

It gets merrier – Raise earnings est. again Earnings surprises continue; LNG outlook even brighter; Reiterate Buy

January 31, 2012

Rating Remains	Buy
Target price Increased from 220	INR 230
Closing price January 30, 2012	INR 161
Potential upside	+42.9%

Action: Upgrading FY12F/13F/14F EPS by 14-15%

PLNG continues to surprise on volumes and earnings. 3Q volumes hit an all-time high, and earnings were 15% ahead of Bloomberg consensus. With domestic gas volumes declining, spot LNG prices moderating, demand remaining strong, and most important, PLNG adding most of the near-term incremental capacity, PLNG's outlook seems only brighter to us. We again raise our FY12F/13F/14F EPS estimates by 14-15%. Even as we are already 10-12% ahead of the Street for FY13/14F, we think PLNG may still surprise. Our new TP is INR230 on our revised estimates.

Catalysts: Early tie-up of new capacity; import duty cut

We have been expecting that PLNG would be a key source of new gas in the near to medium term. With KG-D6 output continuing to decline, demand for LNG has become even stronger. After a long time, India is now signing long-term LNG contracts again – GAIL's 3.5mmtpa contract in Dec-2011 is likely just the beginning, as advanced discussions are ongoing for several more. With its capacity expansion being most advanced among upcoming projects, PLNG's new capacity is likely to be contracted soon, in our view. The site for the East Coast terminal is also finalised for future growth. The Oil Ministry's demand for removal of the 5% import duty, if accepted in the budget, would also be a positive.

Valuation: Strong performance in 2011, may repeat in 2012F

PLNG was our preferred pick for 2011. Despite its outperformance (up 25%; Sensex down 25%), we see significant upside. After sharp earnings growth (53% in FY11; likely 73% in FY12F), however, we see momentum slowing in the near term until its new capacity comes online. PLNG is in the most advanced stages for capacity increases and in our view should remain the key gateway for incremental LNG imports in the medium term.

31 Mar	FY11	FY12F		FY13F		FY14F	
Currency (INR)	Actual	Old	New	Old	New	Old	New
Revenue (mn)	131,973	209,690	228,340	268,341	308,399	359,059	394,817
Reported net profit (mn)	6,196	9,372	10,746	10,218	11,664	11,097	12,722
Normalised net profit (mn)	6,196	9,372	10,746	10,218	11,664	11,097	12,722
Normalised EPS	8.26	12.50	14.33	13.62	15.55	14.80	16.96
Norm. EPS growth (%)	53.2	51.3	73.4	9.0	8.5	8.6	9.1
Norm. P/E (x)	19.5	N/A	11.2	N/A	10.4	N/A	9.5
EV/EBITDA (x)	12.5	10.1	8.6	9.6	8.0	7.5	6.4
Price/book (x)	4.5	N/A	3.4	N/A	2.6	N/A	2.1
Dividend yield (%)	1.2	N/A	1.2	N/A	1.2	N/A	1.2
ROE (%)	25.2	30.6	34.3	26.4	28.6	23.3	24.8
Net debt/equity (%)	114.3	117.7	109.2	130.5	116.5	120.3	103.2

Source: Company data, Nomura estimates

Key company data: See page 2 for company data and detailed price/index chart.

Anchor themes

As domestic gas production struggles and with limited visibility on ramp-up, R-LNG is the most likely source for meeting India's gas appetite, in the near to medium term.

Nomura vs consensus

Our FY13/14F earning estimates are 10-12% higher than the Street. We are more optimistic on volume and marketing margins, and think the Street's upgrades will continue.

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

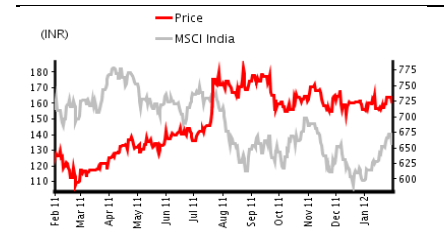
Key data on Petronet LNG

Income statement (INRmn)

Year-end 31 Mar	FY10	FY11	FY12F	FY13F	FY14F
Revenue	106,491	131,973	228,340	308,399	394,817
Cost of goods sold	-96,648	-118,012	-207,882	-284,488	-363,727
Gross profit	9,843	13,961	20,458	23,911	31,090
SG&A	-2,987	-3,645	-3,782	-4,697	-8,042
Employee share expense	0	0	0	0	0
Operating profit	6,856	10,316	16,675	19,214	23,047
EBITDA	8,465	12,163	18,541	21,665	28,091
Depreciation	-1,609	-1,847	-1,866	-2,451	-5,043
Amortisation	0	0	0	0	0
EBIT	6,856	10,316	16,675	19,214	23,047
Net interest expense	-1,839	-1,931	-1,675	-2,508	-4,843
Associates & JCEs					
Other income	978	680	803	755	841
Earnings before tax	5,995	9,064	15,803	17,462	19,045
Income tax	-1,950	-2,868	-5,057	-5,797	-6,323
Net profit after tax	4,045	6,196	10,746	11,664	12,722
Minority interests	0	0	0	0	0
Other items	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Normalised NPAT	4,045	6,196	10,746	11,664	12,722
Extraordinary items	0	0	0	0	0
Reported NPAT	4,045	6,196	10,746	11,664	12,722
Dividends	-1,531	-1,743	-1,743	-1,743	-1,743
Transfer to reserves	2,514	4,453	9,003	9,921	10,979
Valuation and ratio analysis					
FD normalised P/E (x)	29.9	19.5	11.2	10.4	9.5
FD normalised P/E at price target (x)	42.6	27.8	16.1	14.8	13.6
Reported P/E (x)	29.9	19.5	11.2	10.4	9.5
Dividend yield (%)	1.1	1.2	1.2	1.2	1.2
Price/cashflow (x)	11.8	13.3	9.4	8.6	6.1
Price/book (x)	5.4	4.5	3.4	2.6	2.1
EV/EBITDA (x)	16.8	12.5	8.6	8.0	6.4
EV/EBIT (x)	20.8	14.7	9.6	9.1	7.8
Gross margin (%)	9.2	10.6	9.0	7.8	7.9
EBITDA margin (%)	7.9	9.2	8.1	7.0	7.1
EBIT margin (%)	6.4	7.8	7.3	6.2	5.8
Net margin (%)	3.8	4.7	4.7	3.8	3.2
Effective tax rate (%)	32.5	31.6	32.0	33.2	33.2
Dividend payout (%)	37.8	28.1	16.2	14.9	13.7
Capex to sales (%)	9.8	6.7	7.4	7.7	3.6
Capex to depreciation (x)	6.5	4.8	9.0	9.7	2.8
ROE (%)	19.2	25.2	34.3	28.6	24.8
ROA (pretax %)	13.2	16.0	19.8	17.4	16.9
Growth (%)					
Revenue	26.3	23.9	73.0	35.1	28.0
EBITDA	-6.1	43.7	52.4	16.9	29.7
EBIT	-14.2	50.5	61.6	15.2	19.9
Normalised EPS	-22.0	53.2	73.4	8.5	9.1
Normalised FDEPS	-22.0	53.2	73.4	8.5	9.1
Per share					
Reported EPS (INR)	5.39	8.26	14.33	15.55	16.96
Norm EPS (INR)	5.39	8.26	14.33	15.55	16.96
Fully diluted norm EPS (INR)	5.39	8.26	14.33	15.55	16.96
Book value per share (INR)	29.80	35.74	47.74	60.97	75.61
DPS (INR)	1.75	2.00	2.00	2.00	2.00

Source: Company data, Nomura estimates

Relative performance chart (one year)



Source: ThomsonReuters, Nomura research

(%)	1M	3M	12M
Absolute (INR)	3.4	-2.1	26.9
Absolute (USD)	10.2	-4.1	16.6
Relative to index	-6.6	3.7	36.3
Market cap (USDmn)	2,426.7		
Estimated free float (%)	50.0		
52-week range (INR)	185.85/105.1		
3-mth avg daily turnover (USDmn)	5.97		
Major shareholders (%)			
Gail(India) Ltd	12.5		
ONGC	12.5		

Source: Thomson Reuters, Nomura research

Notes

After sharp EPS growth of 53% in FY11 and a likely 73% in FY12F, we estimate growth will likely moderate in FY13F/14F, before new capacities come online

Cashflow (INRmn)

Year-end 31 Mar	FY10	FY11	FY12F	FY13F	FY14F
EBITDA	8,465	12,163	18,541	21,665	28,091
Change in working capital	2,791	-395	-952	-1,875	-1,896
Other operating cashflow	-977	-2,692	-4,670	-5,660	-6,286
Cashflow from operations	10,279	9,075	12,919	14,131	19,908
Capital expenditure	-10,472	-8,889	-16,879	-23,689	-14,360
Free cashflow	-193	186	-3,960	-9,559	5,548
Reduction in investments	-2,344	-6,263	-1,500	-1,000	-5,000
Net acquisitions	0	0	0	0	0
Reduction in other LT assets	0	0	0	0	0
Addition in other LT liabilities	540	218	0	0	0
Adjustments	-82	168	416	618	804
Cashflow after investing acts	-2,079	-5,690	-5,045	-9,941	1,352
Cash dividends	-1,536	-1,531	-1,743	-1,743	-1,743
Equity issue	0	0	0	0	0
Debt issue	2,181	7,163	10,500	14,664	8,902
Convertible debt issue					
Others	-1,739	-1,806	-1,675	-2,508	-4,843
Cashflow from financial acts	-1,094	3,826	7,082	10,412	2,315
Net cashflow	-3,173	-1,865	2,037	472	3,667
Beginning cash	6,578	3,405	1,540	3,577	4,049
Ending cash	3,405	1,540	3,577	4,049	7,716
Ending net debt	21,593	30,621	39,084	53,276	58,510

Notes
Negative free cash flow in FY12F/13F owing to ongoing capex at Kochi and expansion at Dahej.

Source: Company data, Nomura estimates

Balance sheet (INRmn)

As at 31 Mar	FY10	FY11	FY12F	FY13F	FY14F
Cash & equivalents	3,405	1,540	3,577	4,049	7,716
Marketable securities	4,709	10,915	12,415	13,415	18,415
Accounts receivable	5,035	8,472	12,537	16,983	21,751
Inventories	2,223	2,480	4,103	5,558	7,118
Other current assets	1,554	1,383	1,521	3,026	4,532
Total current assets	16,925	24,790	34,154	43,031	59,533
LT investments	677	733	733	733	733
Fixed assets	42,012	49,053	64,067	85,305	94,622
Goodwill	0	0	0	0	0
Other intangible assets	0	0	0	0	0
Other LT assets	0	0	0	0	0
Total assets	59,614	74,577	98,954	129,070	154,888
Short-term debt	0	0	0	0	0
Accounts payable	7,449	10,348	15,045	20,379	26,101
Other current liabilities	1,557	1,786	1,964	2,161	2,377
Total current liabilities	9,006	12,134	17,009	22,540	28,477
Long-term debt	24,998	32,161	42,661	57,325	66,227
Convertible debt	0	0	0	0	0
Other LT liabilities	3,262	3,480	3,480	3,480	3,480
Total liabilities	37,266	47,775	63,150	83,345	98,184
Minority interest	0	0	0	0	0
Preferred stock	0	0	0	0	0
Common stock	7,500	7,500	7,500	7,500	7,500
Retained earnings	13,294	17,747	26,749	36,670	47,649
Proposed dividends	0	0	0	0	0
Other equity and reserves	1,555	1,555	1,555	1,555	1,555
Total shareholders' equity	22,349	26,802	35,804	45,725	56,704
Total equity & liabilities	59,614	74,577	98,954	129,070	154,888

Notes
Despite rising debt, we expect net debt-to-equity to remain at moderate levels

Liquidity (x)

Current ratio	1.88	2.04	2.01	1.91	2.09
Interest cover	3.7	5.3	10.0	7.7	4.8

Leverage

Net debt/EBITDA (x)	2.55	2.52	2.11	2.46	2.08
Net debt/equity (%)	96.6	114.3	109.2	116.5	103.2

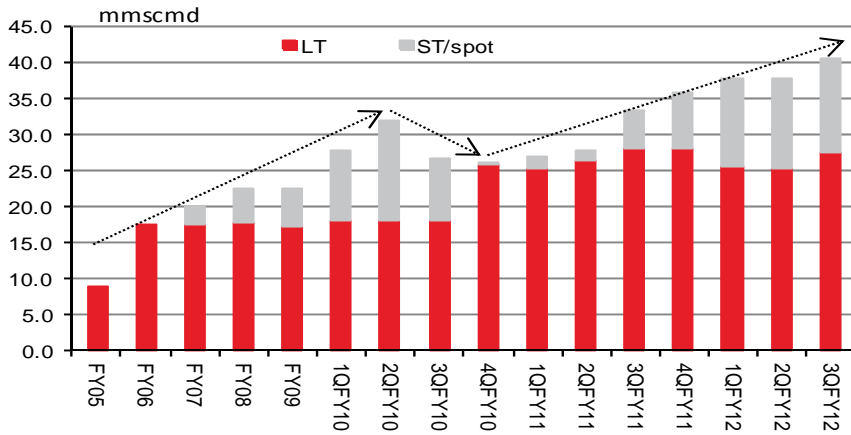
Activity (days)

Days receivable	20.1	18.7	16.8	17.5	17.9
Days inventory	11.5	7.3	5.8	6.2	6.4
Days payable	28.0	27.5	22.4	22.7	23.3
Cash cycle	3.6	-1.6	0.3	0.9	0.9

Source: Company data, Nomura estimates

PLNG keeps surprising on volumes/margins and earnings

Fig. 1: Sequential volume growth for last seven consecutive quarters

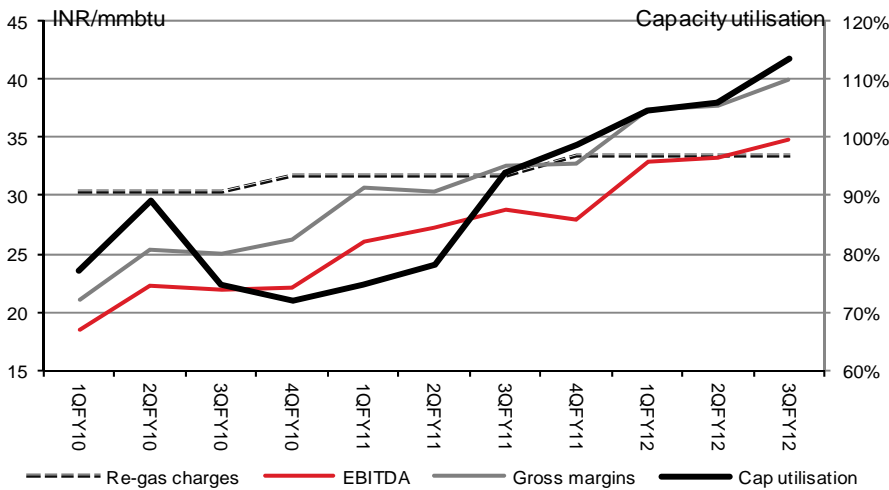


Consistent volume increases over the past several years and several quarters

Volume declines only between 2QFY10 and 4QFY10, due to pipeline bottlenecks during KG-D6 ramp-up

Source: Company data, Nomura research

Fig. 2: Realised margins inch higher – driven by efficiency gains and marketing/trading gains on spot/ST cargoes



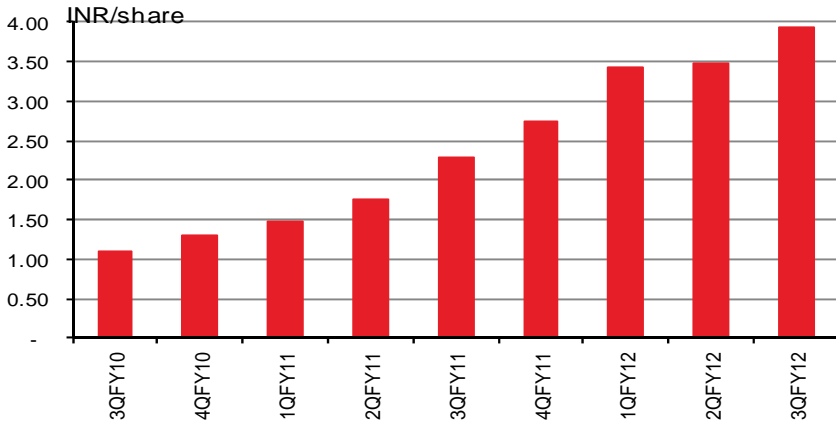
Rising capacity utilisation – At or above 110% over the past four quarters – peak of 114% in 3QFY12

Given that domestic gas volumes are reducing, and LNG prices are moderating, we think LNG demand will only increase

And, we think that, in the near term, PLNG can keep making significant marketing gains on few spot/ST cargoes

Source: Company data, Nomura research

Fig. 3: Sharp volume growth and higher margins led to sharp profit growth

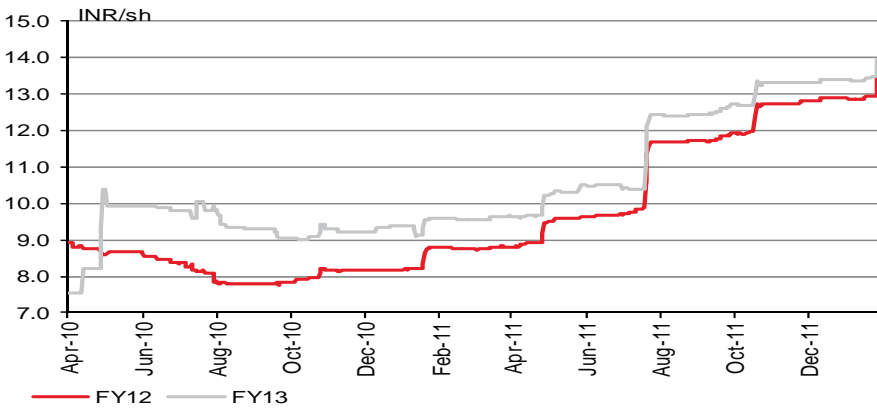


Source: Company data, Nomura research

Quarterly EPS has increased 3.5x since 3QFY10 – average sequential growth of 17% per quarter over past eight quarters

3QFY12 EPS of INR3.94/share annualises to INR15.8/share
 In comparison, despite 5% higher re-gas tariffs, our FY13F EPS estimate is INR15.6/share – we think upside risks remain

Fig. 4: Street’s earnings estimate upgrades continue



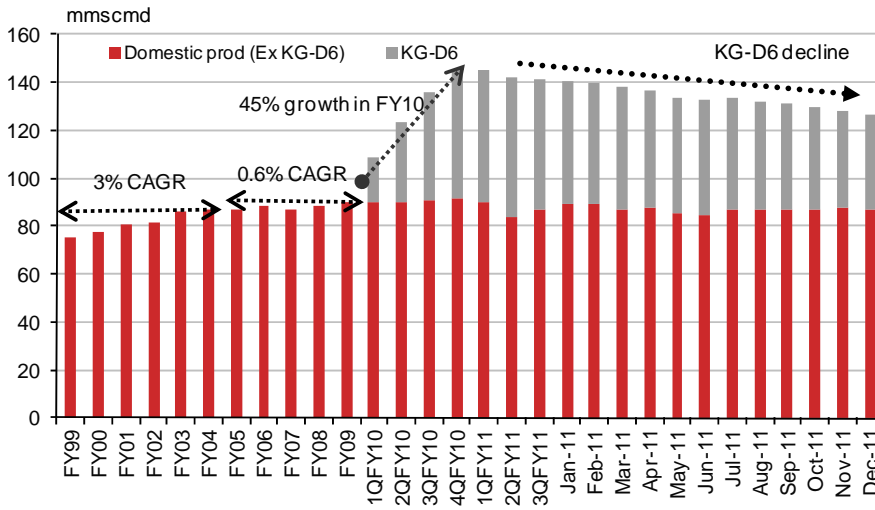
Source: Bloomberg, Nomura research

The Street has upgraded its FY12/13F EPS estimates by 57/48% over the past one year

We see further potential for upgrades. Our FY13/14F EPS estimates are 10-12% ahead of consensus estimates

With KG-D6 decline, LNG demand gets stronger

Fig. 5: Decline in KG-D6 output continues

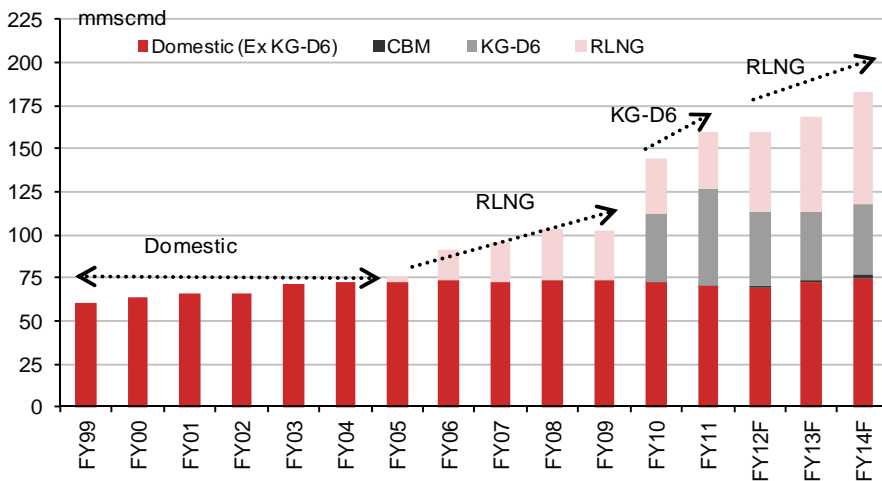


Source: Petroleum Planning & Analysis Cell, Company data, Nomura estimates

After reaching a peak of 60mmscmd in 4QFY10, KG-D6 volumes have declined to 38mmscmd now – an average quarterly decline of 5.2%

With no alignment between the government and contractors to end the KG-D6 impasse, we think that production declines may continue at KG-D6

Fig. 6: RLNG to supply incremental gas in FY12-14F



Source: Petroleum Planning & Analysis Cell, Company data, Infraline, Nomura estimates

PLNG's volumes have grown by 58% since 4QFY10 – average sequential growth of 6.7% each quarter

With the Dahej terminal already operating at 110%-plus utilisation, muted growth is likely in the near term

But we expect volume growth will resume soon – Kochi terminal commences operations in 2012 and Dahej capacity expands in 2013

PLNG's projects are most advanced among upcoming projects

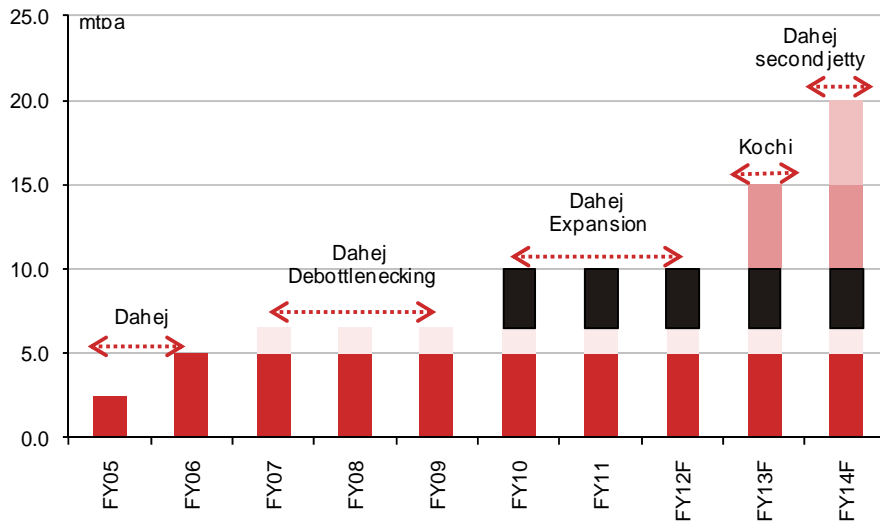
Fig. 7: LNG re-gas capacity build-up – PLNG is best placed and has an early-mover advantage

LNG terminals	Location	Capacity		Promoters	Comments
		(mtpa)	(mmscmd)		
Existing		13.7	49.0		
Dahej	Gujarat	10.0	35.8	Petronet LNG	Capacity to increase to: - 13mtpa with second jetty (Sept-13) - 15mtpa by end FY 14/18mtpa by FY 15-16
Hazira	Gujarat	3.7	13.2	Shell – 74%, Total – 26%	Capacity can further expand to: - 5mtpa : Infrastructure already laid, minimal investment needed - 10mtpa: With addition of two tanks and related infrastructure
Under-construction		10.0	36.0		
Dabhol	Maharashtra	5.0	18.0	RGPPL (GAIL-NTPC JV)	Terminal mechanically ready; Capacity of - 2mtpa by March-12 post dredging - 5mtpa post break-water in 2014
Kochi	Kerala	5.0	18.0	Petronet LNG	Likely completion by 3Q2012. 1.5mtpa LT contract with Gorgon, Australia
Proposed terminals		32.0	115.0		
Ennore	Chennai	5.0	18.0	IOCL	Board approvals in place. Initial capacity of 2.5mtpa by FY 16. Expandable to 5mtpa.
Mundra LNG	Gujarat	5.0	18.0	Adani Group / GSPC	Gujarat Govt. approves the planned terminal. Likely completion by FY 15. Capacity expandable to 7.5mtpa.
Pipavav LNG	Gujarat	4.5	16.0	Swan Energy	A floating storage and re-gas terminal likely by 2014 at capex of INR25bn.
Jamnagar terminal	Gujarat	5.0	18.0	GVK	MOU signed with state government. Planned investment of INR70bn.
East coast terminal	East Coast	5.0	18.0	Petronet LNG/ GAIL/IOCL	PLNG to carry a detailed feasibility study for new terminal at Gangavaram Port at the East Coast. Others are also planning a terminal.
Mangalore	Mangalore	5.0	18.0	National Oil Company	
Haldia LNG	West Bengal	2.5	9.0	SRM Exploration	

Source: Company data, Infraline, Nomura research

Fig. 8: PLNG import capacity likely to double by end-FY14

PLNG capacity is set to double to 20mtpa by FY14F, we expect



Source: Company data, Nomura estimates

We are more optimistic on near-term assumptions – yet think PLNG may surprise us again

Fig. 9: Key changes in our assumptions

We raise our volume forecasts marginally by 1-2% for FY12/13F

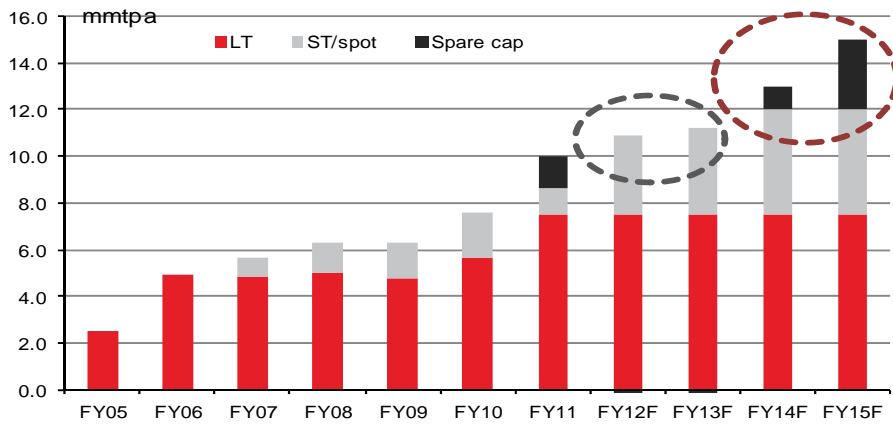
We are more optimistic on marketing margins. We continue to believe that the risk is limited for PLNG’s marketing margins being controlled by PNGRB

We raise our FY12-14F earnings estimates by 14-15%

	FY10	FY11	FY12F		FY13F		FY14F	
			New	Old	New	Old	New	Old
Dahej’s volume(m mt)								
- Long term	5.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5
- Short term/spot	1.9	1.1	3.4	3.3	3.7	3.5	4.5	4.5
- Total	7.6	8.6	10.9	10.8	11.2	11.0	12.0	12.0
Change %				1%		2%		0%
Re-gas charges (INR/mmbtu)	30.6	32.2	33.8	33.8	35.5	35.5	37.2	37.2
change%				0%		0%		0%
Marketing gains (INR/mmbtu)	-8.2	42.3	40.0	25.0	40.0	25.0	35.0	20
change%				60%		60%		75%
Volume for mktg. gains (mmt)	1.6	0.6	1.8	1.8	2.2	2.0	2.8	2.6
change%				3%		10%		8%

Source: Company data, Nomura estimates

Fig. 10: We expect full utilisation of the Dahej terminal in FY12/13



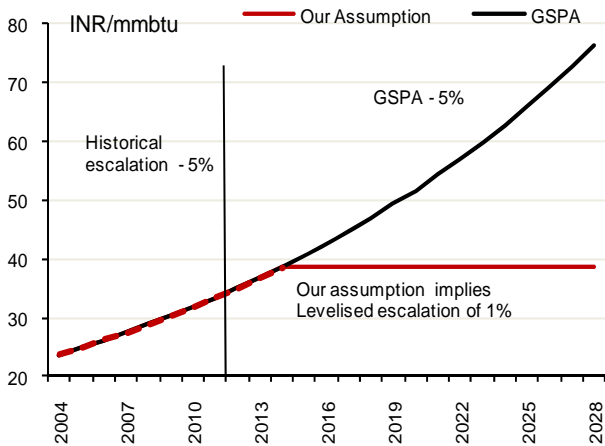
Source: Company data, Nomura estimates

Our volume estimates of 10.9/11.2mmt for FY12/13F imply capacity utilisation of ~110% at Dahej.

3QFY12 capacity utilisation was 114%

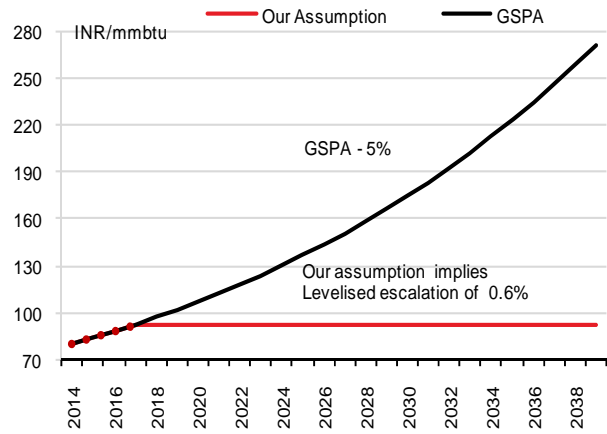
We remain conservative on LT assumptions

Fig. 11: Dahej – GSPA provides for a 5% p.a. tariff increase; we assume levelised escalation of only 1%



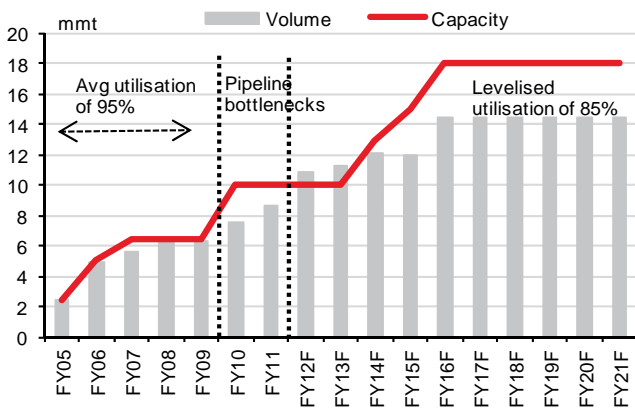
Source: Company data, Nomura estimates

Fig. 12: Kochi – We assume a levelised tariff increase of only 0.6% p.a. vs. 5% as per GSPA



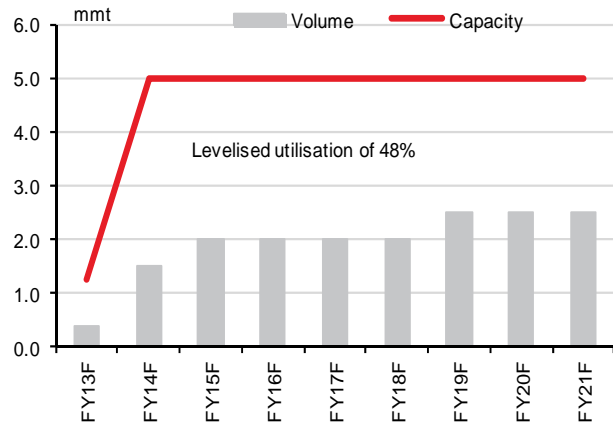
Source: Company data, Nomura estimates

Fig. 13: Historical capacity utilisation at 95% – we assume 85% levelised utilisation at Dahej...



Source: Company data, Nomura estimates

Fig. 14: ...and 48% levelised utilisation at the Kochi terminal



Source: Company data, Nomura estimates

Reiterate Buy with revised TP of INR230

Following our estimate revision, our new TP is INR230. We continue to use DCF methodology to value Petronet LNG, with a WACC of 10.5% and terminal growth of 1%. Key downside risks to our price target include: 1) Lower-than-expected spot volumes could result in downside to our numbers. 2) The Dahej off-take agreement provides for 5% annual rises in the re-gasification charges. Although we believe we are conservative in our assumptions on re-gasification charges, a sharp cut could have a negative impact on profitability and valuations. 3) PLNG's Kochi terminal is under construction and execution delays and cost overruns could hurt our valuation of the Kochi terminal.

Fig. 15: PLNG – We raise our DCF based TP to INR230 (from INR220)

Valuation	FY13 end
Terminal Growth rate	1%
WACC	10.5%
Valuation (INRmn)	
Discounted FCF	109,551
Terminal cash flow	90,022
Enterprise Valuation	199,573
Net Debt (FY12end)	25,935
Implied Mcap	173,638
Value per share (INR)	232
Price Target (INR)	230

	FY11	FY12F	FY13F	FY14F	FY15F	FY16F	FY17F	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F
LNG Volumes (MMT)													
- Dahej	8.6	10.9	11.2	12.0	12.0	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
- Kochi	0.0	0.0	0.4	1.5	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5
Re-gas tariff (INR/mmbtu)													
- Dahej	32.2	33.8	35.5	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2	37.2
- Kochi	-	-	80.0	80.0	80.0	84.0	88.2	92.6	92.6	92.6	92.6	92.6	92.6
EBIT	10,316	16,675	19,214	23,047	22,560	27,346	27,553	27,918	29,663	29,505	29,348	29,190	29,033
FCFF			-5,662	7,722	17,271	20,626	20,921	21,322	22,646	22,698	22,750	22,802	22,855
Discounted FCF			-5,662	6,990	14,152	15,299	14,047	12,959	12,459	11,304	10,256	9,305	8,442

Source: Nomura estimates

Fig. 16: NAV sensitivity to Dahej capacity utilisation and levelised tariff

Our LT capacity utilisation and tariff escalation assumptions are conservative

		Levelised utilisation at Dahej					
		75%	85%	88%	90%	95%	100%
Levelised tariff increase	0%	174	214	226	234	254	274
	1%	189	232	243	252	272	293
	2%	205	249	262	271	293	315
	3%	222	269	283	292	315	338
	4%	241	290	305	315	339	364
	5%	262	314	329	339	365	391

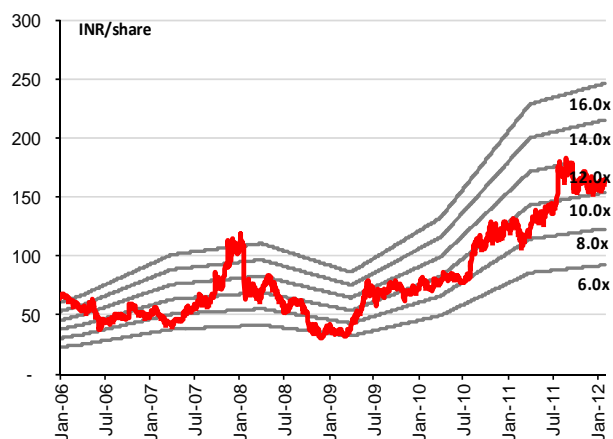
Source: Nomura estimates

Fig. 17: Earnings sensitivity to key variables

	FY12		FY13	
Base EPS	14.3		15.6	
EPS change				
LT LNG volume				
Base case (m mtpa)	7.5		7.5	
+ Increase of 1.0MT	1.3	9.3%	1.4	9.3%
Volume marketed by PLNG				
Base case (m mt)	1.8		2.2	
+ Increase of 1 mmt	3.2	22.2%	3.3	21.5%
Regas Charges				
Base case (INR/m mbtu)	33.8		35.5	
-Cut by 5%	-0.9	-5.9%	-0.9	-6.1%
Marketing Margins (INR/m mbtu)				
Base case (INR/m mbtu)	40.0		40.0	
+ Increase of INR 5	0.4	3.1%	0.5	3.5%

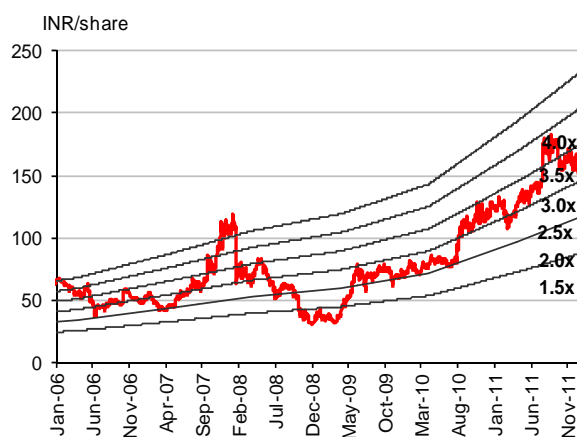
Source: Nomura estimates

Fig. 18: 1-year fwd P/E band chart



Source: Bloomberg, Nomura research

Fig. 19: 1-year fwd P/B band chart



Source: Bloomberg, Nomura research

Appendix A-1

Analyst Certification

We, Anil Sharma and Ravikumar Adukia, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

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Mentioned companies

Issuer name	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Petronet LNG	PLNG IN	INR 161	30-Jan-2012	Buy	Not rated	

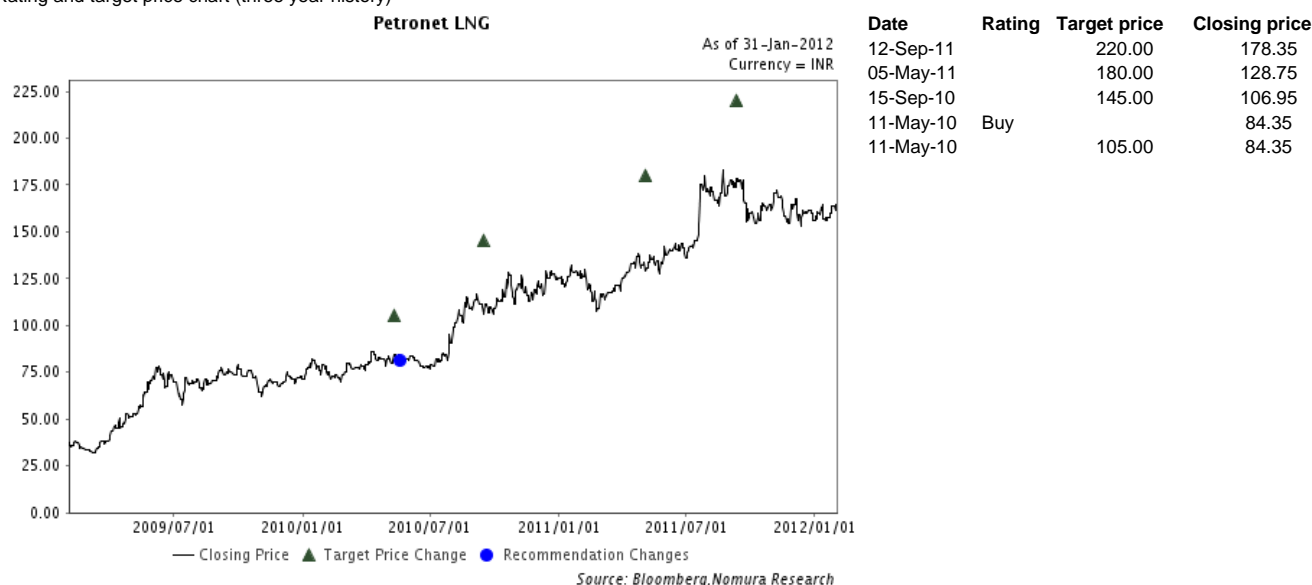
Previous Rating

Issuer name	Previous Rating	Date of change
Petronet LNG	Not Rated	11-May-2010

Petronet LNG (PLNG IN)

INR 161 (30-Jan-2012) Buy (Sector rating: Not rated)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We use DCF methodology to value Petronet LNG. Based on a WACC of 10.5% and terminal growth of 1%, our DCF-based target price is INR230.

Risks that may impede the achievement of the target price Key downside risks: 1) Lower-than-expected spot volumes could result in downside to our numbers. 2) The Dahej off-take agreement provides for 5% annual rises in the re-gasification charges. Although we believe we are conservative in our assumptions on re-gasification charges, a sharp cut could have a negative impact on profitability and valuations. 3) PLNG's Kochi terminal is under construction and execution delays and cost overruns could hurt our valuation of the Kochi terminal.

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STOCKS

A rating of '**Buy**', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of '**Neutral**', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of '**Reduce**', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of '**Suspended**', indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including, but not limited to, when Nomura is acting in an advisory capacity in a merger or strategic transaction involving the company.

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SECTORS

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Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan

STOCKS

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