



# Results for the Third Quarter 2019

## OUR ORGANIZATION

### Outgoing tour operators

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

### Retail distribution

- Transat Distribution Canada (Canada)

### Air transportation

- Air Transat

### Incoming tour operators

#### Destination services

- Traffic 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 a leading integrated international tourism company specializing in holiday travel. It offers vacation packages, hotel stays and air travel under the Transat and Air Transat brands to some 60 destinations in more than 25 countries in the Americas and Europe. Transat is firmly committed to sustainable tourism development, as reflected in its multiple corporate responsibility initiatives over the past 12 years, and was awarded Travelife certification in 2018. Based in Montreal, the company has 5,000 employees.

### For the Third Quarter:

- Revenues of \$698.9 million.
- Adjusted operating income<sup>1</sup> of \$21.8 million (operating loss of \$7.6 million).
- Adjusted net income<sup>1</sup> of \$5.7 million (net loss attributable to shareholders of \$11.0 million).
- The Corporation took delivery of its first two Airbus A321neoLRs.

### For the Nine-Month Period:

- Revenues of \$2.2 billion.
- Adjusted operating loss<sup>1</sup> of \$12.9 million (operating loss of \$73.3 million).
- Adjusted net loss<sup>1</sup> of \$36.6 million (net loss attributable to shareholders of \$53.5 million).

### Potential transaction:

- Arrangement plan with Air Canada to acquire the Corporation approved by 94.7% of the shareholders on August 23 and through the issuance of a final approval order by the Superior Court of Québec on August 28.
- If the required regulatory approvals are obtained and conditions are met, the transaction is expected to close by the second quarter of the 2020 calendar year.

## Quick Facts

Ticker: TRZ

Year end: October 31

Listings: Toronto Stock Exchange (TSX)

Employees: approximately 5,000

"We're very satisfied with the strong support received from our shareholders and the final approval of the arrangement plan. The planned transaction is good news for our shareholders, our employees, our clients and our community, and we're currently working to obtain the required approvals to complete it," stated Jean-Marc Eustache, President and Chief Executive Officer of Transat. "Meanwhile, we remain focused on our operations and are pleased to report an improvement in our adjusted results for the quarter compared with last year."

### 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)

	2019	2018 Restated <sup>2</sup>	Difference	Difference
	\$	\$	\$	%
<b>Consolidated Statements of Income (Loss)</b>				
Revenues	698,916	664,569	34,347	5.2
Operating income (loss)	(7,617)	(10,735)	3,118	29.0
Net income (loss) attributable to shareholders	(11,043)	(5,045)	(5,998)	(118.9)
Basic earnings (loss) per share	(0.29)	(0.13)	(0.16)	(123.1)
Diluted earnings (loss) per share	(0.29)	(0.13)	(0.16)	(123.1)
Adjusted operating income <sup>1</sup>	21,824	2,350	19,474	828.7
Adjusted net income (loss) <sup>1</sup>	5,692	(5,040)	10,732	212.9
Adjusted net income (loss) per share <sup>1</sup>	0.15	(0.13)	0.28	215.4

## Financial Highlights for the Six-Month Periods Ended July 31

(In thousands of dollars, except per share amounts)

	2019	2018 Restated <sup>2</sup>	Difference	Difference
	\$	\$	\$	%
<b>Consolidated Statements of Income (Loss)</b>				
Revenues	2,243,895	2,180,112	63,783	2.9
Operating income (loss)	(73,274)	(57,443)	(15,831)	(27.6)
Net income (loss) attributable to shareholders	(53,475)	(302)	(53,173)	(17,607.0)
Basic earnings (loss) per share	(1.42)	(0.01)	(1.41)	(14,100.0)
Diluted earnings (loss) per share	(1.42)	(0.01)	(1.41)	(14,100.0)
Adjusted operating income (loss) <sup>1</sup>	(12,858)	(14,279)	1,421	10.0
Adjusted net income (loss) <sup>1</sup>	(36,649)	(37,692)	1,043	2.8
Adjusted net income (loss) per share <sup>1</sup>	(0.97)	(1.01)	0.04	4.0

## Consolidated Statements of Financial Position

(In thousands of dollars)

	As at July 31 2019	As at October 31 2018 Restated <sup>2</sup>	Difference	Difference
	\$	\$	\$	%
<b>Consolidated Statements of Financial Position</b>				
Cash and cash equivalents	723,843	593,654	130,189	21.9
Cash and cash equivalents in trust or otherwise reserved (current and non-current)	249,255	338,919	(89,664)	(26.5)
	<b>973,098</b>	<b>932,573</b>	<b>40,525</b>	<b>4.3</b>
Total Assets	1,641,533	1,566,790	74,743	4.8
Debt (current and non-current)	—	—	—	—
Total debt <sup>1</sup>	693,640	622,270	71,370	11.5
Total net debt (Cash and cash equivalents, net of total debt) <sup>1</sup>	(30,203)	28,616	(58,819)	(205.5)

## <sup>1</sup>Non-IFRS Financial Measures

The terms “adjusted operating income”, “adjusted operating loss”, “adjusted net income”, “adjusted net loss”, “adjusted net income (loss) per share”, “total debt” and “total net debt (cash and cash equivalents, net of total debt)” do not have a standardized meaning as prescribed by IFRS and are therefore unlikely to be comparable to similar measures reported by other issuers or those used by financial analysts. These measures are intended 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 Management’s Discussion and Analysis (“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.

The adjusted operating income (loss) is the operating income (loss) before depreciation and amortization expense, restructuring charge 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 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 business disposals, restructuring charge, 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 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.

## <sup>2</sup>Change in accounting standards

The Corporation adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, on November 1, 2018, and the consolidated statement of income for the period ended July 31, 2018 has been restated. The opening consolidated statement of financial position as of October 31, 2017 and the consolidated statement of financial position as of October 31, 2018 have been restated. The main changes related to the adoption of IFRS 9 and IFRS 15 are described in note 3 to the interim condensed consolidated financial statements for the period ended July 31, 2019.

On June 27, 2019, the Corporation announced that it needed to restate its consolidated financial statements and MD&A for the year ended October 31, 2018. For further information on the restatement, see note 3 to the interim condensed consolidated financial statements for the period ended July 31, 2019.

**For more detailed information and for the reconciliations between the IFRS financial measures and the non-IFRS financial measures, please refer to the Third Quarterly Report of 2019 [by clicking here](#).**

### Senior Management

**Jean-Marc Eustache**

Chairman of the Board  
President and Chief Executive Officer

**Annick Guérard**

Chief Operating Officer, Transat

**Jordi Solé**

President, Hotel Division, Transat

**Jean-François Lemay**

President-General Manager, Air Transat

**Joseph Adamo**

President, Transat Distribution Canada  
Vice-President and Chief Distribution Officer, Transat

**Bruno Leclaire**

Vice-President and Chief Information Officer

**Bernard Bussières**

Vice-President, General Counsel and Corporate Secretary

**Christophe Hennebelle**

Vice-President, Human Resources and Corporate Affairs

**Daniel Godbout**

Senior Vice-President, Transport and Yield Management

**Denis Pétrin**

Vice-President, Finance and Administration  
and Chief Financial Officer

### Investor Relations

**Denis Pétrin**

Chief Financial Officer  
+1 514 987-1660  
[investorrelations@transat.com](mailto: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**

AST Trust Company (Canada)  
2001 Robert-Bourassa Blvd., Suite 1600  
Montreal (Quebec) H3A 2A6

**Answerline (toll free):** 1 800 387-0825

[inquiries@astfinancial.com](mailto:inquiries@astfinancial.com)  
[www.astfinancial.com/ca-en](http://www.astfinancial.com/ca-en)