Conference call: MARKETWIRE-CAE INC. Q2-2015 CONCALL
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OPERATOR: Ladies and gentlemen, if you would like to register a question, press the 1 followed by the 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, press 1-3. Once again, for a question it's 1-4.

Our first question comes from Steve Arthur with RBC Capital Markets. Please go ahead.

STEVE ARTHUR: Great, thank you. Just wanted to follow up on the Civil margins a little bit further. They're down sequentially to, I guess, 15.3 per cent or it sounds like 14 per cent, ex some one-time factors. And utilization was lower. Both those were a little lower than I might have expected. Can you comment on why that might have been? Is there anything weighing on that other than regular seasonality? And I guess more importantly, your perspectives on the trajectory of those margins, you know, through the balance of this year, into next?

MARC PARENT (President and Chief Executive Officer, CAE Inc.): I'll just start it, Steve. You know, I think really what you're seeing largely is seasonality. I mean we expect it and we saw a pretty high level of... I mean you can see the load factors at airlines from different sources are very high during the summer months. And you couple that with the fact that in our Products business we shut down the plants during the summer, and that that largely contributed to the low… low utilization plus plant shutdown contributed a lot to the results that you see, and maybe just a little bit deeper dive on that. Stéphane?

STÉPHANE LEFEBVRE (Vice President, Finance and Chief Financial Officer, CAE Inc.): Well, why don't I give a little bit more indication on the margins that I talked about in my remarks, Steve. You see the margin that we've reported, 15.4 per cent. In actual fact, we've got in one of our JVs, in Malaysia, and we've got a note in the financial statements on that effect. We've had an important gain from a tax incentive that we were able to get from the Malaysian government. So that gave us a $9.4 million benefit in the Civil in the quarter.

On the other hand, we've had... reabsorbed some one-time costs in the Civil division as well. I guess one of the biggest items is related to the consolidation of one of our helicopter training operations in Stavanger. So there's been some termination costs, termination lease costs and moving costs associated to that. There's been some termination costs in SG&A as well in the business.

And the other element that I will bring is we've had a bit of an FX hit in the Civil business from the translation of some non-cash working cap from one of our operations in Brazil. So the net of all that is, as I said in my remarks, the normalized margin in Civil end up at around 14 per cent as opposed to the 15.3 per cent reported in the MD&A.

MARC PARENT: And just the last part of your question, Steve, the trajectory, as we said in our outlook, is high. And I reiterate what we said in my notes there in terms of the low double-digit revenue growth in Civil for the year overall and even higher growth in operating come and think we reiterate what we said last quarter that, you know, for the year we expect higher average margins in Civil than we did last year, and higher peak margins that we did last year. And really, pretty much that comes on the back of the higher products flow that we're getting through... you know, going through with the orders that we've signed in previous quarters, and in a big way just increased utilization.

I mean, as we know, it's a recurring business. If you don't train during the summer you got to train sometime. And which means when we look at the third and fourth quarter, we see that activity coming back, and of course we throw... as you know, we throw more revenue off our existing network of training centres, and that has a positive effect on the bottom line, and that's what we expect to see.

STEVE ARTHUR: So higher peak margins. I guess that would imply something like your comments, you know, at this time last year of high teens towards the end of the year?

MARC PARENT: Well like I said, higher… higher average margins for the year and higher peak margins. I think... what was our peak margin last year?

STÉPHANE LEFEBVRE: 17.9.

MARC PARENT: 17.9.

STEVE ARTHUR: 17.9. I think.

MARC PARENT: Yeah, so higher than that, that's one peak, and higher average than we did for the year as a whole. That's what we said before and we maintain that.

STEVE ARTHUR: Great. Thanks very much.

MARC PARENT: You're welcome.

OPERATOR: Our next question comes from Benoît Poirier with Desjardins Securities. Please go ahead.

BENOÎT POIRIER: Yeah, good afternoon. Just wondering if you could provide more colour about the free cash flow expectation for this year, especially when we look at your performance year to date? And also what we should expect on the debt side going forward?

STÉPHANE LEFEBVRE: Yeah, I can take this one, Benoît, and I think if you look at the negative free cash flow in the second quarter, highly related to the investment that we made in non-cash working cap, and I would say highly related to some project related accounts. We didn't sign a lot of product orders in the second quarter, and usually as we sign product orders there's always some down payments that come with orders. Some of the orders we were expecting to sign in the second quarter were pushed to the right, so that's why we ended up with the free cash flow negative results that we had in the second quarter.

Now with what I can see for the rest of the year, as Marc said, the market is strong. We see pick up both in our product and our service businesses. And so we could see... We always target a conversion of net income into free cash flow of 100 per cent, and I can certainly see the second half of the year being robust in terms of free cash flow and what we can generate out of non-cash working capital accounts.

BENOÎT POIRIER: Okay. Thanks for the colour. I'll get back in the queue.

MARC PARENT: Okay.

OPERATOR: Our next question comes from Cameron Doerksen with National Bank Financial. Please go ahead.

CAMERON DOERKSEN: Yeah, good afternoon. I guess just a question on the outsourcing deal you've done with JAL. You know, it's obviously a pretty good strategic win for you. Are you, you know, thinking that you can sign additional deals like that in the next year or two? Are you seeing more interest following that deal from other airlines?

MARC PARENT: I'm not sure that we've seen more (inaudible) just as a result of that one deal, but yeah, as I said before, we see more interest in outsourcing than... and certainly what the JAL deal does is… clearly other airlines will see if a carrier like JAL does that, and I think even more importantly that with, you know, I guess the reputation of JAL trusting, and trusting, you know, CAE with the trusting of all their air crew, the training of their air crew, I think it sends a pretty strong statement to other airlines.

So yeah, we are pursuing a number of these deals. As I've said before, to me this... I don't see a sea change in behaviour of airlines so far, but there's definitely more interest, and certainly in the next year or two I certainly see one or two of these a year coming up. That would be my expectation, based on what we see in the market right now, what we're pursuing.

CAMERON DOERKSEN: Okay. Thank you.

OPERATOR: Our next question comes from Turan Quettawala with Scotiabank. Please go ahead.

TURAN QUETTAWALA: Yes, good afternoon. I guess maybe I'll talk a little bit about the Defence business here. The margins were a little bit weak, although it's nice to see the revenue being quite strong there. I know there is some pricing pressure in the business there, but is there anything else maybe that's going on on the quarter that you could highlight in terms of mix or something that maybe is affecting the margin?

And then just maybe based on the environment today, if we look forward here, maybe you can give us a sense of the trajectory on the margin on the Defence side.

MARC PARENT: Look Turan, there's nothing really exceptional in Defence in the second quarter. We started off the year with a margin at about 11 per cent, if you recall, in Q1, and I think we had said at the time it really was based on the different mix of the business that we executed in the first quarter. I used to guide for quite a few quarters now that we're running a business that's generating around 12, 13 per cent margin, and that's where we're back on for the second quarter. For us to... we'll gain momentum on margin as we win more orders and get the volume going for us. But it was nothing like... you know, nothing specific in Q2 get the margins we got.

TURAN QUETTAWALA: Great. Thank you.

OPERATOR: Our next question comes from Ben Cherniavsky with Raymond James. Please go ahead.

BEN CHERNIAVSKY: Hi, guys.

MARC PARENT: Hi.

STÉPHANE LEFEBVRE: Hi.

BEN CHERNIAVSKY: Just a bit of a housekeeping item. I'm trying to understand the FX impact. There was a lot of discussion in the MD&A about how currency on a year-over-year basis lifted revenue. But I didn't see anywhere a quantification of that. I'm wondering if you can just clarify what was the consolidated impact of the lower Canadian dollar on your revenue base year over year?

MARC PARENT: Yeah. You can actually... Ben, you can actually see it. I think we've got a section in the MD&A that quantifies that. For the company as a whole the additional revenue from the change in the Canadian dollar was $18.9 million. That's for the quarter against the same quarter last year. And the impact on net income was $400,000, so a little less than half of a million.

BEN CHERNIAVSKY: Okay.

MARC PARENT: Yeah, that's... you get that in I think section 4 of the MD&A. That's on the... that's where we quantified the impact of movements in FX on the translation of our operations.

BEN CHERNIAVSKY: Okay. Thanks for pointing that out.

MARC PARENT: Yeah. Sure.

OPERATOR: Our next question comes from David Newman with Cormark Securities. Please go ahead.

DAVID NEWMAN: Just a quick housekeeping one then I'll ask my question. Just in terms of the Civil training utilization in the quarter, guys, what was it?

MARC PARENT: Sixty-two per cent.

DAVID NEWMAN: Sixty-two per cent. So it was basically where it was last year same quarter, right?

MARC PARENT: Correct.

DAVID NEWMAN: Okay. And if you look at just the other... and everybody's asked about the Civil and Military, so I'll take a shot at the other segment. I mean, you seem to have hit an infliction point in your healthcare overall. Obviously the top line obviously saw some good impact there. How much of that was related to sort of pent-up demand for the maternal simulators, and what do you think the revenues and margins could be going forward on that? Will we see that check back to a certain degree or how do you see that playing out?

MARC PARENT: Well, some of it was due to, you know, delivering the backlog as we entered into production of the Lucina simulator, the one you talk about. But having said that, I think when I look at the… where the revenue came from and... you know, and the stability of the business, I think you're going to continue… we're going to continue to see higher revenue than we've seen in the past. It's a bit early for us. I mean, there's still a lot we're learning about the seasonality and the cyclicality of this particular business.

But in terms of the strength of the product lines, I think what you're seeing, in addition to the backlogs of the Lucina product line, what you're seeing is that the investment in the product that we've made, not only in that simulator, the rest of our simulators and our audio visual solutions, in our training network, our training systems is really come to fruition, and it was expected. I mean, as I said before, we expect for the year as a whole, you know, pretty strong double-digit revenue growth, and you're starting to see that. So look, I would say early days, but I certainly wouldn't expect to see a significant setback, although it will vary, but I'm not expecting a big pullback there.

DAVID NEWMAN: Okay. And just on the margin, I mean, how much leverage is in that model? I mean you had 7.4 per cent in the quarter. I mean, is this the new normal or what is the new normal on that one?

STÉPHANE LEFEBVRE: Well, I think that… I think what you look at is we're over… you know, we said in the past that one of the reasons that our margins were low is because the investments we're making in SG&A and in R&D to develop these products are to a certain level to create and sustain a higher level of business. I mean, we've never been aiming for a business at the level we're at. So as you're seeing the revenue growth you're seeing more drop to the bottom line, and I think that's sustainable.

We'll continue to invest in SG&A and R&D, but I think the level you see that is not going to grow proportionately to the revenue line. So I think that the margins you look at – look, it's... I think it was 7-point something in the quarter. At this level, I mean you can expect in that range, but it'll vary. I mean, it could go down. I mean, we're talking about relatively small numbers.

DAVID NEWMAN: Right.

STÉPHANE LEFEBVRE: Things have (inaudible) off, you know, between, I don't know, 5 to 10, at anywhere in that level. If you sustain revenues above 20, which we're at, 20, 23. You're probably going to be in that range of 5 to 10 per cent.

DAVID NEWMAN: Okay. And then the last one then, just a part of that is in the Mining sale. Any update on level of interest on the Mining unit?

MARC PARENT: Look David, we've got a process going. Received some expressions of interest. I won't say more. We expect to close a deal by the end of the fiscal year.

DAVID NEWMAN: Very good. Thanks, guys.

OPERATOR: Our next question comes from David Tyerman with Canaccord Genuity. Please go ahead.

DAVID TYERMAN: Yes. Good afternoon, gentlemen. Just a question on the Civil sales guidance. So you've done 6-per-cent revenue growth in the first half. So to get to double-digit you're going to have to put a pretty big number up in the second half, and your backlog hasn't been changing very much. I was wondering what is driving or what's going to drive the pretty strong sales growth in the second half?

MARC PARENT: Just to be clear, David, you're talking about revenue or order intake?

DAVID TYERMAN: Sorry, revenue.

MARC PARENT: Revenue was… I think really what you're going to see is pickup in activity in our Civil training centres. More utilization. More airlines and more business jet operators training. That's the large part.

DAVID TYERMAN: Okay. Okay, so is there something that's changed here, Marc? Is this the sims that were being re… put into new locations and then coming up or…? It just seems like a pretty big step change from H1 to H2.

MARC PARENT: Partly. And part of it is some of those coming online. Part of it, you know, we thought we were completely over in moving sims, but as Stéphane talked about, one of the, if you like, events that hit the quarter as we basically made a consolidation of one of our training centres on the helicopter side. And so that helicopter training centre, which does all our offshore oil… a big part of our offshore oil exploration helicopter training, that was pretty much down in the second quarter. So we aren't seeing a lot of revenue there, so there's going to be a pick up on that.

But there's nothing changed. I think you're seeing… I guess when you see what explains the low utilization in the second quarter, because airlines again are flying, they're flying a lot, well in the end of the day, they have to train. As long as they fly they have to train. The fact that they're training, they're flying a lot means that in the fourth quarter they have to train a lot. So we don't expect to lose the customers. A lot of them are hangar customers in our joint venture centres.

And the way we come up with our revenue forecast is based on a pretty exhaustive centre-by-centre, simulator-by-simulator view. So it's not... we don't look at this as a gross number. It's a rollup of pretty much the forecast we have for every centre and every simulator we have in our network. And so we have a pretty good confidence on that number. I mean, it could change obviously. Airlines can move things out literally maybe three months at a time, but it won't be much more than that.

DAVID TYERMAN: Okay. And does the product side make much contribution there to the growth rate?

MARC PARENT: It's high. It's growing, but I don't... I mean, we're already at pretty high level, and I think the one thing that you will see is that

I think where it will make a difference, because we were largely shut down for three... well we were shut down for three weeks of the quarter in second quarter. So during that time you don't see... you see a much slower revenue from the product segment. So that will contribute.

DAVID TYERMAN: But that's normal, isn't it?

MARC PARENT: Pretty much, yeah.

DAVID TYERMAN: Okay.

MARC PARENT: But don't forget... don't forget that this year we had... we're benefiting for the orders we got in the last two years. Plus, we did have... well I don't know, I think we have – going back to the initial part of your question – we did deploy capex, which resulted in more sims being out there.

DAVID TYERMAN: Okay. Great. Thank you very much.

OPERATOR: Our next question comes from Kevin Chiang with CIBC. Please go ahead.

KEVIN CHIANG: Hi. Thanks for taking my question. Just a follow-up on the utilization rate. It sounds like there's a lot of pent-up demand in the back half of the year. It looks like you did about 70 per cent last year. Can you give us a sense of how much higher than can be in the back half of this year, and maybe how far you are from what you view as being a normalized utilization rate in your network?

STÉPHANE LEFEBVRE: Sorry, we're debating who's going to answer that question. I don't think we usually give forward-looking utilization rates frankly. But look, I think that... if you look at the 10-year average, and maybe I'll leave it at that, which typically what you see in Q3-Q4 is in a range of 73-74 per cent. And I'm giving you, like I said, the 10-year average number there. And I'm not sure that we've given, in the past, what our projections for the upcoming two quarters, but I'm pretty darn sure that it's not going to be lower than that.

KEVIN CHIANG: That's helpful. Thank you.

OPERATOR: Our next question comes from Anthony Scilipoti with Veritas Investments. Go ahead.

ANTHONY SCILIPOTI: Thanks very much. Sort of going back to some of the things that were talked about by others, and I think my question's going to relate mainly to the Defence segment, I noticed that your sort of the EBIT margin is down, but the EBITDA margin is sort of up by 20 basis points. And when I look at the consolidated numbers, my suspicion is that this is because of a pretty significant reduction in SG&A, about $6 million or so from last year quarter. So I'm just trying to understand why the reduction in SG&A? I know it's the second quarter consecutively that it's happened, a pretty sharp decline in SG&A. So maybe you can explain what's happening there. And then also at tied with that perhaps is what's happening with maintenance capex as we're starting to see it go up, go up as a percentage of the total capex, and go up in absolute. Thanks.

STÉPHANE LEFEBVRE: Let me deal with the second part, Anthony, right away. As far as the maintenance capex is concerned, look, in the quarter you saw the maintenance capex go up against what we had seen previously, and that really is specific to certain platforms on the Civil side that we've had to update to get to the new model in that (inaudible) operation in some of our customers' fleet. So there's been a peak in maintenance capex. And overall you look at the run rate for the first six months, I think we've spent, what, $75 million in total, total capex for the first six months. We gave a guidance that we should be giving for the year, spending the amount... very similar level of capex that we had last year at 157. So I believe that we should be in the range of $150 million overall for the year as a whole.

Just maybe on the SG&A side, look, I'll have to get into more of the specific... I know that Gene has continued reducing his operating cost in the business, and that's, I think, the change that you see in the level of SG&A in the business. There's some parts of the world where he hasn't rehired in G&A, as he would have done in the prior years. So he's really containing his level of G&A overall in the business.

ANTHONY SCILIPOTI: So we could expect to see the gross… sort of the SG&A level as a percentage, stay around sort of these lower levels?

STÉPHANE LEFEBVRE: I think so, yeah. I think so.

ANTHONY SCILIPOTI: And then I guess tied with that, what's happening at the gross margin level? Because we can't dig into that on a segmented basis, but we can see that over the last two quarters there's been a reduction in the gross margin, consolidated.

STÉPHANE LEFEBVRE: Oh, consolidated. Well it's really… and you'll see that when there's a drop in volume. So sequentially that's certainly something that you'd see. And you're talking about CAE as a whole, right?

ANTHONY SCILIPOTI: Yes.

STÉPHANE LEFEBVRE: Yeah. So sequentially that's something that you see.

The other element – I think I've talked about it a few times in previous quarters is that – that is more true so for the Defence business, but as we're getting more of a service-based organization than product, services... our services contracts tend to generate lower margins there. They're very often longer-term contracts, lower risk, but lower margins. So that plays in putting some pressure on margins in the Defence business.

ANTHONY SCILIPOTI: But it should create a better return on capital or not?

STÉPHANE LEFEBVRE: Well it should, yeah.

ANTHONY SCILIPOTI: Okay. Thanks.

STÉPHANE LEFEBVRE: The only exception is if there is ever a new complete outsourcing contract in Defence that would require some outsourcing... sorry, some investment. Then you'll see the return on cap being diluted in the very early stage of the program and then picking back up. But we love those contracts. They're usually pretty good.

ANTHONY SCILIPOTI: Yeah. Thanks.

MARC PARENT: Okay.

OPERATOR: Our next question comes from Fadi Chamoun with BMO Capital Markets. Please go ahead.

FADI CHAMOUN: Yes, good afternoon. This came up through the call, but I'm still not clear why at this point we are still seeing your capital employed growing 20 per cent and revenue growth well below that. I think it was at 10 per cent in the quarter, in this level margin… in this level side. I would have thought at this point we would see capital intensity come a little bit lower and a clearer path towards higher ROIC. I'm not sure if you can sort of go into more specific about that?

STÉPHANE LEFEBVRE: Yeah. I think we got hit more than we thought on capital employed by FX unfortunately. This is a quarter that we don't have a high volume of business in the year, and at the end of the quarter we had to convert our capital employed with a very low Canadian dollar. So it hit us. So you can see that I think we've put some language in the MD&A to that respect.

FADI CHAMOUN: Okay. But the increase is, you know, was a lot higher than what would be explained by FX alone. So my question maybe is are you pre-deploying some capacity at this point, that you expect to ramp up in the next few quarters? Like should we think this normalizes in the next year or so?

STÉPHANE LEFEBVRE: Well I think, if you look at the... maybe I'll help you here, Fadi. If you look at the deployment of sims, we've got eight more SEUs deployed in the quarter. I talked about the capex that we've spent in the quarter and what I believe it'll be for the year. I don't think it changes our posture from what we said initially. If I look at the overall level of capex for the year, probably not going to be different from, you know, what we said earlier, probably in the range of what we had last year.

You know, it may just be the case that in this quarter we've had… that the level of investment, if you were saying capex combined with lower deposits on contracts for lower product orderings, and some FX hit, so the combination of all that is just puts some pressure on our ROIC.

FADI CHAMOUN: Okay. You've sort of indicated in the past I think that the Military margin should sort of trend around 13 per cent, 12 to 13, depending on the mix. Can you share with us what's your target margin this year in Civil and in Healthcare? What should we aiming at at a full year, a margin in these segments? Thanks.

STÉPHANE LEFEBVRE: Are you talking about... sorry, are you talking about the margin performance profitability, Fadi?

FADI CHAMOUN: No, no. What's your… what is your target EBIT margin in Civil and Healthcare for this year?

STÉPHANE LEFEBVRE: Yeah. Well I think Marc touched based on it earlier. We haven't given a specific number for the year, Fadi. I mean, it's certainly going up and certainly going up from where we are right now, and certainly going up from what we saw last year, as Marc said, average and peak margin.

MARC PARENT: So we're just repeating, Fadi, higher... I mean, obviously it starts with higher revenue. So we expect for the year as a whole for Civil to have year-over-year low double-digit revenue increase. And on top of that we expect – and largely because of that – we expect to have margins... average margins in Civil for the year higher than the average we had last year, and higher peak margins that we had last year. We haven't quantified how much more, but it'll be higher.

FADI CHAMOUN: Okay. Thank you.

OPERATOR: Ladies and gentlemen, as a reminder, to ask a question, press 1-4. We have...

ANDREW ARNOVITZ (Vice President, Strategy and Investor Relations, CAE Inc.): Operator.

OPERATOR: I'm sorry, go ahead.

ANDREW ARNOVITZ: Operator, we do want to leave some time for members of the media. We could take one more question from investors and then we'll switch over to members of the media.

OPERATOR: Very good. We have a follow-up question from Benoît Poirier with Desjardins. Please go ahead.

BENOÎT POIRIER: Thanks. Just to come back on defence, book-to-bill was 0.8 during the quarter. Just wondering if you could provide more colour between the mix, between the services and equipment, and what we should expect going forward in terms of book-to-bill for Defence?

MARC PARENT: We're just getting the information, Benoît. Do we have the mix offhand? It's in the MD&A.

STÉPHANE LEFEBVRE: We don't have the mix.

MARC PARENT: Oh, actually we don't have it in the MD&A. We don't have it offhand. We could provide it you separately, Benoît, but I think we had more products orders than we did services in the quarter. I know that.

BENOÎT POIRIER: Okay. I'm just curious because typically the margin story is related to leveraging the equipment. So I'm just wondering whether this thesis is starting to play out. Okay. And...

MARC PARENT: I think on...

BENOÎT POIRIER: ... just on the ERP, you invest about $12 million during the quarter, which was up versus $4 million a year ago. Just wondering if there was anything special to mention with respect to ERP and software?

MARC PARENT: Yeah, there is. We're just about to go live on the implementation of a portion of our operation in the facility here in Montreal. So we're at kind of the last two weeks before a go live.

BENOÎT POIRIER: Okay. So basically we should expect this number to come back to a more normalized level in Q3?

MARC PARENT: I was going to say. I think we should go live in about a month, so after that the investment will go down.

BENOÎT POIRIER: Okay. And for capex you provided colour for the year, but should we still expect maintenance to stand at about 30 per cent of total capex, Stéphane?

STÉPHANE LEFEBVRE: Yeah, I don't think the mix will change a lot.

BENOÎT POIRIER: Okay. And last question just for the sim order, two orders in the quarter, it's basically the weakest performance since fiscal '10, the second quarter. Just wondering if there was any cancellation or it's more kind of the orders are pushed out toward the second half, and if you're able to still maintain your 70 per cent, 75 per cent market share?

MARC PARENT: I'm not too worried about that, Benoît. I think the… It was a low quarter for the industry as a whole. I think probably a consequence of the airlines again being busy. I think there were about three orders that we can see of the market as a whole. We won two, so… And if I look at the amount of orders that we're currently negotiating or in contract negotiations and the pipeline, I don't have any worry about the 40 this year.

BENOÎT POIRIER: Okay. Thanks again for the time.

MARC PARENT: You're welcome.

ANDREW ARNOVITZ: Thank you. Thank you to all our investor and analysts, participants for joining us on the call today, and we'll now open the call to members of the media, if they have any questions.

OPERATOR: Our first question comes from Marie Tison, with La Presse. Please go ahead.

MARIE TISON (La Presse): Oui, bonjour. J’aimerais savoir où est-ce que vous en êtes avec la vente de votre division minière?

STÉPHANE LEFEBVRE : Oui, Marie, Stéphane Lefebvre à l’appareil. Écoutez, on a mis un processus en place structuré avec une firme et puis on a commencé à recevoir des expressions d’intérêt. On a l’intention comme objectif de clore une vente d’ici la fin de notre exercice financier.

MARIE TISON: Donc ça peut être assez rapide.

STÉPHANE LEFEBVRE : Ça pourrait, oui, la fin de notre exercice financier c'est le 31 mars, c'est pas le 31 décembre.

MARIE TISON: OK, d’accord. Puis les intérêts, est-ce que ce sont des entreprises américaines ou d’ailleurs?

STÉPHANE LEFEBVRE : À ce stade-ci c'est très varié.

MARIE TISON: Il y a combien de personnes chez vous qui travaillent dans ce secteur-là?

STÉPHANE LEFEBVRE : Je pense qu’il y a autour de 200 personnes à travers le monde.

MARIE TISON: Um-hmm.

STÉPHANE LEFEBVRE : Dans notre division.

MARIE TISON: Dans la division minière.

STÉPHANE LEFEBVRE : Oui.

MARIE TISON: Puis il y a à peu près combien à Montréal?

STÉPHANE LEFEBVRE : Oh, je pense qu'il y a... il doit y avoir à peu près, je ne sais pas, une cinquantaine de personnes à Montréal, 50, 75 personnes.

MARC PARENT : De toute façon... c'est Marc, Marie... notre intention avant de choisir un acheteur pour cette business là c'est une business qui génère des profits. On a expliqué pourquoi nos conclusions par rapport à ce qui nous a mené à décider de vendre cette partie-là de l'entreprise puis on vendra pas cette entreprise-là tant qu'on n'aura pas la bonne valeur pour l'entreprise puis on reçoit des bonnes expressions d'intérêt. Mais aussi de façon très importante, une entreprise qui va s'occuper de nos employés à Montréal et ailleurs.

MARIE TISON: D'accord. D'accord, bien, je vous remercie.

STÉPHANE LEFEBVRE: Merci.

MARC PARENT: Merci.

ANDREW ARNOVITZ: Thank you. We are concluding the session this afternoon with questions from investors and analysts and with members of the media. I would like to thank all participants for joining us this afternoon and remind you that a copy of the call transcript can be found on CAE's website at CAE.com. Thank you.

OPERATOR: Ladies and gentlemen, that does conclude our conference call for today. We thank you for your participation and ask that you please disconnect your lines.

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