



INDIA

India wireless

11 August 2009

BHARTI IN Outperform

Stock price as of 07 Aug 09	Rs	383.80
12-month target	Rs	487.50
Upside/downside	%	+27.0
30-day avg turnover	US\$m	88.7
Market cap	US\$m	30,559

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	bn	369.6	450.7	519.6	588.8
EBITDA	bn	151.7	186.6	216.0	247.8
Adjusted profit	bn	84.7	111.8	129.2	141.9
PE adj	x	17.2	13.0	11.3	10.3
EV/EBITDA	x	10.1	8.2	7.1	6.2
Net debt/equity	%	22.2	1.1	-12.9	-23.7

RCOM IN Outperform

Stock price as of 07 Aug 09	Rs	254.75
12-month target	Rs	275.00
Upside/downside	%	+8.0
30-day avg turnover	US\$m	80.1
Market cap	US\$m	11,027

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	bn	229.4	273.2	315.3	357.6
EBITDA	bn	92.9	109.1	127.2	145.1
Adjusted profit	bn	59.1	56.5	64.5	71.3
PE adj	x	9.4	9.8	8.6	7.8
EV/EBITDA	x	7.8	6.6	5.7	5.0
Net debt/equity	%	48.2	66.1	52.0	23.8

IDEA IN Underperform

Stock price as of 07 Aug 09	Rs	72.90
12-month target	Rs	45.00
Upside/downside	%	-38.3
30-day avg turnover	US\$m	22.2
Market cap	US\$m	4,739

Investment fundamentals

Year end 31 Mar		2009A	2010E	2011E	2012E
Total revenue	bn	101.2	136.7	165.1	184.8
EBITDA	bn	27.2	29.1	40.2	49.6
Adjusted profit	bn	8.1	5.4	9.0	15.1
PE adj	x	26.4	42.7	26.3	15.6
EV/EBITDA	x	9.6	9.3	6.7	5.5
Net debt/equity	%	25.5	57.5	52.5	45.7

Source: FactSet, Macquarie Research, August 2009 (all figures in INR unless noted)

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Paradigm shift – revenues for June qtr

Event

- The Telecom Regulatory Authority of India (TRAI) has released the revenue data of all Indian telcos for the quarter ending June 2009. We present the key findings and inferences to assess the performance of key Indian wireless operators.

Impact

- Bharti's fundamental operating strength visible in 1Q trends, increases revenue market share by 50bp QoQ.** Bharti has emerged even stronger in what was a fairly difficult quarter in terms of operating environment, with termination charges reduced to 20 paise per minute (from 30 paise) and competitors entering some of Bharti's key wireless markets through 1Q.
- BSNL worst hit in 1Q due to termination rate cut and increased competition in the market, in line with our thesis.** After delivering strong performance in the Jan–Mar 2009 period, BSNL disappointed this quarter, as we had forecast in our 4Q report. BSNL's revenue market share slid by 150bp to 9.1% in 1Q FY3/10, down from 10.6% in the March 2009 quarter. We have been flagging the risks for loss in revenue market share for state-run telcos due to the termination rate cut and entry of new players in the market.
- Idea maintains subs share, revenue share up 30bp QoQ.** The launch of two new circles, Orissa and Tamil Nadu, during 1Q helped Idea maintain subs share at 9.9%. In line with trends at Bharti, Idea improved its revenue market share to 10.6% in the quarter. 1Q performance was below par for Tata Tele, with both revenue (down 80bp) and subs market share (down 10bp) below the 4Q FY09 level. In contrast, Aircel registered a QoQ increase on both counts.
- Bharti, Vodafone and Aircel deliver significant QoQ jump in net adds market share.** We note that RCOM launched its new GSM platform in 14 circles in Jan 2009, completing its pan India GSM presence. In 1Q, RCOM's net adds market share fell to 19.6% from 25.2% in 4Q due to withdrawal of promotional GSM offers. 1Q witnessed strong performance from Bharti (net adds market share up 540bp), Vodafone (up 410bp) and Aircel (up 390bp).
- RCOM has started closing the divergence between revenue and subs market share.** RCOM added record subs in 4Q, widening the differential in its revenue and subscriber market share. Even so, we expect this gap to narrow in coming quarters, once uplift from new GSM is visible in financials.

Outlook

- Maintain OP on Bharti, key trigger for stock performance in the near term is the outcome on MTN deal.** If the deal fails, we expect markets would likely react positively. If it goes through with MTN's offer price being raised by 10–15%, there may be a ~5% stock price impact. If the offer price is raised by more than 25%, the stock may come off 10–15%.
- Reiterate OP on RCOM.** We are encouraged by RCOM's potential move to revenue market share vs. current subscriber focus, which should be positive for sector pricing and profitability triggered by fresh spectrum allocation. We remain confident of our FY3/10E EPS of Rs25.9, which is 10% ahead of consensus.

Please refer to the important disclosures and analyst certification on inside back cover of this document, or on our website www.macquarie.com.au/research/disclosures.

Companies mentioned in this report

Vodafone Essar (Not Listed); Tata Teleservices (Not Listed); Spice Communications (SPCM IN, Rs57.45, Not rated); BPL (Not Listed); Sistema Shyam (Not Listed); HFCL Infotel (Not Listed)

Bharti remains the No.1 player, leading on all counts

- Revenue market share leadership and quarterly trends support our bullish stance on Bharti.** We believe Bharti management has clearly turned its focus on consolidating and is further growing its dominant revenue market share. We believe low wireless penetration would provide ample room for all operators to post robust subscriber growth, at least over the next two years. Even so, financial performance of individual operators would be dictated by the quality of subscribers added on the network. We believe Bharti would stand out in this regard by delivering healthy growth on financial parameters like wireless revenue and EBITDA, while maintaining its robust margins.
- Differential in blended ARPUs, driven by quality of incremental subscribers would have a profound impact** on profitability, cashflows and RoE/RoCE for the Indian wireless operators – namely Bharti, RCOM, Vodafone Essar, BSNL, Idea Cellular, Tata Teleservices and Aircel Maxis. We maintain our view that Bharti is well-placed to take on its competitors without disrupting the rational tariff structure; 1Q FY3/10 revenue and subscriber market share data supports our view.

Fig 1 Bharti has augmented its revenue market share by 50bp without slipping in subscriber market share

	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Bharti Airtel							
Revenue market share	26.7%	27.3%	29.1%	29.0%	30.0%	29.8%	30.3%
Subscriber market share	23.6%	23.7%	24.2%	24.6%	24.7%	24.0%	24.0%
Vodafone Essar							
Revenue market share	19.1%	19.0%	19.8%	21.0%	19.8%	19.9%	20.1%
Subscriber market share	17.1%	16.9%	17.1%	17.3%	17.6%	17.6%	17.7%
RCOM							
Revenue market share	18.8%	17.7%	17.3%	17.2%	16.7%	16.3%	17.7%
Subscriber market share	17.5%	17.5%	17.7%	17.8%	17.7%	18.5%	18.5%
BSNL							
Revenue market share	12.1%	13.3%	10.3%	10.2%	10.1%	10.6%	9.1%
Subscriber market share	15.8%	15.6%	14.6%	13.9%	13.3%	13.3%	13.2%
Idea Cellular							
Revenue market share	8.1%	8.4%	9.1%	9.1%	9.9%	10.3%	10.6%
Subscriber market share	9.0%	9.2%	9.5%	9.6%	9.9%	9.9%	9.9%
Tata Teleservices							
Revenue market share	8.4%	8.1%	7.9%	7.4%	7.4%	7.1%	6.3%
Subscriber market share	9.3%	9.3%	9.2%	9.3%	9.2%	9.0%	8.9%
Aircel Maxis							
Revenue market share	3.0%	3.0%	3.1%	3.0%	3.1%	3.2%	3.3%
Subscriber market share	4.0%	4.1%	4.2%	4.4%	4.6%	4.7%	4.9%
Spice Communications							
Revenue market share	1.5%	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%
Subscriber market share	1.6%	1.6%	1.6%	1.1%	1.1%	1.1%	1.0%
MTNL							
Revenue market share	1.1%	1.0%	1.0%	0.9%	0.8%	0.8%	0.5%
Subscriber market share	1.4%	1.4%	1.3%	1.3%	1.2%	1.1%	1.1%
BPL (Essar Group company)							
Revenue market share	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Subscriber market share	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.5%
Sistema Shyam							
Revenue market share	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Subscriber market share	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%
HFCL Infotel							
Revenue market share	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Subscriber market share	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Source: TRAI, Macquarie Research, May 2009

Key assumptions for arriving at wireless revenue market share

- For Bharti, RCOM, Idea and MTNL, we have used company reported wireless revenues. For other telecom operators, we have adjusted the TRAI-reported gross revenues to exclude the NLD, ILD and wireline segment contribution. Revenue adjustments by operator have been noted in the table below.

Fig 2 Key assumptions for arriving at our wireless revenue market share

Company	Comments
Bharti Airtel	Company reported quarterly wireless revenues
Vodafone Essar	TRAI reported Gross revenues (excludes NLD and ILD revenues)
RCOM	Company reported quarterly wireless revenues
BSNL	TRAI reported Gross revenues (excludes Wireline, NLD and ILD revenues)
Idea Cellular	Company reported quarterly wireless revenues
Tata Teleservices	Assuming 65% of Tata Tele Maharashtra's revenues as wireless revenues and 100% of TRAI reported Tata Teleservices revenues as wireless revenues (excludes NLD and ILD revenues)
Aircel Maxis	TRAI reported Gross revenues (excludes NLD and ILD revenues)
Spice Communications	TRAI reported Gross revenues (excludes NLD and ILD revenues)
MTNL	Reported quarterly wireless revenues
BPL	TRAI reported Gross revenues (excludes NLD and ILD revenues)
Sistema Shyam	TRAI reported Gross revenues (excludes NLD and ILD revenues)
HFCL Infotel	TRAI reported Gross revenues (excludes NLD and ILD revenues)

Source: TRAI, Macquarie Research, August 2009

- Bharti's revenue market share has increased 50bp to 30.3%.** Bharti has been able to increase its revenue market share for the April–June 2009 quarter to 30.3% from 29.8% earlier. The company managed to hold on to its subscriber market leadership with 24% share.

Fig 3 All India wireless revenue market share by operators

Revenue market share (%)	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Bharti Airtel	26.7%	27.3%	29.1%	29.0%	30.0%	29.8%	30.3%
Vodafone Essar	19.1%	19.0%	19.8%	21.0%	19.8%	19.9%	20.1%
RCOM	18.8%	17.7%	17.3%	17.2%	16.7%	16.3%	17.7%
BSNL	12.1%	13.3%	10.3%	10.2%	10.1%	10.6%	9.1%
Idea	8.1%	8.4%	9.1%	9.1%	9.9%	10.3%	10.6%
Tata Teleservices	8.4%	8.1%	7.9%	7.4%	7.4%	7.1%	6.3%
Aircel Maxis	3.0%	3.0%	3.1%	3.0%	3.1%	3.2%	3.3%
Spice Communications	1.5%	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%
MTNL	1.1%	1.0%	1.0%	0.9%	0.8%	0.8%	0.5%
BPL (Essar Group company)	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Sistema Shyam	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
HFCL Infotel	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TRAI, Macquarie Research, August 2009

- BSNL worst hit in 1Q due to termination rate cut and increased competition in the market.** After delivering strong performance in the Jan–Mar 2009 period, BSNL disappointed this quarter. BSNL's revenue market share slid by 150bp to 9.1% in 1Q FY3/10, down from 10.6% in the earlier quarter. The data for the quarter supports our thesis on state-run telcos. We note that we have been flagging the risks for loss in revenue market share for state-run telcos due to termination rate cut and entry of new players in the market.
- Incremental revenue share for the quarter not calculable due to QoQ fall in sector revenues.** Top-line wireless revenue for the sector declined on a QoQ basis due to termination rate-cut. As a result, it is not possible to arrive at incremental revenue market share for this quarter since the delta in sector wireless revenues is negative.

Fig 4 All India incremental wireless revenue market share by operators

Incremental Revenue market share (%)	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Bharti Airtel	38.5%	32.3%	204.6%	27.0%	51.6%	23.3%	na
Vodafone Essar	26.7%	18.0%	104.2%	40.4%	-4.0%	23.1%	na
RCOM	16.3%	8.2%	-17.4%	15.9%	6.0%	7.4%	na
BSNL	-2.0%	23.0%	-281.1%	8.4%	8.9%	21.2%	na
Idea	10.2%	10.6%	83.1%	9.2%	25.3%	19.0%	na
Tata Teleservices	6.5%	4.8%	-8.4%	-1.3%	6.9%	1.3%	na
Aircel Maxis	3.0%	3.2%	13.0%	1.3%	4.3%	6.1%	na
Spice Communications	2.3%	-0.2%	7.7%	-0.6%	1.3%	-0.9%	na
MTNL	-1.4%	0.3%	-4.6%	-0.7%	-0.5%	-0.4%	na
BPL (Essar Group company)	-0.5%	0.1%	2.9%	0.3%	0.5%	-0.2%	na
Sistema Shyam	0.0%	-0.1%	-0.3%	-0.2%	0.1%	0.4%	na
HFCL Infotel	0.4%	-0.2%	-3.6%	0.3%	-0.5%	-0.1%	na
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	na

Source: TRAI, Macquarie Research, August 2009

BSNL's net adds market share has slipped in mid-single digit in 1Q FY3/10

- **BSNL falters again, loss in subscriber market share continues.** Despite increased competitive intensity in the sector during the past six quarters, BSNL is the only one amongst the top four players that has consistently lost subscriber market share. Increase in Vodafone's subscriber market share is due to entry in seven new circles in the past year. For RCOM, the increase is largely driven by new GSM launch in 14 circles in January 2009. Bharti's sustained subs market share is testimony to its superior distribution network and extensive network coverage in rural areas, in our view.

Fig 5 All India wireless subscriber market share by operators

Subscriber market share (%)	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Bharti Airtel	23.6%	23.7%	24.2%	24.6%	24.7%	24.0%	24.0%
Vodafone Essar	17.1%	16.9%	17.1%	17.3%	17.6%	17.6%	17.7%
RCOM	17.5%	17.5%	17.7%	17.8%	17.7%	18.5%	18.5%
BSNL	15.8%	15.6%	14.6%	13.9%	13.3%	13.3%	13.2%
Idea	9.0%	9.2%	9.5%	9.6%	9.9%	9.9%	9.9%
Tata Teleservices	9.3%	9.3%	9.2%	9.3%	9.2%	9.0%	8.9%
Aircel Maxis	4.0%	4.1%	4.2%	4.4%	4.6%	4.7%	4.9%
Spice Communications	1.6%	1.6%	1.6%	1.1%	1.1%	1.1%	1.0%
MTNL	1.4%	1.4%	1.3%	1.3%	1.2%	1.1%	1.1%
BPL (Essar Group company)	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.5%
Sistema Shyam	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%
HFCL Infotel	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TRAI, Macquarie Research, August 2009

- **Bharti, Vodafone and Aircel shine this quarter, deliver a significant QoQ jump in net adds market share.** We note that RCOM launched its new GSM platform in 14 circles in January 2009, making it a pan India GSM operator. RCOM has withdrawn the initial promotional offers in 1Q FY3/10 and the net adds market share for the company has fallen to 19.6%. Even so, 1Q FY3/10 net adds market share is still higher than its current subscriber market share of 18.5%. The April-June 2009 quarter witnessed strong performance from Bharti (net adds market share up 540bp), Vodafone (up 410bp) and Aircel (up 390bp).

Fig 6 All India wireless net adds market share by operators

Net adds market share (%)	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Bharti Airtel	25.6%	24.8%	28.7%	28.5%	25.9%	18.4%	23.8%
Vodafone Essar	17.1%	15.5%	19.7%	19.1%	20.0%	17.5%	21.6%
RCOM	18.9%	17.6%	19.4%	18.5%	16.8%	25.2%	19.6%
BSNL	10.9%	14.5%	4.5%	6.7%	7.5%	13.2%	6.3%
Idea	9.7%	10.7%	12.4%	11.2%	12.1%	10.4%	10.9%
Tata Teleservices	9.1%	9.4%	7.8%	10.6%	7.7%	7.5%	5.6%
Aircel Maxis	5.7%	4.3%	5.1%	6.9%	7.0%	5.4%	9.3%
Spice Communications	1.3%	1.5%	1.3%	-3.3%	0.6%	0.7%	0.5%
MTNL	0.9%	1.2%	0.7%	0.8%	0.7%	0.7%	0.3%
BPL (Essar Group company)	0.4%	0.2%	0.3%	1.0%	0.9%	0.5%	0.4%
Sistema Shyam	0.0%	0.0%	0.0%	0.0%	0.8%	0.5%	1.7%
HFCL Infotel	0.4%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TRAI, Macquarie Research, August 2009

Revenue and subscriber market share remains concentrated with “*Fabulous Four*” – Bharti, RCOM, Vodafone and Idea Cellular

- Strong performance by Bharti and RCOM has improved revenue market share performance for both *Fabulous Four* (up 240bp QoQ) and *Big Five* (up 90bp QoQ).

Fig 7 Scale and incumbency favour large pan India players over new entrants and regional operators

Market share trends for <i>Fabulous Four</i> *	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Subscriber market share	67.2%	67.4%	68.5%	69.3%	69.8%	70.0%	70.1%
Revenue market share	72.7%	72.3%	75.4%	76.3%	76.4%	76.3%	78.7%
Incremental subscriber market share	71.4%	68.7%	80.1%	77.2%	74.8%	71.6%	75.9%
Incremental revenue market share	91.7%	69.1%	374.5%	92.4%	78.9%	72.8%	Na
Market share trends for <i>Big Five</i> **	3Q FY3/08	4Q FY3/08	1Q FY3/09	2Q FY3/09	3Q FY3/09	4Q FY3/09	1Q FY3/10
Subscriber market share	83.0%	83.0%	83.1%	83.2%	83.1%	83.3%	83.3%
Revenue market share	84.8%	85.6%	85.7%	86.5%	86.5%	86.9%	87.8%
Incremental subscriber market share	82.3%	83.2%	84.6%	83.9%	82.2%	84.7%	82.1%
Incremental revenue market share	89.7%	92.0%	93.4%	100.8%	87.8%	94.0%	na

* *Fabulous Four* include Bharti Airtel, Vodafone Essar, RCOM, and Idea Cellular.** *Big Five* include Bharti Airtel, Vodafone Essar, RCOM, BSNL and Idea Cellular.

Source: TRAI, Macquarie Research, August 2009

Fig 8 India Wireless – spectrum map by circle, operating technology and spectrum band for all operators in India

	GSM-900MHz				GSM-1800MHz										CDMA-800MHz					
Metros																				
Delhi	6.20	6.20	6.20		3.80	3.80	6.20	4.40	8.00	4.40							3.75	5.00	5.00	
Mumbai		6.20	6.20	6.20	9.20	3.80	6.20	4.40	4.40	4.40	3.80						5.00	5.00	5.00	
Chennai	6.20		6.20	6.20	3.00	8.00	3.80	2.40	4.40	4.40	4.40	4.40	4.40				2.50	5.00	3.75	2.50
Kolkata	6.20	6.20	6.20		1.80	3.60	3.80	4.40	4.40	6.20							2.50	5.00	3.75	2.50
A' Circle																				
Maharashtra		6.20	6.20	6.20	6.20		3.80	4.40	3.60	4.40							2.50	5.00	5.00	2.50
Gujarat		6.20	6.20	6.20	6.20	3.60	1.20	4.40		4.40							2.50	3.75	3.75	2.50
Andhra Pradesh	6.20		6.20	6.20	3.00	6.20	3.80	4.40	1.80	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	5.00	2.50	
Karnataka	6.20	6.20	6.20		4.60	8.00	3.80	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	3.75	2.50	
Tamil Nadu		6.20	6.20	6.20	10.20	1.00	3.80	3.60	4.40	4.40	4.40	4.40	4.40	4.40	4.40	2.50	5.00	2.50	2.50	
B' Circle																				
Kerala		6.20	6.20	6.20	6.20		3.80	4.40	1.80	4.40	4.40	4.40	4.40	4.40	4.40	3.75	5.00	3.75	2.50	
Punjab	6.20	6.20	6.20		1.60	6.20		4.40		4.40					4.40	2.50	3.75	3.75	2.50	
Haryana		6.20	6.20	6.20	6.20		3.80	4.40	4.40	4.40					4.40	2.50	3.75	3.75	2.50	
Uttar Pradesh (West)		6.20	6.20	6.20	6.20		3.80	4.40	1.80	4.40					4.40	2.50	5.00	3.75	2.50	
Uttar Pradesh (East)	6.20	6.20	6.20			1.80	3.80	4.40	6.20	4.40					4.40	2.50	5.00	3.75	2.50	
Rajasthan	6.20	6.20	6.20				1.80	4.40	6.20	4.40					4.40	2.50	3.75	3.75	5.00	
Madhya Pradesh		6.20	6.20	6.20	6.20	4.40	3.80	4.40	1.80						4.40	2.50	5.00	2.50	2.50	
West Bengal and Andaman & Nicobar	4.40	6.20	6.20		1.80	6.20	1.80	4.40							4.40	2.50	3.75	2.50	2.50	
C' Circle																				
Himachal Pradesh	6.20	6.20	6.20			4.40	3.80	4.40	4.40						4.40	2.50	2.50	2.50	2.50	
Bihar	6.20	6.20	6.20		2.80	4.40	3.80	4.40	4.40	1.80					4.40	2.50	5.00	3.75	2.50	
Orissa	6.20	6.20	6.20		1.80	4.40	3.80	4.40	4.40		4.40	4.4			4.40	2.50	3.75	2.50	2.50	
Assam	6.20	6.20	6.20			4.40	3.80	6.20							4.40	2.50	2.50	2.50	2.50	
North East	4.40	6.20	6.20			4.40	3.80	4.40		1.80					4.40	2.50	2.50	2.50	2.50	
Jammu & Kashmir	6.20		6.20	4.40		4.40	1.80			4.40					4.40	2.50	2.50	2.50	2.50	

Legends	Bharti Airtel	Vodafone Essar	Reliance Communications	Datacom (Videocon-HFCL JV)
	MTNL	Idea Cellular	Tata Teleservices	S Tel
	Aircel - Maxis	BSNL	Spice Communications	Swan Telecom - Etihad Etisalat
	HFCL Infotel	BPL (Loop Mobile)	Sistema Shyam Teleservices	Unitech Wireless - Telenor

Source: TRAI, Macquarie Research

Source: TRAI and Media reports, Macquarie Research, August 2009

Fig 9 Global emerging market telecom valuation

Macquarie - Global Emerging Market Telecom Valuation															
Company Name	Bloomberg Ticker	Reco	Price lcy	TP lcy	Up/Down (%)	EV/EBITDA (x)		PER (x)		PEG (FY3/09-3/11E)	ROE (FY3/09E, %)	EBITDA CAGR (FY3/09-3/11E, %)	EPS CAGR (FY3/09-3/11E, %)	P/BV (x)	
						FY3/10E	FY3/11E	FY3/10E	FY3/11E					FY3/10E	FY3/11E
Bharti Airtel	BHARTI IN	OP	384	488	27%	7.8	6.4	13.0	11.3	0.7	33.9	19.3	23.5	1.8	1.5
Reliance Communications	RCOM IN	OP	255	275	8%	7.5	6.2	9.8	8.6	1.6	23.0	17.5	6.1	1.4	1.2
Idea Cellular	IDEA IN	UP	73	45	-38%	8.5	7.4	21.9	20.9	3.3	23.1	20.9	7.2	1.6	1.3
MTNL	MTNL IN	UP	103	51	-50%	12.6	12.7	112.5	-23.1	na	1.0	-0.3	na	0.4	0.4
China Mobile	941 HK	N	81	71	-12%	6.0	5.7	13.9	13.9	7.3	27.6	5.1	2.0	3.2	2.8
China Unicom	762 HK	UP	11	7	-40%	4.8	5.1	21.0	26.9	-0.9	7.4	0.3	-19.4	1.2	1.1
Indosat	ISAT IJ	N	5,450	5,200	-5%	4.8	4.2	12.9	9.8	4.4	17.6	5.0	2.3	1.6	1.3
SK Telecom	017670 KS	OP	185,500	235,000	27%	4.3	3.8	9.3	7.1	0.5	11.5	8.0	19.2	1.2	1.1
LG Telecom	032640 KQ	OP	8,640	11,500	33%	3.7	3.2	7.1	6.6	0.3	11.8	9.2	30.3	1.0	0.8
Digi.Com	DIGI MK	N	22	22	-1%	7.3	6.6	12.8	11.5	23.6	65.7	7.1	0.6	8.2	7.1
Axiata	AXIATA MK	N	3	2	-27%	7.8	6.7	15.4	15.2	-2.1	4.8	10.4	-15.5	1.0	0.9
Globe	GLO PM	OP	1,050	1,145	9%	4.4	4.1	9.1	8.7	0.7	21.3	4.1	15.3	2.4	2.3
Far EasTone	4904 TT	UP	39	39	0%	5.0	5.1	11.1	10.9	2.9	14.1	-3.0	4.1	1.9	1.8
Taiwan Mobile	3045 TT	N	50	39	-23%	5.3	5.2	9.0	9.2	5.7	37.4	1.9	1.7	2.8	2.8
AIS	ADVANC TB	UP	87	75	-13%	6.3	6.2	14.8	14.1	3.7	22.2	-1.3	4.3	3.7	3.8
TAC	DTAC TB	UP	33	20	-40%	4.9	4.9	7.1	6.5	-0.4	16.8	-3.9	-20.8	1.2	1.2
MobileOne	M1 SP	OP	2	2	7%	5.4	5.4	10.6	11.0	na	72.1	-6.3	-9.6	5.7	5.4
MTN Group Ltd	MTN SJ	OP	12,800	17,000	33%	5.0	4.3	11.7	9.2	0.5	27.3	27.1	26.8	2.4	1.9
Orascom Telecom	ORTE EY	NR	36	na	na	3.7	3.6	10.8	8.9						
Vivo Participacoes Sa	VIVO3 BZ	NR	40	na	na	3.4	3.1	11.2	9.2						
America Movil	AMXL MM	NR	29	na	na	5.7	5.6	12.5	11.4						
Ethiad Etisalat Co	EEC AB	NR	38	na	na	6.4	6.1	9.7	9.0						
Saudi Telecom Co	STC AB	NR	50	na	na	4.6	4.7	8.1	7.9						
Qatar Telecom	QTEL QD	NR	147	na	na	4.3	4.1	6.6	5.9						
Average						5.5	5.1	11.7	11.0						
Average (ex-China Mobile)						5.5	5.1	11.6	10.9						

RCOM's valuation (discount)/premium to Bharti	-5%	-3%	-25%	-24%	-21%	-24%
Idea's valuation (discount)/premium to Bharti	9%	14%	68%	85%	-8%	-14%

Note: Prices as of 10 August 2009. Estimates for non-rated companies are based on consensus data.

Source: Bloomberg, Macquarie Research, August 2009

RCOM is trading at a 5% discount to Bharti on March 2010E EV/EBITDA; Idea is trading at a 9% premium.

Fig 10 Key quarterly operating & financial metrics – Wireless business: Bharti and RCOM

Bharti Airtel - Actuals for 1QFY10								
March Year ends; Rs million	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10A
Wireless Revenues (Rs m)	50,579	56,105	64,201	69,150	72,843	79,392	82,216	82,285
YoY growth (%)	53.2	49.3	51.3	47.2	44.0	41.5	28.1	19.0
QoQ growth (%)	7.7	10.9	14.4	7.7	5.3	9.0	3.6	0.1
Subscribers (m)	48.88	55.16	61.98	69.38	77.48	85.65	93.92	102.37
YoY growth (%)	80.6	72.5	66.9	62.5	58.5	55.3	51.5	47.5
QoQ growth (%)	14.5	12.9	12.4	11.9	11.7	10.5	9.7	9.0
Gross ARPU (Rs)	366	358	357	350	331	324	305	278
YoY growth (%)	-16.5	-16.2	-12.1	-10.4	-9.5	-9.3	-14.6	-20.4
QoQ growth (%)	-6.3	-2.2	-0.2	-2.1	-5.3	-2.0	-6.0	-8.8
Avg. monthly MoUs per subscriber	469	474	507	534	526	505	485	478
YoY growth (%)	3.9	1.4	6.8	11.8	12.2	6.7	-4.3	-10.6
QoQ growth (%)	-1.9	1.1	7.0	5.4	-1.6	-3.9	-4.0	-1.5
ARPM (Rs)	0.78	0.76	0.70	0.65	0.63	0.64	0.63	0.58
YoY growth (%)	-19.6	-17.3	-17.7	-19.9	-19.4	-14.9	-10.7	-11.0
QoQ growth (%)	-4.4	-3.3	-6.7	-7.1	-3.8	2.1	-2.1	-7.4
Total minutes carried (m)	64,375	73,840	89,058	105,217	115,834	123,626	130,669	140,713
YoY growth (%)	90.2	78.8	80.9	84.2	79.9	67.4	46.7	33.7
QoQ growth (%)	12.7	14.7	20.6	18.1	10.1	6.7	5.7	7.7
Avg. EBITDA per minute (Rs)	0.32	0.31	0.26	0.20	0.19	0.20	0.20	0.19
YoY growth (%)	-10.3	-9.3	-24.2	-39.6	-41.0	-34.8	-22.6	-4.1
QoQ growth (%)	-3.5	-3.8	-17.4	-21.2	-5.7	6.3	-2.0	-2.4
Wireless EBITDA (Rs m)	20,728	22,887	22,779	21,218	22,009	24,963	25,860	27,183
YoY growth (%)	70.2	62.0	37.2	11.2	6.2	9.1	13.5	28.1
QoQ growth (%)	8.6	10.4	-0.5	-6.9	3.7	13.4	3.6	5.1
EBITDA margin (%)	41.0	40.8	35.5	30.7	30.2	31.4	31.5	33.0
YoY expansion (basis points)	410.0	319.5	-365.1	-994.7	-1,076.7	-935.0	-402.7	235.1
QoQ expansion (basis points)	35.0	-18.8	-531.2	-479.7	-47.0	122.8	1.1	158.1
Blended Churn	3.8%	3.8%	4.2%	3.7%	3.2%	2.9%	3.2%	3.4%
VAS as % of total revenue	9.8%	9.3%	9.4%	9.7%	10.0%	9.5%	9.3%	9.3%
YoY growth (%)	-4.9	-10.6	-6.9	-2.0	2.0	2.2	-1.1	-4.1
QoQ growth (%)	-1.0	-5.1	1.1	3.2	3.1	-5.0	-2.1	0.0
Total Cell Sites	52,826	60,299	69,141	75,876	82,554	88,319	93,368	96,149
YoY growth (%)	75.9	75.8	76.3	65.7	56.3	46.5	35.0	26.7
QoQ growth (%)	15.4	14.1	14.7	9.7	8.8	7.0	5.7	3.0
Wireless Capex (Rs m)	28,661	27,538	17,995	32,227	23,396	29,012	16,039	13,037
YoY growth (%)	4.4	76.6	68.1	-1.8	-18.4	5.4	-10.9	-59.5
QoQ growth (%)	-12.6	-3.9	-34.7	79.1	-27.4	24.0	-44.7	-18.7
Total Population Centres covered	294,876	325,525	347,646	369,335	389,571	406,939	419,966	428,216
YoY growth (%)	85.0	79.7	64.0	48.7	32.1	25.0	20.8	15.9
QoQ growth (%)	18.7	10.4	6.8	6.2	5.5	4.5	3.2	2.0
Total employees	23,264	24,703	25,543	26,144	25,616	25,553	24,538	23,789
YoY growth (%)	na	35.6	25.7	13.9	10.1	3.4	-3.9	-9.0
QoQ growth (%)	1.3	6.2	3.4	2.4	-2.0	-0.2	-4.0	-3.1

Reliance Communications - Actuals for 1QFY10								
March Year ends; Rs million	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10A
Wireless Revenues (Rs m)	37,230	39,567	41,608	41,187	43,356	44,119	45,015	47,931
YoY growth (%)	44.6	43.8	40.1	22.1	16.5	11.5	8.2	16.4
QoQ growth (%)	10.4	6.3	5.2	-1.0	5.3	1.8	2.0	6.5
Subscribers (m)	36.32	40.96	45.79	50.79	56.05	61.35	72.67	79.62
YoY growth (%)	39.8	36.6	63.5	59.4	54.3	49.8	58.7	56.8
QoQ growth (%)	14.0	12.8	11.8	10.9	10.4	9.5	18.5	22.3
Gross ARPU (Rs)	361	339	317	282	271	251	224	210
YoY growth (%)	2.0	3.4	-15.9	-24.8	-24.9	-26.0	-29.3	-25.5
QoQ growth (%)	-3.7	-6.1	-6.5	-11.0	-3.9	-7.4	-10.8	-6.3
Avg. monthly MoUs per subscriber	490	449	430	425	423	410	372	365
YoY growth (%)	6.3	-1.1	-20.5	-16.7	-13.7	-8.7	-13.5	-14.1
QoQ growth (%)	-3.9	-8.4	-4.2	-1.2	-0.4	-3.1	-9.3	-1.9
ARPM (Rs)	0.74	0.76	0.74	0.66	0.64	0.61	0.60	0.58
YoY growth (%)	-4.1	4.5	5.8	-9.7	-13.0	-18.9	-18.3	-13.4
QoQ growth (%)	0.2	2.5	-2.4	-9.9	-3.5	-4.4	-1.6	-4.5
Total minutes carried (m)	50,122	52,054	55,959	61,527	67,786	72,195	74,778	83,300
YoY growth (%)	na	na	na	na	na	na	na	34.4
QoQ growth (%)	na	na	na	na	na	na	na	11.4
Avg. EBITDA per minute (Rs)	0.26	0.30	0.30	0.27	0.25	0.23	0.22	0.22
YoY growth (%)	-4.9	12.5	10.7	-7.4	-5.6	-24.3	-25.8	-18.7
QoQ growth (%)	-9.9	15.3	-1.4	-9.7	-8.1	-7.5	-3.4	0.0
Wireless EBITDA (Rs m)	14,873	15,819	16,763	16,623	16,859	16,616	16,629	18,489
YoY growth (%)	60.0	53.7	45.6	24.1	13.4	5.0	-0.8	11.2
QoQ growth (%)	11.1	6.4	6.0	-0.8	1.4	-1.4	0.1	11.2
EBITDA margin (%)	39.9	40.0	40.3	40.4	38.9	37.7	36.9	38.6
YoY expansion (basis points)	384.6	257.1	152.0	65.6	-106.4	-231.9	-334.7	-178.6
QoQ expansion (basis points)	24.5	3.1	30.8	7.2	-147.5	-122.3	-72.1	163.3
Blended Churn	1.5%	1.4%	1.4%	1.4%	1.3%	1.0%	0.8%	1.3%
VAS as % of total revenue	6.2%	6.4%	6.9%	7.6%	7.3%	7.4%	na	na
YoY growth (%)	-1.6	1.6	9.5	33.3	17.7	15.6	na	na
QoQ growth (%)	8.8	3.2	7.8	10.1	-3.9	1.4	na	na
Total Cell Sites	na	na	na	na	na	na	na	na
YoY growth (%)	na	na	na	na	na	na	na	na
QoQ growth (%)	na	na	na	na	na	na	na	na
Wireless Capex (Rs m)	49,685	60,605	46,442	56,926	33,260	32,508	17,084	9,402
YoY growth (%)	231.6	401.3	371.0	280.2	-33.1	-46.4	-63.2	-83.5
QoQ growth (%)	231.8	22.0	-23.4	22.6	-41.6	-2.3	-47.4	-45.0
Total Population Centres covered	na	na	na	na	na	na	na	na
YoY growth (%)	na	na	na	na	na	na	na	na
QoQ growth (%)	na	na	na	na	na	na	na	na
Total employees	na	na	na	na	na	na	na	na
YoY growth (%)	na	na	na	na	na	na	na	na
QoQ growth (%)	na	na	na	na	na	na	na	na

Source: Company data, Macquarie Research, August 2009

Fig 11 Key quarterly operating & financial metrics – Wireless business: Vodafone Essar, Idea and MTNL

Vodafone Essar - Actuals for 1QFY10								
March Year ends; Rs million	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10A
Wireless revenues (in Rsm)	34,891	36,300	41,887	46,474	47,498	51,481	53,308	53,713
YoY growth (%)	na	na	na	na	36.1	41.8	27.3	15.6
QoQ growth (%)	na	4.0	15.4	11.0	2.2	8.4	3.5	0.8
Wireless revenues (in GBPM)	440	491	559	565	574	674	791	755
YoY growth (%)	na	na	na	na	30.5	37.3	41.5	33.6
QoQ growth (%)	na	11.6	13.8	1.1	1.6	17.4	17.4	-4.6
Subscribers (m)	33,668	35,666	44,13	49,20	54,63	60,93	68,77	76,45
YoY growth (%)	65.5	53.0	66.9	60.0	62.2	70.9	55.8	55.4
QoQ growth (%)	9.5	5.9	23.7	11.5	11.0	11.5	12.9	11.2
Gross ARPU (Rs)	361	349	350	332	305	297	274	247
YoY growth (%)	-14.0	-15.7	-13.6	na	-15.5	-14.9	-21.7	-25.7
QoQ growth (%)	na	-3.3	0.3	-5.1	-8.1	-2.6	-7.7	-10.0
Avg. monthly MoUs per subscriber	373	384	391	374	364	355	336	330
YoY growth (%)	-8.2	-10.5	-9.6	na	-2.2	-7.4	-14.1	-11.9
QoQ growth (%)	-10.3	3.0	1.8	-4.2	-2.6	-2.5	-5.6	-1.8
ARPM (Rs)	0.97	0.91	0.90	0.89	0.84	0.84	0.82	0.75
YoY growth (%)	-6.3	-5.8	-4.4	na	-13.6	-8.1	-8.9	-15.7
QoQ growth (%)	na	-6.1	-1.5	-0.9	-5.7	-0.2	-2.3	-8.4
Total minutes carried (m)	36,011	39,913	46,734	52,349	56,745	61,606	65,276	71,775
YoY growth (%)	na	na	na	na	57.6	54.4	39.7	37.1
QoQ growth (%)	na	10.8	17.1	12.0	8.4	8.6	6.0	10.0
Blended Churn	3.4%	3.9%	3.3%	2.7%	2.7%	2.4%	2.1%	2.6%
Total Cell Sites	na	41,000	48,000	52,000	59,000	69,000	78,000	84,000
YoY growth (%)	na	na	na	na	na	68.3	62.5	61.5
QoQ growth (%)	na	na	17.1	8.3	13.5	16.9	13.0	7.7
Idea Cellular - Actuals for 1QFY10								
March Year ends; Rs million	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09A	1QFY10A
Wireless Revenues (Rs m)	15,622	17,081	19,724	21,735	22,992	26,184	28,502	28,872
YoY growth (%)	56.1	49.0	51.1	47.1	47.2	53.3	44.5	32.8
QoQ growth (%)	5.7	9.3	15.5	10.2	5.8	13.9	8.9	1.3
Subscribers (m)	18,67	21,05	24,00	27,19	30,38	34,21	38,89	42,64
YoY growth (%)	80.2	69.2	48.8	45.6	44.3	42.5	43.0	40.3
QoQ growth (%)	15.8	12.8	14.0	13.3	11.7	12.6	13.7	9.6
Gross ARPU (Rs)	288	279	287	278	261	268	255	232
YoY growth (%)	-19.1	-13.4	-9.5	-13.1	-9.4	-3.9	-11.1	-17.1
QoQ growth (%)	-10.0	-3.1	2.9	-3.1	-6.1	1.9	-4.9	-9.0
Avg. monthly MoUs per subscriber	360	377	411	431	421	416	402	399
YoY growth (%)	-0.9	2.2	6.2	13.1	16.9	10.3	-2.2	-7.4
QoQ growth (%)	-5.5	4.7	9.0	4.9	-2.3	-1.2	-3.4	-0.7
ARPM (Rs)	0.80	0.74	0.70	0.65	0.62	0.64	0.63	0.58
YoY growth (%)	-22.7	-15.2	-14.8	-23.2	-22.5	-13.5	-9.8	-10.7
QoQ growth (%)	-4.8	-7.5	-5.6	-7.6	-3.9	3.2	-1.6	-7.9
Total minutes carried (m)	18,831	22,457	27,824	33,087	36,315	40,254	44,224	48,729
YoY growth (%)	93.4	77.8	79.9	93.5	92.8	79.2	58.9	47.3
QoQ growth (%)	10.1	19.3	23.9	18.9	9.8	10.8	9.9	10.2
Avg. EBITDA per minute (Rs)	0.27	0.25	0.24	0.22	0.17	0.17	0.17	0.16
YoY growth (%)	-21.1	-14.0	-12.7	-26.9	-39.0	-33.4	-30.5	-27.7
QoQ growth (%)	-8.9	-7.1	-5.8	-8.3	-24.0	1.5	-1.7	-4.7
Wireless EBITDA (Rs m)	5,107	5,672	6,606	7,219	6,024	6,780	7,290	7,690
YoY growth (%)	43.9	53.1	51.4	40.8	18.0	19.5	10.4	6.5
QoQ growth (%)	-0.4	11.1	16.5	9.3	-16.6	12.6	7.5	5.5
EBITDA margin (%)	32.7	33.2	33.5	33.2	26.2	25.9	25.6	26.6
YoY expansion (basis points)	-275.2	88.1	7.9	-149.6	-649.1	-731.3	-791.5	-657.8
QoQ expansion (basis points)	-201.9	51.6	28.6	-27.8	-701.5	-30.5	-31.7	105.9
Blended Churn	4.5%	4.7%	4.6%	4.0%	3.9%	4.3%	5.2%	6.7%
VAS as % of total revenue	8.3%	8.0%	8.2%	8.9%	9.8%	9.5%	9.5%	10.1%
YoY growth (%)	-13.5	-13.0	-8.9	6.0	18.1	18.8	15.9	13.7
QoQ growth (%)	-1.2	-3.6	2.5	8.5	10.1	-3.1	0.0	6.5
Total Cell Sites	17,105	21,197	24,793	27,594	33,377	39,289	44,230	48,067
YoY growth (%)	na	na	na	109.7	95.1	85.4	78.4	74.2
QoQ growth (%)	30.0	23.9	17.0	11.3	21.0	17.7	12.6	8.7
Total capex (Rs m)	12,352	11,946	19,161	19,817	11,950	na	na	na
YoY growth (%)	na	na	na	79.1	-3.3	na	na	na
QoQ growth (%)	11.7	-3.3	60.4	3.4	-39.7	na	na	na
Total Population Centres covered	8,413	11,104	13,308	na	na	na	na	na
YoY growth (%)	177.6	207.8	200.3	na	na	na	na	na
QoQ growth (%)	38.7	32.0	19.8	na	na	na	na	na
Total employees	na	na	4,945	5,139	5,309	5,604	5,658	5,864
YoY growth (%)	na	na	na	na	na	na	14.4	14.1
QoQ growth (%)	na	na	na	3.9	3.3	5.6	1.0	3.6
MTNL- Actuals for 1QFY10								
March Year ends; Rs million	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09A	1QFY10A
Wireless Revenues (Rs m)	2,523	2,329	2,409	2,298	2,332	2,269	2,089	1,478
YoY growth (%)	26.4	6.3	22.0	2.5	-7.6	-2.6	-13.3	-35.7
QoQ growth (%)	12.6	-7.7	3.4	-4.6	1.5	-2.7	-7.9	-29.2
Subscribers (m)	2,99	3,21	3,53	3,72	3,96	4,19	4,48	4,58
YoY growth (%)	26.3	26.5	20.1	32.2	32.2	30.5	26.9	23.1
QoQ growth (%)	6.5	7.2	10.0	5.3	6.4	5.8	7.0	2.1
Blended ARPU GSM (Rs)	284	242	237	213	207	188	162	108
YoY growth (%)	4.2	-12.6	3.7	-15.7	-27.2	-22.2	-31.5	-49.5
QoQ growth (%)	12.6	-14.8	-2.3	-10.0	-2.8	-9.0	-14.0	-33.6

Source: Company data, Macquarie Research, August 2009

Important disclosures:

Recommendation definitions	Volatility index definition*	Financial definitions																												
<p>Macquarie - Australia/New Zealand Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return</p> <p>Macquarie – Asia/Europe Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie First South - South Africa Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Macquarie - Canada Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return</p> <p>Macquarie - USA Outperform (Buy) – return >5% in excess of benchmark return (Russell 3000) Neutral (Hold) – return within 5% of benchmark return (Russell 3000) Underperform (Sell)– return >5% below benchmark return (Russell 3000)</p> <p>Recommendations – 12 months</p> <p>Note: Quant recommendations may differ from Fundamental Analyst recommendations</p>	<p>Volatility index definition* This is calculated from the volatility of historical price movements.</p> <p>Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.</p> <p>High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.</p> <p>Medium – stock should be expected to move up or down at least 30–40% in a year.</p> <p>Low–medium – stock should be expected to move up or down at least 25–30% in a year.</p> <p>Low – stock should be expected to move up or down at least 15–25% in a year. * Applicable to Australian/NZ/Canada stocks only</p>	<p>Financial definitions</p> <p>All "Adjusted" data items have had the following adjustments made: Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests</p> <p>EPS = adjusted net profit / <i>efpowa</i>* ROA = adjusted ebit / average total assets ROA Banks/Insurance = adjusted net profit / average total assets ROE = adjusted net profit / average shareholders funds Gross cashflow = adjusted net profit + depreciation *equivalent fully paid ordinary weighted average number of shares</p> <p>All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).</p>																												
<p>Recommendation proportions – For quarter ending 30 June 2009</p> <table border="1"> <thead> <tr> <th></th> <th>AU/NZ</th> <th>Asia</th> <th>RSA</th> <th>USA</th> <th>CA</th> <th>EUR</th> </tr> </thead> <tbody> <tr> <td>Outperform</td> <td>40.38%</td> <td>48.53%</td> <td>40.00%</td> <td>44.02%</td> <td>57.42%</td> <td>40.20%</td> </tr> <tr> <td>Neutral</td> <td>39.25%</td> <td>17.08%</td> <td>45.00%</td> <td>37.45%</td> <td>32.90%</td> <td>39.21%</td> </tr> <tr> <td>Underperform</td> <td>20.38%</td> <td>34.40%</td> <td>15.00%</td> <td>18.53%</td> <td>9.68%</td> <td>20.59%</td> </tr> </tbody> </table>				AU/NZ	Asia	RSA	USA	CA	EUR	Outperform	40.38%	48.53%	40.00%	44.02%	57.42%	40.20%	Neutral	39.25%	17.08%	45.00%	37.45%	32.90%	39.21%	Underperform	20.38%	34.40%	15.00%	18.53%	9.68%	20.59%
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