

Mega Lifesciences (MEGA TB) - SELL, Price Bt37.75, TP Bt26.00**Results Comment**

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Strong 1Q26 beat

- MEGA reported normalized profit of Bt564m, growing by 19% y-y but falling by 5% q-q. Earnings beat our expectations on strong demand across businesses, while Myanmar import restrictions also eased.
- The key branded food supplement business grew 16.5% y-y, higher than MEGA's normal growth rate of around 10%, which we suspect was due to the easing of Myanmar import restrictions for necessity products such as pharmaceuticals and food supplements.
- The distribution business for food supplement and pharmaceutical products also grew 7.8%, likely due to the aforementioned reasons.
- Gross margin expanded to 52.3% from 50.1%, thanks to a higher mix of high-margin branded pharmaceutical products.
- SG&A-to-sales fell to 30.8% from 33.2% last year, due mainly to the operating leverage impact.

| Income Statement | | | | | | Income Statement | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------------------|------------|-----------|-----------|--------------|--------------|
| (consolidated) | | | | | | 3M as | | | | | |
| Yr-end Dec (Bt m) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | (Bt m) | q-q% | y-y% | % 2026F | 2026F | 2027F |
| Revenue | 3,208 | 3,399 | 3,876 | 3,664 | 3,408 | Revenue | (7) | 6 | 25 | 13,612 | 14,383 |
| Gross profit | 1,607 | 1,657 | 1,729 | 1,913 | 1,784 | Gross profit | (7) | 11 | 25 | 7,097 | 7,552 |
| SG&A | 1,064 | 1,141 | 1,103 | 1,173 | 1,050 | SG&A | (11) | (1) | 23 | 4,653 | 4,956 |
| Operating profit | 544 | 516 | 626 | 740 | 734 | Operating profit | (1) | 35 | 30 | 2,444 | 2,595 |
| EBITDA | 614 | 588 | 697 | 811 | 801 | EBITDA | (1) | 30 | 29 | 2,769 | 2,945 |
| Other income | 5 | 21 | 11 | 10 | 10 | Other income | (6) | 73 | 35 | 27 | 29 |
| Other expense | 0 | 0 | 0 | 0 | 0 | Other expense | | | | | |
| Interest expense | 9 | 13 | 15 | 18 | 15 | Interest expense | (15) | 65 | 14 | 105 | 160 |
| Profit before tax | 540 | 524 | 622 | 733 | 729 | Profit before tax | (1) | 35 | 31 | 2,366 | 2,465 |
| Income tax | 83 | 118 | 129 | 162 | 175 | Income tax | 8 | 111 | 37 | 473 | 493 |
| Equity & invest. income | 18 | 19 | 20 | 26 | 11 | Equity & invest. income | (58) | (38) | 61 | 18 | 27 |
| Minority interests | (0) | 0 | (0) | 0 | (0) | Minority interests | na | na | na | 20 | 35 |
| Extraordinary items | (25) | (34) | (19) | (20) | 40 | Extraordinary items | na | na | na | 0 | 0 |
| Net profit | 450 | 391 | 494 | 577 | 605 | Net profit | 5 | 34 | 31 | 1,931 | 2,034 |
| Normalized profit | 475 | 425 | 513 | 597 | 564 | Normalized profit | (5) | 19 | 29 | 1,931 | 2,034 |
| EPS (Bt) | 0.52 | 0.45 | 0.57 | 0.66 | 0.69 | EPS (Bt) | 5 | 34 | 31 | 2.21 | 2.33 |
| Normalized EPS (Bt) | 0.54 | 0.49 | 0.59 | 0.68 | 0.65 | Normalized EPS (Bt) | (5) | 19 | 29 | 2.21 | 2.33 |

| Balance Sheet | | | | | | Financial Ratios | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------|--------|-------|-------|-------|
| (consolidated) | | | | | | % | | | | | |
| Yr-end Dec (Bt m) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 |
| Cash & ST investment | 3,922 | 3,708 | 3,773 | 4,641 | 4,637 | Sales grow th | (14.1) | (14.0) | (3.1) | 0.2 | 6.2 |
| A/C receivable | 3,116 | 3,200 | 3,412 | 3,566 | 3,580 | Operating profit grow th | 1.0 | (17.4) | 5.8 | 2.8 | 35.0 |
| Inventory | 3,004 | 3,029 | 3,103 | 3,038 | 3,259 | EBITDA grow th | 1.1 | (15.6) | 5.1 | 2.4 | 30.4 |
| Other current assets | 107 | 172 | 155 | 107 | 166 | Norm profit grow th | (2.1) | (22.6) | (5.1) | (4.7) | 18.9 |
| Investment | 0 | 0 | 0 | 0 | 0 | Norm EPS grow th | (2.1) | (22.6) | (5.1) | (4.7) | 18.9 |
| Fixed assets | 1,953 | 1,916 | 1,908 | 1,925 | 1,860 | Gross margin | 50.1 | 48.7 | 44.6 | 52.2 | 52.3 |
| Other assets | 2,261 | 2,288 | 2,295 | 2,481 | 2,528 | Operating margin | 16.9 | 15.2 | 16.2 | 20.2 | 21.5 |
| Total assets | 14,364 | 14,313 | 14,646 | 15,759 | 16,030 | EBITDA margin | 19.2 | 17.3 | 18.0 | 22.1 | 23.5 |
| S-T debt | 268 | 444 | 438 | 472 | 478 | Norm net margin | 14.8 | 12.5 | 13.2 | 16.3 | 16.6 |
| A/C payable | 2,091 | 2,353 | 2,940 | 3,175 | 3,070 | D/E (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other current liabilities | 1,251 | 1,136 | 1,163 | 1,449 | 1,539 | Net D/E (x) | (0.4) | (0.3) | (0.3) | (0.4) | (0.4) |
| L-T debt | 0 | 0 | 0 | 0 | 0 | Interest coverage (x) | 68.3 | 43.7 | 46.2 | 46.2 | 54.0 |
| Other liabilities | 435 | 433 | 423 | 448 | 436 | Interest rate | 12.9 | 15.1 | 13.7 | 15.4 | 12.5 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | Effective tax rate | 15.4 | 22.5 | 20.7 | 22.1 | 24.0 |
| Shareholders' equity | 10,318 | 9,946 | 9,683 | 10,215 | 10,506 | ROA | 13.3 | 11.9 | 14.2 | 15.7 | 14.2 |
| Working capital | 4,029 | 3,876 | 3,575 | 3,429 | 3,769 | ROE | 18.8 | 16.8 | 20.9 | 24.0 | 21.8 |
| Total debt | 268 | 444 | 438 | 472 | 478 | | | | | | |
| Net debt | (3,654) | (3,264) | (3,335) | (4,169) | (4,159) | | | | | | |

Sources: Company data, ttb wealth estimates

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