



**CAE'S 2022 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**Mr. Marc Parent, President and Chief Executive Officer**

**Ms. Sonya Branco, Executive Vice President, Finance, and Chief Financial Officer**

***BILINGUAL VERSION***

**Wednesday, August 10, 2022**

**Montreal**

## **(NEW CAE CORPORATE VIDEO PLAYS)**

*Moments that matter.* It kind of gives you goosebumps, doesn't it? That's what we do at CAE: we prepare you for the moments that matter, whether you're a pilot flying an aircraft and losing your engine at high speed on take-off, whether you're a soldier deployed on a critical mission, or a doctor performing a life-saving procedure for the first time. We prepare you for those moments -- that's our mission.

Bonjour tout le monde, et bienvenue à l'assemblée générale annuelle de CAE.

Cette année, nous célébrons 75 ans d'innovations, un parcours remarquable guidé par notre objectif noble, soit de rendre le monde plus sécuritaire.

Depuis trois quarts de siècle, CAE est reconnue mondialement comme un chef de file en matière d'innovation et, au cours des deux dernières décennies, pour avoir élargi son rôle essentiel pour devenir le partenaire de choix de nos clients en ce qui a trait aux produits de simulation, aux services de formation, au soutien opérationnel et plus récemment, aux solutions technologiques.

La nouvelle identité visuelle et le nouveau logo que vous avez vus dans cette vidéo reflètent notre héritage, notre évolution et notre vision audacieuse de l'avenir, ce qui implique que nous tirons encore plus parti de la technologie pour révolutionner la façon dont nous servons les clients dans nos marchés.

Garder une longueur d'avance sur les changements technologiques fondamentaux fait partie de notre histoire. Alors que nous entamons le prochain chapitre de notre évolution, nos investissements dans les technologies nous permettront de repousser les frontières de l'immersion numérique vers des niveaux encore plus élevés avec des solutions de formation et de soutien opérationnel hautement technologiques.

Frankly, since I have been the CEO of this great company, I have never been more excited about the future of CAE. We have growth opportunities all around us, amazing technology to invest in, and headroom in our markets.

**(Fiscal 2022)**

I am delighted by what we delivered in fiscal year 2022. We seized new opportunities through this period of uncertainty and put CAE in a position of strength, having delivered double-digit growth with higher margins, excellent free cash flow, and record order bookings.

We are gaining market share by innovating and focusing on our customers. This is due in large part to our more than 13,000 CAE employees around the globe. They have exemplified our unique culture and delivered outstanding performance. Despite facing challenges at all levels for more than two years since the start of the pandemic, they have consistently demonstrated courage, resilience and a drive to innovate. Together as One CAE, we have adapted our strategy and focus, fundamentally strengthening our organization's future.

Let's now take a look at what we accomplished in our different units.

**(Civil aviation)**

In Civil Aviation, demand for air travel is increasing significantly, leading to the potential for substantial growth in the future. Full recovery to pre-pandemic levels continues to be primarily driven by the easing of the remaining travel restrictions, which began in North America but is now expanding around the world. We're seeing a steady increase in full-flight simulator orders and we're signing exclusive long-term training agreements with most major airlines in the Americas, the region where travel recovery has been the

strongest. We believe this provides a compelling blueprint for what a broader global market recovery could look like for CAE.

Furthermore, we remain very optimistic about the business aviation market in the longer term. Based on this year's robust flight activity and future aircraft delivery schedules, we believe that this business will continue to experience strong growth in the coming years.

While there is still some debate around the pace and shape of the recovery in the commercial market, it's clear that the trend we are observing is upward. CAE is well positioned and is gearing up its training network to meet our customers' surging needs arising from the challenges associated with restoring and growing flight capacity in a rapidly recovering market.

At CAE, we've produced and trained more pilots than any other company in the world. That said, pilots are currently in short supply; and more than 320,000 new pilots – including 60,000 for the new Advanced Air Mobility market alone -- will be needed over the next decade.

It's clear that the industry must take concrete action to broaden the talent pool. To that point, women make up only five percent of professional pilots worldwide. Committed to the advancement of women in aviation, and in line with our Diversity, Equity and Inclusion efforts, CAE recently announced the expansion of CAE's Women in Flight scholarship into an ambassador program, building on our reach with airline partners to create a movement that encourages young women to pursue a career as a commercial pilot. To pave the way for future generations of women pilots, these ambassadors will share their stories and experiences with others at events, within their communities, and on social media.

And with our recent acquisition of AirCentre, our digital ecosystem opens up further access to the civil aviation market. This acquisition has expanded CAE's capabilities across a large airline customer base, and allows us to provide software and digital technologies to airlines and business jet operators, helping them run their businesses with greater efficiency and precision, while providing solutions to optimize flight plans, digitize and optimize crew planning, and help manage airport and airline operations. With the resurgence in air travel that we have been seeing this year, airlines will need these services more than ever.

And finally, through our well-honed expertise in building technology to accelerate the development and safe adoption of world-changing innovations, we are increasingly providing end-to-end solutions for the emerging electric vertical take-off and landing market – or eVTOL aircraft, also known as air taxis. This market offers the promise of a new wave of growth and technology development in civil aerospace -- something only seen once in a generation.

I am confident about our future in civil aviation: we are exceptionally well positioned. As industry leaders, we have the potential for both cyclical and secular growth in this market as recovery occurs.

### **(Defense & Security)**

In Defense and Security, CAE is on a multi-year journey as the world's only pure-play, platform-agnostic training and simulation provider. We are leveraging our strengths in all five domains -- Air, Land, Sea, Space, and Cyber -- as part of a more integrated and holistic approach to training and simulation for our broad array of defence customers.

CAE's mission has always been to prepare our military customers for safe and successful mission outcomes. We are committed to aligning our defence business with our customers' utmost priorities. As we enter a rapidly-changing future, our customers are adapting their training in the face of near-peer and geopolitical threats. Having to train for multi-domain scenarios means that today's military forces operate more sophisticated, complex, and networked systems than ever before. For CAE, we are proud to support the evolving training needs of our defence forces. In defending freedom, we are fostering social stability around the world.

While we could not have known how or when such geopolitical threats would manifest, they have. Events in Europe this year are a stark reminder that Allied nations must be ready to defend freedom at a moment's notice. We expect the prioritization of defence readiness as a strategic deterrent to translate into additional ways for CAE to support our customers' missions in the years ahead.

Therefore, together with digital ecosystem partners, CAE is developing complex simulation and visualization technologies to create virtual and synthetic environments that combine data and digital technologies to enhance decision-making for governments and businesses in more complex multi-domain battle spaces.

Over the past two years, we've transformed the Defense and Security business, and repositioned our strategy to focus on those capabilities that are most important to our customers. This means that in the longer term, we are well positioned to win more and larger contracts.

We are beginning to see the fruits of the strategic transformation of our Defense business translate into bid and order activity. Last year was the first time in the last four years where orders exceeded revenue – and by a wide margin.

In the near term, Defense expects to continue working its way through the lagging effects of an extended period of less than one-time book-to-sales ratio. Defense also expects the supply chain and labor challenges experienced recently to continue in subsequent quarters, and to be progressively mitigated by the end of the fiscal year. While it's clear that we're not immune to some of the pressures faced by defence peers and companies across the broader economy, we feel confident in our ability to manage through them.

### **(Healthcare)**

Switching to Healthcare, CAE's business has great growth potential and even more relevance in a post-pandemic world, where simulation and virtual training can replace in-person or live educational experiences. The demographic undercurrents of an aging global population along with an increased demand for nurses point to continued rates of high growth in this market in the future.

Healthcare is dedicated to developing customer-focused and market-based education solutions. We have expanded our portfolio of capabilities and products, with training simulation solutions that lead to greater learner proficiency through immersive AR/VR simulation and AI integration.

We see a market that values the capabilities of CAE's simulation-based education solutions now more than ever, coupled with greater demand for healthcare workers. This will require new healthcare training and education approaches.

The long-term potential in Healthcare education is certain, and we believe that successful growth in this market will drive the Healthcare segment to become a more material and profitable part of CAE in the years to come.

## **(Technology and innovation)**

On the technology front, we have consistently evolved to lead the curve where technology is going to expand our position. And we will continue to do more. In July 2021, we confirmed agreements with the Governments of Canada and Quebec that will enable CAE to invest \$1 billion in innovation over a five-year period, including digitally immersive solutions using data ecosystems and artificial intelligence. These investments will reaffirm CAE's position as a leader in the technologies of tomorrow in our three business segments.

For example, we have invested to turn our flight simulators into Internet of Things-enabled devices that objectively push pilot proficiency to the highest possible standard. We are already doing this today, but we are still at the front end of a powerful revolution in that regard. We are layering onto that effort investments in biometrics to get at the heart of human performance in the context of training, giving us information about pilots that may not otherwise be perceptible externally.

We are developing simulation technologies of the future with VR and mixed reality that offer ground-breaking training solutions in terms of both cost and training efficacy — not just for pilots, but for maintenance technicians, healthcare professionals and more.

We are integrating systems and applications that aircraft operators use daily to drive efficiencies and network effects across complex systems. We are also creating digital twins for numerous uses, such as virtual training and large-scale coordination, to support readiness for near-peer threats of the future, and to address airspace challenges on the global horizon.



## **(Leadership en matière de critères environnementaux, sociaux et de gouvernance)**

Du côté du développement durable, nous avons accéléré l'engagement de CAE à l'égard des questions environnementales, sociales et de gouvernance, ou ESG, afin de continuer à augmenter notre impact positif sur la société. Nous reconnaissons l'importance croissante des facteurs ESG pour les parties prenantes de CAE, les industries et les collectivités où nous exerçons nos activités, et nous avons pris des mesures importantes au cours de l'Exercice 2022 pour faire progresser notre leadership en matière d'ESG.

Nous avons renforcé notre Politique en matière de droits de la personne, et lancé un Code de conduite des fournisseurs afin d'accroître l'importance accordée aux facteurs ESG dans l'ensemble de la chaîne de valeur de CAE.

Cela fait maintenant deux ans que CAE est carboneutre. À l'heure actuelle, tous les établissements de CAE où nous avons le contrôle opérationnel sont alimentés à 100 % par des énergies renouvelables ou couverts par des certificats d'énergie renouvelable.

CAE renforce ses efforts environnementaux et de lutte contre les changements climatiques par une stratégie de décarbonation qui vise non seulement à réduire notre propre empreinte carbone, mais aussi à soutenir nos clients à faire de même.

Pour diriger ces initiatives ambitieuses, nous avons nommé une cheffe de la direction du développement durable et vice-présidente principale, Engagement des parties prenantes qui fait partie du comité de direction de CAE. Nous avons également créé un nouveau poste de direction, soit cheffe de la direction de la diversité, de l'équité et de l'inclusion, afin d'accélérer le plus possible notre progression dans cet important aspect de l'ESG.

Cette année, je suis très fier de dire que nous avons augmenté de 21 % la diversité au sein de la haute direction. De plus, à la suite de l'assemblée générale annuelle d'aujourd'hui et de l'élection de tous les administrateurs proposés, plus du tiers des membres du conseil d'administration de CAE seront issus de la diversité. Nous faisons d'importants progrès, mais nous pouvons toujours en faire plus.

Je vous invite à lire notre rapport annuel d'activités et de responsabilité sociale d'entreprise pour en savoir plus.

Je cède maintenant la parole à Sonya Branco, notre vice-présidente exécutive, Finances et chef de la direction financière, qui passera en revue nos résultats financiers.

**Sonya Branco, vice-présidente exécutive, Finances et chef de la direction financière**

Merci, Marc.

Regardons maintenant nos résultats. Nous avons généré de solides résultats financiers au cours de l'exercice 2022. Nous nous sommes efforcés de surmonter les défis soutenus liés à la COVID et nous avons réalisé une croissance à deux chiffres des revenus, une croissance du résultat opérationnel sectoriel ajusté ainsi que des marges plus élevées. Nous avons également généré d'excellents flux de trésorerie et assuré notre croissance future avec un carnet de commandes et des prises de commandes records.

We have effectively deployed growth capital, seizing on opportunities to expand our market reach, and we achieved our targets to lower our cost structure by approximately \$70 million annually.

For the year, consolidated revenue was up 13% to \$3.4 billion, and was 23% higher, excluding revenue last year from the ventilator contract. Adjusted segment operating income was up 58% to \$444.5 million, and annual adjusted net income was

\$261.5 million, or \$0.84 per share, which is up 79% compared to \$0.47 last year. We generated strong free cash flow of \$341.5 million for the year, for an annual cash conversion rate of 131%. In addition to having the benefits of secular tailwinds, we continue to demonstrate the cash generative nature of the business.

Uses of cash involved funding capital expenditures for \$272.2 million for the year, mainly driven by the expansion of our civil aviation training network. These investments typically generate 20-to-30-percent range return on capital employed within the first few years of deployment and represent some of the best examples of growth compounding at CAE. Our Net debt position at the end of the fourth quarter of FY22 was approximately \$2.7 billion, for a net debt-to-adjusted EBITDA of 3.6-times. Over the last two years, we completed nine accretive acquisitions for some \$2.1 billion and deployed nearly \$287 million of growth capital since April 2020.

### **T1-EX23**

Aujourd'hui, nous avons annoncé des revenus de 933,3 millions \$ au premier trimestre de l'exercice 2023, comparativement à 752,7 millions \$ au premier trimestre l'an dernier. Le résultat net attribuable aux détenteurs d'instruments de capitaux propres s'est établi à 1,7 million \$ (0,01 \$ par action) pour le premier trimestre, comparativement à 46,4 millions \$ (0,16 \$ par action) l'an dernier. Pour le premier trimestre de l'exercice 2023, le résultat net ajusté était de 17,6 millions \$ (0,06 \$ par action) par rapport à 55,6 millions \$ (0,19 \$ par action) pour l'exercice précédent.

Notre résultat opérationnel s'est établi à 39,4 millions \$ ce trimestre, comparativement à 86,2 millions \$ pour l'exercice précédent. Au premier trimestre, le résultat opérationnel sectoriel ajusté a totalisé de 60,9 millions \$ comparativement à 98,4 millions \$ pour l'exercice précédent. Le résultat opérationnel sectoriel ajusté ce trimestre

tient compte de charges distinctes de 28,9 millions \$ dans le secteur Défense, visant deux programmes aux États-Unis.

Nos résultats ont été mitigés au premier trimestre, le secteur Civil ayant enregistré des résultats conformes à notre vision d'une forte croissance annuelle, tandis que ceux du secteur Défense ont été bien en deçà de nos attentes, en raison de charges distinctes et d'obstacles à court terme au tout début de ce parcours de croissance qui s'échelonnent sur plusieurs années.

En dépit d'un contexte mondial difficile, nous avons obtenu des commandes d'une valeur totale de plus de 1 milliard \$, ce qui se traduit par un carnet de commandes record de 10 milliards \$ et un ratio valeur comptable des commandes/ventes de 1,12.

Dans le secteur Civil, nous avons enregistré des commandes d'une valeur de 522 millions \$ pour un ratio des commandes/ventes de 1,09, y compris des accords de formation à long terme avec des compagnies aériennes et des exploitants d'avions d'affaires, de même que la vente de 11 simulateurs de vol.

Dans le secteur Défense, nous avons obtenu des commandes de solutions d'entraînement et de soutien aux missions d'une valeur de 488 millions \$ pour un ratio des commandes/ventes de 1,18. Et, dans le secteur Santé, nous avons continué à enregistrer une croissance à deux chiffres des revenus grâce à nos solutions innovatrices.

Je vous remercie de votre attention et je redonne la parole à notre chef de la direction, Marc Parent.

**Marc Parent, Président et chef de la direction**

Merci, Sonya.

Depuis le début de la pandémie, nous avons ramé à contre-courant et nous avons pris des décisions audacieuses qui ont placé CAE en position de force. Nous avons profité

de la baisse du niveau d'activité au cours de la période de ralentissement des marchés pour optimiser la présence mondiale de CAE, améliorer notre rendement opérationnel, rehausser notre service à la clientèle et réaliser d'importantes économies annuelles récurrentes.

Nous avons consolidé nos centres de formation afin de réajuster nos coûts fixes, et nous avons optimisé notre parc de simulateurs pour être encore plus près des besoins de nos clients. Nous sommes parvenus à un plus grand rayonnement mondial et à une meilleure efficacité tout en nous rapprochant également d'eux.

Avec nos neuf acquisitions, nous avons amélioré notre avantage concurrentiel et pénétré de nouveaux marchés en profitant des perturbations du marché pour ajouter des capacités à une valeur avantageuse.

L'expansion stratégique de notre réseau de formation pour l'aviation d'affaires dans des régions clés nous permet d'avoir un réseau mondial bien positionné, alors que d'importants contrats viennent remplir notre carnet de commandes.

Pour ce qui est de l'avenir, nous voulons sortir de la pandémie en meilleure position, plus forte et plus rentable que jamais.

In our **Civil** business unit, we are entering the next upcycle with near-record margins and plenty of room to grow beyond that. We are at the forefront of this industry recovery. We have invested both organically and inorganically to expand our training network globally, leveraging our position as the number 1 civil aviation training company in the world. We're opening new centres in Las Vegas, Lake Nona, Singapore, and Savannah to meet increased demand in business aviation, and our commercial network continues to grow alongside the recovering market.

We are now operating more than 300 flight simulators in 70 locations globally, ensuring the pilots we have trained take to the sky more efficiently and reliably than ever. And as I mentioned earlier, we have grown beyond simulators and pilot training, and are now providing digitally enabled flight and crew operation solutions, helping customers better manage their operations, decrease costly scheduling disruptions, improve staffing and operational decision-making, all while decreasing fuel consumption and carbon emissions.

Just last month, at the Farnborough Air Show, CAE made significant announcements that support the company's efforts to reduce its carbon footprint and elevate its commitment as the first carbon-neutral Canadian aerospace company. For example, CAE will be developing an electric conversion kit for the Piper Archer aircraft. We expect to convert two-thirds of our Piper Aircraft training fleet at the company's flight schools around the world, while developing the training for future pilots to operate electric aircraft.

In addition, CAE has partnered with multiple Advanced Air Mobility key players by taking a leadership role in the development of this all-electric air transport industry, and was recently selected by Vertical Aerospace to be the training partner for the launch of Vertical's eVTOL aircraft. We also announced at Farnborough that we had signed a Memorandum of Understanding with Boeing to expand our collaboration in defence aerospace training and explore further teaming opportunities.

**CAE's Defense** segment is in the early stage of a multi-year growth journey to becoming an even bigger and more profitable business.

Current headwinds include the ongoing global pandemic, geopolitical tensions and the war in Ukraine, decades-high inflation, slower global economic growth, and acute supply chain and labor shortages – any of which may influence the exact timing and rate of market recovery. The conflict in Ukraine has galvanized NATO and Allied nations’ resolve vis-a-vis increased defence spending; however, the immediate priority on operational needs is contributing to training program award delays in the short-term. CAE continues to expect superior Defense growth over a multi-year period to be driven by the progressive realization of synergies related to the L3Harris Military Training integration and the translation of order intake and bid activity into revenue.

And finally in **Healthcare**, we continue to seize ever-growing opportunities with our digital and virtual learning products to address the needs of an evolving learning environment.

We proactively addressed the increasing demand for healthcare workers with a new suite of training solutions, and we’re leveraging advanced technologies to build sophisticated digital capabilities to continue to win in the marketplace.

With a proven track record, our progress in Healthcare reflects a clear focus on achieving greater scale and ramping up our organization. I firmly believe that CAE has a critical role to play in this industry – and it perfectly represents the very core of our noble purpose to make the world a safer place.

Notre croissance considérable ne s’arrête pas ici : notre dévouement inégalé à rapprocher les mondes numérique et réel grâce à la technologie nous pousse à rechercher de nouvelles innovations.

J'en profite pour souligner le travail de nos employés, dont la passion, l'engagement et l'ingéniosité sont remarquables. Ensemble en tant qu'Un CAE, ils font preuve d'un état d'esprit axé sur la haute technologie et ils ne cessent de se surpasser en matière d'innovation. Ce qu'ils ont accompli au cours des dernières années est tout simplement incroyable, et je les remercie infiniment. C'est un véritable honneur de diriger cette entreprise vers un avenir encore plus prometteur.

Avant de céder la parole à notre président du conseil d'administration, l'honorable John Manley, j'aimerais prendre quelques minutes pour vous parler de certains changements au sein de notre conseil, qui entreront en vigueur plus tard aujourd'hui.

General Douglas Brown, who had served on CAE's USA Board of Directors since 2009 and as Chair since 2014, has recently stepped down. As a former Commander, U.S. Special Operations Command, Doug has had a long and distinguished military career. It was under his leadership that CAE became partner of choice for Fort Rucker and the Special Ops Forces, and that the company undertook the largest acquisition in its history, with L3Harris Military Training. We are grateful to Doug for his years of guidance and direction.

I would like to welcome Mac Thornberry who has succeeded Doug as Chair of the CAE USA Board.

Later today, the Honourable John Manley will also be stepping down from CAE's Board after a long and impactful tenure. After a career in public service, including serving as Deputy Prime Minister of Canada, John's guidance and the trust he has placed in me and my management team has allowed CAE to spread its wings, finalize numerous mergers and acquisitions, and reach new heights. He has been an excellent sounding board for ideas, encouraged us to take calculated risks, and supported us in getting the



job done. This was especially true during recent years, when we reviewed our strengths and strategy, and pivoted CAE's vision to become a technology solutions leader.

John, please accept my thanks on behalf of the Board, management, and everyone at CAE. It has been an honour and a privilege to benefit from your guidance.

Before closing, I would like to welcome Alan MacGibbon who will succeed John as Chair of the CAE Board after today's meeting. We look forward to continuing our close relationship with him in his new role.

I would like to thank all the members of our Board for their advice and support and, of course, you, our shareholders, for your trust. Thank you for supporting us in our collective commitment to bringing the digital and physical worlds closer through technology. Together, we will be here for the moments that matter.