

### BHARTI AIRTEL LTD

May-21

Industry: Telecom

Target Rs. 603

Recommendation: Accumulate

Accumulate Range: 500-530

#### Key Data

Date	26.5.21
BSE Code	532454
NSE Code	BHARTIARTL
52 Week High (Rs)	623
52 Week Low (Rs)	394
Market Cap (Rs Cr)	289622
Face Value	5
Cmp Rs	527

#### Q4FY21 Result Update:

##### Strong traction seen across all segments:

Homes business segment witnessed a revenue growth of (5%) YoY, Digital TV/ services (1.5%) YoY, Airtel business by (9.7%) YoY. It's focus on re-calibrated offerings and launch of Xstream bundles, with content and unlimited internet, to accelerate penetration has resulted in highest ever net addition of 274K to reach to a total base of 3.07 Mn. The company has also been rapidly expanding its reach to non-wired cities via an innovative LCO partnership model, which is now live in more than 200 cities. The Digital services offerings of Airtel continue to see robust growth. MAUs increased to over 200 Mn across their key digital assets – Thanks, Wynk, Xstream. Online recharges continue to contribute around 50% of overall revenues. Going ahead it continues to expand and grow adjacent verticals such as Data centres, Cloud, Cyber security, Customer relationship management platforms, video-conferencing amongst others to accelerate its momentum.

##### Healthy financial performance:

Airtel's revenue for Q4FY21 at Rs 25,747 Cr grew 17.6% YoY supported by both Mobile service India revenue and Airtel business revenues. On geographical front both India (17.5%) & in constant currency terms Africa (21.7%) showed growth in business. EBITDA witnessed an increase of 28.9% YoY to Rs 12,583 Cr in Q4FY21. Incremental EBITDA margins across businesses remained healthy, showing an increase by 647bps to 48.9% in Q4FY21. Capex spend for the quarter came at Rs 6,866 Cr. Net Debt-EBITDA ratio including the impact of leases stood at 2.95x compared to 3.19x for the previous year. Excluding pending AGR dues, the Net Debt-EBITDA ratio is at 2.46x as on March 31, 2021.

##### Improved realizations as well as strong customer addition:

Mobile revenues grew by 19.1% YoY on comparable basis on account of the improved realizations as well as strong customer addition. It continues to garner a strong share of the 4G net ads in the market. Airtel's 4G data customers increased by 31.5% YoY to 179.3 Mn compared to the previous year. It was able to add 43 Mn 4G customers to its network over last 4 quarters. ARPU continues to be the best in industry - average data usage per data customer at 16.4 GBs/month; while voice usage was at 1,053 mins/customer/month. ARPU for the quarter came in at Rs 145 as compared to Rs 135 in Q4 FY20. This could mainly happen on account of their focus on acquiring quality customers as well as secular upgrading of customers to 4G data.

#### Industry Snapshot

Customers	Open
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

#### Shareholding March 2021

Promoters	55.86%
Public	44.08%

#### Promoters/ Management

Mr. Sunil Mittal	Chairman/MD
Mr. Badal Bagri	CFO
Mr. Gopal Vittal	CEO
Mr. Rakesh Mittal	Director
Mr. V K Viswanathan	Director

#### Key Ratios

P/E	-
P/Bv	3.82
D/E	3.03x

#### Price Chart



#### Mview:

We continue to like leading telecom operator Bharti Airtel's business performance for consistently delivering broadly in-line set of results with a healthy addition of subscriber data (13.4 mn subscribers in Q4). Bharti continues to outperform better than its peers, with higher revenue market share up by 300 bps over the last five quarters. However, the impact of the second wave of Covid-19 would be seen in coming months and we see high probability of traffic hikes subsidising second wave risk in near term. We also expect high competition in launching & acquiring 5G users which is heating up as mobile operators try to add and upgrade more users' smart users from the 300 million 2G & 3G users in the market and Airtel is leading the competition. The next big trigger we see that Airtel is also gearing up to bring 5G to the Indian audience which would re-rate the industry dynamics. At current levels, we see a stock is available at decent valuations with a healthy margin of safety on downside and hence we advise investors to use the current dips to "ACCUMULATE" stock in the range of Rs 500-530 for the long term. We believe Bharti is well placed and best in class in the sector to tap telecom and enterprise solution business going forward.

#### About the Company:

Bharti Airtel Ltd (Airtel) is a global telecommunications company. It is India's largest integrated telecom provider and the second largest mobile operator in Africa. Airtel's portfolio includes high speed 4G/4.5G mobile broadband, Airtel Xstream Fiber that promises speeds upto 1Gbps, converged digital TV solutions through the Airtel Xstream 4K Hybrid Box, digital payments through Airtel Payments Bank as well as an integrated suite of services across connectivity, collaboration, cloud and security that serves over one million businesses. It has operations in 18 countries across South Asia and Africa.

#### Research Team

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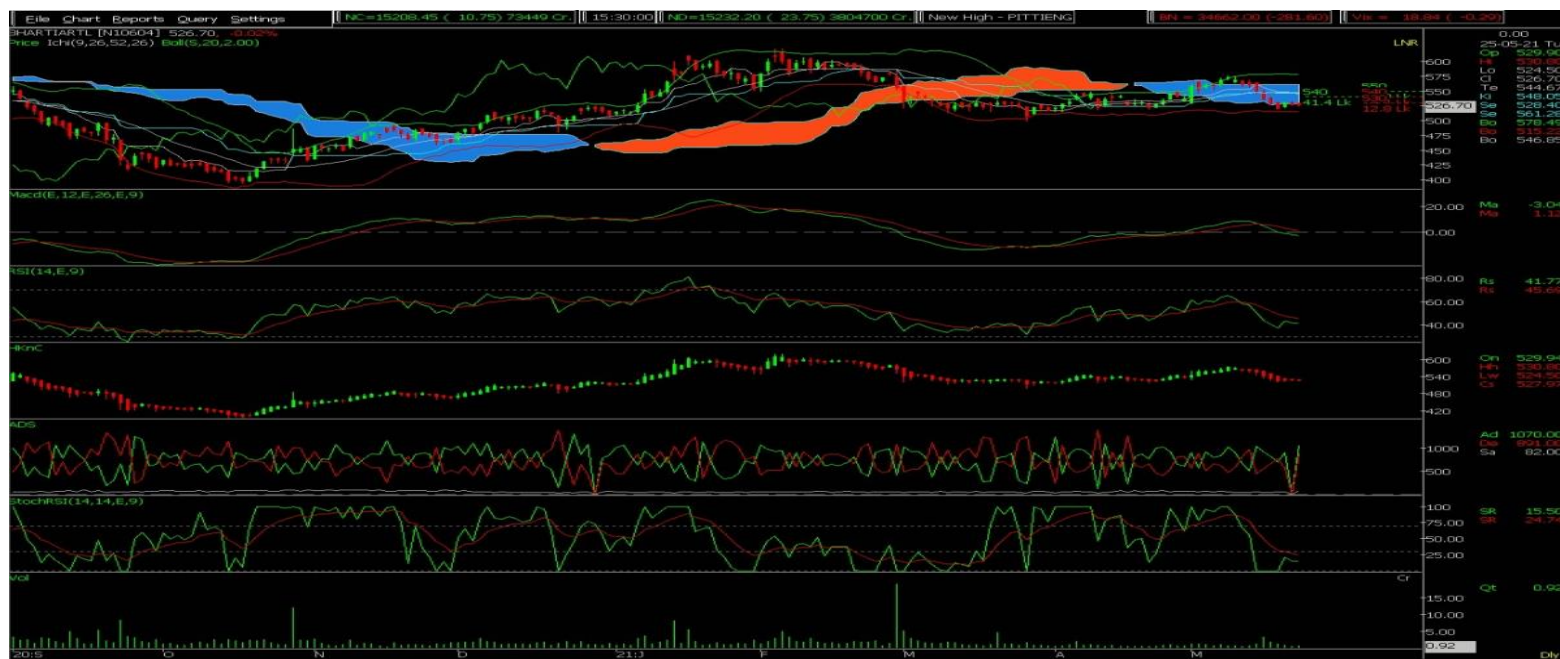
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### QUARTERLY FINANCIAL OVERVIEW

#### Profit & Loss Statement (Rs Cr)

Particulars	Q4FY21	Q4FY20	YoY	Q3FY21	QoQ	FY21	FY20	YoY
Revenue from operations	25747	23019	11.85%	26518	-3%	100616	84676	19%
<b>Expenses</b>								
Network operating exp	5918	5151	15%	5548	7%	21982	19631	12%
Access charges	1565	2827	-45%	3063	-100%	10352	10739	-4%
License fee	2501	2057	22%	2295	9%	9108	7383	23%
Employee benefit exp	999	952	5%	1026	-100%	4115	3514	17%
Sales exp	1148	933	23%	1052	9%	3801	3424	11%
Other exp	1285	1481	-13%	1480	-100%	5886	5733	3%
<b>Total expenses</b>	<b>13416</b>	<b>13401</b>	<b>0%</b>	<b>14464</b>	<b>-7%</b>	<b>55244</b>	<b>50424</b>	<b>10%</b>
<b>EBITDA</b>	<b>12331</b>	<b>9618</b>	<b>28%</b>	<b>12054</b>	<b>2%</b>	<b>45372</b>	<b>34252</b>	<b>32%</b>
<b>EBITDA %</b>	<b>47.89%</b>	<b>41.78%</b>		<b>45.46%</b>		<b>45.09%</b>	<b>40.45%</b>	
depreciation	7502	6862	9%	7503	0%	29404	27094	9%
other income	84	820	-90%	49	71%	643	1536	-58%
finance cost	3861	4147	-7%	3972	-3%	15091	14073	7%
Share of (Profit)/loss	-527	124	-525%	220	-340%	93	663	-86%
Exceptional items	-440	6859	-106%	4560		15914	40089	-60%
<b>PBT</b>	<b>2019</b>	<b>-7554</b>		<b>-4152</b>		<b>-14487</b>	<b>-46131</b>	
tax	510	-2152		4306		8932	-12512	
<b>PAT</b>	<b>1509</b>	<b>-5402</b>		<b>-8458</b>		<b>-23419</b>	<b>-33619</b>	
<b>PAT %</b>	<b>5.86%</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	
<b>EPS</b>	<b>1.39</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	

### TECHNICAL TREND





# MSEARCH

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### **Msearch's Recommendation (Absolute Performance)**

**Buy : > 20% within the next 12 Months**

**Accumulate : 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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