



CAE INVESTOR DAY

March 30, 2016

Omni King Edward Hotel, Toronto



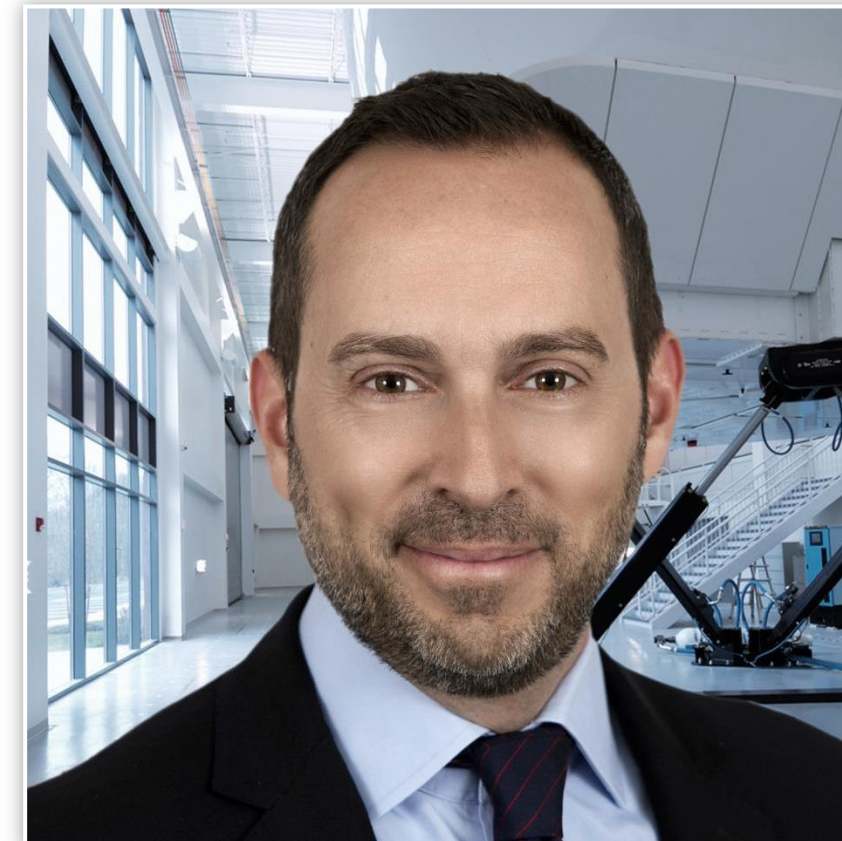
CAUTION REGARDING FORWARD LOOKING STATEMENTS

The following investor presentation and oral statements made by management during CAE Inc.'s March 30, 2016 Investor Day include forward-looking statements about our activities, events and developments that we expect to or anticipate may occur in the future including, for example, statements about our vision, strategies, market trends and outlook, future revenues, capital spending, expansions and new initiatives, financial obligations and expected sales. Forward-looking statements normally contain words like believe, expect, anticipate, plan, intend, continue, estimate, may, will, should, strategy, future and similar expressions. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties associated with our business which may cause actual results in future periods to differ materially from results indicated in forward-looking statements. While these statements are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are reasonable and appropriate in the circumstances, readers are cautioned not to place undue reliance on these forward-looking statements as there is a risk that they may not be accurate. You will find more information about these and other factors in our reports filed with securities regulators in Canada and the United States. Reference should be made in particular to "Management's Discussion and Analysis" in our annual and interim reports and to our Annual Information Form and Form 40-F. These documents have been filed with the Canadian securities commissions and are available on our website (www.cae.com) and on SEDAR (www.sedar.com). They have also been filed with the U.S. Securities and Exchange Commission and are available on EDGAR (www.sec.gov). Forward-looking statements represent our expectations as of March 30, 2016, 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 following the date of the presentation, 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. Any forward-looking information and statements made during the presentation or contained herein are expressly qualified by this cautionary statement.

WELCOME AND INTRODUCTION

Session objectives

- ▶ Provide insights on CAE's strategy and vision
- ▶ Highlight CAE's position and the way forward
- ▶ Discuss capital allocation strategy
- ▶ Exchange with CAE's leadership
- ▶ Demonstrate some of our leading solutions



Andrew Arnovitz
Vice President, Strategy
and Investor Relations

Come away with a deeper understanding of CAE's strategy,
markets and potential for superior returns

EXECUTIVE TEAM ON HAND FOR DISCUSSION



Marc Parent
President and Chief
Executive Officer



Robert Amyot
President,
CAE Healthcare



Mark Hounsell
General Counsel,
Chief Compliance
Officer and Secretary



Andrew Arnovitz
Vice President,
Strategy and
Investor Relations



Stéphane Lefebvre
Vice President
Finance and Chief
Financial Officer



Sonya Branco
Effective May 23, 2016:
Vice President,
Finance and Chief
Financial Officer



Nick Leontidis
Group President,
Civil Aviation Training
Solutions



Dan Sharkey
Vice President,
Human Resources



Marc St-Hilaire
Vice President,
Technology and
Innovation



Gene Colabatistto
Group President,
Defence and Security



Hélène V. Gagnon
Vice President,
Public Affairs and
Global Communications

CEO'S OPENING REMARKS

Solid progress – FY16YTD

- ▶ Financial performance and position
 - ◆ \$1.8B revenue; \$171M net income; \$235M free cash flow
 - ◆ \$6.4B - Record order backlog
 - ◆ 29% net debt-to-capital; implemented NCIB
- ▶ Operations and strategy
 - ◆ Increased utilization of training network; strong FFS sales
 - ◆ Agreed to acquire Lockheed Martin Commercial Flight Training
 - ◆ Expanded live training in defence with NATO Flying Training in Canada (NFTC) integration
 - ◆ Implementing process improvement program



Marc Parent
President and CEO

Year-to-date performance tracking our outlook for solid performance

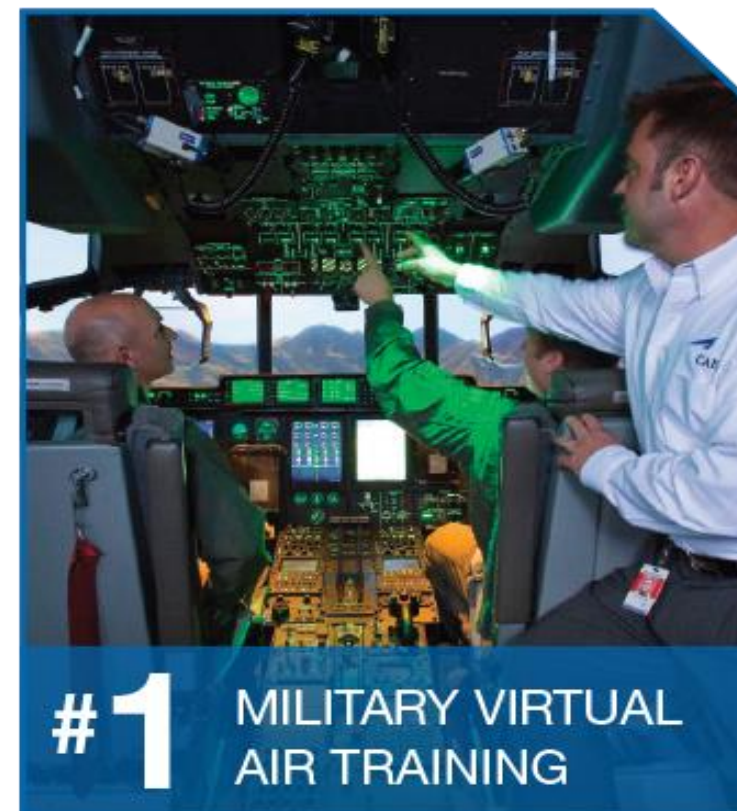
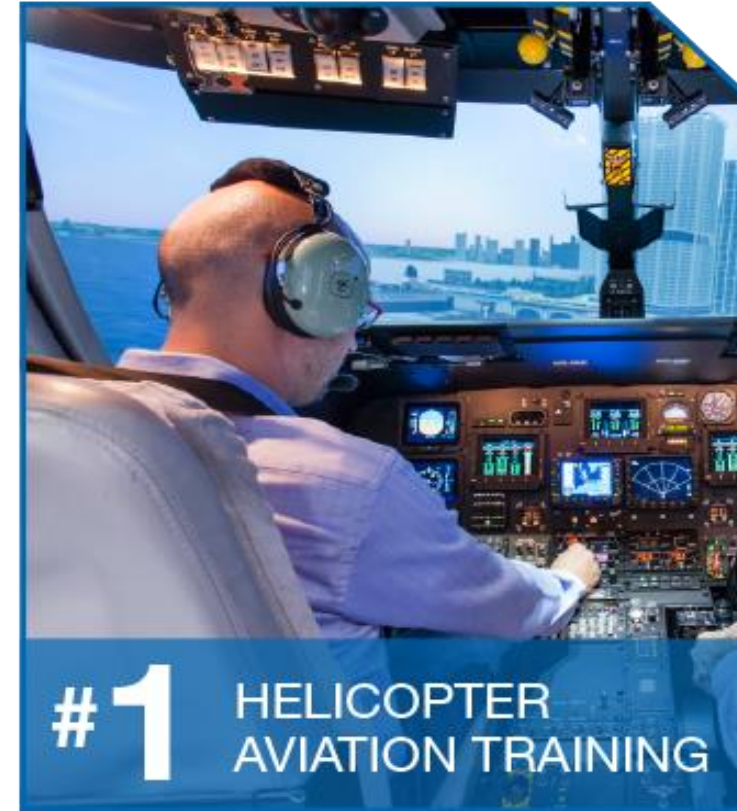
CEO'S OPENING REMARKS

CAE is a different business than it was 5 and 10 years ago

- ▶ Pivot to training was expressly intended to give CAE
 - ✓ Access to much larger markets for sustainable growth
 - ✓ Greater stability by increasing mix of recurring business
- ▶ Good fit between CAE's three core segments, underpinned by mutual strengths (six pillars)
- ▶ Strong competitive position for sustainable growth and potential for superior performance

CAE has transformed into a training pure play
with greater stability and ample headroom for sustainable growth

COMMITTED TO MARKET LEADERSHIP



STRATEGY FOCUSED ON A SINGULAR TRAINING VISION

OUR VISION
IS TO BE THE RECOGNIZED GLOBAL



TRAINING PARTNER OF CHOICE

TO ENHANCE SAFETY,
EFFICIENCY AND READINESS.



TRAINING LEADERSHIP ON AN UNMATCHED GLOBAL SCALE



160
Sites

67
Training locations

120,000
Pilots trained/year

8,000
Employees

WE ARE GUIDED BY THREE STRATEGIC IMPERATIVES



Our strategic imperatives guide our investment decisions towards sustainable growth in our core and achieving attractive recurring returns on capital

CAE'S SIX PILLARS OF STRENGTH

High Degree of Recurring Business



- Services revenue already approx. 60% of mix and expected to grow
- Regulated markets and long-term contracts
- \$6.4B backlog

Strong Competitive Moat



- Market leader
- Unique comprehensive Solutions
- Unmatched global reach and scale
- Deep customer intimacy

Headroom in Large Markets



- 75% untapped share in ~\$3B Civil training market
- Big potential within ~\$9.5B Training Systems Integrator market in defence
- A leader in a nascent and fragmented Healthcare simulation market

Underlying Secular Tailwinds



- ~5% long-term passenger traffic growth in Civil aviation
- Renewed defence spending and rise in simulation-based training
- Rising adoption of simulation in Healthcare and potential for regulation

Potential for Superior Returns



- Rising proportion of revenue from training which is more recurring in nature and portends lower volatility
- Potential to grow faster than underlying markets by increasing share

Culture of Innovation



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

CAE's position for sustainable growth inside of large end markets makes it highly attractive from a risk/return standpoint



THANK YOU



NON-GAAP MEASURES

- **Free cash flow** is a non-GAAP 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, investment in 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.
- **Net debt** is a non-GAAP measure we use to monitor how much debt we have after taking into account liquid assets such as 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. Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt.
- **Total backlog** is non-GAAP measure that includes obligated backlog, joint venture backlog and unfunded backlog. Obligated backlog represents the expected value of orders we have received but have not yet executed. 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. Unfunded backlog represents firm Defence and Security orders we have received but have not yet executed and for which funding authorization has not yet been obtained. We include unexercised negotiated options which we view as having a high probability of being exercised, but exclude indefinite-delivery/indefinite-quantity (IDIQ) contracts.
- **The book-to-sales ratio** is the total orders divided by total revenue in a given period.
- **Capital employed** is a non-GAAP measure we use to evaluate and monitor how much we are investing in our business. For each segment, we take the total assets (not including cash and cash equivalents, tax accounts 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)
- **Segment operating income (SOI)** is a non-GAAP measure and our key indicator of each segment's financial performance. This measure gives us a good 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 it by taking the operating profit and excluding the impact of restructuring costs.
- **Maintenance capital expenditure** is a non-GAAP measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a non-GAAP measure we use to calculate the investment needed to increase the current level of economic activity.
- **Return on capital employed (ROCE)** is a non-GAAP measure we use to evaluate the profitability of our invested capital. We calculate this ratio over a rolling four-quarter period by taking net income attributable to equity holders of the Company excluding net finance expense, after tax, divided by the average capital employed
- **Utilization rate** is an operating measure we use to assess the performance of our Civil simulator training network. 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.