

Results for second quarter 2017

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 second quarter:

- Revenues of \$884.3 million, compared with \$888.2 million in 2016.
- Operating loss of \$15.1 million, compared with \$13.7 million in 2016.
- Adjusted operating income¹ of \$1.5 million, compared with an adjusted operating loss¹ of \$5.0 million in 2016.
- Net loss attributable to shareholders of \$8.4 million, compared with \$25.0 million in 2016.
- Adjusted net loss¹ of \$8.1 million, compared with \$11.9 million in 2016.

For the first six-months:

- Revenues of \$1.6 billion, compared with \$1.6 billion in 2016.
- Operating loss of \$65.7 million, compared with \$54.2 million in 2016.
- Adjusted operating loss¹ of \$35.6 million, compared with \$36.7 million in 2016.
- Net loss attributable to shareholders of \$40.4 million, compared with \$86.1 million in 2016.
- Adjusted net loss¹ of \$44.1 million, compared with \$42.2 million in 2016.

Quick Facts

Symbol: TRZ

Listings: Toronto Stock Exchange (TSX)

Year end: October 31

Employees: approximately 5,000

"As we had expected, our second quarter was better than last year's, contributing to an overall winter result that is comparable to that posted for the winter of 2016," commented Jean-Marc Eustache, President and Chief Executive Officer of Transat. "We continued to absorb strong negative pressure from exchange rates and fuel prices, which had an impact of more than \$39 million on our costs during the season. If the current trends continue, the results for the second six-month period should also be similar to those of last year," he added.

Jean-Marc Eustache

President and Chief Executive Officer of Transat



Financial highlights for the quarters ended April 30

(In thousands of dollars, except per share amounts)

	2017 \$	2016 \$	Variance \$	Variance %
Consolidated Statements of Income				
Revenues	884,310	888,221	(3,911)	(0.4)
Operating income (loss)	(15,061)	(13,701)	(1,360)	(9.9)
Net income (loss) attributable to shareholders	(8,354)	(24,952)	16,598	66.5
Basic earnings (loss) per share	(0.23)	(0.68)	0.45	66.2
Diluted earnings (loss) per share	(0.23)	(0.68)	0.45	66.2
Adjusted operating income (loss) ¹	1,508	(5,002)	6,510	130.1
Adjusted net income (loss) ¹	(8,100)	(11,868)	3,768	31.7
Adjusted net income (loss) per share ¹	(0.22)	(0.32)	0.10	31.3

Financial highlights for the six-month periods ended April 30

(In thousands of dollars, except per share amounts)

	2017 \$	2016 \$	Variance \$	Variance %
Consolidated Statements of Income				
Revenues	1,573,642	1,613,944	(40,302)	(2.5)
Operating income (loss)	(65,732)	(54,243)	(11,489)	(21.2)
Net income (loss) attributable to shareholders	(40,427)	(86,107)	45,680	53.1
Basic earnings (loss) per share	(1.10)	(2.33)	1.23	52.8
Diluted earnings (loss) per share	(1.10)	(2.33)	1.23	52.8
Adjusted operating income (loss) ¹	(35,571)	(36,685)	1,114	3.0
Adjusted net income (loss) ¹	(44,139)	(42,248)	(1,891)	(4.5)
Adjusted net income (loss) per share ¹	(1.20)	(1.14)	(0.06)	(5.3)

Consolidated statements of financial position

	As at April 30 2017 \$	As at October 31 2016 \$	Variance \$	Variance %
Consolidated statements of financial position				
Cash and cash equivalents	566,288	363,664	202,624	55.7
Cash and cash equivalents in trust or otherwise reserved (current and noncurrent)	224,516	338,581	(114,065)	(33.7)
	790,804	702,245	88,559	12.6
Total Assets	1,392,543	1,277,420	115,123	9.0
Long-term debt	-	-	-	-
Total debt ¹	691,265	679,065	12,200	1.8
Total net debt ¹	124,977	315,401	(190,424)	(60.4)

¹Non-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 April 30, 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 Second quarter report 2017 by [clicking here](#).

Senior management

Jean-Marc Eustache

Chairman of the Board
President and Chief Executive Officer

Jean-François Lemay

General Manager, Air Transat

Annick Guérard

General Manager, Transat Tours Canada

Christophe Hennebelle

Vice-President, Human Resources
and Corporate Affairs

Bernard Bussi res

Vice-President, General Counsel
and Corporate Secretary

Andr  De Montigny

President, Transat International
Vice-President, Corporate Development

Joseph Adamo

General Manager, Transat Distribution Canada

Daniel Godbout

Senior VicePresident, Transport and Yield Management, Transat
Tours Canada

Michel Bellefeuille

Vice-President and Chief Information Officer

Denis P trin

Vice-President, Finance and Administration
Chief Financial Officer

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