

MEGA LIFESCIENCES

THAILAND / COMMERCE

MEGA TB

BUY

UNCHANGED

Wait for growth from new markets

- Revise down our profit estimates as the situation in Myanmar shows no signs of improvement.
- Branded business and cost control are key factors driving profit growth.
- Roll over our TP to 2025 with a price of THB45.

TARGET PRICE	THB45.00
CLOSE	THB34.50
UP/DOWNSIDE	+30.4%
PRIOR TP	THB56.00
CHANGE IN TP	-19.6%
TP vs CONSENSUS	-4.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	15,681	15,855	16,363	17,222
Net profit	1,993	2,209	2,455	2,665
EPS (THB)	2.29	2.53	2.82	3.06
vs Consensus (%)	-	(11.3)	(5.7)	(4.6)
EBITDA	3,285	3,330	3,235	3,527
Recurring net profit	2,699	2,547	2,455	2,665
Core EPS (THB)	3.10	2.92	2.82	3.06
Chg. In EPS est. (%)	-	4.2	(5.5)	(1.8)
EPS growth (%)	13.4	(5.6)	(3.6)	8.5
Core P/E (x)	11.1	11.8	12.3	11.3
Dividend yield (%)	4.6	4.0	4.5	4.9
EV/EBITDA (x)	8.4	8.3	8.5	7.9
Price/book (x)	3.2	3.1	3.0	2.9
Net debt/Equity (%)	(26.4)	(25.4)	(24.3)	(21.1)
ROE (%)	29.9	26.7	24.7	25.9

2023-24 has not been a good period for the company

2023-24 has not been a good period for MEGA. The company has faced ongoing challenges in Myanmar due to restrictions on the import of consumer goods. The depreciation of the Myanmar kyat and Nigerian naira has also affected the company. In 2023, if the impact of the two exchange rates in Myanmar is adjusted, the total sales revenue would have decreased by 4.3% y-y, instead of being flat y-y as reported in the financial statement. This decline was primarily due to an 8.0% y-y drop in revenue from the distribution business (around 70% of which came from sales in Myanmar). For 9M24, if the impact of the two exchange rates in Myanmar is adjusted, total revenue would have decreased by 3.5% y-y, with a 12.4% y-y drop in the distribution unit.

Cut profit forecast to reflect the risks in foreign markets

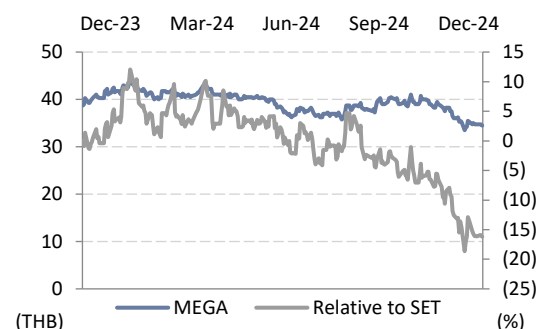
We revise our net profit estimates for 2024-26 down by 10%/6%/2%, respectively, mainly due to a reduction in the revenue and gross margin assumptions for the distribution business, as the situation in Myanmar shows no signs of improvement. We expect revenue from the distribution unit in 2025 to be flat y-y after a projected 12.2% y-y decline in 2024. However, since the distribution business accounts for 45% of total revenue, while the branded business (Mega We Care) – which represents 53% of total revenue and has a significantly higher gross margin – is more resilient to the economy, we expect net profit in 2024-26 to still grow by 11%/11%/9%, respectively.

Indonesia should contribute 7-8% of revenue in 2030

Investment in Indonesia is proceeding according to plan. MEGA expects to start production in 1Q26, with a sales target of USD30m within 2030, which would represent a 0.5% market share in Indonesia and about 7-8% of MEGA's total revenue. As for Vietnam, the company has purchased land but has not yet disclosed further details. We expect it may take 3-4 years before commercial production begins.

Cut TP but maintain BUY rating due to cheap valuations

We roll over our TP to 2025 with a price of THB45 (DCF, 8.9% WACC, 3.0% LTG). This implies 16x 2025E P/E, close to its five-year average P/E. We maintain our BUY rating due to its cheap valuations.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.8)	(11.5)	(11.0)
Relative to country (%)	(9.0)	(13.2)	(14.8)
Mkt cap (USD m)	887		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	40		
Major shareholder	Unistretch Co Ltd (50%)		
12m high/low (THB)	44.25/33.25		
Issued shares (m)	871.87		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Investment thesis

2023-24 has not been a good period for MEGA. The company has faced ongoing challenges in Myanmar due to restrictions on the import of consumer goods. The depreciation of the Myanmar kyat and Nigerian naira has also affected the company. We cut our net profit estimates for 2024-26 by 10%/6%/2%, respectively, mainly due to a reduction in the revenue and gross margin assumptions for the distribution business, as the situation in Myanmar shows no signs of improvement. However, since the branded business, which represents 53% of total revenue, is more resilient to the economy, we expect profit growth of 10% CAGR during 2024-26.

We maintain our BUY rating due to its cheap valuations.

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 the Mega We Care brand through its distribution network and third-party distributors in 36 countries across the world.

www.megawecare.com

Principal activities (revenue, 2023)

Mega We Care - 51.0 %

Maxxcare - 47.2 %

OEM - 1.8 %

Source: Mega Lifesciences

Major shareholders

Unistretch Co Ltd - 49.8 %

Thai NVDR - 8.0 %

Mr. Vivek Dhawan - 5.3 %

Others - 36.9 %

Source: Mega Lifesciences

Catalysts

Key potential catalysts include 1) expedited medicine registrations and listings; 2) widespread medical events such as 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) failure in introducing new products; and 4) risks associated with doing business in Myanmar.

Event calendar

Date	Event
February 2025	4Q24/2024 earnings announcement

Key assumptions

	(unit)	2024E	2025E	2026E
Mega We Care	(THB m)	8,362	8,864	9,573
Growth	(%)	4.5	6.0	8.0
Gross margin	(%)	65.1	65.0	64.9
Maxxcare	(THB m)	7,185	7,185	7,329
Growth	(%)	(12.2)	0.0	2.0
Gross margin	(%)	22.9	23.0	22.8
SG&A to sales (%)	(%)	27.8	28.4	28.1

Source: FSSIA estimates

Earnings sensitivity

- For every 5% change in branded revenue, we project MEGA’s 2025 net profit to change by 6%, all else being equal.
- For every 5% change in distribution revenue, we project MEGA’s 2025 net profit to change by 1%, all else being equal.
- For every 1% change in overall gross margin, we project MEGA’s 2025 net profit to change by 6%, all else being equal.

Source: FSSIA estimates

Pressured by factors beyond control

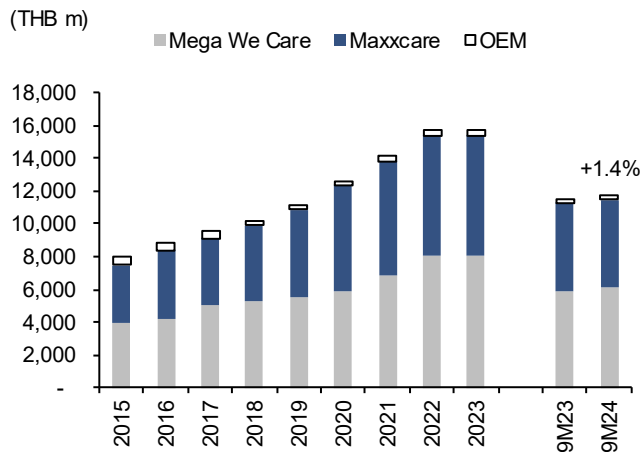
2023-24 has not been a good period for MEGA. The company has faced ongoing challenges in Myanmar due to restrictions on the import of consumer goods. The depreciation of the Myanmar kyat and Nigerian naira has also affected the company. The total revenue for 2023, as reported in the financial statement, remained stable y-y. However, if the impact of the two exchange rates in Myanmar is adjusted, the 2023 revenue would have decreased by 4.3% y-y. This decline was primarily due to an 8.0% y-y drop in revenue from the distribution business (around 70% of which came from sales in Myanmar). For 9M24, the reported total revenue increased by 1.4% y-y. However, if the impact of the two exchange rates in Myanmar is adjusted, total revenue would have decreased by 3.5% y-y, with a 12.4% y-y drop in the distribution unit.

We revise our net profit estimates for 2024-26 down by 10%/6%/2%, respectively, mainly due to a reduction in the revenue and gross margin assumptions for the distribution business, as the situation in Myanmar shows no signs of improvement. We expect revenue from the distribution unit in 2025 to be flat y-y after a projected 12.2% y-y decline in 2024. However, since the distribution business accounts for 45% of total revenue, while the branded business (Mega We Care) – which represents 53% of total revenue and has a significantly higher gross margin – is more resilient to the economy, we expect net profit in 2024 to still grow by 10.9% y-y to THB2.5b. For the net profit in 2025-26, we forecast growth of 11.2% y-y and 8.5% y-y, respectively, driven primarily by the branded business and cost control.

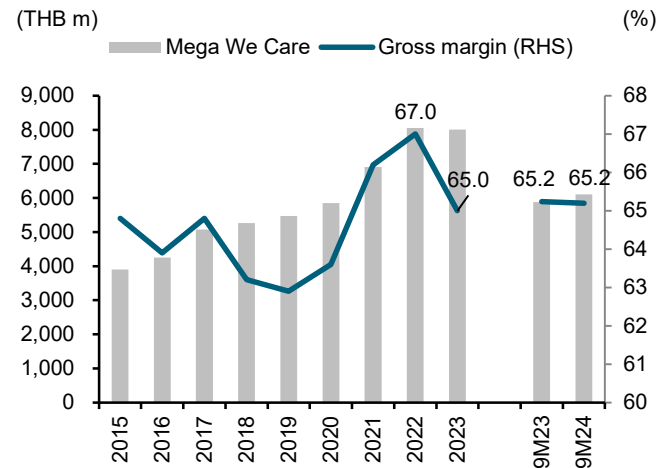
Exhibit 1: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2025E (%)
Total revenue	15,855	16,363	17,222	16,139	16,927	17,319	(1.8)	(3.3)	(0.6)
Mega We Care	8,362	8,864	9,573	8,502	9,097	9,663	(1.6)	(2.6)	(0.9)
Maxxcare	7,185	7,185	7,329	7,319	7,502	7,329	(1.8)	(4.2)	0.0
OEM	307	314	320	317	327	326	(3.1)	(4.1)	(1.9)
Cost of goods sold	8,501	8,858	9,242	8,816	9,206	9,224	(3.6)	(3.8)	0.2
Gross profit	7,354	7,505	7,980	7,323	7,720	8,095	0.4	(2.8)	(1.4)
SG&A	4,412	4,647	4,838	4,483	4,706	4,948	(1.6)	(1.3)	(2.2)
EBITDA	3,330	3,235	3,527	3,201	3,389	3,664	4.0	(4.6)	(3.7)
Interest expense	36	39	38	20	18	17	73.5	115.5	125.6
Net profit	2,209	2,455	2,665	2,444	2,598	2,715	(9.6)	(5.5)	(1.8)
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	46.4	45.9	46.3	45.4	45.6	46.7	1.0	0.3	(0.4)
Mega We Care	65.1	65.0	64.9	64.6	64.6	65	0.5	0.4	(0.1)
Maxxcare	22.9	23.0	22.8	23.8	23.4	23.3	(0.9)	(0.4)	(0.5)
SG&A to sales	27.8	28.4	28.1	27.8	27.8	27.8	0.1	0.6	0.3
EBITDA margin	21.0	19.8	20.5	19.8	20.0	21.2	1.2	(0.3)	(0.7)
Net margin	13.9	15.0	15.5	15.1	15.3	16.2	(1.2)	(0.3)	(0.7)

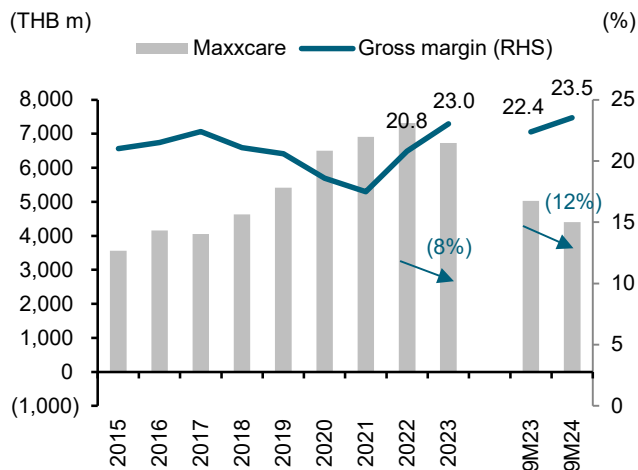
Source: FSSIA estimates

Exhibit 2: Total revenue by business unit

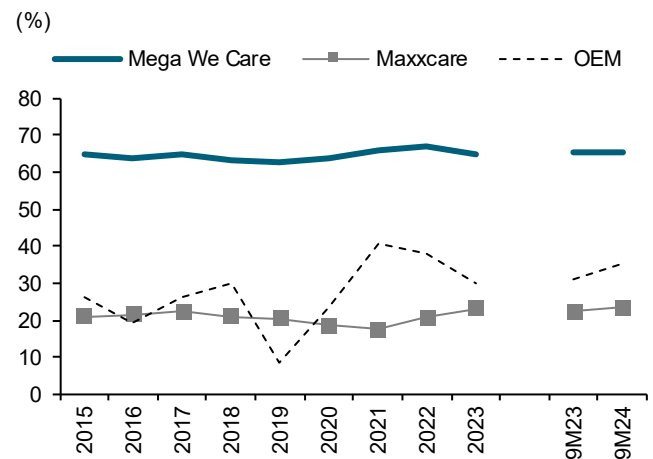
Note: The figures are as shown in the reported financial statement
Sources: MEGA, FSSIA's compilation

Exhibit 3: Revenue and gross margin from brand business

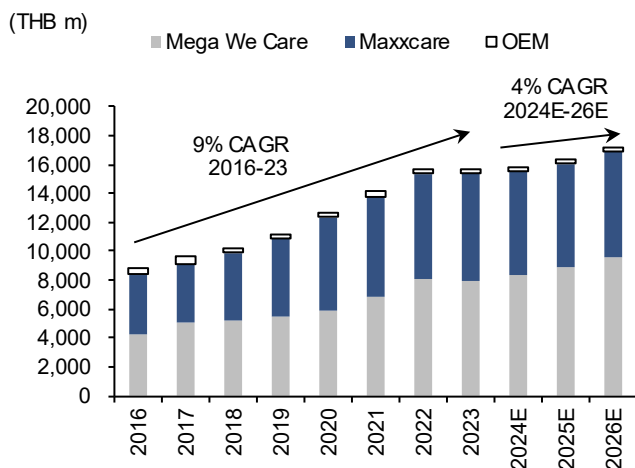
Sources: MEGA, FSSIA's compilation

Exhibit 4: Revenue and gross margin from distribution unit

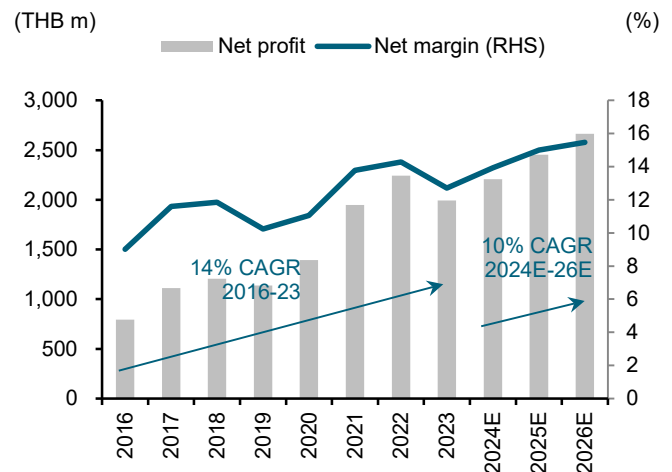
Note: The figures are adjusted for the dual currency rate effect in Myanmar
Sources: MEGA, FSSIA's compilation

Exhibit 5: Gross margins by business unit

Note: Maxxcare's gross margin is adjusted for the dual currency rate effect in Myanmar
Sources: MEGA, FSSIA's compilation

Exhibit 6: Total revenue by business unit, yearly

Sources: MEGA, FSSIA estimates

Exhibit 7: Net profit and net margin, yearly

Sources: MEGA, FSSIA estimates

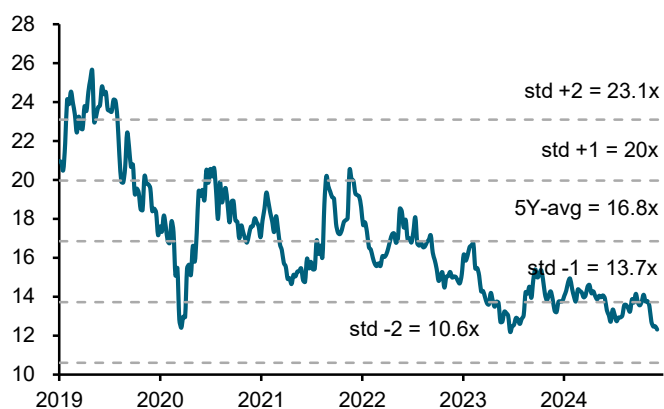
Exhibit 8: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk-free rate	3.0	Pre-tax cost of debt	4.5
Market risk premium	9.0	Tax rate	15.0
Stock beta	0.9		
Cost of equity, Ke	10.7	Cost of debt, Kd	1.4
Weight applied	70.2	Weight applied	29.8
WACC	8.9		
Terminal growth	3.0		
(THB m)			
Sum of PV of FCF	8,580		
PV of Terminal value	32,168		
Enterprise value	40,748		
Net debt	(1,598)		
Equity value	39,149		
No. of shares (m)	872.0		
Equity value per share (THB)	44.9		

Sources: FSSIA estimates

Exhibit 9: One-year rolling forward P/E band

MEGA PER (x)



Sources: Bloomberg, FSSIA estimates

Exhibit 10: One-year rolling forward P/BV band

MEGA PBV (x)



Sources: Bloomberg, FSSIA estimates

Financial Statements

Mega Lifesciences

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	15,686	15,681	15,855	16,363	17,222
Cost of goods sold	(8,647)	(8,586)	(8,501)	(8,858)	(9,242)
Gross profit	7,040	7,095	7,354	7,505	7,980
Other operating income	80	95	92	70	69
Operating costs	(4,359)	(4,191)	(4,412)	(4,647)	(4,838)
Operating EBITDA	3,033	3,285	3,330	3,235	3,527
Depreciation	(272)	(286)	(297)	(307)	(316)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,761	2,999	3,033	2,928	3,211
Net financing costs	(29)	(31)	(36)	(39)	(38)
Associates	0	0	0	0	0
Recurring non-operating income	2	0	(1)	(1)	0
Non-recurring items	(138)	(707)	(338)	0	0
Profit before tax	2,596	2,262	2,658	2,889	3,173
Tax	(355)	(269)	(450)	(433)	(508)
Profit after tax	2,242	1,993	2,209	2,455	2,665
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,242	1,993	2,209	2,455	2,665
Non-recurring items & goodwill (net)	138	707	338	0	0
Recurring net profit	2,380	2,699	2,547	2,455	2,665
Per share (THB)					
Recurring EPS *	2.73	3.10	2.92	2.82	3.06
Reported EPS	2.57	2.29	2.53	2.82	3.06
DPS	1.60	1.60	1.39	1.55	1.68
Diluted shares (used to calculate per share data)	872	872	872	872	872
Growth					
Revenue (%)	11.0	0.0	1.1	3.2	5.3
Operating EBITDA (%)	23.2	8.3	1.4	(2.9)	9.0
Operating EBIT (%)	26.2	8.6	1.1	(3.5)	9.7
Recurring EPS (%)	30.2	13.4	(5.6)	18.5	8.5
Reported EPS (%)	15.1	(11.1)	10.9	11.2	8.5
Operating performance					
Gross margin inc. depreciation (%)	44.9	45.2	46.4	45.9	46.3
Gross margin exc. depreciation (%)	46.6	47.1	48.3	47.7	48.2
Operating EBITDA margin (%)	19.3	21.0	21.0	19.8	20.5
Operating EBIT margin (%)	17.6	19.1	19.1	17.9	18.6
Net margin (%)	15.2	17.2	16.1	15.0	15.5
Effective tax rate (%)	13.7	11.9	16.9	15.0	16.0
Dividend payout on recurring profit (%)	58.6	51.7	47.7	55.0	55.0
Interest cover (X)	96.2	96.0	85.3	75.5	83.7
Inventory days	172.8	164.6	152.8	151.2	151.1
Debtor days	72.0	80.9	78.6	74.8	75.1
Creditor days	163.5	157.6	132.3	118.2	114.0
Operating ROIC (%)	56.8	58.0	49.4	43.9	44.3
ROIC (%)	37.7	39.8	35.2	32.2	32.8
ROE (%)	28.4	29.9	26.7	24.7	25.9
ROA (%)	17.2	19.0	18.2	17.3	18.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Mega We Care	8,053	8,005	8,362	8,864	9,573
Maxxcare	7,320	7,397	7,185	7,185	7,329
OEM	314	280	307	314	320

Sources: Mega Lifesciences; FSSIA estimates

Financial Statements

Mega Lifesciences

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,380	2,699	2,547	2,455	2,665
Depreciation	272	286	297	307	316
Associates & minorities	0	0	0	0	0
Other non-cash items	474	671	(61)	(299)	(370)
Change in working capital	(989)	(1,023)	(860)	(730)	(912)
Cash flow from operations	2,136	2,633	1,923	1,732	1,699
Capex - maintenance	-	-	-	-	-
Capex - new investment	(305)	(294)	(480)	(360)	(440)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	24	44	173	(2)	0
Cash flow from investing	(281)	(250)	(307)	(362)	(440)
Dividends paid	(1,406)	(1,439)	(1,215)	(1,350)	(1,466)
Equity finance	0	0	0	0	0
Debt finance	2	(237)	126	4	2
Other financing cash flows	(30)	(32)	(36)	(39)	(38)
Cash flow from financing	(1,433)	(1,708)	(1,124)	(1,385)	(1,502)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(165)	(751)	(350)	0	0
Movement in cash	257	(76)	141	(14)	(243)
Free cash flow to firm (FCFF)	1,884.18	2,414.24	1,650.87	1,409.33	1,296.92
Free cash flow to equity (FCFE)	1,662.78	1,362.98	1,356.04	1,336.16	1,222.41

Per share (THB)

FCFF per share	2.16	2.77	1.89	1.62	1.49
FCFE per share	1.91	1.56	1.56	1.53	1.40
Recurring cash flow per share	3.58	4.19	3.19	2.82	2.99

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	4,062	4,309	4,789	5,149	5,589
Less: Accumulated depreciation	(2,161)	(2,334)	(2,631)	(2,938)	(3,254)
Tangible fixed assets (net)	1,901	1,974	2,158	2,211	2,335
Intangible fixed assets (net)	1,329	1,318	1,345	1,403	1,469
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	223	221	45	45	45
Cash & equivalents	2,789	2,712	2,854	2,840	2,596
A/C receivable	3,382	3,570	3,258	3,452	3,633
Inventories	4,109	3,377	3,494	3,592	3,798
Other current assets	310	330	371	383	403
Current assets	10,590	9,990	9,977	10,266	10,431
Other assets	603	611	640	638	643
Total assets	14,646	14,115	14,164	14,563	14,922
Common equity	8,777	9,302	9,740	10,125	10,474
Minorities etc.	0	0	0	0	0
Total shareholders' equity	8,777	9,302	9,740	10,125	10,474
Long term debt	109	132	146	149	149
Other long-term liabilities	223	244	273	245	248
Long-term liabilities	332	376	419	394	397
A/C payable	3,972	3,197	2,748	2,791	2,785
Short term debt	312	120	232	234	236
Other current liabilities	1,254	1,119	1,025	1,019	1,030
Current liabilities	5,538	4,437	4,005	4,044	4,051
Total liabilities and shareholders' equity	14,646	14,115	14,164	14,563	14,922
Net working capital	2,575	2,961	3,349	3,616	4,019
Invested capital	6,632	7,086	7,537	7,913	8,511

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

Per share (THB)

Book value per share	10.07	10.67	11.17	11.61	12.01
Tangible book value per share	8.54	9.16	9.63	10.00	10.33

Financial strength

Net debt/equity (%)	(27.0)	(26.4)	(25.4)	(24.3)	(21.1)
Net debt/total assets (%)	(16.2)	(17.4)	(17.5)	(16.9)	(14.8)
Current ratio (x)	1.9	2.3	2.5	2.5	2.6
CF interest cover (x)	69.5	54.0	52.7	44.7	44.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	12.6	11.1	11.8	12.3	11.3
Recurring P/E @ target price (x) *	16.5	14.5	15.4	16.0	14.7
Reported P/E (x)	13.4	15.1	13.6	12.3	11.3
Dividend yield (%)	4.6	4.6	4.0	4.5	4.9
Price/book (x)	3.4	3.2	3.1	3.0	2.9
Price/tangible book (x)	4.0	3.8	3.6	3.4	3.3
EV/EBITDA (x) **	9.1	8.4	8.3	8.5	7.9
EV/EBITDA @ target price (x) **	12.2	11.2	11.0	11.4	10.5
EV/invested capital (x)	4.2	3.9	3.7	3.5	3.3

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

Sources: Mega Lifesciences; FSSIA estimates

MEGA LIFESCIENCES PCL (MEGA TB)

FSSIA ESG rating

★ ★ ★

Exhibit 11: FSSIA ESG score implication

54.48 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 12: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
MEGA	54.48	--	Y	Y	4.00	4.00	Declared	Medium	66.56	--	--	58.59	24.00	2.39	--
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	2.29	—
BESG environmental pillar score	—	1.86	—
BESG social pillar score	—	1.06	—
BESG governance pillar score	—	4.54	—
ESG disclosure score	44.34	53.36	—
Environmental disclosure score	29.84	44.22	—
Social disclosure score	19.44	32.16	—
Governance disclosure score	83.59	83.59	—
Environmental			
Emissions reduction initiatives	Yes	Yes	Yes
Climate change policy	Yes	Yes	No
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	No	No
GHG scope 1	—	—	633
GHG scope 2 location-based	—	—	6
GHG Scope 3	—	—	0
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	Yes	Yes	Yes
Total energy consumption	24	24	23
Renewable energy use	1	1	1
Electricity used	12	13	12
Fuel used - natural gas	—	—	914

Sources: Bloomberg; FSSIA's compilation

Exhibit 14: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	—	—	0
Total waste	1	1	1
Waste recycled	0	0	—
Waste sent to landfills	—	—	—
Environmental supply chain management	Yes	Yes	No
Water policy	No	Yes	Yes
Water consumption	—	—	0
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	56	56	56
Pct disabled in workforce	—	—	—
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	Yes	Yes	No
Lost time incident rate - employees	0	0	—
Total recordable incident rate - employees	—	—	—
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	5,714	6,021	5,767
Employee turnover pct	—	19	—
Total hours spent by firm - employee training	70,551	79,892	70,826
Social supply chain management	Yes	Yes	Yes
Governance			
Board size	10	10	10
No. of independent directors (ID)	4	4	4
No. of women on board	1	1	1
No. of non-executive directors on board	8	8	8
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	6	5	7
Board meeting attendance pct	100	96	94
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	32	33	34
Age of the oldest director	80	81	82
No. of executives / company managers	6	6	6
No. of female executives	1	1	1
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	4	4	4
Audit meeting attendance %	100	100	100
Size of compensation committee	3	3	3
No. of ID on compensation committee	1	1	1
No. of compensation committee meetings	2	2	2
Compensation meeting attendance %	100	100	100
Size of nomination committee	3	3	3
No. of nomination committee meetings	2	2	3
Nomination meeting attendance %	100	100	100
Sustainability governance			
Verification type	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for SETESG inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETESG Index is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainabilitycs	The Sustainabilitycs' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

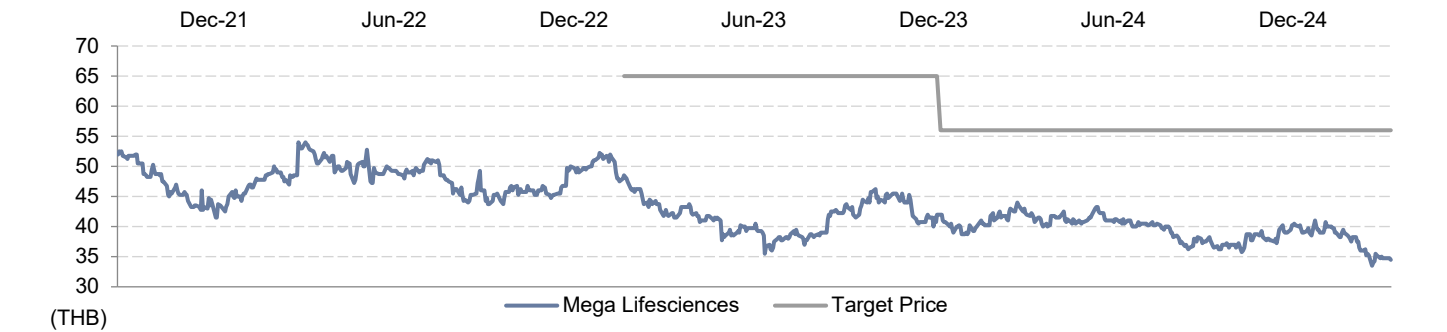
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History of change in investment rating and/or target price

Mega Lifesciences (MEGA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Feb-2023	BUY	65.00	17-Nov-2023	BUY	56.00	-	-	-

Jitra Amornthum started covering this stock from 20-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Mega Lifesciences	MEGA TB	THB 34.50	BUY	Downside risks to our DCF-based TP include 1) the delayed registration process in many countries; 2) more intensified competition; 3) failure 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.

All share prices are as at market close on 11-Dec-2024 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.