



**chorus**  
aviation inc.



# Investor Presentation

November 2017



# CAUTION REGARDING FORWARD-LOOKING INFORMATION

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## 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 in this presentation, and is subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst 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 the actual results, performance or achievements to differ materially from those expressed in forward-looking statements. Factors that may cause results to differ materially from expectations in this presentation include, 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); 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 ('CPA') with Air Canada); 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; 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 of Chorus 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, currency exchange and interest rates; 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 Section 9 – Risk Factors in the third quarter 2017 MD&A and to the Annual Information Form dated February 15, 2017. The statements containing forward-looking information in this presentation represent Chorus' expectations as of November 13, 2017, 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: the outlook discussion on slide 8 "Revenue Generation under the CPA – Outlook"; the financing of and expectations for the aircraft leasing business on slide 15 "Regional Aircraft are a highly attractive leased asset"; discussion of Chorus Aviation Capital's prospects on slide 16 "Chorus Aviation Capital Corp"; "pending aircraft leasing transactions on slide 18 "Current Transactions"; the market opportunity in aircraft leasing on slide 19 "Key Strategies"; the projected growth of the air travel industry on slide 25 "Aviation Leasing is an Attractive Segment"; the discussion of the private placement on slide 28 "The Fairfax Investment"; and the fleet plan on slide 31 "Jazz Fleet Modernization Plan".

# CHORUS AT A GLANCE



TSX: CHR  
Ticker symbol

~ 124 million  
Outstanding shares <sup>(1)</sup>

~ \$1.2 billion  
Market capitalization <sup>(2)</sup>

~ \$1.3 billion  
Operating revenue - 2016

~ \$248 million  
Adjusted EBITDA, excluding  
other items - 2016

Consistently profitable  
since becoming  
publicly traded in 2006

Focused on building  
additional shareholder  
value

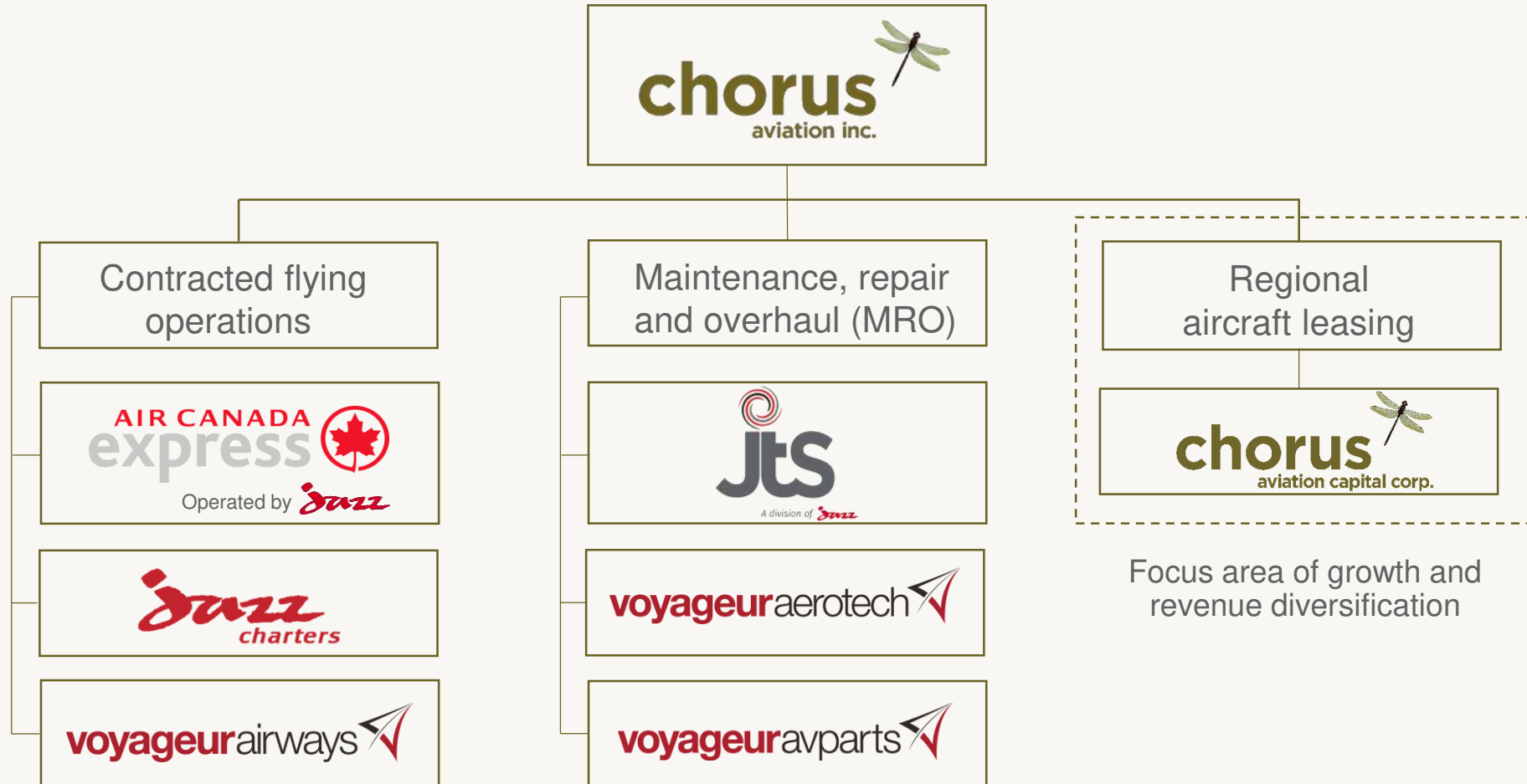
Current monthly  
dividend of  
\$0.04 per share

(1) Outstanding Chorus shares as of October 31, 2017 was 124,537,001.

(2) Calculated using closing price of Chorus shares of \$9.53 on the TSX on November 9, 2017.

# GROWTH STRATEGY – CHORUS LINES OF BUSINESS

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



# Contracted Flying Operations



# AIR CANADA EXPRESS - Responsibilities

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## 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
  - ~650 daily flights
  - 73 destinations in North America
  - Fleet of 117 aircraft
- ~ 70% of Air Canada's regional seat capacity
- Three types of 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, 5 CRJ900 aircraft leased into Jazz's Air Canada Express operation
- FY 2016 earned \$99.0 million in CPA leasing revenue on 34 Q400 aircraft and 5 Q400 engines

<sup>1</sup> Refer to next slide for outlook through 2025

# REVENUE GENERATION UNDER THE CPA - OUTLOOK

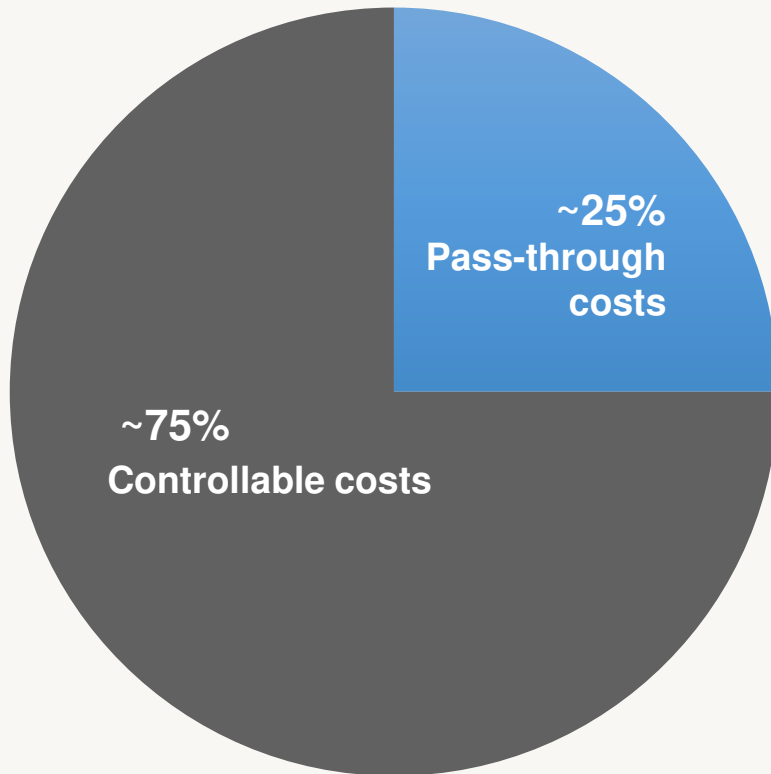
Revenue generation under the CPA (unaudited)  (expressed in millions of Canadian dollars)	For the calendar year ended December 31, 2015	For the twelve months ended December 31, 2016	Average for calendar years 2017-2020	Average for calendar years 2021-2025	
CPA Fixed Fee <sup>(1)</sup>	109.7	110.3	111.6	64.9	(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 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	(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.
<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	(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.
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”)



# 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

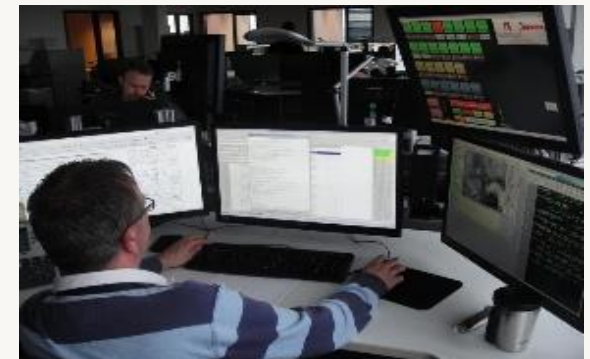
### Pass-through costs

- 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
  - 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
  - Lower cost per available seat mile
  - Increased network flexibility and competitiveness
  - Investing in Dash 8-300 Extended Service Program



# VOYAGEUR AIRWAYS

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- Fleet of 18 owned aircraft (16 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



# MAINTENANCE REPAIR AND OVERHAUL (MRO) AND PARTS



- Separate division under Jazz
- Stand alone profit centre
- Focused on traditional heavy maintenance on 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



# Regional Aircraft Leasing



# REGIONAL AIRCRAFT ARE 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 (1) Embraer Market Outlook 2016-2035; (2)OAG 2012

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

# CHORUS AVIATION CAPITAL CORP

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- 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
- Chorus Aviation Capital led by Steven Ridolfi
- 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').



# SOURCES OF SUPPLY FOR CACC TRANSACTIONS

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## 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 OEM for subsequent lease to airlines.

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

*The information above includes forward-looking information (refer to Slide 2 – "Caution regarding forward-looking information")*

# Current Transactions



Air Nostrum 4x CRJ1000s



Flybe 3x ATR72-600s



Virgin Australia 3x ATR72-600s



Falcon 3x Q400s



Azul 2x E195s



KLM 1x E190s



Aeromexico 1x E190s



Aeromexico 2x E190s

# KEY STRATEGIES

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## Young Modern Aircraft

- New technology, high demand, fuel efficient, liquid aircraft
- New sale leasebacks to cement airline relationships
- New skyline purchases, to achieve excellent pricing

## Diversified High Quality Customers

- Build geographical and product diversity
- High credit quality, lower risk airline customers
- Strong partnership philosophy “working together” with airlines

## Long-Term Leases

- Typically 5 to 10 years with thorough credit review
- Long-term leases provide significant visibility into future
- Aircraft costs are recovered over first lease

## Low Cost Capital

- Asset backed financing providing lowest possible costs
- Matched financing to term for risk hedge
- Capacity retained for opportunistic purchasing

## Highly Experienced Team

- Develop team with significant industry experience
- Relationships with over 100 airlines

# Leasing Synergistic with Chorus companies – competitive differentiator



# CREATING VALUE THROUGH GROWTH AND DIVERSIFICATION

Strengthening  
Jazz competitiveness



Growing aircraft  
leasing revenues  
inside/outside CPA



Pursuing growth  
opportunities for  
Voyageur in MRO and parts



Advancing business  
diversification leveraging  
our regional aviation expertise



# CONTACT

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# APPENDICES

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- Regional aircraft leasing growth opportunity
- Private placement with Fairfax Financial
- Q3 2017 Income Statement
- Q3 2017 Balance Sheet
- CPA fleet modernization plan by type and year
- Jazz fact sheet
- 2016 Jazz industry recognition
- Voyageur fleet

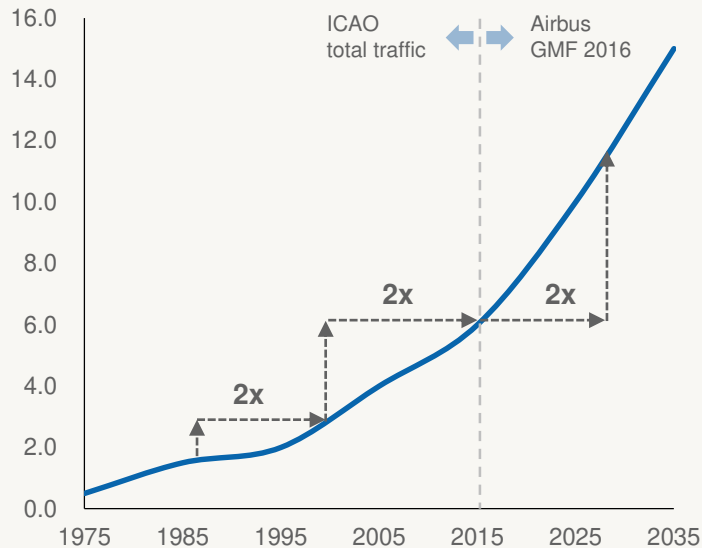
# **Regional Aircraft Leasing Growth Opportunity**



# AVIATION LEASING IS AN ATTRACTIVE SEGMENT

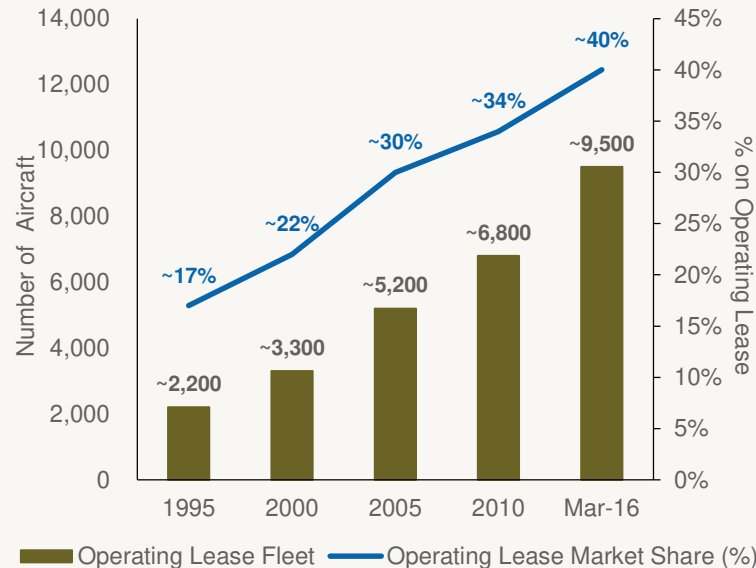
## Air Travel to Double in the Next 15 Years<sup>(1)</sup>

World annual traffic (trillion RPK)



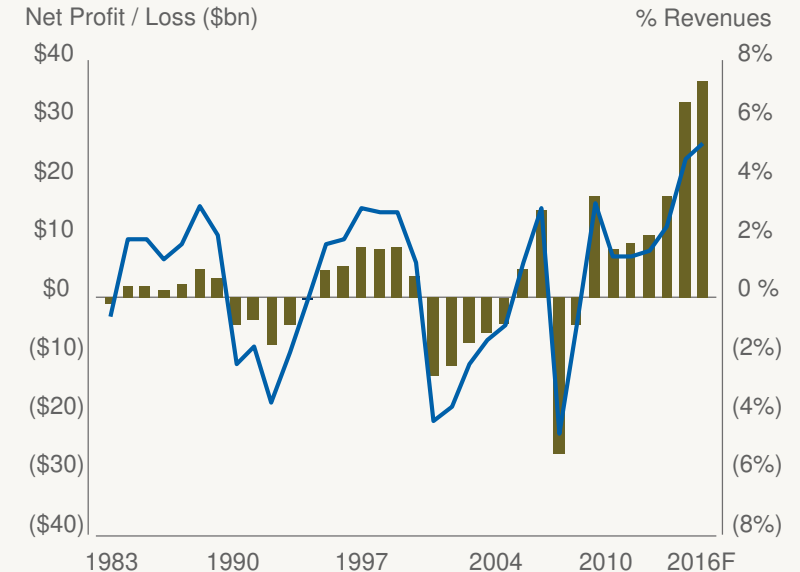
- Strong and resilient passenger traffic growth, with air volume growth having outperformed GDP growth by ~2.0x over the past 10 years<sup>(2)</sup>
- 20-year world annual traffic growth forecast of 4.5%<sup>(1)</sup>
- Supports strong growth in aircraft deliveries over the forecast horizon

## 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>

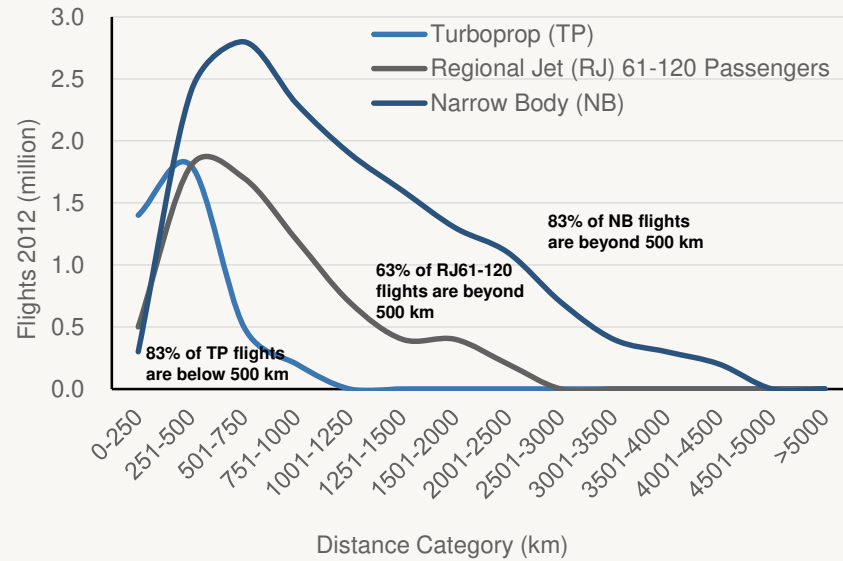


- Airlines have demonstrated increased profitability over recent years

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")

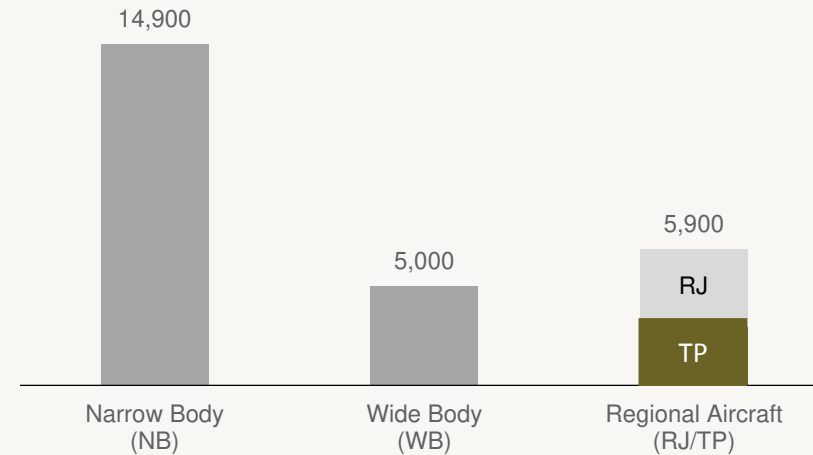
# REGIONAL AIRCRAFT ARE FUNDAMENTAL TO EFFICIENT AIR TRANSPORT NETWORKS

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



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

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



- 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 tenure

**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**

# 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 ~16.5% 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’).

The investment remains subject to satisfaction of certain closing conditions, including receipt of certain conditional listing approvals from the TSX. For more information, refer to Chorus’ Material Change Report dated December 22, 2016 and the documents filed in connection therewith available on SEDAR at [www.sedar.com](http://www.sedar.com).

# 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 with the objective to grow
- 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 on Bombardier regional aircraft
- 24/7 operation enabling quick aircraft turnaround times
- Facility has capacity for additional work
- **Contracts:** Five-year contract with another Air Canada Express partner for Heavy maintenance checks on 14 regional jets, cabin interior refurbishment of Dash 8-300 aircraft, two-year contract with CommutAir, a United Express® carrier.
- Air Georgian, CommutAir and D8-300 contracts reduce unit costs and improves cost competitiveness
- 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 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
<b>Total</b>	<b>59</b>	<b>68</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>






- 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
<b>Total</b>	<b>54</b>	<b>45</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>38</b>	<b>38</b>	<b>30</b>	<b>27</b>	<b>26</b>

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

# JAZZ FACT SHEET

Corporate Fact Sheet	
Head office:	Halifax
Regional offices:	Vancouver Calgary Toronto Montreal Halifax (Operations Centre)
Destinations served	73 destinations across Canada and the U.S.
Number of employees	4,500 FTE employees
Daily flights operated	650 (approx., based on weekday operation)
Daily passengers carried	30,000 (based on weekday operation)
Annual passengers carried	10.5 million (based on 2016 figures)

Aircraft type	Number	Capacity
 Bombardier Q400 NextGen	44	74
 Bombardier CRJ-705	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 2017
- Canada's Best Diversity Employers 2017
- Atlantic Canada's Top 25 Employers 2016
- Nova Scotia's Top 15 Employers 2016
- APEX award for "Excellence in Publication" recognizing "Focus on Safety"



# VOYAGEUR FLEET

Aircraft	Number	Aircraft Type
 Bombardier CRJ-200LR	8	Passenger charter
 Bombardier Dash 8-300	6	Passenger charter
 Bombardier Dash 8-100	2	Passenger charter
 De Havilland Dash 7	1	Passenger charter
 Beechcraft King Air 200	2	Air ambulance

# INCOME STATEMENT – Q3 2017

(expressed in thousands of Canadian dollars, except earnings per share)	Three months ended September		Nine months ended September	
	30,		30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Operating revenue</b>				
Passenger	325,163	325,180	951,349	943,185
Other	19,469	5,917	47,235	18,566
	344,632	331,097	998,584	961,751
<b>Operating expenses</b>				
Salaries, wages and benefits	108,756	103,643	334,522	326,227
Aircraft fuel	761	878	2,039	2,499
Depreciation and amortization	27,149	21,253	71,747	59,747
Food, beverage and supplies	136	3,526	3,602	9,429
Aircraft maintenance materials, supplies and services	44,073	46,608	134,561	136,621
Airport and navigation fees	45,995	43,204	127,962	121,726
Aircraft rent	23,980	22,523	75,711	68,326
Terminal handling services	5,936	9,165	21,719	28,677
Other	32,167	31,755	104,830	98,761
<b>Operating income</b>	288,953	282,555	876,693	852,013

# INCOME STATEMENT – Q3 2017 (cont'd)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
(expressed in thousands of Canadian dollars, except earnings per share)	\$	\$	\$	\$
<b>Non-operating income (expenses)</b>				
Interest revenue	651	167	1,343	408
Interest expense	(12,283)	(5,863)	(31,513)	(16,398)
Gain (loss) on disposal of property and equipment	3	8	(184)	378
Foreign exchange gain (loss)	31,837	(10,782)	61,844	29,780
Other	-	-	687	313
	20,208	(16,470)	32,177	14,481
<b>Income before income taxes</b>	<b>75,887</b>	<b>32,072</b>	<b>154,068</b>	<b>124,219</b>
<b>Income tax (expense) recovery</b>				
Current income tax	(188)	(4,719)	(1,275)	(8,150)
Deferred income tax	3,366	(7,298)	(6,190)	(16,959)
	3,178	(12,017)	(7,465)	(25,109)
<b>Net income</b>	<b>79,065</b>	<b>20,055</b>	<b>146,603</b>	<b>99,110</b>
<b>Earnings per share, basic</b>	<b>0.64</b>	<b>0.16</b>	<b>1.19</b>	<b>0.81</b>
<b>Earnings per share, diluted</b>	<b>0.62</b>	<b>0.16</b>	<b>1.17</b>	<b>0.79</b>

# BALANCE SHEET – Q3 2017

	As at	
	30-Sep-17	31-Dec-16
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	148,730	23,491
Restricted cash	7,712	5,671
Accounts receivable – trade and other	71,935	75,058
Inventories	54,113	49,657
Prepaid expenses and deposits	15,671	10,591
Income tax receivable	2,373	4,602
<b>Total current assets</b>	<b>300,534</b>	<b>169,070</b>
<b>Property and equipment</b>	<b>1,639,194</b>	<b>1,221,487</b>
<b>Intangibles</b>	<b>2,469</b>	<b>2,698</b>
<b>Goodwill</b>	<b>7,150</b>	<b>7,150</b>
<b>Deferred income tax asset</b>	<b>4,450</b>	<b>19,844</b>
<b>Other long-term assets</b>	<b>50,316</b>	<b>42,113</b>
	<b>2,004,113</b>	<b>1,462,362</b>

## BALANCE SHEET – Q3 2017 (cont'd)

	As at	
	30-Sep-17	31-Dec-16
	\$	\$
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	209,159	173,656
Unearned revenue	36,767	5,099
Current portion of obligations under finance leases	2,996	
Current portion of long-term incentive plan	4,972	6,567
Current portion of long-term debt	113,072	84,543
Current portion of consideration payable	4,349	12,626
Dividends payable	4,979	4,889
Income tax payable	695	2,743
<b>Total current liabilities</b>	<b>376,989</b>	<b>290,123</b>
<b>Obligations under finance leases</b>	<b>5,881</b>	<b>8,534</b>
<b>Long-term debt</b>	<b>965,917</b>	<b>803,954</b>
<b>Convertible units</b>	<b>193,359</b>	<b>-</b>
<b>Consideration payable</b>	<b>-</b>	<b>5,907</b>
<b>Deferred income tax liability</b>	<b>119,790</b>	<b>126,099</b>
<b>Other long-term liabilities</b>	<b>87,106</b>	<b>88,782</b>
	1,749,042	1,323,399
<b>Equity</b>	<b>255,071</b>	<b>138,963</b>
	2,004,113	1,462,362