in Canada
Taxes and Fees = Higher Costs for Travellers

148% Increase in Ontario Aviation Fuel Tax over a four-year period. Highest in Canada.

$1 B collected from air travellers: little reinvested to improve system.
COSTS AND REVENUE
ACHIEVED

6.1%

Up 1.8 percentage points from previous year
ACHIEVED
2.6% REDUCTION DESPITE UNFAVOURABLE CURRENCY IMPACT
RETURN ON INVESTED CAPITAL

12.1% AT YEAR-END vs. 10.5% IN 2013
LIQUIDITY

$2.7 B

WELL ABOVE OUR $1.7 B TARGET

Targets will be updated at Investor Day, June 2, 2015
Costs and Revenues Delivered on Commitments

Boeing 787

29% Unit Cost Savings

Boeing 787 Operates

30% More Efficiently

Air Canada
COSTS AND REVENUES
REGIONAL CARRIERS

Jazz
sky regional
Air Georgian
EVAS
- Amended and extended capacity purchase agreement with Jazz, a win/win
- $550 million in financial value over next six years
- Expanded capacity purchase agreements with Sky Regional and Air Georgian
Implementing sophisticated system that leverages complex algorithms to:
- Forecast passenger demand
- Optimize network revenue performance

Will deliver annual incremental revenues in excess of $100 million
COSTS AND REVENUES
PREMIUM SERVICES
CUSTOMER ENGAGEMENT
- **Skytrax Award**
  - Best Airline North America fifth consecutive year

- **Ipsos Reid Canadian Business Traveller Survey**
  - Preferred carrier 83% (up by 14%)
- New Maple Leaf Lounge in LHR Terminal 2
- Self-service tools
- Zonal boarding
- TSA pre-check program
- Customer Service Council
New Operations Centre

Air Canada ranked among top five North American airlines in FlightStats

On Time Performance increased by more than 17 percentage points since 2011
Culture Change
CULTURE CHANGE TRAINING

EMPLOYEE ENGAGEMENT

SIGNIFICANT IMPROVEMENTS OVER THE FOUR-YEAR PERIOD.
- 10-year agreement reached with Air Canada Pilots Association

- New contracts with unions in the U.S. and U.K.
Culture Change
One of Canada’s Top Employers

Canada’s Top 100 Employers 2015
Nearly 50% increase to 2014 employee profit-sharing pool

60% increase in value to 23.1 million employee and union-held shares (over $100 million value)
THANK YOU