



**ANNUAL MEETING OF SHAREHOLDERS
APRIL 29, 2021**

**NOTES FOR A PRESENTATION BY JEAN-MARC EUSTACHE
FOUNDING MEMBER
CHAIRMAN OF THE BOARD,
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AND CHAIR OF THE EXECUTIVE COMMITTEE**

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TRANSAT A.T. Inc.
TRANSAT ANNUAL MEETING OF SHAREHOLDERS, 2021

JEAN-MARC EUSTACHE

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2020 was definitely a year like no other in Transat's history. When we gathered for last year's Annual Meeting—in person...it was still possible—the pandemic was just beginning to hit Canada, and little did we know the devastating impact it would have in the year that was to follow.

Since then, we have had two complete operational shutdowns. The first was from April 1 to July 23, 2020, and the second began this past February 13 and is still ongoing. It will end as soon as conditions will allow, which may be a little later than mid-June. In the meantime, we have resumed extremely reduced operations, mostly between 5 and 10% of the volumes for the same period in 2019.

We moved very quickly and proactively to reduce our costs and cash outflows. We cut all nonessential spending and any investments whose deferral did not jeopardize the future. We temporarily laid off a large part of our workforce—from 70 to 85 percent, depending on the period. We negotiated deferred payments on our aircraft and property leases. We accelerated the retirement of certain aircraft, namely the Airbus A310s, Boeing 737s and some A330s.

Obviously, all this was not enough to avoid huge losses, similar to those experienced by all airlines and travel companies during this dark year. Our revenues for the fiscal year were \$1.3 billion, almost all of which was generated

between November 2019 and March 2020. Our adjusted net loss was \$355 million, and our net loss attributable to shareholders was \$497 million.

The pandemic also spelled the end of the agreement you approved in August 2019 for the company's acquisition by Air Canada, and the revised \$5-per-share deal you also accepted in December. Although the transaction was finally approved by the Canadian government in February, we were informed by the European Commission that it would not give its approval, and Air Canada had reached the limit of the concessions it was prepared to make.

What was most important to us at that time was to ensure that we had the necessary liquidity to continue to operate the business and to be able to implement our recovery and revival plan.

At the onset of the pandemic, we drew on our \$50-million revolving credit facility. Last October, the revised arrangement agreement enabled us to put in place an additional \$250-million facility with National Bank of Canada and Export Development Canada. This facility's maturity, initially set for March 31, was later extended to June 30. But our needs were greater and we wanted a more permanent solution which, under the circumstances, could only come from the Government of Canada.

So we are very pleased to announce this morning that we have secured \$390 million in financing under the Large Employer Emergency Financing Facility Program, which complements the \$120 million we had already drawn from our two existing facilities, with the \$120 million remaining in place until 2023.

In addition to this, up to \$310 million, provided for seven years at a reduced interest rate, will enable us to repay our customers for travel credits issued during the pandemic. We understand how important this is to our customers and we are pleased that this solution, which we have been fervently seeking for a long time, has been achieved.

Because we now have the cash flow to look confidently to the future, we will be able to focus our efforts on the recovery and on our strategic plan for the coming years, with a view to rebuilding a strong and profitable company for the long term.

Initially, the simplification of our structures, the refocusing on the airline business and the reduction of some expenses will enable us to benefit from lower fixed costs and greater flexibility. In addition, we will reduce our fleet to two aircraft types and optimize our network. This will significantly reduce the impacts of seasonality and increase the use of our aircraft, two major weaknesses of the pre-pandemic Transat. Adjusting our revenue management and making better use of technology will complete the picture. However, it is understood that we will continue to strictly manage our costs. The collaboration of our suppliers is crucial to the recovery of Transat.

None of this is new. Efforts in this direction had already been initiated before the pandemic, and the results for the beginning of 2020 show that they were beginning to produce results. But some initiatives, such as fleet simplification and the core use of the A321neoLR or the elimination of unprofitable city-pairs, have been accelerated during the past year, while others, such as the reduction of our office leases, have been added and further efforts are being made to adapt the company to a new competitive landscape.

We are very strongly convinced that the post-COVID environment will be favourable to us, because we are operating in the right market—the leisure market—whether it is visiting with friends and relatives (VFR) or holidays *per se*. All the studies say that this market will recover much more strongly than the business travel market. Our customers have put money aside during the lockdown and they want to spend it first on pleasure travel.

The strengths we already have will enable us to take advantage of this environment. We are flexible, we are resilient. Over 30 years of dealing with all kinds of crises have given us this attribute. We have a very good image, especially in Quebec. We can rely on very engaged employees who are devoted to the company and whose enthusiasm has not wavered during this long period of inactivity.

The question of alliances is also often raised, and we had begun to explore a number of avenues before concluding our agreement with Air Canada. In the medium term, we will need to be able to join forces with others to strengthen our network and our commercial clout in an increasingly concentrated airline landscape. This association could be of a capitalistic nature, but it could also be simply commercial.

Is it still possible that Transat be purchased? This is an option that we will consider, along with that of continuing under the present conditions. In the short term, an opportunity to move in this direction could be presented by Pierre-Karl Péladeau's expressions of interest, and we will have to determine in the near future whether this possibility is in the best interest of all stakeholders.

I want to conclude by thanking all those whose courage and hard work have enabled us to cope with the unprecedented disaster we have experienced this year, and who have enabled me to close my remarks today with an optimistic outlook for the future.

I am thinking first and foremost of all our employees. Some of them have worked day and night for a year to keep Transat afloat in the absence of any real activity. Others have hardly worked for a year but have not lost hope and are still looking forward to welcoming our customers again. All of them have shown steely determination and an unshakeable confidence in our ability to overcome the crisis.

Thanks also to our partners, who supported us during our ordeal and with whom we were often able to negotiate conditions that were up to the challenge of the extraordinary situation. Together with all the players in the chain, we were able to absorb the jolt, and it is with them that we will be able to restart.

Thank you to the Government of Canada, which although it did not come as quickly as we would have liked, is now providing us with the means to survive the crisis and rebuild for the future. The money loaned to us today will be used prudently, will benefit Canada's jobs and economy, and will, I am convinced, be an excellent investment over time.

Thanks also to you, our shareholders, who have supported us every time we have come to you to ask you to approve our decisions.

I am not forgetting our customers, especially in Quebec, who have helped us become the great company we are and who have shown us their affection throughout the years. We are happy to be able to tell those of them who have expressed frustration with receiving a travel credit that we will have the ability to repay them, and we look forward to seeing many of them on our flights soon.

And finally, thanks of course to our Board of Directors, which has steered us through the storm in particularly difficult conditions. I mentioned briefly earlier that among our directors I would like to say a special word to thank Lina de Cesare, who did not stand for re-election today for personal reasons and is leaving Transat for good after so many years of service to the company. Very few people have defined Transat as much as she has; very few have contributed as much. She was with me even before Transat's IPO, first running our retail operations and then, after taking the helm of our largest tour operators, she was at the heart of the growth of our European and Canadian operations. Starting out as a travel agent, she has risen through the ranks of the company, demonstrating exceptional professional and human qualities that make her one of the Canadian travel industry's great builders.

I will now give the floor to Denis, who will go into more detail on the financing set up.