



CAE'S 2023 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Mr. Marc Parent, President and Chief Executive Officer

Constantino Malatesta, Chief Accounting Officer and Vice-president,
Corporate Controller,
standing in for

Ms. Sonya Branco, Executive Vice President, Finance, and Chief Financial
Officer

BILINGUAL VERSION

Wednesday, August 9, 2023

Montreal

Marc Parent, President and Chief Executive Officer

Bonjour tout le monde, et bienvenue à l'assemblée générale annuelle extraordinaire des actionnaires de CAE.

As you just saw in the video, fiscal 2023 was another impactful year for CAE, as we leveraged our technology, unparalleled thought leadership and partnerships to equip people in critical roles with the expertise and solutions to create a safer world. As we closed on a year of 75th-anniversary celebrations, we continued to build on our rich history and took a number of actions to transform our industry and our businesses.

In Civil Aviation, we eclipsed prior peak performance even before global passenger traffic had fully recovered to pre-pandemic levels, while Defense & Security continued to make solid progress in its multi-year transformation.

In Healthcare, we delivered double-digit revenue growth through our dynamic team and highly innovative solutions. Around the globe, we worked as One CAE to expand our technology and market positioning, and to revolutionize training and critical operations for our customers.

CAE's digital transformation and expansion into new markets and business verticals have propelled us forward in our journey to becoming an even more resilient and profitable company, better positioned to capitalize on the increasing

demand for our products and services. As we look toward the future, we see highly favourable secular trends in all of our end-markets that bode well for our growth.

D'une part, comme nous l'avons indiqué au Salon aéronautique de Paris en juin dernier, nous prévoyons que 1,3 million de nouveaux professionnels de l'aviation devront être recrutés partout dans le monde au cours des 10 prochaines années. Ils devront être formés, ce qui est – comme vous le savez – au cœur de la mission de CAE.

Nous nous attendons à une augmentation des dépenses en défense et à ce que la priorité soit accordée à l'état de préparation, car les événements géopolitiques ont galvanisé les priorités de la défense nationale aux États-Unis et de l'ensemble des pays alliés.

Nous continuons également à observer une forte demande en personnel infirmier et des occasions d'affaires accrues dans le domaine de la simulation médicale – deux enjeux auxquels peuvent répondre les solutions de CAE.

Au cours de l'exercice 2023, nous avons continué à révolutionner la formation et les opérations critiques de nos clients au moyen de solutions numériques immersives. Alors qu'ils se préparent chaque jour pour les moments qui comptent le plus, les technologies de nouvelle génération de CAE continuent de rehausser les normes de sécurité et d'améliorer les performances humaines.

In Civil Aviation, this means providing comprehensive training solutions for flight, cabin, maintenance and ground personnel in commercial, business and helicopter aviation. Today, we are the world's largest provider of training services with a global network of training centres, where we are on track to deliver 1.2 million hours of training every year. No matter where you fly, chances are that your pilot or your first officer has been trained in one of our training centres around the world or in a flight simulator designed and built by CAE here in Montreal.

If you travelled over the last few months, you may have noticed how busy airports are – testament to the strong rebound in air travel. For the first quarter of this calendar year alone, worldwide passenger traffic increased by 58% compared to the same period in 2022. At the end of May, global passenger traffic was at 96% of pre-pandemic levels. And in the United States, the Transportation Safety Authority reported a new daily record for passenger screening on June 30 – making it the busiest day in U.S. aviation history. Still, not all of our airline customers are back to their 2019 levels – specifically in Asia, where international traffic is lagging at about 75% of pre-pandemic activity.

Our strong competitive moat in the aviation market -- comprising an extensive global training network, best-in-class instructors, comprehensive training programs, unique technology, and strength in training partnerships -- positions us very well as the recovery in air travel continues.

During FY2023 and in the months since then, we launched, broke ground on, or expanded 8 training centres, secured more long-term training agreements, delivered 46 full-flight simulators, and sold 62 more. We booked a record \$2.8 billion in annual Civil orders, demonstrating the sustained high demand for pilot training solutions and our next-generation digital flight services. Civil concluded the year with a record adjusted backlog of \$5.7 billion.

Testament to our success and resilience, our long-term training service agreements now include nearly every major U.S. airline – and that compares to zero, prior to the pandemic. Our teams also made excellent progress expanding our reach in digital flight operations solutions with the ongoing integration of AirCentre. This has granted CAE a unique capability to offer our customers scalable solutions that support end-to-end flight operations management, operational performance, profitability, and an enhanced passenger experience. To me, it's very impressive to think that today, every 5 seconds, a flight takes off using our software solutions.

In fiscal 2023, we also deepened partnerships with the announcement of a joint venture with AEGEAN, Greece's largest airline, and a 15-year exclusive agreement with the Qantas Group in Australia to develop and operate a new state-of-the-art pilot training centre in Sydney.

To be closer to where our customers need us to be, we strategically expanded our business aviation network in key locations when we broke ground on a new training facility in Savannah, Georgia, and launched another training centre in Las Vegas, Nevada. We also announced an upcoming business aviation training location in Vienna, Austria -- the first of its kind in Central Europe.

As a partner of choice, we further solidified our long-standing collaboration with Boeing, spanning commercial and defence portfolios across the globe. First, we announced a teaming agreement with Boeing in defence, to expand multi-mission platform collaboration in Canada, Germany and Norway as part of the P-8A Poseidon program. Two months later, we announced an agreement through which CAE will become a Boeing Authorized Training Provider and the first to offer its Competency-Based Training and Assessment curriculum. With this arrangement, Boeing and CAE will expand accessibility to high-quality, innovative flight training to commercial aviation customers worldwide. Our ability to offer partners such as Boeing a wide range of different cross-industry training solutions is one of the unique qualities that we are able to offer by operating as One CAE.

We expect the pace of change in aviation to be substantial over the next few years. The demand for trained aviation professionals continues to be driven by air traffic growth, retirements and by the number of aircraft deliveries. Over half the

commercial and business aviation pilots who will be active a decade from now have yet to even begin their training.

In Defense & Security, we are the world's leading pure-play, platform-independent training and simulation business, providing solutions across all five domains and addressing the critical needs of our customers related to a rapidly changing environment and challenges to global security. We are uniquely positioned to draw on CAE's innovations and industry-leading training solutions in commercial aviation to transform defence training with the application of advanced analytics and leading-edge technologies. At the end of FY2023, our adjusted backlog stood at \$5.1 billion, and we expect to continue growing it with attractive opportunities in our bid pipeline.

Let me tell you about some recent successes that I am really excited about.

In the U.S., we won a \$455-million contract for Flight School Training Support Services at Fort Novosel, Alabama, where we will train all of the U.S. Army's rotary wing pilots.

CAE is also a key partner in Team Valor, providing training and simulation solutions for the U.S. Army's Future Long Range Assault Aircraft.

And it doesn't stop there! We were recently awarded a \$111-million contract for the U.S. Air Force's Rotary Wing Introductory Flight Training.

With these wins, CAE now trains all 43,000 pilots across all branches of the U.S. military at some point in their career.

In the last month, we announced two new important contracts. One -- in the Land domain -- is critical to the U.S. Army's rapid prototyping effort supporting the Soldier Virtual Trainer program. This is expected to replace more than 800 legacy training systems.

Also, we just announced that we are leveraging industry-leading business aviation training expertise to provide mission-critical solutions for the U.S. Army with a contract for simulation-based training for the Army's key airborne intelligence, surveillance and reconnaissance system. The High Accuracy Detection and Exploitation System -- also known as HADES -- is based on the Bombardier Global 6500 business jet, a platform for which we are the Global Authorized Training Provider.

Outside of the United States, we provide both basic and advanced flight training at NATO Flight Training Centres across multiple sites in Canada.

Additionally, leveraging our expertise and strategic partnerships, CAE has expanded training in Europe with the International Flight Training School in Italy, a joint venture with Leonardo Helicopters.

CAE also provides ab initio training for the German Air Force at CAE's Bremen Training Centre in Germany, and in Montpellier, France.

When it comes to training defence forces, our goal is to bring our men and women in service back home safely after their mission. And so I could not be happier to share the fantastic news that SkyAlyne, the joint venture between CAE and KF Aerospace – both great Canadian success stories -- has recently been selected by the Government of Canada as the preferred bidder for the Future Aircrew Training – or FAcT – program, supporting next-generation pilot and aircrew training for the Royal Canadian Air Force. We will now move to the negotiation phase, with the eventual contract award expected in 2024.

This is a transformational capture for our Defense & Security business – truly a once-in-a-generation contract, representing a multi-billion-dollar training opportunity that -- once awarded -- will secure work for the next quarter century.

These recent wins are significant. They come at a time when governments worldwide are looking to private industry to help train more pilots. And it is clear that they are turning to CAE as a long-trusted partner.

In Healthcare, simulation-based training is one of the most effective ways to prepare practitioners for the moments that matter: treating patients, handling critical situations, and enhancing patient safety.

In addition, the aging global population will necessitate more care, at a time where there are limited talent and resources available to meet this increasing demand. This dynamic requires innovative solutions, and we believe that medical simulation-based training will be a key contributor to solving many of the challenges that society continues to face.

We are proud to be gaining market share in this area. As an industry thought leader, CAE was selected to present an immersive learning lab at the industry's largest simulation event, the International Meeting of Simulation in Healthcare, in a session focused on the parallels between aviation and healthcare training to elevate quality and safety.

Healthcare continues to deliver year-over-year revenue growth with an organization focused on operational excellence and achieving greater scale.

Les marchés de CAE sont en expansion. Nos produits et services offerts dans les domaines de l'Aviation civile et de la Défense ont de nombreux points communs, et en tant qu'Un CAE, nous trouvons des moyens de tirer parti des technologies existantes pour acquérir de nouveaux clients dans de nombreux secteurs.

Nous avons une longue et riche tradition d'innovation et de solutions technologiques de pointe qui définissent les avancées des secteurs dans lesquels nous exerçons nos activités. Par exemple, nous avons mené une étude sur le terrain

avec la Japan Air Self-Defense Force sur nos plus récentes solutions numériques axées sur la réalité virtuelle et l'intelligence artificielle. Elle comprenait une technologie de rétroaction biométrique qui permet aux instructeurs d'ajuster la complexité en fonction de données comme le niveau de stress de l'étudiant ou sa charge cognitive.

Notre approche est fondée sur des solutions communes à tous nos segments. Cela signifie que nous intégrons de plus en plus nos meilleures technologies, en tirant parti de l'ampleur des acquisitions que nous avons réalisées au cours des trois dernières années et en trouvant de nouveaux moyens d'exploiter ces technologies sur de nouveaux marchés.

Avec CAE Rise, par exemple, nous prenons un système de formation fondé sur des données conçu à l'origine pour l'aviation civile qui tire parti de l'analytique pour rendre la formation des pilotes plus efficace, et nous l'appliquons aux scénarios d'entraînement militaire.

De même, avec CAE Prodigy, nous utilisons une technologie militaire qui offre de la formation immersive au moyen d'une solution visuelle complète et nous l'appliquons à nos solutions de formation civile.

Au cours de l'exercice, nous avons lancé plusieurs nouvelles solutions de formation axées sur la réalité mixte qui utilisent des technologies de prochaine génération pour offrir des simulations ultraréalistes. Par exemple, nous avons lancé

un nouveau simulateur axé sur la réalité mixte pour le marché de la mobilité aérienne avancée ou les taxis aériens. Avec ce secteur, nous entrons dans une nouvelle ère de l'aviation, caractérisée par la technologie de propulsion électrique. CAE a déjà établi un certain nombre de partenariats avec des développeurs de taxis aériens électriques et a très hâte de mettre sur le marché des solutions de formation avancées en phase avec la demande des clients au fur et à mesure que ce segment se développe.

Il s'agit là de concepts très innovateurs avec des applications concrètes et des éléments importants qui permettront d'améliorer l'efficacité et la sécurité de la formation. Grâce à ces innovations de CAE, nous prévoyons élargir notre avantage concurrentiel et dégager de nouvelles sources de revenus.

Pour ce qui est de l'avenir, nous demeurons enthousiastes à l'égard des possibilités créées et de notre avantage en R-D qui, selon nous, définira l'évolution technologique de nos principaux marchés dans les années à venir.

CAE continues to make strides in integrating environmental, social and governance matters into all aspects of our operations. We see sustainability as a critical component of our competitive advantage.

We were proud to become Canada's first carbon-neutral aerospace company back in fiscal year 2020. Embarking on the next leg of our sustainability

journey, CAE has built a 5-year sustainability strategic roadmap to align with industry best practices.

Earlier this year, we were admitted to the Climate Group's Renewable Energy 100 initiative, a group of influential businesses, which are cross-sector and worldwide, united in their commitment to accelerating renewable energy use.

We are also making advancements in green technology aviation. In partnership with Piper Aircraft, we launched our electric aircraft modification program, in an effort to bring an electric variant option to market.

As the Advanced Air Mobility sector continues to develop, CAE has also been a leader in governance to help define training standards that achieve the highest levels of safety.

We take pride in CAE's talented workforce and actively nurture our unique workplace culture.

I am honoured to share that CAE was recognized as one of Canada's Top 100 Employers earlier this year -- something I am extremely proud of. Ultimately, our goal is to build a workplace where everyone feels valued, included and a sense of belonging.

Toward this end, we continue to foster a culture of diversity, equity and inclusion across the organization and in our communities. Once again in FY2023,

we have achieved our target of increasing the diversity of our leadership team by 10% year over year. And for the fifth consecutive year, we have been named to the Bloomberg Gender-Equality Index.

We have also expanded our Women in Flight Ambassador Program intended to encourage young women to pursue a career in aviation. We are also continuing our journey to building positive and meaningful relationships with Indigenous businesses and communities.

These are only a few highlights of the many meaningful actions we have taken in our sustainability journey this year. To learn more, I invite you to read our FY2023 Annual Activity and Sustainability Report.

Je cède maintenant la parole à Constantino Malatesta, notre Chef de la Comptabilité et vice-président, contrôleur, qui passera en revue nos résultats financiers.

**Constantino Malatesta, Chief Accounting Officer and Vice-president,
Corporate Controller**

Merci, Marc.

Nous avons obtenu d'excellents résultats au cours de l'exercice 2023, avec des revenus consolidés qui ont augmenté de 25 % pour atteindre 4,2 milliards \$.

Le résultat opérationnel sectoriel ajusté était en hausse de 23 % pour s'établir à 548,1 millions \$, et le **résultat net ajusté** annuel était de 279,2 millions \$, ou 0,88 \$ par action, comparativement à 0,84 \$ l'an dernier.

We had strong **free cash flow** of \$335.7 million for the year, for an annual cash conversion rate of 120%. We continue to target an average of 100% conversion rate going forward.

Uses of cash involved funding **capital expenditures** for \$268.8 million for the year, driven mainly by the expansion of our civil aviation training network in lockstep with secured customer demand. One example is the new business aviation training centre that we launched in Las Vegas in April. These opportunities translate to strong returns as our simulator assets ramp up within the first few years of their deployment.

Our **leverage ratio** has been improving rapidly since the middle of fiscal 2023, and we continue to expect net debt-to-adjusted EBITDA to decrease to a ratio of below three times by the middle of the fiscal year, taking into consideration our expanding EBITDA and ongoing funding of the aforementioned accretive organic growth investments.

Now to briefly recap our segmented performance...

In **Civil**, revenue was up 34% to \$2.2 billion and adjusted segment operating income was up 54% to \$485.3 million for a record annual margin of 22.4%. The higher revenue was driven by higher training volumes and a higher number of full-flight simulator deliveries compared to the prior year. We achieved a record margin for the year, despite, as Marc referenced, air travel not having fully recovered to 2019 levels in all regions.

That's because of the excellent work that was done at CAE over the last couple of years to lower our recurring cost base. We are also benefiting from some mix improvements from the structural expansion of business aviation and a greater proportion of revenue coming from training services overall.

For the year, **Defense revenue** was up 15% to \$1.8 billion, and adjusted segment operating income was down 55% to \$53.1 million, representing a margin of 2.9%. Over the course of the year, we had sequentially stronger quarterly results as a function of execution on legacy contracts, cost mitigations and some gradual improvements in the economic headwinds we have been facing.

And in **Healthcare**, revenue was \$192.7 million for the year, up 27%, and adjusted segment operating income was \$9.7 million for a margin of 5%. As a result of its operational improvements and its market share gains, Healthcare continues to deliver both top- and bottom-line growth at rates that are above market.

Comme vous l'avez peut-être constaté dans les résultats financiers que nous avons publiés ce matin, l'exercice 2024 a très bien commencé. Nous avons annoncé des **revenus consolidés** de 1,05 milliard \$, soit 13 % de plus qu'au premier trimestre de l'exercice précédent, et un **résultat opérationnel sectoriel ajusté** de 145,1 millions \$, comparativement à 60,9 millions \$ au premier trimestre de l'exercice précédent. Le RPA ajusté s'est établi à 0,24 \$ au premier trimestre, comparativement à 0,06 \$ à l'exercice précédent.

Nous avons également renforcé davantage notre situation financière et sommes en bonne voie d'atteindre notre cible d'endettement d'ici le milieu de l'exercice.

Je vous remercie de votre attention et je redonne la parole à notre chef de la direction, Marc Parent.

Marc Parent, President and Chief Executive Officer

Merci, Constantino.

Il y a un an, nous commençons à voir la lumière au bout du tunnel après les perturbations causées par la pandémie. À ce moment-là, nous nous sommes fixé des objectifs ambitieux pour l'avenir en ce qui concerne l'établissement de partenariats, l'expansion de notre réseau et l'exploitation de nos technologies dans de nouveaux marchés.

Quand je pense à tout ce que nous avons accompli au cours des 12 derniers mois, je ne pourrais être plus fier de cette entreprise. Nous sommes en bonne voie d'atteindre notre objectif qui consiste à faire de CAE une entreprise plus grande, plus forte et plus rentable, et nous croyons que nous avons un brillant avenir devant nous.

Pour l'exercice 2024 et les exercices suivants, nos perspectives sont très positives, avec des tendances clairement définies qui sont favorables dans tous les secteurs de CAE.

Comme toujours, nous nous efforçons d'obtenir plus que notre juste part dans tous nos marchés, d'étendre notre avantage concurrentiel et de continuer à tirer parti des occasions qui se présentent. Nous obtenons des résultats concrets et de solides prises de commandes, et notre carnet de commandes augmente dans tous nos marchés. CAE demeure stratégiquement positionnée pour répondre aux besoins de ses clients et pour assurer une croissance substantielle de son chiffre d'affaires et de ses bénéfices dans les années à venir.

As air travel nears pre-pandemic levels, most airlines are relying on CAE for their critical training, digital operations support and crew management needs.

As a result, we expect our Civil Aviation business to continue growing at an above market rate.

Secular tailwinds in Defense that favour our business include the increased focus on near-peer threats and a greater need for digital immersion-based synthetic solutions. With governments focusing on defence modernization and improved readiness, we see this sector as being in the early stages of an extended up-cycle.

And of course, we continue to seize the ever-growing opportunities within the healthcare sector. We are proactively addressing the increasing demand for healthcare workers with a new suite of training solutions, and we're leveraging advanced technologies to build sophisticated digital capabilities to continue to win in the marketplace.

In summary, I feel privileged to lead this unique company, whose cutting-edge training and critical operations solutions empower pilots, crew members, defence forces, and healthcare practitioners to perform at their best every day and when the stakes are the highest.

CAE's more than 13,000 employees worldwide are united by the values underpinning our mantra as 'partner of choice,' and are unwavering in their commitment to preparing our customers for the moments that matter.

On behalf of CAE's management, I want to thank our employees for their ingenuity and dedication, and recognize their essential contribution in making our vision a reality.

I am extremely pleased with the progress we made last year and in the first few months of fiscal 2024, which expands further the opportunities we see before us. We expect to continue making excellent progress in the year ahead and beyond.

In closing, I would like to thank Alan MacGibbon, our Board Chair. Alan, your leadership and commitment to our shared vision for this company are truly valued.

I would also like to take a moment to acknowledge that the Honourable Sue Payton is retiring from the CAE USA Board this year. Sue has provided CAE with invaluable guidance and direction that is sure to have a lasting impact, notably as head of the Government Security Committee over the last few years.

L'honorable Michael Fortier, qui a siégé au conseil de CAE pendant 13 ans, prendra également sa retraite. Rares ont été ceux qui ont excellés à la fois dans le monde des affaires et en politique. Nous avons eu la chance de bénéficier de son sens aigu des affaires. De plus, il a amené sa vaste expérience en tant qu'ancien ministre.

Il a notamment mené le comité des ressources humaines avec brio et Michael a définitivement joué un rôle déterminant dans la croissance et le succès de CAE.

Please join me in thanking these two Board members for their contributions and their friendship over the years.

Finally, I would like to thank all the members of our Board for their advice and support and, of course, you, our shareholders, for your trust.

Thank you. Merci.