**CAE Inc. FY2023 Q4 Financial Results – transcript of Q&A**
**Wednesday, May 31, 2023**

## CORPORATE PARTICIPANTS

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## CONFERENCE CALL PARTICIPANTS

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Scotiabank

**James McGarragle**
RBC Capital Markets

**Fadi Chamoun**
BMO

**Tim James**
TD Securities

**Ronald Epstein**
Bank of America

**Noah Poponak**
Goldman Sachs

**Fai Lee**
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**Michael Kypreos**
Desjardins Capital Markets

**Kristine Liwag**
Morgan Stanley

**Stéphane Rolland**
La Presse Canadienne

## QUESTION AND ANSWER SESSION

**Operator**

Thank you. If you would like to register a question, please press the 1-4 on your telephone. You will hear a three-tone prompt to acknowledge your request. If your question has been answered, and you would like to withdraw your registration, please press the one followed by the three. One moment please for the first question.

Our first question comes from Fadi Chamoun with BMO. Please proceed.

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**Fadi Chamoun, BMO**

Thank you. Good afternoon. I have a couple on the defense segment. The 2024 outlook for improving quarterly results year-on-year, I'm guessing that's based on the $82 million, which is corrected for kind of the contract write-off in the first quarter of last year?

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**Marc Parent, President & Chief Executive Officer**

Well, I think what I'd tell you about defense, maybe I'll let Sonya pipe in after. But what I'd say, Fadi, is look, when I look at defense, there's no doubt we're going to have strong growth in defense for the year. And that's really, when we talk about continued year-over-year improvement each quarter this year, it's exactly that. We see a very good path to that. As you'll recall, I mean, it's all about working through the existing backlog of lower margin legacy contracts that we executed during the time of--with still some effects of our manpower shortage, part shortages and delayed orders due to Ukraine.

I mean, that's working itself through. We're quite well through it. And at the same time, refilling the backlog with larger and more profitable contracts. It takes phasing. It takes time. We're early in the year. I mean, again, I'm quite confident in that strong growth this year. I think, as I said many times before, in this business look at the orders, and you see the orders have been strong. We had another year of 1.1 book-to-bill.

And since the end of the quarter, I can tell you, I'm very excited about the contracts that we've announced. And I think one tidbit I'll give you now is that with the recent orders that we won with the Air Force on the IFT-R contract, with the U.S. Army with the FSTSS contract, which is as I since mentioned, the largest simulation contract in the world for helicopter training with the U.S. Army. No exaggeration, we touch all 43,000 U.S. Military pilots at some point in their career. I think that's pretty exciting going forward. So anyways, that's long answer. I don't know if you want to add anything, Sonya. That's it, Fadi.

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**Fadi Chamoun, BMO**

Okay. Just maybe a couple of follow-up on this. The EPS CAGR guidance for 2025, in the context that Civil growth is now settling in somewhere in that low double digit to mid-teens, that implies defense--very significant ramp-up in profitability of defense going into 2025 to somewhere near $200 million EBIT contribution. I just want to understand, is this the framework that we are thinking about? And maybe, what is the cadence of that improvement? Is it more weighted to 2025 when you look at kind of the backlog and how the renewal of the P&L and overcoming some of these legacy contract margin issues that you have right now?

Is it more 2025 weighted? Is it kind of more spread out in a linear fashion and this improvement going into the next couple of years? And one last point is on the contract you announced yesterday, which is a great contract. Congrats on that, by the way. What is the CapEx, total CapEx that is required to invest towards that $455 million revenue that you expect?

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**Marc Parent, President & Chief Executive Officer**

Okay. I'll start by the first part of that question there. I think that when I look at—basically, going back at every number you said there, in defense, look, what we're going to see here, we'll see--again, strong growth in defense. We'll see more revenue improvement towards the second half. In terms of margins of Defense, we'll start seeing a bigger inflection in the absolute margins themselves as we get into fiscal '25. That's what we'll see. And inevitably, that's going to support the EPS guidance that we have, as you outlined.

With regards to the CapEx on FSTSS, look, we can't go into too much in terms of the contractual details for a few reasons. Again, I'm extremely excited about that contract. I think it's important to note that it's got a similar financial profile to our civil training business. And with respect to investment, we'll start to make investments later this year, but it's going to be spread over a multiple year over the 12-year contract. It kind of looks like an airline training contract. That's what I would tell you at the moment.

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**Fadi Chamoun, BMO**

Great. Thank you. That's helpful.

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**Operator**
Our next question comes from Konark Gupta with Scotiabank. Please proceed.

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**Konark Gupta**, **Scotiabank**

Thanks, operator. Good afternoon, everyone. I just wanted to maybe follow up quickly on defense segment. So we saw the continuation of the SOI rebound sequentially in the fourth quarter, but what really kept the margin intact at 5.7%? It wasn't a huge improvement from the previous quarter sequentially. And how do you see that margin, to your point, Marc, as you see growth and inflection point? Do you see margin at defense higher in fiscal '24?

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**Marc Parent, President & Chief Executive Officer**

Well, as I said, I think we'll get more of a bigger inflection in the actual margin performance, percentage margin, as we get closer to the end of the year into fiscal '25. What I do see is, obviously, we're going to see growth year-over-year in absolute numbers. So the quarter-over-quarter, year-over-year, you're going to see growth. I mean, we'll be--(INAUDIBLE). I would see depreciation. I can't be precise to you because there's a lot of timing to this. I would tell you, timing of ramp-up of new programs and wind down of ones we have. So there'll be a crossover point, but it would be hard for me to be more precise on that rate at this moment in time.

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**Konark Gupta**, **Scotiabank**

Right. And what was--to my question on the Q4 margin not improving much, was there the same legacy issues still continuing, or was there any improvement?

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**Marc Parent, President & Chief Executive Officer**

Yes. I mean, it's essentially the same issues. As we said before, there's no surprises. And as I said before, there are not going to be. We're continuing executing on the programs that we have, and those are legacy programs that are being gradually replaced with the ones that we see as accretive to the margin objective that we have.

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**Konark Gupta**, **Scotiabank**

Okay. Thanks. And just a quick follow-up on civil. So you guys are expecting a pretty decent growth here in fiscal '24 on SOI for civil, low to mid-teen. But you're also saying at the same time, the percentage margin is going to be steady-ish, relatively at high levels where you are right now. Is there any change in mix that you anticipate in fiscal '24, like business training is kind of maybe not growing as fast and the simulator sales are growing? And is there any change we should be mindful of with respect to mix?

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**Marc Parent, President & Chief Executive Officer**

Well, definitely, it's not because business aircraft is not growing as fast. I can tell you that, quite confident about that. It's really a question about the ramp-up of new simulator deployments. As you saw, we deployed, I think it's 23 full-flight simulators last year. We opened up our new training centers, for example, in Las Vegas, very successful. But inevitably, I mean, they create great incremental margins within two, three years, but initially, they're low margin as we ramp them up. So that's really what you're seeing right now, and there's room for margins to grow beyond that, that's for sure. But I think margin, 22% range is, I think, in the range that we would expect at the moment.

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**Konark Gupta**, **Scotiabank**

Great. That's it for me. Thanks for the color.

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**Operator**

Our next question comes from James McGarragle with RBC Capital Markets. Please proceed.

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**James McGarragle, RBC Capital Markets**

Hey. Thanks for taking my question. So I just wanted to ask a question on the civil outlook. Quarter came in great. The fiscal 2024 outlook was very strong as well. But I wanted to ask a question about the longer-term strategy, where you potentially see some growth there post 2025? And more specifically on your position in India, what's your position in that country? If you can talk about some of the relationships you have with the country's major airlines? And any color on your strategy there?

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**Marc Parent, President & Chief Executive Officer**

Well, I can tell you, we have a very strong position in India. We have training centers in multiple locations there. I'm pretty sure that I'm correct in saying we have strong relationship with every carrier that is in India. Of course, we have a long-term partnership with IndiGo Airlines there, where we provide not only training for probably all of their (INAUDIBLE) cadets. And just right there, IndiGo is 50% of the lift in India, for example. And so I feel very comfortable.

And in terms of the long term, look, there's going to be a need for pilots just to fuel the growth in civil aviation, whether it be in airline traffic in business aircraft for years to come.

And with the dominant position that we have in this market, then the relationships that we have with the world's airlines, I see it has very good growth potential. And I put on top of that, that I'm very happy with what we're seeing as the growth of our flight services business, which remember, our flight services business, our training business has a huge amount, over 90% customer overlap. And as airlines seek to modernize their infrastructure, whether it be on crew management, on flight planning and those kind of infrastructure needs, I think we're invested in a business at the right time.

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**James McGarragle, RBC Capital Markets**

I appreciate the color. And just kind of a longer-term question on the defense side as well. One of the things that's come out of the Ukraine War is the need for some common standard, excuse me, which NATO could potentially help set. For example, I know you guys don't produce ammunition, but we have British tanks with certain types of guns, and they can't fire ammunition for a smooth German or American tank, but I think this is really highlighting some of the growing importance of data in weaponry, potentially some open architecture software that could potentially allow some plug-and-play kits. So could you just share your thoughts on these opportunities for CAE if NATO countries potentially move to more common standards and how your business is set up to compete if that were to be the case?

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**Marc Parent, President & Chief Executive Officer**

Well, I think what I would say at the aggregate level is that CAE, we've got a long history of supporting allied forces, and Air Force training, and that's what we do. And when you think about what do militaries do when they're not in operations, they train. That's all they do. They train for conducting their missions and accomplishing what we see as part of our noble mission is making sure that the men and women in uniform are able to execute their missions and return home safely. That's what we do. We do it across a host of platforms in aviation, in the Army, on the naval side. In fact, in all five battle domains.

And then maybe to a broader point to your question is that the nature of warfare is a lot more complex. It involves warfare in contested environments. And you need to be able to train in a very realistic manner. And there is no better, more realistic way. The only real way to be able to do it involving all five battle space domains than virtually. And for us, being the dominant virtual training provider in the world, I think we're in a very good positions for that growth in the years to come.

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**James McGarragle, RBC Capital Markets**

Thank you, and I'll turn the line over.

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**Operator**

Our next question comes from Tim James with TD Securities. Please proceed.

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**Tim James, TD Securities**

Thank you very much. Good afternoon, everyone. Maybe a question here for Sonya, I suppose. Just thinking about the investments that the company has been making in intangible assets and that's been kind of ramping up with company growth over the last four or five quarters, I'm just wondering how we should think about the cash requirements for intangibles in fiscal '24 and beyond and sort of what those investments will be focused on?

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**Sonya Branco, Executive Vice President, Finance and CFO**

Hey, Tim. So we have seen a bit of a ramp-up, and that was expected. It came along with our commitment to develop on the civil flight services business. As you'll remember, we bought it at quite an interesting multiple, knowing that we would develop and advance the technology on that front. So that's been the driver, and I expect that to be similar this year.

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**Tim James, TD Securities**

Okay. Thank you. My second question, just thinking about--and I'm not sure you can parse it out this way but let me ask the question. Could you talk about your exposure to regional aircraft training, really where I think the pilot shortage is maybe most acute or maybe most evident? Are you seeing that drive that initial enrollment or kind of demand throughout your business where you can kind of point specifically to that part of the market?

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**Marc Parent, President & Chief Executive Officer**

Well, I can take it. I mean, I appreciate the question because we're very strong in training regional airlines. I think we're by far the largest provider of training for regionals in the United States, all of them. And as well, very, very strong on the flight services side. You've seen us just recently in the last few days, sign a landmark agreement with SkyWest and that was on top of a deal that we signed a few months ago with Frontier, which is not a regional airline, but you get the point.

So look, I tell you, if I could have another couple of CRJ simulators ready (INAUDIBLE), let's put them in right now. So, the amount of demand is quite unprecedented. And I can tell you, our training centers supporting regional craft are very busy. And yes, to your point, that is driving activity from an SEO standpoint, flight training (INAUDIBLE).

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**Tim James, TD Securities**

Great. Thank you very much.

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**Operator**

Our next question comes from Kristine Liwag with Morgan Stanley. Please proceed.

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**Kristine Liwag, Morgan Stanley**

Hey. Thanks. And Marc, maybe going back to defense and security margins. You've been very clear about you've been filling the defense backlog with more profitable contracts, but can you help us quantify how much of the composition of the fiscal year '24 revenue will be? How much of that is from legacy less profitable contracts versus the more profitable ones that you've been booking? Is that 50%, more or less? That would really help us understand the bridge. And then also, any indication for what that looks like for fiscal year '25 would be really helpful.

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**Marc Parent, President & Chief Executive Officer**

Well, I'll tell you, it's getting much more in fiscal '25 as there's some certain programs that we call drag programs that were executed years ago that are at quite low margins. So I mean it's offsetting itself over the next 12 months. Being more precise to you on exactly where does that happen, how much percentage? Look, I would have a guess at 50-50. And when I say, yes, it's a pretty educated guess as I look at that. But I take a look at margins, start getting towards our target as we get into the latter end of the year.

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**Kristine Liwag, Morgan Stanley**

Thanks, Marc. And if I could ask another one on civil. Last quarter, you mentioned that the Sabre AirCentre was about 10% of civil revenue. What was it this quarter? And then also, how should we think about the margin composition for AirCentre versus the overall Civil business? Is that accretive or dilutive to the segment margins?

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**Sonya Branco, Executive Vice President, Finance and CFO**

So I think it's around 10% still, Kristine, so holding around that. And as we've said before, it's accretive to the Civil margins as well.

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**Kristine Liwag, Morgan Stanley**

Great. Thanks, Marc. Thanks, Sonya.

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**Operator**

Our next question comes from Ron Epstein with Bank of America. Please proceed.

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**Ronald Epstein, Bank of America**

Hey. Good afternoon, guys. Just maybe a bigger picture question looking at the longer-term guide. How should we think about growth? In fiscal '24, you're looking for mid- to -low teens growth in the civil segment, but then the longer-term growth for the business you're looking at in the 20s. So does that mean we're seeing that kind of the growth is going to be kind of rear-end loaded? I mean, how should we think about that transition from fiscal '24 to your longer-term guide?

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**Marc Parent, President & Chief Executive Officer**

I don't see it back-end loaded, Ron. I'm not sure how you'd arrive to that conclusion, but we definitely don't see the back-end loaded.

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**Sonya Branco, Executive Vice President, Finance and CFO**

No, it's going to be a progression in margins. We always said in that three-year guidance, that civil margins would expand, but it's also volume. So with all of these agreements and outsourcing and the additional organic CapEx, it's higher margins on higher volume, so both take you there.

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**Ronald Epstein, Bank of America**

And that's gets you to that kind of mid-20 growth or wherever, kind of the 20-plus growth?

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**Marc Parent, President & Chief Executive Officer**

Yes.

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**Ronald Epstein, Bank of America**

Okay. Great. Thank you. That's all.

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**Marc Parent, President & Chief Executive Officer**

Thank you.

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**Operator**

Our next question comes from Michael Kypreos with Desjardin Capital Markets. Please proceed.

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**Michael Kypreos, Desjardin Capital Markets**

Yes. Hi, and thank you for taking my question. Maybe in defense, the active bids and proposals jumped from $7.3 billion to $9.3 billion over the last quarter. Maybe just any additional color on that, the bidding pipeline and maybe any delay expectations related to the current U.S. budget negotiations that are ongoing?

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**Marc Parent, President & Chief Executive Officer**

Look, I'm going to answer the last part of your question, but what I would like to say is that the day that the defense business is a proxy to the U.S. government budget, I'll be very happy. Having said that, look, the only concern that we would have that might see short-term is something dramatic happens that stops new orders from happening. I don't see that. That would just be timing on short-term.

To me, the position we have in the market is very, very strong. And the backlog that we see, actually, the bids outstanding is just basically the fact that with our position in the market, we see opportunities to bid a much larger group of business. And that's right in our sweet spot. And as I've said many times before, we don't prepare bids on U.S. military or any military contract unless we think that we have a pretty good chance to win, because preparing those bids is very manpower intensive. It's very labor-intensive and costly.

So if we bid on them, it's because, as I said, we think the probability of win is high. And it's just a reflection of what CAE looks like post the L3Harris acquisition, where we've really transformed this business to become the #2 OEM-independent training provider in the world for simulation. So the scale that we have is really unprecedented in a number of platforms. I mean, aviation platform and platforms of all segments are much higher than they were at any time before. And again, all of that contributes to the amount of business that we can go out after with a reasonable and high level of probably win.

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**Michael Kypreos, Desjardin Capital Markets**

Thank you. That's very helpful. And maybe just a quick one on the flight operating solution contract you signed with SkyWest. There's been some other airlines in the U.S. that are budgeting large budgets for IT overhauls. Do you see anything picking up in that space as maybe government regulation on cancellation service (INAUDIBLE) increases Or is it still a steady state as usual?

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**Marc Parent, President & Chief Executive Officer**

Well, we're seeing a lot of activity, and we have a lot of discussions with airlines as they want to renew and modernize their infrastructure. They all have to do it. They all realize that in order to keep up with the enhanced demand that there is out there, they are having to modernize their platform. So that's what we're seeing. So to me, I see lots of potential for growth in this sector, and we're doing well in it, so I'm quite pleased, as I said, (INAUDIBLE) results where we are into integration and the timing of our investment in flight service.

**Michael Kypreos, Desjardin Capital Markets**

That's very helpful. Thank you.

**Operator**

Our next question comes from Noah Poponak with Goldman Sachs. Please proceed.

**Noah Poponak, Goldman Sachs**

Hello, everyone.

**Marc Parent, President & Chief Executive Officer**

Hi, Noah.

**Noah Poponak, Goldman Sachs**

Marc, you answered to a prior question about the mix of defense this upcoming year, that's high-margin programs versus what you call drag programs, and you tossed out 50-50. Are you saying that half of the defense business is what you call a drag program? Or you're saying half of what's been a drag program has gone or is rolling off in 2024?

**Marc Parent, President & Chief Executive Officer**

No, definitely not half our programs, our drag program.

**Noah Poponak, Goldman Sachs**
Okay. Wanted to clarify.

**Marc Parent, President & Chief Executive Officer**

No, not at all. No.

**Noah Poponak, Goldman Sachs**

So you're saying that half of what's been a drag is rolling off in 2024, or what does 50-50 mean in that context?

**Marc Parent, President & Chief Executive Officer**

Yeah. I think I'm going to bring you back to what the outlook is in defense, Noah. Is that what we're going to see is strong growth in a year defense, we're going to have continued year-over-year improvement in the amount of SOI that we generate every quarter relative to the same quarter the year before. And we have a very good path on that. And that's why I'm comfortable guiding to that today, even though it's pretty early days in the year.

And in terms of the margin itself, as new programs come on, replacing the other ones that are dragging, and dragging doesn't mean zero, necessarily. Just dragging to the margins that we're targeting to do. So the margin inflection starts happening later in the year and certainly as we begin in fiscal '25.

**Noah Poponak, Goldman Sachs**

How many programs in defense approximately would you call a drag program at this point?

**Marc Parent, President & Chief Executive Officer**

I won't get into that because then I define to you what exactly is a drag program. We execute literally probably in the region of 500 or 600 programs at once in defense at any given time. That's about the number that we have that we're executing at this moment in time. And I think we'll leave it at that, Noah.

**Noah Poponak, Goldman Sachs**

Okay. Yeah. I mean, it's been asked about a bunch. I don't want to keep asking the same question, but my understanding of what happened there was you acquired a business, realized there were just a handful of bad contracts written and that those just need to roll off. And I appreciate the reasons you wouldn't want to get into all of the detail of this on this call, but at the same time, the kind of reluctance to give the specifics here, I think, risks just leaving everybody still confused as to exactly what's going on and when it looks better, other than just kind of taking the high-level word for it. Do you see what I mean?

**Marc Parent, President & Chief Executive Officer**

It's not just the business we acquired. Don't forget that we've been winning contracts. We've been executing program both from legacy CAE, whether it be U.S. and international, as well as the L3Harris contract under an environment where we had, just like the rest of the industry, pretty significant part shortages issues, manpower shortages and delays in orders, which we expected to get that were a literally delayed because of the focus on Ukraine war. Which in the longer term, obviously drives budgetary pressures higher, which is a good thing, but in the short-term, certainly affected the amount of contracts that were worked on that we can translate into revenue for us, is we just got delays in orders. I mean, in terms of specific drag programs, as you might want to think about it, I mean, very low profitability, that's a very small number of contracts.

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**Noah Poponak, Goldman Sachs**

Okay. Okay. That's helpful.

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**Marc Parent, President & Chief Executive Officer**

Thank you.

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**Noah Poponak, Goldman Sachs**

The capital expenditure increase this year, what's that for? And then should we be thinking of that as a new base that you then grow off again beyond '24, or is there a sort of onetime step-up this year?

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**Marc Parent, President & Chief Executive Officer**

A lot of it has to do with the success that we've had in convincing airlines to convert more of their training to us. If you look at, for example, four out of five major airlines in the U.S. are now training with us. That's a big step up. And once you do that, I've never seen it go the other way. At the same time, you seen us deploy new centers for business aircraft, which are highly accretive, very good margin performance in a market which I see as structurally higher going forward. That's really what you're seeing right now. I'm not going to get beyond this year, but that's really a bulk of it.

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**Noah Poponak, Goldman Sachs**

Okay. Great. Thank you so much.

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**Marc Parent, President & Chief Executive Officer**

You're welcome.

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**Operator**

Our next question comes from Fai Lee with Odlum Brown. Please proceed.

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**Fai Lee, Odlum Brown**

Thank you. Marc, I just had a couple of questions on civil aviation. The utilization rate this quarter was 78%, but Asia isn't fully recovered. I'm just wondering in terms of how should we be thinking about where the utilization could settle in under a more, I guess, call it, normal utilization in Asia?

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**Marc Parent, President & Chief Executive Officer**

Well, I think there's room to grow still in Asia. It has been recovering rapidly since the start of fiscal year. And our Q4 utilization in Asia was certainly substantially improved versus the start of the year. So there's still room, gas in the tank I should say, on that one. I mean, utilization is not a perfect number, I would say, because don't forget, as we ramp up new simulators, we've ramped up a lot of simulators. That will kind of serve to depress the utilization in the short-term because, obviously, if the ramp and use training center or use simulator up, it's not going to be a full utilization right off the bat.

And maybe just Asia Pacific, in terms of China, I would add, that that's mainly a simulator market for us. We typically sell maybe six to eight full-flight simulators a year to China. Over the last couple of years, we've only sold three in total, but we're definitely seeing a pickup in the sales-related activity in China.

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**Fai Lee, Odlum Brown**

Okay. So in terms of--I know there's some noise on the simulators, but in terms of the utilization rate on a more normalized longer-term basis, it sounds like there's scope for it to go up maybe in the 80s. Is that kind of the way to think about, maybe mid-80s a maximum or on a normal--

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**Marc Parent, President & Chief Executive Officer**

It can. It certainly can. We're operating at a very high level now, if you look at the global fleet, at those kinds of levels. But we have printing centers that operate north of 100%. I mean, practically to operate the whole fleet of 300-odd simulators at that level, it would not be tenable because you have to have time to maintain them, that kind of thing. But you definitely could see it go up above

78%. That's definitely possible. And don't forget, we always work on making sure that we get the best returns out of utilization we get.

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**Fai Lee, Odlum Brown**

Okay. And just a follow-up. In your guidance, you mentioned that civil is going to continue growing at, quote, above market rate, end quote. I'm just curious what--I know you gave guidance on the SOI and where you think that's going, but I'm just wondering what is that market rate that you're talking about?

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**Marc Parent, President & Chief Executive Officer**

Well, we're talking about the underlying rate of growth of mainly airline passenger travel, RPKs.

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**Fai Lee, Odlum Brown**

Okay. Got it. Thank you.

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**Andrew Arnovitz, Senior Vice President, Investor Relations & Enterprise Risk Management**

Operator, I think that's all the time we have for members of the analyst community. We'll now open the line to members of the media if there are any questions there.

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**Operator**

If you are part of the media and would like to register a question, please press the 1-4 on your telephone. We have a question from Stephane Rolland from La Presse Canadienne. Please proceed.

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**Stephane Rolland,**

Oui, bonjour Monsieur Parent. Merci de prendre mes questions. Vous allez bien?

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**Marc Parent, President & Chief Executive Officer**

Oui.

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**Stephane Rolland,**

Oui, excellent. Merci. J'ai écouté la conférence des analystes et il y a eu beaucoup de questions sur les prévisions 2025 et le chemin pour s'y rendre. Peut-être m'expliquer en français, dans vos mots, comment vous compter faire le chemin d'où vous êtes maintenant aux prévisions que vous vous êtes fixées pour l'exercice 2025.

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**Marc Parent, President & Chief Executive Officer**

Écoute, c'est basé sur le carnet de commandes qu'on a déjà gagné et les commandes qu'on s'attend à gagner dans l'année : on a une confiance très haute pour les gagner. C'est vraiment sur ça qu'on se base pour nos projections d'atteinte de nos résultats. On a aussi déployé plusieurs simulateurs dans notre réseau cette année, on a ouvert des nouveaux centres de formation pour l'aviation civile, on a fait des contrats. Exemple : on fait l'entraînement pour des compagnies aériennes comme Quantas en Australie, comme Aegean la plus grande une compagnie aérienne en Grèce. On fait maintenant l'entraînement pour quatre des cinq plus grosses compagnies aériennes aux États-Unis versus quand on en faisait pas du tout avant la pandémie. Tous ces facteurs-là donnent le parcours pour se rendre aux marges et la croissance dans le revenu et profit par action en 2025.

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**Stephane Rolland,**

Ok. J'ai senti de la part des analystes qu'il y avait une certaine partie qui n'était pas tout à fait claire pour leur part et il leur manquait d'information. Pour quelle raison cette information là, vous ne pouvez pas la leur donner? J'ai compris que c'était à cause des secrets commerciaux dans la défense. Est-ce que j'ai bien compris?

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**Marc Parent, President & Chief Executive Officer**

Quand ça vient des questions sur des contrats, quand on nous demande combien de capital qu'on va déployer pour certains contrats de la défense, oui, ça fait partie des…je ne dirais pas des secrets d'état mais des secrets commerciaux, oui. On ne peut pas vraiment être transparents dans ce sens-là en ce moment.

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**Stephane Rolland,**

Ok, je comprends. Peut-être une question sur un autre sujet. Par le passé, vous aviez parlé de la pénurie des pilotes au Canada pis ailleurs, mais je voulais me concentrer sur le Canada. Est-ce que la situation s'est rétablie depuis la pandémie? Je me pose la question avec la saison estivale en tête. Je sais que vous n'avez pas le contrôle sur tous les éléments mais je me demandais avec les informations que vous avez sur la pénurie des pilotes, est-ce que la situation s'est rétablie au Canada? Est-ce que ça vous préoccupe toujours?

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**Marc Parent, President & Chief Executive Officer**

Je pense qu'il y a encore une grosse demande de pilotes, pas seulement au Canada, mais à travers le monde. Nous, on fait partie de la solution. Là, on est le plus grand formateur de pilotes au monde. On a des écoles pour des centaines d'avions. On est connu pour être une compagnie de simulateurs mais on a aussi beaucoup d'avions où on entraîne des pilotes. On a des ententes avec beaucoup de compagnies aériennes pour leur fournir des pilotes directement. Donc, on fait partie de la solution. Il y a des solutions aussi que moi je prône toujours : le fait que seulement cinq pourcents des pilotes dans le monde sont des femmes. Fais que, nous on encourage beaucoup. On a des bourses. Par exemple, on vient de faire un partenariat avec Air Canada, entre autres pour augmenter le nombre de bourses et vraiment encourager des femmes à devenir pilotes aussi. Parce que ça, ça irait loin pour régler le problème.

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**Stephane Rolland,**

Ok, merci. Ça complète mes questions. Merci d'avoir pris le temps pour répondre aux questions des médias. C'est apprécié.

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**Marc Parent, President & Chief Executive Officer**

Merci

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**Operator**

There are no further questions.

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**Andrew Arnovitz, Senior Vice President, Investor Relations & Enterprise Risk Management**

Yep. Thank you. I want to thank all participants today, financial analysts and members of the media for joining the call and remind you that a transcript of today's discussion can be found on CAE's website. Thank you.

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