



## LYC Healthcare bets on M&A to drive growth

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CORPORATE NEWS

Monday, 24 May 2021



Speaking to StarBiz, LYC Healthcare group chief executive officer-cum-managing director Sui Diong Hoe hopes to turn around the company to profitability through its recent acquisitions

PETALING JAYA: LYC Healthcare Bhd, which is known for its confinement centres, is embarking on the next phase of growth by diversifying into functional food ingredients supply.

For years, LYC Healthcare has been focusing on growing its business organically, mainly in the healthcare industry, including a confinement centre, family clinic, fertility centre and senior living homes that involve high capital expenditure.

The group has been loss-making since 2017 as most of its businesses were in the gestation period.

However, this is about to change as LYC Healthcare has been making a slew of acquisitions since last year that also come with a profit guarantee.

The latest one is the proposed acquisition of 70% in Aqurate Ingredients Intl (M) Sdn Bhd for RM36.40mil cash last week.

Aqurate supplies functional food and health ingredient solutions for the nutraceutical industry, including functional foods, foods for medical purposes and food supplements.

It is also involved in the pharmaceutical, healthcare and cosmeceutical industries.



### STARPICKS SULUNG SPARKS SUCCESS

Speaking to StarBiz, LYC Healthcare group chief executive officer-cum-managing director Sui Diong Hoe hopes to turn around the company to profitability through its recent acquisitions.

"Over the past few years, LYC Healthcare has been investing aggressively in organic growth.

"As a result, we have incurred a lot of start-up costs and our businesses are still in the gestation period," he said.

"Last year marked a change in our strategy as we acquired two profitable Singapore medical centres, HC Orthopaedic Surgery and T&T Medical Group, and an associate stake in ANOC in Malaysia.

"These acquisitions will help accelerate our path to profitability while at the same time ride on the growth in healthcare-related services with an ageing population in Malaysia and Singapore," he added.

Last year, LYC Healthcare bought a 51% stake T&T Medical Group Pte Ltd, which comes with a profit guarantee of SG\$1.3mil (RM4.04mil) and SG\$1.7mil (RM5.3mil) over a three-year period until 2024.

Its recent acquisition of Aqurate also comes with a profit guarantee portion of RM19.5mil for three financial years, which would boost LYC Healthcare's bottom line.

LYC Group took over the listing status of Mexter Technology Bhd five years ago and has yet to report any profits.

Sui said the acquisition of Aqurate is to capture the growing demand for supplements and a renewed focus on preventive healthcare due to the Covid-19 pandemic.

He pointed out that more Malaysians were buying supplements such as probiotics to strengthen their immune system and complete nutrition to fulfil their daily nutrient intake.

"Other factors leading to growth in the functional food ingredient business are Malaysia's ageing population, which increases the needs for products that supplement the intake of vitamins, calcium and other supplements, and this has led to change in consumer preferences," he said.

For comparison purposes, listed companies that are in the functional food ingredients category include Nova Wellness Group Bhd and Bioalpha Holdings Bhd.

On its current business, Sui said the group was continuing with its expansion with the focus of achieving economies of scale.

"We believe most of our organic healthcare expansions are reaching maturity stage and will start to become operationally profitable in the coming year," he said.

For this year, the group is expanding its confinement centre in Johor that would increase its total bed numbers to 182 from 122 beds.

It is also planning another 70-bed expansion to capture the Johor and Singapore market.

At the moment, LYC Healthcare operates three confinement centres in the Klang Valley.

"As the commercial market is being severely impacted due to Covid 19, we have been approached by several property developers or owners to consider their properties and are exploring new business models which allow us to become confinement centre operators for their properties in exchange for management fees.

"We believe this model will allow us to minimise our capital investment outlay and achieve better returns with faster investment payback," Sui said.

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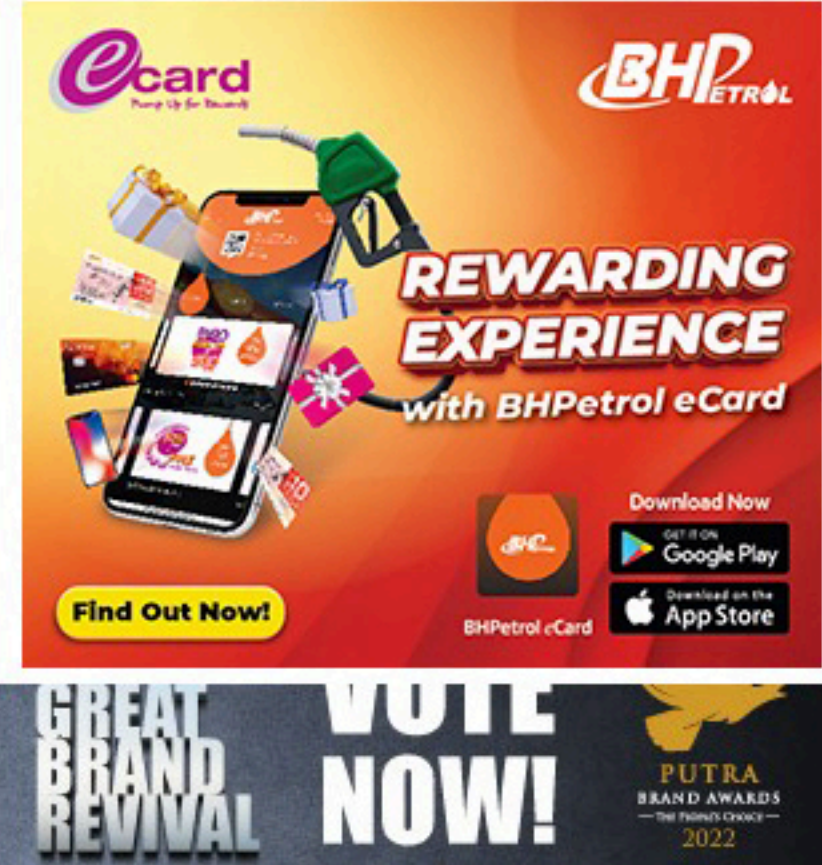
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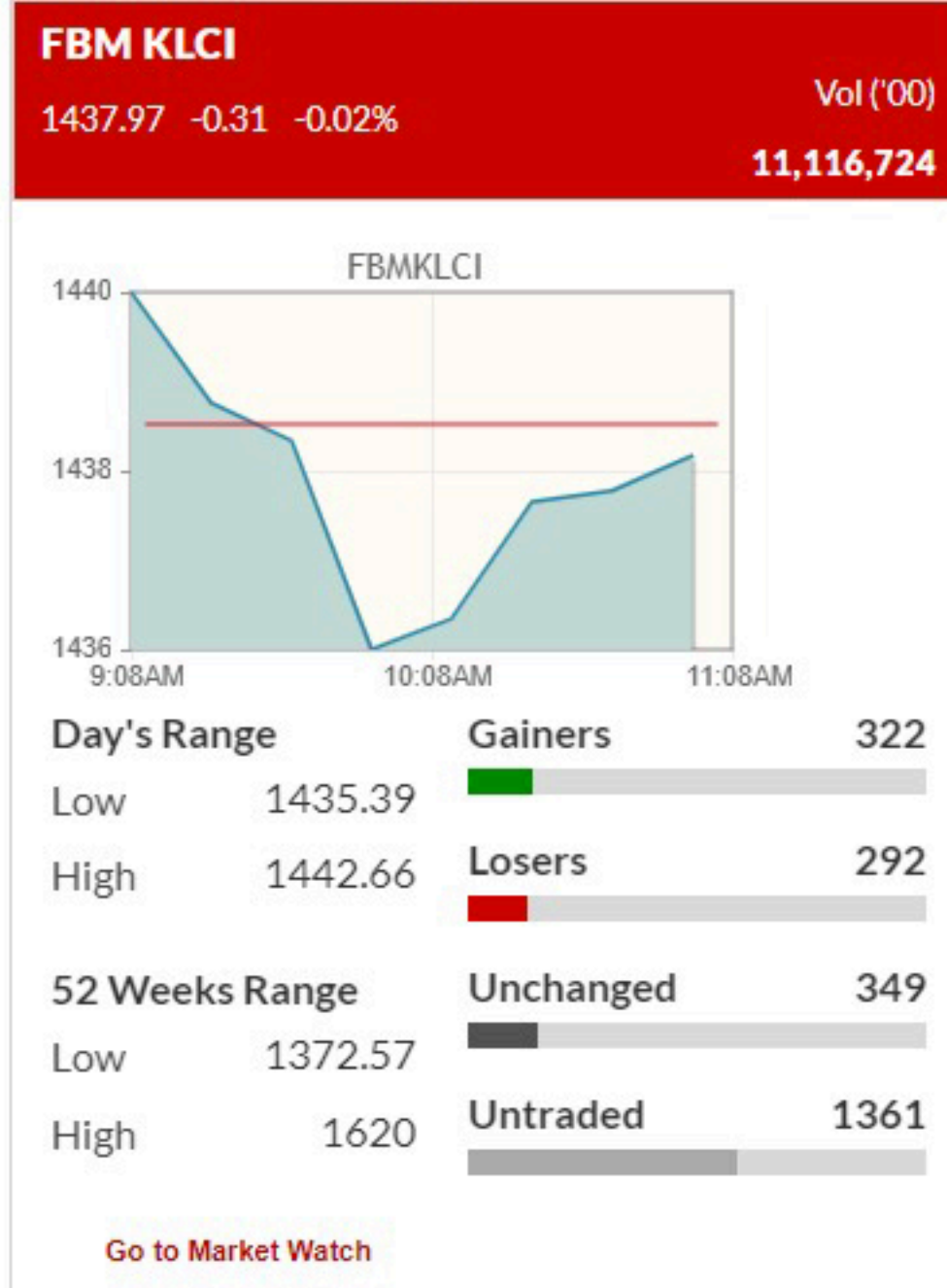
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Symbol	Last	Chg	Vol ('00)
TWL	0.035	0.000	1,637,443
HSI-HES	0.250	-0.055	346,054
HSI-CLJ	0.370	0.050	325,720
TANCO	0.425	0.015	298,866
SOLUTN	0.360	0.010	287,322
HSI-CLC	0.210	0.035	213,240
HUAYANG	0.185	0.000	203,284
DNEX	0.790	0.015	200,663
ICON	0.135	0.005	197,484
TOPGLOV	0.780	0.015	181,566
TAWIN	0.090	0.000	155,111
HONGSENG	0.230	0.015	153,436
HSI-HKS	0.425	-0.060	141,664
KAB	0.480	0.010	106,905
SCGBHD-WA	0.080	0.005	105,321

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