Conference call: MARKETWIRE-CAE INC. Q4-2015 CONCALL

Date: MAY 26, 2015

OPERATOR: Thank you. We'll now proceed with our first Q&A session for investors. Ladies and gentlemen, if you would like to register a question you may 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 asked by another and you would like to withdraw your registration, you may press the 1, followed by the 3. If you're using a speaker phone, please lift your handset before entering your request.

And our first question comes from Fadi Chamoun with BMO Capital Markets. Please proceed.

FADI CHAMOUN (BMO Capital Markets): Yes, hi, good afternoon, everyone. I wanted to just sort of drill a little bit on the thin margin, or on the civil aviation margin outlook. So I'm thinking your throughput in simi... in the simulator manufacturing is probably going to be (inaudible) slightly down as we clear up this... reduce some of (inaudible) partners in your internal network, and orders are more or less flat. But on the other hand, you probably have improvement in utilization. So how should we think about the margin progression? I know you're paying... it's improved year-on-year, but can you put some number around that?

ANDREW ARNOVITZ: Well, I think... history tells us to be careful about that, Fadi, but I think that we're... we're very confident that it's going to be higher, and it's really going to come across from an increase in training centre utilization, filling our available capacity across commercial and business aircraft simulators in the network. At the same time we take... we have, you know, we've had sustained high book to bills in the last couple of years, so we are seeing more activity, and then you have a couple... you have more activity as well on the military side, so there's more throughput going across the plant, so you do have more overhead absorption and factors like that that increase, you know, your profitability or your gross margin programs going through the plant.

At the same time we do take some... we temper our expectations with some anticipation of continued competitive pressure, which remains intense on the product side, and we're defending our market share against very aggressive competitors. So all-in-all with that we're confident that the margins are going to increase, and, again, those are the factors that create... which... which guide our expectations. But clearly it's going... it's in... the pos... it's in the rising direction.

FADI CHAMOUN: Okay. On the CAPEX, I mean, it's a pretty... I get good outlook we're looking at now, but I'm wondering how should we think about sustainable CAPEX? I guess we're going to see maybe a period here where you're growing into your network utilization rate, but what... what should... how should we think about sort of maintenance CAPEX or sort of ... not maintenance capital, I guess, CAPEX in the context of (inaudible) global traffic? If you're... if you're growing more or less in line with global traffic, what should be sort of the one rate for CAPEX?

ANDREW ARNOVITZ: Well, I think we'll go back to the comments we were saying, Fadi. We've already, as you well know, we've invested in creating the largest and most diverse... diversified geographically network of simulators in the world. So we've... we've spent a lot of money to... to create that network. We're getting the contracts. We have the contracts, so we're in the mode of building capacity. We... when we look at where we are in the world we think we're pretty happy with the training centres that we have, with the ... the simulators we have in the net... network, and as... as we said previously, where we're focused now in terms of adding incremental CAPEX, which is mainly simulators in our network, is focused on a couple of areas.

One is business aircraft, and we... we think there's remaining capacity grow in the business aircraft, and yields are good in business aircraft. When... and the other... the other area we want to add simulators is, as I say in my remarks, to grow in lockstep with our joint venture partners, and those companies that we have associations with. You know, for example, we have the joint venture with IndiGo Airlines in Delhi. They're one of the fastest-growing airlines in the world. AirAsia, for example. Other airlines throughout the world are growing at a very fast... fast rate. So China Southern. There's another one in Zhuhai. So as they are taking on aircraft we clearly are going to add simulators to those training centres, or joint venture training centres, to match capacity.

But when we look, having said all that, when we look at our campus requirements to continue to be able to serve those two... those two particular markets which I talked about, we're quite comfortable that between growth and maintenance CAPEX, a 100 million is what we need to spend.

Now, I'm not making the... I'm not making any... as I've always said, that would not include say if we were able to convince a large airline to... to have a... to outsource a complete training solution to us, where we would decide to buy simulators, their simulator park. Now, that would be more of an MA... M&A deal and we've always said that. But we... our... our... it's a longer extent to your question, we don't give guidance beyond this year, but we clearly said that, you know, we're going to be less capital in... capital intensive over the next few years, and as you see the 100 million, that's what you're seeing. We've prefunded a lot of the growth that we're seeing, and I would expect that to continue.

So I wouldn't want to go out on any years here, obviously because, you know, who knows what the... the markets in the world will bring, but based on the outlook of continued growth in civil aviation that we see, you know, 4 or 5 per cent overall every year, I think the kind of outlook that we have is... is one that'll probably last more than a year, although I'm not going out too much more than a year.

FADI CHAMOUN: Okay, I appreciate the colour. Thanks.

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

CAMERON DOERKSEN (National Bank Financial): Yeah, good afternoon.

ANDREW ARNOVITZ: Good afternoon, Cameron.

CAMERON DOERKSEN: The question for me is on... on return on capital employed, I mean, for the full year of 10.4 per cent. You know, I'm sure you're not satisfied with that... that level. You know, and I guess, the reduced CAPEX is a good step in the right direction to helping that number. But I'm wondering if you can maybe just talk about what... what targets you might have for that... for that metric and maybe to ask it another way, you know, what do you think is kind of the minimum level that you'd be consider to be, you know, acceptable.

STÉPHANE LEFEBVRE: Well, Cameron, this is Stéphane. We've... you look at the... how, with the level of investment that we've made in the past two, three years, and, for sure, um, it diluted the ... the return on capital employed, the acquisition of Oxford, the deployment of assets that we... we've made. And I think I've said a few times, the good news is that it was done at a time when the... our cost of funds went down as well, so we were able to preserve quite a good yield over and above our cost of funds over and above our WAC. I think you see from our CAPEX guidance, I think we reached a point where we by and large invested a lot of money in... in that network, and that will pay down the investment over the next... at least the next year, as we said. So clearly, I mean, it will... it'll improve our return on capital employed.

So we... are we pleased with the... the level of capital return on ROCE that we currently have? Well, we know it has to go up and it will, so we're confident in improving our profit. We're confident in reducing our... our cap. Investing less than we've had in the... in the past. We've said, maybe a few times, that for... you know, in terms of a longer-term horizon, we liked the business over the strategic plan period, we'd like very much to reach a new team type of ROCE and that's what we've been... we've had in the back of our mind in building our strategic plan over the... over the foreseeable future, three to five years.

CAMERON DOERKSEN: Okay, that's very helpful. Maybe just a... just a quick housekeeping item. I'm just wondering if you can talk about when the... the acquisition of the Bombardier military training business is going to close?

ANDREW ARNOVITZ: Well it's hard to predict right now. I mean, we're going through the various levels of approval that we have to. Some of it we don't control, and it's under way. Don't see any... any showstoppers at all, but it's taking its time, unfortunately. But it's certainly a... I... I definitely expect it should be the first half of the year, for sure, but, you know, we're talking about, you know, as I said, a number of improvements that are required that, again, I don't have a... I don't control the timetable.

CAMERON DOERKSEN: Okay, fair enough. Thanks very much.

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

BENOIT POIRIER (Desjardins Capital Markets): Yeah, good afternoon, everyone. First question, there was a lot of recurring items in the quarter, so just on the civil side, I was just wondering whether the partial disposal of certain interest and investment we should expect something in... going forward in fiscal '16.

STÉPHANE LEFEBVRE: Yeah, Benoit, you know, this... lots of accounting ... accounting jargon, but... but in the end we've had in Q4, as we've had in many quarters in the past some gains on disposing some of our assets that were previously deployed in... in our training centre. And from an accounting standpoint it's treated as a gain and disposal, so that's what they were.

But you've seen that in the past. We always have some every quarter, so in Q4 I can use Q4 of last year as a proxy, because we look at the Civil margin in Q4 of last year as a target. In Q4 of fiscal '15 we've had about 7 1/2 million more gains in the Civil business than we... you would typically have.

On the other hand, I've mentioned in my remarks, we got some hit... one large hit, actually, that comes from the drop in the Brazilian Real in the fourth quarter. We have... we have operations in... in Brazil, Benoit, and they were using the USD as functional currency, and the Real dropped by 18 per cent from Q3 to Q4 so that's a drastic drop in a short period of time. We've had some cash and receivables in Brazil that was hit by the conversion of the Real to the U.S. dollars. And so that accounted for about 4 million of hit in the quarter.

In addition to that, in the... again, always in the Civil business, we've had about 3 1/2 million of what I would call non-returning expenses. This is mainly, you know, some termination benefits that we've paid out; a little bit of FX leakage in our product business, not that much, but a little bit;

and some other provisions write-offs in the... in the quarter. So you look at 7 1/2 million of upside on the one hand, but completely offset by non-recurring costs from the other end.

BENOIT POIRIER: Okay, this is very good colour, Stéphane. And just on the military side, could you quantify the investment tax credits that were claimed in the ... in Q4? I know it's seasonal, it's mostly done in Q4, but just want to have a... an idea of the magnitude.

STÉPHANE LEFEBVRE: No, absolutely, so, but in defence if you go back to the financial statements you'll find that the com... the company as a whole, we've traded about 11 million of ITCs to income on investment tax credit. Again, if I... if I average out what I would expect in a given quarter I could have 4, 5 or 6 million of ITC. Normally that's what I would expect. And so there's been a ... call it 5 million of additional ITC that we've had in Q4 and this is all in Defence.

Now, I call them ITCs, they're actually... they're R&D tax credits, but they're not the typical Canadian ITC. This is coming out of some program in the... in the U.S. and I mean, good news for us is this is a program that we've... that we've seen and that that we'll keep on benefiting going forward. Not at the same order of magnitude that... you know, every quarter, but we'll continue to see some of those benefits in the future.

The only thing that's peculiar with it is that the associated R&D cost is not all accounted for in the R&D cost line. There's some costs that are part of some... some of the projects that we deliver to customers that are qualified technology for the purposes of that tax credit claim. And so there's... I guess we've had higher ITCs in the quarter, but we've also had higher R&D expenses.

So I can't give you a net net impact of it, but it's going to be low... lower than 5 million.

BENOIT POIRIER: Okay, very good. And last question before I get back in the queue, on the free cash flow side obviously bodes well given the reduced CAPEX for this year, so just wondering if you could comment about if there's any big working capital changes expected this year, and if we should expect any share buyback anytime soon give your strong free cash flow profile.

STÉPHANE LEFEBVRE: Look, I know, I think we're pretty pleased with where we've ended, at least... at least for Q4. I mean, for the whole... for the whole year we've had a slow start in terms of cash flow generating and in H1, the first half of the year, and... but we recovered some of that in Q3 and a lot in Q4. I've said in my remarks, and I think, you know, talking more to people, a lot of people are looking at our cash flow net of all the investment in CAPEX that we do, and so I've looked at for the year at the cash flow statement, if you like, the cash flow that we generated from our operations minus all the investment that we made. The net has actually improved 9 per cent over... over last year.

Now, going forward with expected growth in our business on the one hand, and lower investment in CAPEX, I think we're expecting stronger cash flow next... next year. We've had some investment in non-cash working cap in fiscal '15; about 70 million. I would expect in fiscal '16 still to have some... to have some investment in non-cash working cap, probably not to that level though, but overall I think we're expecting strong cash flow in fiscal '16.

MARC PARENT: And to the question, if I can add, if I can add, Benoit, on the specific topic of share buyback, I'm going to be like a broken record on this one, but I think overall we'll stay true to our capital allocation priorities that we set up a couple of years ago, which we will call (?) and we're going to continue selective... selectively fund growth. And as we said, that's the (inaudible…) about a 100 million this year. I mean, that which is growth CAPEX. Then we're going through... you can see each management balance sheet, you know, we'll be deleveraging, and I think that we're in a zone that we like, but, you know, we can clearly... I'll defer to Stéphane where it wants to go, but I think we've been happy about the 30, 40 per cent range.

And we're... and the last one is just to the heart of the question you asked, is we're going to continue to look at returning cash to shareholders and so far, you know, we've increased the dividends, you know, for four years in a row, so, you know, clearly we have a pattern of doing that and I never guarantee we'll do it, but clearly, you know, we have an established yield here, or in terms of a payout ratio which, although it's not a policy I think you can see the trend that we have.

We haven't done any buybacks yet, as you well know, but as we said before, it's not that we're opposed to it. It's something that we look at continuously, but we don't have a normal course issue right now. That's not to say we don't... it's something we'll look at it.

BENOIT POIRIER: Okay. Thanks for the time. I'll get back in the queue.

OPERATOR: Our next question comes from the line of Kevin Chiang with CIBC World Markets. Please proceed.

KEVIN CHIANG (CIBC World Markets): Hi, thanks for taking my question. Maybe just a point of clarification on... on your previous remarks there, Marc. In terms of the leverage components to your priorities of cash flow should I think about that migrating closer to 30 per cent, just given the increasing free cash flow, or... or are you kind of happy with the... the 36 to 40 per cent you've been hovering around recently?

MARC PARENT: I'd better defer to my CFO here. Hold on.

STÉPHANE LEFEBVRE: Look, well, I have to say we're... we're very pleased with where we landed, especially that, you know, after we did the Oxford acquisition our leverage was around 50 per cent. So with the amount of capital that we've continued deploying in the business since then we're pleased with testimony results. And what it does, and it really demonstrates the cash flow that we generate out of the training service business.

I've given some sort of guidance that between 35 and 45 per cent would be a very comfortable position to be in. The fact that we are even more deleveraged at 36 per cent gives us flexibility as Marc... as Marc said. We have a number of priorities. You've seen that going forward. We expect to invest less than what we did in the past, so it gives us more flexibility to do basically two things: continue deleveraging the balance sheet, and return cash to our shareholders.

You... we started having seen more interest on the market place for outsourcing deals, either in the Civil market, or the Defence market. There's a number of contracts that we're currently bidding on in Defence, and I think in case we win some of those contracts they may require some... some investment and then we'll have a balance sheet that's strong to capture those opportunities.

KEVIN CHIANG: That's helpful. And just lastly from me then, the Civil trading utilization rates have hit about a glass ceiling in and around the 70 per cent range. I know you expect that utilization to move higher, as per your prepared remarks, but can you provide any granularity in terms of what you think the incremental benefits in 2016 could be in terms of what that lift to utilization this year, in terms of what you're expecting and then, can you remind me how you think of normalized utilization rates, maybe over the next few years here, given that a lot of your investments in these training centres... centers are now complete?

MARC PARENT: Well, I think it's hard to predict where utilization will wind up and history has proven that, certainly, I have been unable to predict it with any degree of certainty for sure, because it's only circumstances that affect it.

What we are clear is, you know, to me there is no glass ceiling. There's no reason at all why utilization would not... will not increase, and really what... what fuels that confidence is like demand is there, you know, we have a good environment, traffic continues to grow, orders are good. We have the contracts in place with the customers in the pipe. We had two years in a row of book to bills higher than one, not only in products, but also sizable, you know, book to bills on the positive side in training.

So those contracts are coming forward. We have forecasted the customers, and when you roll all that up we definitely come up with a ... with a training utilization that's higher than the... than what we see today. So, you know, I see no glass ceiling to this at all, and the fact of the matter is, I would tell you there's a number of our training centers in the world that are operating above a 100 per cent, so, but clearly some are operating on the lower side, which gives you the... the average that you have. But it really clearly is an average.

So look, it's very hard for me to give you an absolute number, except that I'm very confident it'll be higher. And there's a lot of operational leverage associated with that, which is why we're confident in margin progression in Civil.

KEVIN CHIANG: Thank you, that's it for me.

OPERATOR: Thank you. Our next question comes from the line of Turan Quettawala with Scotiabank. Please proceed.

TURAN QUETTAWALA (Scotiabank): Yes, good afternoon. I guess I have a quick follow-up to the same... similar type of question here to Kevin's.

If you look at the utilization over the last three years they've sort of been in that 69, 68 per cent range, and I know there was some relocation that, you know, you guys did last year just to, you know, get things... the capacity sort of more sorted out.

So I guess my question is, I know Marc has said they're averaging out with some being higher than others, but what needs to change here? Like I mean, traffic's been growing globally pretty much. I know some areas are weaker than others, but overall traffic's been growing so... so what needs to change here for your utilization to go up?

MARC PARENT: Well, I think, you know, a couple of factors have really... if I look at this year in particular, I mean, as you look at the previous year I think you're exactly right. We have a number of things going on, a lot of movement. Less last year than the year before, but still a substantial amount of movement. We've had some this year, but if I look at just the past quarter, I mean, clearly what we saw is that, you know, it's not an exact science. You know, we... we provide... we come up with a forecast based on what we think utilization will be, based on looking at the contracts we have in place, with customers that need to train. I mean, if we remember, this is a regulated business, so customers have to train. Now, there's a degree of flexibility on how far they can push that out, but if I look at what happened specifically in this past quarter, we look at it even as early February when we last talked to you, clearly we saw more utilization.

What happened specifically, because of the specific situation in Brazil, specifically, and in Europe, we saw airlines push out the training two months and that's what caused the drop in utilization. But, again, you can only do that so far. They then... and a lot of it was due to they didn't take the airplanes at the rate that they... that they thought they were going to get them because just the economic conditions did not... were not favourable for them to do that.

So I don't think... we're talking about factors that delay, you know, to me is a delay. It's not a... it's not that it's gone, it's just delayed because, as you said at the outset, the demand is there, the environment is good, we have the contracts in place - I'm repeating myself now - we have the customers in place, we've established large joint ventures. If I look at, you know, new joint ventures that are going to operationalize, like the one we just did with Japan Airlines, that's going to increase things as well. So that's all the factors that lead me to the confidence that I have.

TURAN QUETTAWALA: Okay, perfect. I can (inaudible) just a quick follow-up there, is there something you guys can do internally to change that, or sort of it's just more market dependent then.

MARC PARENT: Well, we're doing, you would expect as, you know, all the time. I mean, at the end of the day it's to sell, right? Sell more. Go get... go get more revenue share. I mean, the interesting thing about training contrary to our products business, if you look at products business we have about 70 per cent market share. And that market itself is driven by largely the delivery of airplanes out of the major OEMs, specifically Boeing and Airbus. We've talked about these ratio, but you know, every 30 narrow bodies it takes a simulator to market, every 15 to 20 wide bodies it takes a simulator to market, and we derive about 70 per cent market share. And if you go back into flush (?) years that correlation holds pretty well.

Again, we have 70 per cent market share in that market. Now if you look at training, I think the interesting thing in training, that's why I was talking about that in my initial remarks on the call, is this is a market that although we have the largest position in commercial aviation training in the world, and the most globally diversified, geographically, the reality is we have about 25 per cent market share in a market that's growing itself. So I think that there's two things that a will drive us, and that's, you know, and by the way, that market itself is about six times larger, as I mentioned in my remarks, than the actual products market.

So for us what we need to do, and we're actively... you know, you can expect that we're actively pushing to do, is to increase sales, to grow our... our position in training, i.e. capture market share beyond the 25 per cent that we have. At the same time, you know, convincing airlines and business air operators, you know, big operators, for example, big management companies in Europe, for example, to partner with us so we can solve their problems in training, i.e. become their training partner of choice.

So for us it's about more wet training and then, again, saying 25 per cent market share in a market which is six times larger than products market, so I think there's... there's room for growth here.

TURAN QUETTAWALA: Okay, perfect, that's exactly helpful. Thank you very much. And I guess maybe if I could ask one more on the Healthcare side. I know it's small, but, you know, you obviously have some really nice incremental margins here in the year. Can you talk a lit... do you think that sort of... you could double again or so in 2016 as well? Is that a reasonable expectation? Especially in the growth that you see out there?

MARC PARENT: Well, look, all I'm saying is we're going to grow and we're going to continue to grow in. I know that's not saying much, but this is a... this is a market that's evolving. I would say that what we saw in Q4's not a flash in the pan. It's real... it's real growth. Not driven by any individual special factor. I think we'll continue to see solid growth. And as we said previously, I think when you look at the margins, I think what we're seeing is exactly what we talked... talked about. As soon as we get over a certain amount of revenue, you know, you look at anything about 25 million, we saw that both in Q2 and in Q4, we start getting over, you know, I would call our recurring costs in SG... SG&A and R&D, so... and as I've always said, our products in this market are very profitable on a gross margin level, so what you get is a disproportionate amount dropping to the bottom line. And I've always said that for this market, you know, we're going to get the margins that are not diluted through the rest of CAE and you saw that in this quarter.

So I think we're going to see more of this, but it's... it's a small business at the moment. It's hard... it's hard for me to predict it more than I have just in the statement I just made. There are a lot of irons in the fire. I'm very encouraged by not only the revenue that we've gotten, but more... even more to the point it's traction we've started to get within societies that are really, you know, starting to, you know, think hard about introducing simulation and simulation-based training as the means of initially recurrent certification of practitioners. And we've always said that that would blow the cover off the ball on this market.

So in the meantime we... we established a solid leadership position and I think we're going... we're going top and bottom line as we expect to continue to do.

TURAN QUETTAWALA: Great. Good luck with that. Thank you very much, Marc.

MARC PARENT: Thank you.

ANDREW ARNOVITZ: Operator, since we only have a few minutes left to the hour, I think we'll conclude the Q&A session with investors at this point and open the lines to members of the media.

OPERATOR: Thank you. And ladies and gentlemen, members of the media, if you'd like to register a question you can press the 1, followed by the 4, on your telephone. You'll hear a three-tone prompt to acknowledge your request. If your question has been asked by another and you would like to withdraw your registration you can press the 1, followed by the 3.

Once again, to register a question is the 1, followed by the 4, on your telephone keypad.

ANDREW ARNOVITZ: All right, Operator, if there are no questions from members of the media we will...

OPERATOR: We do have one question...

ANDREW ARNOVITZ: Sorry about that.

OPERATOR: ...one question from the line. Julien Arsenault with the Canadian Press. Please proceed.

JULIEN ARSENAULT (Presse canadienne): Oui, bonjour, Monsieur Parent. Écoutez, je vous écoutais sur le secteur militaire. Bon, je vois que la croissance, il y a un peu de croissance mais ça demeure quand même assez stable. Est-ce que vous pensez être capable de passer au travers cette croissance disons plus faible sans avoir à ajuster votre nombre d'employés dans vos activités de défense?

MARC PARENT: Écoutez, mais quand je regarde la croissance, moi, je suis très encouragé, c'est qu'on a eu la croissance dans le militaire. C'était au-delà de nos attentes. On s'attendait et ça a été nos projections dans les deux dernières années d'avoir une situation stable, j'avais dit en résilience. C'est qu'on pensait essentiellement avoir une croissance essentiellement stable. Donc pas de croissance. Donc le fait qu'on a eu la croissance pour moi m'encourage beaucoup. Le fait qu'on a eu dans le dernier quart, dans le Q4, on a eu des commandes qui sont au-delà de nos revenus. Donc ça assure la croissance dans le futur. Moi, je suis encouragé de la croissance dans le militaire.

Puis pour la question à l'échelle de CAE, écoute, il y a une chose que je sais depuis 30 ans, au-delà de 30 ans de faire des affaires c'est que notre niveau d'emploi est toujours... Ce qui détermine ça c'est le montant de commandes. Donc on doit continuer à innover, continuer à améliorer tout le temps notre structure de coûts, notre habileté à compétitionner dans nos marchés qui sont mondiaux pour assurer non seulement notre niveau d'emplois qu'on a en ce moment mais aussi de le croître dans le futur.

JULIEN ARSENAULT : OK. Si je peux me permettre, du côté de la vente de division minière où on en est? Comment ça se déroule?

MARC PARENT: Écoute, je vais demander à mon gars de finance, Stéphane Lefebvre va répondre à cette question-là.

STÉPHANE LEFEBVRE : Et ma réponse est relativement brève parce que, bien évidemment on est... c'est une transaction sur laquelle on travaille très activement mais c'est difficile de commenter à ce stade-ci sur et le timing et les valeurs. Je sais qu'il y a beaucoup de gens qui aimeraient avoir plus de détails; mais malheureusement, c'est quelque chose sur laquelle on travaille très activement. Alors à des fins de confidentialité, malheureusement on ne pourra pas donner plus de détails à ce stade-ci.

MARC PARENT: Une chose que je peux dire par exemple juste pour renchérir sur la question, c'est que comme on a toujours dit, nous, c'est pas une vente de feu. C'est une business qui génère, qui génère des profits. On a des emplois puis nous, on veut s'assurer qu'on ait une transaction qui soit fidèle à la valeur de la compagnie et aussi qui soit bonne pour nos employés.

JULIEN ARSENAULT : OK, parce que je me souviens, j'étais à l'assemblée des actionnaires quand vous avez annoncé dans la révision stratégique, on s'attendait à ce que ce soit complété dans l'exercice financier. Là on l'a dépassé un peu. Vous disiez, Monsieur Parent, que c'est pas une vente de feu. Donc de ce que je comprends, c'est que ça prendra le temps que ça prendra. Pour vous, c'est pas plus grave que ça?

MARC PARENT: Bien écoutez, c'est sûr qu'on veut pas éterniser parce que quand on met quelque chose à vendre c'est parce qu'on a l'intention de le vendre. Mais je pense qu'on peut dire que ça a duré plus, ça a duré plus longtemps que je m'attendais à ce moment-là. Mais peut-être quand on dit que ce n'est pas une vente de feu, mais (inaudible).

JULIEN ARSENAULT : OK, mais il y a des... Ça génère de l'intérêt quand même?

MARC PARENT: Oui, oui.

STÉPHANE LEFEBVRE : Oui.

MARC PARENT: Sans aucun doute.

STÉPHANE LEFEBVRE : Oui.

JULIEN ARSENAULT : Parfait, merci.

MARC PARENT: Merci.

ANDREW ARNOVITZ: Okay, Operator, I think that's all the time we. We'll conclude today's call. I wish to thank all the members of the media and the investment community for their participation on the call this afternoon and for their questions.

I would like to remind all participants that a copy of today's call can be found as a transcript on CAE's website at CAE.com.

Thank you.

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

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