



Mega Lifesciences PCL

FY 2014

SET Opportunity Day
2 April 2015



Agenda

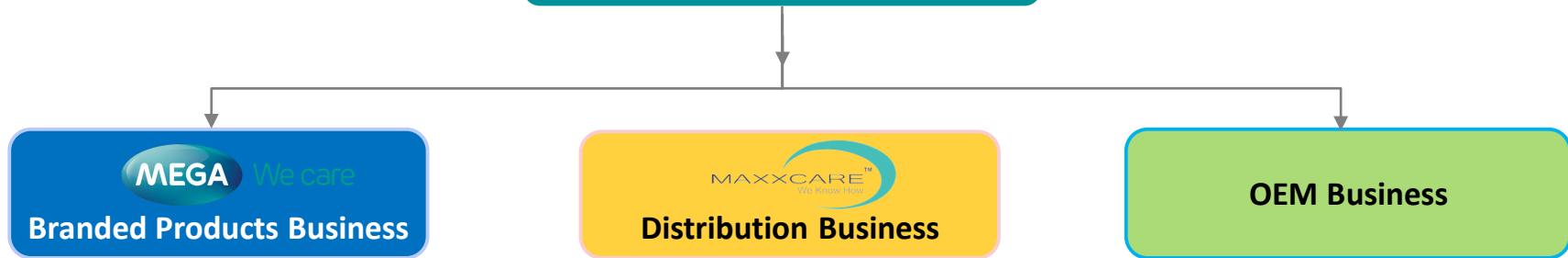


- FY14 Financial Highlights
- Future Outlook
- Q&A

What we do...



Mega Lifesciences PCL



We develop, manufacture, market and sell our own brand of market leading nutraceutical products, prescription pharmaceutical products and OTC products, which are sold in 31 developing countries.

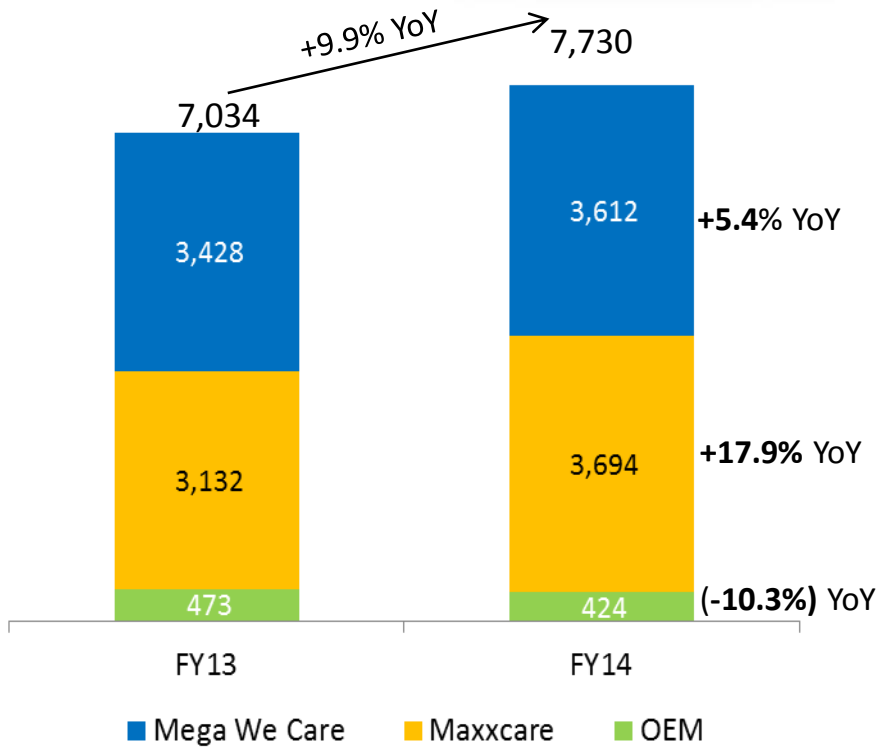
We market, sell and distribute various branded prescription pharmaceutical products, OTC and consumer products in Myanmar, Vietnam and Cambodia. Our clients include leading domestic and international pharmaceutical and consumer goods companies.

In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia accept various production orders from third-party customers.

FY14 revenue grew 9.9% YoY, driven by Maxxcare™



Revenue (THB mn)



- Overall revenue was up by 9.9% YoY in 2014.
- **Maxxcare™ distribution business revenue** grew 17.9% YoY, with Myanmar contributing the most.
- **Mega We Care™ branded products revenue** grew at a moderate rate of 5.4% YoY despite the slowdown in Thailand, lower growth rates in Africa and a decline in Ukraine and Peru. (The decline in Peru was a result of change in the business model of our customer with no impact on in- market sales.)
- After a subdued growth in 9M14, Mega We Care™ revenue was up by 12.8% YoY and 18.1% QoQ in 4Q14.
- **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)

<i>Figures in THB mn</i>	4Q13	3Q14	4Q14	YoY Gr.	FY13	FY14	YoY Gr.	4Q13	3Q14	4Q14	FY13	FY14
Mega We Care™	964	922	1,088	12.8%	3,428	3,612	5.4%	49%	47%	52%	49%	47%
Maxxcare™	872	956	895	2.7%	3,132	3,694	17.9%	44%	48%	43%	45%	48%
OEM	126	96	109	(13.8%)	473	424	(10.3%)	6%	5%	5%	7%	5%
Total	1,963	1,974	2,092	6.6%	7,034	7,730	9.9%	100%	100%	100%	100%	100%

Mega We Care™ revenue by geography

<i>Figures in THB mn</i>	4Q13	3Q14	4Q14	YoY Gr.	FY13	FY14	YoY Gr.
Southeast Asia	792	742	903	14.0%	2,676	2,898	8.3%
Africa	87	100	98	11.9%	330	388	17.6%
CIS	58	32	41	(29.7%)	226	163	(27.8%)
Others	27	47	47	71.5%	196	162	(17.5%)
Total	964	922	1,088	12.8%	3,428	3,612	5.4%

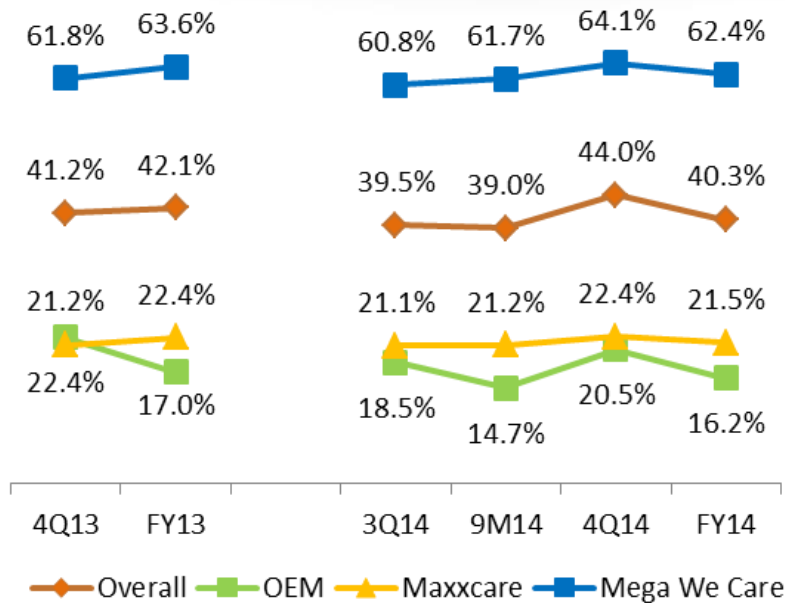
CIS: Common Wealth of Independent States

- Southeast Asia continued to be Mega We Care™'s key market, contributing 80.2% of Mega We Care™ revenue in FY14, followed by Africa at 10.7%.
- With Maxxcare™ distribution business's faster pace of growth, revenue mix changed. Maxxcare™ accounted for 48% of revenue in FY14, up from 45% in FY13.

Segmental gross margins largely maintained



Gross margins (%)

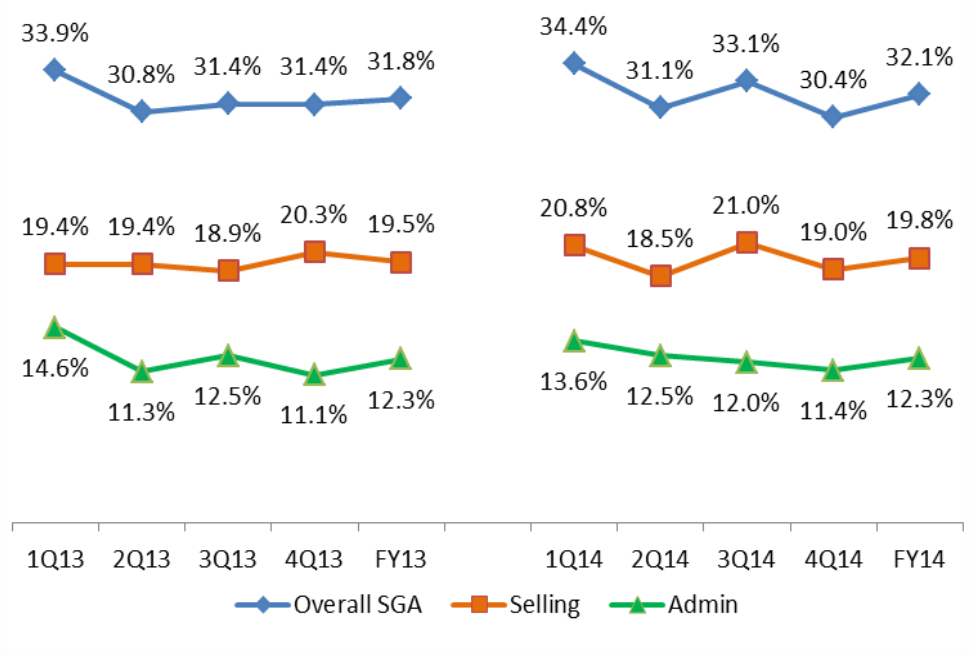


- FY14's lower overall gross margin was mainly a result of change in revenue mix and lower gross margins reported by Mega We Care™ branded products due to extra overheads from capacity expansion.
- Looking by segment, Mega We Care™ gross margin temporarily narrowed in FY14 due to extra overheads from capacity expansion, coupled with a lower revenue growth. Maxxcare™ gross margin slightly slipped, given the change in principal and service mix.

FY14 SGA remained stable



SGA expenses (% of operating revenue)



- Overall SGA (Selling, General and Administrative) expenses in FY14 was 32.1% of operating revenue, compared to 31.8% in FY13.
- Apart from the marketing activities for the Mega We Care™ branded products business, FY14’s spending was also towards expansions of business in Africa and logistics resources in Myanmar.

Summarized income statement



<i>Figures in THB mn</i>	4Q13	3Q14	4Q14	YoY Gr.	FY13	FY14	YoY Gr.
Operating Revenue	1,963	1,974	2,092	6.6%	7,034	7,730	9.9%
Gross profits	810	779	921	13.7%	2,959	3,117	5.3%
<i>Gross margin (%)</i>	<i>41.2%</i>	<i>39.5%</i>	<i>44.0%</i>	-	<i>42.1%</i>	<i>40.3%</i>	
Selling and Admin. exp (SGA)	615	653	635	3.2%	2,236	2,483	11.1%
<i>SGA (% to operating revenue)</i>	<i>31.4%</i>	<i>33.1%</i>	<i>30.4%</i>	-	<i>31.8%</i>	<i>32.1%</i>	
EBITDA	253	168	334	32.3%	888	787	(11.4%)
Profit before tax	218	132	297	36.2%	757	638	(15.7%)
Net Profit	177	111	251	41.6%	624	548	(12.2%)
Net cash from operations	-	-	-	-	466	614	31.9%

Net profits for FY14 was THB 547.9 mn (down by 12.2% YoY) given the lower growth in Mega We Care™ branded products revenue, extra overheads from the capacity expansion, and spending towards business expansion activities in Africa and Myanmar

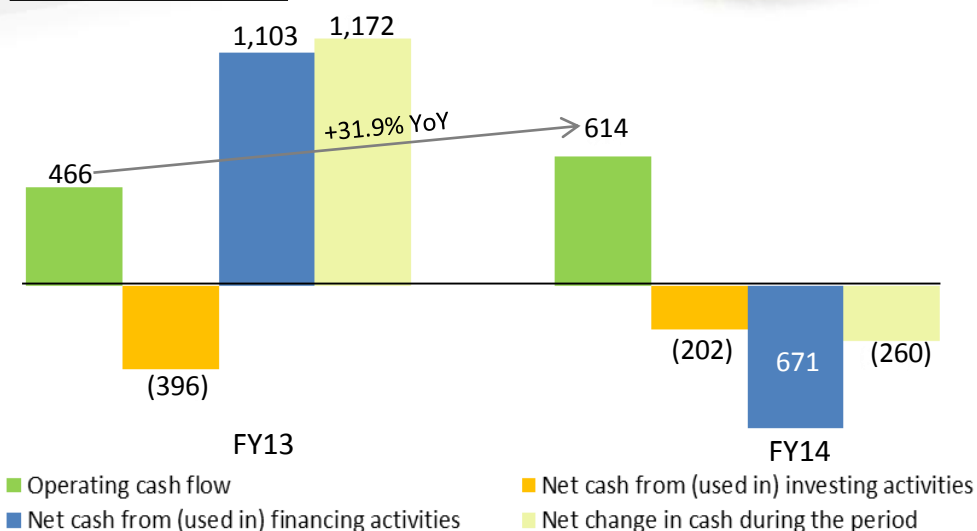
Net cash from operations increased by 31.9% YoY to THB 614.2 mn in FY14, mainly a result of improvement in working capital.

Balance sheet and cash flows

Key Balance sheet elements:

<i>Figures in THB mn</i>	Dec'13	Dec'14
Cash and cash equivalents	1,540	1,281
Debt	(997)	(567)
Net cash	543	714
Fixed asset capex spent	352	160
IBD/Equity (# times)	0.27	0.14
Core working capital:		
Average receivable days	78	90
Average inventory days	138	130
Average payable days	86	100
Cash cycle (days)	130	120

Cash flow (THB mn)



- Operating cash flow increased from THB 465.8 mn in FY13 to THB 614.2 mn in FY14.
- In FY14, net cash used in investing activities was THB 202.4 mn. Out of this, an amount of THB 159.9 mn was towards the expansion and maintenance capex and THB 23.5 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 31 underpenetrated markets with significant growth opportunities.
- 222 existing products, 781 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 69 products under registrations and 91 products under development.
- More than 20 new products expected to be launched in 2015; Nutra (7) Prescription (more than 12) and OTC(1).
- 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 endeavour to double our revenue and profits in 5 years, growth may not be a straight line up due to the nature of the industry and the markets we are in. Occasional disruptions, caused by economic, political and other factors, may occur.



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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