

PARIS	transat HOLIDAYS	ON TIME
FRANKFURT	transat HOLIDAYS	BOARDING
TUNIS	LOOK VOYAGES	ON TIME
LA PAZ	VACANCES transat	ON TIME
ATHENS	TOURGREECE	LAST CALL
CANCUN	NOLITOURS	BOARDING
TORONTO	EXOTICALLY After	ON TIME
ORLANDO	NOLITOURS	ON TIME
ISTANBUL	révatours	ON TIME
VANCOUVER	JONVIEW CANADA	LAST CALL



transat



January 27th, 2010

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

- Introduction to Transat
- Vision and strategy
- Review by market
- Destination and airlift strategy
- Financial Review
- Summary and outlook
- Appendix: Valuation metrics

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

A vertically-integrated holiday travel tour operator

- Among the largest tour operators worldwide by revenue and number of travellers
- Main source markets: Canada, United Kingdom, France, and other European countries
- Nearly 3 million travellers/year, going to more than 60 destination countries
- Largest portfolio of Sun & European destinations, cruises and Disney products offered in Canada
- Largest holiday airline in Canada: Air Transat
- Largest incoming tour operator in Canada: Jonview Canada
- Largest retail network in Canada

**To be a leader in the Americas
with a solid competitive position
in several European countries**



Strategies for the 2009-2011 period

- 1 Focus on product differentiation
- 2 Optimize input costs (airlift, hotels, ...)
- 3 Increase control over distribution of our sales
- 4 Open new outgoing markets (Americas and south-Europe)
- 5 Invest in technologies (inventory & yield, distribution)
- 6 Capitalize on our people

- Growth market:
 - Commoditized market with positive growth pattern (last year: 2.7 million packages sold; + 13% for Mexico/Caribbean; + 17% for Transat)
 - Highly competitive market, showing signs of consolidation in the tour operator segment, marked by intensified presence of scheduled carriers

- Outlook for Winter 2010:
 - Surveys indicate consumers' confidence level and travel intentions on positive trends compared with 2009
 - Continued trend towards last-minute bookings
 - Consumers scaling back their holidays?

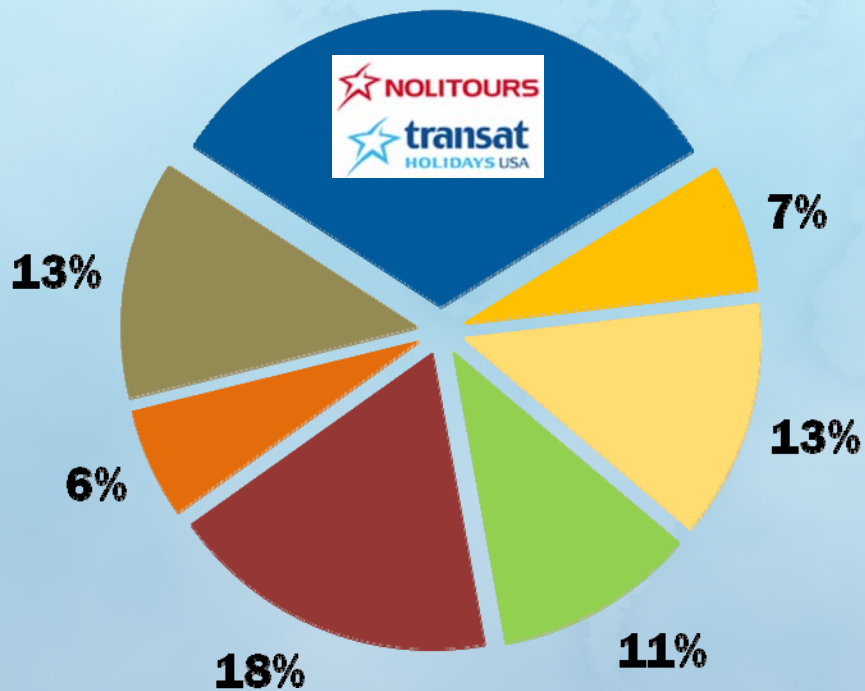
- Majority of customers use the Internet to retrieve information, but up to 60% of them use a travel agent

Canada to Sun Destinations: Market

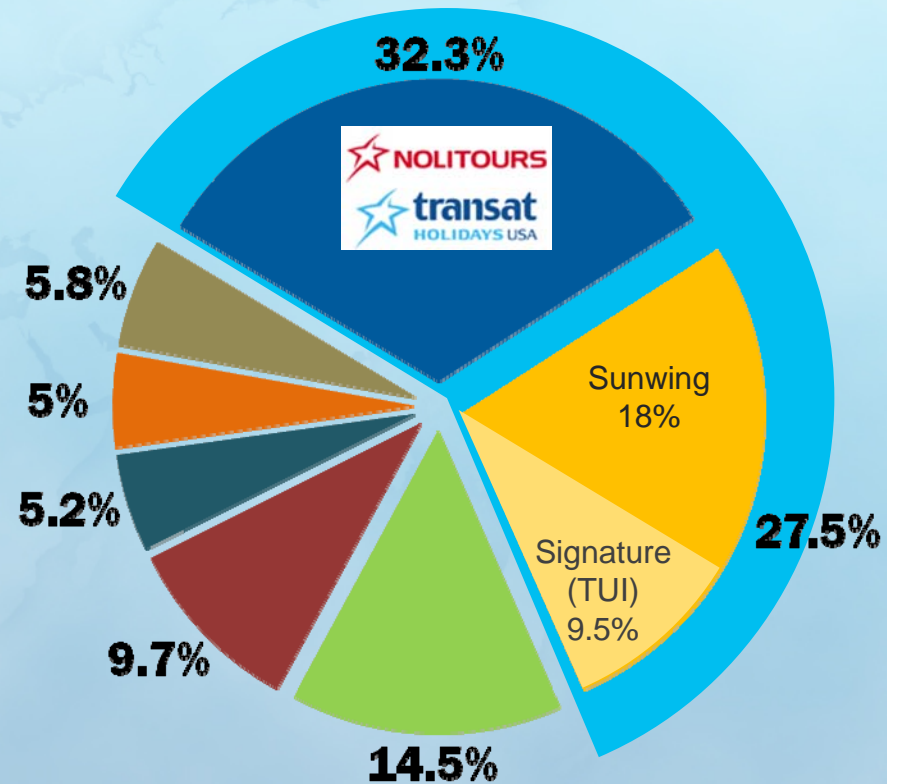


Market share based on deployed capacity at end of season
(all inclusive packages, Mexico/Caribbean, winter)

2004 - 2005
32%



2008 - 2009
32.3%



- Transat
- Sunwing
- Signature (TUI)
- AVC
- TMR
- Others
- Sunquest (TCG)
- WesJet

- Canjet 5-year agreement
 - Enhanced ability to expand and contract capacity in a very cost-competitive way

- Hotel costs and commitments
 - Adjusted product mix vs. demand for winter 2009-2010
 - Increased purchasing power due to lower demand from other countries

- Distribution
 - Capitalize on our position and pursue expansion (453 agencies in Canada)
 - Increase controlled sales (made through our travel agencies or websites)
 - Loyalty / incentive programs for travel agents
 - Strategic realignment of marketing expenses
 - Lowering of costs

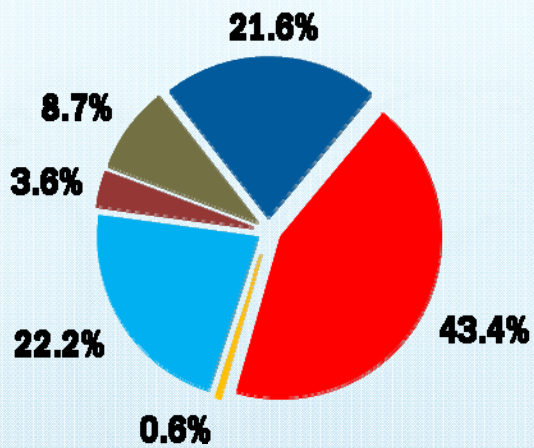
- Europe, especially France and UK, remains the number one regional market for international tourism (incoming and outgoing)
- New liberalization agreements could bring challenges and growth opportunities
- Easy for travellers to compare rates; fair proportion of air-only and internet bookings
- Competitive market, easy to penetrate, but demanding (frequent failures: Zoom Airlines, Flyglobespan).

Transatlantic Market: Market

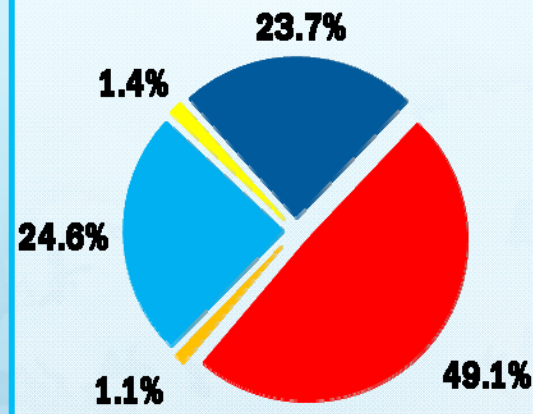


UK

2006

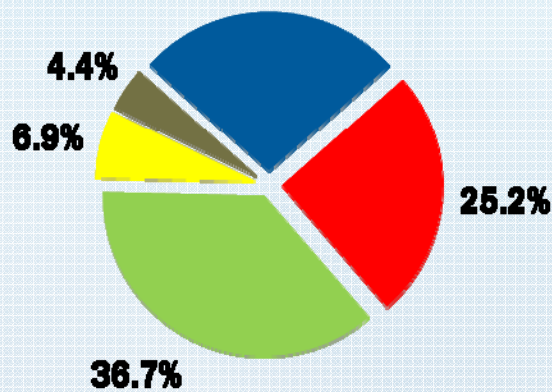


2009

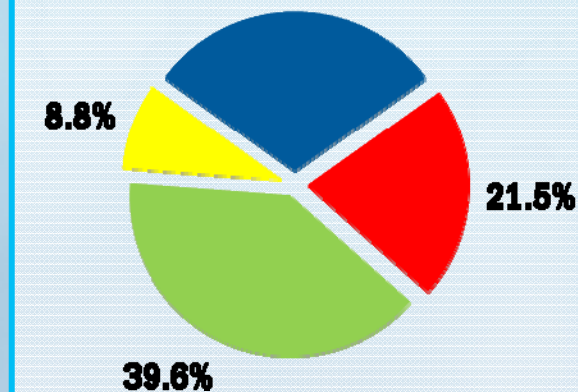


FRANCE

2006



2009



- Unique value proposition to the traveller:
 - Only player with a point-to-point strategy between 9 Canadian and 34 European destinations
 - Offering uniquely suited to the leisure traveller (no connection, possibility of open jaws, etc.)
 - Only major tour operator with a full array of land portion in Canada and in Europe

- Solid distribution networks on both sides of the Atlantic
 - Leader in France and UK on Canada
 - Network of GSAs in 10 other countries

- Implementing an enhanced Web-based FIT platform to meet future demand



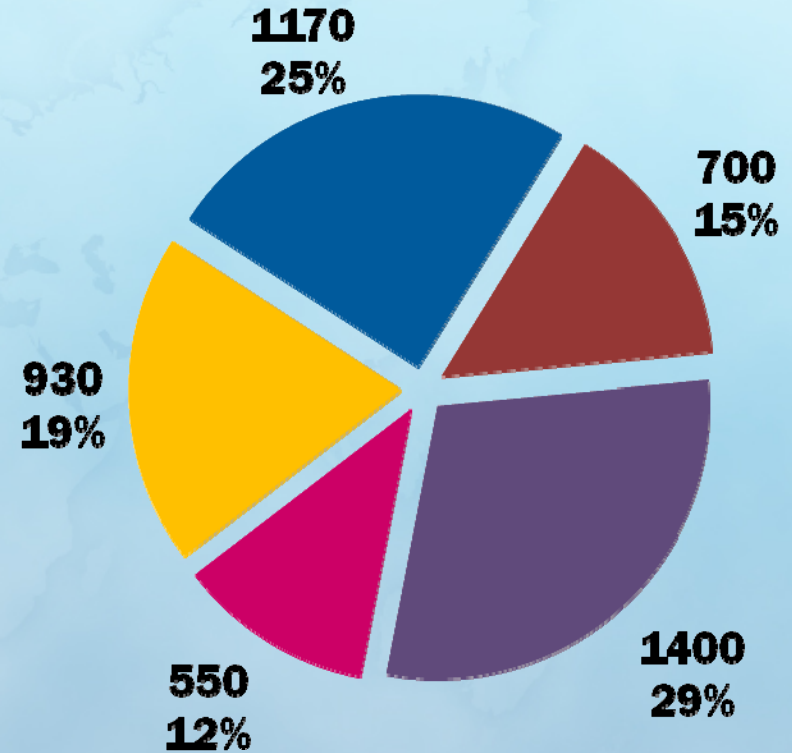
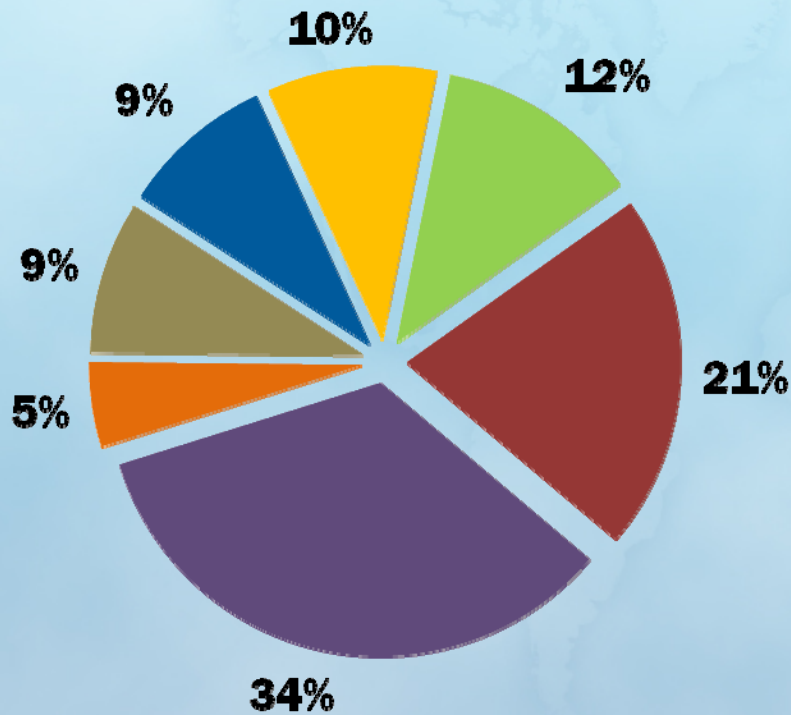
- Fragmented market, with market consolidating
 - 5 tour operators represent 61% of the market, vs. ten 5 years ago
 - Nearly 250 tour operators share the remaining 30%
 - Large players growing their market share
- International travel has recorded slow growth (1.4% CAGR) over the last 10 years
- Distribution is highly concentrated
 - 4 groups control 71% of the market

Outgoing market from France: Market



Tour operators:
\$5.7 B market

Distribution:
4,750 travel agencies in France



- Transat
- Kuoni
- Club Med
- Other
- Thomas Cook
- FRAM
- TUI/NF

- AFAT Selectour
- TUI + Havas + CWT
- Thomas Cook/Jet Tours
- Tourcom
- Other



- Added efficiency and lower costs through:
 - Creation of Transat France in 2009
 - Use of an Air Transat aircraft for long-haul during winter 2010 (XL Airways)
- Well-adapted, broad portfolio of products, most notably growing number of Clubs Lookéa (35 in summer 2009)
- Strong internet presence and multichannel distribution system, with enhanced reach in 2010
 - Increasing proportion of controlled sales
 - Commercial Agreement with AFAT Voyages Sélectour
 - Transat France partner of choice (1,170 agencies)
 - 35 Look Voyages agencies to become member of the largest network in the country
 - Independent agencies to adopt the Look Voyages brand in 2010

- Pursue vertical integration in high-margin destination services in high-potential markets
 - Already present in Florida, Dominican Republic, Mexico, and Greece
 - Potential in Southern Europe, North Africa
- Add outgoing tour operator from countries where we fly from Canada
 - Mexico is a primary target
- Transat partner with H10 hotels in three resorts (5 hotels) in Mexico, Dominican Republic

Airlift capacity management

- More holistic, supply-driven approach, with embedded flexibility (third party suppliers, access to a mixed fleet)

- Objectives:
 - Ability to expand and contract depending on demand fluctuations or external events, per market
 - Priority: have the most efficient aircraft for a given route
 - Air Transat fleet strategy: replace A310s by A330s by 2013 (implementation has started end of 2009)

- Sourcing of airlift:
 - Air Transat: 50% of our overall needs (Transat uses more than 60 airlines overall)
 - Canjet: very good solution for the South from Canada
 - Excellent agreement with Thomas Cook Airlines and other wide-body suppliers
 - Innovative solutions (exchange of aircraft)

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

Statement of income & cash flow

	Q4			Year		
	2009	2008 ⁽²⁾	Variance	2009	2008 ⁽²⁾	Variance
Revenues	720	790	-9%	3,545	3,513	1%
Margin	35.6	23.2	53%	42.2	71.6	-41%
Net income ⁽¹⁾	17.8	10.1	76%	33.7	55.4	-39%
EPS diluted ⁽¹⁾	0.51	0.31	65%	1.01	1.67	-40%
\$ flow - Operations	(99.4)	(104.9)	-5%	45.2	79.0	-43%
CFPS diluted	(2.86)	(3.23)	-12%	1.35	2.39	-43%

Highlights

- > ++ in light of prevailing conditions
- > Maintained # travelers
- > Cost reduction > fare drop

- > Difficult year for international tourism
- > Maintained volume & market share
- > Margin reduction due to Winter competition
- > Interest income - \$ 10M YOY



⁽¹⁾ Before impact of fuel hedge accounting, ABCP revaluation, repurchase of preferred shares and restructuring costs

⁽²⁾ Restated for new accounting policies

Statement of income & cash flow

	Winter			Summer		
	2009	2008 ⁽²⁾	Variance	2009	2008 ⁽²⁾	Variance
Revenues	2 006	1 863	8%	1 539	1 650	-7%
Margin	30.6	90.0	-66%	62.8	37.8	66%
Net income ⁽¹⁾	8.9	43.2	-79%	24.8	12.2	103%
EPS diluted ⁽¹⁾	0.27	1.28	-79%	0.73	0.38	95%
\$ flow - Operations	113.6	169.2	-33%	(68.4)	(90.2)	-24%
CFPS diluted	3.43	5.02	-32%	(2.02)	(2.78)	-27%

Market conditions 2009	<ul style="list-style-type: none"> > Financial & economic context > Global capacity increased by 13% 	<ul style="list-style-type: none"> > Financial & economic context > H1N1 outbreak
Highlights for Transat	<ul style="list-style-type: none"> > Maintained market share > Used Westjet aircraft (not B738) > Mix of products not adapted 	<ul style="list-style-type: none"> > Scheduled airlines added capacity > Maintained # travelers > Cost reduction > fare drop
Market conditions 2010	<ul style="list-style-type: none"> > Sunwing & Signature (TUI) > Westjet & Air Canada added capacity > H1N1 still present ? 	<ul style="list-style-type: none"> > General improvement expected > Scheduled airlines to focus on business > More consolidation expected
Transat responses	<ul style="list-style-type: none"> > New agreement with Canjet > Fleet - Utilization & flexibility > Adjusted product to demand > Adjusted our hedging program > Structure & cost adjusted 	<ul style="list-style-type: none"> > New seat management system > New distribution system > Air Transat fleet going to single fleet type > Alliance with AFAT/Selectour in France

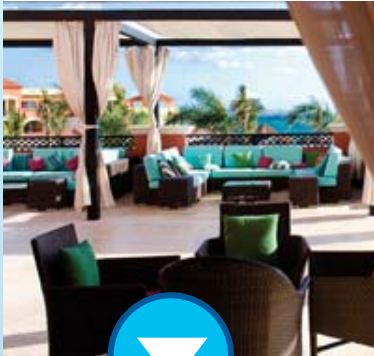


⁽¹⁾ Before impact of fuel hedge accounting, ABCP revaluation, repurchase of preferred shares and restructuring costs

⁽²⁾ Restated for new accounting policies

Statement of income

> Main variances 2009 vs. 2008



Direct costs:

- Canjet agreement and lower fuel costs
- Hotel costs on strength of CAD
- Increase in % as selling prices go down



Salaries:

- Annual salary increases and 2009 bonus provision of \$8 million (\$0 in 2008)



Aircraft maintenance:

- Renegotiated contracts, leases extension, strong CAD



Other operating expenses:

- Marketing, IT and professional expenses



Interest income:

- \$10 million lower as interest rates much lower on cash on hand

Strengthening our balance sheet

- Share issue in September 2009
 - Share offering (4.9 million shares at \$13.00)
 - Proceeds of \$63.5 million (\$60.5 million, net of fees)
 - Proceeds to be used for general corporate purposes:
 - Working capital needs
 - Capital expenditures
 - Possible future acquisitions
 - **Increase in capital will strengthen the balance sheet:**
 - **Reduce reliance on debt and reduce covenant restrictions**
 - **Improve flexibility to deal with unpredictable events**



Cash and Balance Sheet (at Oct 31)

	2009		2008	
	Cash	ABCP	Cash	ABCP
\$ and investments	181	71	145	86
Drawn credit line	(17)	(61)	(39)	(61)
Other debt	(33)		(50)	
Net \$	131	10	56	25

Cash flow from operations	45
Share issue (repurchase)	62
Capital expenditures	(29)
Investments	(6)
Other	3
	75

Total credit line	255
Credit line available	177
Balance sheet debt	(111)
Off balance sheet debt	(385)
Total debt	(496)

Highlights

- Proceeds from share issue improved net cash *levels*
- In trust deposits put in place for UK customers
- Appropriate level of cash on hand for low season
- Cash outflows minimized in 2009

	265
	165
	(150)
	(289)
	(439)

Summary of 2009

- Despite challenging environment, flu, etc.
 - Maintain market share
 - Increase control over distribution of our sales
 - Pursue IT strategic projects
 - Reduce costs through contracts and processes
 - Globally, a solid performance

Outlook for 2010

- Reservations from Canada to sun for winter 2010
 - Currently lower than record volumes recorded last year
 - Transat adjusted capacity in the first quarter to protect its load factors
 - Capacity currently aligned with last year's volumes for second quarter
 - Taking into account trend towards last-minute bookings

- France for winter
 - Reservations lower than last year

- Selling prices are generally inferior to last year
 - Transat will benefit from lower input costs
 - Fuel prices, hotel costs and other land portion expenses are tracking lower
 - Air seats costs also lower



Strategies for the 2009-2011 period

- 1 Focus on product differentiation
- 2 Optimize input costs (airlift, hotels, ...)
- 3 Increase control over distribution of our sales
- 4 Open new outgoing markets (Americas and south-Europe)
- 5 Invest in technologies (inventory & yield, distribution)
- 6 Capitalize on our people



Appendix



Valuation Metrics

(in C\$ millions, unless otherwise noted)

	Share Price	Equity Value	Enterprise Value	Adjusted Enterprise Value	Adj. EV / EBITDAR ⁽¹⁾		EV / EBITDA		P/E Ratio		Margins (LTM)	
					2009A	2010E ⁽²⁾	2009A	2010E ⁽²⁾	2009A	2010E ⁽²⁾	EBITDAR	EBITDA
Tour Operators												
TUI Travel PLC (as of June 30, 09)	£2.50	\$4,791	\$5,978	\$13,362	6.3x	6.1x	5.3x	4.9x	10.3x	9.1x	8.7%	4.7%
Thomas Cook Group PLC (as of March 31, 09)	£2.19	\$2,920	\$3,882	\$7,003	5.2x	5.5x	4.2x	4.5x	34.3x	8.4x	9.6%	6.7%
Kuoni Travel Holding (as of June 30, 09)	CHF32 ₂	\$1,008	\$580	\$855	5.9x	5.0x	5.3x	4.3x	15.3x	12.7x	3.1%	2.3%
Group Average					5.8x	5.5x	4.9x	4.6x	20.0x	10.1x	7.1%	4.5%
Transat AT	C\$18.0 ₀	\$679	\$543	\$950	6.4x	3.3x	5.8x	2.2x	9.7x	10.4x	4.2%	2.6%
Other Comparables												
Club Mediterranee (as of March 31, 09)	€14.00	\$710	\$986	\$2,745	7.3x	6.8x	7.0x	5.9x	nmf	nmf	15.5%	4.4%



⁽¹⁾Adjusted debt and EV include aircraft and ship leases capitalized at 7.5x LTM rent. Transat off-balance sheet debt per Q4/09 financial statements.

⁽²⁾Estimates as per Thomson, and calendarized.

EBITDAR (147.7M\$)

EBITDA (93.4M\$)

Capital structure

(in C\$ millions, unless otherwise noted)

	Capital Structure (\$)							Capital Structure (\$)						
	Cash	Adjusted Net Debt ⁽¹⁾	Market Cap	Short Term Debt	Long Term Debt	Leases	Other	Adj. EV	Market Cap	Total Debt	Leases	Cash	Other	EV
Closest Comparables														
TUI Travel PLC (as of June 30, 09)	\$693	\$8,869	\$4,791	\$204	\$1,974	\$7,384	(\$298)	\$13,362	36%	16%	55%	(5%)	(2%)	100%
Thomas Cook Group PLC (as of March 31, 09)		4,170	2,920	1,331	572	3,121	(87)	7,003	42%	27%	45%	(12%)	(1%)	100%
Kuoni Travel Holding (as of June 30, 09)	460	(148)	1,008	7	29	275	(5)	855	118%	4%	32%	(54%)	(1%)	100%
Group Average									65%	16%	44%	(24%)	(1%)	100%
Transat AT	\$181	\$337	\$679	\$28	\$83	\$407	\$(66)	\$950	71%	12%	43%	(19%)	(7%)	100%
Other Comparables														
Club Mediterranee (as of March 31, 09)	\$298	\$2,094	\$710	\$48	\$585	\$1,759	(\$59)	\$2,745	26%	23%	64%	(11%)	(2%)	100%



⁽¹⁾ Adjusted debt and EV include aircraft and ship leases capitalized at 7.5x LTM rent. Transat off-balance sheet debt per Q4/09 financial statements.

Leverage & Cash Considerations

	Cash/ Market Cap.	Cash/LTM Sales	Cash/Adj. Debt ⁽¹⁾	Adj. Debt/ Adj. EV ⁽¹⁾	Adj. Net Debt/ Adj. EV ⁽¹⁾	Adj. Debt/LTM EBITDAR ⁽¹⁾	Adj. Net Debt/ LTM EBITDAR ⁽¹⁾
						2009A	2009A
Closest Comparables							
TUI Travel PLC (as of June 30, 09)	14%	3%	7%	72%	66%	4.6x	3.9x
Thomas Cook Group PLC (as of March 31, 09)	29%	6%	17%	72%	60%	4.0x	3.0x
Kuoni Travel Holding (as of June 30, 09)	46%	10%	148%	36%	(17%)	2.1x	(1.1x)
Group Average	30%	6%	57%	60%	36%	3.6x	1.9x
Transat AT	27%	5%	35%	55%	36%	3.5x	2.3x
Other Comparables							
Club Mediterranee (as of March 31, 09)	42%	13%	12%	87%	76%	6.5x	5.9x



⁽¹⁾Adjusted debt and EV include aircraft and ship leases capitalized at 7.5x LTM rent. Transat off-balance sheet debt per Q4/09 financial statements.
EBITDAR (147.7M\$)
EBITDA (93.4M\$)