AXIS DIRECT

Result Update
6th November, 2025

Chalet Hotels Ltd
Hotels

BUY
Target Price
1,120

Transitions to Brand-led Platform; Launches Athiva

Est. Vs. Actual for Q2FY26: **Revenue – INLINE**; **EBITDA – INLINE**; **PAT – INLINE**

Changes in Estimates post Q2FY26:

FY26E/FY27E: Revenue: 5.8%/14.1%; EBITDA Abs:. 5.8%/15.7%; PAT: 11.1%/22.4%

Recommendation Rationale:

- **ARR Jumps, Annuity Surges 76%:** The hospitality business reported a 13.4% YoY growth, with ARR increasing to Rs 12,170 (+15.6% YoY) and occupancy reaching 67%, down 730 bps YoY.**The MMR and NCR reported muted ADR growth YoY, while Hyderabad and Bengaluru delivered strong ADR Growth**. The rental annuity saw strong growth of 76%, driven by a 50% YoY increase in new leased area with monthly run rate of Rs 24 Cr.
- **Profitability Surges on Annuity, Cost Discipline:** Consolidated margins (ex-residential) stood at 42.7%, up 260 bps YoY but flat QoQ, driven by the annuity business supporting profitability and strict operating cost discipline. The company's reported PAT was Rs 155 Cr, boosted by another tranche of residential units handover.
- **Chalet Launches In-House Brand 'Athiva':** Chalet launched its first in house brand, “Athiva”, rebranding Duke’s Retreat Khandala (147 Keys) as first property under this platform with the aim of adding 900+ keys under this brand from other hotels in future. The company also declared its maiden interim dividend of Rs 1/share.

Sector Outlook: Positive

Company Outlook & Guidance: The company maintains a highly optimistic outlook for the H2FY26, expecting a robust performance driven by the festive season, holidays, and the commencement of the MICE season. Management views the recent dip in occupancy as a temporary "blip" on account of new inventory additions and expects occupancy levels to stabilise and return to past strong performance quickly. This positive outlook is underpinned by the sustained success of the core "double engine strategy" (hospitality and commercial real estate), which provides the solid financial foundation necessary to pursue growth, brand expansion with Athiva, and selective acquisitions.

Current Valuation: EV/EBITDA 20x for H1FY28E earnings.

Current TP: Rs 1,120/share (Earlier TP: Rs 1,030/share)

Recommendation: BUY

Financial Performance

Chalet Hotels reported revenue of Rs 735 Cr, up 95% YoY, supported by the recognition of Rs 282 Cr from residential unit sales. Excluding this, the core hospitality business delivered Rs 453 Cr, up 20% YoY but flat sequentially, as industry demand was impacted by heavy monsoon rains and delayed foreign tourist arrivals amid geopolitical tensions. Occupancy stood at 67%, down 7% YoY, mainly due to weather disruptions, the ramp-up of new inventory at Bengaluru Marriott and the Athiva - rebranded properties, and overall demand moderation.

The company launched its in-house brand, Athiva, rebranding Duke’s Retreat, Khandala, as the first property under this platform. The brand focuses on joy, wellness, and sustainability, catering to Millennials and Gen Z travellers, with plans to add five hotels totalling around 900 keys under this banner. Chalet remains on track with its development pipeline, with Taj Delhi expected to launch in H1FY27 and Cygnus II by the Q4FY27. It has also repaid Rs 200 Cr of promoter loans, signalling financial prudence, and plans a Rs 2,500 Cr capex over the next three years to support growth. Under the Koramangala residential project, around 150 units have been handed over In H1FY26, with the remainder targeted for delivery in FY27; **We have factored in full revenue related to residential units in FY27E instead of FY28E.**

Key Financials (Consolidated)

(Rs Cr)	Q2FY26*	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	453	20%	0%	449	0.8
EBITDA	191	28%	-1%	191	0.0
EBITDA Margin(bps)	42.2%	260	-27	42.6%	-
Net Profit	74	16%	-9%	77	-3.8
EPS (Rs)	3.4	16%	-9%	3.5	-3.8

Source: Company, Axis Securities Research.

(CMP as of 04th November, 2025)

CMP (Rs)	961
Upside /Downside (%)	17%
High/Low (Rs)	1082/634
Market cap (Cr)	20,998
Avg. daily vol. (6m)Shrs.	3,05,080
No. of shares (Cr)	21.81

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	67.4	67.4	67.3
FIIs	5.2	5.3	5.7
MFs / UTI	21.1	21.3	21.8
Others	6.3	6.0	5.1

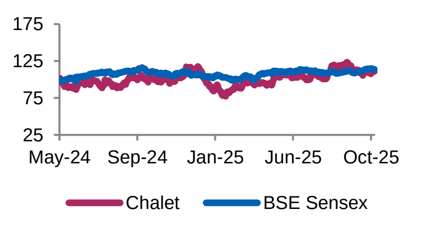
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	1,718	2,868	3,399
EBITDA	736	1,262	1,482
Net Profit	143	650	806
EPS (Rs.)	6.5	29.8	36.9
PER (x)	147.0	32.2	30.3
EV/EBITDA (x)	31.9	18.0	17.6
P/BV (x)	6.9	5.7	5.5
ROE (%)	4.7	17.6	18.0

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	5.8%	14.1%
EBITDA	5.8%	15.7%
PAT	11.1%	22.4%

Relative Performance



Source: ACE Equity

Result Gallery

Q1FY26
Q4FY25
Q3FY25
Q2FY25

Aman Goyal
Research Associate
Email: aman.goyal@axissecurities.in

Outlook

The hospitality industry's upcycle is anticipated to be long and sustained. According to Horwath HTL, demand is expected to grow at over 10% annually over the next 3–4 years, with supply continuing to lag. Foreign Tourist Arrivals (FTA) reached 92 Lc in CY24, while corporate travel expenses under MICE remain below pre-COVID levels. Upcoming events, such as the World Cup, could further boost occupancies in the coming quarters. The leisure segment is already a significant driver in the hotel industry, and these factors are expected to benefit the sector in the quarters ahead.

Valuation & Recommendation

We remain confident in Chalet's strong execution capabilities. Its diversified portfolio across corporate and leisure hotels, annuity assets, and a robust development pipeline—particularly in high-demand metro locations—positions it well to deliver revenue growth above industry averages. We value the stock at a EV/EBITDA of 20x on H1FY28E earnings, arriving at a target price of Rs 1,120/share, implying an upside potential of 17%. We maintain our **BUY** recommendation on the stock.

Key Risks to Our Estimates and TP

- The economic slowdown in India may impact demand for the travel Industry.
- An increase in supply could impact the realisations of the company.
- Negative operating leverage is a big hurdle to sustaining EBITDA margins.
- Delay in commissioning the projects.

Change in Estimates (Rs Cr)

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	2,868	3,399	2,711	2,978	5.8%	14.1%
EBITDA	1,262	1,482	1,193	1,281	5.8%	15.7%
PAT	650	806	585	658	11.1%	22.4%

Source: Company, *Axis Securities Research*

Results Review

Particulars (Rs Cr)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q1FY26**	Q2FY26	Q2FY26**	YoY(%)	QoQ (%)
Net Sales	**377**	**458**	**522**	**895**	**455**	**735**	**453**	***20.2%***	***-0.5%***
Growth (YoY%)	**19.9%**	**22.5%**	**24.8%**	**147.8%**	**26.2%**	**95.0%**	**20.2%**		
Total Expenditure	228	253	281	537	262	436	262	***15.0%***	***0.0%***
Raw Material Consumed	27	31	32	296	30	195	30		
Gross Profits	**350**	**427**	**490**	**599**	**425**	**541**	**423**		
% of sales	**7.2%**	**6.8%**	**6.1%**	**33.1%**	**6.7%**	**26.5%**	**6.7%**		
Gross margins (%)	**92.8%**	**93.2%**	**93.9%**	**66.9%**	**93.3%**	**73.5%**	**93.3%**	43	-5
Employee Expenses	54	58	68	69	69	70	70		
% of sales	14.4%	12.6%	13.0%	7.8%	15.3%	9.5%	15.4%		
Other Expenses	146	164	181	172	162	172	162		
% of sales	38.8%	35.9%	34.6%	19.2%	35.6%	23.4%	35.7%		
EBITDA	**150**	**205**	**241**	**357**	**194**	**299**	**191**	***28.1%***	***-1.1%***
EBITDAM (%)	**39.7%**	**44.7%**	**46.3%**	**39.9%**	**42.5%**	**40.7%**	**42.2%**	260	-27
Interest	34	45	48	49	49	45	45		
Depreciation	42	48	50	54	54	57	57		
Other Income	6	7	15	14	14	9	9		
Exceptional Items	0	0	0	0	0	0	0		
PBT	**79**	**118**	**159**	**269**	**105**	**205**	**97**	***22.3%***	***-7.4%***
Tax	218	22	35	65	24	50	23		
Tax (%)	274.4%	18.4%	22.0%	24.4%	22.9%	24.5%	24.0%		
Reported PAT	-139	97	124	203	81	155	74		
Adjusted PAT	**64**	**97**	**124**	**203**	**81**	**155**	**74**	***15.7%***	***-8.8%***

Source: Company, Axis Securities Research

Segment Breakup

Particulars (Rs Cr)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Occupancy %	**74.0**	**70.0**	**76.0**	**66.00**	**66.70**
ARR (Rs)	**10,532**	**12,944**	**14,345**	**12,200**	**12,170**
RevPAR (Rs)	**7,794**	**9,090**	**10,902**	**8,052**	**8,117**
Room Revenue	212	249	302	236	246
F & B Revenue	101	123	126	118	109
Other Revenue	22	29	31	32	25
Hospitality Revenue	335	401	460	386	380
Annuity Rental	42	58	62	73	74

Source: Company, Axis Securities Research

AXIS DIRECT

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net Sales	**1,718**	**2,868**	**3,399**	**3,006**
Growth (%)	**21.2%**	**67.0%**	**18.5%**	**-11.6%**
Total Expenditure	982	1,606	1,917	1,638
Raw Material Consumed	117	344	387	271
Gross margins (%)	**91.0%**	**88.0%**	**88.6%**	**91.0%**
Employee Expenses	234	315	408	346
% of sales	13.5%	11.0%	12.0%	11.5%
Other Expenses	631	946	1,122	1,022
% of sales	37.0%	33.0%	33.0%	34.0%
EBITDA	**736**	**1,262**	**1,482**	**1,368**
EBITDAM (%)	**42.8%**	**44.0%**	**43.6%**	**45.5%**
Depreciation	179	215	253	280
% of GB	3.6%	4.0%	4.0%	4.0%
EBIT	557	1,047	1,229	1,088
EBITM (%)	32.4%	36.5%	36.1%	36.2%
Interest	159	196	169	142
Other Income	36	40	44	48
Share of P/L of Associates	0	0	0	0
PBT	434	890	1,103	994
Tax Rate (%)	**67.2%**	**27.0%**	**27.0%**	**27.0%**
Tax	292	240	298	268
Reported PAT	**143**	**650**	**806**	**726**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Share Capital	218	219	219	219
Reserves & Surplus	2,827	3,467	4,253	4,958
Net Worth	3,046	3,686	4,472	5,177
Total Loan funds	2,679	2,179	1,879	1,579
Deferred Tax Liability	85	170	170	170
Long Term Provisions	16	16	16	16
Other Long-Term Liability	41	79	93	82
Capital Employed	**7,063**	**7,196**	**7,550**	**7,805**
Gross Block	4,684	5,384	6,334	7,004
Less: Depreciation	1,472	1,687	1,940	2,221
Net Block	3,212	3,697	4,393	4,783
Investments	99	28	28	28
Sundry Debtors	78	102	121	107
Cash & Bank Bal	186	413	254	167
Loans & Advances	23	23	23	23
Inventory	633	310	100	60
Other Current Assets	147	147	147	147
Total Current Assets	2,204	1,675	1,428	1,189
CurrLiab&Prov	1,165	1,023	673	531
Net Current Assets	-1,039	-652	-755	-657
Total Assets	**7,063**	**7,196**	**7,550**	**7,805**

Source: Company, Axis Securities Research

Cash Flow (Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
PBT	434	890	1,103	994
Add: Depreciation	179	215	253	280
Add: Interest	159	196	169	142
Cash flow from operations	772	1,302	1,526	1,416
Change in working capital	54	-362	-52	104
Taxes	292	240	298	268
Net cash from operations	427	1,424	1,280	1,044
Capital expenditure	-1,130	-639	-950	-670
Net cash from investing	-1,228	-569	-950	-670
Increase/Decrease in debt	-271	-500	-300	-300
Dividends	0	-10	-20	-20
Proceedings from equity	13	0	0	0
Interest	-159	-196	-169	-142
Others	1,272	78	-0	0
Net cash from financing	855	-627	-489	-462
Net Inc./(Dec.) in Cash	53	227	-159	-88
Opening cash balance	132	186	413	254
Closing cash balance	186	413	254	167

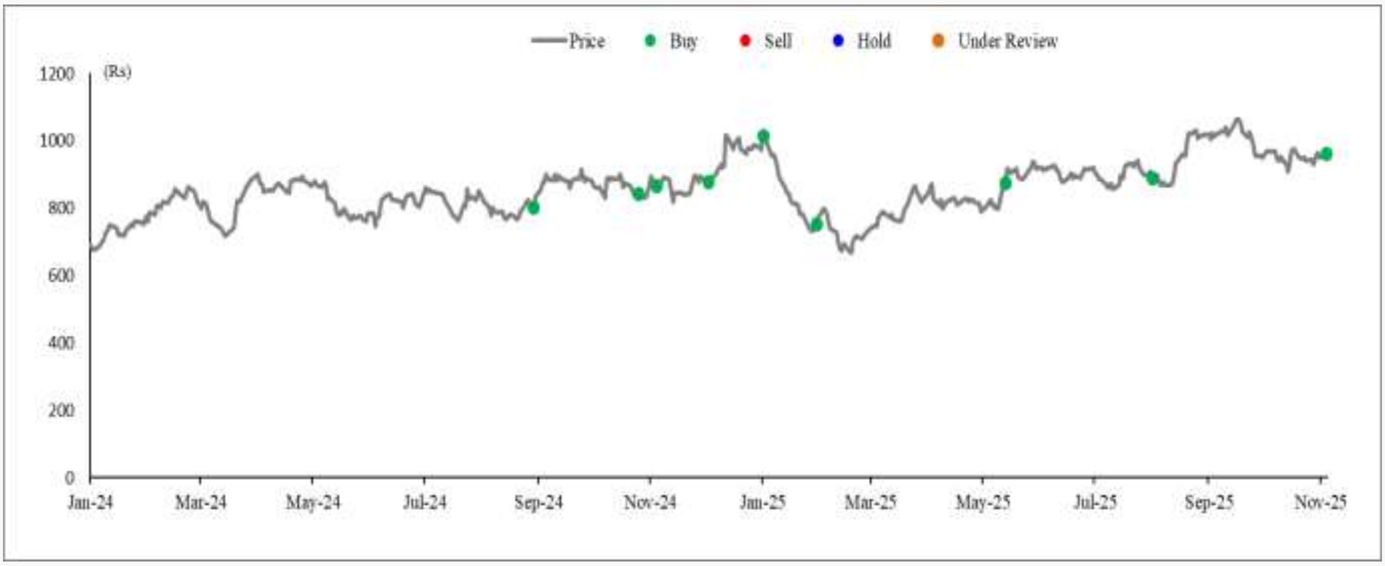
Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY25	FY26E	FY27E	FY28E
Sales growth	**21.2**	**67.0**	**18.5**	**(11.6)**
OPM	**42.8**	**44.0**	**43.6**	**45.5**
Oper. profit growth	25.9	71.5	17.4	(7.7)
COGS / Net sales	9.0	12.0	11.4	9.0
Overheads/Net sales	50.4	44.0	45.0	45.5
Depreciation / G. block	**3.6**	**4.0**	**4.0**	**4.0**
Effective interest rate	67.2	27.0	27.0	27.0
Net wkg.cap / Net sales	0.1	(0.1)	(0.1)	(0.1)
Net sales / Gr block (x)	0.4	0.5	0.5	0.4
RoCE	**9.4**	**17.6**	**19.2**	**16.1**
Debt/equity (x)	0.9	0.6	0.4	0.3
Effective tax rate	67.2	27.0	27.0	27.0
RoE	**4.7**	**17.6**	**18.0**	**14.0**
Payout ratio (Div/NP)	0.0	0.0	0.0	0.0
EPS (Rs)	**6.5**	**29.8**	**36.9**	**33.3**
EPS Growth	(48.7)	356.0	23.9	(9.9)
CEPS (Rs)	14.7	39.7	48.6	46.1
DPS (Rs)	0.0	1.0	2.0	2.0

Source: Company, Axis Securities Research

Chalet Hotels Price Chart and Recommendation History



Date	Reco	TP	Research
30-Aug-24	BUY	975	Initiating Coverage
28-Oct-24	BUY	975	Result Update
04-Nov-24	BUY	1,035	Top Picks
02-Dec-24	BUY	1,035	Top Picks
01-Jan-25	BUY	1,075	Top Picks
31-Jan-25	BUY	975	Result Update
14-May-25	BUY	975	Result Update
04-Aug-25	BUY	1,030	Result Update
06-Nov-25	BUY	1,120	Result Update

Source: Axis Securities Research

DISCLAIMER:

Axis Direct is the brand under Axis Securities Limited, which is a 100% subsidiary of Axis Bank Limited. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks, and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with the Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances, please call us at 022-40508080 or write to us at helpdesk@axisdirect.in.

We hereby declare that our activities have neither been suspended nor have we defaulted with any stock exchange authority with whom we are registered in the last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories, etc. have conducted the routine inspection and based on their observations have issued advice/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in the normal course of business, as a Stock Broker/Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point in time.

Investments in the securities market are subject to market risks. Read all the related documents carefully before investing.
By referring to any particular sector, Axis Securities does not provide any promise or assurance of a favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and/or the USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been clients during the twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without notice. The report and information contained herein are strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis for any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors, including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that the rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made, nor is its accuracy or completeness guaranteed. This report and information herein are solely for informational purposes and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and the needs of the specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see the Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed a public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking, or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimise conflict in the preparation of research reports. Axis Securities or its associates, or its analysts, did not receive any compensation or other benefits from the companies mentioned in the report or a third party in connection with the preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and/or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm’s length distance from the Research team, and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of the subject company(ies). Axis Securities or Research Analysts, or their relatives, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one per cent or more or other material conflicts of interest in various companies, including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report. Certain transactions-including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centre on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender/borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short positions in the above-mentioned scrip(s) and therefore may be considered as interested. This should not be construed as an invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independently of the PCG research, and accordingly, PMS may have positions contrary to the PCG research recommendation.

This research report is issued in India by Axis Securities Limited in accordance with the Securities and Exchange Board of India (Research Analysts) Regulations, 2014. It is intended solely for persons residing in India. The report is not directed at or intended for distribution to, or use by, any person or entity resident in the United States of America, Canada, or in any jurisdiction where such distribution, publication, availability, or use would be contrary to applicable securities laws, including the U.S. Securities Exchange Act of 1934, regulations of the U.S. Securities and Exchange Commission (SEC), and regulations of the Canadian Securities Administrators (CSA).

RATING SCALE: Definitions of ratings

Ratings	**Expected absolute returns over 12 – 18 months**
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.