transat

Results for third quarter 2020

Reduced to one week of operations

Still awaiting regulatory approvals about the transaction with Air Canada

INVESTOR'S PRESENTATION

SEPTEMBER 2020

Forward-looking statements / Non-IFRS financial measures

This presentation contains certain forward-looking statements with respect to the Corporation, including those regarding its results, its financial position, the impacts of the coronavirus (“COVID-19”) pandemic, its outlook for the future and planned measures, including in particular the gradual resumption of certain flights and actions to improve its cash flows. These forward-looking statements are identified by the use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “will,” “would,” the negative of these terms and similar terminology, including references to assumptions. All such statements are made pursuant to applicable Canadian securities legislation. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions. Forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements.

Due to the global COVID-19 pandemic, Transat suspended its airline operations on April 1, 2020. Starting July 23, 2020, the Corporation operated its first commercial flights after four months of inactivity and rolled out a reduced summer program.

The global air transportation and tourism industry has faced a collapse in traffic and demand. Travel restrictions, uncertainty about when borders will reopen, both in Canada and at certain destinations we fly to, and the need for quarantine, and security and physical distancing measures as well as the resulting economic slowdown are creating significant demand uncertainty for the remaining part of fiscal 2020 and at least for fiscal 2021. For the moment, Transat cannot predict all the impacts of COVID-19 on its operations and results, or when the situation will improve. The Corporation has implemented a series of operational, commercial and financial measures, including cost reduction, aimed at preserving its cash. The Corporation is monitoring the situation daily to adjust these measures as it evolves. However, until the Corporation is able to resume operations at a sufficient level, the situation will affect its cash position.

The forward-looking statements may therefore differ materially from actual results for a number of reasons, including without limitation, economic conditions, changes in demand due to the seasonal nature of the business, extreme weather conditions, climatic or geological disasters, war, political instability, real or perceived terrorism, outbreaks of epidemics or disease, consumer preferences and consumer habits, consumers’ perceptions of the safety of destination services and aviation safety, demographic trends, disruptions to the air traffic control system, the cost of protective, safety and environmental measures, competition, the Corporation’s ability to maintain and grow its reputation and brand, the availability of funding in the future, fluctuations in fuel prices and exchange rates and interest rates, the Corporation’s dependence on key suppliers, the availability and fluctuation of costs related to our aircraft, information technology and telecommunications, changes in legislation, unfavorable regulatory developments or procedures, pending litigation and third-party lawsuits, the ability to reduce operating costs, the Corporation’s ability to attract and retain skilled resources, labor relations, collective bargaining and labor disputes, pension issues, maintaining insurance coverage at favorable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties sections of the MD&A included in our 2019 Annual Report, Third Quarter Report 2020 and this presentation at page 11.

This presentation also contains certain forward-looking statements about the Corporation concerning a transaction involving the acquisition of all the shares of the Corporation by Air Canada [the “transaction with Air Canada”]. These statements are based on certain assumptions deemed reasonable by the Corporation, but are subject to certain risks and uncertainties, several of which are outside the control of the Corporation, which may cause actual results to vary materially. In particular, the completion of transaction with Air Canada remains subject to certain customary closing conditions, including regulatory approvals, particularly those of authorities in Canada and the European Union. Notably, a public interest assessment regarding the arrangement is being undertaken by Transport Canada. On March 27, 2020, as part of this assessment process, the Commissioner of Competition released the report provided to Transport Canada summarizing his assessment of the impacts on competition. On May 1, 2020, Transport Canada in turn provided its assessment report to the Minister of Transport. On May 25, 2020, the European Commission decided to open an in-depth (“Phase II”) investigation to assess the transaction with Air Canada. This extension is part of the European Commission's normal process of assessing the impact of transactions submitted for its approval, which is currently complicated by the COVID 19 pandemic and the impact it is having on the international commercial aviation market. On September 1, 2020, with retroactive effect to August 20, 2020, the European Commission ended the suspension of the deadline decided on June 9, 2020 and set a new provisional deadline of December 11, 2020 for its decision. Among other things, the vast majority of North American, European and international air carriers have requested financial assistance measures but have had to implement reductions in capacity (as the Corporation did). This context could impact the obtaining of approvals from regulatory authorities, especially regarding the appropriate package of remedies aimed at obtaining those approvals.

Moreover, owing to the pandemic and the continued restrictions on non-essential travel, the Corporation is actively looking to obtain additional sources of financing. The covenants undertaken under the arrangement agreement with Air Canada restrict and govern the Corporation’s capacity to obtain additional sources of financing and may require Air Canada’s prior consent. Although the agreement provides that Air Canada’s consent may not be unreasonably withheld, there is no certainty that Air Canada will consent to the obtaining of additional sources of financing by the Corporation. If the required approvals are obtained and the conditions are met, it is now expected that the arrangement will be completed during the fourth quarter of the 2020 calendar year.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Corporation’s forward-looking statements. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements.

The forward-looking statements in this presentation are based on a number of assumptions relating to economic and market conditions as well as the Corporation’s operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning:

- The outlook whereby until the Corporation is able to resume operations at a sufficient level, the situation will affect its cash position.
- The outlook whereby Air Canada will acquire all of the shares of the Corporation.
- The outlook whereby if the required regulatory approvals are obtained and conditions are met, it is expected that the transaction with Air Canada will be completed during the fourth quarter of the 2020 calendar year.
- The outlook whereby the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and its borrowing capacity.
- The outlook whereby travel credits will be used by customers and not reimbursed in cash.
- The outlook whereby the Corporation will be able to favorably negotiate concessions and deferrals with its aircraft lessors, owners of premises, suppliers, credit card processors and the extension of the temporary suspension of the application of certain financial ratios granted by the lenders of its revolving term credit facility.

In making these statements, the Corporation has assumed, among other things, that travel and border restrictions imposed by government authorities will be relaxed to allow for a resumption of operations of the type and scale expected, that the standards and measures imposed by government and airport authorities to ensure the health and safety of personnel and travelers will be consistent with those announced or currently anticipated, that travelers will continue to travel despite the new health measures and other constraints imposed as a result of the pandemic, that credit facilities and other terms of credit extended by its business partners will continue to be made available as in the past, that management will continue to manage changes in cash flows to fund working capital requirements for the full fiscal year. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this presentation

The Corporation considers that the assumptions on which these forward-looking statements are based are reasonable.

These statements reflect current expectations regarding future events and operating performance, speak only as of the date this presentation is issued, and represent the Corporation’s expectations as of that date. 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 applicable securities legislation.

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

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1 *Transaction* with Air Canada update

- **The transaction is expected to close during the fourth (calendar) quarter of 2020, subject to receiving all regulatory approvals and other usual closing conditions for this type of transaction**
- **Decision by the European Commission to open an in-depth ("Phase II") investigation to assess the transaction with Air Canada**
  - ✓ Awaiting decision from Minister of Transport and Canadian Cabinet
  - ✓ European Commission: Decision expected by December 11, 2020 given significant amount of information requested

April 30, 2019
TRZ announces being in preliminary discussions with more than one party concerning a transaction involving the acquisition of the Corporation

May 16, 2019
TRZ and AC announce exclusive negotiations whereby AC will acquire TRZ for $13 per voting share in cash

June 27, 2019
AC and TRZ announce the finalization of the arrangement agreement at $13 per voting share in cash

July 23, 2019
TRZ announces the mailing of its circular in connection with the special meeting of shareholders to approve the plan of arrangement with AC

August 11, 2019
AC increases offer to $18 per voting shares and TRZ break fee to $40M and locks-up from Letko Brosseau, largest shareholder of TRZ

August 23, 2019
TRZ shareholders approved the transaction at 94.7%

August 28, 2019
TRZ announces receipt of Final Court Approval for the transaction with AC

March 27, 2020
Release of the Competition Bureau report

May 2, 2020
Transport Canada has made a recommendation to the Minister of Transport

4

May 25, 2020
The European Commission announced it has opened an in-depth investigation to assess the proposed acquisition of TRZ by AC, under the EU Merger Regulation. the European Commission now has until September 30, 2020 to make a decision

August 27, 2020
Transat has extended the closing date until September 27, 2020

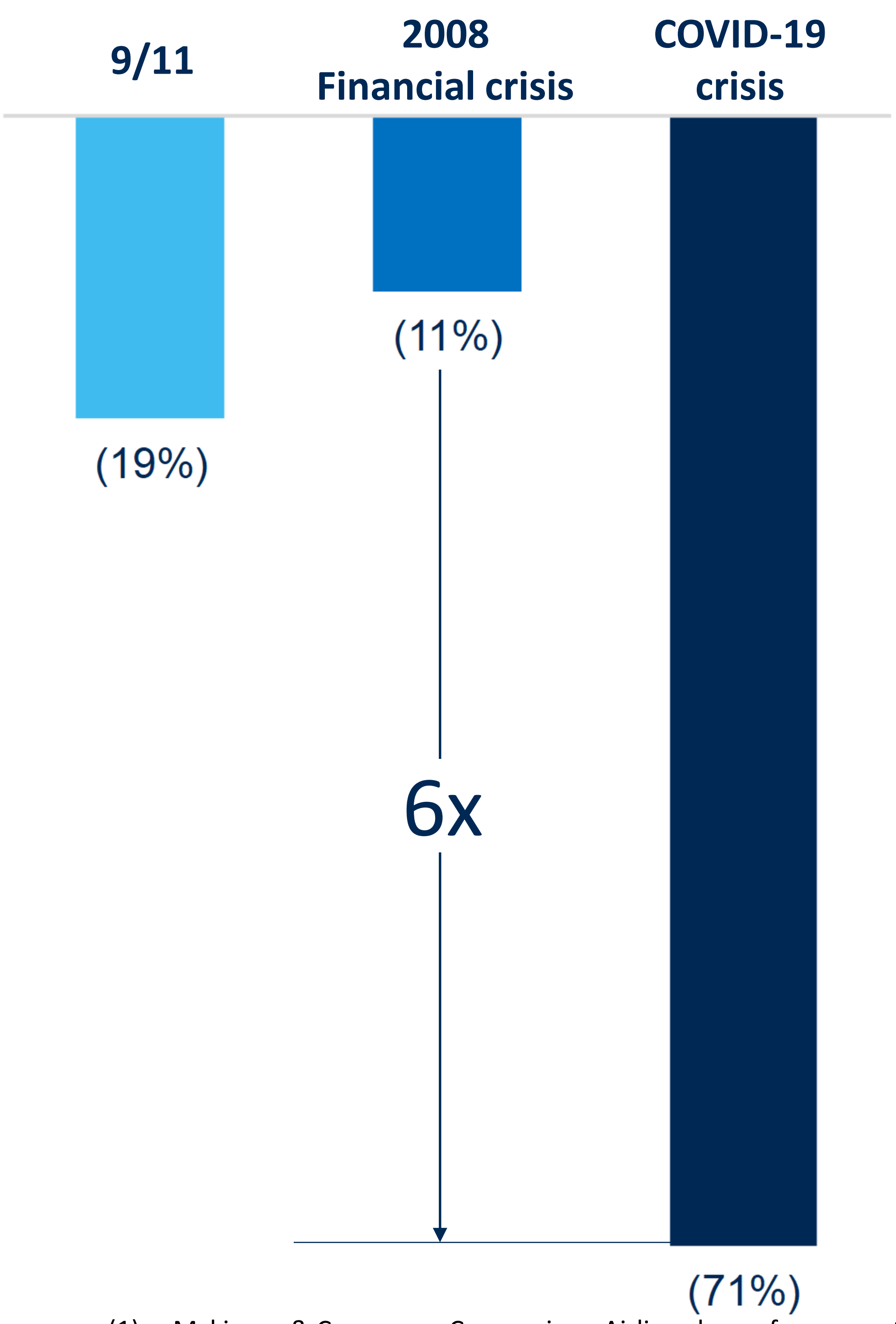
Transaction outside date is December 27, 2020

Fourth quarter of 2020 (calendar)
Planned closing of combination of Transat and Air Canada

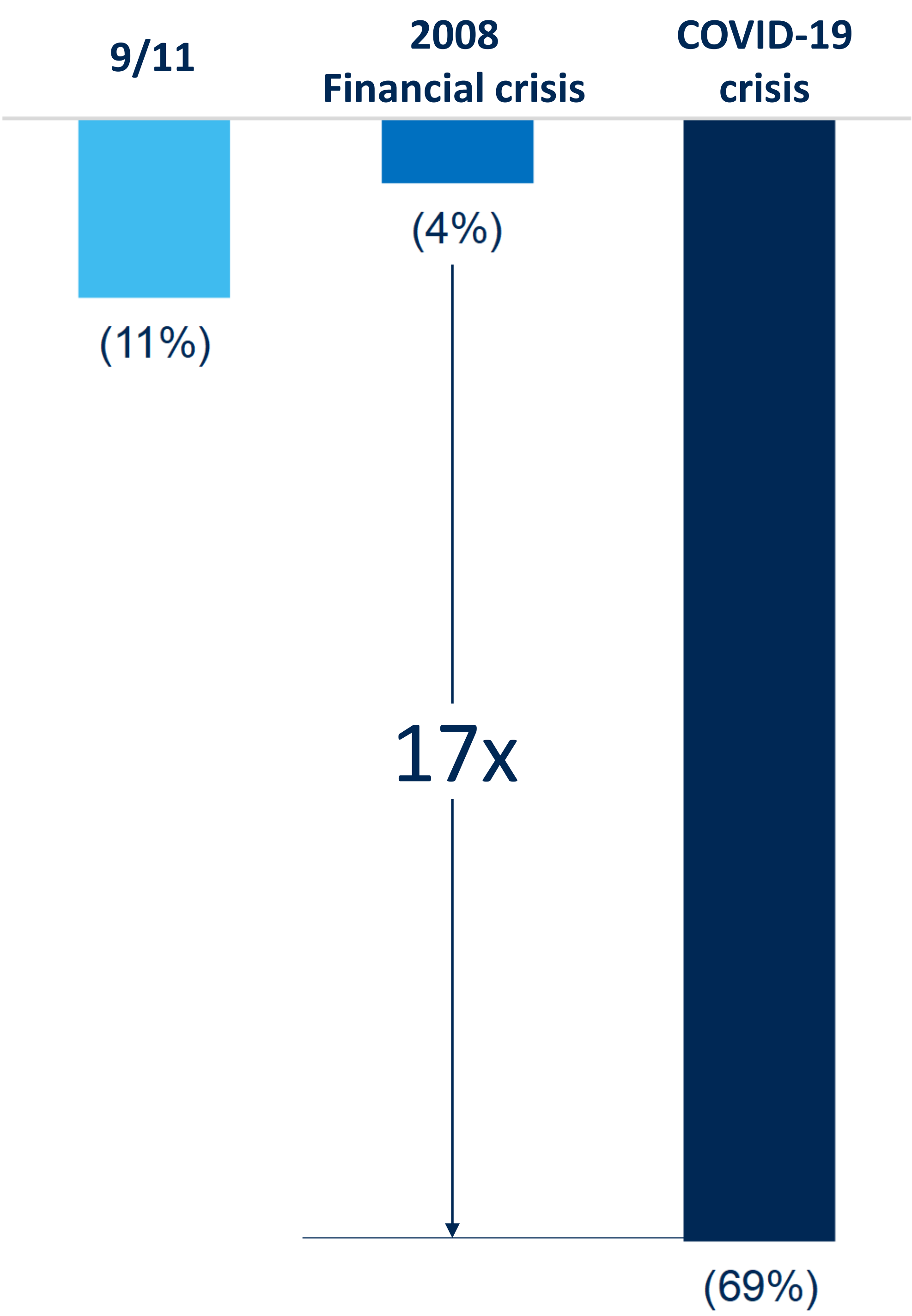
REGULATORY AUTHORITIES INVESTIGATION

1 *Impact of COVID-19* is unprecedented

US airline available seat miles (YoY%)[1]



US airline load factor (YoY%)[1]



- **IATA [2] expects a reduction of 50 to 60% of travellers in 2020 compared to 2019 which represent a global loss of revenues over US$ 400-500B**
- **A vast majority of air carriers around the world are benefitting from government aid to face this unprecedented crisis including:**
  - ✓ U.S. government adopted the CARES Act [3], a global economic relaunch plan of US$ 2T including US$ 61B for US airline carriers
  - ✓ European air carriers received some financial support as well, varied according to jurisdiction, with rescue plan totalling more than € 30B

(1) Mckinsey & Company - Coronavirus: Airlines brace for severe turbulence.
(2) International Air Transport Association
(3) Coronavirus Aid, Relief, and Economic Security Act.

2 *Measures taken* to preserve liquidity

1 — *OPERATIONS AND FLEET*

- In March, the Corporation decided to permanently withdrawn A310 from his fleet
- The Corporation executed repatriation flights and temporarily suspended all flights operations from April 1st to July 22nd
- Negotiate with aircraft and real estate lessors to defer payments
- Negotiate with some aircraft lessors for early lease terminations

2 — *WORKFORCE*

- Board of directors and executive team adopted 10-20% voluntary pay reductions
- At the end of March, the Corporation proceeds gradually to temporary layoff up to 85%; Following the resumption of our activities, the Corporation recalled approx. 1,000 employees but two-third are still in temporary layoff
- In April, the Corporation took advantage of the Canada Emergency Wage Subsidy program ("CEWS") for its Canadian workforce, which enabled it to finance a portion of the salaries of its staff still at work and offered its employees that were temporarily laid off the possibility of receiving part of their salary equivalent to the amount of the grant received, without work counterpart

3 — *LIQUIDITY*

- By precautionary measure, the Corporation drawn on its revolving credit facility of $50M in mid-March. As at July 31, cash and cash equivalents stood at $576M
- In order to avoid drying up our liquidity and to allow an orderly recovery after lifting of restrictions, the Corporation issued travel credit vouchers to their customers valid for an **unlimited time** and **transferable**
- Negotiate with suppliers for costs reduction or modified payment terms
- Reduction measures related to fixed costs and capital expenditures

4 — *FUNDING*

- Given the lack of visibility regarding many aspects of resuming operations including the velocity of the demand, the Corporation is well advanced in its discussions with their current lenders and Canadian federal government to provide with additional liquidity
- Continue to monitor closely the situation and plan for any potential contingencies to ensure the Corporation is best positioned to ensure the future success of the business

3 *Most recent* financial results

Highlights vs. 2019

1. **Strong pre-COVID adjusted operating income (EBITDA)**
   - Improvement of the four first month of the year (YoY) by ~$63M due to profitability improvement of Sun destinations program which is the principal program during Winter season

2. **COVID-19 (shutdown and resumption)**
   - Repatriation flights during the last two weeks of March and consequently, suspension of all our flights starting April 1st up to July 22nd
   - International flights restrictions, quarantine measures and border closure stopped our sales and limited our recovery
   - Partial resumption of our activities starting July 23rd but with only one-week of operations, a significant decrease of our revenues by (99%) attributable to a largely lower capacity, lower load factor and selling prices

3. **Adjusted EBITDA decreased by ($142M)**
   - Despite few cost reduction measures implemented, the Corporation had to maintain certain fixed costs during the shutdown of its operations and thereby, the collapse of revenues is more pronounced than the decrease of operating expenses

4. **The net loss attributable to shareholders includes**
   - Change in fair value on hedging instruments of +$68M due the increase of fuel prices since the trough at the end of April which considerably reduced the cash flow impact
   - Unrealized USD conversion gain of +$29M mainly due to revaluation of aircraft lease liabilities (USD at 1.34 as at July 31 compared to 1.39 at the end of April)

(in millions of C$, except per share amounts)	Quarter ended July 31		Nine-month periods ended July 31	
	2020	2019 (2)	2020	2019 (2)
Revenues	**9.5**	**698.9**	**1,273.6**	**2,243.9**
Adjusted EBITDAR (1)	(79.7)	64.1	(7.0)	141.1
Adjusted EBITDA (1)	**(79.9)**	**62.1**	**(31.4)**	**94.9**
Adjusted net income (loss) (1)	**(139.8)**	**6.2**	**(198.9)**	**(39.5)**
Per share	($3.70)	$0.16	($5.27)	($1.05)
Net income (loss) attributable to shareholders	**(45.1)**	**(1.5)**	**(258.5)**	**(55.4)**

(1) Refer to Non-IFRS Financial Measures in the Appendix
(2) Results restated to reflect the adoption of IFRS 16

3 *Current* financial position

Highlights

1. **Variation explanation vs. 2019**
   - Significant decrease of the profitability
   - Acquisition of 2 spare engines for A321neoLR ($33M)
   - Professional fees related to the transaction with Air Canada ($15M)
   - **Offset partially by $50M drawdown** on our revolving credit facility (first time since January 2011)
2. **Current financial position**
   - **Customer deposits (incl. travel credit vouchers):** As at July 31, the travel credit vouchers issued to customers in compensation of the cancellation of their flights due to COVID-19 represent $564M of which 43% is in trust account (packages)
   - **Payables to suppliers**: Negotiate with our key suppliers to extend our payment terms or to be agreed on deferred payment in the short-term which will be reimbursed when the activities will come back to a certain level compared to pre-COVID-19
3. **Shutdown and relaunch of operations**
   - **Pre-COVID-19** monthly fixed costs of **$60M** which includes $35M of salaries, $15M of aircraft rent and $10M of other
   - **Monthly cash burn during shutdown period:**
     - **Fixed costs** reduced in the range of $20M-25M
     - **Other cash outflows** of $25-30M related to payables to suppliers, hedging settlement, customer refunds and minimum capex
   - **Relaunch costs** for pilot recall (training and salaries)
4. **Financing**
   - As at July 31, 2020, all financial ratios and conditions were met
   - **Discussions for additional financing are at advanced stage and implementation may require Air Canada's consent**

(in millions of C$)	July 31, 2020		April 30, 2020		July 31, 2019	
	$	*% of total assets*	$	Δ vs Jul 31 2020	$	Δ vs Jul 31 2020
Cash & cash equivalents	576.4	*24%*	733.7	(157.3)	723.8	(147.4)
Cash in trust or otherwise reserved	280.4	*12%*	280.8	(0.4)	198.0	82.3
Total cash	**856.8**	***36%***	**1,014.5**	**(157.7)**	**921.9**	**(65.1)**
Current assets	1,037.4	*43%*	1,218.8	(181.4)	1,188.3	(150.9)
Total assets	**2,413.4**	***100%***	**2,487.9**	**(74.5)**	**2,397.5**	**15.9**
Trade and other payables	253.8	*11%*	376.9	(123.2)	345.6	(91.8)
Customer deposits and deferred revenue	**638.1**	***27%***	**605.1**	**33.0**	**611.1**	**27.0**
Current liabilities	1,112.3	*46%*	1,230.2	(128.4)	1,062.6	49.7
Long-term debt	50.0	*2%*	50.0	-	-	50.0
Total liabilities	**2,103.0**	***87%***	**2,130.4**	**(27.4)**	**1,862.1**	**240.9**
Shareholder's equity	310.3	*13%*	357.4	(47.1)	535,4	(225.1)
Total liabilities and shareholder's equity	**2,413.4**	***100%***	**2,487.9**	**(74.5)**	**2,397.5**	**15.9**
Current ratio (1)	0.93		0.99	(0.06)	1.10	(0.17)
Customer deposits coverage ratio (2)	**134%**		**168%**	**(33%)**	**151%**	**(17%)**

(1) Current ratio = current assets / current liabilities
(2) Customer deposits coverage ratio = Total cash / Customer deposits and deferred revenue

4 *Status* on resumption of operations

- **Transat resumed its flights and tour operator activities on July 23rd**
- **Operates a condensed flight schedule for the Summer season and offers 17 destinations**
  - ✓ 11 European destinations from Montreal or Toronto (France, United Kingdom and Portugal)
  - ✓ 3 destinations in the South from Montreal or Toronto (Mexico, Dominican Republic and Haiti)
  - ✓ Domestic program (Montreal, Toronto, Calgary and Vancouver)
- **Expects revenues and resulting cash flow to gradually return as service levels are expanded and customers become more comfortable with a return to air travel over the coming months**
- **The main challenges Transat faces in the short and medium term**
  - ✓ Lower revenues attributable to travel restrictions (lower demand, pressure on unit revenues)
  - ✓ Increased cost pressure (post-COVID operational adjustments)
  - ✓ Cash pressure
  - ✓ Travelers confidence
- **Implementation of *Traveller Care* program to reinforce our commitment with respect to the health and safety of our customers at each contact point**
- **In August 4, the Corporation announced its Winter program which includes at the peak of the season, numerous destinations in the Caribbean, Mexico, Central and South America, United States, Europe and Canada as well as a selection of packages in South and Europe**
  - With the lack of visibility on future demand, our objective is to remain as flexible as possible and be able to adapt to the unforeseen (add or reduce capacity in a short timeframe in an efficient manner)
- **In return, the recovery period will allow Transat to anchor its position in the leisure market and increase its competitiveness on the medium and long haul**
  - ✓ Transat has demonstrated that it is on the right path to recovery, as it would have achieved a clear improvement in its results in the first half of 2020 (pre-COVID)
  - ✓ According to studies conducted by several consulting firms, there will not be lasting structural change in the demand for leisure travel over time
  - ✓ The context presents a unique opportunity for Transat to accelerate its transformation, especially from a fleet and organization perspectives

5 *Traveller Care* - Health and safety program

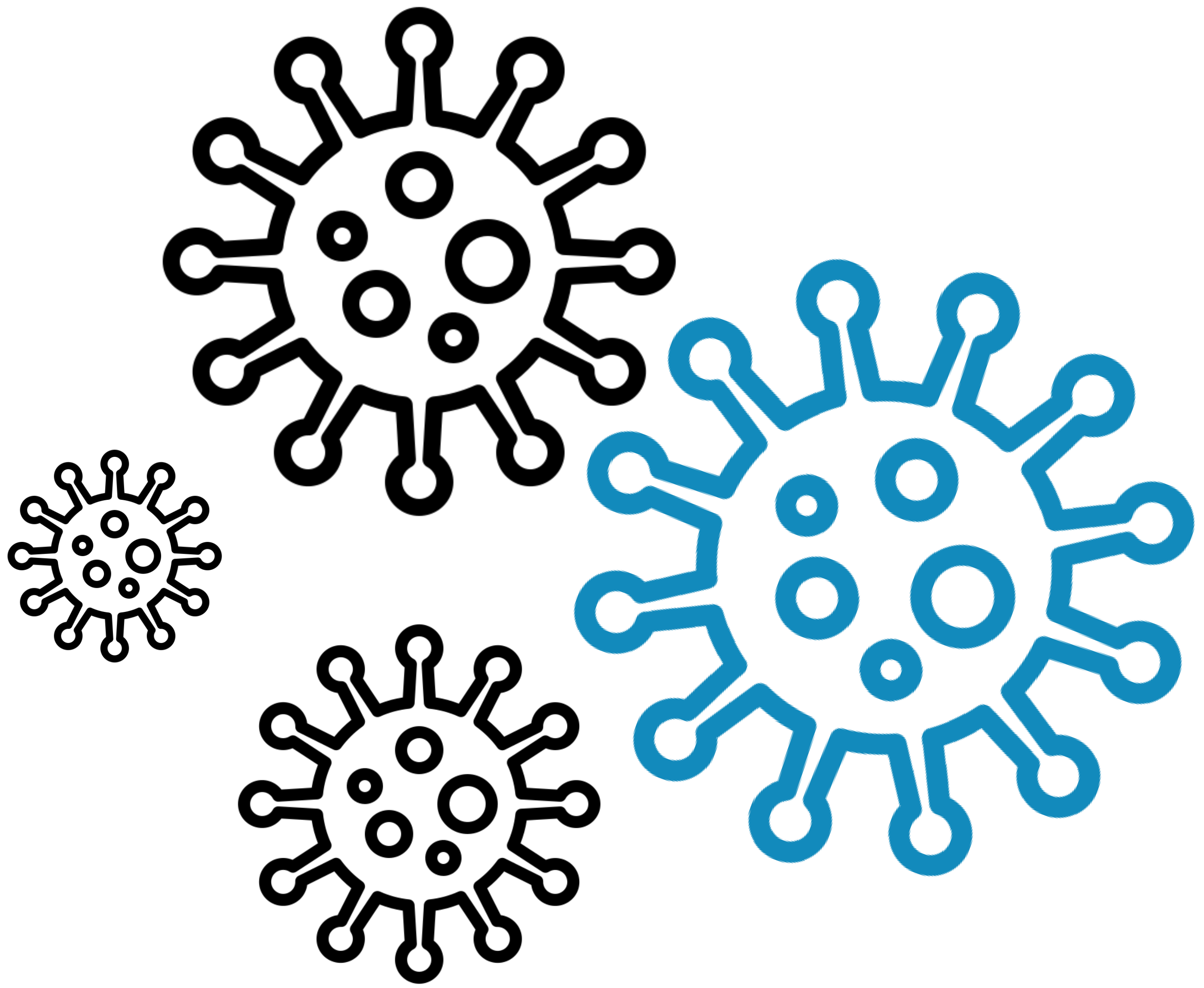
- **Program Objectives**
  - ✓ Reinforce our commitment with respect to the health and safety of our customers at each contact point
  - ✓ Prioritize the health and safety of our travellers, crew and employees in line with the measures required by the different regulatory authorities
    - Take into consideration social distancing
    - Offer a service with limited contact
    - Deploy health care and personal hygiene solutions
    - Prioritize online actions
  - Deploy health and safety measures as well as providing travellers with a practical guide for their next trip

- **Health and safety measures at all key points**
  - ✓ The program establishes new health and safety measures throughout all Transat touchpoints
    - Travel agencies
    - Planning and booking
    - Airport and onboard
    - At destination

6 *COVID-19*-related risks *

Potential negative impacts of the COVID-19 pandemic include but are not limited to:

- Significant reduction or even elimination of demand for the Corporation's products and services resulting from, among other things, **government travel and border restrictions**, travellers' concern about COVID-19, new constraints, a decline in economic activity
- Disruptions in operations related to the inability of the Corporation's employees, its subcontractors or other business partners to work in a normal manner (**quarantines**)
- **Refund of customer deposits** pursuant to legislative and regulatory enforcement actions
- Impact of new laws, new regulations and other government interventions such as travel-related **measures requiring physical distancing** that could result in additional costs to the Corporation
- Negative impact on **global credit and capital markets** that could limit the Corporation's ability to refinance or renew its obligations and other agreements that are maturing at reasonable terms and conditions
- Corporation's inability to meet the **financial ratios** required under its credit facilities and commitments made to its credit card processors or obtain an extension of the suspension of their application resulting in more onerous credit terms or repayment obligations that could adversely affect its cash flows
- **Tighter credit conditions** proposed by the Corporation's business partners to manage their own cash flows
- **Write-down of assets** as well non-recurring expenses resulting from adjustments to the Corporation's cost structure
- **Significant volatility in fuel prices and exchange rates** and the resulting negative impact on the value of the Corporation's derivative contracts used to manage fuel-price and foreign exchange risk
- Given the large number of **early terminations** completed to date and the decision to pay only legal indemnities, the Corporation is more exposed to risk of legal actions by these employees
- **Amounts that may be withheld by credit card processors** would delay the availability of these funds for the Corporation, creating additional adverse pressure on the Corporation's cash flow
- **Inability to reach an agreement with the regulatory authorities** in terms of solutions or remedies to the concerns raised regarding competition as part of the regulatory approval process for the arrangement with Air Canada given the current widespread context



* Other risks detailed in the Risks and Uncertainties sections of the MD&A included in our 2019 Annual Report and updated in our Third Quarter Report 2020 .

Appendix

Historical financial position

(in millions of C$)	Jan 31			Apr 30			Jul 31			Oct 31		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2017	2018	2019
Free cash	749.3	620.5	682.2	903.3	796.3	733.7	867.3	723.8	576.4	593.6	593.7	564.8
Cash in trust or otherwise reserved	336.5	405.2	410.5	190.4	177.3	280.8	184.7	198.0	280.4	259.0	287.7	301.6
Total Cash	**1,085.9**	**1,025.6**	**1,092.7**	**1,093.7**	**973.6**	**1,014.5**	**1,051.9**	**921.9**	**856.8**	**852.6**	**881.4**	**866.4**
Customer deposits and deferred revenue	675.1	752.8	809.1	604.9	629.7	605.1	587.2	611.1	638.1	433.9	517.4	561.4
Current ratio (1)	**1.37**	**1.14**	**1.04**	**1.41**	**1.14**	**0.99**	**1.41**	**1.10**	**0.93**	**1.52**	**1.27**	**1.13**
Liquidity ratio (2)	**37%**	**36%**	**37%**	**37%**	**34%**	**38%**	**37%**	**32%**	**44%**	**28%**	**31%**	**29%**
Customer deposits coverage ratio (3)	**161%**	**136%**	**135%**	**181%**	**155%**	**168%**	**179%**	**151%**	**134%**	**194%**	**170%**	**154%**

(1) Current ratio = current assets / current liabilities
(2) Liquidity ratio = total cash / LTM revenue
(3) Customer deposits coverage ratio = Total cash / Customer deposits and deferred revenue

IFRS 16

Leases

ACCOUNTING POLICIES CHOICES

IFRS 16 was applied on November 1, 2019, and the Corporation elected to apply the full retrospective approach, with restatement for each prior reporting period presented

The Corporation has elected to apply the following permitted capitalization exemptions:

- No capitalization for leases with terms of less than 12 months
- No capitalization for leases of low value assets

*Our new accounting policies are detailed in note 2 to the interim condensed financial statements for the period ended July 31, 2020.

IMPACT ON PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS *

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
	Impact	Details
ASSETS		
Trade and other receivables	Decrease	Lease incentives are now included in the calculation of lease liabilities
Prepaid expenses	Decrease	Prepaid rent is no longer recorded
Deposits	Increase	Maintenance deposits to lessors which were previously recorded as a reduction of the provision for overhaul of leased aircraft are presented separately
Property, plant and equipment	Increase	Account for right-of-use assets and capitalized maintenance
Other assets	Decrease	Deferred rent is no longer recorded
LIABILITIES		
Trade and other payables	Decrease	Which included the provision of overhaul of leased aircraft that were in maintenance at period end
Provision for overhaul of leased aircraft	No longer account	Replaced by Provision for return conditions and which are now provisioned over the lease term
Lease liabilities (1)	New - Increase	Present value of minimum lease payments
Other liabilities	Decrease	Lease incentives are now included in the calculation of lease liabilities
Retained earnings	Increase	

CONSOLIDATED STATEMENTS OF INCOME		
	Impact	Details
Aircraft rent	Decrease	As the expense now only includes certain variable rent as well as rent related to our seasonal aircraft fleet
Aircraft maintenance	Seasonality	Eligible maintenance costs are capitalized and depreciated over the shorter of the lease term or expected useful life. Other types of maintenance are accounted for when the maintenance is carried out (period cost)
Depreciation and amortization	Increase	As right-of-use assets and components are amortized on straight-line basis
Financing costs	Increase	Following the recognition of interest related to lease liabilities
Foreign exchange loss (gain)	Volatility	Since the lease liabilities related to aircraft are denominated in USD and will be converted at the closing rate

*** The impacts of the transition to IFRS 16 are detailed in note 3 to the interim condensed financial statements for the period ended July 31, 2020.**

(1) Liabilities recorded in USD are converted at the closing rate

2019 Financial results

IFRS 16 impact

(in millions of C$)		Q1	Q2	Q3	Q4	WINTER	SUMMER	FULL YEAR
IFRS 16	Adjusted EBITDAR [1]	11.1	65.9	64.1	98.2	76.9	162.3	239.3
	Adjusted EBITDA [1]	**(7.6)**	**40.4**	**62.1**	**97.5**	**32.8**	**159.6**	**192.4**
	Adjusted EBIT [1]	(48.7)	(3.8)	15.5	47.2	(52.6)	62.7	10.1
	Adjusted EBT [1]	(52.0)	(7.1)	10.7	41.9	(59.1)	52.6	(6.5)
	Adjusted net income (loss) [1]	**(39.2)**	**(6.4)**	**6.2**	**30.0**	**(45.6)**	**36.2**	**(9.5)**
	Net income (loss) attributable to shareholders	**(53.0)**	**(0.9)**	**(1.5)**	**23.0**	**(53.9)**	**21.5**	**(32.4)**
BEFORE	Adjusted EBITDAR [1]	0.9	44.2	52.0	84.8	45.0	136.8	181.8
	Adjusted EBITDA [1]	**(37.7)**	**3.1**	**21.8**	**50.9**	**(34.7)**	**72.7**	**38.0**
	Adjusted EBIT [1]	(52.7)	(13.2)	6.1	33.6	(65.8)	39.8	(26.1)
	Adjusted EBT [1]	(47.8)	(8.0)	11.2	38.3	(55.8)	49.5	(6.3)
	Adjusted net income (loss) [1]	**(36.0)**	**(6.3)**	**5.7**	**27.2**	**(43.0)**	**33.7**	**(9.3)**
	Net income (loss) attributable to shareholders	**(49.7)**	**7.2**	**(11.0)**	**20.3**	**(42.4)**	**9.2**	**(33.2)**
VARIATION	Adjusted EBITDAR [1]	10.2	21.7	12.1	13.4	31.9	25.5	57.5
	Adjusted EBITDA [1]	**30.2**	**37.3**	**40.3**	**46.7**	**67.5**	**87.0**	**154.4**
	Adjusted EBIT [1]	3.9	9.3	9.3	13.6	13.3	22.9	36.2
	Adjusted EBT [1]	(4.2)	0.9	(0.5)	3.6	(3.3)	3.1	(0.2)
	Adjusted net income (loss) [1]	**(3.2)**	**(0.1)**	**0.5**	**2.8**	**(3.1)**	**3.3**	**0.2**
	Net income (loss) attributable to shareholders	**(3.3)**	**(8.2)**	**9.5**	**2.8**	**(11.5)**	**12.3**	**0.8**

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

Financial position

IFRS 16 impact

(in millions of C$)	Q4 2018			Q4 2019		
	REPORTED	ADJUSTMENT	IFRS 16	REPORTED	ADJUSTMENT	IFRS 16
Current assets						
Trade and other receivables	140.0	(6.4)	133.6	137.5	0.5	137.9
Prepaid expenses	68.9	(5.2)	63.7	83.8	(9.3)	74.5
Current assets	**1,156.8**	**(11.5)**	**1,145.3**	**1,127.6**	**(8.8)**	**1,118.7**
Deposits	41.7	124.3	166.0	41.2	124.9	166.1
Deferred tax assets	15.0	1.2	16.1	27.2	0.9	28.2
Property, plant and equipment	201.5	520.0	721.5	235.2	656.3	891.5
Other assets	26.7	(26.5)	0.2	34.1	(33.7)	0.3
Non-current assets	**410.0**	**619.0**	**1,029**	**457.4**	**748.4**	**1,205.8**
Total assets	**1,566.8**	**607.4**	**2,174.2**	**1,584.9**	**739.6**	**2,324.5**
Trade and other payables	320.7	(8.5)	312.3	315.4	(4.3)	311.1
Current portion of provision for overhaul of leased aircraft	27.3	(27.3)	-	27.2	(27.2)	-
Current portion of lease liabilities	-	71.3	71.3	-	99.8	99.8
Current liabilities	**869.3**	**35.5**	**904.8**	**918.6**	**68.3**	**987.0**
Provision for overhaul of leased aircraft	29.9	(29.9)	-	31.1	(31.1)	-
Provision for return conditions	-	128.5	128.5	-	155.1	155.1
Lease liabilities	-	493.9	493.9	-	566.1	566.1
Other liabilities	92.0	(50.9)	41.1	97.5	(50.1)	47.4
Deferred tax liabilities	3.3	8.5	11.7	1.3	8.5	9.8
Non-current liabilities	**125.9**	**550.1**	**676.0**	**131.5**	**648.6**	**780.1**
Total liabilities	**995.2**	**585.6**	**1,580.8**	**1,050.1**	**716.9**	**1,767.0**
Retained earnings	340.8	21.8	362.6	314.3	22.7	337.0
Total shareholders’ equity	**571.6**	**21.8**	**593.5**	**534.8**	**22.7**	**557.5**
Total liabilities and shareholders’ equity	**1,566.8**	**607.4**	**2,174.2**	**1,584.9**	**739.6**	**2,324.5**
Current ratio	**1.33**	**(0.06)**	**1.27**	**1.23**	**(0.10)**	**1.13**

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 EBITDAR:** Operating income (loss) before aircraft rent, depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements 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 EBITDA (adjusted operating income (loss)):** Operating income (loss) before depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements 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 EBT (adjusted pre-tax income (loss)):** Income (loss) before income tax expense before charge in fair value of fuel-related derivatives and other derivatives, gain (loss) on business disposals, restructuring charge, lump-sum payments related to collective agreements, asset impairment, foreign exchange gain (loss) and other significant unusual items and including premiums for fuel-related derivatives and other derivatives that matured during the period . 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):** 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, lump-sum payments related to collective agreements, asset impairment, foreign exchange gain (loss), reduction amount of deferred tax assets in the carrying 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 net income (loss) per share:** Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share

Note: The reconciliations between IFRS financial measures and non-IFRS financial measures are available in our Third Quarter Report 2020 and Annual Report 2019 by clicking on the following links : Third Quarter Report 2020 and Annual Report 2019

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.

Since November 2017, Annick Guérard is Transat's Chief Operating Officer. She heads all of the Company's operations and commercial activities. With her extensive knowledge of the industry and its issues, 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 numerous senior management posts involving strategy, operations, sales and marketing, the digital shift, revenue management, customer service and product development, for several Transat business units. Ms. Guérard previously had a career in engineering consulting in the transportation industry, then served as a senior consultant in operations management for Deloitte Consulting. She holds a bachelor's degree in civil engineering from Polytechnique Montréal and an MBA from HEC Montréal as well as the designation ICD.D. from the Institute of Corporate Directors. She sits on the boards of Pomerleau and Espace Go theatre.

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

Jean-François Lemay
President and
General Manager
Air Transat

Jean-François Lemay joined Transat's senior management team in October 2011. He has some 30 years of experience in the practice of law, including with the firms Desjardins Ducharme, then Bélanger Sauvé and finally Dunton Rainville, where he was a partner and member of the executive committee. A specialist in labor law, he has advised many clients on issues related to labor relations, human rights and freedoms, and occupational health and safety. He is invited regularly to speak to professional associations and is the author of numerous articles on labor relations. He has also served as a lecturer in labor law with the Law Faculty of Université de Montréal, where he obtained his law degree, and as a professor in labor law with the École du Barreau of the Quebec Bar.

Denis Pétrin
Vice-President,
Finance
& Administration
And CFO
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.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