



**SPECIAL MEETING OF SHAREHOLDERS  
DECEMBER 15, 2020**

**OPENING AND CLOSING SPEECHES  
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PRESIDENT AND CHIEF EXECUTIVE OFFICER  
(Translated from French)**

**Check against delivery**

## Opening remarks

Hello, everyone.

We are here today to recommend that you approve the revised Plan of Arrangement to enable the acquisition of the company by Air Canada, more than a year after the initial plan was approved.

It must be said that the world has certainly changed since the meeting of August 23, 2019. Since then, COVID-19 has struck, leaving a million and a half people dead across the planet and ravaging certain sectors of the economy, with the travel and air transport industry among those hardest hit.

To contain the epidemic, governments, and in particular the Canadian government, introduced border restrictions and quarantine requirements for travellers. This resulted in a massive slump in demand for air travel, to such an extent that the Director General of the International Air Transport Association, Alexandre de Juniac, called 2020 "the industry's worst financial year, bar none" and spoke of a "devastating and unrelenting" crisis. Airlines' overall sales for the year will decline by 61%, with demand for cargo slightly compensating for a 66% drop in passenger-kilometre volume.

Overall, in U.S. dollars, air carriers' sales will be down by more than \$500 billion, with a loss of some \$119 billion in net profit this year, which is \$66 per passenger.<sup>1</sup>

For Transat, the crisis meant a complete shutdown of operations from April 1 to July 23, with deployed capacity for the remainder of 2020 of between 5 and 15% of the highest level during the previous year.

We have taken several measures to address this dramatic situation and preserve cash flow. We had to temporarily lay off up to 85% of our staff and, over time,

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<sup>1</sup>. <https://www.iata.org/en/iata-repository/pressroom/fact-sheets/industry-statistics/>

transform some of those layoffs into terminations. We offered customers fully transferable travel credits with no expiry date on cancelled flights and packages. We renegotiated our supplier agreements, especially our aircraft and building leases, so as to reduce our commitments or defer payments. We reduced our investments wherever we could do so without damage. We also drew on our \$50 million revolving credit agreement and set up a new \$250 million short-term loan facility.

We also accelerated the long-planned transformation of our fleet toward our objective—now almost achieved—of cockpit commonality across all of our aircraft, which is a guarantee of operational efficiency, and making room for the Airbus A321neoLR, a more efficient and less polluting aircraft that, with its 199-seat capacity, will be the ideal plane for a world recovering from the pandemic.

That said, this crisis has severely shaken us, as it has every airline in the world. That context prompted us to revise our agreement with Air Canada and make it more robust, notably by increasing the likelihood of obtaining the necessary regulatory approvals, with the December 27, 2020, deadline established in the initial arrangement agreement fast approaching.

The new share purchase price of \$5 represents a premium of 31.6% over the average price of Transat shares in the period preceding the signing of the new agreement. Most important, that agreement includes the option of receiving payment of the consideration Air Canada shares, on the basis of an exchange ratio calculation for a price of \$17.47 per share, meaning shareholders can benefit from subsequent increases in the value of Air Canada shares.

Last year, when we asked for your vote, we laid out all the reasons why we believed joining forces with Air Canada was the best route forward for Transat. How it would allow us to be part of a North American leader and why that was the best choice

for all parties involved: customers, employees, suppliers, the community and, of course, shareholders. All this is even more true today, as travel companies and air carriers need to be strong to withstand the crisis and perform well.

I will conclude here, but not without thanking our Board of Directors and especially the members of the Special Committee, who have done a colossal job throughout this process over the past few months, in compliance with corporate governance best practices, as well as the advisors who have supported them in the process, including National Bank Financial; BMO Nesbitt Burns; Fasken; Norton Rose Fulbright; Gide Loyrette Nouel; and NATIONAL Public Relations.

I also want to express my particular gratitude to Transat's personnel, who have shown themselves to be exceptionally resilient this year, with many of them having been laid off, and others having to work as part of drastically reduced teams. Throughout this storm, our employees have continued to deliver the best service to customers and to safeguard Transat on a daily basis. Without them we would be nothing, and I pay tribute to them today.

### Closing remarks

You have voted by a very large margin **in favour** of the Plan of Arrangement that we put to you, and I thank you for doing so. You have made the right decision.

We will now work to secure, as soon as possible, the regulatory approvals needed to finalize the transaction before the February 15 deadline.

Following that, we will be free to work at full strength with the Air Canada teams to rebuild a great, exceptional company that will be well positioned to respond to the recovery in demand, something we are all eagerly looking forward to.

I thank you for being here and for your support, and I wish you an excellent day.