

6 October 2008

Neuropharm

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	PE (x)	Yield (%)
06/07	0.0	(2.7)	(13.8)	0.0	N/A	N/A
06/08	0.0	(4.8)	(12.8)	0.0	N/A	N/A
06/09e	0.0	(7.5)	(22.7)	0.0	N/A	N/A
06/10e	0.0	(3.2)	(8.9)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items. 2010 estimates do not reflect the possible launch of NPL-2008, pending the result of SOFIA.

Investment summary: Key data inflection point

The result of the Phase III SOFIA (Study Of Fluoxetine In Autism) study for Neuropharm's lead project NPL-2008, due in Q109, represents a key near-term valuation inflection point. If successful, this could add significantly to our valuation as it increases the probability that NPL-2008 will become the first drug specifically indicated to treat autism. Neuropharm has completed recruitment of SOFIA and begun a rolling US NDA. Approval and launch of the drug are possible in 2010, along with the associated build-up of a small, in-house US sales force.

Cash better as R&D falls into 2009

Cash of £12.7m at the end of fiscal 2008 (June 2008) was considerably better than our forecast. It reflects lower than expected R&D expenditure of £3.0m vs Edison's forecast of £4.3m. We understand that an increase in the number of centres involved in SOFIA means that more R&D costs will now fall into fiscal 2009.

SOFIA results in Q109

The Phase III SOFIA trial has completed recruitment and results are expected in Q109. The open-label phase, code-named EMMA should begin shortly and enrol patients as they complete the study. A rolling NDA commenced in September 2008.

US in-house sales force

Neuropharm intends to sell NPL-2008 by itself in the US and set up an in-house sales force expected to number around 25 reps. In Europe, where launch is due three years later, it will seek licensing partners.

Valuation: rNPV of £250m

We maintain our risk-adjusted NPV valuation of £250m, which represents a multiple of Neuropharm's current EV of around £35m. Neuropharm's share price has held up well in recent turbulent market conditions, which we interpret as a reflection of its near-term catalysts and steady progress.

Price 152p
Market Cap £48m

Share price graph



Share details

Code NPH
Listing AIM
Sector Pharmaceuticals & Biotechnology
Shares in issue 31.5m

Price

52 week High 187.5p Low 151.0p

Balance Sheet as at 30 June 2008

Debt/Equity (%) N/A
NAV per share (p) 28.0
Net cash (£m) 12.7

Business

Neuropharm is an emerging speciality pharmaceutical group focused on the development of medicines for the treatment of neuro-developmental disorders.

Valuation

	2008	2009e	2010e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	N/A	N/A	N/A
ROE	N/A	N/A	N/A

Revenues by geography

	Europe	US	Other
100%	0%	0%	0%

Analyst

Robin Davison 020 3077 5737
rdavison@edisoninvestmentresearch.co.uk

Investment summary: Key data inflection point

Neuropharm is a UK speciality pharmaceutical company. It is focused on CNS conditions, in particular neuro-developmental disorders that affect children (autism, fragile X syndrome and paediatric obsessive-compulsive disorder). Its principal developmental product is a novel formulation of fluoxetine (a widely used, off-patent SSRI antidepressant) for the treatment of the core symptoms of autism. The company has orphan drug designation for this and two other programmes. It intends to establish its own sales force in the US to allow it to capture a significantly greater proportion of the value of its products than is typically the case for biotechnology companies.

Valuation

We maintain our risk-adjusted NPV valuation of £250m, as published in February's outlook note, compared with the company's current EV of around £35m. Although we have used fairly conservative assumptions in our model, this represents considerable upside compared with the current share price.

Sensitivities

The results of the Phase III SOFIA study for NPL-2008 – due in Q109 – represents a near-term valuation inflection point. If successful, the trial could add significantly to our valuation, as it increases the probability of success of NPL-2008.

A key sensitivity to our model is the eventual pricing of NPL-2008. We have incorporated \$2,000 per patient per year, in line with management expectations that the product can be priced at a premium to branded Prozac.

Neuropharm holds orphan drug designation for use of all formulations of fluoxetine in autism and unusually, for historical reasons, it is extremely unlikely that any other product will be granted orphan drug status for autism. Management is confident that the US FDA will not overturn its orphan drug designation, although the possibility of litigation represents a potential risk to the business. Furthermore, future competition from other SSRIs - Zydys or other formulations – for use in autism (although without the orphan designation) are a possibility.

Financials

Neuropharm reported an operating loss of £5.9m for the year to June 2008, narrower than our forecast of £7.0m as a result of lower than expected R&D. As a result, the company ended the year with a stronger cash position of £12.7m ie we had estimated £10.6m. We believe that the difference reflects the phasing of certain R&D costs, especially for SOFIA as a result of the expansion of the number of centres in the study earlier this year. We however note that the total near-term R&D spend remains the same, which means that the difference has simply been deferred to fiscal 2009.

Accordingly, we have increased our forecast for 2009 operating expenditure and continue to expect Neuropharm to finish fiscal 2009 with cash of around £4.5m. At that stage it will not have started to build up its sales infrastructure ahead of the US launch of NPL-2008, expected in 2010.

Investment summary: Key data inflection point

Results of the SOFIA (Study Of Fluoxetine In Autism) study of NPL-2008 (Zydis formulation of fluoxetine for autism) are due in Q109 and represent a significant near-term valuation inflection point. Neuropharm's investment case hinges on the outcome of SOFIA, which is fully recruited at 128 patients and has moved to the open-label phase (code-named EMMA). It has initiated a rolling NDA (New Drug Application) submission in the US; the CMC package was filed on 28 September.

The current status of Neuropharm's R&D pipeline is summarised in Exhibit 1 below.

Exhibit 1: Neuropharm R&D summary

Project	Indication	Development stage/notes
NPL-2008 (Zydis fast-melt formulation of fluoxetine)	autism	The trial has completed enrolment of 128 patients. The Phase III SOFIA study has a 14-week treatment period, with flexible dosing up to the minimum effective dose (eg 2mg, 4mg, 6mg, 9mg and 18mg). Completion of the clinical phase is expected by the year end, with data readout in Q109. The planned rolling NDA is now under way (CMC package submitted in September) and should complete with the SOFIA data. FDA fast-track status and likely priority review mean US launch is possible in early 2010. The open-label phase will continue into 2010, examining IQ. There is a potential out-licensing opportunity in Europe, where the regulatory route is to be the Paediatric Use Marketing Authorisation (PUMA). US orphan drug designation held. Commercial agreements. Original clinical trial data and orphan drug designation acquired from Mount Sinai School of Medicine in return for a 5% royalty on US net sales. Agreement with Catalent Pharma Solutions covering the Zydis technology provides for transfer prices and a profit share equivalent to 10% of gross margin for the first three years, reducing to 3% in year seven and thereafter.
NPL-2005 (valproate)	fragile X syndrome (behavioural symptoms)	Pilot open-label Phase IIa study in 10 young males (7-16 years of age) with fragile X syndrome and co-morbid attention deficit hyperactivity disorder showed significant reduction in Connors' Parent Rating Scale hyperactivity scores ($p < 0.05$) and non-significant trend in cognition. Six of eight children completing the study were classified as responders, achieving a clinically meaningful reduction in symptom severity. Strategy is to develop a novel formulation in this indication (valproate is a marketed, off-patent anticonvulsant used for epilepsy and bipolar disorder). US orphan drug designation held.
NPL-2009 (fenobam)	fragile X syndrome	12-patient, open-label dose-escalation Phase IIa study of escalating single doses 50mg-150mg in male and female adults showed that the drug was well tolerated with no CNS effects (primary endpoint was safety). PK showed NPL-2009 levels were dose dependent but variable. Four of six males and two of six females in the study were defined as responders. US orphan drug designation held. Commercial agreements. Preclinical data acquired from FRAXA in return for a 3% royalty on net sales; right of reference to the original IND from J&J in return for a 3% royalty interest for 10 years. (Prior clinical exposure extends to c 300 patients from Phase II studies for anxiety conducted in 1970s.)
NPL-2003 (undisclosed antibiotic)	paediatric OCD	Phase IIa study was closed, part-recruited, with data expected to be reported in Q4. Neuropharm has already agreed to facilitate further studies through an independent investigator in the adult population and this study is planned next year. Active agent is a marketed antibiotic.

Source: Edison Investment Research

SOFIA study

The placebo controlled SOFIA trial has completed recruitment of 128 patients into a 14-week treatment period. There is an open-label 'extension' study for patients in SOFIA, called EMMA, which will get under way over the coming months. Patients will be titrated to one of three doses (2mg, 9mg or 18mg/day) to try to maintain at least a 25% reduction in CYBOCS-PDD (the Children's Yale-Brown Obsessive Compulsive Scale modified for pervasive developmental

disorders), which is assessed at two-weekly intervals. This means patients will be exposed to the lowest dose that provides a clinically meaningful improvement in their symptoms. Children can be recruited from five years old and above and the mean age is likely to be around eight. The primary endpoint is a measurement of repetitive behaviours (a core symptom of autism) using CYBOCS-PDD.

Neuropharm increased the number of centres enrolling patients from 12 to 19 in order to gain a broader geographical coverage in the US and build awareness of NPL-2008 among a larger number of autism specialists and key opinion leaders. As a result recruitment has taken slightly longer than had been expected.

Autism

Autism, and the broader autistic/autism spectrum disorder are developmental disorders first seen in children from around the age of three. They are characterised by impairment in three core domains: social interaction, speech/communication and repetitive behaviour/compulsivity. These symptoms frequently co-exist with others including social phobia, ADHD, excessive/repetitive language disorders, EEG abnormalities, OCD and impulsivity/aggression.

The prevalence of autism is around 0.6% of the population (higher in boys, perhaps one in 100). A little under 1% of the population meets criteria for the broader autism phenotype (autism spectrum disorder), which includes Asperger's syndrome and PDD-NOS (pervasive developmental disorder, not otherwise specified). In the US, where awareness is relatively high, most autistic children are diagnosed as such between the ages of five and eight.

Autistic children appear to exhibit much lower levels of serotonin than normal children of the same age (at least up to around nine years). The thesis underlying the development of NPL-2008 is therefore that, if serotonin levels can be corrected by drug therapy (ie by a serotonin re-uptake inhibitor such as fluoxetine), the symptoms of the condition will improve. This is supported by case data that shows a marked improvement in language age (and a reduction in the language age deficit relative to chronological age) in children after initiation of fluoxetine.

A number of trials (mostly open-label) have been conducted with SSRIs in autism and autism spectrum disorders, including with citalopram, escitalopram, fluvoxamine and sertraline. Most have demonstrated some improvement in global functioning and symptoms associated with anxiety and repetitive behaviour. Fluoxetine is considered to be the most suitable of these for a number of reasons. It is the only drug to have shown positive results in a double-blind study in children and adolescents with autism (from the age of five).

Fluoxetine is also the only SSRI specifically indicated for depression and OCD in children (aged eight and over). By contrast, paroxetine (Seroxat, GSK) is specifically contra-indicated in children and adolescents. Other SSRIs such as fluvoxamine (Luvox, Solvay) and sertraline (Zoloft, Pfizer) are however, often used off-label in children for OCD.

Neuropharm's collaborator, Dr Eric Hollander, of the Seaver Autism Centre at Mount Sinai School of Medicine in New York, conducted three clinical trials with fluoxetine in autism. These include a Phase IIb trial (in children and adolescents) and a Phase III trial (in adults), which were funded by

FDA Office of Orphan Drug Development. The Phase IIb study measured an 8% reduction in the CYBOCS score on fluoxetine, versus a 3% increase on placebo, a statistically significant difference ($p=0.039$). However, these studies were conducted at a single site and in older children and it is also thought that the doses used were too high (as the developing brains of young autistic children are forced to compensate for low levels of serotonin by becoming much more sensitive to the neurotransmitter). The intention is therefore to initiate treatment at an earlier age and with a lower, more carefully titrated dose.

To our knowledge, NPL-2008 is the only product in development aimed at treating a core symptom of autism (ie one used for its diagnosis). There are currently no products specifically approved for treating autism, although Risperdal is indicated for treating irritability associated with the condition. Various drugs are used off-label for some of the co-morbidities associated with the condition.

Exhibit 2: Other products in development for core symptoms or co-morbidities autism

Note: NIMH = National Institute of Mental Health; part of the NIH.

Product	Company	Development stage/clinical trials/notes
Risperdal (risperidone)	J&J	Licensed for the treatment of irritability and associated behaviour in autistic children. 93-patient, Phase IV study to evaluate irritability and related behaviours of two different fixed dose levels in children or adolescents with autism for six weeks, with a 26-week extension (results: Sept 2009).
Invega (paliperidone)	J&J	30-patient eight-week, open-label study to examine aggression, self-injury and irritability in adolescents and young adults with autism (results: Aug 2009).
Abilify (aripiprazole)	Bristol-Myers Squibb/Otsuka	300-patient, 52-week (flexible dose 2mg to 15mg) in children and adolescents with autistic disorders (completion June 2009). 30-patient, Phase II study on behaviours and development associated with ASD (completion: Jan 2009). 15-patient long term Phase II study (results: Dec 2008).
Daytrana (methylphenidate patch)	Shire	Investigator-sponsored 20-pt Phase II open-label pilot study for treatment of attention and behavioural symptoms in children with autism spectrum disorders (results: Dec 2008).
Strattera (atomoxetine)	Lilly	100-patient, eight-week Phase IV study for symptoms of ADHD in children and adolescents with ASD (completion: May 2010). NIMH-sponsored 86-patient, Phase III study in children with ADHD symptoms associated with autism, Asperger's syndrome and PDD-NOS (completion: Jul 2012).
intranasal oxytocin	various (Novartis)	Investigator-sponsored Phase II to evaluate improvement of mood and social functioning in adults with autism.
oxcarbazepine	various/generic	Investigator-sponsored 12-week, 20-patient study to assess the effectiveness in childhood/adolescent autism.
D-cycloserine	generic	Phase III NIMH study in 80 children aged 3-12 in reducing certain symptoms of autism, including some aspects of social impairment.
donepezil	generic	11-week Phase II NIMH study in 40 children/adolescents with autism spectrum disorder, attempting to treat cognitive deficits.
Zyprexa (olanzepine)	Lilly (Zydis formulation)/generic oral.	78-patient Phase II study examining effect on disruptive behaviours associated with autism in children aged three to 12 years. The first six weeks are double-blind; the second six weeks all patients are on drug (results: June 2009). NIMH-sponsored long-term Phase II/III study (results: Sep 2009).
citalopram	generic	NIMH-sponsored 12-week Phase II study in 149 children. Completed but unpublished.
naltrexone	various/generic	Investigator-sponsored 50-patient study to examine effect of low-dose naltrexone on children with ASD; examines social functioning and language.
minocycline	generic	Open-label NIMH study in 12 children aged 3-12 with regressive autism.
CX516/Ampalex	Cortex/FRAXA	Phase II study to investigate effect on attention, memory, language and behaviour in adults with fragile X syndrome/autism was conducted in 2002/03.
carbetocin	MDRNA	Phase I study of nasal spray formulation to treat autism-related symptoms initiated in 2007.
STX107	Seaside Therapeutics	Lead from a series of small-molecule mGluR5 antagonists licensed from Merck & Co. Phase I study in fragile X syndrome and autism possible in 2008.

Source: Edison Investment Research

Pricing

The key to pricing NPL-2008 will be for Neuropharm to find a structure acceptable to all patients and healthcare providers. Feedback from key opinion leaders suggests that there is strong support for a product priced at a premium to branded Prozac and accordingly, for the purposes of modelling, we have assumed that Neuropharm prices NPL-2008 to achieve an average price of \$6 per patient per day (or \$2,000 per patient per year).

Promotion

There are some 300 key opinion leaders and a further 3,600 specialists (child psychiatrists, child neurologists and developmental paediatricians) in the US. Neuropharm believes that all could be addressed with a US sales force of 20-25 reps.

The group intends to start building the sales force shortly before launch of NPL-2008, ie, in early 2010. In the meantime, its headcount is likely to rise from the current 10 (nine in the UK and one in the US – Bob Prachar, president of US operations) to around 20 over the coming financial year. At the start of 2008, Neuropharm hired Maria Dzaleta, the former head of European business development at GlaxoSmithKline to head its commercial development activities. We regard this hire as a key component in setting up the sales force infrastructure ahead of the product launch.

In Europe, where launch is expected three years after the US, Neuropharm will seek to license NPL-2008 to marketing partners. An important element of the promotional strategy is that all of Neuropharm's R&D programmes will target the same group of prescribing physicians.

Intellectual property

Neuropharm's IP on NPL-2008 consists of the US orphan drug designation, IP covering the Zydis formulation (covered by patents held by Catalent) and the data exclusivity/protection afforded to regulatory filings (generally five years in the US and 10 years in Europe). The US orphan drug designation (ODD) normally converts to orphan drug status automatically on approval. This grants seven years of marketing exclusivity and prevents the FDA from granting approval to any competing formulation of fluoxetine for autism during this period.

This ODD is a little unusual since the current estimate of the number of patients with autism in the US (at around 1m) far exceeds the 200,000 maximum specified in the legislation. However, at the time it was granted, the number of patients was thought to be lower than 200,000. This makes it highly unlikely that any competing product would ever be able to gain an ODD for autism.

The mg/day dose likely to be used in autism (possibly in the 2-18mg range) is much lower than the normal dose used to treat depression or OCD (10-80mg, average 60mg). This makes the off-label use of divided generic tablet versions difficult. Liquid formulations are available, but at a concentration of 20mg/5ml they would have to be diluted or given in very small amounts to achieve the low doses thought necessary for autism. Nonetheless, a relatively high proportion of autistic patients in the US are understood to be treated off-label with versions of fluoxetine.

An additional issue is the unpleasant taste of fluoxetine, which may well make dosing autistic patients especially difficult. The Zydis formulation is specifically designed to mask this taste.

Valuation

We maintain our risk-adjusted NPV valuation of £250m, as published in the February outlook note, which we compare with the current EV of £35m.

We have assumed average pricing of \$2,000 per patient per year and penetration of the under-18 autistic patient population of 30% in the US and 10% in the EU. Cash flows are discounted using a 12.5% cost of capital, common to stocks in the Edison biotechnology universe.

The probabilities and market share assumptions are set out in Exhibit 3. Note that we have separated the US and EU sales of NPL2008 to reflect their different timelines. We believe that these figures are cautious.

Exhibit 3: Edison valuation case assumptions

Note: Potential market value for orphan indications based on estimates of 150,000 patients; * sales at peak market share, three years into launch.

Product/indication	Status	Prob. of success	Launch year	Peak market share	Est. peak sales* (\$m)
NPL-2008/autism – US	Phase III	75%	2010	30%	\$575m
NPL-2008/autism – EU	Phase III	75%	2013	10%	\$120m
NPL-2005/Fragile X	Phase II	25%	2012	10%	\$40m
NPL-2009/ Fragile X syndrome	Phase II	20%	2012	10%	\$40m
NPL-2003/ paediatric OCD	Phase II	25%	2012	10%	\$75m

Source: Edison Investment Research

Financials

Neuropharm reported an operating loss of £5.9m for the year to June 2008, which was narrower than our forecast of £7.0m due to lower than expected R&D spending. As a result, the company ended the year with a stronger cash position of £12.7m, versus our estimate of £10.6m.

R&D expenditure in FY08 was £3.0m (FY07: £1.3m), compared with our estimate of £4.3m. We believe that the difference reflects the phasing of certain R&D costs, especially for SOFIA as a result of the expansion of the number of centres in the study earlier this year. The majority of R&D expense (some £2.4m) was consumed by NPL-2008: some £1.2m on SOFIA, £200k on EMMA, £200k on the bioequivalence studies, £500k on regulatory work and £300k on other consultancy. Nevertheless, we note that the total near-term R&D spend (ie mainly on the SOFIA and EMMA studies) remains the same, with the difference simply been deferred to fiscal 2009. Accordingly, we have increased our forecast for 2009 operating expenditure and continue to expect Neuropharm to finish fiscal 2009 with cash of around £4.5m. This will be before it starts to build up its sales infrastructure ahead of the US launch of NPL-2008, expected in 2010.

Exhibit 4: Financials

Note: 2006 was the year of incorporation. US launch of NPL-2008 is possible in FY10, although forecasts do not anticipate this (either revenue or additional costs), pending the outcome of the SOFIA study.

Year end 30 June	£'000s	2006 IFRS	2007 IFRS	2008 IFRS	2009e IFRS	2010e IFRS
PROFIT & LOSS						
Revenue		0	0	0	0	0
Cost of sales		0	0	0	0	0
Gross profit		0	0	0	0	0
EBITDA		(277)	(2,986)	(5,729)	(7,904)	(3,353)
Operating profit (before GW and except.)		(277)	(2,989)	(5,734)	(7,911)	(3,361)
Intangible amortisation		0	(3)	(3)	(3)	(2)
Exceptionals		0	0	0	0	0
Share-based payments		(86)	(544)	(143)	(550)	(550)
Operating profit		(363)	(3,536)	(5,880)	(8,464)	(3,913)
Net interest		0	320	881	400	200
Profit before tax (norm)		(277)	(2,689)	(4,799)	(7,511)	(3,161)
Profit before tax (FRS 3)		(363)	(3,236)	(4,945)	(8,064)	(3,713)
Tax		0	0	754	350	350
Profit after tax (norm)		(277)	(2,689)	(4,045)	(7,161)	(2,811)
Profit after tax (FRS 3)		(363)	(3,236)	(4,191)	(7,714)	(3,363)
Average number of shares outstanding (m)		4.2	19.5	31.5	31.5	31.5
EPS - normalised (p)		(6.6)	(13.8)	(12.8)	(22.7)	(8.9)
EPS - FRS 3 (p)		(8.7)	(16.6)	(13.3)	(24.5)	(10.7)
Dividend per share (p)		0.0	0.0	0.0	0.0	0.0
BALANCE SHEET						
Fixed assets		0	59	223	228	232
Intangible assets		0	47	42	39	37
Tangible assets		0	12	181	189	195
Investments		0	0	0	0	0
Current assets		570	18,109	13,864	5,364	2,196
Stocks		0	0	0	0	0
Debtors		101	458	704	800	800
Cash		469	17,651	12,658	4,564	1,396
Other		0	0	502	0	0
Current liabilities		(146)	(1,365)	(1,332)	(2,000)	(2,000)
Creditors		(146)	(1,365)	(1,332)	(2,000)	(2,000)
Short-term borrowings		0	0	0	0	0
Long-term liabilities		0	(101)	(97)	(101)	(100)
Long-term borrowings		0	0	0	0	0
Other long-term liabilities		0	(101)	(97)	(101)	(100)
Net assets		424	16,702	12,658	3,491	328
CASH FLOW						
Operating cash flow		(232)	(2,124)	(5,743)	(8,479)	(3,355)
Net interest		0	320	881	400	200
Tax		0	0	0	0	0
Capex		0	(15)	(185)	(15)	(14)
Expenditure on intangibles		0	0	0	0	0
Acquisitions/disposals		0	0	0	0	0
Financing		701	19,021	0	0	0
Dividends		0	0	0	0	0
Net cash flow		469	17,202	(5,047)	(8,094)	(3,169)
Opening net debt/(cash)		0	(469)	(17,651)	(12,658)	(4,564)
HP finance leases initiated		0	0	0	0	0
Other		0	(20)	54	0	0
Closing net debt/(cash)		(469)	(17,651)	(12,658)	(4,564)	(1,396)

Source: Edison Investment Research

EDISON INVESTMENT RESEARCH LIMITED

Edison is Europe's leading independent investment research company. With a team of 50 including 30 analysts supported by a department of supervisory analysts, editors and assistants, Edison writes on more than 200 companies across every sector. Working directly with corporates, investment banks and fund managers, Edison's research is read by every major institutional investor in the UK, as well as by the private client broker and international investor communities. Edison was founded in 2003 and is authorised and regulated by the Financial Services Authority.

DISCLAIMER

Copyright 2008 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Neuropharm and prepared and issued by Edison Investment Research Limited for publication in the United Kingdom. All information used in the publication of this report, has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison Investment Research Limited at the time of publication. The research in this document is intended for professional advisors in the United Kingdom for use in their role as advisors. It is not intended for private individuals or investors. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment. A marketing communication under FSA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison Investment Research Limited has a restrictive policy relating to personal dealing. Edison Investment Research Limited is authorised and regulated by the Financial Services Authority (FSA) for the conduct of investment business. The company does not hold any positions in the securities mentioned in this report. However, its directors, officers, employees and contractors may have a position in any or related securities mentioned in this report. Edison Investment Research Limited or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.

Edison Investment Research

Lincoln House, 296-302 High Holborn, London, WC1V 7JH ■ tel: +44 (0)20 3077 5700 ■ fax: +44 (0)20 3077 5750 ■ www.edisoninvestmentresearch.co.uk
Registered in England, number 4794244. Edison Investment Research is authorised and regulated by the Financial Services Authority.