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 harbor 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, 2019 MD&A. This document has been filed with the Canadian securities commissions and is available on our website (www.cae.com) and on SEDAR (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). Forward-looking statements in this document represent our expectations as of August 14, 2019, 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 “backlog”, “book-to-sales”, “capital expenditures (capex)”, “earnings per share (EPS) before specific items”, “free cash flow”, “gross profit”, “net-debt-to-capital”, “net debt”, “non-cash and working capital”, “operating profit”, “return on capital employed”, “segment operating income (SOI)”, are non-GAAP measures which are useful supplemental information but may not have any standardized meaning according to GAAP. Furthermore, these non-GAAP measures should not be compared with similarly titled measures provided or used by other companies. Refer to the definitions in this presentation and to Section 3.7 (Non-GAAP and other financial measures) in our first quarter ended June 30, 2019 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
- 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 FY19 revenue: $3.3B
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

160+ locations
35+ countries
10,000+ employees

Corporate head office
Civil Aviation Training Solutions
Defence & Security
Healthcare
### FY2019 select performance highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Record Revenue</strong></td>
<td>$2.8B</td>
<td>$3.3B</td>
</tr>
<tr>
<td><strong>Record Earnings Per Share</strong></td>
<td>$1.11</td>
<td>$1.25</td>
</tr>
<tr>
<td><strong>Record Backlog</strong></td>
<td>$8.07B</td>
<td>$9.49B</td>
</tr>
<tr>
<td><strong>Higher Return on Capital Employed</strong></td>
<td>12.7%</td>
<td>12.9%</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$288.9M</td>
<td>$323.8M</td>
</tr>
<tr>
<td><strong>Profits returned to Shareholders</strong></td>
<td>$138.7M</td>
<td>$198.3M</td>
</tr>
</tbody>
</table>

1. Before specific items in FY2018: net gains related to our Asian joint ventures and the remeasurement of the previously held Asian Aviation Centre of Excellence Sdn.Bhd (AACE) investment and the impacts of the enactment of the U.S. tax reform
2. Before the costs arising from the acquisition and integration of Bombardier’s BAT Business, and the reorganizational and integration costs related to AOCE acquisition in FY2019
3. Combining dividends and share buy-back
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 FY2019 Management discussion and analysis
Civil Aviation Training Solutions
## Market drivers

### Market expansion:
- Over the next 10 years, IATA forecasts passenger trips to grow by 3.6% annually
- Fleet renewal and expansion
  - Commercial aircraft deliveries at historical levels and driven by OEM backlogs

### Market stable:
- New aircraft deliveries and sales of pre-owned aircraft generate increased training demand
- Strongest growth is forecasted for the large business aircraft segment

### Activity of the installed base

<table>
<thead>
<tr>
<th>Passengers trips*</th>
<th>Active commercial aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018: 3.8B</td>
<td>2018: 27K</td>
</tr>
<tr>
<td>2028: 5.3B</td>
<td>2028: 39K</td>
</tr>
</tbody>
</table>

### Activity of existing active fleet

<table>
<thead>
<tr>
<th>Business Jet flights*</th>
<th>Active business jets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015: 4.3M</td>
<td>2018: 22K</td>
</tr>
<tr>
<td>2018: 4.5M</td>
<td>2028: 27K</td>
</tr>
</tbody>
</table>

### Business aviation training is predominantly outsourced

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

*Passenger trips: IATA Passenger forecasts, October 2018
Business Jet flights: millions takeoffs and landings, FAA data
10-year airline and business jet pilot demand outlook

**Pilot Population to Exceed ½ Million**

- 2018: 305K Active Pilots
- 2028: 530K Active Pilots in 2028

**New Civil Pilots Needed**

- 2018: 55K Active Pilots
- 2028: 465K Active Pilots

**Captain Upgrades Needed**

- 2018: 10K Active Captains
- 2028: 65K Active Captains

**Business Jet Pilots Needed**

- 2018: 40K New Business Jet and Airline Pilots
- 2028: +160K New Business Jet and Airline Pilots

*Including a net 20K business jet pilots movement to airlines

Sources: Based on CAE analysis
CIVIL AVIATION TRAINING SOLUTIONS

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
280+ Full Flight Simulators (FFS)
55+ Training Locations
1M+ hours Annual Training Delivery
135,000+ pilots Trained Every Year

LOCATIONS
- CADET TRAINING
- COMMERCIAL AVIATION TRAINING
- BUSINESS AVIATION TRAINING
- HELICOPTER AVIATION TRAINING
- AVIATION RECRUITMENT
CAE Inc. Proprietary Information and/or Confidential

CIVIL AVIATION TRAINING SOLUTIONS

70+ years of training innovation

- Founded in 1947, created first flight simulator for training
- Developed the world’s first level-D approved training simulators
- Launched a global training network
- Launched the 7000XR FFS – the gold standard in pilot training
- Strengthened courseware and digital solutions
- Launched the 600XR – Flight Training Device
- Introduced CAE Rise™ Training System – Real-time Insights and Standardized Evaluations
- Launched Project Digital Intelligence to develop next generation training solutions

CAE will be investing C$1 billion over the next 5 years in innovation
Defence & Security
DEFENCE & SECURITY

DEFENCE GLOBAL PRESENCE

Operations strategically located in key growth markets
Providing training support services in 100 plus sites

- 35+ COUNTRIES
- 4000+ EMPLOYEES
- 120+ SITES
- 70+ PLATFORMS REPRODUCED
Defence market growth cycle

Historic increases in US Defence budgets are being met with similar increases in the EU, NATO, GCC and APAC

- United States ($715B, 3% CAGR) - 45%
- Europe ($169B, 2% CAGR) - 24%
- Middle East Asia-Pacific ($83B, 4% CAGR) - 11%
- Canada ($21B, 5% CAGR) - 20%

- 70% spending increase over 10 years
- Acquisition of Major Capital Assets
- Significant unmet needs
- Reliant on US defense technology
- Persistent Defence budget increases
- Aerospace & Defence firms are
  - Shaping portfolio to focus on core
  - Vertically integrating
  - Consolidating
- Trend towards increased outsourcing
- Focused on Foreign Military Sales
- Plans to recapitalize/modernize aircraft
- Near-term shortfalls delaying programs
- Increased bi-lateral cooperation
- Reliant on US technology
- Geopolitical instability
- Adoption of US technology
- Focus on Air/Naval Systems

CAE Defence and Security Revenue Distribution
Defence training market drivers

- Increased 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 solutions

Growing budgets, the rapid adoption of advanced technology and increased reliance on outsourcing are all persistent trends
Defence accessible/addressable market

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

**Proven Training Systems Integration track record**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Fixed-Wing Flight Aircrew Training Centre</td>
<td>T45/T6 Goshawk/ Texan Aircrew Training</td>
<td>KC135 Stratotanker Aircrew Training</td>
<td>NATO Flying Training in Canada (NFTC)</td>
</tr>
<tr>
<td>UH72A Lakota Training Systems</td>
<td>T44C Pegasus Aircrew Training</td>
<td>C130H Hercules Aircrew Training</td>
<td>C295 Fixed Wing SAR Aircrew Training</td>
</tr>
<tr>
<td>M1A Abrams Maintenance Training Systems</td>
<td>MH60R Seahawk Training System</td>
<td>MQ1/MQ9 Predator/Reaper Aircrew Training</td>
<td>C130J and CH147F Aircrew Training</td>
</tr>
<tr>
<td></td>
<td>P8 Poseidon Training System</td>
<td>AFSOC AC130J/V22/UH60 Aircrew Training</td>
<td></td>
</tr>
<tr>
<td></td>
<td>USMC KC130J Super Hercules Training Systems</td>
<td>ACC F15/F16/F22 Fighter Aircrew Training</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>ACC C2 ISR Systems Engineering</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>C130J Super Hercules Training Systems</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UK Royal Air Force</th>
<th>Royal Australian Air Force</th>
<th>UAE Armed Forces</th>
<th>Royal Canadian Navy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium Support Helicopter Aircrew Training Centre</td>
<td>Management and Support of ADF Aerospace Simulators (MSAAS)</td>
<td>Naval Training Centre (NTC)</td>
<td>Halifax Class Modernization Program</td>
</tr>
<tr>
<td>Military Flying Training Systems</td>
<td>MRH90 Training Systems</td>
<td>Joint Aviation Command AH407 / UH60 Training Systems</td>
<td>Canadian Surface Combatant Training System</td>
</tr>
<tr>
<td>Merlin Life Sustainment Program</td>
<td>P8 Training Systems</td>
<td>MQ1 Protector Aircrew Training</td>
<td></td>
</tr>
<tr>
<td>MQ9 Sky Guardian Aircrew Training</td>
<td>MQ9 Reaper Aircrew Training</td>
<td></td>
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</tr>
</tbody>
</table>
Healthcare
Why CAE entered healthcare simulation

- Digital transformation enables data-driven care and training
- Synergies with CAE’s next generation training solutions
- Explicit desire to adopt aviation best practices
- Shift to value-based care aligns practices with patient outcomes

Opportunity to lead in a potentially much larger market as the focus on quality of care increases in the interest of patient safety and is increasingly tied to financial incentives
Shift toward Value-based Care

US Centers for Medicare and Medicaid Services’ *Hospital Acquired Conditions* (HAC)

- Uses quality of care as a performance metric

  **6 Quality Measures**
  1. Patient Safety Indicators 90 Composite
  2. Central line bloodstream infections
  3. Catheter-associated urinary infections
  4. Surgical site infections
  5. Multi-resistant infections
  6. Clostridium difficile infections

- 25% lowest performing US hospitals face penalties
  - FY17 = 1% payment cut
  - FY18 = 4% payment cut
  - FY19 = 6% payment cut

  For nearly ¼ of more than 3,300 US hospitals

- In FY17, lowest performing hospitals lost $430M USD in government reimbursements
- In FY19, lowest performing hospitals will lose ~$3B USD in government reimbursements

*Value-based Care is a major driver for the adoption by US hospitals of simulation-based training to improve the quality of care*
Market drivers

**Increasing use of simulation in healthcare**
- Digital transformation of healthcare training

**Limited access to live patients during training**
- Students paired with experienced staff
- Limited access to high-risk procedures and rare conditions

**Growing emphasis on quality of care and patient safety**
- Reducing medical errors* and improving patient outcomes

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

* 3rd leading cause of death in USA
Broadest portfolio of training solutions

Patient simulators

Courseware

Ultrasound simulators

Surgical simulators

Simulation centre management solutions
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

Trusted partner of scientific societies

Screen-based simulation for Maintenance of Certification in Anesthesiology (MOCA)

The Next Generation Training and Certification
Created in collaboration with American Society of Anesthesiologists (ASA) and approved by American Board of Anesthesiology (ABA)
Powered by CAE MÜSE physiology and deployed via ASA Education Center
Financial highlights and capital priorities
CAPITAL ALLOCATION PRIORITIES

Priorities

1. Invest in superior and sustainable growth
   Market/customer-led investments in core and close adjacencies with a clear path to
   market share gains and attractive returns

2. Provide current shareholder returns while generating long term growth
   Current shareholder returns commensurate with earnings and cash performance

3. Maintain a strong balance sheet
   Expect to deleverage to lower end of target Net Debt-to-Capital range of 35-45% within 24 to 36 months
Investment in accretive growth remains a priority given attractive return potential.

$375M+ organic capital investment from FY15-FY19 to deploy 50+ FFSs within CAE’s Civil commercial and business aviation training network.

Organic growth capital deployed in Civil in the last five years has grown recurring revenue and has been highly accretive.
Growing shareholder returns commensurate with CAE’s growth in earnings and free cash flow.
CAPITAL ALLOCATION PRIORITIES

Strong balance sheet

Track record of rapid deleveraging with strong free cash flow generated in training which underlies expectations to reach lower end of target leverage range within 24-36 months

*Not adjusted for IFRS11 impact
CAE’s transformation over the last 2 decades had led to an increased proportion of recurring revenue (services)

<table>
<thead>
<tr>
<th></th>
<th>FY2001</th>
<th>FY2008</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>15%</td>
<td>43%</td>
<td>60%</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A resilient business model

CAE Consolidated Segment Operating Income (SOI)

SOI down 14% post ‘Financial Crisis’

SOI down 60% post ‘2001 Crisis’

FY02-FY10 Canadian GAAP; FY11-FY17 IFRS
Strong backlog for enhanced visibility

In millions of CAD $
Compelling long term investment thesis

CAE’s position for sustainable growth inside of large and growing markets makes it highly attractive from a risk/return standpoint
Outlook summary for FY2020

Management outlook for fiscal year 2020
CAE’s core markets benefit from secular growth and the Company expects to continue exceeding underlying market growth in fiscal year 2020. In Civil, the Company expects to continue building on its positive momentum in training, increasing market share and securing new customer partnerships with its innovative training solutions. Civil expects operating income to grow in the upper 20 percent range on continued strong demand for its training solutions, including maintaining a leading share of FFS sales, and the integration of the recently acquired Bombardier BAT Business. In Defence, the Company expects mid to high single-digit percentage operating income growth as it delivers from backlog and continues to win opportunities from a large pipeline. CAE expects Healthcare to achieve double-digit growth as it delivers from backlog and continues to be driven by and supportive of growing customer training outsourcings in its large core markets. The Company prioritizes market-led capital investments that offer sustainable and profitable growth and accretive returns and support its strategy to be the recognized worldwide training partner of choice. CAE currently expects total annual capital expenditures to increase modestly, by approximately 10 to 15 percent, in fiscal 2020, primarily to keep pace with growing demand for training services from its existing customers and to secure new long-term customer contracts. Management’s expectations are based on the prevailing positive market conditions and customer receptivity to CAE’s training solutions as well as material assumptions contained in this press release, quarterly MD&A and in CAE’s fiscal year 2019 MD&A.
## Q1 FY20 Business Highlights

<table>
<thead>
<tr>
<th>Q1 FY20</th>
<th>$0.24 vs. $0.26 in prior year*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EPS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$825.6M (+14% YoY)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>$113.3M (+13% YoY*)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>($102.1M) compared to ($85.8M) to last year</td>
</tr>
<tr>
<td><strong>Book-to-sales</strong></td>
<td>1.14x</td>
</tr>
<tr>
<td><strong>Total backlog</strong></td>
<td>$9.4B</td>
</tr>
</tbody>
</table>

*Before specific items
### Consolidated Financial Results

#### Summary of Consolidated Results

(amounts in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019**</td>
</tr>
<tr>
<td>Revenue</td>
<td>$825.6</td>
</tr>
<tr>
<td>Gross profit</td>
<td>246.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>113.3</td>
</tr>
<tr>
<td>As % of revenue</td>
<td>13.7%</td>
</tr>
<tr>
<td>Net income</td>
<td>64.7</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the Company</td>
<td>63.2</td>
</tr>
<tr>
<td>Basic and Diluted EPS attributable to equity holders of the Company</td>
<td>0.24</td>
</tr>
</tbody>
</table>

** Exclude the costs arising from the acquisition and integration of Bombardier’s BAT business
# Cash Movements

## Consolidated Cash Movements (amounts in millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities (before changes in non-cash W/C)</td>
<td>$137.8</td>
<td>$117.2</td>
</tr>
<tr>
<td>Changes in non-cash working capital</td>
<td>(197.8)</td>
<td>(147.8)</td>
</tr>
<tr>
<td>Maintenance capex and other assets</td>
<td>(17.7)</td>
<td>(28.3)</td>
</tr>
<tr>
<td>Proceeds from the disposal of property, plant and equipment</td>
<td>0.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Net payments (from) to equity accounted investees</td>
<td>0.7</td>
<td>(6.1)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(25.5)</td>
<td>(23.1)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(102.1)</td>
<td>(85.8)</td>
</tr>
</tbody>
</table>
Our vision is to be the recognized global training partner of choice to enhance safety, efficiency and readiness.