



**YLW**

Kelowna International Airport

A wide-angle photograph of an airport landscape. In the foreground, there is a large, flat, green field. In the middle ground, a commercial airplane is captured in flight, banking to the left. The background features a range of mountains under a sky filled with soft, white clouds. A semi-transparent dark grey horizontal band is overlaid across the middle of the image, containing the title text.

# Air Service Development Strategy

# Your Link to the World



**YLW**

Kelowna International Airport

[ylw.kelowna.ca](http://ylw.kelowna.ca)



**YLW** Kelowna International Airport



**Y L W**

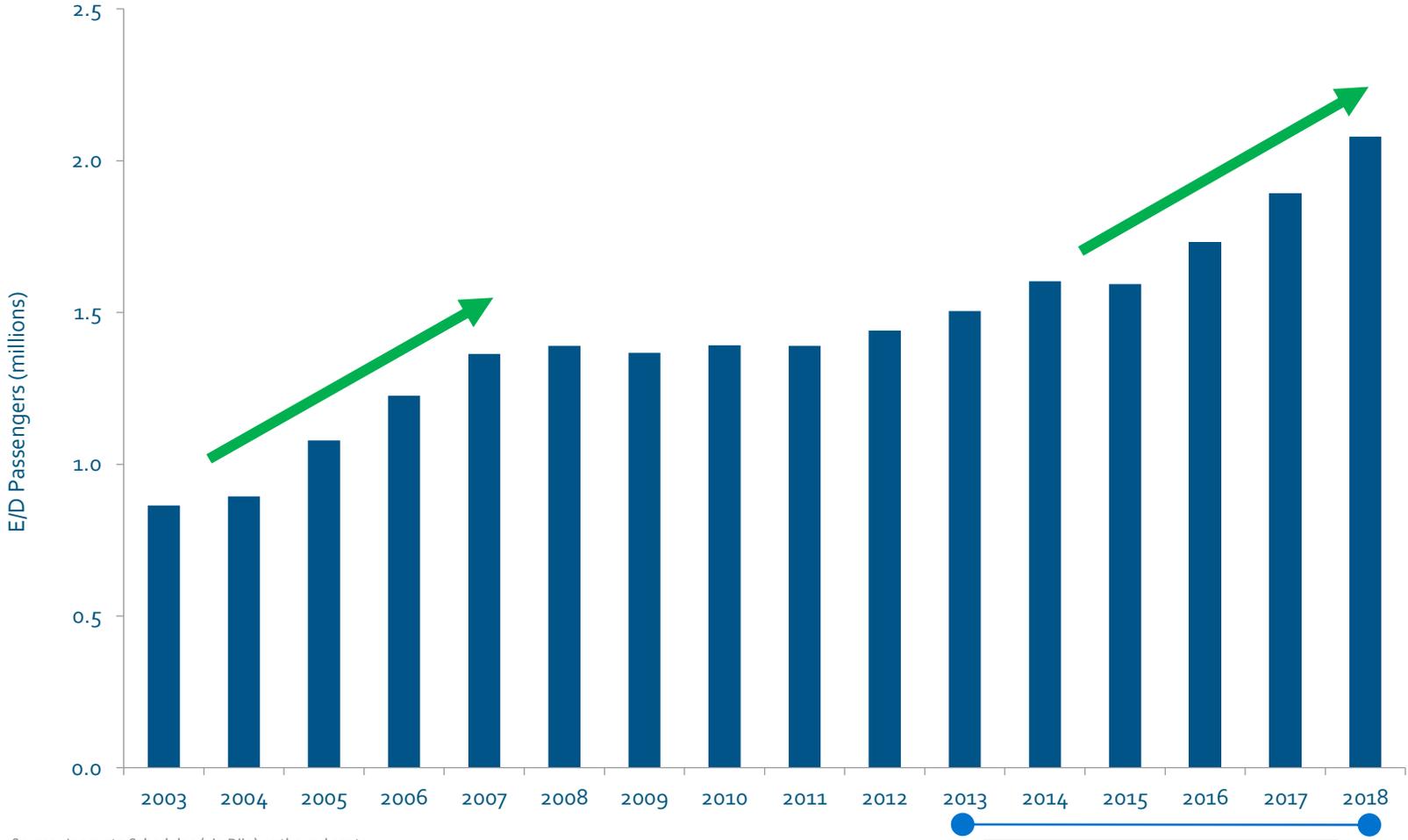
Kelowna International Airport



**2 MILLION PASSENGERS**

**10<sup>th</sup> busiest airport in Canada**

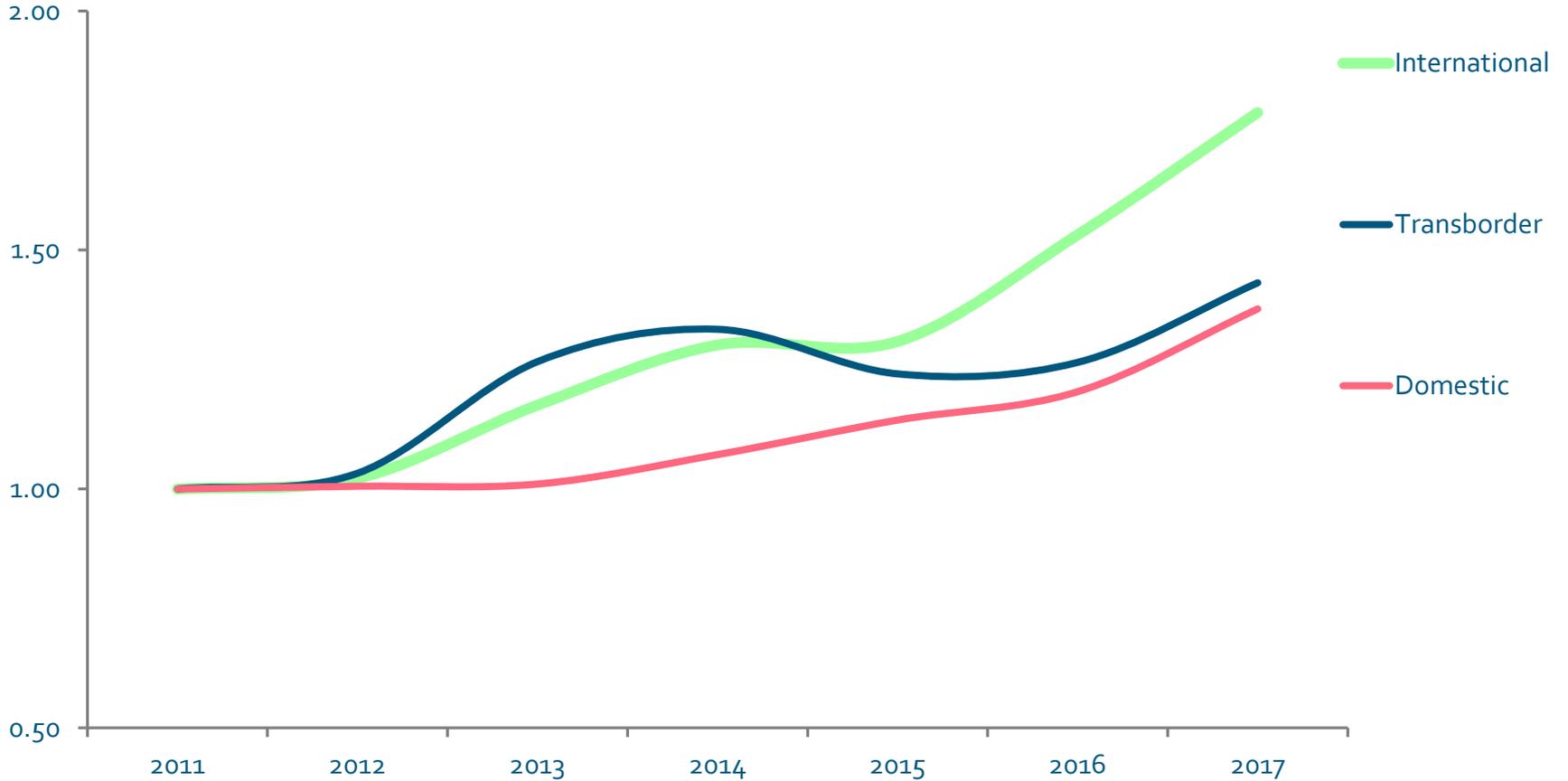
# YLW passenger traffic grew by 10% in 2018



Source: Innovata Schedules (via Diio) outbound seats

38% growth 2013 - 2018

# Growth in all sectors



# YLW passenger traffic is up 3.4% in 2019

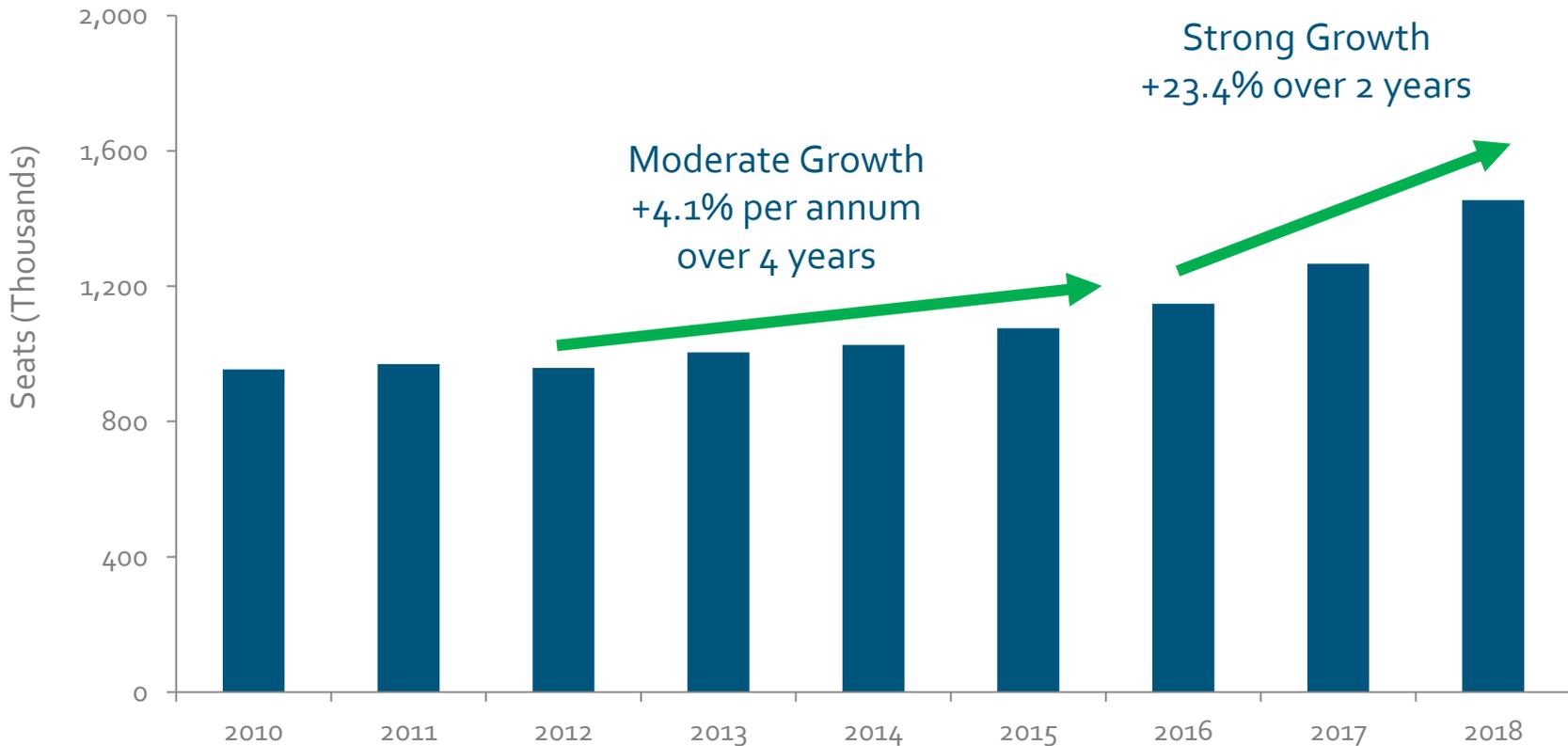
Monthly Difference (2019 to 2018)				
Month	2019	2018	Diff	% Diff
January	181,729	176,389	5,340	3.03%
February	179,039	173,940	5,099	2.93%
March	193,715	185,796	7,919	4.26%

YTD Difference (2019 to 2018)				
Month	2019	2018	Diff	% Diff
January	181,729	176,389	5,340	3.03%
February	360,768	350,329	10,439	2.98%
March	554,483	536,125	18,358	3.42%



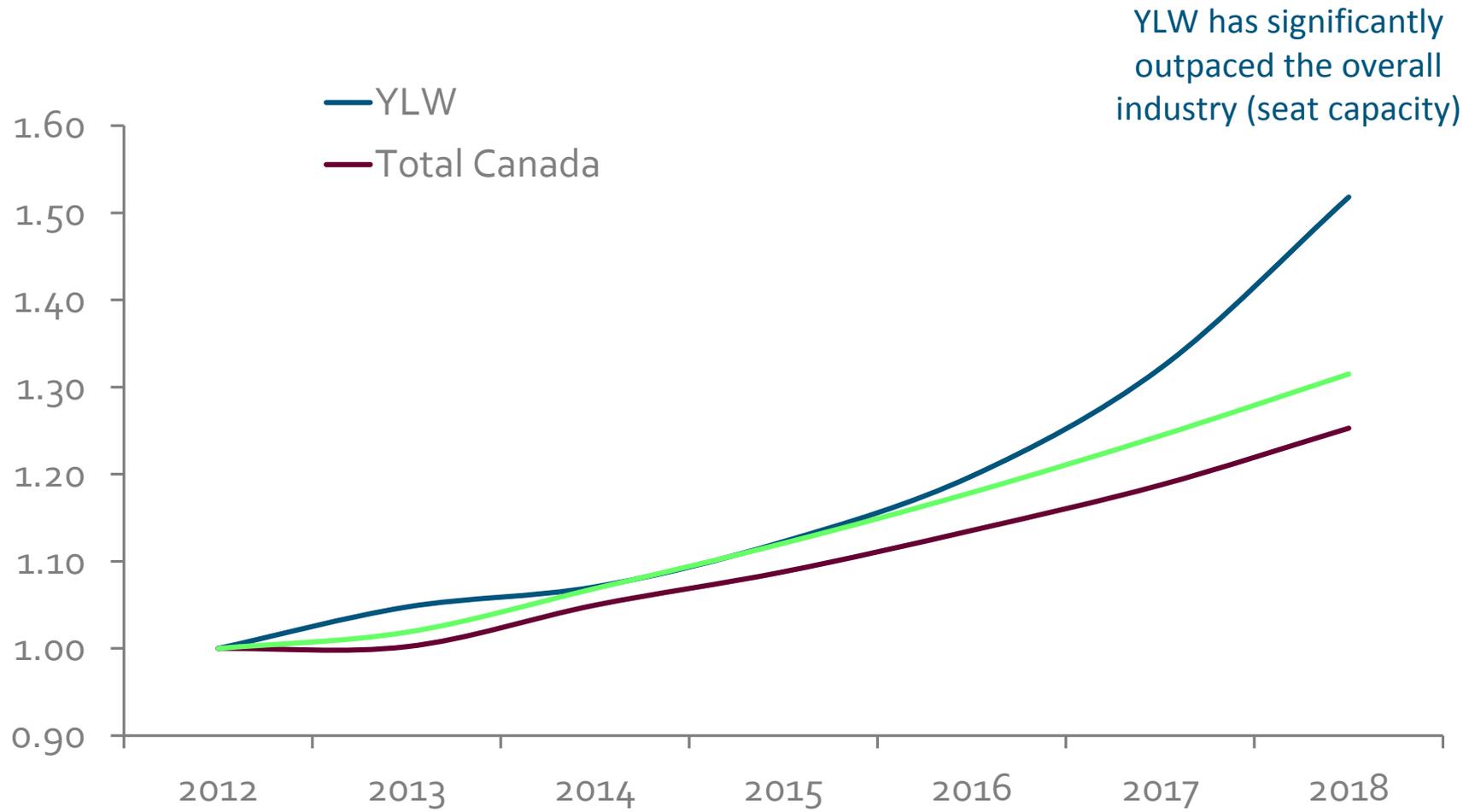
# YLW seat capacity grew by 14.85% in 2018

Annual Outbound Seat Capacity



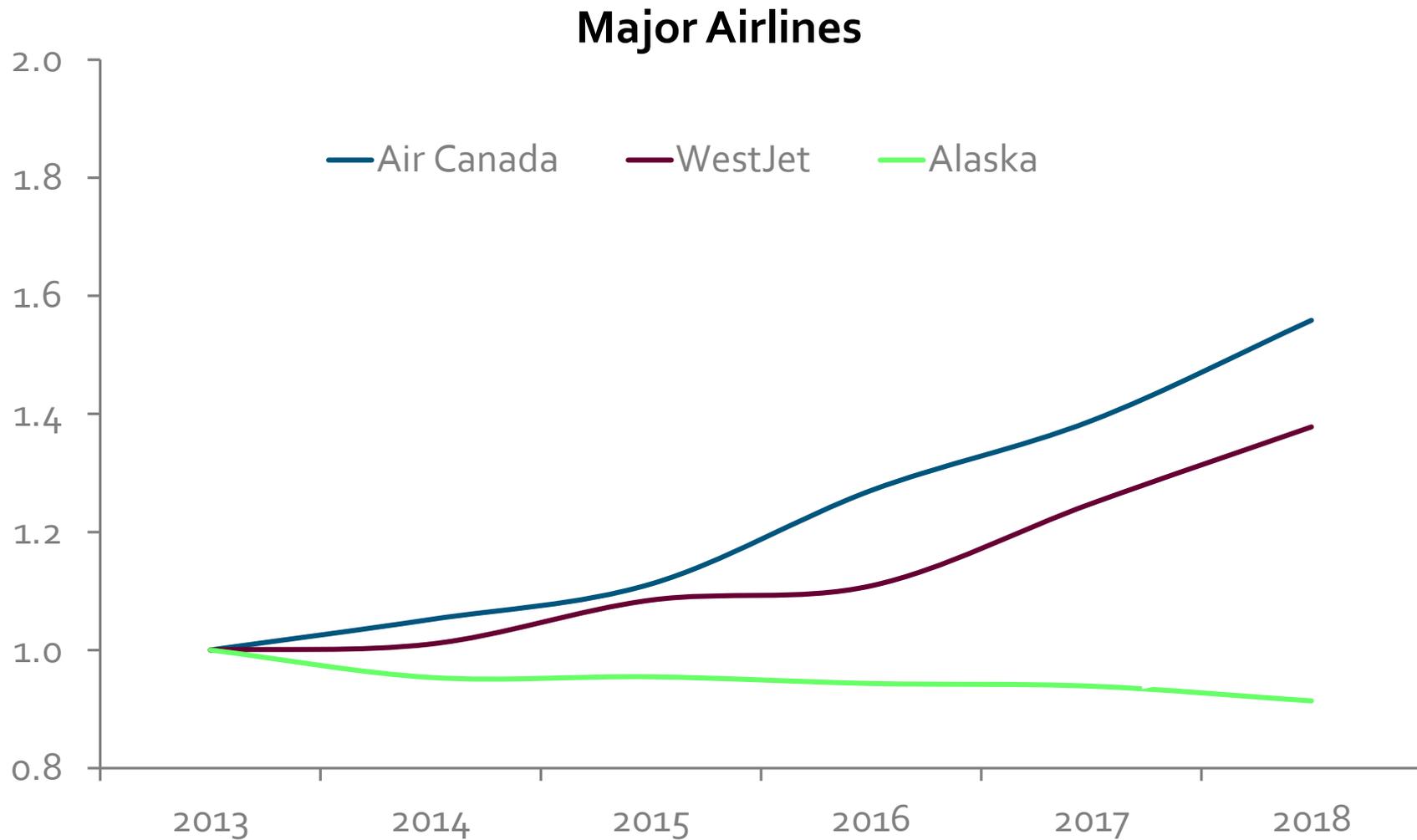
Source: Innovata Schedules (via Diio) outbound seats

# YLW has out paced other airports in Canada



Source: Innovata Schedules (via Diio) outbound seats

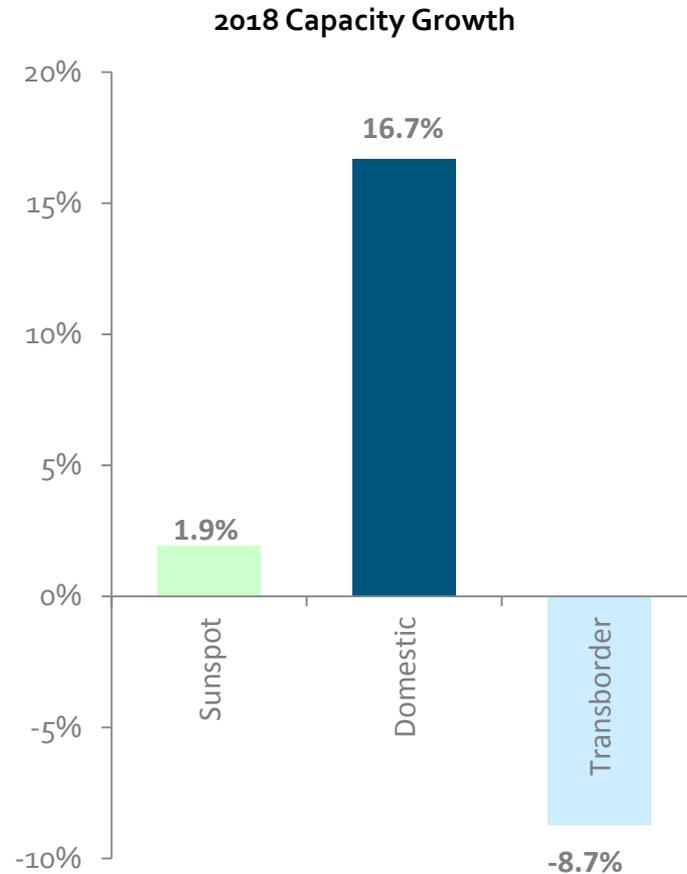
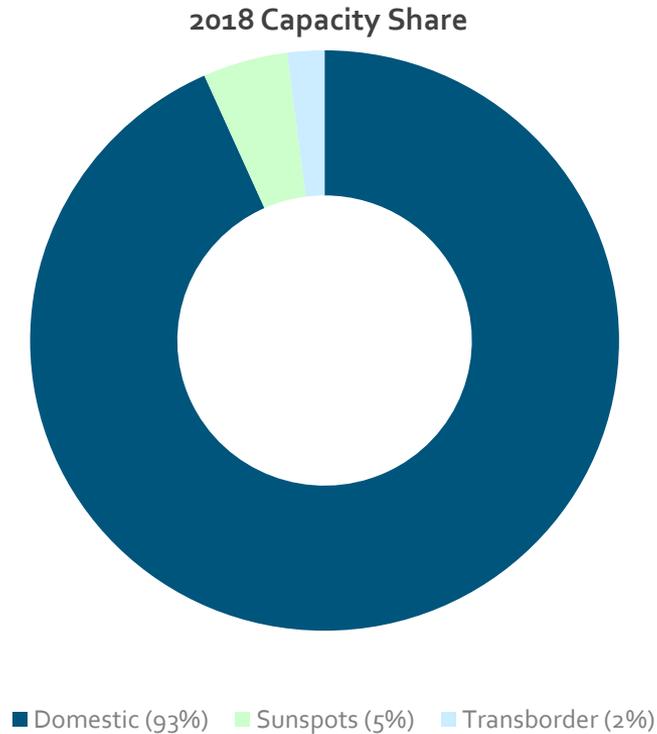
# Five year growth by airline



Source: Innovata Schedules (via Diio) outbound seats.

Note: Does not include sun charter service or Flair service (initiated in 2017).

# Almost all capacity growth is domestic

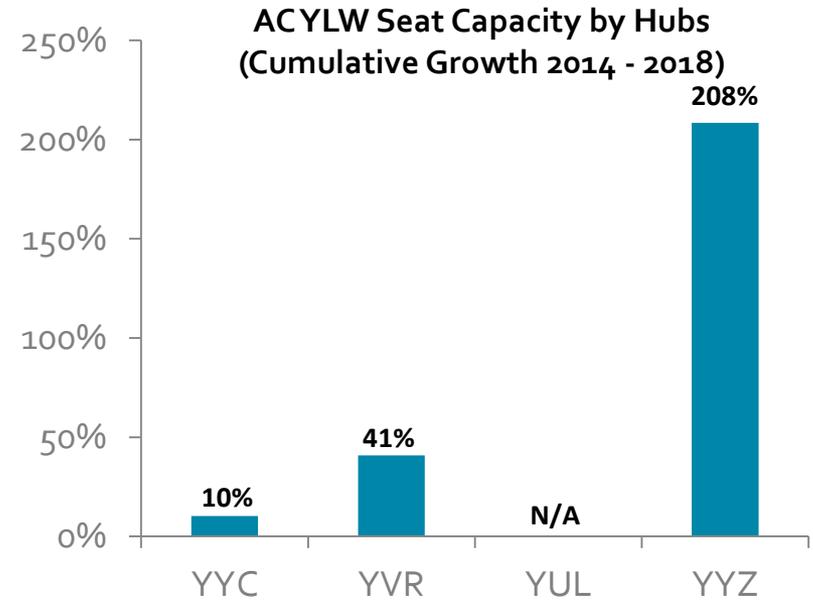
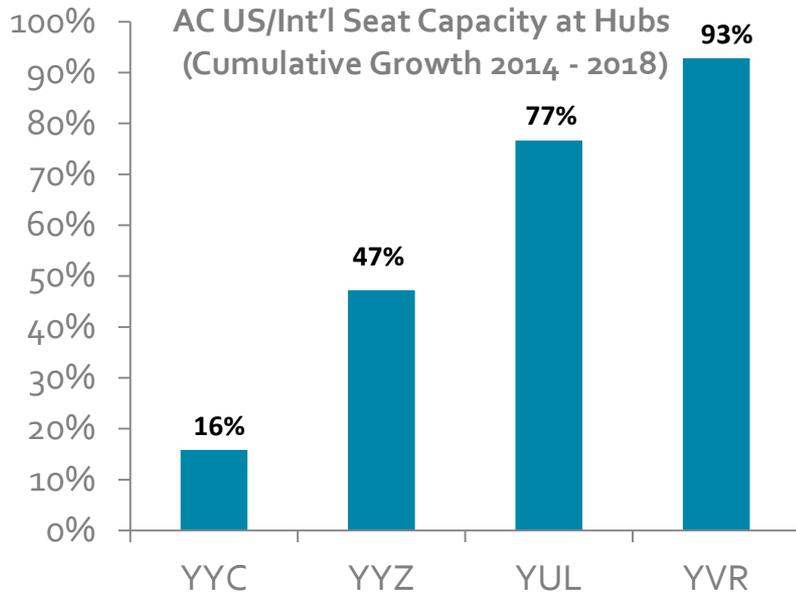


Source: Innovata Schedules (via Diio) outbound seats

A photograph of an airplane's wing and tail section, viewed from a passenger's perspective. The wing is white with dark panels and a small black circle. The tail is dark. The sky is filled with soft, white clouds, and the sun is visible in the distance, creating a warm, golden glow. A semi-transparent blue vertical bar is on the left side of the image.

# Air Canada & WestJet Update

# Main focus has been on int'l growth at hubs



Source: Innovata Schedules (via Dii)

Note: \* Announced on Air Canada's website, growth measured using outbound seat capacity

# Strong performance driven by efficiency gains

Efficiency gains have been supported by aircraft decisions:

## 787 Dreamliner (8 & 9 variants)

- Longer range and 20% more fuel efficient than older aircraft
- Used for international expansion
- 35 aircraft operating (27 – 900 & 8 – 800), with 2 more being delivered in 2019

## 737 MAX (8 & 9 variants)\*

- Flight range increased by 640 km and fuel efficiency increased by 10% cost savings
- Used in major North American markets
- European markets (Bordeaux)
- \* **Out of service until Q4 2019**

## A220

- Allows for longer range service to smaller markets that were previously not financially feasible
- 45 aircraft that will replace Embraer and Airbus narrow-body aircraft, delivery start in Q4 2019



# The long-term business model is evolving



## Hub and Spoke

- Encore – Fleet of 47 Q400 aircraft
- Link – fleet of Saab 340B aircraft operated by Pacific Coastal Airlines
- Expanding internationally – have ordered 10 - 787 Dreamliner's that start service in April 2019 and have announced a joint venture with Delta

## Full Service Product

- New business class – offered on the 787 with lie flat seating
- Premium product for 737 (2x2 seating)
- Rewards program – targeting high value customers and premium travelers
- Focus on corporate bookings



# New Europe from Calgary



## Dublin - YLW

Start Date: 1 June

Frequency: 3x/week

## Paris - YLW

Start Date: 17 May

Frequency: 4x/week

## London - YLW

Start Date: 28 April

Frequency: 7x/week

These flights connect well to existing YLW-YYC services.

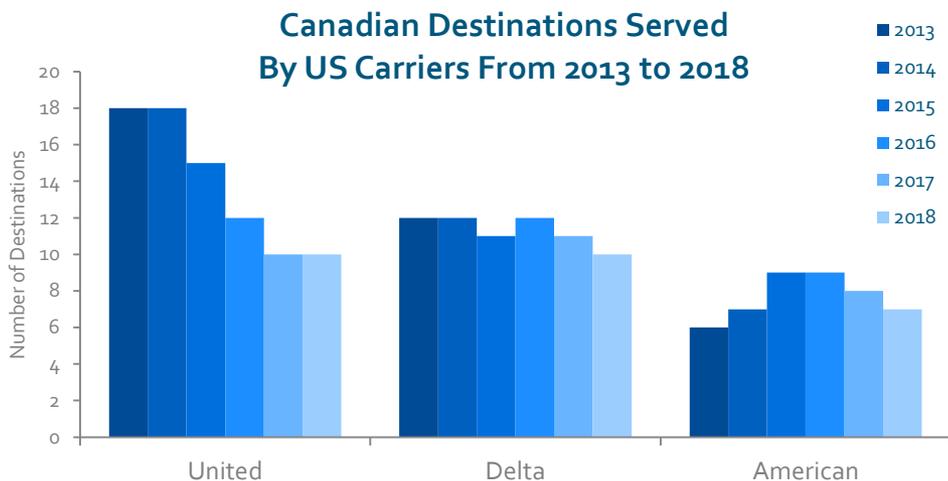
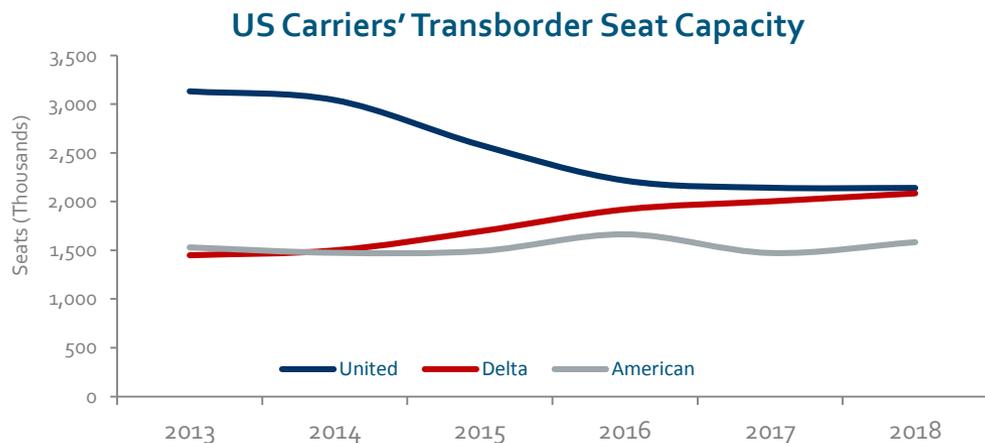
# There are good opportunities





# US Carriers Update

## US carriers have reduced Canada service



### Key Points

- Overall capacity has decreased from peak to current.
- United and Delta have decreased the number of Canadian stations they serve.
- Recent example is YYJ loss of SFO and Seattle service.



Source: Innovata Schedules (via Diio).



ULCC  
Update

# Swoop continues to grow quickly

- Launched by WestJet in June 2018, Swoop provides low-cost point-to-point service
- Announced YLW-YWG and YLW-LAS summer 2019 seasonal service
  - Currently operating with 6 737-800NGs that were transferred from WestJet mainline
  - 4 additional aircraft to be transferred by summer 2019
  - Targeting 40% cheaper fares
  - Currently focused on a handful of bigger markets (YHM, YHZ, YEG, YXX, YWG)



# Flair continues to grow

- Currently operating YLW - Edmonton
- Growing from 4x to 5x weekly flights



## New market entrants



- Recently announced that they plan to launch in 2019 as a ULCC
- Currently working with investor group, including Claridge Inc., Stephenson Management Inc., and Indigo Partners
- Indigo Partners has extensive experience starting ULCCs (Spirit Airlines, Tiger Airways)
- No launch date confirmed at this point



- Announced YLW will be one of their launch cities.
- Planning to launch in December 2019, some funding has been secured.
- Will operate with Airbus A320 aircraft.
- Appointed new CEO (from VivaAerobus)
- Planned route map focuses on having bases at Hamilton and Abbotsford





## Other Initiatives

## Charter Carriers



- Operating Cancun and Puerto Vallarta
- YLW currently marketing sun destinations



- Operating Varadero, Cancun and Cabo

# US & International Carriers

*Alaska*



# Regional Carriers



- Whitehorse service
- 



- Prince George service
- 



- Victoria and Cranbrook service

# Your Link to the World



**YLOW**

Kelowna International Airport

[ylw.kelowna.ca](http://ylw.kelowna.ca)

