

# MEGA LIFESCIENCES

THAILAND / COMMERCE

# MEGA TB

# BUY

## Sunny outlook for long-term growth

- After doubling its 2014 profit in 2019, management targets doubling its 2019 business in 2025.
- We believe MEGA will reach its target ahead of schedule based on its aggressive expansion in developing markets and new products.
- Initiate coverage with a BUY call and a TP of THB65.

TARGET PRICE	THB65.00
CLOSE	THB47.50
UP/DOWNSIDE	+36.8%
TP vs CONSENSUS	+14.6%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	14,136	15,525	16,827	17,939
Net profit	1,947	2,313	2,399	2,532
EPS (THB)	2.23	2.65	2.75	2.90
vs Consensus (%)	-	0.5	2.5	1.7
EBITDA	2,463	3,008	3,142	3,313
Core net profit	1,828	2,311	2,399	2,532
Core EPS (THB)	2.10	2.65	2.75	2.90
EPS growth (%)	33.0	26.4	3.8	5.5

### A leading health and wellness brand in developing countries

MEGA is a leading brand in the health and wellness industry in 36 developing countries, and its Mega We Care branded products are long-established and well-recognized in Southeast Asia and Africa. Maxxcare, its distribution business, markets, sells, and distributes many branded prescription pharmaceuticals, FMCG, and OTC medicinal products. These two key businesses contribute 95%-97% of its total revenue while the rest comes from its manufacturing business.

### Medium-term growth slow but longer-term outlook promising

During 2015-19, MEGA's revenue expanded at a moderate 8.8% CAGR, before surging to a 12.7% CAGR amid the pandemic in 2020-21. Post-pandemic, we expect its revenue to continue to rise, but at a CAGR of 7.5% in 2022-25. However, we think its longer-term outlook is more promising, as MEGA now has more than 170 drugs in the pipeline awaiting registration, and is scheduled to launch roughly 20 new pharmaceuticals, vitamins, and supplements every year. With its plant in Indonesia preparing to register many medicines, management targets sales of USD30m-50m in Indonesia in the next 2-3 years.

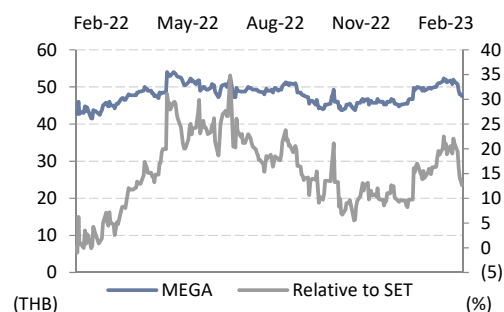
### 4Q22 earnings to dip after 3Q22's record high

After doubling its 2014 profit in 2019, management targets doubling its 2019 business in 2025 through aggressive expansion in Southeast Asia and Sub-Saharan Africa. Our forecast sees the company reaching its profit target in 2022. However, compared with 3Q22 – its best quarter ever – we expect 4Q22 net profit to be the lowest in seven quarters at THB471m (-28% q-q, -5% y-y). We forecast net profit in 2022-25 to rise at a 5.4% CAGR.

### Initiate with a BUY rating; TP of THB65

We initiate our coverage of MEGA with a BUY rating and a DCF-based TP of THB65 (8.3% WACC, 3% LTG), implying 23.6x 2023E P/E, +0.5SD of its five-year average. Its share price, currently trading at 17.3x 2023E P/E, is the lowest among local and global peers despite the hidden value in its client-loyal brand. MEGA's long-term outlook is promising, based on its strong brand, diversified markets, and healthy finances.

Core P/E (x)	22.7	17.9	17.3	16.4
Dividend yield (%)	1.8	2.2	2.2	2.4
EV/EBITDA (x)	15.9	13.1	12.5	11.8
Price/book (x)	5.2	4.4	4.0	3.7
Net debt/Equity (%)	(27.1)	(21.1)	(21.9)	(20.4)
ROE (%)	24.4	26.6	24.2	23.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.5)	3.3	9.2
Relative to country (%)	(2.8)	1.0	13.2
Mkt cap (USD m)	1,196		
3m avg. daily turnover (USD m)	3.5		
Free float (%)	40		
Major shareholder	Unistretch Co Ltd (50%)		
12m high/low (THB)	55.25/40.25		
Issued shares (m)	871.87		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

MEGA is in a growing industry. Its business plays a crucial role in helping patients and communities. The company has a well-established presence and focuses on fast-growing markets in developing countries. Its success in building a strong market position in Southeast Asia and Africa demonstrates its ability to develop suitable products and effective marketing strategies.

Its revenue and profit growth, post-pandemic, is likely to slow compared with its record-shattering performance in 2020-21. However, we think its longer-term outlook is still promising based on its strong brand, diversified markets, and healthy financial status.

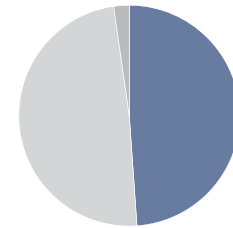
### Company profile

MEGA is a leading manufacturer and distributor of pharmaceutical, nutraceutical products and fast-moving consumer goods (FMCG) in developing countries such as Myanmar, Vietnam and Cambodia. MEGA also develops, manufactures, and sells its nutraceutical products, generic prescription pharmaceutical products, and OTC products under Mega We Care brand through its distribution network and third-party distributors in 36 countries across the world.

[www.megawecare.com](http://www.megawecare.com)

### Principal activities (revenue, 2021)

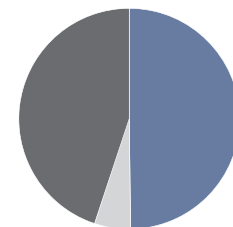
- Mega We Care - 48.9 %
- Maxxcare - 48.9 %
- OEM - 2.3 %



Source: MEGA Lifesciences

### Major shareholders

- Unistretch Co Ltd - 49.8 %
- Mr. Vivek Dhawan - 5.3 %
- Others - 44.9 %



Source: MEGA Lifesciences

### Catalysts

Key potential catalysts include 1) expedited medicine registrations and listings; 2) the Covid-19 pandemic; and 3) the success of new products and new markets.

### Risks to our call

Downside risks to our DCF-based TP include 1) the delayed registration process in many countries; 2) more intensified competition; 3) the failure in introducing new products; and 4) risks associated with doing business in Myanmar.

### Event calendar

Date	Event
Feb 2023	4Q22 results announcement

### Key assumptions

	2022E (THB m)	2023E (THB m)	2024E (THB m)
Mega We Care	7,793	8,261	8,748
Growth (%)	12.8	6.0	5.9
Gross margin (%)	67.7	67.6	67.3
Maxxcare	7,403	8,218	8,818
Growth (%)	7.2	11.0	7.3
Gross margin (%)	19.2	18.0	17.9
SG&A to sales (%)	26.9	26.3	26.3

Source: FSSIA estimates

### Earnings sensitivity

- For every 5% change in branded revenue, we project MEGA’s 2023 net profit to change by 6%, all else being equal.
- For every 5% change in distribution revenue, we project MEGA’s 2023 net profit to change by 1%, all else being equal.
- For every 1% change in overall gross margin, we project MEGA’s 2023 net profit to change by 6%, all else being equal.

Source: FSSIA estimates

## A leading pharmaceutical company in Asia and beyond

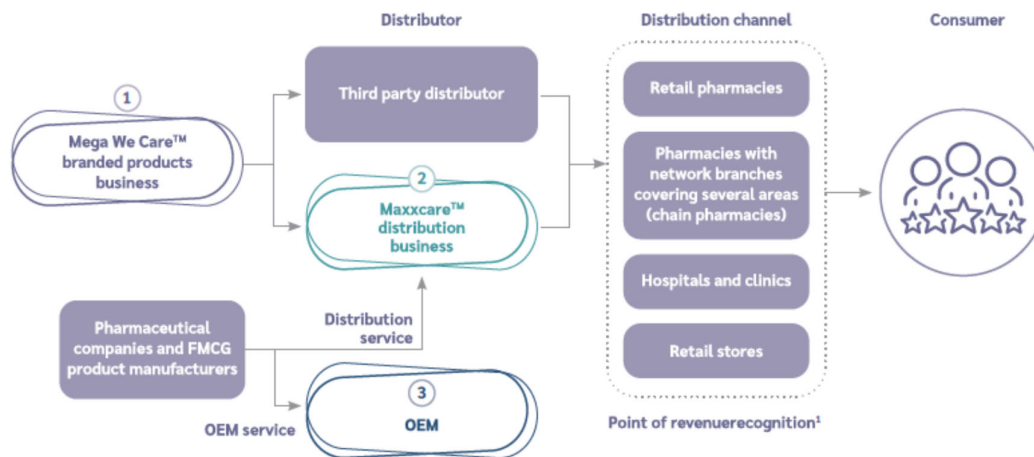
MEGA was established in 1982 by Mr. Kirit Shah as an OEM supplier of soft gel at a plant in Samut Prakarn. In 1994, the company acquired the Medcraft brand and associated trademarks, which was the starting point for the Mega We Care branded products business. After that, the company established subsidiaries in Myanmar and Cambodia to sell its own Mega We Care branded products. In order to grab more opportunities, MEGA later offered marketing, sales, distribution and logistics services to multinational pharmaceutical and FMCG companies in other developing markets, namely Vietnam.

MEGA divides its operations into three segments:

- 1. Maxxcare distribution.** MEGA sells, markets, and distributes branded prescription pharmaceuticals, FMCG, and OTC (medicines sold without a medical prescription) products in three countries, namely Myanmar, Vietnam, and Cambodia. Its customers are domestic and international pharmaceutical firms and leading FMCG product manufacturers. The company also distributes Mega We Care branded products in these markets.
- 2. Mega We Care branded products.** MEGA develops, manufactures, markets, and distributes Mega We Care branded nutraceuticals, prescription pharmaceuticals and OTC products.
- 3. OEM.** MEGA has manufacturing facilities in Thailand and Australia that undertake manufacturing for third-party customers.

Maxxcare distribution and Mega We Care branded products are two key businesses for the company, contributing 95%-97% of its total revenue, split in almost equal proportions between the two segments. Revenue from Mega We Care branded products is driven mainly by Southeast Asia and Africa.

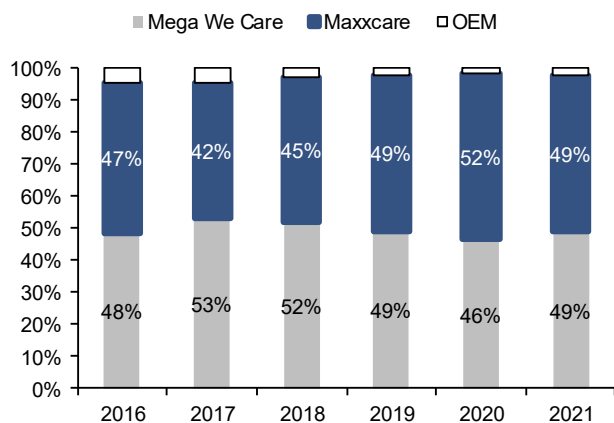
Exhibit 1: MEGA's business flows



<sup>1</sup> This is the point of revenue recognition for our Maxxcare™ distribution business and Mega We Care™ branded business

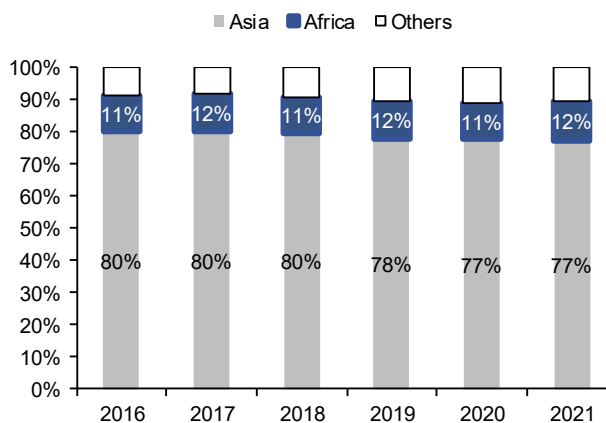
Source: MEGA

**Exhibit 2: Revenue mix by business segment**



Source: MEGA

**Exhibit 3: Mega We Care revenue by geography**



Source: MEGA

Southeast Asia contributed 79% of Mega We Care revenue during the past six years, with about 80% from Indochina. For the Maxxcare distribution business, Myanmar is the largest market with significant growth that accounted for 78% of Maxxcare revenue in 2021, or 38% of total revenue. Approximately 80% of the products it sells in Myanmar are pharmaceuticals, with the rest being FMCG. Its major customers in Myanmar are multinational pharmaceutical and FMCG companies. MEGA has operated in Myanmar since 1995. At the end of 2021, the company had more than 45,000 outlets nationwide covering almost 85% of the country with seven warehouses and offices located in Yangon, Mandalay, Mawlamyaing, Taunggyi, and Naypyidaw.

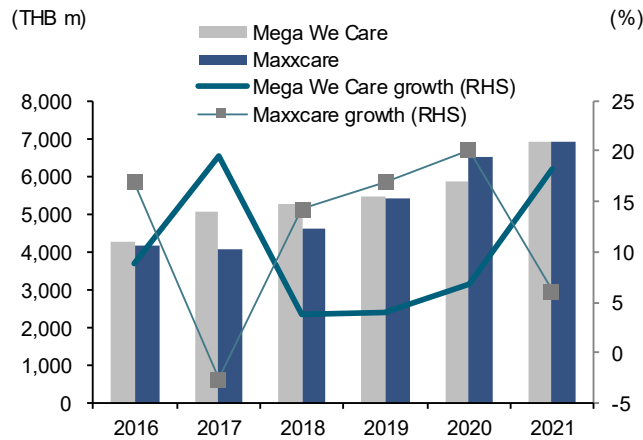
MEGA’s long history in Myanmar gives the company a competitive advantage over competitors due to its in-depth knowledge of the market, substantial infrastructure and distribution channels, and scalable operations.

**Mega We Care brand is its core strength**

The company’s production facilities in Thailand, Australia, and Indonesia, currently running at about 60% of aggregated capacity, should be able to support growth for the next 3-4 years. MEGA’s strategy for sustainable growth is to introduce affordable medicines and expand its markets in developing and under-developed countries. The company has expanded its business from four countries in Indochina initially to more than 36 countries in Asia and Africa.

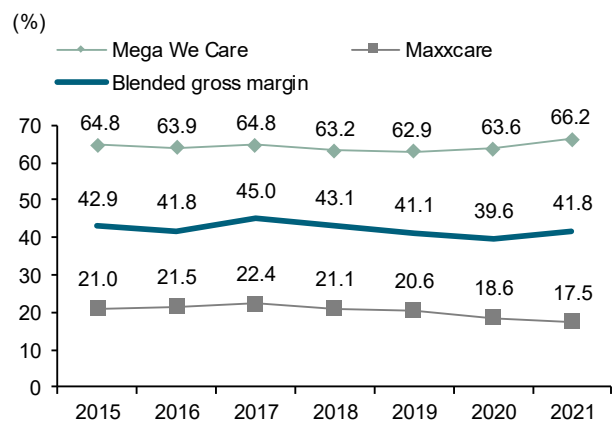
The Mega We Care brand is long-established and well-recognised in Southeast Asia and Africa. Its branded products, including Nat C, Nat B, Nat D, Enat, Acnotin, etc., are top-of-mind products for its customers and key growth drivers for the company. Its branded business has a gross margin of over 60%, three times higher than its distribution business, resulting in a blended gross margin of 42% during 2015-21. During the same period, MEGA’s revenue growth from its branded business has steadily risen at a CAGR of 10%, similar to its distribution business which had a 12% CAGR. Along with its efficient cost control, MEGA’s SG&A to sales gradually declined from 34% in 2015 to 27% in 2021, leading to a 21% core profit CAGR during 2015-21.

**Exhibit 4: Revenue by segment and growth**



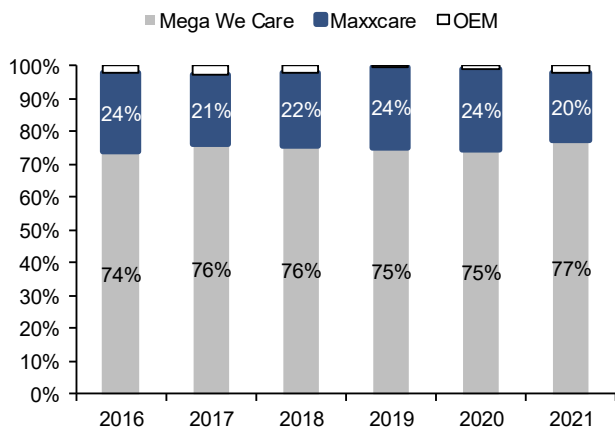
Source: MEGA

**Exhibit 5: Gross margin by business segment**



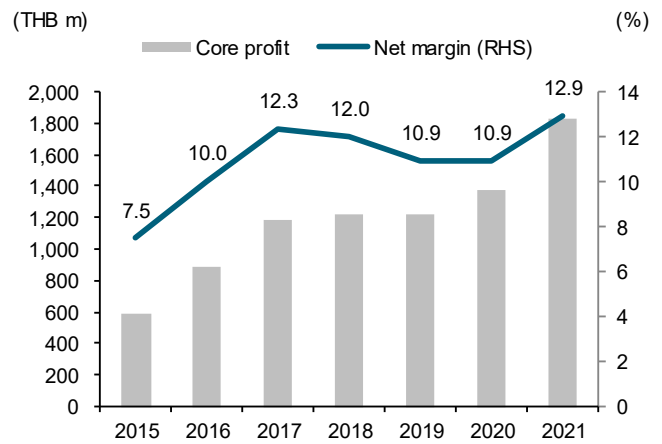
Source: MEGA

**Exhibit 6: Gross profit by business segment**



Source: MEGA

**Exhibit 7: Core profit and net margin**



Source: MEGA

## 4Q22 results preview

We expect a soft quarter in 4Q22 due to the appreciation of the THB to the USD, the impact of product stocking in Myanmar in 3Q22, and seasonally high marketing expenses in the last quarter. Following its best quarter ever in 3Q22, we expect MEGA's 4Q22 revenue to dip to THB3.7b (-8% q-q, +14% y-y), with a net profit of THB471m (-28% q-q, -5% y-y), the lowest in seven quarters.

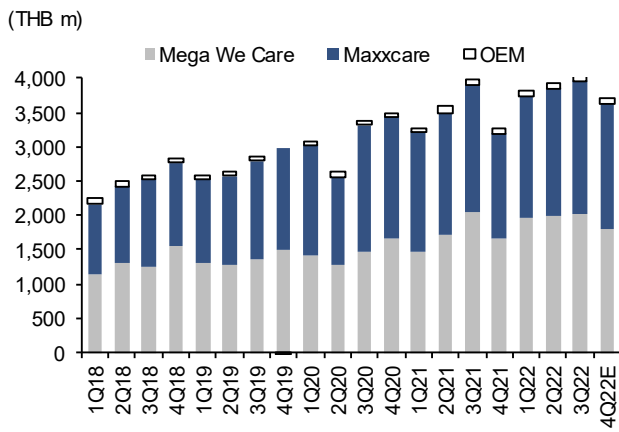
Although we expect its 4Q22 net profit to be the lowest in seven quarters, it would still be higher than the pre-Covid profit level of around THB280m-350m per quarter. The q-q decrease in 4Q22 revenue should mostly come from its branded business and is partially due to the improving Covid-19 situation across the world. The lower proportion of high-margin, branded revenue should lead to a weak overall gross margin of 42.4% in 4Q22 compared with 46.0% in 3Q22 and 43.3% in 4Q21, and a core profit margin of 12.7%, the lowest in seven quarters.

### Exhibit 8: 4Q22 results preview

Year to Dec 31	4Q21	1Q22	2Q22	3Q22	4Q22E	----- Change -----		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
<b>Sales</b>	<b>3,272</b>	<b>3,820</b>	<b>3,930</b>	<b>4,052</b>	<b>3,724</b>	<b>(8)</b>	<b>14</b>	<b>14,136</b>	<b>15,525</b>	<b>10</b>
Cost of sales	(1,856)	(2,109)	(2,256)	(2,188)	(2,145)	(2)	16	(8,225)	(8,699)	6
<b>Gross profit</b>	<b>1,416</b>	<b>1,710</b>	<b>1,674</b>	<b>1,864</b>	<b>1,578</b>	<b>(15)</b>	<b>11</b>	<b>5,911</b>	<b>6,827</b>	<b>15</b>
Operating costs	(901)	(989)	(1,084)	(1,094)	(1,010)	(8)	12	(3,769)	(4,177)	11
Operating profit	2,316	2,699	2,758	2,958	2,588	(13)	12	9,680	11,004	14
<b>Operating EBITDA</b>	<b>596</b>	<b>802</b>	<b>680</b>	<b>866</b>	<b>660</b>	<b>(24)</b>	<b>11</b>	<b>2,463</b>	<b>3,008</b>	<b>22</b>
Other income	13	14	22	27	22	(18)	75	47	85	83
Interest expense	(6)	(6)	(6)	(8)	(8)	7	47	(28)	(28)	(1)
Profit before tax	522	729	606	789	582	(26)	12	2,160	2,707	25
Tax	(53)	(104)	(63)	(120)	(111)	(8)	110	(336)	(398)	18
Associates	(1)	(0)	(0)	0	0	20	(112)	(2)	0	(111)
Minority interests	2	1	0	0	0	0	89	6	2	(72)
<b>Reported net profit</b>	<b>496</b>	<b>614</b>	<b>570</b>	<b>658</b>	<b>471</b>	<b>(28)</b>	<b>(5)</b>	<b>1,947</b>	<b>2,313</b>	<b>19</b>
<b>Core profit</b>	<b>470</b>	<b>627</b>	<b>544</b>	<b>669</b>	<b>472</b>	<b>(29)</b>	<b>0</b>	<b>1,828</b>	<b>2,311</b>	<b>26</b>
Reported EPS (THB)	1.20	0.70	0.70	0.76	0.54	(28)	(55)	2.23	2.65	19
Core EPS (THB)	0.54	0.72	0.62	0.77	0.54	(29)	0	2.10	2.65	26
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	43.3	44.8	42.6	46.0	42.4	(4)	(1)	41.8	44.0	2
Operating margin	16.1	19.3	15.6	19.7	15.9	(4)	(0)	15.5	17.6	2
EBITDA margin	18.2	21.0	17.3	21.4	17.7	(4)	(1)	17.4	19.4	2
Recurring net margin	14.4	16.4	13.8	16.5	12.7	(4)	(2)	12.9	14.9	2
SG&A / Sales	27.5	25.9	27.6	27.0	27.1	0	(0)	26.7	26.9	0
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Mega We Care branded business	1,670	1,954	2,004	2,034	1,802	(11)	8	6,909	7,793	13
Maxxcare distribution business	1,521	1,787	1,852	1,928	1,836	(5)	21	6,906	7,403	7
OEM business	81	79	74	90	86	(5)	5	321	329	2
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Mega We Care branded business	65.9	69.0	66.9	67.0	67.9	1	3	66.2	67.7	2
Maxxcare distribution business	18.6	18.8	16.3	24.5	16.9	(31)	(9)	17.5	19.2	10
OEM business	40.4	66.6	63.1	31.9	52.0	63	29	40.7	40.0	(2)

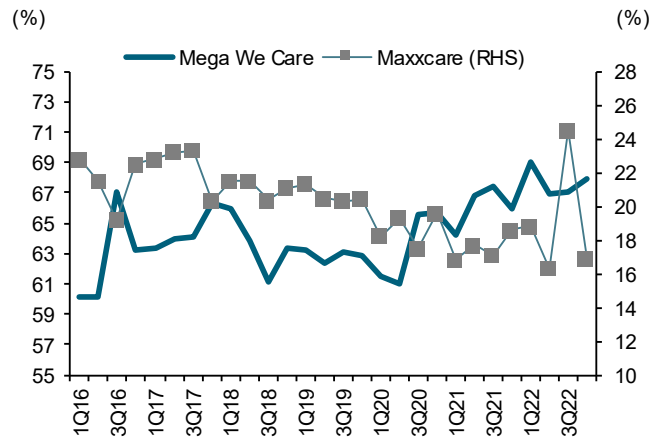
Sources: MEGA, FSSIA estimates

**Exhibit 9: Revenue by business**



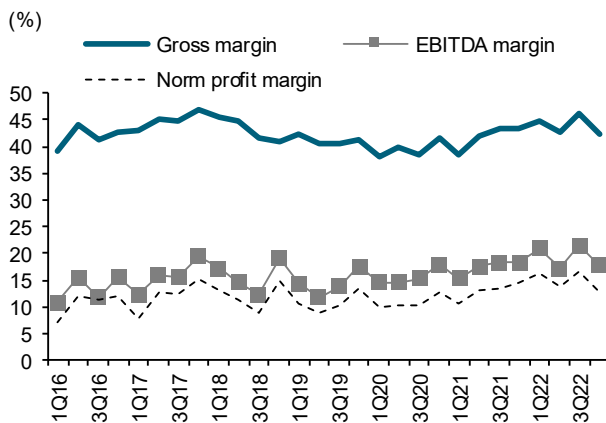
Sources: MEGA, FSSIA estimates

**Exhibit 10: Gross margin by business**



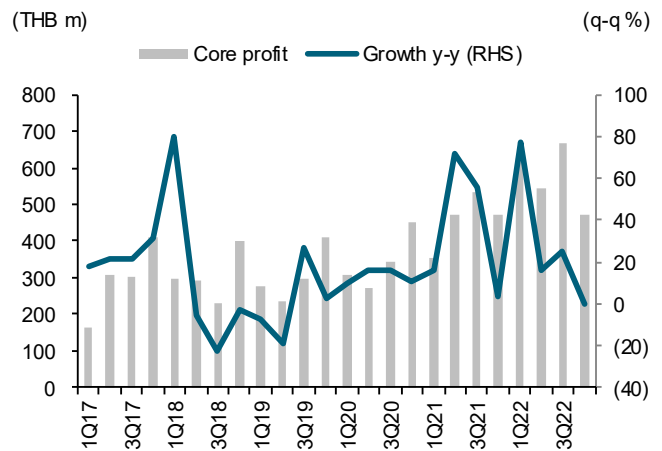
Sources: MEGA, FSSIA estimates

**Exhibit 11: Margins**



Sources: MEGA, FSSIA estimates

**Exhibit 12: Core profit and growth**

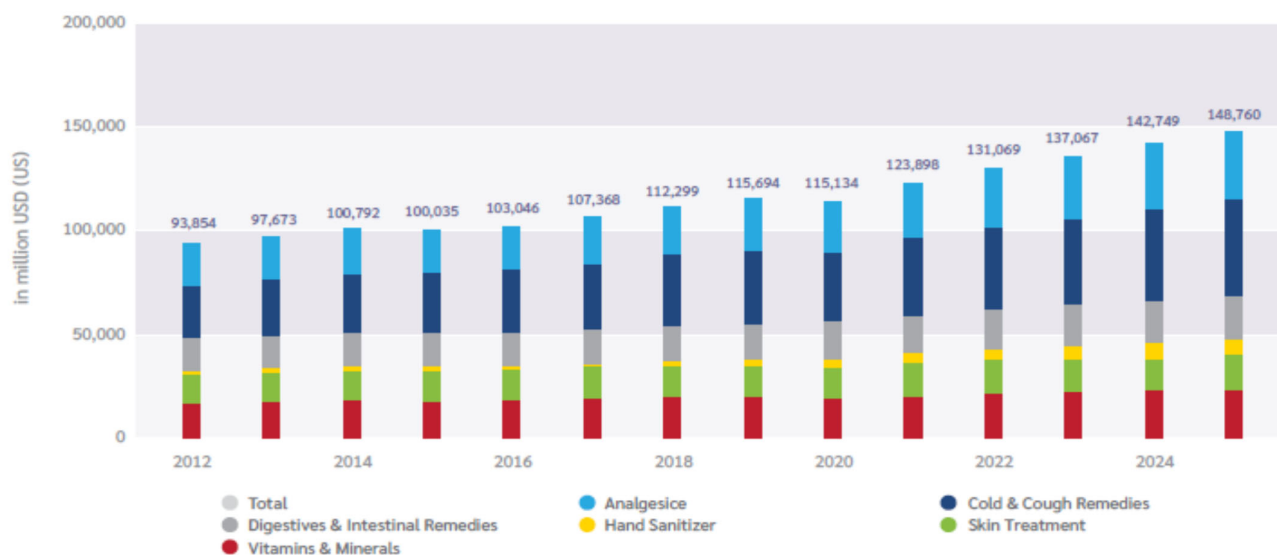


Sources: MEGA, FSSIA estimates

## Growth to continue at a more moderate pace

Covid-19 has changed human behaviour and the consumer mindset in many aspects. During the pandemic, sales of vitamins and dietary supplements spiked worldwide. After the pandemic, we think growth will continue due to expanding demographics, increased health awareness, the rise of non-communicable diseases, and the growth of e-commerce or e-pharmacy channels. According to Statista, the industry is expected to grow at a 4.3% CAGR in 2022-25.

**Exhibit 13: Global pharmaceutical market growth**



Sources: Statista, MEGA

During 2015-19, MEGA's sales revenue expanded at a moderate 8.8% CAGR, before surging to a 12.7% CAGR during the pandemic in 2020-21. After doubling its 2014 profit in 2019, management targets doubling its 2019 revenue and profit in 2025, implying THB22.3b in revenue and THB2.3b in profit, through aggressive expansion in Southeast Asia and Sub-Saharan Africa. We think Covid-19 has expedited its efforts, and our forecast sees the company reaching its profit goal in 2022.

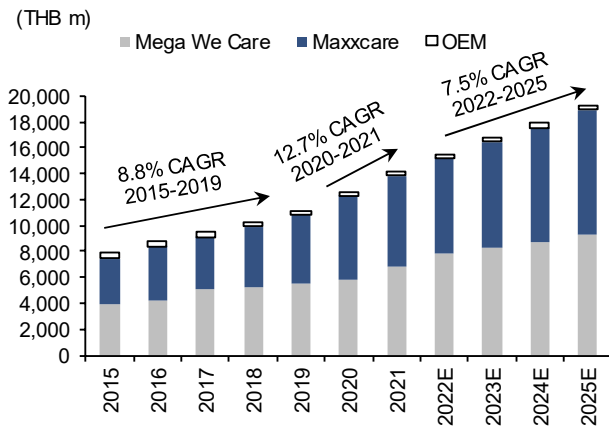
MEGA now has more than 170 drugs in the pipeline awaiting registration and has scheduled market launches for roughly 20 new pharmaceuticals, vitamins, and supplements every year. In addition, its manufacturing plant in Indonesia – of which MEGA acquired an 83.3% stake in 2020 – can now register many medicines, including cancer drugs.

Indonesia's pharmaceutical market is the largest in Southeast Asia with sales valued at USD7.6b in 2020. Indonesia is also one of the region's fastest growing countries with over 278m people. Management targets sales from Indonesia of about USD30m-50m in the next 2-3 years.

Post-pandemic, we expect its revenue to continue to rise but at a softer CAGR of 7.5% in 2022-25, owing to the high base during the Covid outbreak and a decline in stocking. We believe that the split between its branded and distribution businesses will likely be the same as in previous years, roughly 49:49, since their growth profile has been similar. We expect its gross margin to stay in a range of 42%-43% and forecast net profit to rise 3.8% y-y in 2023 and 5.5% in 2024, for a 5.4% CAGR during 2022-25.

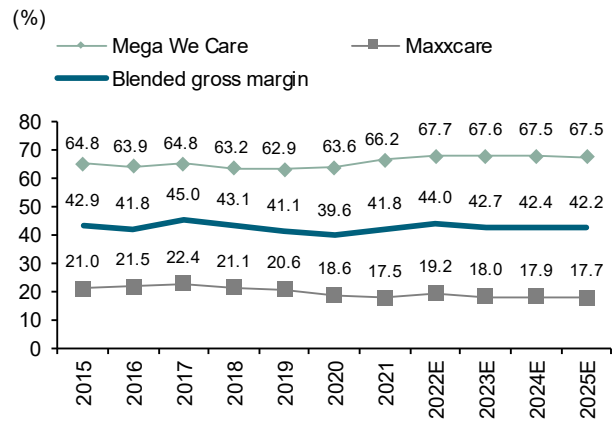


**Exhibit 14: Projected revenue**



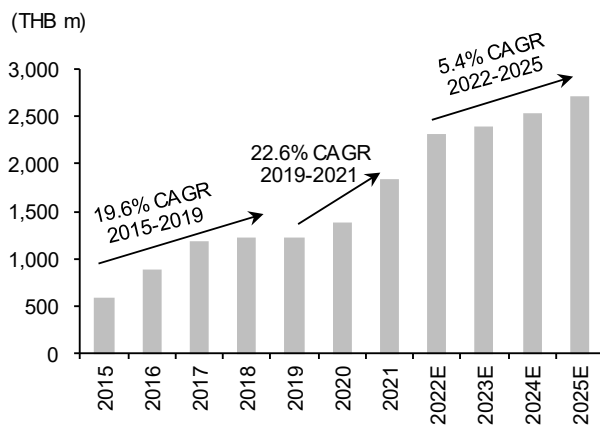
Sources: MEGA, FSSIA estimates

**Exhibit 15: Gross margin by business**



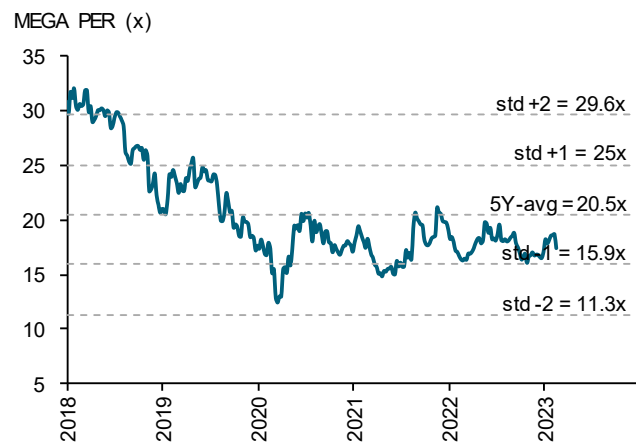
Sources: MEGA, FSSIA estimates

**Exhibit 16: Core profit projection**



Sources: MEGA, FSSIA estimates

**Exhibit 17: Rolling one-year forward P/E band**



Source: Bloomberg

## Valuation

We initiate our coverage of MEGA with a BUY rating and a DCF-based TP of THB65 (8.3% WACC, 3% LTG), implying 23.6x 2023E P/E, +0.5SD of its five-year average. Its share price, currently trading at 17.3x 2023E P/E, is the lowest among its local and global peers despite the hidden value of its client-loyal brand. Although its high growth era is temporarily over, we think MEGA's long-term outlook is promising with its strong brand, diversified markets, and healthy financial status.

### Exhibit 18: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	4.0
Market risk premium	8.5	Tax rate	20.0
Stock beta	0.9		
Cost of equity, Ke	10.9	Cost of debt, Kd	1.1
Weight applied	65.9	Weight applied	34.1
WACC	8.3		
Terminal growth	3.00		
<b>(THB m)</b>			
Sum of PV of FCF	17,692		
PV of Terminal value	40,635		
Enterprise value	58,326		
Net debt	(2,007)		
Equity value	56,620		
No. of shares (m)	872		
<b>Equity value per share (THB)</b>	<b>64.94</b>		

Sources: MEGA, FSSIA estimates

### Exhibit 19: Peers comparison

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		- EV/EBITDA -	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
<b>Thailand</b>														
Mega Lifesciences	MEGA TB	BUY	47.50	65.00	37	1,196	17.9	17.3	26.6	24.2	4.4	4.0	13.1	12.5
Healthlead	HL TB	n/a	25.00	n/a	n/a	197	59.3	47.0	12.7	14.7	n/a	n/a	37.1	30.6
Interpharma	IP TB	n/a	13.80	n/a	n/a	150	38.6	24.0	10.2	11.1	2.7	2.5	28.7	18.1
JSP Pharmaceutical	JSP TB	n/a	3.76	n/a	n/a	51	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Thailand average</b>						<b>1,594</b>	<b>38.6</b>	<b>29.4</b>	<b>16.5</b>	<b>16.7</b>	<b>3.6</b>	<b>3.2</b>	<b>26.3</b>	<b>20.4</b>
<b>Regional</b>														
Herbalife Nutrition	HLF US	n/a	20.43	n/a	n/a	2,001	6.2	6.7	n/a	n/a	n/a	n/a	6.4	6.6
Abbott Laboratories	ABT US	n/a	106.74	n/a	n/a	185,508	20.4	24.3	25.3	20.3	5.2	3.9	15.6	18.5
Bellring Brands	BRBR US	n/a	30.91	n/a	n/a	4,155	28.0	25.4	(22.9)	(31.7)	n/a	n/a	19.0	16.0
Usana Health Sciences	USNA US	n/a	62.28	n/a	n/a	1,196	19.0	21.9	15.3	11.8	n/a	n/a	7.4	8.0
Beachbody	BODY US	n/a	0.69	n/a	n/a	216	n/a	n/a	(51.5)	n/a	1.0	1.2	n/a	n/a
Nature's Sunshine	NATR US	n/a	9.88	n/a	n/a	189	n/a	54.9	(1.3)	2.7	n/a	n/a	4.7	5.5
Pfizer	PFE US	n/a	43.21	n/a	n/a	242,551	6.6	11.7	40.4	20.8	2.5	2.6	5.6	9.3
AstraZeneca	AZN LN	n/a	11,486	n/a	n/a	214,024	20.8	19.1	26.4	25.8	5.7	5.5	18.5	15.0
Bayer AG	BAYN GR	n/a	59.33	n/a	n/a	61,676	7.6	7.7	17.7	16.8	1.6	1.5	7.0	7.1
Roche Holding	RO SW	n/a	295.60	n/a	n/a	246,675	14.4	15.0	53.8	46.4	7.2	6.3	9.8	10.3
Novartis	NOVN SW	n/a	80.29	n/a	n/a	207,913	14.4	13.2	20.6	21.7	3.1	3.1	12.6	11.4
JCR Pharmaceuticals	4552 JT	n/a	1,557.00	n/a	n/a	1,505	11.6	20.3	36.3	18.2	3.8	3.3	8.3	13.6
China Feihe	6186 HK	n/a	6.68	n/a	n/a	7,732	9.7	8.5	23.6	23.8	2.2	1.9	5.9	5.2
Health and Happiness	1112 HK	n/a	13.24	n/a	n/a	1,091	9.2	8.0	12.9	13.5	1.1	1.0	7.8	7.1
Huadong Medicine	000963 CH	n/a	49.88	n/a	n/a	12,753	33.1	27.7	14.2	14.9	4.6	4.0	23.3	19.8
Blackmores	BKL AU	n/a	85.54	n/a	n/a	1,148	53.8	40.3	7.9	10.1	4.2	3.9	19.2	16.5
Kalbe Farma	KLBF IJ	n/a	2,300.00	n/a	n/a	7,111	31.0	26.9	16.7	17.4	5.1	4.6	21.2	18.5
Dr.Reddy's Laboratories	DRRD IN	n/a	4,510.35	n/a	n/a	9,026	26.1	19.1	15.3	18.4	3.8	3.3	15.7	11.9
Glaxosmithkline Pharmaceuticals	GLXO IN	n/a	1,242.10	n/a	n/a	2,603	34.7	34.2	34.6	27.4	8.3	10.3	24.8	24.5
<b>Regional average</b>						<b>1,209,073</b>	<b>20.4</b>	<b>21.4</b>	<b>15.9</b>	<b>16.4</b>	<b>3.9</b>	<b>3.8</b>	<b>12.9</b>	<b>12.5</b>
<b>Overall average</b>						<b>1,210,667</b>	<b>23.1</b>	<b>22.5</b>	<b>15.9</b>	<b>16.4</b>	<b>3.9</b>	<b>3.7</b>	<b>14.8</b>	<b>13.6</b>

Share price as of 17 Feb 2023

Sources: Bloomberg, FSSIA estimates

## Corporate Governance – MEGA

### Board structure

Independent Directors (ID)	4 of 10 board members, none is female
Percentage of IDs on the board	40%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 1/3 in remuneration committee
ID terms	Nine years and eligible for re-appointment

Based on 2021 One Report

Additional information: Chairman of the board is an independent director

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB9.6m vs net profit of THB1,947m
Changes/stability in senior management	One independent director changed in 2021
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information:

### Audit Practices

Auditor	KPMG Phoomchai Audit Ltd.
Length of service	More than five years
Reporting incidents	None
Fee track record	THB4.68m during 2020-2022 with non-audit fee of cTHB1m each year
Policy on change of audit firm	To review every five years

Additional information: None

### Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

## ESG and sustainability management

MEGA is in a growing industry. Its business plays a crucial role in helping patients and communities. The company has a well-established presence and focuses on fast-growing markets in developing countries. Its success in building a strong market position in Southeast Asia and Africa demonstrates its ability to develop suitable products and effective marketing strategies.

Its revenue and profit growth, post-pandemic, is likely to slow compared with its record-shattering performance in 2020-2021. However, we think its longer-term outlook is still promising based on its strong brand, diversified markets, and healthy financial status.

Materiality issues	Activities and practice
Operating risk	<p>Risk associated with doing business in Myanmar. Since November 1997, Myanmar was governed by the State Peace and Development Council, formerly known as the State Law and Order Restoration Council, a military-dominated regime that previously governed Myanmar from 1988 to November 1997. Although the government of Myanmar has in recent years instituted certain market-based economic and financial reforms, much of the economy remains state dominated as a result of past socialist economic initiatives. Should such reforms by the Myanmar government fail, the occurrence of such events may negatively affect MEGA's business, results of operations, financial condition and commercial opportunities in a material manner.</p> <p>The company may not be successful in introducing new products. The ongoing success and sustainable growth of our Mega We Care branded products business is its ability to develop and introduce new products into our portfolio, particularly branded generic products, through a combination of both in-house product development and procurement from third parties. As such, the success of new product candidates is highly dependent on the ability to identify reference products that provide a suitable basis for the development of a generic formulation of existing drugs, to develop these drugs in a cost-effective and timely basis, and to commercialize them successfully.</p>
Regulatory risk	<p>If MEGA is unable to protect its intellectual property, trademarks, and trade secrets, its business, results of operations, financial condition and commercial opportunities could be negatively affected in a material manner. As of December 31, 2021, the company had 3,407 trademark registrations. However, the process of seeking trademark protection can be lengthy and expensive, and it cannot assure that its pending trademark applications, or any trademark applications it may make in the future in respect of other products, will result in an issued trademark, or that any trademark registrations issued in the future will be able to provide with meaningful protection or commercial benefits. The scope of protection for registered trademarks may also vary across different jurisdictions.</p> <p>The company's ability to set its prices solely in accordance with market forces is restricted in Vietnam by government price limits. Prices of pharmaceutical products in Vietnam are subject to the regulation and approval of the government. Relevant government agencies in Vietnam are empowered to "inspect" and "control" prices for pharmaceutical products. The company must publicly declare the prices of its pharmaceutical products (import prices, wholesale and retail prices) prior to distribution, and submit one price dossier for approval to the Drug Administration of Vietnam ("DAV") and another for filing. If any changes in pricing are proposed to be made, the process must be re-started and a new approval obtained.</p>

Additional information: None

## Financial Statements

### MEGA Lifesciences

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	12,589	14,136	15,525	16,827	17,939
Cost of goods sold	(7,347)	(7,950)	(8,425)	(9,343)	(10,012)
<b>Gross profit</b>	<b>5,243</b>	<b>6,185</b>	<b>7,100</b>	<b>7,484</b>	<b>7,927</b>
Other operating income	36	47	85	76	68
Operating costs	(3,299)	(3,769)	(4,177)	(4,417)	(4,682)
<b>Operating EBITDA</b>	<b>1,979</b>	<b>2,463</b>	<b>3,008</b>	<b>3,142</b>	<b>3,313</b>
Depreciation	(256)	(274)	(273)	(298)	(317)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,722</b>	<b>2,188</b>	<b>2,735</b>	<b>2,844</b>	<b>2,996</b>
Net financing costs	(72)	(28)	(28)	(23)	(17)
Associates	(46)	(2)	0	0	0
Recurring non-operating income	(41)	4	2	1	(1)
Non-recurring items	18	119	2	0	0
<b>Profit before tax</b>	<b>1,627</b>	<b>2,283</b>	<b>2,711</b>	<b>2,822</b>	<b>2,979</b>
Tax	(234)	(336)	(398)	(423)	(447)
<b>Profit after tax</b>	<b>1,393</b>	<b>1,947</b>	<b>2,313</b>	<b>2,399</b>	<b>2,532</b>
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,393</b>	<b>1,947</b>	<b>2,313</b>	<b>2,399</b>	<b>2,532</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(18)</b>	<b>(119)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,375</b>	<b>1,828</b>	<b>2,311</b>	<b>2,399</b>	<b>2,532</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.58	2.10	2.65	2.75	2.90
Reported EPS	1.60	2.23	2.65	2.75	2.90
DPS	0.54	0.86	1.02	1.06	1.12
Diluted shares (used to calculate per share data)	872	872	872	872	872
<b>Growth</b>					
Revenue (%)	13.1	12.3	9.8	8.4	6.6
Operating EBITDA (%)	22.6	24.4	22.2	4.5	5.4
Operating EBIT (%)	18.7	27.0	25.0	4.0	5.3
Recurring EPS (%)	13.0	33.0	26.4	3.8	5.5
Reported EPS (%)	22.3	39.8	18.8	3.7	5.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	39.6	41.8	44.0	42.7	42.4
Gross margin of key business (%)	39.6	41.8	44.0	42.7	42.4
Operating EBITDA margin (%)	15.7	17.4	19.4	18.7	18.5
Operating EBIT margin (%)	13.7	15.5	17.6	16.9	16.7
Net margin (%)	10.9	12.9	14.9	14.3	14.1
Effective tax rate (%)	14.4	14.7	14.7	15.0	15.0
Dividend payout on recurring profit (%)	34.3	41.0	38.5	38.5	38.5
Interest cover (X)	23.3	77.5	97.8	124.9	180.4
Inventory days	157.3	167.5	168.0	158.8	153.9
Debtor days	78.3	70.9	73.0	75.4	74.1
Creditor days	131.6	145.1	147.8	126.2	109.4
Operating ROIC (%)	30.9	40.7	46.6	39.5	37.0
ROIC (%)	21.6	27.5	31.8	28.4	27.4
ROE (%)	20.9	24.4	26.6	24.2	23.4
ROA (%)	12.9	14.9	17.0	16.5	16.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2020	2021	2022E	2023E	2024E
Mega We Care	5,848	6,909	7,793	8,261	8,748
Maxxcare	6,502	6,906	7,403	8,218	8,818
OEM	239	320	329	348	373

Sources: MEGA Lifesciences; FSSIA estimates

## Financial Statements

### MEGA Lifesciences

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,375	1,828	2,311	2,399	2,532
Depreciation	256	274	273	298	317
Associates & minorities	46	2	0	0	0
Other non-cash items	364	252	276	(19)	(307)
Change in working capital	(405)	210	(1,587)	(1,005)	(1,252)
<b>Cash flow from operations</b>	<b>1,635</b>	<b>2,566</b>	<b>1,273</b>	<b>1,672</b>	<b>1,290</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(234)	(161)	(552)	(410)	(310)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(416)	(22)	0	0	0
<b>Cash flow from investing</b>	<b>(650)</b>	<b>(183)</b>	<b>(552)</b>	<b>(410)</b>	<b>(310)</b>
Dividends paid	(670)	(750)	(890)	(924)	(975)
Equity finance	0	0	0	0	0
Debt finance	(488)	(291)	44	(149)	(27)
Other financing cash flows	(65)	(28)	(28)	(23)	(17)
<b>Cash flow from financing</b>	<b>(1,222)</b>	<b>(1,069)</b>	<b>(875)</b>	<b>(1,096)</b>	<b>(1,018)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	3	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(238)</b>	<b>1,314</b>	<b>(151)</b>	<b>167</b>	<b>(39)</b>
Free cash flow to firm (FCFF)	1,057.14	2,411.31	748.65	1,285.15	996.41
Free cash flow to equity (FCFE)	432.67	2,063.62	739.30	1,090.40	936.00

#### Per share (THB)

FCFF per share	1.21	2.77	0.86	1.47	1.14
FCFE per share	0.50	2.37	0.85	1.25	1.07
Recurring cash flow per share	2.34	2.70	3.28	3.07	2.92

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	3,731	3,845	4,397	4,807	5,117
Less: Accumulated depreciation	(1,780)	(2,008)	(2,281)	(2,579)	(2,897)
<b>Tangible fixed assets (net)</b>	<b>1,951</b>	<b>1,837</b>	<b>2,116</b>	<b>2,228</b>	<b>2,221</b>
<b>Intangible fixed assets (net)</b>	<b>1,312</b>	<b>1,353</b>	<b>1,437</b>	<b>1,498</b>	<b>1,456</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	194	215	215	215	215
Cash & equivalents	1,218	2,531	2,381	2,547	2,509
A/C receivable	2,684	2,808	3,403	3,550	3,735
Inventories	3,475	3,823	3,932	4,200	4,245
Other current assets	244	139	177	192	205
<b>Current assets</b>	<b>7,620</b>	<b>9,301</b>	<b>9,893</b>	<b>10,489</b>	<b>10,693</b>
Other assets	512	566	580	590	587
<b>Total assets</b>	<b>11,590</b>	<b>13,272</b>	<b>14,241</b>	<b>15,020</b>	<b>15,172</b>
Common equity	6,958	8,003	9,367	10,442	11,179
Minorities etc.	21	22	23	23	24
<b>Total shareholders' equity</b>	<b>6,979</b>	<b>8,025</b>	<b>9,390</b>	<b>10,466</b>	<b>11,203</b>
Long term debt	111	132	96	79	63
Other long-term liabilities	238	261	233	236	179
<b>Long-term liabilities</b>	<b>349</b>	<b>393</b>	<b>329</b>	<b>314</b>	<b>243</b>
A/C payable	2,788	3,533	3,289	3,170	2,830
Short term debt	536	224	304	172	160
Other current liabilities	937	1,096	929	898	736
<b>Current liabilities</b>	<b>4,262</b>	<b>4,853</b>	<b>4,522</b>	<b>4,240</b>	<b>3,726</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,590</b>	<b>13,272</b>	<b>14,241</b>	<b>15,020</b>	<b>15,172</b>
Net working capital	2,677	2,141	3,294	3,874	4,619
Invested capital	6,647	6,111	7,642	8,405	9,097

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	7.98	9.18	10.74	11.98	12.82
Tangible book value per share	6.47	7.63	9.10	10.26	11.15

#### Financial strength

Net debt/equity (%)	(8.2)	(27.1)	(21.1)	(21.9)	(20.4)
Net debt/total assets (%)	(4.9)	(16.4)	(13.9)	(15.3)	(15.1)
Current ratio (x)	1.8	1.9	2.2	2.5	2.9
CF interest cover (x)	10.2	79.7	47.2	66.9	76.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>30.1</b>	<b>22.7</b>	<b>17.9</b>	<b>17.3</b>	<b>16.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>41.2</b>	<b>31.0</b>	<b>24.5</b>	<b>23.6</b>	<b>22.4</b>
Reported P/E (x)	29.7	21.3	17.9	17.3	16.4
Dividend yield (%)	1.1	1.8	2.2	2.2	2.4
Price/book (x)	6.0	5.2	4.4	4.0	3.7
Price/tangible book (x)	7.3	6.2	5.2	4.6	4.3
EV/EBITDA (x) **	20.7	15.9	13.1	12.5	11.8
EV/EBITDA @ target price (x) **	28.4	22.1	18.2	17.3	16.4
EV/invested capital (x)	6.1	6.4	5.2	4.7	4.3

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: MEGA Lifesciences; FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTA	SCN	STA	TKN	TPWC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIHK
AIT	BIG	CSC	GTB	KCAR	MITSI	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCCM	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

### CERTIFIED

2S	BCPG	CPI	GCAP	JR	MCOT	PHOL	RABBIT	SNC	THANI	TTCL
7UP	BE8	CPL	GEL	K	META	PK	RATCH	SNP	THCOM	TU
ADVANC	BEC	CPN	GFPT	KASET	MFC	PL	RML	SORKON	THIP	TVDH
AF	BEYOND	CRC	GGC	KBANK	MFEC	PLANB	RWI	SPACK	THRE	TVI
AI	BGC	CSC	GJS	KBS	MILL	PLANET	S&J	SPALI	THREL	TVO
AIE	BGRIM	DCC	GPI	KCAR	MINT	PLAT	SAAM	SPC	TIDLOR	TWPC
AIRA	BKI	DELTA	GPSC	KCE	MONO	PM	SABINA	SPI	TIPCO	UBE
AJ	BLA	DEMCO	GSTEEL	KGEN	MOONG	PPP	SAPPE	SPRC	TISCO	UBIS
AKP	BPP	DIMET	GULF	KGI	MSC	PPPM	SAT	SRICHA	TKS	UEC
AMA	BROOK	DRT	GUNKUL	KKP	MST	PPS	SC	SSF	TKT	UKEM
AMANAHA	BRR	DTAC	HANA	KSL	MTC	PR9	SCB	SSP	TMILL	UOBKH
AMATA	BSBM	DUSIT	HARN	KTB	MTI	PREB	SCC	SSSC	TMT	UPF
AMATAV	BTS	EA	HEMP	KTC	NEP	PRG	SCCC	SST	TNITY	UV
AP	BWG	EASTW	HENG	KWI	NINE	PRINC	SCG	STA	TNL	VGI
APCS	CEN	EGCO	HMPRO	L&E	NKI	PRM	SCGP	STGT	TNP	VIH
AS	CENDEL	EP	HTC	LANNA	NOBLE	PROS	SCM	STOWER	TNR	WACOAL
ASIAN	CFRESH	EPG	ICC	LH	NOK	PSH	SCN	SUSCO	TOG	WHA
ASK	CGH	ERW	ICHI	LHFG	NSI	PSL	SEAOIL	SVI	TOP	WHAUP
ASP	CHEWA	ESTAR	IFS	LHK	NWR	PSTC	SE-ED	SYMC	TOPP	WICE
AWC	CHOTI	ETE	III	LPN	OCC	PT	SELIC	SYNTEC	TPA	WIIK
AYUD	CHOW	FE	ILINK	LRH	OGC	PTG	SENA	TAE	TPCS	XO
B	CIG	FNS	INET	M	ORI	PTT	SGP	TAKUNI	TPP	YUASA
BAFS	CIMBT	FPI	INSURE	MAJOR	PAP	PTTEP	SINGER	TASCO	TRU	ZEN
BAM	CM	FPT	INTUCH	MAKRO	PATO	PTTGC	SIRI	TCAP	TRUE	ZIGA
BANPU	CMC	FSMART	IRC	MALEE	PB	PYLON	SITHAI	TCMC	TSC	
BAY	COM7	FSS	IRPC	MATCH	PCSGH	Q-CON	SKR	TFG	TSTE	
BBL	COTTO	FTE	ITEL	MBAX	PDG	QH	SMIT	TFI	TSTH	
BCH	CPALL	GBX	IVL	MBK	PDJ	QLT	SMK	TFMAMA	TTA	
BCP	CPF	GC	JKN	MC	PG	QTC	SMPC	TGH	TTB	

### DECLARED

AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

### Level

Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
MEGA Lifesciences	MEGA TB	THB 47.50	BUY	Downside risks to our DCF-based TP include 1) registration process delays in many countries; 2) more intense competition; 3) failures in introducing new products; and 4) risks associated with doing business in Myanmar.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 17-Feb-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.



## Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

## Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.