

OUR ORGANIZATION

Outgoing tour operators

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

Retail distribution

- Transat Distribution Canada (Canada)

Air transportation

- Air Transat

Accommodation

- Ocean Hotels

Incoming tour operators

Destination services

- Jonview Canada
- Trafic 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 an integrated international tour operator that specializes in holiday travel. It offers some 25 destination countries and distributes products in over 50 countries. Transat owns an air carrier, offers accommodation and destination services and operates an extensive distribution network. The Company has a dedicated team of thorough and efficient people who deliver quality vacation travel services at affordable prices to a broad customer base.

For the first quarter:

- Revenues of \$689.3 million, compared with \$725.7 million in 2016.
- Operating loss of \$50.7 million, compared with \$40.5 million in 2016.
- Adjusted operating loss¹ of \$37.1 million, compared with \$31.7 million in 2016.
- Net loss attributable to shareholders of \$32.1 million, compared with \$61.2 million in 2016.
- Adjusted net loss¹ of \$36.0 million, compared with \$30.4 million in 2016.

Quick Facts

Symbol: TRZ

Year end: October 31

Listings: Toronto Stock Exchange (TSX)

Employees: approximately 5,000

“Our organization’s performance is much better, given that our cost-reduction and margin-improvement initiatives have resulted in an improvement of \$75 million last year compared to 2014, and we are expecting to reach \$100 million this year,” said Jean-Marc Eustache, President and Chief Executive Officer of Transat. He continued: “At the moment, though, the effects of our initiatives are masked by the decline in value of the Canadian dollar. Over the three years of our plan, if trends continue as before, fuel costs and especially exchange-rate fluctuations will have driven up costs for Sun destinations packages alone by more than \$100 million, or \$140 per package. Naturally, we can’t pass that expense on to the consumer. Considering, however, that the results from the second quarter last winter were affected by multiple adverse events, it is likely that our second-quarter results this year will show a slight improvement over 2016.”

Jean-Marc Eustache

President and Chief Executive Officer of Transat



Financial highlights for the quarters ended January 31

(In thousands of dollars, except per share amounts)

	2017 \$	2016 \$	Variance \$	Variance %
Consolidated Statements of Income				
Revenues	689,332	725,723	(36,391)	(5.0)
Operating loss	(50,671)	(40,541)	(10,130)	(25.0)
Net loss attributable to shareholders	(32,073)	(61,155)	29,082	47.6
Basic loss per share	(0.87)	(1.64)	0.77	47.0
Diluted loss per share	(0.87)	(1.64)	0.77	47.0
Adjusted operating loss ¹	(37,079)	(31,682)	(5,397)	(17.0)
Adjusted net loss ¹	(36,039)	(30,378)	(5,661)	(18.6)
Adjusted net loss per share ¹	(0.98)	(0.82)	(0.16)	(19.5)

Consolidated statements of financial position

	As at January 31 2017 \$	As at October 31 2016 \$	Variance \$	Variance %
Consolidated statements of financial position				
Cash and cash equivalents	454,827	363,664	91,163	25.1
Cash and cash equivalents in trust or otherwise reserved (current and noncurrent)	379,096	338,581	40,515	12.0
	833,923	702,245	131,678	18.8
Total Assets	1,481,076	1,277,420	203,656	15.9
Long-term debt	-	-	-	-
Total debt ¹	698,205	679,065	19,140	2.8
Total net debt ¹	243,378	315,401	(72,023)	(22.8)

1 Non-IFRS financial measures

The terms “adjusted operating income,” “adjusted operating loss”, “adjusted net income”, “adjusted net loss”, “total debt” and “total net debt” have no standard definition prescribed by IFRS and are therefore unlikely to be comparable to similar measures reported by other issuers or those used by financial analysts. They are furnished 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 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.

Adjusted operating income and adjusted operating loss are used by management to assess Transat's ongoing and recurring operational performance. The adjusted operating income (loss) is the operating income (loss) before depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements and other significant unusual items, and 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 items mentioned previously to ensure better comparability of financial results.

Adjusted net income (adjusted net loss) is used by management to assess Transat's ongoing and recurring operational performance. 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 disposal of a subsidiary, restructuring charge, lump-sum payments related to collective agreements, 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 items mentioned previously to ensure better comparability of financial results. Adjusted net income (loss) is also used in calculating the variable compensation of employees and senior executives.

On October 31, 2016, the Corporation completed the sale of its tour operating business in France (Transat France) and Greece (Tourgreece) to TUI AG. Accordingly, for the comparative period ended on January 31, 2016, Transat France and Tourgreece's results have been reported as discontinued operations in the consolidated statements of income (loss) and comprehensive income (loss).

For more detailed information and for the reconciliations between the IFRS financial measures and the non-IFRS financial measures, please refer to the First quarter report 2017 by [clicking here](#).

Senior management

Jean-Marc Eustache

Chairman of the Board
President and Chief Executive Officer

André De Montigny

President, Transat International
Vice-President, Corporate Development

Jean-François Lemay

General Manager, Air Transat

Joseph Adamo

General Manager, Transat Distribution Canada

Annick Guérard

General Manager, Transat Tours Canada

Daniel Godbout

Senior VicePresident, Transport and Yield Management, Transat Tours Canada

Christophe Hennebelle

Vice-President, Human Resources
and Corporate Affairs

Michel Bellefeuille

Vice-President and Chief Information Officer

Bernard Bussières

Vice-President, General Counsel
and Corporate Secretary

Denis Pétrin

Vice-President, Finance and Administration
Chief Financial Officer

Investor Relations

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