



AIR CANADA

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Air Canada Completes Aircraft Sale and Leaseback Transactions

- Sale and leaseback of nine Boeing 737 MAX 8 aircraft provides US\$365 million (C\$485 million) in proceeds to Air Canada

MONTREAL, Oct. 8, 2020 /CNW Telbec/ - Air Canada today announced that it recently completed sale and leaseback transactions for three Boeing 737 MAX 8 aircraft with Jackson Square Aviation and six Boeing 737 MAX 8 aircraft with Avolon Aerospace Leasing Limited for total proceeds of US\$365 million (C\$485 million) and long-term lease commitments of US\$345 million (C\$458 million). The nine aircraft were delivered to Air Canada over the past three years.

"Since the start of the COVID-19 crisis, Air Canada has accessed financial markets numerous times and has successfully raised almost \$6.0 billion in liquidity, on reasonable terms and conditions, including with this transaction, as it continues to maintain liquidity levels to mitigate the challenges and uncertainty ahead. We are very pleased to be extending our strong relationship with Avolon and beginning a new relationship with Jackson Square Aviation," said Michael Rousseau, Deputy Chief Executive Officer and Chief Financial Officer of Air Canada.

Since the start of the COVID-19 pandemic in the first quarter of 2020, Air Canada has raised almost \$6.0 billion in liquidity. Additionally, it recently completed two long term financings to replace \$1.4 billion in short-term debt coming due within the next nine months.

Air Canada is utilizing the net proceeds from these transactions to supplement its working capital and for other general corporate purposes. The net proceeds from the transactions will serve to increase Air Canada's cash position, thereby allowing for additional flexibility in the implementation of mitigation and recovery measures in response to the COVID-19 pandemic.

Air Canada will update the amount remaining in its unencumbered asset pool as part of its third quarter 2020 financial reporting process. Air Canada will continue to explore financing arrangements as additional liquidity may be required or to refinance existing debt to push out maturities.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes "forward-looking statements" within the meaning of applicable securities laws. Such forward-looking statements may be 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, and Air Canada's expectations with respect to its liquidity and the use of proceeds from the transactions. Forward-looking statements are identified using terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including those referred to below. The value of assets in Air Canada's unencumbered asset pool may be adversely impacted by a number of factors, including market and economic conditions and currency exchange rates.

Air Canada, along with the rest of the global airline industry, is facing a severe and abrupt drop in traffic and a corresponding decline in revenue as a result of the coronavirus ("COVID-19") pandemic and the travel restrictions imposed in many countries around the world, including Canada and the United States. The impact of the COVID-19 pandemic began to be felt in traffic and sales figures commencing in early March 2020. These impacts include drastic declines in earnings and cash from operations. There is very limited visibility on travel demand given government restrictions in place; these restrictions and concerns about travel due to the COVID-19 virus and passenger expectations about the need for certain precautions, such as physical distancing, are severely inhibiting demand. Air Canada cannot predict the full impact or the timing for when conditions improve but believes that the impact of the COVID-19 pandemic will last at least three years. Air Canada is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves, which will depend on a number of factors including the course of the virus, government actions, and passenger reaction, none of which can be predicted with any degree of certainty.

Other factors that may cause results to differ materially from results indicated in forward-looking statements include those factors identified in Air Canada's public disclosure file available at www.sedar.com and, in particular, those identified in section

14 "Risk Factors" of Air Canada's Second Quarter 2020 MD&A and section 20 "Risk Factors" of Air Canada's 2019 MD&A. The forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise, except as required under applicable securities regulations.

About Air Canada

Air Canada is Canada's largest domestic and international airline. Canada's flag carrier is among the 20 largest airlines in the world and in 2019 served over 51 million customers. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network. Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax, which also named Air Canada the 2019 Best Airline in North America. For more information, please visit: aircanada.com/media, follow @AirCanada on [Twitter](#) and join Air Canada on [Facebook](#).

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