



# Mega Lifesciences PCL

## First Quarter 2015

SET Opportunity Day  
2 June 2015



# Agenda

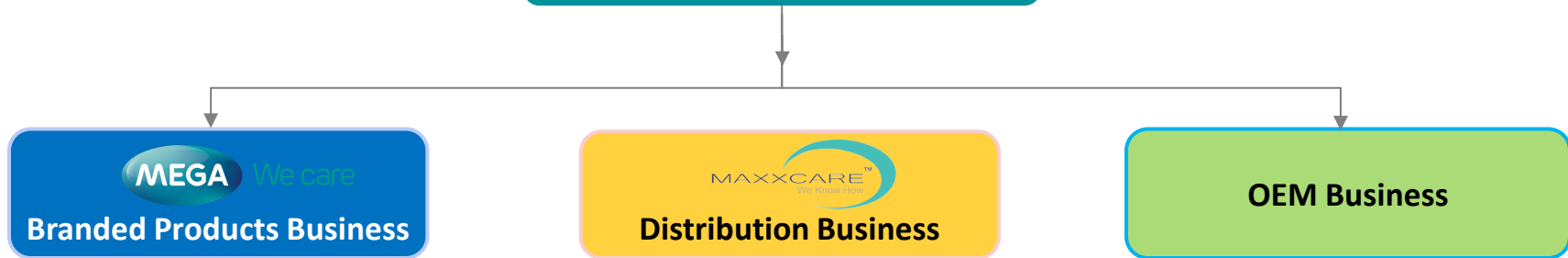


- 1Q15 Financial Highlights
- Future Outlook
- Q&A

# 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.

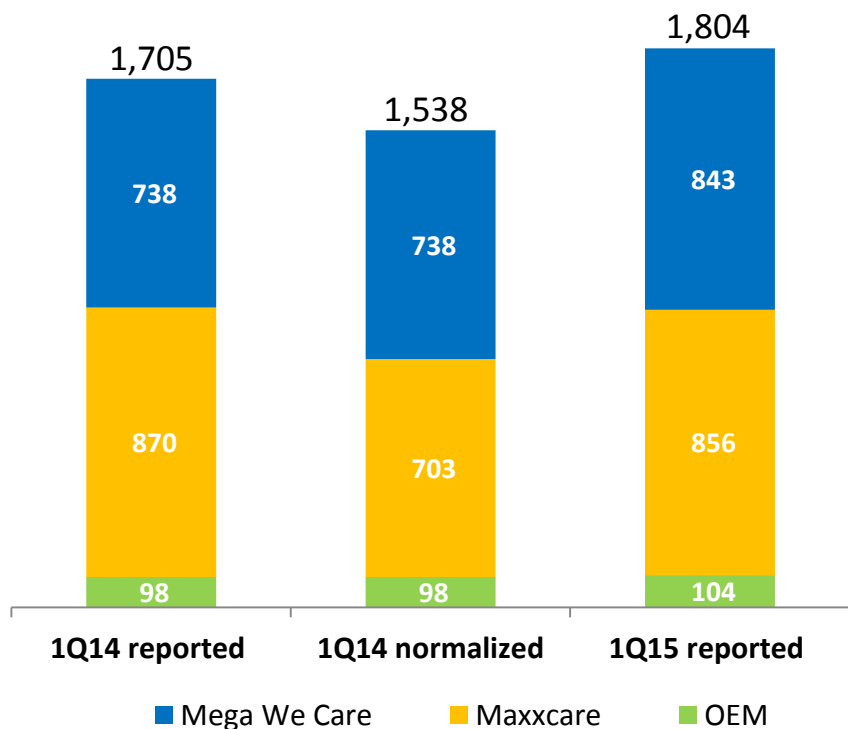
We market, sell and distribute various branded prescription pharmaceutical products, OTC and consumer products in Myanmar, Vietnam and Cambodia. Our clients include leading domestic and international pharmaceutical and consumer goods companies.

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

# 1Q15 revenue growth of 17.2% YoY (normalized basis<sup>1</sup>)



## Revenue (THB mn)



- **Overall revenue** was up by 17.2% YoY (normalized basis) and up by 5.8% YoY (reported basis) in 1Q15.
- **Mega We Care™ branded products revenue** grew at a 14.3% YoY in 1Q15 mainly driven by southeast Asia which was up by 21.3% YoY.
- **Maxxcare™ distribution business revenue** on normalized basis was up by 21.8% YoY in 1Q15, mainly driven by Myanmar. On reported basis the revenue was down by 1.5% YoY, given the discontinuance of one of our principal in Myanmar (as reported in our 3Q14 and 4Q14 MD&As).
- **OEM revenue** was up by 6.8% YoY in 1Q15 mainly driven by business in Australia.

1. Maxxcare™ distribution business revenue growth in 1Q15 is normalized by excluding the revenue attributable to one of our principal in 1Q14 whose business was discontinued since 4Q14.

# A closer look at revenue growth

Healthy growth in Mega We Care™ business resulted in better revenue mix in 1Q15

## Consolidated revenue by segments

<i>Figures in THB mn</i>	As Reported			Normalized basis			Reported revenue mix(%)	
	1Q14	1Q15	YoY Gr.	1Q14	1Q15	YoY Gr.	1Q14	1Q15
Mega We Care™	738.1	843.3	14.3%	738.1	843.3	14.3%	43.3%	46.8%
Maxxcare™	869.6	856.2	(1.5%)	702.8	856.2	21.8%	51.0%	47.5%
OEM	97.5	104.1	6.8%	97.5	104.1	6.8%	5.7%	5.8%
<b>Total</b>	<b>1,705.3</b>	<b>1,803.6</b>	<b>5.8%</b>	<b>1,538.5</b>	<b>1,803.6</b>	<b>17.2%</b>	<b>100.0%</b>	<b>100.0%</b>

## Mega We Care™ revenue by geography

<i>Figures in THB mn</i>	1Q14	1Q15	YoY Gr.
Southeast Asia	563.1	683.2	21.3%
Africa	89.9	90.3	0.5%
CIS	35.2	20.2	(42.5%)
Others	50.0	49.6	(0.8%)
<b>Total</b>	<b>738.1</b>	<b>843.3</b>	<b>14.3%</b>

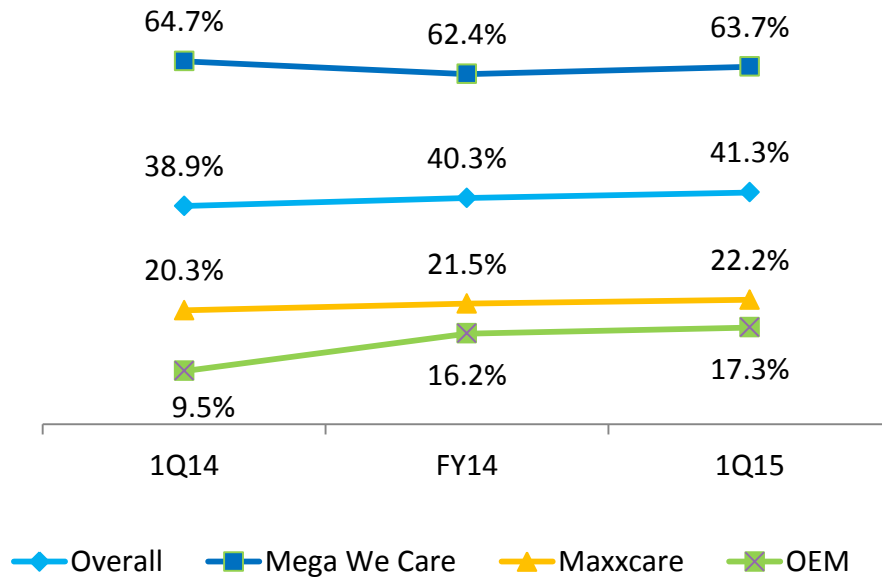
CIS: Common Wealth of Independent States

- Southeast Asia continued to be Mega We Care™'s key market, contributing 81% of Mega We Care™ revenue in 1Q15, followed by Africa at 10.7%.
- African countries remained flat, given depreciation of Nigerian (NGN) and Ghanaian (GCD) currencies by 15% and 28%, respectively against USD; at constant currency rate, the in-market sales for Africa was up by 21.8% YoY in 1Q15.
- Though not a significant contributor to the overall revenue of the company, continuing social un-rest in Ukraine (CIS) and Yemen (Others) resulted in revenue decline of the 52% and 45% YoY, respectively in 1Q15.

# Improvement in overall gross margins



Gross margins (%)

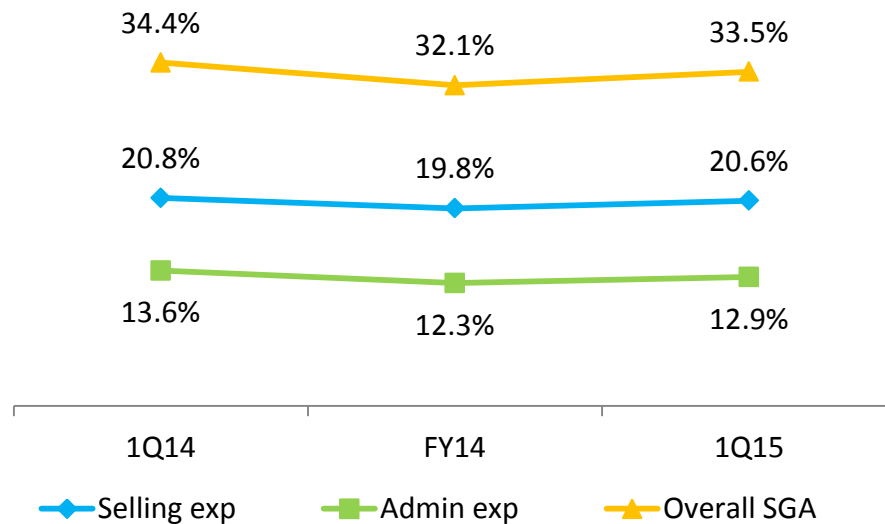


- 1Q15 overall gross margin improved to 41.3% from 38.9% in 1Q14 and 40.3% of FY14. Improvement was mainly led by growth in Mega We Care™ branded products business resulting in better revenue mix and stable segmental gross margins..
- Looking by segments, Mega We Care™ gross margin improved over FY14 gross margins; 1Q14 margins were slightly better, given the additional overheads from the capacity expansion which effectively came in books from 2Q14. Maxxcare™ gross margins remained steady at 22%.

# SG&A remained stable..



SGA expenses (% of operating revenue)



- Selling and administrative expenses (SG&A) was 33.5% of operating revenue in 1Q15, compared to 34.4% in 1Q14 and 32.1% in FY14.
- We expect FY15 SG&A to be around 32% of our operating revenue.

# Summarized income statement



<i>Figures in THB mn</i>	1Q14	1Q15	YoY Gr.
Operating Revenue	1,705.3	1,803.6	5.8%
Gross profits	663.3	745.2	12.4%
<i>Gross margin (%)</i>	38.9%	41.3%	
Selling and Admin. exp (SGA)	586.7	604.2	3.0%
<i>SGA (% to operating revenue)</i>	34.4%	33.5%	
EBITDA	97.0	163.6	68.6%
Profit before tax	60.7	125.7	107.0%
Net Profit	56.6	106.5	88.2%

Net profit in 1Q15 was THB 106.5mn, an increase of THB 49.9mn or 88.2% YoY. Increase in net profits was driven by improvement in overall gross margins (a result of steady segmental gross margins and increase in Mega We Care<sup>TM</sup> business) and stable SG&A expenses.

Net profits in 1Q15 were slightly suppressed by the forex losses and the slowdown in Ukraine and Yemen.



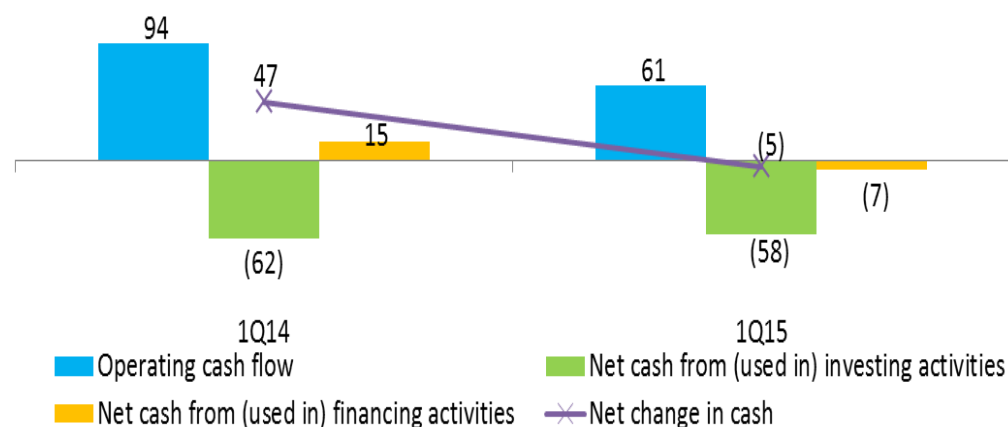
# Key balance sheet elements and cash flows

## Key Balance sheet elements:

<i>Figures in THB mn</i>	Dec'14	Mar'15
Cash and cash equivalents	1,281	1,272
Debt	(567)	(557)
Net cash	714	715
Fixed asset capex spent	160	58
IBD/Equity (# times)	0.14	0.14
<b>Core working capital:</b>		
Average receivable days	90	106
Average inventory days	130	139
Average payable days	100	120
Cash cycle (days)	120	125

- Cash cycle increased from 120 days in Dec'14 to 125 days in Mar'15 mainly because of the lower revenue base in 1Q15; as historically 55% of years revenue comes in second half of the year.
- In absolute terms the core working capital decreased by THB 41.3mn

## Cash flow (THBmn)



- Operating activities generated THB 60.6mn of cash in 1Q15, a decrease of THB 33.6mn compared to 1Q14, mainly a result of changes in working capital.
- In 1Q15, net cash used in investing activities was THB 58.0mn. Out of this amount, THB 37.5mn was towards the acquisition of land in Australia as part of overall investment plan for future expansion and THB 4.5mn was for improvement in information systems.
- THB 94.1mn to be paid during 2015 as the final payment towards the acquisition of land for future expansion in Thailand.

# 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, Ukraine and Yemen seem to be moving towards a more stable environment. We expect the revenues to fair better with stable gross margins.
- Products sold in 31 underpenetrated markets with significant growth opportunities.
- 224 existing products, 801 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 64 products under registrations and 80 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.

**For any further queries please contact:**

Email : [investor@megawecare.com](mailto:investor@megawecare.com)

Telephone: +66 27694222 Ext. 4230

Fax: +66 27694244