Air Canada – Investor Overview

First Quarter 2024

May 2, 2024

Caution Regarding Forward-Looking Information

Air Canada's public communications may include 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, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic conditions as well as geopolitical conditions such as the military conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, Air Canada's dependence on technology, cybersecurity risks, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), employee and labour relations and costs, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay its indebtedness and maintain or increase liquidity, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star Alliance® and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.com and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2023 MD&A dated February 16, 2024 and section 14 "Risk Factors" of Air Canada's Q1 2024 MD&A dated May 2, 2024.

Air Canada has and continues to establish targets, make commitments and assess the impact regarding climate change, and related initiatives, plans and proposals that Air Canada and other stakeholders (including government, regulatory and other bodies) are pursuing in relation to climate change and carbon emissions. The achievement of our commitments and targets depends on many factors, including the combined actions of governments, industry, suppliers and other stakeholders and actors, as well as the development and implementation of new technologies. In particular, our 2030 and 2050 carbon emission related targets are ambitious, and heavily dependent on new technologies, renewable energies and the availability of a sufficient supply of sustainable aviation fuels (SAF) which continues to present serious challenges. In addition, Air Canada has incurred, and expects to continue to incur, costs to achieve its goal of net-zero carbon emissions and to comply with environmental sustainability legislation and regulation and other standards and accords. The precise nature of future binding or non-binding legislation, regulation, standards and accords, on which local and international stakeholders are increasingly focusing, cannot be predicted with any degree of certainty, nor can their financial, operational or other impact. There can be no assurance of the extent to which any of our climate goals will be achieved or that any future investments that we make in furtherance of achieving our climate goals will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. Moreover, future events could lead Air Canada to prioritize other nearer-term interests over progressing toward our current climate goals based on business strategy, economic, regulatory and social factors, and potential pressure from investors, activist groups or other stakeholders. If we are unable to meet or properly report on our progress toward achieving our climate change goals and commitments, we could face adverse publicity and reactions from investors, customers, advocacy groups or other stakeholders, which could result in reputational harm or other adverse effects to Air Canada.

The forward-looking statements contained or incorporated by reference in this presentation represent Air Canada's expectations as of the date of this presentation (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.

Air Canada's corporate strategy framework

Fund Our Future.

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

Reach New Frontiers.

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

Elevate Our Customers.

We rise higher by becoming our customers' favourite choice.

Lift Each Other Up.

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

RiseHigher

Fund Our Future

Maintain prudent **financial management**, **cost control** and a **strong financial position**

Drive competitive advantage and business growth through **innovation and execution**

Align **investments** with Air Canada's mission and strategic priorities

2024 guidance (1)

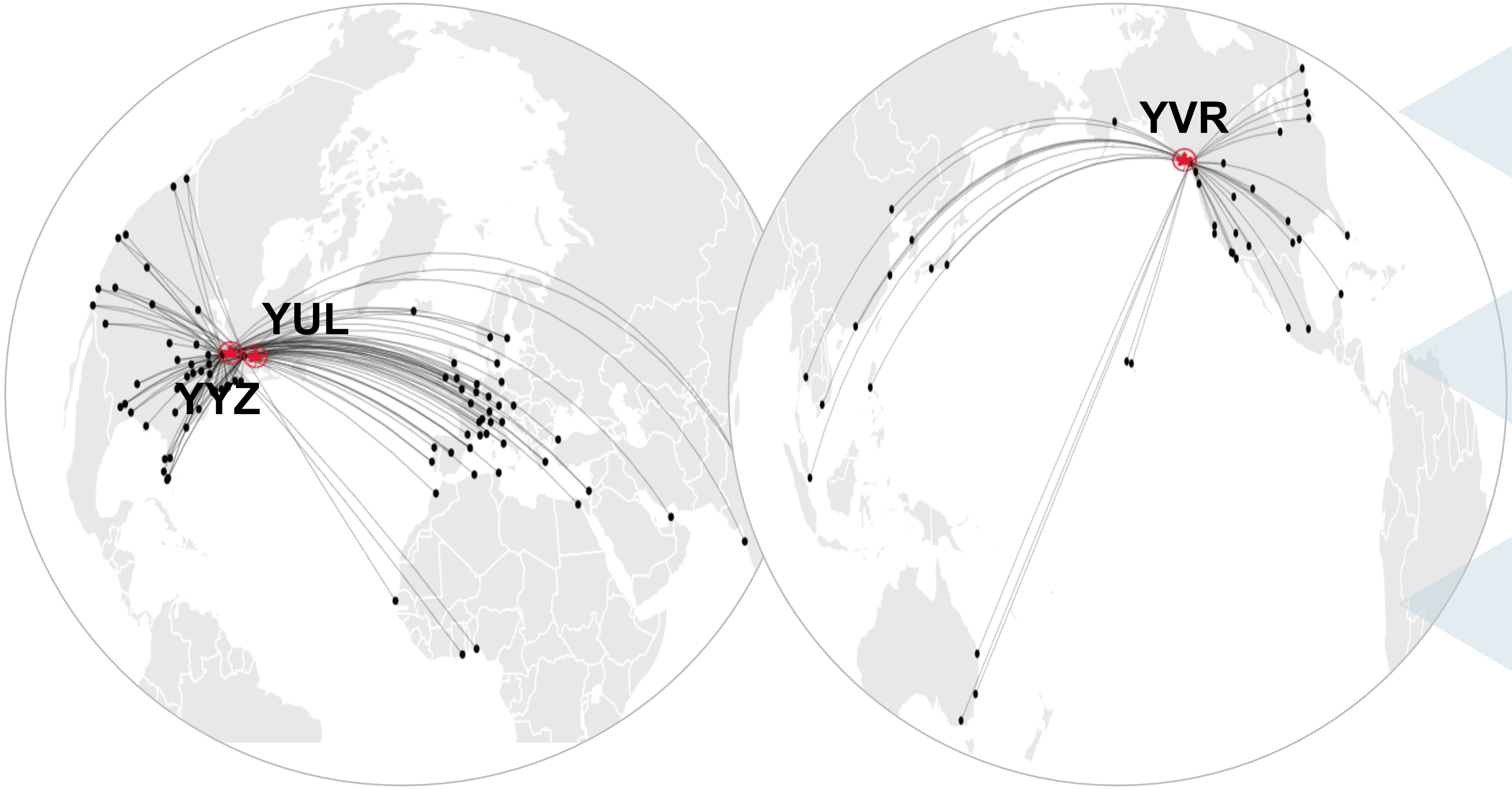
Capacity	Adjusted CASM (2)	Adjusted EBITDA (2)
Up between 6% and 8% from 2023	Up between 2.5% and 4.5% from 2023	Between $3.7B and $4.2B

(1) As communicated in Air Canada's news release dated May 2, 2024. This guidance assumes the following for the year 2024: moderate Canadian GDP growth, that the Canadian dollar will trade, on average, at C$1.35 per U.S. dollar and that the price of jet fuel will average C$1.03 per litre.

(2) Adjusted EBITDA is a non-GAAP financial measures. Adjusted CASM is a non-GAAP ratio. These measures and ratios are not recognized for financial statement presentation under GAAP, do not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. Please refer to the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.

Reach new frontiers

Air Canada is uniquely positioned for growth with its three geographically strategic hubs

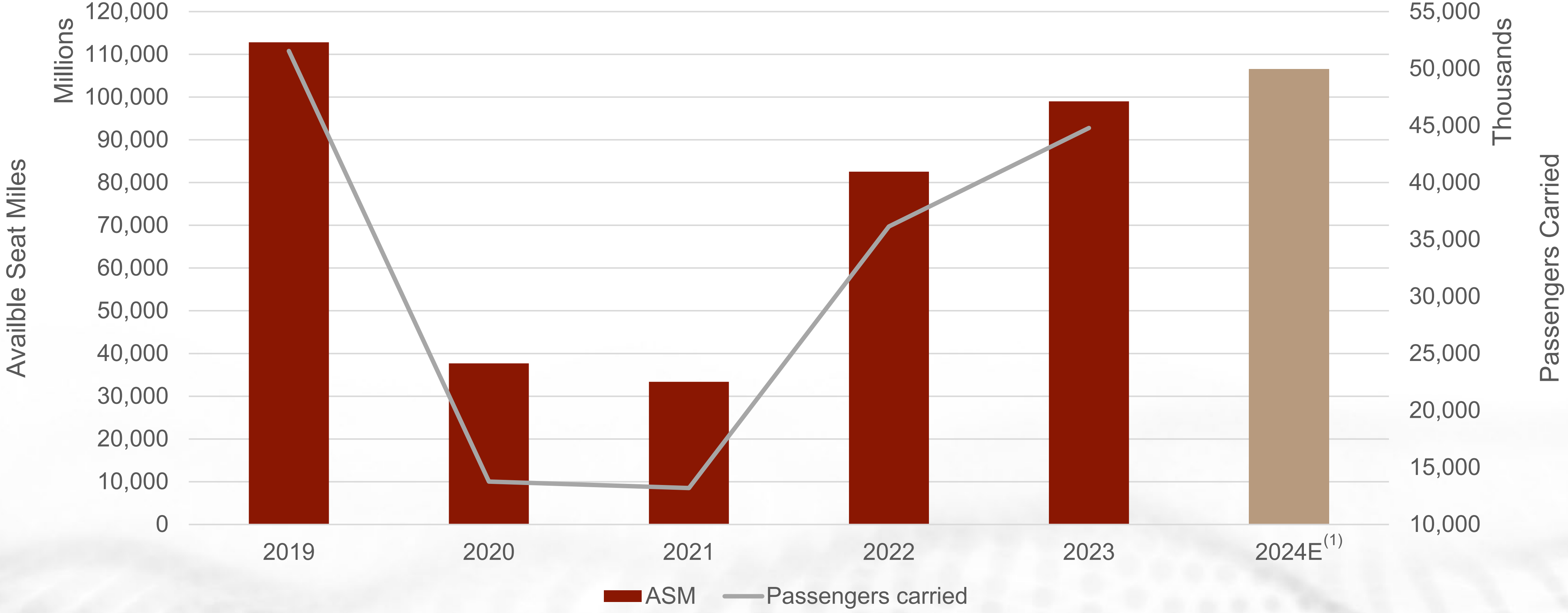


Growing local population with high travel propensity

Multicultural country and immigration

6th freedom traffic

Recovery well underway



(1) 2024 ASM estimate based on the mid-point of Air Canada's 2024 full year capacity guidance.

Best commercial foundations in our history

Canadian global hubs

Strong global network

6th freedom traffic

Leisure efficient tool

AC Cargo

AIR CANADA VACATIONS

In-house margin expansion

ECX

Service excellence

Modern and efficient fleet

Strong partnerships

AC Express

Superior revenue management practices

AEROPLAN

Best-in-class loyalty program

Transformed channels and digital

World Airline Awards Winner SKYTRAX 2023

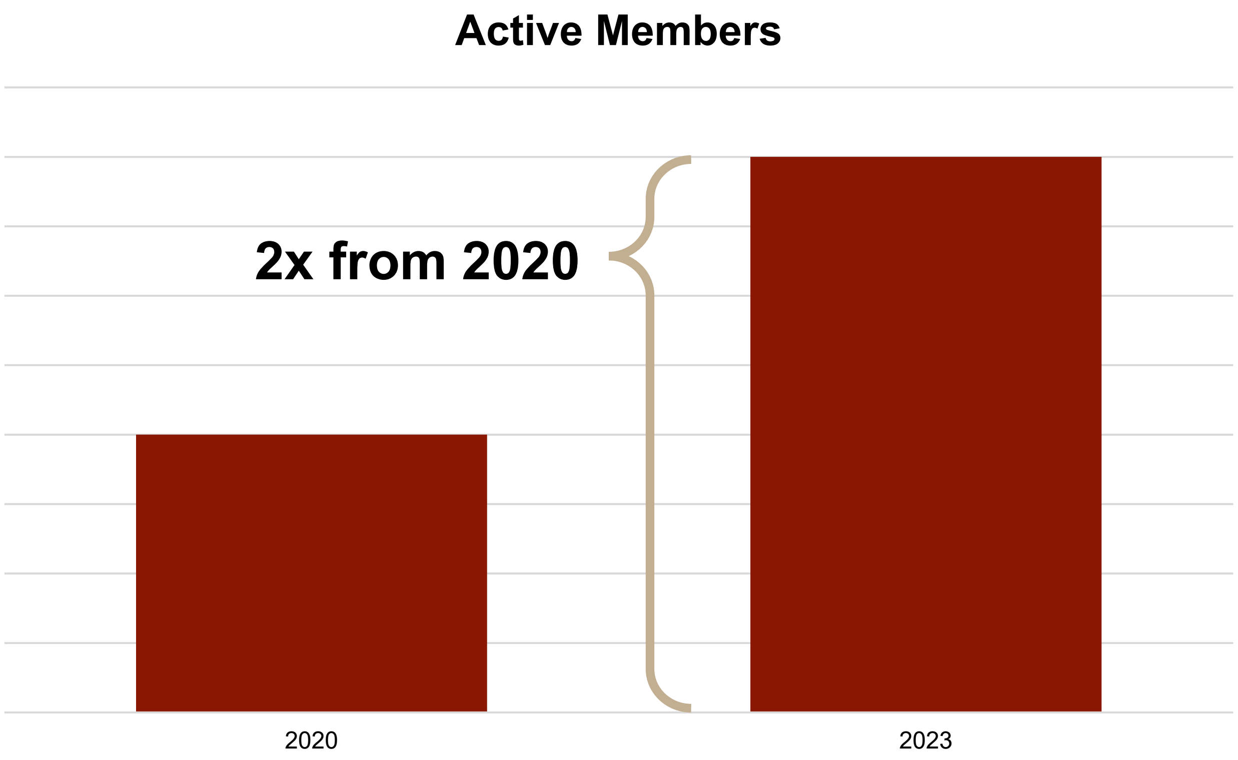
World's Most Family Friendly Airline

Competitive passenger product

Sustainability focus

Aeroplan – Canada's premier travel loyalty program

Aeroplan active members doubled from 2020



- Expanded partnership portfolio with leading Canadian and global brands

- Recognized with several prestigious awards

ECX

Elevate our customers

Improve every aspect of the customer experience

- Supported by technology
- Employee culture
- Process change
- Training
- Approach to leadership

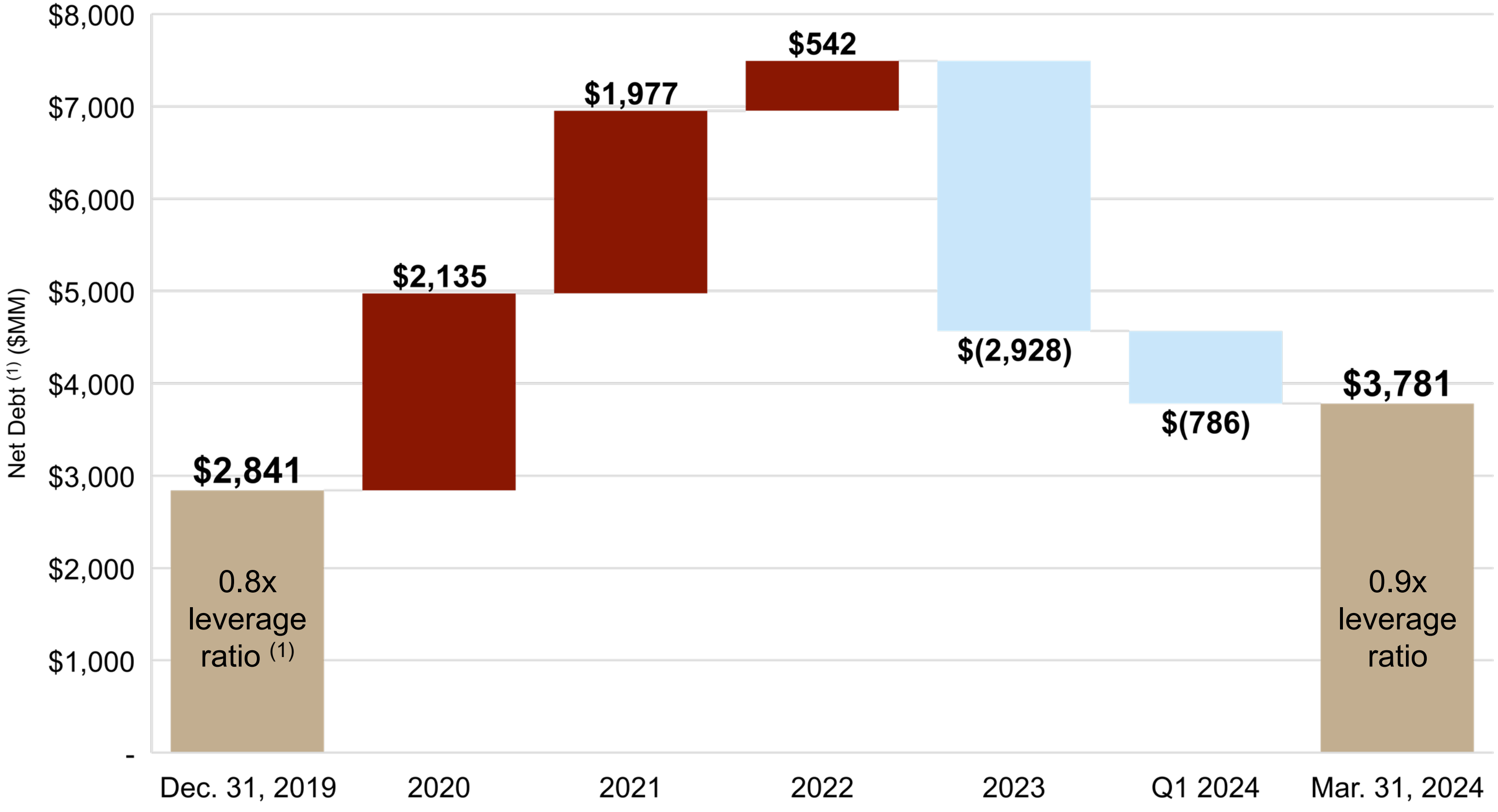
First Quarter 2024 Highlights

OPERATING REVENUES	ADJUSTED EBITDA	ADJUSTED CASM	CASH FROM OPERATIONS	FCF (1)
$5.2B +7% YoY on 11% increase in operated capacity	**$453M** +$42M YoY	**14.76 ¢** 1.6% higher YoY	**$1.6B** +$155M YoY	**$1.1B** +$69M YoY

(1) Free cash flow (FCF) is a non-GAAP financial measure, is not recognized for financial statement presentation under GAAP, does not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. Please refer to the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.

Focus on deleveraging

Disciplined Cash Allocation



- Focused on strengthening balance sheet
- Reduced net debt by nearly a half since end of 2022
- Leverage ratio of 0.9x as at March 31, 2024

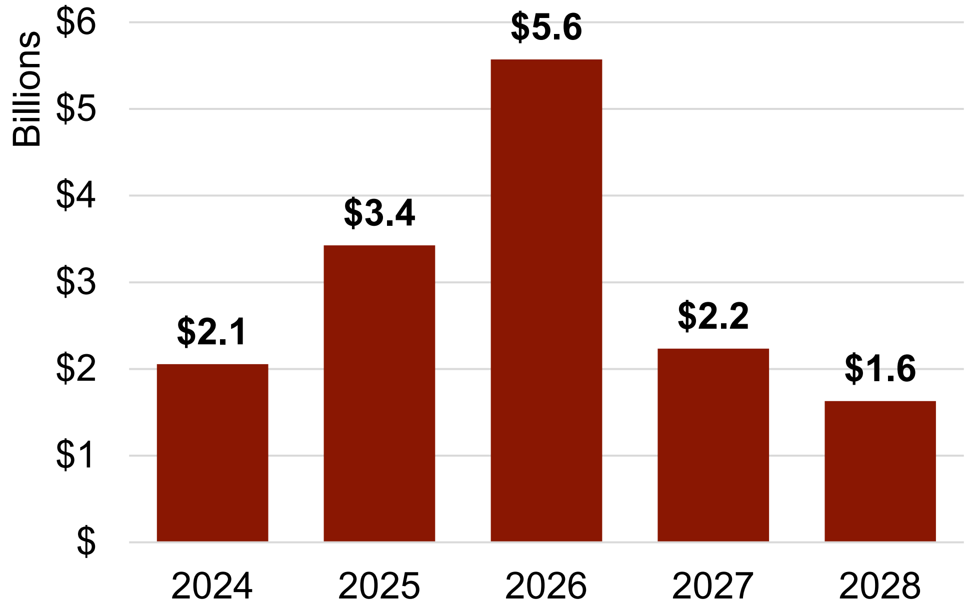
(1) Net debt is a capital management measure and a key component of the capital managed by Air Canada and provides management with a measure of its net indebtedness. Net debt to adjusted EBITDA ratio (also referred to as "leverage ratio" in this presentation) is a non-GAAP financial ratio and is used by Air Canada to measure financial leverage. These measures and ratios are not recognized for financial statement presentation under GAAP, do not have a standardized meaning, may not be comparable to similar measures presented by other entities, and should not be considered a substitute for, or superior to, GAAP results. Please refer the Non-GAAP Financial Measures section of this presentation for further information and for a reconciliation to the most comparable GAAP measure.

Strong and resilient balance sheet

TOTAL LIQUIDITY	DELEVERAGE	NET DEBT	LEVERAGE RATIO
$10.0B At March 31, 2024	**~$1.5B** Paid down senior secured debt (US$1.1B) in March 2024	**$3.8B** At March 31, 2024 Improved $786M from Dec. 31, 2023	**0.9x** March 31, 2024 improved from **1.1x** Dec. 31, 2023 and **5.1x** as at Dec. 31, 2022

Investing in modern fleet

Total projected expenditures (1)



(1) Includes committed expenditures and planned but uncommitted expenditures and capitalized maintenance.

Incoming Aircraft				
	2024	**2025**	**2026-2029**	**Total**
Boeing 787-9	1	0	0	**1**
Boeing 787-10	0	1	17	**18**
Airbus A330-300	2	0	0	**2**
Boeing 737 MAX (2)	0	5	0	**5**
Airbus A321XLR	0	3	27	**30**
Airbus A220	2	8	17	**27**
Total	**5**	**17**	**61**	**83**

- 80+ aircraft in next five years
- Strategic investments in more efficient wide- and narrow-body aircraft

(2) Air Canada is in the process of arranging lease agreements for some additional Boeing 737 MAX 8 aircraft that would be scheduled for delivery in 2024 and enter service in 2025, upon completion of reconfiguration. These aircraft are not included in the table above.

Lift each other up – Foster a collaborative a workplace

Key industry awards

- ✓ 2024 APEX Five Star Global Airline Award
- ✓ Skytrax World Airline Awards
  - ✓ Best Airline in Canada
  - ✓ Best Airline Staff in Canada
  - ✓ Best Low-Cost Airline in Canada (Air Canada Rouge)
- ✓ Favourite Airline in North America from the Trazee Awards (fifth consecutive year)
- ✓ Air Canada Cargo Named 2024 ATW Cargo Operator of the Year

Award-winning employer

- ✓ One of Canada's Best Employers by Forbes for Eighth Consecutive Year
- ✓ Air Canada Named One of Montréal's Top Employers for the 11th Consecutive Year
- ✓ Outstanding Commitment to Employment Equity Award and the Sector Distinction Award as part of the Employment Equity Achievement Awards
- ✓ Top 10 Diversity and Culture Impact Leaders Award

ESG

- Climate Action Plan
- Environmental programs
- Social programs
  - Diversity, equity and inclusion
  - Health and wellness
  - Supported by community investments

Strong Value Creation

- Solid results in first quarter 2024, on track to deliver on 2024 guidance
- Expecting to generate solid free cash flow in 2024
- Powerful network, hub strategy, fleet investments and brand strength being deployed for growth
- Balance sheet strength and resilience are the financial bedrock of the airline
- Proven ability to execute

Air Canada is an exceptional Canadian brand with a strong culture and great assets

Thank you

aircanada.com

Appendix

Glossary

Aeroplan – Refers to Aeroplan Inc. or the Aeroplan program.

Available seat miles or ASMs – Refers to a measure of passenger capacity calculated by multiplying the total number of seats available for passengers by the miles flown.

Average stage length – Refers to the average mile per departure seat and is calculated by dividing total ASMs by total seats dispatched.

CASM – Refers to operating expense per ASM.

Passenger load factor – Refers to a measure of passenger capacity utilization derived by expressing Revenue Passenger Miles as a percentage of ASMs.

Passenger revenue per available seat mile or PRASM – Refers to average passenger revenue per ASM.

Revenue passenger carried – Refers to the International Air Transport Association's definition of passenger carried whereby passengers are counted on a flight number basis rather than by journey/itinerary or by leg.

Revenue passenger miles or RPMs – Refers to a measure of passenger traffic calculated by multiplying the total number of revenue passengers carried by the miles they are carried.

Seats dispatched – Refers to the number of seats on non-stop flights. A non-stop flight refers to a single takeoff and landing.

Yield – Refers to average passenger revenue per RPM.

Non-GAAP Financial Measures

Below is a description of certain non-GAAP financial measures and ratios used by Air Canada to provide readers with additional information on its financial and operating performance. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results.

Air Canada excludes the effect of impairment of assets, if any, when calculating adjusted CASM, adjusted EBITDA, adjusted EBITDA margin, adjusted pre-tax income (loss) and adjusted net income (loss) as it may distort the analysis of certain business trends and render comparative analysis across periods or to other airlines less meaningful. Air Canada did not record charges for impairment of assets in the first quarter of 2024 or in the first quarter of 2023.

Non-GAAP Financial Measures (Cont'd)

Adjusted Cost per Available Seat Mile

Air Canada uses adjusted CASM to assess the operating and cost performance of its ongoing airline business without the effects of aircraft fuel expense, the cost of ground packages at Air Canada Vacations and freighter costs as these items may distort the analysis of certain business trends and render comparative analysis across periods less meaningful, and their exclusion generally allows for a more meaningful analysis of Air Canada's operating expense performance and a more meaningful comparison to that of other airlines.

In calculating adjusted CASM, aircraft fuel expense is excluded from operating expense results as it fluctuates widely depending on many factors, including international market conditions, geopolitical events, jet fuel refining costs and Canada/U.S. currency exchange rates. Air Canada also incurs expenses related to ground packages at Air Canada Vacations, which some airlines, without comparable tour operator businesses, may not incur. In addition, these costs do not generate ASMs and therefore excluding these costs from operating expense results provides for a more meaningful comparison across periods when such costs may vary.
Air Canada also incurs expenses related to the operation of freighter aircraft, which some airlines, without comparable cargo businesses, may not incur. Air Canada had eight Boeing 767 dedicated freighter aircraft in its operating fleet as at March 31, 2024, compared to seven Boeing 767 dedicated freighter aircraft in service as at December 31, 2023. These costs do not generate ASMs and therefore excluding these costs from operating expense results provides for a more meaningful comparison of the passenger airline business across periods.

Adjusted CASM is reconciled to GAAP operating expense as follows:

(in millions, except where indicated)		First Quarter 2024		First Quarter 2023		Change
Operating expense – GAAP	$	5,215	$	4,904	$	311
Adjusted for:						
Aircraft fuel		(1,254)		(1,375)		121
Ground package costs		(335)		(318)		(17)
Freighter costs (excluding fuel)		(35)		(31)		(4)
Operating expense, adjusted for the above-noted items	**$**	**3,591**	**$**	**3,180**	**$**	**411**
ASMs (millions)		**24,337**		**21,907**		**11.1%**
Adjusted CASM (cents)	**¢**	**14.76**	**¢**	**14.52**	**¢**	**0.24**

Non-GAAP Financial Measures (Cont’d)

EBITDA and Adjusted EBITDA

Adjusted 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.

Adjusted EBITDA margin (adjusted EBITDA as a percentage of operating revenues) is commonly used in the airline industry and is used by Air Canada as a means to measure the operating margin before interest, taxes, depreciation and amortization as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

Adjusted EBITDA and adjusted EBITDA margin are reconciled to GAAP operating income (loss) as follows:

(in millions, except where indicated)	First Quarter 2024		First Quarter 2023		Change	
Operating income (loss) – GAAP	$	11	$	(17)	$	28
Add back:						
Depreciation and amortization		442		428		14
Adjusted EBITDA	**$**	**453**	**$**	**411**	**$**	**42**
Operating revenues	**$**	**5,226**	**$**	**4,887**	**$**	**339**
Operating margin (%)		**0.2**		**(0.3)**		**0.5 pp**
Adjusted EBITDA margin (%)		**8.7**		**8.4**		**0.3 pp**

Non-GAAP Financial Measures (Cont'd)

Free Cash Flow

Air Canada uses free cash flow as an indicator of the financial strength and performance of its business, indicating the amount of cash Air Canada can generate from operations and after capital expenditures. Free cash flow is calculated as net cash flows from operating activities minus additions to property, equipment, and intangible assets, and is net of proceeds from sale and leaseback transactions.

The table below reconciles free cash flow to net cash flows from (used in) operating activities for the periods indicated.

(in millions)	First Quarter 2024		First Quarter		$ Change	
Net cash flows from operating activities	**$**	**1,592**	**$**	**1,437**	**$**	**155**
Additions to property, equipment, and intangible assets		(536)		(450)		(86)
Free cash flow	**$**	**1,056**	**$**	**987**	**$**	**69**

Non-GAAP Financial Measures (Cont’d)

Net Debt

Net debt is a capital management measure and a key component of the capital managed by Air Canada and provides management with a measure of its net indebtedness.

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

Net debt to trailing 12-month adjusted EBITDA ratio (also referred to as “leverage ratio”) is commonly used in the airline industry and is used by Air Canada as a means to measure financial leverage. Leverage ratio is calculated by dividing net debt by trailing 12-month adjusted EBITDA.

The table below reconciles leverage ratio to Air Canada’s debt net balances as at the dates indicated.

(in millions, except where indicated)		**March 31, 2024**		**December 31, 2023**		**Change**
Total long-term debt and lease liabilities	$	11,248	$	12,996	$	(1,748)
Current portion of long-term debt and lease liabilities		1,214		866		348
Total long-term debt and lease liabilities (including current portion)		**12,462**		**13,862**		**(1,400)**
Less cash, cash equivalents and short- and long-term investments		(8,681)		(9,295)		614
Net debt	**$**	**3,781**	**$**	**4,567**	**$**	**(786)**
Adjusted EBITDA (trailing 12 months)	**$**	**4,024**		**3,982**		**42**
Net debt to adjusted EBITDA ratio		**0.9**		**1.1**		**(0.2)**