Transat Provides Update on the Volatility of Aviation Fuel Prices

MONTREAL, May 15, 2026 /CNW/ - Transat A.T. Inc. ("Transat" or the "Company") is providing an update on the impacts of the significant increase in aviation fuel prices, exacerbated by the prolonged closure of the Strait of Hormuz. This increase continues to exert significant pressure on global energy markets and is particularly affecting the entire airline industry, resulting in a substantial rise in our operating costs.

Since the beginning of this period of volatility, Transat has implemented various measures aimed at limiting, to the extent possible, the impact of the increase on its costs. These measures include, among others, the introduction of fuel surcharges on new bookings and targeted adjustments to the 2026 program representing to date a reduction of approximately 6**%** of planned capacity for the period from May to October 2026. These measures are similar to those adopted by several other airlines worldwide.

For the months of March and April, fuel surcharges had a limited impact on Transat's revenues and only marginally offset the negative impact of the increase in aviation fuel prices. This is due in particular to the fact that a very large portion of bookings for this period had been made prior to the onset of the crisis. In this context, the effect of fuel surcharges on Transat's revenues is expected to remain limited in the short term and may only partially offset the increase in aviation fuel prices in the following months. Taking into account the effect of existing hedging instruments, the increase in aviation fuel prices resulted, for these two months, in additional costs of approximately $70 million, or an increase of more than 75%, compared to March and April 2025. The additional costs incurred by the Company will be reflected in the results for the quarter ended April 30, 2026, which will be released mid-June 2026.

"The significant current volatility in aviation fuel prices is occurring amid exceptional circumstances affecting the industry on a global scale. In addition to the cancellation of our flight program to Cuba until November 2026, the impact on our costs is material and could persist if the situation, which is beyond our control, were to continue. Despite the measures we are implementing, we are not able to fully eliminate its effects. In this context, we continue to closely monitor developments and adapt our actions accordingly." said Annick Guérard, President and Chief Executive Officer.

Caution regarding forward-looking statements

This news release contains certain forward-looking statements with respect to the Company, 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, measures taken, planned or contemplated by governments regarding the imposition of tariffs on exports and imports, 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 Company's ability to maintain and grow its reputation and brand, the availability of funding in the future for the Company including its debt refinancing, the Company's ability to repay its debt from internally generated funds or otherwise, the Company's ability to adequately mitigate the Pratt & Whitney GTF engine issues, fluctuations in fuel prices and exchange rates and interest rates, the Company'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 Company's ability to reduce operating costs through, among other things, the Elevation Program initiatives, the Company'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 Management's Discussion and Analysis included in our 2025 Annual Report, filed on SEDAR+ at www.sedarplus.ca.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Company'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 (including the volatility of aviation fuel prices), as well as the Company's operations, financial position and transactions. Examples of such forward-looking statements include, but are not limited to, statements concerning the evolution of the increase of aviation fuel prices and the prolonged closure of the Strait of Hormuz, the impact of this situation on the Company's costs and results, the effect of fuel surcharges on Transat's revenues, targeted adjustments to the 2026 program, including an approximately 6% reduction in planned capacity for the period from May to October 2026, and the effect of existing hedging instruments.

The Company 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.

About Transat A.T. Inc.

Founded in Montreal in 1987, Transat has achieved worldwide recognition as a provider of leisure travel particularly as an airline under the Air Transat brand. Voted World's Best Leisure Airline by passengers at the 2025 Skytrax World Airline Awards, it flies to international destinations. By renewing its fleet with the most energy-efficient aircraft in their category, it is committed to a healthier environment, knowing that this is essential to its operations and the destinations it serves. Based in Montreal, Transat has nearly 5,000 employees with a common purpose to bring people closer together. (TSX: TRZ) www.transat.com

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