



## 2012 ANNUAL MEETING OF SHAREHOLDERS

NOTES FOR A SPEECH BY DENIS PÉTRIN  
VICE-PRESIDENT, FINANCE AND ADMINISTRATION  
AND CHIEF FINANCIAL OFFICER

Check against delivery

Thank you, Jean-Marc.

I would now like to briefly review our 2011 results, as well as provide you with the results for the first quarter of 2012, which we announced this morning.

For the first two quarters of fiscal 2011—the winter season—we posted total revenues of \$1.9 billion, representing a slight increase over the previous year.

We recorded an operating loss of \$5.5 million for the winter season, compared with \$4.2 million the year before.

For the summer, revenues were \$1.7 billion, an increase of \$100 million. The margin stood at \$42 million before restructuring charges, compared with approximately \$131.8 million in 2010.

Looking at consolidated results, then, for fiscal 2011, Transat posted revenues of \$3.7 billion and a margin of \$36.5 million before restructuring charges.

As seen in the financial statements, the net loss for the year was \$12.2 million, versus a net income of \$65.6 million the previous year. These figures include non-operating items, and so it is important to also consider our adjusted after-tax loss, which stood at \$7.2 million for 2011, as compared with an adjusted after-tax income of \$54 million in 2010.

The loss per share on a diluted basis was \$0.32, compared with an EPS of \$1.73 in 2010. With non-cash items excluded, however, this works out to earnings of \$1.41 a share in 2010, versus a loss of \$0.19 in 2011.

Let us now turn to the results for the first quarter of 2012, ended January 31.

Our revenues are \$829.3 million, up 2.4% compared with the first quarter of 2011.

The operating loss is \$31.8 million, compared with \$14.5 million last year.

We are posting an operating loss of \$29.5 million.

With non-operating items excluded, the adjusted after-tax loss is \$29.9 million, compared with \$19.3 million in 2011.

The decrease in margin stems equally from the Canadian sun destinations market, the transatlantic market and the French outgoing market. It is mainly attributable to rising aircraft fuel costs, which was particularly felt on transatlantic routes, in the wake of the 2011 market conditions. In France, where it's low-season, market conditions on medium-haul destinations were very challenging for the whole industry.

As at January 31, we had cash and cash equivalents of \$214 million and our credit facility was unused. We have no balance sheet debt. Total assets stood at more than \$1.4 billion.

Now a word on what's ahead in Q2.

The Canadian sun destinations market accounts for a very significant portion of Transat's business in the winter. For that market, Transat's capacity in the second quarter is approximately 2% higher than the capacity offered at the same date last year. Load factors are similar; selling prices are higher, but fuel costs and the US dollar are also higher.

On the transatlantic market, capacity is superior to last year and load factors are similar; selling prices are higher, as are fuel costs.

In France, bookings and selling prices are slightly up.

For the second quarter, results could be slightly inferior to last year, as savings stemming from the restructuring implemented in the fourth quarter of 2011 and other cost saving measures should be offset by higher fuel prices.

On the transatlantic market, for the summer, Transat's capacity, load factors, and bookings are similar to last year at the same date. Selling prices and fuel costs are higher in the same proportion. In France, bookings are superior to last year and prices are similar.

The implementation of the measures contained in the Corporation's plan to return to profitability is proceeding.

Thank you for your attention.

I now turn the floor back to Jean-Marc for the rest of the meeting.