



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**

ENGLISH VERSION

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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.

Good morning, everyone, and welcome to CAE's Annual General Meeting.

This year we celebrate 75 years of industry-firsts, a remarkable journey guided by our noble purpose to make the world a safer place.

CAE has been recognized globally over three-quarters of a century as an innovation leader, and in the last two decades, for expanding its critical role as our customers' partner of choice for simulation products, training services, operations support, and most recently, technology solutions.

The new visual identity and logo that you saw in that video reflect our heritage, our evolution, and our bold vision for the future, which involves us leaning even deeper into technology to revolutionize the way we serve our markets.

Leading foundational technology shifts has long been part of our history. As we enter the next horizon, our investments in technology will allow us to push the frontier of digital immersion in high-tech training and operational support solutions to even higher levels.

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.

PAUSE

(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 is 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 is 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 groundbreaking 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.

(Environmental, Social and Governance Leadership)

On sustainability, we ramped up CAE's environmental, social and governance – or ESG -- commitment to continue increasing our positive societal impact. We recognize the rising importance of ESG factors to CAE stakeholders and the industries and communities in which we operate, and we took significant actions in FY22 to advance our ESG leadership.

We strengthened CAE's Human Rights Policy, and introduced a Supplier Code of Conduct to reinforce CAE's ESG impact across our entire value chain.

CAE has been carbon-neutral for two years now. Today, all CAE sites where we have operational control are 100% sourced with renewable energy or covered by renewable energy certificates.

CAE is deepening its environmental and climate action efforts through a decarbonization strategy that not only aims to reduce our own carbon footprint but also supports our customers in doing the same.

To lead these ambitious and exciting initiatives, we have appointed a Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement on CAE's executive committee. We also created a new leadership role -- Chief Diversity, Equity and Inclusion Officer -- to further accelerate our progress in this important ESG aspect.

This year, I'm very proud to state that we achieved a 21% increase in senior leadership diversity. Additionally, following today's annual general meeting and the election of all proposed Director nominees, more than a third of CAE's Board of Directors will be diverse. We are making important strides, but we can always do more.

For more information, I invite you to read our Annual Activity and Corporate Social Responsibility Report.

Now, I would like to ask Sonya Branco, our Executive Vice President, Finance and Chief Financial Officer, to provide us with an overview of our financial results.

Sonya Branco, Executive Vice President, Finance and Chief Financial Officer

Thank you, Marc.

Turning now to results, we delivered a strong performance for fiscal year 2022, having worked diligently to overcome the ongoing COVID-related challenges and delivered double-digit revenue and adjusted segment operating income growth and higher margins. We also generated excellent free cash flow and helped to secure future growth with record order bookings and backlog.

We have effectively deployed growth capital, seizing on opportunities to expand our market reach, and we achieved our targets on our restructuring program 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.

(PAUSE)

Q1 FY2023

Today, we reported revenue of \$933.3 million for the first quarter of fiscal 2023, compared with \$752.7 million in the first quarter last year. First quarter net income attributable to equity holders was \$1.7 million (\$0.01 per share) compared to \$46.4 million (\$0.16 per share) last year. Adjusted net income in the first quarter of fiscal 2023 was \$17.6 million (\$0.06 per share) compared to \$55.6 million (\$0.19 per share) last year. Our operating income this quarter was \$39.4 million, compared to \$86.2 million last year. First quarter adjusted segment operating income was \$60.9 million compared to \$98.4 million last year. Adjusted segment operating income this quarter includes \$28.9 million in unfavourable contract profit adjustments in Defense, involving two programs in the U.S.

(PAUSE)

We had a mixed performance in the first quarter, with Civil delivering results in line with our view for strong annual growth, while Defense came in well short of our expectations, as a result of discrete program charges and near-term headwinds in this early stage of its multi-year growth journey.

Despite a challenging global environment, we secured over \$1 billion in total orders for a record \$10 billion backlog and 1.12 times book-to-sales ratio. In Civil, we booked \$522 million in orders for a 1.09 times book-to-sales ratio, including long-term training agreements with airlines and business aircraft operators, and 11 full-flight simulator sales.

In Defense, we booked orders for training and mission support solutions valued at \$488 million for 1.18 times book-to-sales. And in Healthcare, we continued to drive double-digit revenue growth with our innovative solutions.

Thank you for your attention and I will now turn the microphone back to our CEO, Marc Parent.

Marc Parent, President and Chief Executive Officer

Thank you, Sonya.

During the pandemic, we went against the tide and made bold decisions that put CAE in a position of strength. We used this period of lower business activity during the market downturn to optimize CAE's global footprint, improve operational performance, enhance customer services, and realize significant cost savings.

We consolidated our training locations to recalibrate our fixed costs, and we optimized our simulator fleet to put CAE's network in lockstep with our customers — achieving greater global reach and efficiency while also increasing our proximity to them.

With our nine accretive acquisitions, we expanded CAE's competitive strengths and entered exciting new markets by taking advantage of market disruption to add capabilities at attractive valuations.

Strategically expanding our business aviation footprint in key geographic locations gives us a well-placed global network, while notable wins are expanding our growing pipeline.

Looking at the period ahead, we aim to emerge from the pandemic a larger, stronger, and more profitable company.

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 nation's 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.

Our considerable growth does not stop there: our unmatched dedication to bringing the digital and physical worlds closer through technology drives us to pursue new innovations.

Let me take this moment to highlight our employees, whose passion, commitment, and ingenuity are remarkable. Together as One CAE, they display a high-tech mindset and continuously raise the bar on innovation. What they have been able to accomplish in recent years has been nothing short of amazing, and I am grateful. It is truly an honour for me to lead this company towards an even brighter future.

PAUSE

Before turning over to our Chair, the Honourable John Manley, I would like to take a few minutes to acknowledge some changes to our Board that will be taking effect later today.

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 in 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.