



AIR CANADA

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Air Canada Announces Prepayment of EDC Financed Loans used to Acquire 19 Airbus A220-300 Aircraft

MONTREAL, June 21, 2023 /CNW/ - Air Canada today announced it has prepaid loans of approximately \$650 million from Export Development Canada (EDC) used by the company to help fund its acquisition of 19 Airbus A220-300 aircraft. The prepayment, which is also subject to accrued interest, was made on June 21, 2023.

"One of Air Canada's major financial objectives is to deleverage its balance sheet following the COVID-19 pandemic and prepaying these loans we received for our A220 aircraft is a significant step toward this goal. We appreciate EDC's assistance in purchasing these Canadian-built aircraft, which not only advanced our fleet modernization program to improve our fuel efficiency and competitiveness, but also helped to ensure that the investments Air Canada is making directly support jobs in Canada's aerospace industry and contribute to the country's economy," said Amos Kazzaz, Executive Vice President and Chief Financial Officer of Air Canada.



The prepayment of the loans for 19 Airbus A220-300 aircraft financed through EDC was achieved via:

- a full prepayment of Air Canada's 2021 credit facility with EDC for the acquisition of 15 Airbus A220-300 aircraft, and
- a partial prepayment of Air Canada's 2020 credit facility with EDC for the acquisition of 18 Airbus A220-300 aircraft.

As a result of the prepayment, these aircraft will be added to Air Canada's unencumbered asset pool, bringing the total to approximately \$5.4 billion, excluding Aeroplan.

The amount of debt prepayments now totals approximately \$1.28 billion since and including the repurchase of some of Air Canada's outstanding 4.000% convertible senior notes due 2025 completed last year, leading to a reduction in interest expense of approximately \$115 million (approximately \$72 million in cash) on an annualized basis.

Caution Regarding Forward-Looking Information

This news release includes forward-looking statements within the meaning of applicable securities laws. Such 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, by their nature, are based on assumptions, are subject to important risks and uncertainties, and 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 identified in Air Canada's public disclosure file available at www.sedar.com and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2022 MD&A dated February 17, 2023. The forward-looking statements contained or incorporated by reference 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 airline, the country's flag carrier and a founding member of Star Alliance, the world's most comprehensive air transportation network. Air Canada provides scheduled service directly to more than 180 airports in Canada, the United States and Internationally on six continents. It holds a Four-Star ranking from Skytrax. Air Canada's Aeroplan program is Canada's premier travel loyalty program, where members can earn or redeem points on the world's largest airline partner network of 45 airlines, plus through an extensive range of merchandise, hotel and car rental rewards. Its freight division, Air Canada Cargo, provides air freight lift and connectivity to hundreds of destinations across six continents using Air Canada's passenger and freighter aircraft. Air Canada aims to achieve an ambitious net zero emissions goal from all global operations by 2050. Air Canada shares are publicly traded on the TSX in Canada and the OCTQX in the US.

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