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*Interim Chief Financial Officer*

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*CIBC*

**Sheila Kahyaoglu**
*Jefferies*

**Fadi Chamoun**
*BMO Capital Markets Equity Research*

**James McGarragle**
*RBC Capital Markets*

**Matthew Lee**
*Canaccord Genuity Corp.*

**Cameron Doerksen**
*National Bank Financial*

***Tim James***
*TD Cowen*

**Jordan Lyonnais**
*Bank of America*

**Noah Poponak**
*Goldman Sachs*

**Michael Kypreos**
*Desjardins Capital Markets.*

## QUESTION AND ANSWER

**Operator**

Certainly. To join the question queue, you may press “*” then “1” on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, press “*” “2.” Our first question is from Kevin Cheng with CIBC. Please go ahead.

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**Kevin Chiang, CIBC Capital Markets**

Thanks for taking my question. And congrats, Mark, on your pending retirement here. Maybe just on defense, you call those 7% SLI (sp) margins, excluding the legacy contracts, you know, you have a target of eventually getting to double digits here over time. Just how do you think about bridging that gap? You know, is that 10 % of the backlog today or does this require continuing restructuring and how you're bidding and what you're winning in order to ultimately get to that double digit EBIT margin?

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**Marc Parent, President, CEO & Director**

Look, I think the factors that's going to drive the growth of the same ones that we've talked before. It's really -- and thanks for your comment, Kevin, by the way, about me. I appreciate it. It really comes back to the retirement of the legacy contract risk, and we're right on track on that one and really replacing contracts in our backlog that are -- that we've won over the last few years and that are lesser margin than the 10% or so that we target and replacing them with a contract at higher margin.

And that's really what's happening here. And I think you can see with the growth in the backlog that we're having quite amount of good success on that front. I don't know, Dino or (inaudible) have to add anything to that.

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**Constantino Malatesta, Interim Chief Financial Officer**

Yeah. No, thanks, Marc. And good morning, Kevin. So absolutely, I think what Marc said is absolutely bang on there. It's really based on continuing strong execution, right? And the team has planned and securing growth for those more transformative backlog. As an example of that $1.7 billion subcontracted been awarded in Q2. The defense pipeline is still strong at $7.2 billion. We'll see the gradual increase over time in the next second half year. Q2 probably be very similar to -- sorry, Q3 probably similar to Q2 with some improvement and then a higher improvement in the fourth quarter.

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**Kevin Chiang, CIBC Capital Markets**

Okay. That's helpful. And maybe just my second one here, you're holding the margin guide for Civil. I'm sure

SIMCOM helps here in the back half of your fiscal year, but you also --

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

-- Operator, are you still there?

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**Kevin Chiang, CIBC Capital Markets**

-- Can you hear me?

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**Operator**

-- Yes, the operator is here, and I can hear Mr. Chiang.

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Well, he's done with his question. Can we move on to the next question?

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**Operator**

Certainly. Apologies, Mr. Chiang. Our next question is from Sheila Kahyaoglu with Jefferies. Please go ahead.

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**Sheila Kahyaoglu, Jefferies**

Thank you very much. And congratulations, Marc, on an accomplishment over the last two decades or so. I'm going to steal the last question. So maybe let's if we could talk about the civil inflection that's underwritten for the second half, how do we think about that? What's driving some of that SIMCOM white operations, software profitability and cost out? Maybe if you could comment on some of the drivers into the second half. And then my follow-up would be on just the GTF grounding, how does -- has that shifted over the last three months?

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**Marc Parent, President, CEO & Director**

Thanks, Sheila. And again, thanks for your comments as well. Look, when we look at things -- let's think about all the factors that are affecting us here. I think in commercial aviation, right, you highlighted the issues that are affecting us is still affecting us.

The lower deliveries out of Boeing exacerbated by the strike, of course, that's resolved now. The impacts from all the grounded aircraft -- the Airbus aircraft because of the GTF, and that's come off the peak itself. We are cooling off this last summer, really was very hot pilot hiring trend in the United States. So look, I mean, as we look at the period ahead and what underlies our forecast is that, as I mentioned, the impact from Airbus -- impact of the GTF on Airbus grounding is improving.

(Inaudible) AOGs are behind us. We see some modest, I'd say, modest but definitely uptick towards more normal pilot hiring by U.S. Airlines. We do expect an improvement at some point in Boeing deliveries. Although I would say like anybody else, that remains probably our biggest question mark, something that we're watching. So -- but we see -- taking all of that into account specifically for airlines, what we see is improvements in the booking in Q3, Q4.

So, there's clearly some pluses and minus in the outlook, and we've taken control of our own destiny with that in basically managing our costs. And of course, we see the strong position, we have in business aviation training. The contribution of SIMCOM with that. The fact that coming back to airlines as well, I think we tend to look at the U.S. a lot, but I can tell you activity in Asia Pacific is very strong. So I think all of that is what's contributing to optimism or maybe just, Nick, would you like to add anything to do that -- this question?

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**Nick Leontidis, COO**

Yeah. I mean, I guess from a utilization, we expect training -- the training business, meaning commercial and business to be much higher in the second half. And historically, Q4 is our biggest quarter and looks like it's going to be the same this quarter.

We are going to get contribution from SIMCOM that we didn't -- that comes with the acquisition, and we're also going to see better contribution by flight services. So you put all that together, and these are kind of higher-margin components you put all this together, gives us the confidence that the -- whatever outlook we've given you 22%, we're going to be able to hold it.

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**Operator**

Next question is from Fadi Chamoun with BMO Capital Markets. Please go ahead.

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**Fadi Chamoun, BMO Capital Markets Equity Research**

Yeah. Good morning. And congratulations, Marc, on your retirement. Is the full flight simulator delivery target still in the 50 range this year, or has that changed? And I wanted to ask also like if you can give us some perspective on kind of the supply chain issues in the aviation, like if the aircraft deliveries from Boeing in particular, but generally Airbus and Boeing, kind of struggle to get off the ground in the next 6 to 12 months because of the supply chain issues, like, can we potentially start seeing some of these issues that you're experiencing in the U.S. now spread over to other regions?

Is there potential risk for some delivery deferrals? I'm just trying to kind of understand from your conversation with customers what does this look like? Are they kind of starting to get nervous about potentially aircraft deferrals driving some deferrals on the FFS delivery side or just looking over the next kind of two to four quarters. If you can provide some perspective on that, that would be great.

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**Marc Parent, President, CEO & Director**

Okay. Thanks again, Fadi, for your comments with regard to myself and it was pleasure working with you throughout the years. I look forward to the next two or three quarters to do that. Look, I think going back to some of your questions. I'll start with the first one. Yes, we're still aiming for over 50 delivery this year. That hasn't changed. We don't expect that to change either.

Look, I think the factors you talked about, look, we're obviously not immune to what may happen in the market, clearly, in terms of delivery of aircraft. But when I look at the situation I talked about with the groundings, we are off the feet because you should -- with regard to engines, the strike at Boeing is resolved. And I'm sure they're doing their utmost to get deliveries restarted safely. And Boeing is a great company. That's going to happen.

And we've taken, I think, you're pretty sanguine view of how that all would play out. And in the meantime, what you see is on our side is managing our cost, managing our CapEx to stay in lockstep of demand. With regards to sentiment out there, look, again, we're a global company. So -- when I looked at the situation and utilization in Asia Pacific very hot and -- that's still with a situation that specifically, if I look at geographies like China, there really hasn't been a recovery into international travel, very big on dimension, but not internation, still at play there. But again, I don't know maybe, Nick, you want to provide more color based on what you see out there?

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**Nick Leontidis, COO**

Well, yes. I mean I think the opportunities for us right now are especially in full flight simulator. As Marc said, the deliveries, we don't see any softness. We don't see -- like we don't see people backing off from what they've ordered. I think in terms of the numbers, we'll see by the end of the year, but we are winning business from places like Asia right -- these days more than we did in the last couple of years where they were kind of coming out of it.

So China, Marc mentioned that we did see some orders out of China. And I think the -- overall, I don't -- I mean, at least for now, we don't see any change. Now, the deliveries that you mentioned, I mean, they're low, but they're not that -- they're actually not that different to last year. So it's on both sides, Airbus and Boeing. So they are lower, for sure, but they're actually very similar to what was delivered last year. So there are still opportunities for us, new simulator drive, capacity needs in that drives, either the training business or the products business to demand. And so we're capturing it wherever it is geographically.

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**Marc Parent, President, CEO & Director**

Maybe just to add the last point, Fadi, these factors, they're clearly temporary. That's what I was thinking in my remarks. There's a backlog of 15,000 airplanes that Airbus and Boeing has to deliver over the next year. That's a lot of pilot demand across the world. And compound that with pilot hiring, (inaudible) want to think about where that growth is going to come from.

I'm just looking at just one factor. If you think about India, we do a lot of business in India, where we're very strong there. And there's about -- in terms of just wide-body aircraft, for a population of what is about 1.3 billion people, there's about 60 wide-body aircraft in India.

In Singapore alone, there's about -- I think about 250. Think about that. I mean, clearly, the ratios won't be perfect, but that should tell you how much growth is remaining in just one country or with one that doesn't have a lot of competing infrastructure that basically competes with airlines. So I'm just -- that gives you an idea where all those airplanes have got to go to, and they've been spoken for. They're going to be delivered. So make no mistake, this is a temporary situation we see here. We're quite convinced of that.

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**Fadi Chamoun, BMO Capital Markets Equity Research**

Appreciate it. Thank you.

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**Operator**

Next question is from James McGarragle with RBC Capital Markets. Please go ahead.

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**James McGarragle, RBC Capital Markets**

Hey. Good morning and congrats on a really good quarter. I just had a question on the book-to-bill. It came in above one this quarter, but below what we've been seeing from your team in the past few quarters, and then we saw the CapEx guide come down.

So anything to read into there? And anything changed about how you're looking at the longer-term growth opportunity in civil? Or is it just more of the impact of near-term headwinds from OEM delays and pilot hiring in the Americas?

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**Marc Parent, President, CEO & Director**

Actually, the way we look at it, the civil book-to-bill ratio is still comfortably above one. Strong growth, and of course, you got to look at it. That growth is on top of quite a rise in revenue. So that tells you the market is still pretty hot. But Nick, do you want to comment on that?

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**Nick Leontidis, COO**

Yeah. I don't think there's a need to read into it. It's above one. As Marc said, revenue is $640 million, so it's a high number compared to last year, which is about $68 million lower. So, I think we get the opportunities book-to-bill above one. So, you should take that as growth.

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**Constantino Malatesta, Interim Chief Financial Officer**

Maybe on the CapEx side. Effectively, we have changed the guidance to specify that. We expect CapEx in the 2025 to be slightly below the previous guided range of $50 million to $100 million more than FY '24. FY '24 number was $330 million. But again, this is an example of our agility in our investment process and to move lockstep with the market as we don't deploy simulators on speculation.

Our highest returns we get are from our organic investments, track record is delivering 20% to 30% range incremental pretax ROCE on organic growth. So we continue to monitor the market situation, but we never want to be ahead of our customers. So discipline is key.

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**James McGarragle, RBC Capital Markets**

Appreciate the color. And then on the defense margin guide, it implies continued improvement, as you mentioned, in Q3 and then into Q4. So can you just provide some more color on what's driving that? Is there a seasonality in the defense business at all? I'm just trying to get a better understanding of the margin exit rate and whether or not that represents a good run rate to use for fiscal 2026. I'll turn the line over after that. Thank you.

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**Marc Parent, President, CEO & Director**

Well, it's -- I mean we're not going to get into fiscal '26, right, at this point, except to say that it's going to be right in line in the guidance that we've previously given that we were definitely reiterating and feel very confident about the guidance we gave in regard to margins and growth for defense this year. And, I mean, where that's coming from, where that's going maybe Nick, you want to --

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**Nick Leontidis, COO**

Well, it's coming from both sides, as I think we described at the beginning of the year, the cost savings are definitely running through the earning through the P&L now. And obviously, we expect that to continue to -- some of these cost savings will only be realized by the end of the year.

So, it's good so far and also, of course, the execution and the order. So, there is new business like FAcT, for example, which is only getting started now. And this new business is going to drive growth in the -- well, not just the backlog, but obviously on the P&L.

So, FAcT is a big program. It's going to -- as an example, we've announced a number of other programs recently in Canada, in particular, and we've also announced some programs wins in the U.S. In terms of -- it's just better execution, I think, is the way you should read it. And that comes with cost savings, but also comes with winning good orders. So I would say, obviously, we don't have -- we've given you this guidance. We have the visibility to get us there, and you should take it to the bank.

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**Operator**

Next question is from Matthew Lee with Canaccord. Please go ahead.

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**Matthew Lee, Canaccord Genuity Corp.**

Hey. Good morning, guys. Thanks for taking my question. I call the sentiment, Marc. On the SIMCOM stake acquisition, you kind of mentioned in the past that consolidating JV Partners is an important avenue of organic investment for you. Do you see other opportunities or stable of partners to make further transactions of that nature in the medium term? Or is this one a bit more attractive right now just given how well (inaudible) performing?

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**Marc Parent, President, CEO & Director**

Well, look, I'll reiterate what I've said about this transaction. I'm very excited about it. I was very excited about getting into a joint venture with our partner in that business in the first place. But to me, when you look at things like this, acquisitions happen when they happen, right? And this one is kind of not really an acquisition or organic investments because we're just consolidating the remaining -- the large part of the remaining ownership of that business.

So look, if there's more -- I've always said it, there's more opportunities to consolidate our joint ventures. I mean those are kinds of transactions. It's like that are most attractive because we know the business, obviously, and we're in a very strong position to be able to execute on them because we know them. And then obviously, they're the wheelhouse. This particular one is a really, really great example of basically getting a partner that is an extremely strong player in fractional and charter market. It really doesn't get any better in the most profitable part of our civil business, which is (inaudible).

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Yeah. And then maybe if I can add to that, effectively, I think this is considering normal course capital deployment evaluation, right, like we do when we consider deployments of the network, investments in (inaudible), consolidation opportunities for the network -- so again, very excited about the opportunity with SIMCOM.

It is our highest margin subsegment. And it does secure -- sorry, a key customer, it's an extension of 15 years exclusivity for the period with Flexjet. So really excited. After the first year, I think we can expect maybe low single-digit EPS accretion and mid-digit EBITDA and free cash flow accretion. That starts now.

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**Matthew Lee, Canaccord Genuity Corp.**

Okay. That's helpful. And then maybe one on the cost side. The restructuring program seems to expect to take about $20 million of the cost base, and that's great. Are there any other low-hanging fruit on the OpEx side where costs come out one of the areas that could perhaps be a little bit more efficient?

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

So again, that's our disciplined approach to managing capital and costs. Basically, we're looking at various opportunities. One of the examples is managing CapEx, right, where we reduced the guidance this year -- is to be in lockstep with the market.

We'll do that as well with all the other types of investment opportunities in research and development and in our overall SG&A. You see SG&A actually being a little bit lower this quarter compared to last year and in previous quarters, and that is again a reflection of our cost savings kicking in, always looking for efficiencies and -- it's a part of our disciplined approach in how we spend our money.

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**Operator**

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

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**Cameron Doerksen, National Bank Financial, Inc.**

Yeah, thank you. Good morning. And let me echo congratulations to Marc on your retirement. I guess a question around the new U.S. incoming administration. Just wondering if you can maybe discuss some of the risks that you might see and potentially even opportunities with the change in government in the U.S.
I guess one of the things that is top of mind with a lot of investors is around the impact from tariffs.

And obviously, aerospace products has historically been exempted for most of those tariffs, but now we've got a incoming President talking about a 10% blanket tariff on anything important into the U.S. I'm just wondering about how you see that risk for CAE and potentially if there's other risks or opportunities that you see.

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**Marc Parent, President, CEO & Director**

Well, I'm sure you'll -- pardon me, if I don't speculate on the situation. But obviously, we're going to monitor it. We're certainly not forecasting any kind of significant impact for CAE. Remember, we have a very strong presence in the United States. Just to give you an idea of that of a statistic, I've talked about in the past, as you look at just pilot training, military pilot training. We train all 43,000 air crew in the U.S. military.

At some point in our career, all branches, Army, Air Force, Marines, Navy. And 50% of our employees are there. It's our largest market. So look, we play -- just going back to what I'm saying about the military, we play a vital role in supporting national security. I mean, just from that standpoint, in terms of the overall market, I think you've seen a reaction to the market. I think overall market, I think it's good.

In some segments that we have, like in business aircraft, I think it's a positive, definitely. So, look, I think we're going to continue monitor situation, but I don't really see any changes near or longer term at the moment. Of course, we'll keep monitoring the situation.

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**Cameron Doerksen, National Bank Financial, Inc.**

Okay. No, that's fair enough. And just very quickly, just on the defense side, I just wanted to ask if you had any I guess, incremental success in accelerating the retirement of some of the legacy contracts. I know that was something that was a goal to maybe get these completed earlier than what's currently scheduled.

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**Marc Parent, President, CEO & Director**

Well, look, I'm glad you asked the question. I'm very happy about the progress that we're making there. We retired one where -- well, there's another one -- that's a big one that we're requiring literally any day now, literally, and we're on pace. Exactly where we want to be, in fact, maybe slightly ahead, and Nick, you want to add in more detail?

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**Nick Leontidis, COO**

Yeah. I was going to say, overall, I think we're on track to where we want to be with these programs. I think we're over the hump in terms of trying to ring-fence them to a scope that is manageable. And we will -- obviously, if there's any change, we'll let everybody know. But right now, the guidance we've given on when these programs are going to retire are good and the budgets that we have to retire them were also good. So I think we just kind of run through, obviously, if we can retire them early, we will. But, I mean, that's not the plan at the moment.

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Yeah. I think the key takeaway there is good progress to retire their legacy contracts as planned as anticipated on this quarter. One expected next quarter and one in Q4. We're aiming to outperform on that if we can retire more risks, but it's not planned as track.

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**Operator**

The next question is from Tim James with TD Cohen. Please go ahead.

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**Tim James, TD Cowen**

Thanks very much and good morning, Marc. Congratulations on the retirement. Certainly well deserved. My first question, just in terms of growth in the network SEU growth, is it -- would it be correct to assume that it really focused in the kind of short to medium term on business jet platforms, just given the dynamics in the commercial market currently?

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**Marc Parent, President, CEO & Director**

Maybe I'll turn it over to Nick.

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**Nick Leontidis, COO**

Yeah. No, actually, it's both. I mean, we are -- we have demand to deploy capacity on the commercial side and on the business side as well. When you take the CapEx number that we've given you guidance, the number of simulators that we're deploying is roughly the same as what you would have seen last year. And we have customers -- we have customers that continue to grow, and we have new customers. And so between the two, we are still deploying SIMS on the commercial side.

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**Tim James, TD Cowen**

Okay. Thank you. And my follow-up question, have challenges facing commercial training just really been creating a volume impact, a throughput impact? Or has there been a pricing impact there as well in that business?

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**Marc Parent, President, CEO & Director**

No, it's just volume. I mean, most of the customers that we have in terms of pricing, I mean, these things are set in the contract. So it's really just some lower volume in some places that drives the pressure.

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**Tim James, TD Cowen**

Okay, great. Thank you very much.

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**Operator**

The next question is from Lauren Epstein with Bank of America. Please go ahead.

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**Jordan Lyonnais, BofA Securities**

Hey. Good morning. This is Jordan Lyonnais on for Lauren. Thanks for taking the question. For the back half of the year for the Civil margins, how much of that should we be expecting to come through from just software sales similar to 4Q of last year?

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**Marc Parent, President, CEO & Director**

You're hard to come in, but I think we got the question. Did you --

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Yeah, I think the question is where we learned (inaudible) percentage of software ratio. So again, we’ve completed the integration of the software business, and that's important on a go-forward basis, we won't be expecting any additional costs there. We are still converting and going through the process to converting those contracts onto our platforms. It's a small percentage going forward in the second half.

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**Jordan Lyonnais, BofA Securities**

Got it. Thank you.

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**Operator**

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

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**Noah Poponak, Goldman Sachs Group, Inc.**

Hey. Good morning, everyone.

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**Marc Parent, President, CEO & Director**

Hi, Noah.

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**Noah Poponak, Goldman Sachs Group, Inc.**

And Marc, I echo the sentiment of others on the call, and thanks for the time that you spent with us over the years.

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**Marc Parent, President, CEO & Director**

Thank you.

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**Noah Poponak, Goldman Sachs Group, Inc.**

Can you guys talk about this defense backlog growth you've had and how we should think about that flowing through your top line? I mean, it's huge growth in the backlog. Are the things going in so long duration that you stay in this low to mid-single-digit organic revenue growth range? Or could we see over the medium term, a pretty significant acceleration in your growth rate that you'd often see with a doubling of a backlog?

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**Marc Parent, President, CEO & Director**

Too early to provide longer-term growth that we've given, and I wouldn't want to change it at this point, except to -- the only thing I’ll say is it really depends a lot on mix. And I think you -- your question, I think, underlines that, Noah, because -- if you look at some of the contracts we've won, and I'll invite Nick provide a little bit more detail here, but, for example, some of the big backlog growth, not all of it, but some of the big backlog growth you see is, for example, from the FAcT contract in Canada.

So, what that is really, reiterating a bit of what I said before, is us winning pilot training for Canadian military for the next 25 years. So, a lot of that backlog is us deliver training for the Canadian Air Force to train our pilots and Canadian not just pilots, but electronic warfare officers, that kind of thing, complete outsourcing of that segment for the next 25 years.

And we already do some of that today, by the way. So some of that is income replacement, but it's just a part of it, and I would say a relatively small part of it because the contract itself, it's much larger. So instead of doing is just a part of the trend today, we do like the complete part of training and its scope has expanded.

So that's the training part. But again, to your question, over the next three to four years on that contract alone, we're going to -- the government's recapitalizing all of its assets, so -- which means we will be building a lot of simulators and similar training devices in our factories, and that has a different profitability mix. We're going to be building new hangers, runways, all kinds of things of bases, which had different (inaudible).

So, again, I've said a lot here, but too early to provide a different guidance. It's going to be -- but it does give us the confidence in the steady role for this business. I know I've said like too much. Nick, you want to add anything to it?

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**Nick Leontidis, COO**

No, that's it. The way to look at that contract -- the first 5 years is product delivery and then the next 20 years is service delivery, unless the government does more. So I think Marc said it well. That's going to ramp up -- it's going to ramp up the revenue on that contract over the next few years.

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**Marc Parent, President, CEO & Director**

Yeah. And I think we concentrate a lot on that contract. But there's -- I mean, just we don't stall out in so much detail. But like just in the backlog this quarter, we have some F-16 contracts in the Asia Pacific, MH-60 helicopter training contract in India. We're starting our Hades (sp) Program for the U.S. Army (inaudible) express. So look, I'm not going to overpromise anything, and we know better in our defense, okay? But when Nick (inaudible) I like him saying that.

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**Noah Poponak, Goldman Sachs Group, Inc.**

Okay. And just on the Civil margin for the rest of the year, is there any finer point you'd be willing to or could put on the split between the third and fourth quarter? Just if 3Q looks like last year than 4Q would need to be around 30%. Is the split similar to last year? Or is it more like fiscal '23 when 3Q, 4Q were fairly even?

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Yeah. Usually, our Q4 is strongest. Our second half is always stronger than the first, absolutely. But this year, Q4 is stronger with more deliveries coming in, in that back half cost savings -- cost savings kicking in as the year progresses, we’re expecting the $20 million annual savings at the end of next year and trading performance as well. We see the bookings also. Variability in every quarter, but we expect the Q4 to be stronger, a bit higher than 20% in Q3 and then the rest in Q4 higher.

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**Operator**

The next question is from Michael Kypreos with Desjardin Capital Markets. Please go ahead.

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**Michael Kypreos, Desjardins Securities Inc.**

Good morning. And congratulations, Marc, on the pending retirement. Maybe just a question on the CEO search. The press release states that you will be supporting the process, Marc. Can you maybe provide some details on what type of characteristics, attributes, experience you're looking for in a potential candidate? And also, maybe clarify if this process will be combined with the ongoing CFO search process or on a separate basis?

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**Marc Parent, President, CEO & Director**

Well, just on that was two separate issues that altogether. And for that one, we're concerning internal and external candidates as well. And (inaudible) is doing a fantastic job here in (inaudible). With regards to the CEO search, yes, I have participated with the Board. I’m supportive. And my focus with them, the Board, is to make sure that we select the right person, man or woman, that's going to just propel this great company to the next level.

And I might want to get into the characteristics of what kind of person that is. The cast is what -- the net is cast as wide as possible, and we will get the best person. And I think shortly provide any more guidance relative to that, except that the process is well underway, and I've been part of quite a few meetings on that subject.

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**Michael Kypreos, Desjardins Securities Inc.**

Appreciate it, Marc.

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**Andrew Arnovitz, Senior VP of Investor Relations & Enterprise Risk Management**

Thank you, operator. I think that's all the time we have for the call. We landed at just shy of 9:00 a.m. I want to thank all participants for joining us this morning and remind you that a transcript of the call will shortly be available on CAE's website. Thank you and have a good day.