

# Investor Presentation

May 22, 2020



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# 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 and expected sales. Forward-looking statements normally contain words like *believe, expect, anticipate, plan, intend, continue, estimate, may, will, should, strategy, future* and similar expressions. 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. 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.

You will find more information in Section 9-Business risk and uncertainty of our fourth quarter and fiscal year ended March 31, 2020 MD&A. This document has been filed with the Canadian securities commissions and is available on our website ([www.cae.com](http://www.cae.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)). It has also been filed with the U.S. Securities and Exchange Commission under Form 6-K and is available on EDGAR ([www.sec.gov](http://www.sec.gov)). Forward-looking statements in this document represent our expectations as of May 22, 2020, and, accordingly, are subject to change after this date. We caution readers that the risks described 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. Additionally, differences could arise because of events that are announced or completed after the date of this document, including mergers, acquisitions, other business combinations and divestitures. 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 report are expressly qualified by this cautionary statement.

The terms "segment operating income (SOI)", "SOI before specific items", "earnings per share (EPS) before specific items", "order intake", "backlog", "book-to-sales", "free cash flow", "return on capital employed (ROCE)", "utilization rate", and "net-debt-to-capital ratio", non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Non-GAAP and other financial measures" in our fourth quarter and year ended March 31, 2020 MD&A for more details.





Our vision is to be the recognized global  
**training partner of choice**  
to enhance safety, efficiency and readiness.

# CAE at a glance

## Leader in three business segments



### Civil Aviation Training Solutions

- Commercial Aviation Training
- Business Aviation Training
- Training equipment
- Ab Initio Training
- Crew sourcing

### Defence and Security

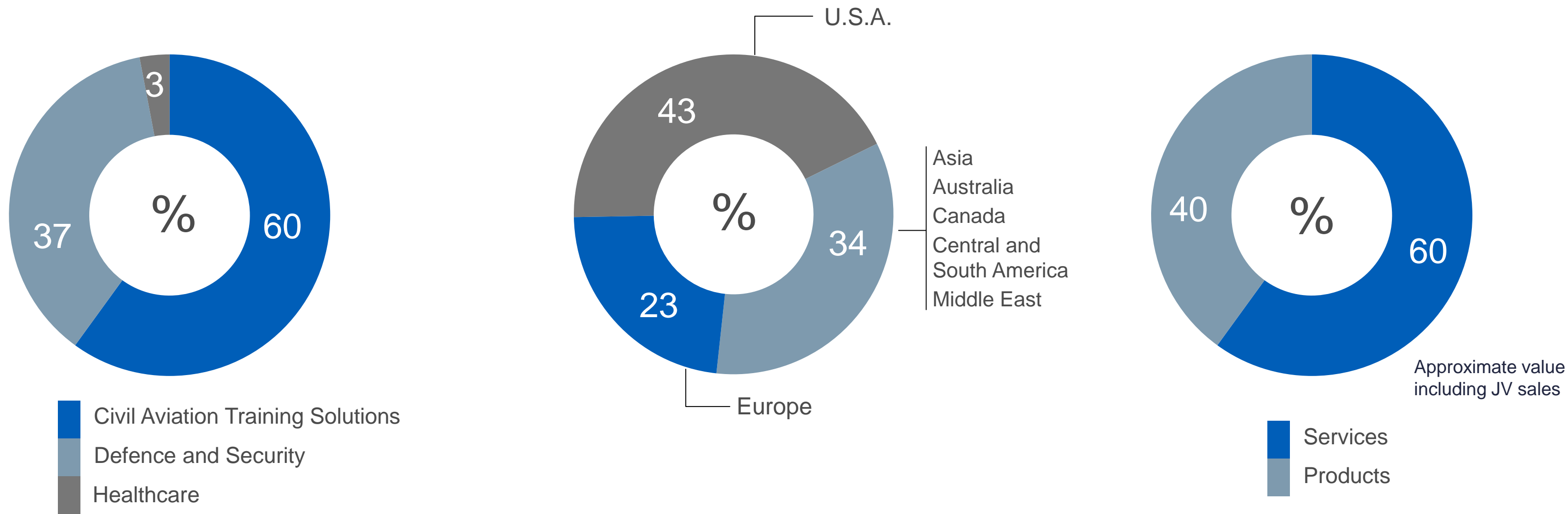
- Training Systems Integrator
- Mission support solutions
- Virtual and live training
- Training equipment

### Healthcare

- Patient simulation
- Imaging/Interventional simulation
- Courseware & Audiovisual solutions
- Turnkey training solutions

# CAE at a glance

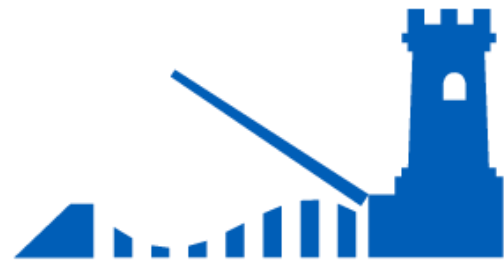
Diversified base of business with a high degree of recurring revenue



Total FY20 revenue: \$3.6B



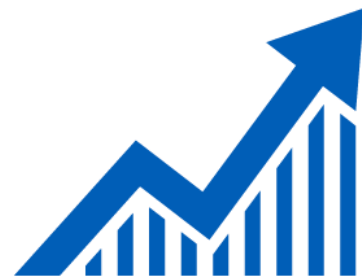
# Six pillars of strength underlie CAE's strategy and investment thesis



**Strong  
competitive  
moat**



**Underlying  
secular  
tailwinds**



**Headroom  
in large  
markets**



**Potential  
for superior  
returns**

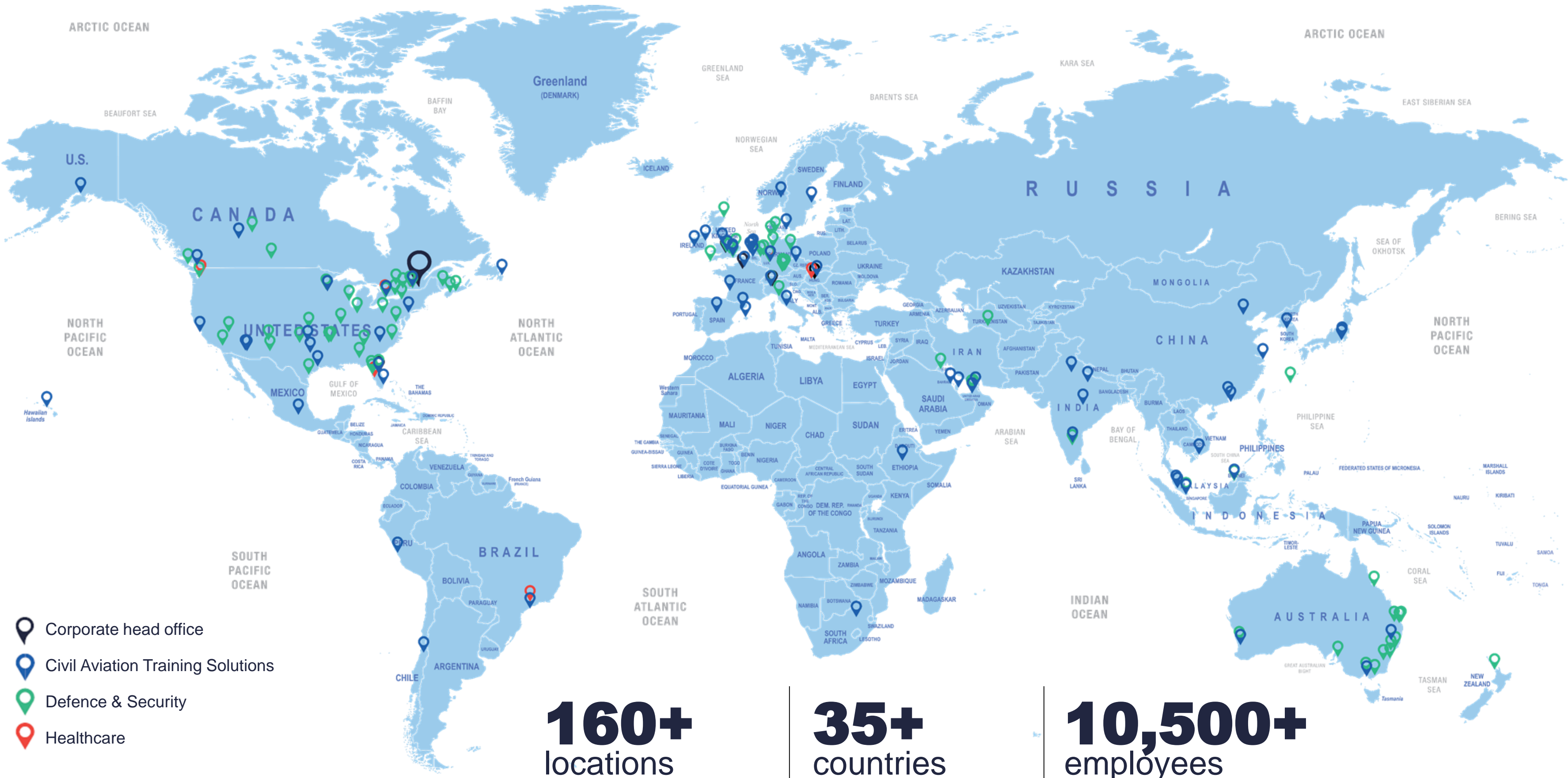


**High degree  
of recurring  
business**

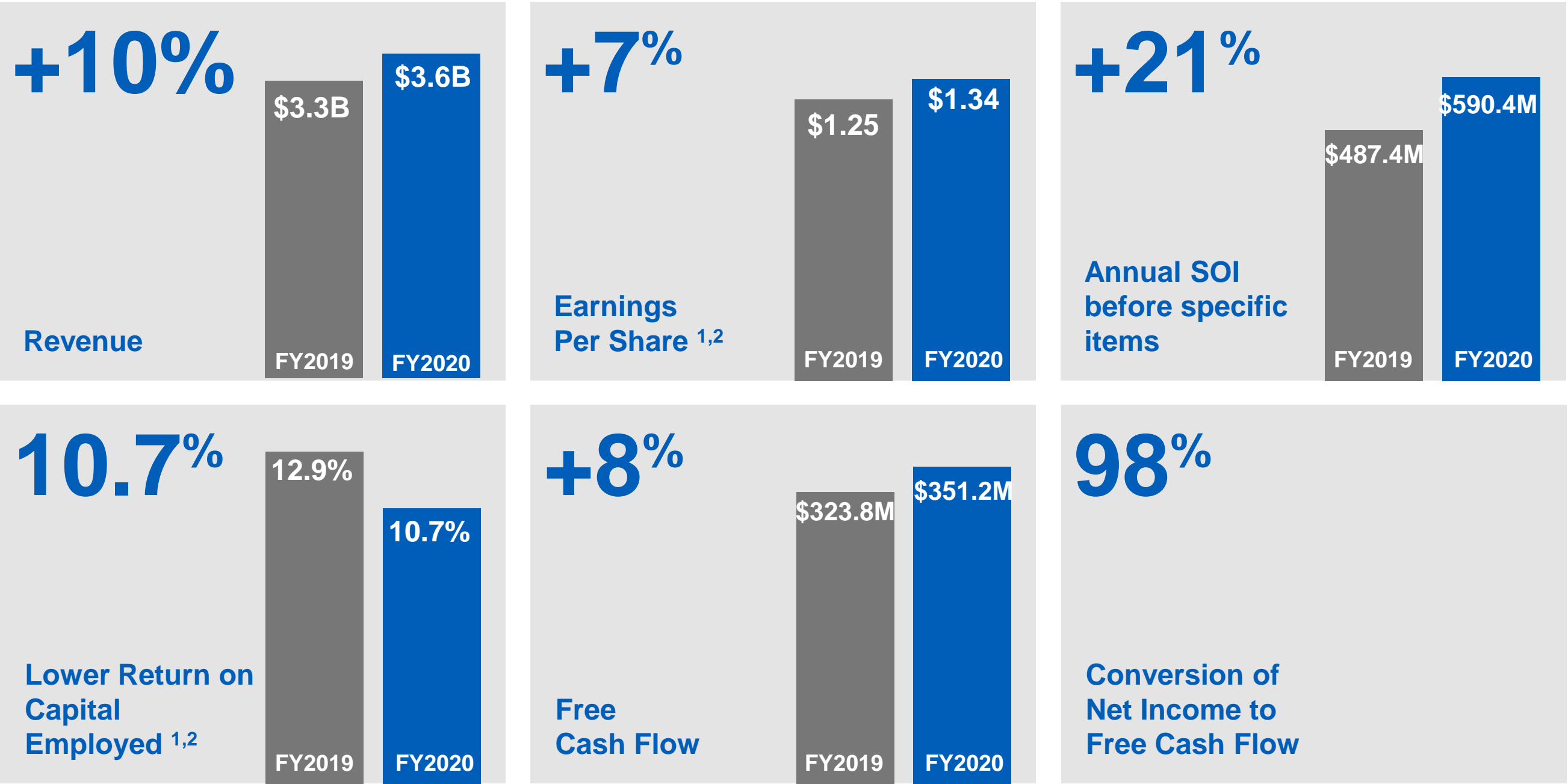


**Culture  
of innovation**

# Unmatched global reach



# FY20 select performance highlights



1. Before specific items in FY2019: The costs arising from the acquisition and integration of Bombardier's BAT Business.  
2. Before specific items in FY2020: The costs arising from the acquisition and integration of Bombardier's BAT Business, the impact of the D&S reorganizational costs and the goodwill impairment in Healthcare.  
Note: EPS from continuing operations before specific items, backlog, return of Capital employed, and debt-to-capital ratio are all non-GAAP financial measures and are defined in CAE's FY2020 Management discussion and analysis





# An ESG-focused company at its core

## Proud of the societal benefits of our solutions

CAE helps make air safer - Ensures defence forces are mission-ready - Makes healthcare safer  
+ Training via simulation helps save millions of gallons of fuel

 Reach **carbon neutrality**  
in Summer 2020 by offsetting:

**Greenhouse gas emissions from  
our aircraft fleet**

**Emissions related to the use of  
energy  
at our sites**

**Emissions related to  
our employees' business air  
travel**

## Focus on diversity and inclusion



## World-class employee experience



## Help fight against COVID-19

CAE Air1 ventilator in final stages  
of certification by health authorities



**CAEAir1**

# Civil Aviation Training Solutions



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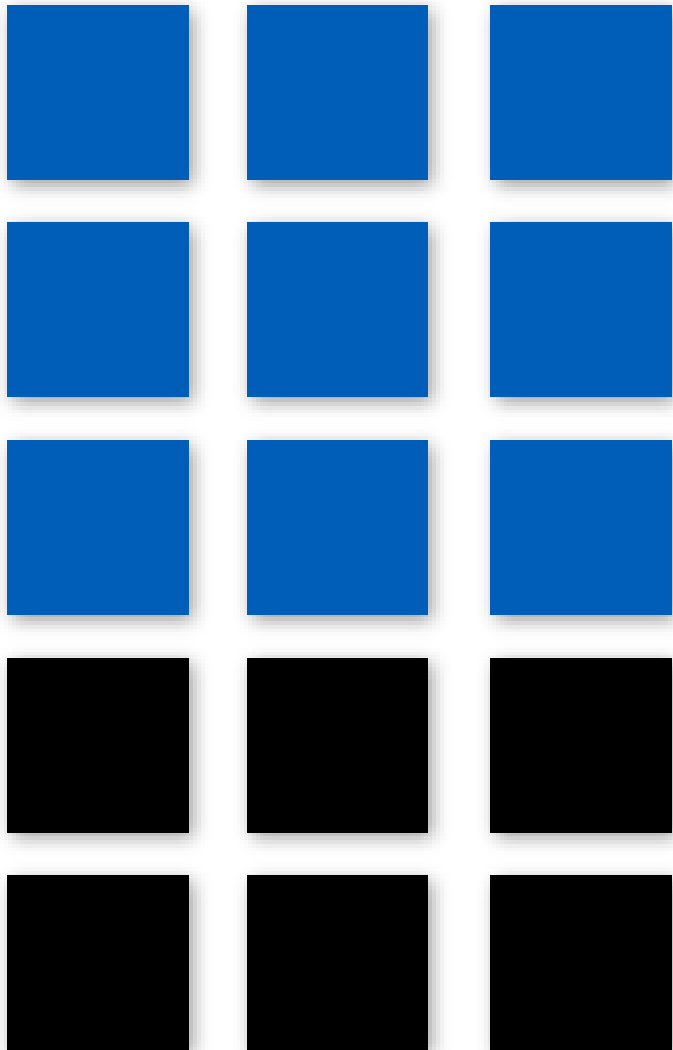




# Headroom in a large market



Civil Training Market  
\$4.3B



38%  
CAE

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



# World's largest civil aviation training network



**170+**  
Aircraft



**300+**  
Full Flight  
Simulators (FFS)



**60+**  
Training  
Locations

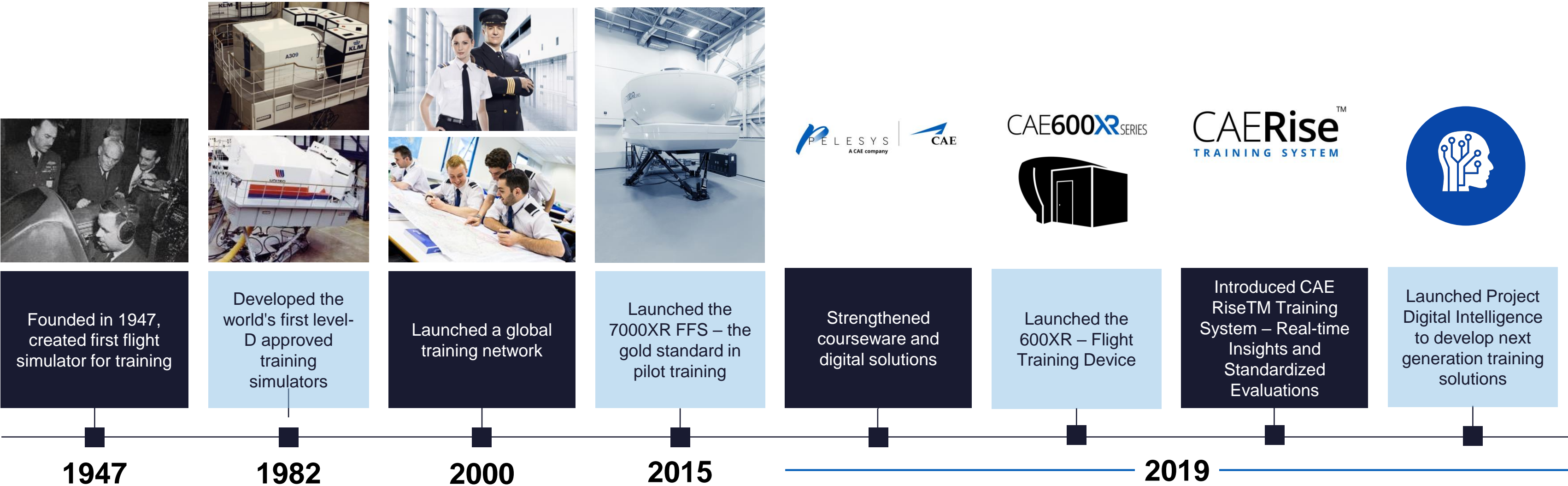


**1M+ hours**  
Annual Training Delivery

**135,000+ pilots**  
Trained Every Year



# 70+ years of innovation and industry thought leadership





# Defence & Security



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# Defence Global Presence



Operations strategically located in key growth markets. Providing training support services in 120 plus sites

# Defence Market Drivers



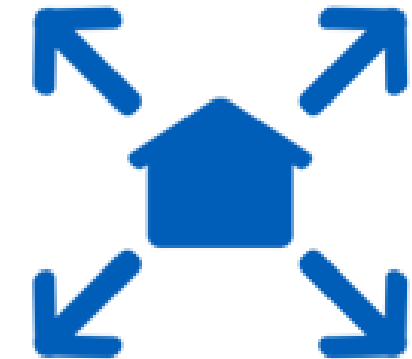
Strong defence spending in all major markets



Requirement to maintain mission readiness



Increased use of Live-Virtual-Constructive solutions for Integrated Mission Training



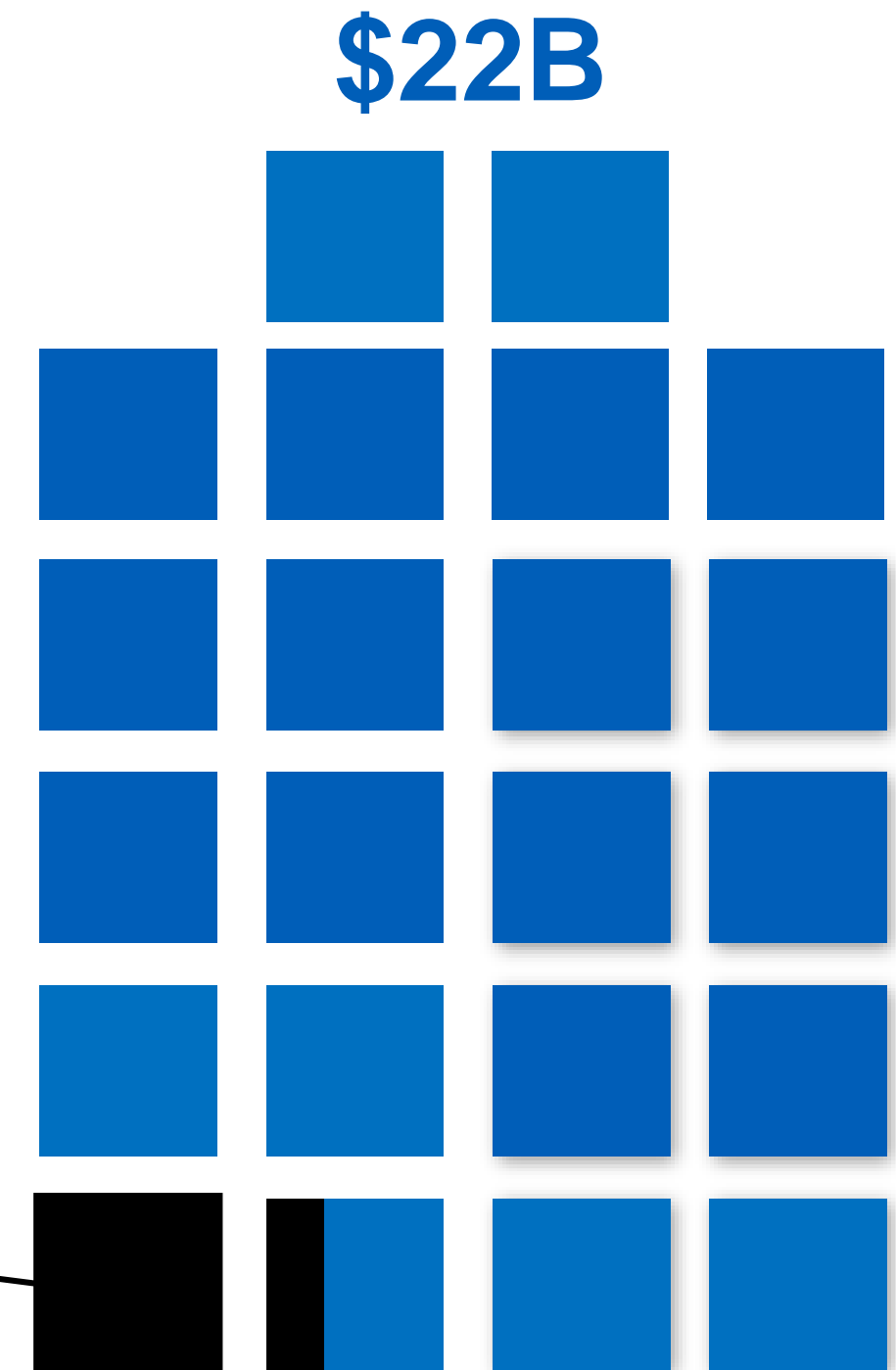
Propensity to increase outsourcing of training and mission solutions

**Strong budgets, the rapid adoption of advanced technology and increased reliance on outsourcing are all persistent trends**

# Defence Addressable Market



**\$1.3B**  
CAE Defence



**Integrated training solutions with Live, Virtual and Constructive components**  
**Defence has significant headroom in a \$22B addressable market**



# Digital Innovation in Defence

## CAE Trax Academy



- **CAE Rise** enabled virtual coach uses **real-time data** to provide immediate and actionable instruction
- Integrated with courseware, virtual coaching, **objective assessment**, progress reports and **data analytics** to facilitate a comprehensive training continuum

## CAE Medallion e-Series



- **360-degree** immersive visual system offers a turnkey training environment with high fidelity **synthetic environment**
- Leverages industry standard **OGC CDB**
- 15 devices sold to multiple customers for fast jet and trainer aircraft




## Synthetic Environments



- High fidelity synthetic environment for **decision support** and **mission rehearsal**
- Supporting USSOCOM and UK Single Synthetic Environment (SSE)

Providing innovative solutions to enhance mission readiness

# Proven Training Systems Integration Track Record

			
<b>US Army</b>	<b>US Navy</b>	<b>US Air Force</b>	<b>Royal Canadian Air Force</b>
<ul style="list-style-type: none"> <li>Fixed-Wing Flight Aircrew Training Centre</li> <li>UH72A Lakota Training Systems</li> <li>M1A Abrams Maintenance Training Systems</li> </ul>	<ul style="list-style-type: none"> <li>T45/T6 Goshawk/ Texan Aircrew Training</li> <li>T44C Pegasus Aircrew Training</li> <li>MH60R Seahawk Training System</li> <li>P8 Poseidon Training System</li> <li>USMC KC130J Super Hercules Training Systems</li> <li>CNATRA Contracted Instructor Services</li> </ul>	<ul style="list-style-type: none"> <li>KC135 Stratotanker Aircrew Training</li> <li>C130H Hercules Aircrew Training</li> <li>MQ1/MQ9 Predator/Reaper Aircrew Training</li> <li>AFSOC AC130J/V22/UH60 Aircrew Training</li> <li>ACC F15/F16/F22 Fighter Aircrew Training</li> <li>ACC C2 ISR Systems Engineering</li> <li>C130J Super Hercules Training Systems</li> </ul>	<ul style="list-style-type: none"> <li>NATO Flying Training in Canada (NFTC)</li> <li>C295 Fixed Wing SAR Aircrew Training</li> <li>C130J and CH147F Aircrew Training</li> </ul>
			
<b>UK Royal Air Force</b>	<b>Royal Australian Air Force</b>	<b>UAE Armed Forces</b>	<b>Royal Canadian Navy</b>
<ul style="list-style-type: none"> <li>Medium Support Helicopter Aircrew Training Centre</li> <li>Military Flying Training Systems</li> <li>Merlin Life Sustainment Program</li> <li>MQ9 Protector Aircrew Training</li> </ul>	<ul style="list-style-type: none"> <li>Management and Support of ADF Aerospace Simulators (MSAAS)</li> <li>MRH90 Training Systems</li> <li>P8 Training Systems</li> <li>MQ9 Reaper Aircrew Training</li> </ul>	<ul style="list-style-type: none"> <li>Naval Training Centre (NTC)</li> <li>Joint Aviation Command AH407 / UH60 Training Systems</li> <li>MQ1 Protector Aircrew Training</li> </ul>	<ul style="list-style-type: none"> <li>Halifax Class Modernization Program</li> <li>Canadian Surface Combatant Training System</li> </ul>



# Healthcare



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# Why CAE entered healthcare



**Desire  
to adopt aviation  
best practices**



**Synergies with CAE's  
next generation  
training solutions**



**Digital transformation  
enables data-driven  
care and training**



**Shift to value-based  
care aligns practices  
with patient outcomes**

**Opportunity to lead in a potentially larger market as the focus on quality of care increases**

# CAE Healthcare mission



**Improving  
patient  
safety**



**Making  
healthcare  
safer**



# CAE healthcare market

## NURSING



## HOSPITAL



## INDUSTRY/OEM SOLUTIONS



## MILITARY



## DISASTER RESPONSE



## EMERGENCY MEDICAL SERVICES





# Innovative and broad portfolio of training solutions

Imaging Simulation



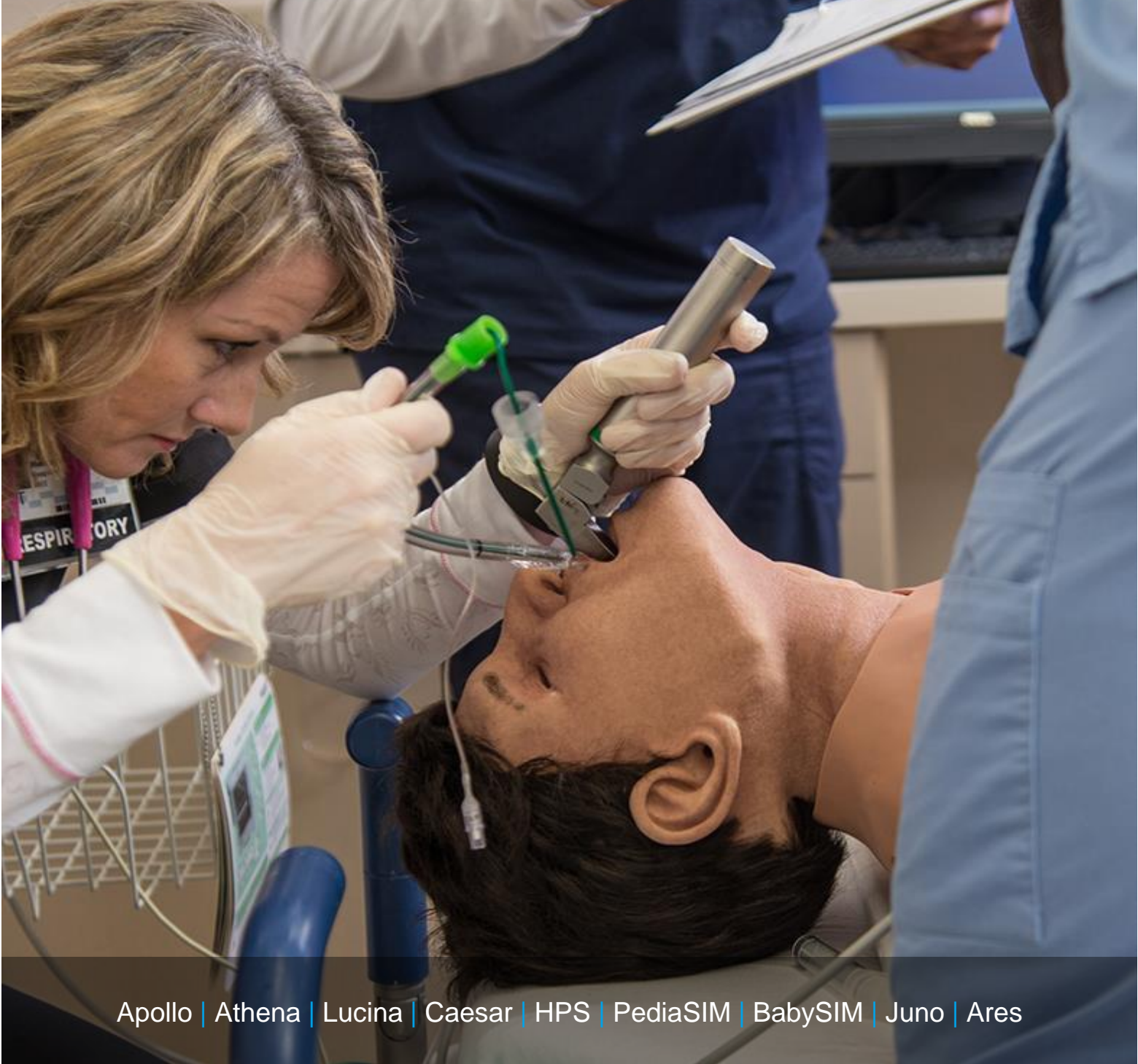
Vimedix Ultrasound | Augmented Reality  
Blue Phantom Ultrasound Models

Interventional Simulation



NeuroVR | EndoVR | CathLabVR  
LapVR | Surgical Cut Suits

Patient Simulation



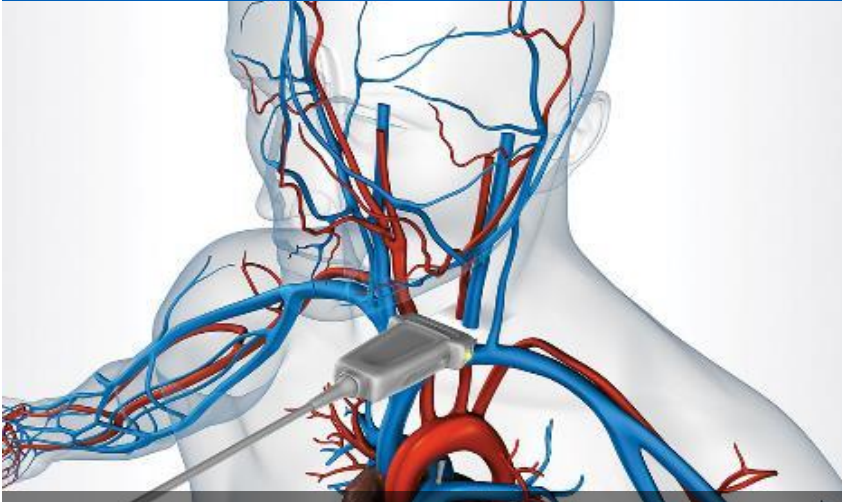
Apollo | Athena | Lucina | Caesar | HPS | PediaSIM | BabySIM | Juno | Ares

Center Management



Learning Space  
Experience / Essentials / Enterprise

Curriculum




Standard and custom  
Learning Modules

XR and Digital solutions across all platforms




# Thought leadership in a crisis

CAE Healthcare




## Hospital Preparedness for Managing Coronavirus

CAE Healthcare is offering a Ventilator Reskilling Course, Complete Ultrasound Training Suite, Webinars, Simulated Clinical Experience (SCE), an Outreach Toolkit and Resources in response to the current COVID-19 pandemic.




**COVID-19 SIMULATION**

Download the SCE  
Suspected COVID-19




**VENTILATION RESKILLING**

Take the Course  
We have partnered with leading experts to produce a 30 minute online on-demand course




**ULTRASOUND TRAINING SUITE**

Purchase the Complete Ultrasound Training Suite  
How to use point-of-care ultrasound to assess Covid-19 patients




**CARES ACT GRANTS**

CARES Act Grant Assistance  
Identify and apply for COVID-19 training and education grants before they expire.




**DISTANCE LEARNING**

Register for the Webinar  
Implement a Distance Learning Program with CAE LearningSpace



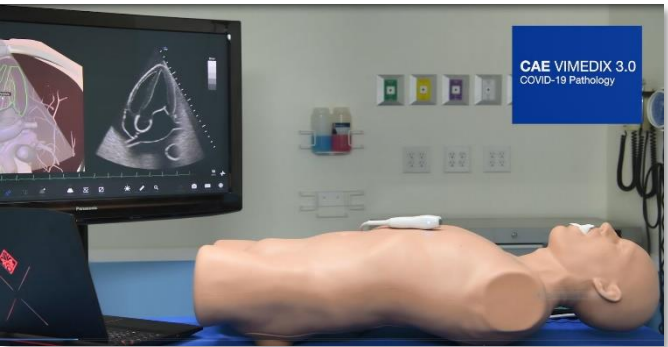
**COVID-19 WEBINAR**

Watch the Webinar  
Hospital Preparedness for Managing Coronavirus

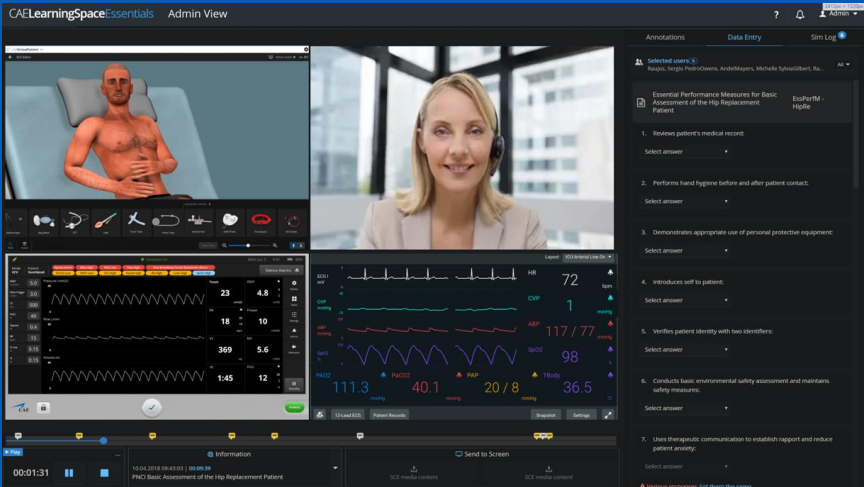


**OUTREACH TOOLKIT**

Download the Toolkit  
Customizable marketing materials for outreach into your communities with COVID-19 training and simulations



CAE is introducing a full portfolio of next generation, SaaS distant learning and virtual simulation solutions



# Financial highlights



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# Q4 FY20 Business Highlights

## Q4 FY20

<b>EPS</b>	\$0.46 vs. \$0.48 in prior year*
<b>Revenue</b>	\$977.3M (-4% YoY)
<b>Operating profit</b>	\$193.9M (+9% YoY*)
<b>Free cash flow</b>	\$185.1M compared to \$116.8M to last year
<b>Book-to-sales</b>	0.80x
<b>Total backlog</b>	\$9.5B

\*Before specific items

# Consolidated Financial Results

Summary of Consolidated Results (amounts in millions, except per share amounts)	Three months ended March 30	
	2020 ***	2019 **
Revenue	\$ 977.3	\$ 1022.0
Gross profit	311.7	288.0
Operating Profit	193.9	177.2
<i>As % of revenue</i>	<i>19.8%</i>	<i>16.7%</i>
Net income	122.3	127.5
Net income attributable to equity holders of the Company	119.6	124.4
Basic and Diluted EPS attributable to equity holders of the Company	0.46	0.48

\*\* Before specific item FY19: Costs arising from the acquisition and integration of Bombardier's BAT business

\*\*\* Before specific items in FY2020: Costs arising from the acquisition and integration of Bombardier's BAT Business, the impact of the D&S reorganizational costs and the goodwill impairment in Healthcare.

# Cash Movements

Consolidated Cash Movements (amounts in millions)	Three months ended March 30	
	2020	2019
Cash provided by operating activities (before changes in non-cash W/C)	\$ 165.2	\$ 131.4
Changes in non-cash working capital	81.1	34.9
Maintenance capex and other assets	(33.0)	(28.3)
Proceeds from the disposal of property, plant and equipment	0.1	0.2
Net payments (from) to equity accounted investees	0.4	4.2
Dividends paid	(28.7)	(25.6)
Free cash flow	185.1	116.8