



1 Industrial Conglomerate Set to Rise

Description

CAE ([TSX:CAE](#))([NYSE:CAE](#)) has positioned itself well in advanced air mobility, a [rapidly blossoming market](#) with over 200 original equipment manufacturers (OEMs). Healthcare, CAE's smallest business unit, continues to broaden the unit's position as the innovation leader in simulation-based healthcare education and training through the launch of new artificial training (AI) enhanced training tools and digital management solutions in support of the company's customers' training needs during the pandemic.

Enhancing OEM relationships worldwide

Further, CAE has enhanced the company's OEM relationships worldwide, which has resulted in [several key successes](#). CAE deployed components of the company's adaptive learning technology into the United States Air Force defense innovation unit pilot training transformation, and further developed the company's single synthetic environment (SSE) technology.

Leveraging digital immersion development in synthetic environments

This resulted in deliveries to customers in the United Kingdom and positions CAE well for future national synthetic environment opportunities. Through CAE's SSE capability to support mission systems integration, the company has won contracts for mission operations-focused programs that leverage digital immersion development in synthetic environments.

Strong annual defence and security revenue

In fiscal 2020, CAE's annual defence and security revenue was \$1.2 billion — down 9% over fiscal 2019. The division's annual operating income was \$15.5 million compared to \$104.8 million in 2019, and annual adjusted segment operating income was \$87.0 million, about 7.1% of revenue, compared

to \$114.5 million, about 8.6% of revenue, in the previous year.

Future recovery of a major pipeline for generating healthcare sales

While the healthcare global community struggled to grasp and then manage the knowns and unknowns of COVID-19, CAE's healthcare training and simulation market experienced a massive downward shock with sweeping cancellations of tradeshow and conferences. Conferences appear to be a major pipeline for generating healthcare sales.

Providing vital support through innovative training solutions

Further, CAE reported a steep 40% drop in hospital profitability. The company has shifted focus away from training, given the strain on hospital systems confronting urgent patient crises taking place and the abrupt shutdown of university and school training programs. CAE put a new leader in place in the healthcare division amid the severity of this environment, and the company's healthcare business quickly went into overdrive to provide vital support through innovative training solutions that furthered the global preparedness of frontline healthcare and critical care unit workers.

Launching new tools and training capabilities

Also, CAE Healthcare now offers free online training modules on personal protection equipment using point-of-care ultrasound scanning and COVID-19 assessment to spread the much-needed understanding throughout the world. Throughout fiscal 2021, CAE Healthcare prevailed on plans to launch new tools and training capabilities, including introducing the first-of-a-kind COVID-19 Lung Simulator and an adaptive Ventilator Re-skilling course — the latter winning both the World Innovation award and Attendees' Choice award.

Strong innovation, engineering talent, and advanced manufacturing capabilities

The CAE Air1 ventilator, a milestone achievement, went from concept to design, development, testing, certification, and ultimate delivery of thousands of ventilators to the Government of Canada in under 12 months. That agility alone serves as an eye-opening testament to the strength of CAE's innovation, engineering talent, and advanced manufacturing capabilities.

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