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QUESTION AND ANSWER SESSION

Operator

Our first question is from Fadi Chamoun from BMO. Please go ahead.

Fadi Chamoun, BMO Capital Markets

My first question is on the kind of legacy Defence business. It seems like we've been in this 7%, 8% EBIT margin for the past several quarters. This quarter, we dropped to 3.7%. I know you offered up some explanations towards what's going on there. I'm not sure if you can maybe elaborate a little bit. Give us a couple of examples of what's really kind of happening in that business. And what do you expect in the second half of this year? Do we see a step back to where we were in past quarters? Or is this more of a gradual recovery that we should expect from this, I guess organic Defence business?

Marc Parent, President & Chief Executive Officer

Thanks, Fadi. Look, as I said in the remarks, we're continuing to expect strong year-over-year growth in this year. So clearly we're going to have a good -- a pretty good second half. And that's -- and I talked about the Defence as a whole, but which is obviously combining the integration of L3Harris. I mean the story with the legacy business, alright? Shall I call it? Because I hate using that term but we'll use for the moment here, organic. Organic business is one of continued COVID related disruption, both on order intake and impacting our execution. And I can tell you that there is at least five international orders I fully expected -- I'm not going to lie to you, I fully expected to come in this quarter, but did not happen because of Delta for example, inability to access customers in -- at least -- in the Far East. It is five at least internationally. Other factors I could point you like, for example, Florida was -- during the summer was one of the hardest hit, if not the hardest hit as well as Texas which is another big state for CAE in terms of the COVID effects and the variants attacking that. So clearly that had an effect. And it's just a testimony that as I said before, for our training center, we train international customers of C-130H. You could well imagine that there are no customers coming, and I -- but the situation is changing, borders are opening, international travellers come back. The COVID situation is incredibly much better, not only across the United States, but in Florida specifically. So those are the kinds of things that we've been seeing near-term, which gives us more confidence in the outlook.

And when you look at the business as a whole, for Defence, I'm talking about organic plus the integration, we're going to be starting rolling out the benefits of our synergies. You see that with the -- most of that was started -- like for example, reductions in force that happened towards the end of the quarter. So for all these reasons, it really is COVID-related impacts that we've seen that really drove that, because our book-to-bill for the last few quarters as you know, in the organic Defence business has been below 1. And eventually, you run out of backlog that you can execute in an efficient manner. And that's really the situation that we're seeing here. But again, those orders come in. We've been selected on these orders.

So, I always expected a back half in Defence to be the strong order. And that's what I said last quarter. But we've lost -- because of COVID we've lost some that I would have liked to have gotten in the second quarter, no doubt, but it doesn't change my view of the full year.

Maybe I could just let Sonya, you want to add something?

Sonya Branco, CFO

Yes. If I -- just a quick recap and laying it out the way we see it on the organic business, we're delivering as you mentioned Fadi kind of in the 7%, 8% range, that's it in the 20s on SOI. And then, so as Marc explained, as we see those delayed orders ramp back up, as we advance the programs that we do have in backlog that have been disturbed by COVID, either interrupted or fully stopped, some in the Middle East, so as those ramp back up as the pandemic related disruptions ease, then you layer on the contribution of the acquisition as well as turn to ramp up the synergies, that will take us to the 30s and 40s in the upcoming quarters.

Fadi Chamoun, BMO Capital Markets

Okay. So, that comment, 30s, 40s, you were talking about SOI in dollar terms.

Sonya Branco, CFO

Yes. SOI in terms of dollars spent.

Fadi Chamoun, BMO Capital Markets

Okay. That's helpful. The other question I wanted to ask is on the leverage in the M&A and opportunities you're seeing. You are up to 3.55. Probably go up a little bit with the Sabre acquisition closing in a couple of quarters. Like how comfortable are you with this type of leverage, given the pipeline of maybe opportunities you're seeing at this point? Is M&A in the backburner now until you kind of get this profitability level back to deliver the balance sheet? Or how are you kind of thinking about this leverage level, given the pipeline of acquisition and the opportunities you are seeing?

Sonya Branco, CFO

Well, I'll start out with, I'm very comfortable. So the quarter closed at 38% net debt to cap 3.55 times net debt to adjusted EBITDA with all the financing related to the L3Harris Military Training acquisition. And with the expected closing of the AirCentre operations probably in our Q4, we will be using our existing liquidity, which will drive our net debt to cap higher, probably a little above the 40% but we're expecting quickly leveraging in the next fiscal year with the highly cash generative business, organic business and with the cash flow accretiveness of this new acquisition.

Now, you'll remember all the previous capital arrangements that we did in FY '21 and that was exactly to provide the flexibility to support the organic and inorganic growth opportunities that we saw. So, we've seen some great opportunities come out all these disruptions, and it allows us to seize on them creating long-term value and strengthening the company to become bigger and more profitable. We happen to continue to have a pipeline. But as you've seen, we're patient, we're disciplined. We will wait for the right opportunities at the right value, as we've done with AirCentre, L3Harris, and even Bombardier Training. So, very comfortable; and ultimately, it goes back to our capital allocation priorities, balanced accretive growth, organic, inorganic with a solid financial position.

Fadi Chamoun, BMO Capital Markets

Okay, appreciate the feedback. The 17% target. Can you offer up what's the mix behind it, like how much of Defence representing, how much is aviation representing? That's it for me, thanks.

Sonya Branco, CFO

I think, we're providing that guidance on a consolidated basis really to underpin the messaging that all of these internal, external measures is really to drive a larger business, a more profitable business. So what we're guiding at is that once we do hit that recovery level, that not only will we exceed pre-pandemic measures but on a much larger scale base of business.

Marc Parent, President & Chief Executive Officer

Yea, I think with that, I mean, there's no doubt that’s definitely made up new highs in Civil margins for sure. Some of that -- a lot of that with the leverage, as you said, plus the acquisitions that we made, and as well as the double-digit margins in Defence. That's what's going to comprise that mix.

Operator

Our next question is from the line of Konark Gupta from Scotiabank. Please go ahead.

Konark Gupta, Scotiabank

So I have a few questions just on Defence and Civil perhaps. Maybe turning to Defence for now. Like if I look back, revenue applied L3Harris, I think it was $500 million in U.S., I think revenue business also annually. And what you did in the second quarter obviously was somewhat below that run rate. So I'm kind of wondering if there was some sort of a transitionary impact in Q2 there, we will see probably more contributions from L3Harris going forward as you integrate them. And then with L3Harris, together with the Defence organic business, assuming it kind of rebounds to the 8%, 9% margin level or so and the synergy, is this 11%, 12% kind of range kind of an acceptable margin profile for the Defence business for you guys?

Marc Parent, President & Chief Executive Officer

Yes, we missed some of it but just the last part of your question, just say it again, Konark.

Konark Gupta, Scotiabank

Yes, I was wondering on the margin profile. If Defence organic business goes back to 8%, 9% margin and then L3Harris plus synergies, obviously they are double-digit margins right now, the overall Defence business seems like it's going to work 12% EBIT margins with all those.

Marc Parent, President & Chief Executive Officer

Yes, as I said before, 11%, 12% is a good number to plug in longer term for sure. I mean, that's where we're headed. No doubt about that.

Konark Gupta, Scotiabank

Right. And on the first part of the question about L3Harris, is there ability to ramp up revenues here, given it’s below their run rate before you apply them?

Marc Parent, President & Chief Executive Officer

Well, it’s still early days with L3Harris but I'm quite comfortable when I'm saying that we're going to deliver -- the L3 Harris -- the old legacy L3Harris business and the synergies that together that we're going to generate, we're going to be achieving the margins that we talked about when we acquired the business. And I definitely see that. I'm not quite happy with what we're seeing in the first quarter, and more of that’s coming.

Konark Gupta, Scotiabank

Right. Thanks for that. And then on the Civil side, so you touched upon the utilization levels, and clearly Americas are doing better, Asia-Pacific are lagging. Where are you in Europe and what are you seeing there? And then, as we head into sort of the seasonally stronger second half with both commercial and business aviation, should utilization levels kind of go up to 60% plus you think, or we're kind of stuck in the 50s right now?

Marc Parent, President & Chief Executive Officer

Well, that’s certainly what I’m reading in terms of the COVID recovery. Look, the thing I would tell you is, as we said in the remarks that I like what I see in the Americas right now, specifically, in United States. We're seeing utilization rates in the United States back in the levels of -- COVID -- we were prior to COVID-19. We're seeing very high rates of utilization in business aircraft. This summer, obviously, as we talked about there’s seasonal effect and the fact that Europe kind of missed as a whole summer because of Delta.

But going forward, to me, utilization rates are very much correlated by vaccination rates. And if you look at -- if you extrapolate vaccination rates -- and of course, that comes with lifting of restrictions on the borders that governments have to do, and the ability for people to travel, we’ve seen the pent up demand and how that's driving business. I can tell you, I was at -- in the early part of the month of October I was at the IATA General Meeting in Boston. And I can tell you, I met a lot of the airline CEOs. And I can tell you, there's a palpable optimism out there as vaccination rates increase and that's especially in the U.S. And when we're basically talking to airlines specifically in those areas like the United States, where we are seeing that increase in activity, because the vaccination rates are high and where level of infection is low, we can see a lot of activity as testimony by the rise in sales -- our sales activity, which is not only testimony to the orders that we've announced so far but in terms of the activity that I see, which is quite nice at the moment, the levels.

And so really look, in terms of going back to the root of your question to predicting -- again, I’ll go back to what I said, you read what I read. I mean we have -- the situation seems to be degrading in Germany right now. We still have a very low level of vaccination in the Far East. So I think those happen. But I think on the long-term, trend is getting better. So we will get better utilization in lockstep with the increase in flying activity driven by vaccination rates.

We're not going to get ahead of it, because we don't know. I mean, at the end of the day, if you look at, there's a wide variety of estimates out here. Since the beginning, we said, well, look, we'll follow the IATA forecast of what -- vaccines still be a pretty good one. Although I'd tell you, I think the U.S. has beat that, as the vaccination rates go up. So a long answer to your question. But coming back to say, all I can say is, when we do come across it, when the traffic does come back, which it will, with all the actions that we’ve taken, I'm extremely confident that we're going to be a much bigger, a much stronger and a much more profitable business, and that's where we're headed.

Konark Gupta, Scotiabank

If I can just follow up on the comment you mentioned about the airlines CEOs being optimistic. A lot of airlines have come out recently saying, they are scrambling for pilots. This is kind of counterintuitive. I mean the industry lost a lot of pilots. So, do you know what's happening there? Are people not willing to train as pilots here, is that the shortage is coming from? Or there is not enough supply to train pilots as much as airlines want?

Marc Parent, President & Chief Executive Officer

Well. I think I've said before, there is no doubt in my mind that there was a pilot shortage before the pandemic, and there is going to be a pilot shortage after. We're part of the solution to that problem, okay? And I think I've said this in a number of conference calls before the level of activity in our flight schools, and remember we are I think largest network of flight schools in the world for training people to become airline pilots. And the level of activity there has not reduced throughout the pandemic, except for when our schools were shut down because we couldn't operate because of COVID. I can tell you, carriers, including legacy carriers across the world had not only in most cases kept their orders with us for a number of pilots they want from us but in a lot of cases increased it, and that's a trend that we see. There's that.

I think become a pilot is a good career right now. I can tell you that, that's my view. And I think that's a great thing for us as a business.

Operator

Thank you. Our next question is from the line of Kevin Chiang from CIBC. Please go ahead.

Kevin Chiang, CIBC

If I could ask the utilization question, let me just focus on the Americas. Marc, you mentioned, it looks like these are basically back to maybe pre-pandemic levels or close to, given the recovery in commercial aviation there. Are you seeing a difference in maybe the split between what was in-source training versus a third-party training? Because I guess there is a thesis out there that as we come out of the pandemic, there will be a greater opportunity for you to capture maybe more third-party training as airlines might look to outsource some of this to reduce their costs. Are you seeing that in the U.S. as they bring back training much more aggressively?

Marc Parent, President & Chief Executive Officer

The answer is yes. Yes, we are seeing it. The fact is, there is a lot of the contracts that we have announced in this quarter are just testimony to that, for a number of reasons. Number one is that people are seeking capacity and they're looking for capacity to train their pilots and we can offer that capacity. We've been part of -- the activity we've been doing is moving simulators into the United States from other locations. And actually when we increased our forecast on capital deployment this year that we announced at the beginning of the year, some of that was going exactly towards this. So to me, that is a trend, we predicted that trend that this is an environment where there's going to be a lot more opportunities for people considering us as a really only viable global third-party option, where -- and in fact -- because pre-COVID you do 1 million hours plus a year of training, we offer a very, very good alternative. And so to me, it's what -- we have a lot of discussions. We have a lot of discussions at IATA. We have a lot of discussions ongoing, and we're signing contracts. We're signing contracts for new airlines, we're signing contracts for overflow training agreements, where people want excess capacity right now in a lot of cases because -- the immediate -- like right now, or they want to ensure that they will have it as they ramp up operations to be able to seize the opportunity afforded by increased passenger traffic. And when we do that, we're signing people for longer term contracts, so that, that activity for us will sustain.

Kevin Chiang, CIBC

That makes a -- I'm not sure – do you have a sense of like maybe what that breakdown is or was maybe pre-pandemic between pilot training that would have been in-source versus outsources? Because what it looks today, I suspect is probably pretty fluid and maybe it's tough to pin down at the moment.

Marc Parent, President & Chief Executive Officer

Well, I can't give you a hard number right now because it's--first of all, it's not steady and it would be very hard to compare on apples-to-apples, or a number. Maybe in two, three quarters we can give it. But right now I couldn't give you with certainty a number on that but I can tell you there's more. If you look at the contracts that we got, traditional carriers that were ordering simulators and now they say no, we'll --we'll basically just sign up a contract with you for you to provide the simulator and position that. We did that recently with Air France, we did it with Westjet, we did it with Air Canada. So it's definitely more of--again, I can't give you a precise number in terms of that sort of a breakdown.

Kevin Chiang, CIBC

Okay. Maybe just on the AirCentre transaction you announced maybe a week or two ago. Just speak to how you feel about your, I guess your broader crew management, flight management portfolio? Like do you feel like you have all the tools now to kind of capture the higher TAM that you put out there or do you think you need to kind of backfill some of that product line element (PH)?

And then I guess when we look at the AirCentre's client base, or the customers that they're dealing with versus the ones that you're dealing with, I guess I'd be interested in knowing, I guess, where the opportunity to cross sell are? Do they have a large subset of customers that you don't deal with or vice versa that maybe offers an ability to maybe capture revenue synergies?

Marc Parent, President & Chief Executive Officer

Well, all of that. I think it could be -- I'm extremely excited by this acquisition as I said, when we first stepped out in our press release. The reason being, first and foremost -- and then we said this at the time we acquired Merlot and Roster Buster, the simulation -- the simulators and training operators software market, it's over $2 billion, over 50% of that spend is outsourced. And what we're acquiring now, we are acquiring a huge stake, a leadership stake in that market. So to me, this is a crowning achievement in that strategy. And really what we're doing here is, you've seen us over the year move from what was a few years ago, certainly when I joined CAE, move from being really a simulator partner to airlines moving deliberately towards being a training partner to the airline. Leveraging in the past few years our digital offerings to make ourselves essential to customers, providing them insights on their business that really -- that we could deliver to them using the data that we have on their operations. And now what we're doing is we're moving from being this training partner to becoming a technology partner. And that's really just about growing the amount of work that we could do in this era. And I can tell you, it's very well received. Again I was talking about my meetings with CEOs at the IATA General Meeting. And obviously, we weren't talking about Sabre at that time, because we hadn't announced the acquisition at that time. So we certainly weren't talking about it. But we did have Merlot a much smaller but differentiated offering in that market. And I can tell you, there was no pushback whatsoever with regards to airline CEOs, which our customers about CAE bringing our expertise as a partner in crew resourcing and flight planning. In fact, they will see is a natural extension of what we do with them, because it's all about delivering essential services to the airline, just like we do in training.

So this is a great asset. We have pretty much all of -- almost all of Sabre's customers are our customers, there is -- we are getting more customers, that there's for sure. But -- so to me, there's a lot of opportunities to leverage those relationships, to cross-sell. And as well don't forget, I really believe that's testimony by a contract -- the first contract we announced this quarter literally is a contract with Innotech-Execaire. I really believe that there is an opportunity set here for rolling this out across business aircraft, which is an untapped opportunity.

So again -- and by the way, leading testimony to my confidence in this business, I put our most senior executives in the company to lead this business, Pascal Grenier. And I am very, very confident that with Pascal working with the fantastic people that I've seen so far have been met as part of Sabre AirCentre, I think we'll do well in this business.

Operator

Our next question is from Cameron Doerksen from National Bank Financial. Please go ahead.

Cameron Doerksen, National Bank Financial

I just want to come back to the -- I guess sort of the longer term margin targets that you got out there, 17%. Obviously, that would imply some nice improvement from where you were pre-pandemic. I wonder if you could talk a little bit about how you see the returns on capital evolving as your end markets normalize? Because obviously the capital base has changed here with the acquisition of L3 and also with the pending AirCentre acquisition, which presumably has a lower capital base. So any comments around the return on capital you would expect to see as things normalize?

Sonya Branco, CFO

We expect the return -- those increased margins to flow through as increasing on the return on capital. So you saw a few years ago, before the pandemic we had driven more than 300 basis points improvement in just a few years. And that's on optimized discipline deployment of organic and inorganic capital, right? So the CapEx that we're deploying, the organic capital, all have significant incremental returns, driving 20% to 30% incremental returns within just a few years.

And as we've seen, we've got very interesting and accretive acquisitions in inorganic. So as those deliver on our expectations, that will be driving improved free cash flow. All of these are free cash flow accretive and return on capital.

Cameron Doerksen, National Bank Financial

Okay. And I guess, it'd be a second question for me just on the restructuring activity. Just wonder if you could update on where we stand there. I'm particularly interested in the status of kind of the training network reorganization. Some of the training centers have been consolidated and things like that. So, where are we in that process?

Sonya Branco, CFO

Absolutely. So some great progress in optimizing the footprint. And as Marc mentioned, relocating sims, so taking them where there is lesser demand and deploying them in the Americas, and so on to serve a market demand. So, really kind of optimizing that need for capital and matching up demand or capital with the demand. So in this quarter, we incurred about $13 million of costs, $20 million year-to-date on the restructuring program. And ultimately this quarter, we did finalize some additional UK consolidation, so the UK is pretty much done. And we have got the bulk done. However, a couple of remaining consolidations in Europe and in South America that we'll see closing out in Q4. But we already are seeing significant amount of savings. So you've seen that in the quarter with a really good step up on the savings, on a year-to-date basis and in the quarter, and you see that on the Civil margin, right? So, what I'll note is that, despite the timing of the delivery revenue on the product, because of the lower deliveries, the SOI margin expanded to 18%. So, that was the impact of the higher training revenue, with a utilization of only 53%. And it really highlights the great progress on the structural cost savings that were delivered in the quarter.

Cameron Doerksen, National Bank Financial

And I guess the consolidation activity and the moving of simulators into the U.S. as you mentioned, would that have had a negative impact on the utilization rate in the quarter?

Sonya Branco, CFO

Well, absolutely. When you are moving a simulator, you turn it down and it takes a few months to bring it down, to move it and then start it back up. So that does have some noise in the utilization metric, yes.

Marc Parent, President & Chief Executive Officer

And don't forget seasonality, Cameron. That’s -- this quarter it was a different effect but very similar in terms of business aircraft this year. It won’t commercially affect us.

Operator

Our next question is from Noah Poponak from Goldman Sachs. Please go ahead.

Noah Poponak, Goldman Sachs

Marc, I'm struggling a little bit to follow the explanation of the utilization rate and the attribution to the geographic difference, because if I look at the progression in the utilization rate, it made it to this kind of 50%, approximate 50% level for the first time in the September 2020 quarter. And since then global ASMs have nearly doubled. And I understand you have the different geographic exposures with the weighting to Europe, then Asia Pacific, then North America and that North America has been strongest. But seat miles flown in Europe in that period of time have also almost doubled. They've grown a lot in Asia Pacific. I think your simulator network is more exposed to narrowbody than widebody. So, I'm just not following -- like I understand you have these exposures outside of North America but there've been decent recoveries there. And if I just take a sort of weighted average of those geographies relative to your exposure, it doesn't really explain that utilization rate being flat. Can you help me square that circle?

Marc Parent, President & Chief Executive Officer

Well, I wish I had a model that was that simple to be honest. It's really -- you can’t take a weighted average to look at our business just because of the number of training centers that we have across the world. I mean at the end of the day -- and don't forget that, when -- if you look at Europe, which you’re talking about there, when people are flying a lot, they're not training a lot. So -- and that's why we always have a seasonal dip in the quarter. So really, really when you get the big training activities there, is when they're preparing -- when you have a steady state I'm talking about, they're preparing their crews are making sure that they can ramp up. I mean what we see right now is, we have utilization rates currently in the Americas at mid-70s range that are some days higher, and we followed that by Europe, which has been approaching 60s and in Asian release, which is at still pretty depressed levels. I mean it's in fact -- it's moving to around 50%.

So -- but, I can't stop that, and the fact that it's really -- except for the United States, which is pretty darned, like I said recovered to pre-pandemic levels, you just can't take the weighted average as a perfect correlation to it and we just can't.

Noah Poponak, Goldman Sachs

Is there an element where, in a very severe downturn like we had, when you're working your way back up, you have airlines that do their own simulation and training, those that have outsourced it, and then those that do a combination, that you just have airlines that want to use all their own capacity before they then move back to outsourced capacity? Is that an…?

Marc Parent, President & Chief Executive Officer

Well, absolutely, I mean people do that. They would do that but I would tell you though that people that have all that capacity, in the end of the day that they still have to drive a lot of pilot demand where those areas they have to ramp up like United States, they have to ramp up a huge amount of pilots in a short amount of time. Now, that's been somewhat mitigated in the Americas by the fact that because of the government support they haven't by and large reduced the level of activity to a depressed level. So they have utilized their pilot power that they -- but do not get into that situation. But even with that, and that testimony by higher levels of simulator sales, so far this year, and the activity levels, I see on full flight simulators makes me pretty darned optimistic. And that as well, I would basically correlate that with all the conversations I have, specifically with CEOs of airlines across the world, which is what gives me the confidence that what I'm seeing in the United States is a blueprint for what's going to happen elsewhere. That gives me confidence.

Noah Poponak, Goldman Sachs

That makes sense. And then just last one. Can you square us up on where your business jet revenues and margins are disappointing on a run rate basis compared to pre-pandemic?

Marc Parent, President & Chief Executive Officer

They're high.

Noah Poponak, Goldman Sachs

Are they above pre pandemic?

Marc Parent, President & Chief Executive Officer

They are high. We're doing well. We are doing well. Look, I think we're -- no I'm not being flippant here, but our -- the activity levels that we see is, we're higher than pre-COVID levels in the Americas certainly, we are right now. And I think we're doing well in terms of -- and I don't think I want to get too much ahead of that prediction stuff. That's factored into the outlook that we give with regards to our margin going forwards. And it's no surprise that you wouldn't be -- it's a question of leverage. We're throwing more level of training activity, at a quasi fixed base of business, the base -- the major expense is depreciation. I mean in this we got somewhat differences. We are not selling iPads, we are selling courses. So we have to with a ramp up with instructors, that kind of thing. And in the end of the day I think -- look, I just want to say, consider the fact that we're making an 18% margin with 53% utilization. And I think when you look at that, it does kind of underscore the progress that we're making.

Operator

Our next question is from Benoit Poirier with Desjardins Capital Markets. Please go ahead.

Benoit Poirier, Desjardins Capital Markets

Given the current utilization rates, do you see further opportunities to reshuffle or redeploy the simulator fleet around the network?

Marc Parent, President & Chief Executive Officer

We've done a lot of that already. I was telling you, Benoit, I got to say we want to do more, well we're doing some. But for the past couple of quarters, we've been moving everything that's not tied down to that space figuratively speaking. But no. There's been a lot of opportunities there. So we've done that. But I think -- I don't think that's a huge factor going forward.

Benoit Poirier, Desjardins Capital Markets

And obviously, with Merlot and also Sabre, you're kind of entering a big addressable market for flight and crew management and optimization solution. So it seems that you're running at about $180 million in terms of exposure versus a market that you are calling close to $2 billion. So I would be curious to know more about the opportunity to capture market share among the $2 billion market within the next five years whether you see opportunities to increase your market share on the organic basis and maybe through further M&A?

Marc Parent, President & Chief Executive Officer

I think it's too early to talk about that Benoit. I would tell you I'm very confident in the business as I said. But our first order of business is to transition the business, I mean as you well know, this is a business that’s extremely critical to the airlines day-to-day. Just like training is, even perhaps even more. So for us, it’s to make sure to transition the business very well without skipping a beat with regards to our customers at the same time and that's factored into our business case on this acquisition. We've factored money to basically solidify and differentiate the business with airlines. That alone I think has a lot of potential. And then yes, then you're talking about the organic growth, just testimony about the growth of aviation by itself, which will be double-digit for quite a few years just recovering from the pandemic, then comes market share gains. And don't forget what I said about -- there's opportunities to me on business aircraft, which to me is virgin territory, that's directionally in terms of -- quantitatively, I think it’s way too early. We haven’t called out yet.

Benoit Poirier, Desjardins Capital Markets

And last one for me maybe for Sonya. In terms of net debt to EBITDA from the 4 time post the Sabre acquisition, what about the timing to get back to 2.5 times? And assuming there are still further M&A opportunities on the horizon, what would be kind of the max level you would feel comfortable with?

Sonya Branco, CFO

I mean it’s a solid balance sheet, with these accretive investments. And so, the timing of whether it's organic or inorganic investments will drive some of that. So, we're at investment grade profile and that's where we stay comfortable, which is in the 35% to 45% net debt to cap. So what I'll say is, we expect it to go a little higher in Q4 and then to deliver quickly as we generate cash and generate cash out of these new acquisitions. And as our EBITDA ramps up quickly, and so drives an improved net debt to EBITDA ratio.

Andrew Arnovitz, SVP, IR & ERM

Operator, I see we've run a little longer than usual here. I think we'd like to use the last few minutes, if we can, to open the lines to members of the media, should there be any questions from media.

Operator

Our first question is from André Allard from Les Ailes du Québec.

André Allard, Les ailes du Québec

J’aimerais savoir en termes d’acquisitions à venir j’imagine que vous vous êtes fixés une limite de montant d’acquisition par entreprise ou au total des acquisitions. Pouvez-vous nous donner une idée de ce que ça pourrait avoir l’air?

Marc Parent, President & Chief Executive Officer

On n’a pas un chiffre magique sur les acquisitions. C’est cas par cas. On a une stratégie évidemment et on est patient et on y va avec les opportunités qu’on voit devant nous et on va saisir des opportunités. Il y en a eu beaucoup pendant la crise qu’on vit encore, dans certains cas on en a fait neuf puis c’est toutes des acquisitions qui ont été des bonnes acquisitions pour avancer notre stratégie et qui ont contribué à nos résultats. Donc on va continuer à regarder. On a encore, je que j’appellerais, un bon éventail de possibilités devant nous mais encore une fois on va être patient mais on n’a pas nécessairement de chiffre.

André Allard, Les ailes du Québec

Ok, donc financièrement la capacité d’emprunter de CAE est encore bonne donc au besoin vous allez avoir recours à l’emprunt pour faire vos acquisitions?

Marc Parent, President & Chief Executive Officer

On a une bonne capacité d’emprunt, Sonya si tu veux élaborer la-dessus.

Sonya Branco, CFO

Oui c’est toujours une bonne balance d’investir dans la croissance et maintenir une position financière très solide. Donc on a une belle position confortable et puis on continue à avoir de la capacité oui.

André Allard, Les ailes du Québec

Si vous permettez je vais enchaîner avec une question au niveau de la recherche et développement. Vous maintenez vos niveaux de recherche et développement; est-ce que dans les deux prochaines années à venir, on peut s'attendre à des nouvelles annonces, des nouvelles technologies qui vont débloquer ou c'est plutôt des petites améliorations qui se font à la pièce qui ne sont peut-être pas visibles mais qui se font continuellement?

Marc Parent, President & Chief Executive Officer

Ah non non, écoute on a annoncé un programme cette année avec le gouvernement fédéral et le gouvernement provincial ou j'étais là lors de l'annonce avec le Premier Ministre Trudeau et avec le Ministre Legault puis on a annoncé un gros programme d'investissement en recherche et développement pour les prochaines années et c'est certain qu'il va y avoir de grandes réalisations qui vont être associées à ça, entre autres les avions électriques, des développements dans tout ce qui est digital sur notre entreprise; pour les avions, on a une entente avec BETA. BETA c'est une compagnie qui fait des véhicules eVTOL, la mobilité urbaine, des taxis aériens qu'ils appellent et on est très excités de ce partenariat-là qui n'est pas le seul. On en a plusieurs qu'on a déjà annoncé. Donc pour revenir à votre question, c'est certain que les innovations, la recherche et développement qu'on fait vont résulter par des innovations sur lesquelles on va parler et qui vont faire couler beaucoup d'encre tant qu'à moi.

André Allard, Les ailes du Québec

Puis avez-vous une idée du timeline et du time frame dans lequel ça s'en vient ou ce n'est pas encore assez avancé pour ça?

Marc Parent, President & Chief Executive Officer

Non et ne donnerait pas vraiment de précisions pour ça pour des questions compétitives. Évidemment, on ne pourra pas le faire.

Andrew Arnovitz, SVP, IR & ERM

Thank you, operator. So that's all the time we have for the call today. I want to thank all participants. Merci beaucoup à tous nos participants. And I'd like to remind listeners that a transcript of today's call can be found on the website at cae.com. Thank you.