

PARIS
FRANKFURT
TUNIS
LA PAZ
ATHENS
CANCUN
TORONTO
ORLANDO
ISTANBUL
VANCOUVER



ON TIME
BOARDING
ON TIME
ON TIME
LAST CALL
BOARDING
ON TIME
ON TIME
ON TIME
LAST CALL



transat



Slide 12: Outgoing market from France: Market

The percentage for Transat and Thomas Cook has been corrected as follows:

- Transat - 8%
- Thomas Cook - 10%

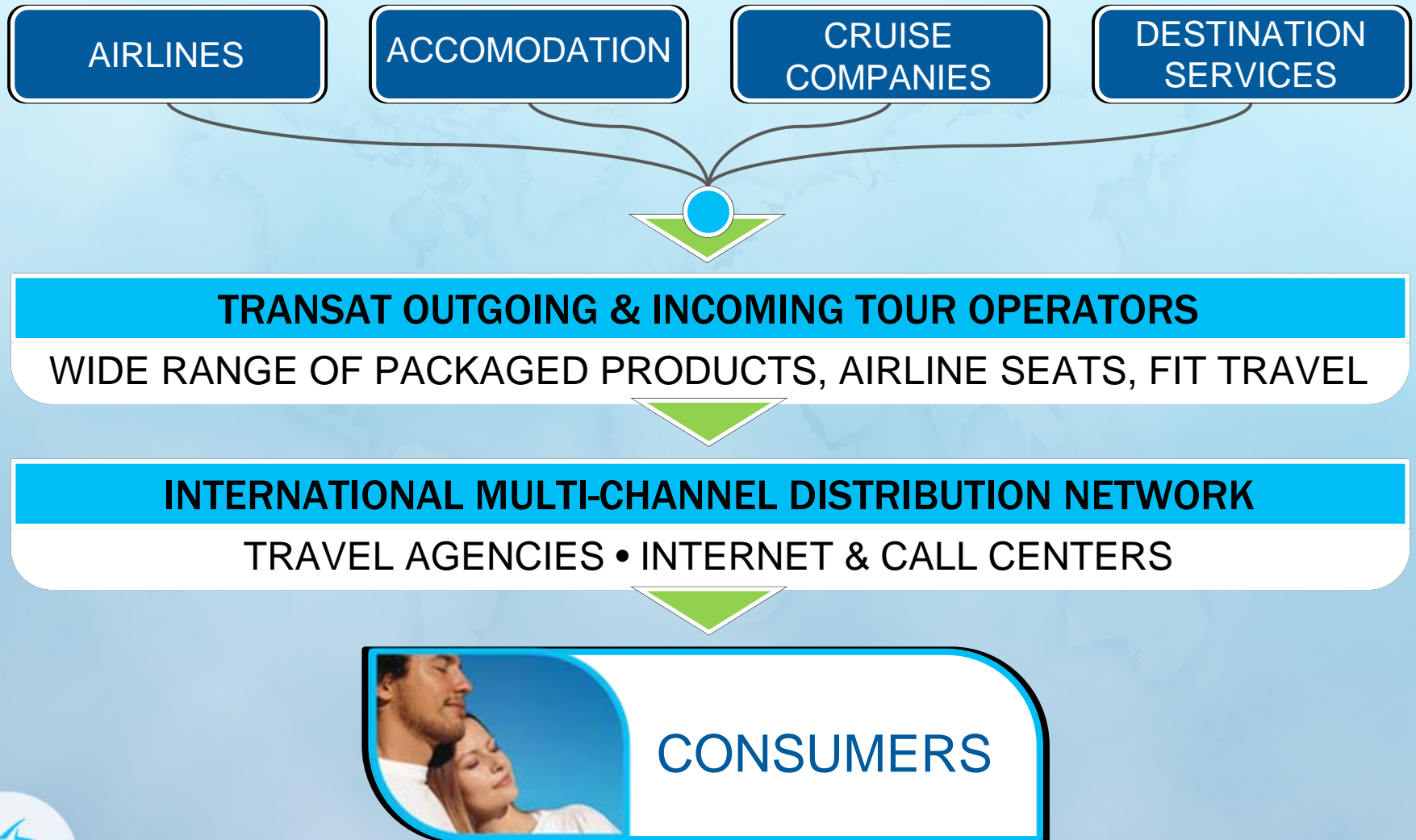
Forward-looking Statements

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.



- 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



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...
 - Portfolio of Sun & European destinations, Cruises and Disney products
 - Holiday airline: Air Transat
 - Incoming tour operator: Jonview Canada
 - Retail network: Club Voyages, Marlin, Trip Central



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



Strategies for the 2009-2011 period

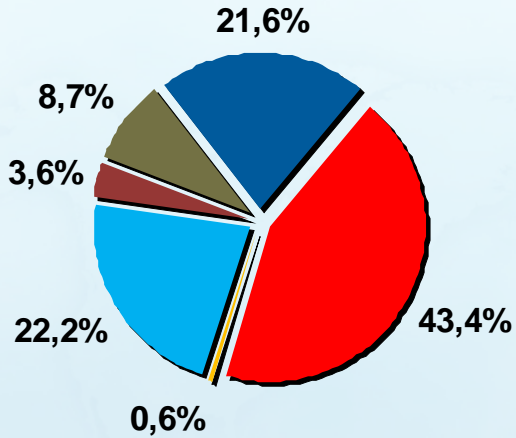
- 1 Focus on product differentiation
- 2 Optimize input costs (airlift, hotels, ...)
- 3 Increase control over distribution of our sales
- 4 Open new outgoing markets (Americas and Southern Europe)
- 5 Invest in technologies (inventory & yield, distribution)
- 6 Capitalize on our people

- 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).

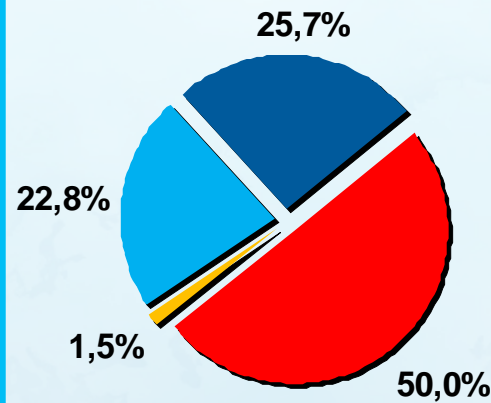
Transatlantic Market: Market

UK

2006



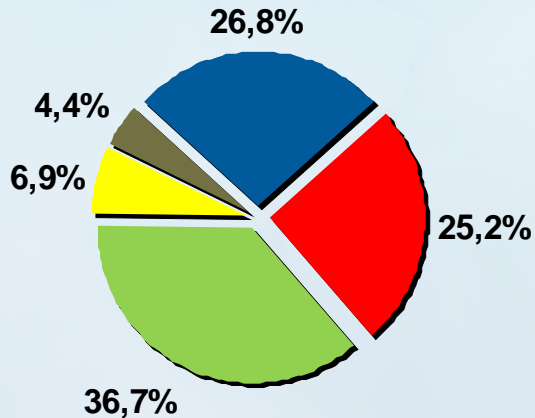
2010



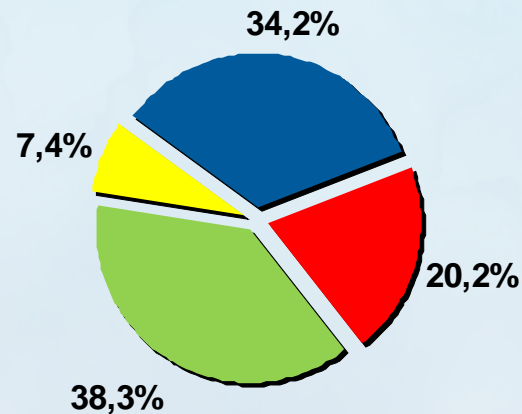
- Transat
- Air Canada
- Air India
- British Airways
- MyTravel
- Zoom Airlines
- Other

FRANCE

2006



2010



- Transat
- Air Canada
- Air France
- Zoom Airlines
- Other

- 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

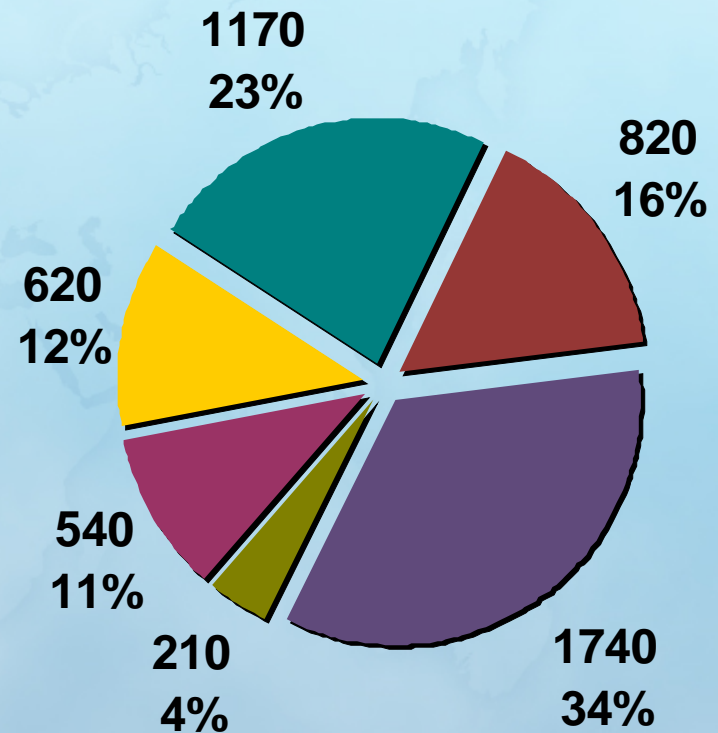
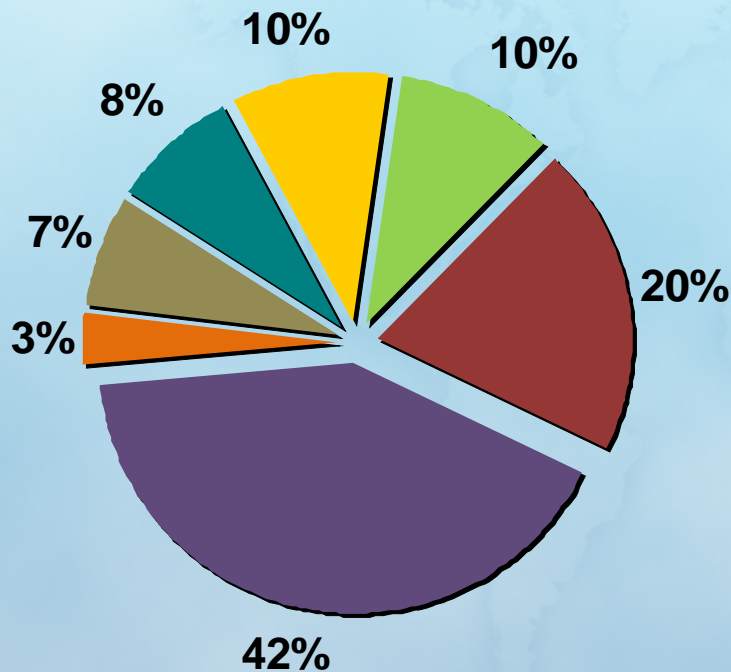


- Fragmented market, with market consolidating
 - 5 tour operators represent 55% of the market, vs 10 five years ago
 - Nearly 250 tour operators share the remaining 45%
 - Large players growing their market share
- International travel has recorded slow growth (1.4% CAGR) over the last 10 years
- Distribution is highly concentrated
 - 4 groups control 56% of the market

Outgoing market from France: Market

Tour operators:
€6 M market

Distribution:
5,100 travel agencies in France



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

- AFAT Selectour
- Tourcom
- NF + Havas + CWT
- Other
- Thomas Cook
- FRAM



- Added efficiency and lower costs through
 - Use of an Air Transat aircraft for long-haul during winter (XL Airways)
 - New agreement for medium-haul flying with Transavia (B737-800)
 - Creation of Transat France

- Broad portfolio of products
 - Long-haul (Vacances Transat) and medium-haul with 34 Clubs Lookea
 - Look Voyages' strategy being fine-tuned

- Strong internet presence and multichannel distribution system
 - Increasing proportion of controlled sales
 - Commercial Agreement with AFAT Voyages Sélectour
 - Review marketing approach (closer to families and more flexible)

➤ Growth market

- Commoditized market with positive growth pattern (2.9 million packages sold last winter)
- Highly competitive market, intensified presence of scheduled carriers

➤ Use of Internet

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

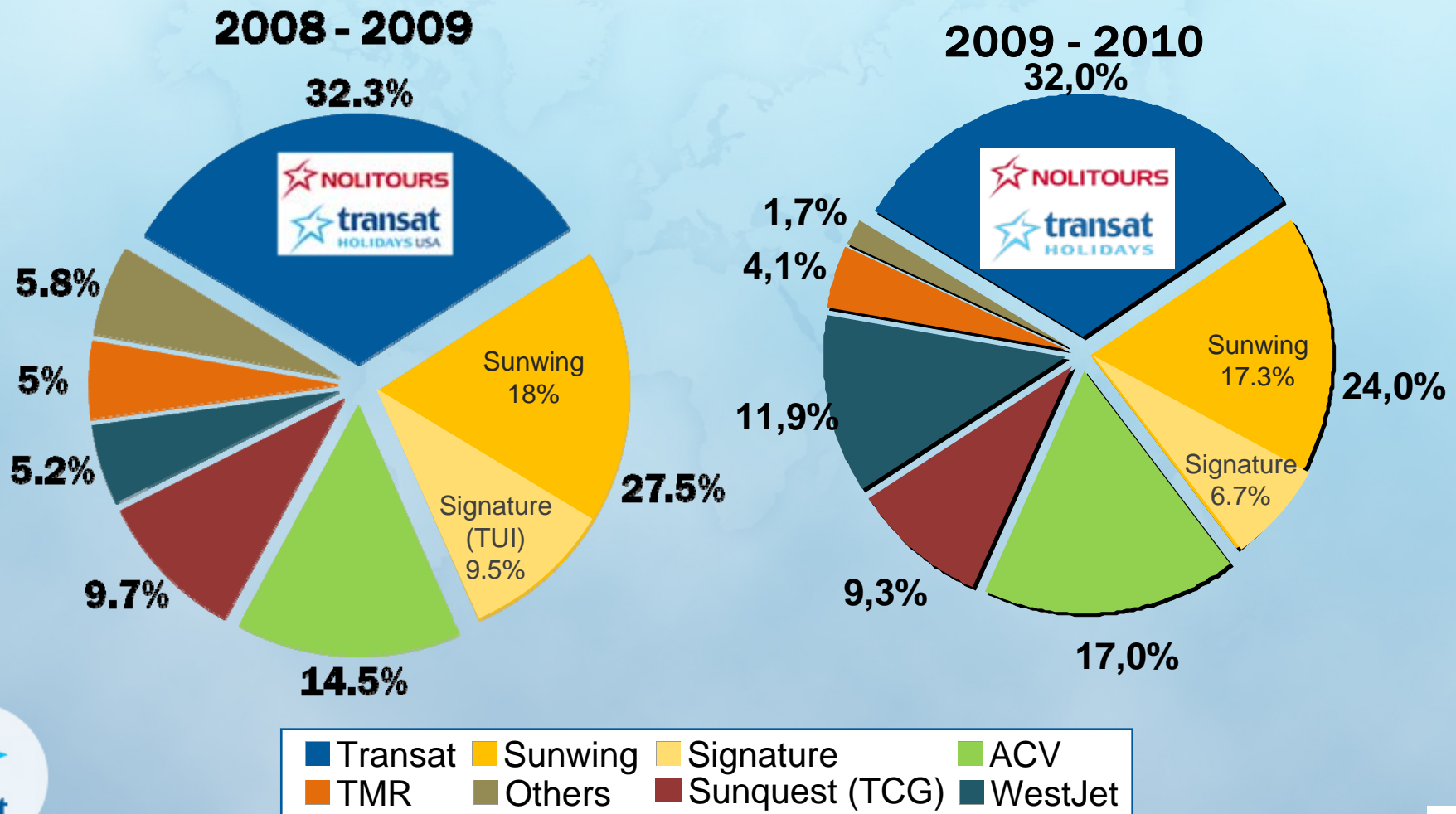
➤ Early indications for Winter 2011

- Consumers' confidence level and travel intentions on positive trends
- Global capacity to increase by $\pm 15\%$ vs 2010



Canada to Sun Destinations: Market

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



➤ Approach for the coming winter

- A product for everyone :
 - Doubling air-only sales (by legs on certain markets)
 - Including a “luxury package” collection
- Products available earlier
- New yield management approach
- Giving a price guarantee on certain exclusive hotels

➤ Distribution

- Capitalize on our position and pursue expansion (460+ agencies in Canada)
- Increase controlled sales (made through our travel agencies or websites)
- Loyalty / incentive programs for travel agents (“BONBON”)

More holistic approach with embedded flexibility

> Objectives

- Ability to expand and contract depending on demand fluctuations or external events, per market
- 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)
- Use of third party suppliers, access to a mixed fleet

> Sourcing of airlift

- Air Transat: 50% of our overall needs (Transat uses more than 60 airlines overall)
- Canjet: for the South from Canada
- Transavia: for medium-haul from France
- Thomas Cook Airlines: for long-haul transatlantic flights

- 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 since summer 2010 (Eleva Travel)
- Transat partners with H10 hotels in three resorts (5 hotels) in Mexico, Dominican Republic

Historical Performance

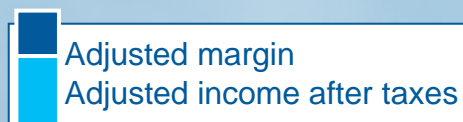
Revenues

(in billions of \$)



Profitability

(in millions of \$)



(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			Q3		
	2010	2009	Variance	2010	2009	Variance
Revenues	1 853	2 006	-8%	867	819	6%
Margin	(4.2)	30.6	-114%	53.9	27.2	98%
Net income ⁽¹⁾	(20.9)	8.9	-335%	26.8	7.0	283%
EPS diluted ⁽¹⁾	(0.55)	0.27	-304%	0.70	0.21	233%
\$ flow - Operations	106.7	119.7	-11%	48.2	24.9	94%
CFPS diluted	2.82	3.62	-22%	1.26	0.75	68%

Market conditions 2010	<ul style="list-style-type: none"> > Fears of H1N1 up to Christmas > Westjet & Air Canada added capacity > Sunwing & Signature (TUI) > Very competitive, no growth 	<ul style="list-style-type: none"> > General improvement in economic conditions > Lower capacity by competitors on transatlantic (Globespan) > Currencies fluctuations (Euro, pound)
Highlights for Transat	<ul style="list-style-type: none"> > Reduce capacity in Q1 > Cost reductions partially offset price drop (Canjet, hotels, ...) > Negatively affected by our hedged positions 	<ul style="list-style-type: none"> > Increase capacity > Increase sales from/to Europe > Increase load factors and prices
Market conditions 2011 / Q4 2010	<ul style="list-style-type: none"> > Global capacity to increase by +- 10% 	<ul style="list-style-type: none"> > Unchanged vs Q3
Transat responses	<ul style="list-style-type: none"> > Product available earlier > Doubling seat only sales > Many marketing initiatives 	<ul style="list-style-type: none"> > Unchanged vs Q3

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

Statement of income & cash flow

	Q3			Year-to-date		
	2010	2009	Variance	2010	2009	Variance
Revenues	867	819	6%	2 720	2 826	-4%
Margin	53.9	27.2	98%	49.7	57.8	-14%
Net income ⁽¹⁾	26.8	7.0	283%	5.9	15.9	-63%
EPS diluted ⁽¹⁾	0.70	0.21	233%	0.16	0.48	-7%
\$ flow - Operations	48.2	24.9	94%	154.9	144.6	7%
CFPS diluted	1.26	0.75	68%	4.07	4.37	-7%

Highlights

- Improving economic conditions
- Increased demand and lower competition on transatlantic market
- Volcano in Iceland disrupted flying in April and May
- Strength of CDN\$ vs EURO and GBP
- Strong competition in France on short-haul destinations
- Strong competition on Southern routes
- Winter – Very competitive, with significant capacity increases on southern routes that impacted prices
- Winter - Adverse impact of hedging positions affected winter margins
- Impact of volcanic eruption and weak euro in the summer affected margins in France
- Strong performance on transatlantic routes in summer
- Lower demand and competition reduced margins for Look Voyages (medium-haul)

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

Cash and Balance Sheet (at July 31)

	July 2010		July 2009	
	Cash	ABCP	Cash	ABCP
\$ and investments	217	70	215	70
Drawn credit line	0	0	0	(60)
Other debt	(21)		(41)	
Sous-total	196	70	175	10
Net \$	266		185	

Cash flow from operations	56
Shares issue	62
Capital expenditures	(22)
Investments	(1)
Others	(13)
	+ 81

Highlights

- > Proceeds from shares issue improved net cash levels
- > Appropriate level of cash in hand for high season
- > Cash outflows minimized in 2010

Total credit line	268
Credit line available	268
Balance sheet debt	(21)
Off balance sheet debt	(543)
Total debt	(564)

	275
	215
	(101)
	(352)
	(453)

Outlook for Q4 2010

➤ Transat main markets trends

- | | % of revenues |
|--|---------------|
| ■ Transatlantic - Capacity up 15%, average fares also up | 65 % |
| ■ Southern routes – Same as Q3 | 15% |
| ■ France – Same as Q3 | 20% |

➤ Globally vs 2009

- Anticipate higher revenues and margins

Outlook for winter 2011

> Southern routes

- It has just started ...
- Offer deployed (actual vs end of the season)
 - Global capacity is $\pm 15\%$ higher
 - Transat capacity is $\pm 15\%$ higher
- As of today
 - Adjustments were made vs 2010 (wider offer for everyone)
 - Bookings ahead of last year
 - Adapted yielding approach

- Strong market share in our three markets
- A solid performance on the transatlantic market
- Ready for the coming winter
- A sound cash position

