



Results for first quarter 2021

Operations suspended and results continuing to reflect the magnitude of the pandemic

Key priorities: European Commission approval, long-term financing and recovery plan

Caution regarding forward-looking statements

The global air transportation and tourism industry has faced a collapse in traffic and demand. Travel restrictions, uncertainty about when borders will reopen, both in Canada and at certain destinations the Corporation flies to, the imposition of quarantine measures and testing requirements both in Canada and other countries, as well as concerns related to the pandemic and its economic impacts are creating significant demand uncertainty, at least for fiscal 2021. For the first half of winter 2021, the Corporation rolled out a reduced winter program. On January 29, 2021, following the Canadian government's request to not travel to Mexico and the Caribbean, and the introduction of new quarantine measures and COVID-19 testing requirements, the Corporation announced the complete suspension of all its regular flights and the repatriation of its clients to Canada. The Corporation currently expects to resume its operations during the high summer season, that is, around mid-June. The Corporation cannot predict all the impacts of COVID-19 on its operations and results, or precisely when the situation will improve. The Corporation has implemented a series of operational, commercial and financial measures, including cost reduction, aimed at preserving its cash. The Corporation is monitoring the situation daily to adjust these measures as it evolves. However, until the Corporation is able to resume operations at a sufficient level, the COVID-19 pandemic will have significant negative impacts on its revenues, cash flows from operations and operating results. While the availability of a vaccine makes it possible to hope for the resumption of operations at a certain level during 2021, the Corporation does not expect such level to reach the pre-pandemic level before 2023, in the best-case scenario.

The forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, economic conditions, changes in demand due to the seasonal nature of the business, extreme weather conditions, climatic or geological disasters, war, political instability, real or perceived terrorism, outbreaks of epidemics or disease, consumer preferences and consumer habits, consumers' perceptions of the safety of destination services and aviation safety, demographic trends, disruptions to the air traffic control system, the cost of protective, safety and environmental measures, competition, the Corporation's ability to maintain and grow its reputation and brand, the availability of funding in the future, fluctuations in fuel prices and exchange rates and interest rates, the Corporation's dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, changes in legislation, unfavorable regulatory developments or procedures, pending litigation and third party lawsuits, the ability to reduce operating costs, the Corporation's ability to attract and retain skilled resources, labor relations, collective bargaining and labor disputes, pension issues, maintaining insurance coverage at favorable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties section of the MD&A included in our 2020 Annual Report.

This presentation also contains certain forward-looking statements about the Corporation concerning a transaction involving the acquisition of all the shares of the Corporation by Air Canada (the "Arrangement"). These statements are based on certain assumptions deemed reasonable by the Corporation, but are subject to certain risks and uncertainties, several of which are outside the control of the Corporation, which may cause actual results to vary materially. In particular, the completion of the transaction with Air Canada is subject to certain closing conditions that are customary in this type of transaction, including regulatory approvals, mainly that of the European Union, which is pending. On May 25, 2020, the European Commission decided to open an in-depth ("Phase II") investigation to assess the transaction with Air Canada with regards to European Union antitrust regulations. The transition to Phase II is part of the European Commission's normal process of assessing the impact of transactions submitted for its approval when it is concerned that a transaction may effectively reduce competition. The European Commission released on September 28, 2020 a statement of objections to the Arrangement.

The competition authorities' assessment process is currently complicated by the COVID 19 pandemic and the impact it is having on the international commercial aviation market.

Among other things, the vast majority of North American, European and international air carriers have requested financial assistance measures but have had to implement reductions in capacity (as the Corporation did). This context could impact the obtaining of approvals from regulatory authorities, especially regarding the appropriate package of remedies aimed at obtaining those approvals. The European Commission has requested additional information from the parties and discussions are still underway. A decision is now expected only in the first half of 2021. The outcome of the approval process remains uncertain owing to a number of factors that could influence it. Moreover, it is far from certain that the decision rendered will be favorable, despite the approval by the Canadian authorities.

Since the outside date has passed without obtaining the approval of the Commission and given that Air Canada has indicated that it will not agree to an extension of the outside date, each of the parties are currently entitled to terminate the arrangement agreement dated October 9, 2020 relating to the Arrangement (the "Arrangement Agreement") upon simple notice. There are no assurances that the Arrangement will be completed on the terms and conditions described in the Arrangement Agreement or at all. If the transaction proposed under the Arrangement is not completed for any reason, there is a risk that Transat's lenders, lessors, credit card processors, clients and other trade partners become more preoccupied by Transat's financial position, prospects and ability to execute its strategic plan as a going concern, which could result in more onerous credit terms, repayment obligations, an inability to refinance maturing indebtedness or find new sources of financing, restricted access to goods and services, and/or reduced business, all of which could significantly and adversely affect Transat's cash flows and ability to continue as a going concern.

Caution regarding forward-looking statements

In addition, failure to complete the transaction proposed under the Arrangement for any reason could materially negatively impact the market price of the Corporation's securities. If the transaction proposed under the Arrangement is not completed for any reason, there can be no assurance that management will be successful in its efforts to identify and implement other strategic alternatives that would be in the best interests of the Corporation and its stakeholders within the context of existing economic, market, regulatory and competitive conditions in the industries in which the Corporation operates, on favorable terms and timing or at all, and, if implemented, that such actions would have the intended results. Transat has also incurred significant transaction and related costs in connection with the transaction proposed under the Arrangement, and additional significant or unanticipated costs may be incurred.

Moreover, although the Corporation has been able to extend the maturity of its new subordinated short-term credit facility and to extend the suspension of financial ratios under its senior revolving term credit facility, such arrangements are for a limited duration and will need to be replaced if the Arrangement is not consummated by the end of the first half of 2021. In particular, the new short-term loan facility matures on the earlier of June 30, 2021 and the closing of the Arrangement. Furthermore, the temporary suspension of the application of certain financial ratios under the Corporation's revolving term credit facility and the new short-term loan facility expires on April 29, 2021, after which time, absent of any extension, the Corporation could be in default of its obligations and the term of its borrowings could be accelerated. Pursuant to the terms of the Arrangement Agreement, the Corporation's ability to put in place new sources of financing is restricted and requires Air Canada's consent.

As a result, if the requisite approval by the Commission is not obtained and the Arrangement is not consummated by the end of the first half of 2021, the Corporation will need to address the challenges posed by its cash position and the maturing lending facilities. If the Corporation is not able to renew maturing facilities at acceptable conditions or find financing alternatives, its financial position and business prospects could be materially and adversely affected.

This presentation contains statements relating to the active steps taken to secure long-term financing to cover, in the absence of the transaction with Air Canada, needs of approximately \$500.0 million, including under the LEEFF program. The outcome of these steps is not guaranteed and there can be no assurance that Transat will be able to secure one or more financing facilities for the required funds or on favorable terms. In the case of the LEEFF, the ability to make use of the program will depend on its availability, the ability to meet the prerequisite conditions, acceptability of the financial terms and other conditions related to financing under the program for the Corporation and for the lenders and creditors who will be called upon to subordinate their debt to the amounts borrowed under the program. The required conditions could include the issuance of voting and participating shares that could cause dilution to existing shareholders and such dilution could be material. These factors could also be relevant for financing secured through sources other than the LEEFF.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

The forward-looking statements in this presentation are based on a number of assumptions relating to economic and market conditions as well as the Corporation's operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning:

- The outlook whereby until the Corporation is able to resume operations at a sufficient level, the situation will affect its operating results and cash position.
- The outlook whereby Air Canada will acquire all of the shares of the Corporation.
- The outlook whereby, subject to obtaining additional financing as discussed in note 2 to the consolidated financial statements, the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and its borrowing capacity.
- The outlook whereby travel credits will be used by customers and not refunded in cash.
- The outlook whereby the Corporation will be able to favorably negotiate concessions and deferrals with its aircraft lessors, owners of premises, suppliers, credit card processors and the extension of the temporary suspension of the application of certain financial ratios granted by the lenders of its revolving term credit facility and its subordinated short-term credit facility

Non-IFRS financial measures

This presentation was prepared using results and financial information determined under IFRS. In addition to IFRS financial measures, management uses non-IFRS measures to assess the Corporation's operational performance. It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The measures used by the Corporation are intended to provide additional information and should not be considered in isolation or as a substitute for IFRS financial performance measures.

Generally, a non-IFRS financial measure is a numerical measure of an entity's historical or future financial performance, financial position or cash flows that is neither calculated nor recognized under IFRS. Management believes that such non-IFRS financial measures are important as they provide users of our consolidated financial statements with a better understanding of the results of our recurring operations and their related trends, while increasing transparency and clarity into our operating results. Management also believes these measures to be useful in assessing the Corporation's capacity to fulfil its financial obligations.

By excluding from our results items that arise mainly from long-term strategic decisions and/or do not, in our opinion, reflect our operating performance for the period, such as the change in fair value of fuel-related derivatives and other derivatives, gain (loss) on business disposals, restructuring charges, asset impairment, depreciation and amortization, foreign exchange gains (losses) and other significant unusual items, and by including premiums for fuel-related derivatives and other derivatives matured during the period, we believe this presentation helps users to better analyze our results, as well as our ability to generate cash flows from operations. Furthermore, the use of non-IFRS measures helps users by enabling better comparability of results from one period to another and better comparability with other businesses in our industry.

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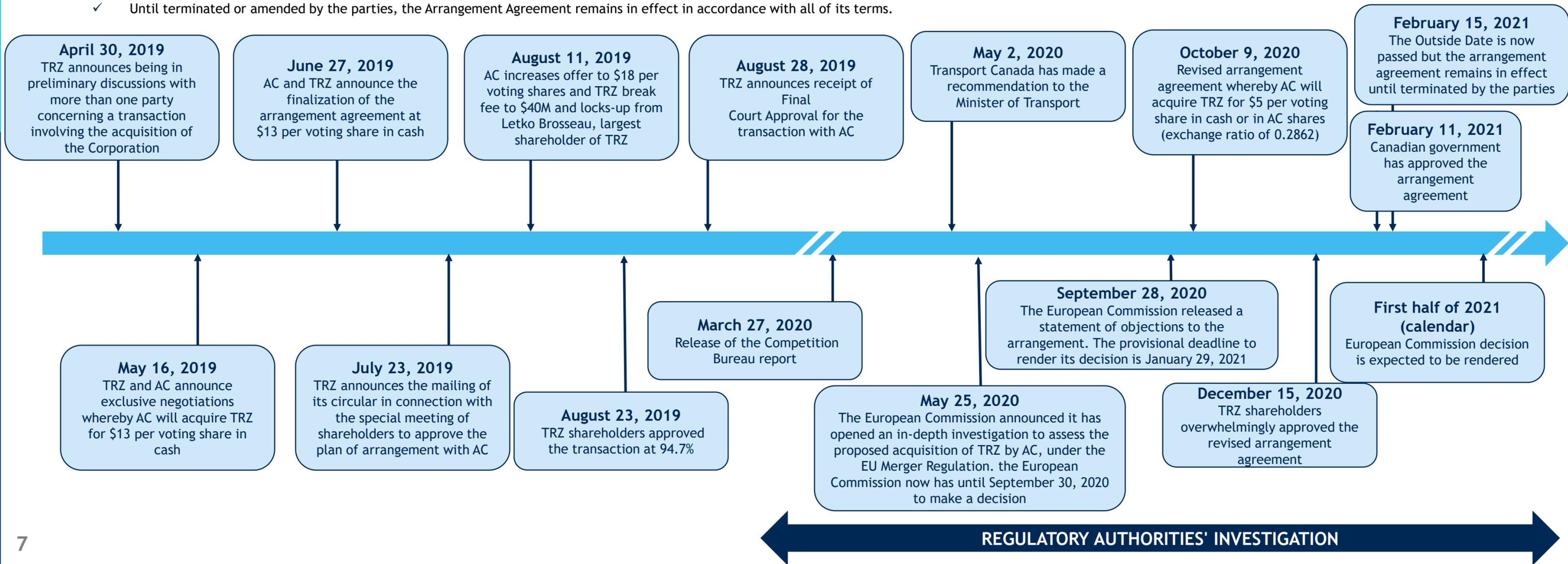


1

Update on
transaction
and
COVID-19 impact

Transaction with Air Canada update

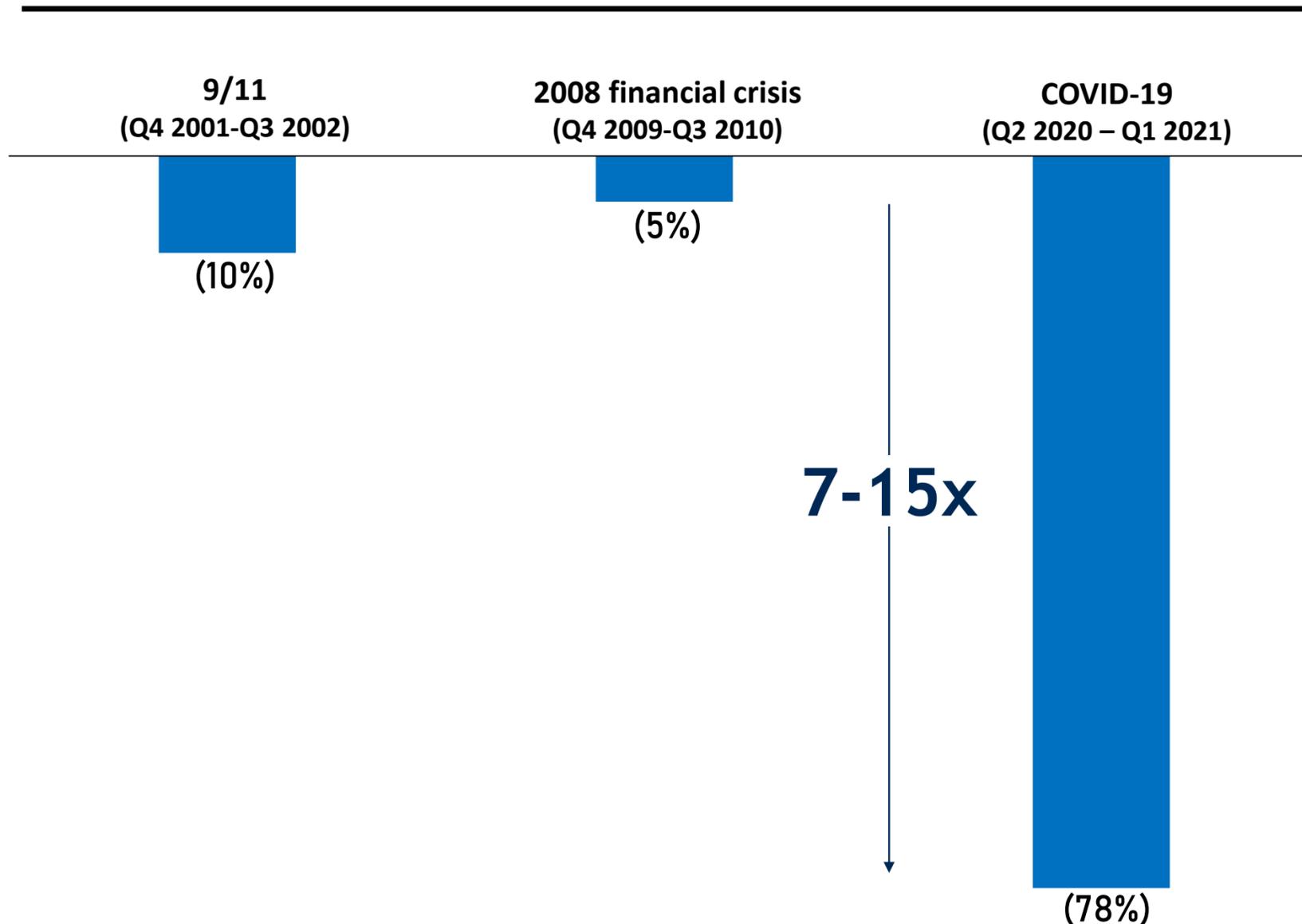
- On December 15, 2020, Transat's shareholders overwhelmingly approved the revised Arrangement Agreement under which Air Canada will acquire all the issued and outstanding shares of Transat at the price of \$5.00 per share, payable at the holder's option in cash or in Air Canada shares (exchange ratio of 0.2862 Air Canada share per Transat share or a combination thereof).
- On February 11, 2021, the Canadian government has approved the Arrangement Agreement with Air Canada subject to the implementation of significant undertakings agreed to by Air Canada
- European Commission decision is now expected to be rendered only in the first half (calendar) of 2021, given significant additional information requested from the parties
- The outside date for the consummation of the Arrangement Agreement was set at February 15, 2021 and has now passed
 - ✓ Transat has been informed by Air Canada that Air Canada will not agree to an extension of the current Outside Date
 - ✓ Air Canada and Transat are currently entitled, at any time, to terminate the Arrangement upon notice to the other party
 - ✓ Until terminated or amended by the parties, the Arrangement Agreement remains in effect in accordance with all of its terms.



Impact of COVID-19 is unprecedented

(Government support is key for the survival of the airline industry)

Transat revenues impact (YoY%) during crises



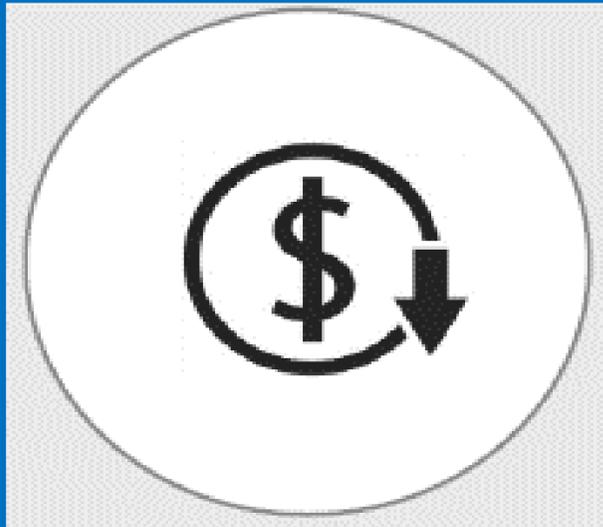
- **First half of 2021 (Jan-Jun):** IATA ⁽¹⁾ expects a reduction of 30% to 45% of seats offered by airlines compared to 2019 which represent a global loss of revenues of ~US\$ 150-200B
- **US\$ 228 billion of financial life support secured during 2020 ⁽¹⁾ in different forms** such as direct aid (subsidies and loans), wage subsidies, corporate and industry taxation and other
- **A vast majority of air carriers around the world are benefitting from government aid packages to face this unprecedented crisis which 53% is reimbursables / deferrals ⁽¹⁾**
 - U.S. government adopted the CARES Act ⁽²⁾, a global economic relaunch plan of US\$ 2,2 trillion including US\$ 61 billion for U.S. airline carriers at preferable terms and conditions
 - *Interest rate between 2.5%-3.5%*
 - *Mainly secured by their loyalty program or other assets*
 - *With the condition that they maintained minimum service levels and kept workers on payroll*
 - European air carriers received some financial support as well, varied according to jurisdiction, with rescue plan totalling more than € 30 billion at preferable terms and conditions

2

**Initiatives taken for
the sustainability**

Cost reduction measures taken to preserve liquidity

INITIATIVES RELATED TO OPERATIONS, FLEET AND WORKFORCE



- The Corporation accelerated the expected retirement of its Boeing 737 fleet and some of its Airbus A330s to expedite the **transformation of its fleet** and make it more uniform and more adapted to the post-COVID-19 market (*see new fleet on p. 12*)
 - During the first quarter of 2021, two Airbus A330 and one Boeing 737-800 have been returned early to lessors
- The Corporation **continuously adjusts its flight schedule** in light of the evolution of the pandemic (border restrictions and requirements in Canada and elsewhere)
 - Before the suspension of our operations on January 29, Transat offered a reduced program of international flights departing from Montreal, Toronto and Quebec City
- The Corporation is still negotiating with its **suppliers including aircraft and real estate lessors**, to benefit from cost reductions and changes in payment terms and continues to put in place measures to reduce its **investment expenditures** where possible without jeopardizing its future development
- The Corporation continues to make use of the **Canada Emergency Wage Subsidy** program (“CEWS”) for its Canadian workforce
 - Enabled it to finance part of the salaries of its staff still at work and;
 - Offered its employees that were temporarily laid off the possibility of receiving part of their salary equivalent to the amount of the grant received, with no work required

4 pillars: Measures taken for the sustainability of the Corporation (1/2)

1



TRANSACTION

- The outside date for the consummation of the Arrangement Agreement has passed on February 15, 2021
- Each party is currently entitled, at any time, to terminate the Arrangement upon notice to the other party
- Meanwhile, the Corporation is still working to get the European Commission's decision before the end of the first half of the year (calendar)
 - The Commission's investigation has been stopped since Dec 22, but we expect it to restart very soon
 - The final outcome of this transaction is approaching
- The transaction still the main option today and the Arrangement Agreement still prevents us from having discussions with any other parties regarding alternative transactions

2



OPERATIONAL (RECOVERY PLAN)

- The Corporation has demonstrated that it is on the **right path to recovery**, as it would have achieved a clear improvement in its results in the first half of 2020 (pre-COVID)
- The Corporation is constantly updating and fine-tuning a **restart plan for leaner and meaner** Transat in order to be well positioned for the recovery of demand post-pandemic
 - On the ground observations that a significant portion of the population is waiting to resume leisure travel following prolonged lockdown orders and travel restrictions
- The restart plan is relying on our strengths and fixing our weakness
 - **Fleet:** Recenter around the A321LR which will be more nimble and efficient
 - **Network:** Reduce the seasonality of our operations
 - **Cost:** Correct the inefficiencies and review our supplier portfolio
 - **Customer service:** Preserve the customer-friendliness that has made Transat the best leisure airline in the world
 - **Market:** Our niche on the leisure and VFR markets will provide us with some tailwinds (according to studies conducted by several consulting firms, the leisure and VFR travel will be the first to recover)
 - **Employee:** The pandemic confirmed how strongly our workforce is dedicated to the success of the Corporation which will be our best asset for the recovery

4 pillars: Measures taken for the sustainability of the Corporation (2/2)

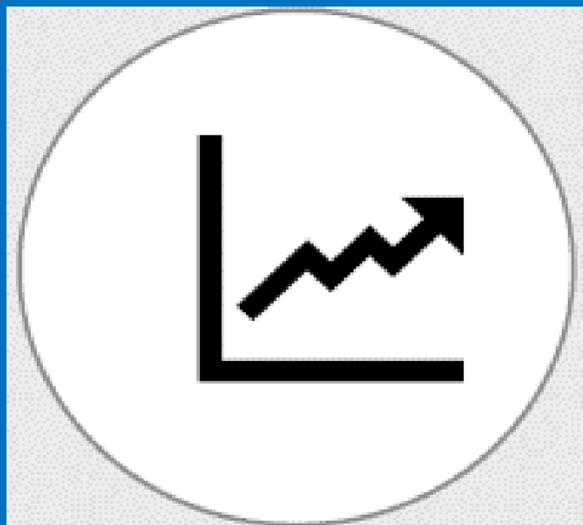
3



FINANCING AND LIQUIDITY

- On February 17, 2021, the Corporation announced that it has **extended the termination date of its \$250 million** short-term loan facility by three months and
 - The facility had been arranged with Export Development Canada and National Bank of Canada as lead arranger (Oct 10, 2020)
 - Termination at the earliest date between June 30, 2021 and the closing of the arrangement with Air Canada and drawdown in tranches at any time before a date now set at May 31, 2021 subject to prior and borrowing conditions which have not been amended
 - This extension provides the Corporation with additional room to manoeuvre in securing the financing that would be required before the expiry of the credit facility
- The Corporation actively pursues its effort to **secure long-term financing** to cover liquidity needs estimated at \$500 million in absence of a transaction including under LEEFF program
- The Corporation is still reviewing any options to **monetize owned assets** to increase the level of liquidity
- As of January 31, 2021, **cash and cash equivalents stood at \$303 million** (change in free cash year-over-year is \$429 million excluding the \$50 million drawdown on our credit facility)

4



OTHER SOURCES OF CAPITAL

- If the agreement comes to an end with Air Canada, we will actively consider all other options
- The Corporation confirmed having received on December 22, 2020 an unsolicited proposal from Mr. Pierre Karl Péladeau's investment firm, Gestion MTRHP Inc. to acquire the shares of Transat A.T. Inc.
 - The proposal would remain open for a period of 24 hours in the event of a rejection of the arrangement with Air Canada by regulatory authorities
 - The proposal is for \$5.00 per share
 - The proposal lacks evidence of binding, fully committed financing or sufficient cash on hand for the purpose of making the acquisition
 - The proposal lacks financing to support Transat's 2021 working capital requirements of approximately \$500 million

Resizing of the fleet

	Type of aircraft	Capacity (seats)	PRE-COVID		CURRENT		OBJECTIVES DUE TO COVID-19
			Summer 2019	Winter 2020	Winter 2021	Summer 2021	
LONG-HAUL	A330-200/300	332-375 seats	20	20	15	15	2 aircraft matured at the end of the year and 3 early terminations signed at the end of summer; On-going efforts to reduce this number further
	A310	250 seats	6	3	-	-	Permanent withdrawn from the fleet (aircraft owned)
	A321neoLR	199 seats	2	3	7	7	10 outstanding aircraft to be delivered until 2023
	Subtotal		28	26	22	22	
MEDIUM-HAUL	B737 (permanent)	189 seats	5	5	1	1	4 early terminations and on-going negotiations to terminate the last one
	B737 (seasonal)	136-189 seats	2	5	-	-	No short-term contract planned
	A321neo/ceo (permanent)	190 seats	4	4	4	4	
	A321neo/ceo (seasonal)	190 seats	0	8	3	-	No short-term contract planned (matured in April and May 2021)
	Subtotal		11	22	8	5	
TOTAL FLEET			39	48	32	27	

Overview of the fleet that the Corporation has but not in operation as following the federal government's announcement, the Corporation has temporarily suspended all its scheduled flights and launched an operation to repatriate its customers in January 29

3

Financial Results and Position

Most recent financial results

	Quarter ended January 31		Twelve-month period ended January 31 (LTM)		Change
	2021	2020	2021	2020 ⁽²⁾	LTM
<i>(in millions of C\$, except per share amounts)</i>					
Revenues	41.9	692.8	651.2	2,982.4	(2,331.2)
Adjusted EBITDAR ⁽¹⁾	(53.6)	36.5	(188.9)	264.6	(453.6)
Adjusted EBITDA ⁽¹⁾	(53.6)	27.4	(203.2)	227.4	(430.6)
Adjusted EBT ⁽¹⁾	(108.8)	(25.5)	(444.0)	20.0	(464.0)
Adjusted net income (loss) ⁽¹⁾	(109.0)	(20.3)	(444.1)	9.5	(453.6)
<i>Per share</i>	<i>(\$2.89)</i>	<i>\$0.54</i>	<i>(\$11.76)</i>	<i>\$0.26</i>	<i>(\$12.02)</i>
Net income (loss) attributable to shareholders	(60.5)	(33.8)	(523.3)	(13.2)	(510.1)

Cash flow supplementary information's

Cash flow from operating activities	(106.3)	173.2	(325.6)	306.3	(632.0)
Capital expenditures	(1.9)	(33.1)	(29.2)	(158.7)	129.5
Free cash flow ⁽¹⁾	(123.3)	116.0	(428.4)	62.9	(491.3)

(1) Refer to Non-IFRS Financial Measures in the Appendix

(2) 2019 results restated to reflect the adoption of IFRS 16

(3) More details in the Appendix, Annual Report 2020 and First Quarter Report of 2021

Highlights of the First Quarter

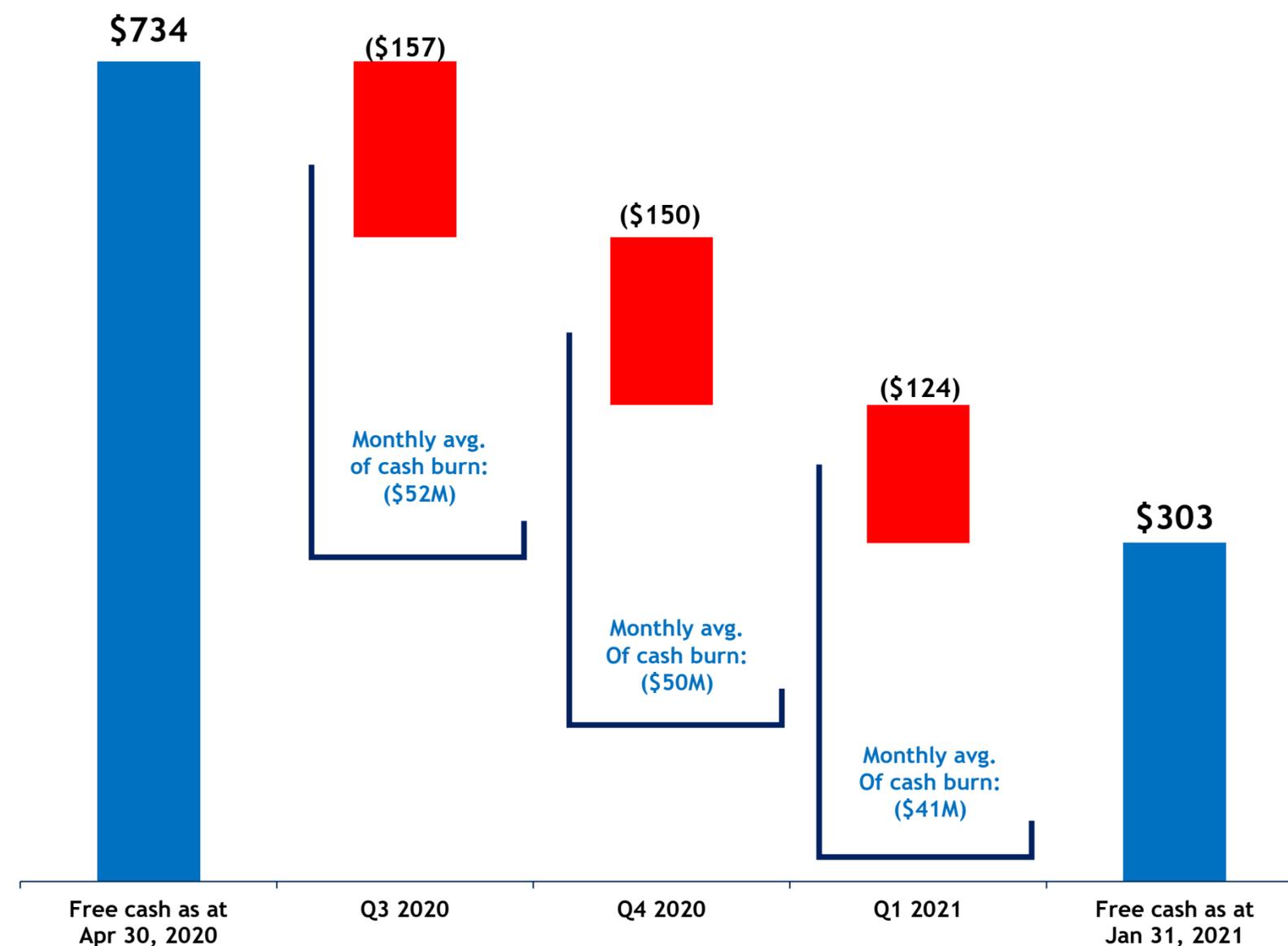
- International flights restrictions, quarantine measures and border closure limited our recovery
- Shutdown of the operations for the second time in the last twelve months following the federal government's announcement on Jan 29
 - Before the suspension of our operations on Jan 29, the Corporation offered a reduced program of international flights
- As a result, significant decrease of our revenues by (94%) compared to 2020 and adjusted EBITDA decreased by (\$81M)
 - Despite few cost reduction measures implemented, the collapse of revenues is more pronounced than the decrease of operating expenses (fixed costs not resized to the level of the demand)
 - The decline in operating results was accentuated by the unfavorable settlement of fuel-related derivative contracts

Highlights of the last twelve-month

- Significant impact of COVID-19 on free cash flow of (\$491M) explained by:
 - **Monetary profitability declined by (\$439M)** which (\$78M) is related to unfavorable settlement of fuel-related derivative contracts, (\$11M) of financing costs related to long-term debt and the outstanding balance is the fixed costs
 - **Change in net working capital declined by (\$193M)** due to shutdown period between end of March 2020 and July 23, 2020 and slow recovery combined with payment to suppliers (pre-COVID) and customer deposits refunds
 - Offset by less capital repayment of lease liabilities and limited investment in **capital expenditures** for an amount of **\$140M** (temporary impact)
- The net loss attributable to shareholders amounted to \$523M which includes \$102M of special items offset by FX gain due to the reinforcement of C\$ against US\$ during the last year ⁽³⁾

Current financial position

Cash Burn Evolution



Q1 2021 Cash burn: \$40 million per month

(lower than previous quarter)

- Monetary profitability of (\$80M) - *mainly fixed costs*
- Unfavorable settlement of fuel-related derivative contracts of (\$3M)
- Financing costs of (\$4M)
- Net change in working capital related to payment to suppliers and customer deposit refunds of (\$30M)
- Breakup fees related to early terminations of aircraft leases of (\$5M)

Current financial position

- **\$574 million of customer deposits (incl. travel credit vouchers):** As at January 31, 2021, the travel credit vouchers issued to customers in compensation of the cancellation of their flights due to COVID-19 represent \$519 million of which 44% is in trust account (*packages*)
- **Current ratio change:** Mainly attributable to the decrease in free cash and cash in trust (permanent impact of \$270 million over the last twelve-month period)

Financing

- The Corporation has extended the maturity date of the temporary suspension of certain financial ratios by three months which matures now on April 29, 2021
- The Corporation has extended the maturity date of the \$250 million subordinated credit facility by three months which matures now on June 30, 2021 with possibility to drawn until May 31, 2021
- Active efforts under way to secure long-term financing to cover liquidity needs estimated at least \$500 million in the absence of a transaction through:
 - LEEFF program, government aid package and other program announced by the Minister of Transport of Canada

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Current ratio ⁽¹⁾	0.77	0.84	0.93	0.99	1.04
Customers deposit coverage ratio ⁽²⁾	96%	111%	134%	168%	135%

(1) Current ratio = current assets / current liabilities

(2) Customer deposits coverage ratio = Total ST cash / Customer deposits and deferred revenue

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**Risks and
Uncertainties**

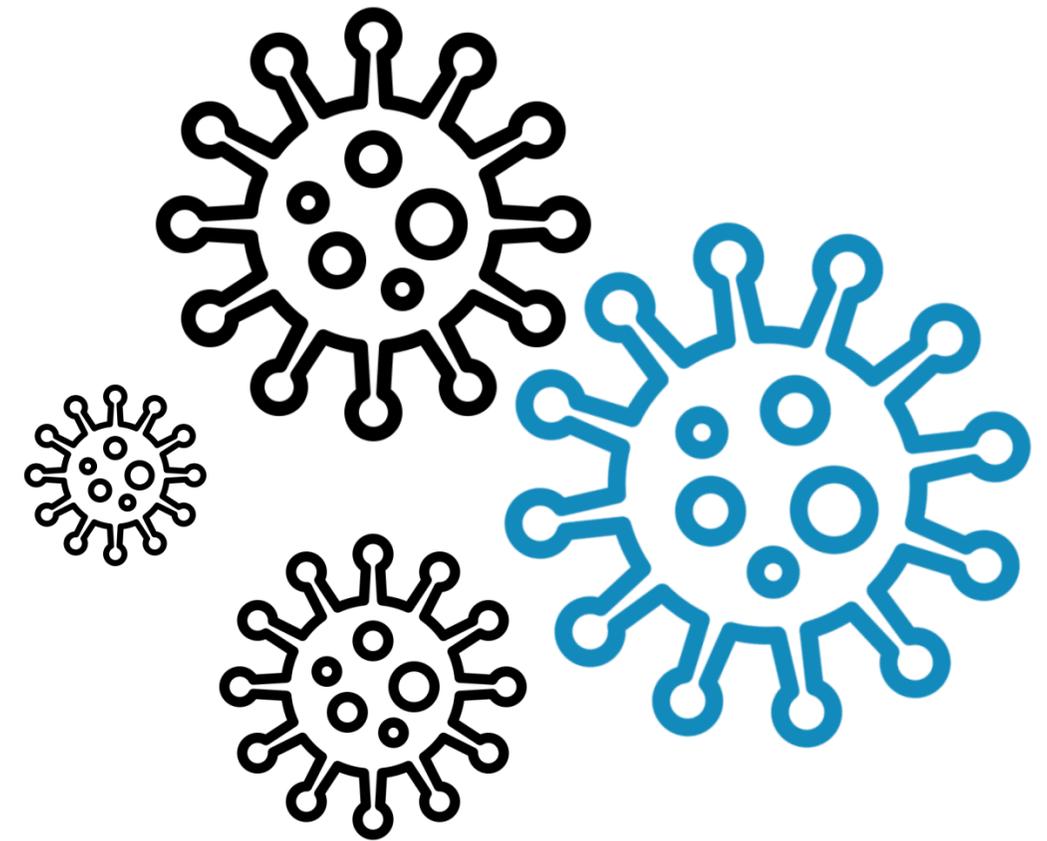
Key risks and uncertainties *

Risk relating to the ability to continue as a going concern:

- The consolidated financial statements have been prepared on a going concern basis which assumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and meet its obligations in the normal course of business.
- While the transaction with Air Canada still the main option today, we cannot be certain of the outcome. ***Should the transaction not be completed***, the Corporation's ability to continue as a going concern for the next 12 months is dependent on its ability to ***obtain necessary financing*** in the aggregate amount of at least ***\$500M*** prior to the maturity of the new subordinated short-term credit facility which is currently June 30, 2021 and is in discussions with potential lenders, including government authorities

Potential negative impacts of the COVID-19 pandemic include but are not limited to:

- Significant ***reduction or even elimination of demand*** for products and services due to government travel and border restrictions
- ***Disruptions in operations*** due to quarantines
- Customer deposits (travel credit vouchers): Exposed to the ***risk of having to make refunds*** or of not having access to financial support
- ***Travel-related measures requiring physical distancing*** that could result in additional costs to the Corporation (new laws)
- ***Negative impact on global credit and capital markets*** : Refinancing at reasonable terms and conditions
- ***Inability to meet the financial ratios***: Obtaining an extension of the suspension of their application resulting in more onerous credit terms or repayment obligations that could adversely affect our cash flows
- ***Tighter credit conditions*** proposed by business partners
- ***Write-down of assets*** as well non-recurring expenses resulting from adjustments to the cost structure
- ***Significant volatility in fuel prices and exchange rates***: Resulting negative impact on the value of the derivative contracts used to manage fuel-price and foreign exchange risk
- Terminations completed to date and ***exposed to legal actions by these employees for additional indemnities***
- ***Amounts withheld by credit card processors***: Creating additional adverse pressure on our cash flow
- ***Transaction with Air Canada***: Inability to reach an agreement with the regulatory authorities in terms of solutions or remedies given the current widespread context



Appendix

Pre-COVID financial overview

	2019 Comparable (November to February)	2020 Pre-COVID (November to February)	Difference
<i>(all amounts in C\$ millions)</i>			
Revenues	\$948	\$1,016	+\$68
Adjusted EBITDAR ⁽¹⁾	\$23	\$74	+\$51
Adjusted EBT ⁽¹⁾⁽²⁾	(\$65)	(\$13)	+\$51
Cash and cash equivalents	\$686	\$739	+\$54
Cash and cash equivalents in trust or otherwise reserved	\$360	\$350	+\$10
Customer deposits and deferred revenues	\$739	\$764	+\$26
Trade and other payables	\$327	\$391	+\$63 ⁽³⁾
<u>Financial covenants</u>			
Customer deposits coverage	136%	135%	
Cash ratio	36%	37%	
Current ratio	1.14	1.04	
Leverage ratio ⁽⁴⁾	3.9x	2.6x	

(1) Excludes non recurring expenses .

(2) Excludes the impact of realized mark-to-market of derivative instruments

(3) Includes \$23M of payables related to the transaction with Air Canada

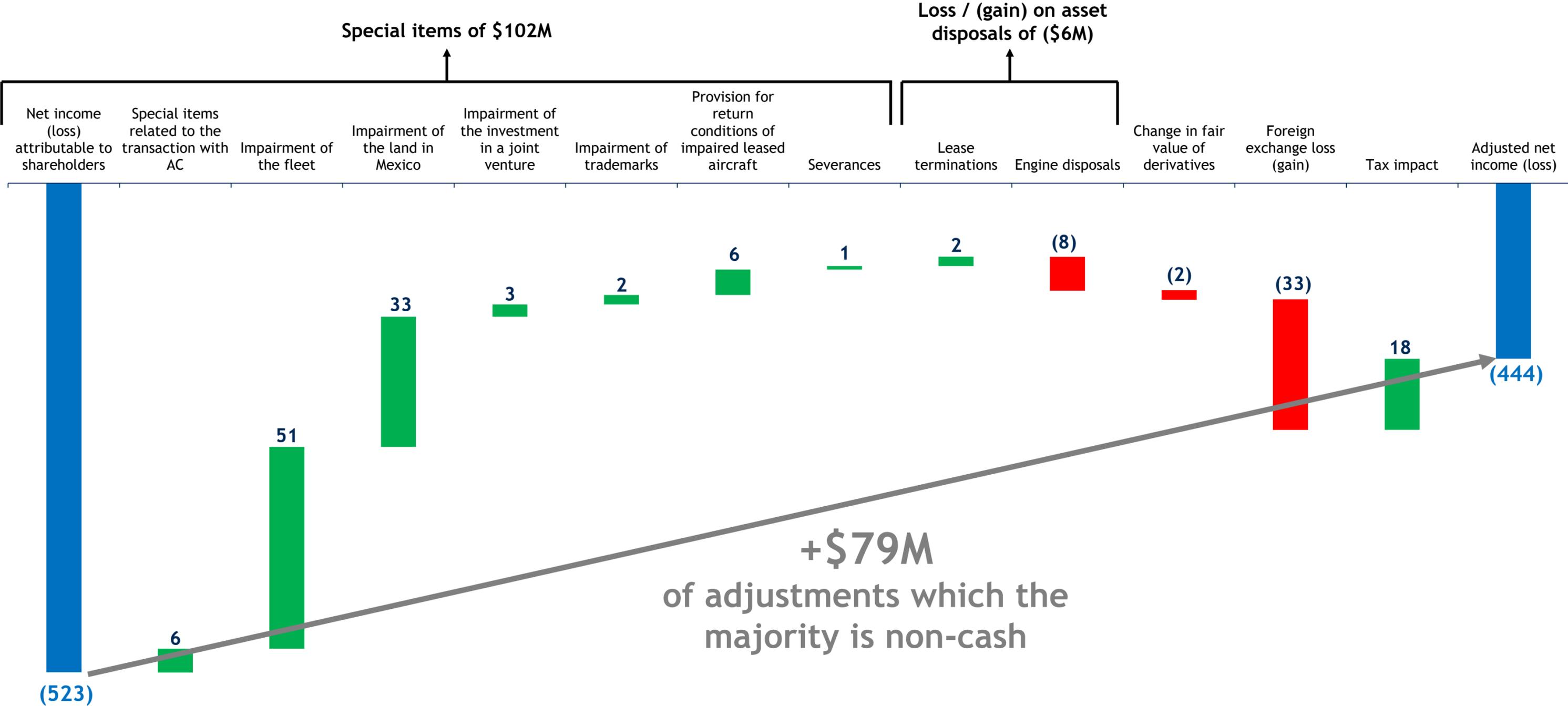
(4) Position as at January 31

Observations

- Strategic initiatives taken by Transat over the last few years started to contribute to the financial performance of the Corporation before COVID
 - ✓ Increase of 11% of travellers compared to previous year (period of November to February)
 - ✓ Higher margin on both sun destinations and transatlantic program
- Pre-COVID:** Transat had a sound balance sheet with a total cash position of \$1.1B as at February 29, 2020 mainly attributable to the divestiture a few non-core assets in the last 4 years for a proceeds of \$330 million which only a minimal portion was invested toward the development of the hotel division

Adjusted net income (loss) reconciliation

(Last twelve-month period)



Non-IFRS financial measures

Non-IFRS financial measures included in this presentation are not defined under IFRS. Therefore, It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The non-IFRS measures used by the Corporation in this presentation are defined as follows:

- **Adjusted EBITDAR:** Operating income (loss) before aircraft rent, depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements 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 EBITDA (adjusted operating income (loss)):** Operating income (loss) before depreciation, amortization and asset impairment expense, restructuring charge, lump-sum payments related to collective agreements 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 EBT (adjusted pre-tax income (loss)):** Income (loss) before income tax expense before charge in fair value of fuel-related derivatives and other derivatives, gain (loss) on business disposals, gain (loss) on asset disposals, restructuring charge, lump-sum payments related to collective agreements, asset impairment, foreign exchange gain (loss) and other significant unusual items and including premiums for fuel-related derivatives and other derivatives that matured during the period . 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):** 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, gain (loss) on asset disposals, restructuring charge, lump-sum payments related to collective agreements, asset impairment, foreign exchange gain (loss), reduction amount of deferred tax assets in the carrying 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.
- **Adjusted net income (loss) per share:** Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share
- **Free cash flow:** Cash flow from operating activities minus repayment of lease liabilities and capital expenditures

Note: The reconciliations between IFRS financial measures and non-IFRS financial measures are available in our First Quarter Report 2021 and Annual Report 2020 by clicking on the following links : [First Quarter Report 2021](#) and [Annual Report 2020](#)

Experienced and results-driven executive team



Jean-Marc Eustache
Chairman of the Board
President and
Chief Executive Officer
Transat A.T. Inc

Jean-Marc Eustache was the principal architect of the 1987 creation of Transat A.T. Inc. His forward-thinking business vision – focused on vertical integration – combined with outstanding leadership skills have helped elevate Transat A.T. Inc. to the rank of Canada’s tourism industry leader. With its subsidiaries and affiliates, the Company has also become international in scope and one of the world tourism industry’s largest players.

He holds a Bachelor of Science degree in Economics (1974) from l'Université du Québec à Montréal. He began his career in the tourism industry in 1977 at Tourbec, a travel agency specializing in youth and student tourism, before founding Trafic Voyages – the foundation for the creation of Transat A.T. in 1982.



Annick Guérard
Chief Operating
Officer
Transat A.T. Inc.

Since November 2017, Annick Guérard is Transat’s Chief Operating Officer. She heads all of the Company’s operations and commercial activities. With her extensive knowledge of the industry and its issues, combined with her qualities of vision, leadership and effectiveness, she plays a key role in Transat’s development and success.

She joined Transat in 2002 and has served in numerous senior management posts involving strategy, operations, sales and marketing, the digital shift, revenue management, customer service and product development, for several Transat business units. Ms. Guérard previously had a career in engineering consulting in the transportation industry, then served as a senior consultant in operations management for Deloitte Consulting. She holds a bachelor’s degree in civil engineering from Polytechnique Montréal and an MBA from HEC Montréal as well as the designation ICD.D. from the Institute of Corporate Directors. She sits on the boards of Pomerleau and Espace Go theatre.



Jordi Solé
President,
Hotel division
Transat A.T. Inc.

Jordi Solé was appointed President of Transat’s hotel division in 2018. Since 2001, he has overseen the operations of resorts belonging to several major international hotel chains, where he has acquired extensive experience in operations, sales, marketing and staff management at all-inclusive resorts. He began his career in the industry in Spain as Deputy Managing Director of Barcelo Hotels and Resorts, where he optimized operational and organizational procedures across Europe. In 2009, he came to Latin America as head of Iberostar Hotels and Resorts in Mexico, where he oversaw the 10 resorts in the region (4,000 rooms and 4,500 employees). More recently, he was appointed Senior Vice-President, Operations, for Blue Diamond Resorts, participating in the extensive growth and development of the company.

Mr. Solé holds an MBA from IESE Business School and a bachelor’s degree in industrial engineering from Universitat Politècnica de Catalunya, in Barcelona, Spain



Jean-François Lemay
President and
General Manager
Air Transat

Jean-François Lemay joined Transat’s senior management team in October 2011. He has some 30 years of experience in the practice of law, including with the firms Desjardins Ducharme, then Bélanger Sauvé and finally Dunton Rainville, where he was a partner and member of the executive committee. A specialist in labor law, he has advised many clients on issues related to labor relations, human rights and freedoms, and occupational health and safety. He is invited regularly to speak to professional associations and is the author of numerous articles on labor relations. He has also served as a lecturer in labor law with the Law Faculty of Université de Montréal, where he obtained his law degree, and as a professor in labor law with the École du Barreau of the Quebec Bar.



Denis Pétrin
Vice-President,
Finance
& Administration
And CFO
Transat A.T. Inc.

Denis Pétrin, CPA has held the position of Vice-President, Finance and Administration and Chief Financial Officer for Transat A.T. Inc. since 2009.

He began his career with EY before joining Air Transat in 1990. In 1997, he was appointed Vice-President, Finance and Administration for Air Transat to which was added the equivalent position for Transat Tours Canada in 2003.

Mr. Pétrin holds a bachelor’s degree in Business Administration from Université du Québec à Trois-Rivières.



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***THANK YOU TO OUR EMPLOYEES, CUSTOMERS,
INVESTORS AND FINANCIAL PARTNERS***

