



March 2016

# Caution regarding forward-looking information

Certain statements set forth in this presentation and statements made during this presentation, including, without limitation, information respecting WestJet's return on invested capital (ROIC) goal of 13-16%; our plans to enter 16 new markets in 2016; the anticipated timing of the 737 MAX deliveries and the associated benefits of this type of aircraft and the LEAP-1B engine; our 737 and Q400 fleet commitments and future delivery dates; our expectations of further expansion through WestJet Vacations, additional flights and new airline partnerships; WestJet Encore's network growth plans and our expectations to retain a strong cash balance are forward-looking statements within the meaning of applicable Canadian securities laws.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond WestJet's control. Readers are cautioned that undue reliance should not be placed on forward-looking statements as actual results may vary materially from the forward-looking statements due to a number of factors including, without limitation, changes in consumer demand, fuel prices, foreign exchange rates, aircraft deliveries, general economic conditions, competitive environment, regulatory developments, environment factors, ability to effectively implement and maintain critical systems and other factors and risks described in WestJet's public reports and filings which are available under WestJet's profile at [www.sedar.com](http://www.sedar.com).

Any forward-looking statements contained in this presentation and statements made during this presentation represent WestJet's expectations as of the date of this presentation and are subject to change after such date. WestJet does not undertake to update, correct or revise any forward-looking statements as a result of any new information, future events or otherwise, except as may be required by law.

**March 2016**

# Non-GAAP measures

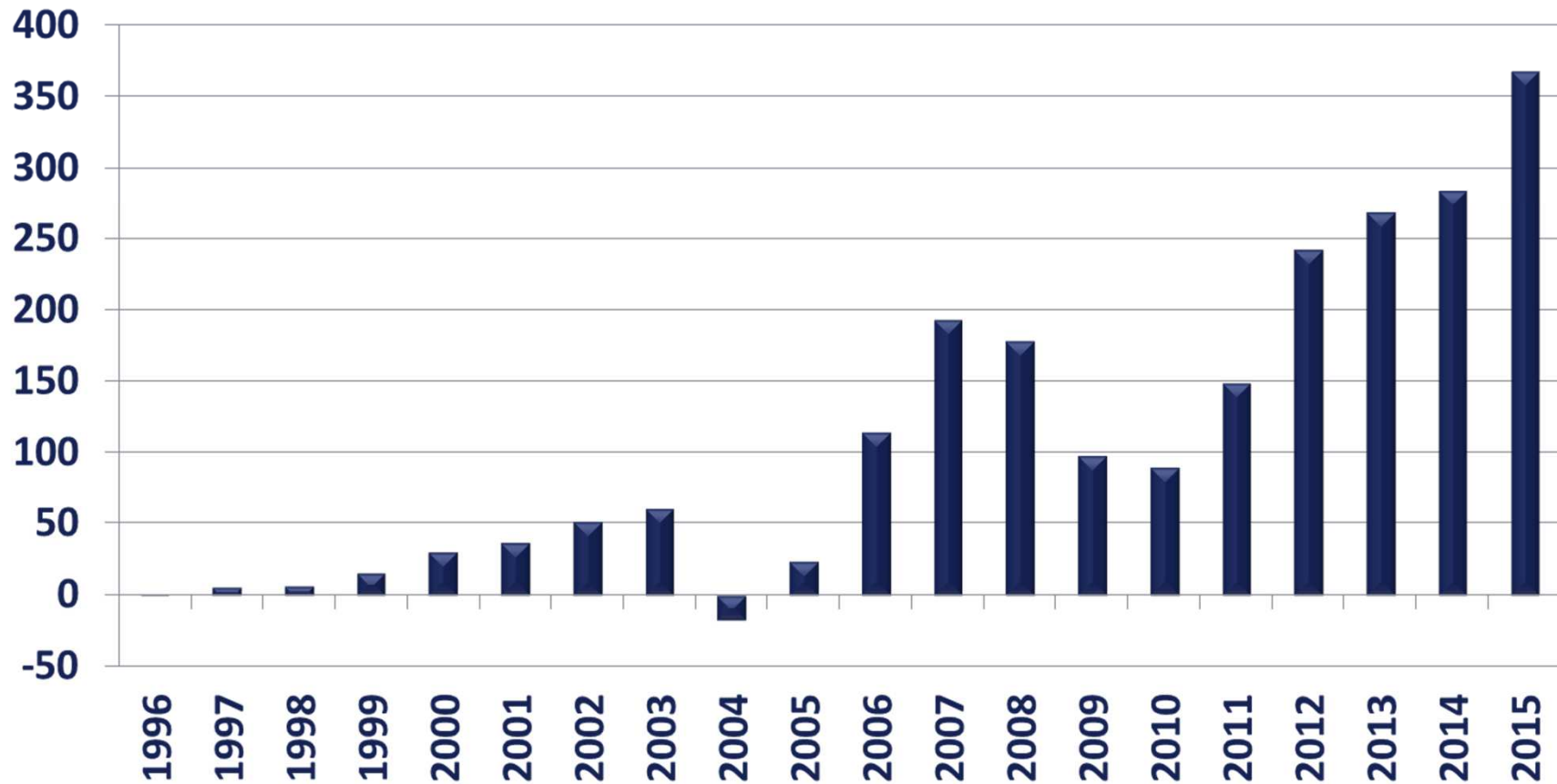
This presentation contains disclosure respecting non-GAAP financial measures including, without limitation, adjusted earnings; adjusted diluted earnings per share; return on invested capital (ROIC); CASM, excluding fuel and employee profit share; adjusted net debt to earnings before interest, taxes, depreciation, amortization and rent (EBITDAR); and cash to last twelve months revenue. These measures are included to enhance the overall understanding of WestJet's financial performance and to provide an alternative method for assessing WestJet's operating results in a manner that is focused on the performance of WestJet's ongoing operations, and to provide a more consistent basis for comparison between reporting periods. These measures are not calculated in accordance with, or an alternative to, GAAP and do not have standardized meanings. Therefore, they may not be comparable to similar measures provided by other entities. Readers are urged to review the section entitled "Reconciliation of non-GAAP and additional GAAP measures" in WestJet's management's discussion and analysis of financial results for the year ended December 31, 2015, which is available under WestJet's profile at [www.sedar.com](http://www.sedar.com), for a further discussion of such non-GAAP measures.

## **KEY OPERATING INDICATORS**

Key operating indicators used herein have the meanings ascribed thereto in WestJet's management's discussion and analysis of financial results for the year ended December 31, 2015 under the heading "Definition of key operating indicators".

# WestJet's track record of profitability since inception

Net Earnings (\$ millions)<sup>1</sup>



**Notes:**

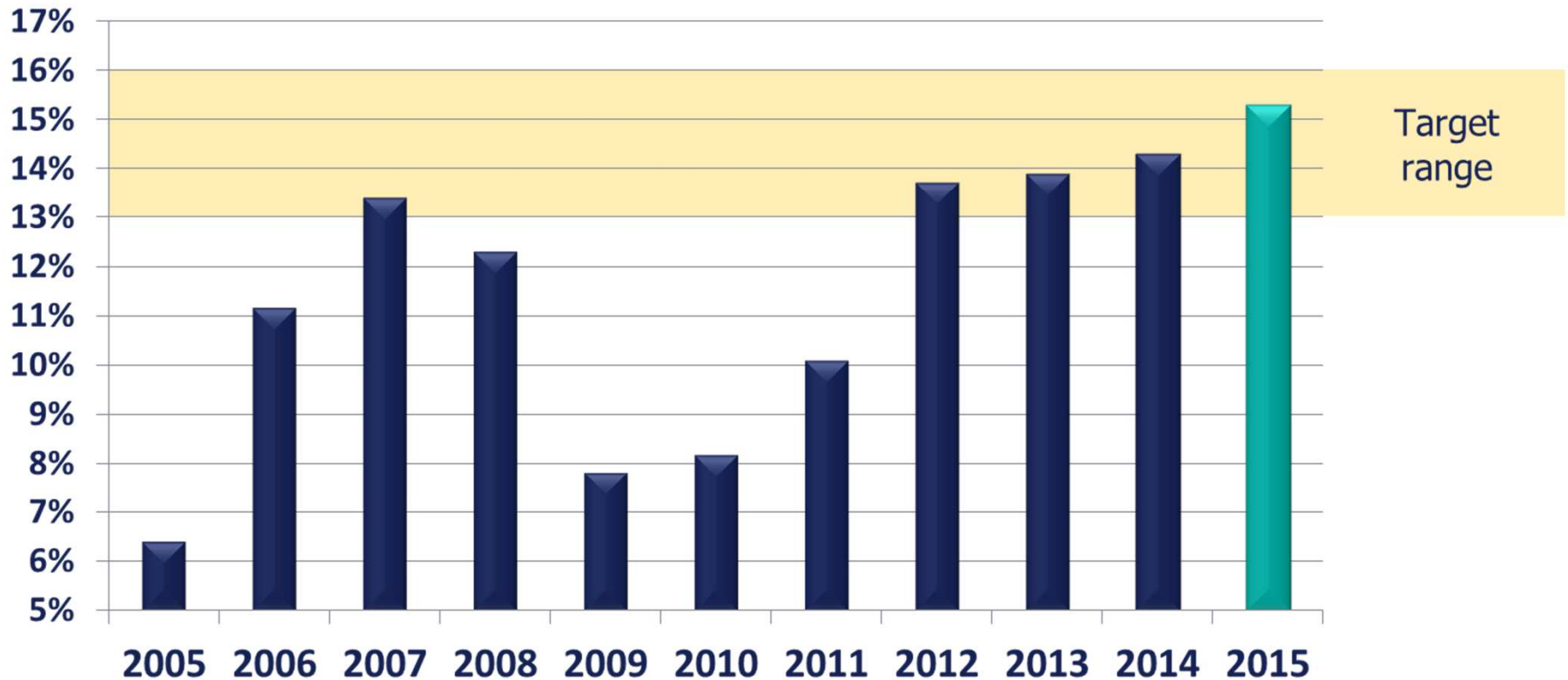
(1) 2010-14 presented under IFRS; 2009 and prior presented under previous Canadian GAAP.

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# Goal to generate 13-16% return on invested capital

Return on Invested Capital <sup>(1)</sup>



**Notes:**

(1) 2010-15 presented under IFRS; 2009 and prior presented under previous Canadian GAAP; on a trailing 12 month basis before tax.

# The WestJetter culture

- Our corporate culture is one of our foundational elements and we strongly believe it to be a tremendous capability and competitive advantage
- We strive to maintain a culture where WestJetters **act as leaders and owners** and are committed to, and passionately pursue, our mission and vision, while living by our values

## EMPLOYEE DEVELOPMENT

WestJet's Altitude Leadership Development Program was launched in 2007, focused on developing a community of leaders

## CULTURE OF EMPOWERMENT

WestJetters are encouraged to find solutions and make decisions to ensure each guest has an outstanding experience when flying with us

**We  
take care  
of our  
people**

## SAFETY PRIORITY

As WestJetters, our mission is to provide safe travel to everyone in WestJet's world and safely deliver our guests to their final destination

## COMPENSATION PROGRAMS

Profit sharing, the Employee Share Purchase Plan and the Owner's Performance Award reward WestJetters for taking care of our guests

# Consistently recognized by the industry and our guests

**CANADIAN BUSINESS**

**AON** Hewitt

Interbrand

**Leger**  
MARKETING

**ATW**  
Air Transport World

randstad  
award

**harrisdecima**  
A NIELSEN COMPANY

**THE AMERICAN  
BUSINESS AWARDS™**

**U.S. Consumer Product  
Safety Commission**

**MoneySense**

Rewards Canada

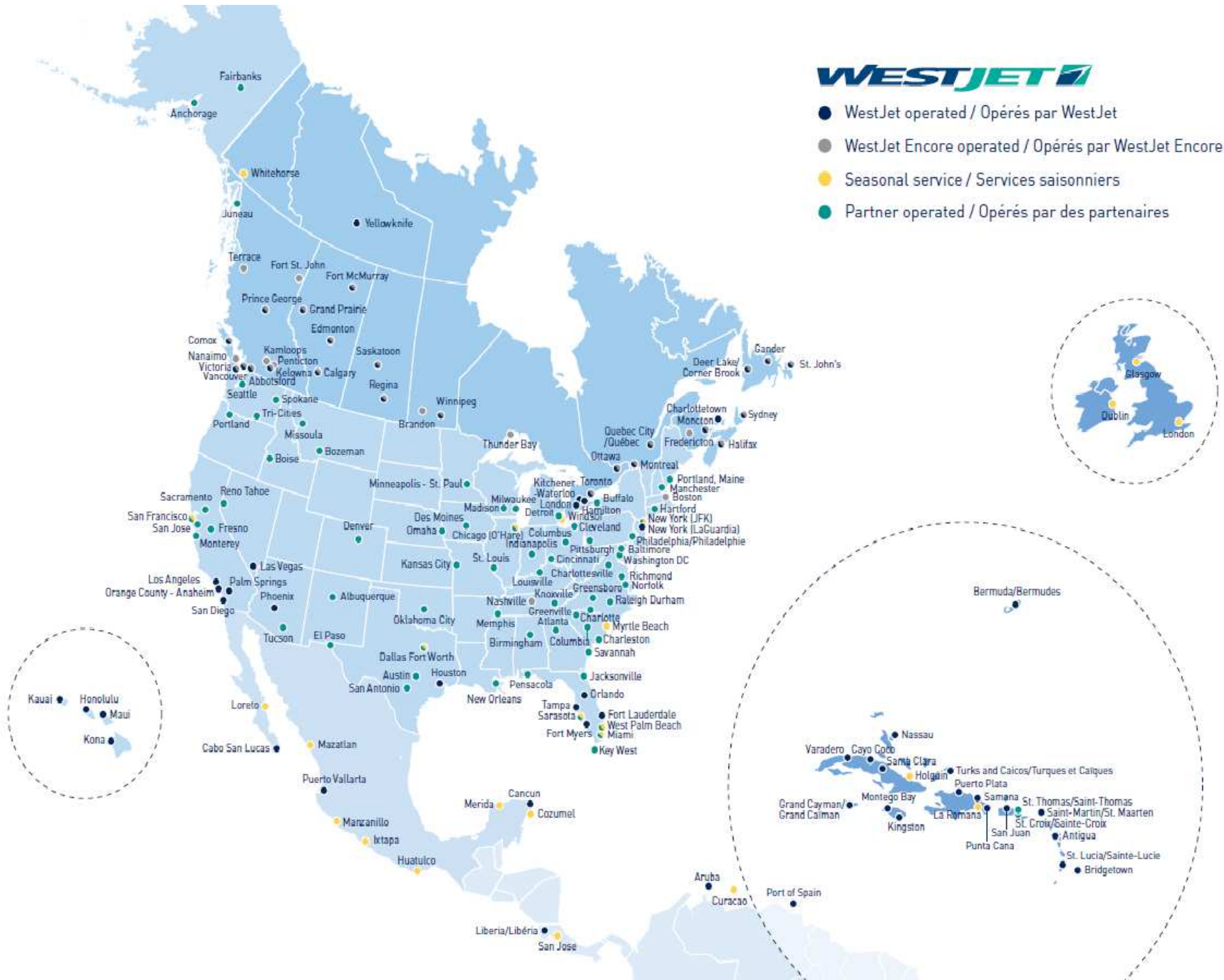


- **Top three brands in Canada (2015/2014/2013/2012)**
- **Aon Hewitt Best Employers in Canada (2015)**
- **Interbrand Canada's Best Canadian Brands, rank #20 (2014)**
- **Canada's Most Preferred Airline (2014)**
- **Value Airline of the Year (2014)**
- **Canada's Most Attractive Employer (2015/2014/2013/2012)**
- **Highest equity score: airline, vacation package supplier brands (2014/2013/2012/2011)**
- **Gold Stevie Award Best Transportation Company (2013)**
- **Chairman's Circle Award: WestJet Vacations (2013)**
- **WestJet RBC MasterCard ranked #1 in Canada (2015/2014/2013)**
- **WestJet RBC MasterCard Named Canada's Top Travel Rewards Credit Card (2015/2014/2013)**





- WestJet operated / Opérés par WestJet
- WestJet Encore operated / Opérés par WestJet Encore
- Seasonal service / Services saisonniers
- Partner operated / Opérés par des partenaires





2015 was a peak for new market entry

**2012: 18 new markets**

**2013: 13 new markets**

**2014: 11 new markets**

**2015: 25 new markets**

**2016: 16 new markets<sup>1</sup>**

**Notes:**

(1) Growth plans beyond the first quarter of 2016 are fluid and subject to change

# Laying the groundwork for long-term growth

## **FLEXIBLE INVESTMENT IN FLEET**

- Order for 65 Boeing 737 MAX aircraft with delivery dates of September 2017 through 2027
- Converting 15 Next Generation 737 deliveries to 737 MAX for a net increase of 50 firm commitments for 737 MAX aircraft
- Fleet plan offers significant growth potential and flexibility in the form of lease extension options and 10 737 MAX purchase options in 2020 / 2021

## **FARE BUNDLES & "PLUS" SEATING**

- Fare bundles – Econo, Flex and Plus – focus on incremental revenue
- In May 2015, WestJet announced enhancements to its Plus product, including premium food and beverage service, a blocked middle seat on its Boeing 737 fleet and wider seats on its Boeing 767 fleet

## **INVESTMENT IN WESTJET ENCORE**

- Taken delivery of 24 Bombardier Q400 NextGen aircraft as of the end of 2015
- Firm commitments to purchase 12 additional aircraft through 2017
- Options to take on an additional 9 aircraft between 2017 and 2018

## **CALCULATED INTERNATIONAL EXPANSION**

- In November 2013, WestJet announced Dublin, Ireland its first transatlantic destination, followed by Glasgow, UK in October 2014 and London, UK in June 2015
- In July 2014, WestJet announced its entry into wide-body service, with initial flights planned between Alberta and Hawaii in late 2015
- Further expansion expected to occur through WestJet Vacations, additional flights and new airline partnerships

# Growth and strong financial performance continues

# Operating highlights – 2015

43 consecutive quarters of profitability and record earnings per share

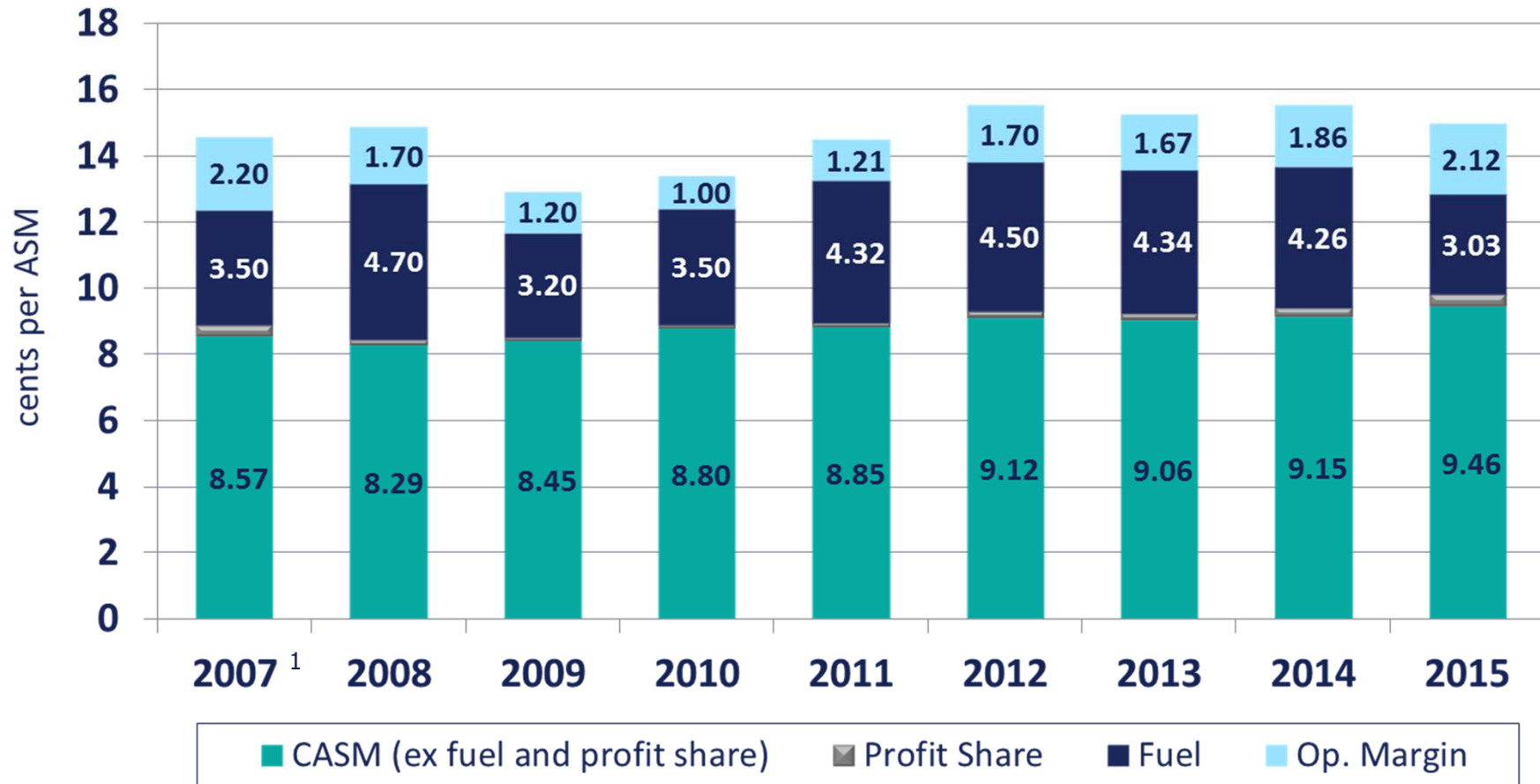
	<b>2015</b>	<b>2014</b>	<b>Change</b>
Total revenue (millions)	\$4,029.3	\$3,976.6	1.3%
Adjusted net earnings (millions) <sup>1</sup>	\$367.5	\$317.2	15.9%
Adjusted diluted earnings per share <sup>1</sup>	\$2.92	\$2.46	18.7%
Operating margin	14.1%	12.0%	2.1 pts
RASM (revenue per available seat mile) (cents)	14.98	15.54	(3.6%)
Yield (revenue per revenue passenger mile) (cents)	18.72	19.09	(1.9%)
Load Factor	80.0%	81.4%	(1.4 pts)
CASM, excl. fuel and employee profit share (cents)	9.46	9.15	3.4%

**2015 represented WestJet's fourth consecutive year of record adjusted net earnings**

**Notes:**

(1) 2014 adjusted results exclude a pre-tax non-cash loss of \$45.5 million associated with the sale of 10 of WestJet's oldest Boeing 737 aircraft. No adjustments made to 2015

# Costs remain under control



**Notes:**

(1) Excludes reservation system impairment of \$31.9 million.

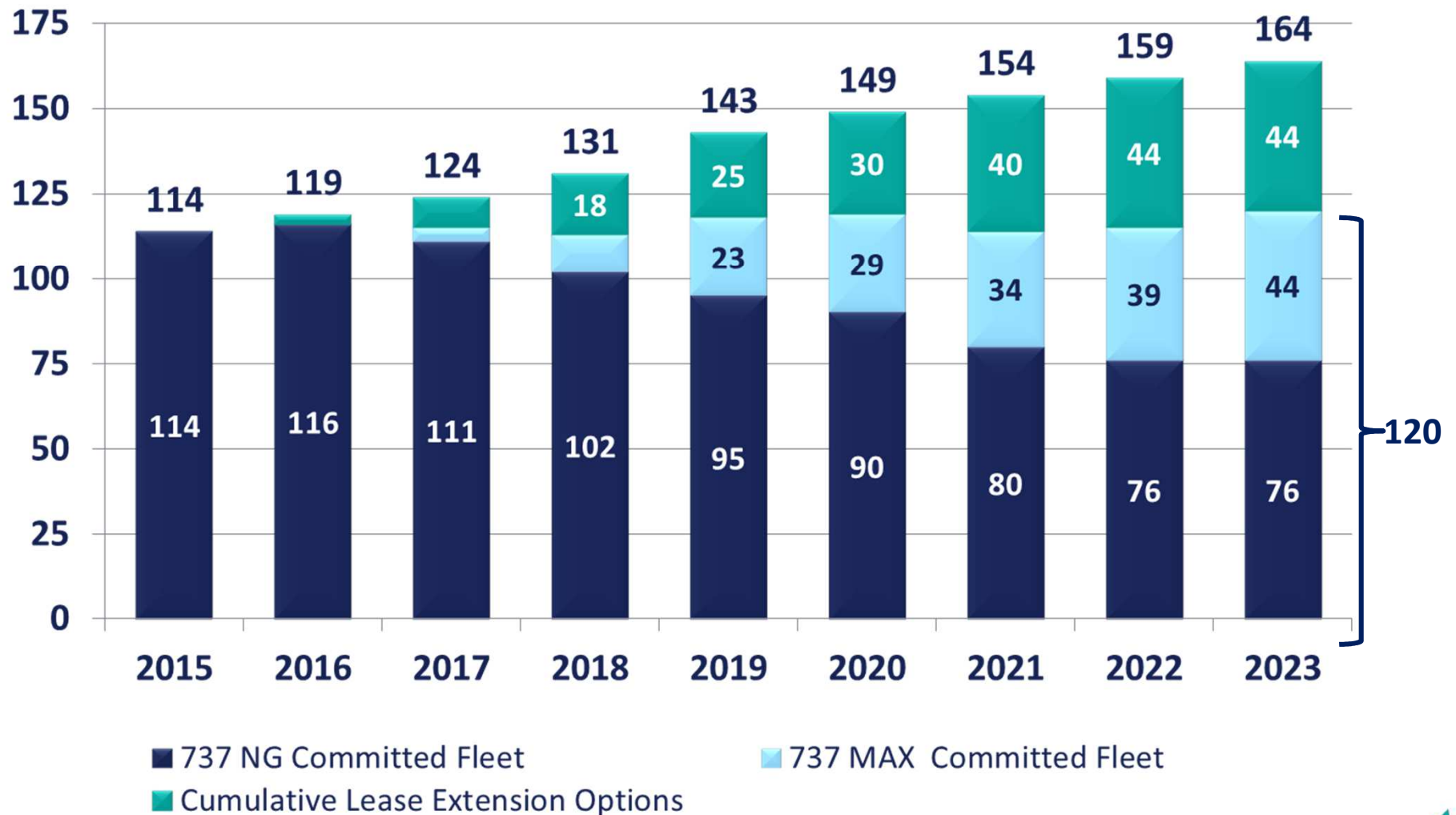


# 737 Boeing MAX purchase agreement

Growing our fleet and improving costs

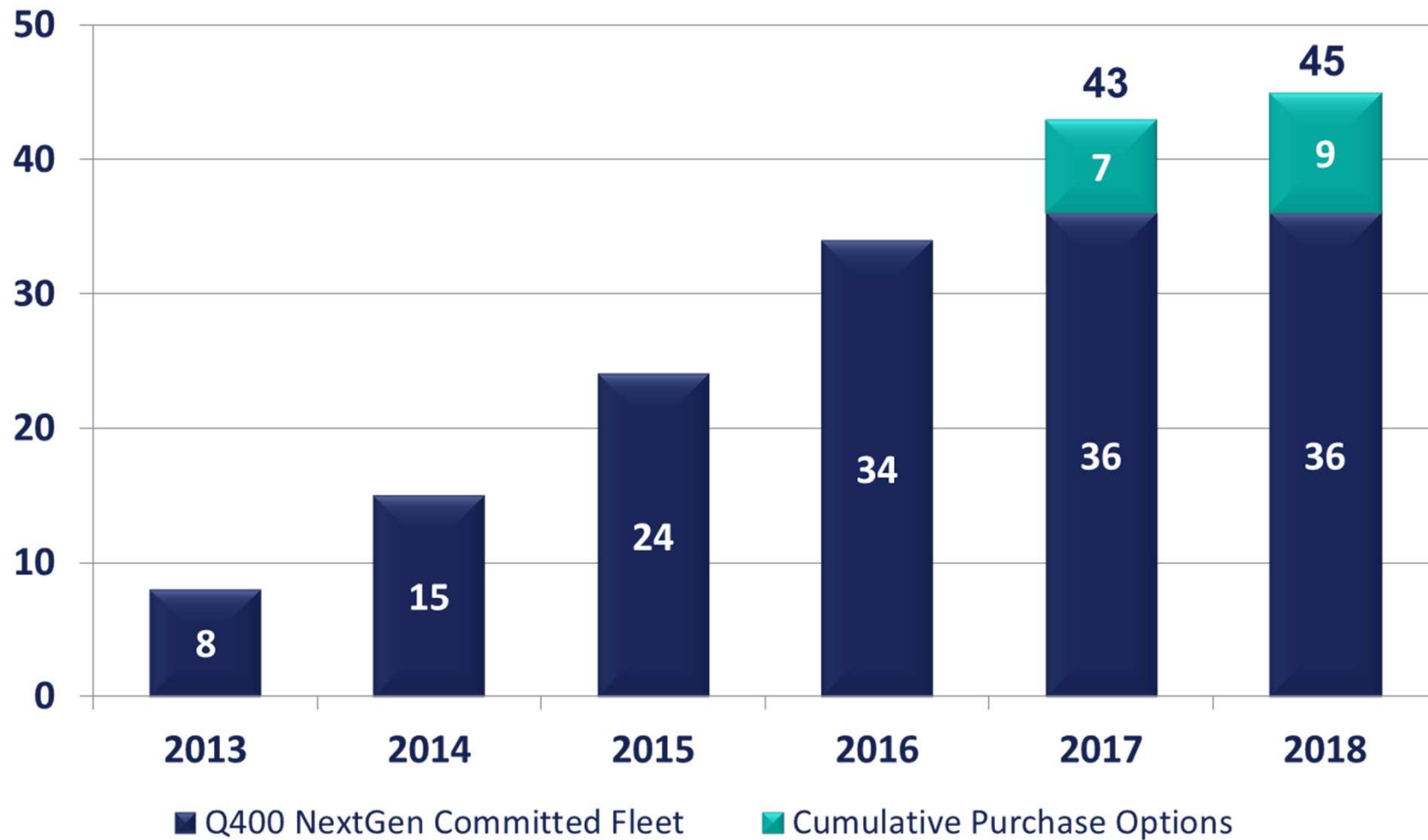
- WestJet announced in August 2013 an order for 65 Boeing 737 MAX aircraft with delivery dates of Sep 2017 through 2027
- Key benefits of this order:
  - Maintains the flexibility we have built into our fleet plan, including future lease renewal options
    - Boeing 737 fleet size between 120 and 164 aircraft by 2023
  - Improved operational costs: CFM International LEAP-1B engines expected to reduce fuel burn and CO2 emissions by 13% compared with today's most efficient single-aisle airplanes
  - New Boeing Sky Interior will contribute to an enhanced guest experience

# Measured growth - 737 flexible fleet plan including fleet modernization





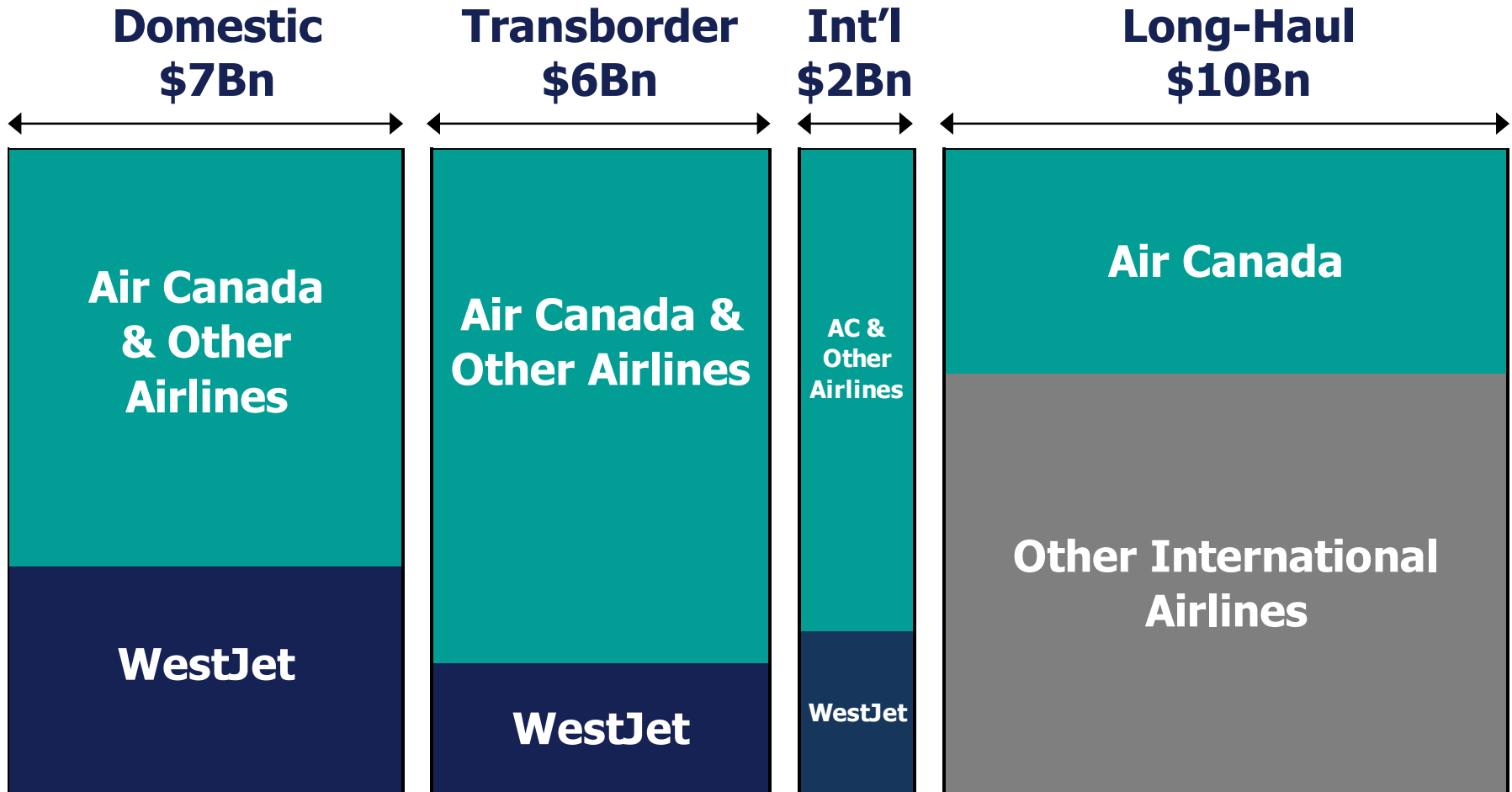
# Q400 NextGen fleet plan also builds in flexibility



# Building on our capabilities

# Market opportunities

Significant market opportunities exist For WestJet both domestically and abroad



Source: Internal estimates using public capacity and traffic information

# Airline partnerships: Expanding our network reach

- Access to destinations & demand beyond WestJet's network
- Strategically selecting partners from all major world regions
- Creating international travel options for the business traveler

<b>Codeshares - 14</b>	<b>Interlines – 32</b>	
Aeromexico S.A Air France American Airlines British Airways Cathay Pacific Airways Delta Air Lines China Airlines China Eastern Airlines China Southern Airlines Japan Air Lines KLM Korean Air Philippine Airlines, Inc. Qantas Airways	Air China Limited Air New Zealand Air Pacific Limited Alaska Airlines Alitalia Compagnia Aerea Italiana Asiana Airlines Inc. Canadian North Inc Central Mountain Air Condor Flugdienst GmbH EL AL Israel Airlines Emirates Etihad Airways Finnair Oyj	First Air Hainan Airlines Co. Limited Hong Kong Dragon Airlines Icelandair Jet Airways LATAM Airlines Group <sup>1</sup> Pakistan International Airlines Qatar Airways Royal Air Maroc SATA Transaero Airlines US Airways Virgin Australia

**Notes:**

(1) LATAM Airlines Group includes seven individual partner airlines

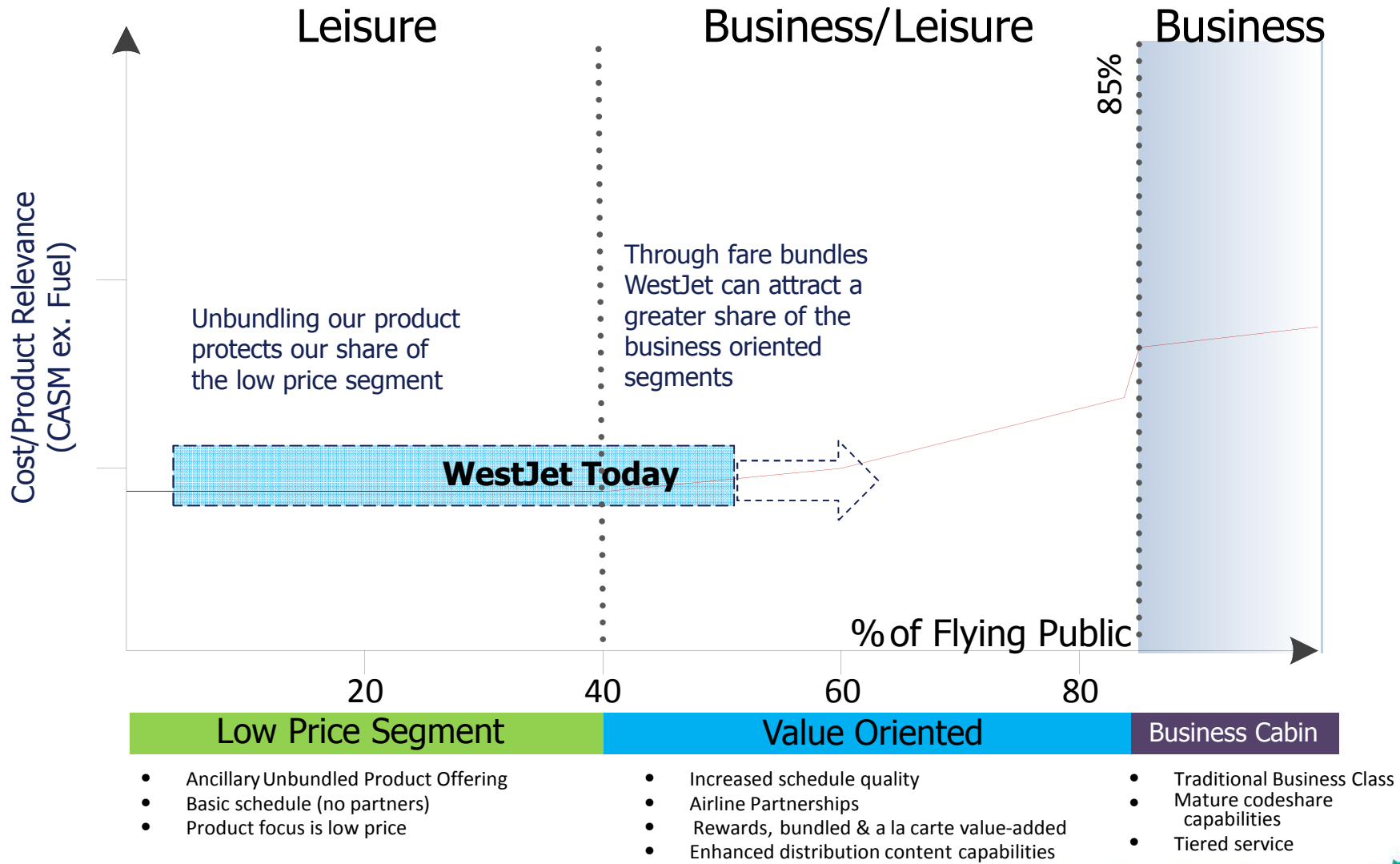


# Enriching more lives across segments

← Unbundled ————— Bundled →

	<b>Low Price Segment <u>Econo</u></b>	<b>Mid-Value Oriented <u>Flex</u></b>	<b>High-Value Oriented <u>Plus</u></b>
<b>Guest Mix</b>	Low fare bundle Leisure	Mid fare bundle Business/Leisure	High fare bundle Business traveller primarily
<b>Price</b>	Lowest fare plus optional services	Low fare plus optional services	Higher fare with included flexibility, conveniences, comfort
<b>Product</b>	Basic service from A to B, extras for a fee	More value, some extras for a fee	Fully inclusive and fully flexible
<b>Guest proposition</b>	Shop for the lowest price for travel to visit friends or relatives or a low-cost vacation. Pay for what you need.	You need some flexibility but are still looking to save.	You don't want to sweat the small stuff. You need maximum flexibility and a bit more room to get the work done.

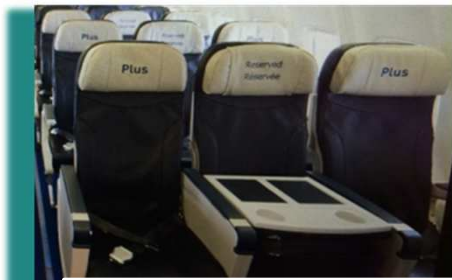
# WestJet market evolution



# Enhancements to Plus

## Boeing 737NG

Available: Network wide September 14, 2015



Comfort

- Empty middle seat
- Extra legroom
- Designated bin space

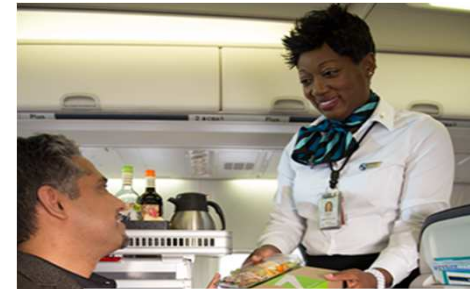


Onboard Product

- Beverages including beer, wine, spirits

Flights >2.5 hours:

- Water on seat prior to boarding
- Enhanced meal and snacks



Inflight Service

Flights >2.5 hours:

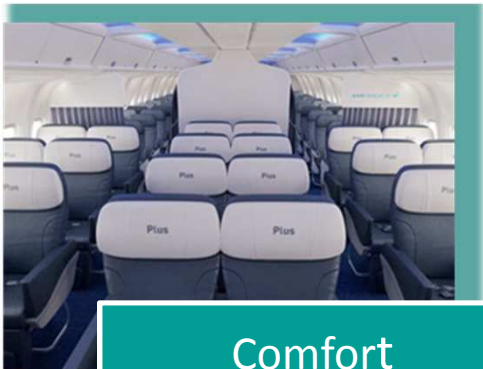
- Hot towel service



# Enhancements to Plus

## Boeing 767ERW

YYC-YYZ beginning September 2015 and Alberta-Hawaii beginning December 2015



Comfort

- 2-2-2 wider seats
- Extra legroom
- Designated bin space
- Separate cabin

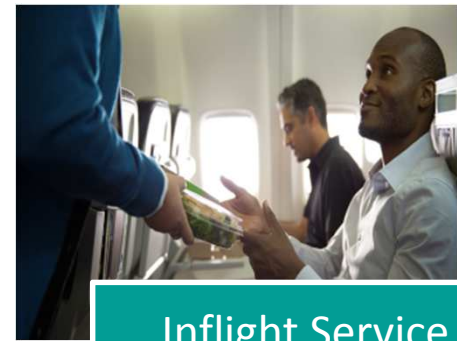


Onboard Product

- Water on seat prior to boarding
- Beverages including beer, wine, spirits
- Premium hot meal and snacks

Flights >6 hours:

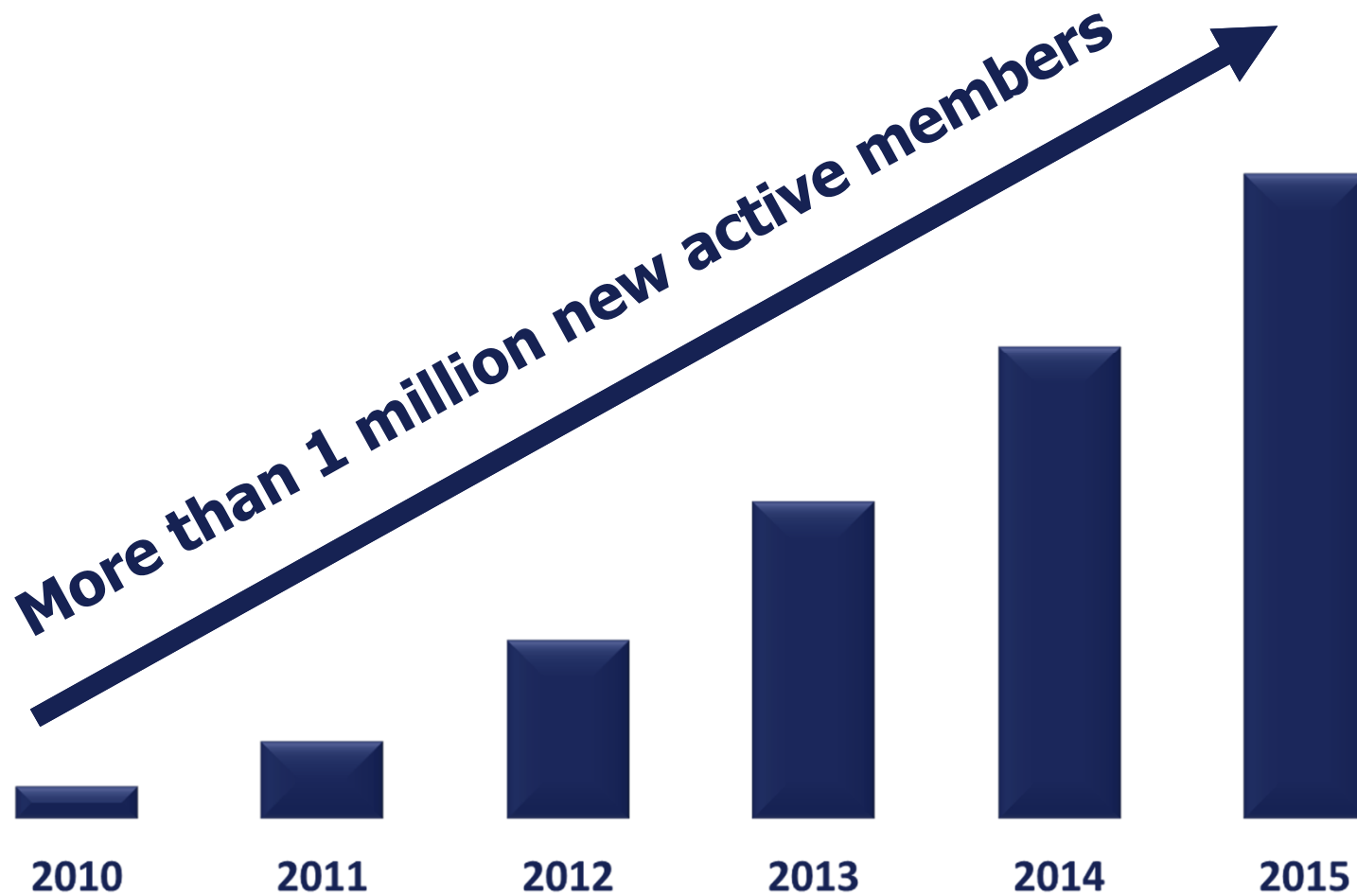
- Amenity kit (Alberta-Hawaii)
- Pre-flight beverage (Alberta-Hawaii)



Inflight Service

- Dedicated flight attendant
- Hot towel service

# Strong active member growth in our Rewards program



# WestJet Rewards Tiers provides greater benefits for our loyal guests

	Teal		Silver	Gold
12 month qualifying spend	Up to \$1,499	\$1,500 to \$3,999	\$4,000 to \$5,999	\$6,000 and beyond
WestJet dollar earn rates				
WestJet flights	1%	3%	5%	5%
WestJet Vacation packages	0.5%	1%	1%	1%
WestJet dollar earn rates				
Up to 1.5% on everyday purchases and up to 2% on WestJet flight and Vacations purchases with the WestJet RBC Mastercard				
1% on car rentals and hotels booked at westjet.com				
All tiers earn WestJet dollars on partner-marketed flights				

- Companion flights, lounge vouchers, seat selection vouchers and free checked bags are just some of the benefits of silver and gold tiers

# WestJet Connect

The evolution of inflight entertainment

**WESTJET** Flight time remaining 5:14 HRS Internet available

[Home](#) [Entertainment](#) [Internet](#) [News](#) [Destinations](#)

### Get watching.

For a limited time watch unlimited TV and movies for \$0 (Regular price \$6.99).

[TV & movies](#)

### Welcome to WestJet Connect

Take your pick between complimentary and paid content including new and classic movies, TV episodes and live-streaming TV.

For a limited time all programming is free.

For a fee, our new inflight entertainment system also provides the internet straight to your laptop, tablet or smartphone.

### Flight information

Flight time remaining 01:14 HRS

YYC —→ LAX

Altitude 32000 ft

### Current Condition in Los Angeles

8°C / 46°F

Wed	Thu	Fri	Sat	Sun
19°C / 66°F	23°C / 73°F	22°C / 72°F	23°C / 73°F	23°C / 73°F
8°C / 47°F	9°C / 48°F	9°C / 48°F	11°C / 52°F	10°C / 50°F

Is your personal device ready to enjoy our inflight entertainment system?

[Learn more](#)

Get great rates and earn WestJet dollars on car rentals.

Reserve at [westjet.com](#)\*

[Reserve now](#)

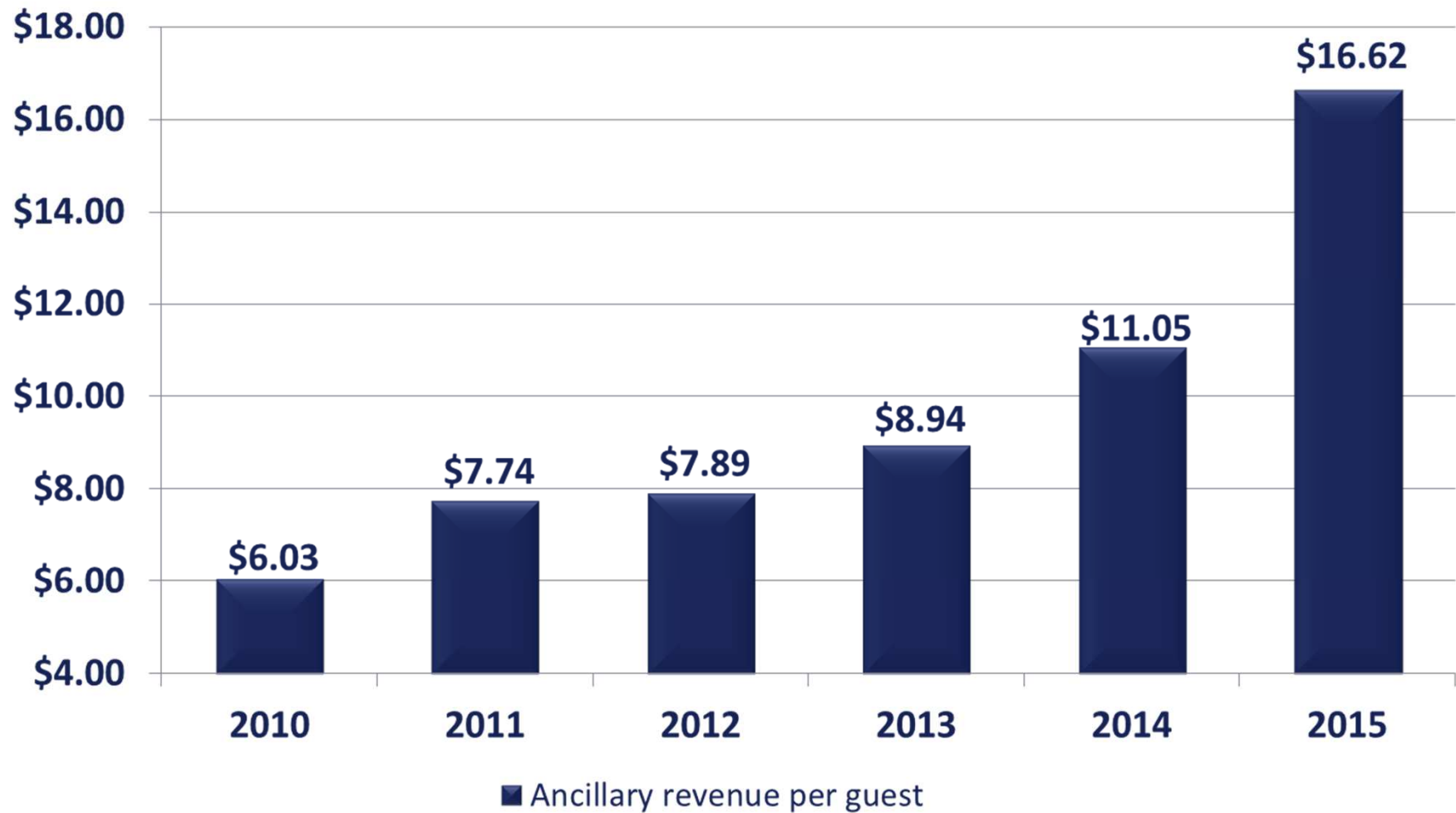
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# WestJet Connect - features

- Guest devices
  - Lap-top – Windows/ iOS/ Chrome
  - Mobile – tablet/smart phone
- WestJet Connect
  - Entertainment (movies, TV, news)
    - Over 400 hours of entertainment - FREE
  - Internet
    - Introductory Flight pass – \$7.99
  - In-seat power
    - Free!

## Growing ancillary revenue per guest

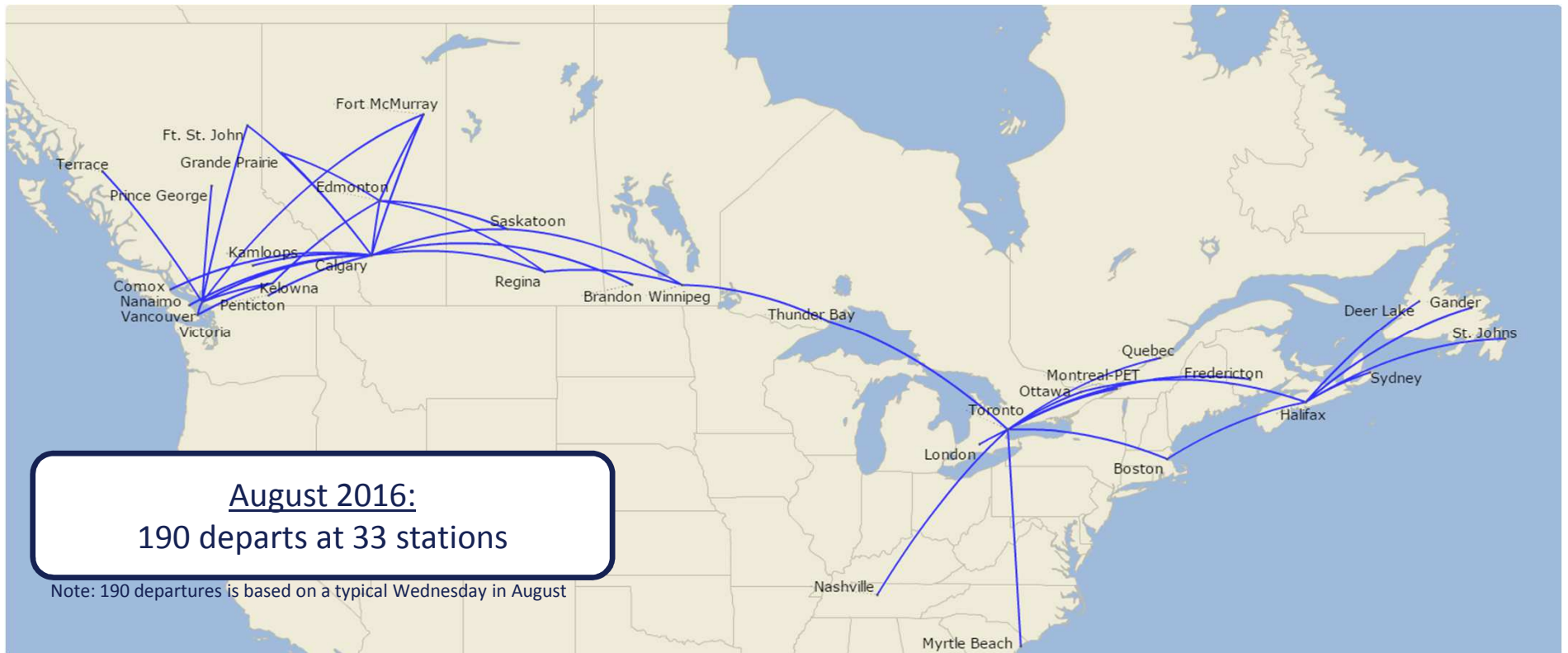


# WestJet Encore



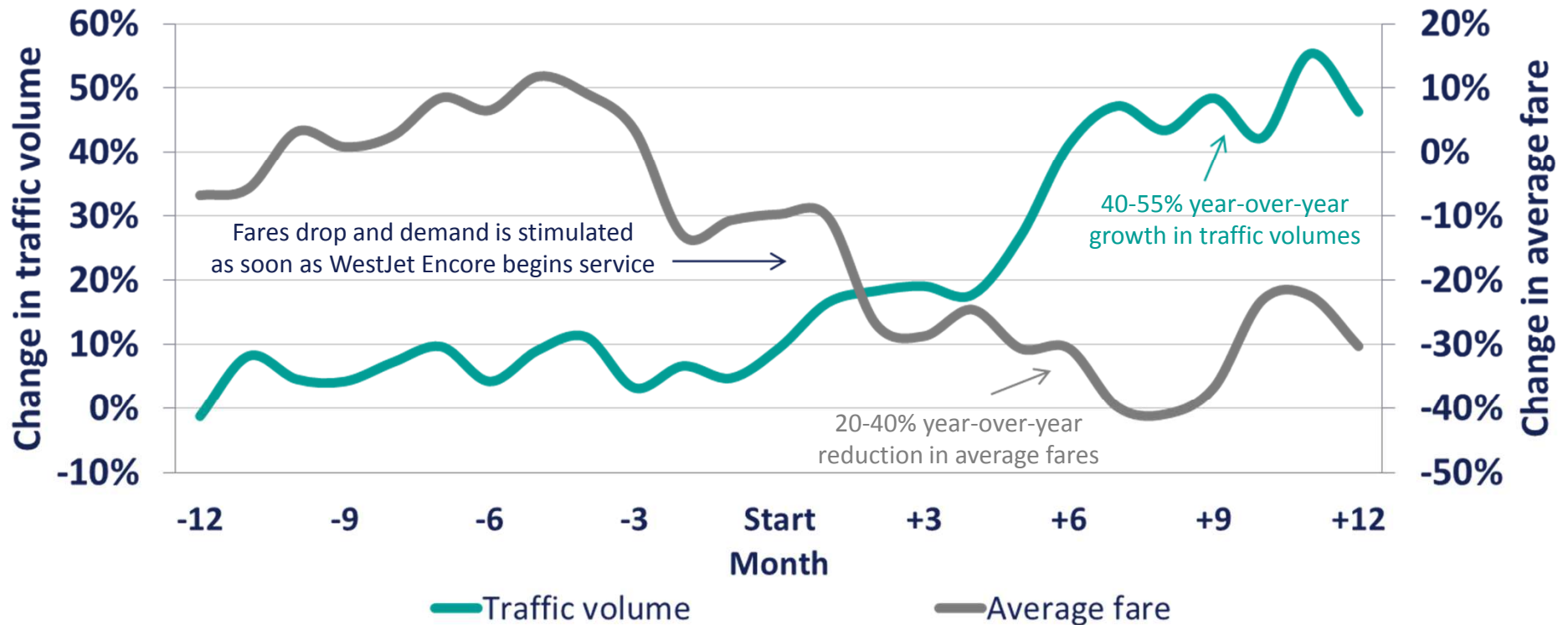
# WestJet Encore: significant network growth

Coast to coast and transborder



# WestJet Encore has lowered fares and stimulated demand

## Impact of WestJet Encore on traffic volumes on new routes



Source: IATA PaxIS database, December 23, 2014

- Total traffic at new Encore airports increased between 40%-55% after WestJet Encore entered and lowered fares

# WestJet Encore at maturity

- Organizational structure: wholly owned subsidiary
- Fleet size: up to 45 x 78-seat Q400 turboprop aircraft
- Network and schedule
  - National operation (Eastern and Western)
  - Domestic and transborder operations

Type of flying	Description
New destinations	Flights to/from new destinations not currently served by the WestJet network
Join the dots	Flights between existing destinations not currently flown by WestJet
Schedule improvements	Flights on some existing short-haul routes that benefit from increased frequency and higher load factors; B737 flying will be redeployed to maximize the network

Critical success factors remain the same for WestJet Encore

## Guest experience and low cost

### Guest experience and culture

- Consistent WestJet guest experience
- Consistent WestJet values
- Maintain caring culture
- Engaged workforce

### Low cost

- Obtain meaningful and sustainable cost advantage vs. regional competitors
- Low fares to stimulate demand and steal traffic
- Expand low-fare high-value proposition to new markets

We have the financial strength  
to put our strategy into action

# Financial strength supports growth

WestJet assigned an investment grade credit rating by S&P in February 2014

## Capital Structure

- Committed to maintaining a strong and flexible balance sheet
- Guidelines of:
  - $\leq 2.5x$  Adjusted Net Debt / EBITDAR
  - Approximately 30% Cash / LTM Revenue
- Preserve financial flexibility to support future growth

## Liquidity

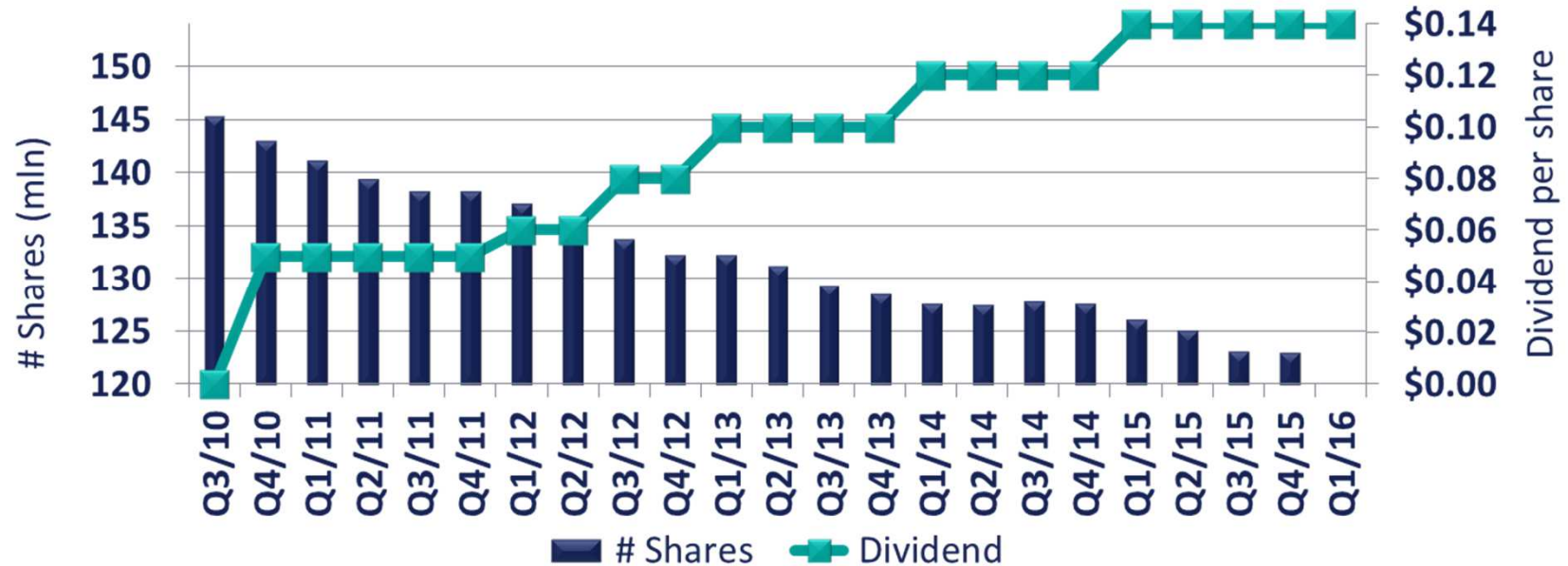
- Expect to retain strong cash balance position
- Strong free cash flow supplements balance sheet liquidity
- Incremental liquidity provided by new unsecured Revolving Credit Facility
- WestJet's focus on maintaining access to diverse sources of capital supports liquidity

## Capital Allocation

- Committed to our goal of generating 13-16% ROIC
- Disciplined return of capital to shareholders via both our dividend and share buyback programs
- Dividend reviewed on a quarterly basis

# Returning value to shareholders – Dividend & NCIB

As at December 31, 2015



Returned to shareholders since November 2010	
Dividend	\$256 million
Normal course issuer bids	\$494 Million
<b>Total</b>	<b>\$750 million</b>



## Summary – why invest in WestJet

- Proven track record of profitability, low cost structure and ROIC focus
- Award-winning culture and highly engaged workforce
- Pursuing profitable growth opportunities
- Strong brand in the marketplace and expanding airline partnerships
- Investment grade credit rating, strong balance sheet and liquidity
- **Committed to generating and returning value to shareholders**



Thank you