



# AIR CANADA

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## Air Canada Announces Prepayment of Aircraft Related Debt Totalling Approximately \$589 Million

MONTREAL, Sept. 7, 2023 /CNW/ - Air Canada today announced it has prepaid loans of approximately \$462 million from Export Development Canada (EDC) previously used by the company to help fund its acquisition of 14 Airbus A220-300 aircraft. The prepayment, which is also subject to accrued interest and break costs, was made on August 30, 2023. The airline additionally prepaid financings of approximately \$127 million supported by the Export-Import Bank of the United States (ExIm) previously used by the company to help fund its acquisition of four Boeing 787-8 aircraft. The prepayment, which is also subject to accrued interest, was made on September 6, 2023.

"One of Air Canada's top priorities following the pandemic is to deleverage and since late last year we have now pre-paid approximately \$1.87 billion in debt. This strengthens our balance sheet and provides us more flexibility to make strategic investments, including to improve the customer experience, and to continue upgrading our fleet such as through our previously announced acquisition of Canadian-made Airbus A220 aircraft. With our very solid liquidity position and cash flow we will continue to look for more opportunities to reduce debt further. We were pleased to partner with EDC in supporting the Canadian aerospace industry and we thank ExIm for facilitating our acquisition of Boeing aircraft," said John Di Bert, Executive Vice President and Chief Financial Officer of Air Canada.



AIR CANADA

The prepayment for the financed aircraft was achieved via:

- a full prepayment of the remaining loans under Air Canada's 2020 credit facility with EDC for the acquisition of Airbus A220-300 aircraft, and
- a partial prepayment of Air Canada's financing arrangements supported by ExIm for the acquisition of four Boeing 787-8 aircraft.

As a result of the prepayments, these aircraft will be added to Air Canada's unencumbered asset pool, bringing the total to approximately \$6.3 billion, excluding Aeroplan.

The amount of debt prepayments now totals approximately \$1.87 billion since and including the repurchase of some of its outstanding 4.000% convertible senior notes due 2025 completed last year, leading to an aggregate reduction in interest expense of approximately \$158 million (approximately \$114 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](http://www.sedar.com) and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2022 MD&A dated February 17, 2023 and in section 14 "Risk Factors" of Air Canada's second quarter 2023 MD&A dated August 11, 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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