CORPORATE PARTICIPANTS

Andrew Arnovitz
Vice President, Strategy & Investor Relations

Marc Parent
President & Chief Executive Officer

Sonya Branco
Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Kevin Chiang
CIBC World Markets

Fadi Chamoun
BMO Capital Markets

Turan Quettawala
Scotiabank

Benoit Poirier
Desjardins Capital Markets

Cameron Doerksen
National Bank Financial

Ronald Epstein
Bank of America Merrill Lynch

Tim James
TD Securities

Chris Murray
AltaCorp Capital

Julien Arsenault
La Presse Canadienne

QUESTION AND ANSWER SESSION

Operator

Thank you. Ladies and gentlemen, if you would like to register a question, please press the one followed by the four on your telephone. You will hear a three-tone prompt acknowledging your request. If your question has been answered and you would like to withdraw your registration, please press the one followed by the three. If you are using a speakerphone, please lift your handset before entering your request. One moment please for the first question.

Our first question comes from the line of Kevin Chiang with CIBC. Please proceed with your question.

Kevin Chiang, CIBC World Markets

Hi. Thanks for taking my question and good afternoon. Maybe just the first one for me on Civil margins. A strong first half of the year, a multi-year high, just wondering how we should be thinking about this trending sequentially into the back half of your fiscal year and maybe any input on to fiscal 2019. When I look back at recent history it looks like you typically see a one to two point sequential improvement in that Civil margin in the back half of the year. Is that something we should expect for this year as well? Would that be a normal sequential trend?

Marc Parent, President & Chief Executive Officer

I think to maintain the outlook that we have, which I talked about during the brief, basically that we're going to continue, we continue to believe that we'll generate low double-digit percentage operating income growth, and I think I'd keep it at that. I mean, there's variability within that. I don't expect trends—we don't expect the seasonal trends to change and activity is high, so I'd leave it at that. And we haven't really gotten into next year yet, give us some time, but there's good opportunity in front of us.

Kevin Chiang, CIBC World Markets

Okay. And then just last one for me on Healthcare. It sounds like a lot of exciting developments there. I'm just wondering, when you look at the investments you've made, both in personnel and in the asset base and product, is there a sense of how much revenue you can generate off of that? Are the investments you've made, is this a $500 million revenue business without any additional investments being made or is there a sense of how big the pie can be given these investments?

Marc Parent, President & Chief Executive Officer

Well, obviously, we haven't gotten that far, Kevin, but, look, I'm excited about the business. I definitely think that this is a double-digit growth business and we definitely can ramp up the revenue from where we are in the years to come. There's no doubt in my mind. I wouldn't comment about the number you put out there but we wouldn't be putting the investments we have in product development, R&D, and expanded sales force if we didn't believe that the market is there. And we've refocused our strategy this year, as we talked about at the tail end of last year, where we're really focusing on the markets that are there today, the existing pool of value, and the existing, the real existing pool of value in this business is on nursing education. It's very interesting that there's similar dynamics in this market that we see in the pilot training market where there's a shortage of trained nurses. And people across North America specifically are really looking for differentiated solutions to be able to go after that market.

So products that we develop like, for example, first and foremost, CAE Juno, are specifically designed to go after that market with a differentiated product where we really haven't been before. So penetrating into that market, which, as I mentioned, that's an existing market that's being served today, that in itself fuels our ambitions for the outlook that we've given in the short term and for multi years. But beyond that, you know, I think that you can see from the margins even that we have in this quarter, as I've said before, we still have, if you like, a headwind of the amount of sales force that we have, which we've increased, and the amount of R&D that we're spending in this business is not in proportion to the size of the revenue we have today. It's designed to go after the increased revenue. You can well imagine that if we can generate that kind of return with the drag of the SG&A and R&D that we have today, throw a bit more revenue at it and I think that we'll be quite happy with the SOI performance of this business, and that's what we're aiming at.

Kevin Chiang, CIBC World Markets

Thank you for the colour.

Operator

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

Fadi Chamoun, BMO Capital Markets

Thank you. Good afternoon. Thanks for taking my question. First, maybe a clarification on the military side. EBIT year to date is kind of down 2% and would imply almost 18% or more year-on-year improvement in the back half of the year to sort of put you in this guidance range that you provided. Are you seeing things kind of list a little bit to the right here or was it kind of all along designed this way? I mean I would suspect at this point you have a pretty good visibility into kind of the ramp that you have.

Marc Parent, President & Chief Executive Officer

No, no, no, Fadi, we do. Look, I'm aware of the—I did the same math, believe me. If you look at the—I mean, you've been following us for a long time and if you look at our performance specifically, well, CAE as a whole, but more specifically our Defence segment, you look at the last three or four years and I think you will find that H2, second half, is always significantly stronger than H1. And I don't expect anything different. And I expect it to support the outlook that we've said, which gives the numbers that you cited. And it's really been driven by the fact that, as I said at the first quarter, there's a number of programs that we've won that it takes us some amount of time to ramp up the revenue for a number of reasons.

One of it is because the first part of the program you spend a lot of effort on R&D, which you're not booking revenue at the same rate. That's number one. Some of the programs were delayed because we didn't have some of the, if you like, the raw material to be able to deliver with parts and data specifically, which that is now behind us in the most part, i.e., supporting our outlook. And the fact is as well that some of the orders that we've won this year, although we have a great order intake, some of the orders that will generate revenue in this year came a few months late to our projections. So all of this contributes to making the back half a lot higher in terms of SOI contributions, so that's what I expect to happen and I feel pretty good about that based on, you know, you will have seen, of course, the (inaudible) order intake in Defence. So that, plus the visibility that we have on the execution of programs we have, gives us the confidence to give the outlook.

Fadi Chamoun, BMO Capital Markets

Great. Great colour, thanks. And one more just on that portfolio of simulators you mentioned you acquired. I mean I'm curious to know sort of the rationale for buy versus build and whether this is a commercial portfolio or a mix and maybe even kind of where are these assets located geographically.

Marc Parent, President & Chief Executive Officer

A lot of this, I'll talk about it but let Sonya answer some of it, a lot of this is speed. Speed, as you said, there's build versus buy sometimes and we're already, we're always shaping our portfolio of assets in our network. In this case there was a real opportunistic possibility of purchased existing capacity in a market where we can, you know, it's a pretty hot market for training right now. If we can get our hands on simulators right now at a good value, I can immediately put them to work and ramp them up pretty quick. So it's really a consolidation. In actual fact, some of these simulators were already in our training centers. So maybe just provide colour on which ones they were, where they were.

Sonya Branco, Chief Financial Officer

So it's a pretty international buy in Europe, South America, U.S., and so on. So we essentially bought all commercial assets that either already had customers attached to it or that we see client demand and will deploy immediately. It allowed consolidation of operations, existing market capacity, and we see it as a value buy which is immediately accretive and contributing to our investment criteria for our target return. So these type of bolt-on opportunities that we keep an eye out for with accretive returns are things we capitalize on when they're made available.

Fadi Chamoun, BMO Capital Markets

Okay, great. And just one last clarification: You mentioned working capital should reverse in the back half. Are you expecting it to fully reverse or kind of you have some investment you're making...?

Sonya Branco, Chief Financial Officer

As I mentioned in my remarks, we would expect a partial reversal, so vested and I think good traction, especially on the collections. We continue to see high deposits on contracts and good inventory management, so a good performance on non-cash working cap, and I expect that to continue and expect a partial reversal for the year.

Fadi Chamoun, BMO Capital Markets

Okay, thank you.

Operator

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

Turan Quettawala, Scotiabank

Yes, thank you. Good afternoon. Thank you for taking my question. I guess maybe, Sonya, if I could ask you about the deferral of revenue in Civil that had, I guess, due to the accounting changes and the way you're accounting for the simulators right now, does it come back in the second half here or is that going to be more 2018?

Sonya Branco, Chief Financial Officer

There were a couple of things that were headwinds on the Civil revenues this quarter. One of them was FX, a bit of a headwind in the quarter with the appreciation of the Canadian dollar against most currencies. In our case, USD and the British pound were more significant. And for the company as a whole it had an impact of $11 million on revenue and $2 million on net income. So that's the first point. And it was also impacted by the deferral of the accounting for standardized simulators. Now that impact on revenue was a little bit more than $20 million for this quarter and you'll see that, you know, this will continue to, I guess, abate as the ramp-up of the deliveries of these standardized simulators increase. It's already lower than what we saw last quarter and I would expect most of this to reverse in the latter half, next 15 months. And, just to clarify, on the FX side it's mostly on the translation exposure, not working capital.

Turan Quettawala, Scotiabank

Yes, thank you. That's perfect. Thank you very much. And I guess just if I look at the utilization, that seems to have flattened out a little bit here on a year-over-year basis if I look at Q1 as well as Q2. Is there room for that to rise a little bit more or was this purchase that you made of some of these new sims, did that have an impact on it? If you could give some more colour on that, that would be helpful. Thank you.

Marc Parent, President & Chief Executive Officer

Well, as you've heard me say before, utilization is not a perfect metric. I mean, can it move up? Yeah, absolutely. I mean the fact is that practical capacity is 100% and we have a number of training operations that are operating above that at the moment, but on an aggregate of 270-something simulators 70% for a low quarter is not a bad number. I think, to your point, it's flat to last year's number, but it doesn't tell the whole story and you see it showing up in the bottom line. We're showing more revenue in Q2, which is driving more yield per simulator. And mix, the mix across the various geographies affects that number. So it's just not a perfect metric for looking at it quarter to quarter to be very honest with you.

Turan Quettawala, Scotiabank

No, I understand that. Sure. Okay. Thank you very much. That's helpful. So there is more (inaudible) revenue I guess. Was there any gains apart from ZFTC in that number there?

Sonya Branco, Chief Financial Officer

Well, there was a contribution from a sale on a simulator to a customer that was included in or accounted for as other gain, and you'll see that in the notes to the financial statements. Now it's been accounted for as a gain, I guess, from accounting perspective because it came out of our network, but we see this as really normal course business of selling the simulators to a client, whether it's customized or really advanced build coming out of inventory or from our network, it really depends on the situation. In this case, what was (inaudible) was something that came out of the network, speed was important, and so we sold it out of our network. And it so would have been a very normal-course sale had it not been coming from our network. So, from the accounting perspective, you account that as other gain rather than inventory and revenue, but I would consider that a normal-course sale.

Turan Quettawala, Scotiabank

Okay. Got it. Thank you very much. Is it possible to give me the number, Sonya?

Sonya Branco, Chief Financial Officer

A little over $4 million, I believe.

Turan Quettawala, Scotiabank

Okay. Thank you very much.

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. My first question is related to the agreements that you've signed with Singapore Airlines and AirAsia. Just want to make sure that we have a good view of the most important numbers, so I was wondering if you could provide more details about the cash outflow that will be impacted in Q3 and also maybe a look about how many simulators we should expect to be joined in your fleet and if it will replace, totally replace the profitability lost by the JV that you just divested. Thanks.

Marc Parent, President & Chief Executive Officer

Sonya?

Sonya Branco, Chief Financial Officer

So, in terms of the capital for these two deals, on the AirAsia side, when we signed the transaction, we made public the price, which is about US$90 million. So that's the cash outflow when we signed the transaction. On the Singapore side, the capital contribution for each partner is about US$20 million to US$25 million. But that's going to be in kind and not cash. And in terms of the contribution for our additional share of AirAsia, well, like we said last time, it's going to be immediately accretive. And on a run rate perspective, on an annual run rate perspective, yes, we would expect it to offset the lost contribution from the ZFTC.

Benoit Poirier, Desjardins Capital Markets

Okay. Okay, perfect. And you were talking about the other bolt-on opportunities that you foresee in other countries, so I'm just wondering about, ah, if you could give some colour, Sonya, about the size of those opportunities, whether it's similar to AirAsia, Singapore, or maybe even a larger scale.

Sonya Branco, Chief Financial Officer

Well, like we said in the past, when we look at M&A we're looking for programs and contracts and major client outsourcings, and so that's one of the reasons that we kind of keep some powder dry in the financial flexibility. Should there be some large outsourcing opportunities that require a bit more capital, then we're ready to do so. In the meantime, obviously, if there are some opportunistic deals out there like this portfolio acquisition that make sense from an operational and return perspective, then we'll capitalize on those.

Benoit Poirier, Desjardins Capital Markets

Okay. And so am I right to say that you want to keep some flexibility as you would foresee something in the next, let's say, 12 months? Or do you see any other cash deployment opportunities eventually given the strength of your balance sheet right now?

Sonya Branco, Chief Financial Officer

Well, what I would say is we're very much aligned with our capital allocation priorities, really continue to invest in growth, and that's mainly organic. If there are non-organic opportunities we'll look at them and, you know, whether they're outsourcings and so on. We continue to work on a very strong pipeline of opportunities but we don't necessarily have, I think, plans for anything large and imminently, no.

Benoit Poirier, Desjardins Capital Markets

Okay, perfect. Thank you very much.

Operator

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

Cameron Doerksen, National Bank Financial

Thanks. Good afternoon. I guess a question on Defence. I mean, you talked about the pipeline of new bid opportunities or new submitted bids that's now over $4 billion, which I think is up, as you mentioned, quite significantly, even though you won a bunch of new business in there. Can you maybe just talk a bit about the sort of mix within those, within that $4 million plus of bids? Is it still sort of skewed more towards training? And maybe geographically if you could comment on where you're seeing the opportunities.

Marc Parent, President & Chief Executive Officer

Well, I think it's, you know, don't have offhand, looking at all the opportunities, what proportion is services versus product, but I think you might expect that what we're seeing today is what will continue. We are bidding on, you know, playing to our strength, which is total solutions involving training and products, including supplying pilots and the full training gamut. So that's a differentiated offering. It's very much what the governments around the world are looking for these days. And I do think the opportunity is across the globe. We've seen it with increased defense spending in the United States with, as I said in my notes, a very, very strong focus on readiness. There are shortages of pilots across the services.

On the existing programs that we have we see very high levels of activity towards pilot training specifically. In Europe we're seeing increased spending as a result of people ramping up their spending both to more closely meet their NATO requirements and to basically bolster their defenses against imminent threats. I said it before, resurgent China, threats in, new threats that people are looking at in Southeast Asia, and continued insurgent activity like we see in Middle East. So it's coming from across the world and it's quite, as we said before, we kind of like have the perfect storm in defense spending right now. So we see the opportunities everywhere. It's not confined to one specific geography.

Cameron Doerksen, National Bank Financial

Okay. Good. So maybe just second question here, just maybe get your thoughts on the announcement by Bombardier and Airbus about Airbus being involved in the C Series program. I guess from CAE's perspective, I mean you've been a partner with Bombardier on the C Series and obviously Airbus had its own, I guess, forays into training as well, so I'm just wondering how you sort of see the sort of longer-term future on that program playing out.

Marc Parent, President & Chief Executive Officer

Well, I think you've heard me say before, I think the C Series is a great aircraft and it will be successful in the market. With the deal that Bombardier has done with Airbus, I think that secures the future of the aircraft and I think it will prosper. And I think, as you said, I mean we've already sold a number of simulators to airlines that have bought the C Series already and we have a joint venture to provide the training for the C Series aircraft for those customers that will basically go to service training. So we're well positioned and I think the airplane will do well and I think our fortunes will go along with it.

Cameron Doerksen, National Bank Financial

Okay. Very good. Thanks very much.

Operator

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

Ronald Epstein, Bank of America Merrill Lynch

Good afternoon, guys. Changing gears a little bit to business jets, what have you guys seen in terms of business jet training? Is it picking up? Has it slowed down? Is it holding steady? If you can give us any colour on that.

Marc Parent, President & Chief Executive Officer

Look, I think it, you know, it ebbs and flows. Overall, it's in line with utilization very much because it's, you know, training, we sell courses, as you know, it's a regulated market. If airplanes are flying, pilots have got to train. We've been able to actually increase share in the business aviation market and so we've done well that way in a (inaudible) market before. I am seeing some increased levels of activity driven by utilization. I wouldn't say they're very large numbers but I definitely am seeing an increased level of activity, and I think you see that in the numbers on aircraft utilization, business aircraft utilization, both in Europe and in North America.

Ronald Epstein, Bank of America Merrill Lynch

Okay, great. That's all. Thank you.

Operator

Thank you. Our next question comes from the line of Tim James with TD Securities. Please proceed with your question.

Tim James, TD Securities

Thanks. Good afternoon. I'm just wondering, Marc, if you could discuss the factors that caused CAE or CAE thinks about going forward to enter JVs for training purposes with new partners versus going after a market independently or on its own.

Marc Parent, President & Chief Executive Officer

Well, I think the factors are totally customer driven. I mean we, it really goes along with our vision. Our vision is to be the training partner of choice for our customers. So we will enter into conversations with existing customers or prospective customers in a view of becoming their trusted partner.

I'll give you an example. I think this one case in point I've used in the past. Look at AirAsia. AirAsia started business 15 years ago. We sold them their first sim on their first aircraft, a used one, and a couple of years later, about 2006, when we sold them two new simulators. Then we entered to a dialogue with them. Again, it's all based on dialogue, is to say, hey, we have an expertise at architecting training centers because we do a lot, we have an expertise in being able to run training centers in terms of efficient scheduling, effective maintaining of the simulators themselves, so could we do that for you as a contracted service? And we did. Few years later, back in about 2011, we said hey, they were growing, they needed more simulators, that's a capital outlay for them, we say, hey, can we help you there, can we partner together in a joint venture where we will contribute existing simulators? And that forms of natural joint venture. We're contributing new simulators and they don't have any capital outlay and they participate by being able, for us, through our global sales force, to now sell the excess capacity on those sims. So they get a benefit of lower cost, they get a benefit of the fact that now their training costs become variable, and they get the benefit of when they don't use the training we sell that excess capacity, the joint venture does, on an open market. And, as well, their pilots now become customers, so there's an intangible aspect of that. And, as we've seen it in AirAsia specifically, we have the situation we had with AirAsia where the CEO says, hey, you're running it very effectively for me, why don't I just, why don't we just enter into an agreement where I'll give you 20 years guaranteed training for the airline and all the subsidiaries in exchange for a 20-year contract and I can basically capitalize that value that's been accumulated in the joint venture for ourselves?

So that's one example but if we could have gone straight to the end, would we have done it? Sure. Absolutely. But it really depends on the dialogue. We focus with the airline how can we best participate and, depending on the airline, we'll have different solutions. I don't know if that answers your question but that's really what we go through.

Tim James, TD Securities

No, that's helpful. And I'm just thinking about in contrast with the divestiture of the 49% interest, obviously a different market dynamic. I'm just wondering if you can elaborate on sort of the differences there versus what you've experienced with AirAsia and what's unique to those two markets.

Marc Parent, President & Chief Executive Officer

Well, I think we have talked about it on the last call. The big difference on that one is, first of all, that joint venture was the first one that CAE did before we were ever into training, long before we (inaudible), the first one. So we do things differently now. The big one was that it was all dry training. So we don't do wet training and that, at least for the joint venture partner, we now, and basically our interests were no longer aligned. So that's where we had a natural point at which we could re-evaluate our relationship and we did in a win-win manner. And we're going to continue to be able to serve the third-party market through the simulators at that training center. And, as I said, look, through that relationship we were, ah, we could not compete on training anywhere in the China market, and China is a very big market, and obviously we want to be able to serve the market, so I think that's part, all of the reasons we went that way. But I certainly would not say that that particular contract is indicative of the market. I think it's a unique situation. And what I see in front of us with a number of opportunities is that I think there's more opportunities for us to continue to take share in outsourced training.

Tim James, TD Securities

Okay. That's very helpful. Thank you. Just one quick question. I'm just wondering about the $150 million in capital expenditure plans for fiscal 2018. Is that a good kind of assumption, Sonya, to carry going forward for a number of years? Is it kind of now a normalized run rate? And I realize, you know, if new opportunities come up it could move the dial on that number, but is that a good baseline number to think about?

Sonya Branco, Chief Financial Officer

Well, that's a range of $150 million for this year and I think that's the right view for this year, but we continue to reassess and it's really led by market-led opportunities that are out there to deploy accretive capital and support the growth. So we're not necessarily giving guidance going forward. And I know that we often look at the CapEx from an absolute value number, but if we approach it from a capital intensity perspective, CapEx, it continues to decrease, whether as a proportion of revenue or cash from ops. So I would start to look at it, I think, from that perspective. And to your question on the outer years, I think it will be market-led and we'll give guidance in the next year.

Tim James, TD Securities

Okay. Thank you.

Marc Parent, President & Chief Executive Officer

And I think we're pretty happy with the accretiveness of the capital that we've deployed in recent years and that is the big decision that we take with regard to any deployment of CapEx.

Andrew Arnovitz, Vice President, Strategy & Investor Relations

Operator, I think we'll have time for perhaps one more question from the investment community, if there is one more, and then we'll open it up to members of the media.

Operator

Thank you. Our last question from the financial analysts is coming from the line of Chris Murray with AltaCorp Capital. Please proceed with your question.

Chris Murray, AltaCorp Capital

Thanks. Marc, I'm just kind of curious your thoughts around some of the issues we seem to be seeing with some of the airlines in the civil space with, you know, we're starting to see some scheduled disruptions, we're starting to see wage demands, things like that, moving higher. We've been going back and forth for a few years talking about a pilot shortage. Some commentators have also suggested it's more of a compensation issue. I guess what I'm trying to understand, especially with your folks in your training centers, how are you seeing sort of the first wave of pilots? So I'm thinking like ab initio training and things like that. Are you seeing changes in demand which is drawing more pilots into the pilot community or is it still staying fairly static?

Marc Parent, President & Chief Executive Officer

Well, there is no doubt, look, we'll preface it by saying we're the largest organization in ab initio pilot training in the world, so we have a pretty good view of it, some pretty large schools that we operate. And I'm having, (inaudible), a lot of conversations with airlines with regard to pilots. There's absolutely no doubt. I'm always worried about calling it a shortage, it's not for me to call it shortage, but one thing we can say, though, is, I don't know if you've seen it, but we issued our first yearly pilot demand forecast this summer and what our numbers show, and it's based on a pretty deep analysis of the situation from our unique perspective of training the majority of airlines around the world or supply them simulators or supplying them pilots, either through our ab initio business or our Parc Aviation business where we actually supply trained captains to airlines, I mean our numbers show that for the next ten years the industry is going to need 255,000 first officers just to meet the training demand. So there's no doubt that things have to ramp up. So what we're seeing is we're seeing demand for ab initio cadets from airlines that we haven't seen it before. We're definitely seeing that the feeder airlines are scrambling to be able to meet their pilot demands, because a lot of them are being driven by increased flying at the main lines. There's no doubt there's a higher level of activity. And I think there are moves across in the industry to attract more people into the pilot profession because it's going to be, it's a good profession and it will be for years to come.

Chris Murray, AltaCorp Capital

And so are you seeing a higher number of applicants at the front end? I guess what I'm trying to figure out is it sort of going to be a push or pull in terms of the demand into the network.

Marc Parent, President & Chief Executive Officer

I would say I'm not sure that—I could tell you that we've seen a more bottoms-up demand coming from more youngsters wanting to get into the pilot profession so far, at least that I've seen, but definitely when airlines come out with specific programs, they're attracting a huge amount of applicants. I just look at, you know, we designed a program for JetBlue, Gateway 7 program and, look, I forget the exact numbers but they opened up just a few slots and they literally had, you know, I'll get Andrew to get me the exact numbers but they had a demand that way outweighed the number of slots they have and they think that's more to come. So it's really, I think what we're going to see is, through a combination of the industry, the airlines themselves, we're going to see people putting innovative schemes that will attract people to the profession.

Chris Murray, AltaCorp Capital

Okay, that's helpful. Just one last question for me, just thinking about NCIB and capital returns, I mean you were fairly active in the quarter. Should we be thinking that that pace will probably continue? And any thoughts, early thoughts around anything around the dividend at this particular point?

Marc Parent, President & Chief Executive Officer

Maybe I'll let Sonya talk about it but, look, we've never been explicit about any, you know, explicit policies on dividends, but you've seen our behaviour and wouldn't expect our behaviour to change. You see how we are in terms of payout ratio, in terms of a yield, and we're kind of pretty much in the industry. We've raised it seven times in the last seven years, so I think we've been pretty consistent on what we're doing. Again, I wouldn't—I like consistency.

In terms of the NCIB, I think the same would apply. Again, what we've said is we've put it in place, we use it at the moment and we've got authority with the board to basically use it to neutralize options being exercised, right? So I mean that's what we're doing. Look, I can't say anything in the future but that's our current policy.

Do you want to add anything, Sonya?

Sonya Branco, Chief Financial Officer

No. Absolutely, the goal right now with the NCIB is really to offset dilution from options and the dividend reinvestment plan. And really, as part of our capital allocation, we look at returns to shareholders and we balance that with continued investment in growth and maintaining a healthy balance sheet. So really it's a balance but, like Marc said, steady as she goes.

Chris Murray, AltaCorp Capital

All right. Thank you.

Andrew Arnovitz, Vice President, Strategy & Investor Relations

Operator, it looks like we have about ten minutes remaining. I'll ask that you please open the line now to members of the media.

Operator

Thank you. Ladies and gentlemen, as a reminder, to register for a question please press the one followed by the four. One moment please.

Our first question comes from the line of Julien Arsenault with La Presse Canadienne. Please proceed with your question.

Julien Arsenault, La Presse Canadienne

(French)

Marc Parent, President & Chief Executive Officer

(French)

Julien Arsenault, La Presse Canadienne

(French)

Marc Parent, President & Chief Executive Officer

(French)

Julien Arsenault, La Presse Canadienne

(French)

Marc Parent, President & Chief Executive Officer

(French)

Julien Arsenault, La Presse Canadienne

(French)

Marc Parent, President & Chief Executive Officer

(French)

Julien Arsenault, La Presse Canadienne

Merci.

Operator

Merci. Mr. Arnovitz, there are no further questions from the media at this time. I will now turn the call back to you.

Andrew Arnovitz, Vice President, Strategy & Investor Relations

Thank you, operator, for your handling of the call today, and I want to thank all participants, institutional investors, analysts, and members of the media for joining us for CAE's quarterly conference call. I would like to remind you as well that a transcript of today's call can be found on CAE's website as well as a 48-hour playback. Thank you very much.

Operator

Ladies and gentlemen, that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines. Have a great day.
