

## Jan-Mar'25 Earnings Preview

### Steady growth anticipated

**Q4FY25 revenue and EBITDA of telecom companies in our coverage universe (Jio (unrated) + Bharti) are expected to increase by 6.5% and 8% QoQ to Rs792.7bn and Rs434bn, respectively, led by improved ARPU and subscriber growth. We maintain our positive stance on the telecom sector given the much needed tariff hikes undertaken by the companies. Maintain 'Accumulate' rating on Bharti with SOTP-based TP of Rs1,916 valuing the India business at 13x FY27 EV/EBITDA, and adding the value of its investments in Airtel Africa, Indus Towers and Bharti Hexacom.**

**Bharti Airtel:** For Q4, subscriber count is to come in at 360mn, and ARPU to come in at Rs 248 (up 1.2% QoQ). [Airtel Africa business](#) is expected to remain grow 5% QoQ, and we have factored in a 4% QoQ growth rate for the [enterprise](#) business. For [DTH](#) we have factored in a growth of 3.4% QoQ.

- Accordingly, Bharti's Q4FY25E consolidated Revenue/EBITDA is expected to increase to Rs487.9bn (+8% QoQ)/Rs263.5 bn (+7% QoQ).
- Bharti is also targeting ~Rs 500bn market opportunity with its Enterprise offerings including CPaaS, cloud, cybersecurity and data centers as company expects 80% of corporates will put up 5G within next 2 years.

**JIO:** We expect JIO to report Revenue/EBITDA of Rs304.7bn (5% QoQ)/Rs 158.8bn (9% QoQ). We have also factored in ARPU of Rs208 (+3% QoQ) and subscriber growth to ~487mn.

#### Exhibit 1: ARPU and subscriber addition for top 2 players has steadily risen

	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25E
<b>ARPU (Rs/mon)</b>								
Bharti	200	203	208	209	211	233	245	248
Jio	181	182	182	182	182	195	203.3	208

#### Subscriber (mn)

Bharti	338.6	342.3	345.6	352.3	354.5	351.6	357	360
Jio	448.5	459.7	470.9	481.8	489.7	478.8	482.1	487

Source: Company, PL

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#### Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Bharti Airtel	Acc	1,720	1,916

Source: PL Acc=Accumulate

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Exhibit 2: Q4FY25 Result Preview

Company Name		Q4FY25E	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	Remark
	Sales	487,970	375,991	29.8	451,293	8.1	
	EBITDA	263,504	193,648	36.1	245,966	7.1	
Bharti Airtel	Margin (%)	54.0	51.5	250 bps	54.5	-50 bps	We have factored in net subscriber addition of 3mn and ARPU of Rs 248 in Q4. Africa, enterprise and home services will show steady growth ahead, while DTH business will be muted
	PBT	82,471	44,032	87.3	76,866	7.3	
	Adj. PAT	57,888	45,271	27.9	72,356	(20.0)	

Source: Company, PL

**Exhibit 3: Valuation Summary**

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Bharti Airtel	C	Acc	1,720	1,916	9,770.8	1,499.8	1,739.1	2,026.0	2,217.4	782.9	925.0	1,073.8	1,175.2	134.7	209.0	285.3	336.3	23.7	36.8	50.2	59.2	16.9	22.3	23.9	22.3	72.5	46.8	34.2	29.1

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

**Exhibit 4: Change in Estimates**

Company Names	Rating		Target Price			Sales (Rs mn)						PAT (Rs mn)						EPS (Rs)					
						FY25E			FY26E			FY25E			FY26E			FY25E			FY26E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Bharti Airtel	Acc	Acc	1,916	1,827	4.9%	259,895	248,349	4.6%	364,360	352,510	3.4%	208,962	181,347	15.2%	285,292	277,275	2.9%	36.8	31.9	15.2%	50.2	48.8	2.9%

Source: Company, PL

C=Current / P=Previous / Acc=Accumulate

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	330	356
2	Bharat Petroleum Corporation	Hold	261	274
3	Bharti Airtel	Accumulate	1,827	1,677
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,798	3,960
7	GAIL (India)	Accumulate	185	169
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Hold	322	353
12	Indian Oil Corporation	Hold	125	128
13	Indraprastha Gas	Sell	153	188
14	Jubilant Ingrevia	Hold	616	604
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Accumulate	1,393	1,310
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	4,454	3,880
19	NOCIL	Reduce	156	166
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	248	278
23	Reliance Industries	BUY	1,481	1,166
24	SRF	Hold	2,780	2,721
25	Vinati Organics	Accumulate	1,620	1,459

**PL's Recommendation Nomenclature**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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