2018 Investor Day

Air Transat Headquarters
Montreal, April 4, 2018

Agenda

1	Christophe Hennebelle VP, Human Resources and Corporate Affairs	Welcome	8:03 a.m.
2	Jean-Marc Eustache President and Chief Executive Officer	Introduction and 2015-2017 highlights	8:05 a.m.
3	Annick Guérard Chief Operating Officer	2018-2022 strategic plan	8:10 a.m.
	BREAK – 5 MINUTES		
4	Jordi Solé President, Hotel Division	Hotel development plan	9:15 a.m.
5	Denis Pétrin Chief Financial Officer	Financial review	9:40 a.m.
6	Jean-Marc Eustache President and Chief Executive Officer	Closing remarks	10:00 a.m.
7	Management team	Question period	10:05 a.m.
8	Management team	Visit to the maintenance centre	10:25 a.m.

2018 INVESTOR DAY

Jean-Marc Eustache

President and Chief Executive Officer

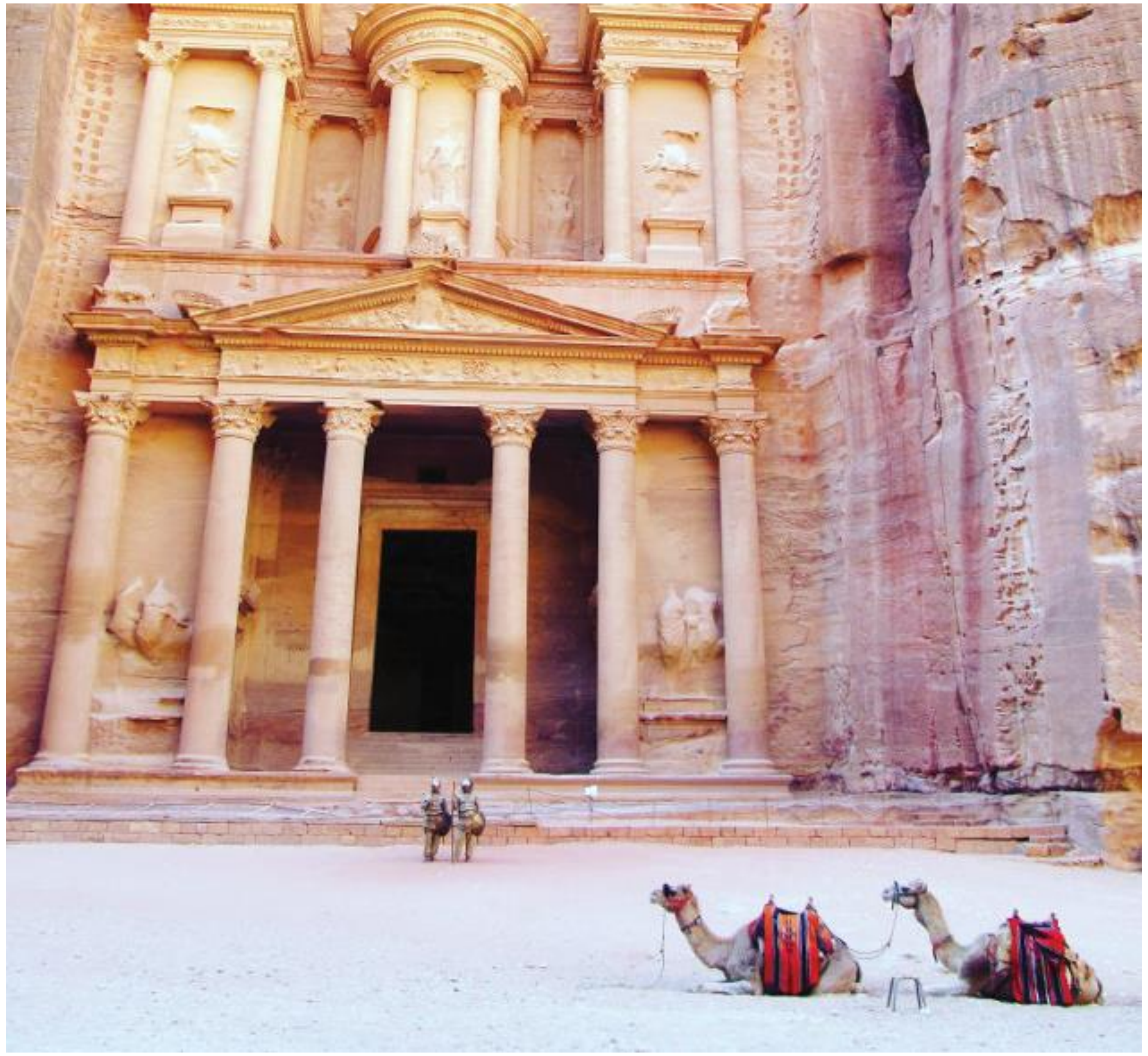
Transat today

$ 3.0 billion sales

4.5 M passengers

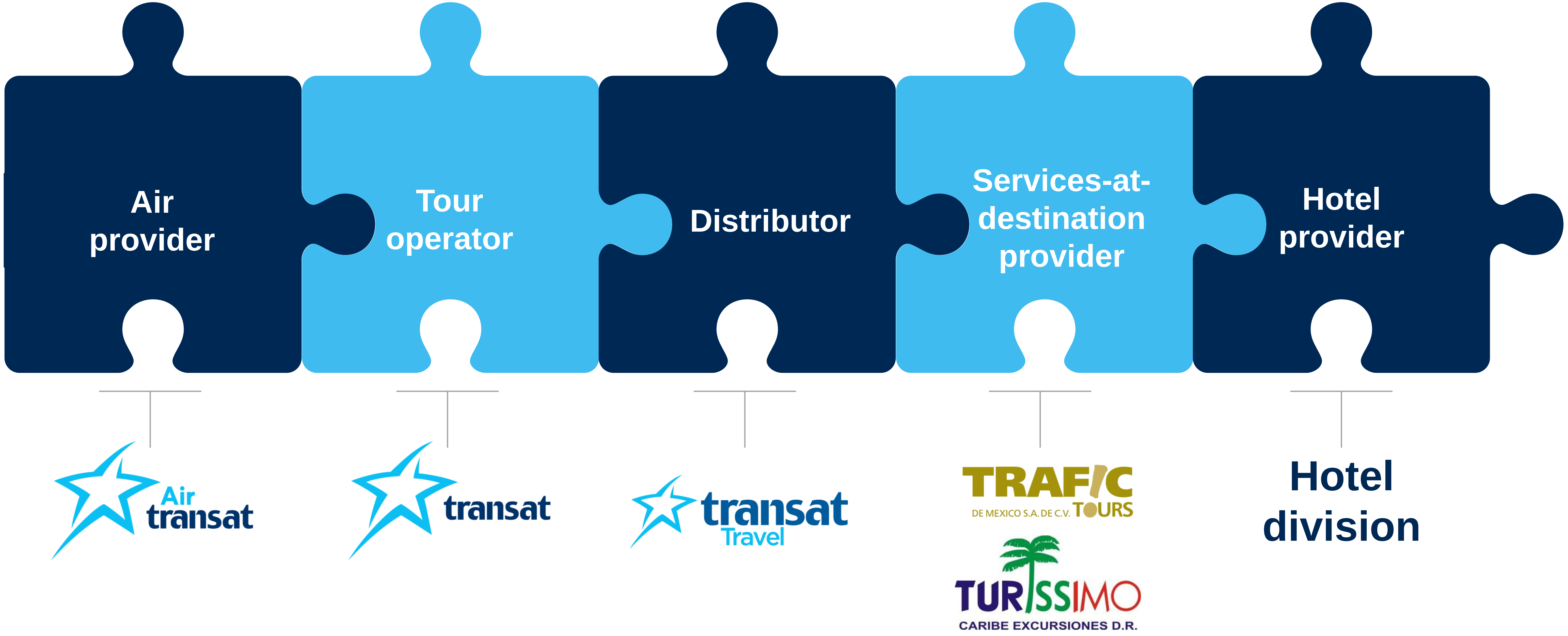
5,000 employees

60+ destinations
27 Transatlantic / 37 Sun



One of the largest tour operators in North America

Transat value chain



2015-2017 Highlights

2015-2017 highlights

1	Cost-reduction and margin-improvement plan
2	Brand unification
3	Digital acceleration
4	Fleet transformation strategy
5	Succession planning
6	Strategic refocusing on core leisure travel and hotel businesses

Current business

Air, tour operating and distribution

Leisure travel South and transatlantic

Headed by Annick Guérard and her team

Annick Guérard

Chief Operating Officer, Transat

- Appointed COO in November 2017
- More than 15 years in management positions with several Transat business units and departments
- Experience in operations, distribution, marketing, e-commerce, customer service and product development
- Bachelor’s degree in civil engineering from Polytechnique Montréal and MBA from HEC Montréal

Hotel division development

US$750 million investment

New revenue stream

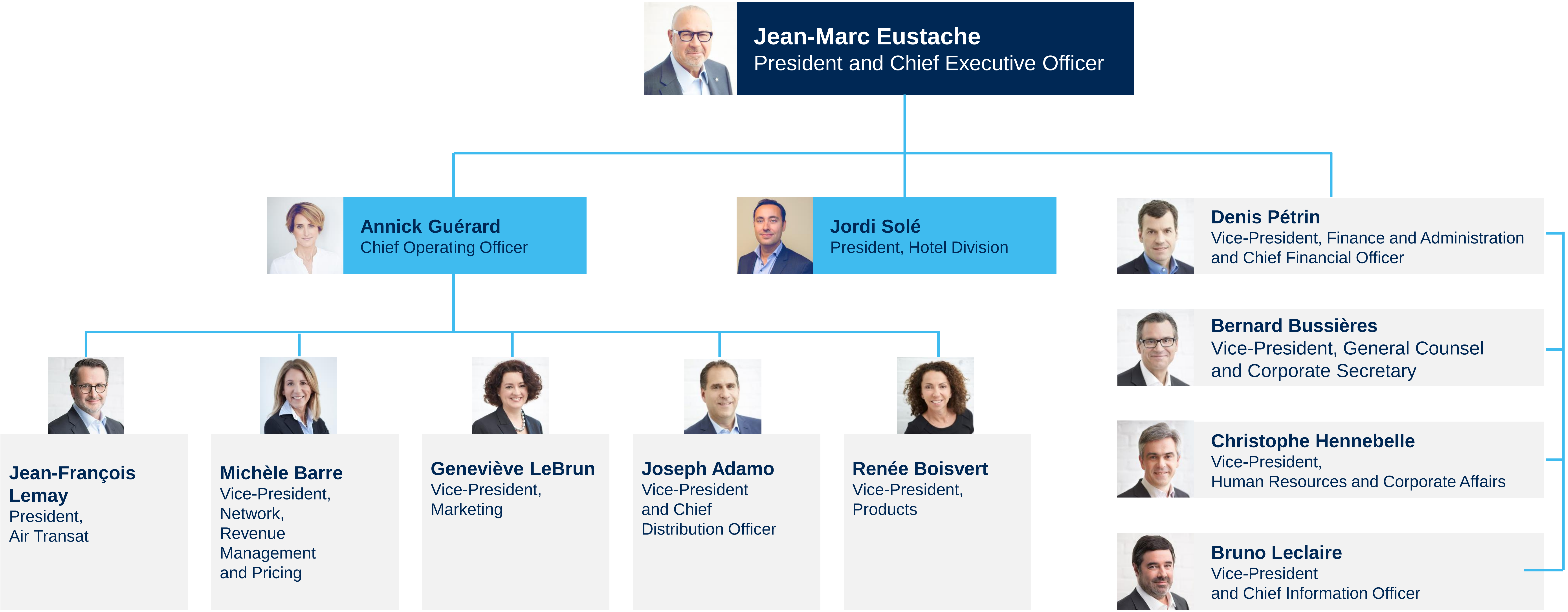
Headed by Jordi Solé

Jordi Solé

President, Hotel Division

- Appointed in February 2018
- More than 15 years operating resorts with major international hotel chains
- Extensive experience in operations, sales, marketing and staff management
- Participation in extensive company development and growth
- Bachelor’s degree in industrial engineering from Universitat Politècnica de Catalunya and MBA from IESE Business School, in Barcelona

Organizational chart



2018 INVESTOR DAY

Annick Guérard

Chief Operating Officer

Competitive landscape

Canada

AIR CANADA
WESTJET
sunwing.ca
AIR CANADA rouge
SWOOP

U.S.A

DELTA
UNITED
American Airlines

South

AEROMEXICO.
interJet

Europe

AIRFRANCE
BRITISH AIRWAYS
WOW air
ICELANDAIR
CORSAIR
LEVEL
Primera Air
norwegian

Business model evolution

Optimization of our leisure-travel business

Operational efficiency

Creation of our hotel division

New source of income

Delivering operational efficiencies

Our 8 strategic initiatives targeting operational efficiencies

1. Enhance customer satisfaction
2. Strengthen our air network
3. Reconfigure our fleet
4. Reduce and better control our costs
5. Grow our revenues
6. Optimize our distribution
7. Extend our digital footprint
8. Build an integrated organization

Enhancing customer satisfaction

Transat focuses on its core segments: leisure travelers

Vacationers

PRICE

+

“SIMPLICITY

+

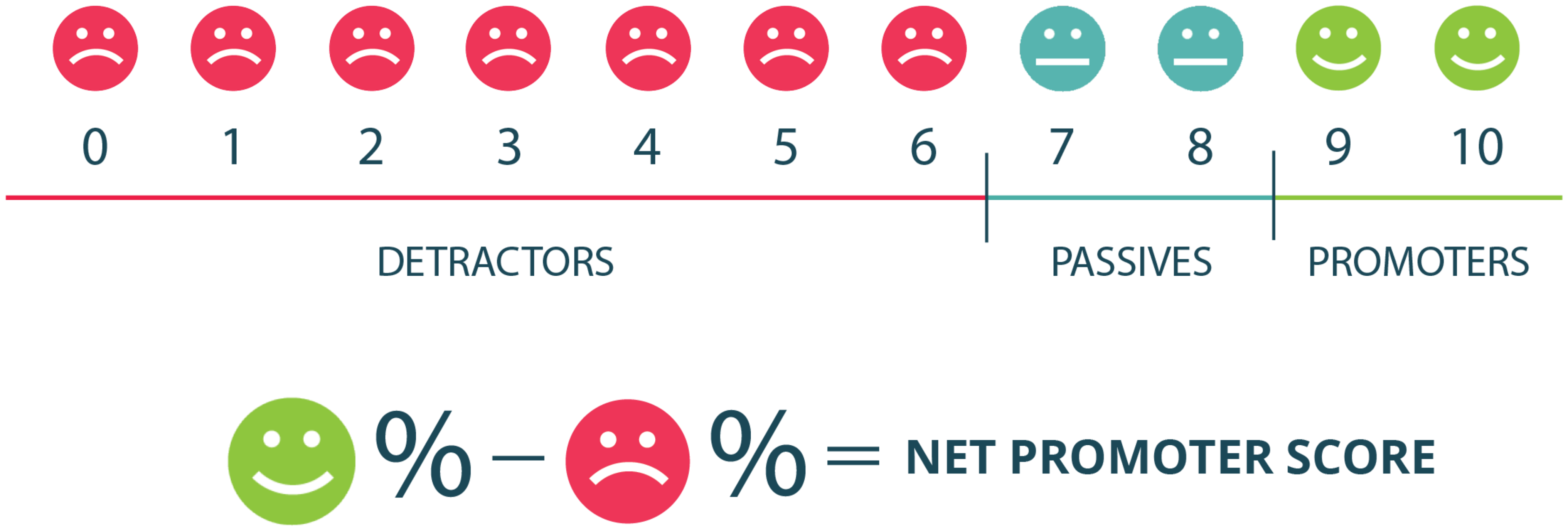
EFFICIENCY

+

FRIENDLINESS”

VFR

Increasing customer loyalty



Target
+20 points

NPS (net promoter score) is measured by analyzing the answers in customer satisfaction questionnaires. It is based on the question: *“On a scale of 0 to 10, where 0 is not at all likely and 10 is extremely likely, and considering your complete experience with our company, how likely would you be to recommend us to a friend or colleague?”*

Our product

Point-to-point service

Carefully selected products
Best choice of quality hotels/rooms

Outstanding friendly service
24/7 assistance

Quality guarantee

Sustainable tourism

WORLD AIRLINE SKYTRAX AWARDS

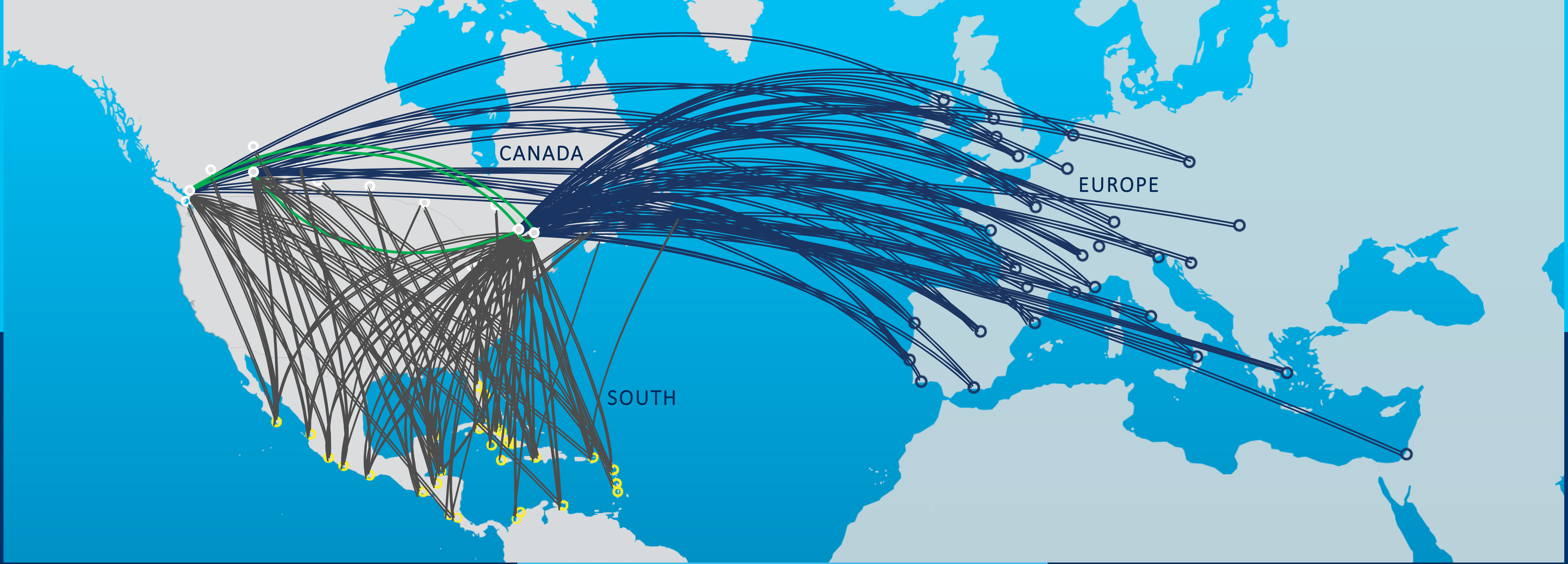
Strengthening our air network

Current network portfolio

South
37 destinations, 3 of them daily
Origin-destination countries

Europe & Middle East
27 destinations,
daily all year long for Paris and London,
year-round for Portugal and Spain

Strengthening our position in our markets



Increase network robustness and depth

Adding point-to-point frequencies and new destinations
Increasing flexibility for customers
Extending the European season

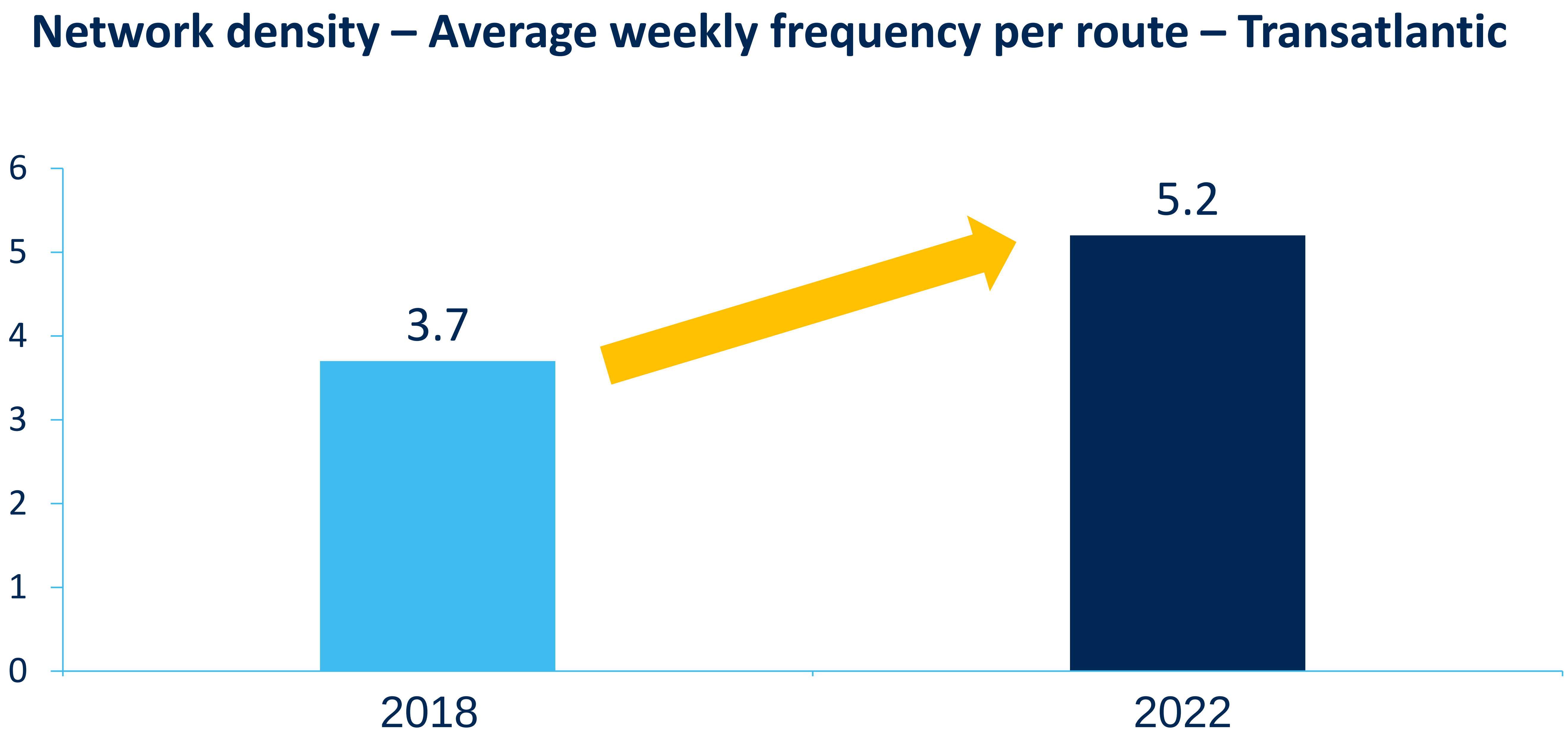
Growth in feeders

Focusing on Eastern Canada
Offering our customers more flexibility
Increasing loads, especially during low peaks

Opportunities for external feeding/commercial alliances

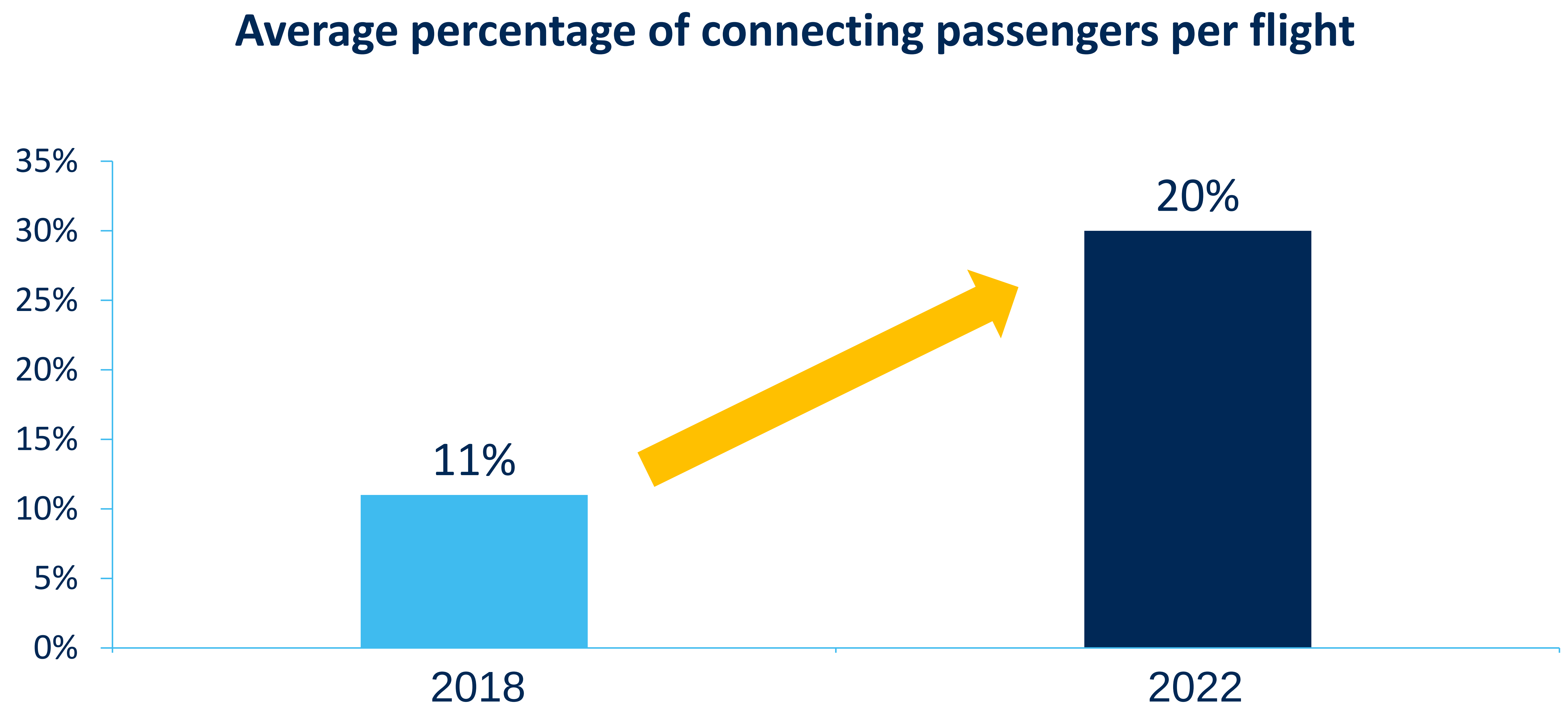
(U.S. and Europe)

Improving network robustness



Supported by strong development of the feeder network

Boosting frequencies to increase connections to international markets via our main bases (Montreal and Toronto)



Reconfiguring our fleet

Flexible fleet

A330

A310

LONG-HAUL

Year 2018	Winter	Summer
A330	18	20
A310	6	6
TOTAL BASE FLEET	**24**	**26**
Seasonally withdrawn	(8)	-
Sublease to other airline	(2)	-
TOTAL WIDE-BODY FLEET IN OPERATION	**14**	**26**

B737-700/800

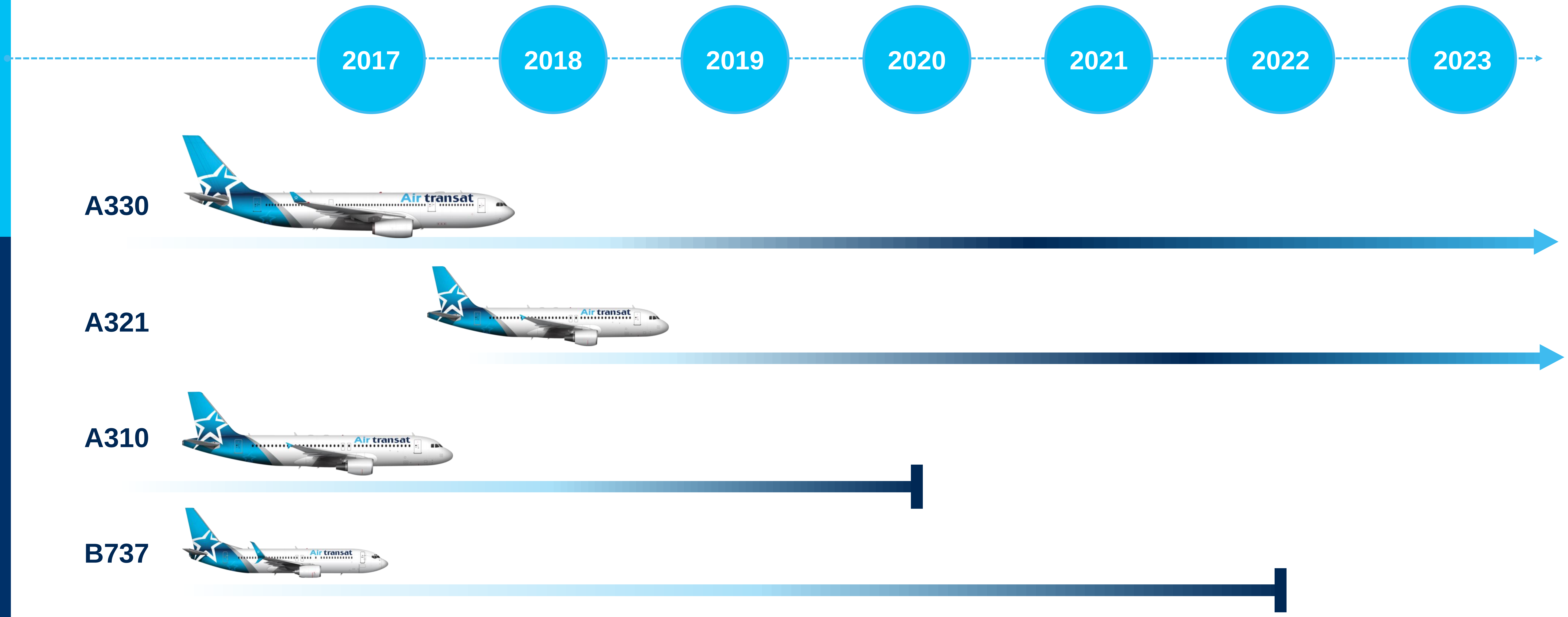
A320-321ceo

MEDIUM-HAUL

	Winter	Summer
B737-800	6	5
A321ceo	-	2
TOTAL BASE FLEET	**6**	**7**
Seasonal lease – B737-700/800	16	-
Seasonal lease – A320-321ceo	1	2
Seasonal lease – Other Canadian carriers	1	1
TOTAL NARROW-BODY FLEET IN OPERATION	**24**	**10**

Fleet renewal

By 2022: All-Airbus fleet



100% Airbus fleet – Cockpit commonality and mixed-fleet flying

Optimized crew scheduling

Reduced maintenance and training costs

Increased operational efficiencies

Enhanced and standardized customer experience

Ten new A321neo LRs

Long range (autonomy)

Versatile (South and Europe)

Low fuel consumption and reduced maintenance costs

Competitive operating costs

First carrier to operate them in North America in 2019


Lower costs
More income

Five-year cost-reduction and margin-improvement program

2018-2022

An additional

$150 million

2015-2017

$105 million

Five-year cost-reduction program – Initiatives

Lowering the cost structure to be able to offer the right price

Fleet
A321neo LR + 100% Airbus

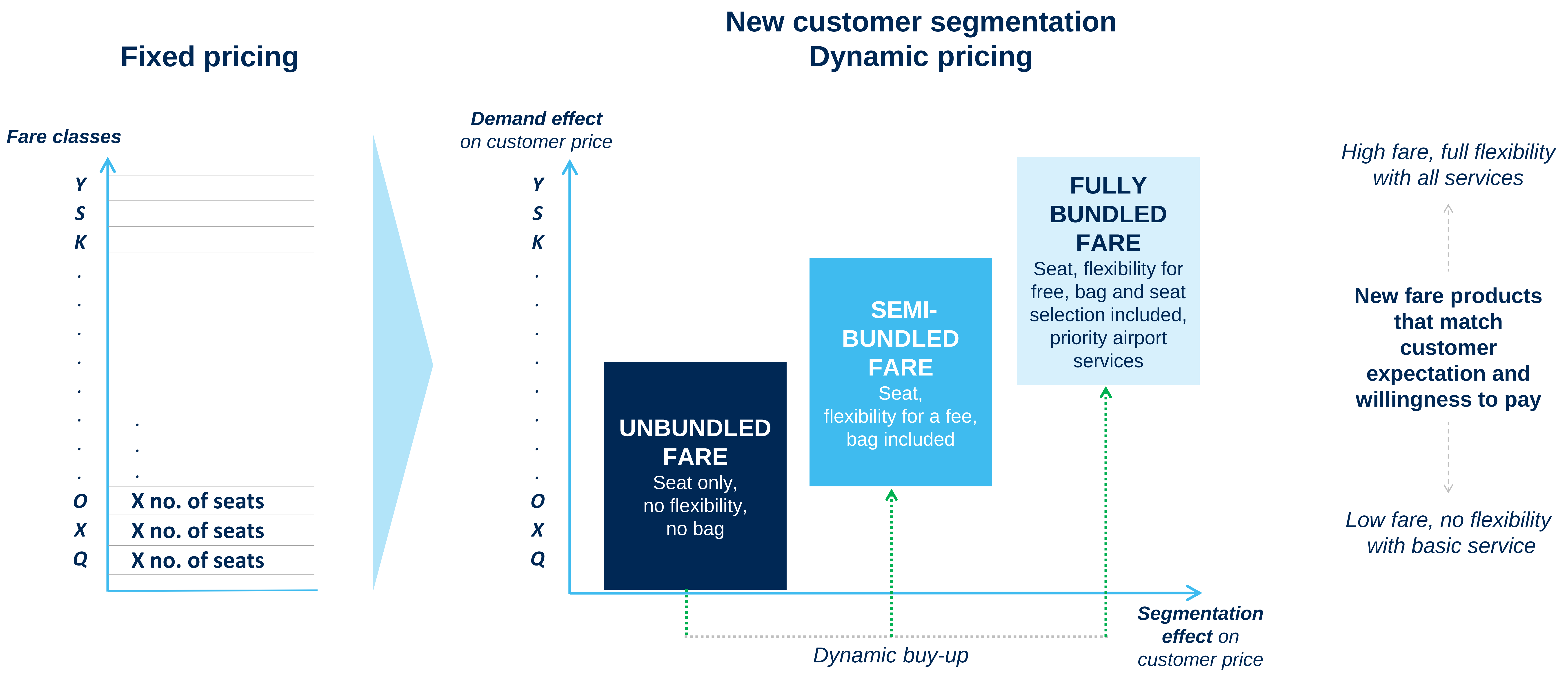
Procurement
Hotels and other suppliers

Distribution
More direct sales, payment method

Optimization of internal processes

Other initiatives

Pricing model: toward dynamic pricing



Revenue management

Expertise gain in operational research and modelling

Seat inventory management

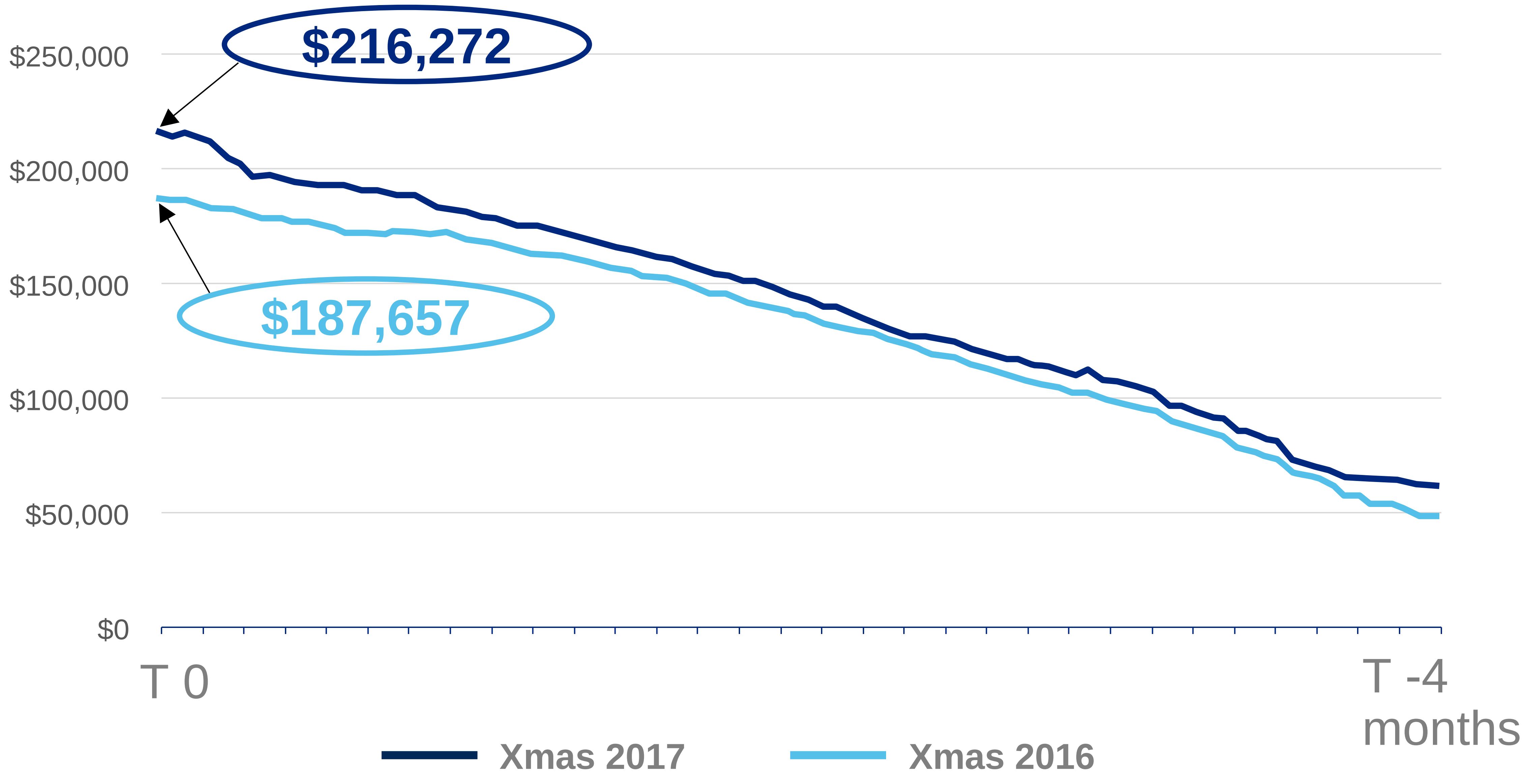
I. Historical data

II. Forecasting models
(Estimated demand)

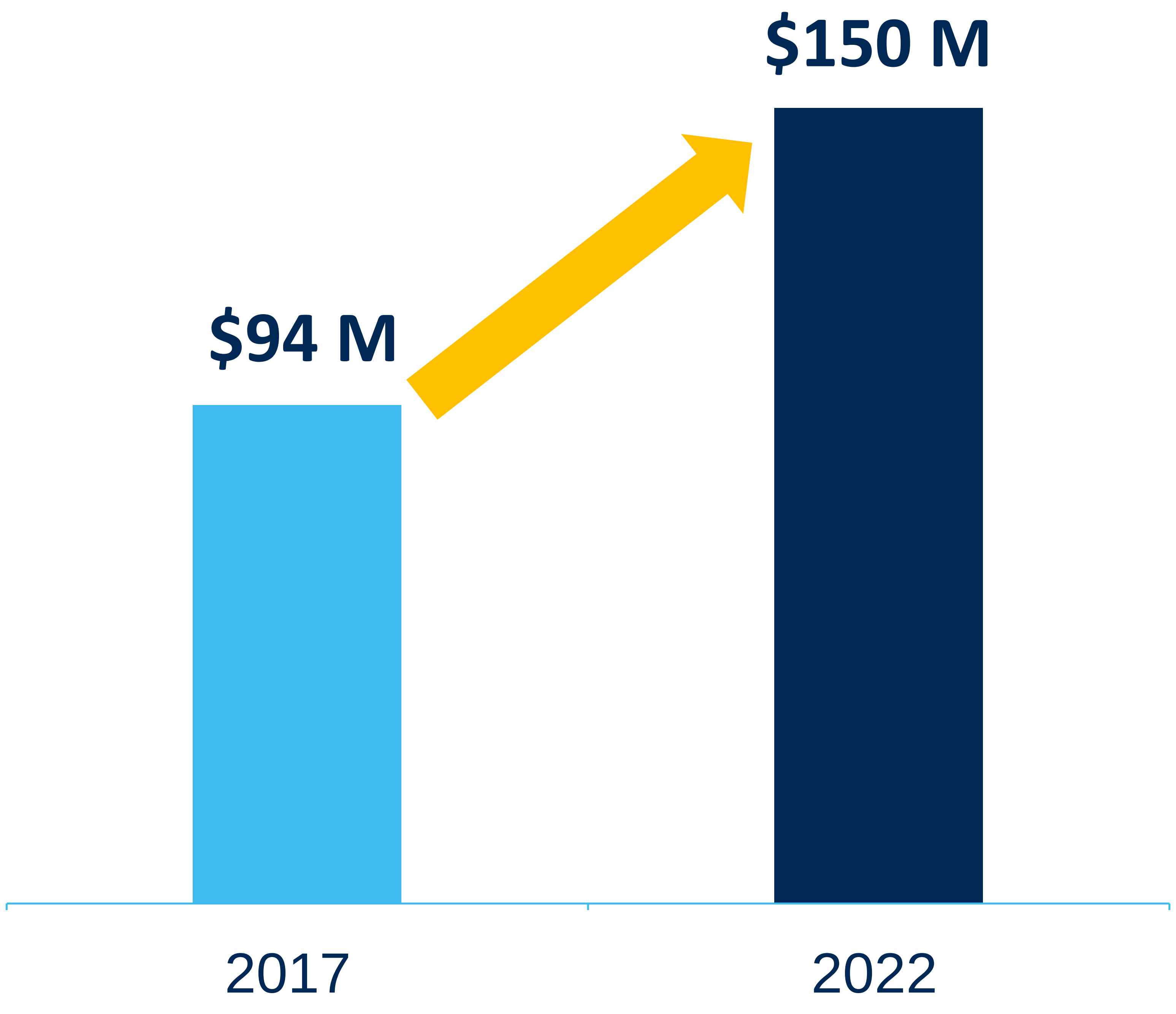
III. Seat allocation
by class of fare

IV. Business rules activation
(algorithms)

Example of impact on average revenue per flight



Increase ancillary revenues

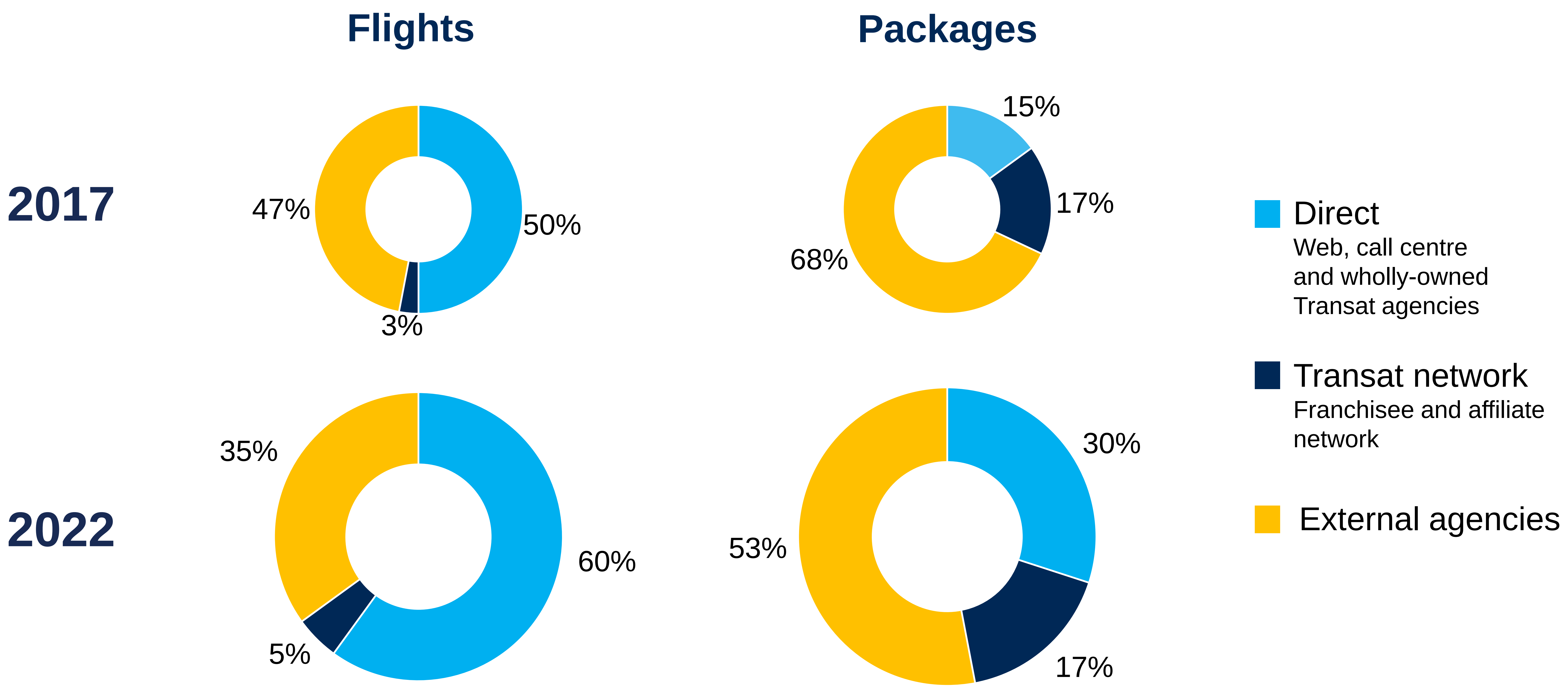


HIGHLIGHTS

- Bundled fares
- Seat selection
- Buy-on-board
- Excess baggage
- Excursions
- Travel insurance
- Duty-free
- New products

Optimizing our distribution and extending our digital footprint

Direct-sales evolution



Centralized customer file

Digital priorities

Know

Inspire and attract

Guide and convert

Bot

.com

Accompany

Synergies with the hotel division

Synergies and benefits

Advantages for TO

Product differentiation (exclusivity)

Master customer experience

Customer insights and data

Building an integrated organization

Integrated organization

Annick
GUÉRARD
Chief Operating Officer

Jean-François
LEMAY
President,
Air Transat

Michèle
BARRE
Vice-President, Network,
Revenue Management
and Pricing

Geneviève
LEBRUN
Vice-President,
Marketing

Joseph
ADAMO
Vice-President
and Chief Distribution Officer

Renée
BOISVERT
Vice-President,
Products

Bruno
LECLAIRE
Vice-President
and Chief Information Officer

Conclusion

Building on our assets

Strong brand, high customer satisfaction

Growing market

Proven track record in cost reduction

Strong commercial base

Solid, results-driven executive team

Major elements of the strategic plan

Means to improve profitability

- Stronger air network
- Fleet adapted to our two markets
- Revenue management/maximization
- Cost reduction/control
- Optimized distribution

2018 INVESTOR DAY

BREAK

2018 INVESTOR DAY

Jordi Solé

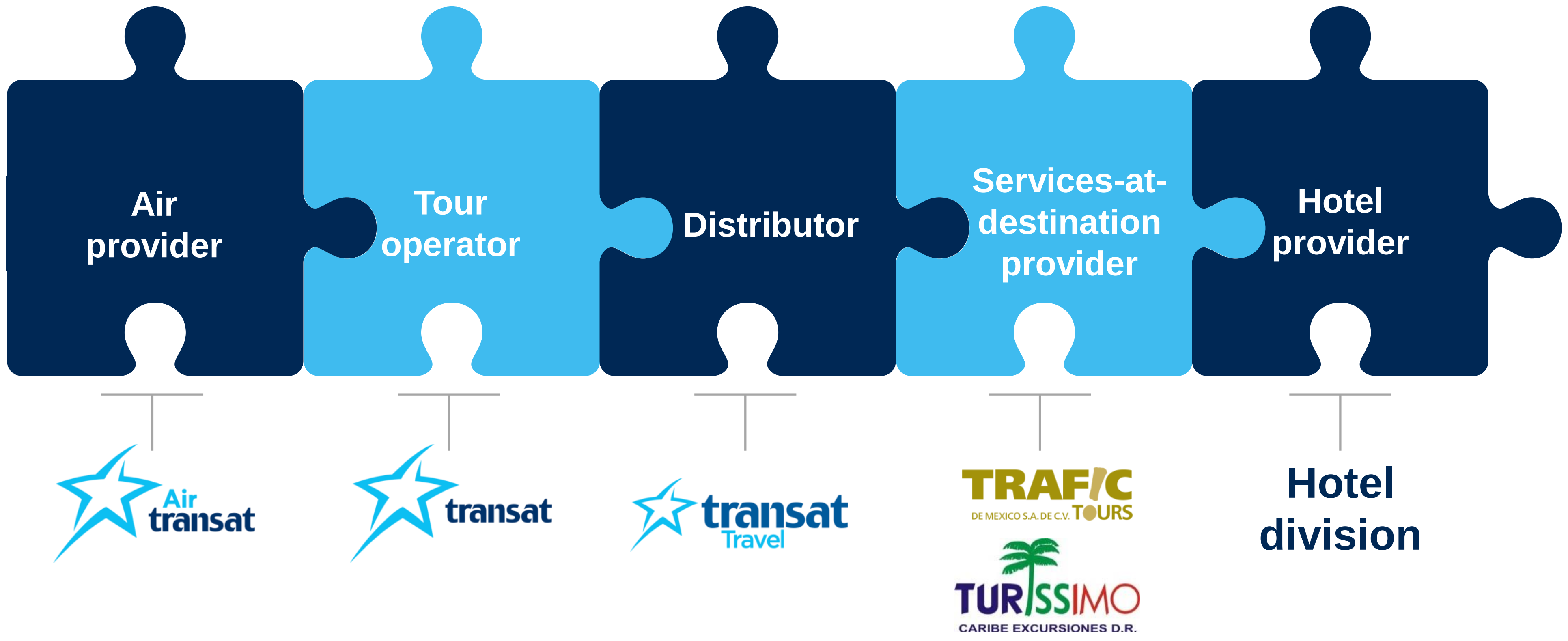
President, Hotel Division

Rationale for the new Transat hotel division

Major transformations in the leisure travel industry are giving incremental value to ownership of the end product.

To ensure long-term success, Transat is looking to own the product right across the value chain.

- Transat currently "owns" the air seats as well as the customer excursion experience at destination.
- Acquisition of hotel business to complete rooms ownership at destination.



Development of the hotel division is an important step in the realization of our vision

Strategic benefits

Transformation from travel distributor to vertically integrated travel producer	**Improved financial stability based on reduced seasonal earnings variation and increased exposure to stable, high-margin hotel business**	**Transat's current customer volume will provide a sound production foundation for its hotel division**	**Optimal return on existing cash**
Enhanced value proposition through owning the end product	Complementary earnings Greater financing capacity to pursue growth opportunities	Transat will own hotels in its current major markets, where it will provide a good level of production	Recent transactions were made to generate excess cash to kick-start the hotel division

Major business objectives

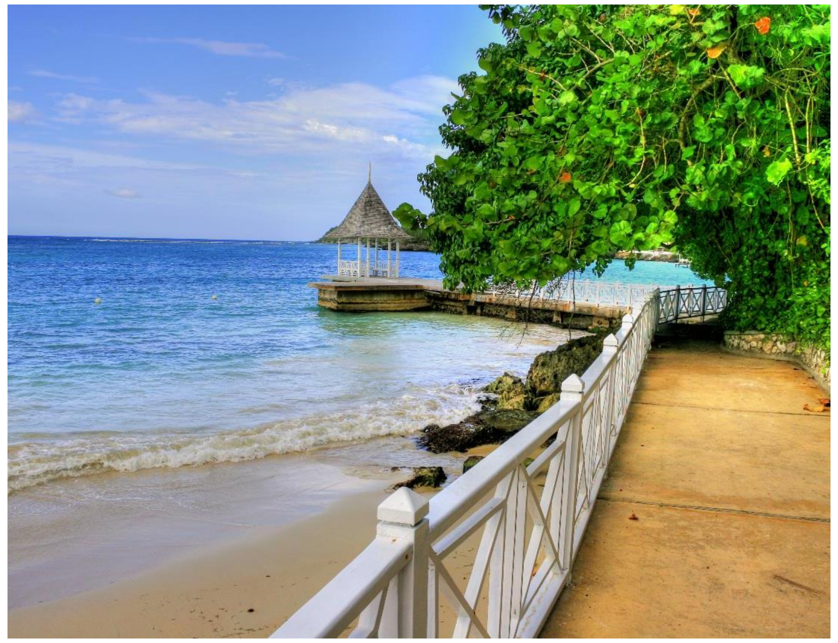
To establish a presence in Transat's major markets

Mexico
Cancún and Riviera Maya

1,800

Dominican Republic
Punta Cana

1,000



Jamaica
Montego Bay

700

Cuba
Varadero and Havana

1,500

First-phase objective: own 3,000 rooms and manage 2,000 rooms (total of 5,000 rooms) over the next 7 years.

Land acquisition/construction

Acquisition of existing hotels

Major business objectives

Optimizing market and brand mix in order to obtain best profitability at maturity

U.S.
market
50-60%

Canadian
market
20-30%

Europe,
South America
and local markets
10-20%

5-star luxury brand

4 – 4.5-star luxury brand

Current industry parameters

- EBITDA valuation including vacation clubs: multiple of 10-12
- Average new construction costs including land: US$250K per room
- Occupancies between 70-90% and all-inclusive daily rates per person between US$100-150
- Great hotels have a GOP of US$30-40K per room at maturity
- Average EBITDA: 32-36% at maturity
- New projects funded with 50% equity and 50% debt

Organization being put in place

Hiring the team

Permanent staffing in the short term

(fixed costs)

- VP, Development
- VP, Construction
- VP, Marketing and Sales
- VP, Operations

Flexible organization staffing underway

(variable costs, dependent on activity level)

- Architecture, Engineering, Project Management

Support from current Transat organization

- Finance, Legal, IT, HR

The product

Defining the product

Two luxury all-inclusive brands

- 5-star luxury brand
- 4 – 4.5-star luxury brand
- Families oriented
- Adults only oriented

USPs for luxury 5-star brand

Searching for opportunities

Numerous short-term opportunities identified in Mexico and Dominican Republic

Cancún, Riviera Maya
Costa Mujeres, Cancún, Puerto Morelos, Playa del Carmen and farther South

Punta Cana
Cap Cana, Bavaro, Macao, Uvero Alto and farther North

Jamaica
Coming soon

2018 Investor Day

Denis Pétrin

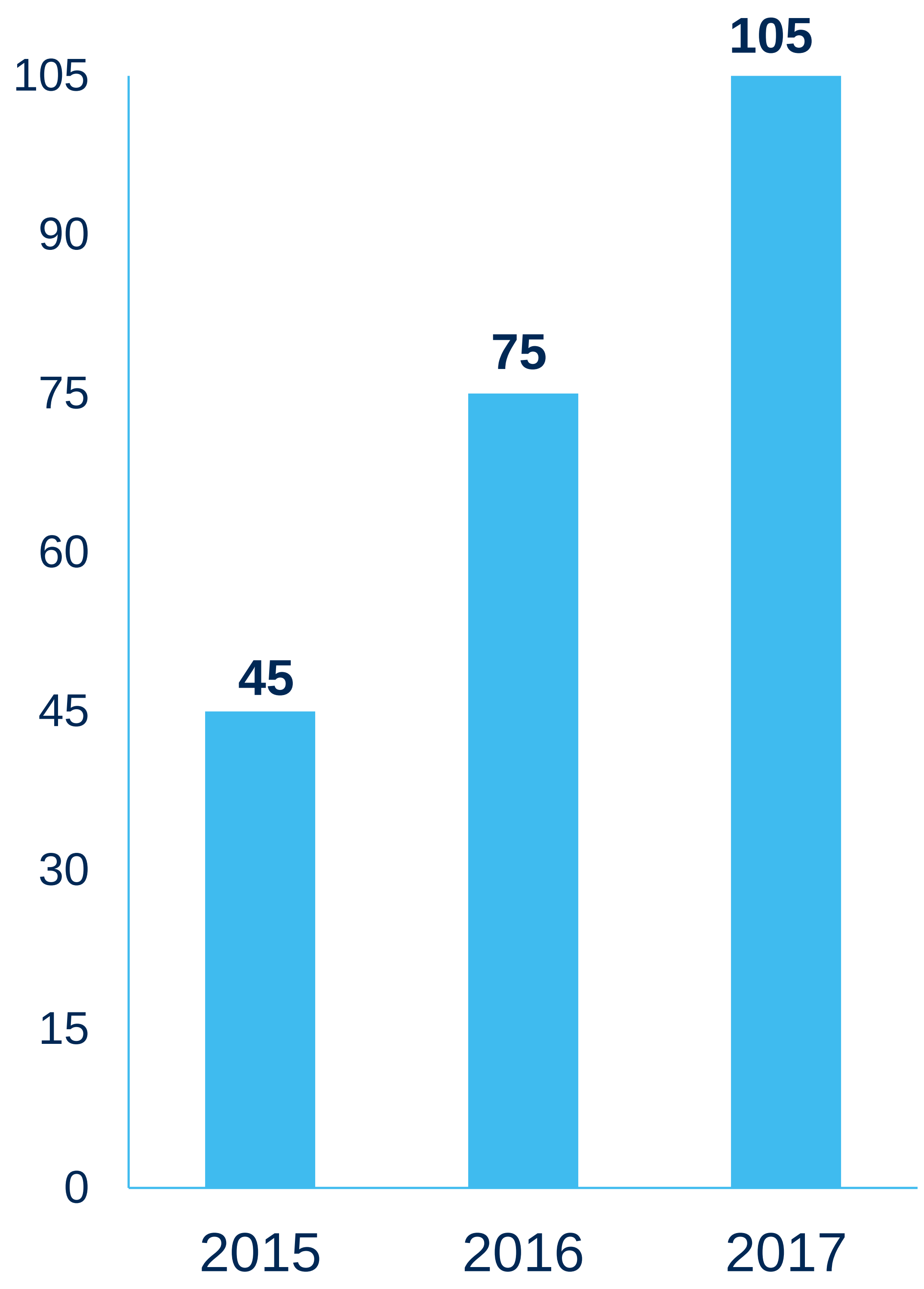
Vice-President, Finance and Administration,
and Chief Financial Officer

transat

2015-2017 Achievements

2015-2017 Cost-reduction and margin-improvement program

In millions of dollars



Cost reductions and margin improvements (C$ M)	2015	2016	2017
Cost reductions			
Narrow-body flexible fleet	18	21	24
Reduction in the number of flight attendants	0	2	6
Buy-on-Board (Sun destinations)	3	4	4
Optimization of hotel costs (Sun destinations)	2	13	19
Optimization of distribution costs	11	13	13
Other	4	2	3
Sub-total (costs)	**38**	**55**	**69**
Margin improvement			
Ancillary revenues and cargo *(more details in appendix)*	5	15	30
Densification of three A330-300s	2	5	5
Other	0	0	1
Sub-total (margin)	**7**	**20**	**36**
Total	**45**	**75**	**105**

Refocusing on leisure travel operations

Vacances transat

LOOK VOYAGES
CLUBS • SÉJOURS • CIRCUITS

tourgreece

Sold October 2016
$93 million

Ocean
By H10 Hotels

Sold October 2017
$186 million

Jonview CANADA

Sold November 2017
$48 million

Total: $327 million

2018-2022 Strategic plan: Building sustainable profitability

Improve annual financial performance

TRANSAT A.T. INC.

LEISURE TRAVEL BUSINESS

CURRENT STATUS
- Summer: Protect strong performance
- Winter: Achieving break-even

INITIATED
- Towards an All-Airbus fleet
- Agreement signed with Thomas Cook
- Revenue management process – Phase I

2018-2022
- Airline and other cost-reduction program
- Increase ancillary revenues
- Revenue management process – Phase II

HOTEL BUSINESS

CURRENT STATUS
- Sale of our 35% interest to H10 completed
- Cash available to develop our own hotel chain

INITIATED
- Jordi Solé President of hotel division

2018-2022
- Develop the hotel chain from the ground up
  - Profitable on its own
  - Synergies with our activities

Selected cost-reduction and margin-improvement initiatives

1	**Fleet and network**	▪ 10 new A321neo LRs: Reduce cost vs A310 ▪ All-Airbus fleet: Simplify the cost structure ▪ Agreement with Thomas Cook: Enhance flexibility	**$100-150M**
2	**Revenue management and pricing**	▪ Leading edge practices and processes ▪ Automated and dynamic ▪ Team of professionals	
3	**Ancillary revenues**	▪ Unbundling opportunities ▪ Rebundling opportunities	
4	**Distribution and digital**	▪ Increase control and direct sales ▪ Increase customer satisfaction ▪ Revenue per customer enhancement ▪ Repeat bookings	
5	**G&A expenses**	▪ Optimize corporate structure ▪ Optimize support and administrative functions	

Improve annual financial performance

TRANSAT A.T. INC.

LEISURE TRAVEL BUSINESS

CURRENT STATUS
- Summer: Protect strong performance
- Winter: Achieving break-even

INITIATED
- Towards an All-Airbus fleet
- Agreement signed with Thomas Cook
- Revenue management process – Phase I

2018-2022
- Airline and other cost-reduction program
- Increase ancillary revenues
- Revenue management process – Phase II

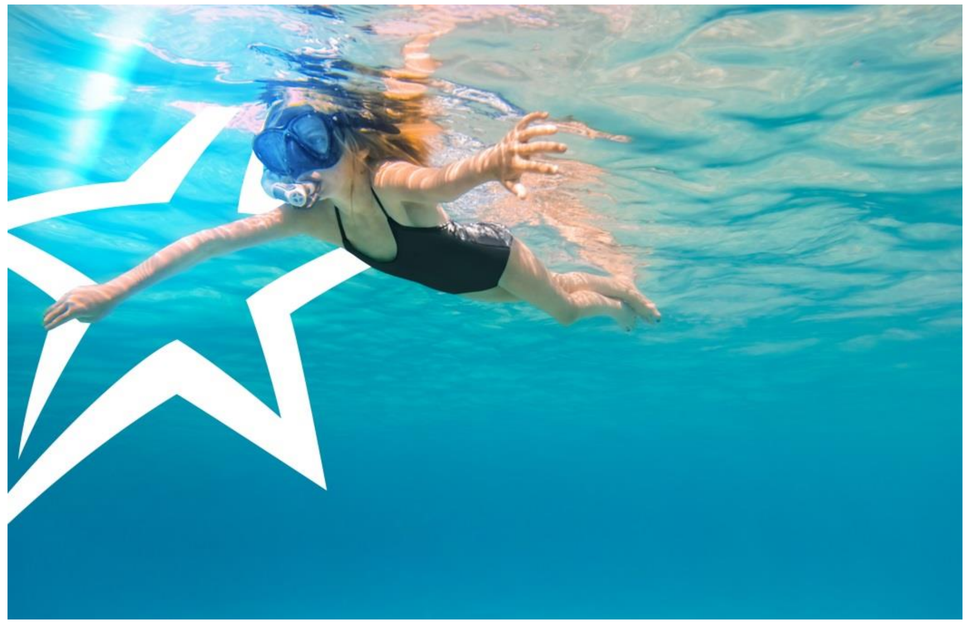
HOTEL BUSINESS

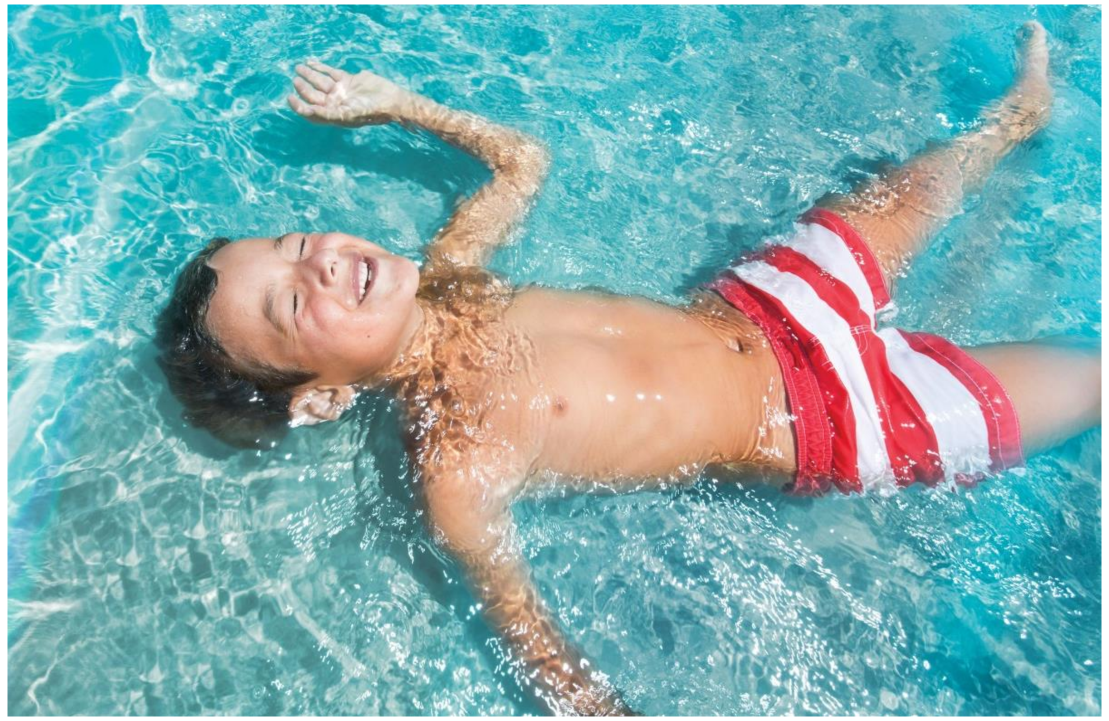
CURRENT STATUS
- Sale of our 35% interest to H10 completed
- Cash available to develop our own hotel chain

INITIATED
- Jordi Solé President of hotel division

2018-2022
- Develop the hotel chain from the ground up
  - Profitable on its own
  - Synergies with our activities

New hotel chain in the South



5,000 rooms by 2024

For a total investment of **US$750M**

Location: Mexico, Dominican Republic, Jamaica

Fully owned or managed

EBITDA (at maturity): **US$100M**

Hotel key financial metrics

At maturity

(US$ includes vacation club)	OCEAN HOTELS	TRANSAT HOTELS [1]
No of rooms owned	**1,600 rooms**	**3,000 rooms**
Type of hotels (*)	4.0-4.5*	4.5-5.0*
Revenues	**100M**	**285M**
EBITDA	**35M**	**100M**
Margin (%)	*35%*	*35%*
Net income / (loss)	**18M**	**50M**
Margin (%)	*18%*	*18%*
Capex (% of revenues)	3%	0-5 years: 1-2% 5-10 years: 3%
Free cash flow	25-30M	60-65M

(1) Transat hotels maturity estimated at FY2028 (after 10 years)

(2) Return over 10-year period; Refer to hotel financial measures definition in the appendix

(US$ includes owned hotels + management + vacation club)	RETURN ON INVESTED CAPITAL [2]
Total investment	**750M**
Transat contribution (equity)	*375M*
Debt (local loan)	*375M*
Cumulative free cash flow	**380M-440M**
Cumulative $ flow from operations	*440M-500M*
Cumulative CAPEX	*(60M)*
Outstanding debt @ maturity	**160M**
Terminal equity value (11.0x)	**900M-1,000M**
ROIC	**11.0%-13.0%**

WACC	**7.5%-8.0%**
After-tax cost of debt	**4.8%-5.6%**
Pre-tax cost of debt	*6.0%-7.0%*
% debt in capital structure	*50%*
Cost of equity	**10.0%**

Financial targets

1st Quarter results

Q1 Highlights (vs. 2017)

Adjusted EBITDA[1] improved by $6M or $9M on a like-for-like basis (excluding business sold in 2017 such as Ocean Hotels and Jonview Canada)

Sun destination industry capacity up by 6%

Sun destination market (453k seats)

- Capacity increased by 10.0%
- Travelers up by 6.2%
- Average prices were slightly higher

Transatlantic market (100k seats)

- Capacity increased by 21.4%
- Travelers up by 20.8%
- Average prices were higher

Costs

- Appreciation of C$ against US$ combined to an increase in fuel prices leads to a decrease of our operational costs by ($13M)
- Negative impact in maintenance costs related to one-time events of +$9M

(in thousands of C$)	1st quarter results ended January 31			
	2018	2017	2018 vs. 2017 $	2018 vs. 2017 %
REVENUES	**725,782**	**689,332**	**36,450**	**5.3%**
Adjusted EBITDAR [1]	(857)	(976)	119	12.2%
Adjusted EBITDA [1]	**(31,026)**	**(37,079)**	**6,053**	**16.3%**
As % of revenues	(4.3%)	(5.4%)	1.1%	20.5%
Adjusted net income (loss) [1]	**(33,868)**	**(36,039)**	**2,171**	**6.0%**
As % of revenues	(4.7%)	(5.2%)	0.6%	10.7%
Per share	($0.91)	($0.98)	$0.07	6.8%
Net income (loss) attributable to shareholders	(6,588)	(32,073)	25,485	79.5%

(1) Refers to non-IFRS financial measures in the appendices

Winter financial performance

Q2 Highlights (vs. 2017)

Sun destination industry capacity up by 3%

Sun destination market (570k seats)

- Transat capacity up by 5.5%
- 77% of inventory sold
- Load factor down by 1.4%
- Strengthening of C$ against US$ offset by rising fuel costs leads currently to a decrease of our operational expenses by 3.3%
- Margin up by 0.8%

The hurricanes that occurred in September 2017 significantly impacted results in the Sun destination market

- Results from Cuba destinations were negatively impacted (25% of Transat capacity)
- Besides, bookings taken until December 2017 presented a higher margin than last year's but this is less the case since January (take note that large portion of the inventory is sold in the last 30 days)

Transatlantic market (116k seats)

- Capacity up by 19%
- 68% of inventory sold
- Load factor down by 4.9%
- Margin down by 1.2%

If these trends continue, Transat expects second quarter results to be comparable to 2017 performance

	Q1	Q2	Winter
Adj. EBITDA 2017 (1)	**(37M)**	**1M**	**(36M)**
Adj. EBITDA from discontinued activities (2)	(3M)	(3M)	(6M)
Adj. EBITDA 2017 from continuing operations (1)	**(40M)**	**(2M)**	**(42M)**
∆ FX / Fuel on costs on sun destinations packages	13M	20M	33M
Sun destinations yield management (3) Maintenance charges related to one-off events Others (transatlantic, other subs, …)	9M (9M) (4M)		
Adj. EBITDA 2018 (1)	**(31M)**		

(1) Refer to Non-IFRS Financial Measures in the Appendix
(2) 2017 Adjusted EBITDA of Jonview Canada and minority interest in Ocean Hotels
(3) Capacity, price, load factor and airline / hotel costs at FX constant basis impact on adjusted EBITDA

Summer financial performance

Highlights (vs. 2017)

Transatlantic industry capacity up by 9%

Transatlantic market (1.1M seats)

- Transat capacity up by 17% (150K seats)
- 30% of inventory sold
- Load factor similar to previous year
- Price up by 1.7%
- Strengthening of C$ against US$ offset by rising fuel costs leads currently to an increase of our operational expenses by 3.3%
- Margins similar (including volume increase)

Sun destination market (280k seats)

- Low leisure season

Beyond these first trends, too early to draw any conclusions

	Q3	Q4	Summer
Adj. EBITDA 2017 [1]	**59M**	**79M**	**138M**
Adj. EBITDA from discontinued activities [2]	(7M)	(9M)	(16M)
Adj. EBITDA 2017 from continuing operations [1]	**52M**	**70M**	**122M**
Δ FX / Fuel on transatlantic flight margin	(12M)	(14M)	(26M)
Transatlantic yield management [3] Others (Sun destinations, other subs, STIP, …)			
Adj. EBITDA 2018 [1]			

(1) Refer to non-IFRS financial measures in the appendices
(2) 2017 Adjusted EBITDA of Jonview Canada and minority interest in Ocean Hotels
(3) Capacity, price, load factor and airline costs at FX constant basis impact on adjusted EBITDA

We have set 2018-2022 performance targets

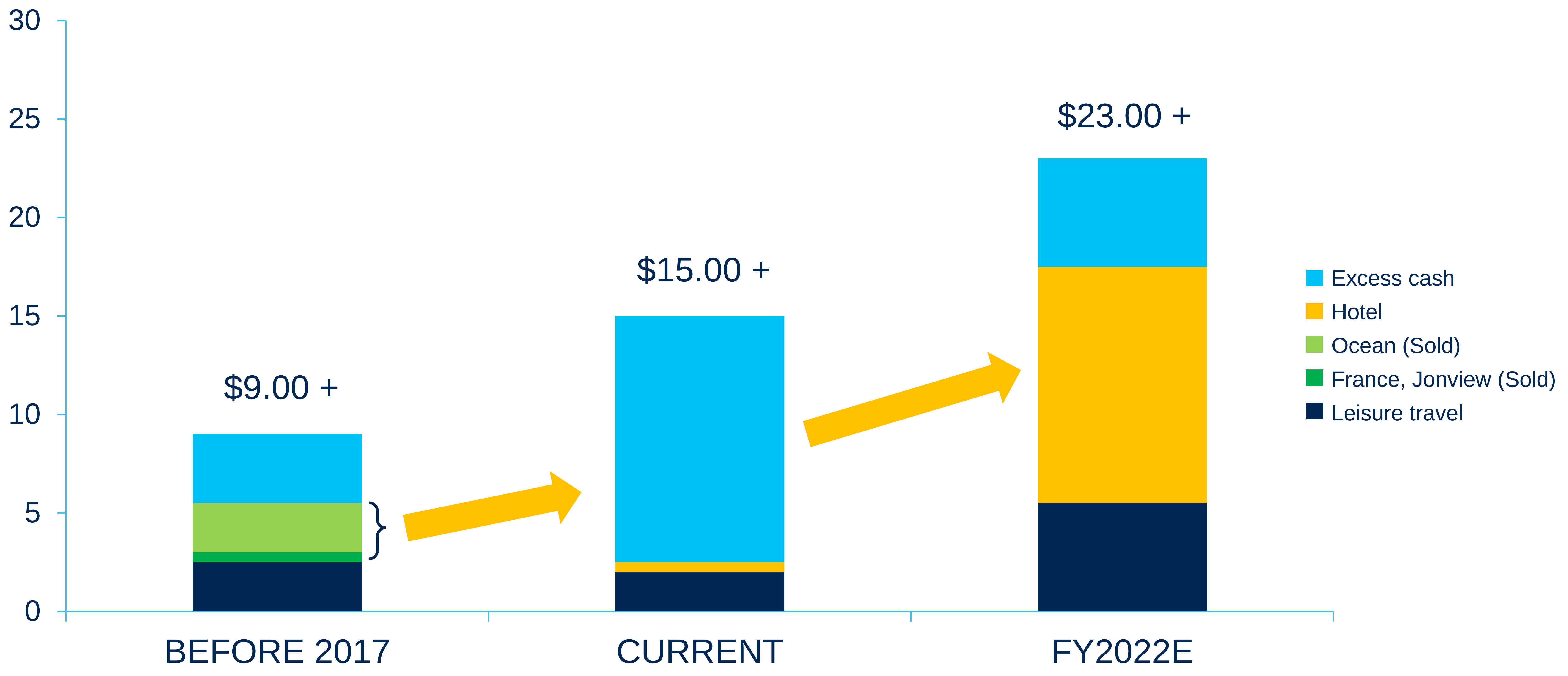
	LEISURE TRAVEL	HOTEL
Annual EBITDA margin	3-4%	25%
Annual ROIC	8-10%	11-13% (run-rate)
Free cash flow (cumulative over the period)	$200-250M	$25-50M
Leverage ratio (net basis)	1.5-2.5x (1)	2.0x-3.0x (2) (run-rate)

(1) Adjusted debt included 7.0x LTM operating leases

(2) Run-rate established at 5 years in operation

Pro forma trading bridge

Business valuation per share



Subject to the disclaimer section in the appendix

2018 INVESTOR DAY

Jean-Marc Eustache

President and Chief Executive Officer

transat

Building sustainable profitability

Leisure-travel business

Hotel business

Ambitions

Improving the profitability of our existing leisure-travel business

- **Stronger network**
- **New, optimized fleet**
- **Continuous improvement of cost base and margin sources**
- **Leveraging of multi-channel distribution**
- **Continued product-offering excellence**

Ambitions

Building a hotel division within a seven-year horizon

5,000 rooms by 2024

Mexico, Dominican Republic and Jamaica

Fully owned or managed

EBITDA: US$100M (at maturity)

Conclusion

2018 INVESTOR DAY

Question period

2018 INVESTOR DAY

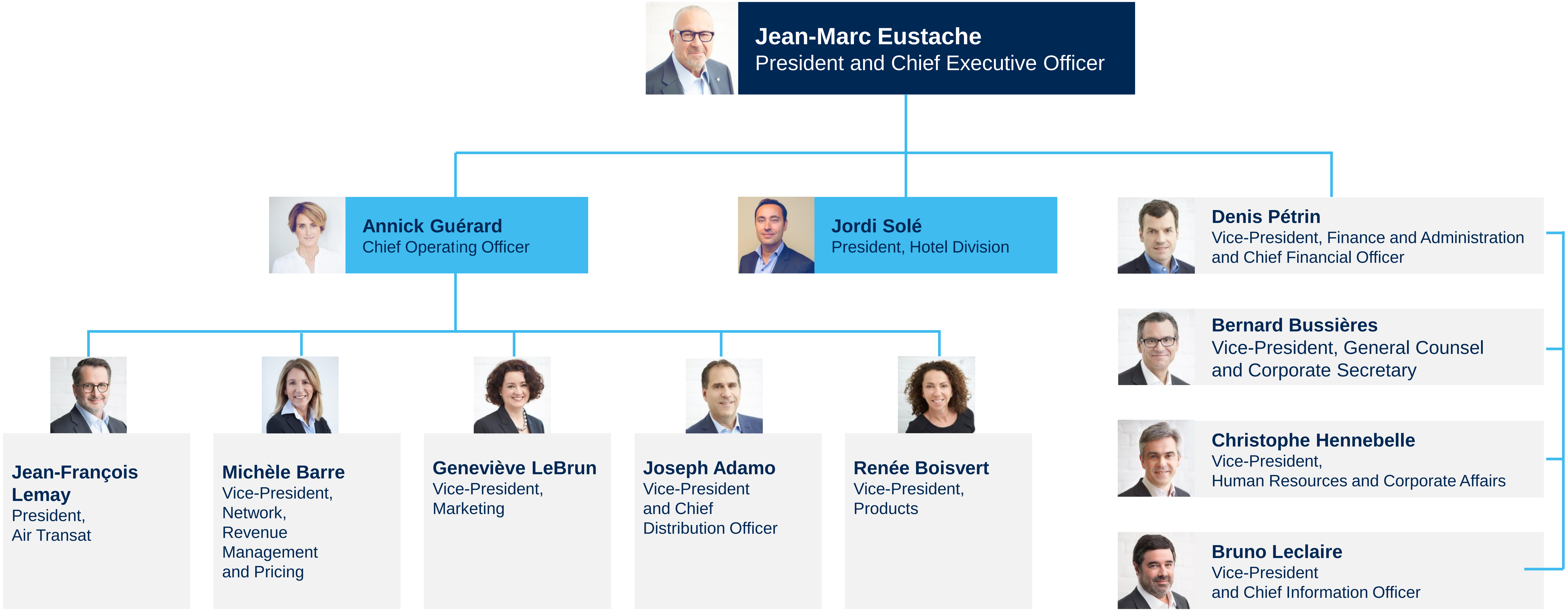
Visit to the maintenance centre

2018 INVESTOR DAY

Appendices

Management team

Organizational chart



Jean-Marc Eustache

President and Chief Executive Officer

- Principal architect of Transat's1987 creation
- Made his mark with a forward-thinking business vision focused on vertical integration, combined with exceptional leadership skills
- Began his career in the tourism industry in 1977 at Tourbec, before founding Trafic Voyages — the basis for the creation of Transat — in 1982
- Bachelor of science degree in economics from Université du Québec

Annick Guérard

Chief Operating Officer

- Appointed COO in November 2017
- More than 15 years in management positions with several Transat business units and departments
- Experience in operations, distribution, marketing, e-commerce, customer service and product development
- Bachelor's degree in civil engineering from Polytechnique Montréal and MBA from HEC Montréal

Jordi Solé

President, Hotel Division

- Appointed in February 2018
- More than 15 years operating resorts belonging to major international hotel chains
- Extensive experience in operations, sales, marketing and staff management
- Participation in extensive company development and growth
- Bachelor’s degree in industrial engineering from Universitat Politècnica de Catalunya and MBA from IESE Business School, in Barcelona

Denis Pétrin

Vice-President, Finance and Administration and Chief Financial Officer

- Appointed in 2009
- Held various positions in finance and administration in Transat's business units since 1990
- Began his career with Ernst & Young
- Bachelor’s degree in business administration from Université du Québec à Trois-Rivières

Bernard Bussières

Vice-President, General Counsel and Corporate Secretary

- Appointed in 2001
- Specialist in business and commercial law, particularly in corporate financing, sale and acquisition of companies, as well as technology transfer and licensing
- Member of the Bar of Montreal, the Barreau du Québec and the Canadian Bar Association
- Bachelor of civil law degree from Université d'Ottawa

Christophe Hennebelle

Vice-President, Human Resources and Corporate Affairs

- Appointed in 2016
- Joined Transat in 2009 and the senior executive team in 2014 as Vice-President, Human Ressources and Talent Management
- More than 15 years' experience in human resources and management
- Held senior positions in large companies in Europe such as E. Leclerc supermarkets and Lionbridge
- Graduate of École des Hautes Études Commerciales du Nord, France

Bruno Leclaire

Vice-President and Chief Information Officer

- Appointed CIO in November 2017
- Joined Transat in 2015 as Vice-President, e-Commerce and Chief Digital Officer
- Held various senior management positions with TC Media and Quebecor Media; co-founder of Jobboom, leading job-search site in Quebec
- Wide-ranging experience in digital technologies and e-commerce
- Bachelor’s degree in information technology from Université de Sherbrooke

Jean-François Lemay

President, Air Transat

- Appointed in 2013
- Joined Transat in 2011 as Vice-President, Human Resources
- Some 30 years of experience in the practice of law, specializing in labour relations, human rights and occupational health and safety
- Law degree from Université de Montréal

Michèle Barre

Vice-President, Network, Revenue Management and Pricing

- Appointed in September 2017
- More than 25 years’ experience in the aviation industry
- Headed a variety of sectors over the years, including revenue management, pricing, network planning and corporate strategy
- Numerous major achievements, including developing, strengthening and growing Air France’s network
- Engineering graduate of École Supérieure d'Informatique (Paris Academy of Computer Science)

Geneviève LeBrun

Vice-President, Marketing

- Appointed in 2015
- Joined Transat in 2013 as Senior Director, Marketing
- More than 20 years of achievement driving brand growth and performance
- Demonstrated success shaping and executing marketing strategies and delivering high ROI
- Held VP positions in large corporations such as MEGA Brands, Trader Corporation and Yellow Pages Group
- Bachelor of commerce degree and MSc in marketing from HEC Montreal

Joseph Adamo

Vice-President and Chief Distribution Officer

- Appointed in April 2017, leading the implementation of Transat's multichannel distribution strategy
- Joined Transat in 2011 and has 30 years of sales, marketing and customer service experience
- Held key positions in large corporations such as Marketel/McCann-Erickson Ltd., TELUS Mobility, Bell Canada and the Yellow Pages Group
- Bachelor of commerce degree and MBA from McGill University

Renée Boisvert

Vice-President, Products

- Appointed in 2011
- Held a variety of roles since joining Transat in 1989, including Director of Operations and Destination Services, General Manager of Jonview Quebec and General Manager of Rêvatours
- Bachelor of public relations from Université Laval and MBA from UQAM-ESG

Financial section

Caution regarding 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.

This Investors Day Presentation ("Presentation") is for information purposes only and does not purport to be comprehensive or contain all of the information that a prospective investor or investors may desire. In all cases, you should conduct your own investigation and analysis of the information and data set forth in this Presentation, and satisfy yourselves as to the accuracy, reliability and completeness of such information and data. This Presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities and shall not form the basis of any contract.

None of Transat or any of its respective directors, officers, affiliates, employees or advisors (collectively, “Associates”) makes any representation as to the accuracy, reliability or completeness of the information in this Presentation or any other information made available to recipients of this Presentation. In particular, no representation or warranty is made as to the achievement or reasonableness of any future projections, forecasts, financial performance, management estimates, prospects, returns or market data contained herein. Statements contained in this Presentation are made in good faith and have been derived from information believed to be reliable as of the date of this Presentation. None of Transat nor any of its Associates has verified, nor will verify, any part of this Presentation or any other information made available to recipients of this Presentation. Transat and its Associates expressly disclaim any and all liability for any loss or damage (whether foreseeable or not) suffered by any person or entity acting on, or refraining from acting because of, anything contained in or omitted from this Presentation, whether the loss or damage arises in connection with any negligence, default, lack of care or misrepresentation, in contract or in equity, on the part of Transat or its Associates or any other cause.

This Presentation contains certain statements, financial data, projections, forecasts and estimates that are based upon assumptions and subjective judgments that the management of Transat believes to be appropriate given current facts and circumstances existing in the markets in which Transat conducts business. There will be differences between such projections, forecasts and estimates and actual results since events and circumstances frequently do not occur as expected, and such differences may be material. The estimated, forecasted and projected financial results contained in this Presentation should not be considered to be a presentation of actual results. There can be no assurance that any estimated, forecasted or projected results are obtainable or will be realized.

This Presentation is provided on the basis that you should not treat this document as advice relating to legal or investment matters and will carry out your own independent investigations and assessment of Transat, its business, prospects, results of operations and financial condition, and will make your own independent decision regarding the evaluation of Transat. None of Transat, nor its Associates accept any responsibility for any inference, interpretation, opinion or conclusion that you may draw from this Presentation. In fact, you agree that you shall not hold Transat or its Associates liable in any respect for the information contained in this Presentation or information exchanged this day.

None of Transat nor any of its Associates accept any responsibility to inform the recipients of this Presentation of any matter arising or coming to any of their notice which may affect any matter referred to in this Presentation (including but not limited to any error or omission which may become apparent after this Presentation has been issued). This Presentation shall not be deemed an indication of the state of affairs of Transat nor shall it constitute an indication that there has been no change in the business or affairs of Transat since the date of this Presentation or since the date at which any information contained herein is expressed to be stated.

Divestitures summary

	Transat France + TourGreece (October 2016)			35% interest in Ocean Hotels (October 2017)			Jonview Canada (November 2017)		
	Winter	**Summer**	**Annual**	**Winter**	**Summer**	**Annual**	**Winter**	**Summer**	**Annual**
FINANCIAL HIGHLIGHTS (LAST FULL YEAR)									
Revenues	285M	400M	685M	-	-	-	20M	160M	180M
Adjusted EBITDA (2)	(8M)	15M	7M	9M	2M	11M	(5M)	14M	9M
Adjusted net income (loss) (2)	(7M)	7M	0M	9M	2M	11M	(4M)	10M	6M
CONSOLIDATED STATEMENTS OF INCOME IMPACT									
Selling price			93M			188M			48M
Transaction costs			(7M)			(2M)			-
Price adjustments (provision)			-			(2M)			(4M)
Cash and cash equivalents disposed of			(23M)			-			(14M)
Net assets disposed of (excluding cash and cash equivalents)			(13M)			(97M)			1M
Gain on disposal			50M			86M			31M
FX gain on disposal (1)			-			15M			-

(1) FX gain of C$15M realized following the transaction explained by an investment done in US$ when it was at parity and a divestiture at 1.25
(2) Refer to Non-IFRS Financial Measures in the Appendix

Unlock Significant Value of Unrecognized Assets for ~C$ 330M in the last year with the objectives to reinvest for doubling the returns by FY22

Hotel comparables

(in millions of US$)	RIU Hotels & Resorts	BlueDiamond Resorts	PLAYA HOTELS&RESORTS	MELIÃ HOTELS & RESORTS
Number of hotels	94	24	13	315
Number of rooms	43,417	12,324	6,130	81,000
Average no of rooms per hotel	462	514	472	257
Revenues	**1,309**	**396**	**546**	**2,074**
Adjusted EBITDA	**591**	**91**	**171**	**341**
Margin (%)	*45%*	*23%*	*31%*	*16%*
Adjusted EBIT	491	67	118	204
Margin (%)	*37%*	*17%*	*22%*	*10%*
Adjusted net income	**341**	**44**	**48**	**142**
Margin (%)	*26%*	*11%*	*9%*	*7%*
Business model	100% resorts	100% resorts	100% resorts	60% resorts / 40% cities
% of rooms in Caribbean	50%	100%	100%	25%
Caribbean allocation (%)	MX:45% / DR:15% / JM:15% / CU:5% / OT:20%	MX:7.5% / DR:15% / JM:20% / CU:50% / OT:7.5%	MX:60% / DR:30% / JM:10%	MX:17.5% / DR:15% / JM:2.5% / CU:60% / OT:5%
Capital structure (%)	OWNED:55% / MGMT:35% / OTHER:10%	OWNED:50% / MGMT:50%	OWNED:100%	OWNED:17.5% / MGMT:42.5% / OTHER:40%

Sum-of-the-parts

	BEFORE 2017 Value driver	BEFORE 2017 Implied value per share	CURRENT Value driver	CURRENT Implied value per share	BY FY2022 Value driver	BY FY2022 Implied value per share
Total		**$9.00 +**	**+70%**	**$15.00 +**	**+50%**	**$23.00 +**
4 **Excess cash** (1)	$125M (above $150M)	**$3.50**	$465M (above $150M)	**$12.50**	$200-250M (above $150M)	**$5.50 - $7.00**
3 **Other subs**	Ocean Hotels (book value of $100M) Transat France & Jonview (1.0x FY2015 EBITDA of $10M)	**$3.00**	**Sold**			
2 **Hotel**			Rancho Banderas book value of $15M (50% stake)	**$0.50**	11.0x -12.0x FY2022E Hotel business EBITDA of ~$62.5M net of debt + Rancho Banderas book value of $20M (50% stake)	**$12.00 - $13.50**
1 **Leisure travel**	1.0x – 2.0x FY2015 EBITDA of $90M	**$2.50 – $5.00**	1.0x – 2.0x FY2017 EBITDA of $80M	**$2.00 – $4.50**	1.5x – 2.5x FY2022E EBITDA of $140M	**$5.50 – $9.50**

(1) *Lowest point in mid-December (above $150M)*

Non-IFRS financial measures

Non-IFRS financial measures included in this presentation are not defined under IFRS. Therefore, It is likely that the non-IFRS financial measures used by the Corporation will not be comparable to similar measures reported by other issuers or those used by financial analysts as their measures may have different definitions. The non-IFRS measures used by the Corporation in this presentation are defined as follows:

- **Adjusted net income (loss):** Net income (loss) attributable to shareholders before net income (loss) from discontinued operations, change in fair value of fuel-related derivatives and other derivatives, gain (loss) on disposal of an investment, restructuring charge, lump-sum payments related to collective agreements, asset impairment and other significant unusual items, and including premiums for fuel-related derivatives and other derivatives matured during the period, net of related taxes. The Corporation uses this measure to assess the financial performance of its activities before the items mentioned previously to ensure better comparability of financial results. Adjusted net income (loss) is also used in calculating the variable compensation of employees and senior executives.

- **Adjusted EBITDA (adjusted operating income (loss)):** Operating income (loss) before depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements and other significant unusual items, and including premiums for fuel related derivatives and other derivatives matured during the period. The Corporation uses this measure to assess the operational performance of its activities before the items mentioned previously to ensure better comparability of financial results.

- **Adjusted EBITDAR:** Operating income (loss) before aircraft rent, depreciation and amortization expense, restructuring charge, lump-sum payments related to collective agreements and other significant unusual items, and including premiums for fuel related derivatives and other derivatives matured during the period. The Corporation uses this measure to assess the operational performance of its activities before the items mentioned previously to ensure better comparability of financial results.

- **Free cash flow:** Cash flows related to operating activities, net of capital expenditures. The Corporation uses this measure to assess the amount of cash that it is able to generate from its operations after accounting for all capital expenditures, mainly related to aircraft and IT.

- **Adjusted net debt:** Long-term debt plus 7.5x the aircraft rent expense from the last 12 months, less cash and cash equivalents. Management uses adjusted net debt to assess the Corporation’s debt level, future cash needs and financial leverage ratio. Management believes this measure is useful in assessing the Corporation’s capacity to discharge its current and future financial obligations in comparison with other companies from its sector.

Accounting standard changes

IFRS 15 – Revenue from contracts with customers

- The new standard specifies the steps and timing of revenue recognition
- Revenue should be recognized in a manner that depict the transfer of promised goods/services to customers in an amount that reflects the expected consideration receivable in exchange of those promised goods/services
- Effective for the financial period starting on **November 1, 2018**
- We are still assessing the impact of adopting this new standard on our financial statements

IFRS 9 – Financial instruments

- The new standard adresses the classification and measurement of financial assets and liabilities
  - New approach to determine whether a financial asset is measured at amortized cost or fair value.
  - Approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets.
  - The portion of the changes in fair value related to the entity’s own credit risk, in measuring a financial liability at fair value through profit or loss, will be presented in other comprehensive income rather than in the statement of income.
- The new standard introduces a new expected loss impairment model that will require timely recognition of expected credit losses
  - Entities will be required to account for expected credit losses when financial instruments are first recognized and to recognize full lifetime expected credit losses on a timely basis
- The new standard introduces a substantial reformed approach to hedge accounting, together with corresponding disclosures about risk management activities
  - The new hedge accounting model will enable entities to better reflect their risk management activities in their financial statements
- This standard should not have a significant impact on our financial statements
- Effective for the financial period starting on **November 1, 2018**
- We are still assessing the impact of adopting this new standard on our financial statements

IFRS 16 – Leases

- The new standard a single lessee accounting model under which most of lease-related assets and liabilities are recognized in the statement of financial position
- This standard will have a significant impact on our financial statements
- Effective for the financial period starting on **November 1, 2019**
- We are still assessing the impact of adopting this new standard on our financial statements

Hotel financial measures definition

- **Period**: For the current exercise, we established our calculation over a 10-year period
- **Cumulative cash flow from operations**: Sum of net income (loss) plus depreciation and amortization for the period
- **Cumulative CAPEX**: Sum of the capital expenditures invest during the period to maintain the quality of the hotel including extraordinary CAPEX each 5 years
- **Cumulative free cash flow**: Cumulative cash flow from operations less cumulative CAPEX
- **Terminal equity value**: Implied enterprise value based on weighted average multiple of 11.0x of the EBITDA achieved at the end of the period less outstanding debt
- **Weighted average multiple**: Used a multiple of 12.0x for owned hotels, 6.0x for vacation club and 5.0x for management contract
- **Free cash flow to equity**: Equity investment over the period plus cumulative free cash flow less debt repayment plus terminal equity value
- **Return on invested capital (ROIC)**: Internal rate of return related to the free cash flow to equity over the period

Distinctions

Recent distinctions and awards (2017-2018)

World's second-best leisure airline and best in North America — SKYTRAX

Among the world's Top 20 airlines for energy efficiency — atmosfair (nachdenken • klimabewusst reisen)

Best Leisure/Charter Airline and Best Tour Operator — Agents' Choice Awards, Baxter Travel Media

Best Airline and Best Tour Operator — Univers

Among Canada's Best Employers and second-best airline — Forbes

One of the Best Corporate Citizens in Canada — Best 50 Corporate Citizens