



Mega Lifesciences PCL.

FY 2015

SET Opportunity Day
21st March 2016



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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Agenda



- FY15 Financial Highlights
- Future Outlook
- Q&A

What we do...



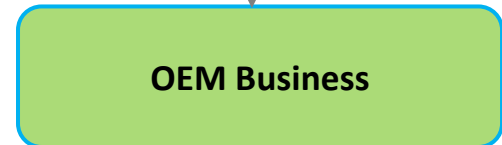
Mega Lifesciences PCL



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.

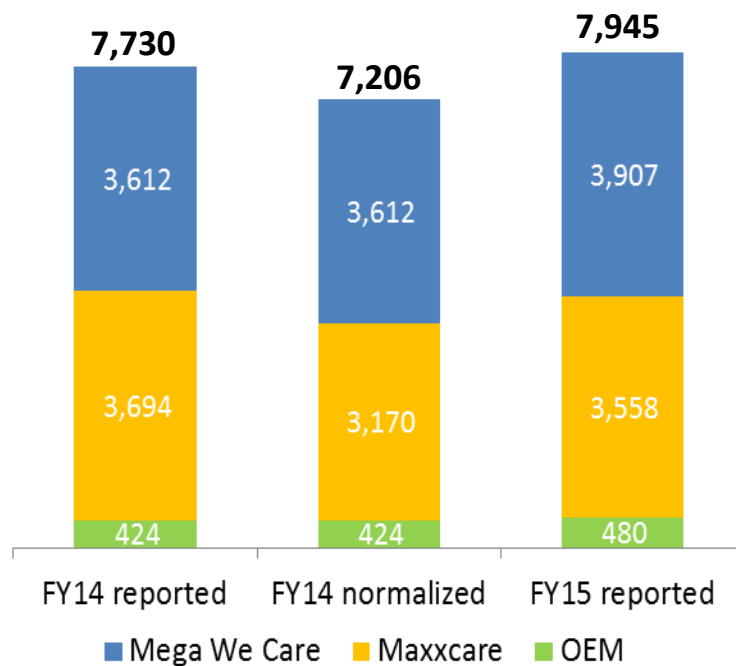


In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia accept various production orders from third-party customers.

FY15 revenue grew at 10.3% YoY (normalized basis¹)



Revenue (THBmn)



- **Overall revenue** was higher by 10.3% YoY (normalized basis) and 2.8% YoY (reported basis) in FY15.
- **Mega We Care™ branded products revenue** grew by 8.2% YoY in FY15, mainly driven by Southeast Asia which was up by 9.8% YoY.
- **Maxxcare™ distribution business revenue** on normalized basis was higher by 12.3% YoY in FY15; on reported basis revenue was down by 3.7% YoY, given the discontinuance of one of our principal in Myanmar (as reported earlier).
- **OEM revenue** was up by 13.2% YoY in FY15.

1. Maxxcare™ distribution business revenue growth in FY15 is normalized by excluding the revenue attributable to one of our principal in FY14 whose business was discontinued since 4Q14.

A closer look at revenue growth



Consolidated revenue by segments

Figures in THBmn	Consolidated revenue by segments								Revenue mix (reported basis)				
	4Q14	3Q15	4Q15	Reptd YoY	FY14	FY15	Reptd YoY Gr.	Nrmlzd. YoY Gr.	4Q14	3Q15	4Q15	FY14	FY15
Mega We Care™	1,088	887	1,168	7.4%	3,612	3,907	8.2%	8.2%	52%	47%	51%	47%	49%
Maxxcare™	895	880	966	7.9%	3,694	3,558	(3.7%)	12.3%	43%	47%	42%	48%	45%
OEM	109	119	148	35.5%	424	480	13.2%	13.2%	5%	6%	6%	5%	6%
Total	2,092	1,885	2,282	9.1%	7,730	7,945	2.8%	10.3%	100%	100%	100%	100%	100%

Mega We Care™ revenue by geography

Figures in THB mn	4Q14	3Q15	4Q15	YoY Gr.	FY14	FY15	YoY Gr.
Southeast Asia	903	679	988	9.5%	2,898	3,182	9.8%
Africa	98	133	115	17.1%	388	445	14.7%
CIS	32	21	25	(22.4%)	119	88	(25.9%)
Others	56	53	41	(26.8%)	206	191	(7.2%)
Total	1,088	887	1,168	7.4%	3,612	3,907	8.2%

CIS: Common Wealth of Independent States

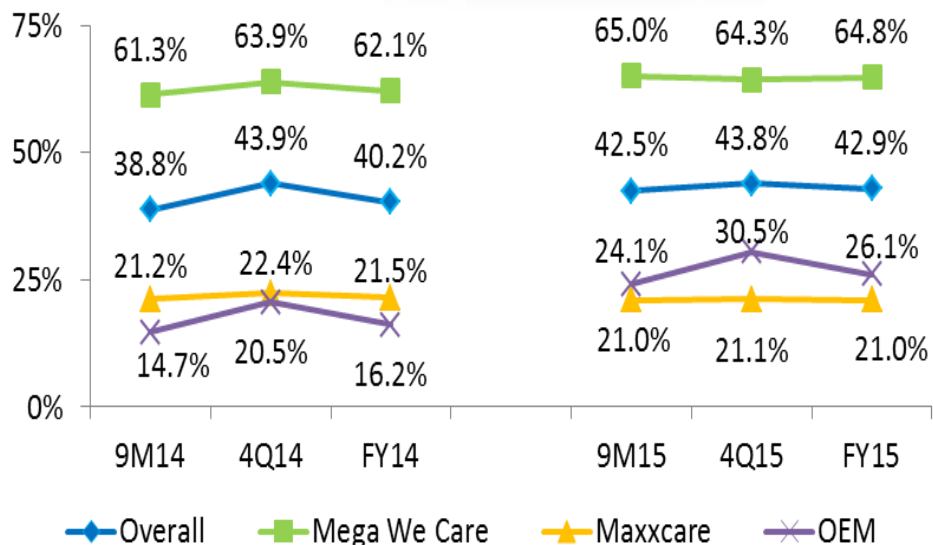
Though not a significant contributor to the overall Mega We Care™ revenue of the company, continuing social un-rest in Ukraine (CIS) and Yemen (Others) impacted the revenue growth in FY15.

- Southeast Asia continued to be the largest market for Mega We Care™, contributing 81.4% of Mega We Care™ revenue in FY15, followed by Africa at 11.4%.
- Growth in Mega We Care revenue™ was mainly driven by Southeast Asia which was up by 9.8%, YoY in FY15 despite Thailand remaining flat.
- Mega We Care™ revenue was 49.2% of the overall operating revenue in FY15 compared to 46.7% in FY14 resulting in better revenue mix for the year.

Improvement in overall gross margins



Gross margins (%)

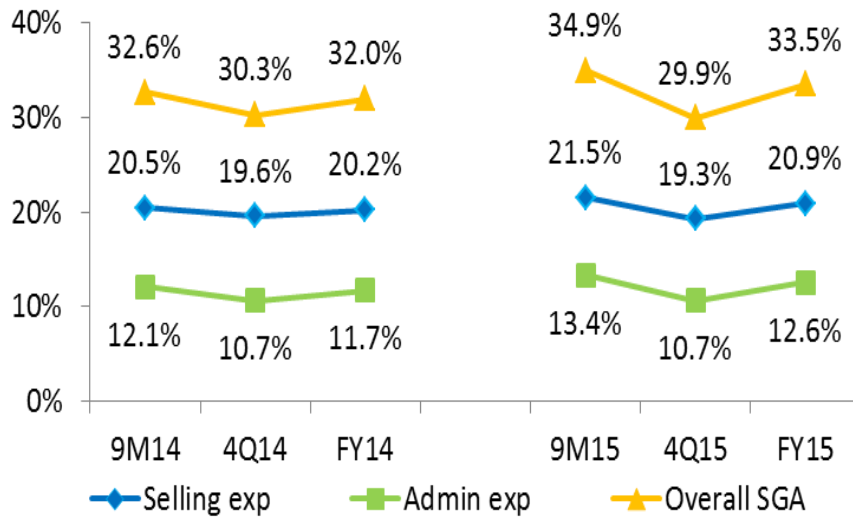


- **Overall gross margins** of 42.9% in FY15 compared to 40.2% in FY14. Improvement mainly led by growth in Mega We Care™ revenue resulting in better revenue mix (Mega We Care™ proportion in overall operating revenue increased from 46.7% in FY14 to 49.2% in FY15) and improved Mega We Care™ gross margins.
- **Looking by segments:**
 - Mega We Care™ gross margin improvement from 62.1% in FY14 to 64.8% in FY15 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 FY15.
 - OEM gross margins improved due to customer-mix, revenue growth and certain cost optimisation measures implemented in Australia.

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



SG&A¹ expenses (% of operating revenue)



- SG&A for FY15 was 33.5% of the operating revenue for the year; this included a charge of THB 28mn towards trade receivables mainly arising from Ukraine and Thailand. In absolute terms SG&A in 2015 remained stable, growing at moderate rate of 7.6% YoY.
- Amounts charged as provisions against trade receivables in FY15 are a result of MEGA's judgment of their recoverability from select few parties in Ukraine and Thailand.

1. THB 57.7mn attributable to forex loss in FY15 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.

Summarized income statement



<i>Figures in THB mn</i>	4Q14	3Q15	4Q15	YoY Gr.	FY14	FY15	YoY Gr.
Operating Revenue	2,092	1,885	2,282	9.1%	7,730	7,945	2.8%
Gross profits	919	807	1,001	8.9%	3,105	3,406	9.7%
<i>Gross margin (%)</i>	43.9%	42.8%	43.8%		40.2%	42.9%	
Selling and Admin.exp (SGA) ¹	633	681	683	7.9%	2,471	2,660	7.6%
<i>SGA (% to Operating revenue)</i>	30.3%	36.1%	29.9%		32.0%	33.5%	
EBITDA	334	213	368	9.9%	787	986	25.3%
Profit before tax	297	175	324	9.3%	638	828	29.8%
Net Profit	251	152	271	8.1%	548	696	27.0%

- Net profits for FY15 was THB 696mn, higher by 27% YoY, driven by improvement in overall gross margins from 40.2% in FY14 to 42.9% in FY15, given growth in Mega We Care™ revenue and stable segmental gross margins.
- Net profits without net forex gain or loss for FY15 was THB 652mn compared to THB 564mn in FY14 and THB 585mn in FY13

1. THB 57.7mn attributable to forex loss in FY15 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

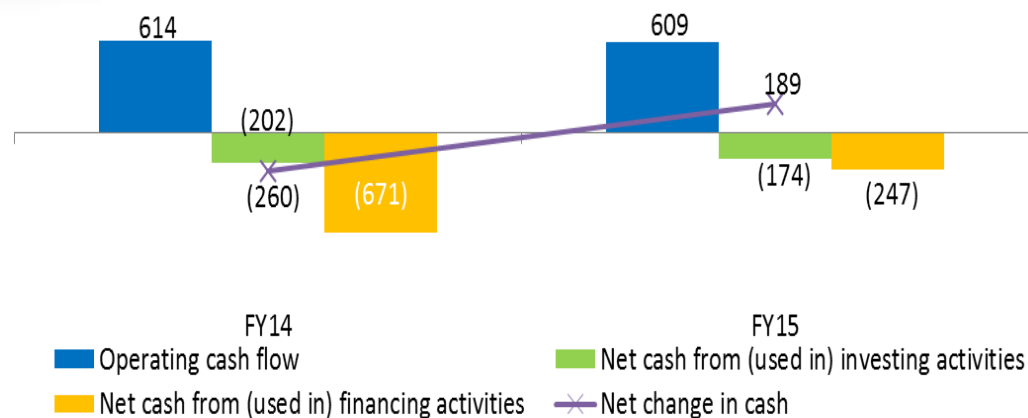
Key Balance sheet elements:

Figures in THB mn	Dec'14	Dec'15
Cash and bank balance ¹	1,281	1,467
Debt	(567)	(719)
Net cash	714	748
Fixed assets capex spent	160	181
IBD/Equity (# times)	0.14	0.17
Core working capital:		
Average receivable days	88	97
Average inventory days	130	147
Average payable days	96	115
Cash cycle (days)	121	129

Cash cycle increased from 121 days in Dec'14 to 129 days in Dec'15. Increase mainly driven by stocking of raw materials to take benefit of lower prices, expected demand for distribution business and THB depreciation resulting in higher receivables. Out of 147 days of Inventory as at Dec'15, inventory of finished goods and raw material at factory accounted for 32 days.

1. Cash and bank balance includes term deposits with banks hence investment and redemption of term deposits with banks has not been considered as cash flow from investing activities.

Cash flow (THBmn)



- Operating activities generated THB 609mn of cash in FY15 compared to THB 614mn in FY14. Increase in net profits in FY15 was partially offset by investment in working capital for the business.
- Net cash used in investing activities in FY15 was THB 174mn; mainly comprising of, acquisition of land as part of overall investment plan for future expansion, in Australia of THB 38mn and THB 27mn in Thailand for our Wellness We Care project (indicated in 3Q15 MD&A); THB 54mn towards maintenance and improvement capex for Thailand manufacturing facility.
- Net cash outflow from financing activities in FY15 was THB 247mn mainly arising from payment of dividends of THB 354mn and repayment of long term loans; these outflows were partially offset by increase in short term loans of THB 189mn.

Future Outlook... – A look at history



Consistent revenue growth and profit generation over years

Figures in THB mn

	2010	2011	2012	2013	2014	2015	CAGR
Operating Revenue	4,159	4,857	5,965	7,034	7,730	7,945	13.8%
Gross profit	2,011	2,309	2,633	2,959	3,105	3,406	11.1%
Selling and Admin. exp (SGA)	1,461	1,756	1,980	2,236	2,471	2,660	12.7%
<i>SGA (% to revenue)</i>	<i>35.1%</i>	<i>36.1%</i>	<i>33.2%</i>	<i>31.8%</i>	<i>32.0%</i>	<i>33.5%</i>	<i>na</i>
EBITDA	558	657	800	888	787	986	12.0%
<i>EBITDA (% optg.revenue)</i>	<i>13.4%</i>	<i>13.5%</i>	<i>13.4%</i>	<i>12.6%</i>	<i>10.2%</i>	<i>12.4%</i>	<i>na</i>
EBIT	490	589	723	789	655	841	11.4%
Net Profit	368	456	578	624	548	696	13.6%

Revenue and net profit CAGR for past 6 years at 14%

Healthy growth in key segmental revenue over years

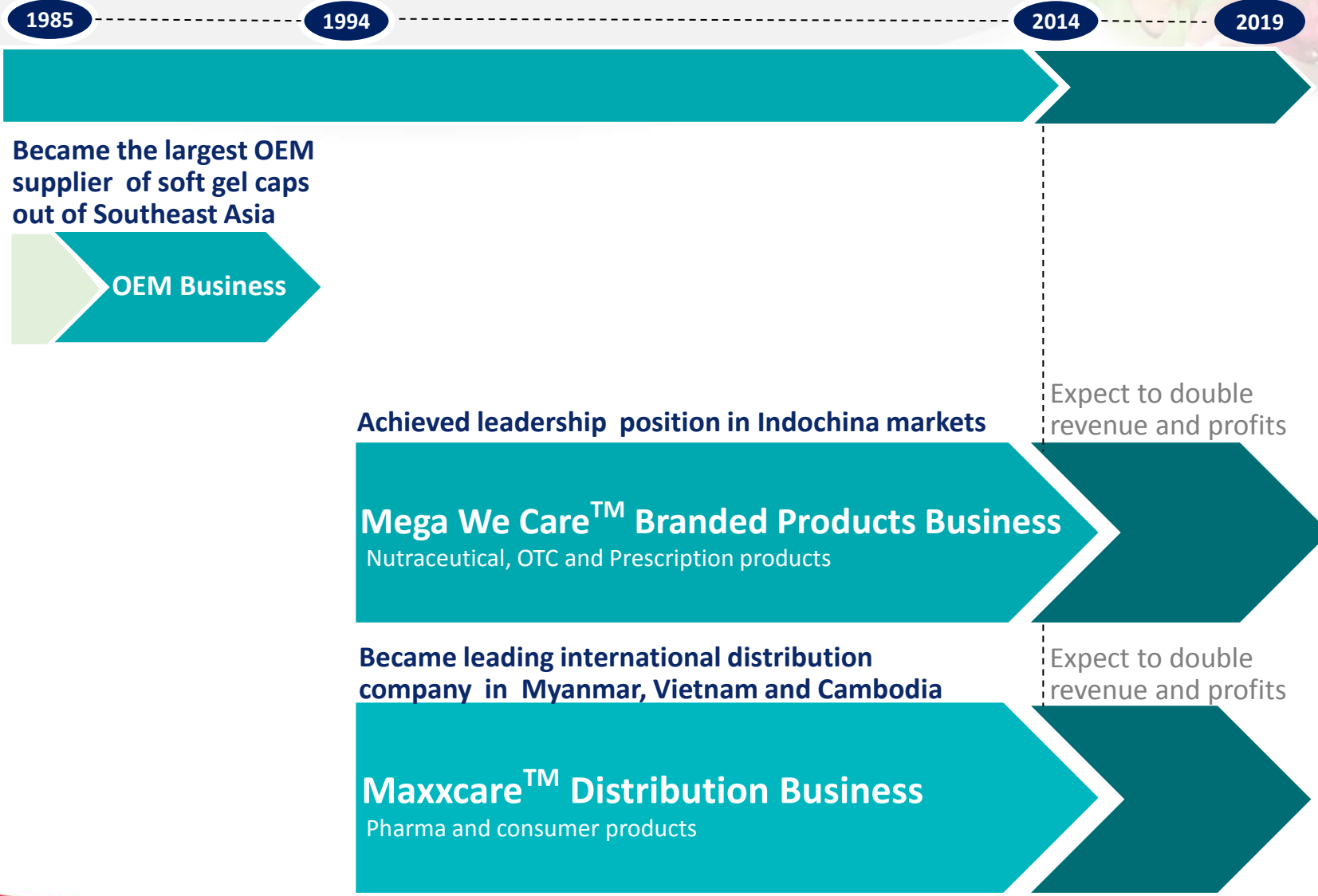
Figures in THBmn

Operating revenue	2010	2011	2012	2013	2014	2015	CAGR
Mega We Care™	1,978	2,297	2,700	3,428	3,612	3,907	14.6%
Maxxcare™	1,765	2,117	2,767	3,132	3,694	3,558	15.1%
OEM	417	443	498	473	424	480	2.9%
Total	4,159	4,857	5,965	7,034	7,730	7,945	13.8%

Key Segmental revenue CAGR for past 6 years at 15%

Future Outlook...

The future of our past and present



Future Outlook...

(Contd.)

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 59 products under registrations and 83 products under development.
- No major capex planned as manufacturing capacity recently doubled to meet growth requirements for the next 5 years. An amount of approximately, THB 94mn to be paid towards the acquisition of land in Bangkok as part of future expansion plan in addition to the normal maintenance capex.
- 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 latest technology and other resources to meet the growth requirements. Alongside, MEGA is exploring opportunities to construct its own warehouse and office space on leased land in Myanmar to create state-of-art infrastructure to compliment future growth needs. The proposal is subject to clearance from respective regulatory authorities. Once the approval is available the capex would be spent in 2 years. We would share more details in due course.

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