transat

Results for third quarter 2019

Improved results – Acquisition of the Corporation is waiting for regulatory approvals

INVESTOR’S PRESENTATION
SEPTEMBER 2019

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

This presentation contains certain forward-looking statements regarding the Corporation's expectation that travel reservations will follow the trends. In making these statements, the Corporation has assumed that the trends in reservations and selling prices will continue, and that fuel prices, other costs and the value of the Canadian dollar against foreign currencies will remain stable. If these assumptions prove incorrect, actual results and developments may differ materially from those contemplated by the forward-looking statements contained in this news release. Results indicated in forward-looking statements may 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 from time to time in the Corporation's continuous disclosure documents.

This presentation also contains certain forward-looking statements about the Corporation concerning the transaction involving the acquisition of all the shares of the Corporation by 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 a transaction is subject to the approval of applicable regulatory and governmental authorities and the satisfaction of other conditions customary for this type of transaction. In addition, statements regarding the results of a potential transaction will depend on the purchaser's plans following the completion of a potential transaction. The Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by securities laws.

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. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Corporation. For additional information with respect to these and other factors, see the Annual Report for the year ended October 31, 2018, filed with Canadian securities commissions. The Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by securities laws.

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

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Recent Developments & Business Model

Timeline of M&A developments

Late 2018
Following an approach by AC in fall 2018, TRZ and AC started discussing a possible combination and Board of Transat formed a Special Committee

Winter 2019
Special Committee with the support of financial and legal advisors analyzed various proposals

April 30, 2019
TRZ announces being in preliminary discussions with more than one party concerning a potential 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

May 2, 2020
Transport Canada has until May 2, 2020 to conduct the assessment

Second quarter of 2020 (calendar)
Planned closing TRZ acquisition

One of the largest tour operators in North America

Transat value chain

Airline	Tour operator	Distributor	Services-at-destination provider	Hotel provider
Air Transat	Transat	Transat Travel	Trafic Tours de Mexico S.A. de C.V.; Turissimo Excursiones D.R.; Turissimo Jamaica DMC	Hotel division

ON HOLD UNTIL THE CLOSING OF THE POTENTIAL TRANSACTION

Sales & Airline → **Holiday experiences**

Passenger distribution and highlights

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

(HOTEL PROJECT ON HOLD UNTIL THE CLOSING OF THE POTENTIAL TRANSACTION)

Winter

(November to April)

Summer

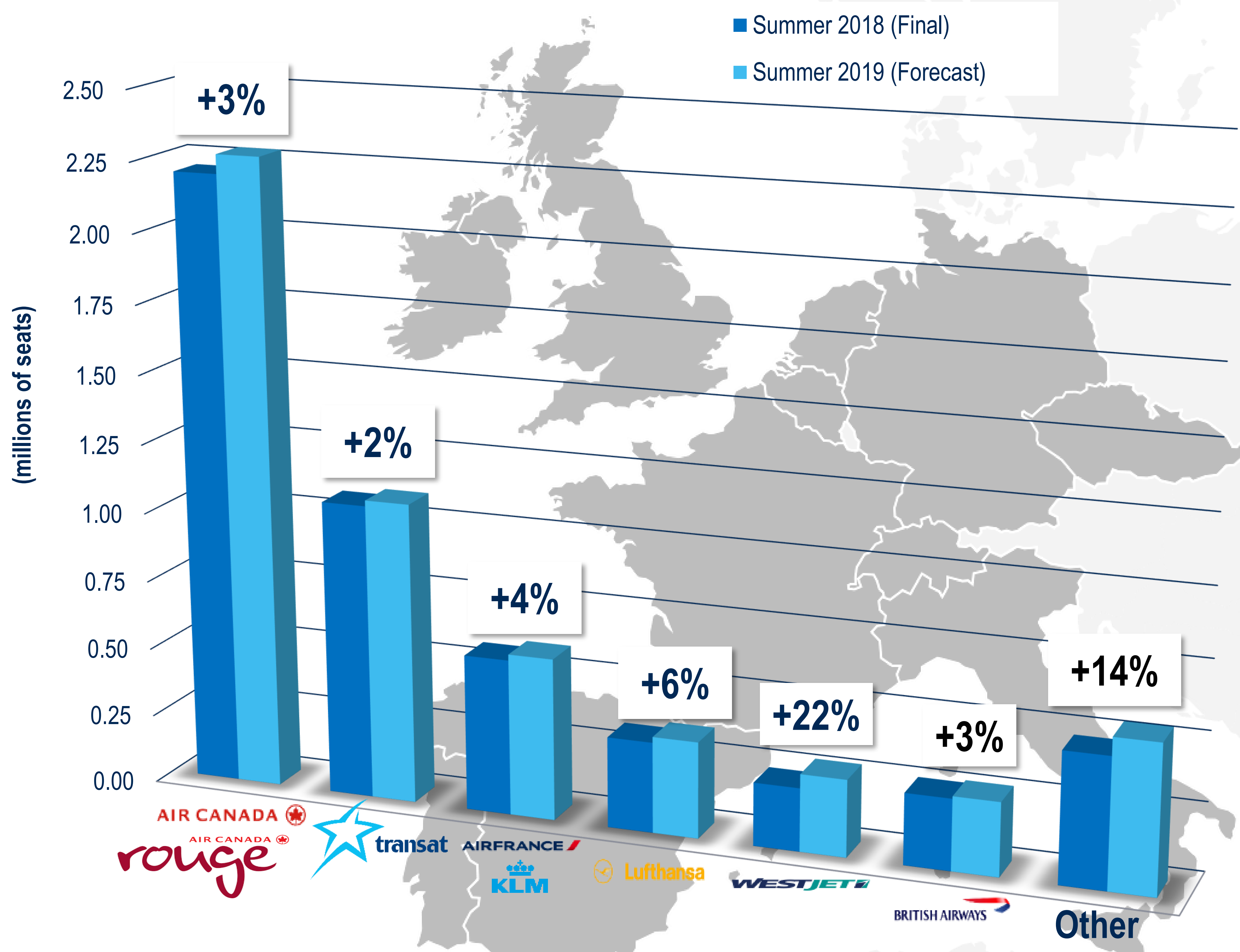
(May to October)

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

2

Financial Performance & Outlook

Transatlantic capacity breakdown | Summer 2019 (1)



Total seats in the market

Summer 2018

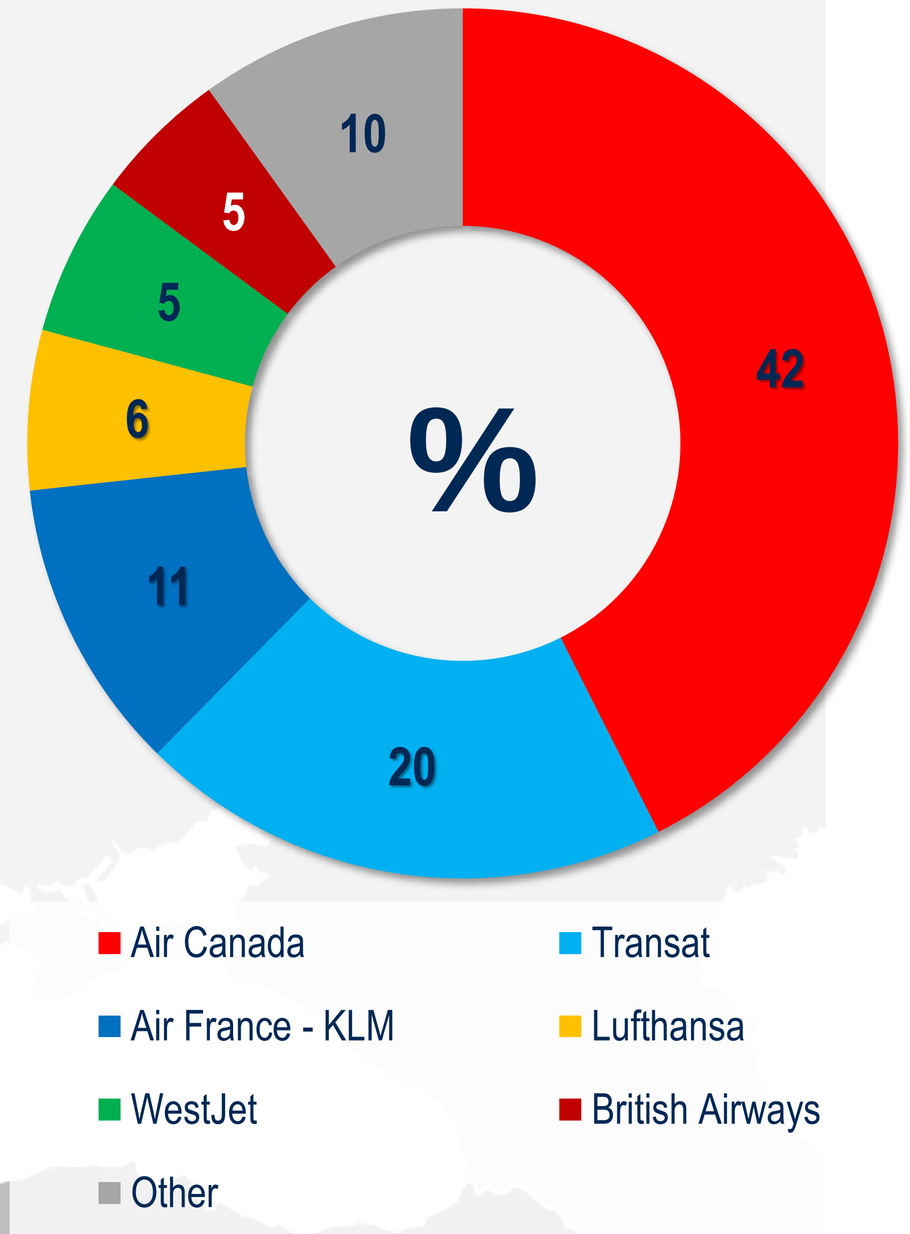
5,135,000

Total seats in the market

Summer 2019

5,395,000

+5%



(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

Third quarter financial performance

Q3 Highlights (vs. 2018)

- **Transatlantic industry capacity up by 5%**
- **Q3 2018 restated – IFRS 9 and IFRS 15 impact (2)**
  - ✓ Revenues: -$32.0M
  - ✓ Adjusted EBITDA: -$2.7M
  - ✓ Adjusted net income (loss):-$2.0M
  - ✓ Net income (loss) per FS: -$1.0M
- **Adjusted EBITDA improved by $20M**
- **Transatlantic market (revenues)**
  - ✓ Travelers up by 4.3%
  - ✓ Load factor up by 2.2%
- **Average selling prices increase on all markets**
- **Operational costs**
  - ✓ Fleet expansion and more maintenance on A330 than anticipated
  - ✓ Negative FX impact partially offset by a positive fuel impact: -$3M
- **The net loss change per FS is mainly due to :**
  - ✓ Fees related to the potential transaction with Air Canada
    - Professional fees: -$6.0M
    - Provisions related to compensation: -$7.7M based on share price of $11.48 (closing price as at July 31st)

(in millions of C$, except per share amounts)	3rd quarter results ended July 31			
	2019	2018 (2) (Restated)	2019 vs. 2018 $	2019 vs. 2018 %
REVENUES	**698.9**	**664.6**	**34.3**	**5%**
Adjusted EBITDAR (1)	52.0	34.4	17.6	51%
Adjusted EBITDA (1)	**21.8**	**2.4**	**19.5**	**829%**
As % of revenues	*3.1%*	*0.4%*	*2.7%*	*675%*
Adjusted net income (loss) (1)	**5.7**	**(5.0)**	**10.7**	**213%**
As % of revenues	*0.8%*	*(0.8%)*	*1.6%*	*200%*
Per share	*$0.15*	*($0.13)*	*$0.28*	*215%*
Net income (loss) attributable to shareholders	**(11.0)**	**(5.0)**	**(6.0)**	**(119%)**

(1) Refer to Non-IFRS Financial Measures in the Appendix 3
(2) Results restated to reflect the adoption of IFRS 9 and IFRS 15

Summer financial outlook

Q4 Highlights (vs. 2018)

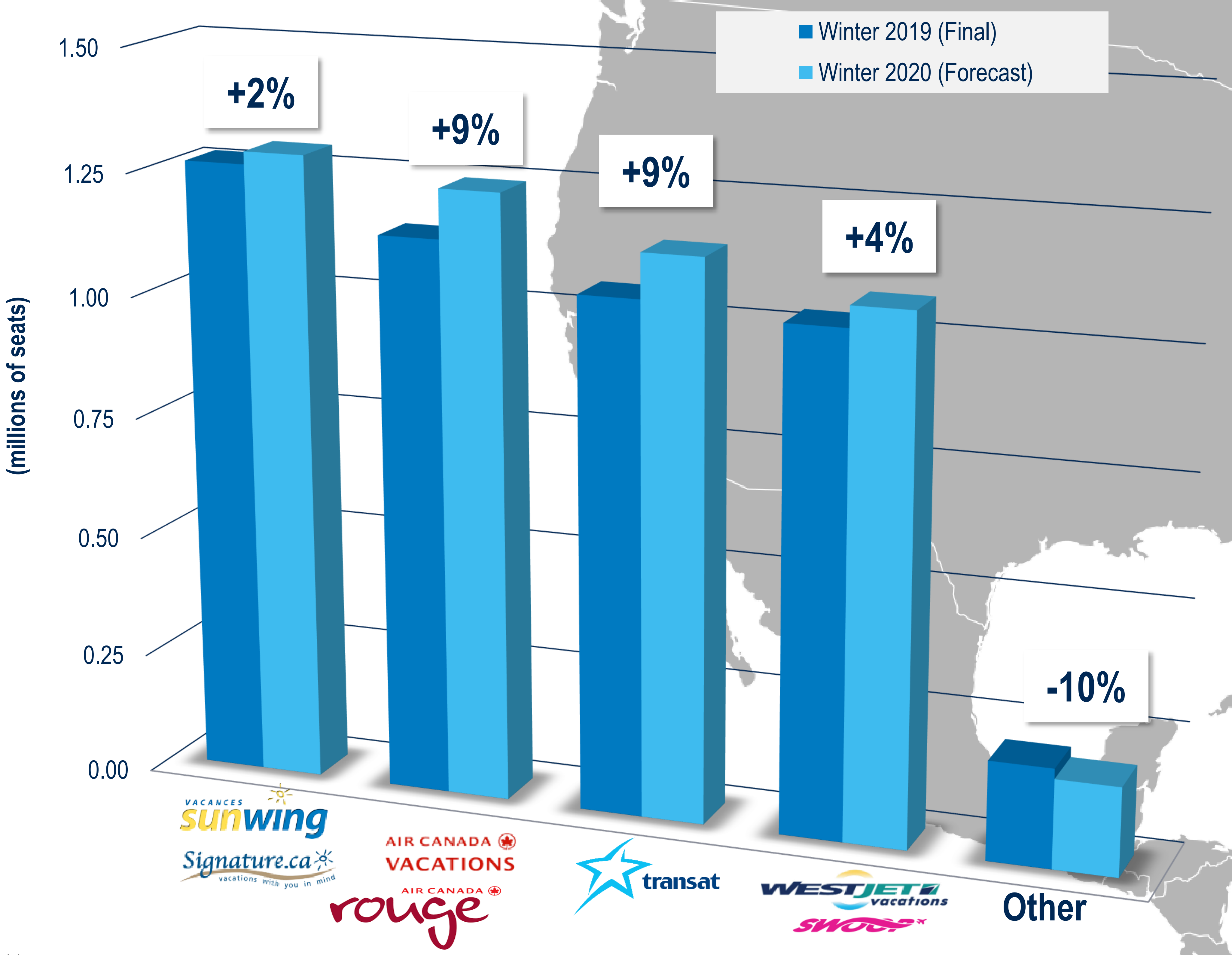
- **Transatlantic industry capacity up by 5%**
- **Transatlantic market**
  - ✓ Transat capacity similar
  - ✓ 83% of inventory sold
  - ✓ Load factor down by 0.9%
  - ✓ Price up by 2.1%
  - ✓ No FX/Fuel impact on costs anticipated
- **Sun destination markets**
  - ✓ Low season
  - ✓ 83% of inventory sold
  - ✓ Load factor up by 5.6%
  - ✓ Unit margins higher than previous year
- **If these trends stand, the Corporation expects fourth quarter results to be slightly higher than previous year.**
- **As per financial statement:**
  - ✓ Fees related to the potential transaction with Air Canada
    - Provisions related to compensation: -$5M based on share price of $15.00
    - $6M of professional fees already paid in third quarter and expect an additional $7M to be paid in the coming quarters

	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)	(3M)	4M	**1M**
Adj. EBITDA 2018 after FX/Fuel impact (1)	**(1M)**	**36M**	**35M**
Transatlantic yield management (3)	14M		
Other markets yield management	10M		
Subsidiaries and other	(1M)		
Adj. EBITDA 2019 (1)	**22M**		

(1) Refer to Non-IFRS Financial Measures in the Appendix 3
(2) Impact as at September 4, 2019
(3) Capacity, price, load factor, ancillary revenues and airline costs at FX constant basis impact on adjusted EBITDA

Sun destinations capacity breakdown | Winter 2019-20 (1)

(Based on scheduled and chartered flight deployed)



Total seats in the market

Winter 2019

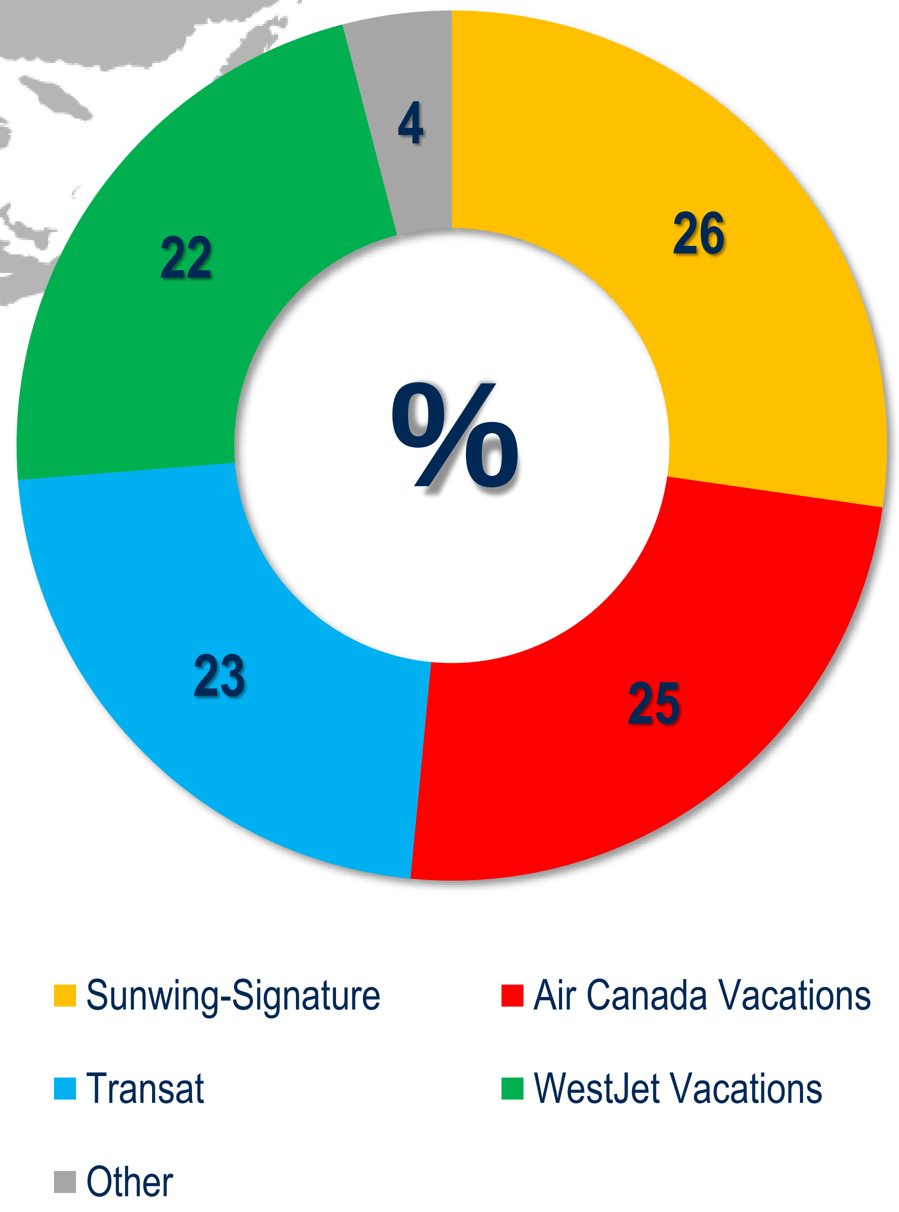
4,697,000

Total seats In the market

Winter 2020

4,939,000

+5%



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

Winter financial outlook

Winter Highlights (vs. 2019)

- **Sun destination industry capacity up by 5%**
- **Sun destination markets**
  - ✓ Transat capacity up by 9% explained by:
    - Initial capacity deployment
    - Better utilization of our aircraft throughout the season
  - ✓ 27% of inventory sold
  - ✓ Load factor up by 1.8%
  - ✓ As of today, no significant FX/Fuel impact anticipated on our operational costs
  - ✓ Continuation of the deployment of our new A321neoLR fleet (Some delays can be expected)
- **Too early to draw any conclusions about the Winter season considering the low level of capacity sold at this period of the year**

	Q1	Q2	Winter
Adj. EBITDA 2018 (1)	(38M)	3M	(35M)
∆ FX / Fuel on costs on sun destinations margin	-	-	-
Adj. EBITDA 2018 after FX/Fuel impact (1)	(38M)	3M	(35M)
Sun destinations yield management (2)			
Other markets yield management			
Subsidiaries and other			
Adj. EBITDA 2019 (1)			

(1) Refer to Non-IFRS Financial Measures in the Appendix 3
(2) Capacity, price, load factor, ancillary revenue and airline / hotel costs at FX constant basis impact on adjusted EBITDA

3

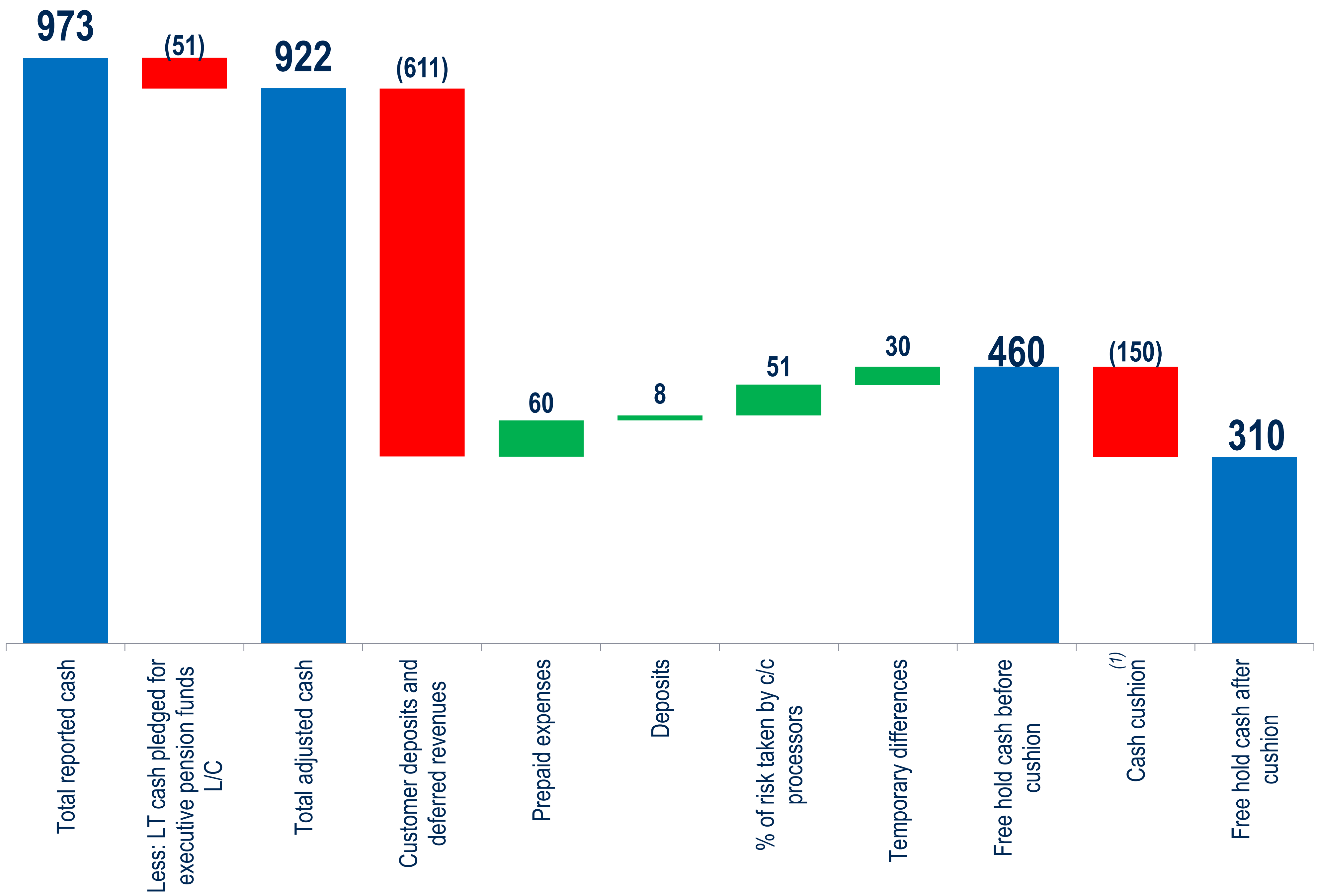
Financial Profile

Current financial position

Highlights

- **Free cash: C$724M vs. C$867M**
  - ✓ Variation of (C$143M) compared to previous year explained by:
    - IFRS 15: 2019 impact of (C$21M)
    - Negative free cash flow of (C$42M) for leisure business
      - LTM adjusted EBITDA of C$19M
      - LTM net interest income of C$20M and other monetary items impacting cash of C$10M
      - Professional fees related to the potential transaction with AC of C$6M
      - Sistemas settlement of C$7M
      - Change in net W/C of (C$2M)
      - Capital expenditures of (C$76M)
    - Acquisition of two adjacent lands in Mexico to build a beachfront resort for (C$76M) + C$2M of additional capex for the preparation of the land (licenses and permits, architect, …)
    - Additional equity contribution of US$1.3M (C$1.7M) into Marival Armony Resort & Suites (formerly Rancho Banderas)
- **Capital expenditures – Sales & Airline**
  - ✓ FY2019E : ~C$40M excluding the acquisition of A321neo spare engine in May equivalent to C$16M and the discretionary investment done on the new aircraft that will be reimbursed by lessors gradually
- **Off-balance sheet arrangements: C$2.4B**
  - >60% of the obligations are related to the future introduction of A321 in our fleet (from Mid-2019 to Mid-2022)
  - Arrival of the two first A321neoLR on May and June
- **Capital expenditures – Holiday experience**
  - ✓ FY2019E : Acquisition of a land in Puerto Morelos for a total consideration of C$76M and additional expenses related to the pre-construction
  - ✓ Transat has agreed to limit its undertakings and expenses relating to the implementation of its hotel strategy until the closing of the potential transaction

Current excess cash available



(1) Cash cushion for unforeseen events, cash held outside Canada and period of weak results (tightness of terms conditions with suppliers)

4

2018-2022 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

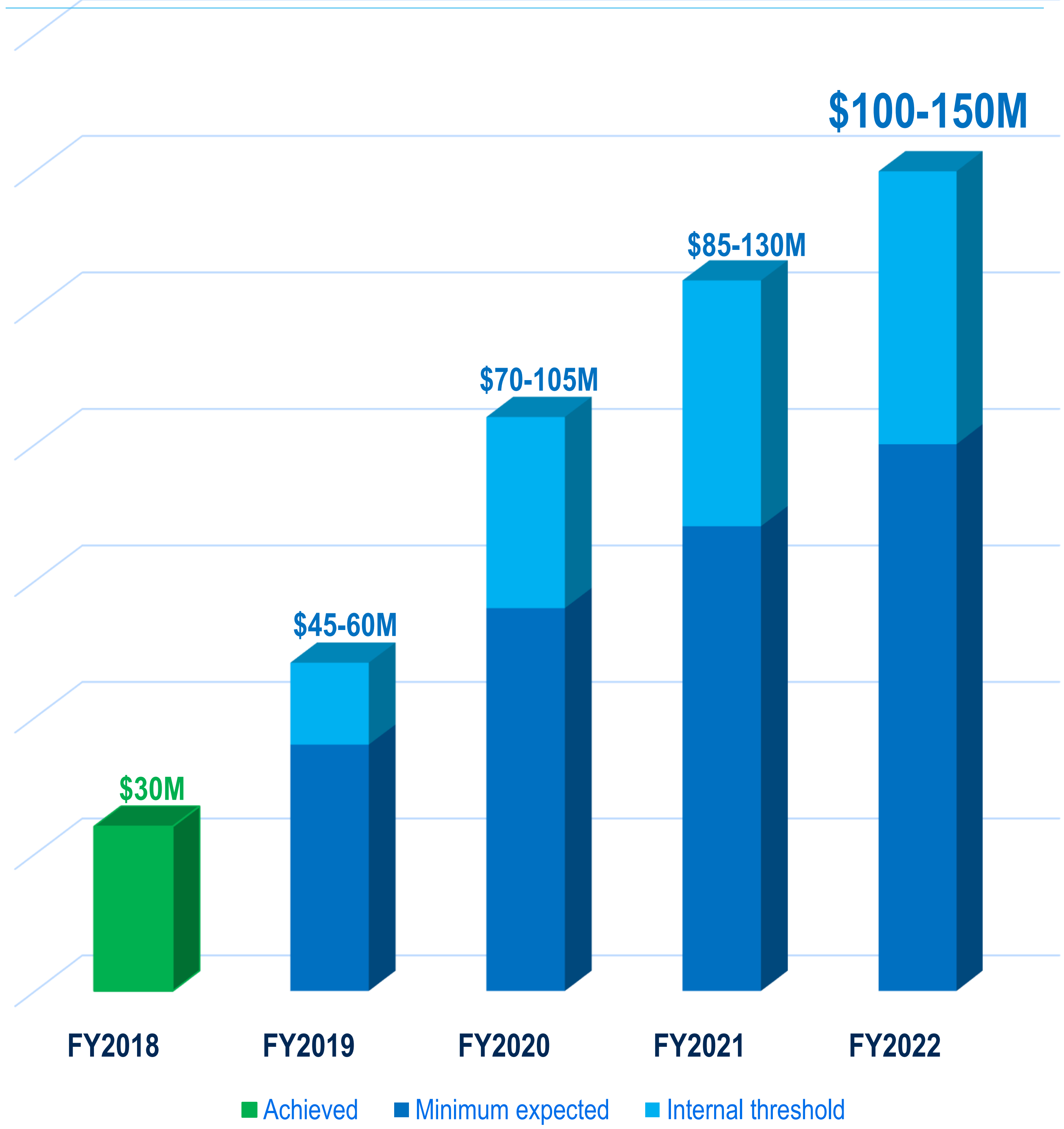
- **Optimize distribution**
  - ✓ Increase control and direct sales
  - ✓ Revenue per customer enhancement
- **Create customer loyalty**
  - ✓ Increase customer satisfaction (NPS)
  - ✓ Repeat bookings
- **Innovation and technology**
  - ✓ Improve booking experience (CRM)

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

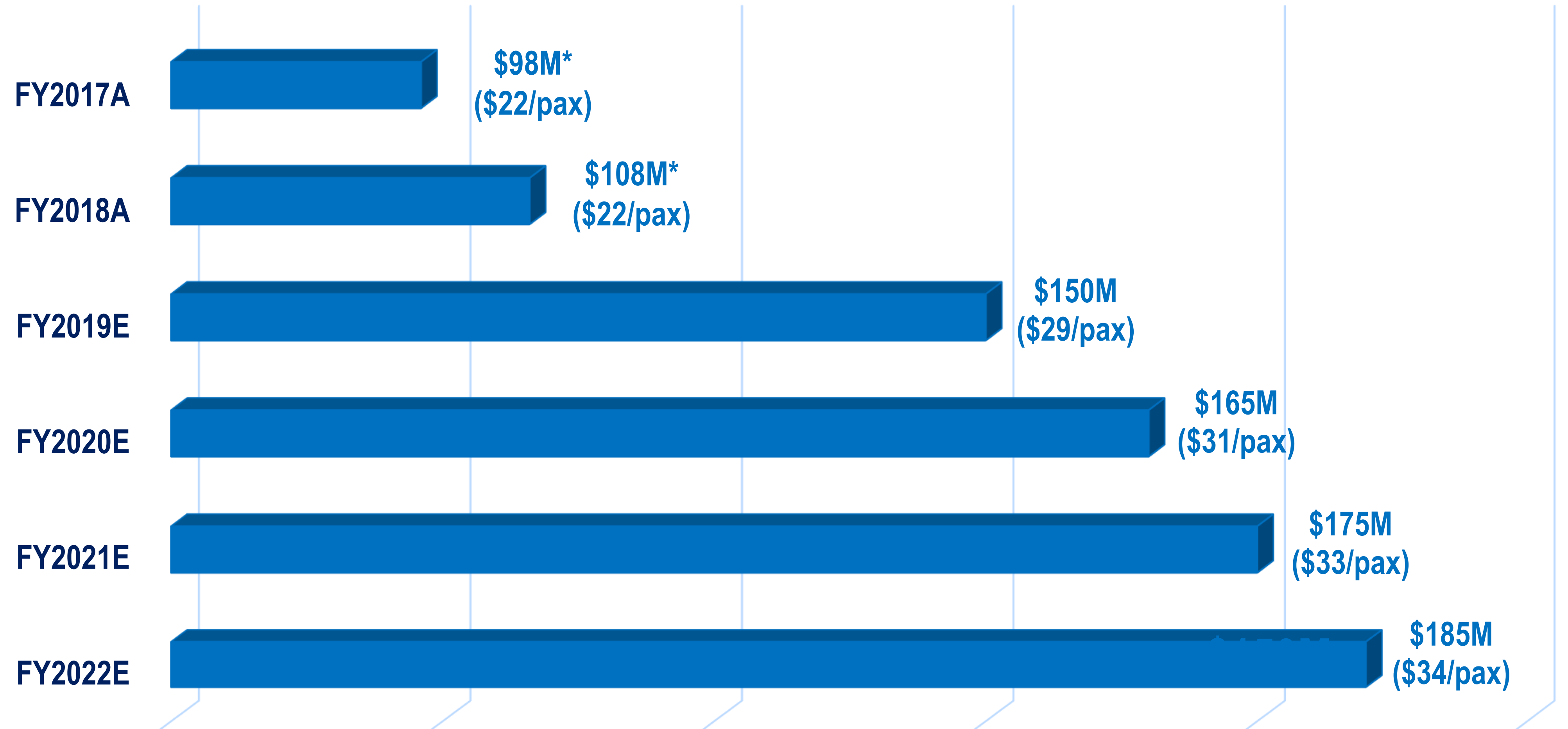
Increase network robustness and depth
Adding point-to-point frequencies and new destinations
Increasing flexibility for customers
Extending the European season

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)

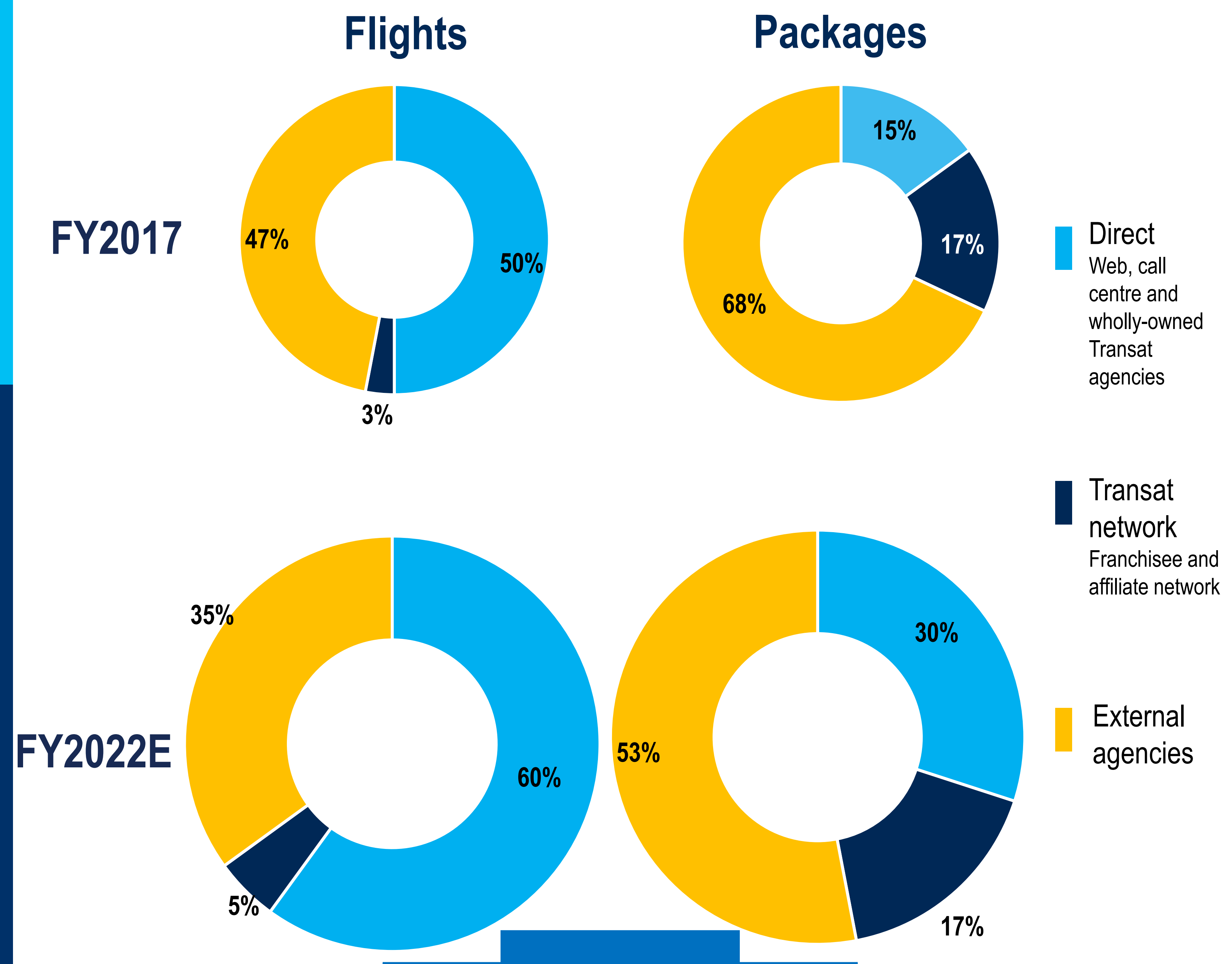


- **As at July 31, 2019: +31% vs. 2018 $/pax**
- **Ancillary revenues include seat selection, different fares, airport revenues, buy-on-board, excess baggage, first baggage fee, duty-free, excursions, travel insurance, etc.**
- **FY2022 target revised: ~C$185M**
  - Unbundling fares
  - Rebundling fares (semi or fully)

* Revised numbers compared to Q1 2019 (gross revenues instead of net revenues)

Optimizing our distribution and extending our digital footprint

Direct-sales evolution



Reduce our distribution costs by increasing our direct and control sales; Each 1% reduction could represent a saving between $2-3M/year

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 strategy (ON HOLD UNTIL THE CLOSING OF THE POTENTIAL TRANSACTION)

A total investment of ~US$750M required to establish a presence of 5,000 rooms in Transat's major markets by end of 2024 with a mix of fully-owned (3,000 rooms) and strictly managed (2,000 rooms)

- Combination of land purchase & construction, acquisition of existing hotels and management agreements
- Phase 1: Financed using Transat's excess cash and mortgage debt with local banks

Fall 2018 – 1st land acquisition

Winter 2018-2019 – Establish the organization and define the product and brand

Summer 2019 – Pre-construction

Investments and Opportunities

1st land purchase in Puerto Morelos, Mexico to build a beachfront resort of ~800-900 rooms for a total consideration of US$56M (C$76M)

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

b) Preparation of the construction (licences and permits)

Transat has agreed to limit its undertakings and expenses relating to the implementation of its hotel strategy until the closing of the potential transaction

Organization

Hired or identified permanent senior management team and flexible organization for the construction of the 1st hotel

- ✓ **Hired**: Development and Finance, Construction, IT
- ✓ **Identified**: Marketing and Operations
- ✓ **Flexible**: Architect, Engineer, Project Manager, …

Retained our major executive employees of the hotel organization

Project development

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

Work-in-progress to define the architectural and design of the hotel (building plan and equipment)

85% of the pre-construction work already done on the 1st hotel project. Usually, we are in the range of 60-65% before starting the construction

ORIGINAL INVESTMENT PLAN BREAKDOWN [1]

Mexico
Cancún and Riviera Maya
1,800 rooms [2]
EBITDA [3] per room of~US$35K-40K

Dominican Republic
Punta Cana
1,000 rooms
EBITDA [3] per room of ~US$25K-30K

Jamaica
Montego Bay
700 rooms
EBITDA [3] per room of ~US$30K-35K

Cuba
Varadero and Havana
1,500 rooms [2]

Generating annual EBITDA of ~US100M at maturity and targeted ROIC of 11-13%

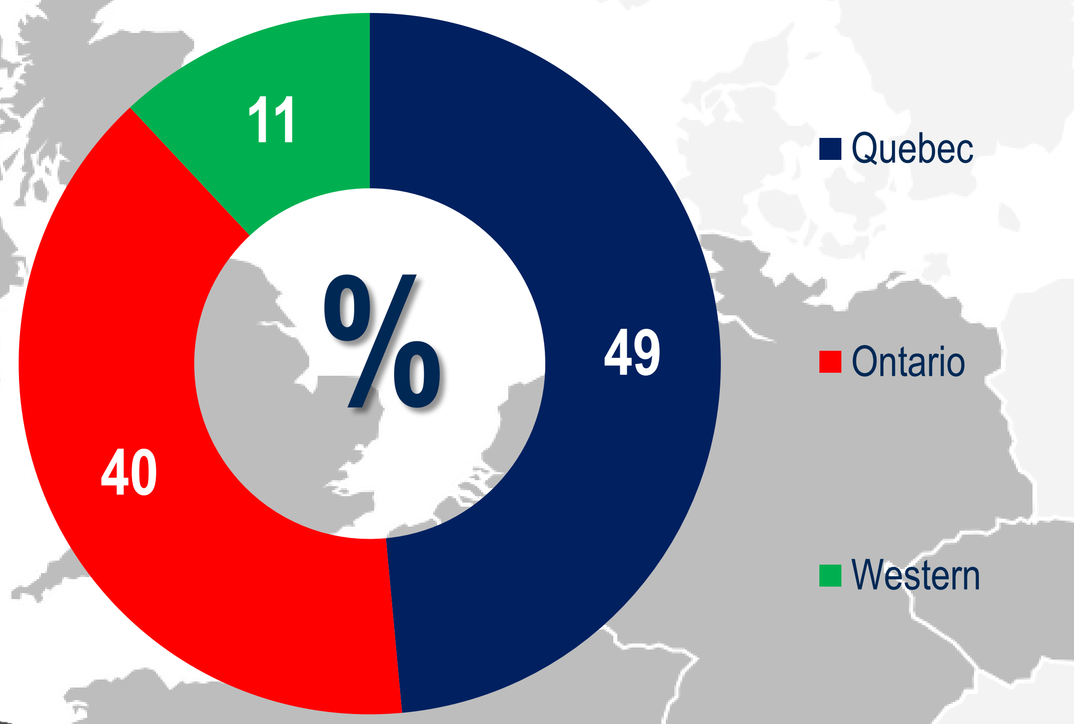
(1) As per hotel development plan presented at the investor day on April 4, 2018
(2) 500 strictly managed rooms in Mexico + Cuba only under management contract
(3) All EBITDA numbers are annual and at maturity (after 5 years in operation)

A1

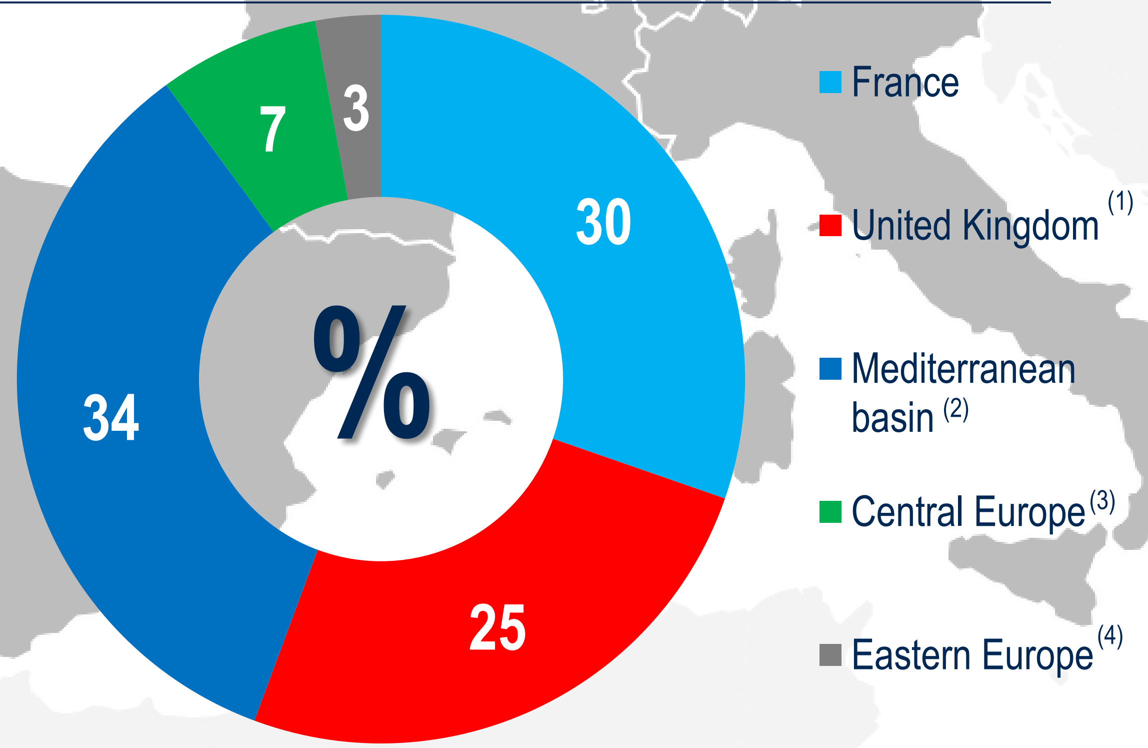
Capacity Breakdown

Transatlantic capacity breakdown by destination and origin

ORIGINS



DESTINATIONS



GLOBAL MARKET OVERVIEW

- Europe: Largest tourism market in the world
- 5.4M seats in summer 2019 between Canada and Europe

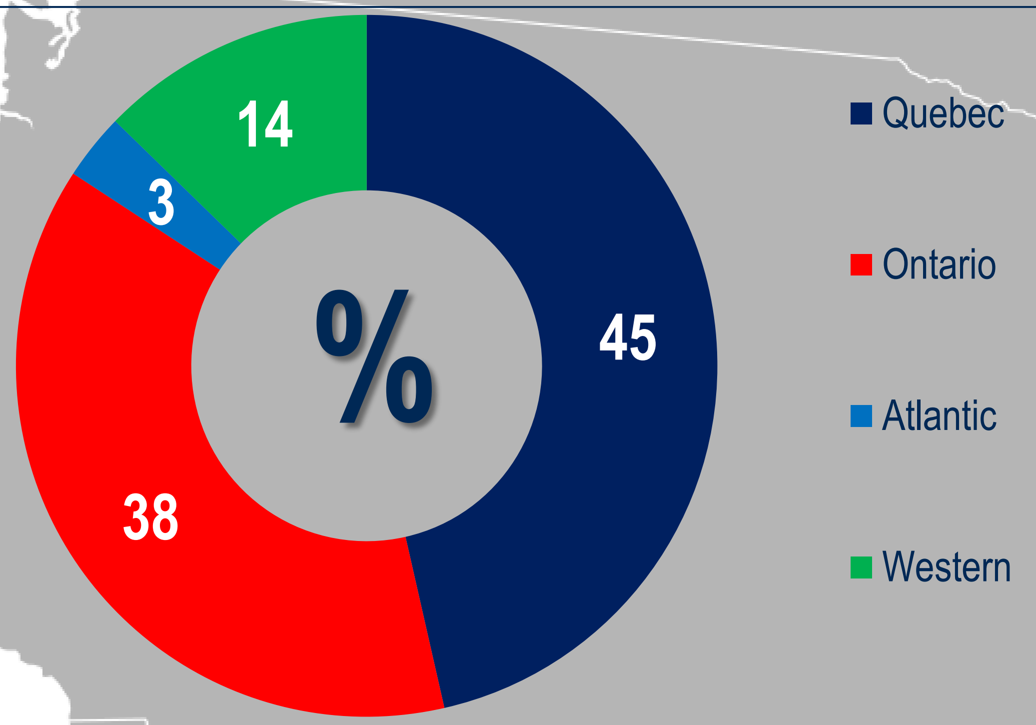
TRANSAT STRATEGY AND MARKET POSITION

- Summer 2019: Similar capacity to previous year but redeployed differently with an increase in peak and reduction in shoulder
- Wide portfolio of direct flights (25 destinations)
- Start of deployment of our first 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

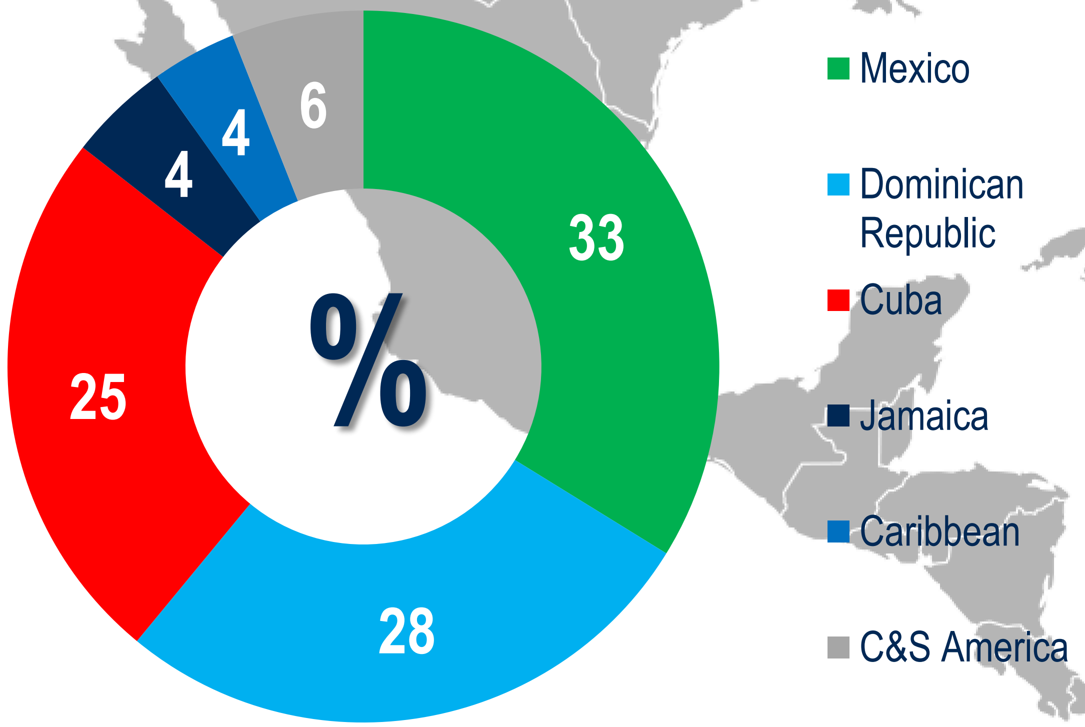
(1) Including Ireland ; (2) Italy, Portugal, Spain and Greece ; (3) Netherlands, Belgium and Switzerland ; (4) Croatia and Czech Republic

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
- 4.94M seats in Winter 2019-2020 between Canada and Mexico and the Caribbean

TRANSAT STRATEGY AND MARKET POSITION

- Winter 2019-2020: Increased capacity and introduction of 7 new routes
- All-inclusive products at 33 sun destinations (including Florida) for a wide portfolio of more than 595 hotels, including 32 exclusive properties
- Most important destinations are Cancun (250k seats), Punta Cana (199K seats), Puerto Vallarta (113k seats) and Varadero (92k seats)
- Sun offer for everyone with All-inclusive packages; Guided tours and Duo packages; All-in one cruise packages; Florida for everyone

A2

Historical Financial Results and Position

5-year historical financial results

(Results from continuing operations excluding Jonview and Ocean Hotels) [1]

(in millions of C$)		2014	2015	2016	2017	2018 (Restated) [2]	2019
WINTER	**Revenues**	**1,663.6**	**1,547.0**	**1,598.8**	**1,552.9**	**1,515.5**	**1,545,0**
	Adjusted EBITDAR	18.2	33.2	30.9	33.6	46.9	44.2
	Adjusted EBITDA	**(20.8)**	**(14.6)**	**(40.1)**	**(39.8)**	**(16.6)**	**(34.7)**
	As % of revenues	*(1.3%)*	*(0.9%)*	*(2.5%)*	*(2.6%)*	*(1.1%)*	*(2.2%)*
	Adjusted EBIT	(38.9)	(37.1)	(63.2)	(71.0)	(46.7)	(54.9)
	Adjusted net income (loss)	**(28.0)**	**(26.5)**	**(46.8)**	**(49.6)**	**(32.7)**	**(42.3)**
	As % of revenues	*(1.7%)*	*(1.7%)*	*(2.9%)*	*(3.2%)*	*(2.2%)*	*(2.7%)*
	Net income (loss) attributable to shareholders	**(34.0)**	**(40.5)**	**(90.7)**	**(45.9)**	**4.7**	**(42.4)**
SUMMER	**Revenues**	**1,217.1**	**1,221.7**	**1,136.2**	**1,270.4**	**1,333.4**	
	Adjusted EBITDAR	140.6	154.7	118.5	181.1	94.8	
	Adjusted EBITDA	**92.4**	**103.7**	**53.7**	**122.4**	**33.8**	
	As % of revenues	*7.6%*	*8.5%*	*4.7%*	*9.6%*	*2.5%*	
	Adjusted EBIT	69.4	80.5	27.0	85.5	4.8	
	Adjusted net income (loss)	**55.9**	**62.1**	**20.8**	**61.6**	**8.6**	
	As % of revenues	*4.6%*	*5.1%*	*1.8%*	*4.8%*	*0.6%*	
	Net income (loss) attributable to shareholders	**47.7**	**72.7**	**38.5**	**163.1**	**1.7**	
YEAR	**Revenues**	**2,880.7**	**2,768.7**	**2,735.0**	**2,823.3**	**2,848.9**	**OUTLOOK**
	Adjusted EBITDAR	158.8	187.9	149.4	214.7	141.6	
	Adjusted EBITDA	**71.6**	**89.1**	**13.6**	**82.6**	**17.2**	
	As % of revenues	*2.5%*	*3.2%*	*0.5%*	*2.9%*	*0.6%*	
	Adjusted EBIT	30.5	43.4	(36.1)	14.4	(41.9)	
	Adjusted net income (loss)	**27.9**	**35.6**	**(26.0)**	**12.0**	**(24.1)**	
	As % of revenues	*1.0%*	*1.3%*	*(1.0%)*	*0.4%*	*(0.8%)*	
	Net income (loss) attributable to shareholders	**13.7**	**32.3**	**(52.2)**	**117.2**	**6.5**	

(1) Refer to Non-IFRS Financial Measures in the Appendix 3
(2) Results restated to reflect the adoption of IFRS 9 and IFRS 15 and the restatement of the financial statements for the year ended October 31, 2018

5-year historical winter financial position (continuing operations)

(in thousands of C$)	As at January 31					As at April 30				
	2015	2016	2017	2018 (1) (2)	2019 (2)	2015	2016	2017	2018 (1) (2)	2019 (2)
Free cash	**371,160**	**427,541**	**454,827**	**749,342**	**620,445**	**427,880**	**440,559**	**566,288**	**903,300**	**796,322**
Cash in trust or otherwise reserved	387,272	391,582	332,646	336,531	405,195	284,117	247,321	174,416	190,431	177,290
Trade and other receivables	96,915	95,643	98,753	117,456	156,262	97,111	91,435	102,393	150,738	151,659
Trade and other payables (3)	317,373	463,298	297,682	271,753	359,265	301,418	314,683	287,316	312,143	363,939
Customer deposits and deferred revenue	586,050	609,393	597,745	675,061	752,847	512,251	483,739	523,754	604,930	629,683
Working capital ratio	**1.10**	**1.08**	**1.15**	**1.37**	**1.18**	**1.01**	**1.02**	**1.14**	**1.41**	**1.24**
Off-balance sheet arrangements (4)	684,551	672,066	703,121	1,770,151	2,456,910	624,156	713,606	742,667	1,796,538	2,454,206
Hotel investments (joint-venture)	85,322	107,317	99,133	15,381	16,257	94,532	101,909	122,866	16,146	16,360
LTM capital expenditures – Leisure business (5)	68,406	60,007	74,271	59,981	63,896	62,822	51,926	79,260	62,942	66,280
LTM capital expenditures – Hotel business	0	0	0	0	75,889	0	0	0	0	76,903
Free cash flow (TTM) (6)	**37,588**	**69,148**	**(49,655)**	**92,897**	**(13,821) ***	**52,527**	**23,597**	**52,327**	**125,252**	**(17,241)**

(1) Figures restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Following the adoption of IFRS 9 and 15, impact on cash presented in the Appendix 3
(3) The trade and other payables includes the fair value of the non-controlling interest for $47,100 as at January 31, 2019 and $46,000 as at April 30, 2019 – 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) Including operating leases and guarantees but excluding agreements with suppliers
(5) LTM capital expenditures related to sales & airline (excluding capital expenditures related to hotel chain development)
(6) Refer to Non-IFRS Financial Measures in the Appendix and the calculation excludes the capital expenditures related to the hotel chain development

* This number was revised to exclude capital expenditures related to hotel chain development as indicated at note 5

5-year historical summer financial position (continuing operations)

(in thousands of C$)	As at July 31					As at October 31				
	2015	2016	2017	2018 (1) (2)	2019 (2)	2015	2016	2017 (1)	2018 (1) (2)	2019 (2)
Free cash (2)	**486,970**	**470,065**	**580,739**	**867,247**	**723,843**	**313,987**	**363,664**	**593,582**	**593,654**	OUTLOOK
Cash in trust or otherwise reserved (2)	259,060	199,594	184,989	184,665	198,031	363,371	292,131	258,964	287,735	
Trade and other receivables	105,161	100,174	130,438	152,680	159,465	103,005	105,003	121,588	139,979	
Trade and other payables (3)	341,963	349,355	329,614	310,535	342,267	270,036	247,795	238,830	320,732	
Customer deposits and deferred revenue	471,414	440,418	509,931	587,213	611,094	455,901	409,045	440,411	517,352	
Working capital ratio	**1.11**	**1.02**	**1.26**	**1.41**	**1.19**	**1.17**	**1.28**	**1.52**	**1.33**	
Off-balance sheet arrangements (4)	624,047	693,309	1,383,171	2,368,169	2,354,113	675,385	691,841	1,745,221	2,506,916	
Hotel investments (joint-venture)	96,453	99,216	15,019	16,736	17,336	97,897	97,668	15,888	16,084	
LTM capital expenditures – Leisure business (5)	61,460	65,452	69,245	62,962	75,629	59,295	70,754	69,523	58,767	
LTM capital expenditures – Hotel business	0	0	0	0	78,290	0	0	0	60,286	
Free cash flow (TTM) (6)	**28,829**	**(9,282)**	**50,744**	**69,590**	**(41,746)**	**39,658**	**(28,266)**	**91,964**	**9,613**	

(1) Figures restated to reflect the adoption of IFRS 9 and IFRS 15
(2) Following the adoption of IFRS 9 and 15, impact on cash presented in the Appendix 3
(3) Trade and other payables includes the fair value of the non-controlling interest for $48,700 as at October 31, 2018 and $42,300 as at July 31, 2019 – 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) Including operating leases and guarantees but excluding agreements with suppliers
(5) LTM capital expenditures related to sales & marketing (excluding capital expenditures related to hotel chain development)
(6) Refer to Non-IFRS financial measures in the Appendix and the calculation excludes the capital expenditures related to the hotel chain development

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IFRS and non-IFRS measures

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 April 30th, 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 two quarters 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		
	Before IFRS	Adjustments	After IFRS	Before IFRS	Adjustments	After IFRS	Before IFRS	Adjustments	After IFRS
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		
	Before IFRS	Adjustments	After IFRS	Before IFRS	Adjustments	After IFRS	Before IFRS	Adjustments	After IFRS	Before IFRS	Adjustments	After IFRS
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			Q2-2019			Q3-2019		
	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS	Before IFRS	Adj.	After IFRS
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	652.5	(32.0)	620.5	806.6	(13.3)	796.3	745.1	(21.3)	723.8
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	373.2	32.0	405.2	164.0	13.3	177.3	176.7	21.3	198.0

(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

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.

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

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Executive team

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.

Results for third quarter 2019

Improved results – Acquisition of the Corporation is waiting for regulatory approvals

INVESTOR'S PRESENTATION
SEPTEMBER 2019