transat

TRANSAT A.T. INC. – RESULTS FOR FIRST QUARTER 2019

COST OF IMPLEMENTING THE STRATEGIC PLAN WEIGHS ON CURRENT RESULTS BUT SECURES FUTURE GROWTH

INVESTOR’S PRESENTATION

MARCH 2019

Caution regarding forward-looking statements / non-IFRS financial measures

This presentation contains certain forward-looking statements with respect to the corporation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. The corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

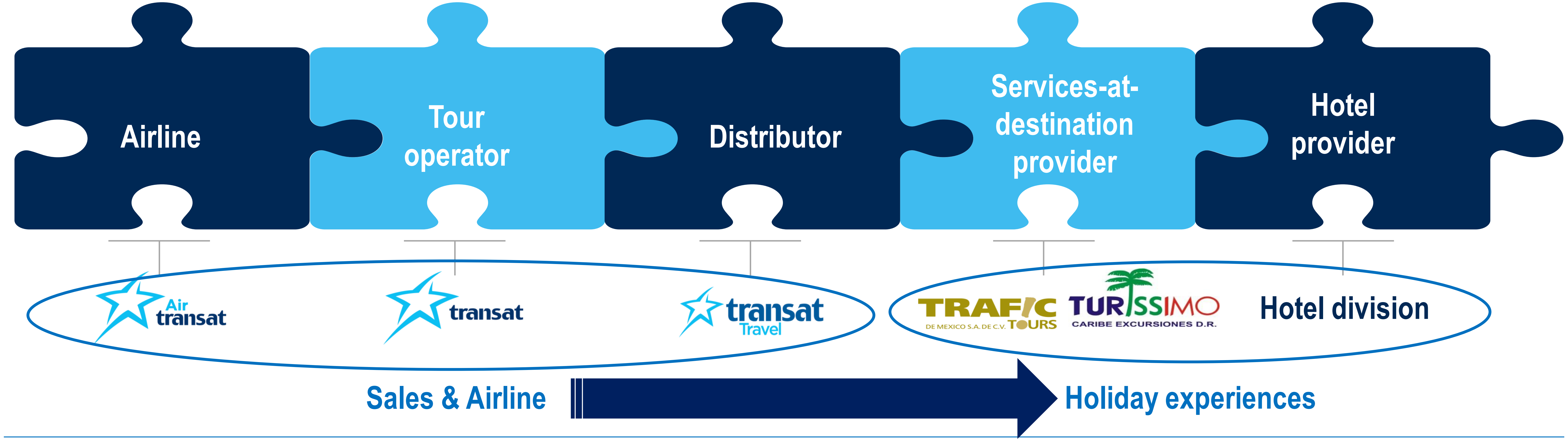
This presentation also includes references to non-IFRS financial measures, such as adjusted net income (loss), adjusted EBITDA, adjusted EBITDAR, free cash flow and adjusted net debt. Please refer to the appendix at the end of this presentation for additional information on non-IRS financial measures

Section 1

Business Model

One of the largest tour operators in North America

Transat value chain

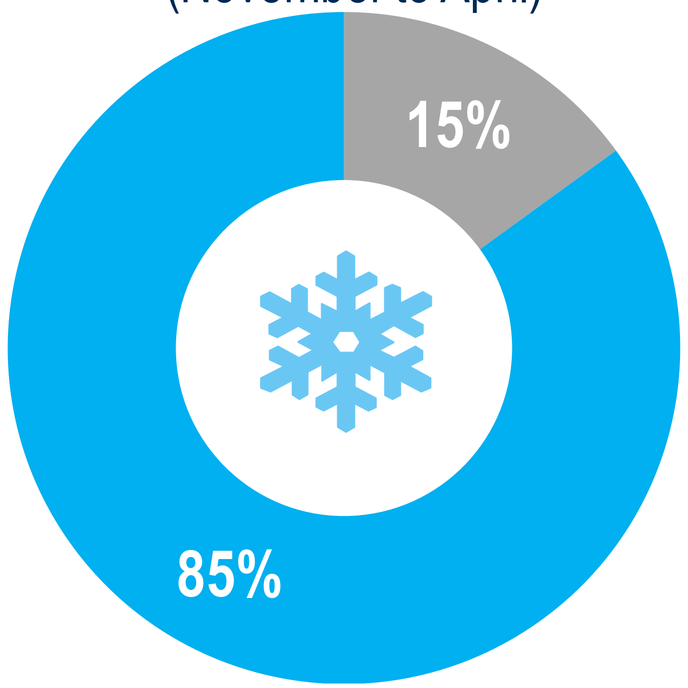


Passenger distribution and highlights

Focus on returning to profitability in Winter with the development over 7-year period of our hotel chain

Winter

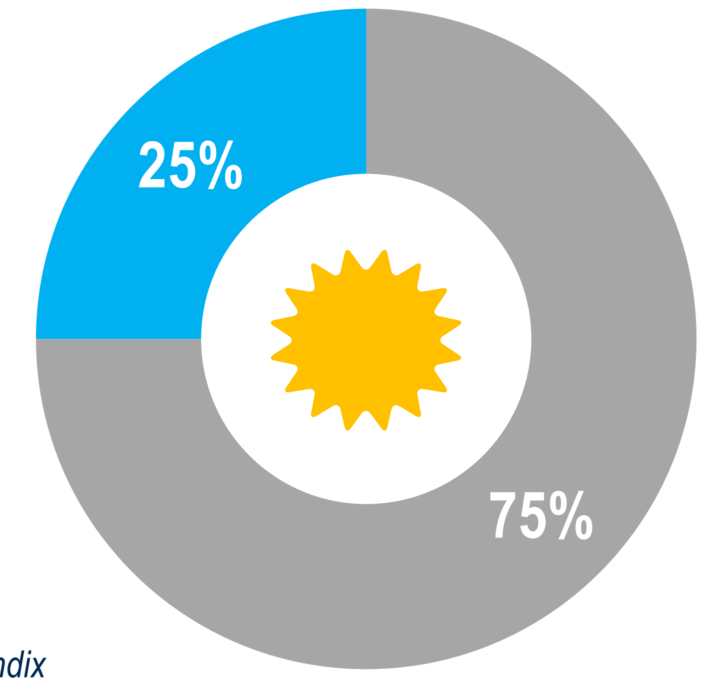
(November to April)



■ Transatlantic ■ Sun Destinations

Summer

(May to October)



Protect performance in Summer by optimizing our aircraft fleet, strengthening our network, increasing ancillary revenues, optimizing our distribution and extending our digital footprint

(1) Refer to Non-IFRS Financial Measures in the Appendix

Section 2

Financial performance & Outlook

Annual financial performance

Highlights

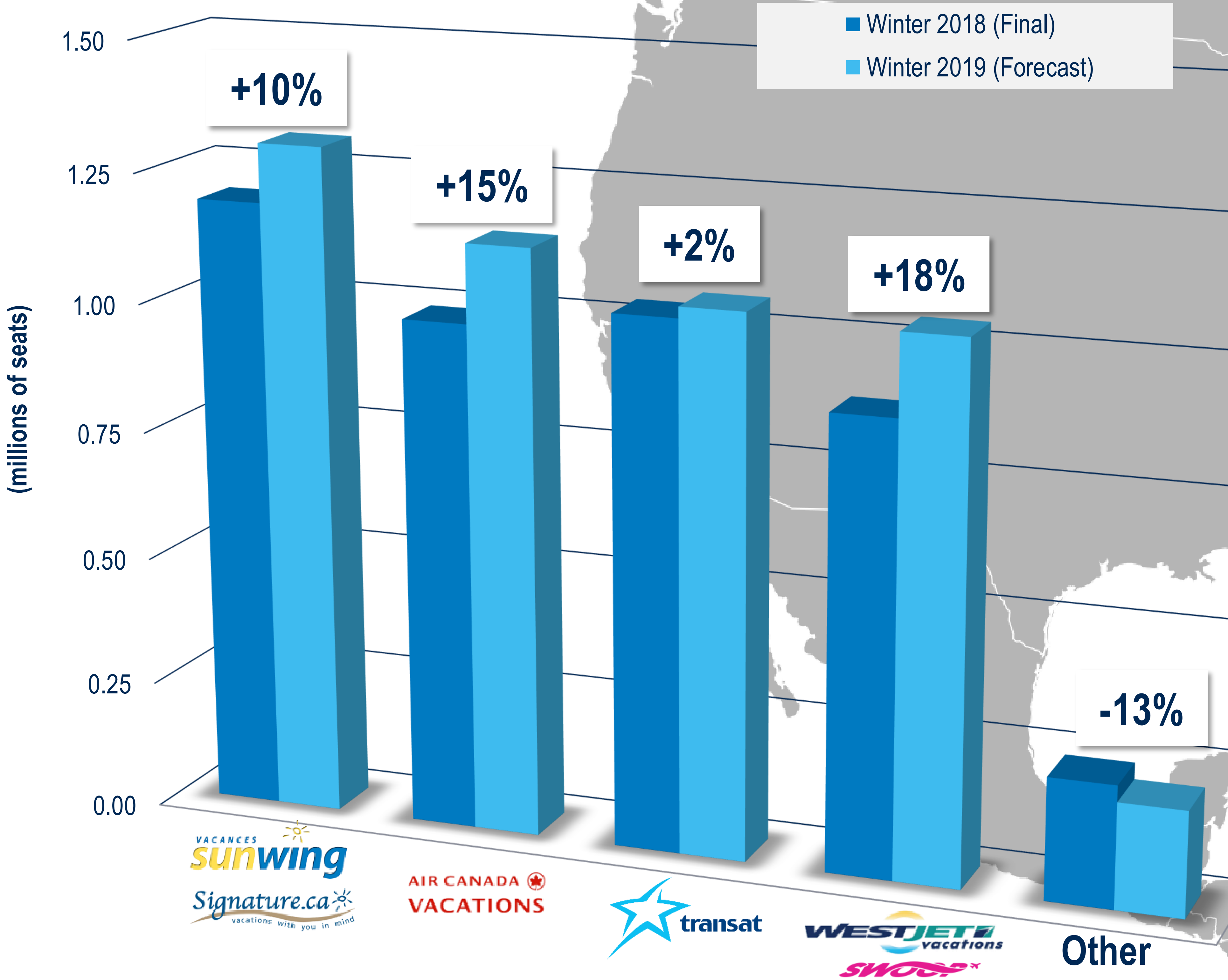
- **Historical (2014-2018)**
  - ✓ Reached C$80-100M of adjusted EBITDA [(3)] 3 times in the last 5 years
    - ✓ 2016 results: Significant FX impact at the beginning of Winter offset partially by fuel price decrease
    - ✓ 2018 results: Significant fuel impact at the beginning of Summer and no positive impact from C$
  - ✓ Businesses disposed of in 2017 for a total of C$234M in proceeds which contributed up to C$20M in profitability
  - ✓ At the end of 2018, acquisition of the first land for the development of our hotel division which could more than double EBITDA contribution from businesses disposed over the coming years (long-term project)
- **Vision for upcoming years**
  - ✓ **Sun destinations**: Transformation plan underway to reduce seasonality of earnings through the addition of a hotel division which is less volatile
  - ✓ **Transatlantic**: Focus on customer satisfaction by reinforcing operational efficiency and optimizing online and offline distribution
  - ✓ Sound balance sheet and our ongoing cost-and-margin initiatives program gives us the tools to accomplish our long term plan

(in millions of C$, except per share amounts)	12-month period ended October 31 [(1)]				
	2018 [(2)]	2017	2016	2015	2014
REVENUES	**2,849.0**	**3,005.3**	**2,889.6**	**2,898.0**	**2,996.1**
Adjusted EBITDAR [(3)]	141.7	234.2	161.6	199.5	168.5
Adjusted EBITDA [(3)]	**17.2**	**102.0**	**25.8**	**100.6**	**81.3**
As % of revenues	*0.6%*	*3.4%*	*0.9%*	*3.5%*	*2.7%*
Adjusted net income (loss) [(3)]	**(24.0)**	**29.1**	**(15.5)**	**45.9**	**37.1**
As % of revenues	*(0.8%)*	*1.0%*	*(0.5%)*	*1.6%*	*1.2%*
Per share	*($0.64)*	*$0.78*	*($0.42)*	*$1.19*	*$0.95*
Net income (loss) attributable to shareholders	**11.4**	**134.3**	**(91.5)**	**44.9**	**16.6**

(1) Results from continuing operations (including minority interest in Ocean Hotels and Jonview Canada)
(2) Results restated to reflect the adoption of IFRS 9 and IFRS 15
(3) Refer to Non-IFRS Financial Measures in the Appendix

Sun destinations capacity breakdown | Winter 2018-19 (1)

(Based on scheduled and chartered flight deployed)



Total seats in the market

Winter 2018

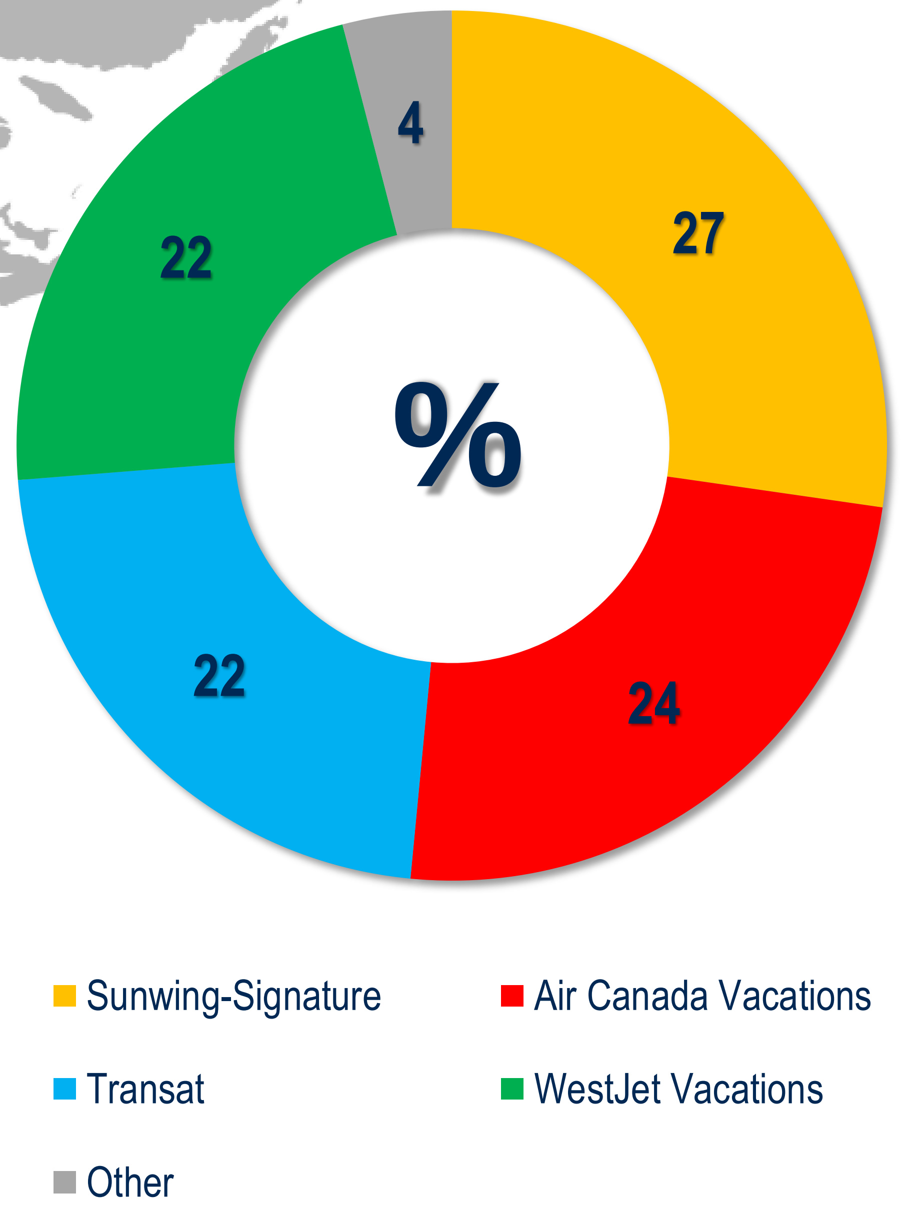
4,330,000

Total seats In the market

Winter 2019

4,745,000

+10%



(1) Capacity between Canada and the following sun destinations: Mexico, Dominican Republic, Cuba, Caribbean, Jamaica and Central America

First quarter financial performance

Q1 Highlights (vs. 2018)

- **Sun destination industry capacity up by 10%**
- **Q1 2018 restated – IFRS 9 and IFRS 15 impact [(2)]**
  - ✓ Revenues: -$77.4M
  - ✓ Adjusted EBITDA: +$2.3M
  - ✓ Adjusted net income (loss): +$1.7M
  - ✓ Net income (loss) per FS: +$3.4M
- **Sun destination market (Revenues)**
  - ✓ Travelers up by 3.5%
  - ✓ Change in the mix of travelers
    - Decrease in packages sold
    - Increase in flight only sales
  - ✓ Average prices
    - Average price of packages up by 2.8%
    - Flight only average prices down by 0.9%
- **Sun destination market (Operational costs)**
  - ✓ Depreciation of C$ against US$ combined with fuel price increase currently leads to an increase of our operational expenses by +3.8% minimized by our hedging program
  - ✓ Increase of airline costs attributable to fleet transition
- **The net loss change per FS is mainly due to :**
  - ✓ $31M gain on disposal of Jonview recorded in 2018
  - ✓ Negative variation of fair value of the derivative instruments for $14M in 2019

(1) Refer to new IFRS measures in the Appendix

(in millions of C$, except per share amounts)	1st quarter results ended January 31			
	2019	2018 [(2)] (Restated)	2019 vs. 2018	
			$	%
REVENUES	**647.6**	**648.4**	**(0.8)**	**(0.1%)**
Adjusted EBITDAR [(1)]	0.9	1.4	(0.5)	(31.3%)
Adjusted EBITDA [(1)]	**(37.7)**	**(28.8)**	**(9.0)**	**(31.2%)**
As % of revenues	*(5.8%)*	*(4.4%)*	*(1.4%)*	*(31.8%)*
Adjusted net income (loss) [(1)]	**(36.0)**	**(32.2)**	**(3.8)**	**(11.9%)**
As % of revenues	*(5.6%)*	*(5.0%)*	*(0.6%)*	*(12.0%)*
Per share	*($0.96)*	*($0.87)*	*($0.09)*	*(10.7%)*
Net income (loss) attributable to shareholders	**(49.7)**	**(3.2)**	**(46.5)**	**(1 453.9%)**

(1) Refer to Non-IFRS financial measures in the Appendix
(2) Results restated to reflect the adoption of IFRS 9 and IFRS 15

Winter financial outlook

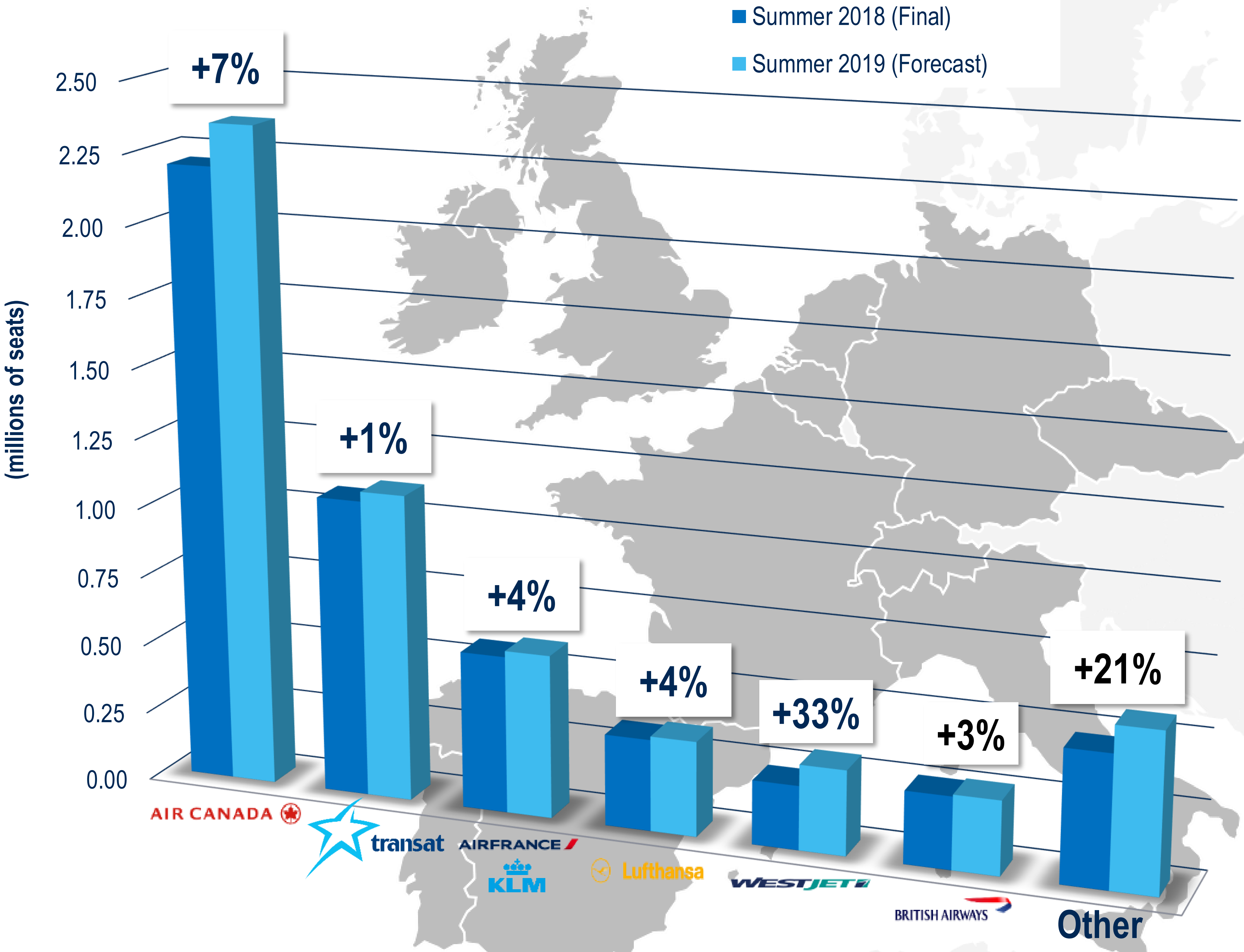
Q2 Highlights (vs. 2018)

- **Sun destination industry capacity up by 10%**
- **Sun destination markets**
  - ✓ Transat capacity up by 2%
  - ✓ 82% of inventory sold
  - ✓ Load factor up by 3.1%
  - ✓ Depreciation of C$ against US$ combined with fuel price increase currently leads to an increase of our operational expenses of 2.7% minimized by our hedging program
  - ✓ Increase of airline costs attributable to fleet transition
  - ✓ Margins are down by 1.1% compared to previous year
- **Other markets and subs**
  - ✓ Transatlantic market
    - 75% of inventory sold
    - Load factor up by 7.0%
    - Average price down by 3.0%
  - ✓ Operational expenses related to hotel development not material as of today
- **If these trends continue, Transat expects second quarter results to be lower than the restated performance of 2018**

	Q1	Q2	Winter
Adj. EBITDA 2018 (1)	**(31M)**	**7M**	**(24M)**
IFRS 15 – 2018 results restated	2M	6M	**8M**
∆ FX / Fuel on costs on sun destinations margin (2)	(17M)	(18M)	**(35M)**
Adj. EBITDA 2018 after FX/Fuel impact (1)	**(46M)**	**(5M)**	**(51M)**
Sun destinations yield management (3)	7M		
Other markets and subs (including marketing)	1M		
Adj. EBITDA 2019 (1)	**(38M)**		

(1) Refer to Non-IFRS Financial Measures in the Appendix
(2) Impact as at March 5, 2019 and first quarter included a FX conversion impact on balance sheet accounts for (3M)
(3) Capacity, price, load factor and airline / hotel costs at FX constant basis impact on adjusted EBITDA

Transatlantic capacity breakdown | Summer 2019 (1)



Total seats in the market

Summer 2018

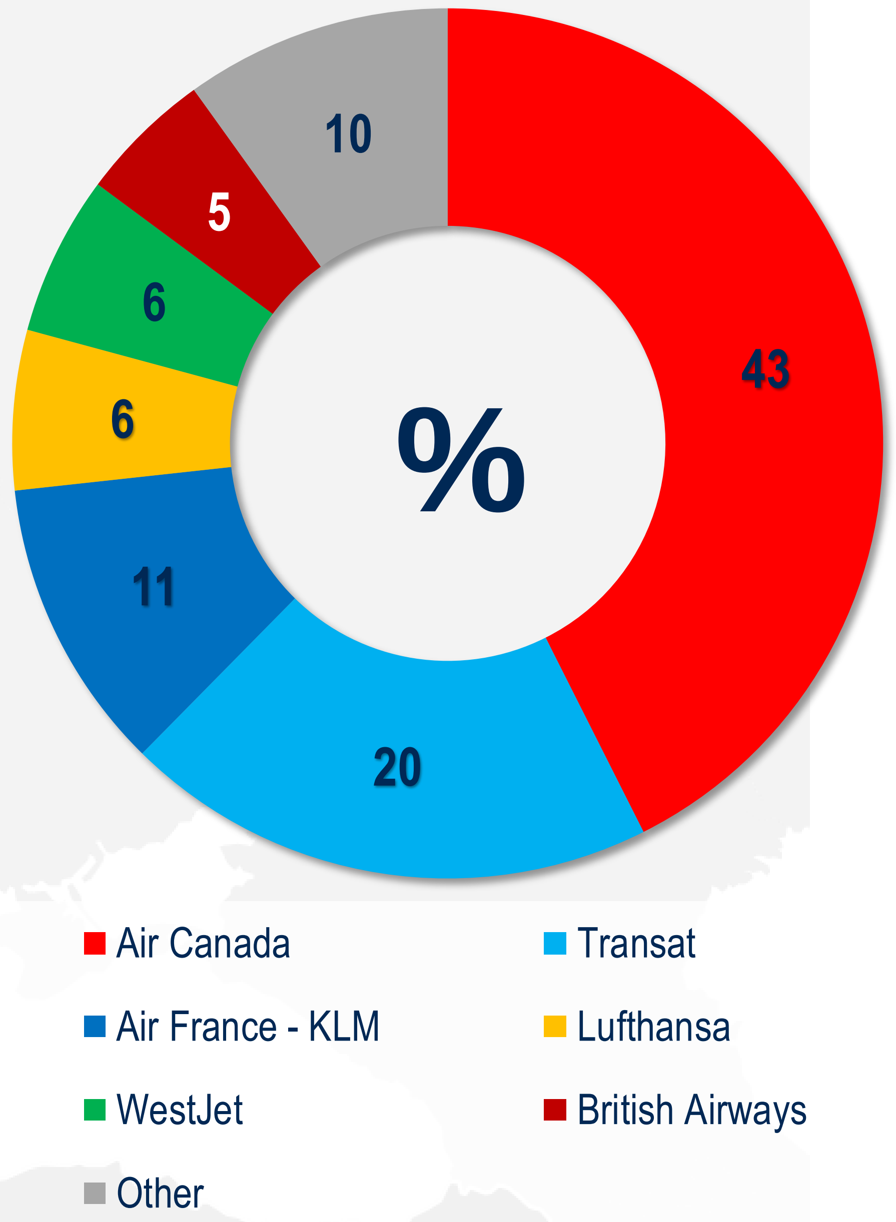
5,135,000

Total seats in the market

Summer 2019

5,535,000

+8%



(1) Capacity between Canada and the following European countries: France, United Kingdom, Italy, Spain, Portugal, Greece, Netherlands, Germany, Belgium, Ireland, Switzerland, Austria, Czech Republic, Hungary and Croatia

Summer financial outlook

Highlights (vs. 2018)

- **Transatlantic industry capacity up by 8%**
- **Transatlantic market**
  - ✓ Transat capacity up by 1%
  - ✓ 33% of inventory sold
  - ✓ Load factor up by 2.4%
  - ✓ Price down by 2.2%
  - ✓ 2018 results was affected by a significant fuel price increase at the beginning of the season (C$60M impact over the season) but no FX/Fuel impact on costs anticipated in 2019 as of today
  - ✓ Change in the capacity distribution
    - Increase capacity during the peak of the season with higher revenue per passenger
    - Reduce capacity in the shoulder period (May and October)
  - ✓ Unit margins are similar to previous year
- **Sun destination markets**
  - ✓ Low leisure season with ± 275k seats
- **Beyond these initial trends, too early to draw any conclusions**

	Q3	Q4	Summer
Adj. EBITDA 2018 (1)	**5M**	**36M**	**43M**
IFRS 15 – 2018 results restated	(3M)	(4M)	**(7M)**
∆ FX / Fuel on costs on transatlantic margin (2)	-	-	-
Adj. EBITDA 2018 after FX/Fuel impact (1)	**2M**	**32M**	**34M**
Transatlantic yield management (3)			
Other markets and subs (including marketing)			
Adj. EBITDA 2019 (1)			

(1) Refer to Non-IFRS Financial Measures in the Appendix
(2) Impact as at March 5, 2019
(3) Capacity, price, load factor and airline costs at FX constant basis impact on adjusted EBITDA

Section 3

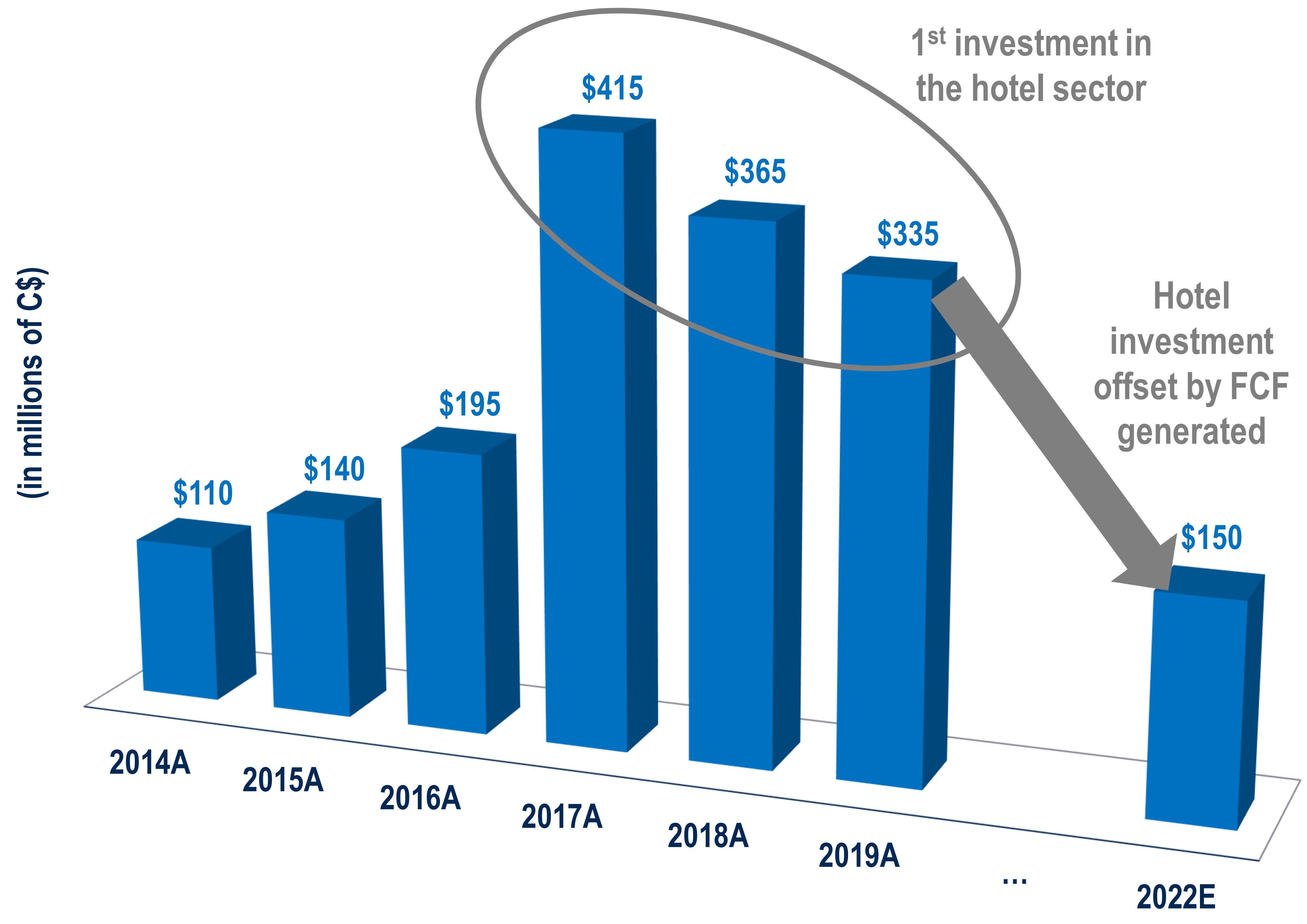
Financial profile

Current financial position

Highlights

- **Free cash: C$620M vs. C$749M**
  - ✓ Variation of (C$129M) compared to previous year explained by:
    - IFRS 15 impact of (C$32M) – (recognized as restricted cash instead of unrestricted cash in 2019)
    - Negative free cash flow of (C$16M)
      - + Maintenance reserves of ~C$25M to be collected during the coming months
      - + 2018 income taxes of ~C$14M to be recovered before the end of Q3 2019
      - - Security deposits for the introduction of A321neo equivalent to 2 months rent
    - Acquisition of two adjacent lands in Mexico to build a beachfront resort of (C$76M)
- **Excess cash available**
  - ✓ C$335M (~US$250M) of excess cash available to be deployed towards our hotel business development plan (see charts in right)
- **Capital expenditures – Sales & Airline**
  - ✓ FY2019E : ~C$40M excluding the potential acquisition of A321neo spare engine in the coming months equivalent to C$16M (2 options: cash investment or sale-and-leaseback)
- **Off-balance sheet arrangements: C$2.5B**
  - >60% of the obligations are related to the future introduction of A321 in our fleet (1st in spring 2019 up to spring 2022 but mostly in 2020)
- **Capital expenditures – Holiday experience**
  - ✓ FY2019E : Acquisition of the second adjacent land in Puerto Morelos during the quarter for C$16M for a total cost of C$76M (equivalent to US$56M or ~60k per room) and no additional investment expected as of today (pre-construction underway and other due diligence in progress)

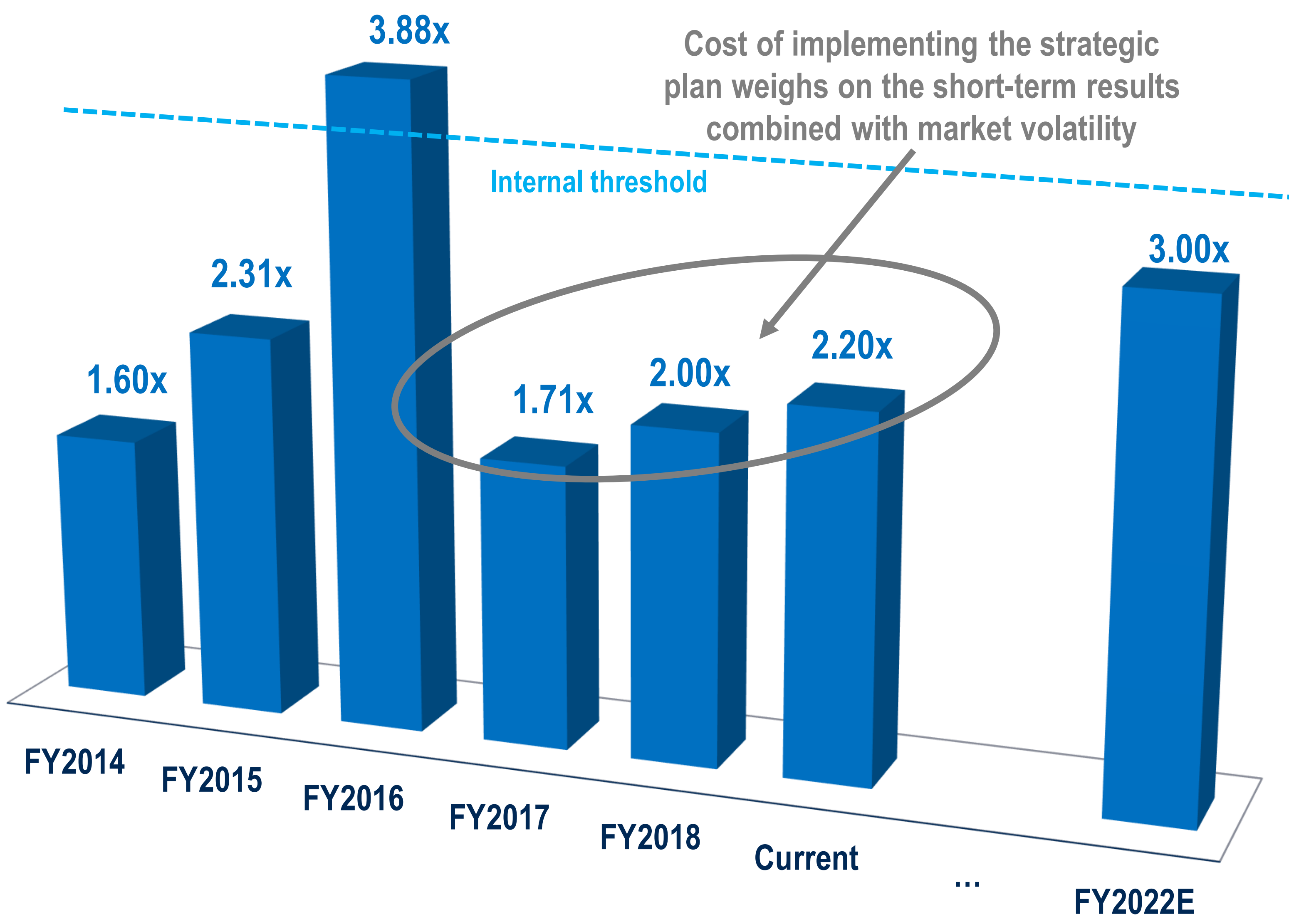
Excess cash available (1)
(at financial year end)



(1) *Excess cash available = Unrestricted cash + restricted cash (ST only) – customer deposits*

Financial performance targets

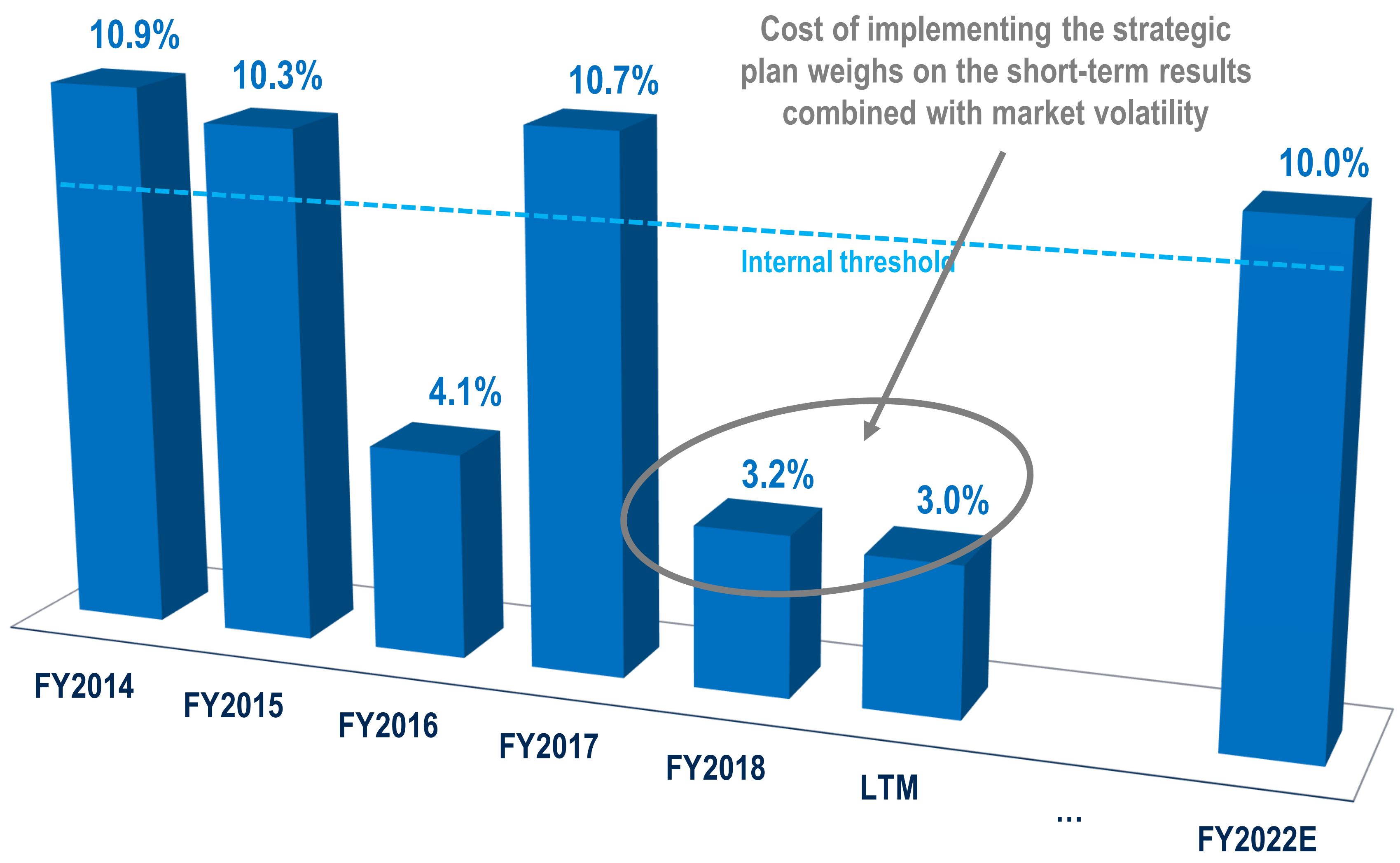
Leverage ratio



Capital structure optimization

- Maximize the debt issuance to accelerate the development of our hotel chain which will generate higher profitability
- Introduction of 15 new A321neo LRs to replace all A310 and 5 A330 (higher fixed costs but less variable) that will contribute to the operational efficiency (increasing frequencies to amortize more the fixed costs)

Return on invested capital (ROIC)



Returning to double-digit ROIC by 2020

- Investing excess cash into the creation of the hotel division to generate higher return
- Fleet transformation to reduce cost and secure future growth
- Target: 60% of profitability will come from sales & airline and 40% from holiday experiences as at FY2022

(1) ***Leverage ratio calculation*** *= (Aircraft leases multiplied by 7.0x + balance sheet debt + other debt – unrestricted cash) / Adjusted EBITDAR ; We used a multiple of 7.0x to be on the same basis than our Canadian airline peers*

(2) ***ROIC*** *= (Adjusted EBT + interest expenses + implicit interest on operating leases (7.0%)) / (Average balance sheet debt + average shareholder equity + aircraft leases multiplied by 7.0x – excess cash) ; We used a multiple of 7.0x and a 7.0% implicit interest rate to be on the same basis than our Canadian airline peers*

Section 4

Strategic plan

2018-2022 cost-reduction and margin-improvement initiatives

1 Fleet and network

- **Fleet adapted to our two leisure markets**
  - ✓ 17 new A321neo and neo LRs: Reduce cost vs A310-A330
  - ✓ All-Airbus fleet: Simplify the structure
- **Stronger network**
  - ✓ Agreement with Thomas Cook, SNCF and easyJet to enhance flexibility
- **Cost reduction and control**
- **Disciplined growth**

2 Revenue management and ancillary revenues

- **Revenue culture**
  - ✓ New team of professionals in place
  - ✓ State-of-the-art practices and processes
- **Revenue maximization**
  - ✓ Introduction of base fares and first baggage fee
  - ✓ Market segmentation (branded fares)
  - ✓ Seamless technology

3 Distribution and digital

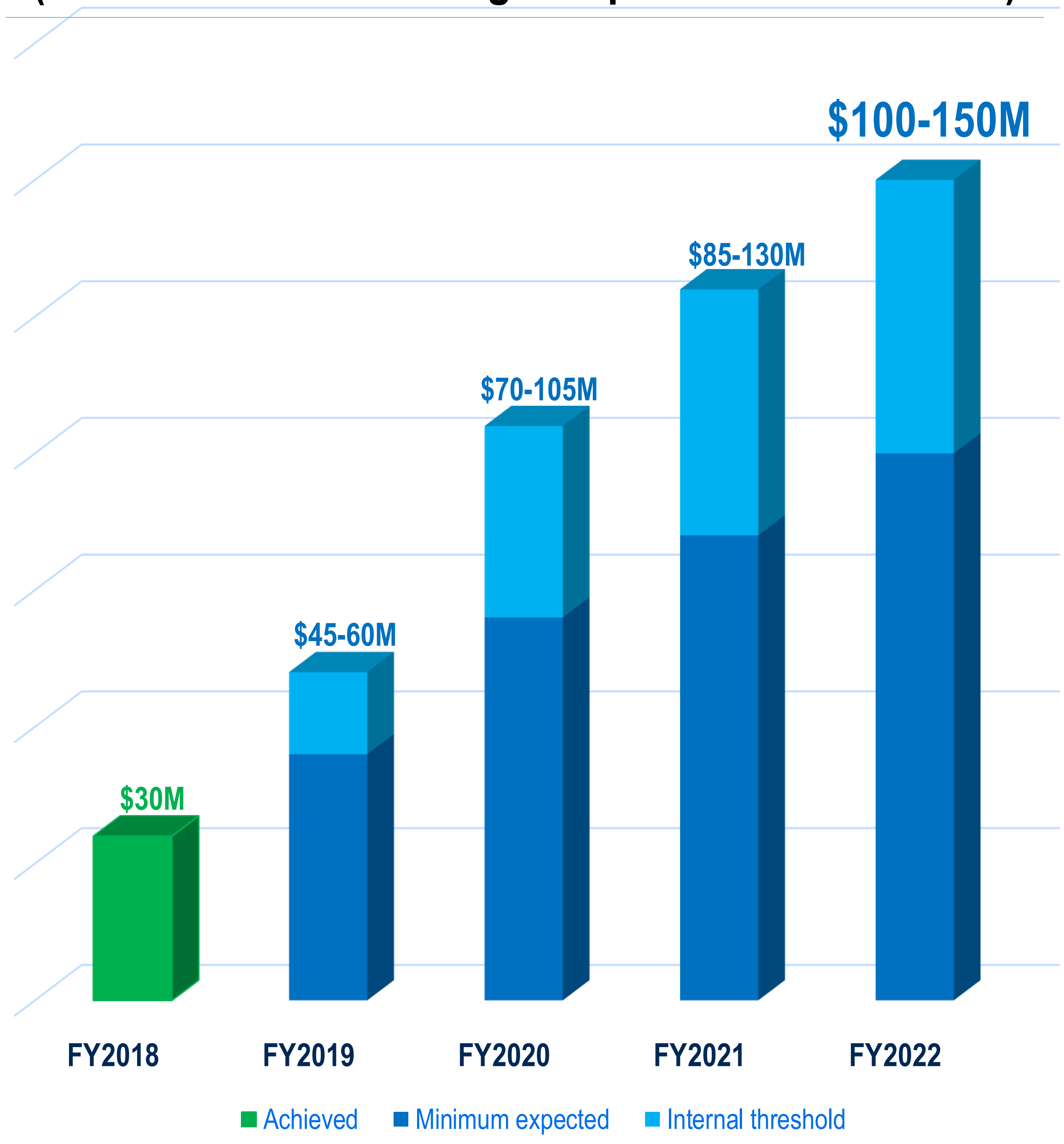
- **Optimize distribution**
  - ✓ Increase control and direct sales
  - ✓ Revenue per customer enhancement
- **Create customer loyalty**
  - ✓ Increase customer satisfaction (NPS)
  - ✓ Repeat bookings
- **Innovation and technology**
  - ✓ Improve booking experience (CRM)

4 G&A expenses

- **Optimize corporate structure**
  - ✓ Create efficiency in support and administrative functions
- **Increase employee engagement**

Cumulative impact

(cost-reduction and margin-improvement initiatives)



Fleet and network optimization

100% Airbus fleet by 2022
(Cockpit commonality and mixed-fleet flying)

- Optimized crew scheduling
- Reduced maintenance and training costs
- Increased operational efficiencies
- Enhanced and standardized customer experience

15 new A321neo LRs

- Long range (autonomy)
- Versatile (South and Europe)
- Low fuel consumption and reduced maintenance costs
- Competitive operating costs
- First North American carrier to operate them in 2019

Strengthening our position in our markets

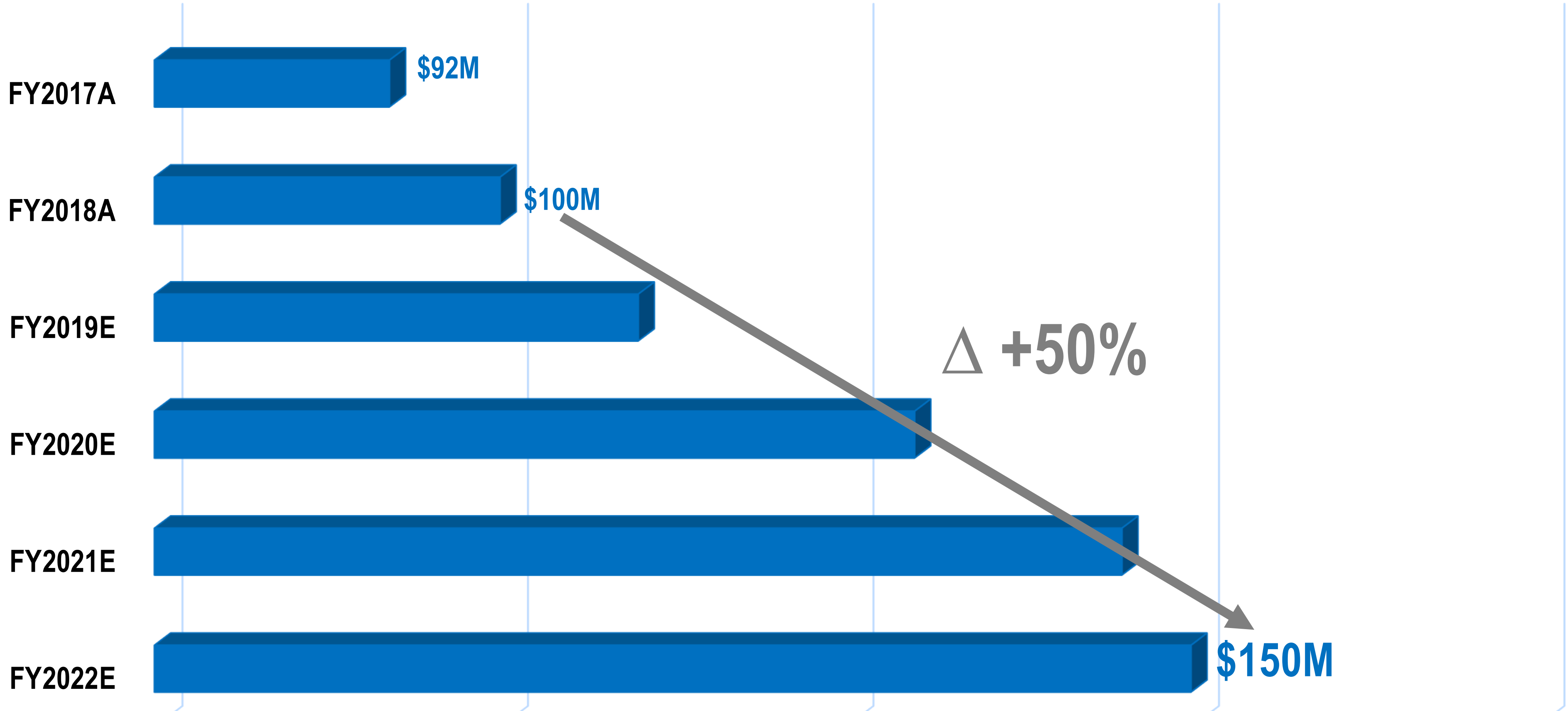
Increase network robustness and depth
Adding point-to-point frequencies and new destinations
Increasing flexibility for customers
Extending the European season

Growth in feeders
Focusing on Eastern Canada
Offering our customers more flexibility
Increasing loads, especially during low peaks

Opportunities for external feeding/commercial alliances
Announced agreement with Thomas Cook, SNCF and EasyJet

Ancillary revenues

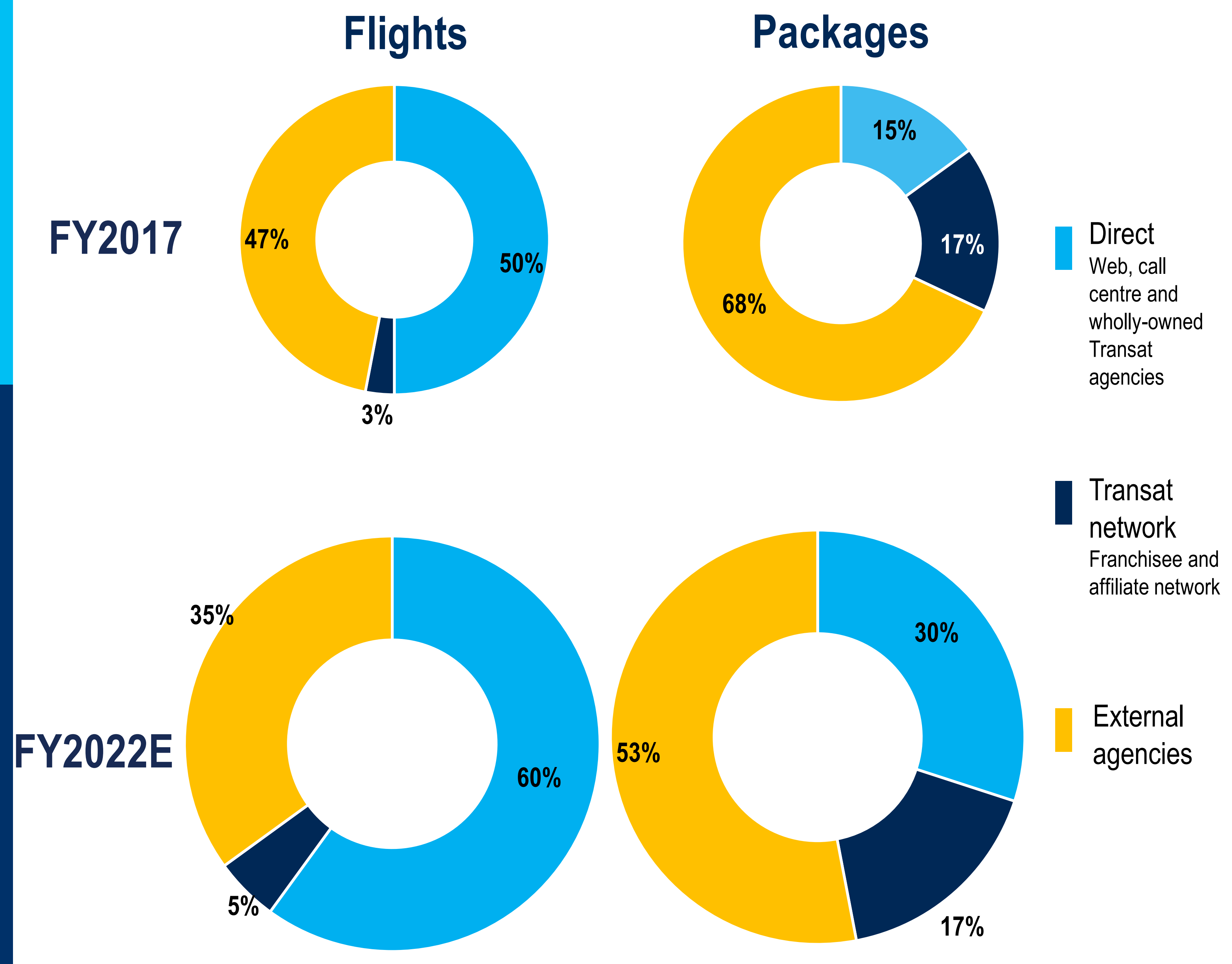
Optimizing ancillary contribution
(Airline and other)



- > 25% of FY2019 target is achieved
- Ancillary revenues include seat selection, different fares, airport revenues, buy-on-board, excess baggage, first baggage fee, duty-free, excursions, travel insurance, etc.
- FY2022 target: ~C$150M
  - ✓ Unbundling fares
  - ✓ Rebundling fares (semi or fully)

Optimizing our distribution and extending our digital footprint

Direct-sales evolution



Data and digital strategy

1. Creating a fully integrated centralized customer file accessible to all points of contact
2. Launching a new and improved mobile friendly airline and vacation website
3. Improving mobile apps to accompany our customers during their trips
4. Optimizing our digital marketing strategy

INCREASE CUSTOMER SATISFACTION AND REVENUE

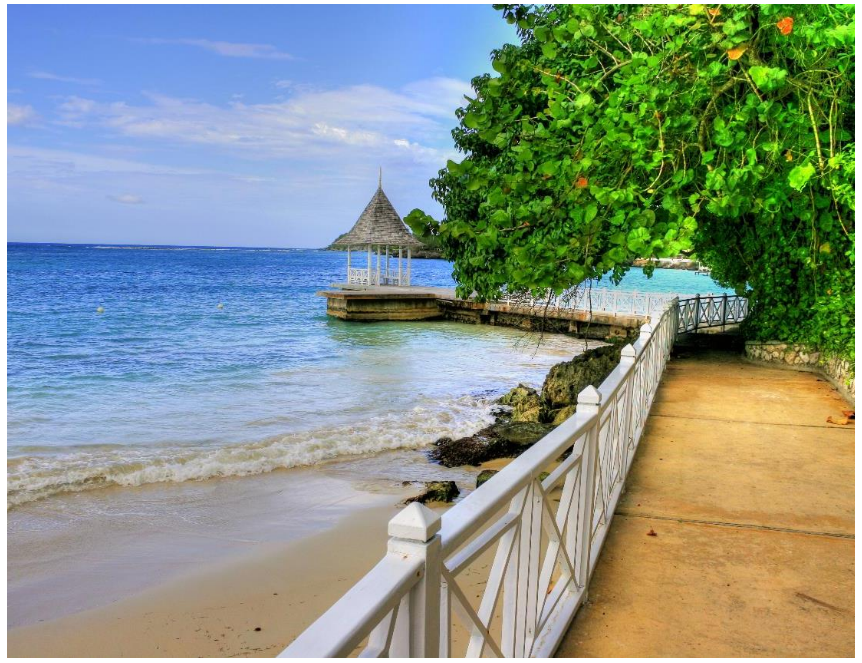
Hotel development: Major business objectives of phase I

A total investment of ~US$750M required to establish a presence of 5,000 rooms in Transat's major markets by end of 2024

- Financed using Transat's excess cash and mortgage debt with local banks
- Combination of land purchase+construction, acquisition of existing hotels and management agreements
- Mixed: 3,000 fully owned rooms and 2,000 additional rooms strictly managed

Mexico
Cancún and Riviera Maya
1,800 rooms (1)
EBITDA (2) per room of ~US$35K-40K

Dominican Republic
Punta Cana
1,000 rooms
EBITDA (2) per room of ~US$25K-30K



Jamaica
Montego Bay
700 rooms
EBITDA (2) per room of ~US$30K-35K

Cuba
Varadero and Havana
1,500 rooms (1)

Generating annual EBITDA of ~US100M at maturity and targeted ROIC of ~13%

(1) 500 strictly managed rooms in Mexico + Cuba only under management contract with lower profitability contribution compared to owned and managed hotel but less capital intensive. The objectives of these rooms is to generate brand power and acquire exclusivities
(2) All EBITDA numbers are on annual basis and at maturity (~5 years in operation)

Hotel development update

Investments and Opportunities

1st land purchase in Puerto Morelos, Mexico to build a beachfront resort of ~800-900 rooms

a) Exceptional location: ~700 meters of beachfront and ~20 minutes from the airport

b) Expect to start the construction in the coming months and open for the winter season 2020-2021

Still looking for opportunities in Quintana Roo region (Mexico) and Punta Cana (Dominican Republic) specifically

Organization

Hired or identified permanent senior management team

- ✓ Development and Finance
- ✓ Construction
- ✓ IT
- ✓ Marketing and Sales (identified)
- ✓ Operations (identified)

Hiring flexible organization for the construction of the 1st hotel

- ✓ Architect, Engineer, Project Manager, Contractor…

Product and Brand

Work-in-progress with the international marketing firm to define the product and brand

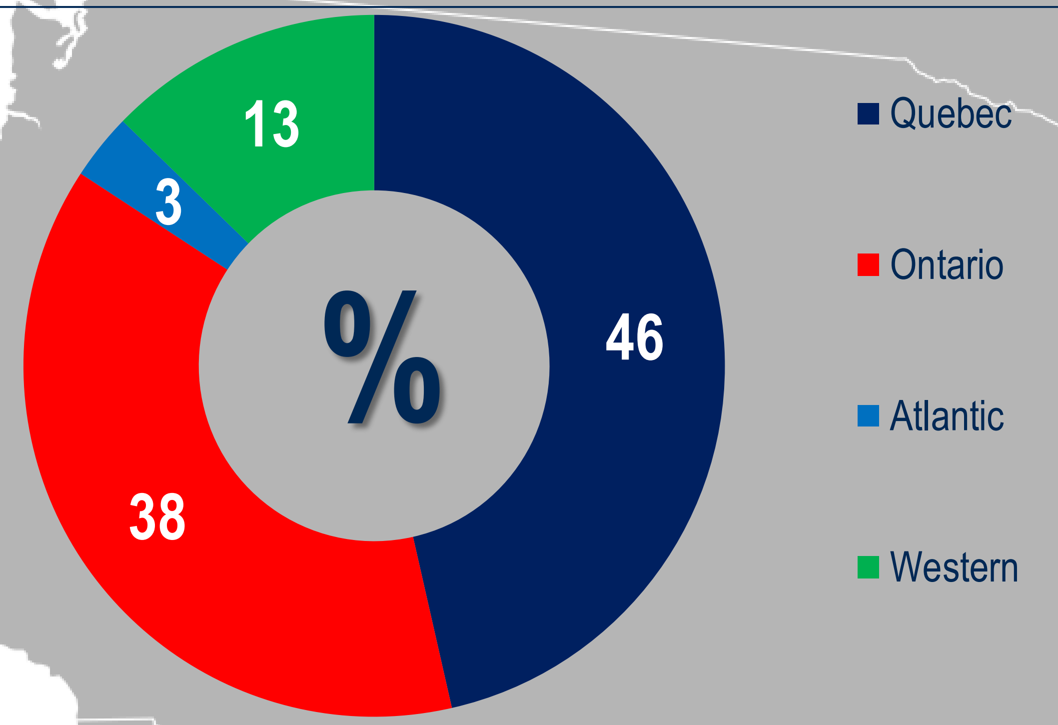
Basis :

- ✓ Two luxury all-inclusive brands (5-star and 4-4.5 star brand)
- ✓ Two sub-brands: families and adults only oriented
- ✓ USPs for luxury 5-star brand

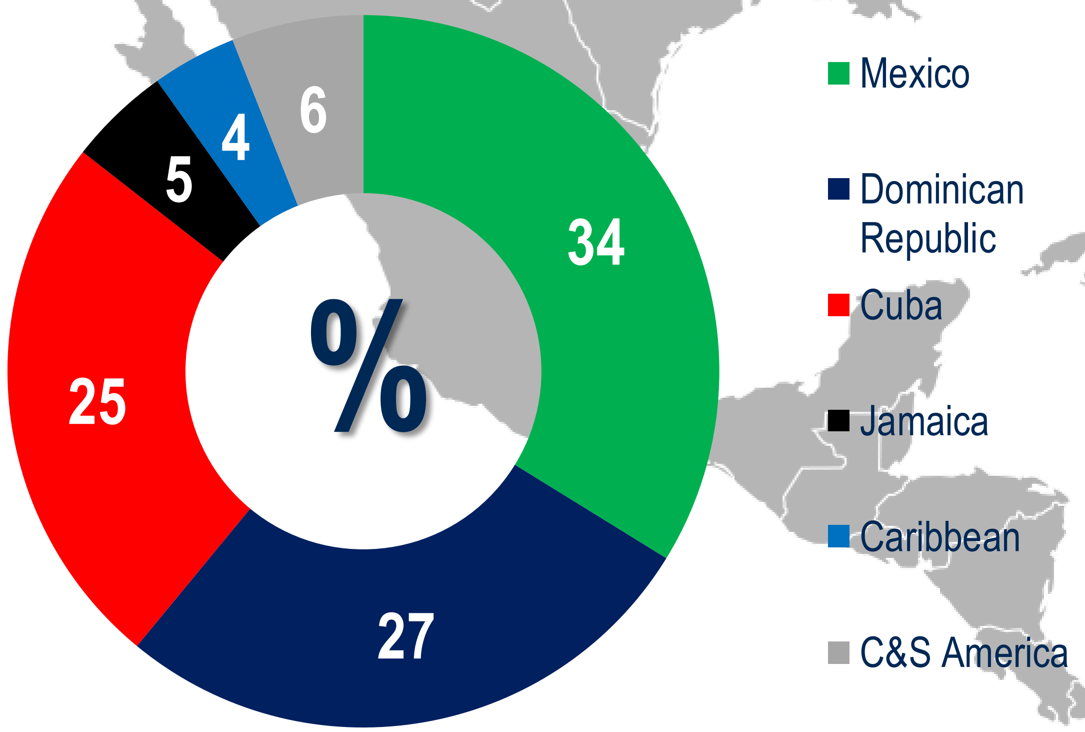
Appendices

Sun destinations capacity breakdown by destination and origin

ORIGINS



DESTINATIONS



GLOBAL MARKET OVERVIEW

- Mexico and Caribbean : One of the largest sun and beach markets in the world
- 4.7M seats in Winter 2018-2019 between Canada and Mexico and the Caribbean

TRANSAT STRATEGY AND MARKET POSITION

- Winter 2018-2019: Increased capacity and introduction of 9 new routes
- All-inclusive products at 35 sun destinations (including Florida) for a wide portfolio of more than 635 hotels, including 40 exclusive properties and 30 new hotels
- Most important destinations are Cancun (240k seats), Punta Cana (186K seats), Puerto Vallarta (102k seats) and Varadero (84k seats)
- Sun offer for everyone with All-inclusive packages; Guided tours and Duo packages; All-in one cruise packages; Florida for everyone

5-year historical winter financial results

(Results from continuing operations)

(in thousands of C$, except per share amounts)	6-month period ended on April 30				
	2018 (1)	2017	2016	2015	2014
Revenues	**1,515,543**	**1,573,642**	**1,613,944**	**1,559,102**	**1,675,704**
Adjusted EBITDAR (2)	46,893	37,893	34,339	32,856	17,561
Adjusted EBITDA (2)	**(16,629)**	**(35,571)**	**(36,685)**	**(14,995)**	**(21,462)**
As % of revenues	*(1.1%)*	*(2.3%)*	*(2.3%)*	*(1.0%)*	*(1.3%)*
Adjusted net income (loss)(2)	**(32,652)**	**(44,139)**	**(42,246)**	**(25,620)**	**(27,543)**
As % of revenues	*(2.2%)*	*(2.8%)*	*(2.6%)*	*(1.6%)*	*(1.6%)*
Per share	*($0.87)*	*($1.20)*	*($1.14)*	*($0.66)*	*($0.71)*
Net income (loss) attributable to shareholders	**4,744**	**(40,427)**	**(78,726)**	**(27,173)**	**(30,259)**

(1) Results restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Refer to Non-IFRS Financial Measures in the Appendix

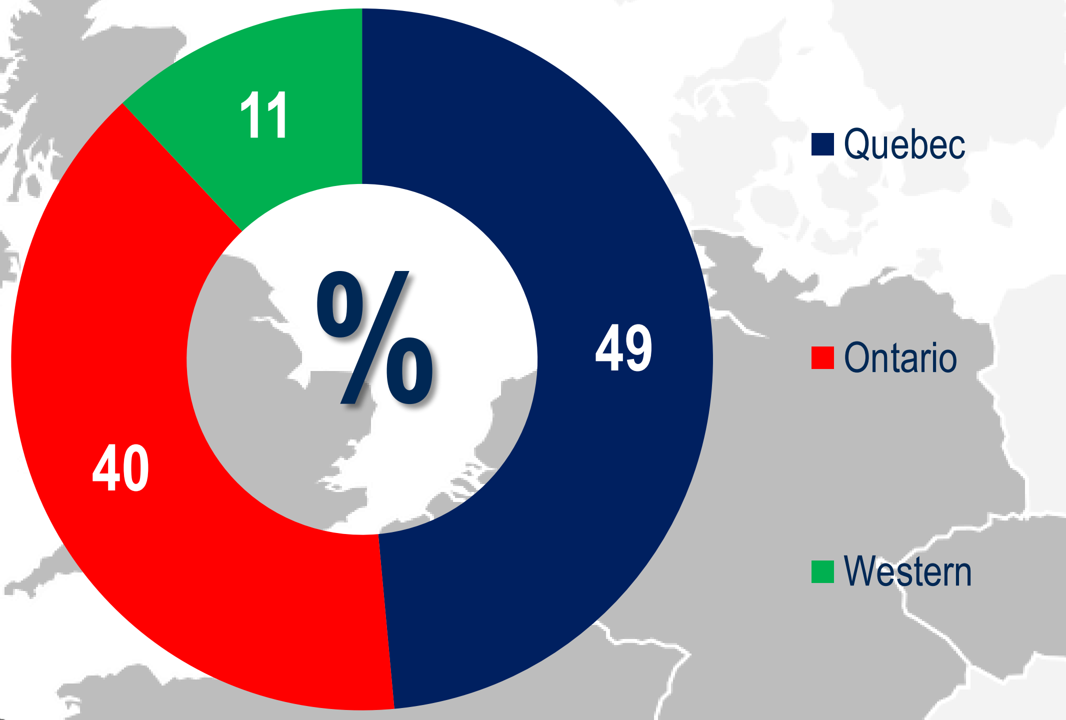
5-year historical winter financial position

(in thousands of C$)	As at January 31					As at April 30				
	2019 (1)	2018 (1)	2017	2016	2015	2018 (1)	2017	2016	2015	2014
Free cash (2)	**620,445**	**749,342**	**454,827**	**427,541**	**393,631**	**903,300**	**566,288**	**440,559**	**441,536**	**404,554**
Cash in trust or otherwise reserved (2)	405,195	336,531	332,646	391,582	394,896	190,431	174,416	247,321	291,300	300,848
Trade and other payables (3)	329,275	271,753	297,682	463,298	402,516	312,143	287,316	314,683	380,712	373,840
Customer deposits	752,847	675,061	597,745	609,393	636,303	604,930	523,754	483,739	578,449	540,293
Working capital ratio	**1.21**	**1.37**	**1.15**	**1.08**	**1.05**	**1.41**	**1.14**	**1.02**	**1.01**	**1.04**
Balance sheet debt	0	0	0	0	0	0	0	0	0	0
Obligations under operating leases	2,456,910	1,770,151	703,121	672,066	684,551	1.796.538	742,667	713,606	624,156	626,816
Hotel investments	16,257	15,381	99,133	107,317	85,322	16,146	122,866	101,909	94,532	77,510
LTM capital expenditures – Leisure business (4)	63,896	59,981	74,271	60,007	68,406	62,942	79,260	51,926	62,822	63,239
LTM capital expenditures – Hotel business	75,889	0	0	0	0	0	0	0	0	0
Free cash flow (TTM) (5)	**(90,999)**	**92,897**	**(49,655)**	**69,148**	**37,588**	**125,252**	**52,327**	**23,597**	**52,527**	**54,745**

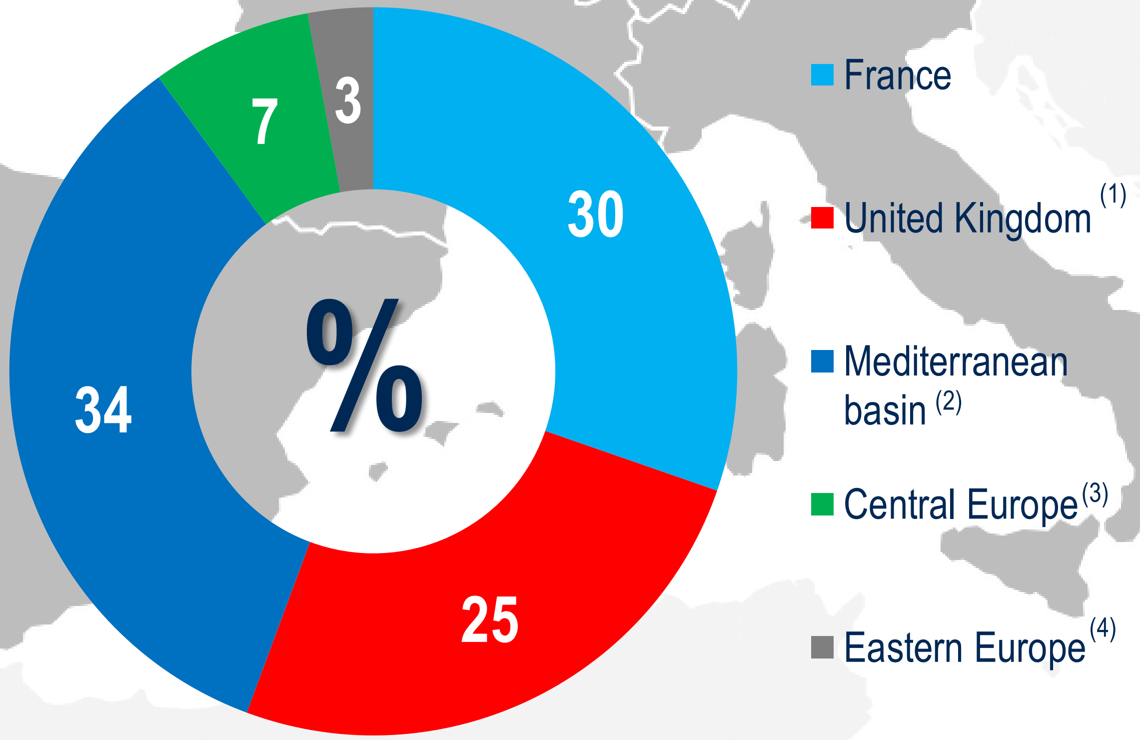
(1) Figures restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Refer to IFRS 9 and 15 financial impact in the Appendix
(3) As at January 31st, 2019 the trade and other payables includes the fair value of the non-controlling interest for $23,810 – Minority shareholder put option expire in in the coming year and then, we transferred the liabilities from long-term to short-term until the put option is renewed
(4) LTM capital expenditures related to sales & airline (excluding capital expenditures related to hotel chain development)
(5) Refer to Non-IFRS Financial Measures in the Appendix and the calculation excludes the capital expenditures related to the hotel chain development

Transatlantic capacity breakdown by destination and origin

ORIGINS



DESTINATIONS



GLOBAL MARKET OVERVIEW

- Europe: Largest tourism market in the world
- 5.5M seats in summer 2019 between Canada and Europe

TRANSAT STRATEGY AND MARKET POSITION

- Summer 2019: Similar capacity to previous year but redeploy differently with an increase in peak and reduction in shoulder
- Wide portfolio of direct flights (25 destinations)
- Start of deployment of our firsts A321 LR on certain routes(more efficient)
- Strong airline brand and friendly service at affordable prices (voted best leisure airlines in the World in 2018 by Skytrax)
- ~40% of European passengers = sales in foreign currency
- Attractive offering of packages including accommodations, transfers, cruises, tours, rental cars and excursions

(1) Including Ireland ; (2) Italy, Portugal, Spain and Greece ; (3) Netherlands, Belgium and Switzerland ; (4) Croatia and Czech Republic

5-year historical summer financial results

(Results from continuing operations)

(in thousands of C$, except per share amounts)	6-month period ended on October 31				
	2018 (1)	2017	2016	2015	2014
Revenues	**1,333,412**	**1,431,703**	**1,275,702**	**1,338,848**	**1,320,401**
Adjusted EBITDAR (2)	94,757	196,271	127,250	166,611	150,960
Adjusted EBITDA (2)	**33,824**	**137,596**	**62,461**	**115,603**	**102,754**
As % of revenues	*2.5%*	*9.6%*	*4.9%*	*8.6%*	*7.8%*
Adjusted net income (loss)(2)	**8,619**	**73,238**	**26,706**	**71,534**	**64,660**
As % of revenues	*0.6%*	*5.1%*	*2.1%*	*5.3%*	*4.9%*
Per share	*$0.23*	*$1.98*	*$0.72*	*$1.86*	*$1.67*
Net income (loss) attributable to shareholders	**6,653**	**174,735**	**(12,793)**	**72,093**	**46,852**

(1) Results restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Refer to Non-IFRS Financial Measures in the Appendix

5-year historical summer financial position

(in thousands of C$)	As at July 31					As at October 31				
	2018 (1)	2017	2016	2015	2014	2018 (1)	2017	2016	2015	2014
Free cash (2)	**867,247**	**580,739**	**470,065**	**515,552**	**497,072**	**593,654**	**593,582**	**363,664**	**336,423**	**308,887**
Cash in trust or otherwise reserved (2)	184,665	184,989	199,594	266,700	262,803	287,735	258,964	292,131	367,199	340,704
Trade and other payables (3)	310,535	329,614	349,355	466,644	463,785	288,132	245,013	247,795	355,656	338,633
Customer deposits	587,213	509,931	440,418	527,868	485,867	517,352	433,897	409,045	489,622	424,468
Working capital ratio	**1.41**	**1.26**	**1.05**	**1.04**	**1.06**	**1.38**	**1.51**	**1.28**	**1.09**	**1.12**
Balance sheet debt	0	0	0	0	0	0	0	0	0	0
Obligations under operating leases	2,368,169	1,383,171	693,309	624,047	562,821	2,506,916	1,745,221	691,841	675,385	657,639
Hotel investments	16,736	15,019	99,216	96,453	78,026	16,084	15,888	97,668	97,897	83,949
LTM capital expenditures (4)	62,962	69,245	65,452	61,460	58,436	58,767	69,523	70,754	59,295	64,976
LTM hotel capital expenditures	0	0	0	0	0	60,286	0	0	0	0
Free cash flow (TTM) (5)	**69,590**	**50,744**	**(9,282)**	**28,829**	**100,580**	**9,522**	**91,964**	**(28,266)**	**39,658**	**41,264**

(1) Figures restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Refer to IFRS 9 and 15 financial impact in the Appendix
(3) As at October 31st, 2018 the trade and other payables includes the fair value of the non-controlling interest for $22,800 – Minority shareholder put option expire in in the coming year and then, we transferred the liabilities from long-term to short-term until the put option is renewed
(4) LTM capital expenditures related to sales & marketing (excluding capital expenditures related to hotel chain development)
(5) Refer to Non-IFRS financial measures in the Appendix and the calculation excludes the capital expenditures related to the hotel chain development

Experienced and results-driven executive team

Jean-Marc Eustache
Chairman of the Board
President and
Chief Executive Officer
Transat A.T. Inc

Jean-Marc Eustache was the principal architect of the 1987 creation of Transat A.T. Inc. His forward-thinking business vision — focused on vertical integration — combined with outstanding leadership skills have helped elevate Transat A.T. Inc. to the rank of Canada's tourism industry leader. With its subsidiaries and affiliates, the Company has also become international in scope and one of the world tourism industry's largest players.

He holds a Bachelor of Science degree in Economics (1974) from l'Université du Québec à Montréal. He began his career in the tourism industry in 1977 at Tourbec, a travel agency specializing in youth and student tourism, before founding Trafic Voyages — the foundation for the creation of Transat A.T. — in 1982.

Annick Guérard
Chief Operating Officer
Transat A.T. Inc.

Annick Guérard, Transat's Chief Operating Officer since November 2017, heads all of the Company's travel-related operations, including those of the Air Transat business unit. With her extensive knowledge of Transat, the industry and consumers, combined with her qualities of vision, leadership and effectiveness, she plays a key role in Transat's development and success.

She joined Transat in 2002, and has served in senior management posts involving operations, distribution, marketing, e-commerce, customer service and product development for several business units, namely Air Transat, Jonview Canada and Transat Tours Canada. In December 2012, she was appointed President and General Manager of Transat Tours Canada, which develops and commercializes all Transat and Air Transat products and services.

Ms. Guérard began her career in engineering consulting as a project manager in the transportation industry, then served as a senior advisor in organizational management for Deloitte Consulting. She holds a bachelor's degree in civil engineering from Polytechnique Montréal and an MBA from HEC Montréal.

Jordi Solé
President, Hotel division
Transat A.T. Inc.

Jordi Solé was appointed President of Transat's hotel division in 2018. Since 2001, he has overseen the operations of resorts belonging to several major international hotel chains, where he has acquired extensive experience in operations, sales, marketing and staff management at all-inclusive resorts. He began his career in the industry in Spain as Deputy Managing Director of Barcelo Hotels and Resorts, where he optimized operational and organizational procedures across Europe. In 2009, he came to Latin America as head of Iberostar Hotels and Resorts in Mexico, where he oversaw the 10 resorts in the region (4,000 rooms and 4,500 employees). More recently, he was appointed Senior Vice-President, Operations, for Blue Diamond Resorts, participating in the extensive growth and development of the company.

Mr. Solé holds an MBA from IESE Business School and a bachelor's degree in industrial engineering from Universitat Politècnica de Catalunya, in Barcelona, Spain

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

Denis Petrin, CPA has held the position of Vice-President, Finance and Administration and Chief Financial Officer for Transat A.T. Inc. since 2009.

He began his career with EY before joining Air Transat in 1990. In 1997, he was appointed Vice-President, Finance and Administration for Air Transat to which was added the equivalent position for Transat Tours Canada in 2003.

Mr. Petrin holds a bachelor's degree in Business Administration from Université du Québec à Trois-Rivières.

IFRS 9 (Financial instruments) and IFRS 15 (Revenue from contracts with customers)

Update

- Transat adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, on November 1st, 2018, and restated the 2018 figures, as well as the November 1st, 2017 opening balance sheet;
- The main changes related to the adoption of IFRS 9 and IFRS 15 are described in note 3 of the interim condensed consolidated financial statements for the period ended January 31st, 2019. A summary of our accounting policies regarding IFRS 15 is provided on the right;
- The adoption of IFRS 9 has no impact on revenue, adjusted EBITDA and adjusted net income (loss), and has no significant impact on the balance sheet;
- The adoption of IFRS 15 had an impact on revenue, adjusted EBITDA and adjusted net income (loss) presented in the following page for each quarter of 2018 and the first quarter of 2019.
- In addition, IFRS 15 had an impact on few accounts of the balance sheet which directly affected the unrestricted cash and restricted cash line

Summary of accounting policies

Service type	Old accounting policy (IAS 18)	New accounting policy (IFRS 15)
Passenger air transportation	By segment	By segment
Land portion of holiday packages	Upon departure	Over the course of the stay
Commissions (travel agency)	Upon booking	Upon departure
Distribution and credit card costs	Upon booking	Capitalized upon booking and expensed when revenue is recognized

- **Reporting revenue gross or net**
  - ✓ All airport taxes are now reported net of revenue
  - ✓ All commissions are now reported gross of revenue

IFRS 9 and 15 financial impact

Impact on profit & loss

(in millions of C$)	Q1-2018			Q2-2018			S1-2018		
	Statutory	Adjustments	Restated	Statutory	Adjustments	Restated	Statutory	Adjustments	Restated
Revenue	725.8	(77.4)	648.4	902,0	(34.8)	867.2	**1,627.8**	**(112.2)**	**1,515.5**
Adjusted EBITDA	(31.0)	2.3	(28.8)	6.6	5.6	12.1	**(24.5)**	**7.8**	**(16.6)**
Adjusted net income (loss)	(33.9)	1.7	(32.2)	(4.6)	4.1	(0.5)	**(38.4)**	**5.8**	**(32.7)**
Net income (loss) per FS	(6.6)	3.4	(3.2)	6.7	1.3	7.9	**0.1**	**4.6**	**4.7**

(in millions of C$)	Q3-2018			Q4-2018			S2-2018			FY2018		
	Statutory	Adjustments	Restated	Statutory	Adjustments	Restated	Statutory	Adjustments	Restated	Statutory	Adjustments	Restated
Revenue	696.6	(32.0)	664.6	668.3	0.6	668.8	**1,364.8**	**(31.4)**	**1,333.4**	**2,992.6**	**(143.6)**	**2,849.0**
Adjusted EBITDA	5.1	(2.7)	2.4	35.9	(4.4)	31.5	**41.0**	**(7.2)**	**33.8**	**16.5**	**0.7**	**17.2**
Adjusted net income (loss)	(3.0)	(2.0)	(5.0)	16.9	(3.2)	13.7	**13.9**	**(5.3)**	**8.6**	**(24.5)**	**0.5**	**(24.0)**
Net income (loss) per FS	(4.0)	(1.0)	(5.0)	7.8	3.9	11.7	**3.7**	**2.9**	**6.7**	**3.8**	**7.6**	**11.4**

Impact on balance sheet (1)

(in millions of C$)	Q1-2018			Q2-2018			Q3-2018			Q4-2018			Q1-2019 (2)		
	Statutory	Adj.	Adjusted	Statutory	Adj.	Adjusted	Statutory	Adj.	Adjusted	Statutory	Adj.	Adjusted	Statutory	Adj.	Adjusted
Cash and cash equivalents	749.3	(33.3)	716.1	903.3	(16.1)	887.2	867.2	(26.7)	840.5	593.7	(5.3)	588.4	620.5	32.0	652.5
Cash and cash equivalents in trust	336.5	33.3	369.8	190.4	16.1	206.6	184.7	26.7	211.4	287.7	5.3	293.0	405.2	(32.0)	373.2

(1) Only cash impact is presented but few accounts of the balance sheet also have been impacted as prepaid expenses, trade and other receivables, deferred tax assets, trade and other payables, customer deposits and deferred revenues, deferred tax liabilities and retained earnings
(2) In first quarter 2019, the statutory figures already included the adoption of IFRS 15. Then, the adjusted number is to reflect the cash and cash equivalents before IFRS 15 adoption

Non-IFRS financial measures

Non-IFRS financial measures included in this presentation are not defined under IFRS. Therefore, It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The non-IFRS measures used by the Corporation in this presentation are defined as follows:

- **Adjusted net income (loss):** 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.

- **Adjusted EBITDA (adjusted operating income (loss)):** 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 EBITDAR:** Operating income (loss) before aircraft rent, 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.

- **Free cash flow:** Cash flows related to operating activities, net of capital expenditures. The Corporation uses this measure to assess the amount of cash that it is able to generate from its operations after accounting for all capital expenditures, mainly related to aircraft and IT.

- **Adjusted net debt:** Long-term debt plus 7.5x the aircraft rent expense from the last 12 months, less cash and cash equivalents. Management uses adjusted net debt to assess the Corporation's debt level, future cash needs and financial leverage ratio. Management believes this measure is useful in assessing the Corporation's capacity to discharge its current and future financial obligations in comparison with other companies from its sector.

Note: The reconciliations between IFRS financial measures and non IFRS financial measures are available in our First Quarter report 2019 and in our Annual report 2018 by clicking on the following links : First Quarter Report 2019 and Annual Report 2018

transat

TRANSAT A.T. INC. – RESULTS FOR FIRST QUARTER 2019

COST OF IMPLEMENTING THE STRATEGIC PLAN WEIGHS ON CURRENT RESULTS BUT SECURES FUTURE GROWTH

INVESTOR'S PRESENTATION

MARCH 2019