



## Where Does the Air Canada-Air Transat Saga Go From Here?

### Description

Following a year of negotiations, **Air Canada** ([TSX:AC](#)) dropped its offer for leisure travel company **Air Transat** (TSX:TRZ). This news sent both stocks traveling in opposition directions. Following the announcement, Air Canada stock shot up by 3%, while Transat AT saw its stock plummet more than 20%.

Mergers and acquisitions are coming in hard and fast in 2021. However, this failed deal is an intriguing one for investors to consider.

Here's what investors need to know about what transpired in the [Air Canada-Air Transat](#) deal.

### Why was this deal canceled in the first place?

On its face, this deal seemed like a good one for Air Canada. Indeed, the deal would have cemented the airline's position in the leisure travel segment of the market. Accordingly, those bullish on the reopening thesis with this stock were bullish on the deal.

However, despite gaining approvals from Canadian regulators, E.U. regulators decided to impose some hefty remedies to make the acquisition possible. Air Canada said it couldn't agree to those terms. Accordingly, the airline dropped its offer and accepted a multi-million-dollar break fee for the deal.

It appears E.U. regulators believed that ticket prices and consumer choice would be affected unfavourably as a result of the deal. Air Canada has moved on as a result.

It appears the market has viewed this deal falling through as a positive. That's good for those holding Air Canada shares right now.

But Air Canada wasn't the only bidder for Air Transat. Let's take a look at what's going on with the other offer on the table right now.

## Transat's largest shareholder wants to go it alone

**Quebecor** owner Mr. Péladeau had also offered \$5 per share for Air Transat in conjunction with Air Canada's offer of the same amount. Initially, analysts believed the Air Canada offer was much stronger, as it was stock/cash deal. Mr. Péladeau's offer of \$5 per share would not provide the same upside to Air Canada's growth coming out of this pandemic.

It appears Air Transat's largest shareholder, Peter Letko, agrees with this sentiment. Mr. Letko has refused to sell his stake for that amount.

He noted such a deal would be essentially equivalent to "giving the company away." He'd rather go it alone and operate independently with government funding. The company's still in talks with the government for such funding right now.

### Bottom line

With the Air Transat saga seemingly behind Air Canada, investors can now focus on the airline's core business.

It appears Air Canada remains a strong pick among investors looking for leveraged plays on the economic recovery. This deal falling through hasn't been viewed negatively, and shareholders have seemingly moved on.

Accordingly, it appears the Canadian airline space will look much the same as it did coming into this pandemic.

### CATEGORY

1. Investing

### POST TAG

1. air canada
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

### TICKERS GLOBAL

1. TSX:AC (Air Canada)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

### Tags

1. air canada
2. growth
3. growth stocks
4. investing
5. market
6. Stocks

### Date

2025/08/18

### Date Created

2021/04/15

### Author

chrismacdonald

default watermark

default watermark