



**ANNUAL MEETING OF SHAREHOLDERS
MARCH 12, 2020**

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

Check against delivery

2020 MEETING OF SHAREHOLDERS

PRESENTATION BY DENIS PÉTRIN

Vice-President, Finance and Administration and Chief Financial Officer
Transat A.T. Inc.

(Check against delivery)

Good day,

Thank you, Jean-Marc.

To start, I will remind you that on November 1, 2019, the Corporation adopted IFRS 16, Leases. Therefore, the data for 2019 have been restated to take these changes into account.

In **fiscal 2019**, revenues rose by 3.1% to reach \$2.9 billion.

Adjusted **operating income** was \$38 million, compared with \$17.2 million in 2018.

The **adjusted net loss** was \$9.4 million, against \$24 million.

In the financial statements, the operating loss is \$50 million, compared with \$51 million, and the net loss attributable to shareholders is \$33 million, against a result of \$6 million. The net loss for 2019 includes expenses net of taxes of \$17.5 million related to the transaction with Air Canada, while the 2018 results included a gain of \$31.3 million following the sale of the Jonview business unit.

Let's now discuss the **results for the first quarter of 2020**, ended January 31.

Our **revenues** reached \$693 million, an increase of \$45 million, due to a 10.2% increase in the number of travellers to Sun destinations.

We are reporting adjusted **operating income** of \$27 million, compared with an adjusted operating loss of \$8 million.

Excluding non-operating items, the adjusted net loss is \$20 million, against \$39 million last year.

The net loss in the financial statements was \$34 million, compared with a loss of \$53 million.

I would now like to spend a bit of time on the topic that everyone is talking about: **the COVID-19 pandemic** that is spreading worldwide. There is a lot of uncertainty about this subject, and the situation is changing from day to day, but I would like to summarize our current position.

First, from an **operations** standpoint, we have taken every measure to safeguard and reassure our passengers.

Right from the outbreak of the epidemic, we formed a team to monitor the virus's advancement and to adapt our operations accordingly. Since then, we have implemented a series of preventive measures, both aboard our aircraft and for our ground operations, in compliance with recommendations issued by Transport Canada, the Public Health Agency of Canada and the International Air Transport Association.

In addition to our rigorous aircraft maintenance and cleaning process and the protection provided by the high-efficiency air filters used on all our jets, a disinfection kit has been placed aboard all our planes to be used by our cleaning teams in the event of an infected passenger aboard. Finally, the protocol for dealing with suspected infectious diseases on the ground or in the air was tightened and is being scrupulously applied.

On the **commercial** side, in an effort to encourage our customers to book with confidence, we have cancelled booking-change and reservation fees for all new bookings made between March 5 and 31, to allow them to postpone their trip to any time in the 12 months following the initial dates.

We are also following, on a day-to-day basis, Global Affairs Canada's recommendations for adapting, if need be, our policy on flexibility, as we have done for Italy.

Now from a **financial** perspective. As you saw in the numbers I talked about a few moments ago, our situation at the end of January was better than it has been for several years. It was still the case on February 24 and today's situation remains satisfactory.

Now, if we take a snapshot of our bookings for a day, the situation has certainly deteriorated, with drops in bookings in recent days of around 50%. But obviously in our industry we don't make our forecasts on the basis of one day or one week of sales. In light of the difficulty knowing what direction the situation will take in the coming months, we are totally refraining from offering an outlook for our future results.

Considering the average booking window, there is reason to fear today that the months of April and May will be difficult, but it is utterly impossible to make longer-term forecasts. An improvement in the epidemic or a change in behaviours can even today completely reverse the trend. Winter – our Sun season – is almost over, with 83% of bookings made, and it is still too soon to make prognoses for the summer – our Europe season, for which only 33% of bookings have been made at this point, since the season really only starts in mid-June.

To wrap up, once again, despite a very good start to the year and a worrisome situation at the present time, it is too soon to be able to say one way or another what will happen.

Without waiting, however, we have introduced **mitigation measures** to deal with the situation. We are adjusting them on a daily basis and we will change them as appropriate.

These measures are targeted mainly at **limiting our costs**. We immediately suspended all discretionary spending and we are contacting our essential suppliers to explore all possible means of reducing the cost of our

commitments. We are also launching a voluntary reduced working time program for our employees.

And we are re-evaluating our **air program**. We have already reduced our flights to Italy and cut back on some destinations, and we are considering consolidations that might make sense in various scenarios. Here again, we will adapt to the developing situation, from day to day.

We are fortunate to have a solid balance sheet and be debt-free. As at January 31, 2020, cash and cash equivalents stood at \$682 million, up from \$620 million at the same date in 2019. Our credit facilities are currently unused. In the current situation, this is a strength and we will be taking, as you have understood, every measure necessary to protect this cash.

In conclusion, following a fiscal 2019 that was slightly better than the previous year and a good start to 2020, we have been facing a new threat since the last week of February that is muddying the waters. As Jean-Marc pointed out, we at Transat have long experience in managing crises of every kind. And so we will take all the measures needed to deal with the situation as it evolves. We will do so without panicking, but as decisively as the situation calls for.

Thank you for listening.

And now I will turn the floor back to Jean-Marc to continue the meeting.