



Cargojet Reports Overall Strong Q4 Performance

Mississauga, ON, March 6, 2023 - Cargojet Inc. (“Cargojet” or the “Corporation”) (TSX: CJT) announced today financial results for the fourth quarter ended December 31, 2022.

Total Revenues for the quarter were \$267.0 million compared to fourth quarter 2021 Revenues of \$235.9 million. Gross Margin for the quarter was \$61.9 million compared to fourth quarter 2021 Gross Margin of \$78.2 million. Adjusted EBITDA⁽¹⁾ for the quarter was \$82.9 million compared to the fourth quarter 2021 Adjusted EBITDA⁽¹⁾ \$90.5 million. Adjusted Free Cash Flow⁽¹⁾ was \$33.6 million for the three-month period ended December 31, 2022 compared to \$37.8 million for the same period in 2021.

Total revenue growth of 13.2% (6.1% excluding fuel) for the quarter compared to prior year reflected a strong contribution from the ACMI network, up 10.6% and Charters up by 13.9% compared to same quarter last year.

Net income for the quarter was \$2.6 million (net income of \$14.1 million excluding warrant valuation loss) compared to net gain of \$102.0 million in 2021 (net income of \$33.4 million excluding warrant valuation gain).

“Over the past several years, Cargojet has evolved its business model that is increasingly based on strategic partnerships rather than transactional relationships with its customers. By aligning our long-term commercial interests, we expect greater endurance of volumes with our strategic customers even if global volumes soften during a recessionary period,” said Dr. Ajay Virmani, President and CEO.

“The continued global increase in e-commerce demand has produced strong growth in our Domestic and ACMI business segments during the Quarter. We continue to monitor various macro risks including a potential recession, which may have impact on consumer spending. As such, Cargojet continues to carefully manage its strategy to match the capacity required with actual customer demand,” further noted Dr. Virmani.

“Our team once again rose to the challenge of delivering another strong quarter with 99.7% on-time performance. I am incredibly proud and grateful to the entire Cargojet team for continuing to deliver excellence while delivering strong revenue growth,” concluded Dr. Virmani.

All references to “\$” in this press release are to Canadian dollars.

About Cargojet

Cargojet is Canada’s leading provider of time sensitive premium air cargo services to all major cities across North America, providing Dedicated, ACMI and International Charter services and carries over 25,000,000 pounds of cargo weekly. Cargojet operates its network with its own fleet of 34 aircraft. For further information, please contact:

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(1) Non-GAAP Measures

“Adjusted EBITDA”, “Adjusted EBITDAR” and “Adjusted Free Cash Flow” are non-GAAP measures used by the Corporation to provide additional information on its financial and operating performance. Adjusted EBITDA and Adjusted EBITDAR are not recognized measures for financial statement presentation under Canadian GAAP and it does not have standardized meanings and may not be comparable to similar measures presented by other public companies.

Adjusted EBITDA is used by the Corporation to assess earnings before interest, taxes, depreciation, amortization, gain or loss on disposal of capital assets, unrealized foreign exchange gains or losses, unrealized gain or loss on forward foreign exchange contracts, aircraft heavy maintenance amortization, contract asset amortization, gain or loss on cash settled share based payment arrangement related to a financing arrangement, unrealized gain or loss on fair value of total return swap related to a financing arrangement, gain or loss on fair value of stock warrant, loss on settlement of cash settled share based payment arrangement related to a financing arrangement, gain on settlement of total return swap related to a financing, loss on extinguishment of debts, and non-cash employee pension expense, as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets.

The Corporation believes that these alternative measures provide a more consistent basis to compare the performance of the Corporation between the periods. Adjusted EBITDA provide additional information to users of Management’s Discussion and Analysis of Financial condition and Results of Operations (“MD&A”) to enhance their understanding of the Company’s financial performance.

CALCULATION OF EBITDA, ADJUSTED EBITDA, FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

(Canadian dollars in millions, except where indicated)

	Three Month Period Ended	
	December 31,	
	2022	2021
	(unaudited)	(unaudited)
Calculation of EBITDA and Adjusted EBITDA		
Net earnings	\$2.6	\$102.0
Add:		
Interest	13.2	7.2
Provision of deferred taxes	7.4	12.4
Depreciation of property,plant and equipment	41.5	30.5
EBITDA ⁽¹⁾	64.7	152.1
Add:		
Share-based compensation	2.6	6.3
Gain on sale of property,plant and equipment	(0.3)	(0.3)
Unrealized foreign exchange loss	0.7	0.5
Fair value adjustment and amortization on stock warrant	12.0	(67.0)
Loss on extinguishment of debts	-	1.1
Share of (gain) loss of associate	(0.2)	-
Employee pension	3.4	(2.2)
Adjusted EBITDA ⁽¹⁾	82.9	90.5
Calculation of Standardized Free Cash Flow and Adjusted Free Cash Flow		
NET CASH GENERATED FROM OPERATING ACTIVITIES	64.2	61.2
Less: Maintenance capital expenditures ⁽¹⁾	(27.8)	(40.4)
Add: Proceeds from disposal of property,plant and equipment	0.3	0.2
Standardized free cash flow ⁽¹⁾	36.7	21.0
Changes in non-cash working capital items and deposits	(3.1)	16.8
Adjusted free cash flow ⁽¹⁾	\$33.6	\$37.8

1. EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and Maintenance Capital Expenditure are non-GAAP financial measures and are not earning measures recognized by IFRS. Prior year amounts have been restated to reflect the revised definitions of Adjusted EBITDA. Please refer to Page 17 of this MD&A for a more detailed discussion.

Adjusted Free Cash Flow is calculated as Standardized Free Cash Flow as defined by CPA Canada, less operating cash flows provided from or used in discontinued operations, changes in working capital, plus the provision for current income taxes. It shows the financial strength of the business.

Notice on Forward Looking Statements:

Certain statements contained herein constitute "forward-looking statements". Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans," "intends," "anticipates," "should," "estimates," "expects," "believes," "indicates," "targeting," "suggests" and similar expressions. These forward-looking statements are based on current expectations and entail various risks and uncertainties. Reference should be made to the issuer's most recent Annual Information Form (AIF) filed with the Canadian securities regulators, and its most recent Annual Consolidated Financial Statements and Notes thereto and related Management's Discussion and Analysis (MD&A), for a summary of major risks. Actual results may materially differ from expectations, if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. The Company cautions that the list of risk factors and uncertainties described in the AIF and MD&A is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained herein represents our expectations as of the date hereof (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking 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. In the event the issuer does update any forward-looking statement, no inference should be made that the issuer will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

Selected Financial Information and Operating Statistics Highlights

The Financial Information and Operating Statistics Highlights as follows:

(Canadian dollars in millions, except where indicated)

	Three Month Period Ended December 31,				Year Ended December 31,			
	2022	2021	Change	%	2022	2021	Change	%
Revenues	\$267.0	\$235.9	\$31.1	13.2%	\$979.9	\$757.8	\$222.1	29.3%
Direct expenses	205.1	157.7	47.4	30.1%	732.4	525.4	207.0	39.4%
Gross margin	61.9	78.2	(16.3)	-20.8%	247.5	232.4	15.1	6.5%
Gross margin - (%)	23.2%	33.1%	-9.9%		25.3%	30.5%	-5.2%	
Selling, general and administrative expenses	30.4	14.1	16.3	115.6%	74.6	59.5	15.1	25.4%
Net finance costs and other gains and losses	21.7	(50.3)	72.0	143.1%	(49.1)	(27.9)	(21.2)	-76.0%
Share of (gain) loss of associate	(0.2)	-	(0.2)	100.0%	2.0	-	2.0	100.0%
Earnings before income taxes	10.0	114.4	(104.4)	-91.3%	220.0	200.8	19.2	9.6%
Income taxes	7.4	12.4	(5.0)	-40.3%	29.4	33.4	(4.0)	-12.0%
Net earnings	2.6	102.0	(99.4)	-97.5%	190.6	167.4	23.2	13.9%
Earnings (loss) per share								
Basic	0.15	5.82	-5.67	-97.4%	11.04	9.73	1.31	13.5%
Diluted	0.15	5.70	-5.55	-97.4%	10.15	9.51	0.64	6.7%
Adjusted ⁽¹⁾	0.90	2.48	-1.58	-63.7%	6.95	6.06	0.89	14.7%
EBITDA ⁽²⁾	64.7	152.1	(87.4)	-57.5%	395.8	348.1	47.7	13.7%
EBITDA margin ⁽²⁾ - (%)	24.2%	64.5%	-40.3%		40.4%	45.9%	-5.5%	
Adjusted EBITDA ⁽²⁾	82.9	90.5	(7.6)	-8.4%	329.0	293.1	35.9	12.2%
Adjusted EBITDA margin ⁽²⁾ - (%)	31.0%	38.4%	-7.4%		33.6%	38.7%	-5.1%	
Adjusted free cash flow ⁽²⁾	\$33.6	\$37.8	(\$4.2)	-11.1%	\$165.3	\$146.5	\$18.8	12.8%
Operating statistics ⁽⁴⁾								
Operating days ⁽⁵⁾	48	49	(1.0)	-2.0%	197	198	(1.0)	-0.5%
Average domestic network revenue per operating day ⁽⁶⁾	2.10	2.08	0.02	1.0%	1.83	1.64	0.19	11.6%
Block hours ⁽⁷⁾	19,819	18,328	1,491	8.1%	73,273	59,734	13,539	22.7%
B757-200	13	9	4	-	13	9	4	-
B767-200	4	4	-	-	4	4	-	-
B767-300	18	16	2	-	18	16	2	-
Passenger aircraft	4	2	2	-	4	2	2	-
	39	31	8	25.8%	39	31	8	25.8%
Head count	1,802	1,496	306	20.5%	1,802	1,496	306	20.5%

1. Adjusted EPS is not an earning measure recognized by IFRS and is defined as earnings per share from continuing operations before fair value increase (decrease) on stock warrant, losses (gains) on swap derivatives, amortization on stock warrants and unrealized foreign exchange losses (gains).
2. EBITDA, Adjusted EBITDA and Adjusted Free Cash Flow are non-GAAP financial measures and are not earning measures recognized by IFRS. Prior year amounts have been restated to reflect the revised definitions of Adjusted EBITDA. Please refer to the "Non-GAAP measures" section on page 17 of this MD&A for a more detailed discussion and a reconciliation of these non-GAAP financial measures to the nearest GAAP measure.
3. The definitions for the Operating statistics included in this table are provided in the notes below.
4. Operating days refer to the Company's domestic network air cargo network operations that run primarily on Monday to Friday with a reduced network operating on Friday.
5. Average domestic network revenue per operating day refers to total domestic network revenues earned by the Company per operating day.
6. Block hours refers to the total duration of a flight from the time the aircraft releases its brakes when it initially moves from the airport parking area prior to flight, to the time the brakes are set when it arrives at the airport parking area after the completion of the flight.