

# 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS



# Caution

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## **Forward-looking statements**

This document contains certain forward-looking statements with respect to the Corporation. 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, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. The forward-looking statements in this document are based on a number of assumptions relating to economic and market conditions as well as the Corporation's operations, financial position and transactions. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, detailed in the Risks and Uncertainties section of the MD&A included in our 2017 Annual Report.

## **Non-IFRS financial measures**

Transat prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). We will occasionally refer to non-IFRS financial measures in this document. These non-IFRS financial measures do not have any meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. They are intended to provide additional information and should not be considered as a substitute for measures of performance prepared in accordance with IFRS. All amounts are in Canadian dollars unless otherwise indicated.

Management believes that such non-IFRS financial measures are important as they allow a better understanding of the results of our recurring operations and their related trends, while increasing transparency and clarity into our operating results. These expressions are presented in a consistent manner from one period to another.

By excluding from results items that arise mainly from long-term strategic decisions and/or do not, in our opinion, reflect the Corporation's operating performance for the period, such as the change in fair value of fuel-related derivatives and other derivatives, restructuring charges, impairment of goodwill, depreciation and amortization and other significant unusual items, we believe that non-IFRS financial measures help users to better analyze the Corporation's results and ability to generate cash flows from operations. Furthermore, the use of non-IFRS measures helps users by enabling better comparability of results from one period to another and better comparability with other businesses in our industry. Refer to the Non-IFRS financial measures section of the MD&A of our Quarterly Report as of January 31st, 2018 and of our 2017 Annual Report for definitions of these metrics and reconciliations to the most comparable IFRS measures.



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Jean-Marc Eustache

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President and Chief Executive Officer

# 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS





2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Denis Pétrin

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Vice-President, Finance and Administration,  
and Chief Financial Officer



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Bernard Bussières

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Vice-President, General Counsel And Corporate Secretary

# Agenda

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1. Appointment of scrutineers
2. Scrutineers' report and quorum
3. Election of directors
4. Appointment of auditors
5. Resolution: Employee Share Purchase Plan
6. Resolution: Executive compensation
7. Shareholder proposal
8. President's message
9. Financial report
10. Vote result
11. Question period

2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Appointment of scrutineers



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Scrutineers' report and quorum

# 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS



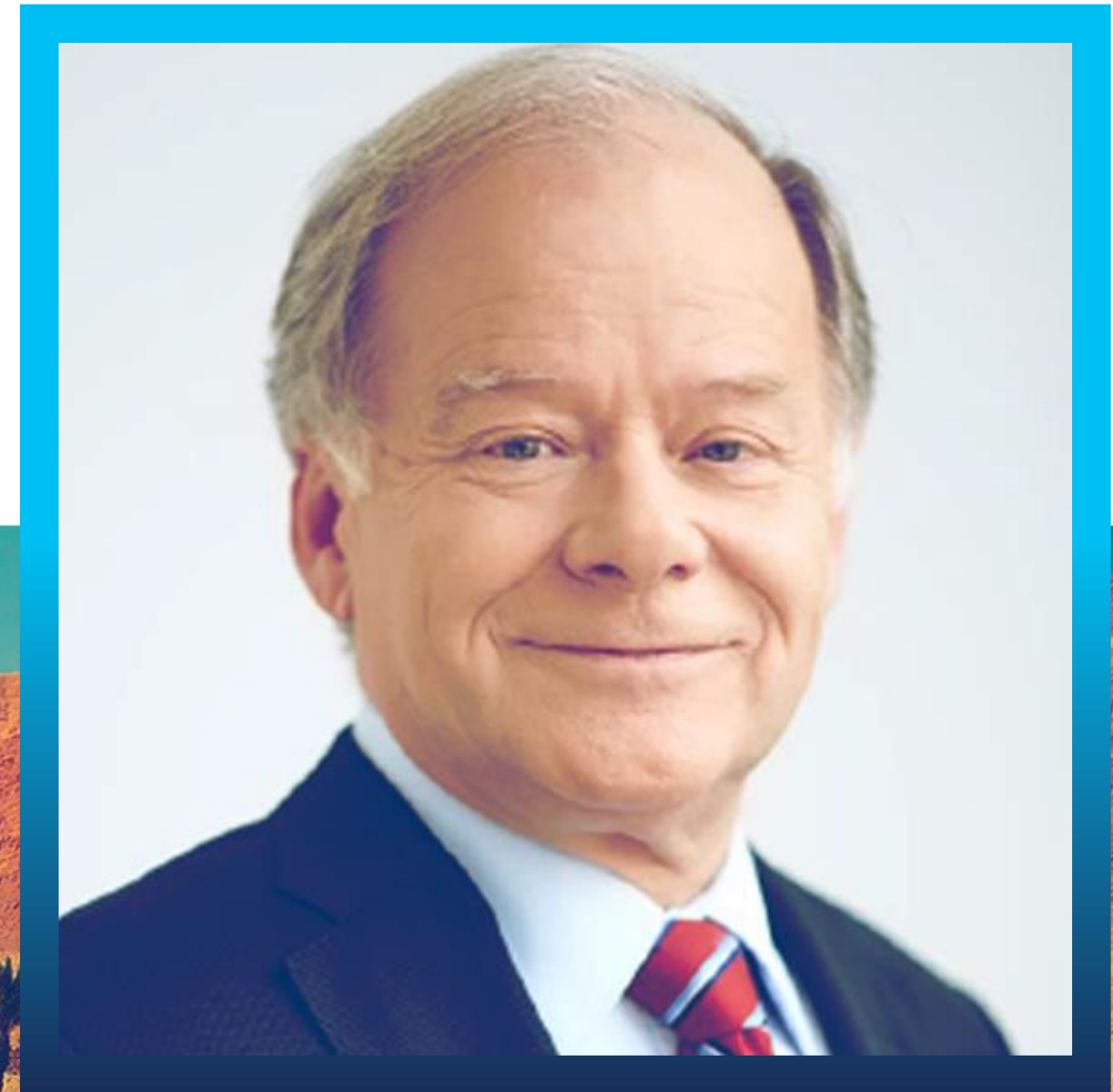


2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Election of directors

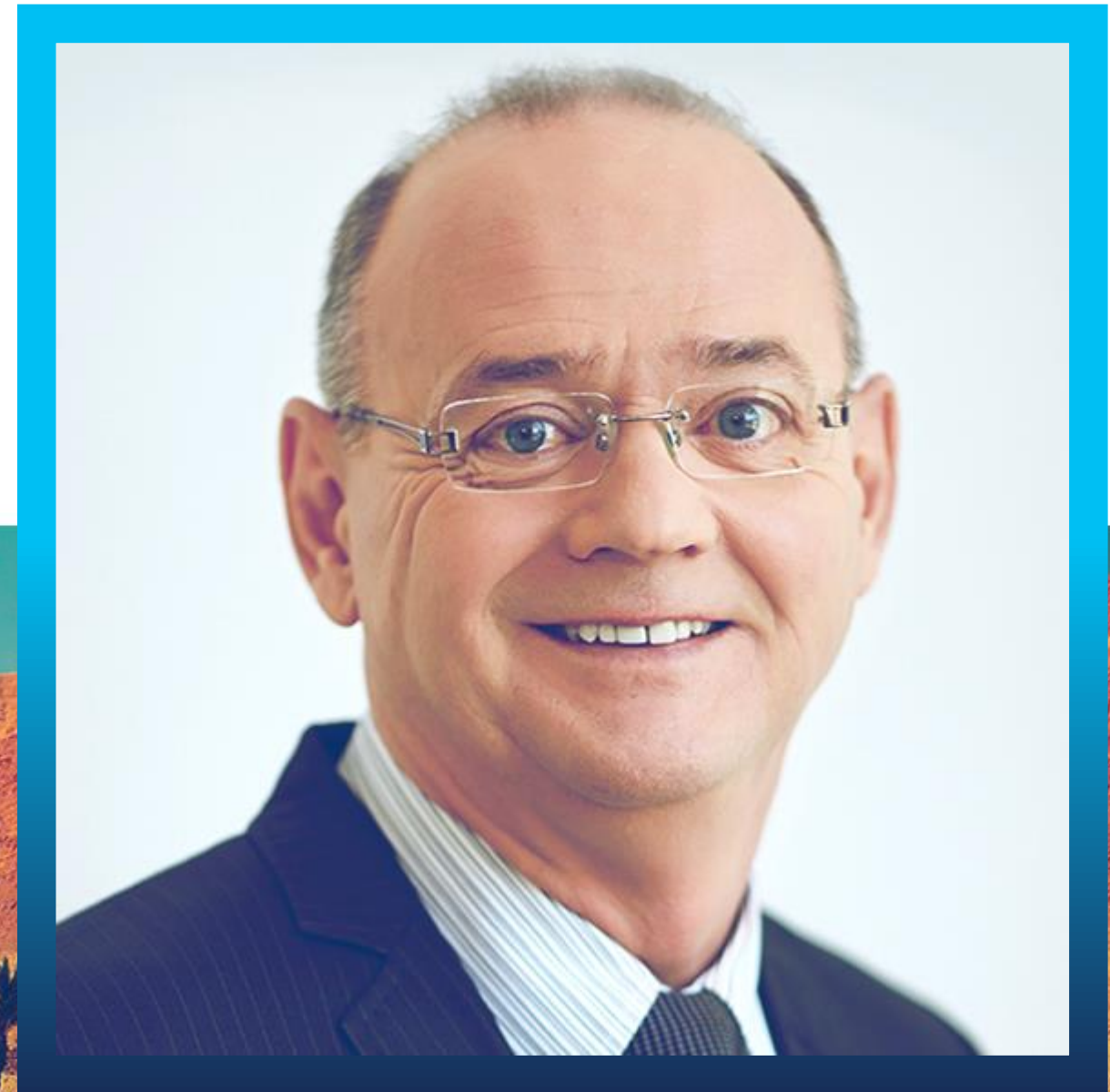
# Raymond Bachand

Strategic Advisor  
Norton Rose Fulbright Canada



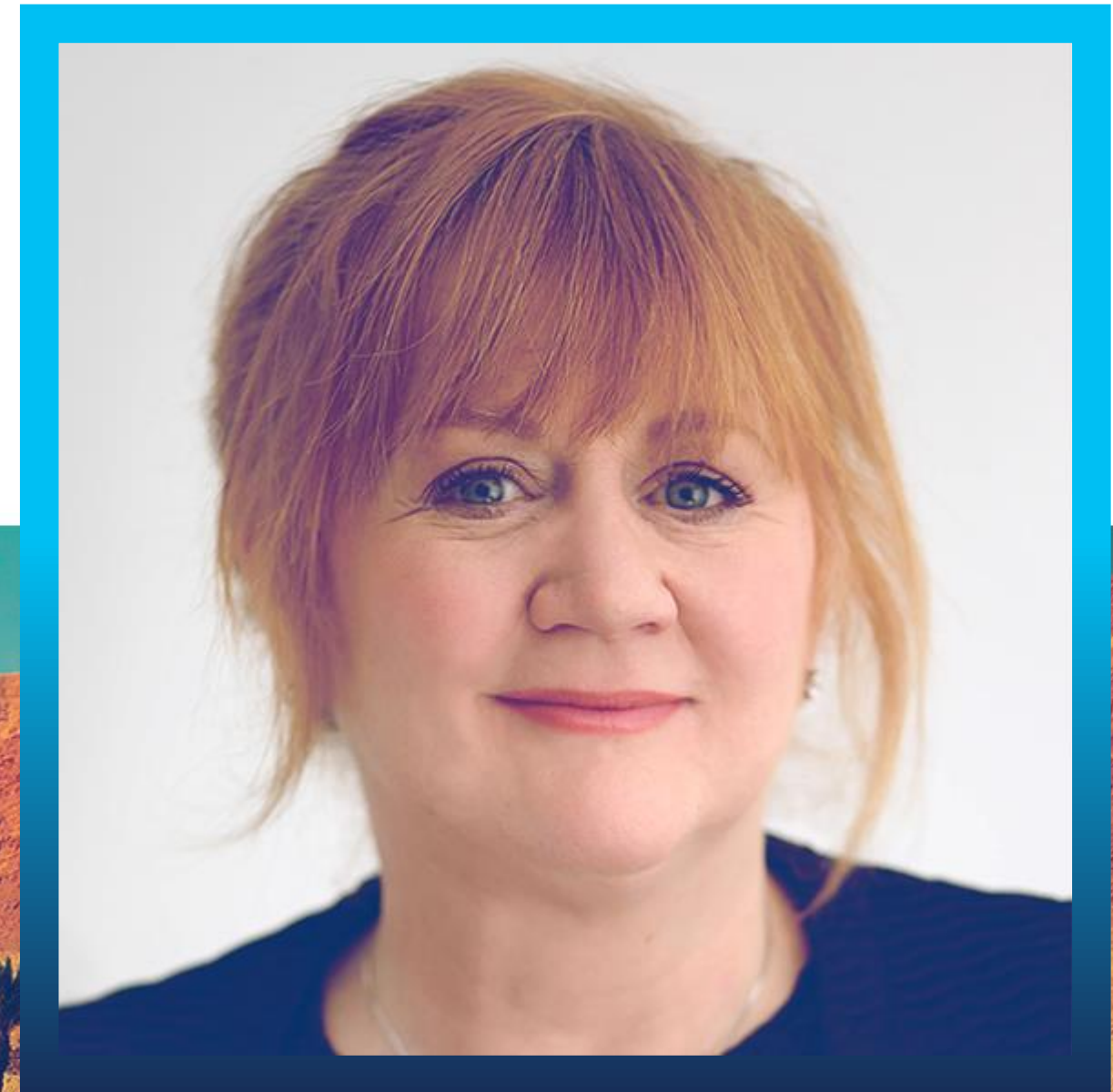
# Louis-Marie Beaulieu

Chairman of the Board, President and Chief Executive Officer  
Groupe Desgagnés Inc.



# Lucie Chabot

Vice-President and Chief Financial Officer  
SAIL Outdoors Inc.



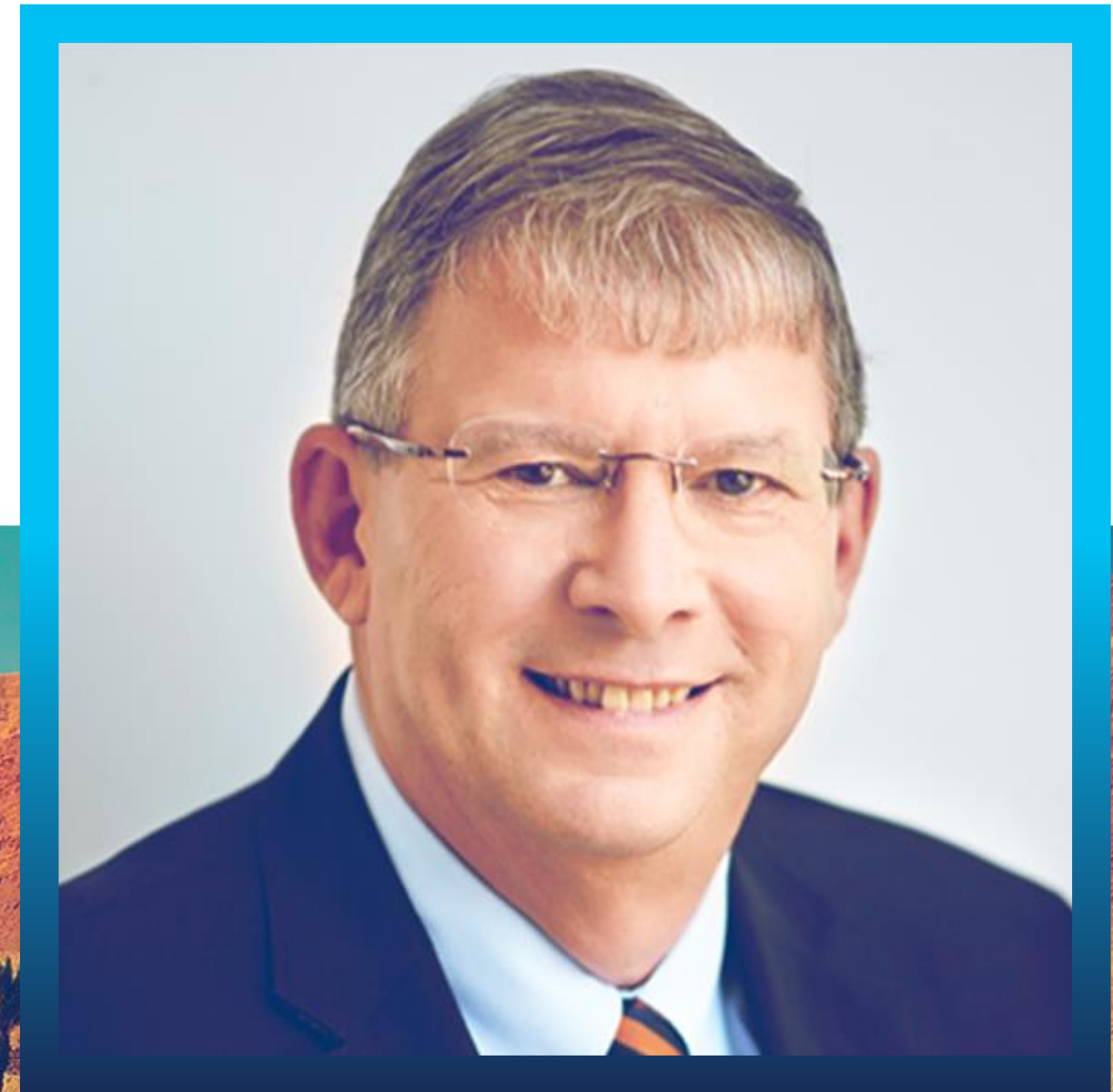
# Lina De Cesare

Corporate Director



# W. Brian Edwards

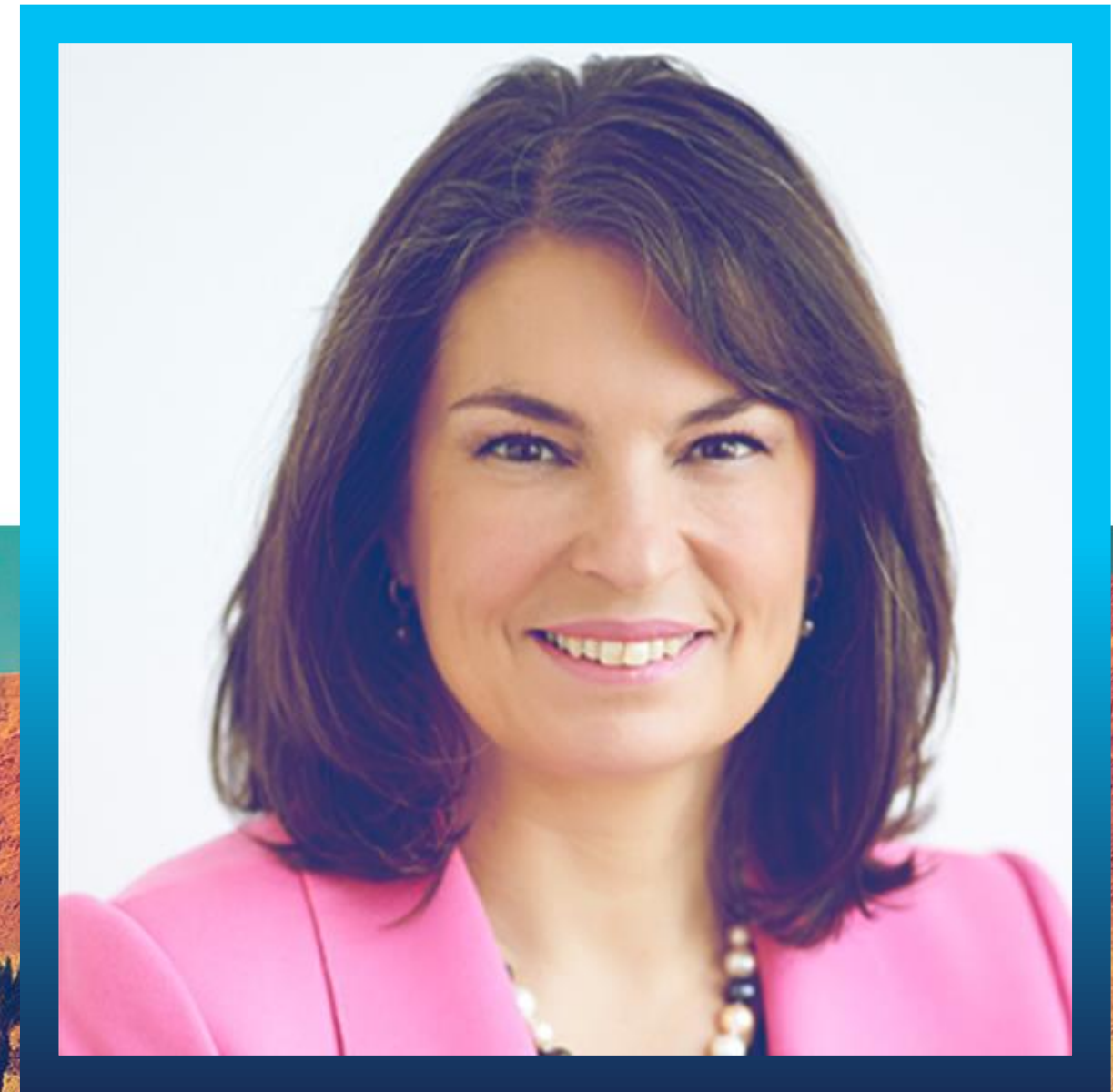
Corporate Director





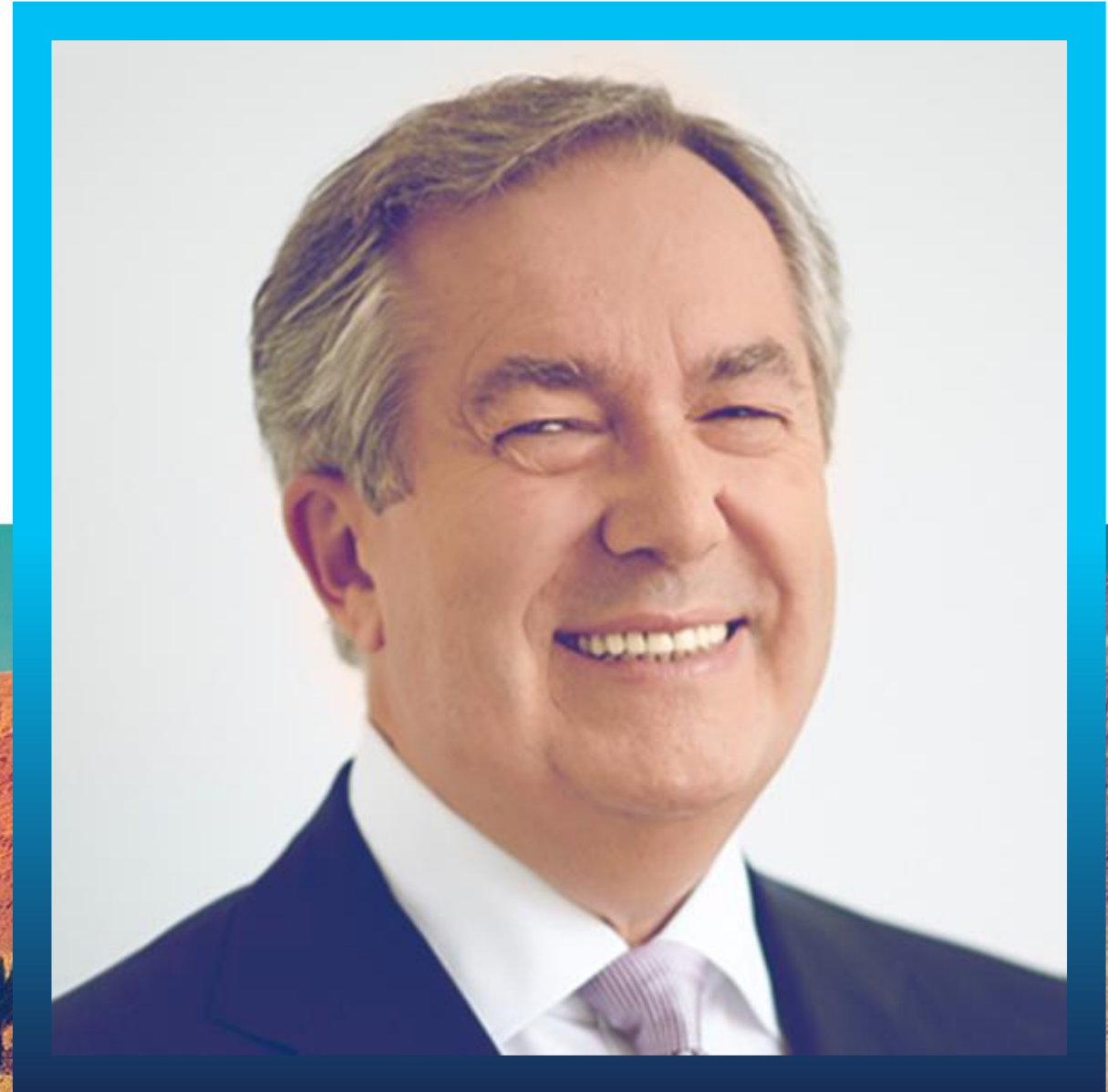
# Susan Kudzman

Executive Vice-President  
and Chief Risk and Corporate Affairs Officer  
Laurentian Bank of Canada



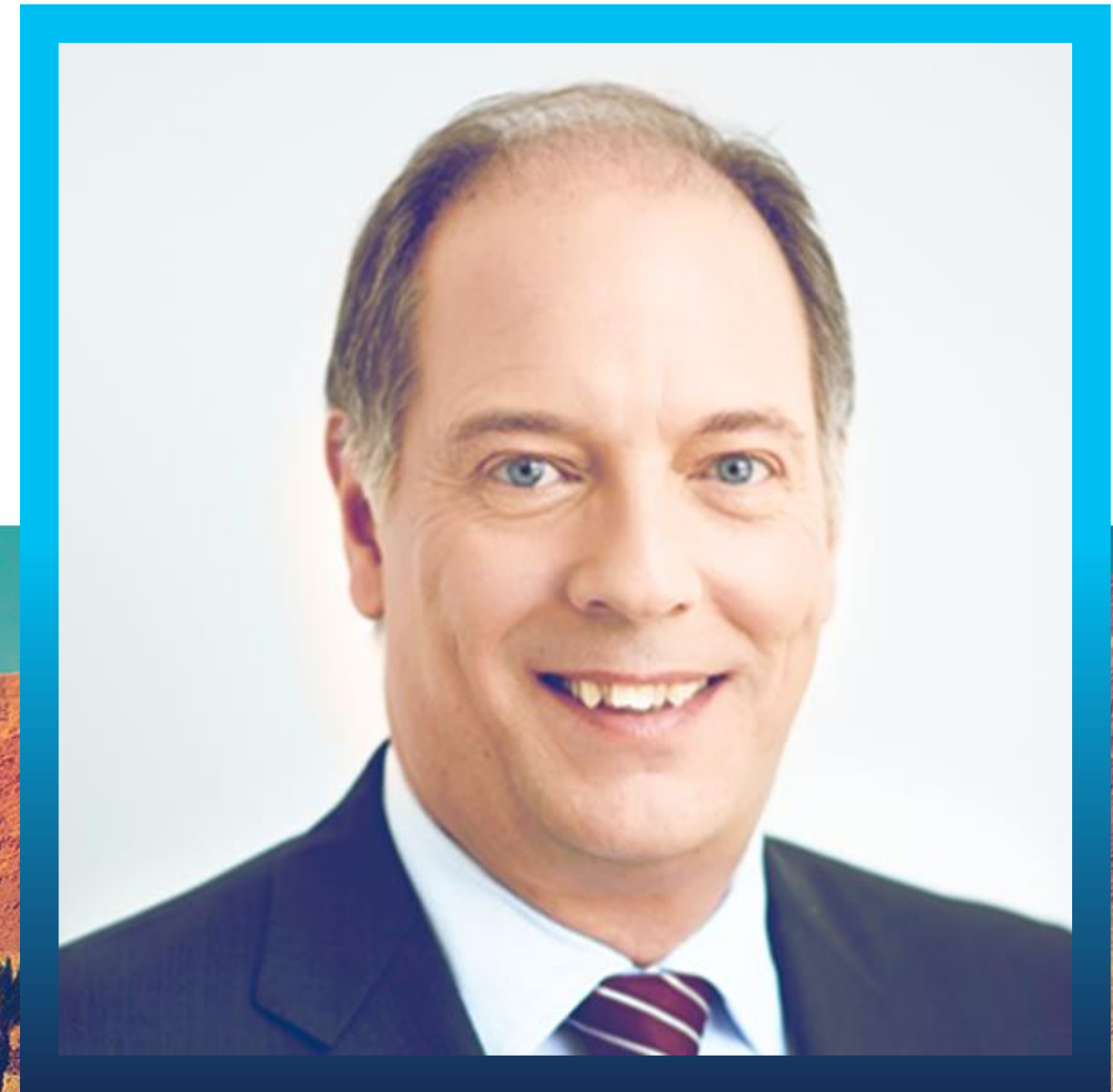
# Jean-Yves Leblanc

Corporate Director



# Jacques Simoneau

President and Chief Executive Officer  
Gestion Univalor, s.e.c.



# Louise St-Pierre

Corporate Director



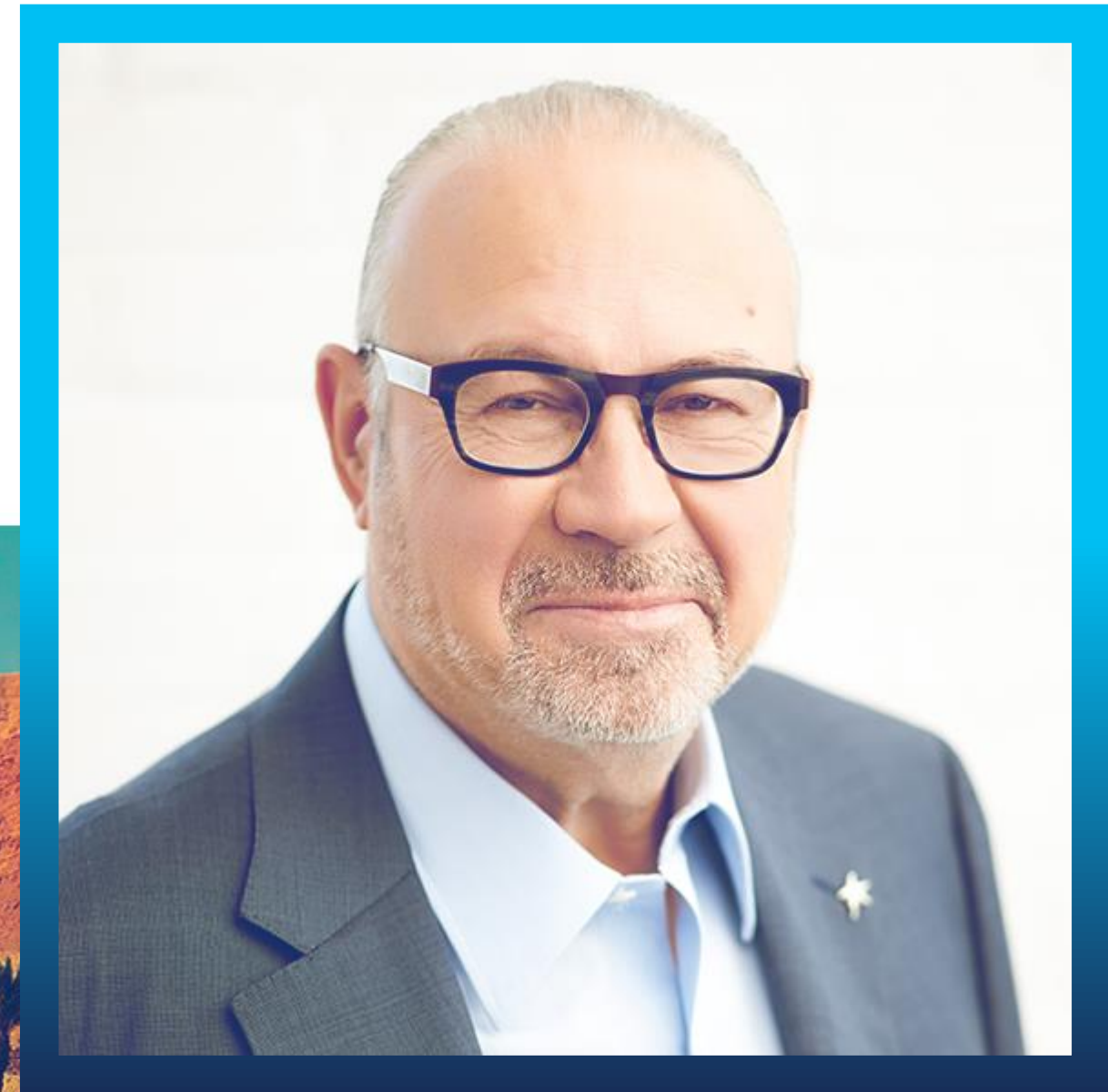
# Philippe Sureau

Corporate Director



# Jean-Marc Eustache

President and Chief Executive Officer  
Transat A.T. Inc.





2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Election of directors



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Appointment of auditors



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Resolution

## Employee Share Purchase Plan

2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Resolution

## Executive compensation



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Shareholder proposal



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# President's message



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Jean-Marc Eustache

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President and Chief Executive Officer



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# 2017 A key year

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A photograph of a lavender field at sunset. The field is filled with rows of purple lavender plants. In the background, there is a small stone building with a tall, thin cypress tree next to it. The sun is low on the horizon, creating a warm, golden glow. The sky is a mix of orange and yellow. The overall scene is peaceful and scenic.

**2018-2022**

**Strategic plan**

**Building Sustainable Profitability**



# Annual results

## Revenues

**2017**  
**\$3.0 billion**

**2016**  
**\$2.9 billion**

In millions of dollars

### Operating income (loss)



### Net income (loss) attributable to shareholders



### Adjusted operating income<sup>1</sup>



<sup>1</sup> See the caution regarding non-IFRS financial measures

# Refocusing on leisure travel operations



**Sale October 2016**  
**\$93 million**

**Sale October 2017**  
**\$186 million**

**Sale November 2017**  
**\$48 million**

**Total: \$327 million**



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# Jordi Solé

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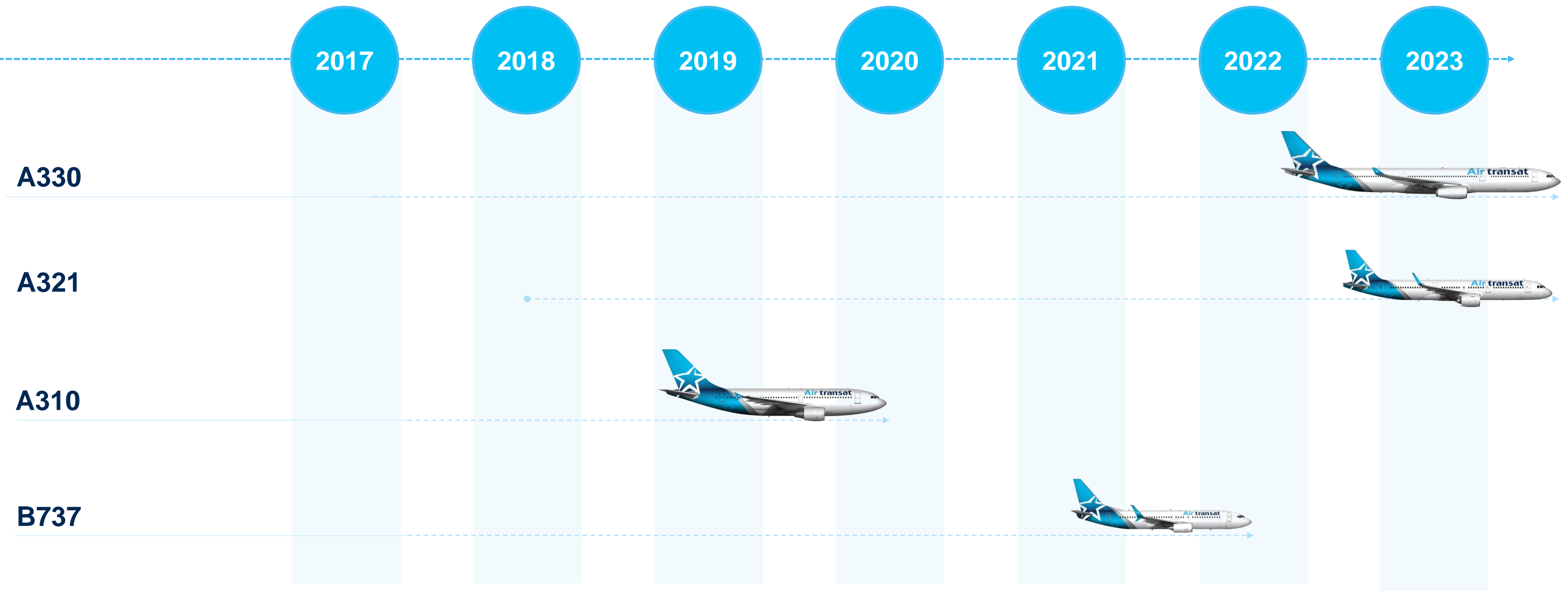
President, Hotel Division, Transat

- Assumed his new duties **February 20, 2018**
- **More than 15 years** operating resorts belonging to major international hotel chains
- Extensive experience in operations, sales, marketing and staff management



# Fleet development strategy

By 2022: all-Airbus fleet



# All-Airbus fleet

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**Cost savings**

- Harmonized maintenance
- Cockpit commonality
- Simplified operations

# Ten new A321neo LRs

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**Air Transat, first carrier to operate this aircraft in North America in 2019**



- Long range (autonomy)
- Low fuel consumption
- Versatile (South and Europe)
- Competitive operating costs



# Major agreement with Thomas Cook



**7-year  
agreement**

**Seasonal aircraft  
exchange**

# Annick Guérard

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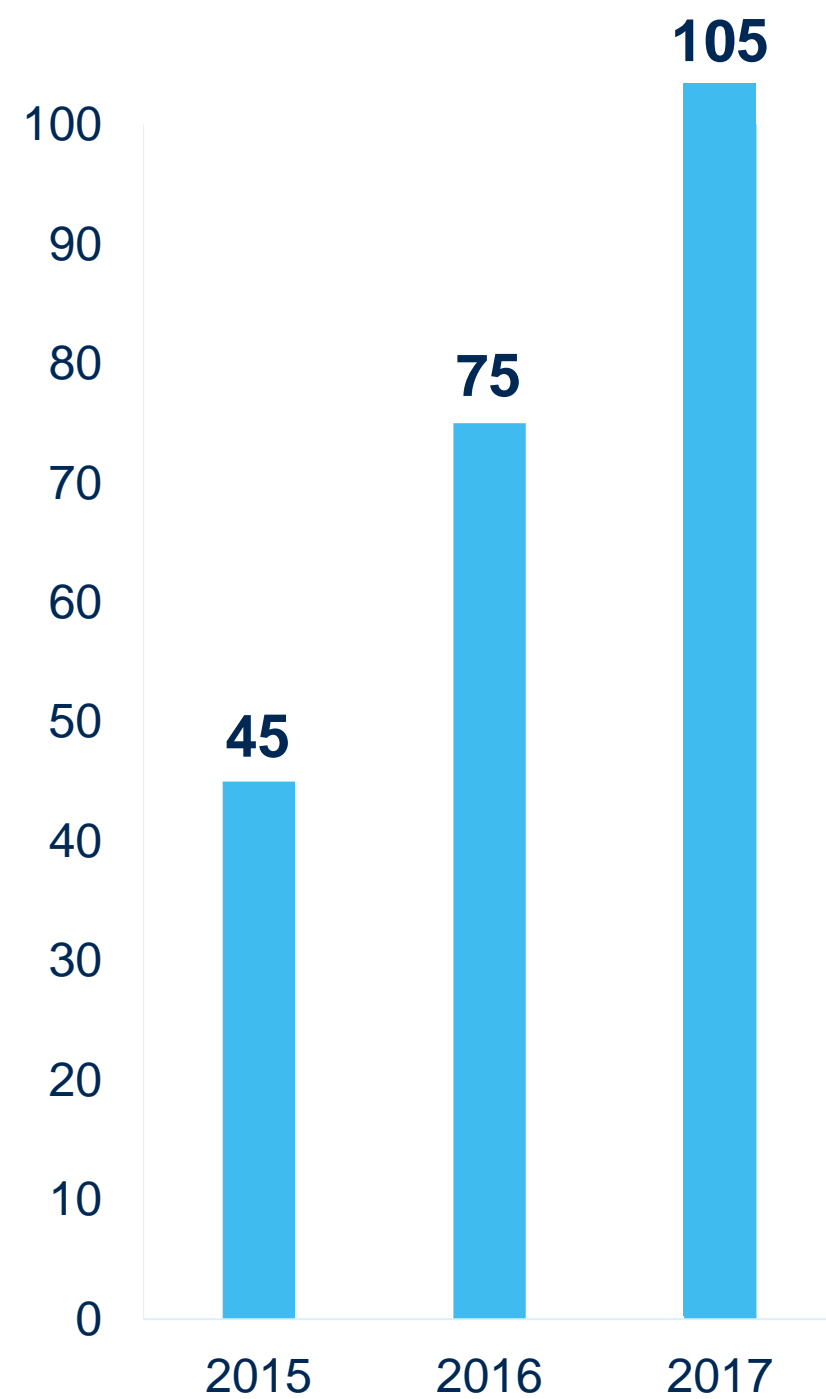
Chief Operating Officer, Transat

- Assumed her new duties **November 1, 2017**
- **More than 15 years** in management positions with several Transat business units and departments
- Experience in operations, distribution, marketing, e-commerce, customer service and product development



# Cost-reduction and margin-improvement plan

In millions of dollars



# 2018-2022 strategic plan

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**Optimization  
of our leisure-travel business**



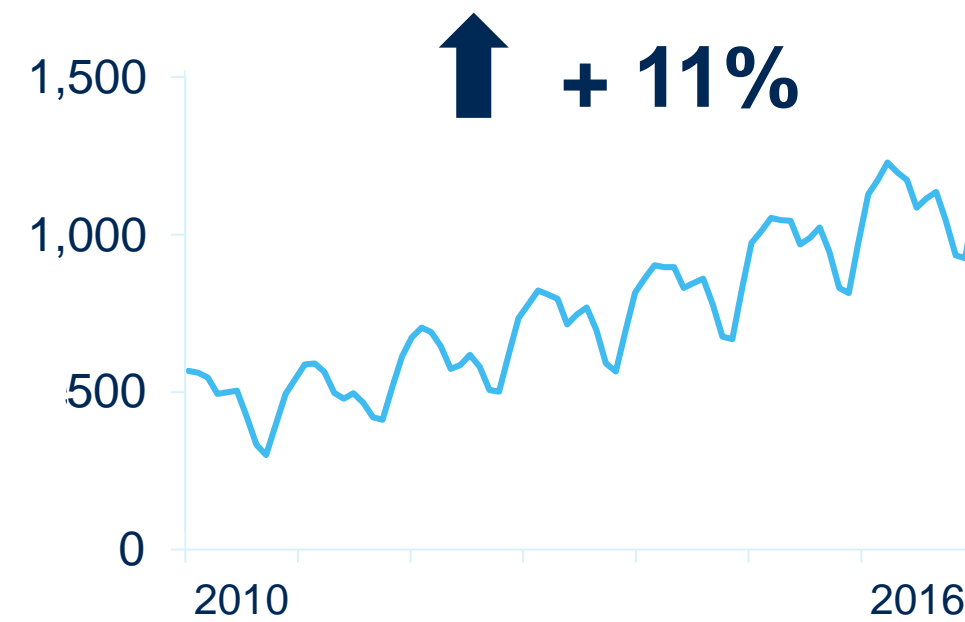
**Creation of our hotel  
business unit**

# Hotels

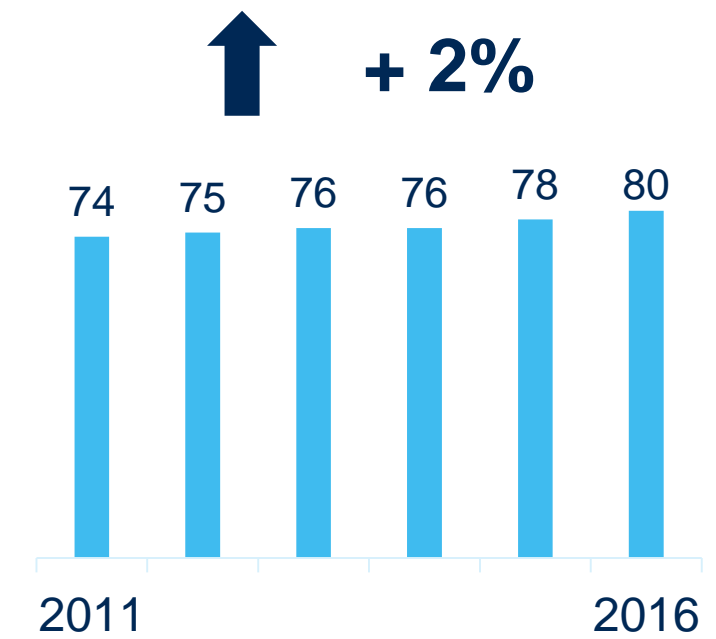
In thousands

**Cancún**  
Mexico

## Offering of seats



## Offering of rooms

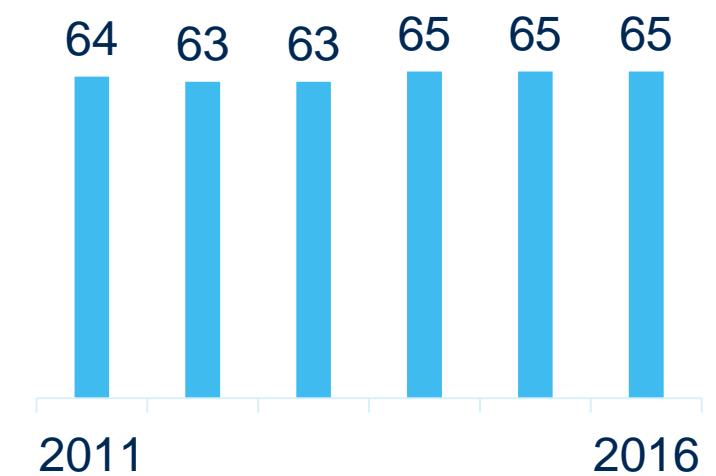


**Punta Cana**  
Dominican Republic

## Offering of seats



## Offering of rooms



# Best customer experience

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# Best customer experience

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**Distribution**

**Flight**

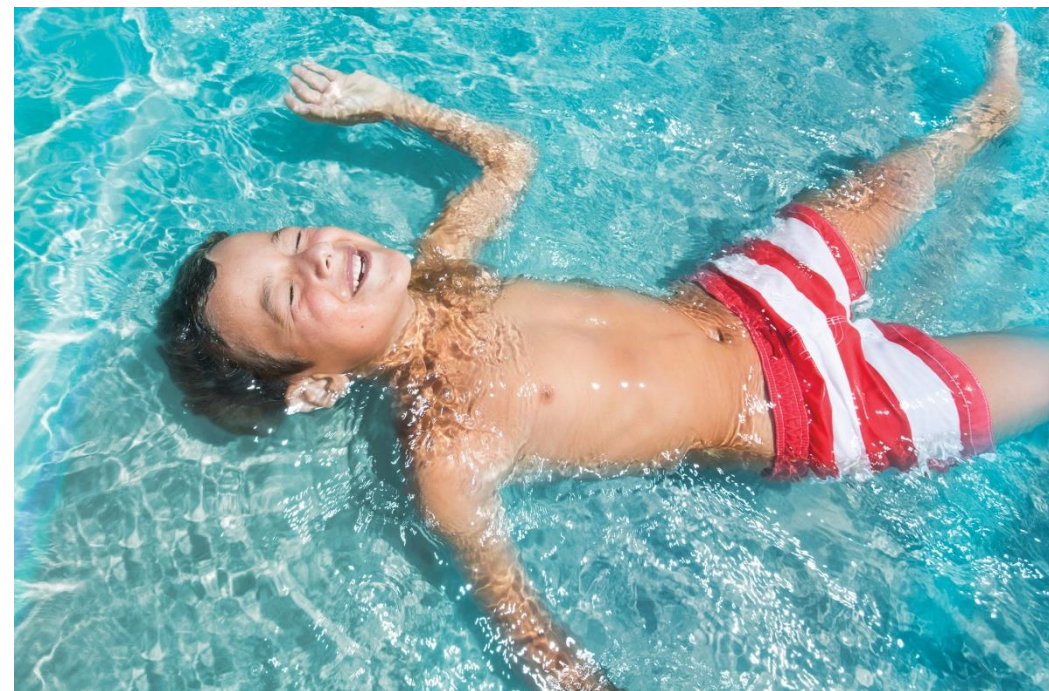
**Transfer to destination**

**Hotel stay**



# New hotel chain in the South

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**5,000**  
rooms by 2024

Mexico  
Dominican Republic  
Jamaica

Fully owned  
or managed

**EBIT: CDN\$80 M**



# Leisure travel business

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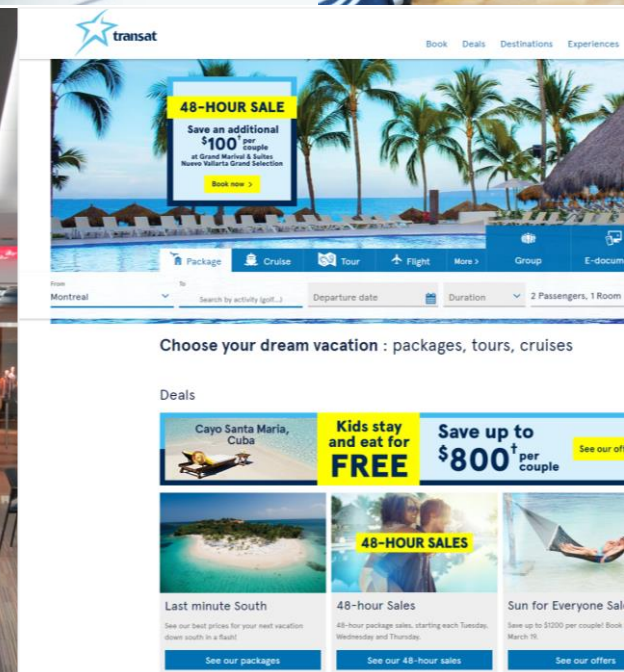


**Friendly  
service**

**Competitive  
price**

# Eight projects

- 1 Aligning teams more closely
- 2 Concentrating on costs
- 3 Focusing on the customer
- 4 Fleet and network
- 5 Revenue management and pricing
- 6 Ancillary revenues
- 7 Distribution strategies
- 8 Digital



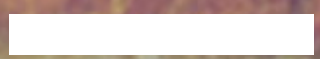
A large, weathered stone sculpture of a face, possibly a deity or historical figure, is the central focus. The sculpture is made of a reddish-brown material and features a prominent circular opening in its lower half. The background consists of a bright blue sky with wispy white clouds and lush green hills and vegetation. The overall scene is vibrant and scenic.

**Committed to  
sustainable tourism**

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# First tour operator in North America



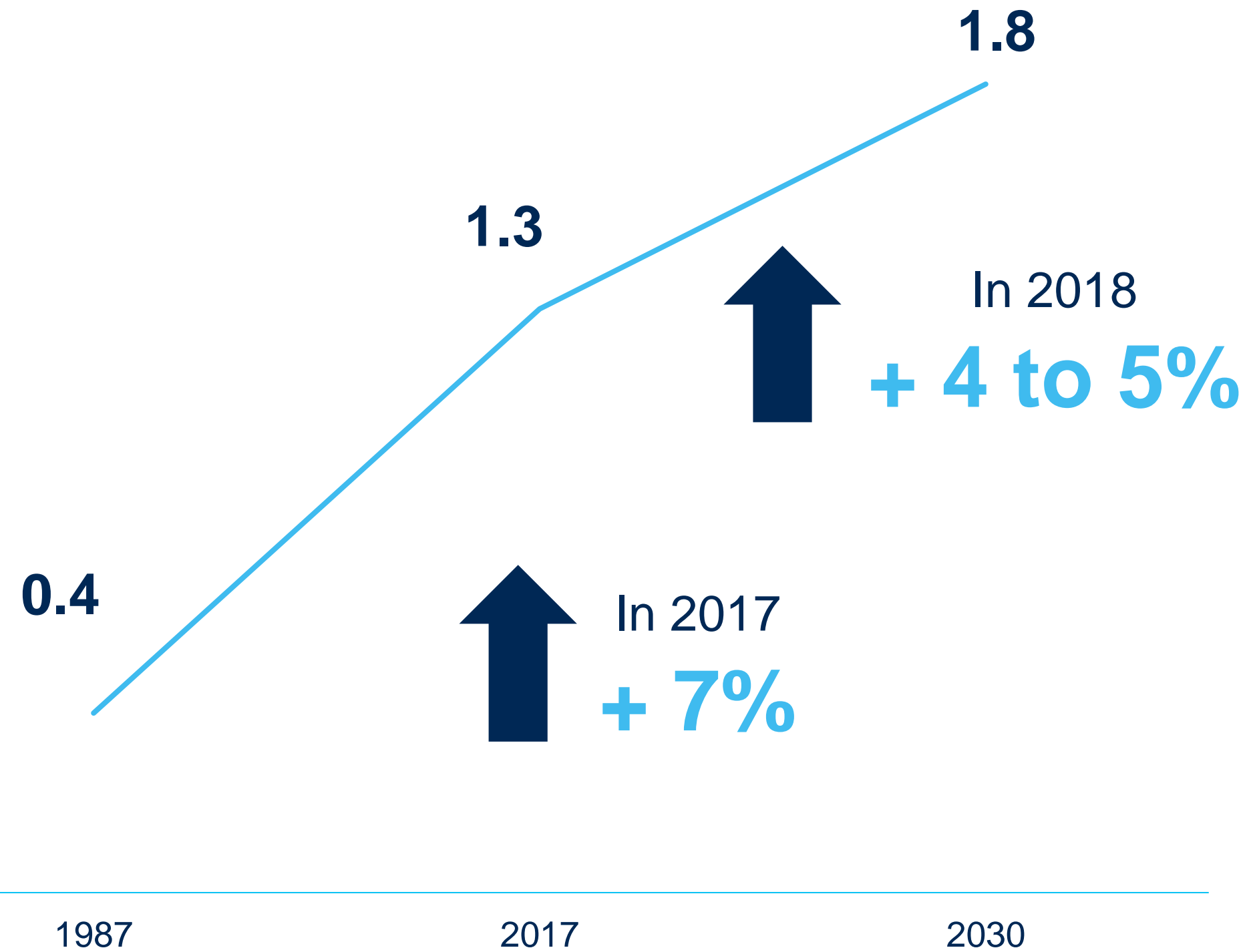
An aerial photograph of a tropical island with a star logo on the wing. The image shows a vast expanse of turquoise water surrounding a central island with a small town and greenery. The sky is a deep blue, and the wing of an airplane is visible in the upper right corner, featuring a white star logo on a blue background.

**More solid,  
more profitable**

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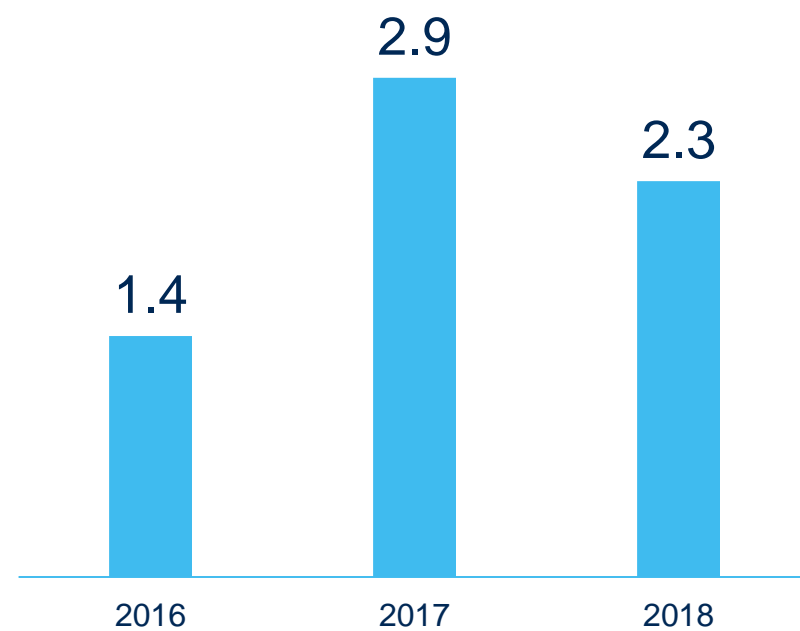
# World tourism

In billions of tourists



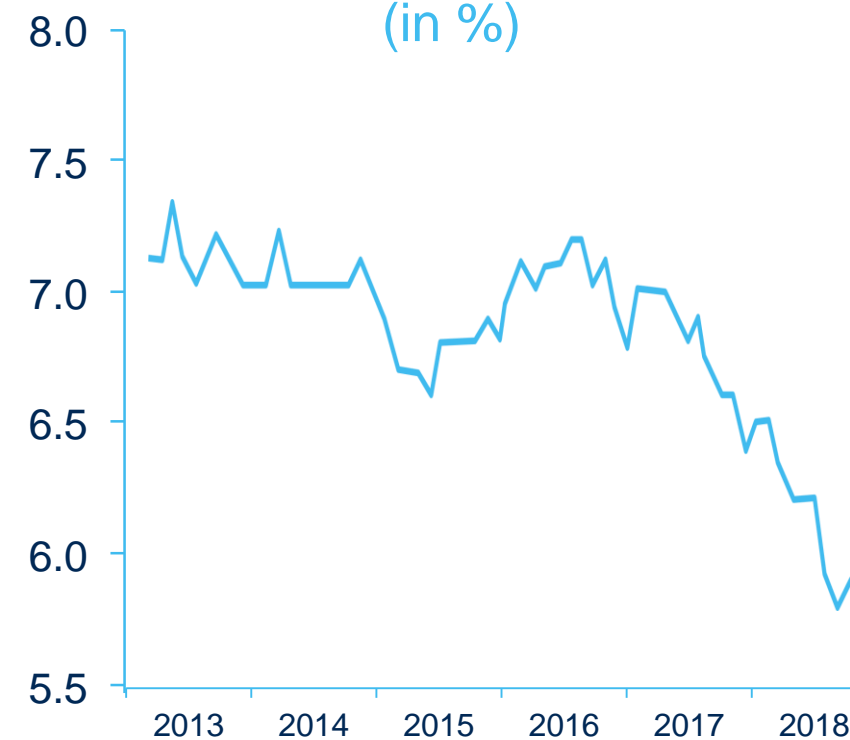
# A strong Canadian economy

Real GDP  
(annual variance in %)



Sources: Scotiabank, Statistics Canada, BEA, BLS, IMF, Bloomberg economic studies.

Unemployment rate  
(in %)



Source: CANSIM table 282-0087.



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2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

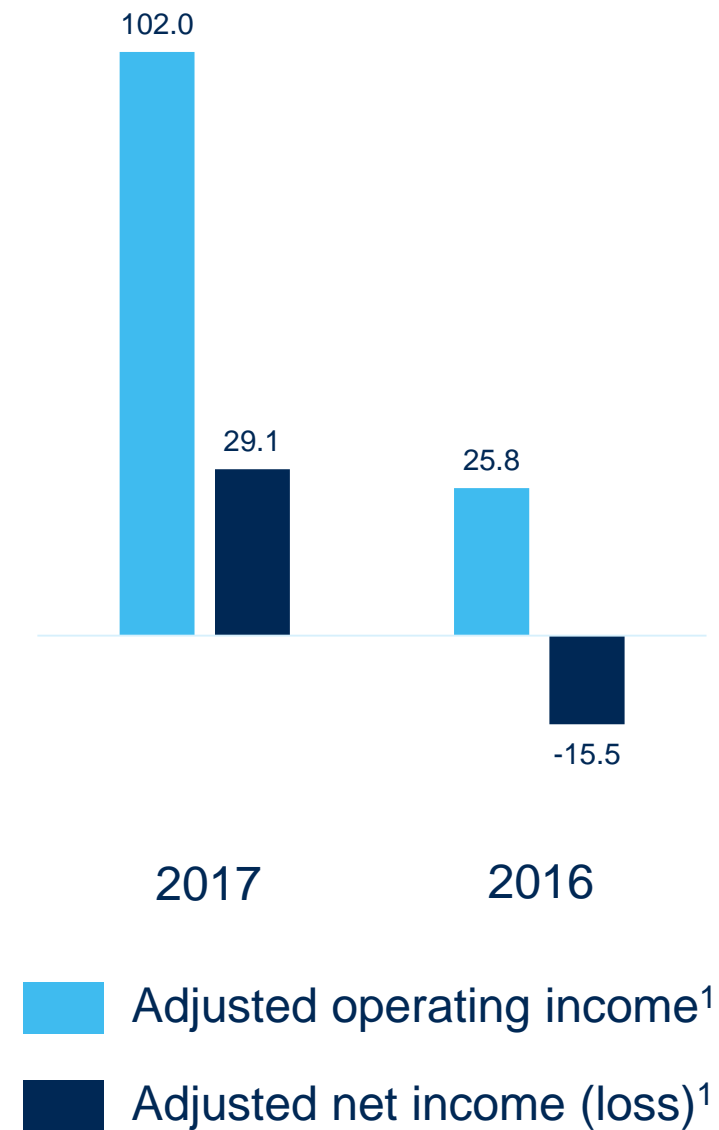
# Denis Pétrin

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Vice-President, Finance and Administration,  
and Chief Financial Officer

# Adjusted results

In millions of dollars

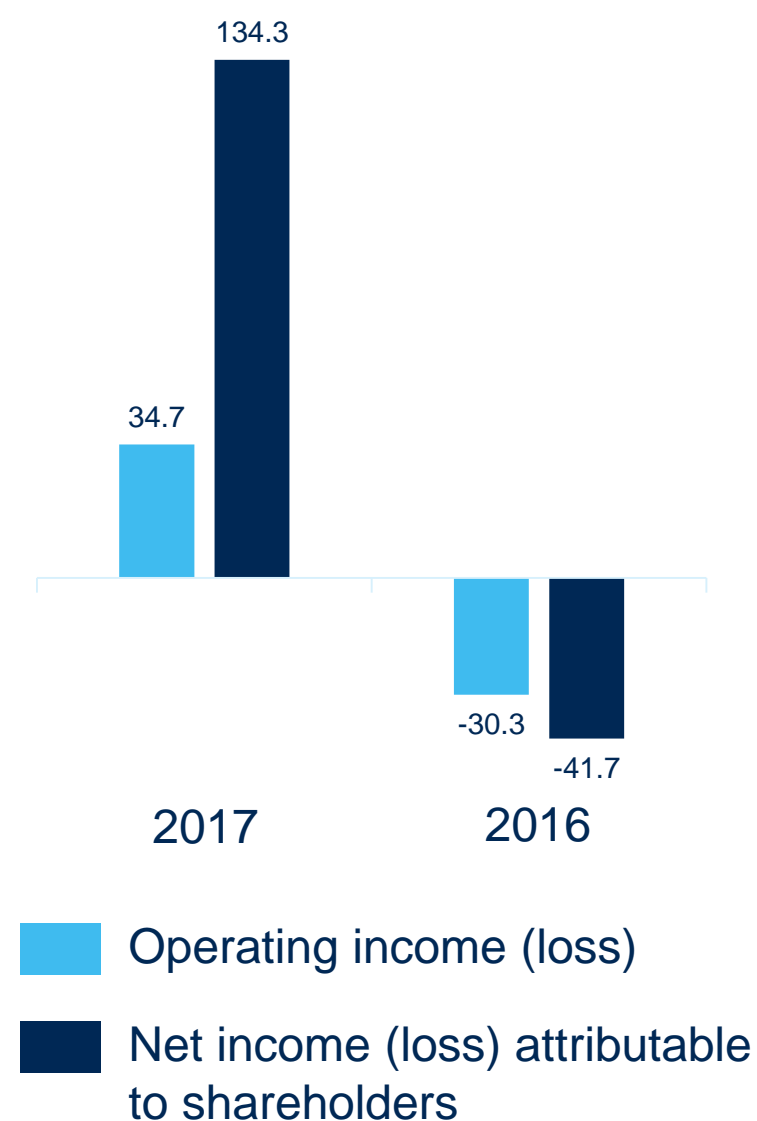


	2017	2016
Revenues	3,005.3	2,889.6
Adjusted operating income <sup>1</sup>	102.0	25.8
Adjusted net income (loss) <sup>1</sup>	29.1	(15.5)
Adjusted net income (loss) per share <sup>1</sup> (\$)	0.79	(0.42)

<sup>1</sup> See the caution regarding non-IFRS financial measures

# Results as per financial statements

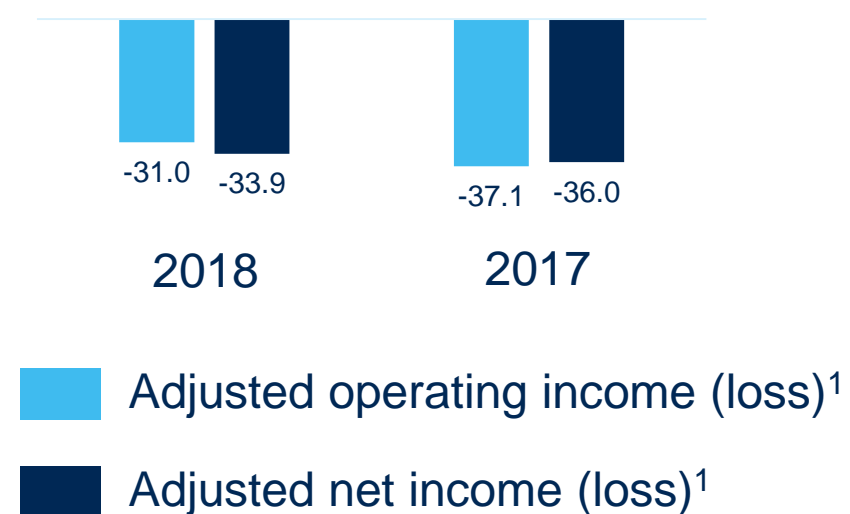
In millions of dollars



	2017	2016
Revenues	3,005.3	2,889.6
Operating income (loss)	34.7	(30.3)
Net income (loss) attributable to shareholders	134.3	(41.7)
Basic earnings (loss) per share (\$)	3.63	(1.13)

# 1<sup>st</sup> quarter results

In millions of dollars



	2018	2017
Revenues	725.8	689.3
Operating income (loss)	(45.8)	(50.7)
Adjusted operating income (loss) <sup>1</sup>	(31.0)	(37.1)
Net income (loss) attributable to shareholders	(6.6)	(32.1)
Adjusted net income (loss) <sup>1</sup>	(33.9)	(36.0)

<sup>1</sup> See the caution regarding non-IFRS financial measures

# Outlook for the South market – 2<sup>nd</sup> quarter



**Capacity**

**↑ 5.5%**

**Capacity sold**

**77%**

**Bookings**

**↑ 4.0%**

**Unit margins**

**↑ 0.8%**

# Outlook for the South market – 2<sup>nd</sup> quarter

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**Impact  
of hurricanes**

**Results similar  
to 2017**



# Outlook for the transatlantic market – summer 2018



Capacity

↑ 17%

Capacity sold

30%

Load factors similar  
to 2017

Higher selling prices  
and costs

# Hotel project

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**\$327 million**  
proceeds from sales

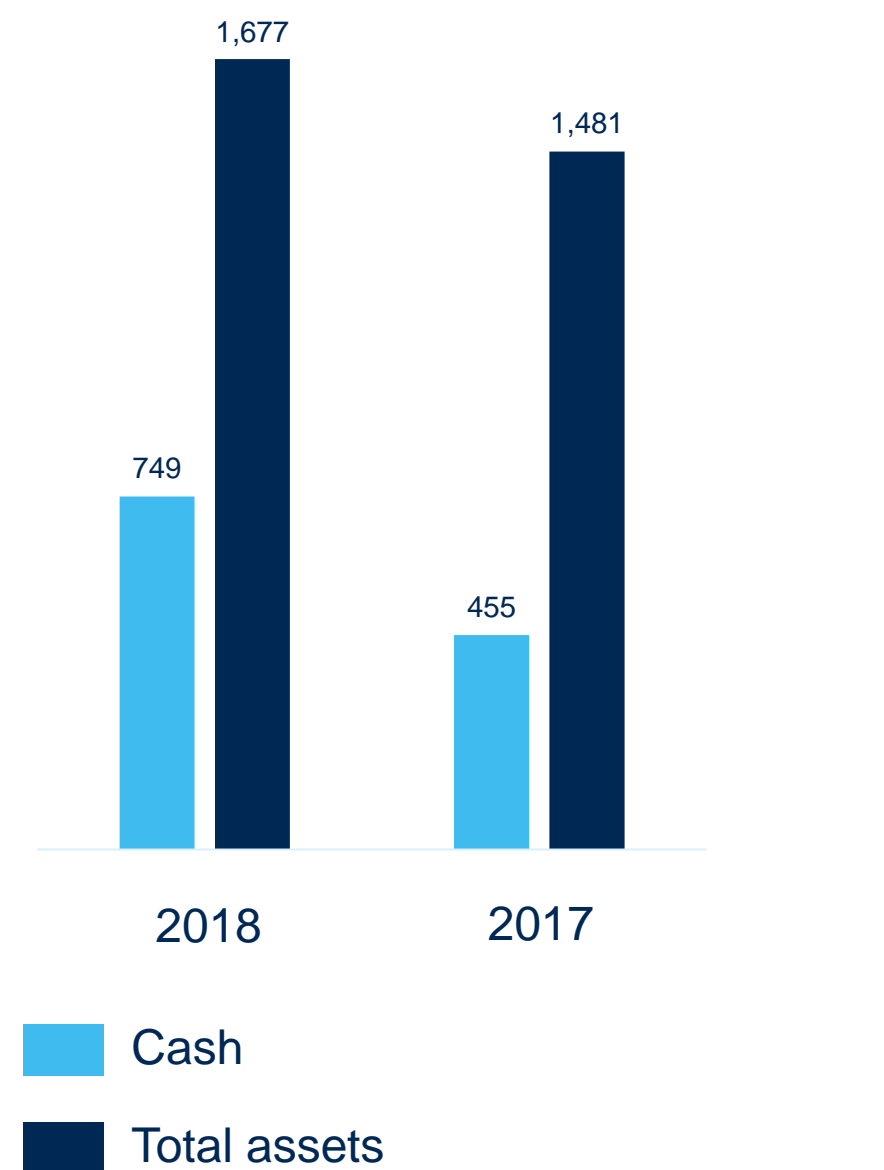
**\$749 million**  
in cash





# Consolidated balance sheets as at January 31

In millions of dollars



	2018	2017
Cash	749	455
Total assets	1,677	1,481
Investment	15	99
Balance sheet debt	-	-
Working capital ratio	1.36	1.15



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Jean-Marc Eustache

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President and Chief Executive Officer



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Vote result



2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Question period

2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

# Adjournment of the meeting

# 2018 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

