

MAHINDRA & MAHINDRA

BUY
CMP Rs644
TP Rs808

29 July 2010

TAX BOOSTER

Mahindra & Mahindra's (M&M) Q1FY11 results were ahead of estimates with a better margin and lower tax rates. Despite raw material cost pressure, M&M was able to contain margin erosion at 150bps to 15%. The company reported a net profit of Rs5.6bn as against our estimate of Rs4.9bn.

Robust volume growth: During the quarter, M&M auto division sales were up 30% to 80k units largely contributed by new products. The new launches of Maximmo and Gio in the small commercial vehicle category contributed 8k units incrementally. 3-wheeler sales too were higher by 35% to 12k units. The farm equipment division continued on the good run of FY10 and registered a growth of 15.6% to 50k units.

Lower Realisations: The launch of relatively lower priced vehicles led to a 2.4% drop in auto division realisations to Rs358k/unit. Farm equipment segment realisations were flat at Rs453k/unit. The growth in volumes translated into a 22% surge in revenues to Rs51.6bn.

Margins exceed estimate: The increase in key input costs like steel and tyres as well as higher purchase of traded goods led to a 2.8% increase in raw material cost per vehicle. With higher purchase of finished goods from Chakan facility, other expenditure as a percentage of sales reduced by 75bps. Margins at 15% were above our estimate of 14.3%. Net profits were higher by 40% YoY to Rs5.6bn due to lower tax rate of 22%.

Outlook: The company plans to have multiple launches on Xylo and Maximmo platform during FY11. We expect overall volumes of M&M to be higher by 16.4% and 10.1% in FY11 and FY12 respectively. We maintain our earnings estimate for FY11 and FY12 at Rs 39.5 and Rs43.7 respectively.

VALUATIONS AND RECOMMENDATION

The stock is currently trading at 16.3x and 14.7x FY11E and FY12E standalone earnings respectively. We reiterate our 'BUY' rating on the stock with a revised target price of Rs808 (earlier Rs782) based on the Sum of the Parts (SOTP) valuation.

KEY FINANCIALS (STANDALONE) (Rs mn)

	FY08	FY09	FY10	FY11E	FY12E
Net Sales	108,046	126,491	180,381	215,436	240,745
YoY Gr.(%)	12.2	17.1	42.6	19.4	11.7
EBITDA	13,758	10,923	29,758	32,323	36,093
EBITDA Marg.(%)	11.9	8.3	16.0	14.6	14.6
Adjusted Net Profit	9,382	8,287	20,181	22,734	25,548
YoY Gr.(%)	(5.7)	(11.7)	143.5	12.7	12.4

KEY RATIOS (STANDALONE)

Dil. EPS (Rs)	19.7	16.2	36.3	39.5	43.7
ROCE (%)	21.3	13.8	28.0	26.9	26.6
RoE (%)	23.8	17.3	30.9	25.4	23.2
PER (x)	32.8	39.8	17.7	16.3	14.7
EV/Net sales (x)	3.5	3.1	2.1	1.7	1.5
EV/EBDITA (x)	27.7	35.6	12.6	11.3	10.0

Vineet Hetamasaria, CFA

vineet.hetamasaria@pinc.co.in
+91-22-6618 6388

Nikhil Deshpande

nikhil.deshpande@pinc.co.in
+91-22-6618 6339

QUARTERLY SNAPSHOT (Rs mn)

	Quarter Ended		
	Dec-09	Mar-10	Jun-10
Net Sales	44,971	53,046	51,601
YoY Gr. (%)	56.0	45.2	21.6
EBITDA	6,855	8,456	7,756
EBITDA mar. (%)	15.2	15.9	15.0
Adj. Net Profit	4,137	5,703	5,624
YoY Gr. (%)	848.9	105.4	40.3

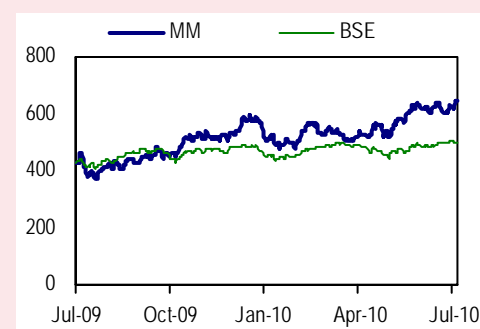
STOCK DATA

Market Cap	Rs364bn
Book Value per share	Rs140.7
Eq Shares O/S (F.V. Rs5)	566mn
Free Float	72.8%
Avg Traded Value (6 mnths)	Rs1.2bn
52 w week High/Low	Rs656/368
Bloomberg Code	MM IN
Reuters Code	MAHM.BO

PERFORMANCE (%)

	1M	3M	12M
Absolute	3.5	22.9	53.0
Relative	2.3	20.1	34.5

RELATIVE PERFORMANCE



Q1FY11 Performance

- Utility vehicles portfolio on a high base of Q1FY10, posted a modest growth of 10.7% to 54k units. Last year, first quarter had witnessed a strong demand due to the ensuing election period. Added to it, M&M had launched the Xylo and the new Scorpio. Scorpio sales were up 14.8% while Xylo sales were flat. Sales of Bolero, which accounts for one third of the UV volumes, scaled up 16.5%.
- The newly launched Maximmo and the Gio dispatches were at 8k units. M&M had a strong run in the 3-wheeler category which saw a 35.5% growth in volumes to 12k units. Total auto division volumes were higher by 30% at 80k units.
- As the SCV and 3-wheeler segments together contributed to 25% of the volumes (up from 15% YoY) average realisations for the auto division were lower by 2.4% to Rs358k. Total revenues for the division were up 27.6% to Rs28.8bn.
- The tractor volumes were higher by 15.6% to 50k units and came on a high base of Q1FY10. Due to decline in Powerol division revenues and launch of low priced tractors, average realisations for the farm equipment segment remained flat inspite of price hikes undertaken. FES division's revenues were up by 15.1% YoY to Rs22.8bn.
- The Maximmo is being produced by M&M at its Chakan facility. With the volumes increasing, purchase of traded goods more than doubled to Rs2.7bn. This combined with increase in steel and tyre cost led to a 28% increase in raw material cost. However the purchase of finished goods led to a lower other expenditure. Operating margin decline was restricted to 150bps as against our expectations of 220bps contraction.
- Tax rate for the quarter was down 350bps YoY to 22%. As a result net profits for the quarter were up 40% to Rs5.6bn as against our estimate of Rs4.9bn.

SOTP Valuation Table

Company name	Valuation Method	Per share (Rs)	Multiple	Value (Rs)	Remarks
Mahindra & Mahindra (Standalone)	P/E	41.8	14	586	Core EPS for FY12E
Tech Mahindra	CMP	64.8	0.8	52	Discount of 20% to CMP
Mahindra Holiday & Resorts	CMP	58.8	0.8	47	Discount of 20% to CMP
M&M Financial Services	CMP	55.0	0.8	44	Discount of 20% to CMP
Mahindra Lifespace Developers	CMP	16.9	0.8	14	Discount of 20% to CMP
Mahindra & Mahindra (Treasury Stocks)	CMP	57.1	0.8	46	Discount of 20% to CMP
Swaraj Engines	CMP	3.0	0.8	2	Discount of 20% to CMP
Mahindra Forgings	CMP	7.3	0.8	6	Discount of 20% to CMP
Mahindra Ugine Steel	CMP	2.0	0.8	2	Discount of 20% to CMP
Mahindra Composites	CMP	1.8	0.8	1	Discount of 20% to CMP
Mahindra Navistar	P/BV	5.8	1.5	9	Book Value on 31st March 2009
SOTP Value (Rs)				808	

Source: PINC Research

Financial Table

(Rs mn)	Jun-10	Jun-09	YoY(%)	Mar-10	QoQ(%)	FY10	FY09	YoY(%)
Net Sales	51,601	42,426	21.6	53,046	(2.7)	186,021	131,667	41.3
EBIDTA	7,756	7,019	10.5	8,456	(8.3)	30,651	13,101	134.0
<i>EBIDTA margins %</i>	<i>15.0</i>	<i>16.5</i>	<i>-150bps</i>	<i>15.9</i>	<i>-90bps</i>	<i>16.5</i>	<i>9.9</i>	<i>650bps</i>
Other Income	205	(693)	-	181	13.0	895	(956)	(193.6)
Interest	(227)	60	-	9	-	278	504	(44.8)
Depreciation	976	885	10.3	947	3.0	3,708	2,920	27.0
PBT	7,211	5,381	34.0	7,681	(6.1)	27,560	8,721	216.0
Tax	1,588	1,373	15.7	1,978	(19.7)	7,379	1,962	276.1
<i>% PBT</i>	<i>22.0</i>	<i>25.5</i>	<i>-350bps</i>	<i>25.8</i>	<i>-370bps</i>	<i>26.8</i>	<i>22.5</i>	<i>430bps</i>
PAT	5,624	4,009	40.3	5,703	(1.4)	20,181	6,759	198.6
Extra-ordinary Items	-	-	-	-	-	697	1,917	
Reported PAT	5,624	4,009	40.3	5,703	(1.4)	20,877	8,676	140.6
EPS	9.9	7.4	35.1	10.1	(1.4)	35.7	12.4	187.7

Segmental Performance

(Rs mn)	Jun-10	Jun-09	YoY(%)	Mar-10	QoQ(%)	FY10	FY09	YoY(%)
Revenue								
Automotive	28,798	22,575	27.6	31,139	(7.5)	106,152	73,808	43.8
Farm Equipment	22,739	19,750	15.1	21,763	4.5	79,351	56,700	39.9
Others	137	198	(31.1)	201	(31.9)	841	2,699	(68.9)
Total	51,673	42,524	21.5	53,103	(2.7)	186,344	133,207	39.9
Less: Inter Segment Rev.	72	98	(25.8)	57	26.8	323	1,361	(76.3)
Net Revenue	51,601	42,426	21.6	53,046	(2.7)	186,021	131,847	41.1

EBIT

Automotive	3,521	2,302	53.0	4,065	(13.4)	13,388	4,476	199.1
Farm Equipment	3,894	3,344	16.4	4,358	(10.6)	15,009	6,275	139.2
Others	2	27	(91.6)	53	(95.7)	139	162	(14.0)
Total	7,418	5,673	30.7	8,476	(12.5)	28,536	10,913	161.5
Less: Interest	(227)	60	(481.5)	9	(2622.2)	278	504	(44.8)
Less: Other unalloc.exp.	433	233	86.0	786	(44.9)	(210)	180	(216.3)
Profit Before Tax	7,211	5,381	34.0	7,681	(6.1)	28,468	10,229	178.3

EBIT Margin %

Automotive	12.2	10.2	200 bps	13.1	-80 bps	12.6	6.1	650 bps
Farm Equipment	17.1	16.9	20 bps	20.0	-290 bps	18.9	11.1	780 bps
Others	1.7	13.8	-1210 bps	26.5	-2480 bps	16.6	6.0	1060 bps
Total	14.4	13.3	100 bps	16.0	-160 bps	15.3	8.2	710 bps

CAPITAL EMPLOYED

Automotive	20,856	17,398	19.9	20,755	0.5	20,755	18,007	15.3
Farm Equipment	8,756	10,898	(19.7)	11,147	(21.5)	11,147	12,820	(13.0)
Others	404	559	(27.8)	362	11.7	362	449	(19.5)
Total	30,015	28,855	4.0	32,263	(7.0)	32,263	31,276	3.2

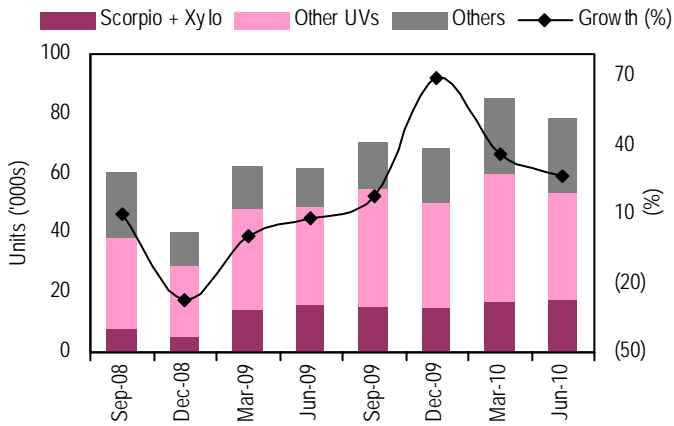
Vehicle Sales								
(Unit)	Jun-10	Jun-09	YoY(%)	Mar-10	QoQ(%)	FY10	FY09	YoY(%)
Automotive Division								
Scorpio	9,375	8,161	14.9	9,512	(1.4)	35,426	29,995	18.1
Xylo	7,871	7,885	(0.2)	7,543	4.3	28,032	7,246	286.9
Other UVs	36,702	32,674	12.3	42,471	(13.6)	150,670	116,414	29.4
UVs	53,948	48,720	10.7	59,526	(9.4)	214,128	153,655	39.4
SCVs	7,838	-	-	9,468	-	13,080	-	-
LCV	2,978	2,493	19.5	2,641	12.8	9,828	8,796	11.7
Logan	1,316	1,478	(11.0)	1,443	(8.8)	5,332	13,231	(59.7)
3 Wheelers	12,238	9,032	35.5	12,434	(1.6)	44,344	44,533	(0.4)
Domestic Sales	78,318	61,723	26.9	85,512	(8.4)	286,712	220,215	30.2
Exports	3,275	1,145	186.0	4,229	(22.6)	10,565	8,500	24.3
Total Sales	81,593	62,868	29.8	89,741	(9.1)	297,277	228,715	30.0
FES Division								
Domestic Sales	47,718	41,963	13.7	44,104	8.2	165,346	124,661	32.6
Exports	2,432	1,420	71.3	2,859	(14.9)	9,160	6,651	37.7
Total Tractors	50,150	43,383	15.6	46,963	6.8	174,506	131,312 *	32.9

* Includes pre-merger volumes of PTL

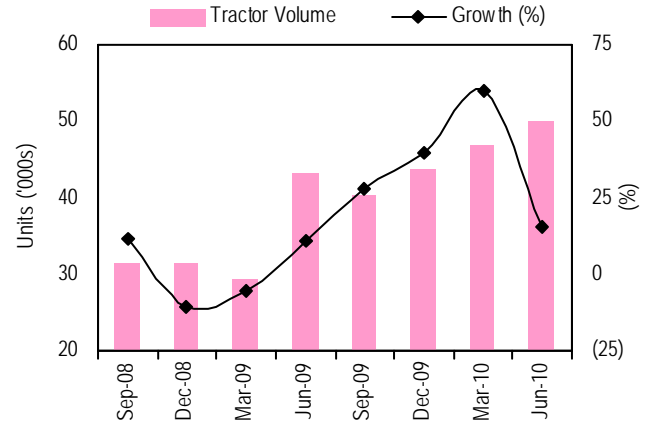
(% of Sales)								
%	Jun-10	Jun-09	YoY (bps)	Mar-10	QoQ (bps)	FY10	FY09	YoY (bps)
Material cost	69.6	66.1	350	67.6	200	66.3	70.5	(420)
Staff cost	6.1	7.3	(120)	5.0	110	6.4	7.8	(140)
Other Expenses	9.3	10.1	(80)	11.5	(220)	10.8	11.8	(100)
EBIDTA	15.0	16.5	(150)	15.9	(90)	16.5	9.9	650

Per Vehicle								
(Rs)	Jun-10	Jun-09	YoY(%)	Mar-10	QoQ(%)	FY10	FY09	YoY(%)
Auto Realisations	358,080	366,770	(2.4)	352,008	1.7	362,872	340,064	6.7
FES Realisations	453,412	455,250	(0.4)	463,416	(2.2)	454,720	473,891	(4.0)
Gross Realisations	395,631	404,932	(2.3)	392,177	0.9	398,801	392,880	1.5
Material cost	275,288	267,774	2.8	265,008	3.9	264,399	276,853	(4.5)
Employee cost	23,812	32,613	(27.0)	19,467	22.3	25,403	31,773	(20.0)
Other Expenses	36,459	45,164	(19.3)	44,505	(18.1)	42,511	47,753	(11.0)
EBIDTA	60,073	59,381	1.2	63,197	(4.9)	66,488	36,502	82.1

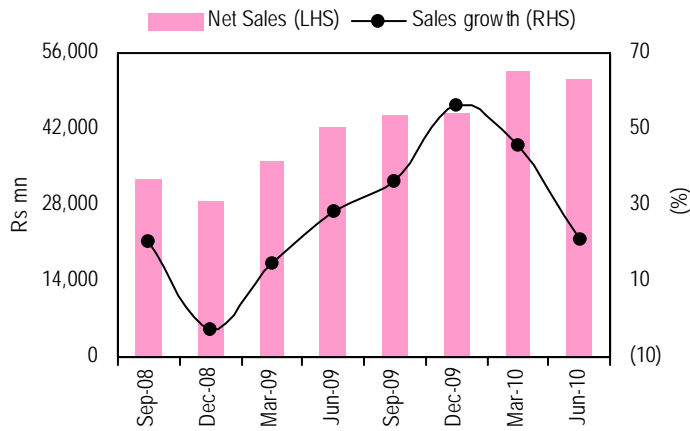
Automotive Division Sales



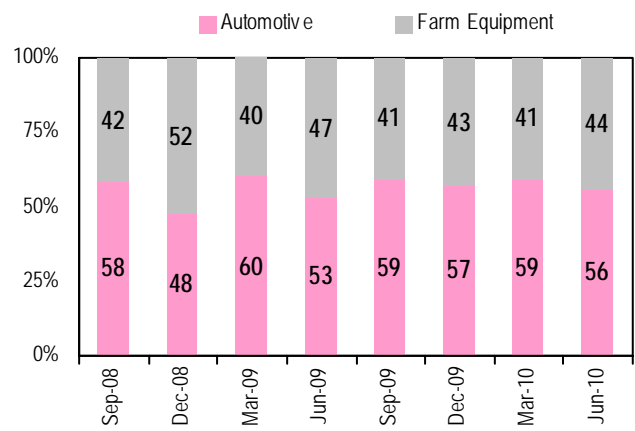
Tractor Volumes Trend



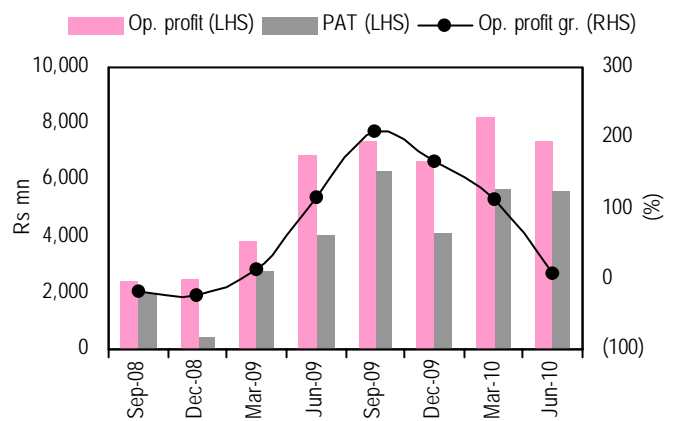
Revenue Trend



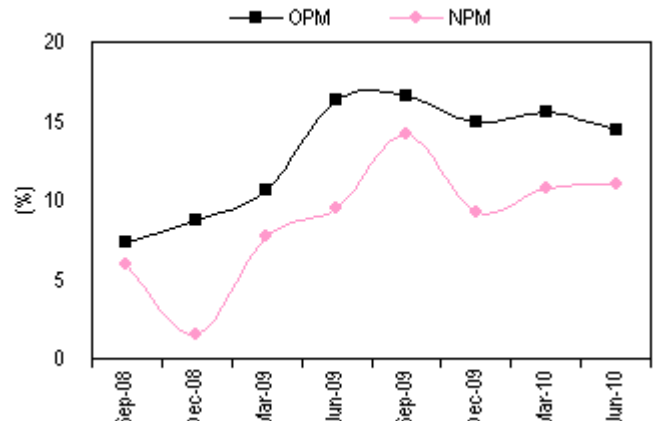
Revenue Mix Segmentwise



Operating Profit and Net Profit Trend



Profitability Trend



Year Ended March (Figures in Rs mn)

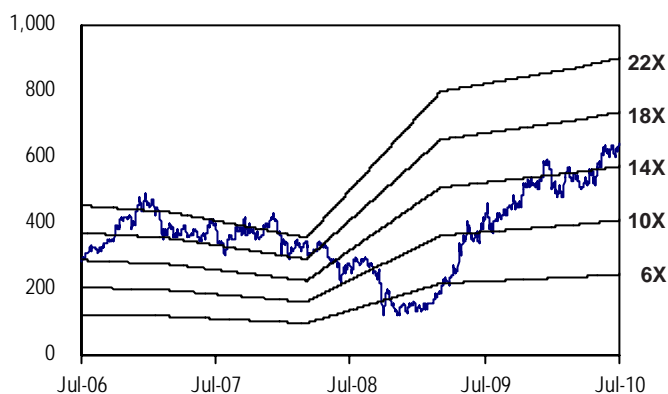
Income Statement	FY08	FY09	FY10	FY11E	FY12E
Net sales	108,046	126,491	180,381	215,436	240,745
Growth (%)	12.2	17.1	42.6	19.4	11.7
Operating profit	6,391	6,476	24,118	26,533	30,013
Other operating income	7,366	4,446	5,641	5,790	6,081
EBITDA	13,758	10,923	29,758	32,323	36,093
Growth (%)	15.1	(20.6)	172.4	8.6	11.7
Depreciation	(2,393)	(2,915)	(3,708)	(4,382)	(4,884)
Other income	1,926	3,596	3,078	3,672	4,157
EBIT	13,292	11,603	29,129	31,614	35,366
Interest paid	(876)	(1,341)	(1,569)	(1,700)	(1,750)
PBT (before E/o items)	12,416	10,262	27,560	29,914	33,616
Tax provision	(3,034)	(1,975)	(7,379)	(7,179)	(8,068)
E/o Income / (loss)	1,652	388	697	-	-
Net profit	11,034	8,675	20,878	22,734	25,548
Adjusted net profit	9,382	8,287	20,181	22,734	25,548
Growth (%)	(5.7)	(11.7)	143.5	12.7	12.4
Diluted EPS (Rs)	19.7	16.2	36.3	39.5	43.7
Diluted EPS Growth (%)	(6.8)	(17.6)	124.3	8.8	10.6

Cash Flow Statement	FY08	FY09	FY10	FY11E	FY12E
Pre-tax profit	14,068	10,650	28,257	29,914	33,616
Depreciation	2,026	4,846	2,115	4,382	4,884
Total tax paid	(2,788)	(3,295)	(4,578)	(5,699)	(7,742)
Chg in working capital	195	9,185	(7,451)	1,593	551
Other operating activities	-	-	-	-	-
Cash flow from oper. (a)	13,500	21,386	18,343	30,190	31,309
Capital expenditure	(6,923)	(13,380)	(6,999)	(9,208)	(13,850)
Chg in investments	(19,776)	(15,714)	(6,116)	(11,368)	(5,000)
Other investing activities	-	-	-	-	-
Cash flow from inv. (b)	(26,699)	(29,094)	(13,115)	(20,576)	(18,850)
Free cash flow (a+b)	(13,199)	(7,708)	5,228	9,614	12,459
Equity raised/(repaid)	325	(0)	7,509	5,907	0
Debt raised/(repaid)	9,511	14,657	(11,726)	(10,666)	(381)
Chg in Minorities int.	-	-	-	-	-
Dividend (incl. tax)	(1,149)	(3,211)	(3,121)	(6,238)	(6,151)
Other financing activities	(137)	3,395	3,798	-	-
Cash flow from fin. (c)	8,551	14,841	(3,540)	(10,996)	(6,532)
Net chg in cash (a+b+c)	(4,648)	7,132	1,688	(1,382)	5,927

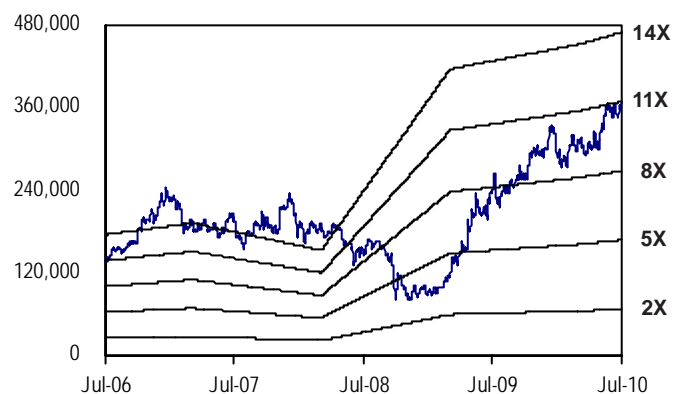
Balance Sheet	FY08	FY09	FY10	FY11E	FY12E
Equity capital	2,431	2,792	2,910	3,001	3,001
Reserves & surplus	41,070	49,829	75,358	97,757	116,471
Shareholders' funds	43,365	52,314	78,261	100,752	119,465
Preference Share Capital	-	-	-	-	-
Total Debt	25,871	40,528	28,802	18,136	17,755
Capital Employed	69,236	92,842	107,063	118,887	137,220
Net fixed assets	23,609	32,143	37,027	41,853	50,818
Cash & Cash Eq.	8,612	15,744	17,432	16,050	21,977
Net other Current Assets	(4,569)	(13,093)	(8,974)	(11,664)	(12,898)
Investments	42,151	57,864	63,980	75,348	80,348
Net Deferred Tax Assets	(567)	183	(2,403)	(2,699)	(3,025)
Total assets	69,236	92,842	107,063	118,887	137,220

Key Ratios	FY08	FY09	FY10	FY11E	FY12E
EBITDA Mar. (%)	11.9	8.3	16.0	14.6	14.6
Net margin (%)	8.7	6.6	11.2	10.6	10.6
Dividend yield (%)	0.9	0.8	1.5	1.4	1.6
Net debt/Equity (x)	0.4	0.5	0.1	0.0	(0.0)
Net Working Capital (days)	(12)	(44)	(29)	(32)	(32)
Asset turnover (x)	1.2	1.0	1.2	1.3	1.2
ROCE (%)	21.3	13.8	28.0	26.9	26.6
RoE (%)	23.8	17.3	30.9	25.4	23.2
EV/Net sales (x)	3.5	3.1	2.1	1.7	1.5
EV/EBITDA (x)	27.7	35.6	12.6	11.3	10.0
PER (x)	32.8	39.8	17.7	16.3	14.7
Price/Book (x)	7.1	6.3	4.6	3.7	3.2

P/E Band



EV/EBITDA



T E A M

EQUITY DESK

Sadanand Raje	Head - Institutional Sales Technical Analyst	<i>sadanand.raje@pinc.co.in</i>	91-22-6618 6366
---------------	---	---------------------------------	-----------------

RESEARCH

Vineet Hetamasaria, CFA	<i>Auto, Cement</i>	<i>vineet.hetamasaria@pinc.co.in</i>	91-22-6618 6388
Nikhil Deshpande	<i>Auto, Auto Ancillary</i>	<i>nikhil.deshpande@pinc.co.in</i>	91-22-6618 6339
Vinod Nair	<i>Construction, Power, Capital Goods</i>	<i>vinod.nair@pinc.co.in</i>	91-22-6618 6379
Ankit Babel	<i>Capital Goods</i>	<i>ankit.b@pinc.co.in</i>	91-22-6618 6551
Hitul Gutka	<i>Power</i>	<i>hitul.gutka@pinc.co.in</i>	91-22-6618 6410
Subramaniam Yadav	<i>Construction</i>	<i>subramaniam.yadav@pinc.co.in</i>	91-22-6618 6371
Madhura Joshi	<i>Power</i>	<i>madhura.joshi@pinc.co.in</i>	91-22-6618 6395
Satish Mishra	<i>Fertiliser, Engineering</i>	<i>satish.mishra@pinc.co.in</i>	91-22-6618 6488
Rohit Kumar Anand	<i>IT Services</i>	<i>rohit.anand@pinc.co.in</i>	91-22-6618 6372
Karan Taurani	<i>IT Services</i>	<i>karan.taurani@pinc.co.in</i>	91-22-6618 6382
Bikash Bhalotia	<i>Metals, Mining</i>	<i>bikash.bhalotia@pinc.co.in</i>	91-22-6618 6387
Harleen Babber	<i>Metals, Mining</i>	<i>harleen.babber@pinc.co.in</i>	91-22-6618 6389
Dipti Vijaywargi	<i>Metals, Mining</i>	<i>dipti.vijaywargi@pinc.co.in</i>	91-22-6618 6393
Chirag Dagli	<i>Pharma, FMCG, Fertiliser</i>	<i>chirag.dagli@pinc.co.in</i>	91-22-6618 6462
Naveen Trivedi	<i>Pharma, FMCG</i>	<i>naveent@pinc.co.in</i>	91-22-6618 6384

SALES

Anil Chaurasia	<i>Equities</i>	<i>anil.chaurasia@pinc.co.in</i>	91-22-6618 6483
Gagan Borana	<i>Equities</i>	<i>gagan.borana@pinc.co.in</i>	91-22-6618 6485
Shailesh Kadam	<i>Derivatives</i>	<i>shaileshk@pinc.co.in</i>	91-22-6618 6349
Ganesh Gokhale	<i>Derivatives</i>	<i>ganeshg@pinc.co.in</i>	91-22-6618 6347

DEALING

Rajeev Gupta	<i>Head - Sales Trading</i>	<i>rajeev.gupta@pinc.co.in</i>	91-22-6618 6486
Amar Margaje		<i>amar.margaje@pinc.co.in</i>	91-22-6618 6327
Ashok Savla		<i>ashok.savla@pinc.co.in</i>	91-22-6618 6321
Raju Bhavsar		<i>rajub@pinc.co.in</i>	91-22-6618 6322
Manoj Parmar		<i>manojp@pinc.co.in</i>	91-22-6618 6326
Hasmukh D. Prajapati		<i>hasmukhp@pinc.co.in</i>	91-22-6618 6325
Pratiksha Shah		<i>pratikshas@pinc.co.in</i>	91-22-6618 6340
Sajjid Lala		<i>sajjid.lala@pinc.co.in</i>	91-22-6618 6337

DIRECTORS

Gaurang Gandhi		<i>gaurangg@pinc.co.in</i>	91-22-6618 6400
Hemang Gandhi		<i>hemangg@pinc.co.in</i>	91-22-6618 6400
Ketan Gandhi		<i>ketang@pinc.co.in</i>	91-22-6618 6400

COMPLIANCE

Rakesh Bhatia	Head Compliance	<i>rakeshb@pinc.co.in</i>	91-22-6618 6400
---------------	-----------------	---------------------------	-----------------

PINC bright thinking

Infinity.com

Financial Securities Ltd

SMALL WORLD, INFINITE OPPORTUNITIES

Member : Bombay Stock Exchange & National Stock Exchange of India Ltd. : Sebi Reg No: INB 010989331. Clearing No : 211
1216, Maker Chambers V, Nariman Point, Mumbai - 400 021; Tel.: 91-22-66186633/6400 Fax : 91-22-22049195

Disclaimer: This document has been prepared by the Research Desk of M/s Infinity.com Financial Securities Ltd. (PINC) and is meant for use of the recipient only and is not for public circulation. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors

The information contained herein is obtained and collated from sources believed reliable and PINC has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The opinion expressed or estimates made are as per the best judgement as applicable at that point of time and PINC reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval

PINC, its affiliates, their directors, employees and their dependant family members may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document

This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of PINC. The views expressed are those of analyst and the PINC may or may not subscribe to all the views expressed therein

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S.Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Neither PINC, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Copyright in this document vests exclusively with PINC and this document is not to be reported or circulated or copied or made available to others.

Our reports are also available on Reuters, Thomson Publishers and Bloomberg PINV <GO>