



transat



September 21, 2011

Forward-looking Statements

This presentation contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect us. 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 law.

A vertically-integrated holiday travel tour operator

WINTER SEASON

SUMMER SEASON

Nov - April

May - October

M
A
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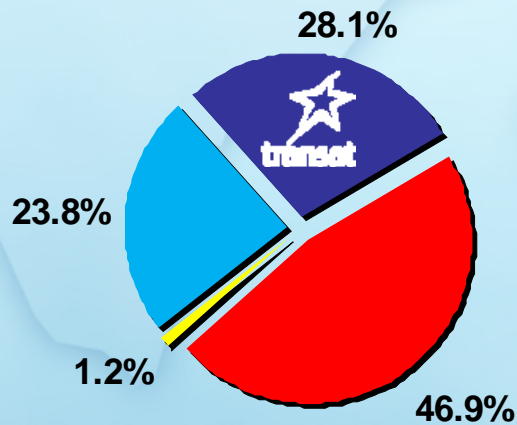
South (80%)
Transatlantic (10%)
France (10%)

South (10%)
Transatlantic (65%)
France (25%)

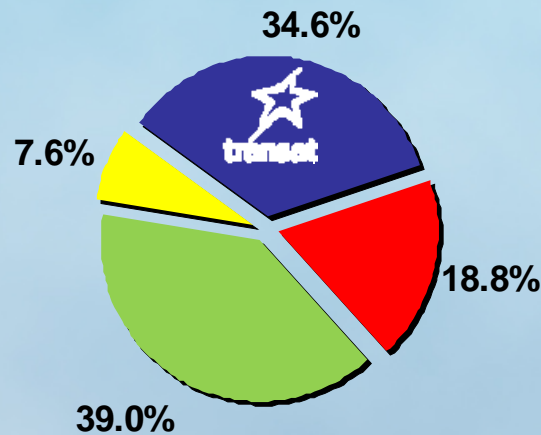
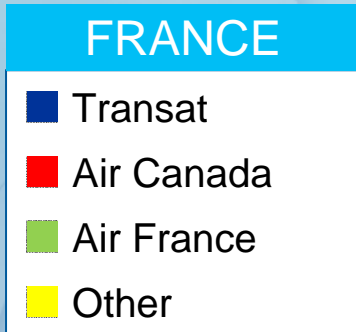
MULTI-BRAND, MULTI-CHANNEL

Transatlantic market

Leadership position on the two largest transatlantic holiday markets, and selling seats and products in 12 European countries



2011



Summer Financial Results

	Q3		Q4	
	2011	2010	2011	2010
In millions of dollars, except per-share amounts				
Revenues	937.0	867.3		
Margin (EBITDA)	14.6	53.9		
Net income (loss)	(2.9)	20.9		
Net income (adjusted)	2.8	26.8		
EPS (adjusted)	0.07	0.70		

Summer highlights (Transatlantic market)

- **More capacity than expected from the scheduled carriers (Japan, MENA)**
- **So even if demand remained firm (+12%)...**
 - Excess capacity led to lower load factors (-3%)
 - We were unable to raise selling prices (including surcharges) enough to offset increases in fuel prices
 - Price war in Germany

Summer Financial Results

In millions of dollars, except per-share amounts

	Q3		Q4	
	2011	2010	2011	2010
Revenues	937.0	867.3		778.6
Margin (EBITDA)	14.6	53.9		77.9
Net income (loss)	(2.9)	20.9		52.4
Net income (adjusted)	2.8	26.8		47.7
EPS (adjusted)	0.07	0.70		1.25

Same market
Same trends

Cash and Balance Sheet

	July 2011		July 2010	
	Cash	ABCP	Cash	ABCP
\$ and investments	308	78	217	70
Drawn credit line	0	0	0	0
Other debt	(7)		(21)	
Sous-total	301	78	196	70
Net \$	379		266	

- Trailing 12 months (\$30M)
- Increase in payables (\$65M)

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	October 2011 (forecasted)		October 2010	
	Cash	ABCP	Cash	ABCP
\$ and investments	127- 157	78	180	72
Drawn credit line	0	0	(15)	0
Other debt	(7)		(14)	
Sous-total	120-150	78	151	72
Net \$	200-230		223	

Roughly the same

- **Will remain very competitive (capacity up 4%)**
- **We are more than ready**
 - Sales open since June
 - Wide range of products / new branding approach
 - Price guarantee program (Sept. 30)
 - Incentive program for travel agents
 - Increasing our air-only offer
 - Too early to predict the end game

- **Simplified structure and processes (2012)**
 - Faster decision-making and execution
 - Cost-reduction program in preparation

- **Review of IT strategy (2013)**
 - Enhanced inventory and price-change management
 - Reduced operating costs (actual system labor intensive)

- **Product Strategy / Customer Experience (2012-14)**
 - Work on differentiation and customer loyalty
 - Aircraft fleet including interior

> Very disappointing year in 2011

> Looking ahead

- Sound Balance Sheet (no debts)
- Presence in more than one market
- Experienced and dedicated team
- Plan (short-term and mid-term) to improve profitability to be announced in December



Appendix



A vertically-integrated holiday travel tour operator

AIRLINES

ACCOMODATION

CRUISE
COMPANIES

DESTINATION
SERVICES

TRANSAT OUTGOING & INCOMING TOUR OPERATORS

WIDE RANGE OF PACKAGED PRODUCTS, AIRLINE SEATS, FIT* TRAVEL

INTERNATIONAL MULTI-CHANNEL DISTRIBUTION NETWORK

TRAVEL AGENCIES • INTERNET & CALL CENTERS



CONSUMERS



* FIT = Foreign Independent Travel (customized travel services)

A vertically-integrated holiday travel tour operator

- Among the largest tour operators worldwide (by revenue and number of travellers)
- Main source markets: Canada, France, United Kingdom, and other European countries
- 3 million travellers annually, to more than 60 destination countries
- In Canada, we are the largest...
 - Tour Operator for Sun & European destinations, Cruises and Disney products
 - Holiday airline: Air Transat
 - Incoming tour operator: Jonview Canada
 - Retail network: Club Voyages, Marlin Travel, Trip Central



Transat: competitive advantages on transatlantic market

Unique value proposition for leisure travelers

- **34 European & 8 Canadian destinations**
(nearly 70 city-pairs)
- **Affordable car rentals, hotels, coach tours, etc.**
- **Sell from Canada and Europe**
- **Multi-channel distribution***



*Travel agents, web and call centers



Airlift capacity:

More holistic approach with embedded flexibility

Objectives

- Ability to expand and contract (use of third party suppliers):
 - Depending on demand fluctuations or external events
 - Per market
- Air Transat fleet strategy:
 - Replace A310s by 2013-2014

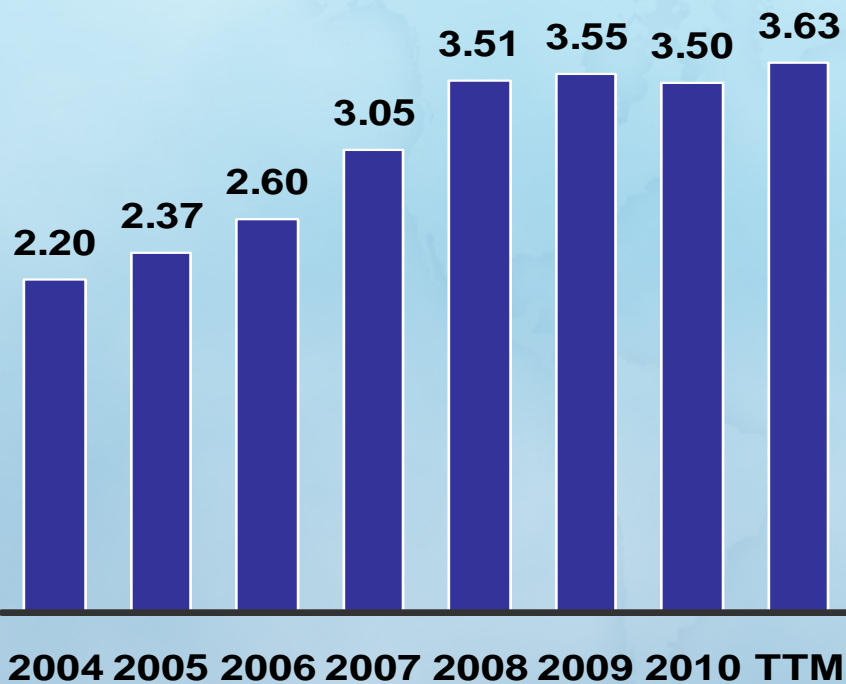
Sourcing of aircraft

- Air Transat: 50% of our overall needs (more than 50 airlines overall)
- Canjet: for the South from Canada
- XL France: 1 A330 from Air Transat used for long-haul
- Transavia: for medium-haul from France
- European carriers to complement our long-haul transatlantic program

- Pursue vertical integration in high-margin destination services and/or in high-potential markets
 - Already present: Florida, Dominican Republic, Mexico, and Greece
 - Potential in Spain, Italy, Tunisia ...
- Develop/Add outgoing tour operator towards destinations we already serve or towards Canada
 - Mexico since summer 2010 (Eleva Travel)
- Transat partners with H10 hotels in Mexico, Dominican Republic (5 hotels)

Historical Performance

Revenues
(in billions of \$)



Profitability
(in millions of \$)



■ Adjusted margin
■ Adjusted income after taxes

(1) Before impact of fuel hedge accounting, ABCP revaluation, repurchase of preferred shares and restructuring costs
 (2) Restated for new accounting policies

