

MEGA LIFESCIENCES
THAILAND / COMMERCE

MEGA TB

BUY

UNCHANGED

ธุรกิจจัดจำหน่ายจตุรัส

- กำไรปกติ 4Q24 ที่ 642 ล้านบาท (+17.9% q-q, +3.2% y-y) ดีกว่าคาด 4% เป็นกำไรที่ดีที่สุดของปี 2024 โดยหลักมาจากธุรกิจ Mega We Care
- รายได้ของธุรกิจ Distribution ถดถอยเร็วกว่าคาด โดยลดลง 10% y-y ในปี 2024
- ปรับลดประมาณการแต่ยังคงคำแนะนำซื้อ จาก valuation ที่ถูก

TARGET PRICE	THB40.00
CLOSE	THB33.75
UP/DOWNSIDE	+18.5%
PRIOR TP	THB45.00
CHANGE IN TP	-11.1%
TP vs CONSENSUS	-5.5%

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	15,344	14,845	15,560	16,254
Net profit	2,013	2,220	2,397	2,686
EPS (THB)	2.31	2.55	2.75	3.08
vs Consensus (%)	-	(1.7)	(8.3)	(4.0)
EBITDA	3,756	2,983	3,201	3,517
Recurring net profit	2,237	2,220	2,397	2,686
Core EPS (THB)	2.57	2.55	2.75	3.08
Chg. In EPS est. (%)	nm	(9.6)	(10.1)	nm
EPS growth (%)	(3.9)	(0.7)	8.0	12.1
Core P/E (x)	13.2	13.3	12.3	11.0
Dividend yield (%)	4.7	4.8	4.9	5.1
EV/EBITDA (x)	6.9	8.7	8.1	7.4
Price/book (x)	3.0	3.0	3.0	2.8
Net debt/Equity (%)	(33.6)	(36.2)	(33.8)	(32.2)
ROE (%)	32.3	22.5	24.2	26.4

กำไร 4Q24 แข็งแกร่ง ขับเคลื่อนโดยธุรกิจแบรนด์ Mega We Care

MEGA รายงานกำไรปกติ 4Q24 ที่ 642 ล้านบาท (+17.9% q-q, +3.2% y-y) ดีกว่าคาด 4% เป็นกำไรที่ดีที่สุดของปี 2024 โดยหลักมาจากธุรกิจ Branded business (Mega We Care) ที่มีรายได้เพิ่มเติมรวมลดลง ทำสถิติสูงสุดใหม่ที่ 2.3 พันล้านบาท (62% ของรายได้รวม) แม้ว่ารายได้จาก Distribution business จะหดตัวแรง (รายได้จากเมียนมาร์ลดลงอย่างหนัก) จุดให้รายได้รวมลดลงทั้ง q-q และ y-y เหลือเพียง 3.6 พันล้านบาท ต่ำสุดของปี แต่อัตรากำไรขั้นต้นที่ดีขึ้นของ Branded business และการควบคุมค่าใช้จ่ายในการขายและบริหาร ทำให้กำไรเพิ่มขึ้นดังกล่าว

ธุรกิจ Distribution ถดถอยเร็วกว่าคาด

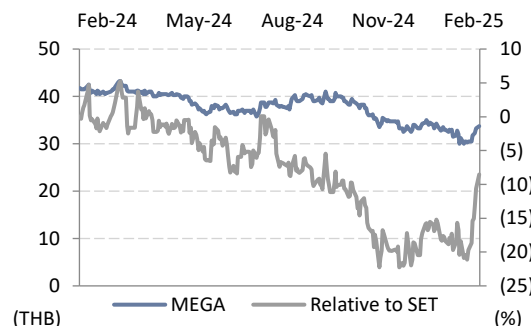
สำหรับปี 2024 MEGA มีกำไรปกติ 2.2 พันล้านบาท -3.9% y-y หดตัวเป็นครั้งแรกในรอบ 5 ปี ตามรายได้รวมที่ลดลง 2.1% y-y โดยหลักมาจากการลดลงของรายได้จาก Distribution business (36% ของรายได้รวม) ถึง 10% y-y ตามสถานการณ์การขายในเมียนมาร์ที่ถดถอยลงต่อเนื่องและไม่มีแนวโน้มจะดีขึ้น โดยรายได้ของ Distribution business ใน 4Q24 ที่ปรับผลกระทบของอัตราแลกเปลี่ยนในเมียนมาร์หดตัวถึง -32% q-q, -44% y-y และทำให้รายได้ทั้งปีของ Distribution business +20.5% y-y ทั้งนี้ MEGA จ่ายเงินปันผลงวด 2H24 หุ่นละ 0.80 บาท (yield 2.4%) XD 7 มี.ค. 2025

ปรับประมาณการลงโดยปรับลดรายได้จาก Distribution

รายได้ของธุรกิจ Distribution ถดถอยเร็วกว่าคาด โดยลดลง 10% y-y ในปี 2024 เราจึงปรับลดประมาณรายได้ของ Distribution ลงอีกครั้งเป็น -15% y-y ในปี 2025 (จากเดิมคาด flat y-y) โดยอิงจากรายได้ใน 4Q24 ที่เหลือเพียง 1.3 พันล้านบาท เราคาดว่าในปี 2025 รายได้อาจได้เฉลี่ย 1.4 พันล้านบาทต่อไตรมาส และตั้งสมมติฐานให้รายได้ทรงตัวในปี 2026 ประมาณการกำไรปี 2025-26 จึงลดลงจากเดิมเฉลี่ยปีละ 9-10% โดยคาดกำไรปกติปี 2025 ทรงตัวจากปีก่อนที่ 2.2 พันล้านบาท

คำแนะนำซื้อจาก Valuation ถูก

ราคาเป้าหมายจึงลดลงเป็น 40 บาท จากเดิม 45 บาท (DCF, 8.9% WACC, 3.0% LTG) ราคาเป้าหมายดังกล่าวคิดเป็น Implied 2025E P/E 16 เท่า ใกล้เคียงค่าเฉลี่ย 5 ปี ราคาหุ้นปัจจุบันมี 2025E P/E ต่ำเพียง 13.3x คงคำแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.3	(4.3)	(19.2)
Relative to country (%)	12.1	12.0	(8.5)
Mkt cap (USD m)	878		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	40		
Major shareholder	Unistretch Co Ltd (50%)		
12m high/low (THB)	43.75/29.75		
Issued shares (m)	871.87		

Sources: Bloomberg consensus; FSSIA estimates



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<div><div>Investment thesis</div><p>Revenue from the distribution business declined faster than expected, contracting 10% y-y in 2024. As a result, we further downgrade our revenue forecast for this segment to -15% y-y in 2025 (previously projected to be flat y-y). Consequently, our 2025-26 profit estimates are revised down by an average of 9-10% per year, with core profit in 2025 expected to remain flat y-y at THB2.2b.</p><p>Given these adjustments, we revise our TP down to THB40 from THB45 (DCF, 8.9% WACC, 3.0% LTG). This TP implies a 2025E P/E of 16x, close to its five-year average. At the current share price, the 2025E P/E is only 13.3x, which remains cheap. We maintain our BUY rating.</p><div>Company profile</div><p>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.</p><p>www.megawecare.com</p></div> <div><div>Principal activities (revenue, 2024)</div><div><div><div>Mega We Care - 54.6 %</div><div>Maxxcare - 43.5 %</div><div>OEM - 2.0 %</div></div><p>Source: Mega Lifesciences</p></div><div><div>Major shareholders</div><div><div><div>Unistretch Co Ltd - 49.8 %</div><div>Thai NVDR - 8.0 %</div><div>Mr. Vivek Dhawan - 5.3 %</div><div>Others - 36.9 %</div></div><p>Source: Mega Lifesciences</p></div></div></div>
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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 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
7 March 2025	Ex-dividend date
24 April 2025	Dividend payment date

Key assumptions

	(unit)	2025E	2026E	2027E
Mega We Care	(THB m)	8,864	9,573	10,147
Growth	(%)	6.0	8.0	6.0
Gross margin	(%)	65.0	64.8	65.0
Maxxcare	(THB m)	5,667	5,667	5,781
Growth	(%)	(15.0)	0.0	2.0
Gross margin	(%)	23.0	22.8	22.5
SG&A to sales (%)	(%)	30.5	30.5	29.8

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.

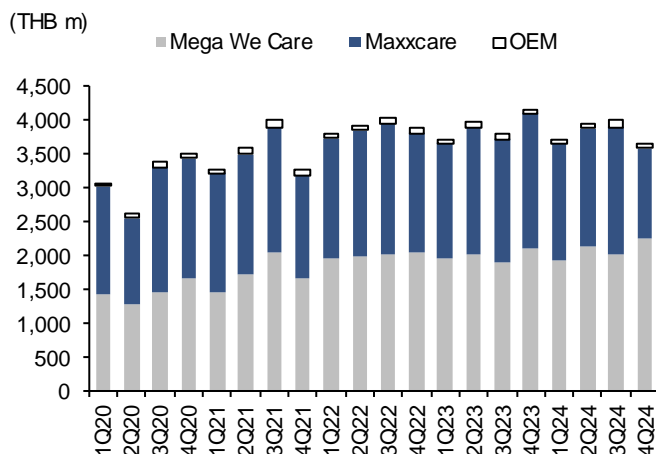
Source: FSSIA estimates

Exhibit 1: MEGA – 4Q24 earnings summary

Year to Dec 31	4Q23	1Q24	2Q24	3Q24	4Q24	----- Change -----		2023	2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	4,158	3,733	3,954	4,001	3,657	(8.6)	(12.0)	15,681	15,344	(2.1)
Cost of sales	(2,252)	(1,984)	(2,038)	(1,866)	(1,702)	(8.8)	(24.4)	(8,586)	(7,590)	(11.6)
Gross profit	1,905	1,749	1,916	2,135	1,955	(8.4)	2.6	5,190	5,469	5.4
Operating costs	(1,104)	(1,066)	(1,140)	(1,099)	(1,079)	(1.9)	(2.3)	(4,191)	(4,385)	4.6
Operating profit	801	682	776	1,035	876	(15.3)	9.4	2,999	3,473	15.8
Operating EBITDA	908	775	872	1,138	971	(14.7)	7.0	3,285	3,756	14.3
Other income	31	22	26	32	23	(28.6)	(27.5)	95	103	8.1
Interest expense	(5)	(5)	(9)	(10)	(14)	31.3	196.0	(31)	(38)	23.2
Profit before tax	828	699	793	1,057	885	(16.2)	7.0	2,968	3,434	15.7
Tax	(58)	(71)	(93)	(73)	(103)	41.3	76.1	(269)	(340)	26.2
Reported net profit	473	478	513	383	640	67.2	35.2	1,993	2,013	1.0
Extraordinaries										
- Net loss from new businesses	10	9	0	53	54			41	36	
- FX los/(gain)	138	7	(187)	(601)	(143)			325	(1,082)	
- Normalising tax expense	0	0	0	0	1			(31)	0	
Core profit	621	494	557	544	642	17.9	3.2	2,327	2,237	(3.9)
Reported EPS (THB)	0.54	0.55	0.59	0.44	0.73	67.2	35.3	2.29	2.31	1.0
Core EPS (THB)	0.71	0.57	0.64	0.62	0.74	17.9	3.2	2.67	2.57	(3.9)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	45.8	46.8	48.5	53.4	53.5	0.1	7.6	45.2	50.5	5.3
Operating margin	20.0	18.9	20.3	26.7	24.6	(2.1)	4.6	19.1	22.6	3.5
EBITDA margin	21.8	20.8	22.1	28.5	26.5	(1.9)	4.7	21.0	24.5	3.5
Recurring net margin	14.9	13.2	14.1	13.6	17.5	3.9	2.6	14.8	14.6	(0.3)
SG&A / Sales	26.6	28.6	28.8	27.5	29.5	2.0	2.9	26.7	28.6	1.8
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Branded business	2,126	1,930	2,140	2,033	2,268	11.6	6.7	8,005	8,371	4.6
Distribution business	1,980	1,737	1,746	1,865	1,320	(29.2)	(33.3)	7,397	6,667	(9.9)
Core revenue after FX effect in Myanmar	1,710	1,483	1,512	1,407	958	(31.9)	(44.0)	6,734	5,359	(20.4)
OEM business	53	65	68	104	69	(33.1)	31.7	280	306	9.5
Gross margin by business unit	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Branded business	64.3	64.3	66.0	65.2	65.7	0.5	1.4	65.0	65.9	0.9
Distribution business	26.6	27.9	27.8	23.7	33.6	9.9	7.0	24.5	31.9	7.4
OEM business	25.6	34.9	26.1	41.3	31.5	(9.8)	5.9	30.2	34.7	4.5

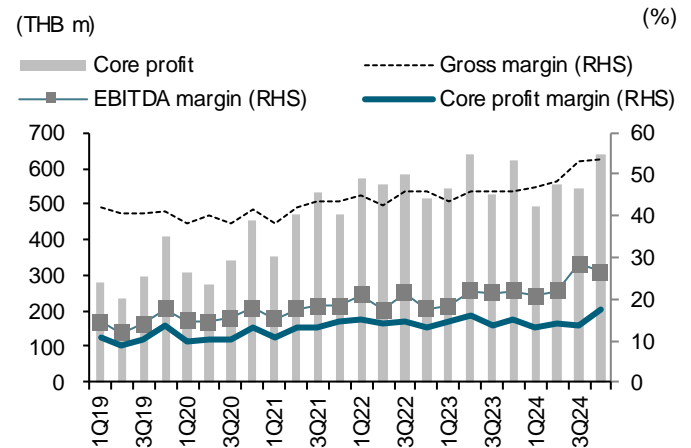
Sources: MEGA, FSSIA's compilation

Exhibit 2: Revenue structure



Sources: MEGA, FSSIA's compilation

Exhibit 3: Margins and core profit



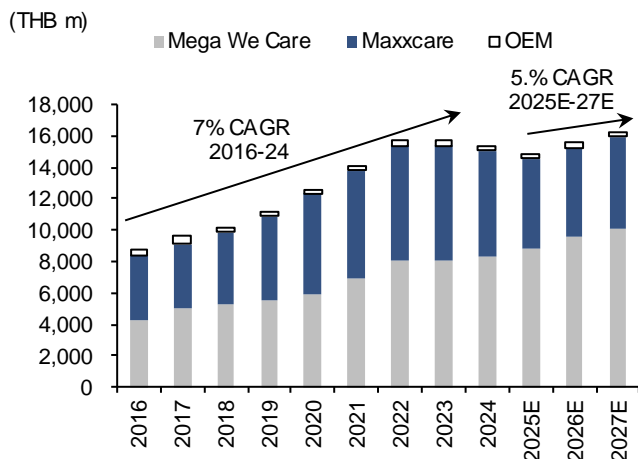
Sources: MEGA, FSSIA's compilation

Exhibit 4: Key changes in assumptions

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total revenue	14,845	15,560	16,254	16,363	17,222	17,780	(9.3)	(9.6)	(8.6)
Mega We Care	8,864	9,573	10,147	8,864	9,573	10,052	0.0	0.0	1.0
Maxxcare	5,667	5,667	5,781	7,185	7,329	7,402	(21.1)	(22.7)	(21.9)
OEM	314	320	326	314	320	326	0.0	0.0	0.0
Cost of goods sold	7,686	7,969	8,260	8,858	9,242	9,483	(13.2)	(13.8)	(12.9)
Gross profit	7,159	7,591	7,994	7,505	7,980	8,297	(4.6)	(4.9)	(3.6)
SG&A	4,528	4,746	4,844	4,647	4,838	5,121	(2.6)	(1.9)	(5.4)
EBITDA	2,983	3,201	3,517	3,228	3,520	3,571	(7.6)	(9.1)	(1.5)
Interest expense	41	40	40	50	50	39	(19.0)	(20.9)	1.9
Net profit	2,220	2,397	2,686	2,447	2,657	2,734	(9.3)	(9.8)	(1.8)
Core profit	2,220	2,397	2,686	2,447	2,657	2,734	(9.3)	(9.8)	(1.8)
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	48.2	48.8	49.2	45.9	46.3	46.7	2.4	2.5	2.5
Mega We Care	65.0	64.8	65.0	65.0	64.9	65	0.0	(0.1)	0.0
Maxxcare	23.0	22.8	22.5	23.0	22.8	22.5	0.0	0.0	0.0
SG&A to sales	30.5	30.5	29.8	28.4	28.09	28.8	2.1	2.4	1.0
EBITDA margin	20.1	20.6	21.6	19.7	20.4	20.1	0.4	0.1	1.6
Net margin	15.0	15.4	16.5	15.0	15.4	15.4	0.0	(0.0)	1.1

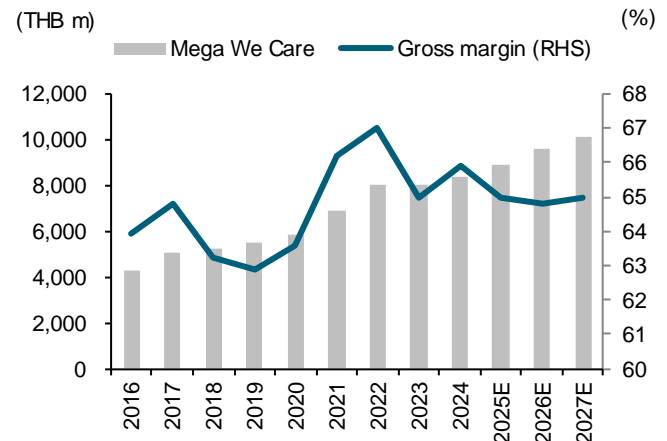
Source: FSSIA estimates

Exhibit 5: Revenue structure



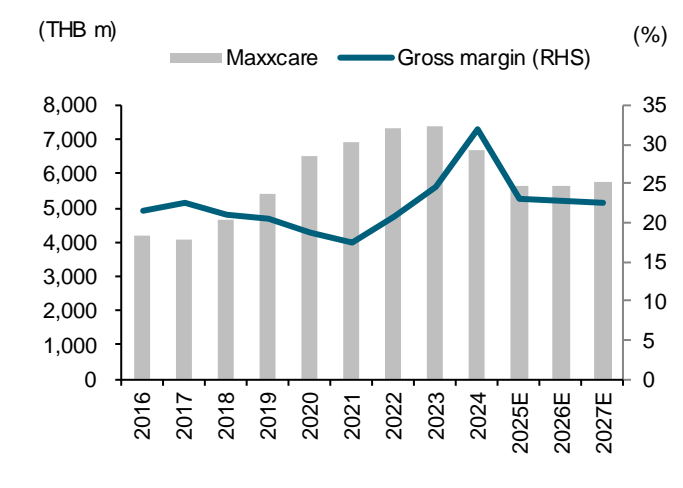
Sources: MEGA, FSSIA estimates

Exhibit 6: Revenue from branded business and gross margin



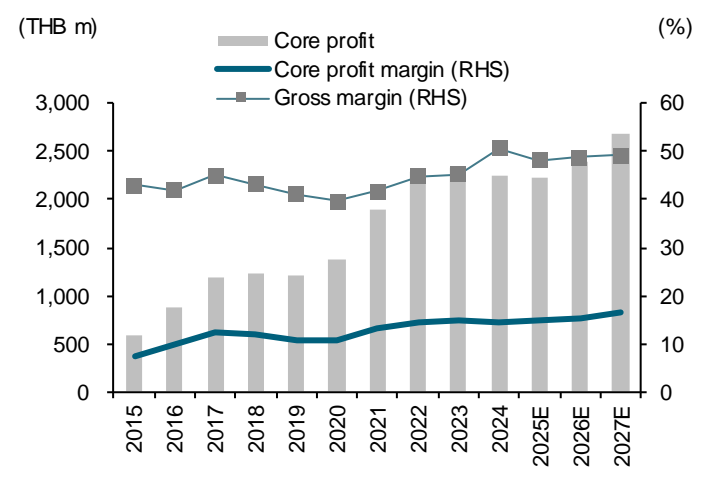
Sources: MEGA, FSSIA estimates

Exhibit 7: Revenue from distribution unit and gross margin



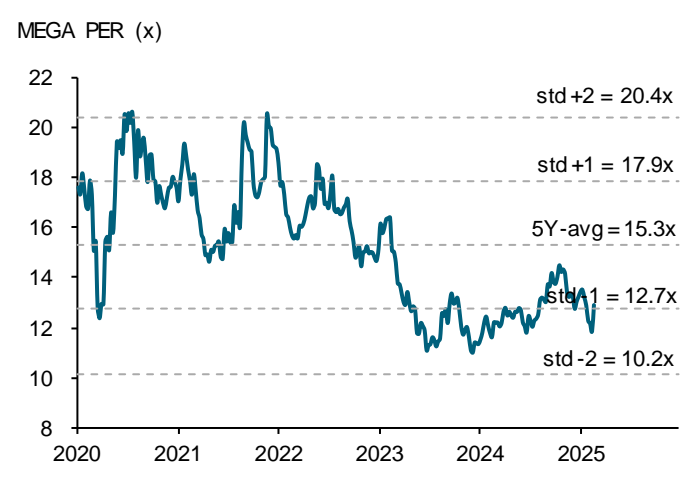
Sources: MEGA, FSSIA estimates

Exhibit 8: Margins and core profit



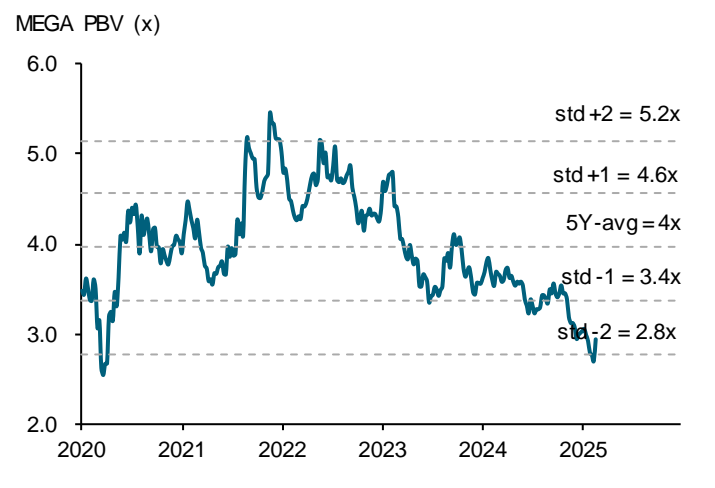
Sources: MEGA, FSSIA estimates

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



Sources: Bloomberg, FSSIA estimates

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



Sources: Bloomberg, FSSIA estimates

Financial Statements

Mega Lifesciences

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	15,681	15,344	14,845	15,560	16,254
Cost of goods sold	(8,586)	(7,590)	(7,686)	(7,969)	(8,260)
Gross profit	7,095	7,754	7,159	7,591	7,994
Other operating income	95	103	52	47	49
Operating costs	(4,191)	(4,385)	(4,528)	(4,746)	(4,844)
Operating EBITDA	3,285	3,756	2,983	3,201	3,517
Depreciation	(286)	(283)	(300)	(309)	(318)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,999	3,473	2,683	2,892	3,199
Net financing costs	(31)	(38)	(41)	(40)	(40)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(707)	(1,082)	0	0	0
Profit before tax	2,262	2,352	2,643	2,853	3,160
Tax	(269)	(340)	(423)	(456)	(474)
Profit after tax	1,993	2,013	2,220	2,397	2,686
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,993	2,013	2,220	2,397	2,686
Non-recurring items & goodwill (net)	335	234	0	0	0
Recurring net profit	2,327	2,237	2,220	2,397	2,686
Per share (THB)					
Recurring EPS *	2.67	2.57	2.55	2.75	3.08
Reported EPS	2.29	2.31	2.55	2.75	3.08
DPS	1.60	1.60	1.60	1.65	1.73
Diluted shares (used to calculate per share data)	872	872	872	872	872
Growth					
Revenue (%)	0.0	(2.1)	(3.3)	4.8	4.5
Operating EBITDA (%)	8.3	14.3	(20.6)	7.3	9.9
Operating EBIT (%)	8.6	15.8	(22.7)	7.8	10.6
Recurring EPS (%)	1.6	(3.9)	(0.7)	8.0	12.1
Reported EPS (%)	(11.1)	1.0	10.3	8.0	12.1
Operating performance					
Gross margin inc. depreciation (%)	45.2	50.5	48.2	48.8	49.2
Gross margin exc. depreciation (%)	47.1	52.4	50.2	50.8	51.1
Operating EBITDA margin (%)	21.0	24.5	20.1	20.6	21.6
Operating EBIT margin (%)	19.1	22.6	18.1	18.6	19.7
Net margin (%)	17.2	20.2	15.0	15.4	16.5
Effective tax rate (%)	11.9	14.4	16.0	16.0	15.0
Dividend payout on recurring profit (%)	51.7	45.1	63.0	60.0	56.0
Interest cover (X)	96.0	90.2	65.7	73.2	81.0
Inventory days	164.6	160.1	149.3	145.6	144.0
Debtor days	80.9	81.3	79.1	74.7	72.9
Creditor days	157.6	140.2	129.9	134.3	126.6
Operating ROIC (%)	58.0	64.3	48.1	51.7	53.8
ROIC (%)	39.8	45.0	33.8	36.4	38.7
ROE (%)	29.9	32.3	22.5	24.2	26.4
ROA (%)	19.0	22.1	15.7	16.6	18.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Mega We Care	8,005	8,371	8,864	9,573	10,147
Maxxcare	7,397	6,667	5,667	5,667	5,781
OEM	280	306	314	320	326

Sources: Mega Lifesciences; FSSIA estimates

Financial Statements

Mega Lifesciences

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	2,699	3,095	2,220	2,397	2,686
Depreciation	286	283	300	309	318
Associates & minorities	0	0	0	0	0
Other non-cash items	671	(357)	(330)	(370)	(369)
Change in working capital	(1,023)	(509)	42	(585)	(844)
Cash flow from operations	2,633	2,512	2,232	1,750	1,792
Capex - maintenance	-	-	-	-	-
Capex - new investment	(294)	(230)	(578)	(440)	(390)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	44	231	(2)	0	0
Cash flow from investing	(250)	1	(579)	(440)	(390)
Dividends paid	(1,439)	(1,395)	(1,399)	(1,438)	(1,504)
Equity finance	0	0	0	0	0
Debt finance	(237)	155	1	3	(3)
Other financing cash flows	(32)	(38)	(41)	(40)	(40)
Cash flow from financing	(1,708)	(1,277)	(1,438)	(1,474)	(1,547)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	31	0	110
Net other adjustments	(751)	(135)	31	(31)	110
Movement in cash	(76)	1,101	245	(195)	(35)
Free cash flow to firm (FCFF)	2,414.24	2,552.10	1,692.89	1,349.88	1,441.01
Free cash flow to equity (FCFE)	1,362.98	2,495.78	1,643.42	1,242.82	1,468.77

Per share (THB)

FCFF per share	2.77	2.93	1.94	1.55	1.65
FCFE per share	1.56	2.86	1.88	1.43	1.68
Recurring cash flow per share	4.19	3.46	2.51	2.68	3.02

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	4,309	4,571	5,149	5,589	5,979
Less: Accumulated depreciation	(2,334)	(2,624)	(2,924)	(3,233)	(3,551)
Tangible fixed assets (net)	1,974	1,947	2,225	2,356	2,428
Intangible fixed assets (net)	1,318	1,319	1,300	1,356	1,331
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	221	40	40	40	40
Cash & equivalents	2,712	3,813	4,058	3,863	3,828
A/C receivable	3,570	3,264	3,172	3,197	3,295
Inventories	3,377	3,033	3,011	3,100	3,168
Other current assets	330	117	166	174	182
Current assets	9,990	10,227	10,408	10,335	10,473
Other assets	611	678	597	597	596
Total assets	14,115	14,210	14,570	14,684	14,869
Common equity	9,302	9,877	9,854	9,969	10,351
Minorities etc.	0	0	0	0	0
Total shareholders' equity	9,302	9,877	9,854	9,969	10,351
Long term debt	132	140	139	140	138
Other long-term liabilities	244	279	223	224	224
Long-term liabilities	376	419	361	364	363
A/C payable	3,197	2,416	2,843	2,795	2,716
Short term debt	120	351	354	356	354
Other current liabilities	1,119	1,146	1,158	1,201	1,086
Current liabilities	4,437	3,914	4,354	4,351	4,156
Total liabilities and shareholders' equity	14,115	14,210	14,570	14,684	14,869
Net working capital	2,961	2,851	2,349	2,476	2,844
Invested capital	7,086	6,834	6,511	6,826	7,240

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

Per share (THB)

Book value per share	10.67	11.33	11.30	11.43	11.87
Tangible book value per share	9.16	9.82	9.81	9.88	10.35

Financial strength

Net debt/equity (%)	(26.4)	(33.6)	(36.2)	(33.8)	(32.2)
Net debt/total assets (%)	(17.4)	(23.4)	(24.5)	(22.9)	(22.4)
Current ratio (x)	2.3	2.6	2.4	2.4	2.5
CF interest cover (x)	54.0	71.8	55.4	43.6	48.1

Valuation	2023	2024	2025E	2026E	2027E
Recurring P/E (x) *	12.6	13.2	13.3	12.3	11.0
Recurring P/E @ target price (x) *	12.3	10.7	14.9	13.8	12.3
Reported P/E (x)	14.8	14.6	13.3	12.3	11.0
Dividend yield (%)	4.7	4.7	4.8	4.9	5.1
Price/book (x)	3.2	3.0	3.0	3.0	2.8
Price/tangible book (x)	3.7	3.4	3.4	3.4	3.3
EV/EBITDA (x) **	8.2	6.9	8.7	8.1	7.4
EV/EBITDA @ target price (x) **	9.3	7.9	9.9	9.3	8.5
EV/invested capital (x)	3.8	3.8	4.0	3.8	3.6

* 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


54.48 /100

Exhibit 11: FSSIA ESG score implication

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 ESG score	Domestic ratings						Global ratings						Bloomberg	
		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](https://www.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 Sustainalytics	The Sustainalytics' 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

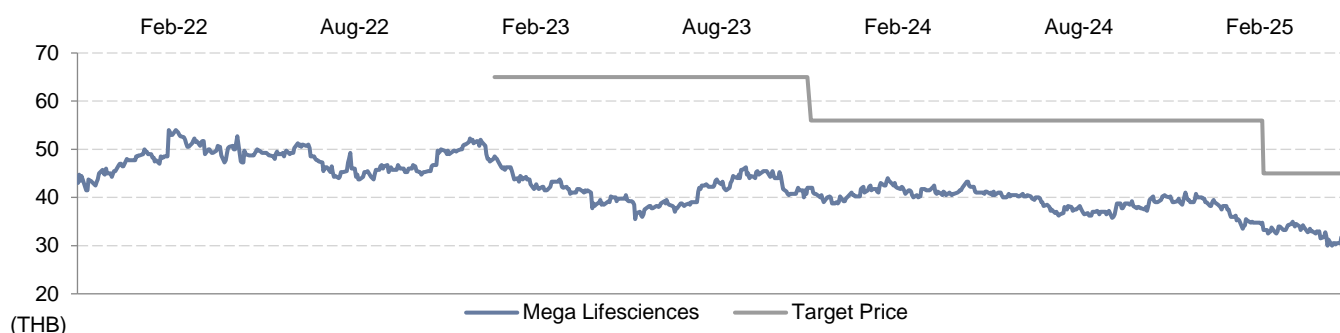
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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	12-Dec-2024	BUY	45.00

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 33.75	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 24-Feb-2025 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.