
Results for the fourth quarter ended October 31, 2024

# Supplementary Disclosure

transat

# Forward-Looking Statements

This presentation contains certain forward-looking statements with respect to the Corporation, including those regarding its results, its financial position and its outlook for the future. 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.

The 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 repay its debt, the Corporation’s ability to adequately mitigate the Pratt & Whitney GTF engine issues, 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, cybersecurity risks, changes in legislation, 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, labour relations, collective bargaining and labour disputes, pension issues, maintaining insurance coverage at favourable levels and conditions and at an acceptable cost, and other risks detailed in the Risks and Uncertainties section of the MD&A.

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 news release 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 the Corporation will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.

The outlook whereby the Corporation expects the industry to continue to favour a measured approach while maintaining relatively stable capacity.

The outlook whereby the initiatives implemented since the start of the Elevation program should begin to generate significant benefits for the Company's results from the second half of fiscal 2025.

The outlook whereby for fiscal year 2025, the Corporation expects to increase available capacity by 2%, measured in available seat-miles, compared to 2024.

In making these statements, the Corporation assumes, among other things, that the standards and measures for the health and safety of personnel and travellers imposed by government and airport authorities will be consistent with those currently in effect, that workers will continue to be available to the Corporation, its suppliers and the companies providing passenger services at the airports, 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 and that fuel prices, exchange rates, selling prices, and hotel and other costs remain stable, the Corporation will be able to adequately mitigate the Pratt & Whitney GTF engine issues and that the initiatives identified to improve adjusted operating income (adjusted EBITDA) can be implemented as planned, and will result in cost reductions and revenue increases of the order anticipated by mid-2026. 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.

# Non-IFRS Financial Measures

We report our financial results in accordance with IFRS. This presentation was prepared using results and financial information determined under IFRS. In addition to IFRS financial measures, this presentation also contains non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures used by management to assess the Corporation's operational performance including adjusted operating loss, adjusted net loss, adjusted loss per share, total net debt, net cash burn, current ratio, free cash flow and unrestricted liquidity. These measures do not have a standardized meaning under IFRS. 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 measures used by the Corporation are intended to provide additional information and should not be considered in isolation or as a substitute for IFRS financial performance measures.

Generally, a non-IFRS financial measure is a numerical measure of an entity's historical or future financial performance, financial position or cash flows that is neither calculated nor recognized under IFRS. Management believes that such non-IFRS financial measures are important as they provide users of our consolidated financial statements with a better understanding of the results of our recurring operations and their related trends, while increasing transparency and clarity into our operating results. Management also believes these measures to be useful in assessing the Corporation's capacity to fulfil its financial obligations.

By excluding from our results items that arise mainly from long-term strategic decisions and/or do not, in our opinion, reflect our operating performance for the period, such as the change in fair value of derivatives, the revaluation of the liability related to warrants, gain (loss) on business disposals and/or asset disposals, restructuring costs, asset write-offs and impairment, reversal of impairment of the investment in a joint venture, depreciation and amortization, foreign exchange gains (losses), gain (loss) on long-term debt modification and other significant unusual items, and by including premiums related to derivatives that matured during the period, we believe this presentation helps users to better analyze our results, as well as our 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.

See the Non-IFRS financial measures slide in the Appendix for more information, including a description of such measures.

# General Overview

# FY 2024 and Q4 2024

# Highlights FY2024


| | |
|---|---|
| **$3.3B**<br>Revenues | **$194M**<br>Adjusted EBITDA[1] |
| **($114M)**<br>Net Loss | **($122M)**<br>Free Cash Flow[1] |

Revenue grew by 7.7%
Achieved Adjusted EBITDA[1] margin of 5.9%

1. Refer to Non-IFRS Financial Measures in the Appendix.

# Operating Metrics

- **Sustained traffic growth in FY2024: +7.6 %**
  - Winter traffic increased by +15.7 %
  - Summer traffic grew by +2.7 %
- **Yields remained under pressure throughout FY2024 but showed sequential improvement between Q3 and Q4**
- **Q4 load factor reached 87.2%, slightly below the previous year's level**
- **For Q1 2025, load factor is 1.1 percentage point higher compared to the same period last year, while unit revenues (yield) have risen by 1.0%**

| Key Indicators for Q4 2024 | | |
|---|---|---|
| ***Versus 2023*** | **Global Network** | **Transatlantic (Main Network)** |
| **Load Factor** | - 1.1 pp (87.2%) | - 1.0 pp (88.0%) |
| **Yield[1]** | - 8.5 % | - 10.0 % |
| **Capacity (ASM[2])** | + 4.0 % | + 6.7 % |
| **Capacity (Seats)** | + 1.1 % | + 6.6 % |

1. Airline unit revenues expressed in revenue per passenger-mile.
2. Available seat miles.

# Capacity Increase and Fleet Overview

- **Fiscal 2025 planned capacity increase in ASMs[1] is projected at +2 %**
  - Fleet size will remain stable with no new aircraft deliveries scheduled for the year
  - Year-over-year capacity growth will be driven by the integration of 7 additional aircraft delivered in the summer of 2024
  - Current number of grounded aircraft due to the Pratt & Whitney GTF engine issue remained stable at 6 since last quarter
- **Two new destinations will be added: Tulum, Mexico, this winter, and Valencia, Spain, next summer**

**Fleet Overview[2]**

| | 2024 | | 2025 | |
|---|---|---|---|---|
| | Winter | Summer | Winter | Summer |
| **A330** | 13 | 16 | 16 | 16 |
| **A321LR** | 15 | 19 | 19 | 19 |
| **Medium-haul[3]** | 15 | 8 | 9 | 8 |
| **Total** | **43** | **43** | **44** | **43** |
| ***Grounded A321LR*** | ***3*** | ***6*** | ***6*** | |

1. Available seat miles
2. Includes short-term leases and reflects the fleet at the peak of the season.
3. Mainly includes A321CEO and B737.

# Elevation Program

# *Elevation*: A Rigorous Approach to Deliver $100M EBITDA by mid-FY 2026

### Identifying Key Value Drivers Through Comprehensive Review

Through a comprehensive review and analysis conducted over the summer, **key value drivers across all sectors of the organization** were identified

These drivers, each with **clear executive ownership**, are focused on **increasing profitability, gaining efficiency and improving cashflow**

### Establishing a Rigorous Governance Framework

A dedicated *Elevation Management Office* has been established to **monitor progress and ensure the achievement of financial goals**

**Over 30 value-creating initiatives** have been launched to date and are being actively tracked to drive sustained improvement

### Targeting $100M Annual Adjusted EBITDA[1] by Mid-FY 2026

**40%** will be driven from revenue generation and **60%** from cost reduction

As of today, a **$25M run-rate has already been implemented**, demonstrating solid progress towards the objective

Contribution to financial results is expected to become significant in the **second half of fiscal 2025**

1. Refer to Non-IFRS Financial Measures in the Appendix.

# Efforts are Focused on Quickly Creating Sustainable Value Across Multiple Drivers

## 30+ initiatives launched and actively tracked

### Improving organizational effectiveness

Streamlining the organizational structure by consolidating roles and responsibilities, enhancing collaboration, and adopting more efficient ways of working. This will lead to faster decision-making, clearer accountability and ensure the organization is right-sized for the future.

### Unlocking revenue with enhanced commercial strategies

Leveraging advanced AI and data-driven insights to maximize flight and package revenues while delivering greater value to customers.

### Strengthening financial foundation

Improving cashflow and ensuring sustainable financial health through strategic contract negotiations and improved accounts payable and receivable processes

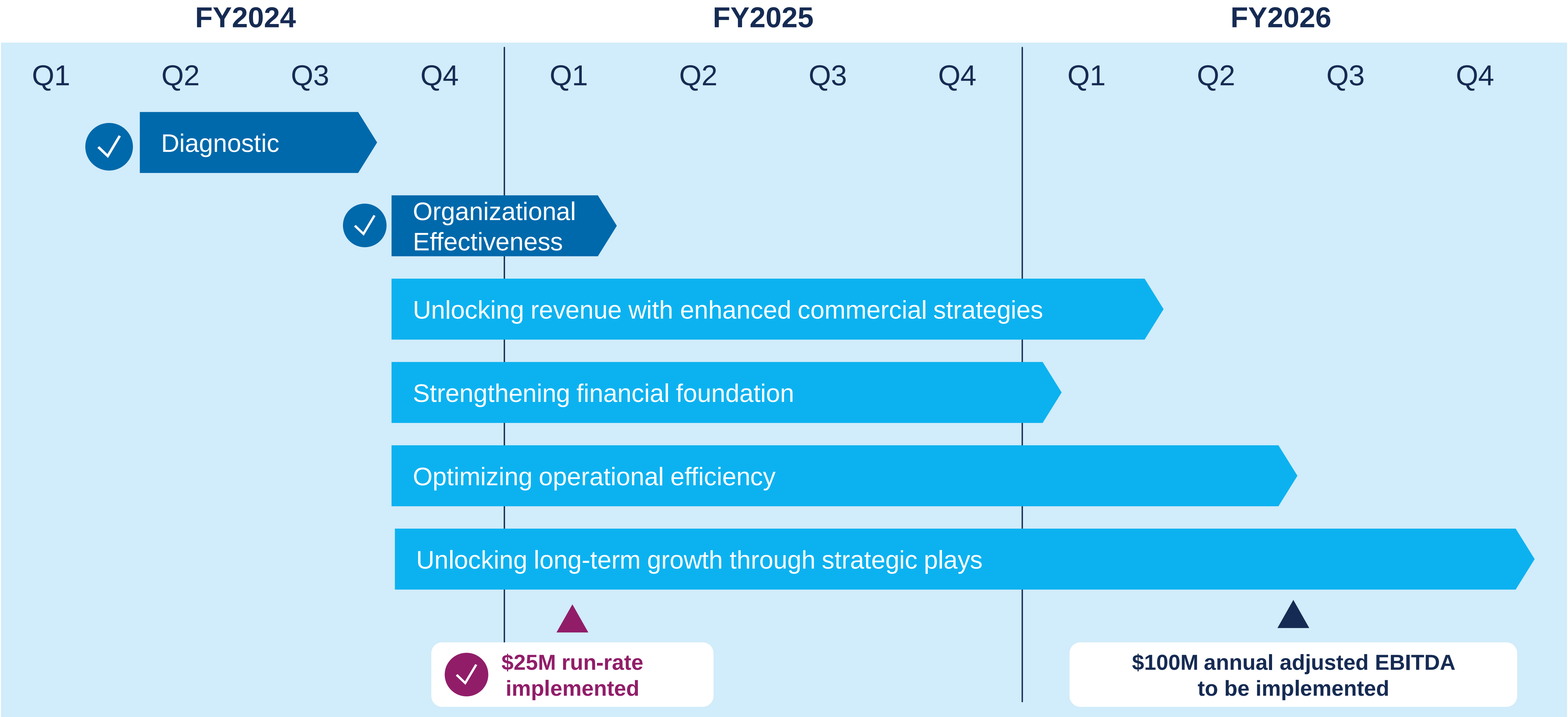
### Optimizing operational efficiency

Leveraging digital and automated solutions like AI-powered contact centers, advanced planning tools, and predictive maintenance systems to enhance efficiency, lower operational costs, and achieve operational excellence

### Unlocking long-term growth through strategic plays

Maximizing synergies and leveraging strategic partnerships, refining customer-centric offerings, and defining the long-term network growth strategy

# *Elevation* is Gaining Momentum with $25M Run-Rate Already Implemented



# Making Measurable Progress on Key Initiatives

- **Early wins have already delivered a $25M adjusted EBITDA[1] run-rate**
  - Implemented cost optimization initiatives:
    - Streamlined organizational structure to enable greater agility and faster decision-making
    - Upgrading distribution model to reduce costs, enhance control and flexibility
    - Leveraging AI in the call center to boost efficiency, reduce handle times, and enhance customer satisfaction
- **Established robust governance to monitor progress and ensure swift delivery of the $100M adjusted EBITDA[1] uplift target**
  - Formed a dedicated Elevation Management Office
  - Established a rigorous governance framework for structured decision-making and rapid issue-resolution protocols
  - Partnering with a leading external firm to support execution
- **Optimized strategic investments**
  - Reprioritized and redirected investments towards high-impact, value-generating initiatives to maximize returns
- **Strengthened financial position**
  - Bolstered liquidity through financial optimization initiatives, ensuring flexibility to support growth and operational resilience

1. Refer to Non-IFRS Financial Measures in the Appendix.

# Summary

- **2024: A Year of Challenges**
  - Multiple headwinds, both industry-wide and specific to Transat, contributed to downward pressure on yields and profitability
- **2025 Outlook**
  - Capacity increases in 2025 are expected to remain modest for both Transat and the broader industry
  - This competitive landscape, along with lower interest rates and easing inflation, should support an improved yield environment compared to 2024
  - Given the ongoing economic uncertainty, maintaining a cautious approach
- **Elevation Program: Driving Performance**
  - The *Elevation* program remains the primary focus, aimed at strengthening financial performance and operational efficiency
  - $25M adjusted EBITDA[1] run-rate has already been achieved through initiatives implemented
  - Contribution to financial results is expected to become material in the second half of fiscal 2025
  - Confidence remains strong in reaching the program's $100M annual target by mid-FY2026

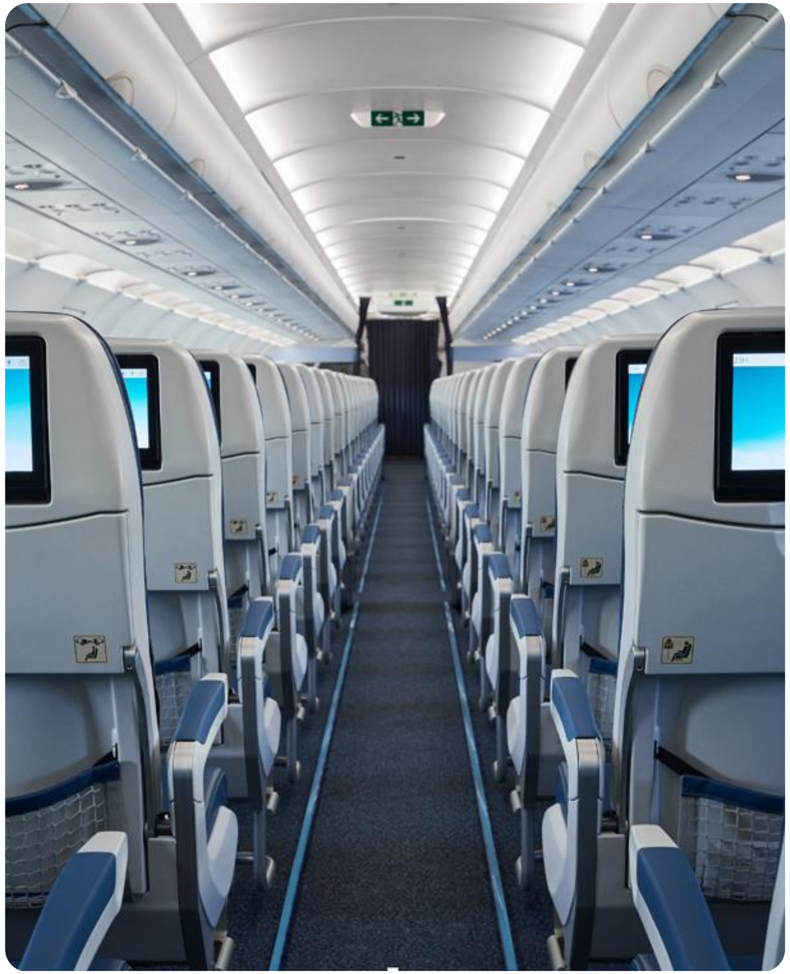
1. Refer to Non-IFRS Financial Measures in the Appendix.

# Financial Review

# Q4 2024

# Financial Highlights

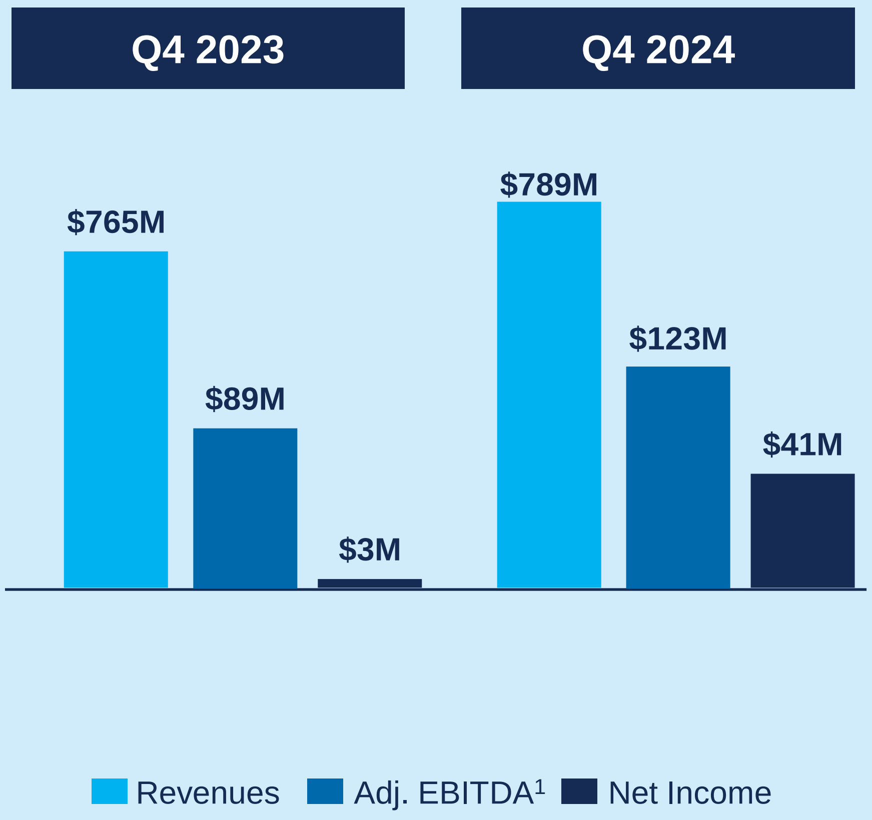
- **Delivered better-than-expected Q4 results, closing a challenging year on a positive trajectory**
  - Yield showed sequential improvement during the quarter
  - Favorable fuel pricing trends provided a tailwind to financial performance
  - Received $34M in compensation from Pratt & Whitney for grounded aircraft during the 2023-2024 period
  - Sale and leaseback transactions for engines added $88M to the cash position in Q4 and an additional $31M in Q1 2025
- ***Elevation* program initiatives are strengthening financial performance and laying the groundwork for sustained improvements**



1. Refer to Non-IFRS Financial Measures in the Appendix.

# Q4 2024 Results

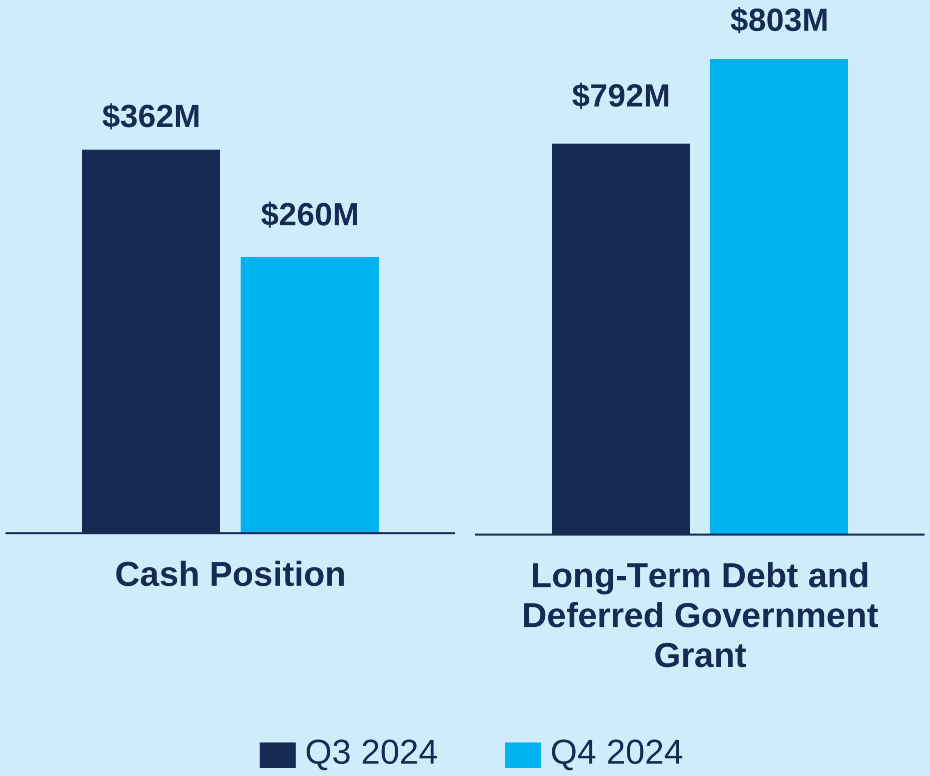
- **Revenues grew by 3.2% year-over-year, reaching $789 million**
  - Traffic, measured in revenue-passenger-miles, increased by 2.7%
  - Yield declined by 8.5%
  - Received compensation from Pratt & Whitney related to grounded aircraft during the 2023-2024 period
- **Adjusted EBITDA[1] of $123M (15.6% margin) compared to $89M in Q4 2023**
  - The variation was primarily driven by increased revenue and a 22% reduction in fuel prices compared to Q4 2023
- **Adjusted net income[1] totaled $26M versus adjusted net income of $16M in Q4 2023**




1. Refer to Non-IFRS Financial Measures in the Appendix.

# Financial Profile

- **Negative free cash flow[1] of $102M compared to negative free cash flow[1] of $84M in Q4 2023**
  - Cash flows used in operating activities amounted to $108M in the quarter compared to $56M in 2023
- **Cash position of $260M at the end of the quarter compared to $362M in Q3**
- **Customer deposits for future travel reached $781M at the end of the quarter, reflecting a 4% increase compared to last year**
- **Long-term debt and deferred government grant of $803M compared to $792M in Q3**
  - Net of cash represents $543M




1. Refer to Non-IFRS Financial Measures in the Appendix.

# Appendix

# Debt Breakdown

| Sources of capital | Type of instruments | Accounting policies | | Facility amount[2] | | | Maturity date | Considerations |
|---|---|---|---|---|---|---|---|---|
| | | Accounts | Carrying amount[2] | Available | Used | Unused | | |
| Bank facilities | Revolving Credit Facility (1st lien secured) | Long-term debt | 50 | 50 | 50 | - | February 2026 | **Interest rate**: CORRA plus a premium of 4.5% |
| Government facilities | LEEFF Secured Credit Facility (1st lien secured) | Long-term debt | 41 | 41 | 41 | - | February 2026 | Reflect terms and conditions of Revolving Credit Facility |
| | LEEFF Unsecured Credit Facility | Long-term debt | 360 | 373 | 373 | - | April 2026 | Face value of $312M. Bears interest at 8.0% until December 31, 2024, increasing by 2.0% every year thereafter. Interest may be capitalized (PIK) until December 31, 2024. |
| | Unsecured Credit Facility related to travel credits | Long-term debt | 231 | 354 | 354 | - | April 2028 | **Interest rate:** fixed at 1.22% |
| | | Deferred government grant | 121 | | | | | |
| **Long-term debt and deferred government grant** | | | **803** | **818** | **818** | - | | |
| Lease liabilities | Fleet | Lease liabilities | 1,425 | | 1,425 | - | 2025-2035 | The delivery of 4 A321LRs and 3 A330s during the summer of 2024 led to an increase of approximately $414M in lease liabilities upon reception |
| | Real Estate | Lease liabilities | 41 | | 41 | - | 2025-2037 | |
| Government facilities | Warrants (equity derivatives) | Current portion of liability related to warrants | 9 | | 9 | - | April 2031 | 19.9% exercisable in stock and the excess will be payable in cash on the basis of the difference between the market price of Transat 's shares and the exercise price. |
| **Total debt[1]** | | | **2,277** | | **2,292** | | | |
| Cash | Unrestricted cash | Cash & cash equivalents | (260) | | (260) | 260 | | |
| **Total net debt[1]** | | | **2,017** | | **2,032** | 260 | | |

Note: as of October 31, 2024.

1. Refer to Non-IFRS Financial Measures in the Appendix.
2. Amount in millions of C$.

# Non-IFRS Financial Measures

**The non-IFRS measures, non-IFRS ratios, total of segment measures, capital measures and/or other financial measures used by the Corporation are as follows:**

- **Adjusted operating income (loss) or Adjusted EBITDA[1]:** Operating income (loss) before depreciation, amortization and asset impairment expense, reversal of impairment of the investment in a joint venture, restructuring and transaction costs and other significant unusual items, and including premiums related to derivatives that 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 pre-tax income (loss) or Adjusted EBT[1] :** Income (loss) before income tax expense before change in fair value of derivatives, revaluation of liability related to warrants, gain (loss) on long-term debt modification, gain (loss) on business disposals, gain on disposal of investment, gain (loss) on asset disposals, gain on sale and leaseback of assets, restructuring and transaction costs, write-off of assets, reversal of impairment of the investment in a joint venture, foreign exchange gain (loss) and other significant unusual items, and including premiums related to 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)[1]:** Net income (loss) before change in fair value of derivatives, revaluation of liability related to warrants, gain (loss) on long-term debt modification, gain (loss) on business disposals, gain on disposal of investment, gain (loss) on asset disposals, gain on sale and leaseback of assets, restructuring and transaction costs, write-off of assets, reversal of impairment of the investment in a joint venture, foreign exchange gain (loss), reduction in the carrying amount of deferred tax assets and other significant unusual items, and including premiums related to derivatives that 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[1]:** Adjusted net income (loss) divided by the adjusted weighted average number of outstanding shares used in computing diluted earnings (loss) per share.
- **Free cash flow[2]:** Cash flow from operating activities minus cash flow from investing activities and repayment of lease liabilities. The Corporation uses this measures to assess the cash that's available to be distributed in a discretionary way such as repayment of long-term debt or government deferred grant, distribution of dividend to shareholders, etc.
- **Total debt[1]:** Long-term debt plus lease liabilities, deferred government grant and liability related to warrants, net of deferred financing cost related to the unsecured debt - LEEFF. Management uses total debt to assess the Corporation's debt level, future cash needs and financial leverage ratio. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.
- **Total net debt[1]**: Total debt (described above) less cash and cash equivalents. Total net debt is used to assess the cash position relative to the Corporation's debt level. Management believes this measure is useful in assessing the Corporation's capacity to meet its current and future financial obligations.

**Free Cash Flow**

| *(In thousands of Canadian dollars)* | Quarters ended October 31 | | | Years ended October 31 | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | Difference | 2024 | 2023 | Difference |
| | $ | $ | $ | $ | $ | $ |
| **Cash flows related to operating activities** | (108,108) | (56,363) | (51,745) | 94,673 | 321,750 | (227,077) |
| **Cash flows related to investing activities** | 57,874 | 13,961 | 43,913 | (31,451) | (7,935) | (23,516) |
| **Repayment of lease liabilities** | (51,982) | (41,442) | (10,540) | (185,280) | (151,389) | (33,891) |
| **Free cash flow** | (102,216) | (83,844) | (18,372) | (122,058) | 162,426 | (284,484) |

**Note 1:** The reconciliations between IFRS financial measures and non-IFRS financial measures are incorporated by reference in Section 2 Non-IFRS Financial Measures of our MD&A in our Annual Report 2024, which is available on SEDAR+ at www.sedarplus.ca.
**Note 2:** See table above.