



BACK TO PROFITABILITY IN 2013

# ROAD MAP FOR THE FUTURE

INVESTORS PRESENTATION

SEPTEMBER 2013



# 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.

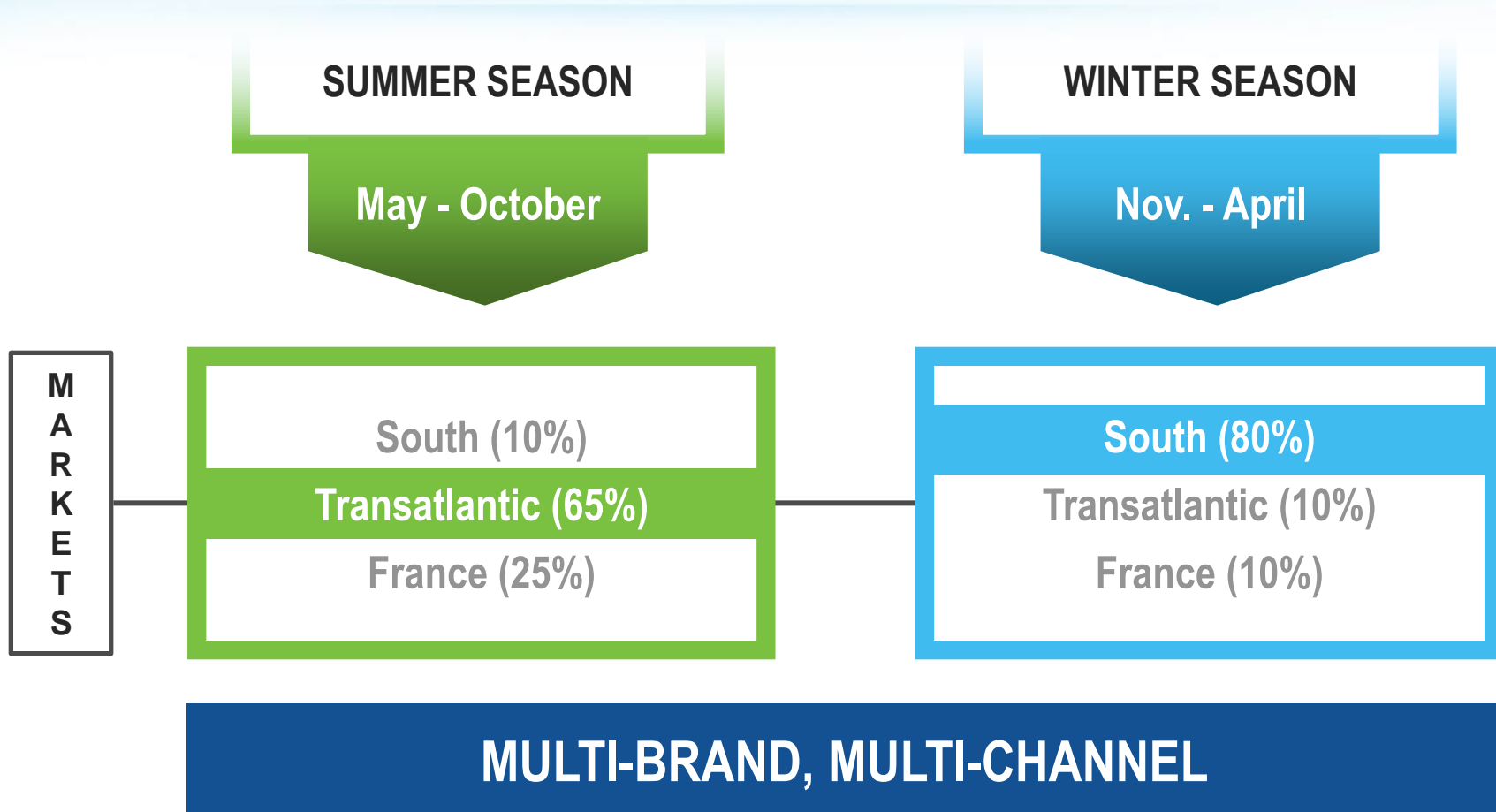


# AGENDA

- ▣ REMINDER – WHO IS TRANSAT ?
- ▣ KEY FINANCIAL RESULTS
- ▣ COST REDUCTION AND MARGIN IMPROVEMENT INITIATIVES
- ▣ RESHAPED EXECUTIVE TEAM
- ▣ PRODUCT & CUSTOMER EXPERIENCE OVERVIEW AND STRATEGY
- ▣ TRANSAT FRANCE
- ▣ FLEET STRATEGY
- ▣ DISTRIBUTION
- ▣ INTERNATIONAL TOURISM AND ROADMAP



# REMINDER : 2 SEASONS AND 3 MAIN MARKETS



# KEY FINANCIAL RESULTS



WINTER SEASON 2013

## HIGHLIGHTS (vs. 2012)

- ▣ Improved results on all markets
  
- ▣ Sun destinations
  - Capacity reduced by 13%
  - Load factor slightly lower
  - Prices up (mix, yield & system)
  
- ▣ Transatlantic – Capacity back to 2011 level and selling prices up
  
- ▣ France – Capacity reduced by all players, prices up, Transat doing better than peers

	Winter season ended April 30			
	2013	2012	2013 vs. 2012	
	Actual	Actual	\$	%
REVENUES	1,912,538	2,041,722	(129,184)	-6.3%
EBITDAR <sup>(1)</sup>	22,688	(16,594)	39,282	236.7%
EBITDA <sup>(1)</sup>	(18,287)	(58,065)	39,778	68.5%
As % of revenues	-1.0%	-2.8%		
Ajusted net income (loss) <sup>(2)</sup>	(22,996)	(54,477)	31,481	57.8%
As % of revenues	-1.2%	-2.7%		
Per share	(0.60)	(1.43)		
Net income (loss) as per F/S	(37,897)	(42,688)	4,791	11.2%

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# KEY FINANCIAL RESULTS



THIRD QUARTER 2013

## HIGHLIGHTS (vs. 2012)

- ▣ **Best third quarter ever**
- ▣ **Transatlantic markets**
  - Capacity reduced by 11%
  - Prices up (mix, yield & system)
  - Improved margin on all routes
- ▣ **Sun destinations** – slightly better than previous year
- ▣ **France** - better than last year
- ▣ **Provision for variable compensation**
- ▣ **Cost & Margin program**
  - On track to deliver \$15M costs reduction & margin improvement in 2013 (12 months)
  - More to come (flexible fleet, internalization of narrow-body, etc.)

	3 <sup>rd</sup> quarter ended July 31			
	2013	2012	2013 vs. 2012	
	Actual	Actual	\$	%
<i>(in thousands of C\$)</i>				
REVENUES	927,004	909,056	17,948	2.0%
EBITDAR <sup>(1)</sup>	74,901	44,435	30,466	68.6%
EBITDA <sup>(1)</sup>	54,371	22,074	32,297	146.3%
As % of revenues	5.9%	2.4%		
Ajusted net income (loss) <sup>(2)</sup>	30,759	10,521	20,238	192.4%
As % of revenues	3.3%	1.2%		
Per share	0.80	0.28		
Net income (loss) as per F/S	41,129	9,405	31,724	337.3%

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# KEY FINANCIAL RESULTS

FOURTH QUARTER 2013



## OUTLOOK (vs. 2012)

- Better results expected vs. last year but to a lesser extent than in the 3<sup>rd</sup> quarter
- **Transatlantic**
  - Price up by 6%
  - Capacity reduced by 9% (to 400,000 seats)
  - Load factor down by 1%
  - 81% of inventory sold
- **Sun destinations:** slightly better than previous year
- **France:** similar to previous year
- Forecasted fuel as at September 12 (incl. hedging): C\$3.02/gal. (vs. C\$2.97/gal.)
- Historically, the EBITDA in Q4 is higher than Q3 except for one year

<i>(in thousands of C\$)</i>	4 <sup>th</sup> quarter ended October 31			
	2013	2012	2011	2010
	Outlook	Actual	Actual	Actual
REVENUES		763,441	809,927	778,585
EBITDAR <sup>(1)</sup>		77,475	46,455	89,609
EBITDA <sup>(1)</sup>		52,946	20,849	77,852
As % of revenues		6.9%	2.6%	10.0%
Ajusted net income (loss) <sup>(2)</sup>		28,684	10,126	47,726
As % of revenues		3.8%	1.3%	6.1%
Per share		0.75	0.27	1.25
Net income (loss) as per F/S		16,614	(4,482)	52,356
<b>EBITDA in Q3</b>	<b>54,371</b>	<b>22,074</b>	<b>14,604</b>	<b>53,941</b>
<b>Variation between Q4 and Q3</b>		<b>30,872</b>	<b>6,245</b>	<b>23,911</b>

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# FINANCIAL POSITION

THIRD QUARTER 2013



## HIGHLIGHTS

- ▣ Outstanding ABCP investment sold in Q1, 2013
- ▣ Higher level of cash than last year (including ABCP)
- ▣ Unused credit facilities of \$65M
- ▣ Customer deposits higher than previous year
- ▣ Forecasted CAPEX
  - \$57M in 2013
  - \$50M in 2014

*(in thousands of C\$, except ratios)*

	<b>As at</b>		
	<b>Jul. 31, 2013</b>	Jul. 31, 2012	Oct. 31, 2012
	<b>Actual</b>	Actual	Actual
<b>Free cash + ABCP investment (fair value)</b>	<b>389,337</b>	<b>318,692</b>	<b>198,525</b>
Cash in trust or otherwise reserved	290,558	268,287	331,172
Trade and other payables	443,189	383,557	308,069
Customer deposits	456,215	395,862	382,823
<b>Working capital ratio</b>	<b>1.02</b>	<b>0.99</b>	<b>1.00</b>
Balance sheet debt	0	0	0
Off-balance sheet debt	684,721	573,152	557,133
Net investment (H10 hotels)	69,281	65,356	64,189
Capital expenditures (TTM)	62,030	65,416	67,491
<b>Free cash Flow (TTM)</b>	<b>71,220</b>	<b>(59,984)</b>	<b>(58,619)</b>



# MARK-TO-MARKET

THIRD QUARTER 2013



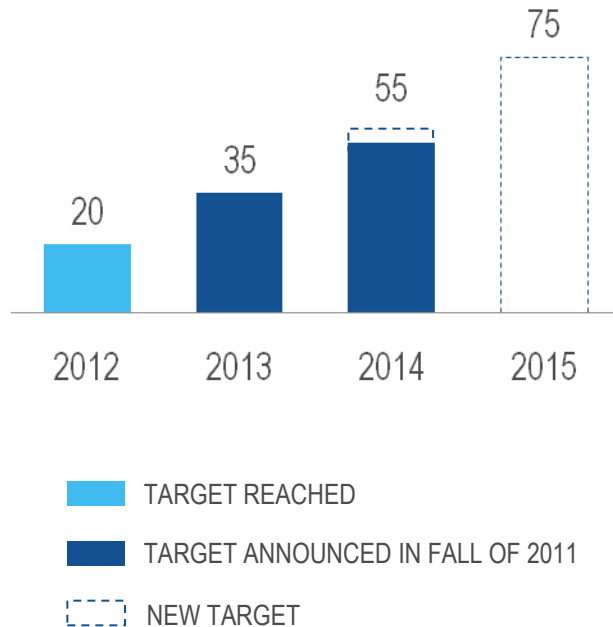
## HIGHLIGHTS

- Fuel and USD hedging – In line with our bookings for Q4(similar results forecasted for Q4 vs. Y-1)
- Fuel MtM variation impacted positively our Q3 financial results
- Global MtM at \$3.6M as at September 12

<i>(in thousands of C\$)</i>	Fuel (P&L impact)		Currency (B/S impact)		TOTAL	
	MtM	Quarterly variation	MtM	Quarterly variation	MtM	Quarterly variation
October 31, 2012	(46)	2,104	(989)	(3,139)	(1,035)	(1,035)
November 30, 2012	3,795		(2,753)		1,042	
December 31, 2012	1,819		(5,407)		(3,588)	
January 31, 2013	8,673	8,719	(1,740)	(751)	6,933	7,968
February 28, 2013	3,623		12,512		16,135	
March 31, 2013	(6,972)		11,691		4,719	
April 30, 2013	(16,564)	(25,237)	259	1,999	(16,305)	(23,238)
May 31, 2013	(15,712)		9,491		(6,221)	
June 30, 2013	(3,958)		13,746		9,788	
July 31, 2013	(1,159)	15,405	2,340	2,081	1,181	17,486
August 31, 2013	10,921		7,731		18,652	
September 12, 2013	2,365		1,257		3,622	

# COST REDUCTION AND MARGIN IMPROVEMENT INITIATIVES

## TARGETS



**2012:** Achieved targeted cost reductions of \$20M  
Completed implementation of new IT system

### **BENEFITS OF NEW IT SYSTEM (TTS):**

- ▣ Increased agility for adjustments in prices and promotions (from 24 hours to 10 minutes)
- ▣ Enhanced yield management process developed in winter 2013 to be fully-implemented by winter 2014 (going from load-factor driven to margin driven)

**2013:** On target to deliver additional improvement of \$15M

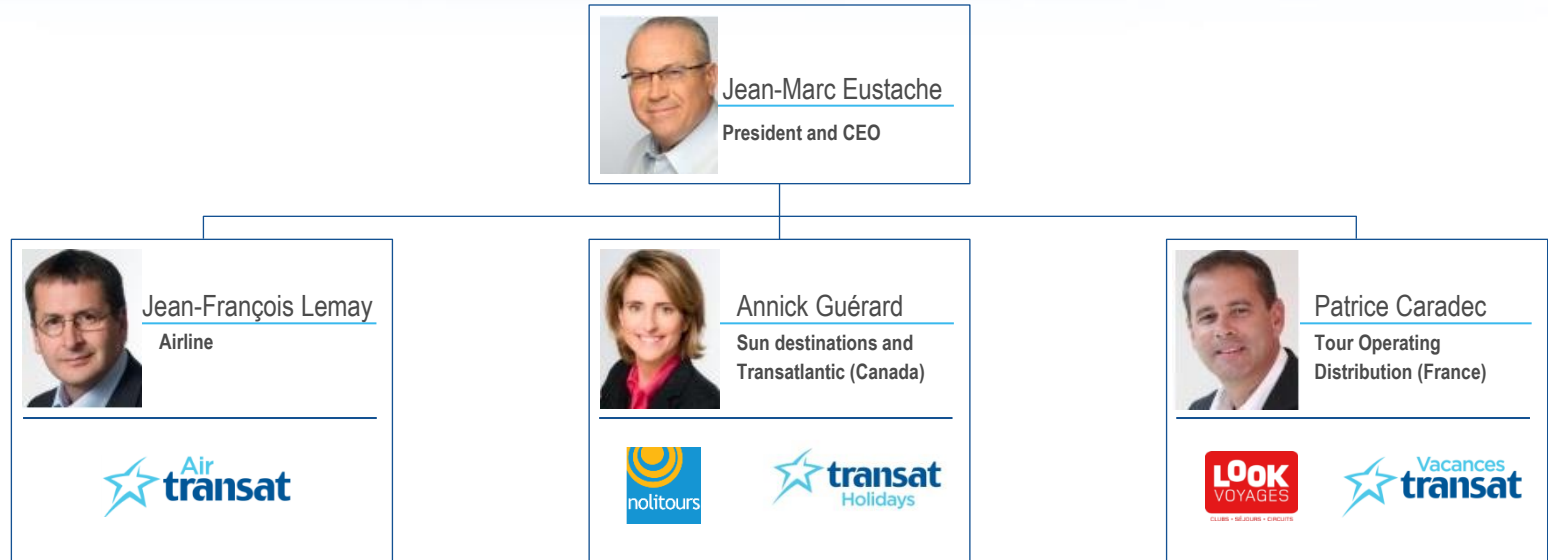
**2014:** Plan in place to deliver additional improvement of \$20M

**2015:** Full impact of narrow-body internalization and other measures: \$20M

**2012-2015: Cumulative impact of \$75M**

# RESHAPED EXECUTIVE TEAM

## CORE BUSINESS UNITS



All core operating units reporting directly to Chief Executive Officer

All support services now fully integrated

In the process of merging all French business units into one

# PRODUCT AND CUSTOMER EXPERIENCE

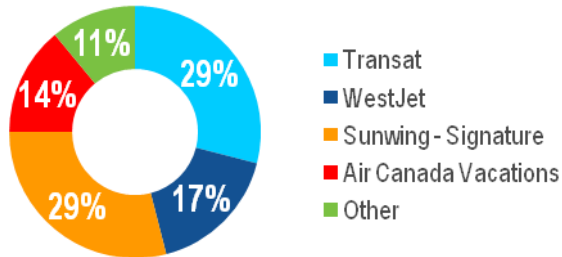
## SUN DESTINATIONS



### THE SUN DESTINATIONS MARKET

- ▣ Highly competitive market posing differentiation and seasonality challenges
- ▣ Lifestyle discretionary purchase, no easy substitution
- ▣ Solid demand and steady growth
- ▣ Customers expect both quality and affordability
- ▣ Growing appeal for authentic/discovery experiences

### SUN DESTINATIONS TRANSAT MARKET SHARE IN CANADA (WINTER)



Source : Company estimate

### TRANSAT 'ALL-INCLUSIVE' STRATEGY

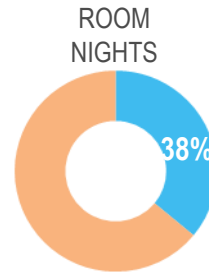
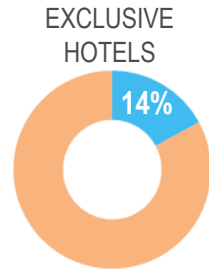
- ▣ Differentiated experience through:
  - Exclusive properties
  - Branded collections
- ▣ Multi-brand strategy (market segmentation)
- ▣ Leverage travel agency network (largest in Canada)
  - 90%+ of sales made through travel agencies, OTAs & call centers
- ▣ Leverage links with the local tourism industry to meet emerging need for 'authenticity & discovery'
- ▣ Presence in accommodation and in high-margin destination services (Ocean, Traffic Tours, Turissimo)

**83% OF CANADIAN TRAVELLERS ARE EXTREMELY OR VERY MUCH INTERESTED  
IN VISITING THE CARIBBEAN, HAWAII, MEXICO OR BERMUDA...**

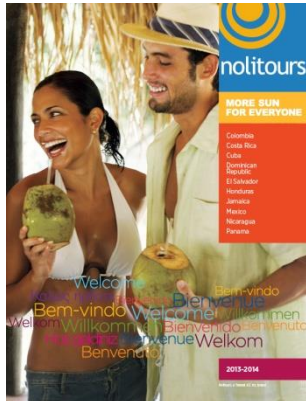
(TravelStyles Canada, 2013)



# ALL-INCLUSIVE SUN & SAND DIFFERENTIATED EXPERIENCE: EXCLUSIVE PROPERTIES



IN WINTER 2013, TRANSAT HAD **62** EXCLUSIVE HOTELS (OUT OF **452**) SOLD UNDER ITS TWO MAIN BRANDS, REPRESENTING **38%** OF **2.7M** ROOM NIGHTS SOLD



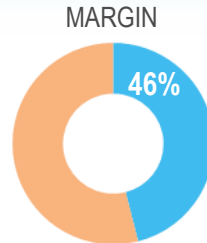
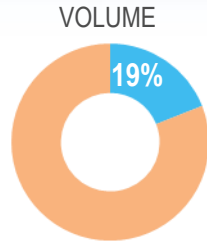
## TRANSAT HOLIDAYS

- Mainly 4- to 5-star hotels: relaxation and discovery with finesse
- 30 exclusive hotels and 37% of room nights sold under Transat Holidays

## NOLITOURS

- Mainly 3- to 4-star hotels: exciting packages at unbeatable prices
- 37 exclusive hotels: 38% of room nights sold under Nolitours

## DIFFERENTIATED EXPERIENCE: BRANDED COLLECTIONS



IN WINTER 2013, FOR TRANSAT HOLIDAYS AND NOLITOURS, DISTINCTION & LUXURY COLLECTIONS ACCOUNTED FOR **19%** OF VOLUME AND **46%** OF MARGIN



### DISTINCTION (24 clubs in 2013)

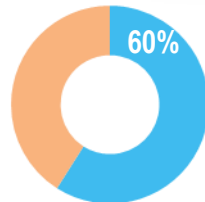
- ▣ Average selling price 9% higher than base package
- ▣ Margin per pax increased by 40% from 2012 to 2013

### LUXURY (12 clubs in 2013)

- ▣ Average selling price 69% higher than base package
- ▣ Margin per pax increased by 28% from 2012 to 2013

### OTHER COLLECTIONS

- ▣ Family-oriented Collections
- ▣ Golf Collection
- ▣ Wedding Collections
- ▣ Tours
- ▣ Experience Collection



GLOBALY, IN WINTER 2013, **60%** OF TRANSAT HOLIDAYS AND NOLITOURS ROOM NIGHTS WERE SOLD UNDER AN EXCLUSIVE BRANDED COLLECTION CONCEPT OR IN AN EXCLUSIVE PROPERTY

# 'AUTHENTICITY AND DISCOVERY'

## EMERGING TREND

- Internal and external research show growing appeal for a touch of authenticity or inclusion of a discovery component in sun packages
- More and more travellers seek more than just sun and sand: they want to live an 'experience' and come back with a story to tell
- 62% of package travellers say they want to experience other cultures; more than half say they want to see things they've read or heard about...
- The number of Canadian travellers who are extremely or very likely to take an international eco-tour has increased from 10 to 15% since 2001

*(TravelStyles Canada, 2013)*

## TRANSAT STRATEGY

### Launched new Experience collection in winter 2013:

- Escapade: 24-hour authentic experience embedded in all-inclusive package
- Duo & Combo: One trip, Two destinations (mix beach and tourism)
- Launched discovery package to Haiti
- Working on renewing the excursions portfolio
- Brand-building and differentiation strategy through commitment to sustainable tourism since 2007

### Winter 2013 a testbed:

- 3,500 pax; very positive feedback
- Average margin 25% higher than base package

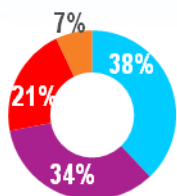
**NUMBER 1 REASON FOR TRAVEL: 74% OF CANADIAN TRAVELLERS SAY: "FOR ME, AN INTERNATIONAL VACATION IS... A TIME TO EXPERIENCE OTHER CULTURES"**

*(TravelStyles Canada, 2013)*

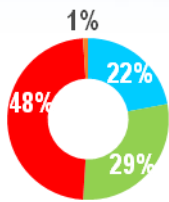


# TRANSATLANTIC MARKET: AIR AND LAND

CAPACITY  
SUMMER  
2013



France



United Kingdom



- Europe: largest tourism market in the world (more than 50% of travellers inbound & outbound)
- 3.8M seats in summer 2013 between Canada and Europe

## TRANSAT STRATEGY AND MARKET POSITION

- Unique portfolio of direct destinations
- Strong airline brand and enhanced customer experience (refurbished cabin, excellent on-time performance, excellent customer service)
- Lowest-cost producer with aggregate 23% market share
- Sells on both sides of the Atlantic through own business units, distribution networks and the Web
- Attractive offering of packages including accommodation and transfers, cruises, tours, rental cars and excursions



**75% OF CANADIAN TRAVELLERS SAY THEY ARE VERY OR EXTREMELY INTERESTED IN VISITING OR REVISITING EUROPE**

*(TravelStyles Canada, 2013)*



# TRANSATLANTIC MARKET: AIR AND LAND



## EACH YEAR, TRANSAT SELLS:

- More than 100,000 tours to destinations all around the world (40% in Canada or Europe), with an average margin of over 10%
- More than 200,000 room nights in Europe, to Canadian travellers
- More than 325,000 room nights in Canada, to European travellers



## TOURS, PACKAGES AND FLIGHTS TO CANADA SOLD IN EUROPE

- Jonview Canada: more than 160,000 customers from Western Europe in 2012
- Air Transat: 40% of transatlantic capacity sold through Transat France, Canadian Affair (UK), ACE (Neth.+ Germany), Tourgreece, plus GSAs and B2C websites (12-country footprint)

## TOURS, PACKAGES AND FLIGHTS TO EUROPE SOLD IN CANADA

- More than 75,000 customers purchase some form of land portion from Transat (accommodation, etc.)
- 12,000 tours sold each year in Canada (in-house or through partnership with Trafalgar)
- Direct flights to Barcelona, Venice and Athens: 20,000 European cruises sold each year



## MARKET CONDITIONS AND TRANSAT POSITION

- ▣ Demand has weakened due to economic uncertainty
- ▣ Tunisia and Egypt hit hard and required quick action to offer substitution products
- ▣ Transat doing better than its peers, thanks to adjustments in capacity and reduced commitments
- ▣ Expect to break-even in 2013

## VACANCES TRANSAT

- ▣ Nearly 70,000 tours sold per year, mainly long-haul, including 20,000 to Canada
- ▣ No. 1 tour operator in France on Canada
- ▣ Operates as GSA for Air Transat and works closely with Jonview Canada

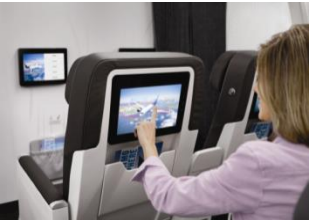
## LOOK VOYAGES AND DISTRIBUTION

- ▣ Realignment of the Clubs Lookéa portfolio with strategic sub-brands approach
- ▣ Now a Club specialist, a travel agency network and an OTA

# AIR TRANSAT FLEET STRATEGY



nachdenken • Klimabewusst reisen



## NOW:

Transat uses a mix of wide-body aircraft (operated by Air Transat) and a variable number (depending on season) of narrow-body aircraft (operated mainly by CanJet Airlines)

## WIDE-BODY:

A portion of the Transat fleet will be made seasonal, thus allowing for significant capacity adjustments and cost reductions

### Benefits:

- Reduced fixed costs and pressure to deploy wide-body capacity in low season
- Increased flexibility and ability to react to unforeseen events

## IN SUMMER 2014:

Transat will migrate towards a fleet of variable size for both wide-body and narrow-body to adjust the mix of aircraft type according to seasonal needs

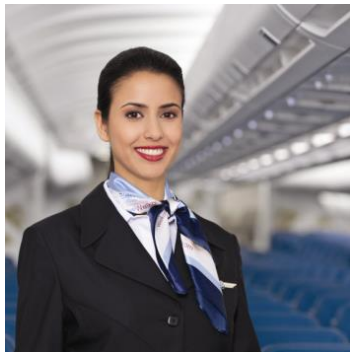
## NARROW-BODY:

Starting in Summer 2014, Transat will internalize the operation of narrow-body aircraft (mix of permanent and seasonal) at Air Transat

### Benefits:

- Maintain and adjust capacity at will on sun destinations
- Favorable impact on costs and margins
- Controlled customer experience

# AIR TRANSAT FLEET STRATEGY



<b>WIDE-BODY</b>	<b>W13</b>	<b>S13</b>	<b>W14</b>	<b>S14</b>	<b>W15</b>	<b>S15</b>
Air Transat Base Fleet	21	21	21	21	21	21
Less: Temporarily withdrawn <sup>(1)</sup>	-	-	(4)	-	(6)	-
Less: Sub-Lease	(1)	-	(1)	-	(1)	-
<b>Total</b>	<b>20</b>	<b>21</b>	<b>16</b>	<b>21</b>	<b>14</b>	<b>21</b>

1) As announced in July, we signed an agreement for the renewal of six A330 with improved terms that will enable us to achieve our objective of reducing costs in a more advantageous way than the seasonal subcontracting arrangement originally envisioned

<b>NARROW-BODY</b>	<b>W13</b>	<b>S13</b>	<b>W14</b>	<b>S14</b>	<b>W15</b>	<b>S15</b>
Air Transat Base Fleet <sup>(2)</sup>	-	-	-	5	5	5
Plus: CanJet	11	5	11	-	-	-
Plus: Seasonal Lease <sup>(3)</sup>	-	-	1	-	10	-
<b>Total</b>	<b>11</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>15</b>	<b>5</b>

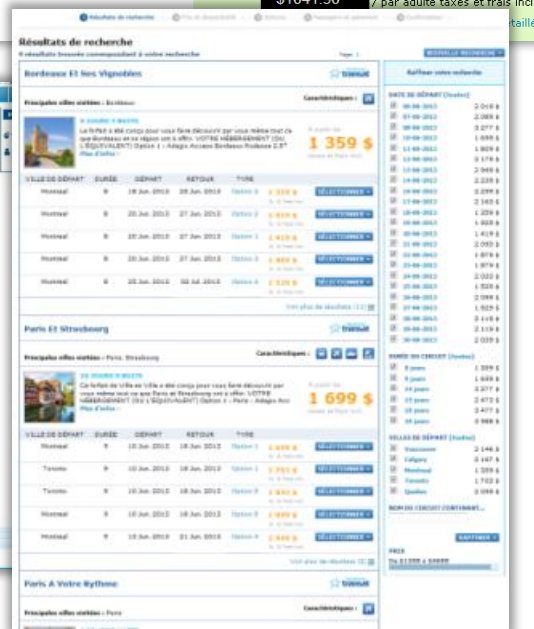
2) Already secured 4 of 5 narrow-body aircraft starting in summer of 2014 with ILFC

3) Already secured 4 of 10 seasonal narrow-body aircraft starting in winter 2015 with Transavia (with one additional aircraft for the subsequent year until 2019)

# AIR TRANSAT UP-SELLING STRATEGY



de MONTREAL (YUL)		vers Paris (CDG)					
date d'arrivée samedi 13 juillet 2013		date de retour samedi 20 juillet 2013		Eco +Détails	Eco flex +Détails	Eco flex+ +Détails	Club +Détails
<b>25 vol(s) Aller-retour disponible(s)</b>							
23:25 Départ de MONTREAL (YUL) 12:05 Arrivée à Paris (CDG) <i>Arrivée le lendemain dim. 14 juillet 2013</i>	Durée du vol 6h40 min TS 610 Opéré par Air Transat			<input checked="" type="radio"/> \$590	<input type="radio"/> \$640	<input type="radio"/> \$710	<input type="radio"/> \$800
11:00 Départ de Paris (CDG) via YQB 14:10 Arrivée à MONTREAL (YUL)	Durée du vol 8h10 min TS 873 Opéré par Air Transat			<input checked="" type="radio"/> \$451	<input type="radio"/> \$501	<input type="radio"/> \$576	<input type="radio"/> \$675
				<b>\$1041.90 / par adulte taxes et frais incl.</b>			



- ❑ Revised terms and conditions: more flexibility for a fee (2012)
- ❑ Coming in Q1 2014: variable airfares on Air Transat
- ❑ Core business ancillary revenues: more than \$40M/year
  - Seat selection
  - Option Flex introduced in winter 2013
  - Option Plus (premium eco)
  - Excess baggage, onboard sales, etc.
- ❑ New cabin configuration contributed to an increase in the selling price of Club seats
- ❑ Selling accommodation: Air Transat site connected to bed banks (soon 3, for nearly 200,000 hotels)
- ❑ Selling tours: coming in Q3 2013, new search engine for pushing tours on airtransat.ca

# DISTRIBUTION



## MULTI-CHANNEL DISTRIBUTION:

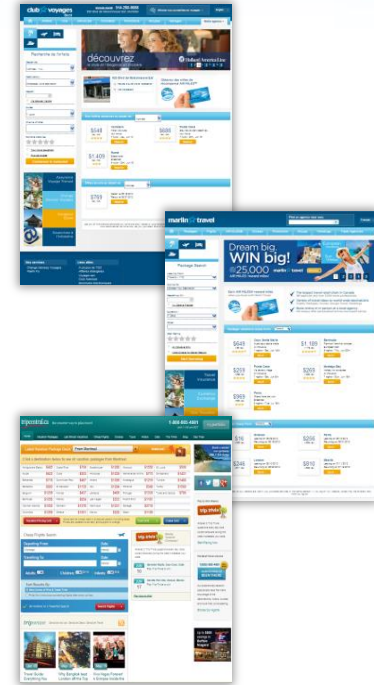
- Travel agencies (B2B), B2C (online, call centres), and GDS

## TRAVEL AGENCIES:

- Largest network in Canada: 588 outlets (99 owned, 282 franchisees, 207 affiliates)
- People window-shop on the web, but more than 90% of sun destination packages are sold through travel agencies, OTAs or call centres
- In 2013, we lowered commissions on transatlantic air-only and increased them on sun destination packages

## B2C DIRECT SALES:

- 15% in 2011, 17% in 2012, target 20% in 2013 (2/3 pure online).
- 40% of transatlantic customers book B2C
- CRM: 700K customers, 40M emails/year, click rate 3%



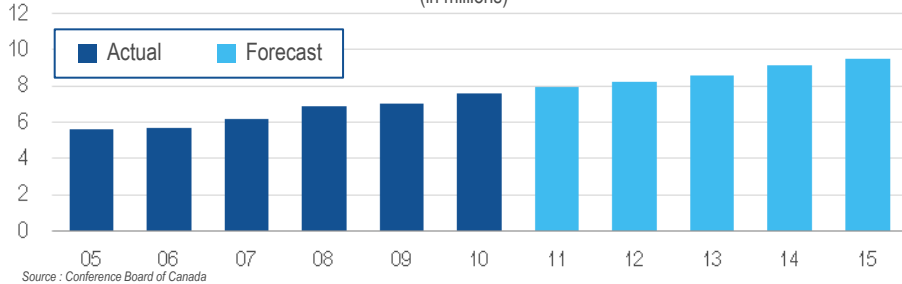
**IN CANADA, CONTROLLED SALES  
(THROUGH TRAVEL AGENCY NETWORK, CALL CENTER AND ONLINE)  
REPRESENT 40% OF TOTAL SALES**

# INTERNATIONAL TOURISM: A GROWTH MARKET

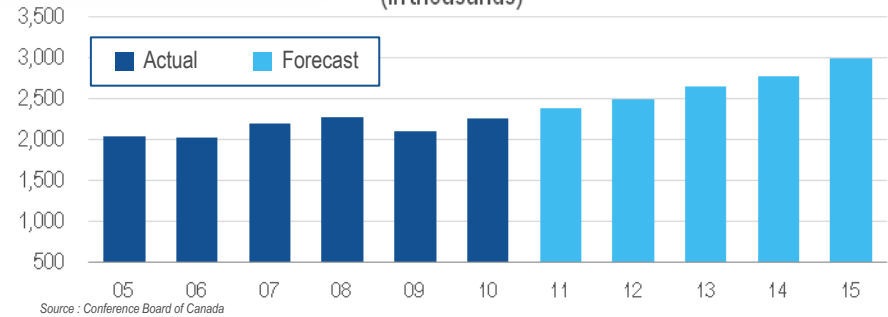
International Arrivals (Destination markets)  
1.8 billion international travellers in 2030



Canada: Outbound leisure trips to Non-US destinations  
(in millions)



Canadian Leisure Trips to Europe  
(in thousands)



Thousands of Canadian visits per year  
to Caribbean destinations and Mexico (Actual and Forecast)



**76% OF CANADIAN TRAVELLERS MADE 2 OR MORE INTERNATIONAL TRIPS  
IN THE LAST 3 YEARS. 30% OF THEM MADE MORE THAN 4**

(TravelStyles Canada, 2013)



# ROAD MAP TO 2015

## 2012-2014

- ▣ Leaner and more efficient organization
- ▣ Strategic product mix with core of branded and exclusive properties
- ▣ Transition to new fleet strategy: accordion fleet for narrow- and wide-body aircraft, internalized
- ▣ Integrated, multi-channel distribution:
  - Travel Agencies
  - Internet Vision
- ▣ Building brand awareness
- ▣ Solid Management Team
- ▣ Sound balance sheet



## 2015

- ▣ Innovative and efficient tourism operator
- ▣ Differentiated and attractive offering
- ▣ Controlled Customer Experience
- ▣ Increased controlled and B2C sales
- ▣ Return to pre-2010 margin levels
- ▣ Back to growth mode



# ANNEX: WINTER FINANCIAL RESULTS

(5-YEAR HISTORICAL)



<i>(in thousands of C\$)</i>	<b>Winter</b>				
	2013	2012	2011	2010	2009
<b>REVENUES</b>	1,912,538	2,041,722	1,911,263	1,852,948	2,006,331
<b>EBITDAR<sup>(1)</sup></b>	22,688	(16,594)	26,440	23,386	57,554
<b>EBITDA<sup>(1)</sup></b>	(18,287)	(58,065)	(5,470)	(4,211)	30,632
As % of revenues	-1.0%	-2.8%	-0.3%	-0.2%	1.5%
<b>Adjusted net income (loss)<sup>(2)</sup></b>	(22,996)	(54,477)	(20,084)	(20,892)	8,875
As % of revenues	-1.2%	-2.7%	-1.1%	-1.1%	0.4%
<b>Net income (loss) as per F/S</b>	(37,897)	(42,688)	(4,853)	(7,674)	12,750
<b>Adjustments net of tax :</b>	<b>(14,901)</b>	<b>11,789</b>	<b>15,231</b>	<b>13,218</b>	<b>3,875</b>
Change in fair value of derivative financial instruments used for aircraft fuel purchases	(16,440)	6,025	11,993	10,318	8,916
Non-monetary gain on investments in ABCP		8,032	6,637	5,394	(1,407)
Gain on disposal of a subsidiary					
Goodwill impairment					
Restructuring (Charge) / Gain	(3,915)			960	
Tax Impact	5,454	(2,268)	(3,399)	(3,454)	(3,634)

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# ANNEX: SUMMER FINANCIAL RESULTS

(5-YEAR HISTORICAL)



<i>(in thousands of C\$)</i>	<b>Summer</b>				
	2013	2012	2011	2010	2009
<b>REVENUES</b>		1,672,497	1,746,901	1,645,929	1,539,010
<b>EBITDAR<sup>(1)</sup></b>		121,910	78,907	157,145	90,128
<b>EBITDA<sup>(1)</sup></b>		75,020	41,967	131,793	62,763
As % of revenues		4.5%	2.4%	8.0%	4.1%
<b>Adjusted net income (loss)<sup>(2)</sup></b>		39,205	12,880	74,554	24,848
As % of revenues		2.3%	0.7%	4.5%	1.6%
<b>Net income (loss) as per F/S</b>		26,019	(7,360)	73,281	49,097
<b>Adjustments net of tax :</b>		<b>(13,186)</b>	<b>(20,240)</b>	<b>(1,273)</b>	<b>24,249</b>
Change in fair value of derivative financial instruments used for aircraft fuel purchases		(5,324)	(13,271)	(977)	59,351
Non-monetary gain on investments in ABCP		(96)	1,476	(746)	(5,545)
Gain on disposal of a subsidiary		5,655			
Goodwill impairment		(15,000)	(10,030)		(11,967)
Restructuring (Charge) / Gain			(6,513)	197	
Tax Impact		1,579	8,098	252	(17,590)

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# ANNEX: ANNUAL FINANCIAL RESULTS

(5-YEAR HISTORICAL)



<i>(in thousands of C\$)</i>	<b>Annual</b>				
	2013	2012	2011	2010	2009
<b>REVENUES</b>		3,714,219	3,568,164	3,498,877	3,545,341
<b>EBITDAR<sup>(1)</sup></b>		105,316	105,347	180,531	147,682
<b>EBITDA<sup>(1)</sup></b>		16,955	36,497	127,582	93,395
As % of revenues		0.5%	1.0%	3.6%	2.6%
<b>Adjusted net income (loss)<sup>(2)</sup></b>		(15,272)	(7,204)	56,662	33,723
As % of revenues		-0.4%	-0.2%	1.5%	1.0%
<b>Net income (loss) as per F/S</b>		(16,669)	(12,213)	65,607	61,847
<b>Adjustments net of tax :</b>		<b>(1,397)</b>	<b>(5,099)</b>	<b>11,945</b>	<b>28,124</b>
Change in fair value of derivative financial instruments used for aircraft fuel purchases		701	(1,278)	9,341	68,267
Non-monetary gain on investments in ABCP		7,936	8,113	4,648	(6,952)
Gain on disposal of a subsidiary		5,655	0	0	0
Goodwill impairment		(15,000)	(10,030)	0	(11,967)
Restructuring (Charge) / Gain		0	(6,513)	1,157	0
Tax Impact		(689)	4,699	(3,202)	(21,224)

1) Before restructuring charge

2) Net income (loss) excluding change in fair value of derivative financial instruments used for aircraft fuel purchases, non-monetary gain on investments in ABCP, goodwill impairment and restructuring charge

# ANNEX: FINANCIAL POSITION

(5-YEAR HISTORICAL)



<i>(in thousands of C\$)</i>	<b>As at July 31</b>					<b>As at October 31</b>				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
<b>Free cash + ABCP investment (fair value)</b>	<b>389,337</b>	<b>318,692</b>	<b>385,778</b>	<b>286,960</b>	<b>285,461</b>		<b>198,525</b>	<b>260,327</b>	<b>252,973</b>	<b>251,953</b>
Cash in trust or otherwise reserved	290,558	268,287	301,759	309,521	196,013		331,172	323,314	320,428	244,250
Trade and other payables	443,189	383,557	419,918	355,411	314,071		308,069	355,246	300,355	266,445
Customer deposits	456,215	395,862	386,703	387,158	316,065		382,823	331,280	313,695	251,018
<b>Working capital ratio</b>	<b>1.02</b>	<b>0.99</b>	<b>1.02</b>	<b>1.01</b>	<b>0.90</b>		<b>1.00</b>	<b>1.02</b>	<b>1.10</b>	<b>1.06</b>
Balance sheet debt	0	0	6,879	21,068	100,883		0	0	29,059	110,840
Off-balance sheet debt	684,721	573,152	598,819	542,644	352,458		557,133	653,663	643,750	396,433
Net investment (H10 hotels)	69,281	65,356	58,625	65,146	67,751		64,189	60,612	61,239	66,347
Capital expenditures (TTM)	62,030	65,416	51,042	22,325	43,484		67,491	54,194	26,122	28,900
<b>Free cash flow (TTM)</b>	<b>71,220</b>	<b>(59,984)</b>	<b>106,608</b>	<b>33,217</b>	<b>(3,810)</b>		<b>(58,619)</b>	<b>32,282</b>	<b>93,009</b>	<b>16,334</b>



BACK TO PROFITABILITY IN 2013

**ROAD MAP FOR THE FUTURE**

**THANK YOU!**

