
29 July 2009

Financial & Economic Research Center

EPS [4282] (Buy; ¥407,000)

Share price as of 29 July close

Please read the important disclosures and analyst certifications on pp. 2–5. gl

Acquisition of CSO Pharma Network

EPS announced on 29 July that its consolidated subsidiary EPMedical would acquire and merge with Pharma Network, a contract sales organization (CSO). The two companies are due to merge on 1 October 2009. EPS has said that the new company will contribute to consolidated earnings from 10/9.

Aiming to expand CSO business

Pharma Network posted sales of ¥2.1bn and operating profits of ¥70mn for 08/12. We forecast 10/9 sales of ¥2.9bn at EPS's CRO/other business, which includes its CSO operations, and we expect the acquisition to boost sales at this business. Pharmaceutical manufacturers are increasingly using CSOs to turn fixed costs in the pharmaceutical sales field into variable costs. We expect the planned merger to contribute to earnings in the medium term as it should boost EPS's CSO business. (S. Wakao, Research Analyst)

Any Authors named on this report are Research Analysts unless otherwise indicated

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| Issuer | Ticker | Price (as at last close) | Closing Price Date | Rating | Disclosures |
|--------|---------|-----------------------------|--------------------|--------|-------------|
| EPS | 4282 JP | 409000.00 JPY | 28 Jul 2009 | Buy | 12,49,50,81 |

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81 1% Disclosure

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Previous Ratings

| Issuer | Previous Rating | Date of change |
|--------|-----------------|----------------|
| EPS | No Rating | 06 Jan 2009 |

Three-year stock price and rating history

Not Available for EPS

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As at 30 June 2009.

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