



Results for the Second Quarter 2019

OUR ORGANIZATION

Outgoing tour operators

- Transat Tours Canada (Canada)
- Canadian Affair (United Kingdom)

Retail distribution

- Transat Distribution Canada (Canada)

Air transportation

- Air Transat

Incoming tour operators

Destination services

- Traffic Tours
- Transat Holidays USA
- Turissimo

- North America

- Europe

Transat A.T. Inc.: Integrated International Tour Operator Specializing in Holiday Travel

Transat A.T. Inc. is a leading integrated international tourism company specializing in holiday travel. It offers vacation packages, hotel stays and air travel under the Transat and Air Transat brands to some 60 destinations in more than 25 countries in the Americas and Europe. Transat is firmly committed to sustainable tourism development, as reflected in its multiple corporate responsibility initiatives over the past 12 years, and was awarded Travelife certification in 2018. Based in Montreal, the company has 5,000 employees.

For the Second Quarter:

- Revenues of \$897.4 million.
- Operating loss of \$19.8 million.
- Adjusted operating income¹ of \$3.0 million
- Net income attributable to shareholders of \$2.3 million.
- Adjusted net loss¹ of \$6.3 million.
- Letter of intent entered into with Air Canada on May 16, 2019 for the acquisition of the Corporation:
 - Exclusivity period up to the end of the 30-day due diligence review scheduled for June 26, 2019;
 - Undertakings and expenses relating to the hotel strategy restricted during this period.
- The Corporation took delivery of its first A321neo LR aircraft.

For the First Six Months:

- Revenues of \$1.5 billion.
- Operating loss of \$72.4 million.
- Adjusted operating loss¹ of \$34.7 million.
- Net loss attributable to shareholders of \$47.4 million.
- Adjusted net loss¹ of \$42.3 million.

Quick Facts

Ticker: TRZ

Year end: October 31

Listings: Toronto Stock Exchange (TSX)

Employees: approximately 5,000

"The second quarter is similar to the first in terms of results. We incurred a comparable increase in our costs resulting from fuel prices and exchange rates as well as fleet transition, and we ended the winter with a larger loss than last year. While the due diligence resulting from the letter of intent signed with Air Canada is also underway, we remain focused on achieving the improvements set out in our strategic plan. We remain confident about completing these initiatives if the transaction does not take place."

Jean-Marc Eustache

President and Chief Executive Officer of Transat



Financial Highlights for the Quarters Ended April 30

(In thousands of dollars, except per share amounts)

	2019	2018	Difference	Difference
	\$	Restated ²	\$	%
	\$	\$	\$	%
Consolidated Statements of Income (Loss)				
Revenues	897,413	867,154	30,259	3.5
Operating income (loss)	(19,802)	(3,180)	(16,622)	(522.7)
Net income attributable to shareholders	2,269	7,938	(5,669)	(71.4)
Basic earnings per share	0.06	0.21	(0.15)	(71.4)
Diluted earnings per share	0.06	0.21	(0.15)	(71.4)
Adjusted operating income ¹	3,046	12,130	(9,084)	(74.9)
Adjusted net income (loss) ¹	(6,312)	(456)	(5,856)	(1,284.2)
Adjusted net income (loss) per share ¹	(0.17)	(0.01)	(0.16)	(1,600.0)

Financial Highlights for the Six-Month Periods Ended April 30

(In thousands of dollars, except per share amounts)

	2019	2018	Difference	Difference
	\$	Restated ²	\$	%
	\$	\$	\$	%
Consolidated Statements of Income (Loss)				
Revenues	1,544,979	1,515,543	29,436	1.9
Operating income (loss)	(72,357)	(46,708)	(25,649)	(54.9)
Net income (loss) attributable to shareholders	(47,377)	4,743	(52,120)	(1,098.9)
Basic earnings (loss) per share	(1.26)	0.13	(1.39)	(1,069.2)
Diluted earnings (loss) per share	(1.26)	0.13	(1.39)	(1,069.2)
Adjusted operating income (loss) ¹	(34,682)	(16,629)	(18,053)	(108.6)
Adjusted net income (loss) ¹	(42,341)	(32,652)	(9,689)	(29.7)
Adjusted net income (loss) per share ¹	(1.13)	(0.87)	(0.26)	(29.9)

Consolidated Statements of Financial Position

(In thousands of dollars)

	As at	As at	Difference	Difference
	April 30	October 31		
	2019	2018		
	\$	Restated ²	\$	%
	\$	\$	\$	%
Consolidated Statements of Financial Position				
Cash and cash equivalents	796,322	593,654	202,668	34.1
Cash and cash equivalents in trust or otherwise reserved (current and non-current)	228,514	338,919	(110,405)	(32.6)
	1,024,836	932,573	92,263	9.9
Total Assets	1,688,885	1,565,035	123,850	7.9
Debt (current and non-current)	—	—	—	—
Total debt ¹	703,160	622,270	80,890	13.0
Total net debt (Cash and cash equivalents, net of total debt) ¹	(93,162)	28,616	(121,778)	(425.6)

¹Non-IFRS Financial Measures

The terms “adjusted operating income”, “adjusted operating loss”, “adjusted net income”, “adjusted net loss”, “total debt” and “total net debt (cash and cash equivalents, net of total debt)” do not have a standardized meaning as prescribed by IFRS and are therefore unlikely to be comparable to similar measures reported by other issuers or those used by financial analysts. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management believes that these measures or some of these measures are used by the readers of our Management’s Discussion and Analysis (“MD&A”) to analyze the Corporation’s results, its financial performance and its financial position. These terms are presented on a consistent basis from year to year, as Management uses them to measure the Corporation’s financial performance.

The adjusted operating income (loss) is the operating income (loss) before depreciation and amortization expense, restructuring charge and other significant unusual items, including premiums for fuel-related derivatives and other derivatives matured during the period. The Corporation uses this measure to assess the operational performance of its activities before the aforementioned items to ensure better comparability of financial results.

Adjusted net income (adjusted net loss) is the net income (loss) attributable to shareholders before net income (loss) from discontinued operations, change in fair value of fuel-related derivatives and other derivatives, gain (loss) on business disposals, restructuring charge, asset impairment and other significant unusual items, and including premiums for fuel-related derivatives and other derivatives matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the aforementioned items to ensure better comparability of financial results. Adjusted net income (loss) is also used in calculating the variable compensation of employees and senior executives.

²Change in accounting standards

The Corporation adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, on November 1, 2018, and the consolidated statement of income for the period ended April 30, 2018 has been restated. The opening consolidated statement of financial position as of October 31, 2017 and the consolidated statement of financial position as of October 31, 2018 have been restated. The main changes related to the adoption of IFRS 9 and IFRS 15 are described in note 3 to the interim condensed consolidated financial statements for the period ended April 30, 2019.

For more detailed information and for the reconciliations between the IFRS financial measures and the non-IFRS financial measures, please refer to the Second Quarterly Report of 2019 [by clicking here](#).

Senior Management

Jean-Marc Eustache

Chairman of the Board
President and Chief Executive Officer

Annick Guérard

Chief Operating Officer, Transat

Jordi Solé

President, Hotel Division, Transat

Jean-François Lemay

President-General Manager, Air Transat

Joseph Adamo

President, Transat Distribution Canada
Vice-President and Chief Distribution Officer, Transat

Bruno Leclaire

Vice-President and Chief Information Officer

Bernard Bussièrès

Vice-President, General Counsel and Corporate Secretary

Christophe Hennebelle

Vice-President, Human Resources and Corporate Affairs

Daniel Godbout

Senior Vice-President, Transport and Yield Management

Denis Pétrin

Vice-President, Finance and Administration
and Chief Financial Officer

Investor Relations

Denis Pétrin

Chief Financial Officer
+1 514 987-1660
investorrelations@transat.com

Information

Transat A.T. Inc.

Tour Transat
300 Léo-Pariseau Street
Suite 600
Montreal (Quebec) H2X 4C2
Tel: +1 514 987-1616
Fax: +1 514 987-8035

Transfer Agent and Registrar

AST Trust Company (Canada)
2001 Robert-Bourassa Blvd., Suite 1600
Montreal (Quebec) H3A 2A6

Answerline (toll free): 1 800 387-0825

inquiries@astfinancial.com
www.astfinancial.com/ca-en