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*President & Chief Executive Officer*

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*Vice President, Strategy & Investor Relations*

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**Amina Djirdeh**  
*Scotiabank*

**Krista Friesen**  
*CIBC World Markets*

**Benoit Poirier**  
*Desjardins Capital Markets*

**Fadi Chamoun**  
*BMO Capital Markets*

**Cameron Doerksen**  
*National Bank Financial*

**Kristine Liwag**  
*Bank of America Merrill Lynch*

**Ross Marowits**  
*The Canadian Press*

**Julien Arsenault**  
*La Presse Canadienne*

**QUESTION AND ANSWER SESSION**

**Operator**

Your first question comes from the line of Konark Gupta with Scotiabank. Please proceed with your question.

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**Amina Djirdeh, Scotiabank**

Hi, there. This is Amina, Konark Gupta's associate. I do have a question on the defence segment. You revised the guidance, which implies a strong EBITDA growth in the second half. Do you expect growth to be skewed in the third quarter or the fourth quarter? As well, should revenue growth accelerate at the same time as delayed orders materialize in the second half?

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

Well, I think that we're guiding on the outlook for the growth of the business in line with what we have talked about in the remarks and, yes, we expect a stronger Q3 and Q4 in that, probably more in Q4 than Q3, but overall we expect a much stronger second half, as you would expect, to be able to, as you said, achieve the modest growth that we highlighted in our outlook for sure.

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**Amina Djirdeh, Scotiabank**

I do have a question on working capital. Do you expect a reversal in working capital in the third quarter? And are there any other one-timers this year that wouldn't drag on to working capital changes next year?

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**Sonya Branco, Chief Financial Officer**

So, as we see historically, there's usually an investment, a higher level of investment in the first half of the year, non-cash working capital goes down, and usually we see a partial reversal in the second half, and that's no different this year. We don't really call it out on a quarterly basis. We look at this on an annual basis. And a lot of that investment was higher last year, driven in part by timing, impact on accounts payable and contract liability. But in addition we've called out higher deliberate investment in inventory. Some of it is work-in-progress inventory and that's inventory that's tagged to customer orders and deliveries, which is in line with our view on expected deliveries, which is higher in the second half. But we've also invested deliberately on some pre-build, so some (inaudible), to address expected demand. Most of these are 737 MAX simulators. And when the situation

and timing of (inaudible) delivery is clarified, we are positioned to address that customer demand. Okay?

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Operator?

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**Amina Djirdeh, Scotiabank**

Can you hear me now?

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Yes.

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**Amina Djirdeh, Scotiabank**

Sorry. I do have a question on the civil segment. What is the cadence for the simulator deliveries for the next two quarters and do you expect EBITDA growth in the second half to be driven by joint ventures or can we expect material margin expansion to take place in the first half, that took place in the first half?

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

I'll just start with deliveries. We don't expect the market drivers to be different with regards to simulator sales, which are basically, you know, kind of the strong catalyst delivery of aircraft out of the OEMs. And notwithstanding, I think only maybe, if you like, anomaly in this market right now is the delayed deliveries of 737 MAXs. Other than that, I think there is no reason to expect that the market will be different and we're not seeing that. We're seeing simulator orders in line with, as I said, delivery of aircraft. At least for us anyway. Do you want to add anything?

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**Sonya Branco, Chief Financial Officer**

On your question on EBITDA, ultimately our revised, I think our revised outlook speaks to our view on operating income, that it's little higher than what our previous outlook and with operating income growth coming in closer to 30%.

**Operator**

Thank you. Our next question comes from the line of Kevin Chiang with CIBC. Please proceed with your question.

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**Krista Friesen, CIBC World Markets**

Hi. This is Krista on for Kevin. If I could just go back to defence, you're calling for a strong second half. I'm just wondering how this plays into 2021. I know you're not providing guidance, but any reason not to expect the growth rate in defence to return to a normalized level?

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

Well, I don't think we'd call that a normalized level specifically. We call out an outlook every year. But, yes, continued good growth in defence, because the market fundamentals and our position in market and the demand for our services and, probably most importantly, on the pipeline of opportunities that we see.

As I mentioned, we have about \$4 billion of proposals that we've submitted to customers already. So those, as I always say, we don't control the pen of decision makers as to when they decide, but I think that a lot of them will materialize in the next few months. So, that gives me confidence in our own prospects in the market. And when you look, as well, at the market itself, the market itself is growing and we continue to expect to exceed the organic market growth for the longer term in defence.

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**Krista Friesen, CIBC World Markets**

Great. Thanks. And if I could also just ask another one, with the addition of Bombardier's business aviation training assets and the strategic partnership with Directional, how does that shift the mix of wet hours and dry hours versus what we've seen historically?

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

Well, I don't have the numbers, (inaudible) have them, no, I don't think we do, but clearly Bombardier is essentially all wet. So, clearly, we'll increase the amount of wet hours we do.

**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Yeah, business aviation represents about a third of our civil activity, Krista. It's all wet. And of the commercial activity that we do about, probably about a third of it is wet and growing.

**Krista Friesen, CIBC World Markets**

Perfect. Thank you. And then if I could just ask one on healthcare. Margins have been impacted by elevated costs related to growth and launching new products. When do you think you'll lap these costs and should we expect this for the remainder of fiscal 2020?

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

Well, I think we expect it to reverse or continue to increase this year, as testamonied by our outlook for double-digit growth. Obviously, that implies a strong second half and that's what we see in front of us.

**Krista Friesen, CIBC World Markets**

Perfect. Thank you.

**Operator**

Thank you. Our next question comes from the line of Benoit Poirier with Desjardins Capital Markets. Please proceed with your question.

**Benoit Poirier, Desjardins Capital Markets**

Good afternoon, everyone. Could you provide more colour with respect to the civil guidance that has been revised upward on what are the main drivers for the guidance increase?

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

Well, I think it's performance year to date, Benoit, and orders going forward. If you look at, as I mentioned, just in terms of orders, the trailing book-to-bill is 1.45 on top of quite exceptional revenue growth. So, even though we're growing a lot, we're just continuing to fill the pipeline quite substantially. And so we know what capacity we have, we're not capacity limited, so we can see that we're going to be able to generate more business and the associated

profit in the second half. That's a large part. The other part is that we've been very happy with the integration of our Bombardier business jet business, I think we're honestly firing on all cylinders there, and so we feel confident in the second half with regards to that business. So, that's really where we're coming from to be able to constantly increase that outlook.

**Benoit Poirier, Desjardins Capital Markets**

Okay. That's perfect, Marc. And are you confident to still deliver a similar number of full-flight simulators this year comparable to last year, which was around 58, Marc?

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

Are you talking about deliveries now, Benoit?

**Benoit Poirier, Desjardins Capital Markets**

Yeah.

**Sonya Branco, Chief Financial Officer**

Yeah. So, what we see is that it will be higher in the second half, as it was last year, probably in the 50s, and that's been incorporated into our outlook and our outlook of closer to 30% operating income growth year over year.

**Benoit Poirier, Desjardins Capital Markets**

Okay. Perfect. And could you provide an update on the 737 MAX, whether you have more colour on the upcoming training requirement and the impact so far we've seen for CAE?

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

Not really. We don't have any more, because the, I mean the aircraft has returned to service. So, I think we don't know, nor does anybody else exactly, what the training requirements will be. I think it's, you know, in terms of our position in that, we're continuing to support the operators, continue to support Boeing, and support the regulators to the extent that they want our support in all jurisdictions. So, our assumption is that, obviously, there's going to be a lot of pent-up demand when those airplanes start flying and that emphasizes the number of whitetails that we've created to be able to secure that demand. And also sales continue to do well of the MAX simulators and deliveries

go well. I mean so far this year if you look at, maybe remind me of the numbers...

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**Sonya Branco, Chief Financial Officer**

Five orders to date and delivered nine deliveries to date on the 737 MAX and expect a similar number in the second half as well.

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

And you look at, you know, we've sold 48 737 MAXs so far, and that's the majority of market share. So, hopefully the airplane will fly again in the near future, but we're well positioned when that happens.

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**Benoit Poirier, Desjardins Capital Markets**

Okay. That's great colour, Marc. And with respect to the utilization rate, the 3% decline year over year, is it fair to say that it was mostly driven by the acquisition of BAA that typically where business jet utilization is typically lower given the nature of the business, Marc?

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

That's certainly a part of it. There is the normal seasonality, as you know, but I mean even if you look at last year's 72%, some of it is what you said, business aircraft for sure, because they don't train in midnight hours. However, a caution that we don't assume them, when we estimate a utilization we don't necessarily assume full utilization like that on a business aircraft.

A lot of it has to do as well with, you know, remember we opened up three new training centres Milan, Manchester, Gatwick, so we relocated a bunch of simulators and updated, we'd taken the advantage of the summer months to update simulators, and while we're doing that, either in transit or an update, they're not earning revenue and they're not, you know, they're part of that utilization. And some of it is 737 pilot training controls. So, all of that, I think gives you the 69%, which to me is not surprising with everything we've done this quarter.

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**Benoit Poirier, Desjardins Capital Markets**

Okay. That's perfect. And last one for me, Sonya, in terms of working cap, you expect a good reversal in the second half, but in terms of working capital usage for fiscal 2020, could you provide maybe a range or what

kind of dollars we could expect for the full year in fiscal 2020, Sonya?

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**Sonya Branco, Chief Financial Officer**

Well, (inaudible), we expect a significant part of that to reverse in the second half. So, that will be, as we kind of continue to optimize non-cash working capital, convert some of that inventory investment in the second half, but we will have some investment. One, some of that inventory won't necessarily convert completely before March 31<sup>st</sup>, but also, as we continue to see strong growth on the services side, that services model drives investment in AR, which is usual, because the services get billed and collected after the services are rendered. So I won't necessarily give a range but it's a substantial proportion that will be reversed in the second half.

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**Operator**

Thank you. Our next question comes from the line of Fadi Chamoun with BMO Capital Markets. Please proceed with your question.

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**Fadi Chamoun, BMO Capital Markets**

Hi. Thank you for taking my question. Maybe first, quickly, on Directional Aviation: Can you offer up kind of how you think about the contribution you would expect from this once you close it? Is it kind of consistent with what we would be attributing kind of ROIC for this business, like a low double-digit ROIC basically on that \$85 million? Is that a fair way to think about it?

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

Well, I'd start by saying maybe it's slightly accretive, we expect it to be slightly accretive in the next 12 months as we open up our new training centre and we start populating it with simulators and as we go to the integration. Andy, do you have anything you want to add?

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Yeah, I think that it really begins to take (inaudible) year two, year three, and beyond. The biggest value in that, Fadi, is really the 15-year exclusive with Directional, which is a really large fleet in aggregate with all its affiliates of 175 business jet aircrafts, so it's almost like a really large airline outsourcing. So, for us, the returns

really begin to take whole year, two, three, and beyond. First full year will be the sort of modestly accretive.

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**Fadi Chamoun, BMO Capital Markets**

Okay. And is there any contribution assumed for this year from Directional?

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

It's very small and it's already in the near 30% growth outlook that we provided.

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**Fadi Chamoun, BMO Capital Markets**

Okay. My second question on defence, I mean I can appreciate the lumpiness quarter over quarter and these kind of things, but if I take kind of look at the last few years in defence, you have had a very strong improvement in revenues, you've deployed over \$300 million of capital in that division, but the incremental have been kind of on the low single digit, both in terms of ROI and margin. Can you offer up any kind of insights into what's really kind of driving this? Is it all mix? And whether there is an opportunity that can improve over the next couple of years, I guess, if these are programs that are in early ramp-up stage?

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

I think maybe on just a high level, definitely, you know, I think what you have seen in a large, in a macro level, is increased we shift to services. And product services mix has changed. And that's caused a lot of that shift to lower margins overall. Now, going forward I would tell you that we sit to, our view, that we should be able to deliver in 11%, 12% range. That would be our expectations for the longer term. And that's in terms of accretive to the overall returns CAE. So, certainly not dilutive and contributing to value creation. That's our position and that's the way we're bidding in the market. Sonya, do you want to add anything to it?

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**Sonya Branco, Chief Financial Officer**

Yeah, it really is a reflection and a transition between the products and services mix but, as you grow the size scope on services and drive the product programs, it will drive higher margins and contribution on returns.

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**Fadi Chamoun, BMO Capital Markets**

Okay, great. And maybe one last question: Are you prepared to share how many whitetails have you built for MAX?

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

We won't share the number, because we think that's competitively sensitive, but maybe, I don't know...

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**Sonya Branco, Chief Financial Officer**

No, I was going to say the same, so no.

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**Fadi Chamoun, BMO Capital Markets**

Okay. Thank you.

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**Operator**

Thank you. Our next question comes from the line of Cameron Doerksen with National Bank Financial. Please proceed with your question.

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**Cameron Doerksen, National Bank Financial**

Thanks. Good afternoon. Just as a follow-up on the 737 MAX and though the whitetails, I mean I guess, maybe I'm reading too much into this, but the fact that you've may built some whitetail 737 MAX sims, is that suggestive that maybe airlines are telling you that they might have a requirement for new sims as opposed to using their existing 737-NG sims?

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

Well, look, I will tell you, I think it's prudent to say that you have both 737 MAX operators and a lot of a lot of airplanes sitting on the ground right now and they're going to have to come up to speed with regards to pilot training and you just don't ramp that up overnight. Okay? So we want to be there, being able to support all the demand, and the long-term prospects this aircraft are very good. Boeing has got a very strong backlog of aircraft. This will get fixed in the shorter term. So we want to be ready and we're taking assumptions with regards to what training happens in what jurisdiction. But I think we have no crystal ball any more than you do that we would share, and we would share our assumptions on what

training will be done. But no, customers aren't guiding us one way or another. Our experience though is that airlines rarely do just the minimum that the regulators will ask us. So, we fully expect that, as has already happened, even should the training requirements be exactly the same as before, I believe the fact that some airlines, a lot of airlines will go beyond that, because they'll want to have dedicated 737 MAX simulators for their own reasons. So, we'll be ready for that.

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**Cameron Doerksen, National Bank Financial**

Okay, no, that's great. And just secondly, just on M&A, I mean you've done a couple of acquisitions here in the last 12 months just in the business aviation training segment. I'm just wondering if there is anything else out there that maybe you feel underrepresented, either civil or defence, that could be an M&A opportunity?

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**Sonya Branco, Chief Financial Officer**

Well, the way that we look at M&A, you know, it's really focusing on training outsourcings and partnerships and whether they become organic opportunities, like easyJet outsourcing, or M&A like this recent SIMCOM transaction, really develops with that partnership.

So, we continue to focus on outsourcing and continue to have a good pipeline of conversations with airlines and partners. And if there are any other strategic opportunities that enable expanded market access, some technology capabilities, or client programs, we keep an eye out for these and (inaudible) kind of a value buyer if there is something that is of interest.

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**Cameron Doerksen, National Bank Financial**

Okay. Thank you.

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

Picking up on Cameron's last question, I would also add that even though it's hard to pick out in our defence results to date, I would tell you that we're quite happy with the acquisitions we'd done in defence last year in the top (inaudible). I think that's performing quite nicely and a lot of the revenue growth you're seeing, well, a good portion of that's coming from that business. So, we feel good about that.

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**Operator**

Thank you. Our next question comes from the line of Ronald Epstein with Bank of America Merrill Lynch. Please proceed with your question.

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**Kristine Liwag, Bank of America Merrill Lynch**

Hey. Good afternoon guys. It's Kristine Liwag.

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Hey, Kristine.

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**Kristine Liwag, Bank of America Merrill Lynch**

For the 737 MAX, since the aircraft hasn't been recertified yet, how does the timing work for when you get the final software package from Boeing and when you can deliver your first full-flight simulator?

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

Look, I think it will probably be coincidence. We're working in lockstep with Boeing and I'm quite confident that as soon as the software load that we need to be able to upgrade the simulators come from Boeing and we're, as I mentioned, we're lockstep with them, and I don't expect any delay with regards to having to update sims from that standpoint.

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

In fact, Kristine, we've delivered nine MAX so far in the first half of the year, so even what we're delivering currently will have to be updated with the new aircraft system load.

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

A lot of that is software.

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Software, which comes out pretty fast.

**Kristine Liwag, Bank of America Merrill Lynch**

I see. And for the simulator advanced builds that you're doing right now, how many of those already have basically indication from your customers that they will order it versus a speculative build on your part?

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

I think well, basically, when we say whitetails, it means that it's not attributed, it's not tagged to a customer. So, we're building them and they wind up either in our training centres, so we can serve the market, make it, as I said, for customers buying 737 MAX (inaudible) and in our training network, or we will have airlines buying the simulators and we'll deliver to them. But when we talk about whitetails, we mean they haven't been attributed at this moment.

**Kristine Liwag, Bank of America Merrill Lynch**

I see. So not even a soft indication of interest. So it's all purely speculative, just to confirm.

**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

It isn't that unusual for us to do some advance building, especially on high-volume platforms like the A320 or the MAX. But here, yes, we're making some call in terms of there being a pent-up demand given the fact that the aircraft has been out of commission for as long as it has been in the deliveries as well. So that's what we see. So, it's not a particularly bold measure on our part, we think it's just smart pre-empting the demand that we expect.

**Kristine Liwag, Bank of America Merrill Lynch**

That's helpful. And maybe switching gears to healthcare. Marc, can you walk us through what you need to achieve for healthcare to be profitable in the long term?

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

Well, I think it's a question of revenue growth. I've said this before, but it's not a question of the profitability of our products and services. They are actually very profitable. In fact, more profitable on a unit basis than probably, ah, and certainly a lot of the products that we have in rest of our business, issue with volume. We need to grow the business and that's why you see us investing in new

products and investing in the sales force. I mean SG&A which was mainly sales force. And I would say a stronger team. And we have started with Rekha Ranganathan, who is a seasoned executive from the healthcare sector. We're now growing the team, the leadership team, and that's part of what we're doing that you're seeing reflecting in cost.

A change in our strategy with the new team in place, which is really going after the hospital business, you know, you look at value-based care in the United States, that is driving, as we said in our remarks, that is driving hospitals to be able to have to invest more into training to make sure that they reduce the amount of medical errors that are happening as a result of, if you like, less than perfect training. And we have demonstrated that space in aviation industry and, as I've said many times before, the healthcare industry at large is looking to aviation as the model as they look at this. So, that's really where we're at.

And when we look at certainly the short term, the rest of the year, we certainly expect that, based on the orders, we've gotten to date, I mean we don't monitor, we don't report out, because the size of the business book-to-build in the healthcare business, but I can tell you already in this quarter we're seeing, if we support backlog, we'd be showing a backlog that's increasing. Now it's not all delivering, for a number of reasons. The time to basically complete an order on the hospital sector is a bit longer than it is in our traditional teaching hospitals, for example, so that's reflected. But, having said all that, feel confident in the growth outlook that we set of top and bottom line, double-digit growth this year, implying a stronger second half, and certainly a larger business going forward or else we wouldn't be in this business.

**Kristine Liwag, Bank of America Merrill Lynch**

Sure. And I don't want to hold you to some sort of long-term guidance but I kind of just want to get a perspective from how you think about this business. Do you think this business will be a \$100 million revenue business on a quarterly basis in the next two, three years? You know, I'm just understanding the size that this could be. And then at what point do you have a threshold in which you decide to sell it and walk away from healthcare?

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

Well, on the last part, we're committed to the business and so I'm not going to comment on that. We're sticking to it. But, as we've done in any business, you saw it in mining a few years ago, if we feel that there's not going to be the market opportunity we expect or that we think it's

going to take too long, then we'll re-evaluate our options in that regard. But that's certainly not our thinking at this moment. As I say, right now I'm not going to comment to, in terms of any kind of certainly quarterly revenue targets at this moment. I can tell you that we won't be satisfied until this business is substantially larger than it is now, in concert with our expectations of the market. Certainly not bloody-minded about it though.

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**Kristine Liwag, Bank of America Merrill Lynch**

Thank you, guys.

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

(Inaudible) this market and I think that, you know, we're very confident that this is the (inaudible) we'll need here and we're the ones that are best positioned to be there to support the increase in patient safety.

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**Kristine Liwag, Bank of America Merrill Lynch**

Great. Thank you for the colour, Marc.

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

Thank you.

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**Operator**

Thank you. Our next question is a follow-up question coming from the line of Fadi Chamoun with BMO Capital Markets. Please proceed with your question.

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**Fadi Chamoun, BMO Capital Markets**

Yeah, thanks for squeezing me in again. Sonya, on the working capital, if I look at this \$300 million working capital investment so far this year, half of it is declining kind of liabilities and payables and half is kind of from the asset side, including inventories. What's the driver behind this liability and payables decline? I'm just trying to understand how much of that really comes back in the back half of the year.

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**Sonya Branco, Chief Financial Officer**

So, on the inventory, we spoke about that, it's a combination of what's work in progress, and that

inventory that's pegged to customers, and that's, you know, as we build the simulators to deliver in the back half, as well as the that whitetails that we have invested in pre-emptive for demand that we see.

Now the accounts payable side, it's really a question of timing on different types of payments. So there are some annual payments that get paid in the first half of the year that are higher than last year and then some new payments that are larger related to kind of interest and so on, new profiling, that get paid out in the first half of the year. And there's always a bit of variation that's driven by the shift in volume whereas the second half usually has a higher volume than the first half. So, it kind of contributed to that investment in the first half. So, all to say that it's a slightly higher investment but we do expect a substantial part of all of that coming from payable, the inventory, and liabilities, probably around, call it, three quarters of that to reverse in the second half of the year.

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**Fadi Chamoun, BMO Capital Markets**

Okay. That's helpful. Thanks.

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**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Operator, we will now conclude the session with investors and open the line to members of the media should there be any questions.

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**Operator**

Thank you. As a reminder, to register for a question, please press the one followed by the four. One moment please.

We do have a question coming from the line of Ross Marowits with The Canadian Press. Please proceed with your question.

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**Ross Marowits, The Canadian Press**

Hi. I'm wondering if you could talk a little bit about what the impact, both financial and otherwise, has been on CAE from the MAX issues and the grounding.

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

Well, I think it's mainly, you know, in terms of the impact, it hasn't been really consequential to date in our



numbers. In terms of deliveries of our simulators, they are continuing. We've delivered a number of them this year already, in line with our expectations. We fully expect to deliver, you know, actually the number total is 19 that we've delivered to date, so we fully expect to continue to deliver this year, because airlines will need them as the MAX comes back. So the impact hasn't been, as I mentioned, consequential to CAE's results. And (inaudible) expected them to be based on what is expected to be the return to service date, it's not public, what you read in public in regards in terms of when that aircraft will start flying again. So I think that's what, basically that's kind of how I'd characterize it.

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**Ross Marowits, The Canadian Press**

And I guess the flip side to that or addition is what impact will, are you expecting, you built some whitetail, so what impact are you expecting once it resumes?

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

Well, I think, and I should have said, actually, because we repeated in the, ah, repeating what we said during the analyst questions. I mean one impact obviously is working capital, because we have these simulators that we built that are whitetails, which means that they're sitting in work-in-process inventory. And what will happen is when the airplanes starting to deliver, start entering service back or re-flying with airlines, obviously some of those will deliver, because we fully expect people to order some, and we will be in a position to add those simulators to our training network and expect that extra capacity be useful to make sure that the airplane regains service flying status quickly, as the need to retrain a lot of pilots come to fore.

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**Ross Marowits, The Canadian Press**

And all of them will require software updates?

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

Well, the simulators that are done certainly will have to be, as is always the case, we will have to be representative of the aircraft. So, whatever the final configuration of the aircraft, you know, we will be supplied those changes by the manufacturer and we'll incorporate them. So, every simulator will have to represent the final configuration so, yeah, we'll have to update them all. But, as I said, I wouldn't expect, because we've been updating

as we go along, I wouldn't expect that to be a long process.

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**Ross Marowits, The Canadian Press**

Okay. Thank you.

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**Operator**

Thank you. Our next question comes from the line of Julien Arsenault with La Presse. Please proceed with your question.

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**Julien Arsenault, La Presse Canadienne**

(French)

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

(French)

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**Julien Arsenault, La Presse Canadienne**

Okay. (French)

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

(French)

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**Julien Arsenault, La Presse Canadienne**

Okay. (French)

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

(French)

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**Julien Arsenault, La Presse Canadienne**

Okay. Parfait. Merci.

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

Merci beaucoup.

**Andrew Arnovitz, Vice President, Strategy & Investor Relations**

Operator, that's all the time we have for the call today. I want to thank members of the media and, of course, members of the investment community for joining us this afternoon. A transcript of today's call will be made available later today on CAE's website.

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