Equity | India | Telco Services

3 October 2011

Produced by: The Royal Bank of Scotland N.V., (India) Office

Bharti Airtel

Growth across geographies

Initiation of coverage

Buy

Target price
Rs475.00

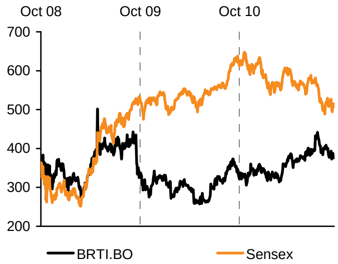
Price
Rs378.00

Short term (0-60 days)
n/a

Market view
Underweight

Price performance

	(1M)	(3M)	(12M)
Price (Rs)	404.6	394.9	366.3
Absolute (%)	-6.6	-4.3	3.2
Rel market (%)	-5.3	9.6	25.9
Rel sector (%)	-6.6	-4.3	3.2



Market capitalisation
Rs1.44t (US$29.12bn)

Average (12M) daily turnover
Rs1858.38m (US$41.87m)

Sector: BSE Tech
RIC: BRTI.BO, BHARTI IN
Priced Rs378.00 at close 30 Sep 2011.
Source: Bloomberg

Falling capex intensity, stable pricing in India and growth in profitability of the Africa business are transforming the outlook for Bharti. We expect the company to repay US$4bn debt over the next three years and expand ROE to 15.2% in FY14 (an EPS CAGR of 18% over FY11-14F). We initiate at Buy.

Key forecasts

	FY10A	FY11A	FY12F	FY13F	FY14F
Revenue (Rsm)	396,150	594,672	715,282	814,947	894,675
EBITDA (Rsm)	161,243	199,664	252,355	300,709	331,394
Reported net profit (Rsm)	91,026	60,467	60,154	85,679	98,530
Normalised net profit (Rsm)[1]	88,782	60,467	60,154	85,679	98,530
Normalised EPS (Rs)	23.38	15.92	15.82	22.50	25.88
Dividend per share (Rs)	1.00	1.00	1.00	1.00	1.00
Dividend yield (%)	0.26	0.26	0.26	0.26	0.26
Normalised PE (x)	16.17	23.74	23.89	16.80	14.61
EV/EBITDA (x)	8.82	10.20	7.99	6.51	5.60
Price/book value (x)	3.47	2.94	2.75	2.39	2.06
ROIC (%)	22.70	17.50	7.39	9.44	10.30

1. Post-goodwill amortisation and pre-exceptional items
Accounting standard: IFRS
Source: Company data, RBS forecasts

year to Mar, fully diluted

Structural improvement in India – price stability and decline in churn rate

We expect Bharti's India and South Asia FY11-14F revenue and EBITDA CAGRs to grow 11.9% and 14.6%, respectively, driven by: 1) a minutes of use CAGR of 13%; 2) stable revenue per minute; and 3) incremental 3G data revenue. We expect non-voice revenue (including 3G) to grow from 14.6% in 1QFY12 to 16.2% of mobile revenue in FY14. EBITDA margin expansion will be driven by decline in churn rate and network utilization improvement.

Can it replicate success in Africa? Early signs visible in 47.4% yoy minute growth

Bharti's current Africa minutes of use (MoU) is equivalent to its India MoU in FY06. Can Bharti replicate its success in India during FY06-09, when it achieved mobile MoU and revenue CAGRs of 90% and 54%? Bharti's Africa EBITDA has grown at a quarterly CAGR of 9.2% for the last three quarters, driven by 47.4% yoy MoU growth to 16.3bn in 1Q. While we expect an Africa EBITDA CAGR of 28% for FY11-14, led by EBITDA margin expansion to 31% by FY14 (+600bp from 1QFY12), there could be upside from higher MoU growth.

We expect a re-rating led by synchronized profitable growth across geographies

Bharti's stock has been de-rated due to the dual impact of competition in India and leveraged acquisition in Africa. With the worst now behind the company, we expect synchronized profitable growth across geographies to lead to a valuation re-rating. We expect an FY11-14 EPS CAGR of 18% led by: 1) EBITDA CAGR of 17.1% to US$7.4bn in FY14F 2) lower capex intensity to 17.9% of revenue in FY14F, and 3) lower interest cost due to a fall in net debt by US$4bn to US$9.4bn in FY14F.

We initiate with a Buy rating and target price of Rs475

Our target price of Rs475 is based on SOTP valuation. We discount our SOTP-based FV of March 2013 by six months to derive the 12-month target price. Our target price implies an EV/EBITDA multiple of 7.8x FY13F and 6.7x FY14F.

This note should be read along with our sector report (*Ripe for profitable growth,* 3 October 2011) for a better understanding of the investment argument.

Important disclosures can be found in the Disclosures Appendix.

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The basics

Vs consensus

EPS (Rs)	RBS	Cons	% diff
2012F	15.8	18.8	-16%
2013F	22.5	27.6	-18%
2014F	25.9	35.6	-27%

Source: Bloomberg, RBS forecasts

Forced ranking*

Company	Rec	Upside / Downside
Bharti	Buy	26%
Idea	Buy	23%
China Mobile	Buy	14%
RCom	Hold	-7%

* by difference to target price as at time of publication. Recommendations may lie outside the structure outlined in the disclosure page.
Source: RBS forecasts

Key events

Date	Event
Oct-Nov, 2011	2Q FY12 results release
Oct-Nov, 2011	National Telecom Policy-2011 to be introduced

Source: Company data, Industry

Catalysts for share price performance

We believe key catalysts for share price performance are:

- Increase in voice revenue per minute (RPM) in the next few quarters in India business.
- Consistent improvement in revenue and profitability of Africa business.
- The outcome of the National Telecom Policy 2011 is expected to provide a stable regulatory outlook as known concerns (such as spectrum renewal charges) should be addressed by the policy.

Earnings momentum

- Bharti's India business growth is likely to improve due to price stability and increase in non-voice revenue. We expect revenue/EBITDA to grow at 11.9%/14.6% CAGRs in FY11-14.
- The profitability of Bharti's Africa business is likely to improve (we forecast an FY11-14 EBITDA CAGR of 28%) driven by market share gains, higher network use and benefits of outsourcing, in our opinion.
- Overall, we expect a consolidated EPS CAGR of 18% in FY11-14F led by improvement across geographies.

Valuation and target price

We initiate with a Buy rating and 12-month target price of Rs475. We derive our target price from a SOTP methodology. We discount our SOTP-based FV of March 2013 by six months to derive our 12-month target price (September 2012). We value India's mobile business at 7.5x EV/EBITDA (at a premium to Idea's mobile business of 7.0x EV/EBITDA) and tower business at Rs5.0m EV/tower. We value Africa business at 6.0x EV/EBITDA (comparable to African peers). We factor a possible Rs29 per share impact from one-time spectrum fees and spectrum renewal charges into our target price.

Our target price implies an EV/EBITDA multiple of 7.8x FY13F and 6.7x FY14F.

How we differ from consensus

Our revenue forecast for Bharti is largely in line with Bloomberg's consensus estimates. Our EBITDA forecast in FY12 and FY13 is in line with Bloomberg's consensus estimates. However, our lower FY14 EBITDA forecast (about 6% below consensus estimates) is attributable to our lower margin expectation (31%) for Bharti Airtel Africa.

Our EPS forecasts are about 15-20% lower than Bloomberg's consensus estimates, which we believe is primarily due to: 1) higher depreciation and amortisation expense due to 3G spectrum cost amortisation and 2) higher tax forecasts (effective tax rate at about 30-31%).

Risks to our central scenario

Key risks to our target price and rating are:

- Higher impact than we expected due to one-time spectrum fees and spectrum renewal charges
- Lower tariffs than we expected
- Lower minute market share performance than we expected
- Higher competition than we expected, leading to higher marketing and subscriber acquisition costs

Key assumptions and sensitivities

Table 1 : Key assumptions

	FY12F	FY13F	FY14F
Bharti India			
Minute market share (%)	26.3	25.8	25.5
Minutes (bn)	927	1,050	1,146
Blended RPM (p/min)	43.6	44.1	43.8
Voice RPM (p/min)	37.4	37.4	36.6
3G subs (m)	6.5	11.0	19.6
Non-voice revenue (%)	14.2	15.1	16.2
Churn rate (%)	6.4	4.9	4.4
Bharti Africa			
Revenue growth - yoy (%)	15	16	15
EBITDA margin	26.5	28.5	31.0
Consolidated			
Capex intensity (% of revenue)	22.5	20.7	17.9

Source: RBS forecasts

Table 2 : Sensitivity analysis

Bharti Airtel Rs/sh	% change	Target price	% change in TP	EPS	% change in EPS
Base case		**475**		**25.9**	
Change in voice RPM	+2.5	494	4	27.3	6
	-2.5	457	-4	24.4	-6
Change in ARPU	+2.5	496	4	27.5	6
	-2.5	455	-4	24.2	-6
Change in Africa EBITDA margin	+100bp	479	1	26.5	2
	-100bp	472	-1	25.2	-2

Source: RBS forecasts

Table 3 : Our forecasts vs consensus

Rsm	FY12F			FY13F			FY14F		
	RBS	Consensus	Difference (%)	RBS	Consensus	Difference (%)	RBS	Consensus	Difference (%)
Revenue	715,282	717,375	**(0.3)**	814,947	825,404	**(1.3)**	894,675	911,645	**(1.9)**
EBITDA	252,355	250,572	**0.7**	300,709	304,416	**(1.2)**	331,394	353,396	**(6.2)**
PAT	60,154	71,324	**(15.7)**	85,679	104,652	**(18.1)**	98,530	135,046	**(27.0)**

Source: Bloomberg, RBS forecasts

Structural improvement in India

We expect Bharti to maintain its leadership position in India and improve its profitability, led by price stability, higher non-voice revenue and decline in churn rate.

Price stability expected in Indian market

Growth driven by stable RPM and a 13% minute CAGR

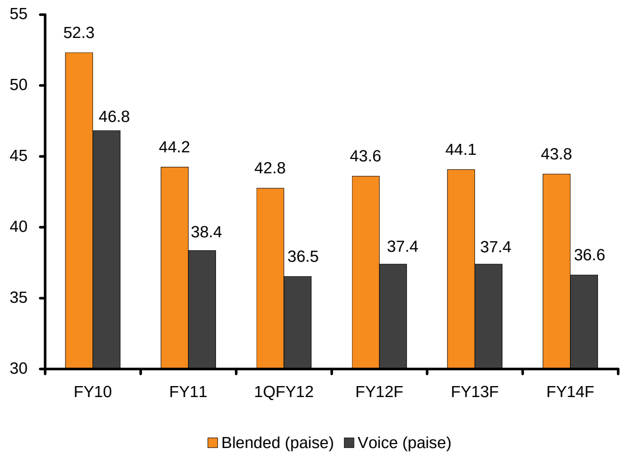
We expect Bharti's India and South Asia revenue/EBITDA to grow at an 11.9% and 14.6% CAGR, respectively, over FY11-14 due to: 1) a minutes CAGR of 13% over FY11-14F to 1146bn minutes; 2) stable RPM (44.2p/min in FY11 to 43.8p/min in FY14F). Blended RPM in India is supported by a marginal decline in voice RPM (from 38.4p in FY11 to 36.6p in FY14F); and 3) incremental 3G data revenue. We expect non-voice revenue (including 3G) as a percentage of mobile revenue to grow from 13.3% in FY11 (14.6% in 1QFY12) to 16.2% in FY14. EBITDA growth is likely to be driven by a decline in churn rate (from 6.8% in FY11 to 4.4% in FY14F) and an improvement in network use (7.6m min/cell site in 1QFY12 to 8.4m min/cell site by FY14F).

Table 4 : Bharti India and South Asia – financial performance

US$m	FY09	FY10	FY11	FY12F	FY13F	FY14F	CAGR (FY11-14F)
Revenue	8,214	8,803	10,360	11,875	13,447	14,519	11.9
yoy (%)		7.2	17.7	14.6	13.2	8.0	
EBITDA	3,371	3,583	3,793	4,543	5,354	5,702	14.6
Margin (%)	41.0	40.7	36.6	38.3	39.8	39.3	
PAT	2,057	1,973	1,680	1,706	2,196	2,326	11.5
Margin (%)	25.0	22.4	16.2	14.4	16.3	16.0	

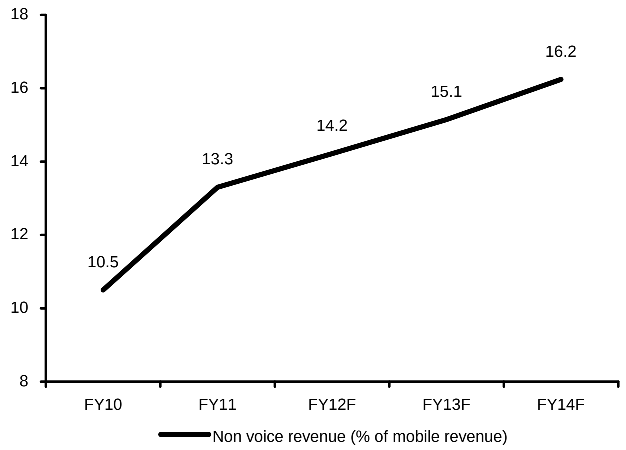
Source: Company data, RBS forecasts

Chart 1 : Price stability driven by stable voice RPM …



Source: Company data, RBS forecasts

Chart 2 : …and increase in non-voice revenue (%)

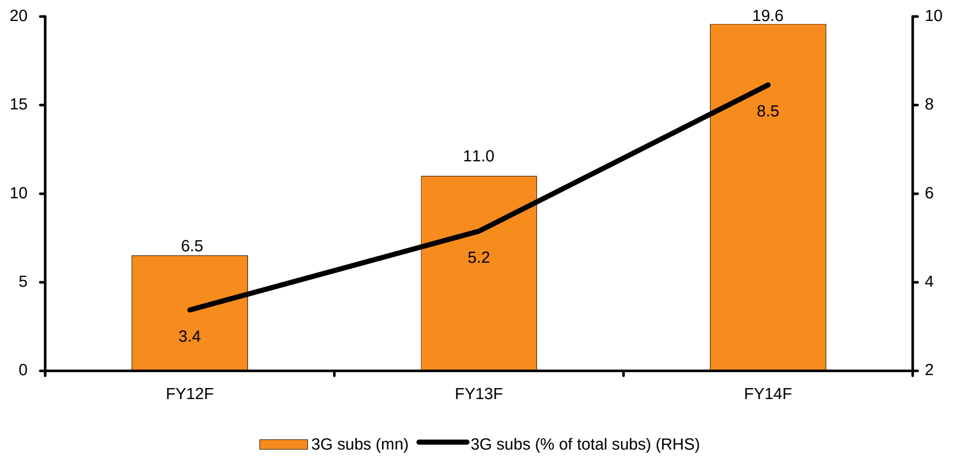


Source: Company data, RBS forecasts

We believe 3G penetration is likely to take longer

We expect Bharti's 3G subs to increase from about 2m in FY11 to about 19.6m in FY14 (about 8.5% of its subscriber base). We believe 3G ecosystems (network coverage, backhaul, handset penetration, mass appeal or demand for data and affordable access charges) will take a few years to stabilise before we witness significant 3G penetration improvement. Our expectation of about 20m 3G subs by FY14 for Bharti is based on the assumption that the company's subscribers (it had about 20m subs and an average ARPU of about Rs500 in FY06) would have the affordability and willingness to adapt 3G services by FY14. In addition, our top-down 3G subs model expects Bharti to have about 30% 3G subs market share by FY14 (which is in line with Bharti's revenue market share).

Chart 3 : 3G penetration to improve, albeit at a slower pace



Source: RBS forecasts

Table 5 : Key assumptions: 3G subs and revenue

	FY12F	FY13F	FY14F
3G subs (m)	6.5	11.0	19.6
3G revenue (Rsm)	5,854	15,739	27,507
Total non-voice revenue (Rsm)	57,486	70,058	81,437

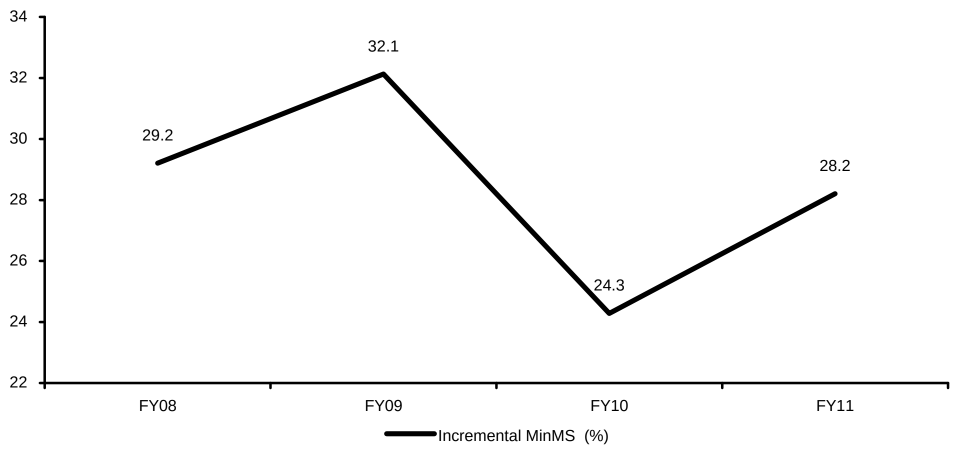
Source: RBS forecasts

Bharti to sustain leadership with 25.5% MinMS

Bharti recaptured minute market share in FY11. However, we build a conservative 22.5% incremental minute market share assumption

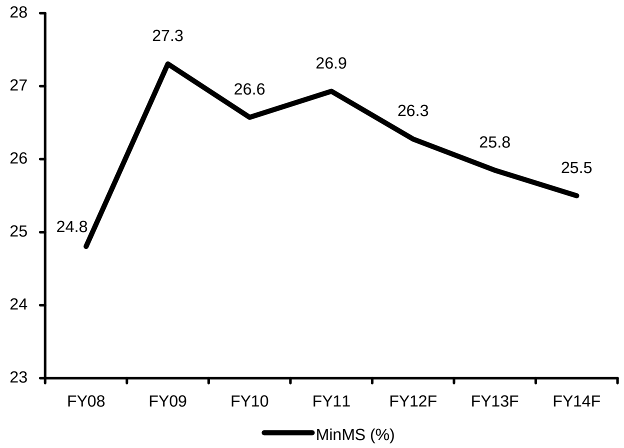
We believe Bharti will gain incremental minute market share (MinMS) of 22.5%, hence maintaining its leadership with 25.5% MinMS by FY14F vs 26.9% MinMS in FY11 (see Chart 5). We factor in lower incremental MinMS for Bharti since we expect Vodafone India and Idea to gain higher MinMS due to their expansion into new circles. We are not concerned by a marginal decline in Bharti's revenue market share (RMS) by 120bp from 32.8% in FY09 to 31.6% in FY11 since the company had a disproportionately higher RMS.

Chart 4 : Bharti recaptured MinMS; its incremental MinMS improved in FY11



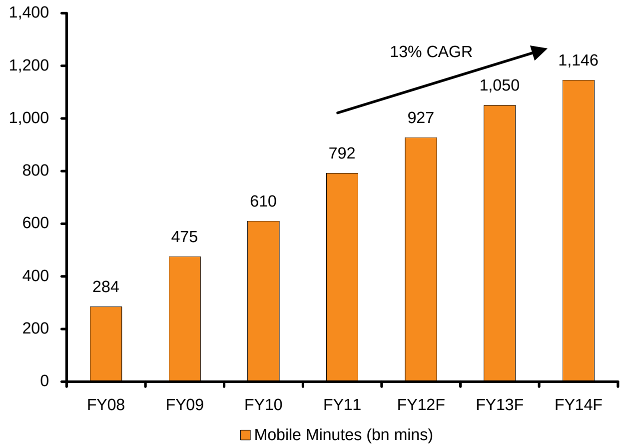
Source: Company data, TRAI

Chart 5 : Bharti to remain the leader with 25.5% MinMS by FY14F…



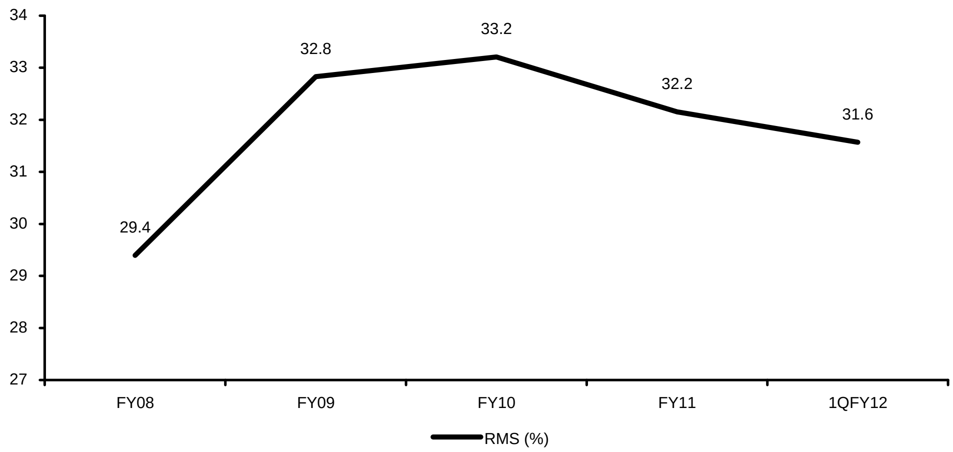
Source: Company data, TRAI, RBS forecasts

Chart 6 : … leading to an FY11-14F mobile MoU CAGR of 13%



Source: Company data, RBS forecasts

Chart 7 : Bharti held on to RMS despite competition and disproportionately higher RMS



Source: TRAI

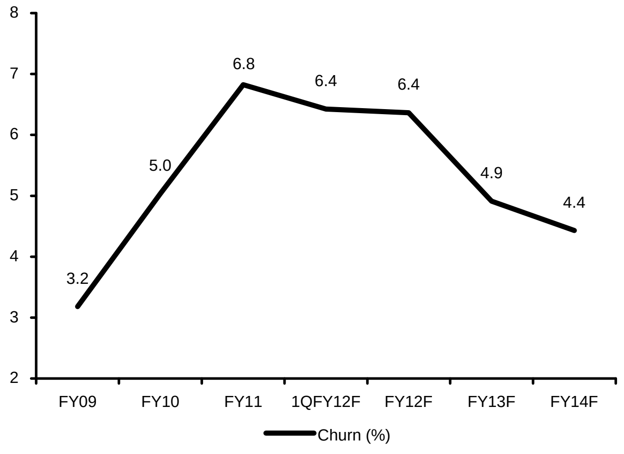
India and South Asia EBITDA margin to expand

We expect EBITDA margin to expand to 39.3% by FY14 and an EBITDA CAGR of 14.6% in FY11-14. We expect EBITDA growth to be driven by: 1) a decline in churn rate (from 6.8% in FY11 to 4.4% in FY14F), and 2) improved utilisation (7.6m min/cell site in 1QFY12 to 8.4m min/cell site by FY14F).

Churn rate to decline

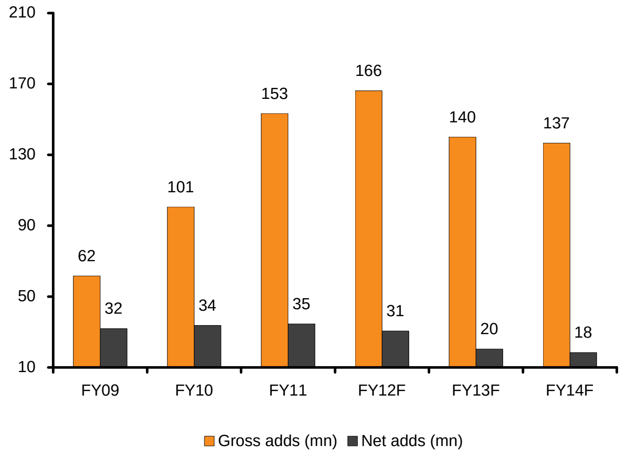
We note gross subscribers increased materially (2.46x) from 62m in FY09 to 153m in FY11 while net adds over the same period remained stable at about 32-35m per year due to high competition (see Chart 9). We expect the churn rate to decline and gross sub additions to fall to 137m by FY14, thus leading to EBITDA margin expansion.

Chart 8 : Churn rate to decline…



Source: Company data, RBS forecasts

Chart 9 : …leading to decline in gross subs addition



Source: Company data, RBS forecasts

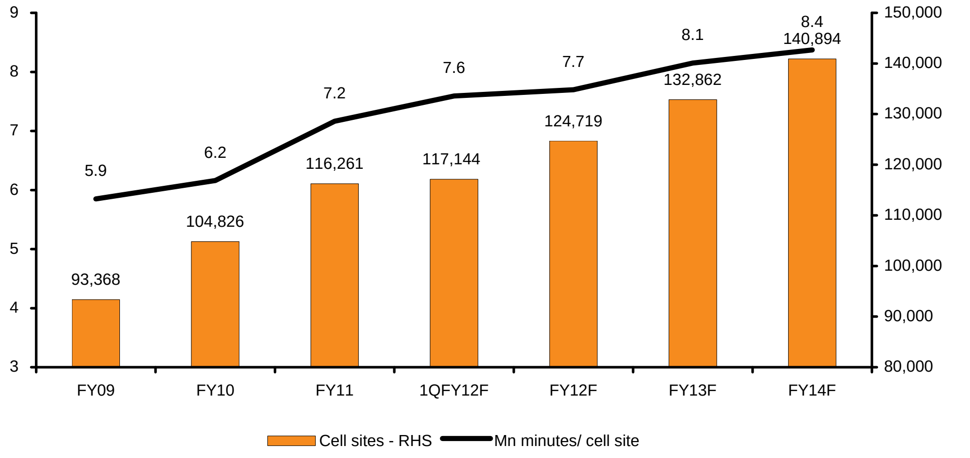
Network utilisation to improve

We believe Bharti's incremental 2G network rollout is primarily led by capacity vs coverage requirements. This should support improvement in Bharti's network use (m minutes per cell site) to rise further to 8.4m min/cell site by FY14F vs 7.6m min/cell site in 1QFY12. Bharti India already reached population coverage of 86% in FY11 (vs 42% in FY06).

Incremental 2G network rollout driven by capacity requirement as the company already covers 86% of India's population

We note that Bharti's coverage expanded (5.9x) from about 20,000 cell sites in FY06 (42% population coverage) to about 116,000 in FY11 (86% population coverage). During FY06-09, its utilisation level remained restricted to 5.9m minutes per cell site. However, the company's network utilisation has increased for the last two years, from 5.9m minutes in FY09 to 7.2m minutes per cell site by FY11. Hence, we believe capacity utilisation will improve since a majority of incremental network rollout will be driven by capacity vs coverage requirement.

Chart 10 : Network utilisation to improve as incremental coverage expansion is low

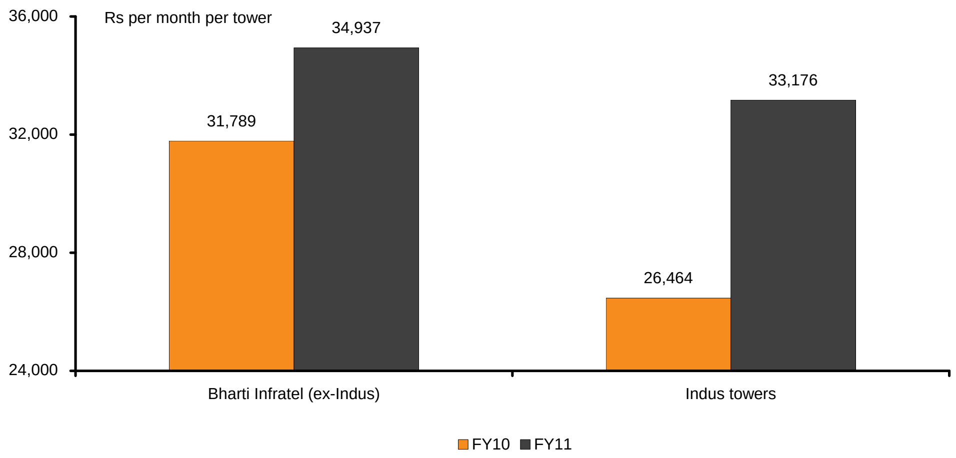


Source: Company data, RBS forecasts

Tower business profitability improves

Bharti Infratel's annual report indicates tower business profitability increased materially yoy and is likely to contribute to margin expansion (see Chart 11) going forward. In addition, Bharti Infratel's non-captive revenue proportion rose from 10.7% in FY09 to 31.6% in FY11.

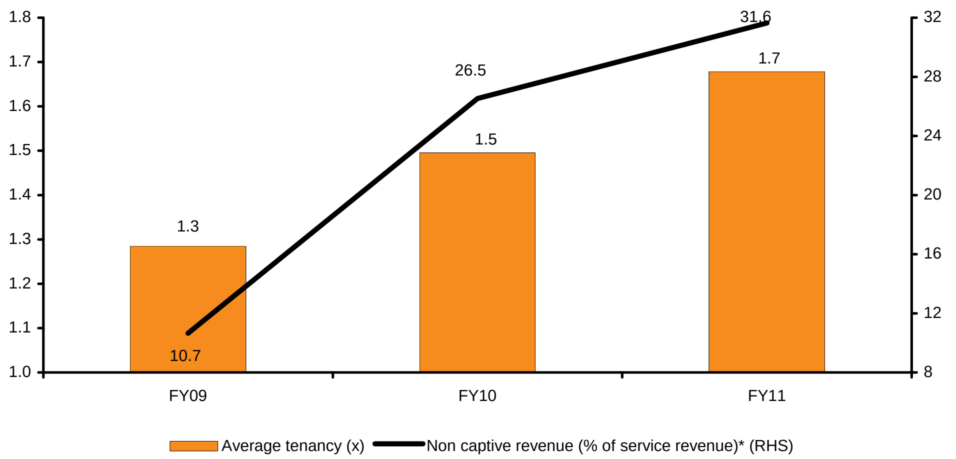
Chart 11 : EBITDA per tower improves for Bharti Infratel and Indus Tower



Source: Company data

Tower business revenue from external tenants rose in the last two years

Chart 12 : Bharti Infratel non-captive revenue proportion rose to 31.6%



Source: Company data

Can it replicate success in Africa? Early signs visible in 47.4% yoy minute growth

Bharti's entry into the African continent, which is significantly under-penetrated, could raise the company's long-term growth profile. We estimate an EBITDA CAGR of 28% over FY11-14F to US$1.7bn in FY14F.

EBITDA growth trajectory to improve in Africa

Africa revenue and EBITDA quarterly CAGRs were 5.3% and 9.2%, respectively, from 2QFY11 to 1QFY12…

Bharti's African operations have started to show steady revenue and EBITDA growth. Management indicated during the earnings call that it pulled back 1% RMS in Africa. Revenue grew from US$838m in 2QFY11 to US$979m in 1QFY12 (a quarterly CAGR of 5.3%) and EBITDA grew from US$201m in 2QFY11 to US$261m in 1QFY12 (a quarterly CAGR of 9.2%). Bharti's Africa growth was driven by robust 47.4% yoy minute growth (16.4bn minutes in 1QFY12 vs 11.1bn in 1QFY11). During the same period, RPM decline was restricted to 16.8% yoy (US$ 6.0 cents in 1QFY12 vs US$ 7.2 in 1QFY11).

Bharti's Africa minutes of use is now equivalent to its India minutes of use in FY06. Can Bharti replicate its success in India during FY06-09? In this period, the company's India mobile business witnessed minute and revenue CAGRs of 90% and 54%, respectively.

Though it is difficult to accurately predict Bharti's Africa growth potential due to the continent's mix of 17 countries, different consumer habits in each country and unique challenges in each market, we believe the steps taken by management in various departments (BPO, IT, network management, and passive infrastructure sharing) will gradually expand margins in a few years. In addition, there is room to improve network utilisation, which was 5.1m minutes/cell site in Africa (vs 7.6m in India as of 1QFY12). Hence, we expect the company's Africa EBITDA margin to expand to 28.5% by FY13 (+350bp from 1QFY12) and 31% by FY14 (US$1.66bn EBITDA by FY14). We would like to highlight that our estimates are lower than management's target of US$5.0bn revenue and US$2.0bn EBITDA by 2013.

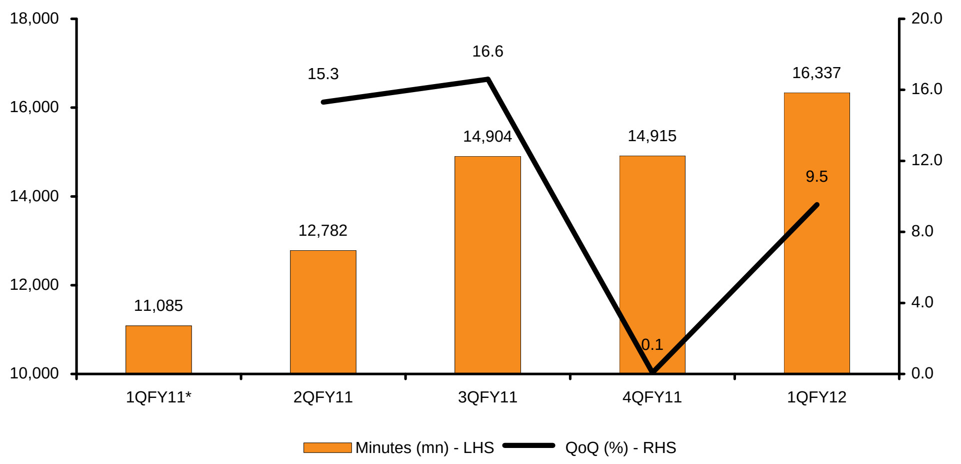
…led by 47.4% yoy growth in minutes of use

Table 6 : Bharti Africa – financial performance

US$m	FY11*	FY12F	FY13F	FY14F	CAGR (FY11-14F)
Revenue	3,492	4,020	4,663	5,362	15.4
yoy (%)		15	16	15	
EBITDA	791	1,065	1,329	1,662	28.1
Margin (%)	22.6	26.5	28.5	31.0	
PAT		(369)	(292)	(136)	

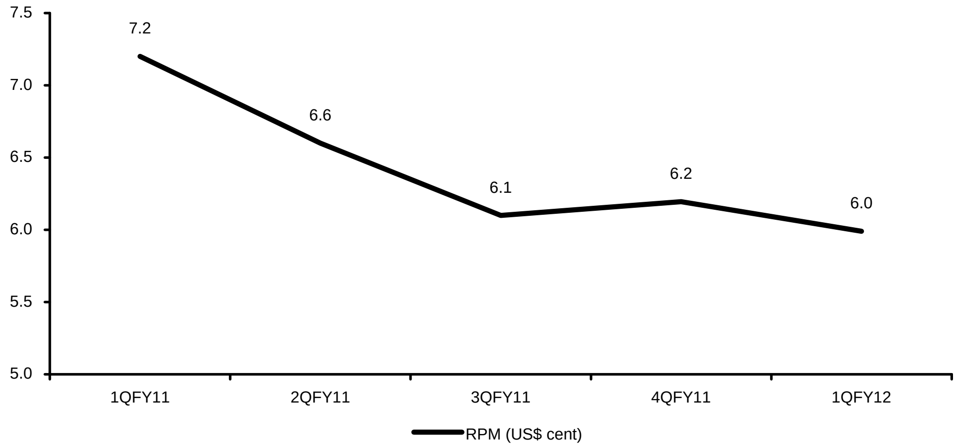
*These are pro-forma numbers. Company-reported 1QFY11 numbers were for 23 days.
Source: Company data, RBS forecasts

Chart 13 : Minutes grew 47.4% yoy in 1QFY12…



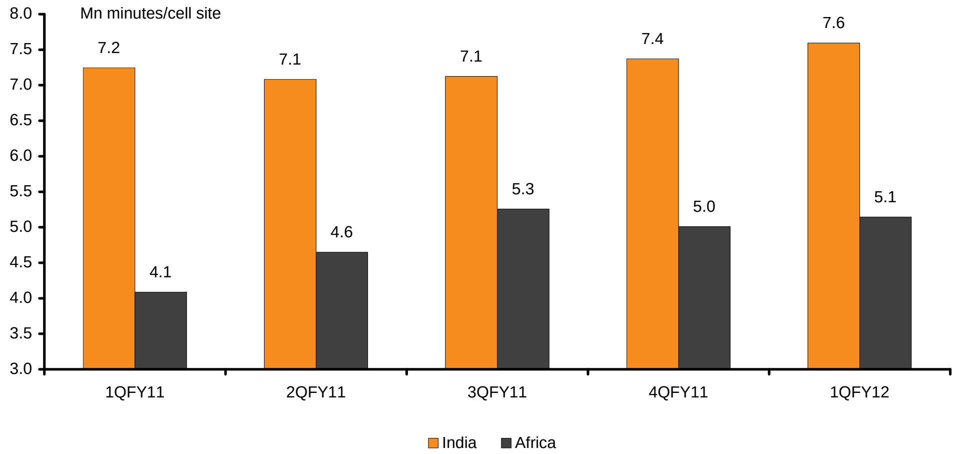
Source: Company data

Chart 14 : …despite stable RPM over the last few quarters



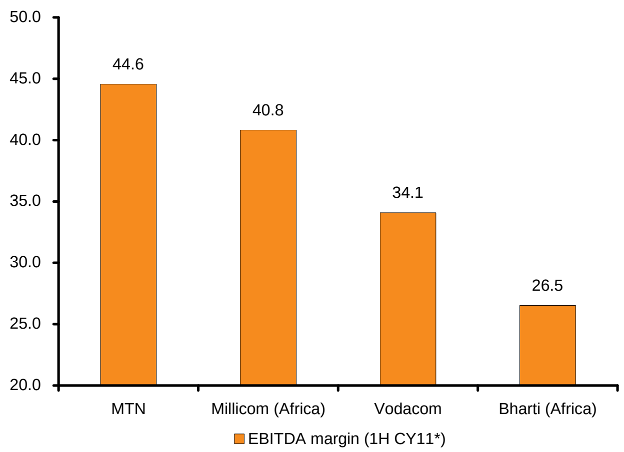
Source: Company data

Chart 15 : Africa capacity utilisation has significant headroom, which should expand margin



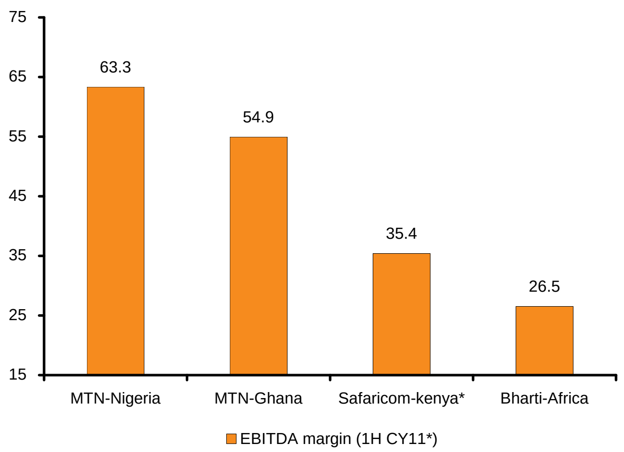
Source: Company data, RBS estimates

Chart 16 : Bharti Africa's margin is significantly below peers'



*2H FY11 for Vodacom
Source: Company data

Chart 17 : EBITDA margin profile of a few countries where Bharti Africa operates



*2H FY11 for Safaricom
Source: Company data

Table 7 : Bharti Africa footprint countries (17) have low subs penetration of 45%

Country	Population (m)- CY10	GDP ($bn)-CY10	Per capita income ($)-CY10	Mobile subs (m)-CY10	Mobile penetration (%)-CY10	Bharti Africa revenue contribution in % (FY11)
Nigeria	156.1	202.6	1298	87.3	56%	33.3
DRC	70.5	13.1	186	11.4	16%	8
Tanzania	41.3	22.5	545	21.0	51%	6.1
Kenya	39.7	32.1	808	25.0	63%	4.1
Uganda	34.0	17.0	501	12.8	38%	2.3
Ghana	23.7	32.3	1364	17.4	74%	3.5
Madagascar	21.3	8.8	415	8.2	39%	2.5
Malawi	15.7	5.4	343	3.0	19%	4.3
Burkina Faso	14.7	9.0	610	5.7	39%	3.8
Niger	14.6	5.5	375	3.8	26%	4.9
Zambia	13.3	16.2	1221	4.9	37%	9.8
Chad	10.2	8.6	837	2.6	26%	3.4
Rwanda	10.0	5.6	558	3.5	35%	
Sierra Leone	5.8	1.9	326	2.0	34%	1.1
Republic of the Congo	3.9	12.0	3113	3.8	98%	4.9
Gabon	1.5	13.1	8779	1.6	108%	7.6
Seychelles	0.1	0.9	10617	0.1	134%	0.3
Total	476.4	406.7	854	214.3	45%	100

Source: IMF estimates, ITU, Company data

Bharti continues to expand in Africa

In September 2011, Bharti expanded in Africa and was awarded a license in the Rwanda market. The new license in Rwanda confirms the company's intent to expand in Africa and confidence in the African continent. There are 36 African countries (about US$1,300bn GDP in CY10) where Bharti Airtel doesn't have a footprint. Out of the 36 countries, 10 countries (see table 8) qualify for the following criteria: 1) GDP (+US$5bn) or population (+5m); 2) subscriber penetration less than 60% and 3) limited competition (four or fewer operators). We believe Bharti Airtel will continuously evaluate opportunities to expand in the African market to capture higher growth.

Table 8 : Africa: non-footprint countries which meet certain criteria (see above)

Country	Population (m)- CY10	Nominal GDP ($bn)-CY10	Nominal per capita income ($)-CY10	Mobile subs (m)-CY10	Mobile penetration (%)-CY10	No. of operators
Ethiopia	84.8	29.7	350	6.5	8%	1
Sudan	40.1	65.4	1,629	17.7	44%	4
Mozambique	21.6	9.5	440	7.2	33%	2
Cameroon	20.4	22.5	1,103	8.2	40%	2
Angola	19.1	82.5	4,329	8.9	47%	2
Mali	13.4	9.4	701	7.3	55%	2
Zimbabwe	12.6	7.5	594	7.5	60%	3
Togo	7.0	3.2	457	2.5	35%	2
Eritrea	5.3	2.1	398	0.2	3%	1
Equatorial Guinea	1.3	14.5	11,045	0.4	30%	2

Source: IMF estimates, ITU, Company data

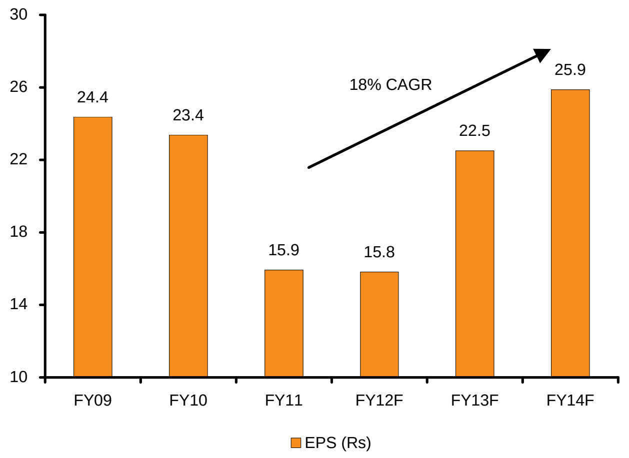
ROE to expand due to improvement across geographies

We expect Bharti's ROE to expand to 15.2% in FY14F, led by profitable growth across Indian and African markets, reduction in capex intensity and lower interest cost owing to reduction in net debt by US$4bn over next three years.

EPS growth expected to resume after three years of decline

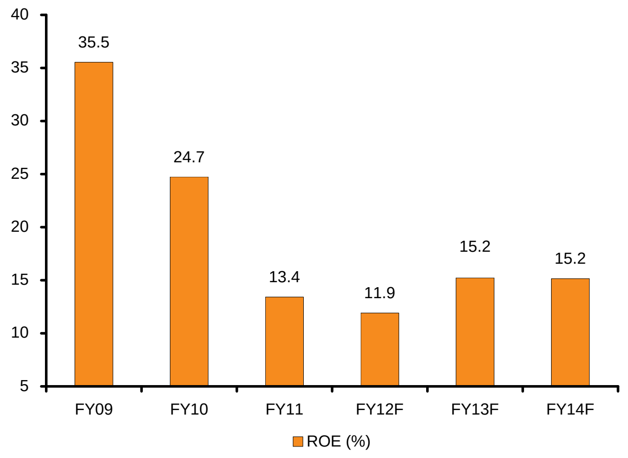
We expect an EPS CAGR of 18% over FY11-14 due to: 1) a consolidated revenue CAGR of 12.8% over FY11-14F to US$19.9bn; 2) an EBITDA CAGR of 17.1% over FY11-14F to US$7.4bn; 3) lower capex intensity (from 22.5% of revenue in FY11 to 17.9% in FY14F); and 4) lower interest cost due to a reduction in net debt from US$13.5bn in FY11 to US$9.4bn in FY14F.

Chart 18 : EPS CAGR of 18% over FY11-14F



Source: Company data, RBS forecasts

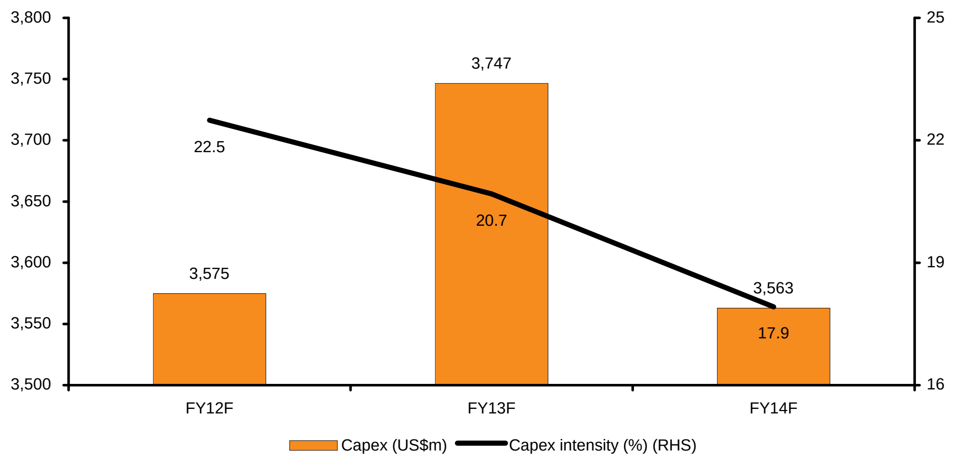
Chart 19 : ROE to expand to 15.2%



Source: Company data, RBS forecasts

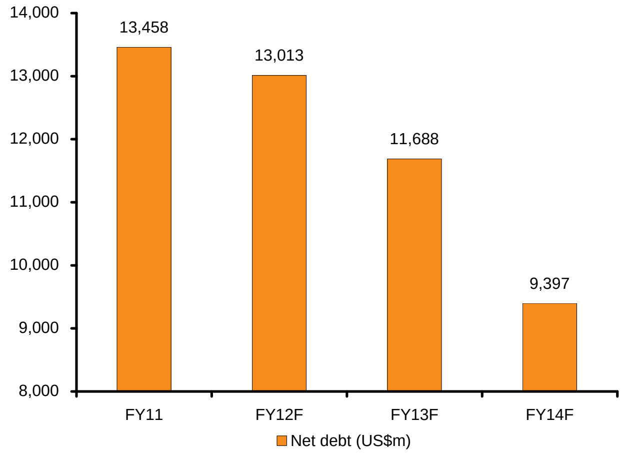
Deleveraging to begin as capex intensity falls

Chart 20 : Capex intensity to decline



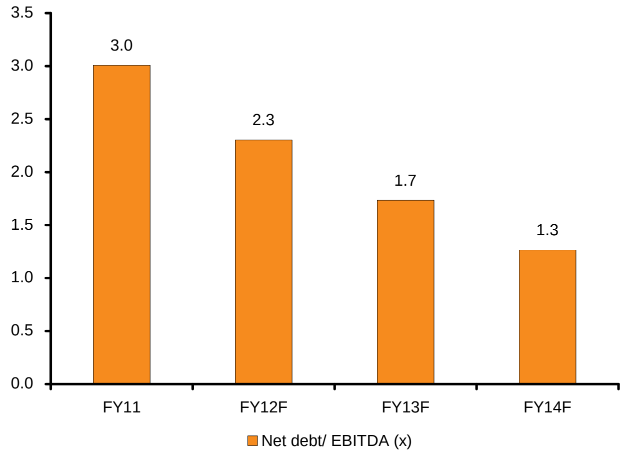
Source: RBS forecasts

Chart 21 : Net debt likely to decline



Source: Company data, RBS forecasts

Chart 22 : Net debt/EBITDA to decline



Source: Company data, RBS forecasts

Initiate at Buy; valuation multiple to expand

We initiate coverage at Buy, with Bharti our top sector pick. The stock has been de-rated due to the dual impact of competition in India and leveraged acquisition in Africa. We expect synchronized profitable growth across geographies to lead to a valuation re-rating.

Re-rating led by synchronized profitable growth across geographies

We expect Bharti's valuation multiples to expand because of: 1) structural improvement in India leading to high growth (an EBITDA CAGR of 14.6% in FY11-14F); 2) improvement in profitability of the Africa business (an EBITDA CAGR of 28% in FY11-14F), and 3) ROE expansion to 15.2% by FY14F (from 13.4% in FY11).

We initiate with a Buy rating and 12-month target price of Rs475. We derive our target price from a SOTP valuation. We discount our SOTP-based FV for March 2013 by six months to derive our 12-month target price (September 2012). We value Bharti India's mobile business at 7.5x EV/EBITDA (at a premium to our target for Idea's mobile business at 7.0x EV/EBITDA) and tower business at Rs5.0m EV/tower. We value Bharti Africa at 6.0x EV/EBITDA (comparable to African peers). We factor a possible Rs29 per share impact from one-time spectrum fees and spectrum renewal charges into our target price. We prefer to value India telco services stocks using EV/EBITDA rather than PE since depreciation policies differ across peers and the companies are at different stages of maturity.

Bharti is our top pick in the sector

Our target price implies an EV/EBITDA multiple of 7.8x FY13F and 6.7x FY14F. We note Bharti's implied FY13F EV/EBITDA multiple is closer to its historical average of 7.7x one-year forward EV/EBITDA , though we note the historical average has a limited history (from June 2010). We believe valuation multiples are comparable only after June 2010 as the stock's valuation multiple was de-rated due to: 1) intense competition in India leading to a reduction in ROE; and 2) Bharti's Africa acquisition, which completed in June 2010.

Table 9 : Bharti's SOTP-based fair value

Business units	Valuation methodology	Rs bn	Value/sh (Rs)	Remarks
India core business	EV/EBITDA multiple	1,610	423	7.5x EV/EBITDA
Africa business	EV/EBITDA multiple	346	91	6x EV/EBITDA
Infratel (incl Indus)	EV/Tower	378	99	EV/tower of Rs5m
DTH	EV/sub	45	12	EV/sub = Rs4500
Sri Lanka	P/BV	10	3	1.0x P/B
Bangladesh	P/BV	15	4	1.0x P/B
Total enterprise value		2,404	631	
Less: net debt/minority int (FY14F)		360	95	
Equity value		2,045	537	
Less: Net possible impact of one-time spectrum charges		111	29	
SOTP fair value (Mar-13)		1,921	508	
12-month target price (Sep-12)			**475**	

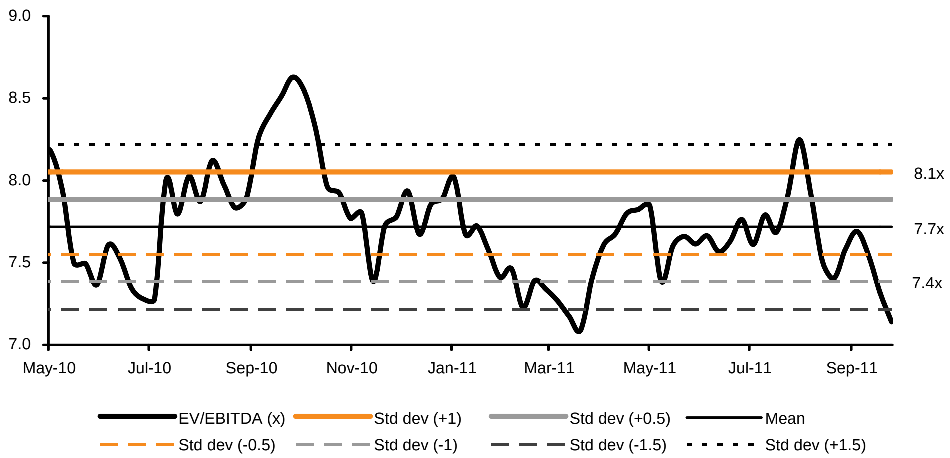
Source: RBS forecasts

Table 10 : Implied valuation metrics at target price

	FY13F	FY14F
Target price (Rs/sh)	475	475
EPS (Rs)	22.5	25.9
Implied PE (x)	**21.1**	**18.4**
Enterprise value (Rs bn)	2,340	2,233
EBITDA (Rs bn)	301	331
Implied EV/EBITDA (x)	**7.8**	**6.7**

Source: RBS forecasts

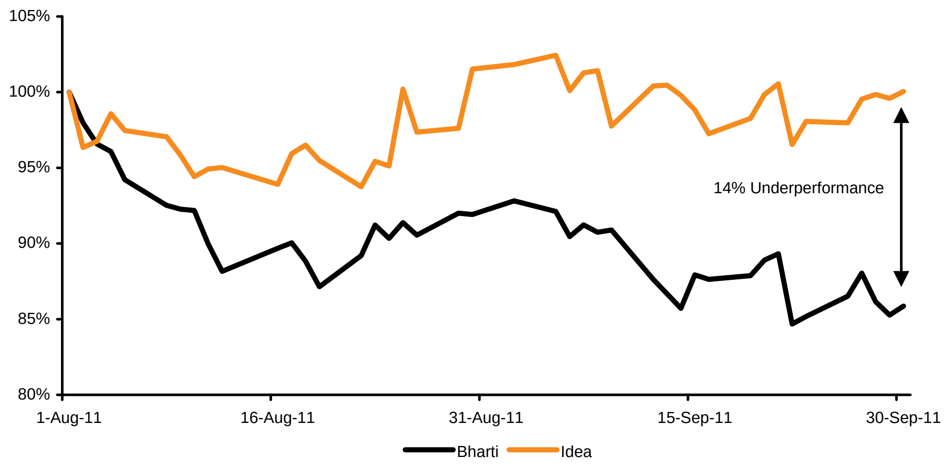
Chart 23 : Bharti – EV/EBITDA (1-year forward)



Source: Company data, Bloomberg, RBS forecasts

Bharti's shares underperformed Idea in the last two months by about 14% due to concerns on the potential impact of foreign currency exposure (the rupee depreciated by 9.5% in 2QFY12). We believe the concerns are overdone as any currency impact on profit and loss is primarily non-cash in nature, the company hedges its short-term foreign currency payments, and short-term currency movements do not change the fundamental enterprise value of the business.

Chart 24 : Bharti's recent underperformance against Idea seems unwarranted



Source: Bloomberg

Table 11 : Bharti – summary impact of TRAI recommendations

Rs bn, except impact per share value	
One-time spectrum charge above 6.2MHz	(36)
PV of spectrum renewal charges (to be paid post-expiry of licence period)	(75)
Total	(111)
Impact per share (Rs)	**(29)**

Source: TRAI, RBS forecasts

Table 12 : Bharti: spectrum renewal charges on licence expiry (based on TRAI recommendations)

Year	Circles	No. of circles	Payouts (Rs m)	NPV (FY13) (Rs m)	Revenue dependence (%)
FY15	Delhi, Kolkata	2	16,604	13,975	10.4
FY16	AP, Karnataka, Punjab, HP, N.E	5	33,495	25,127	29.1
FY17	Rajasthan	1	8,049	5,855	7.6
FY18-FY21					
FY22	Mumbai, Maharashtra, Gujarat, Tamil Nadu, Kerala, Haryana, UP (W) & MP	8	50,075	20,651	30.4
FY24	UP (E), WB, Bihar, Orissa & J&K	5	28,592	9,207	20.5
FY25	Assam	1	741	229	1.9
Total payouts		**22**	**137,555**	**75,043**	**100.0**

Source: TRAI, RBS forecasts

Table 13 : Sensitivity of EPS (FY14F) to India ARPU and Africa EBITDA margin

		India ARPU (% change from base case in India)				
		5.0	**1.0**	**0.0**	**(1.0)**	**(5.0)**
Africa EBITDA margin (change from base case)	**5.0**	32.4	29.7	29.0	28.4	25.7
	1.0	29.8	27.2	26.5	25.8	23.2
	-	29.2	26.5	**25.9**	25.2	22.6
	(1.0)	28.6	25.9	25.2	24.6	21.9
	(5.0)	26.0	23.4	22.7	22.0	19.4

Source: RBS forecasts

Valuation and EPS are more sensitive to a 1% change in India ARPU than a 100bp improvement in Africa EBITDA margin

Table 14 : Sensitivity of valuation to India ARPU and Africa EBITDA margin

		India ARPU (% change from base case in India)				
		5.0	**1.0**	**0.0**	**(1.0)**	**(5.0)**
Africa EBITDA margin (change from base case)	**5.0**	536	503	495	487	454
	1.0	520	488	479	471	438
	-	516	484	**475**	467	435
	(1.0)	513	480	472	463	431
	(5.0)	497	464	456	448	415

Source: RBS forecasts

Management team

Table 15 : Management team

Name	Designation	Qualification and experience
Sunil Bharti Mittal	Chairman	Sunil started his career after graduating from Punjab university in India in 1976 and formed Bharti. He was president of the confederation of Indian Industry (CII) during 2007-08. Sunil has been honoured with Padma Bhushan, one of India's highest civilian awards. He is a member of several premier international bodies – International Advisory Committee to the NYSE Euronext Board of Directors, the International Business Advisory Council of London and the Advisory Board of the Global Economic Symposium.
Manoj Kohli	CEO (International) & Joint Managing Director	Manoj holds degrees in commerce, law and an MBA from Delhi University. He also attended the Executive Business Program at the Michigan Business School and the Advanced Management Program at the Wharton Business School. Prior to becoming CEO (international) and Joint MD, he held multiple roles as CEO and Joint MD, President & CEO, Head of Mobile Services business at Bharti Airtel. Manoj started his career in 1979 with DCM Ltd., where he initially led HR, followed by leadership positions in the foods, chemicals and fertiliser businesses and assignments in engineering projects.
Sanjay Kapoor	CEO (India & South Asia)	Sanjay has a Bcom (H) from Delhi University, India, and MBA from Cranfield School of Management (UK) and is also a Graduate of The Wharton Advanced Management Program. He has over 26 years of professional experience, 13 years of which have been in the telecom sector. Prior to joining the Bharti Group, Sanjay worked with Xerox India as Director - Operations support. Sanjay joined the Bharti group in 1998 and since then has held a number of senior management positions across businesses.
K Srinivas	President, Consumer Business	A Mechanical Engineering graduate and PGDM from IIM Bangalore. Prior to becoming President, consumer business, he served as President of Bharti's Telemedia business. Srini joined Bharti Airtel in November 2002, and as a CEO, he led the operations of mobile services in various circles. Of his 22 years of rich working experience, Srini spent his early years with Britannia Industries and HLL performing various sales, marketing and business development roles.
Drew Kelton	President, Business to Business	Drew has a BSc in Electrical & Electronic Engineering (Hons). In addition, Drew is a Chartered Engineer (EEng) and MIET. He joined Bharti in July 2010 as President, Enterprise Services. Prior to Bharti, Drew was part of Telstra group as its MD, International Business. Drew's 30-year career in the IT and telecommunications sectors began as a graduate with IBM and he has held senior management roles with TimePlex/Unisys, IXNET, Saturn Global and Asia Global Crossing.
Manik Jhangiani	Group CFO-Bharti Enterprises Limited.	Manik is an accounting and economics graduate from Rutgers University and a Certified Public Accountant (CPA) from the State of New York. He joined Bharti Enterprises Ltd in May 2009 as Group CFO. He is also a member of the Bharti management Board. Prior to Bharti, Manik worked with Coca-Cola Hellenic based in Athens as CFO and with Colgate-Palmolive as Group Financial Director for its Nigerian operations.
Srikanth Balachander	CFO-Bharti Airtel Limited	Srikanth is a Chartered Accountant. He joined Bharti as CFO in November 2008. Srikanth is leading a huge finance transformation programme including shared services, process excellence and automation. Srikanth worked with Unilever for more than 23 years.

Source: Company data

Income statement

Rsm	FY10A	FY11A	FY12F	FY13F	FY14F
Revenue	396150	594672	715282	814947	894675
Cost of sales	-234907	-395008	-462926	-514238	-563281
Operating costs	-250839	-398984	-480745	-529129	-354468
EBITDA	**161243**	**199664**	**252355**	**300709**	**331394**
DDA & Impairment (ex gw)	-60457	-102066	-130019	-145199	-160872
EBITA	**100786**	**97598**	**122337**	**155510**	**170522**
Goodwill (amort/impaired)	n/a	n/a	n/a	n/a	n/a
EBIT	**100786**	**97598**	**122337**	**155510**	**170522**
Net interest	3948	-20816	-33740	-29412	-24216
Associates (pre-tax)	0.00	0.00	0.00	0.00	0.00
Forex gain / (loss)	0.00	0.00	0.00	0.00	n/a
Exceptionals (pre-tax)	n/a	n/a	n/a	n/a	n/a
Other pre-tax items	0.00	0.00	0.00	0.00	0.00
Reported PTP	**104734**	**76782**	**88597**	**126098**	**146307**
Taxation	-13958	-17790	-28811	-39355	-43909
Minority interests	-1994	1475	368.0	-1064	-3868
Exceptionals (post-tax)	2244	0.00	0.00	0.00	0.00
Other post-tax items	0.00	0.00	0.00	0.01	0.00
Reported net profit	**91026**	**60467**	**60154**	**85679**	**98530**
Normalised Items Excl. GW	2244	0.00	0.00	0.00	0.00
Normalised net profit	**88782**	**60467**	**60154**	**85679**	**98530**

Source: Company data, RBS forecasts — year to Mar

Balance sheet

Rsm	FY10A	FY11A	FY12F	FY13F	FY14F
Cash & market secs (1)	77425	15799	39412	123243	214942
Other current assets	52093	96278	113681	122402	129127
Tangible fixed assets	459712	900693	896399	920604	921169
Intang assets (incl gw)	36771	388050	388050	388050	388050
Oth non-curr assets	19728	51757	52716	53723	54781
Total assets	**645730**	**1452577**	**1490258**	**1608022**	**1708068**
Short term debt (2)	0.00	0.00	0.00	0.00	0.00
Trade & oth current liab	130279	285475	286181	294672	307309
Long term debt (3)	64618	616708	620446	645124	634519
Oth non-current liab	8644	34163	31234	32171	33136
Total liabilities	**203541**	**936346**	**937860**	**971967**	**974963**
Total equity (incl min)	442188	516231	552398	636055	733105
Total liab & sh equity	**645730**	**1452577**	**1490258**	**1608022**	**1708068**
Net debt	-12807	600909	581034	521881	419577

Source: Company data, RBS forecasts — year ended Mar

Cash flow statement

Rsm	FY10A	FY11A	FY12F	FY13F	FY14F
EBITDA	161243	199664	252355	300709	331394
Change in working capital	12070	9577	-7391	-1632	4295
Net interest (pd) / rec	3948	-20816	-33740	-29412	-24216
Taxes paid	-13958	-17790	-28811	-39355	-43909
Other oper cash items	-8113	4289	2233	1340	-893.0
Cash flow from ops (1)	**155190**	**174924**	**184646**	**231649**	**266672**
Capex (2)	-101972	-277094	-160345	-168070	-159913
Disposals/(acquisitions)	-75.0	-373991	0.00	0.00	0.00
Other investing cash flow	-22776	46590	5974	-64200	-99200
Cash flow from invest (3)	**-124823**	**-604495**	**-154371**	**-232270**	**-259113**
Incr / (decr) in equity	194.3	-306.0	22.2	29.7	0.00
Incr / (decr) in debt	-23066	429586	3738	24678	-10605
Ordinary dividend paid	-4442	-4428	-4448	-4455	-4455
Preferred dividends (4)	n/a	n/a	n/a	n/a	n/a
Other financing cash flow	0.00	0.00	0.00	0.00	n/a
Cash flow from fin (5)	**-27314**	**424852**	**-688.0**	**20252**	**-15060**
Forex & disc ops (6)	n/a	n/a	n/a	n/a	n/a
Inc/(decr) cash (1+3+5+6)	**3053**	**-4719**	**29587**	**19631**	**-7501**
Equity FCF (1+2+4)	53218	-102170	24301	63579	106760

Lines in bold can be derived from the immediately preceding lines. — year to Mar
Source: Company data, RBS forecasts

Standard ratios

Performance	Bharti Airtel FY10A	FY11A	FY12F	FY13F	FY14F	Idea Cellular FY12F	FY13F	FY14F	Reliance Comm FY12F	FY13F	FY14F
Sales growth (%)	7.18	50.1	20.3	13.9	9.78	27.9	23.2	12.4	4.02	9.24	5.97
EBITDA growth (%)	6.31	23.8	26.4	19.2	10.2	36.6	38.0	15.5	4.08	12.0	6.61
EBIT growth (%)	-3.18	-3.16	25.3	27.1	9.65	68.3	63.2	23.6	0.05	15.7	0.68
Normalised EPS growth (%)	-4.12	-31.9	-0.63	42.2	15.0	-1.55	100.1	41.7	-49.9	11.2	10.9
EBITDA margin (%)	40.7	33.6	35.3	36.9	37.0	25.8	28.9	29.7	31.8	32.6	32.8
EBIT margin (%)	25.4	16.4	17.1	19.1	19.1	11.3	15.0	16.5	12.1	12.9	12.2
Net profit margin (%)	22.4	10.2	8.41	10.5	11.0	4.49	7.30	9.20	3.17	3.23	3.38
Return on avg assets (%)	14.1	7.15	5.61	6.91	7.20	5.15	7.99	9.54	2.26	2.72	2.78
Return on avg equity (%)	24.7	13.4	11.9	15.2	15.2	7.05	12.9	15.8	1.66	1.83	1.99
ROIC (%)	22.7	17.5	7.39	9.44	10.3	6.79	10.0	12.3	2.76	3.17	3.27
ROIC - WACC (%)	12.0	6.75	-3.32	-1.28	-0.41	-3.66	-0.43	1.87	-9.85	-9.43	-9.33
					year to Mar			year to Mar			year to Mar

Valuation	Bharti Airtel FY10A	FY11A	FY12F	FY13F	FY14F	Idea Cellular FY12F	FY13F	FY14F	Reliance Comm FY12F	FY13F	FY14F
EV/sales (x)	3.59	3.42	2.82	2.40	2.07	2.26	1.77	1.48	2.26	1.96	1.69
EV/EBITDA (x)	8.82	10.2	7.99	6.51	5.60	8.78	6.12	4.99	7.12	6.02	5.14
EV/EBITDA @ tgt price (x)	11.1	12.0	9.45	7.73	6.71	10.2	7.18	5.90	6.97	5.89	5.02
EV/EBIT (x)	14.1	20.9	16.5	12.6	10.9	20.0	11.8	8.97	18.6	15.3	13.8
EV/invested capital (x)	3.31	1.82	1.78	1.69	1.61	1.77	1.69	1.59	0.64	0.62	0.59
Price/book value (x)	3.47	2.94	2.75	2.39	2.06	2.54	2.23	1.90	0.36	0.36	0.35
Equity FCF yield (%)	3.71	-7.12	1.69	4.42	7.42	-4.83	5.04	7.83	0.75	17.3	27.5
Normalised PE (x)	16.17	23.74	23.89	16.80	14.61	36.78	18.38	12.97	21.85	19.64	17.71
Norm PE @tgt price (x)	20.3	29.8	30.0	21.1	18.4	45.2	22.6	15.9	20.4	18.3	16.5
Dividend yield (%)	0.26	0.26	0.26	0.26	0.26	0.00	0.00	0.00	0.00	0.00	0.00
					year to Mar			year to Mar			year to Mar

Per share data	FY10A	FY11A	FY12F	FY13F	FY14F
Tot adj dil sh, ave (m)	3798	3798	3802	3808	3808
Reported EPS (INR)	24.0	15.9	15.8	22.5	25.9
Normalised EPS (INR)	23.38	15.92	15.82	22.50	25.88
Dividend per share (INR)	1.00	1.00	1.00	1.00	1.00
Equity FCF per share (INR)	14.0	-26.9	6.39	16.7	28.0
Book value per sh (INR)	108.9	128.4	137.3	158.4	183.1
					year to Mar

Solvency	FY10A	FY11A	FY12F	FY13F	FY14F
Net debt to equity (%)	-2.90	116.4	105.2	82.0	57.2
Net debt to tot ass (%)	-1.98	41.4	39.0	32.5	24.6
Net debt to EBITDA	-0.08	3.01	2.30	1.74	1.27
Current ratio (x)	0.99	0.39	0.53	0.83	1.12
Operating CF int cov (x)	-41.8	10.3	7.33	10.2	13.8
Dividend cover (x)	20.0	13.7	13.5	19.2	22.1
					year to Mar

Priced as follows: BRTI.BO - Rs378.00
Source: Company data, RBS forecasts

Valuation Methodology- SOTP valuation

Business units	Valuation methodology	Rsbn	Value/sh (Rs)	Remarks
India core business	EV/EBITDA multiple	1,610	423	7.5x EV/EBITDA
Africa business	EV/EBITDA multiple	346	91	6x EV/EBITDA
Infratel (incl Indus)	EV/Tower	378	99	EV/tower of Rs5m
DTH	EV/sub	45	12	EV/sub = Rs4,500
Sri Lanka	P/BV	10	3	1.0x P/B
Bangladesh	P/BV	15	4	1.0x P/B
Total Enterprise Value		2,404	631	
Less: Net Debt/Minority Int (FY14F)		360	95	
Equity Value		2,045	537	
Less: Net possible impact owing spectrum charges		111	29	
SOTP fair value (Mar-13)		1,921	508	
12-month target price (Sep-12)			**475**	

Source: RBS forecasts

Company description

Buy

Bharti Airtel is the world's leading integrated telecom services provider with operations in 19 countries across Asia and Africa. The group offers mobile voice and data services, fixed line, high-speed broadband, IPTV, DTH, telecom solutions for enterprises, and national and international long-distance services to carriers. Bharti is the leading service provider in India with about 32% revenue market share and a mobile subscriber base of 162m in India as of FY11. Its African footprint is spread over 17 countries with a subscriber base of about 44m. Bharti owns a 42% stake in Indus Tower (about 109,000 towers), a joint venture with Vodafone-Essar and Idea Cellular.

Price relative to country

Strategic analysis

Average SWOT company score: 4

Strengths — 4

Leading mobile operator in India with 20% of subscribers and about 32% revenue market share (RMS) (FY11). Higher RMS is a reflection of the company's quality subs base. Pan-India network coverage (86% population coverage), strong brand and wide distribution reach covering more than 1.6m outlets.

Weaknesses — 4

Growth rate for India mobile business would be lower than that of other listed peers, given disproportionate revenue market share of about 32% as of FY11. However, expansion into African markets is likely to improve its long-term growth profile.

Opportunities — 4

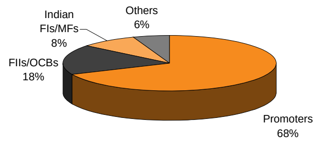
The company is better positioned to capture higher market share of the under-penetrated Indian telecom market (48% active subs penetration and less than 1% broadband penetration). In Africa, 475m population and about 45% wireless penetration reflect the growth potential.

Threats — 3

Unfavourable changes in licensing conditions in India (over spectrum pricing and allocation, spectrum re-farming, reduction in MTC charges) pose a threat. Increase in competitive intensity in wireless broadband market with entry of new players.

Scoring range is 1-5 (high score is good)

Shareholding pattern



Source: BSE

Market data

Headquarters
Bharti Airtel Limited, Bharti Crescent, 1- Nelson Mandela Road, Vasant kunj, Phase-2, New Delhi-110070

Website
www.airtel.in

Shares in issue
3797.5m

Freefloat
32%

Majority shareholders
Bharti Telecom (46%), Singtel (16%), LIC (5%)

Country view: India

The compression of multiples typically characteristic of a market undergoing the transition from growth to value continued to pressure Indian equities in the 2Q. While the economic deceleration is well under way, we continue to view the country as a major potential loser from higher costs of capital in quarters and perhaps even years ahead. Still, given the significant short-term relative underperformance and the expected decline in commodities prices, clearly a bounce is possible. Yet, as valuations are broadly unattractive and returns declining, we continue to consider the risk-reward trade-off as unattractive.

The country view is set in consultation with the relevant company analyst but is the ultimate responsibility of the Strategy Team.

Country rel to Asia Pacific

Competitive position

Average competitive score: 4+

Supplier power — 4+

Large scale of company's operations improved its bargaining power against suppliers. The rise of Chinese players also intensified price competition among suppliers.

Barriers to entry — 4+

During 2008, new licences were rewarded, removing barriers to entry. However, significant capital investment is required to compete with incumbent operators, acting as a barrier to entry.

Customer power — 3+

With 8-plus operators in most circles, tariffs in India are already among the lowest worldwide. However, operators with better network coverage and distribution command a premium on the tariffs.

Substitute products — 5+

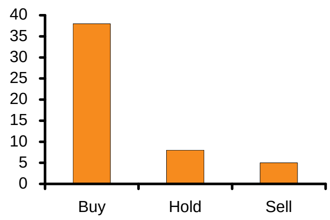
Mobile telephony tariffs in India are among the lowest in the world and eat into the share of fixed-line telephony. Internet-based telephony has not had an impact, as PC penetration is very low.

Rivalry — 3+

We expect consolidation in industry in FY13/FY14 as merger and acquisition guidelines, and spectrum sharing and spectrum-trading guidelines are laid out in the upcoming National Telecom Policy 2011.

Scoring range 1-5 (high score is good) Plus = getting better Minus = getting worse

Broker recommendations



Source: Bloomberg

Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days.

Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price and, except as follows, only reflects capital appreciation. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. For UK-based Investment Funds research, the recommendation structure is not based on upside/downside to the target price. Rather it is the subjective view of the analyst based on an assessment of the resources and track record of the fund management company. For research on Australian listed property trusts (LPT) or real estate investment trusts (REIT), the recommendation is based upon total return, ie, the estimated total return of capital gain, dividends and distributions received for any particular stock over the investment horizon.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months.

Market or sector view: This view is the responsibility of the strategy team and a relative call on the performance of the market/sector relative to the region. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside.

Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Distribution of recommendations

The tables below show the distribution of recommendations (both long term and trading). The first column displays the distribution of recommendations globally and the second column shows the distribution for the region. Numbers in brackets show the percentage for each category where there is an investment banking relationship. These numbers include recommendations produced by third parties with which RBS has joint ventures or strategic alliances.

Long term recommendations (as at 03 Oct 2011)

	Global total (IB%)	Asia Pacific total (IB%)
Buy	853 (11)	553 (3)
Hold	408 (7)	224 (4)
Sell	87 (5)	48 (0)
Total (IB%)	1348 (9)	825 (3)

Source: RBS

Trading recommendations (as at 03 Oct 2011)

	Global total (IB%)	Asia Pacific total (IB%)
Trading Buy	1 (100)	1 (100)
Trading Sell	1 (0)	1 (0)
Total (IB%)	2 (50)	2 (50)

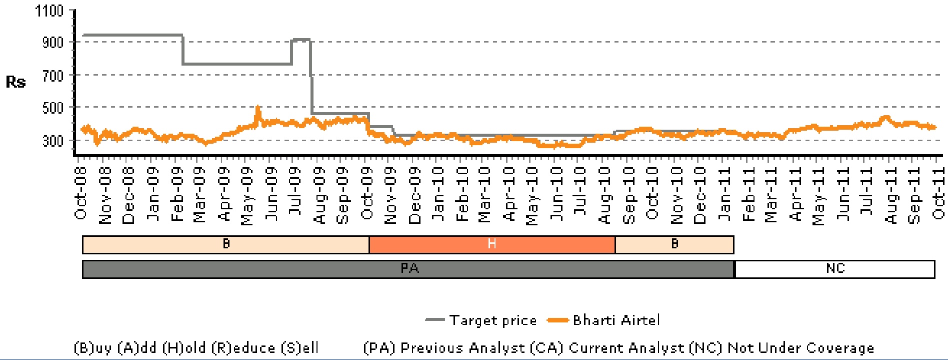
Source: RBS

Valuation and risks to target price

Bharti Airtel (RIC: BRTI.BO, Rec: Buy, CP: Rs378.00, TP: Rs475.00): Our target price is based on SOTP valuation methodology, comprising EV/EBITDA values for the core businesses. We discounted our SOTP-based FV of Mar-13 by six months to derive a 12-month target price (Sept-12). Key risks to our target price and rating: 1) higher-than-expected impact from one-time spectrum fees and spectrum renewal charges; 2) lower-than-expected tariffs; and 3) lower-than-expected minute market share performance.

Bharti Airtel coverage data

Stock performance, recommendations and coverage (as at 3 Oct 2011)



Piyush Choudhary started covering this stock on 3 Oct 11. Moved to new recommendation structure between 1 November 2005 and 31 January 2006. Source: RBS

Trading recommendation history (as at 03 Oct 2011)

Date	Rec	Analyst
	n/a	

Source: RBS

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