

EIF: THE TRUTH MATTERS AND IT'S A BITTER PILL TO SWALLOW

None of EIF's cash burn is "growth capex" because their airlines are not growing and R1 is just purchasing inventory

1. CANNOT AFFORD TO PAY THE DIVIDEND

- EIF is burning cash—EIF's free cash flow (FCF) was **NEGATIVE**\$127.9 million in 2016 and **NEGATIVE**\$86.7 million in Q1'17
- EIF has increased its debt load by \$427 million and issued over \$230 million of shares to fund its \$700 million deficit
- EIF's balance sheet shows that cumulative earnings are (\$248M) versus (\$290M) cumulative dividends paid
- EIF's major subsidiary Regional One (R1) is a chop shop (73% of R1 revenue comes from aircraft part sales)
- EIF falsely claims positive FCF by pretending R1 plane inventory purchased and chopped for parts sale is "growth capex"

2. BET AGAINST JOCKEYS WITH RECORDS LIKE THIS

- EIF CEO Michael Pyle lied that flight cancellations were due to weather when in fact were due to safety problems
- EIF threatened employees with legal action if they say flights grounded for any reason besides weather
- EIF Board Chairman Gary Filmon was a board member of Arctic Glacier (ice cube conglomerate roll-up) in 2009 when the company pleaded guilty to taking part in a "criminal anti-competitive conspiracy" before going bankrupt
- EIF CEO has no airline experience but was Arctic Glacier COO in 2001 when the conspiracy began, says one felony charge
- CEO of R1, Doron Marom, has personally founded more than 20 side businesses since EIF acquired Regional One four years ago, considers himself a "real estate investor," and spends "a few hours a day" as R1 CEO
- Doron Marom's girlfriend's brother runs an airplane parts business that seems to compete with Regional One and Marom is an investor in that business. Some of Marom's side businesses count R1 as paying customers

3. WHAT GROWTH?

- Inventory build is not "growth capex." EIF's PP&E (unsold plane fragments) is inventory and should be written down
- EIF's average plane age is at least 30 years and pilots report faulty de-icing and 18-hour (illegally long) shifts
- Multiple reports out of Canada's Northern Provinces say First Nation peoples (indigenous tribes which are over 75% of the population in many cities) are boycotting EIF-owned airlines. Boycott and competition sharply cutting EIF's flight count
- EIF's airlines are shrinking not growing *e.g.* Calm Air lost important VALE contract out of Thompson (large nickel mine)