



**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





# SETTING THE STANDARD



# CIVIL AVIATION: LEADER IN 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

>30  
nations

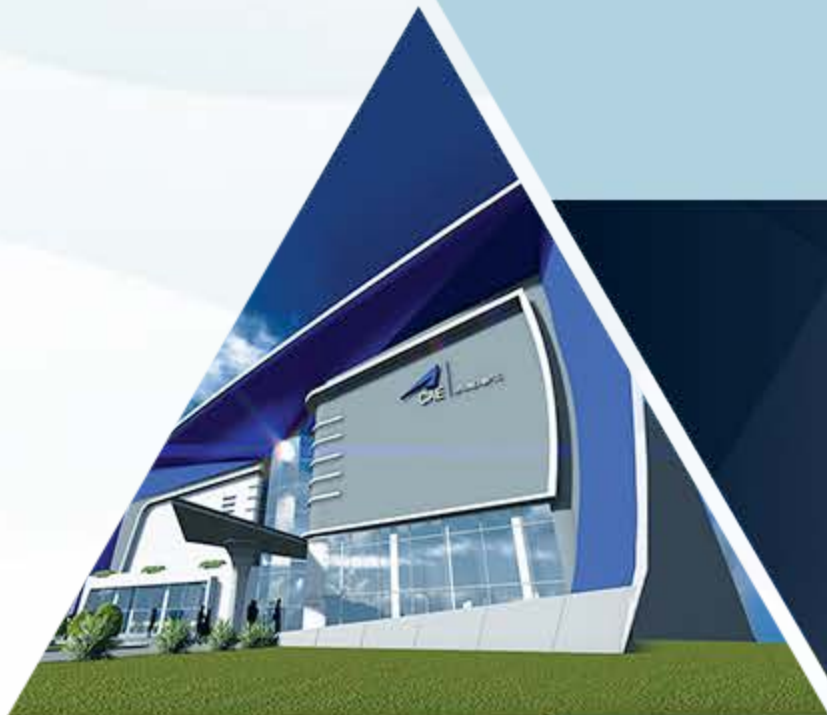




# PASSIONATE PEOPLE AND QUALITY SOLUTIONS







**INNOVATION  
LEADER**



# US AIR FORCE RESERVE COMMAND



## Integrated aeromedical evacuation system :

Air mobility simulation and training combined with patient simulators



# COMMERCIAL AVIATION: 3 JOINT VENTURES



中國東方航空  
CHINA EASTERN



**JAPAN AIRLINES**



**Lufthansa Flight Training**



INNOVATION LEADER

# MULTI-CREW PILOT LICENCE (MPL) CERTIFICATION





**First to adopt and implement  
industry standards to prevent  
Loss of Control in-Flight**







# **WORLD-CLASS EXPERTISE**

**Training >120,000**  
civil and military crewmembers  
annually

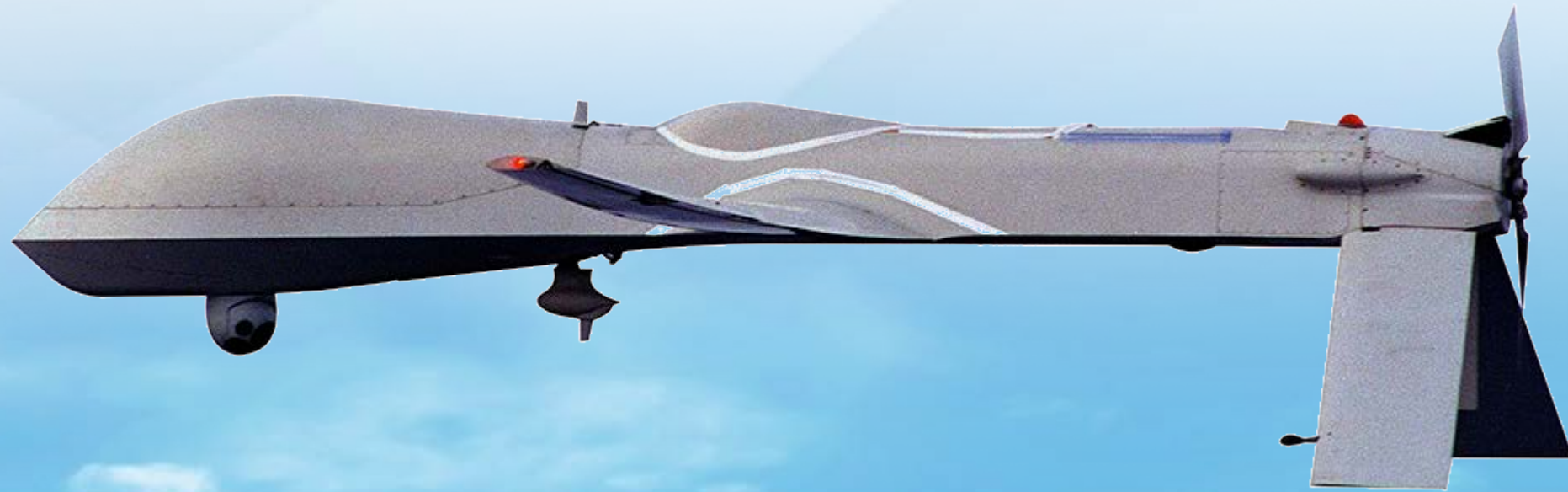


# AIR MOBILITY TRAINING CENTRE IN TRENTON

- ▶ Most advanced training systems integration
- ▶ Showcases the full breadth of our capabilities
- ▶ Setting the standard for defence forces



# US PREDATOR AND REAPER TRAINING



Classroom, simulator and live flying instruction  
to **all U.S. pilots and sensor operators**





# NATO FLYING TRAINING IN CANADA

**Live flying training  
for fighter pilots**





# DISASTER RELIEF IN NEPAL

**Quickly developed virtual  
databases of airfields to help  
rehearse pre-deployment missions**



 **ROYAL  
AIR FORCE**







# WORLD-LEADING TECHNOLOGY

**>\$1.2 billion**  
in research and development  
over past 10 years



# INNOVATION CHALLENGES

- ▶ Hundreds of ideas from employees every year
- ▶ Winning ideas are incorporated into solutions





# First 7000XR





WORLD-LEADING TECHNOLOGY  
**AIRBUS A350 XWB**



**1<sup>st</sup>**  
**SIMULATOR**



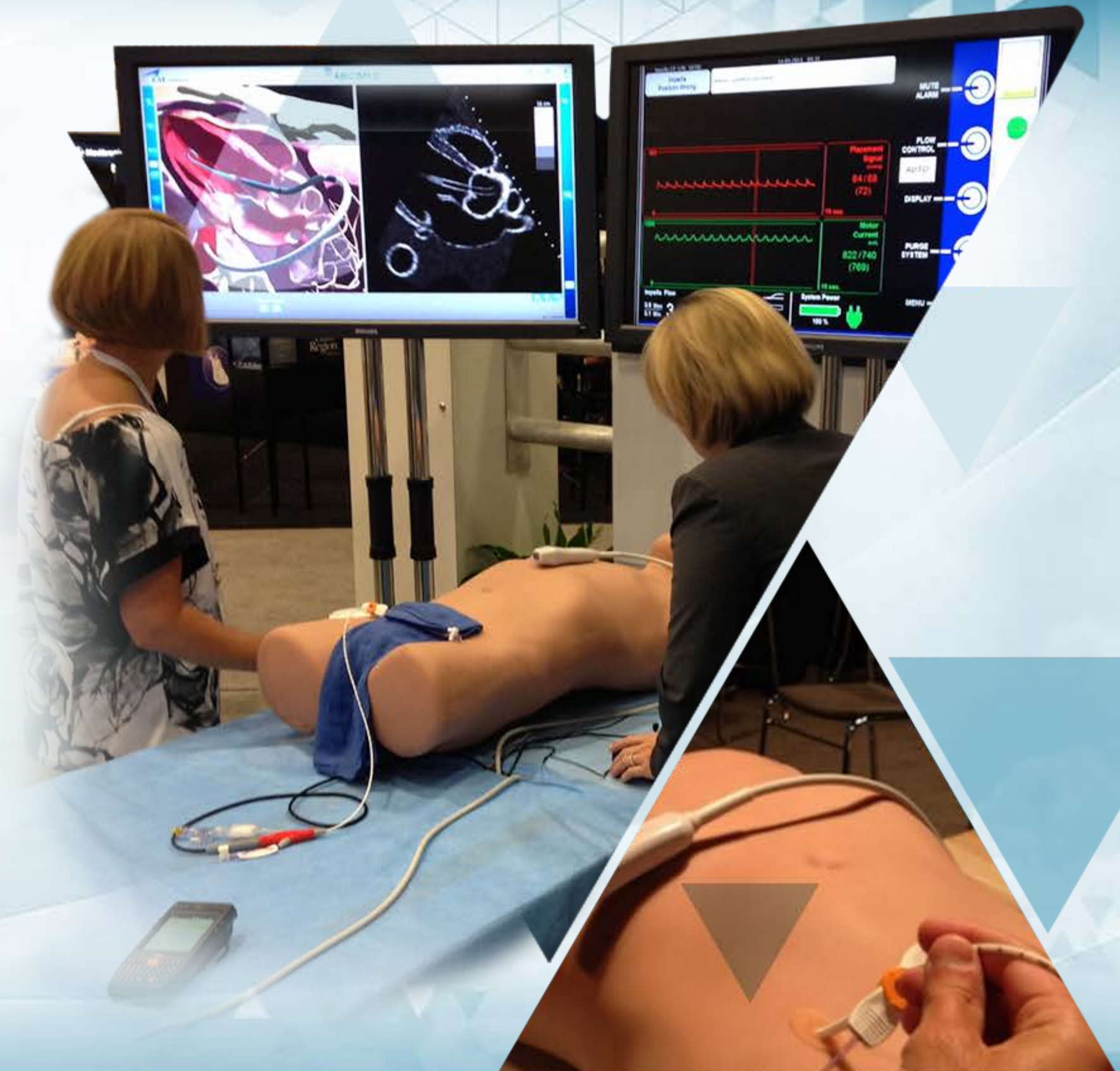
# CAE MEDALLION-6000 IMAGE GENERATOR





- ▶ Transform training of medical practitioners
- ▶ Simulator to practice placement of Impella heart pump

 **ABIOMED**  
Recovering hearts. Saving lives.™





# LAUNCH OF CAE VIVO

# vivo

Gives users full control over  
patient simulator METIman



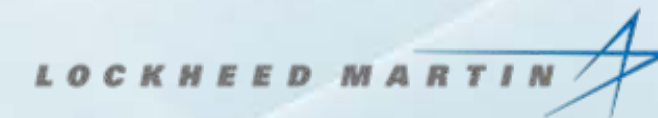




# TRAINING PARTNER OF CHOICE



# GLOBAL CUSTOMER BASE





# TRAINING SYSTEMS INTEGRATOR



Provide comprehensive training  
for all U.S. Army fixed-wing  
aviators annually





# EXTENDED LONG-TERM AGREEMENTS





TRAINING PARTNER OF CHOICE

# CUSTOMERS





TRAINING PARTNER OF CHOICE

# SOLUTIONS TO CUSTOMERS WORLDWIDE



Turnkey training centre to Turkmenistan



# SHAPING A MORE SUSTAINABLE FUTURE

**160** sites in  
**35** countries

Serving customers in  
**190** countries







# **CORPORATE SOCIAL RESPONSIBILITY MATTERS**



# CSR INTEGRAL PART OF OUR BUSINESS STRATEGY

### Performance Highlights

Over the past year, we made progress advancing on our CSR goals across seven pillars. Our future commitments will be reported next year when we formalize our CSR roadmap goals.

CSR Pillar	Goal	FY2015 Key Achievements
Business Integrity	Strengthen our compliance culture and responsible business practices	Deployed new managers to strengthen our anti-corruption and export control processes Reduced spending with foreign agents materially despite revenue growth
Product and Service Innovation	Enhance the sustainability and responsible attributes of our products and services	Reinforced peer testing and customer safety leadership through early adoption of the UHPT Industry standards Received 100 ideas from employees through our "Innovation Challenges"
Customer Excellence	Continue our strong focus on customer satisfaction and improve our value proposition	Continued solid track record of products and services meeting customers' expectations Engaged more than 800 customers through customer surveys held across our Civil Aviation and Helicopters business units
Health and Safety	Continue to embed a proactive safety culture	Reduced our lost time injury frequency by 20% Completed 15 global on-site risk audits at our major sites
Our People	Attract, develop and retain talent that employees can grow both personally and professionally	Continued to deploy our leadership for the Future Training Program Launched a new onboarding program to increase productivity and motivation of new hires
Environmental Protection	Reduce our environmental impact across business operations	Strengthened the implementation of our environmental management system across our sites Continued to implement energy efficient practices
Local Economies and Community Investment	Develop a strategic global community investment program	Invested \$1.7 million to support community organizations Invested more than \$7 million on collaborations and research with over 20 Canadian universities in the past 5 years

## Business Integrity Matters

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

### Our Approach

**WHY IT MATTERS**  
We recognize that being in place the best talent and an engaged, skilled workforce are critical to build value for our company, our customers and the communities in which we operate.

As a growing training services and simulation technology business, attracting and developing our talent pipeline for pilots, instructors and engineering employees – among other key roles – will continue to be critical to our success. This means expanding the scope of our recruitment practices and investing in our employees through technical and leadership training.

**Our Priorities**

- ✓ Develop and implement a robust workforce strategy
- ✓ Attract, develop and retain top talent

**Future Commitments**

- ✓ Continue to invest in employee development and training
- ✓ Support and encourage career development and growth opportunities

**Our Strategy**  
We are focused on being a global employer of choice – we recognize that we will gain the most from our people by creating a stimulating work environment and helping them grow both personally and professionally.

**Management**  
The global Human Resources Team is responsible for embedding our corporate programs across our business, including our recruitment strategies, onboarding

Through our FY2015 employee engagement survey, our employees provided clear feedback on areas of focus that would improve their overall experience. Based on the survey results, we have identified key priorities for FY2016 and beyond. Targeted focus areas at both the corporate level and within the functions and business units provide an additional opportunity to identify solutions to challenging areas. At both the corporate level and within our business units, we have 52 focus groups engaging more than 5,000 employees in the process.

From the focus groups, we identified 19 priority actions for the entire organization led by senior leaders. A majority of employees from across the business and all regions. Additionally, over 200 actions are taking place across the business and all regions.

We conducted an engagement pulse survey in June 2015 and will continue to monitor our progress on these action plans in order to improve employee engagement.

### SHAPING THE FUTURE OF TRAINING

The strength we have built as your training partner of choice...

CAE Corporate Social Responsibility Report | Fiscal year ended March 31, 2016



# CONCLUSION

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 HIGHLIGHTS





- ▶ 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: 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





- ▶ 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





## Q1FY16: CAE

- ▶ 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





## Q1FY16: CIVIL

- ▶ 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: 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





## Q1FY16: HEALTHCARE

- ▶ Revenue of \$23.9M
- ▶ Operating margin of \$0.6M
  - ◆ Double-digit increase over Q1FY15





## Q1FY16: MINING

Q2FY16: sale of CAE's mining business to Constellation Software

- ▶ For \$32 million
- ▶ With potential \$10 million earn out





# FINANCIAL HIGHLIGHTS

	Q1FY16	Q1FY15
Income taxes	<b>\$9.8M</b>	\$11.6M
<i>Effective tax rate</i>	<b>18%</b>	21%
Free cash flow	<b>(\$61.2M)</b>	(\$20.9M)
Net cash used in continuing operating and investing activities	<b>(\$67.4M)</b>	(\$51.7M)
Net debt	<b>\$1,006.8M</b>	\$901.6M
Net debt to total capital ratio	<b>36.6%</b>	37.9%
Capital expenditures	<b>\$23.6M</b>	\$39.7M



## 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





LOOKING FORWARD









LOOKING FORWARD

# GLOBAL PASSENGER TRAFFIC INCREASE



Global Increase **+ 6%**

Asia **+9%**

Middle East **+11%**



# COMMERCIAL AIRCRAFT RECORD DELIVERIES

BUSINESS

## 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 also in a bubble as the

## 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 1000<sup>th</sup> order for the ATR 72 which will fly the flag of Airlines PNG, the Papua New Guinea airline.

... / Press releases

## Airbus sets new records in orders, deliveries and backlog



### Market lead in widebody and single aisle aircraft

13 JANUARY 2014 **PRESS RELEASE**

Airbus exceeded commercial targets in 2013, achieving a new record of 626 aircraft deliveries (493 A320 Family aircraft, 108 A330, 25 A380) to 93 customers (15 new) and a new industry record of 1619 gross orders (377 A320ceo, 876 A320neo, 77 A330, 239 A350 XWB, 50 A380) beating the previous record in 2011 by 11 aircraft. The year was also Airbus' most valuable gross order intake (List price US\$ 240.5 billion). By year end, the backlog had climbed to an industry wide record of 5,559 aircraft, valued at US\$ 809 billion at list prices, or eight years production.

12<sup>th</sup> year in a row, beating the initial target and surpassing the previous 38 aircraft.



LOOKING FORWARD

# CIVIL MARKET OUTLOOK



**27,000**  
pilots a year for  
20 years

2015

2035



# CIVIL MARKET OUTLOOK



WHERE ARE YOUR  
NEXT PILOTS  
COMING FROM?

**558,000**  
COMMERCIAL  
AIRLINE PILOTS

**7,000**  
pilots a year for  
years

2015

2035




# HISTORY OF INNOVATION





LOOKING FORWARD

## WORLD LEADER IN MARKET

A large white aircraft fuselage section, featuring the Etihad Airways logo in Arabic and English, is mounted on a complex black simulator platform. The platform is supported by multiple hydraulic legs, some of which are yellow. The scene is set in a large industrial facility with a high ceiling and visible structural beams. The lighting is bright, highlighting the smooth surface of the fuselage.

Improvement plan to become more efficient in engineering, manufacturing and delivering simulators







# 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



# CIVIL MARKET SHARE





- ▶ More nations turning to simulation
- ▶ >\$2.5 billion proposals
- ▶ Focus on training and training systems integration





LOOKING FORWARD

# HEALTHCARE LONG-TERM VISION



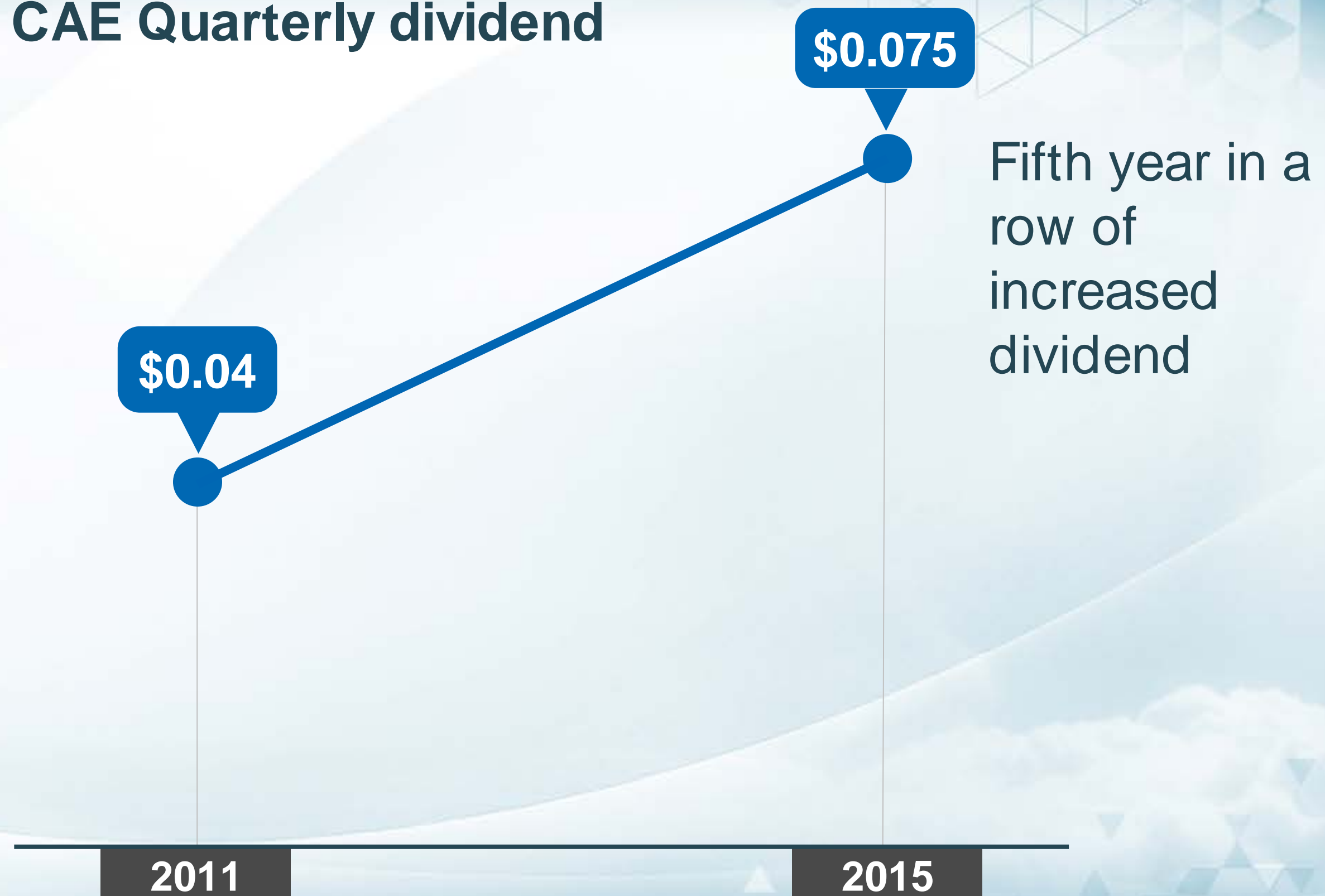


- ▶ Proud of the impact of our solutions on society
- ▶ Well positioned for higher investment returns
- ▶ Leading position in growth markets
- ▶ Strength of dedicated and experienced professionals



# THE CONFIDENCE IN CAE

## CAE Quarterly dividend







## THANKS

- ▶ CUSTOMERS
- ▶ EMPLOYEES
- ▶ BOARD MEMBERS
- ▶ SHAREHOLDERS





# **2015 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

