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QUESTION AND ANSWER SESSION

Operator

The first question comes from Fadi Chamoun of BMO.

Fadi Chamoun, BMO

A couple of questions. First, on the CapEx. You're indicating more than doubling versus $100 million. First, can you kind of give us a framework, like is this something based on what you have in the pipeline? If you can narrow down that kind of guidance a little bit, is it something in like $200 million to $250 million? And more importantly, where are you seeing these opportunities to deploy more capital? I mean looking at your utilization rate, which is more of a consolidated number, it looks like you have a lot of room to grow into, but I'm just curious where these opportunities to grow are showing up.

Marc Parent, President & Chief Executive Officer

If you don't mind, some of that I'm going to be a bit circumspect because of competitive reasons. But I think broadly, where we feel confident in that CapEx number is because we're seeing the opportunities that we've had with conversations with customers, both on commercial and business aircraft, where we can deploy asset simulators, either to, if you like, I talked about overflow agreements on commercial aircraft.

So you might not have seen a complete outsourcing, but you've seen a lot -- what we've seen, though, is we've secured, as I said in the remarks, a number of agreements with airlines that we -- if we deploy the capital, we can basically get overflow agreements that can be converted to a long-term training contracts, especially on narrow-body aircraft. At the same time, in business aviation, we see quite an attractive opportunity in a number of locations to deploy business aviation assets. And of course, both of those generate some of the best returns. This growth CapEx that is 20%, 30% incremental return on capital employed after a very short amount of time. So we'll invest in those every day of the week. Sonya, do you want to add something?

Sonya Branco, Chief Financial Officer

Yes. I'd just add. So in the review -- in the continual review of our capacity, we absolutely redeploy assets if -- first and foremost before issuing new CapEx. But opportunities like Marc mentioned, they vary by platforms, right? So the overall utilization metrics is probably not the best. And so where we see demand in our pipeline and secured, like Marc said, it drives nicely accretive returns, 23% range within the first two years of deployment. So essentially, that leads us to the guidance, which essentially will set at about more than double this year's CapEx.

Fadi Chamoun, BMO

Okay. My second question is on the restructuring and the cost savings associated with it. How much of the savings have you realized in '21? And I'm just curious kind of if you have a way for us to think about how those savings play out into 2022. You're saying that by the end of the year, the exit rate would be $65 million to $70 million of cost savings. So what would you expect in terms of contribution for the year overall from those cost savings?

Sonya Branco, Chief Financial Officer

Yes. So as we said, it's going to ramp up during the year. We started to see some savings, but I think it's really going to start kicking in, in FY '22, and ramping up to, like you said, around $65 million to $70 million by the end of the year. So this will be more back-ended into the second half. And we're really kind of progressing quite well. As I mentioned in my remarks, we're essentially completed in the U.K. going from 5 training centers to 3 and closed out some centers and so on. So that's savings that will kick in as of now and so on, some elements in Europe still underway in South America. But essentially, what we'll see is a ramp-up quarter-to-quarter with a heavier ponderance in second half as we kind of finalize some of these and reaching about $65 million to $70 million by the end of the year.

Operator

The next question comes from Konark Gupta of Scotia Capital.

Konark Gupta, Scotia Capital

So maybe the first one on Civil. I wanted to ask you, the revenue on SOI, excluding government support, were softer than what you saw in Q3 despite utilization rate and simulator deliveries increasing sequentially. I guess joint venture accounting obviously creates some noise here, but can you share any color on SOI decline sequentially including perhaps any impact of asset relocation as you restructure or any kind of revenue mix on simulators, pricing as well as product services mix?

Marc Parent, President & Chief Executive Officer

I can start it off. I think revenue is never a perfect metric in the Civil business, or actually in all of our business, but it's certainly in a quarter, but I think you're seeing -- what you're seeing, part of this in terms of the sequential revenue story, it's a nuance in our business that nearly 50% of our business they are accounted as JVs, which doesn't show up on revenue. So the majority of the JVs that we have, happen to be outside of the Americas. And that's what we've seen in this quarter relative to previously is where we've seen the biggest sequential pickup in trends.

So again, you're not seeing that revenue pickup, you're seeing it in the SOI, but you're not seeing it. So that's one [indiscernible] there. At the same time, as Sonya talked about all of the moves that we're making in terms of achieving and restructuring benefits, a lot of that involves moving simulators around. And we're taking advantage of the period that we're in where obviously, training is at lower levels than it would be in a steady state. So we're taking that opportunity to move those simulators around. So you're not going to see any revenue from those at the same time. And frankly, and there is mix as well. There's mix. There always is, but there's mix in this quarter. But you want to add anything to it, Sonya?

Sonya Branco, Chief Financial Officer

Yes. So to speak to the utilization, it did climb from 50% to 55%, and we saw some improvement in the Americas. But a lot of the progression was in certain regions where we do have more joint ventures, like the Middle East, right? So what is said is contributed to the SOI growth. And just to just to kind of correct you or clarify, there was sequential SOI growth of 7% quarter-over-quarter. And that's why we usually indicated that this is the best metric on the civil side because it captures everything. So that increase in joint ventures translated in quarterly pickup in SOI. And that's also one of the elements that's driving the margin improvement.

On the revenue side, like Marc mentioned, a bit of disturbance because we do have -- we did take the opportunity and the advantage to relocate several -- a lot of these simulators so that we can finalize certain regions like the U.K. and so on and progress on the savings. And so that disturbed revenue for a bit. But ultimately, we saw the contributions flow through on SOI with that sequential increase to $66 million from $62 million. And on the margin, that joint venture was a bit of a driver because it has the SOI without the revenue. And also on the product side, we did have a good margin mix on the deliveries that we had in the quarter.

Konark Gupta, Scotia Capital

I was actually referring to the SOI decline, excluding the government support programs, but I guess, as you pointed out before on the call, there's also kind of costs associated with the COVID, right? So that might make sense.

Sonya Branco, Chief Financial Officer

Yes. So on that front, Konark, just -- I guess it's a new element. It's not necessarily new. We've been disclosing the government support program since the beginning of the fiscal year. The update this quarter is that we've added new non-GAAP measures to kind of reflect the impact, I guess, to give it more visibility and to incorporate some new reporting guidances and so on. But what we look at is the adjusted SOI because this metric, so it shows the contribution benefit, but doesn't show the adjustments of the heightened operating costs that we've incurred, which is essentially neutralizing all the government programs. So we should look at it on the adjusted SOI basis, and on that basis, it grew quarter-over-quarter.

Marc Parent, President & Chief Executive Officer

Right. Let me just pile on that because I know it's a confusion there. I think it's a very important quarter, that when we look at the profitability of the civil business, with all the noise that is there, the number that we use to manage the business is that 17.2% adjusted SOI margin. And that's versus 50 -- it was 50% in Q3. That's really what we're looking at to manage the business. And going forward, there's going to be less of this noise because CEWS just won't be there. So I think -- I mean, you can use that as the benchmark to measure our progress going forward.

Konark Gupta, Scotia Capital

That makes perfect sense. And my second question is on free cash flow. So I think the commentary you made and the disclosures of also free cash flow conversion continues to be 100% almost on net income this year. Now conversion was obviously significantly higher last year because the CapEx was down. But how should we think about your free cash flow generation ability this year compared to pre-pandemic levels? And if you can comment on the CapEx to Fadi's question, how much should we expect for growth CapEx versus maintenance CapEx in your guidance?

Sonya Branco, Chief Financial Officer

Yes. For the total CapEx, I think we'll stick to the guidance that we provided, that overall, it will be more than double this year in total. And I think you can use past trends to kind of split out maintenance and CapEx. I think those will hold true. In terms of free cash flow, I think in this very tumultuous year, we've really demonstrated how cash-generative this business is even at very low levels of activity. And so ultimately, we've always targeted in the past, 100% conversion of free cash flow, and we'll do so again for FY '22.

Operator

The next question comes from Noah Poponak of Goldman Sachs.

Noah Poponak, Goldman Sachs

Just to make sure I have the new -- or additional disclosure around the margins correct. Marc, would you expect the Civil segment margin, the 17.2% you were just referring to, would you expect to see continued sequential improvement from here from that level even as the government support programs roll out?

Marc Parent, President & Chief Executive Officer

I think on this SOI level, definitely, we would expect continued growth in that number just because we're going to throw -- we're going to be throwing more revenue quasi fixed assets. I mean the only thing I'll say there is you've got to watch -- I mean, we're in a funny kind of market, obviously, because of COVID, but typically, what you would see in the summer months, as you see, where airlines are flying more, they are not training as much, so you see seasonal effect. That will probably be less pronounced this year. But on a run rate basis, definitely, as your volume increases in the next few quarters, you're going to see SOI pickup from the volume of activity for the restructuring activities that we put forward. So there's no doubt about that.

Sonya Branco, Chief Financial Officer

Yes. So on a financial basis, the government programs and the heightened operating expenses essentially neutralized. And so minimal financial impact now on a net basis for the year. And so the adjusted SOI is really the basis on which we're providing the guidance and so on. And so ultimately, what this program allowed us to do is keep employees on through the worst of the pandemic. And where volume of activity has returned, we have the employees to operate and serve our customers; and where it hasn't, we've made the required reduction. And so the growth or the guidance that we're giving is on the adjusted metrics. Now the margin can fluctuate based on mix, but that's the base.

Noah Poponak, Goldman Sachs

Right. So Sonya, what you're saying is it's not just that you have the government programs, and then you also have just other cost and disruption and that we should adjust for one, but not the other. What you're saying is there's cost in the system that you otherwise would have been able to manage, that you're just not managing because you have the government support and so we should think of those as neutralizing?

Sonya Branco, Chief Financial Officer

Correct.

Noah Poponak, Goldman Sachs

Okay. Could you elaborate on what you saw in the utilization rate within Civil by large commercial aerospace versus business jet and maybe a little bit more about geography?

Marc Parent, President & Chief Executive Officer

Yes. Business aircraft is doing pretty good. As I've said, the U.S. in terms of flying activity, it's pretty much back to COVID-19 levels, which is quite astounding, which is really -- yes, prior to -- going back to 2019. So you can expect that, that's resulting in some pretty good training activity in our civil training center. It's a bit slower in Europe because of all the continuing lockdowns in Europe, mainly people have less ability to fly. But even that's recovered faster than you see in commercial aviation -- sorry, in -- yes, in commercial aviation, just slower than United States. If I go around commercial aviation, it's -- we're a worldwide business.
So your question, I think, is apropos. Because really, the big pickup for us will be when the big pickup occurs throughout the world. But what we're seeing regionally is like in the United States, for commercial aircraft, we're actually starting to see utilization match pre-pandemic levels. We're actually adding capacity and we're hiring structures to support wet training with a lot of airlines and our flight school classes are now looking to resume and it really full force this summer. And with the voluntary furloughs that occurred over the past year in the United States, the airlines are seeing a higher need for future pilots as they really need to eventually replace everyone that's left and they can no longer be called back.

We're seeing -- we talked about this training bubble before. We're starting to see that, but it depends on which geography you're in. In countries where we saw a sudden halt in operations and training, we're seeing spikes in our training center utilization as the airlines rush to get their pilots current again. A good example of that was recently in Colombia, where we really -- we're working really hard. I tell you, we're above 100% in our training center to support specifically Avianca that decided to get all their pilots current again. And obviously, it depends on the timing, but we're going to see this happen. To me, across most of the locations where there was pretty drastic lockdowns. If you look at, again, going regionally, you see India.

Our utilization, notwithstanding the drastic situation that you see, which is horrific in terms of the deaths coming from COVID-19, the utilization in February was over 90% just as the domestic market was making recovery. Obviously, that slowed down for good reasons. But -- and if I can go around the world, but you're really -- if you were to basically look at where the remaining lockdowns are, where you have travel restrictions, then basically, you're seeing a subdued level of training activity. And where you're not, like in the United States, you're seeing people return to travel quite hardly and I'm very encouraged by that. And I think that will show up in our numbers over the next few quarters, no doubt about that.

Noah Poponak, Goldman Sachs

So Marc, if you were -- it sounds like if you were able to disaggregate that 55 in training related to domestic U.S. or something, a region and type of flying like that, that strong, the utilization rate for you is pretty much back to pre-pandemic. And it's just that the utilization rate in domestic places that still have a lockdown or related to cross-border is still below the 55.

Marc Parent, President & Chief Executive Officer

Pretty much, pretty much because, again, the other factor to look at is that really what picked up is narrow-body, domestic travel. And again, that's what's picked up in United States. So the statement you just said, I would agree with. What's still pretty slow is wide-body, oceanic because, again, of the restrictions, and I think that will be slower. But I think the statement you make is correct.

Operator

The next question comes from Tim James of TD Securities.

Tim James, TD Securities

Just my first question. Marc, you kind of touched on earlier in your commentary about -- yes, I think about some of the kind of opportunities for commercial airlines that may be looking to outsource training and that's always been kind of an opportunity for CAE. I'm just wondering if you can kind of update us on now as we kind of come out of the pandemic any kind of areas where you see more regional opportunities? Or maybe just the way customers are thinking about this and if the pandemic has influenced their thinking and if it's really going to kind of accelerate some of that outsourcing? And just any additional color.

Marc Parent, President & Chief Executive Officer

I think that I see the same thing that I talked about previously before. There's much more conversations. We're still at a state where the majority of the world barring, like I said, perhaps the United States are still really dealing with severe restrictions. Look at the situation in Canada, I don't need to describe that to you because you live here. But the fact is airlines, in a large part of the world, are still really trying to figure out what their fleet mix is going to be. So if you don't know what your fleet mix is going to be, a number of narrow bodies versus wide-body, the kind of routes that you'll be flying, it's pretty difficult to really decide on what you can outsource.

The old adages I've used this example before, we don't outsource a mess and that's because either 1 of the 2 things are going to happen. Either you're going to pay too much or us in CAE, we're not going to make a good deal because we don't have a good basis on which to base an outsourcing agreement. But I think that I take comfort by the fact, as I mentioned, that perversely, COVID-19 has been a great time to start an airline for a number of reasons as I don't need to highlight. So of this -- we secured contracts with 6 start-up airlines that are going straight to basically to the position that, of course, we project is to say, why would you start a training operation when we can provide a turnkey solution for you, so for 6 of those start-up airlines that we were doing.

And at the same time, we've deployed training in our various centers and in customer centers with simulator with long-term overflow contracts, whereas before -- and that's really airlines saying, hey, I'm not going to invest necessarily in the asset, but I'm going to sign a contract with you and because I really don't know what I want to flex. I don't know what the demand is necessarily going to be, but I need to maintain that optionality so that I can seize the upside in the market. And that's attractive because that always is the genesis for outsourcing because our business model, I think you follow us for a long time, you've seen it, it's always enter to a relationship, whether it be a simulator, whether it be running their training center, doing some training overflow and more and more expanding our relationship, expanding our wallet share with customers. So I feel very good about that. And I -- again, lots of conversations, but I'm a patient man, but I'm quite confident that, that patience will pay off.

Tim James, TD Securities

Okay. That's helpful. And then just my second question, I'm thinking about kind of the upcoming fiscal year and some of the acquisitions, well, I guess, in particular, one or two acquisitions that you've made in the civil space and the new simulators that you've got in the network. Is there a need to or will you be continuing to kind of relocate, move simulators around this year? And am I correct in thinking it's kind of a good time to be doing that because utilization is still relatively low whereas if you were sort of running flat out, it would be a bit more disruptive? Or are you kind of at the point now where you feel pretty good with the location of sims throughout the network.

Marc Parent, President & Chief Executive Officer

No, we've been doing that. The big part -- or a big part of our restructuring program is exactly that, Tim. And as I mentioned, we've done a lot of that in the fourth quarter, we're going to do some more. But I think that's going to calm down. And that's where really you're going to see a lot of the restructuring savings come from because we're taking advantage of exactly the fact that there's reduced level of activity to be able do those moves, so you don't have to do it in a steady state. So absolutely right.

Operator

The next question comes from Cameron Doerksen of National Bank Financial.

Cameron Doerksen, National Bank Financial

Just really one question for me, and it's, I guess, around the foreign exchange and the fact that we've seen the Canadian dollar strengthen a fair bit here in the last few months. I guess, in the past, this has been kind of a net negative from a, I guess, a revenue growth perspective. But Sonya, maybe you can sort of remind us of the FX impact on CAE and whether that's changed from where it was a couple of years ago. And also if you have any sort of sensitivity around FX changes and what that means to either operating income or to EPS?

Sonya Branco, Chief Financial Officer

Yes. So you're right. It is a bit of a headwind, largely as a result of the translation. And so obviously, it really depends on where the revenues are and so on, so the sensitivity evolves. But ultimately, what I use as a rule of thumb is $0.01 on the USD CAD, the whole year is about $2.5 million of SOI impact.

Cameron Doerksen, National Bank Financial

Okay. So $2.5 million SOI, okay. Okay.

Sonya Branco, Chief Financial Officer

On the translations.

Cameron Doerksen, National Bank Financial

Just on translations. So the -- in training centers, especially, I guess, the revenue and the costs would generally be aligned?

Sonya Branco, Chief Financial Officer

That's right. So margins would be similar, but the translation would come into a lower Canadian dollar equivalent.

Operator

The next question comes from Kevin Chiang of CIBC.

Kevin Chiang, CIBC

Maybe just a clarification question. Marc, you talked about what you're seeing from a utilization perspective by market and a lot of it is being driven by, I guess, a level of openness, those respective economies have. But wondering, as some countries look at how quickly demand has improved or air traffic demand has improved in short order. And looking at the U.S., I think we're seeing a pretty strong rebound here. Are you seeing airlines in the market that are more locked down, potentially accelerating their training efforts to maybe prevent any bottlenecks if they think that their own domestic air traffic trends could experience a similar surge like the U.S. airlines have seen in the past few months here? Or are they waiting for more clarity before making that type of training decision?

Marc Parent, President & Chief Executive Officer

It depends. It depends. I think I was making -- highlighting in the question from Noah. We're seeing that, like, for example, in South America, I was using the example that Avianca really decided to get all their pilots trained. So we had a bubble there where we're operating at north of 100% in our training center in Colombia. And so that's an example here. Right now, if you look at some of the countries, Chile is in full lockdown; Brazil, no surprise, still battling very high cases. So we're going to see -- so necessarily the flying activity isn't there. We're seeing airlines hunkering down. But that will come back. And when that comes back, I would fully expect that we're going to see similar kind of story that we saw in Colombia.

Asia Pacific, many countries have, if you just read the newspapers, right, that many countries have pulled back on opening up the green channels that they had due to what's happening in India. Malaysia declared a national -- nationwide lockdown again. So if you look at our utilization numbers overall, you can well imagine that we're a key partner to AirAsia, which is the Southwest Airlines, if you like, of Southeast Asia. And so you can well imagine if that Malaysia is locked down, then we're not doing too much there. I talked about India, what's happening. We have been high in India, but that's coming back down.

So not surprisingly -- I don't think -- I think it's a pretty mixed situation over there. In Europe, we've seen -- basically, it's a day-by-day situation, and I was encouraged to see some opening up recently that were -- that they're telegraphing that they'll allow some tourist travel within Europe right now. So that's a very good positive. We see -- I can go around, I can go on and on. And you see Portugal's possibly lifting as early as May 17. But I tell that if those lifts happen, it's going to be slow. And I think airlines have been cautious in terms of their training activity.

But then you go to other areas, like, for example, Japan, where Japan Airlines has never missed a beat. That training center is operating at very high levels because they've taken the tact that they're going to take basically the opportunity throughout just to maintain their pilots fully trained. Overall, I think if you look at our business, in aggregate, I think what we've said before is look at the IATA growth -- we're not getting ahead of the IATA growth path that's predicted. But having said that, I am very encouraged by the level of flying activity that I see in the United States. And I think that will be reflected. I don't think anybody is going to take flying for granted anymore.

Kevin Chiang, CIBC

No, that's a fair comment and great color. And maybe just a clarification point. Within health care, the CAE Air1 ventilator, you've completed the deliveries in the fiscal fourth quarter. Is there a reason why you can't sell that to other governments or other hospitals? Is there a reason why this is kind of a nonrecurring revenue stream? Or is this something you can actively sell to other customers here?

Marc Parent, President & Chief Executive Officer

Well, I think what you're seeing here is our discipline. We remain focused to what we're good at. And what you saw specifically with the example of ventilator is -- what you're seeing is what CAE can do. And I always point it that way. I think the fantastic subject matter expertise that we have in health care where we understand everything to do with the training for intubation and everything to do with the use of ventilators. So we were able to seize that subject matter expertise.

And considering the crisis that existed at the time for the use of ventilator, marry that up with the core competencies at CAE of systems engineering, software, the global sourcing that we have and put that all together and produce in an absolute record of time, not only produce them at a high rate, but invent them because there was no ventilators available, and there was obviously no parts available. So we went from scratch. So you saw an example of what we can do.
So with regards to your question about moving forward, we took a conscious decision basically saying that, well, if we look at the market going forward, yes, we can do that, and maybe we can get some result. But I think with the -- what's happened in the pandemic, a lot of people now produce a lot of ventilators, including typical producers of ventilators across the world. OEMs are producing ventilators. And there's -- at the moment, I think there's a glut overall. I mean, obviously, there's some shortages in key areas like, for example, tragically in India, for example.

But what you're seeing is overall, there's going to be a lot more ventilators on a steady state that is actually required. And going forward, do we really want to be competing against established players producing ventilators? And we've selected no. And what we'd rather do, though, is to -- again, using our subject matter expertise, to partner with those companies in producing simulation-based training associated with that. And really, that, we think, is a much better way forward.

Kevin Chiang, CIBC

I appreciate the color there. And kudos on opening up the vaccination center in Québec.

Operator

The next question comes from Benoit Poirier of Desjardins.

Benoit Poirier, Desjardins

Just for defense, when we look at the adjusted operating margin reached 2% or 6.9% with government subsidies, which is down from almost 12% a year ago, while revenue were only down 2%. So could you maybe provide some color on what drove the decline? And how should we expect defense margins to recover from these levels?

Marc Parent, President & Chief Executive Officer

I think the first number, just the same as we've talked about, with the margins similar to 17.2% in Civil, I think use the higher number, that's the number you should be looking at. Because, again, for the reasons that we talked about the costs that are being offset by the government program. So we talked about before those issues. They haven't changed really, Benoit. The fact is, if you look at the fact that our book-to-bill has been below 1 for the last 5 quarters and which has changed this quarter, by the way, in a quite nice way, and I expect that to continue. So you take the lack of orders, particularly product orders, because they tend to be higher margin, number one.

And the fact is you're eating off your margins. So as -- you're eating off your backlog. So as you eat off your backlog, you still have a lot of costs. So those are -- in the end of the day, you have to be absorbed. That's number one. The other thing is our mix has changed over the past few years to more service contracts. They tend to be lower margin. We have had a host of COVID related issues in defense, particularly internationally. U.S. has been less affected. But having said that, it has been affected. And I'll just give you an example.

A quarter before it was like our Tampa training center, which trains C-130 crews, a large part of the customers that come to that Tampa training center are overseas customers. And because of that, that tends to be a higher-margin operation for that reason. But the customers haven't been able to show up because they haven't been able to travel. So that's been quite a bit of a headwind all year. But internationally, what's happened is we've really had issues with regards to basically access to customers, access to facilities due to lockdowns overall. So all of those factors explain where we're at.

Going forward, I mean, the COVID-related issues themselves are abating. We still have some like we access the customers in the Middle East, for example, is still difficult. So programs are still difficult, and we are basically executing those programs as we speak. But again, I'm very encouraged by couple of things. Number one is the orders that we're signing, the volume of those orders that we're signing. We're getting back on the positive. The fact that again, what I should have said at the outset is, and as mentioned in my remarks, we have about $800 million of orders that we expected to sign in the past year and going into this year, that's literally been pushed to right because we've had, literally, these have been delayed largely due to COVID because although defense forces themselves, that is obviously an essential service, they've kept operational. But large cases that people that would support putting orders, contracts in place, just haven't been there or certainly no in force and that's caused the delays.

That's going to catch up over the next few quarters. At the same time, we've used the opportunity during this COVID crisis to make the investments broadly as a company to make sure that we come out of this as a COVID winner. That includes operational efficiencies in defense. Some of that is captured in a restructuring service -- the restructuring that you see. So that -- part of that $65 million to $70 million will be reflected in the defense. So I guess long answer to show that margins should be going up. And I fully expect us to get north of -- the north or at least in the low double digits before too long.

And of course, everything, gets increased once we do the L3 acquisition, the L3Harris acquisition because on a typical basis, they were operating at a higher-margin than we are with a concentration of more products than services and a much stickier kind of backlog because the programs they have. So that will improve things as well.

Benoit Poirier, Desjardins

Yes. And with respect to defense, how much visibility do you have for fiscal '22, which -- I mean what is already in the backlog to meet your growth ambition? And following L3, what would be the breakdown between equipment and services in terms of mix for defense?

Marc Parent, President & Chief Executive Officer

Well, I think we haven't provided much visibility on what we see this year for good reasons because we don't -- well, it's not that we don't have visibility of our existing programs in defense, but it's really in terms of the -- when we expect the closing of the L3Harris acquisition will occur. I think I would point to the fact that the book-to-bill this quarter of 1.1, I think that basically starts to tell you that we're getting good coverage of order intake to revenue to what we really need. So in terms of -- well, actually, in fact, when I look at the numbers, we actually have, going into the year, the highest percentage backlog, the percentage of revenue to fulfil our year we have the highest percent of -- in our backlog already than I've seen in recent history. If you know what I mean? The coverage.

Operator

The next question comes from Ron Epstein, Bank of America Merrill Lynch.

Ronald Epstein, Bank of America Merrill Lynch

Maybe changing gears just a little bit here. There's been a lot of focus lately on urban air mobility, and the market has been supportive of many of the different companies developing these vehicles. But maybe one of the long tent poles is who are going to fly these things. So my question to you is, have you been approached yet? Or are you in conversations with any of the urban air mobility companies or other companies that want to operate those vehicles on a strategy around training pilots, at least for the time period before those things go autonomous, which might be quite some time?

Marc Parent, President & Chief Executive Officer

Absolutely. Absolutely. I personally believe that this is going to be definitely a good part of the market in the future. You're guess as to when that happens is as good as mine, but I certainly believe there's some estimates that are out there that in terms of needing pilots is in the nature of our estimate, 60,000 pilots by 2030. For us, we're very much involved in that space. I can tell you, they have these specialized meetings of everybody who's in the industry, including all of these companies that are producing these various eVTOL devices. I was at the last one, which was just prior to COVID that was in Dallas, it was called Texas UP.

So I can tell you I was visiting myself just last week, with 1 very strong contender, Beta Aviation. I was with their CEO and their team in Burlington, Vermont just last week and very impressed with what they're doing. We're partnering with them on going forward. And just -- we announced that we're doing this with Jaunt, as I mentioned in my remarks, other -- I won't go through all of them because some of them are competitively sensitive. They don't want us to talk about it, but you will -- I think you can be rest assured that we're involved with pretty much the whole ecosystem right now.

As usual, we would take our role that we want to be, if you like, OEM agnostic. So we want to be able to serve the industry. We serve them not only in training pilots, but also help them in actual design and certification of the aircraft, which we're doing, as I mentioned, the contract that we signed with Jaunt, is for helping them do, if you like, they call it in industry parlance, the iron bird, with software-in-the-loop. So basically, where you can fly a vehicle using software way before you ever fly the real aircraft and you prove out all the software interfaces.

And you can actually certify components of the design using -- well, flying it, if you like, virtually. So again, we're very much part of that. And because I think it's going to be part of the future, it's an exciting part. I can tell you that being an aviation geek my whole life. I mean, this is where aviation was in the 30s, where you have a whole bunch of people developing aircraft, it's just like it's the wild west out there. It's quite exciting. But we'll be part of it.

Andrew Arnovitz, SVP, Strategy & Investor Relations

Thank you. Operator, I think that's all the time that we have today for investors. Before we open the lines to the media, Marc will say a few words in French. So Marc, à toi la parole.

Marc Parent, President & Chief Executive Officer

Oui merci Andrew. Je tenais juste à dire avant de pouvoir répondre aux questions, à quel point je suis fier du rôle que CAE a joué dans la vaccination en entreprise. Vous avez vu l’annonce faite par le gouvernement, avec le Ministre Dubé qui était ici le 19 mars dernier dans nos bureaux à CAE et les 23 pôles de vaccination en entreprise qui ont été confirmés depuis. CAE a été vraiment le premier pôle de vaccination en entreprise qui a été ouvert le 26 avril dernier. Et en seulement trois semaines on a vacciné approximativement 7 500 personnes. Notre centre de vaccination est très bien rodé maintenant. Ce que je voulais annoncer c’est que, et très heureux de le faire, dès la semaine prochaine, lundi, le centre de vaccination de CAE va être ouvert à la population générale donc visible à tous sur le site de vaccination dans Clicsanté. Pour moi, notre engagement dans cette initiative démontre l’importance qu’on accorde à notre rôle et notre impact social. Parce que comme on a dit, on n’est pas les seuls et tous les coûts son engendrés par les compagnies. On le fait pour le but d’accélérer la vaccination, de donner un répit au système de la santé publique et pouvoir retourner à la normale le plus vite possible. On est très content de voir que grâce à la vaccination c’est ce qu’on voit au Québec. Donc merci et on peut ouvrir à la période de questions.

Operator

First question comes from André Allard of Les Ailes du Québec.

André Allard, Les Ailes du Québec

Je tiens à féliciter toute l’équipe de CAE pour son leadership justement dans la vaccination en entreprise. C’est une belle initiative. Comme fan d’aviation et aéronautique je suis content de voir que c’est une entreprise du secteur qui mène cette initiative-à.

Maintenant, je veux juste confirmer avec vous quelque chose que j’ai lu ce matin. Je veux juste m’assurer que j’ai bien compris. Vous avez mentionné que, dans le secteur de la défense, CAE a remporté tous ses nouveaux appels d’offres durant l’exercice. Est-ce que c’est exact et, si c’est le cas, comment vous expliquez ça? Ou est-ce que c’est parce que vous êtes trop meilleurs, trop bons par rapport à vos compétiteurs?

Marc Parent, President & Chief Executive Officer

Non, ce que je disais c’est qu’on a remporté, je vais utiliser le terme en anglais, foundation recompetes. C’est qu'on a gagné tous les contrats où on exécutait des programmes d'entraînement de pilotes qui évidemment sont des contrats qui sont sur plusieurs années et c'est très important évidemment pour le revenu, le profit chaque année. On avait un nombre de ses programmes-là qui venaient à échéance cette année. Donc, un exemple c'est le KC-135. C'est qu'on entraîne tous les pilotes de la US Air Force, le Air National Guard dans 15 bases américaines qui sont aux États-Unis et un peu partout autour du monde et ce contrat-là venait à échéance. Il y a eu un appel d'offre et on a compétitionner avec d'autres compagnies et on a gagné et en plus, non seulement on a gagné le contrat mais il a été bonifié par non seulement l'entrainement des pilotes mais l'entrainement du personnel qui ravitaille les avions, boom operator. Ça c'est un exemple, l'autre exemple que je mentionnais c'est où on entraîne les pilotes pour la US Navy pour le T-44 qui est finalement un King Air militaire. On entraîne les pilotes et on a gagné ça aussi.

Tous ces programmes qui ont été reconduits cette année, on les a tous gagnés. Puis c'est très important évidemment parce que ce que ça fait, c'est ça solidifie notre base. Et plus de ça, on a gagné des contrats en deçà de ça donc ça s'annonce bon pour l'avenir.

André Allard, Les Ailes du Québec

Ok maintenant je vais vous amener un petit peu dans le future car la commission européenne, l'agence européenne d'aéronautique a débuté l'étude pour possiblement réduire, voire éliminer la nécessité d'avoir des simulateurs de niveau D, ou ce qu'on appelle communément des FFS (simulateur plein mouvement) pour possiblement y aller plus avec des FTD (simulateur sans mouvement) parce qu'il y a une grosse remise en question sur l'utilité d'avoir des FFS vs FTD. Je voulais savoir si dans 5 ou 6 ans d'ici, ce serait plus nécessaire d'avoir des simulateurs full motion pour l'entraînement des pilotes, quel sera l'impact sur l'entreprise et avez-vous commencé à évaluer comment vous pouvez éviter ou diminuer le risque face à ça.

Marc Parent, President & Chief Executive Officer

Ben écoutez, moi ce que je dirais c'est que je suis dans l'industrie depuis longtemps, je suis pilote moi-même et je m'entraîne sur les simulateurs moi-même parce que j'ai une licence de pilote de ligne et je ne vois pas du tout de défis pour notre business par rapport à ça. Je ne le vois pas non plus comme chose qui va arriver. De toute façon, même si ça arrivait, je pense que vous pouvez vous imaginer que l'argent où on le fait n'est pas sur les vérins électriques ou électroniques qui font le mouvement du simulateur. Nous autres, où on se différencie et ce n'est pas d'hier, ça fait longtemps, c'est la fidélité de la simulation. La fidélité de la simulation, que tu utilises un full motion ou non, elle doit être là et je ne vois pas les autorités de réglementation lésiner quoi que ce soit sur, et même c'est le contraire, sur comment sophistiquée la simulation elle est. C'est sur ça qu'on compétitionne et on est vraiment les meilleurs dans le monde dans ce sens-là. Donc, ça ne m'inquiète pas du tout. Je ne vois pas du tout un impact sur notre business.

André Allard, Les Ailes du Québec

De toute façon, corrigez-moi si je me trompe mais CAE, on l'identifie encore à part comme d'abord un fabricant de simulateurs alors que c'est de moins en moins le cas. C'est de plus en plus une entreprise qui fournit des solutions complètes de formation puis le simulateur fait partie, est un élément de cette solution-là.

Marc Parent, President & Chief Executive Officer

Je vais vous mettre en charge de notre équipe de Marketing! C'est exactement ça. Quand je suis arrivé à CAE à peu près 80 % de notre chiffre d'affaires venait de la vente de simulateurs de vol. Quand je parle de la situation maintenant, faut que je me place avant COVID, la COVID évidemment ça affecte notre business beaucoup, mais sur le court terme. Mais aujourd'hui, à peu près 20 % de notre business vient de la vente de simulateurs aux compagnies aériennes. Et ce n'est pas parce que le nombre a baissé. Quand j'étais à 80 % avant le 20 % maintenant c'est même plus de simulateurs qu'on avait que quand on avait 80 %. La différence comme vous dites, c'est que maintenant on a des solutions de formation complètes et c'est vraiment là qu'on se différencie même si on est le chef de file dans la vente de simulateurs au monde.

André Allard, Les Ailes du Québec

Ok je vous remercie beaucoup, ça me permet de comprendre que finalement malgré l'évolution des choses que si ça devait aller plus vers les FTD, vous allez être quand même en mesure de garder une bonne partie de votre chiffre d'affaires, c'est ce que je comprends.

Marc Parent, President & Chief Executive Officer

Ben nous, on est une compagnie qui dans l'âme, dans notre ADN, on est des innovateurs et il n'y a rien qui dure toujours. On innove toujours et on va continuer à faire ça.

Andrew Arnovitz, SVP, Strategy & Investor Relations

Operator, I think that's all the time we have for this afternoon. I know we went a bit longer than we usually do, but great quarter and certainly lots of great questions. I want to thank all participants from the investment community and members of media. And I would remind participants that a transcript of today's call can be found on CAE's website as well as a link to the replay. Thank you very much.

Operator

Thank you. This does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines. Thank you and have a good day.