



Mega Lifesciences PCL.

Nine months ending 2015 (9M15)

SET Opportunity Day
2nd December 2015



Agenda



- 9M15 Financial Highlights
- Future Outlook
- Q&A

What we do...



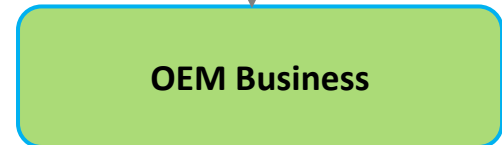
Mega Lifesciences PCL



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.

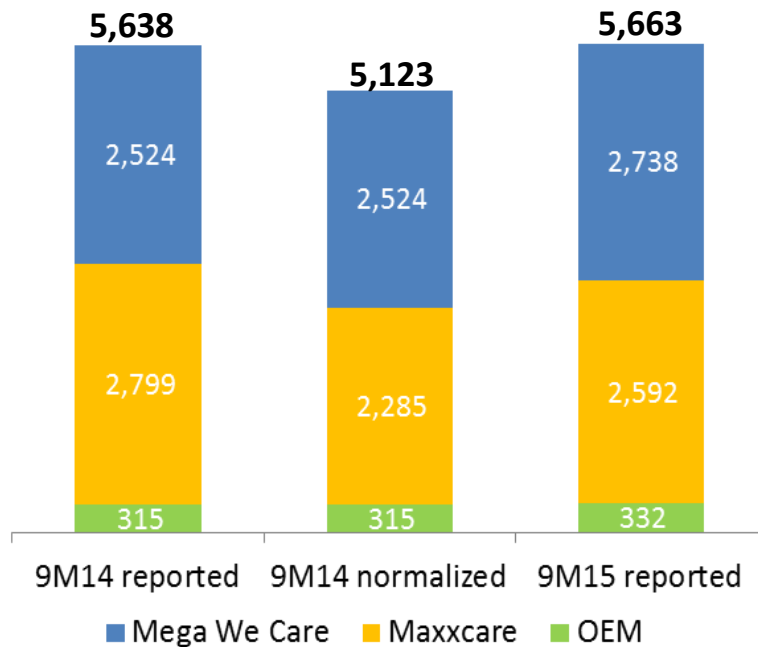


In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia accept various production orders from third-party customers.

9M15 revenue grew at 10.5% YoY (normalized basis¹)



Revenue (THB mn)



- **Overall revenue** was higher by 10.5% YoY (normalized basis) and 0.4% YoY (reported basis) in 9M15.
- **Mega We Care™ branded products revenue** grew by 8.5% YoY in 9M15, mainly driven by Southeast Asia which was up by 9.9% YoY.
- **Maxxcare™ distribution business revenue** on normalized basis was higher by 13.5% YoY in 9M15; on reported basis revenue was down by 7.4% 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 5.5% YoY in 9M15.

1. Maxxcare™ distribution business revenue growth in 9M15 is normalized by excluding the revenue attributable to one of our principal in 9M14 whose business was discontinued since 4Q14.

A closer look at revenue growth



Consolidated revenue by segments

Revenue mix (reported basis)

<i>Figures in THBmn</i>	3Q14	2Q15	3Q15	<i>Reptd</i> <i>YoY Gr.</i>	<i>Nrmlzd.</i> <i>YoY Gr.</i>	9M14	9M15	<i>Reptd</i> <i>YoY Gr.</i>	<i>Nrmlzd.</i> <i>YoY Gr.</i>	3Q14	2Q15	3Q15	9M14	9M15
Mega We Care™	922	1,006	887	(3.7%)	(3.7%)	2,524	2,738	8.5%	8.5%	47%	51%	47%	45%	48%
Maxxcare™	956	856	880	(8.0%)	8.4%	2,799	2,592	(7.4%)	13.5%	48%	43%	47%	50%	46%
OEM	96	109	119	23.4%	23.4%	315	332	5.5%	5.5%	5%	6%	6%	6%	6%
Total	1,974	1,972	1,885	(4.5%)	3.1%	5,638	5,663	0.4%	10.5%	100%	100%	100%	100%	100%

Mega We Care™ revenue by geography

<i>Figures in THB mn</i>	3Q14	2Q15	3Q15	<i>YoY Gr.</i>	9M14	9M15	<i>YoY Gr.</i>
Southeast Asia	742	831	679	(8.5%)	1,996	2,193	9.9%
Africa	100	107	133	33.6%	290	331	13.9%
CIS	24	22	21	(11.5%)	87	64	(27.1%)
Others	56	46	53	(3.8%)	150	150	0.1%
Total	922	1,006	887	(3.7%)	2,524	2,738	8.5%

CIS: Common Wealth of Independent States

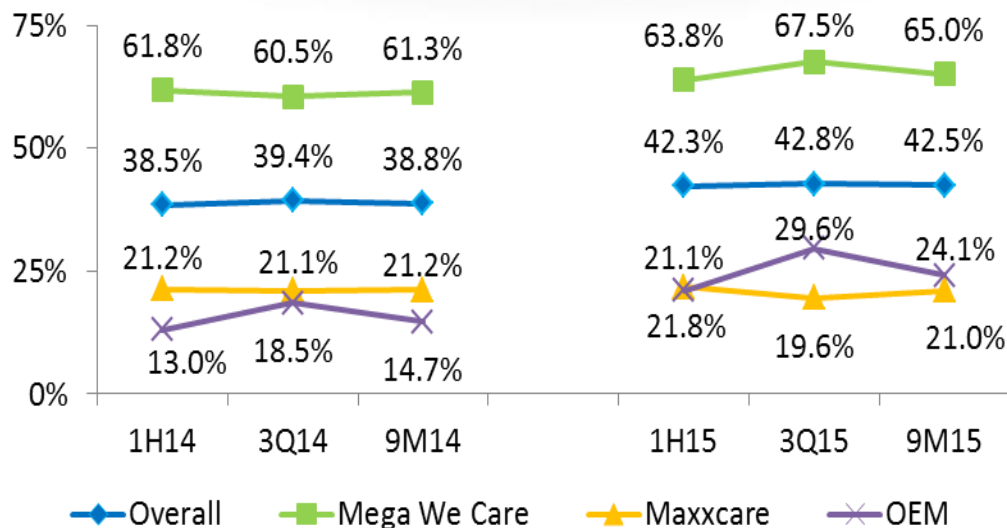
Though not a significant contributor to the overall Mega We Care™ revenue of the company, continuing social un-rest in Ukraine (CIS) and Yemen (Others) impacted the revenue growth in 9M15.

- Southeast Asia continued to be the largest market for Mega We Care™, contributing 80.1% of Mega We Care™ revenue in 9M15, followed by Africa at 12.1%.
- Mega We Care™ revenue in 3Q15 declined over 3Q14 mainly due to slowdown in Thailand which was partially offset by 33.6% growth in Africa.
- Despite sluggish growth in 3Q15, Mega We Care™ revenue in Southeast Asia was up 9.9% YoY in 9M15 and Africa was higher by 13.9%.

Improvement in overall gross margins



Gross margins (%)



- **Overall gross margins** Overall gross margin in 9M15 was 42.5% compared to 38.8% in 9M14. Growth in Mega We Care™ revenue resulting in better revenue mix coupled with better segmental gross margins helped widening of overall gross margins.

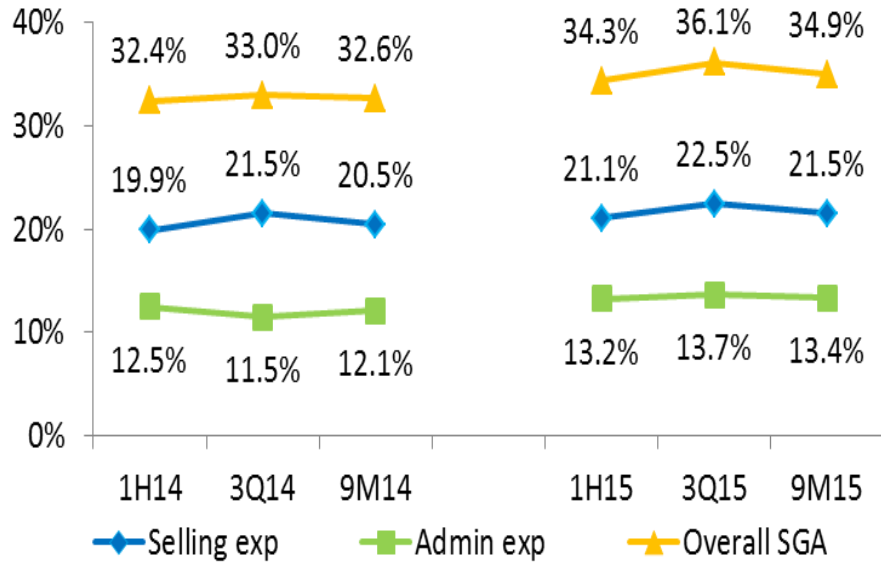
- **Looking by segments:**

- Mega We Care™ gross margin improvement from 61.3% in 9M14 to 65% in 9M15 was mainly driven by improved efficiencies due to higher output, savings in material cost and better realization per product due to THB depreciation.
- Maxxcare™ gross margins remained stable at 21% in 9M15.
- OEM gross margins improved due to customer-mix and certain cost optimisation measures implemented in Australia.

SG&A impacted by one time charge....



SGA expenses (% of operating revenue)



- 9M15 SG&A was 34.9% compared to 32.6% in 9M14. 9M15 SG&A included a charge of THB 26.9mn towards trade receivables (this includes charge of 16.8mn in 2Q15 and THB 10.1mn in 3Q15).
- Amounts charged as provisions against trade receivables in 9M15 are a result of MEGA's judgment of their recoverability from select few parties in Ukraine and Thailand.
- Year-end SG&A is expected to improve from the current levels.

Summarized income statement



<i>Figures in THB mn</i>	3Q14	2Q15	3Q15	YoY Gr.	9M14	9M15	YoY Gr.
Operating Revenue	1,974	1,972	1,885	(4.5%)	5,638	5,663	0.4%
Gross profits	777	857	807	3.9%	2,187	2,406	10.0%
<i>Gross margin (%)</i>	39.4%	43.5%	42.8%		38.8%	42.5%	
Selling and Admin. exp (SGA) ¹	650	695	681	4.7%	1,838	1,977	7.6%
<i>SGA (% to Operating revenue)</i>	33.0%	35.2%	36.1%		32.6%	34.9%	
EBITDA	168	242	213	26.4%	452	618	36.7%
Profit before tax	132	203	175	32.9%	341	504	47.6%
Net Profit	111	165	152	37.0%	297	424	42.9%

- Net profit in 9M15 was THB 424.5mn, higher by 42.9% YoY. Increase in net profits was driven by improvement in overall gross margins (a result of increase in Mega We Care™ revenue and improved Mega We Care™ gross margins) and net forex gains driven by THB depreciation.
- Net profit without forex impact and one time SG&A charge in 9M15 would be THB 406.6mn, higher by 27.6% over THB 318.6mn of 9M14.

1. THB 57.7mn attributable to forex loss in 3Q15 has been classified as SG&A expenses in reported financials per TFRS guidance. Given the nature of this charge, the amount has been classified in MD&A and this presentation under forex gain/loss.

Key balance sheet elements and cash flows

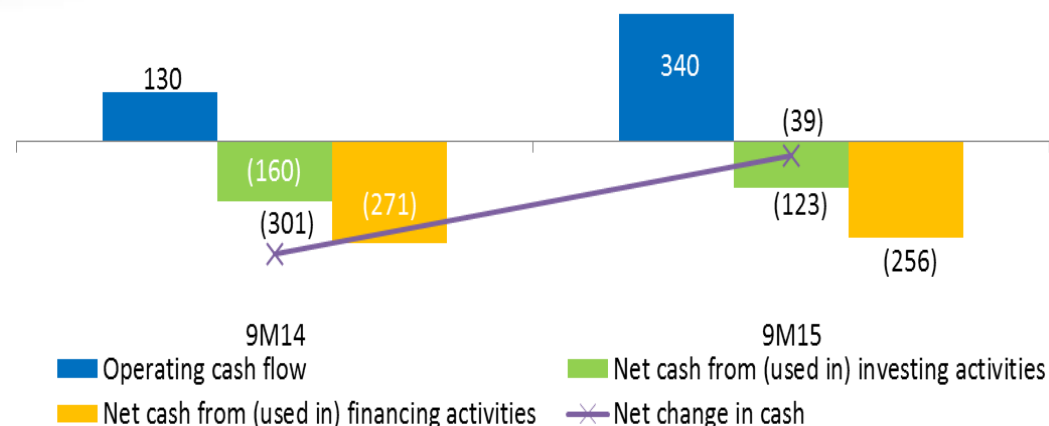
Key Balance sheet elements:

Figures in THB mn	Dec'14	Sep'15
Cash and cash equivalents ¹	1,281	1,240
Debt	(567)	(735)
Net cash	714	505
Fixed assets capex spent	160	129
IBD/Equity (# times)	0.14	0.18
Core working capital:		
Average receivable days	90	102
Average inventory days	130	153
Average payable days	100	121
Cash cycle (days)	120	134

Cash cycle increased from 120 days in Dec'14 to 134 days in Sep'15 mainly due to higher inventory days. Increase in inventory days was a result of higher output of Mega We Care™ products to ensure sufficient stocks in markets, stocking of raw materials to take benefit of lower prices and increase in stocks of our principals which was partially offset by payables.

1.Cash and cash equivalents includes term deposits with banks.

Cash flow (THBmn)



- Operating activities generated THB 340.3mn of cash in 9M15 compared to THB 129.7mn in 9M14. Increase in net profits and improvement in overall working capital led to the increase of operating cash in 9M15.
- Net cash used in investing activities was THB 123mn in 9M15 consisting of THB 37.5mn towards the acquisition of land in Australia for future expansion, THB 41.5mn towards maintenance and improvement capex for Thailand manufacturing facility and THB 12.7mn for the purchase of trucks on finance lease in Myanmar.
- In 9M15, net cash outflow from financing activities was THB 255.9mn, mainly arising from payment of FY14 final dividends of THB 216.3mn and FY15 interim dividends of THB 138.4mn; these outflows were partially offset by increase in short term loans of THB 165.8mn.

Future Outlook...

To double our revenue and net profits in 5 years

Mega We Care™ branded products business:

- MEGA expects to build growth by expansion of customer base in its existing underpenetrated developing markets, new product launches and new countries. Recovery in Thailand, stable forex rates and no further deterioration in Ukraine and Yemen would help improvement in Mega We Care™ business.
- Market leading positions in Indochina and the new markets in Africa.
- The underpenetrated markets of Indochina and Sub-Saharan Africa to drive future growth.
- Going by emerging trends in consumer health care, prevention of disease rather than cure is the way forward a sunrise industry.
- Strong pipeline of 58 products under registrations and 73 products under development.
- As mentioned in our earlier MD&A's, an amount of THB 94mn to be paid towards the acquisition of land in Bangkok as part of future expansion plan in addition to improvement and maintenance capex of approx. THB 150mn in 2016.
- 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.
- MEGA has adequately invested in infrastructure, latest technology and other resources to meet the growth requirements.
- MEGA is exploring opportunities to construct its own warehouse and office space on leased land in Myanmar. The proposal is subject to clearance from respective regulatory authorities. Once the approval is available the capex would be spent in 2 years. Total outlay is expected to be approx. THB 343mn.

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.

Future Outlook...

(Contd.)

Widening Reach of Human Wellness

Global burden of disease has shifted to chronic disease. More than 60% of the deaths globally are occurring due to chronic disease as per WHO. Emerging nations are the worst affected. As per WHO 80% of chronic disease deaths are occurring in emerging nations.

Modern lifestyle and rapid urbanization has brought lot of changes in society such as sedentary lifestyle, easy access to food, food advertising etc which has had a direct impact on Human health.

Mega is in the business of Human wellness... we are in business related to health.

We want to extend our commitment to human health and wellness by investing in building a holistic center for human health based on natural and traditional methods of healing. This holistic center will focus on bringing knowledge and expertise in the field of Ayurveda, Diet & Nutrition based healing to the general population of Thailand & Southeast Asia.

An amount of THB 70mn is expected to be incurred towards creation of necessary infrastructure for this business.



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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