



**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
MARCH 16, 2017**

**NOTES FOR A PRESENTATION BY DENIS PÉTRIN
VICE PRESIDENT FINANCE AND ADMINISTRATION AND
CHIEF FINANCIAL OFFICER**

Check against delivery

2017 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

PRESENTATION BY DENIS PÉTRIN Vice-President, Finance and Administration, and Chief Financial Officer Transat A.T. Inc.

Thank you, Jean-Marc.

Hello, everyone.

During fiscal 2016, on the basis of continuing operations—as of now, all of our comparisons are made on this basis—our revenues remained steady at \$2.9 billion.

Our adjusted operated income was \$25.8 million, compared with \$100.6 million in 2015.

The Company posted an adjusted net loss of \$15.5 million, compared with adjusted net income of \$45.9 million the previous year.

The adjusted net loss per share was \$0.42, versus adjusted net income of \$1.19 per share in 2015.

In the financial statements, we reported an operating loss of \$30 million compared to an operating profit of \$55 million and a net loss attributable to shareholders of \$42 million, compared with net income attributable to shareholders of \$43 million the year before.

The winter of 2016 was very challenging, marked by several unusual factors. During the summer, we were unable to duplicate the outstanding performance of the previous summer seasons, and as a result, our summer season income was not enough to offset the difficult start to the year.

Moving on now to the results for the first quarter of 2017, which ended on January 31.

Our revenues were \$689.3 million, compared with \$725.7 million in 2016.

That 5.0% decrease resulted from our decision to reduce product supply by 5.2% on the Sun destinations market for the first quarter, and from a greater proportion of flight-only sales versus all-inclusive packages compared with last year.

We posted an operating loss of \$50.7 million, compared with one of \$40.5 million in 2016, and an adjusted operating loss of \$37.1 million, compared with \$31.7 million last year.

Before non-operating items, the adjusted net loss is \$36.0 million, versus \$30.4 million in 2016.

The net loss attributable to shareholders was \$32.1 million, compared with \$61.2 million last year.

The combined effect of fluctuations in the value of the Canadian dollar and in fuel prices resulted in an increase in operating costs during the quarter of \$18.3 million. Only part of that expense was passed on to consumers.

These results are in line with the forecasts we made last December.

Some words now on the outlook for the rest of the fiscal year.

On the Sun destinations market outbound from Canada, which is the Corporation's main market segment in the winter, Transat's capacity for the second quarter is equal to that offered last year. To date, 82% of that capacity has been sold, and bookings are ahead by 1.1%.

Overall, even though the net exchange rate against the U.S. dollar has been less favourable to Transat, our unit margins at the moment are higher by 0.6% than last year at this time.

On the transatlantic market, currently in low season, our capacity is greater by 9% than that offered last winter. Unit margins are currently lower by 4.4% than last year at this time.

I remind you that last year, our second-quarter results had been affected by an accumulation of adverse events, including worry over the Zika virus, the threat of strike action by pilots and terror attacks in Europe.

Consequently, this morning we announced our forecast that the results for the second quarter of 2017 may show slight improvement over those of last year.

Looking at summer now: on the transatlantic market, 33% of seats have been sold, and load factors are higher by 0.2% compared with last year. Our selling prices so far are down by 4.8%; and our costs (that is, fuel and currency exchange) are stable. Because the number of seats sold is still low, however, it is too soon to draw any conclusions.

Transat continues to be very well capitalized. As at January 31, we had \$455 million in free cash, and our bank lines of credit remain unused.

Total assets stand at \$1.5 billion, and we have zero liabilities.

I thank you for your attention.

I will now hand the floor back to Jean-Marc for the next part of the meeting.