
CHORUS AVIATION ANNOUNCES THIRD QUARTER EARNINGS AND AIRCRAFT LEASING TRANSACTION WITH AIR NOSTRUM

Halifax, November 9, 2016– Chorus Aviation Inc. (‘Chorus’) (TSX: CHR) today announced strong third quarter 2016 results, and a pending transaction with Air Nostrum, Lineas Aereas Del Mediterraneo, S.A. (‘Air Nostrum’), a franchise partner of Iberia®, for the lease of four new Bombardier CRJ1000 regional jets.

Q3 2016 Overview

- Adjusted EBITDA¹, excluding other items of \$70.0 million.
- Adjusted net income¹, excluding other items of \$28.7 million.
- Adjusted net income¹, excluding other items per basic share of \$0.24.
- Net income of \$20.1 million.
- Net income per basic share of \$0.16.
- Advanced the business revenue diversification strategy through increased aircraft leasing.
- Improved Jazz’s cost competitiveness and continued fleet modernization.
- Established Voyageur Avparts.

“I am pleased to report the seventh consecutive quarter of strong financial and operational performance under the revised Capacity Purchase Agreement (‘CPA’) with Air Canada,” said Joe Randell, President and Chief Executive Officer, Chorus. “Progress was made in advancing our revenue diversification strategy as evidenced by a 51.0% increase quarter-over-quarter in our aircraft leasing revenue under the CPA. Year-to-date aircraft leasing revenue has grown to \$72.0 million, or by approximately 47.0%. Our focus in the third quarter centered on advancing the business diversification strategy, improving Jazz’s cost competitiveness, fleet modernization, and establishing Voyageur’s Avparts business, as we continue to create additional, long-term value for our shareholders.”

Expansion of the aircraft leasing business with Air Nostrum transaction

Chorus is seeking opportunities to increase its regional aircraft leasing activity outside of the CPA as management recognizes regional aircraft leasing as a growing market segment with few established providers. Chorus (through a subsidiary) plans to purchase and lease four new CRJ1000 regional jets to Air Nostrum, and has secured a letter of offer from Export Development Canada (‘EDC’) for debt financing of up to 80% of the net purchase price of each CRJ1000. The four aircraft are scheduled to be delivered in November and December 2016, and in July and October 2017. Founded in 1994, and headquartered in Valencia, Spain, Air Nostrum is a leading European regional airline carrying over 4 million passengers annually. With a fleet of 42 modern

CRJ and ATR aircraft, Air Nostrum operates over 75,000 flights annually to 54 domestic and international destinations. Since 1997 Air Nostrum has been a franchise partner of Iberia[®], Spain's leading national and international carrier, and is an affiliate of the oneworld[®] airline alliance.

"This initial leasing arrangement, with a high-quality regional carrier, is a meaningful step and good progress in our strategy to diversify our aircraft leasing revenue over and above our CPA with Air Canada," commented Mr. Randell.

Chorus expects definitive documentation for the EDC loan facility and leases with Air Nostrum for the 2016 aircraft deliveries to be completed in the fourth quarter of 2016. These transactions remain subject to the successful negotiation and execution of definitive agreements and related documentation.

Financial Results - Third Quarter 2016 Compared to Third Quarter 2015

In the third quarter of 2016, Chorus reported revenue and adjusted EBITDA, excluding other items of \$331.1 million, and \$70.0 million, respectively, compared to \$412.2 million and \$68.8 million, respectively in the same period of 2015. This represents a 19.7% decline in revenue and a 1.6% increase in adjusted EBITDA, excluding other items. The decline in revenue is primarily driven by: (i) fuel and certain other costs no longer being included as pass through revenue, and (ii) certain lower operating costs have reduced controllable revenue.

Excluding the revenue reductions related to these two items, operating revenue increased by \$4.6 million or 1.2%, due mainly due to an increase in aircraft leasing under the CPA of \$8.7 million, partially offset by lower charter, contract flying and other revenue of \$4.1 million.

Adjusted EBITDA, excluding other items was \$70.0 million, an increase of \$1.1 million, or 1.6%, compared to the same period of 2015, at \$68.8 million. The increase was primarily driven by the \$4.6 million increase in revenue, partially offset by:

- the absence of the \$2.8 million curtailment gain under the pilot pension plan recorded in 2015, related to the flow of Jazz pilots to Air Canada;
- increased operating costs related to a \$2.6 million reduction in capitalized labour and maintenance costs on owned aircraft for major maintenance overhauls;
- increased stock-based compensation of \$2.2 million, resulting from fluctuations in Chorus' stock price;
- increased expenses related to business development and financing activities outside of the CPA of \$1.5 million; and
- a decrease in other expenses of \$5.6 million, including those related to the Voyageur operation.

Adjusted net income, excluding other items of \$28.7 million, declined quarter over quarter by \$6.5 million, or 18.3%. The \$1.1 million increase in adjusted EBITDA, excluding other items was primarily offset by \$5.3 million in additional depreciation expense mainly related to new aircraft, and \$1.9 million of additional net interest expense on long-term debt.

Net income was \$20.1 million, an increase of \$13.7 million over 2015. The increase was due primarily to a \$16.6 million decline in unrealized foreign exchange losses on long term debt and a \$3.5 million decline in collective agreement signing bonuses, partially offset by the previously noted \$6.5 million decline in adjusted net income, excluding other items.

For reporting purposes, at each quarter end, Chorus converts its US dollar denominated aircraft debt into equivalent Canadian dollars based on the prevailing exchange rate. Chorus manages its exposure to currency risk on such long-term debt by billing related lease payments under the CPA with Air Canada in the underlying currency (US dollars) related to the aircraft debt. As a result of this conversion, in the third quarter of 2016, Chorus had an unrealized foreign exchange loss of \$8.5 million versus an unrealized foreign exchange loss of \$25.1 million in the same period of 2015.

2016 year to date financial results

For the nine months ended September 30, 2016, Chorus reported revenue and Adjusted EBITDA, excluding other items, of \$961.8 million and \$178.7 million, respectively, compared to \$1,187.3 million and \$162.6 million, respectively, in the same period in 2015. This represents a 19.0% decline in revenue (due primarily to reductions in fuel and controllable cost revenues) and a 9.9% increase in adjusted EBITDA, excluding other items.

Excluding the revenue reductions related to these two items, operating revenue increased by \$33.3 million or 2.8% due primarily to increases in aircraft leasing under the CPA of \$23.1 million, and increased charter, contract flying and other revenue of \$9.7 million, mainly related to an additional four months of revenue for Voyageur. Chorus acquired Voyageur on May 1, 2015, and therefore, the 2016 results include an additional four months of activity for the Voyageur operation.

Adjusted EBITDA, excluding other items was \$178.7 million for the nine months ended September 30, 2016 and increased \$16.1 million or 9.9%, compared to the same period of 2015 at \$162.6 million. The increase was primarily driven by the \$33.3 million increase in revenue partially offset by:

- increased operating costs related to a \$4.7 million reduction in capitalized labour and maintenance costs on owned aircraft for major maintenance overhauls;
- the absence of the \$2.8 million curtailment gain under the pilot pension plan recorded in 2015 related to the flow of Jazz pilots to Air Canada;
- increased expenses related to business development and financing activities outside the CPA of \$4.7 million;
- costs of \$1.7 million associated with fleet transition; and
- an increase in other expenses of \$3.3 million, including those related to the Voyageur operation.

Adjusted net income, excluding other items of \$70.8 million declined year over year by \$10.8 million, or 13.2%. The \$16.1 million increase in Adjusted EBITDA, excluding other items was offset by \$17.6 million in additional depreciation expense primarily related to new aircraft and Voyageur, \$5.4 million of additional net interest expense on long-term debt, higher net income tax

of \$0.7 million; and higher net foreign exchange loss (excluding unrealized foreign exchange loss) of \$3.2 million.

Net income was \$99.1 million, an increase of \$86.1 million over 2015. The increase was due primarily to a \$88.7 million decline in unrealized foreign exchange losses on long term debt and a \$8.0 million decline in collective agreement signing bonuses, partially offset by the previously noted \$10.8 million decline in adjusted net income, excluding other items.

Outlook

Chorus' subsidiaries continue to deliver results within management's expectations, supporting positive operating income and cash flows from operations.

This reporting period marks the seventh consecutive quarter of strong operational and financial performance under the CPA with Air Canada, and demonstrates the continued long-term value of this strong, stable revenue source.

The progress made in advancing the revenue diversification strategy through growth in aircraft leasing is expected to continue. In 2017, five new CRJ900 regional jets will be added to the fleet of Q400 aircraft leased into the CPA operation. Further, we expect to acquire and lease four new CRJ1000 regional jets to Air Nostrum by the end of October 2017.

Chorus remains committed to creating additional shareholder value by strengthening the foundational business with Jazz, growing aircraft leasing revenues, pursuing growth opportunities in the Voyageur operation, such as Voyageur Avparts, and progressing towards further business diversification.

Investor Conference Call / Audio Webcast

Chorus will hold an analyst call at 9:30 a.m. ET on Wednesday, November 9, 2016 to discuss the third quarter of 2016. The call may be accessed by dialing 1-888-231-8191. The call will be simultaneously audio webcast via:

<http://event.on24.com/r.htm?e=1278073&s=1&k=294A7D7AECC03564B4D69BFDEC03B2CD>

This is a listen-in only audio webcast. Media Player or Real Player is required to listen to the broadcast; please download well in advance of the call.

The conference call webcast will be archived on Chorus' website at www.chorusaviation.ca under Reports > Executive Management Presentations. A playback of the call can also be accessed until midnight ET, November 17, 2016 by dialing toll-free 1-855-859-2056, and passcode 90909589#.

¹NON-GAAP MEASURES

This news release makes reference to several non-GAAP measures to supplement the analysis of Chorus's results. These measures are provided to enhance the reader's understanding of our current financial performance. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a consistent basis for comparison between periods. These non-GAAP measures are not recognized measures under GAAP, and therefore they are unlikely to be comparable to similar measures presented by other companies. A reconciliation of these non-GAAP measures to their nearest GAAP measure is provided in Management's Discussion and Analysis ('MD&A') dated November 8, 2016.

EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before net interest expense, income taxes, and depreciation and amortization and is a non-GAAP financial measure. Adjusted EBITDA (net income before net interest expense, income taxes, depreciation and amortization and other items such as asset impairment and foreign exchange gains or losses) is a non-GAAP financial measure used by Chorus, and commonly by other regional airlines in the industry, as a supplemental financial measure of operational performance. Management believes Adjusted EBITDA assists investors in comparing Chorus' performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods and factors such as historical cost. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statement of cash flows, forming part of Chorus' financial statements. The signing bonuses, CPA advisory fees and employee separation costs have been included within our definition of Adjusted EBITDA. Adjusted EBITDA, excluding other items, excludes signing bonuses, CPA advisory fees and employee separation program costs.

Adjusted Net Income

Adjusted net income and adjusted net income per share are used by Chorus to assess performance without the effects of unrealized foreign exchange gains or losses on long-term debt and finance leases related to aircraft. Chorus manages its exposure to currency risk on such long-term debt by billing the lease payments within the CPA in the underlying currency (US dollars) related to the aircraft debt. These items are excluded because they affect the comparability of our financial results, period-over-period, and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring due to ongoing currency fluctuations between the Canadian and US dollar. The signing bonuses, CPA advisory fees, and employee separation program costs have been included within our definition of adjusted net income. Adjusted net income, excluding other items, excludes signing bonuses, CPA advisory fees and employee separation program costs.

Forward-Looking Information

This news release should be read in conjunction with Chorus' unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 and MD&A dated November 8, 2016 filed with Canadian Securities Administrators (available at www.sedar.com).

This news release may contain 'forward-looking information' as defined under applicable Canadian securities legislation. Forward-looking information typically contains words such as "anticipate", "believe", "could", "should", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar words and phrases, including references to assumptions. Such information may involve but is not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information related to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking information, by its nature, is based on assumptions, including those described below, and is subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Factors that may cause results to differ materially from expectations in this news release regarding the transactions with Air Nostrum and EDC include, without limitation, that: Chorus is unable to reach agreement with either or both of Air Nostrum or EDC in relation to the terms and conditions of the aircraft leases or the loan facility for the CRJ1000 aircraft; any consents or approvals of third parties required to give effect to these transactions are not obtained; the conditions precedent to these transactions are not fulfilled by any one or more of the parties to the transactions; or the delivery of the aircraft by the manufacturer is delayed or cancelled. Factors that may cause results to differ materially from other expectations in this news release (including those in the 'Outlook' section) include, without limitation: risks relating to Chorus' economic dependence on and relationship with Air Canada; risks relating to the airline industry (including the international operation of aircraft in developing countries and areas of unrest); airline leasing (including the financial condition of leases, fluctuations in aircraft market values, and political risks); energy prices, general industry, market, credit, and economic conditions (including a severe and prolonged economic downturn which could result in reduced payments under the amended CPA); competition affecting Chorus and/or Air Canada; insurance issues and costs; supply issues and costs; the risk of war, terrorist attacks, aircraft incidents and accidents; epidemic diseases, environmental factors or acts of God; changes in demand due to the seasonal nature of Chorus' business; the ability of Chorus to reduce operating costs and employee counts; the ability of Chorus to secure financing; the ability of Chorus to remain in good standing under and to renew and/or replace the CPA and other important contracts; employee relations, labour negotiations or disputes; pension issues, currency exchange and interest rates; leverage and restrictive covenants contained in debt facilities; uncertainty of dividend payments; managing growth; changes in laws, adverse regulatory developments or proceedings in countries in which Chorus and its subsidiaries operate or will operate; pending and future litigation and actions by third parties. For a further discussion of risks, please refer to Section 18 – Risk Factors in the third quarter 2016 MD&A. The statements containing forward-looking information

in this discussion represent Chorus' expectations as of November 9, 2016, and are subject to change after such date. However, Chorus disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

About Chorus

Headquartered in Halifax, Nova Scotia, Chorus was incorporated on September 27, 2010. Chorus is a holding company that owns Jazz Aviation and Voyageur Aviation – companies that have long histories of safe and solid operations that deliver excellent customer service in the areas of contract flying operations, engineering, fleet management, and maintenance, repair and overhaul. Chorus has been leasing its owned regional aircraft into Jazz's Air Canada Express operation since 2009. Chorus Class A Variable Voting Shares and Class B Voting Shares trade on the Toronto Stock Exchange under the trading symbol 'CHR'. www.chorusaviation.ca

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