

**CIBC WORLD MARKETS**

**7<sup>TH</sup> ANNUAL INSTITUTIONAL INVESTOR  
CONFERENCE**



**LEADING THE WAY  
IN INTERNATIONAL HOLIDAY TRAVEL**

September 24, 2008

# 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

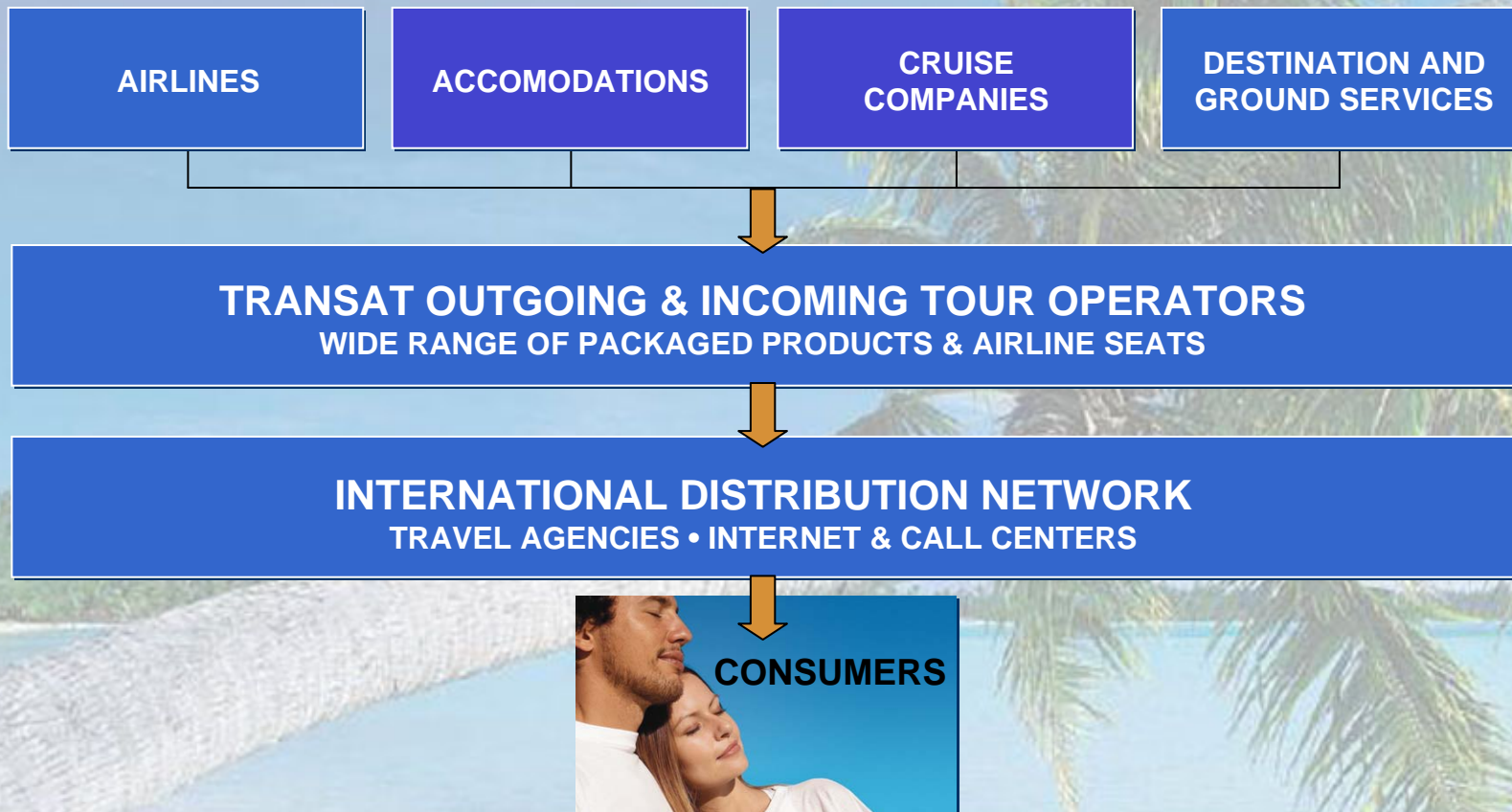


- Transat Overview
- Market and Industry Highlights
- Financial Review and Cash Situation
- Strategic Plan & Recent Developments



# Transat A.T. Inc.

A vertically-integrated, international holiday travel specialist



# Transat core business: Outgoing Tour Operator



- Transat offers packages, tours and cruises by assembling its own services with those bought from thousands of suppliers across the world
- In more than 60 destination countries from Canada, France, United Kingdom & other European countries
- To more nearly 2.5 million clients/year
- Transat has the largest portfolio of Sun & European destinations offered in Canada



**AMPLITUDE**



**BROK AIR**  
GROUPES

**CANADIAN**  
*Affair*



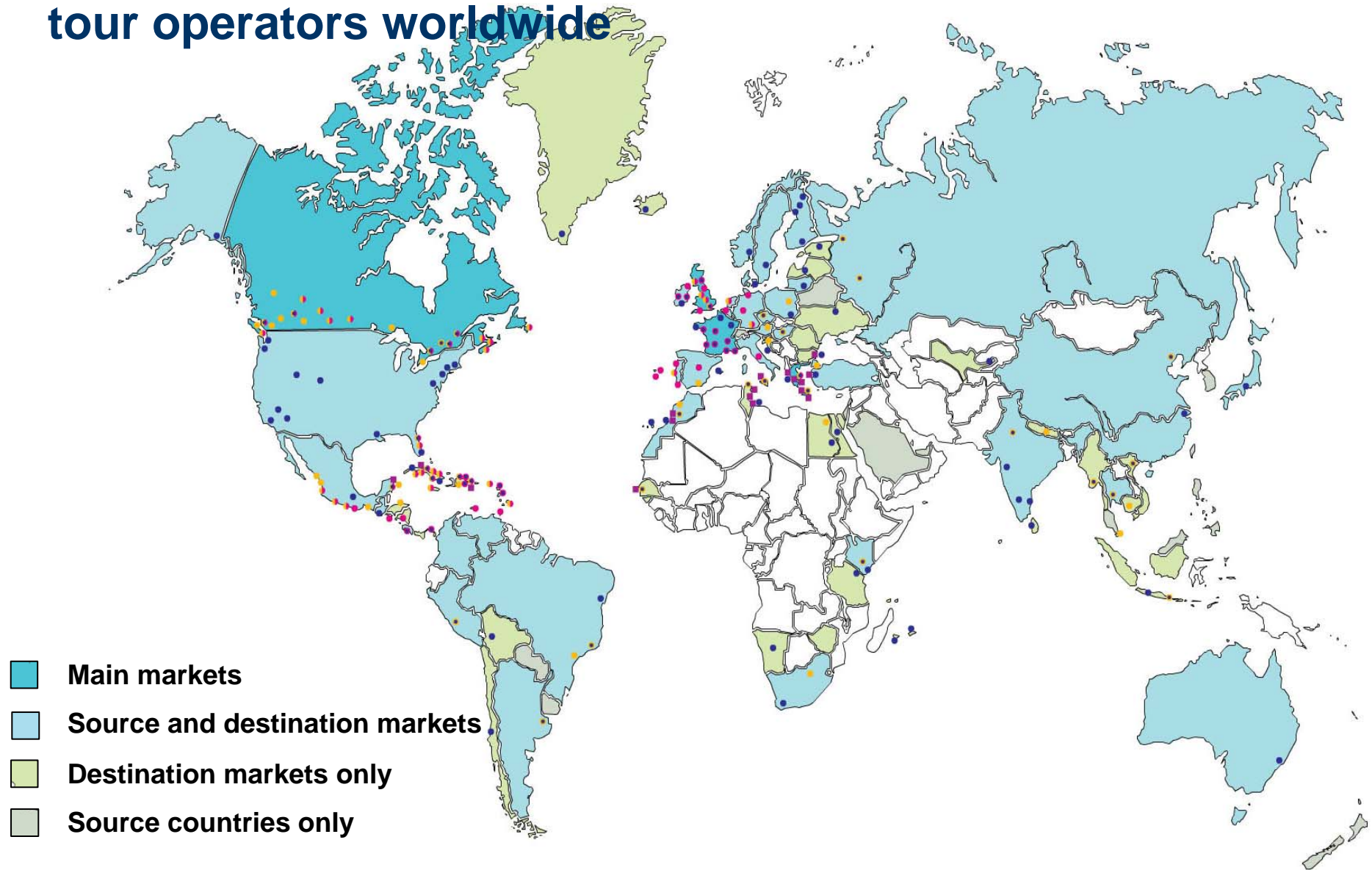
 Air  
Consultants  
Europe B.V.





# Transat A.T. Inc.

One of the largest integrated international  
tour operators worldwide



# Incoming Tour Operator Destination Services



- Largest incoming tour operator in Canada with 250,000 travellers from abroad (2007)
- Key player in Greece with 72,000 travellers
- Transat sells packages in more than 50 countries (to Canada and/or Greece)
- Transat offers destination services in Dominican Republic, Mexico and Florida





# Air Travel



- Air Transat (wholly-owned)
  - Largest international charter carrier in Canada
  - Solid performance (on-time, reliability, customer service)
- Agreement with WestJet (from Canada)
  - Renewed to 2010 (min. 200,000 seats/year)
- Other agreements/other carriers
  - Agreement with Sunquest for 3 years in Canada
  - Agreements with Thomas Cook Airlines (UK)
  - Seats purchased from more than 50 carriers





# Accommodation and Cruises



- Agreements with more than 2,000 hotels worldwide
- 35% equity ownership in 5 hotels located in Mexico and the Dominican Republic
- 31 all-inclusive Clubs Lookéa in 16 countries in 2008
- Comprehensive portfolio of cruises all over the world



# Distribution



- Multi-channel distribution in Canada, France, UK
  - Travel agencies (corporate, franchised, independent)
  - Web sites and call centers (B2C, B2B)
  - Network of partners and GSAs in Europe
- 420+ travel agencies in Canada, 69 in France

exitnow.ca

club★voyages™

VOYAGES  
EN LIBERTÉ

travel★plus™

marlin★travel

tripcentral.ca



# Sales by Distribution Channel (Canada) Fiscal 2008 year-to-date



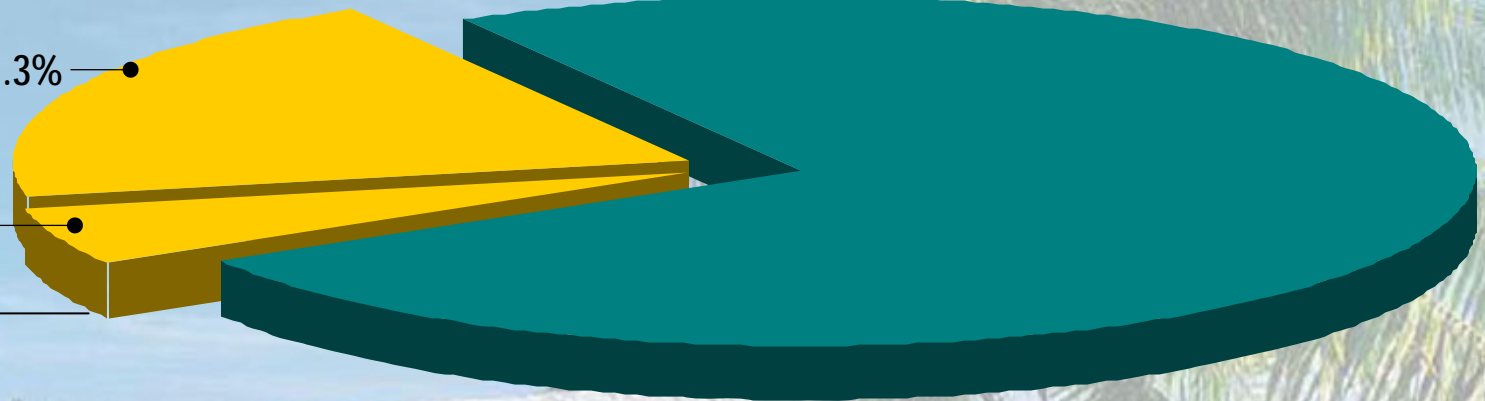
Controlled sales 28.6%

Third party sales 71.4%

Travel agencies 21.3%

Internet

B2C sales 7.3%



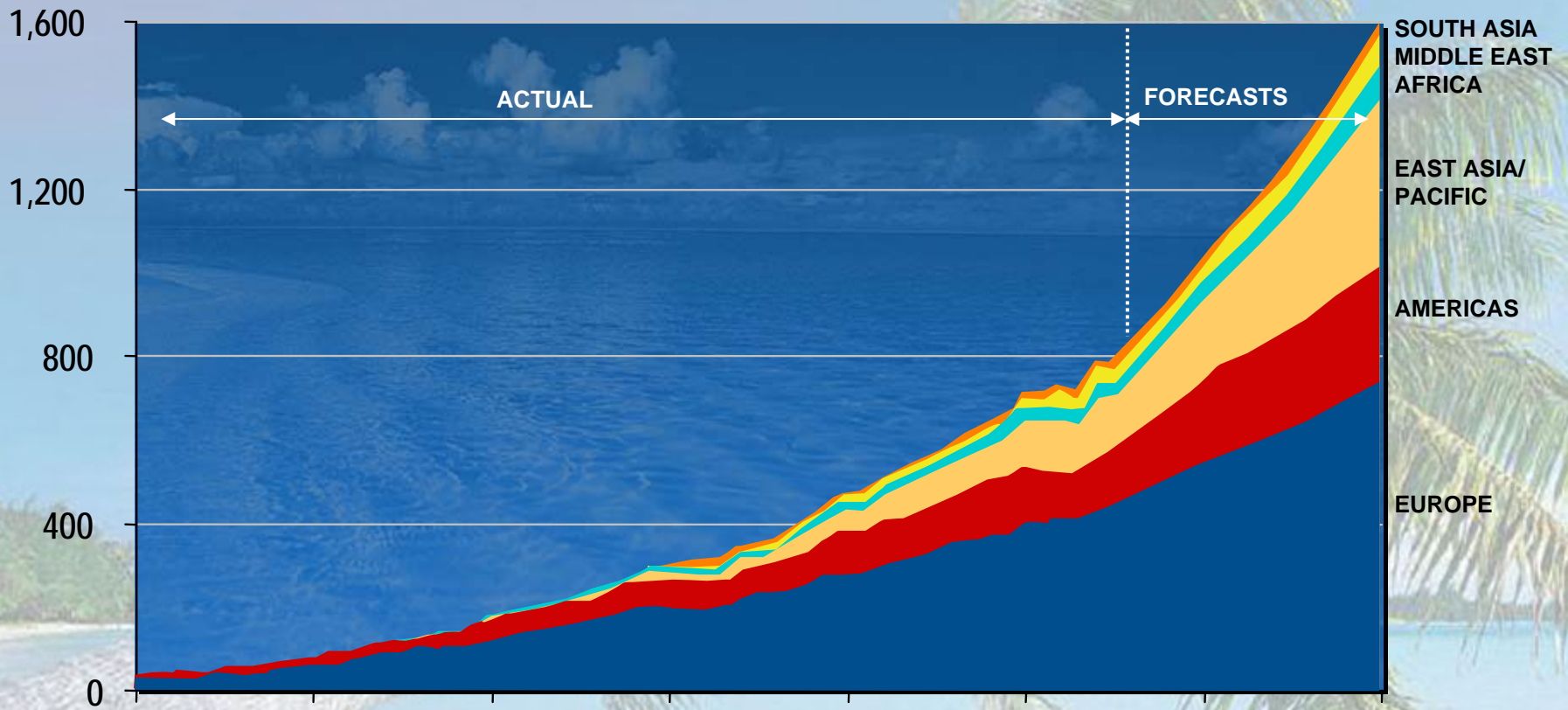
# Tourism Market: Challenges and Opportunities



- Market resilient & growing (good demographics), but evolving and very competitive
- More diversified source- and destination-markets, new expectations, powerful consumer
- Pressure on margins resulting from the mix of rapid rise of fuel costs plus intense competition
- Continued pressure on airline travel (environment, taxes and fees, security constraints, etc.)



# Market Growth: International Tourist Arrivals (In millions of tourists)



Expected average annual growth rate 1995 - 2020: 4.1%

Source: UNWTO

# Three-year Review (2005-2007)

(Year-end Oct 31. In millions of C\$ except per share amounts)



	2005		2006		2007 (Restated)	
REVENUES	2,364.5		2,603.7		3,045.9	
MARGIN (% of revenues)	120.6	5.1%	126.9	4.9%	138.1	4.5%
NET INCOME adjusted*	48.7	2.1%	65.8	2.5%	72.5	2.4%
EPS (diluted) – adjusted*	1.17		1.85		2.12	
CASH FLOW from operations	74.2		116.2		134.5	

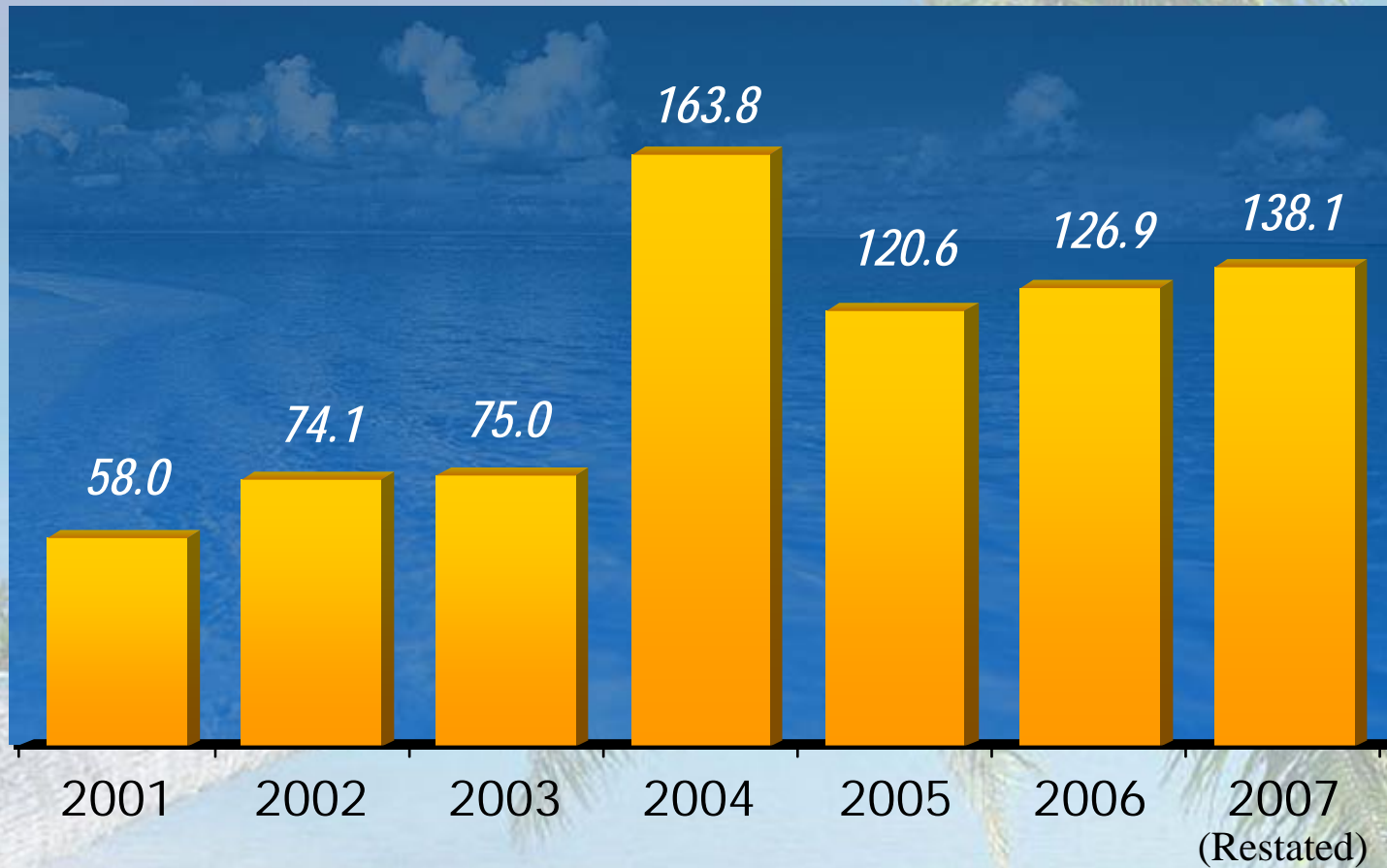
\* 2005 excludes restructuring charges and gain on disposal of Star Airlines and Anyway

\* 2007 excludes provision on asset backed commercial paper, write-down of goodwill and mark to market gain on fuel hedging contracts



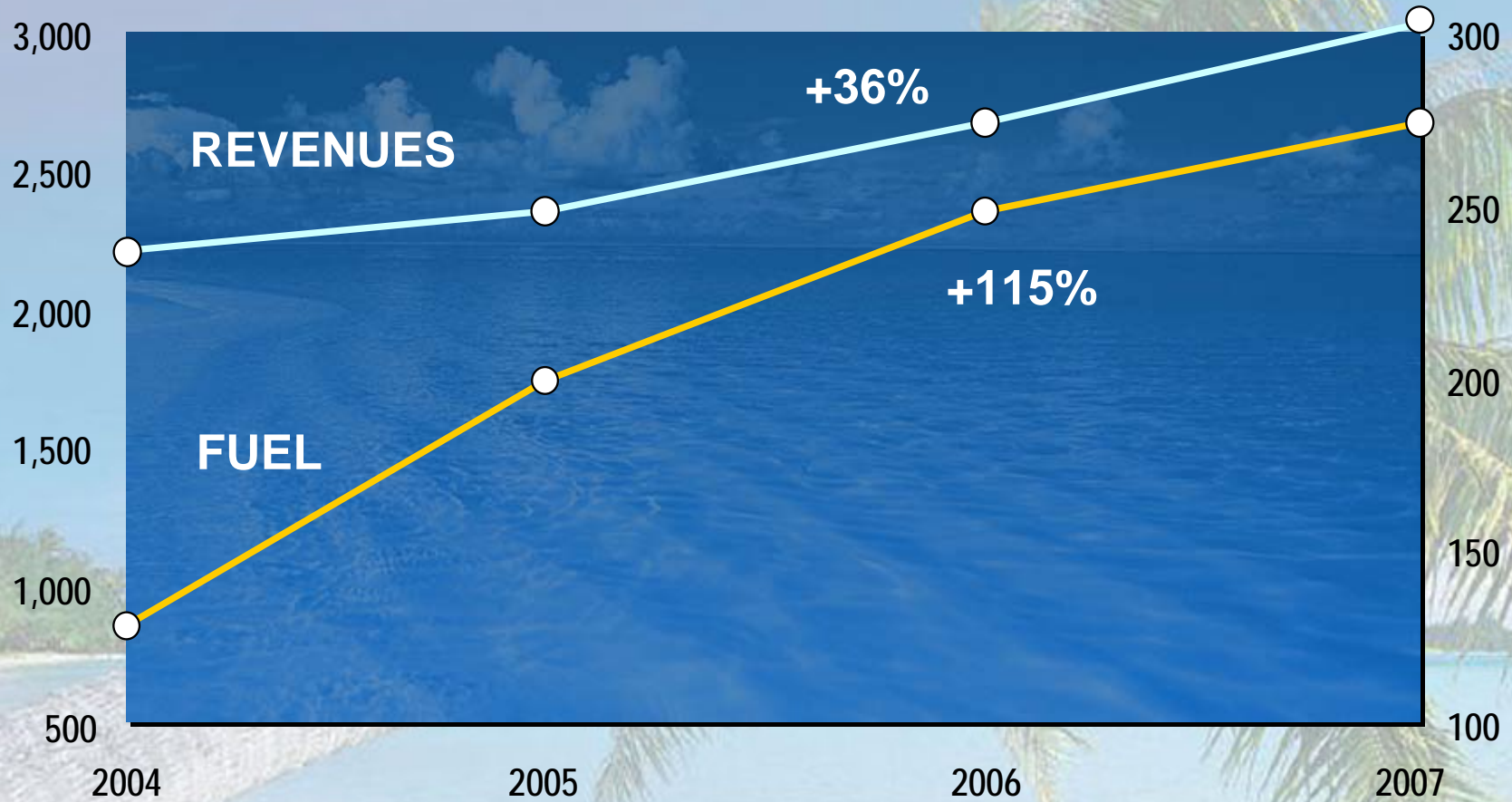
# Margin

(In millions of dollars)



# High Fuel Prices

(In millions of dollars)





# Third Quarter (Adjusted)

ended July 31

(In millions of dollars)



	2008	2007 (Restated)
REVENUES	859.9	741.8
MARGIN	12.8	25.9
NET INCOME (adjusted)*	0.7	13.5
EPS (diluted) (adjusted)*	0.02	0.40
CASH FLOW (from operations)	53.2	40.1

\* Results in 2007 adjusted to exclude the impact of new accounting rules on fuel hedges, provision on asset backed commercial paper and write-down on goodwill.

# Year to date (Adjusted)

## 9 months ended July 31

(In millions of dollars)



	2008	2007 (Restated)
REVENUES	2,722.4	2,365.5
MARGIN	98.1	116.9
NET INCOME (adjusted)*	43.7	63.2
EPS (diluted) (adjusted)*	1.30	1.85
CASH FLOW (from operations)	243.4	189.2

\* Results in 2007 adjusted to exclude the impact of new accounting rules on fuel hedges, provision on asset backed commercial paper and write-down on goodwill.



# Cash and Asset-backed Commercial Paper (ABCP)



- Available cash \$259.6 million (July 31, 2008) notwithstanding ABCP situation
- \$143.5 million in 9 ABCP trusts sold by National Bank of Canada
- Rest of cash invested in highly rated, liquid instruments
- Total provision of \$43.3 million (30% of portfolio)
- Access to new \$150 million credit facility in Nov. 2007
- Sufficient cash and credit facilities available to meet all obligations

# 2006-2008 Strategic Plan and Update



- Market leader for all-inclusive winter packages in Ontario (now No. 1 in all regional markets)
- Acquired a 35% equity position in hotel partnership, including 5 hotels in Mexico and the Dominican Republic
- Actively looking at other acquisition opportunities to enhance footprint/vertical integration model
- Costs remain very much under control in all units



# Acquisition of Joint Venture in Hotels



- US\$ 55 million investment
- 35% equity interest
- Option to increase to 45% within 5 years
- 5 hotels
  - 3 in Cancun, Mexico ( 906 rooms)
  - 2 in Punta Cana, DR ( 708 rooms)
- Barcelona-based H10 owns 40 hotels mostly in Europe

# Other developments



- Turnaround completed at Look Voyages, stellar results in all of our French tour operators in 2007
- Canadian Affair is performing as expected in 2008, UK market rebounded
- 3-year, 240,000-seat pooling agreement with Sunquest Vacations : added flexibility and fleet optimization
- ACE now a wholly-owned subsidiary (acquired remaining 30%)



# Tour Operators: Valuation metrics

(In C\$ millions, except per share data)



TOUR OPERATORS	SHARE PRICE	EQUITY VALUE	ENTERPRISE VALUE	ADJ. EV / EBITDAR		
	17 Sept. 08	C\$ MILLION	C\$ MILLION	LTM	2008E	2009E
TUI Travel	€2.29	4,932	10,392	4.7x	5.5x	5.2x
Thomas Cook	£2.47	4,612	6,371	4.6x	4.5x	4.1x
Kuoni Travel Holding	CHF498	1,516	1,138	5.1x	4.7x	4.3x
<b>GROUP AVERAGE</b>				<b>4.8x</b>	<b>4.9x</b>	<b>4.5x</b>
Club Méditerranée	€26.05	769	1,206	10.0x	7.3x	6.2x
Transat A.T. Inc.	C\$16.51	540	672	4.1x	3.6x	3.3x

# Tour Operators: Valuation metrics

(In C\$ millions, except per share data)



TOUR OPERATORS	P / E			EBITDAR	EBITDA	RENT	NET INCOME
	LTM	2008E	2009E				
TUI Travel	12.9x	11.2x	8.7x	8.4%	5.7%	2.7%	1.5%
Thomas Cook	10.4x	9.4x	7.2x	7.6%	5.3%	2.2%	2.5%
Kuoni Travel Holding	10.7x	9.8x	9.0x	4.9%	4.2%	0.7%	2.9%
<b>GROUP AVERAGE</b>	<b>11.3x</b>	<b>10.1x</b>	<b>8.3x</b>	<b>7.0%</b>	<b>5.1%</b>	<b>1.9%</b>	<b>2.3%</b>
Club Mediterrannée	N/A	30.6x	18.9x	4.4%	4.4%	0.0%	(0.9%)
Transat A.T. Inc.	11.3x	9.4x	7.1x	4.8%	3.4%	1.4%	1.5%



# Transat A.T. Inc.



- Volatile & competitive, but growing tourism market
- International, vertically integrated platform
- More efficient, agile and innovative
- Solid financial position and cash generation
- Emphasis on growth and profitability
- Strong focus on strategic plan

**CIBC WORLD MARKETS**

**7<sup>TH</sup> ANNUAL INSTITUTIONAL INVESTOR  
CONFERENCE**



**LEADING THE WAY  
IN INTERNATIONAL HOLIDAY TRAVEL**

September 24, 2008