Results for Third Quarter 2016

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

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
Canadian Stock Transfer Company (CST)
2001 University Street
Suite 1600
Montreal (Quebec) H3A 2A6

Answerline (toll free):
1 800 387-0825
newbusiness@canstockta.com
www.canstockta.com

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 accomodation 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.

From continuing operations for the third quarter:

- Revenues of $663.6 million, compared with $704.8 million in 2015.
- Adjusted operating income[1] of $16.0 million, compared with $44.8 million in 2015.
- Adjusted net income[1] of $2.5 million, compared with $26.9 million in 2015.

From continuing operations for the nine-month period:

- Revenues of $2.3 billion, compared with $2.3 billion in 2015.
- Adjusted operating loss[1] of $20.7 million, compared with adjusted operating income[1] of $29.8 million in 2015.
- Adjusted net loss[1] of $39.7 million, compared with adjusted net income[1] of $1.3 million in 2015.

Quick Facts

Symbol: TRZ
Listings: Toronto Stock Exchange (TSX)
Year end: October 31
Employees: more than 5,000

"The transatlantic market overall, and the United Kingdom in particular, has been affected by drastically increased supply, and demand that cannot keep up quickly enough, fuelled in part by terrorism-related fears. We are relatively satisfied with our results, given the circumstances, but we cannot hope for a repeat of our outstanding summer-season performance over the past two years."

Jean-Marc Eustache
President and Chief Executive Officer of Transat

Financial highlights for the quarters ended July 31

(In thousands of dollars, except per share amounts)

	2016 $	2015 $	Variance $	Variance %
Consolidated Statements of Income				
Revenues	**663,591**	704,844	(41,253)	(5.9)
Adjusted operating income[1]	**15,964**	44,798	(28,834)	(64.4)
Net income attributable to shareholders	**9,439**	13,067	(3,628)	(27.8)
Basic income per share	**0.26**	0.34	(0.08)	(23.5)
Diluted earnings per share	**0.26**	0.34	(0.08)	(23.5)
Net income from discontinued operations[2]	**1,735**	9	1,726	N/A
Adjusted net income[1]	**2,523**	26,886	(24,363)	(90.6)
Diluted adjusted net income per share[1]	**0.07**	0.70	(0.63)	90.0

Financial highlights for the nine-month periods ended July 31

(In thousands of dollars, except per share amounts)

	2016 $	2015 $	Variance $	Variance %
Consolidated Statements of Income				
Revenues	**2,277,535**	2,263,946	13,589	0.6
Adjusted operating income (loss)[1]	**(20,721)**	29,803	(50,524)	(169.5)
Net income (loss) attributable to shareholders	**(76,668)**	(26,543)	(50,125)	(188.8)
Basic earnings (loss) per share	**(2.08)**	(0.69)	(1.39)	(201.4)
Diluted earnings (loss) per share	**(2.08)**	(0.69)	(1.39)	(201.4)
Net income (loss) from discontinued operations[2]	**(5,645)**	(12,428)	6,783	54.6
Adjusted net income (loss)[1]	**(39,725)**	1,266	(40,991)	(3,237.8)
Adjusted net income (loss) per share[1]	**(1.08)**	0.03	(1.11)	(3,700.0)

Consolidated statements of financial position

	As at July 31 2016 $	As at October 31 2015 $	Variance $	Variance %
Consolidated statements of financial position				
Cash and cash equivalents	**470,065**	336,423	133,642	39.7
Cash and cash equivalents in trust or otherwise reserved (current and non-current)	**246,044**	412,099	(166,055)	(40.3)
	716,109	748,522	(32,413)	(4.3)
Total Assets	**1,568,025**	1,513,764	54,261	3.6
Long-term debt	**–**	–	–	–
Total debt[1]	**646,380**	494,295	152,085	30.8
Total net debt[1]	**176,315**	157,872	18,443	11.7

[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, according to the unaudited Consolidated Statements of Income.

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, impairment of assets, 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, net of related taxes.

[2]On May 11, 2016, the Corporation announced that it had received a firm offer from TUI AG to purchase our tour operating business in France (Transat France) and Greece (Tourgreece). Accordingly, for the periods ended on July 31, 2016, Transat France and Tourgreece’s results have been reported as discontinued operations in the consolidated statements of income (loss) and comprehensive loss.

For more detailed information, please refer to the 2016 Third quarter financial results.

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 Vice-President, 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