

Canadian Helicopters Group Inc. (CHL.A C\$25.30, TSX)**Rating Top Pick–Average Risk****Target C\$33.00**

3Q11 results above expectations; very solid outlook -- Benoit Poirier, CFA (514) 281-8653, benoit.poirier@vmd.desjardins.com

Impact: Positive

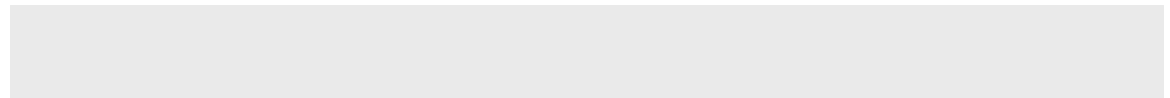
Canadian Helicopters reported stellar 3Q11 results yesterday after market close. Revenue of C\$85m (+56% yoy or +30% yoy organically) was stronger than our estimate of C\$79m and 3Q10's C\$55m. EBITDA of C\$34m was ahead of our estimate of C\$30m. Adjusted EPS of C\$1.56 beat our estimate of C\$1.38 and 3Q10's C\$1.08 (consensus was C\$1.39m). The solid performance can be attributed to the continued contribution from Afghanistan, the impact of the HNZ acquisition (C\$11.3 revenue contribution in 3Q) and increasing mining activity in eastern Canada. Flying hours increased by a solid 39% due in part to the acquisition of HNZ. Of note, the company deployed some helicopters from New Zealand (which is in its seasonal low) to Canada (in its seasonal high) in 3Q.

Management issued a very solid outlook with strong prospects for both Canadian and international operations. In Afghanistan, the company expects to continue generating strong revenues. Additionally, CHL is pursuing other defence opportunities in different regions through defence contractors. In the southern hemisphere, the company is confident it can grow its market share and it is laying the foundation for a presence in South America. Finally, in Canada, the company does not see any sign of a slowdown in the natural resources sector.

From a trading perspective, we expect a positive reaction to the strong results at the open.

The company has scheduled a conference call today at 11am (dial-in 416-644-3426 or 800-731-5319).

Canadian Helicopters is rated Top Pick–Average Risk with a C\$33 target price.



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Buy	Top Pick/Buy	108	79	35	71
Hold	Hold	25	18	12	25
Sell	Sell	3	2	2	4
Total		136	100	49	100

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Hold

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Sell

Stocks that are expected to underperform their respective peer group* over a 12-month period

Not Rated

Stock is being covered exclusively on an informational basis

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Average Risk

Risk represented by the stock is in line with its peer group* in terms of volatility, liquidity and earnings predictability

Above-average Risk

Risk represented by the stock is greater than that of its peer group* in terms of volatility, liquidity and earnings predictability

Speculative

High degree of risk represented by the stock, marked by an exceptionally low level of predictability

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