Small Cap Research

BUY (Unchanged)

Company Update

TP: Bt 56.00 (Unchanged)

Upside: 19.8%

2 NOVEMBER 20211

Thanachart Securities

Mega Lifesciences Pcl (MEGA TB)

Another record quarter

MEGA looks set to post record earnings again in 3Q21F despite ongoing difficulties in Myanmar, Thailand and Vietnam, given the sales resiliency of its drugs and distributed products. Its share price is down 11% from this year's peak to trade below its historical average PE of 22x, vs. EPS growth of 25/13/11% in 2021-23F. BUY.

PATTADOL BUNNAK
662 – 483 8298
pattadol.bun@thanachartsec.co.th

A record 3Q21F

We estimate MEGA to post in-line earnings of Bt500m in 3Q21F (+30% y-y and 6% q-q) from the record in 2Q21. We see the results as strong despite COVID difficulties in its main markets of Myanmar, Thailand and Vietnam (80% of EBIT). The main driver should be branded sales (67% of EBIT), up 20% y-y and 4% q-q on higher demand for its vitamins and drugs amid the continued health-consciousness trend since COVID emerged despite the economic headwinds. That said, distribution (31% EBIT) likely fell 7% y-y and 2% q-q. Branded growth offset soft distribution.

Myanmar business update

Myanmar comprises 42% of sales and 30% of EBIT. Distribution makes up 20% of EBIT and branded 10%. Despite COVID, social unrest and the weakening Kyat, Myanmar grew by a mid-double-digit level in 1H21. However, with a stricter lockdown and the continued falling Kyat, we estimate sales fell 7% y-y in 3Q21F. This is not a surprise to us as 3Q20 was also a record quarter. Softness was caused mainly by lower sales of products like cosmetics while sales of drugs and necessity products, eg, milk, napkins and personal care products remained stable. We forecast Myanmar business softness to continue into 4Q21 but still project 17% y-y EPS growth with continued strength in other markets.

Impact from falling Kyat

MEGA's share price fell 11% from its peak in late August along with the rapid drop of the Myanmar Kyat against the US dollar by 10% amid prolonged social unrest. Though MEGA's distribution business receives fees in USD (no direct impact from the falling Kyat), its clients (foreign product owners exporting into Myanmar) need to raise prices to offset the declining Kyat (end consumers buy in Kyat). This also applies to MEGA's branded sales portion exported to Myanmar. This could weaken end consumers' spending power. However, MEGA has so far seen decent sales of its main drugs and high-necessity distributed products with some softness seen for less resilient products. Note that the Kyat fell 55% during 2012-20 and by 25% in 1H21 while Myanmar sales still grew at a mid-double-digit level.

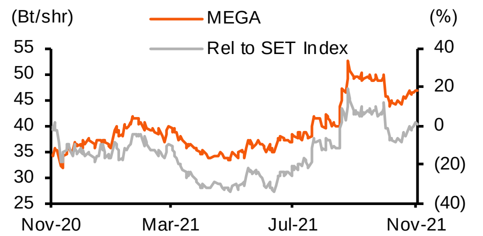
New products prolonging branded growth

MEGA plans to launch 10-plus new products in 2H21 to early 2022, including green chiretta, a herb-based drug in very high demand as it is recommended by Thai doctors for home-isolation, mild-symptom COVID patients in the event of a lack of Favipiravir. We expect long-term resilient demand as COVID looks set to become endemic. It also plans to launch other vitamins and probiotic products to boost people's immunity in 2022F, including hemp-based food supplements.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	12,589	14,624	15,853	17,086
Net profit	1,393	1,772	2,003	2,214
Consensus NP	—	1,697	1,861	2,096
Diff frm cons (%)	—	*4.4*	*7.6*	*5.6*
Norm profit	1,416	1,772	2,003	2,214
Prev. Norm profit	—	1,772	2,003	2,214
Chg frm prev (%)	—	*0.0*	*0.0*	*0.0*
Norm EPS (Bt)	1.6	2.0	2.3	2.5
Norm EPS grw (%)	16.3	25.2	13.0	10.5
Norm PE (x)	28.8	23.0	20.4	18.4
EV/EBITDA (x)	20.6	16.9	14.8	13.2
P/BV (x)	5.9	5.2	4.7	4.2
Div yield (%)	1.9	2.5	2.9	3.5
ROE (%)	21.6	24.0	24.2	24.1
Net D/E (%)	(10.3)	(11.7)	(16.8)	(23.4)

PRICE PERFORMANCE

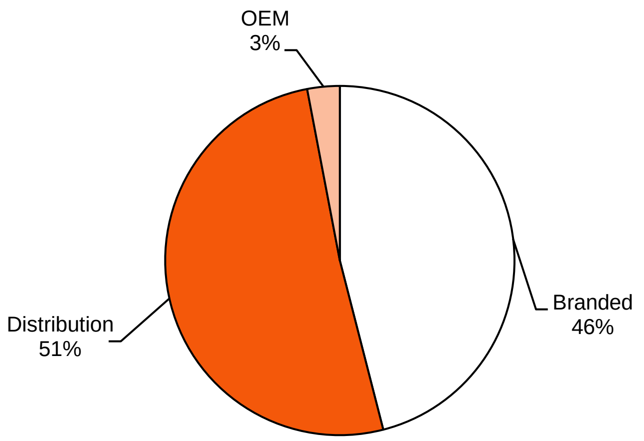


COMPANY INFORMATION

Price *as of* 2-Nov-21(Bt)	46.75
Market Cap (US$ m)	1,226.0
Listed Shares (m shares)	871.9
Free Float (%)	38.93
Avg Daily Turnover (US$ m)	11.90
12M Price H/L (Bt)	52.50/31.75
Sector	Commerce
Major Shareholder	Shah Family 50.1%

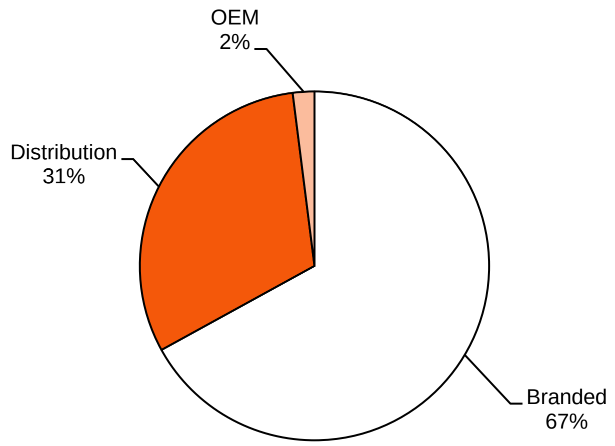
Sources: Bloomberg, Company data, Thanachart estimates

Ex 1: Sales Breakdown By Business



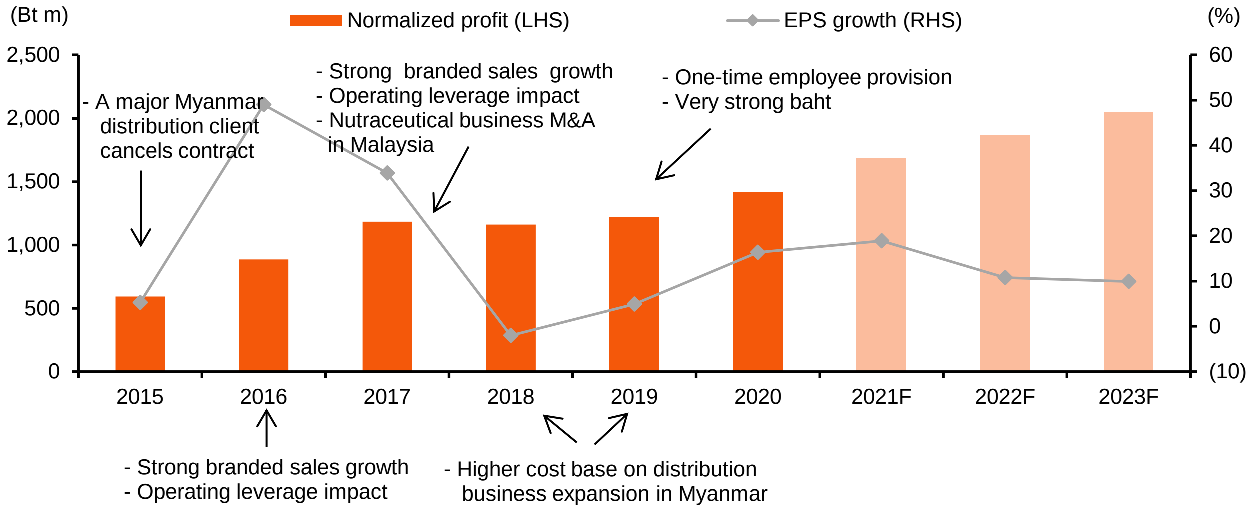
Source: Company data

Ex 2: EBIT Breakdown By Business



Sources: Company data; Thanachart estimates

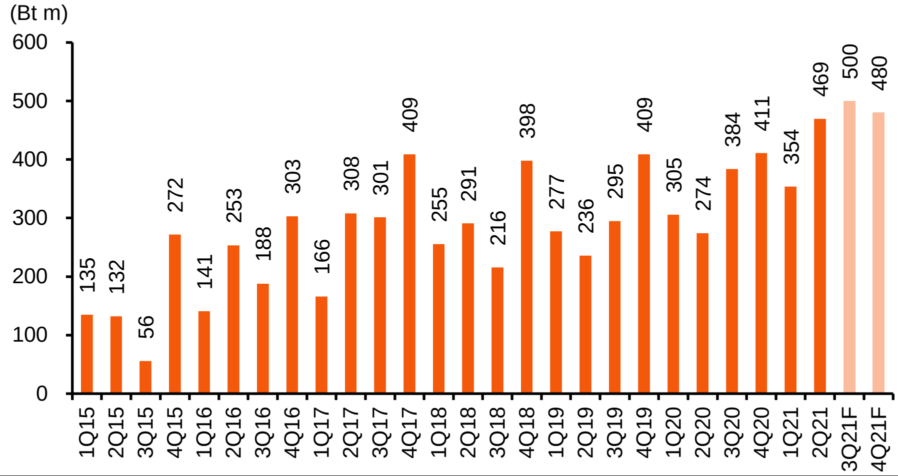
Ex 3: MEGA's Earnings Growth Path



Sources: Company data, Thanachart estimates

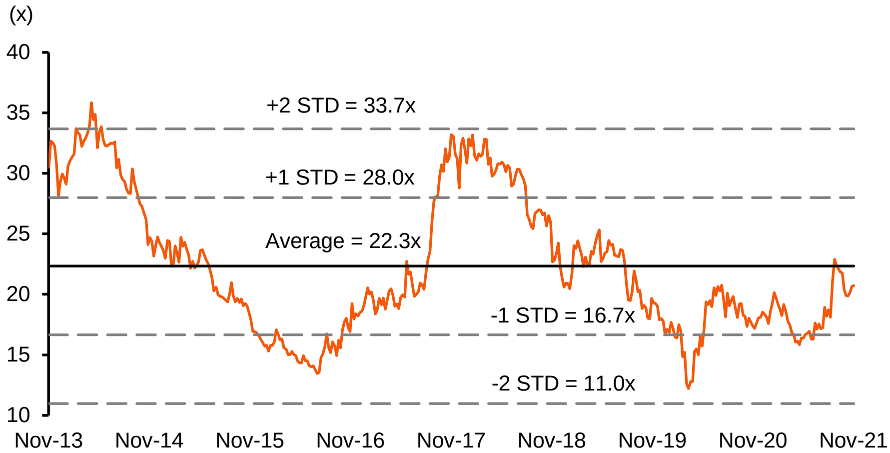
Valuation wise, MEGA looks inexpensive to us trading at 20x PE in 2022F vs. its historical average PE of 22x, set against a decent, stable EPS growth of 13% in 2022F and 11% in 2023F, although EPS will likely grow by 25% in 2021F. This valuation level looks attractive to us given its exposure to the pharmaceutical industry (global mega-trend of health consciousness), strong business position in the market and its resilient qualities against COVID and other headwinds in its markets. We expect record 3Q21F earnings of Bt500m, up 30% y-y and 6% q-q to act as a share price catalyst.

Ex 4: Quarterly Earnings



Sources: Company data, Thanachart estimates

Ex 5: PE Since Listing



Sources: Bloomberg, Thanachart estimates

Ex 6: 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		2,657	2,907	3,175	3,648	4,069	4,577	5,175	5,727	6,469	7,310	8,147	—
Free cash flow		1,685	2,159	2,389	2,795	3,132	3,487	3,926	4,431	5,116	5,840	6,447	78,249
PV of free cash flow		1,680	1,803	1,822	1,948	1,952	1,977	2,024	2,078	2,182	2,266	2,169	26,328
Risk-free rate (%)	3.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	11.3												
Terminal growth (%)	2.0												
Enterprise value - add investments	48,228												
Net debt (2020)	(722)												
Minority interest	21												
Equity value	48,929												
# of shares (m)	872												
Equity value/share (Bt)	**56**												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 7: Valuation Comparison With Peers

Name	BBG code	Country	EPS growth 21F (%)	EPS growth 22F (%)	PE 21F (x)	PE 22F (x)	P/BV 21F (x)	P/BV 22F (x)	EV/EBITDA 21F (x)	EV/EBITDA 22F (x)	Div yield 21F (%)	Div yield 22F (%)
Bristol-Myers Squibb	BMY US	US	16.6	4.3	7.8	7.5	3.6	3.0	6.3	6.3	3.3	3.5
Eli Lilly & Co	LLY US	US	0.6	3.5	31.2	30.2	29.9	23.7	26.8	26.4	1.4	1.5
Johnson & Johnson	JNJ US	US	22.1	5.5	16.6	15.8	6.0	4.5	13.0	12.1	2.6	2.7
Merck & Co Inc	MRK US	US	(1.3)	22.9	15.0	12.2	6.6	5.4	12.5	10.3	3.0	3.2
Pfizer Inc	PFE US	US	82.9	(8.7)	10.8	11.8	3.4	3.0	9.2	9.9	3.6	3.7
Abbott Laboratories	ABT US	US	38.8	(7.5)	25.5	27.5	6.2	5.0	18.7	21.0	1.4	1.4
Astellas Pharma Inc	4503 JP	Japan	68.0	20.9	17.6	14.6	2.4	2.2	10.6	9.2	2.6	2.9
Chugai Pharmaceutical	4519 JP	Japan	30.6	(3.1)	25.2	26.0	6.2	5.4	16.8	17.3	1.6	1.7
Daiichi Sankyo Co Ltd	4568 JP	Japan	(20.2)	27.9	91.3	71.4	4.3	4.2	36.3	29.3	0.9	1.0
Eisai Co Ltd	4523 JP	Japan	36.8	5.4	41.2	39.1	3.3	3.2	20.9	18.5	2.0	2.1
Otsuka Holdings Co Ltd	4578 JP	Japan	8.6	(1.0)	15.5	15.6	1.3	1.2	8.1	7.8	2.2	2.3
Taisho Pharmaceutical	4581 JP	Japan	(11.9)	10.2	42.1	38.2	0.7	0.7	8.2	7.7	1.6	1.6
AstraZeneca	AZN LN	UK	30.2	29.8	24.1	18.6	5.1	4.9	17.9	13.2	2.2	2.3
GlaxoSmithKline	GSK LN	UK	(9.7)	8.5	14.8	13.6	5.2	4.8	11.3	10.2	5.1	3.6
Novartis AG	NOVN SW	Switzerland	10.3	7.1	13.3	12.4	3.3	3.1	9.9	11.8	3.9	4.1
Roche Holding AG	ROG SW	Switzerland	5.7	1.6	17.9	17.6	7.2	6.0	13.1	12.7	2.6	2.7
Blackmores Ltd	BKL AU	Australia	48.8	48.1	49.8	33.6	4.8	4.5	21.1	16.5	1.0	1.5
Novo Nordisk A/S	NOVOB DC	Denmark	12.4	12.0	34.7	31.1	23.0	20.2	25.1	22.5	1.4	1.6
Sanofi	SAN FP	France	10.3	12.3	13.8	12.3	1.7	1.6	10.3	9.4	3.7	3.9
Apex Healthcare	APEX MK	Malaysia	(1.1)	14.3	23.5	20.7	2.5	2.3	14.5	13.1	1.4	1.6
Kalbe Farma	KLBF IJ	Indonesia	8.8	9.0	25.6	23.5	4.0	3.7	16.4	15.3	1.9	2.0
Mega Lifesciences	MEGA TB*	Thailand	25.2	13.0	23.0	20.4	5.2	4.7	16.9	14.8	2.5	2.9
Average			**18.8**	**10.7**	**26.4**	**23.4**	**6.2**	**5.3**	**15.6**	**14.3**	**2.4**	**2.4**

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

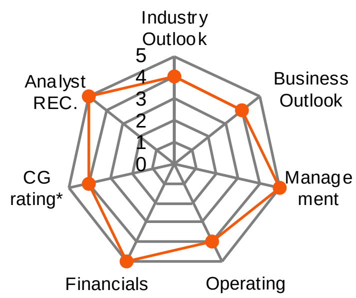
Based on 2-Nov-21 closing price

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



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

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.

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.

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.

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)	52.80	56.00	6%
Net profit 21F (Bt m)	1,697	1,772	4%
Net profit 22F (Bt m)	1,861	2,003	8%
Consensus REC	**BUY: 11**	**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.

Sources: Bloomberg consensus, Thanachart estimates

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 expectation is another downside risk.

Source: Thanachart

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

Plenty of cash on hand

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	11,130	12,589	14,624	15,853	17,086
Cost of sales	6,551	7,603	8,881	9,564	10,290
Gross profit	**4,578**	**4,986**	**5,743**	**6,289**	**6,797**
% gross margin	41.1%	39.6%	39.3%	39.7%	39.8%
Selling & administration expenses	3,176	3,299	3,624	3,906	4,176
Operating profit	**1,402**	**1,687**	**2,119**	**2,384**	**2,621**
% operating margin	12.6%	13.4%	14.5%	15.0%	15.3%
Depreciation & amortization	160	256	243	273	287
EBITDA	**1,562**	**1,943**	**2,362**	**2,657**	**2,907**
% EBITDA margin	14.0%	15.4%	16.2%	16.8%	17.0%
Non-operating income	34	24	34	36	39
Non-operating expenses	0	0	0	0	0
Interest expense	(65)	(72)	(75)	(74)	(75)
Pre-tax profit	**1,371**	**1,638**	**2,077**	**2,346**	**2,585**
Income tax	160	234	320	361	398
After-tax profit	**1,211**	**1,404**	**1,757**	**1,985**	**2,187**
% net margin	10.9%	11.2%	12.0%	12.5%	12.8%
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**	**1,772**	**2,003**	**2,214**
Normalized profit	**1,217**	**1,416**	**1,772**	**2,003**	**2,214**
EPS (Bt)	1.3	1.6	2.0	2.3	2.5
Normalized EPS (Bt)	1.4	1.6	2.0	2.3	2.5

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	7,230	7,620	8,596	9,305	10,729
Cash & cash equivalent	1,467	1,221	1,306	1,500	2,400
Account receivables	2,717	2,684	3,118	3,336	3,549
Inventories	2,856	3,475	3,893	4,166	4,454
Others	190	240	279	302	326
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**	**13,401**	**14,418**	**15,891**
LIABILITIES:					
Current liabilities:	4,158	4,262	4,846	4,863	5,349
Account payables	2,508	2,788	3,257	3,508	3,774
Bank overdraft & ST loans	888	499	391	27	141
Current LT debt	0	0	0	0	0
Others current liabilities	762	974	1,198	1,328	1,434
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	199	349	700	798	897
Total liabilities	**4,358**	**4,611**	**5,546**	**5,661**	**6,246**
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**	**5,632**	**6,535**	**7,428**
Shareholders' equity	6,175	6,958	7,838	8,741	9,635
Liabilities & equity	**10,533**	**11,590**	**13,401**	**14,418**	**15,891**

Sources: Company data, Thanachart estimates

Strong cash flows, based on our estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	1,371	1,638	2,077	2,346	2,585
Tax paid	(116)	(183)	(316)	(336)	(390)
Depreciation & amortization	160	256	243	273	287
Chg In working capital	60	(305)	(383)	(241)	(234)
Chg In other CA & CL / minorities	111	150	191	99	97
Cash flow from operations	**1,586**	**1,557**	**1,813**	**2,141**	**2,344**
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)	272	16	12
Cash flow from investments	**(220)**	**(822)**	**(728)**	**(484)**	**(238)**
Debt financing	(150)	(371)	(108)	(364)	114
Capital increase	130	0	(0)	0	0
Dividends paid	(618)	(670)	(892)	(1,100)	(1,320)
Warrants & other surplus	(200)	60	0	0	0
Cash flow from financing	**(838)**	**(981)**	**(1,000)**	**(1,464)**	**(1,207)**
Free cash flow	**1,081**	**1,120**	**1,163**	**1,791**	**2,244**

2022F PE of 20x looks inexpensive to us for a strong-brand business

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	33.5	28.8	23.0	20.4	18.4
Normalized PE - at target price (x)	40.1	34.5	27.5	24.4	22.1
PE (x)	35.8	29.3	23.0	20.4	18.4
PE - at target price (x)	42.9	35.1	27.5	24.4	22.1
EV/EBITDA (x)	25.7	20.6	16.9	14.8	13.2
EV/EBITDA - at target price (x)	30.9	24.8	20.3	17.8	16.0
P/BV (x)	6.6	5.9	5.2	4.7	4.2
P/BV - at target price (x)	7.9	7.0	6.2	5.6	5.1
P/CFO (x)	25.7	26.2	22.5	19.0	17.4
Price/sales (x)	3.7	3.2	2.8	2.6	2.4
Dividend yield (%)	1.5	1.9	2.5	2.9	3.5
FCF Yield (%)	2.7	2.7	2.9	4.4	5.5
(Bt)					
Normalized EPS	1.4	1.6	2.0	2.3	2.5
EPS	1.3	1.6	2.0	2.3	2.5
DPS	0.7	0.9	1.1	1.4	1.7
BV/share	7.1	8.0	9.0	10.0	11.1
CFO/share	1.8	1.8	2.1	2.5	2.7
FCF/share	1.2	1.3	1.3	2.1	2.6

Sources: Company data, Thanachart estimates

We expect ROIC to surpass WACC

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	9.3	13.1	16.2	8.4	7.8
Net profit (%)	(5.6)	22.3	27.3	13.0	10.5
EPS (%)	(5.9)	22.2	27.3	13.0	10.5
Normalized profit (%)	4.9	16.3	25.2	13.0	10.5
Normalized EPS (%)	4.5	16.3	25.2	13.0	10.5
Dividend payout ratio (%)	55.1	56.3	56.3	60.0	65.0
Operating performance					
Gross margin (%)	41.1	39.6	39.3	39.7	39.8
Operating margin (%)	12.6	13.4	14.5	15.0	15.3
EBITDA margin (%)	14.0	15.4	16.2	16.8	17.0
Net margin (%)	10.9	11.2	12.0	12.5	12.8
D/E (incl. minor) (x)	0.1	0.1	0.0	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	28.2	32.2	35.0
Interest coverage - EBITDA (x)	24.0	26.9	31.4	35.9	38.8
ROA - using norm profit (%)	12.1	12.8	14.2	14.4	14.6
ROE - using norm profit (%)	20.5	21.6	24.0	24.2	24.1
DuPont					
ROE - using after tax profit (%)	20.4	21.4	23.8	23.9	23.8
- asset turnover (x)	1.1	1.1	1.2	1.1	1.1
- operating margin (%)	12.9	13.6	14.7	15.3	15.6
- leverage (x)	1.7	1.7	1.7	1.7	1.6
- interest burden (%)	95.5	95.8	96.5	96.9	97.2
- 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	28.7	29.1	30.5
NOPAT (Bt m)	1,238	1,446	1,793	2,016	2,217
invested capital (Bt m)	5,597	6,236	6,923	7,268	7,375

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.

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 138 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, CHG16C2202A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, IVL16C2202A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMT16C2110A, JMT16C2201A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, MTC16C2202A, OR16C2112A, OR16C2202A, PTG16C2201A, PTG16C2202A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2112A, PTT16C2201A, PTTE16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, S5016C2112D, S5016P2112D, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPAL16C2202A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA). . 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 LIMTED (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