CAUTION REGARDING FORWARD LOOKING STATEMENTS

This document 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.

You will find more information in the Business risk and uncertainties section of our second quarter fiscal 2018 MD&A and in our annual information form for the year ended March 31, 2017. These documents have been filed with the Canadian securities commissions and are available on our website (www.cae.com) and on SEDAR (www.sedar.com). They have also been filed with the U.S. Securities and Exchange Commission under Form 40-F and are available on EDGAR (www.sec.gov). Forward-looking statements in this document represent our expectations as of November 10, 2017, 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.
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
- Business Aviation
- Training equipment
- Ab Initio Training
- Crew sourcing

Defence and Security
- Training Systems Integrator
- 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 FY17 revenue: $2.7B
6 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
160+ locations
35+ countries
8,500+ employees
FY2017 PERFORMANCE HIGHLIGHTS

1. Before specific items
2. Closing share price on March 31 2016 and 2017
3. Combining dividends and share buy-backs

Note: EPS from continuing operation before specific items, backlog, return of Capital employed and free cash flow are all non-GAAP financial measures and are defined in CAE’s FY2017 Management discussion and analysis

- **$2.7B** Record Revenue
  - FY2016: $2.5B
  - FY2017: $2.7B
  - +20%

- **+20%** Record Earnings Per Share from continuing operations
  - FY2016: $0.86
  - FY2017: $1.03

- **+35%** Share Price Appreciation
  - FY2016: $15.02
  - FY2017: $20.32

- **+18%** Record Backlog
  - FY2016: $6.37B
  - FY2017: $7.53B

- **+32%** Annual Free Cash Flow
  - FY2016: $247.7M
  - FY2017: $327.9M

- **11.2%** Higher Return on Capital Employed
  - FY2016: 10.6%
  - FY2017: 11.2%

- **26.5%** Strong Financial Position – Net Debt-to-Total Capital Ratio
  - FY2016: 28.9%
  - FY2017: 26.5%

- **+44%** Higher Return to Shareholders
  - FY2016: $87.8M
  - FY2017: $126.3M

- **$2.5B**

- **$0.86**

- **$15.02**

- **$6.37B**
Civil Aviation Training Solutions
CIVIL AVIATION TRAINING SOLUTIONS

MARKET DRIVERS

<table>
<thead>
<tr>
<th>COMMERCIAL AVIATION</th>
<th>BUSINESS AVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market expansion:</strong></td>
<td><strong>Market expansion:</strong></td>
</tr>
<tr>
<td>▪ Over the next 10 years, IATA forecasts passenger trips to grow by 4.2% annually</td>
<td>▪ New aircraft deliveries and sales of pre-owned aircraft generate increased training demand</td>
</tr>
<tr>
<td>▪ Fleet renewal and expansion</td>
<td></td>
</tr>
<tr>
<td>▪ Commercial aircraft deliveries at historical levels and driven by OEM backlogs</td>
<td></td>
</tr>
</tbody>
</table>

**Activity of the installed base**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers trips</strong>*</td>
<td>3.2B</td>
<td>4.8B</td>
</tr>
<tr>
<td><strong>Active commercial aircraft</strong></td>
<td>25K</td>
<td>37K</td>
</tr>
</tbody>
</table>

**Training regulations**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business aviation training is fully outsourced</strong></td>
<td>4.09</td>
<td>4.34</td>
</tr>
<tr>
<td><strong>Active business jets</strong></td>
<td>21K</td>
<td>25.5K</td>
</tr>
</tbody>
</table>

**Business Jet flights***

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers trips</strong>*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Active commercial aircraft</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAE Civil business is supported by strong pilot demand and the recurring (and regulated) nature of training

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*Passenger trips: IATA Passenger forecasts, October 2016
Business Jet flights: millions takeoffs and landings, FAA data
HEADROOM IN A LARGE MARKET

Civil Training Market

$3.5B

33% CAE

CAE has potential to increase share in a large market
255,000 NEW AIRLINE FIRST OFFICERS NEEDED OVER NEXT 10 YRS

CIVIL AVIATION TRAINING SOLUTIONS

* CAE 10 year pilot demand outlook | CAE internal analysis and assessment

50% of active commercial pilots in 2027 have not begun training yet
CAE is well positioned to address this demand

... AND 180,000 NEW CAPTAINS

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>85K</td>
</tr>
<tr>
<td>Europe</td>
<td>50K</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>30K</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>90K</td>
</tr>
</tbody>
</table>

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CAE Inc. Proprietary Information and/or Confidential
THOUGHT LEADERSHIP AND INNOVATION

Trusted partner of regulatory organizations and industry associations

Constantly developing training solutions for partners

Development of the Next Generation Training System

Supported by innovative data collection and analysis techniques, we aim to improve training quality and efficiency through the integration of untapped data-driven insights into training.

Thought leadership and innovation are at the heart of our success.
Defence And Security
MARKET DRIVERS

- Increase in Defence spending in major markets
- Propensity to outsource training solutions
- Increase of virtual training and simulation for Integrated Mission Training, including Joint and Coalition Forces Training
- Necessity to maintain mission readiness
US and other NATO and allied nations increasing defence investment
A TRULY GLOBAL DEFENCE FOOTPRINT IN KEY MARKETS

- 35 Countries
- 50+ Defence Agencies
- 80+ Locations
- 70+ Platforms reproduced

Locations: Ottawa, Montreal, Tampa, Burgess Hill, Stolberg, Bengaluru, Singapore, Sydney
Training Systems Integration Target Market

$15B

D&S revenue
$1.04B

CAE Inc. Proprietary Information and/or Confidential

CAE is well positioned to increase share in a $15B market
DEFENCE AND SECURITY

THOUGHT LEADERSHIP AND INNOVATION

U.S. Army Fixed-Wing Flight Training Program
U.S. Navy T-44C Aircrew Training
U.S. Air Force MQ-1/ MQ-9 aircrew training
NATO Flying Training in Canada (NFTC)

U.K. Medium Support Helicopter Aircrew Training Facility
Swedish Navy's Naval Warfare Training System
Naval Training Centre (NTC) for the United Arab Emirates Navy

Innovative and comprehensive training solutions on leading platforms for Defence organizations worldwide
Healthcare
WHY HEALTHCARE

Digitization of healthcare training and education with potential for increased regulation

Synergies with CAE augmented / virtual / mixed reality

Explicit desire to adopt aviation best practices

Opportunity to lead in a potentially much larger market as regulations take hold
FACTORS DRIVING SIMULATION-BASED TRAINING IN HEALTHCARE

Increasing use of simulation in healthcare
Digital transformation of healthcare training

Growing emphasis on patient safety
Reducing medical errors*

Limited access to live patients during training
- Apprenticeship model
- Students paired with experienced staff
- Limited access to high-risk procedures

Medical technology revolution
Advancements in medical technology are driving the use of simulation by OEMs and clinicians

* 3rd leading cause of death in USA
CAE Healthcare became the first company to bring a commercial Microsoft HoloLens mixed-reality application to the medical simulation market…

…by using the Microsoft Hololens, the CAE VimedixAR ultrasound simulator integrates real-time interactive holograms of the human anatomy.
THOUGHT LEADERSHIP AND INNOVATION
SCREEN-BASED SIMULATION USED FOR MAINTENANCE OF CERTIFICATION

- Scenario-based eLearning created in collaboration by America Society of Anesthesiologists (ASA) and CAE Healthcare deployed via the ASA Education Center
- Allow users to explore high-stakes practice scenarios in a realistic, immersive environment, at their choice of location and time
- Approved by American Board of Anesthesiology (ABA) for Maintenance of Certification Anesthesiology (MOCA) Part IV and Part 2
Financial highlights and capital priorities
CAPITAL ALLOCATION PRIORITIES

PRIORITIES

1. **Invest in sustainable growth**
   Market/customer-led investments with a path to attractive, recurring returns

2. **Provide current shareholder returns in addition to generating long term growth**
   Current shareholder returns commensurate with earnings/cash performance

3. **Maintain a strong balance sheet**
   Optimal leverage ratio of Net Debt-to-Capital of 35-45%
INVESTMENT IN ACCRETIVE GROWTH REMAINS A PRIORITY GIVEN ATTRACTIVE RETURN POTENTIAL

Incremental Pre-tax Return % on Capital Deployed in Civil Training (FY13-FY17)

~$290M capital investment from FY13-FY17 to deploy 47 FFSs within CAE’s Civil commercial and business aviation training network

Growth capital deployed in Civil in the last five years has grown recurring revenue and has been highly accretive
CAPITAL ALLOCATION PRIORITIES

CAPEX INTENSITY HAS BEEN DECREASING

Cash flow from operations has been outpacing CAPEX over the last 5 years.
CAE prioritizes a balance between long-term capital appreciation and cash returns to shareholders.
CAE’s strong financial position provides stability and flexibility to pursue accretive growth investments in our core.
INCREASED PROPORTION OF RECURRING REVENUE (SERVICES)

FY2001
15%

FY2008
43%

FY2017
60%

- Products
- Services
A RESILIENT BUSINESS MODEL

CAE Consolidated Segment Operating Income (SOI)

SOI down 14% post ‘Financial Crisis’

SOI down 60% post ‘2001 Crisis’

FY01-FY10 Canadian GAAP; FY11-FY17 IFRS
Total Backlog

FY11
FY12
FY13
FY14
FY15
FY16
FY17

Billion

Civil
Defence

9% CAGR
16% CAGR

STRONG BACKLOG FOR ENHANCED VISIBILITY
CAE historical ROCE and WACC from an increasingly more recurring business mix

ROCE Range (10-13%)
## COMPELLING LONG TERM INVESTMENT THESIS

### High Degree of Recurring Business
- Services revenue approx. 60% of mix and expected to continue increasing relative to products
- Long-term contracts in regulated markets
- Large order backlog

### Strong Competitive Moat
- Market leader
- Unique comprehensive Solutions
- Unmatched global reach and scale
- Deep customer intimacy

### Headroom in Large Markets
- Large addressable markets in Civil Aviation and Defence
- Innovation leader in developing Healthcare simulation market

### Underlying Secular Tailwinds
- Long-term passenger traffic growth in Civil aviation
- Renewed defence spending and rise in simulation-based training
- Rising adoption of simulation in Healthcare and potential for regulation

### Potential for Superior Returns
- Rising proportion of recurring services which portends lower volatility
- Potential to grow faster than underlying markets by increasing share in large markets

### Culture of Innovation
- Innovation leader in simulation products and training solutions
- Proven outsourcing models

CAE’s position for sustainable growth inside of large end markets makes it highly attractive from a risk/return standpoint
# OUTLOOK SUMMARY FY18

## CIVIL
- Generate low-double digit percentage segment operating income growth
- More progress to penetrate training market with innovative solutions
- Maintain leadership position in FFS sales

## DEFENCE AND SECURITY
- Mid to high single-digit percentage growth
- Ramp up recently won programs
- Continue to win fair share of opportunities in a stronger defence market

## HEALTHCARE
- Resume growth in FY18
- Increased sales coming from opportunities pipeline and launch of new products, which it expects to put it on course for long-term, double-digit growth

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**Continued good growth expected in FY18**
### FY18 YTD BUSINESS HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>FY18 Q2</th>
<th>FY18 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPS</strong></td>
<td>$0.24 vs. $0.18 ($0.21 before specific items) in prior year</td>
<td>$0.48 vs. $0.43 ($0.47 before specific items) in prior year</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$646.0 M (+2% YoY)</td>
<td>$1,344.9 M (+4% YoY)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>$109.3 M (+43% YoY)</td>
<td>$207.1 M (+25% YoY)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>$63.5M (compared to $27.3M in prior year)</td>
<td>$25.6M (compared to $42.8M in prior year)</td>
</tr>
<tr>
<td><strong>Book-to-sales</strong></td>
<td>1.44x</td>
<td>1.22x (LTM)</td>
</tr>
<tr>
<td><strong>Total backlog</strong></td>
<td>$6.7B</td>
<td></td>
</tr>
</tbody>
</table>

Results and book-to-sales supportive of our outlook
### Summary of Consolidated Results

*(amounts in millions, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Revenue</td>
<td>$646.0</td>
</tr>
<tr>
<td>Gross profit</td>
<td>188.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>109.3</td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to equity holders of the Company</td>
<td>65.2</td>
</tr>
<tr>
<td>Basic and Diluted EPS from continuing operations attributable to equity holders of the Company</td>
<td>0.24</td>
</tr>
<tr>
<td>Basic and Diluted EPS from continuing operations attributable to equity holders of the Company – before specific items</td>
<td>0.24</td>
</tr>
</tbody>
</table>
## Summary of Consolidated Results

*(amounts in millions, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>Six months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1,344.9</td>
</tr>
<tr>
<td>Gross profit</td>
<td>400.7</td>
</tr>
<tr>
<td>Operating profit</td>
<td>207.1</td>
</tr>
<tr>
<td><strong>As % of revenue</strong></td>
<td><strong>15.4%</strong></td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>132.4</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the Company</td>
<td>129.0</td>
</tr>
<tr>
<td>Basic and Diluted EPS from continuing operations attributable to equity holders of the Company</td>
<td>0.48</td>
</tr>
<tr>
<td>Basic and Diluted EPS from continuing operations attributable to equity holders of the Company – before specific items</td>
<td>0.48</td>
</tr>
</tbody>
</table>
## Consolidated Cash Movements

(amounts in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Three months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Cash provided by continuing operating activities (before changes in non-cash W/C)</td>
<td>$107.2</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Maintenance capex and others assets</td>
<td>(17.2)</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>10.8</td>
</tr>
<tr>
<td>Net proceeds from (payments to) equity accounted investees</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Dividends received from equity accounted investees</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(23.2)</td>
</tr>
<tr>
<td>Free cash flow from continuing operations</td>
<td>63.5</td>
</tr>
</tbody>
</table>
## CASH MOVEMENTS

### Consolidated Cash Movements

(amounts in millions)

<table>
<thead>
<tr>
<th></th>
<th>Six months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Cash provided by continuing operating activities (before changes in non-cash W/C)</td>
<td>$198.2</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td>(120.3)</td>
</tr>
<tr>
<td>Maintenance capex and others assets</td>
<td>(37.1)</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>15.9</td>
</tr>
<tr>
<td>Net proceeds from (payments to) equity accounted investees</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Dividends received from equity accounted investees</td>
<td>17.1</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(44.2)</td>
</tr>
<tr>
<td>Free cash flow from continuing operations</td>
<td>25.6</td>
</tr>
</tbody>
</table>