



April 22, 2022

RBC Flight Deck

Q1 preview – near-term recovery set to continue; cautious on the long-term

In this report. We are anticipating improving results for the group on the back of continued improvement in air travel demand/traffic trends and strong biz jet demand during Q1. We are making some seasonality changes to our Q1 estimates for BBD, while leaving AC and CHR unchanged. The key areas of focus for us heading into the quarter will be: 1) updates on booking trends, particularly as it relates to business and international travel; 2) any changes to the longer-term trajectory of the recovery; 3) fleet plans and anticipated capex spend for 2022, including details on the Falko acquisition by CHR; & 4) any changes to the near-term biz jet demand and supply chain outlook.

Q1 estimate revisions

- AC: Maintaining \$24 price target and Sector Perform rating.** Our Q1/22 EBITDA estimate remains unchanged at \$-40MM, above consensus at \$-66MM, and is aligned with mgmt's updated full year capacity guidance as per AC's recent Investor Day. As it relates to our longer-term estimates, they remain unchanged leaving our longer-term recovery assumptions intact. We continue to use 2024 as our valuation year, and when applying our 2024 EBITDA to our 5.6x target multiple, we arrive at our \$24 price target.
- BBD: Maintaining \$2.25 price target and Outperform, Speculative Risk rating.** We are reducing our Q4/21 EBITDA estimate to \$163MM (from \$192MM) to better reflect quarter to quarter seasonality — and this puts us modestly above consensus at \$156MM. Our full year and longer-term forecasts remain unchanged as well as our target multiple. We use 2025 as our valuation year, and when applying our 2025 EBITDA to our 7x target multiple, we arrive at our \$2.25 price target.
- CHR: Maintaining \$4.75 price target and Outperform rating.** We are leaving our Q1/22 estimates unchanged with our Q1 EBITDA estimate at \$93MM, above consensus at \$86MM. Our recovery assumptions remain unchanged and thus so do our out-year EBITDA estimates. Accordingly, with no changes to our target multiples, our price target remains at \$4.75.

See pages 5-6 for details of our estimate and price target revisions.

RBC Dominion Securities Inc.
Walter Spracklin, CFA (Analyst)
 (416) 842-7877, walter.spracklin@rbccm.com

	INDEX	1-M (%)	YTD (%)	1-YR (%)	TREND
	S&P500	0.5	3.3	14.2	Δ
	S&P 500	(0.9)	(7.2)	6.3	▼
	AMEX Airline	6.4	(1.2)	(22.0)	Δ
	AMEX Aerospace	5.2	14.9	14.4	Δ
	COMMODITIES	1-M (%)	YTD (%)	1-YR (%)	TREND
	WTI	1.0	40.7	77.3	Δ
	Jet Fuel	48.0	122.5	193.8	Δ
	CAD/USD	0.2	(0.2)	0.6	Δ
	AEROSPACE				
	Bombardier	(3.0)	(14.6)	52.7	▼
	Boeing	(3.8)	(7.8)	(24.0)	▼
	EADS	(1.9)	(7.3)	1.4	▼
	Embraer	(2.1)	(33.4)	6.0	▼
	General Dynamics	7.2	18.4	33.6	Δ
	Textron	(7.3)	(9.7)	18.0	▼
	N.A. MAINLINE				
	Air Canada	(1.6)	11.0	(2.9)	▼
	AMR	13.8	6.1	(11.5)	Δ
	Delta	14.3	10.2	(6.6)	Δ
	United	6.5	3.0	(18.0)	Δ
	N.A. REGIONAL				
	Alaska	4.6	10.8	(16.1)	Δ
	Allegiant	3.0	(13.6)	(33.6)	Δ
	Chorus Aviation	(6.1)	20.8	(4.1)	▼
	Exchange Income	3.3	0.5	10.0	Δ
	JetBlue	(11.2)	(9.0)	(35.8)	▼
	SkyWest	6.1	(24.2)	(41.4)	Δ
	Southwest	8.7	9.7	(24.2)	Δ
	INTL. AIRLINES				
	Lufthansa	0.4	15.9	(7.0)	Δ
	Air France/KLM	4.7	6.5	(18.1)	Δ
	BA/Iberia	1.8	1.4	(31.3)	Δ
	Air China	0.0	5.3	(15.9)	Δ
	China Eastern	(9.9)	(10.2)	(27.2)	▼
	China Southern	(0.9)	(1.7)	(20.5)	▼
	Singapore Airlines	5.4	9.0	4.0	Δ
	Qantas	5.3	7.6	6.1	Δ

Source: Bloomberg



Canadian Airlines & Aerospace Q1/22 preview

In this report, we overview recent share price performance, discuss relevant industry trends/themes, and update our Q1 estimates. Items of focus include:

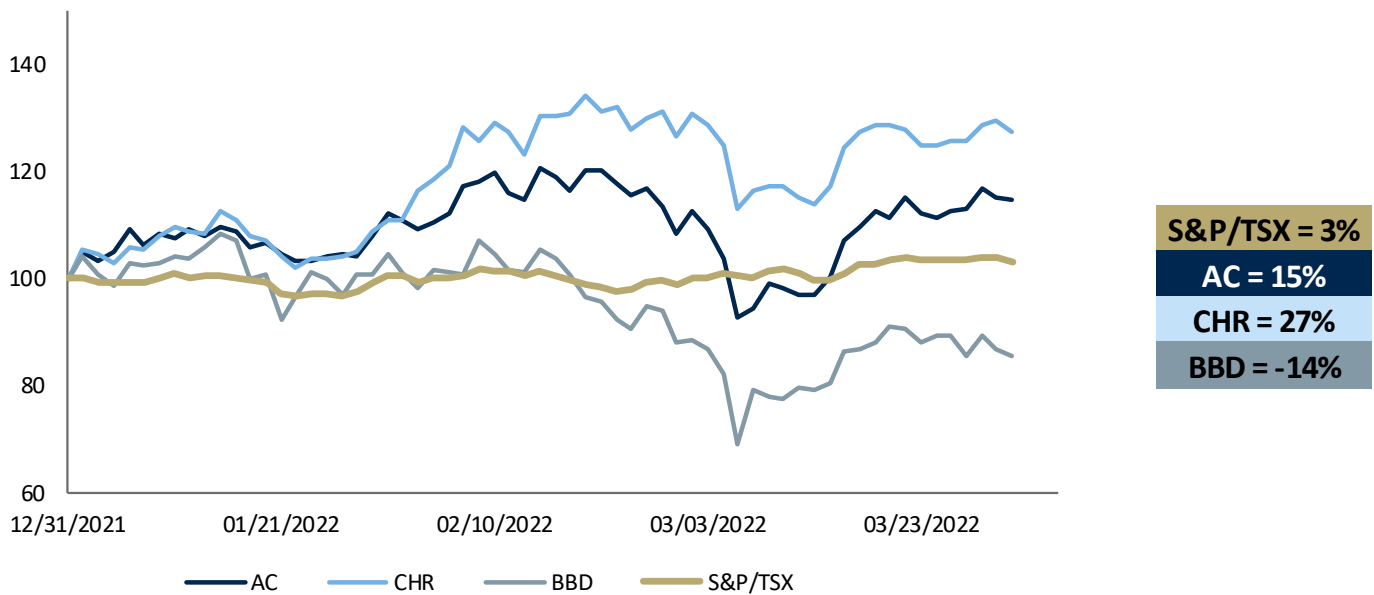
1. a look at the performance of the Canadian airlines during the quarter;
2. an overview of global and North American air traffic trends; and
3. a discussion of our Q1 estimates for each company in our coverage.

Company	Q1/22 Share Price Performance
CHR	27.4%
AC	14.8%
A&A Avg.	9.3%
S&P TSX	3.1%
BBD	-14.3%

The set-up: Airline share price performance during Q1

Airlines & Aerospace shares outperformed the market in Q1. Share price performance for our airlines coverage was generally strong in the first quarter, as concerns around Omicron dissipated and pent-up demand for leisure travel took hold. This led each company under our coverage to meaningfully outperform the S&P/TSX, with the exception of BBD. We note that BBD's underperformance in Q1 comes after a year of material outperformance and we continue to see the shares as attractively valued amidst a robust demand backdrop.

Exhibit 1 - Indexed share price performance vs. the S&P/TSX during Q1/22



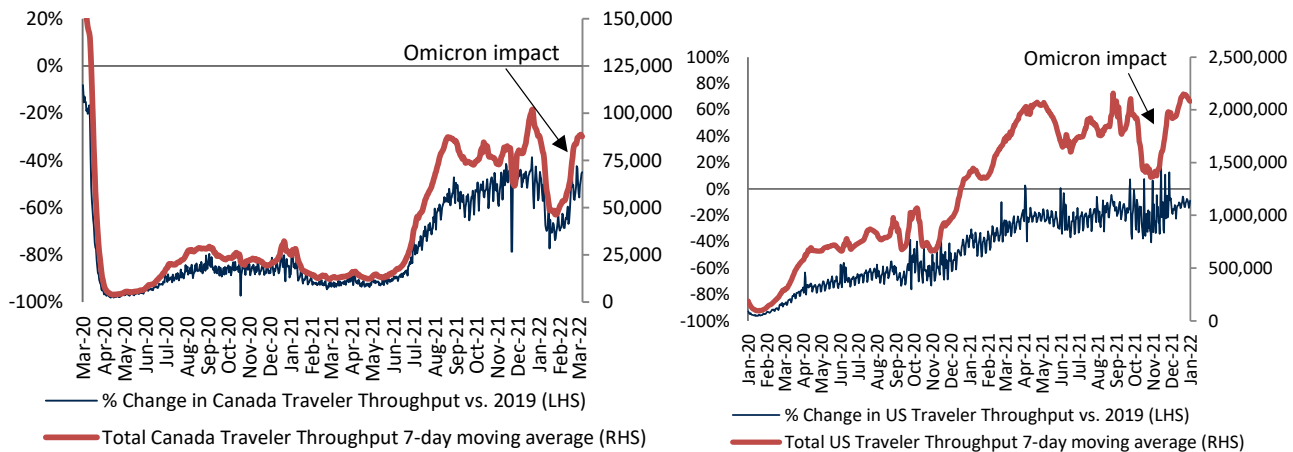
Source: Factset, RBC Capital Markets

Bombardier: Robust demand backdrop and solid cost controls should continue in Q1. We are looking for BBD to report a solid quarter during Q1 results, with our forecasts calling for total biz jet deliveries of 25 (including 8 Global 7500s) and continued healthy growth in services revenues (+15% Y/Y). According to the General Aviation Manufacturers Association (GAMA), total business jet shipment activity continued its strong momentum to end the year, with orders of 710 (BBD 16% market share) up 10% Y/Y. We are encouraged by the robust demand for private travel, used aircraft inventory levels at historical lows, and the pandemic-induced creation of a new wealthy customer cohort. We also look for BBD to continue on the path to their 2025 guidance, which was re-affirmed during their Investor Day. We expect continued solid execution of their cost reduction program, debt reduction, new capital spending and roll out of after-market services.

Airlines: Looking for continued recovery momentum in Q1. Broadly speaking, we are looking for steady sequential improvement in traffic levels at the airlines and see both AC and CHR reporting Q1 results largely consistent with their provided guidance. Continued reopening tailwinds, travel restriction reductions, and pent-up leisure travel demand are expected to positively impact the airlines in Q1. However, we view the longer-term recovery of business and international travel as less obvious and take a more conservative view in our out-year estimates. We were encouraged by AC’s Investor Day where mgmt. highlighted a restructured company coming out of the pandemic, focused on the development of its international hubs and expanded offerings driven by longer-range, more fuel-efficient narrow bodies.

Key focus areas. The key areas of focus for us going forward are: 1) any changes to the longer-term trajectory of the recovery, 2) update on booking trends, particularly as it relates to business and international travel, 3) the impact of materially higher fuel costs on FCF breakeven visibility, 4) updates on fleet plans, and 5) the growing international cargo opportunity. Further, we note that based on recent data points we have been tracking from RBC Elements and third party providers, demand/traffic trends improved significantly during Q1, after the impact of the Omicron variant led to a sharp reduction in passenger traffic to start 2022. See Exhibit 2.

Exhibit 2 - Passenger traffic in the US and Canada has recovered past omicron lows



Source: TSA, CATSA, RBC Capital Markets. Note: Data as of March 31, 2022 for CATSA and TSA.

IATA Traffic data shows steadily improving demand and traffic

To gauge global air traffic conditions, we use data published by the industry trade group International Air Transport Association (IATA), which provides an estimate of traffic, capacity, and load factor, broken down by region. This data does come with a time lag (~4-6 weeks), but provides a good indication of overall sentiment ahead of the quarterly reporting season. We summarize some of this data in Exhibit 3.

Passenger traffic remained flat in Q1, however rebounded from Omicron. IATA data showed that global demand continued its rebound in February, with industry-wide Revenue Passenger Km’s (RPK’s) down -45.5% (vs. the same month in 2019) and -49% in January (vs. the same month in 2019), though this was still slightly below December’s close of -45%. In North America, traffic improved with RPKs down -20% in February (vs. -23% in December; note IATA did not provide January data for North America). Looking forward, we expect international air travel to gradually recover and the recovery gap between North America and the rest of the world to close in the near to medium term.



Modest global capacity improvements; stronger NA recovery. According to IATA, global capacity levels were up modestly as global capacity was down -37% in February (vs. the same month in 2019) compared to being down -38% in January. Capacity in North America improved more rapidly, with capacity down -14% (vs. the same month in 2019) compared to -17% in December. Load factors also improved as global PLFs of 70% in February rebounded from January lows of 64.5%. We would expect capacity trends to continue mirroring traffic trends, and expect pent-up demand and travel restriction reductions to support the return to normalized capacity levels.

Exhibit 3 – IATA traffic (RPKs) and capacity (ASKs) data steadily improved in Q1



Source: IATA.org

Q1 Estimates

Aside from BBD, we are leaving our Q1 estimates largely unchanged for the group ahead of reporting season. Details by company are below:

- **Air Canada (AC): Price target unchanged at \$24; reaffirm Sector Perform rating.** We are leaving our Q1/22 estimates unchanged, with our EBITDA estimate of \$-40MM above consensus at \$-66MM, but are aligned with mgmt’s updated full year capacity guidance as per AC’s recent Investor Day. As it relates to our longer-term estimates, they remain unchanged leaving our longer-term recovery assumptions intact. We continue to use 2024 as our valuation year, and when applying our 2024 EBITDA to our 5.6x target multiple, we arrive at our \$24 price target.
- **Bombardier (BBD): Price target unchanged at \$2.25; reaffirm Outperform (Speculative risk) rating.** We are reducing our Q1/22 estimates to introduce a more realistic seasonality that aligns us closer to consensus, while keeping full year and longer-term forecasts unchanged. Our Q1 EBITDA goes to \$163MM from \$192MM (cons. \$15MM) reflects 25 total deliveries and 8 Global 7500 deliveries. We continue to use 2025 as our valuation year, and when applying our 2025 EBITDA to our 7x target multiple, we arrive at our \$2.25 price target.
- **Chorus Aviation (CHR): Price target unchanged at \$4.75; reaffirm Outperform rating.** We are leaving our Q1/22 estimates unchanged, with our Q1 EBITDA estimate of \$93MM,



above consensus at \$86MM. Our recovery assumptions remain unchanged and thus so do our out-year EBITDA estimates. Accordingly, with no changes to our target multiples, our price target remains at \$4.75.

Exhibit 4 - Estimate changes ahead of the quarter

	Q1 2022E EBITDA			2022E EBITDA			2023E EBITDA			Target Multiple		Price Target (CAD)		Rating	Implied Return
	Prior	RBC	Street	Prior	RBC	Street	Prior	RBC	Street	Old	New	Old	New		
Air Canada	Unchanged	-\$40	-\$71	Unchanged	\$1,527	\$1,487	Unchanged	\$2,869	\$3,075	Unchanged	5.6x	Unchanged	\$24	SP	(3%)
Bombardier	\$192	\$163	\$158	Unchanged	\$832	\$857	Unchanged	\$1,038	\$1,139	Unchanged	7.0x	Unchanged	\$2.25	O	+60%
Chorus Aviation	Unchanged	\$93	\$86	Unchanged	\$364	\$382	Unchanged	\$427	\$445	Unchanged	6.0x	Unchanged	\$4.75	O	+14%

Note: Bombardier rating includes Speculative Risk qualifier; priced as of market close 4/21/22. Source: Company reports, RBC Capital Markets estimates

Exhibit 5 - Air Canada estimate revisions detail

	Q1/22E			2022E			2023E		
	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var
Traffic: RPMs (% chg)	457.0%	457.0%	0bp	200.5%	200.5%	0bp	30.6%	30.6%	0bp
Capacity: ASMs (% chg)	246.0%	246.0%	0bp	153.4%	153.4%	0bp	16.9%	16.9%	0bp
Load Factor (%pts)	70.0%	70.0%	0bp	74.8%	74.8%	0bp	83.5%	83.5%	0bp
Yield (% chg)	-4.0%	-4.0%	0bp	-8.3%	-8.3%	0bp	-6.0%	-6.0%	0bp
RASM (% chg)	54.1%	54.1%	0bp	12.6%	12.6%	0bp	5.0%	5.0%	0bp
Adj. CASM ex fuel+other (% chg)	-64.9%	-64.9%	0bp	-49.0%	-49.0%	0bp	-4.8%	-4.8%	0bp
Avg Jet Fuel Price: (\$/Ltr)	\$0.78	\$0.78	0.0%	\$0.95	\$0.95	0.0%	\$0.91	\$0.91	0.0%
Revenue	2,561	2,561	0.0%	14,887	14,887	0.0%	17,910	17,910	0.0%
Expenses	2,601	2,601	0.0%	13,360	13,360	0.0%	15,041	15,041	0.0%
EBITDA	(40)	(40)	0.0%	1,527	1,527	0.0%	2,869	2,869	0.0%
EBITDA Margin	-1.6%	-1.6%	0.0%	10.3%	10.3%	0.0%	16.0%	16.0%	0.0%
EPS ex-one time items (\$)	(1.54)	(1.54)	0.0%	(2.02)	(2.02)	0.0%	1.23	1.23	0.0%

Source: Company reports, RBC Capital Markets estimates

Exhibit 6 - Bombardier estimate revisions detail

	Q1/22E			2022E			2023E			2024E		2025E			
	Old	Cur	Var (%)	Old	Cur	Var (%)	Old	Cur	Var (%)	Cur	Var (%)	Cur	Var (%)		
Bombardier															
Total Revenues	1,369	1,369	0.0%	6,527	6,527	0.0%	6,723	6,723	0.0%	7,214	7,214	0.0%	7,576	7,576	0.0%
Total EBIT	84	55	-34.7%	400	400	0.0%	566	566	0.0%	786	786	0.0%	1,007	1,007	0.0%
Mgn%	6.1%	4.0%	-212 bps	6.1%	6.1%	0 bps	8.4%	8.4%	0 bps	10.9%	10.9%	0 bps	13.3%	13.3%	0 bps
Total aircraft deliveries	25	25		125	125		130	130		135	135		140	140	
Free Cash Flow	(245)	(275)		(26)	(27)		80	80		403	403		534	534	
EBITDA	192	163		832	832		1,038	1,038		1,282	1,282		1,527	1,527	
Adjusted EPS	-\$0.05	-\$0.06		-\$0.17	-\$0.17		-\$0.07	-\$0.07		\$0.07	\$0.07		\$0.26	\$0.26	

Source: Company reports, RBC Capital Markets estimates



Exhibit 7 - Chorus estimate revisions detail

	Q1/22E			2022E			2023E		
	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var
Revenue breakdown									
Controllable Revenue	169	169	0.0%	709	709	0.0%	840	840	0.0%
Leasing under CPA	36	36	0.0%	146	146	0.0%	146	146	0.0%
Margin compensation	17	17	0.0%	63	63	0.0%	63	63	0.0%
Incentives	0.8	0.8	0.0%	3	3	0.0%	3	3	0.0%
Pass through revenue	33	33	0.0%	186	186	0.0%	201	201	0.0%
Passenger revenue	256	256	0.0%	1,107	1,107	0.0%	1,253	1,253	0.0%
Regional Aircraft Leasing	34	34	0.0%	152	152	0.0%	167	167	0.0%
Other - Charter, contract flying, MRO	21	21	0.0%	85	85	0.0%	90	90	0.0%
Total Revenues	312	312	0.0%	1,347	1,347	0.0%	1,513	1,513	0.0%
Total Expenses	246	246	0.0%	1,096	1,096	0.0%	1,276	1,276	0.0%
Total Operating Income	65	65	0.0%	251	251	0.0%	236	236	0.0%
Depreciation and Amortization	27	27	0.0%	112	112	0.0%	190	190	0.0%
EBITDA	93	93	0.0%	364	364	0.0%	427	427	0.0%

Source: Company reports, RBC Capital Markets estimates

Appendix 1 - Airline comparables

	Symbol	21-Apr-22 Price	EV/EBITDA				EV/Sales				EBITDA Margin			
			2020	2021	2022E	2023E	2020	2021	2022E	2023E	2020	2021	2022E	2023E
Discount Airlines														
Southwest	LUV-US	US\$ \$48.38	-6.7x	NMF	10.0x	6.1x	2.8x	1.6x	1.2x	1.0x	-42%	0%	12%	17%
JetBlue	JBLU-US	US\$ \$13.53	-4.3x	NMF	14.1x	4.6x	2.1x	1.0x	0.7x	0.6x	-49%	-6%	5%	14%
Discount Average			-5.5x	NMF	12.1x	5.3x	2.5x	1.3x	0.9x	0.8x	-46%	-3%	8%	15%
Mainline Airlines														
Air Canada	AC-CA	C\$ \$24.66	-8.5x	NMF	11.3x	6.0x	3.0x	2.7x	1.2x	1.0x	-35%	-23%	10%	16%
Delta Air Lines	DAL-US	US\$ \$44.73	-9.4x	NMF	10.3x	6.5x	3.0x	1.7x	1.1x	1.0x	-32%	-2%	11%	16%
United Continental	UAL-US	US\$ \$50.85	-5.9x	NMF	12.0x	5.8x	2.5x	1.6x	0.9x	0.8x	-42%	-8%	8%	14%
American Airlines	AAL-US	US\$ \$20.22	-5.0x	NMF	49.8x	8.7x	2.6x	1.5x	1.1x	0.9x	-53%	-12%	2%	11%
Mainline Average			-7.2x	NMF	20.9x	6.8x	2.8x	1.9x	1.1x	0.9x	-41%	-11%	8%	14%
Regional Airlines														
Chorus Aviation	CHR-CA	C\$ \$4.17	7.3x	7.7x	7.0x	6.0x	2.7x	2.5x	1.9x	1.7x	37%	32%	27%	28%
SkyWest Inc.	SKYW-US	US\$ \$32.43	5.8x	5.8x	5.8x	5.8x	1.9x	1.5x	1.6x	1.5x	34%	26%	28%	25%
Regional Average			6.5x	6.7x	6.4x	5.9x	2.3x	2.0x	1.7x	1.6x	35%	29%	27%	27%
Airline Average			-3.3x	NMF	15.0x	6.2x	2.6x	1.8x	1.2x	1.1x	-23%	1%	13%	18%

Sources: Company reports, FactSet, and RBC Capital Markets estimates for Air Canada and Chorus Aviation. Priced at close on April 21, 2022

Appendix 2 - Aerospace comparables

Company Name	Exch: Ticker	Price 21-Apr-22	Mkt. Cap (\$MM's)	Net Debt to EBITDA	EV/EBITDA				2020A EBITDA	2021A EBITDA	2022E EBITDA	2023E EBITDA	
					2020A	2021A	2022E	2023E	Margin	Margin	Margin	Margin	
Aerospace													
Boeing	NYSE:BA	US\$	181.02	106,871	-57.3x	-14.8x	-198.4x	19.3x	14.5x	-17.5%	-1.2%	9.6%	11.3%
Embraer	NYSE:ERJ	US\$	11.77	2,179	-41.3x	-100.4x	10.2x	8.2x	6.3x	-1.0%	8.6%	8.8%	10.1%
General Dynamics	NYSE:GD	US\$	242.06	67,326	2.4x	15.8x	15.6x	15.4x	13.9x	13.3%	13.2%	13.1%	13.5%
Textron	NYSE:TXT	US\$	69.11	14,951	2.1x	17.5x	12.1x	10.7x	9.7x	8.3%	11.4%	11.9%	12.3%
Average						-20.5x	-40.1x	13.4x	11.1x	0.8%	8.0%	10.8%	11.8%
Transportation & Conglomerates													
Siemens	XE:SIE	EUR	123.00	104,550	5.0x	18.4x	15.4x	12.2x	11.2x	13.7%	15.0%	17.2%	18.0%
General Electric	NYSE:GE	US\$	91.72	101,053	1.7x	18.4x	15.0x	11.7x	9.1x	7.6%	10.0%	12.2%	14.4%
United Technologies	NYSE:UTX	US\$	101.73	151,605	2.8x	19.0x	16.8x	14.7x	12.9x	16.3%	16.4%	17.4%	18.4%
Average						18.6x	15.7x	12.9x	11.1x	12.5%	13.8%	15.6%	16.9%
Bombardier	TSX: BBD.B	C\$	\$1.41	3,412	6.5x	-25.8x	12.2x	9.7x	7.7x	-2.2%	10.8%	12.7%	15.4%
Source: Company reports, FactSet, and RBC Capital Markets estimates for Bombardier. Note BBD Net Debt/EBITDA uses 2022E numbers. Priced at market close on April 21, 2022													
Aerospace Multiples						-20.5x	-40.1x	13.4x	11.1x	0.8%	8.0%	10.8%	11.8%
Transportation Multiples (ex. GE, UTX)						18.4x	15.4x	12.2x	11.2x	13.7%	15.0%	17.2%	18.0%
Average						-1.0x	-12.3x	12.8x	11.2x	7.2%	11.5%	14.0%	14.9%

Appendix 3 - AC Model Summary

FY Dec 31	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E	2025E
Traffic / RPM (MMs)	23,239	1,831	1,687	7,915	9,612	21,045	10,198	15,071	19,474	18,502	63,245	17,034	21,117	25,159	19,263	82,572	94,113	95,054
% change	-75.3%	-89.5%	115.5%	214.5%	295.2%	-9.4%	457.0%	793.4%	146.0%	92.5%	200.5%	67.0%	40.1%	29.2%	4.1%	30.6%	14.0%	1.0%
Capacity / ASM (MMs)	37,703	4,211	4,000	11,116	14,057	33,384	14,569	20,932	25,966	23,127	84,594	20,813	25,119	29,211	23,788	98,931	112,814	113,942
% change	-66.6%	-82.1%	78.3%	86.9%	134.3%	-11.5%	246.0%	423.3%	133.6%	64.5%	153.4%	42.9%	20.0%	12.5%	2.9%	16.9%	14.0%	1.0%
Load Factor (%)	61.6%	43.5%	42.2%	71.2%	68.4%	63.0%	70.0%	72.0%	75.0%	80.0%	74.8%	81.8%	84.1%	86.1%	81.0%	83.5%	83.4%	83.4%
change (% pts)	-21.8%	-31.0%	7.3%	28.9%	27.8%	1.4%	26.5%	29.8%	3.8%	11.6%	11.7%	11.8%	12.1%	11.1%	1.0%	8.7%	0.0%	0.0%
Yield (\$)	0.211	0.216	0.253	0.207	0.212	0.222	0.207	0.202	0.201	0.204	0.203	0.192	0.190	0.189	0.193	0.191	0.178	0.181
% change	15.1%	18.2%	-4.2%	2.5%	8.5%	5.2%	-4.0%	-20.0%	-3.0%	-4.0%	-8.3%	-7.0%	-6.0%	-6.0%	-5.0%	-6.0%	-7.0%	2.0%
RASM (Rev per unit of capacity, cents)	11.6	9.4	10.7	14.7	14.5	13.5	14.5	14.6	15.1	16.3	15.2	15.8	16.0	16.3	15.7	15.9	14.8	15.1
CASM (Costs per unit of capacity, cents)	25.8	45.2	49.3	22.2	23.0	28.4	20.6	18.1	16.0	17.3	17.7	18.7	16.6	15.6	16.9	16.8	15.2	15.2
Fuel Cost/ASM (cents)	3.5	4.7	6.0	4.2	4.7	4.7	5.3	5.5	5.2	5.0	5.3	5.2	4.9	4.8	4.8	4.9	4.5	4.3
CASM (excl. fuel) (cents)	22.3	40.5	43.3	17.9	18.3	23.7	15.3	12.6	10.8	12.3	12.4	13.5	11.7	10.7	12.1	11.9	10.8	10.9
Total Revenues	5,833	729	837	2,103	2,731	6,400	2,561	3,575	4,435	4,315	14,887	3,748	4,566	5,297	4,299	17,910	18,902	19,450
% change	-69.5%	-80.4%	58.8%	177.8%	230.2%	9.7%	251.3%	327.2%	110.9%	58.0%	132.6%	46.4%	27.7%	19.4%	-0.4%	20.3%	5.5%	2.9%
Wages, salaries and benefits	2242	528	497	592	666	2283	627	651	653	688	2619	713	720	725	739	2896	3072	3211
% Sales	38.4%	72.4%	59.4%	28.2%	24.4%	35.7%	24.5%	18.2%	14.7%	15.9%	17.6%	19.0%	15.8%	13.7%	17.2%	16.2%	16.3%	16.5%
Aircraft Fuel - total	1322	200	239	472	665	1576	771	1162	1359	1160	4451	1083	1242	1416	1137	4879	5032	4894
% Sales	22.7%	27.4%	28.6%	22.4%	24.4%	24.6%	30.1%	32.5%	30.6%	26.9%	29.9%	28.9%	27.2%	26.7%	26.4%	27.2%	26.6%	25.2%
Sales and distribution costs	252	24	44	74	102	244	83	230	173	168	654	170	197	223	175	765	874	883
% Sales	4.3%	3.3%	5.3%	3.5%	3.7%	3.8%	3.2%	6.4%	3.9%	3.9%	4.4%	4.5%	4.3%	4.2%	4.1%	4.3%	4.6%	4.5%
Catering and onboard services	171	21	21	52	71	165	58	84	101	93	336	83	100	114	95	393	439	444
% Sales	2.9%	2.9%	2.5%	2.5%	2.6%	2.6%	2.3%	2.3%	2.3%	2.1%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.3%	2.3%
Aircraft maintenance	681	150	127	153	226	656	190	190	190	190	760	209	209	209	209	836	861	887
% Sales	11.7%	20.6%	15.2%	7.3%	8.3%	10.3%	7.4%	5.3%	4.3%	4.4%	5.1%	5.6%	4.6%	3.9%	4.9%	4.7%	4.6%	4.6%
Airport and navigation fees	545	98	109	166	189	562	128	186	227	201	742	182	223	256	207	868	970	980
% Sales	9.3%	13.4%	13.0%	7.9%	6.9%	8.8%	5.0%	5.2%	5.1%	4.7%	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	5.1%	5.0%
Communications and information technol	372	105	81	85	91	362	57	68	77	95	297	81	82	86	98	347	397	401
% Sales	6.4%	14.4%	9.7%	4.0%	3.3%	5.7%	2.2%	1.9%	1.7%	2.2%	2.0%	2.2%	1.8%	1.6%	2.3%	1.9%	2.1%	2.1%
Other	2041	361	374	553	608	1896	523	736	916	891	3066	735	898	1044	845	3522	3342	3441
% Sales	35.0%	49.5%	44.7%	26.3%	22.3%	29.6%	20.4%	20.6%	20.7%	20.7%	20.6%	19.6%	19.7%	19.7%	19.7%	19.7%	17.7%	17.7%
Regional airline expense (ex fuel and DA	1086	195	193	312	342	1042	292	414	517	503	1726	397	487	568	458	1910	1925	1982
% Sales	18.6%	26.7%	23.1%	14.8%	12.5%	16.3%	11.4%	11.6%	11.7%	11.7%	11.6%	10.6%	10.7%	10.7%	10.7%	10.7%	10.2%	10.2%
Total Operating Costs	7,626	1,487	1,492	2,147	2,618	7,744	2,436	3,306	3,696	3,486	12,925	3,256	3,672	4,073	3,504	14,506	14,988	15,140
EBITDA	(2,043)	(763)	(656)	(67)	22	(1,464)	(40)	182	670	715	1,527	257	789	1,146	677	2,869	3,287	3,677
% of sales	-35.0%	-104.7%	-78.4%	-3.2%	0.8%	-22.9%	-1.6%	5.1%	15.1%	16.6%	10.3%	6.9%	17.3%	21.6%	15.7%	16.0%	17.4%	18.9%
Depreciation, amortization and impairm	1,849	413	404	400	399	1,616	399	398	398	397	1,592	396	395	395	394	1,580	1,570	1,561
EBIT (Excluding Special Charges)	(3,776)	(1,049)	(1,133)	(364)	(503)	(3,049)	(439)	(216)	272	318	(65)	(139)	394	751	283	1,289	1,718	2,116
% of sales	-64.7%	-143.9%	-135.4%	-17.3%	-18.4%	-47.6%	-17.2%	-6.0%	6.1%	7.4%	-0.4%	-3.7%	8.6%	14.2%	6.6%	7.2%	9.1%	10.9%
Net Income	(3,990)	(1,304)	(1,165)	(640)	(493)	(3,602)	(643)	(407)	89	115	(846)	(346)	200	571	88	512	1,003	1,087
Net debt	5,488	6,783	7,653	7,980	7,721	7,721	8,215	8,473	8,237	8,100	8,100	8,425	8,205	7,614	7,608	7,608	6,535	5,485
Net debt/LTM EBITDA	-2.7x	-2.4x	-2.8x	-2.3x	-5.3x	-5.3x	-11.1x	87.5x	9.9x	5.3x	5.3x	4.6x	3.4x	2.6x	2.7x	2.7x	2.0x	1.5x

Source: RBC Capital Markets estimates, Company reports

Appendix 4 - BBD Model Summary

Summary Income Statement (in US \$MM's)	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E	2025E
Aerospace Key Drivers																		
Business Jet Deliveries	114	26	29	27	38	120	25	24	32	43	125	24	24	34	48	130	135	140
<i>Delivery Growth</i>	-20.8%	0.0%	45.0%	12.5%	-13.6%	5.3%	-2.3%	-17.2%	20.2%	12.4%	3.8%	-5.5%	0.0%	4.8%	12.4%	4.4%	4.0%	3.3%
Commercial Jet Deliveries	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Delivery Growth</i>	-82.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Aircraft Deliveries	119	26	29	27	38	120	25	24	32	43	125	24	24	34	48	130	135	140
Transportation Key Drivers																		
Transportation Backlog	35,363	36,271	36,433	36,343	36,254	36,254	37,261	37,450	37,381	37,311	37,311	38,421	38,605	38,523	38,441	38,441	39,617	40,830
<i>Backlog Growth</i>	1.0%	1.2%	1.6%	2.1%	2.5%	2.5%	2.7%	2.8%	2.9%	2.9%	2.9%	3.1%	3.1%	3.1%	3.0%	3.0%	3.1%	3.1%
Book-to-Bill	1.0	1.4	1.1	1.0	1.0	1.1	1.4	1.1	1.0	1.0	1.1	1.5	1.1	1.0	1.0	1.1	1.1	1.1
Segmented results																		
Bombardier Aviation (BA)																		
Revenue	6,488	1,341	1,524	1,449	1,771	6,085	1,369	1,356	1,683	2,120	6,527	1,292	1,326	1,754	2,351	6,723	7,214	7,576
EBIT	-125	26	36	48	113	223	55	68	101	176	400	107	110	149	200	566	786	1,007
<i>Margin %</i>	-1.9%	1.9%	2.4%	3.3%	6.4%	3.7%	4.0%	5.0%	6.0%	8.3%	6.1%	8.3%	8.3%	8.5%	8.5%	8.4%	10.9%	13.3%
Bombardier Transportation (BT)																		
Revenue	7,844																	
EBIT	-618																	
<i>Margin %</i>	-7.8%																	
Bombardier Consolidated																		
Total Revenues	14,331	1,341	1,524	1,449	1,771	6,085	1,369	1,356	1,683	2,120	6,527	1,292	1,326	1,754	2,351	6,723	7,214	7,576
Total EBITDA	-311	116	143	142	257	658	163	176	209	284	832	225	228	267	318	1,038	1,282	1,527
Total EBIT	-525	26	36	48	113	223	55	68	101	176	400	107	110	149	200	566	786	1,007
<i>EBIT Margin %</i>	-3.7%	1.9%	2.4%	3.3%	6.4%	3.7%	4.0%	5.0%	6.0%	8.3%	6.1%	8.3%	8.3%	8.5%	8.5%	8.4%	10.9%	13.3%
Net Income Before Special Items	(1,471)	68	(369)	(578)	80	(799)	(141)	(117)	(97)	(27)	(383)	(58)	(62)	(33)	16	(137)	206	663
EPS Before Special Items	\$ (0.62)	\$ 0.03	\$ (0.16)	\$ (0.24)	\$ 0.03	\$ (0.35)	\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.01)	\$ (0.17)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ 0.00	\$ (0.07)	\$ 0.07	\$ 0.26
CFPS \$(Basic)	\$ (0.54)	\$ 0.07	\$ 0.05	\$ (0.10)	\$ 0.09	\$ 0.11	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ 0.03	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.06	\$ 0.14	\$ 0.29	\$ 0.47
Net debt	6,414	4,179	5,078	5,663	5,372	5,372	5,640	5,907	5,824	5,371	5,371	5,799	6,101	6,295	5,263	5,263	4,832	4,270

Source: RBC Capital Markets estimates, Company reports

Appendix 5 - CHR Model Summary

Chorus Aviation (TSX: CHR)

FY Dec 31	2019	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E
Chorus Aviation Income Statement (\$MM)																	
Revenue	1,366	948.7	202.5	199.9	274.4	346.5	1023.3	311.6	329.8	339.8	365.7	1346.9	353.2	371.7	381.5	406.3	1512.7
<i>% change</i>	-5.8%	-30.6%	-42.2%	8.5%	39.7%	58.8%	7.9%	53.9%	65.0%	23.8%	5.5%	31.6%	13.4%	12.7%	12.3%	11.1%	12.3%
Salaries, wages and benefits	471	313	101	64	94	107	366	101	104	108	117	430	116	119	123	133	492
<i>% Sales</i>	34%	33%	50%	32%	34%	31%	36%	32%	32%	32%	32%	32%	33%	32%	32%	33%	33%
Depreciation and amortization	137	224	71	36	43	51	201	27	28	28	29	112	47	47	48	48	190
<i>% Sales</i>	10%	24%	35%	18%	16%	15%	20%	9%	8%	8%	8%	8%	13%	13%	13%	12%	13%
Aircraft maintenance	208	102	30	14	28	64	136	58	69	50	68	244	64	76	55	75	269
<i>% Sales</i>	15%	11%	15%	7%	10%	19%	13%	19%	21%	15%	18%	18%	18%	20%	14%	18%	18%
Airport and navigation fees	170	69	9	16	37	44	106	26	33	53	46	158	28	35	56	49	168
<i>% Sales</i>	12%	7%	5%	8%	13%	13%	10%	8%	10%	16%	13%	12%	8%	9%	15%	12%	11%
Terminal handling	20	9	1	1	2	3	8	1	1	3	3	8	1	1	5	4	11
<i>% Sales</i>	1%	1%	0%	1%	1%	1%	1%	0%	0%	1%	1%	1%	0%	0%	1%	1%	1%
Other	160	116	27	29	38	40	135	33	35	37	39	143	33	35	38	40	146
<i>% Sales</i>	12%	12%	13%	15%	14%	12%	13%	10%	11%	11%	11%	11%	9%	10%	10%	10%	10%
Total Operating Expenses	1,166	834	239	160	243	310	952	246	269	279	301	1,096	289	313	326	348	1,276
Operating Income	200	115	37	39	32	37	71	65	61	61	64	251	64	59	56	58	236
Adjusted EBITDA	339	347.5	84.0	76.9	78.1	90.5	329.4	92.6	88.2	89.5	93.4	363.7	111.1	105.2	104.4	105.9	426.5
<i>% of sales</i>	24.8%	36.6%	41.5%	38.5%	28.5%	26.1%	32.2%	29.7%	26.7%	26.3%	25.5%	27.0%	31.4%	28.3%	27.4%	26.1%	28.2%
Net Income	137	49	-45	13	-32	42	-23	39	35	35	37	145	38	33	31	32	133
EPS (F.D) (\$) (Excluding Special charges)	\$0.84	\$0.25	-\$0.24	\$0.12	-\$0.08	\$0.06	-\$0.11	\$0.21	\$0.19	\$0.19	\$0.20	\$0.80	\$0.21	\$0.18	\$0.17	\$0.17	\$0.74
CFPS (F.D) (\$) (Excluding Special charges)	\$1.68	\$1.60	\$0.12	\$0.28	\$0.29	\$0.37	\$1.04	\$0.37	\$0.35	\$0.35	\$0.36	\$1.42	\$0.47	\$0.44	\$0.44	\$0.44	\$1.79
Net debt	1,746	2,025	1,989	1,872	1,865	1,786	1,786	1,750	1,743	1,789	1,853	1,853	1,598	1,549	1,499	1,450	1,450
Net debt/LTM EBITDA	5.2x	5.8x	5.9x	5.7x	5.8x	5.4x	5.4x	5.2x	5.0x	5.0x	5.1x	5.1x	4.2x	3.9x	3.6x	3.4x	3.4x

Source: Company reports, RBC Capital Markets estimates



Companies mentioned

Air Canada (TSX: AC CN; C\$24.66; Sector Perform)
Bombardier Inc. (TSX: BBD/B CN; C\$1.41; Outperform; Speculative Risk)
Chorus Aviation Inc. (TSX: CHR CN; C\$4.17; Outperform)

Required disclosures

Non-U.S. analyst disclosure

One or more research analysts involved in the preparation of this report (i) may not be registered/qualified as research analysts with the NYSE and/or FINRA and (ii) may not be associated persons of the RBC Capital Markets, LLC and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to <https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Air Canada in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Air Canada in the past 12 months.

RBC Dominion Securities Inc. makes a market in the securities of Air Canada.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Air Canada during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Air Canada.

RBC Capital Markets has provided Air Canada with non-securities services in the past 12 months.

The Class A shares of Air Canada are variable voting shares.

Kathleen P. Taylor, the Chair of the Board of Royal Bank of Canada, is a Director of Air Canada.

RBC Dominion Securities Inc. makes a market in the securities of Bombardier Inc..

The class B shares of Bombardier Inc. are subordinate voting shares.

The class A shares of Bombardier Inc. are multiple voting shares.

Diane Fontaine, Vice President and Portfolio Manager at RBC Dominion Securities Inc., is a member of the Board of Directors of Bombardier Inc.

RBC Dominion Securities Inc. makes a market in the securities of Chorus Aviation Inc..

The Class A shares of Chorus Aviation Inc. are variable voting shares.

Explanation of RBC Capital Markets Equity rating system



An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.

Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings				
RBC Capital Markets, Equity Research				
As of 31-Mar-2022				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	841	57.68	330	39.24
HOLD [Sector Perform]	569	39.03	172	30.23
SELL [Underperform]	48	3.29	3	6.25



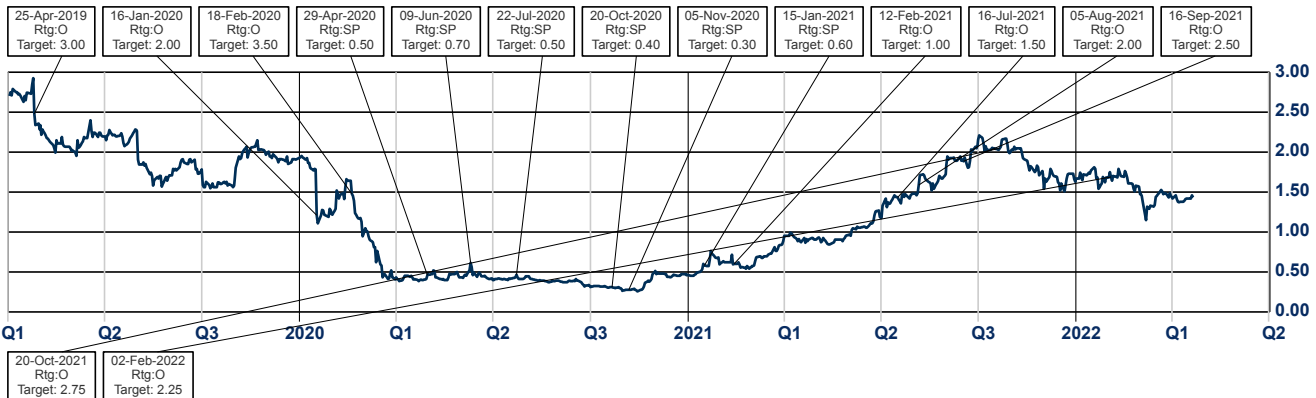
Rating and price target history for: Air Canada, AC CN as of 20-Apr-2022 (in CAD)



Legend:
 TP: Top Pick; O: Outperform; SP: Sector Perform; U: Underperform; R: Restricted; I: Initiation of Research Coverage; D: Discontinuation of Research Coverage;
 NR: Not Rated; NA: Not Available; RL: Recommended List - RL: On: Refers to date a security was placed on a recommended list, while RL Off: Refers to date a security was removed from a recommended list; Rtg: Rating.

Created by: BlueMatrix

Rating and price target history for: Bombardier Inc., BBD/B CN as of 20-Apr-2022 (in CAD)



Legend:
 TP: Top Pick; O: Outperform; SP: Sector Perform; U: Underperform; R: Restricted; I: Initiation of Research Coverage; D: Discontinuation of Research Coverage;
 NR: Not Rated; NA: Not Available; RL: Recommended List - RL: On: Refers to date a security was placed on a recommended list, while RL Off: Refers to date a security was removed from a recommended list; Rtg: Rating.

Created by: BlueMatrix



References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). RBC Capital Markets recommended lists include the Strategy Focus List and the Fundamental Equity Weightings (FEW) portfolios. The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Air Canada

Valuation

Applying a 5.6x EV/EBITDA multiple to our 2024 estimates (which we then discount back one year at 10%), we derive our price target of \$24. Our target multiple is higher than the historical group average multiple, though in line with peers and supported by our view that the industry should largely return to “normal” by 2H/23 with EBITDA levels returning to normal by 2024. Our base case reflects the following assumptions: (1) near-term headwinds from COVID-19 followed by a general return to “normal” by 2H/23; (2) a reduction in capital intensity out to 2021; and (3) a widely distributed vaccine by Q3/21. Our price target supports our Sector Perform rating.

Risks to rating and price target

Risks to our price target and rating include but are not limited to very high operating leverage given a fixed-cost structure, above-average sensitivity to the economy, exposure to volatile fuel prices and the risk of terrorism and epidemics. This is a very competitive industry in which WestJet is capturing domestic market share. Air Canada is only partially hedged to changes in jet fuel prices.

Bombardier Inc.

Valuation

We apply a target multiple of 7.0x to our 2025 EBITDA estimate of \$1.53B and then discount back two years at 13% to derive our \$2.25 price target. Our target multiple is based on a significant discount to peers and an improving yet uncertain demand environment. We use EBITDA (as opposed to PE) as our primary valuation methodology, as we believe it better reflects the company’s growth potential while also taking into account its capital structure. Our price target supports our Outperform, Speculative Risk rating. Our Speculative Risk qualifier reflects BBD’s elevated leverage levels and cash flow visibility.



Risks to rating and price target

Risks to our estimates, price target, and rating include but are not limited to the performance of the global airline industry, possible changes to Bombardier's credit rating, and demand for business jets. We also see risk to reopening plans and should they cease due to COVID-19, we see this leading to further production halts. For these reasons, our earnings estimates could be more at risk than for most companies.

Chorus Aviation Inc.

Valuation

Our \$4.75 price target is derived from a sum-of-the-parts valuation. We value Chorus's core-CPA segment at a 6.0x EV/EBITDA multiple based on our 2023 estimates and we value the company's leasing segment at a 6.0x P/E multiple based on our assumptions for operating and funding costs attributable to the segment. We believe these multiples are appropriate when assessed relative to historical early-cycle peer multiples. This generates our \$4.75 price target, which is the basis of our Outperform rating.

Risks to rating and price target

Chorus Aviation's revenues and operating earnings are highly dependent on the CPA with Air Canada. The CPA agreement provides for a fixed fee per aircraft and other services rendered. Significant changes in the average daily utilization of aircraft by Air Canada covered by the CPA could impact the revenues and earnings generated under the CPA. Increases in Controllable Costs above the level estimated would reduce the margins earned on Scheduled Flights Revenue.

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

<https://www.rbccm.com/global/file-414164.pdf>

or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research and short-term trade ideas

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Equity Research Reports and to SPARC on the Firm's proprietary INSIGHT website, via email and via third-party vendors. SPARC contains market color and commentary regarding subject companies on which the Firm currently provides equity research coverage. Research Analysts may, from time to time, include short-term trade ideas in Research Reports and / or in SPARC. A short-term trade idea offers a short-term view on how a security may trade, based on market and trading events, and the resulting trading opportunity that may be available. A short-term trade idea may differ from the price targets and recommendations in our published Research Reports reflecting the Research Analyst's views of the longer-term (one year) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. Thus, it is possible that a subject company's common equity that is considered a long-term 'Sector Perform' or even an 'Underperform' might present a short-term buying opportunity as a result of temporary selling pressure in the market; conversely, a subject company's common equity rated a long-term 'Outperform' could be considered susceptible to a short-term downward price correction. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm generally does not intend, nor undertakes any obligation, to maintain or update short-term trade ideas. Short-term trade ideas may not be suitable for all investors and have not been tailored to individual investor circumstances and objectives, and investors should make their own independent decisions regarding any securities or strategies discussed herein. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: <https://rbcnew.bluematrix.com/sellside/MAR.action>

The 12 month history of SPARCs can be viewed at <https://www.rbcinsightresearch.com>.

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.



Third-party-disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

References herein to "LIBOR", "LIBO Rate", "L" or other LIBOR abbreviations means the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such rate).

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/ or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:

This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:

This publication has been approved by RBC Dominion Securities Inc.(member IIROC). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To Hong Kong Residents:

This publication is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission (SFC) in Hong Kong, RBC Investment Services (Asia) Limited and RBC Global Asset Management (Asia) Limited, both entities



are regulated by the SFC. This material is not for general distribution in Hong Kong to persons who are not professional investors (as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder.

To Singapore Residents:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This material has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch. Royal Bank of Canada, Singapore Branch accepts responsibility for this report and its dissemination in Singapore.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Copyright © RBC Capital Markets, LLC 2022 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2022 - Member Canadian Investor Protection Fund

Copyright © RBC Europe Limited 2022

Copyright © Royal Bank of Canada 2022

All rights reserved