



### FLAIR AIRLINES

Contact: Cody Church

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#### OPPORTUNITY:

AltaCorp Capital Inc., is pleased to be the lead agent and sole bookrunner in a C\$30 million private placement equity raise for Flair Airlines Ltd. ("Flair" or the "Company").

Flair Airlines Ltd. is a commercial airline operator headquartered in Edmonton, Alberta, Canada. The Company is the first and only independent Ultra Low Cost Carrier ("ULCC") operating in Canada. As part of their three year plan, the Company is pursuing a C\$30,000,000 equity raise (the "Offering") that will allow Flair to acquire next generation Boeing aircraft and accelerate the execution of its growth initiative. Flair has experienced tremendous operational success and is currently operating at a profitable level with revenues exceeding forecasts. Strategic Investors participating in the Offering will have the opportunity to invest in Flair at the beginning of its growth phase.

#### WHY CONSIDER THIS SECTOR AND NAME NOW?

- Solid Airline Industry Performance and Industry Consolidation underway:

The Canadian Airline industry has seen significant consolidation in the past year, highlighting it as an attractive investment opportunity.

- On May 13, 2019, ONEX announced that it will acquire WestJet for \$31/share, implying a \$5 billion enterprise value. **The transaction implies an EV / 2020 EBITDAR multiple of approximately 5x.**
- On May 16, 2019, **Air Transat** announced that it was in exclusive talk with Air Canada. The transaction value was approximately \$830 million on an enterprise value basis (including capitalized leases) at \$13/share, **which implies an EV / 2020 EBITDAR of approximately 4x**
- Reflecting the attractiveness of the Canadian Airline industry, **Air Canada's stock price has increased over 71.5% year to date.**



### OVERVIEW OF FLAIR AIRLINES:

Originally founded in 2005 as a charter airline operator, in 2018, Flair fully transitioned into a ULCC. As at July 2019, the Company operates a fleet of 6 - Boeing 737 aircraft (5 Boeing 737-400 and 1 Boeing 737-800) with 2 additional Boeing 737-800 to be delivered in the next 60 days. Flair currently offers schedule services from coast to coast in Canada as well as to seasonal destinations in the United States.

- **Transition Complete** – Flair has successfully completed and financed its transition from a charter airline to a ULCC. After transitioning, Flair has shifted focus towards revenue growth and cost reduction initiatives. To date, Management has successfully executed several key initiatives including almost doubling the average base fare and ancillary revenue, maintaining industry leading load factors, improving its on time performance, and reducing payroll cost by 30%.
- **Profitability Reached** – Flair is currently operating at a profitable level, a year earlier than initially anticipated. Currently, 11 out of 11 markets that Flair services are profitable, compared to the same time last year where 0 out of 14 markets were profitable. Flair is expected to generate EBITDAR of over \$23 million in 2019 and an EBITDAR of \$91 million in 2020.
- **Room to Grow** – Flair has plenty of low hanging opportunities to pursue for growth. After 18 months of operating as an ULCC, Flair has successfully improved its operating efficiency and developed its route network and schedules with increasing profitability. Currently, Flair is capacity constrained having reached 100% load factors on many routes in key markets. With added capacity from a re-fleeting plan, Flair will be able to capitalize on this increased demand and grow.
- **Future Liquidity Opportunity** – Management expects to pursue an IPO / go public transaction potentially as soon as 2 years from now to fuel continued expansion and growth. This will also provide existing shareholders with opportunities to realize liquidity or continued upside in their investment.

### USE OF PROCEEDS:

The proceeds from the Offering are expected to be used for growth initiatives including fleet expansion, additional working capital and for general corporate purposes.

### FINANCIAL

Projecting 5.0x revenue growth over the next 3 years with highest operating margins in Canada.





### MANAGEMENT

#### David Tait, Executive Chairman

- Career airline executive who has worked with some of the industry's most disruptive carriers.
- Founding member and architect of Virgin Atlantic Airways where he spent almost 20 years.

#### Jim Scott, Chief Executive Officer

- Extensive airline experience as an operator and senior executive. Flew as an airline pilot based in Canada, Europe and Asia.

#### Ryan Goepel, Chief Financial Officer

- Experienced senior executive who has led numerous exits, acquisitions and capital raises for both Fortune 500 and startups.

#### Bill Hardy, Chief Operating Officer

- Experienced senior executive who has been with Flair for 10 years.
- Prior to Flair, Mr. Hardy was a Vice President of Flight Operations and Quality Assurance, Korean Airlines.



**Rick Howell**, Board Adviser

- Experienced senior executive who was recently with Cebu Pacific, a Philippine ULCC which has consistently performed as one of the top ten most profitable airlines worldwide.

