

**INVESTORS PRESENTATION**

**BMO CAPITAL MARKETS**



**LEADING THE WAY  
IN INTERNATIONAL HOLIDAY TRAVEL**

December 23, 2008



# 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.

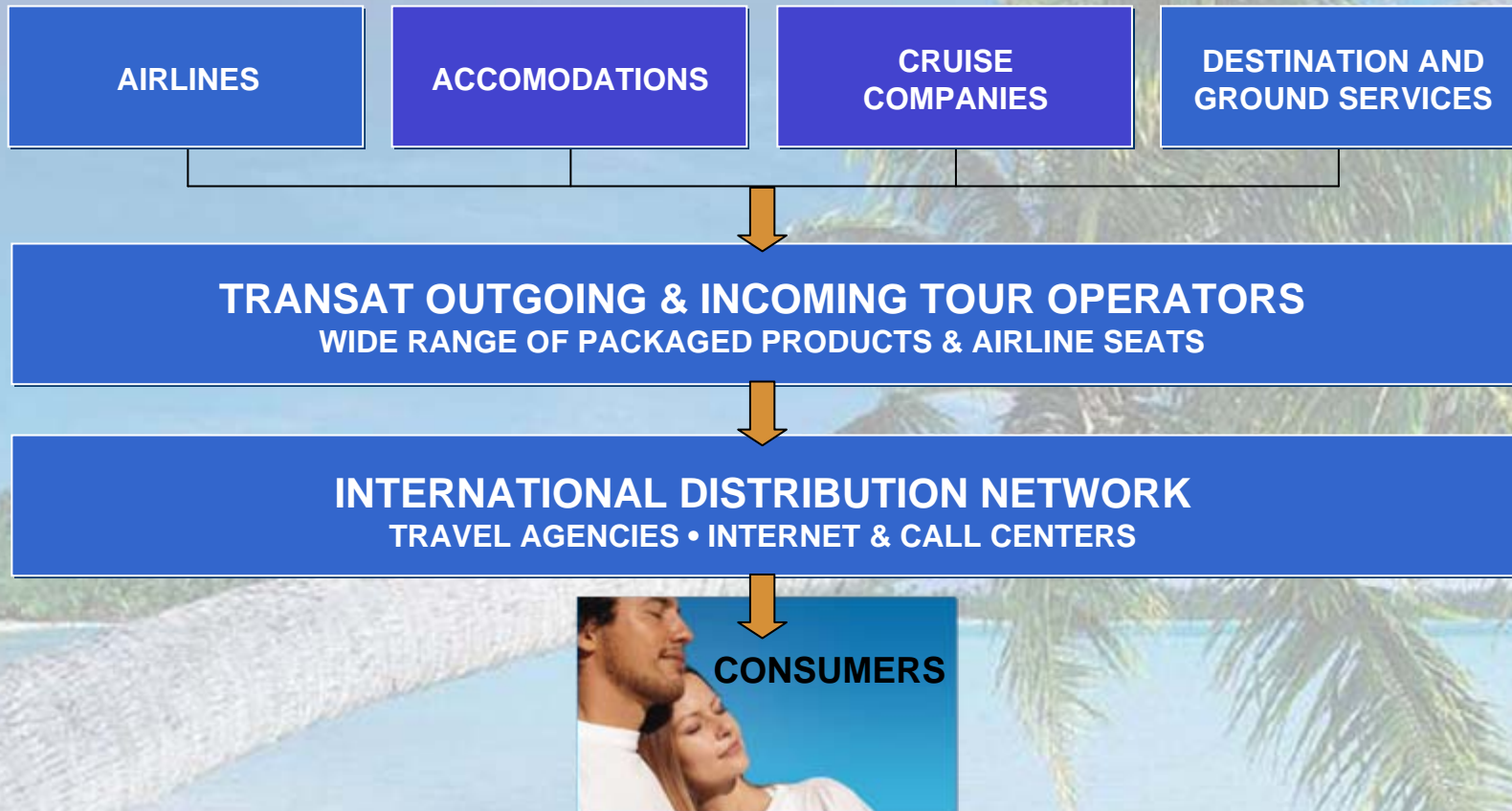
# Agenda



- Transat Overview
- Market and Industry Highlights
- Financial Review and Cash Situation
- Strategic Plan & Recent Developments

# Transat A.T. Inc.

A vertically-integrated, international holiday travel specialist





# Core business: Outgoing Tour Operator



- Transat offers packages, tours and cruises by assembling its own services with those bought from thousands of suppliers across the world
- In more than 60 destination countries from Canada, France, United Kingdom & other European countries
- To over 2.5 million clients/year
- Transat has the largest portfolio of Sun & European destinations offered in Canada

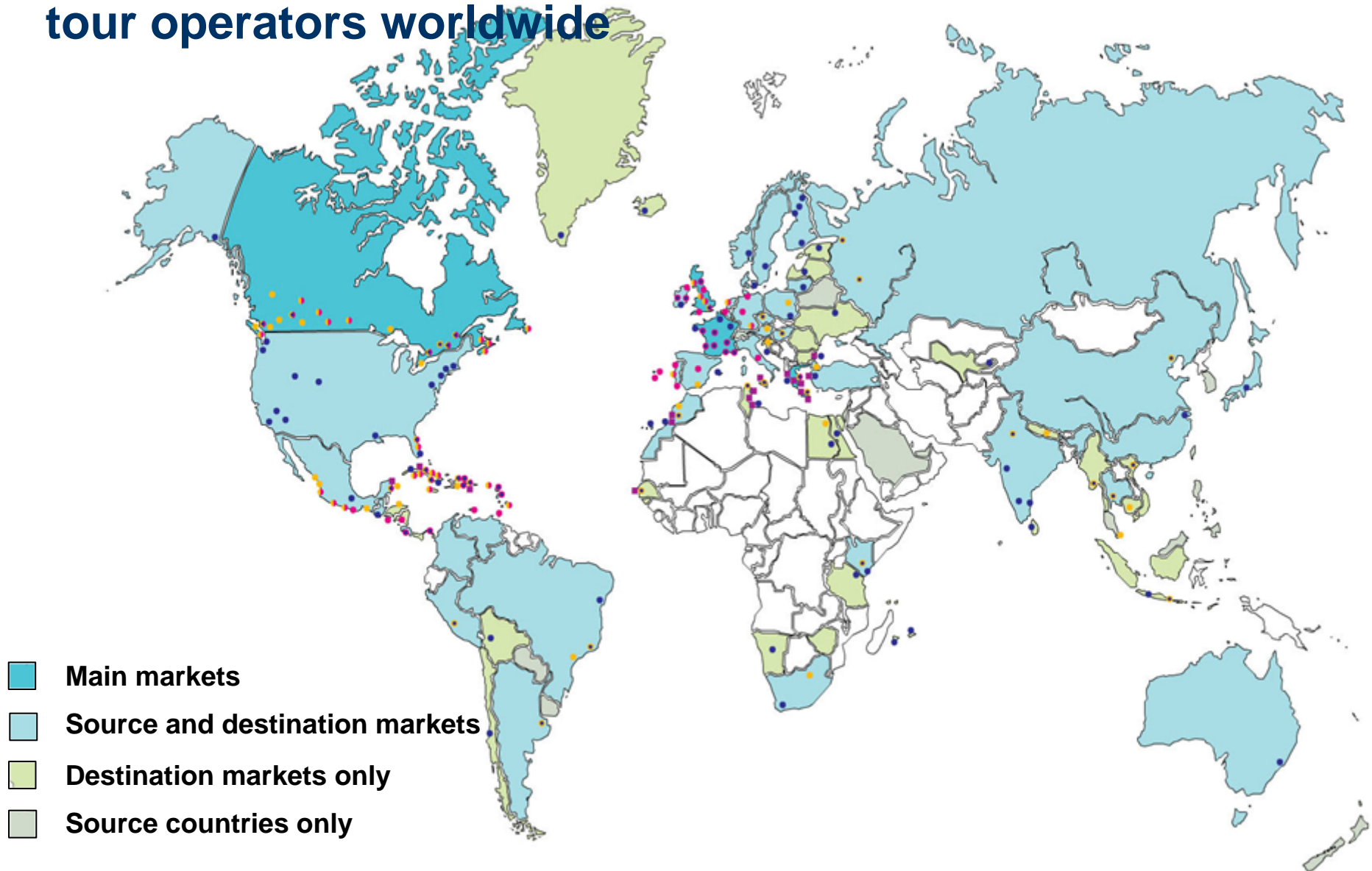


**AMPLITUDE**



# Transat A.T. Inc.

One of the largest integrated international  
tour operators worldwide





# Incoming Tour Operator & Destination Services



- Largest incoming tour operator in Canada with more than 260,000 travellers from abroad (2008)
- Key player in Greece with 65,000 travellers
- Transat sells packages in more than 50 countries (to Canada and/or Greece)
- Transat offers destination services in Dominican Republic, Mexico and Florida





# Air Travel



- Air Transat (wholly-owned)
  - Largest international charter carrier in Canada
  - Solid performance (on-time, reliability, customer service)
- Agreement with WestJet (from Canada)
- Other agreements/other carriers
  - Agreement with Sunquest for 3 years in Canada
  - Agreements with Thomas Cook Airlines (UK)
  - Seats purchased from more than 60 carriers







# Accommodation and Cruises



- Agreements with more than 2,000 hotels worldwide
- 35% equity ownership in 5 hotels located in Mexico and the Dominican Republic
- 28 all-inclusive Lookéa Clubs in 16 countries in 2008
- Comprehensive portfolio of cruises all over the world





# 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
- 437 travel agencies in Canada, 67 in France

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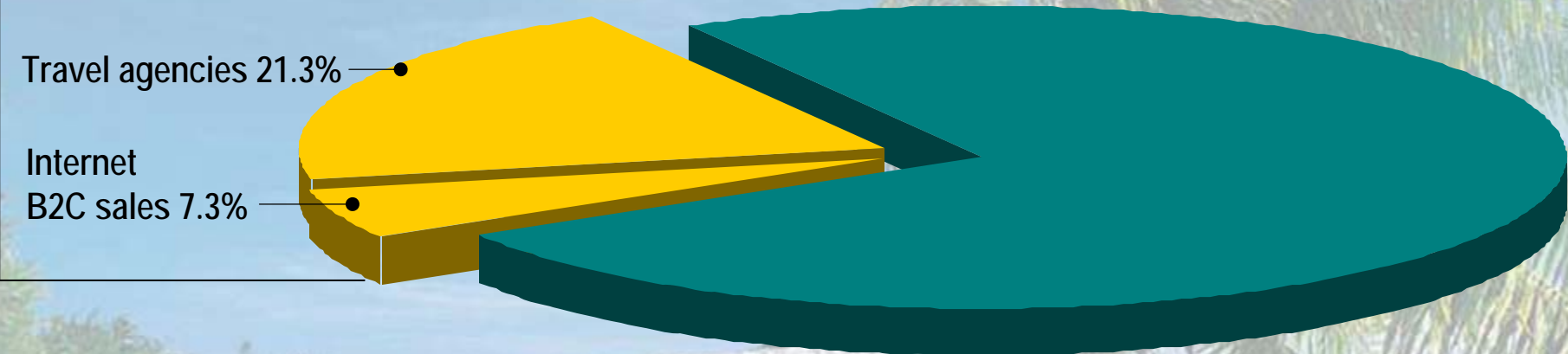
# Canadian sales by distribution channel

Fiscal 2008 year-to-date



Controlled sales 28.6%

Third party sales 71.4%





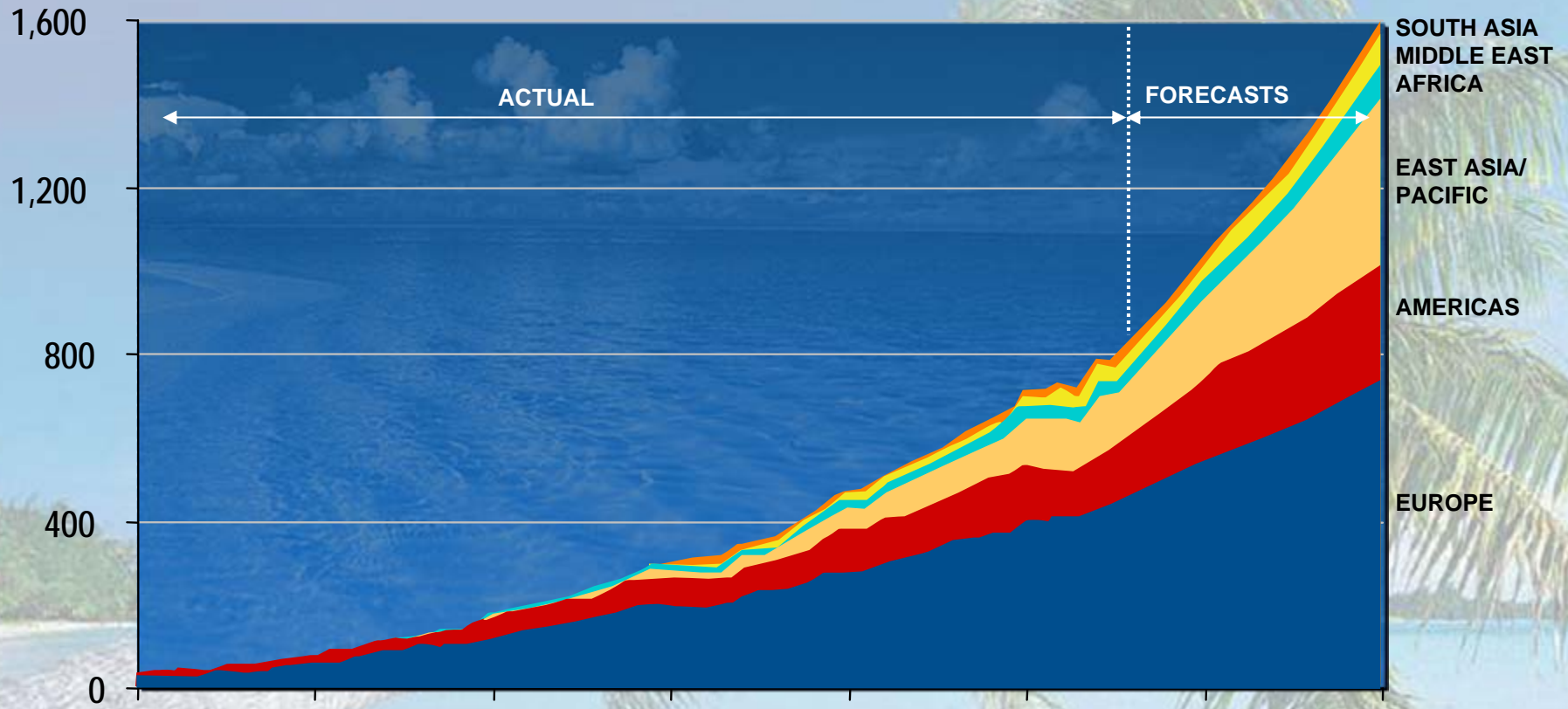
# Tourism: Challenges and Opportunities



- Market resilient & growing (good demographics), but evolving and very competitive
- More diversified source and destination-markets, new expectations, powerful consumer
- Pressure on margins resulting from the mix of rapid rise of fuel costs plus intense competition
- Continued pressure on airline travel (environment, taxes and fees, security constraints, etc.)

# International Tourist Arrivals Growth

(In millions)



Expected average annual growth rate 1995 - 2020: 4.1%

Source: UNWTO

# Three-year Review (2006-2008)

(Year-end Oct 31. In millions of C\$ except per share amounts)

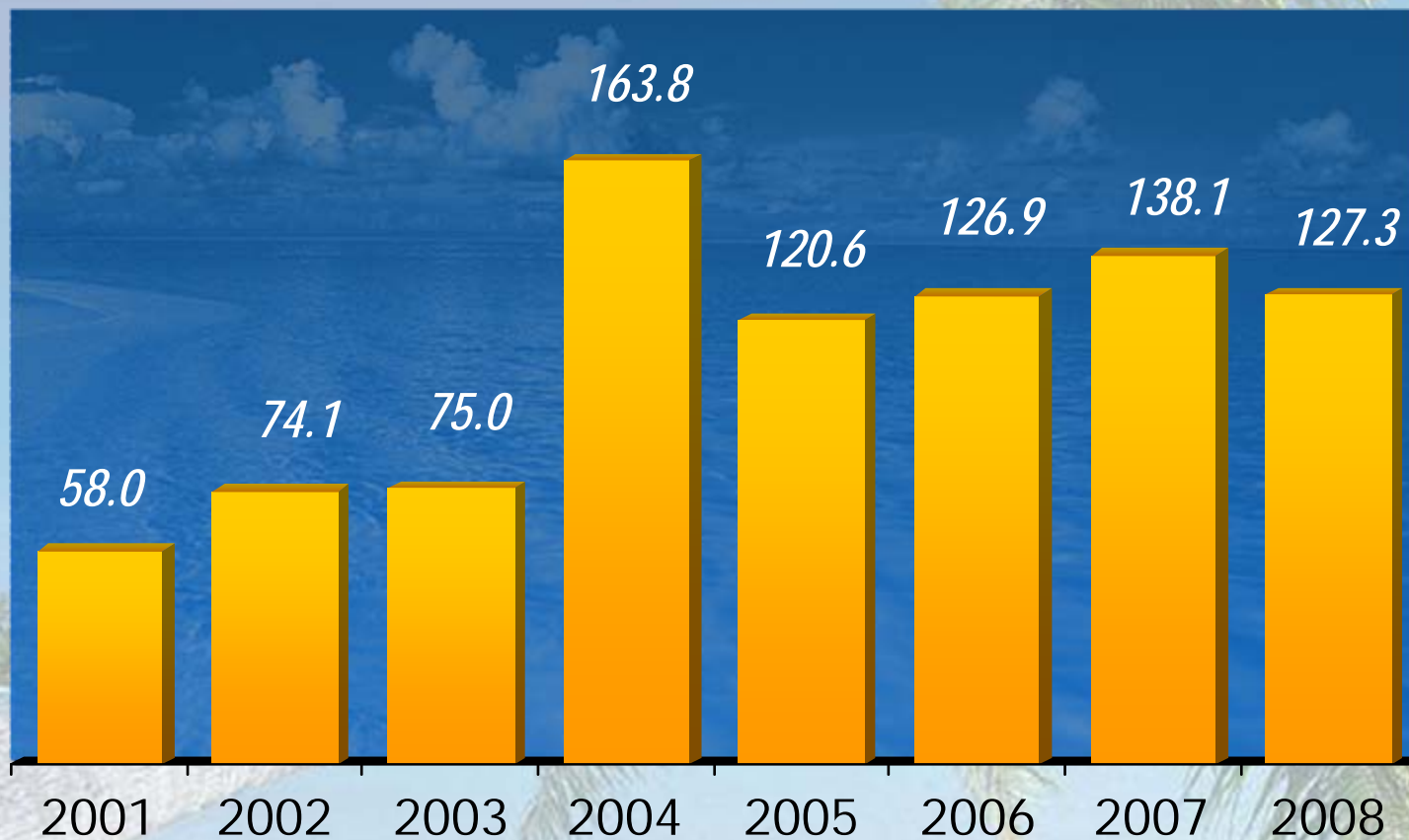


	2006		2007 (Restated)		2008	
REVENUES	2,603.7		3,045.9		3,512.9	
MARGIN (% of revenues)	126.9	4.9%	138.1	4.5%	127.3	3.6%
NET INCOME adjusted*	65.8	2.5%	70.5	2.3%	57.5	1.6%
EPS (diluted) – adjusted*	1.85		2.06		1.74	
CASH FLOW from operations	116.2		134.5		155.2	

\* 2007 and 2008 excludes provision on asset backed commercial paper, write-down of goodwill, gain on redemption of preferred shares, foreign exchange gains or losses on US dollar aircraft debts and mark to market gains (losses) on fuel hedging contracts

# Margin

(In millions of dollars)



# Fourth Quarter Oct. 31 (Adjusted)

(In millions of dollars)



	2008	2007 (Restated)
REVENUES	790.4	680.4
MARGIN	29.3	21.2
NET INCOME (adjusted)*	15.9	8.8
EPS (diluted) (adjusted)*	0.49	0.26
CASH FLOW (from operations)	(61.1)	(54.7)

\* Results in 2007 adjusted to exclude the impact of new accounting rules on fuel hedges, provision on asset backed commercial paper, foreign exchange gains or losses on aircraft debt and write-off on goodwill.



# Fiscal Year (Adjusted)

(In millions of dollars)



	2008	2007 (Restated)
REVENUES	3,512.9	3,045.9
MARGIN	127.3	138.1
NET INCOME (adjusted)*	57.5	70.5
EPS (diluted) (adjusted)*	1.74	2.06
CASH FLOW (from operations)	155.2	134.5

\* Results in 2007 adjusted to exclude the impact of new accounting rules on fuel hedges, provision on asset backed commercial paper and write-down on goodwill.

# Credit Facilities Available



■ Facility with NBC:	\$ 150M
■ Increase in facility (Oct.31):	<u>\$ 43M</u>
■ Total facilities	\$ 193M
■ Drawn on Oct.31, 2008	<u>\$ 100M</u>
Available on Oct.31, 2008	<b>\$ 93M</b>
■ New FSTQ facility	\$ 60M
■ ABCP restructuring	<u>\$ 71M</u>
New facilities	<b>\$ 131M</b>



# 2006-2008 Strategic Plan



- Market leader for sun packages in all Canadian regional markets: 1.1 million packages sold in 2008
- Acquired a 35% equity position in hotel partnership, including 5 hotels in Mexico and the Dominican Republic
- Solid position and healthy performance across the board in France and UK in 2008
- Actively looking at other acquisition opportunities to enhance footprint/vertical integration model
- Costs remain very much under control in all units

# Hotel Venture with H10 Hotels

- US\$55 million investment for 35% equity interest
- Option to increase to 45% within 5 years
- 5 hotels
  - 3 in Cancun, Mexico ( 906 rooms)
  - 2 in Punta Cana, DR ( 708 rooms)
- Additional investment in 2008 of US\$8.35 M in the venture to purchase land in Punta Cana, DR

# Tour Operators: Valuation metrics

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



TOUR OPERATORS	SHARE PRICE	EQUITY VALUE	ENTERPRISE VALUE	ADJ. EV / EBITDAR		
	17 Sept. 08	C\$ MILLION	C\$ MILLION	LTM	2008E	2009E
TUI Travel	€2.11	4,393	9,660	5.4x	5.2x	5.0x
Thomas Cook	£1.74	2,647	3,179	4.3x	2.9x	2.7x
Kuoni Travel Holding	CHF313	1,021	708	2.9x	2.9x	2.9x
<b>GROUP AVERAGE</b>				<b>4.2x</b>	<b>3.7x</b>	<b>3.5x</b>
Club Méditerranée	€13.77	423	878	7.0x	5.4x	5.3x
Transat A.T. Inc.	C\$8.07	264	396	2.4x	2.5x	2.2x

# Tour Operators: Valuation metrics

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



TOUR OPERATORS	P / E			EBITDAR	EBITDA	RENT	NET INCOME
	LTM	2008E	2009E				
TUI Travel	12.0x	10.0x	8.1x	7.0%	4.3%	2.7%	1.5%
Thomas Cook	4.9x	5.2x	4.2x	4.4%	4.4%	0.0%	3.2%
Kuoni Travel Holding	5.8x	6.3x	6.8x	4.8%	4.1%	0.7%	3.2%
<b>GROUP AVERAGE</b>	<b>7.5x</b>	<b>7.2x</b>	<b>6.4x</b>	<b>5.4%</b>	<b>4.2%</b>	<b>1.4%</b>	<b>2.6%</b>
Club Méditerranée	N/A	14.2x	9.6x	4.4%	4.4%	0.0%	(0.9%)
Transat A.T. Inc.	4.8x	6.5x	4.4x	5.0%	3.6%	1.4%	1.6%



# Outlook



- Winter sales ahead in Canada
- Margin pressure stemming from competition & rising costs, including fuel/hedging situation
- We expect lower EBITDA in dollars for the winter
- Prepared for the recession



# Transat A.T. Inc.



- Volatile & competitive, but growing 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



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