



Investor Presentation

Fourth Quarter Fiscal Year 2024

Data as of May 28, 2024

CAE

Disclaimer

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Presentation includes 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, earnings, cash flow growth, profit trends, growth capital spending, expansions and new initiatives, including initiatives that pertain to environmental, social and governance (ESG) matters, financial obligations, available liquidities, expected sales, general economic and political outlook, inflation trends, prospects and trends of an industry, expected annual recurring cost savings from operational excellence programs, our management of the supply chain, estimated addressable markets, demands for CAE's products and services, our access to capital resources, our financial position, the expected accretion in various financial metrics, the expected capital returns to shareholders, results of operations, performance, business, prospects and opportunities, the sale of our Healthcare business (the Sale Transaction), the anticipated benefits and expected impacts therefrom on CAE's strategic and operational plans and financial results, the expected terms, conditions (including receipt of necessary regulatory approvals) and completion of the Sale Transaction, the anticipated cash consideration therefrom and the timing for completion thereof, our business outlook, size, objectives, development, plans, growth strategies and other strategic priorities, our competitive and market positioning, our leadership position in our markets, the expansion of our market shares following conclusion of new partnerships, cross-BU collaboration, results of cost-savings initiatives, Defense & Security sequential improvements, CAE's ability and preparedness to respond to demand for new technologies, the sustainability of our operations, our ability to retire the Legacy Contracts (as defined in Section 6.2 "Defense and Security" of our financial report for the year ended March 31, 2024) as expected and to manage and mitigate the risks associated therewith, the impact of the retirement of the Legacy Contracts and other statements that are not historical facts.

Since forward-looking statements and information relate to future events or future performance and reflect current expectations or beliefs regarding future events, they are typically identified by words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "likely", "may", "plan", "seek", "should", "will", "strategy", "future" or the negative thereof or other variations thereon suggesting future outcomes or statements regarding an outlook. All such statements constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995.

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. The forward-looking statements contained in this Presentation describe our expectations as of May 28, 2024 and, accordingly, are subject to change after such date.

Important risks that could cause such differences include, but are not limited to, strategic risks, such as geopolitical uncertainty, global economic conditions, competitive business environment, original equipment manufacturer (OEM) leverage and encroachment, inflation, international scope of our business, level and timing of defence spending, constraints within the civil aviation industry, our ability to penetrate new markets, research and development (R&D) activities, evolving standards and technology innovation and disruption, length of sales cycle, business development and awarding of new contracts, strategic partnerships and long-term contracts, risk that we cannot assure investors that we will effectively manage our growth, estimates of market opportunity and competing priorities; operational risks, such as supply chain disruptions, program management and execution, mergers and acquisitions, business continuity, subcontractors, fixed price and long-term supply contracts, our continued reliance on certain parties and information and health and safety; cybersecurity risks; talent risks, such as recruitment, development and retention, ability to attract, recruit and retain key personnel and management, corporate culture and labour relations; financial risks, such as availability of capital, customer credit risk, foreign exchange, effectiveness of internal controls over financial reporting, liquidity risk, interest rate volatility, returns to shareholders, shareholder activism, estimates used in accounting, impairment risk, pension plan funding, indebtedness, acquisition and integration costs, sales of additional common shares, market price and volatility of our common shares, seasonality, taxation matters and adjusted backlog; legal and regulatory risks, such as data rights and governance, U.S. foreign ownership, control or influence mitigation measures, compliance with laws and regulations, insurance coverage potential gaps, product-related liabilities, environmental laws and regulations, government audits and investigations, protection of our intellectual property and brand, third-party intellectual property, foreign private issuer status, and enforceability of civil liabilities against our directors and officers; ESG risks, such as extreme climate events and the impact of natural or other disasters (including effects of climate change) and more acute scrutiny and perception gaps regarding ESG matters; reputational risks; and technological risks, such as information technology (IT) and reliance on third-party providers for information technology systems and infrastructure management. The foregoing list is not exhaustive and other unknown or unpredictable factors could also have a material adverse effect on the performance or results of CAE. Additionally, differences could arise because of events announced or completed after the date of this Presentation. You will find more information about the risks and uncertainties affecting our business in our 2024 financial report for the year ended March 31, 2024, available on our website (www.cae.com), SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov).

Disclaimer

Readers are cautioned that any of the disclosed risks could have a material adverse effect on CAE's forward-looking statements. Readers are also cautioned that the risks described above and elsewhere in this Presentation 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.

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. The forward-looking information and statements contained in this Presentation are expressly qualified by this cautionary statement.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Presentation. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. Except as otherwise indicated by CAE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may occur after May 28, 2024. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements are presented in this Presentation for the purpose of assisting investors and others in understanding certain key elements of our expected FY2025 financial results and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

MATERIAL ASSUMPTIONS

The forward-looking statements set out in this Presentation are based on certain assumptions including, without limitation: the prevailing market conditions, geopolitical instability, the customer receptivity to our training and operational support solutions, the accuracy of our estimates of addressable markets and market opportunity, the realization of anticipated annual recurring cost savings and other intended benefits from restructuring initiatives and operational excellence programs, the ability to respond to anticipated inflationary pressures and our ability to pass along rising costs through increased prices, the actual impact to supply, production levels, and costs from global supply chain logistics challenges, the stability of foreign exchange rates, the ability to hedge exposures to fluctuations in interest rates and foreign exchange rates, the availability of borrowings to be drawn down under, and the utilization, of one or more of our senior credit agreements, our available liquidity from cash and cash equivalents, undrawn amounts on our revolving credit facility, the balance available under our receivable purchase facility, the assumption that our cash flows from operations and continued access to debt funding will be sufficient to meet financial requirements in the foreseeable future, access to expected capital resources within anticipated timeframes, no material financial, operational or competitive consequences from changes in regulations affecting our business, our ability to retain and attract new business, our ability to effectively execute and retire the Legacy Contracts while managing the risks associated therewith, and our ability to complete the integration of the AirCentre business within the anticipated time period and at the expected cost level. Air travel is a major driver for CAE's business and management relies on analysis from the International Air Transport Association (IATA) to inform its assumptions about the rate and profile of recovery in its key civil aviation market. Accordingly, the assumptions outlined in this Presentation and, consequently, the forward-looking statements based on such assumptions, may turn out to be inaccurate. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this Presentation, refer to Section 10 "Business Risks and uncertainty" of our MD&A for the year ended March 31, 2024, available on our website (www.cae.com), SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov).

CURRENCY

All amounts in this presentation are expressed in Canadian dollars unless otherwise indicated.

NON-IFRS AND OTHER FINANCIAL MEASURES

This Presentation includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods.

Performance Measures

- Gross profit margin (or gross profit as a % of revenue);
- Operating income margin (or operating income as a % of revenue);
- Adjusted segment operating income or loss;
- Adjusted segment operating income margin (or adjusted segment operating income as a % of revenue);
- Adjusted effective tax rate;
- Adjusted net income or loss;
- Adjusted earnings or loss per share (EPS);
- EBITDA and Adjusted EBITDA;
- Free cash flow.

Liquidity and Capital Structure Measures

- Non-cash working capital;
- Capital employed;
- Adjusted return on capital employed (ROCE);
- Net debt;
- Net debt-to-capital;
- Net debt-to-EBITDA and net debt-to-adjusted EBITDA;
- Maintenance and growth capital expenditures.

Growth Measures

- Adjusted order intake;
- Adjusted backlog;
- Book-to-sales ratio.

Definitions of all non-IFRS and other financial measures are provided in slides 38-43 to give the reader a better understanding of the indicators used by management. In addition, when applicable, we provide a quantitative reconciliation of the non-IFRS and other financial measures to the most directly comparable measure under IFRS. Refer to slides 33-37 for these reconciliations.

ABOUT MATERIAL INFORMATION

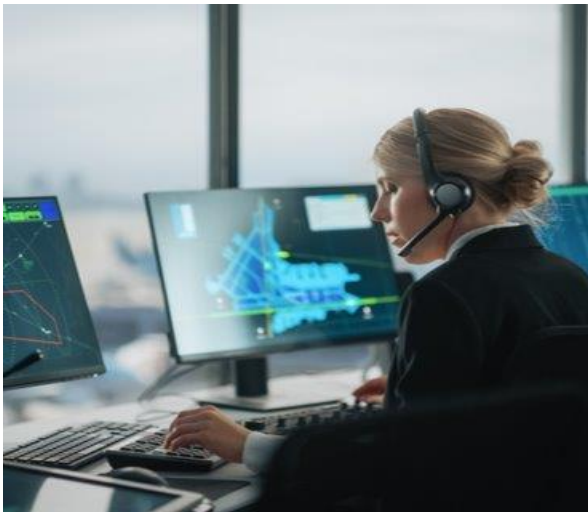
This Presentation includes the information we believe is material to investors after considering all circumstances, including potential market sensitivity. We consider something to be material if: – It results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; or – It is likely that a reasonable investor would consider the information to be important in making an investment decision

CAE is a technology company with a mission and vision focused on safety, efficiency and readiness



Our mission

To lead at the frontier of digital immersion with high-tech training and operational support solutions to make the world a safer place



Our vision

To be the worldwide partner of choice in civil aviation and defence & security by revolutionizing our customers' training and critical operations with digitally immersive solutions to elevate safety, efficiency and readiness.

We are an essential partner in moving our world forward safely through training and technology

Civil Aviation

- Largest global civilian training network (+1 M hrs/year*)
- Leading provider of simulation equipment
- Crew & maintenance and air traffic control training, aftermarket parts/support and operations & technical solutions
- Software-based critical operations solutions and optimization

Market leader with strong cyclical and secular growth drivers

Defense & Security

- Leading defence training and simulation provider
- Only global pure-play, platform-independent training and simulation solutions provider
- Capabilities stretching across key domains
- Offering joint-domain integration to operational support solutions ensuring mission success

Transformed opportunity set and growth profile

Our cutting-edge training and critical operations solutions empower our customers with the skills and expertise necessary to perform in the moments that matter

Sources: CAE internal analysis

* FY19, FY20, FY22, and FY23

A world leader in training, mission, and operational support solutions

\$4.3B

FY24 Revenue

\$918.4M

FY24 Adj EBITDA#

40+

countries

240+

locations

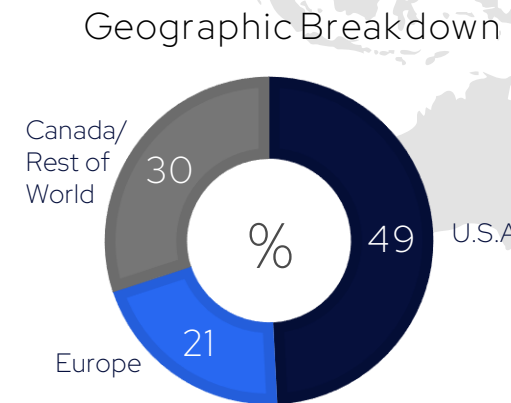
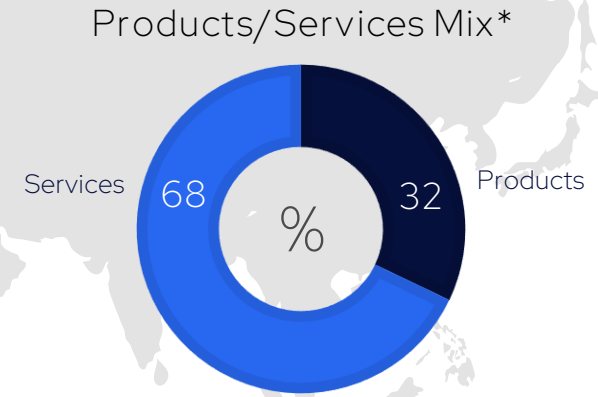
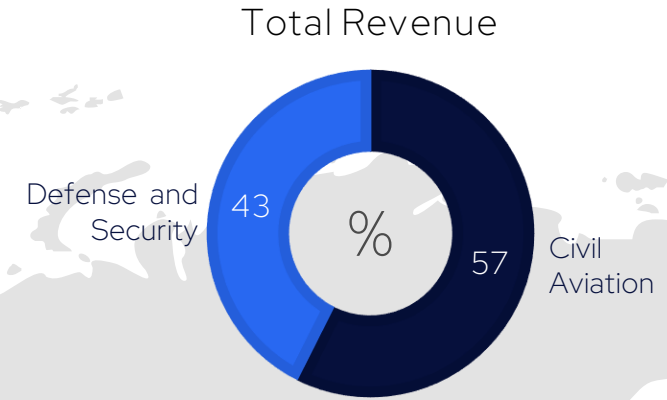
13,000

employees

* Approximate value including joint ventures

#Non-IFRS and other financial measures (See slides 38-43).

For the year ended, March 31, 2024.



Key CAE technologies to define and elevate future standards of training and critical operations

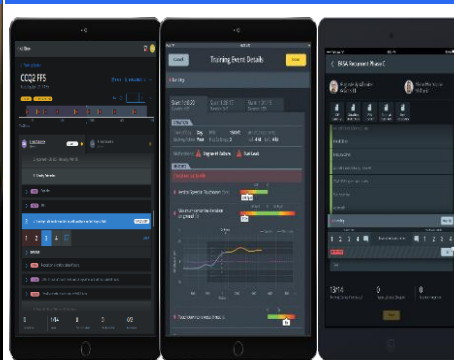
Enhanced visualization across multiple simulation platforms



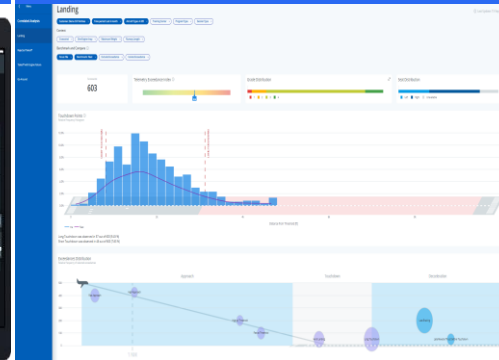
Biometrics through ALE™*



Real-time insights with CAE Rise™*



Advanced data analytics and optimization with CAE Flight Services



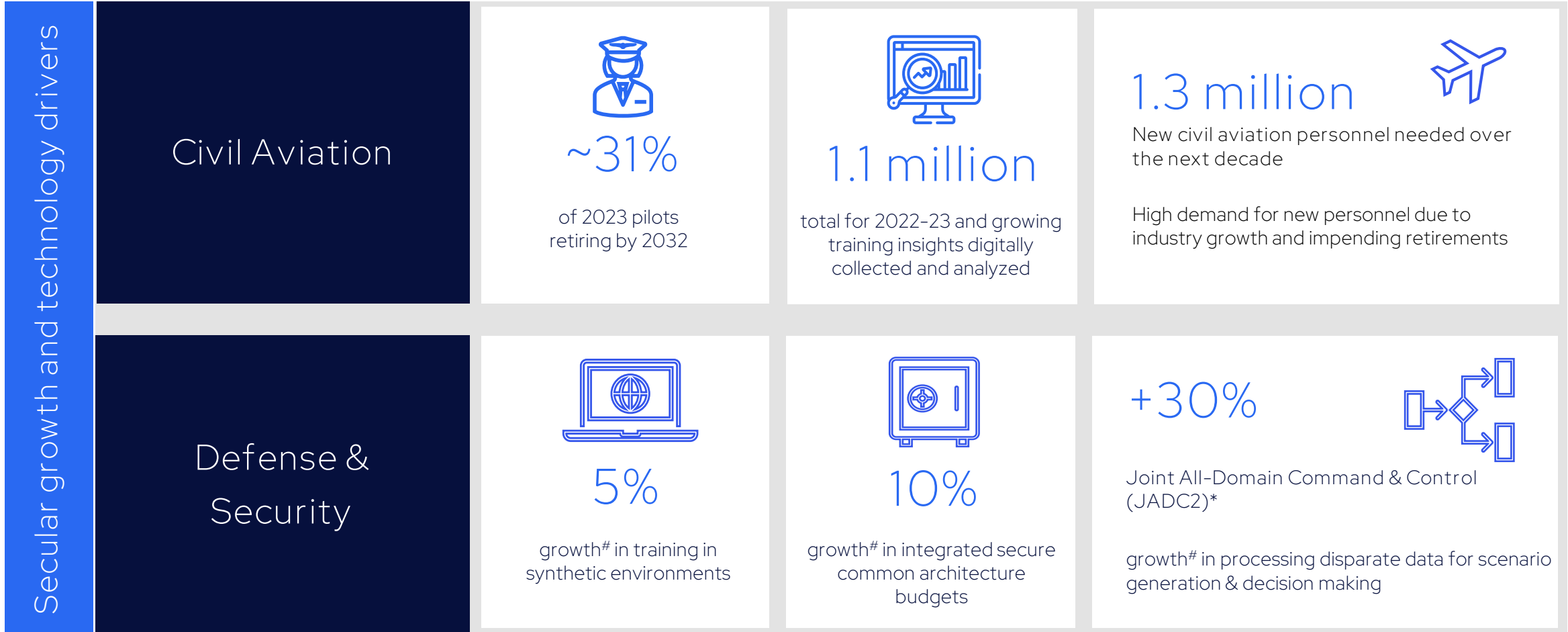
Augmented, mixed, and virtual reality



Data-driven solutions assessing real-time performance and providing insightful training intelligence

*ALE™ – Adaptive Learning Environment: CAE’s patented Adaptive Learning Environment (ALE) improves training efficiencies through systematic and objective rule-based measures of performance and effectiveness across any flight-training curriculum; CAE Rise™ is a data-driven training system that leverages analytics to make pilot training more objective, efficient, and effective. The system gives instructors’ the ability to deliver standardized training and objectively assess pilot competencies using live data during training sessions.

Secular tailwinds across all markets



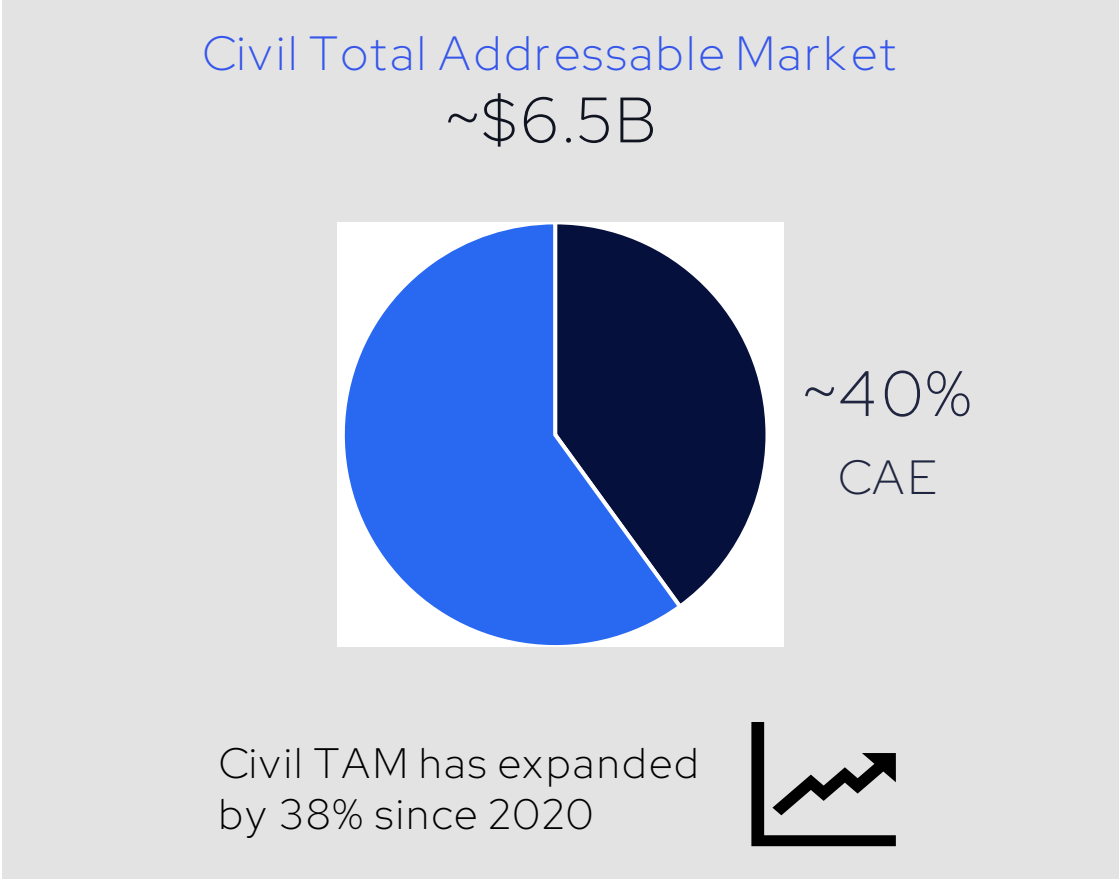
*Joint All-Domain Command and Control: US DoD strategic concept that connects the data sensors and communications across all US military services

#Year on year from 2022-2023

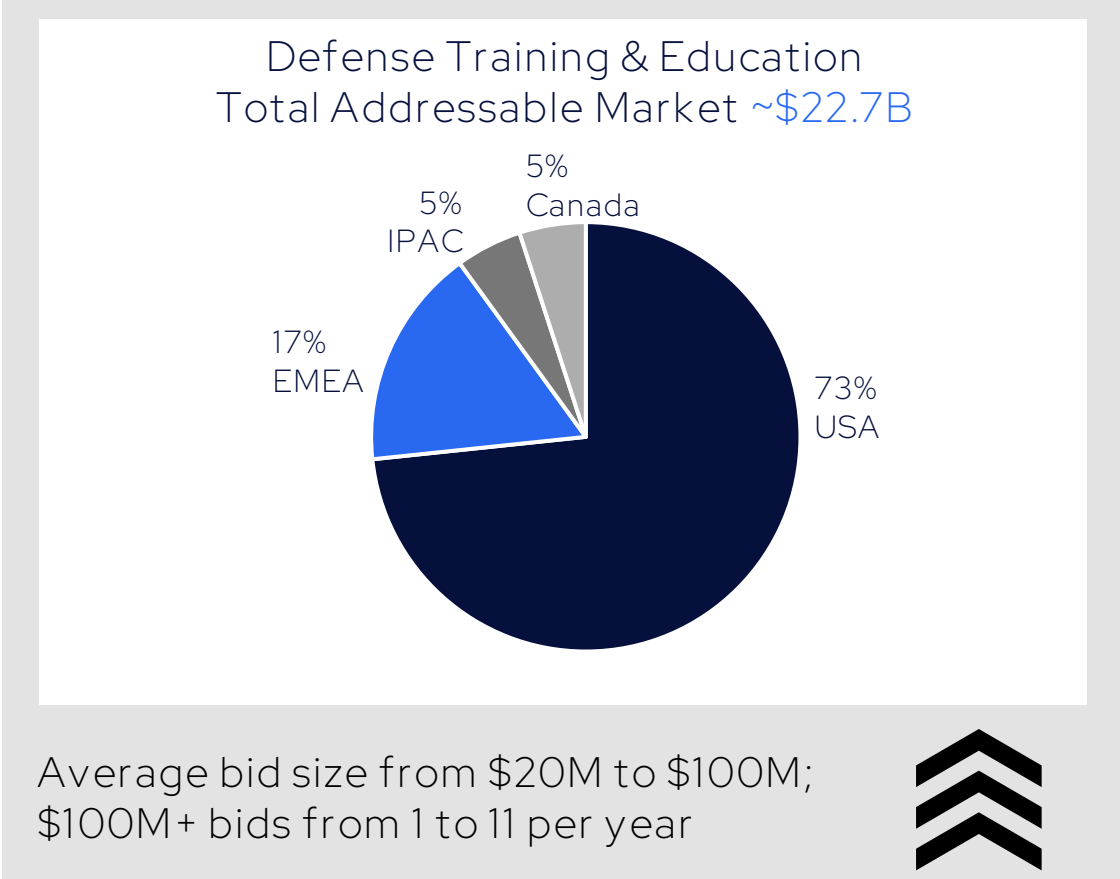
Sources: CAE internal analysis; CAE 2023 Aviation Talent Forecast ; Various Market Research Firm Reports (M&M, Research & Markets, Allied Market Research 2021); IATA; United Nations; Janes.

Substantial headroom in high growth markets

Civil: potential to increase share in a large and growing market



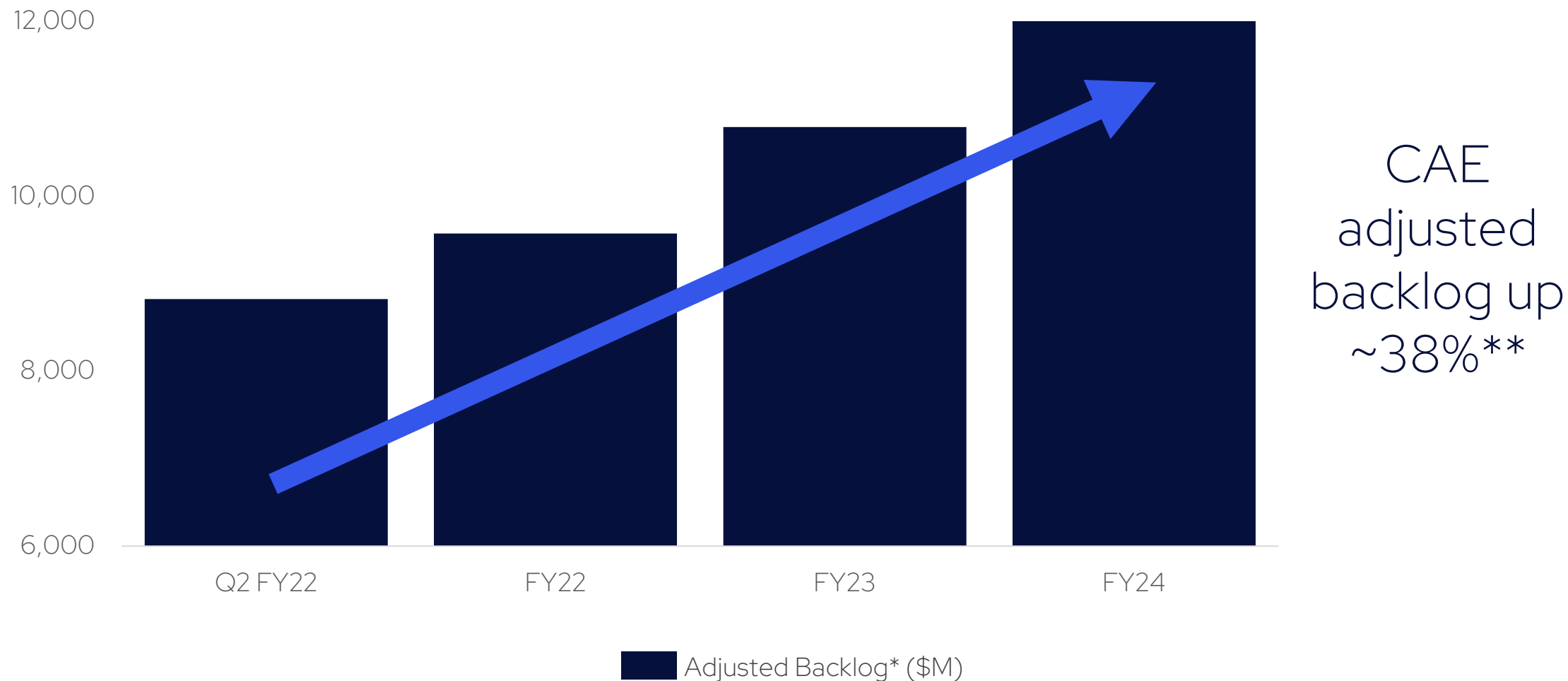
Defense & Security:* positioned for larger bids



Sources: Civil: CAE Internal Analysis; D&S: Budget and Addressable Market figures from FY21 Janes Market Forecast, compiled prior to Ukraine invasion

*All figures for Defense & Security in USD

Increasing adjusted backlog* underpins growth for a bigger, stronger, more profitable CAE



*Non-IFRS and other financial measures (See slides 38-43).

**Reflects percentage change in adjusted backlog from Q2 FY22 to Q4 FY24, post L3H MT acquisition (closed Q2 FY22).

Balanced approach to capital allocation

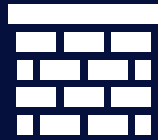
Priorities

Revenue, earnings, and cash flow growth



Focus on organic investments for sustainable and accretive growth

Strong financial position



Maintain a strong balance sheet for resiliency and financial flexibility

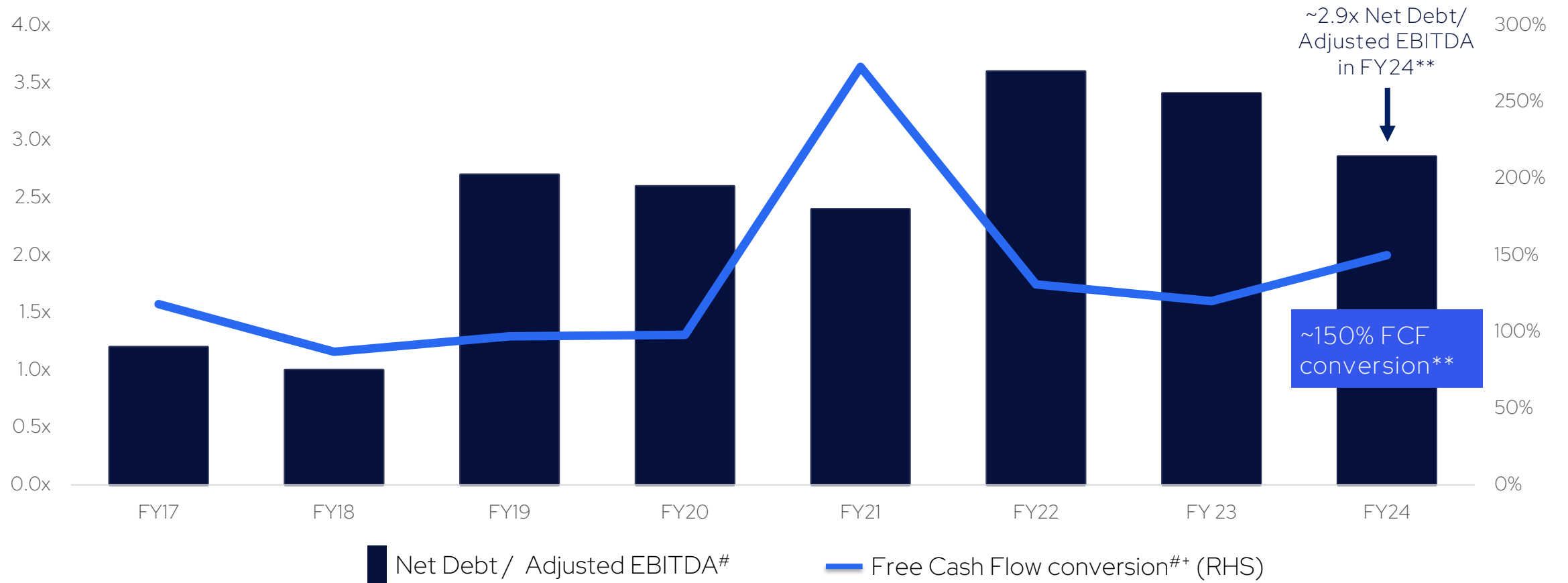
Capital returns to shareholders



Balance returns to shareholders through with leverage targets and growth investment opportunities. Re-activation of NCIB*.

Normal Course Issuer Bid, approved May 27, 2024, to purchase, for cancellation, up to 15,932,187 (or up to 5%) of common shares, commencing May 30, 2024, and ending May 29, 2025.

Strategic investments in sustainable and accretive growth



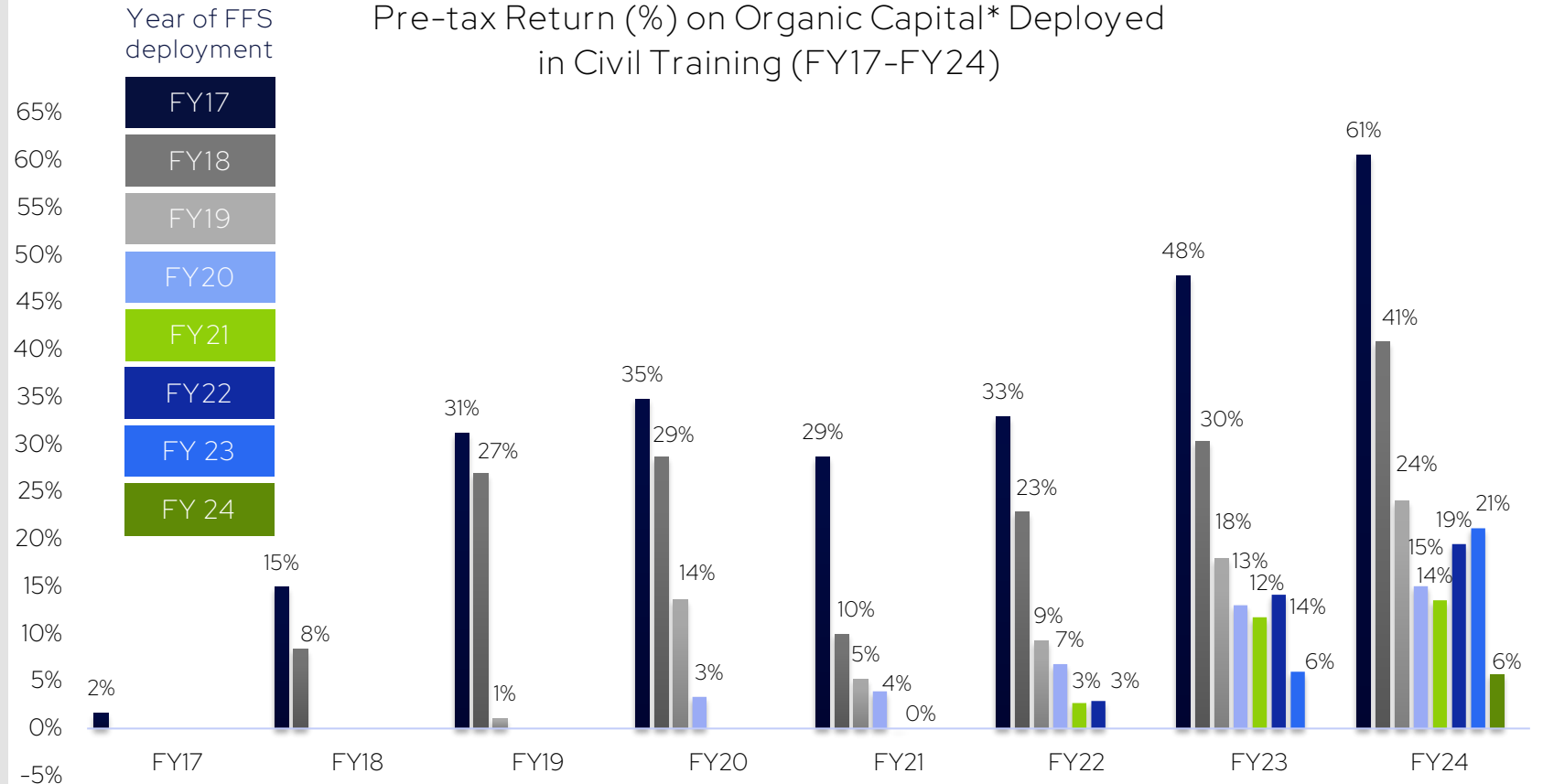
Balancing growth investing and current returns to shareholders on a solid financial foundation

#Non-IFRS and other financial measures (See slides 38-43). +FCF conversion measured as a % of adjusted net income
 ** Excluding Legacy Contracts. Reported leverage 3.17x. Refer to slides 33-37 for a reconciliation of these measures to the most directly comparable measure under IFRS.

Organic capital driving recurring revenues and accretive compounding growth

\$1,077M+

organic capital*
invested in FY17-FY24
to deploy 114 Full Flight
Simulators (FFS)
within CAE's
Civil aviation training
network



Investments in long-term assets that quickly generate recurring revenue and highly accretive returns

*Defined as the operating profit of the FFS divided by the investment in FFS by year of deployment

Positive sustainability impact is built-in CAE's business strategy

Strong sustainability impact across businesses

Civil Aviation

Defense & Security

Moving aviation safety, diversity and industry decarbonization forward

Noble mission to support preparedness; fostering sovereignty, stability and safety through deterrence

Decarbonization and Climate action

<p>Committed to decarbonization</p> <p>Submitted near-term (10 years) science-based emission reduction targets, for approval by the SBTi</p>	<p>CLIMATE GROUP RE100</p> <p>Member of the RE100</p> <p>All CAE sites are 100% sourced with renewable energy or covered by RECs*</p>	<p>Recognized as sustainability leader</p> <p>S&P Global CDP</p> <p>Sustainability scores in top 15% of our industry and above North American average respectively</p>	<p>Advancing green aviation through the electrification of our training fleet, the facilitation of the all-electric Advanced Air Mobility industry and advocating for sustainable aviation fuel</p>  <p>Expecting to convert up to part of our training fleet to electric</p>
--	--	--	--

Mobilisation of our partners

<p>IAEG INTERNATIONAL AEROSPACE ENVIRONMENTAL GROUP</p> <p>Member of the IAEG** with the most successfully engaged suppliers</p>	<p>ecovadis</p> <p>~50% of our Direct spend scored</p>	<p>CAE Resilient Together Operational Excellence Sustainability Leadership</p> <p>DECARBONE+</p>	<p>Introducing our Supplier Performance programs and joining industry ecosystems</p>	<p>Issued our Modern Slavery and Human trafficking statement reflecting our commitment to respecting Human rights all along the value chain</p>
---	---	---	--	---

Diversity, Equity and Inclusion

<p>46% of our Board of Directors 36% of our executive officers form part of certain diversity groups As of end of FY24</p>	<p>Bloomberg Gender-Equality Index 2023 Member</p> <p>Named to the Bloomberg Gender-Equality Index for 5 consecutive years</p>	<p>WOMEN IN GOVERNANCE PARTY CERTIFIED</p> <p>Gold-level gender parity certification from Women in Governance</p>	<p>Strong impact on the Aerospace industry Expanding the reach of the Women in Flight program with airlines partners and furthering talent development of underrepresented groups in aviation</p> <p>8 recipients of Captain Judy Cameron Scholarships with Air Canada</p>  <p>Ascension Academy with Air Transat</p> <p>Also, achieved the first level of certification as a Progressive Aboriginal Relations Bronze company</p>
--	---	--	--

*Renewable energy certificates

**International Aerospace Environmental Group

Civil Aviation

Elevating and advancing human performance



CAE

Market leader with strong cyclical and secular growth dynamics

Aviation Simulation

- Simfinity XR Series
- Flight Training Devices
- Full Flight Simulators
- Equipment Support & Lifecycle Services
- Training Center Operations

Leading provider poised to benefit from cyclical recovery in aircraft deliveries

Aviation Training

- Pilot Training
- Cadet Academies
- CAE Instructor-Led Training
- Cabin Crew Training
- Air Traffic Control Training
- Aircraft Maintenance Training

Largest global network for regulated training

Aviation Operational and Technical Services

- Aviation Resourcing
- Operations Management
- Aircraft Technical Support Services

Leveraging scale and partnerships to enhance growth

Aviation Digital Solutions

- Operations Control
- Crew Management
- Flight Management
- Airport Management
- In-Flight Services Management
- Training Management
- Crew Engagement - Logbook and apps

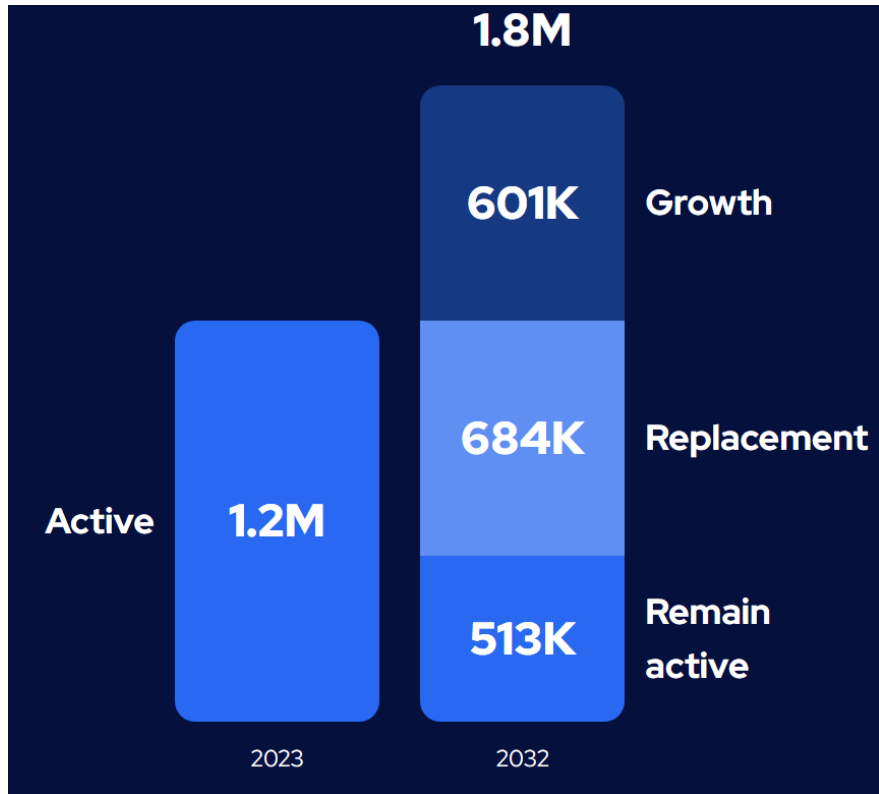
Introducing innovative solutions across the aviation ecosystem

Trusted partner in CIVIL AVIATION

Markets Commercial Aviation | Business Aviation | Helicopter | Advanced Air Mobility

Elevating human performance. Advancing operational excellence.

Strong demand for new civil aviation professionals



1.3 million

284K new pilots

402K new aircraft maintenance technicians

599K new cabin crew

Large demand for new personnel due to industry growth and impending retirements

Source: CAE 2023 Aviation Talent Forecast

With the largest aviation footprint, we are always close to our customers

- 

#1
in Civil Aviation Training
- 

1,300+
Full Flight Simulators Manufactured
- 

343
Full Flight Simulators in our Training Network
- 

130+
Aircraft
- 

70
Locations

+1 M hours
Simulator Training Delivered Annually*

135,000+ pilots
Trained Annually*



Our global footprint more than doubled in the last decade in a demand-driven expansion

* FY19, FY20, FY22, and FY23.

Launched new training centres, deployed additional FFS to our network

CAE Las Vegas NEW



CAE Minneapolis Expansion



SIMCOM Lake Nona NEW



CAE Savannah NEW



CAE Vienna NEW



CAE Singapore NEW



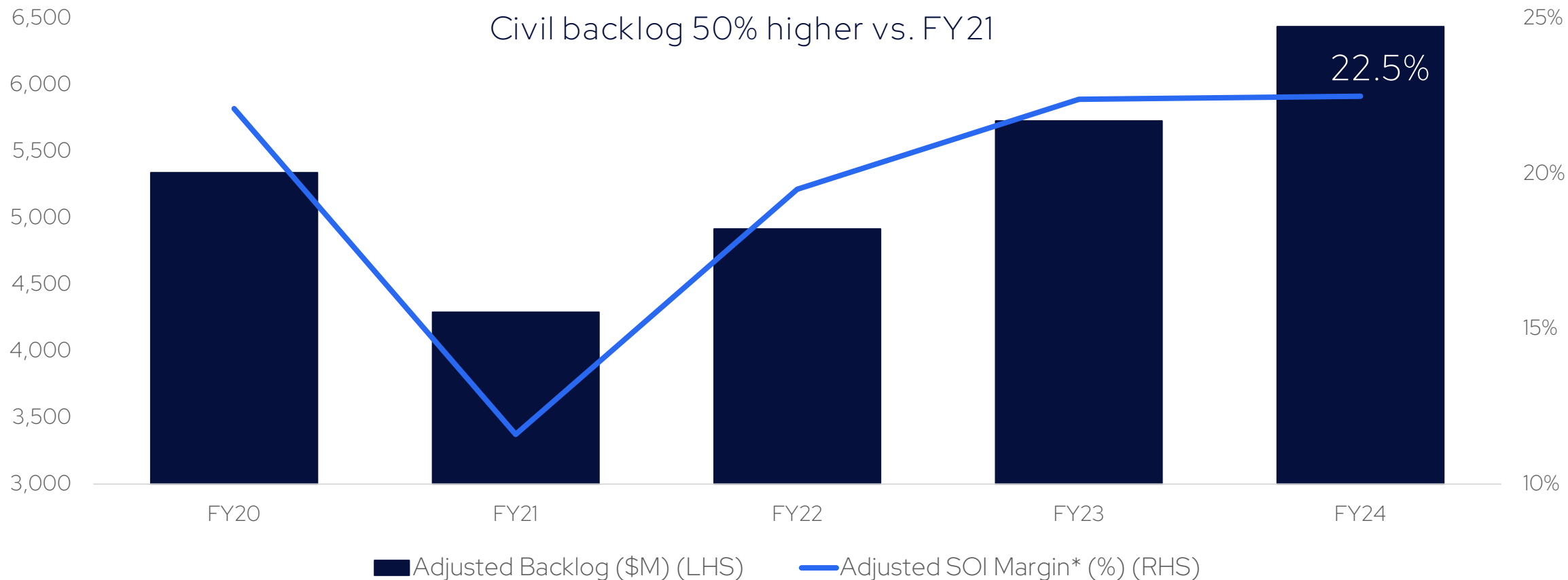
CAE Sydney NEW



- Cadet Training
- Commercial Aviation Training
- Business Aviation Training
- Helicopter Aviation Training
- Cabin Crew Training
- Maintenance Training
- Aviation Recruitment
- Flight Services



Margin and adjusted backlog* continue to strengthen, with renewed tailwinds for expansion and growth



Opportunity for long-term growth and further margin expansion within Civil

* Non-IFRS and other financial measures (See slides 38-43).

Defense & Security

Making the world a safer place through enhanced mission readiness



Training, Simulation and Operations Support leader

Training & Simulation

- Simulation Products
- Broad Range of Training Services
- Training Centers
 - Ab Initio Flight Schools
 - Live Flight

World's leading platform independent training and simulation pure play

Mission Operations

- Prime contractor for digital ecosystems
- Real-time modeling and simulation
- Virtual Command, Control, Communications, Computer Intelligence, Surveillance and Reconnaissance (C4ISR)

Leveraging combined capabilities and scale to grow prime contract positioning

Solutions across key domains

Integrated Secure Architectures

- Simulator Common Architecture Requirements & Standards (SCARS)
- CAE/Unreal Prodigy Image Generator

Developing cutting-edge virtualization and digital twin capabilities aligned with customer priorities

Adaptive Learning

- CAE Rise™ + Trax Academy + Adaptive Learning Environment (ALE)
- Augmented / Mixed Reality
- Competency-based Instructional Systems Design (ISD)

Innovative data-driven training solutions

CAE is the world's leading platform independent training and simulation solutions provider preparing global defence and security forces for the mission ahead

Well positioned to address new realities in the defence environment

The global threat environment and budget priorities are accelerating demand for digital immersion solutions

- Focus has shifted from asymmetric to near-peer threats
- Budget priorities driving shift from live training into cost-effective, virtual trainers
- Defence forces need to train in multi-domain operations using immersive synthetic environments







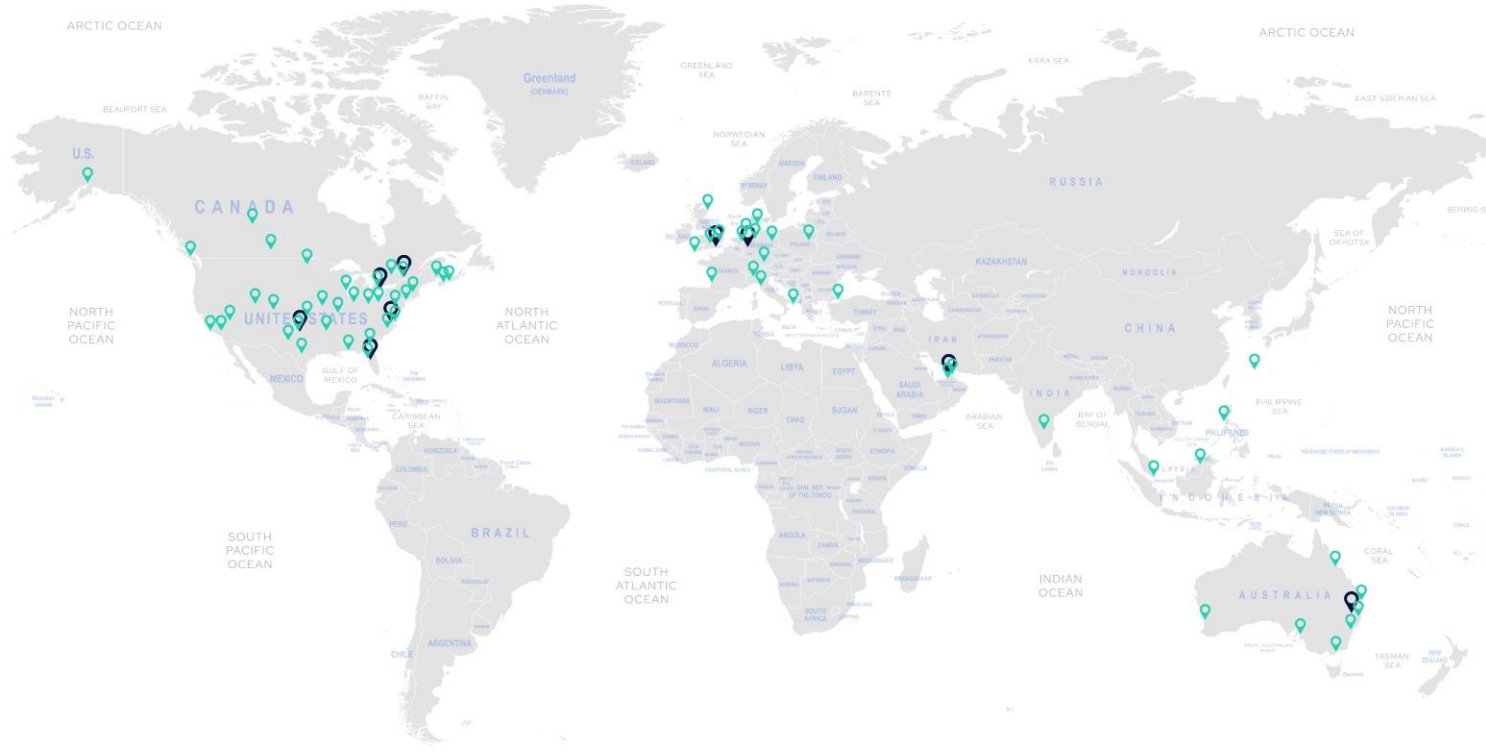
The US National Defense Strategy (NDS) lays out priorities that address the capabilities necessary to operate in this changing, multi-domain environment

These priorities are shared by our customers around the world

CAE's unique expertise can address these evolving needs

Our broad global defence market presence

-  40+ Countries
-  85+ Platforms
-  145+ Sites
-  6,000 Employees



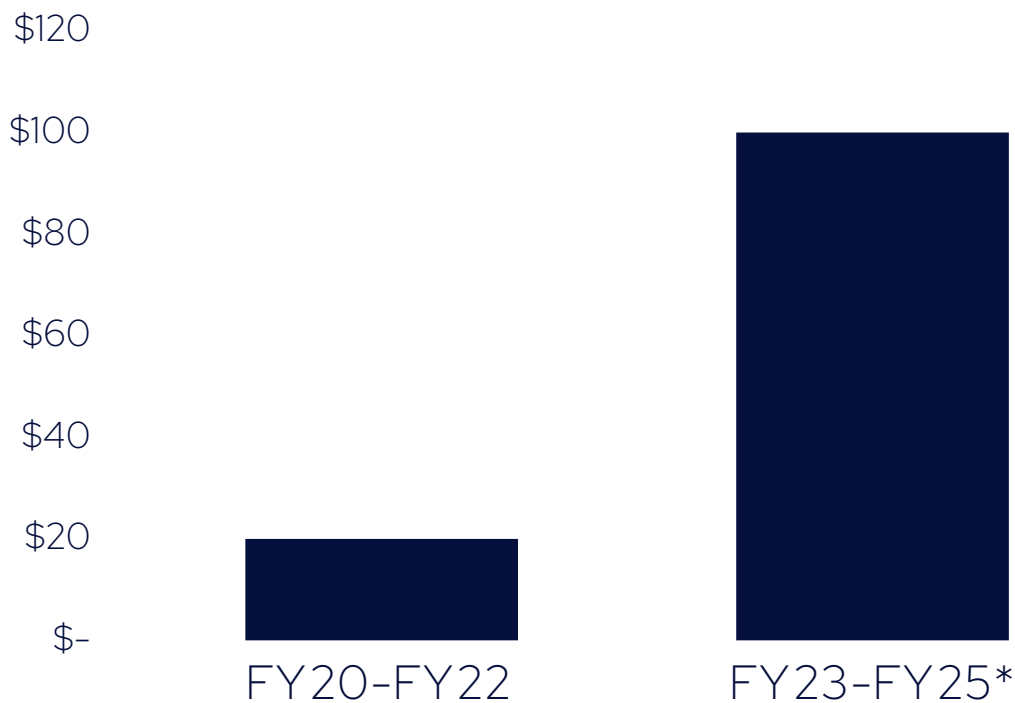
D&S has locations in key growth markets

- Washington, DC
- Tampa, FL
- Arlington, TX
- Montreal, QC
- Ottawa, ON
- Burgess Hill, UK
- Stolberg, Germany
- Abu Dhabi, UAE
- Sydney, Australia

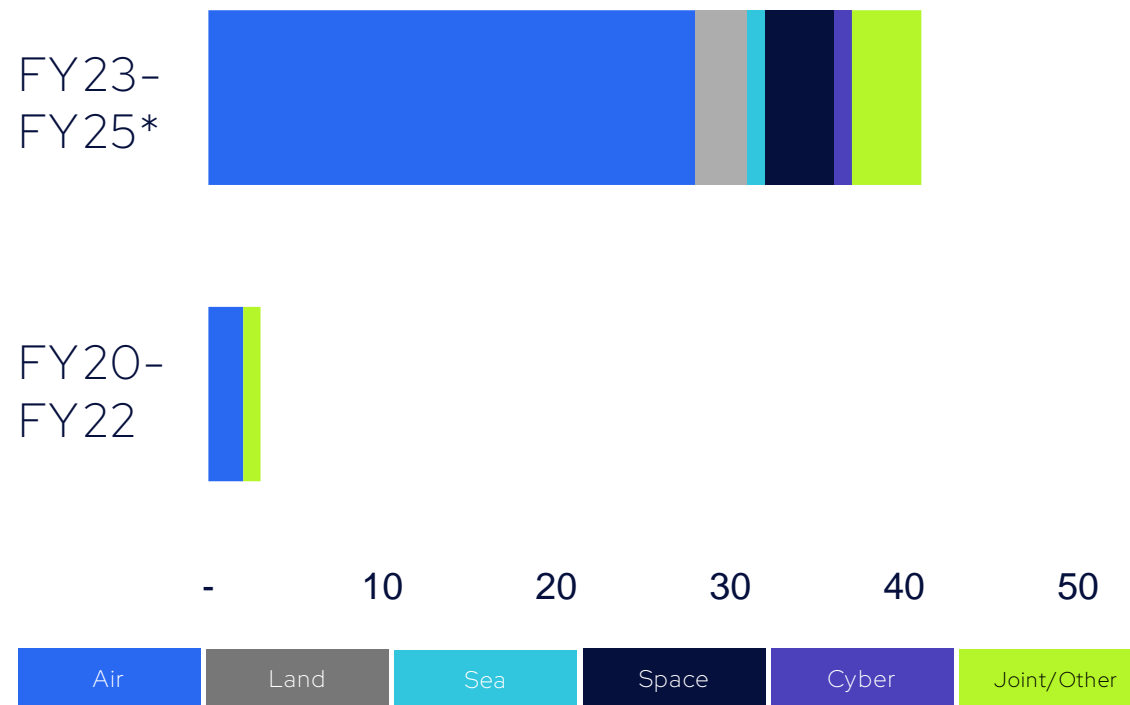
Enhancing training and operational solutions to ensure mission readiness with operations strategically located in key growth markets

Prime pursuits: increasing in size and quantity across key battlespace domains

Average bid size (\$M)



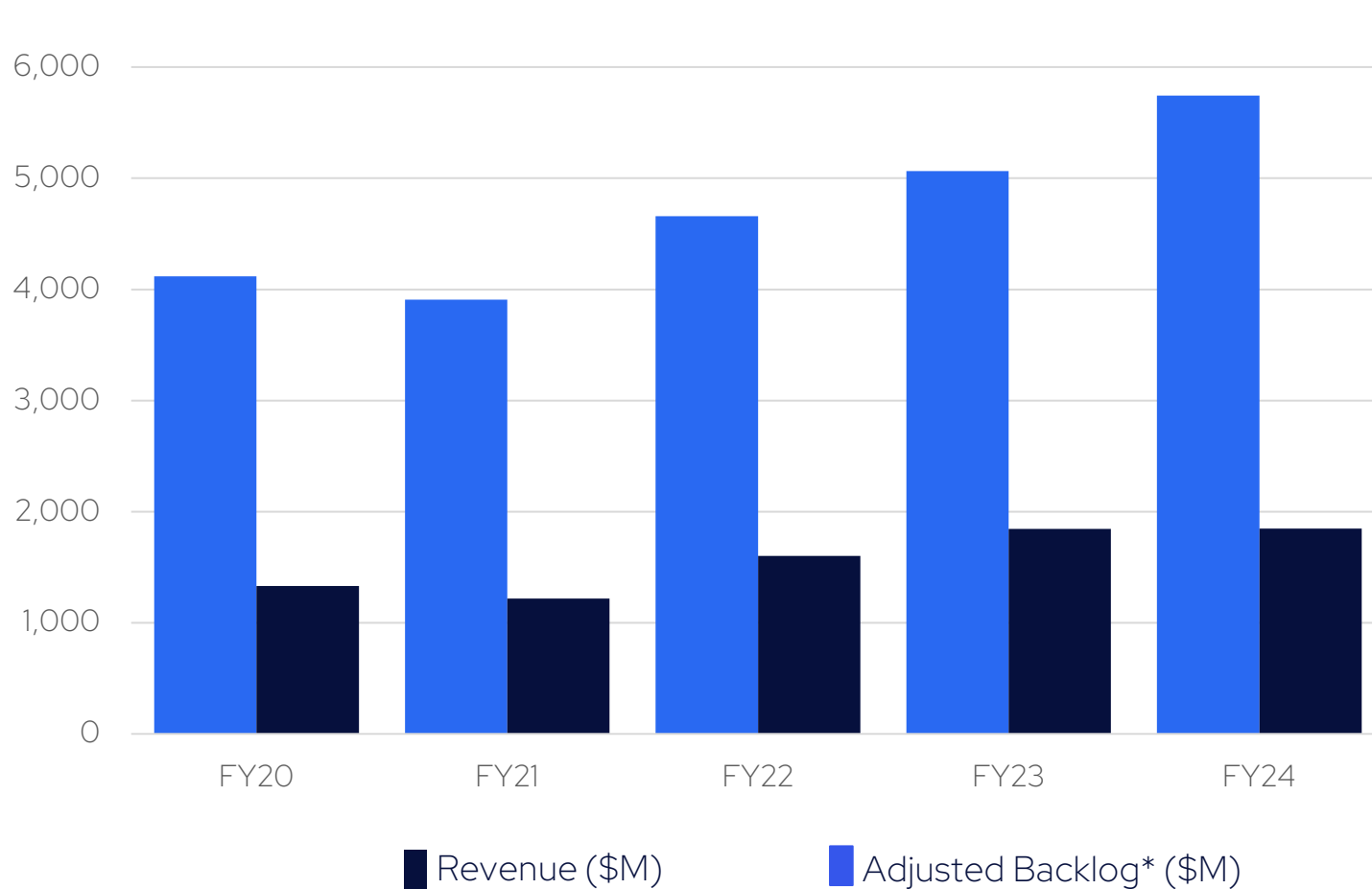
Quantity of competitive prime pursuits > \$100M



Average bid size from \$20M to \$100M; \$100M+ bids from 1 to 11 per year

* Forward-Looking Statements (see slides 2-3)

Transforming and accelerating Defense for profitable growth through adjusted backlog* renewal and execution



- 6x increase in addressable market** *Increase in prime position on large IDIQ vehicles with total ceiling of \$224B*
- Building order momentum** *>\$1.9B in orders for FY24*
- Greater in size and scale** *Increase in average competitive pursuit to \$100M as well as number of large bids (>\$100M size)*
- Competitively positioned** *5x increase in prime/subcontract opportunities across key battlespace domains*

* Non-IFRS and other financial measures (See slides 38-43).

Transformational wins paving the way forward for Defense

Future Aircrew Training Program (FAcT)

- JV with SkyAlyne
- Generational training opportunity covering all aspects of the required training and in-service support to train Canadian military pilots, Air Combat Systems Officers (ACSOs) and Airborne Electronic Sensor Operators (AES Ops).

Flight School Training Support Services (FSTSS)

- World's largest helicopter simulation training program for the US Army.

Soldier Virtual Trainer (SVT)

- Early award through two-year competitive bidding process: continue the expansion of synthetic training environments to empower soldier-led training at the point of need

High Accuracy Detection and Exploitation System (HADES)

- Sole source contract to support US Intelligence and Security Command, leveraging our strengths in Civil aviation training

Initial Flight Training – Rotary (IFT-R)

- Competitively awarded by USAF this solidifies CAE's multi-service rotary wing training capabilities in Lower Alabama

Remotely Piloted Aircraft System (RPAS)

- Transformative win involving contract with General Atomics
- Delivering aircrew and maintenance technician training, supporting training devices and courseware

Re-baselining Defense and forging a clearer path toward margin improvement

- New leadership: further targeting operational changes at the segment and corporate executive management levels, strengthening our focus and execution capabilities and driving additional synergies between Defense and Civil.
- Greater scale and scope: doubling our presence in the U.S. defence market and gaining access to a much broader capability and customer set.
- New processes: increasingly disciplined and rigorous approach to the selection of bids and proposals and an enhanced focus on higher quality program pursuits
- Rightsizing risk/return balance: agreeing to terms that involve cost-plus on development work, establishing tighter pricing bands on service contract utilization, and leveraging civil-like business models – ensuring a positive impact on our risk-adjusted returns as newer contracts ramp up.

Margin recovery amid compelling secular trends for Defense will provide additional stable and predictable cash flows to fuel growth



Financials*

**Comparative figures have been reclassified to reflect results on a continuing basis as a result of the Healthcare segment being presented as discontinued operations*

CAE

Q4 FY24 financial highlights

Performance (amounts in millions, except per share amounts)	Q4 FY24	Q4 FY23	Variance %	FY2024	FY2023	Variance %
Revenue	\$1,236.3	\$1,197.4	(6%)	\$4,282.8	\$4,010.6	7%
Operating (loss) income	(\$533.0)	\$178.3	(399%)	(\$185.4)	\$466.0	(140%)
Adjusted segment operating income (SOI)*	\$125.7	\$193.4	(35%)	\$549.7	\$538.4	2%
Net income attributable to equity holders of the Company						
Continuing operations	(\$504.7)	\$93.6	(639%)	(\$325.3)	\$220.6	(274%)
Discontinued operations	\$20.5	\$4.8	-			
Non-controlling interests	(\$0.1)	(\$3.5)	(103%)			
Basic and diluted earnings per share (EPS)						
Continuing operations	(\$1.58)	\$0.29	(645%)	(\$1.02)	\$0.69	(248%)
Discontinued Operations	\$0.06	\$0.02	200%	\$0.07	\$0.01	600%
Adjusted earnings per share*	\$0.12	\$0.33	(64%)	\$0.87	\$0.87	-
Net cash provided by operating activities	\$215.2	\$180.6	19%	\$566.9	\$408.4	39%
Free cash flow*	\$191.1	\$147.6	29%	418.2	333.1	26%

*Non-IFRS and other financial measures (See slides 38-43).

Q4 FY24 financial highlights

Performance <i>(amounts in millions, adjusted ROCE and book-to-sales ratio)</i>	Q4 FY24	Q4 FY23	Variance %
Liquidity and capital structure			
Capital employed*	\$7,216.8	\$7,621.4	(5%)
Adjusted return on capital employed (ROCE)*	5.9%	5.6%	
Total debt	\$3,074.3	\$3,250.1	(5%)
Net debt*	\$2,914.2	\$3,032.5	(4%)
Growth			
Adjusted order intake*	\$1,550.5	\$1,406.2	10%
Adjusted backlog*	\$12,183.9	\$10,796.4	13%
Book-to-sales ratio*	1.38x	1.17x	
Book to sales (last 12 months)	1.15x	1.21x	

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of EBITDA, Adjusted EBITDA, net debt-to-EBITDA and net debt-to-adjusted EBITDA <i>(last 12 months ended March 31)</i>	2024	2023
<i>(Amounts in millions, except net debt-to-EBITDA ratios)</i>		
Operating (loss) income	(\$185.4)	\$466.0
Depreciation and amortization	\$368.7	\$330.2
EBITDA	\$183.3	\$796.2
Restructuring, integration and acquisition costs	\$131.4	\$62.6
Impairments and other gains and losses arising from significant strategic transactions or specific events:		
Impairment of goodwill	\$568.0	-
Impairment of technology and other non-financial assets	\$35.7	-
Impairment reversal of non-financial assets following their repurposing and optimization	-	\$9.8
Adjusted EBITDA	\$918.4	\$868.6
Net Debt	\$2,914.2	\$3,032.5
Net debt-to-EBITDA	15.90x	3.81x
Net debt-to-adjusted EBITDA	3.17x	3.49x
Adjusted EBITDA	\$918.4	\$868.6
Impact from accelerated risk recognition on the Legacy Contracts	\$90.3	-
Adjusted ABITDA excluding Legacy Contracts	\$1,008.7	\$868.6
Net debt-to-adjusted EBITDA excluding Legacy Contracts	2.89x	3.49x

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of adjusted net income and adjusted earnings per share (EPS)	Three months ended March 31		Years ended March 31	
	2024	2023	2024	2023
<i>(Amounts in millions, except per share amounts)</i>				
Net (loss) income attributable to equity holders of the Company	(\$484.2)	\$98.4	(\$304.0)	\$222.7
Net income from discontinued operations	(\$20.5)	(\$4.8)	(\$21.3)	(\$2.1)
Restructuring, integration and acquisition costs, after tax	\$42.3	\$12.5	\$101.0	\$48.2
Impairments and other gains and losses arising from significant strategic transactions or specific events:				
Impairment of goodwill, after tax	\$473.7	-	\$473.7	-
Impairment of technology and other non-financial assets, after tax	\$27.4	-	\$27.4	
Impairment reversal of non-financial assets following their repurposing and optimization, after tax	-	-	-	\$7.1
Adjusted net income	\$38.7	\$106.1	\$276.8	\$275.9
Average number of shares outstanding (diluted)	318.3	318.7	318.2	318.4
Adjusted EPS	\$0.12	\$0.33	\$0.87	\$0.87
Adjusted net income	\$38.7	\$106.1	\$276.8	\$275.9
Impact from accelerated risk recognition on the Legacy Contract, after tax	\$78.5	-	\$78.5	-
Adjusted net income excluding Legacy Contracts	\$117.2	\$106.1	\$355.3	\$275.9
Adjusted EPS excluding Legacy Contracts	\$0.37	\$0.33	\$1.12	\$0.87

RECONCILIATION OF NON-IFRS MEASURES

Calculation of adjusted effective tax rate	Three months ended March 31		Years ended March 31	
	2024	2023	2024	2023
<i>(Amounts in millions, except effective tax rates)</i>				
(Loss) earnings before income tax	(\$585.4)	\$127.9	(\$390.4)	\$292.4
Restructuring, integration and acquisition costs	\$55.0	\$15.1	\$131.4	\$62.6
Impairments and other gains and losses arising from significant strategic transactions or specific events:				
Impairment of goodwill	\$568.0	-	\$568.0	-
Impairment of technology and other non-financial assets	\$35.7	-	\$35.7	-
Impairment reversal of non-financial assets following their repurposing and optimization	-	-	-	\$9.8
Adjusted earnings before income taxes	\$73.3	\$143.0	\$344.7	\$364.8
Income tax expense (recovery)	(\$80.6)	\$30.8	(\$72.8)	\$62.6
Tax impact on restructuring, integration and acquisition costs	\$12.7	\$2.6	\$30.4	\$14.4
Tax impact on impairments and other gains and losses arising from significant strategic transactions or specific events:				
Tax impact on goodwill	\$94.3	-	\$94.3	-
Tax impact on impairment of technology and other non-financial assets	\$8.3	-	\$8.3	-
Tax impact on impairment reversal of non-financial assets following their repurposing and optimization	-	-	-	\$2.7
Adjusted income tax expense	\$34.7	\$33.4	\$60.2	\$79.7
Effective tax rate	14%	24%	19%	21%
Adjusted effective tax rate	47%	23%	17%	22%

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of adjusted segment operating income <i>Three months ended March 31</i>	Civil Aviation		Defense & Security		Total	
	2024	2023	2024	2023	2024	2023
<i>Amounts in millions</i>						
Operating income (loss)	\$147.0	\$149.3	(\$680.0)	\$29.0	(\$533.0)	\$178.3
Restructuring, integration and acquisition costs	44.4	13.6	10.6	1.5	55.0	15.1
Impairments and other gains and losses arising from significant strategic transactions or specific events:						
Impairment of goodwill	-	-	568.0		568.0	
Impairment of technology and other non-financial assets	-	-	35.7		35.7	
Adjusted segment operating income (loss)	\$191.4	\$162.9	(\$65.7)	\$30.5	\$125.7	\$193.4

Reconciliation of adjusted segment operating income <i>Three months ended March 31</i>	Civil Aviation		Defense & Security		Total	
	2024	2023	2024	2023	2024	2023
<i>Amounts in millions</i>						
Adjusted segment operating income (loss)	\$191.4	\$162.9	(\$65.7)	\$30.5	\$125.7	\$193.4
Impact from accelerated risk recognition on the Legacy Contracts	-	-	90.3	-	90.3	-
Adjusted segment operating income	\$191.4	\$162.9	\$24.6	\$30.5	\$216.0	\$193.4

RECONCILIATION OF NON-IFRS MEASURES

Reconciliation of adjusted segment operating income <i>Year ended March 31</i>	Civil Aviation		Defense & Security		Total	
	2024	2023	2024	2023	2024	2023
<i>Amounts in millions</i>						
Operating income (loss)	\$442.0	\$430.3	(\$627.4)	\$35.7	(\$185.4)	\$466.0
Restructuring, integration and acquisition costs	106.9	52.0	24.5	10.6	131.4	62.6
Impairments and other gains and losses arising from significant strategic transactions or specific events:						
Impairment of goodwill	-	-	568.0	-	568.0	-
Impairment of technology and other non-financial assets	-	-	35.7	-	35.7	-
Impairment reversal of non-financial assets following their repurposing and optimization	-	3.0	-	6.8	-	9.8
Adjusted segment operating income	\$548.9	\$485.3	\$0.8	\$53.1	\$549.7	\$538.4

Reconciliation of adjusted segment operating income <i>Year ended March 31</i>	Civil Aviation		Defense & Security		Total	
	2024	2023	2024	2023	2024	2023
<i>Amounts in millions</i>						
Adjusted segment operating income	\$548.9	\$485.3	\$0.8	\$53.1	\$549.7	\$538.4
Impact from accelerated risk recognition on the Legacy Contracts	-	-	90.3	-	90.3	-
Adjusted segment operating income	\$548.9	\$485.3	\$91.1	\$53.1	\$640.0	\$538.4

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Non-IFRS and other financial measure definitions

This Presentation includes non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures. These measures are not standardized financial measures prescribed under IFRS and therefore should not be confused with, or used as an alternative for, performance measures calculated according to IFRS. Furthermore, these measures should not be compared with similarly titled measures provided or used by other issuers. Management believes that these measures provide additional insight into our operating performance and trends and facilitate comparisons across reporting periods.

A non-IFRS financial measure is a financial measure that depicts our financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in our financial statements.

A non-IFRS ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation, that has a non-IFRS financial measure as one or more of its components.

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements.

A capital management measure is a financial measure intended to enable an individual to evaluate our objectives, policies and processes for managing our capital and is disclosed within the notes to our consolidated financial statements, but not in our primary financial statements.

A supplementary financial measure is a financial measure that depicts our historical or expected future financial performance, financial position or cash flow and is not disclosed within our primary financial statements, nor does it meet the definition of any of the above measures.

Certain non-IFRS and other financial measures are provided on a consolidated basis and separately for each of our segments (Civil Aviation and Defense and Security) since we analyze their results and performance separately.

PERFORMANCE MEASURES

Gross profit margin (or gross profit as a % of revenue)

Gross profit margin is a supplementary financial measure calculated by dividing our gross profit by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Operating income margin (or operating income as a % of revenue)

Operating income margin is a supplementary financial measure calculated by dividing our operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Adjusted segment operating income or loss

Adjusted segment operating income or loss is a non-IFRS financial measure that gives us an 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 adjusted segment operating income by taking operating income and adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment of goodwill (as described in Note 14 of our consolidated financial statements for the year ended March 31, 2024), the impairment of technology and other non-financial assets (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2024), the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and the cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We track adjusted segment operating income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Adjusted segment operating income on a consolidated basis is a total of segments measure since it is the profitability measure employed by management for making decisions about allocating resources to segments and assessing segment performance. Adjusted segment operating income or loss excluding Legacy Contracts further excludes the impact from accelerated risk recognition on the Legacy Contracts recorded in the fourth quarter of fiscal 2024. No such accelerated risk recognition on Legacy Contracts was recorded in fiscal 2023. Adjusted segment operating income or loss excluding Legacy Contracts is also useful because it provides a better understanding of the specific and impact from accelerated risk recognition on the Legacy Contracts on our performance. Refer to slides 33-37 for a reconciliation of these measures to the most directly comparable measure under IFRS.

Adjusted segment operating income margin (or adjusted segment operating income as a % of revenue)

Adjusted segment operating income margin is a non-IFRS ratio calculated by dividing our adjusted segment operating income by revenue for a given period. We track it because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods.

Adjusted segment operating income margin excluding Legacy Contracts further excludes the impact from accelerated risk recognition on the Legacy Contracts recorded in the fourth quarter of fiscal 2024. No such accelerated risk recognition on Legacy Contracts was recorded in fiscal 2023. Adjusted segment operating income margin excluding Legacy Contracts is also useful because it provides a better understanding of the specific and impact from accelerated risk recognition on the Legacy Contracts on our performance.

Adjusted effective tax rate

Adjusted effective tax rate is a supplementary financial measure that represents the effective tax rate on adjusted net income or loss. It is calculated by dividing our income tax expense by our earnings before income taxes, adjusting for the same items used to determine adjusted net income or loss. We track it because we believe it provides an enhanced understanding of the impact of changes in income tax rates and the mix of income on our operating performance and facilitates the comparison across reporting periods. Refer to slide 35 for a calculation of this measure.

Adjusted net income or loss

Adjusted net income or loss is a non-IFRS financial measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and adjusting for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events, after tax, as well as significant one-time tax items. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment of goodwill (as described in Note 14 of our consolidated financial statements for the year ended March 31, 2024), the impairment of technology and other non-financial assets (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2024), the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and the cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We track adjusted net income because we believe it provides an enhanced understanding of our operating performance and facilitates the comparison across reporting periods. Refer to slides 33-37 for a reconciliation of this measure to the most directly comparable measure under IFRS.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Adjusted earnings or loss per share (EPS)

Adjusted earnings or loss per share is a non-IFRS ratio calculated by dividing adjusted net income or loss by the weighted average number of diluted shares. We track it because we believe it provides an enhanced understanding of our operating performance on a per share basis and facilitates the comparison across reporting periods. Adjusted EPS excluding Legacy Contracts further excludes the impact from accelerated risk recognition on the Legacy Contracts recorded in the fourth quarter of fiscal 2024. No such accelerated risk recognition on Legacy Contracts was recorded in fiscal 2023. Adjusted EPS excluding Legacy Contracts is also useful because it provides a better understanding of the specific and impact from accelerated risk recognition on the Legacy Contracts on our performance. Refer to slide 34 for a calculation of these measures.

EBITDA and Adjusted EBITDA

EBITDA is a non-IFRS financial measure which comprises net income or loss from continuing operations before income taxes, finance expense – net, depreciation and amortization. Adjusted EBITDA further adjusts for restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment of goodwill (as described in Note 14 of our consolidated financial statements for the year ended March 31, 2024), the impairment of technology and other non-financial assets (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2024), the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and the cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We use EBITDA and adjusted EBITDA to evaluate our operating performance, by eliminating the impact of non-operational or non-cash items. Adjusted EBITDA excluding Legacy Contracts further excludes the impact from accelerated risk recognition on the Legacy Contracts recorded in the fourth quarter of fiscal 2024. No such accelerated risk recognition on Legacy Contracts was recorded in fiscal 2023. Adjusted EBITDA excluding Legacy Contracts is also useful because it provides a better understanding of the specific and impact from accelerated risk recognition on the Legacy Contracts on our performance. Refer to slide 33 for a reconciliation of these measures to the most directly comparable measure under IFRS.

Free cash flow

Free cash flow is a non-IFRS financial 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, intangible assets expenditures excluding capitalized development costs, other investing activities 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. Refer to Section 7.1 “Consolidated cash movements” of CAE’s fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

LIQUIDITY AND CAPITAL STRUCTURE MEASURES

Non-cash working capital

Non-cash working capital is a non-IFRS financial measure we use to monitor how much money we have committed in the day-to-day operation of our business. We calculate it by taking current assets (not including cash and cash equivalents and assets held for sale) and subtracting current liabilities (not including the current portion of long-term debt and liabilities held for sale). Refer to Section 8.1 “Consolidated capital employed” of CAE’s fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Capital employed

Capital employed is a non-IFRS financial measure we use to evaluate and monitor how much we are investing in our business. We measure it from two perspectives:

Use of capital:

- For the Company as a whole, we take total assets (not including cash and cash equivalents), and subtract total liabilities (not including long-term debt and the current portion of long-term debt);
- For each segment, we take the total assets (not including cash and cash equivalents, tax accounts, employee benefits assets 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).

Source of capital:

- In order to understand our source of capital, we add net debt to total equity.

Refer to Section 8.1 “Consolidated capital employed” of CAE’s fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Adjusted return on capital employed (ROCE)

Adjusted ROCE is a non-IFRS ratio calculated over a rolling four-quarter period by taking net income attributable to equity holders of the Company from continuing operations adjusting for net finance expense, after tax, restructuring, integration and acquisition costs, and impairments and other gains and losses arising from significant strategic transactions or specific events divided by the average capital employed from continuing operations. Impairments and other gains and losses arising from significant strategic transactions or specific events consist of the impairment of goodwill (as described in Note 14 of our consolidated financial statements for the year ended March 31, 2024), the impairment of technology and other non-financial assets (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2024), the impairment reversal of non-financial assets following their repurposing and optimization (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2023) and the cloud computing transition adjustment (as described in Note 5 of our consolidated financial statements for the year ended March 31, 2022). We use adjusted ROCE to evaluate the profitability of our invested capital.

Net debt

Net debt is a capital management measure we use to monitor how much debt we have after taking into account 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. Refer to Section 8.1 “Consolidated capital employed” of CAE’s fiscal 2024 MD&A for a reconciliation of this measure to the most directly comparable measure under IFRS.

Net debt-to-capital

Net debt-to-capital is a capital management measure calculated as net debt divided by the sum of total equity plus net debt. We use this to manage our capital structure and monitor our capital allocation priorities.

Net debt-to-EBITDA and net debt-to-adjusted EBITDA

Net debt-to-EBITDA and net debt-to-adjusted EBITDA are non-IFRS ratios calculated as net debt divided by the last twelve months EBITDA (or adjusted EBITDA). We use net debt-to-EBITDA and net debt-to-adjusted EBITDA because they reflect our ability to service our debt obligations. Net debt-to-adjusted EBITDA excluding Legacy Contracts further excludes the impact from accelerated risk recognition on the Legacy Contracts recorded in the fourth quarter of fiscal 2024. No such accelerated risk recognition on Legacy Contracts was recorded in fiscal 2023. Net debt-to-adjusted EBITDA excluding Legacy Contracts is also useful because it provides a better understanding of the specific and impact from accelerated risk recognition on the Legacy Contracts on our ability to service our debt obligations. Refer to slide 33 for a calculation of these measures.

DEFINITIONS OF NON-IFRS AND OTHER FINANCIAL MEASURES

Maintenance and growth capital expenditures

Maintenance capital expenditure is a supplementary financial measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a supplementary financial measure we use to calculate the investment needed to increase the current level of economic activity. The sum of maintenance capital expenditures and growth capital expenditures represents our total property, plant and equipment expenditures.

GROWTH MEASURES

Adjusted order intake

Adjusted order intake is a supplementary financial measure that represents the expected value of orders we have received:

- For the Civil Aviation segment, we consider an item part of our adjusted order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Additionally, expected future revenues from customers under short-term and long-term training contracts are included when these customers commit to pay us training fees, or when we reasonably expect the revenue to be generated;
- For the Defense and Security segment, we consider an item part of our adjusted order intake when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract. Defense and Security contracts are usually executed over a long-term period but some of them must be renewed each year. For this segment, we only include a contract item in adjusted order intake when the customer has authorized the contract item and has received funding for it.

Adjusted backlog

Adjusted backlog is a supplementary financial measure that represents expected future revenues and includes obligated backlog, joint venture backlog and unfunded backlog and options:

- Obligated backlog represents the value of our adjusted order intake not yet executed and is calculated by adding the adjusted order intake of the current period to the balance of the obligated backlog at the end of the previous fiscal year, subtracting the revenue recognized in the current period and adding or subtracting backlog adjustments. If the amount of an order already recognized in a previous fiscal year is modified, the backlog is revised through adjustments;
- 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. Joint venture backlog is determined on the same basis as obligated backlog described above;
- Unfunded backlog represents legally binding Defense and Security orders with the U.S. government that we have received but have not yet executed and for which funding authorization has not yet been obtained. The uncertainty relates to the timing of the funding authorization, which is influenced by the government's budget cycle, based on a September year-end. Options are included in adjusted backlog when there is a high probability of being exercised, which we define as at least 80% probable, but multi-award indefinite-delivery/indefinite-quantity (ID/IQ) contracts are excluded. When an option is exercised, it is considered adjusted order intake in that period, and it is removed from unfunded backlog and options.

Book-to-sales ratio

The book-to-sales ratio is a supplementary financial measure calculated by dividing adjusted order intake by revenue in a given period. We use it to monitor the level of future growth of the business over time.

SUPPLEMENTARY NON-FINANCIAL INFORMATION DEFINITIONS

Full flight simulators (FFSs) in CAE's network

A FFS is a full-size replica of a specific make, model and series of an aircraft cockpit, including a motion system. In our count of FFSs in the network, we generally only include FFSs that are of the highest fidelity and do not include any fixed based training devices, or other lower-level devices, as these are typically used in addition to FFSs in the same approved training programs.

Simulator equivalent unit (SEU)

SEU is a measure we use to show the total average number of FFSs available to generate earnings during the period. For example, in the case of a 50/50 flight training joint venture, we will report only 50% of the FFSs under this joint venture as a SEU. If a FFS is being powered down and relocated, it will not be included as a SEU until the FFS is re-installed and available to generate earnings.

Utilization rate

Utilization rate is a measure we use to assess the performance of our Civil simulator training network. While utilization rate does not perfectly correlate to revenue recognized, we track it, together with other measures, because we believe it is an indicator of our operating performance. 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.