



CHORUS AVIATION ANNOUNCES FIRST QUARTER 2020 FINANCIAL RESULTS AND UPDATE ON COVID-19 MEASURES

Q1 2020 Financial Highlights

- Net loss of \$17.3 million, or \$(0.11) per basic share; a period-over-period decrease of \$50.7 million due to the change in unrealized foreign exchange of \$55.1 million.
- Adjusted net income¹ of \$25.0 million, or \$0.16 per basic share; an increase of \$6.0 million quarter-over-quarter due to the growth in the Regional Aircraft Leasing segment offset by a reduction in the Regional Aviation Services segment.
- Adjusted EBITDA¹ of \$88.7 million; an increase of \$14.0 million over first quarter 2019.

Recent Developments

- Increased cash and committed facilities to over \$265 million through securing a two-year US\$100.0 million unsecured revolving credit facility along with principal and interest payment deferrals for certain aircraft loans until September 30, 2020.
- Continued to focus on the health and safety of employees and passengers and accessed the Canada Emergency Wage Subsidy program for Jazz employees, mitigating significant employee reductions and supporting business resumption plans.
- Planning to commence operation of a Dash 8-400 Simplified Package Freighter under the Air Canada Express banner, allowing Chorus to transport loose load cargo like medical supplies, personal protective equipment and other goods needed to support the ongoing fight against COVID-19.
- Published Chorus' first Corporate Sustainability Report, describing Chorus' commitment to safety, our people, communities and the environment.

Halifax, May 14, 2020 - Chorus Aviation Inc. ('Chorus') (TSX: CHR) today announced first quarter 2020 financial results and measures to further strengthen the organization.

"Our company started this year in the strongest position in our history, having a strong balance sheet, customer base and growth prospects, stated Joe Randell, President and

Chief Executive Officer, Chorus. “Our growth trajectory generated increases in adjusted net income and adjusted EBITDA of approximately 31.2% and 18.7%, respectively, quarter over quarter.”

“Our efforts today are focused on ensuring the well-being of our employees, reducing costs and bolstering our liquidity as we prepare for the lifting of travel restrictions. At a time of great stress and uncertainty, I’m inspired by the energy, resilience, and commitment of our employees. I thank them for their dedication under these very difficult conditions.”

“The Chorus team has overcome significant challenges in the past, and I’m confident this crisis will be no different. We have initiated several cost reduction measures, including capital expenditure reductions and deferrals, the temporary furlough of over 3,000 employees, and compensation reductions for our management, administrative employees and board of directors. We have a strong liquidity position, with combined cash and committed facilities of over \$265 million², providing liquidity to navigate through this period and emerge positively on the other side,” concluded Mr. Randell.

² The liquidity of \$265.0 million includes the US \$100.0 million unsecured revolving credit facility. US dollars have been converted using a foreign exchange rate of \$1.4187, the March 31, 2020 closing day rate from the Bank of Canada.

Response to COVID-19

Cash and Liquidity Enhancements

As at March 31, 2020, Chorus had cash of \$90.6 million inclusive of a \$30.0 million draw from its \$75.0 million committed facility with the opportunity to borrow up to a further \$25.0 million on a demand basis. As at March 31, 2020, Chorus has provided letters of credit totaling \$10.1 million that reduced the amount available under this facility.

On April 28, 2020, Chorus further strengthened its liquidity by obtaining a US\$100.0 million unsecured revolving credit facility for general corporate purposes, repayable in two years.

Chorus is in the process of raising approximately US\$30.0 to US\$50.0 million in financing to be secured by up to four unencumbered aircraft. These financings are currently anticipated to close in the Company’s second quarter, subject to negotiation and execution of definitive agreements and the satisfaction of conditions precedent to closing. There can be no assurance that these conditions will be satisfied.

Chorus also suspended all future dividend payments and the Dividend Reinvestment Plan (‘DRIP’) until further notice following the payment of the March 2020 dividend on April 17, 2020. This is estimated to save approximately \$55.0 million in annual cash dividend payments, considering a DRIP participation rate of 29%.

First Quarter Summary

In the first quarter of 2020, Chorus reported adjusted EBITDA of \$88.7 million; an increase of \$14.0 million or 18.7% relative to the first quarter of 2019.

The Regional Aircraft Leasing segment's adjusted EBITDA increased by \$16.5 million due primarily to the growth in aircraft earning leasing revenue.

The Regional Aviation Services segment's adjusted EBITDA decreased by \$2.5 million. The first quarter results were impacted by:

- a reduction in other revenue due to a decrease in third-party maintenance, repair and overhaul ('MRO') revenue and reduced contract flying; and
- increased general administrative expenses; offset partially by
- decreased stock-based compensation of \$2.6 million due to the change in the share price inclusive of the change in fair value of the equity derivative contract known as a total return swap; and
- increased aircraft leasing revenue under the capacity purchase agreement ('CPA').

Adjusted net income was \$25.0 million for the quarter, an increase of \$6.0 million due to:

- the \$14.0 million increase in adjusted EBITDA previously described;
- a change in realized foreign exchange losses and unrealized foreign exchange losses on working capital of \$1.5 million; and
- a \$0.9 million decrease in income tax expense resulting from a reduction in certain provincial tax rates and non-deductible expenses reduced by the increase in adjusted EBT¹; partially offset by
- an increase in depreciation of \$5.9 million primarily related to additional aircraft in the Regional Aircraft Leasing segment; and
- an increase in net interest costs of \$4.5 million primarily related to additional aircraft debt in the Regional Aircraft Leasing segment.

Net income decreased \$50.7 million due to the change in net unrealized foreign exchange losses on long-term debt of \$55.1 million and increased employee separation program costs of \$3.5 million offset by decreased signing bonuses of \$2.0 million and the previously noted \$6.0 million increase in adjusted net income.

Consolidated Financial Analysis

<i>(unaudited)</i> <i>(expressed in thousands of Canadian dollars)</i>	Three months ended March 31,			
	2020 \$	2019 \$	Change \$	Change %
Operating revenue	350,041	343,867	6,174	1.8
Operating expenses	303,349	303,748	(399)	(0.1)
Operating income	46,692	40,119	6,573	16.4
Net interest expense	(20,207)	(15,741)	(4,466)	(28.4)
Foreign exchange (loss) gain	(39,432)	14,250	(53,682)	376.7
Other gain ⁽¹⁾	16	36	(20)	(55.6)
(Loss) earnings before income tax	(12,931)	38,664	(51,595)	(133.4)
Income tax expense	(4,363)	(5,217)	854	16.4
Net (loss) income	(17,294)	33,447	(50,741)	(151.7)
Adjusted EBITDA ⁽²⁾	88,690	74,724	13,966	18.7
Adjusted EBT ⁽²⁾	29,348	24,266	5,082	20.9
Adjusted net income ⁽²⁾	24,985	19,049	5,936	31.2

- (1) Other includes gain on disposal of property and equipment.
(2) These are non-GAAP financial measures.

Outlook

(See cautionary statement regarding forward-looking information below)

The COVID-19 pandemic and resulting government restrictions have created unprecedented challenges for the aviation industry due to strict travel restrictions and global cancellations impacting airlines around the world. Even though Chorus' business model does not directly expose it to the market risks ordinarily faced by airlines, substantially all its source revenue is derived from airline customers, through its CPA and its leasing of aircraft to airline customers globally. The full duration and impact of this pandemic are unknown.

Regional Aviation Services:

Chorus is working with its main customer and partner, Air Canada, which has implemented a second quarter network-wide capacity reduction of approximately 85% to 90%. As a result, Chorus' Air Canada Express flying has been reduced by approximately 90% for April and May, resulting in significant temporary employee reductions. Jazz applied for the Canada Emergency Wage Subsidy to mitigate employee reductions and costs.

In accordance with the CPA, the fixed margin does not vary with the number of aircraft and is fixed for 2020 based on agreed annual amounts.

Chorus estimates the Controllable Cost Guardrail receivable from Air Canada under the CPA could increase between \$20.0 million and \$40.0 million by the end of 2020 as compared to 2019 due to the uncertainty surrounding the required flying schedule.

Due to the shutdown of its production line, Bombardier notified Chorus of a delay in the production of its order of nine CRJ900s that were originally scheduled for delivery in 2020. As such, Chorus expects a corresponding delay in anticipated leasing revenue under the CPA from these aircraft.

Voyageur is engaged in specialty contract flying, primarily for international organizations engaged in humanitarian missions, specialty MRO and parts sales. Voyageur is experiencing continued demand overseas to support humanitarian efforts, contracted flying for cargo services, and there has been no interruption to the air ambulance operation in New Brunswick. Voyageur's MRO operation is currently experiencing lower demand in servicing essential aviation customers due to the impact of COVID-19. Voyageur currently represents less than 10% of Chorus' consolidated revenue and net income.

Regional Aircraft Leasing:

Given the market uncertainty caused by the COVID-19 pandemic, Chorus' intention to grow its third-party leasing business by approximately 20 aircraft per year has been delayed.

Chorus has received requests from substantially all its Regional Aircraft Leasing segment customers for some form of temporary rent relief as they cope with an unprecedented reduction in demand. The period of relief most commonly spans three to six months with repayment terms between six and 24 months. Chorus has received approximately 25% of its contractual lease payments from its lessees for the month of April. While Chorus expects the industry, and especially the regional aviation sector, to recover in time, these deferrals are estimated to increase Chorus' trade receivables to an aggregate amount between \$40.0 million and \$60.0 million at its peak over the next two quarters. Consistent with market norms, these leases are generally for a fixed term, contain an absolute payment obligation on the part of the lessee, and cannot be terminated early for convenience.

On March 5, 2020, UK-based Flybe ceased operating and was placed in administration. Chorus had three ATR72-600s and five Dash 8-400s on lease to Flybe with remaining lease terms between two and four years. Chorus recorded an impairment on three ATR72-600s that were previously on lease to Flybe of \$5.9 million to operating revenue. This impairment was offset by Chorus' recovery of its security package which was also recorded to operating revenue resulting in a net gain of \$0.1 million. There was no impairment recorded on the five Dash8-400s. As at March 31, 2020, Chorus' long-term debt was US\$35.7 million for the three ATR72-600s and US\$26.8 million for the five Dash 8-400s. Chorus has until March 2022 to remarket the ATR72-600s and until September 2020 to remarket the five Dash 8-400s, failing which Chorus may be required to repay the debt outstanding on the aircraft.

On April 17, 2020, CityJet entered an examinership process in Ireland. Chorus leases two CRJ900s to CityJet and holds security deposits in respect of these aircraft. The average remaining lease terms for these aircraft is eight years. As at March 31, 2020, Chorus' long-term debt related to these aircraft was US\$29.6 million. The aircraft currently remain under lease with CityJet during the examinership. Chorus will have 24 months to remarket the aircraft in the event the aircraft leases are terminated failing which Chorus may be required to repay the debt outstanding on the aircraft.

On April 20, 2020, Virgin Australia entered into voluntary administration. Chorus leases three ATR72-600s to Virgin Australia and holds security deposits in respect of these aircraft. The average remaining lease terms for these aircraft is four years. As at March 31, 2020, Chorus' long-term debt related to these aircraft was US\$28.5 million. The aircraft currently remain under lease with Virgin Australia during the administration. Chorus will have 24 months to remarket the aircraft in the event the aircraft leases are terminated failing which Chorus may be required to repay the debt outstanding on the aircraft.

In the first quarter, aggregate lease revenue from Flybe, CityJet and Virgin Australia was approximately US\$5.6 million.

Capital expenditures in 2020, including capitalized major maintenance overhauls but excluding expenditures for the acquisition of aircraft and the ESP, are expected to be between \$23.0 million and \$29.0 million. Aircraft related acquisitions and ESP capital expenditures in 2020 are expected to be between \$349.0 million and \$355.0 million. **

As a result of the COVID-19 pandemic, the previously planned delivery of three A220-300s has been delayed and the commitment of one ATR72-600 has now been converted to an option, reducing the planned 2020 capital expenditures that was previously provided in Chorus' 2019 annual MD&A dated February 12, 2020.

<i>(unaudited)</i> <i>(expressed in thousands of Canadian dollars)</i>	Planned 2020 ⁽¹⁾ \$	Actual	
		Three months ended March 31, 2020 \$	Year ended December 31, 2019 \$
Capital expenditures, excluding aircraft acquisitions and ESP	16,000 to 19,000	3,507	31,547
Capitalized major maintenance overhauls	7,000 to 10,000	3,952	14,444
Aircraft related acquisitions and ESP	349,000 to 355,000	2,526	829,710
	372,000 to 384,000	9,985	875,701

(1 **) The 2020 plan includes three ESPs and nine CRJ900s in the Regional Aviation Services segment as well as two ATR72-600s for the Regional Aircraft Leasing segment all of which have been converted using a foreign exchange rate of \$1.4187, the March 31, 2020 closing day rate from the Bank of Canada. It excludes any potential additional investments in third-party aircraft, beyond these already committed. All pending acquisitions and lease commitments are subject to satisfaction of customary conditions precedent to closing.

Capitalized terms used but not defined in the Outlook section have the meanings given to them in Management's Discussion and Analysis (the 'MD&A') dated May 14, 2020,

which is available on Chorus' website (www.chorusaviation.com) and SEDAR (www.sedar.com).

The following table provides the number of closed and pending and/or delayed transactions announced to date:

<i>(unaudited)</i> <i>(expressed in millions of US dollars, except number of aircraft)</i>	Completed Transactions			Pending/Delayed Transactions ⁽¹⁾		Committed Transactions			
	Customer	2016 - Q4 2019	Q1 2020	Total	Q2 2020	Q3 2020 and thereafter	2016 - Q4 2019	Increase (Decrease)	Total 2016 - 2020 ⁽²⁾
Aeromexico	3		3				3		3
Air Nostrum	4		4				4		4
airBaltic	2		2			3	5		5
Azul Airlines	5		5				5		5
CityJet ⁽³⁾	2		2				2		2
Croatia Airlines	2		2				2		2
Ethiopian Airlines	5		5				5		5
Flybe ⁽⁴⁾	8	(8)	—				8	(8)	—
Indigo	8		8				8		8
Jambojet	4	(1)	3				4	(1)	3
KLM Cityhopper	1		1				1		1
Malindo Air	4		4				4		4
Philippine Airlines	3		3				3		3
SpiceJet	5		5				5		5
Virgin Australia ⁽⁵⁾	3		3				3		3
Wings Air	1		1				2	(1)	1
Undisclosed customer	—		—	2			—	2	2
Aircraft to be remarketed⁽⁴⁾		8	8					8	8
Total Regional Aircraft Leasing	60	(1)	59	2	3		64	—	64
Total Regional Aviation Services⁽⁶⁾	52	1	53	—	18		71	—	71
Chorus Total Aircraft	112	—	112	2	21		135	—	135

(1) As of May 14, 2020, there were 64 committed aircraft in the Regional Aircraft Leasing segment. Due to the impact of COVID-19 on the airline industry, three of these committed aircraft which were previously planned for 2020 have been delayed. A date for these deliveries cannot be reasonably determined at this time. All pending and delayed transactions and lease commitments are subject to satisfaction of customary conditions precedent to closing including financing.

(2) Total announced transactions as of May 14, 2020.

(3) On April 17, 2020, CityJet entered an examinership process in Ireland.

(4) On March 5, 2020, Flybe was placed in administration.

(5) On April 20, 2020, Virgin Australia entered into voluntary administration.

(6) The Regional Aviation Services segment's commitments include the following pending and delayed transactions: nine CRJ900s, four Dash 8-300s that will undergo the ESP planned for between 2020 - 2022, and five 75-78 seat aircraft, all of which will earn leasing revenue under the CPA. All pending acquisitions and lease commitments are subject to satisfaction of customary conditions precedent to closing including financing.

Chorus Aviation Releases First Sustainability Report

Today, Chorus also published its first Sustainability Report, available online at www.chorusaviation.com/sustainability. The report highlights Chorus' sustainability commitment, focusing on five key areas of importance to Chorus and its stakeholders: corporate governance, employees, safety, the environment and communities.

“We are proud to share Chorus’ first Sustainability Report, outlining our current practices and commitment to a better future for us all,” stated Joe Randell. “As an organization that brings people together and gets them to where they need to be, we understand our responsibility to protect the spaces in which we operate and to foster a safe and rewarding environment for our employees and customers.”

The inaugural report summarizes Chorus’ progress in its sustainability pursuit and discusses the company’s areas of focus in the near term. The report establishes a starting point for Chorus. The company will continue to build on this momentum and to improve upon its commitments to be an exemplary corporate citizen and an employer of choice.

Filing of Executive Compensation Disclosures

In accordance with blanket exemptive orders issued by all Canadian securities regulators relating to the COVID-19 pandemic, Chorus will be filing its executive compensation disclosure as part of the filing of its management proxy circular for the annual and special meeting of shareholders to be held on June 29, 2020. The circular will be sent or otherwise be made available to shareholders in late May.

Investor Conference Call / Audio Webcast

Chorus will hold an analyst call at 9:00 a.m. ET on Friday, May 15, 2020 to discuss the first quarter 2020 financial results. The call may be accessed by dialing 1-888-231-8191. The call will be simultaneously audio webcast via:

https://produceredition.webcasts.com/starthere.jsp?ei=1292371&tp_key=bd2024339a

This is a listen-in only audio webcast.

The conference call webcast will be archived on Chorus’ website at www.chorusaviation.com under Investors > Reports > Executive Management Presentations. A playback of the call can also be accessed until midnight ET, May 22, 2020 by dialing toll-free 1-855-859-2056, and using passcode 7967935#

¹NON-GAAP FINANCIAL MEASURES

This news release references several non-GAAP financial measures to supplement the analysis of Chorus’ results. Chorus uses certain non-GAAP financial measures, described below, to evaluate and assess performance. These non-GAAP measures are generally numerical measures of a company’s financial performance, financial position or cash flows, that include or exclude amounts from the most comparable GAAP measure. As such, these measures are not recognized for financial statement presentation under GAAP, do not have a standardized meaning, and are therefore not likely to be comparable to similar measures presented by other public entities.

A reconciliation of these non-GAAP measures to their nearest GAAP measure is provided in the MD&A dated May 14, 2020.

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 lease liability related to aircraft, signing bonuses, employee separation program costs and strategic advisory fees. 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 Chorus' 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.

EBT is defined as earnings before income tax. Adjusted EBT (EBT before signing bonuses, employee separation program costs, strategic advisory fees and other items such as foreign exchange gains and losses) is a non-GAAP financial measure used by Chorus as a supplemental financial measure of operational performance. Management believes adjusted EBT assists investors in comparing Chorus' performance by excluding items, which it does not believe will reoccur over the longer-term (such as signing bonuses, employee separation program costs and strategic advisory fees) as well, as items that are non-cash in nature such as foreign exchange gains and losses.

EBITDA is defined as earnings before net interest expense, income taxes, and depreciation and amortization and is a non-GAAP financial measure that is used frequently by companies in the aviation industry as a measure of performance. Adjusted EBITDA (EBITDA before signing bonuses, employee separation program costs, strategic advisory fees and other items such as foreign exchange gains or losses) is a non-GAAP financial measure used by Chorus as a supplemental financial measure of operational performance. Management believes Adjusted EBITDA assists investors in comparing Chorus' performance by excluding items, which it does not believe will re-occur over the longer-term (such as signing bonuses, employee separation program costs and strategic advisory fees) as well as items that are non-cash in nature such as foreign exchange gains and losses. 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 statements of cash flows, forming part of Chorus' financial statements.

Forward-Looking Information

This news release may contain 'forward-looking information'. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from those indicated in the forward-looking information. Examples of forward-looking information in this news release include the discussion in the Outlook section, statements concerning future contracted lease revenues, discussion throughout this news release regarding the future growth prospects of Chorus' business, and references to transactions which have not yet been completed. Additional examples of forward-looking information include, but are not limited to, statements concerning Chorus' future liquidity and financial strength. Actual results may differ materially from results indicated in forward-looking information for a number of reasons, including a prolonged duration of the COVID-19 outbreak and/or further restrictive measures to contain its spread, the evolving impact of COVID-19 on Chorus'

contractual counterparties, changes in aviation industry and general economic conditions, the emergence of other epidemic diseases, the continued payment (in whole or in part) of amounts due under the CPA, the failure to successfully refinance existing unencumbered aircraft on the terms currently contemplated or at all, the delay or non-delivery of nine new CRJ900 aircraft to Chorus for operation and lease under the CPA, as well as the risk factors identified in Chorus' Annual Information Form dated February 12, 2020 and in Chorus' public disclosure record available at www.sedar.com. Statements containing forward-looking information in this news release represent Chorus' expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. Chorus disclaims any intention or obligation to update or revise such statements to reflect new information, subsequent events or otherwise, unless required by applicable securities laws.

About Chorus Aviation Inc.

Chorus is a global provider of integrated regional aviation solutions. Chorus' vision is to deliver regional aviation to the world. Headquartered in Halifax, Nova Scotia, Chorus is comprised of Chorus Aviation Capital a leading, global lessor of regional aircraft, and Jazz Aviation and Voyageur Aviation - companies that have long histories of safe operations with excellent customer service. Chorus provides a full suite of regional aviation support services that encompasses every stage of an aircraft's lifecycle, including aircraft acquisitions and leasing; aircraft refurbishment, engineering, modification, repurposing and preparation; contract flying; aircraft and component maintenance, disassembly, and parts provisioning.

Chorus Class A Variable Voting Shares and Class B Voting Shares trade on the Toronto Stock Exchange under the trading symbol 'CHR'. www.chorusaviation.com

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