

**Expecting data management to drive earnings**

**Why now?**

EPS announced 09/9 Q3 (Apr–Jun) earnings on 31 July, in response to which we slightly lower our forecasts and target price.

**Investment perspective**

EPS has built a solid presence as a major Japanese contract research organization (CRO), with particularly strengths in data management for drug development. Although the CRO segment again did well in Q3, we lower our forecasts slightly in view of weakness in software development and other areas.

**Valuation**

We forecast average annual EPS growth of 13% over the next three years and set our target price by applying a P/E of 21–23x to our 09/9 forecast, which represents a premium to the NOMURA 400 (ex financials). We have slightly revised down our forecasts in light of weakness in the software development business and other areas, which lowers our target price from ¥520,000 to ¥510,000.

**Sector theme**

Pharmaceutical manufacturers are stepping up efforts to reduce fixed costs and convert them into variable costs. As drugmakers pursue efficient drug development, we expect CROs able to provide high-value-added services to become increasingly prominent. We see good prospects for longer-term profit growth for EPS in view of its strengths as a CRO focused on data management.

- **Q3—further growth in sales and profits:** In 09/9 Q3, operating profits rose 15% y-y to ¥0.78bn as sales expanded 10% to ¥5.5bn. The CRO segment did well, but results were weak at the site management organization (SMO) segment and the software development segment. EPS has left its full-year 09/9 forecasts unchanged, and our profit forecasts remain higher than the company's. Nevertheless, we slightly lower our 09/9 forecasts chiefly on weakness at the software development segment. Our forecasts from 10/9 also newly factor in the merger of the contract sales organization (CSO) subsidiary.
- **Strong performance in data management:** The CRO segment, which centers on data management, has been doing well, with its good reputation apparently keeping orders buoyant. In Q3, sales in the data management business expanded 22% y-y to ¥1.6bn, while monitoring revenues rose 7% to ¥1.9bn. In contrast with data management, however, monitoring orders were weak. With pharmaceutical manufacturers apparently reining in their R&D spending, caution is needed on order trends.
- **Weakness in SMO and software development segments:** The SMO segment and the software development segment performed poorly in Q3, with the SMO segment apparently below plan. Believing a rapid recovery in Q4 unlikely, we lower our forecasts. The software development business continues to struggle amid fallout from the economic downturn, and with no signs of improvement yet we lower our forecasts here as well.
- **CSO business expected to contribute to earnings from 10/9:** On 23 July, EPS announced the merger of its consolidated subsidiary EPMedical with Pharma Network, with a view to strengthening its CSO business, which handles subcontracted medical representative (MR) operations and MR dispatching. Combined FY08 sales and operating profits at the two merged companies were ¥3bn and ¥150mn, respectively. Management projects a contribution to earnings from 10/9. Pharmaceutical manufacturers have recently stepped up their use of CSO services, and the company aims through the merger to rapidly expand its market share. (MT/BH)

**3 August 2009**

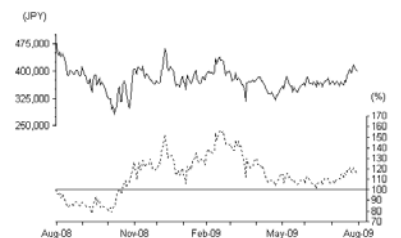
Report no. 09-2006

|                               |                 |
|-------------------------------|-----------------|
| Target price                  | <b>¥510,000</b> |
| Target price vs current price | <b>+26.9%</b>   |
| Previous target price (1 May) | ¥520,000        |
| Price (31 July close)         | <b>¥402,000</b> |
| 52-week high                  | <b>487,000</b>  |
| low                           | <b>263,100</b>  |
| Market cap (¥bn)              | <b>36.3</b>     |
| <b>BUY</b>                    | (PREVIOUS: Buy) |

| Estimates and financial data |      |         |         |         |         |
|------------------------------|------|---------|---------|---------|---------|
|                              | Cons | 08/9    | 09/9E   | 10/9E   | 11/9E   |
| Sales (¥mn)                  |      | 21,183  | 24,050  | 29,640  | 32,460  |
| % y-y                        |      | 17.8    | 13.5    | 23.2    | 9.5     |
| Prev                         |      | -       | 24,460  | 28,330  | 31,190  |
| Co's                         |      | -       | 25,013  | -       | -       |
| Ope profits (¥mn)            |      | 3,487   | 3,890   | 4,420   | 4,790   |
| % y-y                        |      | 17.0    | 11.6    | 13.6    | 8.4     |
| Prev                         |      | -       | 3,970   | 4,530   | 4,950   |
| Co's                         |      | -       | 3,784   | -       | -       |
| Rec profits (¥mn)            |      | 3,563   | 3,930   | 4,470   | 4,840   |
| Prev                         |      | -       | 4,020   | 4,580   | 5,000   |
| Net profits (¥mn)            |      | 1,708   | 2,010   | 2,440   | 2,660   |
| Prev                         |      | -       | 2,040   | 2,500   | 2,750   |
| EPS (¥)                      |      | 19,111  | 22,483  | 27,293  | 29,754  |
| Prev                         |      | -       | 22,819  | 27,964  | 30,761  |
| BPS (¥)                      |      | 110,068 | 140,380 | 162,192 | 185,123 |
| ROE (%)                      |      | 18.4    | 18.0    | 18.0    | 17.1    |
| D/E ratio (x)                |      | 0.1     | 0.0     | 0.0     | 0.0     |
| P/E (x)                      |      | -       | 17.9    | 14.7    | 13.5    |
| EV/EBITDA (x)                |      | -       | 7.6     | 6.6     | 5.8     |
| P/B (x)                      |      | 3.7     | 2.9     | 2.5     | 2.2     |
| Dividend yield (%)           |      | -       | 1.5     | 1.8     | 2.1     |

Company data, Nomura estimates except where noted.

Share price chart: EPS [4282]



Solid line: Price adjusted for corporate action  
 Dotted line: Price relative to TOPIX  
 Source: Nomura

**Please read the important disclosures and analyst certifications on pp. 4–7. gl**

## 1. EPS [4282]: consolidated financial data

(#mn, except where noted)

|                               | 06/9         | 07/9         | 08/9         | 09/9       |              |            |              |              |              | 10/9E        | 11/9E        | 12/9E        | 13/9E        |              |
|-------------------------------|--------------|--------------|--------------|------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                               |              |              |              | Q1         | Q2           | Q3         | Q4E          | H1           | H2E          |              |              |              |              | Full E       |
| <b>Income statement</b>       |              |              |              |            |              |            |              |              |              |              |              |              |              |              |
| Sales                         | 15,258       | 17,981       | 21,183       | 5,542      | 6,146        | 5,455      | 6,906        | 11,688       | 12,362       | 24,050       | 29,640       | 32,460       | 35,680       | 38,950       |
| CRO                           | 10,282       | 12,233       | 15,195       | 3,912      | 4,632        | 4,042      | 5,163        | 8,544        | 9,206        | 17,750       | 22,640       | 24,670       | 26,930       | 29,130       |
| Monitoring                    | 4,886        | 5,993        | 7,310        | 1,903      | 1,967        | 1,881      | 2,208        | 3,870        | 4,090        | 7,960        | 8,940        | 9,840        | 10,550       | 11,380       |
| Data management               | 3,973        | 4,908        | 5,878        | 1,437      | 2,092        | 1,646      | 2,217        | 3,529        | 3,861        | 7,390        | 8,820        | 9,480        | 10,530       | 11,380       |
| CRO/other                     | 1,423        | 1,332        | 2,007        | 573        | 573          | 515        | 738          | 1,145        | 1,255        | 2,400        | 4,880        | 5,350        | 5,850        | 6,370        |
| SMO                           | 2,940        | 3,315        | 3,491        | 801        | 832          | 778        | 890          | 1,633        | 1,667        | 3,300        | 3,900        | 4,400        | 4,950        | 5,550        |
| Preclinical services          | 1,192        | 1,251        | 1,088        | 318        | 213          | 249        | 331          | 531          | 579          | 1,110        | 1,160        | 1,220        | 1,280        | 1,340        |
| Software development business | 844          | 1,182        | 1,409        | 511        | 469          | 386        | 522          | 980          | 910          | 1,890        | 1,940        | 2,170        | 2,520        | 2,930        |
| COGS                          | 10,892       | 12,047       | 14,378       | 3,765      | 4,201        | 3,826      | 4,678        | 7,966        | 8,504        | 16,470       | 20,690       | 22,520       | 24,730       | 27,020       |
| Gross profits                 | 4,366        | 5,934        | 6,805        | 1,776      | 1,945        | 1,629      | 0            | 3,721        | 3,859        | 7,580        | 8,960        | 9,920        | 10,950       | 11,920       |
| SG&A expenses                 | 2,407        | 2,953        | 3,317        | 838        | 838          | 838        | 838          | 1,755        | 1,935        | 3,690        | 4,540        | 5,130        | 5,780        | 6,500        |
| <b>Operating profits</b>      | <b>1,959</b> | <b>2,981</b> | <b>3,487</b> | <b>938</b> | <b>1,028</b> | <b>775</b> | <b>1,149</b> | <b>1,966</b> | <b>1,924</b> | <b>3,890</b> | <b>4,420</b> | <b>4,790</b> | <b>5,170</b> | <b>5,420</b> |
| CRO                           | 1,715        | 2,157        | 2,662        | 805        | 905          | 736        | 797          | 1,709        | 1,531        | 3,240        | 3,680        | 3,960        | 4,280        | 4,440        |
| SMO                           | 89           | 643          | 695          | 83         | 125          | 101        | 294          | 208          | 392          | 600          | 620          | 700          | 730          | 790          |
| Preclinical services          | 72           | 77           | -1           | 38         | 0            | -6         | 30           | 37           | 23           | 60           | 50           | 50           | 50           | 50           |
| Software development business | 67           | 90           | 136          | 9          | -3           | -59        | 11           | 6            | -46          | -40          | 50           | 70           | 100          | 140          |
| Eliminations/companywide      | 16           | 13           | -5           | 4          | 2            | 3          | 1            | 6            | 4            | 10           | 10           | 10           | 10           | 10           |
| Nonoperating income           | 70           | 94           | 90           | 35         | -7           | 17         | 20           | 27           | 33           | 60           | 100          | 100          | 100          | 100          |
| Nonoperating expenses         | 49           | 32           | 15           | 4          | 9            | 4          | 10           | 13           | 17           | 30           | 50           | 50           | 50           | 50           |
| <b>Recurring profits</b>      | <b>1,979</b> | <b>3,042</b> | <b>3,563</b> | <b>970</b> | <b>1,010</b> | <b>790</b> | <b>1,160</b> | <b>1,981</b> | <b>1,949</b> | <b>3,930</b> | <b>4,470</b> | <b>4,840</b> | <b>5,220</b> | <b>5,470</b> |
| Extraordinary gains           | 5            | 113          | 66           | 8          | 1            | 49         | 0            | 9            | 51           | 60           | 0            | 0            | 0            | 0            |
| Extraordinary losses          | 144          | 433          | 425          | 74         | 182          | 11         | 0            | 256          | 14           | 270          | 0            | 0            | 0            | 0            |
| Pretax profits                | 1,841        | 2,722        | 3,204        | 902        | 831          | 826        | 1,159        | 1,734        | 1,986        | 3,720        | 4,470        | 4,840        | 5,220        | 5,470        |
| Tax, etc                      | 692          | 1,154        | 1,331        | 340        | 786          | -289       | 725          | 1,125        | 435          | 1,560        | 1,880        | 2,030        | 2,190        | 2,300        |
| Minority interests            | 69           | 184          | 165          | 30         | 17           | 9          | 94           | 47           | 103          | 150          | 150          | 150          | 150          | 150          |
| <b>Net profits</b>            | <b>1,079</b> | <b>1,384</b> | <b>1,708</b> | <b>533</b> | <b>28</b>    | <b>477</b> | <b>968</b>   | <b>561</b>   | <b>1,449</b> | <b>2,010</b> | <b>2,440</b> | <b>2,660</b> | <b>2,880</b> | <b>3,020</b> |
| Capex                         | 147          | 179          | 216          | 47         | 40           | 73         | 127          | 87           | 113          | 200          | 200          | 200          | 200          | 200          |
| Depreciation                  | 134          | 109          | 149          | 43         | 42           | 24         | 126          | 85           | 65           | 150          | 150          | 150          | 150          | 150          |
| Shares out                    | 89,398       | 90,400       | 90,400       | 90,400     | 90,400       | 90,400     | 90,400       | 90,400       | 90,400       | 90,400       | 90,400       | 90,400       | 90,400       | 90,400       |
| EPS (¥)                       | 12,301       | 15,486       | 19,111       | 5,961      | -            | 5,336      | 10,828       | 6,275        | 16,208       | 22,483       | 27,293       | 29,754       | 32,215       | 33,781       |
| <b>% y-y</b>                  |              |              |              |            |              |            |              |              |              |              |              |              |              |              |
| Sales                         | 17.3         | 17.8         | 17.8         | 11.8       | 11.4         | 10.3       | 19.8         | 11.6         | 15.4         | 13.5         | 23.2         | 9.5          | 9.9          | 9.2          |
| Gross profits                 | 13.4         | 35.9         | 14.7         | 7.0        | 13.5         | 3.5        | -100.0       | 10.3         | 12.5         | 11.4         | 18.2         | 10.7         | 10.4         | 8.9          |
| SG&A expenses                 | 17.1         | 22.7         | 12.3         | 4.6        | 0.8          | 0.1        | -1.2         | 7.5          | 14.8         | 11.2         | 23.0         | 13.0         | 12.7         | 12.5         |
| Operating profits             | 9.2          | 52.2         | 17.0         | 9.2        | 16.5         | 5.1        | 13.9         | 12.9         | 10.2         | 11.5         | 13.6         | 8.4          | 7.9          | 4.8          |
| Recurring profits             | 9.3          | 53.7         | 17.1         | 10.4       | 12.3         | 4.6        | 12.6         | 11.4         | 9.2          | 10.3         | 13.7         | 8.3          | 7.9          | 4.8          |
| Pretax profits                | -17.7        | 47.9         | 17.7         | 1.4        | 2.6          | 19.8       | 42.1         | 2.0          | 32.0         | 16.1         | 20.2         | 8.3          | 7.9          | 4.8          |
| Net profits                   | -4.3         | 28.3         | 23.4         | 12.8       | -93.4        | 27.6       | 120.6        | -37.4        | 78.3         | 17.6         | 21.4         | 9.0          | 8.3          | 4.9          |
| <b>As % of sales</b>          |              |              |              |            |              |            |              |              |              |              |              |              |              |              |
| COGS                          | 71.4         | 67.0         | 67.9         | 67.9       | 68.4         | 70.1       | 67.7         | 68.2         | 68.8         | 68.5         | 69.8         | 69.4         | 69.3         | 69.4         |
| Gross profits                 | 28.6         | 33.0         | 32.1         | 32.0       | 31.6         | 29.9       | 0.0          | 31.8         | 31.2         | 31.5         | 30.2         | 30.6         | 30.7         | 30.6         |
| SG&A expenses                 | 15.8         | 16.4         | 15.7         | 15.1       | 13.6         | 15.4       | 12.1         | 15.0         | 15.7         | 15.3         | 15.3         | 15.8         | 16.2         | 16.7         |
| Personnel expenses            | 7.2          | 7.1          | 7.0          | 0.0        | 0.0          | 0.0        | 0.0          | 7.1          | 7.0          | 7.0          | 6.5          | 6.7          | 6.9          | 7.0          |
| Operating profits             | 12.8         | 16.6         | 16.5         | 16.9       | 16.7         | 14.2       | 16.6         | 16.8         | 15.6         | 16.2         | 14.9         | 14.8         | 14.5         | 13.9         |
| Recurring profits             | 13.0         | 16.9         | 16.8         | 17.5       | 16.4         | 14.5       | 16.8         | 16.9         | 15.8         | 16.3         | 15.1         | 14.9         | 14.6         | 14.0         |
| Pretax profits                | 12.1         | 15.1         | 15.1         | 16.3       | 13.5         | 15.1       | 16.8         | 14.8         | 16.1         | 15.5         | 15.1         | 14.9         | 14.6         | 14.0         |
| Net profits                   | 7.1          | 7.7          | 8.1          | 9.6        | 0.5          | 8.7        | 14.0         | 4.8          | 11.7         | 8.4          | 8.2          | 8.2          | 8.1          | 7.8          |
| Effective tax rate (%)        | 37.6         | 42.4         | 41.5         | 37.7       | -            | -          | 62.6         | 64.9         | 21.9         | 41.9         | 42.1         | 41.9         | 42.0         | 42.0         |

Source: Company data, Nomura estimates

## 2. EPS [4282]: consolidated financial data

(¥mn)

|   | 06/9          | 07/9          | 08/9          | 09/9E         | 10/9E         | 11/9E         | 12/9E         | 13/9E         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Balance sheet</b>                    |               |               |               |               |               |               |               |               |
| Current assets                          | 8,401         | 10,955        | 12,316        | 13,550        | 15,340        | 17,390        | 19,530        | 21,730        |
| Cash & deposits                         | 3,792         | 5,260         | 5,647         | 5,870         | 6,190         | 7,460         | 8,710         | 10,020        |
| Bills and receivables                   | 3,608         | 4,127         | 4,602         | 5,220         | 6,440         | 7,050         | 7,750         | 8,460         |
| Inventory assets                        | 340           | 438           | 562           | 640           | 790           | 860           | 950           | 1,030         |
| Other                                   | 661           | 1,130         | 1,505         | 1,820         | 1,920         | 2,020         | 2,120         | 2,220         |
| Long-term assets                        | 3,573         | 3,583         | 3,873         | 4,050         | 4,240         | 4,440         | 4,690         | 4,940         |
| Property, plant and equipment           | 315           | 376           | 419           | 470           | 520           | 570           | 620           | 670           |
| Intangible long-term assets             | 384           | 345           | 381           | 310           | 250           | 200           | 200           | 200           |
| Investments, other assets               | 2,874         | 2,861         | 3,073         | 3,270         | 3,470         | 3,670         | 3,870         | 4,070         |
| <b>Total assets</b>                     | <b>11,974</b> | <b>14,537</b> | <b>16,189</b> | <b>17,600</b> | <b>19,580</b> | <b>21,830</b> | <b>24,220</b> | <b>26,670</b> |
| Current liabilities                     | 2,365         | 3,991         | 4,528         | 4,490         | 4,470         | 4,600         | 4,730         | 4,870         |
| Accounts payable                        | 183           | 202           | 233           | 260           | 330           | 360           | 390           | 430           |
| Short-term borrowings                   | 0             | 0             | 150           | 0             | 0             | 0             | 0             | 0             |
| Current portion of long-term borrowings | 213           | 214           | 206           | 190           | 0             | 0             | 0             | 0             |
| Other                                   | 1,969         | 3,575         | 3,939         | 4,040         | 4,140         | 4,240         | 4,340         | 4,440         |
| Long-term liabilities                   | 1,038         | 836           | 704           | 560           | 610           | 680           | 740           | 810           |
| Long-term borrowings                    | 670           | 406           | 200           | 0             | 0             | 0             | 0             | 0             |
| Retirement benefit reserves             | 228           | 258           | 282           | 310           | 340           | 380           | 410           | 450           |
| Directors' retirement bonus reserves    | 130           | 155           | 209           | 230           | 250           | 280           | 310           | 340           |
| Other                                   | 10            | 17            | 13            | 20            | 20            | 20            | 20            | 20            |
| Total liabilities                       | 3,404         | 4,827         | 5,232         | 5,050         | 5,080         | 5,280         | 5,470         | 5,680         |
| Net assets                              | 8,570         | 9,710         | 10,957        | 12,550        | 14,500        | 16,550        | 18,750        | 20,990        |
| <b>Total liabilities and net assets</b> | <b>11,974</b> | <b>14,537</b> | <b>16,189</b> | <b>17,600</b> | <b>19,580</b> | <b>21,830</b> | <b>24,220</b> | <b>26,670</b> |

Source: Company data, Nomura estimates

## 3. EPS [4282]: consolidated financial data

(¥mn)

|   | 06/9          | 07/9         | 08/9          | 09/9E        | 10/9E        | 11/9E        | 12/9E        | 13/9E         |
|---|---------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| <b>Cash flow</b>  |               |              |               |              |              |              |              |               |
| <b>Operating cash flow</b>                                    | <b>1,357</b>  | <b>2,710</b> | <b>1,991</b>  | <b>1,603</b> | <b>1,400</b> | <b>2,280</b> | <b>2,340</b> | <b>2,490</b>  |
| Net profits before taxes                                      | 1,841         | 2,722        | 3,204         | 3,720        | 4,470        | 4,840        | 5,220        | 5,470         |
| Depreciation  | 134           | 109          | 149           | 150          | 150          | 150          | 150          | 150           |
| Change in working capital                                     | 7             | -566         | -588          | -670         | -1,300       | -650         | -750         | -760          |
| Other   | -624          | 445          | -774          | -1,597       | -1,920       | -2,060       | -2,280       | -2,370        |
| <b>Investment cash flow</b>                                   | <b>-1,139</b> | <b>-605</b>  | <b>-1,061</b> | <b>-500</b>  | <b>-300</b>  | <b>-300</b>  | <b>-300</b>  | <b>-300</b>   |
| Capex   | -147          | -179         | -216          | -200         | -200         | -200         | -200         | -200          |
| Other   | -992          | -426         | -845          | -300         | -100         | -100         | -100         | -100          |
| <b>Financial cash flow</b>                                    | <b>1,609</b>  | <b>-637</b>  | <b>-543</b>   | <b>-880</b>  | <b>-780</b>  | <b>-710</b>  | <b>-790</b>  | <b>-880</b>   |
| Dividends paid  | -231          | -357         | -447          | -520         | -590         | -710         | -790         | -880          |
| Change in borrowings  | 796           | -263         | -64           | -360         | -190         | 0            | 0            | 0             |
| Other   | 1,044         | -17          | -31           | 0            | 0            | 0            | 0            | 0             |
| Foreign currency translation difference in cash & equivalents | 18            | 13           | -12           | 0            | 0            | 0            | 0            | 0             |
| Change in cash & equivalents                                  | 1,845         | 1,468        | 387           | 223          | 320          | 1,270        | 1,250        | 1,310         |
| Cash & equivalents at FY-start                                | 1,947         | 3,792        | 5,260         | 5,647        | 5,870        | 6,190        | 7,460        | 8,710         |
| <b>Cash &amp; equivalents at FY-end</b>                       | <b>3,792</b>  | <b>5,260</b> | <b>5,647</b>  | <b>5,870</b> | <b>6,190</b> | <b>7,460</b> | <b>8,710</b> | <b>10,020</b> |

Source: Company data, Nomura estimates

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

### ANALYST CERTIFICATIONS

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| Issuer | Ticker  | Price<br>(as at last close) | Closing Price Date | Rating | Disclosures |
|--------|---------|-----------------------------|--------------------|--------|-------------|
| EPS    | 4282 JP | 402000.00 JPY               | 31 Jul 2009        | Buy    | 12,49,50,81 |

#### Disclosures required in the U.S

##### 49 Possible IB related compensation in the next 3 months

Nomura Securities International Inc. and/or its affiliates in the global Nomura group expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months.

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#### Disclosures required in Japan

##### 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

#### Online availability of research and additional conflict-of-interest disclosures:

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As at 30 June 2009.

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The rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock. Analysts may also indicate absolute upside to price target defined as (fair value - current price)/current price, subject to limited management discretion. In most cases, the fair value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as discounted cash flow or multiple analysis, etc.

### Stocks:

- A rating of "1", or "**Buy**", indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months.
- A rating of "2", or "**Neutral**", indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months.
- A rating of "3", or "**Reduce**", indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months.
- A rating of "**RS-Rating Suspended**", " indicates that the rating and target price have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

Benchmarks are as follows: **United States:** S&P 500, MSCI World Technology Hardware & Equipment; **Europe:** Please see valuation methodologies for explanations of relevant benchmarks for stocks (accessible through the left hand side of the Nomura Disclosure web page: <http://www.nomura.com/research>); **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia.

### Sectors:

A "**Bullish**" stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months.

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A "**Bearish**" stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months.

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## Explanation of Nomura's equity research rating system for Asian companies under coverage ex Japan published from 30 October 2008 and in Japan from 6 January 2009:

### Stocks:

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