CAE Acquisition of Bombardier Business Aircraft Training

November 8, 2018

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Caution regarding forward-looking statements

- This presentation of CAE Inc. (“**CAE**”, “**we**”, “**our**” or “**us**”) contains forward-looking statements and information within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable securities laws, including, without limitation, certain financial and operational expectations and projections, such as certain future operational and growth plans and strategies, including as it relates to the proposed acquisition described in this presentation (the “**Proposed Acquisition**”). Forward-looking statements in this presentation include, but are not limited, to the potential to create cost synergies, the timing of realization of cost synergies and the expected sources of such synergies, the expected timing of closing of the Proposed Acquisition, and the highlights and growth strategies relating to the Proposed Acquisition and our business. Forward-looking statements and information can, but may not always, be identified by the use of words such as “believe”, “expect”, “plan”, “intend”, “continue”, “estimate”, “may”, “will”, “should”, “strategy”, “future” and other similar expressions or future or conditional verbs such as “aim”, “anticipate”, “believe”, “could”, “expect”, “intend”, “may”, “plan”, “seek”, “should”, “strive” and “will”. A statement is forward-looking when it uses what we know and expect today to make a statement about the future. 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. With respect to the Proposed Acquisition, material factors or assumptions applied in making forward-looking statements include, without limitation, factors and assumptions regarding completion of the Proposed Acquisition on terms set out in the acquisition agreement and in a manner consistent with management’s expectations, the timing of the Proposed Acquisition, and the accuracy of management’s assessment of the effects of the completion of the Proposed Acquisition, including the ability to generate synergies consistent with management’s expectations. 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 on the risks and uncertainties associated with our business in Section 9 – *Business risk and uncertainty* of our fourth quarter and fiscal year ended March 31, 2018 MD&A (our “**Annual MD&A**”). Our Annual MD&A has been filed with the securities regulatory authorities in Canada and with the U.S. Securities and Exchange Commission under Form 6-K and is available on our website (www.cae.com) and under our profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov). Additional risks related to the Proposed Acquisition include, without limitation: the completion of the Proposed Acquisition may not occur on the anticipated terms and timing or at all; the required regulatory approvals are not obtained, or that in order to obtain such regulatory approvals, conditions are imposed that adversely affect the anticipated benefits from the Proposed Acquisition or cause the parties to abandon the Proposed Acquisition; the risk that a condition to closing of the Proposed Acquisition may not be satisfied; potential litigation relating to the Proposed Acquisition that could be instituted against the parties or their respective directors; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Proposed Acquisition; risks associated with third party contracts containing consent and/or other provisions that may be triggered by the Proposed Acquisition; negative effects of the announcement or the consummation of the Proposed Acquisition on the market price of our common shares; the potential impact of unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition and losses on the future prospects, business and management strategies for the management, expansion and growth of our operations after the consummation of the Proposed Acquisition and on the other conditions to the completion of the Proposed Acquisition; the risks and costs associated with, and our ability to, integrate the businesses successfully and to achieve anticipated synergies; the risk that disruptions from the Proposed Acquisition will harm the parties’ businesses, including current plans and operations; the ability of the parties to retain and hire key personnel; adverse legal and regulatory developments or determinations or adverse changes in, or interpretations of, applicable laws, rules or regulations that could delay or prevent completion of the Proposed Acquisition or cause the terms of the Proposed Acquisition to be modified; the impact of the heavily regulated industry in which the parties operate and carry on business; risks related to tax matters; and management’s response to any of the aforementioned factors.

- Forward-looking statements in this document represent our expectations as of November 8, 2018, 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 presentation are expressly qualified by this cautionary statement.

- The terms “total segment operating income (SOI)”, “earnings before interest, tax, depreciation, and amortization (EBITDA)”, “Adjusted EBITDA”, “order intake” “backlog”, “book-to-sales”, “free cash flow (FCF)”, “return on capital employed (ROCE)”, “utilization rate”, “net debt”, “net-debt-to-capital ratio”, “earnings per share before specific items”, “capital expenditures (capex)”, “operating profit”, “gross profit”, and “non-cash working capital” are non GAAP financial measures and do not have any standardized meaning under IFRS. Non-GAAP measures are useful supplemental information but may 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. They should also not be used to compare with similar measures from 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. Refer to the definitions in this presentation and to Section 5- Non-GAAP and other financial measures in our first quarter ended June 30, 2018 MD&A for more details, available on our website (www.cae.com) and under our profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov).

Win-win transaction

CAE to acquire Bombardier’s Business Aircraft Training business for enterprise value of US$645 million to expand its position in the business aviation training market

Transaction highlights

Expands CAE’s addressable market in Business Aviation Training

- Acquires an established and growing business for the provision of flight and maintenance training services for operators of one of the world’s largest and most valuable in-service business jet fleets
- Extends OEM Authorized Training Provider (ATP) agreement to 2038

Enhances CAE’s position in largest and fastest growing segment of Business Aviation Training

- Increases training portfolio focus on medium- and large-cabin business jet market

High quality training platforms based on in-production aircraft with superior growth profiles

- Modern fleet of state-of-the-art full-flight simulators with limited ongoing maintenance investment required

Strong strategic and operational fit

- Expands CAE’s addressable market for business jet instructor-led (wet) training
- Provides greater leverage across CAE’s BAT network
- Low-risk, plug-&-play integration with operations already co-located within CAE's training premises

Financially attractive

- Accretive to earnings and free cash flow in the first full year of ownership
- Attractive growth and margin profile
- Provides additional value from ATP extension and monetization of existing royalty obligations at a discount

Fits capital allocation strategy for a balance of growth and cash returns to shareholders

- High cash flow generating business provides flexibility to deleverage balance sheet; continue supporting future growth opportunities; and generate current returns to shareholders
- Maintains CAE’s investment grade profile with proforma leverage ratio remaining within target leverage range

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BOMBARDIER

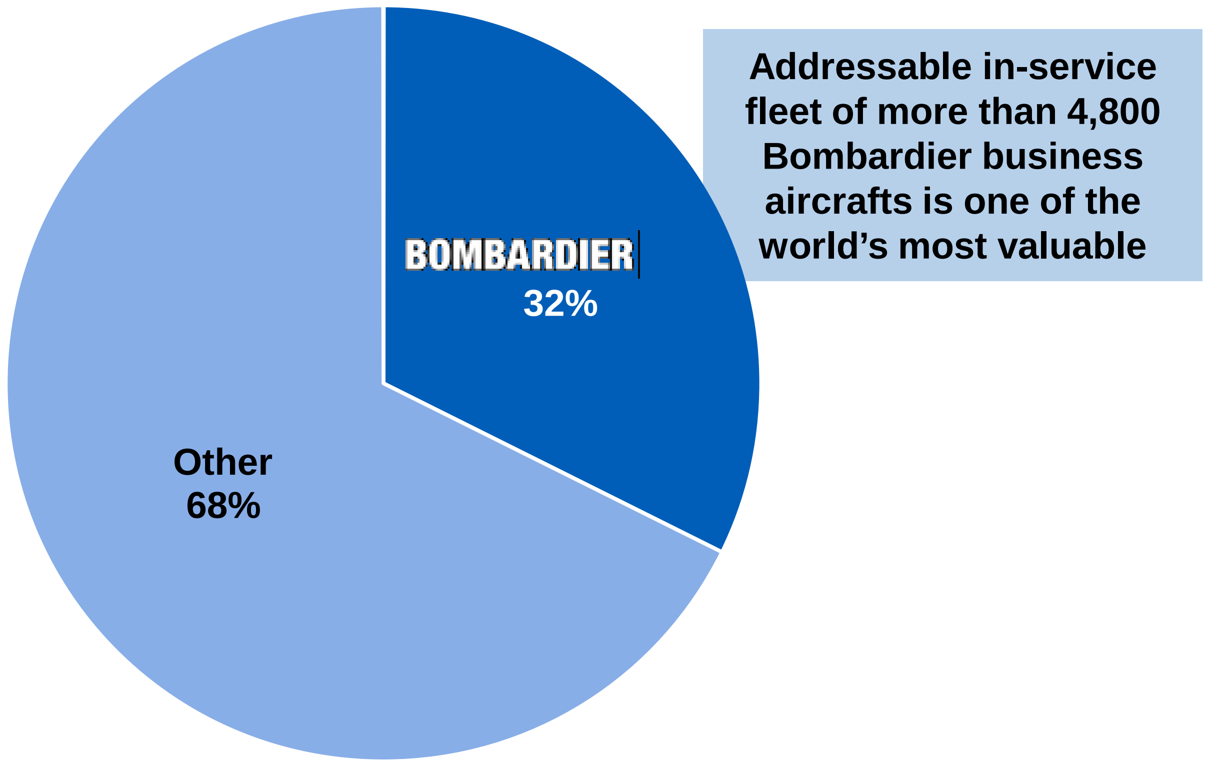
Transaction summary

Transaction Overview	▪ Two main transaction elements (“Transaction”): 1. Acquisition of Bombardier Business Aircraft Training ("BAT") business for enterprise value of US$645 million • EV / one-year Forward EBITDA(1) (2) multiple of approximately 9x • EV / LTM (Jun-18) Bombardier BAT Adjusted EBITDA(1) (3) of approximately 10x 2. Monetization of existing future royalties at a discount for US$155 million ("Monetization")
Expected Financial Impact	▪ Bombardier BAT business EBITDA(1) growing at a double-digit pace ▪ High single-digit-percentage earnings accretion for CAE in first full year of ownership ▪ Free cash flow accretive in first full year of ownership ▪ Expected cost synergies of US$6.0 million by the end of the first fiscal year post closing ▪ Accretive to Civil segment operating margin by 100-150bps ▪ CAE’s outlook for 13% ROCE (4) by FY2022 maintained
Fully Committed Financing	▪ Acquisition financed through a combination of: • New committed term loans of up to US$400M • Balance from cash on hand and drawing on existing credit facility ▪ Net-debt-to-capital (4) ratio of 42% pro-forma at closing is within CAE’s target leverage range of 35-45% • Plan to return to lower end of target leverage range within 24-36 months post completion of the Transaction ▪ Investment grade financial profile maintains financial flexibility and access to debt markets at attractive terms
Other Terms	▪ Transaction subject to customary regulatory approvals ▪ Closing of the Monetization transaction expected by end of FY19 and the Bombardier BAT acquisition by H2 CY2019

(1) EBITDA: earnings before net finance expense, income tax expense, amortization and depreciation
(2) Forecasted EBITDA reflecting the ramp up of newly deployed simulators and expected cost synergies
(3) Adjusted for lease costs and one-time / non-recurring items
(4) Refer to Section 5- Non-GAAP and other financial measures in our first quarter ended June 30, 2018 MD&A for definition and more details.

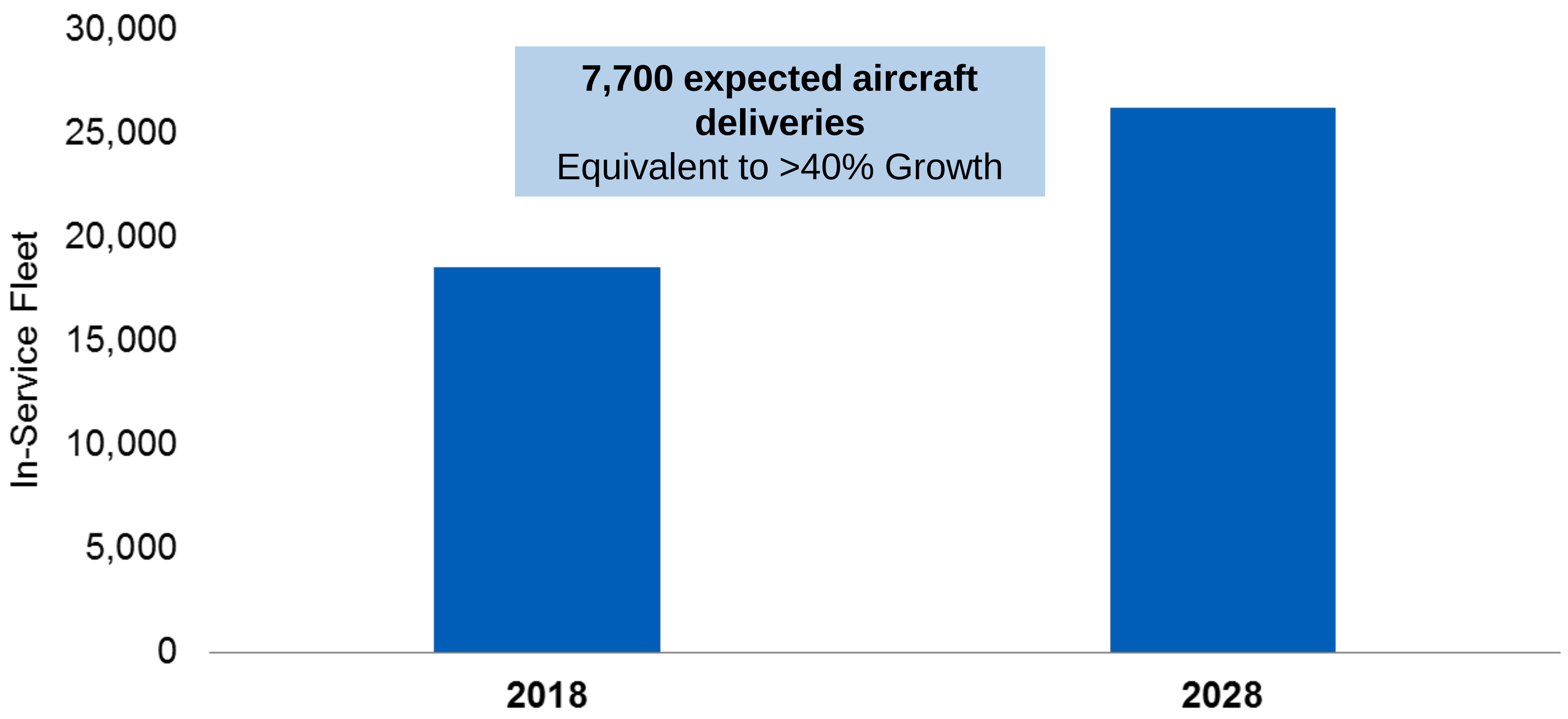
Attractive training business driven by a large and growing customer installed fleet of Bombardier business jets

In-Service Business Jet Aircrafts by Market Value (% by OEM)(1)



Bombardier has one of the world's largest in-service fleets of business jets by number and by market value

2018-27 Forecasted Business Jet Aircraft Deliveries(2)



An average of 770 business jet aircraft deliveries per year are expected through to 2028

Acquisition of Bombardier BAT increases CAE's addressability in a market with solid growth fundamentals

(1) CAE estimate based on AMSTAT data. Excludes "very light" business jet segment
(2) In-service business jet aircrafts is a CAE estimate based on AMSTAT data. Expected business jet aircraft deliveries as per Honeywell 2018 Aviation Outlook

Industry-leading Business Aviation Training platforms

Bombardier's BAT Business by Aircraft Platform

Aircraft Platform		Entry Into Service	Cabin Size	In Production	# of Simulators
Global 7500		2018	Large	2018	1 1 (Q3 FY19)
Global 5500/6500		2019 (Expected)	Large	2019 (Expected)	1 (FY2021)
Global 5000/6000 (Vision)		2012	Large	✓	2
Global Express XRS		2005	Large	2012 (last year of production)	1
Challenger 650		2015	Large	✓	2
Challenger 350		2014	Medium	✓	3
Learjet 70/75		2013	Small	✓	1

- Growth expected from strong demand by customers operating a large in-service fleet, additional business jet deliveries, and the ramp-up of new full-flight simulator (FFS) deployments already included with the acquisition
- Acquiring a network with 12 modern FFSs, three of which have recently (or will soon be) deployed
  - 1 Global 7500 FFS recently deployed
  - 1 Global 7500 FFS to be deployed Q3FY19
  - 1 Global 6500 FFS scheduled for FY2021
- Approximately 90% of training platforms are for aircrafts that are currently (or soon-to-be) in production
- Expands CAE's position on training platforms for high-growth and high-value, medium- and large-cabin aircraft

Bombardier BAT business provides CAE with increased exposure to new generation medium- and large-cabin aircraft platforms

Low-risk integration

Bombardier's BAT Facilities

Dallas Facility	Montreal Facility
Flight training and maintenance training services	
5+1(Q3FY19)+1(FY2021) full flight simulators	5 full flight simulators
CAE currently operates 37(1) full flight simulators	*CAE currently operates 4(2) full flight simulators*

- Bombardier's BAT platforms are co-located within CAE premises
- CAE already providing training services for Bombardier's business jets
  - High level of familiarity with various Bombardier aircraft platforms
  - CAE currently provides operational support and capacity sales support for Bombardier’s fleet of BAT simulators
- Expected annual cost synergies of approximately US$6.0 million to be realized by the end of the first fiscal year following completion of the Transaction

Low integration risk with Bombardier BAT platforms already co-located within CAE’s training premises

(1) Commercial and business aviation full flight simulators of various aircraft OEM types
(2) Commercial aviation full flight simulators of various aircraft OEM types

CAE

Monetization of existing future royalty obligations and extension of ATP to 2038

- Strategically and financially beneficial transaction
- US$155 million to monetize CAE's future royalty obligations under its existing Authorized Training Provider (ATP) agreement with Bombardier and extension to 2038
- Monetization represents the discounted sum of these existing future royalty obligations payable by CAE over a 20-year period
- Transaction is expected to be completed by the end of CAE's FY2019

The monetization benefits CAE and its shareholders with a discount on existing future royalty obligations

Capital allocation priorities unchanged

Invest in superior and sustainable growth

- Market-led investment in core business opportunities offering accretive returns and cash generation

Provide current shareholder returns while generating long-term growth

- Shareholder dividends and share repurchases commensurate with earnings and cash flow performance

Maintain a strong balance sheet

- Target leverage of net-debt-to-capital ratio of 35-45% to maintain flexibility for growth investment opportunities

CAE's investment grade profile and financial flexibility enable us to support our capital allocation priorities to invest in accretive growth; generate current returns to shareholders; and maintain a strong financial position

Our vision is to be the recognized global

training partner of choice

to enhance safety, efficiency and readiness.