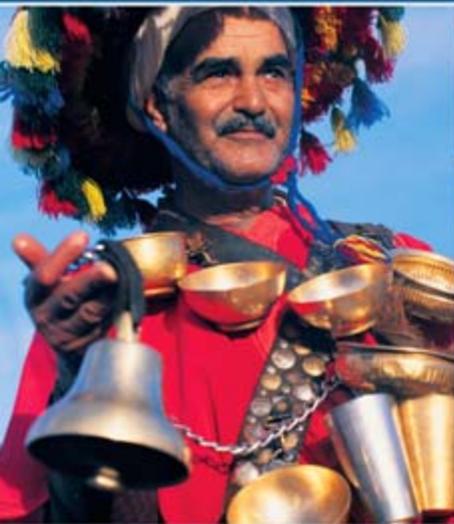


# HOW WE MEET OUR COMMITMENTS



June 5, 2007



## 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.



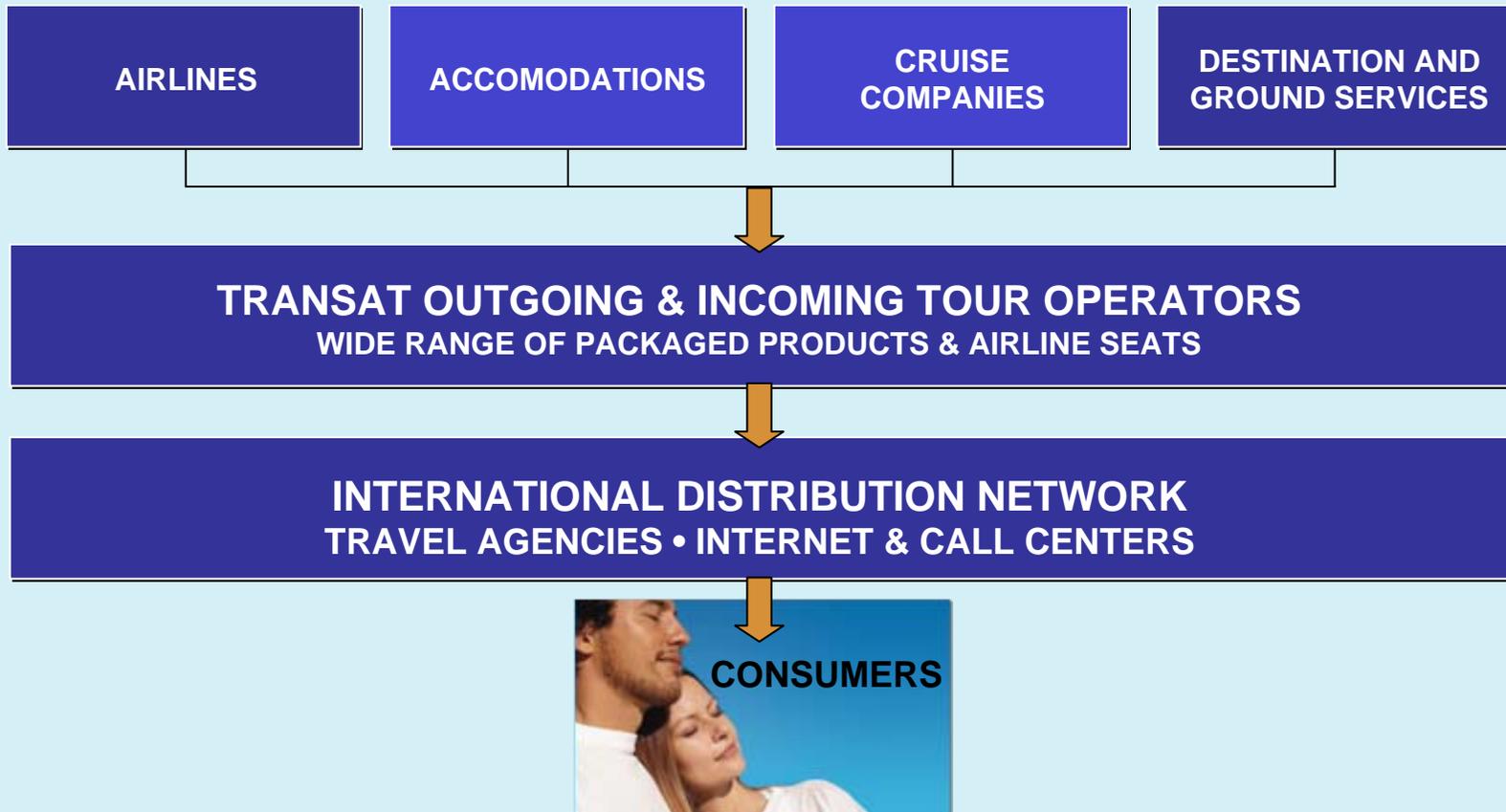
## Agenda

- Transat Overview
- Market and industry highlights
- Financial Review
- Strategic Plan Update



# Transat A.T. Inc.

A vertically-integrated, international holiday travel specialist





## Outgoing Tour Operators

- More than 60 destination countries from Canada, France, United Kingdom
- Emphasis on packages, tours, cruises
- Mass tourism and niche products
- Approx. 1.8 million clients/year





## Incoming TOs and Destination Services

- Largest incoming tour operator in Canada with 240,000 travellers from abroad (2006)
- Key player in Greece with 66,000 travellers
- Sells packages in more than 50 countries (to Canada and/or Greece)
- Presence in Dominican Republic, Mexico and Florida





## Air Travel

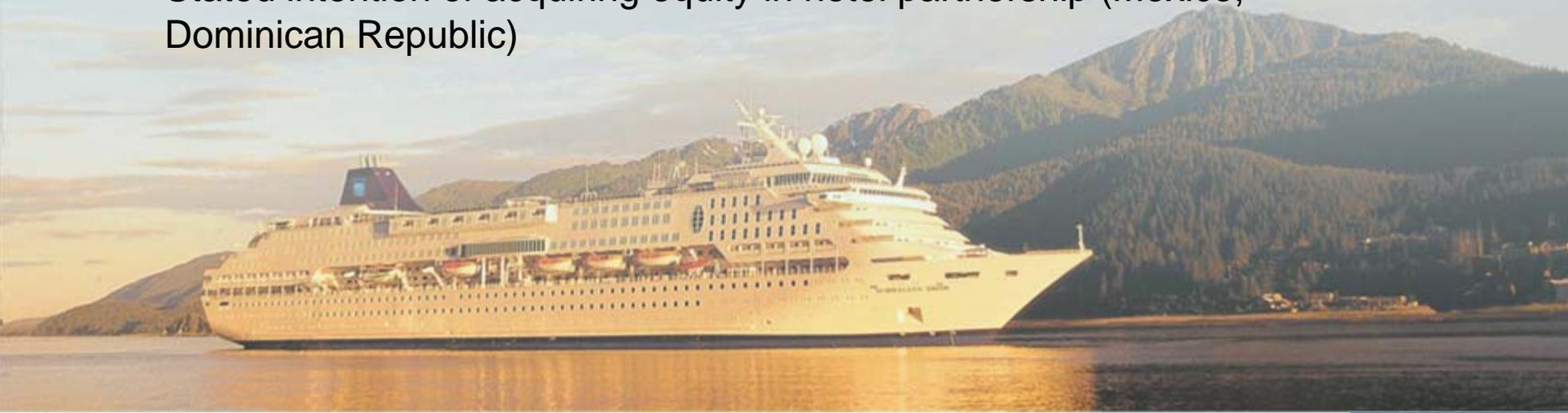
- Air Transat (wholly-owned)
  - Largest international charter carrier in Canada
  - All Airbus fleet (16 wide-body aircraft)
  - Solid overall performance
- Agreement with WestJet (from Canada)
  - Service in smaller markets with smaller planes
  - Renewed to 2010 (min. 200,000 seats/year)
- Other agreements
  - Agreements with other carriers from the UK, France, Canada





## Accommodation and Cruises

- Agreements with 300+ hotels in sun destinations, 600+ in Europe
- More than 20 all-inclusive Clubs Lookéa in 10 countries 2007
- Comprehensive portfolio of cruises
- Stated intention of acquiring equity in hotel partnership (Mexico, Dominican Republic)





## Distribution

- Multi-channel distribution in Canada, France, UK
  - Travel agencies (corporate, franchised, independent)
  - Web sites and call centers (B2C, B2B)
  - Network of partners and GSAs in Europe
- 400+ travel agencies in Canada, 72 in France

exitnow.ca

club★voyages™

VOYAGES  
EN LIBERTÉ

travel★plus™

marlin★travel

tripcentral.ca



# Sales by Distribution Channel (Canada)

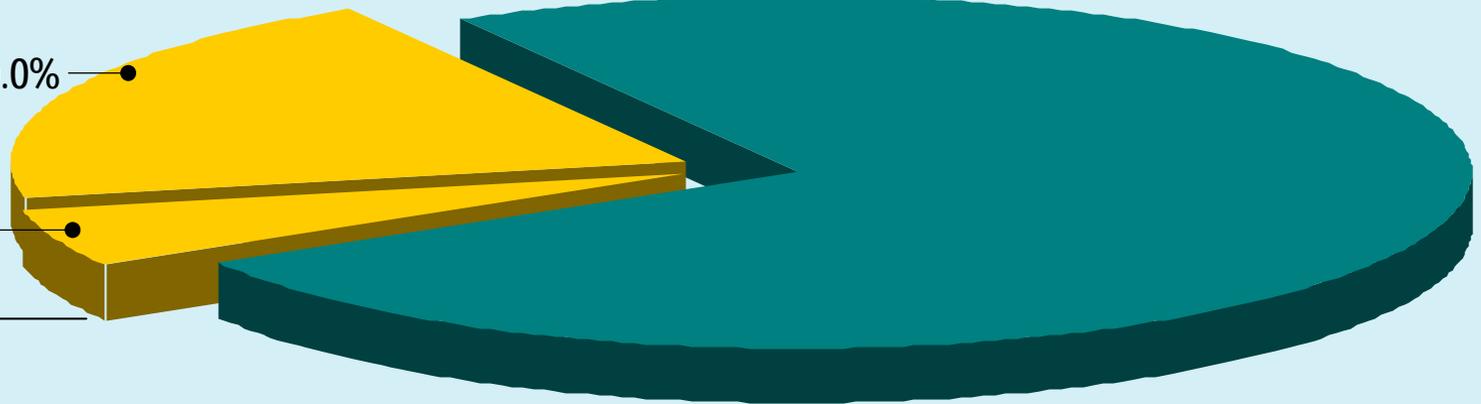
Fiscal 2007 year-to-date

Controlled sales 25.2%

Third party sales 74.8%

Travel agencies 20.0%

Internet  
B2C sales 5.2%





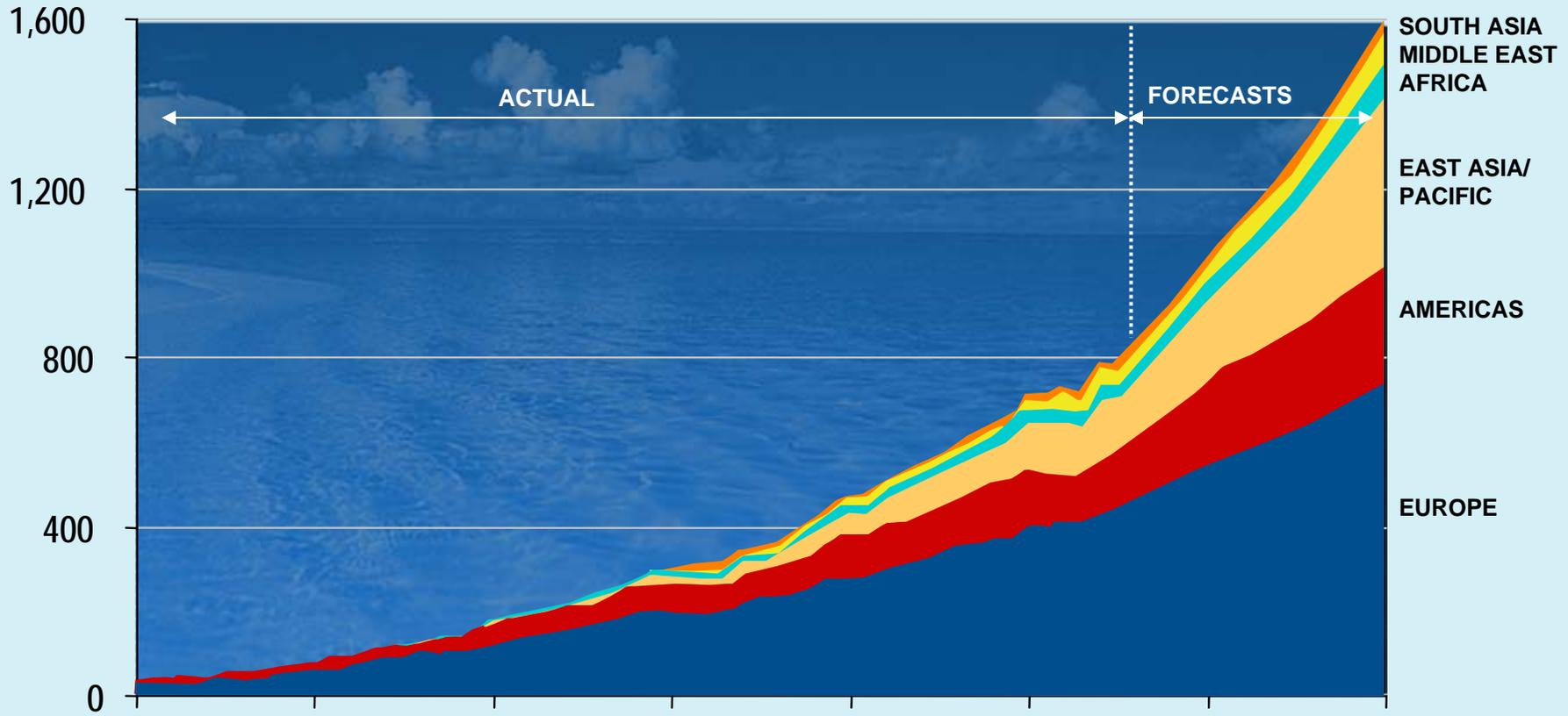
## Tourism Market: Challenges and Opportunities

- Market growing steadily, but extremely competitive
- More diversified source- and destination-markets, new expectations, consumer powerful
- Consolidation in the top-10: MyTravel + Thomas Cook, TUI + First Choice
- Pressure on airline travel (environment, taxes and fees, security constraints, etc.)
- Tourism a very resilient market, demographics provide fertile ground for growth



# Market Growth: International Tourist Arrivals

(In millions of tourists)



**Expected average annual growth rate 1995 - 2020: 4.1%**

Source: UNWTO



## Three-year Review (2004-2006)

For the year ended October 31st

(in millions of C\$ except per share amounts)

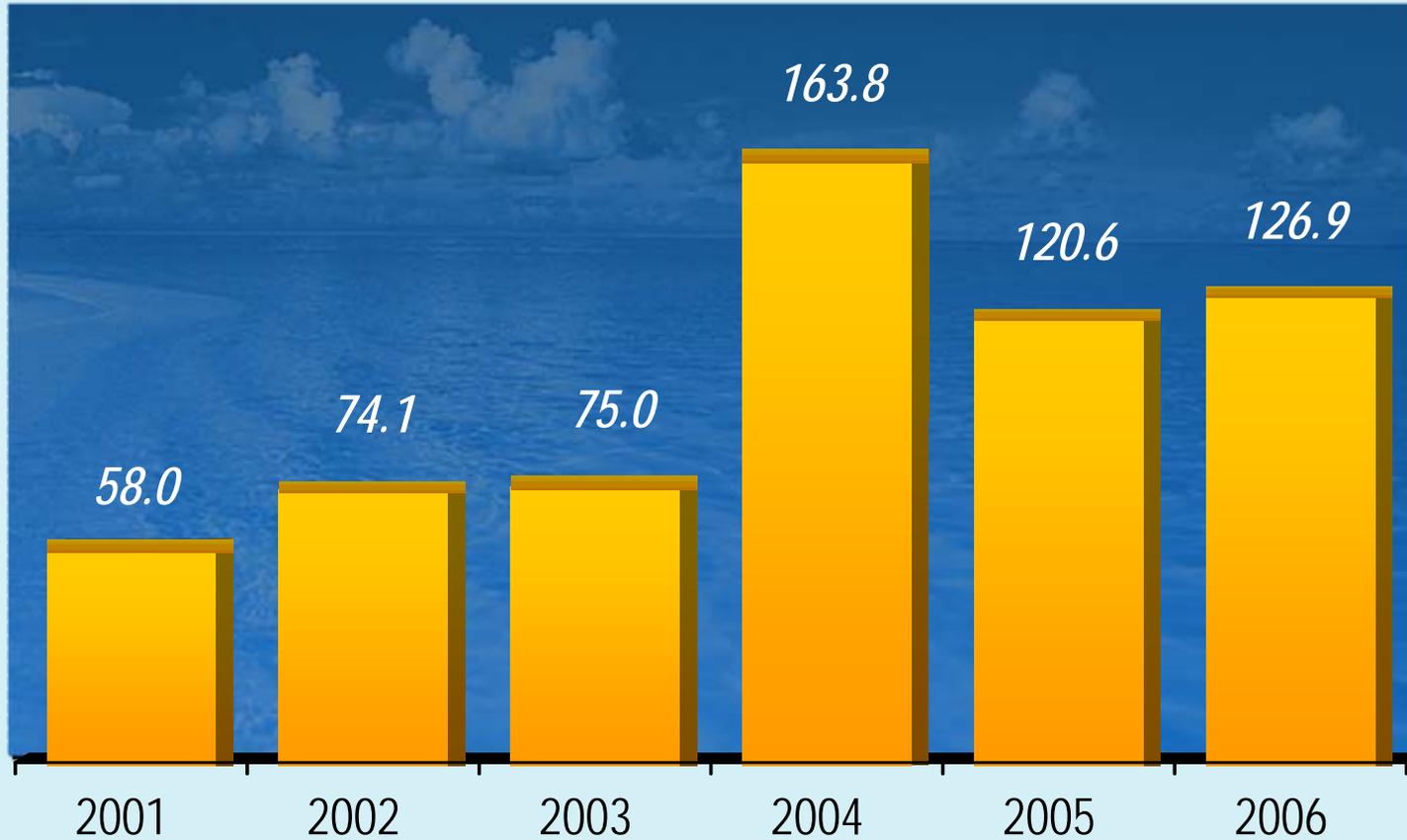
	2004		2005		2006	
REVENUES	2,199.8		2,364.5		2,603.7	
MARGIN (% of revenues)	163.8	7.4%	120.6	5.1%	126.9	4.9%
NET INCOME adjusted*	83.7	3.8%	48.7	2.1%	65.8	2.5%
EPS (diluted) – adjusted*	2.03		1.17		1.85	
CASH FLOW from operations	184.3		74.2		113.3	

\* Excluding restructuring charges and gain on disposal of Star Airlines and Anyway



# Margin

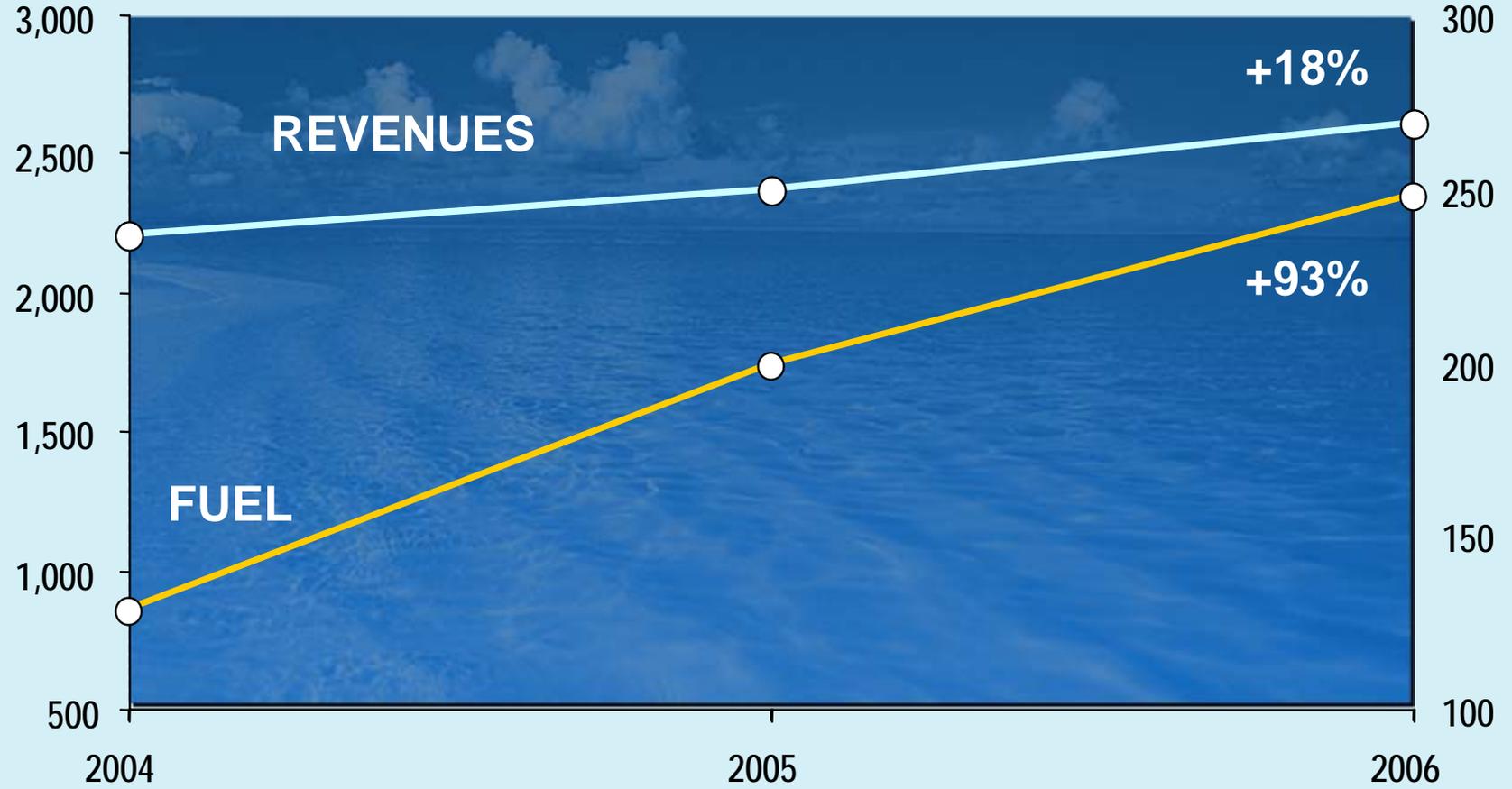
(In millions of dollars)





# High Fuel Prices

(In millions of dollars)





## New Accounting Standards on Hedge Accounting

- Fuel hedging based on heating oil futures contract (no jet-fuel based derivatives)
- Imperfect correlation (jet fuel vs heating oil)
- New obligation to reflect mark-to-market fluctuations
- Non-cash fuel expense of \$9.7 million before tax in Q1 2007



# First Quarter (Adjusted)

ended January 31

(In millions of dollars)

	2007	2006
REVENUES	712.3	581.6
MARGIN	24.7	14.0
NET INCOME	8.6	5.2
EPS (diluted)	0.25	0.13
CASH FLOW (from operations)	102.9	65.1



## Use of Available Cash

(In millions of dollars)

As at Jan. 31  
2007

AVAILABLE CASH	242.2
SAFETY CUSHION	150.0
CASH AVAILABLE FOR ACQUISITIONS	92.2



## 2006-2008 Strategic Plan Update

- Market leader for all-inclusive winter packages in Ontario
- Canadian Affair acquisition in the UK: more firepower in summer 2007
- Good performance of French tour operators, Look Voyages profitable, sales up
- TTC, Air Transat more efficient, costs under control



## Next on the Agenda

- Actively seeking US acquisition opportunities
  - Largest, fragmented market
  - Strategy based on complementarity
- Accommodation
  - Hotel ownership or joint venture in our major South destinations (Mexico, Dominican Republic)
  - Better margin and control on capacity, product quality
- Grow destination services



# Tour Operators: Valuation metrics

(In C\$ millions, except per share data)

TOUR OPERATORS	SHARE PRICE	EQUITY VALUE	ENTERPRISE VALUE	ADJ. EV / EBITDAR		
	22-May.-07	C\$ MILLION	C\$ MILLION	LTM	2007E	2008E
First Choice Holidays plc	£3.57	4,195	5,800	10.8x	9.7x	9.0x
MyTravel	£3.41	3,381	4,753	12.0x	9.5x	8.8x
Kuoni Travel Holding	CHF756	2,131	2,225	12.3x	10.3x	9.4x
<b>GROUP AVERAGE</b>				<b>11.7x</b>	<b>9.8x</b>	<b>9.1x</b>
TUI AG	€21.65	8,489	22,397	7.6x	6.5x	5.8x
Club Mediterrannée	€49.28	1,392	1,895	18.0x	11.7x	9.6x
Transat A.T. Inc.	C\$37.55	1,280	1,519	8.2x	7.2x	6.4x



# Tour Operators: Valuation metrics

(In C\$ millions, except per share data)

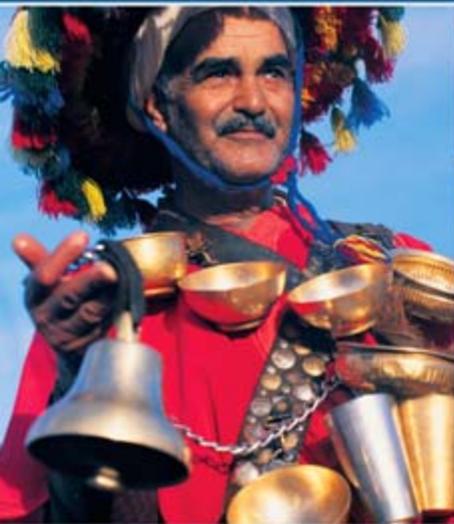
TOUR OPERATORS	P / E			EBITDAR	EBITDA	RENT	NET INCOME
	LTM	2007E	2008E				
First Choice Holidays plc	26.8x	19.9x	17.6x	9.3%	6.4%	2.8%	2.7%
MyTravel	42.1x	17.9x	14.2x	6.6%	3.7%	2.9%	1.3%
Kuoni Travel Holding	19.4x	17.2x	14.9x	5.0%	4.1%	0.9%	2.9%
<b>GROUP AVERAGE</b>	<b>29.4x</b>	<b>18.3</b>	<b>15.6x</b>	<b>7.0%</b>	<b>4.8%</b>	<b>2.2%</b>	<b>2.3%</b>
TUI AG	N / A	36.7x	15.1x	9.9%	4.2%	5.7%	N / A
Club Méditerranée	N / A	78.2x	35.2x	4.3%	4.3%	0.0%	(0.8%)
Transat A.T. Inc.	16.9x	15.6x	13.0x	6.8%	5.0%	1.8%	2.5%



## Transat A.T. Inc.

- Volatile, but growing tourism market
- International, vertically integrated platform
- More efficient, agile and innovative
- Solid financial position and cash generation
- Emphasis on growth and profitability
- Strong focus on strategic plan

# HOW WE MEET OUR COMMITMENTS



June 5, 2007