

Investor Day

CAE Defence & Security

Gene Colabatistto
D&S Group President

Moose Jaw
6 June 2017

OUR VISION

OUR VISION

IS TO BE THE RECOGNIZED GLOBAL

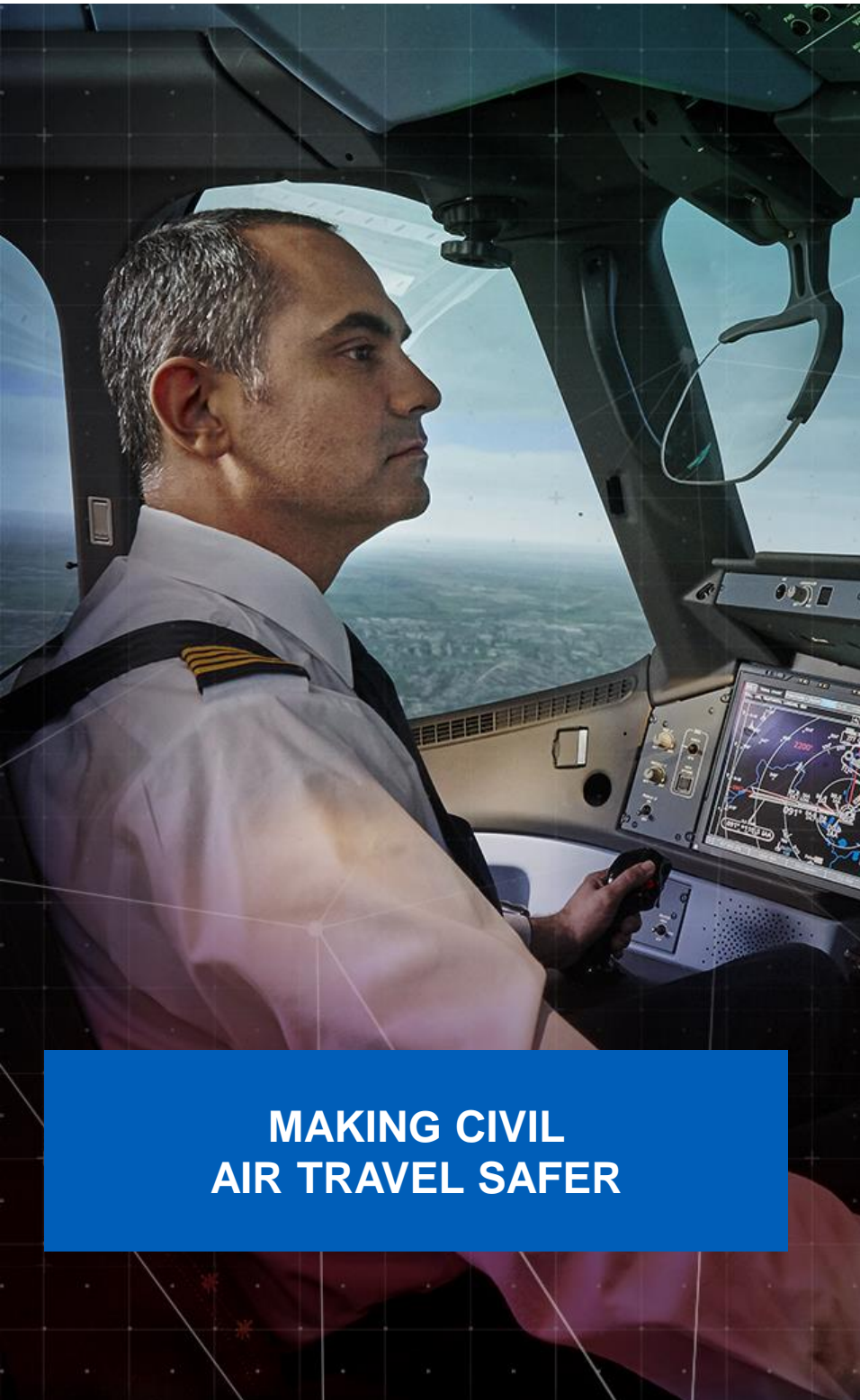
TRAINING PARTNER OF CHOICE

TO ENHANCE SAFETY,
EFFICIENCY AND READINESS.



A GLOBAL TRAINING COMPANY

Enhancing Safety, Efficiency and Readiness

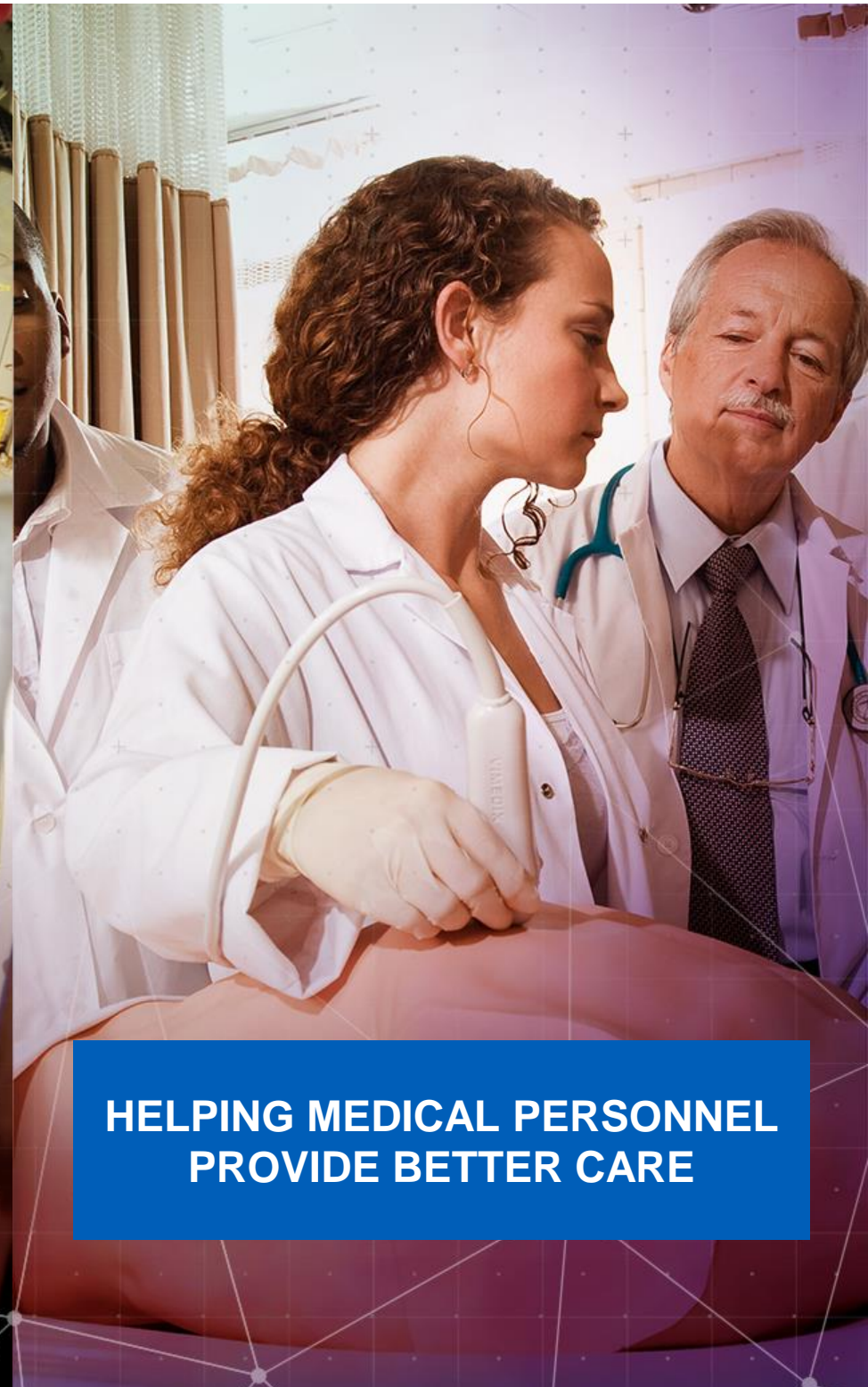


**MAKING CIVIL
AIR TRAVEL SAFER**



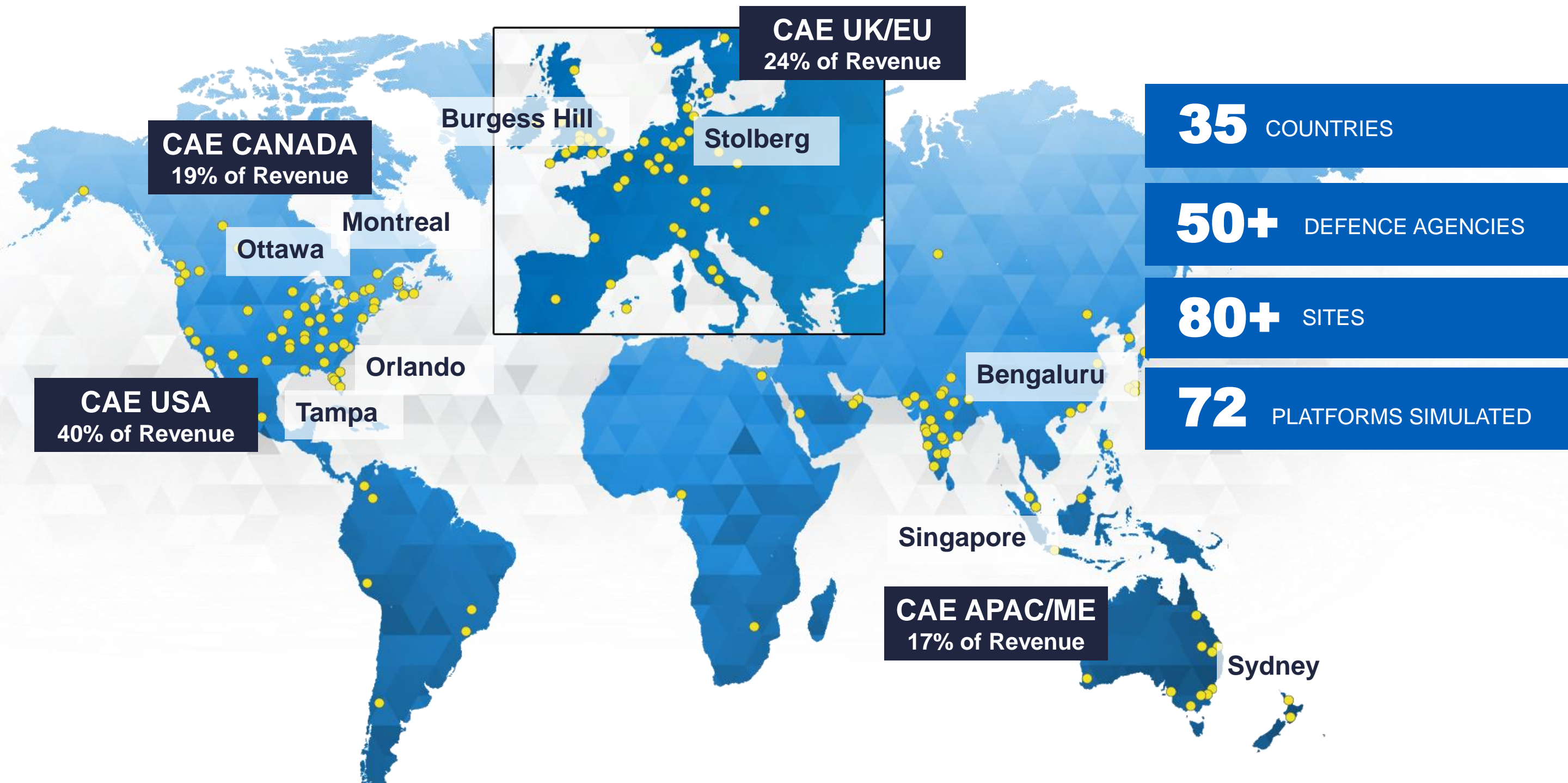
#1 Military Virtual Air Training

**ALLOWING DEFENCE FORCES
TO ACHIEVE HIGHEST LEVEL
OF READINESS**



**HELPING MEDICAL PERSONNEL
PROVIDE BETTER CARE**

DEFENCE GLOBAL PRESENCE



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

TRAINING SYSTEM INTEGRATION



**CAE Defence & Security provides Training as a Service (TaaS)
Integrating Live, Virtual and Constructive solutions in an optimal mix**

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

X

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

TSI SUCCESS – LIVE FLIGHT TRAINING

US Army Fixed Wing Flight Training Operation



CAE to establish the US Army Aviation Center of Excellence at Dothan, Alabama

- Classroom and student support facilities
- Flight line and maintenance facilities
- Simulation facility

Program to provide comprehensive training for US Army fixed-wing pilots

- Curriculum, Course development and maintenance
- Fleet of training aircraft (primary, instrument, aerobatic training & upset recovery)
- High fidelity Simulators and Flight Training Devices
- Instructors, support and maintenance staff

**Dothan Training Center, Aircraft and Simulators delivered in less than 1 year
Increasing D&S Live Flight Training to over \$150M/year**

TSI SUCCESS – NAVAL TRAINING SYSTEMS INTEGRATION

UAE Naval Training Centers



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

TSI SUCCESS – FOREIGN MILITARY SALES/EXPORTS

UAE Air Force Remotely Piloted Aircraft (RPA) Training Center



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 GROWTH CYCLE – *THE PERFECT STORM*



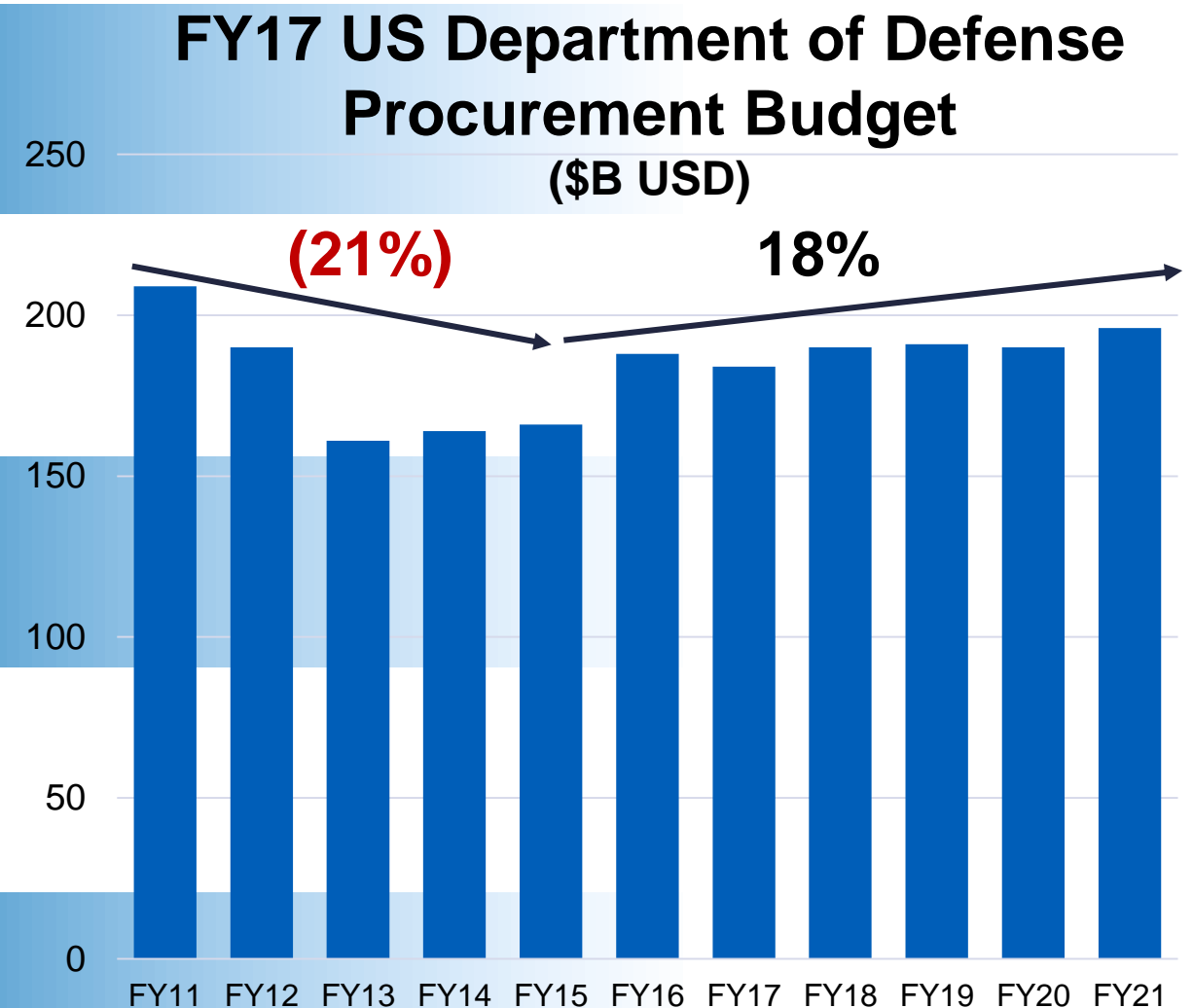
Short-Term
War on Terrorism



Mid-Term
Resurgent Russia

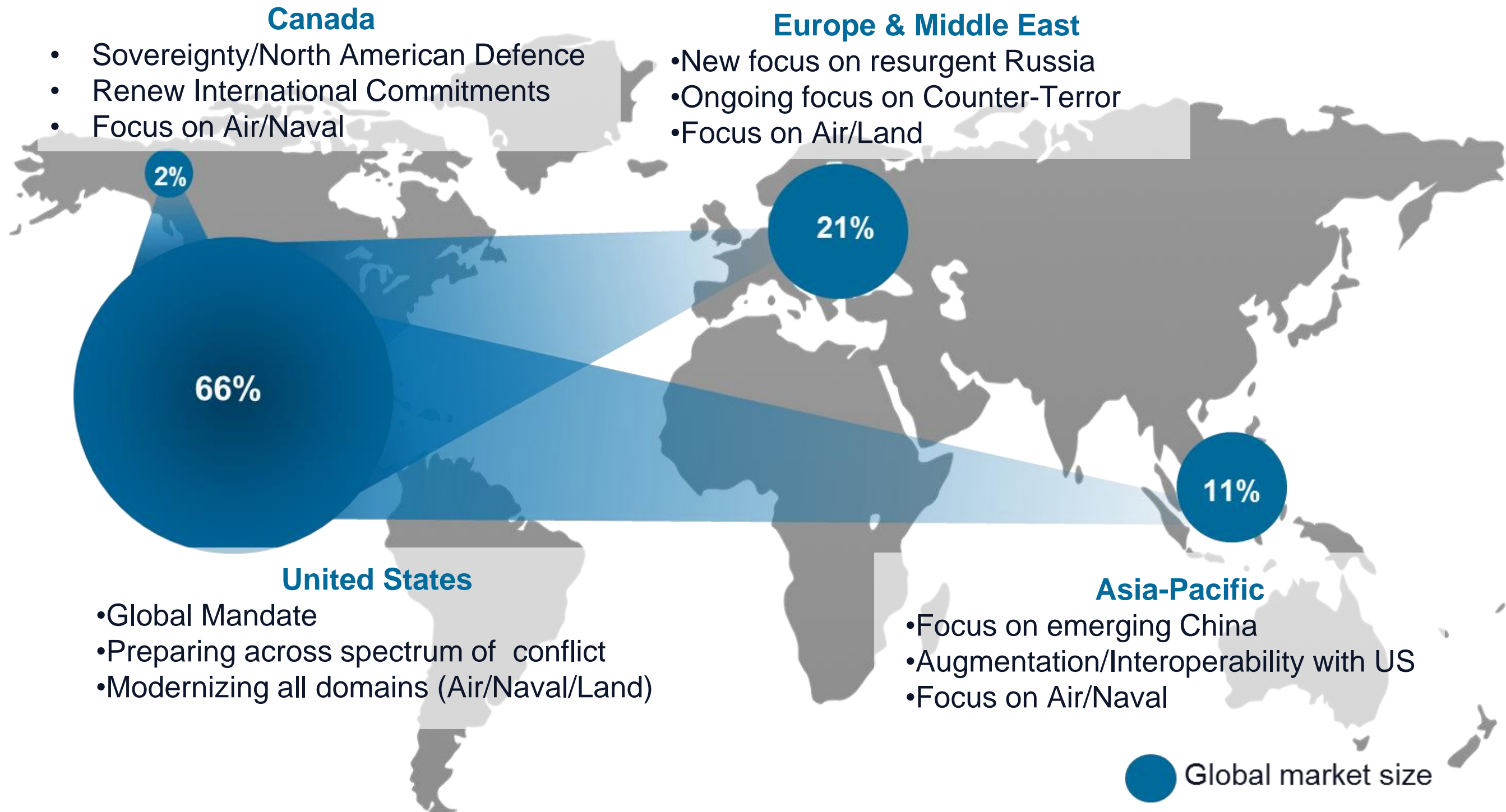


Long-Term
Emerging China



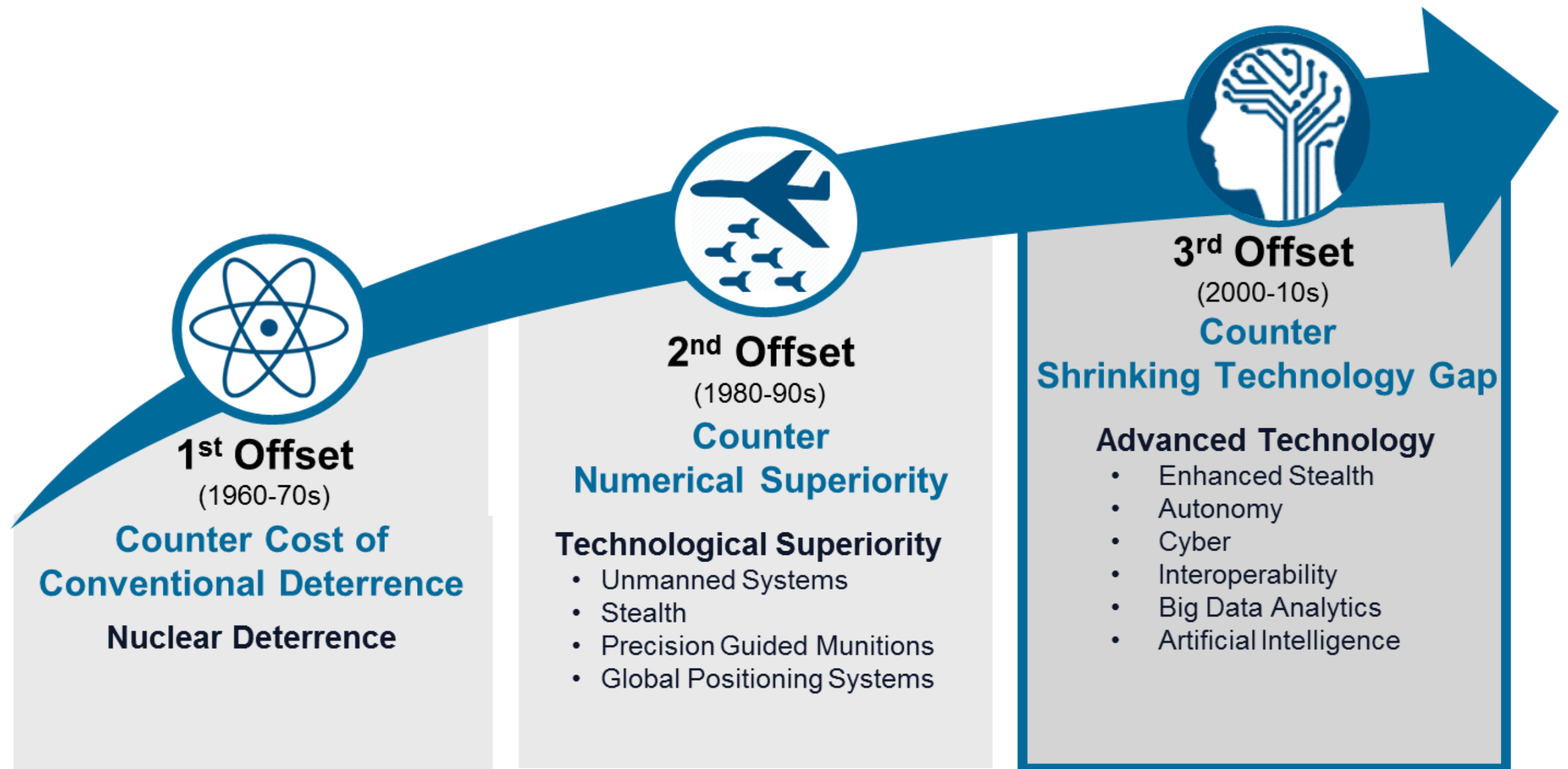
Global Defence budgets will address a broad spectrum of requirements driving growth across Air-Land-Sea

GLOBAL DEFENCE GROWTH CYCLE – *THE DOUBLE BUMP*



**US to fund budget increases through reductions in global commitments
International partners will increase investments to fill that gap**

GLOBAL DEFENCE GROWTH CYCLE – 3RD OFFSET



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

TARGET MARKET SIZE

Addressable Market

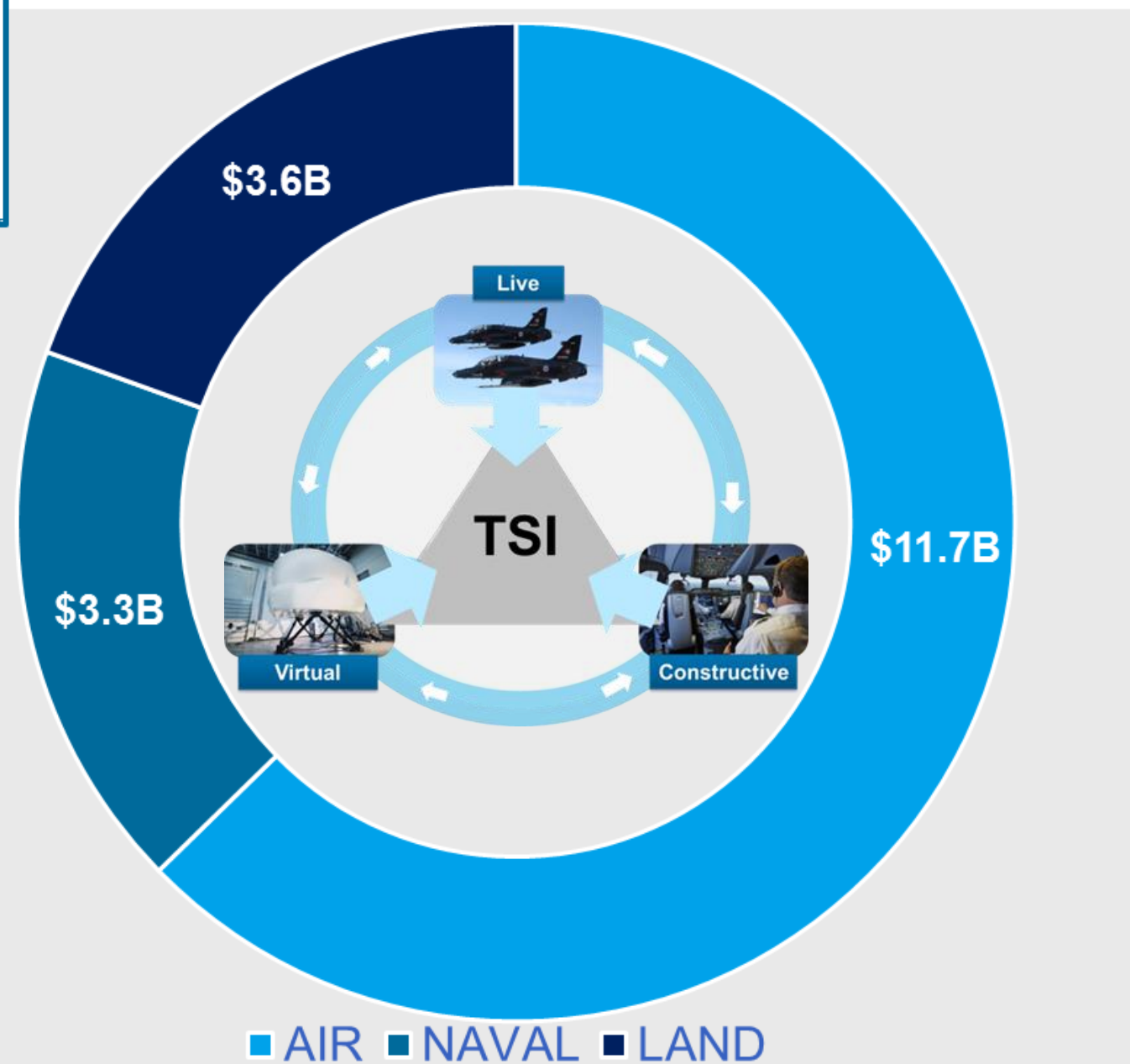
Air / Naval / Land

\$18.6B

Target Market

Air / Naval

\$15B



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

DEFENCE & SECURITY STRATEGY

Training Systems Integration

Platform Leadership

Grow Market Share in Air and Naval

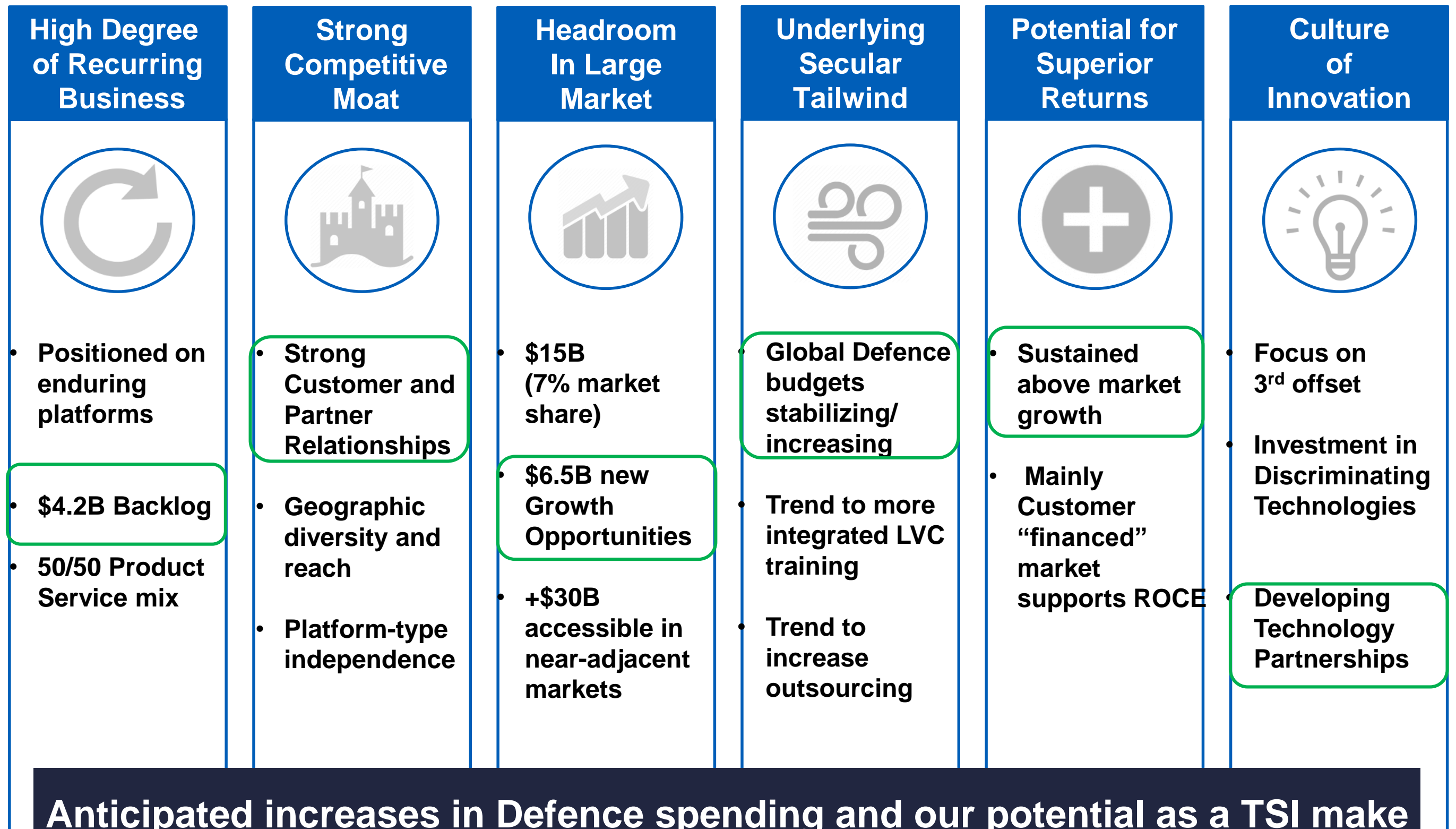
**Strengthen position
on Enduring Platforms**

Execute New Growth Campaigns

**Develop positions
on New Platforms**

**Win market share at the beginning of the up-turn in the Global Defence Cycle
through aggressive Business Development and Strategy-led Acquisitions**

VALUE CREATION THESIS



Anticipated increases in Defence spending and our potential as a TSI make Defence & Security a greater growth opportunity

Investor Day

CAE D&S CANADA

Joe Armstrong

VP, GM D&S Canada

Moose Jaw

6 June 2017

INTRODUCTION

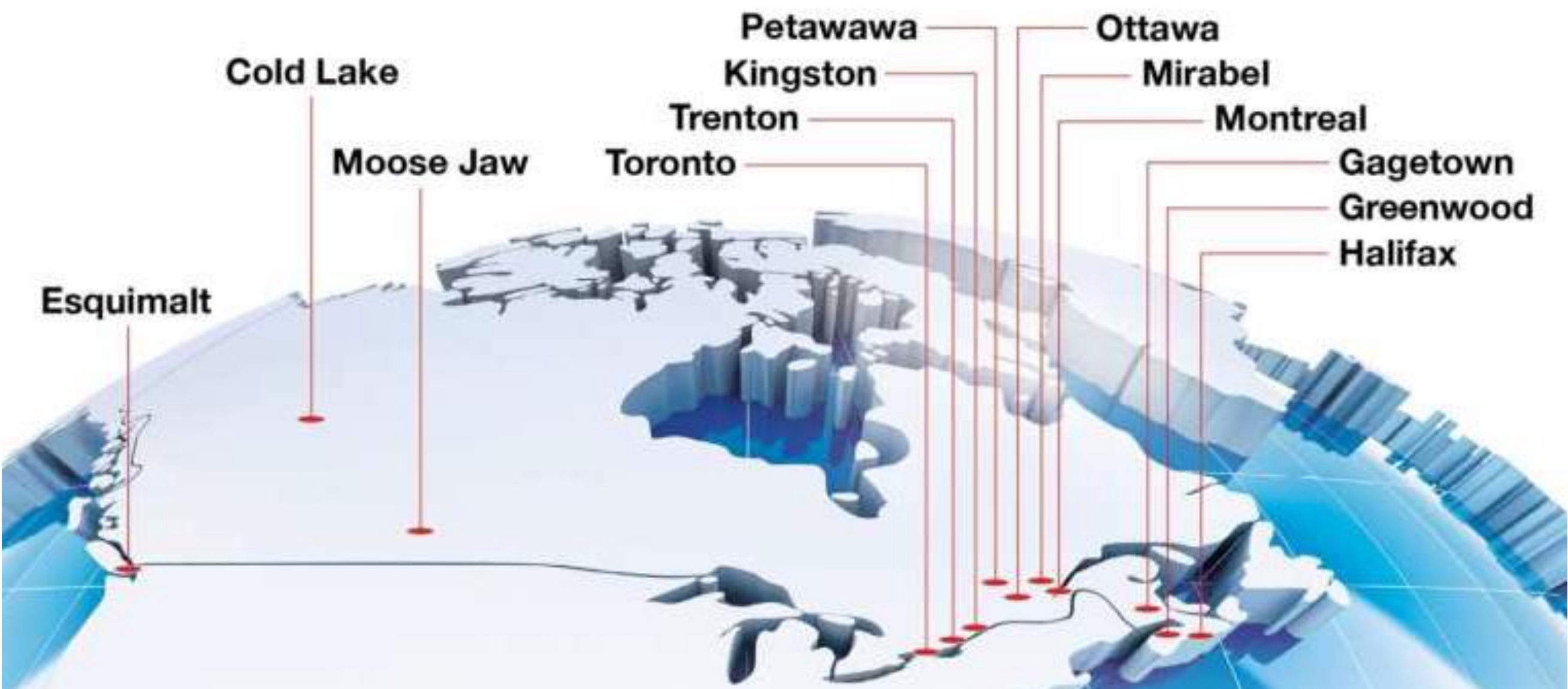


- ▶ **Joe Armstrong,
Vice-President & General Manager of CAE CANADA**
- 17 years with CAE
 - Previously Director of Operational and Training Solutions
- CADSI Board Member
- NATO Scientific Achievement Award – 2008
- Masters, Experimental Psychology
- PhD Candidate, Psychology



CAE CANADA AT A GLANCE

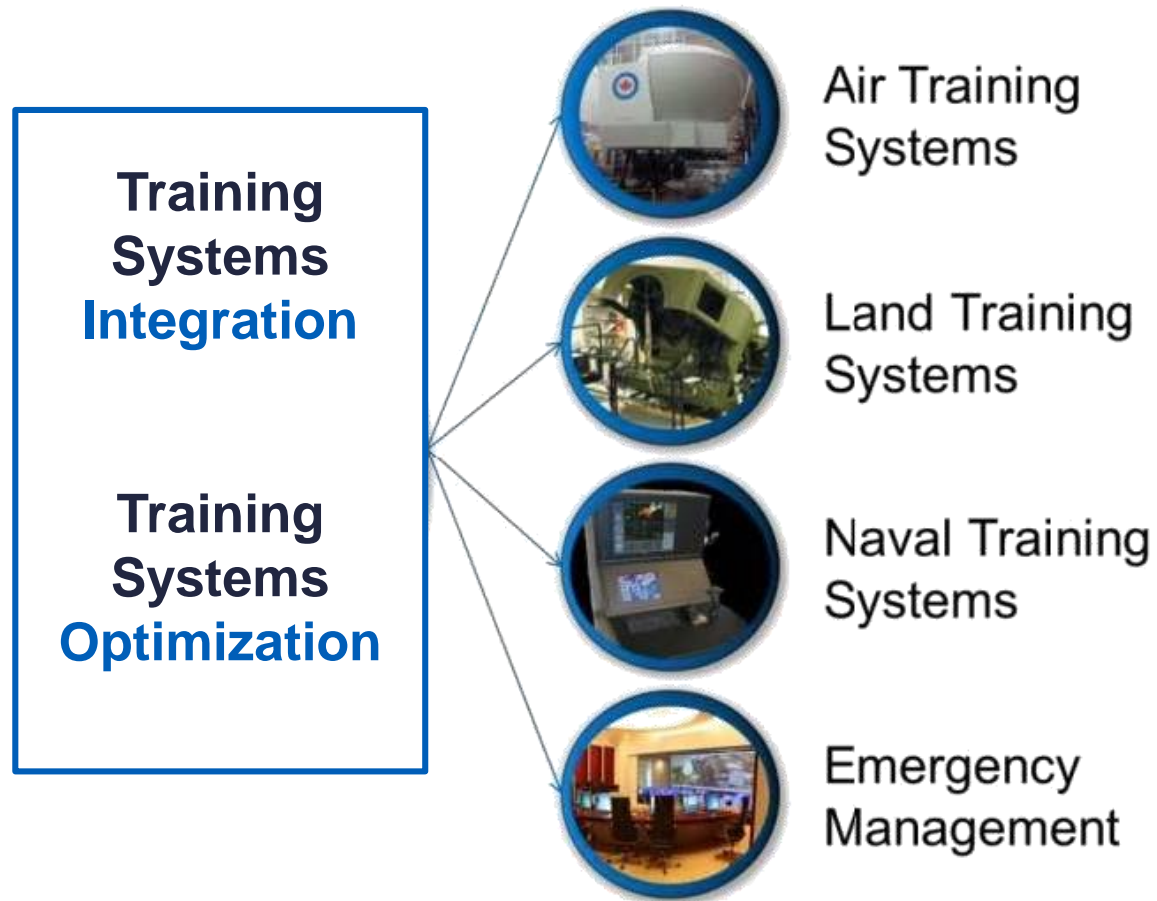
CAE HAS CLOSE TO 4,500 EMPLOYEES IN CANADA (CIVIL, D&S , GLOBAL, HEALTHCARE)	QUEBEC 3,200	WESTERN CANADA 300
	ONTARIO 300	EASTERN CANADA 150



CAE D&S CANADA Organization is 750 employees across 14 sites

CAE D&S CANADA: CORE CAPABILITIES

TRAINING SYSTEMS



OPERATIONAL SYSTEMS



**Training & Operational Systems
with Performance-Based In-Service Support**

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

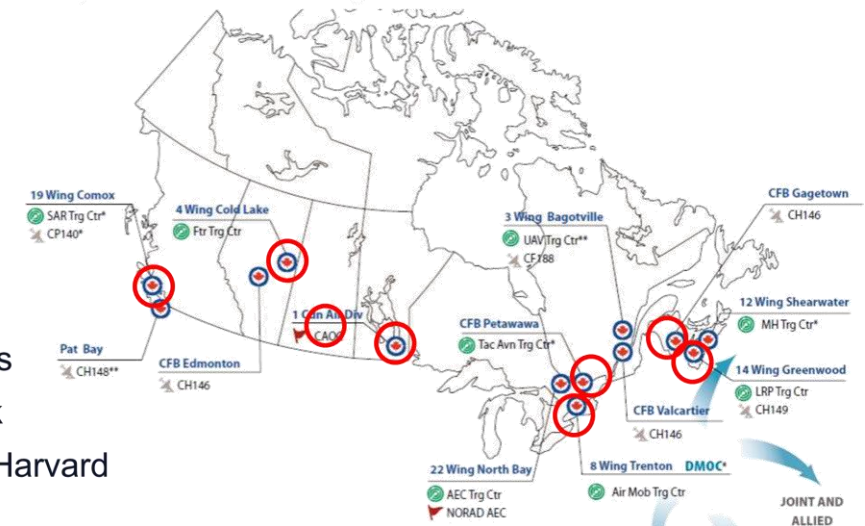
Simulation Maintenance Teams Across Canada - > 100 Personnel
Sustain > 98% Availability Rates on Training Environments



RCAF Rear Crew Training

- ▶ CH148 Cyclone – Acoustics
- ▶ CP140 Aurora Maritime Patrol Aircraft

- ◉ CP140 Aurora
- ◉ CH146 Griffon
- ◉ CC130 Hercules
- ◉ CH147 Chinook
- ◉ NFTC Hawk & Harvard



RCAF Simulation Maintenance

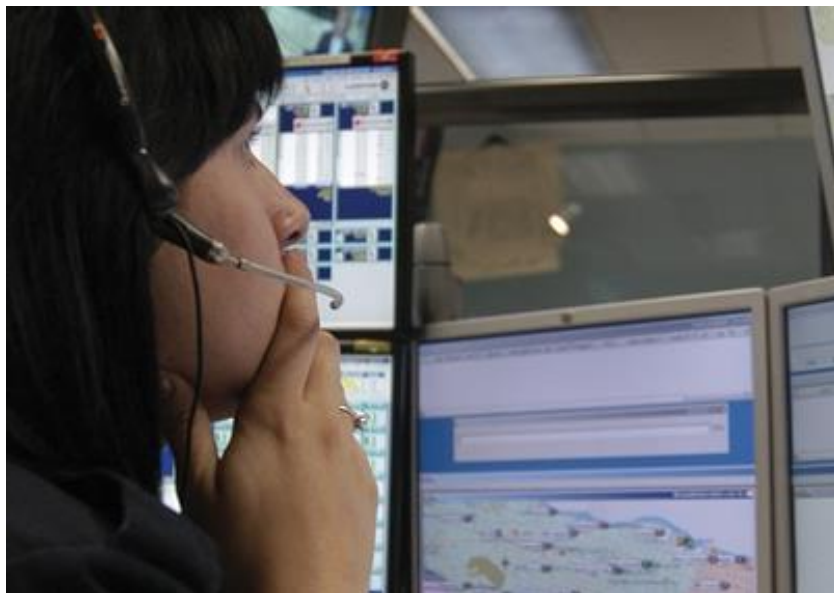
- ▶ Teams Across Canada - >100 Personnel
- ▶ Sustain >98% Availability Rates

OPERATIONAL SYSTEMS



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

Investor Day

NATO Flight Training in Canada

Scott Greenough
Manager, CMAT/NFTC Operations

Moose Jaw
6 June 2017

INTRODUCTION



► 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



(From left to right) 419 Squadron's Commanding Officer, Lieutenant Colonel Mike Grover; Mr. Mike Greenley, Vice President and General Manager of CAE Canada; Mr. Gene Colabatistto, President of CAE D&S; 419 Squadron's Deputy Commanding Officer, Major Carl Cottrell; and Flight Lieutenant Mark Wilson

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

DND & NFTC

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



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

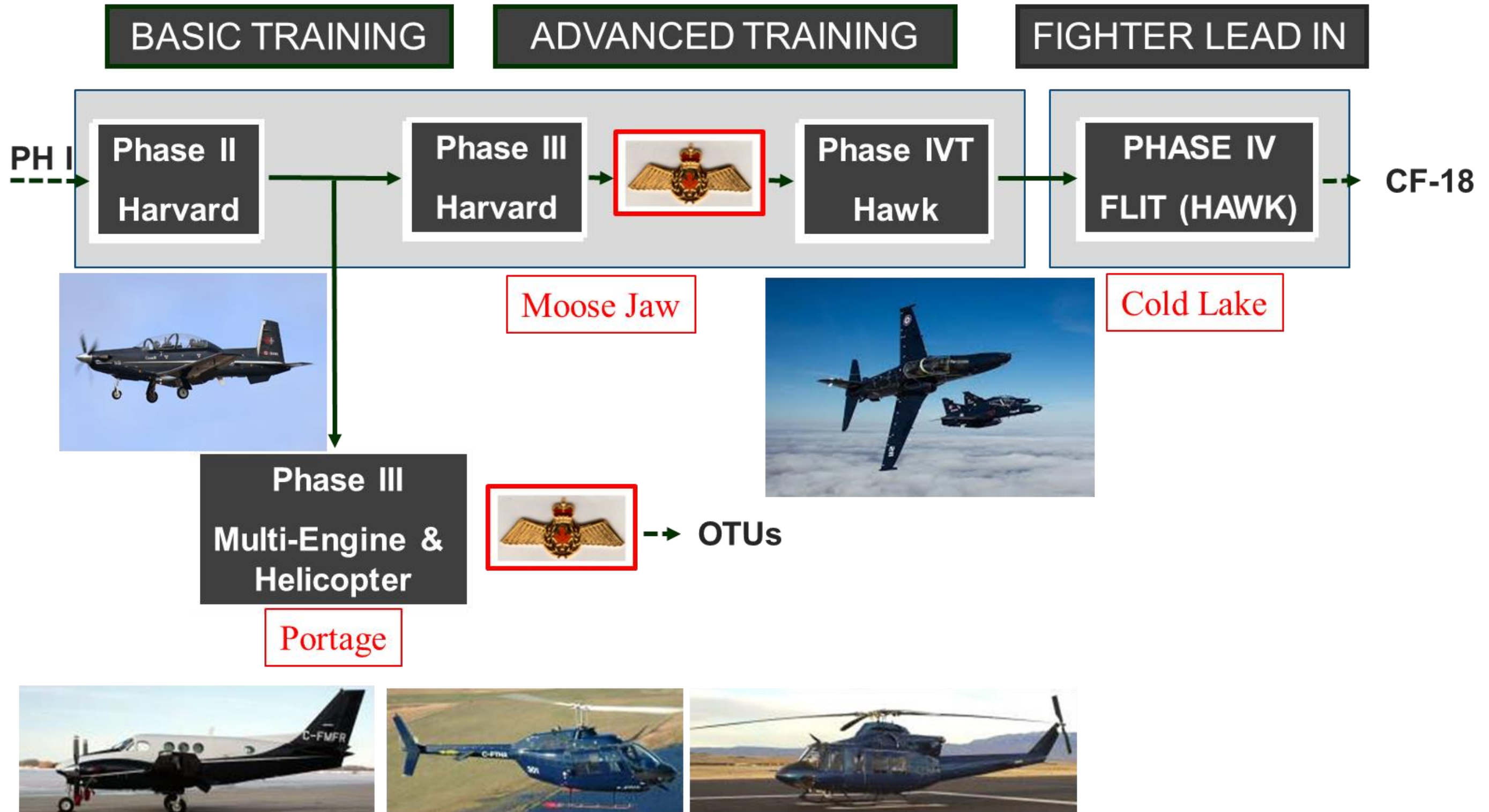


- ▶ Program Services
- ▶ Customer Service Centre
 - Training manuals
 - Student laptops
 - Flight Pro
- ▶ Footprint Facilities
- ▶ Food Services



- ▶ Flight Planning & Meteorological Services
- ▶ Ground School
- ▶ FTD Maintenance
- ▶ FTD Training
- ▶ GBTS Instructors

NFTC LIVE COURSE FLOW

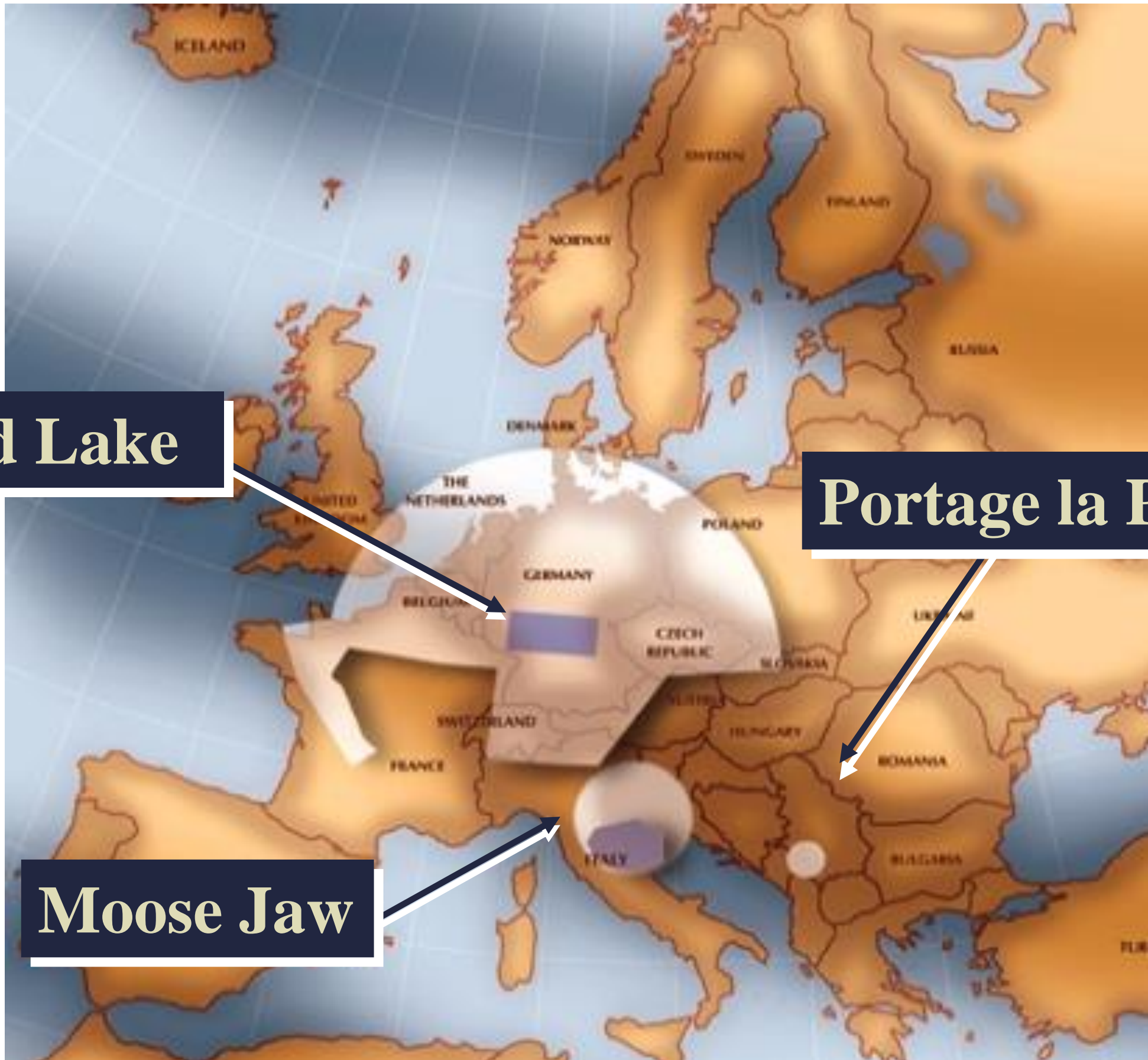


NFTC FLYING TRAINING AIRSPACE AND RANGES

Cold Lake

Portage la Prairie

Moose Jaw



“TEAM NFTC”

Government - Industry Strategic Alliance

Canada



		
	<p>MAJOR SUBCONTRACTORS</p>	
		

Thank you!



Your worldwide
training partner
of choice

