MEGA

We care

Mega Lifesciences PCL

Nine Months 2014

SET Opportunity Day

11 December 2014

Agenda

- 9M14 Financial Highlights
- Future Outlook
- Q&A

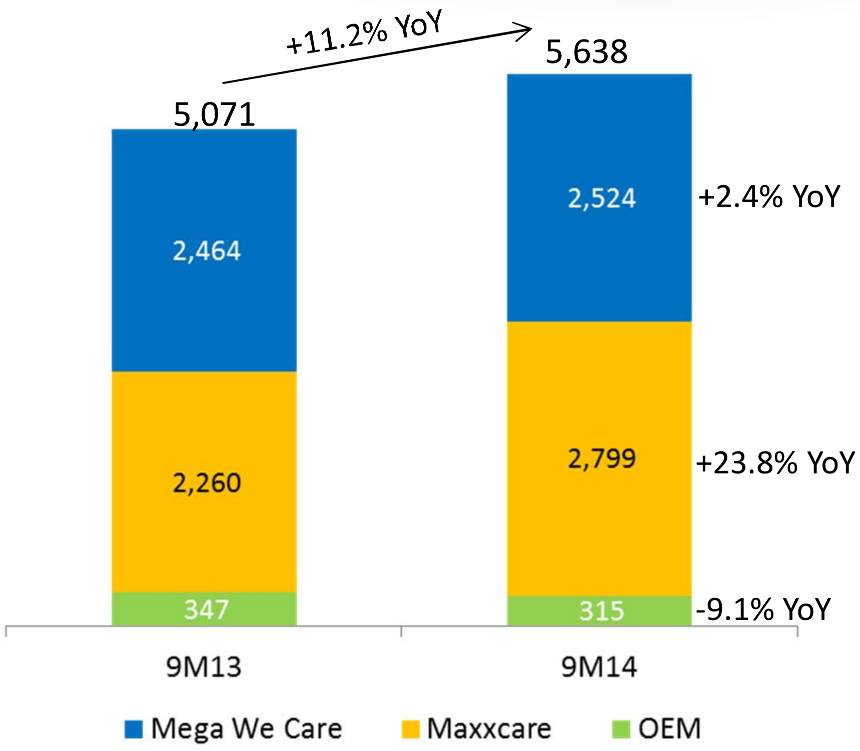
What we do…

Mega Lifesciences PCL

Branded Products Business	Distribution Business	OEM Business
We develop, manufacture, market and sell our own brand of market leading nutraceutical products, prescription pharmaceutical products and OTC products, which are sold in 29 developing countries.	We market, sell and distribute various branded prescription pharmaceutical products, OTC and consumer products in Myanmar, Vietnam and Cambodia. Our clients include leading domestic and international pharmaceutical and consumer goods companies.	In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia accept various production orders from third-party customers.

9M14 revenue grew 11.2% YoY, driven by Maxxcare™

Revenue (THB mn)



- Overall revenue was up by 11.2% YoY in 9M14.
- **Maxxcare™ distribution business revenue** grew 23.8% YoY, with Myanmar contributing the maximum.
- **Mega We Care™ branded products revenue**, which had remained flat in 1H14, grew by 6.5% YoY and 6.7% QoQ in 3Q14, taking its 9M14 growth to 2.4% YoY.
- The moderate growth in Mega We Care™ was due to subdued growth in Thailand, coupled with lower growth rates in Africa and a decline in Ukraine and Peru; decline in Peru was a result of change in the business model of our customer with no impact on in-market sales.
- **OEM revenue** was lower, owing to lower order book of our customers in Thailand.

A closer look at revenue growth

Consolidated revenue by segments / **Revenue mix ((%) to total revenue)**

Figures in THB mn	3Q13	2Q14	3Q14	*YoY Gr.*	9M13	9M14	*YoY Gr.*	3Q13	2Q14	3Q14	9M13	9M14
Mega We Care™	866	864	922	*6.5%*	2,464	2,524	*2.4%*	*49%*	*44%*	*47%*	*49%*	*45%*
Maxxcare™	794	974	956	*20.3%*	2,260	2,799	*23.8%*	*45%*	*50%*	*48%*	*45%*	*50%*
OEM	117	121	96	*-17.9%*	347	315	*(9.1%)*	*7%*	*6%*	*5%*	*7%*	*6%*
Total	**1,777**	**1,959**	**1,974**	***11.1%***	**5,071**	**5,638**	***11.2%***	*100%*	*100%*	*100%*	*100%*	*100%*

Mega We Care™ revenue by geography

Figures in THB mn	3Q13	2Q14	3Q14	YoY Gr.	9M13	9M14	*YoY Gr.*
Southeast Asia	657	690	742	*12.9%*	1,884	1,996	*5.9%*
Africa	86	101	100	*16.3%*	243	290	*19.6%*
CIS	53	39	32	*(39.3%)*	168	122	*(27.1%)*
Others	69	34	47	*(31.5%)*	169	115	*(31.8%)*
Total	**866**	**864**	**922**	***6.5%***	**2,464**	**2,524**	***2.4%***

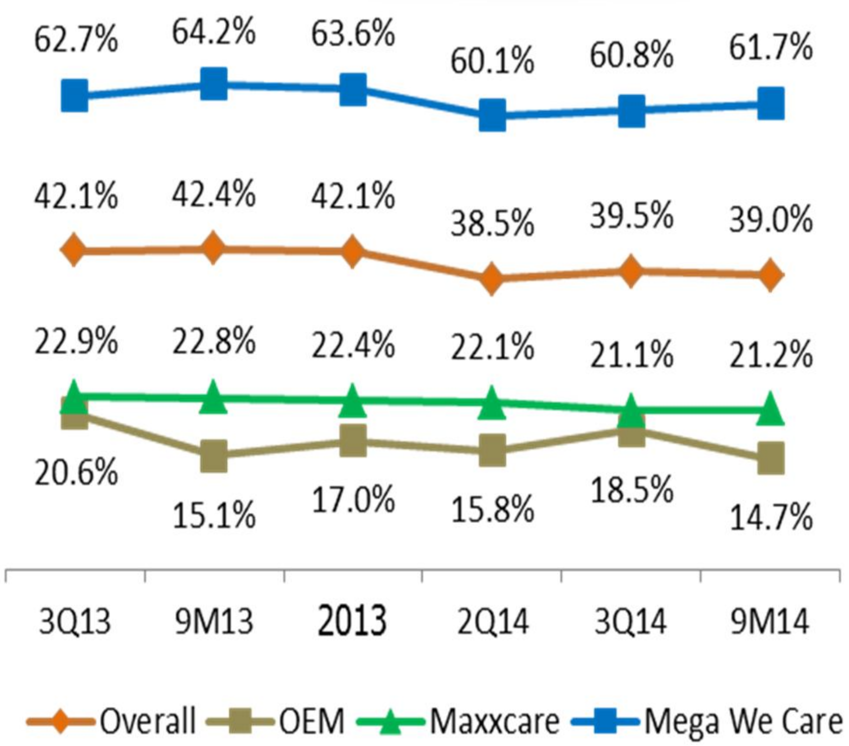
CIS: Common Wealth of Independent States

- Southeast Asia continued to be Mega We Care™'s key market, contributing 79% and Africa accounting for 12% of Mega We Care™ revenue in 9M14.
- With Maxxcare™ distribution business's faster pace of growth, revenue mix changed. Maxxcare™ accounted for 50% of revenue in 9M14, up from 45% in 9M13.

MEGA We care

Segmental gross margins largely maintained

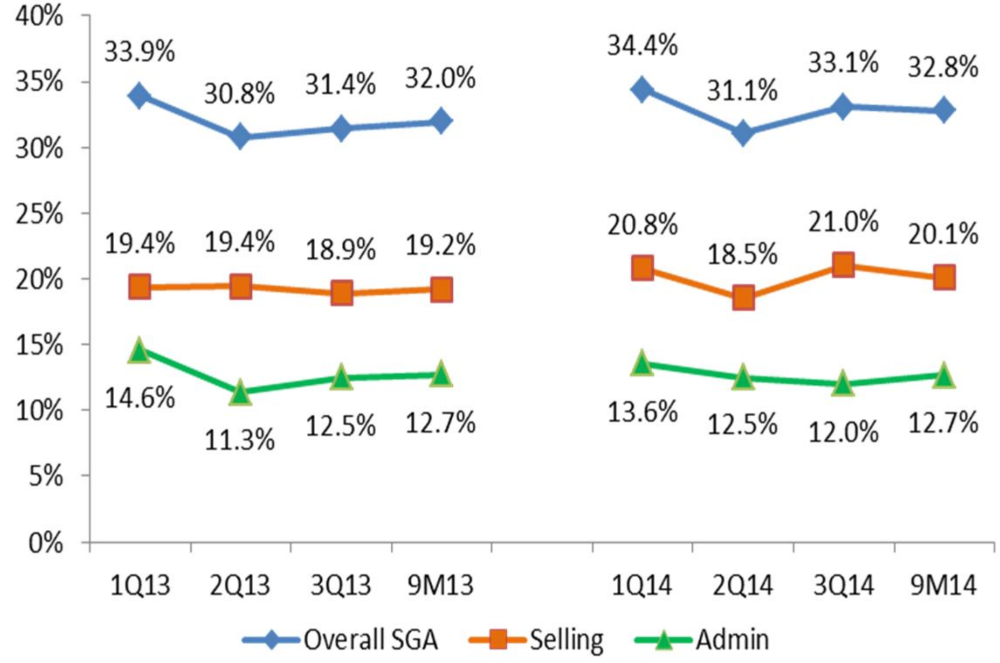
Gross margins (%)



- Lower overall gross margin in 9M14 YoY was mainly a result of a change in revenue mix (given the revenue contribution of the relatively-low-margin Maxxcare™ business to total revenue increased from 45% in 9M13 to 50% in 9M14) and additional overheads from the capacity expansion
- Looking by segment, Mega We Care™ gross margin temporarily declined in 9M14 YoY, due to extra overheads from capacity expansion coupled with lower revenue growth, while Maxxcare™ gross margin slightly slipped, given the change in principal and service mix.

SGA in 9M14 included spending to expand markets and strengthen the infrastructure

SGA expenses (% of operating revenue)



- Overall SGA (Selling, General and Administrative) expenses in 9M14 was 32.8% of operating revenue, compared to 32.0% for 9M13.
- While we invested in scaling-up activities in Africa and expansion of logistics resources in Myanmar during 9M14, we expect SGA expenses to normalize at around 32% of operating revenue by year end.

Summarized income statement (normalized)

Figures inTHB mn	9M13 (Reported)	9M14 (Reported)	9M14 (Normalized)	*YoY Gr.*
Operating Revenue	5,071	5,638	5,638	*11.2%*
Gross profits	2,150	2,196	2,196	*2.2%*
Additional factory overheads	-	-	*63*	
Normalized Gross profits	2,150	2,196	2,259	*5.1%*
Gross margin (%)	*42.4%*	*39.0%*	*40.1%*	
Selling and Admin. expenses (SGA)	1,620	1,848	1,848	*14.0%*
Impact of SGA (0.8% of revenue)	-	-	*(46)*	
Normalized SGA	1,620	1,848	1,802	*11.2%*
SGA (% to operating revenue)	*32.0%*	*32.8%*	*32.0%*	
EBITDA	635	452	561	*(11.6%)*
Impact of Net forex losses	-	-	*36*	
Normalized EBITDA	635	452	598	*(5.8%)*
Normalized Profit before tax	539	341	487	*(9.8%)*
Normalized Net Profit	447	297	423	*(5.2%)*

- To show a normalized business performance, the reported 9M14 numbers have been adjusted with the following items:
  - Extra overheads due to capacity expansion and lower production, amounting to THB 63 mn.
  - Additional SGA equivalent to 0.8% of the operating revenue.
  - Net change in forex losses of THB 36 mn, given a reported loss of THB 21.6 mn in 9M14, compared to forex gain of THB 15 mn in 9M13.
- Lower overall gross margins in 9M14, driven by a change in revenue mix, affected the bottom line.
- Slowdown in Ukraine and Peru also impacted the net profits, given the decline in revenue while the fixed cost remained steady.

Summarized income statement (as reported)

Figures in THB mn	3Q13	2Q14	3Q14	*YoY Gr.*	9M13	9M14	*YoY Gr.*
Operating Revenue	1,777	1,959	1,974	*11.1%*	5,071	5,638	*11.2%*
Gross profits	749	754	779	*4.1%*	2,150	2,196	*2.2%*
Gross margin (%)	*42.1%*	*38.5%*	*39.5%*		*42.4%*	*39.0%*	
Selling and Admin. exp (SGA)	558	608	653	*16.9%*	1,620	1,848	*14.0%*
SGA (% to operating revenue)	*31.4%*	*31.1%*	*33.1%*		*32.0%*	*32.8%*	
EBITDA	223	187	168	*(24.4%)*	635	452	*(28.7%)*
Profit before tax	190	149	132	*(30.6%)*	539	341	*(36.7%)*
Net Profit	153	129	111	*(27.3%)*	447	297	*(33.5%)*

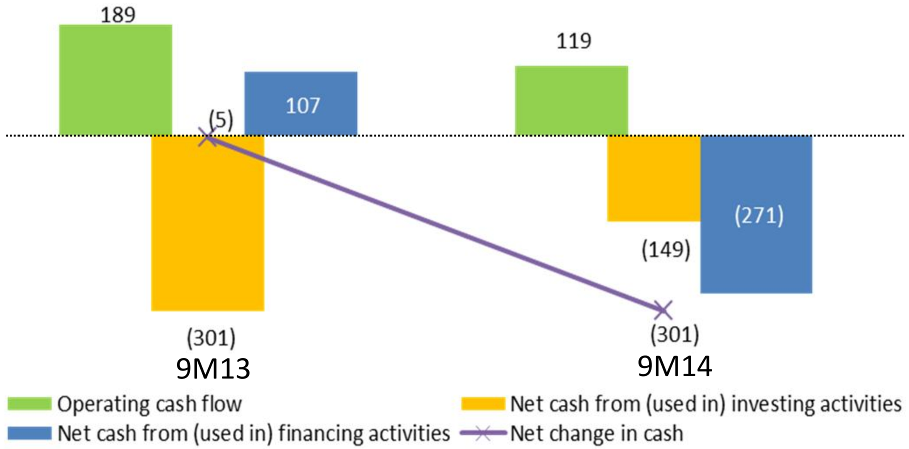
9M14 net profits declined by 33.5% YoY to THB 296.9 mn, mainly a result of lower growth in Mega We Care™ branded products revenue, extra overheads from the capacity expansion, higher planned SGA expenses, and net forex loss of THB 21.6 mn.

Balance sheet and cash flows

Key Balance sheet elements:

Figures in THB mn	Dec'13	Sep'14
Cash and cash equivalents	1,540	1,237
Debt	(997)	(970)
Net cash	543	267
Fixed asset capex spent	352	123
IBD/Equity (# times)	0.27	0.26
Working capital:		
Average receivable days	77	87
Average inventory days	138	133
Average payable days	85	92
Cash cycle (days)	131	128

Cash flow (THB mn)



- Lower net profits in 9M14 resulted in lower operating cash flow.
- In 9M14, net cash used in investing activities was THB 149.2 mn. Out of this, an amount of THB 122.6 mn was towards the expansion and maintenance capex and THB 11.6 mn was for improvement in information systems.

Future Outlook…

To double our revenue and net profits in 5 years

Mega We Care™ branded products business:

- With Thailand showing signs of recovery, problems in Africa easing down and no further deterioration expected in Ukraine and Peru, we believe the worst is over and expect to see improvement in Mega We Care ™ revenue.
- Products sold in 29 underpenetrated markets with significant growth opportunities.
- 212 existing products, 751 product registrations across the world.
- Market leading positions in Indochina and the new markets in Africa.
- Going by emerging trends in consumer health care, prevention of disease rather than cure is the way forward ….. a sunrise industry.
- Strong pipeline of 85 products under registrations and 84 products under development.
- No major capex planned as manufacturing capacity recently doubled to meet growth requirements for the next 5 years.
- A strong balance sheet.
- Fundamental growth drivers are already in place to help deliver the expected growth organically. Any acquisitions would help further accelerate the growth.

Future Outlook… (Contd.)

To double our revenue and net profits in 5 years

Maxxcare™ distribution business :

- Well poised to capture the strong growth potential offered by Myanmar, given MEGA's leadership position as a distributor of pharma and consumer products.
- Leading multinational and regional companies as its principals.
- Other markets are growing with the industry.
- MEGA has adequately invested in infrastructure, latest technology and other resources to meet the growth requirements.

While we expect the revenue and profits to double in 5 years, due to the nature of the industry and the markets we are in, growth may not be a straight line up but with occasional disruptions that may be caused by economic, political and other factors.

Q&A

Disclaimer

The presentation contains forward-looking statements which are based on MEGAs’ current expectations, estimates and projections about its industry, management’s beliefs and certain assumptions made by MEGA.

These forward-looking statements are subject to various risks and uncertainties. No assurance is given that future events will occur or that our assumptions are correct. Actual results may differ materially from those projected.

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