CAE

2015 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
MR. MARC PARENT
President and Chief Executive Officer
ACHIEVED STRATEGIC AND FINANCIAL OBJECTIVES

- RECORD REVENUES AND HIGHER OPERATING MARGINS
- RECORD BACKLOG OF $5.4B
- 3 NEW JOINT VENTURES
- 41 CIVIL SIMULATORS SOLD
- ENHANCED CORPORATE SOCIAL RESPONSIBILITY FOCUS
TRAINING MATTERS
CIVIL AVIATION: LEADER IN TRAINING

THE DEFINITION OF TRAINING

FROM CADET TO CAPTAIN

TRAINING

#1 COMMERCIAL AVIATION TRAINING
#1 HELICOPTER AVIATION TRAINING
#2 BUSINESS AVIATION TRAINING
#1 CIVIL AB-INITIO PILOT TRAINING
#1 CREW SOURCING SERVICES
DEFENCE: LEADING GLOBAL TRAINING SYSTEMS INTEGRATOR

THE DEFINITION OF TRAINING

>30 nations
THE DEFINITION OF TRAINING
PASSIONATE PEOPLE AND QUALITY SOLUTIONS
Integrated aeromedical evacuation system:

Air mobility simulation and training combined with patient simulators.
INNOVATION LEADER
COMMERCIAL AVIATION: 3 JOINT VENTURES
MULTI-CREW PILOT LICENCE (MPL) CERTIFICATION
First to adopt and implement industry standards to prevent Loss of Control in-Flight
Training >120,000 civil and military crewmembers annually
Most advanced training systems integration

Showcases the full breadth of our capabilities

Setting the standard for defence forces
Classroom, simulator and live flying instruction to all U.S. pilots and sensor operators
Live flying training for fighter pilots
Quickly developed virtual databases of airfields to help rehearse pre-deployment missions
$1.2 billion in research and development over past 10 years
 Hundreds of ideas from employees every year
 Winning ideas are incorporated into solutions
First 7000XR
WORLD-LEADING TECHNOLOGY
AIRBUS A350 XWB

1st SIMULATOR
CAE MEDALLION-6000 IMAGE GENERATOR
Transform training of medical practitioners

Simulator to practice placement of Impella heart pump
WORLD-LEADING TECHNOLOGY

LAUNCH OF CAE VIVO

vivo

Gives users full control over patient simulator METIman
TRAINING PARTNER OF CHOICE
Provide comprehensive training for all U.S. Army fixed-wing aviators annually.
EXTENDED LONG-TERM AGREEMENTS
CUSTOMERS

TRAINING PARTNER OF CHOICE

- AirAsia
- Air Canada
- Air Contractors
- Air Japan
- Air Transat
- Alitalia
- American Airlines
- Asiana Airlines
- Avianca
- AWAC
- BMI Regional
- CEBU PACIFIC
- CHC
- China Eastern
- Delta
- EasyJet
- Emirates
- Etihad Airways
- FlyDubai
- Iberia
- IndiGo
- InterGlobe
- Japan Airlines
- Jazz
- Jetstar
- LAN
- TAM
- Lider
- Lufthansa
- MUSA
- NCA
- Norwegian
- Peach
- PSA Airlines
- Qatar Airways
- Ryanair
- SAS
- SilkAir
- Singapore Airlines
- Southwest
- Sunwing
- Thomas Cook
- Turkish Airlines
- United
- US Airways
- Virgin America
- Virgin Atlantic
- Vueling
SOLUTIONS TO CUSTOMERS WORLDWIDE

Turnkey training centre to Turkmenistan
160 sites in 35 countries

Serving customers in 190 countries
CORPORATE SOCIAL RESPONSIBILITY MATTERS
CSR INTEGRAL PART OF OUR BUSINESS STRATEGY

Performance Highlights

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<th>Goal Align</th>
<th>Our Approach</th>
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<td>Safety</td>
<td>Health and Safety</td>
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<td>Product and Service Innovation</td>
<td>Customer Excellence</td>
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<td>Environmental Protection</td>
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<tr>
<td>Learning and Development</td>
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Business Integrity Matters

Our commitment to conducting our business at the highest ethical standards is anchored in our values of integrity, trust and respect.

Creating a Great Place to Work Matters

We are committed to being an employer of choice by providing an environment where people first belong, supported and encouraged to be successful both personally and professionally.
OUR VISION IS TO BE THE RECOGNIZED GLOBAL TRAINING PARTNER OF CHOICE TO ENHANCE SAFETY, EFFICIENCY AND READINESS.
MR. STÉPHANE LEFEBVRE
Vice President, Finance, and Chief Financial Officer
FY15: CAE

- Consolidated revenue of $2.2B
  - +8% from FY14

- Net income attributable to equity holders of the Company from continuing operations of $201M
  - $0.76 per share

- Record total backlog of $5.4B
FY15 HIGHLIGHTS

FY15: CIVIL

► Revenue of $1.3B
  ♦ +10% from FY14

► Operating income of $210M
  ♦ +17% from FY14

► Operating margin of 16.3%
  ♦ 15.3% in FY14

► Orders valued at $1.5B
FY15: DEFENCE

- Revenue of $857M
  - +4% from FY14
- Operating income of $115M
  - +7% from FY14
- Operating margin of 13.5%
  - 13.1% in FY14
- Orders valued at $755M
FY15: HEALTHCARE

Revenue of $94.3M
- +19% from FY14

Operating income of $6.7M
- 4x FY14
FY15 HIGHLIGHTS

FY15

- Capital expenditures of $144M
  - two-thirds for growth
- Free cash flow of $174M
- Net cash provided by continuing operating activities and investing activities of $90M
  - +9% from FY14
FY15 OVERALL

- Strengthened balance sheet
- Net debt to total capital ratio at 36.3%
- Achieved operational and strategic milestones
- Well positioned for the year ahead and the long-term
Q1FY16 HIGHLIGHTS
Q1FY16 HIGHLIGHTS

Civil

► Higher margin on higher utilization of training network over Q1FY15
► Double-digit increase in operating income over Q1FY15

Defence

► Higher operating income
► Robust order activity
Revenue of $557M
- +6% from Q1FY15

Net income attributable to equity holders of the Company from continuing operations of $44.9M
- $0.17 per share

Net income before restructuring costs of $50.6M
- $0.19 per share
- +16% from Q1FY15
Revenue of $336.2M
- +9% from Q1FY15

Operating margin of $57M (17%)
- +15% from Q1FY15

Orders of $288.3M

Book-to-sales 0.86x
- Trailing twelve months at 1.09x
Q1FY16 HIGHLIGHTS

Q1FY16: DEFENCE

► Revenue of $196.9M
  ◆ Stable from Q1FY15

► Operating margin of $23.6M (12%)
  ◆ +8% from Q1FY15

► Orders of $207M

► Book-to-sales 1.05x
  ◆ Trailing twelve months at 0.95x

► $211M in unfunded orders
Revenue of $23.9M

Operating margin of $0.6M

- Double-digit increase over Q1FY15
Q2FY16: sale of CAE’s mining business to Constellation Software

▶ For $32 million
▶ With potential $10 million earn out
## Q1FY16 HIGHLIGHTS

### Income taxes

<table>
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<tr>
<th></th>
<th>Q1FY16</th>
<th>Q1FY15</th>
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<tbody>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Income taxes</strong></td>
<td>$9.8M</td>
<td>$11.6M</td>
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### Free cash flow

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<tr>
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<th>Q1FY16</th>
<th>Q1FY15</th>
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<tr>
<td><strong>Free cash flow</strong></td>
<td>($61.2M)</td>
<td>($20.9M)</td>
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### Net cash used in continuing operating and investing activities

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<tr>
<th></th>
<th>Q1FY16</th>
<th>Q1FY15</th>
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<tr>
<td><strong>Net cash used</strong></td>
<td>($67.4M)</td>
<td>($51.7M)</td>
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### Net debt

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<thead>
<tr>
<th></th>
<th>Q1FY16</th>
<th>Q1FY15</th>
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<tbody>
<tr>
<td><strong>Net debt</strong></td>
<td>$1,006.8M</td>
<td>$901.6M</td>
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### Net debt to total capital ratio

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<th>Q1FY15</th>
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<tr>
<td><strong>Net debt to total capital ratio</strong></td>
<td>36.6%</td>
<td>37.9%</td>
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### Capital expenditures

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<th>Q1FY16</th>
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<tbody>
<tr>
<td><strong>Capital expenditures</strong></td>
<td>$23.6M</td>
<td>$39.7M</td>
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STRENGTHEN CAE’S COMPETITIVE POSITION

► Implement process improvement plan to transform
  ◦ Production processes
  ◦ Product offering

► Anticipate $19 million after-tax expenditure

► Transformation substantially completed by first half FY17

► Expected annualized cost savings of $15 to $20 million
SUMMARY

► Strong balance sheet
► Healthy position
► Solid backlog valued at $5.4B
► Well positioned to continue to deliver growth
GLOBAL PASSENGER TRAFFIC INCREASE

Global Increase + 6%

Asia +9%

Middle East +11%
Boeing Delivers Record Number of Jets in 2014

Plane Maker Says Cancellations, Deferrals Remain Low by Historical Standards

By DOUG CAMERON
Updated Jan. 6, 2015 4:07 p.m. ET

Boeing Co. on Tuesday reported record annual orders and deliveries of its commercial jetliners along with a bubble as the business jet market continues to expand.

ATR: record year in terms of sales, deliveries, turnover and backlog

Wednesday 21 January 2015

2014 was the best year in the aircraft manufacturer’s history

The year 2014 ended for ATR beating last years’ records in sales, deliveries, turnover and backlog. The aircraft manufacturer’s sales increased to 160 aircraft, along with 120 options, exceeding the previous 2011 record (157 firm sales and 79 options). ATR also achieved a record turnover in 2014, reaching 1.8 billion dollars (1.63 billion in 2013), and increased its deliveries to 83 aircraft (compared with 74 in 2013). As a result of the extraordinary commercial year experienced by ATR, 2014 ended with 280 aircraft in its backlog, an end-of-year level never reached until now.

In 2014, ATR signed the largest cumulative order of its history, with a contract that brings the number of firm aircraft orders from the Indonesian airline Lion Air to one hundred. ATR also reached a major milestone in its history with the signing of the 1000th order for the ATR 72 which will fly the flag of Airlines PNG, the Papua New Guinea airline.
CIVIL MARKET OUTLOOK

LOOKING FORWARD

27,000 pilots a year for 20 years

558,000 COMMERCIAL AIRLINE PILOTS

2015 2035
WHERE ARE YOUR NEXT PILOTS COMING FROM?

558,000 COMMERCIAL AIRLINE PILOTS

20,000 pilots a year for 20 years
Improvement plan to become more efficient in engineering, manufacturing and delivering simulators
LOOKING FORWARD

LEADER IN ALL MARKETS

#1 CIVIL SIMULATION EQUIPMENT SALES
#1 COMMERCIAL AVIATION TRAINING
#1 HELICOPTER AVIATION TRAINING
#2 BUSINESS AVIATION TRAINING

#1 CIVIL AB-INITIO PILOT TRAINING
#1 CREW SOURCING SERVICES
#1 MILITARY VIRTUAL AIR TRAINING
#1 HEALTHCARE SIMULATION TECHNOLOGY
LOOKING FORWARD

CIVIL MARKET SHARE

CAE market share
Market space

~6x Larger

~70% FY15

$3B+ market
Considerable headroom

~25% FY15

Simulation Products Market
Total Training Market
More nations turning to simulation
>$2.5 billion proposals
Focus on training and training systems integration
Proud of the impact of our solutions on society
Well positioned for higher investment returns
Leading position in growth markets
Strength of dedicated and experienced professionals
Fifth year in a row of increased dividend

CAE Quarterly dividend

$0.04

2011

$0.075

2015
THANKS

► CUSTOMERS
► EMPLOYEES
► BOARD MEMBERS
► SHAREHOLDERS