

Bharti Airtel Ltd.

Africa Divestment kicks off

Sale of two African subsidiaries finalized

Bharti Airtel has announced the sale of two of its African operations – Burkina Faso and Sierra Leone to Orange today. This is further to their exclusive discussions with Orange regarding the potential sale of four African businesses (the initial agreements in Chad and Congo B. have lapsed). The two countries together contributed ~US\$290m Revenue and ~US\$25m PBT in FY15. The proceeds from the transaction will be based on the company's financial performance in the two countries in FY16, and represent 7.9x Airtel's EBITDA in the two countries. This compares to our current valuation of Airtel's overall African business at an implied FY17 EV/EBITDA of ~3.6x.

Attractive valuation; transaction likely to be a positive catalyst

The valuation is higher than Airtel's expectations of 5.0-5.5x EV/EBITDA (on a trailing 12-month basis) on potential sale of all four businesses. Whilst the contribution of these two countries to Africa Revenue and EBITDA is not particularly material (~6% of Airtel Africa revenue), we believe the higher valuation reflects Airtel's superior performance there. (See our note on Airtel Africa deep dive for more details - [Link](#)). Also, while Airtel does not disclose country-wise EBITDA break-up, we conservatively estimate 30% EBITDA margin average in these two countries given Airtel's strong market positioning (Onatel, the market leader in Burkina Faso delivered ~41% margin in 2014). Even assuming no revenue growth in FY16, this sale translates into proceeds of ~US\$700m. We expect Airtel to use this to deleverage its balance sheet (See Fig 2).

Key themes – Data, divestment and deleveraging

We believe Bharti Airtel is best positioned to benefit from rapid mobile data growth in India given market leading position and favorable spectrum bank. Also, given its underperformance in Africa, we expect the company to exit more African markets - Today's transaction indicates that selling on a piecemeal basis is likely to be more profitable. While the company has ruled out the possibility of a full African exit, our sensitivity analysis of such an event suggests significant de-leveraging. (See Fig 3)

Valuation: Compelling valuation

We believe Airtel offers compelling risk-reward at 3-year EBITDA CAGR of ~11% and 5.6x FY17E EV/EBITDA. We maintain our Buy rating and our SOTP-based PT of Rs530.

Equities

India
Wireless Communications

12-month rating **Buy**

12m price target **Rs530.00**

Price **Rs308.70**

RIC: BRTI.BO BBG: BHARTI IB

Trading data and key metrics

52-wk range	Rs445.25-306.15
Market cap.	Rs1,234bn/US\$18.5bn
Shares o/s	3,997m (ORD)
Free float	35%
Avg. daily volume ('000)	3,163
Avg. daily value (m)	Rs1,058.6
Common s/h equity (03/16E)	Rs679bn
P/BV (03/16E)	1.8x
Net debt / EBITDA (03/16E)	2.7x

EPS (UBS, diluted) (Rs)

	UBS	Cons.
03/16E	12.69	14.85
03/17E	17.25	16.79
03/18E	23.45	20.10

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Highlights (Rsm)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Revenues	769,045	857,461	920,394	970,085	1,062,693	1,160,831	1,276,525	1,371,778
EBIT (UBS)	84,431	121,274	157,169	158,630	196,399	235,107	283,754	327,184
Net earnings (UBS)	22,757	27,727	56,813	50,713	68,973	93,750	127,637	158,907
EPS (UBS, diluted) (Rs)	5.99	6.94	14.21	12.69	17.25	23.45	31.93	39.75
DPS (Rs)	1.46	4.70	4.01	4.68	5.85	7.02	12.70	22.26
Net (debt) / cash	(644,862)	(646,885)	(702,280)	(918,019)	(905,805)	(854,602)	(778,079)	(693,880)
Profitability/valuation	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
EBIT margin %	11.0	14.1	17.1	16.4	18.5	20.3	22.2	23.9
ROIC (EBIT) %	7.1	10.0	12.5	11.0	12.1	14.2	17.0	19.5
EV/EBITDA (core) x	7.9	6.8	6.8	6.1	5.6	4.9	4.3	3.9
P/E (UBS, diluted) x	50.4	45.6	25.6	24.3	17.9	13.2	9.7	7.8
Equity FCF (UBS) yield %	8.5	11.8	8.9	8.3	2.8	6.4	10.2	13.9
Net dividend yield %	0.5	1.5	1.1	1.5	1.9	2.3	4.1	7.2

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Rs308.70 on 13 Jan 2016 21:26 HKT

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Investment Thesis

Bharti Airtel Ltd.

Investment case

We believe Bharti Airtel will emerge as the leader in Indian data market due to its market leading position (~31% Revenue market share), favorable spectrum bank and focused management team. Bharti Airtel EBITDA margins have improved by over 900bp in the last 10 quarters. We expect rapid mobile data growth and continued minutes growth will continue to drive operating leverage for Bharti Airtel. Also, we believe that the market is over-estimating the disruptive nature of RJio launch. On the contrary, RJio is likely to drive mass-market data consumption, in our view. Bharti Airtel is our top pick in the Indian mobile sector as we believe it has attractive growth at reasonable valuation.

Upside scenario

Implied fair value Rs630 per share: Under this scenario, we assume the Indian voice realisation rate improves ~4.5% in FY16E/FY17E/FY18E, and then by 1.5% from there on. For India EBITDA margins, we assume 100-150bps above our base case assumption. Our exit FY24E voice RPM and mobile EBITDA margins are 47.6p/min and 47.7% in this scenario, vs. our base case assumption of 37.6p/min and 46.7%, respectively.

Downside scenario

Implied fair value Rs270 per share: Under this scenario, we assume the Indian voice realisation rate falls by 8%/5%/5% for the next three years (until FY18E) and remains flat there on, while data realisation rates are 5% below our base case. Similarly, under this scenario we assume the India mobile EBITDA margin remains 300-400bp lower than base case assumption.

Upcoming catalysts

Potential positive catalysts: 1) Better-than expected market share gains in data market 2) Divestment of Africa in part or full 3) RJio failing to make much impact in the Indian mobile sector

Potential negative catalysts: 1) an increase in competitive intensity post RJio launch; 2) a weaker-than-expected performance from the Africa region 3) Adverse forex movements.

12-month rating

Buy

12m price target

Rs530.00

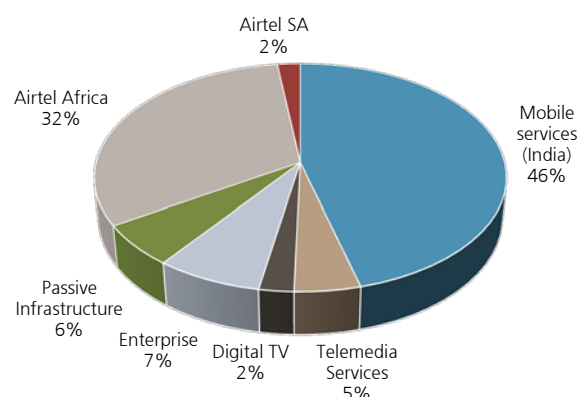
Business description

Bharti Airtel (Airtel) provides mobile services with significant presence in 20 countries: India, Bangladesh, Sri Lanka and 17 countries in Africa. In addition, it provides national/international long-distance connectivity, fixed-line/broadband services, DTH/PTV services, and integrated telecom solutions to enterprise customers. Airtel also owns tower infrastructure pertaining to telecom operations through its subsidiary (Bharti Infratel) and joint venture entity (Indus Towers). Airtel is the largest mobile operator in India, with revenue market share of over 30%. Singapore Telecom has an over 32% stake.

Industry outlook

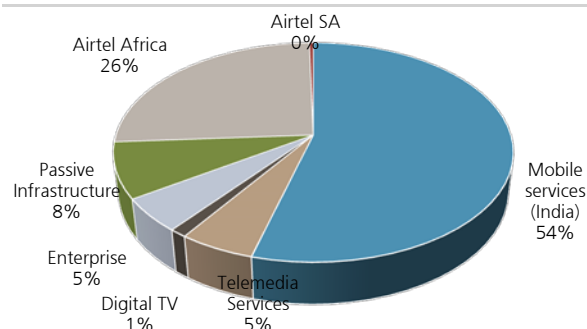
We believe that the key themes in Indian mobile sector are rapid mobile data growth and operating leverage. We believe that the Indian data market is likely to grow 9x (to US\$38bn) by 2026, despite yields falling by 9% p.a. The rapid data growth is also likely to lead to strong operating leverage. Also, we believe that RJio entry is likely to act as a catalyst to drive mass-market mobile adoption. Finally, February 2014 and Mar 2015 auctions have ended near-term spectrum uncertainty as leading operators have acquired sufficient liberalised spectrum to continue their business as usual over the next 20 years.

Revenues by segment (%) – FY15



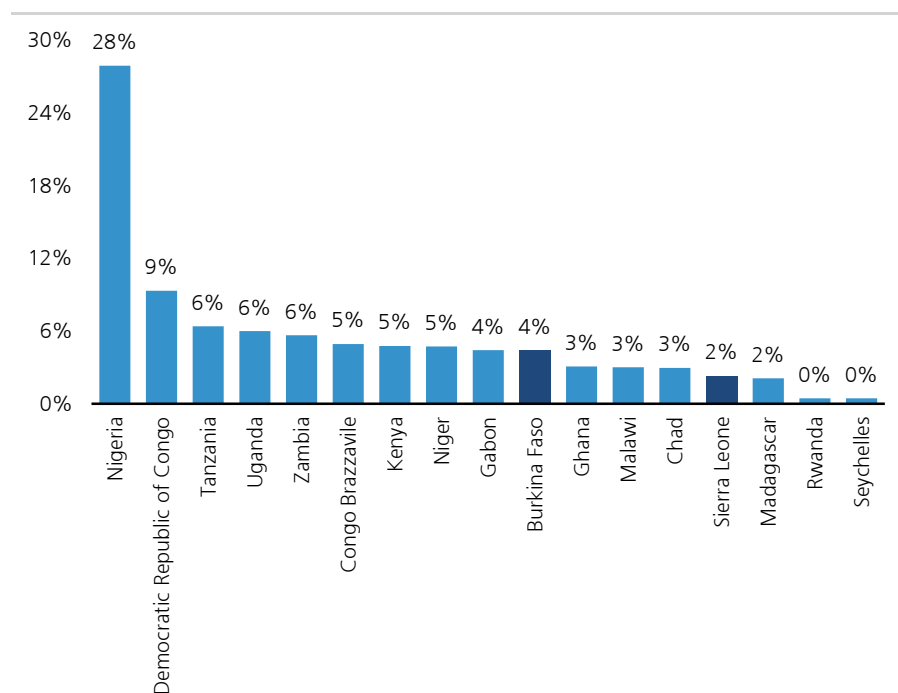
Source: Company data

EBIT by segment (%) – FY15



Source: Company data

Figure 1: Africa revenue performance break-up by country (FY15)



Source: Company data, UBS

Figure 2: Airtel deleveraging scenarios

	FY17E
Net debt - current (US\$ m)	14,499
Net debt to LTM EBITDA - current	2.36x
Scenario 1: Potential sale of two of its African operations	
Potential proceeds from sale	700
Net Debt - Scenario 1 (USDm)	13,799
Net debt to EBITDA - Scenario 1	2.28x
Scenario 2: Deleveraging potential with further 3,000 Africa tower sales	
Number of towers sold	3,000
EV per tower (US\$)	150,000
Potential proceeds from tower sale (US\$ m)	450
Net debt - Scenario 2 (US\$ m)	13,349
Net debt to EBITDA - Scenario 2	2.22x

Note: 1) Our net debt includes liabilities related to spectrum payment; 2) we have assumed EV/EBITDA multiple of 10.0x for the tower sale to estimate impact on EBITDA from tower sale. Source: Company data, UBS estimates

Figure 3: Scenario analysis – Assuming complete Africa exit

	FY17E
Net debt - current	14,378
Net debt to LTM EBITDA - current	2.36x
Scenario 1: Potential full Africa exit @ 4x FY17E EV/EBITDA	
Proceeds from full Africa exit	2,890
Net Debt - Scenario 1	11,488
Net debt to EBITDA - Scenario 1	2.09x
Scenario 2: Potential full Africa exit @ 5x FY17E EV/EBITDA	
Proceeds from full Africa exit	3,658
Net Debt - Scenario 2	10,720
Net debt to EBITDA - Scenario 2	1.95x
Scenario 3: Potential full Africa exit @ 6x FY17E EV/EBITDA	
Proceeds from full Africa exit	4,426
Net Debt - Scenario 3	9,952
Net debt to EBITDA - Scenario 3	1.81x

Source: Company data, UBS estimates

Figure 4: Debt Composition – Airtel (As on March 2015)

Rs m	
USD	403,878
Euro	135,796
CHF	22,544
NGN	31,864
XAF	11,077
XOF	7,710
BDT	10,297
Others	6,239
Total foreign debt (LC)	440,002
Total LC debt (LC)	224,629
Total Gross Debt	664,631

Source: Company data, UBS

Figure 5: Debt Composition – Airtel (As on Sep 2015)

Particulars (Rs m)	
Long term debt, net of current portion	528,019
Short-term borrowings and current portion of long-term debt	132,936
Deferred payment liability	202,278
Less:	
Cash and Cash Equivalents	(24,204)
Investments & Receivables	(131,258)
Net Debt	707,770

Source: Company data, UBS, Note: Investments & Receivables include interest bearing notes and residual portion of Tower sale proceeds receivables.

Bharti Airtel Ltd. (BRTI.BO)

	03/13	03/14	03/15	03/16E	% ch	03/17E	% ch	03/18E	03/19E	03/20E
Income statement (Rsm)										
Revenues	769,045	857,461	920,394	970,085	5.4	1,062,693	9.5	1,160,831	1,276,525	1,371,778
Gross profit	-	-	-	-	-	-	-	-	-	-
EBITDA (UBS)	232,579	277,770	312,615	335,435	7.3	383,034	14.2	429,668	483,429	530,976
Depreciation & amortisation	(148,148)	(156,496)	(155,447)	(176,805)	13.7	(186,636)	5.6	(194,561)	(199,675)	(203,791)
EBIT (UBS)	84,431	121,274	157,169	158,630	0.9	196,399	23.8	235,107	283,754	327,184
Associates & investment income	3,506	5,211	7,223	9,630	33.3	10,016	4.0	10,416	10,833	11,266
Other non-operating income	0	538	(1,591)	19,967	-	0	-	0	0	0
Net interest	(40,084)	(48,380)	(48,464)	(55,494)	-14.5	(71,370)	-28.6	(74,127)	(71,393)	(66,456)
Exceptionals (incl goodwill)	0	0	(7,960)	0	-	0	-	0	0	0
Profit before tax	47,853	78,643	106,377	132,733	24.8	135,044	1.7	171,396	223,194	271,994
Tax	(25,184)	(48,449)	(54,047)	(77,660)	-43.7	(65,539)	15.6	(77,501)	(94,599)	(111,434)
Profit after tax	22,669	30,194	52,330	55,073	5.2	69,506	26.2	93,895	128,595	160,560
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	88	(2,467)	(1,248)	(4,360)	-249.4	(533)	87.8	(145)	(958)	(1,654)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	22,757	27,727	51,082	50,713	-0.7	68,973	36.0	93,750	127,637	158,907
Net earnings (UBS)	22,757	27,727	56,813	50,713	-10.7	68,973	36.0	93,750	127,637	158,907
Tax rate (%)	52.6	61.6	50.8	58.5	15.2	48.5	-17.1	45.2	42.4	41.0
Per share (Rs)										
EPS (UBS, diluted)	5.99	6.94	14.21	12.69	-10.7	17.25	36.0	23.45	31.93	39.75
EPS (local GAAP, diluted)	5.99	6.94	12.78	12.69	-0.7	17.25	36.0	23.45	31.93	39.75
EPS (UBS, basic)	5.99	6.94	14.21	12.69	-10.7	17.25	36.0	23.45	31.93	39.75
Net DPS (Rs)	1.46	4.70	4.01	4.68	16.7	5.85	25.0	7.02	12.70	22.26
Cash EPS (UBS, diluted)*	45.00	46.09	53.10	56.92	7.2	63.94	12.3	72.12	81.88	90.73
Book value per share	132.51	149.49	144.94	169.88	17.2	183.38	7.9	201.85	223.01	242.34
Average shares (diluted)	3,797.53	3,997.40	3,997.40	3,997.40	0.0	3,997.40	0.0	3,997.40	3,997.40	3,997.40
Balance sheet (Rsm)										
Cash and equivalents	84,746	112,073	104,559	154,574	47.8	191,839	24.1	245,929	322,626	404,018
Other current assets	118,158	111,784	117,451	168,461	43.4	173,351	2.9	182,478	192,825	202,071
Total current assets	202,904	223,857	222,010	323,036	45.5	365,190	13.0	428,407	515,451	606,089
Net tangible fixed assets	688,430	596,429	579,157	656,913	13.4	715,489	8.9	758,549	786,714	800,768
Net intangible fixed assets	680,808	809,716	922,283	1,102,661	19.6	1,074,193	-2.6	1,043,182	1,012,171	981,160
Investments / other assets	101,090	201,770	188,723	211,948	12.3	217,738	2.7	223,762	230,030	236,553
Total assets	1,673,232	1,831,772	1,912,173	2,294,558	20.0	2,372,610	3.4	2,453,900	2,544,366	2,624,570
Trade payables & other ST liabilities	336,298	359,011	417,601	404,192	-3.2	402,678	-0.4	407,126	411,842	415,946
Short term debt	114,123	209,039	211,389	237,362	12.29	237,362	0.00	237,362	237,362	237,362
Total current liabilities	450,421	568,050	628,990	641,554	2.0	640,040	-0.2	644,488	649,204	653,308
Long term debt	615,485	549,919	595,450	835,232	40.3	860,282	3.0	863,169	863,343	860,535
Other long term liabilities	63,223	74,141	59,844	85,816	43.4	85,816	0.0	85,816	85,816	85,816
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	1,129,129	1,192,110	1,284,284	1,562,601	21.7	1,586,138	1.5	1,593,473	1,598,363	1,599,659
Common s/h equity	503,217	597,560	579,364	679,070	17.2	733,052	7.9	806,862	891,480	968,734
Minority interests	40,886	42,102	48,525	52,887	9.0	53,420	1.0	53,565	54,523	56,177
Total liabilities & equity	1,673,232	1,831,772	1,912,173	2,294,558	20.0	2,372,610	3.4	2,453,900	2,544,366	2,624,570
Cash flow (Rsm)										
Net income (before pref divs)	22,757	27,727	51,082	50,713	-0.7	68,973	36.0	93,750	127,637	158,907
Depreciation & amortisation	148,148	156,496	155,447	176,805	13.7	186,636	5.6	194,561	199,675	203,791
Net change in working capital	19,426	(1,639)	17,533	1,753	-90.0	(6,403)	-	(4,679)	(5,631)	(5,142)
Other operating	44,499	79,742	51,957	84,082	61.8	(3,379)	-	(3,947)	(4,608)	(5,368)
Operating cash flow	234,830	262,326	276,018	313,353	13.5	245,826	-21.5	279,685	317,072	352,188
Tangible capital expenditure	(137,584)	(114,159)	(146,411)	(210,666)	-43.9	(210,762)	0.0	(200,568)	(190,724)	(180,667)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) / disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(5,788)	(113,576)	(19,565)	(73,966)	-	533	-	145	958	1,654
Investing cash flow	(143,372)	(227,735)	(165,976)	(284,632)	-71.5	(210,229)	26.1	(200,423)	(189,766)	(179,013)
Equity dividends paid	(5,538)	(4,439)	(16,034)	(18,706)	-16.7	(23,383)	-25.0	(28,059)	(50,783)	(88,975)
Share issues / (buybacks)	0	67,956	0	0	-	0	-	0	0	0
Other financing	(20,501)	(48,563)	(8,085)	0	-	(9,949)	-	(27,114)	(29,825)	(32,808)
Change in debt & pref shares	(22,925)	12,790	(72,451)	40,000	-	35,000	-12.50	30,000	30,000	30,000
Financing cash flow	(48,964)	27,744	(96,570)	21,294	-1.3	1,668	-92.2	(25,173)	(50,609)	(91,783)
Cash flow inc/(dec) in cash	42,494	62,335	13,472	50,015	271.3	37,265	-25.5	54,089	76,698	81,392
FX / non cash items	3,820	(35,008)	(20,986)	0	-	0	300.0	0	0	0
Balance sheet inc/(dec) in cash	46,314	27,327	(7,514)	50,015	-	37,265	-25.5	54,089	76,698	81,392

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.*Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Bharti Airtel Ltd. (BRTI.BO)

Valuation (x)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
P/E (local GAAP, diluted)	50.4	45.6	28.5	24.3	17.9	13.2	9.7	7.8
P/E (UBS, diluted)	50.4	45.6	25.6	24.3	17.9	13.2	9.7	7.8
P/CEPS	6.7	6.9	6.8	5.4	4.8	4.3	3.8	3.4
Equity FCF (UBS) yield %	8.5	11.8	8.9	8.3	2.8	6.4	10.2	13.9
Net dividend yield (%)	0.5	1.5	1.1	1.5	1.9	2.3	4.1	7.2
P/BV x	2.3	2.1	2.5	1.8	1.7	1.5	1.4	1.3
EV/revenues (core)	2.4	2.2	2.3	2.1	2.0	1.8	1.6	1.5
EV/EBITDA (core)	7.9	6.8	6.8	6.1	5.6	4.9	4.3	3.9
EV/EBIT (core)	21.8	15.6	13.6	12.9	11.0	9.0	7.3	6.3
EV/OpFCF (core)	16.1	11.7	11.6	16.2	13.0	9.5	7.2	6.0
EV/op. invested capital	1.5	1.6	1.7	1.4	1.3	1.3	1.2	1.2
Enterprise value (Rsm)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Market cap.	1,145,925	1,252,914	1,453,713	1,233,997	1,233,997	1,233,997	1,233,997	1,233,997
Net debt (cash)	648,331	645,874	674,583	810,150	911,912	880,203	816,340	816,340
Buy out of minorities	40,886	42,102	48,525	52,887	53,420	53,565	54,523	56,177
Pension provisions/other	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440
Total enterprise value	1,837,582	1,943,330	2,179,260	2,099,474	2,201,770	2,170,206	2,107,301	2,108,955
Non core assets	(242)	(56,702)	(46,257)	(46,257)	(46,257)	(46,257)	(46,257)	(46,257)
Core enterprise value	1,837,340	1,886,628	2,133,003	2,053,217	2,155,513	2,123,949	2,061,044	2,062,698
Growth (%)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Revenue	7.6	11.5	7.3	5.4	9.5	9.2	10.0	7.5
EBITDA (UBS)	-1.9	19.4	12.5	7.3	14.2	12.2	12.5	9.8
EBIT (UBS)	-18.4	43.6	29.6	0.9	23.8	19.7	20.7	15.3
EPS (UBS, diluted)	-46.6	15.7	104.9	-10.7	36.0	35.9	36.1	24.5
Net DPS	21.2	NM	-14.7	16.7	25.0	20.0	81.0	75.2
Margins & Profitability (%)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Gross profit margin	-	-	-	-	-	-	-	-
EBITDA margin	30.2	32.4	34.0	34.6	36.0	37.0	37.9	38.7
EBIT margin	11.0	14.1	17.1	16.4	18.5	20.3	22.2	23.9
Net earnings (UBS) margin	3.0	3.2	6.2	5.2	6.5	8.1	10.0	11.6
ROIC (EBIT)	7.1	10.0	12.5	11.0	12.1	14.2	17.0	19.5
ROIC post tax	3.1	3.4	5.9	4.1	5.8	7.4	9.4	11.2
ROE (UBS)	4.5	5.0	9.7	8.1	9.8	12.2	15.0	17.1
Capital structure & Coverage (x)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Net debt / EBITDA	2.8	2.3	2.2	2.7	2.4	2.0	1.6	1.3
Net debt / total equity %	118.5	101.1	111.8	125.4	115.2	99.3	82.2	67.7
Net debt / (net debt + total equity) %	54.2	50.3	52.8	55.6	53.5	49.8	45.1	40.4
Net debt/EV %	35.1	34.3	32.9	44.7	42.0	40.2	37.8	33.6
Capex / depreciation %	97.4	76.5	100.0	134.8	133.3	122.6	113.1	104.6
Capex / revenue %	17.9	13.3	15.9	21.7	19.8	17.3	14.9	13.2
EBIT / net interest	2.1	2.5	3.2	2.9	2.8	3.2	4.0	4.9
Dividend cover (UBS)	4.1	1.5	3.5	2.7	2.9	3.3	2.5	1.8
Div. payout ratio (UBS) %	24.3	67.8	28.2	36.9	33.9	29.9	39.8	56.0
Revenues by division (Rsm)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Others	769,045	857,461	920,394	970,085	1,062,693	1,160,831	1,276,525	1,371,778
Total	769,045	857,461	920,394	970,085	1,062,693	1,160,831	1,276,525	1,371,778
EBIT (UBS) by division (Rsm)	03/13	03/14	03/15	03/16E	03/17E	03/18E	03/19E	03/20E
Others	84,431	121,274	157,169	158,630	196,399	235,107	283,754	327,184
Total	84,431	121,274	157,169	158,630	196,399	235,107	283,754	327,184

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	+71.7%
Forecast dividend yield	1.7%
Forecast stock return	+73.4%
Market return assumption	12.7%
Forecast excess return	+60.7%

Valuation Method and Risk Statement

In addition to industry risks related to heightened competitive intensity and regulations, we believe the following are company specific risks: 1) Bharti faces execution risks as any delay in an Africa turnaround could impact its consolidated performance; 2) Bharti faces regulatory risks in India in terms of unexpected regulatory events; 3) being present in 16 Africa nations, Bharti faces regulatory risk in each of these markets; and 4) the company is exposed to foreign currency risk, especially the risk of US dollar appreciation against the rupee. Our price target is based on SoTP analysis.

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UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	48%	36%
Neutral	FSR is between -6% and 6% of the MRA.	39%	28%
Sell	FSR is > 6% below the MRA.	12%	22%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2015.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

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Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
Bharti Airtel Ltd. ^{4, 7}	BRTI.BO	Buy	N/A	Rs308.70	13 Jan 2016

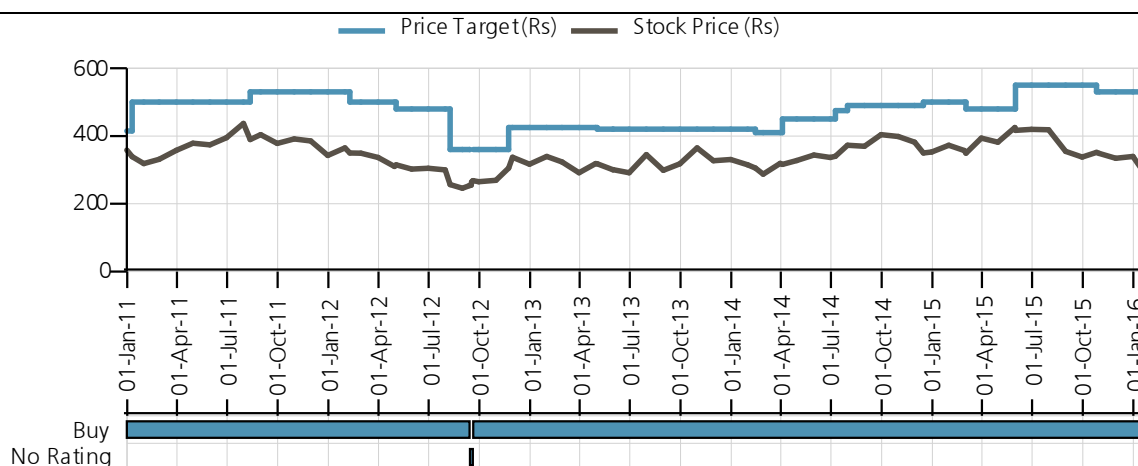
Source: UBS. All prices as of local market close.

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Bharti Airtel Ltd. (Rs)



Source: UBS; as of 13 Jan 2016

Additional Prices: Bharti Infratel, Rs397.85 (13 Jan 2016); Source: UBS. All prices as of local market close.

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