

Investor Presentation

March 2022



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This presentation may contain or reference certain market, industry and peer group data which is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Company believes these sources to be generally reliable, such information is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties. The Company has not independently verified any of the data from third party sources referred to in this presentation and accordingly, the accuracy and completeness of such data is not guaranteed. In addition, certain of the data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the contained estimates or research in this presentation.

Currency

All amounts in this presentation are expressed in Canadian dollars unless otherwise indicated.

Disclaimer

Caution Regarding Forward-Looking Statements

This presentation includes forward-looking statements about our activities, events and developments that we expect to or anticipate may occur in the future including, for example, statements about our vision, strategies, market trends and outlook, future revenues, capital spending, expansions and new initiatives, financial obligations, available liquidities, expected sales, general economic outlook, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, estimated addressable markets, statements relating to our acquisition of L3H MT and our proposed acquisition of Sabre's AirCentre airline operations portfolio, CAE's access to capital resources, the expected accretion in various financial metrics, expectations regarding anticipated cost savings and synergies, the strength, complementarity and compatibility of the L3H MT and Sabre acquisitions with our existing business and teams, other anticipated benefits of the L3H MT and Sabre acquisitions and their impact on our future growth, results of operations, performance, business, prospects and opportunities, our business outlook, objectives, development, plans, growth strategies and other strategic priorities, and our leadership position in our markets and other statements that are not historical facts.

Forward-looking statements normally contain words like *believe, expect, anticipate, plan, intend, continue, estimate, may, will, should, strategy, future* and similar expressions. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties associated with our business which may cause actual results in future periods to differ materially from results indicated in forward-looking statements. While these statements are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are reasonable and appropriate in the circumstances, readers are cautioned not to place undue reliance on these forward-looking statements as there is a risk that they may not be accurate.

The forward-looking statements contained in this presentation describe our expectations as of February 11, 2022 and, accordingly, are subject to change after such date. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. The forward-looking information and statements contained in this presentation are expressly qualified by this cautionary statement. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this presentation. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

You will find more information about risk factors in CAE's MD&A for the year ended March 31, 2021 and in our filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which are available under our profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Any one or more of the factors described above and elsewhere in this presentation may be exacerbated by the continuing COVID-19 pandemic and may have a heightened negative impact on CAE's business, results of operations and financial condition. Accordingly, readers are cautioned that any of the disclosed risks could have a material adverse effect on CAE's forward-looking statements. Readers are also cautioned that the risks described in the MD&A and elsewhere in this presentation are not necessarily the only ones we face; additional risks and uncertainties that are presently unknown to us or that we may currently deem immaterial may adversely affect our business.

Disclaimer

Material assumptions

The forward-looking statements set out in this presentation are based on certain assumptions including, without limitation: the anticipated negative impacts of the COVID-19 pandemic on our businesses, operating results, cash flows and/or financial condition, including the intended effect of mitigation measures implemented as a result of the COVID-19 pandemic and the timing and degree of easing of global COVID-19-related mobility restrictions, the prevailing market conditions, customer receptivity to CAE's training and operational support solutions, the accuracy of our estimates of addressable markets and market opportunity, the realization of anticipated annual recurring cost savings and other intended benefits from recent restructuring initiatives and operational excellence programs, the stability of foreign exchange rates, the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates, the availability of borrowings to be drawn down under, and the utilization, of one or more of our senior credit agreements, our available liquidity from cash and cash equivalents, undrawn amounts on our revolving credit facilities, the balance available under our receivable purchase program, our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, access to expected capital resources within anticipated timeframes, no material financial, operational or competitive consequences from changes in regulations affecting our business, our ability to retain and attract new business, the completion of the proposed Sabre acquisition, the integration and the realization of the anticipated benefits and synergies of the proposed Sabre acquisition in the timeframe anticipated, our ability to achieve synergies and maintain market position arising from successful integration plans relating to the L3H MT acquisition, our ability to otherwise complete the integration of the L3H MT business acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT acquisition, management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT acquisition and resulting impact on growth and accretion in various financial metrics, the realization of the expected strategic, financial and other benefits of the L3H MT acquisition in the timeframe anticipated, economic and political environments and industry conditions, the accuracy and completeness of public and other disclosure, including financial disclosure, by L3Harris Technologies, absence of significant undisclosed costs or liabilities associated with the L3H MT acquisition. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this presentation, refer to the applicable reportable segment in CAE's MD&A for the year ended March 31, 2021 and in our filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which are available under our profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from CAE, governments, regulatory authorities, businesses and customers, there is inherently more uncertainty associated with CAE's assumptions. Accordingly, the assumptions outlined in this presentation and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

Non-GAAP Measures

Except as otherwise indicated, all financial information has been reported in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This presentation includes non-GAAP and other financial measures. Non-GAAP measures are useful supplemental information but do not have a standardized meaning according to GAAP. These measures should not be confused with, or used as an alternative for, performance measures calculated according to GAAP. Furthermore, these non-GAAP measures should not be compared with similarly titled measures provided or used by other companies. Management believes that providing certain non-GAAP measures provides users with a better understanding of our results and trends and provides additional information on our financial and operating performance.

For non-GAAP and other financial measures monitored by CAE, and a reconciliation of such measures to the most directly comparable measure under GAAP, please refer to Section 5 of CAE's MD&A for the quarter ended December 31, 2021 filed with the Canadian Securities Administrators available on our website (www.cae.com) and on SEDAR (www.sedar.com). Non-GAAP and other financial measure definitions and reconciliations to the most directly comparable measures under GAAP can also be found in the Appendix of this presentation.

CAE is a high technology company, at the leading edge of digital immersion, providing solutions to make the world a safer place



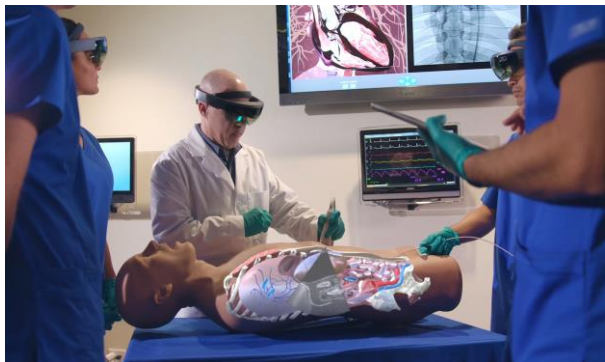
Our mission

To lead at the frontier of digital immersion with high-tech training and operational support solutions to make the world a safer place.



Our vision

To be the worldwide partner of choice in civil aviation, defence & security, and healthcare by revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency and readiness.



Corporate social responsibility (CSR)

Integral to who CAE is as a company and how our organization makes a difference in the world. CSR is embedded in our culture, and drives our priorities, decisions and actions.

CAE is a world leader in training and operational support solutions with three core business units

Civil Aviation Training Solutions



We play a key role in making air travel safer as the world's premier aviation training business delivering over 1 million hours of training annually*

Defence and Security



We are a world leading platform agnostic, training and simulation pure play ensuring mission readiness by integrating solutions across all five domains

Healthcare

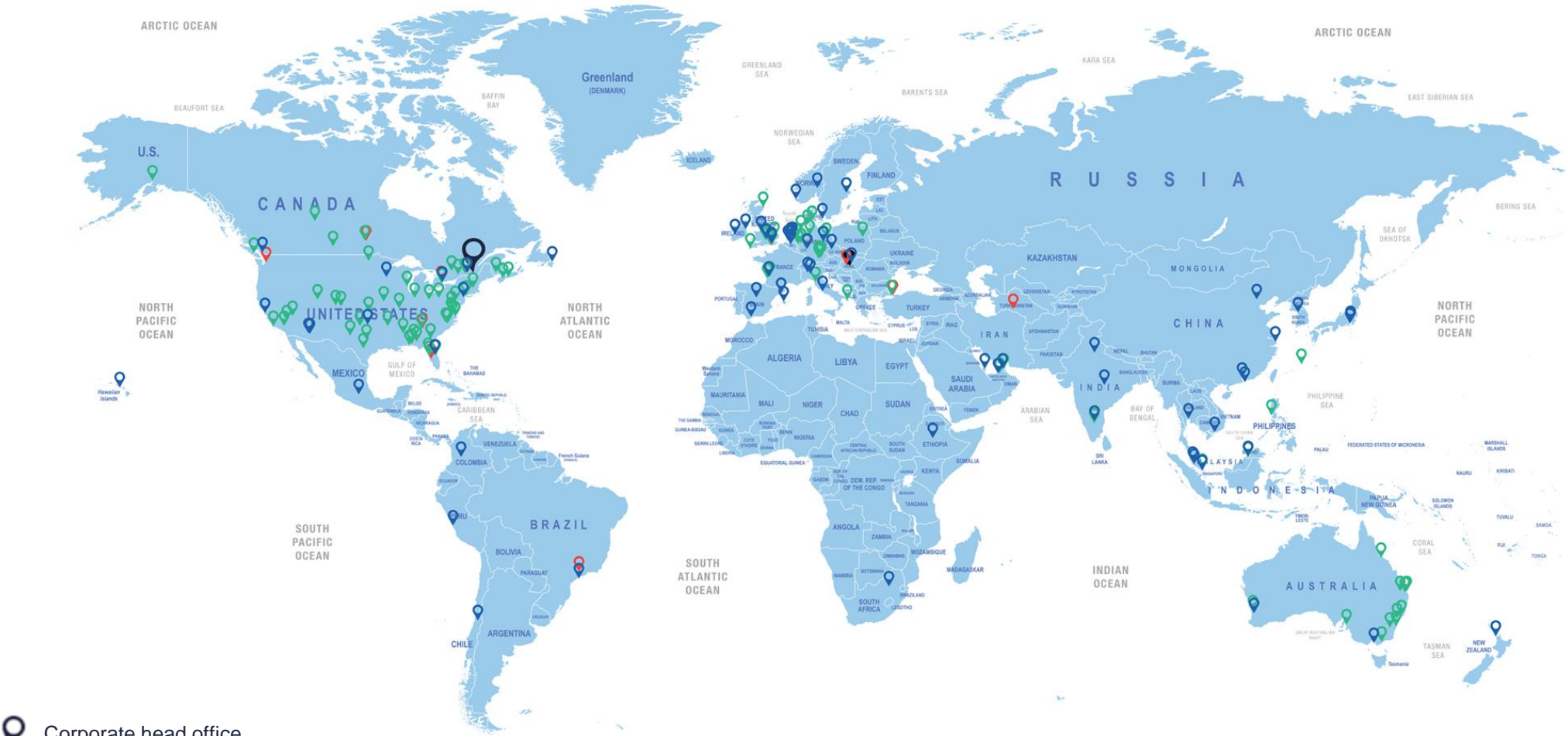


We help make healthcare safer and improve patient outcomes by developing healthcare professionals through technology, education, and training

*FY2019 and FY2020

Diversified global business

For the year ended March 31, 2021



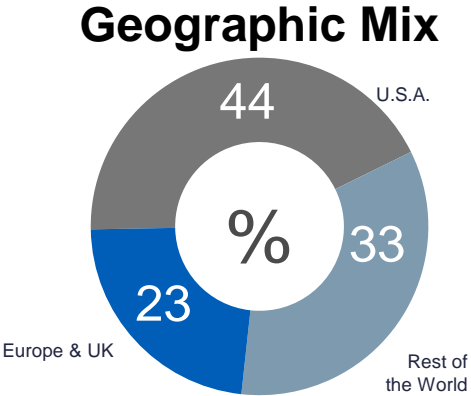
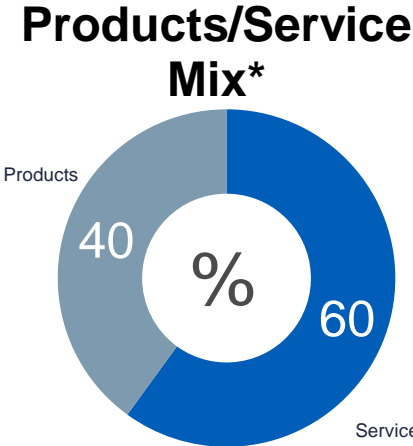
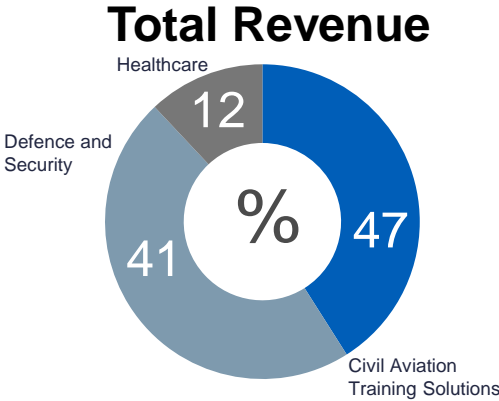
- Corporate head office
- Civil Aviation Training Solutions
- Defence & Security
- Healthcare

* Approximate value including JV sales

\$3.0B
FY21 Revenue

180+
locations

11,000+
employees



We are a global leader in immersive training environments

Knowledge Leadership

- 2,500+ engineers
 - Electronics
 - Systems
 - Mechanical & electrical
 - Software
- Talented manufacturing workforce



Industrial Champion

- Best-in-class global supply chain
- Broad global footprint
- World-class operational and functional processes
- Short prototype-to-production cycle time
- Highly agile organization



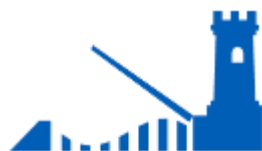
Advanced Technologies

- Deep technology expertise
 - Virtual and Augmented Reality
 - Remote (real-time) networking
 - Synthetic Environments
 - Cloud and AI solutions
 - Complex man-to-machine interface

CAE's 8 pillars of strength

'8 Pillars of Strength'
underlie CAE's
compelling investment
thesis

- ❑ Market leader
- ❑ Technology-focused
- ❑ Secular growth
- ❑ Recurring revenues



Industry leader with a
strong competitive
moat



Potential for
compounding growth
and superior returns
over the long term



High degree
of recurring
business



Solid financial position and
highly cash generative
business model



Headroom
in large
markets



Excellent and diverse
team with a unique
social impact on safety



Culture of innovation,
empowerment,
excellence and
integrity



Technology and
industry thought leader

Social impact is at the heart of the Company



Climate action



Carbo-neutral for Scope 1 and Scope 2 emissions and on employee business travel (Partial Scope 3)

Reduction of GHG emissions

Quebec electricity: **99.64%** from renewable sources

Impact on the industry decarbonization

For FY21, **5M+ tonnes CO2e** emissions avoided due to our simulation technologies

- Became the **first Canadian aerospace company to become carbon neutral**, in 2020
- Completed the **Task Force on Climate-related Financial Disclosures (TCFD) reporting** since 2020
- Created the **Climate Change Committee** to specifically address climate-related issues and integrate climate-related risks and opportunities into CAE's business strategy
- Committed to progressively **integrate biofuel and electric aircraft into our academies**. CAE and its partners will be accelerating the technology development, the digital transformation, and knowledge for the advancement of future aircraft technologies



Women employees*

22.3%

Women Board members*

28%

Women Senior Executives*

30%

- Named to the **Bloomberg Gender-Equality Index** for the fourth consecutive year
- Recognized among **The Globe and Mail's Women Lead Here honorees**
- Received **Silver Parity certification** from Women in Governance organization
- Launched Dare: an extensive 12-month program that aims to equip and inspire women to take ownership of their careers
- Introduced **Employee Resource Groups** (Parents of children with special needs, LGBTQ2+, Women in Aviation and Technology, Race and Ethnicity and Veterans)
- Became a **signatory of United Nations Women's Empowerment Principles (WEPs) in September 2020**



CAEWomeninFlight



* FY21



Diversity and inclusion

Extensive ESG disclosure

Signatory of the
United Nations
Global Compact



United Nations
Global Compact



Extensive reporting on
recognized ESG
frameworks



S&P Global

Civil Aviation Training Solutions





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Market drivers

Demand Drivers

- **Pilot and maintenance training** and industry regulations;
- **Safety and efficiency imperatives** of commercial airlines and business aircraft operators;
- Expected **long-term secular global growth** in air travel, including the emergence of the newer market for **advanced air mobility travel**;
- Expected long-term growth, including **new aircraft deliveries and renewal of the active fleet of commercial and business aircraft**;
- **Demand for trained aviation professionals**



Profitability Drivers

- **Favourable business mix drivers**, including large market headroom in training services
- **Potential to increase the ratio of wet versus dry training in commercial training**
- **Expansion of operational support offering** by using advanced analytics, software solutions and digital technology to enhance our value offering across the whole organization
- **Operational excellence programs** expected to realize significant annual recurring cost savings
- **Training outsourcing and partnerships**

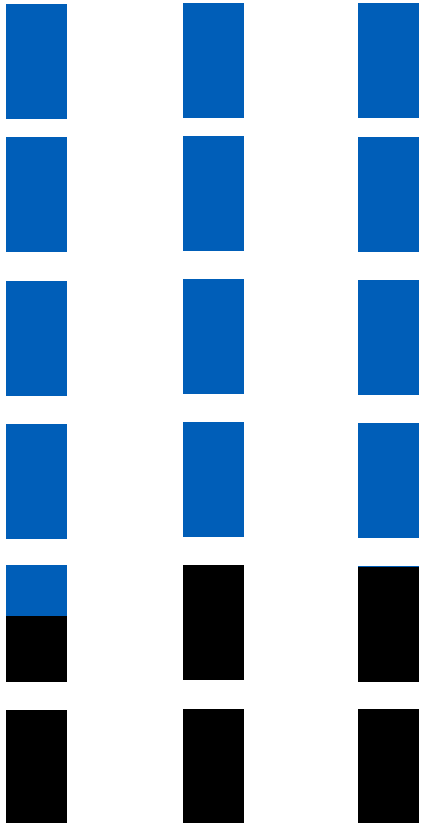
CAE's Civil Aviation Training Solutions segment is positioned as a gateway in a highly regulated, secular growth market, and it has significant headroom for growth

Headroom in a large market



Civil Addressable Market
~\$6.2B*

~30%*
CAE



CAE has potential to increase share in a large and growing market

Source: CAE internal analysis
* Market share metrics based on FY20 (pre Covid-19 revenue)

We have been opportunistic with M&A

FY21 Acquisitions



Amsterdam-based provider of total civil training solutions as well as instructor provisioning



A leading civil aviation crew management and optimization software company



A leading manufacturer of flight simulators and training devices for civil markets



RB group.aero

A leading provider of fully integrated solutions that modernize the way airlines interact with their crew.

FY22 Acquisitions



A leading on-location training provider of maintenance, avionics, professional development, and safety instruction for the business aviation industry.

Sabre

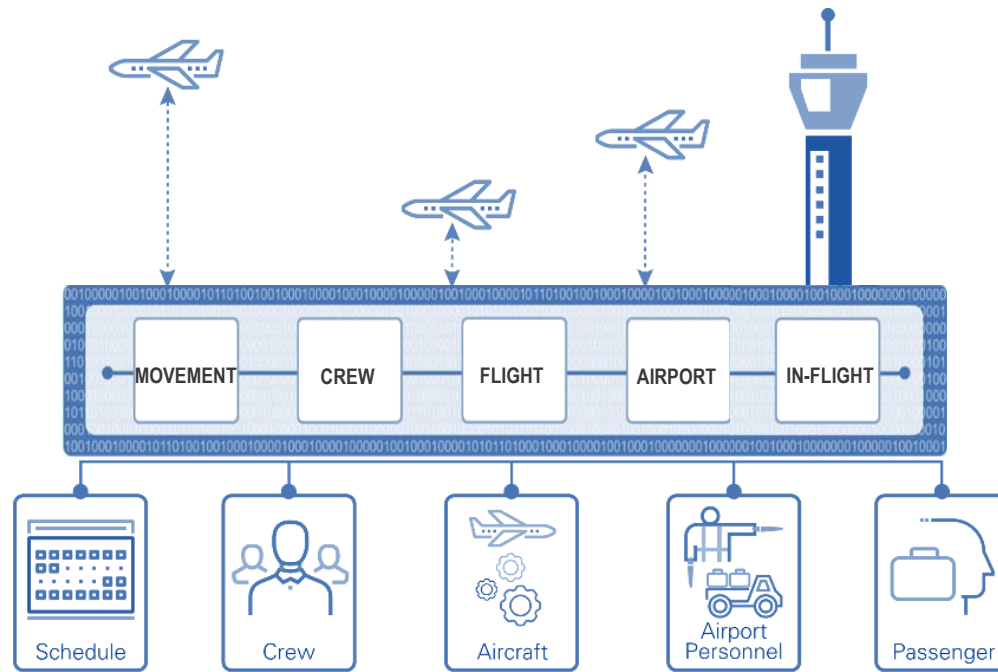
AirCentre Airline Operations Portfolio

Announced in October 2021

Suite of flight and crew management and optimization solutions designed to enable airlines to operate their businesses with efficiency and precision

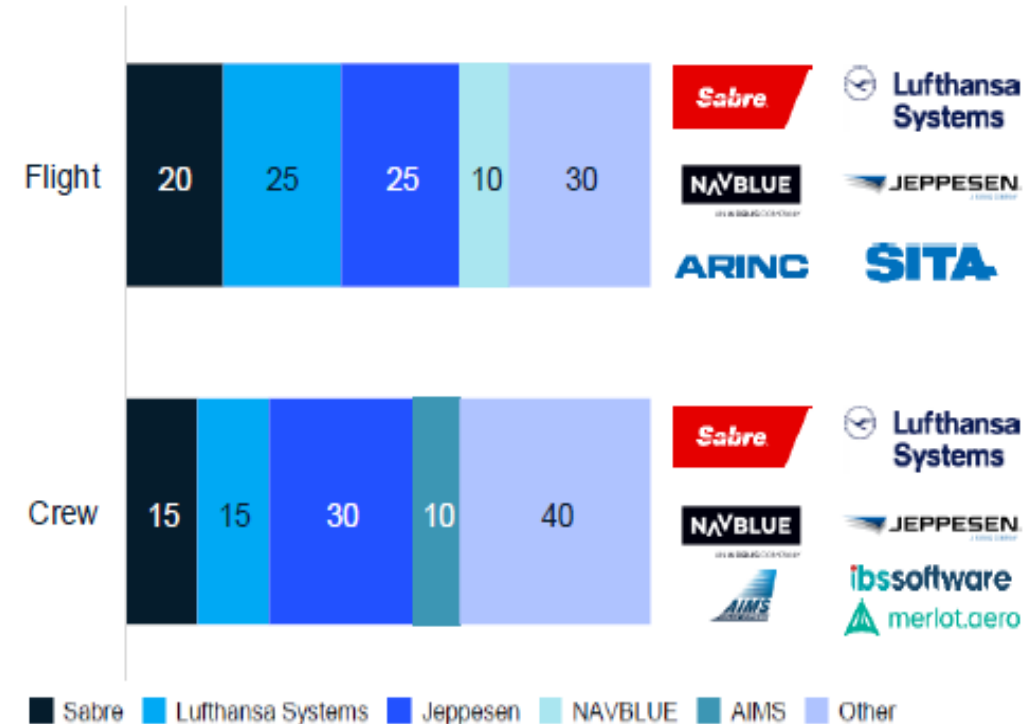
CAE is capitalizing on market disruption by successfully executing acquisitions that align with its strategic priorities

Civil Flight Services – Sabre acquisitions overview



- Acquisition closed in March 2022
- Detailed discussions on-going regarding technology and product leadership
- Will **invest in the technology** to drive customer satisfaction and best of breed product
- Successfully **created a strong adjacent market position** for CAE to grow within.

Market Share (% of total addressable market)

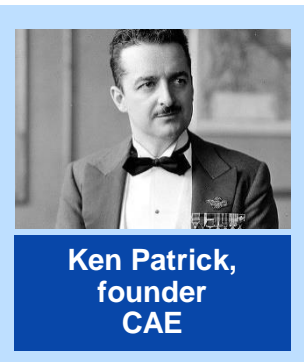
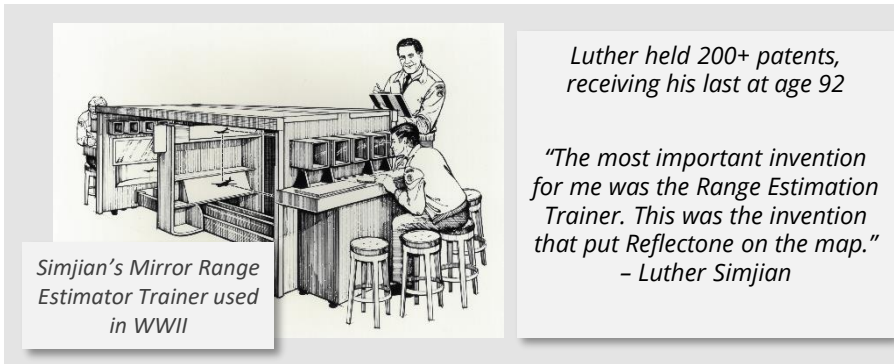
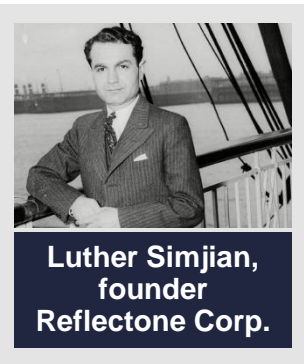
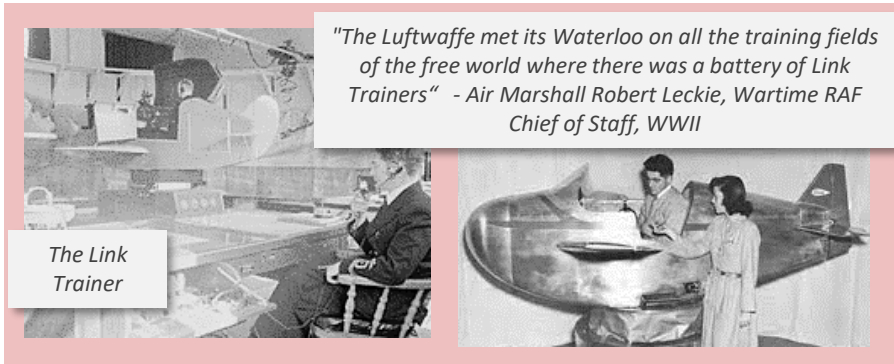
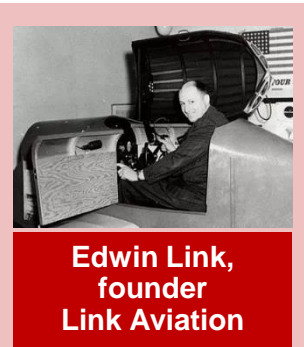


CAE continues to explore opportunities to expand this portfolio

Defence & Security



The legacy of the three founding fathers now all under one roof



1929
Edwin Link founds
Link Aviation

1939
Luther Simjian founds
Reflectone Corporation

1947
Ken Patrick founds
CAE

1988
CAE buys Link Military
Simulation Corporation to
become CAE-Link

1995
Link purchased by Hughes
Electronics Corporation

2000
L-3 Communications buys and
names L-3 Link Simulation & Training

2001
CAE purchased Reflectone
to establish CAE USA Inc.

2021
CAE acquires L3Harris Technologies'
Military Training to include Link, Doss
Aviation and AMI

Quarter millennium of combined experience and industry firsts!

Defence & Security Overview



50+
Countries



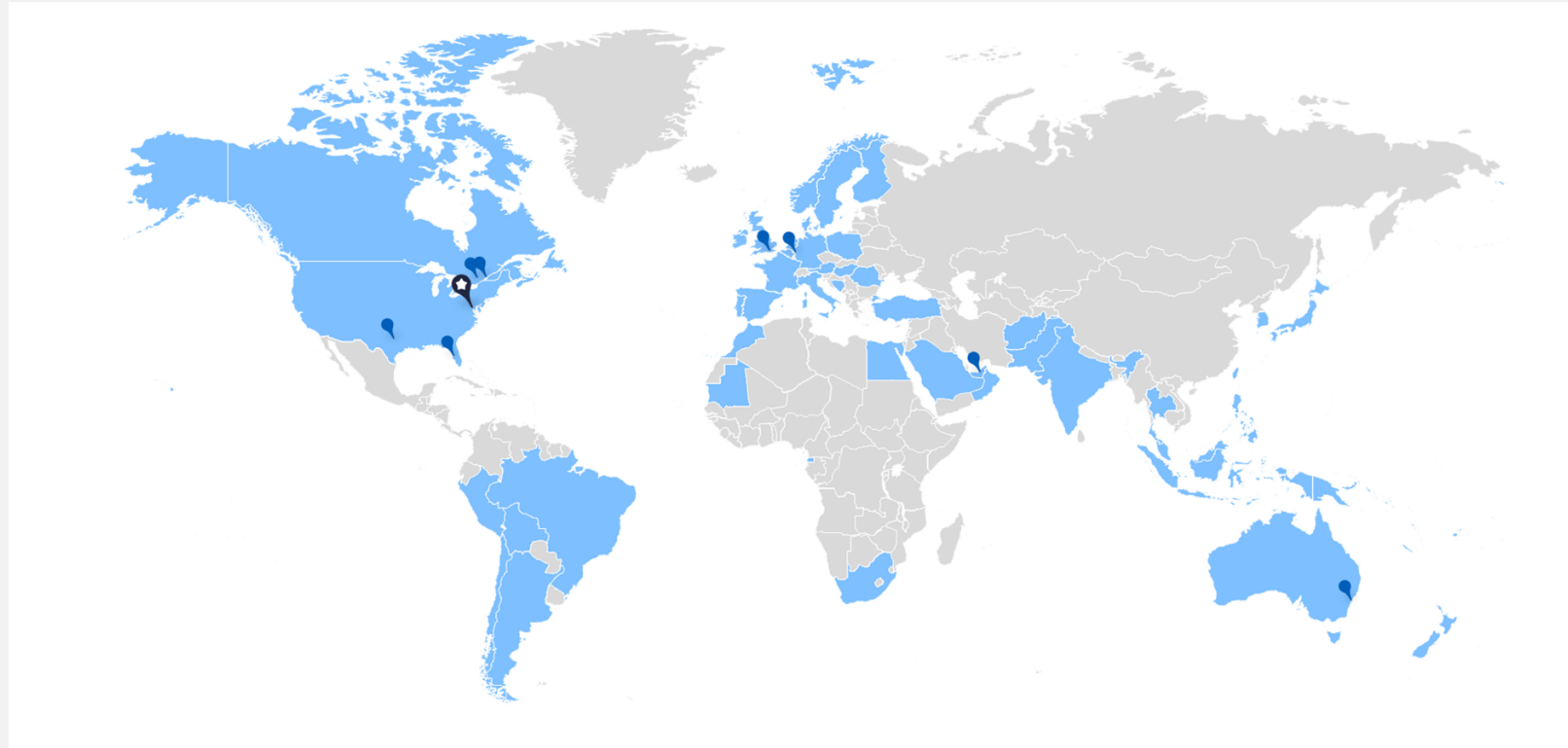
120+
Sites



75+
Platforms



5,500+
Employees



D&S regional offices in key markets

- Washington, DC (HQ)
- Tampa, FL
- Arlington, TX
- Montreal, QC
- Ottawa, ON
- Burgess Hill, UK
- Stolberg, Germany
- Abu Dhabi, UAE
- Homebush, Australia

CAE Defence is a world leading platform agnostic, training and simulation pure play ensuring mission readiness by integrating solutions across all five domains

Addressing new realities in the Defence environment



Allied nation defence strategies lay out priorities that address the capabilities necessary to **operate** in this changing, **multi-domain** environment

These priorities are **shared** by our customers around the world

Primary defence documents point to common needs:

- Training in **synthetic environments** to reduce costs and support complex, multi-domain exercises
- Using **Artificial Intelligence / Machine Learning** to process multi-layered / disparate data for decision support
- Secured and distributed **Common Operating Picture** for **Joint All-Domain Command and Control**



Defence
Command
Paper
(2021)



Interim National
Security Strategic
Guidance
(2021)



Force
Structure
Plan & Update
(2020)



Strong,
Secure,
Engaged
(2017)



Strategic
Defence
Policy
(2018)

**We developed our strategy to align with our customer's priorities,
positioning CAE to capture an increased part of the digital growth markets**

Defence addressable market

Training Systems Integration (TSI)

Live Training



Virtual Training



Constructive Training



Learn



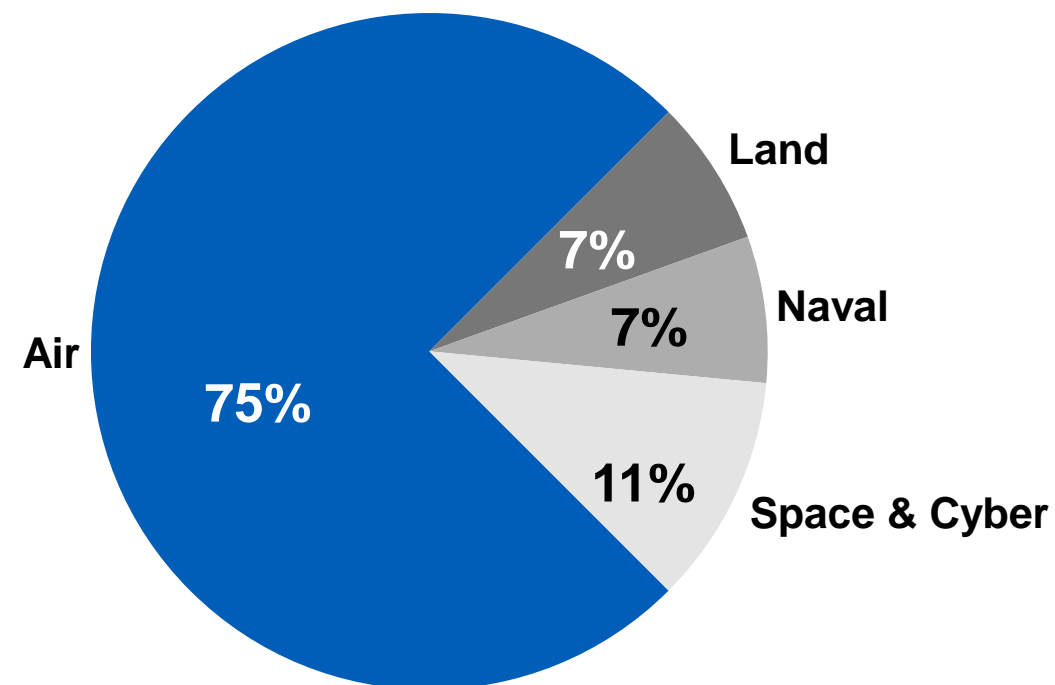
Practice



Perform



~\$14B* Military Training & Simulation Market



CAE is a world leading Training Systems Integrator with significant headroom in its addressable markets

Source: CAE internal analysis

* Metrics in CAD. Market size represents FY22

Market drivers

Demand Drivers

- Defence budgets;
- Installed base of enduring defence platforms and new customers;
- Attractiveness of outsourcing training, maintenance and operational support services;
- Pilot and aircrew recruitment, training and retention challenges faced by militaries globally;
- Desire to network and integrate training systems to achieve efficiencies and better prepare for the complexities of conflict in a joint multi-domain environment;
- Desire of governments and defence forces to increase the use of synthetic environments for training, planning, analysis and decision support;
- Progression of commercially available digital technology enablers used for training solutions.



Profitability Drivers

- Leading platform-agnostic training and simulation integrator leveraging solutions across a global footprint;
- Access to strategic contract vehicles, allowing flexibility to offer solutions to more customers and at the point of need;
- Adding customers with more complex problem sets and solution demands to include space and cyber domains and the Intelligence community;
- Partnering with OEMs on next-generation platforms for more effective and efficient program execution;
- Operational focus on improving contracting, sub-contracting and program delivery quality processes.

CAE's Defence and Security segment is positioned to lead the frontier of digital immersion by revolutionizing training and mission operations as the global platform agnostic pure play leader in training and simulation

Healthcare



CAE Operations are Strategically Located in Key Growth Markets and Well-Positioned to Capitalize on Post COVID-19 Industry Trends



3500+

Simulated clinical
experience
courseware packages



50+

Adjunct faculty, incl.
nurses, physicians,
paramedics and
sonographers²



80+

Countries with CAE-
provided training
solutions

TAM:

~\$1.7B

Including Military & Government,
Industry, Academia & Professional

Key Services & Products offered

- Reimagining the art and science of simulation
 - Enhanced capabilities, higher fidelity, greater realism
 - Complete portfolio of patient, surgical, and imaging simulators for all healthcare professionals
- Developing next-generation platforms
 - Holistic and high-tech solutions, including AR/VR
 - Enhancing the experience for healthcare learners, offering more tools to the healthcare instructors
- Elevating education
 - Leveraging renowned organizations to build world-class content and curricula
 - Offering a complete array of on-line credited learning for professionals and students
- Creating customized and targeted offerings
 - OEM and patient training, turnkey simulation centers
 - A diverse offering of customized solutions for OEMs and the military
- Diversifying and broadening the portfolio
 - Building on the safety focus with new products
 - Products for both healthcare and aviation

Market drivers

Demand Drivers

- **Limited access to live patients during training;**
- **Medical and mixed reality technology revolution;**
- **Rising use of simulation**, with a demand for innovative and custom training approaches to prevent medical errors;
- **Increased focus on disaster preparedness**, alongside chronic shortage of medical professionals, especially nurses;
- Growing emphasis on **patient safety and outcomes**.

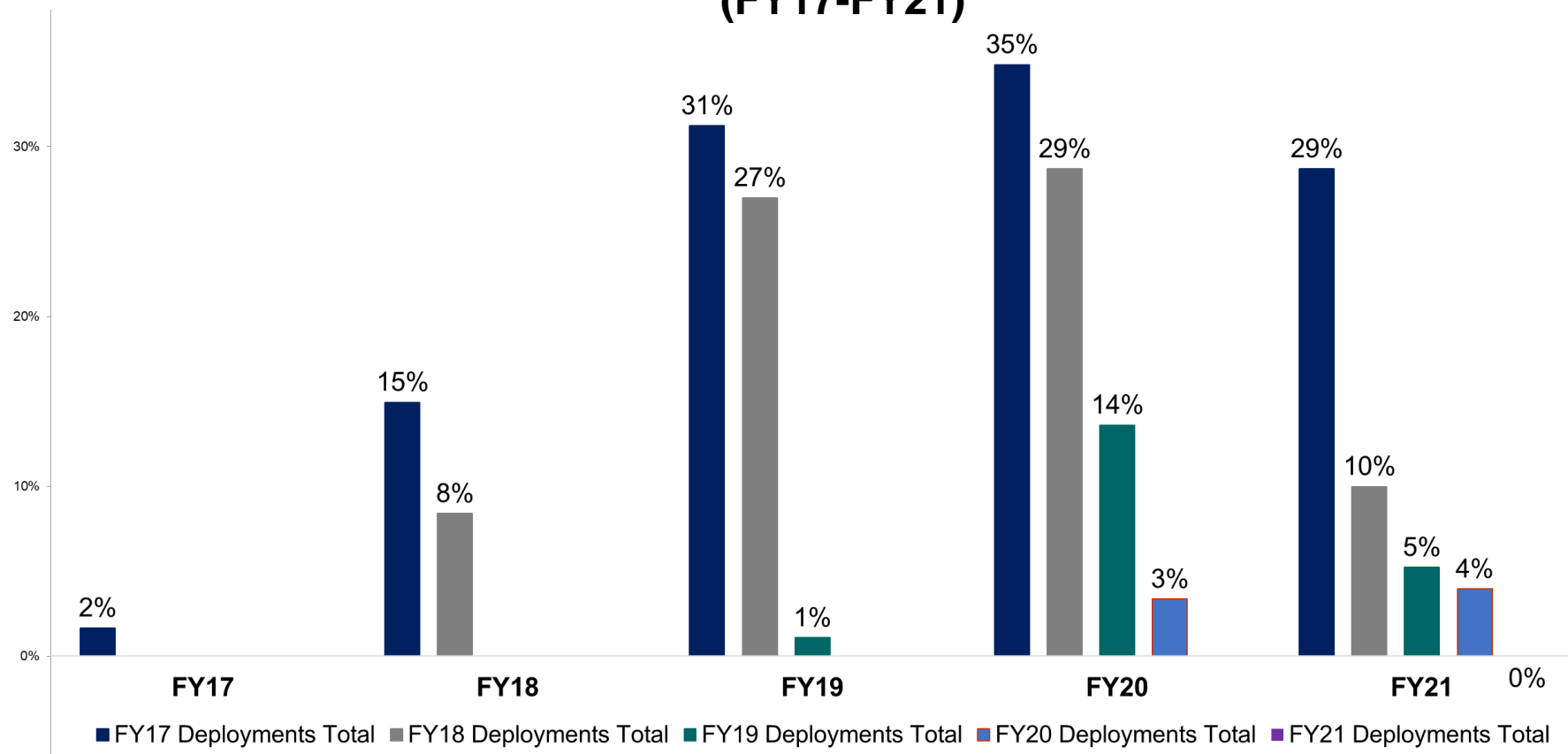
CAE's healthcare segment is positioned as a leader in developing healthcare professionals and promoting safety through technology, educational content and training

Capital Allocation Strategy



Attractive compound growth

Incremental Pre-tax Return % on Organic Capital Deployed in Civil Training** (FY17-FY21)



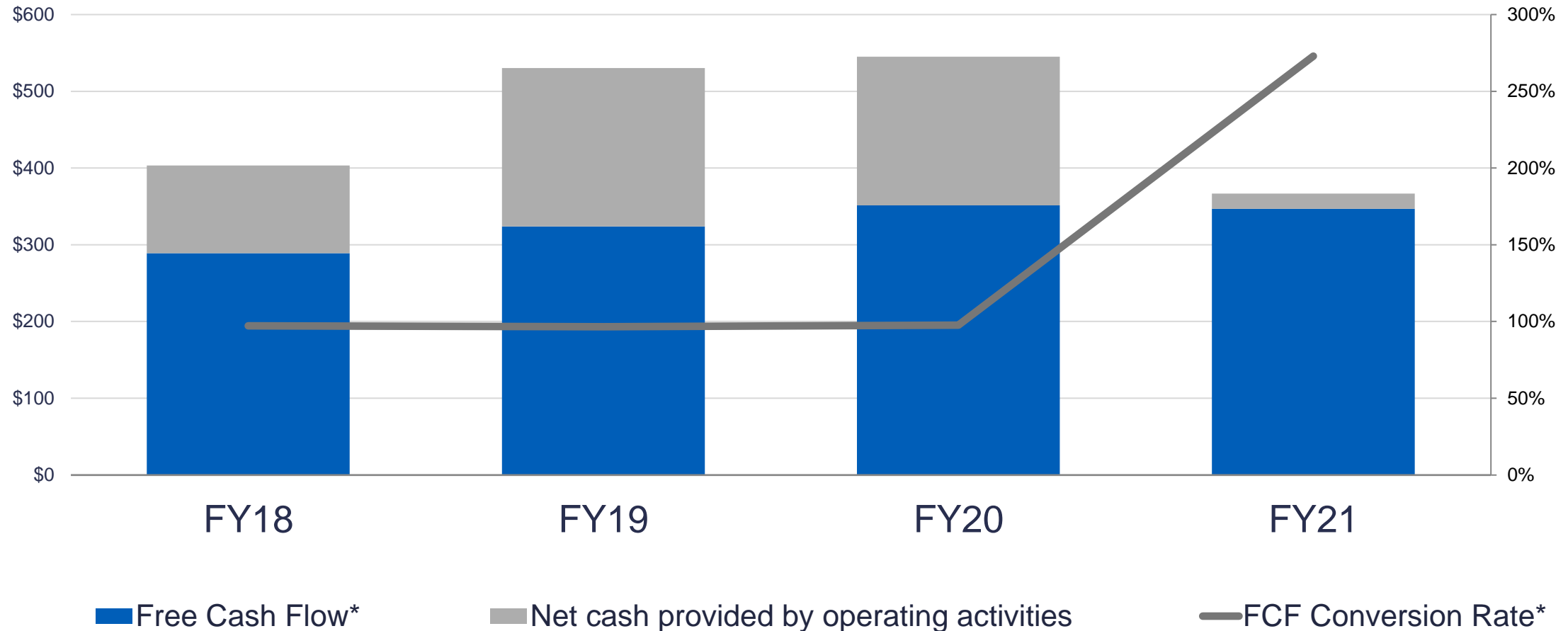
\$578M+ organic capital investment from FY17-FY21 to deploy 67+ FFSs* within CAE's Civil commercial and business aviation training network

Organic growth capital deployed in Civil over the last five years has increased the base of recurring revenues and has been highly accretive

*Non-GAAP and other financial measures

**Defined as the operating profit of the FFSs* by year of deployment

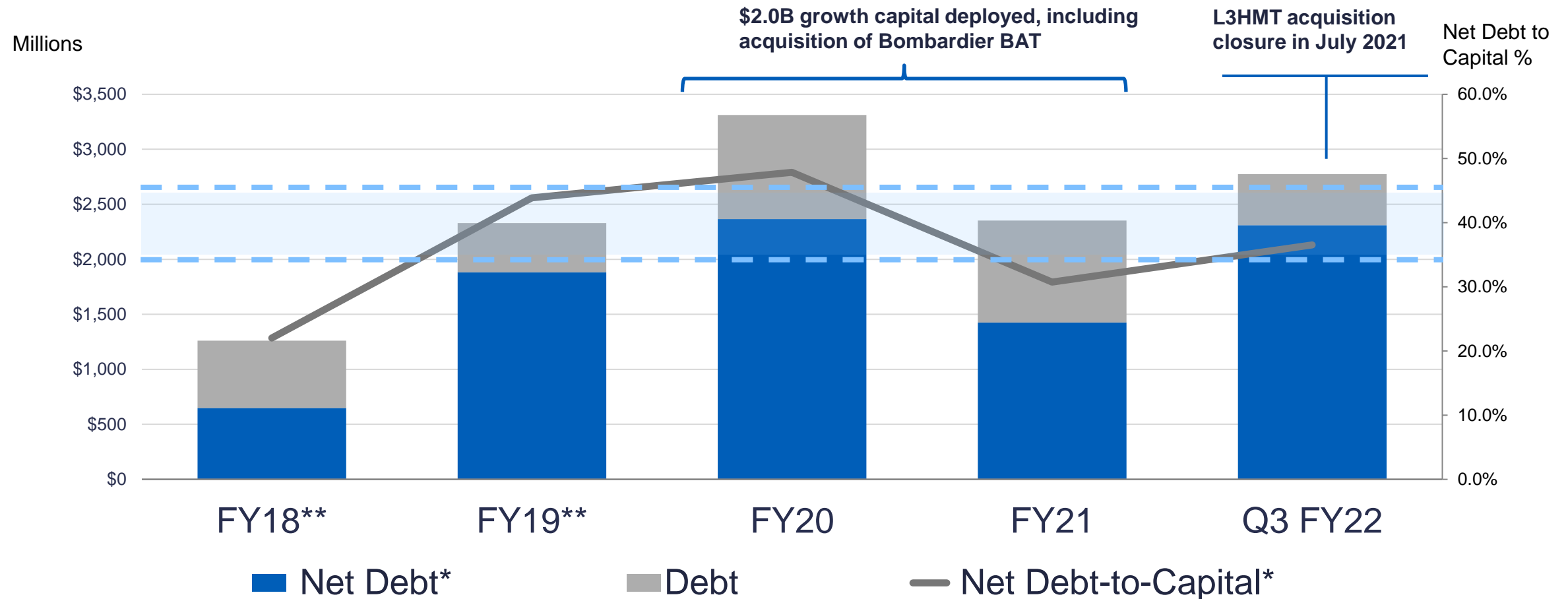
Strong free cash flow generation



The aim is to target average 100% conversion of net income to free cash flow

* Non-GAAP and other financial measures (see Appendix)

Maintain solid balance sheet while investing in accretive growth



Track record of maintaining a solid financial position while deploying accretive growth capital

* Non-GAAP and other financial measures (see Appendix)

** Figures have not been restated to reflect the adoption of IFRS 16.

Summary



Compelling secular growth story with exposure to the anticipated Aero recovery ✓

Comprehensive solutions provider to partners in critical industries ✓

Poised to capitalize on significant benefits from recent M&A ✓

Proven track record of balanced, opportunistic capital deployment ✓

Deep industry expertise and commitment to innovation ✓

Appendix



FY22 select financial highlights

Summary of Financial Highlights (amounts in millions, except per share amounts, ROCE and book-to-sales)	Q1 FY22	Q2 FY22	Q3 FY22	FY22 YTD
Revenue	\$752.7	\$814.9	\$848.7	\$2,416.3
Operating income	86.2	39.2	65.5	190.9
Adjusted segment operating income (SOI)*	98.4	90.7	112.7	301.8
Adjusted SOI excluding COVID-19 government support programs*	84.8	90.7	112.7	288.2
Net income attributable to equity holders of the Company	46.4	14.0	26.2	86.6
Basic and diluted earnings per share (EPS)	0.16	0.04	0.08	0.28
Adjusted net income*	55.6	53.2	60.7	169.5
Adjusted EPS *	0.19	0.17	0.19	0.55
Adjusted net income excluding COVID-19 government support programs*	45.6	53.2	60.7	159.5
Adjusted EPS excluding COVID-19 government support programs*	0.15	0.17	0.19	0.51
Free cash flow*	\$(147.6)	\$19.4	\$282.1	\$153.9
Net cash used in operating activities	(129.1)	30.9	309.6	211.4
Capital employed*	\$4,917.6	\$6,500.1	\$6,325.0	
Non-cash working capital*	251.8	318.6	66.8	
Net debt*	1,669.2	2,481.5	2,310.5	
Total debt	2,359.7	2,821.9	2,774.0	
Return on capital employed (ROCE)*	5.0%	4.9%	4.2%	
Adjusted ROCE*	6.7%	6.6%	6.1%	
Total backlog*	\$7,934.1	\$8,827.9	\$9,177.2	
Order intake*	521.5	871.4	1,377.2	
Book-to-sales ratio*	0.69x	1.07x	1.62x	
Book-to-sales ratio* for the last 12 months	0.89x	0.92x	1.12x	

* Non-GAAP and other financial measures (see Appendix)

Reconciliation of non-GAAP measures

Reconciliation of adjusted segment operating income (amounts in millions)	Q1 FY22	Q2 FY22	Q3 FY22	FY22 YTD
Operating income	\$86.2	\$39.2	\$65.5	\$190.9
Restructuring, integration and acquisition costs	12.2	51.5	47.2	110.9
Adjusted SOI	\$98.4	\$90.7	\$112.7	\$301.8
COVID-19 government support programs	13.6	-	-	13.6
Adjusted SOI excluding COVID-19 government support programs	\$84.8	\$90.7	\$112.7	\$288.2

Reconciliation of adjusted net income and adjusted earnings per share (amounts in millions, except per share amounts)	Q1 FY22	Q2 FY22	Q3 FY22	FY22 YTD
Net income attributable to equity holders of the Company	\$46.4	\$14.0	\$26.2	\$86.6
Restructuring, integration and acquisition costs, after tax	9.2	39.2	34.5	82.9
Adjusted net income	\$55.6	\$53.2	\$60.7	\$169.5
COVID-19 government support programs, after tax	10.0	-	-	10.0
Adjusted net income excluding COVID-19 government support programs	\$45.6	\$53.2	\$60.7	\$159.5
Average number of shares outstanding (diluted)	295.8	318.7	318.7	311.1
Adjusted EPS	\$0.19	\$0.17	\$0.19	\$0.55
Adjusted EPS excluding COVID-19 government support programs	\$0.15	\$0.17	\$0.19	\$0.51

Non-GAAP measure definitions

Adjusted earnings or loss per share (EPS)

Adjusted earnings or loss per share is a non-GAAP measure calculated by excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or material events, after tax, as well as significant one-time tax items from the diluted earnings per share from continuing operations attributable to equity holders of the Company. The effect per share is obtained by dividing these restructuring, integration and acquisition costs and impairments and other gains and losses, after tax, as well as one-time tax items by the average number of diluted shares. We track it because we believe it provides a better indication of our operating performance on a per share basis and facilitates the comparison across reporting periods.

Adjusted earnings or loss per share excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

Adjusted net income or loss

Adjusted net income or loss is a non-GAAP measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or material events, after tax, as well as significant one-time tax items. We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods.

Adjusted net income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income, after tax, but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results.

Adjusted segment operating income or loss (SOI)

Adjusted segment operating income or loss is a non-GAAP measure and is the sum of our key indicators of each segment's financial performance. Adjusted segment operating income or loss gives us an indication of the profitability of each segment because it does not include the impact of any items not specifically related to the segment's performance. We calculate adjusted segment operating income by taking operating income and excluding restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or material events. We track it because we believe it provides a better indication of our operating performance and facilitates the comparison across reporting periods. Additionally, adjusted segment operating income or loss is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance.

Adjusted segment operating income or loss excluding COVID-19 government support programs further excludes the impacts of government contributions related to COVID-19 support programs that were credited to income but does not adjust for COVID-19 heightened operating costs that we have been carrying and that have been included in our results. While management is aware of such further adjusted measure, it is not specifically employed by management as a profitability measure for making decisions about allocating resources to segments and assessing segment performance.

Capital employed

Capital employed

Capital employed is a non-GAAP measure we use to evaluate and monitor how much we are investing in our business. We measure it from two perspectives:

Capital used:

For the Company as a whole, we take total assets (not including cash and cash equivalents), and subtract total liabilities (not including long-term debt and the current portion of long-term debt);

For each segment, we take the total assets (not including cash and cash equivalents, tax accounts and other non-operating assets), and subtract total liabilities (not including tax accounts, long-term debt and the current portion of long-term debt, royalty obligations, employee benefit obligations and other non-operating liabilities).

Source of capital:

In order to understand our source of capital, we add net debt to total equity.

For a reconciliation of this non-GAAP measure to the most directly comparable measure under GAAP, refer to section 9.1 "Consolidated capital employed" of the interim MD&A for the period ending December 31, 2021 (as filed on SEDAR (www.sedar.com) on February 11, 2022), as well as section 7.1 "Consolidated capital employed" of the financial report for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021 (as filed on SEDAR (www.sedar.com) on May 25, 2018, May 17, 2019, May 22, 2020, and May 19, 2021 respectively), which sections are specifically incorporated by reference into this presentation.

Return on capital employed (ROCE)

ROCE is used to evaluate the profitability of our invested capital. We calculate this ratio over a rolling four-quarter period by taking net income attributable to equity holders of the Company excluding net finance expense, after tax, divided by the average capital employed.

Non-GAAP measure definitions

Free cash flow

Free cash flow is a non-GAAP measure that shows us how much cash we have available to invest in growth opportunities, repay debt and meet ongoing financial obligations. We use it as an indicator of our financial strength and liquidity. We calculate it by taking the net cash generated by our continuing operating activities, subtracting maintenance capital expenditures, investment in other assets not related to growth and dividends paid and adding proceeds from the disposal of property, plant and equipment, dividends received from equity accounted investees and proceeds, net of payments, from equity accounted investees. For a reconciliation of this non-GAAP measure to the most directly comparable measure under GAAP, refer to section 8.1 "Consolidated cash movements" of the interim MD&A for the periods ending December 31, 2021 (as filed on SEDAR (www.sedar.com) on February 11, 2022), as well as section 6.1 "Consolidated cash movements" of the financial report for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021 (as filed on SEDAR (www.sedar.com) on May 25, 2018, May 17, 2019, May 22, 2020, and May 19, 2021 respectively), which sections are specifically incorporated by reference into this presentation.

Cash conversion rate

Cash conversion rate is a non-GAAP measure we use to assess our performance in cash flow generation and as a basis for evaluating our capitalization structure. We calculate it by dividing free cash flow by adjusted net income or loss.

Full-flight simulators (FFSs) in CAE's network

A FFS is a full-size replica of a specific make, model and series of an aircraft cockpit, including a motion system. In our count of FFSs in the network, we generally only include FFSs that are of the highest fidelity and do not include any fixed based training devices, or other lower-level devices, as these are typically used in addition to FFSs in the same approved training programs.

Net debt

Net debt is a non-GAAP measure we use to monitor how much debt we have after taking into account cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total long-term debt, including the current portion of long-term debt, and subtracting cash and cash equivalents. Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt. For a reconciliation of this non-GAAP measure to the most directly comparable measure under GAAP, refer to section 9.1 "Consolidated capital employed" of the interim MD&A for the periods ending December 31, 2021 (as filed on SEDAR (www.sedar.com) on February 11, 2022), as well as section 7.1 "Consolidated capital employed" of the financial report for the years ended March 31, 2018, March 31, 2019, March 31, 2020 and March 31, 2021 (as filed on SEDAR (www.sedar.com) on May 25, 2018, May 17, 2019, May 22, 2020, and May 19, 2021 respectively), which sections are specifically incorporated by reference into this presentation.

Non-cash working capital

Non-cash working capital is a non-GAAP measure we use to monitor how much money we have committed in the day-to-day operation of our business. We calculate it by taking current assets (not including cash and cash equivalents and assets held for sale) and subtracting current liabilities (not including the current portion of long-term debt and liabilities held for sale). For a reconciliation of this non-GAAP measure to the most directly comparable measure under GAAP, refer to section 9.1 "Consolidated capital employed" of the interim MD&A for the periods ending December 31, 2022 (as filed on SEDAR (www.sedar.com) on February 11, 2022), as well as section 7.1 "Consolidated capital employed" of the financial report for the year ended March 31, 2021 (as filed on SEDAR (www.sedar.com) on May 19, 2021), which sections are specifically incorporated by reference into this presentation.

Operating income or loss

Operating income or loss is an additional GAAP measure that shows us how we have performed before the effects of certain financing decisions, tax structures and discontinued operations. We track it because we believe it facilitates the comparison across reporting periods, and with companies and industries that do not have the same capital structure or tax laws.

Order intake and Backlog

Order intake

Order intake is a non-GAAP measure that represents the expected value of orders we have received:

- For the Civil Aviation Training Solutions segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Additionally, expected future revenues from customers under short-term and long-term training contracts are included when these customers commit to pay us training fees, or when we reasonably expect the revenue to be generated;
- For the Defence and Security segment, we consider an item part of our order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Defence and Security contracts are usually executed over a long-term period but some of them must be renewed each year. For this segment, we only include a contract item in order intake when the customer has authorized the contract item and has received funding for it;
- For the Healthcare segment, order intake is typically converted into revenue within one year, therefore we assume that order intake is equal to revenue.

The book-to-sales ratio is the total orders divided by total revenue in a given period.

Backlog

Total backlog is a non-GAAP measure that represents expected future revenues and includes obligated backlog, joint venture backlog and unfunded backlog and options:

- Obligated backlog represents the value of our order intake not yet executed and is calculated by adding the order intake of the current period to the balance of the obligated backlog at the end of the previous fiscal year, subtracting the revenue recognized in the current period and adding or subtracting backlog adjustments. If the amount of an order already recognized in a previous fiscal year is modified, the backlog is revised through adjustments;
- Joint venture backlog is obligated backlog that represents the expected value of our share of orders that our joint ventures have received but have not yet executed. Joint venture backlog is determined on the same basis as obligated backlog described above;
- Unfunded backlog represents firm Defence and Security orders we have received but have not yet executed and for which funding authorization has not yet been obtained. Options are included in backlog when there is a high probability of being exercised, but indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered order intake in that period and it is removed from unfunded backlog and options.

For a reconciliation of this non-GAAP measure to the most directly comparable measure under GAAP, refer to Section 4.3 "Consolidated orders and total backlog" of the financial report for the years ended March 31, 2019, March 31, 2020 and March 31, 2021 (as filed on SEDAR (www.sedar.com) on May 17, 2019, May 22, 2020, and May 19, 2021, respectively), which sections are specifically incorporated by reference into this presentation.

Thank you!

