

# Efficiency Gains Drive 24%YoY PAT Growth

## 2QFY07 - Ahead of Expectations; PAT +24%YoY

NTPC's 2QFY07 results were ahead of expectations, with sales +14%YoY at Rs67.4bn (MLe Rs65.9bn) and recurring PAT +24%YoY to Rs14.3bn (MLe Rs13.8bn). After one-time items, NTPC reported PAT of Rs14.7bn, +27%YoY. 2Q reinforces our view on its ability to generate superior growth/RoE led by efficiency linked incentives. We reiterate our Buy on the stock with PO of Rs152.

### Key drivers of the strong 2QFY07 growth were:

- Higher spot market sales (UI charges).
- Better heat rates/thermal efficiency plus higher fuel prices increased the value of these incentives,
- Generation was 42.7bu, +9%YoY, mainly led by better plant load factor (PLF) at older coal plants driving up PLF-linked profits.

### Value Accretive Capex Boosted: XI Plan Capacity Adds +26%

We expect NTPC to commission 3.2GW in FY07E v/s just 0.5GW last year. Further, it had recently upped its capacity add guidance by 26% for XI plan to 21.9GW. We reiterate that incremental power capex would be value accretive as it helps convert low yielding (5%) cash into higher yield power assets (RoE 19%) through capital base. NTPC has also improved fuel mix in-favour of coal based plants to 71% v/s 51% earlier, which lends a lot of certainty to its implementation.

### Reiterate Buy rating with price target of Rs152

Our PO is based on a 12% discount to our DCF estimate of Rs172. We believe a mix of earnings visibility, growth (14% over FY06-12E), positive regulatory regime and improving RoE justify our Buy. **Risks:** Gas supply to existing/new plants till 2008, Upstream Oil Investments & power reforms.

#### Estimates (Mar)

(Rs)	2005A	2006A	2007E	2008E	2009E
Net Income (Adjusted - mn)	49,834	56,671	67,250	77,078	82,463
EPS	6.21	6.87	8.16	9.35	10.00
EPS Change (YoY)	21.6%	10.7%	18.7%	14.6%	7.0%
Dividend / Share	1.20	2.80	3.44	3.93	4.20
Free Cash Flow / Share	0.299	(1.14)	(4.57)	(7.08)	(14.72)

#### Valuation (Mar)

	2005A	2006A	2007E	2008E	2009E
P/E	20.93x	18.90x	15.93x	13.90x	12.99x
Dividend Yield	0.924%	2.16%	2.65%	3.03%	3.23%
EV / EBITDA*	20.34x	18.38x	14.23x	11.66x	9.23x
Free Cash Flow Yield*	0.224%	-0.881%	-3.52%	-5.45%	-11.33%
Price/Book Value	2.6	2.4	2.2	2.0	1.9

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 8.

Equity | India | Electric Utilities  
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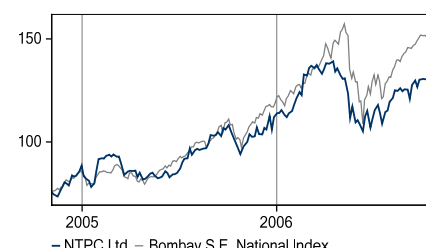
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#### Stock Data

Price	Rs129.90
Price Objective	Rs152.00
Date Established	1-Jun-2006
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Rs90.90-Rs144.90
Mrkt Val / Shares Out (mn)	US\$23,815 / 8,245.5
Average Daily Volume	567,748
ML Symbol / Exchange	NTHPF / BSE
Bloomberg / Reuters	NATP IN / NTPC.BO
ROE (2007E)	14.4%
Net Dbt to Eqty (Mar-2006A)	27.1%
Est. 5-Yr EPS / DPS Growth	13.0% / 13.0%
Free Float	10.5%



— NTPC Ltd — Bombay S.E. National Index

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Refer to important disclosures on page 8 to 9. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.

# *iQprofile*<sup>SM</sup> NTPC Ltd.

Key Income Statement Data (Mar)	2005A	2006A	2007E	2008E	2009E
<b>(Rs Millions)</b>					
Sales	225,317	261,429	305,449	368,564	434,191
Gross Profit	65,726	72,314	95,388	116,309	145,974
Sell General & Admin Expense	(5,463)	(5,641)	(9,286)	(11,223)	(13,223)
Operating Profit	40,679	46,196	58,750	73,395	86,945
Net Interest & Other Income	11,867	12,497	11,561	6,898	(1,586)
Associates	NA	NA	NA	NA	NA
Pretax Income	52,546	58,693	70,311	80,293	85,359
Tax (expense) / Benefit	(2,712)	(2,022)	(3,061)	(3,214)	(2,896)
Net Income (Adjusted)	49,834	56,671	67,250	77,078	82,463
Average Fully Diluted Shares Outstanding	8,029	8,246	8,246	8,246	8,246

## Key Cash Flow Statement Data

Net Income (Reported)	49,834	56,671	67,250	77,078	82,463
Depreciation & Amortization	19,584	20,477	27,352	31,691	45,806
Change in Working Capital	(12,510)	6,241	3,520	6,760	6,950
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	0	0	0	0	0
Cash Flow from Operations	56,908	83,389	98,122	115,530	135,218
Capital Expenditure	(54,508)	(92,820)	(135,820)	(173,874)	(256,554)
(Acquisition) / Disposal of Investments	(7,518)	(5,000)	8,205	13,411	16,411
Other Cash Inflow / (Outflow)	(2,001)	0	0	0	0
Cash Flow from Investing	(64,027)	(97,820)	(127,615)	(160,464)	(240,143)
Shares Issue / (Repurchase)	15,464	0	0	0	0
Cost of Dividends Paid	(11,283)	(26,273)	(32,311)	(36,906)	(39,427)
Cash Flow from Financing	20,531	12,108	33,322	40,907	79,927
Free Cash Flow	2,400	(9,431)	(37,699)	(58,345)	(121,336)
Net Debt	82,879	122,052	181,856	261,676	403,988
Change in Net Debt	(5,298)	39,173	59,804	79,820	142,312

## Key Balance Sheet Data

Property, Plant & Equipment	322,433	394,776	503,244	645,428	856,176
Other Non-Current Assets	180,898	185,898	177,693	164,282	147,871
Trade Receivables	13,747	16,980	19,876	24,023	28,303
Cash & Equivalents	87,999	87,207	93,036	91,028	68,070
Other Current Assets	54,406	62,364	70,429	80,257	90,428
Total Assets	659,483	747,224	864,277	1,005,017	1,190,848
Long-Term Debt	170,878	209,259	274,892	352,704	472,058
Other Non-Current Liabilities	3,375	3,375	3,375	3,375	3,375
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	67,467	84,899	99,379	120,114	141,516
Total Liabilities	241,720	297,533	377,646	476,194	616,949
Total Equity	417,763	449,692	486,631	528,823	573,899
Total Equity & Liabilities	659,483	747,224	864,277	1,005,017	1,190,848

## *iQmethod*<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	9.9%	10.2%	10.7%	10.8%	10.2%
Return On Equity	12.9%	13.1%	14.4%	15.2%	15.0%
Operating Margin	18.1%	17.7%	19.2%	19.9%	20.0%
EBITDA Margin	26.7%	25.5%	28.2%	28.5%	30.6%

## *iQmethod*<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	1.1x	1.5x	1.5x	1.5x	1.6x
Asset Replacement Ratio	2.8x	4.5x	5.0x	5.5x	5.6x
Tax Rate (Reported)	5.2%	3.4%	4.4%	4.0%	3.4%
Net Debt-to-Equity Ratio	19.8%	27.1%	37.4%	49.5%	70.4%
Interest Cover	4.7x	3.8x	4.1x	4.0x	3.6x

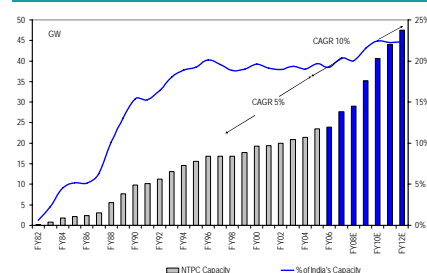
## Key Metrics

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 8.

## Company Description

NTPC is Asia's largest IPP with a capacity of 23GW (19% of India's capacity) and generates 159bu (27% of India's generation) of power. Its has 13 coal-based plants, 7 gas-based plants and 3 JV projects. It uses two main fuels, coal and gas, and is expected to start hydro generation by FY09. It plans to start coal mining in Nov 2007. Its efficient operations makes NTPC one of the most profitable IPP in India, which earns excess RoE.

## Chart 1: NTPC's Capacity Growth



Source: Company, Merrill Lynch Research

## Stock Data

Price to Book Value 2.20x

## Revenues up 14% YoY; PAT up 24% YoY

NTPC reported 2QFY07 (ex-prior period items) sales of Rs67.4bn, +14% YoY, and EBITDA of Rs17.7bn, +16% YoY, led by 8.8% YoY increase in generation to 42.7bu. Led by lower depreciation (-8% YoY) and an effective tax rate at 5.1% (vs 6.7% for 2QFY06), NTPC registered 2QFY07 recurring PAT at Rs14.3bn, +24% YoY, ~3.5% ahead of our estimates of Rs13.8bn. However, after adjusting for prior period sales, one-time items and the impact of foreign exchange movements, the company reported PAT of Rs14.7bn up 27% YoY.

**Table 1: NTPC's 2QFY07 Results Review**

Year end March (Rsmn)	2QFY06	2QFY07	% YoY
<b>Net Sales</b>	<b>59259</b>	<b>67418</b>	<b>14%</b>
Fuel Cost	(36857)	(43328)	18%
<i>% of net sales</i>	<i>62.2%</i>	<i>64.3%</i>	
Employee Cost	(2287)	(2679)	17%
<i>% of net sales</i>	<i>3.9%</i>	<i>4.0%</i>	
Others	(3192)	(3723)	17%
<i>% of net sales</i>	<i>5.4%</i>	<i>5.5%</i>	
Rebate under one time settlement	(1737)	0	
<b>EBITDA</b>	<b>15186</b>	<b>17688</b>	<b>16%</b>
<i>% Margin</i>	<i>26%</i>	<i>26%</i>	
Depreciation	(5202)	(4780)	-8%
<b>EBIT</b>	<b>9984</b>	<b>12908</b>	<b>29%</b>
<i>% Margin</i>	<i>17%</i>	<i>19%</i>	
Interest	(3912)	(4378)	12%
Other Income: Recurring	6300	6505	3%
<b>PBT</b>	<b>12372</b>	<b>15035</b>	<b>22%</b>
Current Tax	2721	(9915)	
Deferred Tax	1008	808	
FBT	(47)	(46)	
Less: Recoverable	(4514)	8389	
<b>Provision for tax</b>	<b>(832)</b>	<b>(764)</b>	<b>-8%</b>
<b>Recurring PAT</b>	<b>11540</b>	<b>14271</b>	<b>24%</b>
Prior Period income/ (expense)	776	720	
Exchange rate gains / (losses)	1269	(252)	
Other Exceptional income/ (losses)	(1950)		
<b>Reported PAT</b>	<b>11635</b>	<b>14739</b>	<b>27%</b>

Source: Company

**Table 2: NTPC's capacity expansion plan during XI plan (FY07-FY12E)**

S. No.	Name of the Project	Capacity (MW)	XI Plan
<b>Coal Based Projects</b>			
1	Sipat – I, Chattisgarh	1,980	1,980
2	Barh, Bihar	1,980	1,980
3	Korba-III	500	500
4	North Karanpura, Jharkhand	1,980	1,980
8	Farakka-III, West Bengal	500	500
9	NCTPP-II, Dadri	980	980
10	Integrated Power Project-Darlipalli, Orissa	3,200	800
11	Bongaigaon, Assam	500	500
12	Mauda, Maharashtra	1,000	1,000
13	Simhadri-II, AP	1,000	1,000
14	Barh-II, Bihar	1,320	660
15	Ultra Mega Power Project	4,000	800
	<b>Total</b>	<b>18,940</b>	<b>12,680</b>
<b>Gas Based Projects</b>			
16	Kawas – II, Gujrat	1,300	1,300
17	Gandhar II, Gujrat	1,300	1,300
18	Rajiv Gandhi Combined Cycle Power Project-II, Kerala	1,950	1,950
	<b>Total</b>	<b>4,550</b>	<b>4,550</b>
<b>Hydro Projects</b>			
19	Koldam, HP	800	800
20	Loharinagpala, Uttaranchal	600	600
21	Tapovan Vishnugad, Uttaranchal	520	520
	<b>Total</b>	<b>1,920</b>	<b>1,920</b>
	<b>Sub-Total NTPC</b>	<b>25410</b>	<b>19,150</b>
<b>JV and Subsidiaries</b>			
1	Bhilai JV , Chattisgarh	500	500
2	Nabinagar JV, Bihar	1,000	1,000
3	Ennore JV, Tamilnadu	1,000	1,000
4	Rammam III, Uttaranchal	120	120
5	Lata Tapovan, Uttaranchal	171	171
	<b>Sub-Total JV &amp; Subsidiaries</b>	<b>2791</b>	<b>2,791</b>
	<b>Grand Total</b>	<b>28201</b>	<b>21,941</b>

Source: Company, Merrill Lynch Research

**Table 3: Profit & Loss Statement**

	FY05	FY06	FY07E	FY08E	FY09E
<b>Total Operating Income</b>	<b>225,317</b>	<b>261,429</b>	<b>305,449</b>	<b>368,564</b>	<b>434,191</b>
Fuel	137,235	163,947	185,685	224,897	255,985
Employee Remuneration & Benefits	8,835	9,684	11,607	13,328	15,703
Repair & Maintainance	6,708	7,437	8,706	10,522	12,397
Administration, Other overhead Expenses & Provisions (Net)	5,463	5,641	9,286	11,223	13,223
Rebate under one time settlement	6,813	8,047	0	0	0
Discount on sales (@1% of Electricity sales)	0	0	4,063	3,507	4,132
<b>EBITDA</b>	<b>60,263</b>	<b>66,673</b>	<b>86,102</b>	<b>105,086</b>	<b>132,751</b>
<b>Margin%</b>	<b>26.7%</b>	<b>25.5%</b>	<b>28.2%</b>	<b>28.5%</b>	<b>30.6%</b>
Depreciation & Amortization	19,584	20,477	27,352	31,691	45,806
<b>EBIT</b>	<b>40,679</b>	<b>46,196</b>	<b>58,750</b>	<b>73,395</b>	<b>86,945</b>
<b>Margin%</b>	<b>18.1%</b>	<b>17.7%</b>	<b>19.2%</b>	<b>19.9%</b>	<b>20.0%</b>
Interest & Finance Cost	8,663	12,054	14,282	18,514	24,330
Other income	6,479	10,436	12,243	12,858	11,585
Interest on Bonds	13,949	14,115	13,600	12,554	11,159
Prior Period & Extra Ordinary Items	102	0	0	0	0
<b>PBT</b>	<b>52,546</b>	<b>58,693</b>	<b>70,311</b>	<b>80,293</b>	<b>85,359</b>
Total Tax	2,712	2,022	3,061	3,214	2,896
<b>Recurring PAT</b>	<b>49,834</b>	<b>56,671</b>	<b>67,250</b>	<b>77,078</b>	<b>82,463</b>
Other Extraordinary Adjustments	8,236	1,531	2,000	2,020	2,040
<b>Reported PAT</b>	<b>58,070</b>	<b>58,202</b>	<b>69,250</b>	<b>79,098</b>	<b>84,503</b>
Dividend	9,895	23,087	28,393	32,430	34,646
Dividend Tax	1,388	3,186	3,918	4,475	4,781
<b>Dividend Tax Rate %</b>	<b>14.0%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>13.8%</b>

Source: Company, Merrill Lynch Research

**Table 4: Balance Sheet**

<b>Year End Mar31(Rsmn)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>
Cash and Bank Balances	87,999	87,207	93,036	91,028	68,070
Sundry Debtors	13,747	16,980	19,876	24,023	28,303
Inventories	17,777	20,376	23,851	28,827	33,964
Loans and Advances	27,052	28,405	30,677	32,211	33,821
Other Current Assets	9,577	13,584	15,901	19,218	22,643
<b>Total Current Assets</b>	<b>156,152</b>	<b>166,551</b>	<b>183,340</b>	<b>195,308</b>	<b>186,801</b>
Other Investments	16,791	21,791	21,791	24,791	24,791
Bonds	164,107	164,107	155,902	139,491	123,080
Gross Block	431,062	509,766	631,444	708,248	958,062
Accumulated Depreciation	(207,914)	(228,391)	(255,743)	(287,434)	(333,240)
<b>Net Block</b>	<b>223,148</b>	<b>281,375</b>	<b>375,701</b>	<b>420,814</b>	<b>624,822</b>
CWIP	67,063	79,568	92,018	187,313	192,188
Construction Stores in Progress	32,222	33,833	35,525	37,301	39,166
<b>TOTAL ASSETS</b>	<b>659,483</b>	<b>747,224</b>	<b>864,277</b>	<b>1,005,017</b>	<b>1,190,848</b>
Current Liabilities & Provisions	67,467	84,899	99,379	120,114	141,516
Secured Loans	44,407	102,597	181,563	271,041	400,603
Unsecured Loans	126,471	106,662	93,329	81,663	71,455
<b>Total Loans</b>	<b>170,878</b>	<b>209,259</b>	<b>274,892</b>	<b>352,704</b>	<b>472,058</b>
Deferred Tax Liability	1	1	1	1	1
Advance against depreciation	3,374	3,374	3,374	3,374	3,374
Development Surcharge Fund	0	0	0	0	0
<b>Total Liabilities</b>	<b>241,720</b>	<b>297,533</b>	<b>377,646</b>	<b>476,194</b>	<b>616,949</b>
Share Capital	82,455	82,455	82,455	82,455	82,455
Reserves & Surplus	335,308	367,237	404,176	446,368	491,444
<b>Net Worth</b>	<b>417,763</b>	<b>449,692</b>	<b>486,631</b>	<b>528,823</b>	<b>573,899</b>
<b>TOTAL LIABILITIES + NETWORTH</b>	<b>659,483</b>	<b>747,224</b>	<b>864,277</b>	<b>1,005,017</b>	<b>1,190,848</b>

Source: Company, Merrill Lynch Research

**Table 5: Cash Flow Statement**

Year End Mar31(Rsmn)	FY05	FY06	FY07E	FY08E	FY09E
PAT	58,070	58,202	69,250	79,098	84,503
D&A	19,584	20,477	27,352	31,691	45,806
Change in Debtors	(9,048)	(3,233)	(2,896)	(4,147)	(4,280)
Change in Inventories	(397)	(2,599)	(3,475)	(4,976)	(5,136)
Change in Loans and Advances	223	(1,353)	(2,272)	(1,534)	(1,611)
Change in Other CA	10,186	(4,007)	(2,317)	(3,318)	(3,424)
Change in CL & Provisions	(13,474)	17,432	14,480	20,735	21,402
<i>Change in Working Capital</i>	<i>(12,510)</i>	<i>6,241</i>	<i>3,520</i>	<i>6,760</i>	<i>6,950</i>
<b>Cash Flow from Operations</b>	<b>65,144</b>	<b>84,920</b>	<b>100,122</b>	<b>117,550</b>	<b>137,259</b>
Capex	(54,508)	(92,820)	(135,820)	(173,874)	(256,554)
Change in Investment	(7,518)	(5,000)	8,205	13,411	16,411
Others	(2,001)	0	0	0	0
<b>Cash Flow from Investing</b>	<b>(64,027)</b>	<b>(97,820)</b>	<b>(127,615)</b>	<b>(160,464)</b>	<b>(240,143)</b>
Change in Equity	4,330	0	0	0	0
Change in Reserves	11,134	0	(0)	0	0
Change in Debt	16,350	38,381	65,633	77,812	119,354
Dividend & Dividend Tax	(11,283)	(26,273)	(32,311)	(36,906)	(39,427)
<b>Cash Flow from Financing</b>	<b>20,531</b>	<b>12,108</b>	<b>33,322</b>	<b>40,907</b>	<b>79,927</b>
<b>Inc/Dec in Cash</b>	<b>21,648</b>	<b>(792)</b>	<b>5,829</b>	<b>(2,007)</b>	<b>(22,958)</b>
<b>Opening Cash</b>	<b>66,351</b>	<b>87,999</b>	<b>87,207</b>	<b>93,036</b>	<b>91,028</b>
<b>Closing Cash</b>	<b>87,999</b>	<b>87,207</b>	<b>93,036</b>	<b>91,028</b>	<b>68,070</b>

Source: Company, Merrill Lynch Research

**Table 6: Key Ratios & Valuations**

	FY05	FY06	FY07E	FY08E	FY09E
EPS	6.21	6.87	8.16	9.35	10.00
<i>EPS Growth</i>	<i>21.6%</i>	<i>10.7%</i>	<i>18.7%</i>	<i>14.6%</i>	<i>7.0%</i>
CEPS	8.65	9.36	11.47	13.19	15.56
DPS	1.20	2.80	3.44	3.93	4.20
BV of Share	50.67	54.54	59.02	64.13	69.60
P/E	20.9	18.9	15.9	13.9	13.0
P/CEPS	15.0	13.9	11.3	9.8	8.4
Yield %	0.9%	2.2%	2.7%	3.0%	3.2%
P/BV	2.6	2.4	2.2	2.0	1.9
EV/EBITDA	14.2	13.1	10.9	9.9	9.2
Net Debt	(98,019)	(63,846)	4,164	97,394	256,117
RoE	12.89%	13.07%	14.36%	15.18%	14.96%
PAT/EBIT	123%	123%	114%	105%	95%
EBIT/Sales	18%	18%	19%	20%	20%
Sales/Assets	40.7%	41.7%	42.8%	44.7%	44.9%
Assets/Networth	143%	145%	152%	162%	175%
ROCE	8.52%	9.03%	9.95%	10.46%	10.19%
D/E	0.41	0.47	0.56	0.67	0.82
Net D/E	0.20	0.27	0.37	0.49	0.70
Receivable Days	23	25	25	25	25
Inventory Day	30	30	30	30	30
Other Current Asset Days	16	20	20	20	20
CL & Provisions Days	115	125	125	125	125
EV/MW	41.5	42.1	38.9	40.3	37.6

Source: Company, Merrill Lynch Research

## Price Objective Basis & Risk

Our PO is based on a 12% discount to our DCF estimate of Rs172. We think a mix of earnings visibility, growth (14% over FY06-12E), positive regulatory regime and improving RoE justify our Buy rating.

**Risks:** Gas supply to existing/new plants till 2008, Upstream Oil Investments & power reforms.

## Analyst Certification

I, Bharat Parekh, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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30 October 2006

### *iQmethod*<sup>SM</sup> Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
<b>Quality of Earnings</b>		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
<b>Valuation Toolkit</b>		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Sales	
	Other LT Liabilities	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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### Investment Rating Distribution: Utilities Group (as of 30 Sep 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	53	43.80%	Buy	27	50.94%
Neutral	56	46.28%	Neutral	27	48.21%
Sell	12	9.92%	Sell	5	41.67%

### Investment Rating Distribution: Global Group (as of 30 Sep 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1325	44.76%	Buy	434	32.75%
Neutral	1420	47.97%	Neutral	412	29.01%
Sell	215	7.26%	Sell	48	22.33%

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