

Air Canada to buy tour operator Transat for Can\$520 million

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Air Canada says it is buying tour operator Transat

Canada's flagship airline Air Canada announced Thursday it has reached a deal to buy tour operator Transat for Can\$520 million (US\$396 million) in cash or Can\$13 per share.

The deal unanimously supported by Transat's board still requires regulatory and shareholder approvals. It come after 30-day exclusive negotiations between the two carriers.

In accepting Air Canada's terms, Transat effectively brushed off Montreal real estate developer Groupe Mach's rival bid at Can\$14 per share.

In a statement, Air Canada said it intends to "preserve the Transat and Air Transat brands and maintain the Transat head office and its key functions in Montreal."

"Travelers will benefit from the merged companies' enhanced capabilities in the highly competitive, global leisure travel market and from access to new destinations, more connecting traffic and increased frequencies," it said.

Transat offers vacation packages, hotel stays and air travel under the Transat and Air Transat brands to about 60 destinations in the Americas and Europe.

The company was co-founded by Francois Legault, who is the current premier of Quebec.

It made its inaugural flight in 1987 from Montreal to Acapulco and grew into Canada's third largest airline, with 5,000 employees.

The acquisition is expected to be completed in early 2020.

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