

Transat shareholders accept Air Canada takeover

August 23 2019



Un avion de la compagnie canadienne Air Transat, le 1er juin 2018 à l'aéroport Trudeau de Montréal

Tour operator Transat's shareholders on Friday voted overwhelmingly in support of a takeover bid by Canada's flagship airline Air Canada for Can\$720 million (US\$540 million), creating a domestic giant with a 60

percent share of the Canadian travel market.

It is the second major airline deal in Canada this year after private equity firm Onex bought the nation's second largest airline, Westjet, in May for Can\$5 billion.

Transat operates the nation's third-largest carrier, offering through its Air Transat brand vacation packages, hotel stays and air travel to about 60 destinations in the Americas and Europe.

Its purchase by Air Canada—which still requires Canadian and European regulatory approvals—has raised consumer and competition concerns as it would bring half of all flights between Canada and Europe, for example, under Air Canada's wing.

Quebec businessman Pierre-Karl Peladeau, who has a 1.6 percent stake in Transat, said this level of market concentration is "unacceptable in any industry."

Transat chief executive Jean-Marc Eustache, however, said in a statement that the combination will "create a leader in the travel industry able to compete on a global scale."

Both companies are based in Montreal, and had been in merger talks for seven months. Earlier this month Air Canada raised its offer from Can\$520 million to fend off a rival bid by Montreal real estate developer Groupe Mach.

Air Transat was co-founded by Francois Legault, who is the current premier of Quebec, and made its inaugural flight in 1987 from Montreal to Acapulco. It now has 5,000 employees.

Air Canada—a Star Alliance founding member with Lufthansa,

Scandinavian Airlines, Thai Airways and United Airlines—has 36,000 employees and flies to 207 destinations worldwide.

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