

**chorus**  
aviation inc.



# INVESTOR PRESENTATION

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March 2018

# Caution regarding forward-looking information

Certain information in this presentation may contain 'forward-looking information' as defined under applicable Canadian securities legislation. Forward-looking information typically contains words such as "anticipate", "believe", "could", "should", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar words and phrases, including references to assumptions. Such information may involve but is not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information relates to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information, by its nature, is based on assumptions, including those described below, and is subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, external events, changing market conditions and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those expressed in the forward-looking information. Results indicated in forward-looking information may differ materially from actual results for a number of reasons, including, without limitation: risks relating to Chorus' economic dependence on and relationship with Air Canada; risks relating to the airline industry (including the international operation of aircraft in developing countries and areas of unrest); aircraft leasing (including the financial condition of lessees, availability of aircraft, access to capital, fluctuations in aircraft market values, competition and political risks); the failure of Chorus or any other party to satisfy conditions precedent to the closing of anticipated transactions; energy prices, general industry, market, credit, and economic conditions (including a severe and prolonged economic downturn which could result in reduced payments under the Capacity Purchase Agreement with Air Canada 'CPA'); increased competition affecting Chorus and/or Air Canada; insurance issues and costs; supply issues and costs; the risk of war, terrorist attacks, aircraft incidents and accidents; fraud, cybersecurity attacks or other criminal behaviour by internal or external parties; epidemic diseases, environmental factors or acts of God; changes in demand due to the seasonal nature of Chorus' business or general economic conditions; the ability to reduce operating costs and employee counts; the ability of Chorus to secure financing; the ability of Chorus to attract and retain the talent required for its existing operations and future growth; the ability of Chorus to remain in good standing under and to renew and/or replace the CPA and other important contracts; employee relations, labour negotiations or disputes; pension issues and costs; currency exchange and interest rates; debt leverage and restrictive covenants contained in debt facilities; uncertainty of dividend payments; managing growth; changes in laws; adverse regulatory developments or proceedings in countries in which Chorus and its subsidiaries operate or will operate; pending and future litigation and actions by third parties. For a further discussion of risks, please refer to Chorus' 2017 Annual Information Form dated February 14, 2018. The statements containing forward-looking information in this discussion represent Chorus' expectations as of March 21, 2018, and are subject to change after such date. However, Chorus disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Examples of forward-looking information in this presentation include: discussion of Chorus Aviation Capital's prospects on slide 6 "Chorus Aviation Capital"; the financing of and expectations for the aircraft leasing business on slide 8 "Regional Aircraft are a highly attractive leased asset"; the market opportunity in aircraft leasing on slide 12 "Key Strategies"; the projected growth of the air travel industry on slide 26 "Aviation Leasing is an Attractive Segment"; the discussion of the private placement on slide 29 "The Fairfax Investment"; the outlook discussion on slide 33 "Revenue Generation under the CPA - Outlook"; and the fleet plan on slide 34 "Jazz Fleet Modernization Plan".

# CHORUS AT A GLANCE

**TSX: CHR**  
Ticker symbol

**~ 125 million**  
Outstanding shares <sup>(1)</sup>

**~ \$1 billion**  
Market capitalization <sup>(2)</sup>

**~ \$1.4 billion**  
Operating revenue - 2017

**~ \$286 million**  
Adjusted EBITDA - 2017

**Consistently profitable**  
since becoming publicly  
traded in 2006

Focused on **building  
additional shareholder  
value**

Current monthly  
dividend of  
\$0.04 per share (DRIP  
at 4% discount)

(1) Outstanding Chorus shares as of March 20, 2018 137,106,491

(2) Calculated using closing price of Chorus shares of \$8.35 on the TSX on March 1, 2018.

# GROWTH STRATEGY | Chorus lines of business

Focused on providing a full suite of regional airline services to customers around the world



Delivering regional aviation to the world

# Regional Aircraft Leasing

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# CHORUS AVIATION CAPITAL

- Established in January 2017
- Fairfax Financial invested \$200 million in Chorus through a private placement of convertible debt units.
- New subsidiary is building a global, regional aircraft leasing platform - further advancing Chorus' growth and diversification strategy.
- Growth further supported by a \$100 million bought deal public offering - fully subscribed.
- Chorus Aviation Capital highly experienced team (see slide 26)
- Capable of delivering a full suite of support services to customers worldwide by leveraging the expertise within Chorus' group of companies.



The information above includes forward-looking information (refer to slide 2 - 'Caution regarding forward-looking information').

# KEY STRATEGIES

## **Young Modern Aircraft**

- Acquire new technology, high demand, fuel efficient, marketable aircraft
- Use sale leasebacks to cement airline relationships
- Use skyline purchases, to achieve excellent pricing

## **Diversified High Quality Customers**

- Build geographical and product diversity
- Seek high credit quality, lower risk airline customers
- Employ strong partnership philosophy “working together” with airlines

## **Long-Term Leases**

- Target 5 to 10 years to provide significant visibility into future
- Conduct thorough credit review
- Long-term leases provide significant visibility into future
- Recover aircraft costs over first lease

## **Low Cost Capital**

- Mix of asset backed financing and recourse financing to lower debt costs
- Matched financing to term for risk hedge
- Retain for opportunistic purchasing

## **Highly Experienced Team**

- Develop team with significant industry experience
- Leverage relationships with over 100 airlines

# CAC STRATEGIC VISION

## Opportunity

Chorus believes there is a significant opportunity to develop a large and profitable leasing platform by capitalizing on its unique expertise in the regional airline market. Chorus is targeting the regional segment because:

- Accelerating global passenger growth and positive airline fundamentals have created strong regional aircraft market demand.
- Regional aircraft leasing segment is currently underserved with limited competition and great potential for further penetration.
- The regional aircraft leasing segment enjoys premium yields and sector margins with favorable access to capital.
- The regional aircraft market is characterized by historically stable aircraft deliveries with limited technical obsolescence risk.



# REGIONAL AIRCRAFT: A highly attractive leased asset

1

## Resilient Demand Expectations with a Broad User Base

- The 70-130 seat fleet is expected to grow ~4-5% per year over the next 20 years<sup>(1)</sup>
- ~20% to 25% regional aircraft manufactured are leased vs. ~40% to 50% narrow-body aircraft – solid growth potential

2

## Attractive Aircraft Type for Shorter Routes

- Regional aircraft allow airlines to optimize aircraft size and reduce per-seat cost
- ~50% of global passengers fly on trips below 500 miles and ~30% of global passengers fly on trips below 300 miles<sup>(2)</sup>

3

## Geographically Diverse Demand Dynamics

- Economic growth in emerging markets is expected to significantly outpace those in advanced economies
- The emergent urban middle classes in these areas present a real opportunity to expand air travel capabilities which will require the use of turboprop and regional jet aircraft

4

## Stable Supply

- Historical deliveries of regional aircraft have been relatively consistent
- Regional aircraft projected deliveries are stable

5

## Ability to Hold Values Over Time Due to No Significant Changes to Regional Aircraft Technology

- Values of regional jets and turboprops have proved less volatile relative to most narrow body aircraft

# SOURCES OF SUPPLY FOR CAC TRANSACTIONS

## Portfolio Acquisition

- Purchase of existing assets and leases from existing Lessors

## Airline Sale Leaseback

- Sale and leaseback of existing or future aircraft deliveries

## Skyline Leases

- Direct purchase from manufacturers for subsequent lease to airlines

*There are a significant number of profitable lease transactions available to CAC.*

# CURRENT TRANSACTIONS



Air Nostrum 4x CRJ1000s



Flybe 3x ATR72-600s



Virgin Australia 3x ATR72-600s



Falcon 3x Q400s



CityJet 2x CRJ900s



Azul 2x E195s



KLM 1x E190s



Aeromexico 3x E190s



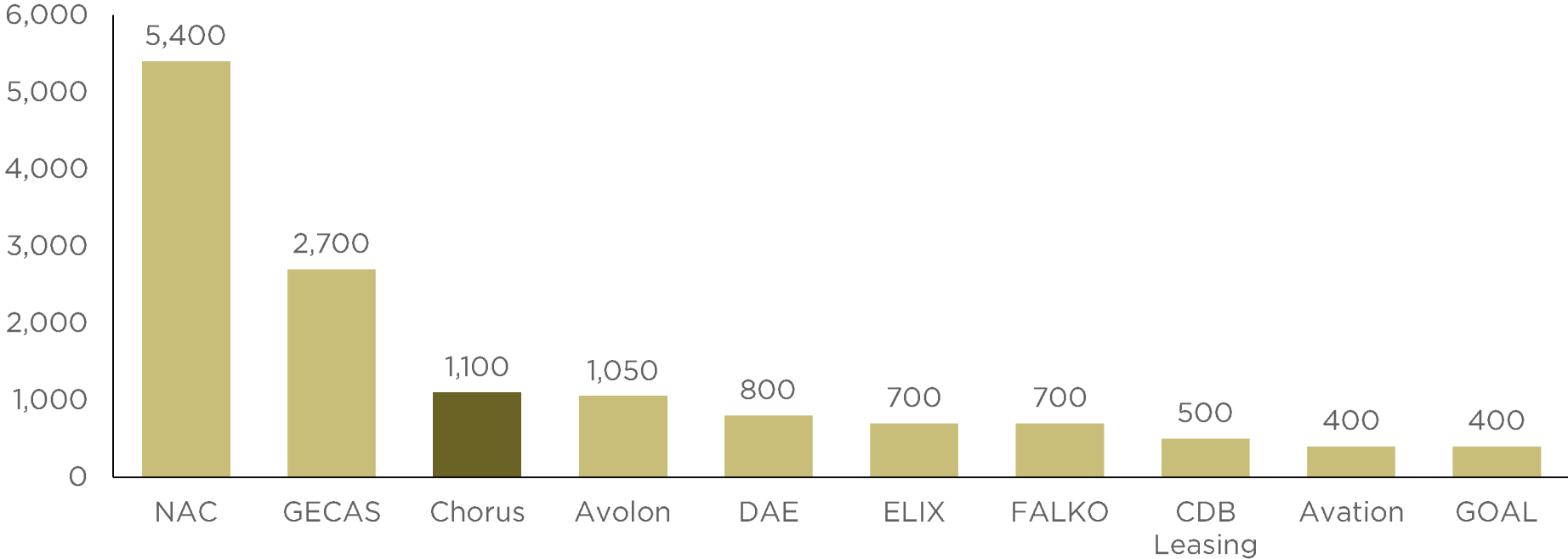
Ethiopian 2x Q400s

*Average age of aircraft ~3 years with average lease terms of ~7 years*

# CHORUS HAS BECOME A SIGNIFICANT PLAYER IN REGIONAL AIRCRAFT LEASING

Portfolio Value

(US\$ mm)



Source: 2017 Airline Business survey, CAC management estimates



# Contracted Flying Operations

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# AIR CANADA EXPRESS | Responsibilities

## Air Canada

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- Purchases capacity
- Manages routes
- Sets flight schedules
- Sets ticket pricing
- Conducts marketing
- Assumes commercial risk
- Retains revenue from passenger and cargo sales
- Pays Jazz for aircraft capacity

## Air Canada Express – operated by Jazz

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- Provides crews, airframe maintenance, flight operations, some airport operations, and general administration
- **Scope of operation**
  - ~680 daily flights
  - 74 destinations in North America
  - Fleet of 117 aircraft
- ~ 70% of Air Canada's regional seat capacity
- **Three types of flying missions**
  - Smaller markets with less demand
  - High density markets at off-peak times
  - Point-to-point services on lower density routes
- Safe, reliable and customer-friendly operation

# REVENUE GENERATION UNDER THE CPA

## Fixed Fees

- Minimum fleet established for term of CPA
- Fixed margin per covered aircraft
- Fixed infrastructure fee per covered aircraft
- Combined fixed fees minimum of \$111.6 million<sup>1</sup> until 2020



## Performance Incentives

- Achieving established targets:
  - Controllable on-time performance
  - Controllable flight completion
  - Passengers arriving with luggage
  - Customer service
- Maximum available annually until 2020: \$23.4 million<sup>1</sup>



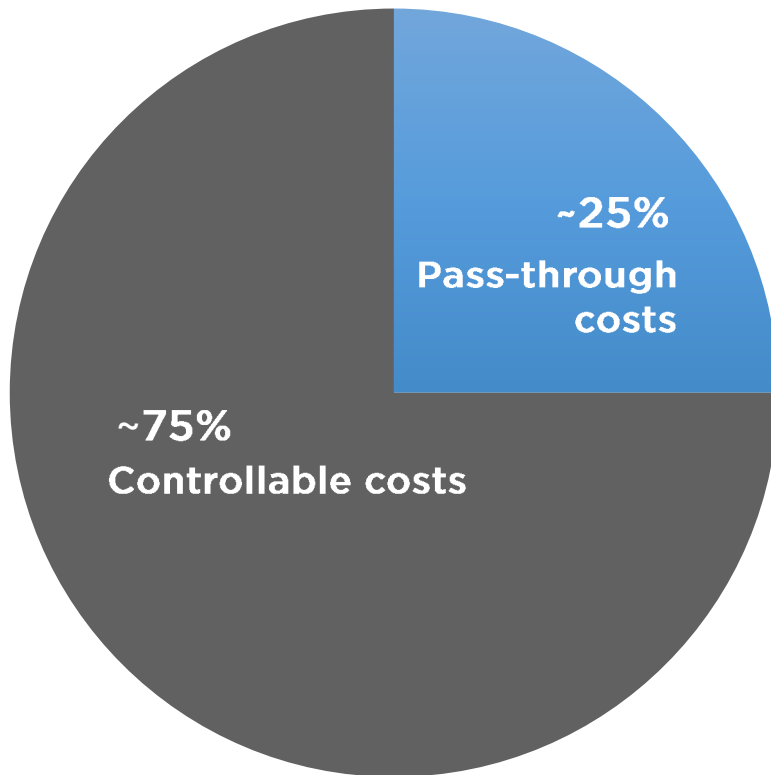
## Aircraft Leasing

- Chorus-owned Q400, 4 Dash 8-300, 5 CRJ900 aircraft leased into Jazz's Air Canada Express operation
- FY 2017 earned \$116.0 million in CPA leasing revenue on 5 CRJ900, 4 Dash 8-300, 34 Q400 aircraft and 5 Q400 engines
- Minimum of 19 Dash 8-300s to undergo extended service program and leased under the CPA

<sup>1</sup> Refer to slide 31 for outlook through 2025 and slide 2 - caution regarding forward-looking information

# COST MANAGEMENT UNDER THE CPA

## Controllable revenue (costs) and pass-through costs



### Controllable costs

- ✈ **Type of costs**
  - General overhead, salaries, wages and benefits
  - Depreciation and amortization on aircraft and parts
  - Aircraft maintenance
  - Materials and supplies
- ✈ **Rate setting**
  - Majority of costs, excluding crew rates, set annually, based on projected annual block hours, flying hours, cycles, passengers carried
  - Associated costs determined by Chorus and resulting rates mutually agreed upon with Air Canada
  - Annual rate setting decreases Chorus' risk profile and increases accuracy of rates
- ✈ **Crew rates**
  - Set for the term of the CPA and reflect projected crew unit costs
  - Underpinned by collective agreements set for same term as CPA
  - Can be adjusted based on certain criteria

### Pass-through costs

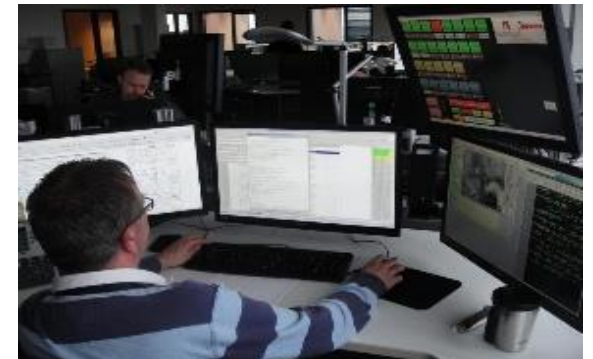
- 100% reimbursed
- Incurred by Chorus under the CPA
- Passed through to Air Canada and 100% reimbursed
- ✈ **Type of costs**
  - Airport fees
  - Navigational fees
  - Terminal handling fees
- ✈ **Exclusions**
  - Services provided by Air Canada at no cost to Chorus include:
    - Aircraft fuel
    - Air Canada ground handling



# JAZZ'S COMPETITIVENESS UNDER THE CPA

Focused on increasing market competitiveness and growing services provided to Air Canada through a differentiated fleet and service offering

- **Industry-leading collective agreements expire end of 2025**
  - Pilots, Flight Attendants, Maintenance, Dispatchers
  - Pilots' DB pension replaced by DC pension (new hires)
  - Agreements expire in 2025 providing strong labour stability and cost visibility
- **Ongoing Pilot Mobility Program with Air Canada**
  - Enables senior pilots to flow to Air Canada with replacement pilots hired at industry competitive rates - ~52% on new wage scale at Q4 2017
  - Over 400 pilots exited Jazz since January 2015; **Modernization of Jazz fleet**
  - Focused on larger, newer technology regional aircraft
  - Majority of fleet changes to be completed by 2020<sup>1</sup>
  - Lower cost per available seat mile
  - Increased network flexibility and competitiveness
  - Investing in Dash 8-300 Extended Service Program



<sup>1</sup> The information above includes forward-looking information (refer to slide 2 - "Caution regarding forward-looking information")

# VOYAGEUR AIRWAYS

- Fleet of 17 owned aircraft (15 Bombardier manufactured)
- **Contract flying services**
  - Flight and cabin crew
  - Maintenance personnel
  - On-site manager
- **Missions**
  - Medical, logistical and humanitarian
  - Other commercial contracts in Canada, Africa and Europe
- **Flight operations**
  - Voyageur's operating certificate
  - Transport Canada approved licences and personnel



# Maintenance, Repair and Overhaul (MRO) and Parts

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# MAINTENANCE, REPAIR AND OVERHAUL (MRO) AND PARTS



- Separate division under Jazz
- Authorized Service Facility for Bombardier Commercial Aircraft
- Stand alone profit centre
- Focused on traditional heavy maintenance on own and third-party operated Bombardier aircraft



- Operating in North Bay, ON
- 200,000 square foot facility
- Highly specialized and custom MRO and engineering, design for domestic & international clients



- Established in 2016
- Regional aircraft part sales and service



# LEASING SYNERGISTIC WITH CHORUS COMPANIES

## Our competitive differentiator



# CREATING VALUE THROUGH GROWTH AND DIVERSIFICATION

Strengthening Jazz's competitiveness

Growing aircraft leasing revenues inside/outside CPA

Pursuing growth opportunities for Voyager in MRO and parts

Advancing business diversification leveraging our regional aviation expertise



# CONTACT

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(902) 873-5094

# APPENDICES

- Regional aircraft leasing growth opportunity
- Private placement with Fairfax Financial
- Q4 and YE 2017 Income Statement
- Q4 and YE 2017 Balance Sheet
- CPA fleet modernization plan by type and year
- Jazz fact sheet
- 2017 Jazz industry recognition
- Voyageur fleet



# **Regional Aircraft Leasing Growth Opportunity**

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# Chorus Aviation Capital Executive Team

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**Steven Ridolfi**, President

- SVP, Strategic Investments, Mergers & Acquisitions, Chorus Aviation
- SVP, Strategy, Mergers and Acquisitions, Bombardier
- President, Business Aircraft, Bombardier
- President, Regional Aircraft, Bombardier



**J. Bruce Peddle**, Chief Operating Officer

- VP, Aircraft Leasing and Trading, Chorus Aviation
- VP, Marketing and Sales, Bombardier Flexjet;
- VP, Commercial, Embraer North America
- Managing Director, Embraer Asia Pacific.



**Cameron Moutenay**, Chief Financial Officer

- VP, Structured Finance, Bombardier
- VP, Finance and Contracts, Bombardier
- VP, Asset Management & Business Development, Bombardier



**Raymond Gorman**, Vice President, Finance and Accounting

- Financial Controller, External Reporting and Control, AWAS/DAE
- Audit Manager, Banking and Capital Markets, PricewaterhouseCoopers



**Prashant Mahajan**, Vice President, Lease Originations and Marketing

- Director of New Aircraft Sales, Bombardier
- Director of Pre-owned Aircraft Sales, Bombardier



**Anil Mohan**, Vice President, Legal

- Associate General Counsel, Chorus Aviation
- General Counsel, Halifax International Airport Authority
- Legal Counsel, I.M.P. Group International Inc.

# Chorus Aviation Capital Executive Team

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**Rory McQueen**, Vice President, Finance and Capital Markets

- VP, Capital Markets, Lease Corporation International (LCI)
- Head of Treasury, Vistajet
- Director, Structured Finance, Bombardier
- Director, Aircraft Finance, Bank of Scotland



**Jim Murphy**, Vice President, Transactions and Control

- Director, Corporate Development and Aircraft Programs, Chorus Aviation
- Manager, Business Development, Jazz Aviation LP
- Vice President, Commercial Operations, Provincial Airlines
- Manager, Aircraft Programs, Jazz Aviation LP



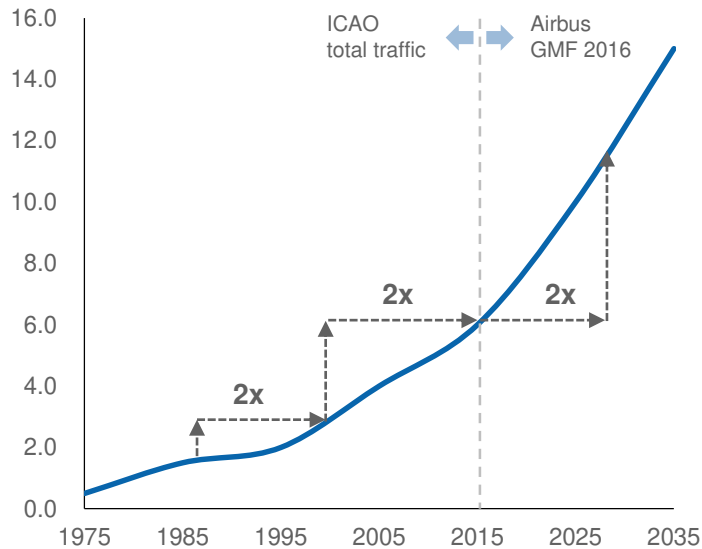
**Una Slevin**, Vice President, Head of Contracts

- Director, Finance and Operations, CIT Aerospace International
- European Treasury Manager, CIT Vendor Finance
- Financial Controller, Comcorp International
- Fixed Income Accountant, Credit Suisse First Boston, London, UK
- Management Accountant, CIBC, London, UK

# Aviation leasing is an attractive segment

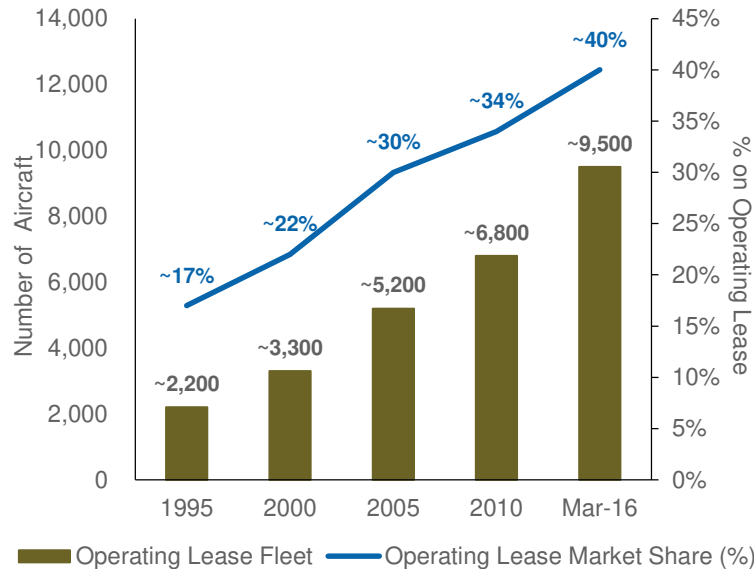
## Air Travel to Double in the Next 15 Years<sup>(1)</sup>

World annual traffic (trillion RPK)



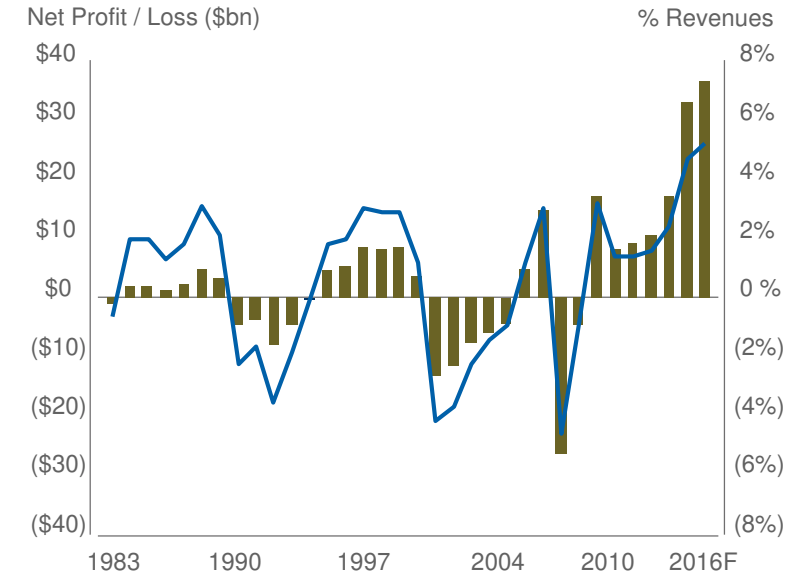
- Strong and resilient passenger traffic growth, with air volume growth having outperformed GDP growth by ~2.0x over the past 10 years<sup>(2)</sup>
- 20-year world annual traffic growth forecast of 4.5%<sup>(1)</sup>
- Supports strong growth in aircraft deliveries over the forecast horizon

## Increased Use of Operating Leases<sup>(3)</sup>



- Positive dynamics in aircraft leasing, driven by increase in global fleet and proportion of leased aircraft

## End Market / Airline Profitability has Recovered<sup>(4)</sup>

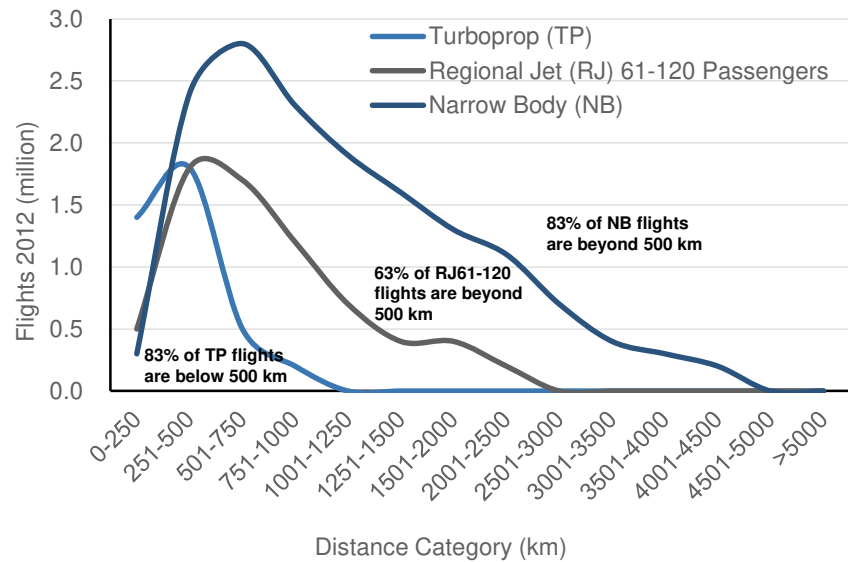


- Airlines have demonstrated increased profitability over recent years

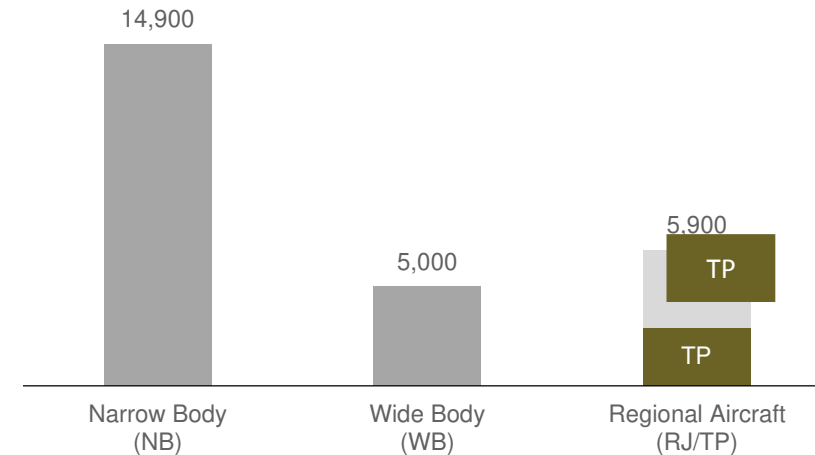
Sources: (1) Airbus Global Market Forecast (2016), (2) IATA, Oxford Economics, (3) CAPA Fleets, AVITAS Estimates, (4) ICAO (1983 - 2013) and IATA December 2015 (2014-15)  
The information above includes forward-looking information (refer to Slide 2 - "Caution regarding forward-looking information")

# Regional aircraft are fundamental to efficient air transport networks

Worldwide Flight Distribution By Aircraft Type<sup>(1)</sup>



Worldwide Distribution of Aircraft by Type<sup>(2)</sup>



- 50% of world passengers fly less than 500 miles
- 60% of the world's communities linked with regional aircraft

- Regional aircraft fleet is ~23% of total commercial fleet

# Regional aircraft leasing is not core for many commercial aircraft lessors

## Commercial Aircraft Leasing Focus

- Focus on larger aircraft allows for faster deployment of capital
- Core OEM relationships with Airbus and Boeing
- Core customer relationship with mainline airlines
- Regional aircraft portfolios are non-core and were often established to build scale during growth stages

**35+ Competitors**

Note: This is not a complete list of regional aircraft lessors (for illustrative purposes only).

### Non-Core Regional Presence

Transactions / Year: Approximately 1,500 aircraft; \$100bn  
Percent Leases: Approximately 40+%  
Comments: NB - Narrow body / WB - Wide body / Passenger Cargo

## Regional Aircraft Leasing Focus

- Smaller ticket size per aircraft
- Core OEM relationships with ATR, Bombardier and Embraer
- Core customer relationships with regional airlines
- Trading is less prevalent as leases / loans have been historically of longer duration

**Few Competitors**

Note: This is not a complete list of regional aircraft lessors (for illustrative purposes only).

Transactions / Year: Approximately 300 aircraft; \$10bn  
Percent Leases: Approximately 20% - 25%  
Comments: TP - Turboprops / RJ - Regional Jets / 61 - 120 seats

Source: Company websites, Airfleets, Chorus management estimates

# The Fairfax Investment

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- **\$200 million investment in Chorus** (200,000 convertible debt units at \$1,000/unit)
  - \$1,000 secured debenture
  - 121.21212121 warrants
- **Debentures**
  - Interest rate of 6.00% per annum
  - Secured by Dash 8-100 and Dash 8-300 aircraft, plus real estate; security released if Fairfax disposes of any of its debentures
  - Mature on December 31, 2024; redeemable at par any time after December 31, 2021
  - Customary repurchase obligations upon a change of control
- **Warrants**
  - Exercise price equal to \$8.25 per share
  - Exercisable after December 31, 2019 and in the event of a Chorus change of control
  - Subject to adjustment pursuant to anti-dilution provisions
- Chorus has issued all of the convertible debt units
- Fairfax ownership on a post-exercise basis expected to be ~16.2% based on current Chorus shares issued and outstanding
- Fairfax commits not to dispose of convertible debt units until after December 31, 2019
- Chorus to use proceeds of Fairfax investment primarily to fund its regional aircraft leasing business

The information above includes forward-looking information (refer to slide 2 - 'Caution regarding forward-looking information').

# REVENUE GENERATION UNDER THE CPA | Outlook

Revenue generation under the CPA (unaudited)  (expressed in millions of Canadian dollars)	For the calendar year ended December 31, 2015	For the twelve months ended December 31, 2016	Average for calendar years 2017-2020	Average for calendar years 2021-2025	(1) CPA revenue for 2016-2020 is not contingent upon fleet size while 2021-2025 has a portion adjusted downward as the remaining Dash 8 100 aircraft reach their retirement dates. The revenue amounts shown for 2015-2025 are not impacted by block hours flown and assume no material events of default or force majeure by either party to the CPA.
CPA Fixed Fee <sup>(1)</sup>	109.7	110.3	111.6	64.9	(2) There can be no assurance given that the 90% historical level of performance under the CPA Performance Incentives Earned will be achieved in the future.
CPA Performance Incentives – Earned <sup>(2)</sup>	21.7	21.7	TBD	TBD	
CPA Performance Incentives – Maximum available	23.3	23.6	23.4	12.2	
Total CPA Revenue Earned	131.4	132.0	TBD	TBD	(3) Aircraft Leasing contains forward-looking information based on certain assumptions and estimates including market lease rates post retirement of current 21 Q400 debt financing based on the fleet plan. These projections may differ from actuals numbers if there are material changes in any and all of these assumptions or estimates. Foreign exchange rates used in the calculation of aircraft leasing revenue under CPA were US\$:CAD\$ 1.31 and US\$:CAD\$ 1.25 for the years 2016 and 2017-2025, respectively.
<b>Total CPA Revenue Available</b>	<b>133.0</b>	<b>133.8</b>	<b>135.0</b>	<b>77.1</b>	
Aircraft Leasing Revenue Under CPA <sup>(3)</sup>	68.8	99.0	121.8	120.4	
Total CPA & Aircraft Leasing Revenue Earned under CPA	200.2	231.0	TBD	TBD	
<b>Total CPA &amp; Aircraft Leasing revenue available under CPA</b>	<b>201.8</b>	<b>232.8</b>	<b>256.7</b>	<b>197.5</b>	
# Aircraft Under Lease in CPA					
- Bombardier Q400	26	34	34	34	
- De Havilland Dash 8-300	—	—	13	19	
- CRJ 900	—	—	5	5	
- Engines	4	5	5	5	

The information above includes forward-looking information (refer to slide 2 - "Caution regarding forward-looking information")



# Jazz Fleet Modernization Plan

The Chorus fleet will transition to more efficient, larger aircraft with significant fleet simplification

- Jazz will transition to a mix of larger, newer technology regional jets (CRJ900s) and turboprops (Q400s)

Aircraft Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Q400	27	39	44	44	44	49	49	49	49	49	49
CRJ-200	16	13	10	10	10	0	0	0	0	0	0
CRJ-900	16	16	21	21	21	21	21	21	21	21	21
Total	59	68	75	75	75	70	70	70	70	70	70

- The addition of Q400s will replace older, less efficient Dash 8-100s that have a higher value in alternative uses

Aircraft Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dash 8-100	28	19	16	15	15	15	12	12	4	1	0
Dash 8-300	26	26	26	26	26	26	26	26	26	26	26
Total	54	45	42	41	41	41	38	38	30	27	26

The information above includes forward-looking information (refer to slide 2 - 'Caution regarding forward-looking information').

# Contracted Flying Operations | Summary

Long history in flying operations with strong industry relationships – competitive advantage



## Jazz Aviation

- Jazz is Air Canada's primary regional supplier, ~70% of their regional capacity
- Minimum of 96 aircraft under the CPA in 2025
- Larger Q400s and CRJ-900s decrease per-seat costs
- Air Canada's Q400 fleet consolidated into Jazz
- Chorus owns majority of CPA aircraft – unique in Canadian regional industry
- Provides Air Canada with flexibility to respond quickly and efficiently to change
- Solidify Air Canada's brand presence at 36 airports across Canada



## Voyageur Airways

- Voyageur provides specialized contracted flying services
- Flying ACMI missions around the world for over 12 years
- Blue-chip customers such as United Nations
- World-renowned reputation for superior safety standards and operational integrity
- Contracted services done with Canadian licenses, certification and designations

# Maintenance Repair and Overhaul (MRO) and Parts | Summary

## Jazz Technical Services (JTS)

- JTS provides opportunity to grow as separate profit centre
- New, industry-leading maintenance collective agreement
- Traditional heavy maintenance
- 24/7 operation enabling quick aircraft turnaround times
- Facility has capacity for additional work
- Authorized Service Facility for Bombardier Regional Aircraft
- Opportunity to generate incremental revenue and strengthen bottom line



## Voyageur Aerotech and Avparts






- Transport Canada, FAA and European Aviation Safety Agency approved
- Transport Canada certified Canadian Design Approval Organization
- Operating from a 200,000 square foot facility in North Bay, ON
- Supplemental Type Certificates for Dash 8-100/200/300s and Dash 7s
- Capability to conduct MRO work on all Bombardier regional aircraft
- Avparts division provides organic growth
- Avparts complements MRO divisions at Voyageur and Jazz



United Express® is a registered trade-mark of United Airlines, Inc.

# Jazz Fact Sheet

Corporate Fact Sheet	
Head office	Halifax
Regional offices	Vancouver Calgary Toronto Montreal Halifax (Operations Centre)
Destinations served	74 destinations across Canada and the U.S.
Number of employees	4,500 FTE employees
Daily flights operated	680 (approx., based on weekday operation)
Daily passengers carried	30,000 (based on weekday operation)
Annual passengers carried	Over 10 million (based on 2017 figures)

Aircraft type	Number	Capacity
 Bombardier Q400 NextGen	44	74
 Bombardier CRJ-900	21	75
 Bombardier CRJ-200	10	50
 Bombardier Dash 8-300	26	50
 Bombardier Dash 8-100	16	37

# Jazz Industry Recognition

- Canada’s Safest Employers 2017 – gold in the Transportation category
- Jazz received top Airline Reliability Performance Awards for dispatch reliability:
  - Q400 Aircraft Programs for North America
  - CRJ100/200 Aircraft Programs for North America
  - CRJ700/900/1000 Aircraft Programs for North America
- Recognized in 2016 as one of North America’s top five on-time performing regional airlines
- Canada’s Top Employers for Young People 2018, 2017-2014
- Canada’s Best Diversity Employers 2018, 2017-2012
- Atlantic Canada’s Top 25 Employers 2018, 2017-2012
- Nova Scotia’s Top 15 Employers 2018, 2017-2012
- APEX award for “Excellence in Publication” recognizing “Focus on Safety”



# Voyageur Fleet

Aircraft	Number	Aircraft Type
 Bombardier CRJ-200LR	7	Passenger charter
 Bombardier Dash 8-300	6	Passenger charter
 Bombardier Dash 8-100	2	Passenger charter
 Beechcraft King Air 200	2	Air ambulance

# Income Statement | Q4 and YE 2017

<b>For the years ended December 31, 2017 and 2016</b>		
(expressed in thousands of Canadian dollars, except earnings per share)		
	2017	2016
	\$	\$
<b>Operating revenue</b>		
Passenger	1,279,818	1,251,856
Other	75,323	24,998
	<b>1,355,141</b>	<b>1,276,854</b>
<b>Operating expenses</b>		
Salaries, wages and benefits	444,993	432,921
Aircraft fuel	2,642	3,122
Depreciation and amortization	103,244	81,334
Food, beverage and supplies	3,773	13,075
Aircraft maintenance materials, supplies and services	192,639	167,547
Airport and navigation fees	167,147	160,612
Aircraft rent	99,390	91,047
Terminal handling services	27,907	39,319
Other	141,713	136,399
	<b>1,183,448</b>	<b>1,125,376</b>
<b>Operating income</b>	<b>171,693</b>	<b>151,478</b>
Depreciation and amortization	103,244	81,334
Signing bonuses	-	5,500
Strategic advisory fees	-	3,786
Employee separation program	10,622	5,962
<b>Adjusted EBITDA</b>	<b>285,559</b>	<b>248,060</b>

# Income Statement | Q4 and YE 2017 (cont'd)

<b>For the years ended December 31, 2017 and 2016</b>		
<small>(expressed in thousands of Canadian dollars, except earnings per share)</small>		
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Non-operating income (expenses)</b>		
Interest revenue	2,246	578
Interest expense	(45,757)	(22,667)
(Loss) gain on disposal of property and equipment	(125)	394
Foreign exchange gain	53,886	14,331
Other	687	313
	10,937	(7,051)
<b>Income before income taxes</b>	<b>182,630</b>	<b>144,427</b>
<b>Income tax (expense) recovery</b>		
Current income tax	(1,589)	50
Deferred income tax	(14,694)	(32,711)
	(16,283)	(32,661)
<b>Net income</b>	<b>166,347</b>	<b>111,766</b>
<b>Earnings per share, basic</b>	<b>1.35</b>	<b>0.91</b>
<b>Earnings per share, diluted</b>	<b>1.32</b>	<b>0.89</b>



## Balance Sheet | Q4 and YE 2017 (cont'd)

	As at December 31,	
	2017	2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	71,249	23,491
Restricted cash	20,383	5,671
Accounts receivable - trade and other	77,397	75,058
Inventories	51,543	49,657
Prepaid expenses and deposits	12,920	10,591
Income tax receivable	2,268	4,602
<b>Total current assets</b>	235,760	169,070
<b>Property and equipment</b>	1,742,674	1,221,487
<b>Intangibles</b>	2,392	2,698
<b>Goodwill</b>	7,150	7,150
<b>Deferred income tax asset</b>	3,022	19,844
<b>Other long-term assets</b>	34,827	42,113
	2,025,825	1,462,362

## Balance Sheet | Q4 and YE 2017 (cont'd)

	As at December 31,	
	2017	2016
	\$	\$
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	216,197	173,656
Current portion of obligations under finance leases	2,762	5,099
Current portion of long-term incentive plan	5,844	6,567
Current portion of long-term debt	118,729	84,543
Current portion of consideration payable	4,387	12,626
Dividends payable	5,014	4,889
Income tax payable	-	2,743
<b>Total current liabilities</b>	<b>352,933</b>	<b>290,123</b>
<b>Obligations under finance leases</b>	<b>5,219</b>	<b>8,534</b>
<b>Long-term debt</b>	<b>996,080</b>	<b>803,954</b>
<b>Convertible units</b>	<b>193,540</b>	<b>-</b>
<b>Consideration payable</b>	<b>-</b>	<b>5,907</b>
<b>Deferred income tax liability</b>	<b>134,240</b>	<b>126,099</b>
<b>Other long-term liabilities</b>	<b>65,679</b>	<b>88,782</b>
	1,747,691	1,323,399
<b>Equity</b>	<b>278,134</b>	<b>138,963</b>
	2,025,825	1,462,362