

BUY (Unchanged)

TP: Bt 52.00

(From: Bt 47.00)

Change in Numbers

Upside: 36.8%

19 JULY 2021

Mega Lifesciences Pcl (MEGA TB)



PATTADOL BUNNAK

662 – 483 8298

pattadol.bun@thanachartsec.co.th

A strong 2Q21F

Amid challenges after the military coup in Myanmar and lockdowns in its other markets, we still expect MEGA to report robust 24% y-y earnings growth in 2Q21F. We continue to foresee it maintaining its resiliency throughout the year. Reaffirm BUY. A country top pick.

Robust 2Q21F results

We expect MEGA to report earnings of Bt340m in 2Q21F, up 24% y-y and flat q-q. This is after its decent 1Q21 with 16% y-y growth. This is better than our previous expectation by about 10%. We lift our earnings estimates by 3-4% over 2021-23F, roll over our base year to 2022F and raise our DCF-based 12-month TP to Bt52/share (from Bt47). The strong results would be despite challenges from the military coup in Myanmar (40% of sales), and some degree of lockdown in Thailand (18%) and Vietnam (25%) Both its drugs and distribution businesses have grown well.

Resiliency factors

Of the total 40% of Myanmar sales, ~10% is from branded drugs and 30% from the distribution of drugs and FMCG products. While drugs are resilient products by nature, MEGA's distribution business also involves necessity items of consumer staple products, eg, drinking water, milk, health-related drinks and daily products of napkins and personal hygiene products. In Thailand, sales have also been resilient with its main products being drugs and food supplements, eg, Vitamins C and B. COVID-19 has also lent support to the health-consciousness trend and sales in Thailand have grown at a high single-digit growth rate in 1H21 from low-single digits previously. We also expect this health consciousness to extend beyond COVID. MEGA is also working on launching more vitamin-based products.

Limited risk from Myanmar coup

We don't expect the change to a military government in Myanmar to have a meaningful impact on MEGA. *First*, MEGA has been operating in Myanmar since 1995 and Myanmar has been under the control of the military regime for most of that time. MEGA, as the second-largest distributor in Myanmar focusing on drugs and FMCG products, is a company with significance for the country and it has good connections. *Second*, MEGA foresees no change to the business plans of its main clients, which are global providers of drugs and FMCG products, due to the regime change. These firms have been in Myanmar for decades. Note that MEGA's earnings have grown at an 18% CAGR in Myanmar since 2010 vs. the country's GDP growth of 6% p.a.

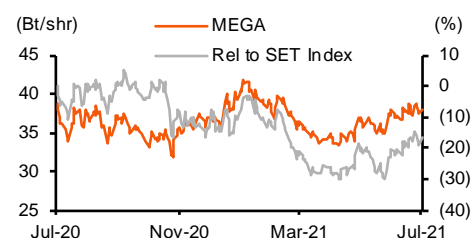
Weak baht offers helping hand

MEGA, as a net-export company, is benefiting from the weak baht. The baht averaged Bt30.8/USD in 1H21 and is at Bt32.7 currently. Year-to-date the baht is at Bt30.9 vs. our estimate of Bt31.6 for this year. Our baht sensitivity analysis for MEGA indicates that each 1% weakening of the baht would offer 0.8% upside to our earnings estimates.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	12,589	14,301	15,542	16,698
Net profit	1,393	1,683	1,864	2,049
Consensus NP	—	1,504	1,675	1,872
Diff frm cons (%)	—	11.9	11.3	9.5
Norm profit	1,416	1,683	1,864	2,049
Prev. Norm profit	—	1,632	1,792	1,964
Chg frm prev (%)	—	3.1	4.0	4.4
Norm EPS (Bt)	1.6	1.9	2.1	2.4
Norm EPS grw (%)	16.3	18.9	10.8	9.9
Norm PE (x)	23.4	19.7	17.8	16.2
EV/EBITDA (x)	16.7	14.3	12.7	11.4
P/BV (x)	4.8	4.3	3.8	3.5
Div yield (%)	2.4	2.9	3.1	4.0
ROE (%)	21.6	22.8	22.7	22.6
Net D/E (%)	(10.3)	(11.6)	(16.5)	(23.2)

PRICE PERFORMANCE



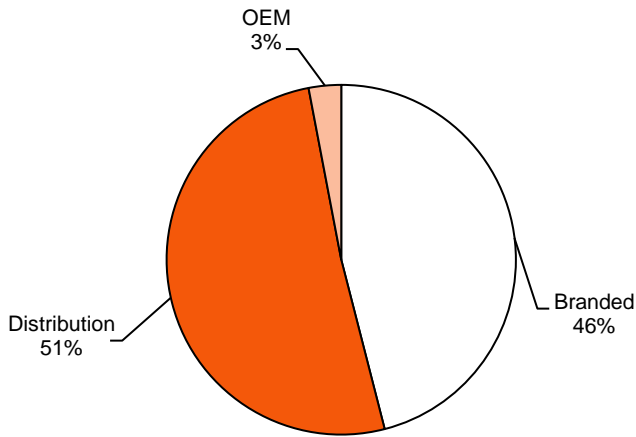
COMPANY INFORMATION

Price as of 19-Jul-21 (Bt)	38.00
Market Cap (US\$ m)	1,008.2
Listed Shares (m shares)	871.9
Free Float (%)	38.93
Avg Daily Turnover (US\$ m)	4.89
12M Price H/L (Bt)	41.75/31.75
Sector	Commerce
Major Shareholder	Shah Family 50.1%

Sources: Bloomberg, Company data, Thanachart estimates

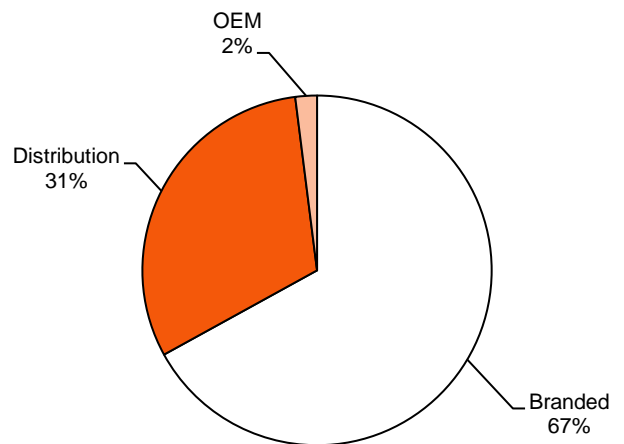


Ex 1: Sales Breakdown By Business



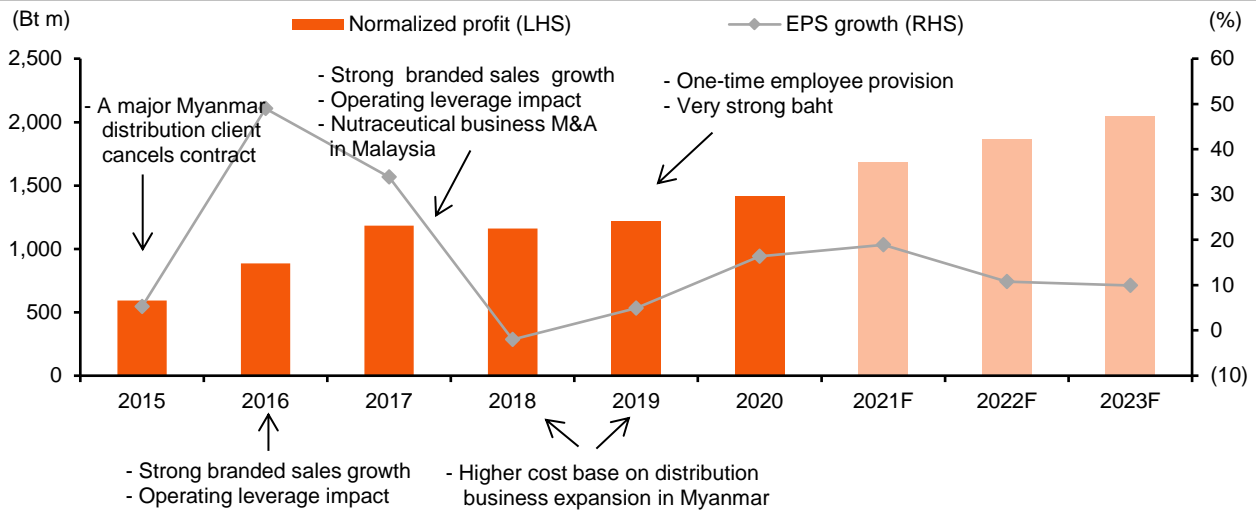
Sources: Company data; Thanachart estimates

Ex 2: EBIT Breakdown By Business



Sources: Company data; Thanachart estimates

Ex 3: MEGA's Earnings Growth Path



Sources: Company data, Thanachart estimates

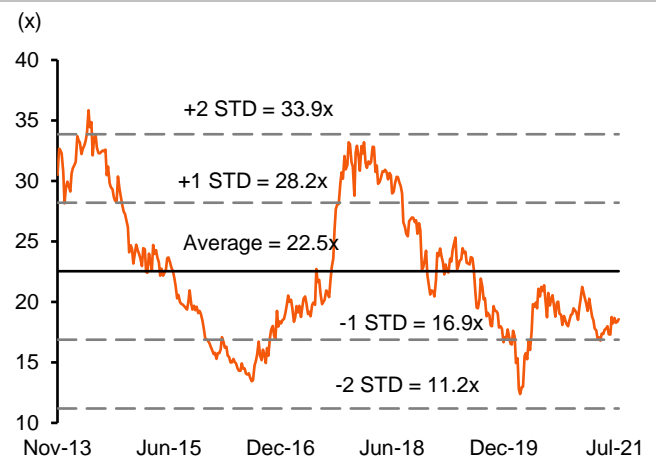
Valuation wise, MEGA is still trading on a 20x PE multiple this year, before falling to 18x in 2022F, vs. 19/11% EPS growth in those years. This is against its historical PE average since listing of 23x despite the re-rating of the SET. We regard this valuation level as inexpensive given its exposure to the pharmaceutical industry (global mega-trend of health consciousness), strong business position in the market and its resilient qualities against the COVID-19 crisis. We expect strong 2Q21F results to be a catalyst for the share price.

Ex 4: Our Baht Assumptions

	2020	2021F	2022F	2023F
Bt/USD	31.3	31.6	31.8	31.0

Sources: Bloomberg; Thanachart estimates

Ex 5: PE Since Listing



Sources: Bloomberg; Thanachart estimates

Ex 6: Earnings Revision

	2020	2021F	2022F	2023F
Sales (Bt m)				
New	12,589	14,301	15,542	16,698
Old		13,994	15,079	16,158
Change (%)		2.2	3.1	3.3
Gross margin (%)				
New	39.6	38.9	39.0	39.1
Old		38.8	38.9	39.0
Change (pp)		0.1	0.1	0.1
SG&A/sales (%)				
New	26.2	24.8	24.7	24.5
Old		24.8	24.7	24.5
Change (pp)		—	—	—
Normalized profit (Bt m)				
New	1,416	1,683	1,864	2,049
Old		1,632	1,792	1,964
Change (%)		3.1	4.0	4.4

Sources: Company data, Thanachart estimates

Ex 7: 12-month DCF-based TP Calculation Using A Base Year Of 2022F

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal Value
EBITDA	2,501	2,718	2,935	3,381	3,773	4,277	4,866	5,294	5,952	6,702	7,373	—
Free cash flow	1,544	2,015	2,216	2,577	2,892	3,278	3,716	4,208	4,723	5,370	5,928	71,947
PV of free cash flow	1,540	1,683	1,690	1,796	1,802	1,858	1,915	1,973	2,015	2,084	1,994	24,208
Risk-free rate (%)	3.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	11.3											
Terminal growth (%)	2.0											
Enterprise value - add investments	44,559											
Net debt (2021F)	(722)											
Minority interest	21											
Equity value	45,260											
# of shares (m)	872											
Equity value/share (Bt)	52											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 8: Valuation Comparison With Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield—	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)
Bristol-Myers Squibb	BMY US	US	16.0	7.7	9.0	8.4	4.0	3.4	7.0	7.1	2.9	3.0
Eli Lilly & Co	LLY US	US	5.8	10.8	29.5	26.6	28.6	21.9	24.8	22.5	1.4	1.6
Johnson & Johnson	JNJ US	US	19.3	9.3	17.6	16.1	6.2	4.4	13.6	12.6	2.5	2.6
Merck & Co Inc	MRK US	US	(5.6)	15.7	14.0	12.1	6.4	5.5	11.3	10.2	3.4	3.6
Pfizer Inc	PFE US	US	69.5	(9.0)	10.7	11.8	3.2	2.9	9.7	10.6	3.9	4.0
Abbott Laboratories	ABT US	US	19.6	6.8	26.9	25.2	5.1	4.6	19.9	19.3	1.4	1.5
Astellas Pharma Inc	4503 JP	Japan	75.7	16.8	16.7	14.3	2.3	2.2	10.3	9.2	2.6	2.9
Chugai Pharmaceutical	4519 JP	Japan	13.7	(3.6)	28.0	29.0	6.1	5.4	18.4	19.1	1.5	1.5
Daiichi Sankyo Co Ltd	4568 JP	Japan	(24.0)	39.2	74.9	53.8	3.4	3.3	27.2	22.0	1.3	1.3
Eisai Co Ltd	4523 JP	Japan	40.5	4.9	45.0	42.9	3.7	3.6	23.6	22.1	1.7	1.9
Otsuka Holdings Co Ltd	4578 JP	Japan	1.1	1.4	16.2	16.0	1.2	1.2	8.3	8.0	2.3	2.3
Taisho Pharmaceutical	4581 JP	Japan	(7.3)	6.7	40.1	37.6	0.7	0.7	7.7	7.4	1.6	1.6
AstraZeneca	AZN LN	UK	26.3	29.4	22.6	17.5	7.2	6.1	15.1	11.6	2.5	2.5
GlaxoSmithKline	GSK LN	UK	(15.6)	11.9	14.6	13.0	5.4	4.6	10.9	9.7	5.6	4.1
Novartis AG	NOVN SW	Switzerland	46.8	8.1	14.8	13.7	3.6	3.3	14.1	13.1	3.6	3.7
Roche Holding AG	ROG SW	Switzerland	2.0	4.9	18.4	17.5	7.0	5.9	12.8	12.5	2.6	2.7
Blackmores Ltd	BKL AU	Australia	63.6	38.9	45.3	32.6	3.9	3.7	19.6	15.1	1.0	1.7
Novo Nordisk A/S	NOVOB DC	Denmark	7.8	10.6	28.6	25.9	18.8	16.7	20.9	19.0	1.8	1.9
Sanofi	SAN FP	France	6.8	12.2	14.0	12.5	1.7	1.6	10.1	9.2	3.7	3.9
Apex Healthcare	APEX MK	Malaysia	(1.1)	14.3	25.1	22.1	2.7	2.5	16.5	14.0	1.3	1.5
Kalbe Farma	KLBF IJ	Indonesia	6.6	8.4	22.4	20.6	3.4	3.2	14.1	13.2	2.2	2.4
Mega Lifesciences	MEGA TB*	Thailand	18.9	10.8	19.7	17.8	4.3	3.8	14.3	12.7	2.9	3.1
Average			17.6	11.6	25.2	22.1	5.9	5.0	15.0	13.6	2.4	2.5

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

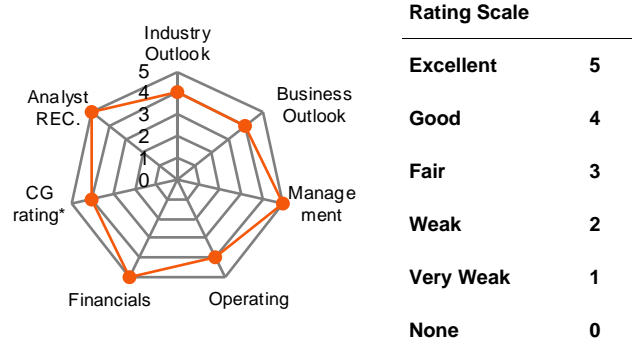
Based on 19-Jul-21 closing price

COMPANY DESCRIPTION

Mega Lifesciences PCL manufactures, markets and distributes nutritional and herbal supplement, OTC and ethical drugs. The company produces products that range from treating internal issues to overall general health. MEGA's operates in 33 countries globally.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Products have strong brand recognition.
- Has its own distribution networks.
- Strong market knowledge and business connections.

O — Opportunity

- Growing business along with decent GDP growth in its main markets.
- Penetrating untapped developing and less developed markets.
- New customers for its distribution services.

W — Weakness

- No exposure to large-value pharmaceutical markets in developed countries.
- Not keen on big-molecules medicines which are popular and offer high margins.

T — Threat

- Global pharmaceutical players entering MEGA's markets.
- Distribution customers can terminate contracts.
- Strong baht trend against other currencies, especially the US dollar.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	43.70	52.00	19%
Net profit 21F (Bt m)	1,504	1,683	12%
Net profit 22F (Bt m)	1,675	1,864	11%
Consensus REC	BUY: 10	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings forecasts and TP are higher than the Bloomberg consensus numbers, which we attribute to us having a more bullish view on the pharmaceutical industry's growth.

RISKS TO OUR INVESTMENT CASE

- Failure to receive drug-license approval for new pharmaceutical, nutraceutical and over-the-counter products would be the key downside risk to our call.
- Distribution clients terminating contracts represents a secondary downside risk.
- Unexpected OEM customer losses represent another downside risk.
- A stronger baht than our current expectations would be another downside risk.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

INCOME STATEMENT

Sustained and decent sales growth in the past looks likely to continue

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	11,130	12,589	14,301	15,542	16,698
Cost of sales	6,551	7,603	8,740	9,481	10,168
Gross profit	4,578	4,986	5,561	6,062	6,530
% gross margin	41.1%	39.6%	38.9%	39.0%	39.1%
Selling & administration expenses	3,176	3,299	3,547	3,834	4,099
Operating profit	1,402	1,687	2,014	2,227	2,431
% operating margin	12.6%	13.4%	14.1%	14.3%	14.6%
Depreciation & amortization	160	256	243	273	287
EBITDA	1,562	1,943	2,258	2,501	2,718
% EBITDA margin	14.0%	15.4%	15.8%	16.1%	16.3%
Non-operating income	34	24	33	36	38
Non-operating expenses	0	0	0	0	0
Interest expense	(65)	(72)	(76)	(81)	(79)
Pre-tax profit	1,371	1,638	1,971	2,182	2,390
Income tax	160	234	304	336	368
After-tax profit	1,211	1,404	1,668	1,846	2,022
% net margin	10.9%	11.2%	11.7%	11.9%	12.1%
Shares in affiliates' Earnings	6	7	10	13	22
Minority interests	(0)	4	5	5	5
Extraordinary items	(78)	(23)	0	0	0
NET PROFIT	1,139	1,393	1,683	1,864	2,049
Normalized profit	1,217	1,416	1,683	1,864	2,049
EPS (Bt)	1.3	1.6	1.9	2.1	2.4
Normalized EPS (Bt)	1.4	1.6	1.9	2.1	2.4

BALANCE SHEET

Plenty of cash on hand

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	7,230	7,620	8,459	9,297	10,488
Cash & cash equivalent	1,467	1,221	1,306	1,600	2,300
Account receivables	2,717	2,684	3,049	3,271	3,468
Inventories	2,856	3,475	3,831	4,130	4,402
Others	190	240	273	296	318
Investments & loans	241	194	244	294	344
Net fixed assets	1,771	1,951	2,358	2,434	2,247
Other assets	1,292	1,824	2,203	2,385	2,571
Total assets	10,533	11,590	13,264	14,410	15,651
LIABILITIES:					
Current liabilities:	4,158	4,262	4,780	4,950	5,228
Account payables	2,508	2,788	3,205	3,477	3,729
Bank overdraft & ST loans	888	499	400	168	93
Current LT debt	0	0	0	0	0
Others current liabilities	762	974	1,175	1,305	1,406
Total LT debt	0	0	0	0	0
Others LT liabilities	199	349	694	792	889
Total liabilities	4,358	4,611	5,473	5,743	6,117
Minority interest	0	21	16	16	11
Preferreds shares	0	0	0	0	0
Paid-up capital	436	436	436	436	436
Share premium	2,305	2,305	2,305	2,305	2,305
Warrants	2	2	2	2	2
Surplus	(609)	(536)	(536)	(536)	(536)
Retained earnings	4,041	4,752	5,568	6,446	7,316
Shareholders' equity	6,175	6,958	7,774	8,652	9,522
Liabilities & equity	10,533	11,590	13,264	14,410	15,651

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	1,371	1,638	1,971	2,182	2,390
Tax paid	(116)	(183)	(303)	(311)	(361)
Depreciation & amortization	160	256	243	273	287
Chg In working capital	60	(305)	(304)	(249)	(217)
Chg In other CA & CL / minorities	111	150	178	99	93
Cash flow from operations	1,586	1,557	1,785	1,995	2,193
Capex	(505)	(437)	(650)	(350)	(100)
Right of use	0	(263)	(300)	(100)	(100)
ST loans & investments	0	0	0	0	0
LT loans & investments	221	46	(50)	(50)	(50)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	63	(168)	266	17	11
Cash flow from investments	(220)	(822)	(734)	(483)	(239)
Debt financing	(150)	(371)	(99)	(232)	(75)
Capital increase	130	0	(0)	0	0
Dividends paid	(618)	(670)	(866)	(987)	(1,179)
Warrants & other surplus	(200)	60	0	0	0
Cash flow from financing	(838)	(981)	(966)	(1,219)	(1,254)
Free cash flow	1,081	1,120	1,135	1,645	2,093

Strong cash flows, based on our estimates

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	27.2	23.4	19.7	17.8	16.2
Normalized PE - at target price (x)	37.2	32.0	26.9	24.3	22.1
PE (x)	29.1	23.8	19.7	17.8	16.2
PE - at target price (x)	39.8	32.6	26.9	24.3	22.1
EV/EBITDA (x)	20.8	16.7	14.3	12.7	11.4
EV/EBITDA - at target price (x)	28.6	23.0	19.7	17.6	15.9
P/BV (x)	5.4	4.8	4.3	3.8	3.5
P/BV - at target price (x)	7.3	6.5	5.8	5.2	4.8
P/CFO (x)	20.9	21.3	18.6	16.6	15.1
Price/sales (x)	3.0	2.6	2.3	2.1	2.0
Dividend yield (%)	1.9	2.4	2.9	3.1	4.0
FCF Yield (%)	3.3	3.4	3.4	5.0	6.3
(Bt)					
Normalized EPS	1.4	1.6	1.9	2.1	2.4
EPS	1.3	1.6	1.9	2.1	2.4
DPS	0.7	0.9	1.1	1.2	1.5
BV/share	7.1	8.0	8.9	9.9	10.9
CFO/share	1.8	1.8	2.0	2.3	2.5
FCF/share	1.2	1.3	1.3	1.9	2.4

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	9.3	13.1	13.6	8.7	7.4
Net profit (%)	(5.6)	22.3	20.8	10.8	9.9
EPS (%)	(5.9)	22.2	20.8	10.8	9.9
Normalized profit (%)	4.9	16.3	18.9	10.8	9.9
Normalized EPS (%)	4.5	16.3	18.9	10.8	9.9
Dividend payout ratio (%)	55.1	56.3	56.3	55.0	65.0
Operating performance					
Gross margin (%)	41.1	39.6	38.9	39.0	39.1
Operating margin (%)	12.6	13.4	14.1	14.3	14.6
EBITDA margin (%)	14.0	15.4	15.8	16.1	16.3
Net margin (%)	10.9	11.2	11.7	11.9	12.1
D/E (incl. minor) (x)	0.1	0.1	0.1	0.0	0.0
Net D/E (incl. minor) (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Interest coverage - EBIT (x)	21.5	23.3	26.6	27.6	30.7
Interest coverage - EBITDA (x)	24.0	26.9	29.8	31.0	34.3
ROA - using norm profit (%)	12.1	12.8	13.5	13.5	13.6
ROE - using norm profit (%)	20.5	21.6	22.8	22.7	22.6
DuPont					
ROE - using after tax profit (%)	20.4	21.4	22.6	22.5	22.3
- asset turnover (x)	1.1	1.1	1.2	1.1	1.1
- operating margin (%)	12.9	13.6	14.3	14.6	14.8
- leverage (x)	1.7	1.7	1.7	1.7	1.7
- interest burden (%)	95.5	95.8	96.3	96.4	96.8
- tax burden (%)	88.3	85.7	84.6	84.6	84.6
WACC (%)	9.4	9.4	9.4	9.4	9.4
ROIC (%)	21.6	25.8	27.3	27.4	28.5
NOPAT (Bt m)	1,238	1,446	1,704	1,884	2,057
invested capital (Bt m)	5,597	6,236	6,868	7,220	7,315

*We expect ROIC to
surpass WACC*

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 82 Derivative Warrants which are ADVA16C2107A, ADVA16C2110A, AEON16C2108A, AOT16C2109A, BAM16C2107A, BAM16C2110A, BANP16C2107A, BANP16C2109A, BANP16C2110A, BCH16C2111A, BCH16C2109A, BDMS16C2107A, BDMS16C2109A, BGR16C2110A, BH16C2109A, CBG16C2108A, CBG16C2109A, CBG16C2109B, CHG16C2111A, COM716C2107A, COM716C2110A, CPAL16C2109A, CPF16C2107A, CPF16C2108A, CPN16C2109A, DELT16C2108A, DELT16C2109A, EA16C2107A, EA16C2108A, EA16C2110A, EGCO16C2110A, EPG16C2109A, GPSC16C2109A, GPSC16C2110A, GULF16C2107A, GUNK16C2108A, GUNK16C2110A, HANA16C2107A, IRPC16C2108A, IRPC16C2110A, IVL16C2107A, IVL16C2109A, IVL16C2110A, JMT16C2110A, KBAN16C2111A, KBAN16C2107A, KBAN16C2108A, KBAN16C2109A, KCE16C2109A, KCE16C2110A, KTC16C2110A, KTC16C2110B, MINT16C2107A, MINT16C2109A, MTC16C2108A, MTC16C2109A, OR16C2107A, OR16C2108A, OR16C2109A, PRM16C2109A, PTG16C2107A, PTG16C2109A, PTT16C2109A, PTTG16C2108A, PTTG16C2110A, RBF16C2110A, RS16C2108A, RS16C2109A, S5016C2109C, S5016C2109A, S5016C2109B, S5016P2109A, S5016P2109B, SAWA16C2107A, SCGP16C2107A, SCGP16C2109A, STA16C2107A, STEC16C2110A, TASC16C2107A, TASC16C2109A, TQM16C2108A, TU16C2110A (underlying securities are ADVANC, AEONTS, AOT, BAM, BANPU, BCH, BDMS, BGRIM, BH, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, EA, EGCO, EPG, GPSC, GULF, GUNKUL, HANA, IRPC, IVL, JMT, KBANK, KCE, KTC, MINT, MTC, OR, PRM, PTG, PTT, PTTGC, RBF, RS, SET50, SAWAD, SCGP, STA, STEC, TASC, TQM, TU). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team

19 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA

Head of Research

Tel: 662-779-9199

pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat

Senior Technical Analyst

Tel: 662-779-9105

pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut

Property, Retail

Tel: 662-779-9109

phannarai.von@thanachartsec.co.th

Sarachada Sornsong

Bank, Finance, Insurance

Tel: 662-779-9106

sarachada.sor@thanachartsec.co.th

Sittichet Rungrassameephat

Analyst, Quantitative

Tel: 662-483-8303

sittichet.run@thanachartsec.co.th

Adisak Phupiphathirungul, CFA

Retail Market Strategy

Tel: 662-779-9120

adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant

Telecom, Utilities

Tel: 662-483-8296

nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund

Tel: 662-483-8297

rata.lim@thanachartsec.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel

Tel: 662-779-9113

siriporn.aru@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market

Tel: 662-483-8304

thaloengsak.kuc@thanachartsec.co.th

Chak Reungsinpinya

Energy, Petrochemical, Paper

Tel: 662-779-9104

chak.reu@thanachartsec.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Shipping

Tel: 662-483-8298

pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak

Construction, Transportation

Tel: 662-779-9112

saksid.pha@thanachartsec.co.th

Witchanan Tambamroong

Technical Analyst

Tel: 662-779-9123

witchanan.tam@thanachartsec.co.th