Investor Day
CAE Defence & Security

Gene Colabatistto
D&S Group President

Moose Jaw
6 June 2017
OUR VISION
IS TO BE THE RECOGNIZED GLOBAL
TRAINING PARTNER
OF CHOICE
TO ENHANCE SAFETY,
EFFICIENCY AND READINESS.
Enhancing Safety, Efficiency and Readiness

MAKING CIVIL AIR TRAVEL SAFER

ALLOWING DEFENCE FORCES TO ACHIEVE HIGHEST LEVEL OF READINESS

HELPING MEDICAL PERSONNEL PROVIDE BETTER CARE
DEFENCE & SECURITY

DEFENCE GLOBAL PRESENCE

Operations strategically located in key growth markets
Plus over 80 other sites where CAE provides training support services

CAE CANADA 19% of Revenue
CAE USA 40% of Revenue
CAE UK/EU 24% of Revenue
CAE APAC/ME 17% of Revenue

35 COUNTRIES
50+ DEFENCE AGENCIES
80+ SITES
72 PLATFORMS SIMULATED
CAE Defence & Security provides Training as a Service (TaaS) Integrating Live, Virtual and Constructive solutions in an optimal mix.
DEFENCE & SECURITY
TSI SUCCESS – UNMANNED AERIAL SYSTEMS (UAS)

USAF MQ1/9 Predator/Reaper Aircrew Training System

FORMAL/OPERATION TRAINING SITES:
- Holloman AFB, NM
- Creech AFB, NV
- March ANGB, CA
- Hancock ANGB, NY

RESPONSIBILITIES:
- Academic/classroom instruction
- Simulator instruction
- Live flying training
- Launch/Recovery Training
- Courseware Development/Maintenance

Strong need for training
65 missions per day
×
18 pilot/sensor operators per mission
= ≥ 1,000 operators per day
≥ 1,500 new operators per year

The size of this program has more than tripled since 2013
CAE is #1 in UAS training market
Dothan Training Center, Aircraft and Simulators delivered in less than 1 year
Increasing D&S Live Flight Training to over $150M/year
CAE to design, build and operate 8 training centers
- Bridge simulators
- Combat Information Centre (CIC)
- Machinery control room (MCR)
- Combat Management Systems, sensors and weapons systems

Train surface warfare officers and crews
- Individual skills (RADAR, SONAR, Electronic Warfare, Communications)
- Team Training (Platform and Task Force Level)
- Large-scale Air-Land-Sea staff training (200 participants)

CAE brings Training Systems Integration capability together with Subject Matter Expertise growing our Naval business
Establish a primary/advance training capability
- UAV Flight Training Devices
- Constructive Simulation
- Distributed Mission Operations
- Courseware
- Instructors

Train pilot and sensor operators
- Primary Pilot Training
- RPA Operator Training
- RPA Mission Training

UAE RPA program is the first sale of the Predator XP RPV, and comprises the first Predator Training Center outside of the US
Global Defence budgets will address a broad spectrum of requirements driving growth across Air-Land-Sea.
US to fund budget increases through reductions in global commitments
International partners will increase investments to fill that gap
The Defence market’s priority is Highest Level of Mission Readiness

- Training to execute complex and sensitive tasks
- Simulation of advanced weapons, sensors and processing systems
- Increased levels of programmatic and cyber security
CAE’s new position in Live, Unmanned Systems and Naval has expanded our 5-year Pipeline of Opportunities to $30B and backlog of submitted proposals to >$4B
Win market share at the beginning of the up-turn in the Global Defence Cycle through aggressive Business Development and Strategy-led Acquisitions
**DEFENCE & SECURITY**

**VALUE CREATION THESIS**

### High Degree of Recurring Business
- Positioned on enduring platforms
- $4.2B Backlog
- 50/50 Product Service mix

### Strong Competitive Moat
- Strong Customer and Partner Relationships
- Geographic diversity and reach
- Platform-type independence

### Headroom in Large Market
- $15B (7% market share)
- $6.5B new Growth Opportunities
- +$30B accessible in near-adjacent markets

### Underlying Secular Tailwind
- Global Defence budgets stabilizing/increasing
- Trend to more integrated LVC training
- Trend to increase outsourcing

### Potential for Superior Returns
- Sustained above market growth
- Mainly Customer “financed” market supports ROCE

### Culture of Innovation
- Focus on 3rd offset
- Investment in Discriminating Technologies
- Developing Technology Partnerships

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**Anticipated increases in Defence spending and our potential as a TSI make Defence & Security a greater growth opportunity**
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CAE D&S CANADA

Joe Armstrong
VP, GM D&S Canada

Moose Jaw
6 June 2017
INTRODUCTION

Joe Armstrong,
Vice-President & General Manager of CAE CANADA

- 17 years with CAE
  - Previously Director of Operational and Training Solutions
- CADSI Board Member
- NATO Scientific Achievement Award – 2008
- Masters, Experimental Psychology
- PhD Candidate, Psychology
CAE CANADA

CAE CANADA AT A GLANCE

CAE HAS CLOSE TO 4,500 EMPLOYEES IN CANADA (CIVIL, D&S, GLOBAL, HEALTHCARE)

<table>
<thead>
<tr>
<th>Region</th>
<th>Employees</th>
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<tr>
<td>QUEBEC</td>
<td>3,200</td>
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<tr>
<td>ONTARIO</td>
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<tr>
<td>WESTERN CANADA</td>
<td>300</td>
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<tr>
<td>EASTERN CANADA</td>
<td>150</td>
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CAE D&S CANADA Organization is 750 employees across 14 sites
CAE CANADA
CAE D&S CANADA: CORE CAPABILITIES

TRAINING SYSTEMS

Training Systems Integration
Training Systems Optimization

Air Training Systems
Land Training Systems
Naval Training Systems
Emergency Management

OPERATIONAL SYSTEMS

LEVEL 5 CMMI Systems Engineering
25 Years DND ILS & ISS

Air Mission Systems
Naval Mission Solutions
Land Mission Systems
Public Safety Mission Sys

Training & Operational Systems with Performance-Based In-Service Support
D&S CANADA
TRAINING SYSTEMS ACROSS CANADA

NATO Flight Training in Canada
► Ab-initio pilot training
► Operate all base facilities Moose Jaw
► Deliver Ground Based Training
► Deliver Aircraft for Live Training

Operational Training Systems Provider
► C130J Super Hercules
► CH47F Chinook

Simulation Maintenance Teams Across Canada - >100 Personnel
sustain >98% Availability Rates on Training Environments

RCAF Rear Crew Training
► CH148 Cyclone – Acoustics
► CP140 Aurora Maritime Patrol Aircraft

RCAF Simulation Maintenance
► Teams Across Canada - >100 Personnel
► Sustain >98% Availability Rates
Operational Systems

► Specialty Engineering Support Standing Offers
► Magnetic Anomaly Detectors (MAD / MAD XR)
► Army Electronic Warfare Suites and EW Simulator
► Maritime Helicopter Project (MHP) Integrated Information Environment
► CF18 Mission Suites Systems Engineering & Support
► Halifax Class Modernization (HCM) Systems Engineering & Support

Public Safety

► Canadian Safety and Security Program
► Ontario Integrated Emergency Management System
► Ottawa Emergency Management Information System
► Ottawa Ambulance Service Command Center and Dispatch Optimization

Federal, Provincial and Municipal Programs Leveraged Internationally
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NATO Flight Training in Canada

Scott Greenough
Manager, CMAT/NFTC Operations

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6 June 2017
Scott Greenough, LCol (Retired)

- 26 Years Royal Canadian Air Force
- CF-18 Pilot
- Cold Lake and Bagtoville
  - 416, 410, 433, 425 Sqn
  - Fighter Standards and Eval Team
  - OpsO, SWATO, DCO
- Fighter Weapons Instructor
  - Officer Commanding FWIC
- Commandant
  - 2 Canadian Forces Flying Training School
  - Harvard II Instructor
- CAE
  - NFTC Program Manager
  - Hawk Maintenance Test Pilot
  - GBTS Instructor (Harvard II)
CAE & NFTC

► CAE started operations on 1 Oct 2015

► NFTC is carried out as a PARTNERSHIP between CAE Military Aviation Training Inc. and DND

► Main Contract:

SERVICES AGREEMENT IN SUPPORT OF THE TRAINING OF CANADIAN MILITARY PILOTS SIGNED ON 12TH MAY 1998

CAE’s role is to provide many of the Services essential to the Program
THREE (3) MAIN LINE OF BUSINESS

- Ground Based Training and Simulation
- Provision of Aircraft
- Site Services
Canada provides to the NFTC program:

- Students & Flight Instructors
- Syllabus for GBTS and Flight Training
- NATO and other nations sign-on with Canada directly through MOUs – nation to nation
- Air Traffic Control
- Flight Safety
- Training Standards
NFTC
CAE’S SERVICES TO NFTC

► Maintenance of Harvards & Hawks
► Aircraft Fatigue Management
► Aircraft Engineering Services

► Fitting and maintenance of ALSE
► Egress Training

► Airfield Maintenance
► Aircraft Refueling
► Bird and Mammal Control
► Snow and Ice Removal
► Crash and Fire Rescue

► Program Services
► Customer Service Centre
  ▪ Training manuals
  ▪ Student laptops
  ▪ Flight Pro
► Footprint Facilities
► Food Services

► Flight Planning & Meteorological Services
► Ground School
► FTD Maintenance
► FTD Training
► GBTS Instructors
NFTC FLYING TRAINING AIRSPACE AND RANGES

- Cold Lake
- Portage la Prairie
- Moose Jaw
**Government - Industry Strategic Alliance**

**Canada**

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<th>BAE SYSTEMS</th>
<th>Rolls-Royce</th>
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<td>serco</td>
<td>MAJOR SUBCONTRACORS</td>
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| Beechcraft | Cesna | Hawker | Pratt & Whitney Canada | ATCO Frontec |
Thank you!