



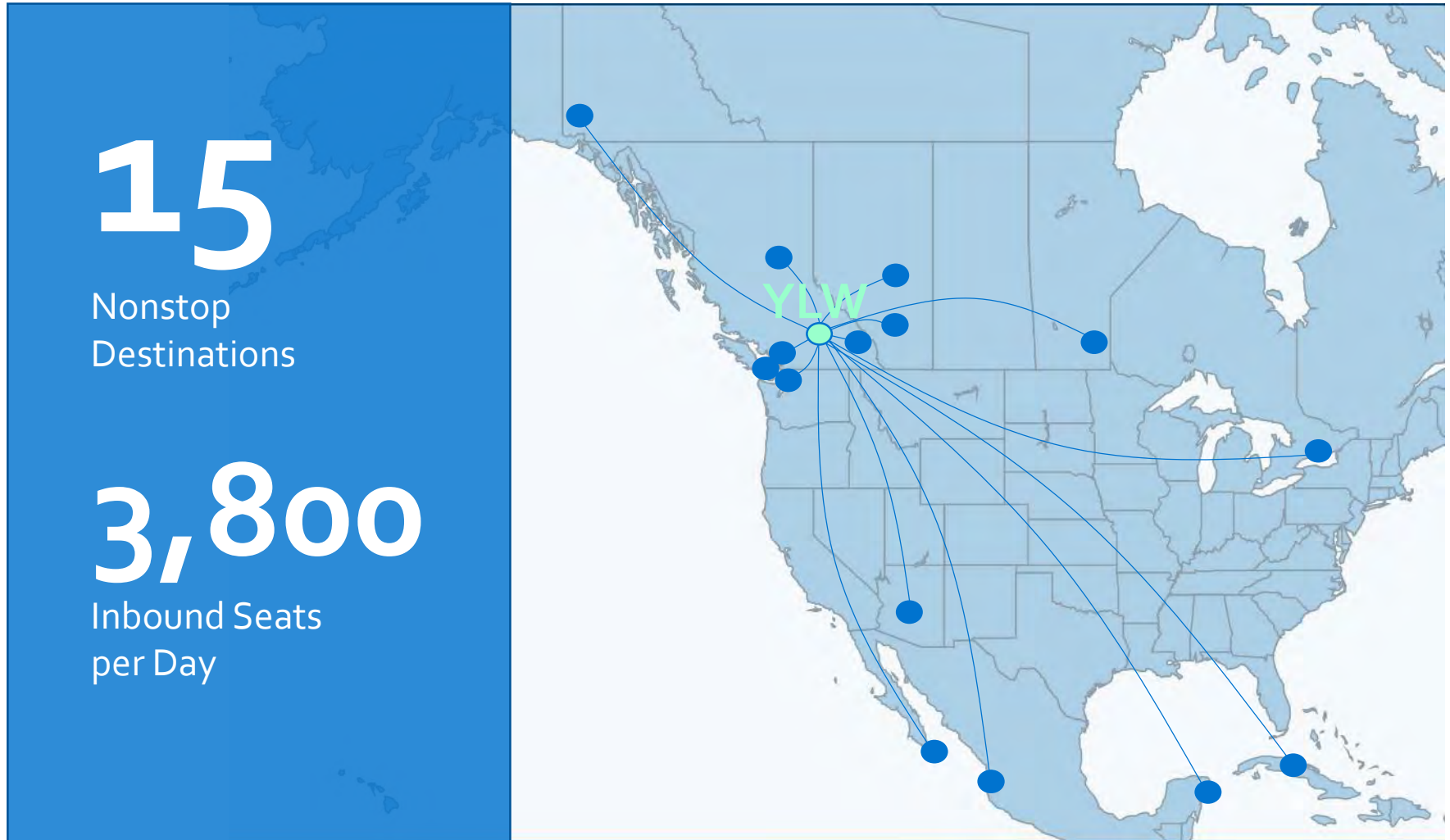
YLV

Kelowna International Airport

Air Service of the Future

March 2018

Air Access is a Key Component of Tourism



Source: Innovata Schedules via Diio.

New Services are Creating Incremental Demand

Toronto



Additional Air Canada
rouge Summer Flight

New WestJet Redeye Flight

Edmonton



New Air Canada and Flair
Services to YEG

Vancouver



New Flair Service to YVR

Additional Up-Gauging
& Frequencies

Winnipeg



New WestJet 4x/week
Service to Winnipeg

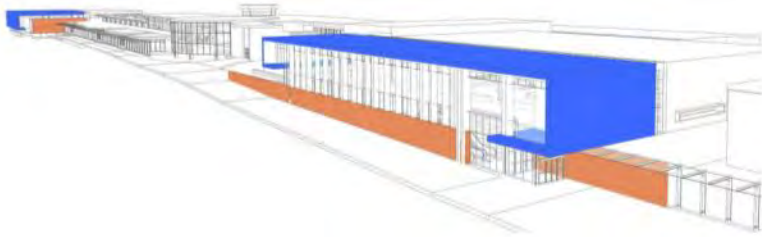
Traffic is Growing and YLW is Expanding

9.3%

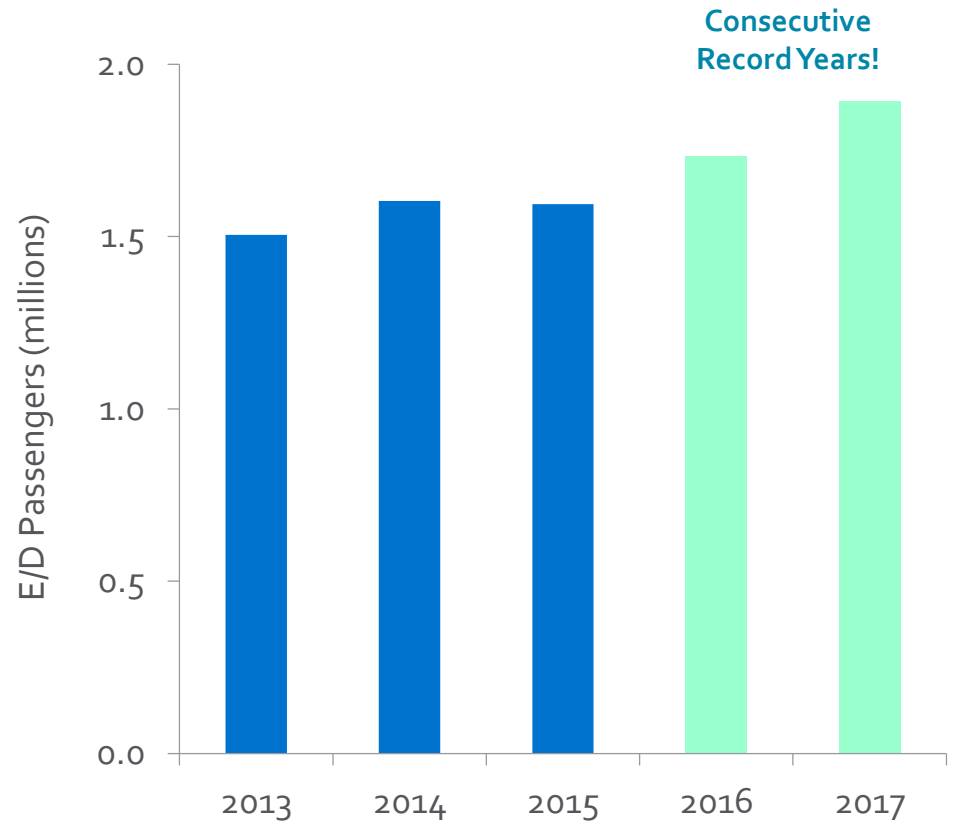
Passenger Growth in 2017

\$92 Million

YLW Expansion Investment

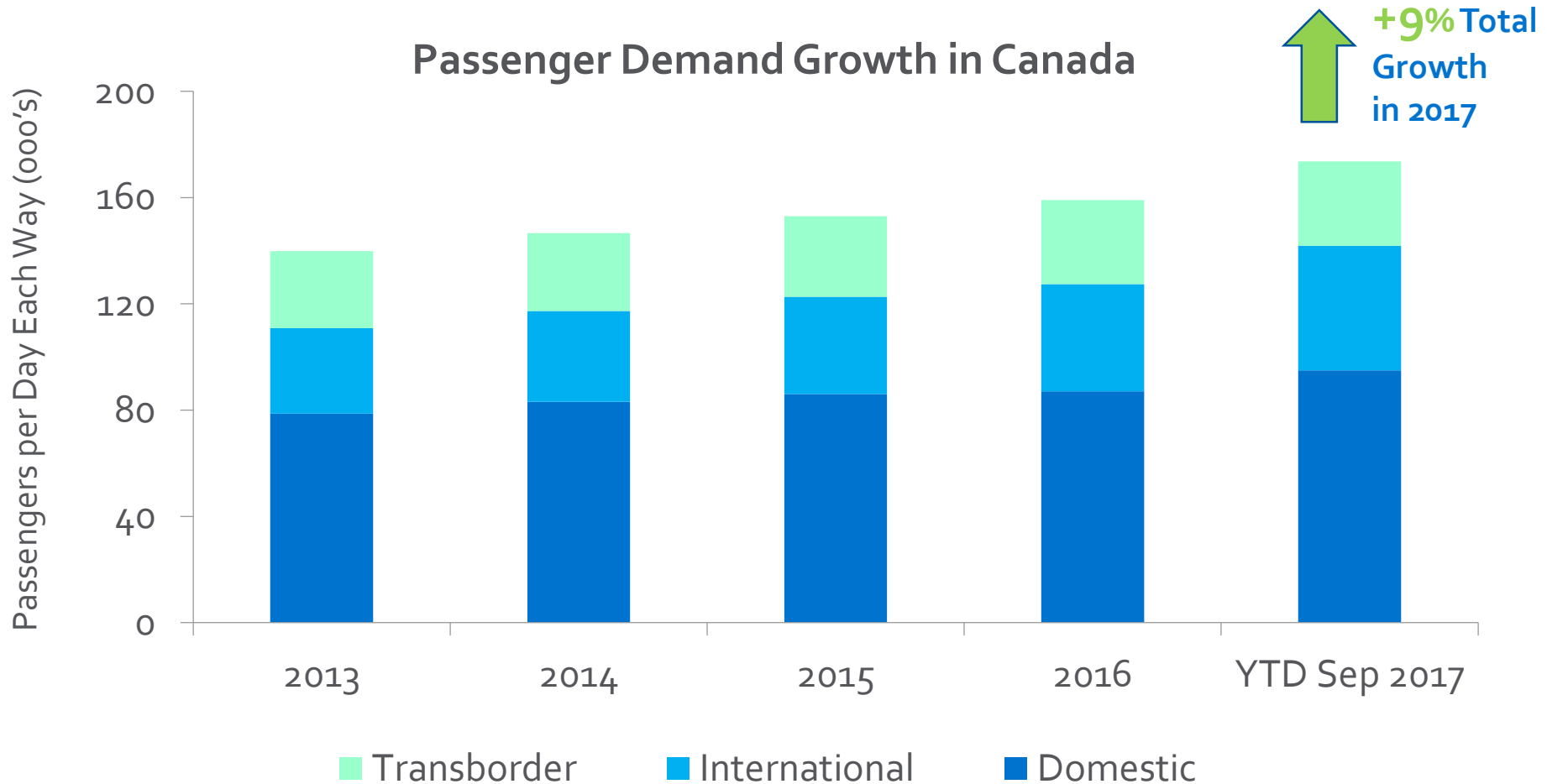


YLW Passenger Growth



Canada's Aviation Market Continues to Grow

Passenger Demand Growth in Canada



New Airlines are Entering the Market

Ultra Low Cost Carrier (ULCC) model proposed in order to generate incremental demand



Currently Operating
New Management Team

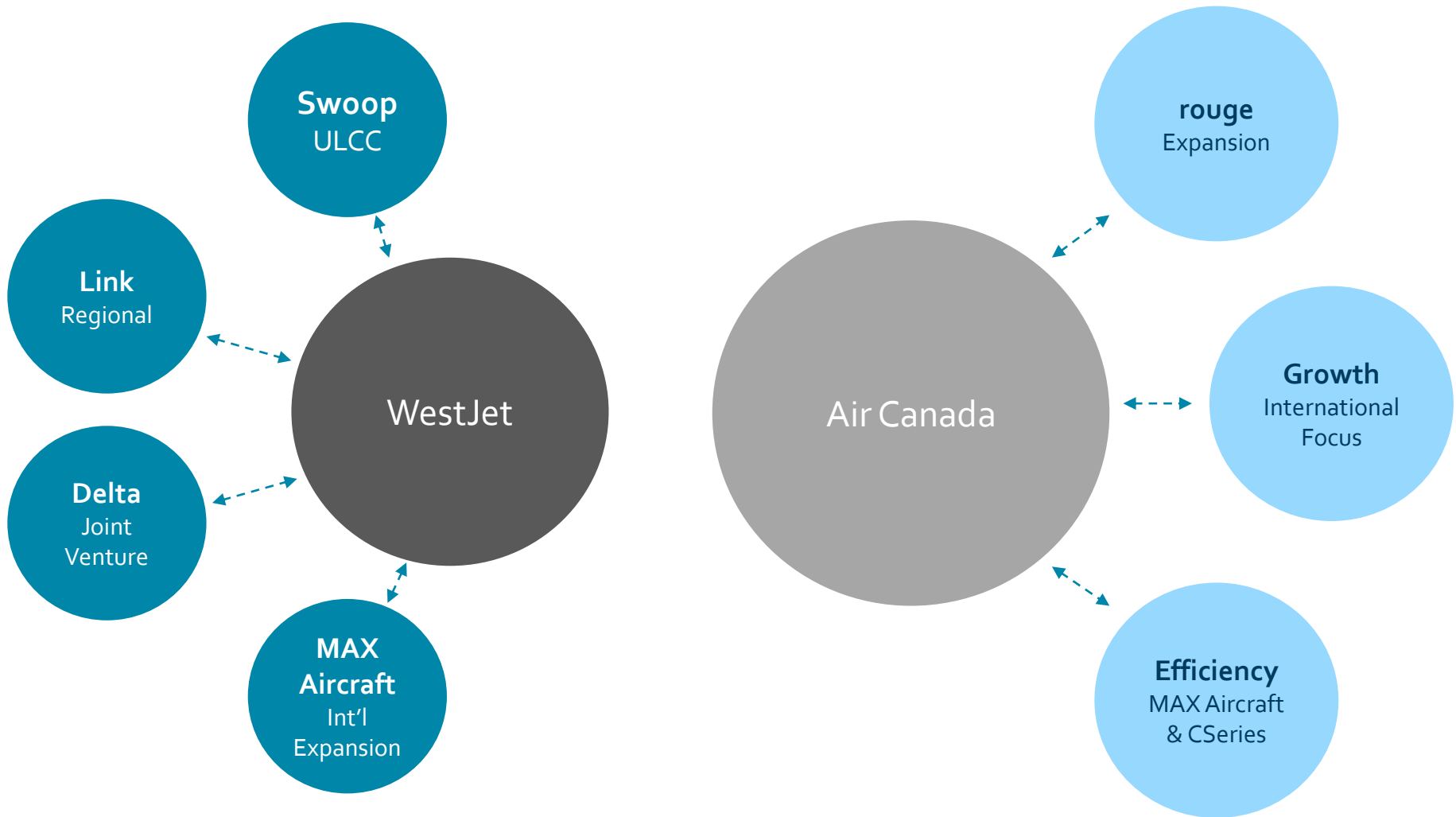


Launching June 2018
Separate from WestJet
Targeting 40% Cheaper Fares



Pursuing Financing

Existing Domestic Airlines are Evolving



Aircraft Technology is Reducing Costs and Boosting Operational Performance



C Series

Right-sized for smaller markets

New airframe + engine tech = 20% less fuel burn

18% lower costs per passenger

Air Canada: 75 on order (45 firm, 30 options)

737 MAX & A320neo

New engine tech = ~15% reduction in fuel

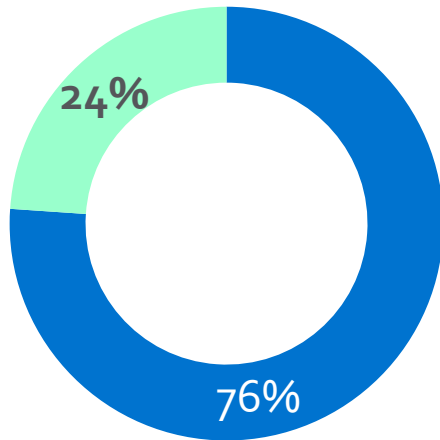
Range: Up to 1,500 km further than current 737s

Air Canada: 105 on order (57 firm, 48 options)

WestJet: 51 on order

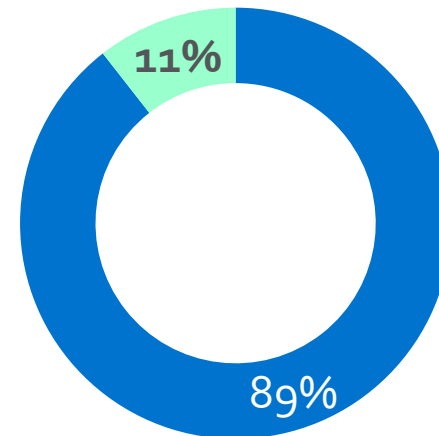
Small Regional Aircraft Are Being Phased Out

2010
% of Canadian Seat Capacity



- Large Aircraft (>50 Seats)
- Small Aircraft (<50 Seats)

2018
% of Canadian Seat Capacity



- Large Aircraft (>50 Seats)
- Small Aircraft (<50 Seats)

This change creates an opportunity for up-gauging of services, but can be a threat to smaller communities that cannot support larger aircraft

Technology is likely to heavily disrupt the aviation industry within the next 5 years



Evolving Traveller Types: Greater geographic spread to developing world, aging consumer base

Google: Internet powerhouse well situated to become travel retailer, with tailored products

Mobile Interface: Flexible payment solutions, synergy of combined bookings (flight + Uber + Airbnb), airline site bookings

Advanced aircraft technologies will impact the industry in the long term

VTOL

Vertical Take-Off & Landing



Research & Development currently underway for small, personal vertical-take off aircraft

Key Players: Uber, Airbus

Boom Technologies

Supersonic Flight



Japan Airlines invests \$10M and pre-orders 20 aircraft

Significantly quieter than the Concorde

New York to London in 3 hours by 2025



Questions?

For more information, visit ylw.kelowna.ca.