Investor Presentation

Third Quarter Fiscal Year 2024

Data as of February 14, 2024

CAE

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, earnings, cash flow growth, profit trends, growth capital spending, expansions and new initiatives, including initiatives that pertain to environmental, social and governance (ESG) matters, financial obligations, available liquidities, expected sales, general economic and political outlook, inflation trends, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, our management of the supply chain, estimated addressable markets, demands for CAE's products and services, our access to capital resources, our financial position, the expected accretion in various financial metrics, the expected capital returns to shareholders, results of operations, performance, business, prospects and opportunities, the sale of our Healthcare business (the Sale Transaction), the anticipated benefits and expected impacts therefrom on CAE's strategic and operational plans and financial results, the expected terms, conditions (including receipt of necessary regulatory approvals) and completion of the Sale Transaction, the anticipated cash consideration therefrom and the timing for completion thereof, our business outlook, size, objectives, development, plans, growth strategies and other strategic priorities, our competitive and market positioning, our leadership position in our markets, the expansion of our market shares following conclusion of new partnerships, cross-BU collaboration, results of cost-savings initiatives, Defense & Security sequential improvements, CAE's ability and preparedness to respond to demand for new technologies, the sustainability of our operations, our ability to retire the Legacy Contracts (as defined in Section 6.2 "*Defense and Security*" of our Q3 2024 financial report for the quarter ended on December 31, 2023) as expected and to manage and mitigate the risks associated therewith, the impact of the retirement of the Legacy Contracts, notably on the expected positive inflection on underlying profit performance in the second half of fiscal 2025 and other statements that are not historical facts.

Since forward-looking statements and information relate to future events or future performance and reflect current expectations or beliefs regarding future events, they are typically identified by words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "likely", "may", "plan", "seek", "should", "will", "strategy", "future" or the negative thereof or other variations thereon suggesting future outcomes or statements regarding an outlook. All such statements constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions 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 14, 2024 and, accordingly, are subject to change after such date.

Important risks that could cause such differences include, but are not limited to, strategic risks, such as cybersecurity, geopolitical uncertainty, global economic conditions, competitive business environment, original equipment manufacturer (OEM) leverage and encroachment, inflation, international scope of our business, level and timing of defence spending, constraints within the civil aviation industry, our ability to penetrate new markets, research and development (R&D) activities, evolving standards and technology innovation and disruption, length of sales cycle, business development and awarding of new contracts, strategic partnerships and long-term contracts, risk that we cannot assure investors that we will effectively manage our growth, estimates of market opportunity and competing priorities; operational risks, such as supply chain disruptions, program management and execution, mergers and acquisitions, business continuity, subcontractors, fixed price and long-term supply contracts and our continued reliance on certain parties and information; talent risks, such as talent management, ability to attract, recruit and retain key personnel and management, corporate culture and labour relations; financial risks, such as availability of capital, customer credit risk, foreign exchange, effectiveness of internal controls over financial reporting, liquidity risk, interest rate volatility, returns to shareholders, estimates used in accounting, impairment risk, pension plan funding, indebtedness, acquisition and integration costs, sales of additional common shares, market price and volatility of our common shares, seasonality, taxation matters and adjusted backlog; regulatory risks, such as data rights and governance, U.S. foreign ownership, control or influence mitigation measures, compliance with laws and regulations, insurance coverage potential gaps, product-related liabilities, environmental laws and regulations, government audits and investigations, protection of our intellectual property and brand, third-party intellectual property, foreign private issuer status, and enforceability of civil liabilities against our directors and officers; ESG risks, such as extreme climate events and the impact of natural or other disasters (including effects of climate change) and more acute scrutiny and perception gaps regarding ESG matters; reputational risks; technological risks, such as information technology (IT) and reliance on third-party providers for IT systems and infrastructure management; and risks relating to the Sale Transaction, such as all or part of the intended benefits therefrom not being realized or unanticipated carve out-related issues, costs or delays, failure to receive or delay in receiving necessary regulatory approvals or otherwise satisfy the conditions to the completion of the Sale Transaction or delay in completing it and uncertainty regarding the length of time required to complete the Sale Transaction, the impact of the announcement of the Sale Transaction on CAE's relationships with third parties, including commercial counterparties, suppliers, employees and competitors, strategic relationships, operating results and businesses generally, the occurrence of an event which would allow the parties to terminate their obligations, commitments and undertakings pursuant to the Sale Transaction documentation, changes in the terms of the Sale Transaction, the failure by the parties to fulfill their obligations, commitments and undertakings pursuant to the Sale Transaction documentation, and the failure to retain our key management, personnel and clients during the pendency and following completion of the Sale Transaction and risks associated with the loss and replacement of key management and personnel. If the proposed Sale Transaction is not completed for any reason, there is a risk that the announcement of such Sale Transaction and the dedication of substantial resources of CAE to the completion thereof could have a negative impact on our operating results and business generally, and could have a material adverse effect on our current and future operations, financial condition and prospects, including the loss of investor confidence in connection with our ability to execute our strategic plan. In addition, failure to complete the proposed Sale Transaction for any reason could materially negatively impact the market price of our securities and there can be no assurance that management will be successful in its efforts to identify and implement other strategic alternatives that would be in the best interests of CAE and its stakeholders within the context of existing market, regulatory and competitive conditions in the industries in which we operate, on favourable terms and timing or at all, and, if implemented, that such actions would have the planned results. We also have incurred significant transaction and related costs in connection with the proposed Sale Transaction, and additional significant or unanticipated costs may be incurred . The foregoing list is not exhaustive and other unknown or unpredictable factors could also have a material adverse effect on the performance or results of CAE. Additionally, differences could arise because of events announced or completed after the date of this Presentation. You will find more information about the risks and uncertainties affecting our business in our 2023 financial report for the year ended March 31, 2023, and in our Q3 2024 financial report for the quarter ended on December 31, 2023, both available on our website (www.cae.com), SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov).

Disclaimer

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 above 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.

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. Except as otherwise indicated by CAE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may occur after February 14, 2024.The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements are presented in this Presentation for the purpose of assisting investors and others in understanding certain key elements of our expected FY2024 financial results and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

MATERIAL ASSUMPTIONS

The forward-looking statements set out in this Presentation are based on certain assumptions including, without limitation: the prevailing market conditions, geopolitical instability, the customer receptivity to our 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 restructuring initiatives and operational excellence programs, the ability to respond to anticipated inflationary pressures and our ability to pass along rising costs through increased prices, the actual impact to supply, production levels, and costs from global supply chain logistics challenges, 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 facility, the balance available under our receivable purchase facility, the assumption that 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, our ability to effectively execute and retire the Legacy Contracts while managing the risks associated therewith, our ability to achieve synergies and maintain market position arising from successful integration plans relating to the L3Harris Technologies' Military training business (L3H MT) and Sabre's AirCentre airline operations portfolio (AirCentre) acquisitions, our ability to otherwise complete the integration of the L3H MT and AirCentre businesses acquired within anticipated time periods and at expected cost levels, our ability to attract and retain key employees in connection with the L3H MT and AirCentre acquisitions, management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the L3H MT and AirCentre acquisitions 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 and AirCentre acquisitions in the timeframe anticipated, economic and political environments and industry conditions, the accuracy and completeness of public and other disclosure, including financial disclosure, by L3H MT and AirCentre, the absence of significant undisclosed costs or liabilities associated with the L3H MT and AirCentre acquisitions, the satisfaction of all closing conditions of the Sale Transaction, including receipt of all necessary regulatory approvals and other consents and approvals in a timely manner and on terms acceptable to CAE, our ability to otherwise complete the Sale Transaction within anticipated time periods and at expected cost levels, management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Sale Transaction, the realization of the expected strategic, financial and other benefits of the Sale Transaction in the timeframe anticipated (including receipt of expected proceeds and intended use thereof), and fulfillment by the other parties of their respective obligations, commitments and undertakings pursuant to the Sale Transaction documentation. Air travel is a major driver for CAE's business and management relies on analysis from the International Air Transport Association (IATA) to inform its assumptions about the rate and profile of recovery in its key civil aviation market. Accordingly, the assumptions outlined in this Presentation and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate.

CURRENCY

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

NON-IFRS AND OTHER FINANCIAL MEASURES

This Presentation includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods.

Performance Measures
– Gross profit margin (or gross profit as a % of revenue);
– Operating income margin (or operating income as a % of revenue);
– Adjusted segment operating income or loss;
– Adjusted segment operating income margin (or adjusted segment operating income as a % of revenue);
- Adjusted effective tax rate;
– Adjusted net income or loss;
– Adjusted earnings or loss per share (EPS);
– EBITDA and Adjusted EBITDA;
– Free cash flow.

Liquidity and Capital Structure Measures
– Non-cash working capital;
– Capital employed;
– Adjusted return on capital employed (ROCE);
– Net debt;
– Net debt-to-capital;
– Net debt-to-EBITDA and net debt-to-adjusted EBITDA;
– Maintenance and growth capital expenditures.

Growth Measures
– Adjusted order intake;
– Adjusted backlog;
– Book-to-sales ratio.

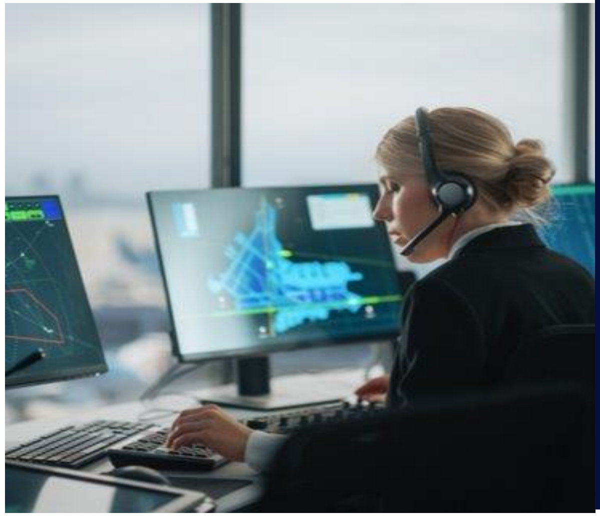
Definitions of all non-IFRS and other financial measures are provided in slides 37-41 to give the reader a better understanding of the indicators used by management. In addition, when applicable, we provide a quantitative reconciliation of the non-IFRS and other financial measures to the most directly comparable measure under IFRS. Refer to slides 33-36 for these reconciliations.

ABOUT MATERIAL INFORMATION
This Presentation includes the information we believe is material to investors after considering all circumstances, including potential market sensitivity. We consider something to be material if: – It results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; or – It is likely that a reasonable investor would consider the information to be important in making an investment decision

CAE is a technology company with a mission and vision focused on safety, efficiency and readiness

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 and defence & security by revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency and readiness.

We are an essential partner in moving our world forward safely through training and technology

Civil Aviation

- Largest global civilian training network (+1 M hrs/year*)
- Leading provider of simulation equipment
- Crew and maintenance training, aftermarket parts/support and operations & technical solutions
- Software-based critical operations solutions and optimization

Market leader with strong cyclical and secular growth drivers

Defense & Security

- Leading defence training and simulation provider
- Only global pure-play, platform-independent training and simulation solutions provider
- Capabilities stretching across all five domains: Air, Land, Space, Sea and Cyber
- Offering joint-domain integration to operational support solutions ensuring mission success

Transformed opportunity set and growth profile

Our cutting-edge training and critical operations solutions empower our customers with the skills and expertise necessary to perform in the moments that matter

Sources: CAE internal analysis

* FY19, FY20, FY22, and FY23

Portfolio shaping: Focus on core markets with announced sale of CAE Healthcare

Transaction Details

- On October 24, 2023, CAE announced that we have reached a definitive agreement to sell CAE's Healthcare business to Chicago-based Madison Industries for an enterprise value of C$311M, subject to customary adjustments.
- Valuation: ~11.4x LTM Q1-FY24A EBITDA and FY23A EBITDA of 14.4x.
- Expected close: Q4 FY24*

Use of Proceeds

- Sale proceeds will be principally used to accelerate deleveraging, as well as to support CAE's continued focus on technology advancement, market leadership and cost optimization within its core training and simulation markets

With a strong leadership team and execution of growth milestones, CAE Healthcare well positioned to further drive patient safety and quality outcomes

*Subject to customary regulatory, and other approvals

A world leader in training, mission, and operational support solutions

$4.2B
FY23 Revenue

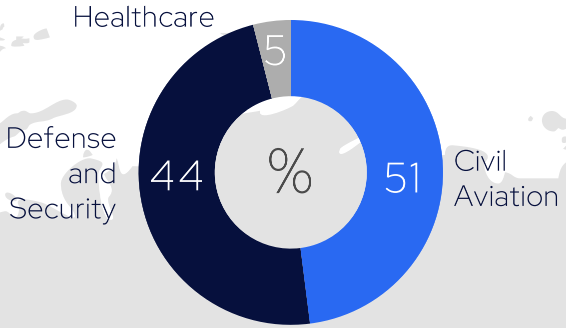
$890M
FY23 Adj EBITDA#

40+
countries

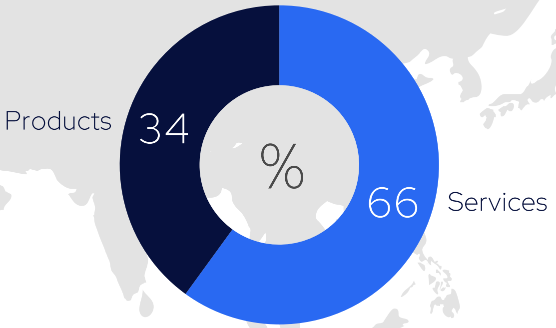
250+
locations

13,000+
employees

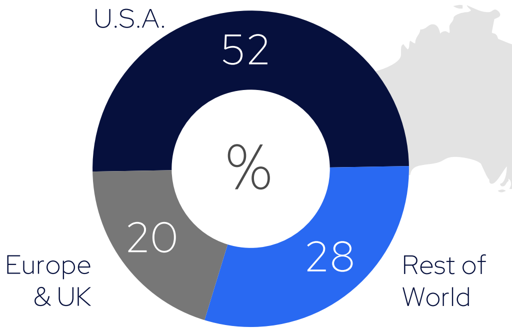
Total Revenue



Products/Services Mix*



Geographic Mix



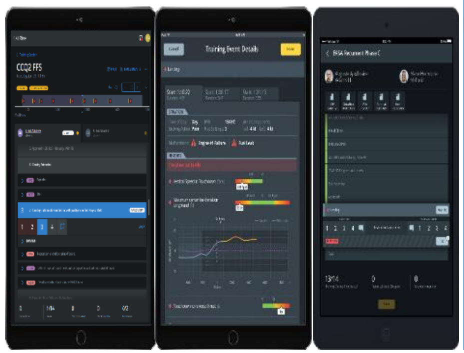
* Approximate value including joint ventures

#Non-IFRS and other financial measures (See slides 37 - 41)

For the year ended, March 31, 2023. Figures presented include both continuing and discontinued operations and have not been reclassified for the disposal of the Healthcare segment

CAE

Key CAE technologies to define and elevate future standards of training and critical operations

Enhanced visualization across multiple simulation platforms	Biometrics through ALE™*	Real-time insights with CAE Rise™*	Advanced data analytics and optimization with CAE Flight Services	Augmented, mixed, and virtual reality
				

Data-driven solutions assessing real-time performance and providing insightful training intelligence

*ALE™ – Adaptive Learning Environment: CAE's patented Adaptive Learning Environment (ALE) improves training efficiencies through systematic and objective rule-based measures of performance and effectiveness across any flight-training curriculum; CAE Rise™ is a data-driven training system that leverages analytics to make pilot training more objective, efficient, and effective. The system gives instructors' the ability to deliver standardized training and objectively assess pilot competencies using live data during training sessions.

Secular tailwinds across all markets

Secular growth and technology drivers

Civil Aviation	~31% of 2023 pilots retiring by 2032	1.1 million total for 2022-23 and growing training insights digitally collected and analyzed	1.3 million New civil aviation personnel needed over the next decade High demand for new personnel due to industry growth and impending retirements
Defense & Security	5% growth# in training in synthetic environments	10% growth# in integrated secure common architecture budgets	+30% Joint All-Domain Command & Control (JADC2)* growth# in processing disparate data for scenario generation & decision making

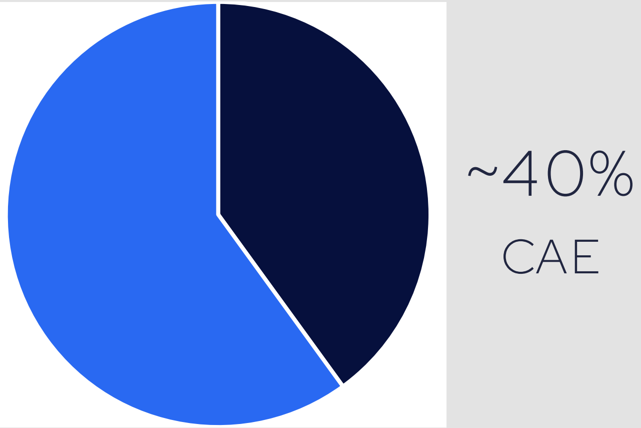
*Joint All-Domain Command and Control: US DoD strategic concept that connects the data sensors and communications across all US military services
#Year on year from 2022-2023
Sources: CAE internal analysis; CAE 2023 Aviation Talent Forecast ; Various Market Research Firm Reports (M&M, Research & Markets, Allied Market Research 2021); IATA; United Nations; Janes.

Substantial headroom in high growth markets

Civil: potential to increase share in a large and growing market

Civil Total Addressable Market

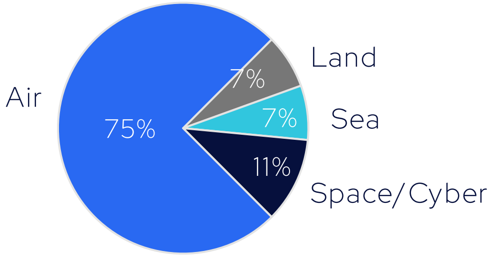
~$6.5B



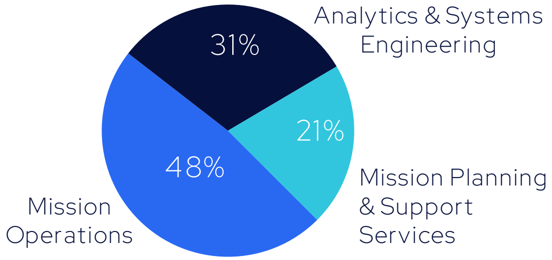
Civil TAM has expanded by 38% since 2020

Defense & Security* positioned for larger bids across all five domains

CORE
~$14B
Training & Simulation



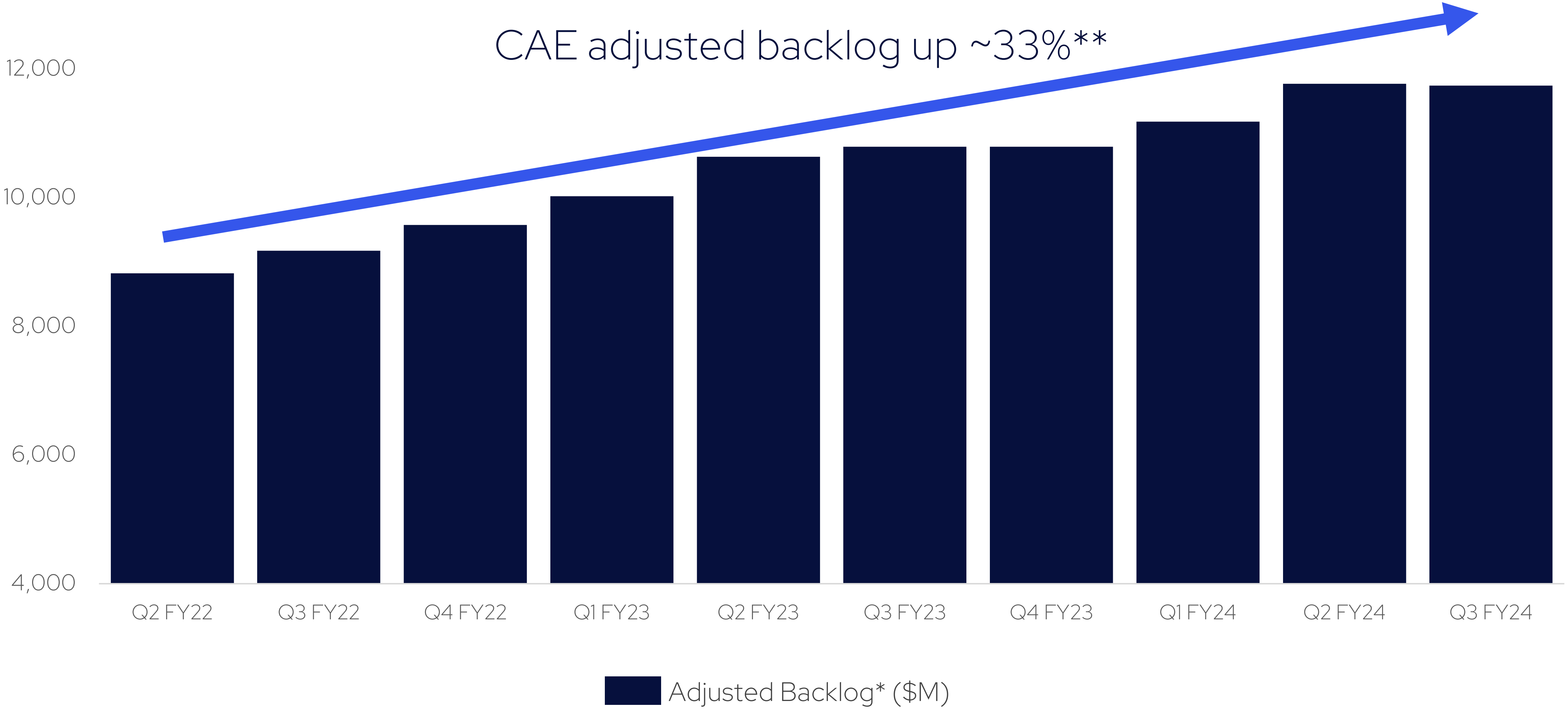
ADJACENT
~$24B
Operations Support



Average bid size from $20M to $100M; $100M+ bids from 1 to 13 per year

Sources: Civil: CAE Internal Analysis; D&S: Budget and Addressable Market figures from FY21 Janes Market Forecast, compiled prior to Ukraine invasion
*All figures for Defense & Security in USD

Increasing adjusted backlog* underpins growth for a bigger, stronger, more profitable CAE



*Non-IFRS and other financial measures (See slides 37 - 41)
**Reflects percentage change in adjusted backlog from Q2 FY22 to Q3 FY24, post L3H MT acquisition (closed Q2 FY22).

Balanced approach to capital allocation

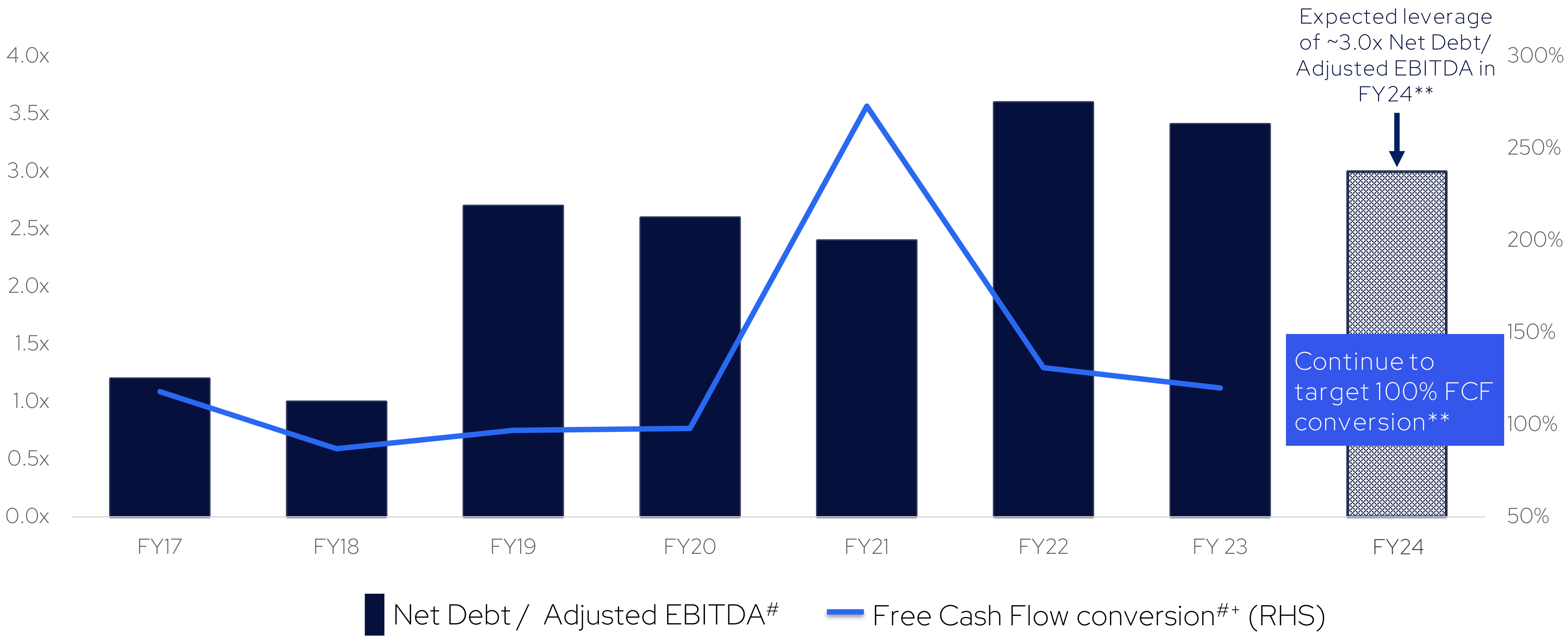
Priorities

Revenue, earnings, and cash flow growth	Focus on organic investments for sustainable and accretive growth
Strong financial position	Maintain a strong balance sheet for resiliency and financial flexibility
Capital returns to shareholders	Balance returns to shareholders with leverage targets and growth investment opportunities.

Close of CAE Healthcare sale* a milestone where Board will actively evaluate options and timing of cash returns to shareholders

*Subject to customary regulatory, and other approvals

Strategic investments in sustainable and accretive growth



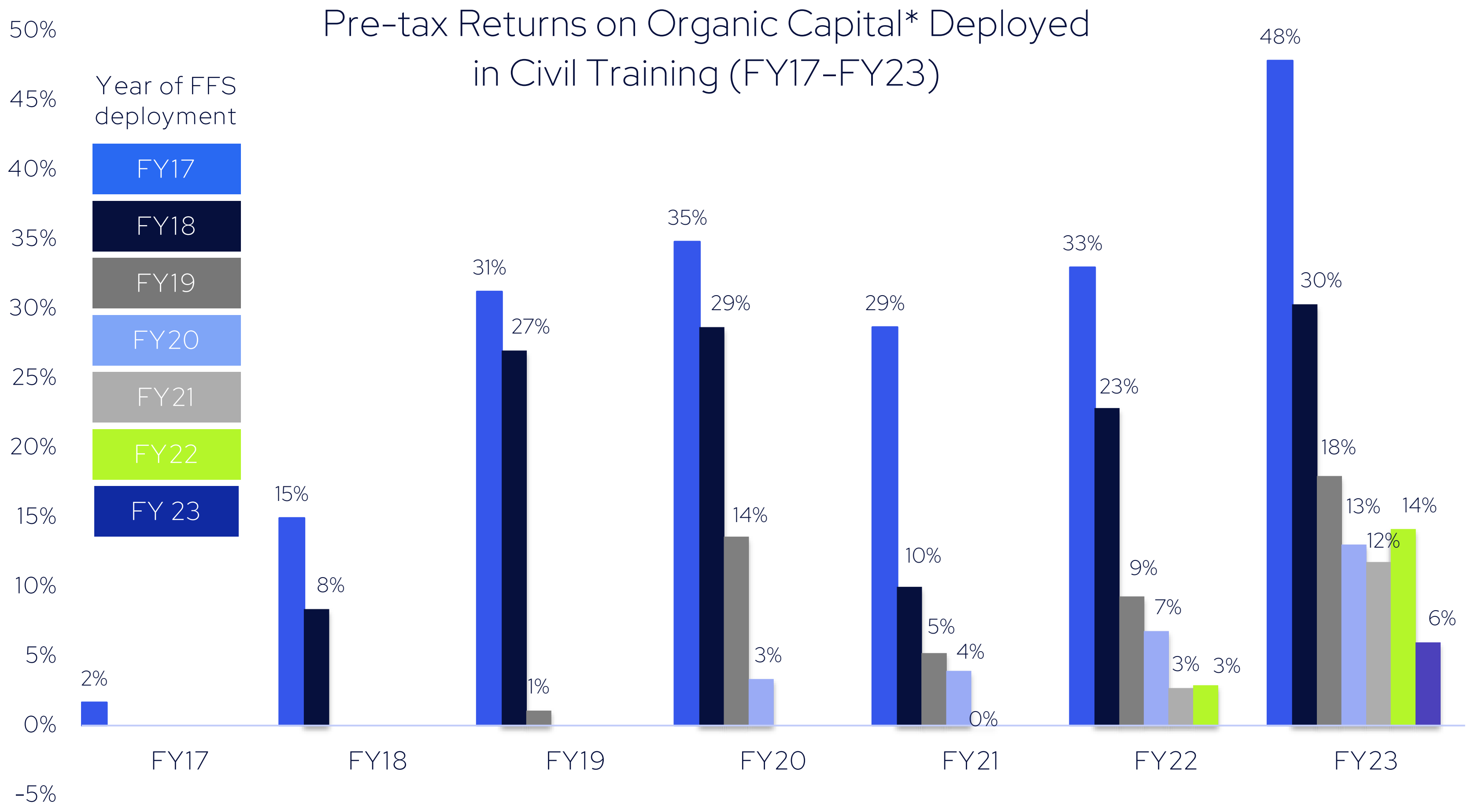
Balancing growth investing and current returns to shareholders on a solid financial foundation

#Non-IFRS and other financial measures (See slides 37 - 41). Figures presented include both continuing and discontinued operations and have not been reclassified for the disposal of the Healthcare segment;
+FCF conversion measured as a % of adjusted net income
** Forward-Looking Statements (slides 2-3)

Organic capital driving recurring revenues and accretive compounding growth

$966M+

organic capital* invested in FY17-FY23 to deploy 99 Full Flight Simulators (FFS) within CAE's Civil aviation training network



Investments in long-term assets that quickly generate recurring revenue and highly accretive returns

*Defined as the operating profit of the FFS divided by the investment in FFS by year of deployment

CAE

Positive ESG impact is core to CAE's mission

Climate action

First Canadian aerospace company to become carbon neutral, in 2020
(Scope 1 and Scope 2 emissions and Partial Scope 3)

Committed to reduction of GHG emissions
All CAE sites are 100% sourced with renewable energy or covered by renewable energy certificates (RECs)

Recognized as sustainability leader

S&P Global | CDP

Sustainability scores in top 15% of our industry and above North American average respectively

Advancing green aviation by developing electric conversion kit for Piper aircraft and enabling the all-electric Advanced Air Mobility industry

Expecting to convert up to 80 aircraft of its training fleet

Diversity, Equity and Inclusion

Named to the Bloomberg Gender-Equality Index for 5 consecutive years

Gold-level gender parity certification from Women in Governance

Strong impact on the Aerospace industry

CAEWomeninFlight

Expanding the reach of the Women in Flight program with airlines partners

8 recipients of Captain Judy Cameron Scholarships with Air Canada

Strong ESG impact across businesses

Civil Aviation

Moving aviation safety, diversity and sustainability forward
+ reducing our emissions through the retrofitting of the planes in our flight schools

Defense & Security

Noble mission to support preparedness; fostering sovereignty, stability and safety
+ deterrence through supporting mission readiness + safer & greener multi-domain training through synthetic environments

CAE

Civil Aviation

Elevating and advancing human performance

Market leader with strong cyclical and secular growth dynamics

Leading provider poised to benefit from cyclical recovery in aircraft deliveries

Aviation Simulation

- Simfinity XR Series
- Flight Training Devices
- Full Flight Simulators
- Equipment Support & Lifecycle Services
- Training Center Operations

Aviation Training

- Pilot Training
- Cadet Academies
- CAE Instructor-Led Training
- Cabin Crew Training
- Aircraft Maintenance Training

Largest global network for regulated training

Trusted partner in CIVIL AVIATION

Leveraging scale and partnerships to enhance growth

Aviation Operational and Technical Services

- Aviation Resourcing
- Operations Management
- Aircraft Technical Support Services

Aviation Digital Solutions

- Operations Control
- Crew Management
- Flight Management
- Airport Management
- In-Flight Services Management
- Training Management
- Crew Engagement - Logbook and apps

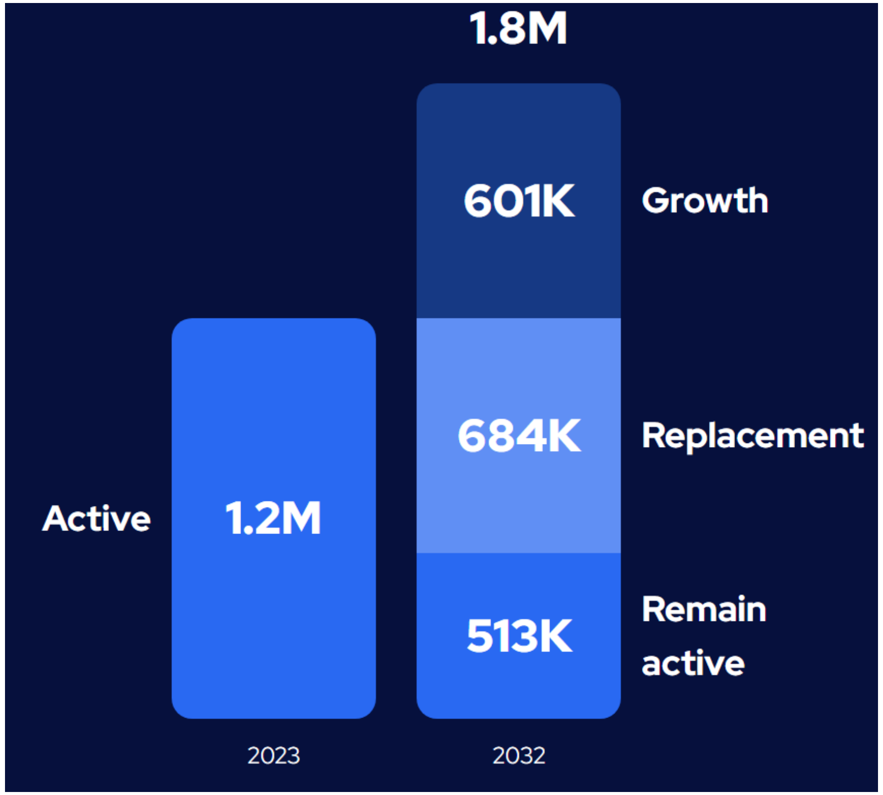
Introducing innovative solutions across the aviation ecosystem

Markets: Commercial Aviation | Business Aviation | Helicopter | Advanced Air Mobility

Elevating human performance. Advancing operational excellence.

CAE

Strong demand for new civil aviation professionals



1.3 million

284K new pilots

402K new aircraft maintenance technicians

599K new cabin crew

Large demand for new personnel due to industry growth and impending retirements

Source: CAE 2023 Aviation Talent Forecast

With the largest aviation footprint, we are always close to our customers

#1
in Civil Aviation Training

1,300+
Full Flight Simulators Manufactured

320+
Full Flight Simulators in our Training Network

170+
Aircraft

70+
Locations

+1 M hours
Simulator Training Delivered Annually*

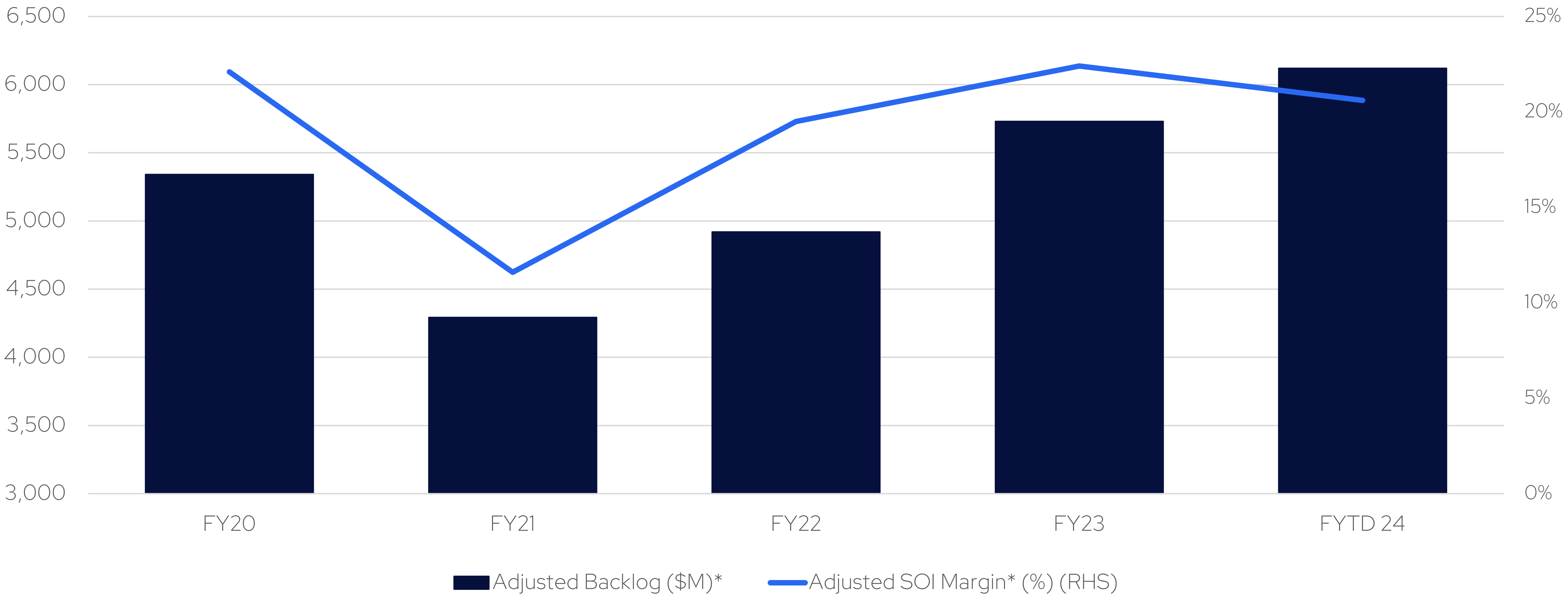
135,000+ pilots
Trained Annually*

Our global footprint more than doubled in the last decade in a demand-driven expansion

* FY19, FY20, FY22, and FY23.

Launched new training centres, deployed additional FFS to our network, sold 62 FFS, and delivered 46 FFS in FY23

Margin and adjusted backlog* continue to strengthen, with renewed tailwinds for expansion and growth



Opportunity for long-term growth and further margin expansion within Civil

* Non-IFRS and other financial measures (See slides 37 - 41)

Defense & Security

Making the world a safer place through enhanced mission readiness

Training, Simulation and Operations Support leader

World's leading platform independent training and simulation pure play

Training & Simulation

- Simulation Products
- Broad Range of Training Services
- Training Centers
  - Ab Initio Flight Schools
  - Live Flight

Mission Operations

- Prime contractor for digital ecosystems
- Real-time modeling and simulation
- Virtual Command, Control, Communications, Computer Intelligence, Surveillance and Reconnaissance (C4ISR)

Leveraging combined capabilities and scale to grow prime contract positioning

Solutions across all five domains

Developing cutting-edge virtualization and digital twin capabilities aligned with customer priorities

Integrated Secure Architectures

- Simulator Common Architecture Requirements & Standards (SCARS)
- Single Synthetic Environments (SSE)
- CAE/Unreal Prodigy Image Generator

Adaptive Learning

- CAE Rise™ + Trax Academy + Adaptive Learning Environment (ALE)
- Augmented / Mixed Reality
- Competency-based Instructional Systems Design (ISD)

Innovative data-driven training solutions

CAE is the world's leading platform independent training and simulation solutions provider preparing global defence and security forces for the mission ahead

Well positioned to address new realities in the defence environment

The global threat environment and budget priorities are accelerating demand for digital immersion solutions

- Focus has shifted from asymmetric to near-peer threats
- Budget priorities driving shift from live training into cost-effective, virtual trainers
- Defence forces need to train in multi-domain operations using immersive synthetic environments

The US National Defense Strategy (NDS) lays 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

CAE's unique expertise can address these evolving needs

Source: CAE internal analysis

Our broad global defence market presence

40+
Countries

70+
Platforms

145+
Sites

6,000
Employees

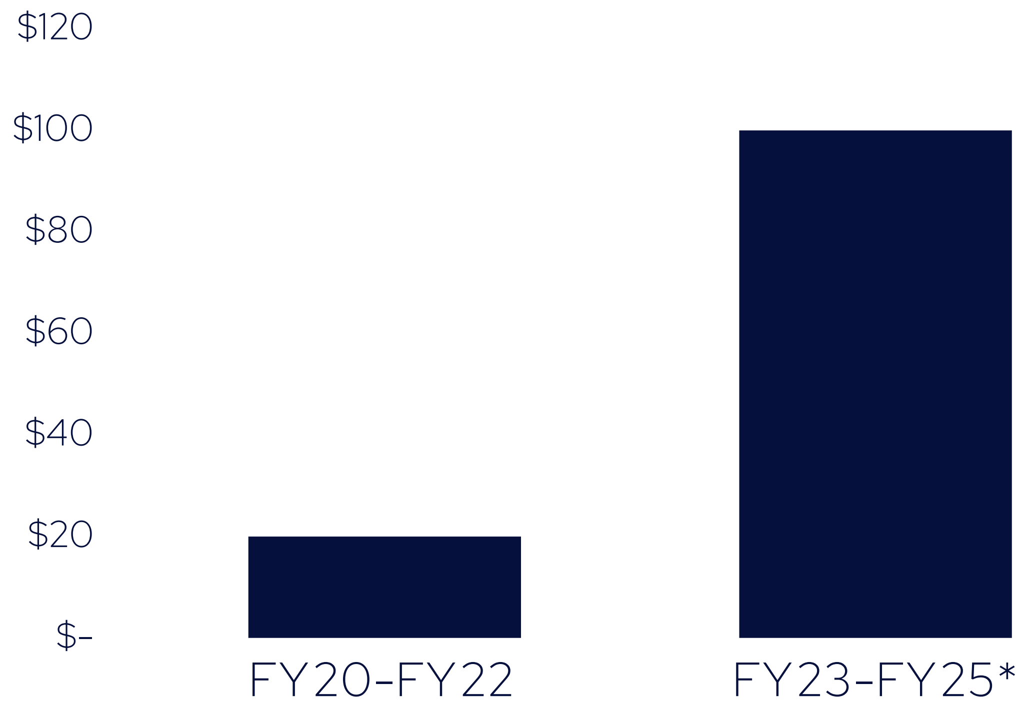
D&S is headquartered in Washington, DC and has locations in key growth markets

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

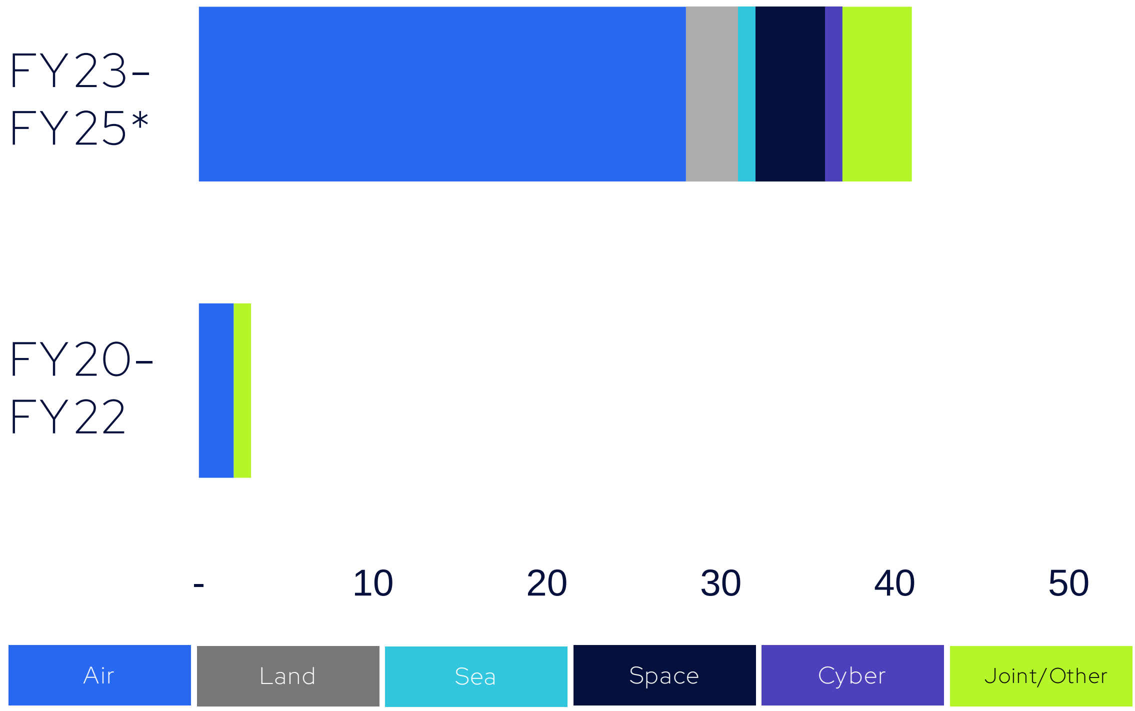
Enhancing training and operational solutions to ensure mission readiness with operations strategically located in key growth markets

Prime pursuits: increasing in size and quantity across all domains

Average bid size ($M)



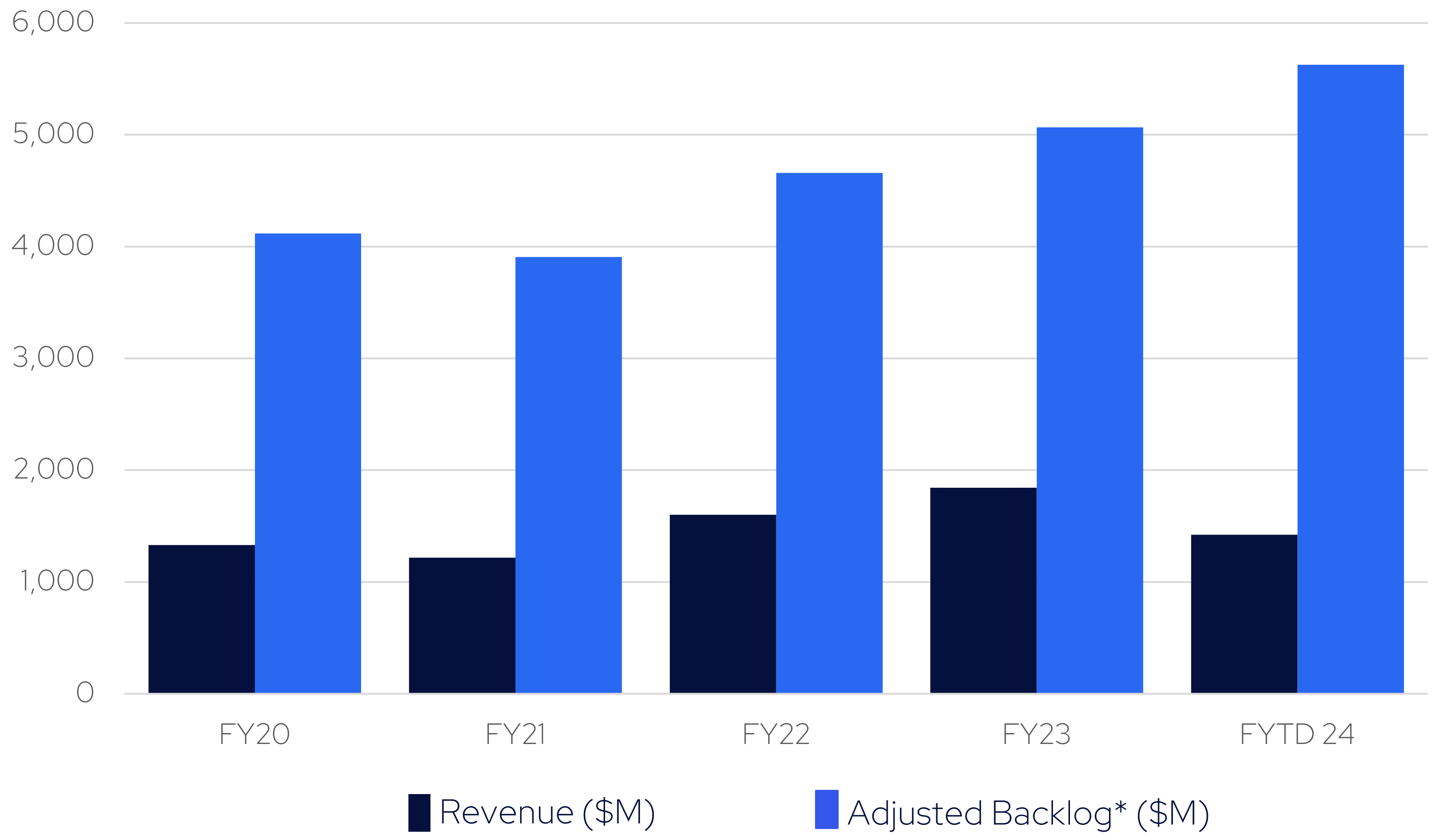
Quantity of competitive prime pursuits > $100M



Average bid size from $20M to $100M; $100M+ bids from 1 to 13 per year

* Forward-Looking Statements (see slides 2-3)

Transforming and accelerating Defense for profitable growth through adjusted backlog* renewal and execution



6x increase in addressable market

Increase in prime position on large IDIQ vehicles with total ceiling of $224B

Building order momentum

>$2.0B in orders for FY23

Greater in size and scale

Increase in average competitive pursuit to $100M as well as number of large bids (>$100M size)

Competitively positioned

5x increase in prime/subcontract opportunities across all five battlespace domains

* Non-IFRS and other financial measures (See slides 37 – 41)

Transformational wins paving the way forward for Defense

Future Aircrew Training Program (FAcT)

- JV with SkyAlyne
- Generational training opportunity covering all aspects of the required training and in-service support to train Canadian military pilots, Air Combat Systems Officers (ACSOs) and Airborne Electronic Sensor Operators (AES Ops).

Flight School Training Support Services (FSTSS)

- World's largest helicopter simulation training program for the US Army.

Soldier Virtual Trainer (SVT)

- Early award through two-year competitive bidding process: continue the expansion of synthetic training environments to empower soldier-led training at the point of need

High Accuracy Detection and Exploitation System (HADES)

- Sole source contract to support US Intelligence and Security Command, leveraging our strengths in Civil aviation training

Initial Flight Training – Rotary (IFT-R)

- Competitively awarded by USAF this solidifies CAE's multi-service rotary wing training capabilities in Lower Alabama

Financials*

**Comparative figures have been reclassified to reflect results on a continuing basis as a result of the Healthcare segment being presented as discontinued operations*

Q3 FY24 financial highlights

Performance *(amounts in millions, except per share amounts)*	Q3 FY24	Q3 FY23	Variance %
Revenue	$1,094.5	$969.9	12.8%
Operating income	$121.6	$142.1	(14.4%)
Adjusted segment operating income (SOI)*	$145.1	$156.8	(7.5%)
Net income attributable to equity holders of the Company	$56.5	$78.1	(27.7%)
Continuing operations	$58.4	$76.0	(23.2%)
Discontinued operations	($1.9)	$2.1	(190.5%)
Basic and diluted earnings per share (EPS)	$0.17	$0.25	(32%)
Continuing operations	$0.18	$0.24	(25%)
Discontinued Operations	($0.01)	$0.01	(200%)
Adjusted earnings per share*	$0.24	$0.27	(11.1%)
Net cash provided by operating activities	$220.8	$252.4	(12.5%)
Free cash flow*	$190.0	$239.8	(20.8%)

*Non-IFRS and other financial measures (See slides 37 - 41).

Q3 FY24 financial highlights

Performance *(amounts in millions, adjusted ROCE and book-to-sales ratio)* Liquidity and capital structure	Q3 FY24	Q3 FY23	Variance %
Capital employed*	$7,813.7	$7,527.8	3.8%
Adjusted return on capital employed (ROCE)*	7.0%	5.5%	
Total debt	$3,209.9	$3,264.6	(2%)
Net debt*	$3,085.4	$3,073.0	0.4%
Growth			
Adjusted order intake*	$1,273.9	$1,189.7	7.1%
Adjusted backlog*	$11,746.3	$10,795.1	8.8%
Book-to-sales ratio*	1.16x	1.23x	
Book to sales (last 12 months)	1.10x	1.27x	

*Non-IFRS and other financial measures (See slides 37 - 41)

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of EBITDA, Adjusted EBITDA, net debt-to-EBITDA and net debt-to-adjusted EBITDA *(last 12 months ended December 31)*	2023	2022
(Amounts in millions, except net debt-to-EBITDA ratios)		
Operating income	$525.9	$371.6
Depreciation and amortization	$359.7	$320.8
EBITDA	$885.6	$692.4
Restructuring, integration and acquisition costs	$91.5	$83.3
Impairment reversal of non-financial assets following their repurposing and optimization	–	$9.8
Cloud computing transition adjustment	–	$13.4
Adjusted EBITDA	$977.1	$798.9
Net Debt	$3,085.4	$3,073.0
Net debt-to-EBITDA	3.48x	4.44x
Net debt-to-adjusted EBITDA	3.16x	3.85x

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of adjusted net income and adjusted earnings per share (EPS) *(Three months ended December 31)*	2023	2022
(Amounts in millions, except per share amounts)		
Net income attributable to equity holders of the Company	$56.5	$78.1
Net income (loss) from discontinued operations	$1.9	$(2.1)
Restructuring, integration and acquisition costs, after tax	$18.2	$4.0
Impairment reversal of non-financial assets following their repurposing and optimization, after tax	–	$7.1
Adjusted net income	$76.6	$87.1
Average number of shares outstanding (diluted)	319.1	318.3
Adjusted EPS	$0.24	$0.27

RECONCILIATION OF NON-IFRS MEASURES

Calculation of adjusted effective tax rate *(Three months ended December 31)*	2023	2022
(Amounts in millions, except effective tax rates)		
Earnings before income tax	$69.2	$94.4
Restructuring, integration and acquisition costs	$23.5	$4.9
Impairment reversal of non-financial assets following their repurposing and optimization	-	$9.8
Adjusted earnings before income taxes	$92.7	$109.1
Income tax expense	$8.2	$16.5
Tax impact on restructuring, integration and acquisition costs	$5.3	$0.9
Tax impact on impairment reversal of non-financial assets following their repurposing and optimization	-	$2.7
Adjusted income tax expense	$13.5	$20.1
Effective tax rate	12%	17%
Adjusted effective tax rate	15%	18%

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of adjusted segment operating income	Civil Aviation		Defense & Security		Total	
Three months ended December 31	2023	2022	2023	2022	2023	2022
Amounts in millions						
Operating income	$101.0	$117.2	$20.6	$24.9	$121.6	$142.1
Restructuring, integration and acquisition costs	23.2	11.2	0.3	(6.3)	23.5	4.9
Impairment reversal of non-financial assets following their repurposing and optimization	–	3.0	–	6.8		9.8
Adjusted segment operating income	$124.2	$131.4	$20.9	$25.4	$145.1	$156.8

Reconciliation of adjusted segment operating income	Civil Aviation		Defense & Security		Total	
Nine months ended December 31	2023	2022	2023	2022	2023	2022
Amounts in millions						
Operating income	$295.0	$281.0	$52.6	$6.7	$347.6	$287.7
Restructuring, integration and acquisition costs	62.5	38.4	13.9	9.1	76.4	47.5
Impairment reversal of non-financial assets following their repurposing and optimization	–	3.0	–	6.8	–	9.8
Adjusted segment operating income	$357.5	$322.4	$66.5	$22.6	$424.0	$345.0

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Non-IFRS and other financial measure definitions

This Presentation includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods.

A non-IFRS financial measure is a financial measure that depicts our financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in our financial statements.

A non-IFRS ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation, that has a non-IFRS financial measure as one or more of its components.

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements.

A capital management measure is a financial measure intended to enable an individual to evaluate our objectives, policies and processes for managing our capital and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements.

A supplementary financial measure is a financial measure that depicts our historical or expected future financial performance, financial position or cash flow and is not disclosed within our primary financial statements, nor does it meet the definition of any of the above measures.

Certain non-IFRS and other financial measures are provided on a consolidated basis and separately for each of our segments (Civil Aviation and Defense and Security) since we analyze their results and performance separately.

PERFORMANCE MEASURES

Gross profit margin (or gross profit as a % of revenue)

Gross profit margin is a supplementary financial measure calculated by dividing our gross profit by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Operating income margin (or operating income as a % of revenue)

Operating income margin is a supplementary financial measure calculated by dividing our operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Adjusted segment operating income or loss

Adjusted segment operating income or loss is a non-IFRS financial measure that 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 adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We track adjusted segment operating income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Adjusted segment operating income on a consolidated basis is a total of segments measure since it is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance. Refer to slides 33-36 for a reconciliation of this measure to the most directly comparable measure under IFRS.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Adjusted segment operating income margin (or adjusted segment operating income as a % of revenue)
Adjusted segment operating income margin is a non-IFRS ratio calculated by dividing our adjusted segment operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Adjusted effective tax rate
Adjusted effective tax rate is a supplementary financial measure that represents the effective tax rate on adjusted net income or loss. It is calculated by dividing our income tax expense by our earnings before income taxes, adjusting for the same items used to determine adjusted net income or loss. We track it because we believe it provides an enhanced understanding of the impact of changes in income tax rates and the mix of income on our operating performance and facilitates the comparison across reporting periods. Refer to slides 32-34 for a calculation of this measure.

Adjusted net income or loss
Adjusted net income or loss is a non-IFRS financial 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 adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, after tax, as well as significant one-time tax items. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We track adjusted net income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Refer to slides 33-36 for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted earnings or loss per share (EPS)
Adjusted earnings or loss per share is a non-IFRS ratio calculated by dividing adjusted net income or loss by the weighted average number of diluted shares. We track it because we believe it provides an enhanced understanding of our operating performance on a per share basis and facilitates the comparison across reporting periods. Refer to slides 32-34 for a calculation of this measure.

EBITDA and Adjusted EBITDA
EBITDA is a non-IFRS financial measure which comprises net income or loss from continuing operations before income taxes, finance expense – net, depreciation and amortization. Adjusted EBITDA further adjusts for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We use EBITDA and adjusted EBITDA to evaluate our operating performance, by eliminating the impact of non-operational or non-cash items. Refer to slides 33-36 for a reconciliation of these measures to the most directly comparable measure under IFRS.

Free cash flow
Free cash flow is a non-IFRS financial 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, changes in enterprise resource planning (ERP) and 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. Refer to Section 7.1 "Consolidated cash movements" of CAE's interim fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

LIQUIDITY AND CAPITAL STRUCTURE MEASURES

Non-cash working capital

Non-cash working capital is a non-IFRS financial 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). Refer to Section 8.1 "Consolidated capital employed" of CAE's interim fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Capital employed

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

Use of capital:
– 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, employee benefits assets 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.

Refer to Section 8.1 "Consolidated capital employed" of CAE's interim fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted return on capital employed (ROCE)

Adjusted ROCE is a non-IFRS ratio calculated over a rolling four-quarter period by taking net income attributable to equity holders of the Company from continuing operations adjusting for net finance expense, after tax, restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events divided by the average capital employed from continuing operations. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We use adjusted ROCE to evaluate the profitability of our invested capital.

Net debt

Net debt is a capital management 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. Refer to Section 8.1 "Consolidated capital employed" of CAE's interim fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Net debt-to-capital

Net debt-to-capital is a capital management measure calculated as net debt divided by the sum of total equity plus net debt. We use this to manage our capital structure and monitor our capital allocation priorities.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Net debt-to-EBITDA and net debt-to-adjusted EBITDA

Net debt-to-EBITDA and net debt-to-adjusted EBITDA are non-IFRS ratios calculated as net debt divided by the last twelve months EBITDA (or adjusted EBITDA). We use net debt-to-EBITDA and net debt-to-adjusted EBITDA because they reflect our ability to service our debt obligations. Refer to slides 32-34 for a calculation of these measures.

Maintenance and growth capital expenditures

Maintenance capital expenditure is a supplementary financial measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a supplementary financial measure we use to calculate the investment needed to increase the current level of economic activity. The sum of maintenance capital expenditures and growth capital expenditures represents our total property, plant and equipment expenditures.

GROWTH MEASURES

Adjusted order intake

Adjusted order intake is a supplementary financial measure that represents the expected value of orders we have received:

– For the Civil Aviation segment, we consider an item part of our adjusted 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 Defense and Security segment, we consider an item part of our adjusted 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. Defense 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 adjusted order intake when the customer has authorized the contract item and has received funding for it.

Adjusted backlog

Adjusted backlog is a supplementary financial 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 adjusted order intake not yet executed and is calculated by adding the adjusted 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 legally binding Defense and Security orders with the U.S. government that we have received but have not yet executed and for which funding authorization has not yet been obtained. The uncertainty relates to the timing of the funding authorization, which is influenced by the government's budget cycle, based on a September year-end. Options are included in adjusted backlog when there is a high probability of being exercised, which we define as at least 80% probable, but multi-award indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered adjusted order intake in that period, and it is removed from unfunded backlog and options.

Book-to-sales ratio

The book-to-sales ratio is a supplementary financial measure calculated by dividing adjusted order intake by revenue in a given period. We use it to monitor the level of future growth of the business over time.

SUPPLEMENTARY NON-FINANCIAL INFORMATION DEFINITIONS

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.

Simulator equivalent unit (SEU)

SEU is a measure we use to show the total average number of FFSs available to generate earnings during the period. For example, in the case of a 50/50 flight training joint venture, we will report only 50% of the FFSs under this joint venture as a SEU. If a FFS is being powered down and relocated, it will not be included as a SEU until the FFS is re-installed and available to generate earnings.

Utilization rate

Utilization rate is a measure we use to assess the performance of our Civil simulator training network. While utilization rate does not perfectly correlate to revenue recognized, we track it, together with other measures, because we believe it is an indicator of our operating performance. We calculate it by taking the number of training hours sold on our simulators during the period divided by the practical training capacity available for the same period.

CAE