



July 16, 2021

## RBC Flight Deck

### Q2 preview – Improving recovery trends to overshadow another challenging Q

**In this report.** For Q2/21, we are expecting another challenging quarter for AC and CHR, while BBD looks poised to deliver a solid print on the back of strengthening demand for business aircraft. As a result, we have inched higher our Q2 forecast for BBD, while leaving AC and CHR largely unchanged. The key areas of focus for us heading into the quarter will be: 1) the strength/trajectory of the recovery as pent-up demand surges following the easing of travel restrictions; 2) forward booking curve trends and any insights into the sustainability of demand once the expected surge fades; and 3) the outlook for near-term cash burn rates and visibility as to when FCF breakeven might be achieved.

#### Q2 estimate revisions

- AC: Price target moves to \$27 (from \$26), maintain Outperform rating.** We are leaving our Q2/21 EBITDA unchanged at -\$470MM, with our estimate above consensus at -\$568MM. We are aligned with guidance for the quarter, though see potential downside variability to our estimate stemming from lower-than-expected yields and load factors, and/or higher costs due to increasing jet fuel prices during Q2. The only change to our longer-term forecasts pertains to our cash refund estimates, which we have reduced to \$800MM from \$1.5B split across Q2/21-Q4/21. Applying our 6.0x target multiple to our unchanged 2024 EBITDA, our PT moves to \$27 (from \$26) due to lower net debt from our reduced cash refund forecasts.
- BBD: Increasing price target to \$1.50 (from \$1.00), reiterate Outperform, Speculative Risk rating.** We are modestly increasing our Q2 EBITDA estimate to \$100MM (from \$97MM) on the back of an increase to our biz jet delivery forecast (24 from 23) and EBIT margin (2.0% from 1.8%), though we are still below consensus at \$117MM. We see upside to our estimate stemming from better-than-expected deliveries and increased contribution from after-market services (which is higher margin). Our target multiple increases to 6.0x (from 5.2x) to reflect what we see as a reduced risk profile following recent commentary on demand trends by the company. Applying this to our unchanged 2025E EBITDA (discounted back 3 years at 12%), our price target moves to \$1.50 (from \$1.00).
- CHR: Maintaining \$5.50 price target and Outperform rating.** We are leaving our estimates for CHR unchanged, with our Q2 EBITDA estimate of \$91MM just above consensus of \$87MM. We are aligned with mgmt guidance where provided, though see the potential for downside to this estimate from a weaker-than-anticipated recovery in lease revenue billed (particularly in more impacted international markets). Target multiples left unchanged and when applied to our 2022E EBITDA, takes us to our \$5.50 (unchanged) price target.

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INDEX	1-M (%)	YTD (%)	1-YR (%)	TREND
S&P500	(0.2)	15.8	25.7	▼
S&P 500	2.7	16.1	35.1	Δ
AMEX Airline	(9.7)	13.8	65.5	▼
AMEX Aerospace	(4.7)	12.9	25.4	▼
COMMODITIES	1-M (%)	YTD (%)	1-YR (%)	TREND
WTI	(0.3)	48.1	67.8	▼
Jet Fuel	0.9	37.9	72.3	Δ
CAD/USD	2.6	(1.1)	(7.2)	Δ
AEROSPACE				
Bombardier	34.3	202.1	229.5	Δ
Boeing	(9.6)	4.1	18.5	▼
EADS	(3.2)	23.0	64.8	▼
Embraer	(15.5)	108.5	119.1	▼
General Dynamics	(1.6)	27.2	29.9	▼
Textron	(2.6)	38.4	98.8	▼
N.A. MAINLINE				
Air Canada	(11.6)	9.7	37.3	▼
AMR	(10.2)	29.7	52.2	▼
Delta	(9.2)	2.8	44.6	▼
United	(13.7)	10.3	31.2	▼
N.A. REGIONAL				
Alaska	(11.5)	9.4	46.8	▼
Allegiant	(7.2)	(0.6)	58.3	▼
Chorus Aviation	(8.1)	23.0	63.7	▼
Exchange Income	2.1	9.5	44.7	Δ
JetBlue	(13.8)	7.2	34.9	▼
SkyWest	(11.8)	3.3	28.5	▼
Southwest	(9.3)	11.1	44.8	▼
INTL. AIRLINES				
Lufthansa	(8.3)	(11.6)	7.7	▼
Air France/KLM	(17.2)	(25.8)	(11.0)	▼
BA/Iberia	(15.1)	3.5	8.8	▼
Air China	(10.9)	(11.5)	12.5	▼
China Eastern	(8.6)	(7.8)	10.8	▼
China Southern	(11.6)	(1.3)	26.7	▼
Singapore Airlines	(0.6)	14.3	31.5	▼
Qantas	(0.8)	(3.5)	26.5	▼

Source: Bloomberg



## Canadian Airlines & Aerospace Q2/21 preview

In this report, we overview recent share price performance, discuss relevant industry trends/themes, and update our Q2 estimates. Items of focus include:

1. a look at the performance of the Canadian airlines during the quarter;
2. global air traffic trends as measured by IATA and RBC Elements (see Appendix 6);
3. a discussion of our Q2 estimates for each company in our coverage.

### The set-up: Airline share price performance during Q2

**Airlines & Aerospace a mixed bag in Q2.** Share price performance for our coverage was mixed in Q2, with Air Canada, Chorus, and Bombardier returning -2%, +4%, and +21%, respectively, during the quarter. On average, quarterly performance for the group (+7.5%) was largely in-line with the S&P/TSX's return (+7.8%), though primarily driven by BBD's relative outperformance – which we attribute to a combination of solid Q1/21 results and positive news flow/industry commentary on strengthening demand for business aircraft. As it relates to CHR and AC, the shares trended upwards for most of the quarter, benefitting from reopening momentum and encouraging recovery trends in the US before declining in June as the broader sector rotation trade began to unwind.

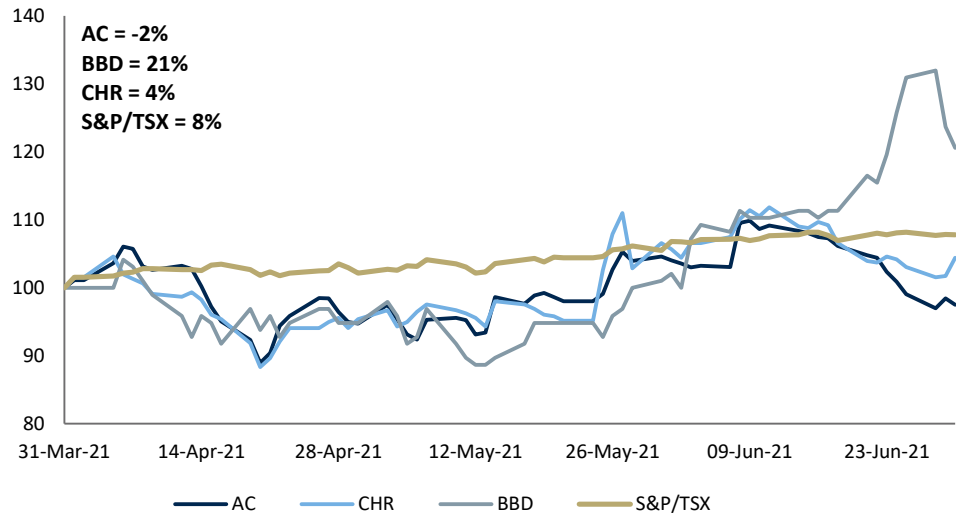
**Looking for Q2 performance to be soft as expected, focus is squarely on recovery trends.** Each of AC (capacity seen being down 84% vs. Q2/19) and CHR (plans to operate 20%-25% of Q2/19 capacity levels) guided to largely stagnant Q/Q recovery trends in air travel for the second quarter, as the persistence of travel restrictions are expected to meaningfully weigh on demand (both domestic and international). As it relates to liquidity and cash flows, we view these metrics as being of lesser concern for investors at this stage of the recovery and following the government financial aid package announced a few months ago. Instead, we believe the focus will land squarely on demand trends seen during the quarter and the forward booking curve.

**Constructive commentary underscores robust demand environment for biz jets.** We are looking for BBD to report a solid Q2/21, with our current forecasts calling for total biz jet deliveries of 24 (including 8 Global 7500s) and healthy growth in services revenues. We note that commentary from operators and BBD itself has been noticeably upbeat, with the company remarking that the “supply of business jets across the industry has been outpaced by demand” and that “Bombardier’s Certified Pre-owned aircraft program is capitalizing on a resilient market where supply still hasn’t caught up with demand” in a recent press release. Additionally, according to the General Aviation Manufacturers Association (GAMA), total business jet shipment activity maintained solid momentum during Q1, with orders of 113 (BBD 23% market share) essentially flat Y/Y vs. being down 9% Y/Y in Q4/20. While Q2 numbers have yet to be released, we are of the view that they will represent another quarter of solid sequential improvement on the back of healthy demand for private air travel due to ongoing public health & safety concerns and historically low used aircraft inventory levels.

**Key focus areas.** The key areas of focus for us going forward will be as follows: 1) the strength/trajectory of the recovery as pent-up demand surges following the easing of travel restrictions; 2) forward booking curve trends and any insights into the sustainability of demand once the expected surge fades; 3) the outlook for near-term cash burn rates and visibility as to when FCF breakeven might be achieved; 4) commentary around the competitive environment (particularly following Porter’s recent announcement) as we exit the pandemic; and 5) the current cargo opportunity and areas for further expansion. Further, we note that based on recent data points we have been tracking from RBC Elements and third-party providers, we have seen accelerating traffic trends within the US and encouraging recovery

data points in other regions and will be closely monitoring these trends as we progress through the summer and into fall.

Exhibit 1 – Indexed share price performance vs. the S&P/TSX during Q2/21



Source: Factset, RBC Capital Markets

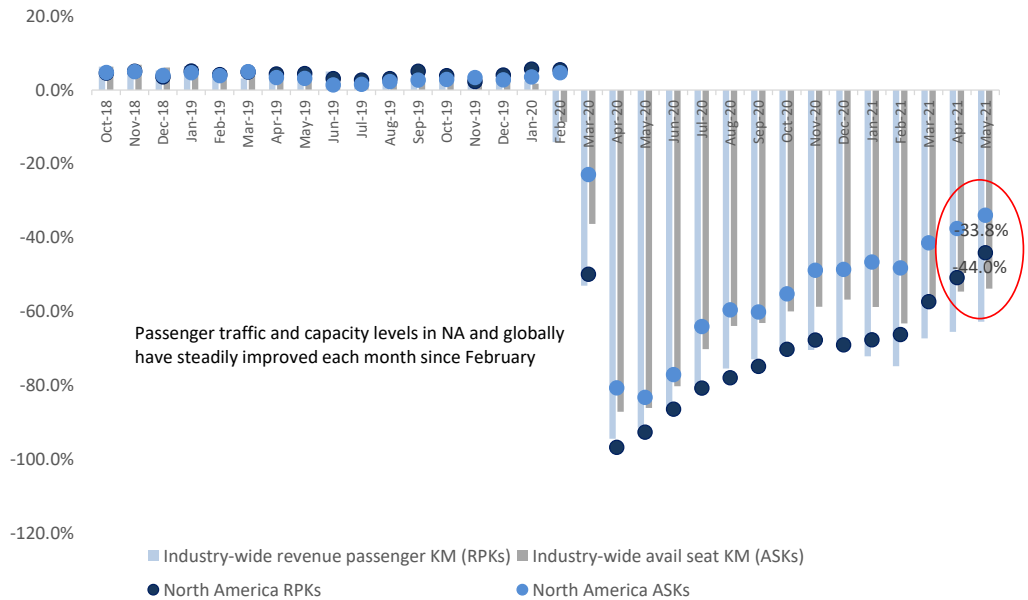
## IATA Traffic data depicts a steady recovery into the summer

To gauge global air traffic conditions, we use data 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 bit of a time lag (~4-6 weeks), but still provides a good indication of overall sentiment ahead of the quarterly reporting season. We summarize some of this data in Exhibit 2.

**Passenger traffic continued its steady rebound, led by a robust US recovery.** According to IATA, global demand improved moderately to start the spring, with industry-wide Revenue Passenger Km's (RPK's) down 65% in April (vs. the same month in 2019) and 63% in May (vs. the same month in 2019). In North America, traffic fared better and improved at a faster pace than global RPKs, with RPKs down just -44% from 2019 levels during the month of May (vs. down 68% relative to 2019 in January). Looking ahead, we believe the recovery gap between North America and the rest of the world will continue to widen as major markets in Europe and Asia grapple with the effects of the Delta variant while Canada's recent vaccination success should further strengthen the pace of the NA recovery.

**Global capacity levels have also seen sequential M/M improvement since February.** IATA data also showed global capacity numbers following a largely similar trajectory to traffic, with global capacity dropping to -54% (vs. the same month in 2019) in May vs. being down -63% in February. Capacity trends in North America continue to be better, with capacity down -37% (vs. the same month in 2019) in April and -34% in May. We also note that load factors maintained their upward trend during the spring, with industry-wide load factors of 66% in May representing a material improvement from the 55% recorded during February. We continue to see capacity levels moving largely in lock-step with traffic levels, though do see the potential for load factors to slowly progress towards more normalized levels by early/mid next year as vaccinations become more widespread globally and assuming risks for COVID-19 variants are kept under control.

Exhibit 2 – IATA traffic (RPKs) and capacity (ASKs) data steadily improved during the spring



Source: IATA .org

Q2 Estimates

We are making minor changes to our Q2 estimates ahead of the reporting season. Overall, we have updated our forecasts to better reflect anticipated cash refunds and business jet demand trends. Accordingly, we update our price targets for AC and BBD, while keeping our target unchanged for CHR. Details by company are below:

RBC call on earnings

Ticker	Below	Inline	Above
AC	█	█	█
BBD	█	█	█
CHR	█	█	█

- Air Canada (AC): Price target inches up to \$27 (from \$26); reaffirm Outperform rating.** We are leaving our Q2/21 EBITDA unchanged at -\$470MM, with our estimate above consensus at -\$568MM. We are aligned with guidance for the quarter, though see potential downside variability to our estimate stemming from lower-than-expected yields and load factors, and/or higher costs due to increasing jet fuel prices during Q2. In terms of our longer-term estimates, our recovery assumptions remain unchanged, however we have updated our NWC forecasts in Q2/21-Q4/21 to better reflect the lower-than-anticipated cash outflows from customer refunds (we have reduced our total refund outlay from \$1.5B to \$800MM split across Q2-Q4). Applying our unchanged 6.0x target multiple to our unchanged 2024 EBITDA and discounting back 2 years at 10% (unchanged), our PT moves to \$27 (from \$26) due to lower net debt from our reduced cash refund forecasts.
- Bombardier (BBD): Price target increased to \$1.50; reaffirm Outperform (Speculative risk) rating.** We are modestly increasing our Q2 EBITDA estimate to \$100MM (from \$97MM), though we are still below consensus at \$117MM (the range of estimates is quite wide). Our higher Q2 EBITDA reflects the delivery of an additional Global 7500 aircraft (taking our Q2 deliveries to 24 from 23) and a slight bump to EBIT margins (2.0% from 1.8%). We see upside to our estimate stemming from better-than-expected deliveries and increased contribution from after-market services (which is higher margin). We are also increasing our target multiple to 6.0x (from 5.2x) to reflect what we see as a reduced risk profile following recent commentary on demand trends by the company. Applying this new multiple to our unchanged 2025E EBITDA (discounted back 3 years at 12%), our price target moves to \$1.50 (from \$1.00).

Likelihood of guidance chng.

Ticker	Lower	Unchg	Higher
AC	█	█	█
BBD	█	█	█
CHR	█	█	█



- Chorus Aviation (CHR): Price target unchanged at \$5.50; maintain Outperform rating.** We are leaving our Q2/21 and longer-term estimates for Chorus unchanged, with our Q2 EBITDA estimate of \$91MM just above consensus at \$87MM. We are aligned with mgmt guidance where provided, though see the potential for downside to this estimate from a weaker-than-anticipated recovery in lease revenue billed due to stagnating recovery trends in certain international markets. Our target multiples and 2022 estimates are left unchanged, and we continue to apply a 5.75x EV/EBITDA multiple on the core CPA business and a 6.0x P/E multiple on the leasing business, which results in a \$5.50 price target (unchanged).

Exhibit 3 – Estimate Changes ahead of the quarter

	Q2 2021 EBITDA			2021E EBITDA			2022E EBITDA			Target Multiple		Price Target (CAD)		Rating	Implied Return
	Prior	RBC	Street	Prior	RBC	Street	Prior	RBC	Street	Old	New	Old	New		
Air Canada	-\$470	<b>-\$470</b>	-\$568	-\$1,485	<b>-\$1,485</b>	-\$1,293	\$1,740	<b>\$1,740</b>	\$2,248	6.0x	<b>6.0x</b>	\$26	<b>\$27</b>	O	+8%
Bombardier	\$97	<b>\$100</b>	\$117	\$535	<b>\$543</b>	\$554	\$855	<b>\$855</b>	\$771	5.2x	<b>6.0x</b>	\$1.00	<b>\$1.50</b>	O	+3%
Chorus Aviation	\$91	<b>\$91</b>	\$87	\$371	<b>\$371</b>	\$346	\$427	<b>\$427</b>	\$387	5.8x	<b>5.8x</b>	\$5.50	<b>\$5.50</b>	O	+21%

Source: Company reports, RBC Capital Markets estimates

Exhibit 4 – Air Canada estimate revisions detail

	Q2/21E			2021E			2022E			2023E			2024E		
	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var
Traffic: RPMs (% chg)	213.7%	213.7%	0bp	5.9%	5.9%	0bp	172.6%	172.6%	0bp	40.2%	40.2%	0bp	1.0%	1.0%	0bp
Capacity: ASMs (% chg)	99.1%	99.1%	0bp	-0.5%	-0.5%	0bp	125.8%	125.8%	0bp	33.2%	33.2%	0bp	1.0%	1.0%	0bp
Load Factor (%pts)	55.0%	55.0%	0bp	65.6%	65.6%	0bp	79.2%	79.2%	0bp	83.4%	83.4%	0bp	83.4%	83.4%	0bp
Yield (% chg)	-15.0%	-15.0%	0bp	-0.8%	-0.8%	0bp	-5.8%	-5.8%	0bp	-4.5%	-4.5%	0bp	2.0%	2.0%	0bp
RASM (% chg)	33.7%	33.7%	0bp	14.1%	14.1%	0bp	17.5%	17.5%	0bp	0.8%	0.8%	0bp	2.0%	2.0%	0bp
Adj. CASM ex fuel+other (% chg)	-56.3%	-56.3%	0bp	-4.9%	-4.9%	0bp	-40.1%	-40.1%	0bp	-11.1%	-11.1%	0bp	1.4%	1.4%	0bp
Avg Jet Fuel Price: (\$/Ltr)	\$0.77	\$0.77	0.0%	\$0.73	\$0.73	0.0%	\$0.71	\$0.71	0.0%	\$0.71	\$0.71	0.0%	\$0.68	\$0.68	0.0%
Revenue	881	881	0.0%	6,417	6,417	0.0%	15,035	15,035	0.0%	19,636	19,636	0.0%	20,209	20,209	0.0%
Expenses	1,352	1,352	0.0%	7,902	7,902	0.0%	13,295	13,295	0.0%	16,542	16,542	0.0%	16,823	16,823	0.0%
<b>EBITDA</b>	<b>(470)</b>	<b>(470)</b>	<b>0.0%</b>	<b>(1,485)</b>	<b>(1,485)</b>	<b>0.0%</b>	<b>1,740</b>	<b>1,740</b>	<b>0.0%</b>	<b>3,094</b>	<b>3,094</b>	<b>0.0%</b>	<b>3,387</b>	<b>3,387</b>	<b>0.0%</b>
EBITDA Margin	-53.4%	-53.4%	0.0%	-23.1%	-23.1%	0.0%	11.6%	11.6%	0.0%	15.8%	15.8%	0.0%	16.8%	16.8%	0.0%
EPS ex-one time items (\$)	(2.80)	(2.80)	0.0%	(10.21)	(10.21)	-0.1%	(1.49)	(1.46)	-2.0%	2.39	2.42	1.2%	3.45	3.48	0.9%

Source: Company reports, RBC Capital Markets estimates

Exhibit 5 – Bombardier estimate revisions detail

	Q2/21E			2021E			2022E			2023E			2024E			2025E		
	Old	Cur	Var (%)	Old	Cur	Var (%)	Old	Cur	Var (%)	Old	Cur	Var (%)	Cur	Var (%)	Cur	Var (%)		
<b>Bombardier</b>																		
Total Revenues	1,128	1,189	5.5%	5,738	5,799	1.1%	6,135	6,144	0.1%	6,647	6,645	0.0%	7,028	7,026	0.0%	7,486	7,493	0.1%
Total EBIT	20	24	17.2%	100	108	8.1%	399	399	0.0%	552	552	-0.1%	738	738	0.0%	996	996	0.0%
Mgn%	1.8%	2.0%	20 bps	1.7%	1.9%	12 bps	6.5%	6.5%	0 bps	8.3%	8.3%	0 bps	10.5%	10.5%	0 bps	13.3%	13.3%	-1 bps
Total aircraft deliveries	23	24		119	120		124	125		135	135		137	137		139	139	
Free Cash Flow	(455)	(452)		(461)	(453)		9	9		139	138		321	321		613	613	
<b>EBITDA</b>	<b>97</b>	<b>100</b>		<b>535</b>	<b>543</b>		<b>855</b>	<b>855</b>		<b>1,031</b>	<b>1,031</b>		<b>1,241</b>	<b>1,241</b>		<b>1,524</b>	<b>1,524</b>	
Adjusted EPS	-\$0.08	-\$0.08		-\$0.32	-\$0.32		-\$0.13	-\$0.13		-\$0.06	-\$0.06		\$0.01	\$0.01		\$0.12	\$0.12	

Source: Company reports, RBC Capital Markets estimates



Exhibit 6 – Chorus estimate revisions detail

	Q2/21E			2021E			2022E		
	OLD	NEW	Var	OLD	NEW	Var	OLD	NEW	Var
<b>Revenue breakdown</b>									
Controllable Revenue	99	99	0.0%	408	408	0.0%	595	595	0.0%
Leasing under CPA	36	36	0.0%	146	146	0.0%	146	146	0.0%
Margin compensation	17	17	0.0%	66	66	0.0%	63	63	0.0%
Incentives	0.5	0.5	0.0%	2	2	0.0%	2	2	0.0%
Pass through revenue	17	17	0.0%	85	85	0.0%	127	127	0.0%
Passenger revenue	169	169	0.0%	707	707	0.0%	933	933	0.0%
Regional Aircraft Leasing	35	35	0.0%	140	140	0.0%	153	153	0.0%
Other - Charter, contract flying, MRO	17	17	0.0%	76	76	0.0%	102	102	0.0%
Total Revenues	222	222	0.0%	925	925	0.0%	1,191	1,191	0.0%
Total Expenses	162	162	0.0%	771	771	0.0%	895	895	0.0%
Total Operating Income	60	60	0.0%	155	155	0.0%	296	296	0.0%
Depreciation and Amortization	31	31	0.0%	167	167	0.0%	131	131	0.0%
EBITDA	91	91	0.0%	371	371	0.0%	427	427	0.0%

Source: Company reports, RBC Capital Markets estimates

## Appendix 1 - Airline comparables

Symbol	15-Jul-21		EV/EBITDA				EV/Sales				EBITDA Margin				
	Price		2019A	2020	2021E	2022E	2019A	2020	2021E	2022E	2019A	2020	2021E	2022E	
<b>Discount Airlines</b>															
Southwest	LUV-US	US\$	\$51.78	6.9x	-7.7x	NMF	7.0x	1.3x	3.2x	1.9x	1.4x	19%	-42%	5%	19%
JetBlue	JBLU-US	US\$	\$15.58	5.7x	-5.2x	NMF	5.9x	0.9x	2.6x	1.4x	1.0x	17%	-49%	-5%	16%
<b>Discount Average</b>				<b>6.3x</b>	<b>-6.5x</b>	<b>NMF</b>	<b>6.5x</b>	<b>1.1x</b>	<b>2.9x</b>	<b>1.6x</b>	<b>1.2x</b>	<b>18%</b>	<b>-46%</b>	<b>0%</b>	<b>18%</b>
<b>Mainline Airlines</b>															
Air Canada	AC-CA	C\$	\$24.98	3.4x	-6.1x	NMF	7.2x	0.7x	2.1x	2.0x	0.8x	19%	-35%	-23%	12%
Delta Air Lines	DAL-US	US\$	\$41.35	5.0x	-8.4x	NMF	6.6x	1.0x	2.7x	1.6x	1.2x	20%	-32%	1%	18%
United Continental	UAL-US	US\$	\$47.71	5.5x	-5.8x	NMF	7.4x	0.9x	2.4x	1.5x	1.0x	16%	-42%	-5%	13%
American Airlines	AAL-US	US\$	\$20.46	8.0x	-5.0x	NMF	14.2x	1.0x	2.7x	1.6x	1.2x	13%	-53%	-12%	8%
<b>Mainline Average</b>				<b>5.5x</b>	<b>-6.3x</b>	<b>NMF</b>	<b>8.9x</b>	<b>0.9x</b>	<b>2.5x</b>	<b>1.7x</b>	<b>1.0x</b>	<b>17%</b>	<b>-41%</b>	<b>-10%</b>	<b>13%</b>
<b>Regional Airlines</b>															
Chorus Aviation	CHR-CA	C\$	\$4.55	8.1x	7.9x	7.4x	6.4x	2.0x	2.9x	3.0x	2.3x	25%	37%	40%	36%
SkyWest Inc.	SKYW-US	US\$	\$41.65	6.5x	6.5x	6.5x	6.5x	1.6x	2.2x	1.8x	1.5x	24%	34%	28%	23%
<b>Regional Average</b>				<b>7.3x</b>	<b>7.2x</b>	<b>6.9x</b>	<b>6.4x</b>	<b>1.8x</b>	<b>2.5x</b>	<b>2.4x</b>	<b>1.9x</b>	<b>24%</b>	<b>35%</b>	<b>34%</b>	<b>30%</b>
<b>Airline Average</b>				<b>6.1x</b>	<b>-3.0x</b>	<b>NMF</b>	<b>7.7x</b>	<b>1.2x</b>	<b>2.6x</b>	<b>1.8x</b>	<b>1.3x</b>	<b>19%</b>	<b>-23%</b>	<b>4%</b>	<b>18%</b>

Sources: Company reports, FactSet, and RBC Capital Markets estimates for Air Canada and Chorus Aviation. Priced at 4pm July 15, 2021



Appendix 2 - Aerospace comparables

Company Name	Exch: Ticker	Price 15-Jul-21	Mkt. Cap (\$MM's)	Net Debt to EBITDA	P/E					EV/EBITDA					2019A EBITDA	2020A EBITDA	2021E EBITDA	2022E EBITDA	2023E EBITDA	
					2019A	2020A	2021E	2022E	2023E	2019A	2020A	2021E	2022E	2023E	Margin	Margin	Margin	Margin	Margin	
<b>Aerospace</b>																				
Boeing	NYSE:BA	US\$	222.76	130,272	9.0x	-64.2x	-9.6x	nmf	nmf	30.1x	584.1x	-16.9x	37.1x	18.3x	16.2x	0.4%	-17.5%	6.0%	10.5%	11.8%
Embraer	NYSE:ERJ	US\$	14.20	2,629	24.8x	-8.1x	-3.9x	nmf	nmf	24.2x	25.6x	56.9x	15.1x	9.6x	7.7x	3.3%	2.2%	7.0%	9.1%	10.3%
General Dynamics	NYSE:GD	US\$	189.35	53,510	2.5x	15.8x	17.2x	17.0x	15.4x	14.1x	12.1x	13.2x	13.2x	12.4x	11.8x	14.0%	13.3%	12.8%	13.1%	13.2%
Textron	NYSE:TXT	US\$	66.90	15,100	2.5x	17.9x	32.3x	21.4x	17.6x	15.5x	11.0x	18.1x	12.6x	11.1x	10.3x	11.6%	8.3%	10.9%	11.5%	11.8%
<b>Average</b>						<b>-9.7x</b>	<b>9.0x</b>	<b>19.2x</b>	<b>16.5x</b>	<b>21.0x</b>	<b>158.2x</b>	<b>17.8x</b>	<b>19.5x</b>	<b>12.9x</b>	<b>11.5x</b>	<b>7.3%</b>	<b>1.6%</b>	<b>9.2%</b>	<b>11.1%</b>	<b>11.8%</b>
<b>Transportation &amp; Conglomerates</b>																				
Siemens	XE:SIE	EUR	130.24	110,704	3.6x	20.8x	26.4x	18.5x	16.7x	15.1x	13.4x	17.8x	15.0x	13.0x	11.9x	11.9%	13.7%	15.5%	16.8%	17.6%
General Electric	NYSE:GE	US\$	12.76	112,015	6.0x	19.6x	nmf	nmf	24.8x	18.2x	12.9x	24.5x	17.5x	13.2x	11.6x	12.0%	7.6%	10.9%	13.7%	14.5%
United Technologies	NYSE:UTX	US\$	84.98	128,752	2.6x	17.4x	31.1x	22.2x	17.3x	13.9x	11.0x	16.4x	14.8x	12.2x	10.8x	18.1%	16.3%	15.9%	17.6%	18.5%
<b>Average</b>						<b>19.3x</b>	<b>28.8x</b>	<b>20.4x</b>	<b>19.6x</b>	<b>15.7x</b>	<b>12.5x</b>	<b>19.6x</b>	<b>15.8x</b>	<b>12.8x</b>	<b>11.4x</b>	<b>14.0%</b>	<b>12.5%</b>	<b>14.1%</b>	<b>16.0%</b>	<b>16.9%</b>
<b>Bombardier</b>	<b>TSX:BBD.B</b>	<b>C\$</b>	<b>\$1.45</b>	<b>3,508</b>	<b>6.6x</b>	<b>-4.6x</b>	<b>-1.9x</b>	<b>-3.6x</b>	<b>-8.7x</b>	<b>-18.0x</b>	<b>9.6x</b>	<b>-26.9x</b>	<b>15.4x</b>	<b>9.8x</b>	<b>8.1x</b>	<b>5.5%</b>	<b>-2.2%</b>	<b>9.4%</b>	<b>13.9%</b>	<b>15.5%</b>

Source: Company reports, FactSet, and RBC Capital Markets estimates for Bombardier. Note BBD Net Debt/EBITDA uses 2022E numbers. Priced at market close on July 15, 2021

Appendix 3 - AC Model Summary

AIR CANADA (TSX: AC/B, TSX: AC/A)

FY Dec 31	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21E	Q3/21E	Q4/21E	2021E	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E
Traffic / RPM (MMs)	94,113	17,507	783	2,517	2,432	23,239	1,831	2,456	8,439	11,894	24,620	16,585	14,513	21,032	14,986	67,117	21,293	23,463	27,954	21,403	94,113	95,054
% change	1.9%	-17.8%	-96.7%	-91.0%	-88.6%	-75.3%	-89.5%	213.7%	235.3%	389.1%	5.9%	805.8%	490.9%	149.2%	26.0%	172.6%	28.4%	61.7%	32.9%	42.8%	40.2%	1.0%
Capacity / ASM (MMs)	112,814	23,511	2,243	5,949	6,000	37,703	4,211	4,466	12,983	15,859	37,518	22,114	18,141	25,966	18,502	84,722	26,016	27,910	32,457	26,431	112,814	113,942
% change	1.8%	-9.6%	-92.0%	-81.7%	-77.3%	-66.6%	-82.1%	99.1%	118.2%	164.3%	-0.5%	425.1%	306.3%	100.0%	16.7%	125.8%	17.6%	53.8%	25.0%	42.9%	33.2%	1.0%
Load Factor (%)	83.4%	74.5%	34.9%	42.3%	40.5%	61.6%	43.5%	55.0%	65.0%	75.0%	65.6%	75.0%	80.0%	81.0%	81.0%	79.2%	81.8%	84.1%	86.1%	81.0%	83.4%	83.4%
change (% pts)	0.1%	-7.4%	-49.2%	-43.8%	-40.4%	-21.8%	-31.0%	20.1%	22.7%	34.5%	4.0%	31.5%	25.0%	16.0%	6.0%	13.6%	6.8%	4.1%	5.1%	0.0%	4.2%	0.0%
Yield (\$)	0.183	0.182	0.264	0.202	0.195	0.211	0.216	0.224	0.202	0.195	0.209	0.198	0.213	0.192	0.186	0.197	0.189	0.204	0.183	0.177	0.188	0.192
% change	4.3%	2.5%	43.5%	9.2%	5.1%	15.1%	18.2%	-15.0%	0.0%	0.0%	-0.8%	-8.0%	-5.0%	-5.0%	-5.0%	-5.8%	-4.5%	-4.5%	-4.5%	-4.5%	-4.5%	2.0%
RASM (Rev per unit of capacity, cents)	15.3	13.6	9.2	8.5	7.9	11.6	9.4	12.3	13.1	14.7	13.3	14.9	17.1	15.5	15.0	15.6	15.5	17.1	15.8	14.4	15.7	16.0
CASM (Costs per unit of capacity, cents)	15.5	17.7	82.3	25.9	34.4	25.8	45.2	39.5	20.3	20.5	25.5	19.1	19.2	15.2	17.7	17.6	18.2	16.9	14.2	15.6	16.1	16.2
Fuel Cost/ASM (cents)	3.9	3.6	5.5	2.9	3.1	3.5	4.7	5.7	4.1	4.5	4.5	5.4	5.4	3.9	4.3	4.7	5.2	5.3	3.8	4.2	4.6	4.5
CASM (excl. fuel) (cents)	11.6	14.1	76.8	23.0	31.3	22.3	40.5	33.7	16.2	15.9	20.9	13.7	13.7	11.3	13.4	12.9	13.0	11.6	10.3	11.4	11.5	11.7
<b>Total Revenues</b>	<b>19,154</b>	<b>3,722</b>	<b>527</b>	<b>757</b>	<b>827</b>	<b>5,833</b>	<b>729</b>	<b>881</b>	<b>2,059</b>	<b>2,749</b>	<b>6,417</b>	<b>3,818</b>	<b>3,547</b>	<b>4,434</b>	<b>3,235</b>	<b>15,035</b>	<b>4,583</b>	<b>5,248</b>	<b>5,538</b>	<b>4,266</b>	<b>19,636</b>	<b>20,209</b>
% change	6.0%	-16.1%	-88.9%	-86.4%	-81.3%	-69.5%	-80.4%	67.2%	172.0%	232.3%	10.0%	423.7%	302.5%	115.4%	17.7%	134.3%	20.0%	48.0%	24.9%	31.9%	30.6%	2.9%
Wages, salaries and benefits	3184	796	464	475	507	2242	528	467	447	485	1927	610	510	508	523	2151	921	795	721	744	3180	3325
% Sales	16.6%	21.4%	88.0%	62.7%	61.3%	38.4%	72.4%	52.9%	21.7%	17.7%	30.0%	16.0%	14.4%	11.5%	16.2%	14.3%	20.1%	15.1%	13.0%	17.4%	16.2%	16.5%
Aircraft Fuel - total	4444	836	124	175	187	1322	200	256	535	715	1706	1197	989	1022	802	4009	1362	1480	1240	1116	5198	5155
% Sales	23.2%	22.5%	23.5%	23.1%	22.6%	22.7%	27.4%	29.1%	26.0%	26.0%	26.6%	31.3%	27.9%	23.0%	24.8%	26.7%	29.7%	28.2%	22.4%	26.2%	26.5%	25.5%
Sales and distribution costs	874	183	13	30	26	252	24	27	99	116	266	126	109	198	136	569	148	167	248	194	758	765
% Sales	4.6%	4.9%	2.5%	4.0%	3.1%	4.3%	3.3%	3.0%	4.8%	4.2%	4.2%	3.3%	3.1%	4.5%	4.2%	3.8%	3.2%	3.2%	4.5%	4.5%	3.9%	3.8%
Catering and onboard services	445	97	23	26	25	171	21	18	57	66	162	110	73	113	77	373	130	112	142	110	493	498
% Sales	2.3%	2.6%	4.4%	3.4%	3.0%	2.9%	2.9%	2.0%	2.8%	2.4%	2.5%	2.9%	2.0%	2.6%	2.4%	2.5%	2.8%	2.1%	2.6%	2.6%	2.5%	2.5%
Aircraft maintenance	1004	270	181	45	185	681	150	150	175	200	675	245	255	254	250	1004	252	263	262	258	1034	1065
% Sales	5.2%	7.3%	34.3%	5.9%	22.4%	11.7%	20.6%	17.0%	8.5%	7.3%	10.5%	6.4%	7.2%	5.7%	7.7%	6.7%	5.5%	5.0%	4.7%	6.0%	5.3%	5.3%
Airport and navigation fees	990	228	113	97	107	545	98	100	212	283	693	194	161	227	161	743	228	248	284	230	990	1000
% Sales	5.2%	6.1%	21.4%	12.8%	12.9%	9.3%	13.4%	11.4%	10.3%	10.3%	10.8%	5.1%	4.5%	5.1%	5.0%	4.9%	5.0%	4.7%	5.1%	5.4%	5.0%	4.9%
Communications and information technolo	397	135	91	66	80	372	105	33	65	79	283	77	63	91	65	297	91	98	114	93	395	399
% Sales	2.1%	3.6%	17.3%	8.7%	9.7%	6.4%	14.4%	3.8%	3.2%	2.9%	4.4%	2.0%	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	2.1%	2.2%	2.0%	2.0%
Other	3553	872	353	392	424	2041	361	293	603	810	2067	1016	836	1049	762	3663	902	1035	1093	838	3867	3982
% Sales	18.5%	23.4%	67.0%	51.8%	51.3%	35.0%	49.5%	33.3%	29.3%	29.5%	32.2%	26.6%	23.6%	23.7%	23.5%	24.4%	19.7%	19.7%	19.7%	19.6%	19.7%	19.7%
Regional airline expense (ex fuel and DAR)	1847	471	172	198	245	1086	195	161	397	535	1288	672	517	650	470	2310	489	562	594	454	2100	2163
% Sales	9.6%	12.7%	32.6%	26.2%	29.6%	18.6%	26.7%	18.3%	19.3%	19.5%	20.1%	17.6%	14.6%	14.7%	14.5%	15.4%	10.7%	10.7%	10.7%	10.6%	10.7%	10.7%
<b>Total Operating Costs</b>	<b>14,891</b>	<b>3,417</b>	<b>1,362</b>	<b>1,306</b>	<b>1,541</b>	<b>7,626</b>	<b>1,487</b>	<b>1,345</b>	<b>2,192</b>	<b>2,754</b>	<b>7,778</b>	<b>3,575</b>	<b>2,996</b>	<b>3,463</b>	<b>2,774</b>	<b>12,809</b>	<b>4,034</b>	<b>4,197</b>	<b>4,102</b>	<b>3,583</b>	<b>15,915</b>	<b>16,190</b>
<b>EBITDA</b>	<b>3,636</b>	<b>71</b>	<b>(832)</b>	<b>(554)</b>	<b>(728)</b>	<b>(2,043)</b>	<b>(763)</b>	<b>(470)</b>	<b>(167)</b>	<b>(84)</b>	<b>(1,485)</b>	<b>(7)</b>	<b>475</b>	<b>903</b>	<b>369</b>	<b>1,740</b>	<b>255</b>	<b>936</b>	<b>1,350</b>	<b>553</b>	<b>3,094</b>	<b>3,387</b>
% of sales	19.0%	1.9%	-157.9%	-73.2%	-88.0%	-35.0%	-104.7%	-53.4%	-8.1%	-3.1%	-23.1%	-0.2%	13.4%	20.4%	11.4%	11.6%	5.6%	17.8%	24.4%	13.0%	15.8%	16.8%
Depreciation, amortization and impairment	1,986	504	487	423	435	1,849	413	412	411	411	1,647	408	410	412	415	1,645	412	411	410	409	1,642	1,623
<b>EBIT (Excluding Special Charges)</b>	<b>1,650</b>	<b>(433)</b>	<b>(1,319)</b>	<b>(785)</b>	<b>(1,239)</b>	<b>(3,776)</b>	<b>(1,049)</b>	<b>(882)</b>	<b>(578)</b>	<b>(495)</b>	<b>(3,005)</b>	<b>(415)</b>	<b>65</b>	<b>490</b>	<b>(45)</b>	<b>95</b>	<b>(157)</b>	<b>525</b>	<b>940</b>	<b>144</b>	<b>1,452</b>	<b>1,763</b>
% of sales	8.6%	-11.6%	-250.3%	-103.7%	-149.8%	-64.7%	-143.9%	-100.1%	-28.1%	-18.0%	-46.8%	-10.9%	1.8%	11.1%	-1.4%	0.6%	-3.4%	10.0%	17.0%	3.4%	7.4%	8.7%
<b>Net Income</b>	<b>1,020</b>	<b>(392)</b>	<b>(1,752)</b>	<b>(685)</b>	<b>(1,161)</b>	<b>(3,990)</b>	<b>(1,304)</b>	<b>(998)</b>	<b>(702)</b>	<b>(632)</b>	<b>(3,636)</b>	<b>(618)</b>	<b>(74)</b>	<b>358</b>	<b>(185)</b>	<b>(519)</b>	<b>(358)</b>	<b>387</b>	<b>816</b>	<b>15</b>	<b>861</b>	<b>1,240</b>
EPS (F.D) (\$) (Exc. Special charges)	\$ 3.75	\$ (1.49)	\$ (6.44)	\$ (2.31)	\$ (3.50)	\$ (14.14)	\$ (3.90)	\$ (2.80)	\$ (1.97)	\$ (1.77)	\$ (10.21)	\$ (1.74)	\$ (0.21)	\$ 1.01	\$ (0.52)	\$ (1.46)	\$ (1.00)	\$ 1.09	\$ 2.29	\$ 0.04	\$ 2.42	\$ 3.48
Net debt	3,353	4,565	5,040	5,387	5,488	5,488	6,783	7,569	8,510	9,306	9,306	9,866	9,880	9,460	9,450	9,450	9,770	9,347	8,496	8,447	8,447	7,084
Net debt/LTM EBITDA	0.9x	1.5x	3.7x	-8.3x	-2.7x	-2.7x	-2.4x	-3.0x	-4.0x	-6.3x	-6.3x	-13.5x	45.6x	7.4x	5.4x	5.4x	4.9x	3.8x	2.9x	2.7x	2.7x	2.1x

Source: RBC CM estimates, Company reports

## Appendix 4 - BBD Model Summary

Summary Income Statement (in US \$MM's)	2020	Q1/21	Q2/21E	Q3/21E	Q4/21E	2021E	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E	2025E
<b>Aerospace Key Drivers</b>																		
Business Jet Deliveries	114	26	24	28	42	120	25	22	32	45	125	26	25	35	49	135	137	139
<i>Delivery Growth</i>	-20.8%	0.0%	20.0%	16.7%	-4.5%	5.3%	-2.3%	-8.3%	15.9%	6.4%	3.8%	2.4%	13.6%	7.9%	9.6%	8.4%	1.6%	1.7%
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	24	28	42	120	25	22	32	45	125	26	25	35	49	135	137	139
<b>Transportation Key Drivers</b>																		
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
<b>Segmented results</b>																		
<b>Bombardier Aviation (BA)</b>																		
Revenue	6,488	1,341	1,189	1,375	1,895	5,799	1,350	1,194	1,584	2,016	6,144	1,355	1,318	1,724	2,248	6,645	7,026	7,493
EBIT	-125	19	24	27	38	108	88	78	103	131	399	108	105	147	191	552	738	996
<i>Margin %</i>	-1.9%	1.4%	2.0%	2.0%	2.0%	1.9%	6.5%	6.5%	6.5%	6.5%	6.5%	8.0%	8.0%	8.5%	8.5%	8.3%	10.5%	13.3%
<b>Bombardier Transportation (BT)</b>																		
Revenue	7,844																	
EBIT	-618																	
<i>Margin %</i>	-7.8%																	
<b>Bombardier Consolidated</b>																		
Total Revenues	14,331	1,341	1,189	1,375	1,895	5,799	1,350	1,194	1,584	2,016	6,144	1,355	1,318	1,724	2,248	6,645	7,026	7,493
Total EBITDA	-311	123	100	124	205	543	186	158	205	306	855	212	190	253	375	1,031	1,241	1,524
Total EBIT	-525	19	24	27	38	108	88	78	103	131	399	108	105	147	191	552	738	996
<i>EBIT Margin %</i>	-3.7%	1.4%	2.0%	2.0%	2.0%	1.9%	6.5%	6.5%	6.5%	6.5%	6.5%	8.0%	8.0%	8.5%	8.5%	8.3%	10.5%	13.3%
Net Income Before Special Items	(1,471)	(173)	(188)	(184)	(166)	(732)	(93)	(93)	(80)	(57)	(322)	(57)	(67)	(38)	6	(156)	18	285
<b>EPS Before Special Items</b>	\$ (0.62)	\$ (0.07)	\$ (0.08)	\$ (0.08)	\$ (0.07)	\$ (0.32)	\$ (0.04)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.13)	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ 0.00	\$ (0.06)	\$ 0.01	\$ 0.12
CFPS \$(Basic)	\$ (0.54)	\$ (0.03)	\$ (0.05)	\$ (0.04)	\$ 0.00	\$ (0.11)	\$ 0.00	\$ (0.01)	\$ 0.01	\$ 0.05	\$ 0.06	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.08	\$ 0.13	\$ 0.21	\$ 0.34
Net debt	6,414	4,179	6,035	6,377	5,641	5,641	5,975	6,227	6,111	5,632	5,632	6,126	6,448	6,634	5,494	5,494	5,173	4,560

Source: RBC CM estimates, Company reports

## Appendix 5 - CHR Model Summary

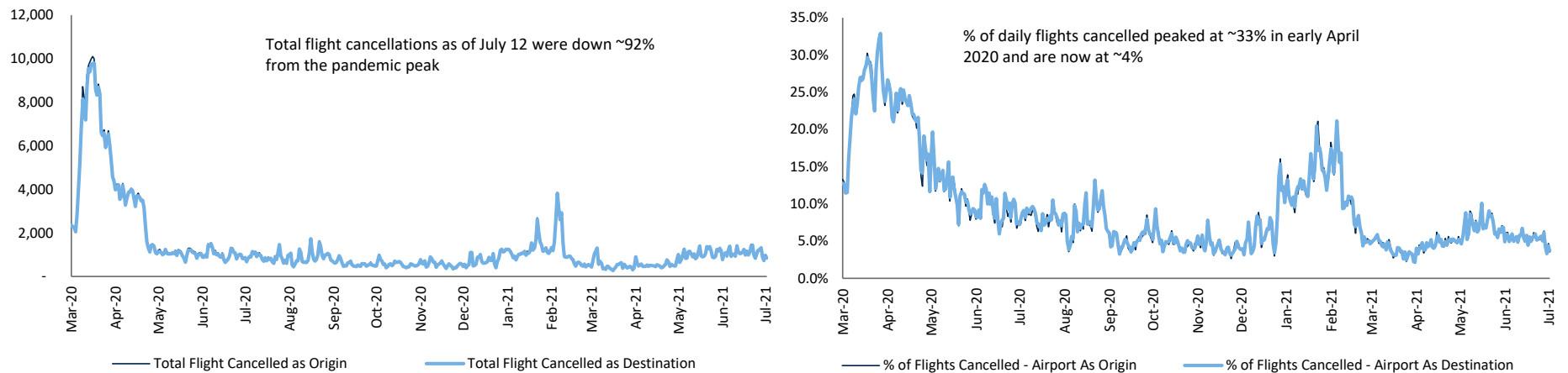
## Chorus Aviation (TSX: CHR)

FY Dec 31	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21E	Q3/21E	Q4/21E	2021E	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E
<b>Chorus Aviation Income Statement (\$MM)</b>																
<b>Revenue</b>	<b>1,366</b>	<b>350</b>	<b>184</b>	<b>196.4</b>	<b>218.2</b>	<b>948.7</b>	<b>202.5</b>	<b>222.3</b>	<b>233.8</b>	<b>266.5</b>	<b>925.1</b>	<b>372.2</b>	<b>258.1</b>	<b>272.7</b>	<b>287.9</b>	<b>1190.9</b>
<i>% change</i>	<b>-5.8%</b>	<b>1.8%</b>	<b>-44.6%</b>	<b>-44.1%</b>	<b>-35.6%</b>	<b>-30.6%</b>	<b>-42.2%</b>	<b>20.7%</b>	<b>19.0%</b>	<b>22.2%</b>	<b>-2.5%</b>	<b>83.8%</b>	<b>16.1%</b>	<b>16.6%</b>	<b>8.0%</b>	<b>28.7%</b>
Salaries, wages and benefits	471	136	54	53	70	313	101	75	57	81	313	145	93	64	81	382
<i>% Sales</i>	34%	39%	29%	27%	32%	33%	50%	34%	24%	30%	34%	39%	36%	23%	28%	32%
Depreciation and amortization	137	38	49	50	88	224	71	31	32	32	167	32	33	33	33	131
<i>% Sales</i>	10%	11%	27%	25%	40%	24%	35%	14%	14%	12%	18%	9%	13%	12%	12%	11%
Aircraft maintenance	208	49	12	18	23	102	30	12	35	33	109	65	16	46	33	161
<i>% Sales</i>	15%	14%	7%	9%	11%	11%	15%	5%	15%	12%	12%	18%	6%	17%	12%	14%
Airport and navigation fees	170	38	4	13	13	69	9	10	21	25	66	21	15	32	37	105
<i>% Sales</i>	12%	11%	2%	7%	6%	7%	5%	4%	9%	9%	7%	6%	6%	12%	13%	9%
Terminal handling	20	5	1	2	2	9	1	5	2	2	9	1	5	2	2	9
<i>% Sales</i>	1%	1%	1%	1%	1%	1%	0%	2%	1%	1%	1%	0%	2%	1%	1%	1%
Other	160	37	29	26	24	116	27	29	26	24	106	26	30	26	24	107
<i>% Sales</i>	12%	10%	16%	13%	11%	12%	13%	13%	11%	9%	11%	7%	12%	10%	8%	9%
<b>Total Operating Expenses</b>	<b>1,166</b>	<b>303</b>	<b>151</b>	<b>161</b>	<b>219</b>	<b>834</b>	<b>239</b>	<b>162</b>	<b>172</b>	<b>196</b>	<b>771</b>	<b>291</b>	<b>192</b>	<b>203</b>	<b>210</b>	<b>895</b>
Operating Income	200	47	34	35	1	115	37	60	61	70	155	81	66	70	78	296
<b>Adjusted EBITDA</b>	<b>339</b>	<b>89</b>	<b>83</b>	<b>85.9</b>	<b>82.0</b>	<b>347.5</b>	<b>84.0</b>	<b>91.4</b>	<b>93.3</b>	<b>102.3</b>	<b>371.1</b>	<b>113.9</b>	<b>98.8</b>	<b>103.0</b>	<b>111.4</b>	<b>427.2</b>
<i>% of sales</i>	24.8%	25.3%	44.9%	43.7%	37.6%	36.6%	41.5%	41.1%	39.9%	38.4%	40.1%	30.6%	38.3%	37.8%	38.7%	35.9%
<b>Net Income</b>	<b>137</b>	<b>18</b>	<b>6</b>	<b>13</b>	<b>11</b>	<b>49</b>	<b>-45</b>	<b>28</b>	<b>29</b>	<b>34</b>	<b>45</b>	<b>50</b>	<b>38</b>	<b>40</b>	<b>47</b>	<b>175</b>
<b>EPS (F.D) (\$) (Excluding Special charges)</b>	<b>\$0.84</b>	<b>\$0.15</b>	<b>\$0.18</b>	<b>\$0.12</b>	<b>\$0.06</b>	<b>\$0.25</b>	<b>-\$0.24</b>	<b>\$0.15</b>	<b>\$0.16</b>	<b>\$0.19</b>	<b>\$0.29</b>	<b>\$0.28</b>	<b>\$0.21</b>	<b>\$0.22</b>	<b>\$0.26</b>	<b>\$0.97</b>
<b>CFPS (F.D) (\$) (Excluding Special charges)</b>	<b>\$1.68</b>	<b>\$0.40</b>	<b>\$0.39</b>	<b>\$0.36</b>	<b>\$0.45</b>	<b>\$1.60</b>	<b>\$0.12</b>	<b>\$0.33</b>	<b>\$0.33</b>	<b>\$0.37</b>	<b>\$1.14</b>	<b>\$0.46</b>	<b>\$0.39</b>	<b>\$0.41</b>	<b>\$0.44</b>	<b>\$1.69</b>
Net debt	1,746	1,868	1,929	1,903	2,025	2,025	1,988	1,917	1,931	1,913	1,913	1,885	1,870	1,851	1,826	1,826
<b>Net debt/LTM EBITDA</b>	<b>5.2x</b>	<b>5.3x</b>	<b>5.5x</b>	<b>5.5x</b>	<b>6.0x</b>	<b>5.8x</b>	<b>5.9x</b>	<b>5.6x</b>	<b>5.5x</b>	<b>5.2x</b>	<b>5.2x</b>	<b>4.7x</b>	<b>4.6x</b>	<b>4.4x</b>	<b>4.3x</b>	<b>4.3x</b>

Source: Company reports, RBC Capital Markets estimates

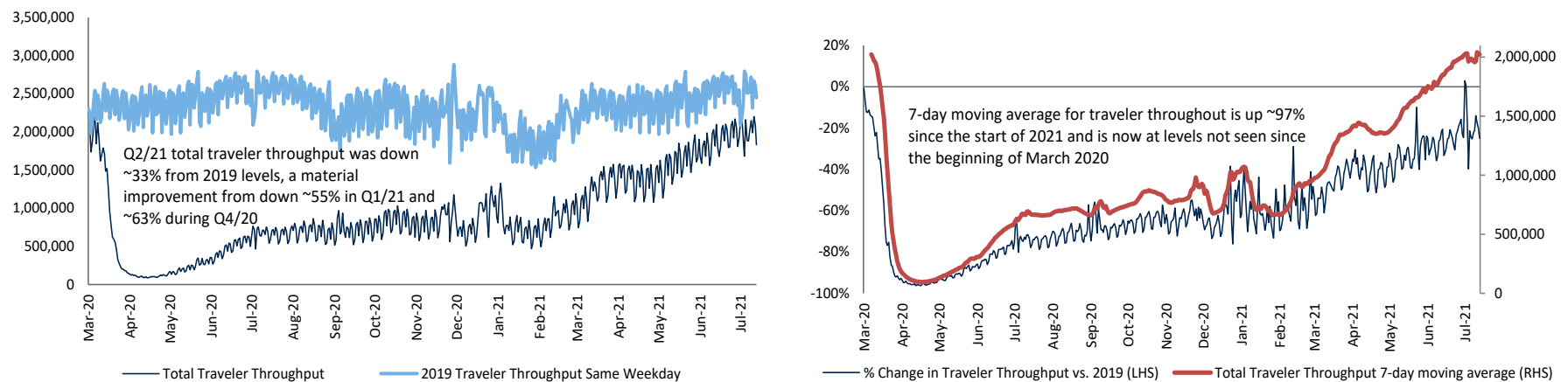
## Global Air Travel and Flight Departure Tracker

Appendix 6 - Total flights cancelled and the % of flights cancelled remain at suppressed levels relative to the start of the pandemic



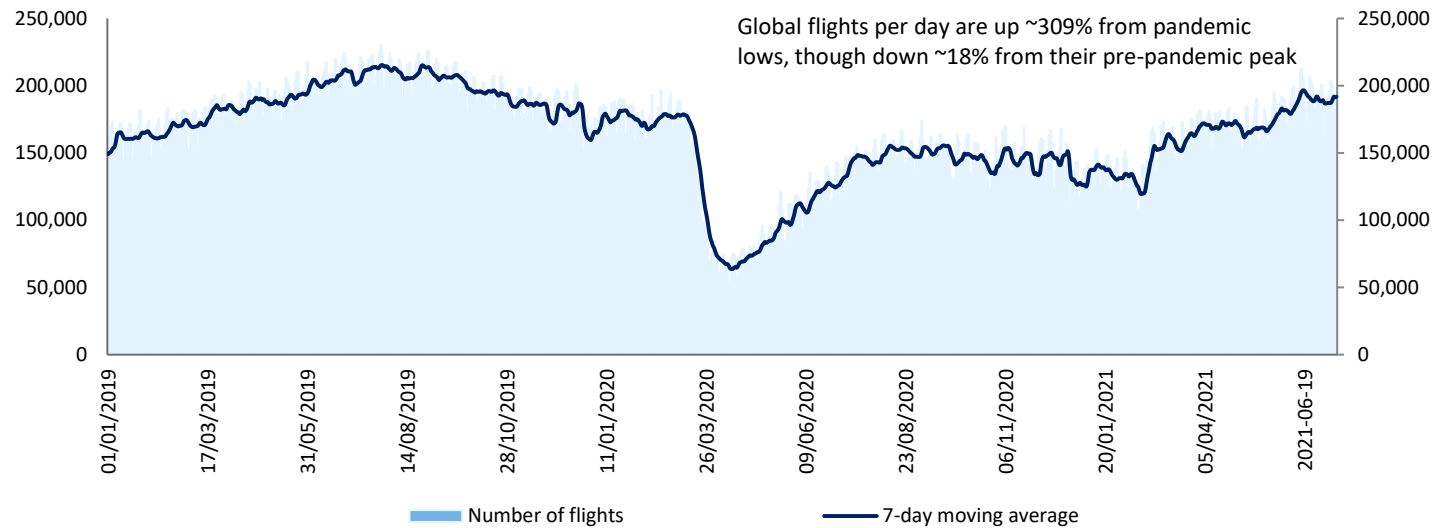
Source: RBC Capital Markets, RBC Elements, Flight Aware. Data as of July 12, 2021.

Appendix 7 - US passenger traffic has continued to accelerate into the summer, with traffic recently peaking at up 3% vs. 2019 levels at the start of July



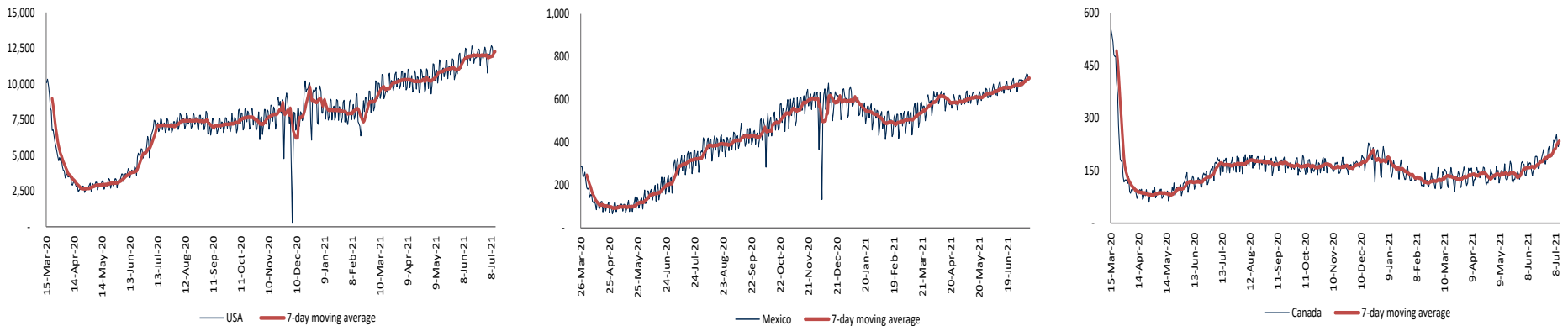
Source: RBC Capital Markets, RBC Elements, TSA. Data as of July 13, 2021.

Appendix 8 - Global flight activity began to accelerate in late March after plateauing to start the year, with trends holding into summer



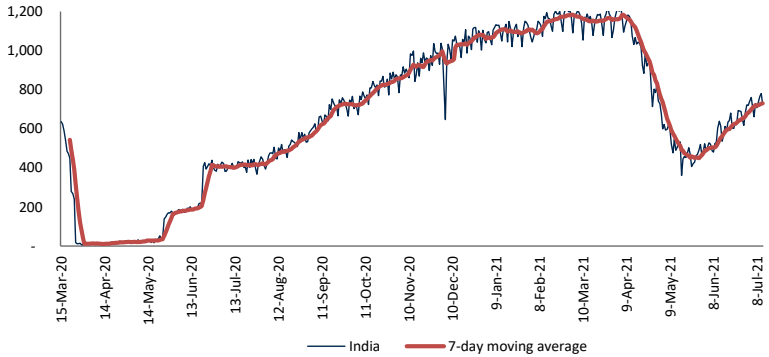
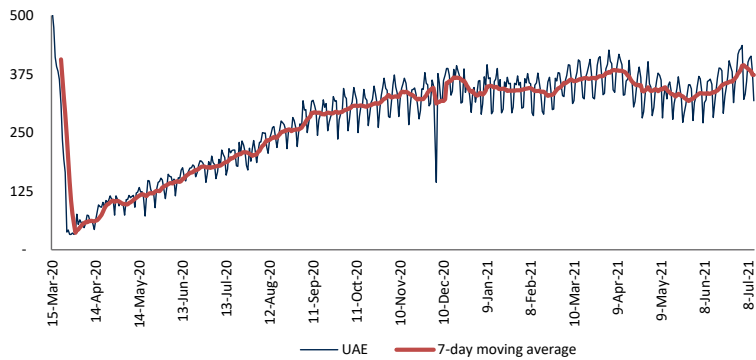
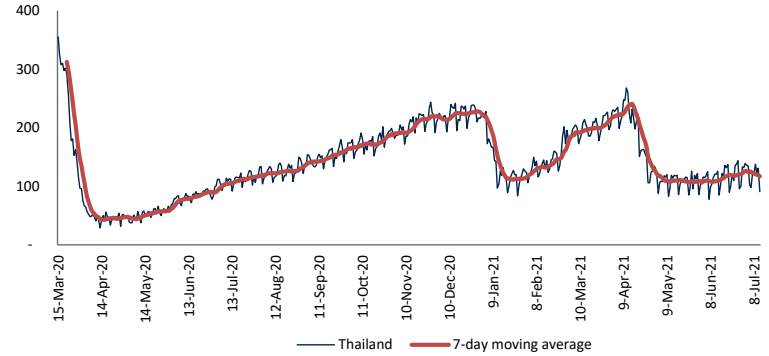
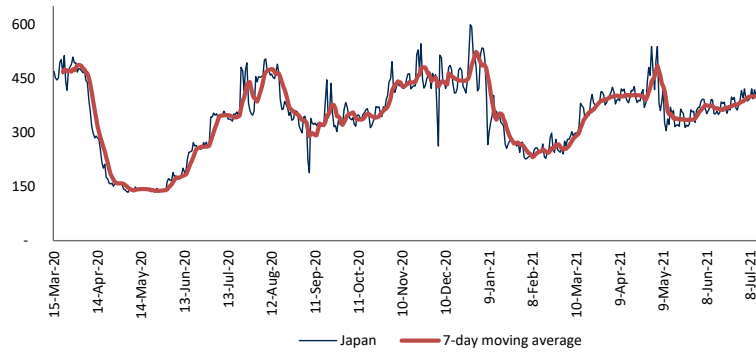
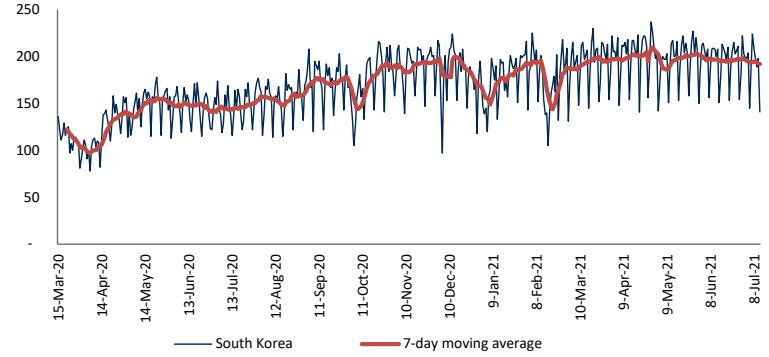
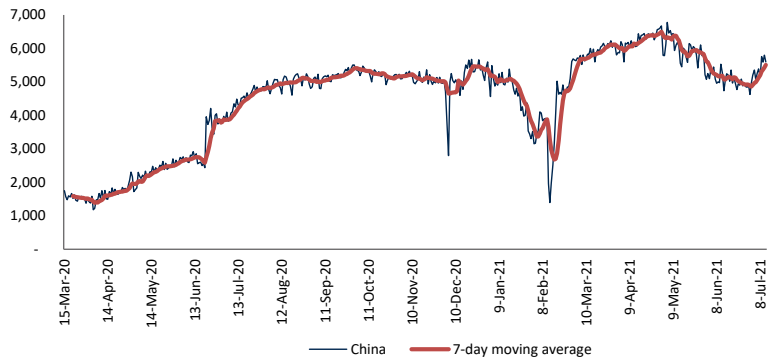
Source: RBC Capital Markets, RBC Elements, Flight Radar. Data as of July 13, 2021.

Appendix 9 - Flight departure trends within North America



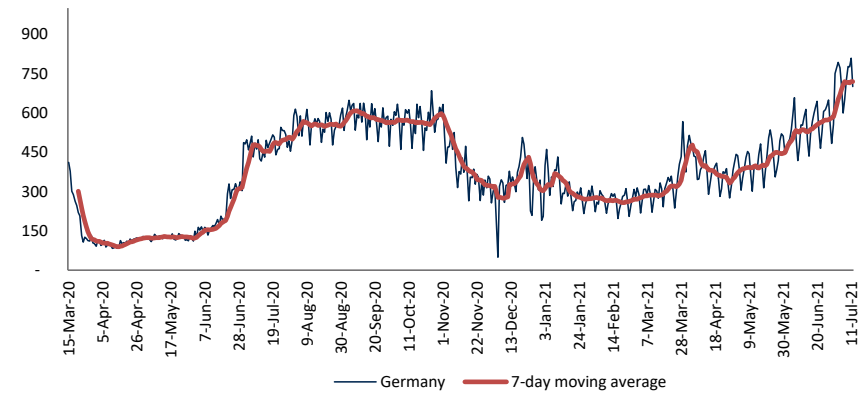
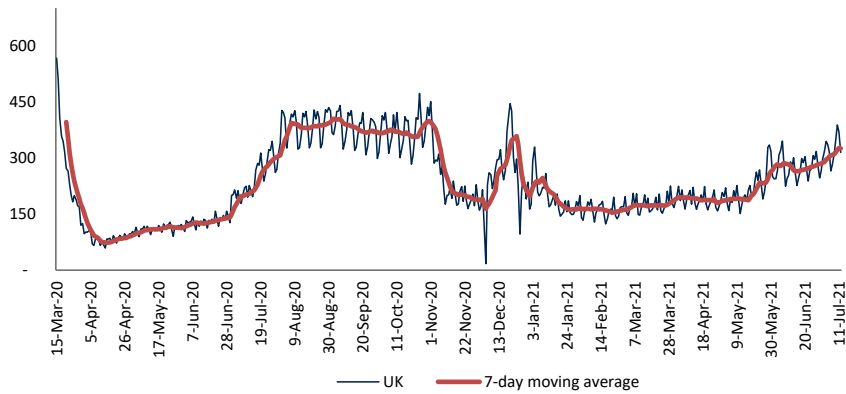
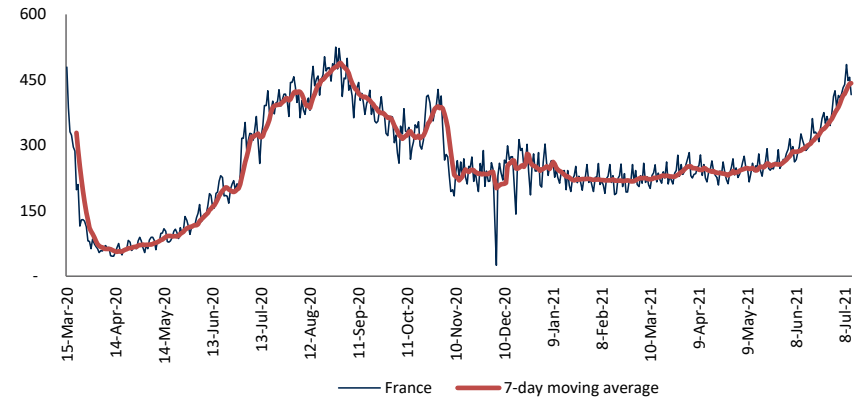
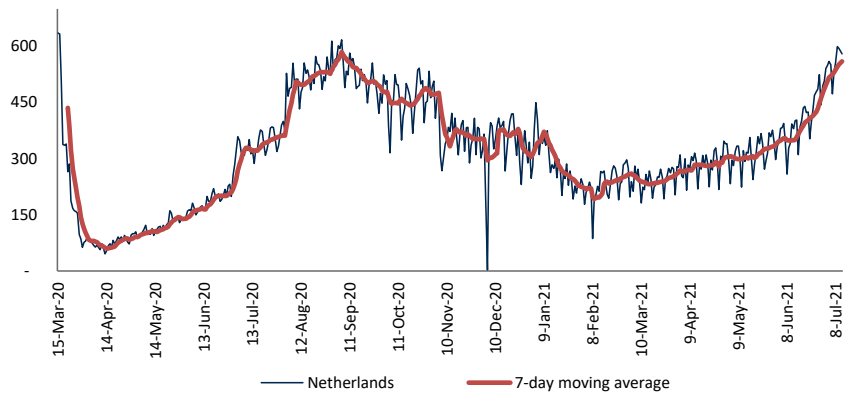
Source: RBC Capital Markets, RBC Elements, Flight Aware. Data as of July 12, 2021.

Appendix 10 - Flight departure trends within Asia



Source: RBC Capital Markets, RBC Elements, Flight Aware. Data as of July 12, 2021.

Appendix 11 - Flight departure trends within Europe



Source: RBC Capital Markets, RBC Elements, Flight Aware. Data as of July 12, 2021.



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

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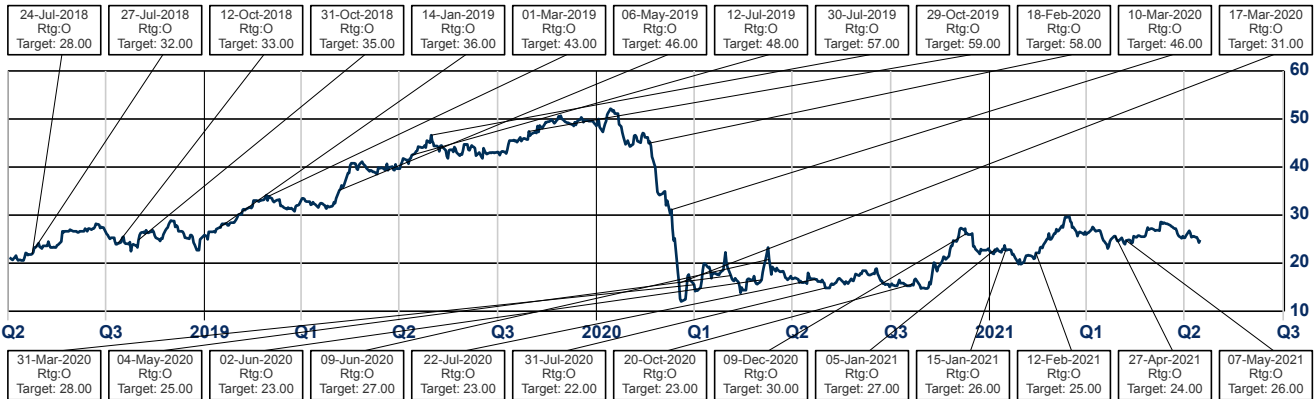
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Distribution of ratings				
RBC Capital Markets, Equity Research				
As of 30-Jun-2021				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	787	55.70	318	40.41
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Rating and price target history for: Air Canada, AC CN as of 15-Jul-2021 (in CAD)



Legend:  
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 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.

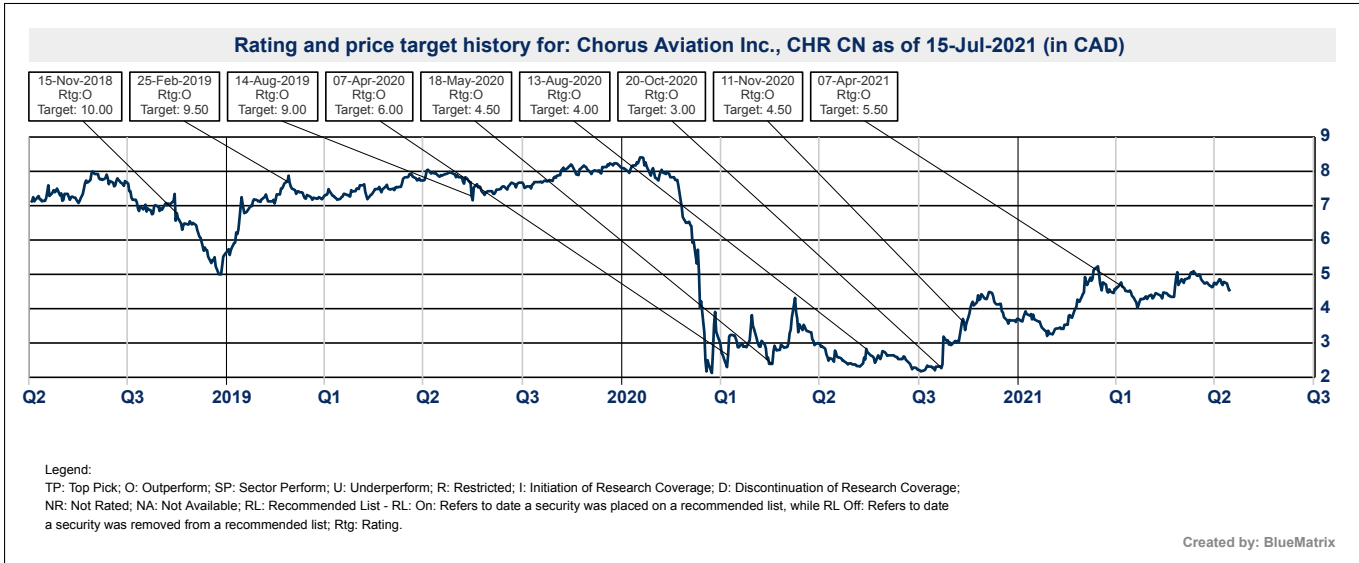
Created by: BlueMatrix

Rating and price target history for: Bombardier Inc., BBD/B CN as of 15-Jul-2021 (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;  
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### Air Canada

#### Valuation

Applying a 6.0x EV/EBITDA multiple to our 2024 estimates (which we then discount back two years at 10%), we derive our price target of \$26.00. Our target multiple is higher than the historical group average multiple, which we believe is justified by our view that the industry should return to “normal” by 2023 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 return to “normal” by 2023; (2) a reduction in capital intensity out to 2021; and (3) a widely distributed vaccine by Q3/21.

#### 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 5.2x to our 2025 EBITDA estimate of \$1.5B and then discount back three years at 12% to derive our \$1.00 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 rating, while BBD’s elevated leverage levels and earnings visibility support our Speculative Risk rating.



### 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 \$5.50 price target is derived from a sum-of-the-parts valuation. We value Chorus's core-CPA segment at a 5.75x EV/EBITDA multiple based on our 2022 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 \$5.50 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.

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