



Press Release

CAE sells equity stake in ZFTC joint venture with China Southern Airlines

- **Realigns capital investment with strategic priorities in training**
- **Evolves business relationship with China Southern Airlines**

Montreal, Canada, August 10, 2017 (NYSE: CAE; TSX: CAE) – CAE and China Southern Airlines have concluded a sale and purchase agreement which involves China Southern Airlines acquiring CAE's 49% equity stake in the jointly-held Zhuhai Flight Training Centre (ZFTC) for US\$96 million, excluding post closing adjustments.

As part of the transaction, both companies have reached an agreement on the outsourcing to CAE of the third-party training excess capacity conducted at China Southern Airlines' ZFTC facility. This also allows CAE greater flexibility to address the broader aviation training market in China. China Southern Airlines will concentrate internally on its own training and will continue to look to CAE as its partner for services and support of its simulation needs.

"We are proud of the success of the ZFTC partnership and we are grateful for our longstanding relationship with China Southern Airlines," said Marc Parent, CAE President and Chief Executive Officer. "We are squarely focussed on a strategy to grow our market position through provision of comprehensive, cadet to captain training services to airlines worldwide. CAE has earned a solid position and reputation in China, and we welcome this opportunity to now expand our training offering across the broader Chinese aviation market."

"We have created together a highly successful pilot training facility in China," said Tan Wangeng, President of China Southern Airlines. "This was the first Sino-Western Pilot training facility in China, and while China Southern will now focus on training as a cost centre, it will continue to benefit from CAE's expertise and innovation as an important partner through the outsourcing of our excess capacity to third-party training, service support such as updates on our equipment, as well as the training of our cadets through our ab-initio training joint venture in Perth, Australia. We will of course continue to rely on CAE for the most advanced training equipment."

HSBC acted as financial advisor to CAE.

About CAE

CAE is a global leader in training for the civil aviation, defence and security, and healthcare markets. Backed by a 70-year record of industry firsts, we continue to help define global training standards with our innovative virtual-to-live training solutions to make flying safer, maintain defence force readiness and enhance patient safety. We have the broadest global presence in the industry, with more than 8,500 employees, 160 sites and training locations in over 35 countries. Each year, we train more than 120,000 civil and defence crewmembers and thousands of healthcare professionals worldwide. www.cae.com
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